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MYR Group, Inc. (MYRG)

Q3 2025 Earnings Call

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Analyst, Robert W. Baird & Co., Inc.

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Analyst, Goldman Sachs & Co. LLC

Brian Russo

Analyst, Jefferies LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, everyone, and welcome to the MYR Group Third Quarter 2025 Earnings Results Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Today's conference is being recorded.

At this time, for opening remarks and introductions, I would like to turn the call over to Jennifer Harper, MYR Group's Vice President of Investor Relations and Treasurer. Please go ahead, Jennifer.

Jennifer Harper

Treasurer & Vice President-Investor Relations, MYR Group, Inc.

Thank you, and good morning, everyone. I would like to welcome you to the MYR Group conference call to discuss the company's third quarter results for 2025, which were reported yesterday.

Joining us on today's call are Rick Swartz, President and Chief Executive Officer; Kelly Huntington, Senior Vice President and Chief Financial Officer; Brian Stern, Senior Vice President and Chief Operating Officer of MYR Group's Transmission & Distribution segment; and Don Egan, Senior Vice President and Chief Operating Officer of MYR Group's Commercial & Industrial segment.

A copy of yesterday's press release is available on the MYR Group website at myrgroup.com under the Investors tab. A webcast replay of today's call will be available on the website for seven days following the call.

Please note, today's discussion may contain forward-looking statements. Any such statements are based upon information available to MYR Group's management as of this date, and MYR Group assumes no obligation to update any such forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Accordingly, these statements are no guarantee of future performance. For more information, please refer to the risk factors discussed in the company's most recently filed annual report on Form 10-K and quarterly report on Form 10-Q and in yesterday's press release.

Certain non-GAAP financial measures will also be presented. A reconciliation of these non-GAAP measures to the most comparable GAAP measures is set forth in yesterday's press release.

With that, let me turn the call over to Rick Swartz.

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

Thanks, Jennifer. Good morning, everyone. Welcome to our third quarter 2025 conference call to discuss financial and operational results. I will begin by providing a summary of the third quarter results, and then we'll turn the call over to Kelly Huntington, our Chief Financial Officer, for a more detailed financial review. Following Kelly's overview, Brian Stern and Don Egan, Chief Operating Officers for our T&D and C&I segments, will provide a summary of our segments' performance and discuss some of MYR Group's opportunities going forward. I will then conclude today's call with some closing remarks and open the call up for your questions.

The strength of our long-term customer relationships and a strong market position resulted in a solid third quarter performance. Our teams continue to execute projects with operational excellence and expand existing client relationships through master service and alliance agreements across our districts. Bidding activity remains healthy as we strategically pursue and capture new opportunities that position us for potential future growth.

The Edison Electrical Institute's (sic) [Edison Electric Institute's] (00:03:51) 2024 Financial Review, released earlier this month, projects that US investor-owned utilities will exceed \$1.1 trillion in combined capital investments for 2025 through 2029. More than \$123 billion of this is forecasted to be spent on transmission in the first three years from 2025 to 2027. The report also found that electric utilities are on pace to spend nearly \$208 billion on grid upgrades and expansions in 2025, the highest amount ever. Growing demand for electrification, a focus on grid modernization and hardening, and technology advancements continue to be strong market drivers and could present opportunities for consistent success across our business.

According to FMI's 2025 North American Engineering & Construction Outlook, released in July, chosen key markets for our C&I segment are forecasted for healthy growth through 2025 and into 2026, including data centers, transportation, health care, education and wastewater construction. By expanding existing relationships with our preferred customers and strategically bidding and expanding work in our chosen markets, we continue to experience a steady backlog of work and could see potential growth moving forward.

As always, our greatest strength lies within our talented and dedicated employees. We continue to develop and empower our teams to reach their highest potential as we grow our company. Our team members strive to provide excellence in safety and project delivery, helping our customers achieve their business goals.

Now, Kelly will provide details on our third quarter 2025 financial results.

Kelly M. Huntington

Senior Vice President & Chief Financial Officer, MYR Group, Inc.

Thank you, Rick, and good morning, everyone. Our third quarter 2025 revenues were \$950 million, which represents an increase of \$62 million or 7% compared to the same period last year. Our third quarter T&D revenues were \$503 million, an increase of 4% compared to the same period last year.

The breakdown of T&D revenues was \$293 million for Transmission and \$210 million for Distribution, with increases in revenues from both Transmission & Distribution projects from the prior year. Work performed under master service agreements continued to represent approximately 60% of our T&D revenues.

C&I revenues were \$447 million, an increase of 10% compared to the same period last year. The C&I segment revenues increased primarily due to an increase in revenue on fixed price contracts.

Our gross margin was 11.8% for the third quarter of 2025 compared to 8.7% for the same period last year. The increase in gross margin was primarily due to the third quarter of 2024 being negatively impacted by certain T&D clean energy projects and a C&I project. In the third quarter of 2025, gross margin was also positively impacted by better than anticipated productivity, favorable change orders, and favorable job closeouts. These margin increases were partially offset by an increase in costs associated with project inefficiencies, unfavorable change orders, and inclement weather.

T&D operating income margin was 8.2% for the third quarter of 2025 compared to 3.6% for the same period last year. The increase was primarily due to the third quarter of 2024 being negatively impacted by certain clean energy projects, as well as favorable change orders and better than anticipated productivity on certain projects during the third quarter of 2025. These increases were partially offset by higher costs related to project inefficiencies, unfavorable change orders, and inclement weather.

C&I operating income margin was 6.4% for the third quarter of 2025 compared to 5.0% for the same period last year. The increase was primarily due to the third quarter of 2024 being negatively impacted by a single project, as well as contingent compensation expense related to a prior acquisition that did not recur in the third quarter of 2025. Operating income margin for the third quarter of 2025 was also positively impacted by better than anticipated productivity and favorable job closeouts. These positive drivers were partially offset by unfavorable change orders and higher costs related to project inefficiencies.

Third quarter 2025 SG&A expenses were \$66 million, an increase of approximately \$8 million compared to the same period last year. The increase was primarily due to an increase in employee incentive compensation costs and an increase in employee-related expenses to support future growth. These increases were partially offset by contingent compensation expense related to a prior acquisition recognized during the third quarter of 2024 that did not recur.

Our third quarter effective tax rate was 28.3% compared to 42.5% for the same period last year. The decrease was primarily due to lower permanent difference items, mostly associated with deductibility limits of contingent compensation experienced in the prior year, as well as lower US taxes on Canadian income.

Third quarter 2025 net income was a record \$32 million compared to net income of \$11 million for the same period last year. Net income per diluted share of \$2.05 increased 215% compared to \$0.65 for the same period last year. Third quarter 2025 EBITDA was a record \$63 million compared to \$37 million for the same period last year.

Total backlog as of September 30, 2025 was \$2.66 billion, 2.5% higher than a year ago. Total backlog as of September 30, 2025 consisted of \$929 million for our T&D segment and \$1.73 billion for our C&I segment.

Third quarter 2025 operating cash flow was a record \$96 million compared to operating cash flow of \$36 million for the same period last year. The increase in cash provided by operating activities was primarily due to the timing of billings and payments associated with project starts and completions and higher net income. Third quarter 2025 free cash flow was \$65 million compared to free cash flow of \$18 million for the same period last year, reflecting the increase in operating cash flow, partially offset by higher capital expenditures to support future growth.

Moving to liquidity and our balance sheet. We had approximately \$267 million of working capital, \$72 million of funded debt, and \$400 million in borrowing availability under our credit facility as of September 30, 2025. Funded debt to EBITDA leverage remains strong at 0.34 times as of September 30, 2025. We believe that our credit facility, strong balance sheet, and future cash flow from operations will enable us to meet our working capital needs, support the organic growth of our business, pursue acquisitions, and opportunistically repurchase shares.

I'll now turn the call over to Brian Stern, who will provide an overview of our Transmission & Distribution segment.

Brian K. Stern

Senior Vice President & Chief Operating Officer-Transmission & Distribution, MYR Group, Inc.

Thanks, Kelly, and good morning, everyone. A continued focus on strengthening and expanding existing relationships with key customers, along with executing our work to their expectations, led to solid third quarter results in our T&D segment. We continue to see steady bidding activity and are pleased with our strong backlog consisting of master service agreements and a healthy mix of various-sized projects.

This quarter, L. E. Myers was awarded a midsized transmission line rebuild project in North Carolina, as well as substation and transmission work in Iowa. In addition, High Country Line Construction won multiple transmission line projects in the Midwest, while E.S. Boulous and Harlan Electric were awarded substation and transmission work, respectively, throughout the Northeast. Great Southwestern Construction received transmission line and substation project awards in Texas, with Sturgeon Electric winning work in Arizona, Oregon, and Alaska.

As Rick mentioned, we are seeing significant investments in electrical infrastructure throughout North America. Utilities continue to invest in upgrading and expanding their electric infrastructure, driven by several factors, including aging infrastructure, concern over resiliency and reliability, and the need to accommodate larger load growth. After roughly two decades of flat electricity demand, it is now growing rapidly and driving the need for electric infrastructure investments. According to Power Insights' 2025 North American Transmission Market Forecast, released in September, the report forecasts 9.1% compound annual growth rate in transmission spending from 2024 to 2029.

In summary, we believe these encouraging forecasts could generate growth opportunities for our business as we continue a firm dedication to our customers and a strict adherence to our operating principles. I would like to thank all of our talented employees for their commitment and effort in making our success possible.

I will now turn the call over to Don Egan, who will provide an overview of our Commercial & Industrial segment.

Don A. Egan

Senior Vice President & Chief Operating Officer-Commercial & Industrial, MYR Group, Inc.

Thanks, Brian, and good morning, everyone. Our C&I segment achieved solid results in the third quarter, thanks to the strength of our chosen core markets. We continue to strategically monitor and pursue new opportunities in a healthy bidding environment, while executing projects of various sizes in close collaboration with our valued customers.

Recent market outlooks suggest positive indicators for the segment. The Dodge Momentum Index increased 3.4% in September and commercial planning expanded 4.7% in the same period. Year-to-date, the DMI is up 33% from the average reading over the same period in 2024. The unprecedented growth in spending on data centers is expected to continue at an elevated pace. According to the American Institute of Architects, the AIA, July 2025 Consensus Construction Forecast reported that after increasing more than 50% in 2024, data center spending is expected to grow by an additional 20% in 2026.

These encouraging forecasts could generate growth for our business, and we continue to leverage our expertise to place us in a leading position to win opportunities in these markets, while bolstering our strategy to remain diversified across our chosen core markets. In the third quarter, our teams across all subsidiaries earned multiple awards and secured new work in each of our core markets. This includes wins in data centers, health care, clean energy, warehousing, higher education, and transportation. These achievements reflect our continued momentum and strong market presence across the US and Canada.

To conclude, our chosen core markets are healthy and the strength of our customer relationships continue to generate additional opportunities. This is thanks to our committed employees and their daily dedication to executing projects with a safety-first mindset.

Thanks, everyone, for your time today. I will now turn the call back to Rick, who will provide us with some closing comments.

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

Thank you for those updates, Kelly, Brian, and Don. Due to the strength of our core markets and our ability to bolster and broaden our customer relationships to create growth opportunities, we are proud of our third quarter performance. Our focus remains on safely executing projects, strategically bidding opportunities, and meeting the needs of our customers as they adapt to dynamic market conditions and a shifting energy landscape.

This is supported by our continued investment and development of our teams across the company as our people enable us to maintain our status as an industry leader by the work they perform every day. A commitment to our employees and customers is the foundation we build from to remain a strong and agile partner for customers. I would like to extend a thank you to our employees for their invaluable contributions and to our shareholders for your continued support of MYR Group. I look forward to connecting with you in the future quarters.

Operator, we are now ready to open the call up for your comments and questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question comes from Sangita Jain of KeyBanc. Your line is open.

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Q

Great. Thank you. Good morning, and thanks for taking my questions. So, first, if I can ask on C&I margins, they were considerably stronger than they have been in the recent quarters even though you had a negative change order. So, can you talk a little bit about that and how we should think about those C&I margins going forward?

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

A

I would say – yeah, I would say we did have a slight negative there, but overall, we had some positive adjustments, too. So, our margins were a little higher than what we projected coming into this year. I think, as we look to next year, I would say our margin profile is probably we've always said it's going to be in that 4% to 6% in the past, and I think as we look into next year, it'll kind of go to the midrange of kind of that 5% to 7.5%. So, we're upping that a little bit as we forecast out next year with probably a 10-ish-percent growth both in our C&I and T&D areas.

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Q

So, 10% core growth...

Kelly M. Huntington

Senior Vice President & Chief Financial Officer, MYR Group, Inc.

A

Yeah...

[indiscernible] (00:18:50)

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Q

Sorry, go ahead, Kelly.

Kelly M. Huntington

Senior Vice President & Chief Financial Officer, MYR Group, Inc.

A

I was just going to say to elaborate, just looking at full year for C&I, given that we have been trending a little higher, we are expecting that we'll be in the upper half of the target range for this year of the 4% to 6% for full year 2025. And then, as Rick mentioned, looking to raise that expectation for next year to that 5% to 7.5% range.

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Q

Okay. Did I just hear Rick say 10% for next year, no, or did I get that wrong?

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

I would look for a 10%-ish revenue growth.

A

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

10% revenue growth company-wide?

Q

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

Yes.

A

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Okay. Great. But 5% to 7.5% C&I.

Q

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

Yeah, with our margin profile remaining the same on T&D, that 7% to 10.5% and probably operate in the mid-ish range of those numbers just because we're not seeing the large projects really roll in until 2027.

A

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Okay. That's helpful. And then, appreciate the breakdown of the new awards in the quarter on the T&D side, does – how sizable are they in the sense that does that change your breakdown between MSA and non-MSA work in that segment?

Q

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

No, we really didn't speak anything about large projects coming into our backlog. So, it's small and midsized. So, somewhere in that same range where we've been, I would say, is kind of how we're forecasting it for this next quarter.

A

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Okay. Got it. Thank you. Appreciate you letting me ask questions.

Q

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

Thank you.

A

Operator: Thank you. And our next question comes from Andrew Wittmann of Baird. Your line is open.

Andrew John Wittmann

Analyst, Robert W. Baird & Co., Inc.



Hi. Great. Good morning, and thanks for taking our questions here. Everybody wants to talk about data centers. So, let's talk about data centers. I mean, obviously, this is a growth end market for electricians, broadly speaking. Rick, in the past when we've talked to you about this, you're like totally see the opportunity there, you're open to it. You've always said we don't want to abandon our legacy customers everywhere else as well.

So, just kind of wanted to get an update on your view here, is this market evolving faster and bigger than you maybe thought six months ago and how has – is your company approaching the data center opportunity? Are you going to go for it directly or wait for overall demand to lift demand for the types of services you offer and still compete in the traditional end markets as well? I'm just wondering if you could talk about that. Maybe the simple way of asking that question of course is, do you expect the data center as a percentage of your C&I mix to materially increase or not?

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.



I think, as we go forward, data centers could increase, but our other core markets are very strong, too, within C&I. So, when we talked about the overall markets we're in, whether it's wastewater or hospitals or solar, even on that side, we see good growth opportunities there. So, really not focused on just data centers, but again, a lot of good opportunities going forward. But I don't see that outpacing the other segments at this point.

Andrew John Wittmann

Analyst, Robert W. Baird & Co., Inc.



Got it. Okay. And then I guess I wanted to follow up on your balance sheet and your ability and desire to deploy capital. Obviously, balance sheet like normal is in a very good spot here. Historically, you've done some M&A pretty consistently over the years, but the dynamics and the growth rates behind your business have changed and I've got to think the multiples like your own stock's multiple are up. I was just wondering kind of, Rick, what you're seeing out there and your desire as well as your ability to deploy M&A capital in an environment like this where prices are up? What do you think?

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.



The multiples are definitely up. I mean, as you said, our multiples are up, but when we look at it, for us, it's really just focused on that right strategic fit. There's opportunities out there, but again, it's got to fit us from a cultural fit and then from a structural fit. So, we continue to look at them and evaluate them. And there's quite a bit of activity out there. So, that's positive. And hopefully we can capitalize on the right opportunity, but our balance sheet enables us to really go after any acquisition. We've always said that our kind of goal is to anything within that annual revenue of \$50 million to \$600 million is kind of our target. We're not looking for something transformational. But again, we continue to see good activity in that market and just trying to find the right fit.

Andrew John Wittmann

Analyst, Robert W. Baird & Co., Inc.



Thanks a lot.

Operator: Thank you. And our next question comes from Jon Braatz of KCCA. Your line is open.

Jon Braatz

Analyst, Kansas City Capital Associates

Good morning, everyone.

Q

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

[ph] Good morning (00:24:13).

A

Jon Braatz

Analyst, Kansas City Capital Associates

Rick, on the margin profile for the C&I segment, you increased the range a little bit, does that reflect market conditions or execution?

Q

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

I would say both. I think our – we're always focused on execution, how we better improve our performance out there, but also seeing some market, I guess, expansion in our market – margins within the market. So, we push margins every chance we get, but we're also focused on our own performance. So, I would say it's a mixture of the two.

A

Jon Braatz

Analyst, Kansas City Capital Associates

Okay. And then, industry-wide in the utility – in the T&D segment, every time you read a report from utility companies, they talk about accelerating spending plans. And I guess from an overall perspective, Rick, does the – is there enough labor out there to meet this demand that seems to be forthcoming? And if not, is there going to be some opportunity to take some additional margin?

Q

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

Well, we definitely hope so, and that's why we've always [ph] said it. I mean, as we look at it (00:25:37) into this market, it's an elongated market and it's going to go out for years. Not all these projects are going to be built overnight. And it's just not the labor side. It's also the material shortages or those time delays on that material coming in. So, I would say those cycles on material aren't getting any shorter. So, I think it's a balancing act between kind of the labor availability in the market, but also the material availability.

A

So, I would say lots of early conversations with our clients, very positive on the conversations, but really none of our customers are concerned about what they're going to build more or less in 2026. They're more concerned about what they're going to build in 2027, 2028, 2029, and beyond. So, very good conversations going on.

Jon Braatz

Analyst, Kansas City Capital Associates

Okay. All right. Thank you, Rick.

Q

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

Thank you.

A

Operator: Thank you. And our next question comes from Brian Brophy of Stifel. Your line is open.

Brian Brophy

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Thanks. Good morning. Appreciate you taking the question. Appreciate the thoughts on 2026. I'm curious if you're expecting any change to some of the high-single-digit growth excluding solar and T&D and C&I that you've communicated for this year?

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

A

As Kelly said, we're running a little ahead of that on the T&D side. C&I is right in that range for kind of that overall revenue growth. So, we see that coming in maybe a little stronger on the C&I – or, on the T&D side and kind of maintaining where we're at on the C&I side this year.

Brian Brophy

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Okay...

[indiscernible] (00:27:24)

Kelly M. Huntington

Senior Vice President & Chief Financial Officer, MYR Group, Inc.

A

... [ph] we're at up (00:27:25) 10% so far year-to-date on C&I.

Brian Brophy

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Got it. That's helpful. And then, just curious, the latest you're hearing from your customers on large transmission project opportunities and what that outlook could look like as we look out a couple of years? Thanks.

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

A

It's strong on that side, I would say, lots of good conversations going on, lots of good activity. We're doing a lot of budgeting with our clients, a lot of working with our clients on longer-term projects. So, again, it remains a very active market, and those projects, as I said before, they're large projects that we're discussing aren't going to start in 2026, but they'll start in 2027, 2028, 2029, and we're even having conversations with clients on projects that go out past [ph] them (00:28:19).

Brian Brophy

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Appreciate it. I'll pass it on.

Operator: Thank you. And our next question comes from Ati Modak of Goldman Sachs. Your line is open.

Atidrip Modak

Analyst, Goldman Sachs & Co. LLC

Q

Hey. Good morning, guys. Rick, can I ask you for directional comments relative to that 10% overall revenue growth you talked about for 2026? Is that a decent bogey for a run rate expectation based on everything that you're seeing in the market, or what factors would you ask us to consider as we think about that?

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

A

Well, I would say it doesn't have a – we don't forecast a dip in the economy or a dip in anything going forward with our clients as far as pulling back work. When we look at the project availability and the current market, I would say that's how we're forecasting it right now with that kind of 10-ish-percent overall growth and pretty equally spread between C&I and T&D as we see it today.

Atidrip Modak

Analyst, Goldman Sachs & Co. LLC

Q

Got it. That's super helpful. And then, maybe, Kelly, one for you. No buybacks this quarter. Just curious if there's anything to point out there or point out in terms of related to near-term capital allocation program?

Kelly M. Huntington

Senior Vice President & Chief Financial Officer, MYR Group, Inc.

A

Sure. And so, you're right, we did announce that program at the last earnings call for another \$75 million, and we continue to look at that opportunistically. And so, it remains part of our capital allocation strategy. But I would say, as usual, we are prioritizing directing capital towards growth. So, on the organic side, that comes in the form of both our capital expenditures, which you could see this quarter did trend a little higher. Part of that was timing from earlier in the year, but part of that is to support that longer-term growth that we see particularly on the T&D side, which is of course the more capital-intensive side of the business.

So, that we could see running closer to 3% of revenue given the growth opportunity that's out there. And then, I would say, back to Rick's answer to the earlier question, we're also in a really good position to pursue acquisitions that are the right fit. So, continuing to be active in evaluating opportunities there. So, I think, just to summarize, I'd say we're in a great position to do all three.

Atidrip Modak

Analyst, Goldman Sachs & Co. LLC

Q

Yeah. That's very helpful. Thank you. Appreciate it.

Operator: Thank you. And our next question comes from Julien Dumoulin-Smith of Jefferies. Your line is open.

Brian Russo

Analyst, Jefferies LLC

Q

Yeah. Hi. Good morning. It's Brian Russo on for Julien.

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

A

Good morning.

Brian Russo

Analyst, Jefferies LLC

Q

Hey. Just to follow up on the T&D segment, how should we think about your current MSAs or new or potentially enhanced MSAs with the upward CapEx revisions that we're seeing with many of your large utility customers already this quarter? Is that part of what might be driving the 10-ish-percent growth in that segment in 2026 over high-single-digits in 2025?

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

A

Yeah, that's definitely a component of it as we look at that. Most of our customers are forecasting some increased spend next year. And as we said then in future years beyond that, we'll see some large projects hopefully come into the mix. But I would say it's increased spend on MSA is a good component of that.

Brian Russo

Analyst, Jefferies LLC

Q

And with the whole labor shortage maybe backdrop in the latter years in, say, 2027, 2028, when you re-sign your MSAs, do you have more leverage in terms of the premium for skilled labor or should we just kind of assume similar margins as they are today?

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

A

Well, I think we're always pushing on our performance to outperform where we've been. But with that being said, over 90% of our clients are return clientele. So, we're always going to treat those clients fair. We're going to look at our productivity side and we're going to try to enhance our margins where we can. But, again, always treating our customers fairly.

Brian Russo

Analyst, Jefferies LLC

Q

And then, lastly, I appreciate the project discussions at T&D earlier. Could you kind of triangulate any of those projects that might be more significant than others or what was added to the September backlog or that is still to be added?

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

A

I would say, our backlog, we always capture it at a month-end. So, again, it's always going to be lumpy at any given time. I think, when you're looking at, as we said, no large project came into it, Brian talked about some of the projects, smaller and midsized projects that were captured, and we see that continuing. But again, I would say, we don't get down to it customer by customer, but good activity in all the markets we're in and we pretty much have coast-to-coast coverage, a little bit into Canada. So, pretty excited about the opportunities that lie in front of us.

Brian Russo

Analyst, Jefferies LLC

Q

Okay. Great. Thank you very much.

Operator: Thank you. I'm showing no further questions in the queue. I would now like to turn the call back over to Rick Swartz for any additional or closing remarks.

Richard S. Swartz

President, Chief Executive Officer & Director, MYR Group, Inc.

To conclude, on behalf of Kelly, Brian, Don and myself, I sincerely thank you for joining us on the call today. I don't have anything further, and we look forward to working with you in the future and speaking with you again on our next conference call. Until then, stay safe.

Operator: Thank you. This concludes today's conference call. We thank you for your participation. And you may now disconnect.

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