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Granite Construction, Inc. (GVA)

Q2 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Steve, and I'll be your conference facilitator today. At this time, I would like to welcome everyone to the Granite Construction Incorporated 2025 Second Quarter Conference Call. This call is being recorded. All lines have been placed on mute to prevent any background noise. And after the speakers' remarks, there will be a question-and-answer period. [Operator Instructions]

It is now my pleasure to turn the floor over to the Vice President of Investor Relations, Mike Barker.

Michael W. Barker

Vice President-Investor Relations, Granite Construction, Inc.

Good morning, and thank you for joining us. I'm pleased to be here today with President and Chief Executive Officer, Kyle Larkin; and Executive Vice President and Chief Financial Officer, Staci Woolsey. Please note that today's earnings presentation will be available on the Events & Presentations page of our Investor Relations website.

We begin today with a brief discussion regarding forward-looking statements and non-GAAP measures. Some of the discussion today may include forward-looking statements within the meanings of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are estimates reflecting the current expectations and best judgment of senior management regarding the future events, occurrences, opportunities, targets, growth, demand, strategic plans, circumstances, activities, performance, shareholder value, outcomes, outlook, guidance, objectives, committed and awarded projects, or CAP, and results.

Actual results could differ materially from statements made today. Please refer to Granite's most recent 10-K and 10-Q filings for a more complete description of risk factors that could affect these forward-looking statements. The company assumes no obligation to update forward-looking statements, except as required by law.

Certain non-GAAP measures may be discussed during today's call and from time-to-time by the company's executives. These include, but are not limited to, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share, and cash gross profit. The required disclosures regarding our non-GAAP measures are included as part of our earnings press releases and in company presentations, which are available on our website, graniteconstruction.com, under Investor Relations.

Now, I would like to turn the call over to Kyle Larkin.

Kyle T. Larkin

President, Chief Executive Officer & Director, Granite Construction, Inc.

Good morning, and thank you for joining us. Before we discuss our second quarter results, I'd like to talk about the recently announced acquisitions of Warren Paving and Papich Construction. These transactions are an exciting step forward for Granite as we continue to execute on our strategic plan. The strategic plan started with a focus on raising construction margins and driving organic growth by selecting the right projects in the right markets with the right owners, while standardizing execution practices across the business.

We also revisited our capital deployment and shifted strategic investments to support our materials business as we work to maximize the benefits of our vertically integrated business model. Our strategy is working. Both our Construction and Materials businesses are seeing significantly higher margins, which in turn are driving strong cash generation.

As we progress with our Construction and Materials strategy, we are continuing to grow and strengthen the company with M&A. We are using M&A to support, strengthen, and expand our home markets into new geographies. Over the last year, we have built out our corporate development team with the expectation that we will be building our company through M&A. We have also been putting a lot of work into our integration framework, and we are prepared to efficiently integrate these companies into our organization.

We will continue to maintain a disciplined and targeted approach to M&A, only pursuing those targets that support our strategic plan. We remain committed to our vertical integration strategy with target companies being primarily materials focused, both within our current footprint and in new attractive geographies.

The deals announced this week will add significant resources to our Southeast platform with a large supply of high-quality aggregates on the Mississippi River and will also strengthen our Central California operations by adding a leading vertically integrated contractor to our business portfolio. With a combined transaction price of $710 million, the acquisitions are expected to annually contribute approximately $425 million of revenue, with an approximate adjusted EBITDA margin of 18%.

The acquisitions should provide a significant uplift to the Materials segment by increasing annual aggregate volumes by approximately 5 million tons or 27%, and increasing aggregate reserves and resources by more than 440 million tons or approximately 30%. The acquisitions are expected to be immediately accretive to adjusted EBITDA margin with an annual uplift of approximately 60 basis points, driven by the increased aggregate exposure.

Now, I will discuss each acquisition, starting with the new addition to the Southeast platform. Warren Paving, which owns the Slats Lucas Quarry, is a premier producer of construction materials and provider of construction services in Mississippi and the Gulf Coast regions of Louisiana and Alabama, and is a great addition to our Southeast platform. The Slats Lucas Quarry is strategically located on the Cumberland River, a tributary of the Mississippi, and has an estimated 400 million tons of very high-quality aggregate reserves and resources.

Utilizing a distribution network of approximately 170 owned and leased barges and 11 aggregate yards, Warren Paving sells aggregates both internally, supplying its own asphalt plants, and externally. I am excited not only because we are adding such a high-performing business to our Southeast platform, but also because of the future growth opportunities provided by the addition of Warren Paving. The combination of these high-quality aggregates and Warren Paving's logistics expertise should allow us to supply materials to certain Lehman-Roberts and Dickerson & Bowen asphalt plants, and positions us to expand the distribution network as we continue to grow our Southeast platform.

Investment in and further growth of the distribution network, in addition to building out additional outlets for the aggregates along the Mississippi River system, should have a compounding impact on the profitability of the Southeast platform by revenue and associated gross profit, while driving increases in volumes and margin. We are actively evaluating opportunities to continue to build upon the platform, and I look forward to sharing progress that we make on our strategic plan in the coming quarters.

With the acquisition of Warren Paving, the Southeast platform has grown to be a more significant component of Granite. We are excited by the opportunities to continue that growth. The market from Memphis through Mississippi and into Louisiana is growing in terms of public funding and private investment. We view the region as a historically underfunded area. But recently, the Mississippi and Louisiana state legislatures have recognized the need for infrastructure investment and are working on initiatives that should support future growth.

In addition to the expected continued increase in public funds, we believe private investment will ramp up in the region. Whether through data centers or other large commercial developments, the region is attractive due to affordable land, plentiful water and electricity, and labor availability. A number of large developments have begun in Mississippi, and we expect this trend to continue. Throughout Granite's history, we have found success by investing in markets that were historically underfunded but growing and expanding. We believe this region aligns well with that formula, and we are excited to be part of that growth.

Now let's move on to our acquisition in California. Papich Construction is a leading producer of aggregates and asphalt in California's Central Coast and Central Valley, and has expertise in infrastructure projects across the public and private sectors. The addition of more than 40 million tons of aggregate reserves and resources spread across the market is complementary to Granite's current operations in the area. With the combined footprint, we will be better positioned to serve the market in aggregate and asphalt sales as well as construction projects. The addition of Papich Construction is a great example of executing on our strategy of strengthening the existing home markets with bolt-ons that will enhance our vertical integration in our home market that we know well.

Looking forward, I believe that M&A will be a significant component of our growth. We are focused on generating cash while being prudent with CapEx, resulting in strong free cash flow. Whether it is through proactive outreach by our teams or bank-led auction processes, there is a robust listing of active M&A opportunities ahead of us. But we will continue to be selective in the coming quarters. I believe we will continue to execute on transactions to further strengthen our national footprint.

Now, let's discuss our strong second quarter results, starting with the Materials segment. Our Materials business completed another exceptional quarter. The strong public market environment is continuing to drive growth, as has been the case in previous quarters, with private market levels relatively unchanged. We continue to execute on our strategic plan, and we remain focused on continuing to raise the bar across all of our businesses.

Part of our strategy involved restructuring our operational leadership to place our materials experts in charge of Materials business and to centralize management functions, such as sales and quality control. This realignment is helping us grow our Materials margins. We're also investing in capital improvement projects such as aggregate plant automation to drive efficiency and reduce production costs. And we are promoting best practices across all of our operations through the implementation of our materials playbook. These efforts are driving increases in volumes and prices per ton on aggregates and asphalt as we work to increase our margin. I'm proud of the accomplishments of the Materials team and of our performance this quarter. We have a long runway of opportunities to capture additional potential gains and profitability in the business for the coming quarters and years.

Now, let's move to the Construction segment. During the quarter, our SME teams did a great job capitalizing on the robust bidding environment by winning a number of high-quality projects that drove our CAP to a new record high of $6.1 billion. The new projects span across our footprint, including Nevada, Utah, California, and Alaska.

In California, our largest market, the budget for the 2025-2026 fiscal year was finalized during Q2. Transportation funding for the upcoming fiscal year remains strong, with the key components of the transportation budget, capital outlay projects, and local assistance increasing budget allocations 9% over the fiscal year ended June 2025. In California and across our footprint, we continue to see a healthy boost of project bidding opportunities in both the public and private market. Based on these encouraging signs, we believe we will continue to see CAP increase over the next several quarters.

I am pleased with the segment performance during the quarter. Revenue during the quarter was strong, and we expect revenue growth to accelerate in the second half of the year as projects progress. In addition, I believe we are on track to achieve our gross margin expansion and expectations of greater than 1% during 2025. Through the first half of 2025, we are seeing the benefits of the steps we have implemented to improve project performance, and I expect further gains in the Construction segment in the future.

Now, I'll turn it over to Staci to review our financial performance for the quarter.

Staci M. Woolsey

Executive Vice President & Chief Financial Officer, Granite Construction, Inc.

Thanks, Kyle. We had an outstanding second quarter and first half of 2025. In the second quarter, revenue increased $43 million or 4%. Gross profit increased $34 million or 21%. Adjusted net income improved $9 million or 12%. Adjusted EBITDA improved $22 million or 17%. And we ended the second quarter with year-to-date operating cash flow of $5 million, which is on track for our 2025 target.

In the Construction segment, revenue increased $19 million or 2% year-over-year to $937 million, driven by the recently acquired Dickerson & Bowen and the strong CAP we are working through across the company. Heading into the third quarter with a record CAP balance, I believe we are on track to meet our revenue guidance for the year.

Construction segment gross profit improved $18 million to $154 million, with a gross profit margin of 16%. This 170-basis-point increase is largely due to improved execution and performance across our higher-quality project portfolio as well as increased claim settlement recognition year-over-year. In the first half of 2025, our CAP has increased approximately $800 million from a 2024 year-end balance of $5.3 billion. We continue to see CAP expand in our public markets across the company as we capitalize on opportunities at the federal, state, and local level.

In the Materials segment, we continue to realize year-over-year cash gross profit margin improvement led by our aggregates business. Year-over-year, aggregate volumes increased 11% for the quarter and 13% year-to-date, driven by strong demand in our regions. These volume increases, coupled with higher aggregate prices, led to improved cash gross profit margin for both the quarter and year-to-date periods compared to the prior year. In asphalt, we are also seeing volume increases and cash gross profit improvement year-over-year. The Materials business is executing on our plan to grow revenue, while implementing initiatives such as automation and best practices to offset cost inflation.

Now turning to cash flow and the balance sheet. We generated $5 million of operating cash flow through the first half of the year. Typically, the first half of the year is a slow period for cash flow as projects and operations ramp up. Then as we get further into the construction season, cash flow typically increases. I believe we will see this seasonal pattern this year and expect that we will achieve our operating cash flow target of 9% of revenue for the year. As of the end of Q2, cash and marketable securities were $483 million.

With the closing of the two transactions this week, we amended our credit facility by adding a new Term Loan A of $600 million and expanding our revolver from $350 million to $600 million, of which $10 million was drawn in conjunction with the transactions. In addition to the new term loan, we have the ability to draw another term loan at $75 million within six months.

We also utilized $100 million of cash on hand. After accounting for the transactions, our total debt outstanding is approximately $1.35 billion. With our expanded revolver, additional available term loan and cash flow generation, we are in a great position to act on future M&A opportunities that bolt-on to a home market or further expand our geographic reach.

Now let's discuss our guidance for the rest of this year and our 2027 targets. As a result of this week's acquisitions, we are increasing our annual revenue and adjusted EBITDA margin guidance for 2025. Our revised revenue range is now $4.35 billion to $4.55 billion, and our adjusted EBITDA margin range is now 11.25% to 12.25%. This reflects an expected $150 million in revenue from the acquisitions for the remainder of the year as well as an uplift of 25 basis points to our adjusted EBITDA margin range.

Our annual guidance for SG&A as a percent of revenue of 9%, CapEx in the range of $140 million to $160 million, and adjusted effective tax rate in the mid-20s are unchanged. Through the second quarter, we have achieved the margin expansion expected in both of our segments, and with our busiest months ahead of us, I believe we are on track to meet our guidance for the year.

Looking forward, we are also revisiting our 2027 financial targets with the addition of the acquisitions. Our organic revenue growth expectations are unchanged at a CAGR of 6% to 8% through 2027 as we see a robust market ahead of us that should provide for continued growth across the company. With an active deal pipeline, we believe we will be able to complete at least two to three deals each year to strengthen and expand our home market. While the timing of any transaction is difficult to predict, we believe we have the team, market, cash generation, and balance sheet to achieve this growth.

Following the completion of two acquisitions this week, we are raising our 2027 targets for adjusted EBITDA margin, operating cash flow margin, and free cash flow margin ranges by 50 basis points.

Now, I'll turn it back over to Kyle.

Kyle T. Larkin

President, Chief Executive Officer & Director, Granite Construction, Inc.

Thanks, Staci. I'll close with the following points. I am excited by our performance in the second quarter and the first half of the year. We continue to execute on our strategic plan, and we are showing the earnings power of our company and our vertically integrated model. We continue to grow CAP, fueled by public market opportunities at the federal, state, and local levels. Our private markets also have a number of strong opportunities, which I believe will contribute to CAP growth in the future.

Overall, in 2025, we have bid and won more work than in the previous year, just as we have done for the past several years. In both our Construction and Materials segments, our teams are meeting our margin expectations. And as we head into the third quarter, I believe we are on track to meet our 2025 guidance.

The additions of Warren Paving and Papich Construction are significant strategic transactions for Granite. Not only do they add great high-performing businesses to our portfolio, but they also provide opportunities to continue to expand our home markets in a way that should compound returns by driving volumes.

In what has historically been a seasonally slow quarter, we generated positive operating cash flow, and I believe we should reach our target for operating cash flow of 9% of revenue for 2025. Finally, with our cash generation, upsized credit facility backed by our strong balance sheet, and a number of organic and inorganic investment opportunities ahead of us, we believe that Granite will continue to drive significant shareholder value.

Operator, I'll now turn it back to you for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] The first question comes from Brent Thielman with D.A. Davidson. Please go ahead.

Brent Thielman

Analyst, D.A. Davidson & Co.

Q

Good morning. Congrats on great quarter and on the transactions as well. I guess, the first question would be, Kyle, I mean, on the Construction segment, the growth through the first half maybe less robust relative to what I think you're seeing in the markets. And obviously, your CAP is picking up pretty nicely here.

So, maybe if you could just comment on the – obviously, you have the transactions layering into the second half, but just the pace that you're now seeing on some of this work as you're starting to work through some of this stuff in CAP. There have been things that held it back and now you're starting to see it moving. Just wanted to get some color there.

Kyle T. Larkin

President, Chief Executive Officer & Director, Granite Construction, Inc.

A

Yeah. Good morning, Brent. And, yeah, we agree, it was a great quarter and we're excited about the performance by our teams. Regarding just the revenue on top line for the company, it really just project starts and finishes. So, we feel really strongly about the back half of the year. As you mentioned, we have record CAP at $6.1 billion. And so, we have a lot of projects that just been ramping up. And so we do expect these to accelerate in the back half of the year. So, if you look at our overall guidance and our updated guidance for 2025, we left our legacy guidance alone and we just added the contributions of the acquisitions to the guidance for the year.

Brent Thielman
Analyst, D.A. Davidson & Co.
Q

Okay. And then, I guess, the follow-up question would just be, I mean, the Materials profit margin expansion, particularly notable this quarter. And just wanted to get a sense of what might be transitory factors impacting that. And what's kind of sustainable as we think about profitability of that business going forward?

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.
A

Yeah. Well, we were pleased with certainly the volumes in the quarter and for the year-to-date. We're seeing nice volume improvements and 10% or better in both asphalt and aggregates. So, I think that's signs of a healthy market there as well. I'd say it's more supported by the public markets and the private. Private's been pretty much consistent year-over-year.

As we mentioned on the last call and previously that we expected around 3% gross profit margin improvement in our Materials segment for the full year [ph] in the middle (00:21:33) and we're certainly tracking well ahead of that today. So, we'll see how the back half shakes out. But I think there's good signs that we're seeing volume increases and we're seeing the margin expansion that we expected in the year.

And I would say that holds true for Construction as well. We mentioned that we expected a 1% or greater margin expansion in our Construction business. Our team has just done a fantastic job, and they're tracking well ahead of that, too. So, across the board, both Construction and Materials segments, we feel really good about our team's performance.

Brent Thielman
Analyst, D.A. Davidson & Co.
Q

Good. Thank you.

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.
A

Thank you.

Staci M. Woolsey
Executive Vice President & Chief Financial Officer, Granite Construction, Inc.
A

Thanks.

Operator: The next question comes from Steven Ramsey with Thompson Research Group. Please go ahead.

Brian Biros
Analyst, Thompson Research Group LLC
Q

Hey. Good morning. This is actually Brian Biros on for Steven. Thank you for taking my questions today. On Papich, can you just maybe touch on what that business, I guess, excels at? I think you mentioned expertise in infrastructure projects in the prepared remarks. But just curious on what Papich can add to you, what you can add to them, and why their margin profile is as strong as it is.

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.
A

Yeah, yeah. Good morning and thank you for the question. Papich is very similar to Granite. Our businesses look similar in terms of mix of work. So, they're primarily a public works contractor, it's around 80% of their business spend on a given year, 20% private. They can be very strong in the private market. And they fill an area within the state of California that we don't have the strongest presence, so the Central Coast, kind of the central area of California. So it's really complementary to our current footprint. And it's in a state that we believe in and obviously has really nice budget and funding behind it, even coming into the 2025, 2026 cycle. So I think the timing of it is really good for us as well.

Our businesses in the central part of the state rely a lot on third-party material suppliers. So, having Papich's materials business is going to be really additive to our overall business as a company. So, we're excited about that. And I think together, we see this opportunity – we see opportunity to drive volume increases and pull-through to their plants through internal sales. I think we can leverage our pricing strategies, how we look at automation in our plants business today and learn from some of the previous projects we've done, implement our Materials playbook, our Construction playbook. And I think our legacy business can also learn a little bit from Papich around private work on some of the customer relationships that they have and bring that into other areas as well.

So, again, we're really excited about the acquisition. It's in a great market for us, and I can tell you I think – I know Papich is excited about being part of the Granite team.

Brian Biros
Analyst, Thompson Research Group LLC
Q

No, sounds like a great pickup for you guys. Secondly, can you just compare and contrast maybe CAP trends year-to-date and the outlook, I guess, between the home regions of the West and then the Southeast? Thank you.

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.
A

Yeah, yeah. We don't necessarily break it apart. I would say just in general, it's across the board. So, that record CAP at $6.1 billion, again, it's across the entire footprint. You can see some recent announcements that we put out. It could be some of our federal work in Guam. We've been successful there. We were successful in Utah and Nevada, so obviously in California, even up in Alaska.

So, it's really across our entire footprint as a company, which isn't surprising because the overall market with the IIJA funding continues to be strong. I think that's pretty universal in all the markets that we're in. And just as a reminder that the spending to date on the IIJA is still less than 50%. And so we haven't seen, in our opinion, that peak yet. We think it's probably going to be sometime in 2026, 2027. So, we still have a long runway ahead of us, and we do believe we can continue to build up our CAP across our footprint.

Operator: The next question comes from Michael Dudas with Vertical Research Partners. Please go ahead.

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.
A

Morning, Mike.

Operator: Michael, your line has been unmuted. Please go ahead with your question.

Michael S. Dudas
Analyst, Vertical Research Partners LLC

Q

Thank you. Sorry about that. Good morning, Staci, Mike, and Kyle.

Staci M. Woolsey
Executive Vice President & Chief Financial Officer, Granite Construction, Inc.

A

Morning.

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.

A

Morning.

Michael S. Dudas
Analyst, Vertical Research Partners LLC

Q

So, shifting to the Warren acquisition, maybe you could share more perspective on the quality of the assets in some of these locations that you're picking up. And how well capitalized are they – have they been? Are the operations to be additive or is there things you can learn from the other parts of your business that you take from this? And how much helpful can it be to the Dickerson & Bowen and the acquisitions you've made in the Mississippi market? Because, again, I think you're correct in assessing that not just on the public side, but there's certainly a lot of energy and data center investment in that region here over the next several years.

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.

A

Yeah. Great. Thanks, Mike. Yes, we're excited about Warren Paving as part of our Southeast platform. And clearly, Warren Paving is a high-performing business just as Lehman-Roberts and Dickerson & Bowen. We're just as excited about having all three of these businesses together as part of the Southeast platform.

Warren Paving is a little bit different. We mentioned we've been looking at these material-focused acquisitions. Well, Warren Paving is actually materials-centric. It's – Of its revenue, around 75% is materials and 25% is construction. And of that 75% of materials, 70% is agg and about 30% is asphalt. So, it's really an agg-centric business, and that's going to provide a lot of opportunities for us down in the Southeast part of our company now.

So, we're focused on pull-through. I think there's opportunities to drive volumes with internal sales. We think we can expand this distribution yard network, which is really impressive. We think there's obviously opportunities for pricing, even the automation that we can install in a business like Papich, introducing liquid [ph] type (00:27:51) materials playbook. And we also think there's opportunity now that we have scale to even explore liquid asphalt options as well.

I think another piece of this that's interesting is we can connect Warren Paving to our federal division. And there's a lot of shoreline protection opportunities with the Army Corps in that part of the country that we could pursue, both on the contracting side and also drive pull-through to the quarry. So, it is a great business alone, but we see tremendous opportunities as it being part of our Granite Southeast platform.

Michael S. Dudas
Analyst, Vertical Research Partners LLC

Q

Sounds terrific and a great fit for the company. My follow-up would be, as you indicated or I think you talked about it in the remarks on the 2027 targets, I just want to clarify. So, those targets include the acquisitions you closed on this month. Is that also including potential or a percentage of potential opportunities of these two to three deals a year? Or is there – could there be wider upside from the low to high levels on revenue and margins? Just kind of if you could conceptualize so I can understand it clearly the visibilities on 2027 as you look at it today.

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.
A

Yeah. So, what we provided in the updated guidance through 2027 is our consistent organic growth at that 6% to 8%. So, we still feel confident in that. We still feel as though the underlying market, the public funding, the private market supports that range. So, we feel good there. And then we do believe that we're going to be able to continue to layer in acquisitions. So, we're set up to do that. We have the balance sheet. I think our business is operating very strong. And so, that's going to give us what we need to continue to do the deals.

We didn't want to come out and put a dollar amount to those deals because it's really tough to predict the size and the timing of these things, as you know. And so, historically now, over the last couple of years, we've been able to get them across the finish line. I think it's starting to show the consistency in our business in that regard. So, I think two to three deals a year is just a good number for us to put out there. And then, obviously, we have the EBITDA margin improvement. That's all – we put the benefit of these into these new acquisitions, so that's the 50 basis points.

Michael S. Dudas
Analyst, Vertical Research Partners LLC
Q

Great. Just to quickly follow up on – well, how's the – what's the gestation period or the time in negotiating with these two companies? Are these companies – I've, obviously, known Papich in the past, but was it something happened recently or something happened over several months to years as your business development team has been much more active?

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.
A

Oh, how these came to fruition? Sorry, you're breaking up a little bit on our end. But...

Michael S. Dudas
Analyst, Vertical Research Partners LLC
Q

Yes, yes, yeah. I think, yeah, that's it. Yes.

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.
A

Yeah. Papich was a self-sourced deal and Warren Paving was a [indiscernible] (00:30:40) process.

Michael S. Dudas
Analyst, Vertical Research Partners LLC
Q

Thank you, Kyle.

Kyle T. Larkin
President, Chief Executive Officer & Director, Granite Construction, Inc.
A

No, thank you.

Operator: Thank you. This concludes our question-and-answer session. I would like to turn the conference back to Kyle Larkin for any closing remarks.

Kyle T. Larkin

President, Chief Executive Officer & Director, Granite Construction, Inc.

Okay. Well, thank you for joining the call today. As always, we want to thank all of our employees for the work they do every day. We would also like to take this opportunity to welcome our newest team members from Warren Paving and Papich Construction. We're excited to have you on the team and look forward to building better together.

Thank you for joining the call and your interest in Granite. We look forward to speaking with you all soon.

Operator: Thank you. The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.