

**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): April 27, 2022

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.)

12150 East 112th Avenue
Henderson, CO
(Address of principal executive offices)

80640
(Zip Code)

Registrant's telephone number, including area code: **(303) 286-8000**

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))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common Stock, \$0.01 par value | MYRG | The Nasdaq Stock Market, LLC |
| | | (Nasdaq Global Market) |

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 April 27, 2022, MYR Group Inc. issued a press release announcing its financial results for the three months ended March 31, 2022. 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 April 27, 2022](#)

104 Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

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: April 27, 2022

By: /s/ BETTY R. JOHNSON
Name: Betty R. Johnson
Title: Senior Vice President and Chief Financial Officer



MYR Group Inc. Announces First-Quarter 2022 Results

Henderson, Colo., April 27, 2022 – **MYR Group Inc. (“MYR”) (NASDAQ: MYRG)**, a holding company of leading specialty contractors serving the electric utility infrastructure, commercial and industrial construction markets in the United States and Canada, announced today its first-quarter 2022 financial results.

Highlights for First Quarter 2022

- Quarterly revenues of \$636.6 million
- Quarterly net income of \$20.7 million and earnings per diluted share of \$1.21
- Quarterly EBITDA of \$39.6 million
- Record backlog of \$2.41 billion

Management Comments

Rick Swartz, MYR’s President and CEO, said, “Our strong first quarter performance positions us well for what we expect to be a successful year in 2022. Our backlog at the end of the first quarter was a record \$2.41 billion, reflecting our solid customer relationships and ability to be competitive in the markets we serve.” Mr. Swartz continued, “We are proud of our performance this quarter and excited to build upon our success to grow the business this year. Industry investment continues in both our Transmission and Distribution (“T&D”) and Commercial and Industrial (“C&I”) markets creating opportunities for us to expand business with existing customers and gain new customer relationships. We believe the skilled capabilities of our team coupled with effective management practices and sound business strategies will contribute to our performance this year.”

First Quarter Results

MYR reported first-quarter 2022 revenues of \$636.6 million, an increase of \$44.1 million, or 7.4 percent, compared to the first quarter of 2021. Specifically, our T&D segment reported revenues of \$364.9 million for the first quarter of 2022, an increase of \$50.0 million, or 15.9 percent, from the first quarter of 2021, primarily due to an increase in revenue on distribution projects, incremental revenues from Powerline Plus Ltd. and affiliate (collectively, the “Powerline Plus Companies”), which we acquired on January 4, 2022, and an increase in revenue from transmission projects. Our C&I segment reported revenues of \$271.8 million for the first quarter of 2022, a decrease of \$5.8 million, or 2.1 percent, from the first quarter of 2021, primarily due to a decrease in revenue in certain geographical areas.

Consolidated gross profit increased to \$80.5 million in the first quarter of 2022, an increase of \$3.5 million or 4.6 percent, from the first quarter of 2021. The increase in gross profit was due to higher revenues partially offset by lower margins. Gross margin was 12.6 percent for the first quarter of 2022 compared to 13.0 percent for the first quarter of 2021. The decrease in gross margin was primarily due to overall cost increases mainly associated with supply chain disruptions and impacts from the COVID-19 pandemic some of which also caused labor and material inefficiencies on certain projects, as well as inclement weather experienced on certain projects. These margin decreases were partially offset by favorable job close outs and net favorable change order adjustments on certain projects. Changes in estimates of gross profit on certain projects resulted in a gross margin increases of 0.5 percent and 0.1 percent for the first quarter of 2022 and 2021, respectively.

Selling, general and administrative expenses increased to \$53.6 million in the first quarter of 2022, compared to \$49.6 million for the first quarter of 2021. The period-over-period increase was primarily due to the acquisition of the Powerline Plus Companies.

Amortization of intangible assets increased to \$2.8 million in the first quarter of 2022, compared to \$0.6 million for the first quarter of 2021. The period-over-period increase was primarily due to amortization related to certain intangibles acquired with the Powerline Plus Companies.

Income tax expense was \$3.8 million for the first quarter of 2022, with an effective tax rate of 15.4 percent, compared to income tax expense of \$7.1 million for the first quarter of 2021, with an effective tax rate of 26.2 percent. The period-over-period decrease in tax rate was primarily due to a favorable impact from stock compensation excess tax benefits and the reduction of the impact of the global intangible low tax income (“GILTI”).

For the first quarter of 2022, net income was \$20.7 million, or \$1.21 per diluted share, compared to \$19.9 million, or \$1.17 per diluted share, for the same period of 2021. First-quarter 2022 EBITDA, a non-GAAP financial measure, was \$39.6 million, compared to \$39.3 million in the first quarter of 2021.

Balance Sheet

As of March 31, 2022, MYR had \$317.5 million of borrowing availability under its \$375 million revolving credit facility.

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 first-quarter 2022 results on Thursday, April 28, 2022 at 8:00 a.m. Mountain time. To participate in the conference call via telephone, please dial (877) 561-2750 (domestic) or (763) 416-8565 (international) and enter conference ID 9940838, at least five minutes prior to the start of the event. A replay of the conference call will be available through Thursday, May 5, 2022, at 11:00 a.m. Mountain time, by dialing (855) 859-2056 or (404) 537-3406 and entering conference ID 9940838. 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. 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, May 5, 2022 at 11:00 a.m. Mountain time.

About MYR Group Inc.

MYR Group is a holding company of leading, specialty electrical contractors providing services throughout the United States and Canada through two business segments: Transmission & Distribution (T&D) and Commercial & Industrial (C&I). MYR Group subsidiaries have the experience and expertise to complete electrical installations of any type and size. Their comprehensive T&D services on electric transmission, distribution networks, substation facilities and clean energy projects include design, engineering, procurement, construction, upgrade, maintenance and repair services. T&D customers include investor-owned utilities, cooperatives, private developers, government-funded utilities, independent power producers, independent transmission companies, industrial facility owners and other contractors. Through their C&I segment, they provide a broad range of services which include the design, installation, maintenance and repair of commercial and industrial wiring generally for airports, hospitals, data centers, hotels, stadiums, convention centers, clean energy projects, manufacturing plants, processing facilities, water/waste-water treatment facilities, mining facilities, intelligent transportation systems and roadway lighting. C&I customers include general contractors, commercial and industrial facility owners, government agencies and developers. For more information, visit myrgroup.com.

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,” “estimate,” “expect,” “intend,” “likely,” “may,” “objective,” “outlook,” “plan,” “project,” “possible,” “potential,” “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, 2021, 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:

David Gutierrez, Dresner Corporate Services, 312-780-7204, dgutierrez@dresnerco.com

Financial tables follow...

MYR GROUP INC.
Consolidated Balance Sheets
As of March 31, 2022 and December 31, 2021

| <u>(in thousands, except share and per share data)</u> | <u>March 31,</u> <u>2022</u> <u>(unaudited)</u> | <u>December 31,</u> <u>2021</u> |
|---|---|------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 18,732 | \$ 82,092 |
| Accounts receivable, net of allowances of \$2,385 and \$2,441, respectively | 386,193 | 375,353 |
| Contract assets, net of allowances of \$403 and \$385, respectively | 243,654 | 225,075 |
| Current portion of receivable for insurance claims in excess of deductibles | 11,388 | 11,078 |
| Refundable income taxes | 5,557 | 9,228 |
| Prepaid expenses and other current assets | 50,071 | 45,564 |
| Total current assets | 715,595 | 748,390 |
| Property and equipment, net of accumulated depreciation of \$331,174 and \$322,128, respectively | 206,969 | 196,092 |
| Operating lease right-of-use assets | 32,438 | 20,971 |
| Goodwill | 110,594 | 66,065 |
| Intangible assets, net of accumulated amortization of \$19,571 and \$16,779, respectively | 102,916 | 49,054 |
| Receivable for insurance claims in excess of deductibles | 30,602 | 32,443 |
| Investment in joint ventures | 2,792 | 3,978 |
| Other assets | 3,673 | 4,099 |
| Total assets | \$ 1,205,579 | \$ 1,121,092 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ 1,039 | \$ 1,039 |
| Current portion of operating lease obligations | 9,270 | 7,765 |
| Current portion of finance lease obligations | 1,374 | — |
| Accounts payable | 223,703 | 200,744 |
| Contract liabilities | 165,127 | 167,931 |
| Current portion of accrued self-insurance | 25,916 | 24,242 |
| Accrued income taxes | 2,866 | 2,021 |
| Other current liabilities | 68,969 | 94,857 |
| Total current liabilities | 498,264 | 498,599 |
| Deferred income tax liabilities | 24,627 | 24,620 |
| Long-term debt | 48,657 | 3,464 |
| Accrued self-insurance | 48,794 | 50,816 |
| Operating lease obligations, net of current maturities | 23,180 | 13,230 |
| Finance lease obligations, net of current maturities | 3,001 | — |
| Other liabilities | 22,778 | 11,261 |
| Total liabilities | 669,301 | 601,990 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock—\$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at March 31, 2022 and December 31, 2021 | — | — |
| Common stock—\$0.01 par value per share; 100,000,000 authorized shares; 16,995,250 and 16,870,636 shares issued and outstanding at March 31, 2022 and December 31, 2021, respectively | 170 | 168 |
| Additional paid-in capital | 159,256 | 163,754 |
| Accumulated other comprehensive income | 1,824 | 173 |
| Retained earnings | 375,028 | 355,007 |
| Total stockholders' equity | 536,278 | 519,102 |
| Total liabilities and stockholders' equity | \$ 1,205,579 | \$ 1,121,092 |

MYR GROUP INC.
Unaudited Consolidated Statements of Operations
Three Months Ended March 31, 2022 and 2021

| (in thousands, except per share data) | Three months ended | |
|---|---------------------------|------------------|
| | 2022 | 2021 |
| Contract revenues | \$ 636,624 | \$ 592,486 |
| Contract costs | 556,139 | 515,533 |
| Gross profit | 80,485 | 76,953 |
| Selling, general and administrative expenses | 53,564 | 49,647 |
| Amortization of intangible assets | 2,767 | 578 |
| Gain on sale of property and equipment | (748) | (683) |
| Income from operations | 24,902 | 27,411 |
| Other income (expense): | | |
| Interest income | 8 | 13 |
| Interest expense | (451) | (475) |
| Other income (expense), net | (15) | 41 |
| Income before provision for income taxes | 24,444 | 26,990 |
| Income tax expense | 3,756 | 7,062 |
| Net income | <u>\$ 20,688</u> | <u>\$ 19,928</u> |
| Income per common share: | | |
| —Basic | \$ 1.22 | \$ 1.19 |
| —Diluted | \$ 1.21 | \$ 1.17 |
| Weighted average number of common shares and potential common shares outstanding: | | |
| —Basic | 16,916 | 16,760 |
| —Diluted | 17,133 | 17,045 |

MYR GROUP INC.
Unaudited Consolidated Statements of Cash Flows
Three Months Ended March 31, 2022 and 2021

| (in thousands) | Three months ended March 31, | |
|---|---|------------------|
| | 2022 | 2021 |
| Cash flows from operating activities: | | |
| Net income | \$ 20,688 | \$ 19,928 |
| Adjustments to reconcile net income to net cash flows provided by operating activities: | | |
| Depreciation and amortization of property and equipment | 11,904 | 11,293 |
| Amortization of intangible assets | 2,767 | 578 |
| Stock-based compensation expense | 1,624 | 1,487 |
| Deferred income taxes | (1) | (47) |
| Gain on sale of property and equipment | (748) | (683) |
| Other non-cash items | 886 | 529 |
| Changes in operating assets and liabilities, net of acquisition: | | |
| Accounts receivable, net | 2,902 | 12,592 |
| Contract assets, net | (5,745) | (6,991) |
| Receivable for insurance claims in excess of deductibles | 1,531 | 802 |
| Other assets | 281 | 15,314 |
| Accounts payable | 15,613 | 29,198 |
| Contract liabilities | (4,470) | (18,087) |
| Accrued self-insurance | (352) | (285) |
| Other liabilities | (25,413) | (6,238) |
| Net cash flows provided by operating activities | <u>21,467</u> | <u>59,390</u> |
| Cash flows from investing activities: | | |
| Proceeds from sale of property and equipment | 1,027 | 651 |
| Cash paid for acquired business, net of cash acquired | (110,576) | — |
| Purchases of property and equipment | (14,037) | (7,031) |
| Net cash flows used in investing activities | <u>(123,586)</u> | <u>(6,380)</u> |
| Cash flows from financing activities: | | |
| Net borrowings under revolving lines of credit | 45,193 | — |
| Payment of principal obligations under finance leases | (437) | (273) |
| Proceeds from exercise of stock options | 4 | 110 |
| Payments related to tax withholding for stock-based compensation | (6,791) | (2,618) |
| Other financing activities | — | 12 |
| Net cash flows provided by (used in) financing activities | <u>37,969</u> | <u>(2,769)</u> |
| Effect of exchange rate changes on cash | 790 | 160 |
| Net increase (decrease) in cash and cash equivalents | <u>(63,360)</u> | <u>50,401</u> |
| Cash and cash equivalents: | | |
| Beginning of period | 82,092 | 22,668 |
| End of period | <u>\$ 18,732</u> | <u>\$ 73,069</u> |

MYR GROUP INC.
Unaudited Consolidated Selected Data,
Unaudited Performance Measure and Reconciliation of Non-GAAP Measure
For the Three and Twelve Months Ended March 31, 2022 and 2021 and
As of March 31, 2022, December 31, 2021, March 31, 2021 and March 31, 2020

| (dollars in thousands, except share and per share data) | Three months ended March 31, | | Last twelve months ended March 31, | |
|---|---------------------------------|------------|---------------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| Summary Statement of Operations Data: | | | | |
| Contract revenues | \$ 636,624 | \$ 592,486 | \$ 2,542,427 | \$ 2,321,408 |
| Gross profit | \$ 80,485 | \$ 76,953 | \$ 328,513 | \$ 291,174 |
| Income from operations | \$ 24,902 | \$ 27,411 | \$ 116,051 | \$ 97,548 |
| Income before provision for income taxes | \$ 24,444 | \$ 26,990 | \$ 113,760 | \$ 94,373 |
| Income tax expense | \$ 3,756 | \$ 7,062 | \$ 27,994 | \$ 25,618 |
| Net income | \$ 20,688 | \$ 19,928 | \$ 85,766 | \$ 68,755 |
| Tax rate | 15.4 % | 26.2 % | 24.6 % | 27.1 % |

Per Share Data:

Income per common share:

| | | | | |
|-----------|---------|---------|-------------|-------------|
| – Basic | \$ 1.22 | \$ 1.19 | \$ 5.08 (1) | \$ 4.12 (1) |
| – Diluted | \$ 1.21 | \$ 1.17 | \$ 5.00 (1) | \$ 4.06 (1) |

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

| | | | | |
|-----------|--------|--------|------------|------------|
| – Basic | 16,916 | 16,760 | 16,877 (2) | 16,717 (2) |
| – Diluted | 17,133 | 17,045 | 17,159 (2) | 16,928 (2) |

| (in thousands) | March 31, 2022 | December 31, 2021 | March 31, 2021 | March 31, 2020 |
|------------------------------------|-------------------|----------------------|-------------------|-------------------|
| Summary Balance Sheet Data: | | | | |
| Total assets | \$ 1,205,579 | \$ 1,121,092 | \$ 1,019,246 | \$ 993,246 |
| Total stockholders' equity | \$ 536,278 | \$ 519,102 | \$ 448,464 | \$ 374,986 |
| Goodwill and intangible assets | \$ 213,510 | \$ 115,119 | \$ 116,860 | \$ 119,713 |
| Total funded debt (3) | \$ 49,696 | \$ 4,503 | \$ 29,420 | \$ 161,384 |

| (in thousands) | Last twelve months ended March 31, | |
|--|---------------------------------------|------------------|
| | 2022 | 2021 |
| Financial Performance Measure (4): | | |
| Reconciliation of Non-GAAP measure: | | |
| Net income | \$ 85,766 | \$ 68,755 |
| Interest expense, net | 1,710 | 3,505 |
| Amortization of intangible assets | 4,500 | 2,936 |
| Tax impact of interest and amortization of intangible assets | (1,528) | (1,746) |
| EBIA, net of taxes (5) | \$ 90,448 | \$ 73,450 |

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 March 31, 2022 and 2021

| (in thousands, except share, per share data, ratios and percentages) | Three months ended March 31, | | Last twelve months ended March 31, | |
|--|---------------------------------|------------|---------------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Financial Performance Measures (4): | | | | |
| EBITDA (6) | \$ 39,558 | \$ 39,323 | \$ 164,475 | \$ 144,333 |
| EBITDA per Diluted Share (7) | \$ 2.31 | \$ 2.31 | \$ 9.59 | \$ 8.52 |
| Free Cash Flow (8) | \$ 7,430 | \$ 52,359 | \$ 39,938 | \$ 157,066 |
| Book Value per Period End Share (9) | \$ 31.16 | \$ 26.22 | | |
| Tangible Book Value (10) | \$ 322,768 | \$ 331,604 | | |
| Tangible Book Value per Period End Share (11) | \$ 18.76 | \$ 19.39 | | |
| Funded Debt to Equity Ratio (12) | 0.09 | 0.07 | | |
| Asset Turnover (13) | | | 2.49 | 2.34 |
| Return on Assets (14) | | | 8.4 % | 6.9 % |
| Return on Equity (15) | | | 19.1 % | 18.3 % |
| Return on Invested Capital (18) | | | 18.6 % | 16.2 % |
| Reconciliation of Non-GAAP Measures: | | | | |
| Reconciliation of Net Income to EBITDA: | | | | |
| Net income | 20,688 | 19,928 | 85,766 | 68,755 |
| Interest expense, net | 443 | 462 | 1,710 | 3,505 |
| Income tax expense | 3,756 | 7,062 | 27,994 | 25,618 |
| Depreciation and amortization | 14,671 | 11,871 | 49,005 | 46,455 |
| EBITDA (6) | \$ 39,558 | \$ 39,323 | \$ 164,475 | \$ 144,333 |
| Reconciliation of Net Income per Diluted Share to EBITDA per Diluted Share: | | | | |
| Net income per share | 1.21 | 1.17 | 5.00 | 4.06 |
| Interest expense, net, per share | 0.03 | 0.03 | 0.10 | 0.21 |
| Income tax expense per share | 0.22 | 0.41 | 1.63 | 1.51 |
| Depreciation and amortization per share | 0.85 | 0.70 | 2.86 | 2.74 |
| EBITDA per Diluted Share (7) | \$ 2.31 | \$ 2.31 | \$ 9.59 | \$ 8.52 |
| Calculation of Free Cash Flow: | | | | |
| Net cash flow from operating activities | \$ 21,467 | \$ 59,390 | \$ 99,305 | \$ 199,314 |
| Less: cash used in purchasing property and equipment | (14,037) | (7,031) | (59,367) | (42,248) |
| Free Cash Flow (8) | \$ 7,430 | \$ 52,359 | \$ 39,938 | \$ 157,066 |

See notes at the end of this earnings release.

MYR GROUP INC.
Unaudited Performance Measures and Reconciliation of Non-GAAP Measures
As of March 31, 2022, 2021 and 2020

| (in thousands) | <u>March 31, 2022</u> | <u>March 31, 2021</u> | |
|---|-----------------------|-----------------------|-----------------------|
| Reconciliation of Book Value to Tangible Book Value: | | | |
| Book value (total stockholders' equity) | \$ 536,278 | \$ 448,464 | |
| Goodwill and intangible assets | (213,510) | (116,860) | |
| Tangible Book Value (10) | <u>\$ 322,768</u> | <u>\$ 331,604</u> | |
| Reconciliation of Book Value per Period End Share to Tangible Book Value per Period End Share: | | | |
| Book value per period end share | \$ 31.16 | \$ 26.22 | |
| Goodwill and intangible assets per period end share | (12.40) | (6.83) | |
| Tangible Book Value per Period End Share (11) | <u>\$ 18.76</u> | <u>\$ 19.39</u> | |
| Calculation of Period End Shares: | | | |
| Shares outstanding | 16,995 | 16,817 | |
| Plus: common equivalents | 217 | 285 | |
| Period End Shares (16) | <u>17,212</u> | <u>17,102</u> | |
| | | | |
| (in thousands) | <u>March 31, 2022</u> | <u>March 31, 2021</u> | <u>March 31, 2020</u> |
| Reconciliation of Invested Capital to Stockholders Equity: | | | |
| Book value (total stockholders' equity) | \$ 536,278 | \$ 448,464 | \$ 374,986 |
| Plus: total funded debt | 49,696 | 29,420 | 161,384 |
| Less: cash and cash equivalents | (18,732) | (73,069) | (33,997) |
| Invested Capital | <u>\$ 567,242</u> | <u>\$ 404,815</u> | <u>\$ 502,373</u> |
| Average Invested Capital (17) | <u>\$ 486,029</u> | <u>\$ 453,594</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 weighted average basic and diluted shares were determined by adding the weighted average shares reported for the last four quarters and dividing by four.
- (3) Funded debt includes outstanding borrowings under our revolving credit facility and our outstanding equipment notes.
- (4) 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.
- (5) EBIA, net of taxes is defined as net income plus net interest plus amortization of intangible assets, less the tax impact of net interest and amortization of intangible assets. The tax impact of net interest and amortization of intangible assets is computed by multiplying net interest and amortization of intangible assets by the effective tax rate. Management uses EBIA, net of taxes, to measure our results exclusive of the impact of financing and amortization of intangible assets costs.
- (6) 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. Certain material covenants contained within our credit agreement are based on EBITDA with certain additional adjustments, including our interest coverage ratio and leverage ratio, 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 provides MYR Group Inc. and its investors with an additional tool to compare our operating performance on a consistent basis by removing the impact of certain items that management believes to not directly reflect the company's core operations. Management further believes that EBITDA is useful to investors and other external users of our financial statements in evaluating the company's operating performance and cash flow because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, useful lives placed on assets, capital structure and the method by which assets were acquired.
- (7) 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.
- (8) 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.
- (9) 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.
- (10) Tangible book value is calculated by subtracting goodwill and intangible assets outstanding at the end of the period from stockholders' equity. Tangible book value is not recognized under GAAP and does not purport to be an alternative to book value or stockholders' equity.
- (11) 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.
- (12) 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.
- (13) Asset turnover is calculated by dividing the current period revenue by total assets at the beginning of the period.
- (14) Return on assets is calculated by dividing net income for the period by total assets at the beginning of the period.
- (15) Return on equity is calculated by dividing net income for the period by total stockholders' equity at the beginning of the period.
- (16) 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.
- (17) Average invested capital is calculated by adding net funded debt (total funded debt less cash and marketable securities) to total stockholders' equity and calculating the average of the beginning and ending of each period.
- (18) Return on invested capital is calculated by dividing EBIA, net of taxes, less any dividends, by average invested capital. Return on invested capital is not recognized under GAAP, and is a key metric used by management to determine our executive compensation.