



MYR Group Inc. Announces Second-Quarter and First-Half 2024 Results

July 31, 2024

THORNTON, Colo., July 31, 2024 (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 Canada, announced today its second-quarter and first-half 2024 financial results.

Highlights for Second Quarter 2024

- Quarterly revenues of \$828.9 million
- Quarterly net loss of \$15.3 million, or (\$0.91) per diluted share
- Quarterly EBITDA of (\$4.7) million
- Backlog of \$2.54 billion

Management Comments

Rick Swartz, MYR's President and CEO, said, "Our second quarter 2024 financials reflected decreased revenues and consolidated gross profit, compared to the same period of 2023, which were primarily related to unfavorable clean energy projects within our T&D segment and one project within our C&I segment. We expect all of these projects will reach mechanical completion this year." Mr. Swartz also said, "Aside from these challenged projects, our core businesses in transmission, distribution and C&I performed well, and we see steady bidding activity in both of our segments. Our team continues to execute well and with increased electrification, growing demand for data centers, and continued investments being made in electrical infrastructure, we are confident in our ability to generate positive returns for our shareholders going forward."

Second Quarter Results

MYR reported second-quarter 2024 revenues of \$828.9 million, a decrease of \$59.7 million, or 6.7 percent, compared to the second quarter of 2023. Specifically, our Transmission and Distribution ("T&D") segment reported quarterly revenues of \$458.2 million, a decrease of \$45.5 million, or 9.0 percent, from the second quarter of 2023, due to a decrease of \$39.8 million in revenue on transmission projects and a decrease of \$5.8 million in revenue on distribution projects. Our Commercial and Industrial ("C&I") segment reported quarterly revenues of \$370.7 million, a decrease of \$14.2 million, or 3.7 percent, from the second quarter of 2023, which was primarily due to the delayed start of certain projects.

Consolidated gross profit decreased to \$40.8 million for the second quarter of 2024, compared to \$90.1 million for the second quarter of 2023. The decrease in gross profit was due to lower margin and lower revenues. Gross margin decreased to 4.9 percent for the second quarter of 2024 from 10.1 percent for the second quarter of 2023. The decrease in gross margin was primarily related to clean energy projects in T&D, the unfavorable impact of a C&I project, as well as an increase in costs associated with labor, project inefficiencies and schedule compression on certain projects. These margin decreases were partially offset by favorable change orders, better-than-anticipated productivity, a favorable job closeout, favorable joint venture results and favorable materials pricing on a project. Changes in estimates of gross profit on certain projects resulted in gross margin decreases of 7.2 percent and 1.3 percent for the second quarter of 2024 and 2023, respectively.

Selling, general and administrative expenses ("SG&A") increased to \$61.8 million for the second quarter of 2024, compared to \$57.8 million for the second quarter of 2023. The period-over-period increase was primarily due to an increase in contingent compensation expense related to a prior acquisition and an increase in employee-related expenses to support future growth, partially offset by a decrease in employee incentive compensation costs.

Income tax benefit was \$6.9 million for the second quarter of 2024, with an effective tax rate of 31.0 percent, compared to income tax expense of \$9.3 million for the second quarter of 2023, with an effective tax rate of 29.5 percent. The increase in the effective tax rate for the second quarter of 2024 compared to the second quarter of 2023 was primarily due to higher other permanent difference items.

For the second quarter of 2024, net loss was \$15.3 million, or (\$0.91) per diluted share, compared to net income of \$22.3 million, or \$1.33 per diluted share, for the same period of 2023. Second-quarter 2024 EBITDA, a non-GAAP financial measure, was (\$4.7) million, compared to \$47.1 million in the second quarter of 2023.

First-Half Results

MYR reported first-half 2024 revenues of \$1.64 billion, a decrease of \$55.7 million, or 3.3 percent, compared to the first half of 2023. Specifically, our T&D segment reported revenues of \$948.6 million, a decrease of \$0.5 million, from the first half of 2023, due to a decrease of \$24.0 million in revenue on transmission projects, mostly offset by an increase of \$23.5 million in revenue on distribution projects. Our C&I segment reported revenues of \$695.8 million, a decrease of \$55.4 million, or 7.4 percent from the first half of 2023, which was primarily due to the delayed start of certain projects.

Consolidated gross profit decreased to \$127.1 million in the first half of 2024, compared to \$174.5 million in the first half of 2023. The decrease in gross profit was due to lower margin and lower revenues. Gross margin decreased to 7.7 percent for the first half of 2024 from 10.3 percent for the first half of 2023. The decrease in gross margin was primarily related to clean energy projects in T&D, labor and project inefficiencies, the unfavorable impact of a C&I project, an increase in costs associated with schedule compression on certain projects and an unfavorable change order. These margin decreases were partially offset by better-than-anticipated productivity, favorable change orders, favorable joint venture results and a favorable job closeout. Changes in estimates of gross profit on certain projects resulted in a gross margin decreases of 4.2 percent and 1.0 percent for the first half of 2024 and 2023, respectively.

SG&A increased to \$124.1 million in the first half of 2024, compared to \$114.7 million for the first half of 2023. The period-over-period increase was primarily due to an increase in contingent compensation expense related to a prior acquisition and an increase in employee-related expenses to

support future growth.

Interest expense increased to \$2.3 million in the first half of 2024, compared to \$1.7 million for the first half of 2023. The period-over-period increase was primarily due to higher interest rates, partially offset by lower average debt balances during the first half of 2024 as compared to the first half of 2023.

Income tax benefit was \$2.7 million for the first half of 2024, with an effective tax rate of negative 281.9 percent, compared to income tax expense of \$13.2 million for the first half of 2023, with an effective tax rate of 22.6 percent. The period-over-period change in tax rate was primarily due to lower pretax income and higher other permanent difference items, offset by lower stock compensation excess tax benefits.

For the first half of 2024, net income was \$3.7 million, or \$0.22 per diluted share, compared to \$45.4 million, or \$2.70 per diluted share, for the same period of 2023.

Backlog

As of June 30, 2024, MYR's backlog was \$2.54 billion, compared to \$2.43 billion as of March 31, 2024. As of June 30, 2024, T&D backlog was \$830.7 million, and C&I backlog was \$1.71 billion. Total backlog at June 30, 2024 decreased \$190.5 million, or 7.0 percent, from the \$2.73 billion reported at June 30, 2023.

Balance Sheet

As of June 30, 2024, MYR had \$426.6 million of borrowing availability under its \$490 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 second-quarter 2024 results on Thursday, August 1, 2024 at 8:00 a.m. Mountain time. To participate via telephone and join the call live, please register in advance here: <https://register.vevent.com/register/BI677e6fd415474feea43f3f2f3bbcb594>. Upon registration, telephone participants will receive a confirmation email detailing how to join the conference call, including the dial-in number and a unique passcode. Participants may access the audio-only webcast of the conference call from the Investors page of MYR Group's website at myrgroup.com. A replay of the webcast will be available for seven days.

About MYR Group Inc.

MYR Group is a holding company of leading, specialty electrical contractors providing services throughout the United States and Canada through two business segments: Transmission & Distribution (T&D) and Commercial & Industrial (C&I). MYR Group subsidiaries have the experience and expertise to complete electrical installations of any type and size. Through their T&D segment they provide services on electric transmission, distribution networks, substation facilities, clean energy projects and electric vehicle charging infrastructure. Their comprehensive T&D services include design, engineering, procurement, construction, upgrade, maintenance and repair services. T&D customers include investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors. Through their C&I segment, they provide a broad range of services which include the design, installation, maintenance and repair of commercial and industrial wiring generally for airports, hospitals, data centers, hotels, stadiums, commercial and industrial facilities, clean energy projects, manufacturing plants, processing facilities, water/waste-water treatment facilities, mining facilities, intelligent transportation systems, roadway lighting, signalization and electric vehicle charging infrastructure. C&I customers include general contractors, commercial and industrial facility owners, government agencies 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, 2023, 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 June 30, 2024 and December 31, 2023

(in thousands, except share and per share data)	June 30, 2024 (unaudited)	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,869	\$ 24,899
Accounts receivable, net of allowances of \$898 and \$1,987, respectively	554,822	521,893
Contract assets, net of allowances of \$619 and \$610, respectively	402,301	420,616
Current portion of receivable for insurance claims in excess of deductibles	8,349	8,267
Refundable income taxes	14,093	4,034
Prepaid expenses and other current assets	35,871	46,535
Total current assets	1,017,305	1,026,244
Property and equipment, net of accumulated depreciation of \$387,375 and \$380,465, respectively	278,099	268,978
Operating lease right-of-use assets	40,396	35,012
Goodwill	115,372	116,953
Intangible assets, net of accumulated amortization of \$32,688 and \$30,534, respectively	79,855	83,516
Receivable for insurance claims in excess of deductibles	33,687	33,739
Investment in joint ventures	12,861	8,707
Other assets	5,667	5,597
Total assets	\$ 1,583,242	\$ 1,578,746
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 6,617	\$ 7,053
Current portion of operating lease obligations	10,472	9,237
Current portion of finance lease obligations	2,168	2,039
Accounts payable	344,130	359,363
Contract liabilities	256,622	240,411
Current portion of accrued self-insurance	24,190	28,269
Accrued income taxes	—	237
Other current liabilities	103,244	100,593
Total current liabilities	747,443	747,202
Deferred income tax liabilities	47,647	48,230
Long-term debt	38,448	29,188
Accrued self-insurance	51,700	51,796
Operating lease obligations, net of current maturities	29,897	25,775
Finance lease obligations, net of current maturities	1,645	314
Other liabilities	33,120	25,039
Total liabilities	949,900	927,544
Commitments and contingencies		
Shareholders' equity:		
Preferred stock—\$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at June 30, 2024 and December 31, 2023	—	—
Common stock—\$0.01 par value per share; 100,000,000 authorized shares; 16,648,028 and 16,684,492 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	166	167
Additional paid-in capital	160,001	162,386
Accumulated other comprehensive loss	(7,525)	(3,880)
Retained earnings	480,700	492,529
Total shareholders' equity	633,342	651,202
Total liabilities and shareholders' equity	\$ 1,583,242	\$ 1,578,746

MYR GROUP INC.
Unaudited Consolidated Statements of Operations
Three and Six Months Ended June 30, 2024 and 2023

(in thousands, except per share data)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Contract revenues	\$ 828,890	\$ 888,616	\$ 1,644,452	\$ 1,700,232
Contract costs	788,047	798,489	1,517,366	1,525,713
Gross profit	40,843	90,127	127,086	174,519
Selling, general and administrative expenses	61,839	57,775	124,072	114,739
Amortization of intangible assets	1,217	1,229	2,445	2,455
Gain on sale of property and equipment	(1,506)	(1,315)	(2,995)	(2,539)
Income (loss) from operations	(20,707)	32,438	3,564	59,864
Other income (expense):				
Interest income	81	193	223	514
Interest expense	(1,241)	(1,154)	(2,295)	(1,740)
Other income (expense), net	(270)	120	(533)	30
Income (loss) before provision for income taxes	(22,137)	31,597	959	58,668
Income tax expense (benefit)	(6,860)	9,324	(2,703)	13,232
Net income (loss)	<u>\$ (15,277)</u>	<u>\$ 22,273</u>	<u>\$ 3,662</u>	<u>\$ 45,436</u>
Income (loss) per common share:				
—Basic	\$ (0.91)	\$ 1.33	\$ 0.22	\$ 2.73
—Diluted	\$ (0.91)	\$ 1.33	\$ 0.22	\$ 2.70
Weighted average number of common shares and potential common shares outstanding:				
—Basic	16,756	16,707	16,734	16,662
—Diluted	16,809	16,809	16,820	16,817

MYR GROUP INC.
Unaudited Consolidated Statements of Cash Flows
Six Months Ended June 30, 2024 and 2023

(in thousands)	Six months ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 3,662	\$ 45,436
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization of property and equipment	29,659	26,040
Amortization of intangible assets	2,445	2,455
Stock-based compensation expense	4,248	4,304
Gain on sale of property and equipment	(2,995)	(2,539)
Other non-cash items	1,266	(221)
Changes in operating assets and liabilities:		
Accounts receivable, net	(34,139)	(1,714)
Contract assets, net	17,057	(81,243)
Receivable for insurance claims in excess of deductibles	(30)	459
Other assets	(3,507)	3,147
Accounts payable	(10,336)	23,004
Contract liabilities	16,514	1,468
Accrued self-insurance	(4,161)	(1,962)
Other liabilities	10,688	(2,790)
Net cash flows provided by operating activities	<u>30,371</u>	<u>15,844</u>
Cash flows from investing activities:		
Proceeds from sale of property and equipment	3,380	3,331
Purchases of property and equipment	(45,961)	(41,730)
Net cash flows used in investing activities	<u>(42,581)</u>	<u>(38,399)</u>
Cash flows from financing activities:		
Borrowings under revolving lines of credit	290,907	185,330
Repayments under revolving lines of credit	(279,488)	(178,247)
Payment of principal obligations under equipment notes	(2,595)	(2,512)

Payment of principal obligations under finance leases	(549)	(584)
Proceeds from exercise of stock options	—	20
Repurchase of common stock	(14,251)	—
Debt refinancing costs	(33)	(2,120)
Payments related to tax withholding for stock-based compensation	(5,866)	(7,936)
Other financing activities	1,600	—
Net cash flows used in financing activities	(10,275)	(6,049)
Effect of exchange rate changes on cash	(545)	414
Net decrease in cash and cash equivalents	(23,030)	(28,190)
Cash and cash equivalents:		
Beginning of period	24,899	51,040
End of period	\$ 1,869	\$ 22,850

Supplemental cash flow information:

Noncash financing activities:		
Share repurchases not settled	\$ 2,008	\$ —

MYR GROUP INC.
Unaudited Consolidated Selected Data,
Unaudited Performance Measure and Reconciliation of Non-GAAP Measure
For the Three, Six and Twelve Months Ended June 30, 2024 and 2023 and
As of June 30, 2024, December 31, 2023, June 30, 2023 and June 30, 2022

	Three months ended June 30,		Last twelve months ended June 30,	
	2024	2023	2024	2023
(dollars in thousands, except share and per share data)				
Summary Statement of Operations Data:				
Contract revenues	\$ 828,890	\$ 888,616	\$ 3,588,125	\$ 3,364,036
Gross profit	\$ 40,843	\$ 90,127	\$ 316,964	\$ 357,134
Income (loss) from operations	\$ (20,707)	\$ 32,438	\$ 72,793	\$ 123,624
Income (loss) before provision for income taxes	\$ (22,137)	\$ 31,597	\$ 67,295	\$ 120,550
Income tax expense (benefit)	\$ (6,860)	\$ 9,324	\$ 18,079	\$ 32,105
Net income (loss)	\$ (15,277)	\$ 22,273	\$ 49,216	\$ 88,445
Tax rate	31.0%	29.5%	26.9%	26.6%
Per Share Data:				
Income (loss) per common share:				
— Basic	\$ (0.91)	\$ 1.33	\$ 2.95 (1)	\$ 5.31 (1)
— Diluted	\$ (0.91)	\$ 1.33	\$ 2.92 (1)	\$ 5.26 (1)
Weighted average number of common shares and potential common shares outstanding:				
— Basic	16,756	16,707	16,718 (2)	16,640 (2)
— Diluted	16,809	16,809	16,828 (2)	16,818 (2)

(in thousands)	June 30, 2024	December 31, 2023	June 30, 2023	June 30, 2022
Summary Balance Sheet Data:				
Total assets	\$ 1,583,242	\$ 1,578,746	\$ 1,464,803	\$ 1,264,369
Total shareholders' equity	\$ 633,342	\$ 651,202	\$ 604,300	\$ 531,082
Goodwill and intangible assets	\$ 195,227	\$ 200,469	\$ 202,989	\$ 207,151
Total funded debt (3)	\$ 45,065	\$ 36,241	\$ 45,125	\$ 55,446

	Three months ended June 30,		Six months ended June 30, 2024	
	2024	2023	2024	2023
(dollars in thousands)				

Segment Results:	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Contract revenues:								
Transmission & Distribution	\$ 458,209	55.3%	\$ 503,737	56.7%	\$ 948,604	57.7%	\$ 949,060	55.8%
Commercial & Industrial	370,681	44.7	384,879	43.3	695,848	42.3	751,172	44.2
Total	\$ 828,890	100.0%	\$ 888,616	100.0%	\$ 1,644,452	100.0%	\$ 1,700,232	100.0%
Operating income (loss):								
Transmission & Distribution	\$ (8,300)	(1.8)%	\$ 37,734	7.5%	\$ 21,536	2.3%	\$ 70,554	7.4%
Commercial & Industrial	1,608	0.4	12,623	3.3	13,031	1.9	23,250	3.1
Total	(6,692)	(0.8)	50,357	5.7	34,567	2.1	93,804	5.5
Corporate	(14,015)	(1.7)	(17,919)	(2.0)	(31,003)	(1.9)	(33,940)	(2.0)
Consolidated	\$ (20,707)	(2.5)%	\$ 32,438	3.7%	\$ 3,564	0.2%	\$ 59,864	3.5%

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 June 30, 2024 and 2023

(in thousands, except share, per share data, ratios and percentages)	Three months ended June 30,		Last twelve months ended June 30,	
	2024	2023	2024	2023
Financial Performance Measures (4):				
EBITDA (5)	\$ (4,703)	\$ 47,064	\$ 134,939	\$ 180,667
EBITDA per Diluted Share (6)	\$ (0.28)	\$ 2.80	\$ 8.02	\$ 10.74
EBIA, net of taxes (7)	\$ (13,637)	\$ 23,817	\$ 56,375	\$ 95,021
Free Cash Flow (8)	\$ 2,503	\$ (43,429)	\$ (3,424)	\$ 34,844
Book Value per Period End Share (9)	\$ 37.92	\$ 35.94		
Tangible Book Value (10)	\$ 438,115	\$ 401,311		
Tangible Book Value per Period End Share (11)	\$ 26.23	\$ 23.87		
Funded Debt to Equity Ratio (12)	0.07	0.07		
Asset Turnover (13)			2.45	2.66
Return on Assets (14)			3.4%	7.0%
Return on Equity (15)			8.1%	16.7%
Return on Invested Capital (16)			8.7%	16.0%
Reconciliation of Non-GAAP Measures:				
Reconciliation of Net Income (Loss) to EBITDA:				
Net income (loss)	\$ (15,277)	\$ 22,273	\$ 49,216	\$ 88,445
Interest expense, net	1,160	961	4,897	3,515
Income tax expense (benefit)	(6,860)	9,324	18,079	32,105
Depreciation and amortization	16,274	14,506	62,747	56,602
EBITDA (5)	\$ (4,703)	\$ 47,064	\$ 134,939	\$ 180,667
Reconciliation of Net Income (Loss) per Diluted Share to EBITDA per Diluted Share:				
Net income (loss) per share	\$ (0.91)	\$ 1.33	\$ 2.92	\$ 5.26
Interest expense, net, per share	0.07	0.06	0.29	0.21
Income tax expense (benefit) per share	(0.41)	0.55	1.08	1.90
Depreciation and amortization per share	0.97	0.86	3.73	3.37
EBITDA per Diluted Share (6)	\$ (0.28)	\$ 2.80	\$ 8.02	\$ 10.74

Reconciliation of Non-GAAP measure:

Net income (loss)	\$ (15,277)	\$ 22,273	\$ 49,216	\$ 88,445
Interest expense, net	1,160	961	4,897	3,515
Amortization of intangible assets	1,217	1,229	4,897	5,444
Tax impact of interest and amortization of intangible assets	(737)	(646)	(2,635)	(2,383)
EBIA, net of taxes (7)	\$ (13,637)	\$ 23,817	\$ 56,375	\$ 95,021

Calculation of Free Cash Flow:

Net cash flow from operating activities	\$ 22,681	\$ (21,314)	\$ 85,543	\$ 123,209
Less: cash used in purchasing property and equipment	(20,178)	(22,115)	(88,967)	(88,365)
Free Cash Flow (8)	\$ 2,503	\$ (43,429)	\$ (3,424)	\$ 34,844

See notes at the end of this earnings release.

MYR GROUP INC.
Unaudited Performance Measures and Reconciliation of Non-GAAP Measures
As of June 30, 2024, 2023 and 2022

(in thousands, except per share amounts)	June 30, 2024	June 30, 2023
Reconciliation of Book Value to Tangible Book Value:		
Book value (total shareholders' equity)	\$ 633,342	\$ 604,300
Goodwill and intangible assets	(195,227)	(202,989)
Tangible Book Value (10)	\$ 438,115	\$ 401,311
Reconciliation of Book Value per Period End Share to Tangible Book Value per Period End Share:		
Book value per period end share	\$ 37.92	\$ 35.94
Goodwill and intangible assets per period end share	(11.69)	(12.07)
Tangible Book Value per Period End Share (11)	\$ 26.23	\$ 23.87
Calculation of Period End Shares:		
Shares outstanding	16,648	16,710
Plus: common equivalents	53	102
Period End Shares (17)	16,701	16,812

(in thousands)	June 30, 2024	June 30, 2023	June 30, 2022
Reconciliation of Invested Capital to Shareholders Equity:			
Book value (total shareholders' equity)	\$ 633,342	\$ 604,300	\$ 531,082
Plus: total funded debt	45,065	45,125	55,446
Less: cash and cash equivalents	(1,869)	(22,850)	(22,057)
Invested Capital	\$ 676,538	\$ 626,575	\$ 564,471
Average Invested Capital (18)	\$ 651,557	\$ 595,523	

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) 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 (loss) 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.

- (6) 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 (loss) per diluted share.
- (7) EBIA, net of taxes is defined as net income (loss) plus net interest plus amortization of intangible assets, less the tax impact of net interest and amortization of intangible assets. The tax impact of net interest and amortization of intangible assets is computed by multiplying net interest and amortization of intangible assets by the effective tax rate. Management uses EBIA, net of taxes, to measure our results exclusive of the impact of financing and amortization of intangible assets costs.
- (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 (loss), 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 shareholders' 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 shareholders' equity. Tangible book value is not recognized under GAAP and does not purport to be an alternative to book value or shareholders' 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 (loss) 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 shareholders' 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 (loss) for the period by total assets at the beginning of the period.
- (15) Return on equity is calculated by dividing net income (loss) for the period by total shareholders' equity at the beginning of the period.
- (16) Return on invested capital is calculated by dividing EBIA, net of taxes, less any dividends, by average invested capital. Return on invested capital is not recognized under GAAP, and is a key metric used by management to determine our executive compensation.
- (17) 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.
- (18) Average invested capital is calculated by adding net funded debt (total funded debt less cash and marketable securities) to total shareholders' equity and calculating the average of the beginning and ending of each period.



Source: MYR Group, Inc.