NASDAQ:MTRX Q4 2025 Earnings Call Transcript

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Conference Operator | Operator:

Good morning and welcome to the Matrix Service Company conference call to discuss the results for the fourth quarter of fiscal 2025. Currently, all participants are in listen-only mode. Later, we will conduct a question and answer session and instructions will be given at that time. If you require assistance at any time, please press star 1 1 on your telephone. As a reminder, this conference call is being recorded. And I turn the conference over to today's host, Ms. Kelly Smith, Senior Director of Investor Relations for Matrix Service Company.

Kelly Smith | Senior Director of Investor Relations:

Thank you. Good morning, and welcome to Matrix Service Company's fourth quarter fiscal 2025 earnings call. Participants on today's call include John Hewitt, President and Chief Executive Officer, and Kevin Cavanaugh, Vice President and Chief Financial Officer. Following our prepared remarks, we will open the call up for questions. The presentation materials referred to during the webcast today can be found under Events and Presentations on the Investor Relations section of MatrixServiceCompany.com. As a reminder, on today's call, we may make various remarks about future expectations, plans and prospects for Matrix Service Company, that constitute forward-looking statements for the purposes of Private Security Litigation Reform Act of 1995. Actual results may differ materially from those indicated by these forward-looking statements because of various factors, including those discussed in our most recent annual report on Form 10-K and in subsequent filings made by the company with the SEC. The forward-looking statements made today are effective only as of today. To the extent we utilize non-GAAP measures, reconciliations will be provided in various press releases, periodic SEC filings, and on our website. Finally, all comparisons today are for the same period of the prior year, unless specifically stated. Related to investor conferences and corporate access opportunities, we will be participating in the DA Davidson 24th Annual Diversified Industrials and Services Conference, and Nashville, Tennessee, September 17th through the 19th. If you would like additional information on this event or would like to have a conversation with management, I invite you to contact me through the Matrix Service Company Investor Relations website. I will now turn the call over to John.

John Hewitt | President and Chief Executive Officer:

Thank you, Kelly. Starting with safety, at Matrix, the physical and mental safety of our employees, as well as that of anyone on our project sites or in our offices, is core to who we are, an expectation for all employees, and a commitment we uphold for all stakeholders. Today, I want to talk about this. Similar to airport security today, if you see something that does not look right, that could create a hazard for yourself or fellow employees, then please say something. At Matrix, this is not only a right our employees have when they come to work for us, but it is an obligation and expectation for everyone. And we expect our leaders to listen and act without retribution. This authority is a critical part of our culture and creates a safer work environment. And we find many times in near misses and incidents that the use of stop work authority or the honoring of that authority by leadership could have avoided an incident. In fiscal 2025, we made significant improvements in both our total recordable incident rate, or TRIR, and our DART rate, which is a measure of injury severity. and stands for days away, restricted, or transferred due to an injury. Our TRIR improved from 0.91 in fiscal 2024 to 0.51 in fiscal 2025. And our DART rate improved from 0.28 to 0.21 for the same period. And while we are proud of these achievements, we understand that achieving and maintaining a zero incident safety

performance is a relentless journey. And we will continue to prioritize safety in everything we do as you work towards this goal. So as we conclude fiscal 2025, on behalf of the company's leadership team, I would like to thank everyone at Matrix, as well as our subcontractors and others on our project sites and offices for your unwavering commitment to our safety journey and building the kind of culture that we expect. The effort you invest in fostering a safe work environment at work and at home makes a profound difference, and together we can achieve our goal of zero incidents. And to our team members, remember stop work authority is a right, an obligation, and an expectation for everyone. As I reflect on fiscal 2025, the financial results certainly did not meet the expectations we had at the start of the year. nor does it accurately portray the positive underlying performance of the business. It is essential to look behind the numbers to recognize the progress achieved and the fundamental strength in the business. It is important to understand that the impact from a single isolated event alongside a couple of legacy legal issues from 2021 and restructuring costs encouraged to improve the organization does not reflect the company's underlying performance or its future potential. Kevin will provide more detail on these impacts in his remarks, but before he does, I want to highlight a few key takeaways. First, our project teams are executing well and producing strong, consolidated results on our projects and maintenance activities across the enterprise, as evidenced by an above-plan DGP level, even including the labor productivity issues from a crude storage project that was noted in our earnings release. we are executing on the backlog and new awards above plan on a consolidated basis. Second, while the full year's revenue was below our expectations, over half the revenue shortfall was related to the late start on previously booked work, which is now in full flight, and significant weakness in the planned growth for our T&D business, which led us to exit that service line in the back half of the fiscal year. The trend of growing revenue did occur as expected, quarter over quarter, just not to the level we anticipated. And we expect revenue to continue to grow in fiscal 2026. Third, awards in the year of $726 million allowed us to maintain a near record backlog of approximately $1.4 billion. As a result, we are entering fiscal 2026 with approximately 85% of the planned revenue booked, but nearly all of it underway. Additionally, this year's awards support our core market objectives in specialty storage, LNG facilities, and electrical infrastructure, some of which are directly associated with the East Coast Data Center build-out and its demand for reliable power. These new awards and performance on existing backlog are creating new and reinforcing existing client relationships, which will lead to more award opportunities as the demand for energy, power, and industrial infrastructure continues to heat up. Many of our clients are looking to commit to contractors that they trust and have high-performing teams to ensure their work gets built. Finally, as the year unfolded, we took steps to make sure the business is prepared for what we see as a strong future, a future of opportunities and growth in our target markets. We looked at the business core strategic pillars of win, execute, and deliver to assure that every part of the business, from sales to operations to shared services to administrative support, is properly aligned. In the end, we flattened the organization, closed underperforming offices, consolidated operational support services, restructured business development to better align with core market and growth objectives, and integrated our engineering and construction operations to improve competitiveness, market alignment, and delivery. While we did incur some costs associated with these initiatives, the changes are crucial to ensuring Matrix can capitalize on the significant opportunities ahead. As these efforts begin to bear fruit, They will serve as key catalysts for our continued strategic growth and solid execution in 2026 and beyond. Now let's talk about strategy. Our strategy begins with our people, our purpose, and the core values of who we are as a company. To deliver on this purpose, we must ensure a culture of safety, both physical and mental, and imperative to our business. Maintain our great place to work environment, especially considering the demand for talent, both professional and craft. Remain growth focused to gain scale and durability. Achieve consistent performance, excellence in all aspects of our operations, including safety, quality, timeliness, and margin outcomes. Innovate and lead in the application of technology, including AI, and face change with a positive attitude. And finally, create value for all of our stakeholders. These objectives are central to how we lead, set expectations, and create value, and are embedded in the pillars of win, execute, and deliver, which underpins our strategy. Our win pillar is not only about awards, building backlog, and growing organically, but also making sure we pursue awards with the right risk and financial profile aligned to our strategic market-focused areas. In addition, win also means hiring the best talent, having an industry-leading brand, and building strong client relationships. Our strategic market focus can be broken into two categories. Our current business with the opportunities for consistent and stable revenue combined with specific growth opportunities that are

available in markets that fit our brand profile, skill sets, and leadership in engineering, construction, and maintenance for LNG, NGS, ammonia, midstream and downstream energy products, mining and minerals, aerospace, and electrical. And new high growth markets where our presence is currently limited, but opportunities are significant. Our experience and skill sets overlap for base load and backup power generation, fuel storage, electrical interconnects, and mechanical systems that are being driven by growth and power demand from fleet retirements, electrification of everything, expansion of AI and data centers, and advanced manufacturing. Our opportunity pipeline, the 5.3 $5.9 billion is largely made up of our current business market focus areas. Over time, we will add to this pipeline with new high-growth markets, which will provide further strength. Both our current and new high-growth markets are supported by numerous multi-year megatrends aligned with our long-term financial targets and provide the expectation for organic and inorganic growth of the business in 2026 and beyond. Moving on to our execute pillar, we must take the work that we win and execute it with zero safety incidents, high quality, in line or better than budget, on time, and with overall outcomes that strengthen our brand and client relationships. The realignment and streamlining of our organization, which has been strategic and intentional, has been key to ensuring we continue to win and execute at a high level. Finally, the deliver pillar of our strategy is really the culmination of the first two Winning and executing our work in a consistent and high-quality manner that allows us to deliver value to all of our stakeholders, invest in our company, our people, and fixed assets, providing a fuel for inorganic growth, growth opportunities for our people, supports the community, and a return to our shareholders. As it relates to inorganic growth, we have said previously that our focus has been on returning to profitability. We are at that inflection point now. Looking forward, our priorities to ensure durable, return-focused growth through organic, supplemented with focused M&A. As we move through the year, we'll become more intentional and active in the search for inorganic opportunities that meet the strategic needs of the business to support our market objectives. We expect fiscal year 2026 full-year revenue to be between $875 million to $925 million, representing year-over-year growth of 17% at the midpoint of the range. This outlook is underpinned by the strength of our current business, a healthy bidding environment, and a robust backlog. As mentioned earlier, at the midpoint of our guidance, approximately 85% of expected fiscal 2026 revenue is supported by backlog already in hand, and nearly all that backlog is related to projects that have already broken ground or risk of delay is minimal. 2026 will be a crucial year in our strategic journey marked by revenue growth, a return to profitability, and continued execution against our strategic priorities. We are forecasting the first quarter of the year to be similar revenue level to the fourth quarter of fiscal 2025, with a steady improvement in revenue and profitability through the course of the year. With our strong financial position, a realigned organizational structure, backlog, and robust opportunity pipeline, we are confident in our ability to leverage the significant ongoing infrastructure investment cycle to continue our transformation into a scalable and resilient growth platform. Kevin will now provide more details on the numbers.

Kevin Cavanaugh | Vice President and Chief Financial Officer:

Thank you, John. Yesterday, we released our results for the fourth quarter of fiscal 2025. Those results were revenue of 216.4 million, EPS of a 40-cent loss, and adjusted EBITDA of a $4.8 million loss. Those results included four items, that masked the continued improvement in the ongoing business. First, we lowered our recovery expectations on a legacy project that is currently in a dispute resolution process, which resulted in a $6.4 million reduction of revenue and operating income. This was related to a crude terminal project that we completed back in calendar 2021. The project was impacted by the COVID pandemic and occurred significant project scope changes directed by the owner. We've been pursuing our outstanding contract balance from the customer since that time. Arbitration proceedings occurred last month and we are awaiting that final decision in fiscal 2026. While the outcome of legal proceedings is uncertain, we believe we have appropriately reserved for our exposure on this issue and expect a positive cash inflow upon resolution. Second, We incurred an additional $3.8 million charge on a crude project impacted by lower than anticipated labor productivity. You may recall we discussed this project last quarter when we began to incur productivity issues. While we work hard to avoid any issues during our projects in our industry, issues will occur from time to time. When they do, our focus is on reducing any financial impact and maintaining a strong relationship

with our customer. We are pleased to report that the team worked through the issues, completed the project early this quarter as planned, and did so in a manner that further solidified our relationship with an important customer. Third, we incurred a $1.3 million charge related to an unexpected court decision on a project completed in calendar 2021. In this case, a subcontractor of ours failed to pay certain vendors, even though we had paid the subcontractor. As a subcontractor is no longer able to pay their obligations, the court ruled we had to make good on the amounts owed to the vendors, effectively requiring us to pay the obligations twice. Finally, we incurred $3.4 million in restructuring costs related to the organizational improvement actions John previously discussed. As those actions continue to fiscal 2026, we expect to incur a similar amount of restructuring costs in the first quarter. These actions were mainly designed to improve operational efficiencies, but they also reduced our annual overhead cost structure by approximately $12 million. As we have experienced higher inflation the past couple of years and other cost pressures, these changes will allow us to keep our annual cost structure flat during a period of strong revenue growth. The combined impact of these items was significant to the boarder. It decreased our revenue by $6.4 million, to the reported 216.4 million, which was just below our implied fourth quarter guidance range. It negatively impacted EPS by 53 cents, which resulted in the 40 cent loss I previously referenced, and it decreased our adjusted EBITDA by 11.5 million to a $4.8 million loss. We believe discussing the results in this manner is necessary to demonstrate the fundamental performance and improvement in the underlying business. We have previously discussed our fiscal 2025 focus was to improve operating results and return to profitable performance through the growth and our revenue run rate, effective project execution and leverage of our overhead cost structure. The revenue grew each quarter of the year as large projects ramped. That growth continued in the fourth quarter, with revenue being 31% higher than the start of the year. The revenue run rate has now reached a level that supports positive earnings. As previously mentioned, our project execution was strong enterprise-wide as the underlying business produced double-digit direct margins excluding the items discussed. We have a quality backlog and will continue to focus on effective project execution. The leverage of our cost structure improved throughout the year with the impact of the under-recovered construction overhead reducing from 620 basis points in the first quarter to 160 basis points in the fourth quarter. Finally, SD&A leverage also improved from 11.2% of revenue in the first quarter to 88.1% in the fourth. As we move through fiscal 2026, additional revenue growth combined with the efficiency actions taken will allow us to materially eliminate the under recovery of construction overhead and further leverage SD&A toward our 6.5% target. Moving to the segments, storage and thermal solutions segment revenue increased 37% to 96.1 million in the fourth quarter of fiscal 2025 compared to 70 million last year due to increased volume of work for specialty vessel and LNG storage projects. Gross margin in the fourth quarter of fiscal 2025 reflects improved operating leverage resulting from higher revenue. However, gross margin was a negative 1.1% in the fourth quarter compared to a positive 3.1% last year as a result of labor productivity issues on a crude terminal project and lower recovery expectation on a legacy project, both of which were discussed previously. Utility and power infrastructure segment revenue increased 12% to $73 million in the fourth quarter compared to $65.3 million in the same period a year ago, benefiting from a higher volume of work associated with natural gas beach shaving projects. Gross margin was 9.1% in the fourth quarter compared to 4.2% last year, an increase of 4.9% due to strong project execution and improved construction overhead cost absorption. The fourth quarter gross margin was also impacted by the $1.3 million charge related to the unfavorable court decision discussed previously. Process and industrial facility segment revenue decreased to $47.3 million in the fourth quarter compared to $54.2 million last year, primarily due to lower revenue resulting from the completion of a large renewable diesel project last year. In addition, we had lower revenue from thermal vacuum chambers, partially offset by higher revenue volumes for refinery work. Due to the change in mix of work, gross margin was 5.9% in the fourth quarter of fiscal 2025, compared to 15.4% last year. Now let's discuss backlog, which stands at almost $1.4 billion as of June 30, 2025. Project awards totaled $186.3 million in the fourth quarter, resulting in a book-to-bill ratio of 0.9. While economic uncertainty has impacted the timing of project awards overall, the utility and power infrastructure segment had a strong quarter with $121.9 million in awards, and a book to build 1.7. These awards were related to LNG peak shaving projects and substations. The year backlog level is supportive of strong revenue growth in fiscal 2026. And moving to the balance sheet, our cash increased an additional $39.1 million in the fourth quarter related primarily to working capital changes. For the year, our cash balance has increased $109 million to $249.6 million as of

June 30, 2025. Available liquidity has increased to $284.5 million and is comprised of $224.6 million of unrestricted cash and $59.8 million of borrowing availability under the credit facility. The company also has $25 million of restricted cash to support the credit facility, and our debt position remains at zero. Subsequently, year-end, the company executed an amendment to the credit facility which extends its term until September of 2029, becoming in our fiscal 2026 in a strong financial position that provides the liquidity needed to support the execution of our backlog and to deploy capital toward growth. With that, I would like to turn the call over to John for some final remarks.

John Hewitt | President and Chief Executive Officer:

Thank you, Kevin. In closing, I'd like to reiterate the following takeaways. First, despite some legacy legal issues and other noise during the fourth quarter, our team grew revenue consistently quarter after quarter, through the year and is executing above plan from a direct growth profit perspective on the work in hand. Second, our strategy is working. We are winning work in our key focus areas, maintaining our near record backlog, even in the face of the uncertain macroeconomic environment. Our organizational realignment is strengthening our platform and positioning the company for sustained profitable growth, both organically and inorganically. And third, our momentum into fiscal 2026 is strong with robust backlog and a strong opportunity pipeline. We are guiding the 70% revenue growth next year with 85% of that revenue from backlog that is already in progress. So with the tremendous momentum that exists across the business, we believe we are entering a prolonged period of growth. Above all, we remain committed to delivering sustainable shareholder value by building a platform capable of consistent profitability, backlog growth, and cash generation. I'm proud of what our team accomplished in fiscal 2025 and even more excited about the road ahead. By remaining disciplined, focusing on safety and quality, and continuing to improve our operations, we are confident in our ability to drive growth, create long-term value for our shareholders as we successfully win, execute, and deliver. With that, we'll open the call for questions.

Conference Operator | Operator:

Thank you. At this time, we'll conduct the question and answer session. As a reminder to ask a question, you'll need to press star 1-1 on your telephone and wait for your name to be announced. To withdraw your question, please press star 1-1 again. Please stand by while we compile the Q&A roster. And our first question comes from the line of John Franzrad of Sudorinco. Your line is now open.

John Franzrad | Analyst, Sudorinco:

Good morning, everyone, and thanks for taking the questions. John, last quarter you kind of referenced the fact that some of the jobs are being pushed to the right due to economic uncertainty. Are you still seeing that?

John Hewitt | President and Chief Executive Officer:

Yeah, I mean, I would say there's kind of an overhang across our industry, but I'd say we're really only able to point the finger at a couple of projects that were in our sites that you could say we're directly impacted by what's going on with tariffs and some of the global events. And I think it just sort of feels like there's an overhang. And most of those projects are probably really related to things that have more of a global involvement, meaning things that are exporting some kind of energy product. Let's say the internal stuff, the LNG peak shaving and backup fuel supply, There continues to be a lot of energy around those, no pun intended. And I think we're still seeing a lot of smaller projects kind of come through the pipeline. The major projects, those are just timing things. And they come and go. And they take a while for those to germinate. But we have some of the larger LNG peak shaving projects in our sites. And it just takes some time for those projects to develop. So from a domestic standpoint, I think we feel pretty good about the timing of an

opportunity for awards there. Certainly, there's more attention from our clients around material escalation from tariffs. And those kinds of things become part of how we price and how we negotiate our contracts with various clients. But we've been fairly successful working through those risks with our new and existing clients.

John Franzrad | Analyst, Sudorinco:

Got it. And when you look at the opportunity profile and you just reference some larger jobs that are out there maybe, do you expect to exit fiscal 2026 at a near 1.0 book to bill or is that too much to ask?

John Hewitt | President and Chief Executive Officer:

No, I certainly think that opportunity is out there. You've been around us long enough that you know the timing of those awards certainly have a major impact. Things can slip a month here or there. But certainly what we see in our pipeline, the opportunity for us to book inside the, let's just say, our guidance range, revenue guidance range, I think those projects are out there. And, you know, the big – when we have these big upticks in our backlog, they come from a major project that we've booked that's in the $300 million, $400 million kind of range, where, you know, we have a couple of those in our backlog today, and we're looking for opportunities to replace those and build on those moving forward. So this year, I think our award cycle is going to be made up of smaller kind of – our normal sort of bread-and-butter projects, but smaller projects that are in – you know, 50 to 150 million kind of range. But we think those are out there and the opportunity for us to win those and hit a book to build a one is certainly available to us.

John Franzrad | Analyst, Sudorinco:

That's good to hear. And just what's your confidence level on returning to profitability and that kind of timeline? How does that play out as the year progresses?

John Hewitt | President and Chief Executive Officer:

I would say our confidence is high. We feel good about feel good about the quality of the backlog we have and the fact that the high quality backlog is in flight and that how that backlog is going to roll out over the course of the year, plus even some of the backlog that we added in fiscal 25 helps to fill some of the holes in fiscal 26 already. And so, you know, I think we feel pretty good about our revenue levels. And, you know, at the revenue levels we're projecting, you know, we're going to be in a position to be able to return the profitability.

John Franzrad | Analyst, Sudorinco:

And one last question. I'll get back into Q. Cash positions building. Could you just talk a little bit about how much is that advance payment from customers and how much is matrix?

Kevin Cavanaugh | Vice President and Chief Financial Officer:

So I'll take that. You know, the cash position has built considerably this year. You know, we've got a lot of long-term projects where we have seen some upfront money, but the balance sheet is strong. So we'll definitely use, you know, a good portion of that $250 million of cash for the projects. But we probably have, you know, cash available for, you know, just the normal level. If you look at what the working capital investment is currently, what the cash level is of $50 to $70 million that's, of built up cash for um just

operating the business and it could also support growth um activity so um feel good about where we've got this balance sheet all right good to hear thank you kevin thank you john i'll get back to you thank you thank you one moment for our next question

Conference Operator | Operator:

And our next question comes from the line of Brent Dillman of DA Davidson. Your line is now open.

Brent Dillman | Analyst, DA Davidson:

Thanks. Good morning, John, Kevin. I guess the first question just would be kind of back to some of the moving pieces of the quarter. Are you able to comment on other potential COVID era you know, legacy jobs that you're in dispute that, you know, we need to keep in the back of our minds? Or do we feel like, you know, we're kind of beyond this at this point?

John Hewitt | President and Chief Executive Officer:

I think we're, I think anything of any materiality works pretty much beyond. This one particular project that we're talking about that took the $6 million charge, as Kevin had noted, you know, we've been fighting that. You know, we reached mechanical completion on the job back in, early 21. And we've been in dispute with a client since then. And we've we have attempted numerous occasions to get that settled and was unable to do that and ended up in, as Kevin said, in arbitration last month. And but yeah, that's really kind of the final material legacy pandemic issue that we've got.

Brent Dillman | Analyst, DA Davidson:

Okay. And then maybe a two-parter to the restructuring actions you're taking would be, you know, one, Kevin, if you don't mind, just your expectations for the cost savings impact you should get from this. And I guess to any early indications or evidence of some of the things that you're doing that's you know, allowing you to win more work, you know, where are you seeing the positives of what you've been doing here to, you know, potentially, I guess, the bookings or any other measure we can look at?

John Hewitt | President and Chief Executive Officer:

So I'll hit the second part of your question. Kevin can hit the first part. So, you know, we've made, you know, a lot of significant changes over the last five months. And, you know, right now we are kind of settling in. So we moved people around in the seats and got rid of some of the seats and so created opportunities for some of the people in the organization to step up and take some different new leadership roles. So I think we've created a lot of energy in the organization. You can feel a lot of energy in the organization. You know, like we said, we flattened and streamlined the decision making process. And, you know, so we are still kind of settling in the key strategies and objectives with the organization. We just met with the board two weeks ago and, you know, reviewed our strategy and our plans with them. But I think we're already seeing an improved alignment between different elements of the business and, you know, what we need to do to support each other, what we need to do to win work, what our real focus areas are uh from a market perspective and so i i think this this this change and as we're calling a realignment in the organization is really going to bear some fruit for not only on on how we win work but our ability to execute work particularly around work that's epc related where we've got you know the critical engineering deliverables

Kevin Cavanaugh | Vice President and Chief Financial Officer:

and then the our ability to execute that work on our projects yeah and when you look at the cost um you know we've as i mentioned we've cut out about 12 million with these these most recent actions that split about 50 50 between construction overhead and and sdna so it'll you know we were our sdna was been running just under 18 million a quarter in the fiscal 2025 i think you'll see it in the 16 and a half million range per quarter in fiscal 26. The construction overhead impact will help us address the construction overhead, combine the little bit lower cost structure with the increasing revenues. We'll continue to focus on eliminating the COH. So I think we made the right steps in the last couple of quarters.

Brent Dillman | Analyst, DA Davidson:

Okay. I guess my last question is a little bigger picture, John. You know, there's been some fairly significant announcements here the last few days, and then related to the data center theme. And I guess the question for me would be, maybe if you could just elaborate, where does Matrix play into this, you know, whether directly or? you know, kind of second derivative of the things that are happening in that market that only seem to be getting bigger and bigger as we look out over the next few years. What are your cards to play and how does that pipeline that you have, what is it, how does it inform you about your opportunity there?

John Hewitt | President and Chief Executive Officer:

Yeah, good question. So, I mean, we are not going to be the person who builds the data center, right? That's just not, that's not who we are. We don't, vision being being out there doing that that's a fairly highly competitive light industrial kind of market and so to make that step would be a pretty big leap but where we are going to play a role in both directly and indirectly is the demand for additional power generation everywhere and and the demand for backup power and the fuel for that power related directly related to data centers, you know, the AI computing, advanced manufacturing. So we see, you know, significant opportunities there. And if you recall, you've been around us long enough. I mean, we had a position in the gas-fired turbine construction market, both for in simple cycle, in a simple cycle mode and in combined cycle. for baseload generation so we have those skill sets you know we we turned our focus to other areas of construction as that market you know five six years ago kind of went you know in hibernation but this growing demand for power which we don't see is something that's going to stop and so it's related not only to the increased demand related to what we talked about here in data centers and ai but just in general the general electrification of everything You know, it's just requiring more power generation. You've got more in spite of some of the, you know, the rhetoric coming out of Washington, we're still probably going to be retiring coal fleets and moving more to a gas-based power generation economy. And then you've got the opportunity for interconnect, for substation work. We've done, for a couple of data centers, we've done the substation work and the interconnect work for them. A lot of those data centers have high demand for cooling. And so some of that is more of a more complex process installation than what you might normally have in a light industrial facility, which could create opportunities for us. So our opportunities and our work around there will be a little bit more on the fringe. And then just the demand for generation, not only the installation of of um base load generation and backup generation but also the gas required to fuel it you know pushing that back into the utilities with the work that we're doing and and uh peak shaving facilities the work that we're doing and and uh backup fuel supply for utilities uh the upgrading you know a couple of our awards in the quarter here were related to existing LNG peak shaving facilities that hadn't been updated for 30 years. And so we're going in and doing, in some cases, the full EPC to update the process equipment and not even necessarily the storage, but the process equipment of those existing LNG

Unknown Speaker:

Hello.

Kevin Cavanaugh | Vice President and Chief Financial Officer:

So I think we're back online. Sorry about that. We had technical difficulties. Brent, I was going to follow up on, if you're still there, follow up on the cost question you had. You know, an important aspect of what those actions do is also decreases our break-even point. You know, the amount of revenue we need in order to get to break-even performance. You know, in the past, we've talked about that. It was around $225 million per quarter. With these reductions now, it's down to 210 to 215 million per quarter. And so that's definitely a benefit to us, increasing the earnings power of the business as we move forward. So I just wanted to follow up with that and turn it over to Kelly for closing remarks.

Kelly Smith | Senior Director of Investor Relations:

Thank you, Kevin. As a reminder, we will be... participating in the DA Davidson 24th Annual Diversified Industrial and Services Conference in Nashville next week, September 17th through the 19th. If you are attending, we look forward to seeing you there. Additionally, if you'd like to have a conversation with management, please contact me through Matrix Service Company Investor Relations website. You may also sign up to receive MTRX news by scanning the QR code on your screen. Thank you so much for your time.

Conference Operator | Operator:

Thank you for your participation in today's conference. To just conclude the program, you may now disconnect.