



MasTec Announces Third Quarter Results

November 7, 2001

MIAMI, Nov. 7 /PRNewswire/ -- MasTec, Inc. (NYSE: MTZ) reported third quarter pro forma net income of \$5.6 million or \$0.12 per share on revenue of \$302.2 million for the three months ended September 30, 2001, excluding charges described below, but including \$10.0 million losses incurred by our network services group on revenue of \$21.9 million. This compares to pro forma net income of \$26.1 million or \$0.53 per share on revenue of \$382.3 million, which exclude severance charges of \$1.7 million (before taxes), for the same period in 2000.

Net loss and loss per share including charges and costs for the quarter ended September 30, 2001 were (\$75.2) million and (\$1.57), respectively. For the nine months ended September 30, 2001, net loss and loss per share including charges and costs were (\$74.1) million and (\$1.55) per share, respectively on revenue of \$969.7 million compared to net income and earnings per share of \$57.9 million and \$1.21, respectively on revenue of \$ 952.7 million for the nine months ended September 30, 2000.

The pro forma financial results for the third quarter, including the segment information below, exclude charges of \$126.5 million representing an increase in reserves of \$106.7 million relating to receivables from telecommunications clients currently experiencing financial difficulties, a \$10.0 million write-down of international assets and \$9.8 million in severance charges.

Cash flow from operating activities was \$12.1 million for the three months ended September 30, 2001 compared to \$17.4 million in the same quarter last year. We currently have available approximately \$42.0 million in cash and credit under our credit facility. We also anticipate receiving approximately \$41.4 million in income tax refunds in the first half of 2002 as a result of net losses reflected through September 30, 2001.

Revenue for the quarter from our top 10 clients accounted for 41% of North American revenue, compared to 26% for the same clients in 2000.

For the quarter ended September 30, 2001, days' sales outstanding were 102 days. Capital expenditures totaled \$9.0 million for the quarter bringing the year to date amount to \$32.5 million compared to \$12.5 million for the same quarter last year and \$40.7 for the nine months ended September 30, 2000. Included in the amounts for the three and nine months ended September 30, 2001 is \$3.7 million and \$6.5 million, respectively, in technology investments. The income tax rate was approximately 36% for the quarter, which is expected to be the tax rate in the fourth quarter.

We amended our credit facility to modify certain terms and conditions including interest rates and certain financial ratio coverage, which we currently meet. We are currently negotiating with existing and prospective lenders for a new credit facility. At the end of the third quarter, our debt-to-total capital was 39%.

"With the increased reserves and charges we have recorded this year, we believe we have taken prudent steps to substantially reduce our exposure to competitive telecommunications clients and to adjust to current conditions in the telecommunications infrastructure market," said Austin Shanfelter, MasTec President and CEO. "Our core business remains strong," Mr. Shanfelter added. "We continue to take a cautious near-term outlook and will continue "rightsizing" to become more efficient and productive and to adjust further to market conditions. However, we believe there are long-term opportunities in telecom, energy, broadband and government contracts, and we are redeploying our resources to take advantage of these opportunities."

Quarterly segment information (excluding the charges described above) is as follows:

Datacom Network Services revenue was \$247.5 million in the third quarter, compared to \$331.6 million in the same quarter last year. Operating margin was 7.5% in 2001 compared to 14.8% in the same quarter last year. The decline in operating margin was primarily due to approximately \$10.0 million in losses on revenue of \$21.9 million in our network services group. Excluding the network services units, margins were 12.6% in 2001. Losses for the network services group were primarily related to two short-term projects performed primarily in the quarter and overhead in excess of that needed to support a reduced revenue base. Further impacting datacom 2001 margins were demobilization and redeployment costs as we adjusted to reduced capital spending by telecommunications carriers.

Energy Network Services revenue was \$39.1 million in 2001, compared to \$33.9 million in the same quarter last year. Operating margin was 5.0% in 2001, compared to 7.8% percent in the same quarter last year. The decline in operating margin was primarily due to under-utilization of personnel and equipment related to certain contracts and start-up costs for new projects.

Our Brazilian operations reported revenue of \$15.7 million (\$R39.5 million) in 2001, compared to \$16.8 (\$R30.4 million) million in the same quarter last year, a growth in local currency terms of 30.0%, and generated a loss of (\$1.0) million compared to break even in 2000 due to start up cost on new projects.

For the quarter ending December 31, 2001, the company anticipates revenue of \$260.0 million to \$270.0 million and earnings per

share of approximately \$0.12 to \$0.14.

Members of the executive team will hold a conference call on Thursday, November 8, at 11:00 a.m. (EST) to discuss the Company's performance. The conference call number is (913) 981-4910. Please dial in to the teleconference 10-15 minutes in advance. A conference call replay will be available from November 8 through November 23 by dialing 719-457-0820, confirmation code 510458. Additionally, the call will be webcast. Please log on to <http://www.videonewswire.com/event.asp?id=1848> to listen to MasTec's Earnings Conference Call.

Please visit MasTec's Investor Relations web page at http://www.mastec.com/frame_investor.asp for financial sections of the press release. These sections may be downloaded into Excel for your convenience in analyzing Company data.

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 for leading telecommunications, cable television, energy and Fortune 1000 companies.

Except for historical information, the matters discussed in this press release and accompanying materials may contain forward-looking statements, such as statements regarding MasTec's future results and plans 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 deterioration in our clients' financial condition, that our reserves may be inadequate or our equity investments may be impaired, that we may experience increased costs associated with realigning our business or may be unsuccessful in those efforts, and that we may not continue to be in compliance with our credit facility covenants. 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. These and other risks are detailed in this press release and in other documents filed by MasTec with the Securities and Exchange Commission, including our registration statement on Form S-3 (No. 333-90027). MasTec does not undertake any obligation to revise these forward-looking statements to reflect future events or circumstances.

MASTEC, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	September 30, 2001 (unaudited)	December 31, 2000
Assets		
Current assets:		
Cash and cash equivalents	\$22,035	\$18,457
Accounts receivable, unbilled revenue and retainage, net	335,608	392,585
Inventories	23,955	19,643
Income tax refund receivable	41,436	--
Other current assets	18,878	23,079
Total current assets	441,912	453,764
Property and equipment, net	151,649	159,673
Intangibles, net	257,217	262,398
Other assets	45,528	80,510
Total assets	\$896,306	\$956,345
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities of debt	\$77,258	\$3,323
Accounts payable	91,955	85,797
Other current liabilities	75,342	122,207
Total current liabilities	244,555	211,327
Other liabilities	29,019	38,530
Long-term debt	199,118	206,160
Commitments and contingencies		
Shareholders' equity:		
Common stock	4,786	4,770
Capital surplus	347,777	346,099

Retained earnings	92,243	166,350
Foreign currency translation adjustments	(21,192)	(16,891)
Total shareholders' equity	423,614	500,328
Total liabilities and shareholders' equity	\$896,306	\$956,345

MASTEC, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(unaudited) □

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2000	2001	2000
Revenue :				
Datacom	\$247,486	\$331,578	\$811,805	\$806,114
Energy	39,097	33,882	114,841	108,136
Brazil	15,660	16,819	43,029	38,420
	302,243	382,279	969,675	952,670
Costs of revenue	247,394	293,351	785,502	727,213
Depreciation	12,262	13,506	39,144	40,167
Amortization	2,377	2,467	8,025	8,643
General and administrative expenses	25,948	25,834	70,326	70,876
Reserve / severance charge	116,474	1,708	156,174	1,708
Interest expense	5,346	4,516	15,211	14,375
Interest income	315	1,630	5,518	3,897
Other (loss) income, net	(10,223)	(9)	(15,829)	5,244
(Loss) income before benefit (provision) for income taxes and minority interest	(117,466)	42,518	(115,018)	98,829
Benefit (provision) for income taxes	41,970	(17,382)	40,786	(40,880)
Minority interest	255	(48)	125	(41)
Net (loss) income	\$(75,241)	\$25,088	\$(74,107)	\$57,908
Pro forma net income and earnings per share:				
Net income (1) (2)	\$5,560	\$26,103	\$34,079	\$56,123
Weighted average common shares outstanding	47,787	47,300	47,761	45,976
Basic earnings per share (1) (2)	\$0.12	\$0.55	\$0.71	\$1.22
Weighted average common shares outstanding	47,937	48,999	48,129	47,963
Diluted earnings per share (1) (2)	\$0.12	\$0.53	\$0.71	\$1.17
Actual earnings per share:				
Basic earnings per share	\$(1.57)	\$0.53	\$(1.55)	\$1.26
Diluted earnings per share	\$(1.57)	\$0.51	\$(1.55)	\$1.21

- (1) Excludes a \$126.5 million and \$172.7 million charge for the three month and nine months ended September 30, 2001, respectively.
- (2) Excludes a severance charge of \$1.7 million for the three months ended September 30, 2000 and a net gain related to non-core assets and severance for the nine months ended September 30, 2000 of \$2.8 million. □

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

(unaudited) □

	Nine Months Ended September 30,	
	2001	2000
Cash flows from operating activities:		
Net (loss) income	\$ (74,107)	\$57,908
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	47,169	48,810
Minority interest	(125)	41
Gain on sale of assets	(611)	(4,764)
Write-downs of assets	161,200	--
Changes in assets and liabilities net of effect of acquisitions	(131,209)	(95,203)
Net cash provided by operating activities	2,317	6,792
Cash flows from investing activities		
Capital expenditures	(32,526)	(40,734)
Cash paid for acquisitions (net of cash acquired) and contingent consideration	(26,737)	(50,352)
Other investing activities	(3,156)	49,813
Net cash used in investing activities	(62,419)	(41,273)
Net cash provided by financing activities	66,168	61,341
Net increase in cash and cash equivalents	6,066	26,860
Effect of translation on cash	(2,488)	(1,173)
Cash and cash equivalents-beginning of period	18,457	27,635
Cash and cash equivalents-end of period	\$22,035	\$53,322

MAKE YOUR OPINION COUNT - [Click Here](#)
<http://tbutton.prnewswire.com/prn/11690X19654042> □

SOURCE MasTec, Inc.

Web site: <http://www.mastec.com> <http://www.videonewswire.com/event.asp?id=1848> http://www.mastec.com/frame_investor.asp

CONTACT: Carmen M. Sabater, Executive Vice President & CFO of MasTec, +1-305-406-1866, or csabater@mastec.com