NYSE:ORN Q4 2025 Earnings Call Transcript

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Operator | Conference Operator:

Good morning and welcome to the Orion Group Holdings full year 2025 financial results conference call. All participants will be in a listen only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero on your telephone keypad. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star, then one on your telephone keypad. To withdraw your question, please press star, and then two. Please note, this event is being recorded. I would now like to turn the conference over to Margaret Boyce, Investor Relations for Orion. Please go ahead.

Margaret Boyce | Investor Relations, Orion Group Holdings:

Thank you, Operator, and thank you all for joining us today to discuss Orion Group Holdings' full-year 2025 financial results. We issued our earnings release after the market last night. It is available in the investor relations section of our website at oriangroupholdingsinc.com. I'm here today with Travis Boone, Chief Executive Officer of Orion, and Allison Boskett, Chief Financial Officer. On today's call, management will provide prepared remarks, and then we will open up the call for your questions. Before we begin, I'd like to remind you that today's comments will include forward-looking statements under the federal securities laws. Forward-looking statements are identified by words such as will, be, intend, believe, expect, anticipate, or other comparable words and phrases. Statements that are not historical facts are forward-looking statements. Our actual financial condition and results of operations may vary materially from those contemplated by such forward-looking statements. Discussion of the factors that could cause our results to differ materially from these forward-looking statements are contained in our SEC filings, including our reports on Form 10Q and 10K. With that, I'll turn the call over to Travis. Travis, please go ahead.

Travis Boone | Chief Executive Officer, Orion Group Holdings:

Thank you, Margaret, and good morning, everyone. Thank you for joining us today to discuss our 2025 results and 2026 guidance. Before we begin, I want to acknowledge the ongoing conflict involving Iran and the Middle East. We extend our sincere appreciation to the men and women bravely serving our country. We recognize the situation remains very fluid and we are actively monitoring developments and evaluating any potential impacts on our business and markets. Now onto my prepared remarks. 2025 was a year of strong operational execution and meaningful advancement of Orion's long-term strategic priorities. We drove both top and bottom line growth and generated good free cash flow. Across the organization, our team delivered with predictable excellence, executing projects safely and profitably, strengthening our balance sheet, and taking important strategic steps that position our company for continued growth ahead. Over the past several years, we have been very clear about what we set out to do, improve execution, strengthen margins, professionalize the organization, and build a platform capable of capturing the significant opportunities across mission-critical marine infrastructure, defense, and concrete construction. In 2025, we translated that strategy into results. Importantly, we took decisive strategic actions that advanced our long-term growth plan. In December, we closed a new $120 million senior credit facility that improves our liquidity, lowers our cost of capital, and provides flexibility to support both organic growth and accretive acquisitions. We also purchased a derrick barge in December to further increase capacity and execution flexibility. As many of you are aware, we've been on the hunt for a large Jones Act derrick barge that will enable our team to pursue a broader range of marine and defense-related work. The barge is currently undergoing some refurbishments, and we expect to deploy it into our operations later this year. Last month, we completed the acquisition of JE

McCamus. The transaction greatly enhances our marine platform, particularly in complex jetty and breakwater construction, where McCamus has deep proven expertise. Their strong Pacific footprint, experienced workforce, and high quality equipment fleet expand our ability to execute large, technically demanding projects. Integration is well underway, and we're very encouraged by the strong cultural alignment and the collaboration we're seeing across the combined organization and contracts awarded to McCamus over the last several weeks. In 2025, we consolidated our Houston footprint into our new headquarters office, implemented a modern project management platform, favorably settled multiple litigation matters, and monetized non-strategic real estate. Collectively, these deliberate actions improve our readiness for the next wave of large-scale, mission-critical marine and concrete infrastructure opportunities and reflect tangible progress for our strategic plan. While most aspects of our performance met or exceeded expectations in 2025, backlog was the one area where results were not as we anticipated. Even though our wind weight in 2025 improved over 2024, For the year, we booked just over $763 million in new contracts and change orders across the company, which represented a 0.9 times book to bill. Customer decisions moved to the right primarily due to tariff-related uncertainty in the private sector at the beginning of the year, followed by the prolonged U.S. government shutdown later in the year, which delayed public sector bidding and awards. Importantly, We believe this is only a timing issue with the work simply moving to the right as opposed to going away. We remain confident in our strong demand outlook, which is supported by the tailwinds we're experiencing across our markets. In addition, recent developments in the Middle East may accelerate government action to approve additional defense funding. We remain bullish on our backlog trajectory and long-term growth outlook with a vibrant growing pipeline that is currently at $23 billion, which includes the JE McCamus pipeline of $1.4 billion. Our marine opportunity pipeline increased $3 billion or 21% sequentially to over $19.4 billion as of December 31st. This does not include the McCamus acquisition, which we closed on in February. This growth reflects building demand and urgency across both public and private sector clients And we're pleased with the 2026 funding for the Department of War Pacific Operations. Across our operating regions, we have a healthy volume of opportunities expected to be awarded throughout the year for clients spanning the US Navy, the Coast Guard, regional port authorities, state departments of transportation, and private energy and chemical clients. Moving on to concrete, where our opportunity pipeline grew to over $2.4 billion at the end of 2025. Over the last several years, our team has built a strong and expanding position in data centers and the mission-critical construction market. The team produced good bookings throughout 2025, increasing year-over-year backlog by 10%, with recent awards spanning data centers and other commercial structures. Our expansion into Florida and Arizona is paying dividends, fueled by a growing project pipeline and solid execution. I'd like to drill down into our data center work, a real highlight in our concrete business that is improving literally by the day. I spent a good amount of time with the team last week, and let me tell you, they are killing it. Today, our data center count stands at 46 projects, either completed or in progress, across Texas, Iowa, and Arizona. We're seeing a shift toward larger campus-style developments for which execution and schedule certainty reign supreme. and our team has earned an outstanding reputation as a reliable delivery partner on mission critical programs. In addition to construction of the buildings and foundations, we are increasingly engaging with key clients earlier to address constructability concerns and to implement targeted design improvements. To support these strategies, we've recently expanded into site civil and earthwork to strengthen execution certainty for our clients and also to broaden Orion's scope of services. We expect to see data centers contribute even more significantly to our concrete business this year with some large opportunities developing in our markets. In closing, as I reflect on the year, I'm excited about the deliberate execution of our strategic priorities buoyed by building momentum in our key end markets. With a $23 billion pipeline inclusive of McCamus, a healthy balance sheet, and the best client-centered execution team in the business. We have an excellent runway for 2026 and beyond. With that, I'll turn the call over to Allison to talk through our financial results and our 2026 guidance. Allison?

Allison Boskett | Chief Financial Officer, Orion Group Holdings:

Thanks, Travis. We were pleased with the financial and operational progress we delivered this year, reflecting disciplined executions across the organization and continued focus on profitable growth, cash generation, and balance sheet health. For the full year 2025, revenue increased to $852 million, operating income to $15 million, adjusted EBITDA to $45 million, and adjusted EPS to 25 cents per share. I am also very pleased to report that we generated full-year operating cash flow of $28 million and free cash flow of $14 million. Across all metrics, these results were a notable improvement over last year. From a segment perspective, in 2025, Marine delivered 545 million of revenue, a 4.5% annual growth, and more than doubled its adjusted EBITDA to 56 million for the year. This represents a 10% adjusted EBITDA margin compared to about 5% in 2024. The improvement in adjusted EBITDA was driven by favorable revenue mix, excellent execution, favorable equipment utilization, and positive project closeouts. For reference, Marine's contribution adjusted EBITDA margin for the year was 15%. In 2025, concrete revenues increased 12% annually to $307 million, and concrete reported an $11 million loss in adjusted EBITDA. The reported adjusted EBITDA loss is primarily attributable to the impact of corporate allocations in 2025 and favorable project closeout benefits in 2024 that did not reoccur in this year. Concrete's contribution-adjusted EBITDA margin for the year, excluding corporate, was 4.5%. To provide increased transparency on segment operating margins, we plan to update our reportable segments beginning in the first quarter of 2026. Specifically, we plan to break out corporate expenses separately as a non-operating segment and will no longer allocate those costs to marine and concrete for external reporting purposes. This change is intended to increase transparency of our operating segment's results. Moving on to the balance sheet. As many of you are well aware, late in the fourth quarter, we entered into a five-year, $120 million credit agreement with UMB Bank. This facility meaningfully improves our liquidity, reduces borrowing costs, extends maturity by two years, and positions a balance sheet to fund future investment. It includes a $60 million revolving line of credit, a $20 million equipment term loan facility, and a $40 million M&A term loan. It also includes an additional $25 million uncommitted accordion to fund future growth. The UMB facility refinanced and replaced our previous $88 million credit agreement, which was scheduled to mature in May of 2028. Borrowings under the UMB credit facility bear interest at a rate of SOFR plus 2.5% to 3%, a 40% reduction in our borrowing costs compared to the prior credit agreement. A big shout out to our treasury and legal teams for getting this across the line. In connection with this refinancing, we paid off our $23 million term loan and ended the year with net debt of just about $6 million. I would like to point out that subsequent to year end in February, we increased our senior borrowings by $47 million to fund the McCamus acquisition. I'll wrap up with our guidance update for 2026. We're very pleased to provide our full year 2026 guidance as follows. Revenue in the range of $900 million to $950 million a 9% increase from 2025 at the midpoint. Adjusted EBITDA in the range of 54 million to 58 million, a 24% increase from 2025 at the midpoint. Adjusted EPS in the range of 36 cents to 42 cents, a 56% increase from 2025 at the midpoint. And capital expenditures in the range of 25 to 35 million consistent with last year. That's it for me. Back to you, Travis.

Travis Boone | Chief Executive Officer, Orion Group Holdings:

Thank you, Allison. We're very proud of what we accomplished in 2025, and we view this year as a bridge, not a destination. Over the past 12 months, our operations team executed projects safely while growing revenues and adjusted EBITDA. Meanwhile, our corporate team sold the East West Jones property, restructured our credit facility, purchased the Derek Barge, and acquired J.E. McCamus. None of this progress would have been possible without the hard work, dedication, and commitment of our people. I want to thank them for their outstanding efforts. With a strong operating platform, expanded capabilities, and favorable market tailwinds, we're excited about the opportunities ahead and believe Orion is well positioned as we look to capture more work and continue to execute for our employees, clients, and shareholders in 2026 and beyond. We'd now like to open up the call for your questions.

Operator | Conference Operator:

Thank you. We will now begin the question and answer session. To ask a question, you may press star, then 1 on your telephone keypad. If you are using a speakerphone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star and then 2. At this time, we will pause momentarily to assemble our roster. And the first question will come from Tomo Sano with JP Morgan. Please go ahead.

Tomo Sano | Analyst, JP Morgan:

Hi, good morning, everyone.

spk05:

Morning, Tomo. Morning, Tomo.

Tomo Sano | Analyst, JP Morgan:

Thank you. In Q4, you talk about some of the delay of the revenue recognitions for awarded projects. And could you talk about the impact your reported sales and margins in Q4? And could you specify which segments or projects, experiences that delays and quantify the revenue and margins impact in 2026, please? Thank you.

Allison Boskett | Chief Financial Officer, Orion Group Holdings:

I'll start, and Travis, if you want to add in. But from a 2024 perspective or from a Q4 perspective, the fourth quarter came in generally in line with what we expected. We didn't see a lot of softness in the quarter coming generally kind of in line with what we were targeting and in line with the guidance that we had set out for the full year. I'll say that things do typically in construction, they will move around a bit in terms of just timing and cadence. And you probably saw some of that in terms of just margin profiles for the individual segments. But from an overall perspective, things came in in line, including from a corporate perspective. Does that answer your question, Tomo?

Travis Boone | Chief Executive Officer, Orion Group Holdings:

There were a few, there were some opportunities that slid out of Q4 that we were pursuing. But that's not on the, that's more on the kind of pipeline side of things.

Tomo Sano | Analyst, JP Morgan:

Yeah, thank you. So could I double click on your commentary about the margins, Alison, if you could talk about the 2026 outlook by segment in terms of the margins expansions from 2025 to 2026?

Allison Boskett | Chief Financial Officer, Orion Group Holdings:

Sure, I'd be happy to. We are continuing to expect that we will have modest margin expansion across the business, both from the favorable impacts of blending McCamus into the marine business. As you probably well recall, McCamus operates at a meaningfully higher margin than the rest of Orion. So we are expecting to

see some favorable blend associated with that acquisition and incorporation of their results. And then from a concrete perspective, we do expect that concrete will deliver margins in the mid-single digits. For the year in 2025, concrete delivered margins of right around 4.5%. And we do expect to nudge that up in 2026, just as a function of some favorable demand signals that we're seeing in terms of the work that we're bidding on, the work that we are winning and bringing into backlogs. as well as just continued growth and scale, which benefits our concrete business pretty meaningfully.

Tomo Sano | Analyst, JP Morgan:

Thank you. If I may squeeze one more on a data center, Travis, you talk about data centers. Could you quantify the impact in 2026 in terms of the revenue compositions as well as some competitive advantages in data center projects for Orion, please?

Travis Boone | Chief Executive Officer, Orion Group Holdings:

I'm not sure if I'm ready to point to the fence yet on where we're going to land with data centers. As Allison just mentioned, we're seeing a large amount of opportunities that are lining up well with our capabilities and relationships and all of that. We've got We did start, as I mentioned, we've started doing site civil work on some of these data centers, which has been very well received, and we're doing well with that work. So I think that'll expand and continue. And I think we're going to keep seeing just a large amount of data center work happening. I mean, right now it's 40% of our concrete business is data centers. I expect that to probably go up a little in the next year.

Tomo Sano | Analyst, JP Morgan:

Thank you. I appreciate it.

Operator | Conference Operator:

The next question will come from Aaron Spahala with Craig Hallam. Please go ahead.

Aaron Spahala | Analyst, Craig Hallam:

Yeah, good morning, Travis and Allison. Thanks for taking the questions. Morning, Aaron. Morning. You know, maybe first for me, just on the pipeline, you know, can you talk a little bit more about that? Sounds like, you know, the expansion pretty broad-based. You know, any thoughts on kind of timeline, you know, conversion to orders? I know you've had a slide that kind of has laid out, you know, timing potential there. And then just, you know, maybe talk about the kind of market and margins you're seeing, you know, quotes and then kind of backlog wise.

Travis Boone | Chief Executive Officer, Orion Group Holdings:

Yeah. So the pipeline is, um, has expanded some of that then because things have slid, right. Um, so it's kind of, it's building, but there's also some things sliding, which makes it, uh, get, look like it's getting, uh, even more big, but it's, it's, uh, we've got quite a few near-term opportunities is in 2026, um, that are, you know, a hundred million plus projects, uh, more, let's say more than a dozen, uh, very real, uh, opportunities that are, you know, over, over a hundred million in, uh, in size, which are, you know, gives us a lot of confidence, even though our backlog is down. Um, we're, we're one job away. One project went away from, from the backlog

being in, being in good shape. So we're, we're not worried. We're, we're bidding projects, uh, in the real near term here that we feel good about. So, um, we're not, uh, I know maybe, maybe some concern about backlog, but from our, in our minds, we're, uh, we're, we're, we're, we're nowhere near, uh, getting worried. We're, we're in good shape. Uh, we have, we have all the opportunities in front of us and, uh, Like I said, we're one win away from being just fine on the backlog for our marine business. And our concrete business pipeline is growing and looking really strong. As you may recall, our concrete pipeline is typically fairly small because there's a lot of book and burn activity. and its private sector opportunities, which are not super visible, you know, long in advance. So we're excited to see the concrete pipeline creeping up as well as the marine pipeline continuing to expand. And then we added in McCamus that makes it even, gives us even more opportunities to pursue.

Aaron Spahala | Analyst, Craig Hallam:

And then, you know, outside of McCamus, are you on margins kind of in the, you know, as you're going to bid projects? Is that still, you know, how's that looking?

Travis Boone | Chief Executive Officer, Orion Group Holdings:

On the McCamish side of things, nothing has changed as far as, you know, margins, bid margins and things like that. They're going to continue pursuing projects as they have.

Allison Boskett | Chief Financial Officer, Orion Group Holdings:

And on the rest of the business?

Travis Boone | Chief Executive Officer, Orion Group Holdings:

And the rest of the business. Things are looking good. We're not seeing any, like, downturns or anything like that. In fact, I would say more the opposite in several of our markets.

Aaron Spahala | Analyst, Craig Hallam:

Good. Good. And then, you know, maybe second, you know, on the data center side of things, you kind of talked about an expansion, you know, site and civil and earthwork. Any thoughts, high level, what that means for, you know, maybe average project size or, you know, how quickly these projects can continue to turn with that dynamic?

Travis Boone | Chief Executive Officer, Orion Group Holdings:

Probably not going to give too much information just for competitive reasons, but... I think it depends on where the data center is and how much infrastructure and dirt work and things like that need to be put in before the concrete and foundations happen. But there can be fairly significant amounts of work that goes into that. And it gives us something else to sell to our customers. And as many of them are kind of shifting to bigger campuses, sometimes those get to be much larger, right? They still do these data centers, and we've talked about this before, but they don't, even though it may be a really large data center, they kind of go a little piece at a time. And it's literally, you know, here's one little piece and another little piece and another little piece, and then you look back, you know, six months later, and you've done a ton of work over a period of time. So it's It's these things turn in from, you know, from a $500,000 task order. And next thing you know,

you've done $50 million worth of work a little out of time. So, well, a little out of time, but very quick.

Allison Boskett | Chief Financial Officer, Orion Group Holdings:

Yeah. And I think the other important thing there is as our team, because our team has such a high level of credibility in this really critical aspect on the critical path of these projects in terms of just the buildings, the structure, the infrastructure to support all the really important internal things. But because our team has such credibility in that area, we are being engaged earlier in terms of, as Travis mentioned in the call, some of the constructability, some of the concerns, some of the things that we have seen over the now 46 and counting data centers and campuses that we've worked on in incorporating those lessons for our clients. Our clients are seeing that as a really valuable opportunity. level of expertise that we bring to the table, which means that ultimately, you know, we do become a trusted partner in this aspect of the building and the construction. So it's a pretty exciting time. I mean, really my hat's off to that team who's built very, very strong relationships with a number of key players.

Aaron Spahala | Analyst, Craig Hallam:

That sounds great. Thanks for taking the questions. I'll turn it over. Thanks, Aaron. Thanks, Aaron.

Operator | Conference Operator:

Again, if you have a question, please press star and then one. The next question will come from Jerry Sweeney with Roth Capital. Please go ahead.

Jerry Sweeney | Analyst, Roth Capital:

Good morning, Travis and Allison. Thanks for taking my call. Good morning, Jerry.

Margaret Boyce | Investor Relations, Orion Group Holdings:

Hi, Jerry.

Jerry Sweeney | Analyst, Roth Capital:

Just a couple of follow-up questions, maybe. But just looking at the marine side, obviously, pipeline is growing. You said some of the projects pushed to the right, per se. But are you hearing anything, or do you have any anecdotal commentary on – maybe once some of these projects may come to fruition, obviously they're quite large, complicated. We've had a government shutdown and then we have, you know, escalating conflict in the middle East, but, uh, all that said and done, I'm just curious as to maybe some of the anecdotal, uh, uh, items that you're hearing on those opportunities.

Travis Boone | Chief Executive Officer, Orion Group Holdings:

So, uh, I mean, we're bidding one of them. We're bidding a nice project this week. Um, There are things moving forward now. I guess there's not like a theme, if you will, of the different reasons that they've moved. Some of them move for different things, but they are just shifting to the right. It's not a never-ending shift to the right. They are actually coming to roost at some point, like the one I just mentioned. That was originally supposed to be last year, and we're finally bidding it this week. So there are projects that are coming through.

We're bidding quite a few jobs in the next six months, pretty nice ones, along with the normal kind of run-of-the-mill projects that we always go after. But I don't know if I answered your question. Yeah, sorry, go ahead.

Allison Boskett | Chief Financial Officer, Orion Group Holdings:

Well, I'll just add, Jerry, that as we look at the – The pipeline does continue to be very robust. We continue to have our good line of sight into eight, eight and a half billion of opportunities that we expect to be awarded in 2026. And that's pretty normal. We have seen some clients really engage in a more meaningful way, which to us signals that some decisions are likely going to be made in the near term. But as we think about the pipeline, it stacks up to be probably about a 40-60 split in terms of what's going to, for the 2026, what we have visibility into of what will be awarded in the first half versus the second half, which is pretty normal, just given in the federal government there's usually a spike in the third quarter. And so, yes, there are a good number of opportunities that we have both at we are working on bidding on. And then a lot of times we will talk about the number of opportunities that we have provided all information on that we are just awaiting award from the client. And that number continues to sit at right around a billion dollars. So to us, that's a little bit higher than normative, but it's been consistently at that billion dollar mark throughout 2025 and continues to be around a billion dollars now. So that might just be the new norm in terms of You know, when Travis talks about holding the pipeline a little longer, we do continue to see that number just stay right around a billion. But we are seeing some awards, some clients like moving and being more active.

Jerry Sweeney | Analyst, Roth Capital:

Gotcha. And at some point, that billion kind of breaks loose, which is positive, obviously, right? That's right. Yeah. Okay. That's it for me. I appreciate it. Thanks.

Operator | Conference Operator:

Thanks, Jared. The next question will come from Alex Regal with Texas Capital. Please go ahead.

Alex Regal | Analyst, Texas Capital:

Thank you, Travis and Allison. Travis, your historical win rate on bids sort of is in that mid-teens range. Is there any reason to believe that historical win rate will be any different going forward?

Travis Boone | Chief Executive Officer, Orion Group Holdings:

No, we saw that win rate kind of between from 24 to 25, it tipped up, even though our, you know, even though our backlog was down, our win rate was up. So it tells you that things were sliding. So we have seen it head in the right direction just a little bit, a percent or two. And I don't expect it to change much. I mean, it might continue to go up a little, but I don't expect it to be any large jump up or down on the win rate. We kind of like to be in that let's say 15 to 20% win rate sort of range. And that's where we are and feel pretty good about where we are.

Alex Regal | Analyst, Texas Capital:

And then as it relates to your adjusted EBITDA guidance of 54 to 58 million, can you bridge that delta from the 45 million you just reported and help us to understand sort of what's organic versus inorganic? And as it relates to sort of the organic Kind of how that's broken out by segment.

Allison Boskett | Chief Financial Officer, Orion Group Holdings:

Sure. I'll give some high-level commentary. I would say that we are always gearing the business toward what we view as good organic growth. So that is like first and foremost really what we are doing to position the company is to invest in organic growth. Organic growth in 2026 is good. I would say it's probably, just in terms of stepping back, I'd say it's in the kind of upper single to low double-digit growth rate from an organic perspective, just because of some of the opportunities that we see moving a bit to the right, specifically in the marine business. I do think that concrete will grow very favorably in 2026. We have signals that that is happening and that it's real. But for Marine, those opportunities, they just take time to get through the pipeline, to get through all of the machine associated with bringing those opportunities to market by our client and then ultimately getting those things awarded. So some of those things that we expected we would see in 2026 have moved a bit to the right. That being said, we do expect that our marine business will continue to grow in 2026. Will it be at the dynamic growth rates that we are anticipating with some of the many things that are coming to market in 26 and 27? Probably you'll see that, I would expect, over the midterm, but that is not today built into our 2026 guidance. What I will say is I'll say that also from a McCamus perspective, that we have good line of sight into what we expect McCamus will deliver, which is right in line with kind of what we set out in the call back in February. They come with a very highly qualified, very reputable, very credible group of people. It's a phenomenal team. It's a phenomenal leadership organization there. We're very excited about bringing them into the portfolio. And we're also very excited about some of the projects that they have won just recently. So they continue to perform. They continue to perform well. And we'll look forward to just bringing them into more of our opportunities and our projects to make our pursuit teams even stronger as we look ahead.

Alex Regal | Analyst, Texas Capital:

Very helpful. And then the outlook for backlog near term, I kind of get a sense here that it's probably flattish to maybe trending a little bit down in the first quarter and the second quarter, but you expect a strong rebound in the third and fourth quarters. Is that a fair conclusion to come to?

Allison Boskett | Chief Financial Officer, Orion Group Holdings:

It's hard to tell just from a backlog perspective. We are working – We are gearing the organization around really a book to build that is greater than one. That is our objective. Our objective is to always be booking more backlogs than we are burning. With that in mind, it's hard from a quarter-to-quarter perspective to predict what backlog is. It does move around just based on how we burn, how operational cadence of the project, and then what gets awarded within a quarter. But from a full year perspective, we do expect to meaningfully deliver good bookings, which ultimately will serve to elevate our backlog balances. I'll also say that from a concrete perspective and really from a dredging perspective as well, Like those two businesses have a very quick book to burn, and so they may have phenomenal years, but you may not see a lot of that manifested in the backlog at quarter ends or year ends just because of the amount of book and burn projects that they get awarded. But are we targeting elevated backlog through the year? Yes, that is absolutely a goal, and we'll track that really through kind of the book to bill and kind of how the organization is delivering on that.

Alex Regal | Analyst, Texas Capital:

Thank you.

Allison Boskett | Chief Financial Officer, Orion Group Holdings:

Thank you. Thank you.

Operator | Conference Operator:

The next question will come from Liam Burke with B Reilly Securities. Please go ahead.

spk05:

Thank you. Good morning, Travis. Good morning, Allison. Good morning, Liam. Travis, you talked about closing on the DEREC in late 2025. How quickly, it's a fairly significant commitment, capital commitment. How quickly do you anticipate that investment turning into some sort of measurable return?

Travis Boone | Chief Executive Officer, Orion Group Holdings:

We'll get it, as I mentioned, we've got some work being done on it for the next, I don't know, six to, let's say six to eight months. And once it's kind of in the condition and ready to go, we'll have it. we'll get it busy and get it operational or get it working somewhere in our business. As far as, you know, payback on it, I think we got a pretty good price on it, so I don't think it's going to be a long time to get to kind of return on the investment.

spk05:

Great. Thank you. And on the M&A front, the McCamus was opportunistic. Obviously, You don't have a pipeline of opportunistic acquisitions, but what does the acquisition pipeline look like for you?

Travis Boone | Chief Executive Officer, Orion Group Holdings:

It's a pretty active market out there at the moment. Lots of different things happening in the, I don't know, it seems like it's not just across the board. It seems like acquisitions have really gotten pretty strong across all sectors. I'm seeing it kind of all over the place, lots of different acquisitions and activity happening. I mean, we saw, you know, we saw Great Lakes just recently get acquired and go private, and just lots of things happening out there that will give us, potentially give us opportunities to do more in the next year or so.

spk05:

Thank you, Travis.

Operator | Conference Operator:

This concludes our question and answer session. I would like to turn the conference back over to Travis Boone for any closing remarks.

Travis Boone | Chief Executive Officer, Orion Group Holdings:

Thank you all for joining us today. We look forward to talking to you again soon.

Operator | Conference Operator:

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.