

August 9, 2017

# Goldfield Announces Second-Quarter 2017 Results

## Management To Hold Conference Call to Discuss Results

MELBOURNE, Fla., Aug. 09, 2017 (GLOBE NEWSWIRE) -- The Goldfield Corporation (NYSE American:GV), a leading provider of electrical construction services for the utility industry and industrial customers through its subsidiaries, Power Corporation of America, C and C Power Line, Inc. and Southeast Power Corporation, with operations primarily in the Southeast and mid-Atlantic regions of the United States and Texas, today announced financial results for the three and six months ended June 30, 2017.

President and Chief Executive Officer John H. Sottile said, "Our results in the first half of this year were a challenging comparison to 2016 because of the inclusion of certain large, higher margin fixed-price projects completed in the first half of last year. We believe the announced electrical construction plans by our major customers, including Duke Energy, Florida Power & Light Company and Lower Colorado River Authority, will present opportunities for growth in the future.

"During the first six months, we experienced continued growth in our master service agreement, or MSA, projects. As of June 30, 2017, our estimated 12-month MSA backlog grew 36 percent to \$55 million from \$40 million a year ago," Mr. Sottile concluded.

### ***Six Months Ended June 30, 2017***

For the six months ended June 30, 2017 compared to the same period in 2016:

- *Total revenue* decreased 12.0% to \$59.8 million from \$68.0 million, attributable to the inclusion in the 2016 period of certain large, higher margin fixed-price projects, partially offset by continued growth in MSA projects.
- *Gross margin on electrical construction operations* remained strong at 25.5%, compared to 28.6%.
- *Operating income* decreased to \$8.4 million from \$13.3 million due to the inclusion in the 2016 period of certain large, higher margin fixed-price projects, as well as lower volume and increased depreciation attributable to advantageous purchasing opportunities and fleet upgrades.
- *Net income* declined to \$5.2 million, or \$0.20 per share, from \$8.1 million, or \$0.32 per share.
- *EBITDA* (a non-GAAP measure)<sup>(1)</sup> was \$12.0 million compared to \$16.2 million as a result of the same factors which drove operating income.

### ***Three Months Ended June 30, 2017***

For the three months ended June 30, 2017 compared to the same period in 2016:

- *Total revenue* decreased 9.8% to \$29.1 million from \$32.3 million, mainly attributable

to the completion in the 2016 period of certain large, higher margin fixed-price projects.

- *Gross margin on electrical construction operations* remained strong at 25.7%, compared to 29.5%.
- *Operating income* decreased to \$4.1 million from \$6.3 million due to the completion in the 2016 period of certain large, higher margin fixed-price projects, as well as lower volume and an increase in depreciation.
- *Net income* declined to \$2.5 million, or \$0.10 per share, from \$3.8 million, or \$0.15 per share.
- *EBITDA* (a non-GAAP measure)<sup>(1)</sup> was \$5.9 million compared to \$7.8 million as a result of the same factors which drove operating income.

## **Backlog**

As of June 30, 2017, the Company's 12-month electrical construction backlog decreased slightly to \$68.8 million compared to \$71.4 million one year ago, while 12-month estimated MSA backlog increased 36 percent. Project-specific firm backlog decreased as a result of the completion of several large fixed-price contracts in 2016 and early 2017. Total backlog, which includes total revenue estimated over the remaining life of the MSAs plus estimated revenue from fixed-price contracts, was \$129.7 million as of June 30, 2017, compared to \$163.9 million as of June 30, 2016. The size and amount of future projects awarded under MSAs cannot be determined with certainty and revenue from such contracts may vary substantially from current estimates.

Backlog is estimated at a particular point in time and is not determinative of total revenue in any particular period. It does not reflect future revenue from a significant number of short-term projects undertaken and completed between the estimated dates.

## **Conference Call**

The Company's President and Chief Executive Officer John H. Sottile and Chief Financial Officer Stephen R. Wherry will host a conference call and webcast to discuss results at 10 a.m. Eastern time on August 10, 2017. To participate in the conference call via telephone, please dial (866) 373-3407 (domestic) or (412) 902-1037 (international) at least five minutes prior to the start of the event. Goldfield will also webcast the conference call live via the internet. Interested parties may access the webcast at <http://thegoldfieldcorp.equisolvewebcast.com/q2-2017> or through the Investor Relations section of the Company's website at <http://www.goldfieldcorp.com>. Please access the website at least 15 minutes prior to the start of the call to register and download and install any necessary audio software. The webcast will be archived at this link or through the Investor Relations section of the Company's website for six months. Investors can access the financial results (including any information required by Regulation G) at <http://ir.goldfieldcorp.com/financial-results>.

## **About Goldfield**

Goldfield is a leading provider of electrical construction services engaged in the construction of electrical infrastructure for the utility industry and industrial customers, primarily in the Southeast and mid-Atlantic regions of the United States and Texas. For additional information on our second quarter 2017 results, please refer to our report on Form 10-Q being filed with the Securities and Exchange Commission and visit the Company's website

at <http://www.goldfieldcorp.com>.

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(1) **Represents Non-GAAP Financial Measure** -The non-GAAP financial measure used in this earnings release is more fully described in the accompanying supplemental data and reconciliation of the non-GAAP financial measure to the reported GAAP measure. The non-GAAP measure in this press release and on The Goldfield Corporation's website is provided to enable investors and analysts to evaluate the Company's performance excluding the effects of certain items that impact the comparability of operating results between reporting periods and compare the Company's operating results with those of its competitors. This measure should be used to supplement, and not in lieu of, results prepared in conformity with GAAP. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures of other companies.

### **Forward-Looking Statements**

*This press release includes forward-looking statements within the meaning of the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995 throughout this document. You can identify these statements by forward-looking words such as "may," "will," "expect," "anticipate," "believe," "estimate," "plan," and "continue" or similar words. We have based these statements on our current expectations about future events. Although we believe that our expectations reflected in or suggested by our forward-looking statements are reasonable, we cannot assure you that these expectations will be achieved. Our actual results may differ materially from what we currently expect. Factors that may affect the results of our operations include, among others: the level of construction activities by public utilities; the concentration of revenue from a limited number of utility customers; the loss of one or more significant customers; the timing and duration of construction projects for which we are engaged; our ability to estimate accurately with respect to fixed price construction contracts; and heightened competition in the electrical construction field, including intensification of price competition. Other factors that may affect the results of our operations include, among others: adverse weather; natural disasters; effects of climate changes; changes in generally accepted accounting principles; ability to obtain necessary permits from regulatory agencies; our ability to maintain or increase historical revenue and profit margins; general economic conditions, both nationally and in our region; adverse legislation or regulations; availability of skilled construction labor and materials and material increases in labor and material costs; and our ability to obtain additional and/or renew financing. Other important factors which could cause our actual results to differ materially from the forward-looking statements in this press release are detailed in the Company's Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operation sections of our Annual Report on Form 10-K and Goldfield's other filings with the Securities and Exchange Commission, which are available on Goldfield's website: <http://www.goldfieldcorp.com>. We may not update these forward-looking statements, even in the event that our situation changes in the future, except as required by law.*

**The Goldfield Corporation and Subsidiaries**  
Consolidated Statements of Income  
(Unaudited)

**Three Months Ended**  
**June 30,**

**Six Months Ended**  
**June 30,**

|   | 2017          | 2016          | 2017          | 2016          |
|---|---------------|---------------|---------------|---------------|
| Revenue   |               |               |               |               |
| Electrical construction   | \$ 28,804,467 | \$ 30,890,691 | \$ 58,253,114 | \$ 65,732,195 |
| Other   | 305,415       | 1,365,782     | 1,580,632     | 2,283,261     |
| Total revenue   | 29,109,882    | 32,256,473    | 59,833,746    | 68,015,456    |
| Costs and expenses  |               |               |               |               |
| Electrical construction   | 21,410,600    | 21,777,492    | 43,419,573    | 46,934,467    |
| Other   | 216,727       | 977,578       | 1,091,004     | 1,634,908     |
| Selling, general and administrative   | 1,554,782     | 1,644,005     | 3,334,756     | 3,074,417     |
| Depreciation and amortization   | 1,812,597     | 1,543,869     | 3,561,488     | 3,081,843     |
| Loss (gain) on sale of property and equipment   | 14,138        | (1,294 )      | 11,565        | 18,143        |
| Total costs and expenses  | 25,008,844    | 25,941,650    | 51,418,386    | 54,743,778    |
| Total operating income  | 4,101,038     | 6,314,823     | 8,415,360     | 13,271,678    |
| Other income (expense), net   |               |               |               |               |
| Interest income   | 5,855         | 8,539         | 13,190        | 15,360        |
| Interest expense, net of amount capitalized   | (138,440 )    | (151,742 )    | (272,459 )    | (311,291 )    |
| Other income, net   | 15,818        | 14,082        | 30,467        | 29,460        |
| Total other expense, net  | (116,767 )    | (129,121 )    | (228,802 )    | (266,471 )    |
| Income from continuing operations before income taxes   | 3,984,271     | 6,185,702     | 8,186,558     | 13,005,207    |
| Income tax provision  | 1,466,378     | 2,271,458     | 3,003,516     | 4,790,947     |
| Income from continuing operations   | 2,517,893     | 3,914,244     | 5,183,042     | 8,214,260     |
| Loss from discontinued operations, net of income tax benefit of \$0 in 2017 and \$42,193 and \$66,077, respectively in 2016 | —             | (68,162 )     | —             | (108,007 )    |
| Net income  | \$ 2,517,893  | \$ 3,846,082  | \$ 5,183,042  | \$ 8,106,253  |
| Net income per share of common stock — basic and diluted  |               |               |               |               |
| Continuing operations   | \$ 0.10       | \$ 0.15       | \$ 0.20       | \$ 0.32       |
| Discontinued operations   | —             | —             | —             | —             |
| Net income  | \$ 0.10       | \$ 0.15       | \$ 0.20       | \$ 0.32       |
| Weighted average shares outstanding — basic and diluted   | 25,451,354    | 25,451,354    | 25,451,354    | 25,451,354    |

**The Goldfield Corporation and Subsidiaries**  
Condensed Consolidated Balance Sheets  
(Unaudited)

|   | June 30,<br>2017 | December 31,<br>2016 |
|---|------------------|----------------------|
| <b>ASSETS</b>   |                  |                      |
| Current assets  |                  |                      |
| Cash and cash equivalents   | \$ 22,376,249    | \$ 20,599,648        |
| Accounts receivable and accrued billings, net                               | 19,246,943       | 19,094,407           |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 6,381,544        | 7,313,099            |
| Income taxes receivable   | 32,652           | 533,837              |
| Residential properties under construction                                   | 1,791,110        | 1,552,131            |
| Prepaid expenses  | 1,316,431        | 1,037,715            |
| Other current assets  | 1,226,001        | 1,298,044            |
| Total current assets  | 52,370,930       | 51,428,881           |
| Property, buildings and equipment, at cost, net                             | 37,276,568       | 33,245,947           |
| Deferred charges and other assets   | 6,686,606        | 6,627,329            |

|   |                      |                      |
|---|----------------------|----------------------|
| Total assets                                    | <u>\$ 96,334,104</u> | <u>\$ 91,302,157</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>     |                      |                      |
| Current liabilities                             |                      |                      |
| Accounts payable and accrued liabilities        | \$ 7,694,984         | \$ 11,386,119        |
| Current portion of notes payable, net           | 6,096,045            | 6,101,855            |
| Accrued remediation costs                       | 101,657              | 102,526              |
| Other current liabilities                       | 212,152              | 845,057              |
| Total current liabilities                       | <u>14,104,838</u>    | <u>18,435,557</u>    |
| Deferred income taxes                           | 7,778,574            | 8,204,324            |
| Accrued remediation costs, less current portion | 80,083               | 112,380              |
| Notes payable, less current portion, net        | 20,403,474           | 16,231,373           |
| Other accrued liabilities                       | 533,531              | 67,961               |
| Total liabilities                               | <u>42,900,500</u>    | <u>43,051,595</u>    |
| Commitments and contingencies                   |                      |                      |
| Stockholders' equity                            |                      |                      |
| Common stock                                    | 2,781,377            | 2,781,377            |
| Capital surplus                                 | 18,481,683           | 18,481,683           |
| Retained earnings                               | 33,478,731           | 28,295,689           |
| Common stock in treasury, at cost               | <u>(1,308,187 )</u>  | <u>(1,308,187 )</u>  |
| Total stockholders' equity                      | <u>53,433,604</u>    | <u>48,250,562</u>    |
| Total liabilities and stockholders' equity      | <u>\$ 96,334,104</u> | <u>\$ 91,302,157</u> |

**The Goldfield Corporation and Subsidiaries**  
Reconciliation of Non-GAAP Financial Measures  
(Unaudited)

EBITDA, a non-GAAP performance measure used by management, is defined as net income (loss) plus: interest expense, provision (benefit) for income taxes and depreciation and amortization, as shown in the table below. EBITDA, a non-GAAP financial measure, does not purport to be an alternative to net income (loss) as a measure of operating performance. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly-titled measures of other companies. We use, and we believe investors benefit from the presentation of, EBITDA in evaluating our operating performance because it provides us and our investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes do not directly reflect our core operations. We believe that EBITDA is useful to investors and other external users of our financial statements in evaluating our operating performance because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, and depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

| EBITDA   | Three Months Ended<br>June 30, |              | Six Months Ended<br>June 30, |              |
|--|--------------------------------|--------------|------------------------------|--------------|
|  | 2017                           | 2016         | 2017                         | 2016         |
| Net income (GAAP as reported)                  | \$ 2,517,893                   | \$ 3,846,082 | \$ 5,183,042                 | \$ 8,106,253 |
| Interest expense, net of amount capitalized    | 138,440                        | 151,742      | 272,459                      | 311,291      |
| Provision for income taxes, net <sup>(1)</sup> | 1,466,378                      | 2,229,265    | 3,003,516                    | 4,724,870    |

|  |                     |                     |                      |                      |
|--|---------------------|---------------------|----------------------|----------------------|
| Depreciation and amortization <sup>(2)</sup> | <u>1,812,597</u>    | <u>1,543,869</u>    | <u>3,561,488</u>     | <u>3,081,843</u>     |
| EBITDA                                       | <u>\$ 5,935,308</u> | <u>\$ 7,770,958</u> | <u>\$ 12,020,505</u> | <u>\$ 16,224,257</u> |

(1) Provision for income tax, net is equal to the total amount of tax provision, which includes the tax benefit for discontinued operations.

(2) Depreciation and amortization includes depreciation on property, plant and equipment and amortization of finite-lived intangible assets.

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