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 June 30, 2019

OR

o **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 1-13783

IES Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**76-0542208**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

5433 Westheimer Road, Suite 500, Houston, Texas 77056
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (713) 860-1500

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**IESC**	**NASDAQ Global Market**
Rights to Purchase Preferred Stock	**IESC**	**NASDAQ Global Market**

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 o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No o

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	o	Accelerated filer	☑
Non-accelerated filer	o	Smaller reporting company	☑
Emerging growth company	o		

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. o

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

On July 31, 2019, there were 21,216,036 shares of common stock outstanding.

IES HOLDINGS, INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

DEFINITIONS

In this Quarterly Report on Form 10-Q, the words “IES”, the “Company”, the “Registrant”, “we”, “our”, “ours” and “us” refer to IES Holdings, Inc. and, except as otherwise specified herein, to our subsidiaries.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes certain statements that may be deemed “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, all of which are based upon various estimates and assumptions that the Company believes to be reasonable as of the date hereof. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “could,” “should,” “expect,” “plan,” “project,” “intend,” “anticipate,” “believe,” “seek,” “estimate,” “predict,” “potential,” “pursue,” “target,” “continue,” the negative of such terms or other comparable terminology. These statements involve risks and uncertainties that could cause the Company’s actual future outcomes to differ materially from those set forth in such statements. Such risks and uncertainties include, but are not limited to:

- the ability of our controlling stockholder to take action not aligned with other stockholders;
- the sale or disposition of the shares of our common stock held by our controlling stockholder, which, under certain circumstances, would trigger change of control provisions in our severance benefit plan or financing and surety arrangements, or any other substantial sale of our common stock, which could depress our stock price;
- the possibility that certain tax benefits of our net operating losses may be restricted or reduced in a change in ownership or a further change in the federal tax rate;
- the potential recognition of valuation allowances or write-downs on deferred tax assets;
- the inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy, or the subsequent underperformance of those acquisitions;
- limitations on the availability of sufficient credit or cash flow to fund our working capital needs and capital expenditures and debt service;
- difficulty in fulfilling the covenant terms of our credit facility, including liquidity, EBITDA and other financial requirements, which could result in a default and acceleration of our indebtedness under our revolving credit facility;
- the possibility that we issue additional shares of common stock or convertible securities that will dilute the percentage ownership interest of existing stockholders and may dilute the book value per share of our common stock;
- the relatively low trading volume of our common stock, which could depress our stock price;
- competition in the industries in which we operate, both from third parties and former employees, which could result in the loss of one or more customers or lead to lower margins on new projects;
- future capital expenditures and refurbishment, repair and upgrade costs; and delays in and costs of refurbishment, repair and upgrade projects;
- a general reduction in the demand for our services;
- our ability to enter into, and the terms of, future contracts;
- success in transferring, renewing and obtaining electrical and other licenses;
- challenges integrating new businesses into the Company or new types of work, products or processes into our segments;
- credit and capital market conditions, including changes in interest rates that affect the cost of construction financing and mortgages, and the inability for some of our customers to retain sufficient financing, which could lead to project delays or cancellations;

- backlog that may not be realized or may not result in profits;
- the possibility of errors when estimating revenue and progress to date on percentage-of-completion contracts;
- uncertainties inherent in estimating future operating results, including revenues, operating income or cash flow;
- complications associated with the incorporation of new accounting, control and operating procedures;
- closures or sales of facilities resulting in significant future charges, including potential warranty losses or other unexpected liabilities, or a significant disruption of our operations;
- an increased cost of surety bonds affecting margins on work and the potential for our surety providers to refuse bonding or require additional collateral at their discretion;
- fluctuations in operating activity due to downturns in levels of construction or the housing market, seasonality and differing regional economic conditions;
- our ability to successfully manage projects;
- inaccurate estimates used when entering into fixed-priced contracts;
- the cost and availability of qualified labor and the ability to maintain positive labor relations;
- our ability to pass along increases in the cost of commodities used in our business, in particular, copper, aluminum, steel, fuel and certain plastics;
- a change in the mix of our customers, contracts or business;
- increases in bad debt expense and days sales outstanding due to liquidity problems faced by our customers;
- the recognition of potential goodwill, long-lived assets and other investment impairments;
- potential supply chain disruptions due to credit or liquidity problems faced by our suppliers;
- accidents resulting from the physical hazards associated with our work and the potential for accidents;
- the possibility that our current insurance coverage may not be adequate or that we may not be able to obtain a policy at acceptable rates;
- the possibility that our internal controls over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur;
- disagreements with taxing authorities with regard to tax positions we have adopted;
- the recognition of tax benefits related to uncertain tax positions;
- the effect of litigation, claims and contingencies, including warranty losses, damages or other latent defect claims in excess of our existing reserves and accruals;
- growth in latent defect litigation in states where we provide residential electrical work for home builders not otherwise covered by insurance;
- interruptions to our information systems and cyber security or data breaches;
- liabilities under laws and regulations protecting the environment; and
- loss of key personnel and effective transition of new management.

You should understand that the foregoing, as well as other risk factors discussed in this document and those listed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2018, could cause future outcomes to differ materially from those experienced previously or those expressed in such forward-looking statements. We undertake no obligation to publicly update or revise any information, including without limitation information concerning our controlling stockholder, net operating losses, borrowing availability or cash position, or any forward-looking statements to reflect events or circumstances that may arise after the date of this report. Forward-looking statements are provided in this Quarterly Report on Form 10-Q pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties and risks described herein.

Item 1. ***Financial Statements***

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In Thousands, Except Share Information)

	June 30, 2019 (Unaudited)	September 30, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,104	$ 26,247
Accounts receivable:		
Trade, net of allowance of $949 and $868, respectively	176,527	151,578
Retainage	27,358	24,312
Inventories	24,350	20,966
Costs and estimated earnings in excess of billings	34,807	31,446
Prepaid expenses and other current assets	8,876	8,144
Total current assets	285,022	262,693
Property and equipment, net	26,410	25,364
Goodwill	50,622	50,702
Intangible assets, net	27,535	30,590
Deferred tax assets	43,424	46,580
Other non-current assets	5,351	6,065
Total assets	$ 438,364	$ 421,994
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	150,406	130,591
Billings in excess of costs and estimated earnings	35,859	33,826
Total current liabilities	186,265	164,417
Long-term debt	9,915	29,564
Other non-current liabilities	1,926	4,374
Total liabilities	198,106	198,355
Noncontrolling interest	3,245	3,232
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.01 par value, 100,000,000 shares authorized; 22,049,529 issued and 21,218,854 and 21,205,536 outstanding, respectively	220	220
Treasury stock, at cost, 830,675 and 843,993 shares, respectively	(11,357)	(8,937)
Additional paid-in capital	192,389	196,810
Retained earnings	55,761	32,314
Total stockholders' equity	237,013	220,407
Total liabilities and stockholders' equity	$ 438,364	$ 421,994

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(In Thousands, Except Share Information)
(Unaudited)

	Three Months Ended June 30,	
	2019	2018
Revenues	$ 282,633	$ 232,576
Cost of services	236,236	190,039
Gross profit	46,397	42,537
Selling, general and administrative expenses	36,333	32,372
Contingent consideration	(163)	81
Gain on sale of assets	(8)	(5)
Operating income	10,235	10,089
Interest and other (income) expense:		
Interest expense	451	513
Other (income) expense, net	(64)	(111)
Income from operations before income taxes	9,848	9,687
Provision for (benefit from) income taxes	(1,207)	1,038
Net income	11,055	8,649
Net income attributable to noncontrolling interest	(83)	(133)
Comprehensive income attributable to IES Holdings, Inc.	$ 10,972	$ 8,516
Earnings per share attributable to IES Holdings, Inc.:		
Basic	$ 0.52	$ 0.40
Diluted	$ 0.52	$ 0.40
Shares used in the computation of earnings per share:		
Basic	21,043,425	21,200,635
Diluted	21,301,235	21,331,883

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income
(In Thousands, Except Share Information)
(Unaudited)

	Nine Months Ended June 30,	
	2019	2018
Revenues	$ 783,389	$ 636,553
Cost of services	652,156	527,112
Gross profit	131,233	109,441
Selling, general and administrative expenses	103,489	92,108
Contingent consideration	(278)	152
Loss (gain) on sale of assets	87	(39)
Operating income	27,935	17,220
Interest and other (income) expense:		
Interest expense	1,533	1,427
Other (income) expense, net	(129)	(252)
Income from operations before income taxes	26,531	16,045
Provision for income taxes	3,036	34,622
Net income (loss)	23,495	(18,577)
Net income attributable to noncontrolling interest	(150)	(255)
Comprehensive income (loss) attributable to IES Holdings, Inc.	$ 23,345	$ (18,832)
Earnings (loss) per share attributable to IES Holdings, Inc.:		
Basic	$ 1.10	$ (0.89)
Diluted	$ 1.09	$ (0.89)
Shares used in the computation of earnings (loss) per share:		
Basic	21,139,697	21,193,306
Diluted	21,382,178	21,193,306

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity (unaudited)
(In Thousands, Except Share Information)

	Three Months Ended June 30, 2019												
	Common Stock			Treasury Stock									
	Shares	Amount		Shares	Amount		APIC		Retained Earnings		Total Stockholders' Equity		
BALANCE, March 31, 2019	22,049,529	$	220	(667,682)	$	(8,443)	$	191,579	$	44,789	$	228,145	
Acquisition of treasury stock	—		—	(162,993)		(2,914)		—		—		(2,914)	
Non-cash compensation	—		—	—		—		810		—		810	
Net income attributable to IES Holdings, Inc.	—		—	—		—		—		10,972		10,972	
BALANCE, June 30, 2019	22,049,529	$	220	(830,675)	$	(11,357)	$	192,389	$	55,761	$	237,013	

	Three Months Ended June 30, 2018											
	Common Stock			Treasury Stock								
	Shares	Amount		Shares	Amount		APIC		Retained Earnings		Total Stockholders' Equity	
BALANCE, March 31, 2018	22,049,529	$	220	(790,351)	$	(8,108)	$	196,835	$	19,123	$	208,070
Acquisition of treasury stock	—		—	(53,642)		(829)		—		—		(829)
Non-cash compensation	—		—	—		—		(284)		—		(284)
Net income attributable to IES Holdings, Inc.	—		—	—		—				8,516		8,516
BALANCE, June 30, 2018	22,049,529	$	220	(843,993)	$	(8,937)	$	196,551	$	27,639	$	215,473

	Nine Months Ended June 30, 2019											
	Common Stock			Treasury Stock								
	Shares	Amount		Shares	Amount		APIC		Retained Earnings		Total Stockholders' Equity	
BALANCE, September 30, 2018	22,049,529	$	220	(843,993)	$	(8,937)	$	196,810	$	32,314	$	220,407
Issuances under compensation plans	—		—	216,679		2,323		(2,323)		—		—
Grants under compensation plan	—		—	283,195		3,582		(3,582)		—		—
Cumulative effect adjustment from adoption of new accounting standard	—		—	—		—		—		102		102
Acquisition of treasury stock	—		—	(486,556)		(8,325)		—		—		(8,325)
Non-cash compensation	—		—			—		1,484		—		1,484
Net income attributable to IES Holdings, Inc.	—		—	—		—		—		23,345		23,345
BALANCE, June 30, 2019	22,049,529	$	220	(830,675)	$	(11,357)	$	192,389	$	55,761	$	237,013

	Nine Months Ended June 30, 2018											
	Common Stock			Treasury Stock								
	Shares	Amount		Shares	Amount		APIC		Retained Earnings		Total Stockholders' Equity	
BALANCE, September 30, 2017	22,049,529	$	220	(712,554)	$	(6,898)	$	196,955	$	46,427	$	236,704
Grants under compensation plans	—		—	520		5		(5)		—		—
Acquisition of treasury stock	—		—	(133,459)		(2,059)		—		—		(2,059)
Options exercised	—		—	1,500		15		(4)		—		11
Non-cash compensation	—		—	—		—		(395)		—		(395)
Decrease in noncontrolling interest	—		—	—		—		—		44		44
Net loss attributable to IES Holdings, Inc.	—		—	—		—		—		(18,832)		(18,832)
BALANCE, June 30, 2018	22,049,529	$	220	(843,993)	$	(8,937)	$	196,551	$	27,639	$	215,473

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In Thousands)
(Unaudited)

	Nine Months Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 23,495	$ (18,577)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Bad debt expense	209	250
Deferred financing cost amortization	236	214
Depreciation and amortization	7,200	6,706
Loss (gain) on sale of assets	87	(39)
Non-cash compensation expense	1,484	(395)
Deferred income taxes	3,036	34,622
Changes in operating assets and liabilities:		
Accounts receivable	(25,158)	4,992
Inventories	(3,491)	(1,721)
Costs and estimated earnings in excess of billings	(3,362)	(8,990)
Prepaid expenses and other current assets	(3,567)	(1,645)
Other non-current assets	(869)	270
Accounts payable and accrued expenses	20,132	(6,862)
Billings in excess of costs and estimated earnings	1,979	(4,019)
Other non-current liabilities	(1,114)	172
Net cash provided by operating activities	20,297	4,978
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(5,172)	(3,383)
Proceeds from sale of assets	68	107
Cash paid in conjunction with business combinations	—	(5,981)
Net cash used in investing activities	(5,104)	(9,257)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of debt	22,468	99
Repayments of debt	(42,342)	(136)
Distribution to noncontrolling interest	(137)	(235)
Purchase of treasury stock	(8,325)	(2,058)
Options exercised	—	11
Net cash used in financing activities	(28,336)	(2,319)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,143)	(6,598)
CASH, CASH EQUIVALENTS and RESTRICTED CASH, beginning of period	26,247	28,290
CASH, CASH EQUIVALENTS and RESTRICTED CASH, end of period	$ 13,104	$ 21,692
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 1,405	$ 1,227
Cash paid for income taxes (net)	$ 1,321	$ 2,313

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

1. BUSINESS AND ACCOUNTING POLICIES

Description of the Business

IES Holdings, Inc. is a holding company that owns and manages operating subsidiaries in business activities across a variety of end markets. Our operations are currently organized into four principal business segments, based upon the nature of our current services:

- Commercial & Industrial – Provider of electrical and mechanical design, construction, and maintenance services to the commercial and industrial markets in various regional markets and nationwide in certain areas of expertise, such as the power infrastructure market.
- Communications – Nationwide provider of technology infrastructure products and services to large corporations and independent businesses.
- Infrastructure Solutions – Provider of electro-mechanical solutions for industrial operations, including apparatus repair and custom-engineered products.
- Residential – Regional provider of electrical installation services for single-family housing and multi-family apartment complexes.

The words “IES”, the “Company”, “we”, “our”, and “us” refer to IES Holdings, Inc. and, except as otherwise specified herein, to our subsidiaries.

Seasonality and Quarterly Fluctuations

Results of operations from our Residential construction segment are seasonal, depending on weather trends, with typically higher revenues generated during spring and summer and lower revenues generated during fall and winter, with an impact from precipitation in the warmer months. The Commercial & Industrial, Communications and Infrastructure Solutions segments of our business are less subject to seasonal trends, as work in these segments generally is performed inside structures protected from the weather, although weather can still impact these businesses, especially in the early stages of projects. Our service and maintenance business is generally not affected by seasonality. Our volume of business may be adversely affected by declines in construction projects resulting from adverse regional or national economic conditions. Quarterly results may also be materially affected by the timing of new construction projects. Results for our Infrastructure Solutions segment may be affected by the timing of outages at our customers’ facilities. Accordingly, operating results for any fiscal period are not necessarily indicative of results that may be achieved for any subsequent fiscal period.

Basis of Financial Statement Preparation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of IES, our wholly-owned subsidiaries, and entities that we control due to ownership of a majority of voting interest and have been prepared in accordance with the instructions to interim financial reporting as prescribed by the Securities and Exchange Commission (the “SEC”). The results for the interim periods are not necessarily indicative of results for the entire year. These interim financial statements do not include all disclosures required by U.S. generally accepted accounting principles (“GAAP”), and should be read in conjunction with the consolidated financial statements and notes thereto filed with the SEC in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018. In the opinion of management, the unaudited Condensed Consolidated Financial Statements contained in this report include all known accruals and adjustments necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods reported herein. Any such adjustments are of a normal recurring nature.

Noncontrolling Interest

In connection with our acquisitions of STR Mechanical, LLC (“STR Mechanical”) in fiscal 2016 and NEXT Electric, LLC (“NEXT Electric”) in fiscal 2017, we acquired an 80 percent interest in each of the entities, with the remaining 20 percent interest in each such entity being retained by the respective third party seller. The interests retained by those third party sellers are identified on our Condensed Consolidated Balance Sheets as noncontrolling interest, classified outside of permanent equity. Under the terms of each entity’s operating agreement, after five years from the date of the acquisition, we may elect to purchase, or the third party seller may require us to purchase, part or all of the remaining 20 percent interest in the applicable entity. The purchase price is variable, based on a multiple of earnings as defined in the operating agreements. Therefore, this noncontrolling interest is carried at the greater of the balance determined under Accounting Standards Codification (“ASC”) 810 and the redemption amounts assuming the noncontrolling interests were redeemable at the balance sheet date. If all of these interests had been redeemable at June 30, 2019, the redemption amount would have been $2,446. For the nine months ended June 30, 2018, we recorded an increase to retained earnings of $44 to decrease the carrying amount of the noncontrolling interest in STR Mechanical to the balance determined under ASC 810, as, if it had been redeemable at June 30, 2018, the redemption amount would have been less than the carrying amount.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are primarily used in our revenue recognition of construction in progress, fair value assumptions in accounting for business combinations and analyzing goodwill, investments, intangible assets and long-lived asset impairments and adjustments, allowance for doubtful accounts receivable, stock-based compensation, reserves for legal matters, realizability of deferred tax assets, unrecognized tax benefits and self-insured claims liabilities and related reserves.

Income Taxes

For the nine months ended June 30, 2019, our effective tax rate differed from the statutory rate as a result of a benefit of $4,020 related to the recognition of previously unrecognized tax benefits. In December 2017, the Tax Cuts and Jobs Act (the "Act") was enacted, which, among other changes, reduced the federal statutory corporate tax rate from 35% to 21%, effective January 1, 2018. As a result of this change, the Company's statutory tax rate for fiscal 2018 was a blended rate of 24.53% and decreased to 21% in 2019. For the nine months ended June 30, 2018, our effective tax rate differed from the statutory tax rate as a result of a charge of $31,506 to re-measure our deferred tax assets and liabilities to reflect the impact of the new statutory tax rate, slightly offset by a benefit of $1,840 related to the reversal of unrecognized tax benefits. The Company completed its accounting for the income tax effects of the Act and fully recorded the impact in the year ended September 30, 2018.

Accounting Standards Not Yet Adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update No. 2016-02, Leases ("ASU 2016-02"). Under ASU 2016-02, lessees will need to recognize a right-of-use asset and a lease liability on our Balance Sheet for all leases, other than those that meet the definition of a short-term lease. For income statement purposes, leases must be classified as either operating or finance. Operating leases will result in straight-line expense, similar to current operating leases, while finance leases will be accounted for similar to current capital leases. ASU 2016-02 becomes effective for the fiscal year ended September 30, 2020. We are currently evaluating the impact it will have on our Condensed Consolidated Financial Statements. We anticipate the adoption will result in a significant amount of lease right-of-use assets and corresponding lease liabilities being recorded on our balance sheets. We plan to adopt this standard on October 1, 2019 and will apply the transition method that allows the recognition of a cumulative-effect adjustment to retained earnings on such date.

In June 2016, the FASB issued Accounting Standard Update No. 2016-13, Financial Instruments – Credit Losses ("ASU 2016-13"), which requires companies to consider historical experiences, current market conditions and reasonable and supportable forecasts in the measurement of expected credit losses, with further clarifications made in April 2019 and May 2019 with the issuances of Accounting Standard Updates No. 2019-04 and 2019-05. This update is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years, although early adoption is permitted. We are currently evaluating the impact it will have on our Condensed Consolidated Financial Statements. We plan to adopt this standard on October 1, 2020.

In June 2018, the FASB issued Accounting Standard Update No. 2018-07, Compensation—Stock Compensation ("ASU 2018-07"), to simplify the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments for employees, with certain exceptions. Under the new guidance, the cost for nonemployee awards may be lower and less volatile than under current GAAP because the measurement generally will occur earlier and will be fixed at the grant date. This update is effective for the fiscal year ended September 30, 2020.

In August 2018, the FASB issued Accounting Standard Update No. 2018-13, Fair Value Measurement Disclosure Framework ("ASU 2018-13"), to modify certain disclosure requirements for fair value measurements. Under the new guidance, registrants will need to disclose weighted average information for significant unobservable inputs for all Level 3 fair value measurements. The guidance does not specify how entities should calculate the weighted average, but requires them to explain their calculation. The new guidance also requires disclosing the changes in unrealized gain and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements of instruments held at the end of the reporting period. This guidance is effective for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years, although early adoption is permitted for either the entire standard or only the provisions that eliminate or modify the requirements.

We do not expect ASU 2018-07 or ASU 2018-13 to have a material effect on our Condensed Consolidated Financial Statements and we plan to adopt these standards on October 1, 2019 and October 1, 2020, respectively.

Accounting Standards Recently Adopted

In May 2014, the FASB issued Accounting Standard Update No. 2014-09, which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes prior industry-specific guidance. The new standard requires companies to recognize revenue when control of promised goods or services is transferred to customers at an amount that reflects the consideration to which the company expects to be entitled. The new model requires companies to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time for each obligation. The new standard also expands disclosure requirements regarding revenue and cash flows arising from contracts with customers.

We adopted the new revenue recognition standard on October 1, 2018 ("Adoption Date"), using the modified retrospective method, which provides for a cumulative effect adjustment to beginning fiscal 2019 retained earnings for uncompleted contracts impacted by the adoption. We recorded an adjustment of $102 to beginning fiscal 2019 retained earnings as a result of adoption of the new standard. The changes to the method and/or timing of our revenue recognition associated with the new standard primarily affect revenue recognition within our Infrastructure Solutions segment for which, as of October 1, 2018, certain of our contracts do not qualify for revenue recognition over time. In addition, we have now combined in process contracts that historically had been accounted for as separate contracts in cases where those contracts meet the criteria for combination of contracts under the new standard, and we now capitalize certain commissions which were previously expensed when incurred. The impact on our results for the three and nine months ended June 30, 2019, of applying the new standard to our contracts was not material.

Consistent with our adoption method, the comparative prior period information for the three and nine months ended June 30, 2018, continues to be reported using the previous accounting standards in effect for the period presented. We have elected to utilize the modified retrospective transition practical expedient that allows us to evaluate the impact of contract modifications as of the Adoption Date rather than evaluating the impact of the modifications at the time they occurred prior to the Adoption Date.

See Note 3, "Revenue Recognition" for additional discussion of our revenue recognition accounting policies and expanded disclosures.

In January 2016, the FASB issued Accounting Standard Update No. 2016-01, Financial Instruments. This standard is associated with the recognition and measurement of financial assets and liabilities, with further clarifications made in February 2018 with the issuance of Accounting Standard Update No. 2018-03. The amended guidance requires certain equity investments that are not consolidated and not accounted for under the equity method to be measured at fair value with changes in fair value recognized in net income rather than as a component of accumulated other comprehensive income (loss). It further states that an entity may choose to measure equity investments that do not have readily determinable fair values using a quantitative approach, or measurement alternative, which is equal to its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. Our adoption of this standard on October 1, 2018 had no impact on our Condensed Consolidated Financial Statements.

In January 2017, the FASB issued Accounting Standard Update No. 2017-01, Business Combinations. This standard clarifies the definition of a business to assist entities with evaluation of whether transactions should be accounted for as acquisitions or disposals of assets or businesses. Our adoption of this standard on October 1, 2018 using the prospective transition method had no impact on our Condensed Consolidated Financial Statements.

In May 2017, the FASB issued Accounting Standard Update No. 2017-09, Compensation—Stock Compensation, to reduce the diversity in practice and the cost and complexity when changing the terms or conditions of a share-based payment award. Our adoption of this standard on October 1, 2018 using the prospective transition method had no impact on our Condensed Consolidated Financial Statements.

2. CONTROLLING STOCKHOLDER

Tontine Associates, L.L.C. and its affiliates (collectively, "Tontine"), is the Company's controlling stockholder, owning approximately 57.4 percent of the Company's outstanding common stock according to a Form 4 filed with the SEC by Tontine on July 3, 2019. Accordingly, Tontine has the ability to exercise significant control over our affairs, including the election of directors and most actions requiring the approval of stockholders.

While Tontine is subject to certain restrictions under federal securities laws on sales of its shares as an affiliate, the Company has filed a shelf registration statement to register all of the shares of IES common stock owned by Tontine at the time of registration. As long as the shelf registration statement remains effective and the Company remains eligible to use it, Tontine has the ability to resell any or all of its registered shares from time to time in one or more offerings, as described in the shelf registration statement and in any prospectus supplement filed in connection with an offering pursuant to the shelf registration statement.

Should Tontine sell or otherwise dispose of all or a portion of its position in IES, a change in ownership of IES could occur. A change in ownership, as defined by Internal Revenue Code Section 382, could reduce the availability of the Company's net operating losses ("NOLs") for federal and state income tax purposes. On November 8, 2016, the Company implemented a new tax benefit protection plan (the "NOL Rights Plan"). The NOL Rights Plan was designed to deter an acquisition of the Company's stock in excess of a threshold amount that could trigger a change of control within the meaning of Internal Revenue Code Section 382. There can be no assurance that the NOL Rights Plan will be effective in deterring a change of ownership or protecting the NOLs. Furthermore, a change in control would trigger the change of control provisions in a number of our material agreements, including our credit facility, bonding agreements with our sureties and our severance arrangements.

Jeffrey L. Gendell was appointed as a member of the Board of Directors and as Chairman of the Board in November 2016. He is the managing member and founder of Tontine, and the brother of David B. Gendell, who has served as a member of our Board of Directors since February 2012, and who previously served as Interim Director of Operations from November 2017 to January 2019, as Vice Chairman of the Board from November 2016 to November 2017 and as Chairman of the Board from January 2015 to November 2016. David B. Gendell was an employee of Tontine from 2004 until December 31, 2017.

The Company is party to a sublease agreement with Tontine Associates, L.L.C. for corporate office space in Greenwich, Connecticut. On May 1, 2019, the sublease was extended for a six month term expiring December 31, 2019, with an increase in the monthly rent to $9, reflecting the increase paid by Tontine Associates, L.L.C. to its landlord. The lease has terms at market rates, and payments by the Company are at a rate consistent with that paid by Tontine Associates, L.L.C. to its landlord.

On December 6, 2018, the Company entered into a Board Observer Letter Agreement with Tontine Associates, L.L.C. in order to assist Tontine in managing its investment in the Company. Subject to the terms and conditions set forth in the Letter Agreement, the Company granted Tontine the right, at any time that Tontine holds at least 20% of the outstanding common stock of the Company, to appoint a representative to serve as an observer to the Board (the "Board Observer"). The Board Observer, who must be reasonably acceptable to those members of the Board who are not affiliates of Tontine, shall have no voting rights or other decision making authority. Subject to the terms and conditions set forth in the Letter Agreement, so long as Tontine has the right to appoint a Board Observer, the Board Observer will have the right to attend and participate in meetings of the Board and the committees thereof, subject to confidentiality requirements, and to receive reimbursement for reasonable out-of-pocket expenses incurred in his or her capacity as a Board Observer and such rights to coverage under the Company's directors' and officers' liability insurance policy as are available to the Company's directors.

3. REVENUE RECOGNITION

Contracts

Our revenue is derived from contracts with customers, and we determine the appropriate accounting treatment for each contract at contract inception. Our contracts primarily relate to electrical and mechanical contracting services, technology infrastructure products and services, and electro-mechanical solutions for industrial operations. Revenue is earned based upon an agreed fixed price or actual costs incurred plus an agreed upon percentage.

We account for a contract when: (i) it has approval and commitment from both parties, (ii) the rights of the parties are identified, (iii) payment terms are identified, (iv) the contract has commercial substance, and (v) collectability of consideration is probable. We consider the start of a project to be when the above criteria have been met and we have written authorization from the customer to proceed.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the 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.

We recognize revenue over time for the majority of the services we perform as (i) control continuously transfers to the customer as work progresses at a project location controlled by the customer and (ii) we have the right to bill the customer as costs are incurred. Within our Infrastructure Solutions segment, we often perform work inside our own facilities, where control does not continuously transfer to the customer as work progresses. In such cases, we evaluate whether we have the right to bill the customer as costs are incurred. Such assessment involves an evaluation of contractual termination clauses. Where we have a contractual right to payment for work performed to date, we recognize revenue over time. If we do not have such a right, we recognize revenue upon completion of the contract, when control of the work transfers to the customer.

For fixed price arrangements, we use the percentage of completion method of accounting under which revenue recognized is measured principally by the costs incurred and accrued to date for each contract as a percentage of the estimated total cost for each contract at completion. Contract costs include all direct material, labor and indirect costs related to contract performance. Changes in job performance, job conditions, estimated contract costs and profitability and final contract settlements may result in revisions to costs and income, and the effects of these revisions are recognized in the period in which the revisions are determined. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. This measurement and comparison process requires updates to the estimate of total costs to complete the contract, and these updates may include subjective assessments and judgments.

Variable Consideration

The transaction price for our contracts may include variable consideration, which includes increases to transaction price for approved and unapproved change orders, claims and incentives, and reductions to transaction price for liquidated damages. Change orders, claims and incentives are generally not distinct from the existing contract due to the significant integration service provided in the context of the contract and are accounted for as a modification of the existing contract and performance obligation. We estimate variable consideration for a performance obligation at the probability weighted value we expect to receive (or the most probable amount we expect to incur in the case of liquidated damages, if any), utilizing estimation methods that best predict the amount of consideration to which we will be entitled (or will be incurred in the case of liquidated damages, if any). We include variable consideration in the estimated transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur or when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in 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. The effect of variable consideration on the transaction price of a performance obligation is recognized as an adjustment to revenue on a cumulative catch-up basis. To the extent unapproved change orders and claims reflected in transaction price (or excluded from transaction price in the case of liquidated damages) are not resolved in our favor, or to the extent incentives reflected in transaction price are not earned, there could be reductions in, or reversals of, previously recognized revenue.

Costs of Obtaining a Contract

In certain of our operations, we incur commission costs related to entering into a contract that we only incurred because of that contract. When this occurs, we capitalize that cost and amortize it over the expected term of the contract. At June 30, 2019, we had capitalized commission costs of $96.

We generally do not incur significant incremental costs related to obtaining or fulfilling a contract prior to the start of a project. When significant pre-contract costs are incurred, they will be capitalized and amortized on a percentage of completion basis over the life of the contract.

Disaggregation of Revenue

We disaggregate our revenue from contracts with customers by activity and contract type, as these categories reflect how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Our consolidated 2019 and 2018 revenue was derived from the following service activities. See details in the following tables:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2019	2018	2019	2018
Commercial & Industrial	$ 75,370	$ 78,156	$ 227,928	$ 196,747
Communications	90,438	54,368	230,200	159,071
Infrastructure Solutions				
Industrial Services	12,339	11,417	36,707	32,874
Custom Power Solutions	23,770	13,439	63,331	37,533
Total	36,109	24,856	100,038	70,407
Residential				
Single-family	54,200	51,028	156,168	139,235
Multi-family and Other	26,516	24,168	69,055	71,093
Total	80,716	75,196	225,223	210,328
Total Revenue	$ 282,633	$ 232,576	$ 783,389	$ 636,553

	Three Months Ended June 30, 2019				
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Fixed-price	$ 70,917	$ 65,219	$ 29,925	$ 80,716	$ 246,777
Time-and-material	4,453	25,219	6,184	—	35,856
Total revenue	$ 75,370	$ 90,438	$ 36,109	$ 80,716	$ 282,633

	Three Months Ended June 30, 2018				
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Fixed-price	$ 68,762	$ 42,927	$ 19,865	$ 75,196	$ 206,750
Time-and-material	9,394	11,441	4,991	—	25,826
Total revenue	$ 78,156	$ 54,368	$ 24,856	$ 75,196	$ 232,576

	Nine Months Ended June 30, 2019				
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Fixed-price	$ 213,214	$ 162,650	$ 87,566	$ 225,223	$ 688,653
Time-and-material	14,714	67,550	12,472	—	94,736
Total revenue	$ 227,928	$ 230,200	$ 100,038	$ 225,223	$ 783,389

	Nine Months Ended June 30, 2018				
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Fixed-price	$ 175,866	$ 124,428	$ 60,172	$ 210,328	$ 570,794
Time-and-material	20,881	34,643	10,235	—	65,759
Total revenue	$ 196,747	$ 159,071	$ 70,407	$ 210,328	$ 636,553

Accounts Receivable

Accounts receivable include amounts which we have billed or have an unconditional right to bill our customers. As of June 30, 2019, Accounts receivable included $10,617 of unbilled receivables for which we have an unconditional right to bill.

Contract Assets and Liabilities

Project contracts typically provide for a schedule of billings on percentage of completion of specific tasks inherent in the fulfillment of our performance obligation(s). The schedules for such billings usually do not precisely match the schedule on which costs are incurred. As a result, contract revenue recognized in the statement of operations can and usually does differ from amounts that can be billed to the customer at any point during the contract. Amounts by which cumulative contract revenue recognized on a contract as of a given date exceed cumulative billings and unbilled receivables to the customer under the contract are reflected as a current asset in our balance sheet under the caption “Costs and estimated earnings in excess of billings”. To the extent amounts by which cumulative billings to the customer under a contract as of a given date exceed cumulative contract revenue recognized are reflected as a current liability in our balance sheet under the caption “Billings in excess of costs and estimated earnings”.

The net asset (liability) position for contracts in process consisted of the following:

	June 30, 2019	September 30, 2018
Costs and estimated earnings on uncompleted contracts	$ 720,469	$ 539,226
Less: Billings to date and unbilled accounts receivable	(721,521)	(541,606)
	$ (1,052)	$ (2,380)

The net asset (liability) position for contracts in process included in the accompanying consolidated balance sheets was as follows:

	June 30, 2019	September 30, 2018
Costs and estimated earnings in excess of billings	$ 34,807	$ 31,446
Billings in excess of costs and estimated earnings	(35,859)	(33,826)
	$ (1,052)	$ (2,380)

During the three months ended June 30, 2019, and 2018, we recognized revenue of $18,472 and $15,076 related to our contract liabilities at April 1, 2019 and 2018, respectively. During the nine months ended June 30, 2019, and 2018, we recognized revenue of $28,816 and $28,627 related to our contract liabilities at October 1, 2018 and 2017, respectively.

We did not have any impairment losses recognized on our receivables or contract assets for the three and nine months ended June 30, 2019 or 2018.

Remaining Performance Obligations

Remaining performance obligations represent the unrecognized revenue value of our contract commitments. New awards represent the total expected revenue value of new contract commitments undertaken during a given period, as well as additions to the scope of existing contract commitments. Our new performance obligations vary significantly each reporting period based on the timing of our major new contract commitments. At June 30, 2019, we had remaining performance obligations of $487. The Company expects to recognize revenue on approximately $387 of the remaining performance obligations over the next 12 months, with the remaining recognized thereafter.

For the three and nine months ended June 30, 2019, net revenue recognized from our performance obligations satisfied in previous periods was not material.

4. DEBT

At June 30, 2019, and September 30, 2018, our long-term debt of $9,915 and $29,564, respectively, primarily related to amounts drawn on our revolving credit facility. Our weighted-average annual interest rate on these borrowings was 4.48% at June 30, 2019, and 3.86% at September 30, 2018. At June 30, 2019, we also had $6,551 in outstanding letters of credit and total availability of $85,024 under our revolving credit facility without violating our financial covenants.

Pursuant to our Second Amended and Restated Credit and Security Agreement with Wells Fargo Bank, N.A. (as amended, the “Credit Agreement”), the Company is subject to the financial or other covenants disclosed in Item 7 of our Annual Report on Form 10-K for the year ended September 30, 2018.

Effective May 20, 2019, the Company entered into a Fourth Amendment to the Credit Agreement, which permits the Company to repurchase up to 1.0 million additional shares of common stock pursuant to its previously authorized stock repurchase program for an aggregate purchase price (including for any remaining shares under the previous share repurchase authorization) not to exceed $25,000. There have been no other changes to the financial or other covenants disclosed in Item 7 of our Annual Report on Form 10-K for the year ended September 30, 2018. The Company was in compliance with the financial covenants as of June 30, 2019.

At June 30, 2019, the carrying value of amounts outstanding on our revolving credit facility approximated fair value, as debt incurs interest at a variable rate. The fair value of the debt is classified as a Level 2 measurement.

5. PER SHARE INFORMATION

The following tables reconcile the components of basic and diluted earnings per share for the three and nine months ended June 30, 2019, and 2018:

	Three Months Ended June 30,	
	2019	2018
Numerator:		
Net income attributable to common stockholders of IES Holdings, Inc.	$ 10,826	$ 8,513
Net income attributable to restricted stockholders of IES Holdings, Inc.	146	3
Net income attributable to IES Holdings, Inc.	$ 10,972	$ 8,516
Denominator:		
Weighted average common shares outstanding — basic	21,043,425	21,200,635
Effect of dilutive stock options and non-vested restricted stock	257,810	131,248
Weighted average common and common equivalent shares outstanding — diluted	21,301,235	21,331,883
Earnings per share attributable to IES Holdings, Inc.:		
Basic	$ 0.52	$ 0.40
Diluted	$ 0.52	$ 0.40

	Nine Months Ended June 30,	
	2019	2018
Numerator:		
Net income (loss) attributable to common stockholders of IES Holdings, Inc.	$ 23,210	$ (18,788)
Decrease in noncontrolling interest	—	(44)
Net income (loss) attributable to restricted stockholders of IES Holdings, Inc.	135	—
Net income (loss) attributable to IES Holdings, Inc.	$ 23,345	$ (18,832)
Denominator:		
Weighted average common shares outstanding — basic	21,139,697	21,193,306
Effect of dilutive stock options and non-vested restricted stock	242,481	—
Weighted average common and common equivalent shares outstanding — diluted	21,382,178	21,193,306
Earnings (loss) per share attributable to IES Holdings, Inc.:		
Basic	$ 1.10	$ (0.89)
Diluted	$ 1.09	$ (0.89)

When an entity has a net loss, it is prohibited from including potential common shares in the computation of diluted per share amounts. Accordingly, we have utilized basic shares outstanding to calculate both basic and diluted loss per share for the nine months ended June 30, 2018. The number of potential anti-dilutive shares excluded from the calculation was 211,669 shares. For the three months ended June 30, 2018, and the three and nine months ended June 30, 2019, the average price of our common shares exceeded the exercise price of all of our outstanding options; therefore, all of our outstanding stock options were included in the computation of fully diluted earnings per share.

6. OPERATING SEGMENTS

We manage and measure performance of our business in four distinct operating segments: Commercial & Industrial, Communications, Infrastructure Solutions and Residential. These segments are reflective of how the Company’s Chief Operating Decision Maker (“CODM”) reviews operating results for the purpose of allocating resources and assessing performance. The Company’s CODM is its Chief Executive Officer.

Transactions between segments, if any, are eliminated in consolidation. Our corporate office provides general and administrative, as well as support services, to our four operating segments. Management allocates certain shared costs between segments for selling, general and administrative expenses and depreciation expense.

Segment information for the three and nine months ended June 30, 2019, and 2018 is as follows:

	Three Months Ended June 30, 2019					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	$ 75,370	$ 90,438	$ 36,109	$ 80,716	$ —	$ 282,633
Cost of services	69,171	75,044	27,671	64,350	—	236,236
Gross profit	6,199	15,394	8,438	16,366	—	46,397
Selling, general and administrative	6,827	8,406	4,937	11,812	4,351	36,333
Contingent consideration	—	—	(163)	—	—	(163)
Loss (gain) on sale of assets	(4)	—	(4)	—	—	(8)
Operating income (loss)	(624)	6,988	3,668	4,554	(4,351)	10,235
Other data:						
Depreciation and amortization expense	$ 652	$ 339	$ 1,122	$ 218	$ 23	$ 2,354
Capital expenditures	$ 507	$ 74	$ 311	$ 329	$ 22	$ 1,243
Total assets	$ 81,693	$ 111,270	$ 118,143	$ 57,866	$ 69,392	$ 438,364

	Three Months Ended June 30, 2018					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	$ 78,156	$ 54,368	$ 24,856	$ 75,196	$ —	$ 232,576
Cost of services	67,839	43,436	18,701	60,063	—	190,039
Gross profit	10,317	10,932	6,155	15,133	—	42,537
Selling, general and administrative	6,980	7,193	4,568	10,941	2,690	32,372
Contingent consideration	—	—	81	—	—	81
Loss (gain) on sale of assets	(6)	—	1	—	—	(5)
Operating income (loss)	3,343	3,739	1,505	4,192	(2,690)	10,089
Other data:						
Depreciation and amortization expense	$ 548	$ 595	$ 1,120	$ 156	$ 18	$ 2,437
Capital expenditures	$ 715	$ 119	$ 112	$ 110	$ —	$ 1,056
Total assets	$ 86,012	$ 67,270	$ 102,233	$ 52,500	$ 87,948	$ 395,963

	Nine Months Ended June 30, 2019					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	$ 227,928	$ 230,200	$ 100,038	$ 225,223	$ —	$ 783,389
Cost of services	204,263	190,895	78,227	178,771	—	652,156
Gross profit	23,665	39,305	21,811	46,452	—	131,233
Selling, general and administrative	20,906	23,006	14,103	34,136	11,338	103,489
Contingent consideration	—	—	(278)	—	—	(278)
Loss (gain) on sale of assets	(8)	—	97	(2)	—	87
Operating income (loss)	2,767	16,299	7,889	12,318	(11,338)	27,935
Other data:						
Depreciation and amortization expense	$ 1,907	$ 1,180	$ 3,391	$ 644	$ 78	$ 7,200
Capital expenditures	$ 1,974	$ 767	$ 1,133	$ 1,174	$ 124	$ 5,172
Total assets	$ 81,693	$ 111,270	$ 118,143	$ 57,866	$ 69,392	$ 438,364

	Nine Months Ended June 30, 2018					
	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Corporate	Total
Revenues	$ 196,747	$ 159,071	$ 70,407	$ 210,328	$ —	$ 636,553
Cost of services	175,066	129,667	54,543	167,836	—	527,112
Gross profit	21,681	29,404	15,864	42,492	—	109,441
Selling, general and administrative	19,624	19,478	13,762	30,995	8,249	92,108
Contingent consideration	—	—	152	—	—	152
Loss (gain) on sale of assets	(35)	(9)	6	(1)	—	(39)
Operating income (loss)	2,092	9,935	1,944	11,498	(8,249)	17,220
Other data:						
Depreciation and amortization expense	$ 1,632	$ 1,030	$ 3,503	$ 452	$ 89	$ 6,706
Capital expenditures	$ 1,638	$ 592	$ 457	$ 696	$ —	$ 3,383
Total assets	$ 86,012	$ 67,270	$ 102,233	$ 52,500	$ 87,948	$ 395,963

7. STOCKHOLDERS' EQUITY

Equity Incentive Plan

The Company's 2006 Equity Incentive Plan, as amended and restated (the "Equity Incentive Plan"), provides for grants of stock options as well as grants of stock, including restricted stock. Approximately 3.0 million shares of common stock are authorized for issuance under the Equity Incentive Plan, of which approximately 847,891 shares were available for issuance at June 30, 2019.

Stock Repurchase Program

In 2015, our Board of Directors authorized a stock repurchase program for the purchase from time to time of up to 1.5 million shares of the Company's common stock, and on May 2, 2019, authorized the repurchase of up to an additional 1.0 million shares of our common stock under the stock repurchase program. Share purchases are made for cash in open market transactions at prevailing market prices or in privately negotiated transactions or otherwise. The timing and amount of purchases under the program are determined based upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. All or part of the repurchases may be implemented under a Rule 10b5-1 trading plan, which allows repurchases under pre-set terms at times when the Company might otherwise be prevented from purchasing under insider trading laws or because of self-imposed blackout periods. The program does not require the Company to purchase any specific number of shares and may be modified, suspended or reinstated at any time at the Company's discretion and without notice. We repurchased 162,993 and 398,947 shares, respectively, of our common stock during the three and nine months ended June 30, 2019, in open market transactions at an average price of $17.88 and $17.11, respectively, per share. We repurchased 20,810 and 100,627 shares of our common stock during the three and nine months ended June 30, 2018, in open market transactions at an average price of $15.45 and $15.41 per share.

Treasury Stock

During the nine months ended June 30, 2019, we issued 212,688 shares of common stock from treasury stock to employees and repurchased 87,609 shares of common stock from our employees to satisfy statutory tax withholding requirements upon the vesting of certain performance phantom stock units under the Equity Incentive Plan. We also repurchased 398,947 shares of common stock on the open market pursuant to our stock repurchase program. We issued 3,991 shares of treasury stock as payment for outstanding phantom stock units that vested upon the departure of the Company's President and issued 283,195 shares out of treasury stock for restricted shares granted upon the appointment of the Company's Chief Executive Officer ("CEO") in March 2019.

During the nine months ended June 30, 2018, we repurchased 32,832 shares of common stock from our employees to satisfy minimum tax withholding requirements upon the vesting of restricted stock under the Equity Incentive Plan and repurchased 100,627 shares of common stock on the open market pursuant to our stock repurchase program. During the nine months ended June 30, 2018, we issued 520 unrestricted shares of common stock from treasury stock to members of our Board of Directors as part of their overall compensation and 1,500 unrestricted shares of common stock to satisfy the exercise of outstanding options for employees.

Restricted Stock

On March 4, 2019, we granted 283,195 restricted shares, pursuant to four award agreements, in conjunction with the appointment of the Company's CEO. These awards include restricted shares subject to the achievement of specified levels of cumulative net income before taxes or specified stock price levels, as well as shares that vest based on the passage of time. During the three and nine months ended June 30, 2019, we recognized $333 and $443, respectively, in compensation expense related to these restricted stock awards. During the three and nine months ended June 30, 2018, we recognized $11 and $256, respectively, in compensation expense related to restricted stock awards granted in prior years. At June 30, 2019, the unamortized compensation cost related to outstanding unvested restricted stock was $3,352.

Phantom Stock Units

Director phantom stock units ("Director PSUs") are primarily granted to the members of the Board of Directors as part of their overall compensation. These Director PSUs are paid via unrestricted stock grants to each director upon their departure from the Board of Directors or upon a change of control. We record compensation expense for the full value of the grant on the date of grant. During the three months ended June 30, 2019, and 2018, we recognized $100 and $49, respectively, in compensation expense related to these grants. During the nine months ended June 30, 2019, and 2018, we recognized $200 and $140, respectively, in compensation expense related to these grants.

Performance Based Phantom Stock Units

A performance based phantom stock unit (a "PPSU") is a contractual right to receive one share of the Company's common stock upon the achievement of certain specified performance objectives and continued performance of services. On February 6, 2019, the Company granted an additional 230,274 PPSUs, of which 59,924 shares were subsequently forfeited in conjunction with the departure of the Company's President. At June 30, 2019, the Company had outstanding an aggregate of 170,350 PPSUs.

During the three and nine months ended June 30, 2019, we recognized $427 and $892 in compensation expense, respectively, related to these grants. During the three and nine months ended June 30, 2018, we recognized a benefit to compensation expense of $343 and $792, respectively, related to these grants. This benefit was the result of a reduction in the estimated number of units deemed probable of vesting based on the projected achievement of specified performance objectives.

8. SECURITIES AND EQUITY INVESTMENTS

Our financial instruments consist of cash and cash equivalents, accounts receivable, notes receivable, investments, accounts payable and a loan agreement. We believe that the carrying value of these financial instruments in the accompanying Condensed Consolidated Balance Sheets approximates their fair value due to their short-term nature. At June 30, 2019, and September 30, 2018, we carried a cost method investment at $408 and $558, respectively, which is equal to our cost less impairment.

9. EMPLOYEE BENEFIT PLANS

401(k) Plan

In November 1998, we established the IES Holdings, Inc. 401(k) Retirement Savings Plan. All full-time IES employees and full-time employees of participating subsidiaries are eligible to participate on the first day of the month subsequent to completing sixty days of service and attaining age twenty-one. Participants become vested in our matching contributions following three years of service. We also maintain several subsidiary retirement savings plans. During the three months ended June 30, 2019, and 2018, we recognized $538 and $466, respectively, in matching expense. During the nine months ended June 30, 2019, and 2018, we recognized $1,561 and $1,380, respectively, in matching expense.

Post Retirement Benefit Plans

Certain individuals at one of the Company's locations are entitled to receive fixed annual payments pursuant to post retirement benefit plans. We had an unfunded benefit liability of $710 and $755 recorded as of June 30, 2019, and September 30, 2018, respectively, related to such plans.

10. FAIR VALUE MEASUREMENTS

Fair Value Measurement Accounting

Fair value is considered the price to sell an asset, or transfer a liability, between market participants on the measurement date. Fair value measurements assume that the asset or liability is (1) exchanged in an orderly manner, (2) the exchange is in the principal market for that asset or liability, and (3) the market participants are independent, knowledgeable, able and willing to transact an exchange. Fair value accounting and reporting establishes a framework for measuring fair value by creating a hierarchy for observable independent market inputs and unobservable market assumptions and expands disclosures about fair value measurements. Considerable judgment is required to interpret the market data used to develop fair value estimates. As such, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair value.

At June 30, 2019, financial assets and liabilities measured at fair value on a recurring basis were limited to our Executive Deferred Compensation Plan, under which certain employees are permitted to defer a portion of their base salary and/or bonus for a Plan Year (as defined in the plan), and contingent consideration liabilities related to certain of our acquisitions.

Financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2019, and September 30, 2018, are summarized in the following tables by the type of inputs applicable to the fair value measurements:

	June 30, 2019		
	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable Inputs (Level 3)
Executive savings plan assets	$ 773	$ 773	$ —
Executive savings plan liabilities	(656)	(656)	—
Contingent consideration	(108)	—	(108)
Total	$ 9	$ 117	$ (108)

	September 30, 2018		
	Total Fair Value	Quoted Prices (Level 1)	Significant Unobservable Inputs (Level 3)
Executive savings plan assets	$ 747	$ 747	$ —
Executive savings plan liabilities	(631)	(631)	—
Contingent consideration	(680)	—	(680)
Total	$ (564)	$ 116	$ (680)

In fiscal years 2016, 2017 and 2018, we entered into contingent consideration arrangements related to certain acquisitions. At June 30, 2019, we estimated the fair value of these contingent consideration liabilities at $108. The table below presents a reconciliation of the fair value of these obligations, which used significant unobservable inputs (Level 3).

	Contingent Consideration Agreements
Fair value at September 30, 2018	$ 680
Settlements	(295)
Net adjustments to fair value	(277)
Fair value at June 30, 2019	$ 108

11. INVENTORY

Inventories consist of the following components:

	June 30, 2019	September 30, 2018
Raw materials	$ 4,447	$ 4,453
Work in process	6,171	5,168
Finished goods	1,726	1,746
Parts and supplies	12,006	9,599
Total inventories	$ 24,350	$ 20,966

12. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The following is a progression of goodwill by segment for the nine months ended June 30, 2019:

	Commercial & Industrial	Communications	Infrastructure Solutions	Residential	Total
Goodwill at September 30, 2018	$ 6,976	$ 2,816	$ 30,931	$ 9,979	$ 50,702
Divestitures (See Note 14)	—	—	(119)	—	(119)
Adjustments	—	—	—	39	39
Goodwill at June 30, 2019	$ 6,976	$ 2,816	$ 30,812	$ 10,018	$ 50,622

Intangible Assets

Intangible assets consist of the following:

		June 30, 2019		
	Estimated Useful Lives (in Years)	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	5-20	$ 5,084	$ (1,163)	$ 3,921
Technical library	20	400	(116)	284
Customer relationships	6-15	33,539	(10,256)	23,283
Non-competition arrangements	5	40	(7)	33
Backlog	1	378	(362)	16
Construction contracts	1	221	(223)	(2)
Total intangible assets		$ 39,662	$ (12,127)	$ 27,535

		September 30, 2018		
	Estimated Useful Lives (in Years)	Gross Carrying Amount	Accumulated Amortization	Net
Trademarks/trade names	5-20	$ 5,084	$ (831)	$ 4,253
Technical library	20	400	(101)	299
Customer relationships	6-15	33,539	(7,870)	25,669
Non-competition arrangements	5	40	(1)	39
Backlog	1	378	(176)	202
Construction contracts	1	2,184	(2,056)	128
Total intangible assets		$ 41,625	$ (11,035)	$ 30,590

13. COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time we are a party to various claims, lawsuits and other legal proceedings that arise in the ordinary course of business. We maintain various insurance coverages to minimize financial risk associated with these proceedings. None of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on our financial position, results of operations or cash flows. With respect to all such proceedings, we record reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. We expense routine legal costs related to these proceedings as they are incurred.

Risk-Management

We retain the risk for workers' compensation, employer's liability, automobile liability, construction defects, general liability and employee group health claims, as well as pollution coverage, resulting from uninsured deductibles per accident or occurrence which are generally subject to annual aggregate limits. Our general liability program provides coverage for bodily injury and property damage. In many cases, we insure third parties, including general contractors, as additional insureds under our insurance policies. Losses are accrued based upon our known claims incurred and an estimate of claims incurred but not reported. As a result, many of our claims are effectively self-insured. Many claims against our insurance are in the form of litigation. At June 30, 2019, and September 30, 2018, we had $6,218 and $6,202, respectively, accrued for self-insurance liabilities. We are also subject to construction defect liabilities, primarily within our Residential segment. As of June 30, 2019, and September 30, 2018, we had $97 and $171, respectively, reserved for these claims. Because the reserves are based on judgment and estimates and involve variables that are inherently uncertain, such as the outcome of litigation and an assessment of insurance coverage, there can be no assurance that the ultimate liability will not be higher or lower than such estimates or that the timing of payments will not create liquidity issues for the Company.

Some of the underwriters of our casualty insurance program require us to post letters of credit as collateral. This is common in the insurance industry. To date, we have not had a situation where an underwriter has had reasonable cause to effect payment under a letter of credit. At June 30, 2019, and September 30, 2018, $6,351 and $6,101, respectively, of our outstanding letters of credit was utilized to collateralize our insurance program.

Surety

As of June 30, 2019, the estimated cost to complete our bonded projects was approximately $89,753. We evaluate our bonding requirements on a regular basis, including the terms offered by our sureties. We believe the bonding capacity presently provided by our current sureties is adequate for our current operations and will be adequate for our operations for the foreseeable future.

Other Commitments and Contingencies

Some of our customers and vendors require us to post letters of credit, or provide intercompany guarantees, as a means of guaranteeing performance under our contracts and ensuring payment by us to subcontractors and vendors. If our customer has reasonable cause to effect payment under a letter of credit, we would be required to reimburse our creditor for the letter of credit. At June 30, 2019, and September 30, 2018, $200 and $508, respectively, of our outstanding letters of credit were to collateralize our vendors.

From time to time, we may enter into firm purchase commitments for materials, such as copper or aluminum wire, which we expect to use in the ordinary course of business. These commitments are typically for terms of less than one year and require us to buy minimum quantities of materials at specific intervals at a fixed price over the term. As of June 30, 2019, we had no such material commitments.

14. BUSINESS COMBINATIONS AND DIVESTITURES

In March 2019, our management committed to a plan for the sale of substantially all of the operating assets at one of our operating facilities within the Infrastructure Solutions segment. In connection with the plan, we allocated $119 of goodwill to the disposal group. In conjunction with the write down of these assets to their net realizable value of $450, we recognized a loss of $101, recorded within "Loss (gain) on sale of assets" within our Condensed Consolidated Statements of Comprehensive Income for the nine months ended June 30, 2019. The sale of these assets to a third party was completed in May 2019.

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

The following discussion and analysis should be read in conjunction with our Consolidated Financial Statements and the notes thereto, set forth in Part II, Item 8. "*Financial Statements and Supplementary Data*" as set forth in our Annual Report on Form 10-K for the year ended September 30, 2018, and the Condensed Consolidated Financial Statements and notes thereto included in Part I, Item 1 of this Quarterly Report on Form 10-Q. The following discussion may contain forward looking statements. For additional information, see "*Disclosure Regarding Forward Looking Statements*" in Part I of this Quarterly Report on Form 10-Q.

OVERVIEW

Executive Overview

Please refer to Part I, Item 1. "*Business*" of our Annual Report on Form 10-K for the year ended September 30, 2018, for a discussion of the Company's services and corporate strategy. IES Holdings, Inc., a Delaware corporation, is a holding company that owns and manages operating subsidiaries, comprised of providers of industrial products and infrastructure services, to a variety of end markets. Our operations are currently organized into four principal business segments: Commercial & Industrial, Communications, Infrastructure Solutions and Residential.

RESULTS OF OPERATIONS

We report our operating results across our four operating segments: Commercial & Industrial, Communications, Infrastructure Solutions and Residential. Expenses associated with our corporate office are classified separately. The following table presents selected historical results of operations of IES Holdings, Inc., as well as the results of acquired businesses from the dates acquired.

	Three Months Ended June 30,			
	2019		2018	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 282,633	100.0 %	$ 232,576	100.0 %
Cost of services	236,236	83.6 %	190,039	81.7 %
Gross profit	46,397	16.4 %	42,537	18.3 %
Selling, general and administrative expenses	36,333	12.9 %	32,372	13.9 %
Contingent consideration	(163)	(0.1) %	81	— %
Gain on sale of assets	(8)	— %	(5)	— %
Operating income	10,235	3.6 %	10,089	4.3 %
Interest and other (income) expense, net	387	0.1 %	402	0.2 %
Income from operations before income taxes	9,848	3.5 %	9,687	4.2 %
Provision for income taxes	(1,207)	(0.4) %	1,038	0.4 %
Net income	11,055	3.9 %	8,649	3.7 %
Net income attributable to noncontrolling interest	(83)	— %	(133)	(0.1) %
Net income attributable to IES Holdings, Inc.	$ 10,972	3.9 %	$ 8,516	3.7 %

Consolidated revenues for the three months ended June 30, 2019, were $50.1 million higher than for the three months ended June 30, 2018, an increase of 21.5%, with increases at our Communications, Infrastructure Solutions, and Residential segments, driven by strong demand. Revenues decreased at our Commercial & Industrial segment, where many of our markets remain highly competitive.

Consolidated gross profit for the three months ended June 30, 2019, increased $3.9 million compared with the three months ended June 30, 2018. Our overall gross profit percentage decreased to 16.4% during the three months ended June 30, 2019, as compared to 18.3% during the three months ended June 30, 2018. Gross profit as a percentage of revenue decreased at each of our segments, with the exception of our Residential segment. See further discussion below of changes in gross margin for our individual segments.

Selling, general and administrative expenses include costs not directly associated with performing work for our customers. These costs consist primarily of compensation and benefits related to corporate, segment and branch management (including incentive-based compensation), occupancy and utilities, training, professional services, information technology costs, consulting fees, travel and certain types of depreciation and amortization. We allocate certain corporate selling, general and administrative costs across our segments as we believe this more accurately reflects the costs associated with operating each segment.

During the three months ended June 30, 2019, our selling, general and administrative expenses were $36.3 million, an increase of $4.0 million, or 12.2%, over the three months ended June 30, 2018, driven by increased personnel costs at our operating segments in connection with their growth. This increase also includes an increase in stock based compensation expenses at the Corporate level. However, selling, general and administrative expense as a percent of revenue decreased from 13.9% for the three months ended June 30, 2018, to 12.9% for the three months ended June 30, 2019, as we benefited from the increased scale of our operations.

	Nine Months Ended June 30,			
	2019		2018	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 783,389	100.0 %	$ 636,553	100.0 %
Cost of services	652,156	83.2 %	527,112	82.8 %
Gross profit	131,233	16.8 %	109,441	17.2 %
Selling, general and administrative expenses	103,489	13.2 %	92,108	14.5 %
Contingent consideration	(278)	— %	152	— %
Loss (gain) on sale of assets	87	— %	(39)	— %
Operating income	27,935	3.6 %	17,220	2.7 %
Interest and other (income) expense, net	1,404	0.2 %	1,175	0.2 %
Income from operations before income taxes	26,531	3.4 %	16,045	2.5 %
Provision for income taxes (1)	3,036	0.4 %	34,622	5.4 %
Net income (loss)	23,495	3.0 %	(18,577)	(2.9) %
Net income attributable to noncontrolling interest	(150)	— %	(255)	— %
Net income (loss) attributable to IES Holdings, Inc.	$ 23,345	3.0 %	$ (18,832)	(3.0) %

(1) 2018 includes a charge of $31.5 million to re-measure our net deferred tax assets in connection with the Tax Cuts and Jobs Act.

Consolidated revenues for the nine months ended June 30, 2019, were $146.8 million higher than for the nine months ended June 30, 2018, an increase of 23.1%, with increases at all of our operating segments, driven by strong demand.

Our overall gross profit percentage decreased to 16.8% during the nine months ended June 30, 2019, as compared to 17.2% during the nine months ended June 30, 2018. Gross profit as a percentage of revenue increased at our Residential segment, but decreased slightly at each of our other segments. See further discussion below of changes in gross margin for our individual segments.

During the nine months ended June 30, 2019, our selling, general and administrative expenses were $103.5 million, an increase of $11.4 million, or 12.4%, over the nine months ended June 30, 2018, driven by increased personnel costs at our operating segments in connection with their growth. This increase also includes a $3.1 million increase in expenses at the corporate level, related to a severance payment to our outgoing President, as well as an increase in stock-based compensation expense. However, selling, general and administrative expense as a percent of revenue decreased from 14.5% for the nine months ended June 30, 2018, to 13.2% for the nine months ended June 30, 2019, as we benefited from the increased scale of our operations.

Commercial & Industrial

	Three Months Ended June 30,			
	2019		2018	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 75,370	100.0 %	$ 78,156	100.0 %
Cost of services	69,171	91.8 %	67,839	86.8 %
Gross profit	6,199	8.2 %	10,317	13.2 %
Selling, general and administrative expenses	6,827	9.1 %	6,980	8.9 %
Gain on sale of assets	(4)	— %	(6)	— %
Operating income	(624)	(0.8) %	3,343	4.3 %

Revenue. Revenues in our Commercial & Industrial segment decreased $2.8 million, or 3.6%, during the three months ended June 30, 2019, compared to the three months ended June 30, 2018. The decrease was largely driven by a reduction in time-and-material work, as well as a lower volume of large, industrial jobs in the Southeastern U.S. Several large projects underway during the three months ended June 30, 2018 have since been completed, and the timing of our customers' capital spending needs can cause variations in revenue from quarter to quarter. The market for this segment's services remains highly competitive.

Gross Profit. Our Commercial & Industrial segment's gross profit during the three months ended June 30, 2019, decreased by $4.1 million, as compared to the three months ended June 30, 2018. The decrease is due to the reduction in volumes, as well as project inefficiencies at our Nebraska branch driven by weather and other factors. Gross margin as a percent of revenue decreased 5.0% to 8.2% during the three months ended June 30, 2019, as compared to the three months ended June 30, 2018, as a result of a reduction in efficiency, as well as the reduction in volumes resulting in a higher rate of fixed overhead costs as a percentage of revenue.

Selling, General and Administrative Expenses. Our Commercial & Industrial segment's selling, general and administrative expenses during the three months ended June 30, 2019, decreased $0.2 million, or 2.2%, compared to the three months ended June 30, 2018. Selling, general and administrative expenses as a percentage of revenues increased 0.2% to 9.1% during the three months ended June 30, 2019, compared to the three months ended June 30, 2018.

	Nine Months Ended June 30,			
	2019		2018	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 227,928	100.0 %	$ 196,747	100.0 %
Cost of services	204,263	89.6 %	175,066	89.0 %
Gross profit	23,665	10.4 %	21,681	11.0 %
Selling, general and administrative expenses	20,906	9.2 %	19,624	10.0 %
Gain on sale of assets	(8)	— %	(35)	— %
Operating income	2,767	1.2 %	2,092	1.1 %

Revenue. Revenues in our Commercial & Industrial segment increased $31.2 million during the nine months ended June 30, 2019, an increase of 15.8% compared to the nine months ended June 30, 2018. The increase in revenue over this period was driven by an increase in large, agricultural and other projects in the Midwest. The market for this segment's services in many geographic regions remains highly competitive.

Gross Profit. Our Commercial & Industrial segment's gross profit during the nine months ended June 30, 2019, increased by $2.0 million, or 9.2%, as compared to the nine months ended June 30, 2018. We did benefit from higher volumes; however, these benefits were partly offset by certain project inefficiencies in the quarter ended June 30, 2019. As a percentage of revenue, gross profit decreased slightly, from 11.0% for the nine months ended June 30, 2018, to 10.4% for the nine months ended June 30, 2019 as a result of some project inefficiencies.

Selling, General and Administrative Expenses. Our Commercial & Industrial segment's selling, general and administrative expenses during the nine months ended June 30, 2019, increased $1.3 million, or 6.5%, compared to the nine months ended June 30, 2018, but decreased 0.8% as a percentage of revenue, as we benefited from the increased scale of our operations.

Communications

	Three Months Ended June 30,			
	2019		2018	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 90,438	100.0 %	$ 54,368	100.0 %
Cost of services	75,044	83.0 %	43,436	79.9 %
Gross profit	15,394	17.0 %	10,932	20.1 %
Selling, general and administrative expenses	8,406	9.3 %	7,193	13.2 %
Operating income	6,988	7.7 %	3,739	6.9 %

Revenue. Our Communications segment's revenues increased by $36.1 million during the three months ended June 30, 2019, or 66.3%, compared to the three months ended June 30, 2018. The increase primarily resulted from increased demand driven by several of our large data center customers. Revenues in our Communications segment can vary from quarter to quarter based on the capital spending cycles of our customers.

Gross Profit. Our Communications segment's gross profit during the three months ended June 30, 2019, increased by $4.5 million compared to the three months ended June 30, 2018. While total gross profit increased in connection with higher volumes, gross profit as a percentage of revenue decreased, as we took on a larger proportion of cost-plus arrangements. These arrangements provide us with a reimbursement for our costs plus a markup, and are typically lower margin, but also lower risk, as compared with our fixed-cost arrangements.

Selling, General and Administrative Expenses. Our Communications segment's selling, general and administrative expenses increased by $1.2 million, or 16.9%, during the three months ended June 30, 2019, compared to the three months ended June 30, 2018. The increase is a result of higher personnel cost, particularly related to continuing investment to support the growth of the business, along with higher incentive compensation expense in connection with improved profitability and cash flows. Selling, general and administrative expenses as a percentage of revenues in the Communications segment decreased 3.9% to 9.3% of segment revenue during the three months ended June 30, 2019, compared to the three months ended June 30, 2018, as we benefited from the increased scale of our operations.

	Nine Months Ended June 30,			
	2019		2018	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 230,200	100.0 %	$ 159,071	100.0 %
Cost of services	190,895	82.9 %	129,667	81.5 %
Gross profit	39,305	17.1 %	29,404	18.5 %
Selling, general and administrative expenses	23,006	10.0 %	19,478	12.2 %
Gain on sale of assets	—	— %	(9)	— %
Operating income	16,299	7.1 %	9,935	6.2 %

Revenue. Our Communications segment revenues increased by $71.1 million during the nine months ended June 30, 2019, or 44.7% compared to the nine months ended June 30, 2018. The increase primarily resulted from increased demand from several of our data center customers. Revenues in our Communications segment can vary from quarter to quarter based on the capital spending cycles of our customers.

Gross Profit. Our Communications segment's gross profit during the nine months ended June 30, 2019, increased $9.9 million, or 33.7%, as compared to the nine months ended June 30, 2018. While total gross profit increased in connection with higher volumes, gross profit as a percentage of revenue decreased, as we took on a larger proportion of cost-plus arrangements. These arrangements provide us with a reimbursement for our costs plus a markup, and are typically lower margin, but also lower risk, as compared with our fixed-cost arrangements.

Selling, General and Administrative Expenses. Our Communications segment's selling, general and administrative expenses increased $3.5 million, or 18.1%, during the nine months ended June 30, 2019, compared to the nine months ended June 30, 2018. The increase is a result of higher personnel cost, particularly related to continuing investment to support the growth of the business, along with higher incentive compensation expense in connection with improved profitability and cash flows. Selling, general and administrative expenses as a percentage of revenues in the Communications segment decreased by 2.2% to 10.0% of segment revenue during the nine months ended June 30, 2019, compared to the nine months ended June 30, 2018, as we benefited from the increased scale of our operations.

Infrastructure Solutions

	Three Months Ended June 30,			
	2019		2018	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 36,109	100.0 %	$ 24,856	100.0 %
Cost of services	27,671	76.6 %	18,701	75.2 %
Gross profit	8,438	23.4 %	6,155	24.8 %
Selling, general and administrative expenses	4,937	13.7 %	4,568	18.4 %
Contingent consideration	(163)	(0.5) %	81	0.3 %
Loss on sale of assets	(4)	— %	1	— %
Operating income	3,668	10.2 %	1,505	6.1 %

Revenue. Revenues in our Infrastructure Solutions segment increased $11.3 million during the three months ended June 30, 2019, an increase of 45.3% compared to the three months ended June 30, 2018. The increase in revenue was driven primarily by our generator enclosure business, driven by increased demand for enclosures to be used at data centers.

Gross Profit. Our Infrastructure Solutions segment's gross profit during the three months ended June 30, 2019, increased $2.3 million as compared to the three months ended June 30, 2018, primarily as a result of the increase in volume. However, gross profit as a percentage of revenue decreased 1.4% to 23.4%, as the manufacture of generator enclosures continues to grow as a proportion of our business. While margins on generation enclosures are improving, they are typically lower than margins in our motor repair business.

Selling, General and Administrative Expenses. Our Infrastructure Solutions segment's selling, general and administrative expenses during the three months ended June 30, 2019, increased by $0.4 million compared to the three months ended June 30, 2018, primarily as a result of increased health care costs. Selling, general and administrative expense as a percent of revenue decreased from 18.4% to 13.7%, as we were able to scale our business effectively without adding significant general and administrative expense.

	Nine Months Ended June 30,			
	2019		2018	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 100,038	100.0 %	$ 70,407	100.0 %
Cost of services	78,227	78.2 %	54,543	77.5 %
Gross profit	21,811	21.8 %	15,864	22.5 %
Selling, general and administrative expenses	14,103	14.1 %	13,762	19.5 %
Contingent consideration	(278)	(0.3) %	152	0.2 %
Loss on sale of assets	97	0.1 %	6	— %
Operating income	7,889	7.9 %	1,944	2.8 %

Revenue. Revenues in our Infrastructure Solutions segment increased $29.6 million during the nine months ended June 30, 2019, an increase of 42.1% compared to the nine months ended June 30, 2018. The increase in revenue relates primarily to our bus duct and enclosure business, driven by increased demand for enclosures to be used at data centers, as well as an increase in revenue from our motor repair business.

Gross Profit. Our Infrastructure Solutions segment's gross profit during the nine months ended June 30, 2019, increased $5.9 million as compared to the nine months ended June 30, 2018, primarily as a result of increased volumes. Gross profit as a percentage of revenues decreased 0.7% to 21.8% for the nine months ended June 30, 2019, largely as the result of a change in the mix of work performed. Our generator enclosure business generally has lower margins than our motor repair business, and the sale of generator enclosures now makes up a greater proportion of our revenue as compared with the prior year.

Selling, General and Administrative Expenses. Our Infrastructure Solutions segment's selling, general and administrative expenses during the nine months ended June 30, 2019, increased by $0.3 million compared to the nine months ended June 30, 2018, primarily as a result of increased health care costs. However, selling, general and administrative expense as a percent of revenue decreased from 19.5% for the nine months ended June 30, 2018 to 14.1% for the nine months ended June 30, 2019, as we were able to scale our business effectively without adding significant general and administrative expense.

Residential

	Three Months Ended June 30,			
	2019		2018	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 80,716	100.0 %	$ 75,196	100.0 %
Cost of services	64,350	79.7 %	60,063	79.9 %
Gross profit	16,366	20.3 %	15,133	20.1 %
Selling, general and administrative expenses	11,812	14.6 %	10,941	14.5 %
Operating income	4,554	5.6 %	4,192	5.6 %

Revenue. Our Residential segment's revenues increased by $5.5 million during the three months ended June 30, 2019, an increase of 7.3% as compared to the three months ended June 30, 2018. The increase is driven by both our single-family and multi-family business, where revenues each increased by $3.3 million for the three months ended June 30, 2019, compared with the three months ended June 30, 2018. These increases were partly offset by a $1.0 million decrease in solar and cable service business for the three months ended June 30, 2019, compared with the same period in the prior year.

Gross Profit. During the three months ended June 30, 2019, our Residential segment's gross profit increased by $1.2 million, or 8.1%, as compared to the three months ended June 30, 2018. The increase in gross profit was driven primarily by higher volumes. Gross margin as a percentage of revenue increased 0.2% to 20.3% during the quarter ended June 30, 2019, as compared with the quarter ended June 30, 2018, as we benefited from the increased scale of our operations.

Selling, General and Administrative Expenses. Our Residential segment's selling, general and administrative expense increased by $0.9 million, or 8.0%, during the three months ended June 30, 2019, compared to the three months ended June 30, 2018, primarily as a result of higher incentive compensation expense in connection with higher profitability. Selling, general and administrative expenses as a percentage of revenues in the Residential segment increased slightly to 14.6% of segment revenue during the three months ended June 30, 2019, compared to 14.5% in the three months ended June 30, 2018.

	Nine Months Ended June 30,			
	2019		2018	
	$	%	$	%
	(Dollars in thousands, Percentage of revenues)			
Revenues	$ 225,223	100.0 %	$ 210,328	100.0 %
Cost of services	178,771	79.4 %	167,836	79.8 %
Gross profit	46,452	20.6 %	42,492	20.2 %
Selling, general and administrative expenses	34,136	15.2 %	30,995	14.7 %
Gain on sale of assets	(2)	— %	(1)	— %
Operating income	12,318	5.5 %	11,498	5.5 %

Revenue. Our Residential segment revenues increased by $14.9 million during the nine months ended June 30, 2019, an increase of 7.1% as compared to the nine months ended June 30, 2018. The increase is driven by our single-family business, where revenues increased by $17.1 million for the nine months ended June 30, 2019, compared with the nine months ended June 30, 2018. This increase was partly offset by a $2.4 million decrease in our solar and service revenues for the nine months ended June 30, 2019, compared with the same period in the prior year.

Gross Profit. During the nine months ended June 30, 2019, our Residential segment gross profit increased by $4.0 million, or 9.3%, as compared to the nine months ended June 30, 2018. The increase in gross profit was driven primarily by higher volumes, but also benefited from improved copper and other commodity prices. Gross margin as a percentage of revenue increased 0.4% to 20.6% during the nine months ended June 30, 2019, as compared with the nine months ended June 30, 2018, as we benefited from improved commodity prices and the increased scale of our operations.

Selling, General and Administrative Expenses. Our Residential segment's selling, general and administrative expenses increased by $3.1 million, or 10.1%, during the nine months ended June 30, 2019, compared to the nine months ended June 30, 2018. This increase was driven by increased compensation expense in connection with a growing business, including incentive profit sharing for division management. Selling, general and administrative expenses as a percentage of revenues in the Residential segment increased by 0.5% to 15.2% of segment revenue during the nine months ended June 30, 2019.

INTEREST AND OTHER EXPENSE, NET

	Three Months Ended June 30,	
	2019	2018
	(In thousands)	
Interest expense	$ 371	$ 441
Deferred financing charges	80	72
Total interest expense	451	513
Other (income) expense, net	(64)	(111)
Total interest and other expense, net	$ 387	$ 402

During the three months ended June 30, 2019, we incurred interest expense of $0.5 million primarily comprised of interest expense from our revolving credit facility with Wells Fargo Bank, N.A. (“Wells Fargo”), an average letter of credit balance of $6.6 million under our revolving credit facility and an average unused line of credit balance of $74.7 million under our revolving credit facility. This compares to interest expense of $0.5 million for the three months ended June 30, 2018, primarily comprised of interest expense from our revolving credit facility, an average letter of credit balance of $6.8 million under our revolving credit facility and an average unused line of credit balance of $62.9 million under our revolving credit facility.

	Nine Months Ended June 30,	
	2019	2018
	(In thousands)	
Interest expense	$ 1,297	$ 1,213
Deferred financing charges	236	214
Total interest expense	1,533	1,427
Other (income) expense, net	(129)	(252)
Total interest and other expense, net	$ 1,404	$ 1,175

During the nine months ended June 30, 2019, we incurred interest expense of $1.5 million primarily comprised of interest expense from our revolving credit facility, an average letter of credit balance of $6.6 million under our revolving credit facility and an average unused line of credit balance of $68.1 million under our revolving credit facility. This compares to interest expense of $1.4 million for the nine months ended June 30, 2018, primarily comprised of interest expense from our revolving credit facility, an average letter of credit balance of $6.6 million under our revolving credit facility and an average unused line of credit balance of $63.2 million under our revolving credit facility.

PROVISION FOR INCOME TAXES

We recorded income tax benefit of $1.2 million for the three months ended June 30, 2019, compared to income tax expense of $1.0 million for the three months ended June 30, 2018. For the three months ended June 30, 2019 and 2018, our income tax expense was offset by benefits of $4.0 million and $1.8 million, respectively, associated with the recognition of previously unrecognized tax benefits.

We recorded income tax expense of $3.0 million for the nine months ended June 30, 2019, compared to income tax expense of $34.6 million for the nine months ended June 30, 2018. For the nine months ended June 30, 2019 and 2018, our income tax expense was offset by benefits of $4.0 million and $1.8 million, respectively, associated with the recognition of previously unrecognized tax benefits.

For the nine months ended June 30, 2018, our income tax expense included a charge of $31.5 million to re-measure our deferred tax assets and liabilities to reflect the impact of the new statutory tax rate enacted during the nine months ended June 30, 2018. The Company completed its accounting for the income tax effects of the Tax Cuts and Jobs Act and fully recorded the impact in the year ended September 30, 2018.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management’s discussion and analysis of financial condition and results of operations is based upon our Condensed Consolidated Financial Statements included in this report on Form 10-Q, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of our Condensed Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist as of the date of the Condensed Consolidated Financial Statements, and the reported amounts of revenues and expenses recognized during the periods presented. We review all significant estimates affecting our Condensed Consolidated Financial Statements on a recurring basis and record the effect of any necessary adjustments prior to their publication. Judgments and estimates are based on our beliefs and assumptions derived from information available at the same time such judgments and estimates are made. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. There can be no assurance that actual results will not differ from those estimates.

BACKLOG

	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Remaining performance obligations	$ 487	$ 424	$ 407	$ 326
Agreements without an enforceable obligation (1)	59	149	131	156
Backlog	$ 546	$ 573	$ 538	$ 482

(1) Our backlog contains signed agreements and letters of intent which we do not have a legal right to enforce prior to work starting. These arrangements are excluded from remaining performance obligations until work begins.

Backlog is a measure of revenue that we expect to recognize from work that has yet to be performed on uncompleted contracts and from work that has been contracted but has not started, exclusive of short-term projects. While all of our backlog is supported by documentation from customers, backlog is not a guarantee of future revenues, as contractual commitments may change and our performance may vary. Not all of our work is performed under contracts included in backlog; for example, most of the apparatus repair work that is completed by our Infrastructure Solutions segment is performed under master service agreements on an as needed basis. Additionally, electrical installation services for single-family housing at our Residential segment is completed on a short-term basis and is therefore excluded from backlog. In addition, certain service work is performed under master service agreements on an as-needed basis and is therefore excluded from backlog. Our backlog has increased from $482 million at September 30, 2018, to $546 million at June 30, 2019.

WORKING CAPITAL

During the nine months ended June 30, 2019, working capital exclusive of cash increased by $13.6 million from September 30, 2018, reflecting a $35.5 million increase in current assets excluding cash and a $21.8 million increase in current liabilities during the period, reflecting a continued investment in growing our business.

During the nine months ended June 30, 2019, our current assets exclusive of cash increased to $271.9 million, as compared to $236.4 million as of September 30, 2018. The increase primarily relates to a $24.9 million increase in accounts receivable, in connection with growth in our business. Days sales outstanding decreased to 61 at June 30, 2019, from 62 at September 30, 2018. While the rate of collections may vary, our typically secured position, resulting from our ability in general to secure liens against our customers' overdue receivables, offers some protection that collection will occur eventually to the extent that our security retains value.

During the nine months ended June 30, 2019, our total current liabilities increased by $21.8 million to $186.3 million, compared to $164.4 million as of September 30, 2018, primarily related to an increase in accounts payable and accrued liabilities in connection with the growth of our business.

Surety

We believe the bonding capacity presently provided by our sureties is adequate for our current operations and will be adequate for our operations for the foreseeable future. As of June 30, 2019, the estimated cost to complete our bonded projects was approximately $89.8 million.

LIQUIDITY AND CAPITAL RESOURCES

The Revolving Credit Facility

We maintain a $100 million revolving credit facility with Wells Fargo that matures August 9, 2021, pursuant to a Second Amended and Restated Credit and Security Agreement with Wells Fargo dated as of April 10, 2017, which was amended on July 14, 2017, August 2, 2017, July 23, 2018 and May 17, 2019 (as amended, the "Amended Credit Agreement"). The Fourth Amendment to the Second Amended and Restated Credit and Security Agreement, which was entered into on May 20, 2019, permits the Company to repurchase up to 1.0 million additional shares of common stock pursuant to its previously authorized stock repurchase program for an aggregate purchase price (including for any remaining shares under the previous share repurchase authorization) not to exceed $25.0 million.

The Amended Credit Agreement contains customary affirmative, negative and financial covenants as well as events of default.

As of June 30, 2019, we were in compliance with the financial covenants under the Amended Credit Agreement, requiring that we maintain:

- a Fixed Charge Coverage Ratio (as defined in the Amended Credit Agreement), measured quarterly on a trailing four-quarter basis at the end of each quarter, of at least 1.1 to 1.0; and

- minimum Liquidity (as defined in the Amended Credit Agreement) of at least thirty percent (30%) of the Maximum Revolver Amount (as defined in the Amended Credit Agreement), or $30 million; with, for purposes of this covenant, at least fifty percent (50%) of our Liquidity comprised of Excess Availability (as defined in the Amended Credit Agreement).

At June 30, 2019, our Liquidity was $98.1 million, our Excess Availability was $85.0 million (or greater than 50% of minimum Liquidity), and our Fixed Charge Coverage Ratio was 4.7:1.0. Because our Excess Availability at June 30, 2019, exceeded $30 million, we were not required to comply with minimum EBITDA financial covenant of the Amended Credit Agreement, which would have required that we have a minimum EBITDA for the four quarters ended June 30, 2019, of $35 million. Our EBITDA, as defined in the Amended Credit Agreement for the four quarters ended June 30, 2019, was $48.7 million.

If in the future our Liquidity falls below $30 million (or Excess Availability falls below 50% or our minimum Liquidity), our Fixed Charge Coverage Ratio is less than 1.1:1.0, we fail to meet our minimum EBITDA requirement when it is required to be tested, or if we otherwise fail to perform or otherwise comply with certain of our covenants or other agreements under the Amended Credit Agreement, it would result in an event of default under the Amended Credit Agreement, which could result in some or all of our indebtedness becoming immediately due and payable.

At June 30, 2019, we had $6.6 million in outstanding letters of credit with Wells Fargo and outstanding borrowings of $10.4 million.

Operating Activities

Our cash flow from operations is not only influenced by cyclicality, demand for our services, operating margins and the type of services we provide, but can also be influenced by working capital needs such as the timing of our receivable collections. Working capital needs are generally lower during our fiscal first and second quarters due to the seasonality that we experience in many regions of the country; however a seasonal decline in working capital may be offset by needs associated with higher growth or acquisitions.

Operating activities provided net cash of $20.3 million during the nine months ended June 30, 2019, as compared to $5.0 million of net cash provided in the nine months ended June 30, 2018. The increase in operating cash flow resulted primarily from an increase in earnings, partly offset by an increase in working capital in support of our growth.

Investing Activities

Net cash used in investing activities was $5.1 million for the nine months ended June 30, 2019, compared with $9.3 million for the nine months ended June 30, 2018. We used cash of $5.2 million for purchases of fixed assets in the nine months ended June 30, 2019. For the nine months ended June 30, 2018, we used $3.4 million of cash for the purchase of fixed assets, and $6.0 in connection with a business combination.

Financing Activities

Net cash used in financing activities for the nine months ended June 30, 2019 was $28.3 million, compared with $2.3 million in the nine months ended June 30, 2018. For the nine months ended June 30, 2019, we used $42.3 million to repay a portion of our revolving credit facility, partly offset by $22.5 of additional borrowings. We also used $8.3 million to repurchase our shares to satisfy statutory withholding requirements upon the vesting of employee stock compensation, as well as in conjunction with our stock repurchase plan. For the nine months ended June 30, 2018, we used $2.1 million to repurchase our shares to satisfy statutory withholding requirements upon the vesting of employee stock compensation, as well as market repurchases under our stock repurchase plan.

Stock Repurchase Program

In 2015, our Board of Directors authorized a stock repurchase program for the purchase from time to time of up to 1.5 million shares of the Company’s common stock, and on May 2, 2019 authorized the repurchase of up to an additional 1.0 million shares of our common stock under the stock repurchase program. Share purchases are made for cash in open market transactions at prevailing market prices or in privately negotiated transactions or otherwise. The timing and amount of purchases under the program are determined based upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. All or part of the repurchases may be implemented under a Rule 10b5-1 trading plan, which allows repurchases under pre-set terms at times when the Company might otherwise be prevented from purchasing under insider trading laws or because of self-imposed blackout periods. The program does not require the Company to purchase any specific number of shares and may be modified, suspended or reinstated at any time at the Company’s discretion and without notice. We repurchased 398,947 shares pursuant to this program during the nine months ended June 30, 2019.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

There have been no material changes in our contractual obligations and commitments from those disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Management is actively involved in monitoring exposure to market risk and continues to develop and utilize appropriate risk management techniques. Our exposure to significant market risks includes fluctuations in labor costs and commodity prices for copper, aluminum, steel and fuel. Commodity price risks may have an impact on our results of operations due to the fixed price nature of many of our contracts. We are also exposed to interest rate risk with respect to our outstanding debt obligations on the Amended Credit Agreement. For additional information see *"Disclosure Regarding Forward-Looking Statements"* in Part I of this Quarterly Report on Form 10-Q and our risk factors in Part I, Item 1A. "*Risk Factors"* in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

Commodity Risk

Our exposure to significant market risks includes fluctuations in commodity prices for copper, aluminum, steel and fuel. Commodity price risks may have an impact on our results of operations due to the fixed nature of many of our contracts. Over the long-term, we expect to be able to pass along a portion of these costs to our customers, as market conditions in the construction industry will allow. The Company has not entered into any commodity price risk hedging instruments.

Interest Rate Risk

We are subject to interest rate risk on our floating interest rate borrowings on the Amended Credit Agreement. If LIBOR were to increase, our interest payment obligations on outstanding borrowings would increase, having a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest when we have outstanding borrowings. Floating rate debt, where the interest rate fluctuates periodically, exposes us to short-term changes in market interest rates.

All of the long-term debt outstanding under our revolving credit facility is structured on floating interest rate terms. A one percentage point increase in the interest rates on our long-term debt outstanding under our revolving credit facility as of June 30, 2019, would cause a $0.1 million pre-tax annual increase in interest expense.

Item 4. ***Controls and Procedures***

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Disclosure Controls and Procedures

In accordance with Rules 13a-15 and 15d-15 of the Exchange Act, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2019, to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Our disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

For information regarding legal proceedings, see Note 13, "Commitments and Contingencies – Legal Matters" in the Notes to our Condensed Consolidated Financial Statements set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. ***Risk Factors***

There have been no material changes to the risk factors disclosed under Part I, Item 1A. "*Risk Factors*" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

The following table presents information with respect to purchases of common stock of the Company made during the three months ended June 30, 2019:

Date	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan	Maximum Number of Shares That May Yet Be Purchased Under the Publicly Announced Plan as of June 30, 2019 (2)
April 1, 2019 – April 30, 2019	7,548	$17.50	7,548	481,302
May 1, 2019 – May 31, 2019	44,104	$18.11	44,104	1,437,198
June 1, 2019 – June 30, 2019	111,341	$17.82	111,341	1,325,857
Total	162,993	$17.88	162,993	1,325,857

(1) The total number of shares purchased includes shares purchased pursuant to the plan described in footnote (2) below.
(2) In 2015, our Board of Directors authorized a stock repurchase program for the purchase of up to 1.5 million shares of the Company's common stock from time to time, and on May 2, 2019, authorized the repurchase of up to an additional 1.0 million shares of the Company's common stock under the stock repurchase program.

Item 3. ***Defaults Upon Senior Securities***

None.

Item 4. ***Mine Safety Disclosures***

None.

Item 5. ***Other Information***

None.

Item 6. ***Exhibits***

Exhibit No.	Description
3.1 —	Second Amended and Restated Certificate of Incorporation of IES Holdings, Inc., as amended by the Certificate of Amendment thereto, effective May 24, 2016 (composite). (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on August 8, 2016)
3.2 —	Certificate of Designation of Series A Junior Participating Preferred Stock (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 28, 2013)
3.3 —	Amended and Restated Bylaws of IES Holdings, Inc., effective May 24, 2016. (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 24, 2016)
4.1 —	Specimen common stock certificate. (Incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K filed on December 9, 2016)
4.2 —	Tax Benefit Protection Plan Agreement by and between IES Holdings, Inc. and American Stock Transfer & Trust Company, LLC, as Rights Agent, dated as of November 8, 2016, including the form of Rights Certificate and Summary of Stockholder Rights Plan attached thereto as Exhibits A and B, respectively. (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 9, 2016)
10.1 —	Second Amendment, dated as of May 1, 2019, to Sublease Agreement, dated as of March 29, 2012 and amended as of March 31, 2016, between Tontine Associates, L.L.C. and IES Management ROO, L.P. (Incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q filed on May 6, 2019)
10.2 —	Fourth Amendment, dated as of May 20, 2019, to Second Amended and Restated Credit and Security Agreement, dated as of April 10, 2017, by and among IES Holdings, Inc., each of the other Borrowers and Guarantors named therein and Wells Fargo Bank, National Association.(1)
31.1 —	Rule 13a-14(a)/15d-14(a) Certification of Gary S. Matthews, Chief Executive Officer (1)
31.2 —	Rule 13a-14(a)/15d-14(a) Certification of Tracy A. McLauchlin, Senior Vice President, Chief Financial Officer and Treasurer (1)
32.1 —	Section 1350 Certification of Gary S. Matthews, Chief Executive Officer (2)
32.2 —	Section 1350 Certification of Tracy A. McLauchlin, Senior Vice President, Chief Financial Officer and Treasurer (2)
101.INS	XBRL Instance Document (1)
101.SCH	XBRL Schema Document (1)
101.LAB	XBRL Label Linkbase Document (1)
101.PRE	XBRL Presentation Linkbase Document (1)
101.DEF	XBRL Definition Linkbase Document (1)
101.CAL	XBRL Calculation Linkbase Document (1)

(1) Filed herewith.

(2) Furnished herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on August 2, 2019.

IES HOLDINGS, INC.

By: /s/ TRACY A. MCLAUCHLIN

Tracy A. McLauchlin

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer and Authorized Signatory)

FOURTH AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT

THIS FOURTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT (this "Amendment"), dated May 17, 2019, is made and entered into by and among **IES HOLDINGS, INC.**, a Delaware corporation, on behalf of itself and each other Borrower and Guarantor (the "Administrative Borrower"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION** ("Lender").

RECITALS

A. WHEREAS, Borrowers, Guarantors and Lender have entered into that certain Second Amended and Restated Credit and Security Agreement dated as of April 10, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

B. WHEREAS, Administrative Borrower, on behalf of itself and each other Borrower and Guarantor, has requested that Lender amend certain provisions in the Credit Agreement as set forth herein.

C. WHEREAS, Lender has agreed to amend the Credit Agreement on the terms and conditions as set forth herein.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound agree as follows:

ARTICLE I
AMENDMENT

Effective as of the Effective Date (as defined below), the Credit Agreement is hereby amended and supplemented as follows:

1.01 Amendment to Schedule 1.1.

(a) The definition of "Restricted Junior Payment" set forth in Schedule 1.1 of the Credit Agreement is hereby amended by (i) deleting and replacing the reference to "and" at the end of clause (iii) and before clause (iv) with a reference to ",", and (ii) inserting the following at the end of clause (iv) and before the period:

> , and (v) in addition to the repurchase of 1,500,000 shares of Stock issued by Parent, which repurchase was approved by Lender as of December 10, 2015 pursuant to a Limited Consent and Waiver entered into as of such date (the "Original Repurchase Amount"), Parent may repurchase 1,000,000 shares of Stock issued by Parent for an aggregate purchase price (including the purchase price for any remaining shares of Parent Stock available for repurchase under the Original

Repurchase Amount, which available shares shall not exceed 465,061 shares of Stock issued by Parent as of the date hereof) not to exceed $25,000,000, in the aggregate.

1.02 Amendment to Schedule A-2 (Authorized Person). Schedule A-2 of the Credit Agreement is hereby amended to include Gary S. Matthews as an Authorized Person.

ARTICLE II
NO WAIVER

2.01 **No Waiver**. Other than as set forth above in Article I hereof, nothing contained in this Amendment shall be construed as an amendment of, consent to, or waiver by, Lender of any covenant or provision of the Credit Agreement, the other Loan Documents, this Amendment, or of any other contract or instrument between any Loan Party and Lender, and the failure of Lender at any time or times hereafter to require strict performance by the Loan Parties of any provision thereof shall not waive, affect or diminish any right of Lender to thereafter demand strict compliance therewith. Lender hereby reserves all rights granted under the Credit Agreement, the other Loan Documents, this Amendment and any other contract or instrument between any Loan Party and Lender.

ARTICLE III
CONDITIONS PRECEDENT

3.01 **Conditions to Effectiveness**. This Amendment shall become effective only upon the satisfaction in full, in a manner satisfactory to Lender, of the following conditions precedent (the first date upon which all such conditions have been satisfied being herein called the "Effective Date"):

(b) Lender shall have received the following documents or items, each in form and substance satisfactory to Lender and its legal counsel (unless such conditions are waived by Lender in its sole discretion):

(i) an executed copy of this Amendment; and

(ii) (x) payment of a nonrefundable amendment fee of $10,000 to Lender, which shall be fully earned and payable on the date hereof, (y) all other documents Lender may reasonably request with respect to any matter relevant to this Amendment or the transactions contemplated hereby, and (z) Borrowers shall have paid Lender, or made arrangements satisfactory to Lender to pay, all Lender Expenses, incurred prior to or in connection with the preparation of this Amendment.

(c) After giving effect to this Amendment, the representations and warranties made by each Loan Party contained herein and in the Credit Agreement, as amended hereby, and the other Loan Documents, shall be true and correct in all material respects as of the date hereof, as if those representations and warranties were made for the first time on such date.

(d) After giving effect to this Amendment, each Loan Party is in compliance with all applicable covenants and agreements contained in the Credit Agreement and the other Loan Documents.

(e) No Default or Event of Default shall exist under any of the Loan Documents (as amended hereby), and no Default or Event of Default will result under any of the Loan Documents from the execution, delivery or performance of this Amendment.

(f) All corporate and other proceedings, and all documents instruments and other legal matters in connection with the transactions contemplated by this Amendment shall be satisfactory in form and substance to Lender and its counsel.

(g) Lender shall have received final credit approval for the Credit Facility and the transactions described in this Amendment.

ARTICLE IV
<u>RATIFICATIONS, REPRESENTATIONS AND WARRANTIES</u>

4.01 **<u>Ratifications</u>**. The terms and provisions set forth in this Amendment shall modify and supersede all inconsistent terms and provisions set forth in the Credit Agreement and the other Loan Documents, and, except as expressly modified and superseded by this Amendment, the terms and provisions of the Credit Agreement and the other Loan Documents are ratified and confirmed and shall continue in full force and effect. Administrative Borrower, on behalf of itself and each other Loan Party, hereby agrees that all liens and security interest securing payment of the Obligations under the Credit Agreement are hereby collectively renewed, ratified and brought forward as security for the payment and performance of the Obligations. Administrative Borrower, on behalf of itself and each other Loan Party, and Lender agree that the Credit Agreement and the other Loan Documents, as amended hereby, shall continue to be legal, valid, binding and enforceable in accordance with their respective terms.

4.02 **<u>Representations and Warranties</u>**. Administrative Borrower, on behalf of itself and each other Loan Party, hereby represents and warrants, jointly and severally, to Lender as of the date hereof as follows: (a) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization; (b) the execution, delivery and performance by it of this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith are within its powers, have been duly authorized, and do not contravene (i) its Governing Documents or (ii) any applicable law; (c) no consent, license, permit, approval or authorization of, or registration, filing or declaration with any governmental body or other Person, is required in connection with the execution, delivery, performance, validity or enforceability of this Amendment, the Credit Agreement or any of the other Loan Documents executed and/or delivered in connection herewith by or against it, except for those consents, approvals or authorizations which (i) will have been duly obtained, made or compiled prior to the Effective Date and which are in full force and effect or (ii) the failure to obtain could not individually or in the aggregate reasonably be expected to cause a Material Adverse Change; (d) this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith have been duly executed and delivered by it; (e) this Amendment, the Credit Agreement and all other Loan Documents executed and/or delivered in connection herewith constitute its legal, valid and binding obligation enforceable against it in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity; (f) no Default or Event of Default exists, has occurred and is continuing or would result by the execution, delivery or performance of this Amendment; (g) each Loan Party is in compliance with all applicable covenants and agreements contained in the Credit Agreement and the other Loan Documents, as amended hereby; and (h) the representations and warranties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof as though made on and as of each such date, except to the extent that such representations and warranties expressly relate solely to an earlier date (in which case such representations and warranties shall have been true and complete on and as of such earlier date).

ARTICLE IV
MISCELLANEOUS PROVISIONS

5.01 **Survival of Representations and Warranties**. All representations and warranties made in the Credit Agreement or the other Loan Documents, including, without limitation, any document furnished in connection with this Amendment, shall survive the execution and delivery of this Amendment and the other Loan Documents, and no investigation by Lender shall affect the representations and warranties or the right of Lender to rely upon them.

5.02 **Reference to Credit Agreement**. Each of the Credit Agreement and the other Loan Documents, and any and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement, as amended hereby, are hereby amended so that any reference in the Credit Agreement and such other Loan Documents to the Credit Agreement shall mean a reference to the Credit Agreement as amended hereby.

5.03 **Expenses of Lender**. Administrative Borrower, on behalf of itself and each other Borrower and Guarantor, agrees to pay on demand all reasonable costs and expenses incurred by Lender in connection with any and all amendments, modifications, and supplements to the other Loan Documents, including, without limitation, the reasonable costs and fees of Lender's legal counsel, and all costs and expenses incurred by Lender in connection with the enforcement or preservation of any rights under the Credit Agreement, as amended hereby, or any other Loan Documents, including, without, limitation, the costs and fees of Lender's legal counsel.

5.04 **Severability**. Any provision of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provision so held to be invalid or unenforceable.

5.05 **Successors and Assigns**. This Amendment is binding upon and shall inure to the benefit of Lender and each Loan Party and their respective successors and assigns, except that no Loan Party may assign or transfer any of its respective rights or obligations hereunder without the prior written consent of Lender.

5.06 **Counterparts**. This Amendment may be executed in one or more counterparts (including by electronic .pdf), each of which when so executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same instrument.

5.07 **Effect of Waiver**. No consent or waiver, express or implied, by Lender to or for any breach of or deviation from any covenant or condition by any Loan Party shall be deemed a consent to or waiver of any other breach of the same or any other covenant, condition or duty.

5.08 **Headings**. The headings, captions, and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

5.09 **Applicable Law**. THIS AMENDMENT AND ALL OTHER AGREEMENTS EXECUTED PURSUANT HERETO SHALL BE DEEMED TO HAVE BEEN MADE AND TO BE PERFORMABLE IN AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

5.10 **Final Agreement**. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, EACH AS MODIFIED HEREBY, REPRESENT THE ENTIRE EXPRESSION OF THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF ON THE DATE THIS AMENDMENT IS EXECUTED. THE CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS MODIFIED HEREBY, MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES. NO MODIFICATION, RESCISSION, WAIVER, RELEASE OR AGREEMENT OF ANY PROVISION OF THIS AMENDMENT SHALL BE MADE, EXCEPT BY A WRITTEN AGREEMENT SIGNED BY THE BORROWERS AND LENDER.

5.11 **Release**. ADMINISTRATIVE BORROWER, ON BEHALF OF ITSELF AND EACH LOAN PARTY, HEREBY ACKNOWLEDGES THAT IT HAS NO DEFENSE, COUNTERCLAIM, OFFSET, CROSS COMPLAINT, CLAIM OR DEMAND OF ANY KIND OR NATURE WHATSOEVER THAT CAN BE ASSERTED TO REDUCE OR ELIMINATE ALL OR ANY PART OF ITS LIABILITY TO REPAY ANY LOANS OR EXTENSIONS OF CREDIT FROM LENDER TO THE BORROWERS UNDER THE CREDIT AGREEMENT OR THE OTHER LOAN DOCUMENTS OR TO SEEK AFFIRMATIVE RELIEF OR DAMAGES OF ANY KIND OR NATURE FROM LENDER. ADMINISTRATIVE BORROWER, ON BEHALF OF ITSELF AND EACH LOAN PARTY, HEREBY VOLUNTARILY AND KNOWINGLY RELEASES AND FOREVER DISCHARGES LENDER, ITS PREDECESSORS, AGENTS, EMPLOYEES, SUCCESSORS AND ASSIGNS, FROM ALL POSSIBLE CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES, AND LIABILITIES WHATSOEVER, KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT, OR CONDITIONAL, AT LAW OR IN EQUITY, ORIGINATING IN WHOLE OR IN PART ON OR BEFORE THE DATE THIS AMENDMENT IS EXECUTED, WHICH ANY LOAN PARTY MAY NOW OR HEREAFTER HAVE AGAINST LENDER, ITS PREDECESSORS, AGENTS, EMPLOYEES, SUCCESSORS AND ASSIGNS, IF ANY, AND IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE, AND ARISING FROM ANY LOANS OR EXTENSIONS OF CREDIT FROM LENDER TO THE BORROWERS UNDER THE CREDIT AGREEMENT OR THE OTHER LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE, THE EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THE CREDIT AGREEMENT OR LOAN DOCUMENTS, AND NEGOTIATION FOR AND EXECUTION OF THIS AMENDMENT.

5.12 **Consent of Guarantors**. The Administrative Borrower, on behalf of each Guarantor, hereby (a) consents to the transactions contemplated by this Amendment; and (b) agrees that the Credit Agreement and the other Loan Documents (as amended, restated, supplemented or otherwise modified from time to time) are and shall remain in full force and effect. Although each Guarantor has been informed of the matters set forth herein and Administrative Borrower, on behalf of the Guarantors, has acknowledged and agreed to same, it understands that the Lender has no obligation to inform it of such matters in the future or to seek its acknowledgment or agreement to future amendments, and nothing herein shall create such a duty. Administrative Borrower, on behalf of each Guarantor, acknowledges that its Guaranty is in full force and effect and ratifies the same, acknowledges that the undersigned has no defense, counterclaim, set-off or any other claim to diminish the undersigned's liability under such documents, that the undersigned's consent is not required to the effectiveness of the Credit Agreement and that no consent by it is required for the effectiveness of any future amendment, modification, forbearance or other action with respect to the Collateral, the Advances, the Credit Agreement or any of the other Loan Documents.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the date first above written.

ADMINISTRATIVE BORROWER:

IES HOLDINGS, INC.

By:	/s/ Tracy A. McLauchlin
Name:	Tracy A. McLauchlin
Title:	Senior Vice President, CFO & Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Michael L. Gerard

Name: Michael L. Gerard

Title: Authorized Signatory

Exhibit 31.1

CERTIFICATION

I, Gary S. Matthews, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IES Holdings, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements and other financial information included in this 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 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) 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: August 2, 2019

/s/ GARY S. MATTHEWS

Gary S. Matthews

Chief Executive Officer as Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, Tracy A. McLauchlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of IES Holdings, Inc.;

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements and other financial information included in this 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 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) 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: August 2, 2019

/s/ TRACY A. MCLAUCHLIN

Tracy A. McLauchlin

Senior Vice President, Chief Financial Officer and Treasurer
as Principal Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Quarterly Report of IES Holdings, Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2019 (the “Report”), I, Gary S. Matthews, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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.

Date: August 2, 2019	By:	/s/ GARY S. MATTHEWS
		Gary S. Matthews
		Chief Executive Officer as Principal Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with this Quarterly Report of IES Holdings, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2019 (the "Report"), I, Tracy A. McLauchlin, Senior Vice President, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(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.

Date: August 2, 2019	By:	/s/ TRACY A. MCLAUCHLIN
		Tracy A. McLauchlin
		Senior Vice President, Chief Financial Officer and Treasurer as Principal Financial Officer