



This Supplemental News Report is published as required, is part of the annual MERGENT INDUSTRIAL, OTC and OTCUNLISTED Manuals and will be included in the bound June 2017 Monthly News Reports and is published on our Website.

CONRAD INDUSTRIES INC

Company Website: www.conradindustries.com

History: Incorporated in Louisiana in 1948. Reincorporated in Delaware in Mar. 1998.

In 1996, Co. acquired a conversion and repair facility in Amelia, LA for approx. \$1,000,000.

On Dec. 12, 1997, Co. acquired all of the outstanding shares of Orange Shipbuilding Company, Inc., for \$25,817,000.

In Mar. 1998, Co. became the holding company of Conrad Shipyard, Inc. and Orange Shipbuilding. Co. exchanged shares of Orange Shipbuilding Company, Inc., for \$25,817,000. As a result, Co. is a holding company whose only assets consist of all outstanding shares of capital stock of Conrad Shipyard, Inc.

During 2011, Co. purchased real estate at its Orange location, made improvements to the yard, as well as replaced rental equipment with Co. owned equipment.

During 2012, Co. purchased 50 acres of land adjoining its Deepwater facility for \$5.6 million.

During 2013, Co. purchased real estate at its Morgan City location, as well as replaced equipment.

In Apr. 2014, Co. completed the acquisition of the property and buildings of Johnny's Propeller Shop located within Co.'s Morgan City shipyard for \$1.3 million.

Business: Conrad Industries is engaged in the construction, repair and conversion of a variety of steel and aluminum marine vessels for commercial and governmental customers. Through its subsidiaries, Co. operated five shipyards: one in Morgan City, LA, three in Amelia, LA and one in Orange, TX as of Dec 31 2016. Co. serves a variety of customers and markets, including the Gulf of Mexico oil and gas industry, other commercial markets, various local and state governments and the U.S. government. The main types of vessels Co. manufactures include offshore and inland barges, lift boats, tug boats/push boats/tow boats, other offshore support vessels, ferries, and drydocks.

Property: Co. leases its principal executive offices in approx. 10,533 sq. ft. of office space in Morgan City, LA.

Co. conducts its operations at five shipyards, one in Morgan City, LA, three in Amelia, LA, and one in Orange, TX. Morgan City Shipyard

Co. owns and operates its Morgan City, LA shipyard. The yard is located on the Atchafalaya River approx. 30 miles from the Gulf of Mexico on approx. 12 acres. The shipyard has 14 buildings containing approx. 125,000 sq. ft. of enclosed building area and 10 overhead cranes. In addition, the shipyard has one submersible launch barge, 1,700 linear feet of steel bulkhead, five rolling cranes and a slip. The buildings include offices for management and support personnel as well as three fabrication warehouses specifically designed to accommodate marine vessel construction.

Amelia Shipyards

Co. has three facilities in Amelia, LA, which is approx. five miles from Morgan City, LA: Conrad Aluminum, Conrad Deepwater and Conrad Deepwater South. Conrad Aluminum is located on the Bayou Boeuf/Intracoastal Waterway approx. 30 miles from the Gulf of Mexico on approx. 16 acres. The facility has a total of seven buildings containing approx. 67,500 sq. ft. of enclosed building area. The site has 2,100 linear feet of bulkhead and two slips.

Conrad Deepwater is located on the Bayou Boeuf/Intracoastal Waterway approx. 30 miles from the Gulf of Mexico and is within one mile of Conrad Aluminum. The facility is located on a 52-acre previously undeveloped site. This facility has one building containing approx. 5,400 sq. ft. comprising a stock room and maintenance shop. The site also has 1,700 linear feet of bulkhead and one slip.

Co. has six drydocks at Conrad Deepwater. The drydocks consist of two 120-foot by 52-foot drydock with lifting capacity of 900 tons, two 200-foot by 70-foot drydocks with lifting capacities of 2,400 tons, one 200-foot by 95-foot drydock with a lifting capacity of 4,000 tons and one 280-foot by 160-foot drydock with a lifting capacity of 10,000 tons.

Co. owns 50 acres of property adjoining its Conrad Deepwater facility, which Co. operates as its Conrad Deepwater South shipyard.

Orange Shipyard

Co.'s Orange, TX shipyard is located on the Sabine River approx. 37 miles from the Gulf of Mexico on approx. 18 acres. The shipyard has six construction bays under approx. 110,000 sq. ft. of enclosed building area with 14 overhead cranes. The site also has 150 feet of steel bulkhead and one slip. Co.'s Orange shipyard equipment includes a Wheelabrator, a gantry type NC (Numerical Control) plasma burner with a 21-foot by 90-foot table, over 60 automatic and semi-automatic welding machines, two rolling cranes, 600, 800 and 1,600-ton transfer/load-out systems and a marine railway with side transfer system.

Subsidiaries

Conrad Shipyard L.L.C.
Orange Shipbuilding Company, Inc.
Conrad Aluminum, L.L.C.

Officers

John P. Conrad, Jr., Chairman; President; Chief Executive Officer
Scott J. Theriot, Chief Operating Officer; Executive Vice President
Cecil A. Hernandez, Chief Financial Officer; Executive Vice President; Secretary
Daniel T. Conrad, Senior Vice President

Directors

John P. Conrad, Jr., Chairman; Director
Michael J. Harris, Director
Ogden U. Thomas, Jr., Director
Cecil A. Hernandez, Director
Daniel T. Conrad, Director
Scott J. Theriot, Director

Auditors: Darnall, Sikes, Gardes & Frederick

Legal Counsel: Jones Walker, LLP

Transfer Agent: American Stock Transfer & Trust Company, New York, NY

Shareholder Relations: Cecil A. Hernandez, Vice President & Chief Financial Officer **Tel:** 985-702-0195

No. of Stockholders: Jan. 11, 2017, 122

No. of Employees: June 11, 2017, 455

Address: 1100 Brashear Avenue Suite 200, Morgan City, LA 70380

Tel: 985 702-0195

Fax: 985 702-1126

Web: www.conradindustries.com

Email: CAHernandez@conradindustries.com

Consolidated Income Statement, Years Ended Dec. 31 (\$000):

	2016	2015	2014
Revenue	164,416	263,809	309,009
Cost of revenue	160,893	248,895	269,197
Gross profit	3,523	14,914	39,812
Selling, general & administrative expenses	6,483	7,153	8,558
Income (loss) from operations	(2,960)	7,761	31,254
Interest expense	44	82	11
Other income (expense), net	555	(1,364)	235
Income (loss) before income taxes	(2,449)	6,315	31,478
Current (benefit) provision - federal & state income taxes	1,920	(3,490)	8,167
Deferred (benefit) provision - federal & state income taxes	(2,675)	(813)	490
Provision (benefit) for income taxes	(755)	(4,303)	8,657
Net income (loss)	(1,694)	10,618	22,821
Weighted average shares outstanding - basic	5,174	5,700	5,950
Weighted average shares outstanding - diluted	5,174	5,700	5,950
Year end shares outstanding	5,113	5,358	5,862
Net income (loss) per share - basic	\$(0.33)	\$1.86	\$3.84
Net income (loss) per share - diluted	\$(0.33)	\$1.86	\$3.84
Total number of employees	455	517	593
Number of common stockholders	122	131	142

□ As is; □ As of June 11, 2017; □ As of January 11, 2017; □ As of January 13, 2016

Consolidated Balance Sheet, Years Ended Dec. 31 (\$000):

	2016	2015
Assets:		
Cash & cash equivalents	11,874	46,922
Commercial amounts billed	7,754	10,136
Accounts receivable - net	7,754	10,136
U.S. government unbilled		

cost & estimated earnings on uncompleted contracts	408	10	Liabilities:				loan agreement on Nov. 21, 2016, providing for a \$10,000,000 revolving credit facility, superseding all prior loan agreements.
Commercial unbilled cost & estimated earnings on uncompleted contracts	55,222	23,633	Accounts payable	9,998	9,248	3,853	The revolving credit facility matures on Apr. 30, 2019 and has a sublimit of up to \$4,000,000 for letters of credit. The interest rate is the prime rate, or one-month LIBOR plus 1.5%, at Co.'s option. As of Dec. 31, 2016, no amounts were drawn down on the revolving credit facility. The loans are secured by accounts receivable, deposit accounts and chattel paper, and by two dry-docks. The loan agreement contains restrictions on mergers and liens on the collateral and the capital stock of Co.'s subsidiaries. Subject to compliance with financial covenants, the loan agreement does not restrict Co.'s ability to pay dividends, repurchase shares of common stock or incur additional indebtedness.
Cost & estimated earnings - net in excess of billings on uncompleted contracts	55,630	23,643	Accrued employee costs	3,219	3,219	32,973	Capital Stock: 1. Conrad Industries Inc common; par \$ 0.01.
Inventories	4,799	2,968	Accrued expenses	747	2,102	...	AUTHORIZED—20,000,000 shs.
Income tax refund	4,935	6,077	Current maturities of long term debt	1,500	...	9,598	OUTSTANDING—Dec. 31, 2016, 5,112,511 shs; par \$ 0.01.
Insurance claims receivable	23	95	Billings in excess of costs & estimated earnings, net on uncompleted contracts	10,447	17,770	42,571	TREASURY—2,202,326 shs.
MARAD grant reimbursement	113	...	Total current liabilities	25,911	32,973	73	OWNERSHIP—As of Mar. 10, 2017, directors and executive officers as a group beneficially owned 43.1% of Co.'s outstanding common stock.
Other current assets	6,849	4,408	Term loan	14,875	...	29,104	VOTING RIGHTS—Entitled to one vote per share.
Total current assets	91,977	94,249	Less: current maturities - long-term debt	1,500	...	37,105	DIVIDENDS—
Land	12,806	12,380	Long-term debt - less current maturities	13,375	...	127,767	2012-2013 ... 2.00 2015.....2.00 2016.....0.40
Buildings & improvements	64,848	57,005	Deferred income taxes	9,408	9,598	115,839	2012-2013 ... 2.00 2015.....2.00 2016.....0.40
Machinery & equipment	37,347	31,618	Total liabilities	48,694	42,571	124,383	OPTIONS—Dec. 31, 2016, authorized for issuance, 512,044; outstanding, 0.
Drydocks & bulkheads	14,943	15,053	Common stock	73	73	...	PRIMARY EXCHANGE—National Bulletin Board (NBB): CNRD.
Barges & boat	1,055	883	Additional paid-in capital	29,104	29,104	...	OFFERED—(2,000,000 shares) at \$12.00 a share on June 15, 1998through Morgan Keegan & Co. Inc., Raymond James & Associates.
Office & automotive	2,525	3,082	Treasury stock, at cost	37,105	32,315	...	
Construction in progress	3,124	10,541	Retained earnings (accumulated deficit)	123,767	127,521	...	
Property, plant & equipment, cost	136,648	130,562	Total shareholders' equity	115,839	124,383	...	
Less accumulated depreciation	64,186	57,857				...	
Property, plant & equipment, net	72,462	72,705	Debt: Dec. 31, 2016, \$14,875,000 (including current portion of \$1,500,000) secured term loan, bearing interest at a fixed rate of 3.5%, due Nov. 21, 2026.				
Other assets	94	...	Line of Credit: Co. and its subsidiaries entered into a new				
Total assets	164,533	166,954					

MERGENT INDUSTRIAL 0545-0217 is published weekly online on Tuesdays and printed the last Friday of the month by Mergent, Inc., 444 Madison Ave., New York, NY 10022. The News Reports are part of the INDUSTRIAL Manual and provide periodic updates. Send address changes to MERGENT INDUSTRIAL, 580 Kingsley Park Drive, Fort Mill, SC 29715.

Copyright©2017 by Mergent. All information contained herein is copyrighted in the name of Mergent, Inc., and none of such information may be copied or otherwise reproduced, repackaged, further transmitted, transferred, disseminated, redistributed or resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or matter or by any means whatsoever, by any person without Mergent's prior written consent.

All information contained is obtained by Mergent, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error, as well as other factors, however, such information is provided "as is", without warranty of any kind. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY INFORMATION IS GIVEN OR MADE BY MERGENT IN ANY FORM OR MANNER WHATSOEVER. Under no circumstances shall Mergent have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analyzing, editing, transcribing, transmitting, communicating or delivering any such information, or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if Mergent is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, any such information.