MASTEC INC
Form 10-K
February 28, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018
Commission File Number 001-08106

MasTec, Inc.	
(Exact name of registrant as specified in its charter)	
Florida	65-0829355
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
800 S. Douglas Road, 12th Floor, Coral Gables, FL	33134
(Address of principal executive offices)	(Zip Code)

(305) 599-1800
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $0.10 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer; as defined in Rule 405 of the Securities Act. Yes þ No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No ¨
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes þ No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated

filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	þ	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨
		Emerging growth company	¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act.) Yes ¨ No þ

The aggregate market value of the registrant’s outstanding common stock held by non-affiliates of the registrant computed by reference to the price at which the common stock was last sold as of the last business day of the registrant’s most recently completed second fiscal quarter was approximately $3.2 billion (based on a closing price of $50.75 per share for the registrant’s common stock on the New York Stock Exchange on June 29, 2018).

There were 76,027,780 shares of common stock outstanding as of February 25, 2019.

The registrant’s definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A for the 2019 annual meeting of shareholders is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

TABLE OF CONTENTS

Cautionary Statement Regarding Forward-Looking Statements

The Company is making this statement pursuant to the safe harbor provisions for forward-looking statements described in the Private Securities Litigation Reform Act of 1995. We make statements in this Annual Report on Form 10-K ("this Form 10-K" or this "Annual Report") and in the documents that we incorporate by reference into this Annual Report that are forward-looking. When used in this Annual Report or in any other presentation, statements which are not historical in nature, including the words "anticipate," "estimate," "could," "should," "may," "might," "plan," "seek," "expe "believe," "intend," "target," "will," "project," "forecast," "continue" and variations of these words and negatives thereof and s expressions are intended to identify forward-looking statements. They also include statements regarding:

- our future growth and profitability;
- our competitive strengths; and
- our business strategy and the trends we anticipate in the industries and economies in which we operate.

These forward-looking statements are based on our current expectations. These statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Important factors that could cause actual results to differ materially from those in forward-looking statements include:

- market conditions, technological developments, regulatory changes or other governmental policy uncertainty that affects us or our customers' industries;
- the effect on demand for our services of changes in the amount of capital expenditures by our customers due to, among other things, economic conditions, commodity price fluctuations, the availability and cost of financing, and customer consolidation in the industries we serve;
- activity in the oil and gas, utility and power generation industries and the impact on our customers' expenditure levels caused by fluctuations in prices of oil, natural gas, electricity and other energy sources;
- our ability to manage projects effectively and in accordance with our estimates, as well as our ability to accurately estimate the costs associated with our fixed price and other contracts, including any material changes in estimates for completion of projects and estimates of the recoverability of change orders;
- the timing and extent of fluctuations in operational, geographic and weather factors affecting our customers, projects and the industries in which we operate;
- the highly competitive nature of our industry;
- the ability of our customers, including our largest customers, to terminate or reduce the amount of work, or in some cases, the prices paid for services, on short or no notice under our contracts, and/or customer disputes related to our performance of services and the resolution of unapproved change orders;
- our dependence on a limited number of customers and our ability to replace non-recurring projects with new projects;
- risks related to completed or potential acquisitions, including our ability to identify suitable acquisition or strategic investment opportunities, to integrate acquired businesses within expected timeframes and to achieve the revenue, cost savings and earnings levels from such acquisitions at or above the levels projected, including the risk of potential asset impairment charges and write-downs of goodwill;
- disputes with, or failures of, our subcontractors to deliver agreed-upon supplies or services in a timely fashion, and the risk of being required to pay our subcontractors even if our customers do not pay us;
- risks associated with potential environmental issues and other hazards from our operations;
- risks related to our strategic arrangements, including our equity investees;
- any exposure resulting from system or information technology interruptions or data security breaches;
- any material changes in estimates for legal costs or case settlements or adverse determinations on any claim, lawsuit or proceeding;
- the effect of state and federal regulatory initiatives, including costs of compliance with existing and future safety and environmental requirements;
- the effect of federal, local, state, foreign or tax legislation and other regulations affecting the industries we serve and related projects and expenditures, including the effect of corporate income tax reform;

- the adequacy of our insurance, legal and other reserves;
- the outcome of our plans for future operations, growth and services, including business development efforts, backlog, acquisitions and dispositions;
- our ability to maintain a workforce based upon current and anticipated workloads;
- our ability to attract and retain qualified personnel, key management and skilled employees, including from acquired businesses, and our ability to enforce any noncompetition agreements;
- fluctuations in fuel, maintenance, materials, labor and other costs;

- risks related to our operations that employ a unionized workforce, including labor availability, productivity and relations, as well as risks associated with multiemployer union pension plans, including underfunding and withdrawal liabilities;
- risks associated with operating in or expanding into additional international markets, including risks from fluctuations in foreign currencies, foreign labor, general business conditions and risks from failure to comply with laws applicable to our foreign activities and/or governmental policy uncertainty;
- restrictions imposed by our credit facility, senior notes and any future loans or securities;
- our ability to obtain performance and surety bonds;
- a small number of our existing shareholders have the ability to influence major corporate decisions;
- risks associated with volatility of our stock price or any dilution or stock price volatility that shareholders may experience in connection with shares we may issue as consideration for earn-out obligations or as purchase consideration in connection with past or future acquisitions, or as a result of other stock issuances; and
- other factors referenced in this Annual Report, including, without limitation, under Item 1. “Business,” Item 1A. “Risk Factors,” Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other factors detailed from time to time in the reports and other filings we make with the SEC.

We believe these forward-looking statements are reasonable; however, you should not place undue reliance on any forward-looking statements, which are based on current expectations. Furthermore, forward-looking statements speak only as of the date they are made. If any of these risks or uncertainties materialize, or if any of our underlying assumptions are incorrect, our actual results may differ significantly from the results that we express in, or imply by, any of our forward-looking statements. These and other risks are detailed in this Form 10-K, in the documents that we incorporate by reference into this Form 10-K and in other documents that we file with the SEC. We do not undertake any obligation to publicly update or revise these forward-looking statements after the date of this Form 10-K to reflect future events or circumstances, except as required by applicable law. We qualify any and all of our forward-looking statements by these cautionary factors.

PART I

ITEM 1. BUSINESS

We are a leading infrastructure construction company operating mainly throughout North America across a range of industries. Our primary activities include the engineering, building, installation, maintenance and upgrade of communications, energy, utility and other infrastructure, such as: wireless, wireline/fiber and customer fulfillment activities; petroleum and natural gas pipeline infrastructure; electrical utility transmission and distribution; power generation, including renewables; heavy civil; and industrial infrastructure. Our customers are primarily in these industries. Including our predecessor companies, we have been in business for approximately 90 years. For the year ended December 31, 2018, we had an average of approximately 19,000 employees and 380 locations, and offer our services primarily under the MasTec service mark. We have been consistently ranked among the top specialty contractors by Engineering News-Record for the past several years.

We provide our services to a diversified base of customers. We often provide services under master service and other service agreements, which are generally multi-year agreements. The remainder of our work is generated pursuant to contracts for specific projects or jobs that require the construction or installation of an entire infrastructure system or specified units within an infrastructure system.

We seek to grow and diversify our business organically and through acquisitions and/or other strategic arrangements in order to deepen our market presence, broaden our geographic reach and expand our service offerings. For discussion of our recent acquisitions, see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Business,” which is incorporated by reference.

We manage our operations under five operating segments, which represent our five reportable segments: (1) Communications; (2) Oil and Gas; (3) Electrical Transmission; (4) Power Generation and Industrial and (5) Other. This structure is generally focused on broad end-user markets for our labor-based construction services.

The Communications segment performs engineering, construction, maintenance and customer fulfillment activities related to communications infrastructure, primarily for wireless and wireline/fiber communications and install-to-the-home customers, and, to a lesser extent, infrastructure for utilities, among others. We perform engineering, construction and maintenance services on oil and natural gas pipelines and processing facilities for the energy and utilities industries through our Oil and Gas segment. Our Electrical Transmission segment primarily serves the energy and utility industries through the engineering, construction and maintenance of electrical transmission lines and substations. Our Power Generation and Industrial segment primarily serves energy, utility and other end-markets through the installation and construction of power facilities, including from renewable sources, related electrical transmission infrastructure, ethanol/biofuel facilities and various types of heavy civil and industrial infrastructure. The Other segment includes equity investees, the services of which vary from those provided by our primary segments, as well as other small business units that perform construction and other services for a variety of international end-markets. See Note 13 - Segments and Related Information and Note 14 - Commitments and Contingencies in the notes to the audited consolidated financial statements, which are incorporated by reference, for segment related information and significant customer concentrations.

In this Form 10-K, “$” means U.S. dollars unless otherwise indicated.

Industry Trends

Our industry is composed of national, regional and local companies that provide services to customers in a range of industries. We believe the following industry trends affect demand for our services:

Industry Opportunities in our Communications Segment

Significant advances in technology and rapid innovation in service offerings to data consumers continue to increase demand for faster and more reliable wireless and wireline/fiber communications network services. In its 2018 Visual Networking Index: Forecast and Trends, 2017-2022 report (the “2018 VNI report”), Cisco Systems, Inc. (“Cisco”) predicts that global network traffic will increase nearly threefold over the next five years. Additionally, broadband connection speeds are expected to nearly double by 2022, from approximately 40 Mbps to 75 Mbps. With increased usage of mobile devices and advancements in the “internet of things,” the amount of data affecting network traffic has grown significantly, and is expected to continue to experience dramatic growth. Increased data usage from video and voice transmission, digital video and music streaming, ‘smart’ television technology, home automation and connected home monitoring offerings, artificial intelligence, augmented and virtual reality and other advanced data services, including machine-to-machine connections such as autonomous vehicles, video surveillance, smart meters and digital health monitors, have, and will continue, to increase data traffic, resulting in the need for new and upgraded networks. One industry publication predicts that the demand for data capacity in ten years could be almost 1,000 times what it is today, and Cisco, in its 2018 VNI report, predicts that the number of devices connected to the network will exceed three times the global population by 2022.

In response to these growing demands, multiple major carriers have continued to expand, densify and optimize current wireless and wireline/fiber communications network capacity, while planning for next generation evolution technology including 5th generation (“5G”) wireless and fixed wireless network capacity, as well as enhanced broadband connection speeds. Large scale 5G deployments are expected over the next several years, which will include additional and improved tower capacity, as well as deployment of numerous higher bandwidth small/micro cells and distributed antenna systems to densify network performance. In addition, nationwide fiber projects in conjunction with 5G network deployment, such as Verizon Communications Inc.’s launch of “One Fiber,” expanded in 2018 and are expected to continue to rapidly expand to support network densification, data capacity and speed. These factors are expected to create incremental opportunities for investment in communications infrastructure in addition to the continued expansion and deployment by telephone companies and cable operators of fiber-to-the-home with 1-Gigabit-per-second high-speed internet connectivity. In addition, in 2017, AT&T was selected to build and run the First Responder Network Authority (“FirstNet™”), a new wireless official public safety network for first responders throughout the United States, for which construction and limited operation commenced in 2018. AT&T has stated that it expects to spend approximately $40 billion over the next 25 years as it builds, manages and expands capacity in the network, along with a potential $6.5 billion federal government sponsored investment by FirstNet™ within the next five years.

One industry publication anticipates that up to an estimated $250 billion will be invested in 5G technologies over the next decade, and another industry publication predicts that the United States will require up to an estimated $150 billion of fiber infrastructure investment over the next five to seven years to support the increases in projected mobile data traffic and related broadband infrastructure needs. Multiple carriers tested and launched 5G initiatives in 2018, and nationwide fiber deployment projects are expected to continue to rapidly expand in the coming years. Furthermore, in the second half of 2018, the Federal Communications Commission ("FCC") announced an initiative to speed deployment of 5G technology in the U.S. through the Facilitate America's Superiority in 5G Technology, or "FAST" Plan. This plan is designed to make more low, mid and high-band spectrum available to the market and encourage additional investment in 5G wireless infrastructure by streamlining regulatory processes and updating infrastructure policies to speed the review of small cell infrastructure. Additionally, in the fourth quarter of 2018, the FCC also made available additional funds for the deployment of high-speed broadband technology under the Connect America Fund, which is designed to improve the quality and expand the availability of high-speed internet service in rural areas.

In the home installation and customer fulfillment markets, we believe that growth opportunities will be driven by customers seeking to expand their service offerings in the areas of home automation, connected home security monitoring and control, home entertainment offerings and commercial energy management solutions.

We believe that we are well positioned as one of the largest providers of communications and install-to-the-home infrastructure services to significantly benefit from the significant and multiple infrastructure opportunities as previously described. In addition, the buildout and deployment of the FirstNet™ network commenced in 2018, and is expected to create additional demand for our services in 2019 and beyond. These initiatives as well as recent trends toward streamlining regulatory processes to speed the deployment of 5G technology are expected to drive communications infrastructure investment for years to come.

Industry Opportunities in our Oil and Gas Segment

We are one of the leading pipeline contractors in North America, with a balanced portfolio of service offerings, including the construction and maintenance of large diameter ("long-haul") pipeline, midstream pipeline, gathering lines and related compressor and pumping stations and treatment plants, offering both union and non-union services. Demand for pipeline infrastructure and the related level of oil, natural gas and product pipeline construction activity has grown significantly in recent years as technological advances and increasingly cost-effective production technologies have significantly increased producible North American oil and natural gas reserves. Technological advances in seismic imaging and data analysis have led to improvements in the identification of oil and natural gas reserves as well as the precision with which drilling operations can be performed, lowering the cost of production and maximizing output. The effect of these advances on oil and gas production activities in North America has also driven changes in the geographic locations of North American energy production. The increase in oil and natural gas production driven by these advances, as well as from robust demand, has led to 'takeaway' capacity issues, whereby more pipeline infrastructure is required to move this increased level of production to market. For example, the Permian, Bakken and Marcellus/Utica basins have experienced significant growth in production for which additional takeaway capacity is required. Permian basin oil production is expected to double by 2023, according to IHS Markit's June 2018 Market Outlook report. Additionally, industry reporting indicates that the abundance of low-cost North American natural gas will continue to drive growth of natural gas as a source of lower-carbon power generation, both in the U.S. and abroad. In 2018, natural gas continued to surpass coal as the leading fuel type for electric power generation, and the Department of Energy's ("DOE") Annual Energy Outlook 2019 predicts that the U.S., which is already a net exporter of natural gas, will become a net exporter of energy, including oil and natural gas, by the early 2020s. In addition, demand for liquified natural gas ("LNG") exports has risen dramatically in recent years, driven in part by the easing of certain export regulations, which is expected to drive construction of pipeline infrastructure for the transport of LNG to coastal export facilities in North America.

These trends are expected to continue to drive demand for U.S. oil and gas production, creating expanded opportunities for new pipeline infrastructure throughout North America. Significant investment in pipeline infrastructure will be required to move the increased volumes of oil and gas production to refining centers, distribution hubs, LNG export facilities and industrial users throughout North America, as well as to meet demand resulting from the desire to convert the transportation of oil and gas from traditional methods, such as truck and rail transport, to lower cost and safer pipeline infrastructure. According to the Pipeline & Gas Journal’s 2019 Global Pipeline Construction Outlook, there are approximately 36,000 miles of new and planned pipeline projects within North America, an increase of over 12% from the January 2017 report findings. In March 2018, the C Three Group predicted that over 10,000 miles of new oil and gas pipelines would be built over the three year period from 2018 to 2020, and in December 2018, the Federal Energy Regulatory Commission (“FERC”) reported over 2,400 miles of pending onshore natural gas pipeline projects, three quarters of which are pipelines 100 miles or more in length. We anticipate that demand for pipeline infrastructure in North America will provide significant opportunities for years to come, and that our diverse capabilities and expertise will enable us to continue to be a leading service provider in this market.

We also believe that future opportunities exist for upgrades to existing pipeline infrastructure, including pipeline integrity and maintenance upgrades, modernization efforts, including digitization and other technology upgrades and upgrades to address safety regulations.

In addition to potential opportunities in the U.S., initiatives in Mexico are expected to provide long-term growth opportunities. These initiatives call for a shift from fuel oils to more environmentally sensitive and cleaner natural gas, including a program for the long-term importation of natural gas from the U.S., to provide for cleaner and more economical electrical power generation and energy usage. In 2017, MasTec completed construction on two pipelines to move U.S. sourced natural gas to the Mexico/U.S. border. We believe there will be additional pipeline infrastructure opportunities for the delivery of U.S. natural gas to Mexico, as well as opportunities within Mexico, in the coming years.

We believe that the above mentioned trends will support continued expanded levels of project activity, creating a multi-year cycle of demand for pipeline construction projects, and that we are well positioned to benefit from these trends.

Industry Opportunities in our Electrical Transmission Segment

The U.S. electrical transmission and distribution infrastructure requires significant ongoing maintenance, upgrade and expansion to continue delivery of reliable and affordable power, as well as to address future reliability needs. Additional investment in electrical infrastructure will be required to address power line congestion and to avoid delivery failure during peak periods, as well as to modernize the grid and strengthen aging infrastructure to withstand weather events, natural disasters and cyber threats. In addition, older power plants, including coal-fired and nuclear plants, continue to be retired, requiring replacement infrastructure. Regional shifts in population and industry could also create incremental demand for transmission and distribution construction and upgrades. According to a January 2019 industry publication, capital expenditures in the power and utilities sector exceeded $130 billion in 2018, with further growth expected in 2019.

Future demand for electrical transmission and distribution infrastructure is also expected to result from technological innovations, deployment of digital capabilities, expected growth in usage of electric/hybrid vehicles, and the continued development of electrical power generation from renewable power sources, among others. The expected growth in demand for, and deployment of, electrical power generation from renewable energy sources will require significant investment in transmission lines, as wind and solar power generation resources are typically located in remote areas of the country, far from industrial users and major population centers. Transmission lines will be required to connect the power generated from renewable energy sources to electrical grid and infrastructure will also be required to provide for grid-scale storage of electricity from such renewable energy sources.

According to the DOE’s Annual Energy Outlook 2019, almost 450 net gigawatts of new electricity generating capacity are expected to be added in the U.S. through 2050, requiring significant investment in transmission and distribution by electric utility companies. Electrical grid upgrades and expansions in Canada and Mexico may also create opportunities for electrical transmission and distribution infrastructure services. We believe significant capital investment in the transmission and distribution system will continue to be required to meet the above mentioned needs, and that we are well positioned to benefit from these trends.

Industry Opportunities in our Power Generation and Industrial Segment

Growing interest in climate change initiatives and the desire to reduce greenhouse gas emissions, together with growing corporate initiatives and certain regulatory and other policy initiatives at the federal, state and municipal levels, have spurred demand for energy production from sustainable, “green” power sources, including environmentally sensitive electrical power production from renewable sources such as wind, solar and biomass. Currently, almost 40 states, as well as the District of Columbia and four territories, have adopted renewable portfolio standards (“RPS”) or renewable energy goals. Approximately half of the states with RPS targets currently plan to achieve those targets by 2021, and others are considering increases to their current RPS targets. The DOE’s Annual Energy Outlook 2019 projects that 70 gigawatts of new wind and solar capacity will be added from 2018 to 2021 and predicts that renewable power generation will contribute over 30% of U.S. power generation capacity by 2050. These trends, coupled with advancing technologies and improvements in the cost performance and scalability of wind and solar power projects, are expected to continue to drive demand for construction of renewable resources throughout North America in the coming years. In addition to expected growth in demand for construction of new wind power installations, additional opportunities in wind infrastructure are being driven by recent trends toward replacement of existing wind turbines with next generation, higher efficiency turbines, as well as from maintenance of aging wind farms, including the repowering of wind turbines and foundations, which enables existing wind farms to produce more electricity at a lower cost.

The renewable energy industry is partially reliant on federal and state tax incentives, which have limited terms. Currently, there are certain federal tax incentives applicable to the renewable energy industry, including production and investment tax credits that have historically increased investments in these projects. Other tax incentives applicable to the renewable energy industry include accelerated tax depreciation provisions, including bonus depreciation, for certain renewable energy generation assets, such as equipment using solar or wind energy, or energy from geothermal deposits or biomass. See Item 1A. “Risk Factors - The renewable energy industry is reliant on tax incentives, the availability of which may be uncertain and could adversely affect demand for our services.” Notwithstanding the potential phase-out of these tax incentives, the continued and increasing trends towards renewable portfolio standards, coupled with growing corporate initiatives to reduce greenhouse gas emissions, are expected to continue to drive growth in renewable energy projects.

In addition, industrial plant construction opportunities exist in a wide variety of industries, including in the renewable energy industry. The low price and environmental advantage of clean burning of natural gas is expected to continue to drive demand for gas-fired electrical generating plants, conversions of coal-fired power plants to cleaner natural gas and the construction of other plants which use natural gas as a fuel source. Industrial facilities and power plants in the biofuels/biomass, food processing, natural gas, petroleum and related industries present opportunities as additional domestic energy reserves are produced, transported and processed.

We are one of the leading renewables contractors in North America, with expertise in wind, solar and biomass, as well as industrial and other power plant construction, and expect to benefit from these market trends.

Competitive Strengths

Our competitive strengths include:

Diverse Customer Relationships. We serve a diversified customer and industry base. Our customers include some of the largest communications, utility and power companies in North America, among others. We have longstanding relationships and have developed strong alliances with many of our customers, and we strive to maintain these customer relationships and our status as a preferred vendor to our customers.

Reputation for Reliable Customer Service and Technical Expertise. We have established a reputation for quality customer service and technical expertise. Our reputation gives us an advantage when competing for new work, both from existing and potential customers. In addition, we have broad capabilities and expertise in a wide variety of service offerings, including wireless, wireline/fiber and customer fulfillment activities, pipeline, electrical utility, power generation, including renewables, heavy civil and industrial infrastructure.

North American Footprint. Including our predecessor companies, we have been in business for approximately 90 years and are one of the largest companies in the infrastructure construction services industry, with approximately 380 locations and 19,000 employees, operating throughout North America, primarily in the United States and Canada, and, to a lesser extent, in Mexico and the Caribbean. We offer comprehensive end-to-end infrastructure services to our customers and believe that our experience, technical expertise, geographic reach, financial resources and size are important to our customers.

Ability to Respond Quickly and Effectively. The skills required to serve our end-markets are similar, which allows us to utilize qualified personnel across multiple end-markets and projects. We are able to respond quickly and effectively to industry and technological changes, demand and major weather events by allocating our employees, fleet and other assets as and where they are needed, enabling us to provide cost-effective and timely services for our customers.

Experienced Management Team. Our management team plays a significant role in establishing and maintaining long-term relationships with our customers, supporting the growth of our business, integrating acquired businesses and managing the financial aspects of our operations. Our chief executive officer, chief operating officer and business unit presidents have broad industry experience and a deep understanding of our customers and their requirements. Key management personnel of acquired businesses generally continue to work for us under employment or services agreements.

Sustainability

We are committed to responsible environmental, social and governance practices. We strive to be recognized as a company that achieves customer expectations safely, profitably and in a manner that is rewarding for both our customers and our team. We strive to achieve these goals through an organizational structure that provides excellent service delivery with a reputation of integrity within the communities in which we operate, and by providing our team members with growth opportunities in an injury-free environment. We seek to develop an inclusive, diverse workplace focused on delivering high quality construction, installation and maintenance services through safe and ethical business practices. We are active in our local communities and participate in numerous charitable giving, community outreach and community building programs, as well as disaster relief efforts for communities affected by hurricanes, flooding and similar events.

Through the services we provide, we also help our customers deliver their sustainable goals. We are one of the largest renewables contractors in North America, having constructed a significant percentage of North America’s wind farms. Our renewables business also builds solar power plants and biofuel/biomass infrastructure. In our Oil and Gas segment, we perform engineering, construction and maintenance services on oil and natural gas pipelines and processing facilities for the energy and utilities industries. In many cases, we are helping consumers and customers access cleaner burning natural gas by providing transportation infrastructure for businesses and consumers that wish to switch to these cleaner burning and lower carbon emission fuel sources. We also provide state-of-the-art pipeline transportation options, which consume fewer hydrocarbons in the transportation process than do traditional truck and rail transport.

We have received numerous awards from our customers for our efforts in sustainability practices, and are committed to reducing our greenhouse gas emissions. In our largest fleet operation, we have developed sophisticated routing, scheduling and fuel management programs that significantly reduce our consumption of fuel. Additionally, as part of our effort to reduce our overall carbon footprint, we have invested in equipment that is equipped with advanced emissions reduction technologies, and we use GPS technologies to improve fleet efficiency and fuel consumption. We also have recycling programs for discarded materials and programs for the proper handling and disposition of hazardous wastes, and we strive to incorporate energy efficiencies and other conservation measures into our office building designs.

We seek to align the interests of our Board of Directors and management with that of our shareholders. We believe that an independent, well-diversified Board makes us a better corporate citizen, and we have a Board with racial, ethnic, gender and skill diversity. We also believe that our separation of Chairman and CEO further enhances accountability and social responsibility. Our management team and our Board of Directors also have significant ownership in MasTec’s common stock, which further aligns their interests with those of our other shareholders.

We have detailed governance procedures, including an Audit Committee Charter, a Compensation Committee Charter and Nominating and Corporate Governance Committee Charter, as well as a comprehensive Code of Business Conduct and Ethics and Board of Director Governance Principles, all of which can be reviewed on the “Investors” page of our website at MasTec.com.

Strategy

The key elements of our business strategy are as follows:

Focus on Growth Opportunities. We believe that our end-markets offer multiple growth opportunities, and we expect continued spending by key customers in many of the industries we serve. We expect development of wireless and wireline/fiber infrastructure; oil and natural gas pipeline infrastructure; expansion, maintenance and upgrades of electrical transmission capacity and the electrical distribution grid; development of power generation infrastructure, including renewables; and heavy civil and industrial infrastructure construction projects to be areas of investment and opportunity in the coming years. We intend to use our broad geographic presence, technical expertise, financial and operational resources, customer relationships and full range of services to capitalize on these trends and grow our business.

Operational Excellence. We seek to improve our profit margins and cash flows by focusing on services and projects that have high margin potential. We also strive to identify opportunities for leverage within our business, such as deploying resources across multiple customers and projects in order to enhance our operating effectiveness and utilization rates. We also seek to maintain strong working capital management practices. Our management team pursues actions and programs designed to achieve these goals, such as increasing accountability throughout our organization, effectively managing customer contract bidding procedures, evaluating opportunities to improve our working capital cycle time, hiring and retaining experienced operating and financial professionals, and developing, expanding and integrating the use of financial systems and information technology capabilities within our business.

Maintain Conservative Capital Structure. We evaluate our capital structure on an ongoing basis and have expanded our financial resources in recent years. We believe that we have sufficient capital resources to fund our planned operations. As of December 31, 2018, we had approximately $555 million of borrowing availability under our revolving credit facility, with aggregate borrowing commitments of $1.5 billion under our senior secured credit facility and $400 million of 4.875% senior notes due 2023. We may consider opportunities to borrow additional funds, or to refinance, repurchase or retire outstanding debt or repurchase shares as part of our ongoing capital structure evaluation. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Summary of Financial Condition, Liquidity and Capital Resources,” for details pertaining to our debt instruments and share repurchase activities.

Leverage Core Performance and Expertise through Strategic Acquisitions and Other Arrangements. We may pursue selected acquisitions, investments and strategic arrangements that allow us to expand our operations, service offerings, customer base or geographic reach. We have diversified our business and expanded our service offerings and geographic footprint in recent years, both organically and through acquisition. In order to maximize their potential, our strategy is to integrate acquired businesses into our operations and internal control environment in a timely and efficient manner. We evaluate our business on a regular basis, and from time to time, we may divest certain businesses or assets, or curtail selected business activities or operations that do not produce adequate revenue or margin or that no longer fit within our long-term business strategy.

Services

Our core services are the engineering, building, installing, maintaining and upgrading of infrastructure, primarily for communications, oil and gas, utility and power generation customers. We provide similar services to each of these customers, including:

Build. We build infrastructure projects for customers across a range of industries. We specialize in building underground and overhead distribution systems, including trenches, conduits, cell towers, cable and power lines, which provide wireless and wireline/fiber communications; natural gas, crude oil and refined product transport pipelines; electrical power generation, transmission and distribution systems; power generation infrastructure, including renewable energy; heavy industrial plants; compressor and pump stations and treatment plants; water and sewer infrastructure; and other civil construction infrastructure.

Install. We install electrical and other energy distribution and transmission systems, power generation facilities, buried and aerial fiber optic and other cables, satellite dishes, home automation and energy management solutions in a variety of environments for our customers. In connection with our installation work, we deploy and manage network connections that involve our customers' hardware, software and network equipment.

Maintain and Upgrade. We offer 24 hour/365 days-a-year maintenance and upgrade support to our customers. Our comprehensive service offerings include the regular maintenance of our customers' distribution facilities, networks and infrastructure, including natural gas and petroleum pipeline, communications, electrical distribution and transmission, power generation and heavy civil infrastructure. We also provide emergency services for accidents or storm damage. Our upgrade work ranges from routine replacements and upgrades to major overhauls.

Customers

We have longstanding relationships with many customers, and often provide services under master service and other service agreements, which are generally multi-year agreements. Our master service agreements are typically exclusive up to a specified dollar amount per work order for each defined geographic area, but do not obligate our customers to undertake any infrastructure projects or other work with us. Work performed under master service and other service agreements is usually generated through work orders, each of which is performed for a fixed fee. Services provided under these agreements range from engineering, project management and installation work to maintenance and upgrade services. Master service and other service agreements are frequently awarded on a competitive bidding basis, although customers are sometimes willing to negotiate contract extensions beyond their original terms without re-bidding. Our master service and other service agreements have various terms, depending upon the nature of the services provided, and typically provide for termination on short or no advance notice. For the years ended December 31, 2018, 2017 and 2016, 35%, 36% and 43% of our revenue, respectively, was derived from projects performed under master service and other service agreements.

The remainder of our work is generated pursuant to contracts for specific projects or jobs requiring the construction and installation of an entire infrastructure system or specified units within an entire infrastructure system. Customers are billed with varying frequency, the timing of which is generally dependent upon advance billing terms, milestone billings based on completion of certain phases of the work, or when services are provided. Under the typical payment terms of master and other service agreements and contracts for specific projects, the customer makes progress payments based on quantifiable measures of performance as defined in the agreements. Some of our contracts include retainage provisions, under which a portion of the contract amount (generally, from 5% to 10% of billings) can be retained by the customer until final contract settlement.

We believe that our industry experience, technical expertise and reputation for customer service, as well as the relationships developed between our customers and our senior management and project management teams are important to our being retained by our customers. See Note 13 - Segments and Related Information and Note 14 - Commitments and Contingencies in the notes to the audited consolidated financial statements, which are incorporated by reference, for customer concentration information.

Backlog

Estimated backlog represents the amount of revenue we expect to realize over the next 18 months from future work on uncompleted construction contracts, including new contracts under which work has not begun, as well as revenue from change orders and renewal options. Our estimated backlog also includes amounts under master service and other service agreements and includes our proportionate share of est