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PRESENTATION

Operator

Hello and thank you for standing by. Welcome to our group Second Quarter 2023 Earnings Results Conference Call. (Operator Instructions) Today's conference is being recorded. After the speakers presentation there will be a question and answer session. (Operator Instructions) At this time for opening remarks and introductions I would now like to turn the conference over to David Gutierrez of Dresner Corporate Services.

David E. Gutierrez ***Dresner Corporate Services, Inc. - Head of PR Practice and SVP***

Thank you and good morning, everyone. I'd like to welcome you to the group conference call to discuss the company's second quarter results for 2023, which were reported yesterday. Joining us on today's call are Rick Schwartz, President and Chief Executive Officer. Kelly Huntington Senior Vice President and Chief Financial Officer, Tod Cooper Senior Vice President and Chief Operating Officer of MYR Group's Transmission and Distribution segment and Don Egan, Senior Vice President and Chief Operating officer of MYR Group's commercial and industrial segment. If you did not receive yesterday's press release, please contact Dresner Corporate Services at 312-726-3600 and we will send you a copy or go to the MYR group website where a copy is available under the Investor Relations tab. Also a webcast replay of today's conference call will be available for seven days on the investors page of the VMware Group website at myrgroup.com.

Before we begin, I want to remind you that this discussion may contain forward-looking statements. Any such statements are based upon information availableÂ to MYR Group's management as of this date, and MYR Group assumes no obligation to update any such forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Accordingly, these statements are no guarantee of future performance. These risks and uncertainties areÂ discussed in the company's annual report on Form 10-K for the year ended December 31, 2022, the company quarterly report on Form 10-Q for the first quarter of 2023 and in yesterday's press release.

Certain non-GAAP financial information will be discussed on the call today. A reconciliation of these non-GAAP measures to the most comparable GAAP measures is set forth in yesterday's press release. With that said, let me turn the call over to Rick Swartz.

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

Thanks, David. Good morning, everyone. Welcome to our second quarter 2023 conference call to discuss financial and operational results. I will begin by providing a summary of our first quarter results, and then we'll turn the call over to Kelly Huntington, our Chief Financial Officer, for a more detailed financial review. Following Kelly's overview, Tod Cooper and Don Egan, Chief Operating Officers for our T&D and C&I segments, will provide a summary of our segment's performance and discuss some of MYR Group's opportunities going forward. I will then conclude today's call with some closing remarks and open the call up for your questions.

A solid second quarter performance resulted from our strong market position, healthy backlog and operational excellence. We continue to see quality bidding opportunities across the organization and strategically pursue new work while maintaining and expanding relationships with our existing valued customers.Â The country's need for and investment in a more robust electrical infrastructure along with continued shift to clean energy sources, present ongoing opportunities for growth. Earlier this year we surveyed executives of our utility clients to collect data to supplement our business strategy and planning in the T&D segment. Insights based on the answers from those executives indicate that new transmission build is the number one investment planned over the next five years. This growing investment by our clients seeks to meet the higher demand for electricity around the country. In fact, the percentage of participants in our survey who view low demand as a high priority nearly doubled since our 2021 survey.

In our C&I segment, clean energy continues to present itself as a potential growth driver as we see numerous large electric vehicle charging station and solar project opportunities across the U.S. Our chosen core markets of healthcare data centers, manufacturing and transportation also contribute to our solid backlog of work and create steady bidding opportunities. As always, our greatest strength lies within our talented and dedicated employees. We continue to develop and empower our teams to reach their highest potential as we grow our company. Our team members strive to provide customers with excellence in safety and project delivery while helping them achieve their business goals. Now Kelly will provide details on our second quarter 2023 financial results.

Kelly Michelle Huntington ***MYR Group Inc. - Senior VP, CFO, Principal Financial Officer & Principal Accounting Officer***

Thank you, Rick and good morning, everyone. Our second quarter 2023 revenues were $889 million, a record high, which represents an increase of $181 million or 25% compared to the same period last year. Our second quarter T&D revenues were $504 million, an increase of 21% compared to the same period last year. The breakdown of T&D revenues was approximately $322 million for transmission and approximately $181 million for distribution. T&D segment revenues increased both on transmission projects primarily related to clean energy projects and on distribution projects. Work performed under master service agreements continued to represent approximately 50% of our T&D revenues. C&I revenues were $385 million, a record high for our C&I segment with an increase of 31% compared to the same period last year.

The C&I segment revenues primarily increased due to higher revenue related to clean energy projects in certain geographical areas. Our gross margin was 10.1% for the second quarter of 2023 compared to 11.4% for the same period last year. The decrease in gross margin was primarily due to labor and project inefficiencies, some of which were caused by supply chain disruptions and inclement weather. Gross margin was also negatively impacted by rising costs associated with inflation. These margin decreases were partially offset by better than anticipated productivity on certain projects and a favorable change order. T&D operating income margin was 7.5% for the second quarter of 2023 compared to 7.9% for the same period last year. The decrease was primarily due to labor and project inefficiencies, some of which were caused by inclement weather. Partially offset by better than anticipated productivity on a project.

The C&I operating income margin was 3.3% for the second quarter of 2023 compared to 3.2% for the same period last year. The increase was primarily due to better than anticipated productivity on certain projects and a favorable change order. These increases were partially offset by labor and project inefficiencies, some of which were caused by supply chain disruptions as well as rising costs associated with inflation. Second quarter 2023 SG&A expenses were $58 million, an increase of $6 million compared to the same period last year. The increase was primarily due to higher employee related expenses to support the growth in our operations and an increase in employee incentive compensation costs.

Second quarter 2023 interest expense was $1 million an increase of $500,000 compared to the same period last year. The increase was primarily due to higher interest rates, partially offset by lower average debt balances during the second quarter of 2023 as compared to the same period last year. Second quarter 2023 net income was $22 million compared to $20 million for the same period last year. Net income per diluted share of $1.33 increased 16% compared to $1.15 for the same period last year. Second quarter 2023 EBITDA was $47 million compared to $44 million for the same period last year. Total backlog as of June 30th, 2023 was $2.73 billion, a record high and was 12% higher than a year ago. Total backlog as of June 30th, 2023 consisted of $1.18 billion for our segment and $1.55 billion for our C&I segment.

Second quarter 2023, operating cash flow was -$21 million compared to positive operating cash flow of $39 million for the same period last year. The decrease in cash provided by operating activities was primarily due to the timing of billings and payments associated with project starts and completions. Second quarter 2023, free cash flow was -$43 million compared to positive free cash flow of $22 million for the same period last year, reflecting the decrease in operating cash flow and higher capital expenditures to support our continued growth. Moving to liquidity in our balance sheet, we had $256 million of working capital, $45 million of funded debt and $451 million in borrowing availability under our credit facility as of June 30th, 2023. During the second quarter, we completed an amendment and extension of our credit facility, which now has a $490 million capacity representing a $115 million increase.

We have continued to maintain a strong funded debt to EBITDA leverage ratio of 0.25x leverage as of June 30th, 2023. We believe that our larger credit facility, strong balance sheet and future cash flow from operations will enable us to meet our working capital needs, support the organic growth of our business, pursue acquisitions and opportunistically repurchase shares. I'll now turn the call over to Tod Cooper, who will provide an overview of our transmission and distribution segment.

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

Our continued focus on strengthening and expanding existing relationships with key customers along with executing our work to their expectations, led to solid second quarter results in our T&D segment. We continue to see steady bidding activity are pleased with our strong backlog. An increased emphasis on low demand and system hardening as well as integration of clean energy. Our areas, our clients continue to focus and invest in and MYR Group is well positioned to continue to execute as a strong, nimble partner. Earlier, Rick mentioned our Strategic Insight Survey ofÂ our T&D clients. The survey indicated a robust investment plan over the next five years in new transmission build with participants also ranking system hardening and clean energy as other top drivers impacting their strategic direction. Of those surveyed, 67% indicated they plan on investing in overhead reconductoring in the next five years as part of system hardening efforts in order to meet the growing demand of the nation's grid.

Clean energy remains the most impactful driving factor for our clients and their businesses strategic direction with 89% ranking it as the top planned investment in the next five years. Solar and energy storage ranked highest of these planned clean energy investments, with 27% of the participants targeting increases in battery storage capacity. EV charging station infrastructure and wind also rank in the top nine areas of investment. These responses align with what we've seen in recent years and we believe these customer priorities have the potential to generate growth opportunities for MYR Group. Our eastern region remains active in all markets with our subsidiaries winning additional work in growing key customer relationships through master service agreement extensions.

Recently we were successful in extending two of our key MSAs in the Northeast for three additional years each as well as establishing a new partnership with a large client in the Midwest. Our Western region is leveraging customer relationships and capitalizing on expansion opportunities as bidding activity throughout the region remains solid. MYR Energy Services continues to see a strong EPC interest in full project delivery and larger projects in the U.S., driven by the electrification of the grid and shift to clean energy which are robust drivers in the transmission market. Splicing issues continue to present a challenge in the solar market and have caused delays in some projects across the country. A carryover from last year, which saw a 16% decrease in solar installations, according to the U.S. Solar Market Insight 2022 Year in Review report released in March. However, it appears that solar project opportunities are back on the rise.

Their recent report, released in June, reported the best first quarter in industry history, a 47% increase from Q1 2022. According to the report, solar accounted for 54% of all new electricity generating capacity added to the grid in the first quarter of 2023. And as the market continues to grow, MYR is investing heavily in the training and development of both craft and management personnel to assure the successful execution of our solar portfolio. In summary for our T&D segment, a firm dedication to our clients, the health and safety of our employees and a strict adherence to our operating principles positions us well for success. We strive to leverage all of our capabilities of our companies and teams to contribute to our customers success. I'd like to thank all of our talented employees for their commitment and effort.

I will now turn the call over to Don Egan, who will provide an overview of our commercial and industrial segments.

Don Egan

Thanks, Tod, and good morning, everyone. Our C&I segment achieved steady results in the second quarter even as supply chain and material pricing headwinds continue. Through extensive collaboration with our vendors and clients and by leveraging our strong supplier network across the organization, our segment continues to perform solidly with signs of improving market conditions. According to the most recent Q1 2023 market conditions report conducted by one of our trusted general contractor partners using statistics from the U.S. Census Bureau, total non residential construction spending in the U.S. increased 15.5% from February of 2022 to February of 2023. This included a 21.6% increase for commercial construction spending and an 11.5% increase in health care construction spending. This improvement is also reflected in the latest architectural billings index, which reported a positive score for May its highest since September of 2022.

These are encouraging forecasts that could generate growth for our business. Our long standing relationships with valued customers contributed to a steady backlog of work and we continue to see strong bidding activity across North America, especially in our key markets. (inaudible) electric continues to see new opportunities in EV charging station infrastructure as well as solar projects of various sizes in its core markets. Sturgeon Electric, Arizona district continues to expand relationships with customers in core markets such as data centers, hospitals and manufacturing, while closely monitoring additional opportunities for battery storage projects. Transportation remains steady in project activity, both in Colorado for Sturgeon Electric at Denver International Airport and in Canada, with Western Pacific Enterprises performing work on the Skytrain Rapid Transit Center in Metro Vancouver.

Manufacturing also presents several opportunities for new and additional work as we continue to build and strengthen relationships with our large EV manufacturers and engineering firms representing nationwide opportunities. In summary, we are proud of our employees for their creative thinking, dedication and heavily partnered with our customers to respond to the challenges lingering in our industry. They're proactive and customer focused approach enables MYR Group to mitigate these hurdles and maintain a healthy pipeline of work enhancing our potential for continued growth. Thanks, everyone for your time today. I will now turn the call back to Rick who will provide us with some closing comments.

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

Â Thank you for those updates. Kelly, Tod and Don. Our second quarter 2023 performance illustrates the strength of our core markets, the continued demand and investment in electrical infrastructure and our ability to maintain and expand strong and diverse customer relationships. We take pride in the role we play in building efficient and resilient infrastructure across the U.S. and Canada. We continually focus on meeting the needs of our customers as they navigate dynamic market conditions, fortifying our foundation as a strong and agile partner. I want to thank our employees for their invaluable contributions and dedication to safety and operational excellence each day. We believe MYR Group is strategically positioned to generate growth while delivering shareholder value, and I would like to thank each of you for your continued support. Operator, we are now ready to open the call up for comments and questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)Â Our first question comes from the line of Alex Dwyer with KeyBanc Capital Markets.Â

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

Â So first, can you just can you kind of talk about what you're seeing in terms of the supply chain across the business? Like are you continuing to see supply chain inefficiencies and inflationary pressures and C&I improve? I'm just wondering how that trended through the quarter and then on the T&D supply chain, it sounds like the materials are still tight and the shortage of transformers has been topical. Just just an update on these would be helpful.

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

Sure, sure. I'll start on the C&I side. I think on that side we said we'd see that in previous quarters we saw that we were seeing gradual kind of a glide path towards kind of that lower end of our margin profile and improving conditions on the supply chain. We continue to see that and I think in previous quarters I said we feel it's going to get back to normal by that first end of the first quarter of next year. We're continuing to see those improvements and it's heading that way. On the T&D front I think materials tight on that side, but I think our customers in general are getting out in front of that and making commitments sooner. So they have that material when the projects occur. So they're planning at a at a higher rate and looking out further into the future.

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

Â And then on the T&D margin, it sounded like weather was the primary headwind in the quarter. Is there any way to break out how big of an impact that was during the quarter? And then if just look ahead like is there anything different about your mix of business in the segment that could preclude you from getting margins back in that target range, the middle of that range later this year?

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

I'll start and I'll let Tod add to it. I think for us we see that barring bad weather, we see being able to get to that that mid range of our margin profile. There should really be no issues with that barring weather. So I think we're seeing improved market conditions out there across the board. Tod, you want to add.

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

No, I think the other part of your question was, was really, Alex, the mix of business. I don't see the mix of business that we're in impacting margins at this point in time. Rick's right. As far as the supply chain issues as well it seems like our clients are providing more visibility long term, so they're planning much better right now but overall the impact, it was there quantifiable, slightly impactful is where I'd put it.

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

Â Lastly, just on the backlog, the C&I backlog was quite strong. I'm just wondering if there was anything larger in there or like a certain end market where you saw a lot of work come through and then T&D ticked down the backlog. Is there anything to read into there or is that just timing?

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

One the T&D side I'll start there. It's just timing. I mean, it's always lumpy on awards. We want to make sure we have the right ones in place. I mean, we continue to grow our T&D side of the business and our C&I side, but on the T&D front our MSA work continues to be about 50% of the revenue that we produce each quarter and we like that growth we're seeing on that side. So really no mix change on that at all and our backlog is strong, just lumpy on that side. On the C&I side, there was no huge projects in any one area. I would say it was a steady flow of projects and in kind of all our core markets on the C&I side, so pleased with the activity we're seeing and look forward to continue.

Operator

Our next question comes from the line of Justin Hauke with Baird.Â

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

I had a question just on the expectations for revenue growth in the back half of the year. You've had two quarters here where the revenue growth has been over 20%. Last year in the second half you grew over 30%. So it's obviously a difficult comp, but I guess typically seasonality, you'd have more revenue sequentially in the third quarter versus the second quarter. And I guess just mathematically that would that would imply still double digit growth in the third quarter. Is that still a reasonable kind of assumption of the seasonality pattern? Anything that would disrupt that? I guess I'm just trying to think about how you're thinking about the back half of the year.

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

When we look at the back half of the year, we had a very strong front half. As you said, the last half of '22 was was very strong for us. Coming into this year in last quarter, I said to expect in that that high single digit growth, I would say now when we're looking at the work in our backlog that's going to burn, we'd be in that lower low double digit growth is where I'd anticipate it going. So continue to see a lot of activity. We continue to seeÂ the supply chain issues out there that would pull us from that higher I would say mid teen range down. So look at that low double digit for an area growth.

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

And then I guess just maybe drilling on the free cash flow a little bit more. I know you talked about the timing and on some of the receivables with the revenue ramp, it does look like your contract capital is up a fair amount and there's been a little bit of an uptick in the revenue from unapproved change orders. So is there anything discrete in there, any large projects that maybe is going to be something that's dragging on working capital for a while or is it just a one off this quarter?

Kelly Michelle Huntington ***MYR Group Inc. - Senior VP, CFO, Principal Financial Officer & Principal Accounting Officer***

eah, I'll jump in and answer that one, Justin. A couple of dynamics that are affecting it. First just the revenue growth that we're experiencing. So working capital to support that growth. The other really boils down to timing of projects and when they're starting and completing. How that affects our retention balances which were up quarter over quarter and then how that can affect some of the larger projects. We're at the start, we can have a favorable position from a contract structure and then as we get through that project, that balances out. So really it's I think you're going to continue to see some lumpiness in that from quarter to quarter depending on when we have projects ramping up and wrapping up.

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

So there's one big project.

Kelly Michelle Huntington ***MYR Group Inc. - Senior VP, CFO, Principal Financial Officer & Principal Accounting Officer***

No. I'd say it's really just more timing across the whole portfolio and we don't see any changes to our collection patterns or our payment terms overall. It really just comes down to timing.

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

nd I think our DSO had been extremely low and even compared to our peers, it's still extremely low, but it did climb a little bit but I would say that that's normal cycles of business.

Operator

Our next question comes from the line of Brian Russo with Sidoti.Â

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

Â Just to follow up on the strong first half in revenue and actually the trailing 12 months of revenue is quite solid is the low single digit 2023 revenue growth. Is that like the new level of organic growth that we can expect?

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

Yeah, that's what we hope to see. I mean, as we said, with the material issues out there and some of that stuff I plan on for the year being in that low double digit on the low end of the double digit growth but we revising that from what we're seeing now or what we saw in previous quarters, I should say, from that high single digit to that.

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

Right. Okay. So just to confirm the low double digit could be repeatable in 2024 and beyond.

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

You know for that right now we would like it to go there. I would say plan on that high single digit next year but barring changes in the market or weather conditions or material supply issues, we should be close to the double digit but that high single digit I plan on for next year barring an acquisition or something else taking place.

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

Â And then just when we look at the T&D breakdown quarter over quarter revenue, it looks like the majority of the increase came from transmission which revenue was up 29% and where distribution looks like it was up just about 10%. I was just wondering, are there any one large transmission project that drove that year over year increase?

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

No, there's not one project. It's split among many projects.

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

Okay. And then theÂ Cali ISO approved their 2022 transmission plan. I think it's about $5 or $7 billion. I think over 40 projects and I know in the past you mentioned your relationship with a Southern California based utility. I was just wondering when that development might start or when we could potentially see some awards being granted to ENCs like MYR Group.

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

Yeah. Brian, this is Tod. Yeah, we are excited about that. We're actually starting to see some bidding opportunities right now as part of Cali ISO allotment there. So it's probably going to be a 2 or 3 year process here. Some of the smaller projects are getting out on the street right now, but we're aware of the increase in the size of those projects over the next year or two. So we're excited about that and it will present some some opportunities for us.

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

And then the the extreme heat that we've witnessed in Arizona and the Southwest, mostly in these first 3 or 4 weeks of July. I know it clearly has a different impact on T&D versus C&I but if you could just maybe discuss any labor or productivity impacts from the extreme heat month to date.

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

Right now we're not seeing a tremendous impact on that. We're always concerned about the health and safety of our employees and we're really focused on it. We have our crews starting much earlier and in working up to the point where they can. But we're getting full days in right now by starting much earlier and finishing earlier in the day as well before the the heat peeks out but something we have an eye on and we're concerned about the health and safety of our employees but to date, knock on wood, we've been getting full days in in those areas.

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

Lastly, we've been hearing and reading a lot about electric vehicle charging stations. I think yesterday a consortium of automakers announced a multi-billion dollar strategy for charging stations. I'm just wondering how big of an opportunity is it either on the T&D side or the C&I side? Could you capture a big piece of of the business or are these one off behind the meter type of work projects that kind of piggyback, whatever you're doing for your existing utility customers and/or C&I customers.

Don Egan

I'll take that. You know, we're just seeing those EV opportunities across the board really both on our T&D and our C&I segments and we're seeing anything from small commercial where there's a couple of chargers to maybe even some automobile dealerships where they're asking for 8 to 10 chargers but it could affect and touch every piece of our business really.

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

And we're working on some nationwide agreements also. So I think when you look at it, it's a good position for our company to be in. We can do both the T&D side for our customers are bringing the power to the stations and then we can also take it from those charging stations out so and set those. So for usÂ we see good growth opportunities and probably steady growth opportunities going forward as the market expands.

Operator

Â (Operator Instructions) Our next question comes from the line of John Braatz with KCCA.Â

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

Â Rick, one of the one of the the pressures you're feeling on the gross margin front is some inflationary pressures and I guess my question is, can you begin? Are you able to begin to price price those pressures into your bids to recover some of that margin?

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

Yes we can. And some some contracts we have are more favorable than others and I'm talking about older contracts. I mean, a lot of our MSAs have fuel price increases, have different opening provisions for them. Our newer contracts, a lot of them are tied to inflationary pressures or increases for that reason but as we burn off some of the older work that didn't have those provisions in it, that's what's been a draw on our margins to a certain extent. And we see that improving as those projects burn off and that'll continue through the end of this year. Then we'll be pretty much into the newer projects. So we only see better terms and conditions in our contracts than what we saw 2 or 3 years ago and I think that's going to continue to be in place.

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

Okay. So as we enter, let's say 2024, most of those contracts will have some type of if you want to call it escalator clause, some provision in there that allows you to absorb or pass through some of the if there are some higher costs.

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

Â Yeah, not every contract will have that but I would say more and more projects are able to have that. So sometimes we're teaming with our suppliers or vendors and they're covering that risk. There's different ways to obtain it. That goal of us not having that total visibility or impact of it. I think as we move forward, it's one of those that we address in every contract we're on and it's something that the whole industry is facing. It's not just us facing it, others are facing it also. I think our clients are more apt to bend on that issue and make sure they have the right pricing in place going forward.

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

Is there any way you could quantify for us how much that has been a headwind on margins?

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

Â If you look at our C&I side, I mean we've been operating below what that normalized margin profile. We say of that 4%-6%, that's what's drawn us probably below that 4% and then there's been some some other impacts out there but I mean, that's been primarily the driver that's taken us down.

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

Â And then just follow up on on that the previous question about the weather. So it really hasn't been the hot weather. Is it just rain? I know it's been raining out in the Northeast. Is that really the weather issue that you faced at times?

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

It's rain. I mean, that side makes it a little tougher to do and we've had a lot of that out in the Northeast lately so that continues to impact us. I don't want to say heat has no impact on us. I mean, we're doing a lot of solar installations around the country on both sides of the business. So you may not be as productive in those times when that heat is extreme like that, but usually that goes on for weeks, not months. It's something that I don't feel is going to have a great draw on our margins but it does it is something that that does impact you because people aren't working as quickly as they would and as Todd says we're doing a lot of stuff to start earlier and make sure the safety and health of our employees come first.

Operator

(Operator Instructions) I'm showing no further questions in the queue. I will now like to turn the call back to Rick Swartz for closing remarks.

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

Â To conclude on behalf of Kelly, Tod, Don and myself, I sincerely thank you for joining us on the call today. I don't have anything further and we look forward to working with you going forward and speaking with you again on our next conference call. Until then, stay safe.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for your participation. You may now disconnect.