

Goldfield Announces First Quarter 2015 Results

MELBOURNE, FL -- (Marketwired) -- 05/15/15 -- The Goldfield Corporation (NYSE MKT: GV) today announced its results for the three months ended March 31, 2015. The Goldfield Corporation headquartered in Florida, through its subsidiaries, Power Corporation of America, Southeast Power Corporation and C and C Power Line, Inc., is a leading provider of construction services to electric utilities, with operations primarily in the southeastern and mid-Atlantic regions of the United States including Texas.

Revenue for the three months ended March 31, 2015, increased 39.3% to \$30.5 million from \$21.9 million in the comparable prior year period. This increase was attributable to additional revenue from growth in our electrical construction under master service agreements ("MSAs").

For the three months ended March 31, 2015, the loss before income taxes was \$1.6 million compared to income before income taxes of \$533,000 in the same period in 2014. This decrease largely resulted from losses aggregating \$3.9 million recognized in the first quarter on four projects for two utilities in Texas. The largest loss was mainly attributable to adverse weather conditions and to a four week delay caused by a safety incident on one project. Adverse weather conditions on two other projects also caused losses from completion delays. Extraordinary rain levels in the area of Texas where our projects are located (as much as twice normal precipitation), in some cases accompanied by flooding, seriously delayed our work and made it more difficult and time consuming to complete.

The first quarter losses on our Texas projects were in large part offset by improved operating results elsewhere. For the quarter ended March 31, 2015, the operating profit from our other electrical construction operations grew 43.4% to \$1.3 million, from the same period last year.

As a result of the foregoing, the net loss for the three months ended March 31, 2015, was \$(846,000), or \$(0.03) loss per share, compared to net income of \$335,000, or \$0.01 per share in the comparable prior year period.

Backlog

Total backlog as of March 31, 2015 more than tripled to \$249.6 million compared to \$73.1 million as of March 31, 2014. The \$249.6 million represents total revenue estimated over the life of the MSAs, as well as estimated revenue from fixed-price contracts, of which about \$76.8 million (30.8%) are estimated to be realized within twelve months.

As of March 31, 2015, compared to December 31, 2014, our total backlog declined \$25.4 million (9.2%) and our 12-month backlog declined \$8.5 million (10.0%). These declines resulted primarily from completion of some MSA work, not replaced by new work and the

reduction in estimated work under certain MSAs. Growth in non MSA firm contracts partially offset the decrease in MSAs.

Our backlog represents the uncompleted portion of services to be performed under existing project-specific fixed-price and maintenance contracts and the estimated value of future services that we expect to provide under our existing MSAs. The existing MSAs have initial terms ranging from one year to four years, and some provide for additional renewals at the option of the customer. Our total MSA calculation assumes exercise of the renewal options. Revenue from the assumed exercise of renewal options represents \$114.0 million (54.4%) of our total estimated MSA backlog as of March 31, 2015.

The estimated amount of backlog for work under the MSAs is calculated by using recurring historical trends in current MSAs and projected customer needs based upon ongoing communications with the customer. The size and amount of projects we may be awarded under MSAs cannot be determined with certainty and actual future revenue from such contracts may vary substantially from our current estimates.

John H. Sottile, President and Chief Executive Officer of Goldfield said, "With our positive revenue growth and significant backlog, the platform for our electrical construction operations remains strong, notwithstanding the problems encountered on our Texas projects, in large part caused by extraordinary weather conditions." "We have made operational and management changes to our Texas operations designed to improve operating efficiencies. The challenges in Texas are not systemic. Our operations outside of Texas have shown strongly improved results," Mr. Sottile added.

About Goldfield

Goldfield is a leading provider of electrical construction and maintenance services in the energy infrastructure industry, primarily in the southeastern and mid-Atlantic regions of the United States including Texas. The company specializes in installing and maintaining electrical transmission lines for a wide range of electric utilities.

For additional information on our first quarter 2015 results, please refer to our Quarterly Report on Form 10-Q being filed with the Securities and Exchange Commission and visit the Company's website at <http://www.goldfieldcorp.com>.

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 Operations

(Unaudited)

| | <u>Three months ended March 31,</u> | |
|---|-------------------------------------|-------------------|
| Revenue | | |
| Electrical construction | \$ 30,400,162 | \$ 21,519,115 |
| Other | 146,645 | 412,130 |
| Total revenue | <u>30,546,807</u> | <u>21,931,245</u> |
| Costs and expenses | | |
| Electrical construction | 29,233,723 | 18,328,257 |
| Other | 127,734 | 308,304 |
| Selling, general and administrative | 1,001,710 | 1,114,227 |
| Depreciation and amortization | 1,613,845 | 1,498,904 |
| Loss (gain) on sale of property and equipment | 5,627 | (8,004) |
| Total costs and expenses | <u>31,982,639</u> | <u>21,241,688</u> |
| Total operating (loss) income | <u>(1,435,832)</u> | <u>689,557</u> |
| Other income (expense), net | | |
| Interest income | 5,865 | 7,693 |
| Interest expense | (170,053) | (177,813) |
| Other income, net | 15,376 | 13,984 |
| Total other expense, net | <u>(148,812)</u> | <u>(156,136)</u> |
| (Loss) income before income taxes | (1,584,644) | 533,421 |
| Income tax provision | (738,309) | 198,140 |
| Net (loss) income | <u>\$ (846,335)</u> | <u>\$ 335,281</u> |
| Net (loss) income per share of common stock - basic and diluted | <u>\$ (0.03)</u> | <u>\$ 0.01</u> |
| Weighted average shares outstanding - basic and | | |

| | | |
|---------|-------------------|-------------------|
| diluted | <u>25,451,354</u> | <u>25,451,354</u> |
|---------|-------------------|-------------------|

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

| | <u>March 31, 2015</u> | <u>December 31, 2014</u> |
|---|-----------------------|--------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 5,648,264 | \$ 9,822,179 |
| Accounts receivable and accrued billings, net | 18,554,812 | 17,840,680 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 7,623,993 | 6,537,280 |
| Deferred income taxes | 2,183,067 | 2,274,896 |
| Income taxes receivable | 1,570,878 | 763,821 |
| Residential properties under construction | 385,790 | - |
| Prepaid expenses | 946,858 | 613,765 |
| Other current assets | 607,001 | 315,962 |
| Total current assets | <u>37,520,663</u> | <u>38,168,583</u> |
| Property, buildings and equipment, at cost, net | 37,157,555 | 37,002,843 |
| Deferred charges and other assets | 4,337,186 | 4,798,510 |
| Total assets | <u>\$ 79,015,404</u> | <u>\$ 79,969,936</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 9,950,947 | \$ 9,674,961 |
| Contract loss accruals | 2,342,372 | 2,547,816 |
| Current portion of notes payable | 3,772,370 | 3,685,859 |
| Accrued remediation costs | 1,016,386 | 1,048,380 |
| Other current liabilities | 757,286 | 1,537,971 |
| Total current liabilities | <u>17,839,361</u> | <u>18,494,987</u> |
| Deferred income taxes | 7,958,252 | 7,988,539 |
| Other accrued liabilities | 63,825 | 55,766 |
| Notes payable, less current portion | 23,227,630 | 22,657,973 |
| Accrued remediation costs, less current portion | 15,000 | 15,000 |
| Total liabilities | <u>49,104,068</u> | <u>49,212,265</u> |
| Commitments and contingencies | | |
| Stockholders' equity | | |
| Common stock | 2,781,377 | 2,781,377 |
| Capital surplus | 18,481,683 | 18,481,683 |
| Retained earnings | 9,956,463 | 10,802,798 |

| | | |
|--|----------------------|----------------------|
| Common stock in treasury, at cost | <u>(1,308,187)</u> | <u>(1,308,187)</u> |
| Total stockholders' equity | <u>29,911,336</u> | <u>30,757,671</u> |
| Total liabilities and stockholders' equity | <u>\$ 79,015,404</u> | <u>\$ 79,969,936</u> |

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Source: The Goldfield Corporation