

# Great Lakes Dredge & Dock Corporation

## New Ideas Conference

August 2018



GREAT LAKES DREDGE & DOCK CORPORATION > INFRASTRUCTURE SOLUTIONS

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# SAFE HARBOR

## Forward-Looking Statements

This presentation includes “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, the Private Securities Litigation Reform Act of 1995 or in releases made by the SEC, all as may be amended from time to time. Such statements include declarations regarding the intent, belief, or current expectations of the Company and its management. The Company cautions that any such forward-looking statements are not guarantees of future performance, and involve a number of risks, assumptions and uncertainties that could cause actual results of the Company and its subsidiaries, or industry results, to differ materially from those expressed or implied by any forward-looking statements contained herein, including, but not limited to, as a result of the factors, risks and uncertainties described in securities filings of the Company made with the SEC, including the Company’s most recent Report on Form 10-K. You should not place undue reliance upon these forward-looking statements provided herein are made only as of

the date hereof or as a specified date herein and the Company does not have or undertake any obligation to update or revise them, unless required by law.

## Non-GAAP Measures

This presentation includes certain non-GAAP measures, including Adjusted EBITDA from continuing operations, Pro Forma Adjusted EBITDA from continuing operations and operational results excluding restructuring. In addition to providing key metrics for management to evaluate the Company’s performance, we believe these measurements assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends. Reconciliations of these non-GAAP financial measures to the most comparable GAAP measure are available in the Appendix. Investors are urged to consider these non-GAAP measures in addition to, and not in substitution for, measures prepared in accordance with GAAP.



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## COMPANY OVERVIEW





## ABOUT US - SNAPSHOT

### WHO IS GREAT LAKES DREDGE & DOCK CORPORATION?

MARINE & ENVIRONMENTAL  
INFRASTRUCTURE CONTRACTOR

AN INCIDENT AND INJURY-FREE (IIF) COMPANY®



A LEADING DREDGING & ENVIRONMENTAL  
INFRASTRUCTURE CONTRACTOR WITH  
SCALE, DIVERSIFICATION & DISTINCT  
COMPETITIVE ADVANTAGES.

DOMESTIC DREDGING

INTERNATIONAL DREDGING

ENVIRONMENTAL  
REMEDICATION

INFRASTRUCTURE  
TECHNOLOGIES

LTM REVENUE \$652 MILLION

LTM EBITDA<sup>a</sup> \$67 MILLION

COMPANY BACKLOG \$535 MILLION

*\$ as of June 30, 2018*

GREAT LAKES DREDGE & DOCK CORPORATION > INFRASTRUCTURE SOLUTIONS

(a) Represents Adjusted EBITDA from continuing operations excluding \$25 million restructuring impact; See Appendix for reconciliation of Net Income (Loss) to Pro Forma Adjusted EBITDA

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# ABOUT US

## GREAT LAKES DREDGE & DOCK COMPANY (GLDD or DREDGING)



### Overview

- Largest dredging company in the United States
- Dredge Act and Jones Act provide significant barriers to entry in the domestic market
- Only U.S. dredging company with significant international operations
- Large and diverse fleet of hydraulic, mechanical and hopper dredges

### Core Services

- Port, harbor and waterway maintenance, deepening and expansion
- Coastal restoration and protection
- Land reclamation
- Lake and river dredging
- Pipeline, cable and tunnel trenching
- Subaqueous rock drilling and blasting
- Environmental restoration

### Customers

- Federal, state, local, and foreign governments, and domestic and foreign private companies, such as utilities and energy companies

~1,231  
EMPLOYEES<sup>a</sup>

~\$556M ~\$507M  
REVENUE BACKLOG<sup>b</sup>

## GREAT LAKES ENVIRONMENTAL & INFRASTRUCTURE (E&I)



- One of the largest self-performing contractors in the environmental remediation and geotechnical space in the United States
- Service provider with national footprint
- Ability to execute in union or non-union environment

- In Situ/Ex Situ Stabilization (ISS/ESS)
- CCR Pond Closure Solutions
- Sediment Remediation
- MGP Site Remediation
- Slurry Wall Construction
- Specialty Civil Construction
- Mine Reclamation
- Soil Stabilization/Ground Improvement
- Dam and Levee Rehabilitation
- Habitat and Wetlands Restoration

- Public and private industry including general contractors, corporations, Superfund sites, environmental engineering and consulting firms, federal, and municipal government agencies

~195  
EMPLOYEES<sup>a</sup>

~\$97M ~\$28M  
REVENUE BACKLOG<sup>b</sup>

GREAT LAKES DREDGE & DOCK CORPORATION > INFRASTRUCTURE SOLUTIONS

Note: Figures as of Trailing Twelve Month Period ended June 30, 2018  
(a) Dredging as of FYE 2017, E&I as of FYE 2017; (b) Company Backlog at 6/30/2018

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# ABOUT US - DREDGING

NORTH AMERICA'S LEADING DREDGER WITH 128 YEARS OF EXPERIENCE



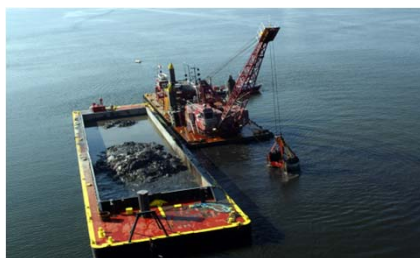
**CAPITAL**  
31% OF DREDGING REVENUE

↓  
PORT DEEPENING /  
EXPANSION, LAND  
RECLAMATION, & EXCAVATION  
OF UNDERWATER TRENCHES  
**BID MARKET SHARE<sup>(A)</sup> 29%**



**COASTAL PROTECTION**  
32% OF DREDGING REVENUE

↓  
CREATING AND REBUILDING  
BEACHES  
**BID MARKET SHARE<sup>(A)</sup> 34%**



**MAINTENANCE**  
23% OF DREDGING REVENUE

↓  
MAINTAINING DEPTH OF  
WATERWAYS AND HARBORS  
**BID MARKET SHARE<sup>(A)</sup> 28%**



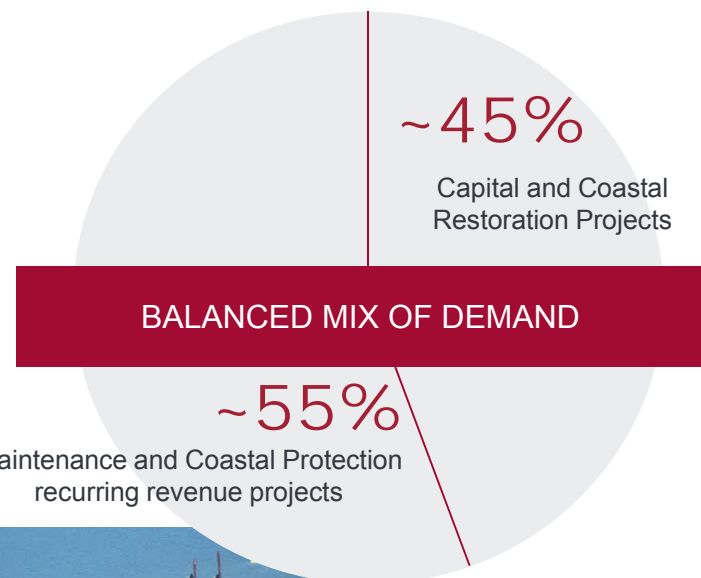
**FOREIGN**  
7% OF DREDGING REVENUE

↓  
INTERNATIONAL LAND  
RECLAMATIONS, CHANNEL  
DEEPENING & PORT  
INFRASTRUCTURE DEVELOPMENT  
**3-YEAR AVERAGE REVENUE:  
\$118MM**



**RIVERS & LAKES**  
7% OF DREDGING REVENUE

↓  
INLAND MAINTENANCE AND LAKE  
DREDGING, ENVIRONMENTAL &  
HABITAT RESTORATION  
**BID MARKET SHARE<sup>(A)</sup> 8%**



GREAT LAKES DREDGE & DOCK CORPORATION > INFRASTRUCTURE SOLUTIONS

(a) The Company's dredging bid market is defined as the aggregate dollar value of domestic projects on which the Company bid or could have bid if not for capacity constraints. Bid market share represents bid market average over the prior three years as of 12/31/17;

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# ABOUT US - DREDGING

LARGE & FLEXIBLE FLEET FOR DREDGING IN U.S. & INTERNATIONAL MARKETS



## HYDRAULIC

- 12 VESSELS: 11 U.S., 1 MIDDLE EAST (ALL U.S. FLAGGED)



## HOPPER

- 5 VESSELS: 5 U.S. (ALL U.S. FLAGGED)
- HIGHLY MOBILE, ABLE TO OPERATE IN ROUGH WATERS
- LITTLE INTERFERENCE WITH OTHER SHIP TRAFFIC



## MECHANICAL

- 3 VESSELS: 3 U.S. (ALL U.S. FLAGGED)
- OPERATES ONE OF TWO ENVIRONMENTALLY FRIENDLY ELECTRIC CLAMSHELL DREDGES IN THE U.S.
- MANEUVERABILITY IN TIGHT AREAS SUCH AS DOCKS AND TERMINALS







# ABOUT US - DREDGING

TOP RECENT DREDGING PROJECT AWARDS  
AS OF 8/6/2018



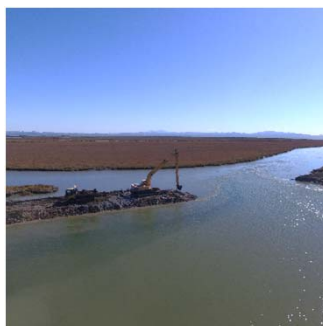
DATE	PROJECT / LOCATION	AMOUNT	TYPE
JULY 2018	SAN JACINTO RIVER, TX	\$70 MILLION	RIVERS & LAKES
JULY 2018	DELAWARE RIVER DEEPENING	\$ 14 MILLION	CAPITAL
JUNE 2018	NAGS HEAD, NC	\$35 MILLION	COASTAL PROTECTION
JUNE 2018	MYRTLE BEACH, SC	\$35 MILLION	COASTAL PROTECTION
MAY 20108	LA QUINTA CHANNEL WIDENING	\$21 MILLION	CAPITAL
APRIL 2018	LONG BEACH, NY	\$54 MILLION	COASTAL PROTECTION
OCTOBER 2017/MARCH 2018	CHARLESTON II	\$278 MILLION	CAPITAL
SEPTEMBER 2017	ISLE OF PALM	\$12 MILLION	COASTAL PROTECTION
SEPTEMBER 2017	CHARLESTON I	\$47 MILLION	CAPITAL
SEPTEMBER 2017	CAPE HENRY	\$14 MILLION	MAINTENANCE
SEPTEMBER 2017	GREAT EGG	\$14 MILLION	COASTAL PROTECTION
JUNE 2017	MYRTLE BEACH	\$26 MILLION	COASTAL PROTECTION
APRIL 2017	WEST COAST HOPPER	\$17 MILLION	MAINTENANCE
JANUARY 2017	MISSISSIPPI COASTAL IMPROVEMENTS PROGRAM	\$88 MILLION	COASTAL RESTORATION





# ABOUT US – ENVIRONMENTAL & INFRASTRUCTURE

WIDE RANGE OF E&I SERVICES DIVERSIFY THE COMPANY BEYOND CORE DREDGING



## ENVIRONMENTAL REMEDiation

- Sediment Remediation
- Contaminated Soil Remediation
- CCR Pond Closure Solutions
- MGP Site Remediation
- Mine Reclamation
- Landfill Construction & Capping

### Specialty Services

- In Situ/Ex Situ Stabilization (ISS/ESS)
- Hydraulic, Mechanical, & Sed-Vac Dredging
- Deep soil mixing (ISS)

## INFRASTRUCTURE TECHNOLOGIES

- Specialty Civil Construction
- Dam & Levee Rehabilitation
- Habitat & Wetlands Restoration

### Specialty Services

- Slurry Walls
- Dewatering
- Soil Stabilization/Ground Improvement
- Sheet piling, retaining walls

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## INVESTMENT HIGHLIGHTS







## INVESTMENT HIGHLIGHTS

- I CLEAR **MARKET LEADER** IN DOMESTIC DREDGING
- II ROBUST MARKET OUTLOOK WITH HIGHLY VISIBLE **OPPORTUNITY**
- III ARTICULATED TUG & BARGE, *ELLIS ISLAND*, IS A **GAME-CHANGING** NEW VESSEL
- IV **POTENTIAL** TO CAPITALIZE ON E&I TURNAROUND
- V **EXPERIENCED** MANAGEMENT TEAM





## INVESTMENT HIGHLIGHTS

### I. LEADING FRANCHISE → LARGEST U.S. DREDGING CONTRACTOR



GREAT LAKES IS THE **LARGEST** PROVIDER OF DREDGING SERVICES IN THE **UNITED STATES**



COMPETITORS INCLUDE **NATIONAL** & **REGIONAL** PLAYERS



ONLY U.S. DREDGING CONTRACTOR OPERATING IN THE **INTERNATIONAL** MARKET



GREAT LAKES HAS MAINTAINED ITS **MARKET SHARE** CONSISTENTLY FOR DECADES

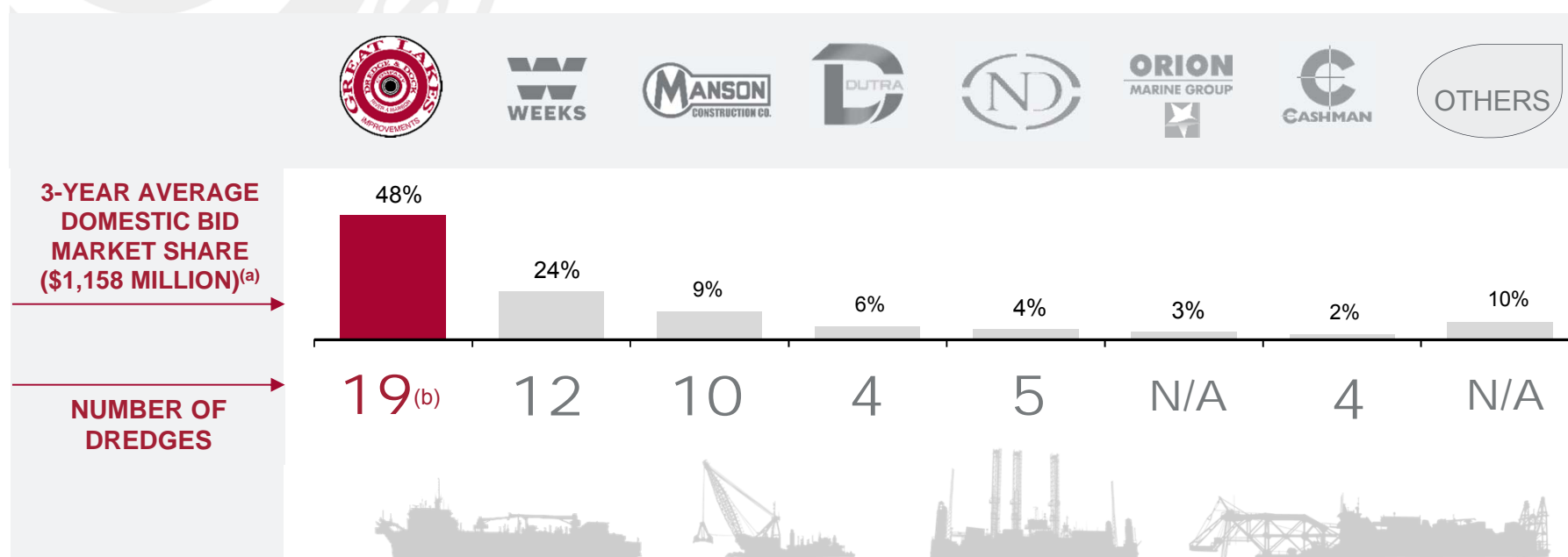
- ✓ Market share driven in part by fleet capacity and technical leadership / know-how developed over 128-year history
- ✓ Deep talent pool leads industry in project management and production engineering capabilities
- ✓ Large and diverse fleet of equipment spanning all major dredge types provides competitive edge
- ✓ Dredge Act, Jones Act effectively serve as barriers to entry for non-U.S.-owned, non-U.S.-crewed and non-U.S.-built dredges





# INVESTMENT HIGHLIGHTS

## THE DOMESTIC COMPETITION



(a) 2015 – 2017 including Rivers & Lakes

(b) The Company's current fleets contain 13 large ocean class dredges and 6 inland dredges.







# INVESTMENT HIGHLIGHTS

## II. ROBUST MARKET OUTLOOK WITH HIGHLY VISIBLE OPPORTUNITY

### ATTRACTIVE NEAR & LONG-TERM CATALYSTS IN U.S. DREDGING

#### DEEPENING OF U.S. PORTS POST-PANAMA CANAL DEEPENING

→ Growing use of “post-Panamax” vessels is expected, requiring the deepening of many ports along the East Coast and Gulf in order to accommodate the these deeper draft vessels

#### GULF COAST RESTORATION

→ RESTORE Act requires 80% of penalties associated with Deepwater Horizon oil spill to be deposited into a coastal restoration works fund, a portion of which is expected to be allocated to dredging

→ BP finalized \$20.8 billion settlement in October 2015

#### WATER RESOURCES REFORM & DEVELOPMENT ACT (“WRRDA”) & HARBOR MAINTENANCE TRUST FUND (“HMTF”)

→ First water legislation to be signed into law since 2007; authorizes dozens of large-scale water infrastructure projects

→ Calls for HMTF monies (~\$1.5 billion / year) to be fully allocated to harbor maintenance by 2025





## INVESTMENT HIGHLIGHTS

### III. GLDD TOOK DELIVERY OF *ELLIS ISLAND*, A GAME-CHANGING NEW VESSEL IN 2017

#### → EXPECTED PERFORMANCE ADVANTAGES

- Largest hopper dredge in U.S. market with 15,000 cubic yard capacity
- Significantly larger than a traditional self-propelled hopper dredge, enabling the Ellis Island to be the low cost producer
- Required crew complement is significantly reduced
- Reduced insurance premiums
- Improved fuel efficiency
- Improved operating margins

#### → FINANCIAL BENEFITS

- Five-year accelerated depreciation for tax purposes is expected to create a tax shield
- Expected annual contribution EBITDA of \$20MM to \$30MM
- Expected depreciable life – 25 years



THE *ELLIS ISLAND* REPRESENTS A STRATEGIC INVESTMENT BY GLDD IN PROVIDING THE MOST PRODUCTIVE, EFFICIENT, AND CAPABLE DREDGING EQUIPMENT IN THE DOMESTIC INDUSTRY..





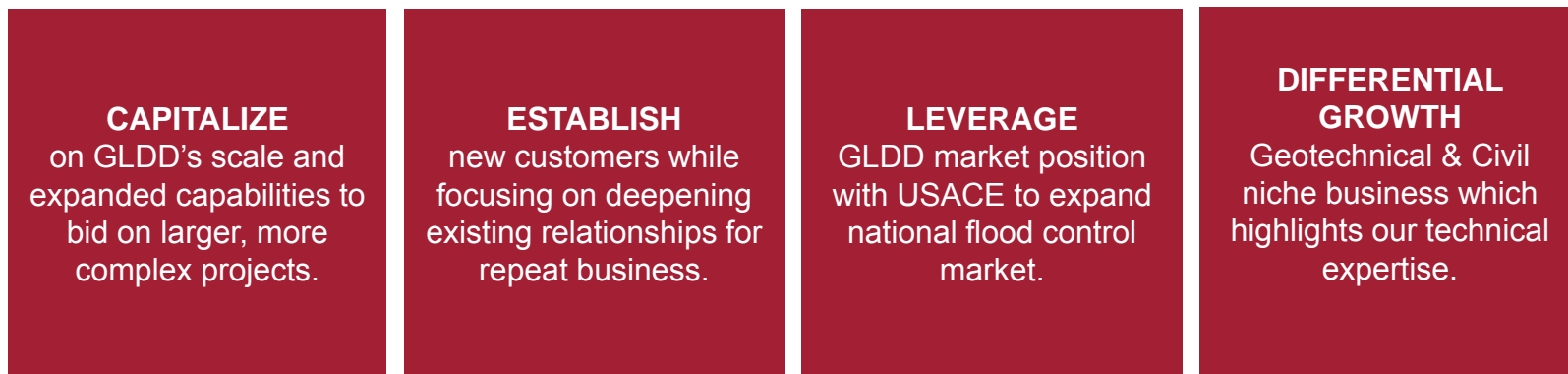
## INVESTMENT HIGHLIGHTS

### IV. POTENTIAL TO CAPITALIZE ON E&I TURNAROUND

#### LEVERAGE CORE COMPETENCIES & STRENGTHS TO CAPTURE MARKET SHARE IN THE ENVIRONMENTAL SERVICES MARKET



## E&I STRATEGY







# INVESTMENT HIGHLIGHTS

## V. EXPERIENCED MANAGEMENT TEAM



### LASSE PETTERSEN

Chief Executive Officer & Director

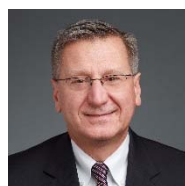
- > Appointed CEO on May 1, 2017 and board member on December 30, 2016
- > Has over 35 years of industry experience, including his most recent role as a private consultant to clients in the Oil & Gas sector
- > Previously served as COO and EVP at Chicago Bridge and Iron from 2009 to 2013



### MARK MARINKO

Senior Vice President & Chief Financial Officer

- > Elected Senior Vice President & Chief Financial Officer in June 2014
- > Served as interim CEO from January 2017 to April 2017
- > Has over 30 years of financial leadership practice, specializing in accounting, finance, sales, systems and business operations



### DAVID SIMONELLI

President of Dredging Operations

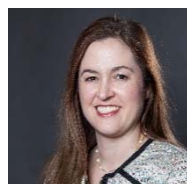
- > Appointed President of Dredging Operations in 2010
- > Joined Great Lakes in 1978 as a Field Engineer and has over 38 years of industry experience



### CHRISTOPHER SHEA

President of Environmental & Infrastructure

- > Named President of Environmental Operations in 2015
- > 25+ years of experience in global engineering, environmental services, and construction management services
- > Most recently served as President of the Environmental and Nuclear Business Group at CH2M Hill, Inc.



### KATIE LAVOY

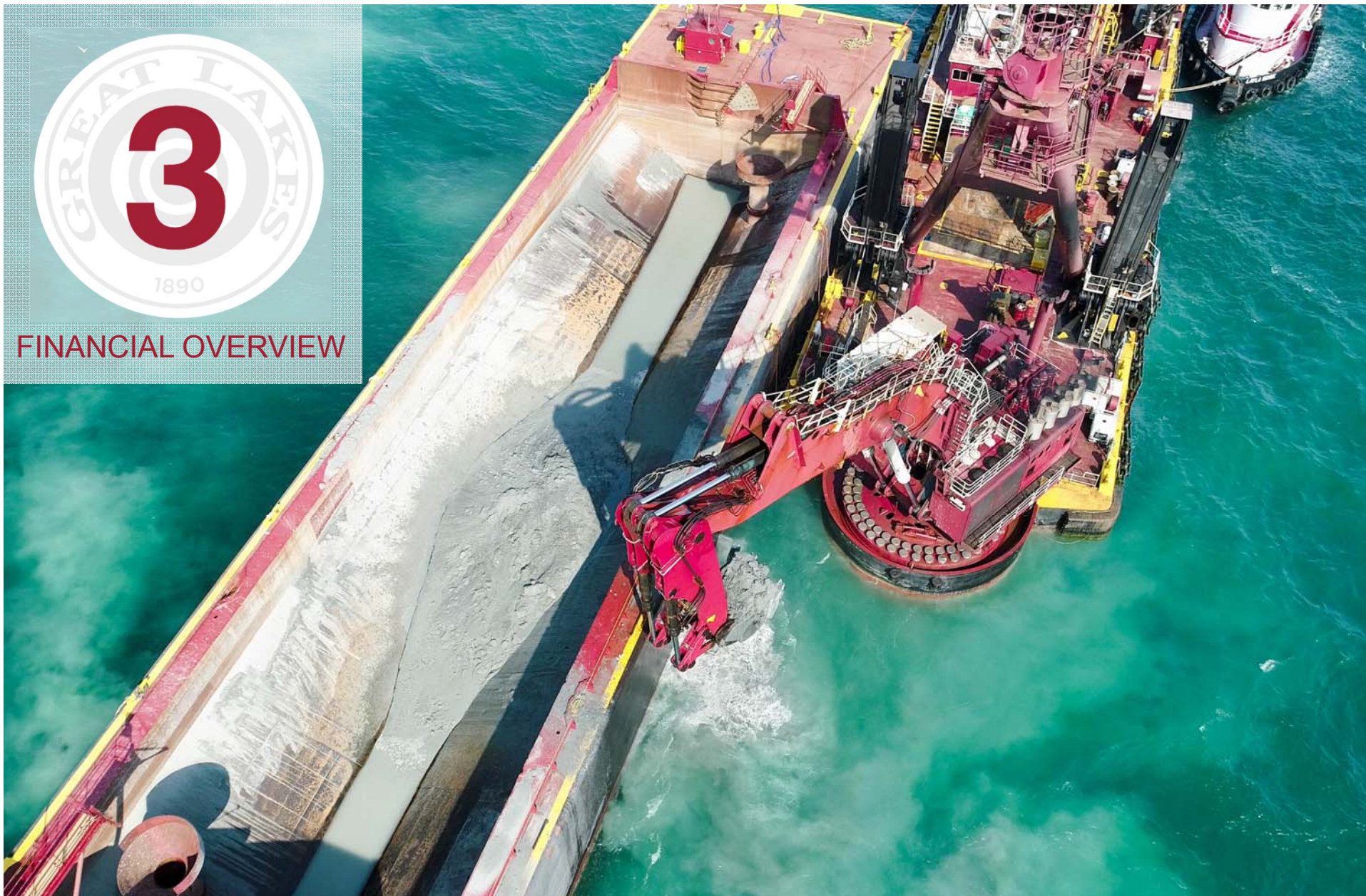
Senior Vice President & Chief Legal Officer

- > Chief Legal Officer since 2018
- > Appointed Vice President and General Counsel, Dredging Operations in July 2012
- > Joined the Company in 2007 as Assistant General Counsel; Fourth generation dredger





## FINANCIAL OVERVIEW





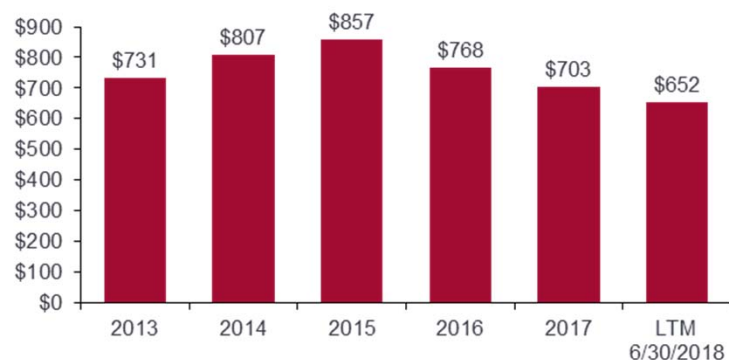


# FINANCIAL OVERVIEW

## HISTORICAL FINANCIAL PERFORMANCE

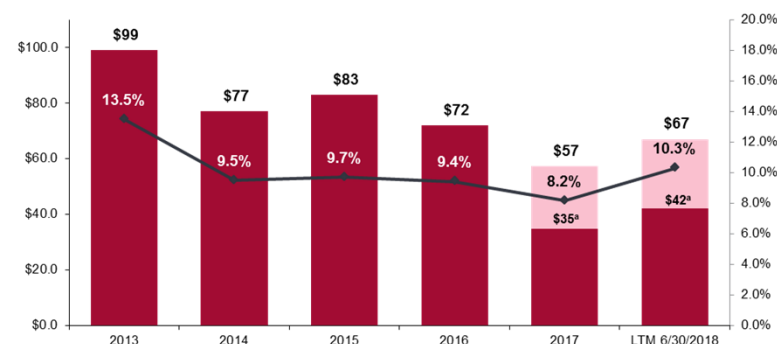
### REVENUE

\$ millions



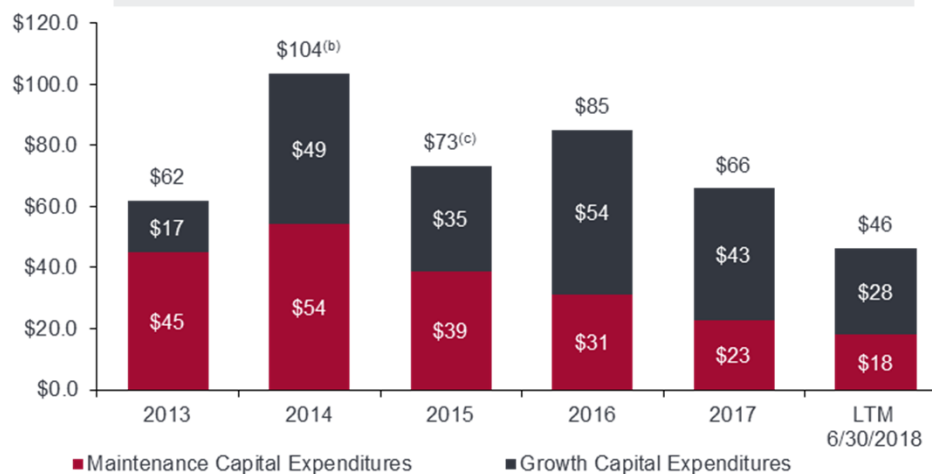
### ADJUSTED EBITDA (% MARGIN)

\$ millions



### CAPITAL EXPENDITURES

\$ millions



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Note: Historical financial performance pro forma for divestiture of Demolition segment; See Appendix for reconciliation of Net Income (Loss) to Adjusted EBITDA

(a) Pink shaded area represents the impact of the restructuring charge on Adjusted EBITDA in 2017.

(b) Includes \$11.6MM related to the Magnus acquisition

(c) Excludes \$16.0MM for the purchase of Terrapin Island dredge that was previously on an operating lease

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# FINANCIAL OVERVIEW

## SUMMARY OF Q2 2018 RESULTS

### → TOTAL REVENUE

- \$151MM in Q2 2018, a 15% decrease compared to same period 2017

### → DREDGING SEGMENT

- Revenue was \$135MM in Q2 2018, an 11% decrease compared to Q2 2017, driven by:
  - > Lower international and rivers and lakes revenue
  - > Flat domestic market revenue, increases in capital market offset decreases in maintenance market
  - > A small decrease due to two rationalized vessels that contributed revenue in the prior year quarter
- Gross profit margin improved to 17.4% for Q2 2018 compared with 10.5% for Q2 2017, driven by:
  - > Better project performance with higher contract margin
  - > Operational improvements from asset retirements

### → E&I SEGMENT<sup>c</sup>

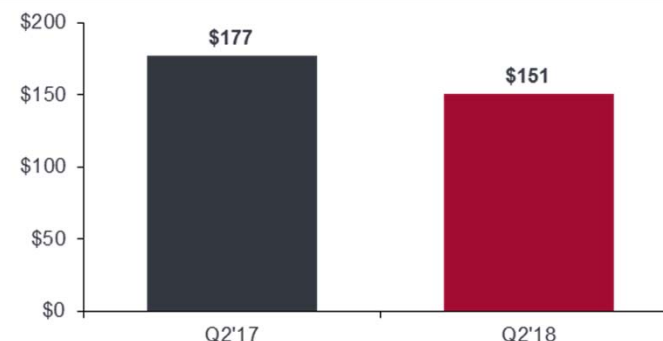
- Revenue was \$15MM in Q2 2018, a \$9M decrease from Q2 2017, as a result of lower than expected new work.
- Gross profit decreased from \$4.2MM to \$0.1MM, driven by the lower volume of work.

### → ADJUSTED EBITDA

- Adjusted EBITDA from continuing operations, excluding impact of restructuring was \$21MM for Q2 2018.

### CONSOLIDATED REVENUE

\$ millions



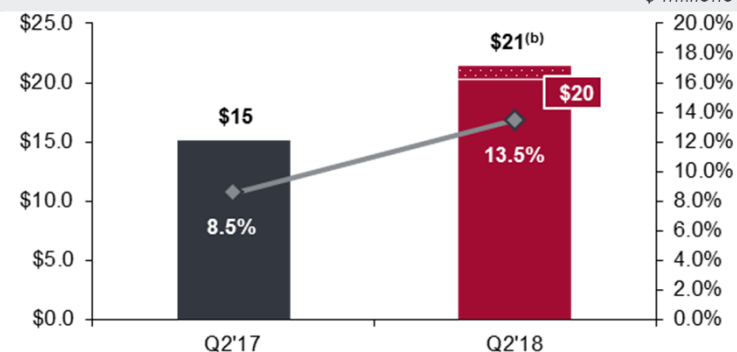
### GROSS PROFIT

\$ millions



### ADJUSTED EBITDA

\$ millions



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Note: Historical financial performance pro forma for divestiture of Demolition segment; See Appendix for reconciliation of Net Income (Loss) to Adjusted EBITDA

(a) Pink shaded area represents the negative impact of the restructuring charge on results.

(b) Red patterned area represents the positive impact of the restructuring charge on results.

(c) Gross profit from Q2 2017 included a \$2.5M benefit related to an approved change order.

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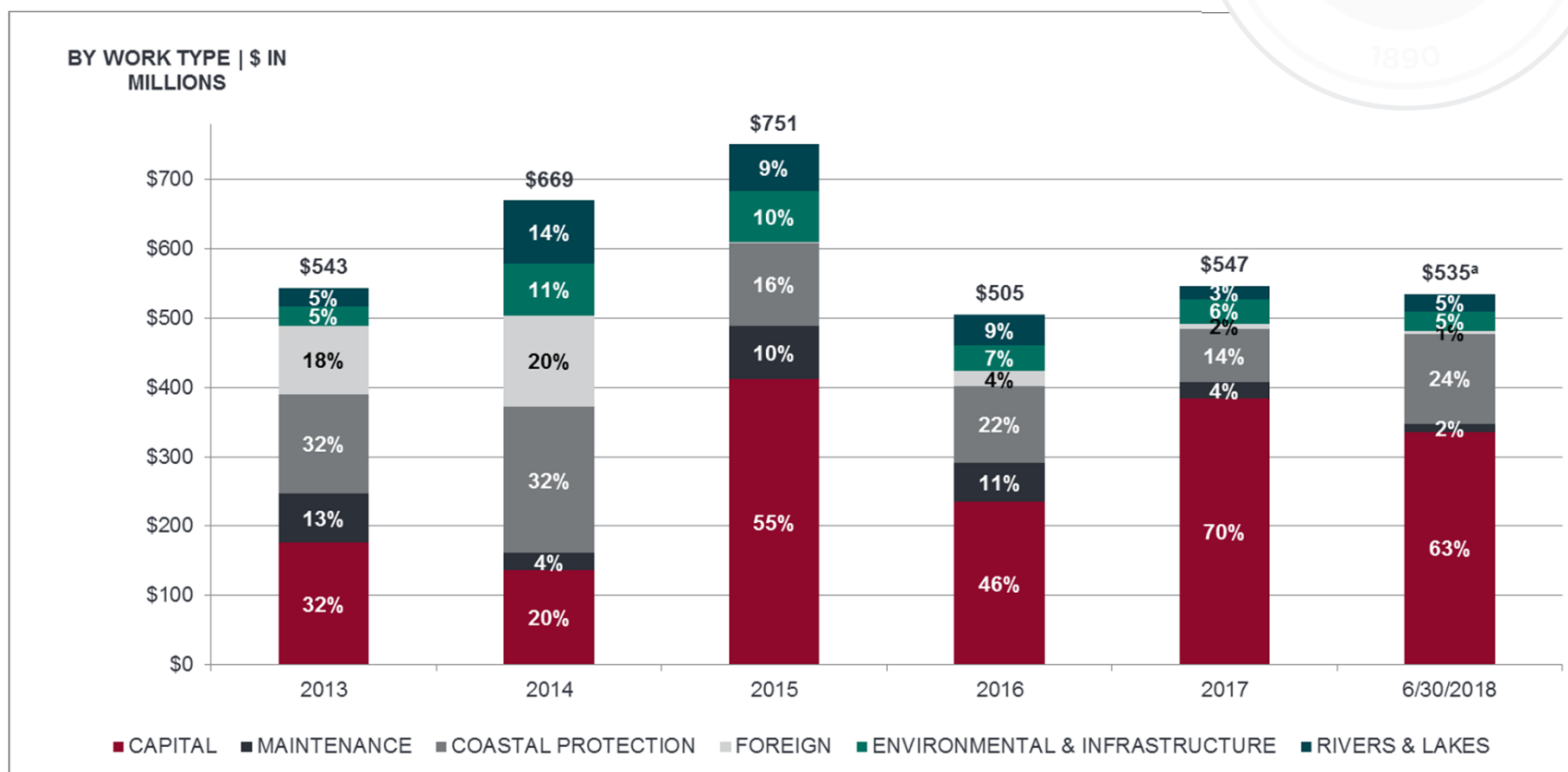


# FINANCIAL OVERVIEW

## BACKLOG

BY WORK TYPE  
\$ IN MILLIONS

AVERAGE BACKLOG  
5 YEARS → \$603MM



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(a) Two dredging awards, San Jacinto and Delaware River for a total amount of \$84 million, were awarded subsequent to quarter end and are thus not reflected in the balance for 6/30/2018.

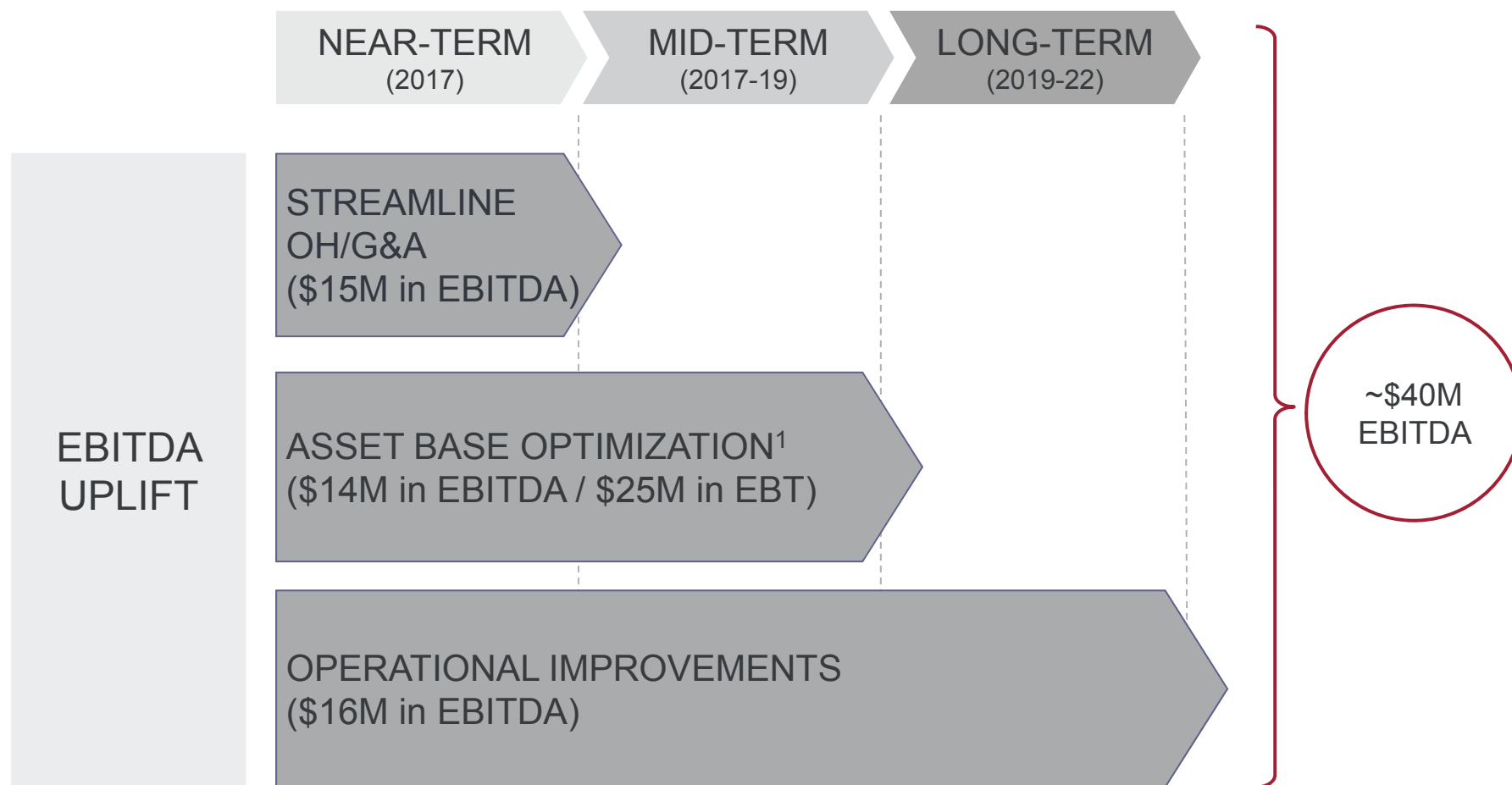
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# RESTRUCTURING PLAN IN PLACE

COMBINED INITIATIVES WILL INCREASE EBITDA BY \$40M



1. Asset base optimization includes \$4.5M of OH/G&A costs that are included in the bucket above











# APPENDIX

## RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA



	FISCAL YEAR ENDING December 31						LTM 6/30/2018
(\$ IN MILLIONS)	2012	2013	2014	2015	2016	2017	
NET INCOME (LOSS)	(\$2.7)	(\$34.4)	\$10.3	(\$6.2)	(\$8.2)	(\$31.3)	(\$20.1)
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	(9.6)	(54.9)	(10.4)	--	--	(12.7)	(\$0.0)
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST	0.6	0.6	--	--	--	--	
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	<b>\$6.3</b>	<b>\$19.9</b>	<b>\$20.7</b>	<b>(\$6.2)</b>	<b>(\$8.2)</b>	<b>(\$18.6)</b>	<b>(\$20.1)</b>
ADJUSTED FOR:							
ACCELERATED MAINTENANCE EXPENSES	4.7	--	--	--	--	--	--
LOSS ON EXTINGUISHMENT OF DEBT	--	--	--	--	--	2.33	--
INTEREST EXPENSE – NET	20.9	21.9	20	24.4	22.9	26.0	\$31.7
INCOME TAX PROVISION (BENEFIT)	5.4	10.5	(11.5)	(2.5)	(5.8)	(35.6)	(\$32.6)
DEPRECIATION AND AMORTIZATION	37.4	46.6	50.1	64.6	63.0	60.5	\$62.0
IMPAIRMENT OF GOODWILL	--	--	--	2.8	--	--	
GAIN ON BARGAIN PURCHASE ACQUISITION	--	--	(2.2)	--	--	--	
<b>ADJUSTED EBITDA FROM CONTINUING OPERATIONS</b>	<b>\$74.7</b>	<b>\$98.9</b>	<b>\$77.1</b>	<b>\$83.1</b>	<b>\$71.9</b>	<b>\$34.7</b>	<b>\$41.0</b>
EXCLUDED FOR:							
IMPACT OF RESTRUCTURING	--	--	--	--	--	22.6	\$24.9
<b>ADJUSTED EBITDA FROM CONTINUING OPERATIONS, EXCLUDING RESTRUCTURING</b>	<b>\$74.7</b>	<b>\$98.9</b>	<b>\$77.1</b>	<b>\$83.1</b>	<b>\$71.9</b>	<b>\$57.3</b>	<b>\$65.9</b>

NOTE: ITEMS MAY NOT SUM DUE TO ROUNDING



