



MasTec, Inc.

NYSE: MTZ
12-Month Price Target: \$55.52
Last Close (2/23/24): \$70.91
52-Week High/Low: \$123.33/\$44.65

SELL

22% Downside

RGIP
INVESTMENT GROUP

Max Miller
Isabella Thomsen
Braden Hill
Sugeeth Sathish

Big Bets on Sustainable Infrastructure



Operations by Region



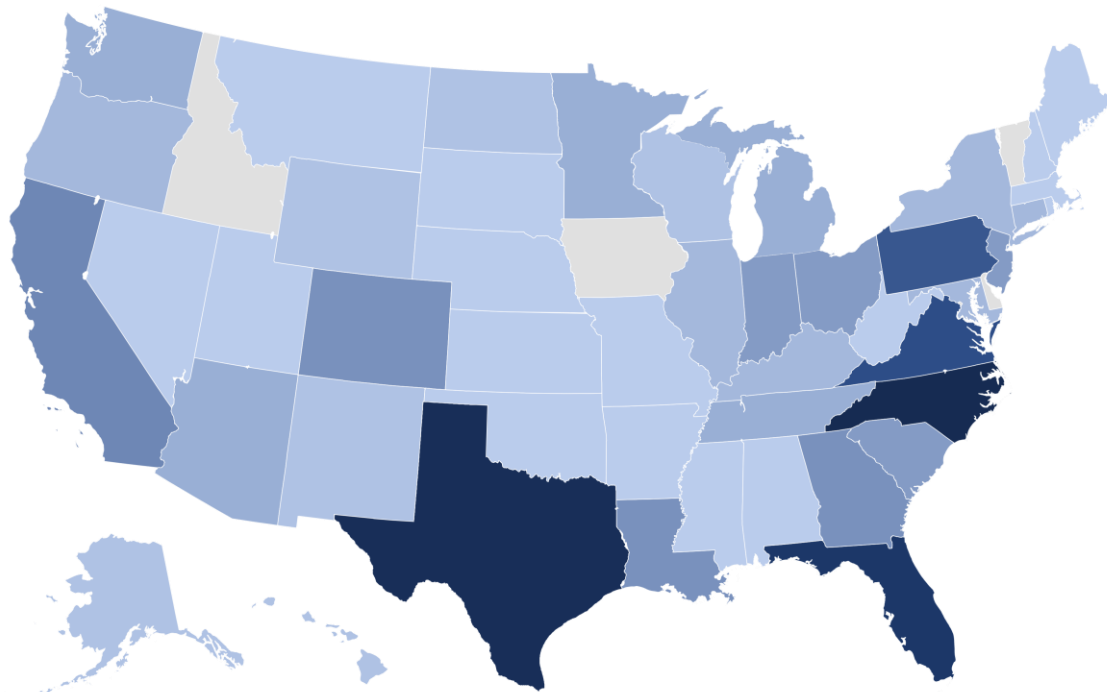
4
Countries



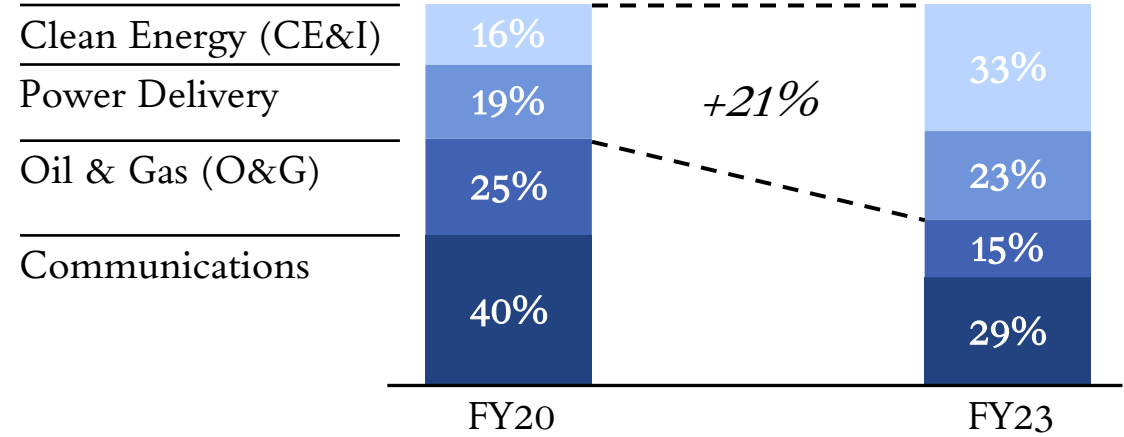
37,000+
Employees



200+
Locations



Shift to Sustainable Infrastructure...



...Through Heightened M&A Activity

\$2.1+ Billion



CE&I
2022 | \$1.1b



Power Delivery
2021 | \$600m

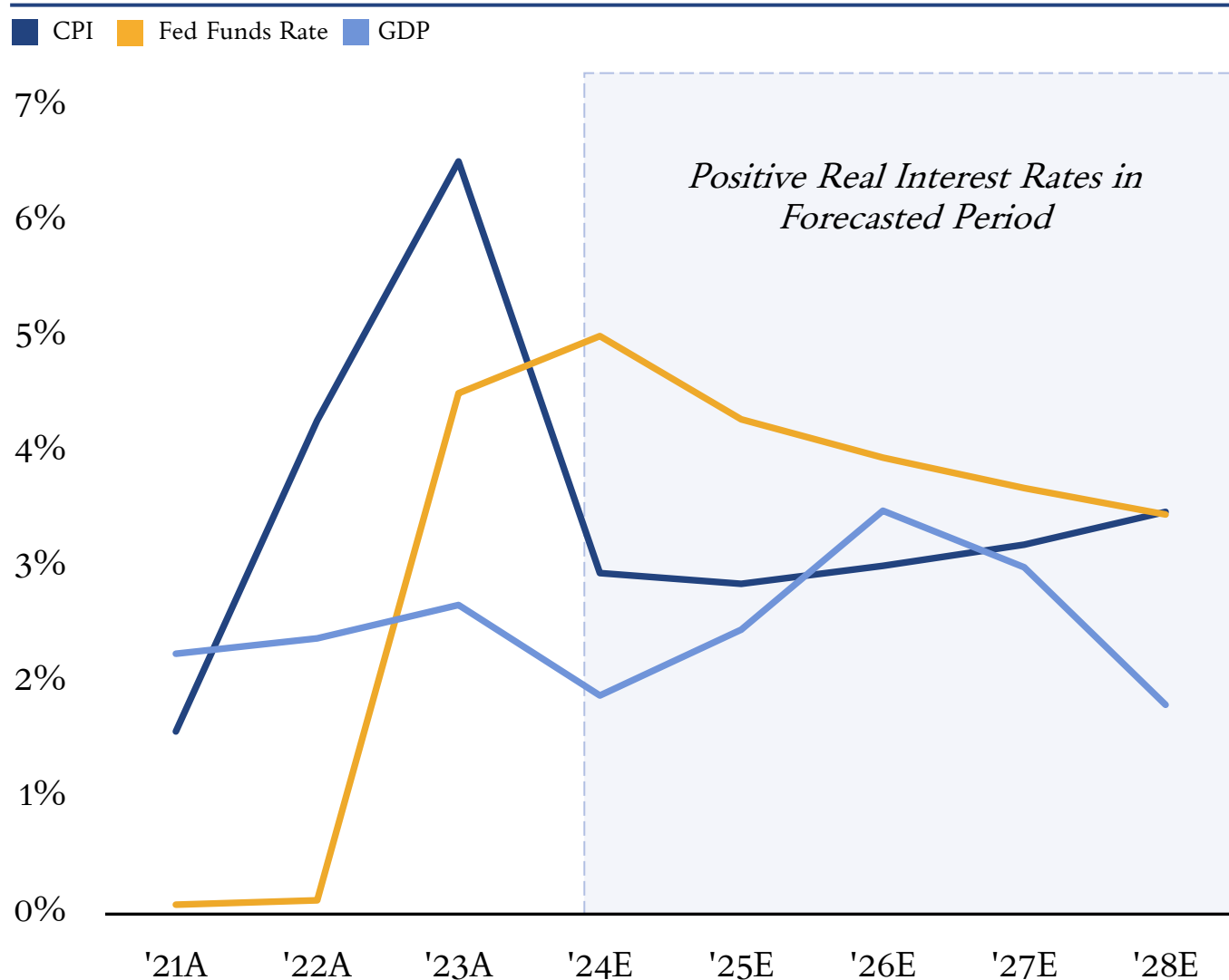


Power Delivery
2021 | \$420m

Higher Interest Rates Curtail Capital Spending



Macro Economic Forecast



Methodology

Techniques



Outputs

Indicators

Statistics

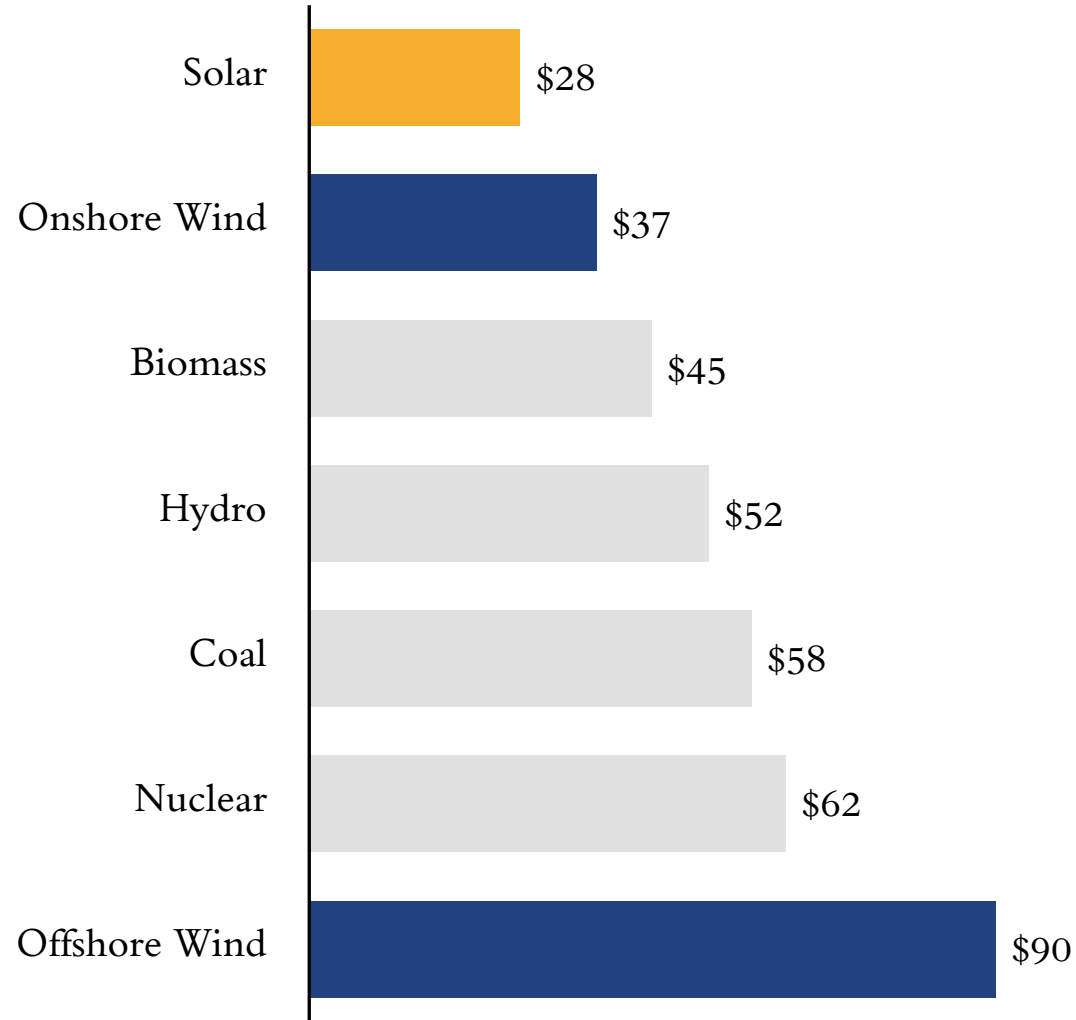
CPI	$R^2: 0.88$
Fed Funds Rate	MSE: 0.21
GDP	MSE: 0.13

Poorly Positioned to Take Advantage of Solar Market



Solar's Inexpensive Levelized Cost of Electricity...

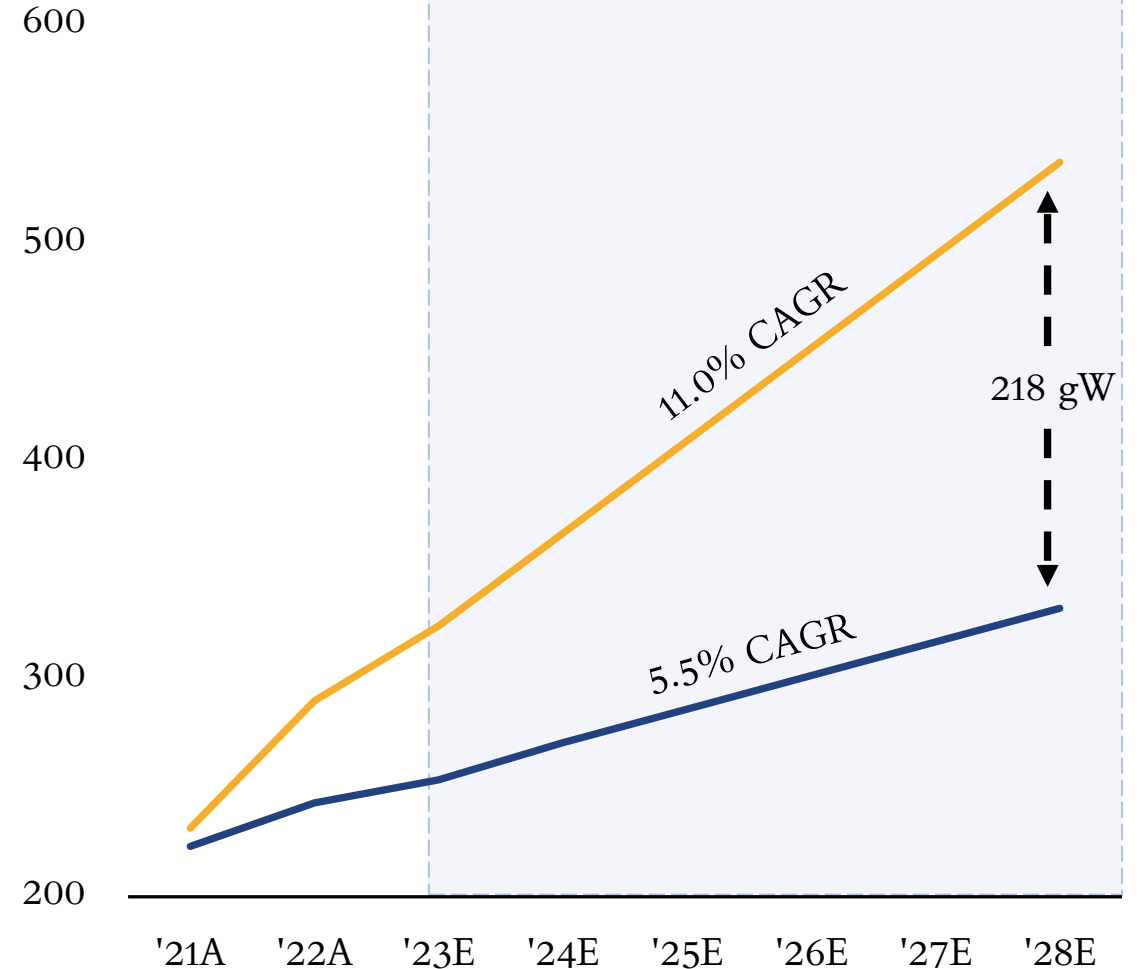
(2028 Projection)



...Leads to Solar Outpacing Wind Capacity Growth

■ Solar Power Capacity ■ Wind Power Capacity

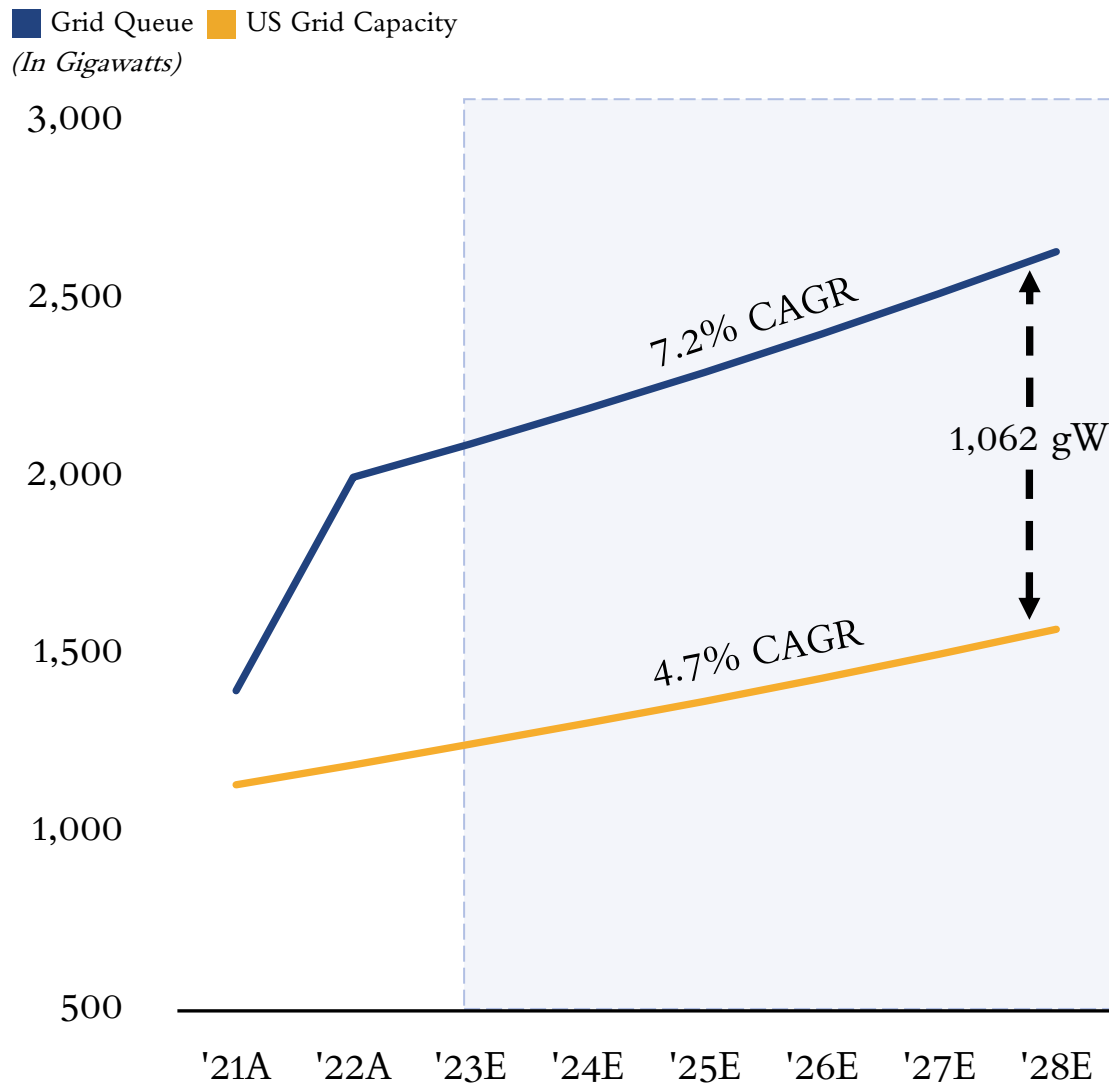
(In Gigawatts)



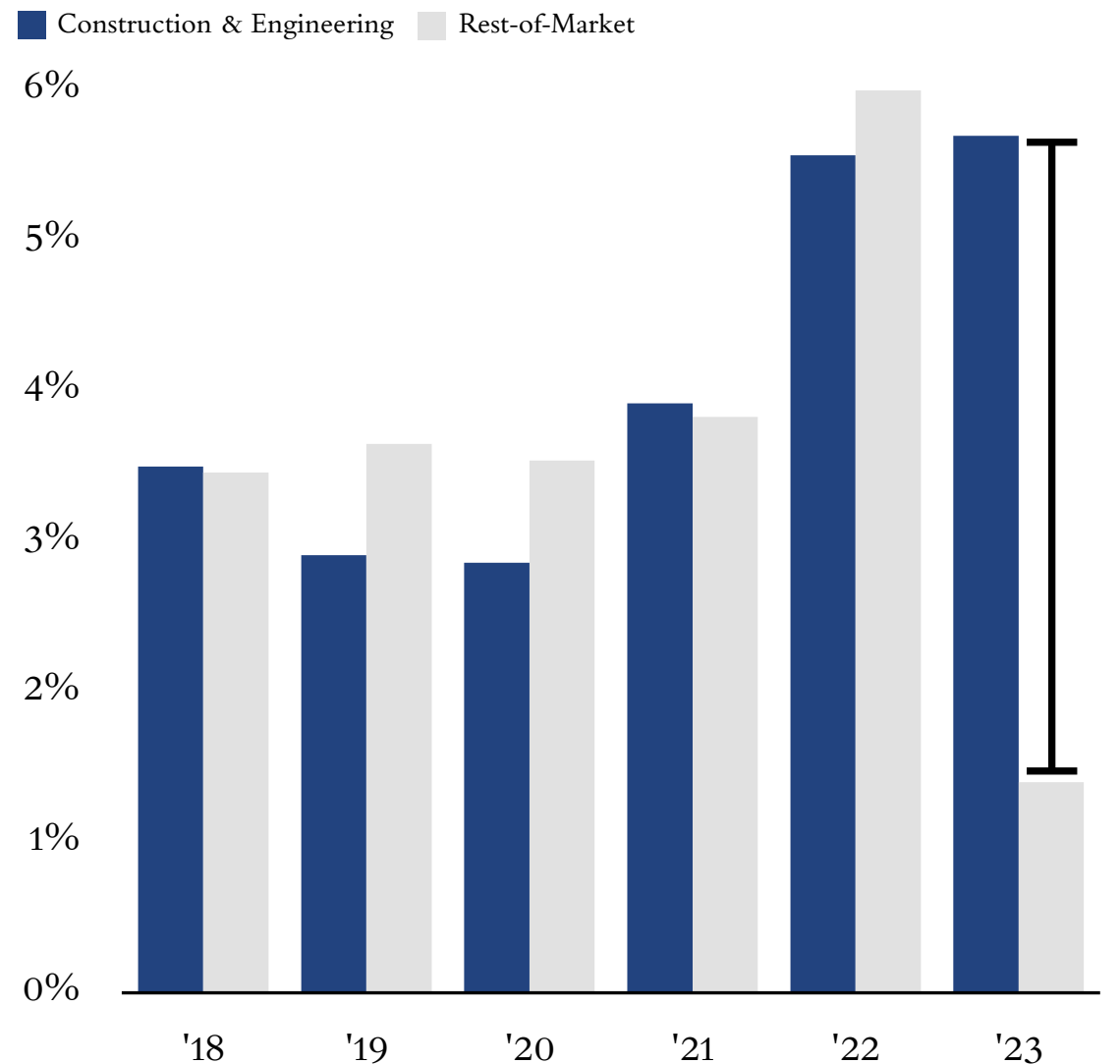
Challenges Persist for MasTec's Operating Capacity



Grid Queue Outpacing Capacity



Labor Shortage Leads to Wage Growth





Environmental, Social, and Governance

Independent ESG Scoring

Environmental Conservation

2.6/10

- High GHG emissions as a percentage of revenue
- Absence of net-zero emissions target & reduction initiatives
- Sustainability efforts only support goals of their clients

Social Responsibility

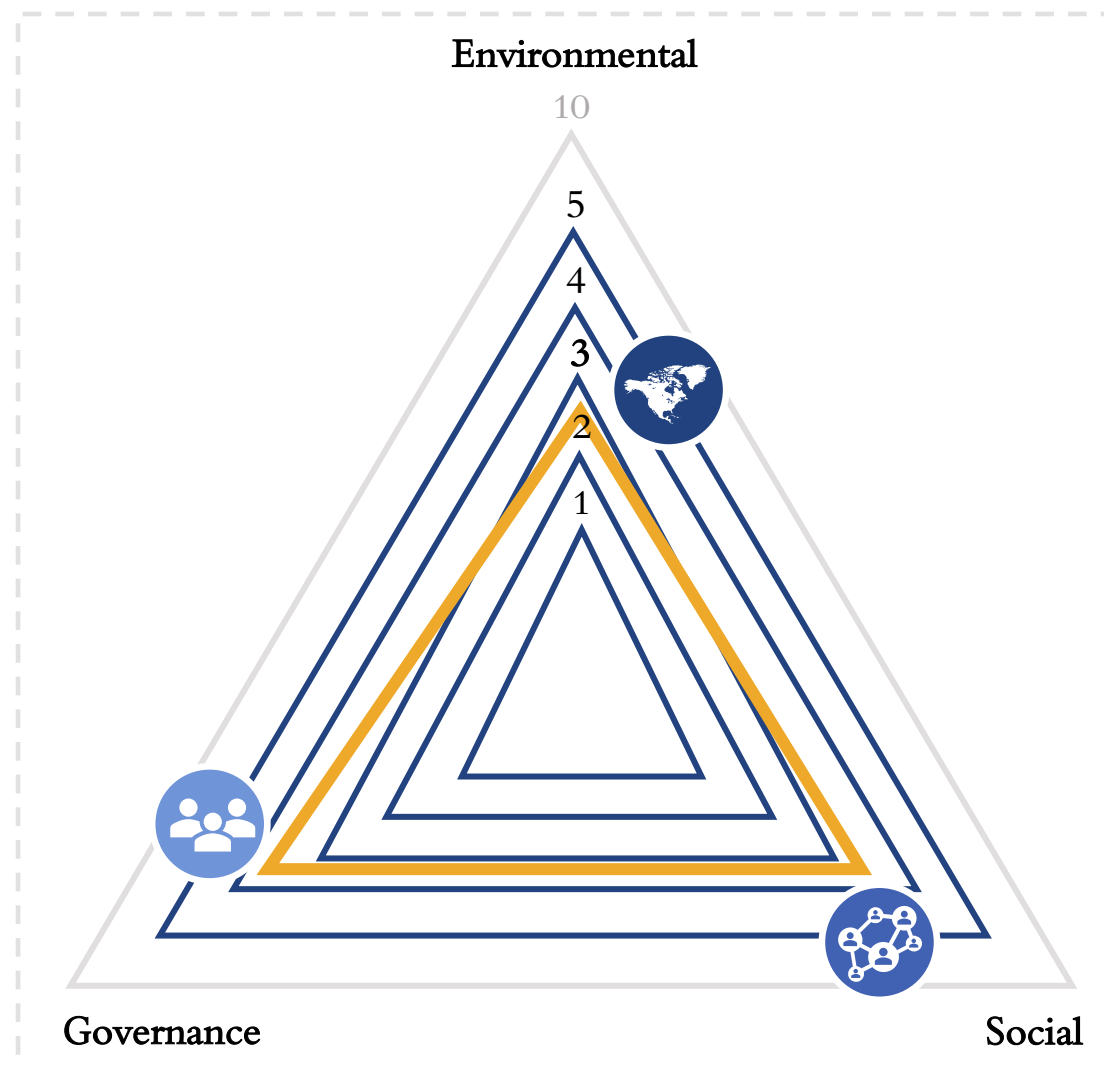
3.2/10

- Women & minorities in management have Decreased YoY
- Low employee satisfaction across multiple segments
- Lackluster natural disaster relief compared to peers

Corporate Governance

3.6/10

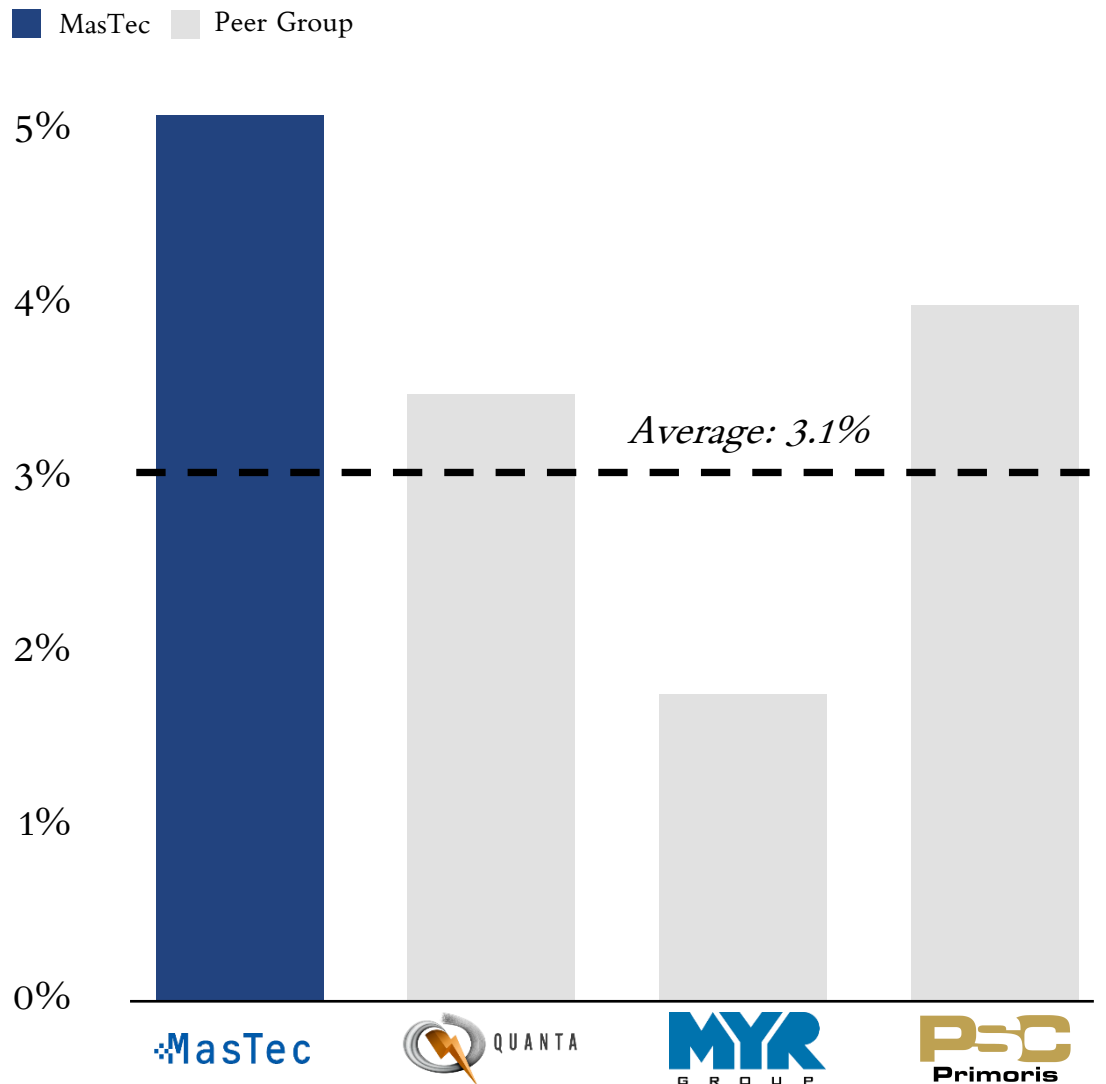
- Average BOD tenure is significantly higher than peers'
- High priority commitments among top management
- Insider investors hold 22% of shares outstanding



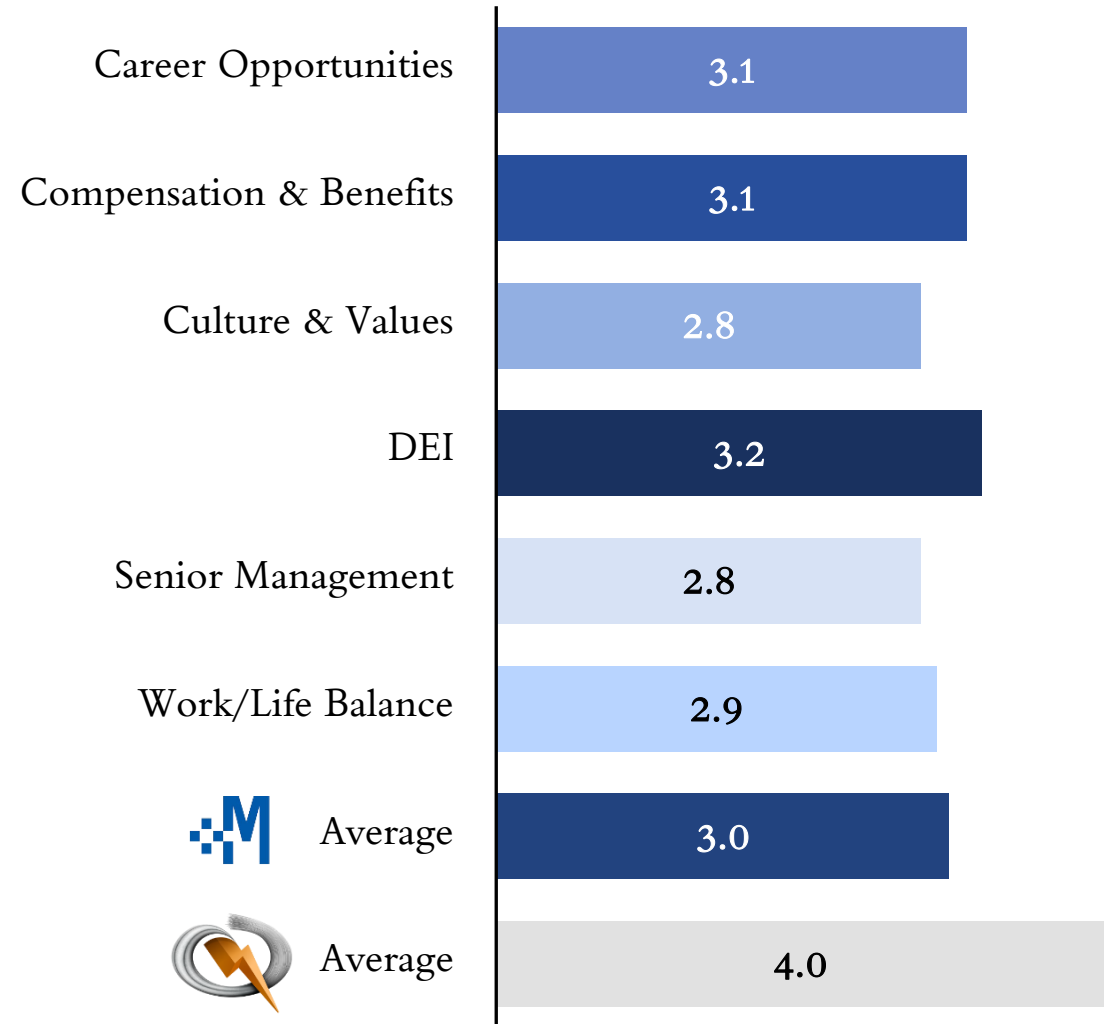
Sustainability & Social Initiatives Appear Lackluster and Undefined



Greenhouse Gas Emissions / Revenue



Employee Workplace Satisfaction



ESG

Scoring

Environmental

Social

Governance

Distracted Management Harms Shareholders



Misalignment of Senior Management's Focus

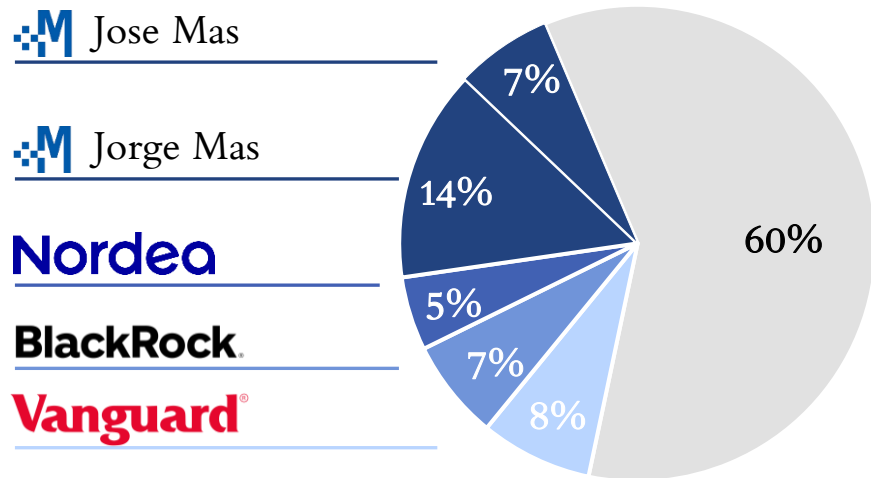
- Co-own, manage, and act as CEO of **Inter Miami CF**

- Played a role in the recent signing of **Lionel Messi**

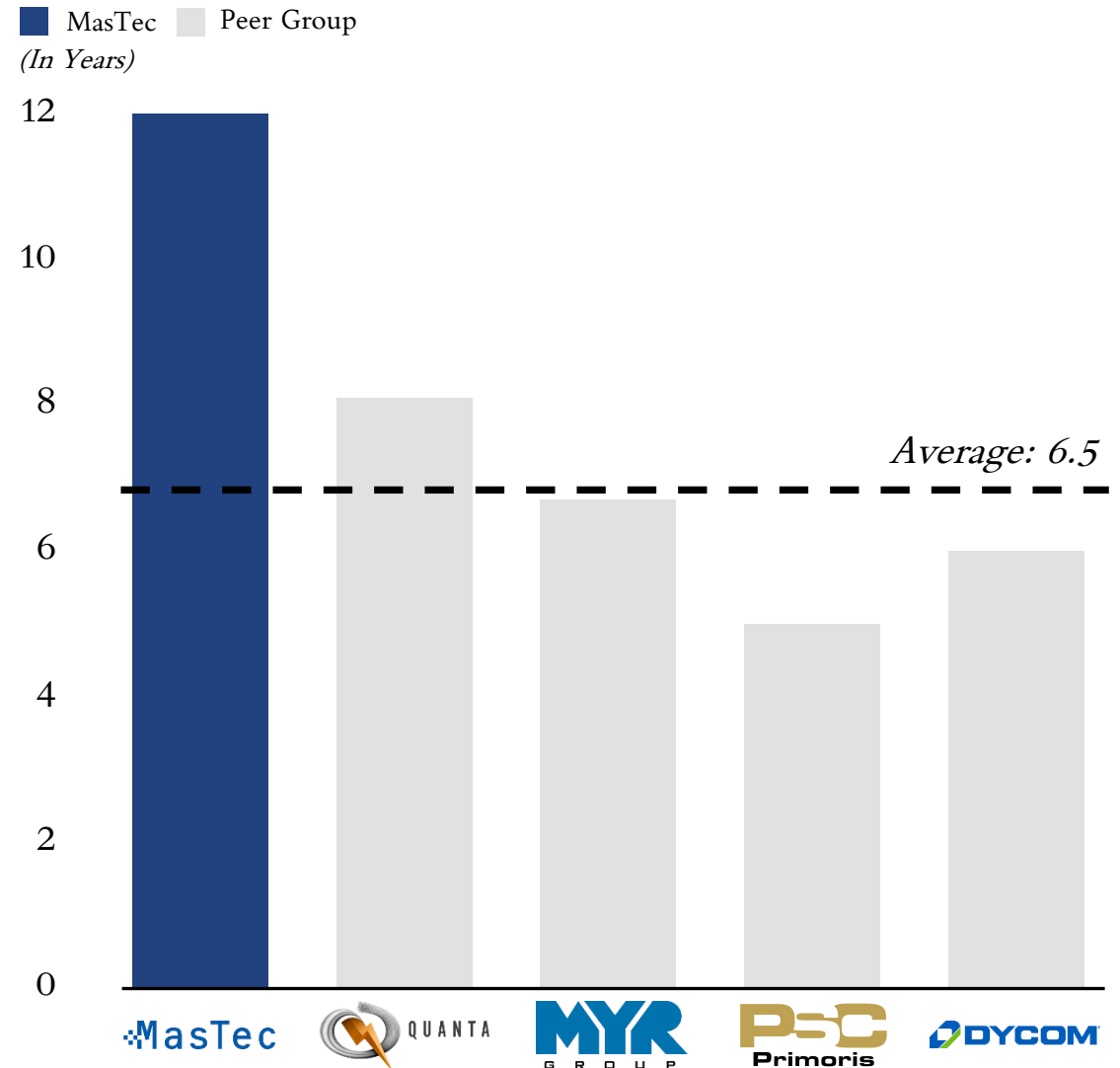
- Own 51% stake in Spain's **Real Zaragoza** Soccer Club

- Existing ownership in **Botafogo**, a Brazilian Soccer Club

MasTec's Top Shareholders



Board of Director Tenure



ESG

Scoring

Environmental

Social

Governance

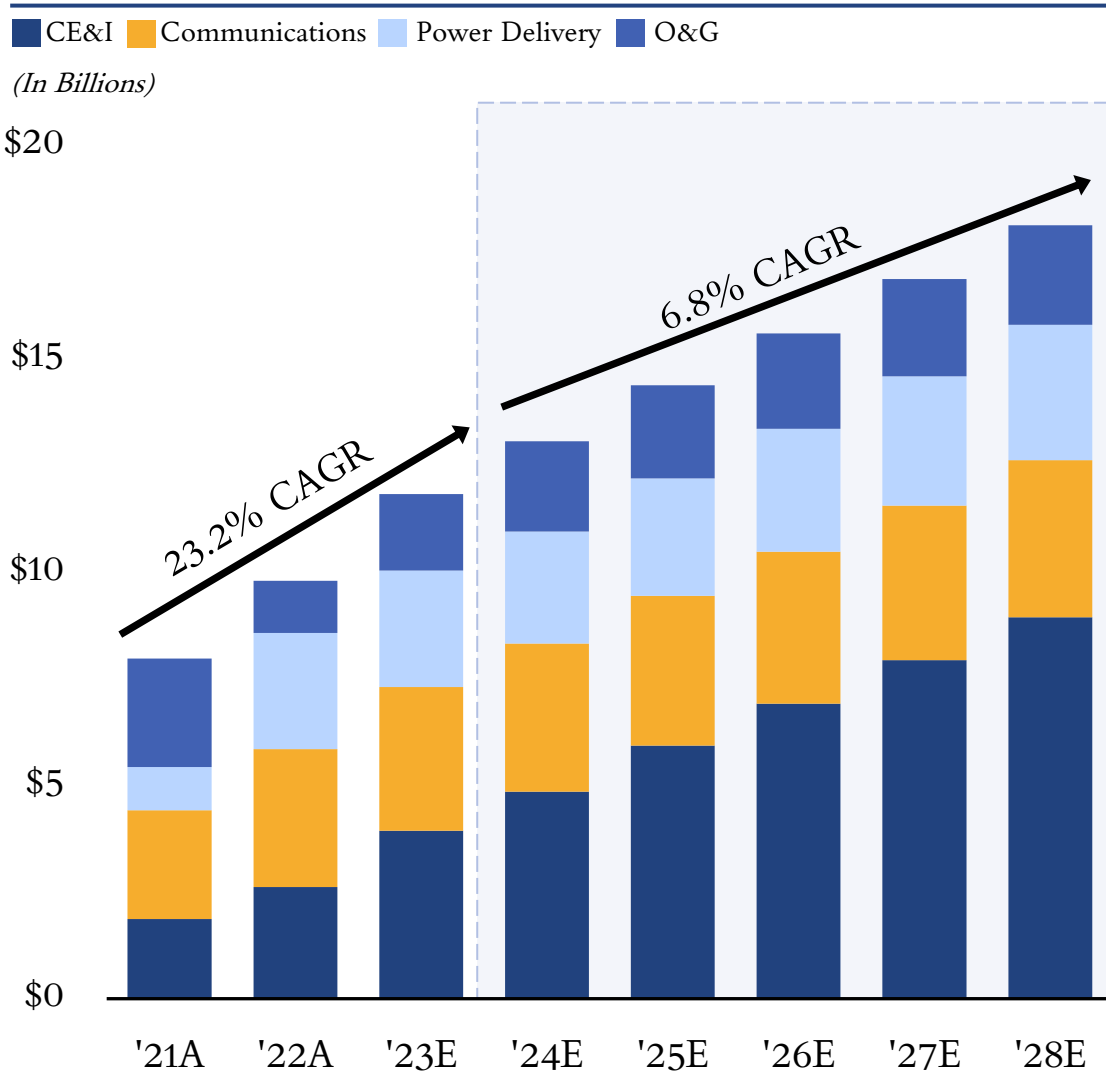


1. Diversification Erodes Revenue

Weakness in Projected Revenues Across all Segments

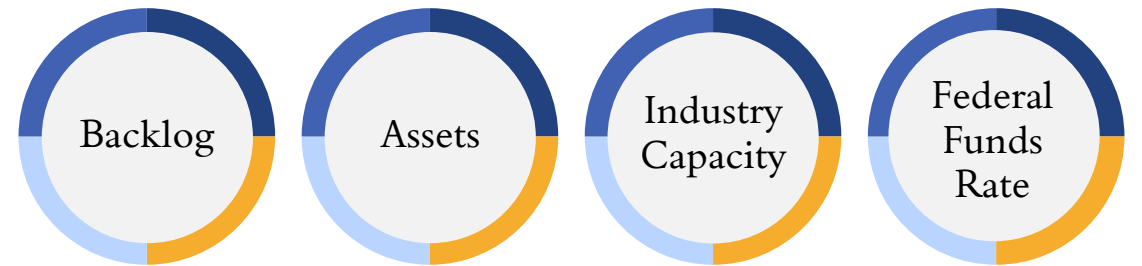


Revenue Forecast



Sum of Parts Multifactor Revenue Model

Revenue Inputs



Segments	Historical CAGR	Forecasted CAGR	R ²
CE&I	40.7%	13.0%	0.94
Communications	7.6%	1.2%	0.89
Power Delivery	22.2%	4.1%	0.84
Oil & Gas	3.1%	1.9%	0.78

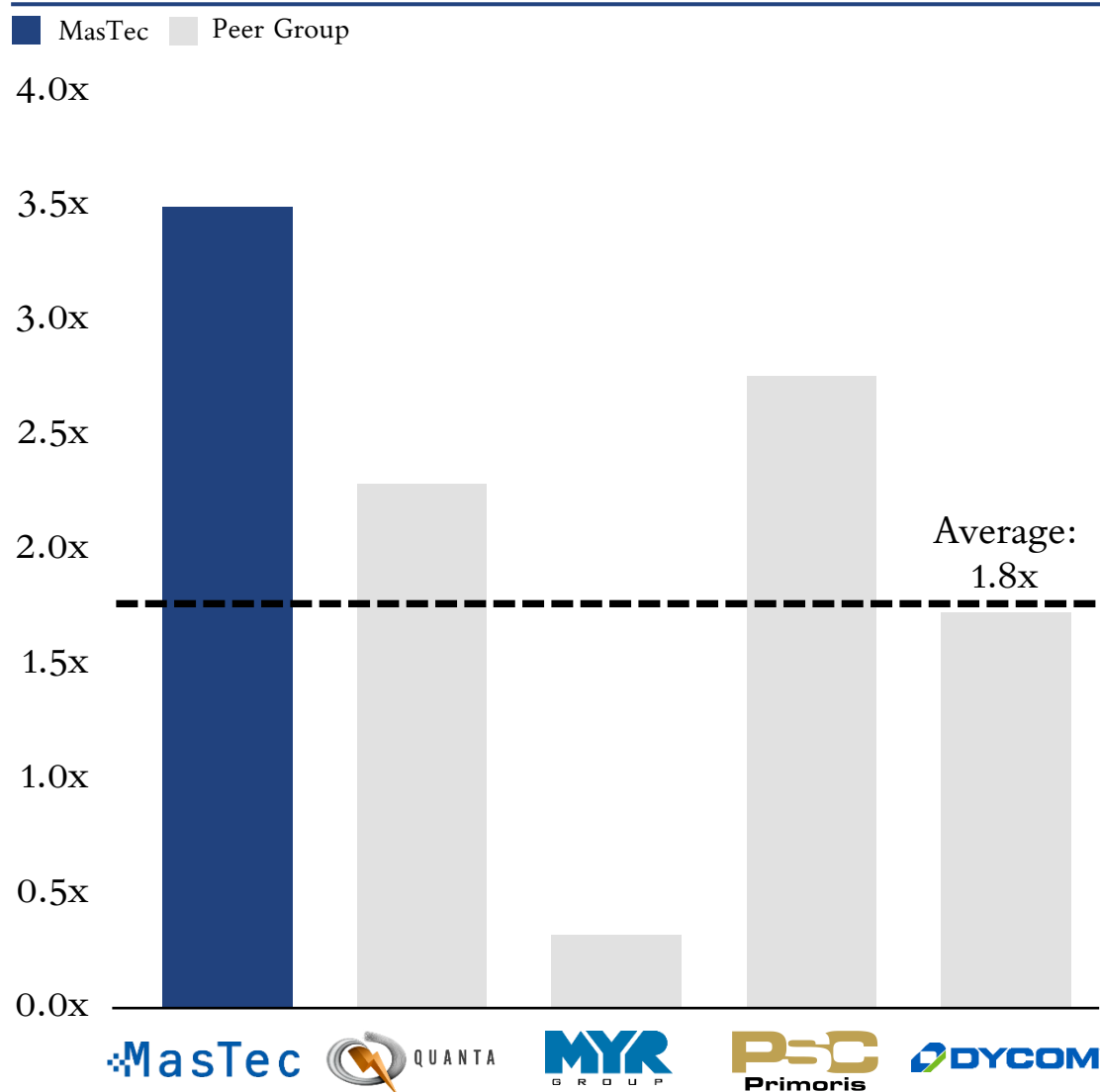


2. Elevated Net Leverage Hampers Growth

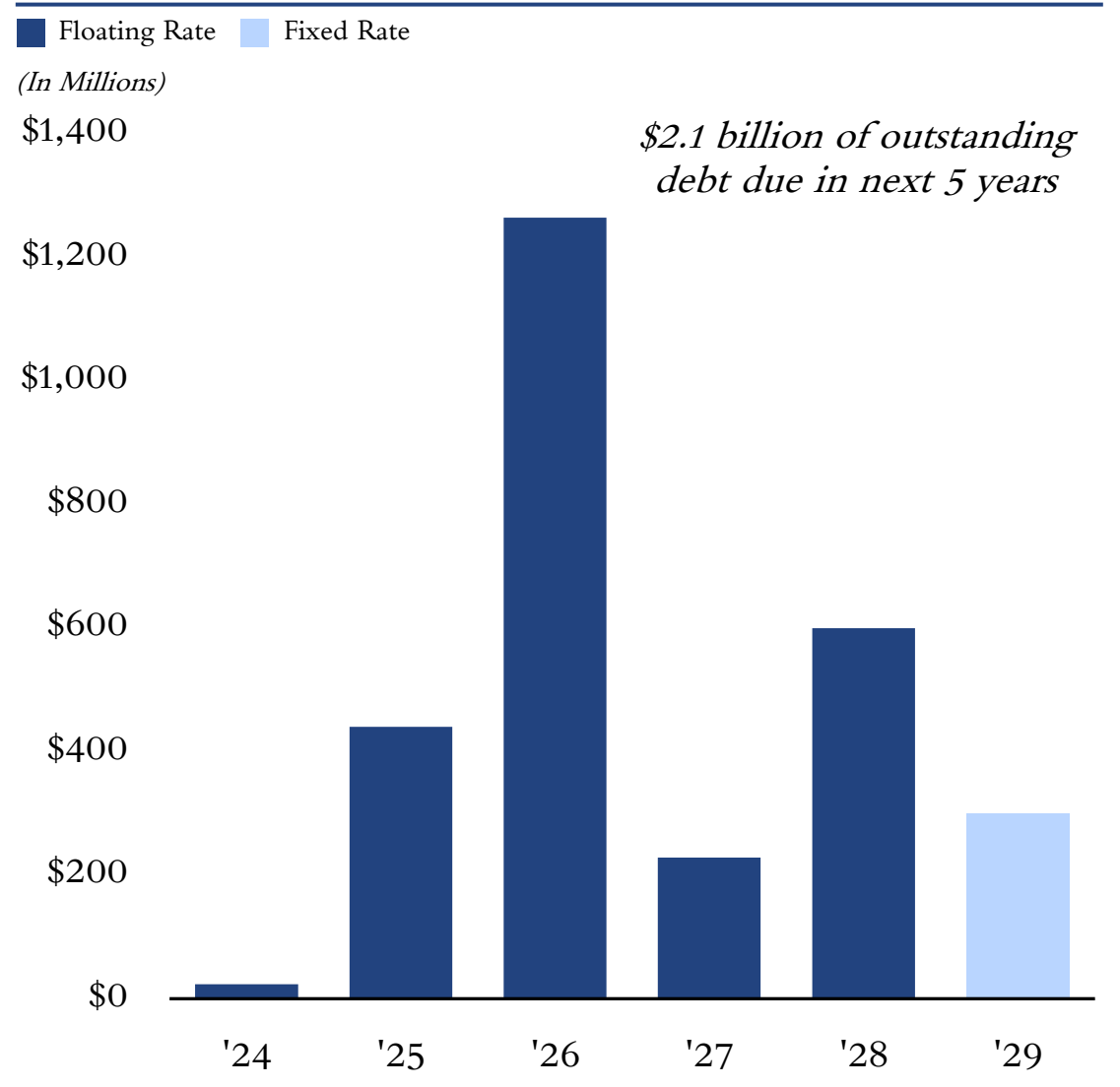
Acquisition Strategy Results in an Overleveraged Balance Sheet



Net Debt / EBITDA



Debt Schedule



Debt Reduction Plan Harms Organic & Inorganic Growth



Credit Rating Outlook

Management Targeted Leverage

2.5x

By Q4 2024

S&P Global

Outlook Negative
Downgraded: 9/6/23
Credit Rating: Baa3

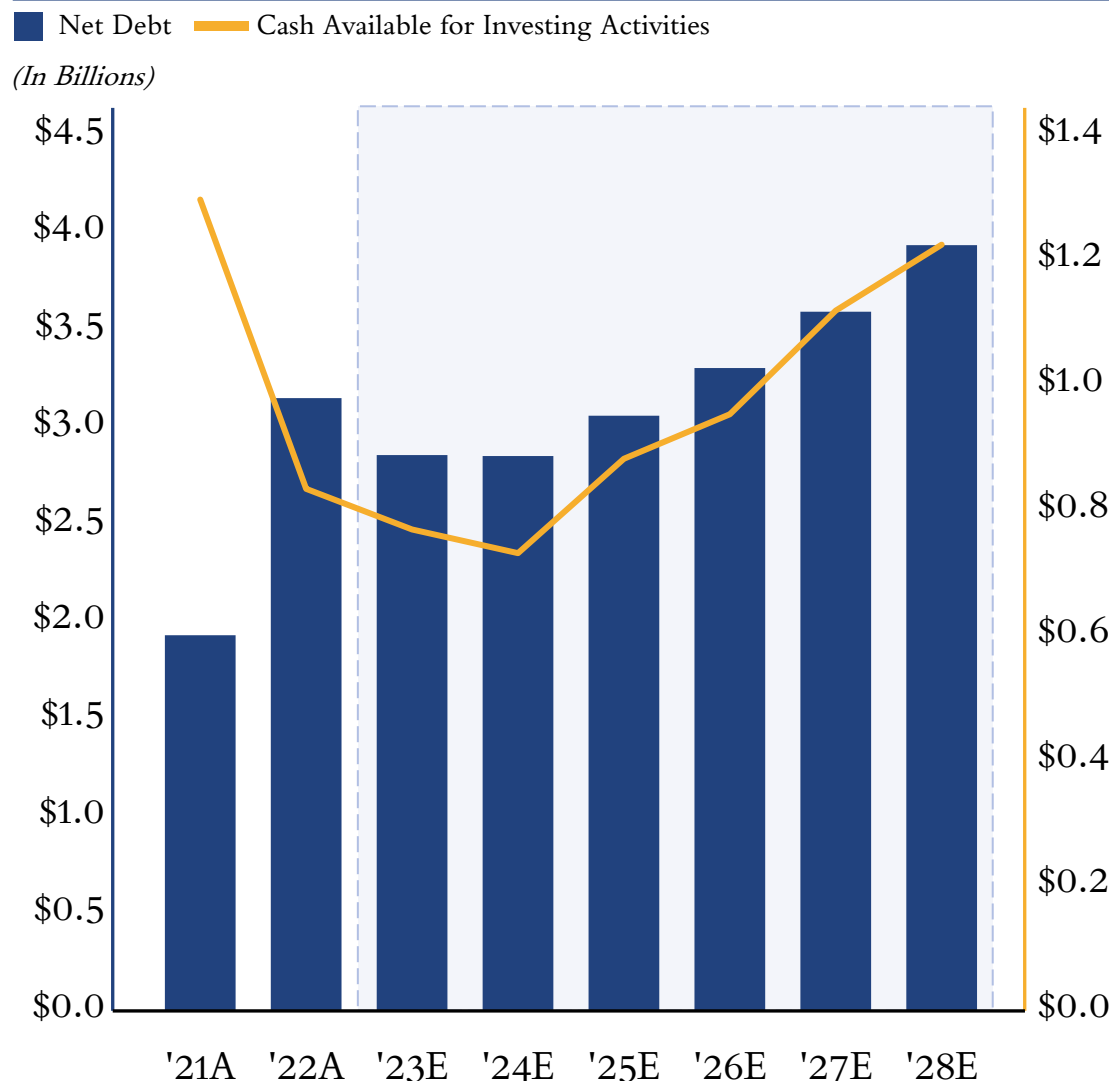
MOODY'S

Outlook Negative
Downgraded: 12/4/23
Credit Rating: BBB-

FitchRatings

Outlook Stable
Updated: 12/14/23
Credit Rating: BBB-

Debt Reduction Strategy





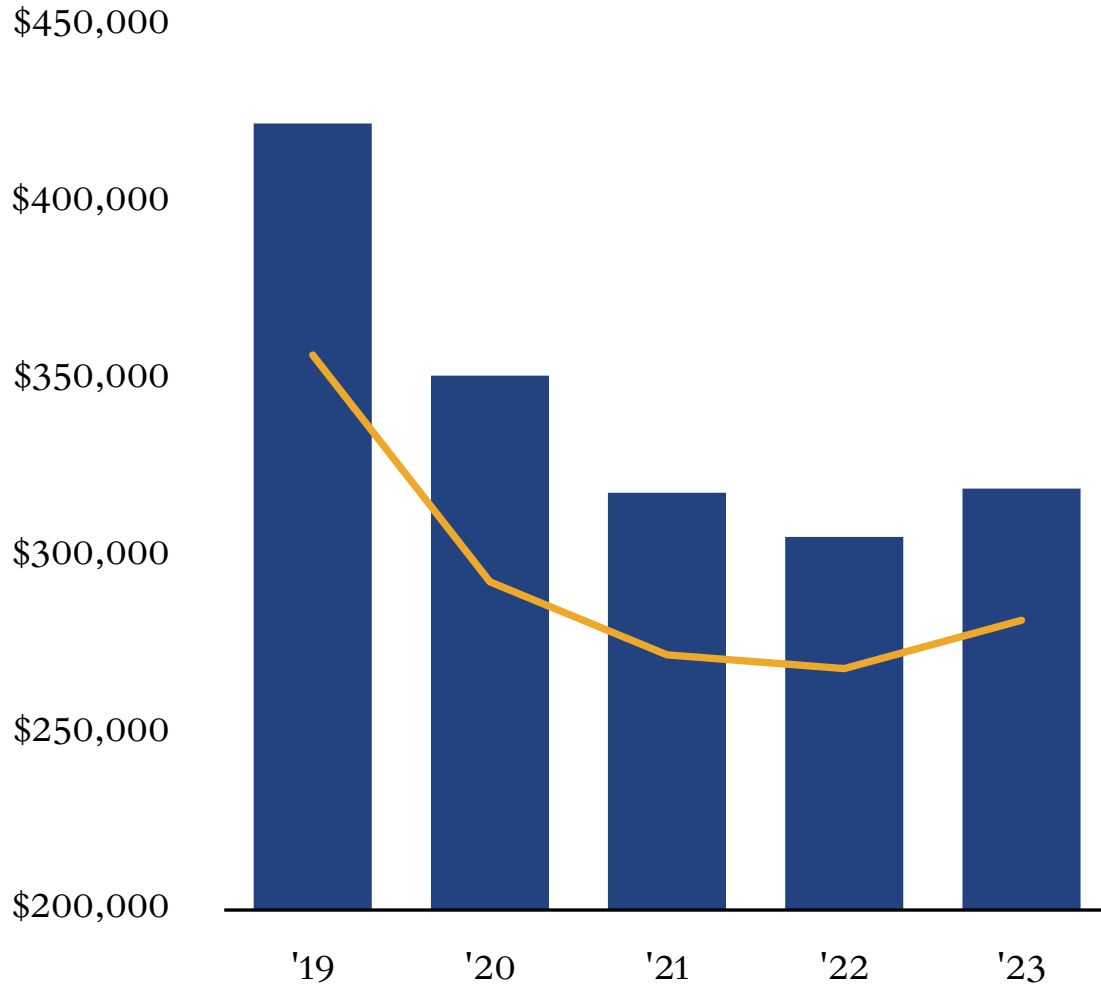
3. Operational Inefficiencies Compress Profitability

Managerial Decisions Lead to Financial Downturn

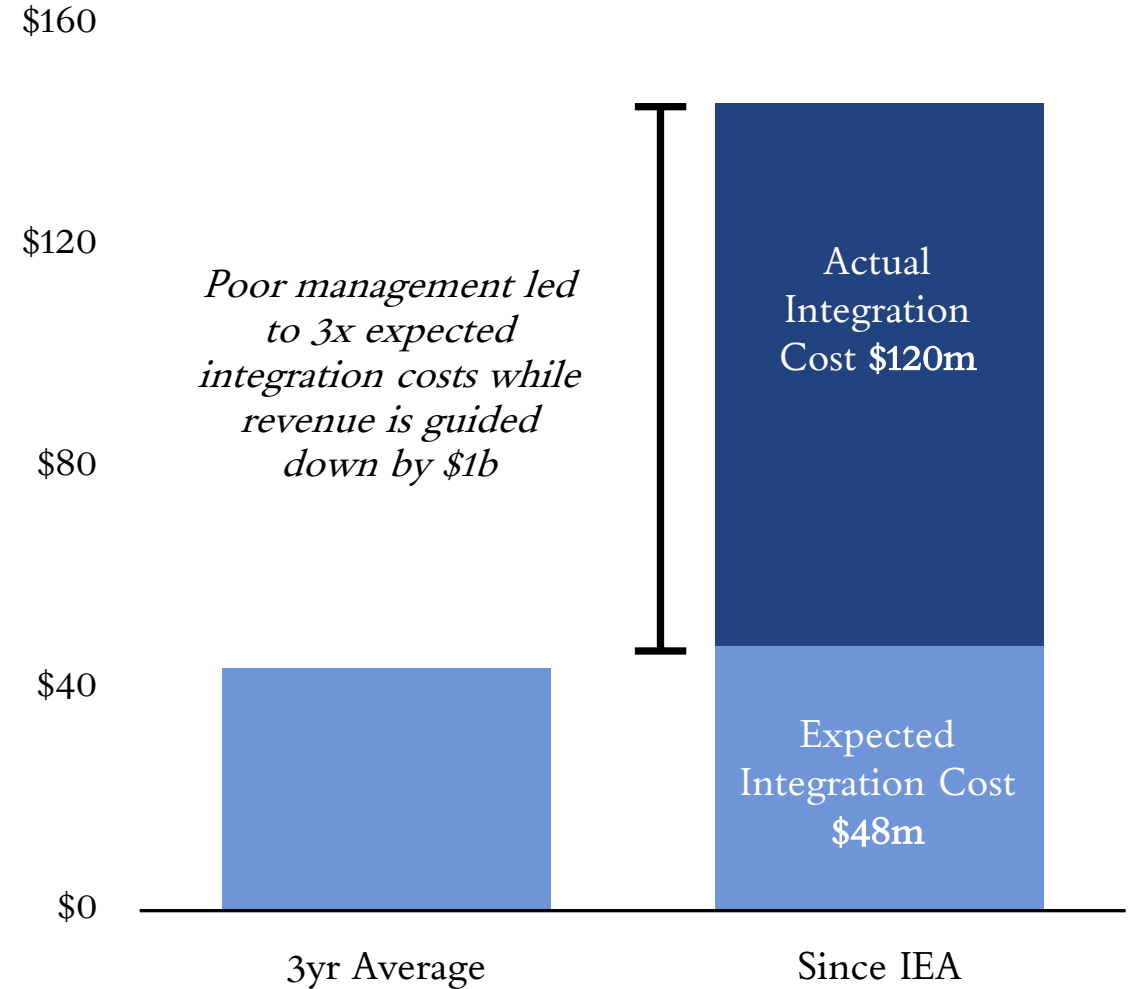


Falling Productivity

■ Revenue Per Employee ■ Cost Per Employee



M&A Integration Challenges



Financial Analysis

Revenue

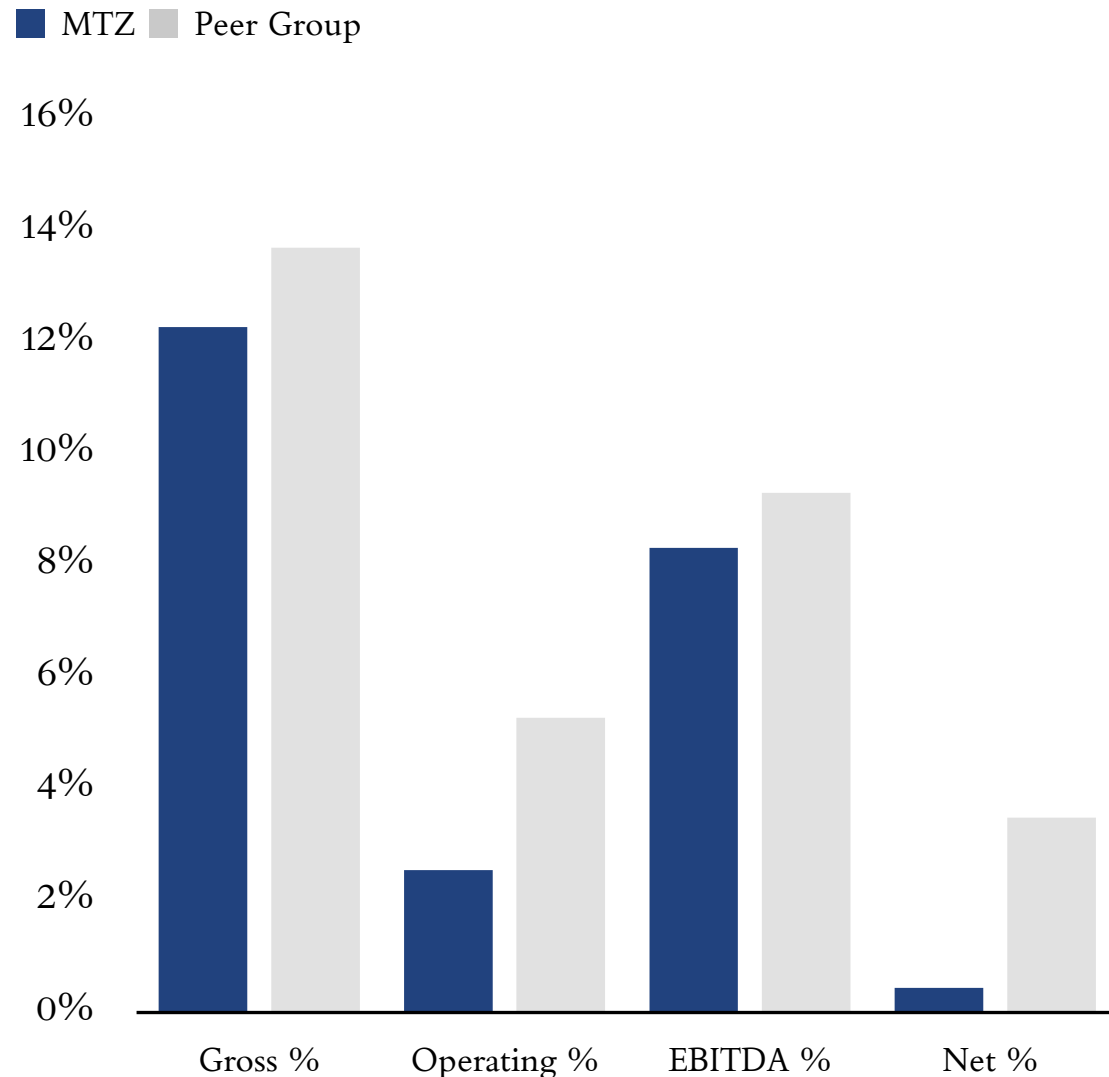
Leverage

Profitability

Bottom-Line Performance Takes a Turn for the Worse



Profitability Margins



Profitability Measures

Revenue	\$11.8b
Gross Profit	\$1.3b
Operating Income	\$89.3m
EBITDA	\$719.9m
Net Income	-\$63.4m
ROA	-0.6%
ROE	-2.2%
ROIC	1.0%



RECOMMENDATION

SELL

22% Downside

1

Diversification Strategy Erodes Revenue

2

Elevated Net Leverage Hampers Future Growth

3

Operational Inefficiencies Compress Profitability





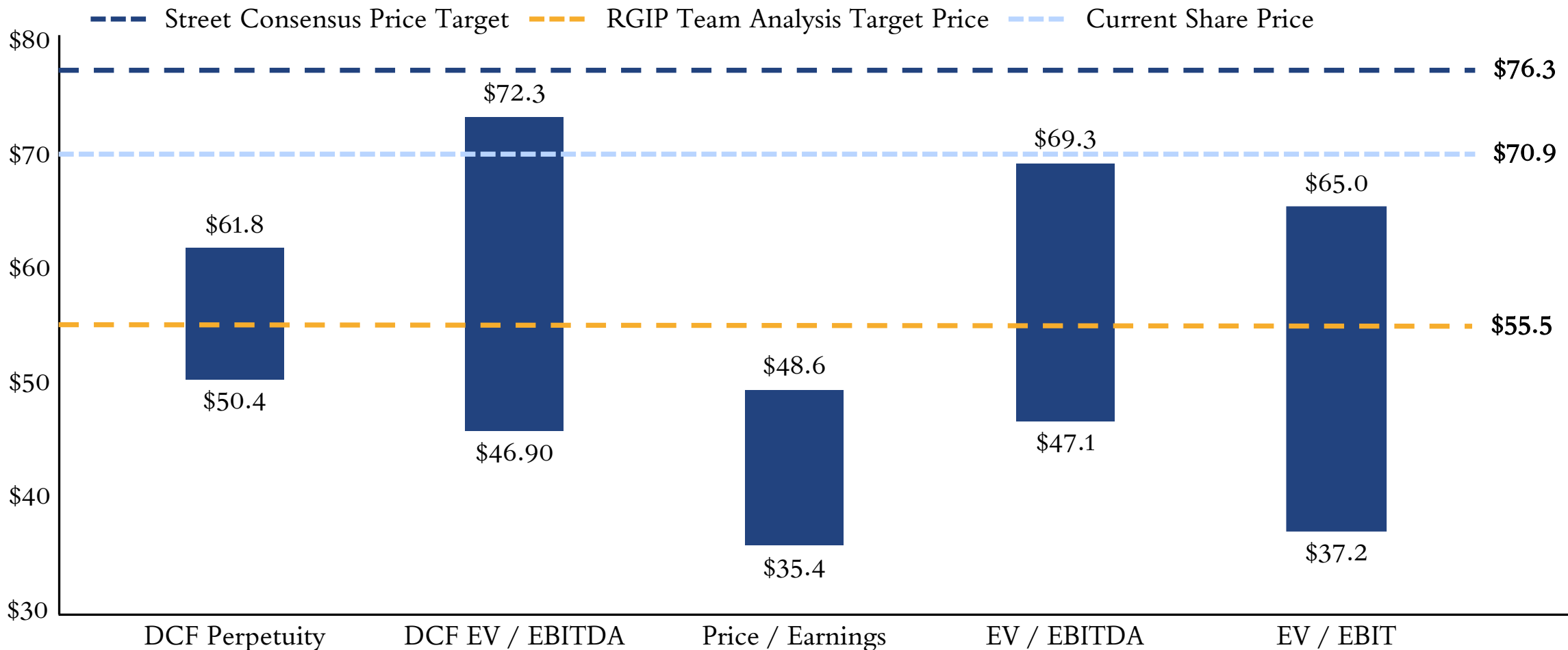
Valuation

Overvalued on an Intrinsic and Relative Valuation Basis



Football Field Analysis

Valuation methodologies finds MasTec is trading at a premium; blended price target of \$56 implies a downside of 22%



FCFF Implies High Downside Probability



DCF TARGET: \$57.6

Cost of Debt
4.0%

Cost of Equity
12.9%

Weighted Average Cost of Capital
9.7%

Terminal Growth
2.3%

Exit EV/EBITDA Multiple
9.2x

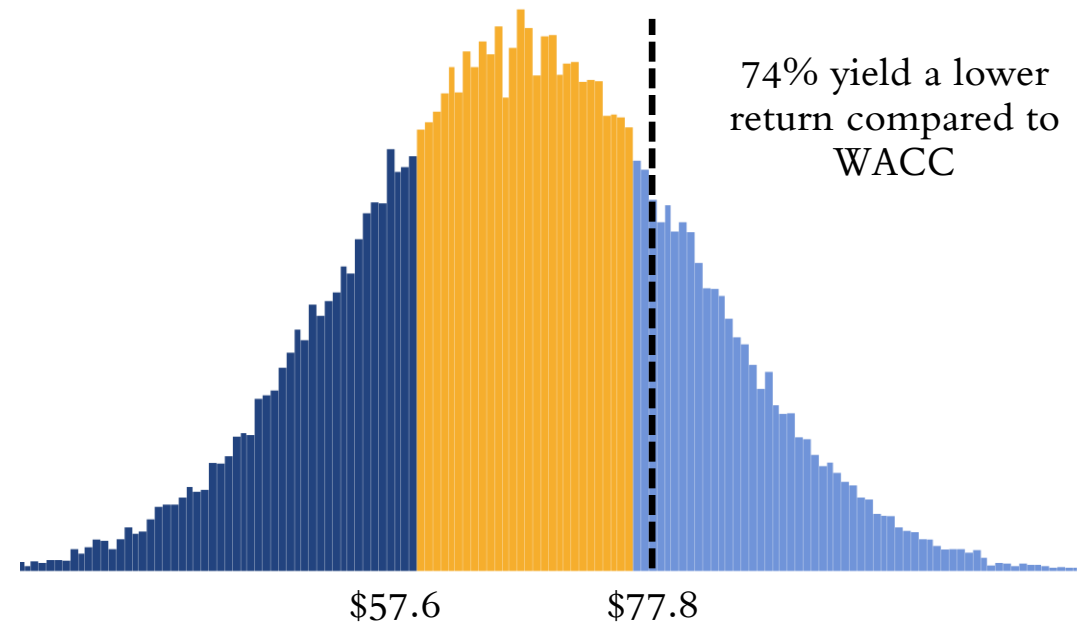
Downside: 18.7%

Sensitivity Analysis

	WACC							
	8.92%	9.17%	9.42%	9.67%	9.92%	10.17%	10.42%	
Terminal Growth	3.06%	\$76.49	\$71.91	\$67.68	\$63.77	\$60.15	\$56.78	\$53.64
	2.81%	\$72.71	\$68.45	\$64.50	\$60.85	\$57.46	\$54.29	\$51.34
	2.56%	\$69.22	\$65.25	\$61.56	\$58.14	\$54.95	\$51.97	\$49.18
	2.31%	\$66.04	\$62.32	\$58.87	\$55.65	\$52.64	\$49.82	\$47.18
	2.06%	\$63.01	\$59.52	\$56.28	\$53.25	\$50.41	\$47.75	\$45.24
	1.81%	\$60.23	\$56.95	\$53.90	\$51.03	\$48.35	\$45.82	\$43.45
	1.56%	\$57.64	\$54.55	\$51.67	\$48.96	\$46.41	\$44.02	\$41.75

	WACC							
	8.92%	9.17%	9.42%	9.67%	9.92%	10.17%	10.42%	
EV/EBITDA	10.7x	\$74.23	\$73.21	\$72.20	\$71.21	\$70.22	\$69.25	\$68.29
	10.2x	\$70.24	\$69.26	\$68.30	\$67.34	\$66.40	\$65.46	\$64.54
	9.7x	\$66.26	\$65.32	\$64.39	\$63.48	\$62.57	\$61.68	\$60.80
	9.2x	\$62.27	\$61.37	\$60.49	\$59.61	\$58.75	\$57.89	\$57.05
	8.7x	\$58.29	\$57.43	\$56.58	\$55.75	\$54.92	\$54.11	\$53.30
	8.2x	\$54.30	\$53.49	\$52.68	\$51.88	\$51.10	\$50.32	\$49.55
	7.7x	\$50.32	\$49.54	\$48.78	\$48.02	\$47.27	\$46.54	\$45.81

Simulation Analysis



Scenario Analysis Finds Limited Upside Potential



Bull vs Bear Case Scenario



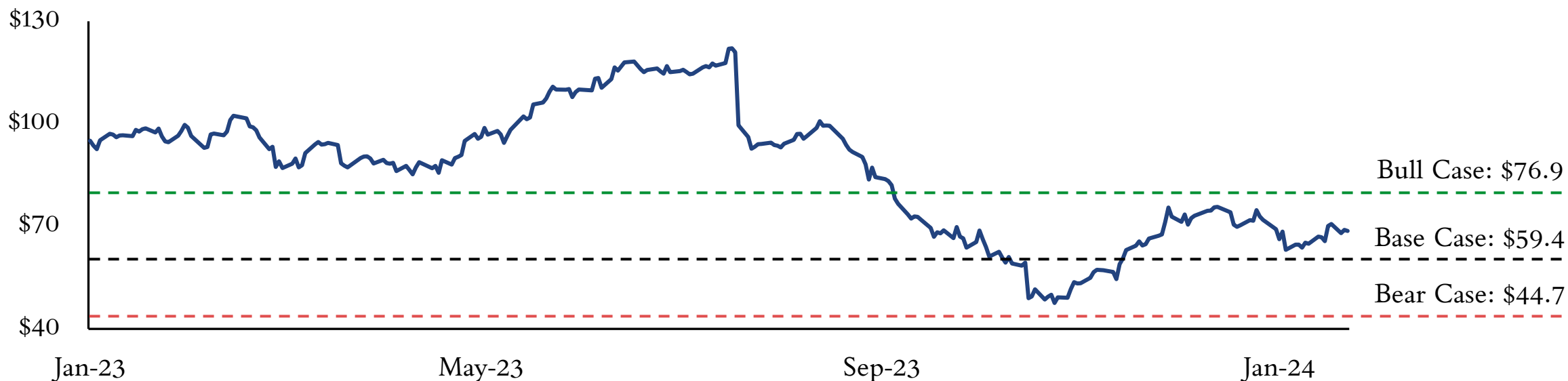
- Successful deleveraging of balance sheet
- Investments in organic and inorganic growth
- Favorable interest rate environment boosts client demand



- Failure to fully integrate recent acquisitions
- Higher-for-longer interest rate environment deteriorates backlog and conversion rates

Scenario Analysis Table

	Bull Case	Base Case	Bear Case
Revenue Growth	20%	0%	-20%
Operating Margins	20%	0%	-20%
Terminal Growth	2.8%	2.3%	1.8%
Exit Multiple	10.2x	9.2x	8.2x
Intrinsic Value	\$76.9	\$59.4	\$44.7



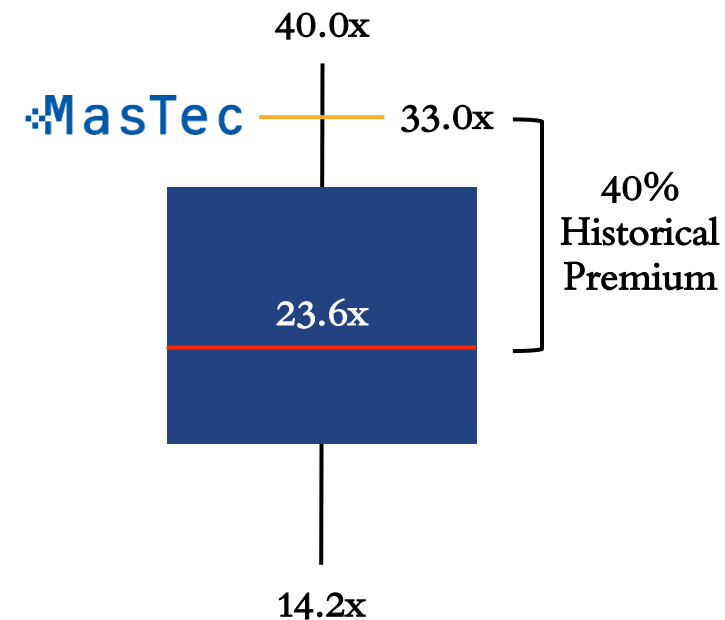
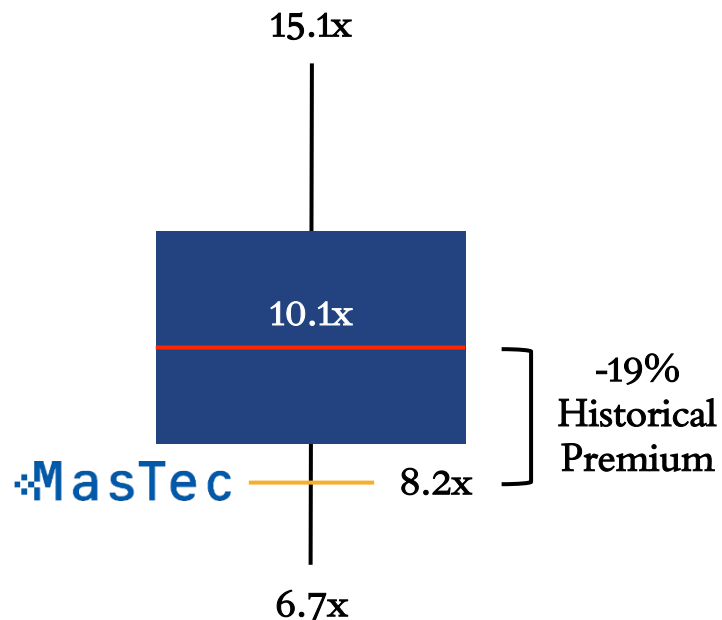
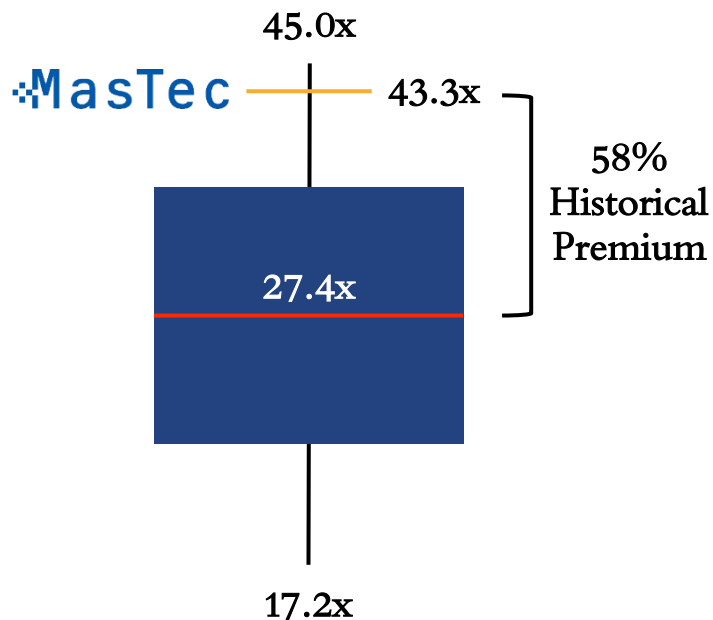
Forward Multiples Confirm Inflated Market Price



Price / Earnings → **\$42.01**

EV / EBITDA → **\$58.78**

EV / EBIT → **\$51.10**



— Peer Average — MasTec Target Multiple

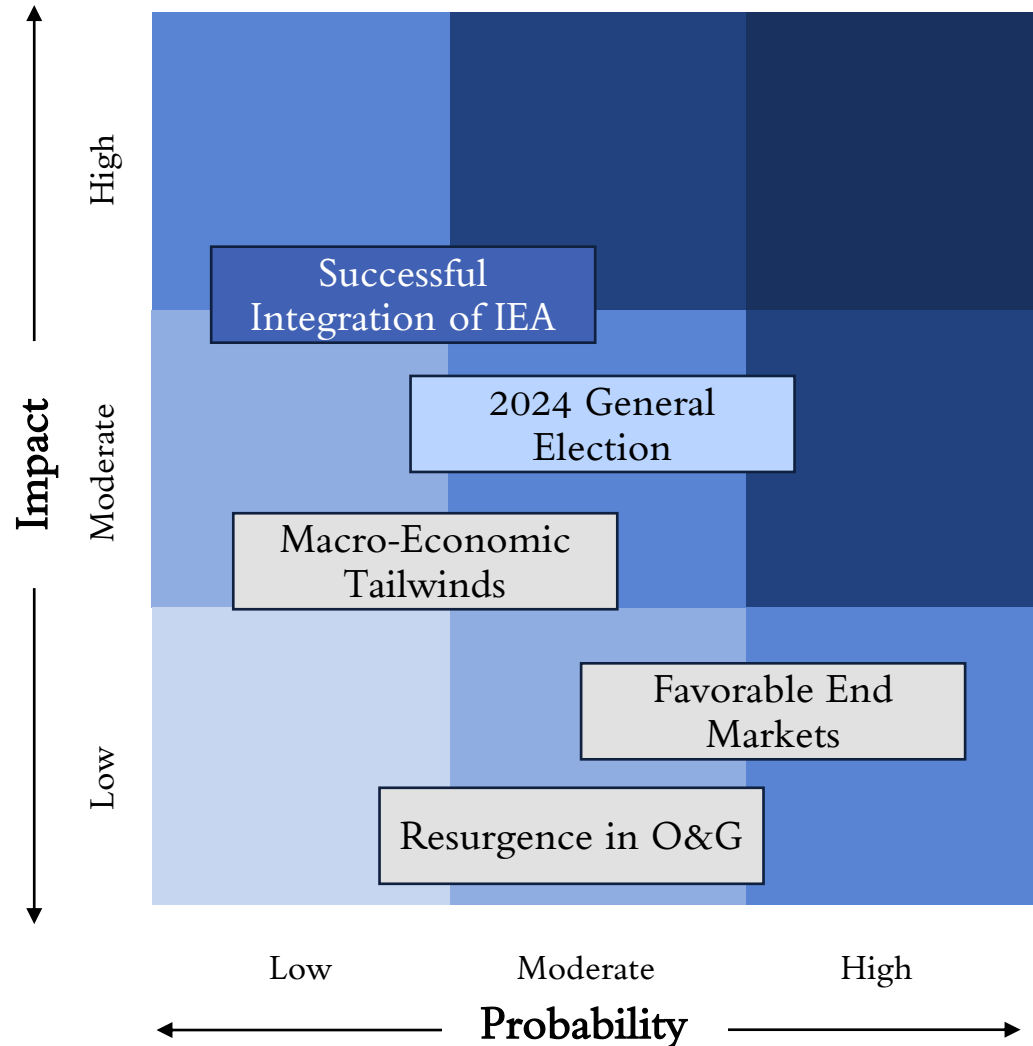
Peer Group




Risks Unlikely to Materially Impact Recommendation




Heat Map



Key Risks



Successful Integration of IEA
MasTec challenges in integrating IEA have hindered its performance. A successful turnaround could boost revenue and drive up its stock price



2024 General Election
The outcome of the 2024 general election could have significant implications for the construction and engineering industry



RECOMMENDATION

SELL

22% Downside

1

Diversification Strategy Erodes Revenue

2

Elevated Net Leverage Hampers Future Growth

3

Operational Inefficiencies Compress Profitability



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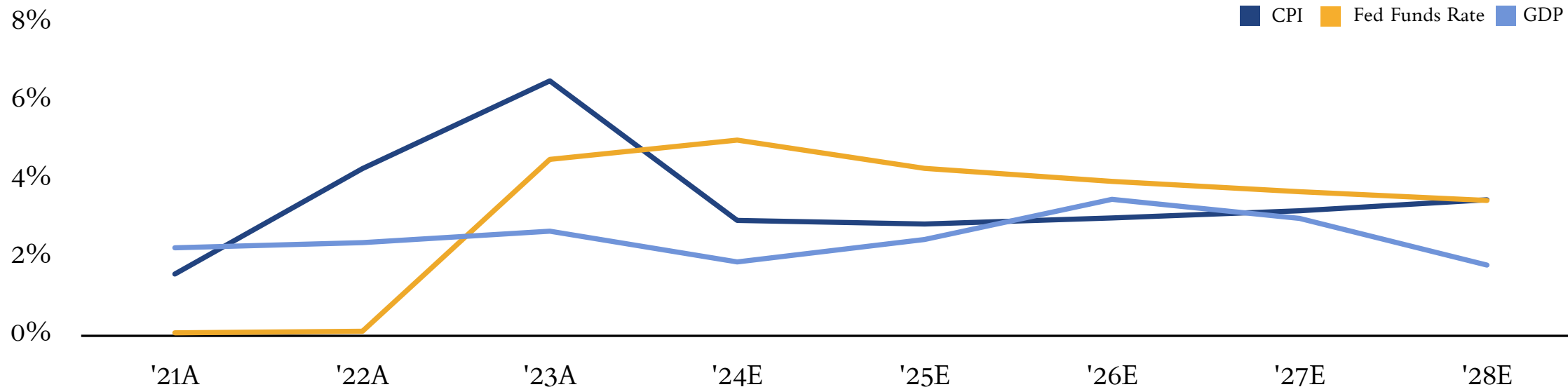
Multifactor Regression Model

	Forecasting Method	FY2020 12/31/2020	FY2021 12/31/2021	FY2022 12/31/2022	FY2023E 12/31/2023	FY2024E 12/31/2024	FY2025E 12/31/2025	FY2026E 12/31/2026	FY2027E 12/31/2027	FY2028E 12/31/2028
CPI	Linear Regression	2.6%	1.6%	4.3%	6.5%	3.0%	2.9%	3.0%	3.2%	3.5%
Overnight Lending Rate	Holt-Winters	0.4%	0.0%	0.0%	4.5%	5.0%	4.3%	4.0%	3.7%	3.5%
GDP	Holt-Winters	-2.3%	2.3%	2.4%	2.7%	1.9%	2.5%	3.5%	3.0%	1.8%

Consumer Price Index: Stepwise multiple linear regression practices were followed to calculate CPI (R-Square: 88%). The process concluded with three significant predictors: Wage Growth, Labor Force Participation Rate, and Consumer Sentiment. These indicators were forecasted utilizing the Holt-Winters model and were then inserted into the regression model.

Overnight Lending Rate: The Holt-Winters model was used to forecast the US Overnight Lending Rate (Mean-Square-Error: .21). In 2024, rates are forecasted to drop 25-50 basis points. From 2025 to 2028, rates are forecasted to fall steadily although not to the levels seen since the 2010s.

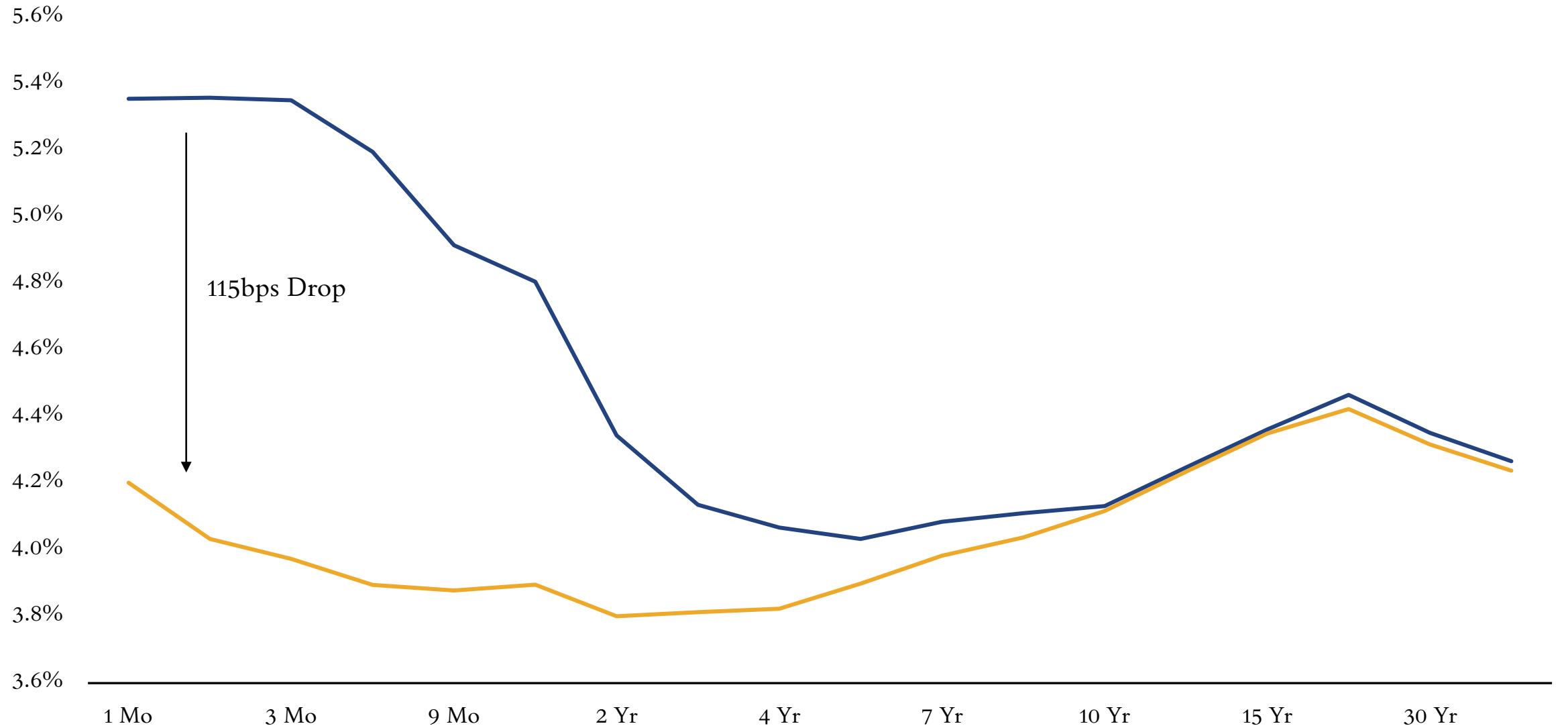
Gross Domestic Product: GDP was forecasted using a Holt-Winters model (Mean-Square-Error: .13). The model predicts very high growth in the coming year with it tapering off but remaining elevated through 2028.



The Yield Curve



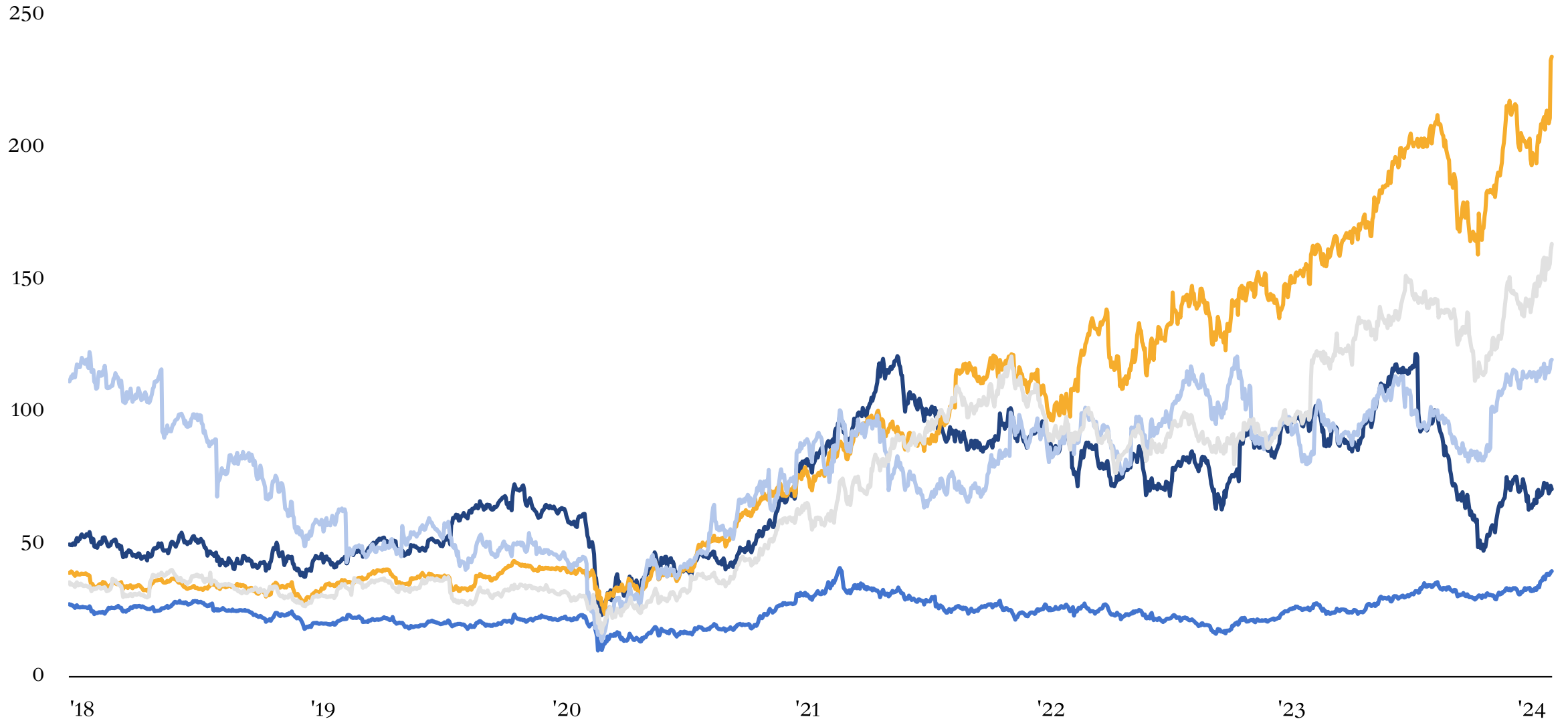
■ US Treasury Actives Curve '23A ■ US Treasury Actives Curve '24E



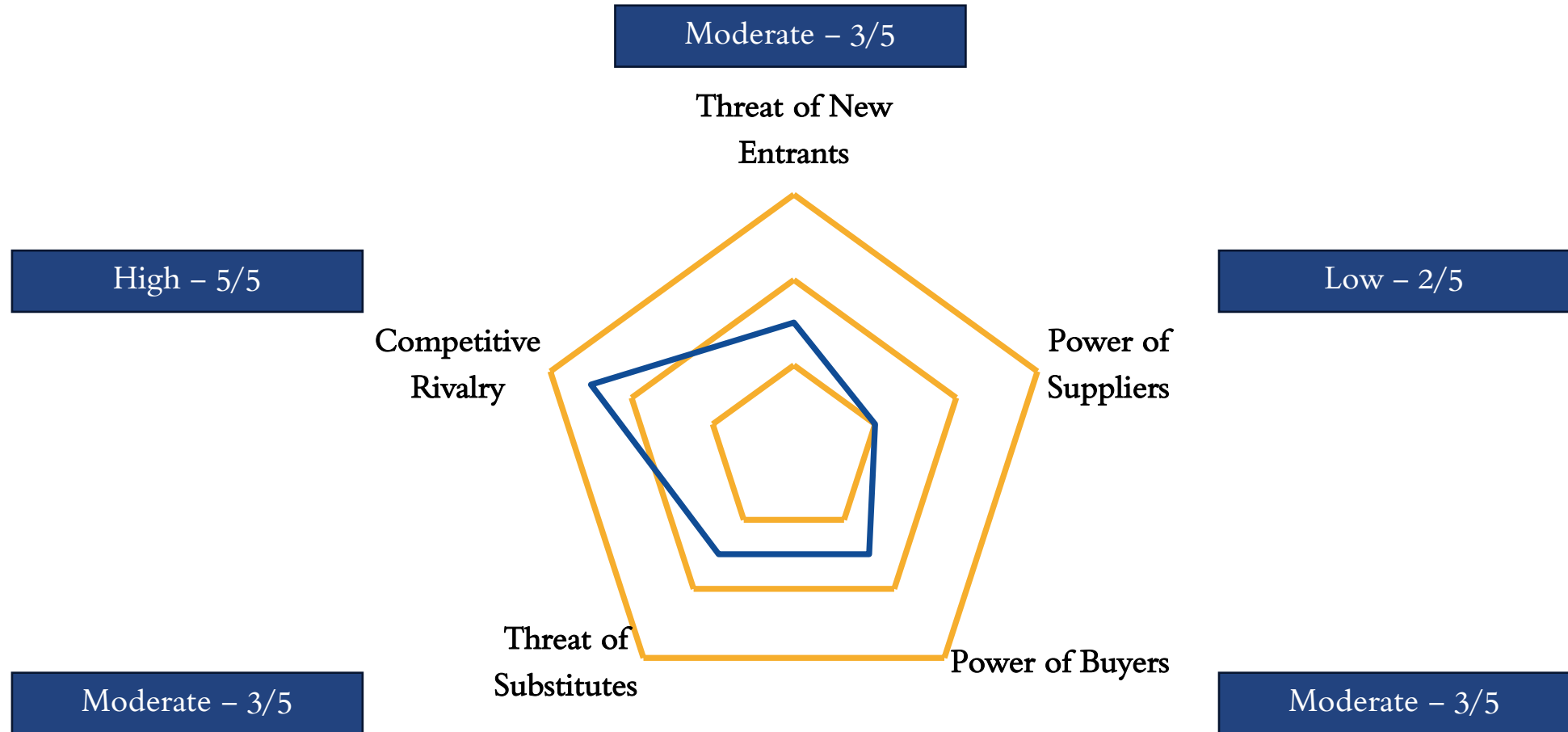
Stock Price vs Peer Group



■ MTZ ■ PWR ■ PRIM ■ DY ■ MYRG



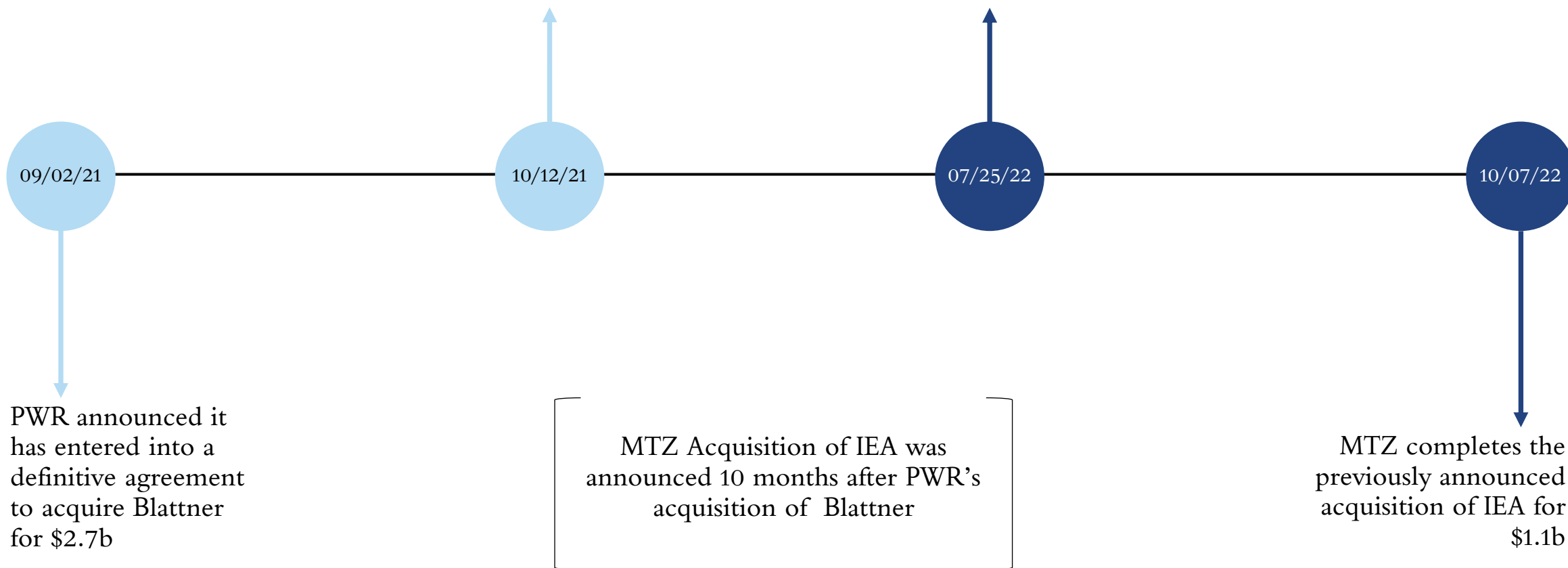
Porter's Five Forces





PWR Completes the previously announced acquisition of Blattner

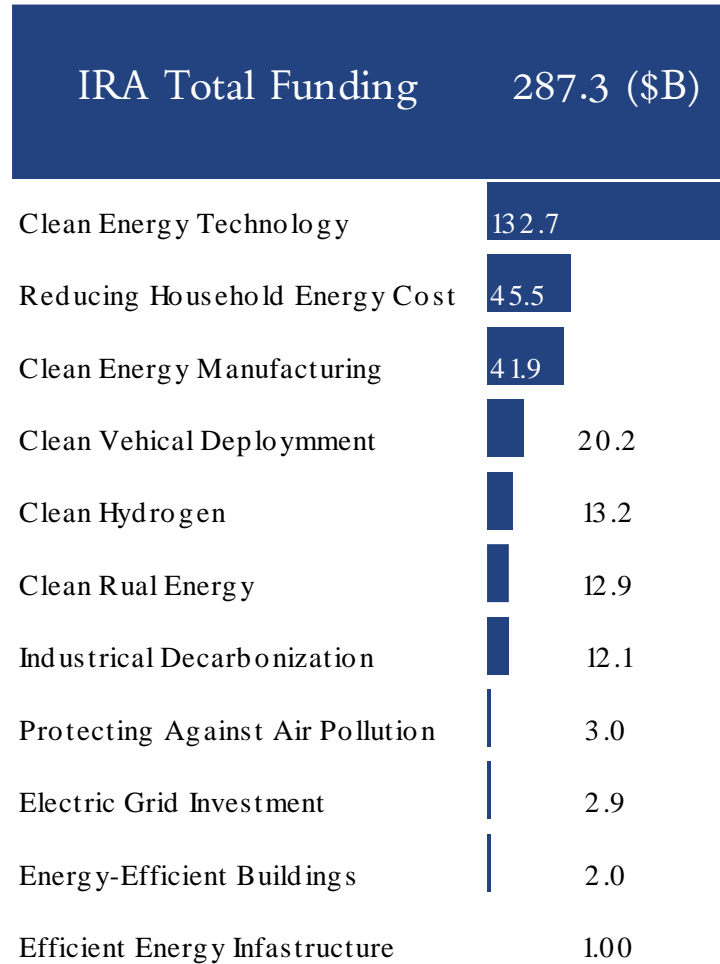
MTZ announces that it will enter into a definitive agreement to acquire IEA (for \$14 per share when trading at \$10.43 per share on 07/22/2022)



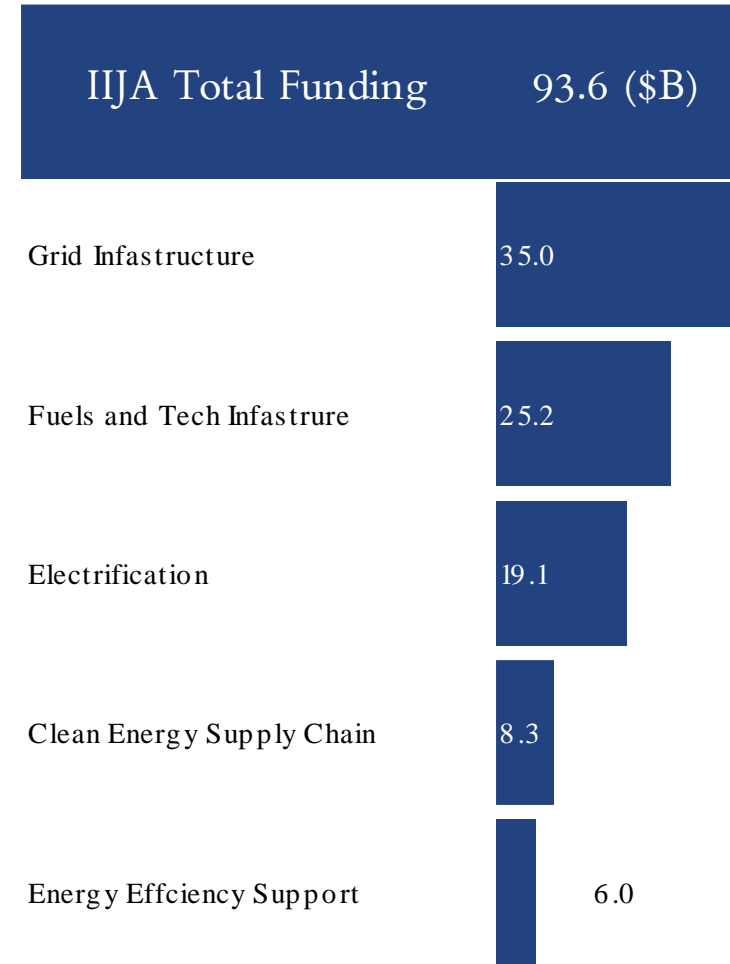
IRA & IIJA Funding Breakdown



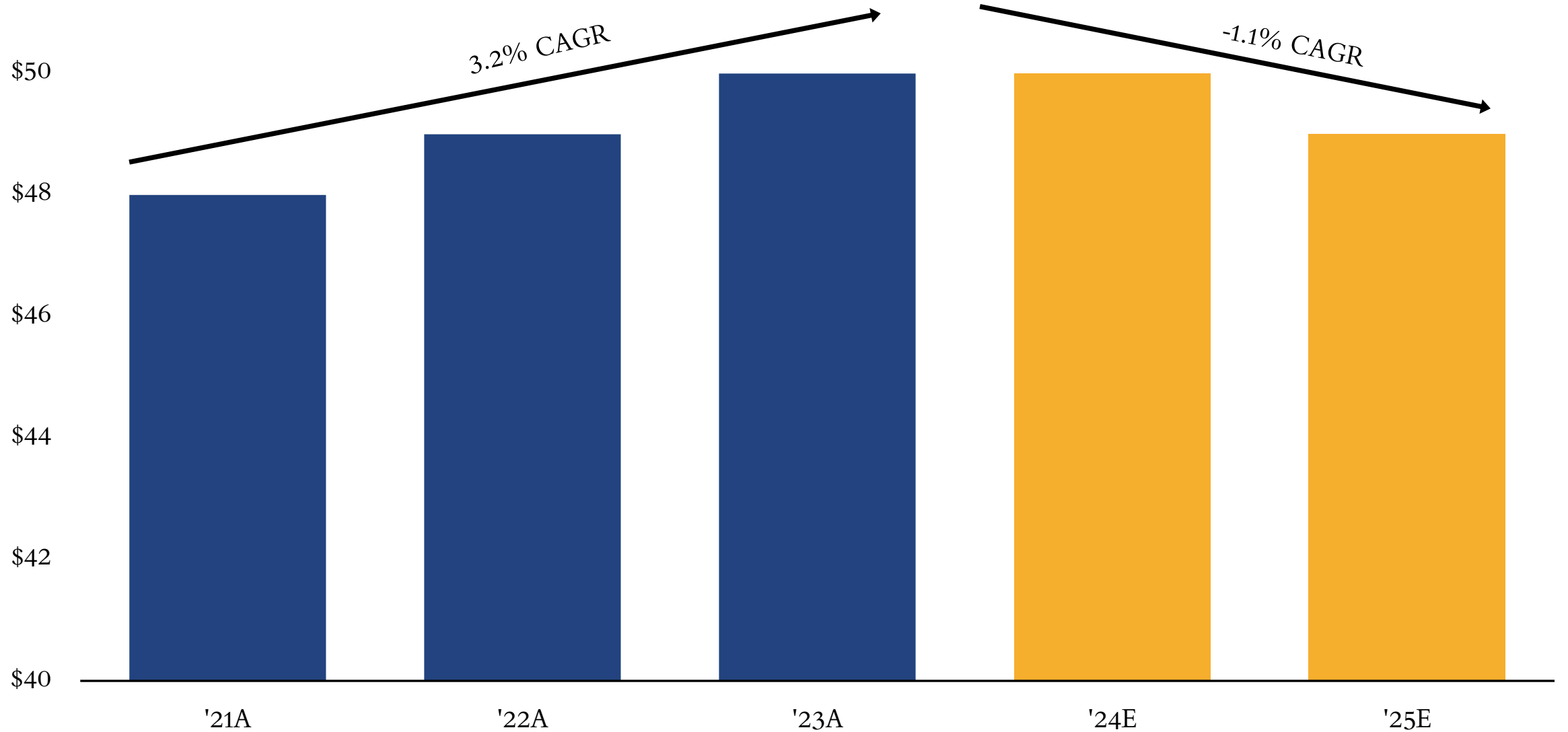
Inflation Reduction Act



Infrastructure Investment Jobs Act



US 5G Operator CapEx





Appendix B - ESG

ESG Scorecard



Category	Key Issues	Rank	Criteria	Overall
Environmental	Green House Gas Emissions	1.60	GHG as a % of Revenue	2.58
	Ecological Impact	3.55	Ecological Impact Ecosystem Protection Climate Change Policy	
Social	Diversity, Equity, Inclusion	4.10	% of Women Employees % of Minority Employees Social Rank	3.20
	Local Outreach	3.50	Natural Disaster Relief Employee Education Stipends Local Foundation Support	
	Employee Satisfaction	2.00	Work Life Balance Compensation & Benefits Diversity & Inclusion	
Governance	Board & Executive Diversity	2.00	Gender Diversity Age Diversity	3.60
	Executive Compensation	3.95	Pay Relative to Median Employees Executive Compensation as a % of Revenue	
	Business Ethics	3.25	Ethics Policy Ethics Compliance Whistle Blower Policy Anti-Bribery Policy	
Overall				3.13

1 = Laggard

5 = Average

10 = Leading



Bloomberg Scores Peer Comparison

Peer Group	Overall ESG Score	Environmental	Social	Governance
MasTec	55.1	36.8	61.6	87.9
Quanta	86.9	60.3	86.8	98.8
Primoris	54.3	20.5	69.6	98.1
Dycom	28.3	0.0	32.3	95.8
MYR Group	92.8	71.9	93.0	98.6
Median Score	59.29	37.35	69.13	96.97

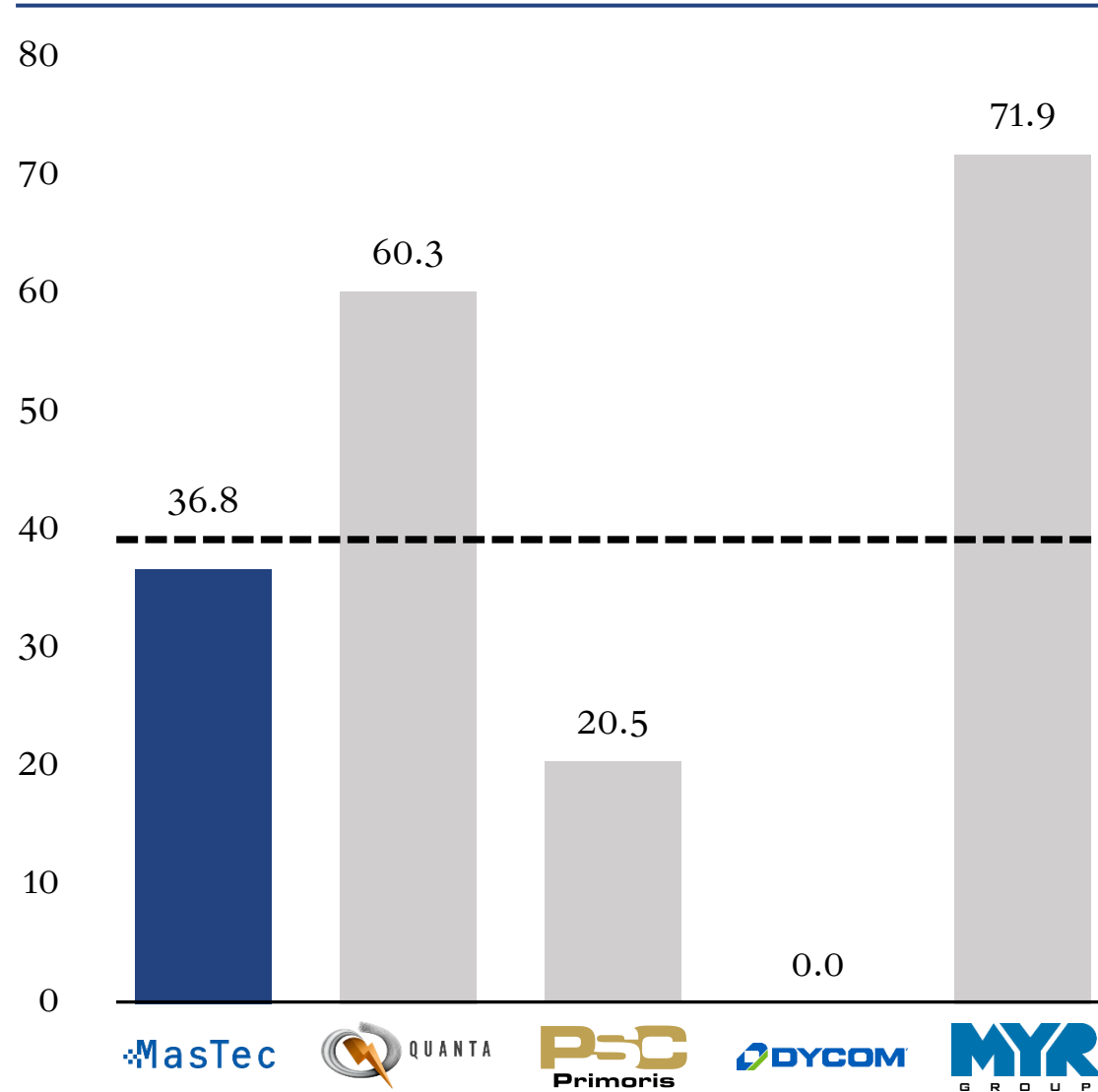
Board of Directors

Name	Roles	Tenure	Committee	Shares Owned
Jorge Mas	Chairman & Co-Founder	1994	Chair of Executive	11,361,581
Jose R. Mas	CEO	2001	President	5,139,934
Robert Campbell	Independent Director	2016	Audit, Finance and M&A	54,650
Ernest N. Csiszar	Independent Director	2005	Audit, Compensation	28,685
Robert J. Dwyer	Lead Independent Director	2004	Finance and M&A, Audit, Compensation, NS&CG, Executive	18,626
Julia L. Johnson	Independent Director	2002	NS&CG, Executive, Finance and M&A, Audit	70,474
Javier Palomarez	Independent Director	2015	NS&CG, Compensation	13,090
Ava L. Parker	Independent Director	2022	NS&CG	2,579

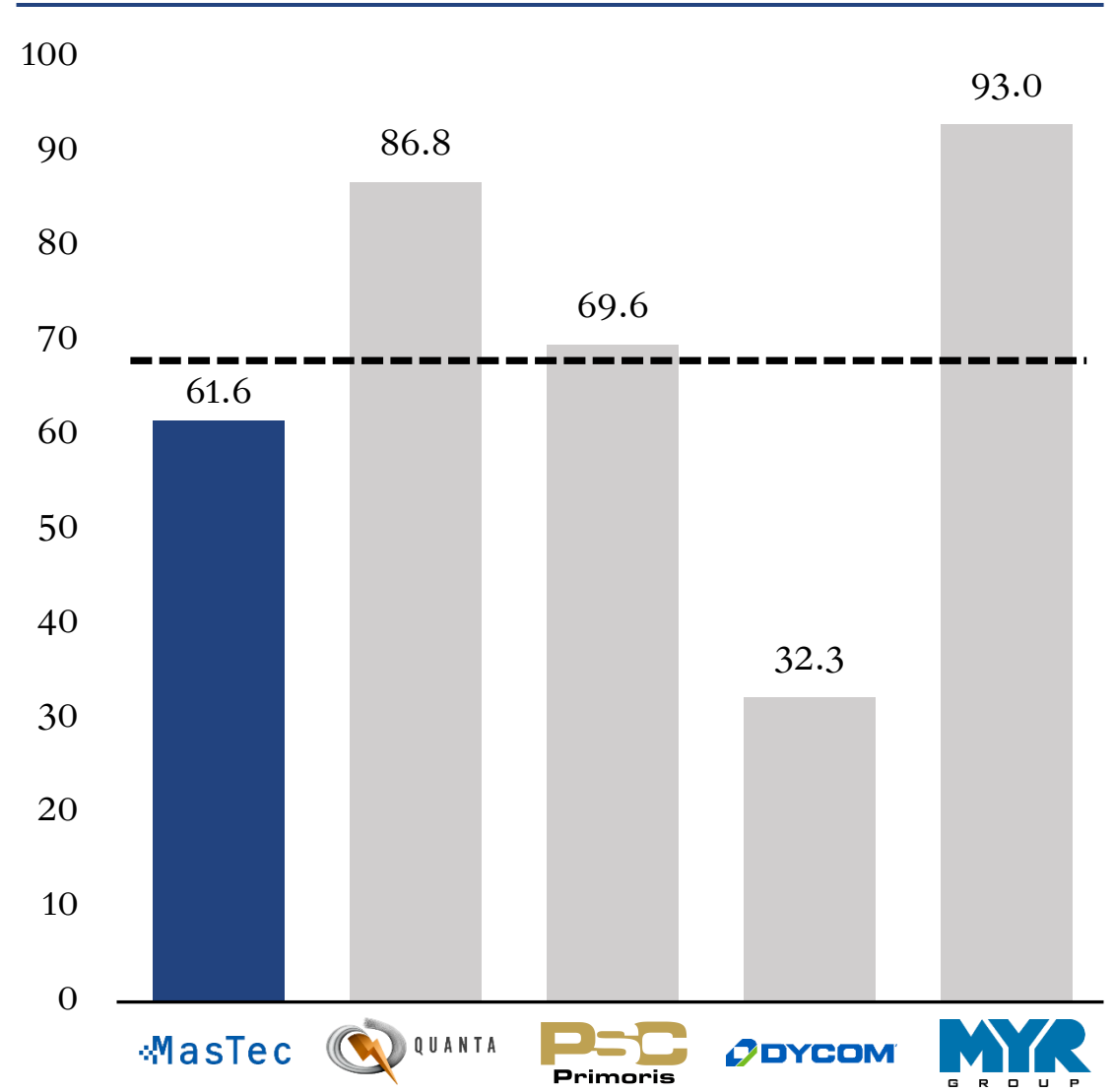
ESG Considerations – Bloomberg ESG Scores



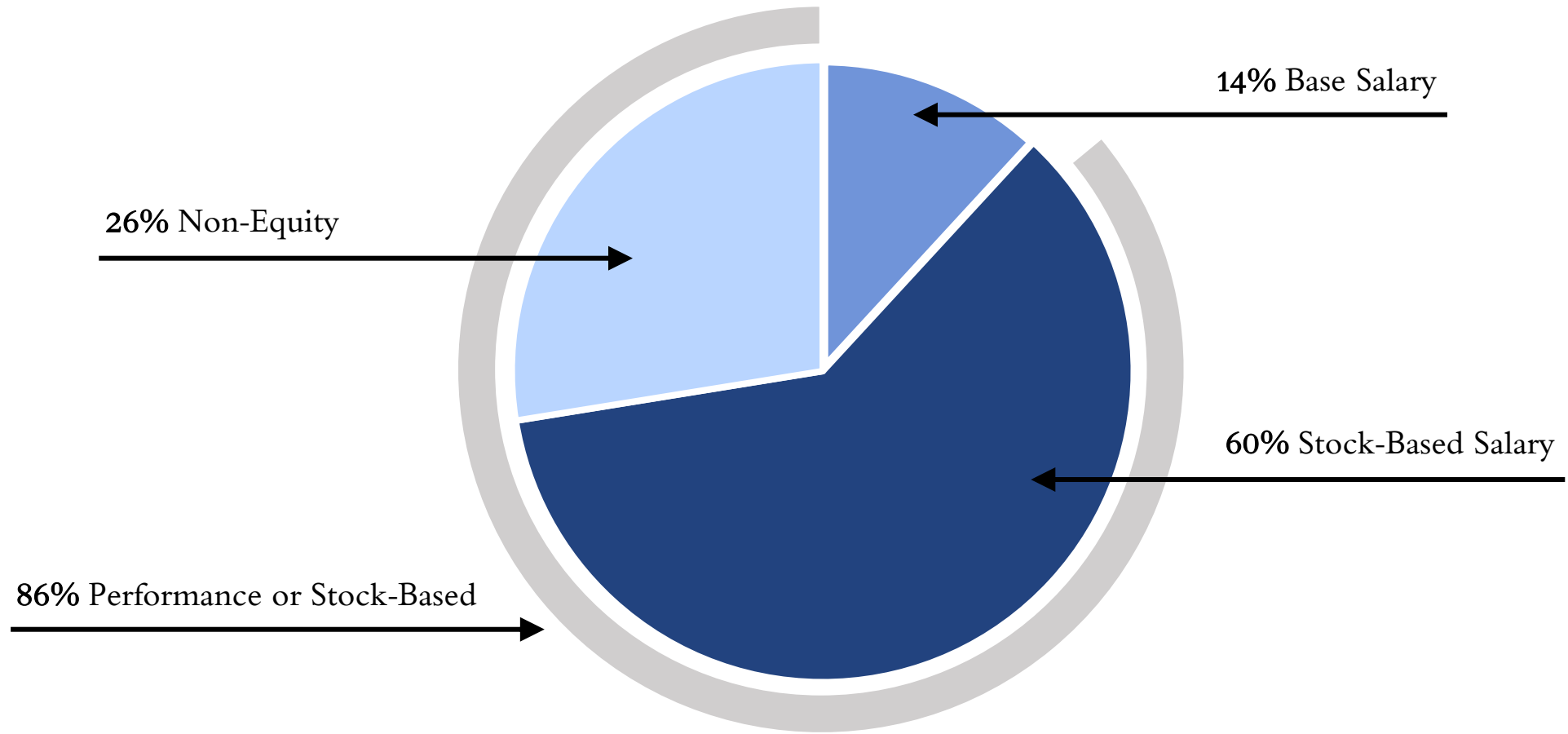
Peer Environmental Scores



Peer Social Scores



CEO Compensation Breakdown





Appendix C – Financial Analysis

Pro Forma – Income Statement



In Millions of USD except Per Share	FY 2020	FY 2021	FY 2022	FY2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
12 Months Ending	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028
Clean Energy & Infrastructure	1,005	1,865	2,619	3,938	4,855	5,937	6,914	7,941	8,947
Communications	2,512	2,551	3,234	3,373	3,476	3,514	3,567	3,624	3,685
Power Delivery	1,225	1,017	2,725	2,728	2,623	2,750	2,889	3,030	3,174
Oil & Gas	1,593	2,541	1,220	1,798	2,119	2,184	2,236	2,285	2,331
Revenue	6,321	7,952	9,778	11,811	13,074	14,385	15,606	16,880	18,137
- Cost of Revenue	5,271	6,806	8,586	10,471	11,523	12,679	13,754	14,878	15,986
Gross Profit	1,050	1,146	1,192	1,339	1,551	1,706	1,851	2,002	2,152
- Operating Expenses	631	776	1,015	1,250	1,340	1,475	1,600	1,731	1,859
+ Selling, General & Admin	319	318	559	681	678	746	809	875	941
+ Depreciation & Amortization	298	423	507	610	667	734	797	862	926
+ Other Operating Expense	14	36	(52)	(41)	(5)	(6)	(6)	(7)	(7)
Operating Income (Loss)	419	370	177	89	211	232	251	272	292
- Non-Operating (Income) Loss	2	(25)	82	138	60	75	84	85	93
+ Interest Expense, Net	60	53	112	210	148	163	176	191	205
+ Interest Expense	60	53	112	210	148	163	176	191	205
+ (Income) Loss from Affiliates	(30)	(34)	(29)	(35)	(46)	(48)	(51)	(56)	(60)
+ Other Non-Op (Income) Loss	(27)	(44)	(2)	(37)	(42)	(40)	(42)	(50)	(51)
Pretax Income (Loss), Adjusted	417	395	95	(49)	151	157	168	187	199
- Abnormal Losses (Gains)	(8)	(36)	52	51	43	46	55	58	61
+ Merger/Acquisition Expense	—	4	74	81	85	94	101	110	118
+ Disposal of Assets	(14)	(36)	(22)	(31)	(42)	(48)	(46)	(52)	(57)
Pretax Income (Loss), GAAP	425	430	43	(99)	108	111	112	129	137
- Income Tax Expense (Benefit)	102	99	9	(39)	28	29	29	33	35
+ Deferred Income Tax	7	52	10	(77)	11	5	(23)	(9)	(8)
Income (Loss) from Cont Ops	323	331	34	(61)	80	82	83	96	102
Income (Loss) Incl. MI	323	331	34	(61)	80	82	83	96	102
- Minority Interest	(0)	2	1	3	1	2	2	2	2
Net Income, GAAP	323	329	33	(63)	78	80	82	94	100

Pro Forma – Statement of Cash Flows - Operating



In Millions of USD except Per Share 12 Months Ending	FY 2020 12/31/2020	FY 2021 12/31/2021	FY 2022 12/31/2022	FY2023 E 12/31/2023	FY 2024E 12/31/2024	FY 2025E 12/31/2025	FY 2026E 12/31/2026	FY 2027E 12/31/2027	FY 2028E 12/31/2028
Cash from Operating Activities									
+ Net Income	323	329	33	(63)	78	80	82	94	100
+ Depreciation & Amortization	298	423	507	601	610	667	734	797	862
+ Non-Cash Items	33	(73)	(22)	(41)	50	46	21	37	41
+ Stock-Based Compensation	22	25	27	24	25	26	27	27	28
+ Deferred Income Taxes	7	52	10	(77)	11	5	(23)	(9)	(8)
+ Other Non-Cash Adj	4	(150)	(59)	12	14	16	17	19	20
+ Chg in Non-Cash Work Cap	284	115	(166)	501	195	349	266	299	285
+ (Inc) Dec in Accts Receiv	87	149	6	(42)	(210)	(129)	(174)	(162)	(170)
+ (Inc) Dec in Inventories	18	10	(21)	31	(18)	(11)	(15)	(14)	(14)
+ Inc (Dec) in Other	179	(45)	(152)	512	423	489	455	475	469
Cash from Operating Activities	937	793	352	998	932	1,143	1,103	1,226	1,287

Pro Forma – Statement of Cash Flows – Investing & Financing



In Millions of USD except Per Share 12 Months Ending	FY 2020 12/31/2020	FY 2021 12/31/2021	FY 2022 12/31/2022	FY2023 E 12/31/2023	FY 2024E 12/31/2024	FY 2025E 12/31/2025	FY 2026E 12/31/2026	FY 2027E 12/31/2027	FY 2028E 12/31/2028
Cash from Investing Activities									
+ Change in Fixed & Intang	(177)	(105)	(182)	(94)	(113)	(74)	(69)	(101)	(163)
+ Disp in Fixed & Intang	37	65	81	56	68	75	82	89	97
+ Acq of Fixed & Intang	(214)	(170)	(263)	(150)	(181)	(149)	(152)	(190)	(259)
+ Net Cash From Acq & Div	(25)	(1,245)	(636)	(591)	(654)	(720)	(781)	(845)	(908)
+ Other Investing Activities	(15)	(8)	(4)	(1)	(7)	(5)	(4)	(4)	(5)
Cash from Investing Activities	(217)	(1,357)	(821)	(686)	(774)	(799)	(855)	(950)	(1,076)
Cash from Financing Activities									
+ Cash From (Repayment) Debt	438	541	3,884	3,033	2,988	2,943	3,031	3,122	3,216
+ Cash (Repurchase) of Equity	(114)	-	(85)	(110)	(113)	(115)	(117)	(119)	(122)
+ Increase in Capital Stock	6	-	-	-	-	-	-	-	-
+ Decrease in Capital Stock	(120)	-	(85)	(110)	(113)	(115)	(117)	(119)	(122)
+ Other Financing Activities	(694)	(39)	(3,317)	(3,153)	(3,077)	(3,090)	(3,065)	(3,111)	(3,158)
Cash from Financing Activities	(370)	502	481	(230)	(202)	(262)	(151)	(108)	(64)
Effect of Foreign Exchange Rates	1	(0)	(2)	0	(0)	(1)	(1)	(0)	(0)
Net Changes in Cash	352	(62)	10	82	(44)	82	97	167	147

Pro Forma – Balance Sheet - Assets



In Millions of USD except Per Share	FY 2020	FY 2021	FY 2022	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
12 Months Ending	12/31/2020	12/31/2021	12/31/2022	12/30/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028
Total Assets									
+ Cash, Cash Equivalents & STI	423	361	371	453	408	490	587	754	901
+ Accounts Receivables	784	1,019	1,400	1,610	1,738	1,913	2,075	2,245	2,412
+ Unbilled Revenues	970	1,228	1,730	1,989	2,149	2,364	2,565	2,774	2,981
+ Inventories	90	93	118	136	147	161	175	189	203
+ Other ST Assets	92	173	241	277	303	333	362	391	420
+ Prepaid Expenses	—	—	122	141	152	167	181	196	211
+ Misc ST Assets	92	173	119	136	151	166	180	195	210
Total Current Assets	2,359	2,874	3,859	4,464	4,745	5,261	5,763	6,353	6,917
+ Property, Plant & Equip, Net	1,159	1,696	2,034	2,196	2,345	2,497	2,687	2,946	3,247
+ Property, Plant & Equip	2,346	3,101	3,591	3,878	4,111	4,440	4,795	5,227	5,697
- Accumulated Depreciation	1,187	1,404	1,557	1,682	1,766	1,943	2,108	2,280	2,450
+ LT Investments	220	267	306	330	366	403	437	472	508
+ Other LT Assets	1,490	2,284	3,094	3,314	3,483	3,833	4,160	4,502	4,842
+ Total Intangible Assets	1,427	2,191	2,991	3,201	3,361	3,698	4,012	4,339	4,662
+ <i>Goodwill</i>	1,243	1,521	2,045	2,188	2,298	2,528	2,743	2,967	3,187
+ <i>Other Intangible Assets</i>	184	670	946	1,013	1,063	1,170	1,269	1,373	1,475
+ Misc LT Assets	63	93	103	113	123	135	148	163	179
Total Noncurrent Assets	2,869	4,247	5,434	5,841	6,194	6,732	7,284	7,921	8,596
Total Assets	5,228	7,121	9,293	10,305	10,939	11,993	13,046	14,274	15,513

Pro Forma – Balance Sheet – Liabilities & Equity



In Millions of USD except Per Share 12 Months Ending	FY 2020 12/31/2020	FY 2021 12/31/2021	FY 2022 12/31/2022	FY 2023E 12/30/2023	FY 2024E 12/31/2024	FY 2025E 12/31/2025	FY 2026E 12/31/2026	FY 2027E 12/31/2027	FY 2028E 12/31/2028
Liabilities & Shareholders' Equity									
+ Payables & Accruals	894	1,096	1,658	2,155	2,386	2,625	2,847	3,080	3,309
+ Accounts Payable	571	663	1,110	1,443	1,597	1,757	1,906	2,062	2,216
+ Other Payables & Accruals	323	433	548	712	788	867	941	1,018	1,094
+ ST Debt	218	233	268	324	359	395	428	463	498
+ ST Lease Liabilities	205	231	255	308	341	375	407	440	472
+ Current Portion of LT Debt	13	2	14	17	18	20	22	24	25
+ Other ST Liabilities	303	455	570	757	871	958	1,039	1,124	1,208
+ Deferred Revenue	228	314	406	528	607	668	725	784	843
+ Misc ST Liabilities	75	141	164	229	263	290	314	340	366
Total Current Liabilities	1,415	1,785	2,496	3,236	3,615	3,978	4,315	4,668	5,015
+ LT Debt	1,274	2,053	3,246	2,978	2,896	3,149	3,456	3,877	4,332
+ LT Borrowings	1,002	1,719	2,821	2,483	2,348	2,546	2,802	3,170	3,572
+ LT Lease Liabilities	272	334	425	495	548	603	654	707	760
+ Other LT Liabilities	533	740	810	978	1,084	1,191	1,292	1,398	1,502
+ Deferred Tax Liabilities	303	450	571	690	764	841	912	986	1,060
+ Misc LT Liabilities	230	290	238	288	319	351	380	412	442
Total Noncurrent Liabilities	1,807	2,793	4,056	3,956	3,979	4,340	4,748	5,275	5,834
Total Liabilities	3,222	4,578	6,552	7,193	7,595	8,318	9,064	9,943	10,849
+ Share Capital & APIC	847	1,043	1,256	1,714	1,897	2,181	2,442	2,735	3,008
+ Common Stock	9	10	10	12	13	15	16	17	18
+ Additional Paid in Capital	837	1,034	1,247	1,702	1,884	2,167	2,427	2,718	2,990
- Treasury Stock	587	587	664	697	732	769	807	847	890
+ Retained Earnings	1,834	2,162	2,196	2,132	2,211	2,291	2,373	2,466	2,566
+ Other Equity	(91)	(79)	(51)	(40)	(36)	(32)	(30)	(27)	(25)
Equity Before Minority Interest	2,002	2,540	2,737	3,109	3,340	3,671	3,978	4,327	4,659
+ Minority/Non Controlling Interest	4	4	4	4	4	4	4	4	5
Total Equity	2,006	2,544	2,741	3,113	3,344	3,675	3,983	4,331	4,664
Total Liabilities & Equity	5,228	7,121	9,293	10,305	10,939	11,993	13,046	14,274	15,513

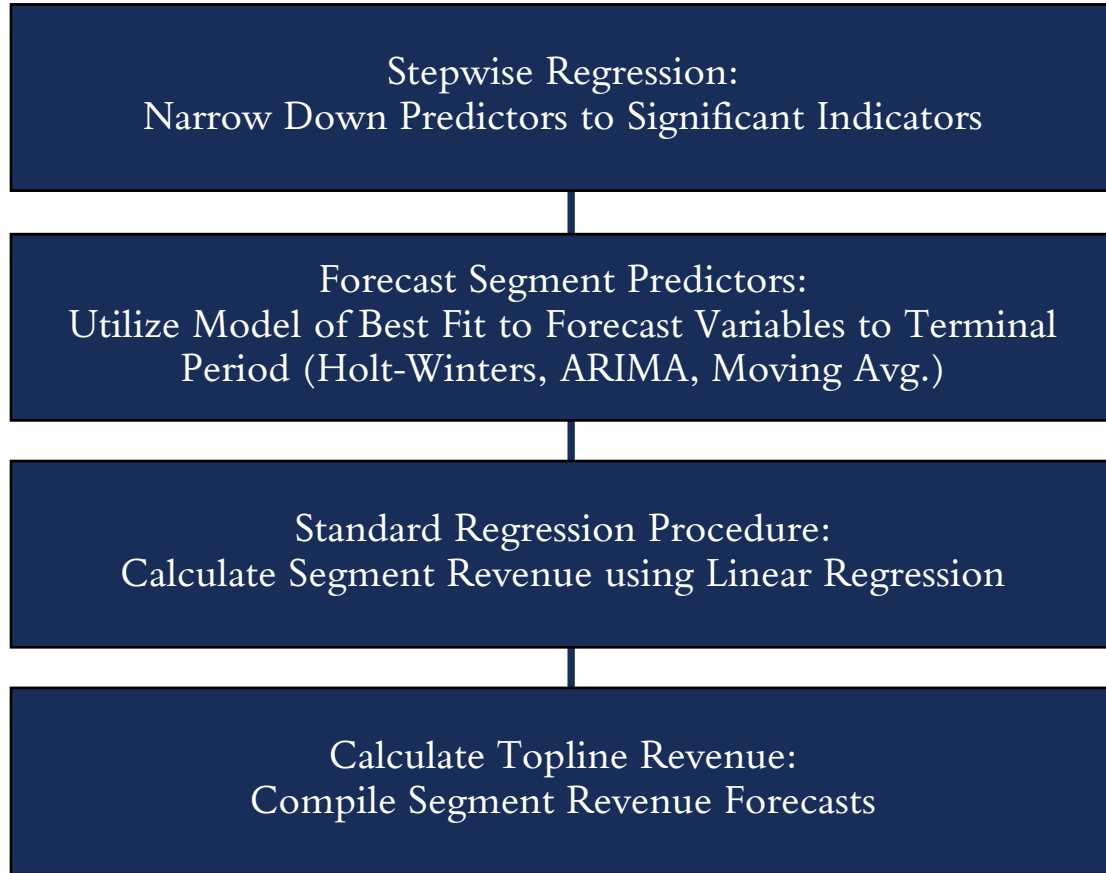
Revenue Forecasting I



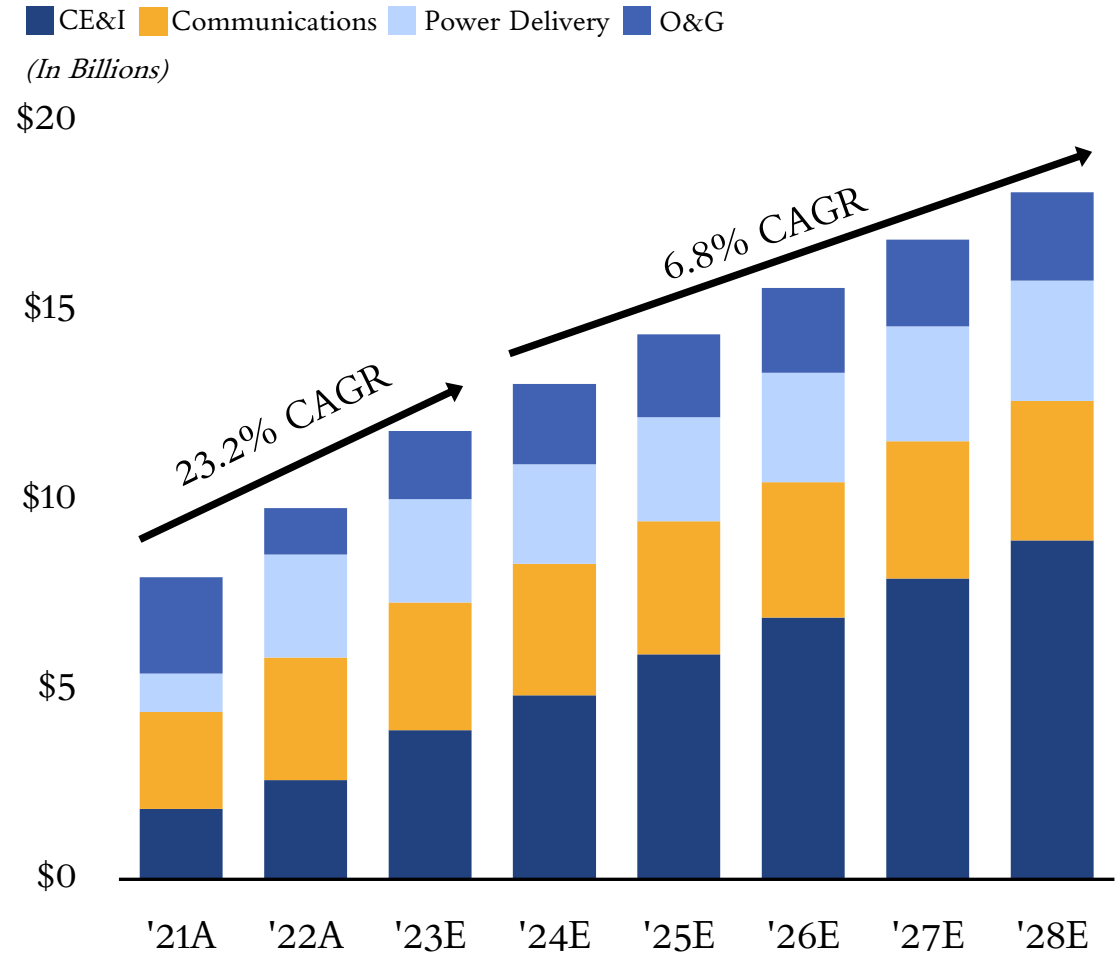
	Forecasting Method	FY2020 12/31/2020	FY2021 12/31/2021	FY2022 12/31/2022	FY2023E 12/31/2023	FY2024E 12/31/2024	FY2025E 12/31/2025	FY2026E 12/31/2026	FY2027E 12/31/2027	FY2028E 12/31/2028
Clean Energy & Infrastructure	Linear Regression	\$1,005	\$1,865	\$2,619	\$3,938	\$4,855	\$5,937	\$6,914	\$7,941	\$8,947
<i>Federal Funds Rate (Used for all Indicators)</i>	<i>Holt-Winters</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>4.5%</i>	<i>5.0%</i>	<i>4.3%</i>	<i>4.0%</i>	<i>3.7%</i>	<i>3.5%</i>
Backlog	Moving Average	\$1,066	\$1,551	\$2,187	\$3,314	\$2,549	\$2,790	\$2,669	\$2,721	\$2,702
Assets	Holt-Winters	\$591	\$757	\$1,535	\$2,796	\$3,967	\$5,043	\$6,119	\$7,044	\$8,271
Wind Power Capacity (Gigawatts)	Holt-Winters	208	227	247	256	273	289	304	319	335
Solar Power Capacity (Gigawatts)	Holt-Winters	193	235	294	328	383	425	468	505	553
Communication	Linear Regression	\$2,512	\$2,551	\$3,234	\$3,373	\$3,476	\$3,514	\$3,567	\$3,624	\$3,685
Backlog	Holt-Winters	\$3,890	\$4,241	\$5,070	\$5,440	\$5,474	\$5,623	\$5,771	\$5,897	\$6,067
Assets	Holt-Winters	\$1,954	\$1,964	\$2,299	\$2,483	\$2,632	\$2,803	\$2,974	\$3,116	\$3,316
Change in Communications Capacity	Holt-Winters	17.5%	-12.5%	50.0%	23.3%	14.5%	1.3%	-12.0%	-29.8%	-38.4%
Oil & Gas	Linear Regression	\$1,593	\$2,541	\$1,220	\$1,798	\$2,119	\$2,184	\$2,236	\$2,285	\$2,331
Backlog	Holt-Winters	\$2,539	\$1,584	\$1,523	\$1,912	\$2,145	\$2,328	\$2,511	\$2,660	\$2,877
Assets	Holt-Winters	\$1,730	\$1,586	\$1,537	\$1,722	\$1,987	\$2,061	\$2,134	\$2,191	\$2,281
Oil & Gas Capacity	Holt-Winters	\$13,081	\$11,967	\$12,001	\$12,231	\$12,166	\$12,108	\$12,051	\$11,974	\$11,937
Power Delivery	Linear Regression	\$1,225	\$1,017	\$2,725	\$2,728	\$2,623	\$2,750	\$2,889	\$3,030	\$3,174
Backlog	Holt-Winters	\$522	\$1,507	\$2,685	\$2,608	\$2,677	\$2,919	\$3,161	\$3,361	\$3,646
Assets	Holt-Winters	\$483	\$959	\$2,032	\$1,879	\$1,915	\$1,943	\$1,971	\$1,979	\$2,027
Power Delivery Capacity	Holt-Winters	\$30	\$30	\$28	\$28	\$28	\$28	\$27	\$27	\$26



Build Methodology



Forecast



Forecasted Profitability Ratios

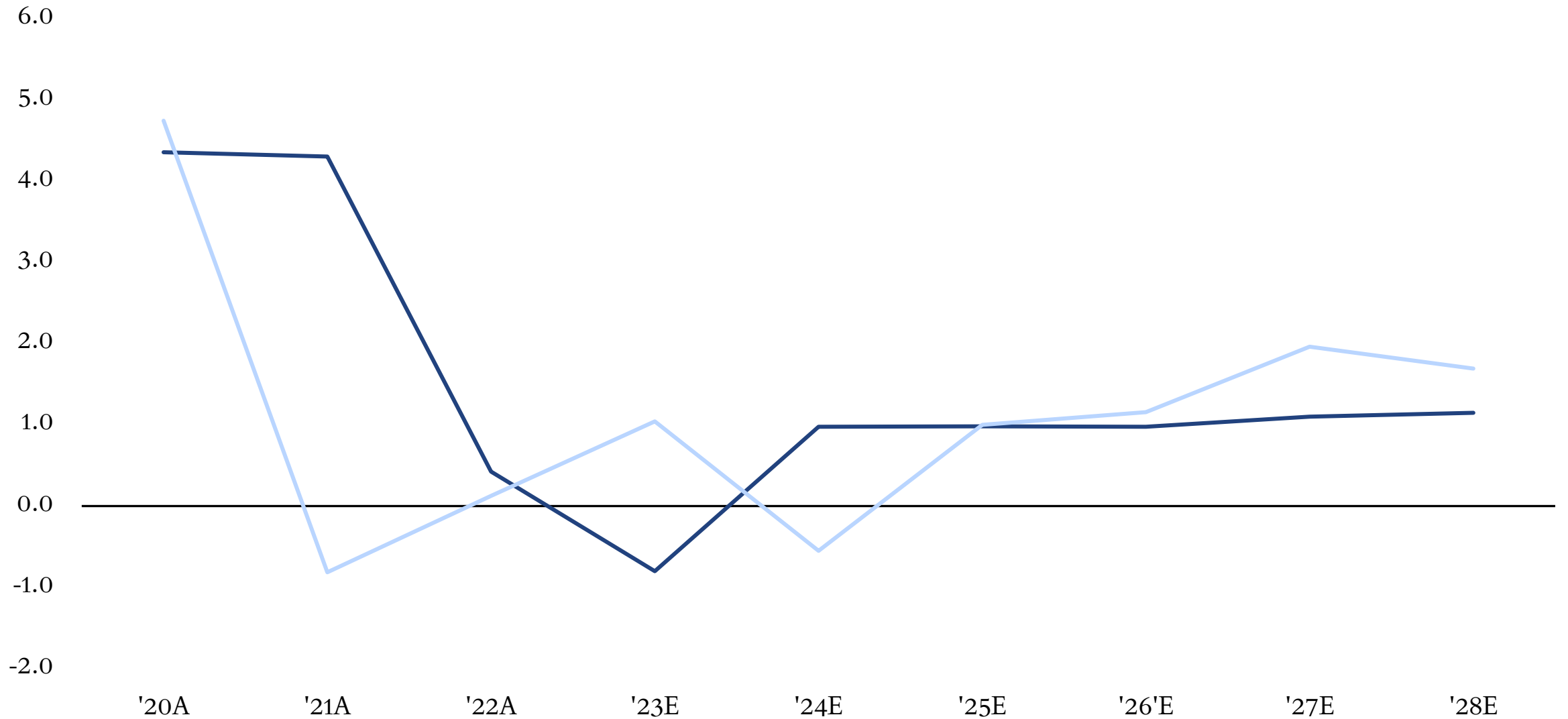


	FY 2020	FY 2021	FY 2022	FY2023 E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028
Per Share Ratios									
Shares Outstanding	74.2	76.429	78.7	78.8	80.4	82.0	83.7	85.3	87.0
Basic EPS (\$)	4.4	4.3	0.4	-0.8	1.0	1.0	1.0	1.1	1.1
CF/Share	4.7	-0.8	0.1	1.0	-0.6	1.0	1.2	2.0	1.7
EBITDA/Share	10.6	11.9	8.4	9.1	11.5	12.3	13.0	13.8	14.6
Revenue/Share	85.2	104.0	124.3	149.8	162.6	175.4	186.6	197.8	208.4
Profitability Ratios									
Gross Margin %	16.6%	14.4%	12.2%	11.3%	11.9%	11.9%	11.9%	11.9%	11.9%
Operating Margin %	6.6%	4.7%	1.8%	0.8%	1.6%	1.6%	1.6%	1.6%	1.6%
EBITDA Margin %	12.4%	11.4%	6.8%	6.1%	7.1%	7.0%	7.0%	7.0%	7.0%
Pretax Margin %	6.6%	5.0%	1.0%	-0.4%	1.2%	1.1%	1.1%	1.1%	1.1%
FCF Margin %	-	3.2%	0.2%	7.1%	6.0%	6.9%	5.8%	5.7%	5.4%
Net Margin %	5.1%	4.1%	0.3%	-0.5%	0.6%	0.6%	0.5%	0.6%	0.6%
Return on Assets	6.3%	5.3%	0.4%	-0.6%	0.7%	0.7%	0.7%	0.7%	0.7%
Return on Equity	24.7%	14.5%	1.3%	-2.2%	2.4%	2.3%	2.1%	2.3%	2.2%
Return on Invest Capital	8.4%	6.4%	1.8%	1.0%	1.8%	1.8%	1.8%	1.8%	1.8%
Solvency Ratios									
Debt/Assets	24.9%	28.3%	34.7%	28.8%	26.3%	26.1%	26.3%	27.0%	27.8%
Debt/Equity	65.0%	79.2%	117.6%	95.2%	86.1%	85.2%	86.3%	89.1%	92.4%
Debt/Total Capital	39.4%	44.2%	54.0%	48.8%	46.3%	46.0%	46.3%	47.1%	48.0%
Debt/Revenue	20.6%	25.3%	33.0%	25.1%	22.0%	21.8%	22.0%	22.8%	23.8%
Debt/EBITDA	1.1	1.8	4.3	3.5	2.7	2.6	2.6	2.6	2.7
Liquidity Ratios									
Current Ratio	1.7	1.6	1.5	1.4	1.3	1.3	1.3	1.4	1.4
Quick Ratio	0.9	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.7
Cash Ratio	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.2
OCF Ratio	0.7	0.4	0.1	0.3	0.3	0.3	0.3	0.3	0.3
Cash Conversion Ratio	15.5	18	16.5	11.5	8.8	8.2	8.3	8.3	8.3
Performance Ratios									
CF/Revenue	14.8%	10.0%	3.6%	8.5%	7.1%	7.9%	7.1%	7.3%	7.1%
Cash Return on Assets	17.9%	12.8%	4.3%	10.2%	8.8%	10.0%	8.8%	9.0%	8.6%
Cash Return on Equity	46.7%	10.3%	7.5%	3.0%	7.7%	6.6%	7.5%	6.6%	6.8%
Cash Flows to Net Income	2.9	2.4	10.6	-15.8	11.9	14.2	13.5	13.1	12.9

Per Share Ratios I – EPS & Cash Flows



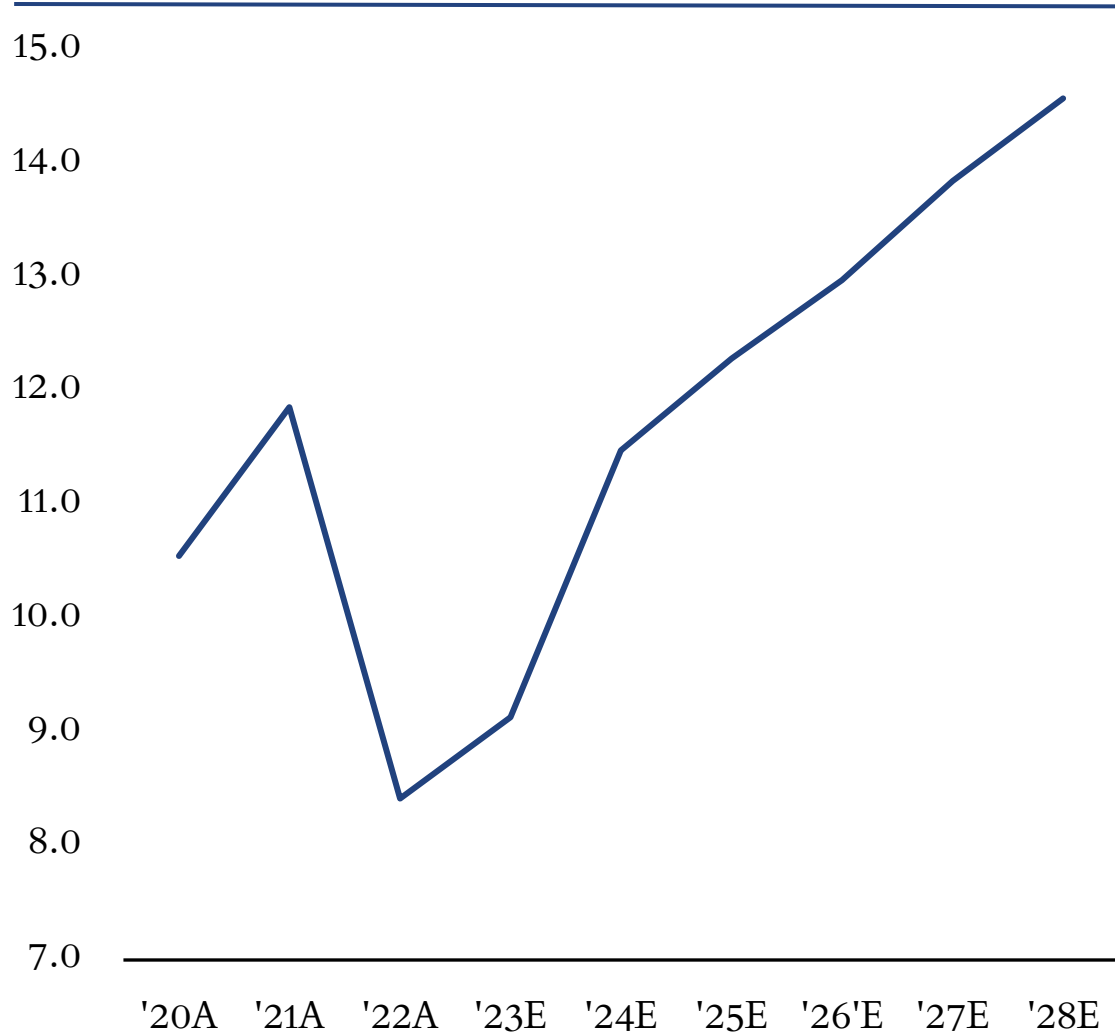
■ Basic EPS ■ CF/Share



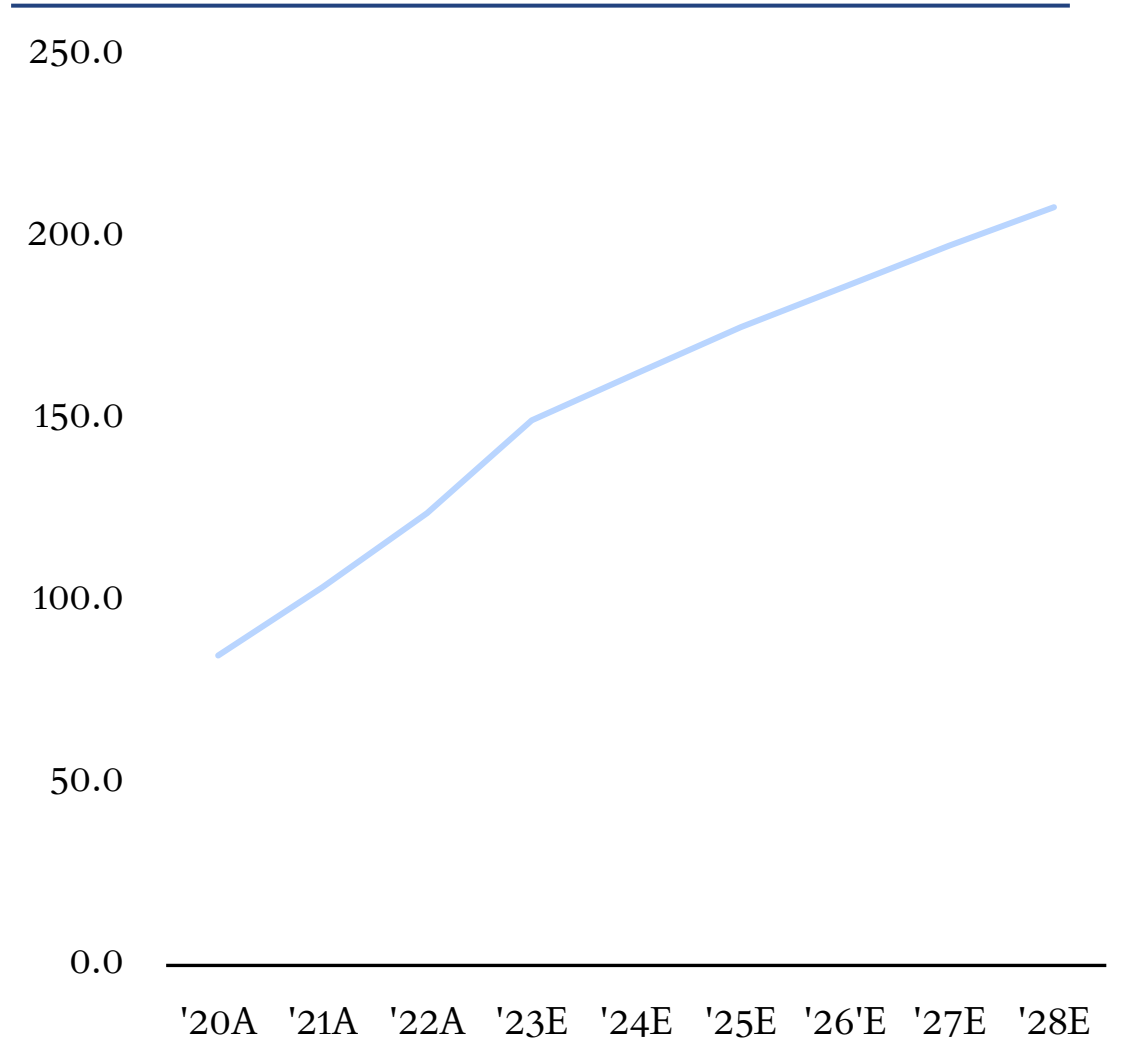
Per Share Ratios II – EBITDA & Revenue



EBITDA/Share



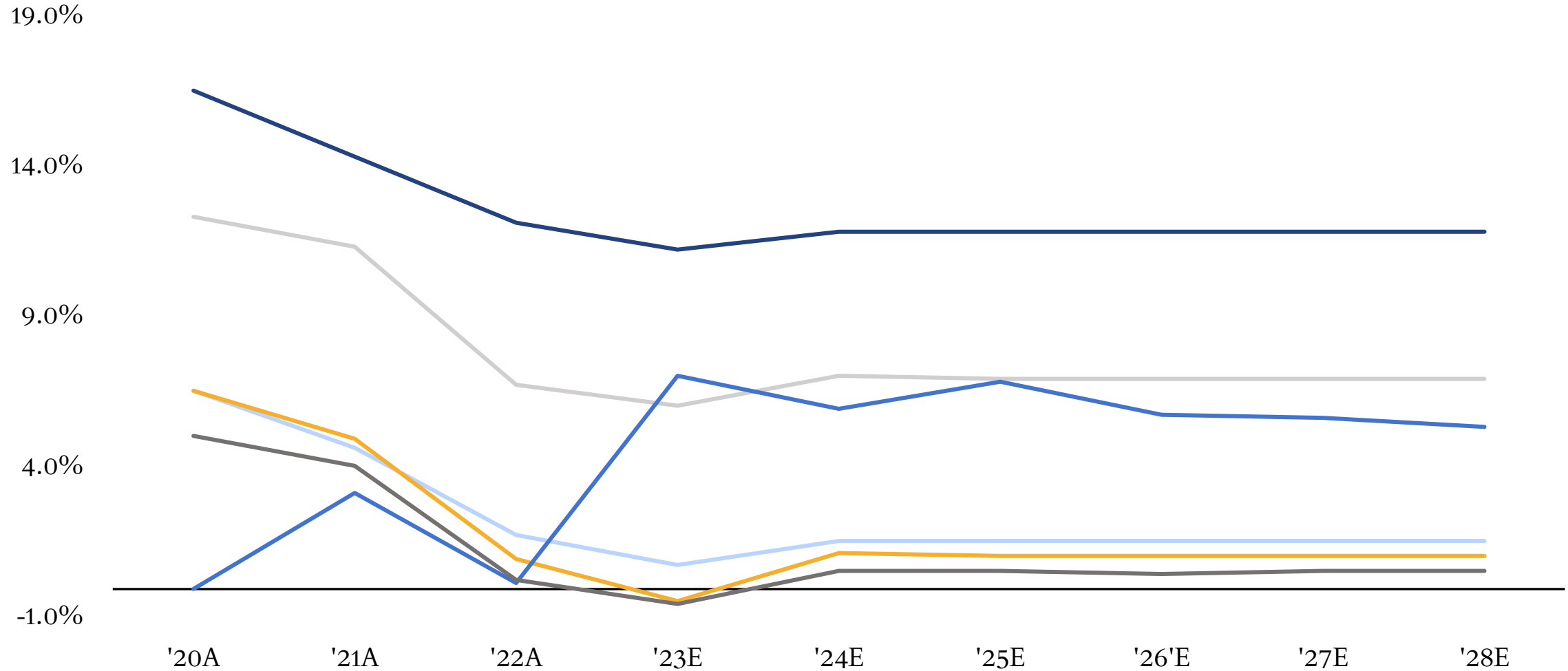
Revenue/Share





Margin % Ratios

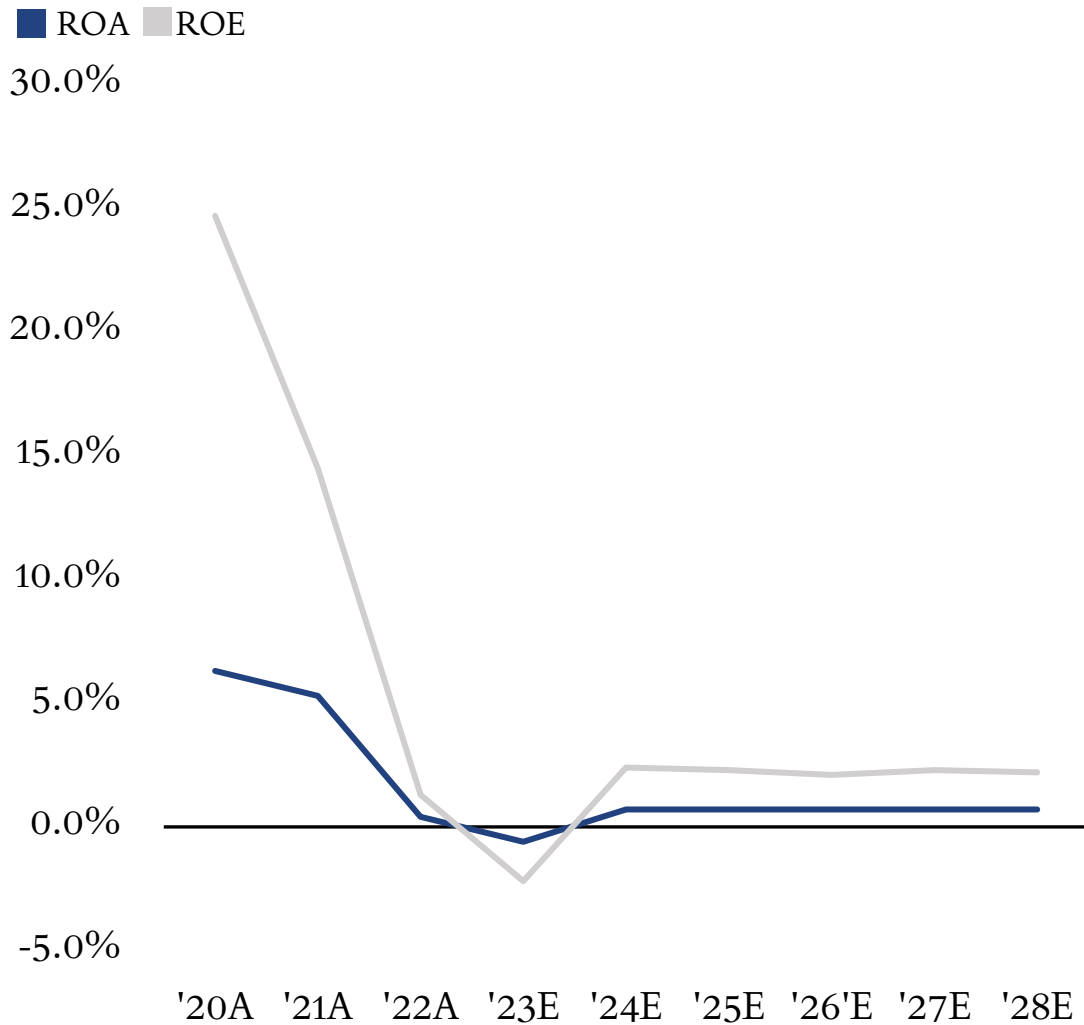
■ Gross ■ Operating ■ EBIDA ■ Pretax ■ FCF ■ Net



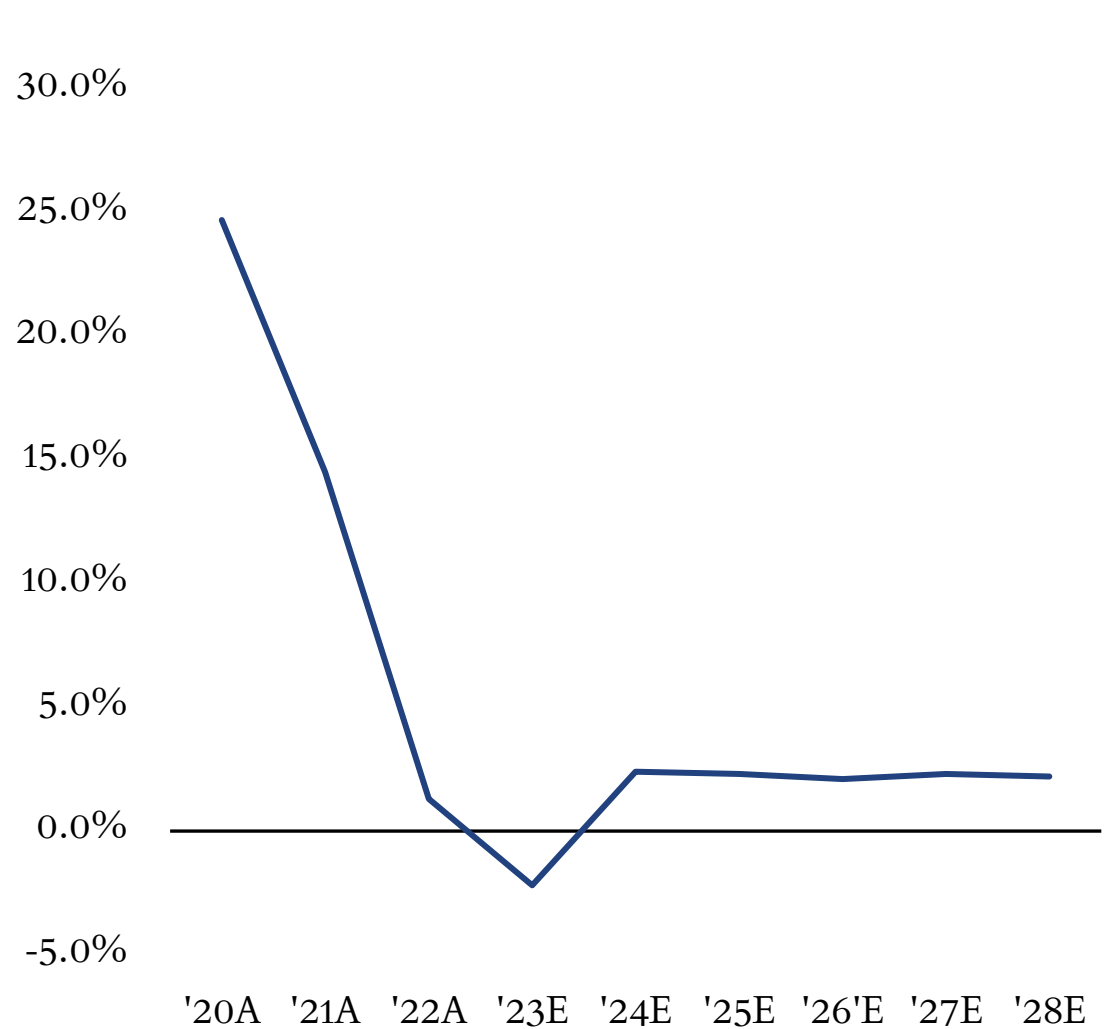
Profitability Ratios II – ROA, ROIC, ROE



ROA & ROIC



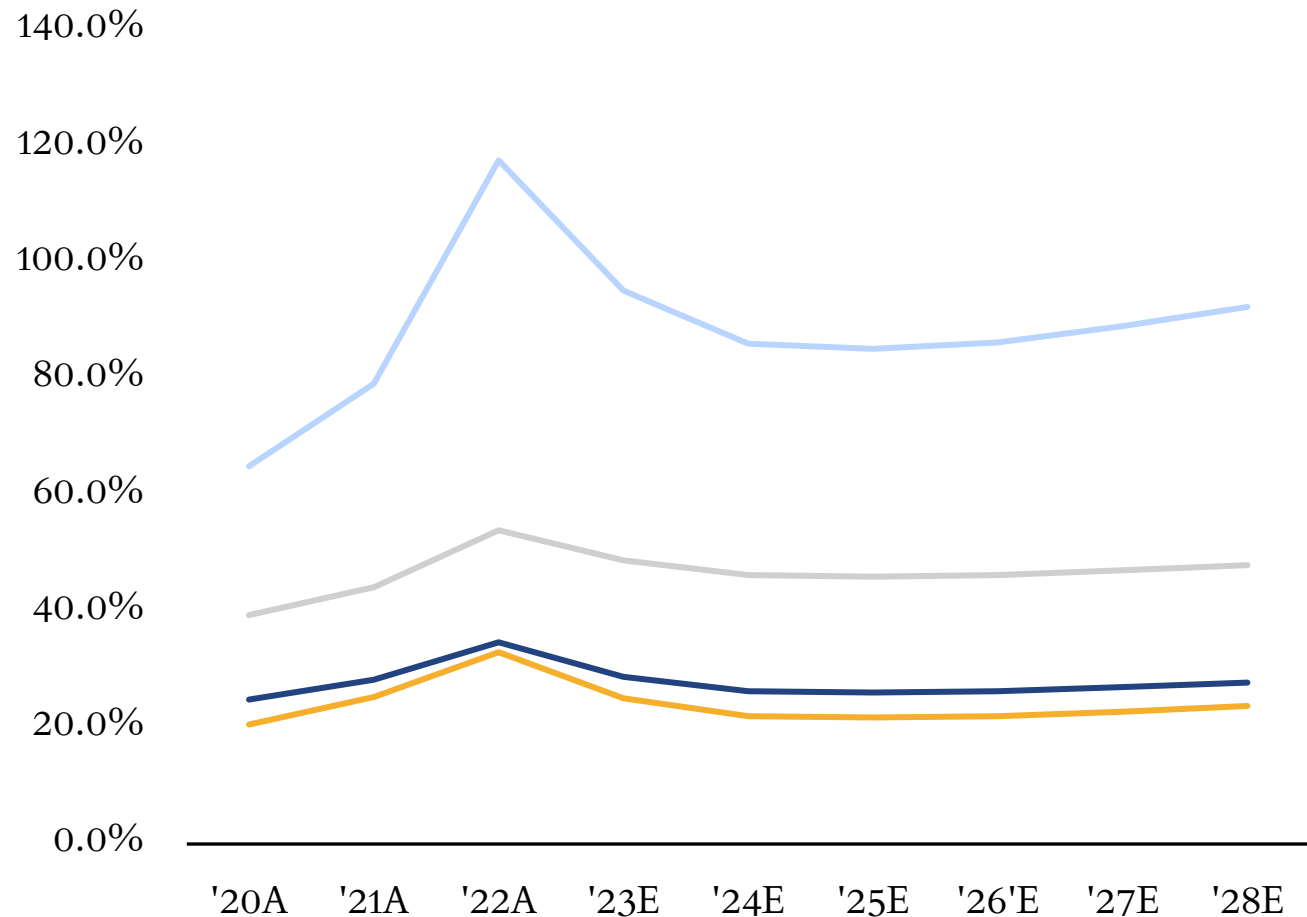
ROE



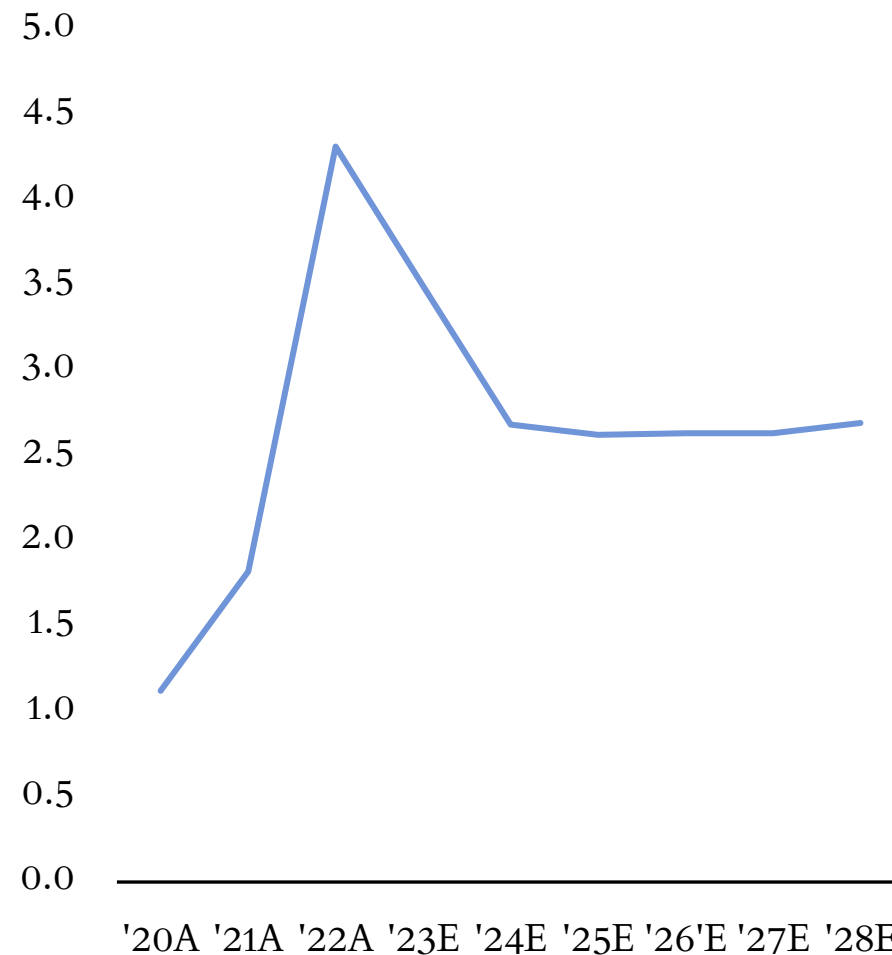


Solvency Ratios

■ Debt/Assets ■ Debt/Equity ■ Debt/Total Capital ■ Debt/Revenue



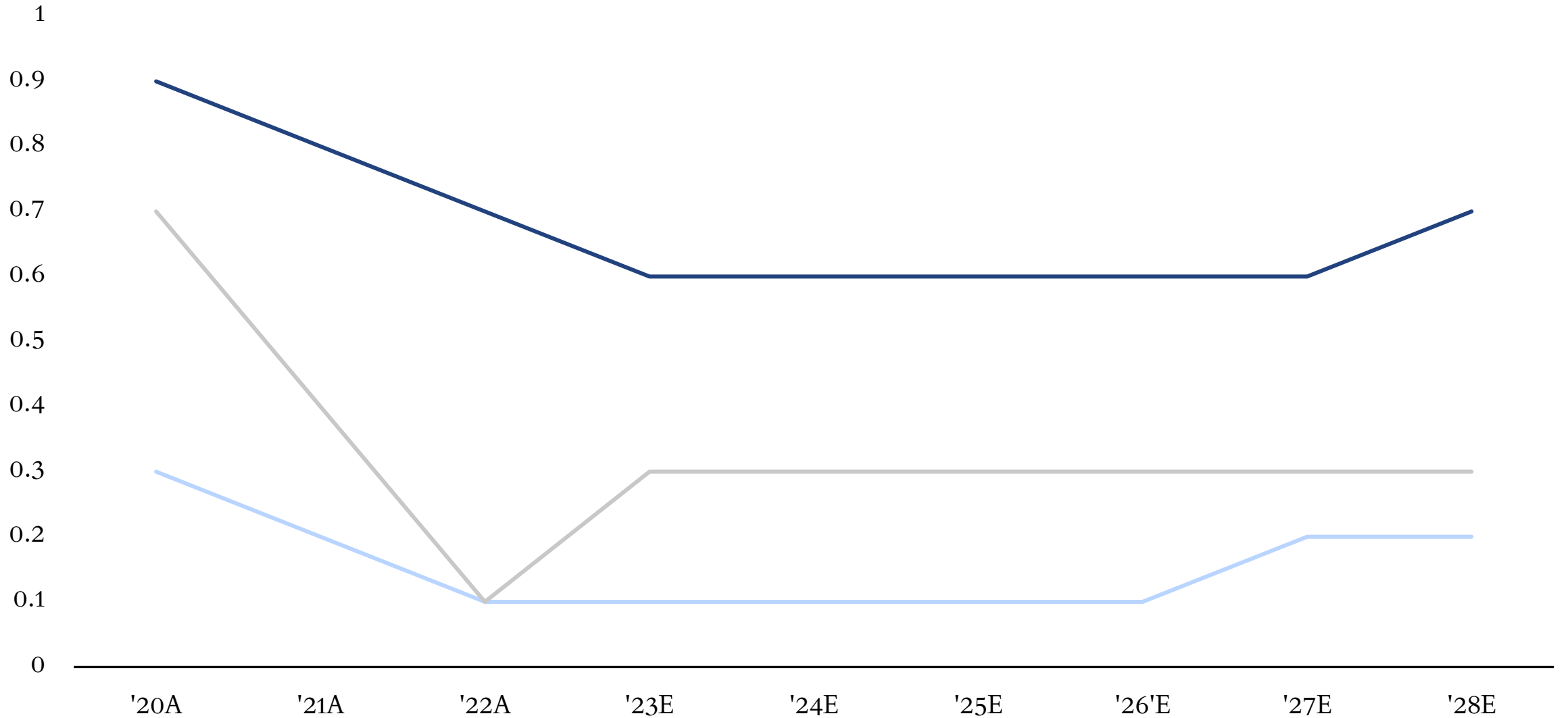
Debt/EBITDA



Liquidity Ratios I – Quick, Cash, OCF



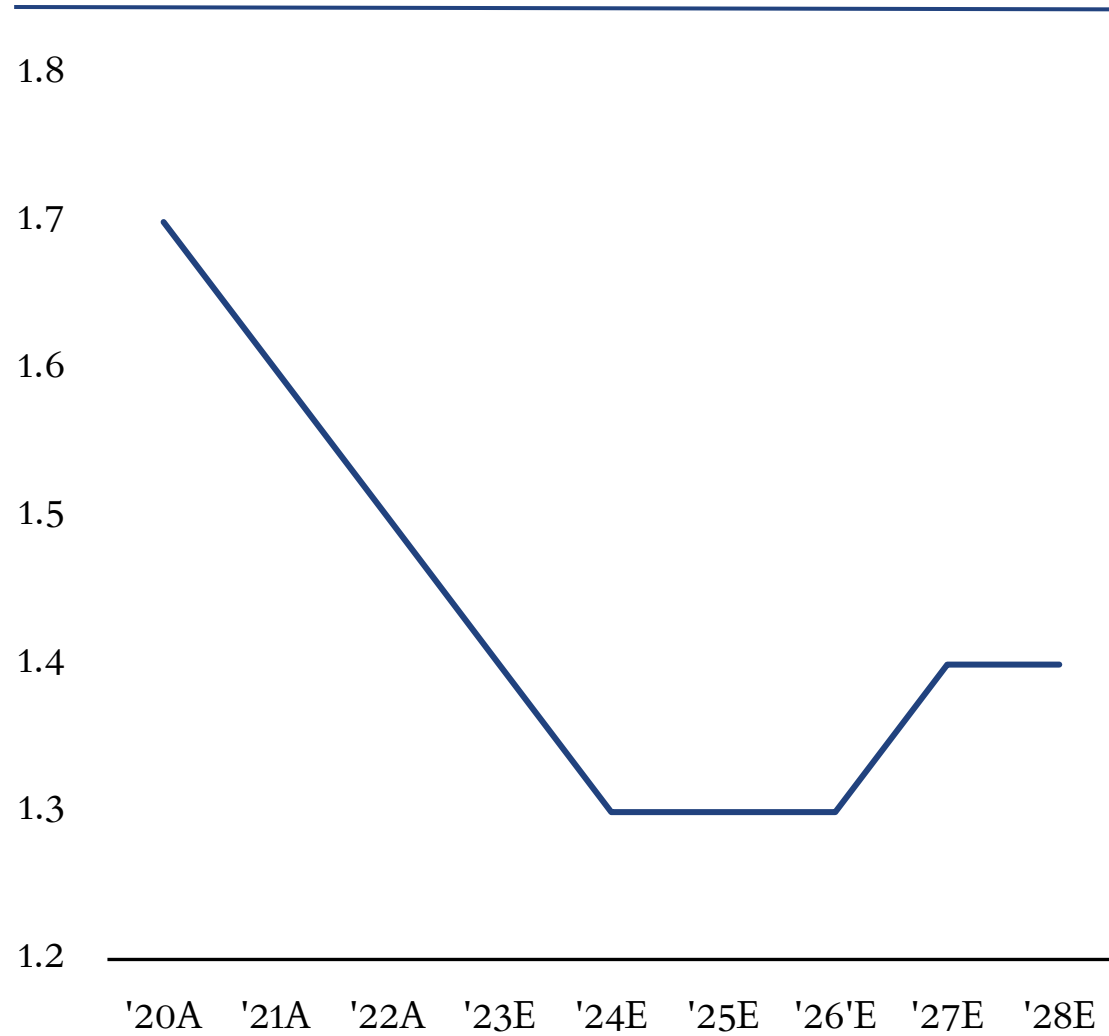
■ Quick ■ Cash ■ OCF



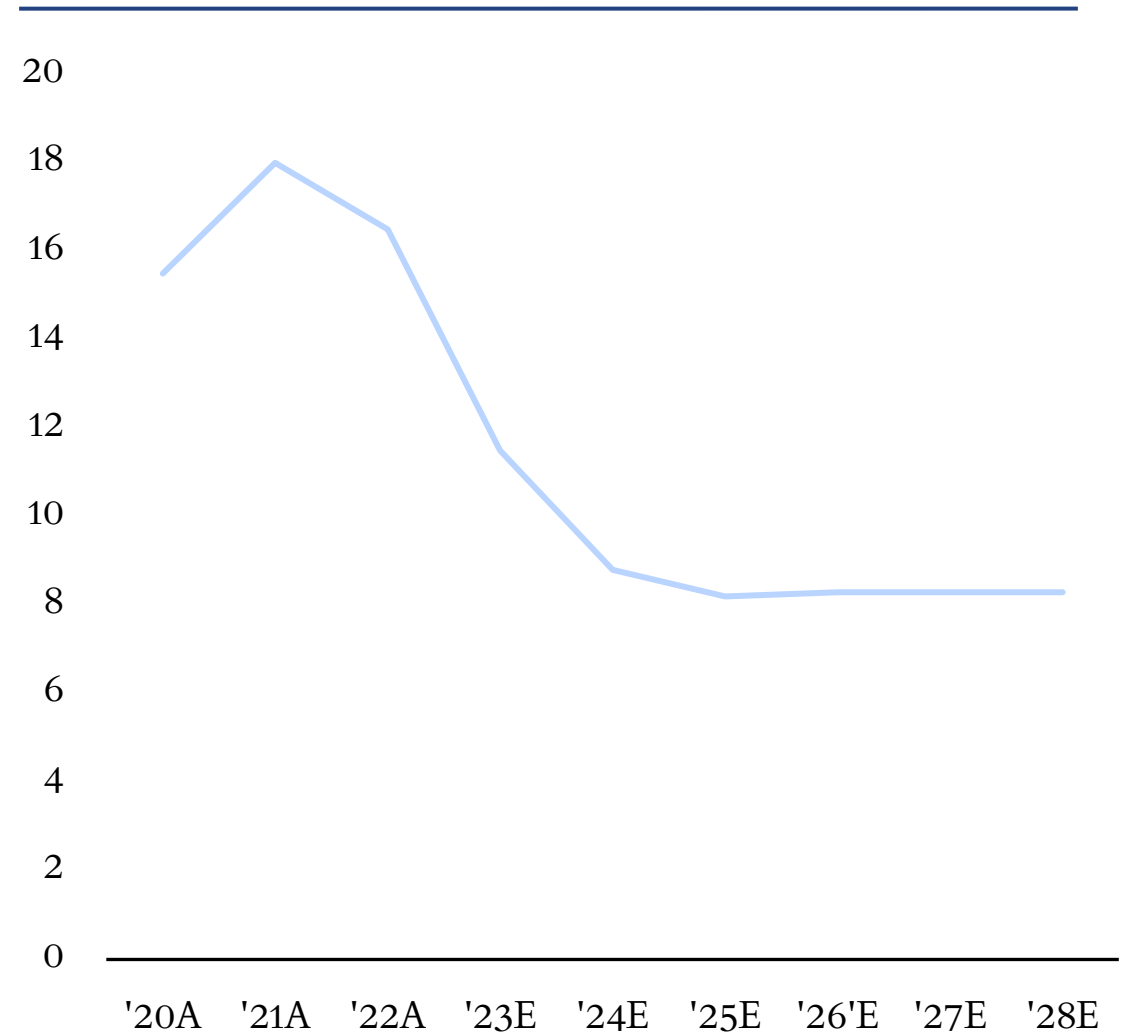
Liquidity Ratios II – Current & Cash Conversion



Current Ratio



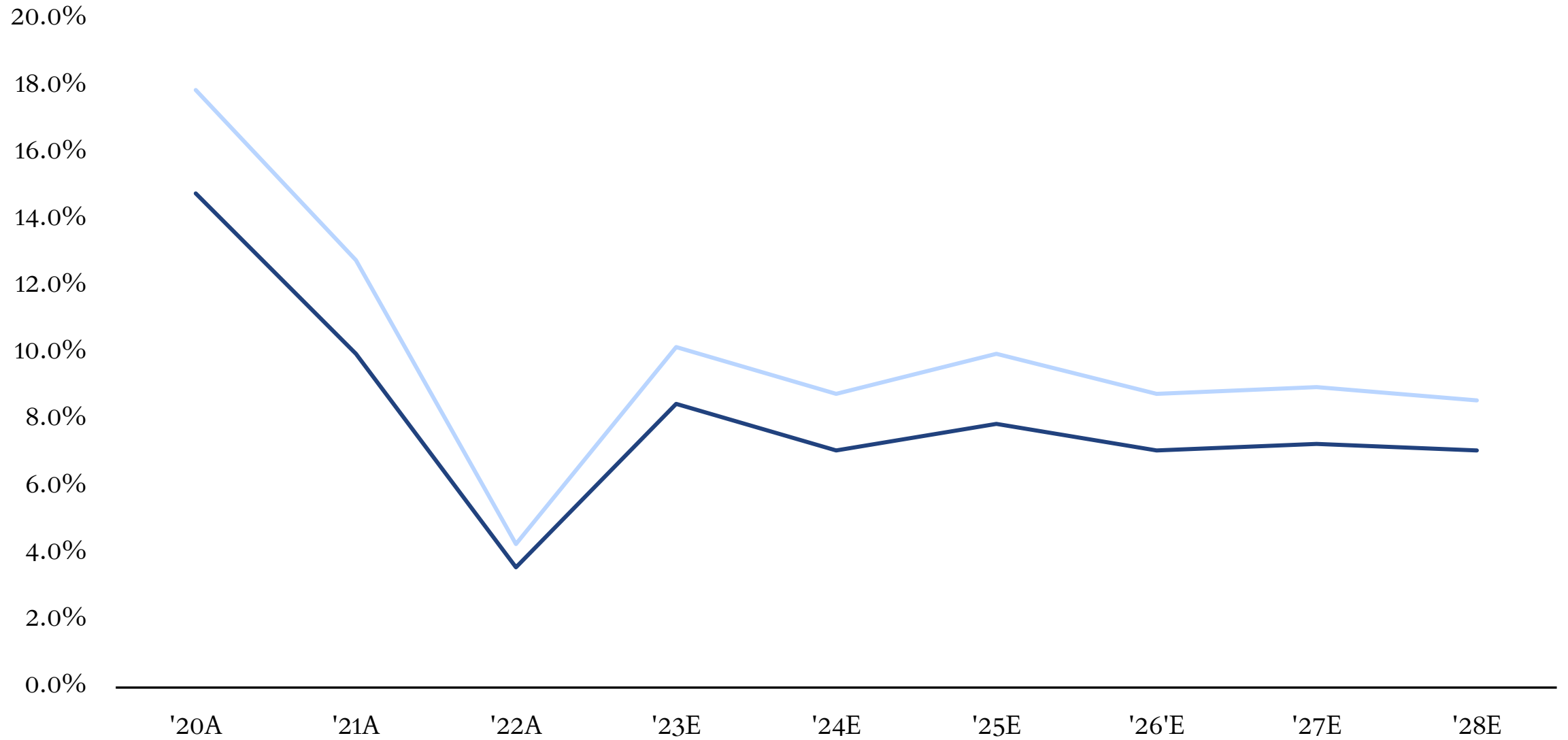
Cash Conversion Ratio



Performance Ratios I – CF/Revenue & Cash ROA



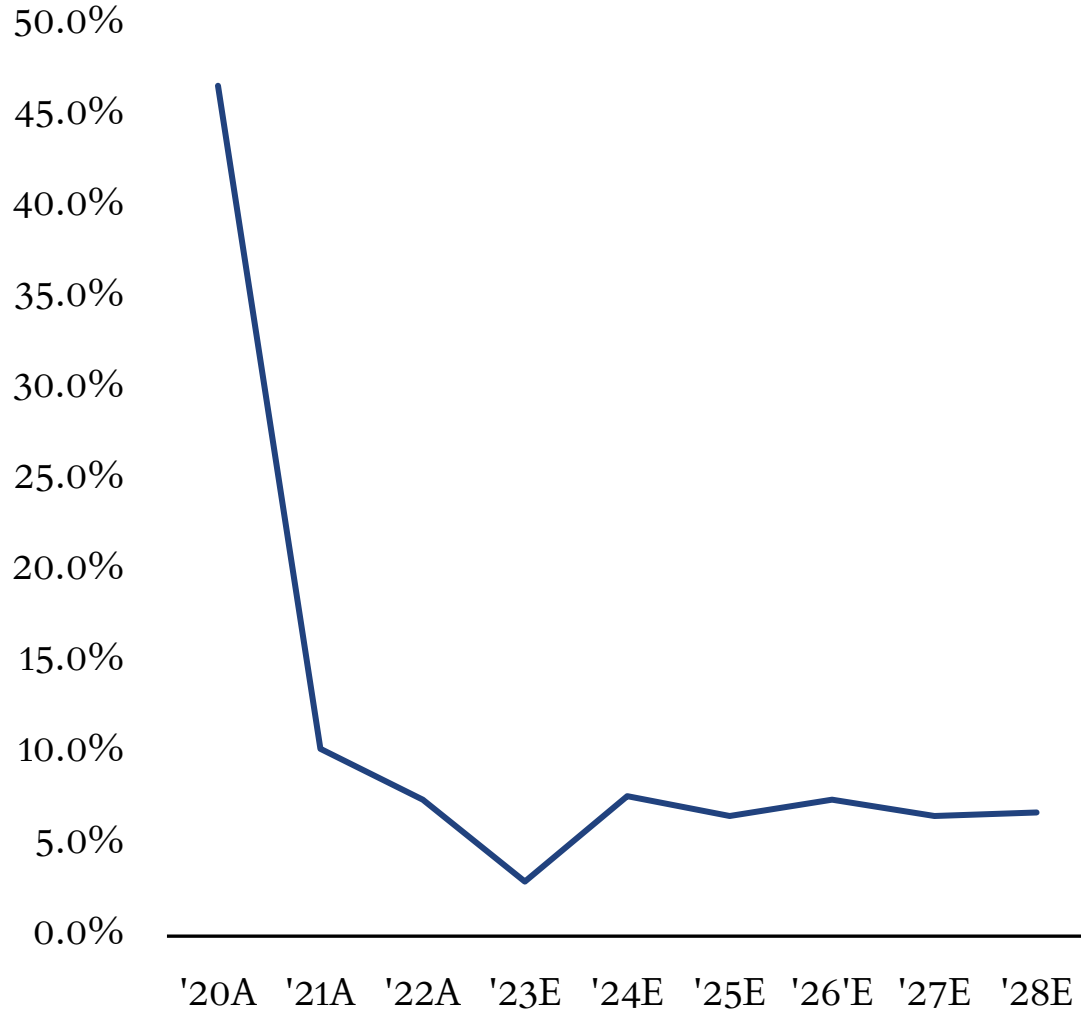
■ CF/Rev ■ Cash ROA



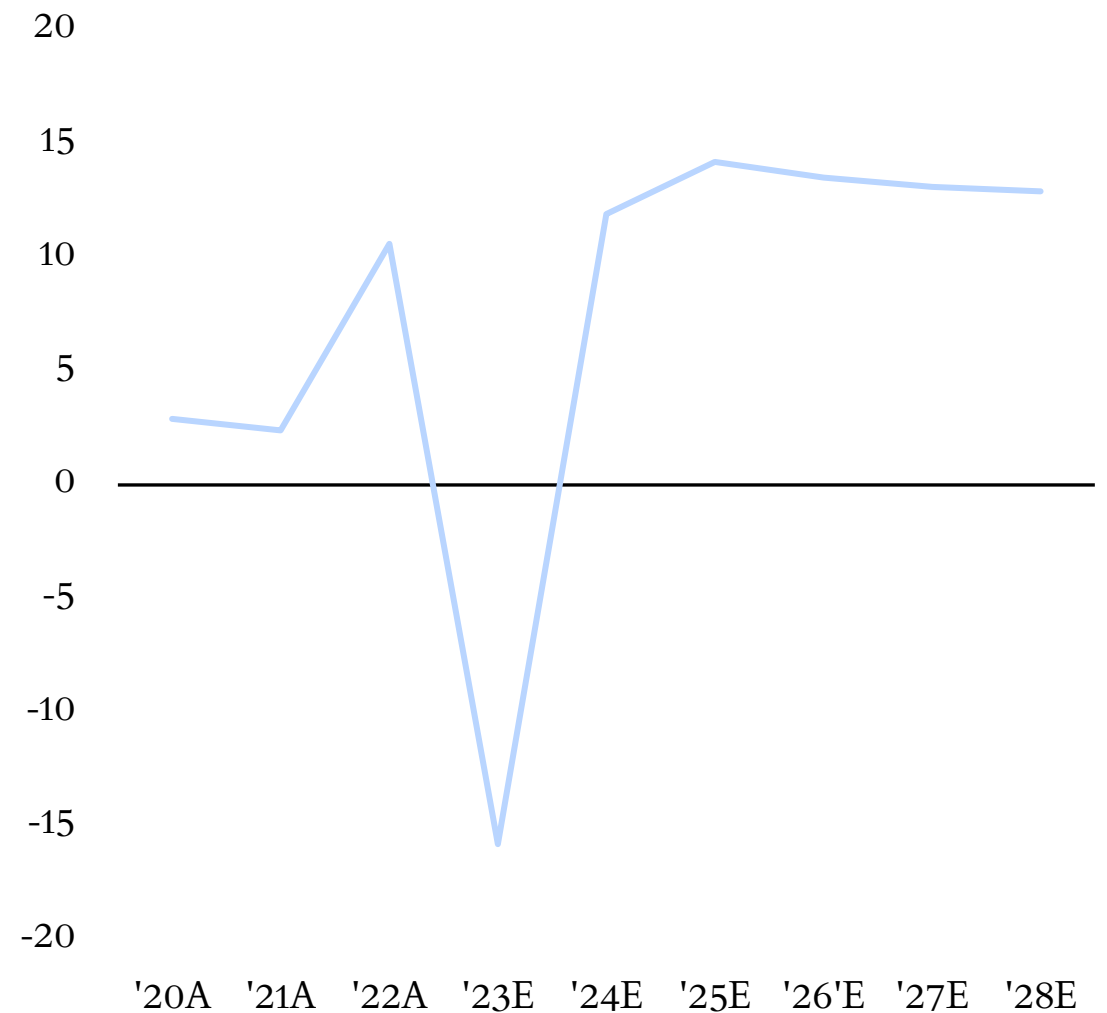
Performance Ratios II – Cash ROE & CF to NI



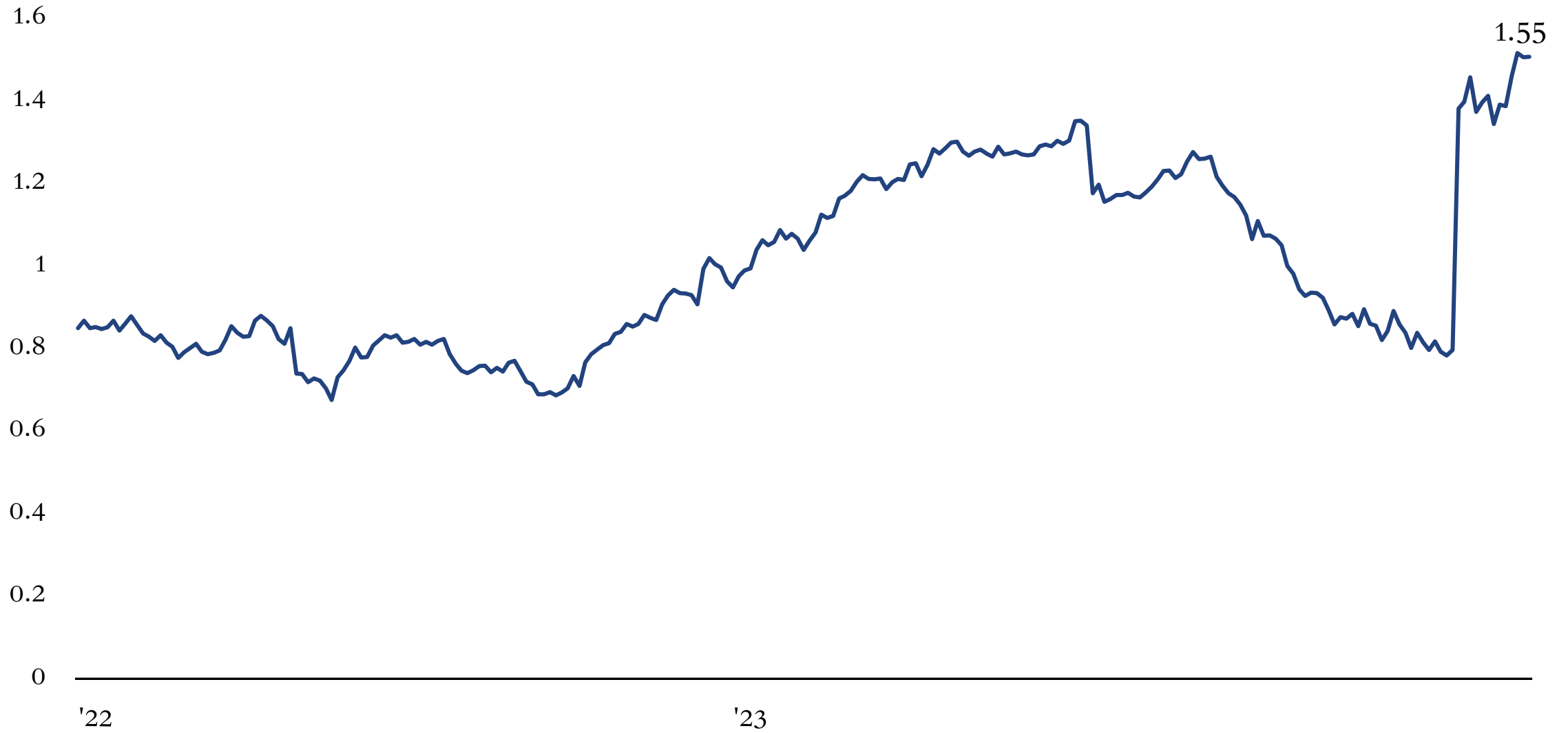
Cash ROE



Cash Flows to Net Income



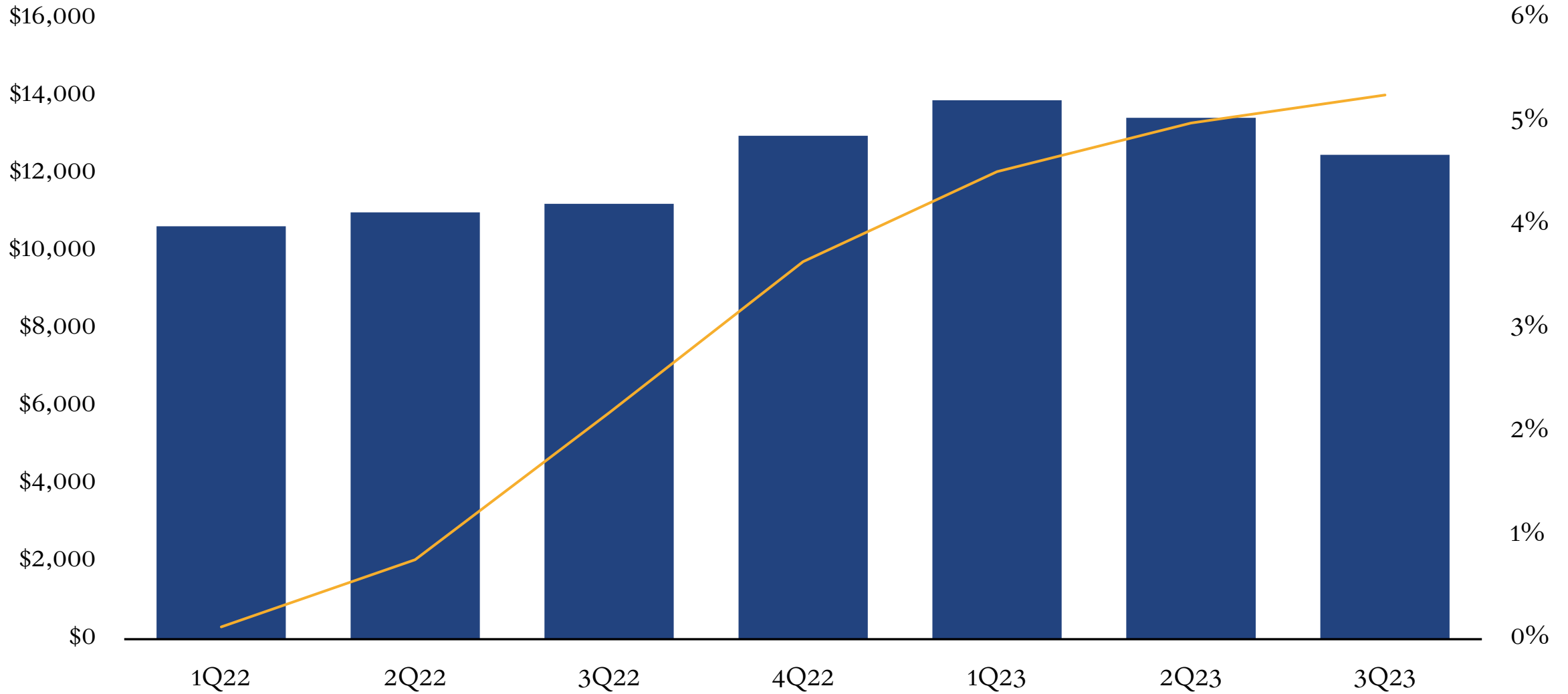
PEG Ratio



Backlog vs Fed Funds



■ Backlog ■ Fed Funds

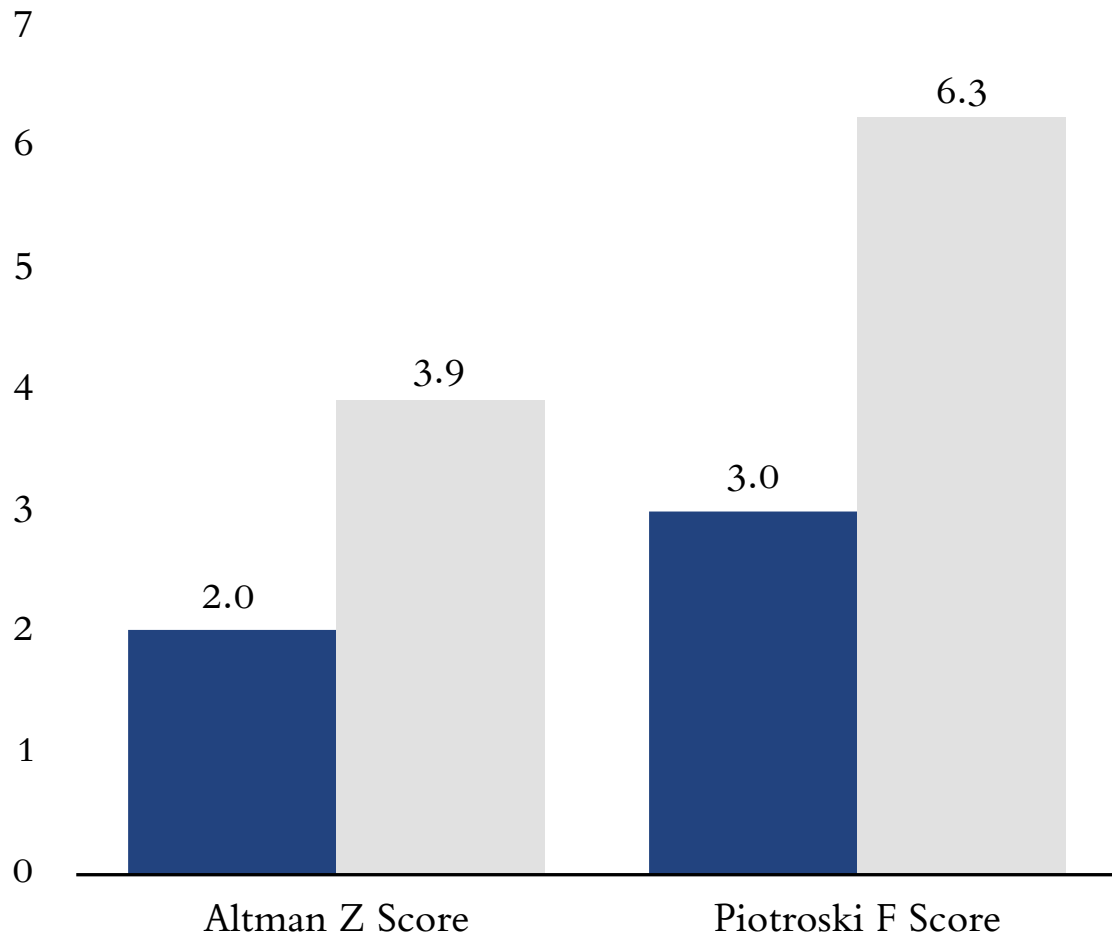


MasTec vs Peer Financial Health

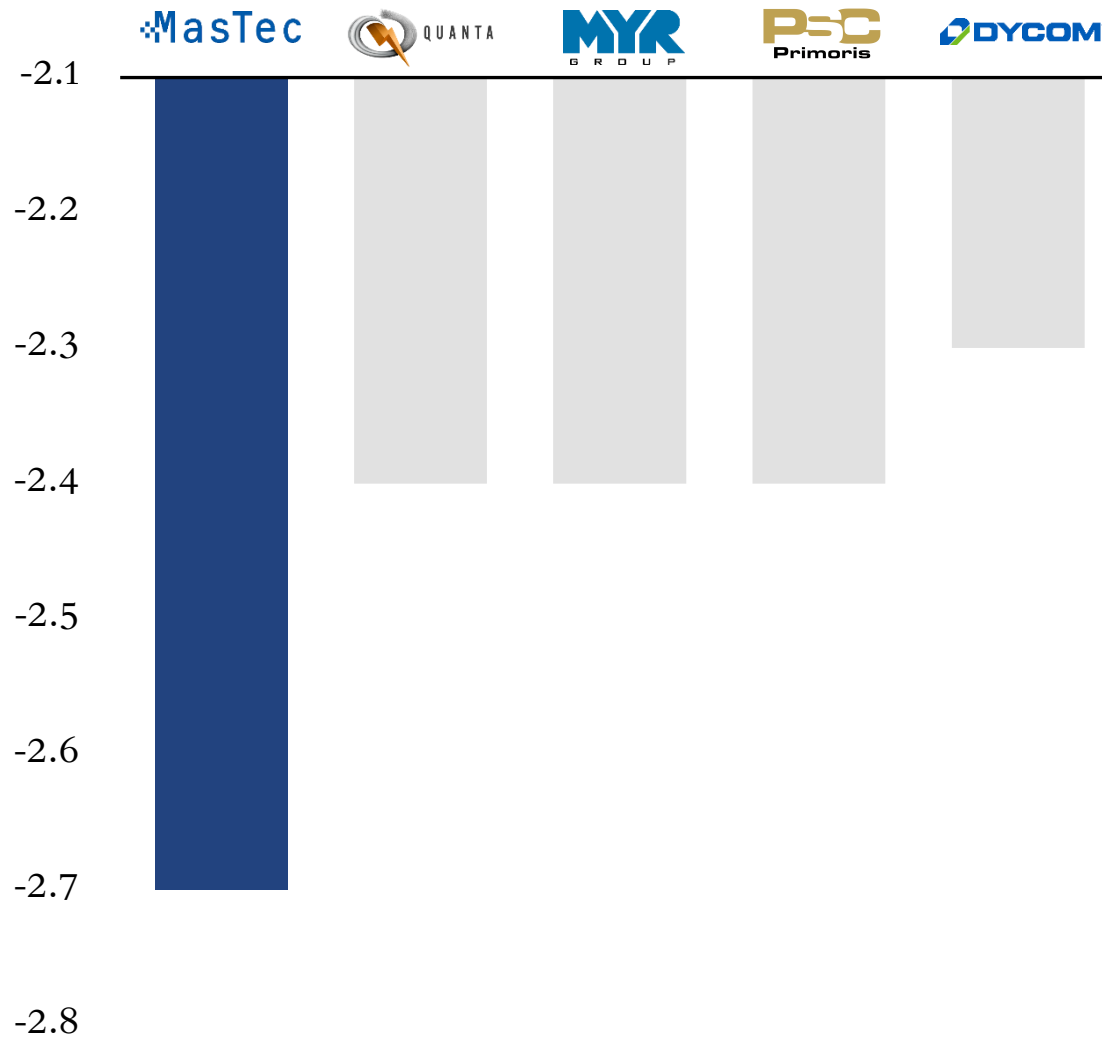


Financial Health Scores

■ MTZ ■ Peer Group



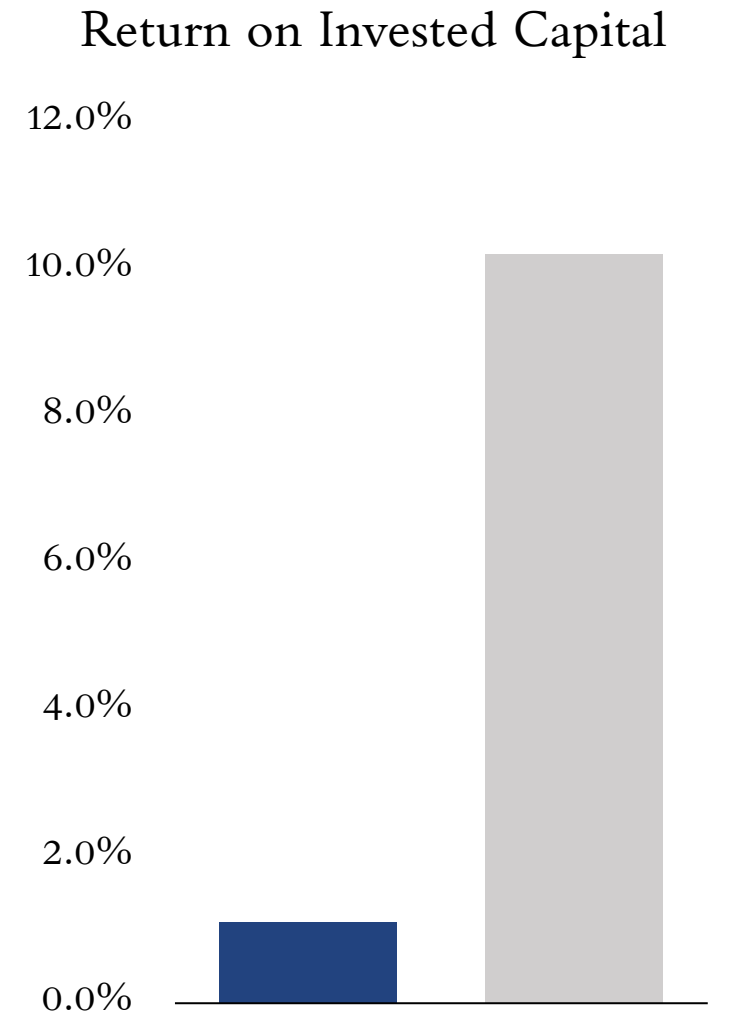
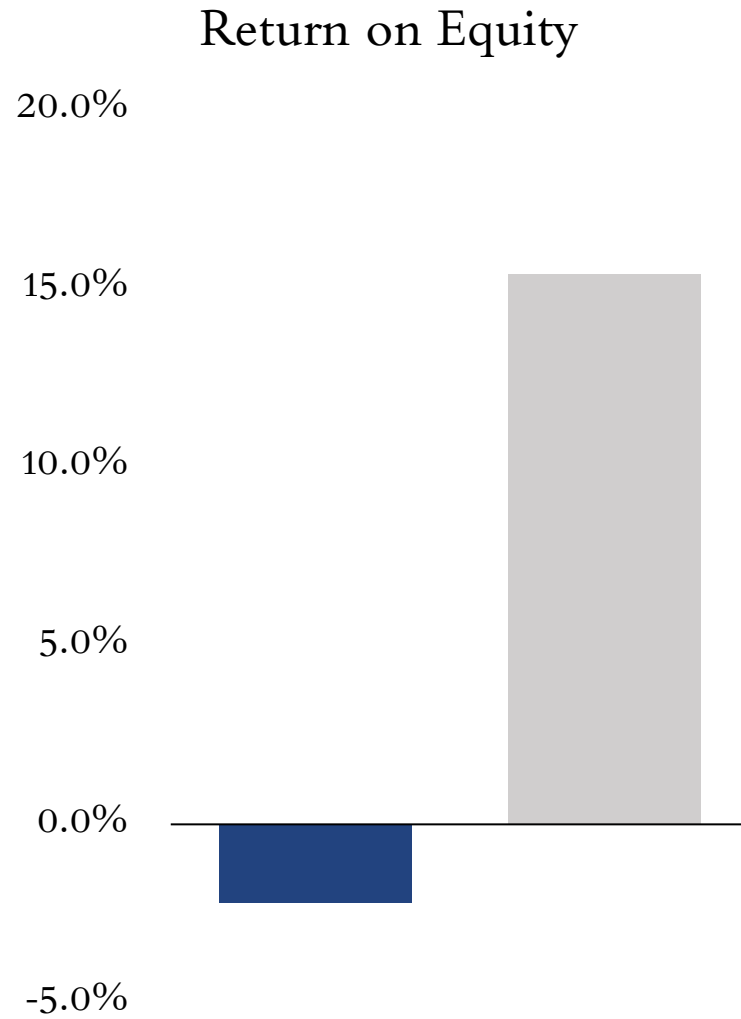
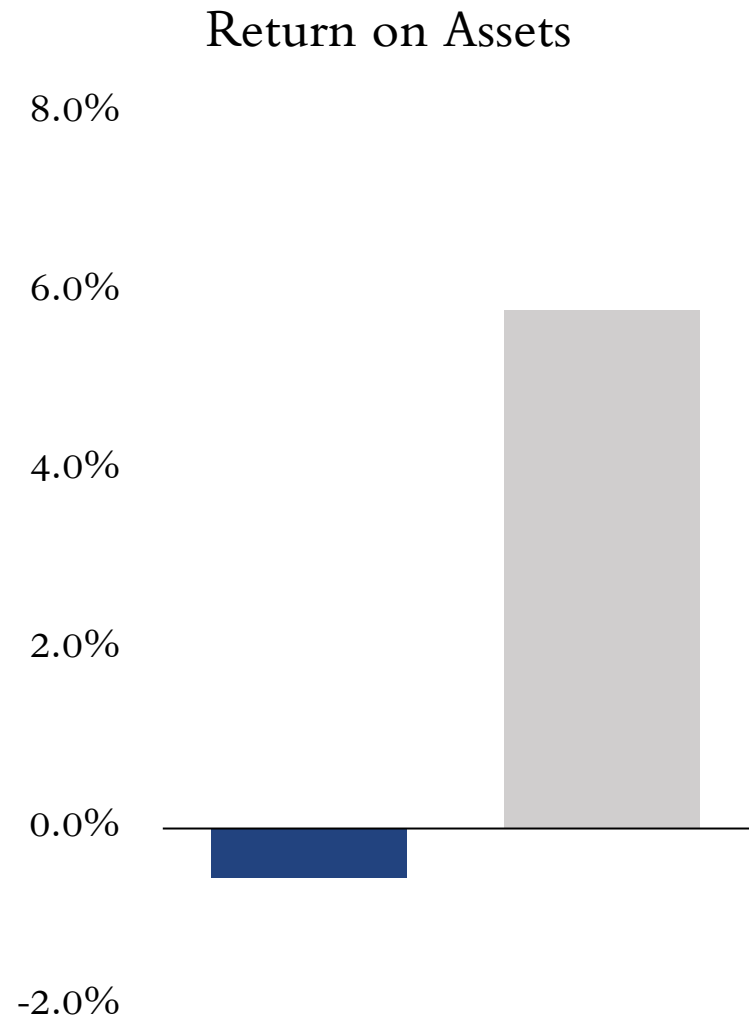
Beneish M Scores



Lagging Profitability Metrics



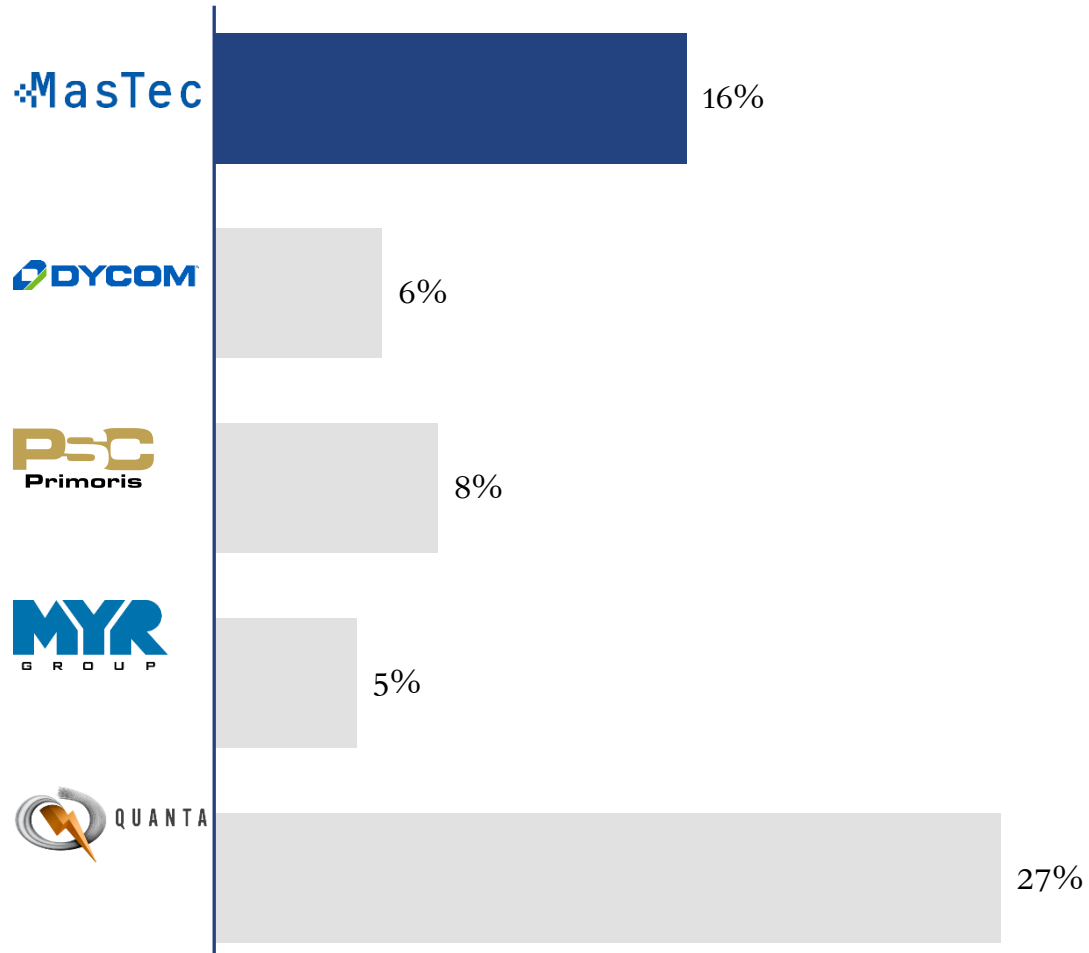
MasTec Peer Group



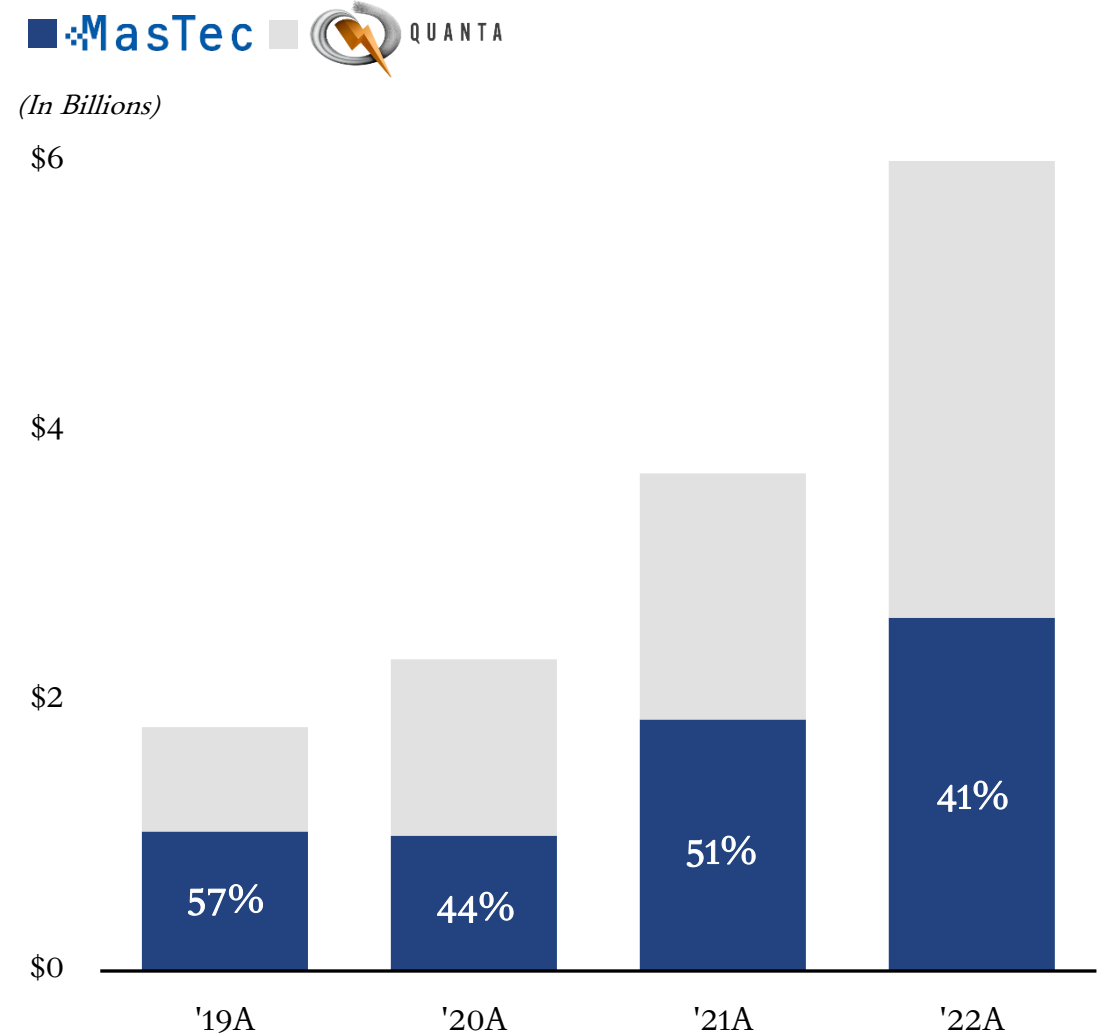
MasTec's Eroding Market Share



Market Share



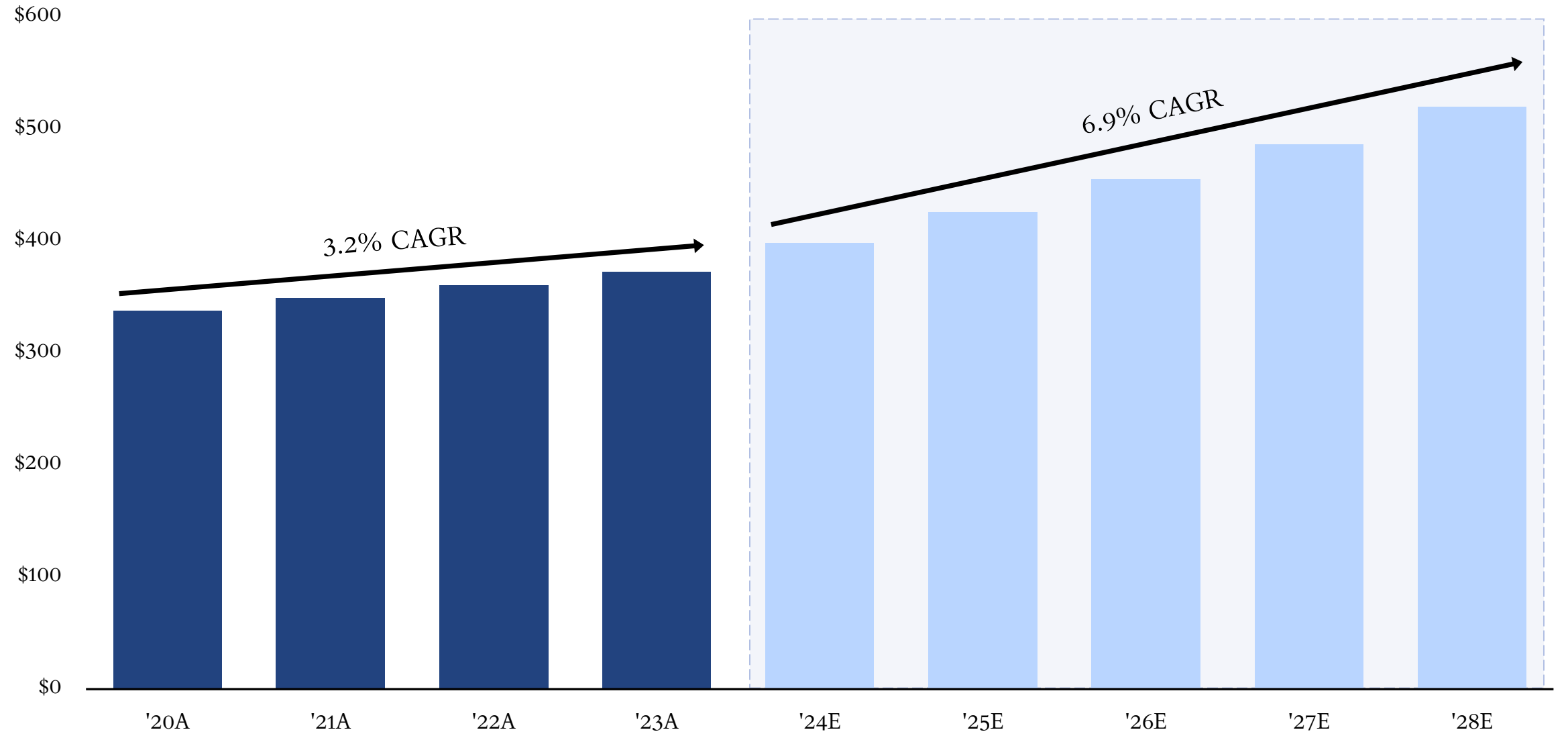
Relative Market Share



Industry Growth



(In Billions)







Appendix D – Valuation

Street Price Targets



KeyBanc Capital Markets 	\$92	Average Analyst Price Target	\$76.30
STIFEL	\$84	Return Potential	7.60%
	\$74	MTZ WACC	9.46%
Goldman Sachs	\$61	Percent Above WACC	31.25%
RGIP INVESTMENT GROUP	\$56	Percent Below WACC	68.75%

Free Cash Flow Calculation



In Millions of USD	FY2020 12/31/2020	FY2021 12/31/2021	FY2022 12/31/2022	FY2023E 12/31/2023	FY2024E 12/31/2024	FY2025E 12/31/2025	FY2026E 12/31/2026	FY2027E 12/31/2027	FY2028E 12/31/2028
Revenue	6,321	7,952	9,778	11,811	13,074	14,385	15,606	16,880	18,137
(-) COGS	5,271	6,806	8,586	10,471	11,523	12,679	13,754	14,878	15,986
Gross Profit	1,050	1,146	1,192	1,339	1,551	1,706	1,851	2,002	2,152
(-) Operating Expense	631	776	1,015	1,250	1,340	1,475	1,600	1,731	1,859
EBIT	419	370	177	89	211	232	251	272	292
(-) Abormal Losses (Gains)	(8)	(36)	52	51	43	46	55	58	61
(-) Income Tax Expense	102	99	9	(39)	28	29	29	33	35
NOPAT	325	306	116	77	139	157	167	180	195
(+) Depreciation	298	423	507	610	667	734	797	862	926
(+) Non-Cash Adjustments	33	(73)	(22)	(41)	50	46	21	37	41
(-) Change in NWC	284	115	(166)	501	195	349	266	299	285
(-) CAPEX	—	538	337	163	149	152	190	259	301
FCFF	656	3	429	(18)	513	437	529	520	576
PV FCFF	—	—	—	(16)	490	380	420	376	381

Discounted Cash Flow Analysis



Perpetuity Growth Method	
Terminal Growth Rate	2.3%
FY 2028E Free Cashflow	\$576.4
Terminal Value	\$8,016.1
(+) PV of Terminal Value:	\$5,291.3
(+) PV of Free Cash Flow	\$2,030.3
Implied Enterprise Value	\$7,321.6
% of Implied EV from Terminal	72.3%
(-) Debt	\$3,302.2
(+) Cash	\$370.6
(-) Preferred Stock	—
(-) Non-Controlling Interest	\$4.0
Equity Value	\$4,386.0
Shares Outstanding	78.8
Target Price	\$55.65

Exit Multiples Method	
EV/EBITDA Multiple	9.2x
EBITDA	\$922.8
Terminal Value	\$8,489.8
(+) PV of Terminal Value:	\$5,604.1
(+) Sum of PV of Free Cash Flows	\$2,030.3
Implied Enterprise Value	\$7,634.3
% of Implied EV from Terminal	73.4%
(-) Debt	\$3,302.2
(+) Cash	\$370.6
(-) Preferred Stock	—
(-) Non-Controlling Interest	\$4.0
Equity Value	\$4,698.7
Shares Outstanding	78.8
Target Price	\$59.61

Team Calculation

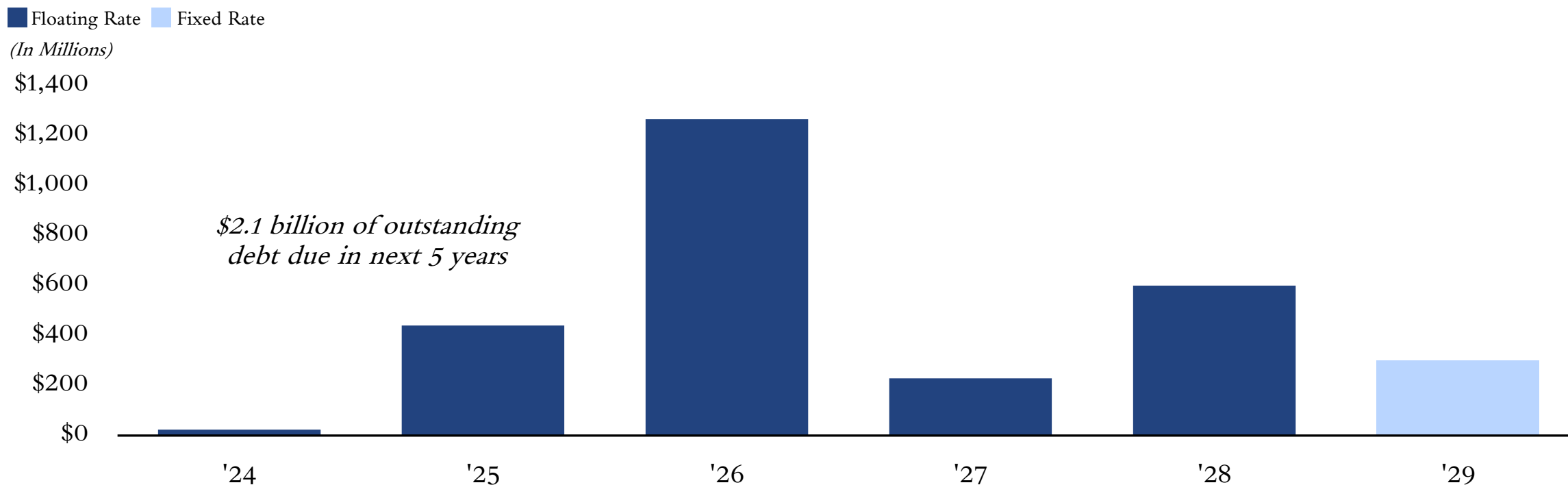
WACC	9.67%
Risk Free Rate – 10yr	4.27%
Market Risk Premium – S&P 500	10.22%
Beta - Adjusted	1.62
Terminal Growth	2.31%
Cost of Equity	12.92%
Cost of Debt	4.03%
Equity Value	66.74%
Debt Value	33.36%



Team Calculation

Effective Tax Rate	33.09%
Pre-Tax ST Cost of Debt	4.08%
Pre Tax LT Cost of Debt	3.61%
Debt Adjustment Factor	1.48x
After-Tax Cost of Debt	4.03%

Debt Schedule



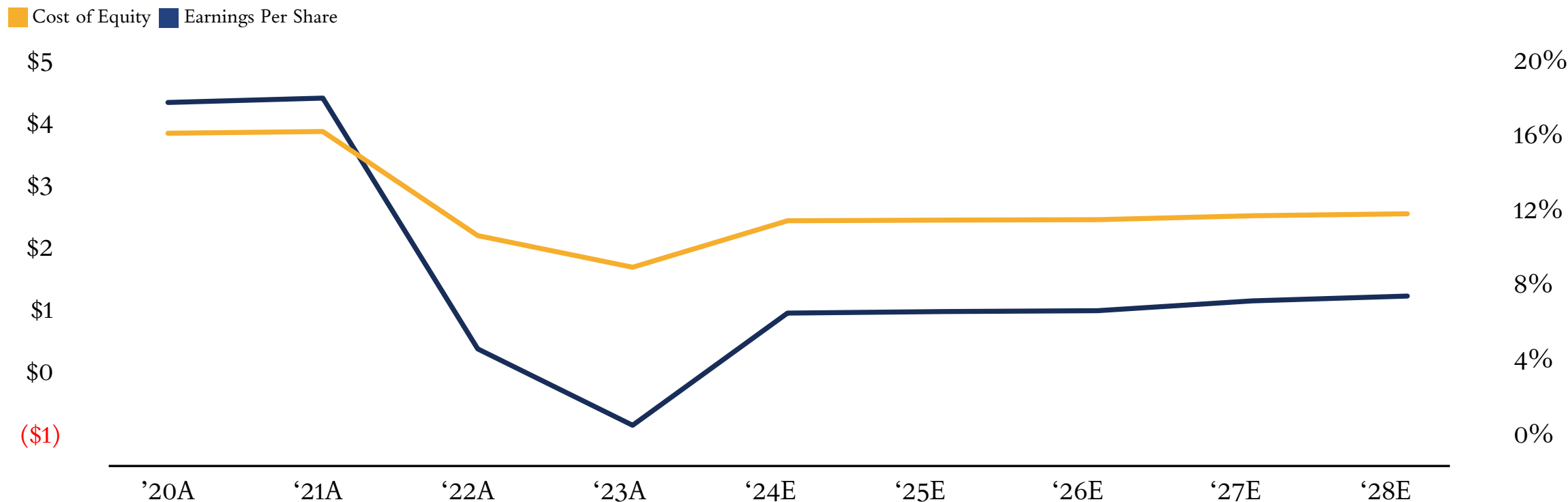
Cost of Equity



Capital Asset Pricing Model: 13.63%

Risk Free Rate	4.13%
Beta	1.62
Expected Market Return	9.16%
Equity Risk Premium	4.76%

Earnings Capitalization Model: 11.31%



BETA - MasTec vs SPX



<p>Chosen Beta</p> <p>2-year monthly</p> <p>Raw beta: 1.94</p> <p>Adjusted beta: 1.62</p> <p>R^2: .53</p> <p>CAPM: 13.6%</p>	<p>Bloomberg Standard</p> <p>2-year weekly</p> <p>Raw beta: .92</p> <p>R^2 : .15</p> <p>CAPM: 9.8%</p>	<p>Yahoo Finance</p> <p>5-year monthly</p> <p>Raw beta: 1.58</p> <p>R^2 : .41</p> <p>CAPM: 13.4%</p>
<p>2-year daily</p> <p>Raw beta: 1.08</p> <p>R^2 : .21</p> <p>CAPM: 10.7%</p>	<p>5-year daily</p> <p>Raw beta: 1.19</p> <p>R^2 : .29</p> <p>CAPM: 11.3%</p>	<p>5-year weekly</p> <p>Raw beta: 1.27</p> <p>R^2 : .28</p> <p>CAPM: 11.7%</p>
<p>10-year daily</p> <p>Raw beta: 1.27</p> <p>R^2 : .25</p> <p>CAPM: 11.7%</p>	<p>10-year weekly</p> <p>Raw beta: 1.40</p> <p>R^2 : .28</p> <p>CAPM: 12.4%</p>	<p>10-year monthly</p> <p>Raw beta: 1.54</p> <p>R^2 : .32</p> <p>CAPM: 13.2%</p>

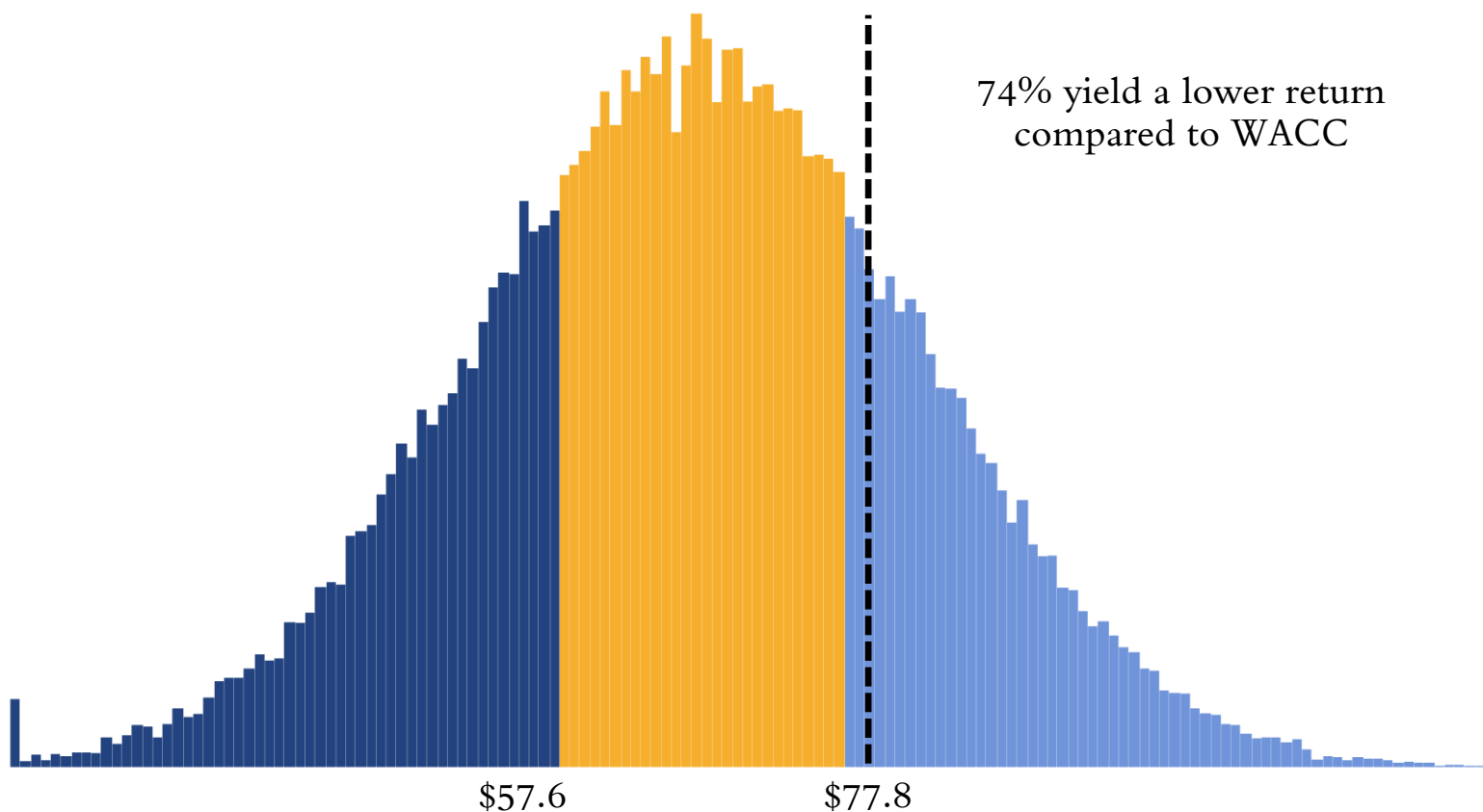
Team Calculation

Robustness Test	
Weighting (DCF/RV)	Price Target
10-90	\$51.32
20-80	\$52.02
30-70	\$52.72
40-60	\$53.42
50-50	\$54.13
60-40	\$54.83
70-30	\$55.53
80-20	\$56.23
90-10	\$56.93



Monte Carlo

Simulation Statistics



Simulation Statistics	
Trials	50,000
Target Price	\$57.60
25th Percentile	\$46.61
Mean	\$60.49
Median	\$60.55
75th Percentile	\$76.36
Standard Deviation	\$22.17
Skew	-0.02
Kurtosis	0.03
Below Target Price	44.6%
Below Current Price	55.2%
Below WACC	74.2%

Relative Valuation



		Price / Earnings					Price/Sales				
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
MasTec	MTZ US Equity	13.0x	16.1x	22.2x	84.0x	965.9x	0.7x	0.8x	0.8x	0.7x	0.5x
Peer Group											
Quanta Services	PWR US Equity	14.4x	21.9x	32.0x	36.2x	45.0x	0.5x	0.9x	1.3x	1.2x	1.6x
Dycom Industries	DY US Equity	31.3x	41.0x	74.7x	26.2x	17.2x	0.4x	0.8x	0.9x	0.8x	0.8x
MYR Group	MYRG US Equity	15.7x	18.0x	23.0x	1.2x	26.9x	0.3x	0.5x	0.8x	0.5x	0.7x
Primoris Services	PRIM US Equity	15.5x	13.3x	12.7x	13.6x	20.4x	0.4x	0.4x	0.4x	0.3x	0.3x
Average		19.2x	23.5x	35.6x	19.3x	27.4x	0.4x	0.6x	0.8x	0.7x	0.9x
Premium/(Discount)		-33%	-31%	-38%	335%	3431%	73%	25%	2%	-5%	-42%
Historical Average		58%					24%				
MasTec Target Multiple		43.3x					1.1x				
Price Target		\$42.01					\$176.37				

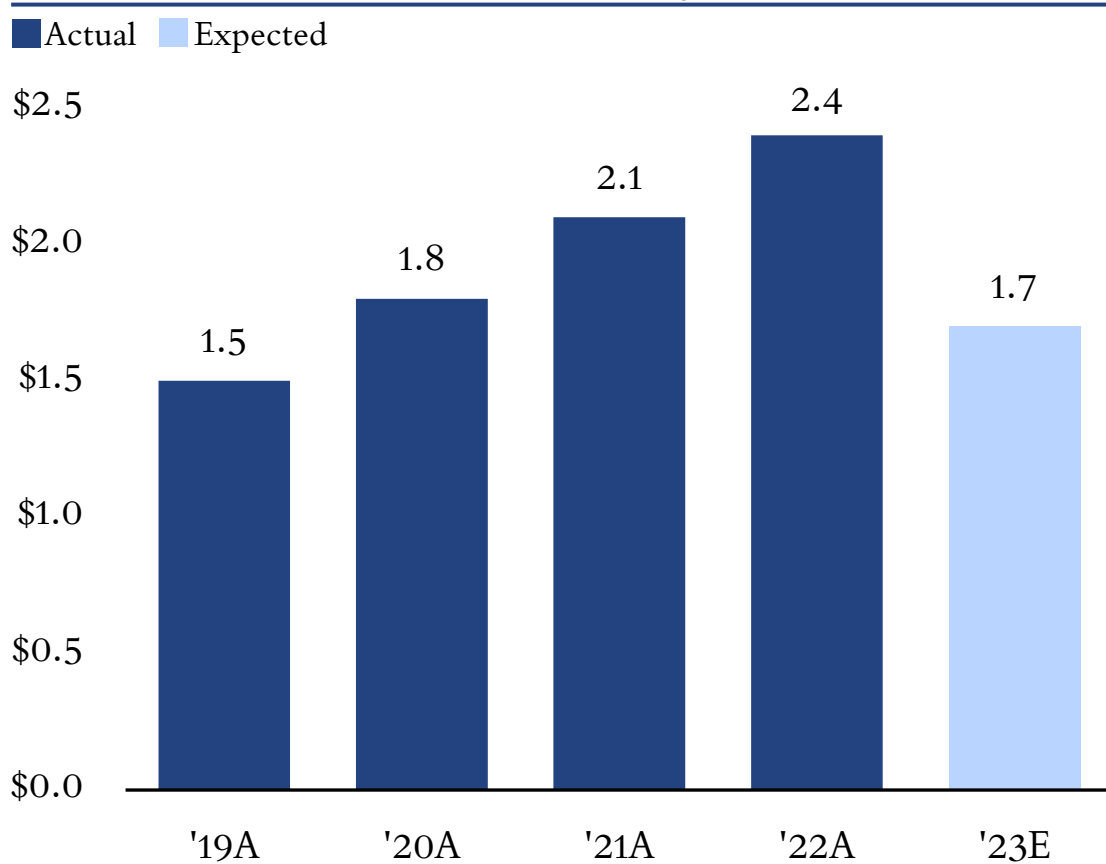
		EV/EBIT					EV/EBITDA				
		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
MasTec	MTZ US Equity	11.1x	13.9x	20.8x	72.6x	67.4x	7.1x	7.5x	9.2x	8.5x	9.4x
Peer Group											
Quanta Services	PWR US Equity	12.9x	18.1x	29.9x	27.4x	40.0x	10.3x	16.3x	13.3x	16.0x	15.1x
Dycom Industries	DY US Equity	19.1x	27.1x	48.6x	40.0x	19.0x	10.2x	7.8x	13.9x	9.7x	7.8x
MYR Group	MYRG US Equity	12.4x	11.8x	15.1x	13.4x	21.1x	7.8x	11.0x	8.3x	10.9x	10.7x
Primoris Services	PRIM US Equity	10.7x	8.9x	10.8x	11.2x	14.2x	5.0x	6.0x	5.6x	6.6x	6.7x
Average		13.8x	16.5x	26.1x	23.0x	23.6x	8.3x	10.3x	10.3x	10.8x	10.1x
Premium/(Discount)		-19%	-16%	-20%	216%	186%	-15%	-27%	-11%	-21%	-7%
Historical Average		40%					-19%				
MasTec Target Multiple		33.0x					8.2x				
Price Target		\$51.10					\$58.78				

Successful Integration of IEA

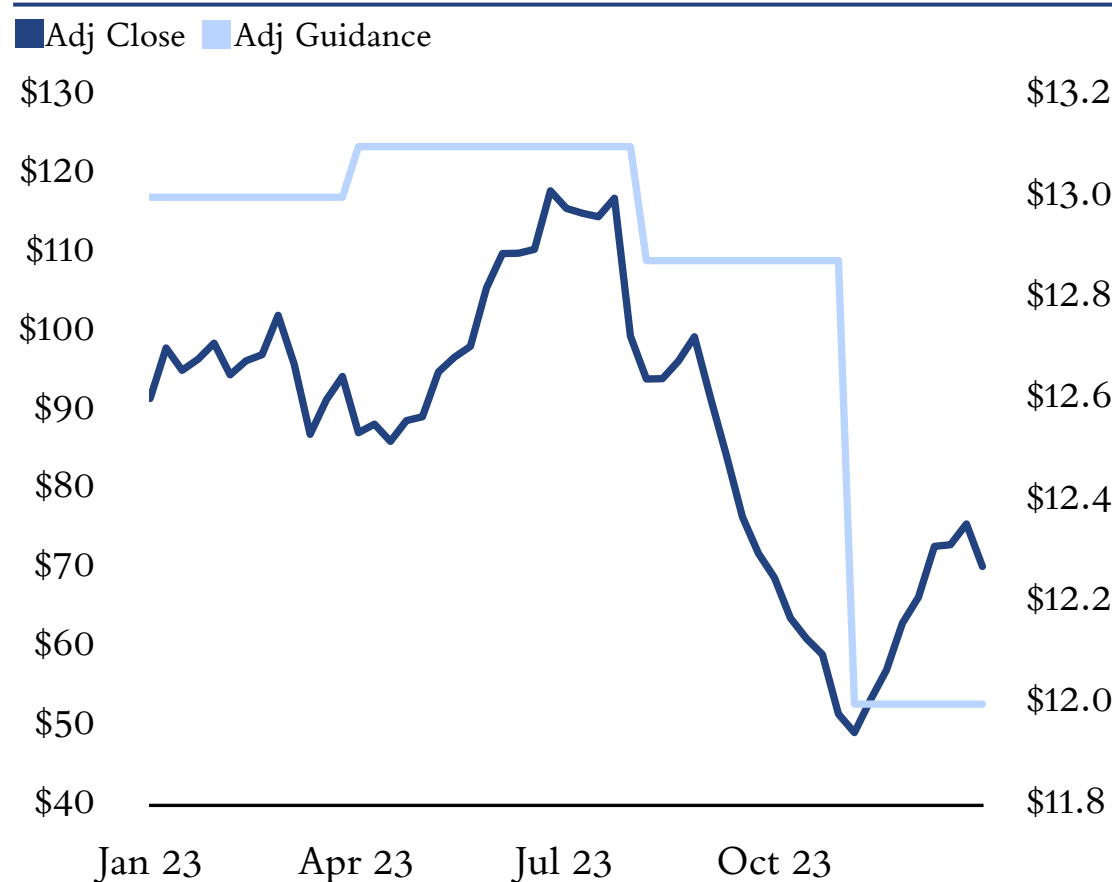


Successful Integration of IEA: MasTec challenges in integrating IEA have hindered its performance. A successful turnaround could boost revenue and drive up its stock price

IEA's Revenue Projection (bn)



Stock Price & Revenue Guidance



Political Risk with a “Blue-Wave”

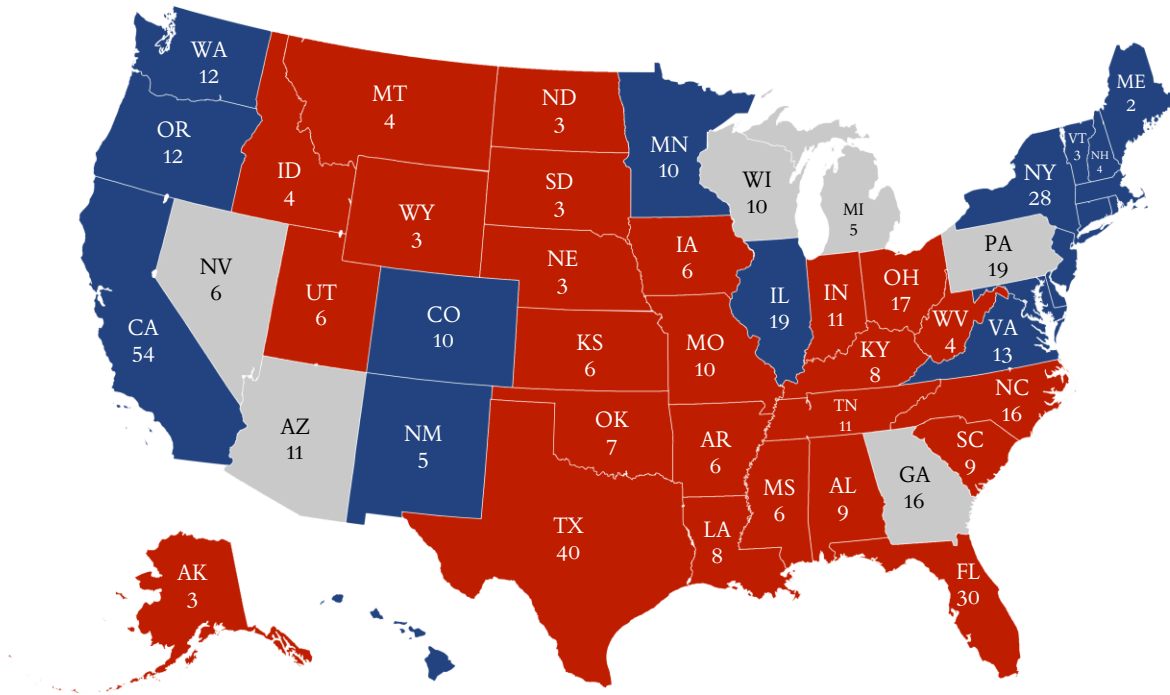


2024 General Election: The outcome of the 2024 general election could have significant implications for the construction and engineering industry

Electoral Votes Map

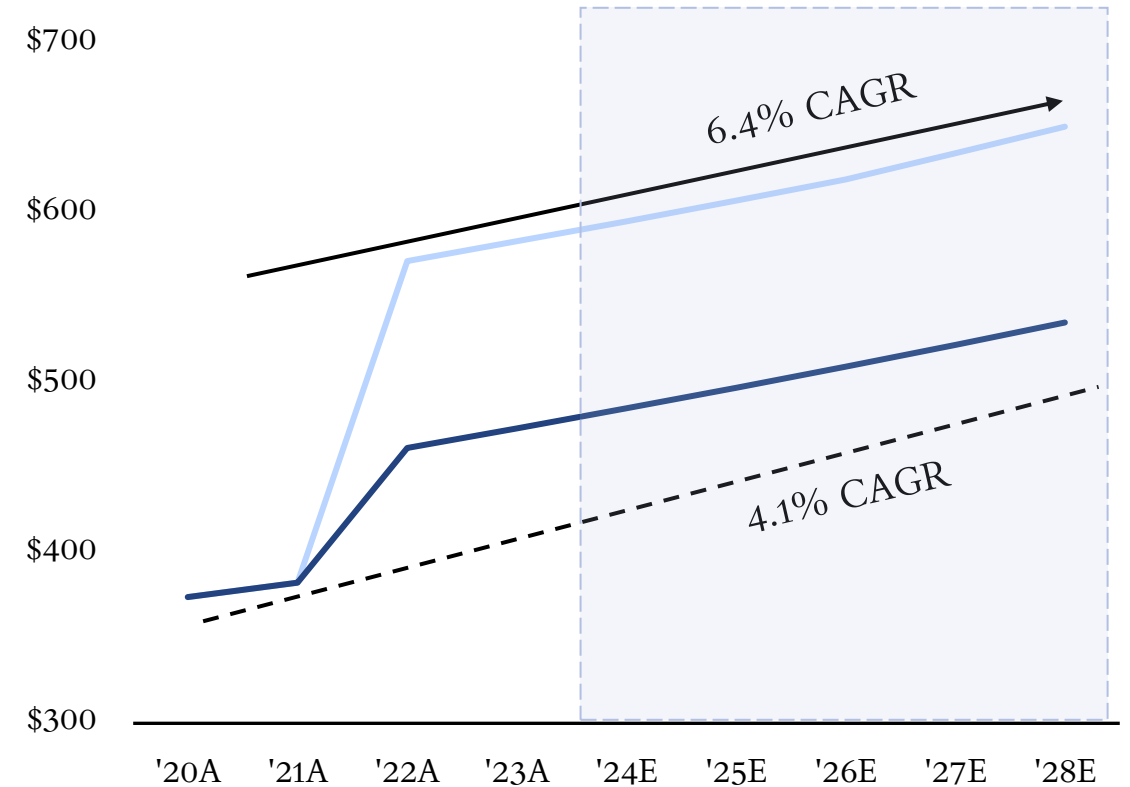
■ Democrat ■ Republican ■ Neutral

Electoral Vote Count



Infrastructure Investment (bn)

■ Without IJIA ■ With IJIA

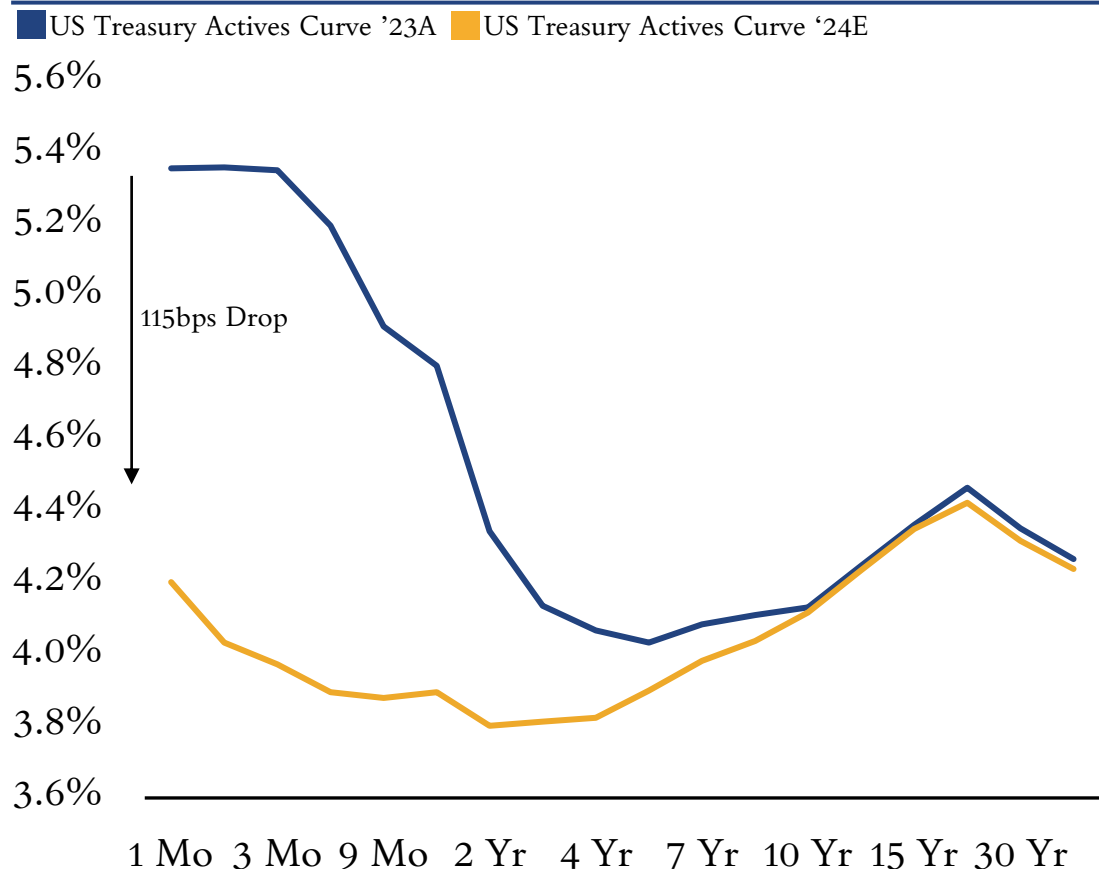


Federal Reserve Signals Favorable Winds

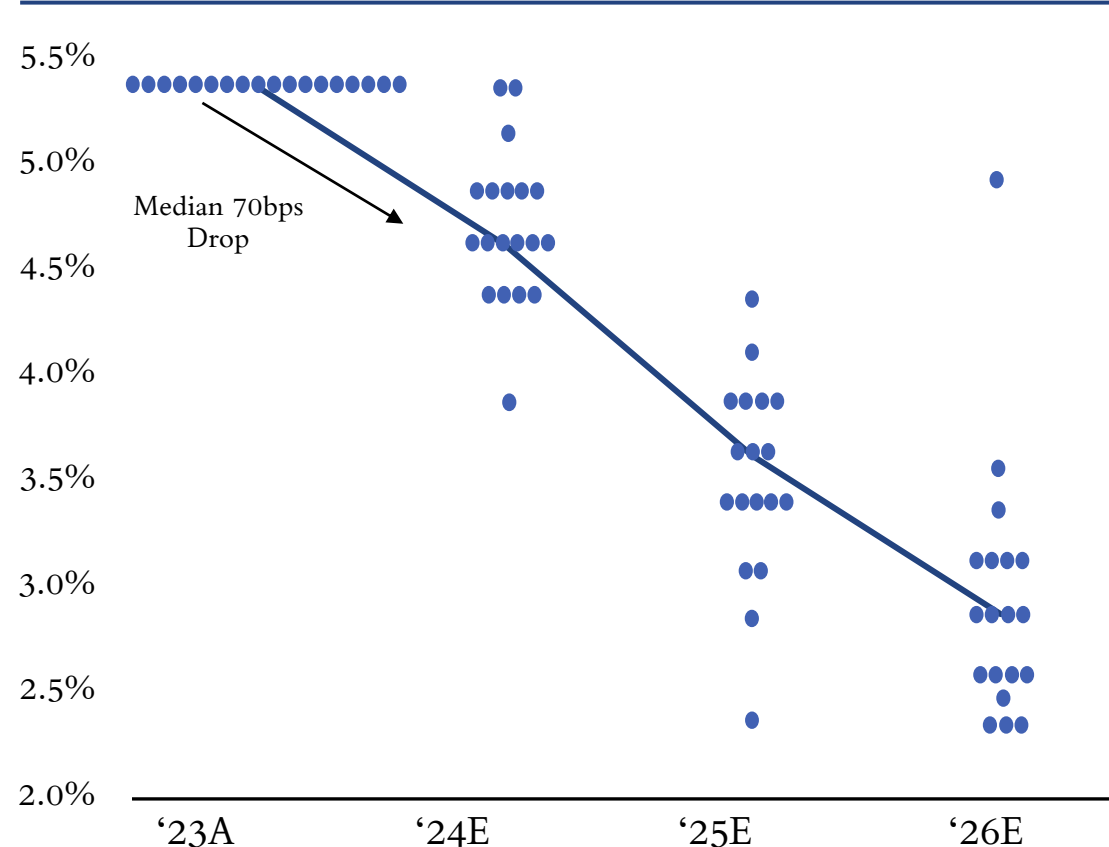


Macro-Economic Tailwinds: the Federal Reserve has signaled the end of rate hikes while reaffirming its commitment to a 2.0% target rate

US Treasury Forward Curve



FOMC Dot Plot

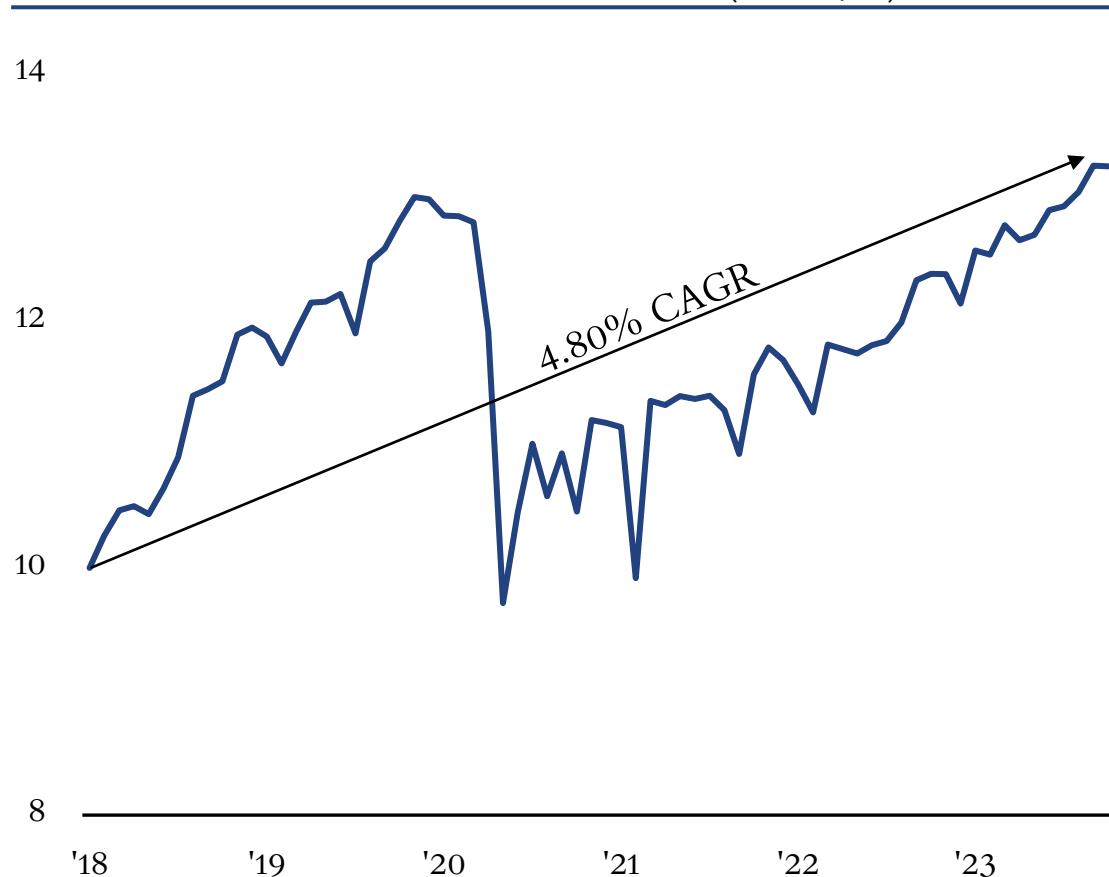


Anticipating a Rebound with Policy Shifts



Resurgence in O&G: The O&G market may rebound in the coming year if energy and climate policies ease or the rate environment improves, boosting industrial demand

US Crude Oil Prod. (mn b/d)



New-Well Oil Production Per Rig (b/d)

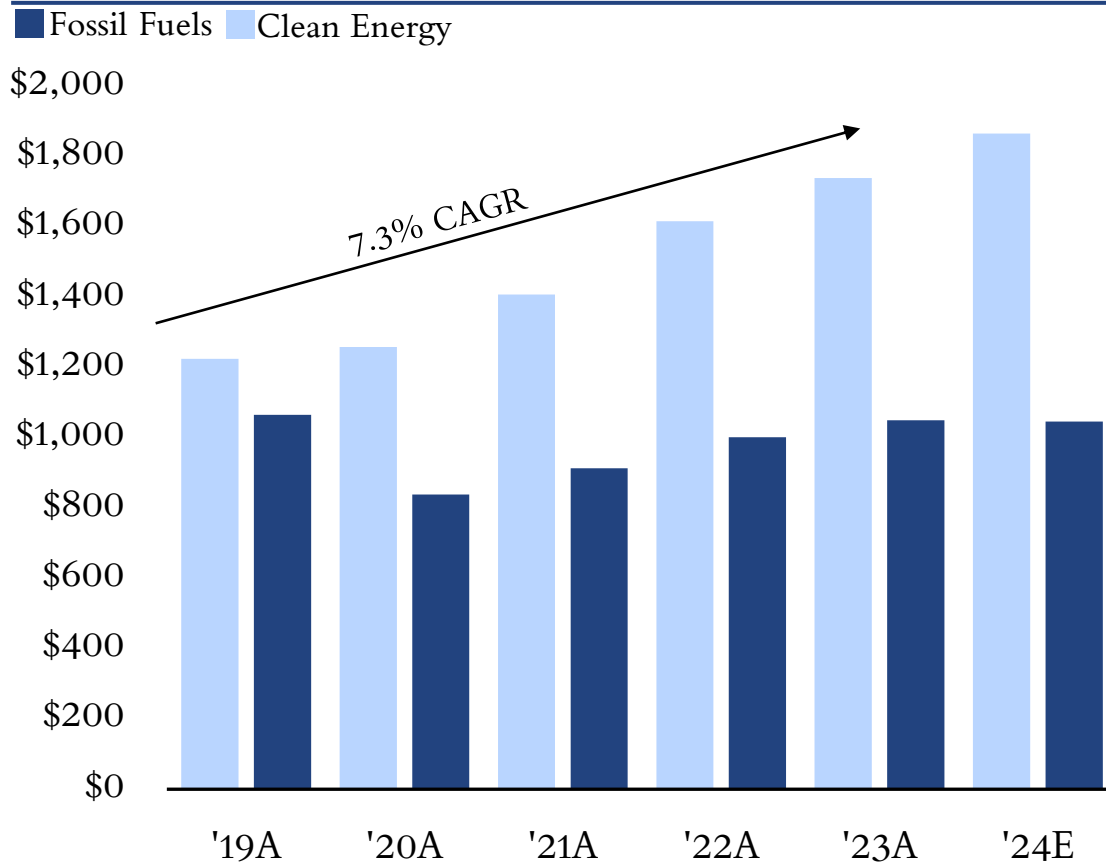
Region	December '23	January '24E	Change
Anadarko	698	712	14
Appalachia	208	209	1
Bakken	1818	1838	20
Eagle Ford	1590	1629	39
Haynesville	18	18	0
Niobrara	1469	1484	15
Permian	1319	1332	13
Rig-Weighted Avg	1155	1168	13

MasTec's Opportunity in a Low-Carbon Environment



Favorable End Market: MasTec faces growth opportunities in the transition to a low-carbon economy, however limited specialization and operation inefficiencies may hinder full capitalization

Energy Investment (bn)



Energy Consumption '24E

