



MasTec Announces Second Quarter Results

August 7, 2001

- * Results in line with previous guidance
- * Reconfirms 3rd quarter guidance
- * Provides 4th quarter outlook

MIAMI, Aug. 7 /PRNewswire/ -- MasTec, Inc. (NYSE: MTZ) reported second quarter net income of \$17.4 million or \$0.36 per share on revenue of \$330.2 million for the three months ended June 30, 2001, excluding charges and costs described below, compared to net income of \$18.6 million or \$0.38 per share on revenue of \$297.7 million for the same period in 2000, excluding a net gain during the 2000 period related to non-core assets of \$4.5 million or \$0.05 per share. Net income and earnings per share including charges and costs for the current quarter ended June 30, 2001 were \$1.7 million and \$0.04, respectively.

The financial results for the second quarter, including the segment information below, exclude costs associated with downsizing and realigning of our Network Services unit and with redeployment efforts to limit exposure to higher risk competitive carrier clients of \$10.3 million (\$0.12 per share) and a \$16.0 million (\$0.20 per share) increase in reserves relating to receivables from clients currently experiencing financial difficulties.

For the six months ended June 30, 2001, the Company reported net income of \$33.8 million or \$0.70 per share on revenue of \$667.4 million (excluding charges and costs of \$48.3 million or \$0.60 per share) compared to \$30.1 million or \$0.64 per share on revenue of \$570.4 million for the same period of 2000, excluding a net gain related to non-core assets. Net income and earnings per share including charges and costs for the six months ended June 30, 2001, were \$5.0 million and \$0.10 per share, respectively.

Datacom Network Services revenue was \$276.5 million in the second quarter, compared to \$249.5 million in the same quarter last year. Operating margin was 11.7% in 2001 compared to 14.2% in the same quarter last year. The decline in operating margin was primarily due to adverse market conditions.

Energy Network Services revenue was \$39.7 million in 2001, compared to \$36.9 million in the same quarter last year. Operating margin was 10.5% in 2001, compared to 9.5% percent in the same quarter last year.

Our Brazilian operations reported revenue of \$14.0 million in 2001, compared to \$11.3 million in the same quarter last year and generated a loss of \$300,000 in both periods.

Backlog at June 30, 2001, was \$1.4 billion, including master service agreements, substantially all of which will be performed in the next 18 months.

"We will continue to work on making our core business more efficient and productive and reallocating our resources to our best long-term opportunities," said Austin Shanfelter, MasTec's recently appointed president and chief executive officer.

For the third quarter ending September 30, 2001, the company projects revenue of approximately \$320 million and EPS of approximately \$0.33. The third quarter projections exclude a severance charge of \$9.0 million related to MasTec's former chief executive officer. This severance is in addition to approximately \$1.7 million of compensation provided for during the six months ended June 30, 2001.

For the quarter ending December 31, 2001, the company anticipates revenue of \$305 million to \$315 million and earnings per share of approximately \$0.26 to \$0.28.

MasTec is a leading end-to-end communications and energy infrastructure service provider in North America. MasTec <www.mastec.com> designs, builds, installs and maintains internal and external networks supporting the Internet, Internet-related applications, e-commerce and other communications and energy facilities for leading telecommunications, cable television, energy and Fortune 1000 companies.

This press release and any accompanying documents contain forward-looking statements, such as statements regarding MasTec's future growth and profitability, growth strategy, and anticipated trends in the industries and economies in which MasTec operates. These forward-looking statements are based on MasTec's current expectations and are subject to a number of risks, uncertainties, and assumptions, including that our revenue may differ from that projected, that we may be further impacted by slowdowns in our clients' businesses or in the economy in general, our reserves may be inadequate and we may experience increased costs associated with realigning our business or may be unsuccessful in those efforts. Should one or more of these risks or

uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from results expressed or implied in any forward-looking statements made by MasTec in this press release. These and other risks are detailed in this press release or documents filed by MasTec with the Securities and Exchange Commission. MasTec does not undertake any obligation to revise these forward-looking statements to reflect future events or circumstances.

MASTEC, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Revenue :				
Datacom	\$276,528	\$249,527	\$564,320	\$474,536
Energy	39,726	36,891	75,743	74,254
Brazil	13,966	11,279	27,369	21,601
	330,220	297,697	667,432	570,391
Costs of revenue	272,750	224,933	538,108	433,862
Depreciation	13,564	13,183	26,882	26,661
Amortization	2,771	2,675	5,648	6,176
General and administrative expenses	36,164	21,930	84,078	45,042
Interest expense	5,152	4,303	9,864	9,859
Interest income	2,770	1,054	5,203	2,267
Other income, net	453	4,873	894	5,253
Income before provision for income taxes and minority interest	3,042	36,600	8,949	56,311
Provision for income taxes	1,329	15,120	3,803	23,499
Minority interest	6	(138)	(130)	7
Net income	\$ 1,719	\$ 21,342	\$ 5,016	\$ 32,819
Pro forma earnings per share:				
Basic weighted average common shares outstanding	47,763	46,823	47,739	45,314
Basic earnings per share (1) (2)	\$ 0.24	\$ 0.40	\$ 0.57	\$ 0.67
Diluted weighted average common shares outstanding	48,933	49,055	48,980	47,445
Diluted earnings per share (1) (2)	\$ 0.23	\$ 0.38	\$ 0.57	\$ 0.64
Actual earnings per share:				
Basic earnings per share	\$ 0.04	\$ 0.46	\$ 0.11	\$ 0.72
Diluted earnings per share	\$ 0.04	\$ 0.44	\$ 0.10	\$ 0.69

(1) Included in general and administrative expenses is a \$16.0 million (\$0.20 per share) and \$38.0 million (\$0.46 per share) in reserve charges for the three months and six months ended June 30, 2001, respectively. □

(2) Excludes gain on sale of PCS system in Latin America of \$4.5 million (\$0.05 per share).

MASTEC, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 2001	December 31, 2000
Assets □		
Current assets:		
Cash and cash equivalents	\$ 14,970	\$ 18,457

Accounts receivable, unbilled revenue and retainage, net	397,729	386,480
Inventories	21,446	19,643
Other current assets	61,048	29,184
Total current assets	495,193	453,764
Property and equipment, net	156,868	159,673
Intangibles, net	261,143	262,398
Other assets	58,334	80,510
Total assets	\$971,538	\$956,345
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current maturities of debt	\$ 70,943	\$ 5,685
Accounts payable	85,814	85,797
Other current liabilities	64,724	119,845
Total current liabilities	221,481	211,327
Other liabilities	46,106	38,530
Long-term debt	199,337	206,160
Commitments and contingencies		
Shareholders' equity:		
Common stock	4,778	4,770
Capital surplus	347,117	346,099
Retained earnings	171,366	166,350
Foreign currency translation adjustments	(18,647)	(16,891)
Total shareholders' equity	504,614	500,328
Total liabilities and shareholders' equity	\$971,538	\$956,345

MASTEC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six Months Ended June 30,	
	2001	2000
Cash flows from operating activities:		
Net income	\$ 5,016	\$32,819
Adjustments to reconcile net income to net cash (used in) operating activities:		
Depreciation and amortization	32,530	32,837
Minority interest	130	(7)
Loss on sale or write downs of assets	(484)	(7,349)
Changes in assets and liabilities net of effect of acquisitions	(46,931)	(68,899)
Net cash used in operating activities	(9,739)	(10,599)
Cash flows from investing activities		
Capital expenditures	(23,529)	(28,252)
Cash paid for acquisitions (net of cash acquired) and contingent consideration	(26,300)	(17,374)
Other investing activities	(166)	11,278
Net cash used in investing activities	(49,995)	(34,348)
Net cash provided by financing activities	57,043	57,149

Net (decrease) increase in cash and cash equivalents	(2,691)	12,202
Net effect of translation on cash	(796)	316
Cash and cash equivalents-beginning of period	18,457	27,635
Cash and cash equivalents-end of period	\$14,970	\$40,153

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SOURCE MasTec, Inc.

Web site: <http://www.mastec.com>

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