

SOLV Energy: Where Should the Next Growth Effort Go?

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Case convention: Author-created management decision exercise. The allocation question is hypothetical; company disclosures and historical results are sourced. It does not represent a scheduled board vote, disclosed budget or binding resource constraint.

The decision

SOLV Energy had spent two years widening its position in power infrastructure. Its public presentation in September 2026 described five priorities: target large solar and battery-storage projects, grow operations and maintenance (O&M), expand into markets that use existing capabilities, use innovation to improve growth and margins, and make strategic acquisitions. Recent additions included a regional engineering, procurement and construction (EPC) contractor, a drilling business, a high-voltage transmission and distribution contractor, and a utility-substation contractor. [S3]

Those priorities offered several paths forward. SOLV could give more commercial and integration attention to its newer high-voltage (HV) and regulated-utility platform. It could focus on winning and executing solar and battery-storage construction work and attaching lifecycle services to the installed base. Or it could keep both paths active and stage any discretionary expansion against evidence gathered over time.

The public record did not say that these choices were mutually exclusive. It did not identify a binding budget, a shortage of qualified people, a fixed acquisition target or a decision date. SOLV reported substantial cash and undrawn revolver capacity, as well as project working-capital needs and letters of credit. The case therefore asks students to make a **hypothetical portfolio-priority decision**: if management had to direct its next increment of discretionary commercial, engineering, bonding and capital capacity, where should it go, and what evidence should govern the pace? Any assumption that workforce, management or commercial capacity is scarce must be identified as an assumption, not as a disclosed fact.

Assignment: Recommend a portfolio sequence for the next planning cycle. State what SOLV should emphasize across (1) utility/HV services and integration, (2) solar/BESS EPC execution and lifecycle O&M, and (3) a staged approach that preserves both options. Identify the measures and decision gates that would change your priorities. Do not assume one path blocks another, and do not invent project-level returns, a new acquisition target or a capital ceiling.

One platform, several business engines

SOLV's operating business combines engineering, procurement, construction, commissioning, monitoring, preventive maintenance and corrective work across solar, battery storage and high-voltage infrastructure. It reports one operating segment, so public statements do not provide separate profit results for solar, BESS, T&D, O&M or acquired entities. The categories in its filings describe revenue activity and project type, not stand-alone business economics. [S2]

The portfolio had changed quickly. The September presentation listed completed acquisitions in regional EPC, specialized drilling, HV transmission and distribution, and utility substations. In June 2025, SOLV had added Spartan Infrastructure. In July 2026, it completed the acquisition of Roberson Waite Electric (RWE), a substation construction, testing and commissioning contractor. RWE's May announcement described its utility relationships and brownfield and urban substation work as complementary to SOLV. The Q2 filing recorded \$40.865 million of cash paid at closing, subject to customary adjustment, plus up to \$9 million of performance-contingent consideration. The strategic rationale was management's claim; the transaction terms were reported in the filing. The public record did not yet isolate RWE revenue, margins, backlog, integration costs or realized synergies. [S2, S3, S6]

SOLV had also put O&M at the center of its growth story. At June 30, it reported more than 23 gigawatts under O&M agreements, including projects under contract that had not yet entered service. Its investor presentation estimated that existing O&M customers might spend approximately \$8.6 billion over project lives of 35 years. The estimate covered preventative maintenance, inverter replacement and major corrective maintenance; it used NREL inputs, real 2024 dollars and an inflation assumption. Management said approximately \$600 million of that separate customer-spending estimate was reflected in the overall backlog at June 30. The \$8.6 billion is neither SOLV revenue nor present value, and the \$600 million is not total O&M backlog. [S3]

The presentation also called for expansion into new markets and further acquisitions. Target categories included BESS and storage specialists, T&D contractors, substation and switchyard EPC, utility or regulated work, civil and earthwork, and foundation or drilling specialists. This made portfolio breadth a live strategic theme, while leaving the identity, price and timing of any next acquisition unknown. [S3]

Growth with a changing mix

For the six months ended June 30, 2026, SOLV reported \$1.628 billion in revenue, compared with \$943.8 million a year earlier. Gross profit was \$258.7 million versus \$172.2 million. New construction generated \$1.564 billion, or 96.1% of first-half revenue by calculation; existing infrastructure work such as maintenance, upgrades, repowering and repairs generated \$52.9 million. Within new construction, solar/PV plus BESS accounted for \$1.429 billion, standalone BESS for \$43.6 million and T&D for \$90.9 million. These figures show activity and mix, not the margin or cash return of each type of work. [S2]

Reported gross margin was 15.9% for the first half, down from 18.2%; Q2 margin was 14.7% versus 21.1%. Management attributed growth mainly to new construction activity and acquisitions. It said the prior-year period benefited from higher-margin repair and development work. Beginning in Q2 2026, certain annual incentive compensation moved from selling, general and administrative expense to cost of revenue, reducing reported first-half adjusted gross margin by more than 60 basis points while offsetting SG&A and leaving adjusted EBITDA and cash flow unchanged. The classification and work mix complicate any simple conclusion that growth either improved or damaged underlying project economics. [S2, S4]

SOLV reported \$8.860 billion of backlog at June 30. It included signed work, awarded EPC contracts and limited notices to proceed (LNTPs), and estimated corrective maintenance. Backlog excluded verbal awards and business development that was not contracted or at LNTP. SOLV cautioned that backlog was not a comprehensive forecast of future revenue: changes, delays and customer termination on relatively short notice could affect conversion. The company separately reported \$3.546 billion of EPC remaining performance obligations (RPO), expected substantially to be recognized over 12-18 months. RPO is a distinct accounting disclosure; O&M uses an optional disclosure exemption for right-to-invoice contracts and contracts with original duration of one year or less. Neither measure gives students expected margins by activity. [S2, S3]

Capital and capacity

At June 30, SOLV had \$363.968 million of cash and no term debt. It had \$24.402 million of equipment financing and \$59.218 million in lease liabilities. Its \$200 million secured revolver had no borrowings and \$186.6 million available after \$13.4 million of letters of credit. The September deck's "debt free" claim expressly excluded equipment financing. [S2, S3]

Cash was not the same thing as uncommitted capital. During the first half, operating activities generated \$46.0 million, but changes in operating assets and liabilities used \$132.0 million. Investing activities used \$16.0 million. Financing activities used \$61.0 million, including \$184.4 million of distributions to members of the pre-IPO Holdings LLC, alongside IPO and other financing flows. SOLV expected cash, operating cash flow and the revolver to fund operations for at least twelve months, but that forward-looking assessment did not specify what funds were available for a particular acquisition or growth program. [S2]

The portfolio question also raised possible nonfinancial limits. Construction is labor-intensive, and SOLV itself identifies recruitment, retention, safety, surety, letters of credit, long sales cycles and project performance as risks. Executing several acquisitions and markets could plausibly draw on some of the same project leaders, craft labor, customer relationships, safety systems and senior management attention. That is a hypothesis for students to test. The filings did not quantify available crews, bonding headroom by strategy, management bandwidth or integration capacity. [S2, S3]

Companywide customer concentration also deserved attention: the FY2025 10-K reported that the largest customer represented about 14% and the top ten about 73% of revenue. It did not identify O&M-specific customer concentration. In addition, SOLV's disclosures did not report O&M-specific profitability, actual renewal outcomes or customer mix. Typical contract forms were described in the 10-K-fixed-fee preventive maintenance, usually for at least five years with automatic one-year renewals, and time-and-materials corrective maintenance-but contract form alone did not establish realized renewal rates or contribution economics. [S10]

The strategic tension

The HV and utility path offered adjacency to a large existing construction business and access to new utility relationships. RWE and Spartan could extend SOLV's reach into substations and T&D. But acquisition costs, integration progress, target retention, cross-selling and acquired-company margins remained uncertain. Established competitors, including Quanta and MYR, described broad transmission, distribution, substation and maintenance capabilities in their own annual filings; SOLV also named several large national contractors among its new-construction competitors. This establishes competition, not project-level overlap or market share. [S8-S10]

The installed-base path had scale and possible recurring work. Yet the public opportunity estimate accumulated over decades, while backlog and EPC RPO measured different contractual/accounting scopes. High construction revenue did not prove O&M attachment, and no public margin bridge established O&M's contribution. The company's growth priorities might be complementary, but students should not call O&M an annuity or infer its economics from installed gigawatts.

The central question is not which business is “better” based on a single metric. It is how management should allocate attention and discretionary resources when evidence differs in timing and quality. How much should be committed to integration, hiring, bid capacity or acquisition search before SOLV sees the results? What should trigger acceleration or a pause? If students believe a scarce resource creates a true tradeoff, what evidence would they require before treating that constraint as real?

Exhibits

Exhibit 1. Selected platform timeline

Date	Event	Decision relevance
Oct. 2024	SOLV completed the CS Energy merger, combining the operating contractor and development business.	Established the present regional EPC platform.
Jan. 2025	Acquired a specialized drilling contractor.	Added civil/foundation adjacency; separate economics not reported here.
June 2025	Acquired Spartan Infrastructure, a high-voltage T&D contractor.	Began building the HV platform.
Feb. 12, 2026	IPO completed; proceeds repaid about \$405.6m of term loans, with remainder for general corporate purposes.	Changed capital structure; does not identify current uncommitted funds.
July 1, 2026	Acquired RWE for \$40.865m cash at close plus up to \$9m contingent.	Added utility substation capabilities and relationships.
Sept. 3, 2026	Investor presentation reiterated O&M growth, new markets and strategic M&A as priorities.	Latest information cutoff; no next acquisition or budget disclosed.

Source: SOLV Q2 Form 10-Q and September 2026 investor presentation; RWE terms also in the Q2 results release. Dates and transaction facts are disclosed; strategic rationale is attributed to management. [S2-S4]

Exhibit 2. Reported first-half revenue mix

H1 2026 activity	Revenue (\$m)	Share of total (calculation)
New construction	1,563.855	96.1%
Existing infrastructure: maintaining, upgrading, repowering and repairing	52.934	3.3%
Other	11.259	0.7%
Total	1,628.048	100.0%

Within new construction, solar/PV plus BESS was \$1,429.282m, standalone BESS \$43.640m and T&D \$90.933m. Percentages may not sum due to rounding. These are revenue categories, not segment margins, backlog or cash contribution. SOLV reports one operating segment. [S2]

Exhibit 3. Do not conflate revenue visibility measures

Measure as of June 30, 2026	Amount / scope	Limitation
Total backlog	\$8.860bn; signed, awarded and estimated corrective-maintenance work	Not comprehensive future revenue; may be delayed or terminated; margin not disclosed.
EPC remaining performance obligations	\$3.546bn	Expected substantially to be recognized in 12-18 months; accounting measure, distinct from company backlog.
O&M installed base	23+ GW under contract, including projects not yet in service	Capacity under O&M agreements, not SOLV revenue or in-service operating capacity.
Embedded customer-spending opportunity	Management estimate of \$8.6bn cumulative customer spending over 35 years; about \$0.6bn of that separate estimate was reflected in overall backlog	NREL-derived management estimate in real 2024 dollars; not revenue, present value, guaranteed spend or total O&M backlog.

Sources: Q2 10-Q, printed pp. 17, 32-33; September presentation, printed pp. 3, 8-10. The presentation's p. 15 contract-type chart is not reproduced and its category shares are not used. [S2, S3]

Exhibit 4. Liquidity and cash movement

As of / for six months ended June 30, 2026	Reported amount (\$m)
Cash	363.968
Term debt	0
Equipment financing	24.402
Lease liabilities, current and long-term	59.218
Secured revolver	200.000
Revolver availability	186.6
Letters of credit outstanding	13.355
Operating cash flow	46.039
Change in operating assets and liabilities (cash use)	(132.040)
Investing cash flow	(15.960)
Financing cash flow, including \$184.408m distributions to Holdings LLC members	(60.987)

Source: Q2 10-Q, printed pp. 8, 10-11, 19-20 and 41-43. Cash is consolidated company cash, not a disclosed discretionary acquisition pool; debt-free presentation language excludes equipment financing. Revolver availability is subject to its terms. [S2, S5]

Exhibit 5. Decisions students may stage

Path	Evidence to seek before expanding	Key uncertainty
Utility/HV platform	Retained technical leaders; qualified utility bids; integration milestones; customer conversion; surety and working-capital capacity	Whether acquired capabilities translate into profitable, repeatable work
Solar/BESS EPC and O&M	Project-level margin/claims; O&M contract additions and actual renewals; attachment; cost-to-serve; labor and safety performance	Whether installed-base scale produces attractive incremental service economics
Staged portfolio	A common scorecard, review cadence and triggers to add, hold, resize or redirect discretionary resources	Whether evidence arrives soon enough to guide action without creating needless delay

This exhibit proposes diligence questions only. SOLV did not disclose these gates or the underlying performance values.

Student questions

1. What should SOLV emphasize in its next planning cycle: HV and utility expansion, solar/BESS execution and O&M, or a staged portfolio? What is the evidence for your choice?
2. Which financial, customer, workforce, bonding and integration measures would you require before directing more discretionary resources toward a path?
3. Which conclusions depend on an assumption that capacity is scarce? What facts would test that assumption?
4. What finding would cause you to change your recommendation?

Source notes

- **S1:** SOLV Energy, Inc., final Form 424B4, filed February 11, 2026, accession 0001193125-26-046879. [SEC filing](#). Issuer history, IPO and reorganization.
- **S2:** SOLV Energy, Inc., Q2 2026 Form 10-Q, filed August 14, 2026, accession 0001193125-26-352447. [SEC filing](#). Financial statements, revenue activity, backlog/RPO, liquidity, RWE close, customer and execution risks.
- **S3:** SOLV Energy, September 2026 investor presentation, listed September 3, 2026. [Presentation PDF](#); [IR presentation list](#). Management strategy, O&M base and spending estimate, backlog and target categories.
- **S4:** SOLV Energy Q2 2026 results release, furnished Exhibit 99.1 to Form 8-K, August 13, 2026, accession 0001193125-26-347858. [SEC exhibit](#). Management's growth/margin explanations, guidance and RWE transaction amount; use 10-Q for audited financial statements.
- **S5:** Q2 10-Q liquidity and cash-flow sections; same filing as S2.
- **S6:** SOLV Energy, "Expands Utility Infrastructure Platform with Roberson Waite Electric Acquisition," May 4, 2026. [Company release](#). Management's strategic rationale and capability description.

- **S7:** SOLV Energy, “Names Rick Ortiz EVP of Energy Infrastructure,” January 7, 2026. [Company release](#). Role scope and stated HV expansion intent.
- **S8:** Quanta Services, 2025 Form 10-K, filed February 19, 2026. [SEC filing](#). Competitor-described T&D, substations and utility services.
- **S9:** MYR Group, 2025 Form 10-K, filed February 25, 2026. [SEC filing](#). Competitor-described T&D and substation services.
- **S10:** SOLV Energy, 2025 Form 10-K, filed March 25, 2026. [SEC filing](#). Company-named competitors, O&M contract forms and companywide customer concentration.