

# Q1 2019

## INVESTOR PRESENTATION



MAY 2019 UPDATE | NASDAQ: MYRG

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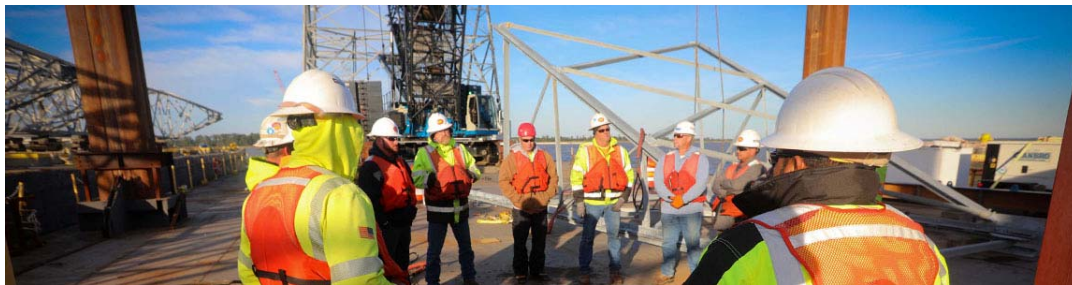
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For **more than a century**, MYR Group's subsidiaries have served the electrical construction needs of clients. **Our reputation for excellence** in both our markets makes us a leader in the industry.

- **AMONG TOP 5**

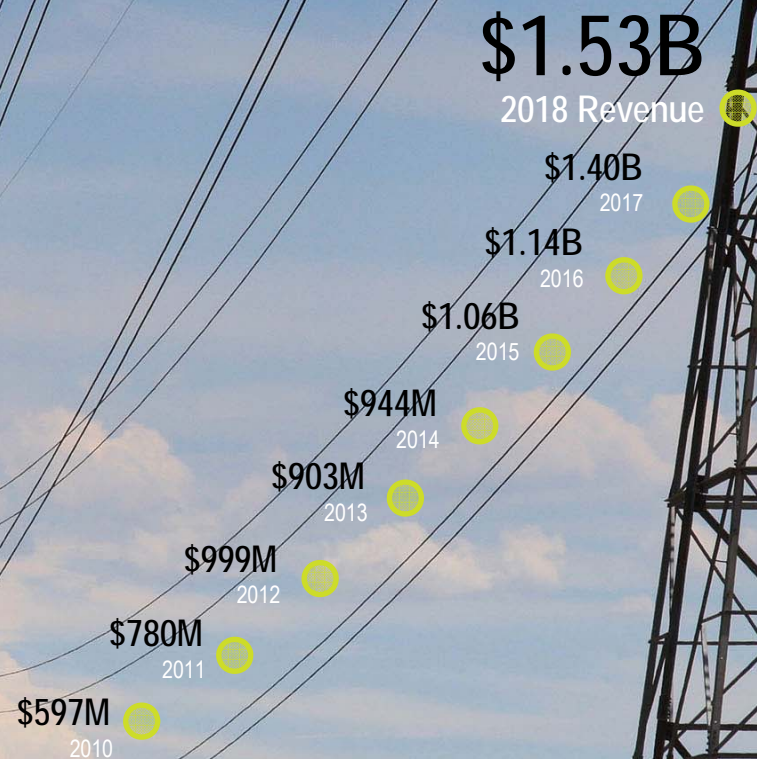
ENR U.S. Specialty Electrical Contractors for 23 years in a row

- **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 5,500 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

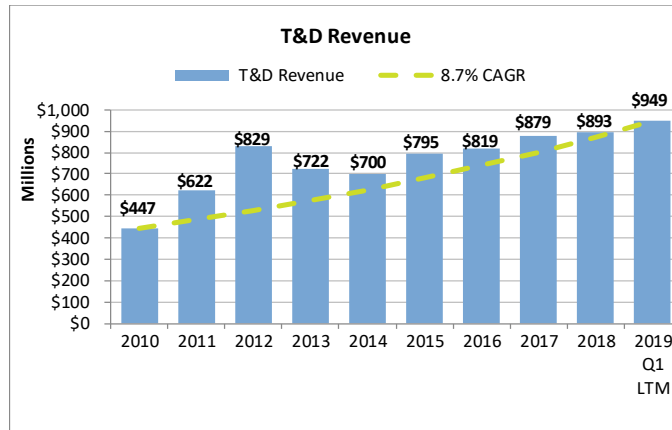


## SOLID FINANCIAL PERFORMANCE

- Growing revenues
- Backlog near an 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

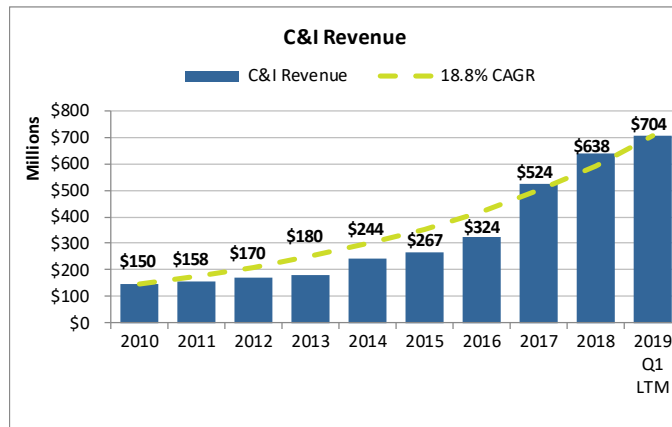
# ➤ COMPREHENSIVE NORTH AMERICAN SERVICE OFFERINGS

## 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

# 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



## PRUDENT CAPITAL RETURN

\$20.0 million remaining under our Share Repurchase Program

- On July 26, 2018, the Company's Board of Directors approved a new \$20.0 million share repurchase program that began when the previous share repurchase program expired. The new share repurchase program will expire on August 15, 2019 or when the authorized funds are exhausted

## TERRITORY COVERAGE



### ACQUIRED LOCATIONS

#### C&I

Westbrook, ME  
Coquitlam, BC, Canada  
Vancouver, BC, Canada  
Nisku, AB, Canada  
Aurora, IL  
Broadview, IL  
Columbus, NJ  
East Syracuse, NY

#### 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 four 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





## ➤ 2018 ACQUISITION



July 2018

### Geographic Expansion

- Expanded presence in the midwestern and eastern regions of the US
- Established offices in:
  - Broadview, IL
  - Columbus, NJ
  - East Syracuse, NY
  - Aurora, IL

### Service Offering Expansion

- Established a C&I presence in the regions served
- Offers a wide range of commercial and industrial electrical construction services including preconstruction services, prefabrication, telecommunications, design-build/design-assist and integrated project delivery methodology

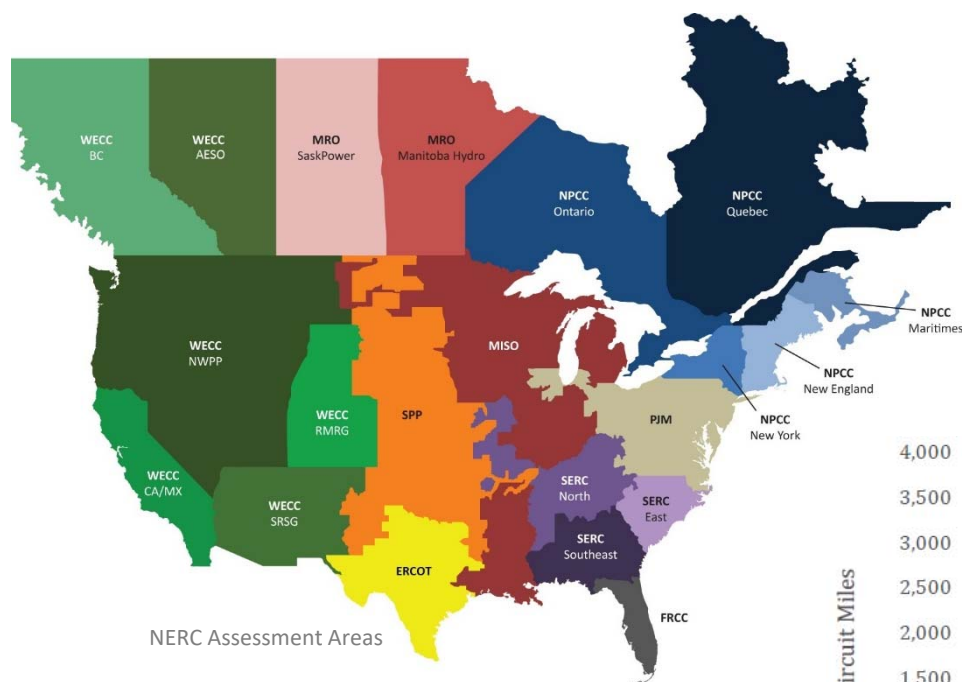
### Enhance End Market Exposure

- Expands our breadth of C&I service offerings across the Midwestern and eastern regions of the US 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



“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”

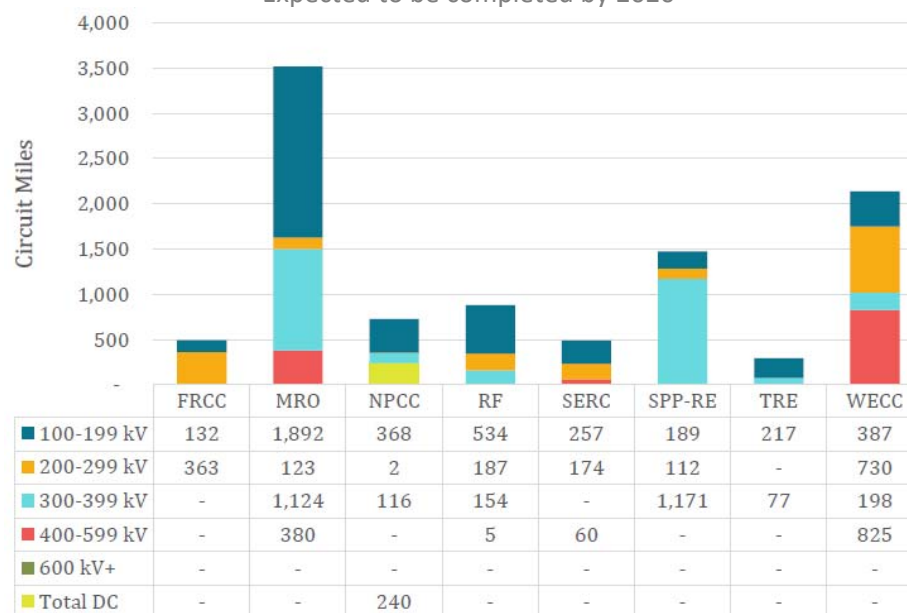
Source: U.S. Department of Energy | March 2018 Transmission Data Review

“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



# ➤ T&D MARKET CONDITIONS REMAIN FAVORABLE

## Transmission Spend Drivers

System Reliability

Aging Electric Grid

Connecting Renewables

Plant Retirements

## Distribution Spend Drivers

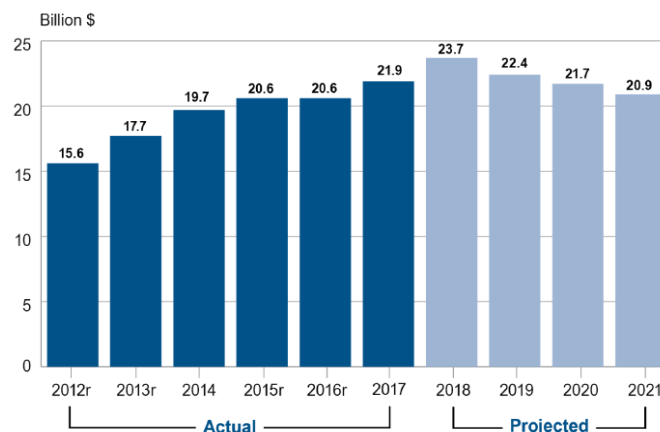
Reliability Upgrades

Aging Infrastructure

Storm Hardening

Housing Starts

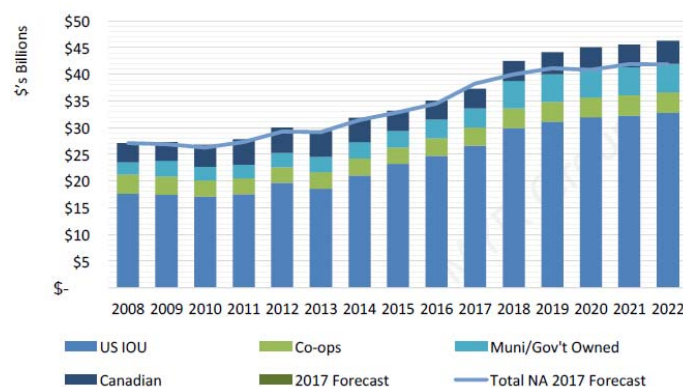
## Historical and Projected Transmission Investment (Nominal Dollars)



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

“In 2017, EEI members’ total transmission investments reached approximately \$21.9 billion (nominal \$) and expect to invest an additional \$88.7 billion in the transmission system through 2021.”

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



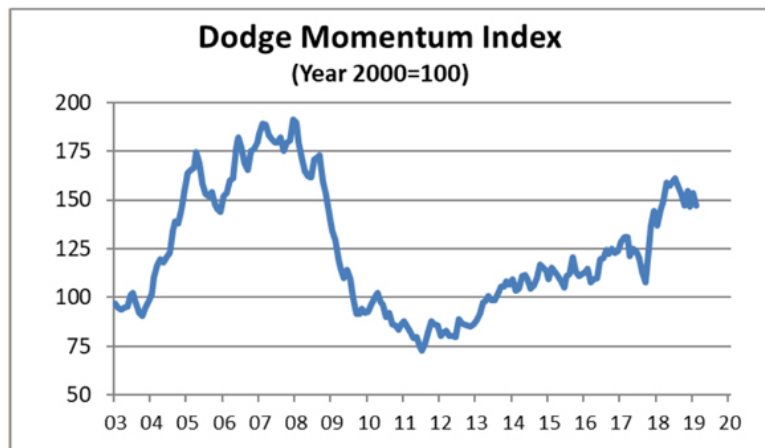
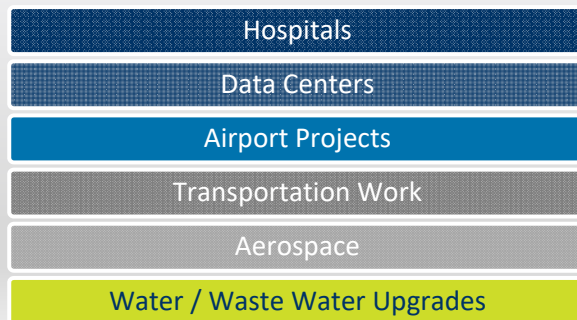
Source: The C Three Group, 2018 North American Electric Distribution Market Forecast, September 2018

“U.S. investor-owned utilities project there should be a continued uptick from 2018 to 2019, and this growth should remain relatively constant for the remainder of the decade.”



## ➤ STRONG C&I MARKET

C&I's strong \$662.3MM backlog as of 3/31/2019 is driven by:



### **Dodge Momentum Index – by McGraw-Hill Construction**

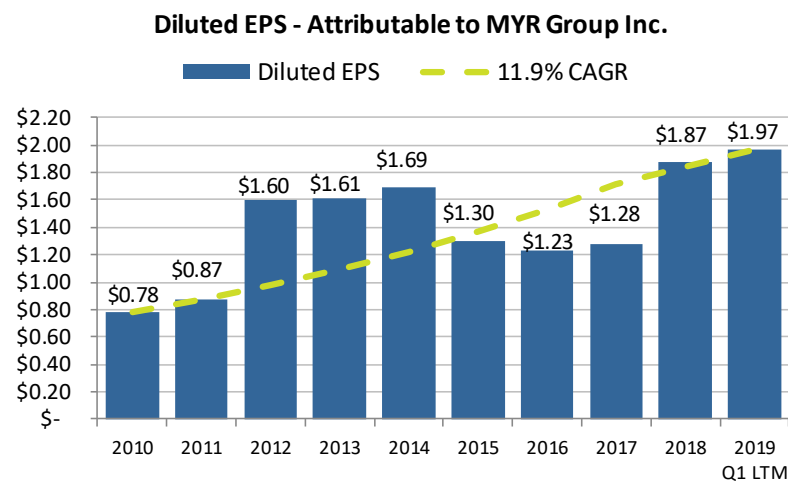
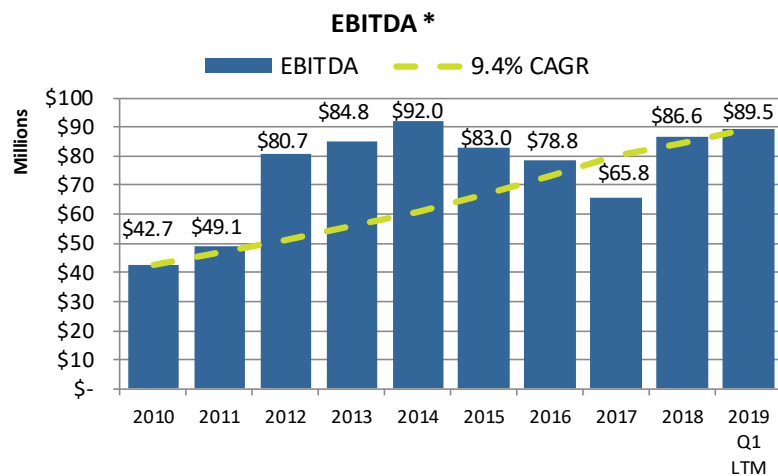
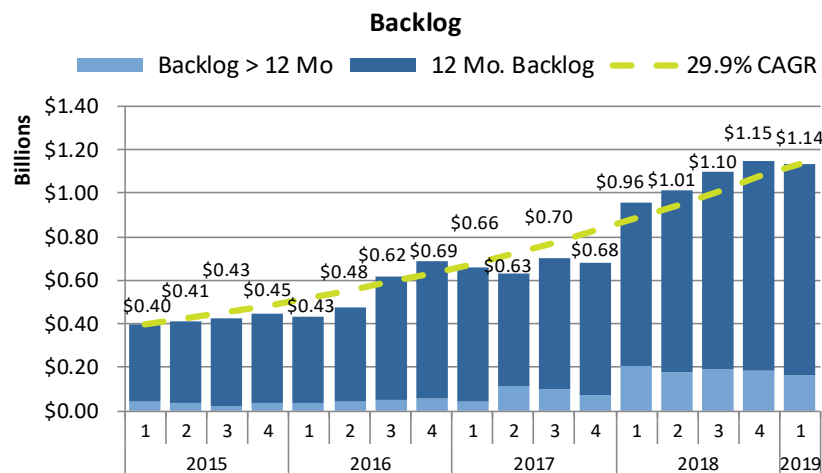
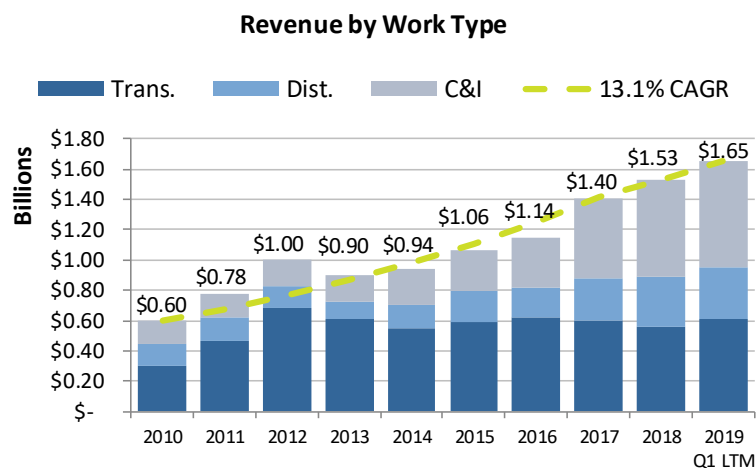
- 12-mo. leading indicator of construction spending for nonresidential building
- 91% correlation between construction planning reports and the U.S. Commerce Department's Put in Place spending over the past 10 years

#### **Dodge Momentum Index**

The Dodge Momentum Index dropped to 146.9 (2000=100) in February, down 4.4% from the revised January reading of 153.6, according to Dodge Data & Analytics. The commercial component dropped 3.4%, while the institutional component dropped 5.9%. From April-August last year, the average level of the Momentum Index was 158.6, while September-February the average is 150.3. This shift and sawtooth pattern suggests that growth in construction activity will moderate over the coming year.

Source: McGraw Hill Construction Press Release March 7, 2019

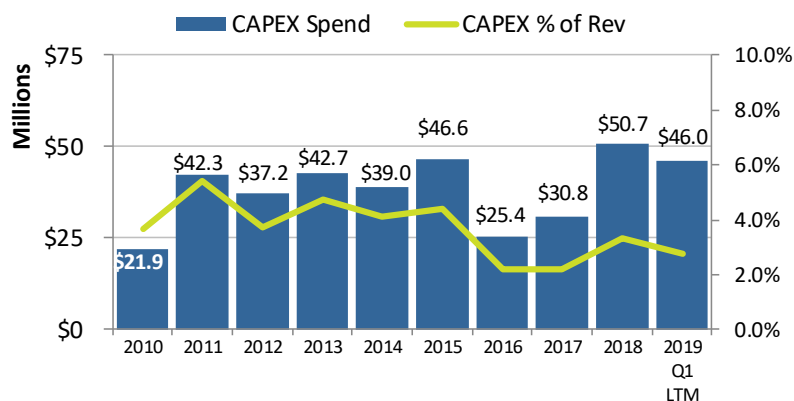
# STRONG LONG-TERM FINANCIAL PERFORMANCE



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

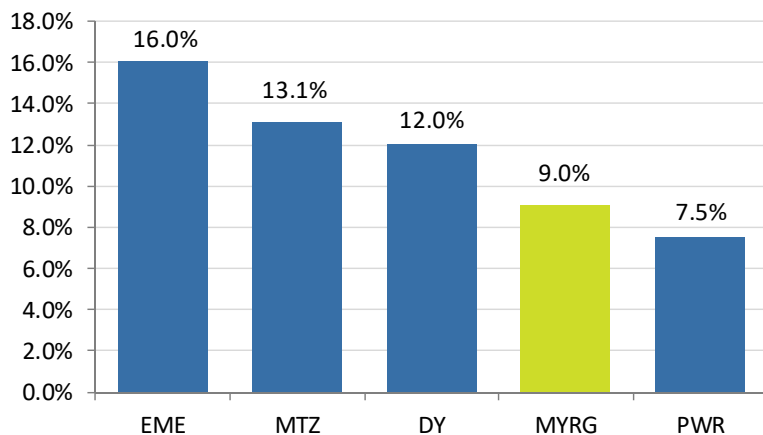
# BALANCE SHEET STRENGTH TO SUPPORT ADDITIONAL GROWTH

## CAPEX Investment



- Little off-balance-sheet leverage
- Limited goodwill
- Modest debt leverage
- Strong liquidity position
- Substantial bonding capacity
- Investment in specialty equipment contributed to top-line organic growth and supports future organic growth
- Executed five equipment notes totaling \$30.0 million, enabling us to move a portion of our variable-rate debt to fixed rates and to increase our liquidity

## 3-Year Average ROIC



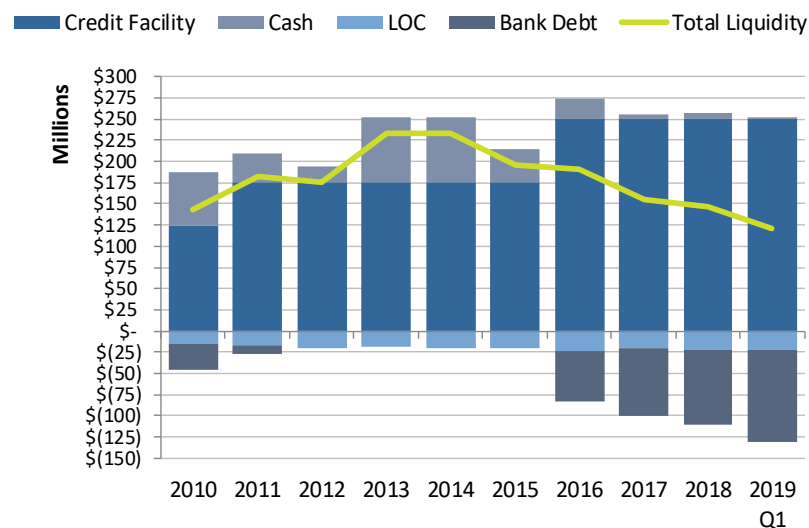
Source: S&P Capital IQ

MYRT and EME period is March 2017 - March 2019

MTZ and PWR period is December 2016 - December 2018

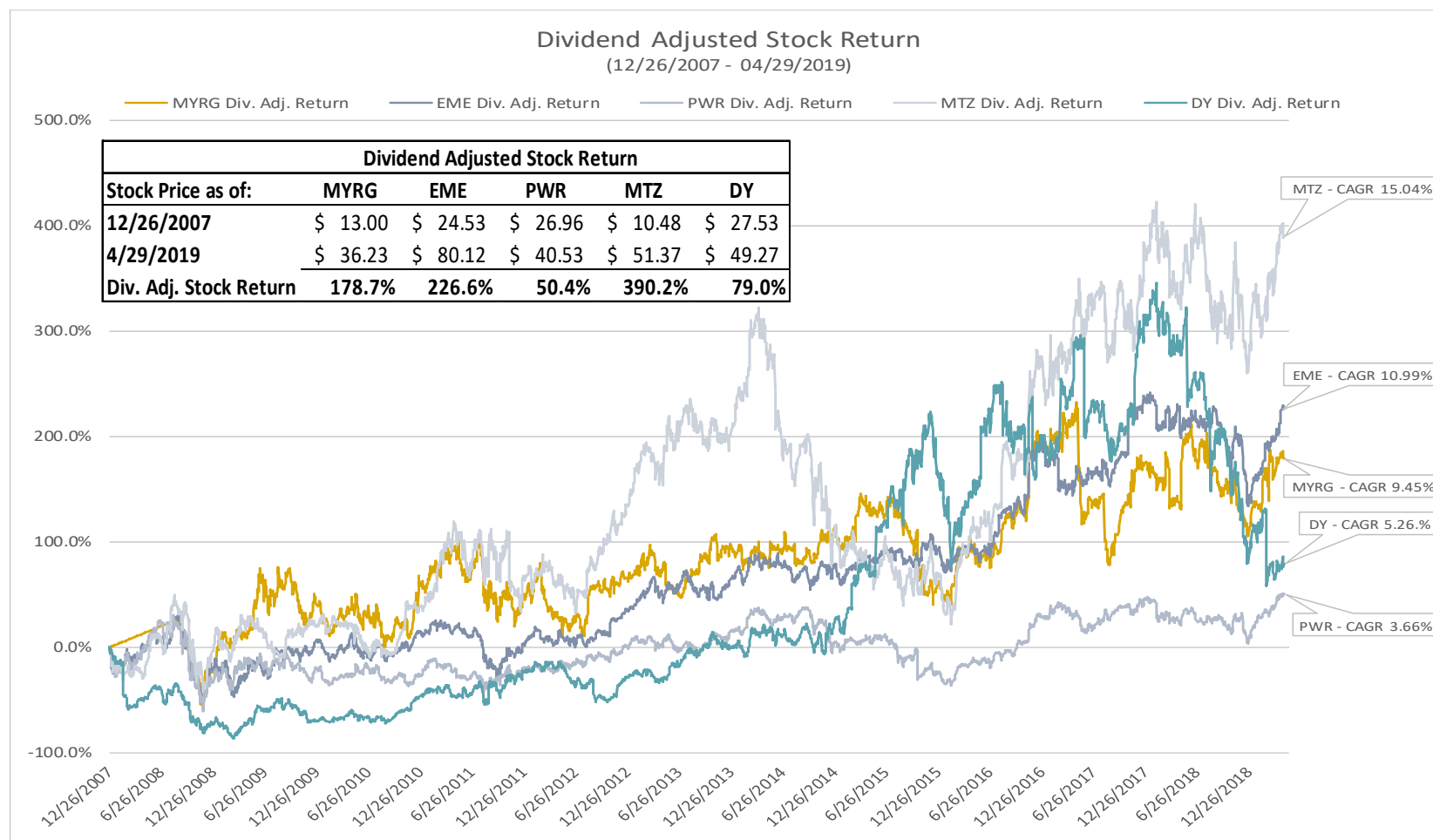
DY period is January 2017 - January 2019

## 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

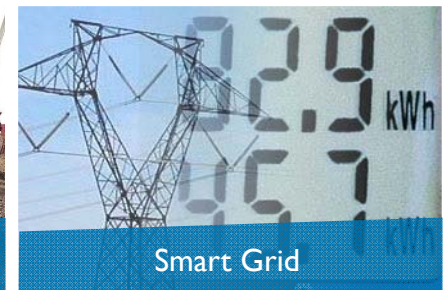


**JEFF WANEKA**  
Chief Operating  
Officer – C&I

MYR Group Experience	36 years	19 years	-	28 years	27 years
Industry Experience	36 years	30 years	21 years	30 years	34 years

- Experienced management team averages more than 22 years with MYR Group and approximately 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





# MYR GROUP CUSTOMER SAMPLE



# EBITDA RECONCILIATION

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

	FY									LTM
	2010	2011	2012	2013	2014	2015	2016	2017	2018	3/31/2019
Net Income	\$ 16.1	\$ 18.3	\$ 34.3	\$ 34.8	\$ 36.5	\$ 27.3	\$ 21.4	\$ 21.2	\$ 31.3	\$ 32.3
Interest Expense, net	1.0	0.5	0.8	0.7	0.6	0.7	1.3	2.6	3.6	\$ 4.1
Provision for Income Taxes	9.3	10.8	20.4	20.1	21.4	17.0	16.9	3.5	11.8	\$ 12.0
Depreciation and Amortization	16.3	19.5	25.2	29.2	33.5	38.0	39.2	38.6	39.9	\$ 41.1
EBITDA	<u>\$ 42.7</u>	<u>\$ 49.1</u>	<u>\$ 80.7</u>	<u>\$ 84.8</u>	<u>\$ 92.0</u>	<u>\$ 83.0</u>	<u>\$ 78.8</u>	<u>\$ 65.8</u>	<u>\$ 86.6</u>	<u>\$ 89.5</u>
Diluted Weighted Average Shares Outstanding	20.8	21.0	21.2	21.4	21.5	21.0	17.5	16.5	16.6	16.6
EBITDA per Diluted Share	\$ 2.05	\$ 2.34	\$ 3.80	\$ 3.96	\$ 4.29	\$ 3.95	\$ 4.51	\$ 3.99	\$ 5.22	\$ 5.38
Revenue	\$ 597.1	\$ 780.4	\$ 999.0	\$ 902.7	\$ 944.0	\$ 1,061.7	\$ 1,142.5	\$ 1,403.3	\$ 1,531.2	\$ 1,653.7
EBITDA is a non-GAAP financial measure that is defined as Earnings Before Income Taxes, Depreciation and Amortization.										
EBITDA Margin	7.15%	6.29%	8.08%	9.39%	9.75%	7.82%	6.90%	4.69%	5.66%	5.41%

## 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

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

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

[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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