
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 1-38494

ARCOSA

Arcosa, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

82-5339416

(I.R.S. Employer Identification No.)

500 N. Akard Street, Suite 400

Dallas, Texas

(Address of principal executive offices)

75201

(Zip Code)

(972) 942-6500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock (\$0.01 par value)	ACA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At July 15, 2021, the number of shares of common stock outstanding was 48,400,823.

ARCOSA, INC.
FORM 10-Q
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PART I

Item 1. Financial Statements Arcosa, Inc. and Subsidiaries Consolidated Statements of Operations (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in millions)			
Revenues	\$ 515.1	\$ 498.5	\$ 955.5	\$ 986.7
Operating costs:				
Cost of revenues	417.4	396.8	778.5	788.1
Selling, general, and administrative expenses	66.4	53.9	122.8	105.7
	483.8	450.7	901.3	893.8
Total operating profit	31.3	47.8	54.2	92.9
Interest expense	6.6	2.8	8.7	6.1
Other, net (income) expense	(0.3)	(0.1)	0.2	(0.3)
Income before income taxes	25.0	45.1	45.3	87.1
Provision for income taxes	4.2	11.8	8.6	22.2
Net income	\$ 20.8	\$ 33.3	\$ 36.7	\$ 64.9
Net income per common share:				
Basic	\$ 0.43	\$ 0.69	\$ 0.76	\$ 1.34
Diluted	\$ 0.43	\$ 0.68	\$ 0.75	\$ 1.33
Weighted average number of shares outstanding:				
Basic	48.1	47.9	48.0	47.9
Diluted	48.6	48.4	48.5	48.4
Dividends declared per common share	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in millions)			
Net income	\$ 20.8	\$ 33.3	\$ 36.7	\$ 64.9
Other comprehensive income (loss):				
Derivative financial instruments:				
Unrealized gains (losses) arising during the period, net of tax expense (benefit) of \$0.0, (\$0.2), \$0.2, and (\$1.1)	0.3	(0.5)	0.8	(3.9)
Reclassification adjustments for losses included in net income, net of tax expense (benefit) of (\$0.1), (\$0.1), (\$0.2), and (\$0.2)	0.3	0.4	0.7	0.6
Currency translation adjustment:				
Unrealized gains (losses) arising during the period, net of tax expense (benefit) of \$0.1, \$0.0, \$0.1, and (\$0.2)	0.2	0.4	0.3	(0.7)
	<u>0.8</u>	<u>0.3</u>	<u>1.8</u>	<u>(4.0)</u>
Comprehensive income	<u>\$ 21.6</u>	<u>\$ 33.6</u>	<u>\$ 38.5</u>	<u>\$ 60.9</u>

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Balance Sheets

	June 30, 2021	December 31, 2020
	(unaudited)	
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 100.3	\$ 95.8
Receivables, net of allowance	314.3	260.2
Inventories:		
Raw materials and supplies	160.3	114.6
Work in process	51.6	44.4
Finished goods	127.2	117.8
	339.1	276.8
Other	30.3	32.1
Total current assets	784.0	664.9
Property, plant, and equipment, net	1,206.7	913.3
Goodwill	806.2	794.0
Intangibles, net	227.3	212.9
Deferred income taxes	15.0	15.4
Other assets	51.0	46.2
	\$ 3,090.2	\$ 2,646.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 201.3	\$ 144.1
Accrued liabilities	121.3	115.2
Advance billings	21.6	44.7
Current portion of long-term debt	8.8	6.3
Total current liabilities	353.0	310.3
Debt	645.1	248.2
Deferred income taxes	92.6	112.7
Other liabilities	79.0	83.3
	1,169.7	754.5
Stockholders' equity:		
Common stock – 200.0 shares authorized	0.5	0.5
Capital in excess of par value	1,688.8	1,694.1
Retained earnings	251.5	219.7
Accumulated other comprehensive loss	(20.3)	(22.1)
Treasury stock	—	—
	1,920.5	1,892.2
	\$ 3,090.2	\$ 2,646.7

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(unaudited)

	Six Months Ended June 30,	
	2021	2020
	(in millions)	
Operating activities:		
Net income	\$ 36.7	\$ 64.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	68.0	54.7
Stock-based compensation expense	8.8	8.8
Provision for deferred income taxes	6.1	2.4
Gains on disposition of property and other assets	(5.3)	(1.8)
(Increase) decrease in other assets	2.8	(2.1)
Increase (decrease) in other liabilities	(12.1)	(1.8)
Other	(1.6)	2.1
Changes in current assets and liabilities:		
(Increase) decrease in receivables	(29.4)	12.3
(Increase) decrease in inventories	(38.7)	(14.7)
(Increase) decrease in other current assets	(4.1)	11.8
Increase (decrease) in accounts payable	49.8	9.1
Increase (decrease) in advance billings	(23.1)	(26.9)
Increase (decrease) in accrued liabilities	(6.8)	1.5
Net cash provided by operating activities	51.1	120.3
Investing activities:		
Proceeds from disposition of property and other assets	11.1	7.0
Capital expenditures	(41.5)	(43.6)
Acquisitions, net of cash acquired	(388.7)	(313.9)
Net cash required by investing activities	(419.1)	(350.5)
Financing activities:		
Payments to retire debt	(1.9)	(100.7)
Proceeds from issuance of debt	400.0	250.3
Shares repurchased	(4.4)	(2.0)
Dividends paid to common shareholders	(4.9)	(4.9)
Purchase of shares to satisfy employee tax on vested stock	(9.7)	(3.3)
Debt issuance costs	(6.6)	(1.2)
Net cash provided by financing activities	372.5	138.2
Net increase (decrease) in cash and cash equivalents	4.5	(92.0)
Cash and cash equivalents at beginning of period	95.8	240.4
Cash and cash equivalents at end of period	\$ 100.3	\$ 148.4

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(unaudited)

	Common Stock		Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total Stockholders' Equity
	Shares	\$0.01 Par Value				Shares	Amount	
	(in millions, except par value)							
Balances at March 31, 2020	48.3	\$ 0.5	\$ 1,690.5	\$ 152.0	\$ (24.0)	(0.1)	\$ (3.0)	\$ 1,816.0
Net income	—	—	—	33.3	—	—	—	33.3
Other comprehensive income	—	—	—	—	0.3	—	—	0.3
Cash dividends on common stock	—	—	—	(2.4)	—	—	—	(2.4)
Restricted shares, net	0.2	—	5.8	—	—	(0.1)	(4.0)	1.8
Retirement of treasury stock	(0.2)	—	(7.0)	—	—	0.2	7.0	—
Other	—	—	0.1	—	—	—	—	0.1
Balances at June 30, 2020	48.3	\$ 0.5	\$ 1,689.4	\$ 182.9	\$ (23.7)	—	\$ —	\$ 1,849.1
Balances at March 31, 2021	48.2	\$ 0.5	\$ 1,699.4	\$ 233.2	\$ (21.1)	—	\$ (0.7)	\$ 1,911.3
Net income	—	—	—	20.8	—	—	—	20.8
Other comprehensive income	—	—	—	—	0.8	—	—	0.8
Cash dividends on common stock	—	—	—	(2.5)	—	—	—	(2.5)
Restricted shares, net	0.4	—	4.1	—	—	(0.1)	(9.6)	(5.5)
Shares repurchased	—	—	—	—	—	(0.1)	(4.4)	(4.4)
Retirement of treasury stock	(0.2)	—	(14.7)	—	—	0.2	14.7	—
Balances at June 30, 2021	48.4	\$ 0.5	\$ 1,688.8	\$ 251.5	\$ (20.3)	—	\$ —	\$ 1,920.5
Balances at December 31, 2019	48.3	\$ 0.5	\$ 1,686.7	\$ 122.9	\$ (19.7)	—	\$ —	\$ 1,790.4
Net income	—	—	—	64.9	—	—	—	64.9
Other comprehensive loss	—	—	—	—	(4.0)	—	—	(4.0)
Cash dividends on common stock	—	—	—	(4.9)	—	—	—	(4.9)
Restricted shares, net	0.2	—	10.5	—	—	(0.1)	(5.0)	5.5
Shares repurchased	—	—	—	—	—	(0.1)	(2.0)	(2.0)
Retirement of treasury stock	(0.2)	—	(7.0)	—	—	0.2	7.0	—
Other	—	—	(0.8)	—	—	—	—	(0.8)
Balances at June 30, 2020	48.3	\$ 0.5	\$ 1,689.4	\$ 182.9	\$ (23.7)	—	\$ —	\$ 1,849.1
Balances at December 31, 2020	48.2	\$ 0.5	\$ 1,694.1	\$ 219.7	\$ (22.1)	—	\$ —	\$ 1,892.2
Net income	—	—	—	36.7	—	—	—	36.7
Other comprehensive income	—	—	—	—	1.8	—	—	1.8
Cash dividends on common stock	—	—	—	(4.9)	—	—	—	(4.9)
Restricted shares, net	0.4	—	9.4	—	—	(0.1)	(10.3)	(0.9)
Shares repurchased	—	—	—	—	—	(0.1)	(4.4)	(4.4)
Retirement of treasury stock	(0.2)	—	(14.7)	—	—	0.2	14.7	—
Balances at June 30, 2021	48.4	\$ 0.5	\$ 1,688.8	\$ 251.5	\$ (20.3)	—	\$ —	\$ 1,920.5

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(unaudited)

Note 1. Overview and Summary of Significant Accounting Policies

Basis of Presentation

Arcosa, Inc. and its consolidated subsidiaries (“Arcosa,” the “Company,” “we,” or “our”), headquartered in Dallas, Texas, is a provider of infrastructure-related products and solutions with leading brands serving construction, engineered structure, and transportation markets in North America. Arcosa is a Delaware corporation and was incorporated in 2018 in connection with the separation (the “Separation”) of Arcosa from Trinity Industries, Inc. (“Trinity” or “Former Parent”) on November 1, 2018 as an independent, publicly-traded company, listed on the New York Stock Exchange.

The accompanying Consolidated Financial Statements are unaudited and have been prepared from the books and records of Arcosa, Inc. and its consolidated subsidiaries. All normal and recurring adjustments necessary for a fair presentation of the financial position of the Company and the results of operations, comprehensive income/loss, and cash flows have been made in conformity with accounting principles generally accepted in the U.S. (“GAAP”). All significant intercompany accounts and transactions have been eliminated. Because of seasonal and other factors, including the unknown potential duration, spread, severity, and impact of the COVID-19 pandemic, Arcosa's business, financial condition, and results of operations for the three and six months ended June 30, 2021 may not be indicative of Arcosa's expected business, financial condition, and results of operations for the year ending December 31, 2021.

These interim financial statements and notes are condensed as permitted by the instructions to Form 10-Q and should be read in conjunction with the audited Consolidated and Combined Financial Statements of the Company included in its Annual Report on Form 10-K for the year ended December 31, 2020.

Stockholders' Equity

In December 2020, the Company's Board of Directors (the “Board”) authorized a new \$50 million share repurchase program effective January 1, 2021 through December 31, 2022 to replace a program of the same amount that expired on December 31, 2020. For the three and six months ended June 30, 2021, the Company repurchased 71,712 shares at a cost of \$4.4 million. As of June 30, 2021, the Company had a remaining authorization of \$45.6 million under the program.

Revenue Recognition

Revenue is measured based on the allocation of the transaction price in a contract to satisfied performance obligations. The transaction price does not include any amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The following is a description of principal activities from which the Company generates its revenue, separated by reportable segments. Payments for our products and services are generally due within normal commercial terms. For a further discussion regarding the Company's reportable segments, see Note 4 Segment Information.

Construction Products

The Construction Products segment recognizes substantially all revenue when the customer has accepted the product and legal title of the product has passed to the customer.

Engineered Structures

Within the Engineered Structures segment, revenue is recognized for our wind tower, certain utility structure, and certain storage tank product lines over time as the products are manufactured using an input approach based on the costs incurred relative to the total estimated costs of production. We recognize revenue over time for these products as they are highly customized to the needs of an individual customer resulting in no alternative use to the Company if not purchased by the customer after the contract is executed, and we have the right to bill the customer for our work performed to date plus at least a reasonable profit margin for work performed. As of June 30, 2021, we had a contract asset of \$37.9 million related to these contracts, compared to \$82.8 million at December 31, 2020, which is included in receivables, net of allowance, within the Consolidated Balance Sheets. The decrease in the contract asset is attributed to large deliveries of finished structures to customers in the first quarter. For all other products, revenue is recognized when the customer has accepted the product and legal title of the product has passed to the customer.

Transportation Products

The Transportation Products segment recognizes revenue when the customer has accepted the product and legal title of the product has passed to the customer.

Unsatisfied Performance Obligations

The following table includes estimated revenue expected to be recognized in future periods related to performance obligations that are unsatisfied or partially satisfied as of June 30, 2021 and the percentage of the outstanding performance obligations as of June 30, 2021 expected to be delivered during the remainder of 2021:

	Unsatisfied performance obligations at June 30, 2021	
	Total Amount (in millions)	Percent expected to be delivered in 2021
Engineered Structures:		
Utility, wind, and related structures	\$ 348.5	93 %
Storage tanks	\$ 30.3	100 %
Transportation Products:		
Inland barges	\$ 139.4	66 %

Substantially all unsatisfied performance obligations beyond 2021 are expected to be delivered during 2022.

Income Taxes

The liability method is used to account for income taxes. Deferred income taxes represent the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances reduce deferred tax assets to an amount that will more likely than not be realized.

The Company regularly evaluates the likelihood of realization of tax benefits derived from positions it has taken in various federal and state filings after consideration of all relevant facts, circumstances, and available information. For those tax positions that are deemed more likely than not to be sustained, the Company recognizes the benefit it believes is cumulatively greater than 50% likely to be realized. To the extent the Company were to prevail in matters for which accruals have been established or be required to pay amounts in excess of recorded reserves, the effective tax rate in a given financial statement period could be materially impacted.

Financial Instruments

The Company considers all highly liquid debt instruments to be cash and cash equivalents if purchased with a maturity of three months or less. Financial instruments that potentially subject the Company to a concentration of credit risk are primarily cash investments and receivables. The Company places its cash investments in bank deposits and highly-rated money market funds, and its investment policy limits the amount of credit exposure to any one commercial issuer. We seek to limit concentrations of credit risk with respect to receivables with control procedures that monitor the credit worthiness of customers, together with the large number of customers in the Company's customer base and their dispersion across different industries and geographic areas. As receivables are generally unsecured, the Company maintains an allowance for doubtful accounts based upon the expected credit losses. Receivable balances determined to be uncollectible are charged against the allowance. To accelerate the conversion to cash, the Company may sell a portion of its trade receivables to a third party. The Company has no continuing involvement or recourse related to these receivables once they are sold, and the impact of these transactions in the Company's Consolidated Statements of Operations for the three and six months ended June 30, 2021 was not significant. The carrying values of cash, receivables, and accounts payable are considered to be representative of their respective fair values.

Derivative Instruments

The Company may, from time to time, use derivative instruments to mitigate the impact of changes in interest rates, commodity prices, or changes in foreign currency exchange rates. For derivative instruments designated as hedges, the Company formally documents the relationship between the derivative instrument and the hedged item, as well as the risk management objective and strategy for the use of the derivative instrument. This documentation includes linking the derivative to specific assets or liabilities on the balance sheet, commitments, or forecasted transactions. At the time a derivative instrument is entered into, and at least quarterly thereafter, the Company assesses whether the derivative instrument is effective in offsetting the changes in fair value or cash flows of the hedged item. Any change in the fair value of the hedged instrument is recorded in accumulated other comprehensive loss ("AOCL") as a separate component of stockholders' equity and reclassified into earnings in the period during which the hedged transaction affects earnings. The Company monitors its derivative positions and the credit ratings of its counterparties and does not anticipate losses due to counterparties' non-performance.

Recent Accounting Pronouncements

Recently adopted accounting pronouncements

Effective as of January 1, 2020, the Company adopted Accounting Standards Update No. 2016-13, “Financial Instruments - Credit Losses”, (“ASU 2016-13”), which amends the existing accounting guidance for recognizing credit losses on financial assets and certain other instruments not measured at fair value through net income, including financial assets measured at amortized cost, such as trade receivables and contract assets. ASU 2016-13 replaces the existing incurred loss impairment model with an expected credit loss model that requires consideration of a broader range of information to estimate expected credit losses over the lifetime of the asset. The adoption of this guidance did not have a material effect on the Company’s Consolidated Financial Statements.

Effective as of January 1, 2021, the Company adopted Accounting Standards Updated No. 2019-12, “Simplifying the Accounting for Income Taxes”, (“ASU 2019-12”), which simplifies the accounting for income taxes by removing certain exceptions to the general principles for income taxes. The adoption of this guidance did not have a material effect on the Company’s Consolidated Financial Statements.

Recently issued accounting pronouncements not adopted as of June 30, 2021

In March 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2020-04, “Reference Rate Reform” (“ASU 2020-04”) which provides optional guidance for contract modifications, hedging accounting, and other transactions associated with the transition from reference rates that are expected to be discontinued. ASU 2020-04 is effective for all entities upon issuance through December 31, 2022. We are still evaluating the impact of adoption, but do not expect the guidance to have a material impact on our Consolidated Financial Statements.

Note 2. Acquisitions and Divestitures

2021 Acquisitions

On August 4, 2021, we completed the stock acquisition of Southwest Rock Products, LLC and affiliated entities (collectively “Southwest Rock”), which will be included in our Construction Products segment for a total purchase price of approximately \$150 million. The acquisition will be recorded as a business combination and was funded with cash on hand and \$100.0 million of borrowings under our revolving credit facility.

On April 9, 2021, we completed the stock acquisition of StonePoint Ultimate Holding, LLC and affiliated entities (collectively “StonePoint”), a top 25 U.S. construction aggregates company, which is included in our Construction Products segment. The purchase price of \$374.8 million was funded with proceeds from a private offering of \$400.0 million of 4.375% senior unsecured notes that closed on April 6, 2021. See Note 7 Debt for additional information. Transaction costs incurred related to the StonePoint acquisition were approximately \$5.4 million and \$6.9 million during the three and six months ended June 30, 2021, respectively. The acquisition was recorded as a business combination based on preliminary valuations of the assets acquired and liabilities assumed at their acquisition date fair value using level three inputs. We expect to complete our purchase price allocation as soon as reasonably possible, not to exceed one year from the acquisition date. Adjustments to the preliminary purchase price allocation could be material to the purchase price allocation, particularly with respect to our preliminary estimates of property, plant, and equipment, mineral reserves, and deferred income taxes. The following table represents our preliminary purchase price allocation as of June 30, 2021:

	(in millions)	
Cash	\$	1.0
Accounts receivable		18.8
Inventories		21.0
Property, plant, and equipment		71.9
Mineral reserves		227.1
Goodwill		12.6
Customer relationships		7.2
Deferred income taxes		28.4
Other assets		10.3
Accounts payable		(7.4)
Accrued liabilities		(9.1)
Other liabilities		(7.0)
Total net assets acquired	\$	374.8

The goodwill acquired, none of which is tax deductible, primarily relates to StonePoint's market position and existing workforce. The customer relationship intangible has a weighted average useful life of 10 years. Revenues and operating profit (loss) included in the Consolidated Statement of Operations from the date of the acquisition were approximately \$39.2 million and \$(3.3) million during both the three and six months ended June 30, 2021.

The following table represents the unaudited pro-forma consolidated operating results of the Company as if the StonePoint acquisition had been completed on January 1, 2020. The unaudited pro-forma information makes certain adjustments to depreciation, depletion, and amortization expense to reflect the fair value recognized in the purchase price allocation, removes one-time transaction related costs, and aligns the Company's debt financing with that as of the acquisition date. The unaudited pro-forma information should not be considered indicative of the results that would have occurred if the acquisition had been completed on January 1, 2020, nor is such unaudited pro-forma information necessarily indicative of future results.

	Six Months Ended June 30, 2021	Year Ended December 31, 2020
	(in millions)	
Revenues	\$ 1,001.8	\$ 2,080.0
Income before income taxes	\$ 48.4	\$ 135.5

In April 2021, we also completed the acquisition of certain assets and liabilities of a Dallas-Fort Worth, Texas based recycled aggregates business in our Construction Products segment. The purchase price of the acquisition was not significant.

2020 Acquisitions

On January 6, 2020, we completed the stock acquisition of Cherry Industries, Inc. and affiliated entities (collectively "Cherry"), a leading producer of natural and recycled aggregates in the Houston, Texas market, which is included in our Construction Products segment. The purchase price of \$296.8 million was funded with a combination of cash on-hand, advances under a new \$150.0 million five-year term loan, and future payments to the seller for a net cash paid of \$284.1 million during the six months ended June 30, 2020. See Note 7 Debt for additional information on our credit facility. Non-recurring transaction and integration costs incurred related to the Cherry acquisition were approximately \$0.7 million and \$1.6 million during the three and six months ended June 30, 2020, respectively. The acquisition was recorded as a business combination with valuations of the assets acquired and liabilities at their acquisition date fair value using level three inputs, defined as unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. The following table represents our final purchase price allocation:

	(in millions)
Accounts receivable	\$ 30.5
Inventories	11.8
Property, plant, and equipment	58.8
Mineral reserves	17.2
Goodwill	133.3
Customer relationships	62.1
Permits	25.4
Other assets	4.3
Accounts payable	(7.5)
Accrued liabilities	(4.9)
Deferred taxes	(32.7)
Other liabilities	(1.5)
Total net assets acquired	\$ 296.8

The goodwill acquired, none of which is tax deductible, primarily relates to Cherry's market position and existing workforce. The customer relationship intangibles and permits were assigned weighted average useful lives of 14.9 years and 19.8 years, respectively. Revenues and operating profit included in the Consolidated Statement of Operations from the date of the acquisition were approximately \$44.9 million and \$8.1 million, respectively, during the three months ended June 30, 2020 and approximately \$88.7 million and \$13.8 million, respectively, during the six months ended June 30, 2020.

The following table represents the unaudited pro-forma consolidated operating results of the Company as if the Cherry acquisition had been completed on January 1, 2019. The unaudited pro-forma information makes certain adjustments to depreciation, depletion, and amortization expense to reflect the fair value recognized in the purchase price allocation, removes one-time transaction related costs, and aligns the Company's debt financing with that as of the acquisition date. The unaudited pro-forma information should not be considered indicative of the results that would have occurred if the acquisition had been completed on January 1, 2019, nor is such unaudited pro-forma information necessarily indicative of future results.

	Six Months Ended June 30, 2020	Year Ended December 31, 2019
	(in millions)	
Revenues	\$ 986.7	\$ 1,916.9
Income before income taxes	\$ 90.6	\$ 163.8

In March 2020, we completed the acquisition of certain assets and liabilities of a traffic structures business in our Engineered Structures segment for a total purchase price of \$25.5 million. The acquisition was recorded as a business combination based on valuations of the assets acquired and liabilities assumed at their acquisition date fair value using level three inputs. The valuation resulted in the recognition of \$10.0 million of goodwill in our Engineered Structures segment. Such assets and liabilities were not significant in relation to assets and liabilities at the consolidated or segment level.

In June 2020, we completed the acquisition of certain assets and liabilities of a concrete poles business in our Engineered Structures segment. The purchase price of the acquisition was not significant.

In July 2020, we completed the acquisition of certain assets and liabilities of a telecommunication structures business in our Engineered Structures segment for a total purchase price of \$27.8 million. The acquisition was recorded as a business combination based on valuations of the assets acquired and liabilities assumed at their acquisition date fair value using level three inputs. The valuation resulted in the recognition of \$8.5 million of goodwill in our Engineered Structures segment. Such assets and liabilities were not significant in relation to assets and liabilities at the consolidated or segment level.

In August 2020, we completed the acquisition of certain assets and liabilities of a natural aggregates business in our Construction Products segment for a total purchase price of \$25.8 million. The acquisition was recorded as a business combination based on valuations of the assets acquired and liabilities assumed at their acquisition date fair value using level three inputs. The valuation resulted in the recognition of \$8.7 million of goodwill in our Construction Products segment. Such assets and liabilities were not significant in relation to assets and liabilities at the consolidated or segment level.

In October 2020, we completed the stock acquisition of Strata Materials, LLC ("Strata"), a leading provider of natural and recycled aggregates in the Dallas-Fort Worth, Texas area, which is included in our Construction Products segment for a total purchase price of \$87.0 million. The acquisition was recorded as a business combination based on valuations of the assets acquired and liabilities assumed at their acquisition date fair value using level three inputs. The valuation resulted in the recognition of \$51.6 million of permits with an initial weighted average useful life of 22.8 years and \$3.8 million of goodwill in our Construction Products segment. The remaining assets and liabilities were not significant in relation to assets and liabilities at the consolidated or segment level.

In October 2020, we also completed the acquisition of certain assets and liabilities of a traffic structures business in our Engineered Structures segment. The purchase price of the acquisition was not significant.

Divestitures

There was no divestiture activity for the three and six months ended June 30, 2021 and 2020.

Note 3. Fair Value Accounting

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Cash equivalents	\$ 45.0	\$ —	\$ —	\$ 45.0
Total assets	<u>\$ 45.0</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 45.0</u>
Liabilities:				
Interest rate hedge ⁽¹⁾	\$ —	\$ 5.5	\$ —	\$ 5.5
Contingent consideration ⁽²⁾	<u>—</u>	<u>—</u>	<u>6.7</u>	<u>6.7</u>
Total liabilities	<u>\$ —</u>	<u>\$ 5.5</u>	<u>\$ 6.7</u>	<u>\$ 12.2</u>
	Fair Value Measurement as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets:				
Cash equivalents	\$ 27.1	\$ —	\$ —	\$ 27.1
Total assets	<u>\$ 27.1</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 27.1</u>
Liabilities:				
Interest rate hedge ⁽¹⁾	\$ —	\$ 7.3	\$ —	\$ 7.3
Contingent consideration ⁽²⁾	<u>—</u>	<u>—</u>	<u>9.8</u>	<u>9.8</u>
Total liabilities	<u>\$ —</u>	<u>\$ 7.3</u>	<u>\$ 9.8</u>	<u>\$ 17.1</u>

⁽¹⁾ Included in other liabilities on the Consolidated Balance Sheets.

⁽²⁾ Current portion included in accrued liabilities and non-current portion included in other liabilities on the Consolidated Balance Sheets.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for that asset or liability in an orderly transaction between market participants on the measurement date. An entity is required to establish a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair values are listed below:

Level 1 – This level is defined as quoted prices in active markets for identical assets or liabilities. The Company's cash equivalents are instruments of the U.S. Treasury or highly-rated money market mutual funds.

Level 2 – This level is defined as observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Interest rate hedges are valued at exit prices obtained from each counterparty. See Note 7 Debt.

Level 3 – This level is defined as unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Contingent consideration relates to estimated future payments owed to the sellers of businesses previously acquired. We estimate the fair value of the contingent consideration using a discounted cash flow model. The fair value is sensitive to changes in the forecast of sales and changes in discount rates and is reassessed quarterly based on assumptions used in our latest projections.

Note 4. Segment Information

The Company reports operating results in three principal business segments:

Construction Products. The Construction Products segment produces and sells construction aggregates and related products, including natural and recycled aggregates and specialty materials, and manufactures and sells trench shields and shoring products and services for infrastructure-related projects.

Engineered Structures. The Company renamed this segment as of December 31, 2020 from Energy Equipment to better reflect the products delivered. There have been no changes to the businesses that have historically comprised this segment. The Engineered Structures segment manufactures and sells engineered structures primarily for infrastructure businesses, including utility structures for electricity transmission and distribution, structural wind towers, traffic structures, and telecommunication structures. These products share similar manufacturing competencies and steel sourcing requirements, and can be manufactured across our North American footprint. The segment also manufactures storage and distribution tanks.

Transportation Products. The Transportation Products segment manufactures and sells products for the inland waterway and rail transportation industries including barges, barge-related products, axles, and couplers.

The financial information for these segments is shown in the tables below. We operate principally in North America.

Three Months Ended June 30,				
	Revenues		Operating Profit (Loss)	
	2021	2020	2021	2020
(in millions)				
Aggregates and specialty materials	\$ 181.5	\$ 132.1		
Other	23.0	16.1		
Construction Products	204.5	148.2	\$ 17.9	\$ 24.3
Utility, wind, and related structures	191.6	176.9		
Storage tanks	50.9	45.9		
Engineered Structures	242.5	222.8	29.1	20.9
Inland barges	49.0	107.0		
Steel components	19.2	21.2		
Transportation Products	68.2	128.2	1.3	15.9
Segment Totals before Eliminations and Corporate	515.2	499.2	48.3	61.1
Corporate	—	—	(17.0)	(13.3)
Eliminations	(0.1)	(0.7)	—	—
Consolidated Total	\$ 515.1	\$ 498.5	\$ 31.3	\$ 47.8
Six Months Ended June 30,				
	Revenues		Operating Profit (Loss)	
	2021	2020	2021	2020
(in millions)				
Aggregates and specialty materials	\$ 316.8	\$ 264.2		
Other	40.9	33.4		
Construction Products	357.7	297.6	\$ 33.7	\$ 41.1
Utility, wind, and related structures	355.6	353.3		
Storage tanks	93.9	92.7		
Engineered Structures	449.5	446.0	46.6	45.8
Inland barges	106.9	196.0		
Steel components	41.5	49.2		
Transportation Products	148.4	245.2	5.4	30.2
Segment Totals before Eliminations and Corporate	955.6	988.8	85.7	117.1
Corporate	—	—	(31.5)	(24.2)
Eliminations	(0.1)	(2.1)	—	—
Consolidated Total	\$ 955.5	\$ 986.7	\$ 54.2	\$ 92.9

Note 5. Property, Plant, and Equipment

The following table summarizes the components of property, plant, and equipment as of June 30, 2021 and December 31, 2020.

	June 30, 2021	December 31, 2020
	(in millions)	
Land	\$ 143.3	\$ 139.2
Mineral reserves	483.2	249.9
Buildings and improvements	315.9	302.3
Machinery and other	945.5	853.6
Construction in progress	47.7	49.6
	1,935.6	1,594.6
Less accumulated depreciation and depletion	(728.9)	(681.3)
	<u>\$ 1,206.7</u>	<u>\$ 913.3</u>

Note 6. Goodwill and Other Intangible Assets

Goodwill

Goodwill by segment is as follows:

	June 30, 2021	December 31, 2020
	(in millions)	
Construction Products	\$ 331.6	\$ 320.0
Engineered Structures	437.6	437.0
Transportation Products	37.0	37.0
	<u>\$ 806.2</u>	<u>\$ 794.0</u>

The increase in Construction Products goodwill during the six months ended June 30, 2021 is primarily due to the acquisition of StonePoint. The increase in Engineered Structures goodwill during the six months ended June 30, 2021 is due to a refinement of the purchase price allocation of a recent acquisition. See Note 2 Acquisitions and Divestitures.

Intangible Assets

Intangibles, net consisted of the following:

	June 30, 2021	December 31, 2020
	(in millions)	
Intangibles with indefinite lives - Trademarks	\$ 34.1	\$ 34.1
Intangibles with definite lives:		
Customer relationships	133.2	123.8
Permits	87.5	73.6
Other	8.0	8.1
	228.7	205.5
Less accumulated amortization	(35.5)	(26.7)
	193.2	178.8
Intangible assets, net	<u>\$ 227.3</u>	<u>\$ 212.9</u>

Note 7. Debt

The following table summarizes the components of debt as of June 30, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
	(in millions)	
Revolving credit facility	\$ 100.0	\$ 100.0
Term loan	148.1	149.1
Senior notes	400.0	—
Finance leases	12.4	5.6
	660.5	254.7
Less: unamortized debt issuance costs	(6.6)	(0.2)
Total debt	\$ 653.9	\$ 254.5

Revolving Credit Facility and Term Loan

On November 1, 2018, the Company entered into a \$400.0 million unsecured revolving credit facility that was scheduled to mature in November 2023. On January 2, 2020, the Company entered into an Amended and Restated Credit Agreement to increase the revolving credit facility to \$500.0 million and add a term loan facility of \$150.0 million, in each case with a maturity date of January 2, 2025. The entire term loan was advanced on January 2, 2020 in connection with the closing of the acquisition of Cherry. See Note 2 Acquisitions and Divestitures. As of June 30, 2021, the term loan had a remaining balance of \$148.1 million.

As of June 30, 2021, we had \$100.0 million of outstanding loans borrowed under the revolving credit facility, and there were approximately \$28.5 million of letters of credit issued, leaving \$371.5 million available. Of the outstanding letters of credit as of June 30, 2021, \$23.6 million are expected to expire in 2021, with the remainder in 2022. The majority of our letters of credit obligations support the Company's various insurance programs and generally renew by their terms each year. On August 4, 2021, we borrowed an additional \$100.0 million under our revolving credit facility to fund the acquisition of Southwest Rock.

The interest rates under the revolving credit facility and term loan are variable based on LIBOR or an alternate base rate plus a margin. A commitment fee accrues on the average daily unused portion of the revolving facility. The margin for borrowing and commitment fee rate are determined based on the Company's leverage as measured by a consolidated total indebtedness to consolidated EBITDA ratio. The margin for borrowing ranges from 1.25% to 2.00% and was set at LIBOR plus 1.25% as of June 30, 2021. The commitment fee rate ranges from 0.20% to 0.35% and was set at 0.20% at June 30, 2021.

The Company's revolving credit and term loan facilities require the maintenance of certain ratios related to leverage and interest coverage. As of June 30, 2021, we were in compliance with all such financial covenants. Borrowings under the credit agreement are guaranteed by certain wholly-owned subsidiaries of the Company.

In order to increase liquidity in anticipation of the acquisition of StonePoint, the Company entered into an unsecured 364-Day Credit Agreement on March 26, 2021 providing for a revolving line of credit of \$150.0 million, with an outside maturity date of March 25, 2022. Pricing, covenants, and guarantees were substantially similar to the Company's existing revolving credit and term loan facilities. Per the terms of the facility, it terminated on April 6, 2021 upon the closing of the Company's private offering of \$400.0 million in senior notes.

The carrying value of borrowings under our revolving credit and term loan facilities approximate fair value because the interest rate adjusts to the market interest rate (Level 3 input). See Note 3 Fair Value Accounting.

As of June 30, 2021, the Company had \$1.5 million of unamortized debt issuance costs related to the revolving credit facility, which are included in other assets on the Consolidated Balance Sheet.

Senior Notes

On April 6, 2021, the Company issued \$400.0 million aggregate principal amount of 4.375% senior notes (the "Notes") that mature in April 2029. Interest on the Notes is payable semiannually commencing October 2021. The Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by each of the Company's domestic subsidiaries that is a guarantor under our revolving credit and term loan facilities. The terms of the indenture governing the Notes, among other things, limit the ability of the Company and each of its subsidiaries to create liens on assets, enter into sale and leaseback transactions, and consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries. The terms of the indenture also limit the ability of the Company's non-guarantor subsidiaries to incur certain types of debt.

At any time prior to April 15, 2024, the Company may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus an applicable make-whole premium and accrued and unpaid interest to the redemption date. On and after April 15, 2024, the Company may redeem all or a portion of the Notes at redemption prices set forth in the indenture, plus accrued and unpaid interest to the redemption date. If a Change of Control Triggering Event (as defined in the indenture) occurs, the Company must offer to repurchase the Notes at a price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of repurchase.

The estimated fair value of the Notes as of June 30, 2021 was \$407.3 million based on a quoted market price in a market with little activity (Level 2 input).

In connection with the issuance of the Notes, the Company paid \$6.6 million of debt issuance costs.

The remaining principal payments under existing debt agreements as of June 30, 2021 are as follows:

	2021	2022	2023	2024	2025	Thereafter
	(in millions)					
Revolving credit facility	\$ —	\$ —	\$ —	\$ —	\$ 100.0	\$ —
Term loan	3.7	7.5	8.5	8.4	120.0	—
Senior notes	—	—	—	—	—	400.0

Interest rate hedges

In December 2018, the Company entered into an interest rate swap instrument, effective as of January 2, 2019 and expiring in 2023, to reduce the effect of changes in the variable interest rates associated with borrowings under the Amended and Restated Credit Agreement. The instrument carried an initial notional amount of \$100 million, thereby hedging the first \$100 million of borrowings. The instrument effectively fixes the LIBOR component of borrowings at a monthly rate of 2.71%. As of June 30, 2021, the Company has recorded a liability of \$5.5 million for the fair value of the instrument, all of which is recorded in accumulated other comprehensive loss. See Note 3 Fair Value Accounting.

Note 8. Leases

We have various leases primarily for office space and certain equipment. At inception, we determine if an arrangement contains a lease and whether that lease meets the classification criteria of a finance or operating lease. For leases that contain options to purchase, terminate, or extend, such options are included in the lease term when it is reasonably certain that the option will be exercised. Some of our lease arrangements contain lease components and non-lease components which are accounted for as a single lease component as we have elected the practical expedient to group lease and non-lease components for all leases.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on information available at commencement date in determining the present value of lease payments.

Operating Leases

The following tables present information about the Company's operating leases as of June 30, 2021:

	June 30, 2021	
	(in millions)	
Maturity of Lease Liabilities		
2021 (remaining)	\$	3.1
2022		4.8
2023		3.6
2024		3.1
2025		2.4
Thereafter		10.7
Total undiscounted operating lease payments		27.7
Less imputed interest		(5.3)
Present value of operating lease liabilities	\$	22.4

Balance Sheet Classification	June 30, 2021	December 31, 2020
	(in millions)	
Other assets	\$ 19.3	\$ 17.9
Accrued liabilities	4.7	4.8
Other liabilities	17.7	16.4
Total operating lease liabilities	\$ 22.4	\$ 21.2

Finance Leases

Finance leases are included in property, plant, and equipment, net and debt on the Consolidated Balance Sheets. The associated amortization expense and interest expense are included in depreciation and interest expense, respectively, on the Consolidated Statements of Operations. These leases are not material to the Consolidated Financial Statements as of June 30, 2021.

Note 9. Other, Net

Other, net (income) expense consists of the following items:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in millions)			
Interest income	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ (0.3)
Foreign currency exchange transactions	(0.1)	0.2	0.5	0.2
Other	(0.1)	(0.2)	(0.2)	(0.2)
Other, net (income) expense	\$ (0.3)	\$ (0.1)	\$ 0.2	\$ (0.3)

Note 10. Income Taxes

For interim income tax reporting, we estimate our annual effective tax rate and apply it to our year to date ordinary income (loss). Tax jurisdictions with a projected or year to date loss for which a tax benefit cannot be realized are excluded. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur. We have open tax years from 2013 to 2020 with various significant tax jurisdictions.

Our effective tax rates of 16.8% and 19.0% for the three and six months ended June 30, 2021, respectively, were lower than the U.S. federal statutory rate of 21.0% due to decreased state income taxes, statutory depletion deductions, and compensation-related items, partially offset by disallowed expenses connected to acquisitions, and foreign nondeductible expenses. For the three and six months ended June 30, 2020, the effective tax rates of 26.2% and 25.5%, respectively, were higher than the U.S. federal statutory rate of 21.0% due primarily to state taxes, tax effects of foreign currency translation, and nondeductible compensation expenses in the U.S. and Mexico.

In response to the COVID-19 pandemic, on March 27, 2020 the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which includes certain tax relief and benefits that may impact the Company. As of June 30, 2021, the Company has deferred \$9.7 million in payroll-related taxes in accordance with the provisions of the CARES Act.

Note 11. Employee Retirement Plans

Total employee retirement plan expense, which includes related administrative expenses, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in millions)			
Defined contribution plans	\$ 2.6	\$ 2.7	\$ 5.3	\$ 5.3
Multiemployer plan	0.6	0.5	1.0	0.9
	<u>\$ 3.2</u>	<u>\$ 3.2</u>	<u>\$ 6.3</u>	<u>\$ 6.2</u>

The Company contributes to a multiemployer defined benefit plan under the terms of a collective-bargaining agreement that covers certain union-represented employees at one of the facilities of Meyer Utility Structures, a subsidiary of Arcosa. The Company contributed \$0.5 million and \$0.9 million to the multiemployer plan for the three and six months ended June 30, 2021, respectively. The Company contributed \$0.4 million and \$0.8 million to the multiemployer plan for the three and six months ended June 30, 2020, respectively. Total contributions to the multiemployer plan for 2021 are expected to be approximately \$1.7 million.

Note 12. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss for the six months ended June 30, 2021 and 2020 are as follows:

	Currency translation adjustments	Unrealized loss on derivative financial instruments	Accumulated other comprehensive loss
	(in millions)		
Balances at December 31, 2019	\$ (16.3)	\$ (3.4)	\$ (19.7)
Other comprehensive income (loss), net of tax, before reclassifications	(0.7)	(3.9)	(4.6)
Amounts reclassified from accumulated other comprehensive loss, net of tax expense (benefit) of \$0.0, (\$0.2), and (\$0.2)	—	0.6	0.6
Other comprehensive income (loss)	(0.7)	(3.3)	(4.0)
Balances at June 30, 2020	<u>\$ (17.0)</u>	<u>\$ (6.7)</u>	<u>\$ (23.7)</u>
Balances at December 31, 2020	\$ (16.6)	\$ (5.5)	\$ (22.1)
Other comprehensive income (loss), net of tax, before reclassifications	0.3	0.8	1.1
Amounts reclassified from accumulated other comprehensive loss, net of tax expense (benefit) of \$0.0, (\$0.2), and (\$0.2)	—	0.7	0.7
Other comprehensive income (loss)	0.3	1.5	1.8
Balances at June 30, 2021	<u>\$ (16.3)</u>	<u>\$ (4.0)</u>	<u>\$ (20.3)</u>

Note 13. Stock-Based Compensation

Stock-based compensation totaled approximately \$4.1 million and \$8.8 million for the three and six months ended June 30, 2021, respectively. Stock-based compensation totaled approximately \$5.1 million and \$8.8 million for the three and six months ended June 30, 2020, respectively.

Note 14. Earnings Per Common Share

Basic earnings per common share is computed by dividing net income remaining after allocation to unvested restricted shares, which includes unvested restricted shares of Arcosa stock held by employees of the Former Parent, by the weighted average number of basic common shares outstanding for the period. Except when the effect would be antidilutive, the calculation of diluted earnings per common share includes the weighted average net impact of nonparticipating unvested restricted shares. Total weighted average restricted shares were 1.8 million and 1.9 million shares for the three and six months ended June 30, 2021, respectively. Total weighted average restricted shares were 1.6 million shares for the three and six months ended June 30, 2020.

The computation of basic and diluted earnings per share follows.

	Three Months Ended June 30, 2021			Three Months Ended June 30, 2020		
	Income (Loss)	Average Shares	EPS	Income (Loss)	Average Shares	EPS
	(in millions, except per share amounts)					
Net income	\$ 20.8			\$ 33.3		
Unvested restricted share participation	(0.1)			(0.3)		
Net income per common share – basic	20.7	48.1	\$ 0.43	33.0	47.9	\$ 0.69
Effect of dilutive securities:						
Nonparticipating unvested restricted shares	—	0.5		—	0.5	
Net income per common share – diluted	\$ 20.7	48.6	\$ 0.43	\$ 33.0	48.4	\$ 0.68
	Six Months Ended June 30, 2021			Six Months Ended June 30, 2020		
	Income (Loss)	Average Shares	EPS	Income (Loss)	Average Shares	EPS
	(in millions, except per share amounts)					
Net income	\$ 36.7			\$ 64.9		
Unvested restricted share participation	(0.2)			(0.5)		
Net income per common share – basic	36.5	48.0	\$ 0.76	64.4	47.9	\$ 1.34
Effect of dilutive securities:						
Nonparticipating unvested restricted shares	—	0.5		—	0.5	
Net income per common share – diluted	\$ 36.5	48.5	\$ 0.75	\$ 64.4	48.4	\$ 1.33

Note 15. Contingencies

The Company is involved in claims and lawsuits incidental to our business arising from various matters including commercial disputes, alleged product defect and/or warranty claims, intellectual property matters, personal injury claims, environmental issues, employment and/or workplace-related matters, and various governmental regulations. At June 30, 2021, the range of reasonably possible losses for such matters, taking into consideration our rights in indemnity and recourse to third parties is \$0.6 million to \$0.7 million.

The Company evaluates its exposure to such claims and suits periodically and establishes accruals for these contingencies when probable losses can be reasonably estimated. At June 30, 2021, total accruals of \$1.4 million are included in accrued liabilities in the accompanying Consolidated Balance Sheet. The Company believes any additional liability from such claims and suits would not be material to its financial position or results of operations.

Arcosa is subject to remedial orders and federal, state, local, and foreign laws and regulations relating to the environment. The Company has reserved \$1.1 million as of June 30, 2021, included in our total accruals of \$1.4 million discussed above, to cover our probable and estimable liabilities with respect to the investigations, assessments, and remedial responses to such matters, taking into account currently available information and our contractual rights to indemnification and recourse to third parties.

On July 22, 2019, the Company was served with a breach of contract lawsuit filed by Thomas & Betts Corporation (“T&B”) against the Company and its wholly-owned subsidiary, Trinity Meyer Utility Structures, LLC, now known as Meyer Utility Structures, LLC (“Meyer”), in the Supreme Court of the State of New York, New York County. T&B’s claims relate to responsibility for alleged product warranty claims pursuant to the terms of the Asset Purchase Agreement, dated June 24, 2014, entered into by and between T&B and Meyer with respect to Meyer’s purchase of certain assets of T&B’s utility structure business. The Company and Meyer subsequently removed the litigation to federal court. The case is filed under Case No. 1:19-cv-07829-PAE; Thomas & Betts Corporation, now known as, ABB Installation Products, Inc., Plaintiff, v. Trinity Meyer Utility Structures, LLC, formerly known as McKinley 2014 Acquisition, LLC, and Arcosa, Inc., Defendants; In the United States District Court for the Southern District of New York (the “Court”). The Company and Meyer have filed a motion to dismiss T&B’s claims, and an Answer and Counterclaims against T&B. On July 30, 2020, the Court granted the Company’s and Meyer’s motion and dismissed T&B’s claims. In its ruling, the Court likewise dismissed Meyer’s counterclaims. On August 28, 2020, T&B filed its Notice of Appeal to the United States Court of Appeals for the Second Circuit. On November 9, 2020, T&B filed its Appellant’s Brief with the Appellate Court. The Company and Meyer filed its Appellees’ Brief on February 8, 2021. T&B filed its Reply Brief on April 9, 2021. We intend to vigorously defend ourselves in the subsequent appeal of this matter. Based on the facts and circumstances currently known to the Company, (i) we cannot determine that a loss is probable at this time, and therefore no accrual has been included in the accompanying Consolidated Financial Statements; and (ii) a possible loss is not reasonably estimable.

Estimates of liability arising from future proceedings, assessments, or remediation are inherently imprecise. Accordingly, there can be no assurance that we will not become involved in future litigation or other proceedings, including those related to the environment or, if we are found to be responsible or liable in any such litigation or proceeding, that such costs would not be material to the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Company Overview
- Potential Impact of COVID-19 on our Business
- Executive Overview
- Results of Operations
- Liquidity and Capital Resources
- Recent Accounting Pronouncements
- Forward-Looking Statements

Our MD&A should be read in conjunction with the Consolidated Financial Statements of Arcosa, Inc. and subsidiaries ("Arcosa," "Company," "we," or "our") and related Notes in Part I, Item 1 of this Quarterly Report on Form 10-Q and the Consolidated and Combined Financial Statements and related Notes in Item 8, "Financial Statements and Supplementary Data", of our Annual Report on Form 10-K for the year ended December 31, 2020 ("2020 Annual Report on Form 10-K").

Company Overview

Arcosa, headquartered in Dallas, Texas, is a provider of infrastructure-related products and solutions with leading brands serving construction, engineered structures, and transportation markets in North America. Arcosa is a Delaware corporation and was incorporated in 2018 in connection with the separation (the "Separation") of Arcosa from Trinity Industries, Inc. ("Trinity" or "Former Parent") on November 1, 2018 as an independent, publicly-traded company, listed on the New York Stock Exchange.

Potential Impact of COVID-19 on our Business

Our highest priority is the health and safety of our employees and communities. Our businesses support critical infrastructure sectors, pursuant to the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency standards. Our plants have continued to operate throughout the COVID-19 crisis. However, as of the date of this filing, uncertainty exists concerning the potential magnitude of the impact and duration of the COVID-19 pandemic. The following possible events related to the COVID-19 pandemic may potentially adversely impact our business, liquidity and financial condition, or results of operations: customer demand for our products and services may decrease; reductions in our customers' capex spending; our supply chain may have disruption preventing us from obtaining the necessary materials and equipment to manufacture our products and provide services; our employees' ability to continue to work may be impacted because of COVID-19 related illness or local, state, or federal orders requiring them to stay at home; the effect of governmental regulations imposed in response to the COVID-19 pandemic may result in shutdowns of our operations; limitations on the ability of our customers to conduct their business and purchase our products and services; disruptions to our customers' supply chains or purchasing patterns; and limitations on the ability of our customers to pay us on a timely basis.

We believe that, based on the various standards published to date, our employees are part of the Essential Critical Infrastructure Workforce, and the work they perform is critical, essential, and life-sustaining. We will continue to actively monitor the situation and may take further actions that alter our business operations as may be required by federal, state, or local authorities or that we determine are in the best interests of our employees, customers, suppliers, and shareholders.

In addition to the extensive health and safety protocols already in place across our plants, we estimate that we are incurring less than \$1 million per quarter of incremental costs related to COVID-19 for personal protective equipment, health screenings, deep cleaning services, and facilities re-configurations. We do not anticipate that the enhanced health and safety protocols will have a material impact on the productivity of our plants.

The preparation of the Company's Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. At this time, we have not observed any material impairments of our assets or a significant change in the fair value of assets due to the COVID-19 pandemic. However, due to the factors discussed above, we are unable to determine or predict the overall impact the COVID-19 pandemic will have on our business, results of operations, liquidity, or capital resources.

Market Outlook

- Within our Construction Products segment, we have experienced better than anticipated construction demand since the outbreak of the COVID-19 pandemic as construction activity in Texas has remained resilient, when seasonal weather conditions have been normal, and other states have reopened for business. However, we did experience a softening of demand for our specialty materials and shoring products businesses during 2020 following the outbreak. Our shoring products business and lightweight aggregates business within specialty materials have recovered to pre-pandemic demand levels in 2021, while other areas of specialty materials have shown signs of improvement. The outlook for public and private construction activity has improved as expectations for U.S. economic growth have increased following the roll-out of vaccines and associated re-opening of the economy, but the environment continues to be uncertain.
- Within our Engineered Structures segment, our backlog as of June 30, 2021 provides a healthy level of production visibility for the remainder of 2021, but at a lower level than at the same period last year. Our customers remain committed to taking delivery of these orders. In utility structures, order and inquiry activity remains strong, as customers remain focused on grid hardening and reliability initiatives. We continue to actively work with our wind tower customers on new order inquiries; however, we expect a lower level of wind tower production in 2021 as the wind industry continues to transition from 100% Production Tax Credit ("PTC") support. In 2021, we will benefit from a full-year of revenues from the newly acquired traffic and telecom structures businesses, where demand conditions are favorable. Order and inquiry activity in the storage tank business is very strong, after taking a pause initially at the onset of COVID-19, as certain customers deferred new tank installations.
- Within our Transportation Products segment, our backlog for inland barges as of June 30, 2021 is 60% lower than the backlog level at first quarter 2020 during the onset of the pandemic and provides a low base level of production visibility into 2022. Our customers remain committed to taking delivery of these orders. Barge order levels fell sharply in the second and third quarters of 2020 as our customers' barge utilization rates declined from the COVID-19 related economic slowdown and have remained low through the second quarter of 2021. Lower demand for refined products, including gasoline and jet fuel, and low, but increasing, oil prices negatively impacted order quantities for liquid barges in 2020 and inquiries remain very low thus far in 2021. Conversely, the underlying fundamentals for a dry barge replacement cycle remain in place, evidenced by strong order levels in the fourth quarter of 2020 at a level consistent with pre-pandemic demand. However, a sharp and sustained increase in steel prices since the end of 2020 has negatively impacted 2021 order levels and the near-term outlook for dry barge demand. We have reduced our capacity in all three barge operating plants to align with lower production levels into 2022 and will idle our Madisonville, Louisiana facility in the third quarter to further reduce our cost structure. We continue to remain flexible to allow time for fundamentals to recover. Demand for steel components, which was softening pre-COVID-19 due to a weakening North American rail transportation market, remains depressed but is showing early signs of recovery as the outlook for the new railcar market is improving.

Executive Overview

Recent Developments

In August 2021, we completed the stock acquisition of Southwest Rock Products, LLC and affiliated entities (collectively "Southwest Rock"), which will be included in our Construction Products segment for a total purchase price of approximately \$150 million. The acquisition will be recorded as a business combination and was funded with cash on hand and \$100.0 million of borrowings under our revolving credit facility.

In April 2021, we completed the stock acquisition of StonePoint Ultimate Holding, LLC and affiliated entities (collectively "StonePoint"), a top 25 U.S. construction aggregates company, which is included in our Construction Products segment for a total purchase price of approximately \$374.8 million. The acquisition was recorded as a business combination and was funded with proceeds from a private offering of \$400.0 million of 4.375% senior unsecured notes that closed on April 6, 2021.

Financial Operations and Highlights

- Revenues for the three months ended June 30, 2021 increased by 3.3% to \$515.1 million as increased revenue in Construction Product and Engineered Structures were largely offset by decreased volumes in Transportation Products. Revenues for the six months ended June 30, 2021 decreased by 3.2% to \$955.5 million compared to the same period in 2020, primarily due to lower volumes in Transportation Products, partially offset by increased volumes in Construction Products.
- Operating profit for the three and six months ended June 30, 2021 totaled \$31.3 million and \$54.2 million, respectively, representing a decrease of \$16.5 million and \$38.7 million, respectively, from the same periods in 2020, primarily driven by additional costs from acquired businesses in Construction Products and Engineered Structures and lower volumes in Transportation Products.
- Selling, general, and administrative expenses increased by 23.2% and 16.2%, respectively, for the three and six months ended June 30, 2021 when compared to the prior year periods largely due to increased acquisition-related expenses, including \$7.5 million in corporate costs for the six months ended June 30, 2021, and additional costs from acquired businesses. As a

Unsatisfied Performance Obligations (Backlog)

	June 30, 2021	December 31, 2020	June 30, 2020
	(in millions)		
Engineered Structures:			
Utility, wind, and related structures	\$ 348.5	\$ 334.0	\$ 352.2
Storage tanks	30.3	15.6	15.5
Transportation Products:			
Inland barges	\$ 139.4	\$ 175.5	\$ 258.7

Approximately 93% of the unsatisfied performance obligations for our utility, wind, and related structures in our Engineered Structures segment are expected to be delivered during 2021, with the remainder expected to be delivered during 2022. All of the unsatisfied performance obligations for our storage tanks business in our Engineered Structures segment are expected to be delivered during 2021. Approximately 66% of unsatisfied performance obligations for inland barges in our Transportation Products segment are expected to be delivered during 2021, with the remainder expected to be delivered during 2022.

Overall Summary

Revenues

	Three Months Ended June 30,				Six Months Ended June 30,							
	2021		2020		2021		2020					
	(in millions)		Percent Change		(in millions)		Percent Change					
Construction Products	\$	204.5	\$	148.2	38.0	%	\$	357.7	\$	297.6	20.2	%
Engineered Structures		242.5		222.8	8.8			449.5		446.0	0.8	
Transportation Products		68.2		128.2	(46.8)			148.4		245.2	(39.5)	
Segment Totals before Eliminations		515.2		499.2	3.2			955.6		988.8	(3.4)	
Eliminations		(0.1)		(0.7)				(0.1)		(2.1)		
Consolidated Total	\$	515.1	\$	498.5	3.3		\$	955.5	\$	986.7	(3.2)	

2021 versus 2020

- Revenues for the three months ended June 30, 2021 increased by 3.3%. Revenues for the six months ended June 30, 2021 decreased by 3.2%.
- Revenues from Construction Products increased primarily due to higher natural and recycled aggregates volumes from acquired businesses as well as in our legacy natural aggregates business.
- Revenues from Engineered Structures increased primarily due to increased pricing in all product lines driven by higher steel prices, higher volumes in utility structures and storage tanks, and a one-time resolution of a customer dispute from 2019 in our wind towers business.
- Revenues from Transportation Products decreased primarily due to lower volumes in inland barge and steel components.

Operating Costs

	Three Months Ended June 30,				Six Months Ended June 30,							
	2021		2020		2021		2020					
	(in millions)		Percent Change		(in millions)		Percent Change					
Construction Products	\$	186.6	\$	123.9	50.6	%	\$	324.0	\$	256.5	26.3	%
Engineered Structures		213.4		201.9	5.7			402.9		400.2	0.7	
Transportation Products		66.9		112.3	(40.4)			143.0		215.0	(33.5)	
Segment Totals before Eliminations and Corporate Expenses		466.9		438.1	6.6			869.9		871.7	(0.2)	
Corporate		17.0		13.3	27.8			31.5		24.2	30.2	
Eliminations		(0.1)		(0.7)				(0.1)		(2.1)		
Consolidated Total	\$	483.8	\$	450.7	7.3		\$	901.3	\$	893.8	0.8	

2021 versus 2020

- Operating costs for the three and six months ended June 30, 2021 increased by 7.3% and 0.8%, respectively.
- Cost of revenues for Construction Products increased primarily due to higher volumes from the acquired StonePoint business, including \$4.7 million for the cost impact of the fair market value write-up of acquired inventory.
- Cost of revenues for Engineered Structures increased primarily due to higher volumes in our utilities structures, storage tanks, and other recently acquired businesses.
- Cost of revenues for Transportation Products decreased primarily due to lower volumes in all product lines.
- As a percentage of revenues, selling, general, and administrative expenses, including Corporate expenses, increased to 12.9% for the three and six months ended June 30, 2021, compared to 10.8% and 10.7%, respectively, for the same periods in 2020. The increase is largely due to higher acquisition-related transaction and integration costs in corporate and additional costs from acquired businesses.

Operating Profit (Loss)

	Three Months Ended June 30,				Six Months Ended June 30,						
	2021		2020		2021		2020				
	(in millions)		Percent Change		(in millions)		Percent Change				
Construction Products	\$	17.9	\$	24.3	(26.3)	\$	33.7	\$	41.1	(18.0)	%
Engineered Structures		29.1		20.9	39.2		46.6		45.8	1.7	
Transportation Products		1.3		15.9	(91.8)		5.4		30.2	(82.1)	
Segment Totals before Corporate Expenses		48.3		61.1	(20.9)		85.7		117.1	(26.8)	
Corporate		(17.0)		(13.3)	27.8		(31.5)		(24.2)	30.2	
Consolidated Total	\$	31.3	\$	47.8	(34.5)	\$	54.2	\$	92.9	(41.7)	

2021 versus 2020

- Operating profit for the three and six months ended June 30, 2021 decreased by 34.5% and 41.7%, respectively.
- Operating profit in Construction Products decreased primarily due additional costs from acquired StonePoint business and the impact of adverse weather conditions in the first half of the year.
- Operating profit in Engineered Structures increased primarily due to improved margins in our storage tank business and a one-time resolution of a customer dispute from 2019 in our wind towers business.
- Operating profit in Transportation Products decreased primarily due to lower volumes in all product lines.

For a further discussion of revenues, costs, and the operating results of individual segments, see *Segment Discussion* below.

Other Income and Expense

Other, net (income) expense consists of the following items:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(in millions)			
Interest income	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ (0.3)
Foreign currency exchange transactions	(0.1)	0.2	0.5	0.2
Other	(0.1)	(0.2)	(0.2)	(0.2)
Other, net (income) expense	<u>\$ (0.3)</u>	<u>\$ (0.1)</u>	<u>\$ 0.2</u>	<u>\$ (0.3)</u>

Income Taxes

The provision for income taxes results in effective tax rates that differ from the statutory rates. The Company's effective tax rate for the three and six months ended June 30, 2021 was 16.8% and 19.0%, respectively, compared to 26.2% and 25.5%, respectively, for the same periods in 2020. The decrease in the tax rates for the three and six months ended June 30, 2021 is primarily due to decreased state taxes and increased compensation-related deductions.

Our effective tax rate reflects the Company's estimate for its state income tax expense, excess tax benefits related to equity compensation, and the impact of foreign tax benefits. See Note 10 of the Notes to Consolidated Financial Statements for further discussion of income taxes.

In response to the COVID-19 pandemic, on March 27, 2020 the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which includes certain tax relief and benefits that may impact the Company. Approximately \$15 million of federal and state income tax payments deferred during the first half of 2020 were paid during the third quarter of 2020. As of June 30, 2021, the Company has deferred \$9.7 million in payroll-related taxes in accordance with the provisions of the CARES Act. We expect to pay \$4.9 million during the year ending December 31, 2021, with the remainder to be paid during 2022.

Segment Discussion

Construction Products

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Percent	2021	2020	Percent
	(\$ in millions)		Change	(\$ in millions)		Change
Revenues:						
Aggregates and specialty materials	\$ 181.5	\$ 132.1	37.4 %	\$ 316.8	\$ 264.2	19.9 %
Other	23.0	16.1	42.9	40.9	33.4	22.5
Total revenues	204.5	148.2	38.0	357.7	297.6	20.2
Operating costs:						
Cost of revenues	162.7	107.1	51.9	281.6	222.1	26.8
Selling, general, and administrative expenses	23.9	16.8	42.3	42.4	34.4	23.3
Operating profit	\$ 17.9	\$ 24.3	(26.3)	\$ 33.7	\$ 41.1	(18.0)
Depreciation, depletion, and amortization ⁽¹⁾	\$ 22.5	\$ 13.9	61.9	\$ 39.6	\$ 27.7	43.0

⁽¹⁾ Depreciation, depletion, and amortization are components of operating profit.

Three Months Ended June 30, 2021 versus Three Months Ended June 30, 2020

- Revenues increased 38.0% primarily driven by the acquisition of StonePoint, which increased segment revenues by approximately 25%. Demand was generally stronger across our natural and recycled aggregates businesses serving construction end markets, but higher than normal adverse weather days during the quarter impacted sales volumes, especially operations in Texas and other areas along the Gulf Coast. Revenues from our specialty materials businesses increased due to strong volumes in our lightweight aggregates business and other product lines serving building products end markets, offset by continued pockets of suppressed demand from COVID-related challenges in certain other product lines. Revenues from our trench shoring business increased 42.9% as volumes have recovered to pre-pandemic levels.
- Cost of revenues increased 51.9% due to higher volumes from the acquired StonePoint business, including \$4.7 million for the cost impact of the fair market value write-up of acquired inventory. As a percent of revenues, cost of revenues increased to 79.6% compared to 72.3% due to reduced production from abnormally high adverse weather days, higher fuel prices, and other inflationary-related increases.
- Selling, general, and administrative costs increased due to additional costs from acquired businesses. Selling, general, and administrative costs in the legacy businesses were slightly lower than the previous period as a percent of revenues.
- Operating profit decreased 26.3% due to amortization of the fair value write-up of inventory from the acquisition of StonePoint and lower revenues and cost absorption from a higher number of adverse weather days, partially offset by improvement in our specialty materials and shoring products businesses. We estimate the reduction in operating profit from the adverse weather was \$3-4 million during the quarter.
- Depreciation, depletion, and amortization expense increased primarily due to the acquired StonePoint business.

Six Months Ended June 30, 2021 versus Six Months Ended June 30, 2020

- Revenues increased 20.2% compared to last year primarily driven by the acquisition of StonePoint, which increased segment revenues by approximately 10%. The additional increase in revenue was partially driven by continued demand improvement for construction aggregates despite numerous weather-related challenges in the first half of the year, partially offset by reduced volumes in plants serving oil and gas markets. Revenues from our trench shoring business increased 22.5% due to a continued recovery in demand following the outbreak of the pandemic.
- Cost of revenues increased 26.8% primarily due to higher volumes from the acquired StonePoint business, including \$4.7 million for the cost impact of the fair market value write-up of acquired inventory. As a percent of revenues, cost of revenues excluding depreciation, depletion, and amortization expense increased slightly year over year due to higher fuel prices and other inflationary-related increases.
- Selling, general, and administrative costs increased due to additional costs from acquired businesses.
- Operating profit decreased 18.0% due to amortization of the fair value write-up of inventory from the acquisition of StonePoint, the impact of Winter Storm Uri in the first quarter, and abnormally high adverse weather days in the second quarter.
- Depreciation, depletion, and amortization expense increased primarily due to recently acquired businesses.

Engineered Structures

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Percent	2021	2020	Percent
	(\$ in millions)		Change	(\$ in millions)		Change
Revenues:						
Utility, wind, and related structures	\$ 191.6	\$ 176.9	8.3 %	\$ 355.6	\$ 353.3	0.7 %
Storage tanks	50.9	45.9	10.9	93.9	92.7	1.3
Total revenues	242.5	222.8	8.8	449.5	446.0	0.8
Operating costs:						
Cost of revenues	193.4	183.7	5.3	364.5	364.7	(0.1)
Selling, general, and administrative expenses	20.0	18.2	9.9	38.4	35.5	8.2
Operating profit	\$ 29.1	\$ 20.9	39.2	\$ 46.6	\$ 45.8	1.7
Depreciation and amortization ⁽¹⁾	\$ 8.4	\$ 8.1	3.7	\$ 16.8	\$ 15.5	8.4

⁽¹⁾ Depreciation and amortization are components of operating profit.

Three Months Ended June 30, 2021 versus Three Months Ended June 30, 2020

- Revenues increased 8.8% due to increased pricing across all product lines driven by higher steel prices and higher volumes in utility structures, storage tanks, and acquired traffic and telecom structures businesses. During the quarter, we recognized \$7.7 million of revenue related to a one-time resolution of a customer dispute from 2019 in our wind towers business. The associated towers were removed from backlog in 2020 and we continue to have a good commercial relationship with this customer.
- Cost of revenues increased 5.3% driven by higher volumes in our utility structures business, acquired traffic and telecom structures businesses, and increased steel prices.
- Selling, general, and administrative costs increased 9.9% primarily due to additional costs from acquired businesses.
- Operating profit increased 39.2% primarily due to improved margins in our storage tank business and a one-time resolution of a customer dispute in our wind towers business.

Six Months Ended June 30, 2021 versus Six Months Ended June 30, 2020

- Revenues were substantially unchanged as a one-time resolution of a customer dispute in the second quarter and increased volumes in utility structures, storage tank, and acquired traffic and telecom structures businesses were offset by lower wind tower volumes, partially due to the temporary idling of a facility earlier in the year.
- Cost of revenues were flat as increased volumes in utility structures, storage tank, and acquired traffic and telecom structures businesses were offset by lower wind tower volumes. Cost of revenues also decreased due to a gain of \$3.9 million recognized on the sale of a non-operating facility in the first quarter.
- Selling, general, and administrative costs increased 8.2% primarily due to additional costs from acquired businesses.
- Operating profit increased 1.7% primarily due to improved margins in our storage tank business, a one-time resolution of a customer dispute, and the gain on the sale of a non-operating facility. This increase was partially offset by Winter Storm Uri that impacted production in our Texas and Oklahoma plants for approximately one week in the first quarter and the temporary idling of a wind tower facility earlier in the year.

Unsatisfied Performance Obligations (Backlog)

As of June 30, 2021, the backlog for utility, wind, and related structures was \$348.5 million, compared to \$334.0 million and \$352.2 million as of December 31, 2020 and June 30, 2020, respectively, approximately 93% of which is expected to be delivered during the year ending December 31, 2021 with the remainder expected to be delivered in 2022. Future wind tower orders are subject to uncertainty as PTC eligibility for new wind farm projects is currently in a phase-out period that extends until 2025. Pricing of orders and individual order quantities reflect a market transitioning from PTC incentives. As of June 30, 2021, the backlog for our storage tank business was \$30.3 million, all of which is expected to be delivered during the year ending December 31, 2021.

Transportation Products

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Percent	2021	2020	Percent
	(\$ in millions)		Change	(\$ in millions)		Change
Revenues:						
Inland barges	\$ 49.0	\$ 107.0	(54.2)%	\$ 106.9	\$ 196.0	(45.5)%
Steel components	19.2	21.2	(9.4)	41.5	49.2	(15.7)
Total revenues	68.2	128.2	(46.8)	148.4	245.2	(39.5)
Operating costs:						
Cost of revenues	61.4	106.7	(42.5)	132.5	203.4	(34.9)
Selling, general, and administrative expenses	5.5	5.6	(1.8)	10.5	11.6	(9.5)
Operating profit	\$ 1.3	\$ 15.9	(91.8)	\$ 5.4	\$ 30.2	(82.1)
Depreciation and amortization ⁽¹⁾	\$ 4.5	\$ 4.7	(4.3)	\$ 9.1	\$ 9.1	—

⁽¹⁾ Depreciation and amortization are components of operating profit.

Three Months Ended June 30, 2021 versus Three Months Ended June 30, 2020

- Revenues decreased 46.8%. Revenues from inland barges decreased 54.2% due to lower hopper and tank barge deliveries as demand has weakened from the COVID-19 pandemic and increased steel prices. Steel component revenues decreased 9.4% due to decreased deliveries and lower contractual pricing as the North American railcar market remains depressed.
- Cost of revenues decreased 42.5% driven by lower volumes in all product lines.
- Selling, general, and administrative costs were substantially unchanged.
- Operating profit decreased by 91.8% due to lower volumes and declines in operational efficiencies from reduced capacity utilization.

Six Months Ended June 30, 2021 versus Six Months Ended June 30, 2020

- Revenues decreased 39.5%. Revenues from inland barges decreased 45.5% due to lower hopper and tank barge deliveries as demand has weakened from the COVID-19 pandemic and increased steel prices. Steel component revenues decreased 15.7% due to decreased deliveries and lower contractual pricing as the North American railcar market remains depressed.
- Cost of revenues decreased 34.9% driven by lower volumes in all product lines.
- Selling, general, and administrative costs decreased 9.5% due to lower compensation costs.
- Operating profit decreased 82.1% due to lower volumes and declines in operational efficiencies from reduced capacity utilization.

Unsatisfied Performance Obligations (Backlog)

As of June 30, 2021, the backlog for inland barges was \$139.4 million, compared to \$175.5 million and \$258.7 million as of December 31, 2020 and June 30, 2020, respectively. Approximately 66% of unsatisfied performance obligations for inland barges are expected to be delivered during the year ending December 31, 2021 with the remainder expected to be delivered in 2022.

Corporate

	Three Months Ended June 30,			Six Months Ended June 30,		
	2021	2020	Percent	2021	2020	Percent
	(in millions)		Change	(in millions)		Change
Corporate overhead costs	\$ 17.0	\$ 13.3	27.8 %	\$ 31.5	\$ 24.2	30.2 %

2021 versus 2020

- Corporate overhead costs increased 27.8% and 30.2% for the three and six months ended June 30, 2021, respectively. The increase primarily related to higher acquisition-related transaction and integration costs of \$5.8 million and \$7.5 million for the three and six months ended June 30, 2021, respectively, compared to \$0.7 million and \$1.6 million for the same periods in 2020.
- We estimate full-year corporate costs of approximately \$13-14 million per quarter, excluding non-recurring acquisition and integration expenses, for the remainder of 2021. Acquisition and related integration costs are expected to be approximately \$2 million in each of the third and fourth quarters of 2021.

Liquidity and Capital Resources

Arcosa's primary liquidity requirement consists of funding our business operations, including capital expenditures, working capital investment, and disciplined acquisitions. Our primary sources of liquidity include cash flow from operations, our existing cash balance, availability under the revolving credit facility, and, as necessary, the issuance of additional long-term debt or equity. To the extent we have available liquidity, we may also consider undertaking new capital investment projects, executing additional strategic acquisitions, returning capital to stockholders, or funding other general corporate purposes.

Cash Flows

The following table summarizes our cash flows from operating, investing, and financing activities for the six months ended June 30, 2021 and 2020:

	Six Months Ended June 30,	
	2021	2020
	(in millions)	
Total cash provided by (required by):		
Operating activities	\$ 51.1	\$ 120.3
Investing activities	(419.1)	(350.5)
Financing activities	372.5	138.2
Net increase (decrease) in cash and cash equivalents	\$ 4.5	\$ (92.0)

Operating Activities. Net cash provided by operating activities for the six months ended June 30, 2021 was \$51.1 million compared to \$120.3 million for the six months ended June 30, 2020.

- The changes in current assets and liabilities resulted in a net use of cash of \$52.3 million for the six months ended June 30, 2021 compared to a net use of cash of \$6.9 million for the six months ended June 30, 2020. The current year activity was primarily driven by increased receivables and inventories.

Investing Activities. Net cash required by investing activities for the six months ended June 30, 2021 was \$419.1 million compared to \$350.5 million for the six months ended June 30, 2020.

- Capital expenditures for the six months ended June 30, 2021 were \$41.5 million compared to \$43.6 million for the same period last year. Full-year capital expenditures are expected to be approximately \$110 to \$120 million in 2021. We expect maintenance capital expenditures of approximately \$90 million and capital expenditures related to additional growth to be \$20 to \$30 million in 2021.
- Proceeds from the sale of property, plant, and equipment and other assets totaled \$11.1 million for the six months ended June 30, 2021, compared to \$7.0 million for the same period in 2020.
- Cash paid for acquisitions, net of cash acquired, was \$388.7 million for the six months ended June 30, 2021 compared to cash paid for acquisitions, net of cash acquired, of \$313.9 million for the same period in 2020. There was no divestiture activity for the six months ended June 30, 2021 and 2020.

Financing Activities. Net cash provided by financing activities during the six months ended June 30, 2021 was \$372.5 million compared to net cash provided by financing activities of \$138.2 million for the same period in 2020.

- Current year to date activity primarily related to net proceeds from the issuance of the \$400 million Senior Notes. Prior year to date activity was primarily related to proceeds from the issuance of the \$150 million term loan.

Other Investing and Financing Activities

Revolving Credit Facility and Senior Notes

On January 2, 2020, the Company entered into an Amended and Restated Credit Agreement to increase the revolving credit facility to \$500.0 million and added a term loan facility of \$150.0 million, in each case with a maturity date of January 2, 2025. The entire term loan was advanced on January 2, 2020 in connection with the closing of the acquisition of Cherry. As of June 30, 2021, the term loan had a remaining balance of \$148.1 million.

As of June 30, 2021, we had \$100.0 million of outstanding loans borrowed under the revolving credit facility and there were approximately \$28.5 million of letters of credit issued, leaving \$371.5 million available for borrowing. On August 4, 2021, we borrowed an additional \$100.0 million under our revolving credit facility to fund the acquisition of Southwest Rock.

The interest rates under the revolving credit facility and term loan are variable based on LIBOR or an alternate base rate plus a margin. A commitment fee accrues on the average daily unused portion of the revolving facility. The margin for borrowing and commitment fee rate are determined based on Arcosa's leverage as measured by a consolidated total indebtedness to consolidated EBITDA ratio. The margin for borrowing ranges from 1.25% to 2.00% and was set at LIBOR plus 1.25% as of June 30, 2021. The commitment fee rate ranges from 0.20% to 0.35% and was set at 0.20% as of June 30, 2021.

The Company's revolving credit and term loan facilities require the maintenance of certain ratios related to leverage and interest coverage. As of June 30, 2021, we were in compliance with all such financial covenants. Borrowings under the credit agreement are guaranteed by certain wholly-owned subsidiaries of the Company.

In order to increase liquidity in anticipation of the acquisition of StonePoint the Company entered into an unsecured 364-Day Credit Agreement on March 26, 2021 providing for a revolving line of credit of \$150.0 million, with an outside maturity date of March 25, 2022, with pricing, covenants, and guarantees substantially similar to the Company's existing revolving credit and term loan facilities. Per the terms of the facility, it terminated on April 6, 2021 upon the closing of the Company's private offering of \$400 million in senior notes.

On April 6, 2021, the Company issued \$400.0 million aggregate principal amount of 4.375% senior notes (the "Notes") that mature in April 2029. Interest on the Notes is payable semiannually commencing October 2021. The Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by each of the Company's domestic subsidiaries that is a guarantor under our revolving credit and term loan facilities.

We believe, based on our current business plans, that our existing cash, available liquidity, and cash flow from operations will be sufficient to fund necessary capital expenditures and operating cash requirements for the foreseeable future. The Company further believes that its financial resources will allow it to manage the anticipated impact of COVID-19 on the Company's business operations for the foreseeable future. The macroeconomic uncertainties posed by COVID-19 are evolving. Consequently, the Company will continue to evaluate its financial position in light of future developments, particularly those relating to COVID-19.

Dividends and Repurchase Program

In May 2021, the Company declared a quarterly cash dividend of \$0.05 per share that was paid on July 31, 2021.

In December 2020, the Company's Board of Directors authorized a new \$50 million share repurchase program effective January 1, 2021 through December 31, 2022 to replace a program of the same amount that expired on December 31, 2020. Under the program, the Company repurchased 71,712 shares at a cost of \$4.4 million during the six months ended June 30, 2021. As of June 30, 2021, the Company had a remaining authorization of \$45.6 million under the program. See Note 1 of the Notes to the Consolidated Financial Statements.

Derivative Instruments

In December 2018, the Company entered into an interest rate swap instrument, effective as of January 2, 2019 and expiring in 2023, to reduce the effect of changes in the variable interest rates associated with borrowings under the Amended and Restated Credit Agreement. The instrument carried an initial notional amount of \$100.0 million, thereby hedging the first \$100.0 million of borrowings. The instrument effectively fixes the LIBOR component of the borrowings at a monthly rate of 2.71%. As of June 30, 2021, the Company has recorded a liability of \$5.5 million for the fair value of the instrument, all of which is recorded in accumulated other comprehensive loss. See Note 3 and Note 7 of the Notes to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements

As of June 30, 2021, we had letters of credit issued under our revolving credit facility in an aggregate principal amount of \$28.5 million, of which \$23.6 million are expected to expire in 2021, with the remainder in 2022. The majority of our letters of credit obligations support the Company's various insurance programs and generally renew by their terms each year. See Note 7 of the Notes to the Consolidated Financial Statements.

Recent Accounting Pronouncements

See Note 1 of the Notes to the Consolidated Financial Statements for information about recent accounting pronouncements.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not historical facts are forward-looking statements and involve risks and uncertainties. These forward-looking statements include expectations, beliefs, plans, objectives, future financial performances, estimates, projections, goals, and forecasts. Arcosa uses the words “anticipates,” “assumes,” “believes,” “estimates,” “expects,” “intends,” “forecasts,” “may,” “will,” “should,” and similar expressions to identify these forward-looking statements. Potential factors, which could cause our actual results of operations to differ materially from those in the forward-looking statements include, among others:

- the impact of the COVID-19 pandemic on our sales, operations, supply chain, employees, and financial condition;
- market conditions and customer demand for our business products and services;
- the cyclical nature of the industries in which we compete;
- variations in weather in areas where our construction products are sold, used, or installed;
- naturally-occurring events and other events and disasters causing disruption to our manufacturing, product deliveries, and production capacity, thereby giving rise to an increase in expenses, loss of revenue, and property losses;
- competition and other competitive factors;
- our ability to identify, consummate, or integrate acquisitions of new businesses or products;
- the timing of introduction of new products;
- the timing and delivery of customer orders or a breach of customer contracts;
- the credit worthiness of customers and their access to capital;
- product price changes;
- changes in mix of products sold;
- the costs incurred to align manufacturing capacity with demand and the extent of its utilization;
- the operating leverage and efficiencies that can be achieved by our manufacturing businesses;
- availability and costs of steel, component parts, supplies, and other raw materials;
- changing technologies;
- surcharges and other fees added to fixed pricing agreements for steel, component parts, supplies and other raw materials;
- interest rates and capital costs;
- counter-party risks for financial instruments;
- long-term funding of our operations;
- taxes;
- the stability of the governments and political and business conditions in certain foreign countries, particularly Mexico;
- changes in import and export quotas and regulations;
- business conditions in emerging economies;
- costs and results of litigation;
- changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies;
- legal, regulatory, and environmental issues, including compliance of our products with mandated specifications, standards, or testing criteria and obligations to remove and replace our products following installation or to recall our products and install different products manufactured by us or our competitors;
- actions by the executive and legislative branches of the U.S. government relative to federal government budgeting, taxation policies, government expenditures, U.S. borrowing/debt ceiling limits, and trade policies, including tariffs, and border closures;
- the inability to sufficiently protect our intellectual property rights;
- the improper use of social and other digital media to disseminate false, misleading, and/or unreliable or inaccurate information about the Company or demonstrate actions that negatively reflect on the Company;
- if the Company's ESG efforts are not favorably received by stockholders;
- if the Company does not realize some or all of the benefits expected to result from the Separation, or if such benefits are delayed;
- if the distribution of shares of Arcosa resulting from the Separation, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, the Company's stockholders at the time of the distribution and the Company could be subject to significant tax liability; and
- if the Separation does not comply with state and federal fraudulent conveyance laws and legal dividend requirements.

Any forward-looking statement speaks only as of the date on which such statement is made. Arcosa undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. For a discussion of risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see Item 1A, “Risk Factors” in our 2020 Annual Report on Form 10-K and future Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

There has been no material change in our market risks since December 31, 2020 as set forth in our 2020 Annual Report on Form 10-K. See Note 9 of the Notes to Consolidated Financial Statements for the impact of foreign exchange rate fluctuations for the three and six months ended June 30, 2021.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that it is able to collect and record the information it is required to disclose in the reports it files with the Securities and Exchange Commission (“SEC”), and to process, summarize, and disclose this information within the time periods specified in the rules of the SEC. The Company’s Chief Executive and Chief Financial Officers are responsible for establishing and maintaining these procedures and, as required by the rules of the SEC, evaluating their effectiveness. Based on their evaluation of the Company’s disclosure controls and procedures that took place as of the end of the period covered by this report, the Chief Executive and Chief Financial Officers believe that these procedures are effective to 1) ensure that the Company is able to collect, process, and disclose the information it is required to disclose in the reports it files with the SEC within the required time periods and 2) accumulate and communicate this information to the Company’s management, including its Chief Executive and Chief Financial Officers, to allow timely decisions regarding this disclosure.

Changes in Internal Control over Financial Reporting

During the period covered by this report, there have been no changes in the Company’s internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

As permitted by the SEC Staff interpretive guidance for recently acquired businesses, management's assessment and conclusion on the effectiveness of the Company's disclosure controls and procedures as of June 30, 2021 excludes an assessment of the internal control over financial reporting of the StonePoint business acquired in April 2021. StonePoint represents approximately 12% of consolidated total assets and approximately 4% of consolidated revenues as of and for the six months ended June 30, 2021.

PART II

Item 1. Legal Proceedings

See Note 15 of the Consolidated Financial Statements regarding legal proceedings.

Item 1A. Risk Factors

There have been no material changes in the Company's risk factors from those set forth in our 2020 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

This table provides information with respect to purchases by the Company of shares of its common stock during the quarter ended June 30, 2021:

Period	Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
April 1, 2021 through April 30, 2021	99	\$ 59.25	—	\$ 50,000,000
May 1, 2021 through May 31, 2021	180,708	\$ 62.72	32,254	\$ 48,001,103
June 1, 2021 through June 30, 2021	39,674	\$ 60.46	39,458	\$ 45,615,698
Total	<u>220,481</u>	<u>\$ 62.31</u>	<u>71,712</u>	<u>\$ 45,615,698</u>

⁽¹⁾ These columns include the following transactions during the three months ended June 30, 2021: (i) the surrender to the Company of 148,769 shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees and (ii) the purchase of 71,712 shares of common stock on the open market as part of the stock repurchase program.

⁽²⁾ In December 2020, the Company's Board of Directors authorized a new \$50 million share repurchase program effective January 1, 2021 through December 31, 2022 to replace a program of the same amount that expired on December 31, 2020.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Form 10-Q.

Item 5. Other Information

None.

Item 6. Exhibits

NO.	DESCRIPTION
3.1	Restated Certificate of Incorporation of Arcosa, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-8 filed on October 31, 2018, File No. 333-228098).
3.2	Amended and Restated Bylaws of Arcosa, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter-ended March 31, 2020, File No. 001-38494).
4.1	Indenture, dated April 6, 2021, among Arcosa, Inc., the guarantors named therein and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 9, 2021, File No. 001-38494).
4.2	Form of 4.375% Senior Note due 2029 (included in Exhibit 4.1 and incorporated by reference to Exhibit 4.2 to our Form 8-K filed April 9, 2021, File No. 001-38494).
31.1	Rule 13a-15(e) and 15d-15(e) Certification of the Chief Executive Officer (filed herewith).
31.2	Rule 13a-15(e) and 15d-15(e) Certification of the Chief Financial Officer (filed herewith).
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
95	Mine Safety Disclosure Exhibit (filed herewith).
101.INS	Inline XBRL Instance Document (filed electronically herewith).
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed electronically herewith).
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed electronically herewith).
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed electronically herewith).
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed electronically herewith).
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed electronically herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARCOSA, INC.
Registrant

By /s/ Gail M. Peck

Gail M. Peck
Chief Financial Officer
August 5, 2021

CERTIFICATION

I, Antonio Carrillo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arcosa, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

/s/ Antonio Carrillo

Antonio Carrillo
President and Chief Executive Officer

CERTIFICATION

I, Gail M. Peck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arcosa, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2021

/s/ Gail M. Peck

Gail M. Peck
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Arcosa, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Antonio Carrillo, President and Chief Executive Officer of the Company, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company, as of, and for, the periods presented in the Report.

/s/ Antonio Carrillo

Antonio Carrillo
President and Chief Executive Officer
August 5, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Arcosa, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gail M. Peck, Chief Financial Officer of the Company, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company, as of, and for, the periods presented in the Report.

/s/ Gail M. Peck

Gail M. Peck
Chief Financial Officer
August 5, 2021

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Mine Safety Disclosures

The Company owned or operated mines during the three months ended June 30, 2021. The Financial Reform Act ("Dodd-Frank") requires us to disclose in our periodic reports filed with the SEC, specific information about each of our mines comprised of notices, violations, and orders¹ made by the Federal Mine Safety and Health Administration pursuant to the Federal Mine Safety and Health Act of 1977.

The following table is a summary of the reportable information required for our mines that operated during the three months ended June 30, 2021:

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Asa (4104399)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Belton (4101043)	2	—	—	—	—	\$ 729	—	No	No	—	—	—
Cottonwood (4104553)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Kimball Bend (4105462)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Academy (4105537)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Paradise (4103253)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Anacoco (1600543)	2	—	—	—	—	\$ 746	—	No	No	—	—	—
Indian Village (1600348)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Rye (4102547)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Pearl River (1601334)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Eaves Loop (1601589)	—	—	—	—	—	\$ 125	—	No	No	—	—	—
Moody (4105304)	—	—	—	—	—	\$ 125	—	No	No	—	—	—
Cameron 1336 (1) (4104482)	—	—	—	—	—	\$ 250	—	No	No	—	—	—
ACG Materials Bouse Junction (3401828)	—	—	—	—	—	\$ —	—	No	No	—	—	—
ACG Materials Diamond (3401660)	—	—	—	—	—	\$ —	—	No	No	—	—	—
ACG Materials Diamond North (3401977)	—	—	—	—	—	\$ —	—	No	No	—	—	—
ACG Materials Shamrock (4104758)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Adams Claim (2600668)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Harrison Gypsum #2 (3401364)	—	—	—	—	—	\$ —	—	No	No	—	—	—

¹ Significant and Substantial (S&S) citations are reported on this form. Non-S&S citations are not reported on this form but any assessments resulting from non-S&S citations are reported.

² Proposed penalty amounts are pending regarding non-S&S citation(s) issued during the reporting period.

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b) (2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Harrison Gypsum #5 (3401964)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Ludwig (2602775)	—	—	—	—	—	\$ —	—	No	No	—	—	—
ACG Ainsworth (4105117)	—	—	—	—	—	\$ 250	—	No	No	—	—	—
ACG Garrett (4105169)	1	—	—	—	—	\$ 411	—	No	No	—	—	—
ACG Mentone Pit (4105458)	—	—	—	—	—	\$ —	—	No	No	—	—	—
ACG Ft Stockton (4104943)	—	—	—	—	—	\$ —	—	No	No	—	—	—
ACG Materials Orla LLC (4104958)	—	—	—	—	—	\$ 125	—	No	No	—	—	—
ACG Stanton (4105067)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Dilley Pit (4104879)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Midkiff (4104913)	—	—	—	—	—	\$ —	—	No	No	—	—	—
McCamey Pit (4105507)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Seven Points (4104495)	—	—	—	—	—	\$ —	—	No	No	—	—	—
J A Jack & Sons (4503239)	—	—	—	—	—	\$ 271	—	No	No	—	—	—
Marianna Quarry (0801267)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Wills Point Lester (4104071)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Boulder (0504415)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Brooklyn (1200254)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Brooks (1500187)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Erwinville (1600033)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Frazier Park (0400555)	1	—	—	—	—	\$ — ³	—	No	No	—	—	—
Livingston (0100034)	—	—	—	—	—	\$ 125	—	No	No	—	—	—
Streetman (4101628)	—	—	—	—	—	\$ —	—	No	No	—	—	—

³ Proposed penalty amounts are pending regarding S&S and non-S&S citation(s) issued during the reporting period.

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b) (2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed (\$)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Kitsap (4503363)	—	—	—	—	—	\$ 2,005	—	No	No	—	—	—
Laurel Aggregates (3608891)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Winn - Clarksville (4003094)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Winn - GRQ (1519561)	—	—	—	—	—	\$ —	—	No	No	—	—	—
RB - Greenville (1500034)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Easterly (1601571)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Amite (1601578)	—	—	—	—	—	\$ — ²	—	No	No	—	—	—
Duvall (1601602)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Deridder (1601580)	—	—	—	—	—	\$ 125	—	No	No	—	—	—
JJJ (1601590)	1	—	—	—	—	\$ 824	—	No	No	—	—	—
Hattiesburg (2200823)	—	—	—	—	—	\$ — ²	—	No	No	—	—	—
Goss (2200812)	—	—	—	—	—	\$ —	—	No	No	—	—	—
Pearl River (1601506)	—	—	—	—	—	\$ —	—	No	No	—	—	—
River Agg Hwy 242 Plant (4105046)	1	—	—	—	—	\$ — ⁴	—	No	No	—	—	—
River Agg Rye Plant (4105364)	—	—	—	—	—	\$ —	—	No	No	—	—	—

² Proposed penalty amounts are pending regarding non-S&S citation(s) issued during the reporting period.

⁴ Proposed penalty amounts are pending regarding S&S citation(s) issued during the reporting period.