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Primoris Services Corp. (PRIM)

Q3 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning and welcome, everyone, to the Primoris Services Corporation Third Quarter 2025 Earnings Conference Call and Webcast. Today's conference is being recorded. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] At this time, I would like to turn the conference over to Blake Holcomb, Vice President of Investor Relations. Please go ahead.

Blake Holcomb

Vice President-Investor Relations, Primoris Services Corp.

Good morning. And welcome to the Primoris third quarter 2025 earnings conference call. Joining me today with prepared comments are David King, Chairman and Interim President and Chief Executive Officer; and Ken Dodgen, Chief Financial Officer.

Before we begin, I would like to make everyone aware of certain language contained in our Safe Harbor statement. The company cautions that certain statements made during this call are forward-looking and are subject to various risks and uncertainties. Actual results may differ materially from our projections and expectations. These risks and uncertainties are discussed in our reports filed with the SEC. Our forward-looking statements represent our outlook only as of today, November 4, 2025. We disclaim any obligation to update these statements except as may be required by law. In addition, during this conference call, we will make reference to certain non-GAAP financial measures. A reconciliation of these non-GAAP financial measures are available on the Investors section of our website and in our third quarter 2025 earnings press release, which was issued yesterday.

I would now like to turn the call over to David King.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Thank you, Blake. Good morning, and thank you for joining us today to discuss our third quarter 2025 operational and financial results. Primoris had another great quarter, once again delivering record revenue, operating income and earnings. I am proud of our employees and their ability to execute at a high level while providing our customers with safe, reliable service and driving profitable growth. Operating cash flow was also a highlight of the third quarter and further demonstrates the hard work we have put in to improve in this area. As a result of this emphasis, we have been able to make tremendous progress in delevering the balance sheet and allowing us to invest in the business to be well-prepared for the surge in demand we are currently seeing across our end markets.

I am particularly proud of how we have generated free cash flow and set new highs on our return on invested capital since making these metrics a priority. We are a company-focused on the development of quality people and delivering quality projects for our clients. We continue to allocate our time and resources to capitalize on what we believe is a generational opportunity for our infrastructure solutions that will drive value for our shareholders.

Last quarter, I discussed the significant demand on the horizon for power generation and the growing prospect of providing more services which support the development of data centers. I want to reiterate that these and other opportunities remain squarely in front of us. The ramp up in revenue, combined with the delay of a couple of

larger dollar value projects, led to a higher than anticipated backlog burn rate in the Energy segment. The timing of when projects are signed and placed into backlog can hinge on a number of factors, including changes in scope and design and the shifting of supply chain schedules. We continue to direct our attention toward the things we can control during the process and providing our customers with the resources they need from us to get the projects built timely.

I want to emphasize that our lower than forecasted bookings in Q3 were not a result of projects being canceled or awarded to other service providers, but are instead being impacted by other circumstances that can affect the timing of executed contracts. Because of this, we remain highly confident that we will sign several high-value Energy segment projects in the coming quarters that will set us up for another successful year in 2026.

I'll now turn to our performance for the quarter by segment. In the Utility segment, third quarter revenue was up double digits from the prior year. We also had double-digit backlog growth in utilities as demand for power, gas and communication services continues to surge. Leading the revenue growth was gas operations, where activity and margins remain resilient. We are seeing increased customer spend on development programs in the Midwest, Southeast and Texas that have enabled us to step up and capitalize on these trends.

In regions with more variable activity, we have controlled costs to maintain solid margins. While the fourth quarter can bring unpredictable weather that can impact work schedules, our gas utility business appears to be on track for a record year in 2025. Communications revenue and margins were also up from the prior year, driven by broadband expansion and an increase in major project build-outs. We believe the emergence of larger EPC network builds tied to data centers will continue to support growth in our communications business. We are targeting over \$100 million of these projects over the next few quarters, which, if successful, would complement our fiber-to-home newbuild and maintenance programs.

We are also monitoring how states are managing the potential for federal funds to further build out networks in underserved areas, which could be a catalyst in the communications business that we are not currently building into our plans. Power delivery had its best revenue quarter in recent years as demand is rapidly increasing in key geographies. More clients are releasing work orders from engineering at a faster pace, which is leading to increased activity and more favorable mix of work. These trends and customer conversations on upcoming plans help to drive Utility segment backlog up from the prior quarter to an all-time high of nearly \$6.6 billion.

Margins continue to trend in the right direction for power delivery, but were lower compared to the prior year as we did not have the benefit of storm work we had in 2024. We have more progress to make to achieve our longer term power delivery goals, but I am pleased with the accomplishments of our teams and leaders over the past two years. We're in a great position to benefit from the expansion and hardening of the electric grid in many of the regions where it is most needed, and I believe our safety, culture, expertise and ability to invest in the business will open the door for further growth across transmission, substation and distribution.

Turning to the Energy segment. The renewables business had a record revenue quarter as utility-scale EPC and battery storage continued to accelerate. A higher than expected revenue growth in renewables has been a main driver of the decrease in backlog and an area that has seen project signings push out a quarter or two. However, as mentioned earlier, we remain highly confident that we will sign several high-value projects in the coming quarters that will set us up for another successful year in 2026. The signing of the One Big Beautiful Bill and the subsequent Treasury Department guidance has allowed our customers to have a substantial volume of projects safe harbored for the next several years. This has provided increased stability and visibility to this market.

However, customers are still navigating some uncertainty over tariffs that have slowed down the process of pricing and therefore the signing of certain projects. The funnel of projects remains very healthy and is expanding with new Tier 1 customers wanting to work with us on their high-value projects. Based on our conversations with customers, we view this as a near-term adjustment to the timing of bookings and believe we will see backlog begin to build over the next few quarters. The battery storage market outlook is also beginning to improve after a couple of quarters of uncertainty. We're seeing the increased adoption of battery storage on upcoming projects, adding storage to previously constructed projects and a growing number of standalone projects as well. This is giving us increased confidence that we can have continued success in an attractive market for growth.

Industrial services also saw impressive revenue growth from the prior year, as natural gas generation activity has risen to a level not seen in over a decade. Primoris' track record for successful execution on gas generation projects has helped us earn an excellent reputation in the market. This has put us in a position of being a leader in the construction of gas-fired power facilities where growth is driven by the further electrification of the industry and data centers. We continue to take a disciplined approach to growth in this market, but expect to have some sizable awards in the fourth quarter and into 2026 that will set us up for meaningful growth and accretive margins with good execution.

The pipeline business has faced challenges this year as revenues and margins partially offset the strong results in the quarter. Despite the recent headwinds in the business, our leadership has done well in managing cost and keeping crew members active as we anticipate what appears to be an emerging upcycle. Headwinds impacting pipeline services have quickly reversed and we're beginning to see tailwinds develop in this business line. We are seeing bids materialize for several large projects and we anticipate the trend to shift toward the positive with awards as soon as this quarter. It would only take a few awards to see a revenue and margin benefit in the Energy segment, and we are optimistic that 2026 will serve as the starting point.

In summary, Primoris continued its 2025 momentum with a record third quarter, and we are energized about the future opportunities we have to take advantage of the significant tailwinds across our end markets. I'll now turn it over to Ken for more on our financial results.

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

Thanks, David, and good morning, everyone. Our Q3 revenue was nearly \$2.2 billion, an increase of \$529 million or 32% compared to the prior year, driven by double digit growth in both the Energy and Utility segments. The Energy segment was up \$475 million or 47% from the prior year, driven by increased renewables and industrial activity. In renewables, project progress continues to accelerate, resulting in revenue outpacing our expectations by over \$400 million for the quarter and by over \$900 million year-to-date. We have seen significant revenue pulled forward from Q4 and from 2026 driven by strong project execution and early delivery of major materials. We now expect renewables revenue to be closer to \$3 billion for the full year 2025, up from our previous estimate of \$2.6 billion. Additionally, our industrial business was up over \$100 million compared to Q3 2024, driven by strong execution on gas power generation and other industrial work.

The Utility segment was up over \$70 million or 10.7% from the prior year, driven by higher activity across all service lines led by gas operations and the power delivery. Gross profit for the third quarter was \$235.7 million, an increase of \$37.2 million or 18.7% compared to the prior year. This was attributable to increased revenue, partially offset by lower margins in both segments. As a result, gross margins were 10.8% for the quarter compared to 12% in the prior year.

Looking at our segment results, the Utility segment gross profit was \$86 million, essentially flat compared to the prior year, resulting in gross margins decreasing to 11.7% compared to 13.1% in the prior year. The lower gross margins were mainly due to a significant decrease in higher margin storm work in the current quarter compared to the prior year. In fact, the benefit from storm work and power delivery is about a third of what we saw in Q3 of the prior year. Excluding storm work, utilities margins were comparable to the prior year. Despite not realizing this margin benefit, we are seeing quality performance in power delivery and the rest of the Utility segment, including an increase in non-MSA work compared to the prior year, which is a strategic priority for us as we seek to improve margins in this segment.

In the Energy segment, gross profit was \$149.7 million for the quarter, an increase of \$38.1 million or 34.2% from the prior year, primarily due to higher revenue. Gross margins in the segment were 10.1%, down from 11% in the prior year. The decrease in margin was driven by fewer project closeouts in 2025 compared to the prior year. Pipeline margins were also a drag on margins during the quarter due to lower revenue and gross profit compared to Q3 of 2024. However, we are expecting to see some margin improvement in the segment as we close out the year and move into 2026.

Looking at SG&A, expenses in the third quarter were \$97.7 million, which was in line with the prior year. As a percentage of revenue, SG&A declined 140 basis points from the prior year to 4.5%. This was driven by our record revenue and ongoing efforts to control administrative costs and improve our operating leverage. While SG&A could tick up slightly as we wrap up the year, we expect SG&A as a percent of revenue to be in the mid- to high-5% range for the full year. Net interest expense in the quarter was \$7 million, down \$10.9 million from the prior year, partly due to lower average debt balances and lower interest rates.

Based on current trends and expectations, we are updating our guidance for interest expense to be between \$30 million to \$32 million for the full year, down from the \$33 million to \$37 million guidance we provided last quarter. This is due to our continued reduction in debt and lower interest rates. Our effective tax rate was down slightly because of some discrete tax impacts during the quarter. We now expect that our effective tax rate for the full year will be approximately 28.5%.

Net income increased to \$94.6 million or \$1.73 per fully diluted share, both up around 61% from the prior year. Adjusted EPS increased by over 54% to \$1.88 per fully diluted share and adjusted EBITDA was \$168.7 million, up 32% compared to the prior year, setting us on a course to achieve record earnings per share and adjusted EBITDA for the full year 2025. Transitioning to cash flow, Q3 cash from operations was a little over \$180 million, bringing our year-to-date cash flow to more than \$327 million. This represents a \$117 million improvement in operating cash flow compared to the first nine months of the year. The increase was driven by higher net income and a continued focus on working capital efficiency.

Turning to the balance sheet. We closed Q3 with approximately \$431 million of cash and total liquidity of \$746 million. We also paid down \$100 million on our term loan during the quarter, helping to lower our trailing 12-month net debt to EBITDA ratio to 0.1 times EBITDA. Our balance sheet strength allows us to invest in the resources required to meet our increasing organic opportunities while allowing flexibility to add scale or new services through M&A that meet our financial and strategic criteria. A disciplined approach to accretive M&A remains a focus for us, and we are encouraged by the quality of acquisition targets we are currently seeing in the market.

Total backlog at the end of Q3 was around \$11.1 billion, down around \$430 million sequentially from Q2. Fixed backlog was lower by about \$921 million due to a combination of higher revenue burn and the timing of Energy segment bookings. As David mentioned, we have seen the signing of some contracts pushed to the right about three to six months as our customers navigated through all of the volatility and change during the past three

quarters. But our large funnel of high-quality opportunities is still very strong, and we view this backlog decline as temporary. Although bookings and our progress on work in backlog will vary quarter-to-quarter, we have a high degree of visibility to new awards in the coming quarters for the Energy segment across solar, natural gas generation and midstream pipeline. MSA backlog is up \$492 million from Q2, driven by increased activity across our utilities businesses and particularly power delivery as customer investment in the power grid ramps.

Before turning it back over to David, I'll close with our updated guidance. We are increasing EPS guidance to \$4.75 to \$4.95 per fully diluted share and adjusted EPS guidance to \$5.35 to \$5.55 per fully diluted share. And even though we had about \$10 million of adjusted EBITDA pulled forward from Q4 into Q3, we are also raising our adjusted EBITDA guidance to \$510 million to \$530 million for the full year 2025, with the opportunity to achieve the upper end of that range with good weather in Q4. Additionally, we are increasing the range of our gross capital expenditures by \$10 million at the midpoint to \$110 million to \$130 million to support this continued growth. We have had an excellent first three quarters of the year generating cash flow, paying down debt, and growing earnings. As we move to close out the year, we are confident that we will finish strong and carry positive momentum into 2026.

I'll now turn it back over to David.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Thanks, Ken. Before we open the call for questions, I'd like to recap a couple of key points of the quarter. First, Primoris is operating at an extremely high level, and we are seeing the results. We have tailored our strategy to emphasize improved margins, earnings growth, cash flow generation and the efficient allocation of capital, and we are experiencing success in each of these areas. This is a direct result of our company culture and the dedication of our people in the field and those who support them.

Second, the outlook for Primoris remains as good as we have seen, and we have the people in our customer relationships to take advantage of the opportunities ahead of us. In all areas of our business, we will continue to work with and on behalf of our customers to develop the solutions to meet the infrastructure needs of the communities we serve. There's a lot of work to be done and we are in a prime position to be a major contributor to the growth and modernization of the Utility and Energy infrastructure in North America.

Lastly, I want to thank the people of Primoris for their support and efforts during my time as Interim CEO. It has been a privilege to work alongside them these past few quarters, and I am grateful to have had the opportunity to play a role in transitioning Primoris into its next chapter led by Koti Vadlamudi. Koti is a talented and tenured executive that meets all the criteria we are looking for in the next leader of Primoris. I and the rest of the board are pleased to have him join us and we look forward to supporting him. It is an exciting time to be in our industry and especially to be part of the Primoris team. I have a high degree of confidence that the best years of Primoris are in front of us. I want to encourage our teams to maintain the high standard of execution they have through the first nine months of the year and close out 2025 strong with a look to the future.

We will now open up the call for your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] We'll take our first question from Philip Shen at ROTH Capital Partners.

Philip Shen

Analyst, ROTH Capital Partners LLC

Q

Hi, guys. Thanks for taking my questions. You guys had previously expected fiscal 2025 order intake to be back half-weighted. Dave, you just shared in your prepared remarks that you expect Energy bookings to improve in the coming quarters. Can you provide some additional color on how bookings might look so far in this quarter Q4 and then additional color on how they might trend? Thanks, guys.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

Sure, Philip. Thanks for the question. Yeah, we've indicated even in some of my opening remarks that some of the timing for some of the Energy segment jobs were probably going to be pushed into this Q4 timeframe. And indeed, we've seen that. I'll let Ken kind of give you some rough numbers in a moment, but I would tell you that that we're looking to have a very good book-to-bill in our Energy segment and possibly in other areas also. In this Q4, we've already booked some pretty nice awards and then currently doing some paper work to continue firming up some additional awards in Q4. So just as we've said, I'm pretty comfortable with where we're going to end up relative to Q4 bookings. So, Ken?

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

A

Yeah. And, Philip, the other thing I would add is, while we definitely entered the year thinking that it would be back half-loaded, what we weren't anticipating is all the noise from tariffs and OB3 and everything else. So all that's done in this kind of – as we mentioned in our opening comments has kind of shipped everything out a quarter to as much as two quarters in a few cases. But looking at Q4 already, just for the Energy segment alone, we've already booked over \$600 million. We have another \$600 million that should book within the next 30 days. And for the Energy segment, we're expecting a book-to-bill well north of 1 for Q4, maybe as high as 1.2 or 1.3, depending on how the rest of the quarter closes out.

Philip Shen

Analyst, ROTH Capital Partners LLC

Q

Great. That color is very helpful. Thank you. And shifting over to – or staying with the Energy segment, book-to-bill was 0.3 times. You talked about how that could be strong. How much of the \$300 million Q3 revenue be in the Energy segment was attributable to a pull forward of demand timing? And what do you think Q4 Energy revenue looks like? You talked about bookings, but let's talk about the revenue now. Thanks, guys.

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

A

Yeah, the pull forward on revenue was at least \$100 million. And I don't have the exact numbers in front of me right now, but I know there was comfortably \$100-plus million of revenue that was pulled forward that led to the EBITDA pull forward as well. Revenue for Q4, I've got a ballpark number of about \$1.2 billion for Energy in Q4.

Operator: We'll take our next question from Sangita Jain at KeyBanc Capital Markets.

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Yes. Hi. Good morning. Thanks for taking my question. So, I know we have discussed a lot about the renewables bookings being pushed out. Can we talk about the gas generation bookings, maybe how the funnel of opportunities look there and if there were any delays in bookings in that subsegment?

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Sure, Sangita. Thanks for the question again. Yeah, there was a little bit that kept being pushed out. Remember, we're trying to work with our customers to get that price – that fixed price. And some of the delays relative to some of the materials that needed it in the project, getting firm pricing and things like that kind of push them a little bit to the right on us. But as Ken mentioned, we're seeing those now become bookings. And so, again, I'm seeing that delay in some of those bookings getting behind us, especially in Q4. And then we're still looking at fairly strong bookings in Q1 and Q2 also.

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Got it. And then on the comment in your press release about weather impacting some of your projects in 3Q, are those projects all done or should we expect more kind of like margin leakage from those into 4Q?

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

Yeah. Sangita, I think the – so the short answer is not all the projects are done. It was pretty heavily focused on the pipeline part of our business and just a couple of projects there. As those projects finish in Q4 burn off, we may have a little bit of margin drag in Q4, but that should be it.

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

All right. Great. Thanks. I'll come back.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Thanks, Sangita.

Operator: Next, we'll move to Lee Jagoda at CJS Securities.

Lee Jagoda

Analyst, CJS Securities, Inc.

Hey. Good morning. I guess for starters, Dave, it was fun the second time around. And if Koti's listening, he's going to have to work on his Southern accent a little bit.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

I agree, Lee. I agree.

Lee Jagoda

Analyst, CJS Securities, Inc.

Q

If we can start with the Utility side of the business, you've had four straight quarters of double-digit top line organic growth. And obviously, the backlog both on a year-over-year basis and a sequential basis has improved somewhere between 10% and 20%, depending on which metrics you're looking at. If you're sitting here today, how sustainable is that double-digit organic growth on the Utility side as we move not just into Q4 but as we look out into 2026?

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

Well, let me start out and then I'll let Ken add some more color as he sees fit. We did increase our range for those utilities between that 10% and 12% for the year, as you know. We mentioned that last time. I do think those are sustainable going in. The demand, as you've seen, Lee, has been pretty strong in our Utility segment. We're still seeing good build outs on the communication side and the utilities, good build outs on the gas side – gas utility side of it. So I would say that I'm still feeling pretty comfortable that we can maintain those.

Lee Jagoda

Analyst, CJS Securities, Inc.

Q

Well, that's just on the margin side, that 10% to 12%. I'm more talking on the revenue side.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

Okay.

Lee Jagoda

Analyst, CJS Securities, Inc.

Q

You've done 10%-plus over the last four quarters in a row.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

Okay. I thought...

[indiscernible] (00:26:40)

Lee Jagoda

Analyst, CJS Securities, Inc.

Q

No, no, no. On growth.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

Okay. Okay. On the top line, yeah, the revenue growth has been strongly aided by the gas and communication strength that we're seeing. And again, we're still seeing just on the revenue side, a tremendous demand out there for our services, continuing to build teams, continuing to train personnel. So I still see that as a pretty strong market for us to continue to grow in.

Lee Jagoda

Analyst, CJS Securities, Inc.

Q

And then one more and I'll hop back in the queue here. So, Ken, I think you mentioned [ph] \$9 million (00:27:14) of pull forward year-to-date in Energy. And as we continue to pull forward, some of that's got to come from the future beyond 2025. So, despite all these large bookings, and I guess, under the framework we had been expecting \$300-ish million of revenue improvement from Energy each of the next couple of years, how does that set up for revenue growth within the Energy segment and renewables specifically in 2026?

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

A

Yeah. Look, the vast majority of that is in the renewables business. So, as we started talking about last quarter, I think our revenue growth is going to be much less for renewables going into 2026, probably couple of hundred million or something like that is my best guess right now. We're still firming up our 2026 numbers. Where we see the revenue growth opportunity still remaining strong, though, going into 2026 is in our industrial part of our business, predominantly the gas generation that we've been talking about and in pipeline. Despite some of the margin issues we experienced this quarter, pipeline – the pipeline opportunities for revenue growth are pretty significant right now. So we could see \$100 million to \$200 million of revenue growth just in pipeline alone going into next year.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

Yeah. And, Lee, I would add one more thing on Ken's comments. The kind of pipeline projects we're looking at now really down the fairway for us through the larger diameter pipeline project. So I feel like we'll perform better on those in the future than what we've been struggling with on some of the work that we've seen over this last year or so.

Lee Jagoda

Analyst, CJS Securities, Inc.

Q

Great. Thanks.

Operator: We'll take our next question from Julien Dumoulin-Smith at Jefferies.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Q

Hey. Good morning to you. Thanks, guys, very much. Appreciate the opportunity to connect here. Koti, welcome to the crew and it's been a pleasure otherwise. Look, let me – if I can come back to what you were saying just a second ago, what's like the rate of growth there on the pipeline side of the business? I mean, it seems like what you just said a moment ago implies a pretty steep ramp versus where you're starting. And then also maybe to go back to another comment from earlier, given some of the delay in just booking some of these renewable projects, for instance, what does that say about the cadence of revenue growth here over the next few years on renewables? Is it more backend-weighted to 2027, 2028 versus 2026, or how would you set expectations? I think you guys used to have those long-term renewable revenue growth targets.

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

A

Yeah. So I'll go in reverse order. On the renewable side, look, I think the cadence is actually coming down for 2026, as I mentioned. And then we're looking for kind of a return to normal going into 2027 and 2028. The softness in 2026 is pretty heavily driven by the delay in bookings for renewables tied to all the noise that we've had this year. The good news is – as we've been talking about is that funnel is as strong as ever and our customer base is – has a lot of projects they want us to build. Then switching back to your first question on pipeline, pipelines right now in 2025 are \$300 million to \$350 million revenue business for us. So all it takes is one or two of those projects Dave was talking about for it to jump \$100 million to \$150 million going into 2026.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Q

And then just given the size of those businesses there, what does that do [ph] for operating – for margins here in operating margins and certainly as (00:30:55) you think about scaling up on that front, especially – well, I'll leave it there.

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

A

Yeah, I mean, nothing really on the renewable side since it's already a fairly scaled business. On the pipeline side, that's where there's some margin accretion opportunity going into 2026 as we get that business back up to scale.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

And, Julien, my comment also add and I've added it each time, is on the pipeline side of business, those book and burn very quickly. So they'll – usually what you book in one quarter you're going to burn over the next three to four quarters. So it's – it burns very quickly.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Q

Yeah, [ph] absolutely (00:31:35). I hear you. Excellent. Actually, just to clarify your earlier comment, do you think it's a top of the cycle in 2028, or are you seeing incremental interest in 2029 and 2030 given the safe harbor comments you made there? Does it stay at that 2028 level or even compound?

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

A

I don't know if it compounds, but yeah, we expect strong bookings and revenue kind of through the end of the Safe Harbor period.

Julien Dumoulin-Smith

Analyst, Jefferies LLC

Q

Okay. Excellent. Thank you for clarifying that. I appreciate the forward look [ph] there (00:32:02).

Operator: Next, we'll move to Joseph Osha at Guggenheim Partners.

Joseph Osha

Analyst, Guggenheim Securities LLC (Research)

Q

Hi. Thank you. First, David, congratulations on your interim stewardship here. It's been great working with you. Just two questions. Just following up a bit on Julien's question. Are you guys seeing any or do you think you're going to see any attempt to surge solar completions in 2027 as people try and get in under this placed in service deadline, or is there enough Safe Harbor that that just doesn't matter? And then I have a follow up. Thanks.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

Yeah, Joe, on the Safe Harbor side, no, we've got – all of our customers are telling us they've got enough Safe Harbor that they don't see any issues with that.

Joseph Osha

Analyst, Guggenheim Securities LLC (Research)

Q

All right. So no kind of [ph] 27 (00:32:57) surge that you see. Everybody is just plowing ahead because they've got enough Safe Harbor.

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

A

Correct.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

Correct.

Joseph Osha

Analyst, Guggenheim Securities LLC (Research)

Q

And then you guys have talked a little bit about some of the single-cycle gas business you've got in particular behind the fence. I think you said Stargate. I'm just wondering, as you think about your single-cycle gas business going forward, how does that break down between kind of traditional front of the meter peaker and some of these opportunities sitting next to the data centers inside the fence? And how big could that get? Thank you.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

Well, yeah, we're currently working on about four projects, not all of them in data centers, but we all – we're obviously working on Stargate. We've been awarded and it's been announced also that we're starting to do the power gen side on the Fermi project and one up there in the Amarillo, Texas area. And so, that market for us on the simple cycle can continue to grow. In fact, we built out several teams getting ready for that surge and we see a tremendous funnel of opportunities in front of us. I'll let Ken kind of mention a number in a moment because we've looked at potentially how big we think that that revenue could get in that market for us next year.

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

A

Yeah. Joe, I think next year, we grow top line \$100 million to \$150 million easily, maybe with little upside to that. And, just to kind of firm up, what David was saying, there's a lot of moving pieces right now, but going forward, I think it's probably going to be about a third behind the meter. That's a ballpark number and two-thirds, standalone, more brownfield sites that are just either merchant or contracted.

Joseph Osha

Analyst, Guggenheim Securities LLC (Research)

Q

Okay. And, guys, can I ask one very quick follow up? I'm really sorry. As you look at turbine supply, are you finding you have to kind of go to sort of [ph] CAT or Atlas Copco (00:35:04) or something or are you able to do – are your customers able to get turbines from the [ph] big three (00:35:11)? Thank you.

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

A

They're getting them from the [ph] big three and from CAT (00:35:12) and others. So it depends on the type of turbines and size of turbines they're getting and where they are in the stack.

Joseph Osha

Analyst, Guggenheim Securities LLC (Research)

Q

Okay. Thanks, guys.

Operator: And next, we'll go to Brent Thielmann at D.A. Davidson.

Brent Thielman

Analyst, D.A. Davidson & Co.

Q

Hey. Thanks. Good morning, guys. Hey, question on the Utility backlog growth has been pretty notable. Looks like power delivery, a decent part of that this year. And, I guess, my question Ken is, as we think about that becoming potentially a bigger piece of the segment as you convert that business, why wouldn't it be accretive to the margin profile as we look out 12, 24-plus months?

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

A

Yeah. it will be accretive to the margin profile, especially as we continue to build out our project capabilities that we've talked about, a big chunk of the backlog growth that we've seen thus far has been really on the distribution side, which tends to be a little bit lower margin for us. But the project work is coming and it is growing. Some of it's going to be done within the MSAs and some of those can be done outside the MSAs.

Brent Thielman

Analyst, D.A. Davidson & Co.

Q

Got it. And, David, since I think you commented on it, but the relationship with Fermi, is there portion of that already in the backlog? Is there more to come? If you could just expand on that, that'd be great.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

A

No, it wasn't in the backlog. We were awarded on a LNTP. It'll be in Q4 backlog. So that was part of the projects I was mentioning that we just got awarded in Q4.

Brent Thielman

Analyst, D.A. Davidson & Co.

Q

Got it. Okay. Thanks, guys.

Operator: We'll go next to Sean Milligan at Needham.

Sean Milligan

Analyst, Needham & Co. LLC

Hey, thank you, guys, for taking the questions. Two questions. The first one real quick on the gas power side and margin expectations there. As you grow that business, do we think about margins being accretive to Energy margins on the gross side?

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Yes. But...

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

They will be accretive.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Yeah.

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

They're running at the upper end of that 10% to 12% range.

Sean Milligan

Analyst, Needham & Co. LLC

Okay. Great. And then on the data center piece, I know last quarter, you kind of outlined some of the pipeline there and the bids you had outstanding. And you commented that it's mostly outside the box work. Curious about sort, as you transition 2026, 2027, are you looking at getting inside the box? Can you do that organically by maybe repositioning teams, or do you need to do that inorganically?

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

To answer your question, yes, we are looking at getting inside the box. That was one of the strategic initiatives that we put underway that might be a nice type of an acquisition. But from an organic standpoint, we could limitedly get into that. That's probably not the most optimum route for us to get inside that box, and so that's why we're – we've got that is a strategic from an acquisition perspective.

Sean Milligan

Analyst, Needham & Co. LLC

Great. Thank you for the time.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Thank you.

Operator: We'll move next to Adam Thalhimer at Thompson Davis.

Adam Robert Thalhimer

Analyst, Thompson Davis & Co., Inc.

Hey. Good morning, guys. Heck of a beat in Q3. Congrats.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Thanks, Adam.

Adam Robert Thalhimer

Analyst, Thompson Davis & Co., Inc.

I wanted to ask what you are seeing in the pipeline bidding market and what the potential for Primoris could be there in 2026?

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Wow. Well, let me mention this way. You know, I was looking at sales information the other day, some marketing data and where we might have been seeing and I mentioned this on my call, where we might have been seeing \$200 million type of opportunities for us for several quarters. That thing has now went to well over \$1 billion to \$2 billion-plus types of opportunities and our funnel for the pipeline side. We are optimistic that we might be able to close some pipeline projects as early as Q4 and then also some additional ones coming in that Q1, Q2. So, as I mentioned in the comments, what was a headwind has rapidly turned to a tailwind. And we're being selective on which ones we actually want to go after to obviously produce the best margin performance we can.

Adam Robert Thalhimer

Analyst, Thompson Davis & Co., Inc.

Sounds great. And then in the prepared comments, you also mentioned, I think it was a couple hundred million of projects for the next couple of quarters, broadband expansion and major network buildouts. I was hoping you could expand on that also?

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Yeah. We are seeing more of that. You know, there's a lot of – in the data center side, there's a lot of fiber in the data center to getting it to the fiber networks. The fiber-to-home is going to slow down a little bit, but we are seeing a tremendous ramp up in the other types of fiber network build out. So that's looking positive for us to grow that business again next year.

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

Yeah. Adam, [ph] that's the (00:40:29) fiber loop we've been talking about, the data loops and then also the middle-mile stuff that we started doing.

Adam Robert Thalhimer

Analyst, Thompson Davis & Co., Inc.

Okay. And the last one for me was just like your traditional civil business. What kind of trends you're seeing there, demand trends?

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

I love that question because, our groups have done a tremendous job in making that unit a very profitable business unit for us. We kept the revenue top line in that – Ken, do you want to mention it?

Kenneth M. Dodgen

Chief Financial Officer & Executive Vice President, Primoris Services Corp.

Revenue, yeah – yeah, Adam, the revenue has been just kind of gradually growing like \$30 million a year. We'll do \$550 million to \$575 million this year. Next year, we'll probably do \$600 million to \$625 million or something like that. As we talked about, it's just a good solid [ph] cash flow (00:41:15) for us. It's generating very good margins and we just kind of let it run its thing.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

The teams that we've got right now, Adam, are performing extremely well in the markets they're in. And like I say, we'll grow the top line a little bit each year and just making sure that that teams can continue to handle and build out is necessary to keep those margins where we want them. So it's really controlling the margin level more than it is the top line.

Adam Robert Thalhimer

Analyst, Thompson Davis & Co., Inc.

Great color. Thanks, guys.

Operator: [Operator Instructions] Next, we'll go to Avi Jaroslawicz at UBS.

Avinatan Jaroslawicz

Analyst, UBS Securities LLC

Hey, good morning, guys.

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

Good morning.

Avinatan Jaroslawicz

Analyst, UBS Securities LLC

So just in terms of the timing delays of signing awards in Energy, was that pretty even across the verticals or was there noise that led to more delays for renewables or pipelines just around the tariff cost uncertainty or were there other factors?

David L. King

Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.

I'll start out and Ken can add as he needs to. But I would tell you it's more on the renewable side. As we were looking – as you know, all that noise that we were getting out there on the One Big Beautiful Bill and the tariffs, it was causing some of our customers to look at a lot of different supply chains, which meant that we had to redo some engineering and look at – before we could really firm up our cost to them. And so it wasn't a matter I think I said on my earnings call that we lost any projects or any projects were delayed – not delayed, but any projects were cancelled. It was a matter of, we needed that extra timing and so did our customers to get the right supply chain in so we could firm up the price and get ready to sign those projects. And then indeed, that's what we're talking about happening in Q4 and then also in Q1.

Avinatan Jaroslawicz*Analyst, UBS Securities LLC*

Q

Okay. Got it. And then, Ken, I think you noted that good weather in Q4 could allow you to hit the upper end of guidance. Is there anything that could push you above the upper end, and how are you thinking about that? And also, do you have any storm restoration work in Q4 embedded in the guidance?

Kenneth M. Dodgen*Chief Financial Officer & Executive Vice President, Primoris Services Corp.*

A

Yeah. We never put storm restoration in any of our forecast, so there's none in there. And then, look, to the upside, it's going to be a weather issue, it's going to be project closeouts, other things like that that'll drive us to the upper end.

Avinatan Jaroslawicz*Analyst, UBS Securities LLC*

Q

Okay. Great. Thank you, guys.

Kenneth M. Dodgen*Chief Financial Officer & Executive Vice President, Primoris Services Corp.*

A

Thanks.

Operator: And that concludes our Q&A session. I will now turn the conference back over to David King for closing remarks.

David L. King*Chairman, President & Interim Chief Executive Officer, Primoris Services Corp.*

Thank you for your questions and interest in Primoris. We are pleased with our third quarter and year-to-date results and look forward to carrying this momentum the remainder of the year and into 2026. Thank you and we look forward to updating you next quarter.

Operator: And this concludes today's conference call. Thank you for your participation. You may now disconnect.

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