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CORPORATE PARTICIPANTS

Jeffrey J. Waneka *MYR Group Inc. - Senior VP and COO of Commercial & Industrial*
Kelly Michelle Huntington *MYR Group Inc. - Senior VP, CFO, Principal Financial Officer & Principal Accounting Officer*
Richard S. Swartz *MYR Group Inc. - President, CEO & Director*
Tod M. Cooper *MYR Group Inc. - Senior VP and COO of Transmission & Distribution*

CONFERENCE CALL PARTICIPANTS

Alexander David Dwyer *KeyBanc Capital Markets Inc., Research Division - Associate*
Brian J. Russo *Sidoti & Company, LLC - Equity Analyst*
Jonathan Paul Braatz *Kansas City Capital Associates - Partner & Research Analyst*
Justin P. Hauke *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Associate*
David E. Gutierrez *Dresner Corporate Services, Inc. - Head of PR Practice and SVP*

PRESENTATION

Operator

Good morning, everyone, and welcome to the MYR Group First Quarter 2023 Earnings Results Conference Call. Today's conference is being recorded. At this time, for opening remarks and introductions, I would like to turn the conference over to DavidÂ Gutierrez of Dresner Corporate Services. Please go ahead, David.

David E. Gutierrez ***Dresner Corporate Services, Inc. - Head of PR Practice and SVP***

Thank you, and good morning, everyone. I'd like to welcome you to the MYR Group conference call to discuss the company's first quarter results for 2023, 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; Tod Cooper, Senior Vice President and Chief Operating Officer of MYR Group's Transmission and Distribution segment, and Jeff Waneka, Senior Vice President and Chief Operating Officer of MYR Group's Commercial and Industrial segment. If you did not receive yesterday's press release, please contact Resla Corporate Services at (312) 726-3600, and we will send you a copy or go to the MYR Group website, where a copy is available under the Investor Relations tab. Also, a webcast replay of today's call will be available for 7 days on the Investors page of the MRY Group website at myrgroup.com.

Before we begin, I want to remind you that this 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. These risks and uncertainties are discussed in the company's annual report on Form 10-K for the year ended December 31, 2022, the company's quarterly report on Form 10-Q for the first quarter of 2023 and in yesterday's press release. Certain non-GAAP financial information will be discussed on the call today. A reconciliation of these non-GAAP measures to the most comparable GAAP measures is set forth in yesterday's press release. With that said, let me turn the call over to Rick Swartz.

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

Thanks, David. Good morning, everyone. Welcome to our first quarter 2023 conference call to discuss financial and operational results. I will begin by providing a summary of our first 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, Tod Cooper and Jeff Waneka, Chief Operating Officers for our T&D and C&I segments, will provide a summary of our segment's performance and discuss some of MYR Group's opportunities going forward. I will then conclude the call. I will then conclude today's call with some closing remarks and open the call up for your questions.

We entered 2023 with positive momentum, fueled by record-setting financial performance in 2022 and a substantial backlog, resulting in solid first quarter. We continue expanding strong customer relationships through master service agreements and alliance agreements and perform ongoing work for our long-term clients across our districts. We also see healthy bidding activity and strategically capture new work to position us for future growth. Clean energy remains a key market driver as grid modernization, reliability and system hardening continue to create opportunities as our clients strive to achieve carbon-neutral goals and better serve their customers. The solar market insight report 2022 year-end review released by the Solar Energy Industries Association in Wood McKinsey in March forecast a 41% growth in solar installations in 2023. Solar installations, battery storage and other clean energy transformation projects in an expanding market are opportunities we continue to track and pursue. Similarly, our C&I segment maintains a healthy backlog with numerous projects in the pipeline to allow for potential growth. solar, battery storage and other clean energy projects continue to expand our portfolio of work while also strengthening long-term relationships with our preferred clients.

Data centers and health care or other core markets, we believe could provide steady opportunities moving forward. Remaining a strong and nimble partner while executing projects with superior quality enables us to offer unparalleled value to our customers and develop future opportunities. We remain committed to the safety training and development of our talented employees, and I thank them for their hard work and dedication. Our financial results and performance continue to reflect solid, consistent long-term growth, which we believe will lay the foundation for future success and opportunities. Now Kelly will provide details on our first quarter 2023 financial results.

Kelly Michelle Huntington ***MYR Group Inc. - Senior VP, CFO, Principal Financial Officer & Principal Accounting Officer***

Thank you, Rick, and good morning, everyone. Our first quarter 2023 revenues were $812 million. This represents an increase of $175 million or 27% compared to the same period last year. Our first quarter T&D revenues were $445 million, an increase of 22% compared to the same period last year. The breakdown of T&D revenues was $298 million for transmission and $147 million for distribution. The T&D segment revenues increased primarily due to an increase in revenue on transmission projects, including revenues related to clean energy and an increase in revenues on distribution projects. Approximately 50% of our first quarter T&D revenues related to work performed under master service agreements. C&I revenues were $366 million, an increase of 35% compared to the same period last year. The C&I segment revenues increased due to higher revenue in certain geographical areas, including revenues related to clean energy

Our gross margin was 10.4% for the first quarter of 2023 compared to 12.6% for the same period last year. The decrease in gross margin was primarily due to labor inefficiencies, some of which were caused by inclement weather and supply chain disruptions experienced on certain projects. Gross margin was also negatively impacted by an increase in costs associated with an adjustment to sales tax accruals for prior periods in one of our C&I operating areas as well as rising costs associated with inflation. These margin decreases were partially offset by better-than-anticipated productivity on a project. T&D operating income margin was 7.4% for the first quarter of 2023 compared to 8.3% for the same period last year. The decrease was primarily due to labor inefficiencies caused by inclement weather and supply chain disruptions experienced on certain projects. C&I operating income margin was 2.9% for the first quarter of 2023 compared to 3.7% for the same period last year.

The decrease was primarily due to labor inefficiencies, some of which were caused by inclement weather and supply chain disruptions as well as a sales tax accrual adjustments and inflation, partially offset by better-than-anticipated productivity on a project. First quarter 2023 SG&A expenses were $57 million, an increase of $3 million compared to the same period last year. The increase was primarily due to an increase in employee-related expenses to support the growth in our operations and an increase in employee incentive compensation costs. First quarter 2023 interest expense was $600,000, an increase of $100,000 compared to the same period last year. The increase was primarily due to higher interest rates, partially offset by lower average debt balances during the first quarter of 2023 as compared to the same period last year. Our effective tax rate for the first quarter of 2023 was 14.4% compared to 15.4% for the same period last year. The effective tax rate in both periods benefited from the favorable impact of stock compensation excess tax benefits.

First quarter 2023 net income was $23 million or $1.38 per diluted share compared to $21 million or $1.21 per diluted share for the same period last year. First quarter 2023 EBITDA was $41 million compared to $40 million for the same period last year. Total backlog as of March 31, 2023, was $2.67 billion, a record high and was 11% higher than a year ago. Total backlog as of March 31, 2023, consisted of $1.28 billion for our T&D segment and $1.39 billion for our C&I segment. First quarter 2023 operating cash flow was $37 million compared to operating cash flow of $21 million for the same period last year. First quarter 2023 free cash flow was $18 million compared to free cash flow of $7 million for the same period last year reflecting the increase in operating cash flow, partially offset by higher capital expenditures to support our organic growth.

Moving to liquidity and our balance sheet. We had approximately $223 million of working capital, $26 million of funded debt and $363 million in borrowing availability under our credit facility as of March 31, 2023. We have continued to maintain a strong funded debt-to-EBITDA leverage ratio of 0.4x leverage as of March 31, 2023. We believe that our credit facility, strong balance sheet and future cash flow from operations will enable us to meet our working capital needs to support the organic growth of our business, pursue acquisitions and opportunistically repurchase shares. I'll now turn the call over to Tod Cooper, who will provide an overview of our Transmission and Distribution segment.

Tod M. Cooper ***MYR Group Inc. - Senior VP and COO of Transmission & Distribution***

Â Thanks, Kelly, and good morning, everyone. The T&D segment dealt with impactful weather throughout the U.S. to achieve an impressive performance for the first quarter of 2023. Our skilled construction teams navigated the challenges of extreme rate in California and heavy precipitation in portions of the Northeast and Southeast, which helped to minimize negative impacts. We are thankful for their efforts and commitment to MYR Group and our customers. Our current project portfolio still consists of a good mix of smaller to midsize projects, master service agreement work, large transmission projects and multiple projects related to clean energy. The clean energy market create opportunities. And as Rick mentioned, forecasted increases in solar installations and battery storage are potential areas of growth in 2023 and beyond. The Edison Electric Institute Capital expenditure report published in September of 2022, also projected $159.2 billion of spending in 2023 by investor and utilities in the United States, nearly $17 billion more than the previous forecast.

Investments in the integration of clean energy sources, grid modernization, system hardening and transmission expansion remain the key drivers for this projected spend. Bidding activity remained steady in our region with numerous large projects and associated ancillary projects getting the market for bid. We continue to perform ongoing work for long-term clients throughout the West, including Cell Energy, Southern Callison, APS, Houston Electric Power and the Bonneville Power Authority. We are also pleased to report that Sturgeon Electric was recently awarded 3-year contracts, Southern California Edison and NV Energy for distribution services. Also in the West, our subsidiary, MYR Energy Service is active in pursuing multiple project opportunities in California.

Our Eastern region completed a number of projects in the first quarter while receiving a variety of new project awards for solar installations, substation construction, transmission maintenance and energized structure replacements. Subsidiary E.S Boulos reached substantial completion on 2 battery storage system projects and began construction on multiple solar projects this quarter all while continuing to win work with long-term clients in their market. Our subsidiary, the L.E Myers Company was awarded multiple contracts for substation projects slated to begin in 2024, transmission and substation MSAs in Island, Florida and a 30-mile 230k transmission project in the Mid-Atlantic region. Supply chain issues created some material challenges for our districts across the segment as the demand for transmission materials stressed a few project timelines. However, our strong backlog, healthy bidding activity and influx of new work to have offset the stresses related to supply chain constraints. We continue to monitor the supply chain situation and are taking a proactive approach by developing strategies and implementing solutions with our clients to ever gone material-related roadblocks.

In summary, we continue to evaluate, improve and grow our T&D business. Our first quarter results reflect our ability to effectively listen to and work with our clients to deliver according to their expectations. We will remain disciplined in our efforts to capitalize on the right opportunities and will effectively grow our business by targeting projects and investing in the development and safety of our talented teams. I'll now turn the call over to Jeff Waneka, who will provide an overview of our Commercial and Industrial segment.

Jeffrey J. Waneka ***MYR Group Inc. - Senior VP and COO of Commercial & Industrial***

Â Thanks, Tod, and good morning, everyone. Our first quarter performance in the C&I segment was steady and demonstrates our sound strategy and ability to adapt to supply chain disruptions and lingering inflationary pressure. Continued investment in our employees and partnering closely with our clients to seek innovative solutions enable our exceptional execution and capacity to help our customers navigate these market constraints. We remain diligent and are encouraged by the numerous projects in our pipeline that we believe could allow for continued growth. The American Institute of Architects consensus construction forecast reported in its midyear update, projection of a 5.4% increase in commercial construction spending and a 4.8% climb for industrial construction spending in 2023. The Dodge Construction Networks 2023 construction outlook published in January forecasted much of the strong growth to occur in data center, health care and wastewater spending, all of which are core markets for our C&I segment. These are encouraging forecasts that could generate growth for our business. MYR Group subsidiaries will continue to leverage their expertise to place us in leading positions to win opportunities in these markets. Our clean energy portfolio continues to expand as nearly every division of our C&I segment grew its backlog or is pursuing additional opportunities in the clean energy market. Electrical vehicle charging stations, solar and battery storage projects are growth opportunities, and we continue to bid and win work in these areas. Our strong backlog is also solidified with projects in other core markets such as water, hoist water treatment and transportation. The same report from Dodge Construction Network forecast an 18% increase in non-building public works construction in 2023, projecting a spend of $225 billion as funding from the infrastructure investment and Jobs Act becomes a reality.

We continue to monitor these opportunities and pursue work with both existing and new customers. The healthcare end market remains strong and offers attractive opportunities in several regions. Canadian subsidiary, Western Pacific Enterprises was recently awarded a hospital project in addition to successfully executing existing health care, transit and other projects in Western Canada. We continue to win and execute work in other markets across our companies with transportation projects at airports in Colorado and California for subsidiaries, Sturgeon Electric and CSI Electric as well as higher education and warehousing projects, project awards in New York and New Jersey for subsidiary, Huen Electric. Sturgeon Electric also continued to add crews to major semiconductor plants in Arizona, opportunities stemming from the U.S. Chips and Science Act passed last August. To conclude, our chosen markets are healthy and the strength of our client relationships are generating a host of complementary pursuits.

Our dedicated employees continue to respond to lingering challenges to the business segment with proactive and customer-facing communication to help MYR Group maintain its leading position in the markets we serve. We are proud of their dedication, commitment to our organizational values and the strong culture they create. Thanks, everyone, for your time today. I'll now turn the call back to Rick, who will provide us with some closing comments.

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

Thank you for those updates, Kelly, Tod and Jeff. Our first quarter performance reflects our ongoing commitment to strong operating principles and sound business strategies while remaining proactive and disciplined in a shifting energy landscape, our ability to build strong customer relationships, identify and pursue new markets and attract and develop talented team members positions MYR Group as an industry leader that is viewed as a valued and essential partner by our customers. I am proud of the performance across both our market segments, which is a testament to the tireless work, skill and ongoing training of our amazing employees. We will continue to invest in the safety and development of our teams across the company because they are the catalyst to our success. I would also like to thank Jeff for his contributions to the company over his 32 years of service and in his tenure as COO as he transitions towards retirement, and welcome Don Egan as Senior Vice President and COO of our C&I segment. I thank each of you for your ongoing commitment and support to the success of our organization, and I look forward to working with you throughout the year. Operator, we are now ready to open the call up for your comments and questions.

QUESTIONS AND ANSWERS

Operator

Â (Operator Instructions) The first question comes from Alex Dwyer with KeyBanc.

Alexander David Dwyer ***KeyBanc Capital Markets Inc., Research Division - Associate***

Congrats. So we have this high single-digit organic revenue guide this year. Obviously, this quarter, the growth was a lot higher and the backlog continues to build, especially in T&D. I'm just wondering if this high single-digit growth is still the right way to think about this year since it kind of implies like the growth meaningfully steps down to the balance of the year. Like is this just like a function of larger projects completing or comps getting tougher? Or is this a conservative view of revenue this year?

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

I would say it's probably not a conservative view at this point. I mean, we're still seeing supply chain issues out there that can affect the revenue of what we're able to claim in a given quarter. So we see that affecting the movement of the projects. You kind of saw that ramp up through last year of our revenue growth, and it continued this quarter. But I would still go with that high single-digit growth unless the supply chain issues get solved quicker than we think they're going to.

Alexander David Dwyer ***KeyBanc Capital Markets Inc., Research Division - Associate***

Got it. And I wanted to ask about large transmission bid activity. I mean there continues to be a lot of movement in the news. It kind of sounds like anything booked this year like really won't have a large impact until next year. Should we expect any awards this year? And is it fair to assume these projects are still meaningfully accretive to T&D margins and can kind of support margins back in that upper end of that target range?

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

Yes. I think I'd start by just covering what Tod said during his review of the script and that was really -- had some big weather impacts. And we saw that through the first part of this first -- or second quarter also. I mean, I think everybody is seeing that across the country in news reports and some of the damage that's been done in some of the high water areas. So when we see that, it can affect us. I think when we get into the large project size, we totally agree anything that's awarded this year really wouldn't start until next year. And we're -- there's quite a few projects out there that we're actively pursuing. So again, we'll see how those go. For us, it's never a must-win project. It's making sure that we have the right cost involved with those projects, and we're looking at it from a cost standpoint and then putting a fair markup on it. So we like the balance of work that we have, kind of that small, medium and large-sized work that we have going and we'd like to see that continue. And yes, if we do capture a large project, we're usually pretty successful on those projects as far as the financial performance.

Alexander David Dwyer ***KeyBanc Capital Markets Inc., Research Division - Associate***

Got it. And last one, just on the C&I margins. There was a bunch of different items called out, weather, labor inefficiencies, cost inflation, supply chain. I think you had previously said most of these issues like should continue through the first half and stabilize by the third quarter. Is this still the right view here? Has anything changed?

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

We continue to see some improvement there. I think it's lumpy out there is how the improvements are taking place on the supply chain side of it. inflation, I would say, has calmed down on the material side of what we do. But that supply chain still is lumpy. And we said we hoped that -- what we said is that we saw that improvement through this year, hopefully, by the fourth quarter, getting back to what we call whatever the new normalized rate is, it probably won't be back to where it was in '18. As far as equipment suppliers and how material comes in, I think there's going to be always longer lead times on that. But if you look at it, hopefully, it settles down and get back to the new norm by the end of the year. If not, we see that gradual progression, but it could continue slightly into next year. Really, it's hard to say. It's just shifting all the time.

Operator

The next question comes from Justin Hauke with Baird.

Justin P. Hauke ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Associate***

I've got, I guess, 2 questions. One is maybe a bigger picture one. And then the second one, I'll follow up is smaller. But one of the questions that we get a lot is just trying to better understand the mix in your C&I business today or maybe in the backlog. You talked a lot about clean energy. And you obviously talked about that a lot in the past, but it seems like it took more of your comments this quarter. But do you have anything in just broad strokes that you can share about kind of what the mix of your backlog looks like today in terms of the C&I work and the different end markets that you're involved in?

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

Yes. I think where we've covered in the past, I'll let Jeff add to this. We've always said data centers, hospitals, more of the high-tech work, specialized work is where we really go after. And then the solar work is something we've been developing since 2010, '11 time frame. So we did a lot on the organic side to grow that over the years. And the last few acquisitions, excluding Powerline, really have that component tool. So it's been a strategy that we've been carrying out, like I said, since the 2010 time frame to grow this, we saw it coming. It's clean energy in general, whether it's electric vehicles, charging stations is a growing part of our company. Solar stations or yards are a major -- I wouldn't say 40% of our business, but it's a growing entity of our business, and we continue to see that grow. We haven't disclosed what percentage that is, but I would say it's growing every day for us. Jeff, anything you want to add to that?

Jeffrey J. Waneka ***MYR Group Inc. - Senior VP and COO of Commercial & Industrial***

Rick, I think you answered it well. The mix is fairly broad in C&I. And as Rick said, the interesting part is the growth in the clean energy across the country. So it's great to be benefiting from that.

Justin P. Hauke ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Associate***

Â Okay. Fair enough. I guess the smaller question, maybe -- I guess it's for Kelly. But you talked about the sales tax accruals and just because that's kind of an unusual item that you haven't talked about in the past. Could you give a little more detail about that and quantify the impact that, that had? And I guess it was just in the C&I business or was it both?

Kelly Michelle Huntington ***MYR Group Inc. - Senior VP, CFO, Principal Financial Officer & Principal Accounting Officer***

Sure. Happy to take that one. So we have a sales tax audit in one of our C&I operating areas that's ongoing. Based on our review, we did make some adjustments to our sales tax accruals from prior periods to include sales taxes on materials for some projects for tax-exempt customers. If you exclude that impact in the quarter, our margins would have been much closer to where they were in the last quarter of last year for C&I.

Operator

(Operator Instructions) The next question comes from Brian Russo with Sidoti.

Brian J. Russo ***Sidoti & Company, LLC - Equity Analyst***

I just wanted to follow up. Just wanted to follow up on the March backlog. It looks like most of the growth in total backlog has come from T&D, which is up about $200 million from December where C&I looks like it's actually down about $50 million. I'm just trying to -- I'm just curious, are you burning the C&I projects that might be the lower margin, you're just completing them and that working into a new backlog with better margins. I just want to understand the dynamic between the two.

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

I would say on the C&I side, that's -- we are burning through some of the past work. But when you have the supply chain issues, it still is affecting some of the current work you have going on. So maybe the inflation and other items are covered in the newer bids. So that's a slight draw on our margins. But when you look at the supply chain issues, they're still affecting us. Overall, with backlog, I'm pleased where our backlog is. We've always said it's going to be lumpy. We want to make sure we have the right contracts in place. Some of these contracts take 4 to 6 months to negotiate out and make sure you have the right terms and conditions in place that are acceptable to both us and our customers. So we put a great amount of time in that, and we're very patient on that. I would say there's quite a bit of activity with -- on the C&I side, where projects, as I've said in the past, are budgeted 3 years in advance. We're updating those budgets. We're making sure our clients are aware of them. And so in some cases, they have to go back for refunding before those projects are awarded. And sometimes that takes maybe 4 to 6 months to happen. But very pleased with where our backlog is on both sides of the business.

Brian J. Russo ***Sidoti & Company, LLC - Equity Analyst***

Okay. Great. And then just on the year-over-year revenue in the T&D segment, it looks like distribution was only up a couple of million, where the majority of the growth came from transmission. And I'm just wondering maybe if you could add a little color into what's actually driving that growth? I know you had a $150 million Northeast transmission project that I think was supposed to start this year. And then I think also a $200 million solar project down in Southeast Texas that was also supposed to ramp up. So just want to understand what's driving transmission versus the more modest distribution growth.

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

It's really how our clients are awarding the work and just in that given time. For us, I think we see clean energy growth out there that's affected our distribute-- our transmission side of the business a little bit. But when you look at the overall market very strong and our customers with our alliance agreements can spend it either in T&D or either in transmission or distribution. So we're seeing a little more trend on transmission this last quarter. I think you can see that go back and forth a little bit. We just want to service our customers and a lot of them we do both transmission and distribution work for. So it's where their spend is during a given quarter, but very strong markets and the drivers are all in place.

Brian J. Russo ***Sidoti & Company, LLC - Equity Analyst***

Okay. So then just a follow-up. Do you think the T&D versus C&I mix or historical mix of maybe 55%, 45% on a revenue basis will continue going forward? Or do you think T&D might become a bigger piece of the overall top line?

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

Â I think T&D definitely could become a bigger piece of it. It really depends on the C&I opportunities out there. And when those projects, as I said, those delays, slight delays in award of those projects could take place. But T&D market is very strong. And even the projects you were talking about, the solar project in Texas, it hasn't really ramped up yet. I mean you see that size. So I do see that change maybe going a little more on the T&D side as far as more heavily weighted on that side. But again, both our markets, I like very much. I like our position in both markets, and we look to expand both routes.

Brian J. Russo ***Sidoti & Company, LLC - Equity Analyst***

Â Great. And just a follow-up on the large transmission question earlier. Were you referring to the MISO Tranche 1 transmission projects that will eventually be put out for competitive bid? When do you think we might see activity pick up on that or when the awards might be announced?

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

Yes. Brian, we're seeing a little bit of pickup on that right now. We have offered some proposals on a few of the Tranche 1 projects, several other in the planning stages, and we have some meetings set up with some special clients on that throughout the next quarter. So we're seeing more activity and trying to get aligned with the participants in Tranche 1. But in addition to that, we're also seeing other large project opportunities that wasn't specifically talking about MISO Tranche 1, but we're seeing some opportunities in both East and the West as well.

Operator

(Operator Instructions) The next question comes from John Brotz with Kansas City Capital.

Jonathan Paul Braatz ***Kansas City Capital Associates - Partner & Research Analyst***

Rick, on the supply chain issues, a lot of companies are saying it's getting better, and you brought it up a number of times. And I guess when you look at it relative to last year, maybe even 6 months from now, is it getting better for you? Or is it sort of status quo? And then secondly, is there something specific within the supply chain that is giving you more trouble a product or a material or something like that? Or is it broadly pervasive, so to speak?

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

Â I would say it's fairly broad. And I think some of our utility clients are starting to see a little bit of supply chain where they were promised deliveries in a certain amount of time, and those might be another month out, so it can affect our work a little bit of when they're going to receive that material. On the C&I side, we really haven't seen it with the material we supply. I mean kind of when COVID started and everything started happening, we put in a lot of work to make sure we had alternate suppliers and we have different ways to build it and different kinds of material we could use. But I think where we're seeing it on the C&I side is the sequencing of the work because maybe the building steel components aren't coming in the same order they would have before, and it's causing us to resequence our work. We see that on to other parts of the construction and not so much the work that we're installing, but it affects the work we're installing when we can't get into certain areas at a given time because those materials aren't available from the general contractor or that side of the project. So we see that flow. And it affects us. it's not a major, major drawer, but we're not as effective and efficient as we could be on projects.

Jonathan Paul Braatz ***Kansas City Capital Associates - Partner & Research Analyst***

Â And it looks like maybe infrastructure spending will pick up later this year because of all government funding. And I guess my question is, if we're seeing issues now in that regard in sequencing the products and getting everything lined up, if there is more spending and more projects, is it -- can it get any better? Or is it going to stay as it is?

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

Well, I think what I can say is what it's causing a lot of our customers to do now is talk to us early, where before we might have been talking to our customers, if I go back, let's say, 5 years, they will be talking to us about a project that was out maybe 1 year or 1.5 years. And now we've got our customers talking to us about how do we secure the -- not just the labor, but the material early. How do we make sure that you guys are committed to us and what do we need to do to even order material in advance of the project being fully designed? So in a lot of those cases, they're getting in the queue earlier, which, as I said, leads us to, I guess, greater visibility than we've ever seen in the market because we're dealing with customers on projects that are further and further out. So to me, it's tough it's you've got to plan more to get that material in the queue. It helps us in the visibility out there is great.

Jonathan Paul Braatz ***Kansas City Capital Associates - Partner & Research Analyst***

One last question. Kelly, G&A costs, I think, were up 6%. Obviously, the outlook ahead is pretty solid, a lot of opportunities, good revenue growth expectations. I would have thought maybe the G&A spending might be a little bit higher than it was in the quarter. How do you see that going forward? Do you see more of a ramp-up in G&A to support the growth of the business?

Kelly Michelle Huntington ***MYR Group Inc. - Senior VP, CFO, Principal Financial Officer & Principal Accounting Officer***

No. We continue to look to find ways to be efficient and also to strengthen our capabilities to support the business and our growth across the board. So I would say that I'd expect our G&A as a percentage of revenue to stay in a similar range with those 2 offsetting as we go forward.

Operator

I show no further questions at this time. I would now like to turn the conference back to Rick Schwartz for closing remarks.

Richard S. Swartz ***MYR Group Inc. - President, CEO & Director***

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

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.