MYR Group Inc. Announces Third-Quarter and First Nine-Months 2021 Results

October 27, 2021

HENDERSON, Colo., Oct. 27, 2021 (GLOBE NEWSWIRE) -- **MYR Group Inc. ("MYR") (NASDAQ: MYRG)**, a holding company of leading specialty contractors serving the electric utility infrastructure, commercial and industrial construction markets in the United States and western Canada, today announced its third-quarter and first nine-months 2021 financial results.

Highlights for Third Quarter 2021

- Quarterly revenues of $610.2 million
- Record high quarterly net income of $23.2 million and record high earnings per diluted share of $1.35
- Record high quarterly EBITDA of $42.3 million
- Strong backlog of $1.63 billion

Management Comments
Rick Swartz, MYR's President and CEO, said, "Our strong third-quarter 2021 financial results included record high quarterly net income, EBITDA and EPS. We finished the third quarter with net income of $23.2 million, a 34.0 percent increase over our third quarter 2020 net income, along with increases in revenues, gross profit and EBITDA as compared to the same period of 2020." Mr. Swartz continued, "We remain committed to executing our core business strategies while adapting and innovating to changing market conditions. We appreciate our deep customer relationships and continually leverage the full capabilities of MYR Group companies to enhance the value we are delivering and create opportunities for future growth."

Third Quarter Results
MYR reported third-quarter 2021 revenues of $610.2 million, an increase of $2.3 million, or 0.4 percent, compared to the third quarter of 2020. Specifically, our Transmission and Distribution ("T&D") segment reported revenues of $306.5 million for the third quarter of 2021, an increase of $6.8 million, or 2.3 percent, from the third quarter of 2020, primarily due to an increase in revenue on distribution projects partially offset by a decrease in revenue on transmission projects. Our Commercial and Industrial ("C&I") segment reported revenues of $303.6 million for the third quarter of 2021, a decrease of $4.6 million, or 1.5 percent, from the third quarter of 2020, primarily due to a decrease in volume on various-sized projects in certain geographic areas.

Consolidated gross profit increased to $83.9 million in the third quarter of 2021, an increase of $7.4 million or 9.7 percent, from the third quarter of 2020. The increase in gross profit was due to higher margins and revenues. Gross margin was 13.8 percent for the third quarter of 2021 compared to 12.6 percent for the third quarter of 2020. The increase in gross margin was primarily due to better-than-anticipated productivity on certain projects, favorable job close-outs and favorable change orders on certain projects. These improvements were partially offset by labor and equipment inefficiencies on certain projects. Changes in estimates of gross profit on certain projects resulted in a gross margin increase of 1.4 percent for the third quarter of 2021 and a decrease of 0.3 percent for the third quarter of 2020.

Selling, general and administrative expenses ("SG&A") increased to $53.1 million in the third quarter of 2021, compared to $51.4 million for the third quarter of 2020. The period-over-period increase was primarily due to an increase in employee-related expenses to support the growth in our operations.

Income tax expense was $7.6 million for the third quarter of 2021, with an effective tax rate of 24.6 percent, compared to income tax expense of $6.5 million for the third quarter of 2020, with an effective tax rate of 27.4 percent. The period-over-period decrease in tax rate was primarily due to the reduction of the impact of the global intangible low tax income ("GILTI") and a favorable impact from stock compensation excess tax benefits.

For the third quarter of 2021, net income was $23.2 million, or $1.35 per diluted share, compared to $17.3 million, or $1.02 per diluted share, for the same period of 2020. Third-quarter 2021 EBITDA, a non-GAAP financial measure, was $42.3 million, compared to $36.2 million in the third quarter of 2020.

First Nine-Months Results
MYR reported first nine-months 2021 revenues of $1.85 billion, an increase of $212.8 million, or 13.0 percent, compared to the first nine months of 2020. Specifically, the T&D segment reported revenues of $948.3 million, an increase of $112.5 million, or 13.5 percent, from the first nine months of 2020, primarily due to an increase in revenue on distribution projects and large-sized projects. The C&I segment reported revenues of $904.0 million, an increase of $100.3 million, or 12.5 percent from the first nine months of 2020, primarily due to an increase in revenues on various-sized projects in certain geographic areas. Additionally, revenues during the first nine months of 2020 were negatively impacted by a slight slowdown of work in certain geographic areas related to the COVID-19 pandemic.

Consolidated gross profit increased to $241.9 million in the first nine months of 2021, an increase of $42.5 million or 21.3 percent, from the first nine months of 2020. The increase in gross profit was due to higher revenues and margins. Gross margin was 13.1 percent for the first nine months of 2021 compared to 12.2 percent for the first nine months of 2020. The increase in gross margin was primarily due to better-than-anticipated productivity on certain projects, favorable job close-outs and a favorable change order on a project. These improvements were partially offset by labor and equipment inefficiencies on certain projects and unfavorable pending change order adjustments on certain projects. Changes in estimates of gross profit on certain projects resulted in a gross margin increase of 0.4 percent and a decrease of 0.4 percent for the first nine months of 2021 and 2020, respectively.

SG&A increased to $154.6 million in the first nine months of 2021, compared to $137.7 million for the first nine months of 2020. The period-over-period increase was primarily due to higher employee incentive compensation costs, contingent compensation expense related to prior acquisitions and an

increase in employee-related expenses to support the growth in our operations.

Income tax expense was $22.5 million for the first nine months of 2021, with an effective tax rate of 25.9 percent, compared to income tax expense of $15.6 million for the first nine months of 2020, with an effective tax rate of 27.7 percent. The period-over-period decrease in tax rate was primarily due to a favorable impact from stock compensation excess tax benefits and the reduction of the impact of GILTI.

For the first nine months of 2021, net income was $64.3 million, or $3.75 per diluted share, compared to $40.6 million, or $2.42 per diluted share, for the same period of 2020.

Backlog
As of September 30, 2021, MYR's backlog was $1.63 billion, compared to $1.57 billion as of June 30, 2021. As of September 30, 2021, T&D backlog was $652.2 million, and C&I backlog was $981.3 million. Total backlog at September 30, 2021 decreased $90.0 million, or 5.0 percent, from the $1.72 billion reported at September 30, 2020.

Balance Sheet
As of September 30, 2021, MYR had $362.7 million of borrowing availability under its $375 million revolving credit facility.

Non-GAAP Financial Measures
To supplement MYR's financial statements presented in accordance with generally accepted accounting principles in the United States ("GAAP"), MYR uses certain non-GAAP measures. Reconciliation to the nearest GAAP measures of all non-GAAP measures included in this press release can be found at the end of this release. MYR's definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP.

MYR believes that these non-GAAP measures are useful because they (i) provide both management and investors meaningful supplemental information regarding financial performance by excluding certain expenses and benefits that may not be indicative of recurring core business operating results, (ii) permit investors to view MYR's performance using the same tools that management uses to evaluate MYR's past performance, reportable business segments and prospects for future performance, (iii) publicly disclose results that are relevant to financial covenants included in MYR's credit facility and (iv) otherwise provide supplemental information that may be useful to investors in evaluating MYR.

Conference Call
MYR will host a conference call to discuss its third-quarter 2021 results on Thursday, October 28, 2021 at 8:00 a.m. Mountain time. To participate in the conference call via telephone, please dial (877) 561-2750 (domestic) or (763) 416-8565 (international) and enter conference ID 4249231, at least five minutes prior to the start of the event. A replay of the conference call will be available through Thursday, November 4, 2021, at 11:00 a.m. Mountain time, by dialing (855) 859-2056 or (404) 537-3406 and entering conference ID 4249231. MYR will also broadcast the conference call live via the internet. Interested parties may access the webcast through the Investor Relations section of MYR's website at www.myrgroup.com. Please access the website at least 15 minutes prior to the start of the call to register, download and install any necessary audio software. The webcast will be available until Thursday, November 4, 2021 at 11:00 a.m. Mountain time.

About MYR
MYR is a holding company of leading specialty contractors serving the electric utility infrastructure, commercial and industrial construction markets throughout the United States and western Canada who have the experience and expertise to complete electrical installations of any type and size. Their comprehensive services on electric transmission and distribution networks and substation facilities include design, engineering, procurement, construction, upgrade, maintenance and repair services. Transmission and distribution customers include investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors. Commercial and industrial electrical contracting services are provided to general contractors, commercial and industrial facility owners, local governments and developers. For more information, visit myrgroup.com.

Forward-Looking Statements
Various statements in this announcement, 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," "likely," "may," "objective," "outlook," "plan," "project," "possible," "potential," "should," "unlikely," or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this announcement speak only as of the date of this announcement. 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 announcement should be evaluated together with the many uncertainties that affect MYR's business, particularly those mentioned in the risk factors and cautionary statements in Item 1A. of MYR's Annual Report on Form 10-K for the fiscal year ended December 31, 2020, and in any risk factors or cautionary statements contained in MYR's subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.

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Financial tables follow…

MYR GROUP INC.
Consolidated Balance Sheets
As of September 30, 2021 and December 31, 2020

(in thousands, except share and per share data)	September 30, 2021	December 31, 2020
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 73,006	$ 22,668
Accounts receivable, net of allowances of $2,166 and $1,696, respectively	362,032	385,938
Contract assets, net of allowances of $376 and $359, respectively	219,445	185,803
Current portion of receivable for insurance claims in excess of deductibles	10,639	11,859
Refundable income taxes	8,934	1,534
Other current assets	26,579	28,882
Total current assets	700,635	636,684
Property and equipment, net of accumulated depreciation of $313,999 and $294,366, respectively	184,863	185,114
Operating lease right-of-use assets	21,447	22,291
Goodwill	66,065	66,065
Intangible assets, net of accumulated amortization of $16,201 and $14,467, respectively	49,632	51,365
Receivable for insurance claims in excess of deductibles	33,536	27,043
Investment in joint ventures	3,786	3,040
Other assets	3,863	4,257
Total assets	$ 1,063,827	$ 995,859
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 1,025	$ 4,381
Current portion of operating lease obligations	7,451	6,612
Current portion of finance lease obligations	—	318
Accounts payable	193,218	162,580
Contract liabilities	149,847	158,396
Current portion of accrued self-insurance	23,945	24,395
Other current liabilities	80,215	86,718
Total current liabilities	455,701	443,400
Deferred income tax liabilities	19,682	18,339
Long-term debt	3,986	25,039
Accrued self-insurance	51,449	45,428
Operating lease obligations, net of current maturities	14,015	15,730
Other liabilities	22,814	18,631
Total liabilities	567,647	566,567
Commitments and contingencies		
Stockholders' equity:		
Preferred stock—$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at September 30, 2021 and December 31, 2020	—	—
Common stock—$0.01 par value per share; 100,000,000 authorized shares; 16,869,947 and 16,734,239 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	168	167
Additional paid-in capital	161,593	158,618
Accumulated other comprehensive income	100	23
Retained earnings	334,315	270,480
Total stockholders' equity attributable to MYR Group Inc.	496,176	429,288
Noncontrolling interest	4	4
Total stockholders' equity	496,180	429,292
Total liabilities and stockholders' equity	$ 1,063,827	$ 995,859

MYR GROUP INC.
Unaudited Consolidated Statements of Operations
Three and Nine Months Ended September 30, 2021 and 2020

(in thousands, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Contract revenues	$ 610,182	$ 607,901	$ 1,852,241	$ 1,639,422
Contract costs	526,259	531,429	1,610,343	1,440,013

Gross profit	83,923	76,472	241,898	199,409
Selling, general and administrative expenses	53,072	51,443	154,609	137,688
Amortization of intangible assets	578	578	1,734	3,009
Gain on sale of property and equipment	(679)	(478)	(2,473)	(1,967)
Income from operations	30,952	24,929	88,028	60,679
Other income (expense):				
Interest income	23	—	51	6
Interest expense	(305)	(1,113)	(1,458)	(3,941)
Other income (expense), net	69	18	190	(556)
Income before provision for income taxes	30,739	23,834	86,811	56,188
Income tax expense	7,568	6,542	22,493	15,579
Net income	$ 23,171	$ 17,292	$ 64,318	$ 40,609
Income per common share:				
—Basic	$ 1.37	$ 1.04	$ 3.82	$ 2.44
—Diluted	$ 1.35	$ 1.02	$ 3.75	$ 2.42
Weighted average number of common shares and potential common shares outstanding:				
—Basic	16,868	16,698	16,828	16,670
—Diluted	17,167	16,882	17,132	16,798

MYR GROUP INC.
Unaudited Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2021 and 2020

(in thousands)	**Nine months ended September 30, 2021**	**2020**
Cash flows from operating activities:		
Net income	$ 64,318	$ 40,609
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization of property and equipment	32,884	32,021
Amortization of intangible assets	1,734	3,009
Stock-based compensation expense	5,350	3,804
Deferred income taxes	1,364	712
Gain on sale of property and equipment	(2,473)	(1,967)
Other non-cash items	1,171	654
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable, net	23,929	(12,869)
Contract assets, net	(33,642)	(4,754)
Receivable for insurance claims in excess of deductibles	(5,273)	3,103
Other assets	(5,786)	7,074
Accounts payable	29,874	7,596
Contract liabilities	(8,515)	20,161
Accrued self insurance	5,571	(2,257)
Other liabilities	(2,291)	31,730
Net cash flows provided by operating activities	108,215	128,626
Cash flows from investing activities:		
Proceeds from sale of property and equipment	2,489	2,147
Purchases of property and equipment	(32,701)	(27,470)
Net cash flows used in investing activities	(30,212)	(25,323)
Cash flows from financing activities:		
Net repayments under revolving lines of credit	—	(65,189)
Payment of principal obligations under equipment notes	(24,409)	(30,441)
Payment of principal obligations under finance leases	(336)	(914)
Proceeds from exercise of stock options	483	306
Repurchase of common shares	(3,352)	(426)
Other financing activities	11	60
Net cash flows used in financing activities	(27,603)	(96,604)
Effect of exchange rate changes on cash	(62)	(150)
Net increase in cash and cash equivalents	50,338	6,549
Cash and cash equivalents:		

Beginning of period	22,668	12,397
End of period	$ 73,006	$ 18,946

MYR GROUP INC.
Unaudited Consolidated Selected Data,
Unaudited Performance Measure and Reconciliation of Non-GAAP Measure
For the Three and Twelve Months Ended September 30, 2021 and 2020 and
As of September 30, 2021, December 31, 2020, September 30, 2020 and September 30, 2019

(dollars in thousands, except share and per share data)	Three months ended September 30, 2021	Three months ended September 30, 2020	Last twelve months ended September 30, 2021	Last twelve months ended September 30, 2020
Summary Statement of Operations Data:				
Contract revenues	$ 610,182	$ 607,901	$ 2,460,211	$ 2,210,497
Gross profit	$ 83,923	$ 76,472	$ 318,342	$ 268,331
Income from operations	$ 30,952	$ 24,929	$ 113,894	$ 81,559
Income before provision for income taxes	$ 30,739	$ 23,834	$ 112,008	$ 74,424
Income tax expense	$ 7,568	$ 6,542	$ 29,540	$ 21,040
Net income	$ 23,171	$ 17,292	$ 82,468	$ 53,384
Tax rate	24.6 %	27.4 %	26.4 %	28.3 %
Per Share Data:				
Income per common share:				
- Basic	$ 1.37	$ 1.04	$ 4.91 (1)	$ 3.21 (1)
- Diluted	$ 1.35	$ 1.02	$ 4.83 (1)	$ 3.17 (1)
Weighted average number of common shares and potential common shares outstanding:				
- Basic	16,868	16,698	16,802 (2)	16,657 (2)
- Diluted	17,167	16,882	17,089 (2)	16,784 (2)

(in thousands)	September 30, 2021	December 31, 2020	September 30, 2020	September 30, 2019
Summary Balance Sheet Data:				
Total assets	$ 1,063,827	$ 995,859	$ 1,018,911	$ 988,013
Total stockholders' equity attributable to MYR Group Inc.	$ 496,176	$ 429,288	$ 408,600	$ 350,568
Goodwill and intangible assets	$ 115,697	$ 117,430	$ 117,973	$ 121,950
Total funded debt (3)	$ 5,011	$ 29,420	$ 70,194	$ 178,190

(in thousands)	Last twelve months ended September 30, 2021	Last twelve months ended September 30, 2020
Financial Performance Measure (4):		
Reconciliation of Non-GAAP measure:		
Net income	$ 82,468	$ 53,384
Interest expense, net	2,026	5,658
Tax impact of interest	(535)	(1,601)
EBI, net of taxes (5)	$ 83,959	$ 57,441

See notes at the end of this earnings release

MYR GROUP INC.
Unaudited Performance Measures and Reconciliation of Non-GAAP Measures
Three and Twelve Months Ended September 30, 2021 and 2020

	Three months ended	Last twelve months ended

(in thousands, except share, per share data, ratios and percentages)	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Financial Performance Measures (4):				
EBITDA (6)	$ 42,311	$ 36,222	$ 160,075	$ 126,587
EBITDA per Diluted Share (7)	$ 2.46	$ 2.15	$ 9.37	$ 7.54
Free Cash Flow (8)	$ 7,949	$ 20,171	$ 105,170	$ 115,836
Book Value per Period End Share (9)	$ 28.90	$ 24.17		
Tangible Book Value (10)	$ 380,479	$ 290,627		
Tangible Book Value per Period End Share (11)	$ 22.16	$ 17.19		
Funded Debt to Equity Ratio (12)	0.01	0.17		
Asset Turnover (13)			2.41	2.24
Return on Assets (14)			8.1 %	5.4 %
Return on Equity (15)			20.2 %	15.2 %
Return on Invested Capital (18)			18.3 %	11.1 %
Reconciliation of Non-GAAP Measures:				
Reconciliation of Net Income to EBITDA:				
Net income	23,171	17,292	82,468	53,384
Interest expense, net	282	1,113	2,026	5,658
Income tax expense	7,568	6,542	29,540	21,040
Depreciation and amortization	11,290	11,275	46,041	46,505
EBITDA (6)	$ 42,311	$ 36,222	$ 160,075	$ 126,587
Reconciliation of Net Income per Diluted Share to EBITDA per Diluted Share:				
Net income per share	1.35	1.02	4.83	3.17
Interest expense, net, per share	0.02	0.07	0.12	0.34
Income tax expense per share	0.44	0.39	1.73	1.25
Depreciation and amortization per share	0.65	0.67	2.69	2.78
EBITDA per Diluted Share (7)	$ 2.46	$ 2.15	$ 9.37	$ 7.54
Calculation of Free Cash Flow:				
Net cash flow from operating activities	$ 19,653	$ 30,703	$ 154,756	$ 161,780
Less: cash used in purchasing property and equipment	(11,704)	(10,532)	(49,586)	(45,944)
Free Cash Flow (8)	$ 7,949	$ 20,171	$ 105,170	$ 115,836

See notes at the end of this earnings release.

MYR GROUP INC.
Unaudited Performance Measures and Reconciliation of Non-GAAP Measures
As of September 30, 2021, 2020 and 2019

(in thousands)	September 30, 2021	September 30, 2020
Reconciliation of Book Value to Tangible Book Value:		
Book value (total stockholders' equity attributable to MYR Group Inc.)	$ 496,176	$ 408,600
Goodwill and intangible assets	(115,697)	(117,973)
Tangible Book Value (10)	$ 380,479	$ 290,627
Reconciliation of Book Value per Period End Share to Tangible Book Value per Period End Share:		
Book value per period end share	$ 28.90	$ 24.17
Goodwill and intangible assets per period end share	(6.74)	(6.98)
Tangible Book Value per Period End Share (11)	$ 22.16	$ 17.19
Calculation of Period End Shares:		
Shares outstanding	16,870	16,719
Plus: common equivalents	299	184
Period End Shares (16)	17,169	16,903

(in thousands)	September 30, 2021	September 30, 2020	September 30, 2019
Reconciliation of Invested Capital to Stockholders Equity:			
Book value (total stockholders' equity attributable to MYR Group Inc.)	$ 496,176	$ 408,600	$ 350,568
Plus: total funded debt	5,011	70,194	178,190
Less: cash and cash equivalents	(73,006)	(18,946)	(9,145)
Invested Capital (17)	$ 428,181	$ 459,848	$ 519,613

See notes at the end of this earnings release.

(1) Last-twelve-months earnings per share is the sum of earnings per share reported in the last four quarters.

(2) Last-twelve-months weighted average basic and diluted shares were determined by adding the weighted average shares reported for the last four quarters and dividing by four.

(3) Funded debt includes outstanding borrowings under our revolving credit facility and our outstanding equipment notes.

(4) These financial performance measures are provided as supplemental information to the financial statements. These measures are used by management to evaluate our past performance, our prospects for future performance and our ability to comply with certain material covenants as defined within our credit agreement, and to compare our results with those of our peers. In addition, we believe that certain of the measures, such as book value, tangible book value, free cash flow, asset turnover, return on equity, and debt leverage are measures that are monitored by sureties, lenders, lessors, suppliers and certain investors. Our calculation of each measure is described in the following notes; our calculation may not be the same as the calculations made by other companies.

(5) EBI, net of taxes is defined as net income plus net interest, less the tax impact of net interest. The tax impact of net interest is computed by multiplying net interest by the effective tax rate. Management uses EBI, net of taxes, to measure our results exclusive of the impact of financing costs.

(6) EBITDA is defined as earnings before interest, taxes, depreciation and amortization. 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. Certain material covenants contained within our credit agreement are based on EBITDA with certain additional adjustments, including our interest coverage ratio and leverage ratio, which we must comply with to avoid potential immediate repayment of amounts borrowed or additional fees to seek relief from our lenders. In addition, management considers EBITDA a useful measure because it provides MYR Group Inc. and its investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes to not directly reflect the company's core operations. Management further believes that EBITDA is useful to investors and other external users of our financial statements in evaluating the company's operating performance and cash flow because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, useful lives placed on assets, capital structure and the method by which assets were acquired.

(7) EBITDA per diluted share is calculated by dividing EBITDA by the weighted average number of diluted shares outstanding for the period. EBITDA per diluted share is not recognized under GAAP and does not purport to be an alternative to income per diluted share.

(8) Free cash flow, which is defined as cash flow provided by operating activities minus cash flow used in purchasing property and equipment, is not recognized under GAAP and does not purport to be an alternative to net income, cash flow from operations or the change in cash on the balance sheet. Management views free cash flow as a measure of operational performance, liquidity and financial health.

(9) Book value per period end share is calculated by dividing total stockholders' equity at the end of the period by the period end shares outstanding.

(10) Tangible book value is calculated by subtracting goodwill and intangible assets outstanding at the end of the period from stockholders' equity. Tangible book value is not recognized under GAAP and does not purport to be an alternative to book value or stockholders' equity.

(11) Tangible book value per period end share is calculated by dividing tangible book value at the end of the period by the period end number of shares outstanding. Tangible book value per period end share is not recognized under GAAP and does not purport to be an alternative to income per diluted share.

(12) The funded debt to equity ratio is calculated by dividing total funded debt at the end of the period by total stockholders' equity at the end of the period.

(13) Asset turnover is calculated by dividing the current period revenue by total assets at the beginning of the period.

(14) Return on assets is calculated by dividing net income for the period by total assets at the beginning of the period.

(15) Return on equity is calculated by dividing net income for the period by total stockholders' equity at the beginning of the period.

(16) Period end shares is calculated by adding average common stock equivalents for the quarter to the period end balance of common stock outstanding. Period end shares is not recognized under GAAP and does not purport to be an alternative to diluted shares. Management views period end shares as a better measure of shares outstanding as of the end of the period.

(17) Invested capital is calculated by adding net funded debt (total funded debt less cash and marketable securities) to total stockholders' equity.

(18) Return on invested capital is calculated by dividing EBI, net of taxes, less any dividends, by invested capital at the beginning of the period. Return on invested capital is not recognized under GAAP, and is a key metric used by management to determine our executive compensation.

Source: MYR Group, Inc.