



MasTec Announces Record Annual Financial Results and Backlog, and Issues 2018 Guidance

February 27, 2018

- **Record Backlog of \$7.1 Billion, with Record Segment Level Backlog in Oil & Gas, Communications and Power Generation & Industrial**
- **Record Annual 2017 Revenue Increased 29% to \$6.6 Billion**
- **Record Annual 2017 GAAP Net Income and Diluted Earnings per Share**
- **Record 2017 Annual Adjusted Net Income, Adjusted Diluted Earnings per Share and Adjusted EBITDA**
- **2018 Guidance Represents Record Revenue of \$6.75 Billion with Increased Adjusted Net Income, Adjusted Diluted Earnings per Share and Adjusted EBITDA**

CORAL GABLES, Fla., Feb. 27, 2018 /PRNewswire/ -- MasTec, Inc. (NYSE: MTZ) today announced strong 2017 fourth quarter and full year financial results, and issued its initial 2018 guidance expectation.

- Fourth quarter 2017 revenue was \$1.60 billion, a 19% increase compared with \$1.34 billion for the same period last year. GAAP net income was \$160.7 million, or \$1.95 per diluted share, compared to \$55.9 million, or \$0.66 per diluted share, in the fourth quarter of 2016. Fourth quarter 2017 GAAP net income included an after-tax benefit of \$120.1 million or \$1.46 per diluted share related to the impact of re-measurement of the Company's U.S. deferred income tax balances because of the Tax Cuts and Jobs Act ("2017 Tax Act") enacted in December 2017.
- Fourth quarter 2017 adjusted net income, a non-GAAP measure, was \$38.8 million, compared to \$60.0 million in the same period of the prior year. Fourth quarter 2017 adjusted diluted earnings per share, a non-GAAP measure, was \$0.47, compared to \$0.70 in the fourth quarter of 2016, and exceeded the Company's previously announced 2017 fourth quarter adjusted diluted earnings per share guidance expectation by \$0.11.
- Fourth quarter 2017 adjusted EBITDA, also a non-GAAP measure, was \$128.9 million, compared to \$154.1 million in the same period in 2016.
- Record 18-month backlog as of December 31, 2017 was \$7.1 billion, a 31% increase compared to \$5.4 billion for the prior year end and a 41% sequential increase when compared to backlog as of third quarter of 2017.
- 18-month backlog as of December 31, 2017 included record levels of Oil & Gas, Communications and Power Generation & Industrial segment backlog, as well as a significant sequential increase in Electrical Transmission segment backlog.

The Company also reported:

- For the year ended December 31, 2017, revenue was \$6.6 billion, a 29% increase compared with \$5.1 billion for the prior year. GAAP net income, inclusive of the after-tax benefit related to the 2017 Tax Act, was \$348.9 million, or \$4.22 per diluted share, compared to \$134.0 million, or \$1.61 per diluted share, in 2016.
- Full year 2017 adjusted net income, a non-GAAP measure, was \$241.9 million, a 53% increase compared to \$157.7 million for 2016. Full year 2017 adjusted diluted earnings per share, a non-GAAP measure, was \$2.92, a 54% increase compared to \$1.90 in 2016, and exceeded the Company's previously announced 2017 full year adjusted diluted earnings per share guidance expectation by \$0.12.
- Full year 2017 adjusted EBITDA, also a non-GAAP measure, was \$645.6 million, a 35% increase compared to \$476.9 million in 2016.

Adjusted net income, adjusted diluted earnings per share, adjusted EBITDA, which are all non-GAAP measures, exclude certain items which are detailed and reconciled to the most comparable GAAP-reported measures in the attached Supplemental Disclosures and Reconciliation of Non-GAAP Disclosures.

Jose Mas, MasTec's Chief Executive Officer, commented, "We are pleased that 2017 marks the second consecutive year of record financial performance for MasTec and proud that our 2018 guidance expectation is at yet another record level."

Mr. Mas continued, "We enter 2018 with record levels of 18-month backlog, which only partially represents the strength of the significant demand for our services, as many items in our backlog represent multi-year programs that will initiate over the course of the 2018 period. This gives us visibility for continued growth in 2019 and beyond. I want to thank the men and women of MasTec for their dedicated efforts during 2017 and look forward to even greater performance in the future."

George Pita, MasTec's Executive Vice President and Chief Financial Officer noted, "Our capital structure and ample liquidity gives us full financial flexibility to support the significant multi-year growth opportunities that exist across the multiple markets we serve. During 2017, we invested over \$200 million dollars in acquisitions and other strategic initiatives. We also deployed working capital associated with over \$1.5 billion in annual revenue growth, including a higher than normal level of fourth quarter working capital as we work towards the completion of several major projects. Thus, we expect 2018 to be a record year of cash flow from operations for MasTec."

Based on the information available today, the Company is providing both first quarter and full year 2018 guidance. The Company currently expects full year 2018 revenue will approximate \$6.75 billion, a record level. 2018 full year GAAP net income and diluted earnings per share are expected to approximate \$277 million and \$3.34, respectively, compared to 2017 GAAP net income and diluted earnings per share (inclusive of the impact of the 2017 Tax Act) of \$348 million and \$4.22, respectively. Full year 2018 non-GAAP measures including adjusted EBITDA and adjusted diluted earnings per share represent record levels, with adjusted EBITDA expected to approximate \$685 million or 10.2% of revenue, and adjusted earnings per share expected to be \$3.45, an 18% increase over 2017. Full year 2018 guidance expectation assumes an estimated 2018 income tax rate of approximately 29.5% because of the 2017 Tax Act.

For the first quarter of 2018, The Company expects revenue of approximately \$1.23 billion. First quarter 2018 GAAP net income is expected to approximate \$14 million, with GAAP diluted earnings per share expected to be \$0.17. First quarter 2018 Adjusted EBITDA, a non-GAAP measure, is expected to approximate \$90 million or 7.3% of revenue, with adjusted diluted earnings per share, a non-GAAP measure, expected to be \$0.20.

Management will hold a conference call to discuss these results on Wednesday, February 28, 2018 at 9:00 a.m. Eastern Time. The call-in number for the conference call is (719) 325-4768 and the replay phone number is (719) 457-0820 with a pass code of 9270429. The replay will be available for 30 days. Additionally, the call will be broadcast live over the Internet and can be accessed and replayed through the Investors section of the Company's website at www.mastec.com.

The following tables set forth the financial results for the periods ended December 31, 2017 and 2016:

Condensed Unaudited Consolidated Statements of Operations
(In thousands, except per share amounts)

	For the Three Months		For the Years Ended	
	Ended December 31,		December 31,	
	2017	2016	2017	2016
Revenue	\$ 1,602,862	\$ 1,341,892	\$6,606,978	\$5,134,703
Costs of revenue, excluding depreciation and amortization	1,421,665	1,120,554	5,745,307	4,442,125
Depreciation and amortization	49,665	42,666	188,049	164,915
General and administrative expenses	73,102	66,402	275,103	261,433
Interest expense, net	16,044	12,839	61,011	50,734
Equity in (earnings) losses of unconsolidated affiliates	(6,223)	21	(21,328)	(3,528)
Other (income) expense, net	(8,887)	6,008	(12,990)	(6,795)
Income before income taxes	\$ 57,496	\$ 93,402	\$ 371,826	\$ 225,819
Benefit from (provision for) income taxes	103,228	(37,453)	(22,942)	(91,784)
Net income	\$ 160,724	\$ 55,948	\$ 348,884	\$ 134,035
Net (loss) income attributable to non-controlling interests	(99)	2,357	1,671	2,772
Net income attributable to MasTec, Inc.	\$ 160,823	\$ 53,591	\$ 347,213	\$ 131,263
Earnings per share:				
Basic earnings per share	\$ 1.98	\$ 0.67	\$ 4.29	\$ 1.63
Basic weighted average common shares outstanding	81,033	80,515	80,903	80,372
Diluted earnings per share	\$ 1.95	\$ 0.66	\$ 4.22	\$ 1.61
Diluted weighted average common shares outstanding	82,456	81,740	82,325	81,394

Condensed Unaudited Consolidated Balance Sheets
(In thousands)

	December 31,	
	2017	2016
Assets		
Current assets	\$ 1,852,366	\$ 1,402,486
Property and equipment, net	706,506	549,084
Goodwill and other intangible assets, net	1,328,880	1,175,585
Other long-term assets	178,824	55,977
Total assets	\$ 4,066,576	\$ 3,183,132

Liabilities and Equity

Current liabilities	\$ 963,827	\$ 839,990
Long-term debt	1,280,706	961,379
Long-term deferred tax liabilities, net	204,518	178,355
Other long-term liabilities	184,172	99,774
Total equity	1,433,353	1,103,634
Total liabilities and equity	\$ 4,066,576	\$ 3,183,132

Condensed Unaudited Consolidated Statements of Cash Flows (In thousands)

	December 31,	
	2017	2016
Net cash provided by operating activities	\$ 156,263	\$ 205,593
Net cash used in investing activities	(272,748)	(141,021)
Net cash provided by (used in) financing activities	118,155	(29,486)
Effect of currency translation on cash	(111)	(1,303)
Net increase in cash and cash equivalents	1,559	33,783
Cash and cash equivalents - beginning of period	\$ 38,767	\$ 4,984
Cash and cash equivalents - end of period	\$ 40,326	\$ 38,767

Supplemental Disclosures and Reconciliation of Non-GAAP Disclosures - Unaudited (In millions, except for percentages and per share amounts)

Segment Information	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2017	2016	2017	2016
Revenue by Reportable Segment				
Communications	\$ 662.2	\$ 595.6	\$ 2,424.4	\$ 2,323.6
Oil and Gas	740.0	570.1	3,497.2	2,024.4
Electrical Transmission	101.0	100.2	378.2	383.8
Power Generation and Industrial	95.7	81.1	299.9	405.7
Other	6.6	1.0	20.8	15.9
Eliminations	(2.6)	(6.0)	(13.5)	(18.7)
Corporate	—	—	—	—
Consolidated revenue	\$ 1,602.9	\$ 1,341.9	\$ 6,607.0	\$ 5,134.7

Adjusted EBITDA by Reportable Segment	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2017	2016	2017	2016
EBITDA	\$ 123.2	\$ 148.9	\$ 620.9	\$ 441.5
Non-cash stock-based compensation expense	5.1	3.8	15.7	15.1
Project results from non-controlled joint venture	0.5	—	7.9	5.1
Restructuring charges	—	1.4	0.6	15.2
Charges (recoveries) from multi-employer pension plan withdrawals	0.1	—	0.7	—
Adjusted EBITDA	\$ 128.9	\$ 154.1	\$ 645.6	\$ 476.9
Reportable Segment:				
Communications	\$ 74.3	\$ 53.8	\$ 247.9	\$ 245.2
Oil and Gas	46.2	109.5	402.2	303.6

Electrical Transmission	6.4	0.6	18.2	(34.0)
Power Generation and Industrial	7.8	4.4	22.6	18.3
Other	8.7	0.0	27.6	2.6
Corporate	(14.5)	(14.2)	(72.9)	(58.8)
Adjusted EBITDA	\$ 128.9	\$ 154.1	\$ 645.6	\$ 476.9

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2017	2016	2017	2016
Adjusted EBITDA Margin by Reportable Segment				
EBITDA Margin	7.7%	11.1%	9.4%	8.6%
Non-cash stock-based compensation expense	0.3%	0.3%	0.2%	0.3%
Project results from non-controlled joint venture	0.0%	—%	0.1%	0.1%
Restructuring charges	—%	0.1%	0.0%	0.3%
Charges (recoveries) from multi-employer pension plan withdrawals	0.0%	—%	0.0%	—%
Adjusted EBITDA margin	8.0%	11.5%	9.8%	9.3%
Reportable Segment:				
Communications	11.2%	9.0%	10.2%	10.6%
Oil and Gas	6.2%	19.2%	11.5%	15.0%
Electrical Transmission	6.3%	0.6%	4.8%	(8.9)%
Power Generation and Industrial	8.1%	5.4%	7.5%	4.5%
Other	131.6%	0.1%	132.8%	16.1%
Corporate	NA	NA	NA	NA
Adjusted EBITDA margin	8.0%	11.5%	9.8%	9.3%

Supplemental Disclosures and Reconciliation of Non-GAAP Disclosures - Unaudited
(In millions, except for percentages and per share amounts)

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2017	2016	2017	2016
EBITDA and Adjusted EBITDA Reconciliation				
Net income	\$ 160.7	\$ 55.9	\$ 348.9	\$ 134.0
Interest expense, net	16.0	12.8	61.0	50.7
(Benefit from) provision for income taxes	(103.2)	37.5	22.9	91.8
Depreciation and amortization	49.7	42.7	188.0	164.9
EBITDA	\$ 123.2	\$ 148.9	\$ 620.9	\$ 441.5
Non-cash stock-based compensation expense	5.1	3.8	15.7	15.1
Project results from non-controlled joint venture	0.5	—	7.9	5.1
Restructuring charges	—	1.4	0.6	15.2
Charges (recoveries) from multi-employer pension plan withdrawals	0.1	—	0.7	—
Adjusted EBITDA	\$ 128.9	\$ 154.1	\$ 645.6	\$ 476.9

	For the Three Months Ended December 31,		For the Years Ended December 31,	
	2017	2016	2017	2016
EBITDA and Adjusted EBITDA Margin Reconciliation				
Net income	10.0%	4.2%	5.3%	2.6%
Interest expense, net	1.0%	1.0%	0.9%	1.0%
(Benefit from) provision for income taxes	(6.4)%	2.8%	0.3%	1.8%
Depreciation and amortization	3.1%	3.2%	2.8%	3.2%
EBITDA margin	7.7%	11.1%	9.4%	8.6%
Non-cash stock-based compensation expense	0.3%	0.3%	0.2%	0.3%

Project results from non-controlled joint venture	0.0%	—%	0.1%	0.1%
Restructuring charges	—%	0.1%	0.0%	0.3%
Charges (recoveries) from multi-employer pension plan withdrawals	0.0%	—%	0.0%	—%
Adjusted EBITDA margin	8.0%	11.5%	9.8%	9.3%

Supplemental Disclosures and Reconciliation of Non-GAAP Disclosures - Unaudited
(In millions, except for percentages and per share amounts)

	For the Three Months Ended December 31, 2017		For the Year Ended December 31, 2017	
Adjusted Net Income Reconciliation				
Net income	\$	160.7	\$	348.9
Non-cash stock-based compensation expense		5.1		15.7
Project results from non-controlled joint venture		0.5		7.9
Restructuring charges		—		0.6
Charges (recoveries) from multi-employer pension plan withdrawals		0.1		0.7
Income tax effect of adjustments ^(a)		(7.4)		(11.6)
Effect of changes in statutory tax rates		(120.1)		(120.1)
Adjusted net income	\$	38.8	\$	241.9

	For the Three Months Ended December 31, 2017		For the Year Ended December 31, 2017	
Adjusted Diluted Earnings per Share Reconciliation				
Diluted earnings per share	\$	1.95	\$	4.22
Non-cash stock-based compensation expense		0.06		0.19
Project results from non-controlled joint venture		0.01		0.10
Restructuring charges		—		0.01
Charges (recoveries) from multi-employer pension plan withdrawals		0.00		0.01
Income tax effect of adjustments ^(a)		(0.09)		(0.14)
Effect of changes in statutory tax rates		(1.46)		(1.46)
Adjusted diluted earnings per share	\$	0.47	\$	2.92

	For the Three Months Ended December 31, 2016		For the Year Ended December 31, 2016	
Adjusted Net Income Reconciliation				
Net income	\$	55.9	\$	134.0
Non-cash stock-based compensation expense		3.8		15.1
Project results from non-controlled joint venture		—		5.1
Restructuring charges		1.4		15.2
Income tax effect of adjustments ^(a)		(1.2)		(11.7)
Adjusted net income	\$	60.0	\$	157.7

	For the Three Months Ended December 31, 2016		For the Year Ended December 31, 2016	
Adjusted Diluted Earnings per Share Reconciliation				
Diluted earnings per share	\$	0.66	\$	1.61
Non-cash stock-based compensation expense		0.05		0.19
Project results from non-controlled joint venture		—		0.06
Restructuring charges		0.02		0.19
Income tax effect of adjustments ^(a)		(0.01)		(0.14)
Adjusted diluted earnings per share	\$	0.70	\$	1.90

(a) Represents the tax effect of the adjusted items that are subject to tax, including the tax effects of share-based compensation expense. Tax effects are determined based on the tax treatment of the related items, the incremental statutory tax rate of the jurisdictions pertaining to each adjustment, and taking into consideration their effect on pre-tax income.

Supplemental Disclosures and Reconciliation of Non-GAAP Disclosures - Unaudited
(In millions, except for percentages and per share amounts)

	Guidance for the Three Months Ended March 31, 2018 Est.	For the Three Months Ended March 31, 2017
EBITDA and Adjusted EBITDA Reconciliation		
Net income	\$ 14	\$ 40.6
Interest expense, net	17	12.6
Provision for income taxes	6	27.4
Depreciation and amortization	50	42.9
EBITDA	\$ 87	\$ 123.5
Non-cash stock-based compensation expense	3	3.8
Project results from non-controlled joint venture	—	7.0
Restructuring charges	—	0.6
Adjusted EBITDA	\$ 90	\$ 134.8

EBITDA and Adjusted EBITDA Margin Reconciliation		
Net income	1.2%	3.5%
Interest expense, net	1.4%	1.1%
Provision for income taxes	0.5%	2.4%
Depreciation and amortization	4.0%	3.7%
EBITDA margin	7.1%	10.7%
Non-cash stock-based compensation expense	0.3%	0.3%
Project results from non-controlled joint venture	—%	0.6%
Restructuring charges	—%	0.0%
Adjusted EBITDA margin	7.3%	11.6%

	Guidance for the Three Months Ended March 31, 2018 Est.	For the Three Months Ended March 31, 2017
Adjusted Net Income Reconciliation		
Net income	\$ 14	\$ 40.6
Non-cash stock-based compensation expense	3	3.8
Project results from non-controlled joint venture	—	7.0
Restructuring charges	—	0.6
Income tax effect of adjustments ^(a)	(1)	(3.5)
Adjusted net income	\$ 17	\$ 48.4

	Guidance for the Three Months Ended March 31, 2018 Est.	For the Three Months Ended March 31, 2017
Adjusted Diluted Earnings per Share Reconciliation		
Diluted earnings per share	\$ 0.17	\$ 0.50
Non-cash stock-based compensation expense	0.04	0.05
Project results from non-controlled joint venture	—	0.08
Restructuring charges	—	0.01
Income tax effect of adjustments ^(a)	(0.01)	(0.04)
Adjusted diluted earnings per share	\$ 0.20	\$ 0.59

(a) Represents the tax effect of the adjusted items that are subject to tax, including the tax effects of share-based compensation expense. Tax effects are determined based on the tax treatment of the related items, the incremental statutory tax rate of the jurisdictions pertaining to each adjustment, and taking into consideration their effect on pre-tax income.

	Guidance for the Year Ended December 31, 2018 Est.	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
EBITDA and Adjusted EBITDA Reconciliation			
Net income	\$ 277	\$ 348.9	\$ 134.0
Interest expense, net	68	61.0	50.7
Provision for income taxes	116	22.9	91.8
Depreciation and amortization	210	188.0	164.9
EBITDA	\$ 672	\$ 620.9	\$ 441.5
Non-cash stock-based compensation expense	14	15.7	15.1
Project results from non-controlled joint venture	—	7.9	5.1
Restructuring charges	—	0.6	15.2
Charges (recoveries) from multi-employer pension plan withdrawals	—	0.7	—
Adjusted EBITDA	\$ 685	\$ 645.6	\$ 476.9

	Guidance for the Year Ended December 31, 2018 Est.	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
EBITDA and Adjusted EBITDA Margin Reconciliation			
Net income	4.1%	5.3%	2.6%
Interest expense, net	1.0%	0.9%	1.0%
Provision for income taxes	1.7%	0.3%	1.8%
Depreciation and amortization	3.1%	2.8%	3.2%
EBITDA margin	9.9%	9.4%	8.6%
Non-cash stock-based compensation expense	0.2%	0.2%	0.3%
Project results from non-controlled joint venture	—%	0.1%	0.1%
Restructuring charges	—%	0.0%	0.3%
Charges (recoveries) from multi-employer pension plan withdrawals	—%	0.0%	—%
Adjusted EBITDA margin	10.2%	9.8%	9.3%

Supplemental Disclosures and Reconciliation of Non-GAAP Disclosures - Unaudited
(In millions, except for percentages and per share amounts)

	Guidance for the Year Ended December 31, 2018 Est.	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Adjusted Net Income Reconciliation			
Net income	\$ 277	\$ 348.9	\$ 134.0
Non-cash stock-based compensation expense	14	15.7	15.1
Project results from non-controlled joint venture	—	7.9	5.1
Restructuring charges	—	0.6	15.2
Charges (recoveries) from multi-employer pension plan withdrawals	—	0.7	—
Income tax effect of adjustments ^(a)	(4)	(11.6)	(11.7)
Effect of changes in statutory tax rates	—	(120.1)	—
Adjusted net income	\$ 287	\$ 241.9	\$ 157.7

	Guidance for the Year Ended December 31, 2018 Est.	For the Year Ended December 31, 2017	For the Year Ended December 31, 2016
Adjusted Diluted Earnings per Share Reconciliation			
Diluted earnings per share	\$ 3.34	\$ 4.22	\$ 1.61
Non-cash stock-based compensation expense	0.16	0.19	0.19
Project results from non-controlled joint venture	—	0.10	0.06
Restructuring charges	—	0.01	0.19
Charges (recoveries) from multi-employer pension plan withdrawals	—	0.01	—
Income tax effect of adjustments ^(a)	(0.05)	(0.14)	(0.14)

