



Williams Industrial Services Group Inc. (WLMS)

Look For Strong 2H:21 Sales And Profits, Given Backlog In Hand; Point To Debt Reduction, Operating Leverage As Key 2022-2023 Drivers; Maintain Moderately Risky Rating And \$7 Target

	2020		2021E		2022E		2023E	
		OLD	NEW	OLD	NEW	OLD	NEW	
Mar.	(\$0.05)	(\$0.06)A		(\$0.01)		\$0.01		
June	0.10	0.10A		0.17		0.19		
Sep.	0.04	0.11		0.13		0.15		
Dec.	(0.03)	0.12		0.07		0.10		
EPS	\$0.08	\$0.27		\$0.36		\$0.45		
P/E		18.0x		13.5x		10.8x		
EBITDA (mil)	\$14.6	\$16.2		\$18.4		\$20.2		
EV / EBITDA		9.5x		8.4x		7.6x		

Note: NR = Not Rated. Risk Ratings: H = Highly risky; M = Moderately risky. 2020-2023E include annual stock-based compensation expense of \$0.06, \$0.10, \$0.10, \$0.10. Sum of quarterly EPS may not equal full-year total due to rounding and/or share count. NC=Not Covered by Sidoti & Company, LLC.

Year	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Rev.(Mil.)	\$539.1	\$589.0	\$231.0	\$187.0	\$188.9	\$245.8	\$269.1	\$316.6	\$335.6	\$349.1
GAAP EPS*	(\$2.78)	(\$4.59)	(\$2.12)	(\$1.70)	(\$0.76)	\$0.05	\$0.08	\$0.27	\$0.36	\$0.45

* 2014-2015 include results from the former product manufacturing businesses, which have since been divested. 2016-2018 have been restated to exclude revenue and EPS from discontinued operations.

Description: Williams Industrial Services Group Inc. (www.wisgrp.com) is a provider of infrastructure-related construction and maintenance services to customers in the energy and industrial end markets. The company's targeted end markets include nuclear (77% of 2020 sales), fossil-fuel related project work (11%), energy delivery (4%), and industrial (8%). The United States accounted for 87% of sales in 2020, while Canadian sales were 13%. Headquarters are in Tucker, GA.

Release Date	Conference Call	Time (EST)	Contact	2021 Guidance	Consensus
November 17	November 17	10:00 a.m.	201-493-6780 Webcast at http://ir.wisgrp.com/	Sales: \$310-320 million EBITDA: \$16-18 million	3Q:21: \$0.11

- We project 3Q:21 EPS more than doubled year over year to \$0.11, on a 25% sales increase to \$83 million.
- We think the focus will be on whether backlog can continue to grow through year-end, as well as debt reduction initiatives.
- We continue to expect robust EPS growth through 2023, given the fixed-cost nature of the company's G&A expenses, our forecasted lower interest expense, and over \$200 million in NOL carryforwards.
- WLMS held net debt of \$25 million (\$0.96 per share, 1.9x leverage) as of 2Q:21; we forecast cash usage for debt repayment and project net debt of \$1 million (\$0.05) at year-end 2023.
- We maintain a \$7 price target, based on 15x our 2023 EPS estimate of \$0.45, equating to 10x our 2023 EBTDA estimate of \$20.2 million.

We model 3Q:21 EPS of \$0.11, a 175% increase year over year, on a 25% sales increase to \$83 million. The revenue increase is driven by our forecasted 12% backlog conversion rate, which compares to a 15% conversion average over the previous four quarters. We note that WLMS realized a backlog surge to \$664 million at quarter-end 2Q:21, stemming from a large project win (we estimate \$200 million) of decommissioning work for the Indian Point Energy Center (IPEC) in New York State. Heading into the release, we think investors will be focused on order trends, given (1) the strong orders year-to-date, and (2) 2Q:21 call commentary noting the expectation for at least an additional \$100 million to be booked as backlog by year-end 2021. We also will be honed in on the company's free cash flow conversion, given management's stated plans to use cash flow to reduce debt in 2H:21.

NR

Price Target: \$7

Price: \$4.87

Risk Rating: M

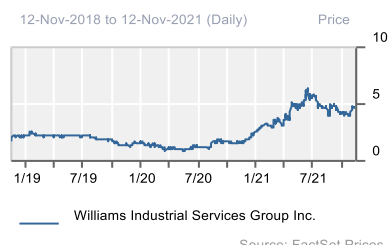
Julio Romero

(212) 453-7013

(jromero@sidoti.com)

Key Statistics

Analysts Covering	3
Market Cap (Mil)	\$130
Enterprise Value	\$154
52-Week Range (NYSE)	7-2
5-Year EPS CAGR	50%
Avg. Daily Trading Volume	73,000
Shares Out (Mil)	25.916
Float Shares (Mil)	23.313
Insider Ownership	10%
Institutional Holdings	68%
Annualized Dividend	Nil
Dividend Yield	N/A
FCF Per Share (2023E)	\$0.36
FCF Yield (2023E)	7.4%
Net Cash Per Share (2023E)	(\$0.05)
Price to Book Value	3.7x
Return on Equity (2023E)	20.3%
Total Debt to Capital	50%
Interest Coverage Ratio	2.2x
Short Interest %	0.2%
Short Interest Days To Cover	0.9
Russell 2000	2,401
Russell 2000 – Last 12 Months	41.2%
WLMS – Last 12 Months	182.6%



We continue to expect robust EPS growth through 2023, driven by SG&A leverage and lower interest expense. Following EPS growth of 60% in 2020, we forecast EPS will grow two-fold in 2021, driven by strong sales growth, operating leverage on the general & administrative line (where costs are mostly fixed) and forecasted lower interest expense. Underlying these drivers are \$200 million plus net operating loss carryforwards that WLMS can use to offset taxable income. We forecast 2022 EPS to grow 33% to \$0.36, and 2023 EPS to rise 25% to \$0.45.

Exhibit 1: WLMS 3Q:21 Earnings Preview

(millions, except per share data)	3Q:21E	3Q:20A	YoY %	YoY (\$)	Consensus
Revenue	\$ 82.8	\$ 66.2	25%	\$ 0.07	\$ 83.4
Gross profit	10.8	8.7	24%	\$ 0.06	
% margin	13.0%	13.1%			
SG&A	6.3	6.0	5%	\$ (0.01)	
% margin	7.6%	9.0%			
Operating Income	4.5	2.7	68%	\$ 0.06	
% margin	5.4%	4.0%			
Net income - cont ops	2.9	1.1	163%	\$ 0.07	
EPS - cont ops	\$ 0.11	\$ 0.04	175%	\$ 0.07	\$ 0.11
Adjusted EBITDA	5.3	4.1	29%	\$ 0.04	5.6

Sources: Company reports, Sidoti & Company, LLC estimates

At the end of 2Q:21, WLMS held \$8 million in cash and \$34 million in debt, equating to net debt of \$25 million (\$0.96 per share, 1.9x leverage) and a total debt ratio of 50%. We note the 1.9x leverage ratio compares to WLMS's stated target leverage range 1.0x-2.0x. We think WLMS will prioritize debt reduction first and foremost, and we model \$3.6 million of debt repayment in 2H:21. By the close of 2023, we model cash of \$11 million, total debt of \$12 million (net debt of \$1 million, a leverage ratio of 0.1x, and a total debt ratio of 15%.

Valuation	We maintain a Moderately Risky Rating and \$7 price target , based on 15x our 2023 EPS estimate of \$0.45, equating to 10x our 2023 EBITDA estimate of \$20.2 million. WLMS has risen 183% in the past 12 months, compared to a 41% change in the Russell 2000 Index. Currently, shares of WLMS trade at 13.5x and 10.8x our 2022-2023 EPS estimates, and 8.4x and 7.6x our 2022-2023 EBITDA estimates. Our Moderately Risky rating is supported by the improving balance sheet, blue-chip customer base, contract mix of 89% time and materials, and the recent success with growing and diversifying the backlog.		
Key Risks	Execution	Customer concentration	Business Cyclicity

WILLIAMS INDUSTRIAL SERVICES GROUP INC.

Table 1: WLMS Income Statement
(in millions, except per share data)

	2019	Mar	Jun	Sep	Dec	2020	MarA	JunA	SepE	DecE	2021E	MarE	JunE	SepE	DecE	2022E	2023E
Revenue	\$ 245.8	\$ 66.1	\$ 72.5	\$ 66.2	\$ 64.1	\$ 269.1	\$ 60.9	\$ 91.6	\$ 82.8	\$ 81.4	\$ 316.6	\$ 64.5	\$ 97.1	\$ 87.8	\$ 86.3	\$ 335.6	\$ 349.1
COGS	214.9	59.2	63.2	57.6	55.0	235.0	54.8	82.2	72.0	70.5	279.5	57.4	84.4	76.4	76.8	295.0	306.5
Gross profit	30.9	6.9	9.4	8.7	9.1	34.0	6.1	9.4	10.8	10.9	37.1	7.1	12.6	11.4	9.5	40.6	42.6
S&M expenses	0.6	0.1	0.1	0.1	0.2	0.6	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.8	0.9
G&A expenses	24.6	6.2	5.4	5.8	6.3	23.7	6.3	6.4	6.0	6.0	24.8	6.0	6.2	6.1	6.0	24.4	24.6
D&A	0.3	0.0	0.1	0.0	0.0	0.2	0.0	0.0	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.2	0.2
Operating income	5.4	0.5	3.8	2.7	2.6	9.5	(0.5)	2.7	4.5	4.6	11.3	0.9	6.1	5.0	3.2	15.2	17.0
Int expense	(6.0)	(1.5)	(1.6)	(1.5)	(1.4)	(6.1)	(1.3)	(1.2)	(1.2)	(1.2)	(4.9)	(1.1)	(1.1)	(1.1)	(1.0)	(4.2)	(3.0)
Other, net	2.0	0.1	0.5	0.3	(1.0)	(0.1)	0.4	1.2	-	-	1.6	-	-	-	-	-	-
Pretax income	1.4	(0.9)	2.7	1.4	0.1	3.4	(1.4)	2.7	3.3	3.4	8.0	(0.2)	5.0	3.9	2.2	10.9	13.9
Taxes	0.3	0.0	0.2	0.3	0.8	1.4	0.2	0.1	0.3	0.3	0.9	0.2	0.5	0.4	0.2	1.3	1.6
<i>Tax Rate</i>	<i>24.6%</i>	<i>NM</i>	<i>7.2%</i>	<i>22.3%</i>	<i>766.4%</i>	<i>41.1%</i>	<i>NM</i>	<i>2.9%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>11.6%</i>	<i>NM</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>12.0%</i>	<i>11.1%</i>
Net income - cont ops	1.0	(0.9)	2.5	1.1	(0.7)	2.0	(1.6)	2.6	2.9	3.1	7.1	(0.4)	4.5	3.5	2.0	9.6	12.4
Disc.	1.2	(0.1)	(0.0)	(0.1)	(0.3)	(0.4)	(0.1)	0.2	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.3)
Net income (GAAP)	2.2	(1.0)	2.5	1.0	(1.0)	1.5	(1.7)	2.9	2.9	3.0	7.1	(0.5)	4.5	3.5	1.9	9.3	12.1
Diluted shares	18.8	20.3	25.2	25.2	24.7	23.9	24.9	26.4	26.6	26.7	26.2	26.8	26.9	27.1	27.2	27.0	27.5
EPS - cont ops	\$ 0.05	\$ (0.05)	\$ 0.10	\$ 0.04	\$ (0.03)	\$ 0.08	\$ (0.06)	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.27	\$ (0.01)	\$ 0.17	\$ 0.13	\$ 0.07	\$ 0.36	\$ 0.45
Adjusted EBITDA	12.6	1.6	5.0	4.1	4.0	14.6	0.6	4.9	5.3	5.4	16.2	1.7	6.9	5.8	4.0	18.4	20.2
Margins																	
Gross margin	12.6%	10.4%	12.9%	13.1%	14.2%	12.6%	10.0%	10.2%	13.0%	13.4%	11.7%	11.0%	13.0%	13.0%	11.0%	12.1%	12.2%
S&M	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
G&A	10.0%	9.4%	7.4%	8.8%	9.8%	8.8%	10.4%	7.0%	7.3%	7.4%	7.8%	9.3%	6.4%	7.0%	7.0%	7.3%	7.0%
SG&A	10.2%	9.6%	7.6%	9.0%	10.1%	9.0%	10.7%	7.2%	7.6%	7.7%	8.1%	9.6%	6.7%	7.3%	7.3%	7.5%	7.3%
D&A	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Op margin	2.2%	0.8%	5.2%	4.0%	4.0%	3.5%	(0.8%)	3.0%	5.4%	5.7%	3.6%	1.4%	6.3%	5.7%	3.7%	4.5%	4.9%
Pretax margin	0.6%	(1.3%)	3.7%	2.2%	0.2%	1.3%	(2.3%)	3.0%	3.9%	4.2%	2.5%	(0.3%)	5.2%	4.5%	2.5%	3.3%	4.0%
Net margin	0.4%	(1.4%)	3.5%	1.7%	(1.1%)	0.7%	(2.6%)	2.9%	3.5%	3.8%	2.2%	(0.6%)	4.7%	4.0%	2.3%	2.9%	3.5%
EBITDA margin (adjusted)	5.1%	2.4%	6.9%	6.2%	6.2%	5.4%	1.0%	5.3%	6.3%	6.7%	5.1%	2.6%	7.1%	6.6%	4.6%	5.5%	5.8%
YoY % change																	
Revenue	30.1%	30.6%	1.5%	16.5%	(4.0%)	9.5%	(8.0%)	26.2%	25.0%	27.0%	17.7%	6.0%	6.0%	6.0%	6.0%	6.0%	4.0%
Gross profit	7.5%	3.4%	1.8%	45.4%	0.3%	10.1%	(11.7%)	(0.0%)	24.3%	20.0%	9.1%	16.4%	34.9%	6.0%	(13.0%)	9.4%	4.9%
S&M	(64.4%)	(42.5%)	(15.2%)	95.2%	41.2%	(3.1%)	52.9%	65.0%	68.3%	21.2%	49.8%	(23.6%)	5.0%	6.0%	6.0%	(1.6%)	4.0%
G&A	(32.1%)	30.2%	(16.8%)	14.5%	(23.6%)	(3.5%)	1.8%	18.3%	3.7%	(4.5%)	4.4%	(4.9%)	(2.5%)	1.6%	0.3%	(1.4%)	0.7%
SG&A	(33.5%)	26.7%	(16.8%)	15.4%	(22.7%)	(3.5%)	2.9%	19.5%	5.1%	(3.8%)	5.4%	(5.6%)	(2.2%)	1.8%	0.5%	(1.4%)	0.8%
D&A	(64.9%)	(43.1%)	(25.0%)	(40.3%)	(43.4%)	(37.9%)	0.0%	(19.3%)	8.7%	16.3%	0.0%	22.0%	8.7%	0.0%	0.0%	7.0%	0.0%
Op income	(154.5%)	(67.0%)	52.3%	267.2%	316.0%	75.7%	(187.7%)	(28.3%)	67.6%	79.9%	18.8%	(290.4%)	126.1%	12.0%	(31.2%)	34.0%	11.7%
Pretax income	(107.4%)	(291.9%)	107.9%	(577.4%)	(202.9%)	148.6%	58.7%	0.7%	127.0%	3113.0%	138.3%	(86.6%)	85.1%	20.3%	(36.9%)	36.4%	27.2%
Net income	(107.4%)	(335.2%)	95.1%	(407.4%)	140.9%	94.0%	70.4%	5.4%	163.0%	(534.0%)	257.6%	(75.5%)	71.5%	20.3%	(36.9%)	35.9%	28.5%
EPS cont ops	(106.6%)	(350.0%)	42.9%	(300.0%)	50.0%	60.0%	20.0%	0.0%	175.0%	(500.0%)	237.5%	(83.3%)	70.0%	18.2%	(41.7%)	33.3%	25.0%
EBITDA (adjusted)	9.6%	(37.6%)	23.3%	122.0%	(4.8%)	16.2%	(60.2%)	(2.1%)	28.9%	35.8%	10.7%	170.6%	41.7%	10.2%	(26.6%)	13.5%	9.8%

Source: Company reports, Sidoti & Company LLC estimates

WILLIAMS INDUSTRIAL SERVICES GROUP INC.

Table 2: WLMS Cash Flow Statement
(in millions, except per share data)

	2019	Mar	Jun	Sep	Dec	2020	MarA	JunA	2021E	2022E	2023E
Net income	\$ 2.2	\$ (1.0)	\$ 2.5	\$ 1.0	\$ (1.0)	\$ 1.5	\$ (1.7)	\$ 2.9	\$ 7.1	\$ 9.3	\$ 12.1
D&A	0.3	0.0	0.1	0.1	0.0	0.2	0.0	0.0	0.2	0.2	0.2
Amortization of deferred financing costs	-	0.2	0.2	0.2	1.0	1.5	0.2	0.2	0.4	-	-
Stock based compensation	1.7	0.5	0.7	0.6	0.8	2.5	0.7	0.7	3.0	3.0	3.0
Bad debt expense	-	0.0	-	0.0	(0.4)	(0.4)	(0.0)	(0.0)	(0.1)	-	-
Change in receivables	(15.5)	5.6	(14.7)	2.7	17.1	10.7	(1.7)	(1.5)	0.4	(2.6)	(3.7)
Change in contract assets	1.0	(9.2)	5.7	1.9	0.8	(0.7)	(4.6)	0.3	(4.3)	(0.7)	(1.4)
Change in payables	13.7	(3.7)	(2.0)	(3.3)	(1.4)	(10.4)	(0.8)	2.5	0.6	0.6	0.3
Change in accrued expenses	(1.5)	3.2	1.6	2.6	(0.9)	6.5	6.0	(3.2)	0.3	(2.5)	-
Other changes	(5.6)	1.4	(0.2)	(2.6)	1.2	(0.3)	(1.2)	(0.2)	(1.4)	-	-
Cash from operations	(3.8)	(3.0)	(6.3)	3.2	17.4	11.2	(3.1)	1.7	6.1	7.4	10.5
Capex	(0.2)	(0.0)	(0.0)	0.0	(0.0)	(0.1)	(0.1)	(0.4)	(0.6)	(0.6)	(0.6)
Acquisitions	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Cash used in investing	(0.2)	(0.0)	(0.0)	0.0	(0.0)	(0.1)	(0.1)	(0.4)	(0.6)	(0.6)	(0.6)
Change in debt	7.4	(4.5)	4.9	(3.2)	(9.3)	(12.1)	0.7	0.8	(2.1)	(8.0)	(10.0)
Repurchase of common stock	-	-	-	-	-	-	-	-	-	-	-
Issuance of common stock	-	6.5	(0.0)	-	0.0	6.5	-	-	-	-	-
Other, net	(0.5)	(0.4)	(0.1)	(0.1)	(3.5)	(4.2)	(0.7)	(0.1)	(0.8)	-	-
Cash provided from financing	6.9	1.6	4.8	(3.3)	(12.9)	(9.8)	(0.0)	0.7	(2.9)	(8.0)	(10.0)
Effect of FX changes	0.1	(0.1)	(0.0)	0.1	0.2	0.1	(0.1)	0.2	0.1	-	-
Net change in cash	2.9	(1.6)	(1.7)	(0.1)	4.7	1.4	(3.3)	2.3	2.7	(1.2)	(0.1)
Cash, beginning of period	4.9	7.8	6.2	4.5	4.5	7.8	9.2	5.9	9.2	11.9	10.7
Cash, end of period	7.8	6.2	4.5	4.5	9.2	9.2	5.9	8.2	11.9	10.7	10.6
Free cash flow	(4.1)	(3.1)	(6.4)	3.2	17.4	11.1	(3.2)	1.4	5.5	6.8	9.9
Free cash flow per share	\$ (0.22)	\$ (0.15)	\$ (0.25)	\$ 0.13	\$ 0.70	\$ 0.46	\$ (0.13)	\$ 0.05	\$ 0.21	\$ 0.25	\$ 0.36

Source: Company reports, Sidoti & Company LLC estimates

WILLIAMS INDUSTRIAL SERVICES GROUP INC.

Table 3: WLMS Balance Sheet
(in millions, except per share data)

	2019	Mar	Jun	Sep	Dec	2020	MarA	JunA	2021E	2022E	2023E
Cash	\$ 7.8	\$ 6.2	\$ 4.5	\$ 4.5	\$ 9.2	\$ 9.2	\$ 5.9	\$ 8.2	\$ 11.9	\$ 10.7	\$ 10.6
Receivables	38.2	32.7	47.4	44.7	27.5	27.5	29.3	30.8	27.1	29.7	33.4
Contract assets	7.2	16.4	10.7	8.8	8.0	8.0	12.5	12.3	12.3	13.0	14.4
Other, net	2.5	2.6	3.5	6.2	6.5	6.5	6.5	8.1	8.1	8.1	8.1
Current Assets	55.7	57.8	66.1	64.1	51.2	51.2	54.2	59.3	59.4	61.5	66.5
PP&E	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.6	0.7	1.1	1.5
Goodwill	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4	35.4
Intangible assets, net	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Other, net	8.5	8.6	8.7	6.6	5.7	5.7	5.8	5.8	5.8	5.8	5.8
ASSETS	112.5	114.6	123.0	119.0	105.1	105.1	108.2	113.6	113.8	116.3	121.7
Accts Payable	16.6	12.9	10.9	7.6	6.2	6.2	5.4	7.9	6.8	7.4	7.7
Accrued comp and benefits	9.3	12.5	14.1	16.7	15.8	15.8	21.8	18.5	16.1	13.6	13.6
Contract liabilities	2.7	3.4	3.2	3.4	2.5	2.5	2.0	1.3	1.3	1.3	1.3
Short term borrowings	10.8	6.4	11.4	8.3	0.4	0.4	1.2	2.1	2.1	2.1	2.1
Curr portion of LTD	0.7	0.9	0.7	0.7	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Other, net	6.7	8.3	9.9	8.8	7.5	7.5	7.2	10.2	10.2	10.2	10.2
Current liabilities	46.9	44.4	50.1	45.5	33.5	33.5	38.5	41.1	37.5	35.7	36.0
LTD	32.7	32.4	32.5	32.5	30.7	30.7	30.6	30.5	26.9	18.9	8.9
Other, net	10.7	10.0	9.6	9.0	9.0	9.0	8.8	8.4	8.4	8.4	8.4
LIABILITIES	90.3	86.8	92.2	86.9	73.2	73.2	77.9	79.9	72.8	63.0	53.2
Shareholders' equity	22.2	27.7	30.7	32.1	31.9	31.9	30.3	33.7	41.0	53.4	68.4
TOT LIABILITIES & EQUITY	112.5	114.6	123.0	119.0	105.1	105.1	108.2	113.6	113.8	116.3	121.7
Selected data											
Cash	7.8	6.2	4.5	4.5	9.2	9.2	5.9	8.2	11.9	10.7	10.6
Gross debt	44.2	39.7	44.6	41.5	32.1	32.1	32.8	33.6	30.0	22.0	12.0
Net cash (debt)	(36.4)	(33.5)	(40.1)	(37.0)	(22.9)	(22.9)	(26.9)	(25.5)	(18.1)	(11.4)	(1.5)
Net cash (debt) per share	\$ (1.93)	\$ (1.65)	\$ (1.59)	\$ (1.47)	\$ (0.93)	\$ (0.96)	\$ (1.08)	\$ (0.96)	\$ (0.69)	\$ (0.42)	\$ (0.05)
Total debt / capital	66.6%	58.9%	59.2%	56.4%	50.2%	50.2%	52.0%	50.0%	42.3%	29.2%	15.0%
Net debt / adjusted EBITDA	2.9x	2.9x	3.2x	2.5x	1.6x	1.6x	2.0x	1.9x	1.1x	0.6x	0.1x
ROA	1.0%	(0.3%)	0.8%	2.1%	1.8%	1.8%	1.2%	1.2%	6.5%	8.4%	10.4%
ROIC	1.7%	(0.5%)	1.4%	3.6%	3.0%	3.0%	2.0%	2.1%	10.5%	13.2%	15.9%
ROE	5.1%	(1.3%)	3.5%	9.0%	7.3%	7.3%	4.6%	4.6%	19.4%	20.4%	20.3%
Book value per share	\$ 1.18	\$ 1.36	\$ 1.22	\$ 1.27	\$ 1.29	\$ 1.34	\$ 1.22	\$ 1.27	\$ 1.57	\$ 1.98	\$ 2.49
Tangible book value per share	\$ (1.37)	\$ (0.99)	\$ (0.68)	\$ (0.63)	\$ (0.65)	\$ (0.67)	\$ (0.71)	\$ (0.54)	\$ (0.26)	\$ 0.20	\$ 0.75

Source: Company reports, Sidoti & Company LLC estimates

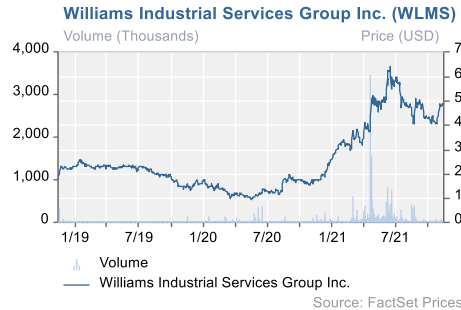
Appendix Required Disclosures

Required Disclosures

Williams Industrial Services Group Inc. (WLMS-\$4.87) NR Price Target: \$7 Risk Rating: M

Rating and Price Target History Table

Action	Date	Px	Rating	PT	Risk Rating
Initiation	10/19/21	4.2	NR	7	M



Valuation	We maintain a Moderately Risky Rating and \$7 price target, based on 15x our 2023 EPS estimate of \$0.45, equating to 10x our 2023 EBITDA estimate of \$20.2 million. WLMS has risen 183% in the past 12 months, compared to a 41% change in the Russell 2000 Index. Currently, shares of WLMS trade at 13.5x and 10.8x our 2022-2023 EPS estimates, and 8.4x and 7.6x our 2022-2023 EBITDA estimates. Our Moderately Risky rating is supported by the improving balance sheet, blue-chip customer base, contract mix of 89% time and materials, and the recent success with growing and diversifying the backlog.		
Key Risks	Execution	Customer concentration	Business Cyclicity

Sidoti & Company. Sidoti & Company, LLC is a licensed broker/dealer, and publishes research reports about some of the securities it follows. All research published by Sidoti & Company, LLC is based on public information, or on information from the company discussed in the report that that company is required to promptly make public. This report was prepared for market professionals and institutional investor customers. Market professionals and institutional investors should consider this report as only one factor in making their investment decisions. This report is for information purposes only and is not intended as an offer to sell or a solicitation to buy securities. This research report is not a substitute for the exercise of your independent judgment. Information contained herein is based on sources we believe to be reliable but we do not guarantee their accuracy. The stock rating on this report reflects the analyst's recommendation based on a 12-month period. It should be presumed that the analyst who authored this report has had discussions with the subject company to ensure factual accuracy prior to publication.

Sidoti does NOT own securities of the issuers described herein, and Sidoti does not make a market in any securities. Sidoti does not engage in, or receive compensation from, any investment banking or corporate finance-related activities with the company discussed in the report. Sidoti's contracts with issuers protect Sidoti's full editorial control of all research, timing of release of reports, and release from liability for negative reports. To ensure further independence, the company discussed in the report has agreed to a minimum coverage term of one Initiation Report and three Update Reports, which that company cannot unilaterally terminate earlier. Sidoti & Company, LLC takes steps to ensure analyst independence including setting fees in advance and utilizing analysts who must abide by the CFA Institute Code of Ethics and Standards of Professional Conduct. Each Sidoti & Company, LLC analyst has full discretion on the rating and revenue target based on his or her own due diligence. Analysts are paid in part based on overall profitability of Sidoti & Company, LLC. Such profitability is derived from a variety of sources and includes payments received from issuers of securities covered by Sidoti & Company, LLC for services described below. No part of analyst compensation was, or will be, directly or indirectly, related to the specific recommendations or views expressed in any

report or article. All issuers to be considered for research obtain the approval of a stock selection committee comprised of the Director of Research, the Chief Compliance Officer, and an independent outside person for screening applicants.

Sidoti Company Sponsored Research Rating System The Sidoti & Company, LLC *Company Sponsored Research* rating system consists of “Moderately Risky” (M) and “Highly Risky” (H) ratings. “Moderately Risky” suggests companies, that while still subject to relatively high price volatility, are characterized by more stable and predictable cash flow, a more established operating history, and an operating environment that is somewhat less competitive with a potential for loss of principal. “Highly Risky” suggests high risk equities of companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, significant financial or legal issues, or a substantial risk/loss of principal. As of 11/16/21 and immediately prior to the publication of this report, Company Sponsored Research provides research on 28 companies, of which 24 (85.7%) are rated Moderately Risky and 4 (14.3%) are rated Highly Risky. *Earnings* targets and opinions concerning the composition of market sectors included in this report reflect analyst judgments as of this date and are subject to change without notice. A risk to our *earnings* targets is that the analyst’s estimates or forecasts may not be met. This report contains forward-looking statements, which involve risks and uncertainties. Actual results may differ significantly from such forward-looking statements. Factors that may cause such differences include, but are not limited to, those discussed in the “Risk Factors” section in the issuer’s SEC filings available in electronic format through SEC Edgar filings at www.sec.gov.

Every company in the Microcap sector bears certain inherent risks and Sidoti & Company, LLC will not provide any company subject to those risks with a rating below moderate because stock in the Microcap segment of the market have many risks that are not as prevalent in Large-Cap, Blue Chips, or even Small-Cap stocks. Often it is these risks that cause Microcap stocks to trade at discounts to their peers. The most common of these risks is liquidity risk, which is typically caused by small trading floats and very low trading volume which can lead to large spreads and high volatility in stock price. In addition, Microcaps tend to have significant company specific risks that contribute to lower valuations. Investors need to be aware of the higher probability of financial default and higher degree of financial distress inherent in the Microcap segment of the market.

Sidoti & Company policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions.

Sidoti & Company Research does not provide individually tailored investment advice. Sidoti & Company Research has been prepared without regard to the circumstances and objectives of those who receive it. Sidoti & Company recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor’s circumstances and objectives. The securities, instruments, or strategies discussed in Sidoti & Company Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Sidoti & Company Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company’s securities/instruments.

These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations. The trademarks and service marks contained in Sidoti & Company Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data.

Investors should consider Sidoti & Company Research as only a single factor in making their investment decision. For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 212-453-7000. Alternatively you may contact your investment representative or Sidoti & Company Research at 1177 Avenue of the Americas 5th Floor, (Attention: Director of Research), New York, NY 10036 USA.

Compensation. Sidoti & Company, LLC receives a flat fee of \$40,000, renewable annually from the company discussed in Company Sponsored Research reports for the creation and dissemination of an Initiation Report and three Update Reports. The purpose of the fee is to subsidize the high costs of research and monitoring. Sidoti holds multiple conferences a year and charges a fee up to \$6,000 per conference to presenting companies depending on the event. Sidoti does not currently have a current investment banking services relationship with companies discussed in Company Sponsored Research Reports, or contemporaneously with any other companies discussed in other (Sidoti) Company Sponsored Research reports. Investment banking services, as defined under FINRA Rule 2241, include, among other things, acting as an underwriter in, or as a member of the selling group in, a securities underwriting. Sidoti’s role in any issuer’s investment banking transaction can be viewed in that issuer’s filings at www.sec.gov.

Sidoti has non-research employees who will seek compensation for brokerage commission revenue in connection with market trading the securities of this company. Sidoti & Company, LLC has received compensation for non-investment banking services on the Small-Cap Universe, and expects to receive additional compensation for non-investment banking services on the Small-Cap Universe, paid by issuers of securities covered by Sidoti & Company, LLC analysts. These non-investment banking services include investor relations services and software, financial database analysis, advertising services, brokerage services, advisory services, investment research, investment management, non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Sidoti & Company, LLC. WLMS has paid a fee to Sidoti & Company, LLC to participate at the May 2021 Microcap Virtual Conference. WLMS has paid a fee to Sidoti & Company, LLC to participate at the November 2020 Microcap Virtual Conference.

Sidoti Analysts. Sidoti policy does not allow an analyst or a member of their household (i) to own, trade, or have any beneficial interest in any securities of any company that analyst covers, or (ii) serve as an officer or director of a covered company. Sidoti employees, including research analysts, receive compensation that is based in part upon the overall performance of the firm, including revenues generated by Sidoti's investment banking and brokerage activities, but compensation is not directly related to investment banking or brokerage revenues.

Sidoti maintains and enforces written policies and procedures reasonably designed to prevent any controlling persons, officers (or persons performing similar functions), or employees of Sidoti from influencing the activities of research analysts and the content of research reports prepared by the research analyst. Sidoti research analysts seek to have management of their covered companies meet with investors during non-deal road shows. Analysts' compensation may be related to their success in scheduling non-deal road shows. This approach could be viewed as presenting potential conflicts of interest.

Reprints of Sidoti & Company, LLC reports are prohibited without permission. Additional information is available upon request. For any further questions, please contact the Chief Compliance Officer at Sidoti.

Analyst Certification. Julio Romero certifies that this report accurately reflects his/her personal views about the subject securities and issuers and that none of the research analyst's compensation was, is or will be, directly or indirectly, related to the analyst's specific recommendations or views contained in this research report.

Source

Key Statistics data is sourced from FactSet Research Systems