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Q3 2021 MYR Group Inc Earnings Call

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**Richard S. Swartz** MYR Group Inc. - President, CEO & Director  
**Tod M. Cooper** MYR Group Inc. - Senior VP & COO of Transmission and Distribution

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**Brian J. Russo** Sidoti & Company, LLC - Research 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 Third Quarter 2021 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 David Gutierrez of Dresner Corporate Services. Please go ahead, David.

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### 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 third quarter results for 2021, which were reported yesterday.

Joining us on today's call are Rick Swartz, President and Chief Executive Officer; Betty Johnson, 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 Dresner 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 replay of today's call will be available until Thursday, November 4, 2021, at 11 a.m. Mountain Time by dialing (855) 859-2056 or (404) 537-3406 and entering conference ID 4249231.

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, 2020, 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.

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

Thanks, David. Good morning, everyone. Welcome to our third quarter 2021 conference call to discuss financial and operational results. I will begin by providing a brief summary of our third quarter results, and then will turn the call over to Betty Johnson, our Chief Financial Officer, for a more detailed financial review. Following Betty'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 activity 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.

Our strong market position, diverse geographic reach, and operational excellence have resulted in a solid third quarter 2021 performance. Results this quarter included record high net income of \$23.2 million, a 34% increase over our third quarter 2020 net income, along with quarterly revenues of \$610.2 million. Our backlog at the end of the third quarter was \$1.63 billion, indicating our competitive strength in the market and our strong customer relationships.

We are experiencing continued bidding and project activity throughout our T&D segment. The long-term relationships we hold with utility customers and expanding relationships we are creating with energy developers position us well for future growth and opportunities. Renewable energies, system hardening and anticipated upgrades of aging infrastructure are expected to be the major drivers of this growth.

Our C&I segment continues to maintain a strong market presence, and we have achieved a solid backlog of work. Market indicators remain positive, with continued growth opportunities in the majority of our C&I markets. We continue to focus on securing work in our core markets while expanding our capabilities in renewable energy and electric vehicle infrastructure.

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 are committed to providing customers with excellence in safety and project delivery while helping them achieve their business goals. The current and proposed COVID-19 safety protocols and vaccine requirements are being monitored closely on both the federal and individual customer basis. While we encourage our employees to receive the vaccine, increased protocols could affect future labor availability for the majority of contractors.

We are excited about our third quarter performance, and we look forward to continued growth and producing strong financial results.

Now Betty will provide details on our third quarter 2021 financial results.

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**Betty R. Johnson MYR Group Inc. - Senior VP & CFO**

Thank you, Rick, and Good morning, everyone. On today's call, I will be reviewing our quarter-over-quarter results for the third quarter of 2021 as compared to the third quarter of 2020.

Our third quarter 2021 revenues were \$610.2 million. This represents an increase of \$2.3 million, or 0.4%, compared to the same period last year.

Our third quarter T&D revenues were \$306.5 million, an increase of 2.3% compared to the same period last year. The breakdown of T&D revenues was \$166 million for transmission and \$140.6 million for distribution. C&D segment revenues increased, primarily due to an increase in revenue on distribution projects, partially offset by a decrease in revenue on transmission projects. Approximately 50% of our third quarter T&D revenues related to work performed under master services agreements.

C&I revenues were \$303.6 million, a decrease of 1.5% compared to the same period last year. C&I segment revenues decreased primarily due to a slight decrease in volume on various sized projects in certain geographic areas.

Our gross margin was 13.8% for the third quarter of 2021, compared to 12.6% for the same period last year. The increase in gross margin was primarily due to better-than-anticipated productivity on certain projects, favorable job closeouts, and favorable change orders on certain projects. These improvements were partially offset by labor and equipment inefficiencies on certain projects.

Third quarter 2021 SG&A expenses were \$53.1 million, an increase of \$1.7 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.

Third quarter 2021 net income was \$23.2 million or \$1.35 per diluted share -- both were record highs for MYR -- compared to \$17.3 million, or \$1.02 per diluted share, for the same period last year.

Total backlog as of September 30, 2021, of \$1.63 billion remained consistent with the prior year. Total backlog as of September 30, 2021,

consisted of \$652.2 million for our T&D segment and \$981.3 million for our C&I segment.

Turning to the September 30, 2021 balance sheet, we had approximately \$244.9 million of working capital, \$5 million of funded debt, and \$362.7 million in borrowings availability under our credit facility. Our funded debt-to-EBITDA leverage has continued to stay strong at 0.03x leverage as of September 30, 2021. We believe that our credit facility, strong balance sheet, and future cash flows from operations will enable us to meet our working capital needs, equipment investments, overall growth initiatives, and bonding requirements.

I'll now turn the call over to Tod Cooper, who will provide an overview of our Transmission and Distribution segment.

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

Thanks, Betty, and Good morning, everyone. The third quarter of 2021 saw a solid performance from our T&D segment. While revenue was slightly impacted due to summer outage restrictions in a few areas, our continued focus on execution resulted in strong margins for the quarter.

Our team steadily performed work on a variety of projects, including small to mid-sized projects, work under established alliance agreements, and large-scale projects resulting in effective resource utilization. Bidding activity remained solid on the small- to medium-sized projects, a couple of larger transmission jobs, and multiple utility-scale solar projects.

We remain focused on supporting our customers and navigating the ongoing changes and challenges in the energy industry. Regulatory hurdles remain on some projects across the country, and the current and proposed COVID-19 safety protocols and vaccine requirements are being monitored closely. At MYR, we are encouraging all of our workers to receive the vaccine, in an effort to provide a safe workplace for all of our employees and in preparation for any such further developments.

Throughout the Eastern region of our business, we are seeing steady bidding activity, with recent project awards in Indiana, Connecticut, New Hampshire, Pennsylvania, and Maine. We continue to perform ongoing work under multiple alliance contracts and have expanded our energized work capabilities to meet the growing need for these highly technical services. Additionally, our team is engaged in delivering multiple solar projects for renewable energy developers.

Our Western region is experiencing continued growth, with recent project wins in the Northwest, Utah, and Arizona. We see steady proposal activity in small to medium projects, with some large project opportunities. Ongoing work with customers, including Xcel Energy, Southern California Edison, PacifiCorp, Arizona Public Service, and Tucson Electric Power remains strong as we move towards 2022. Industry resource challenges in the Western region are presenting opportunities for MYR Group subsidiary companies to come together and work collaboratively to achieve customer needs.

Teams in our Midwest region continue to foster long-term relationships with clients such as CenterPoint Energy, Ameren, Oncor, and MidAmerican Energy, to name a few, and we remain focused on delivering consistent, reliable service.

Utility-scale solar and large projects continue to represent growth opportunities for our MYR Energy Services business. We are presently in negotiations on several solar projects across the U.S. The impacts of increased commodity and transportation costs are beginning to affect some near-term project decisions and timelines, but we remain confident in the overall solar industry outlook.

Despite supply chain delays, the current outlook remains strong and our dedication to our clients, the health and safety of our employees, and strict adherence to our operating principles continues to position us well for success. We believe we are well equipped to remain an industry leader, while addressing the ever-changing industry and market needs.

I'll now turn the call over to Jeff Waneka, who will provide an overview of our Commercial and Industrial segment.

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

Thanks, Todd, and Good morning, everyone. Our C&I segment performed well in the third quarter, achieving steady results in a construction environment with notable disruptions. Although revenues declined slightly when compared to the third quarter of 2020, we are pleased to report improvements in our segment's operating income when compared to the same period last year. Our portfolio of work includes a substantial amount of repeat work with existing clients across many of our district offices, and work continues at a steady pace across the U.S. and Western Canada. We are encouraged by the volume and diversity of opportunities on the horizon and expect to generate steady results moving forward.

Last quarter, we stated that many of our district offices were in favorable position to receive potential awards, should owners choose to advance their projects. We are pleased to announce that since then, we have gone under contract on a number of those tentative projects to perform the initial phases of the construction process, including assisting our clients in the development of scope, schedule, and final pricing. This quarter's awards for new contracts and for Phase 1 design services generated a positive book-to-bill ratio for the quarter and added to a positive growth trend since the start of 2021. One of our long-term strategies has been to establish exceptional preconstruction service expertise to aid our clients in the early development of their projects. Our clients are finding our services even more valuable during a time of heightened economic uncertainty, where greater collaboration and trust is being utilized to mitigate risk and drive consistent results.

Last week, we announced a notable award, an EPC utility-scale solar project in California, which consists of a 110-megawatt DC photovoltaic solar plant with a 280-megawatt-hour battery energy storage system. The contract was awarded to MYR's subsidiary, CSI Electrical Contractors. Preconstruction activities have begun, and the project is slated to break ground in the spring of 2022. We are proud to be involved with this critical project, which will leverage our extensive EPC experience to deliver another utility-scale project and interconnection. In addition to this large strategic pursuit, we are under contract on several other small to midsized projects, including solar plants, vehicle charging stations, and distribution facilities at various locations across the nation.

In addition to our recent awards, we continue to collaborate with our MYR Energy Services business on the development of several solar pursuits across the country. We are also engaged in exciting opportunities in several other markets, including manufacturing, transportation, health care, pharmaceutical, and energy development. As mentioned earlier, the majority of our pursuits include an element of early design development, and these opportunities are providing greater insight into the owner's objectives, allowing the entire team to understand and leverage risk mitigation factors. We believe these early collaborative relationships will be the greatest defense against month-to-month volatility facing the entire industry.

We're also pleased to see the generally positive trend in the major indices. The Dodge Momentum Index continues its sawtooth upward momentum through the third quarter and on a year-over-year basis. The Momentum Index was 30% higher than September of 2020. The gain in the Momentum Index is certainly good news and a sign that owners and developers are looking past current concerns and moving forward with projects to meet demand.

To ensure our continued success in a volatile economy, we are focusing our efforts on core markets and key relationships. We believe our diligent and measured approach will continue to deliver consistent, steady, and manageable growth. We are excited about the momentum we experienced in the third quarter and are proud of how our employees continue to adapt to a rapidly changing environment. We look forward to working closely with our valued clients to help them navigate the challenges ahead and supporting their business goals.

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

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

Thank you for those updates, Betty, Tod and Jeff. Our third quarter 2021 performance illustrates the strength of our core markets, the clean energy transformation, and our ability to maintain strong customer relationships. We recognize the importance of adapting to market conditions and being a strong partner to customers, as we respond to industry changes. We continue to focus on customers and project opportunities that closely align with our operating principles and diverse capabilities. As I previously mentioned, we believe MYR

Group is strategically positioned to generate growth while delivering shareholder value.

I want to thank each of you for your continued support of MYR Group. We look forward to progressing our business strategy, while emphasizing our values and client relationships.

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

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Your first response is from Justin Hauke of Robert W. Baird.

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

I guess I wanted to ask my first question, just the solar commentary. You guys started kind of talking about that last quarter and a lot of emphasis here and this big contract win. So I guess the question is, on these utility scale solar projects, first of all, is the work all in the C&I segment? And what's kind of the margin profile of them? Is it more typical of the C&I segment, where it's mid-single digit, or does it look more like the T&D's double-digit type margins?

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

We do solar work in both our markets, so T&D and C&I, and it's really customer relationships, and that's how it's driven. If you remember back when we did the CSI acquisition, 30% of their business was solar at the time, and we've continued to push that in all our areas. We started doing solar work really back in, I'd say, 2011 or so, and we've continue to expand that on both sides of our business. So it comes down to customer relationships and who drives that on both sides, and I would say the margins are similar to probably the T&D margins, a little bit higher than the C&I margins.

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

Okay. That's helpful. I guess just moving to the quarter itself, I kind of had 2 questions. So first, on the margin, you guys called out a favorable change orders in the gross margin. I was hoping maybe you could clarify or comment on the size of that. And then the other question I had was just in the broader context of revenue kind of being flat and down sequentially in the third quarter, usually you have a seasonal uptick. Was there anything specific that kind of weighed on the revenue or productivity -- weather or something like that? Just any comments you can give on that?

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

I think a couple of things there. One is we did talk about the excessively -- the excessive heat during that period of time and that utilities did have us shut out of some right-of-ways. So, with that being said, we did -- our revenue was a little lower, and I think we said that during our last call that, that was a possibility. So, when we look at that side, I think we forecast that, and we knew it during that period of time. And your other question was?

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

Just to the extent you could comment or give any context around the change order benefit to gross margin, just since that seems kind of a discrete item.

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

We had some strong project closeouts, and we had some favorable adjustments. One by themselves wasn't enough to move the needle. We had a couple of them, and it was positive. Net-net, it was positive, and we identified it.

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### Operator

Your next response is from Sean Eastman of KeyBanc Capital.

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

This is Alex on for Sean. So, first question is that, given that the transmission versus distribution mix was much more evenly distributed this quarter compared to past quarters, where transmission drives the revenue mix, did that have something to do with the strong margin performance in the segment? I guess I'm asking if there's a major difference in the margin profile between the work you do in transmission versus distribution.

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

No, there's not a big margin profile -- there isn't a big margin difference in the profiles between the 2. It was really just good execution on both sides of the business, on both sides of Tod's business, so both distribution and transmission. Tod, anything you want to add on...

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

No, Rick. It was -- we talked, as Rick had mentioned on the previous question about the summer outage restrictions that we faced in some areas, we were able to move some of those individuals into areas where there was a higher distribution demand and for the quarter, that had an adjustment on that.

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

Well, was that storm work related?

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

There was some storm work associated with it, but I'm not sure it is really enough to move the needle. We took existing crews. As we mentioned before, we do not add crews to go do storm work. We essentially take those crews off of existing properties and existing clients. So there was a slight uptick in that, but if it moved the needle much, it wasn't really that much.

**Betty R. Johnson MYR Group Inc. - Senior VP & CFO**

And, Justin, just to add, as we talk about, we've covered for the T&D side, we've had the favorable job closeouts and change orders and better-than-anticipated productivity, et cetera. We quote in our Q about the margin adjustments and kind of call out net-net, the T&D side did benefit from that, just to go on record that we're not anticipating the 11.5% as our norm. Those were called out because they were nothing individually to move the needle, either on the upside or the downside. But net-net on the T&D, the T&D did benefit from the collection of those items that were called out in our scripts -- in our 10-Q.

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

So, as we think about the T&D margin comp next year, is it possible we won't see as much juice coming from these closeouts or change orders next year that, that could make it more difficult to achieve like this -- certainly not at these levels, but the historical level? Or is the market just so strong where you can?

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

Well, I'd say the market is strong and we're excited about it. But again, we've had some really good closeouts, and we've had some good execution out there, and we've had good weather on top of it, for the most part, against the majority of our areas. So, when you take all those and you combine them, we've had very good results. And I think we've always set our operating margins, and we upped it last quarter to say it should be on the T&D with that 7% to 10.5%, and we're operating a little above that. So we'd love to operate where we're at today are a little higher. I mean that's always our goal, to exceed it, but we did have some things that we benefited from this last quarter.

**Operator**

Your next response is from Brian Russo with Sidoti.

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

I was wondering if we could discuss the solar contract announcement last week. In excess of \$100 million, does that imply it's more than \$100 million, but less than \$200 million? Just curious why characterized in excess of 100.

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

Yes, it's slightly over \$100 million. We try to do the best we can, working with the customer to be able to release as much data as we can on it. That one's slightly above \$100 million.

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

Okay, great. And correct me if I'm wrong, but is this the first large utility-scale solar contract announcement from CSI Electrical since you made the acquisition in July of 2019?

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

Yes. It's the first one. They've done -- they do a lot of solar work. This was the first one that totaled over \$100 million. So we don't do any project awards if it's -- announcements if it's under \$100 million in any of our businesses. So this was one that affected them, and it happened to be over \$100 million, but they've had some that are close to that. All right that...

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

Given the -- I'm sorry, go ahead.

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

No, go ahead.

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

So given the run rate that you disclosed at the time of the acquisition, which was \$265 million in revenue on average annually, this \$100 million contract certainly is a pretty big accomplishment for CSI. Is that a fair statement?

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

It's a good accomplishment for them, yes. We're excited about that opportunity. They're positioned well to execute that project. And it's -- I would say they've done similar sized projects in the past, maybe a little smaller, slightly under \$100 million, but this one has grown a little bigger.

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

And the contract with the developer, it's a developer, not directly with the utility, right?

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

It's a developer. Jeff, anything you want to add on this? Is it an existing...

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

Is it an existing customer or a new customer?

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

We've worked with this customer before.

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

Okay. Great. And then, can you just talk about the backlog? Because if we look since September of last year, it seems like T&D has been trending down, even with the LS Power contract, where C&I has demonstrated, more or less, a steady increase. And I understand the dynamics of each market are different, but maybe just shed some light on the trends that we're seeing in each segment in terms of the backlog.

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

I would say I'm excited about the opportunities that are out there. I'm positive -- I'll let Todd and Jeff add in a second here. I'll just give my overview of it. When I look at both our C&I and T&D markets, I'm excited about the opportunities. I think we've grown our backlog well. Again, we don't control the timing of the awards. When I look at the activity in the market, very positive. I think there's lots of opportunities out there and a lot of projects we're working with budgeting, construction, constructability on those projects and really



work with the owners to budget those projects. And I think out of it, we'll receive some good work. It's just really the timing of those awards. So I wouldn't say that just because C&I's climbed a little bit more -- Tod did have the LS Power project last year that added a lot at one time, and we see some opportunities on large project side there to hopefully add some new projects in the next, I'd say, 6 months or so.

Tod, I'll let you go first. Anything you want to add on your market, and then, Jeff?

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

No. Just, Rick, and we always talk about the lumpiness of the awards, and we are seeing that right now. There are a couple of nice opportunities, as Rick had mentioned, that have been impacted by some regulatory delays out there that we're hopeful will eventually get straightened out. But outside of that, also, as our alliance work continues to grow, I think it's always good to remind folks that we only include 3 months of backlog for all of our alliance work that we do. So, as that continues to grow, we're not picking up a year, 2 years or 3 years, we're picking up 3 months at a time. So that keeps it somewhat leveled, to a certain degree.

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

Okay. Great. And then just to clarify...

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

And also -- sorry.

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

No, I'm sorry.

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

I'll just echo what Todd said. If you just look at the timing of the awards, it can be lumpy, so we do spend a lot of time analyzing the work that we're doing with our clients and the likelihood of those contracts coming in. And as we said in the script, it's been a lot more active this last quarter, looking like projects that we were concerned we're pushing out are actually coming to the contract stage, so that's where we're feeling fairly good.

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

Okay. Great. And lastly, just to clarify, the \$100-plus million contract award that you announced last week, is that included in this \$1.63 billion backlog on the C&I side, or is it out...

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

Yes, it's...

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

It's included? Is 3 months included or the entire contract?

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

The entire contract. It's a lump-sum contract. So again, it starts mid next year. I mean we'll start preconstruction services. But really, the spend starts mid next year and then continues, basically, for a year after that for the build cycle. So it's in the second half of next year when the build cycle takes place.

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**Operator**

(Operator Instructions) Your next response is from Jon Braatz of Kansas City Capital.

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

Rick, you mentioned a couple of things a couple of times about COVID protocols. Are your clients -- have they established the protocols yet? Are they in the process? And so, where do they stand if they -- where does it stand if they require full vaccination of all contractors? What kind of impact could that have?

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

There's very -- we don't really have any clients right now that require full vaccination. We do -- with the exception of -- if we have a federal project, which we have very little straight federal work where we're working directly for the federal government, so very little of that within our company. I would say all of our customers are trying to figure out what protocol they're going to follow. It changes daily. It probably changes hourly on the conversations we're having with them, so we closely monitor it. We're in tight contact with our customers. We're sharing information when, we can, with what other customers are doing. So I would say we're on the forefront of kind of pushing those -- helping push those decisions and where it's going to head.

I do think when you look at the overall construction industry, and it's like any one -- any other place, it varies state to state or area to area on the number of people that are vaccinated or not vaccinated. And it could have an effect on the entire construction population if there was, let's say, a 100% mandate of vaccination that came down. And we're closely monitoring that and working with our clients, but we're not the only ones. It's every contractor out there addressing the same issues.

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

Sure. At this point, have you had to remove anybody, any of your personnel because of COVID protocols?

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

Not that I'm aware of; we haven't at all because of that.

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

Okay. The other question is, in the past, there have been times where you've had to, I guess, spend money in advance of the revenues, where the expenses were rising faster than revenues. And given the outlook, it looks pretty positive and so on and so forth, how do you see, let's say, over the next 12 to 18 months, your what I would call infrastructure spending to meet that demand? How do you see that in comparison to maybe the revenue outlook? Are you going to have to accelerate spending a little bit in terms of people and technologies and so on?

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

Not by a large amount. I think we continue to look at our CapEx spend on equipment and make sure we're out in front of that. When we look at the market and the conversations we're having with our clients and the amount of work that could be available to us, we want to make sure we have the right equipment in place. And kind of with those restrictions on equipment and some of those delays, we're making sure we have the right commitments in place to buy that to support our business. And we look at, I'll say, it's a growing market for us, so with those opportunities, our CapEx will continue to climb a little bit. It's not going to double or anything like that, but we see a great future out there, so we'll continue to invest in advance, as needed, to make sure we can take care of our customers and grow with them.

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

Okay. How about personnel levels?

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

Personnel levels, I would say we continue to invest. It's one of those -- it's not the Field of Dreams for us, so we don't capture a bunch of people and then go capture the work. We really make sure that we have the right people in place as we need them for the projects. And I would say between Tod and Jeff and their teams, they do a very good job and -- even Betty with the financial side -- of making sure it's -- they have the people in place as needed, not well in advance.

**Operator**

There are no further questions in the queue at this time. I would like to turn the conference back over to Rick Swartz.

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

To conclude, on behalf of Betty, Tod, Jeff, 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 going forward and speaking with you again on our next conference call. Until then, stay safe.

**Operator**

Ladies and gentlemen, this concludes today's conference call. Thank you for participating and have a wonderful day. You may all disconnect.

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