

# Q3 2019

## INVESTOR PRESENTATION



# MYR GROUP SAFE HARBOR STATEMENT

## Forward-Looking Statements

Various statements in this communication, including those that express a belief, expectation, or intention, as well as those that are not statements of historical fact, are forward-looking statements. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenue, income, capital spending, segment improvements and investments. Forward-looking statements are generally accompanied by words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “objective,” “outlook,” “plan,” “project,” “likely,” “unlikely,” “possible,” “potential,” “should” or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this communication speak only as of the date of this communication; we disclaim any obligation to update these statements (unless required by securities laws), and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. No forward-looking statement can be guaranteed and actual results may differ materially from those projected. Forward-looking statements in this communication should be evaluated together with the many uncertainties that affect MYR Group’s business, particularly those mentioned in the risk factors and cautionary statements in Item 1A of MYR Group’s most recent Annual Report on Form 10-K, and in any risk factors or cautionary statements contained in MYR Group’s Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.

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For **more than a century**, MYR Group's subsidiaries have served the electrical construction needs of clients. **Our reputation for excellence** in both our markets makes us a leader in the industry.

- **AMONG TOP 5**

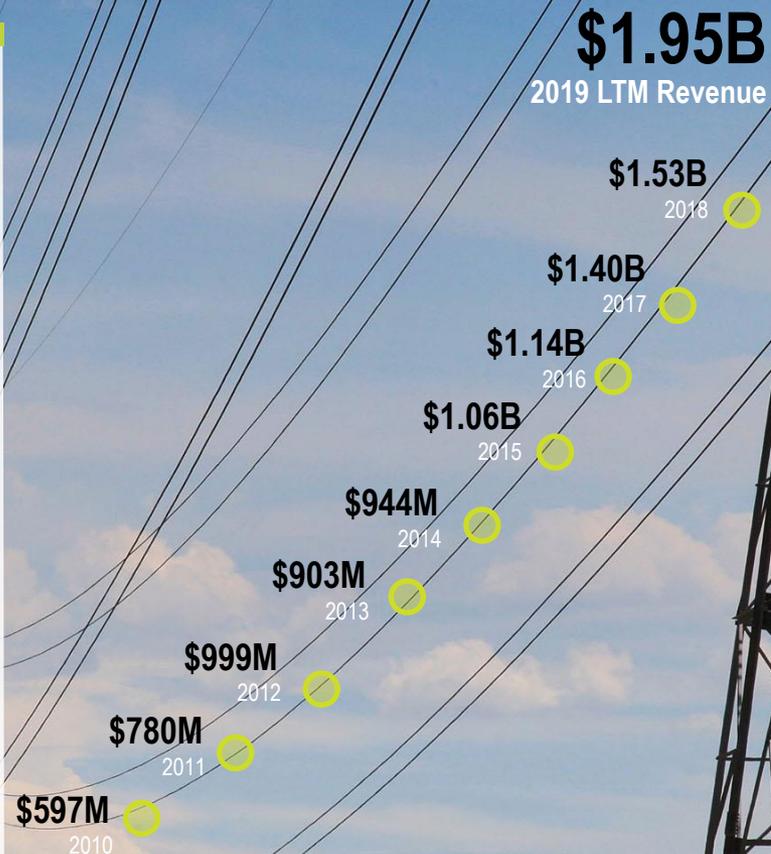
ENR U.S. Specialty Electrical Contractors for 23 years in a row

- **REPORTABLE SEGMENTS**

Commercial & Industrial (C&I)  
Transmission & Distribution (T&D)

- **RECORD REVENUES**

Reached record revenues in 2018, an increase of 9.1% over 2017



# A MARKET LEADER POSITIONED FOR GROWTH



## STRONG MARKET POSITION

- A nationwide leader in Transmission & Distribution
- Growing regional presence in Commercial and Industrial
- Broad geographic footprint with a strong presence in key growth markets
- Network of more than 7,500 highly skilled employees that have built long-standing customer relationships



## FAVORABLE INDUSTRY DYNAMICS

- Current and planned spending by utilities and transmission developers remain high
- Strength in U.S. economy is driving growth in C&I construction
- Growing need for additional transmission to deliver new generation of natural gas and renewable energy resources to load centers
- Federal and state programs for added infrastructure spending



## NUMEROUS COMPETITIVE DIFFERENTIATORS

- Superior performance on key operating metrics including:
  - Safety
  - Service / customer responsiveness
- Large, modern, centralized fleet, including extensive specialized equipment



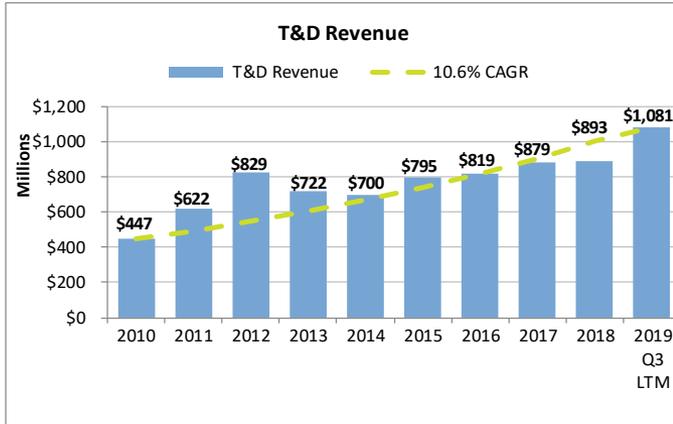
## SOLID FINANCIAL PERFORMANCE

- Growing revenues
- Backlog at all-time high
- Stable balance sheet to support growth
- Since going public in August 2008, MYR has had no loss quarters, goodwill impairment charges, or extraordinary losses



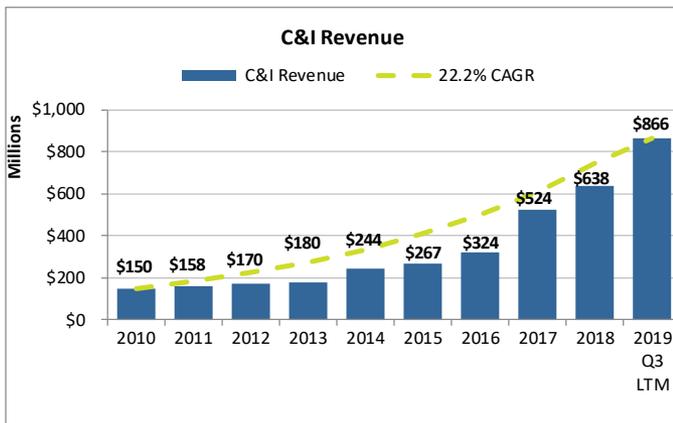
# COMPREHENSIVE NORTH AMERICAN SERVICE OFFERINGS

## Transmission & Distribution (T&D)



- Transmission up to 765kV
- Overhead Distribution
- Underground Distribution
- Foundations & Caissons
- Directional Boring
- Substation & Collector Systems
- EPC Services
- PCS / Cellular Towers
- Emergency Storm Response
- Fiber Optics
- Underground Gas Distribution

## Commercial & Industrial (C&I)



- Educational / Medical Centers
- Airports / Airfield Lighting
- Data Centers
- Bridge, Roadway, Tunnel Lighting
- Government & Office Buildings
- Building Automation & Controls
- Telecommunications
- Transportation / Traffic Signalization
- Voice, Data & Video Systems
- Industrial Facilities
- Water & Wastewater Treatment Plants
- Renovations and Major Additions
- Technical Services
- Power Plant Electrical Construction
- Energy Project Development and Installation

# FUTURE GROWTH AND VALUE CREATION OPPORTUNITIES



## ORGANIC GROWTH

Expand in new and existing markets that align with MYR Group's core capabilities

- Strategic expansion of MYR Group's geographic footprint into new markets
- Invest in additional fleet and labor resources to expand capacity
- Leverage extensive bid knowledge and long-term customer relationships

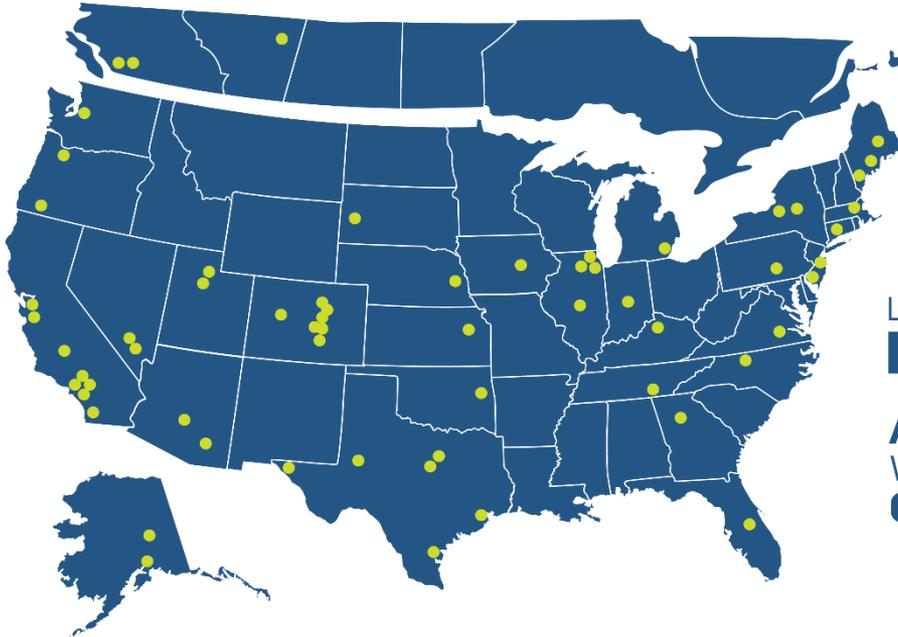


## STRATEGIC ACQUISITIONS

Continue to evaluate targeted, strategic acquisitions to expand business and hone operating expertise

- Search for and evaluate strategic opportunities that achieve long-term growth objectives and leverage our core capabilities
- Focus on acquisitions that meet clear, long-term return thresholds and are compatible with MYR Group's values and culture
- Focus on integration of processes, people, technology and equipment

# TERRITORY COVERAGE



LOCATIONS  
**IN U.S.  
AND  
WESTERN  
CANADA**

## ACQUIRED LOCATIONS

### C&I

Westbrook, ME  
Coquitlam, BC, Canada  
Vancouver, BC, Canada  
Nisku, AB, Canada  
Aurora, IL  
Broadview, IL  
Columbus, NJ  
East Syracuse, NY  
Santa Fe Springs, CA  
Palmdale, CA  
San Marcos, CA  
Santa Clarita, CA  
San Jose, CA

### T&D

Auburn, ME  
Bloomfield, CT  
Morgan, UT

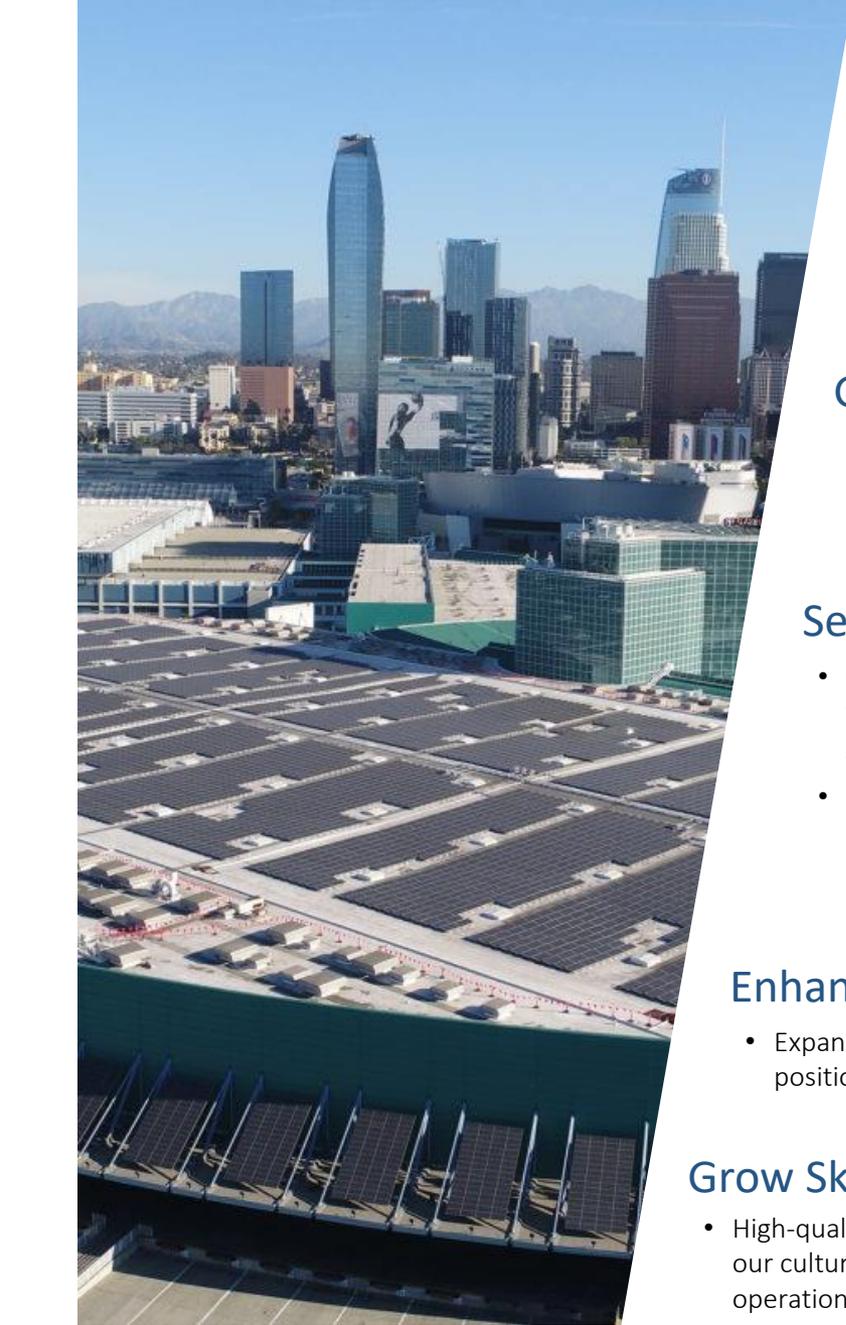
## ORGANIC GROWTH LOCATIONS

Las Vegas, NV  
Colorado Springs, CO  
Seattle, WA  
Chino, CA

Chino, CA  
Corpus Christi, TX  
Topeka, KS  
Alvarado, TX  
Mansfield, TX

## MYR Group's Strong Competitive Advantage

- Added multiple new locations in the past several years through organic growth and five acquisitions
- History of successful, quality project execution throughout our 125+ years in business
- Centrally managed fleet allows for greater leverage of resources to effectively service nationwide footprint
- Strong, established relationships and strategic alliances with a focus on being a solution-provider for our clients
- An unrivaled commitment to safety with excellent safety records, programs and culture



# July 2019 ACQUISITION

As of July 15, 2019



## Geographic Expansion

- Expanded presence in California with established offices in:
  - Santa Fe Springs, CA
  - San Marcos, CA
  - San Jose, CA
  - Palmdale, CA
  - Santa Clarita, CA

## Service Offering Expansion

- Offers a wide range of commercial and industrial electrical construction services with significant experience performing work in the solar, aerospace, healthcare, government and biomedical markets
- Significant self-perform capabilities in electrical system construction and retrofit projects, technology integration, and alternative energy projects, preconstruction services, prefabrication, telecommunications, design-build/design-assist and integrated project delivery methodologies

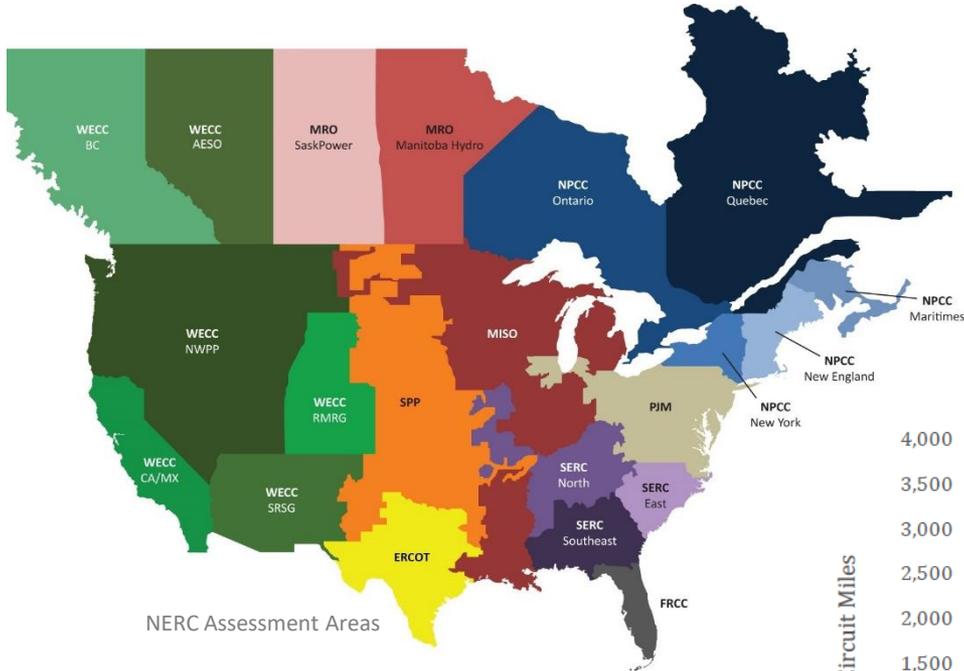
## Enhance End Market Exposure

- Expands our breadth of C&I service offerings in California and strengthens our market position in delivering cost-effective solutions to both new and existing customers

## Grow Skilled Workforce

- High-quality workforce and strong management team with decades of experience, who share our culture, values, and commitment to delivering superior service to our customers through operational experience

# T&D MARKET CONDITIONS REMAIN FAVORABLE

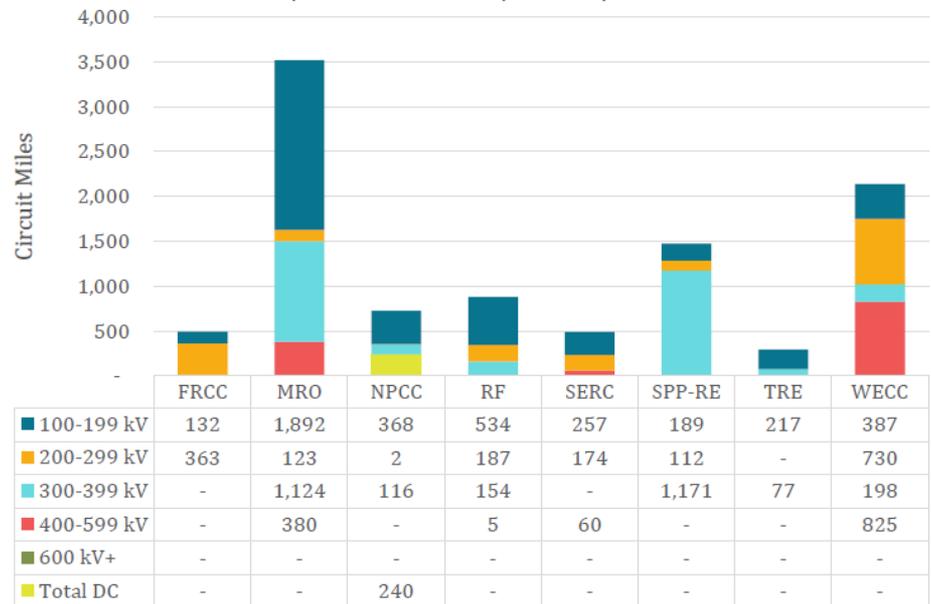


“With the project mix we anticipate going forward, which includes increased opportunities in renewable energy and storage, we are optimistic about the strong market and growth opportunities ahead.”

Rick Swartz  
President and CEO

## Miles of Planned Transmission Lines

Expected to be completed by 2020



“Planned [...] refers to projects where:

- (a) Permits have been approved
- (b) A design is complete, or
- (c) The project is necessary to meet a regulatory requirement”

Source: U.S. Department of Energy | March 2018 Transmission Data Review



# T&D MARKET CONDITIONS REMAIN FAVORABLE

## Transmission Spend Drivers

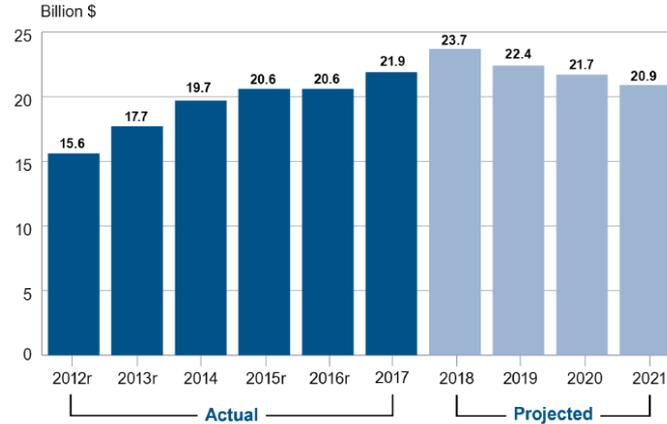
System Reliability

Aging Electric Grid

Connecting Renewables

Plant Retirements

Historical and Projected Transmission Investment (Nominal Dollars)



Source: EEI Transmission Projects: At A Glance, October 2018 (Note: r=revised)

“EEI members’ transmission investments are expected to total \$88.7 billion between 2018-2021 to make it more efficient, dynamic, and secure; and to continue to provide customers with affordable, reliable, safe, and increasingly clean energy.”

## Distribution Spend Drivers

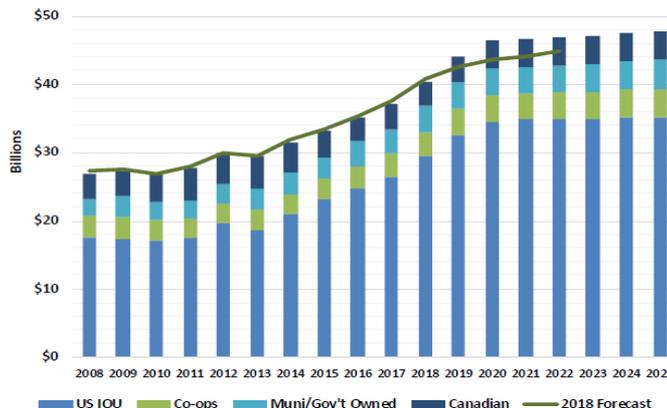
Reliability Upgrades

Aging Infrastructure

Storm Hardening

Housing Starts

U.S. and Canadian Electric Distribution Actual and Forecasted Capital Expenditures by Ownership Type



Source: The C Three Group, 2019 North American Electric Distribution Market Forecast, September 2019

“Capital expenditures came in at \$40.4 billion in 2018, a 9.3% increase from 2017. U.S. investor-owned utilities project planned spend from 2019 through at least 2023 is robust.”

# STRONG C&I MARKET

C&I's strong \$902.3MM backlog as of 9/30/2019 is driven by:



## Associated General Contractors of America

“Construction spending totaled \$1.32 trillion in February, up 1.0 percent from the January rate and a gain of 1.1 percent compared to February 2018. Private nonresidential spending slipped 0.5 percent for the month and inched up 0.1 percent from a year ago, while Residential spending climbed 0.7 percent from January to February but declined 3.4 percent year-over-year.”

Source: AGC Newsroom • April 1, 2019

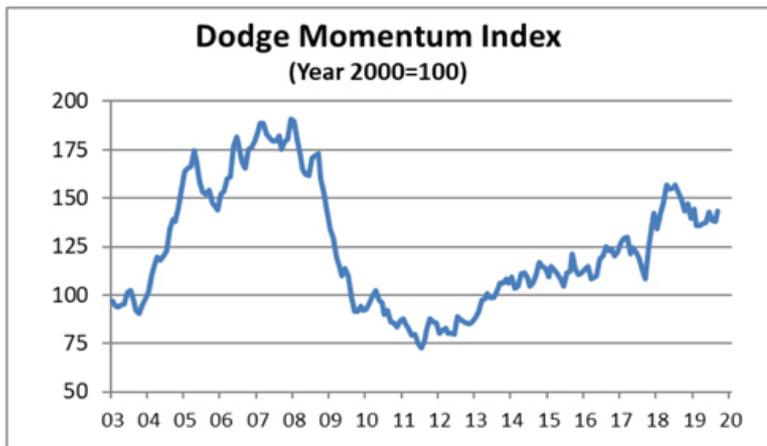
## Dodge Momentum Index – by McGraw-Hill Construction

- 12-mo. leading indicator of construction spending for nonresidential building
- 91% correlation between construction planning reports and the U.S. Commerce Department's Put in Place spending over the past 10 years

### *Dodge Momentum Index*

The Dodge Momentum Index increased to 143.6 (2000=100) in September, up 4.1% from the revised August reading of 137.9, according to Dodge Data & Analytics. The commercial component increased 8.9%, while the institutional component fell 4.8%. For the third quarter, the overall Momentum Index averaged 140.1, a scant increase of 0.7% from its average in the previous quarter.

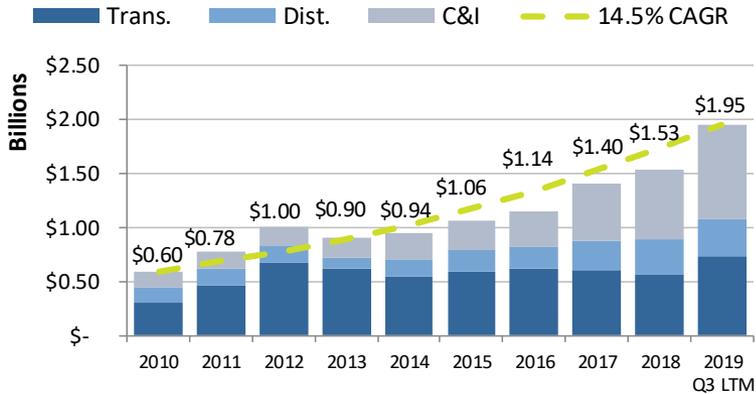
Source: McGraw Hill Construction Press Release October 7, 2019



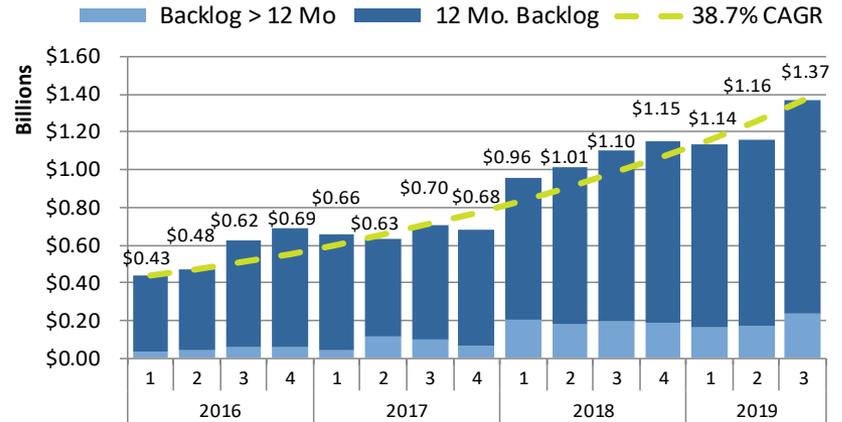


# STRONG LONG-TERM FINANCIAL PERFORMANCE

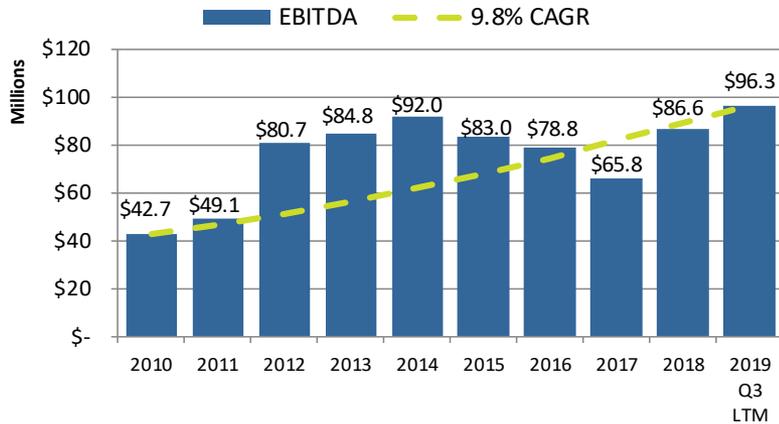
### Revenue by Work Type



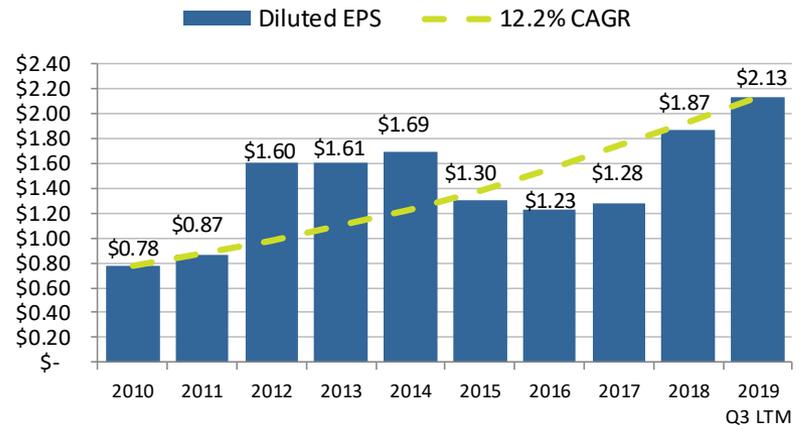
### Backlog



### EBITDA \*



### Diluted EPS - Attributable to MYR Group Inc.

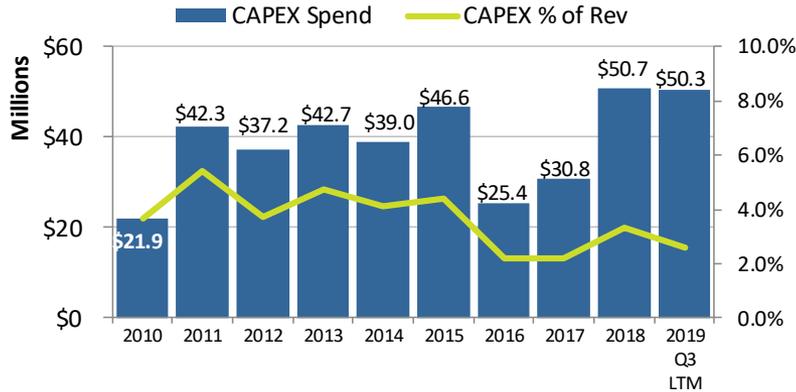


\* For reconciliation of EBITDA to net income, see page 21



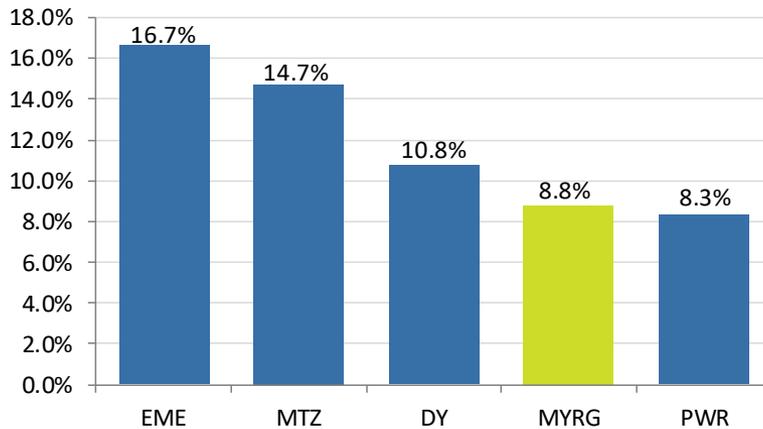
# BALANCE SHEET STRENGTH TO SUPPORT ADDITIONAL GROWTH

## CAPEX Investment



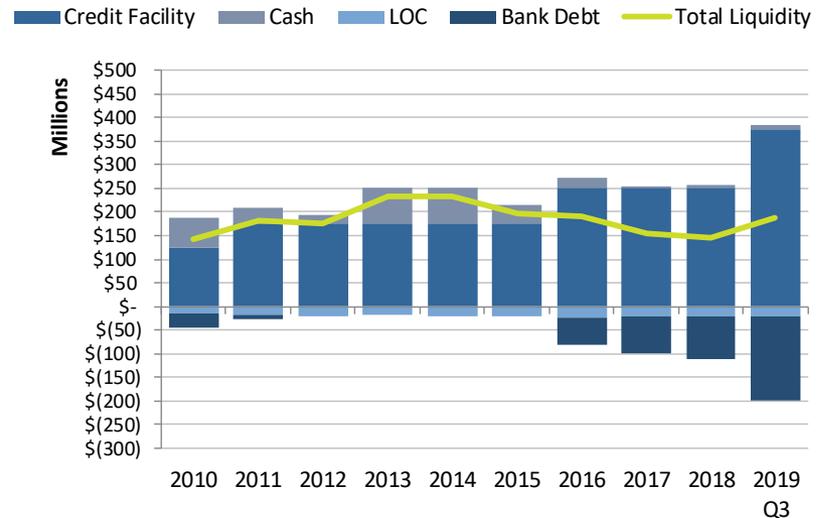
- Little off-balance-sheet leverage
- Limited goodwill
- Modest debt leverage
- Strong liquidity position – Renewed credit facility in Q3, increasing the revolver to \$375 million
- Substantial bonding capacity
- Investment in specialty equipment contributed to top-line organic growth and supports future organic growth
- Executed seven equipment notes totaling \$52.2 million, enabling us to move a portion of our variable-rate debt to fixed rates and to increase our liquidity

## 3-Year Average ROIC

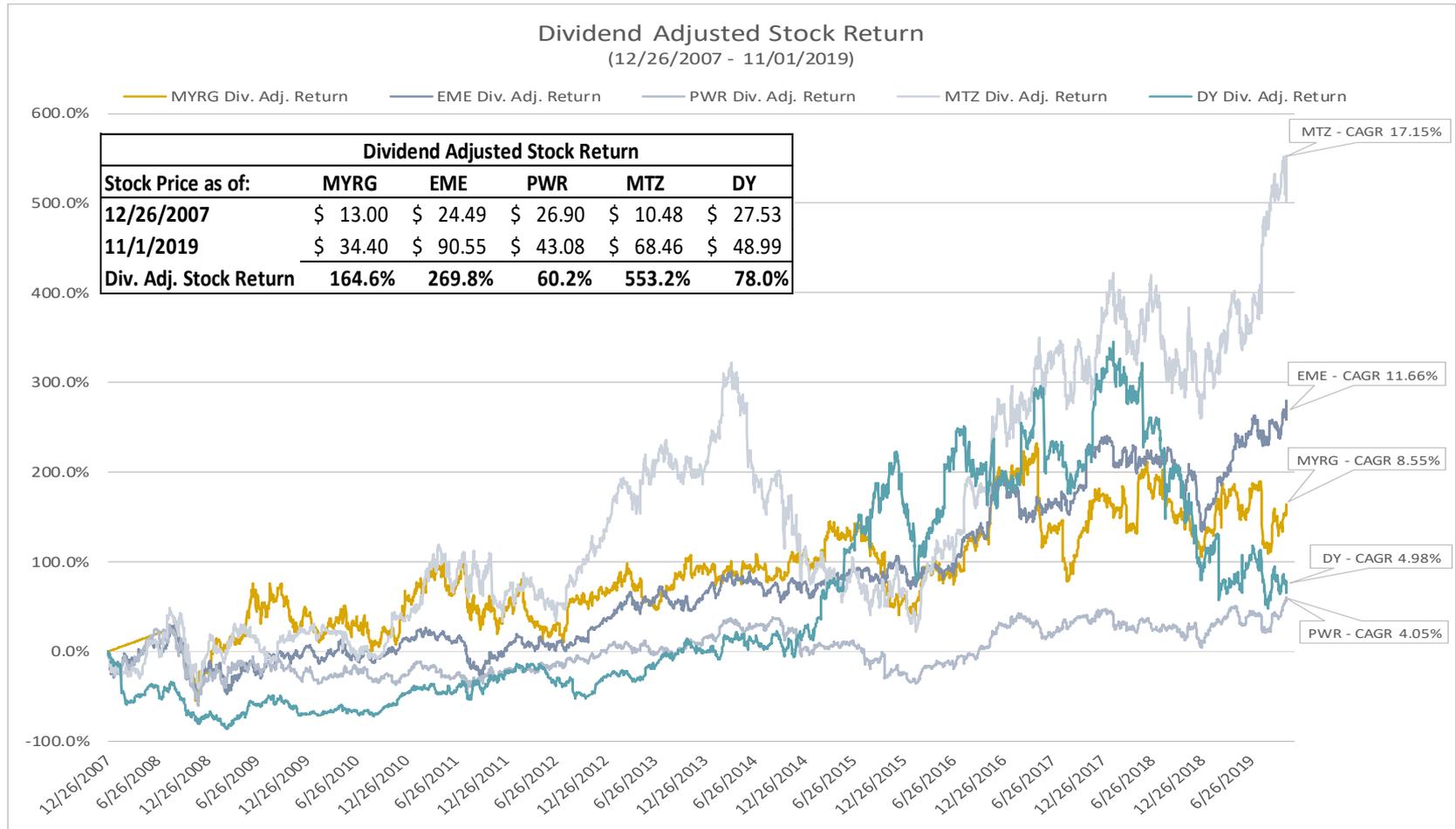


Source: S&P Capital IQ  
 3-year period is September 2017 – September 2019  
 DY period is July 2017 – July 2019

## Liquidity



# DELIVERING STRONG RETURNS



MYR closed on its 144A private placement in December 2007; approximately 17.8 million shares of stock were sold at \$13.00/share to qualified institutional buyers. MYR traded on FBR's 144A portal from that date until it went public on August 12, 2008. The trading volume in the first month of going public was approximately 5.2 million shares and the closing prices ranged from \$14.50/share to \$16.60/share.

Source: S&P Capital IQ

# INVESTMENT OUTLOOK



## Proven Strategy Execution

Solid execution of corporate strategy has solidified MYR Group's position as a market leader in large transmission line construction



## Experienced Management

Executive Management average 30 years of industry experience



## Positive Industry Outlook

Regulatory environment supports growth and market analysts expect escalated spending through year 2020



## Favorable Growth Prospects

Opportunities for organic, vertical, horizontal and geographic growth



## Strong Financial Position

Strong equity base provides capacity to add leverage for additional potential acquisitions, organic growth and share repurchases



## Centralized Fleet & Corporate Operations

Centralization allows for greater efficiency and leverage of company resources



# APPENDIX

# CORPORATE GOVERNANCE OVERVIEW



## EXPERIENCED BOARD WITH INDEPENDENT OVERSIGHT

- 7 of 9 directors are independent
- 5 of 9 directors have significant energy / utility experience
- Independent Chairman of the Board
- Audit, Compensation and Nominating / Governance committees comprised solely of independent directors
- Separate executive sessions of independent directors
- Annual Board evaluations



## STRONG CORPORATE GOVERNANCE PRACTICES

- Majority voting standard for directors in uncontested elections
- No “Poison Pill” in place
- Effective executive compensation best practices
- Majority of CEO compensation is performance based



## ACCOUNTABILITY & RESPONSIVENESS

- Board adopted majority voting for uncontested elections in December of 2015 based on input from shareholders
- Proactive investor relations outreach to ensure active, ongoing engagement

# EXPERIENCED MANAGEMENT TEAM



**RICK SWARTZ**  
Chief Executive  
Officer



**BETTY JOHNSON**  
Chief Financial  
Officer



**WILLIAM FRY**  
Chief Legal  
Officer



**TOD COOPER**  
Chief Operating  
Officer – T&D



**JEFF WANeka**  
Chief Operating  
Officer – C&I

MYR Group  
Experience

37 years

19 years

-

28 years

28 years

Industry  
Experience

37 years

30 years

21 years

30 years

35 years

- Experienced management team averages more than 22 years with MYR Group and more than 30 years in our industry
- Strong corporate culture focused on customer service and safety
- Investment in management team for the successful execution of large, multi-year projects

# SERVICE OFFERINGS



Transmission



Substation



Distribution



Traffic Signalization



Commercial



Industrial



Storm Restoration



Telecommunications



Renewables



EPC



Foundations



Smart Grid

# MYR GROUP CUSTOMER SAMPLE



# EBITDA RECONCILIATION

(\$ In Millions, Except Per Share Amounts)\*

	FY									LTM
	2010	2011	2012	2013	2014	2015	2016	2017	2018	9/30/2019
Net Income	\$ 16.1	\$ 18.3	\$ 34.3	\$ 34.8	\$ 36.5	\$ 27.3	\$ 21.4	\$ 21.2	\$ 31.3	\$ 34.3
Interest Expense, net	1.0	0.5	0.8	0.7	0.6	0.7	1.3	2.6	3.6	5.6
Provision for Income Taxes	9.3	10.8	20.4	20.1	21.4	17.0	16.9	3.5	11.8	12.6
Depreciation and Amortization	16.3	19.5	25.2	29.2	33.5	38.0	39.2	38.6	39.9	43.8
<b>EBITDA</b>	<b>\$ 42.7</b>	<b>\$ 49.1</b>	<b>\$ 80.7</b>	<b>\$ 84.8</b>	<b>\$ 92.0</b>	<b>\$ 83.0</b>	<b>\$ 78.8</b>	<b>\$ 65.8</b>	<b>\$ 86.6</b>	<b>\$ 96.3</b>
Diluted Weighted Average Shares Outstanding	20.8	21.0	21.2	21.4	21.5	21.0	17.5	16.5	16.6	16.7
EBITDA per Diluted Share	\$ 2.05	\$ 2.34	\$ 3.80	\$ 3.96	\$ 4.29	\$ 3.95	\$ 4.51	\$ 3.99	\$ 5.22	\$ 5.78
Revenue	\$ 597.1	\$ 780.4	\$ 999.0	\$ 902.7	\$ 944.0	\$ 1,061.7	\$ 1,142.5	\$ 1,403.3	\$ 1,531.2	\$ 1,946.4
EBITDA Margin	7.15%	6.29%	8.08%	9.39%	9.75%	7.82%	6.90%	4.69%	5.66%	4.95%

EBITDA is a non-GAAP financial measure that is defined as Earnings Before Income Taxes, Depreciation and Amortization.

## Note:

LTM diluted weighted average shares outstanding were determined by adding the average shares reported for the last four quarters and dividing by four.

EBITDA is not recognized under GAAP and does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity. EBITDA is a component of the debt to EBITDA covenant that we must report to our bank on a quarterly basis. In addition, management considers EBITDA a useful measure because it eliminates differences which are caused by different capital structures as well as different tax rates and depreciation schedules when comparing our measures to our peers' measures.

# FINANCIAL RATIO DEFINITIONS

$$\begin{aligned} & \text{Net Income (LTM) [A] + [Net Interest Expense * (1-Effective Tax Rate)]} \\ \div & \text{ [Book Value (Total Stockholders' Equity [B]) + Net Debt] @ beginning of LTM} \\ = & \text{ Return on Invested Capital} \end{aligned}$$

$$\begin{aligned} & \text{EBITDA (Earnings before Interest, Taxes, Depreciation, \& \text{ Amortization)} \\ \div & \text{ Revenue} \\ = & \text{ EBITDA Margin} \end{aligned}$$

[A] Net Income excludes noncontrolling interest and discontinued operations

[B] Total Stockholders' Equity excludes minority interests and discontinued operations

Three year averages are derived from calculating the return metric for each twelve month period and then averaging the three period metrics

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