

Q1 2026 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

- Adam Bubes, Analyst, Goldman Sachs & Co.
- Kevin Gainey, Analyst, Thompson Davis
- Michael Dudas, Analyst, Vertical Research Partners
- Steven Ramsey, Analyst, Thompson Research Group

Presentation

Operator

Good morning. My name is Myron, and I will be the conference facilitator today. At this time, I would like to welcome everyone to the Granite 2026 First 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) Please note we will take one question and one follow-up question from each participant today.

It is now my pleasure to turn the floor over to your host of Granite Construction Incorporated Vice President of Investor Relations, Mike Barker. Thank you and over to you.

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 earnings presentation will be available on the Events and Presentations page of our Investor Relations website.

We begin 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 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, cash gross profit and cash gross profit per ton. 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 Larkin {BIO 20377378 <GO>}

Thanks, Mike. Before turning to our first quarter results, I want to take a moment to discuss our recent acquisition. As a reminder, our approach to M&A is guided by a disciplined investment framework that we use to allocate capital across CapEx and M&A in ways to support growth and enhance shareholder value. That framework is anchored by two pillars: support and strengthen and expand and transform.

Over the last several years, we completed numerous acquisitions to strengthen our Western businesses, while also building and expanding our Southeastern platform through disciplined, materials focused acquisitions, and targeted investments. With an expanded corporate development team, a dedicated integration management office, strong operational engagement, a solid balance sheet and strong cash flow, our approach to M&A has fundamentally changed from the past.

The ability to self-source and integrate bolt-on transactions, while simultaneously pursuing larger bank-led deals is a differentiator that allows us to accelerate our growth through acquisitions. Consistent with this strategy, we recently announced the acquisition of Kenny Seng Construction. Kenny Seng Construction is a leading provider of infrastructure construction services and construction materials in Utah County, Utah.

Founded in 1985, the company has built a strong reputation for operational excellence and end-to-end project delivery across a diverse set of infrastructure end markets. Kenny Seng Construction operates a vertically-integrated business model with capabilities that include earthwork and site preparation, concrete work, utility installation, project management and contracting, aggregate production and materials process.

The business brings end market diversification with over half of its revenue derived from education infrastructure and the remainder from civil infrastructure and private sector work. These markets align well with our focus on public funding and infrastructure demand. We expect Kenny Seng Construction to add approximately \$150 million in revenue annually with an accretive adjusted EBITDA margin in the high-teens. This acquisition expands our home market presence and a strong Utah market while deepening our capabilities in attractive end markets. We're excited to welcome the team to Granite.

Now, let's move to the Construction segment. We ended the quarter with CAP of \$7.2 billion, a \$200 million increase from the fourth quarter. CAP increased despite a reduction of approximately \$300 million related to the cancellation of a public sector highway project in California where expanded scope exceeded available funding.

While cancellation of a project in CAP can occur and happen in this circumstance, it is very rare in our experience. The increase of CAP reflects the bidding environment that remains robust at the federal, state and local, and private levels. We added a second tactical infrastructure project to CAP and ended the quarter with \$1.3 billion of federal CAP, of which \$640 million is related to tactical infrastructure projects.

We are proud to support the infrastructure needs of the various branches of the federal government. We have made significant investments in our federal business and expanded this

platform significantly over the last several years. These projects are evidence of the progress we have made in building capabilities and customer relationships over time.

Looking forward, I believe that our federal business is positioned to generate more than 15% of our construction segment revenue as we continue to grow this part of our business. At the state level, funding and bidding opportunities remain strong. As we ramp-up for our busy season, our CAP and potential new projects gives us confidence that we will meet our organic growth expectations for the year.

In the private sector, we are focused on end markets that can drive growth and further improve the quality of CAP. First, we are seeing opportunities in the rail market, including intermodal facilities for Class 1 roads. We have relevant experience and strong customer relationships in this end market, and we have successfully completed multiple intermodal projects for rail clients.

Second, we are seeing growing opportunities in mission-critical data center projects, which includes civil site development as well as water and solar power generation for the data centers. We have formed a dedicated team to oversee and focus on key client relationships and support our regional teams from pursuit to execution and pursuing or building projects with these clients.

We have completed numerous data center projects in several of our home markets and we believe Granite is uniquely positioned to construct these schedule-intensive projects. Overall, we believe we have a great opportunity to continue to build CAP. We have built what we believe is the highest-quality project portfolio in Granite's history by focusing on our home markets and best-value projects that better position us for success.

With our CAP, the opportunities ahead of us and the continued emphasis on operational excellence, we believe the Construction segment is well positioned to deliver sustainable growth and margin expansion.

I'll now turn to the Materials segment, which had a fantastic start to the year. While the first quarter has traditionally been seasonally slower, we are encouraged by demand across our geographies by the performance of our newly-acquired companies led by Warren Paving. Our margin improvement expectations for 2026 were based on the inclusion of acquired businesses for a full year, modest volume growth across the company, mid-single digit aggregate price increases and improved cost efficiency through plant automation and process improvements.

Through the first four months of the year, I believe we are on track to meet or exceed our expectations. Aggregate and Asphalt orders are ahead of the prior year, and we are meeting our pricing expectations. During the quarter, oil prices increased due to the conflict in Iran. Granite's primary oil exposures are through purchases of liquid asphalt and diesel usage in equipment and bars transport.

We regularly work to mitigate exposure to pricing fluctuations in the energy sector. For instance, we entered into fixed forward contracts, maintain physical storage, apply financial hedges and include energy surcharges for material sales. While we will continue to monitor the market closely, we do not presently expect that the current increases in oil prices will have significant impact to our annual outlook. Overall, we believe the Materials segment is well positioned for continued growth and transformation.

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

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

Thanks, Kyle. Building on the momentum from Q4, we are off to a strong start in 2026 compared to the same period of the prior year. Revenue increased 30% to \$912 million, gross profit increased 31% to \$110 million. Adjusted net income increased by \$12 million to end at \$12 million and adjusted EBITDA increased by \$30 million to arrive at \$58 million.

In the Construction segment, revenue increased \$151 million or 25% year-over-year to \$766 million. Of the growth in the quarter, \$43 million came from the acquired businesses and the remaining \$108 million was organic. With record CAP entering the quarter, we achieved revenue growth in a number of home markets across the company.

While gross profit margin decreased due to a revision in estimate related to a favorable claim settlement in the prior year, which did not recur in the current year, gross profit increased with the higher revenue. As we enter the heart of the construction season, we believe the construction segment is on track for an outstanding year.

Materials segment revenue increased \$61 million year-over-year to \$146 million with gross profit up \$9 million to end at \$8 million. The revenue increase was primarily due to \$50 million from the acquired businesses led by Warren Paving. Cash gross profit increased \$15 million year-over-year to \$26 million or 18% of revenue, a great result in what is typically our most weather-impacted quarter.

While most volume increases came from the acquired businesses, we also saw organic volume increases ahead of expectations. With materials orders ahead of the prior year and pricing meeting expectations, the segment is on track for another year of growth. In the first quarter, SG&A as a percent of revenue is typically higher due to seasonally lower revenue and the timing of stock-based compensation expense. SG&A in the quarter was in alignment with our expectations.

Turning to cash flow. We used \$31 million in operating cash in the quarter compared to an inflow of \$4 million in the prior year. The prior year benefited from the collection of a long outstanding contract retention balance as well as the receipt of funds from a settled legal dispute. As expected, in the first quarter, there was a seasonal use of cash as plants and projects ramped up across the business.

Our operating cash flow expectation of approximately 10% of revenue for the year remains unchanged. In the first quarter, we completed privately negotiated transactions to settle \$100 million principal amount of our convertible bonds that were scheduled to mature in 2028, leaving \$274 million outstanding. The total cash used to settle the bonds, net of the associated call unwind proceeds was \$233 million. As we have said previously, we continue to evaluate the capital markets and opportunities to proactively manage our capital structure, including our convertible bonds.

Our balance sheet remains well positioned to execute on our capital allocation priorities. Following the quarter, we utilized our revolving credit facility to fund the purchase of Kenny Seng Construction, and we now have \$1.4 billion of debt outstanding and \$415 million available under our revolving credit facility.

Now, let's turn to an update on guidance for the year. With our strong start to the year, we are increasing our revenue guidance to a range of \$5.2 billion to \$5.4 billion from a range of \$4.9 billion to \$5.1 billion. This increase reflects an additional \$200 million of revenue from our new tactical infrastructure contract and \$100 million in revenue from Kenny Seng Construction.

With this revenue growth, we are decreasing our SG&A as a percent of revenue guidance to a range of 8.25% to 8.75%, down from a range of 8.5% to 9%, inclusive of approximately \$48 million in stock-based compensation expense. As we continue to grow organically and through acquisition, we believe there are additional opportunities to further improve SG&A leverage over time.

With the decrease in SG&A as a percent of revenue, we are also increasing our adjusted EBITDA margin guidance to a range of 12.25% to 13.25%, up from 12% to 13%. We continue to build high-quality CAP in strong public and private markets and we believe we will realize our expected margin expansion in 2026 and our 2027 targets. Finally, our CapEx guidance of \$140 million to \$160 million and our estimated adjusted effective tax rate in the mid-20s remain unchanged.

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

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

Thanks, Staci. I'll close with the following points. The start of 2026 reinforces my confidence in Granite's ability to achieve the financial goals that we have set for both 2026 and 2027. Our federal, state and local, and private markets continue to fuel growth in CAP. During the last two years, the public transportation market has led the way. While this market remains robust, we are also benefiting from years of investment in our capabilities and relationships across federal, rail, and mission-critical data center markets.

I expect each of these end markets to continue to grow and be meaningful components of our Construction segment in the future. In the Materials segment, the acquisition of Warren Paving continues to transform the performance and trajectory of the segment. We have seen demand exceed our original expectations and expect to see further gains as the integration of the Southeastern platform continues throughout the year. There continues to be a long runway of growth and margin expansion for this segment, both in the Western footprint and Southeast platform.

We raised our 2026 guidance this quarter. It is still early in the year, but we see many great opportunities ahead of us to continue to raise the bar in 2026. Finally, we are already in the process of integrating Kenny Seng Construction into our Utah operations. And I'm excited to see growth in our Utah home market. Our M&A pipeline continues to evolve as we evaluate new targets, and I believe we have the opportunity to add several acquisitions this year to bolt-on to our existing businesses or further expand our footprint.

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

Questions And Answers

Operator

Thank you. (Operator Instructions) We have the first question from the line of Steven Ramsey from Thompson Research Group. Please go ahead.

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

Good morning. Congrats on good results, good acquisition. Maybe we can start with the acquisition of KSC, clearly very strong margin. Can you talk about the growth story that you can bring to KSC on a revenue or margin basis as it touches your existing operations in the area?

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

Yeah. Good morning, Steven and thanks for the question. We're obviously very excited to have Kenny Seng Construction as part of our business moving forward. And as I mentioned, it does about \$150 million a year in terms of revenue and we expect it to contribute about \$100 million in 2025 and it is a high EBITDA margin business. And the business operates at a high level. It's a specialty contractor of choice in that market and really just well-positioned in the market.

I would say, there's really three things that we would point to around Kenny Seng and really why we're the right owner and the value that we can bring to it. One is we can support their scale in the market. We think that their materials business is an opportunity for us to also scale and grow. And then they just bring a different end market to us within our Utah business around education, healthcare and even some mission-critical work around data centers as opportunities. And I think we can really share each other's client base, both inside the Utah market as well as outside of the Utah market.

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

Okay, that's excellent. And then maybe stick with the M&A theme. The Warren deal seems to be going very well and you pointed out demand was better than expected. Can you talk about or give us a flavor of what that demand is? And is it still something that's shaping up to be good in this year.

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

Yeah. I think, we couldn't be more pleased with the Warren Paving acquisition, the integration, the performance of that business. It's just an incredible team to have as part of Granite and they're performing again at a really high-level so far this year, and we expect that to continue.

I think just in general, in our materials business, we had a really nice quarter and we saw volume growth and also cash gross profit margin growth. And a lot of that did come from our Warren Paving acquisition, particularly on the aggregate side. But even outside of that, our legacy business also had some really nice growth in the quarter in our aggregates business and our asphalt business. So, I think just in general, Warren Paving is obviously performing well, although our legacy business is doing the same.

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

Okay. And then last quick one for me. The SG&A leverage, is there any way to break that out a bit on how much of that is the border wall work flowing into the year versus the Kenny Seng contribution?

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

Yeah. With our SG&A change in guidance, really that's -- right now it's being driven a lot by the revenue increase. So, our -- the increase in our guidance on revenue of \$300 million for the rest of the year is about \$200 million coming from the tactical infrastructure job and \$100 million of revenue from Kenny Seng Construction. And we're working to continue to get better efficiency out of SG&A, but at this time really it's the revenue piece that's driving the improvement.

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

Okay. Thank you.

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

Yeah, thank you.

A - Staci Woolsey {BIO 21937434 <GO>}

Thank you.

Operator

Thank you. We have the next question from the line of Michael Dudas from Vertical Research Partners. Please go ahead.

Q - Michael Dudas {BIO 1495732 <GO>}

Good morning, Staci, Michael, Kyle.

A - Kyle Larkin {BIO 20377378 <GO>}

Yeah, good morning.

A - Staci Woolsey {BIO 21937434 <GO>}

Good morning.

Operator

Michael, your audio is a bit low. Request you to kindly come closer to the microphone.

Q - Michael Dudas {BIO 1495732 <GO>}

Can you hear me better now?

Operator

Yes, this is much better. Thank you.

A - Staci Woolsey {BIO 21937434 <GO>}

Yeah.

Q - Michael Dudas {BIO 1495732 <GO>}

Great. Yeah, thank you very much. First, Kyle, maybe your comment about your federal exposure, certainly very solid performance getting those projects down the Southern border. But also maybe you can touch on a little bit of what's going on in Guam and other parts of federal and that move to 15% of your total revenues over time seems pretty reasonable, but how does that compare? Is there any margin difference or any risk difference or cash difference on collections in that business versus some of the others?

A - Kyle Larkin {BIO 20377378 <GO>}

Yeah. I think we've been working on our federal business and really division for years. I think it's one of the first opportunities for us to take an end market strategy and overlay it across our geographical home market strategy. And our team has done a really nice job. We started off with revenues in that space of less than 5% of our revenue. We've likely grown it up to around 10% previously.

And now with the additional border, the tactical infrastructure working the border, we see that contribution being right around that 15%. And we think with our continued focus of whether it's in Guam, which continues to have tremendous opportunities, whether it's just military installations within our home markets, maybe shoreline protection work that we see as opportunities down in the Southeast, we believe we can continue to grow there to being above 15% of our revenue even as the projects along the border wind down over the next couple of years.

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

Terrific. And then maybe continued diversification scheme. You touched some pretty interesting private sector opportunities, say rail, you say data center. Is that something that can continue to grow as a percent of total? And is that just because the overall market is coming to you there and because of your positioning even some of the acquisitions in the Southeast, certainly gives you better exposure to those types of markets?

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

Yeah. We've been engaged, participating in obviously mining and rail and industrial and a lot of these things for a while. I think it's more just an overall company strategy. We still see that what we call mission-critical, which includes the data center work is still having tremendous opportunities for the company. And we mentioned in the remarks that we actually have dedicated leadership in place to pursue that work and support our teams.

But most importantly for us, it's about aligning that dedicated leadership with our local business unit leaders. So, we can kind of leverage those key clients we have and we can support the work with the local resources we have within the home markets. And we've actually been making a lot of progress.

We're successfully delivering intersupplying materials to projects in Washington, Oregon, Nevada, Arizona, Louisiana, and Mississippi within those markets today. So we're really able to tackle it from a civil component -- water component with our Layne business and/or just materials. So, we do expect that, again, that can grow up to around 10% of our overall revenues. Moving forward now with opportunities to grow, we'll have to see how we perform, but so far, we're on a good start.

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

Excellent. Thank you, Kyle.

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

Thank you.

Operator

Thank you. We have the next question from the line of Kevin Gainey from Thompson Davis. Please go ahead.

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

Good morning, Kyle, Staci and Mike. Congrats on the quarter.

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

Yeah, good morning. Thank you.

A - Staci Woolsey {BIO 21937434 <GO>}

Thank you.

Q - Kevin Gainey {BIO 20134763 <GO>}

Maybe if we could start with a little discussion on the cat outlook. How do you see that shaping up as you move through the year? And then maybe you could touch on the California job and then what are the chances that job comes back.

A - Kyle Larkin {BIO 20377378 <GO>}

Okay. Yeah. Well, so we're obviously excited about our CAP. One of the things we've been able to say consistently now is that we've had CAP growth as well as the highest-quality CAP, at least in our opinion, we've ever had in our company history. So, that's a good thing to be able to say consistently really year-over-year or quarter-over-quarter, which is exciting for us.

And we're continuing to bid more work and capturing more work. And that's really what's driving that CAP up now for our business and really allowing us to see that growth. Obviously, we're off to a really strong growth start in our business in the first quarter, and we think CAP's going to allow us to be in a position to continue to grow our business, not just in '26, but into 2027.

I would say that project in California, it's very unique. The one that -- obviously the scope exceeded the available funding. I think one of the challenges on that particular project was, that was one that we were selected on back in 2020. And so, obviously, the cost, I think to stay expected in 2020 did not end up being with cost of a project in 2026.

So, I think that was one of the challenges that we saw there. It is unusual. I think the project will come back. I'm not sure in what form and what size. So that will be still to be determined.

Q - Kevin Gainey {BIO 20134763 <GO>}

I appreciate the color on that. And then if we could talk around maybe expectations for like -- for construction margins, how they're going to maybe move throughout the year? I know the Q1 had the year-over-year impact, but how are you guys thinking about or what gives you confidence in the outlook for the back-half or the rest of the year for margins?

A - Kyle Larkin {BIO 20377378 <GO>}

Yeah. So, we feel great. I mean, I think the first quarter, we had a solid construction performance. I think one of the things to think about is we're about 60 basis points down in the first quarter year-over-year, but we did have a one-time insurance settlement or recovery in the first quarter, there was about 130 basis points.

So, if you adjust that out for 2025, we're actually 70 basis points ahead of where we were last year at this time. So our construction margins, net of that insurance recovery are actually trend well above where we were last year. So, we're right on track. I think that obviously with our increased guidance on the full-year company EBITDA margin adjusted, it's right where we want to be.

We get to that midpoint around 12.75%. So right on track with where we want to be in 2027 as we look to getting to that 13.5% adjusted EBIT margin by the end of the year. So, being 2027. So, yeah, I think we feel really good about our construction margins again CAP supports that and we're right where we want to be.

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

Great. Sounds good. Appreciate it.

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

Thank you.

Operator

Thank you. We have the last question from the line of Adam Bubes from Goldman Sachs. Please go ahead.

Q - Adam Bubes {[BIO 21615150 <GO>](#)}

Hi, good morning.

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

Good morning.

Q - Adam Bubes {[BIO 21615150 <GO>](#)}

The technical infrastructure projects, nice to see those come in. Those are a little larger in size, I think pretty quick burns. Just which -- what risk parameters or project attributes gave you comfort in taking on those projects that you've been evaluating, I think for some times. And can you just talk about how margins on those projects compare to the base construction business?

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

Yeah. Thanks, thanks for the question. And you're right. We mentioned that on the last call that some of these projects were getting a little bit larger than originally -- originally contemplated. But we're excited about the two projects that we have today. Again, we have the one in Southeastern Texas that has about \$140 million remaining. And then the recent win in Laredo, Texas, which is about \$500 million.

And it is a quick burn. That project burns over around 14 months. And so, we expect to be right around 40% complete in 2026. And so again, that's one of the reasons why we're in a position to raise our guidance. Just as a reminder, we have decades of experience delivering on these projects. And we solicited resources from our entire company and to go down to ensure that we can deliver this successfully for both ourselves and for our client.

And we actually have the capacity to take on more. So, we continue to pursue these projects and we'll see if we can be successful in picking up another one before they get through the letting process, which we think will probably occur between June and July. So again, we're remaining very disciplined on what we're doing. And I would think the risk, maybe the way to think about the risk is in three categories.

One is he talked about schedule. Now, these are fast burn projects, they move very quickly and that's really why we had to ensure that we had the resources available to deliver on those. The other is this remoteness and that comes down to access, logistics, recruiting people and we believe that we have that risk pretty much mitigated. And then the third risk is just contractors and suppliers.

You think about a \$40 billion program along the border, there's a lot of subcontractors and suppliers are participating that at levels that they probably typically don't participate in. And so, there always is some risk that some of those subcontractors or suppliers can take a little bit more work than they can handle.

And so, we're being very selective about the partners that we have on those projects. So, again, we feel like we understand the risk because we have a lot of experience doing this work and then we were able to mitigate it with these projects that we have today. So, yeah, we're excited to have them and we'll see if we're successful in picking up another one.

Q - Adam Bubes {[BIO 21615150](#) <GO>}

Terrific. And then you touched it on it a little bit, but wondering if you can expand on your costs tied to fuel or energy? Is there a way to frame what percent of COGS in construction and materials are tied to energy? And can you just expand more on different levers to pull to offset the fuel costs? And it doesn't appear to be an impact in the current quarter. Is there any higher-cost impact you're baking into the balance of the year?

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

Yeah. I think the really short answer is our teams have done a really nice job. I'm really proud of what our team has done to mitigate obviously some volatility within liquid asphalt, diesel and natural gas. And overall, we have not seen a negative impact on the business. If anything, it's been slightly positive for our company.

There are a couple of things I think are important to point out. One is the energy surcharge that we put in place after Q1 of 2021 and our materials business specifically, that's really provided us some good protection around just cost increases going up and certainly helped in this case. We also work for public owners that have escalators and de-escalators. A big part of our business, as you know, is public works. And so they have some sort of backstop related to liquid asphalt and diesel, in some cases, cement and steel.

And then just a whole host of other things around fixed-forward contracts or storage and some financial hedges. So, I think there's a lot of things that we have done. I think just across the entire business, it's hard to provide a number as to what those cost increases are, but what I can tell you is we've done a really nice job, credit to our team. And if anything, it's just form positive than negative.

Q - Adam Bubes {[BIO 21615150](#) <GO>}

Great. Thanks so much.

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

Thank you.

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

Thank you.

Operator

Thank you. This is the end of the Q&A. And now, I would like to turn the call back over to Mr. Larkin for closing comments.

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

Okay. Well, thank you for joining the call today. As always, we want to thank our teams for delivering a strong first quarter. Granite is an industry leader in safety and I look forward to joining many of you next week as we recognize Construction Industries Safety Week. Let's continue to raise the bar and make 2026 our safest year yet. 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.

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