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Acquisitions

Energy Builder MasTec Boosts Pivot In \$420M Power Firm INTREN Buy



Oil and gas related construction, seen here in 2017, has been profitable for MasTec, but the INTREN purchase expands it in other growing arenas. Photo: MasTec

May 6, 2021

Moving ahead on previously communicated [plans](#) to pivot from oil and gas sector construction, specialty contracting giant MasTec Inc. said May 5 it has completed the \$420-million cash purchase of INTREN LLC, a leading Union, Ill.-based specialty contractor focused on electrical distribution for utilities and others under multi-year master service agreements.

Matthew Turk, INTREN'S newly elevated chief operating officer, told ENR that under the completed transaction, the firm becomes a wholly-owned unit of MasTec, although that was not noted in announcements by the buyer or seller. INTREN CEO Sherina M. Edwards retains her title, acquired in January, with the role of president added.

A May 6 announcement of the INTREN sale by One Equity Partners, a middle market private equity firm that has had a stake in the firm since 2017, said the contractor would keep its brand name. Its ownership proportion was not disclosed. Turk said it is "less than 50%," but did not provide a more specific figure.

MasTec ranks third on ENR's latest [Top 600 Specialty Contractors](#) list, reporting \$7.2 billion in 2019 revenue; INTREN ranks at No. 49, reporting revenue of \$535.7 million. The firm said current revenue is \$550 million.

Publicly traded MasTec is a [major installer](#) of energy and utility pipelines, including the completed 1,172-mile Dakota Access Pipeline between North Dakota and Illinois and [Enbridge Line 3 oil line](#), a replacement still under construction from Alberta to Wisconsin. The firm has also been building up work in electric grid construction, land-based offshore wind energy and wireless infrastructure.

The acquisition "will substantially expand our reach in the electric utility distribution business," said CEO José Mas, noting expected growth in grid modernization and hardening, and more electric vehicle use. The acquisition "represents a major expansion of MasTec operations at the forefront of that high-growth market," he said.

Entrepreneurs Link

The combined organization represents the largest infrastructure company in the U.S that is founded and majority owned by minorities and women.

INTREN was founded in 1988 by current Chair Loretta Rosenmayer, and now has more than 2,000 employees and operations in 14 states. MasTec, founded in 1994 by Jorge Mas, the Cuban immigrant father of current CEO Jose Mas, has about 20,000 employees in North America and is the second largest Hispanic-owned American company.

"As the largest woman-owned utility specialty contractor in the country, I have always been impressed with the quality of INTREN's management and entrepreneurial spirit," said Mas. Edwards said, "INTREN and MasTec have the same culture of quality, safety, innovation and inclusion with a strong emphasis on the values that our founders believed in."

Jamie Cook, lead construction sector research analyst at Credit Suisse, said the purchase "basically doubles" MasTec's current electric transmission business. In the past decade, INTREN has seen major revenue growth, "with over 90% of its business generated by master service agreements at double digit EBITDA margins," she said.

Growth Prospects

In first-quarter results released May 6, MasTec reported revenue of \$1.7 billion as of March 31, up 25.3% from the same quarter last year, and 10% above Wall Street estimates, with oil and gas work still a strong driver. Adjusted margin of 11.5% was up from 8.3% last year.

Electrical transmission revenue rose 4.2%, but said Cook, "margins underwhelmed at 2.7%." Revenue from clean energy and infrastructure increased 22.4%, with margins at 3.1%. "A solid quarter but investors will want to see margin improvement from markets outside of oil and gas," said Cook.

MasTec, which eyes becoming a \$10-billion company, raised its fiscal 2021 revenue estimate to \$8.2 billion, with the firm telling investors it expects sales from transmission work to make up \$1.2 billion of the forecast \$1.9-billion increase, "with sizable growth opportunities for 2022 and beyond." The firm projected \$2.1 billion in second-quarter revenue.

MasTec stock price was up about 1.5% at trading close on May 6 to \$109.35.

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As ENR Editor-at-Large for Management, Business and Workforce, Debra K. Rubin has a broad vantage for news, issues and trends in global engineering, architecture and construction—from corporate finance and executive management to regulation and risk, next-generation workforce and developing markets such as offshore wind energy.

Debra also launched and manages ENR's Top 200 Environmental Firms ranking, which defines a \$51-billion global market; and is editor of *ENR WorkforceToday* e-newsletter on industry talent management; She also is a key organizer of ENR's annual **Groundbreaking Women in Construction** conference, a major AEC industry forum for talent management and women's career advancement.

[Click here](#) for more detail on the 2019 conference in May in San Francisco and plans in formation for the 2020 event.

Debra's reporting for ENR on the 2001 Ground Zero attack damage, response and recovery is featured in the National September 11 Memorial & Museum in New York City.

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