

Q3 2025 Earnings Call

Company Participants

- Kyle Larkin, President and Chief Executive Officer
- Mike Barker, Vice President, Investor Relations
- Staci Woolsey, Executive Vice President, Chief Financial Officer

Other Participants

- Brent Thielman, D. A. Davidson & Co.
- Kevin Gaaney, Thompson Davis
- Michael Dudas, Vertical Research Partners
- Steven Ramsey, Thompson Research Group

Presentation

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 Third Quarter Conference Call. This call is being recorded. All lines have been placed on mute to prevent any background noise. And after the speakers' remark, there will be question-and-answer period. (Operator Instructions)

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

Mike Barker {[BIO 20892900 <GO>](#)}

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 earning presentation will be available on the events and 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 meaning 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 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 the 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'd like to turn the call over to Kyle Larkin.

Kyle Larkin {[BIO](#) [20377378](#) <GO>}

Good morning. Before turning to our third quarter results, I wanted to highlight our most recent acquisition, Cinderlite, and discuss how it aligns with our broader investment strategy and our commitment to deploying capital in ways that support growth and enhance shareholder value.

In 2022, we introduced an investment framework that is designed to guide our investment decision making from how we allocate CapEx to M&A and help drive margin and revenue growth across our existing businesses. This investment framework is anchored by two pillars, support and strengthen, and expand and transform. When we are assessing investments that are designed to support and strengthen our business, we are focusing on our core competencies and our home markets.

These types of investments include automation projects, new plants, aggregate reserves, and bolt-on acquisitions that complement our vertically integrated model. Since launching this framework, we relied on it to assess and ultimately acquire a number of bolt-on acquisitions to support our strategy. In 2023, we acquired the Brunswick Canyon Quarry an asphalt plant in Carson City, Nevada. This added 17 million tons of reserves and expanded our vertically integrated footprint in northern Nevada.

We then acquired Coast Mountain Resources in British Columbia, introducing the potential to barge 40 million tons of high quality reserves out to support our Pacific Northwest operations. This year, we added Papich Construction to bolster our California operations, while also adding 40 million tons of reserves.

Under the expanding transform pillar, over the last two years, we've applied our investment framework as we built out our Southeastern Platform with the acquisitions of Lehman-Roberts, Memphis Stone & Gravel, Dickerson & Bowen, and just recently, at the beginning of the third quarter, Warren Paving. We are excited about our Southeastern Platform. It is a high quality and profitable vertically integrated business with numerous opportunities for growth and further expansion.

We expect to grow the platform organically with targeted investments to expand its distribution network, perhaps to the addition of more aggregate yards, or by purchasing other strategic assets that will bring further capabilities to the platform. We also expect to build on the Southeastern Platform with M&A that will expand our footprint in the new geographies and enable us to leverage the high quality aggregates and distribution network of Warren Paving.

Most recently, in early October, we announced our newest acquisition of Cinderlite, a well established construction materials, landscape supply, and transportation company based in Carson City, Nevada. Cinderlite operates five aggregate quarries and one recycling yard, and its operations are supported by a fleet of trucks and drivers. The acquisition complements our existing operations in northern Nevada and expands our reach in a high growth region. The acquisition adds approximately 100 million tons of aggregate reserves and an annual production volume of 975,000 tons, significantly enhancing our material reserve base in the area.

These acquisitions reflect our disciplined approach to M&A, targeting high quality material focused businesses that strengthen our vertically integrated model and support long-term growth in line with our 2027 financial targets. Since 2021, we have more than doubled our average reserves to a current total of approximately 2.1 billion tons. For the full year of our acquisitions, we have increased aggregate production to approximately 25 million tons from 16 million tons in

2021. These investments have allowed us to increase Materials segment cash gross profit margins from 18% in fiscal year 2022 to 29% through the first nine months of 2025.

The progress has been tremendous. We are excited to see Materials become a larger component of our business. We continue to evaluate bolt-on opportunities to complement our operations and unlock synergies. Looking ahead, we'll also continue to evaluate investment opportunities to allow us to expand and transform our business by entering new geographies and building new vertically integrated platforms. We believe our disciplined approach to growth, grounded in our investment framework, and supplemented with our operational excellence, positions Granite to deliver consistent profitability and sustainable value creation for years to come.

Now, let's discuss our third quarter results, starting with the Materials segment. The Materials segment delivered an exceptional quarter. Impressive growth on both the top and bottom lines. Our legacy business was bolstered by the inclusion of Warren Paving and Papich Construction for the last two months of the quarter. As I talk with our teams, I am encouraged that demand remains strong led by the public market. I believe this environment should support volume growth both in aggregates and asphalt in the 2026 with orders as of the end of the third quarter outpacing the prior year.

Our Materials business has shown strong improvement in a relatively short period of time following our realignment to place materials experts in charge of Materials business and centralized management functions such as sales and quality control. We have made tremendous progress but there's more to do to grow revenue and improve profitability in the segment. From capital projects including investments in aggregate plant automation and aggregate and asphalt plant efficiency to bolt-on acquisitions like Cinderlite to implementation of value enhancing pricing across our geographies, I believe our Materials business will continue to transform over the upcoming quarters and years.

Now, let's move to the Construction segment. We had another strong quarter with gains in revenue, gross profit and CAP. We entered the quarter with record high CAP and entered it with a new record high CAP of \$6.3 billion, despite the third quarter being our highest revenue burned quarter. This underscores both the strength of the market and the talent of our project pursuit teams.

We remain focused on best value projects which now represent a significant portion of our CAP. These projects allow us to collaborate with owners early in the process, identify and mitigate risks and deliver work more efficiently. Best value delivery methods like construction manager, general contractor or progressive design build are especially effective on complex projects. Our early involvement supports better planning, risk management and cost control.

Larger best value projects are often broken into smaller work packages as they are collaboratively reviewed through workshops allowing for more informed construction of the projects. These projects are generally completed faster and with significantly fewer claims than traditional delivery methods. While the timing of the construction portion of best value projects can be difficult to predict, we've constructed more than 90 of them. And our confidence in the benefits of best value contracting continues to grow.

In the third quarter we had a number of projects ramping up. And I believe we should see revenue accelerate in the fourth quarter and into 2026, as these projects move forward. This continues to be the strongest market I've seen in my career. I believe we are positioned to grow

our CAP portfolio and increase bidding margins in the fourth quarter and in 2026. With this market I expect to achieve our organic growth targets of 6% to 8% through 2027.

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

Staci Woolsey {[BIO 21937434](#) <GO>}

Thanks Kyle. We had an outstanding third quarter. Revenue increased \$158 million or 12%. Gross profit increased \$58 million or 28%. Adjusted net income improved \$33 million or 36%. Adjusted EBITDA improved \$67 million or 45%. And we ended the third quarter with year-to-date operating cash flow of \$290 million.

In the Construction segment, revenue increased \$82 million or 8% year-over-year to \$1.2 billion, driven by the recently acquired Papich Construction and Warren Paving businesses and our record CAP entering the quarter. Construction segment growth profit improved \$22 million to \$192 million with a growth profit margin of 17%. This 70 basis point increase is largely due to improved execution and performance across our higher quality project portfolio.

In the Materials segment, we continue to realize year-over-year cash gross profit margin improvement. In the third quarter, aggregate and asphalt volumes increased 26% and 14% respectively over last year, and the newly acquired companies added 1.4 million tons of aggregates and 177,000 tons of asphalt. The public market environment drove demand and supported price increases in both aggregates and asphalt.

The Southeastern Platform, including Warren Paving, performed better than expected with pricing and volumes leading to a significant increase in asphalt margin in the quarter year-over-year. Through the third quarter, margin increases at the aggregates, asphalt, and segment level are all ahead of 2025 expectations.

We believe there are opportunities to continue to significantly expand the Southeast Platform by leveraging Warren Paving's distribution network and driving further gains in margin. We plan to execute on these opportunities both through strategic CapEx and through acquisitions. In addition, in our western footprint, we expect to continue to strengthen our Materials segment and vertically integrated businesses through bolt-on transactions such as the recently acquired Cinderlite business.

Turning to cash flow, I am once again pleased by our cash generation. We generated \$290 million of operating cash flow through the first nine months of the year. Historically, the third and fourth quarters are when we have seen the most cash generation as our teams are fully mobilized to project sites and working hard to progress projects before year-end.

As expected, the third quarter followed this pattern and I expect cash generation will also be strong in the fourth quarter, allowing us to surpass our operating cash flow target of 9% of revenue for the year. As of the end of Q3, cash and marketable securities were \$617 million and we had \$1.3 billion of debt outstanding.

With our cash and marketable securities, revolver availability of \$580 million and strong cash flow generation, we remain in a great position to act on future M&A opportunities that may either bolt on to an existing home market or further expand our geographic footprint. While we will continue to be selective in our pursuits, I expect to achieve our goal of completing several M&A transactions each year.

Now let's discuss our guidance for the rest of the year. As we stated previously, we expected an acceleration of revenue growth in the second half of the year, with several projects ramping up.

Some anticipated project starts shifted later into the second half of the year, and as a result, we are revising our annual revenue target to a range of \$4.35 billion to \$4.45 billion. This target contemplates a busy fourth quarter with increased organic growth, which will position us well for 2026.

In addition, due to our strong performance through Q3 and work ahead of us in Q4, we are increasing our adjusted EBITDA margin guidance to a range of 11.5% to 12.5%. Finally, we expect CapEx this year to be approximately \$130 million. On a long-term basis, we believe approximately 3% of revenue remains an appropriate expectation for our annual CapEx. Our annual guidance for SG&A as a percent of revenue of 9% and adjusted effective tax rate in the mid-20s are unchanged.

Now we'll turn it back over to Kyle.

Kyle Larkin {BIO 20377378 <GO>}

Thanks, Staci. I'll close with the following points. Our third quarter continues to demonstrate the strength of our people, the earnings power of our strategic plan, and our vertically integrated model. We continue to grow CAP, fueled by the public market at the federal, state, and local levels. As I look at the bidding opportunities ahead of us over the fourth quarter and next six months, I believe we have excellent opportunities, skilled pursuit teams, and proven relationships with our clients to continue to grow CAP and raise margins.

While we have some work shipped to the right, the quality of the work in our CAP portfolio, as well as the opportunities ahead of us, only strengthens my belief in being able to meet our growth and margin expectations in our 2027 guidance. Both our Construction and Material segments are operating at a high level, and I expect further gains in the years ahead.

The recent acquisitions of Warren Paving, Papich Construction, and now Cinderlite demonstrate our commitment to executing M&A to both strengthen our existing markets and to expand into new markets. We have the financial capacity to act on M&A opportunities that should continue to drive cash flows and build our footprint, and my expectation is that we will continue to complete several acquisitions annually in the years to come.

Finally, cash and cash generation remains a primary focus throughout our company. As in 2024, we are on track to deliver operating cash flows in excess of our target for 2025 and continue to drive significant shareholder value.

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

Questions And Answers

Operator

(Question And Answer)

Thank you. We will now begin the question-and-answer session. (Operator Instructions). The first question comes from Brent Thielman with DA Davidson. Please go ahead.

Q - Brent Thielman {BIO 6976698 <GO>}

Hey, thanks. Good morning.

A - Kyle Larkin {BIO 20377378 <GO>}

Hey, good morning, Brent.

Q - Brent Thielman {BIO 6976698 <GO>}

Yeah. Hey. I thought maybe you could just talk about the sources of strength that you have.
(Technical Difficulty)

Operator

I'm sorry to interrupt, Brent. Your voice is not audible. Could you please come again?

Q - Brent Thielman {BIO 6976698 <GO>}

Yeah. Can you hear me now?

Operator

Yeah. Perfect. Thank you.

Q - Brent Thielman {BIO 6976698 <GO>}

Sorry about that.

A - Kyle Larkin {BIO 20377378 <GO>}

That works, Brent. Thank you.

Q - Brent Thielman {BIO 6976698 <GO>}

Okay. Sorry for that. Yeah, Kyle, just on the strength of CAP, maybe you could talk about the sources that you're seeing there. It sounds like bidding opportunities are pretty fortuitous over the next several months, maybe quarters. Where do you see that coming from as you sit here today?

A - Kyle Larkin {BIO 20377378 <GO>}

Well, I'd say that the overall market remains very strong. I think it's been that way now for a while. I think it's supported by the IIJA and our private markets. So we've seen that consistent theme now for a few years where we're just bidding more work, procuring more work, and the margin associated with that work continues to improve. I think that's one of the drivers behind our margin expansion in the quarter.

I think our team is just doing a great job of bidding the right projects, too, and getting the right projects into CAP. I think we see that continuing. We expect our CAP balance to continue to grow in the balance of the year. So for us to see a sizable increase in Q3, again, it's our biggest burn revenue month, revenue quarter.

Based on low bids that we have today, some selections, depending on the timing of those we expect to see our CAP balance continue to grow again nicely in the fourth quarter. So the market is really strong in all of our geographies. I would say just a reminder, the IIJA will continue to see spend beyond its expiration in 2026.

We checked in with ARTBA, the American Road Transportation Builders Association, and right now it looks like the spend to date for the IIJA is around 50% through August. So there will

continue to be opportunities in the marketplace even beyond its expiration next September. So, yeah, the markets are healthy, and we think we're going to continue to build our CAP.

Q - Brent Thielman {BIO 6976698 <GO>}

Okay. And then I guess just a shorter-term in nature, but maybe what specifically is limited the -- some of the conversion of this CAP and to revenue. And you sound fairly confident in acceleration here in the fourth quarter, maybe you just speak on what you've seen so far.

A - Kyle Larkin {BIO 20377378 <GO>}

Yeah, yeah, we did speak on the last call about acceleration in the back half of the year. It is more weighted to Q4 than Q3. And Q4, we're looking at around an 8% organic growth rate in the quarter which is a lot stronger than what we've seen certainly so far this year. And with cap that we have in place, we think that 8% growth rate organically is going to continue into 2026. So, although we're not necessarily giving guidance yet for next year, but I think the way we're looking at it is an organic growth rate of 8% is pretty realistic as we go into the fourth quarter and into 2026.

Q - Brent Thielman {BIO 6976698 <GO>}

Okay, great. I'll get back in queue. Thanks.

A - Kyle Larkin {BIO 20377378 <GO>}

Thanks, Brent.

Operator

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

Q - Steven Ramsey {BIO 20092076 <GO>}

Hi, good morning, everyone. Wanted to examine the guidance a little bit, further reflecting the better EBITDA margin, you called out materials orders and the high quality project portfolio being the drivers of that. Can you talk about the balance of which of these two factors is the greater driver for the margin outlook? And given some of the work, maybe is pushed out the next year, I would assume this bodes well for margins in 2026 as well.

A - Kyle Larkin {BIO 20377378 <GO>}

Yeah, yeah, that's right. And if you go back to earlier this year, we did expect this year to see margin expansion in both our Construction and our Materials segments. And we saw about 1% or 1.25% in Construction in 2025 and we're trending ahead of that today, so our teams are just doing a really nice job, getting the right work and executing at a high level on that work. And then we had talked before about a 3% margin expansion in our Materials business.

And we're trending a little bit ahead of that at product level. We're sitting right around 4%. So we're well ahead of what we thought we're going to be in 2025 based on margin expansion expectations. So that gives us a lot of confidence as we bridge towards 2027. So we have about 0.5% or so of margin expansion from an EBITDA perspective to get to the midpoint of that 13.5% in 2027.

I would say, we see about 1% still coming from Construction, again getting strong CAP, getting more margin on bidding and then really focus on operational excellence, as we execute on those contracts. And we still believe there's another 3% or better margin expansion in our Materials segment. And of course, as we execute on these strategies within pricing, automation, and just performing a high level on Materials business by leveraging our Materials playbook, we think that's going to be achievable.

And what our team has been able to do so far in 2025 is right on, again, a little bit better, which gives us a lot of confidence that we're going to execute over the next two years towards that midpoint of 13.5%.

Q - Steven Ramsey {[BIO 20092076](#) <GO>}

That's great to hear. Also wanted to stay keyed in on the guidance, the operation, cash flow from operations, that is, and the lower CapEx combination. First off, what is driving the upside to operating cash flow? And then when you think about reducing CapEx on a dollar basis, even with a larger base of assets, particularly more materials assets from Warren, maybe share some on how you are adjusting the CapEx outlook for this year and the go-forward CapEx outlook, if I understand being lowered as a percentage of revenue.

A - Staci Woolsey {[BIO 21937434](#) <GO>}

Yeah. Hey, Steven, I'll talk a little bit about the operating cash flow guidance first. We were able to achieve some claim settlements earlier this year and have some really good collections. And along with our steady operating cash flow just from our current operations, we've had, we've been able to achieve higher than our target of 9%. And we think that that will push us above the 9% target there.

When we talk about CapEx, so we did have our original guidance was in the range of about, I think, \$140 million to \$160 million, which was a bit above the 3% target we talk about in capital allocation. And that included some strategic materials, CapEx, that the timing of that sometimes just shifts. And also, being very diligent and vigilant and looking at what types of investments we're making.

And so some of that has shifted probably to next year. And so we were able to lower that CapEx guidance to about \$130 million. That does include the new acquisitions of Warren Paving and Papich Construction. So even considering those going forward, we still feel like about 3% is the right target. And occasionally there will be some one off things that are a little bit larger as we look at continuing to increase our materials reserves and other things like that.

Q - Steven Ramsey {[BIO 20092076](#) <GO>}

Okay, thanks for the color.

Operator

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

Q - Michael Dudas {[BIO 1495732](#) <GO>}

Good morning, Kyle, Michael, Staci.

A - Kyle Larkin {[BIO 20377378](#) <GO>}

Good morning.

A - Staci Woolsey {BIO 21937434 <GO>}

Good morning.

Q - Michael Dudas {BIO 1495732 <GO>}

Kyle, share some observations you've had at Warren and Papich in for two months, I guess three months now since it closed. How do you like the aggregates on the river there and the opportunities that Warren provides you? And what have you seen in their operations relative to best practice to what you could do through Granite? And is that really -- is that, it'd be a very good platform for you to focus on some of these forward integration and expansions in that market?

Because it seems like there's a lot of demand and opportunity given that your newfound strength, strength and conditioning, and not only in the construction but the materials side.

A - Kyle Larkin {BIO 20377378 <GO>}

Yeah, thanks, Mike. It's a great question. And we're excited about where we're at with Warren and Papich. I think integration so far has gone very well in both of those businesses. I think with Warren Paving, we're just -- we're excited because there's tremendous opportunities in that marketplace. And today they're already exceeding the deal model in the first two months.

And I think one of the things that we're seeing down in the southeast is really, really strong aggregate demand. So, it's that significant private investment that we do was already taking place in the southeast. That's proving to be the case. And there's strong demand associated with data center infrastructure improvements and expansion and development.

So, we're already looking at ways that we can meet that demand. We have an extremely talented team at Warren Paving. And I get excited and we all get excited working with them because they have lots of ideas in how they can expand that business, increase productions, expand their distribution network with yards, look at managing costs and increasing internal sales.

So, we're just here to figure out ways we can best support them to those ends. And so, we've remained really excited about that opportunity and how we can best support and grow the business.

Q - Michael Dudas {BIO 1495732 <GO>}

I appreciate that. My follow up is, Kyle, when you think about your best value back or your CAP that you've really emphasized over the past several years, you talk about the timing of the pre-construction, construction design and then move into full construction. Where are we on that cycle from, say, the project, the contracts that you negotiated two, three years ago? Are they to the point where we could see some more conversion and construction? Because that be a tailwind for conversion, for revenue backlog growth in the next couple of years. And how does that play out as we think about achieving some of the organic targets that you've put forth for the next couple of years?

A - Kyle Larkin {BIO 20377378 <GO>}

Yeah. I think that's a good point. If you look at certainly where we are in 2025, that would be meaningfully our original guidance at our organic growth rate, somewhere around that 6%. We're

going to come in just underneath that. And next year, we're already seeing it up towards that 8%, as I mentioned previously.

Some of that is coming from the conversion of that CAP and those best value projects can take some time to convert from the pre-construction contract into the construction contract. I know there's a few contracts that will be converting into construction contracts for 2026. And so, that will help drive up that organic growth. So, it's always hard to predict the timing of these things. Sometimes these projects that are best value have some challenges and that's why they're looking for a partner like us to come in and help them navigate some of those challenges. Some can be stakeholders.

They're working with it could be a city. It could be a county. It could be a railroad issue. And sometimes that reconstruction services can take more than the typical 2 years that we've talked about. There's actually a couple of contracts that we're looking at today that we've been in pre construction for 4 and 5 years. So it can take a while to navigate through all those, all those issues as we partner with our clients. And so I think that's going to help drive up that organic revenue growth in '26 and beyond.

Q - Michael Dudas {[BIO 1495732 <GO>](#)}

Thank you, Kyle.

A - Kyle Larkin {[BIO 20377378 <GO>](#)}

Yeah, thank you.

Operator

The next question comes from Kevin Gainey with Thompson Davis. Please go ahead.

Q - Kevin Gainey {[BIO 20134763 <GO>](#)}

Good morning, Kyle, Staci and Mike.

A - Staci Woolsey {[BIO 21937434 <GO>](#)}

Good morning.

A - Kyle Larkin {[BIO 20377378 <GO>](#)}

Good morning, Kevin.

Q - Kevin Gainey {[BIO 20134763 <GO>](#)}

A good quarter. Maybe we can start with the guide and how you guys are thinking about both at the top and the bottom line from kind of the low end to the high end and what it would take to get to each.

A - Kyle Larkin {[BIO 20377378 <GO>](#)}

For overall guidance, at this point we feel pretty good about where we're at. It's through Q3 now and we got our final Q4. I think the challenge for us and the opportunity for us in the fourth quarter always comes down to us. I think that's one of the things that that it can help us or hurt us and we'll have to see how things shake out for the fourth quarter. So far in October, the weather has held and supported what we're trying to do.

I think it just continued strong execution by our teams on operations and certainly we have a lot of momentum so the first three quarters are performing at a high level, so we expect that to continue as well. So I think really at this point in time Kevin it's going to come out well.

Q - Kevin Gainey {[BIO 20134763](#) <GO>}

That's always the tricky part with Q4. And then -- go ahead.

A - Kyle Larkin {[BIO 20377378](#) <GO>}

Oh, no, I'll turn it back to you, Kevin.

Q - Kevin Gainey {[BIO 20134763](#) <GO>}

Maybe if we can talk about the organic Materials segment and how that performed in the quarter. And how you're taking what you've got with Warren and how you might apply that there to maybe catch them up from like the standpoint of pricing and such any best practice there too.

A - Kyle Larkin {[BIO 20377378](#) <GO>}

Yeah. So far, we're actually pleased with our Materials segment in the quarter and the full year. As I mentioned earlier about the margin expansion, they've done a really nice job. Our teams have done a really nice job expanding margins, just on track a little bit ahead of where we thought we were going to be, executing on that strategy again around pricing and the automation efforts and leveraging our materials playbook.

But we've also seen some nice volume increases. So, we've seen mid-single-digit volume increases both on aggregate and asphalt. We expected to be flat, slightly up, and it turns out where we're going to be a little bit up in both. And it's also really nice to see that the orders are already up so far in Q3 and where we were certainly last year at the time.

So, I think these are pointing to continued volume growth in our Materials segment into 2026. So, that's really good news. And hopefully, we'll see that private market start to come back a little bit stronger in 2026, and that would continue to drive increased volumes in the year. So, I think we also saw that our pricing increases helped. So, we saw some really nice kind of mid-upper single-digit price increases in 2025. We expect to see kind of mid-single-digit price increases in 2026.

And of course, we're working closely with Warren, we're working closely with Papich, and we're as a collective team trying to figure out how we can leverage those same things -- pricing, how we can automate some of those facilities, and how we can leverage our materials playbook and learn from each other to continue to get better. And that's going to allow us to get that additional 3% growth profit margin in our materials business, including Warren, including Papich through 2027.

Q - Kevin Gainey {[BIO 20134763](#) <GO>}

I appreciate all the call, Kyle.

A - Kyle Larkin {[BIO 20377378](#) <GO>}

Thank you.

Operator

Thank you. That was the last question. This concludes the question-and-answer session. I would like to turn the conference back over to Kyle Larkin for any closing remarks.

A - Kyle Larkin {BIO 20377378 <GO>}

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. I would also like to take this opportunity to welcome our newest team members from Cinderlite. 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

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

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