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PRESENTATION

Operator

Good day, ladies and gentlemen, and thank you for standing by. Welcome to our second quarter 2018 conference call. (Operator Instructions) Now it's my pleasure to turn the call to Steve Carr of Dresner Corporate Services.

Steven D. Carr ***Dresner Corporate Services, Inc. - EVP and MD***

Thank you, Carmen, and good morning, everyone. I'd like to welcome you to the MYR Group Conference Call to discuss the company's 2018 second quarter results, which were reported yesterday after the market closed. Joining us on today's call are Rick Swartz, President and Chief Executive Officer; Betty Johnson, Senior Vice President and Chief Financial Officer and Treasurer; 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 on the Events and Presentations page under the Investor Relations tab. Also, a replay of today's call will be available until Thursday August 9, 2018 at 11:59 p.m. Eastern time by dialing (855) 859-2056 or (404) 537-3406, and entering conference ID 6167708. A replay of the conference call will also be available on the company's website on the Events and Presentations page under the Investor Relations tab.

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 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, 2017, and the company's quarterly report on Form 10-Q for the second quarter of 2018 and yesterday's press release.

Certain non-GAAP financial information will be discussed on the call today. A reconciliation of this non-GAAP information to the most comparable GAAP measure is set forth in yesterday's press release.

With that said, I'll now turn the call over to Rick Swartz.

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

Thanks, Steve. Good morning, everyone. Welcome to our second quarter 2018 conference call to discuss financial and operational results. I will begin by providing a brief summary of the second quarter results, and then turn the call over to Betty Johnson, our Chief Financial Officer, for a more detailed financial review. Following Betty's discussion, Tod Cooper and Jeff Waneka, Chief Operating Officers for our T&D and C&I segments, will provide an industry outlook and discuss some of MYR Group's opportunities going forward. I will then conclude with some closing remarks, and open the call up for your comments and questions.

We are pleased to report our second quarter 2018 financial results, which include increases in gross profit, earnings per share, net income and EBITDA as compared to the second quarter of 2017. Our backlog in the second quarter reached a new record high of $1.01 billion with increases in both our T&D and C&I segments. We continue to see future strength in both markets, and on July 2, we completed the acquisition of substantially all the assets of the Huen Companies, which will expand our C&I service offerings and geographic reach for delivering cost-effective solutions to both new and existing customers. Jeff will have more later on the call.

With the strong economy and a positive industry outlook, our plans for growth remain consistent with the strategy we have pursued for the past several years. We plan to grow the company organically by identifying viable opportunities in new and existing markets, and by leveraging our depth and breadth of service offerings across all markets. We will also continue to identify and evaluate opportunities for acquisitive growth, with the goal of producing strong returns that align with our culture and strengthen our competitive position.

We believe that always striving for improvements in our systems, processes and methodologies, delivering value to our clients and maintaining our sound financial position will continue to support our delivery of solid returns to our stockholders.

I'm excited about the future of this organization and the foundation we have developed. We have sound processes in place, expansive geographic coverage and a team of outstanding employees. We will continue to drive towards outstanding financial performance, while being mindful of the needs and contributions of all of our stakeholders. We believe our strong market position and active bidding climates in both our T&D and C&I markets should continue to support efficiencies in our operations and drive further growth.

Before I turn the call over to Betty, as I'm sure many of you have seen, effective July 27, 2018, our Board of Directors appointed Jennifer Lowry to our board. We are excited to have Jennifer as a new member of our board, and we look forward to working with her.

Now Betty will provide details on our financial results for the second quarter of 2018.

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

Thank you, Rick, and good morning, everyone. Our second quarter 2018 revenues were $339.7 million, a decrease of 4.6% compared to the same period last year. The decrease was primarily due to lower revenues from the successful completion of our CTT project in Texas, offset by higher C&I revenues.

T&D revenues were $196.9 million, a decrease of 17.9% compared to the same period last year. The breakdown of T&D revenues was $121.7 million for transmission, and $75.2 million for distribution. C&I revenues were $142.8 million, an increase of 22.6% compared to the same period last year.

Our gross margin was 11.4% for the second quarter of 2018 compared to 7.7% for the same period last year. The increase in gross margin was largely due to improvements from the prior year, which was significantly impacted by 2 jobs in the Midwestern section in the United States and 1 project in Canada. Our 2018 second quarter margins were also favorably impacted by a claims settlement, partially offset by a write-down on a project due to inclement weather, lower productivity and ongoing negotiations relating to a contract termination.

SG&A expenses were $29.2 million, an increase of $4.2 million compared to the same period last year. The increase was primarily due to higher bonus and profit-sharing cost. SG&A, as a percentage of revenues, increased to 8.6% for the second quarter of 2018 from 7% for the same period last year.

The effective income tax rate for the second quarter of 2018 represented 28.8% of pretax income compared to 67.3% for the second quarter of 2017. The effective tax rate for the second quarter of 2018 benefited from the enactment of the 2017 Tax Act. Our inability to utilize lawsuits experienced in certain Canadian operations negatively impacted the effective tax rate for both the second quarter of 2018 and 2017.

Second quarter 2018 net income was $6.8 million or $0.41 per diluted share compared to $1.2 million or $0.07 per diluted share for the second quarter of 2017. Total backlog as of June 30, 2018 was $1.01 billion, another record high, consisting of $482.9 million for the T&D segment and $530.5 million for the C&I segment. This represents an increase in backlog for both T&D and C&I segments sequentially and period-over-period, with another record high for the C&I segments.

Turning to the June 30, 2018 balance sheet, we had approximately $4.2 million in cash, $57.8 million of funded debt, $171.5 million of availability under our credit facility, and $176.8 million of working capital.

Our Board of Directors recently approved a new $20 million share repurchase program that will begin when this current share repurchase program expires on August 15, 2018. The new program will expire on August 15, 2019, or whenever the authorized funds are exhausted. As Rick mentioned earlier, on July 2, we completed the Huen acquisition. The Huen Companies have had a combined average annual revenue of approximately $130 million over the last 5 years. The purchase price was approximately $47.1 million, which is subject to working capital and net asset adjustments. This purchase was funded through borrowings under our credit facility.

We may also make additional contingent payments in the future, which will be based upon, among other things, the successful achievement of certain financial performance targets. Going forward, we expect the margins for the Huen Companies to be consistent with our historical C&I results. We will be filing the required financial statements and pro forma financial information on or before September 18, 2018.

So in summary, we are pleased with our results for this quarter, which reflect improved gross margin, net income, earnings per share, EBITDA and backlog, both sequentially and from the second quarter of 2017. We believe that the fundamental business and markets in which we participate are strong, and should support continued profitability going forward. We also believe our strong balance sheet and borrowing capacity are sufficient to support our working capital needs, equipment investments, strategic acquisitions and organic growth initiatives and bonding requirements.

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

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

Thanks, Betty, and good morning, everyone. MYR Group's solid T&D financial performance in the first quarter of 2018 continued in the second quarter. Our increased T&D backlog reflects continuing strength in the marketplace. Activity remains healthy in all regions we serve, evidenced by continued investments by many of our clients. These investments remain driven by the need to replace aging infrastructure, improved reliability and resiliency, and the ongoing need to integrate new forms of generation.

This active market allows us to pursue additional work with existing clients and to identify territories and clients, where we can look to expand our service offerings. To ensure we are positioned to respond appropriately to the market and the changes that could impact our business, we are constantly monitoring shifts in demand, changes in competition and emerging trends in the technological, economic, political and regulatory landscape.

In the second quarter, several utilities announced new investments in their service territories. For example, Entergy Texas will be investing upwards of $2 billion over the next 3 years in new projects to improve service to existing customers, which include $600 million in transmission projects and $415 million in distribution upgrades. As mentioned on past calls, the investments that we've made to establish a strong operational presence in this region should position us to support clients, such as Entergy, as they make this critical investment.

Another valued customer we serve is Tucson Electric Power in Arizona, which recently announced spending of an additional $260 million this year in transmission and distribution facilities. With our recently executed 5 year service agreement with Tucson Electric Power, we believe we are strategically positioned to capture a meaningful percentage of the T&D market in Arizona over the next several years.

We continue to see investments in the Northeast, which we expect will provide ample opportunities for our T&D operations in the region. Several states have announced their intentions to invest heavily in transmission infrastructure to import new, clean energy generation sources. In April, the New York Power Authority filed an application for the rebuild of 86 miles of aging transmission line. The 2 combined phases of this project are estimated to cost $600 million in total, and are scheduled to be completed by 2023. National Grid announced an investment of more than $100 million in transmission and substation facilities to increase reliability in Southeast Massachusetts.

Outside of our traditional utility clients, we also see strength in the electrical services market from renewable energy. We are tracking several interesting projects in the renewable space, including the recently announced acquisition of the Western Spirit Transmission Line Project in New Mexico by Pattern Energy. The 140-mile project will deliver power to Northwestern New Mexico from the new 1,000-megawatt wind project in Central New Mexico. The estimated cost of the project is $150 million, and it's scheduled to begin construction next year. This line, along with several other large wind related projects, are expected to provide our regional operations groups a number of exciting opportunities to pursue over the next several quarters.

Looking at our distribution operations, we are pleased to see another solid quarter of improvements in both revenue and margin. Our effort to organically grow distribution operations in a number of new geographic areas are beginning to show benefit, and our existing clients continue to outsource distribution services to MYR. This growth continues to be driven by several factors, including new housing and commercial construction projects, the need to replace and harden aging distribution infrastructure and the continued integration of new technologies on the ground.

In closing, I would like to thank our crew members and management staff for their hard work. Their commitment to safety and operational excellence is what drives our success, and we are looking forward to the second half of 2018.

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

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

Thank you, Tod, and good morning, everyone. Our C&I segment's solid financial performance and continued growth are evidence of the success we are having in executing our strategy, which is to further differentiate ourselves through delivering exceptional preconstruction capabilities, providing a specially trained workforce and cultivating new opportunities through existing client relationships. Our transportation division continues to prepare for work associated with the new Central 70 project in Denver, Colorado, which is expected to get underway in the second half of 2018.

In addition, the transportation market remains active, as many of our transportation experts stay engaged with key general contractors especially in the Western U.S. and Canada. Project awards in the second quarter positively reflect our range of expertise and geographic diversity. Some of these awards include important contracts, including facility expansions for both the data center and chip manufacturing facility in Phoenix, a new hospital expansion in Denver, an electrical infrastructure upgrade at a naval shipyard in Maine, the redevelopment of a historic post office building in Vancouver, Canada, and the early work package on the Trans Mountain pipeline project in British Columbia, which includes the electrical work associated with adding a new pipeline from Edmonton, Alberta to the West Coast. These exciting projects, along with a host of other desirable awards indicate that our markets remain strong and our execution strategy should provide positive results and continued opportunity.

The most notable development in our C&I segment during the second quarter is the recent acquisition of the Huen Companies, a leading electrical construction firm with offices in Illinois, New York and New Jersey. Not only does the addition expand our geographic reach and ability to provide C&I capabilities to more clients throughout the U.S., we also see it as a good cultural fit and an ideal complement to our existing organization.

Like all MYR Group subsidiaries, the Huen Companies are generally considered as to be high-value, reputable providers of services with many long-term client relationships that we expect will lead to consistent repeat business. Huen has an experienced and professional management team and engaged long-term employees, who are passionate about giving back to the communities where they live and work.

Huen's C&I capabilities align well with MYR's due to their depth of preconstruction and design services, proactive use of technology to drive efficiency, advanced use of prefabrication and a mature process to approaching risk analysis that delivers consistent results. We're excited to welcome the Huen Companies to MYR Group, and look forward to developing our relationship and to ensuring a successful integration that paves the way for success. We continue to see ample project and bidding opportunities in the markets we serve, such as data centers, healthcare, industrial facilities and transportation, where we effectively compete.

I look forward to what the future holds for our C&I division, our diligence and staying aware of industry developments and new technologies, understanding our competition, developing our employees and expanding our service offerings to more customers throughout the U.S. and Canada, support our goal to provide best-in-class solutions that set us apart from the industry.

Thanks, everyone, for your time today. I'll now turn it back to Rick for his closing comments.

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

Thank you for those updates, Betty, Tod and Jeff. We remain focused on continued growth and being viewed as a top resource for reliable and value-added electrical contracting services. To support these goals, we will continue to foster our winning culture that aids in attracting, retaining and developing the best people in the industry.

At the same time, we will continue to examine and evaluate our operations to maximize efficiencies, improve safety performance and work collaboratively with our clients. Because they are critical foundations for our long-term success, we believe these efforts will position the company to achieve positive financial performance.

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question is from Tahira Afzal with KeyBanc Capital Markets.

Tahira Afzal ***KeyBanc Capital Markets Inc., Research Division - MD, Associate Director of Equity Research, and Equity Research Analyst***

I guess the first question for me, I was looking back historically and your high water marks, the EPS, let's say, was around $0.60 or so. Since then, you bought a lot of stock. Your C&I market is expanding because of all the investments you've made. As you look forward and you really try to translate a lot of this with all the developments into your EPS earnings power, are we at a point when if both markets are working, you could see sort of $0.70 to $0.80 a quarter? Or am I pushing my luck here?

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

All right, I think, Tahira, you know we don't give guidance. So it's something I think if you look at where we've been, we were in those ranges you said before. But going forward, I think we're starting to see some of the organic growth areas starting to cover -- they've covered their overhead this quarter, and they're starting to add to the bottom line as we said. So we're seeing that positive movement there, but the market remains competitive out there. It's not -- our competitors continue to hone in on their estimates, and as I said, it remains competitive. So I think you kind of -- you've got to use the past to predict the future, but we see great growth on the small and mid-sized projects, and we see that potential continuing to grow. It's really the large projects where we see that -- that lag of projects coming out. And even if you go back in history and look at where we had that performance, it was based on some great close-outs on some large projects. And we don't see that in the near term future. Those projects are still out there. As I said before, it's not a matter of if they're built. It's more when they're built. So we see those coming, but we haven't seen a lot of movement on those projects coming to market yet.

Tahira Afzal ***KeyBanc Capital Markets Inc., Research Division - MD, Associate Director of Equity Research, and Equity Research Analyst***

Got it. And in your prepared commentary, it was interesting. It seems like you're getting some cross synergies between the 2 businesses, as you've grown your C&I business. Can you give us an idea of how much that could potentially help your utilities business? Are we looking at -- if let's say, the T&D business is growing in the mid to high single digits, you can -- there would be quarters where you could potentially exceed that?

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

Our goal has always been to integrate those 2 operations, and we've done it in many areas. We co-habitate many facilities, and we go after similar work and some of the project management skills on the C&I has come over to the T&D side over time and vice versa. Some of their skill sets come over to the C&I. So we always look for that. It's really based on the market and the location, and there's some areas where we've been able to combine those operations and have some economies of scale and we continue to pursue that going forward.

Operator

Our next question is from Andy Wittmann with Baird.

Andrew John Wittmann ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

I wanted to just get your sense of, I guess, the kind of the revenue outlook and burn rates. Your backlog is obviously at record levels, up against sequentially off of a really high level last quarter which is great news. I just wanted to understand, and I think I asked this question actually the last quarter as well, about the burn rate that's associated with that, or maybe better put, as the duration -- the average duration of projects that's in that backlog. Last time, your backlog hit a kind of a local high was in the 2011 and 2012 period. And at that point, if you look at the ratio of revenue to backlog, it declined pretty significantly from what it has been over the last couple of years. And I just wanted to understand if that's what we're in store for again here with the backlog that you have today. Again, another record, probably -- obviously, has I-70, maybe other large projects in there that are driving that because it does affect the way, I think, your investors are looking at the revenue outlook. So I'm going to start there and maybe I'll follow up on that one.

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

Okay. I think when I look at the -- really, our revenue increase this quarter was based on small and mid-sized projects in the active market we're seeing. It really didn't have any one-off large projects that contributed to it. As far as our burn rate in our Q, we released what our 12-month burn rate would be on our backlog and what kind of went outside that 12-month rate. And I see it as a strong market out there. I see the activity continuing on that small to mid-size. And again, I think the real -- the big push we had was on that kind of mid-sized project we announced the Harry Allen last quarter, along with T-REX -- or along with the I-70 project that came into our backlog last quarter. But this was just -- the growth we've seen this time, it's just small and mid-sized work and it also doesn't include any backlog from the Huen acquisition because that wasn't completed until July 2.

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

And that amount of backlog for 12 months is $182 million, which is as Rick said, was in the Q. So that dollar amount is on the higher end from historical.

Andrew John Wittmann ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

Yes, okay. So just as we look at the -- now that we're getting into the thick of construction months here and recognizing that at least in the Midwest, and some other parts around the country, that April was a tough month to get things done, and you mentioned even weather, I think, Betty, in your prepared remarks. Do you feel like the slate of work here in the third and fourth quarter, really, for the back end of the year has greater than average seasonal pickup, given the revenue levels that you saw in second quarter? Or how would you characterize the increase in the seasonality here versus the historical levels?

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

Well, historically, I mean, the transmission work, when you're working on existing right of ways, existing lines, that stuff, you don't get a whole lot of outages during the summer months. So you see that pick up once the weather cools down. That's usually in that September to October time frame on the transmission side. But probably on a more global view, I said last quarter, we didn't have the large project revenue coming in this year that we've had in previous years, including last year, when you look back. So with the completion of the CTT Project in Texas, what's really lacking for the next couple of quarters is that, that backlog on the large project side -- or that burn rate on the large project side, which even our I-70 project and that Harry Allen project, really don't get started til the end of this year into next year. So you really won't see that revenue growth on that side. So that's probably -- that hasn't changed from the last quarter.

Operator

Our next question comes from Jon Braatz with Kansas City Group.

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

Rick, can you talk a little bit about your organic initiatives? Are you doing anything new organically? And sort of on an aggregate basis, what type of improvement -- what level of improvement have you been seeing in your organic locations that you opened up over the last couple of years?

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

Total, net-net, if you look at our organic growth overall, I said that my goal was always at the end of the second quarter to have those operations covering their overhead. And this last quarter -- this quarter -- second quarter, we actually did that. So as a net-net, they're covering their overhead, and they'll start to contribute to the bottom line. It will take a while to get them up to what I would say overall is performance equal to our other districts on the C&I and T&D side because you're still gathering work, you're still executing newer contracts, and net burn rates, not as high as we'd like to see it overall, but it is covering their overhead. And that's what we wanted to see happen before we ever opened any more organic growth areas. Along with that, if you look at each market we're in, each group we're in, and try to figure out if there's any of those we need to get out of or adjust, and we're constantly doing that, and making the adjustments necessary, going forward, to have them -- to have all those areas as positive contributors to our bottom line.

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

Are you looking to open up any new offices elsewhere?

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

We've always -- I mean there's -- our people bring business plans to us all the time, wanting to go into new areas. I would say Tod and Jeff assess those, along with Betty and myself, on an ongoing basis. Right now, I don't think till we get through this year, you'll see any new organic growth areas. We really want to focus on turning the areas we have completely profitable, and them contributing greater to our bottom line, and then we can take our resources and broaden them out a little more.

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

Okay. One question for Jeff. A couple of people have suggested to me that there has been a little bit of a pause in data center activity. Are you seeing that? Is that indeed the case? Or how do you look at the data center opportunity?

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

We're not seeing necessarily a pause across the board. I think it's kind of regional, and we're in some areas, where there's quite a bit of data center expansion, so -- while other areas are not seeing a lot of growth. So it's really a regional thing as far as our business is concerned.

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

Okay. Are the opportunities there in your areas? Or is it elsewhere?

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

We're continuing to see opportunities in areas where we currently are and we're exploring. This kind of tags on to your last question. We're looking to expand in offices that we already have in place, different service offerings. So we may not have a strong data center presence in a particular area, and we're cross-pollinating those folks and looking for opportunities to expand what we do in each office.

Operator

(Operator Instructions) And our next question is from Missa Sangimino with Stifel.

Marissa Macri Sangimino ***Stifel, Nicolaus & Company, Incorporated, Research Division - Associate***

Just a quick question. I know you talked about sort of using your workforce for both T&D and C&I, just a bit more high level. We've heard a lot of the contractors and players in the E&C space talking about just a tightening labor market and difficulty procuring skilled labor. I was just hoping you could give us some sort of views on how you view the current labor market, whether you see sort of any headwinds in terms of procuring skilled labor and just whether you're making any investments on that front to sort of mitigate this trend?

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

Okay. First of all, the resources of the actual work force, they really don't go from line to -- from our T&D business to our C&I or vice versa. They're separate businesses. They do jointly work on some projects that offer both services that we do. We probably share more on the management side, where we'll switch people back and forth, and those -- a good project manager can go from the T&D side to the C&I side or vice versa. So we really see that with that side and then the technology side of sharing that information and how we get better at whether it's prefab or it's project execution, sharing those lessons learned. We do a lot of that, so -- but not on the particular workforce. For us, it's region by region, where we see tightening markets. Some areas are tighter than others. I can tell you, across-the-board, we haven't had to turn down work because we haven't been able to come up with the people. We continue to bid in all the markets we're in. We do have some room for growth in some areas, and some were a little tighter, and the market's a little tighter. But we assess each bid and we look at it, and we really -- with what our company has to offer with our safety, with our tools, with our equipment and the culture we have, we really, at this point, haven't had a hard time attracting labor.

Marissa Macri Sangimino ***Stifel, Nicolaus & Company, Incorporated, Research Division - Associate***

That's helpful. And just a follow-up on the nonresidential construction market, obviously, we've seen pretty strong growth early in the year. I was just hoping you could talk a bit about what you kind of see as a reasonable growth rate for 2018 and 2019. I know some people out there are more concerned that we could be getting a little bit long in the tooth in that cycle. So just sort of how you think about that growth rate and how MYR Group might track it. And I think maybe, specifically, just on Huen, obviously, we have their presence in New York, New Jersey, Chicago, which have all been pretty strong markets, so just kind of what opportunities you see there and what might we expect?

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

We see strong opportunities in all the markets we're in right now. On the C&I side, we haven't seen any pullback. I think the Huen acquisition overall gives us a geographic coverage we never had before. It's something that, strategically, that's what we look to do. There's a lot of growth we can do on the C&I side, with pockets we're not in right now, parts of the country we're not in right now, so we see that. I'll let Jeff talk a little more about particular markets and kind of expansion.

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

I think there are regions where we're seeing certain segments actually come back. Mining, for instance, is really starting to pick up steam. So while some other non-res markets might be flattening out, there are others that are actually increasing. So all in all, the balance is good, and we see that pretty sustainable going forward.

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

And I would see it as single-digit growth. I mean we're not going to be double-digit growth on our C&I unless we do acquisitions. And if we find another acquisition and we find a good company with a good culture, we'll go after them. That's for either side, T&D or C&I. So we're not limited to which ones we go after. We're looking at both all the time. But I don't think it will be double-digit internal growth.

Operator

And I am not showing any further questions in the queue. I would like to turn the call back to Rick Swartz for his final remarks.

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

On behalf of Betty, Tod, Jeff and myself, I sincerely thank you for joining us on the call today and for your ongoing confidence in MYR Group. As always, I'd like -- I'd also like to thank our exceptional management team and our employees for their hard work and our stockholders for their continued support. We look forward to working with you, going forward, and to speaking with you again on our conference call for this year's third quarter.

Operator

And ladies and gentlemen, thank you for participating in today's conference. This concludes the program, and you may all disconnect. Have a wonderful day.
