MasTec to Acquire Henkels & McCoy, a Premier Utility Services Provider

December 20, 2021

- One of Largest and Oldest Private Power Transmission & Distribution Providers in the U.S., in Operation for over 98 years
- Acquisition Adds Significant Crew and Equipment Resource Capacity in Growing Utility Services Markets
- Long-tenured, Blue Chip Customer Base with Approximately 70% Recurring MSA Revenue
- Complementary Service Footprint Expands MasTec's Geographical and Customer Reach
- Strong Cultural Alignment and Experienced Leadership Team

CORAL GABLES, Fla., Dec. 20, 2021 /PRNewswire/ -- MasTec, Inc. (NYSE: MTZ) today announced that it has entered into a definitive agreement to acquire Henkels & McCoy Group Inc. (Henkels), one of the largest U.S. private electrical power transmission and distribution utility services firm and the 14th largest U.S. specialty contractor according to the recent 2021 Engineering News-Record ranking. Founded in 1923, Henkels has been in operation for over 98 years, with approximately $1.5 billion in fiscal 2021 revenue primarily with long tenured relationships across a diverse blue chip customer base, with expansive geographic operations across the United States.

Jose Mas, MasTec's Chief Executive Officer, commented, "First of all, we look forward to welcoming almost 5,100 Henkels team members to the MasTec family. Henkels' operating excellence is well known in the industry, and together with MasTec, our expanded resources and footprint will help serve expected significant growth demand in the utility sector. Culture in a services operation is critical, and both Henkels and MasTec have proud traditions as family businesses, with a strong focus on safety and customer service. We believe that Henkels' expertise, scale and capacity, when combined with our existing operations, will provide a compelling suite of service offerings to support our customers' needs as they work to transition to renewable energy generation, modernize power grid systems and reduce carbon emissions."

Rod Henkels, Chairman and Chief Executive Officer of Henkels, commented, "As a third generation, family-owned company, we carefully evaluated multiple alternatives for our operations. Our choice of MasTec was based on the strong cultural fit for both our loyal employees and long-term customers. In addition, we believe that MasTec provides significant strategic growth opportunities and, as evidence of our strong belief in the merits of this combination, my brother Paul and I have requested, and will receive, a significant portion of the proceeds of the transaction in MasTec common stock."

Total transaction consideration will be $600 million, with approximately $420 million in cash (including the repayment of Henkels' debt) plus approximately 2 million shares of MasTec common stock, subject to customary purchase price adjustments. Cash will be provided by MasTec's cash on hand as well as borrowing under its existing unsecured credit facility. MasTec anticipates that post-acquisition leverage metrics will remain comfortably within its target range with ample liquidity.

The transaction supports MasTec's long-term strategy to expand in the fast-growing electric utility services market with incremental recurring master service agreement revenue. While it is expected that significant revenue and operating margin opportunities will materialize from this combination, none of these potential opportunities are included in the current expectation that Henkels' 2022 results will approximate its fiscal 2021 results at approximately $1.5 billion in revenue and $70 million in adjusted EBITDA[1]. Both actual fiscal 2021 and expected post-acquisition 2022 results reflect impacts of underperforming communications and pipeline services operations, which are anticipated to improve over time.

The transaction has been unanimously approved by the Board of Directors of both MasTec and Henkels, as well as Henkels' shareholders, and is expected to close by year end 2021, subject to receiving required Hart-Scott-Rodino approvals and the satisfaction of other customary closing conditions.

Holland & Knight LLP acted as legal counsel to MasTec. Houlihan Lokey served as exclusive financial advisor, and Sidley Austin LLP served as legal counsel, to Henkels.

Conference Call Information:

In conjunction with this announcement, MasTec has scheduled a conference call for this morning, December 20, 2021, at 9:00 a.m. Eastern Time, which will also be broadcast live over the Internet. MasTec will utilize a slide presentation to accompany its prepared remarks, which will be viewable through the webcast and will also be available in the "Events and Presentations" area of the "Investors" section of MasTec's website prior to the start of the call. To participate in the call, dial (856) 344-9290 or (800) 458-4121 at least 10 minutes before the conference call begins and ask for the MasTec call using conference code 7713001. You may also visit the Investor Relations section of the MasTec website at https://investors.mastec.com/events-presentations to access the Internet broadcast. For those who cannot participate live, a recording will be available on the company's website for approximately 30 days by dialing (719) 457-0820 and referencing the same conference code.

[1] Reconciliation of fiscal year 2021 non-GAAP measure is included in this release Reconciliations of fiscal year 2022 forward-looking financial

measures included in this presentation that are non- U.S. GAAP financial measures to the corresponding GAAP financial measures are not included, due to variability and difficulty in making accurate forecasts and projections, particularly in light of potential changes in Henkels' operations following its acquisition, as well as, because certain information is not currently ascertainable or accessible, and because not all of the information necessary for a quantitative reconciliation of these forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures is available to us without unreasonable efforts. For the same reasons, we are unable to address the probable significance of the unavailable information, nor can we accurately predict all of the components of the applicable non-GAAP financial measures and reconciling adjustments thereto; accordingly, the corresponding GAAP measures may be materially different than the non-GAAP measures. Non-GAAP measures should not be considered in isolation from, as a substitute for, or alternative measure of, GAAP net income and should be reviewed in conjunction with the provided reconciliation thereto. Such forward looking information is also subject to uncertainty and various risks, including those set forth in the risk factors discussed below, and there can be no assurance that any forecasted results or conditions will actually be achieved.

Henkels & McCoy Group, Inc.
Supplemental Disclosures and Reconciliation of Non-GAAP Disclosures
(unaudited - in millions)

	Year Ended September 30, 2021	
EBITDA and Adjusted EBITDA Reconciliation		
Net income	**$**	**10.4**
Interest expense, net		3.7
Provision for income taxes		3.2
Depreciation and amortization		44.3
GAAP EBITDA	**$**	**61.6**
Non-cash and one-time costs		8.4
Adjusted EBITDA	**$**	**70.0**

MasTec, Inc. is a leading infrastructure construction company operating mainly throughout North America across a range of industries. The Company's primary activities include the engineering, building, installation, maintenance and upgrade of utility, communications, and other infrastructure, such as: electric power transmission and distribution, wireless, wireline/fiber, and customer fulfillment activities; natural gas pipeline and distribution infrastructure; renewable and conventional power generation; heavy civil, and industrial infrastructure. MasTec's customers are primarily in these industries. The Company's corporate website is located at www.mastec.com. The Company's website should be considered as a recognized channel of distribution, and the Company may periodically post important, or supplemental, information regarding contracts, awards or other related news and webcasts on the "Events & Presentations" page in the "Investors" section therein.

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These statements are based on currently available operating, financial, economic and other information, and are subject to a number of significant risks and uncertainties. A variety of factors, many of which are beyond our control, could cause actual future results to differ materially from those projected in the forward-looking statements. Specific factors that might cause such a difference include, but are not limited to: risks related to completed or potential acquisitions, including the acquisition of Henkels & McCoy Group, Inc., as well as the ability to identify suitable acquisition or strategic investment opportunities, to integrate acquired businesses within expected timeframes and to achieve the revenue, cost savings and earnings levels from such acquisitions at or above the levels projected, including the risk of potential asset impairment charges and write-downs of goodwill; risks related to adverse effects of health epidemics and pandemics or other outbreaks of communicable diseases, such as the COVID-19 pandemic, including its effect on supply chain or inflationary issues, as well as, the potential effects of the recently proposed vaccine mandates; market conditions, technological developments, regulatory or policy changes, including permitting processes and tax incentives that affect us or our customers' industries; the effect of federal, local, state, foreign or tax legislation and other regulations affecting the industries we serve and related projects and expenditures; the effect on demand for our services of changes in the amount of capital expenditures by our customers due to, among other things, economic conditions, including potential adverse effects of public health issues, such as the COVID-19 pandemic on economic activity generally, the availability and cost of financing, and customer consolidation in the industries we serve; activity in the industries we serve and the impact on our customers' expenditure levels caused by fluctuations in commodity prices, including for oil, natural gas, electricity and other energy sources; our ability to manage projects effectively and in accordance with our estimates, as well as our ability to accurately estimate the costs associated with our fixed price and other contracts, including any material changes in estimates for completion of projects and estimates of the recoverability of change orders; the timing and extent of fluctuations in operational, geographic and weather factors affecting our customers, projects and the industries in which we operate; the highly competitive nature of our industry and the ability of our customers, including our largest customers, to terminate or reduce the amount of work, or in some cases, the prices paid for services, on short or no notice under our contracts, and/or customer disputes related to our performance of services and the resolution of unapproved change orders; our dependence on a limited number of customers and our ability to replace non-recurring projects with new projects; the effect of state and federal regulatory initiatives, including costs of compliance with existing and potential future safety and environmental requirements, including with respect to climate change; risks associated with potential environmental issues and other hazards from our operations; disputes with, or failures of, our subcontractors to deliver agreed-upon supplies or services in a timely fashion, and the risk of being required to pay our subcontractors even if our customers do not pay us; risks related to our strategic arrangements, including our equity investments; any exposure resulting from system or information technology interruptions or data security breaches; any material changes in estimates for legal costs or case settlements or adverse determinations on any claim, lawsuit or proceeding; the adequacy of our insurance, legal and other reserves; the outcome of our plans for future operations, growth and services, including business development efforts, backlog, acquisitions and dispositions; our ability to maintain a workforce based upon current and anticipated workloads; our ability to attract and retain qualified personnel, key management and skilled employees, including from acquired businesses, and our ability to enforce any noncompetition agreements; fluctuations in fuel, maintenance, materials, labor and other costs; risks associated with volatility of our stock price or any dilution or stock price volatility that shareholders may experience in connection with shares we may issue as consideration for earn-out obligations or as purchase consideration in connection with past or future acquisitions, or as a result of other stock issuances; restrictions imposed by our credit facility, senior notes and any future loans or securities; our ability to obtain performance and surety bonds; risks related to our operations that employ a unionized workforce, including labor availability, productivity and relations, as well as risks associated with multiemployer union pension plans, including underfunding and withdrawal liabilities; risks associated with operating in or expanding into additional international markets, including risks from fluctuations in foreign currencies, foreign labor and general business conditions and risks from failure to comply with laws applicable to our foreign activities and/or governmental policy uncertainty; a small number of our existing shareholders have the ability to influence major corporate decisions; as well as other risks detailed in our filings with the Securities and Exchange Commission. We believe these forward-looking statements are reasonable; however, you should not place undue reliance on any forward-looking statements, which are based on current expectations. Furthermore, forward-looking statements speak only as of the date they are made. If any of these risks or uncertainties materialize, or if any of our underlying assumptions are incorrect, our actual results may differ significantly from the results that we express in, or imply by, any of our forward-looking statements. These and other risks are detailed in our filings with the Securities and Exchange Commission. We do not undertake any obligation to publicly update or revise these forward-looking statements after the date of this press release to reflect future events or circumstances, except as required by applicable law. We qualify any and all of our forward-looking statements by these cautionary factors.

SOURCE MasTec, Inc.

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