

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**Form 8-K**

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 1, 2017

**MYR GROUP INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**1-08325**  
(Commission  
File Number)

**36-3158643**  
(I.R.S. Employer  
Identification No.)

**1701 Golf Road, Suite 3-1012**  
**Rolling Meadows, IL**  
(Address of Principal Executive Offices)

**60008**  
(ZIP Code)

Registrant's telephone number, including area code: **(847) 290-1891**

**None**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On November 1, 2017, MYR Group Inc. issued a press release announcing its financial results for the three and nine months ended September 30, 2017. The press release is furnished hereto as Exhibit 99.1.

This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) The following exhibit is being furnished with this Current Report on Form 8-K.

[99.1 MYR Group Inc. Press Release, dated November 1, 2017](#)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MYR GROUP INC.**

Dated: November 1, 2017

By: /s/ BETTY R. JOHNSON

Name: Betty R. Johnson

Title: Senior Vice President, Chief Financial  
Officer and Treasurer



## MYR Group Inc. Announces Third-Quarter and First Nine-Months 2017 Results

Rolling Meadows, Ill., **November 1, 2017** – **MYR Group Inc. (“MYR”) (NASDAQ: MYRG)**, a holding company of leading specialty contractors serving the electrical infrastructure market in the United States and Canada, today announced its third-quarter and first nine-months 2017 financial results.

### Highlights

- Third quarter revenues of \$373.5 million, a record high quarterly revenue
- Third quarter C&I revenues of \$157.5 million, more than double third-quarter 2016
- Third quarter net income of \$5.1 million, or \$0.31 per diluted share
- Backlog remains strong at \$701.7 million

### Management Comments

Rick Swartz, MYR’s President and CEO, said “We had another strong, record high revenue quarter highlighted by our C&I segment, which more than doubled third quarter 2016 revenue. We actively bid and were awarded numerous projects of all sizes, which resulted in our 11 percent backlog increase, and are encouraged by the projected strong market outlook in both our T&D and C&I segments. Our third quarter results reflected improved performance in many of our organic growth initiatives as well as the substantial completion of the two Midwest projects that negatively impacted our first half results. Continued improvements in our core services are producing what we believe to be sustainable returns for MYR Group and our shareholders.”

### Third Quarter Results

MYR reported third quarter 2017 revenues of \$373.5 million, an increase of \$90.2 million, or 31.9 percent, compared to the third quarter of 2016. Specifically, the T&D segment reported revenues of \$216.0 million, an increase of \$9.6 million, or 4.6 percent, from the third quarter of 2016, primarily due to an increase in distribution projects. The C&I segment reported record third-quarter 2017 revenues of \$157.5 million, an increase of \$80.7 million, or 105.1 percent, from the third quarter of 2016, primarily due to increased spending from existing customers and the Western Pacific Enterprises (“WPE”) acquisition in late 2016.

Consolidated gross profit increased to \$34.9 million in the third quarter of 2017, compared to \$34.1 million in the third quarter of 2016. The increase in gross profit was primarily due to higher revenue, partially offset by lower overall gross margin. Gross margin decreased to 9.3 percent for the third quarter of 2017 from 12.0 percent for the third quarter of 2016. The decrease in gross margin was largely due to lower margins on certain T&D projects due to weather and lower productivity, as well as project delays and schedule extensions related to a T&D project in Canada. Margins were also negatively impacted by costs associated with organic and acquisition growth. Changes in estimates of gross profit on certain projects, resulted in a gross margin decrease of 0.9 percent for the third quarter of 2017. Gross margin increased 0.7 percent due to changes in estimates of gross profit on certain projects for the third quarter of 2016.

Selling, general and administrative expenses (“SG&A”) increased to \$23.8 million in the third quarter of 2017, compared to \$23.2 million in the third quarter of 2016. The year-over-year increase was primarily due to \$1.4 million of costs associated with our expansion into new geographic markets and higher payroll costs to support operations, largely offset by lower bonus and profit sharing costs. As a percentage of revenues, SG&A decreased to 6.4 percent for the third quarter of 2017 from 8.2 percent for the third quarter of 2016.

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Other expense increased from \$0.4 million in the third quarter of 2016 to \$1.4 million in the third quarter of 2017 primarily due to a change in contingent consideration of \$1.5 million.

The income tax provision was \$4.2 million for the third quarter of 2017, with an effective tax rate of 44.8 percent, compared to a provision of \$4.2 million for the third quarter of 2016, with an effective tax rate of 40.4 percent. The increase in the tax rate in the third quarter of 2017 was primarily caused by our inability to utilize losses experienced in certain Canadian operations.

For the third quarter of 2017, net income was \$5.1 million, or \$0.31 per diluted share, compared to \$6.1 million, or \$0.38 per diluted share, for the same period of 2016. Third quarter 2017 EBITDA, a non-GAAP financial measure, was \$20.1 million, or 5.4 percent of revenues, compared to \$20.5 million, or 7.2 percent of revenues, in the third quarter of 2016.

#### **First Nine-Months**

MYR reported first nine-months 2017 revenues of \$1.03 billion, an increase of \$231.0 million, or 28.9 percent, compared to first nine-months 2016. Specifically, the T&D segment reported revenues of \$651.5 million, an increase of \$83.5 million, or 14.7 percent, from the first nine months of 2016, primarily due to higher revenue from large transmission projects and an increase in distribution projects. The C&I segment reported first nine-months 2017 revenues of \$378.3 million, an increase of \$147.5 million, or 63.9 percent, from first nine-months 2016, primarily due to increased spending from existing customers and the WPE acquisition in late 2016.

Consolidated gross profit was \$88.1 million in the first nine months of 2017, compared to \$92.8 million in the first nine months of 2016. The decrease in gross profit was primarily due to lower overall gross margin, partially offset by higher revenue. Gross margin decreased to 8.6 percent for the first nine months of 2017 from 11.6 percent for the first nine months of 2016. The decline in our gross margin was largely due to write-downs on three projects. Two projects in the Midwest U.S. were significantly impacted by weather resulting in unbudgeted costs associated with right-of-way access, lower productivity and increased road damage and repair requirements. As a result, we wrote down \$4.1 million for these projects in the first nine months of 2017. One T&D project in Canada experienced cost impacts mainly associated with project delays and schedule extensions. Although we are working with our client to recover these costs, we have not recognized all of the revenues relating to various pending project claims and change orders, which resulted in write-downs on this project of \$3.3 million. A higher mix of smaller, shorter duration T&D work also impacted margins in the first nine months of 2017. The shift in the mix of work also caused a decline in our fleet utilization and increased mobilization and demobilization costs. Margins were also impacted by costs associated with organic and acquisition growth. These impacts were partially offset by settlements related to previously unrecognized revenues on a project claim and pending change orders. Changes in estimates of gross profit on certain projects, including those discussed above, resulted in a gross margin decrease of 0.7 percent for the first nine months of 2017. Gross margin decreased 0.5 percent due to changes in estimates of gross profit on certain projects for the first nine months of 2016.

Selling, general and administrative expenses ("SG&A") increased to \$74.6 million in the first nine months of 2017, compared to \$69.6 million in the first nine months of 2016. The year-over-year increase was primarily due to \$6.6 million of costs associated with our expansion into new geographic markets and higher payroll costs to support operations, partially offset by lower bonus and profit sharing costs. Additionally, \$1.0 million of costs associated with activist investor activities were incurred in the first nine months of 2016. As a percentage of revenues, SG&A decreased to 7.2 percent for the first nine months of 2017 from 8.7 percent for the first nine months of 2016.

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The income tax provision was \$6.4 million for the first nine months of 2017 with an effective tax rate of 45.6 percent, compared to a provision of \$8.8 million for the first nine months of 2016 with an effective tax rate of 39.1 percent. The increase in the tax rate in first nine months of 2017 was primarily caused by our inability to utilize losses experienced in certain Canadian operations, partially offset by excess tax benefits of approximately \$1.0 million pertaining to the vesting of stock awards and the exercise of stock options.

For the first nine months of 2017, net income was \$7.6 million, or \$0.46 per diluted share, compared to \$13.6 million, or \$0.77 per diluted share, for the same period of 2016. First nine-months 2017 EBITDA, a non-GAAP financial measure, was \$45.2 million, or 4.4 percent of revenues, compared to \$52.7 million, or 6.6 percent of revenues, in the first nine months of 2016.

### **Backlog**

As of September 30, 2017, MYR's backlog was \$701.7 million, which consisted of \$313.6 million in the T&D segment and \$388.1 million in the C&I segment, was \$69.2 million higher than the \$632.5 million reported at June 30, 2017. T&D backlog increased \$18.6 million, or 6.3 percent, from June 30, 2017, while C&I backlog increased \$50.6 million, or 15.0 percent, over the same period. Total backlog at September 30, 2017 increased \$81.1 million, or 13.1 percent, from the \$620.6 million reported at September 30, 2016. The increase in backlog does not include any amount related to the previously announced Denver Central 70 Project. We expect this project to be added to backlog during 2018.

### **Balance Sheet**

As of September 30, 2017, MYR had \$149.6 million of borrowing availability under its credit facility.

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**Non-GAAP Financial Measures**

To supplement MYR's financial statements presented in accordance with generally accepted accounting principles in the United States (GAAP), MYR uses certain non-GAAP measures. Reconciliation to the nearest GAAP measures of all non-GAAP measures included in this press release can be found at the end of this release. MYR's definitions of these non-GAAP measures may differ from similarly titled measures used by others. These non-GAAP measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with GAAP.

MYR believes that these non-GAAP measures are useful because they (i) provide both management and investors meaningful supplemental information regarding financial performance by excluding certain expenses and benefits that may not be indicative of recurring core business operating results, (ii) permit investors to view MYR's performance using the same tools that management uses to evaluate MYR's past performance, reportable business segments and prospects for future performance, (iii) publicly disclose results that are relevant to financial covenants included in MYR's credit facility and (iv) otherwise provide supplemental information that may be useful to investors in evaluating MYR.

**Conference Call**

MYR will host a conference call to discuss its third-quarter 2017 results on Thursday, November 2, 2017, at 9:00 a.m. Central time. To participate in the conference call via telephone, please dial (877) 561-2750 (domestic) or (763) 416-8565 (international) at least five minutes prior to the start of the event. A replay of the conference call will be available through Thursday, November 9, 2017, at 11:59 p.m. Eastern time, by dialing (855) 859-2056 or (404) 537-3406, and entering conference ID 2388139. MYR will also broadcast the conference call live via the internet. Interested parties may access the webcast through the Investor Relations section of MYR's website at [www.myrgroup.com](http://www.myrgroup.com). Please access the website at least 15 minutes prior to the start of the call to register, download and install any necessary audio software. The webcast will be available until Thursday, November 9, 2017, at 11:59 P.M. Eastern time.

**About MYR**

MYR is a holding company of leading specialty contractors serving the electrical infrastructure market throughout the United States and Canada who have the experience and expertise to complete electrical installations of any type and size. Their comprehensive services on electric transmission and distribution networks and substation facilities include design, engineering, procurement, construction, upgrade, maintenance and repair services. Transmission and distribution customers include investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors. Commercial and industrial electrical contracting services are provided to general contractors, commercial and industrial facility owners, local governments and developers generally throughout the western and northeastern United States and western Canada. For more information, visit [myrgroup.com](http://myrgroup.com).

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**Forward-Looking Statements**

*Various statements in this announcement, including those that express a belief, expectation, or intention, as well as those that are not statements of historical fact, are forward-looking statements. The forward-looking statements may include projections and estimates concerning the timing and success of specific projects and our future production, revenue, income, capital spending, segment improvements and investments. Forward-looking statements are generally accompanied by words such as “anticipate,” “believe,” “encouraged,” “estimate,” “expect,” “intend,” “likely,” “may,” “objective,” “outlook,” “plan,” “possible,” “potential,” “project,” “remain confident,” “should” “unlikely,” or other words that convey the uncertainty of future events or outcomes. The forward-looking statements in this announcement speak only as of the date of this announcement; we disclaim any obligation to update these statements (unless required by securities laws), and we caution you not to rely on them unduly. We have based these forward-looking statements on our current expectations and assumptions about future events. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. No forward-looking statement can be guaranteed and actual results may differ materially from those projected. Forward-looking statements in this announcement should be evaluated together with the many uncertainties that affect MYR's business, particularly those mentioned in the risk factors and cautionary statements in Item 1A of MYR's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and in any risk factors or cautionary statements contained in MYR's subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.*

**MYR Group Inc. Contact:**

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**Investor Contact:**

Kristine Walczak

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*Financial tables follow...*

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**MYR GROUP INC.**  
**Consolidated Balance Sheets**  
**As of September 30, 2017 and December 31, 2016**

<u>(In thousands, except share and per share data)</u>	<u>September 30,</u> <u>2017</u> <small>(unaudited)</small>	<u>December 31,</u> <u>2016</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,682	\$ 23,846
Accounts receivable, net of allowances of \$606 and \$432, respectively	274,249	234,642
Costs and estimated earnings in excess of billings on uncompleted contracts	107,818	69,950
Current portion of receivable for insurance claims in excess of deductibles	4,003	3,785
Refundable income taxes, net	403	2,474
Other current assets	5,279	8,202
<b>Total current assets</b>	<b>393,434</b>	<b>342,899</b>
Property and equipment, net of accumulated depreciation of \$228,185 and \$209,466, respectively	150,248	154,891
Goodwill	46,981	46,781
Intangible assets, net of accumulated amortization of \$5,262 and \$4,684, respectively	10,769	11,566
Receivable for insurance claims in excess of deductibles	14,766	14,692
Other assets	4,399	2,666
<b>Total assets</b>	<b>\$ 620,597</b>	<b>\$ 573,495</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Current portion of capital lease obligations	\$ 1,109	\$ 1,085
Accounts payable	119,172	99,942
Billings in excess of costs and estimated earnings on uncompleted contracts	43,851	42,321
Current portion of accrued self insurance	12,083	10,492
Other current liabilities	37,444	42,382
<b>Total current liabilities</b>	<b>213,659</b>	<b>196,222</b>
Deferred income tax liabilities	18,263	18,565
Long-term debt	79,497	59,070
Accrued self insurance	33,146	32,092
Capital lease obligations, net of current maturities	2,997	3,833
Other liabilities	475	539
<b>Total liabilities</b>	<b>348,037</b>	<b>310,321</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Preferred stock—\$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at September 30, 2017 and December 31, 2016	—	—
Common stock—\$0.01 par value per share; 100,000,000 authorized shares; 16,458,523 and 16,333,139 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	163	162
Additional paid-in capital	142,952	140,100
Accumulated other comprehensive loss	(217)	(433)
Retained earnings	129,662	123,345
<b>Total stockholders' equity</b>	<b>272,560</b>	<b>263,174</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 620,597</b>	<b>\$ 573,495</b>

**MYR GROUP INC.**  
**Unaudited Consolidated Statements of Operations and Comprehensive Income**  
**Three and Nine Months Ended September 30, 2017 and 2016**

(In thousands, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Contract revenues	\$ 373,502	\$ 283,259	\$ 1,029,816	\$ 798,827
Contract costs	338,649	249,196	941,706	706,048
Gross profit	34,853	34,063	88,110	92,779
Selling, general and administrative expenses	23,814	23,203	74,617	69,579
Amortization of intangible assets	195	188	593	691
Gain on sale of property and equipment	(576)	(467)	(2,602)	(1,079)
Income from operations	11,420	11,139	15,502	23,588
Other income (expense)				
Interest income	—	—	4	5
Interest expense	(685)	(408)	(1,793)	(833)
Other, net	(1,413)	(417)	212	(361)
Income before provision for income taxes	9,322	10,314	13,925	22,399
Income tax expense	4,177	4,168	6,350	8,766
Net income	<u>\$ 5,145</u>	<u>\$ 6,146</u>	<u>\$ 7,575</u>	<u>\$ 13,633</u>
Income per common share:				
—Basic	\$ 0.32	\$ 0.39	\$ 0.47	\$ 0.78
—Diluted	\$ 0.31	\$ 0.38	\$ 0.46	\$ 0.77
Weighted average number of common shares and potential common shares outstanding:				
—Basic	16,314	15,805	16,263	17,489
—Diluted	16,474	16,177	16,476	17,817
Net income	\$ 5,145	\$ 6,146	\$ 7,575	\$ 13,633
Other comprehensive income (loss):				
Foreign currency translation adjustment	206	19	216	(65)
Other comprehensive income (loss)	206	19	216	(65)
Total comprehensive income	<u>\$ 5,351</u>	<u>\$ 6,165</u>	<u>\$ 7,791</u>	<u>\$ 13,568</u>

**MYR GROUP INC.**  
**Unaudited Consolidated Statements of Cash Flows**  
**Nine Months Ended September 30, 2017 and 2016**

(In thousands)	Nine months ended September 30,	
	2017	2016
<b>Cash flows from operating activities:</b>		
Net income	\$ 7,575	\$ 13,633
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	28,906	28,747
Amortization of intangible assets	593	691
Stock-based compensation expense	3,479	3,488
Deferred income taxes	(302)	(116)
Gain on sale of property and equipment	(2,602)	(1,079)
Other non-cash items	1,113	(38)
Changes in operating assets and liabilities		
Accounts receivable, net	(37,059)	1,770
Costs and estimated earnings in excess of billings on uncompleted contracts	(36,980)	(28,774)
Receivable for insurance claims in excess of deductibles	(292)	(1,640)
Other assets	85	7,008
Accounts payable	14,803	11,022
Billings in excess of costs and estimated earnings on uncompleted contracts	1,363	5,454
Accrued self insurance	2,626	299
Other liabilities	(5,098)	32
Net cash flows provided by (used in) operating activities	(21,790)	40,497
<b>Cash flows from investing activities:</b>		
Proceeds from sale of property and equipment	2,802	2,544
Purchases of property and equipment	(24,909)	(17,948)
Net cash flows used in investing activities	(22,107)	(15,404)
<b>Cash flows from financing activities:</b>		
Net borrowings under revolving lines of credit	20,427	33,407
Payment of principal obligations under capital leases	(812)	(442)
Proceeds from exercise of stock options	1,147	2,080
Repurchase of common shares	(3,058)	(101,483)
Other financing activities	3,718	2,077
Net cash flows provided by (used in) financing activities	21,422	(64,361)
Effect of exchange rate changes on cash	311	55
Net decrease in cash and cash equivalents	(22,164)	(39,213)
<b>Cash and cash equivalents:</b>		
Beginning of period	23,846	39,797
End of period	\$ 1,682	\$ 584

**MYR GROUP INC.**  
**Unaudited Consolidated Selected Data and Net Income Per Share**  
**Three and Twelve Months Ended September 30, 2017 and 2016**

(in thousands, except share and per share data)	Three months ended September 30,		Last twelve months ended September 30,	
	2017	2016	2017	2016
<b>Summary Statement of Operations Data:</b>				
Contract revenues	\$ 373,502	\$ 283,259	\$ 1,373,476	\$ 1,070,011
Gross profit	\$ 34,853	\$ 34,063	\$ 130,054	\$ 125,390
Income from operations	\$ 11,420	\$ 11,139	\$ 30,668	\$ 33,889
Income before provision for income taxes	\$ 9,322	\$ 10,314	\$ 29,871	\$ 32,332
Income Tax Expense	\$ 4,177	\$ 4,168	\$ 14,498	\$ 12,818
Net income	\$ 5,145	\$ 6,146	\$ 15,373	\$ 19,514
Tax rate	44.8%	40.4%	48.5%	39.6%

**Per Share Data:**

**Income per common share:**

- Basic	\$ 0.32	\$ 0.39	\$ 0.96(1)	\$ 1.10(1)
- Diluted	\$ 0.31	\$ 0.38	\$ 0.93(1)	\$ 1.08(1)

**Weighted average number of common shares  
and potential common shares outstanding :**

- Basic	16,314	15,805	16,191(2)	18,171(2)
- Diluted	16,474	16,177	16,444(2)	18,518(2)

(in thousands)	September 30, 2017	December 31, 2016	September 30, 2016	September 30, 2015
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**Summary Balance Sheet Data:**

Total assets	\$ 620,597	\$ 573,495	\$ 499,609	\$ 559,706
Total stockholders' equity (book value)	\$ 272,560	\$ 263,174	\$ 248,673	\$ 341,254
Goodwill and intangible assets	\$ 57,750	\$ 58,347	\$ 57,798	\$ 58,281
Total funded debt	\$ 79,497	\$ 59,070	\$ 33,400	\$ —

**Last twelve months ended  
September 30,**

**Financial Performance Measures (3):**

**Reconciliation of Non-GAAP measures:**

	2017	2016
Net income	\$ 15,373	\$ 19,514
Interest expense, net	2,255	1,021
Tax impact of interest	(1,094)	(404)
<b>EBIT, net of taxes (4)</b>	<b>\$ 16,534</b>	<b>\$ 20,131</b>

See notes at the end of this earnings release.

**MYR GROUP INC.**  
**Unaudited Performance Measures and Reconciliation of Non-GAAP Measures**  
**Three and Twelve Months Ended September 30, 2017 and 2016**

(in thousands, except share, per share data, ratios and percentages)	Three months ended September 30,		Last twelve months ended September 30,	
	2017	2016	2017	2016
<b>Financial Performance Measures (3):</b>				
EBITDA (5)	\$ 20,053	\$ 20,470	\$ 71,309	\$ 72,802
EBITDA per Diluted Share (6)	\$ 1.22	\$ 1.27	\$ 4.34	\$ 3.93
Free Cash Flow (7)	\$ (45,281)	\$ (11,676)	\$ (40,129)	\$ 51,050
Book Value per Period End Share (8)	\$ 16.40	\$ 15.13		
Tangible Book Value (9)	\$ 214,810	\$ 190,875		
Tangible Book Value per Period End Share (10)	\$ 12.93	\$ 11.61		
Funded Debt to Equity Ratio (11)	0.29	0.13		
Asset Turnover (12)			2.75	1.91
Return on Assets (13)			3.1%	3.5%
Return on Equity (14)			6.2%	5.7%
Return on Invested Capital (17)			5.9%	6.5%
<b>Reconciliation of Non-GAAP Measures:</b>				
<b>Reconciliation of Net Income to EBITDA:</b>				
Net income	\$ 5,145	\$ 6,146	\$ 15,373	\$ 19,514
Interest expense, net	685	408	2,255	1,021
Provision for income taxes	4,177	4,168	14,498	12,818
Depreciation and amortization	10,046	9,748	39,183	39,449
EBITDA (5)	<u>\$ 20,053</u>	<u>\$ 20,470</u>	<u>\$ 71,309</u>	<u>\$ 72,802</u>
<b>Reconciliation of Net Income per Diluted Share to EBITDA per Diluted Share:</b>				
Net Income per share:	\$ 0.31	\$ 0.38	\$ 0.93	\$ 1.08
Interest expense, net, per share	0.04	0.03	0.14	0.05
Provision for income taxes per share	0.25	0.26	0.88	0.68
Depreciation and amortization per share	0.62	0.60	2.39	2.12
EBITDA per Diluted Share (6)	<u>\$ 1.22</u>	<u>\$ 1.27</u>	<u>\$ 4.34</u>	<u>\$ 3.93</u>
<b>Calculation of Free Cash Flow:</b>				
Net cash flow from operating activities	\$ (40,970)	\$ (5,965)	\$ (7,797)	\$ 72,802
Less: cash used in purchasing property and equipment	(4,311)	(5,711)	(32,332)	(21,752)
Free Cash Flow (7)	<u>\$ (45,281)</u>	<u>\$ (11,676)</u>	<u>\$ (40,129)</u>	<u>\$ 51,050</u>
<b>Reconciliation of Book Value to Tangible Book Value:</b>				
Book value (total stockholders' equity)	\$ 272,560	\$ 248,673		
Goodwill and intangible assets	(57,750)	(57,798)		
Tangible Book Value (9)	<u>\$ 214,810</u>	<u>\$ 190,875</u>		
<b>Reconciliation of Book Value per Period End Share to Tangible Book Value per Period End Share:</b>				
Book value per period end share	\$ 16.40	\$ 15.13		
Goodwill and intangible assets per period end share	(3.47)	(3.52)		
Tangible Book Value per Period End Share (10)	<u>\$ 12.93</u>	<u>\$ 11.61</u>		
<b>Calculation of Period End Shares:</b>				
Shares Outstanding	16,459	16,065		
Plus: Common Equivalents	160	372		
Period End Shares (15)	<u>16,619</u>	<u>16,437</u>		
		September 30, 2017	September 30, 2016	September 30, 2015
<b>Reconciliation of Invested Capital to Shareholders Equity:</b>				
Book value (total stockholders' equity)	\$ 272,560	\$ 248,673	\$ 341,254	
Plus: Total Funded Debt	79,497	33,400	—	
Less: Cash and cash equivalents	(1,682)	(584)	(30,429)	
Invested Capital (16)	<u>\$ 350,375</u>	<u>\$ 281,489</u>	<u>\$ 310,825</u>	

See notes at the end of this earnings release.



- (1) Last-twelve-months earnings per share is the sum of earnings per share reported in the last four quarters.
  - (2) Last-twelve-months average basic and diluted shares were determined by adding the average shares reported for the last four quarters and dividing by four.
  - (3) These financial performance measures are provided as supplemental information to the financial statements. These measures are used by management to evaluate our past performance, our prospects for future performance and our ability to comply with certain material covenants as defined within our credit agreement, and to compare our results with those of our peers. In addition, we believe that certain of the measures, such as book value, tangible book value, free cash flow, asset turnover, return on equity and debt leverage are measures that are monitored by sureties, lenders, lessors, suppliers and certain investors. Our calculation of each measure is described in the following notes; our calculation may not be the same as the calculations made by other companies.
  - (4) EBIT, net of taxes is defined as net income plus net interest, less the tax impact of net interest. The tax impact of net interest is computed by multiplying net interest by the effective tax rate. Management uses EBIT, net of taxes, to measure our results exclusive of the impact of financing costs.
  - (5) EBITDA is defined as earnings before interest, taxes, depreciation and amortization. EBITDA is not recognized under GAAP and does not purport to be an alternative to net income as a measure of operating performance or to net cash flows provided by operating activities as a measure of liquidity. EBITDA is a component of the debt to EBITDA covenant, as defined in our credit agreement, which we must comply with to avoid potential immediate repayment of amounts borrowed or additional fees to seek relief from our lenders. In addition, management considers EBITDA a useful measure because it eliminates differences which are caused by different capital structures as well as different tax rates and depreciation schedules when comparing our measures to our peers' measures.
  - (6) EBITDA per diluted share is calculated by dividing EBITDA by the weighted average number of diluted shares outstanding for the period. EBITDA per diluted share is not recognized under GAAP and does not purport to be an alternative to income per diluted share.
  - (7) Free cash flow, which is defined as cash flow provided by operating activities minus cash flow used in purchasing property and equipment, is not recognized under GAAP and does not purport to be an alternative to net income, cash flow from operations or the change in cash on the balance sheet. Management views free cash flow as a measure of operational performance, liquidity and financial health.
  - (8) Book value per period end share is calculated by dividing total stockholders' equity at the end of the period by the period end shares outstanding.
  - (9) Tangible book value is calculated by subtracting goodwill and intangible assets outstanding at the end of the period from stockholders' equity outstanding at the end of the period. Tangible book value is not recognized under GAAP and does not purport to be an alternative to book value or stockholders' equity.
  - (10) Tangible book value per period end share is calculated by dividing tangible book value at the end of the period by the period end number of shares outstanding. Tangible book value per period end share is not recognized under GAAP and does not purport to be an alternative to income per diluted share.
  - (11) The funded debt to equity ratio is calculated by dividing total funded debt at the end of the period by total stockholders' equity at the end of the period.
  - (12) Asset turnover is calculated by dividing the current period revenue by total assets at the beginning of the period.
  - (13) Return on assets is calculated by dividing net income for the period by total assets at the beginning of the period.
  - (14) Return on equity is calculated by dividing net income for the period by total stockholders' equity at the beginning of the period.
  - (15) Period end shares is calculated by adding average common stock equivalents for the quarter to the period end balance of common stock outstanding. Period end shares is not recognized under GAAP and does not purport to be an alternative to diluted shares. Management views period end shares as a better measure of shares outstanding as of the end of the period.
  - (16) Invested capital is calculated by adding net funded debt (total funded debt less cash and marketable securities) to total stockholders' equity.
  - (17) Return on invested capital is calculated by dividing EBIT, net of taxes, less any dividends, by invested capital at the beginning of the period. Return on invested capital is not recognized under GAAP, and is a key metric used by management to determine our executive compensation.
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