



**DYCOM INDUSTRIES, INC. Q4 2026 RESULTS CONFERENCE CALL
PREPARED REMARKS
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MANAGEMENT DISCUSSION

Callie A. Tomasso
Vice President, Investor Relations & Corporate Communications, Dycom Industries, Inc.

Thank you, Operator, and good morning, everyone. Welcome to Dycom's fiscal 2026 fourth-quarter and annual results conference call. Joining me today are Dan Peyovich, our President & Chief Executive Officer, and Drew DeFerrari, our Chief Financial Officer.

Earlier this morning, we released our fiscal 2026 fourth quarter and annual results, along with certain outlook information. The press release and accompanying materials are available in the Investor Relations section of our website, including a new "Outlook Expectations Summary" document which provides additional outlook metrics beyond what will be discussed on today's call.

These materials, which we will discuss during today's call, include forward-looking statements, made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Our discussion and these statements reflect our expectations, assumptions, and beliefs regarding future events and are subject to risks and uncertainties that could cause actual results to differ materially. A detailed discussion of these risks and uncertainties is included in our filings with the SEC. Forward-looking statements are made as of today's date, and we undertake no obligation to update them.

Additionally, we will reference certain non-GAAP financial measures during today's call. Explanations of these measures and reconciliations to the most directly comparable GAAP measures can be found in our press release and accompanying materials.

Before I turn the call over, I'd like to note an update to our segment reporting implemented during the fourth quarter.

As a result of the recent acquisition of Power Solutions, we are now reporting our business in two reportable segments: Communications and Building Systems. This new segment reporting reflects how Dycom's business is managed and the positioning of the Company's strategies and expanding platform to provide comprehensive solutions as we address the growing demands for digital infrastructure.

The Communications segment provides specialty contracting services for telecommunications providers, underground facility locating services for various utilities, including telecommunications providers, as well as other construction and maintenance services for electric and gas utilities.

The Building Systems segment provides comprehensive building infrastructure solutions, including electrical, energy management, security, and fire safety systems for data centers and other critical facilities. This segment includes the results of Power Solutions following the closing of the acquisition on December 23, 2025.

With that, I will turn the call over to Dan Peyovich.

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Thank you, Callie. Good morning, everyone and thank you for joining us.

Dycom's fourth-quarter results are an excellent finish to a record year as we set new benchmarks across nearly every financial metric we track. We exceeded the high end of our annual revenue outlook and our performance highlights our unique ability to capitalize on a diverse and intensifying demand environment. We delivered on the two pillars we set as priorities: meaningful margin expansion and improved operating cash flow. Our strategy and focus on scaled efficiencies strengthened our balance sheet, and built a platform for sustained, high-performance growth. Beyond our solid organic growth, we fundamentally broadened Dycom's reach through strategic M&A. The acquisition of Power Solutions, which closed on December 23rd, positions us squarely at the intersection of digital infrastructure and the burgeoning data center market. Capitalizing on industry tailwinds, we are aggressively architecting our own trajectory, ensuring Dycom, and our robust skilled workforce, remains the indispensable backbone of the next generation of digital connectivity.

I will start by covering our fourth quarter and full year consolidated results, and then I'll move to our fiscal 2027 financial outlook and our objectives for the year ahead. After that, Drew will provide further financial details and insights.

For the quarter, we delivered all-time record fourth quarter revenue of \$1.46 billion, an increase of 34.4% compared to Q4 fiscal 2025. Of note, this was a Q4 record both in total and on an organic basis. Organic revenue increased 16.6% for the quarter, a testament to the strength of our backlog and the momentum going into the next year. Adjusted EBITDA was \$162.4 million and Adjusted EBITDA margin was 11.1%. EBITDA margin increased by 41 basis points compared to Q4 fiscal 2025. Significant additions to our workforce position us well for next year's growth, but did have some impact on margins this quarter, as did working through the severe winter storms. Non-GAAP Adjusted Diluted EPS was \$2.03; a 42.0% increase compared to Q4 fiscal 2025. DSOs were 101 days, an improvement of 13 days year-over-year, and Operating Cash Flow increased 27.7% to \$419 million for the quarter.

As I mentioned, the fourth quarter capped a year of exceptional performance for Dycom, in which we capitalized on growth opportunities across our demand drivers, while also enhancing our underlying business to deliver stronger margins and improved cash flow.

For the full year, we delivered all-time record revenue of \$5.55 billion, an increase of 17.9% compared to fiscal year 2025. Organic revenue increased 6.5% for the year. Adjusted EBITDA was \$737.7M and Adjusted EBITDA margin was 13.3%. EBITDA margin increased by 105 basis points compared to fiscal year 2025. Non-GAAP Adjusted Diluted EPS was \$11.97, an increase of 29.7% year-over-year. We ended the year more than doubling Free Cash Flow to \$435.3 million.

Fiscal year 2026 set new records for Dycom and, importantly, positioned us for continued growth, margin expansion, and further cash flow improvement in fiscal 2027.

Shifting to our backlog, our approach to the pipeline remains disciplined: we are optimizing for high-value engagement that balances risk with superior returns, as evidenced by our fiscal 2026 margin performance.

Communications demand drivers remain robust, and we moved aggressively to expand our footprint. With the strategic addition of Power Solutions, we successfully entered a new, high-demand sector with a distinct customer base, significantly broadening our total addressable market. In addition to diversification, we are capturing new territory, highly focused on digital infrastructure, from a position of strength.

Our year-end numbers confirm the velocity of our growth.

We concluded the year with a record \$9.5 billion of total backlog of which \$6.3 billion is expected to be completed over the next 12 months. Book-to-bill for the year was 1.3x in total and 1.2x on an organic basis, reflecting the increasing demand for our services.

As we turn the calendar to the new fiscal year, Dycom is strategically positioned for strong growth across multiple demand drivers, led by significant increases in FTTH deployments as well as increasing demand for Communications and Building Systems services to support data center and hyperscaler build plans. For **FY2027, we expect total revenue between \$6.85B and \$7.15B**, representing year-over-year total **revenue growth of approximately 23.6-29.0%, or approximately 6.6% to 10.3% on an organic basis**. We also anticipate continued Adjusted EBITDA margin expansion. In Communications, we expect modest Adjusted EBITDA segment margin gains driven by operating leverage offsetting continued investment to support our growth. We expect Building Systems to deliver a mid-teens Adjusted EBITDA segment margin as we scale the business to capitalize on favorable sector tailwinds.

Our strategy remains focused on driving long-term value for our shareholders and providing industry-leading opportunities for our people.

Our execution consistently sets the standard for our industry, and we are focused on continuously enhancing the solutions we provide to our customers as their businesses evolve.

This operational foundation allows us to be disciplined in our growth; we are high-grading our pipeline and diversifying across robust demand drivers. Collectively, these demand drivers have never been stronger, and neither has Dycom's positioning within them.

Our service and maintenance work remains the bedrock of our Communications business, delivering over 50% of our Communications revenue in fiscal year 2026. This recurring base provides a scaled national footprint of facilities, equipment and skilled workers that enable us to aggressively pursue larger capital programs. Our unmatched local knowledge provides significant value for our customers as they plan their network builds across the country.

While the growth rate for maintenance naturally trails our high-velocity build programs—as it scales with new plant installations and geographic expansion—we will continue to grow this segment with purpose to lock in long-term, recurring revenues as our customers' networks expand and densify. We see significant, ongoing opportunities to further deepen these relationships and amplify Dycom's role as a long-term partner in our customers' ecosystems.

Fiber-to-the-home deployment remains the most mature and dominant driver of growth in our Communications segment heading into fiscal year 2027. This quarter, our customers again either affirmed or raised their passing goals. With recently completed customer consolidations, we are seeing the same commitment to fiber infrastructure investment, further reinforcing our strategy.

Current industry commitments represent nearly 60 million additional FTTH passings. Dycom is a leader in this deployment, and our large skilled workforce enables us to meet the growing demand for this critical infrastructure.

Crucially, the 'passing' is only the first phase of the revenue lifecycle. We are also accelerating our work on customer drops—the lateral connections required as subscribers sign on to the network. Following the initial build, these connections typically take an average of four years to reach terminal penetration, the point at which most potential subscribers in an area have been connected. This creates a powerful, multi-year 'tail' of quality work. Simply put, Dycom is well positioned to lead the FTTH market for the next decade.

We believe that our strategy, deep customer relationships, and proven performance will enable Dycom to be a leader in the execution of the BEAD program as it enters the funding phase. The NTIA has already cleared the large majority of states, representing more than \$30 billion in total spend, and NIST has moved over \$17 billion, or more than half of that amount, into the funding stage.

Our teams are in active discussions at the state and subgrantee levels, which has translated to additional verbal awards with subgrantees, increasing the \$500 million of verbal awards we noted last quarter. We believe these verbal awards will begin moving to contracted backlog in Q1 or Q2. Our customers are choosing Dycom because they recognize that delivering on these massive individual programs requires the specialized, high-capacity workforce that only we can provide at scale.

We continue to expect the first revenue opportunities in Q2 and we anticipate revenue to ramp as programs move from the planning phase into active construction in the second half of this year. We have the capacity to deliver on this demand, and we are ready to execute as these funds flow into the sector.

Following a highly productive fiscal year 2026 build, the wireless equipment replacement program is transitioning into its next phase in accordance with the original build plan. While Drew will provide further details on this program, we remain ready to capture any future surge in network densification or new infrastructure initiatives.

Shifting to long-haul and middle mile fiber opportunities, recent hyperscaler announcements by Verizon, AT&T, META and Corning confirm our thesis: existing networks lack the capacity and latency required to support growing data consumption and AI inference. This quarter, hyperscalers collectively raised their capex guidance to nearly \$718 billion, representing an approximate 70% increase year-over-year, affirming both the need, and the capital behind it.

The \$20 billion addressable market that we identified across long-haul, middle-mile, and 'inside-the-fence' fiber infrastructure continues to grow as it progresses through the ecosystem. We are seeing more activity today than ever before, giving further confidence in the revenue opportunities now and in the future. As we've said before, these large programs have a longer planning phase than FTTH or other programs, and we see their pace ramping considerably for builds that would start in earnest in calendar 2028.

Dycom is uniquely positioned for the long-haul, middle-mile and inside the fence opportunity set.

First, we believe we were first on the field executing Lumen's overpull program. Their program continues, with Lumen announcing that they received another \$2.5 billion of awards this quarter to bolster their current build. We expect our revenue to continue to ramp this year as we look to deliver on Lumen's overpull program.

Second, both overpull and new construction builds require massive foresight, geographic scale, and technical sophistication. Complexity favors Dycom. While the incubation period from inception to construction is longer than FTTH, these programs generate elongated build cycles that provide revenue visibility well into the next decade.

Lastly, the surge in long-haul capacity must be matched by the fiber density inside the data center campuses. We continue to secure new awards inside the fence, validating that hyperscalers require a strategic, scaled partner to sustain their build pace.

Our strategy is to position Dycom as the indispensable partner for hyperscalers and carriers alike. We have deployed dedicated teams to work directly with customers and the supply chain, ensuring we proactively plan and precisely execute every program.

Our recent acquisition of Power Solutions, and entry into the data center space, is one way we are leaning into those partnerships. Dycom now offers an extended suite of solutions across the digital infrastructure space, and we are already seeing opportunities to bring our communications and building systems services together to meet the intensifying requirements of hyperscalers. Specifically, they are looking for Dycom's breadth, scale, and proven execution whether it's inside the four walls or interconnecting the fiber between data centers. We view this as a substantial growth driver and are executing a clear, disciplined strategy to capitalize on this demand.

Since closing the Power Solutions acquisition just over two months ago, the business is performing well and the integration has proceeded on schedule. We are leveraging their specialized expertise to sharpen our approach to the data center and digital infrastructure markets. The strong cultural and operational alignment between our teams has allowed us to hit the ground running, and we are very pleased with its initial contributions to our broader portfolio.

As we look to the year ahead, we are focused on four core strategic priorities:

First, Talent and Workforce Development. We are investing heavily in our workforce, now over 19,500 strong, to meet intensifying customer demand. In the coming weeks, we will break ground on a new, state-of-the-art training facility outside of Atlanta. While we operate numerous facilities nationwide, this center represents a major step in staying ahead of evolving technical demands. Designed to house employees for immersive, multi-week programs, the facility will provide hands-on training in real-world environments to ensure our teams consistently deliver the safety, quality, and expertise that defines the Dycom brand.

This investment is part of our overall strategy, which includes significant enhancement of our benefits package as we continue our efforts to remain the employer of choice in our space.

As diverse demand drivers intersect and overlap, we anticipate an industry-wide shortage of skilled labor that will favor Dycom's scaled workforce and proven execution. As a trusted partner, we maintain constant dialogue with our customers to build our talent ahead of the curve.

Second, Expansion of our Building Systems segment. With Power Solutions as our foundation, we are actively pursuing opportunities to drive their organic growth beyond their current footprint, as well as pursuing additional complementary acquisitions, while remaining committed to our strict criteria and long-term net leverage target.

Third, Margin Expansion. We will continue to drive margin improvement through productivity gains and operating leverage. Our commitment to field efficiency is unwavering, rooted in our disciplined approach to safety, quality, and financial performance. This past year, we delivered significant margin expansion and are applying that same discipline to fiscal year 2027.

Fourth, Operating Cash Flow and Fleet Optimization. We have made significant strides in our cash position by improving internal processes and controls and sharpening our cash conversion cycle. We have driven significant improvement in our net DSOs, which are nearing a range we expect to remain relatively steady. We will continue to identify and execute on opportunities to further enhance operating cash flow.

This includes capturing additional efficiencies within Capital Expenditures, as reflected in our reduced spend last year and our outlook for fiscal year 2027. This reduction is a result of long-term strategic planning, not short-term cost savings. As a leading customer for many of our equipment suppliers—and a strategic decision to favor ownership over leasing—we hold a unique position in their R&D cycles. Our deep partnerships have led to advanced telematics that provide real-time insights into usage, maintenance, and diagnostics. By leveraging these insights, we have optimized our fleet, allowing us to maintain high-performance levels with a lower capital footprint.

In summary, Dycom's strength is rooted in the expertise of our large workforce and our proven ability to raise the bar for our customers. In striving to deliver at the highest possible level we believe we are setting the industry standard for what focused, scaled and high-quality execution looks like.

Our record performance and historic backlog are a direct reflection of the trust we've earned as an indispensable partner to the world's leading carriers and hyperscalers. As we move into fiscal 2027, we will continue to leverage our scale and technical sophistication to solve the industry's most complex challenges and meet commercial opportunities—from the massive FTTH build-out to the critical infrastructure requirements of the data center and AI economy. We remain committed to the disciplined growth and superior execution that define Dycom and drive long-term value for our shareholders and long-term opportunities for our people.

I would like to thank the entire Dycom team, across all 50 states, for your relentless commitment to safety and quality and to delivering at the highest level for our customers and communities as we pursue our vision to be the people connecting America.

With that, I'll turn the call over to Drew for a deeper look at the financials.

H. Andrew DeFerrari
Senior Vice President & Chief Financial Officer, Dycom Industries, Inc.

Thanks Dan and good morning everyone. We delivered record annual results in fiscal 2026 with strong revenue growth, significant margin expansion and robust free cash flow. We executed well in Q4 and we are excited to welcome Power Solutions to Dycom. Together, we are positioned at the center of the powerful secular trends driving growth in digital infrastructure services.

For the fourth quarter, we delivered strong growth in revenue, Adjusted EBITDA and Adjusted EPS. Consolidated total contract revenues were \$1.458 billion, a 34.4% increase over Q4-25. Organic revenue exceeded the high end of our expectations, growing 16.6% after excluding the acquired revenues from Power Solutions of \$95.8 million and the extra week in our 53-week fiscal year.

Consolidated Adjusted EBITDA of \$162.4 million increased 39.6% over Q4-25. Adjusted EBITDA margin of 11.1% was within our range of expectations and increased over 40 bps compared to Q4-25 even as we increased our workforce to meet the growing demand for our services and experienced severe winter weather at the end of the quarter.

Consolidated Adjusted Net income was \$60.5 million and Adjusted Diluted EPS was \$2.03 per share. These results are adjusted to exclude non-recurring acquisition related items and the amortization of intangible assets.

For the segment results, Communications revenue was \$1.362 billion, driven by continued execution of fiber-to-the-home programs, wireless activity, fiber infrastructure programs for hyperscalers, and maintenance and operations services. We are pleased with the strength of our relationships and diversification across our customer base. AT&T and Lumen each exceeded 10% of total revenue for the quarter, contributing \$350.5 million and \$147.7 million, respectively. Following Verizon's acquisition of Frontier during our fourth quarter, their combined revenue was \$205.6 million, also exceeding 10% of total revenue. Customers exceeding 5% of total consolidated revenues for the quarter were Brightspeed, Charter, Comcast and Uniti. Adjusted EBITDA for Communications increased 30% to \$151.3 million, or 11.1% of segment revenue.

The Building Systems segment includes Power Solutions results from the date of acquisition on December 23rd through the end of January. Revenue was \$95.8 million and Adjusted EBITDA was \$11.1 million or 11.6% of segment revenue with results impacted by several seasonal holidays during the abbreviated operating period. This acquisition fundamentally broadens our reach into the data center market. The integration is proceeding on schedule and the business is performing in line with our expectations.

Backlog at the end of Q4 was \$9.542 billion, including \$8.333 billion of Communications backlog and \$1.209 billion of Building Systems backlog. Backlog expected to be completed in the next 12 months was \$6.358 billion, including \$5.250 billion from Communications and \$1.108 billion from Building Systems.

Strong cash flow remains a primary focus and we delivered excellent results. Operating cash flow totaled \$642.5 million for the full fiscal year and Free Cash Flow increased 216% to \$435.3 million after capital expenditures, net of disposal proceeds.

The combined DSOs of Accounts Receivable and Contract Assets, net improved to 101 days, a 13 day improvement over Q4-25. We made solid progress improving our cash conversion cycle in the Communications segment which is further bolstered by the lower DSO profile of the newly acquired business in our Building Systems segment.

I am pleased to report that our ERP implementation is on track and we are actively deploying additional phases during fiscal 2027, further enabling future operational efficiencies.

As we previously disclosed the \$1.95 billion acquisition of Power Solutions was completed in the quarter on a cash-free, debt-free basis, subject to working capital and other post-closing adjustments. The purchase price consisted of approximately 1.0 million shares of Dycor common stock with the remainder of the consideration paid in cash.

The net cash payment at closing of \$1.63 billion was funded with a mix of proceeds from a \$1.1 billion Senior Secured Term Loan A Facility, a \$600 million, 364-day bridge loan facility and cash on hand. During January, we raised \$800 million of Senior Secured Term Loan B, repaid the bridge loan facility and added the remaining net proceeds from the debt issuance to cash on the balance sheet.

We ended the quarter with cash and equivalents of \$709.2 million and total liquidity of \$1.46 billion. The maturity of our Senior Credit Facility has been extended to December 2030 and we had a total of \$1.540 billion Term Loan A outstanding and an undrawn, \$800 million Revolving Credit Facility. The Term Loan B balance was \$800 million outstanding with a maturity in January 2033. Additionally, we have \$500 million of Senior Notes outstanding that mature in April 2029.

Pro forma net leverage at the end of the quarter was approximately 2.3x Adjusted EBITDA and we see a clear path to de-lever further to approximately 2.0x net leverage over the next 12 months, in line with our expectations at the time of the transaction and maintaining our financial flexibility for continued strategic growth and investment.

Going forward, we remain committed to our capital allocation priorities of investing in organic growth, pursuing strategic M&A and opportunistically repurchasing shares.

We continue to observe strong demand across a diverse set of drivers, creating significant opportunities for continued strong growth and performance. For fiscal 2027, we expect total contract revenues to range from \$6.85 billion to \$7.15 billion.

For the Communications segment, we expect contract revenues to range from \$5.70 billion to \$5.90 billion, increasing approximately 6.6% to 10.3% organically when compared to \$5.35 billion of fiscal 2026 Communications revenue after excluding the extra week in our 53-week fiscal year.

For the Building Systems segment, we expect contract revenues ranging from \$1.15 billion to \$1.25 billion.

We also anticipate continued Adjusted EBITDA margin expansion. For Communications, we expect modest Adjusted EBITDA segment margin improvement as operating leverage offsets continued investment in our workforce to meet growing demand. For Building Systems, we expect a mid-teens Adjusted EBITDA segment margin as we scale operations to capture increasing market opportunities.

To highlight some of the expectations driving our outlook range for fiscal 2027:

Within Communications, we expect continued strong demand from fiber-to-the-home programs, increasing demand from long-haul and middle mile fiber infrastructure builds, growing inside the fence opportunities and modest growth in our service and maintenance business.

We expect revenue from wireless equipment replacements to decline by approximately \$100 million in fiscal 2027 as the program transitions into its next phase in accordance with the original build plan. We expect a further step-down in fiscal 2028 as this program moves toward completion. Our strategy positions us well for future wireless opportunities, whether other equipment upgrades or overall densification.

And for the Building Systems segment we expect exceptional demand for electrical services in the growing data center market.

We expect annual Capital Expenditures, net of disposal proceeds, to range from \$210 - \$220 million for fiscal 2027 as we efficiently utilize our fleet of assets and strive to continue to reduce our capital intensity.

For Q1, we expect total contract revenues of \$1.64 billion to \$1.71 billion. Adjusted EBITDA of \$202 million to \$218 million, and Adjusted Diluted EPS of \$2.57 to \$2.90 per share, excluding the impact of intangible amortization expense.

We encourage you to review the "Outlook Expectations Summary" document newly available on the Company's Investor Center website for additional metrics.

With a record fiscal 2026 behind us, Dycom enters fiscal 2027 with solid strategic positioning and a strong financial foundation. We remain focused on the disciplined execution necessary to convert robust industry demand into long-term value for our shareholders.

Operator, this concludes our prepared remarks. You may now open the call for questions.

QUESTION AND ANSWER SECTION

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Good morning. Thank you for taking my questions. So, Dan, can you talk a little bit about how you plan to increase the scope of work that you're doing inside Power Solutions? I know Dycom has telecom expertise, so maybe you can expand into cabling or something else that you're currently not doing there. Any color there would be helpful.

Daniel S. Peyovich

President & Chief Executive Officer, Dycom Industries, Inc.

Good morning, Sangita. First, I just want to say the Power Solutions acquisition is going incredibly well. The integration is going just as we expected it to be. This is an incredibly strong, very deep leadership team that's been in that market for a

very long period of time. So, we're excited about how they're performing. We're excited about the opportunity set in front of them. And you probably heard me say the demand, especially in the DMV right now is just off the charts. So plenty of opportunity there.

As you can see, we're outlining significant growth for them this year, with the range we gave is 15% to 25%. Really, that's about trying to ramp into that over the year and set us up for the future and what that looks like. So, we're investing in that business. We're certainly adding resources to that business.

And then to your question, the cross-sell is quite frankly taking place even earlier than we anticipated. The reaction from the hyperscalers has been fantastic, where we can bring our inside-the-fence Communications work and couple that with what Power Solutions is doing inside the four walls, that we think is the recipe that wins over time. And again, with both of our proven expertise, the response has been fantastic.

If you think about inside the four walls, one, I would point to how we named the segment. So, Communications, obviously for the Dycom business, that's in the legacy side. But Building Systems, we wanted to be specific. So, first, we're really architecting Dycom around digital infrastructure, right. It's about both the compute of data and the transmission of data around the country, getting it all the way from the data centers themselves to the end consumer or to the end business. And that's really our play. We want to be straight down the fairway as we're thinking about it.

With Power Solutions, obviously there's opportunities for organic expansion. We're going to look into that and continue to work on that over time. And we're also looking at M&A opportunities, and we've been vocal about that. That's not just limited – to your point, not just limited to electrical. We call it Building Systems for a reason. We're not thinking about civil infrastructure. We're not thinking about getting outside of digital infrastructure. But there are other opportunities inside the four walls of data center that could make sense. And as everybody knows, it's a very active space right now. And we're optimistic. Again, we've got discipline around what we're looking for, strategy around what we're looking for, got a really strong culture, it's got to fit with the growth opportunities that we see, but yes, there could be other disciplines that we bring into the fold.

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Great. Thank you for that, Dan. And then on the fourth quarter organic growth, which was especially strong, given winter weather and the holidays, et cetera, can you talk a little bit about where you were most surprised versus your internal expectations, if there was any notable project pull-forward that came in? Thank you.

Daniel S. Peyovich

President & Chief Executive Officer, Dycom Industries, Inc.

No pull-forwards. And yes, we're obviously very pleased with the overall performance exceeding the high end of our range that we gave at the beginning of the year, given that revenue outlook at the beginning of the year that we raised after Q1. But notably for the fourth quarter, as you point out, one, we had to work through significant winter weather. What it shows really, one, the ability of our team to execute even in those conditions. We did get a little bit of margin pressure from that, but the ability to keep that going, but importantly, the demand from our customers, the demand coming out of Q4 and the demand going into this year, and you can see it in the guide that we gave for FY 2027. You can see it in the organic growth that we're talking about on the Communications side in the outlook for 2027. So, it really just shows all of these different demand drivers as they're coming through the business and the opportunity set there.

So, nothing, nothing specific. Really, I would say it points to the overall demand. One thing I would point out, we did have wireless that increased in Q4. And you do have to think about that. As Drew talked about, we expect about \$100

million of deceleration, in line with the original expectations of that program. But since we got that work and have been executing we talked about the back half, in the four years, that it's going to start to taper off. So, you do have to include that going the other direction.

Sangita Jain

Analyst, KeyBanc Capital Markets, Inc.

Thank you.

Operator

Thank you. Our next question comes from Eric Luebchow from Wells Fargo. Your line is open.

Eric Luebchow

Analyst, Wells Fargo Securities LLC

Hi. Great. Thanks for taking the question. Dan, I wanted to just ask about the long-haul, middle-mile and inside-the-fence work. I know you quantified the \$20 billion TAM a few quarters ago. Sounds like you're optimistic that that's going to prove conservative. And we've seen some interesting announcements from the likes of Meta and Corning recently. So maybe any kind of quantification on how that program is progressing and where you think that addressable market ultimately goes? It sounds like \$20 billion is just the start.

Daniel S. Peyovich

President & Chief Executive Officer, Dycor Industries, Inc.

It really is Eric. If we think about the \$20 billion, and remember that is back-half weighted, because these programs are complex, they take a while to get off the ground. But what you've seen since the last quarter, and I think we put that number out a couple of quarters ago, in this last quarter you saw a number of our customers now talking about it and talking about significant opportunities and appetite from the hyperscalers as recent as yesterday at some of the conferences, even more demand that they're seeing on their side. It does take time for that to get through the ecosystem. And that's what we tried to talk about early on when we identified the \$20 billion.

We really think that we were first on the field with what we've been doing for Lumen. You saw another nice increase to their PCF that they're going to continue to build on over time. And then you have the new construction work, which again, it just takes further time to come in. I would really think about ramping this year, continuing to ramp this year, continuing to ramp in 2027, and a lot of that really taking flight in calendar 2028.

So, is it more than \$20 billion? We strongly believe that. Is there going to be more that comes there? What I would tell you is today we are getting more phone calls and seeing more opportunities than we saw even a quarter ago or frankly even a week ago. The demand is that strong. And it comes back to a little bit of what I talked about at the beginning. This is about a change of how they need to transmit this data, right? They need more capacity. They need latency, ultra-low latency for these applications and for the future of AI. So, we're excited that we can be a trusted partner there. And we really think that over time that's going to continue to grow, and we'll continue to update as we see that move again.

Eric Luebchow

Analyst, Wells Fargo Securities LLC

Great. Thank you, Dan. And maybe we could just touch on the BEAD program. You talked about it a little bit. Sounds like the verbal award balance is above that \$500 million, but it also seems like it's taking a little longer for the funds to

actually get disbursed. I think Louisiana's the only one that I've seen. So, maybe you could just talk about the construction timelines there when you think that's really going to ramp and kind of hit a more full run rate?

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

We still believe Q2 that we have some revenue opportunities to be putting work in place overall. But as we talked about and really unchanged what we've been saying for a bit now, you really think about that, in calendar 2027 it gains momentum. So, it's great to see the progress. Nearly all the states and territories are approved, to your point, the funding, NIST has pushed the funding down and that continues to grow over time. We think that that addressable market is approaching \$20 billion, but it's going to take some time for those to get off the ground. You've got numerous states at different paces. And whether they're pushing it down to the subgrantees and those subgrantee is also at different paces.

Within that, I'll just frame a context for you, you think about a local cooperative where they own their own poles, they've probably already done the engineering to date. As soon as they get the funding pushed down, they can hit the go button. And that's why we talked about something in Q2. But the bigger programs, the longer-duration build, those are probably going to come on much later in the year. So, again, great to see progress. Do we all wish it would go a little bit faster? Absolutely. But we have a lot of confidence in that coming through the supply chain soon.

Eric Luebchow
Analyst, Wells Fargo Securities LLC

Thanks, Dan.

Operator

Thank you. Our next question will come from Joseph Osha from Guggenheim Partners. Your line is open

Michael Stratoti
Analyst, Guggenheim Securities LLC

Hey, this is Mike Stratoti on for Joe. Just to kind of follow up on that BEAD program, is it fair to say that the guidance does not imply the full potential impact for this year? And then also, how do margins from this program differ from your traditional work [indiscernible].

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Mike, you were breaking up just a little bit. And I think you're referring to the BEAD program again and just how it builds over time?

Michael Stratoti
Analyst, Guggenheim Securities LLC

Yeah, exactly. Thank you.

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Yeah. First on the margin profile, similar to all of our work, right, we think about everything on the Communications side very similar. If it's taking the same type of skilled workforce resources, if it's taking similar types of equipment, then the margin profile and that return, all end up in a similar range. So that doesn't mean every project's exactly the same, but it's in the same – similar bandwidth. And we believe BEAD will play out that way over time. But – and I think this is an important point, you've got fiber-to-the-home demand that is really just reaching another level. And again, I do want to point out it hasn't peaked yet, right. You still have a ton of growth that's happening in that program. You've got everything going on with the hyperscalers and those long-haul, middle-mile builds, that's significant. Again, you still have a lot of activity on the wireless work today. We continue to add to our service and maintenance platform. When you put all those together and you start adding them up and showing the increases over time, without question, there's going to be pressure on labor.

So, if you think about skilled workforce, as you get later this year and really starting in calendar 2027, that's where we think Dycom is exceptionally well-positioned, and we've been investing heavily in our workforce to make sure that if you think about BEAD program and the needs that our customer is going to have there, when you already have these other programs going fast, we need to have been investing years ago, right? We need to be thinking about and having a strategy that was very long term. You probably heard me in my prepared remarks talk about, and I'm really excited about this, talk about the new training facility that we're opening outside of Atlanta. This is something you're going to hear more about in the coming days. And we have numerous training facilities around the country, but this one is really taking it to the next step. So, picture a Hollywood style town where our folks can be working in the front yards and backyards of America in a simulated environment, where they're going to stay on site for a multi-week training curriculum, so we can get them very quickly oriented to the work, highly skilled to deliver at the level that Dycom is expected to do overall. I should point out this facility is also not just for what we're doing on the Communications side, but the Building Systems side as well. That's just another example of how we invest in front of these programs to make sure that we will have the skilled workforce that our customers need, and that the partnerships that we have and the depth of those partnerships allow us to plan those very far into the future.

So, back to your original question on BEAD, just really think about it lightly coming in this year. It's just going to take a while for these programs to start. Again, we're excited about the backlog that we have verbally awarded, and I want to point out that's still verbal to date. We think that those should transition to actual awards and move to backlog in either Q1 or Q2, with some activity starting in Q2. But think about calendar 2027 is really when those projects are going to come online.

Michael Stratoti
Analyst, Guggenheim Securities LLC

Great. Thank you.

Operator

Thank you. Our next question comes from Frank Louthan from Raymond James & Associates. Your line is open.

Frank G. Louthan
Analyst, Raymond James & Associates, Inc.

Great. Thank you very much. Can you comment on what the current growth rate is at Power Solutions today versus what it was when you acquired the business? And then secondly, can you characterize your exposure to EchoStar, any project that they have currently, and if you've removed any of that from your guidance? Thanks.

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

No. No exposure to EchoStar. So, nothing to think about there for Dycom. On Power Solutions' growth rate, we talked about their trailing – their four-year CAGR being about 15%, Frank, and that's what we gave as we were doing the acquisition and announced it for folks to look ahead. Obviously, as you saw in the guide, we're looking at that really as the bottom end of the range, so 15% to 25%.

But here's the really important point, right? This is an organization that's delivering across around 3,000 skilled workforce, over 3,000 electricians, over \$1 billion of revenue. That's a very large base. And when you think about growth as a percentage, remember, you add the skilled workforce by the person, and doing that on a much larger base is something that you really have to lean into. So, if you think about how we're looking at the year, how do we continue to invest in Power Solutions, a fantastic business that's got great leadership, fantastic strategy that they've proven over time, we want to really lean in with them so we can think about future growth and future growth opportunities.

And I just want to come back to Dycom as a whole, right. When we think about growth, there's a right way to do growth and there's a wrong way to do growth. We've had a ton of discipline around our backlog. You see that in our margin profile. You see that last year, not only did we significantly increase our backlog, not only did we continue to diversify our backlog, but we also improved our margin profile. And again, this year, as we look at the year out in front of us, we're telling you again that we can continue to improve that margin profile as we continue to grow, but as we invest in the business to ensure future growth too. So, just a couple of important points there.

Frank G. Louthan
Analyst, Raymond James & Associates, Inc.

Great. Thank you very much.

Operator

Thank you. Our next question comes from Michael Dudas from Vertical Research. Your line is open.

Michael S. Dudas
Analyst, Vertical Research Partners LLC

Yes, good morning. Callie, Dan and Drew.

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Morning.

Michael S. Dudas
Analyst, Vertical Research Partners LLC

Yeah, maybe to follow up on Frank's – on your answer to Frank on the margin front, maybe talk little bit about, you're investing in the business for the future, how much relative to 2027 fiscal versus 2026? And I think, just also on the Power Systems side, well, historically in their self-perform capabilities, what has been their growth rate on the labor front? And is that within expectations on, you know, from hiring and getting folks into execute the backlog, not just for this year, but for several years out?

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Yeah. Thanks, Mike. So, on margin profile, if you look at last year, we grew over 100 basis points year over year, very pleased with the overall results. And that's in a year of change and growth, we did a major acquisition. And I think, again, I would just point to how well Dycom was executing overall to be able to do all of those things at once.

As you look towards this year, again, we've got big ideas and big initiatives that continue our growth and continue that long-term strategy. What's really important, and to the point in your question, is that we have to continue to invest ahead of that. We added a lot of headcount for the Communications side in the back half of last year. We see that continuing as we continue to get ahead of these programs that I talked about early on that are starting to stack on top of each other. That's takes an investment, right. We got to invest in the training. We got to bring those folks on. They're obviously not as productive day one as they are six months in. So, when we think about that and we add it into the growth profile of the overall enterprise, that's when we say, hey, we're going to continue to grow margin, but I wouldn't set expectations to be going as fast as we did last year from a raw dollars or a percentage profile. But still to grow, to have that into our backlog, when I think a lot of others, you know, during periods of growth, maybe struggled with improving those margins, we feel really good about that.

Going to Power Solutions, they're really about labor. As a lot of people know, the hyperscalers buy all the big electrical equipment directly. So that does not come through the P&L of Power Solutions. So, it really is about workforce. So, if you think about 15% to 25% growth that we're projecting for this year, you're growing labor in a very similar range to that. And as I mentioned to Frank, if you think about that on a raw number of skilled workforce headcount, when you get to the size that Power Solutions is, they're working at dozens of data centers, those are really big numbers in the DMV. We're partnered with the local union, we're getting well in front of that. But at some point, again, this goes back to responsible growth, right, you want to grow at the rate where you can continue to deliver, and quite frankly, differentiate the level of service that we deliver to our customers over time, and that's what you see in the outlook.

Michael S. Dudas
Analyst, Vertical Research Partners LLC

I appreciate it. Makes sense. And just my quick follow-up. Dan, you mentioned a little bit about acquisitions in some of your prepared remarks and in response to questions. Maybe you could share a little bit the timing on getting to that 2.0x level, the size, the cadence, what should we anticipate maybe over the next 12 to 18 months. I'm assuming maybe there's another Power Solutions out there, I'm thinking more modest in cadence and size?

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

I think it's important to go back to the long-term strategy that we have, right, and talking about long-term returns for our shareholders, long-term opportunities for our people. Obviously, as we did the Power Solutions, that was a very

large acquisition for Dycom historically. But what we did well ahead of that, we were very intentional to drive our net leverage down before we did the acquisition, right. Well, I don't remember the exact number, but I think it was about 1.2x, maybe 1.2x and change when we did that.

And then we talked last quarter about our ability to bring that net leverage down quite quickly. We talked about 12 to 18 months. But really what you heard Drew say earlier was to do that inside of 12 months. To finish the year with a very strong cash position in order to get that down to 2.3x pro forma, we feel really good about the opportunity set that allows us to think about from an M&A perspective.

Long-term strategy include improving our cash flow, right. And if you look at our free cash flow, I'm incredibly proud of what our team was able to accomplish there. Our free cash flow increased 216% year over year. And I would point to these are durable changes that we've built into the business. These are not simply pulling a lever or taking a one-time thing. This is really about how we change, one, how we collect cash, we changed our operating cash collection profile and how we're thinking about that, so again, durable. On the free cash flow side, you heard me talk little bit about how we're thinking about our fleet differently and using technology differently there, so we can optimize that as well. And what that does is it positions us in a place where those are big changes in cash position overall, sets us up much better when you think about M&A. So those are things that we set in motion quite some time ago to enable us to be able to continue the path that we're on today.

When it comes to size, again, we've got a strategy around it. We're looking for very specific cultural fit, very specific growth opportunities. It could be something else that's in a kind of factor range of the size of Power Solutions and there could be other opportunities that are much smaller than that. It's really going to depend on, and you know there's obviously no guarantees about timing and how these work out. We are going to be patient, but we are seeing some attractive things in the space.

Michael S. Dudas
Analyst, Vertical Research Partners LLC

Well said. Thanks, Dan.

Operator

Thank you. Our next question comes from Judah Aronovitz from UBS. Your line is open.

Judah Aronovitz
Analyst, UBS Securities LLC

Hey, good morning. Thanks for taking my question. On for Steven Fisher. Just on the Building Systems margin guidance, can you talk about how you're thinking about the margin potential in that business and how quickly can you improve to kind of the mid- to high-teens level that you've talked about? And related to that, what investments need to be made? And if you can quantify the margin drag from those investments in 2027, that would be helpful.

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

This is really again about having a long-term strategy, Judah. So, when we think about the business, we did talk about mid- to high-teens margin profile that they've delivered historically. Mid-teens is really the right way to think about it today, right. We're talking about significant growth opportunity. We want to do that right. Maintaining that level of service, that they have proven over decades is so imperative in a market that is – the demand is surging at the level that

it is today. So we're going to have that discipline. We're going to have that patience. We're very pleased, obviously, with the growth profile, 15% to 25% from a revenue perspective, but we feel like mid-teens is a very strong return in that space. And I think if you look comparatively, you would see that as well. So we feel very pleased with that over time. Obviously, we're going to, just like we are on the Communications side, work to improve that. But for now, I think that's a really good starting point.

Judah Aronovitz
Analyst, UBS Securities LLC

Okay. Thanks. And then I was just curious about I think SG&A as a percent of sales in Q4, a bit higher than it's been in quite some time. And I assume that's reflective of kind of the headcount you're adding. But I was wondering if there's anything else in there, maybe something related to Power Solutions mix or anything else, and then what to expect kind of going forward. Thanks.

H. Andrew DeFerrari
Senior Vice President and Chief Financial Officer

Yeah, Judah. Thank you for the question. This is Drew. I would just point out we did have some transaction costs that we called out in the quarter and that was in G&A, so, over about \$18 million in there. And then, as we think about the Building Systems segment, the G&A profile does come into the business as well. So, if you're looking at the just total overall dollars, there will be some increases there as well.

Operator

Thank you. Our next question will come from Richard Choe from JPMorgan. Your line is open.

Richard Choe
Analyst, JPMorgan Securities LLC

I just wanted to get a little bit of clarification on the hyperscale opportunity. As we look through this year and then into next year and 2028, it seems like there's a lot of this build is coming back-half weighted and it could be a big change. But what's kind of driving the near-term hyperscale revenue and how should we think about its growth for this year and then into next? Thank you.

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

So today, you have obviously the Lumen overpull that doesn't have the same kind of new construction logistics or permitting around it. So, that's a program that we've been working on for over a year now. That is going to grow this year, you heard Lumen talk about that. I would think about that first, Richard. And then you do have smaller, like, the way that these long-haul, middle-mile routes are working, there are some very big programs like Lumen's talking about, there's everything in between, and then there's some that are just 100 or 200 miles, those much smaller distances, those can be additive much more quickly, obviously. But when you're looking at routes that are thousands of miles or much longer, those are the ones that are going to push further out in duration.

And then, as you would expect, there's also the pricing dynamics. So, routes that are easier are going to cost less. So those could come online a little bit quicker. The more expensive routes are going to take time and have a higher revenue profile in those out-years of 2027, 2028.

Richard Choe
Analyst, JPMorgan Securities LLC

Got it. And the clarification on the acquisitions, are you looking in the DMV area for acquisitions or could this be in new geographic locations?

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

So, we're not specific just to DMV. There's obviously a number of other markets. But I would say what was important to us with the Power Solutions acquisition was starting in a market that's been in for a very long time, right. This is a market that's been around for decades and has that sustainability, has that future build profile. With that now, we could certainly be thinking about some of these frontier markets or markets that are newer and are ramping up considerably. Those are all on the table as we think about it going forward.

Richard Choe
Analyst, JPMorgan Securities LLC

Yeah, those markets seem like they're going to be building for a while. Thank you.

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Thank you.

Operator

Thank you. Our next question comes from Adam Thalhimer from Thompson Davis. Your line is open.

Adam Robert Thalhimer
Analyst, Thompson Davis & Co., Inc.

Hey, good morning, guys. I also had a question on the M&A pipeline. Dan, is that all in within the Building Systems segment? And then what should our expectations be on timing?

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Yes, we're predominantly looking in the Building Systems segment. And that's mostly, Adam, as you know, Dycom has been a major acquirer and consolidator of the Communications space. There are still some opportunities out there. But quite frankly, when you're in all 50 states and you're across the same kind of customer expense that we have today, you don't need to do those from an M&A perspective. Those are places where we can and have shown we can grow organically.

So, thinking a lot more about the Building Systems space, as I mentioned to Sangita's question earlier, doesn't just have to be electrical. There's other systems that happen in that digital infrastructure space or inside the data center. From a timing, these things don't pace out some particular way you want them. I mean, we closed Power Solutions two days before Christmas, right? It's just how things time out. We are active in this space. There are a number of opportunities that are out there. There's a number of really strong businesses that are coming to market for all the reasons you would

expect, right. Sure, the multiples are higher, but the businesses are more valuable and their growth profile is stronger. So, we're optimistic. But there's no guarantees on timing, because we are going to be patient and make sure it fits.

Adam Robert Thalhimer
Analyst, Thompson Davis & Co., Inc.

Good color. And then, I think you mentioned Power Solutions geographic expansion. Just curious what you're thinking there. Does that mean just starting to pick up some work in West Virginia and North Carolina, sort of building out from the DMV?

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Exactly. They're not in every space. Even if you think about the DMV itself, you can still continue to expand. And, as everybody knows, that space itself is expanding. You mentioned West Virginia. There's other markets that are really kind of coming online more in that territory. So, today, we feel really good about the growth profile they have. There's opportunities for future organic expansion with that group, because they've been around for a very long time. They've got a ton of talent. So those are all things we're thinking about as we layer that together with M&A. And what I would just say is we're very optimistic in the continued growth of the Building Systems segment.

Adam Robert Thalhimer
Analyst, Thompson Davis & Co., Inc.

Thanks, Dan.

Operator

Thank you. And our next question comes from Liam Burke from B. Riley Securities. Your line is open.

Liam Burke
Analyst, B. Riley Securities, Inc.

Yeah. Thank you. Good morning, Dan. Good morning, Drew.

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Morning.

Liam Burke
Analyst, B. Riley Securities, Inc.

Dan, with your growing EBITDA and your growing cash flow, as you balance opportunities through acquisitions and managing the balance sheet, how are you balancing your current leverage ratios versus what you see in potential acquisition pipeline?

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Yeah, I think about it the same way as we always have. We're going to be very responsible on our net leverage. I think if you think about it, you have to think about it over time, because we might do acquisitions that could come through. They're going to push it up a bit when we know, just like we do with Power Solutions, that we can bring that down. And I mentioned, Liam, this is a strategy that goes back, so that we have these improvements in the business, so we can do more M&A and stay ahead of it without really changing the way that we look at our overall net leverage profile.

Liam Burke
Analyst, B. Riley Securities, Inc.

Great. And when you look at the traditional business when negotiating longer-term contracts, are you seeing more favorable terms and pricing now that the scale is getting bigger, projects are more complex, and you seem to be the leader in this space here?

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Yeah. I think we're the only that are across all 50 states and we certainly have a number of customer relationships. If you think about the margin improvement last year, if you think about the margin improvement this year, I do want to be very clear about this, this is not coming from us increasing pricing with our customers. This is coming from obviously operating leverage, but also internal efficiencies that we're improving.

Now, over time, can those pricing dynamics change? We will see as these different programs come online and ramp up. But right now, one, we feel really good with our return profile. We have a long-term view with our customers. We want to deliver and execute for them across cycles, and certainly across decades. We've shown that we can do that. But I wouldn't think about it from purely us having an opportunity to continue to raise pricing. And also, I would point that we don't need that to continue the margin improvement that we're on.

Liam Burke
Analyst, B. Riley Securities, Inc.

Great. Thank you, Dan.

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Thank you.

Operator

Thank you. And I am showing no further questions from our phone lines. I'd now like to turn the conference back to Mr. Dan Peyovich for closing remarks.

Daniel S. Peyovich
President & Chief Executive Officer, Dycom Industries, Inc.

Thank you all for your time today. We look forward to talking to you again in around 90 days. Thank you all. Be safe and be well.

Operator

Thank you. This concludes today's conference call. Thank you for your participation. You may now disconnect. Everyone, have a wonderful day.