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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the quarterly period ended March 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from to .

Commission file number 0001-34145

Primoris Services Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**20-4743916** (I.R.S. Employer Identification No.)
2300 N. Field Street, Suite 1900 **Dallas, Texas** (Address of Principal Executive Offices)	**75201** (Zip Code)

Registrant's telephone number, including area code: **(214) 740-5600**

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 ☒ 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 (Section 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 ☒ No ☐

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 ☒	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 Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value	PRIM	The Nasdaq Stock Market LLC

At May 6, 2019, 50,932,282 shares of the registrant's common stock, par value $0.0001 per share, were outstanding.

PRIMORIS SERVICES CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PRIMORIS SERVICES CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Amounts)
(Unaudited)

	March 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents ($9,213 and $3,127 related to VIEs. See Note 11)	$ 73,985	$ 151,063
Accounts receivable, net	397,786	372,695
Contract assets	366,435	364,245
Prepaid expenses and other current assets	38,123	36,444
Total current assets	876,329	924,447
Property and equipment, net	369,128	375,884
Operating lease assets	153,168	—
Deferred tax assets	1,492	1,457
Intangible assets, net	78,450	81,198
Goodwill	207,410	206,159
Other long-term assets	4,789	5,002
Total assets	$ 1,690,766	$ 1,594,147
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 190,244	$ 249,217
Contract liabilities	194,094	189,539
Accrued liabilities	165,923	117,527
Dividends payable	3,051	3,043
Current portion of long-term debt	66,872	62,488
Total current liabilities	620,184	621,814
Long-term debt, net of current portion	307,273	305,669
Noncurrent operating lease liabilities, net of current portion	104,039	—
Deferred tax liabilities	7,268	8,166
Other long-term liabilities	41,617	51,515
Total liabilities	1,080,381	987,164
Commitments and contingencies (See Note 17)		
Stockholders' equity		
Common stock—$.0001 par value; 90,000,000 shares authorized; 50,842,902 and 51,715,518 issued and outstanding at March 31, 2019 and December 31, 2018	5	5
Additional paid-in capital	147,208	144,048
Retained earnings	459,959	461,075
Accumulated other comprehensive loss	(534)	(908)
Noncontrolling interest	3,747	2,763
Total stockholders' equity	610,385	606,983
Total liabilities and stockholders' equity	$ 1,690,766	$ 1,594,147

See Accompanying Notes to Condensed Consolidated Financial Statements

PRIMORIS SERVICES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Revenue	$ 661,558	$ 504,119
Cost of revenue	609,098	459,559
Gross profit	52,460	44,560
Selling, general and administrative expenses	42,931	36,956
Merger and related costs	—	1,695
Operating income	9,529	5,909
Other income (expense):		
Foreign exchange (loss) gain	(185)	257
Other income (expense), net	(370)	(12)
Interest income	349	272
Interest expense	(5,592)	(1,998)
Income before provision for income taxes	3,731	4,428
Provision for income taxes	(795)	(212)
Net income	$ 2,936	$ 4,216
Less net income attributable to noncontrolling interests	$ (989)	$ (3,528)
Net income attributable to Primoris	$ 1,947	$ 688
Dividends per common share	$ 0.060	$ 0.060
Earnings per share:		
Basic	$ 0.04	$ 0.01
Diluted	$ 0.04	$ 0.01
Weighted average common shares outstanding:		
Basic	50,770	51,479
Diluted	51,188	51,747

See Accompanying Notes to Condensed Consolidated Financial Statements

PRIMORIS SERVICES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended March 31,	
	2019	**2018**
Net income	$ 2,936	$ 4,216
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	374	—
Comprehensive income	3,310	4,216
Less net income attributable to noncontrolling interests	(989)	(3,528)
Comprehensive income attributable to Primoris	$ 2,321	$ 688

See Accompanying Notes to Condensed Consolidated Financial Statements

PRIMORIS SERVICES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands, Except Share Amounts)
(Unaudited)

	Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	Non Controlling	Total Stockholders'
	Shares	Amount	Capital	Earnings	Loss	Interest	Equity
Balance, December 31, 2018	50,715,518	$ 5	$ 144,048	$ 461,075	$ (908)	$ 2,763	$ 606,983
Net income	—	—	—	1,947	—	989	2,936
Foreign currency translation adjustments, net of tax	—	—	—	—	374	—	374
Issuance of shares to employees and directors	127,384	—	2,661	—	—	—	2,661
Amortization of Restricted Stock Units	—	—	487	—	—	—	487
Dividend equivalent Units accrued - Restricted Stock Units	—	—	12	(12)	—	—	—
Distribution of non-controlling entities	—	—	—	—	—	(5)	(5)
Dividends declared	—	—	—	(3,051)	—	—	(3,051)
Balance, March 31, 2019	50,842,902	$ 5	$ 147,208	$ 459,959	$ (534)	$ 3,747	$ 610,385

	Common Stock		Additional Paid-in	Retained	Accumulated Other Comprehensive	Non Controlling	Total Stockholders'
	Shares	Amount	Capital	Earnings	Loss	Interest	Equity
Balance, December 31, 2017	51,448,753	$ 5	$ 160,502	$ 395,961	$ —	$ 5,715	$ 562,183
Net income	—	—	—	688	—	3,528	4,216
Issuance of shares to employees and directors	81,819	—	1,974	—	—	—	1,974
Amortization of Restricted Stock Units	—	—	215	—	—	—	215
Dividend equivalent Units accrued - Restricted Stock Units	—	—	10	(10)	—	—	—
Dividends declared	—	—	—	(3,092)	—	—	(3,092)
Balance, March 31, 2018	51,530,572	$ 5	$ 162,701	$ 393,547	$ —	$ 9,243	$ 565,496

See Accompanying Notes to Condensed Consolidated Financial Statements

PRIMORIS SERVICES CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Cash flows from operating activities:		
Net income	$ 2,936	$ 4,216
Adjustments to reconcile net income to net cash (used in) provided by operating activities (net of effect of acquisitions):		
Depreciation	18,952	14,368
Amortization of intangible assets	2,748	2,424
Stock-based compensation expense	487	215
Gain on sale of property and equipment	(2,217)	(1,104)
Other non-cash items	80	40
Changes in assets and liabilities:		
Accounts receivable	(24,722)	30,669
Contract assets	(2,328)	2,970
Other current assets	(2,231)	(6,356)
Other long-term assets	182	(499)
Accounts payable	(59,198)	(9,987)
Contract liabilities	2,590	(31,721)
Operating lease assets and liabilities, net	(1,447)	—
Accrued liabilities	(9,663)	(1,806)
Other long-term liabilities	1,735	231
Net cash (used in) provided by operating activities	(72,096)	3,660
Cash flows from investing activities:		
Purchase of property and equipment	(14,377)	(19,125)
Issuance of a note receivable	—	(10,000)
Proceeds from sale of property and equipment	4,398	3,734
Net cash used in investing activities	(9,979)	(25,391)
Cash flows from financing activities:		
Borrowings under revolving line of credit	40,000	—
Payments on revolving line of credit	(40,000)	—
Proceeds from issuance of long-term debt	23,105	—
Repayment of long-term debt	(17,170)	(12,870)
Proceeds from issuance of common stock purchased under a long-term incentive plan	1,804	1,498
Dividends paid	(3,043)	(3,087)
Other	(26)	(23)
Net cash provided by (used in) financing activities	4,670	(14,482)
Effect of exchange rate changes on cash and cash equivalents	327	—
Net change in cash and cash equivalents	(77,078)	(36,213)
Cash and cash equivalents at beginning of the period	151,063	170,385
Cash and cash equivalents at end of the period	$ 73,985	$ 134,172

See Accompanying Notes to Condensed Consolidated Financial Statements

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	Three Months Ended March 31,	
	2019	2018
	(Unaudited)	
Cash paid for interest	$ 4,065	$ 1,965
Cash paid for income taxes, net of refunds received	$ (707)	$ 88
Leased assets obtained in exchange for new operating leases	$ 8,847	$ —

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES

	Three Months Ended March 31,	
	2019	2018
	(Unaudited)	
Dividends declared and not yet paid	$ 3,051	$ 3,092

See Accompanying Notes to Condensed Consolidated Financial Statements

PRIMORIS SERVICES CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars In Thousands, Except Share and Per Share Amounts)
(Unaudited)

Note 1—Nature of Business

Organization and operations — Primoris Services Corporation is a holding company of various construction and product engineering subsidiaries. We are incorporated in the State of Delaware, and our corporate headquarters are located at 2300 N. Field Street, Suite 1900, Dallas, Texas 75201. Unless specifically noted otherwise, as used throughout these consolidated financial statements, "Primoris", "the Company", "we", "our", "us" or "its" refers to the business, operations and financial results of the Company and its wholly-owned subsidiaries.

Reportable Segments — We segregate our business into five reportable segments: the Power, Industrial and Engineering ("Power") segment, the Pipeline and Underground ("Pipeline") segment, the Utilities and Distribution ("Utilities") segment, the Transmission and Distribution ("Transmission") segment, and the Civil segment. See Note 18 – "*Reportable Segments*" for a brief description of the reportable segments and their operations.

The classification of revenue and gross profit for segment reporting purposes can at times require judgment on the part of management. Our segments may perform services across industries or perform joint services for customers in multiple industries. To determine reportable segment gross profit, certain allocations, including allocations of shared and indirect costs, such as facility costs, equipment costs and indirect operating expenses were made.

Acquisition of Willbros Group, Inc. — On June 1, 2018, we completed our acquisition of Willbros Group, Inc. ("Willbros") for approximately $110.6 million, net of cash and restricted cash acquired. Willbros is a specialty energy infrastructure contractor serving the oil and gas and power industries through its utility transmission and distribution, oil and gas, and Canadian operations, which principally executes industrial and power projects. The utility transmission and distribution operations formed the Transmission segment, the oil and gas operations are included in the Pipeline segment, and the Canadian operations are included in the Power segment. See Note 5— "*Business Combinations*".

Joint Ventures — We own a 50% interest in the Carlsbad Power Constructors joint venture ("Carlsbad"), which is engineering and constructing a gas-fired power generation facility located in Southern California, and its operations are included as part of the Power segment. As a result of determining that we are the primary beneficiary of the variable interest entity ("VIE"), the results of the Carlsbad joint venture are consolidated in our financial statements. The project was substantially complete as of December 31, 2018.

We owned a 50% interest in the "ARB Inc. & B&M Engineering Co." joint venture ("Wilmington"), which engineered and constructed a gas-fired power generation facility in Southern California, and its operations were included as part of the Power segment. As a result of determining that we were the primary beneficiary of the VIE, the results of the Wilmington joint venture were consolidated in our financial statements. The project has been completed, the project warranty period expired, and dissolution of the joint venture was completed in the first quarter of 2019.

Financial information for the joint ventures is presented in Note 11 – *"Noncontrolling Interests*".

Note 2—Basis of Presentation

Interim condensed consolidated financial statements — The interim condensed consolidated financial statements for the three month periods ended March 31, 2019 and 2018 have been prepared in accordance with Rule 10-01 of Regulation S-X of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As such, certain disclosures, which would substantially duplicate the disclosures contained in our Annual Report on Form 10-K, filed on February 28, 2019, which contains our audited consolidated financial statements for the year ended December 31, 2018, have been omitted.

This First Quarter 2019 Report on Form 10-Q should be read in conjunction with our most recent Annual Report on Form 10-K. The interim financial information is unaudited. In the opinion of management, the interim information includes all adjustments (consisting of normal recurring adjustments) necessary for the fair presentation of the interim financial information.

Customer concentration — We operate in multiple industry segments encompassing the construction of commercial, industrial and public works infrastructure assets primarily throughout the United States. Typically, the top ten customers in any one calendar year generate revenue that is approximately 50% of total revenue; however, the group that comprises the top ten customers varies from year to year.

During the three months ended March 31, 2019, revenue generated by the top ten customers were approximately $324.7 million, which represented 49.1% of total revenue during the period. During the three months ended March 31, 2019, an electric utility customer represented 9.0%, and a midstream energy customer represented 6.3% of total revenue, respectively.

During the three months ended March 31, 2018, revenues generated by the top ten customers were approximately $261.7 million, which represented 51.9% of total revenues during the period. During the three months ended March 31, 2018, a California utility customer represented 9.3% of total revenues, and a state department of transportation customer represented 9.2% of total revenues.

At March 31, 2019, approximately 9.7% of our accounts receivable were due from one customer, and that customer provided 9.0% of our revenue for the three months ended March 31, 2019.

On January 29, 2019, one of our utility customers filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. As of March 31, 2019, the utility customer comprised approximately 9.0% of our total accounts receivable. In addition to accounts receivable, there is approximately $36.0 million in unbilled revenue, net as of March 31, 2019. For the three months ended March 31, 2019, the customer accounted for approximately 5.5% of our total revenue. A portion of the accounts receivable balance is past due, but we do not believe a reserve for the accounts receivable and unbilled revenue is appropriate at this time. However, we will closely monitor our current and future potential exposure.

Note 3—Recent Accounting Pronouncements

Recently adopted accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*", with several clarifying updates. ASU 2016-02 requires recognition of operating leases with lease terms of more than twelve months on the balance sheet as both assets for the rights and liabilities for the obligations created by the leases. The ASU also requires disclosures that provide qualitative and quantitative information for the lease assets and liabilities recorded in the financial statements. The standard is effective for fiscal years beginning after December 15, 2018, and requires a modified retrospective transition method where a company applies the new lease standard at (i) the beginning of the earliest period presented in the financial statements, or (ii) the adoption date and recognizes a cumulative effect adjustment to the opening balance of retained earnings. We adopted the new standard as of January 1, 2019 using the modified retrospective transition method and elected to apply the new lease standard at the adoption date. See Note 16 — "*Leases*" for further details.

In January 2017, the FASB issued ASU 2017-04, "*Simplifying the Test for Goodwill Impairment*". ASU 2017-04 removes the second step of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for interim and annual reporting periods beginning after December 15, 2019, with early adoption permitted. We adopted the standard on January 1, 2019, and it did not have an impact on our financial position, results of operations, or cash flows.

Recently issued accounting pronouncements not yet adopted

In August 2018, the FASB issued ASU 2018-13, "*Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*", which eliminates certain disclosure requirements for recurring and nonrecurring fair value measurements. The ASU eliminates such disclosures as the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, and adds new disclosure requirements for Level 3 measurements. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted for any eliminated or modified disclosures. We are currently evaluating the impact this ASU will have on our disclosures.

Note 4—Fair Value Measurements

ASC Topic 820, "*Fair Value Measurements and Disclosures*", defines fair value, establishes a framework for measuring fair value in GAAP and requires certain disclosures about fair value measurements. ASC Topic 820 addresses fair value GAAP for financial assets and financial liabilities that are re-measured and reported at fair value at each reporting period and for non-financial assets and liabilities that are re-measured and reported at fair value on a non-recurring basis.

In general, fair values determined by Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs use data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are "unobservable data points" for the asset or liability and include situations where there is little, if any, market activity for the asset or liability.

The following table presents, for each of the fair value hierarchy levels identified under ASC Topic 820, our financial assets and liabilities that are required to be measured at fair value at March 31, 2019 and December 31, 2018 (in thousands):

	Fair Value Measurements at Reporting Date		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets as of March 31, 2019:			
Cash and cash equivalents	$ 73,985	$ —	$ —
Liabilities as of March 31, 2019:			
Interest rate swap	$ —	$ 4,276	$ —
Assets as of December 31, 2018:			
Cash and cash equivalents	$ 151,063	$ —	$ —
Liabilities as of December 31, 2018:			
Interest rate swap	$ —	$ 2,829	$ —

Other financial instruments not listed in the table consist of accounts receivable, accounts payable and certain accrued liabilities. These financial instruments generally approximate fair value based on their short-term nature. The carrying value of our long-term debt approximates fair value based on comparison with current prevailing market rates for loans of similar risks and maturities.

The interest rate swap is measured at fair value using the income approach, which discounts the future net cash settlements expected under the derivative contracts to a present value. These valuations primarily utilize indirectly observable inputs, including contractual terms, interest rates and yield curves observable at commonly quoted intervals. See Note 10 – "*Derivative Instruments*" for additional information.

Note 5 — Business Combinations

2018 Acquisition

Acquisition of Willbros Group, Inc.

On June 1, 2018, we acquired all of the outstanding common stock of Willbros, a specialty energy infrastructure contractor serving the oil and gas and power industries for approximately $110.6 million, net of cash and restricted cash acquired. The total purchase price was funded through a combination of existing cash balances and borrowings under our revolving credit facility.

The tables below represent the purchase consideration and preliminary estimated fair values of the assets acquired and liabilities assumed. Significant changes since our initial estimates reported in the second quarter of 2018 primarily relate to fair value adjustments to our acquired contracts, which resulted in an increase to contract liabilities of

$21.7 million. In addition, fair value adjustments to our acquired insurance liabilities and lease obligations reduced our liabilities assumed by approximately $9.3 million and $8.0 million, respectively. As a result of these and other adjustments to the initial estimated fair values of the assets acquired and liabilities assumed, goodwill increased by approximately $10.3 million since the second quarter of 2018. Adjustments recorded to the estimated fair values of the assets acquired and liabilities assumed are recognized in the period in which the adjustments are determined and calculated as if the accounting had been completed as of the acquisition date.

The final determination of fair value for certain assets and liabilities is subject to further change and will be completed as soon as the information necessary to complete the analysis is obtained. These amounts, which may differ materially from these preliminary estimates, will continue to be refined and will be finalized as soon as possible, but no later than one year from the acquisition date. The primary areas of the preliminary estimates that are not yet finalized relate to property, plant and equipment, contract assets and liabilities, deferred income taxes, uncertain tax positions, and the fair value of certain contractual obligations.

Purchase consideration (in thousands)		
Total purchase consideration	$	164,758
Less cash and restricted cash acquired		(54,138)
Net cash paid		110,620

Preliminary identifiable assets acquired and liabilities assumed (in thousands)		
Cash and restricted cash	$	54,138
Accounts receivable		102,758
Contract assets		30,762
Other current assets		18,712
Property, plant and equipment		30,522
Intangible assets:		
Customer relationships		47,500
Tradename		200
Deferred income taxes		24,915
Other non-current assets		2,261
Accounts payable and accrued liabilities		(114,141)
Contract liabilities		(66,037)
Other non-current liabilities		(20,868)
Total identifiable net assets		110,722
Goodwill		54,036
Total purchase consideration	$	164,758

We separated the operations of Willbros among two of our existing segments, and created a new segment for the utility transmission and distribution operations called the Transmission segment. The oil and gas operations are included in the Pipeline segment, and the Canadian operations are included in the Power segment. Goodwill associated with the Willbros acquisition principally consists of expected benefits from the expansion of our services into electric utility-focused offerings and the expansion of our geographic presence. Goodwill also includes the value of the assembled workforce. We allocated $51.6 million of goodwill to the Transmission segment, $1.6 million to the Power segment, and $0.8 million to the Pipeline segment. Based on the current tax treatment, goodwill is not expected to be deductible for income tax purposes.

As part of the Willbros acquisition, we acquired approximately $40.2 million of restricted cash that was pledged by Willbros to secure letters of credit. Subsequent to the acquisition, we issued new letters of credit under our Credit Facility to replace the Willbros letters of credit secured by the restricted cash. As of March 31, 2019, substantially all of the restricted cash had been released.

For the three months ended March 31, 2019, Willbros contributed revenue of $157.8 million and gross profit of $7.6 million.

Acquisition related costs were $1.7 million for the three months ended March 31, 2018, related to the acquisition of Willbros and are included in "Merger and related costs" on the Condensed Consolidated Statements of Income. Such costs primarily consisted of professional fees paid to advisors.

Supplemental Unaudited Pro Forma Information for the three months ended March 31, 2018

The following pro forma information for the three months ended March 31, 2018 presents our results of operations as if the acquisitions of Willbros had occurred at the beginning of 2018. The supplemental pro forma information has been adjusted to include:

- the pro forma impact of amortization of intangible assets and depreciation of property, plant and equipment;
- the pro forma impact of nonrecurring merger and related costs directly attributable to the acquisition;
- the pro forma impact of interest expense relating to the acquisition; and
- the pro forma tax effect of both income before income taxes, and the pro forma adjustments, calculated using a tax rate of 28.0% for the three months ended March 31, 2018.

The pro forma results are presented for illustrative purposes only and are not necessarily indicative of, or intended to represent, the results that would have been achieved had the Willbros acquisition been completed on January 1, 2018. For example, the pro forma results do not reflect any operating efficiencies and associated cost savings that we might have achieved with respect to the acquisition.

	Three Months Ended March 31, 2018 (unaudited)
Revenue	$ 705,099
Loss before provision for income taxes	$ (2,120)
Net loss attributable to Primoris	$ (4,027)
Weighted average common shares outstanding:	
Basic	51,479
Diluted	51,747
Loss per share:	
Basic	$ (0.08)
Diluted	$ (0.08)

Note 6—Revenue

We generate revenue under a range of contracting types, including fixed-price, unit-price, time and material, and cost reimbursable plus fee contracts. A substantial portion of our revenue is derived from contracts that are fixed-price or unit-price and is recognized over time as work is completed because of the continuous transfer of control to the customer (typically using an input measure such as costs incurred to date relative to total estimated costs at completion to measure progress). For time and material and cost reimbursable plus fee contracts, revenue is recognized primarily on an input basis, based on contract costs incurred as defined within the respective contracts. Costs to obtain contracts are generally not significant and are expensed in the period incurred.

We evaluate whether two or more contracts should be combined and accounted for as one single performance obligation and whether a single contract should be accounted for as more than one performance obligation. ASC 606 defines a performance obligation as a contractual promise to transfer a distinct good or service to a customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. Our evaluation requires significant judgment and the decision to combine a group of contracts or separate a contract into multiple performance obligations could change the amount of revenue and profit recorded in a given period. The majority of our contracts have a single performance obligation, as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contract and, therefore, is not distinct. However, occasionally we have contracts with multiple performance obligations. For contracts with multiple performance obligations, we allocate the contract's transaction price to each performance obligation using the observable standalone selling price, if available, or alternatively our best estimate of the standalone selling price of each distinct performance obligation in the contract. The primary method used to estimate standalone selling price is the expected cost plus a margin approach for each performance obligation.

As of March 31, 2019, we had $1.65 billion of remaining performance obligations. We expect to recognize approximately 64% of our remaining performance obligations as revenue during the next four quarters and substantially all of the remaining balance by the first quarter of 2021.

Accounting for long-term contracts involves the use of various techniques to estimate total transaction price and costs. For long-term contracts, transaction price, estimated cost at completion and total costs incurred to date are used to calculate revenue earned. Unforeseen events and circumstances can alter the estimate of the costs and potential profit associated with a particular contract. Total estimated costs, and thus contract revenue and income, can be impacted by changes in productivity, scheduling, the unit cost of labor, subcontracts, materials and equipment. Additionally, external factors such as weather, client needs, client delays in providing permits and approvals, labor availability, governmental regulation and politics may affect the progress of a project's completion, and thus the timing of revenue recognition. To the extent that original cost estimates are modified, estimated costs to complete increase, delivery schedules are delayed, or progress under a contract is otherwise impeded, cash flow, revenue recognition and profitability from a particular contract may be adversely affected.

The nature of our contracts gives rise to several types of variable consideration, including contract modifications (change orders and claims), liquidated damages, volume discounts, performance bonuses, incentive fees, and other terms that can either increase or decrease the transaction price. We estimate variable consideration as the most likely amount to which we expect to be entitled. We include estimated amounts in the transaction price to the extent we believe we have an enforceable right, and it is probable that a significant reversal of cumulative revenue recognized will not occur. Our estimates of variable consideration and the determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available to us at this time.

Contract modifications result from changes in contract specifications or requirements. We consider unapproved change orders to be contract modifications for which customers have not agreed to both scope and price. We consider claims to be contract modifications for which we seek, or will seek, to collect from customers, or others, for customer-caused changes in contract specifications or design, or other customer-related causes of unanticipated additional contract costs on which there is no agreement with customers. Claims can also be caused by non-customer-caused changes, such as rain or other weather delays. Costs associated with contract modifications are included in the estimated costs to complete the contracts and are treated as project costs when incurred. In most instances, contract modifications are for goods or services that are not distinct, and, therefore, are accounted for as part of the existing contract. The effect of a contract modification on the transaction price, and our measure of progress for the performance obligation to which it relates, is recognized as an adjustment to revenue on a cumulative catch-up basis. In some cases, settlement of contract modifications may not occur until after completion of work under the contract.

As a significant change in one or more of these estimates could affect the profitability of our contracts, we review and update our contract-related estimates regularly. We recognize adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the cumulative impact of the profit adjustment is recognized in the period the adjustment is identified. Revenue and profit in future periods of contract performance are recognized using the adjusted estimate. In the three months ended March 31, 2019, revenue recognized from performance obligations satisfied in previous periods was $6.5 million. If at any time the estimate of contract profitability indicates an anticipated loss on a contract, the projected loss is recognized in full, including any previously recognized profit, in the period it is identified and recognized as an "accrued loss provision" which is included in "Contract liabilities" on the Condensed Consolidated Balance Sheets. For contract revenue recognized over time, the accrued loss provision is adjusted so that the gross profit for the contract remains zero in future periods.

At March 31, 2019, we had approximately $73.5 million of unapproved contract modifications included in the aggregate transaction prices. These contract modifications were in the process of being negotiated in the normal course of business. Approximately $68.8 million of the contract modifications had been recognized as revenue on a cumulative catch-up basis through March 31, 2019.

In all forms of contracts, we estimate the collectability of contract amounts at the same time that we estimate project costs. If we anticipate that there may be issues associated with the collectability of the full amount calculated as the transaction price, we may reduce the amount recognized as revenue to reflect the uncertainty associated with realization of the eventual cash collection. For example, when a cost reimbursable project exceeds the client's expected budget amount, the client frequently requests an adjustment to the final amount. Similarly, some utility clients reserve the right to audit costs for significant periods after performance of the work.

The timing of when we bill our customers is generally dependent upon agreed-upon contractual terms, milestone billings based on the completion of certain phases of the work, or when services are provided. Sometimes, billing occurs subsequent to revenue recognition, resulting in unbilled revenue, which is a contract asset. Also, we sometimes receive advances or deposits from our customers before revenue is recognized, resulting in deferred revenue, which is a contract liability.

The caption "Contract assets" in the Condensed Consolidated Balance Sheets represents the following:

- unbilled revenue, which arise when revenue has been recorded but the amount will not be billed until a later date;
- retainage amounts for the portion of the contract price earned by us for work performed, but held for payment by the customer as a form of security until we reach certain construction milestones; and
- contract materials for certain job specific materials not yet installed, which are valued using the specific identification method relating the cost incurred to a specific project.

Contract assets consist of the following (in thousands):

	March 31, 2019	December 31, 2018
Unbilled revenue	$ 257,058	$ 249,577
Retention receivable	89,034	88,953
Contract materials (not yet installed)	20,343	25,715
	$ 366,435	$ 364,245

Contract assets increased by $2.2 million compared to December 31, 2018 due primarily to higher unbilled revenue, partially offset by a reduction in contract materials net yet installed.

The caption "Contract liabilities" in the Condensed Consolidated Balance Sheets represents deferred revenue on billings in excess of contract revenue recognized to date, and the accrued loss provision.

Contract liabilities consist of the following (in thousands):

	March 31, 2019	December 31, 2018
Deferred revenue	$ 188,146	$ 182,232
Accrued loss provision	5,948	7,307
	$ 194,094	$ 189,539

Contract liabilities increased by $4.6 million compared to December 31, 2018 primarily due to an increase in deferred revenue, partially offset by a reduction in the accrued loss provision.

Revenue recognized for the three months ended March 31, 2019, that was included in the contract liability balance at December 31, 2018 was approximately $123.8 million.

The following tables present our revenue disaggregated into various categories.

Master Service Agreements ("MSA") and Non-MSA revenue was as follows (in thousands):

	For the three months ended March 31, 2019		
Segment	**MSA**	**Non-MSA**	**Total**
Power	$ 49,195	$ 96,188	$ 145,383
Pipeline	21,849	112,965	134,814
Utilities	119,462	26,744	146,206
Transmission	101,723	16,720	118,443
Civil	650	116,062	116,712
Total	$ 292,879	$ 368,679	$ 661,558

	For the three months ended March 31, 2018		
Segment	**MSA**	**Non-MSA**	**Total**
Power	$ 19,398	$ 147,157	$ 166,555
Pipeline	7,280	50,303	57,583
Utilities	119,767	46,943	166,710
Transmission	—	—	—
Civil	—	113,271	113,271
Total	$ 146,445	$ 357,674	$ 504,119

Revenue by contract type was as follows (in thousands):

	For the three months ended March 31, 2019			
Segment	**Fixed-price**	**Unit-price**	**Cost reimbursable (1)**	**Total**
Power	$ 75,143	$ 6,613	$ 63,627	$ 145,383
Pipeline	17,227	374	117,213	134,814
Utilities	22,767	67,878	55,561	146,206
Transmission	8,463	105,841	4,139	118,443
Civil	22,685	78,494	15,533	116,712
Total	$ 146,285	$ 259,200	$ 256,073	$ 661,558

(1) Includes time and material and cost reimbursable plus fee contracts.

	For the three months ended March 31, 2018			
Segment	**Fixed-price**	**Unit-price**	**Cost reimbursable (1)**	**Total**
Power	$ 116,655	$ 11,112	$ 38,788	$ 166,555
Pipeline	12,520	18,645	26,418	57,583
Utilities	64,064	66,751	35,895	166,710
Transmission	—	—	—	—
Civil	9,643	87,080	16,548	113,271
Total	$ 202,882	$ 183,588	$ 117,649	$ 504,119

(1) Includes time and material and cost reimbursable plus fee contracts.

Each of these contract types has a different risk profile. Typically, we assume more risk with fixed-price contracts. Unforeseen events and circumstances can alter the estimate of the costs and potential profit associated with a particular fixed-price contract. However, these types of contracts offer additional profits when we complete the work for less cost than originally estimated. Unit-price and cost reimbursable contracts generally subject us to lower risk. Accordingly, the associated fees are usually lower than fees earned on fixed-price contracts. Under these contracts, our profit may vary if actual costs vary significantly from the negotiated rates.

Note 7—Goodwill and Intangible Assets

The change in goodwill by segment for the three months ended March 31, 2019 was as follows (in thousands):

	Power	Pipeline	Utilities	Transmission	Civil	Total
Balance at January 1, 2019	$ 25,933	$ 52,285	$ 37,312	$ 50,479	$ 40,150	$ 206,159
Adjustments to identifiable assets acquired and liabilities assumed	36	19	—	1,196	—	1,251
Balance at March 31, 2019	$ 25,969	$ 52,304	$ 37,312	$ 51,675	$ 40,150	$ 207,410

The table below summarizes the intangible asset categories, amounts and the average amortization periods, which are on a straight-line basis (in thousands):

		March 31, 2019			December 31, 2018		
	Weighted Average Life	Gross Carrying Amount	Accumulated Amortization	Intangible assets, net	Gross Carrying Amount	Accumulated Amortization	Intangible assets, net
Tradename	9 years	$ 31,390	$ (26,040)	$ 5,350	$ 31,390	$ (25,156)	$ 6,234
Customer relationships	16 years	97,400	(25,012)	72,388	97,400	(23,079)	74,321
Non-compete agreements	5 years	1,900	(1,295)	605	1,900	(1,387)	513
Other	3 years	275	(168)	107	275	(145)	130
Total	15 years	$ 130,965	$ (52,515)	$ 78,450	$ 130,965	$ (49,767)	$ 81,198

Amortization expense of intangible assets was $2.7 million and $2.4 million for the three months ended March 31, 2019 and 2018, respectively. Estimated future amortization expense for intangible assets is as follows (in thousands):

For the Years Ending December 31,	Estimated Intangible Amortization Expense
2019 (remaining nine months)	$ 8,624
2020	8,814
2021	7,577
2022	6,416
2023	5,581
Thereafter	41,438
	$ 78,450

Note 8—Accounts Payable and Accrued Liabilities

At March 31, 2019 and December 31, 2018, accounts payable included retention amounts of approximately $9.6 million and $13.2 million, respectively. These amounts owed to subcontractors have been retained pending contract completion and customer acceptance of jobs.

The following is a summary of accrued liabilities (in thousands):

	March 31, 2019	December 31, 2018
Payroll and related employee benefits	$ 62,985	$ 60,509
Current operating lease liability	53,835	—
Insurance, including self-insurance reserves	31,835	41,379
Corporate income taxes and other taxes	5,131	5,040
Other	12,137	10,599
	$ 165,923	$ 117,527

Note 9—Credit Arrangements

Long-term debt and credit facilities consist of the following (in thousands):

	March 31, 2019	December 31, 2018
Term loan	$ 211,750	$ 214,500
Revolving credit facility	—	—
Commercial equipment notes	136,409	127,458
Mortgage notes	26,933	27,200
Total debt	375,092	369,158
Unamortized debt issuance costs	(947)	(1,001)
Total debt, net	$ 374,145	$ 368,157
Less: current portion	(66,872)	(62,488)
Long-term debt, net of current portion	$ 307,273	$ 305,669

The weighted average interest rate on total debt outstanding at March 31, 2019 and December 31, 2018 was 3.9% and 4.1%, respectively.

Credit Agreement

Our credit agreement consists of a $220.0 million term loan and a $200.0 million revolving credit facility ("Revolving Credit Facility"), whereby the lenders agreed to make loans on a revolving basis from time to time and to issue letters of credit for up to the $200.0 million committed amount. The credit agreement also includes an accordion feature that would allow us to increase the borrowing capacity thereunder by $75.0 million, subject to obtaining additional or increased lender commitments. The maturity date of the credit agreement is July 9, 2023. At March 31, 2019, letters of credit outstanding were $52.0 million. Other than commercial letters of credit, there were no outstanding borrowings under the Revolving Credit Facility, and available borrowing capacity was $148.0 million at March 31, 2019.

The credit agreement contains various restrictive and financial covenants including, among others, a senior debt/EBITDA ratio and debt service coverage requirements. In addition, the credit agreement includes restrictions on investments, change of control provisions and provisions in the event we dispose of more than 20% of our total assets. We were in compliance with the covenants for the Credit Agreement at March 31, 2019.

Canadian Credit Facility

We have a demand credit facility for $4.0 million in Canadian dollars with a Canadian bank for purposes of issuing commercial letters of credit in Canada. At March 31, 2019, commercial letters of credit outstanding were $0.2 in Canadian dollars, and the available borrowing capacity was $3.8 million in Canadian dollars. The credit facility contains a working capital restrictive covenant for OnQuest Canada, ULC, our wholly owned subsidiary. At March 31, 2019, OnQuest Canada, ULC was in compliance with the covenant.

Note 10 — Derivative Instruments

We are exposed to certain market risks related to changes in interest rates. To monitor and manage these market risks, we have established risk management policies and procedures. We do not enter into derivative instruments for any purpose other than hedging interest rate risk. None of our derivative instruments are used for trading purposes.

Interest Rate Risk. We are exposed to variable interest rate risk as a result of variable-rate borrowings under our Credit Agreement. To manage fluctuations in cash flows resulting from changes in interest rates on a portion of our variable-rate debt, we entered into an interest rate swap agreement on September 13, 2018 with an initial notional amount of $165.0 million, or 75% of the debt outstanding under our Term Loan, which was not designated as a hedge for accounting purposes. The notional amount of the swap will be adjusted down each quarter by 75% of the required principal payments made on the Term Loan. The swap effectively changes the variable-rate cash flow exposure on the debt obligations to fixed rates. The fair value of outstanding interest rate swap derivatives can vary significantly from period to period depending on the total notional amount of swap derivatives outstanding and fluctuations in market interest rates compared to the interest rates fixed by the swaps. As of March 31, 2019, and December 31, 2018, our outstanding interest rate swap agreement contained a notional amount of $158.8 million and $160.9 million, respectively, with a maturity date of July 10, 2023.

Credit Risk. By using derivative instruments to economically hedge exposures to changes in interest rates, we are exposed to counterparty credit risk. Credit risk is the failure of a counterparty to perform under the terms of a derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. When the fair value of a derivative contract is negative, we owe the counterparty and, therefore, we do not possess credit risk. We minimize the credit risk in derivative instruments by entering into transactions with high quality counterparties. We have entered into netting agreements, including International Swap Dealers Association ("ISDA") Agreements, which allow for netting of contract receivables and payables in the event of default by either party.

The following table summarizes the fair value of our derivative contracts included in the Condensed Consolidated Balance Sheets (in thousands):

		Liability Derivatives	
	Balance Sheet Location	**March 31, 2019**	**December 31, 2018**
Interest rate swap	Other long-term liabilities	$ 4,276	$ 2,829
Total derivatives		$ 4,276	$ 2,829

The following table summarizes the amounts recognized with respect to our derivative instruments within the Condensed Consolidated Statements of Income (in thousands):

		Three Months Ended March 31,	
	Location of Loss Recognized on Derivatives	**2019**	**2018**
Interest rate swap	Interest expense	$ 1,596	$ —

Cash flows from derivatives settled are reported as cash flows from operating activities.

Note 11 — Noncontrolling Interests

We own a 50% interest in the Carlsbad joint venture and we owned a 50% interest in the Wilmington joint venture, each of which operates in the Power segment. Both joint ventures have been determined to be a VIE and we were determined to be the primary beneficiary as a result of our significant influence over the joint venture operations.

Each joint venture is a partnership, and consequently, only the tax effect of our share of the income was recognized by us. The net assets of the joint ventures are restricted for use by the specific project and are not available for our general operations.

Carlsbad Joint Venture

The Carlsbad joint venture's operating activities began in 2015 and are included in our Condensed Consolidated Statements of Income as follows (in thousands):

	Three Months Ended March 31,	
	2019	**2018**
Revenue	$ 4,024	$ 41,820
Net income attributable to noncontrolling interests	$ 989	$ 3,114

The Carlsbad joint venture made no distributions to the partners and we made no capital contributions to the Carlsbad joint venture during the three months ended March 31, 2019 and 2018. The project was substantially complete as of December 31, 2018.

The carrying value of the assets and liabilities associated with the operations of the Carlsbad joint venture are included in our Condensed Consolidated Balance Sheets as follows (in thousands):

	March 31, 2019	December 31, 2018
Cash	$ 9,213	$ 3,117
Accounts receivable	$ 1,028	$ 4,451
Contract assets	$ 300	$ 8,158
Accounts payable	$ 431	$ 2,279
Contract liabilities	$ 1,903	$ 5,946
Due to Primoris	$ 708	$ 1,979

Wilmington Joint Venture

The Wilmington joint venture's operating activities began in October 2015 and are included in our Condensed Consolidated Statements of Income as follows (in thousands):

	Three Months Ended March 31,	
	2019	2018
Revenue	$ —	$ 1,484
Net income attributable to noncontrolling interests	$ —	$ 414

The project has been completed, the project warranty period has expired, and the dissolution of the joint venture was completed in the first quarter of 2019. The Wilmington joint venture made a final immaterial distribution to the noncontrolling interest and to us during the three months ended March 31, 2019. No distributions were made during the three months ended March 31, 2018. In addition, we did not make any capital contributions to the Wilmington joint venture during the three months ended March 31, 2019 and 2018. The carrying value of the assets and liabilities associated with the operations of the Wilmington joint venture were included in our Condensed Consolidated Balance Sheet and were immaterial at December 31, 2018.

Summary – Joint Venture Balance Sheets

The following table summarizes the total balance sheet amounts for the Carlsbad and Wilmington joint ventures, which are included in our Condensed Consolidated Balance Sheets, and the total consolidated balance sheet amounts (in thousands):

At March 31, 2019	Joint Venture Amounts	Consolidated Amounts
Cash	$ 9,213	$ 73,985
Accounts receivable	$ 1,028	$ 397,786
Contract assets	$ 300	$ 366,435
Accounts payable	$ 431	$ 190,244
Contract liabilities	$ 1,903	$ 194,094
At December 31, 2018		
Cash	$ 3,127	$ 151,063
Accounts receivable	$ 4,451	$ 372,695
Contract assets	$ 8,158	$ 364,245
Accounts payable	$ 2,279	$ 249,217
Contract liabilities	$ 5,946	$ 189,539

Note 12—Stock-Based Compensation

In May 2013, the shareholders approved and we adopted the Primoris Services Corporation 2013 Long-term Incentive Equity Plan ("Equity Plan"). Our Board of Directors has granted 398,927 Restricted Stock Units ("Units"), net of forfeitures to employees under the Equity Plan. The grants were documented in RSU Award Agreements, which provide for a vesting schedule and require continuing employment of the employee. The Units are subject to earlier acceleration, termination, cancellation or forfeiture as provided in the underlying RSU Award Agreement.

At March 31, 2019, a total of 203,403 Units were vested. The vesting schedule for the remaining Units are as follows:

For the Years Ending December 31,	Number of Units to Vest
2019 (remaining nine months)	55,945
2020	11,067
2021	122,649
2022	3,522
2023	2,341
	195,524

Under guidance of ASC Topic 718 "*Compensation — Stock Compensation*", stock-based compensation cost is measured at the date of grant, based on the calculated fair value of the stock-based award, and is recognized as expense over the employee's requisite service period (generally the vesting period of the award).

The fair value of the Units was based on the closing market price of our common stock on the day prior to the date of the grant. Stock compensation expense for the Units is being amortized using the straight-line method over the service period. We recognized $0.5 million and $0.2 million in compensation expense for the three months ended March 31, 2019 and 2018, respectively. At March 31, 2019, approximately $3.0 million of unrecognized compensation expense remained for the Units, which will be recognized over a weighted average period of 2.5 years.

Vested Units accrue "Dividend Equivalent Units" (as defined in the Equity Plan), which will be accrued as additional Units. At March 31, 2019, a total of 5,727 Dividend Equivalent Units were accrued.

Note 13—Income Taxes

We are subject to tax liabilities imposed by multiple jurisdictions. We determine our best estimate of the annual effective tax rate at each interim period using expected annual pre-tax earnings, statutory tax rates, and available tax planning opportunities. Certain significant or unusual items are separately recognized in the quarter in which they occur which can cause variability in the effective tax rate from quarter to quarter. We recognize interest and penalties related to uncertain tax positions, if any, as an income tax expense.

We do not include the income tax expense or benefit related to the net earnings or loss attributable to noncontrolling interest in our income tax expense as the entities are considered pass-through entities and, as such, the income tax expense or benefit is attributable to its owners. The effective tax rate on income including noncontrolling interests for the three months ended March 31, 2019 and 2018 was 21.3% and 4.8%, respectively. Excluding noncontrolling interest, the effective tax rate on income attributable to Primoris for the three months ended March 31, 2019 and 2018 was 29.0% and 23.5%, respectively. For the first three months of 2019, our tax rate differs from the U.S. federal statutory rate of 21% primarily due to the impact of state income taxes and nondeductible components of per diem expenses. For the first three months of 2018, our tax rate differs from the U.S. federal statutory rate of 21% primarily due to the impact of state income taxes, investment tax credits, and nondeductible components of per diem expenses.

Our U.S. federal income tax returns are generally no longer subject to examination for tax years before 2015. The statutes of limitation of state and foreign jurisdictions generally vary between 3 to 5 years. Accordingly, our state and foreign income tax returns are generally no longer subject to examination for tax years before 2013.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for temporary differences between the financial reporting bases and tax bases of assets and liabilities based on enacted tax rates expected to be in effect when such amounts are realized or settled. However, deferred tax assets are recognized only to the extent that it is more likely than not that they will be realized based upon consideration of available evidence, including future reversals of existing taxable temporary differences, future projected taxable income, the length of the tax asset carryforward periods, and tax planning strategies. The effects of remeasurement of deferred tax assets and liabilities resulting from changes in tax rates are recognized in income in the period of enactment.

Note 14—Dividends and Earnings Per Share

We have paid or declared cash dividends during 2019 and 2018 as follows:

Declaration Date	Record Date	Payable Date	Amount Per Share
February 21, 2018	March 30, 2018	April 13, 2018	$ 0.060
May 4, 2018	June 29, 2018	July 13, 2018	$ 0.060
August 2, 2018	September 28, 2018	October 15, 2018	$ 0.060
November 2, 2018	December 31, 2018	January 15, 2019	$ 0.060
February 26, 2019	March 29, 2019	April 15, 2019	$ 0.060

The payment of future dividends is contingent upon our revenue and earnings, capital requirements and our general financial condition, as well as contractual restrictions and other considerations deemed relevant by the Board of Directors.

The table below presents the computation of basic and diluted earnings per share for the three months ended March 31, 2019 and 2018 (in thousands, except per share amounts).

	Three Months Ended March 31,	
	2019	2018
Numerator:		
Net income attributable to Primoris	$ 1,947	$ 688
Denominator:		
Weighted average shares for computation of basic earnings per share	50,770	51,479
Dilutive effect of shares issued to independent directors	8	6
Dilutive effect of restricted stock units (1)	410	262
Weighted average shares for computation of diluted earnings per share	51,188	51,747
Earnings per share attributable to Primoris:		
Basic	$ 0.04	$ 0.01
Diluted	$ 0.04	$ 0.01

(1) Represents the dilutive effect of the grant of Units and vested Dividend Equivalent Units for the respective periods presented.

Note 15—Stockholders' Equity

Common stock

We issued 114,106 and 71,757 shares of common stock in the three months ended March 31, 2019 and 2018, respectively, under our long-term retention plan ("LTR Plan"). The shares were purchased by the participants in the LTR Plan with payment made to us of $1.8 million and $1.5 million in the three months ended March 31, 2019 and 2018, respectively. Our LTR Plan for managers and executives allows participants to use a portion of their annual bonus amount to purchase our common stock at a discount from the market price. The shares purchased in the three months ended March 31, 2019 were for bonus amounts earned in 2018, and the number of shares was calculated at 75% of the average daily closing market price during December 2018. The shares purchased in the three months ended March 31, 2018 were for bonus amounts earned in 2017, and the number of shares was calculated at 75% of the average closing market price of December 2017.

In the three months ended March 31, 2019 and 2018, we issued 13,278 and 10,062 shares of common stock, respectively, as part of the quarterly compensation of the non-employee members of the Board of Directors.

As discussed in Note 12 — *"Stock–Based Compensation"*, as of March 31, 2019, the Board of Directors has granted a total of 398,927 shares of Units, net of forfeitures under the Equity Plan and these Units have accrued 5,727 Dividend Equivalent Units.

Note 16—Leases

We lease administrative and fabrication facilities, which are generally longer-term, project specific facilities or yards, and construction equipment under non-cancelable operating leases. On January 1, 2019, we adopted ASC 842, "*Leases*" using the modified retrospective method and elected to apply the new lease standard at the adoption date. The cumulative impact of adopting ASC 842 was immaterial and did not require an adjustment to retained earnings. In adopting ASC 842, we changed our accounting policy for leases. Under the modified retrospective method, results for periods prior to January 1, 2019, are not adjusted and continue to be reported in accordance with our historic accounting under ASC 840, *"Leases"*.

We elected certain transition practical expedients permitted with the new standard, which among other things, allowed us to carry forward the historical lease classification. In addition, we elected the hindsight practical expedient to determine the reasonably certain lease term for existing leases. We also made an accounting policy election in which leases with an initial term of 12 months or less are not recorded on the balance sheet and lease payments are recognized in the Condensed Consolidated Statements of Income on a straight-line basis over the lease term.

We determine if an arrangement is a lease at inception. We have lease agreements with lease and non-lease components, which are generally accounted for separately. Operating leases are included in operating lease assets, accrued liabilities, and noncurrent operating lease liabilities on our Condensed Consolidated Balance Sheets.

Operating lease assets and operating lease liabilities are recognized at commencement date based on the present value of the future minimum lease payments over the lease term. In determining our lease term, we include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date to determine the present value of future payments. Lease expense from minimum lease payments is recognized on a straight-line basis over the lease term.

Our leases have remaining lease terms that expire at various dates through 2029, some of which may include options to extend the leases for up to 5 years. The exercise of lease extensions is at our sole discretion. Periodically, we sublease excess facility space, but any sublease income is generally not significant. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease expense are as follows (in thousands):

	Three Months Ended March 31,	
	2019	2018 (1)
Operating lease expense	$ 16,513 **(1)**	$ 6,832 **(2)**

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(1) Includes short-term leases and variable lease costs, which are immaterial.
(2) Reported in accordance with our historical accounting under ASC 840, "*Leases*".

Our operating lease liabilities are reported on the Condensed Consolidated Balance Sheet as follows (in thousands):

	March 31, 2019
Accrued liabilities	$ 53,835
Noncurrent operating lease liabilities	104,039
	$ 157,874

The future minimum lease payments under non-cancelable operating leases are as follows (in thousands):

For the Years Ending December 31,	Future Minimum Lease Payments
2019 (remaining nine months)	$ 47,682
2020	49,169
2021	33,352
2022	18,339
2023	10,424
Thereafter	13,509
Total lease payments	$ 172,475
Less imputed interest	(14,601)
Total	$ 157,874

Other information related to operating leases is as follows (in thousands, except lease term and discount rate):

	Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 16,996
Weighted-average remaining lease term on operating leases (years)	3.89
Weighted-average discount rate on operating leases	4.51%

Note 17—Commitments and Contingencies

NTTA settlement — On February 7, 2012, we were sued in an action entitled North Texas Tollway Authority ("NTTA"), Plaintiff v. James Construction Group, LLC, and KBR, Inc., Defendants, v. Reinforced Earth Company, Third-Party Defendant (the "Lawsuit"). On February 25, 2015, the Lawsuit was settled, and we recorded a liability for $17.0 million. A second defendant agreed to provide up to $5.4 million to pay for the total expected remediation cost of approximately $22.4 million. We will pay a third-party contractor approved by the NTTA to complete the remediation. In the event that the total remediation costs exceed the $22.4 million, the second defendant would pay 20% of the excess amount and we would pay for 80% of the excess amount. During the three months ended March 31, 2019, we increased our liability by $0.6 million. We also spent $1.5 million for remediation during the three months ended March 31, 2019. While we continue to monitor the progress toward remediation and the total remediation costs, at this time we cannot determine the eventual remediation cost. At March 31, 2019, the remaining accrual balance was $17.6 million.

Legal proceedings —We are subject to other claims and legal proceedings arising out of our business. We provide for costs related to contingencies when a loss from such claims is probable and the amount is reasonably estimable. In determining whether it is possible to provide an estimate of loss, or range of possible loss, we review and evaluate our litigation and regulatory matters on a quarterly basis in light of potentially relevant factual and legal developments. If we determine an unfavorable outcome is not probable or probable but not reasonably estimable, we do not accrue for a potential litigation loss.

Management is unable to ascertain the ultimate outcome of other claims and legal proceedings; however, after review and consultation with counsel and taking into consideration relevant insurance coverage and related deductibles/self-insurance retention, management believes that it has meritorious defenses to such claims and believes that the reasonably possible outcome of such claims will not, individually or in the aggregate, have a material adverse effect on our consolidated results of operations, financial condition or cash flow.

Bonding — At March 31, 2019 and December 31, 2018, the Company had bid and completion bonds issued and outstanding totaling approximately $490.0 million and $554.9 million, respectively.

Note 18—Reportable Segments

We segregate our business into five reportable segments: the Power segment, the Pipeline segment, the Utilities segment, the Transmission segment, and the Civil segment. Each of our reportable segments is comprised of similar business units that specialize in services unique to the segment. Driving the end-user focused segments are differences in the economic characteristics of each segment, the nature of the services provided by each segment; the production processes of each segment; the type or class of customer using the segment's services; the methods used by the segment to provide the services; and the regulatory environment of each segment's customers.

The classification of revenue and gross profit for segment reporting purposes can at times require judgment on the part of management. Our segments may perform services across industries or perform joint services for customers in multiple industries. To determine reportable segment gross profit, certain allocations, including allocations of shared and indirect costs, such as facility costs, equipment costs and indirect operating expenses, were made.

The following is a brief description of the reportable segments:

The Power segment operates throughout the United States and in Canada and specializes in a range of services that include full EPC project delivery, turnkey construction, retrofits, upgrades, repairs, outages, and maintenance for entities in the petroleum, petrochemical, water, and other industries.

The Pipeline segment operates throughout the United States and specializes in a range of services, including pipeline construction, pipeline maintenance, pipeline facility work, compressor stations, pump stations, metering facilities, and other pipeline related services for entities in the petroleum and petrochemical industries.

The Utilities segment operates primarily in California, the Midwest, and the Southeast regions of the United States and specializes in a range of services, including gas utility line installation and maintenance, gas distribution, streetlight construction, substation work, and fiber optic cable installation.

The Transmission segment operates primarily in the Southeastern and Gulf Coast regions of the United States and specializes in a range of services in electric transmission and distribution, including comprehensive engineering, procurement, maintenance and construction, repair, and restoration of utility infrastructure.

The Civil segment operates primarily in the Southeastern and Gulf Coast regions of the United States and specializes in highway and bridge construction, airport runway and taxiway construction, demolition, heavy earthwork, soil stabilization, mass excavation, and drainage projects.

All intersegment revenue and gross profit, which were immaterial, have been eliminated in the following tables.

Segment Revenue

Revenue by segment was as follows (in thousands):

	For the three months ended March 31,			
	2019		2018	
Segment	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Power	$ 145,383	22.0%	$ 166,555	33.0%
Pipeline	134,814	20.4%	57,583	11.4%
Utilities	146,206	22.1%	166,710	33.1%
Transmission	118,443	17.9%	—	—
Civil	116,712	17.6%	113,271	22.5%
Total	$ 661,558	100.0%	$ 504,119	100.0%

Segment Gross Profit

Gross profit by segment was as follows (in thousands):

	For the three months ended March 31,			
	2019		2018	
Segment	Gross Profit	% of Segment Revenue	Gross Profit	% of Segment Revenue
Power	$ 20,198	13.9%	$ 24,071	14.5%
Pipeline	15,016	11.1%	7,891	13.7%
Utilities	8,241	5.6%	9,051	5.4%
Transmission	6,628	5.6%	—	—
Civil	2,377	2.0%	3,547	3.1%
Total	$ 52,460	7.9%	$ 44,560	8.8%

Segment Goodwill

The amount of goodwill recorded by each segment at March 31, 2019 and at December 31, 2018 is presented in Note 7 – "*Goodwill and Intangible Assets*".

Geographic Region — Revenue and Total Assets

The majority of our revenue is derived from customers in the United States with approximately 4.6% and 1.0% generated from sources outside of the United States during the three months ended March 31, 2019 and 2018, respectively, principally in Canada. At March 31, 2019 and December 31, 2018, approximately 3.2% of total assets were located outside of the United States.

Note 19—Subsequent Events

Cash Dividend

On May 3, 2019, the Board of Directors declared a cash dividend of $0.06 per share of common stock for stockholders of record as of June 28, 2019, payable on or about July 15, 2019.

PRIMORIS SERVICES CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward Looking Statements

This Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 ("First Quarter 2019 Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of regulation and the economy, generally. Forward-looking statements include all statements that are not historical facts and can be identified by terms such as "anticipates", "believes", "could", "estimates", "expects", "intends", "may", "plans", "potential", "predicts", "projects", "should", "will", "would" or similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We discuss many of these risks in detail in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2018 and our other filings with the Securities and Exchange Commission ("SEC"). You should read this First Quarter 2019 Report, our Annual Report on Form 10-K for the year ended December 31, 2018 and our other filings with the SEC completely and with the understanding that our actual future results may be materially different from what we expect.

Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this First Quarter 2019 Report. We assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available.

The following discussion and analysis should be read in conjunction with the unaudited financial statements and the accompanying notes included in Part 1, Item 1 of this First Quarter 2019 Report and our Annual Report on Form 10-K for the year ended December 31, 2018.

Introduction

Primoris is a holding company of various subsidiaries, which form one of the larger publicly traded specialty contractors and infrastructure companies in the United States. Serving diverse end-markets, we provide a wide range of construction, fabrication, maintenance, replacement, and engineering services to major public and private utilities, petrochemical companies, energy companies, municipalities, state departments of transportation and other customers. We install, replace, repair and rehabilitate natural gas, refined product, water and wastewater pipeline systems; large diameter gas and liquid pipeline facilities; electric utility systems; and heavy civil projects, earthwork and site development. We also construct mechanical facilities and other structures, including power plants, petrochemical facilities, refineries, water and wastewater treatment facilities and parking structures. Finally, we provide specialized process and product engineering services.

We have longstanding customer relationships with major utility, refining, petrochemical, power and engineering companies. We have completed major underground and industrial projects for a number of large natural gas transmission and petrochemical companies in the United States, major electrical and gas projects for a number of large utility companies in the United States, as well as significant projects for our engineering customers. We enter into a large number of contracts each year, and the projects can vary in length from several days to as long as 60 months, or longer for completion on larger projects. Although we have not been dependent upon any one customer in any year, a small number of customers tend to constitute a substantial portion of our total revenue in any given year.

We generate revenue under a range of contracting options, including fixed-price, unit-price, time and material, and cost reimbursable plus fee contracts. A substantial portion of our revenue is derived from contracts that are fixed-price or unit-price and is recognized over time as work is completed because of the continuous transfer of control to the customer. For time and material and cost reimbursable plus fee contracts, revenue is recognized primarily on an input basis, based on contract costs incurred as defined within the respective contracts.

Our reportable segments include the Power, Industrial, and Engineering ("Power") segment, the Pipeline and Underground ("Pipeline") segment, the Utilities and Distribution ("Utilities") segment, the Transmission and Distribution ("Transmission") segment, and the Civil segment. See Note 18 – "*Reportable Segments*" for a brief description of the reportable segments and their operations.

The classification of revenue and gross profit for segment reporting purposes can at times require judgment on the part of management. Our segments may perform services across industries or perform joint services for customers in multiple industries. To determine reportable segment gross profit, certain allocations, including allocations of shared and indirect costs, such as facility costs, equipment costs and indirect operating expenses were made.

On June 1, 2018, we acquired Willbros Group Inc. ("Willbros") for approximately $110.6 million, net of cash and restricted cash acquired. Willbros is a specialty energy infrastructure contractor serving the oil and gas and power industries through its utility transmission and distribution, oil and gas, and Canadian operations, which principally executes industrial and power projects. The utility transmission and distribution operations formed the Transmission segment, the oil and gas operations are included in the Pipeline segment, and the Canadian operations are included in the Power segment. Willbros expands our services into electric utility-focused offerings and increases our geographic presence in the United States and Canada.

We own a 50% interest in the Carlsbad Power Constructors joint venture ("Carlsbad"), which is engineering and constructing a gas-fired power generation facility located in Southern California, and its operations are included as part of the Power segment. As a result of determining that we are the primary beneficiary of the variable interest entity ("VIE"), the results of the Carlsbad joint venture are consolidated in our financial statements. The project was substantially complete as of December 31, 2018.

We owned a 50% interest in the "ARB Inc. & B&M Engineering Co." joint venture ("Wilmington"), which engineered and constructed a gas-fired power generation facility in Southern California, and its operations were included as part of the Power segment. As a result of determining that we were the primary beneficiary of the VIE, the results of the Wilmington joint venture were consolidated in our financial statements. The project has been completed, the project warranty period expired, and dissolution of the joint venture was completed in the first quarter of 2019.

Financial information for the joint ventures is presented in Note 11 – "*Noncontrolling Interests*".

Material trends and uncertainties

We generate our revenue from both large and small construction and engineering projects. The award of these contracts is dependent on many factors, most of which are not within our control. We depend in part on spending by companies in the energy and oil and gas industries, the gas and electric utility industry, as well as municipal water and wastewater customers. Over the past several years, each segment has benefited from demand for more efficient and more environmentally friendly energy and power facilities, local highway and bridge needs and from the activity level in the oil and gas industry. However, periodically, each of these industries and government agencies is adversely affected by macroeconomic conditions. Economic factors outside of our control may affect the amount and size of contracts we are awarded in any particular period.

We closely monitor our customers to assess the effect that changes in economic, market and regulatory conditions may have on them. We have experienced reduced spending by some of our customers over the last several years, which we attribute to negative economic and market conditions, and we anticipate that these negative conditions may continue to affect demand for our services in the near-term.

Fluctuations in market prices of oil, gas and other fuel sources have affected demand for our services. The significant volatility in the price of oil, gas and liquid natural gas that occurred in the past few years could create uncertainty with respect to demand for our oil and gas pipeline services both in the near-term and for future projects. We have started to see increased activity in our upstream operations, such as the construction of gathering lines within the oil shale formations and believe that over time, the need for pipeline infrastructure for mid-stream and gas utility companies will result in a continuing need for our services. However, a prolonged period of depressed oil prices could delay midstream pipeline opportunities.

We are also monitoring the impact of recently imposed domestic and foreign trade tariffs, which could raise the price of raw materials, such as steel, utilized on construction projects or delay the start of certain projects. The continuing changes in the regulatory environment also affect the demand for our services, either by increasing our work or delaying projects. For example, environmental laws and regulation can provide challenges to major pipeline projects, resulting in delays that impact the timing of revenue recognition. In addition, the regulatory environment in California may result in delays for the construction of gas-fired power plants while regulators continue to search for significant renewable resources, but renewable resources may also create a demand for our construction services such as the need for storage of renewable generated electricity.

On January 29, 2019, one of our utility customers filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. As of March 31, 2019, the utility customer comprised approximately 9.0% of our total accounts receivable. In addition to accounts receivable, there is approximately $36.0 million in unbilled revenue, net as of March 31, 2019. For the three months ended March 31, 2019, the customer accounted for approximately 5.5% of our total revenue. A portion of the accounts receivable balance is past due, but we do not believe a reserve for the accounts receivable and unbilled revenue is appropriate at this time. However, we will closely monitor our current and future potential exposure.

Seasonality, cyclicality and variability

Our results of operations are subject to quarterly variations. Some of the variation is the result of weather, particularly rain, ice and snow, which can impact our ability to perform construction services. While the majority of our work is in the southern half of the United States, these seasonal impacts can affect revenue and profitability in all of our businesses since utilities defer routine replacement and repair during their period of peak demand. Any quarter can be affected either negatively or positively by atypical weather patterns in any part of the country. In addition, demand for new projects tends to be lower during the early part of the calendar year due to clients' internal budget cycles. As a result, we usually experience higher revenue and earnings in the third and fourth quarters of the year as compared to the first two quarters.

We are also dependent on large construction projects which tend not to be seasonal, but can fluctuate from year to year based on general economic conditions. Our business may be affected by declines or delays in new projects or by client project schedules. Because of the cyclical nature of our business, the financial results for any period may fluctuate from prior periods, and our financial condition and operating results may vary from quarter to quarter. Results from one quarter may not be indicative of financial condition or operating results for any other quarter or for an entire year.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and that affect the amounts of revenue and expenses reported for each period. These estimates and assumptions must be made because certain information that is used in the preparation of our financial statements cannot be calculated with a high degree of precision from data available, is dependent on future events, or is not capable of being readily calculated based on generally accepted methodologies. Often, these estimates are particularly difficult to determine, and we must exercise significant judgment. Actual results could differ significantly from our estimates, and our estimates could change if they were made under different assumptions or conditions. Our critical accounting policies are described in our Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2018. There have been no material changes to our critical accounting policies since December 31, 2018.

Results of Operations

Consolidated Results

The following discussion compares the results of the three months ended March 31, 2019 to the three months ended March 31, 2018.

Revenue

Revenue was $661.6 million for the three months ended March 31, 2019, an increase of $157.4 million, or 31.2%, compared to the same period in 2018. The increase was primarily due to incremental revenue from the Willbros acquisition ($157.8 million) and organic growth in the Pipeline segment. The overall increase was partially offset by lower revenue in our Power and Utilities segments.

Gross Profit

Gross profit was $52.5 million for the three months ended March 31, 2019, an increase of $7.9 million, or 17.7%, compared to the same period in 2018. The increase was primarily due to revenue growth. Incremental gross profit in the three months ended March 31, 2019 from the Willbros acquisition totaled $7.6 million. Gross profit as a percentage of revenue decreased to 7.9% in the three months ended March 31, 2019 from 8.8% in the same period in 2018 due primarily to unfavorable weather conditions with a West Texas pipeline project in 2019 and strong performance on our Carlsbad joint venture project in 2018.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses were $42.9 million during the three months ended March 31, 2019, an increase of $6.0 million, or 16.2%, compared to the first quarter of 2018 primarily due to $7.2 million of incremental expense from the Willbros acquisition. The overall increase was partially offset by a $0.7 million reduction in compensation related expenses, including discretionary incentive compensation. SG&A expense as a percentage of revenue decreased to 6.5% compared to 7.3% for the corresponding period in 2018 due to increased revenue.

Merger and related costs

No merger and related costs were incurred for the three months ended March 31, 2019, compared to $1.7 million that was incurred for the three months ended March 31, 2018, which consisted primarily of professional fees paid to advisors associated with the acquisition of Willbros.

Other income and expense

Non-operating income and expense items for the three months ended March 31, 2019 and 2018 were as follows (in thousands):

	Three Months Ended March 31,	
	2019	2018
Foreign exchange (loss) gain	$ (185)	$ 257
Other income (expense), net	(370)	(12)
Interest income	349	272
Interest expense	(5,592)	(1,998)
Total other income (expense)	$ (5,798)	$ (1,481)

Foreign exchange gains reflect currency exchange fluctuations associated with our Canadian engineering operation, which operates principally in United States dollars.

Interest expense for the three months ended March 31, 2019 increased compared to the same period in 2018 due to higher average debt balances and weighted average interest rates in 2019 and a $1.4 million unrealized loss on the change in the fair value of our interest rate swap agreement in 2019.

Provision for income taxes

We are subject to tax liabilities imposed by multiple jurisdictions. We determine our best estimate of the annual effective tax rate at each interim period using expected annual pre-tax earnings, statutory tax rates, and available tax planning opportunities. Certain significant or unusual items are separately recognized in the quarter in which they occur which can cause variability in the effective tax rate from quarter to quarter. We recognize interest and penalties related to uncertain tax positions, if any, as an income tax expense.

The effective tax rate on income attributable to Primoris (excluding noncontrolling interests) was 29.0% for the three months ended March 31, 2019. The rate differs from the U.S. federal statutory rate of 21.0% primarily due to state income taxes and nondeductible components of per diem expenses.

We recorded income tax expense for the three months ended March 31, 2019 of $0.8 million compared to $0.2 million for the three months ended March 31, 2018. The $0.6 million increase in income tax expense was primarily driven by a $1.8 million increase in pre-tax income (excluding noncontrolling interests).

Segment results

Power Segment

Revenue and gross profit for the Power segment for the three months ended March 31, 2019 and 2018 were as follows:

	Three Months Ended March 31,			
	2019		2018	
	(Thousands)	% of Segment Revenue	(Thousands)	% of Segment Revenue
Power Segment				
Revenue	$ 145,383		$ 166,555	
Gross profit	$ 20,198	13.9%	$ 24,071	14.5%

Revenue decreased by $21.2 million, or 12.7%, for the three months ended March 31, 2019, compared to the same period in 2018. The decrease is primarily due to the substantial completion of our Carlsbad joint venture project and a Mid-Atlantic power plant expansion project in 2018 ($49.1 million combined), partially offset by incremental revenue from the acquisition of Willbros in the second quarter of 2018 ($25.8 million).

Gross profit for the three months ended March 31, 2019, decreased by $3.9 million, or 16.1% compared to the same period in 2018. The decrease is primarily due to lower revenue and slightly lower margins. Gross profit as a percentage of revenue decreased to 13.9% during the three months ended March 31, 2019, compared to 14.5% in the same period in 2018 primarily due to a strong performance and favorable margins realized by our Carlsbad joint venture and Mid-Atlantic power plant expansion projects in 2018.

Pipeline Segment

Revenue and gross profit for the Pipeline segment for the three months ended March 31, 2019 and 2018 were as follows:

	Three Months Ended March 31,			
	2019		2018	
	(Thousands)	% of Segment Revenue	(Thousands)	% of Segment Revenue
Pipeline Segment				
Revenue	$ 134,814		$ 57,583	
Gross profit	$ 15,016	11.1%	$ 7,891	13.7%

Revenue increased by $77.2 million for the three months ended March 31, 2019, compared to the same period in 2018. The increase is primarily due to progress on major pipeline projects in the Mid-Atlantic and West Texas that began in 2018 ($47.6 million combined), increased pipeline maintenance activity ($45.4 million) and incremental revenue from the acquisition of Willbros in the second quarter of 2018 ($6.3 million). The increases were partially offset by the completion of pipeline projects in Florida, the Northeast, and the Northwest in 2018.

Gross profit for the three months ended March 31, 2019 increased by $7.1 million compared to the same period in 2018 due to revenue growth, partially offset by lower margins. Gross profit as a percentage of revenue decreased to 11.1% during the three months ended March 31, 2019, compared to 13.7% in the same period in 2018 primarily due to higher costs in 2019 on a West Texas pipeline project driven by unfavorable weather conditions.

Utilities Segment

Revenue and gross profit for the Utilities segment for the three months ended March 31, 2019 and 2018 were as follows:

	Three Months Ended March 31,			
	2019		2018	
	(Thousands)	% of Segment Revenue	(Thousands)	% of Segment Revenue
Utilities Segment				
Revenue	$ 146,206		$ 166,710	
Gross profit	$ 8,241	5.6%	$ 9,051	5.4%

Revenue decreased by $20.5 million, or 12.3%, for the three months ended March 31, 2019, compared to the same period in 2018 primarily due to decreased activity with two major utility customers in California ($15.7 million combined) and lower activity with a refining customer.

Gross profit for the three months ended March 31, 2019 decreased by $0.8 million, or 8.9%, compared to the same period in 2018. The decrease is primarily due to lower revenue. Gross profit as a percent of revenue during the three months ended March 31, 2019, was comparable to the same period in 2018.

Transmission Segment

Revenue and gross profit for the Transmission segment for the three months ended March 31, 2019 and 2018 were as follows:

	Three Months Ended March 31,			
	2019		2018	
	(Thousands)	% of Segment Revenue	(Thousands)	% of Segment Revenue
Transmission Segment				
Revenue	$ 118,443		$ —	
Gross profit	$ 6,628	5.6%	$ —	—

The Transmission segment was created in connection with the acquisition of Willbros in the second quarter of 2018.

Civil Segment

Revenue and gross profit for the Civil segment for the three months ended March 31, 2019 and 2018 were as follows:

	Three Months Ended March 31,			
	2019		2018	
	(Thousands)	% of Segment Revenue	(Thousands)	% of Segment Revenue
Civil Segment				
Revenue	$ 116,712		$ 113,271	
Gross profit	$ 2,377	2.0%	$ 3,547	3.1%

Revenue increased by $3.4 million, or 3.0%, for the three months ended March 31, 2019, compared to the same period in 2018. The increase is primarily due to an ethylene plant project that began in 2018 ($12.7 million) and higher Louisiana DOT volumes, partially offset by lower Texas DOT and Arkansas DOT volumes.

Gross profit decreased by $1.2 million, or 33.0%, for the three months ended March 31, 2019, compared to the same period in 2018 primarily due to increases from expected claim recovery for the Belton area jobs in 2018. Gross profit as a percentage of revenue decreased to 2.0% during the three months ended March 31, 2019, compared to 3.1% in the same period in 2018 due primarily to the reason noted above.

Revenue at the five Belton area projects was $16.0 million for the three months ended March 31, 2019, representing 13.7% of total Civil revenue. Revenue for which no margin was recognized was $5.7 million for the three months ended March 31, 2019. During the three months ended March 31, 2019, four Belton area jobs were in a loss position and reported ($1.7) million gross profit. Two of the Belton area jobs in a loss position were completed during 2017, and the two remaining loss jobs are scheduled to be completed in 2019. At March 31, 2019, the accrued loss provision for the two open loss jobs was $0.4 million and estimated remaining revenue for the jobs was $4.0 million. The remaining Belton area job is not in a loss position and contributed $0.2 million gross profit during the three months ended March 31, 2019. At March 31, 2019, estimated remaining revenue for the remaining Belton area job was $15.6 million, with completion scheduled for 2019.

At March 31, 2019, we had approximately $42.9 million of unapproved contract modifications included in the aggregate transaction prices associated with the Belton area projects. Approximately $41.8 million of the contract modifications had been recognized as revenue on a cumulative catch-up basis through March 31, 2019.

Geographic area financial information

The majority of our revenue is derived from customers in the United States with approximately 4.6% generated from sources outside of the United States during the three months ended March 31, 2019, principally in Canada.

Backlog

For companies in the construction industry, backlog can be an indicator of future revenue streams. Different companies define and calculate backlog in different manners. We define backlog as a combination of: (1) anticipated revenue from the uncompleted portions of existing contracts for which we have known revenue amounts for fixed-price and unit-price contracts ("Fixed Backlog"), and (2) the estimated revenue on MSA work for the next four quarters ("MSA Backlog"). We normally do not include time-and-equipment, time-and-materials and cost reimbursable plus fee contracts in the calculation of backlog, since their final revenue amount is difficult to estimate in advance. However, we will include these types of contracts in backlog if the customer specifies an anticipated revenue amount.

The two components of backlog, Fixed Backlog and MSA Backlog, are detailed below.

Fixed Backlog

Fixed Backlog by reportable segment as of December 31, 2018 and March 31, 2019 and the changes in Fixed Backlog for the three months ended March 31, 2019 are as follows (in millions):

Reportable Segment	Beginning Fixed Backlog at December 31, 2018	Contract Additions to Fixed Backlog	Revenue Recognized from Fixed Backlog	Ending Fixed Backlog at March 31, 2019	Revenue Recognized from Non-Fixed Backlog Projects	Total Revenue for Three Months ended March 31, 2019
Power	$ 245.3	$ 271.6	$ 96.2	$ 420.7	$ 49.2	$ 145.4
Pipeline	672.5	58.0	112.9	617.6	21.9	134.8
Utilities	31.1	33.3	26.7	37.7	119.5	146.2
Transmission	21.5	22.3	16.7	27.1	101.8	118.5
Civil	505.6	58.7	113.6	450.7	3.1	116.7
Total	$ 1,476.0	$ 443.9	$ 366.1	$ 1,553.8	$ 295.5	$ 661.6

Revenue recognized from non-Fixed Backlog projects shown above are generated by MSA projects and projects completed under time and material and cost reimbursable plus fee contracts or are generated from the sale of construction materials, such as rock or asphalt to outside third parties or sales of water services.

At March 31, 2019, our total Fixed Backlog was $1.55 billion, representing an increase of $77.8 million, or 5.3%, compared to $1.48 billion at December 31, 2018.

MSA Backlog

The following table outlines historical MSA revenue for the past five quarters (in millions):

	Quarterly MSA Revenue 2018	Quarterly MSA Revenue 2019
First Quarter	$ 146.4	$ 292.9
Second Quarter	$ 238.7	
Third Quarter	$ 390.4	
Fourth Quarter	$ 353.1	

MSA Backlog includes anticipated MSA revenue for the next twelve months. We estimate MSA revenue based on historical trends, anticipated seasonal impacts and estimates of customer demand based on information from our customers.

The following table shows our estimated MSA Backlog at March 31, 2019 by reportable segment (in millions):

Reportable Segment:	MSA Backlog at March 31, 2019
Power	$ 137.1
Pipeline	41.9
Utilities	764.6
Transmission	441.8
Civil	0.8
Total	$ 1,386.2

Total Backlog

The following table shows total backlog (Fixed Backlog plus MSA Backlog), by reportable segment as of the quarter-end dates shown below (in millions):

Reportable Segment:	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Power	$ 379.3	$ 387.2	$ 358.7	$ 367.1	$ 557.8
Pipeline	788.6	910.3	868.6	702.8	659.5
Utilities	840.8	683.4	698.0	789.3	802.3
Transmission	—	325.9	341.1	394.9	468.9
Civil	597.2	527.2	440.2	505.6	451.5
Total	$ 2,605.9	$ 2,834.0	$ 2,706.6	$ 2,759.7	$ 2,940.0

We expect that during the next four quarters, we will recognize as revenue approximately 80% of the total backlog at March 31, 2019, comprised of backlog of approximately: 86% of the Power segment; 41% of the Pipeline segment; 100% of the Utilities segment; 100% of the Transmission segment; and 73% of the Civil segment.

Backlog should not be considered a comprehensive indicator of future revenue, as a percentage of our revenue is derived from projects that are not part of a backlog calculation. The backlog estimates include amounts from estimated MSA revenue, but our customers are not contractually obligated to purchase an amount of services from us under the MSAs. Any of our contracts, MSA, fixed-price or unit-price, may be terminated by our customers on relatively short notice. In the event of a project cancellation, we may be reimbursed for certain costs, but typically we have no contractual right to the total revenue reflected in backlog. Projects may remain in backlog for extended periods of time as a result of customer delays, regulatory requirements or project specific issues. Future revenue from projects completed under time and material and cost reimbursable plus fee contracts may not be included in our estimated backlog amount.

Liquidity and Capital Resources

Cash Needs

Liquidity represents our ability to pay our liabilities when they become due, fund business operations and meet our contractual obligations and execute our business plan. Our primary sources of liquidity are our cash balances at the beginning of each period and our net cash flow. If needed, we have availability under our lines of credit to augment liquidity needs. At March 31, 2019, there were no outstanding borrowings under the Revolving Credit Facility, commercial letters of credit outstanding were $52.0 million, and available borrowing capacity was $148.0 million. In order to maintain sufficient liquidity, we evaluate our working capital requirements on a regular basis. We may elect to raise additional capital by issuing common stock, convertible notes, term debt or increasing our credit facility as necessary to fund our operations or to fund the acquisition of new businesses.

Our cash and cash equivalents totaled $74.0 million at March 31, 2019 compared to $151.1 million at December 31, 2018. We anticipate that our cash and investments on hand, existing borrowing capacity under our credit facility and our future cash flows from operations will provide sufficient funds to enable us to meet our operating needs, our planned capital expenditures, and settle our commitments and contingencies for at least the next twelve months. In evaluating our liquidity needs, we do not consider cash and cash equivalents held by our consolidated VIEs. These amounts, which totaled $9.2 million and $3.1 million as of March 31, 2019 and December 31, 2018, respectively, were not available for general corporate purposes.

The construction industry is capital intensive, and we expect to continue to make capital expenditures to meet anticipated needs for our services. Historically, we have invested an amount that approximated the sum of depreciation and amortization expenses plus proceeds from equipment sales. During the three months ended March 31, 2019, we spent approximately $14.4 million for capital expenditures, which included $9.0 million for construction equipment. The total of our depreciation, amortization and equipment sales was approximately $26.1 million. Capital expenditures for the remaining nine months of 2019 are expected to total between $70.0 million and $75.0 million.

Cash Flows

Cash flows during the three months ended March 31, 2019 and 2018 are summarized as follows (in thousands):

	Three months ended March 31, 2019	Three months ended March 31, 2018
Change in cash:		
Net cash (used in) provided by operating activities	$ (72,096)	$ 3,660
Net cash used in investing activities	(9,979)	(25,391)
Net cash provided by (used in) financing activities	4,670	(14,482)
Effect of exchange rate changes	327	—
Net change in cash and cash equivalents	$ (77,078)	$ (36,213)

Operating Activities

The source of our cash flows from operating activities for the three months ended March 31, 2019 and 2018 were as follows (in thousands):

	Three months ended March 31, 2019	Three months ended March 31, 2018	Change
Operating Activities:			
Net income	$ 2,936	$ 4,216	$ (1,280)
Depreciation and amortization	21,700	16,792	4,908
Changes in assets and liabilities	(95,082)	(16,499)	(78,583)
Other	(1,650)	(849)	(801)
Net cash (used in) provided by operating activities	$ (72,096)	$ 3,660	$ (75,756)

Net cash used in operating activities for the three months ended March 31, 2019 was $72.1 million compared to cash provided by operating activities of $3.7 million for the three months ended March 31, 2018. The change year-over-year was primarily due to an unfavorable impact from the changes in assets and liabilities.

The significant components of the $95.1 million change in assets and liabilities for the three months ended March 31, 2019 are summarized as follows:

- Accounts payable and accrued liabilities decreased by $68.9 million from December 31, 2018, due to the timing of payments; and
- Accounts receivable increased by $24.7 million from December 31, 2018, due primarily to an increase in revenue and an increase from the delay in payments from one of our utility customers while they go through bankruptcy proceedings. We continue to maintain an excellent collection history, and we have certain lien rights that can provide additional security for collections, if necessary.

Investing activities

For the three months ended March 31, 2019, we used $10.0 million in cash from investing activities compared to $25.4 million for the three months ended March 31, 2018.

During the three months ended March 31, 2019, we purchased property and equipment for $14.4 million in cash compared to $19.1 million during the same period in the prior year. We believe the ownership of equipment is generally preferable to renting equipment on a project-by-project basis, as ownership helps to ensure the equipment is available for our projects when needed. In addition, ownership has historically resulted in lower overall equipment costs.

In connection with the acquisition of Willbros, we agreed to provide, at our discretion, up to $20.0 million in secured bridge financing to support Willbros' working capital needs through the closing date. In March 2018 and May 2018, we provided $10.0 million and $5.0 million, respectively, in secured bridge financing to Willbros. The $15.0 million was repaid in its entirety on June 1, 2018.

Financing activities

Financing activities provided cash of $4.7 million for the three months ended March 31, 2019, which was primarily due to the following:

- Proceeds from the issuance of debt secured by our equipment of $23.1 million;
- Repayment of long-term debt of $17.2 million;
- Dividend payments to our stockholders of $3.0 million;
- Proceeds of $1.8 million from the issuance of 114,106 shares of common stock purchased by the participants in the Primoris Long-term Retention Plan.

Financing activities used cash of $14.5 million for the three months ended March 31, 2018, which was due to the following:

- Repayment of long-term debt of $12.9 million;
- Dividend payments to our stockholders of $3.1 million; and
- Proceeds of $1.5 million from the issuance of 71,757 shares of common stock purchased by the participants in the Primoris Long-term Retention Plan.

Credit Agreements

For a description of our credit agreements, see Note 9 — "*Credit Arrangements*" in Item 1, Financial Statements of this First Quarter 2019 Report.

Common stock

For a discussion of items affecting our common stock, please see Note 15 — "*Stockholders' Equity*" in Item 1, Financial Statements of this First Quarter 2019 Report.

Off-balance sheet transactions

We enter into certain off-balance sheet arrangements in the ordinary course of business that result in risks not directly reflected on our balance sheet. We have no off-balance sheet financing arrangement with VIEs. The following represents transactions, obligations or relationships that could be considered material off-balance sheet arrangements.

- At March 31, 2019, we had letters of credit outstanding of $52.2 million under the terms of our credit agreements. These letters of credit are used by our insurance carriers to ensure reimbursement for amounts that they are disbursing on our behalf, such as beneficiaries under our self-funded insurance program. In addition, from time to time, certain customers require us to post a letter of credit to ensure payments to our subcontractors or guarantee performance under our contracts. Letters of credit reduce our borrowing availability under our Credit Agreement and Canadian Credit Facility. If these letters of credit were drawn on by the beneficiary, we would be required to reimburse the issuer of the letter of credit, and we may be required to record a charge to earnings for the reimbursement. As of the date of this First Quarter 2019 Report, we do not believe that it is likely that any material claims will be made under a letter of credit;

- In the ordinary course of our business, we may be required by our customers to post surety bid or completion bonds in connection with services that we provide. At March 31, 2019, we had $490.0 million in outstanding bonds. As of the date of this First Quarter 2019 Report, we do not anticipate that we would have to fund material claims under our surety arrangements;

- Certain of our subsidiaries are parties to collective bargaining agreements with unions. In most instances, these agreements require that we contribute to multi-employer pension and health and welfare plans. For many plans, the contributions are determined annually and required future contributions cannot be determined since contribution rates depend on the total number of union employees and actuarial calculations based on the demographics of all participants. The Employee Retirement Income Security Act of 1974 (ERISA), as amended by the Multi-Employer Pension Amendments Act of 1980, subjects employers to potential liabilities in the event of an employer's complete or partial withdrawal of an underfunded multi-employer pension plan. The Pension Protection Act of 2006 added new funding rules for multi-employer plans that are classified as "endangered", "seriously endangered", or "critical". We do not currently anticipate withdrawal from any multi-employer pension plans. Withdrawal liabilities or requirements for increased future contributions could negatively impact our results of operations and liquidity;

- We enter into employment agreements with certain employees which provide for compensation and benefits under certain circumstances and which may contain a change of control clause. We may be obligated to make payments under the terms of these agreements; and

- From time to time, we make other guarantees, such as guaranteeing the obligations of our subsidiaries.

Effects of Inflation and Changing Prices

Our operations are affected by increases in prices, whether caused by inflation or other economic factors. We attempt to recover anticipated increases in the cost of labor, equipment, fuel and materials through price escalation provisions in certain major contracts or by considering the estimated effect of such increases when bidding or pricing new work or by entering into back-to-back contracts with suppliers and subcontractors. To date, our operations have not been materially impacted by the effects of increases in prices.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

In the ordinary course of business, we are exposed to risks related to market conditions. These risks primarily include fluctuations in foreign currency exchange rates, interest rates and commodity prices. We may seek to manage these risks through the use of financial derivative instruments. These instruments may include foreign currency exchange contracts and interest rate swaps.

Interest rate risk. Our revolving credit facility and term loan bear interest at a variable rate and exposes us to interest rate risk. From time to time, we may use certain derivative instruments to hedge our exposure to variable interest rates. As of March 31, 2019, $158.8 million of our variable rate debt outstanding was economically hedged. Based on our variable rate debt outstanding as of March 31, 2019, a 1.0% increase or decrease in interest rates would change annual interest expense by approximately $0.5 million.

We do not execute transactions or use financial derivative instruments for trading or speculative purposes. We generally enter into transactions with counter parties that are financial institutions as a means to limit significant exposure with any one party.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of March 31, 2019, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our "disclosure controls and procedures", as such term is defined under Exchange Act Rules 13a-15(e) and 15d-15(e).

Based on this evaluation, our CEO and CFO concluded that, at March 31, 2019, the disclosure controls and procedures were effective at the reasonable assurance level to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In reaching a reasonable level of assurance, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their stated objectives.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting practices or processes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting during the three months ended March 31, 2019.

Part II. Other Information

Item 1. Legal Proceedings

The information required for this item is provided in Note 17 — "*Commitments and Contingencies*", included in the unaudited notes to our condensed consolidated financial statements included under Part I of this Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors.

In addition to the information set forth in this Report, you should carefully consider the factors discussed in the section entitled *"Risk Factors"* in our Annual Report on Form 10-K for the year ended December 31, 2018, which to our knowledge have not materially changed. Those risks, which could materially affect our business, financial condition or future results, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 6. Exhibits.

The following exhibits are filed as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Description
10.1	Employment Agreement dated April 1, 2019, by and between Primoris Services Corporation and John F. Moreno, Jr. (*) (#)
31.1	Rule 13a-14(a)/15d-14(a) Certification by the Registrant's Chief Executive Officer (*)
31.2	Rule 13a-14(a)/15d-14(a) Certification by the Registrant's Chief Financial Officer (*)
32.1	Section 1350 Certification by the Registrant's Chief Executive Officer (**)
32.2	Section 1350 Certification by the Registrant's Chief Financial Officer (**)
101 INS	XBRL Instance Document (*)
101 SCH	XBRL Taxonomy Extension Schema Document (*)
101 CAL	XBRL Taxonomy Extension Calculation Linkbase Document (*)
101 LAB	XBRL Taxonomy Extension Label Linkbase Document (*)
101 PRE	XBRL Taxonomy Extension Presentation Linkbase Document (*)
101 DEF	XBRL Taxonomy Extension Definition Linkbase Document (*)

(*) Filed herewith.
(**) Furnished herewith.
(#) Management contract or compensatory plan, contract or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRIMORIS SERVICES CORPORATION

Date: May 6, 2019

/s/ Kenneth M. Dodgen

Kenneth M. Dodgen
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.1

EMPLOYMENT AGREEMENT

BETWEEN

John F. Moreno, Jr.

AND

Primoris Services Corporation

April 1, 2019

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made and entered into as of April 1, 2019, ("effective Date") (as hereafter defined), by and among Primoris Services Corporation, a Delaware corporation (the "Employer"), and John F. Moreno, Jr. (the "Employee").

WHEREAS, the Employer desires to employ the Employee, and the Employee desires to accept such employment, on the terms and subject to the conditions hereinafter set forth and such other terms contained in the offer letter from Employer to Employee dated February 21, 2019;

NOW, THEREFORE, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows.

1. **Definitions**.

Generally, defined terms used in this Agreement are defined in the first instance in which they appear herein. In addition, the following terms and phrases shall have the following meanings:

"Affiliates" shall have the meaning as defined in Rule 12b-2 promulgated under the Securities and Exchange Act of 1934, as amended.

"Board" shall mean the board of directors of Employer.

"Business Day" shall mean any day that is not a Saturday, Sunday, or a day on which banking institutions are not required to be open.

"Cause" shall mean the Employee's:

(i) failure to devote substantially all his working time to the business of Employer and its Affiliates and Subsidiaries;

(ii) willful disregard of his duties, or his intentional failure to act where the taking of such action would be in the ordinary course of the Employee's duties hereunder;

(iii) gross negligence or willful misconduct in the performance of his duties hereunder;

(iv) commission of any act of fraud, theft or financial dishonesty, or any felony or criminal act involving moral turpitude; or

(v) unlawful use (including being under the influence) of alcohol or drugs or possession of illegal drugs while on the premises of the Employer or any of its Affiliates or while performing duties and responsibilities to the Employer and its Affiliates.

(vi) the discontinuation or winding up of the Employer's business; or

(vii) Employee's material breach of any of the terms of this Agreement.

"Change in Control" shall mean a change in the ownership of a substantial portion of the assets of Employer such that any one Person, or more than one Person acting as a group (as determined under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and the Department of Treasury regulations thereunder) (Code Section 409A, together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including, without limitation, any such regulations or other guidance that may be issued after the date hereof, "Section 409A"), acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such Person or Persons) assets from Employer that have a total gross fair market value equal to or more than 80% of the total gross fair market value of all of the assets of Employer immediately before such acquisition or acquisitions; or (ii) a change in the effective control of Employer such that any one Person, or more than one Person acting as a group (as determined under Section 409A), acquires (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of Employer possessing more than fifty percent (50%) of the total fair market value or total voting power of the stock of Employer. For purposes of the preceding clauses (i) and (ii), terms used therein shall have the meanings ascribed to them by Section 409A. A Change in Control shall not occur if any Affiliate of Employer is the acquirer.

"Confidential Information" shall mean all proprietary and other information relating to the business and operations of Employer, which has not been specifically designated for release to the public by an authorized representative of Employer, including, but not limited to the following: (i) information, observations, procedures and data concerning the business or affairs of Employer; (ii) products or services; (iii) costs and pricing structures; (iv) analyses; (v) drawings, photographs and reports; (vi) computer software, including operating systems, applications and program listings; (vii) flow charts, manuals and documentation; (viii) data bases; (ix) accounting and business methods; (x) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice; (xi) customers, vendors, suppliers and customer, vendor and supplier lists; (xii) other copyrightable works; (xiii) all production methods, processes, technology and trade secrets and (xiv) all similar and related information in whatever form. Confidential Information will not include any information that has been published in a form generally available to the public prior to the date the Employee proposes to disclose or use such information. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

"Compensation Committee" shall mean the compensation committee of the Board.

"Disability" shall mean the Employee's inability, due to physical or mental illness or disability, to perform the essential functions of his employment with the Employer, even with reasonable accommodation that does not impose an undue hardship on the Employer, for more than sixty (60) consecutive days, or for any ninety (90) days within any one year period, unless a longer period is required by federal or state law, in which case such longer period will be applicable. The Employer reserves the right, in good faith, to make the determination of Disability under this Agreement based on information supplied by the Employee and/or his medical personnel, as well as information from medical personnel selected by the Employer or its insurers.

"Employer" shall mean Primoris Services Corporation.

"Person" shall be construed broadly and shall include, without limitation, an individual, a partnership, an investment fund, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Termination Date" shall mean the effective date of the termination of the Employee's employment hereunder, which (i) in the case of termination by resignation, shall mean the date that is ninety (90) days following the date of the Employee's written notice to the Employer of his resignation; provided, however, that the Employer may accelerate the Termination Date; (ii) in the case of termination by reason of death shall mean the date of death; (iii) in the case of termination by reason of Disability, shall mean the date specified in the notice of such termination delivered to the Employee by the Employer; (iv) in the case of a Termination for Cause or a Termination without Cause, shall mean the date specified in the written notice of such termination delivered to the Employee by the Employer; (iv) in the case of termination by mutual agreement shall mean the date mutually agreed to by the parties hereto and (v) in the case of nonrenewal, shall mean the expiration of the Employment Period.

2. **Employment**.

a. Initial Term. The Employer shall employ the Employee, and the Employee accepts employment with the Employer, upon the terms and conditions set forth in this Agreement. The initial term of this Agreement (the "Initial Term") shall be for a period of five (5) years commencing on the date hereof, unless terminated earlier pursuant to Article 5 hereof; provided, however, that Employee's obligations in Article 11 and Article 12 hereof shall continue in effect after such termination.

b. Additional Terms. This Agreement may be extended beyond the Initial Term upon the mutual consent and written agreement of Employee and Employer. The Initial Term and additional terms, if any, shall collectively be referred to herein as the "Employment Period".

3. **Position and Duties**.

During the Employment Period, the Employee shall serve as Chief Operating Officer, reporting to the President of Employer, and shall have the usual and customary duties, responsibilities and authority of such position. The Employee hereby accepts such employment and positions and agrees to diligently and conscientiously devote his full and exclusive business time, attention, and best efforts in discharging and fulfilling his duties and responsibilities hereunder. The Employee shall comply with the Employer's policies and procedures and the direction and instruction of the Board and the Employee shall not engage in any business activity which, in the reasonable judgment of the Board, conflicts with the duties of the Employee hereunder, whether or not such activity is pursued for gain, profit or other pecuniary advantage.

4. **Compensation**

(a) **Salary**. During the Employment Period, the Employer shall pay the Employee base salary (the "Base Salary") at the rate of Four Hundred Fifty Thousand Dollars ($450,000.00) per annum, payable in equal installments once weekly on Employer's regular payroll dates, less applicable deductions and withholdings. The Board, or the Compensation Committee shall undertake a review of the Base Salary after the first six (6) months of Employee's employment, and then not less frequently than annually during the Employment Period, and may increase, but not decrease, the rate of Base Salary from the rate then in effect.

(b) **Bonus**. In addition to the Base Salary, during the Employment period the Employee shall be eligible to receive a cash bonus (the "Bonus") with respect to each calendar year as of the last day of which the Employee is employed by Employer. The amount of the Bonus payable in respect of any calendar year will be determined at the sole discretion of Employer by the Board and the Compensation Committee and can be up to, but not exceeding 100% of the Base Salary. Any portion of the Bonus may be based on measurable performance based criteria as established by the Board and the Compensation Committee and in accordance with the requirements of IRC 162(m). The Bonus, if any, payable with respect to a calendar year shall be paid within the time specified by Employer in its 2013 Equity Incentive Plan as approved by the stockholders of Employer on May 3, 2013, and in accordance with Primoris's Long-Term Retention Plan ("LTRP").

(c) **Benefits and Perquisites**. In addition to the Base Salary, Employee shall be entitled to all other benefits of employment provided to other employees of Employer; provided, however, that during the term of this Agreement Employee shall be entitled to three (3) weeks of vacation per annum. Additional benefits and perquisites will be provided subject to Employer's policies and practices in effect and then in place as of the date of this Agreement, and the terms of applicable benefit plans and arrangements as in effect from time to time.

(d) **Reimbursements**. The Employer shall reimburse the Employee for all reasonable and necessary business-related expenses incurred by him in the course of performing his duties under this Agreement which are consistent with Employer's policies and practices in effect and then in place as of the date of this Agreement, including travel, entertainment and other business expenses, subject to the Employer's requirements with respect to reporting and documentation of such expenses.

(e) **Deductions and Withholding**. The Employer shall deduct from any payments to be made by it to or on behalf of the Employee under this Agreement any amounts required to be withheld in respect of any federal, state or local income or other taxes.

5. **Termination of Employment**.

The Employee's employment under this Agreement shall be terminated upon the earliest to occur of the following events:

(a) **Termination for Cause**. The Employer may in its sole discretion terminate this Agreement and the Employee's employment hereunder for Cause at any time and with or without advance notice to the Employee.

(b) **Termination without Cause**. The Employer may terminate this Agreement and the Employee's employment hereunder without Cause at any time, with or without notice, for any reason or no reason (and no reason need be given).

(c) **Mutual Agreement**. This Agreement and the Employee's employment hereunder may be terminated by the mutual written agreement of the Employer and the Employee.

(d) **Termination by Death or Disability**. This Agreement and the Employee's employment hereunder shall automatically terminate upon the Employee's death or Disability.

(e) **Resignation**. The Employee may terminate this Agreement and his employment hereunder upon ninety (90) days advance written notice to the Employer.

(f) **Nonrenewal**. In the event either party does not elect to renew the term of this Agreement, this Agreement and the Employee's employment under this agreement shall automatically terminate as of the expiration of the current term in effect. At Company's sole discretion, Company may elect to continue to employ Employee following any nonrenewal, but without any Employment Agreement. In the event Company elects not to renew this Agreement, Company shall notify Employee of such decision ninety (90) days prior to expiration of this Agreement.

6. **Compensation upon Termination**

(a) **General**. In the event of the Employee's termination of employment for any reason, the Employee or his estate or beneficiaries shall have the right to receive the following:

(i) the unpaid portion of the Base Salary and paid time off accrued and payable through the Termination Date;

(ii) reimbursement for any expenses for which the Employee shall not have been previously reimbursed, as provided in Section 4(d); and

(iii) continuation of health insurance coverage rights, if any, as required under applicable law.

(b) **Termination for Cause, Resignation, or Mutual Agreement**. In the event of the Employee's termination of employment by reason of (i) Termination for Cause, (ii) Resignation, or (iii) Mutual Agreement, the Employer shall have no current or further obligations (including Base Salary) to the Employee under this Agreement other than as set forth in Section 6(a).

(c) **Termination without Cause, by Death or Disability, Change in Control or Nonrenewal**. Subject to Section 6(d), in the event of the Employee's termination of employment hereunder by reason of (i) Termination without Cause, (ii) Death or Disability, (iii) Change in Control, or (iv) Nonrenewal, together with Employer's election to discontinue employment, the Employee shall be entitled to the following (the "Severance Benefits"):

(i) a lump sum equal to one hundred percent (100%) of the annual Base Salary in effect upon the Termination Date, payable within fifteen (15) days following the Termination Date;

(ii) a pro rata amount of a Bonus, if any, which would have been payable to the Employee for the calendar year in which the Termination Date occurs, determined after the end of the calendar year in which such Termination Date occurs and equal to the amount which would have been payable to the Employee if his employment had not been terminated during such calendar year multiplied by the fraction, the numerator of which is the number of whole months the Employee was employed by the Employer during such calendar year and the denominator of which is 12. Any pro rata bonus payable under this Section 6(c)(ii) shall be paid in a lump sum at the time bonuses for such calendar year are otherwise payable to senior executives of the Employer; and

(iii) in the event that the Employee elects COBRA benefits, the Employer shall pay the Employee's share of the premium for such COBRA benefits until the earlier of (i) one year after the Termination Date; or (ii) the date that Employee obtains comparable health benefits through new employment.

(d) **General Release**. Notwithstanding any provision to the contrary in this Agreement, the foregoing Severance Benefits under Section 6(c) shall not apply and the Employer shall have no obligations to pay or provide any Severance Benefits (other than upon the Employee's termination of employment by reason of death), unless the Employee signs, delivers and does not rescind or revoke a general release, substantially in the form attached hereto as Exhibit A, of all known and unknown claims of the Employee (and his affiliates, successors, heirs and assigns and the like) against Employer and the Board.

(e) The rights of the Employee set forth in this Section 6 are intended to be the Employee's exclusive remedy for termination and, to the greatest extent permitted by applicable law, the Employee waives all other remedies.

7. **Insurance**.

Employer may, for its own benefit, maintain "key man" life and disability insurance policies covering the Employee. The Employee will cooperate with Employer and provide such information or other assistance as they may reasonably request in connection with obtaining and maintaining such policies.

8. **Exclusive Services**.

During the term of this Agreement, the Employee will not accept or perform any work, consulting, or other services for any other business entity or for remuneration of any kind, without written approval by the Board.

9. **The Employee's Termination Obligations**.

The Employee hereby acknowledges and agrees that all personal property and equipment furnished to or prepared by the Employee in the course of or incident to his employment hereunder belongs to Employer and shall be promptly returned to Employer upon termination of the Employee's employment. The term "personal property" includes, without limitation, all office equipment, laptop computers, cell phones, books, manuals, records, reports, notes, contracts, requests for proposals, bids, lists, blueprints, and other documents, or materials, or copies thereof (including computer files), and all other proprietary and non-proprietary information relating to the business of Employer. Following termination of his employment hereunder, the Employee will not retain any written or other tangible material containing any proprietary or non-proprietary information of Employer.

10. **Acknowledgment of Protectable Interests**.

The Employee acknowledges and agrees that his employment with Employer involves building and maintaining business relationships and good will on behalf of the Employer with customers, and other professional contractors, subcontractors, employees and staff, and various providers and users of services related to Employer's business; that he is entrusted with proprietary, strategic and other confidential information which is of special value to Employer; and that the foregoing matters are significant interests which the Employer is entitled to protect.

11. **Confidential Information**.

Employee acknowledges, and as a condition of employment agrees, that Employee shall not disclose to Employer, or use in Employee's scope of employment with Employer, any information that was obtained by Employee from any prior employer and which is, or may be deemed confidential or proprietary by such prior employer, regardless of whether Employee was or is under any separate obligation of confidentiality or non-disclosure.

The Employee further agrees that all Confidential Information that comes or has come into his possession by reason of his employment hereunder is the property of the Employer and shall not be used except in the course of employment by Employer and for Employer's exclusive benefit. Further, the Employee shall not, during his employment or thereafter, disclose or acknowledge the content of any Confidential Information to any person who is not an employee of Employer authorized to possess such Confidential Information. Upon termination of employment, the Employee shall deliver to Employer all documents, writings, electronic storage devices, and other tangible things containing any Confidential Information and the Employee shall not make or retain copies, excerpts, or notes of such information.

12. **Nonsolicitation/Nondisparagement**.

In the event of the termination of this Agreement for any reason, the Employee shall not, for a period of two (2) years thereafter, directly or indirectly:

(a) solicit, induce or encourage any employee of Employer to terminate his or her employment with Employer;

(b) make any disparaging public statement concerning Employer; or

(c) use Employer's Confidential Information to induce, attempt to induce or knowingly encourage any Customer (as defined below) of Employer to divert any business or income from Employer, or to stop or alter the manner in which they are then doing business with Employer. The term "Customer" with respect to Employer shall mean any individual or business firm that is, or within the prior twenty-four (24) months was, a customer or client of Employer, or whose business was actively solicited by Employer at any time, regardless of whether such customer was generated, in whole or in part, by the Employee's efforts.

13. **Damages For Improper Termination With Cause**.

In the event that the Employer terminates this Agreement and the Employee's employment hereunder for "Cause," but it subsequently is determined by an arbitrator or a court of competent jurisdiction, as the case may be, that the Employer did not have Cause for the termination, then for purposes of this Agreement, the Employer's decision to terminate shall be deemed to have been a termination without Cause, and the Employer shall be obligated to pay the Severance Benefits specified under Section 6(c), and only that amount.

14. **Arbitration**.

Any controversy or dispute arising out of, based upon, or relating to this Agreement, its enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, or arising out of, based upon, or relating in any way to the Employee's employment or association with Employer, or termination of the same, including, without limiting the generality of the foregoing, any questions regarding whether a particular dispute is arbitrable, and any alleged violation of statute, common law or public policy, including, but not limited to, any state or federal statutory claims, shall be submitted to final and binding arbitration in Dallas County, Texas, in accordance with the JAMS Employment Arbitration Rules and Procedures, before a single neutral arbitrator selected from the JAMS panel, or if JAMS is no longer able to supply the arbitrator, such arbitrator shall be selected from the American Arbitration Association, in accordance with its National Rules for the Resolution of Employment Disputes (the arbitrator selected hereunder, the "Arbitrator"). Provisional injunctive relief may, but need not, be sought by either party to this Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the

Arbitrator. Final resolution of any dispute through arbitration may include any remedy or relief which the Arbitrator deems just and equitable, including any and all remedies provided by applicable state or federal statutes. At the conclusion of the arbitration, the Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based. Any award or relief granted by the Arbitrator hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction. The parties acknowledge and agree that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Agreement or the provision of services under this Agreement. The Employer will pay the arbitrator's fees and arbitration expenses and any other costs associated with the arbitration or arbitration hearing that are unique to arbitration. Subject to the provisions of Section 25, the parties shall each pay their own deposition, witness, expert and attorneys' fees and other expenses as and to the same extent as if the matter were being heard in court.

15. **Representations/Warranties**.

The Employee represents and warrants that he/she is under no contractual or other obligation that would prevent him from accepting the Employer's offer of employment as set forth herein.

16. **Entire Agreement**.

This Agreement is intended by the parties to be the final expression of their agreement with respect to the employment of the Employee by Employer and may not be contradicted by evidence of any prior or contemporaneous agreement (including, without limitation any term sheet or similar agreement entered into between Employer and the Employee). The parties further intend that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding to vary the terms of this Agreement.

17. **No Representations**.

No person or entity has made or has the authority to make any representations or promises on behalf of any of the parties which are inconsistent with the representations or promises contained in this Agreement, and this Agreement has not been executed in reliance on any representations or promises not set forth herein. Specifically, no promises, warranties or representations have been made by anyone on any topic or subject matter related to the Employee's relationship with the Employer or any of their executives or employees, including but not limited to any promises, warranties or representations regarding future employment, compensation, benefits, any entitlement to equity interests in Employer or regarding the termination of the Employee's employment. In this regard, the Employee agrees that no promises, warranties or representations shall be deemed to be made in the future unless they are set forth in writing and signed by an authorized representative of the Employer.

18. **Amendments**.

This Agreement may be modified only by agreement of the parties by a written instrument executed by the parties that is designated as an amendment to this Agreement.

19. **Severability and Non-Waiver/Survival**.

Any provision of this Agreement (or portion thereof) which is deemed invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this Section 19, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions thereof in such jurisdiction or rendering such provision or any other provision of this Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable. No waiver of any provision or violation of this Agreement by the Employer shall be implied by the Employer's forbearance or failure to take action. The expiration or termination of the Employment Period and this Agreement shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration or termination.

20. **Successor/Assigns**.

This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, representatives, executors, administrators, successors, and assigns, provided, however, that the Employee may not assign any or all of his rights or duties hereunder except following the prior written consent of the Employer. The Employee shall be entitled, to the extent permitted under applicable law, to select and change a beneficiary or beneficiaries to receive any compensation or benefit hereunder following the Employee's death by giving written notice thereof. In the event of the Employee's death or a judicial determination of his incompetence, references in this Agreement to the Employee shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative.

21. **Voluntary and Knowledgeable Act**.

The Employee represents and warrants that the Employee has read and understands each and every provision of this Agreement and has freely and voluntarily entered into this Agreement.

22. **Choice of Law**.

This Agreement shall be governed as to its validity and effect by the laws of the state of Texas without regard to principles of conflict of laws.

23. **Counterparts**.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but both of which together shall constitute one and the same instrument.

24. **Notices**.

All notices and other communications necessary or contemplated under this Agreement shall be in writing and shall be delivered in the manner specified herein or, in the absence of such specification, shall be deemed delivered when delivered in person or sent by first-class mail (certified or registered mail, return receipt requested, postage prepaid), facsimile or overnight air courier guaranteeing next day delivery, addressed as follows:

(a) if to the Employee, to him at his most recent address in Employer's records,

(a) if to the Employer, to:

John M. Perisich
Primoris Services Corporation
26000 Commercentre Dr.
Lake Forest, CA 92630
Facsimile: (949) 595-5544

or to such other address as the recipient party to whom notice is to be given may have furnished to the other party in writing in accordance herewith.

25. **Attorneys' Fees.**

In the event that any dispute between the parties should result in litigation or arbitration, the prevailing party in such dispute shall be entitled to recover from the other party all reasonable fees, costs and expenses of enforcing any right of the prevailing party, including without limitation, reasonable attorneys' fees and expenses, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment and an award of prejudgment interest from the date of the breach at the maximum rate of interest allowed by law. For the purposes of this Section 25: (a) attorneys' fees shall include, without limitation, fees incurred in the following: (i) post judgment motions; (ii) contempt proceedings; (iii) garnishment, levy, and debtor and third party examinations; (iv) discovery and (v) bankruptcy litigation and (b) "prevailing party" shall mean the party who is determined in the proceeding to have prevailed or who prevails by dismissal, default or otherwise.

26. **Descriptive Headings; Nouns and Pronouns**.

Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice-versa.

27. **Non-Qualified Deferred Compensation**.

The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof. Notwithstanding any provision of this Agreement to the contrary, in the event that the Employer determines that any amounts payable hereunder will be immediately taxable to the Employee under Section 409A of the Code and related Department of Treasury guidance, the Employer may (a) adopt such amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Employer determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Agreement and/or (b) take such other actions as the Employer determines necessary or appropriate to comply with the requirements of Section 409A of the Code and related Department of Treasury guidance, including such Department of Treasury guidance and other interpretive materials as may be issued after the date hereof.

28. **Waiver of Jury Trial**.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

29. **Legal Representation**.

EMPLOYEE ACKNOWLEDGES AND AGREES THAT (I) THE FIRM OF GLASER WEIL FINK HOWARD AVCHEN & SHAPIRO LLP ("EMPLOYER'S COUNSEL") REPRESENTS EMPLOYER, (II) EMPLOYER'S COUNSEL IS NOT ACTING AS EMPLOYEE'S LEGAL COUNSEL IN CONNECTION WITH THIS AGREEMENT, (III) EMPLOYEE HAS HAD AN OPPORTUNITY TO SEEK AND ENGAGE LEGAL REPRESENTATION OF HIS OWN CHOOSING WITH RESPECT TO THIS AGREEMENT, AND (IV) EMPLOYER'S COUNSEL SHALL HAVE NO DUTIES TO EMPLOYEE WITH RESPECT TO THIS AGREEMENT.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the date first written above.

/s/ John F. Moreno, Jr.
John F. Moreno, Jr., individually

PRIMORIS SERVICES CORPORATION

By: /s/ John M. Perisich
John M. Perisich
EVP/CLO

EXHIBIT A

[Form of Release]

1. [Severance Benefits]

2. Release of Claims. Except as explicitly provided below, you agree that the foregoing consideration represents settlement in full of all outstanding obligations owed to you by the Company, and its respective officers, directors, partners, members, agents and employees, including, without limitation, any and all obligations under the Employment Agreement, and is satisfactory consideration for the waiver and release of all claims set forth herein. On behalf of yourself, and your respective heirs, family members, executors and assigns, you hereby fully and forever release the Company and its past, present and future officers, agents, directors, employees, investors, stockholders, partners, members, administrators, affiliates, divisions, subsidiaries, parents, predecessor and successor corporations and assigns (the "Releasees"), from, and agree not to sue concerning, or in any manner to institute, prosecute or pursue, or cause to be instituted, prosecuted, or pursued, any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that you may possess against any of the Releasees arising from any omissions, acts or facts that have occurred up until and including the Effective Date of this Release including, without limitation:

(a) any and all claims relating to or arising from your employment relationship with the Company and the termination of that relationship;

(b) any and all claims relating to, or arising from, your right to purchase, or actual purchase of shares of stock or other securities of the Company or any of its affiliates or subsidiaries, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied, including, without limitation, any and all claims arising under or in connection with the Employment Agreement; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; and conversion;

(d) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967; the Americans with Disabilities Act of 1990; the Fair Labor Standards Act; the Employee Retirement Income Security Act of 1974; The Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; and all amendments to each such Act as well as the regulations issued thereunder;

(e) any and all claims for violation of the federal, or any state, constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination; and

(g) any and all claims for attorneys' fees and costs;

provided, however, that the parties hereto agree and acknowledge that you have not, by virtue of this Release or otherwise, waived any claim, duty, obligation or cause of action relating to any of the following:

(i) any matter that arises after the Effective Date of this Release;

(ii) vested benefits under any employee benefit plan within the meaning of section 3(3) of the Employee Retirement Income Security Act of 1974, as amended;

(iii) any claim relating to indemnification in accordance with applicable laws or the Company's certificate of incorporation or by-laws or any applicable insurance policy, with respect to any liability as a director, officer or employee of the Company (including as a trustee, director or officer of any employee benefit plan);

(iv) any right to obtain contribution as permitted by law in the event of entry of judgment against you as a result of any act or failure to act for which the Company and you are held jointly liable; and

(v) any of your rights as a Limited Partner of Partnership under the Partnership Agreement.

You agree that the release set forth in this Paragraph shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Release. In the event that any of the parties brings an action to enforce or effect their rights under this Release, the prevailing party shall be entitled to recover their reasonable attorneys' fees and expenses incurred in connection with such an action.

3. Acknowledgment of Waiver of Claims under ADEA. You acknowledge that you are waiving and releasing any rights you may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. You and the Company agree that this Release does not apply to any rights or claims that may arise under ADEA after the Effective Date of this Release. You acknowledge that the consideration given for this Release is in addition to anything of value to which you were already entitled. You further acknowledge that you have been advised by this writing that:

(a) you should consult with an attorney prior to executing this Release;

(b) you have up to [____] days within which to consider this Release;

(c) you have seven days following your execution of this Release to revoke this Release; and this Release shall not be effective until the eighth day after you execute and do not revoke this Release; nothing in this Release prevents or precludes you from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law.

Any revocation must be in writing and delivered to the Company as follows: [________________________________] by close of business on or before the seventh day from the date that you sign this Release.

4. Unknown Claims. You represent that you are not aware of any claims against the Company other than the claims that are released by this Release.

5. No Pending or Future Lawsuits. You represent that you have no lawsuits, claims, or actions pending in your name, or on behalf of any other person or entity, against the Company or any of the Releasees. You also represent that you do not intend to bring any claims on your own behalf or on behalf of any other person or entity against the Company or any of the Releasees.

6. Confidentiality of Release. You agree to keep the terms of this Release in the strictest confidence and, except as required by law, not reveal the terms of this Release to any persons except your immediate family, your attorney, and your financial advisors (and to them only provided that they also agree to keep the information completely confidential), and the court in any proceedings to enforce the terms of this Release.

7. Non-Disparagement. You agree not to make any public oral or written statement, or take any other public action, that disparages or criticizes the Company's management, employees, products or services, in any case that damages the Company's reputation or impairs its normal operations.

8. Entire Agreement. The terms of which are specifically incorporated herein, this Release constitutes the entire agreement between you and the Company concerning your employment with and separation from the Company and all the events leading thereto and associated therewith, and supercedes and replaces any and all prior agreements and understandings, both written and oral, concerning your relationship with the Company.

9. Successors and Assigns. This Release shall be binding upon each of the parties and upon their respective heirs, administrators, representatives, executors, successors and assigns, and shall inure to the benefit of each party and to their heirs, administrators, representatives, executors, successors, and assigns.

10. No Admission of Liability. You understand and acknowledge that this Release constitutes a compromise and settlement of any and all potential disputed claims. No action taken by the Company hereto, either previously or in connection with this Release, shall be deemed or construed to be: (a) an admission of the truth or falsity of any potential claims; or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to you or to any third party.

11. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Release. Similarly, you represent and warrant that you have the capacity to act on your own behalf and on behalf of all who might claim through you to bind them to the terms and conditions of this Release. The Company and you each warrant and represent that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

12. Effective Date. This Release is effective after it has been signed by both parties and after seven days have passed since you have signed this Release (such date, the "Effective Date").

13. Voluntary Execution of Release. This Release is executed voluntarily and without any duress or undue influence on the part or behalf of the parties hereto, with the full intent of releasing all claims except claims specifically excluded under Paragraph 4 hereof. The parties acknowledge that:

(a) They have read this Release;

(b) They have been represented in the preparation, negotiation, and execution of this Release by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) They understand the terms and consequences of this Release and of the releases it contains; and

(d) They are fully aware of the legal and binding effect of this Release. The laws of the State of _______________ govern this Release, regardless of the laws that might otherwise govern under applicable principles of conflict of law thereof. In the event that any portion of this Release or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Release will continue in full force and effect and the application of such portion to other persons or circumstances will be interpreted so as reasonable to effect the intent of the parties hereto. This Release may not be modified, amended, altered or supplemented except by the execution and delivery of a written agreement executed by you and an authorized representative of the Company or by a court of competent jurisdiction.

Exhibit 31.1

**RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David L. King, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2019 of Primoris Services Corporation;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and

   (d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2019

/s/ David L. King
David L. King
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kenneth M. Dodgen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended March 31, 2019, of Primoris Services Corporation;

2. Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this Quarterly Report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Quarterly Report based on such evaluation; and

   (d) Disclosed in this Quarterly Report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2019

/s/ Kenneth M. Dodgen
Kenneth M. Dodgen
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**Certification Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)**

In connection with the Quarterly Report of Primoris Services Corporation (the "Company") on Form 10-Q for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David L. King, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: May 6, 2019

/s/ David L. King
David L. King
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

Certification Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350)

In connection with the Quarterly Report of Primoris Services Corporation (the "Company") on Form 10-Q for the period ended March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kenneth M. Dodgen, Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In witness whereof, the undersigned has executed and delivered this certificate as of the date set forth opposite his signature below.

Date: May 6, 2019

/s/ Kenneth M. Dodgen
Kenneth M. Dodgen
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)