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MYR Group, Inc. (MYRG)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, everyone and welcome to the MYR Group Fourth 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] Please be advised that today's conference is being recorded.

I would now like to turn the call over to Jennifer Harper, Vice President of Investor Relations and Treasurer, for introductory remarks.

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 fourth quarter and full-year 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 announcing our fourth quarter and full-year 2025 results can be found 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.

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

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

Thanks, Jennifer. Good morning, everyone. Welcome to our fourth quarter 2025 conference call to discuss financial and operational results. I will begin by providing a summary of the fourth quarter and full-year 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.

We closed 2025 with strong financial performance in the fourth quarter and full-year revenues of \$3.7 billion. A steady backlog of \$2.8 billion at the end of 2025 reflects a healthy bidding environment and the continued investment in infrastructure to meet the growing electrification needs across the US and Canada. Our work this year underscores the stability and expansion of our clients' relationships, as well as our measured pursuit of new opportunities.

We continue to see strong bidding activity across our business segment and are closely monitoring these opportunities and positioning ourselves to strategically pursue and execute projects with operational excellence. As always, our success is grounded in an unwavering commitment to our customers through safe and reliable project execution. Our teams are dedicated to helping our customers advance their business objectives, and I'm grateful for their continued hard work.

Now, Kelly will provide details on our fourth quarter and full-year 2025 financial results.

Kelly M. Huntington

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

Thank you, Rick. And good morning, everyone. For the year-ended December 31, 2025, we reached record annual revenues of \$3.7 billion, full-year net income of \$118 million, and EBITDA of \$233 million. Our fourth quarter 2025 revenues were \$974 million, which represents an increase of \$144 million, or 17% compared to the same period last year.

Our fourth quarter T&D revenues were \$531 million, an increase of 18% compared to the same period last year. The breakdown of T&D revenues was \$330 million for Transmission and \$201 million for Distribution, with increases of \$64 million in revenue on transmission projects and \$17 million in revenue on distribution projects from the prior year. Work performed under master service agreements continued to represent approximately 60% of T&D revenues.

C&I revenues were \$443 million, a record high for our C&I segment and an increase of 17% compared to the same period last year. C&I segment revenues increased primarily due to an increase in revenue on fixed-price contracts. Our gross margin was 11.4% for the fourth quarter of 2025, compared to 10.4% for the same period last year. The increase in gross margin was primarily due to the fourth quarter of 2024 being negatively impacted by certain T&D clean energy projects and a C&I project.

In the fourth quarter of 2025, gross margin was also positively impacted by better-than-anticipated productivity, favorable change orders, and a favorable job closeout. These margin increases were partially offset by an increase in costs associated with inefficiencies on certain projects. T&D operating income margin was 7.4% for the fourth quarter of 2025, compared to 6.7% for the same period last year. The increase was primarily related to the fourth quarter of 2024 being negatively impacted by certain clean energy projects.

In the fourth quarter of 2025, T&D operating income margin was also positively impacted by a favorable change order and better-than-anticipated productivity. These operating income margin increases were partially offset by an increase in costs associated with project inefficiencies on certain projects. C&I operating income margin was 6.6% for the fourth quarter of 2025, compared to 3.9% for the same period last year. The increase was primarily related to a larger portion of our C&I projects progressing at higher contractual margins, some of which are nearing completion.

In the fourth quarter of 2025, C&I operating income margin was also positively impacted by better-than-anticipated productivity, a favorable change order, and a favorable job closeout. These operating income margin increases were partially offset by an increase in costs associated with inefficiencies on certain projects.

Fourth quarter 2025 SG&A expenses were \$65 million, an increase of \$8 million compared to the same period last year, primarily due to increases in employee incentive compensation costs and employee-related expenses to support future growth. Fourth quarter 2025 interest expense was \$1 million, a decrease of \$1 million compared to the same period last year. The decrease was attributable to lower interest rates and lower average outstanding debt balances during the fourth quarter of 2025 as compared to the same period last year.

Our fourth quarter effective tax rate was 21.2%, compared to 40.9% for the same period last year. The decrease was primarily due to changes in state tax rates used to measure our state deferred income taxes and lower permanent difference items.

Fourth quarter 2025 net income was a record \$37 million, compared to \$16 million for the same period last year. Net income per diluted share of \$2.33 compared to \$0.99 for the same period last year. Fourth quarter 2025 EBITDA was a record \$64 million, compared to \$45 million for the same period last year. Total backlog as of December 31, 2025, was \$2.8 billion, a 9.6% increase from the prior year. Total backlog as of December 31, 2025, consisted of [ph] \$1.0 (00:09:15) billion for our T&D segment and \$1.8 billion for our C&I segment.

As a reminder, our backlog includes projected revenue for only a three-month period for many of our unit-price, time-and-equipment, time-and-materials, and cost plus contracts, which are generally awarded as part of a master service agreement. However, our master service agreements typically have a much longer duration.

Fourth quarter 2025 operating cash flow was \$115 million, compared to operating cash flow of \$21 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, higher net income and lower contingent compensation payments associated with the prior acquisition. Fourth quarter 2025 free cash flow was \$85 million, compared to free cash flow of \$9 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, we had approximately \$265 million of working capital, \$59 million of funded debt, \$408 million in borrowing availability under our credit facility, and \$150 million in cash and cash equivalents as of December 31, 2025. We have continued to maintain a strong funded debt to EBITDA leverage ratio at 0.25 times leverage as of December 31, 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'll 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. The T&D segment delivered steady fourth quarter and full-year results, supported by a healthy mix of smaller to midsized jobs and ongoing master service agreements. Our performance reflects the continued application of our core business principles around safety, quality and reliable execution. Bidding activity remains healthy, as backlog, revenue, margins and income increased from 2024 to 2025.

We continue to expand relationships with long-term clients and pursue opportunities with new and existing clients, building on the positive industry outlook. This quarter, Great Southwestern Construction executed a new seven-year master service agreement in Kentucky for a transmission line construction and maintenance projects. L. E. Myers was awarded a transmission project in Virginia, as well as transmission work in Iowa. In addition, Sturgeon Electric won two transmission projects in Oregon and transmission work in Arizona. Both Sturgeon Electric and High Country Line Construction were awarded station and line work in Washington, California, and Arizona.

Harlan Electric was selected to perform multiple jobs throughout New Jersey and Pennsylvania. According to Edison Electric Institute industry data, investor-owned electric companies are projected to invest approximately \$178 billion in transmission construction between 2025 and 2028. This level of planned investment reflects an ongoing need for grid modernization and the increased capacity to accommodate low growth.

As utilities invest in these upgrades, we believe we are well-positioned to benefit from expanding backlogs and long-duration project pipelines. With our experience, we continue to position ourselves to capture future 765 kV projects, along with 500 kV and 345 kV transmission and substation projects over the next 10 years. MYR Group subsidiaries are prepared to pursue and perform these opportunities across the US and Canada.

In summary, we are proud of our accomplishments in the fourth quarter and all of 2025. We will continue to actively bid and execute projects of varied capacity, size and complexity across the US and Canada, while maintaining our consistent focus on safety and the development of our dedicated workforce, who ultimately enable us to take on the important work ahead.

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 fourth quarter, thanks to the health of our core markets. We continue to see steady bidding activity and increases in backlog, as we strategically monitor and pursue new opportunities in collaboration with our valued customers. We believe our ability to safely and skillfully execute projects of various sizes continues to create many long-term opportunities in our core markets.

Data centers continue to be one of the most active areas of investment nationwide, fueled by the accelerating need for cloud, AI and digital infrastructure. Industry researchers expect this demand to remain robust through 2026, with utilities and developers working to expand power capacity to support this surge. Infrastructure-related construction is also benefiting from ongoing commitments in transportation, clean energy, wastewater and freshwater treatment facilities. Our ever-expanding network of clients continues to engage us early on upcoming opportunities in these segments.

Our teams across all subsidiaries continue to execute and pursue an array of work. During this period, we were awarded multiple data center projects in Colorado, Arizona, California and New Jersey. In addition to data centers, our subsidiaries were awarded projects in clean energy, manufacturing and industrial projects in California and Arizona.

These accomplishments highlight our ongoing momentum and solid market presence throughout the US and Canada. In conclusion, we believe our core markets remain healthy and the depth of our customer relationships continues to create new opportunities. This success is driven by our dedicated employees, whose commitment to quality and safety is at the heart of everything we do.

Thank you, everyone, for your time today. I will now hand the call back to Rick for his closing remarks.

Richard S. Swartz

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

Thank you for those updates, Kelly, Brian and Don. We're proud of our fourth quarter and full-year 2025 performance, which demonstrated the strength of our sound business strategies and our ability to maintain and expand long-term customer relationships across both segments. We believe our core markets are well-positioned for continued growth as investment in electrical infrastructure accelerates. We remain committed to safely executing projects, strategically bidding up the opportunities, and supporting our customers in an ever-changing energy environment.

We believe our proven track record of collaboration, integrity and dependable project delivery puts us in a strong position for opportunities ahead. We're excited to play a meaningful role in strengthening the electrical infrastructure that keeps our communities running. I would like to thank our employees for their invaluable contributions and our shareholders for your continued support of MYR Group. I look forward to the year ahead.

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

QUESTION AND ANSWER SECTION

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

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Q

Good morning, Rick, Kelly. Thank you for taking my question. First, Rick, can I ask you for your thoughts on the large transmission market out there? I know you were optimistic on late 2026 potential bookings for 2027 revenue. Just wondering if you're seeing the same type of trend right now?

Richard S. Swartz

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

A

We are. Nothing's changed on that side. I mean, it takes a while to bring these projects to market, and we've known that. So, we're in good conversations with our clients and, we believe, we'll capture some of that work that'll start to burn in 2027.

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Q

Got it. And then, Kelly, maybe for you, cash flow has been really, really strong this year. So, I'm trying to figure out if some of that was catch up from the pending payments from last year's solar projects? Or if there's any meaningful advances in new projects that we should be aware of?

Kelly M. Huntington

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

A

Yeah. Thanks, Sangita, for that question. Yes, a very strong year for cash flow, and particularly in the fourth quarter. A lot of that is driven by our lower DSOs. We're now – we've been in the mid-50s versus the historical average of around 70, and that's driven by a combination of things. We saw a 16-day improvement, if you look at year-over-year, with 11 days of that in the third quarter. Part of it is getting beyond [indiscernible] (00:18:52) projects that we had in 2024. But, I'd say, a larger factor is just that we have a very strong net overbuild position, really driven by some of the large fixed-price work that we have on the C&I side, in particular.

So, I think that does represent potentially a little bit of a headwind as we look forward, and part of that will depend on the mix of work that we have as far as awards this year and how much of it is some of that mid to large size fixed-price work [indiscernible] (00:19:24) more favorable billing profile versus more MSA weighted, which is a great work to have, but doesn't have quite a positive free cash flow profile.

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Q

Great. Thank you so much.

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

Brian Russo

Analyst, Jefferies LLC

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

Q

Richard S. Swartz

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

Morning.

A

Brian Russo

Analyst, Jefferies LLC

Hey, could you just comment more on the strength in the T&D backlog at \$1 billion. I think it was up about 20% year-over-year. Quite a bit of improvement from the year-over-year progression that we've been seeing in the last few quarters. Just curious, are any of the new projects, in particular, that Kentucky MSA agreement included in the December backlog? And then also is there any Xcel \$500 million five-year MSA in that December backlog as well?

Q

Richard S. Swartz

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

As far as the backlog goes, I'd say, on the Xcel stuff, very little of that that is in that backlog as of now. I mean, we said it would be a slow start to the year and then kind of progressing throughout the year and increased. So, again, not too much of that in our backlog right now, because we only count 90 days of that MSA work, as Kelly highlighted in her script within our backlog. When we look at the Kentucky side, that work really will start later this year. So not much of that in there.

A

So, again, we're seeing great activity in the markets out there and we're being selective of what we take on and really focused on long-term relationships with clients. 90% of our business is return clientele. We're always looking for those one-off projects as additive. But again, how do we grow with our existing clients, and that's where our focus is at.

Brian Russo

Analyst, Jefferies LLC

Okay. Great. And just a follow-on there in T&D. We saw a very large Texas-based wires company announce a rather robust five-year capital plan update. And can you just remind us what your positioning is currently in Texas? And then maybe what your level of activity has been kind of in the past upcycles in capital spend that we've seen?

Q

Richard S. Swartz

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

Yeah. Texas has been a good market for us for the last decade. I mean, it's been a good market. We continue to see that grow. We're excited about some of the opportunities that are out there with some of the 765 kV work, but even some of the 500 kV and 345 kV work. We do that every day. So, I think the 765 kV is upcoming. We're excited about our positioning on that. But again, we're seeing good activity, not just in Texas, but across the nation. Lots of good opportunities out there.

A

Brian Russo

Analyst, Jefferies LLC

Q

Okay. And the strong C&I margins in the fourth quarter, plus 6%, how does that fit into the 5% to 7.5% operating margin target step up you're guiding towards this year? And then just kind of tie that into the backlog, are there still projects still to be completed that would be in that old kind of 4% to 6% target? Or are those really nearly all burned? So everything from here on out is really in the new 5% to 7.5% range?

Richard S. Swartz

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

A

Well, I would say, our forecast when we look at it for the year is operating within the mid-part of both our T&D and C&I margin profile. So in that midpoint of that, we see good opportunities out there. We continue to see good activity in the market. So, with that being said, we haven't changed from what we said last quarter. On both – from a revenue standpoint, we look at that 10-ish-percent growth in both segments and then as a company overall, and then we look at operating in that mid-part of that range.

So good opportunities there, and I think we'll continue to do everything we can to increase our margins from our standpoint as far as what we do from prefab standpoint, from efficiency standpoint, from utilizing our equipment better, and we'll continue to try to maximize on that side.

Brian Russo

Analyst, Jefferies LLC

Q

Okay, great. Thank you very much.

Richard S. Swartz

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

A

Thanks.

Operator: Thank you. Our next question comes from Justin Hauke of Baird. Your line is open.

Justin P. Hauke

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

Q

Oh, great. So, I had two quick ones here. The first one, I was just going to ask about, in your backlog, you break out what you expect to book over 12 months and what you expect to book beyond 12 months. And it looks like almost all the backlog increase this quarter was kind of the longer duration backlog. And so, I guess, I just wanted to understand the components of that. Is that some of the data center work from C&I that you're talking about? And so, like the duration of your projects is just extending because the size is getting bigger? Or maybe just kind of how to think about that?

Richard S. Swartz

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

A

Sure. On our larger projects, I would say both go out a little ways. So, they go out – some of those data centers take 18 months to construct or so, 18 to 24 months when you look at the larger projects, and that goes for transportation work. Some of that goes beyond that. They're four- or five-year projects. But again, good activity on the small and midsize that's burning quickly. But on the larger projects, it does take a little longer to construct those projects.

Justin P. Hauke

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

Q

Okay. And then I guess, my second question, not to be myopic, I guess, but obviously, there's been a lot of winter weather all over. 1Q is not typically your productive quarter versus the summer. But just curious if there's anything you would be thinking about, or you want to communicate in terms of potential weather impacts in the first quarter that would be unusual that have occurred thus far, or maybe it's not, maybe just in line with kind of normal seasonality? Thank you.

Richard S. Swartz

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

A

I think, for us, we always bid our work on normal seasonality. I think there's always going to be some storms that take place. I don't think snow always affects us in the way that maybe really wet weather where we can't traverse the right-of-way. That seems to affect us a little bit more. But again, we're always monitoring the weather and it really has to do where those – what projects are affected. You can see, in any given area, I mean, you can be 50 miles away and it really affects one area and it may not affect the other.

So again, the weather hasn't affected our business across, I guess, the country everywhere equally. So, I would say, we continue to look at that. Weather is the biggest impact we can have. But again, it hasn't affected us across the country as a whole, just in some select areas. And with that, sometimes, we have some offset of some storm and other type works that we're doing for repair. But again, our base business is that day-to-day MSA and just construction projects. We like storm work, but again, we're not dependent on it.

Justin P. Hauke

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

Q

Yeah.

Kelly M. Huntington

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

A

Yeah. And I would just add a little bit broader context, Justin. In looking at first quarter revenues, we are expecting that we will trend in the first quarter a little bit above that full-year rate of about 10% growth, and that's really driven by first quarter last year. We had a little bit slower start. So it is a bit of an easier comp compared to the rest of the year. So, just as you're thinking about modeling that, would expect a little stronger revenue growth in the first quarter.

Justin P. Hauke

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

Q

Got it. Thank you for that. All right. Thank you.

Richard S. Swartz

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

A

Thank you.

Operator: Thank you. Our next question comes from Caitlin Donohue of Goldman Sachs. Your line is open.

Caitlin Donohue

Analyst, Goldman Sachs & Co. LLC

Q

Good morning and thank you for taking my questions. Just focusing on the data centers, you outlined a few awards this past quarter. How are you seeing that project pipeline shape up for 2026, 2027, as you're speaking with your customers?

Richard S. Swartz

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

A

The conversations are strong on that side. It's not just 2027 and 2028. I mean, we're having conversations with customers that go well beyond that timeframe. So, again, I think our awards are always lumpy, just on how long it takes the projects to get finalized. But again, great conversations going forward. So good activity in that market. But again, not completely dependent on that market by itself. We like the diversification we have with transportation, healthcare, some of that other work we do. So good opportunities on that side also.

Caitlin Donohue

Analyst, Goldman Sachs & Co. LLC

Q

That's helpful. Thank you. And then just on capital allocation strategy for 2026, we've seen CapEx step up a little bit. You've done buybacks in the past. How are you thinking through MYR Group's strategy for the year?

Kelly M. Huntington

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

A

Yeah. We are seeing great opportunities to continue to grow our business organically and through acquisitions. And so, I think, as we've talked about before, we'll continue to prioritize our capital allocation to growth. And we do use share repurchases opportunistically, and I think the last two years are a great example of that, with deploying over \$150 million at an average price of \$117. So – but I think at this point, really we focused on the growth opportunities that we see both organically and from acquisitions.

Caitlin Donohue

Analyst, Goldman Sachs & Co. LLC

Q

That's helpful. Thank you. I'll turn it back.

Operator: Thank you. Our next question comes from Manish Somaiya from Cantor Fitzgerald. Your line is open. Manish, your line is open.

Our next question comes from Brian Brophy of Stifel. Your line is open, Brian.

Brian Brophy

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yeah, thanks. Good morning, everybody. Just want to kind of continue the conversation on the large transmission opportunity and some potential awards you may see there. Assuming you see something in the back half of 2026 as you kind of alluded to, would those projects be additive to growth in 2027? Or would you have to pull resources from somewhere else to meet some of that demand? Thanks.

Richard S. Swartz

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

A

I don't see us having to pull any resources. I mean, we've done a good job of retaining our employees, recruiting and developing people. So, to us, that's additive and it goes into 2027 and beyond. So it's not just the work that's going to start in 2027. We see the cycle being much longer than that. So, I think it's a decade worth of growth out

there, and we're going to capitalize on it where we can, and there's some great opportunities we feel coming our way.

Brian Brophy

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Great. Yeah, that's good to hear. And then just as a follow-up to that, how do you think about some of the large transmission wins potentially impacting the margin profile of the business at all? Maybe not from an individual project standpoint, but capacity utilization overall, should we think about that being a margin driver? Thanks.

Richard S. Swartz

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

A

Yeah. I think it can show, I guess, margin increases on that side. Again, it's how can we better utilize our equipment? How can we take labor out of the field and do more things on the prefab or the kitting side? So, we're always looking at that side and being a solution provider for our customers. So, I think along with that, we're always looking to enhance our margins. But again, our relationships with our clients are long term.

So it's not always – on this side, it's – they're a regulated business. We'll continue to, I guess, push margins where we can, but more from an efficiency standpoint than, what I call, ever reaching out and trying to gouge our customers or anything like that. We really build on long term. Again, over 90% of our business is return clientele, and we always want to make sure we maintain those relationships.

Brian Brophy

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Appreciate. I'll pass it on.

Operator: Thank you. Our next question comes from Manish Somaiya from Cantor Fitzgerald. Your line is open.

Manish A. Somaiya

Analyst, Cantor Fitzgerald & Co.

Q

Thank you. Can you hear me?

Richard S. Swartz

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

A

Yes.

Manish A. Somaiya

Analyst, Cantor Fitzgerald & Co.

Q

Okay. Wonderful. Rick, I have the first question for you. In the press release, we talked about the bid environment being steady. Maybe if you can just give us a sense as to what you're seeing in terms of pricing by geography, by end market? And what are you walking away from business that may not be attractively priced? So maybe, if you can just give us a sense of what's going on in the marketplace?

Richard S. Swartz

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

A

I think, for us, I would say, we've got a select client list. We're not trying to be everything to everyone, if that makes sense. So, on the, let's say, C&I as an example, if it's a customer we've done work for a long time with, or

it's somebody that's a continued relationship, or we can build a continued relationship, we really focus on that side, not the one-off ones. We're not focused on bidding a project that has 20 bidders on it. We like the customers that have select bid list, or we have teaming arrangements with.

So, with that side, good activity, good opportunities there. I would say, market-by-market, when you're talking geographies across the US, some are a little tighter than others still, but we see those areas that are maybe not as busy as others, getting busy in the future. So, we're always monitoring that. We've got 65 plus offices across the US and some in Canada. And with that, we're always using that local expertise to help us pick what work we want to go after, which ones really fit us, and which ones don't. So, along the way, we always evaluate those opportunities, and again, we're seeing good activity in all our marketplaces.

Manish A. Somaiya

Analyst, Cantor Fitzgerald & Co.

Q

And I know we talked a bit about the data centers, maybe Don can shed some more light. Are the customers on the data center side; hyperscalers, GCs, developers, maybe if you can just give us a sense? And then, as it pertains to backlog, it seems obviously everybody is doing more data center work, but would you say that the backlog on the C&I side is diversified, or is it kind of more concentrated?

Don A. Egan

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

A

Well, I'll answer that question first. Our backlog is very diversified. Yeah, you're absolutely correct, there is a lot of activity in the market and we're having conversations with end users, the hyperscalers, general contractors, developers. It's ongoing conversations on a very regular basis, if that answers your question.

Manish A. Somaiya

Analyst, Cantor Fitzgerald & Co.

Q

And in terms of the customers on the data center side, would it be hyperscalers or general contractors, developers?

Don A. Egan

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

A

Again, as I stated, it's all the above.

Manish A. Somaiya

Analyst, Cantor Fitzgerald & Co.

Q

Okay.

Don A. Egan

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

A

We are having conversations with hyperscalers on a daily, weekly basis and with general contractors and end users, owners.

Manish A. Somaiya

Analyst, Cantor Fitzgerald & Co.

Q

Okay. Thanks for clarifying that. And then just lastly, Rick, from a high level, obviously, you guys don't give guidance, but what would be the puts and takes for 2026 as you kind of look at your internal benchmarks and targets? How should we think about the risks and opportunities?

Richard S. Swartz

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

A

Let me go back to Don's question real quick, the one you asked for him. I would say, the other side on data centers is, it's not just the new construction. I think that's really what has the headline, but a lot of it is the retrofits in existing buildings to existing data centers that have been there. I mean, they're living buildings. They're always changing the technology. So, as that happens, that repeat work for us is very important. And once we're in a data center, we tend to stay there for a long time. So it's not just the new builds. It's also that retrofit work. That's the only thing I would add to that.

When we look at kind of the puts and takes going forward, I would say, the biggest impact we can always have on the T&D side is weather. Other than that, the activity in the market, other than something that we don't see right now from any of our conversations with our client, would be any kind of slowing in the market, but we don't see that nor do we anticipate it. So it's really, the weather on our T&D is the biggest impact.

And then the timing of these projects, how quick they roll out would be the other kind of risk out there. Because it's not, if these projects are going to be built, it's when. So sometimes, you can see a two- to four-month push on projects, but it's not like they're going to be pushed out years, and that's kind of how we see it now. Then the other side of the T&D side that I'd probably highlight is permitting. Sometimes, that can push a project out a little bit. But again, it's not if the projects are going to be built, it's when. So, again, good activity on both sides, both T&D and C&I.

Manish A. Somaiya

Analyst, Cantor Fitzgerald & Co.

Q

Wonderful. Thank you so much.

Operator: Thank you. Our next question comes from Tim Moore of Clear Street. Your line is now open.

Tim Moore

Analyst, Clear Street LLC

Q

Thanks and great job with your backlog growth and book-to-bill. My equipment utilization tailwind for the T&D side was already asked. So, I just have two questions remaining. Yeah, maybe you can, Rick, maybe walk us through, or even Kelly elaborate on kind of the trade-off in your selectivity for staffing for maybe like an 18-month data center versus cross-selling a more medium-sized utility project. I know there's separate segments, but I'm just kind of wondering if you could talk a bit more to like the regional staffing playing in, cross-selling opportunity, and if it is a new customer, not more than 90% incumbents?

Richard S. Swartz

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

A

Yeah, I'll start there. Like what you just said, I mean, 90% of our business is return clientele. We're always focused on that. We're always trying to cross-sell. There's lots of opportunities on that side, especially on data centers, where the substation and that side might be on the – on – within the owner side of it, rather than the utility side. So either way, we're able to construct that portion of the project.

I would say, we're always looking at those opportunities. We're always going focus on our long-term clients first, and then we'll take the one-off ones later. If they're just going to build one project and out, that's probably not our focus. But if they're going to build multiple projects, that's where we're focusing. And I think we've done a very good job on, as an example, some of our data centers, where there are facilities that are – they build one building and they move into the next, and as they build out their campus, it's a great place for us. There's some of them where we might be on. As an example, we're on building 3 of maybe a planned 12 buildings. So again, this goes out for many years forward and that's really where our focus is.

Kelly, do you want to add?

Kelly M. Huntington

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

I think you covered that well, Rick. Thanks.

A

Richard S. Swartz

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

Okay.

A

Tim Moore

Analyst, Clear Street LLC

Great, that was really helpful. And thanks for that color. The only other question I had, given your liquidity and the cash and the bolt-on acquisitions opportunity, could you maybe just talk high level about the philosophy as your priority within T&D, more of the electrical contractors? And then on the C&I side, is it to build geographic scale, like in the Southeast? Just kind of curious if you can add any color?

Q

Kelly M. Huntington

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

Sure. I can start on that one.

A

Richard S. Swartz

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

Oh, go ahead, Kelly.

A

Kelly M. Huntington

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

I was just going to say on the T&D side, definitely focused on electrical contractors. We do have really good geographic presence across the US and up into Canada and Ontario on the T&D side. So, we also look at opportunities that would be ancillary services, like right-of-way or foundation or environmental work. Those can be of interest to us as well.

A

On the C&I side, I would say, really two primary screens from a strategic perspective. First would be the geographic fit, because we don't have quite as consistent of coverage as we do on the T&D side. And then really taking a close look at the end markets they serve. So, does that acquisition opportunity have a similar profile as far as exposed to those higher growth, tend to be less cyclical, more complex core markets like we are. So those would be the main things we're looking at. Really still focused on tuck-in acquisitions in the places we know and the risk profiles that we understand as well.

Tim Moore

Analyst, Clear Street LLC

Q

Great, Kelly. That's very helpful. Thanks for that granularity. That's it for my questions.

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

Jon Braatz

Analyst, Kansas City Capital Associates

Q

Morning, everyone.

Richard S. Swartz

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

A

Morning.

Jon Braatz

Analyst, Kansas City Capital Associates

Q

Rick, your markets are very strong, and I think you've – and you've indicated that the top line, you could seize 7% to 10% type of revenue growth. But should the opportunities present themselves as they might, do you have the ability or the capacity of the labor force and infrastructure in place to maybe accelerate that growth as we go forward?

Richard S. Swartz

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

A

Yeah. I mean, we've got that opportunity. I think, if you look back in our history, we've grown more than that in certain years. And other years, we've tamed that back a little bit. Again, it's timing of the awards, how they happen. I see good opportunities out there. But where we're really focused is controlled growth also. I think anybody could really add revenue at this point, but could they do it profitably? And for us, it's maintaining that right amount of growth, so we can be profitable. We're definitely capable of doing more than that. But we have said, for this year, we anticipate growing in that 10-percent-ish range. So a little more than the 7%. But again, making sure we have controlled risk and then we take on the right opportunities.

Jon Braatz

Analyst, Kansas City Capital Associates

Q

Sure. Given the strength of your market and the number of projects out there and so on, I sense that you could be more selective and maybe the risk profile of the work that you're doing has improved. Would that be a fair statement?

Richard S. Swartz

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

A

Sure. We're always focused on that as we select our projects, is how do we limit our risk? How do we partner with our customers? How do we make sure that we have those kind of conversations? But again, de-risking our projects is definitely important to us, and that's one of the evaluations we go through as we look at projects is, I would say, we have less risk in our backlog today than we had in our backlog a year ago or five years ago.

Jon Braatz

Analyst, Kansas City Capital Associates

Okay. Thank you.

Q

Richard S. Swartz

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

Thank you.

A

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

Richard S. Swartz

Chief Executive Officer, President & 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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