



Williams Industrial Services Group Inc. (WLMS)

3Q:21 Results And Orders Fall Short Of Our Expectations; Lower Estimates And Target To \$6, (From \$7), As We Think Debt Reduction Gets Pushed Out To 2022; Maintain Moderate Risk Rating;

	2020		2021E		2022E		2023E	
		OLD	NEW	OLD	NEW	OLD	NEW	
Mar.	(\$0.05)	(\$0.06)A		(\$0.01)	(\$0.04)	\$0.01	\$0.00	
June	0.10	0.10A		0.17	0.15	0.19	0.18	
Sep.	0.04	0.11	\$0.03A	0.13	0.11	0.15	0.14	
Dec.	(0.03)	0.12	0.04	0.07	0.06	0.10	0.08	
EPS	\$0.08	\$0.27	\$0.11	\$0.36	\$0.28	\$0.45	\$0.40	
P/E			33.6x		13.2x		9.3x	
EBITDA (mil)	\$14.6	\$16.2	\$12.5	\$18.4	\$17.1	\$20.2	\$19.6	
EV / EBITDA			10.5x		7.7x		6.7x	

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	\$302.1	\$325.1	\$338.2
GAAP EPS*	(\$2.78)	(\$4.59)	(\$2.12)	(\$1.70)	(\$0.76)	\$0.05	\$0.08	\$0.11	\$0.28	\$0.40

* 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.

- **WLMS shares fell 20% yesterday following weaker-than-expected 3Q:21 results, along with lower expectations for near-term backlog growth and debt reduction.**
- **WLMS reported 3Q:21 EPS of \$0.03, a 25% decline year over year, coming in below our and the consensus forecast of \$0.11.**
- **Cost overruns on certain fixed-price contracts dragged down gross margins and were the biggest variance between our forecast and reported results.**
- **Order trends and debt reduction, the two key metrics we were focused on for heading into the quarter, both fell short of our expectations. WLMS highlighted uncertainty around an anticipated large order, and we think lower-than-expected free cash flow in 3Q:21 likely translates to less debt reduction in 2021.**
- **We lower our estimates on lower margin assumptions through 1Q:22 and temper our debt repayment forecast. Still, we think the opportunity for EPS growth is intact, given incremental opportunities following the federal infrastructure stimulus, and SG&A leverage on revenue growth**
- **WLMS held net debt of \$33 million (\$1.25 per share, 2.5x leverage) as of 3Q:21; we model net debt of \$9 million (\$0.33, 0.5x leverage) at year-end 2023.**
- **We lower our price target to \$6 (from \$7), now based on 15x our downwardly revised 2023 EPS estimate of \$0.40, equating to 9.8x our 2023 EBITDA forecast of \$20 million. (Our previous \$7 target was based on 15x our prior 2023 EPS estimate of \$0.45).**

Cost overruns dragged down 3Q:21 results. Williams reported 3Q:21 EPS of \$0.03, a 25% decline year over year, on an 11% sales gain to \$73 million. This compares to our forecast and consensus of \$0.11 and \$83 million in sales. 3Q:21 results were affected by cost overruns on certain fixed price contracts relating to industrial projects. We estimate the cost overruns to have been a \$0.09 EPS drag in the quarter. Management noted that the key project responsible for the bulk of the cost overrun was on the wastewater side of the business, and that the entire loss on the project was captured in 3Q:21 results. However,

NR

Price Target: \$6

Price: \$3.70

Risk Rating: M

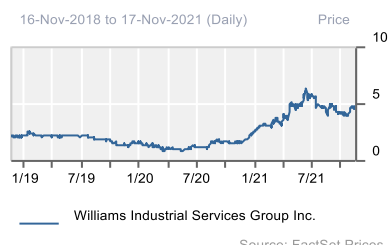
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Key Statistics

Analysts Covering	3
Market Cap (Mil)	\$100
Enterprise Value	\$131
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)	\$0.37
FCF Yield (2023E)	10.0%
Net Cash Per Share (2023E)	(\$0.33)
Price to Book Value	3.5x
Return on Equity (2023E)	20.5%
Total Debt to Capital	51%
Interest Coverage Ratio	2.2x
Short Interest %	0.2%
Short Interest Days To Cover	0.9
Russell 2000	2,364
Russell 2000 – Last 12 Months	32.7%
WLMS – Last 12 Months	162.9%



there also were smaller projects that had cost overruns to a lesser extent, and some of those effects may linger into 4Q:21. We think it is notable that less than 15% of WLMS's revenues are derived from higher-risk fixed price contracts which are vulnerable to the types of overruns realized in 3Q:21.

Backlog finished 3Q:21 at \$673 million, up 1% sequentially and 47% year over year. Orders of \$82 million were lower than we expected, due largely to a delay and uncertainty associated with an anticipated, significant customer order. We note this potential order was not previously in the backlog, but was previously characterized by WLMS as "highly probable" to enter backlog by year-end 2021. Call commentary noted the order would have been in the \$100-200 million range, which we view as sizable.

Exhibit 1: WLMS 3Q:21 Results and Variance

(millions, except per share data)	3Q:21A	3Q:20A	YoY %	YoY (\$)	Sidoti Est.	Var (%)	Var (\$)	Consensus
Revenue	\$ 73.4	\$ 66.2	11%	\$ 0.03	\$ 82.8	(11%)	\$ (0.04)	\$ 83.4
Gross profit	6.8	8.7	(22%)	\$ (0.06)	10.8	(37%)	\$ (0.14)	
% margin	9.2%	13.1%			13.0%			
SG&A	4.5	6.0	(24%)	\$ 0.04	6.3	(28%)	\$ 0.06	
% margin	6.2%	9.0%			7.6%			
Operating Income	2.2	2.7	(18%)	\$ (0.01)	4.5	(51%)	\$ (0.08)	
% margin	3.0%	4.0%			5.4%			
Net income - cont ops	0.8	1.1	(29%)	\$ (0.01)	2.9	(73%)	\$ (0.08)	
EPS - cont ops	\$ 0.03	\$ 0.04	(25%)	\$ (0.01)	\$ 0.11	(73%)	\$ (0.08)	\$ 0.11
Adjusted EBITDA	3.8	4.1	(7%)	\$ (0.01)	5.3	(28%)	\$ (0.05)	5.6

Sources: Company reports, Sidoti & Company, LLC estimates

WLMS's updated EBITDA guidance is \$4 million lower at the midpoint. WLMS's full-year 2021 outlook calls for EBITDA of \$12.5-13.5 million, which is \$4 million lower than the previous range of \$16-\$18 million, at the respective midpoints. Also underlying guidance is revenue of \$300-\$310 million (from \$310-\$320 million prior), gross margins of 10.2%-10.6% (from 11%-13% prior) and SG&A as percentage of sales of 8.0%-8.5% (from 7.75%-8.25%). Given the \$9.3 million of EBITDA year-to-date, this implies 4Q:21 EBITDA of \$3.2-\$4.2 million at the midpoint.

We adjust our estimates. We now model 2021 EPS rises to \$0.11 (from \$0.27 prior), followed by a sharper increase to \$0.28 in 2022 (from \$0.36 prior) and \$0.40 in 2023 (from \$0.45 prior). The most pronounced changes to our estimates take place in 4Q:21 and 1Q:22 as we consider any lingering cost overruns spilling over into the next two quarters. This in turn takes our 2021 EBITDA forecast to \$12.5 million, at the low end of WLMS's 2021 EBITDA guidance range. We also push out any debt reduction in our forecast (and the associated interest expense savings) to 2H:22.

At the end of 3Q:21, WLMS held \$3 million in cash and \$36 million in debt, equating to net debt of \$33 million (\$1.25 per share, 2.5x leverage) and a total debt ratio of 51%. We note the 2.5x leverage ratio compares to WLMS's stated target leverage range of 1.0x-2.0x. The company saw a modest sequential increase of \$2.5 million of short-term borrowings in 3Q:21. WLMS also realized a free cash outflow of \$8 million in the quarter, due to a rise in the receivables balance. We continue to think WLMS will prioritize debt reduction first and foremost, but note this will be dependent on the company generating better free cash flow in subsequent quarters. By the close of 2023, we model cash of \$9 million, total debt of \$18 million (net debt of \$9 million), a leverage ratio of 0.5x, and a total debt ratio of 23%.

Valuation	We maintain a Moderately Risky Rating and lower the price target to \$6 (from \$7), based on 15x our lowered 2023 EPS estimate of \$0.40, equating to 9.8x our 2023 EBITDA estimate of \$20 million. (Previously, we valued the stock at 15x our prior 2022 EPS estimate of \$0.45 to derive a \$7 price target). WLMS has risen 163 % in the past 12 months, compared to a 33% rise in the Russell 2000 Index. Currently, WLMS trades at 14x and 9x our 2022-2023 EPS estimates, and 7.7x and 6.7x our 2022-2023 EBITDA estimates.		
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	SepA	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	\$ 73.4	\$ 76.3	\$ 302.1	\$ 64.5	\$ 96.1	\$ 83.6	\$ 80.9	\$ 325.1	\$ 338.2
COGS	214.9	59.2	63.2	57.6	55.0	235.0	54.8	82.2	66.6	67.4	270.9	57.8	83.9	72.8	72.0	286.5	296.9
Gross profit	30.9	6.9	9.4	8.7	9.1	34.0	6.1	9.4	6.8	8.9	31.1	6.7	12.2	10.8	8.9	38.6	41.3
S&M expenses	0.6	0.1	0.1	0.1	0.2	0.6	0.2	0.2	0.3	0.3	1.0	0.2	0.2	0.2	0.2	0.8	0.8
G&A expenses	24.6	6.2	5.4	5.8	6.3	23.7	6.3	6.4	4.2	6.2	23.1	6.0	6.2	5.9	5.7	23.7	23.8
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	2.2	2.4	6.9	0.5	5.8	4.7	3.0	13.9	16.4
Int expense	(6.0)	(1.5)	(1.6)	(1.5)	(1.4)	(6.1)	(1.3)	(1.2)	(1.2)	(1.3)	(5.0)	(1.3)	(1.3)	(1.3)	(1.3)	(5.1)	(3.9)
Other, net	2.0	0.1	0.5	0.3	(1.0)	(0.1)	0.4	1.2	(0.2)	-	1.4	-	-	-	-	-	-
Pretax income	1.4	(0.9)	2.7	1.4	0.1	3.4	(1.4)	2.7	0.8	1.1	3.2	(0.8)	4.5	3.4	1.7	8.8	12.5
Taxes	0.3	0.0	0.2	0.3	0.8	1.4	0.2	0.1	(0.0)	0.1	0.4	0.2	0.4	0.3	0.2	1.2	1.4
<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>(0.8%)</i>	<i>10.0%</i>	<i>11.4%</i>	<i>NM</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>13.2%</i>	<i>11.5%</i>
Net income - cont ops	1.0	(0.9)	2.5	1.1	(0.7)	2.0	(1.6)	2.6	0.8	1.0	2.9	(1.0)	4.0	3.0	1.6	7.6	11.1
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	0.7	0.9	2.9	(1.1)	4.0	3.0	1.5	7.3	10.8
Diluted shares	18.8	20.3	25.2	25.2	24.7	23.9	24.9	26.4	26.5	26.6	26.1	26.8	26.9	27.0	27.1	26.9	27.4
EPS - cont ops	\$ 0.05	\$ (0.05)	\$ 0.10	\$ 0.04	\$ (0.03)	\$ 0.08	\$ (0.06)	\$ 0.10	\$ 0.03	\$ 0.04	\$ 0.11	\$ (0.04)	\$ 0.15	\$ 0.11	\$ 0.06	\$ 0.28	\$ 0.40
Adjusted EBITDA	12.6	1.6	5.0	4.1	4.0	14.6	0.6	4.9	3.8	3.2	12.5	1.3	6.6	5.5	3.8	17.1	19.6
Margins																	
Gross margin	12.6%	10.4%	12.9%	13.1%	14.2%	12.6%	10.0%	10.2%	9.2%	11.7%	10.3%	10.4%	12.7%	12.9%	11.0%	11.9%	12.2%
S&M	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.3%	0.3%	0.4%	0.4%	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%	5.8%	8.1%	7.7%	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%	6.2%	8.5%	8.0%	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%	3.0%	3.2%	2.3%	0.8%	6.0%	5.6%	3.7%	4.3%	4.9%
Pretax margin	0.6%	(1.3%)	3.7%	2.2%	0.2%	1.3%	(2.3%)	3.0%	1.1%	1.5%	1.1%	(1.2%)	4.7%	4.0%	2.1%	2.7%	3.7%
Net margin	0.4%	(1.4%)	3.5%	1.7%	(1.1%)	0.7%	(2.6%)	2.9%	1.1%	1.3%	1.0%	(1.5%)	4.2%	3.6%	1.9%	2.3%	3.3%
EBITDA margin (adjusted)	5.1%	2.4%	6.9%	6.2%	6.2%	5.4%	1.0%	5.3%	5.2%	4.2%	4.1%	2.0%	6.8%	6.5%	4.7%	5.3%	5.8%
YoY % change																	
Revenue	30.1%	30.6%	1.5%	16.5%	(4.0%)	9.5%	(8.0%)	26.2%	10.7%	19.0%	12.3%	6.0%	5.0%	14.0%	6.0%	7.6%	4.0%
Gross profit	7.5%	3.4%	1.8%	45.4%	0.3%	10.1%	(11.7%)	(0.0%)	(21.9%)	(1.8%)	(8.5%)	10.0%	30.6%	59.5%	(0.3%)	24.0%	6.9%
S&M	(64.4%)	(42.5%)	(15.2%)	95.2%	41.2%	(3.1%)	52.9%	65.0%	117.1%	59.0%	71.5%	(23.6%)	4.1%	(21.7%)	(24.3%)	(16.7%)	4.0%
G&A	(32.1%)	30.2%	(16.8%)	14.5%	(23.6%)	(3.5%)	1.8%	18.3%	(27.1%)	(2.0%)	(2.6%)	(4.9%)	(3.4%)	37.8%	(8.4%)	2.4%	0.7%
SG&A	(33.5%)	26.7%	(16.8%)	15.4%	(22.7%)	(3.5%)	2.9%	19.5%	(24.1%)	(0.4%)	(0.8%)	(5.6%)	(3.2%)	34.3%	(9.1%)	1.6%	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%)	(17.5%)	(5.6%)	(28.0%)	(207.2%)	113.3%	112.9%	22.8%	102.8%	17.8%
Pretax income	(107.4%)	(291.9%)	107.9%	(577.4%)	(202.9%)	148.6%	58.7%	0.7%	(45.2%)	961.2%	(3.5%)	(43.3%)	64.4%	329.4%	52.3%	170.8%	41.9%
Net income	(107.4%)	(335.2%)	95.1%	(407.4%)	140.9%	94.0%	70.4%	5.4%	(28.9%)	(243.3%)	45.1%	(37.3%)	52.3%	283.6%	52.3%	165.4%	44.7%
EPS cont ops	(106.6%)	(350.0%)	42.9%	(300.0%)	50.0%	60.0%	20.0%	0.0%	(25.0%)	(233.3%)	37.5%	(33.3%)	50.0%	266.7%	50.0%	154.5%	42.9%
EBITDA (adjusted)	9.6%	(37.6%)	23.3%	122.0%	(4.8%)	16.2%	(60.2%)	(2.1%)	(7.1%)	(19.3%)	(14.4%)	108.3%	34.6%	44.4%	17.2%	36.7%	14.6%

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	SepA	DecE	2021E	2022E	2023E
Net income	\$ 2.2	\$ (1.0)	\$ 2.5	\$ 1.0	\$ (1.0)	\$ 1.5	\$ (1.7)	\$ 2.9	\$ 0.7	\$ 0.9	\$ 2.9	\$ 7.3	\$ 10.8
D&A	0.3	0.0	0.1	0.1	0.0	0.2	0.0	0.0	0.1	0.1	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	0.2	-	0.6	-	-
Stock based compensation	1.7	0.5	0.7	0.6	0.8	2.5	0.7	0.7	1.1	0.7	3.3	3.0	3.0
Bad debt expense	-	0.0	-	0.0	(0.4)	(0.4)	(0.0)	(0.0)	(0.1)	-	(0.1)	-	-
Change in receivables	(15.5)	5.6	(14.7)	2.7	17.1	10.7	(1.7)	(1.5)	(8.7)	5.6	(6.4)	3.4	(2.2)
Change in contract assets	1.0	(9.2)	5.7	1.9	0.8	(0.7)	(4.6)	0.3	(0.5)	-	(4.8)	(0.2)	(1.4)
Change in payables	13.7	(3.7)	(2.0)	(3.3)	(1.4)	(10.4)	(0.8)	2.5	0.5	(1.9)	0.3	0.4	0.3
Change in accrued expenses	(1.5)	3.2	1.6	2.6	(0.9)	6.5	6.0	(3.2)	1.3	(2.5)	1.6	(2.5)	-
Other changes	(5.6)	1.4	(0.2)	(2.6)	1.2	(0.3)	(1.2)	(0.2)	(2.0)	-	(3.4)	-	-
Cash from operations	(3.8)	(3.0)	(6.3)	3.2	17.4	11.2	(3.1)	1.7	(7.4)	2.9	(5.8)	11.7	10.7
Capex	(0.2)	(0.0)	(0.0)	0.0	(0.0)	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)	(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)	(0.1)	(0.1)	(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	2.5	-	4.0	(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)	(0.2)	-	(1.0)	-	-
Cash provided from financing	6.9	1.6	4.8	(3.3)	(12.9)	(9.8)	(0.0)	0.7	2.3	-	3.0	(8.0)	(10.0)
Effect of FX changes	0.1	(0.1)	(0.0)	0.1	0.2	0.1	(0.1)	0.2	(0.0)	-	0.1	-	-
Net change in cash	2.9	(1.6)	(1.7)	(0.1)	4.7	1.4	(3.3)	2.3	(5.2)	2.9	(3.3)	3.1	0.1
Cash, beginning of period	4.9	7.8	6.2	4.5	4.5	7.8	9.2	5.9	8.2	3.0	9.2	5.9	9.0
Cash, end of period	7.8	6.2	4.5	4.5	9.2	9.2	5.9	8.2	3.0	5.9	5.9	9.0	9.0
Free cash flow	(4.1)	(3.1)	(6.4)	3.2	17.4	11.1	(3.2)	1.4	(7.5)	2.9	(6.4)	11.1	10.1
Free cash flow per share	\$ (0.22)	\$ (0.15)	\$ (0.25)	\$ 0.13	\$ 0.70	\$ 0.46	\$ (0.13)	\$ 0.05	\$ (0.28)	\$ 0.11	\$ (0.25)	\$ 0.41	\$ 0.37

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	2020	MarA	JunA	SepA	2021E	2022E	2023E
Cash	\$ 7.8	\$ 6.2	\$ 4.5	\$ 4.5	\$ 9.2	\$ 5.9	\$ 8.2	\$ 3.0	\$ 5.9	\$ 9.0	\$ 9.0
Receivables	38.2	32.7	47.4	44.7	27.5	29.3	30.8	39.5	33.9	30.6	32.7
Contract assets	7.2	16.4	10.7	8.8	8.0	12.5	12.3	12.8	12.8	13.0	14.4
Other, net	2.5	2.6	3.5	6.2	6.5	6.5	8.1	11.5	11.5	11.5	11.5
Current Assets	55.7	57.8	66.1	64.1	51.2	54.2	59.3	66.9	64.1	64.0	67.7
PP&E	0.3	0.3	0.3	0.4	0.3	0.3	0.6	0.7	0.8	1.2	1.6
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	5.8	5.8	5.7	5.7	5.7	5.7
ASSETS	112.5	114.6	123.0	119.0	105.1	108.2	113.6	121.1	118.5	118.8	122.8
Accts Payable	16.6	12.9	10.9	7.6	6.2	5.4	7.9	8.4	6.5	7.0	7.2
Accrued comp and benefits	9.3	12.5	14.1	16.7	15.8	21.8	18.5	19.9	17.4	15.0	15.0
Contract liabilities	2.7	3.4	3.2	3.4	2.5	2.0	1.3	2.5	2.5	2.5	2.5
Short term borrowings	10.8	6.4	11.4	8.3	0.4	1.2	2.1	4.7	4.7	4.7	4.7
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	7.2	10.2	10.9	10.9	10.9	10.9
Current liabilities	46.9	44.4	50.1	45.5	33.5	38.5	41.1	47.4	43.0	41.0	41.3
LTD	32.7	32.4	32.5	32.5	30.7	30.6	30.5	30.4	30.4	22.4	12.4
Other, net	10.7	10.0	9.6	9.0	9.0	8.8	8.4	8.2	8.2	8.2	8.2
LIABILITIES	90.3	86.8	92.2	86.9	73.2	77.9	79.9	86.0	81.6	71.6	61.9
Shareholders' equity	22.2	27.7	30.7	32.1	31.9	30.3	33.7	35.1	36.8	47.2	60.9
TOT LIABILITIES & EQUITY	112.5	114.6	123.0	119.0	105.1	108.2	113.6	121.1	118.5	118.8	122.8
Selected data											
Cash	7.8	6.2	4.5	4.5	9.2	5.9	8.2	3.0	5.9	9.0	9.0
Gross debt	44.2	39.7	44.6	41.5	32.1	32.8	33.6	36.2	36.2	28.2	18.2
Net cash (debt)	(36.4)	(33.5)	(40.1)	(37.0)	(22.9)	(26.9)	(25.5)	(33.1)	(30.3)	(19.2)	(9.1)
Net cash (debt) per share	\$ (1.93)	\$ (1.65)	\$ (1.59)	\$ (1.47)	\$ (0.96)	\$ (1.08)	\$ (0.96)	\$ (1.25)	\$ (1.16)	\$ (0.71)	\$ (0.33)
Total debt / capital	66.6%	58.9%	59.2%	56.4%	50.2%	52.0%	50.0%	50.7%	49.5%	37.4%	23.0%
Net debt / adjusted EBITDA	2.9x	2.9x	3.2x	2.5x	1.6x	2.0x	1.9x	2.5x	2.4x	1.1x	0.5x
ROA	1.0%	(0.3%)	0.8%	2.1%	1.8%	1.2%	1.2%	1.0%	2.6%	6.4%	9.2%
ROIC	1.7%	(0.5%)	1.4%	3.6%	3.0%	2.0%	2.1%	1.6%	4.2%	10.3%	14.3%
ROE	5.1%	(1.3%)	3.5%	9.0%	7.3%	4.6%	4.6%	3.4%	8.4%	18.2%	20.5%
Book value per share	\$ 1.18	\$ 1.36	\$ 1.22	\$ 1.27	\$ 1.34	\$ 1.22	\$ 1.27	\$ 1.33	\$ 1.41	\$ 1.75	\$ 2.22
Tangible book value per share	\$ (1.37)	\$ (0.99)	\$ (0.68)	\$ (0.63)	\$ (0.67)	\$ (0.71)	\$ (0.54)	\$ (0.48)	\$ (0.42)	\$ (0.03)	\$ 0.47

Source: Company reports, Sidoti & Company LLC estimates

Appendix
Required Disclosures

Required Disclosures

Williams Industrial Services Group Inc. (WLMS-\$3.70) NR Price Target: \$6 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
PT	11/16/21	4.9		7	



Valuation	We maintain a Moderately Risky Rating and lower the price target to \$6 (from \$7), based on 15x our lowered 2023 EPS estimate of \$0.40, equating to 9.8x our 2023 EBITDA estimate of \$20 million. (Previously, we valued the stock at 15x our prior 2022 EPS estimate of \$0.45 to derive a \$7 price target). WLMS has risen 163 % in the past 12 months, compared to a 33% rise in the Russell 2000 Index. Currently, WLMS trades at 14x and 9x our 2022-2023 EPS estimates, and 7.7x and 6.7x our 2022-2023 EBITDA estimates.		
Key Risks	Execution	Customer concentration	Business Cyclicity

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