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MHH - Q3 2014 Mastech Holdings Inc Earnings Call

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PRESENTATION

Operator

Greetings and welcome to the Mastech Holdings third-quarter earnings conference call. (Operator Instructions). As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Ms. Jennifer Ford Lacey, Manager of Legal Affairs for Mastech Holdings. Thank you, Ms. Ford Lacey. You may now begin.

Jennifer Ford Lacey - Mastech Holdings, Inc. - General Counsel

Thank you, operator, and welcome to Mastech's third-quarter 2014 conference call. If you have not yet received a copy of our earnings announcement, it can be obtained from our website, www.mastech.com. With me on the call today are Kevin Horner, Mastech's Chief Executive Officer, and Jack Cronin, our Chief Financial Officer.

I would like to remind everyone that statements made during this conference call that are not historical facts are forward-looking statements. These forward-looking statements include our financial, growth, and liquidity projections, as well as statements about our plans, strategies, intentions and beliefs concerning our business, cash flow, costs, and the markets in which we operate. Without limiting the foregoing, the words believes, anticipates, plans, expects, and similar expressions are intended to identify certain forward-looking statements. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements, including those listed in the Company's 2013 annual report on Form 10-K filed with the Securities and Exchange Commission and available on their website at www.sec.gov.

As a reminder, we will not be providing guidance during this call, nor will we provide guidance in any subsequent one-on-one meetings or calls.

I will now turn the call over to Jack for a review of our third-quarter 2014 results.

Jack Cronin - Mastech Holdings, Inc. - CFO

Thanks, Jen, and good morning, everyone.

Revenues for the third quarter of 2014 totaled \$28.6 million, which represented a 4% sequential increase from second-quarter 2014 revenues and were modestly higher than the corresponding 2013 period. While activity levels were in line with second-quarter 2014, our new assignment win rate improved from last quarter, and we were able to achieve a 4% increase in our billable consultant base during the quarter.



For the first nine months of 2014, our revenue growth on a year-over-year basis approximated 8%, which is in line with industry average growth as reported by staffing industry analysts, but below our previously stated objective of growing revenues at 1.5 times the industry's growth rate. The previously disclosed early project termination of a sizable integrator assignment in the second quarter of 2014 had an adverse impact on our growth performance for the first nine months.

Gross profits for the third quarter of 2014 totaled \$5.2 million or 18.3% of revenues compared to \$5.3 million or 18.9% of revenues during the same period last year. Our gross profit dollar performance was slightly lower than the corresponding quarter of 2013 and reflected a 60 basis points decline in our gross margin percentage.

This margin compression was due to a combination of lower margins on new assignments in our wholesale channel and increases in consultant compensation on existing projects during the last several quarters that have outpaced bill rate increases.

SG&A expenses were \$3.8 million in the third quarter of 2014 compared to \$3.7 million in the third quarter a year earlier. SG&A expenses represented 13.2% of total revenues in the third quarter of 2014 compared to 12.9% of revenues in the corresponding quarter of 2013. Net income from continuing operations for the third quarter of 2014 was \$879,000 or \$0.20 per diluted share, which was in line with last quarter's performance and compared to \$999,000 or \$0.23 per diluted share in the third quarter of 2013.

Addressing our financial position, at September 30, 2014, we had no outstanding debt, cash balances on hand of \$2.5 million, and approximately \$17.4 million of borrowing capacity under our existing credit facility. Our days sales outstanding measurement at September 30, 2014, was 51 days, and our Accounts Receivable balance aged in excess of 90 days were less than 1% of our total outstanding balance. Thus, we view our receivable position as a very healthy one.

Lastly, I would like to mention that during the third quarter of 2014 we purchased approximately 32,000 shares of Mastech stock at an average price of \$12.14.

I will now turn the call over to Kevin for his comments.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Thank you, Jack, and good morning.

Our third-quarter performance was akin to the glass half-full or glass half-empty debate. While looking purely at our year-over-year comparisons, one could have an argument that the glass is half-empty. However, when I look through the year-over-year third-quarter comparables, I see a third-quarter recovery and I see a third-quarter performance, which was both strong and necessary for the business.

Let me explain my rationale for calling out both strong and necessary. Number one, we quickly got our new assignment win rate back on track after a disappointing performance in the second quarter of 2014. This enabled us to essentially recover all of the billable consultants we lost in the early project termination in Q2. As Jack already has mentioned, this recovery amounts to a 4% sequential increase in our billable consultant base and also contributed to the 4% sequential growth in topline revenue during the quarter.

I would like take a moment to thank the organization for a job well done in driving this recovery of our consultant base in the third quarter.

Number two, we aggressively ramped up our recruitment organization during the quarter to better service the demand side of our business. As many of you understand, normal recruiter productivity generally occurs 60 to 90 days after hire. We have conservative performance expectations for this investment in Q4 of 2014, and we feel that we will be in a very good position to hit the ground running as we enter 2015.

Additionally, we expanded our sales team during the quarter in an effort to improve our performance in both new business development and existing client penetration. As I have mentioned on previous calls, the new business development initiative is yielding results that are below my expectations. Therefore, we've implemented a slight modification in our strategy to include further penetration of existing accounts in addition

to developing new clients for the new sales associates. We believe that the combination of new client development and current client penetration will enable our new sales associates to improve their success rates and to drive additional revenues faster.

As you might expect, ramping, recruiting and sales impacted our cost structure and our bottom-line results in the third quarter. We expect results from these investments in Q4 and more notably in 2015.

Number three, gross margins continue to be a work in progress. I can tell you that our margins on new assignments seem to have strengthened in September and into October, which is a very positive condition. However, we are yet to crack the code at getting bill rate increases from our clients on existing projects that keep pace with compensation increases for our consultants. We continue to promote to our clients the need for a collaborative approach in addressing consultant compensation.

Additionally, we have recently adopted an internal practice where all consultant compensation increases which do not have a corresponding bill rate increase require formal approval from either me or Jack prior to the effective date. While I'm not going to suggest this is a silver bullet solution to a challenging issue, I can tell you I am 100% certain that this new level of attention will reinforce to our organization that we must link our pay-side decisions to client-side decisions on bill rate increases.

Number four, during the quarter, we started to execute on our stated objective of building niche technology focused practices that are opportunistic for staffing businesses. To this end, we've hired a senior technologist, Denis Deet, who will drive this initiative and who will also have oversight responsibility for our internal systems environment.

Number five, the last comment I would like to make dovetails into our purchases of Mastech stock during the quarter. As Jack mentioned, we purchased roughly 32,000 shares of our common stock in Q3. As many of you know, our Board has a multiyear history of using corporate finance transactions to create value for our shareholders. Going forward, we intend to continue to evaluate all opportunities to use our capital for value creation.

At this time, I would like to open it up for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Howard Rosencrans, Value Advisory.

Howard Rosencrans - Value Advisory, LLC - Analyst

Sounds like things are moving in the right direction.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Thank you.

Howard Rosencrans - Value Advisory, LLC - Analyst

Just trying to get a little -- I just wanted to get a better understanding of the progression on the COB, the consultants on billing, how it went, if we can go back like six months and I just -- I mean, you ended March strong, and then I guess at some point was it in April you had the big falloff of contract cancellation? So where we've gone on the COB over the past five, six months, and how much of that ascension is seasonality? Because I



think you made the comparison Q3 versus Q2, I believe we are up about 4%. So I just want to understand how much of that ascension is normal seasonality over the course of the year and how much is really a pickup in your contract wins.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Yes, I think, Jack, I'll take whatever help you want to offer on this one as well. So Howard, we look at the third quarter as a recovery. That -- our theme for Q3 is we recovered essentially all of the consultants that we lost in that early project termination.

Howard Rosencrans - Value Advisory, LLC - Analyst

And you lost about 30, Kevin? Is that what it was? I'm trying to remember.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Yes, it was between 30 and 35. We r covered essentially all of that in the quarter. I think it was 30 altogether, Jack. I think that number is correct. Yes. So we recovered that the quarter.

Howard Rosencrans - Value Advisory, LLC - Analyst

Would there normally be a seasonality that -- would you have normal seasonality where those increased -- where the COB would continue to go up at the end of Q2, the end of Q3? So this would be normal seasonality than anything different?

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

I wouldn't call it seasonality. I mean I don't see that. I think it was a lot of hard work and a lot of hard slogging with our team and our client base to actually win business. But I don't see the seasonality at all.

Howard Rosencrans - Value Advisory, LLC - Analyst

What was the COB year to year at the end of the third quarter?

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

It was probably up about 35. 35 consultants. From third quarter of 2013 to third quarter of 2014.

Jack Cronin - Mastech Holdings, Inc. - CFO

You have 35 more consultants at the end of September this year than at the end of last year? Yes, yes, that's correct. Again, we were growing, and then we had the hit in Q2. And now we are heading back up again.

Howard Rosencrans - Value Advisory, LLC - Analyst

And that's on a base of 700 something, I believe?

Jack Cronin - Mastech Holdings, Inc. - CFO

That's correct.

Howard Rosencrans - Value Advisory, LLC - Analyst

Okay. And you referenced some wholesale price pressure or maybe it's a mix issue. But when you have the wholesale mix, do you make up for it on lower SG&A, so it all works out, or when you are doing wholesale business, is it impacting your margins overall?

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Well, our SG&A model functions both for the wholesale and retail side of our business. So the majority of our recruiters, 95% plus of our recruiters, are actually located, as you well know, offshore in one of our two offshore centers. And that allows us to drive a significantly lower SG&A cost. So I am not certain I'm answering your question, though.

Howard Rosencrans - Value Advisory, LLC - Analyst

I was contrasting wholesale business with retail business. When you get a wholesale order, it's contrasted with a retail order. I think you commented that one of the reasons your gross margins were down the 60 bps year to year, one was wage pressure and the other I think you indicated was the mix being more wholesale. But I thought if the mix was more wholesale, maybe you had lower SG&A or maybe I'm just mistaken about that.

Jack Cronin - Mastech Holdings, Inc. - CFO

It's not the mix. It's just that within that channel, our margins have declined a bit as of late, and that is something that we are working on.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Yes. And as I think both of us have said, the marketplace right now, from a jobs perspective, continues to grow. So IT jobs nationally continue to grow. Supply is extremely tight. So we have actually had to -- we have had some pricing pressure from the perspective of actually making compensation increases for our consultant base to keep up with the market. And we are still working hard with our client base because in some respects our clients haven't yet recognized, and particularly our wholesale clients, haven't recognized the tightness in the market and the necessity for compensation increases.

And those are, as you can well guess, Howard, those are really, really tough discussions. We are having them every day. And we instituted a new process that says, absent a bill rate increase, there will not be comp increases that don't get my signature or Jack's. Because we just want the organization to get focused on the fact that we need to sell the fact -- and it's a sales activity, right? We need to sell the fact that the market is tighter, and we are going to need bill rate increases.

Operator

(Operator Instructions). Brian Warner, [Performing] Capital.

Brian Warner - Performance Capital LLC - Analyst

I have two questions, but you actually answered most of my first one, which kind of relates to the squeeze between finding talented employees and the fact that the large corporations don't want to take price increases.

I guess the only thing I would add on that, in terms of -- I know you're looking to hold the line on wages because it's very difficult to get any rate. Are you seeing any pickup in employee turnover, or are people still sticking it out? I'm wondering what your competitors are calling up your guys and saying, okay, or if that's kind of not really been a big factor at this point?

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

I will answer that a couple of different ways, Brian. We definitely see at sale time, when we've gotten a potential candidate to nod his or her head yes, I would like this job, and we get the corresponding client to nod his or her head yes, we would like that candidate, that time lag that happens between those heads all nodding in the same direction and then you get that person started, there is massive pressure inside of that time lag that that candidate has got one or two or three more job offers in that time lag. And we are constantly going back and renegotiating deals after they have been done.

So if it takes two weeks to get through the standard background check process and so on and so forth that all of our clients run, that two-week period is a really tough period. We see pressure in there at a much higher rate than we have seen in 2012 or 2013. That is number one.

Number two, yes, I'm not sure our consultants call us every time they get a call with a potential offer for money that might be better than what they are making in their current assignment.

So I can't estimate how many times that is happening today versus what was it like six months ago. My sense is that's happening in the market quite a bit more today just by the nature of the tightness of the marketplace. So I think there's definitely pressure on the front end, and we can see that pressure. I think there's also pressure in the field and while people are on assignment. And, frankly, that's part of the reason why if you have been working with us on an assignment and you have been here for a year, we are actually doing pay increases for folks.

Yes, so hopefully that's answering your question, Brian. But we are getting pressure on --

Brian Warner - Performance Capital LLC - Analyst

No, that is. I appreciate it. All right. One last quick question. Now can you give us any color on the buyback? I think you have authorized 500,000 shares, and yet you announced as I think the end of June, you bought maybe 30,000 or 35,000 shares. Have you been in the market subsequently?

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

We were in the market in the third quarter. As you know, the trading window for us opened basically the Monday after our July earnings call and stayed open until -- Jack, I think it was September 4 or September 5.

Jack Cronin - Mastech Holdings, Inc. - CFO

Yes.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

And we were in the market those five weeks and purchased 32,000 shares at an average price of over \$12.

Brian Warner - Performance Capital LLC - Analyst

Okay. Terrific. Thanks. That's all I have. I appreciate it. Good luck with everything.



Operator

David Polonitza, AB Value.

David Polonitza - *AB Value Management LLC - Analyst*

Just a few questions here. Can you quantify what you did to expand the sales and recruiting force during the quarter? What actually took place?

Kevin Horner - *Mastech Holdings, Inc. - President, CEO & Director*

Dave, I'm not sure I understood the question. Can you try that again for me?

David Polonitza - *AB Value Management LLC - Analyst*

Sure. You had mentioned the press release you are getting aggressive with -- in the quarter, you had some expenses on the SG&A line.

Kevin Horner - *Mastech Holdings, Inc. - President, CEO & Director*

Ah, yes.

David Polonitza - *AB Value Management LLC - Analyst*

Yes, so what did you -- what actually were you guys doing?

Kevin Horner - *Mastech Holdings, Inc. - President, CEO & Director*

Okay. So let me start on the recruiting side. The Vegas expression would be, we are doubling down. We grew our consultant base, so our quota-carrying consultant base, so those are the people we expect productivity from, right? They are not in training or whatever. Those are people that are actively working reqs and working candidates. Our consulting population from July 1 to September 30 increased 20%. So we added 20% to our recruiting base.

We added as well on the sales side, both the sales side in our organization in India that faces off in that wholesale channel. So we added sales reps there, and we also added sales reps in our US sales organization. So in total, probably a 10% increase in sales, just kind of doing the quick math in my head.

Is that what you are looking for, Dave?

David Polonitza - *AB Value Management LLC - Analyst*

Yes, that was what I was looking for. And then just kind of commenting postmortem a little bit, what were some actions that you guys took to lesson learned from that second quarter and also measures to prevent activities like that from happening?

And also looking forward, you are pretty open about saying Mastech can grow at 1.5 times revenue -- times the industry. Obviously with the second quarter, you can't do that for 2014. But is that still attainable, and is Mastech's competitive advantage still intact?



Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Yes, so let me say we were -- the organization worked like crazy in the third quarter to recover the blip we had in the second quarter. And we felt very, very good with being able to look at a 4% sequential growth in consultant heads.

As you guys well know, that is probably the single biggest predictor of future success in the business, is growing consultants on billing. And you said it very well, Dave, that we had a problem in the second quarter where we lost a huge project, and we did two things. We lost a huge project, and our assignment wins weren't performing at the same rate that our assignment wins had historically performed at.

So two lessons learned. Number one, when we do get really large-scale projects with large-scale clients, I personally have internalized that I have to get personally linked to the project and to the project manager because we were totally blindsided on that one. And I own it. It's mine. And I feel absolutely accountable from the perspective of I wasn't tightly linked to the program manager on my client and to really understand what was going on between them and their end client. So lesson learned. Any larger scale project, we will create those relationships immediately, and I will own that. And between Scott and I generally, we will make sure that we are in the middle of those kind of projects every month.

And frankly speaking, guys, we weren't. We weren't. Between loading up those projects out in the fourth quarter and getting all the resources ramped and then in, we didn't do it in either the fourth quarter or the first quarter, and it cost us. So that's my single biggest personal lesson learned.

Secondly, the 4% sequential growth, pretty straightforward. You grow every quarter your heads at 4%. You can feel really pretty good about is that going to drive industry growth? Is that going to drive Mastech growth that is at least 1.5 times the industry? I feel very, very comfortable I can say yes, it will.

Jack Cronin - Mastech Holdings, Inc. - CFO

And just to comment on that, the 4% growth, we would expect the 4% growth in three to four quarters.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Right, Jack.

Jack Cronin - Mastech Holdings, Inc. - CFO

In fourth quarter, so that gives you around 12%.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

It gives you 12% really quickly.

Jack Cronin - Mastech Holdings, Inc. - CFO

Yes. But fourth quarter, obviously the seasonality comes in with higher project end rates, etc., and we are pretty happy with a breakeven from a growth COB standpoint in Q4.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Yes, our Q4 2012 was a breakeven net growth quarter. Our Q4 2013 was a 1% growth quarter. That's actually a reasonable fourth-quarter performance.

Jack Cronin - Mastech Holdings, Inc. - CFO

Yes. But I think the point is that we are looking at an annual growth rate of 12%, we are looking at it over three quarters.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

We look at it over three quarters.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

And the reality is we hit that growth rate in Q1. We hit that growth rate in Q3. And frankly, guys, we dropped the ball in Q2. And I own it. I just thank the organization for getting back on it and recovering in Q3.

David Polonitza - AB Value Management LLC - Analyst

If you don't mind, guys, just one question really for Jack. Do you have the wholesale and retail breakdown dollar wise, and how many shares outstanding where there at the end of the quarter?

Jack Cronin - Mastech Holdings, Inc. - CFO

Sure. The shares outstanding were 4.3 million, 4.307 million, and the breakdown in the channels for third quarter was the wholesale channel was \$22.5 million and the retail was \$6 million.

David Polonitza - AB Value Management LLC - Analyst

Great. Thank you, guys.

Operator

(Operator Instructions) Howard Rosencrans, Value Advisory.

Howard Rosencrans - Value Advisory, LLC - Analyst

A follow-up here. You had discussed a new direction, a new business direction. You'll have to give me the reminders exactly. It was a new area you were going to be addressing, and you were hopeful it was going to grow.

And the second question is regarding acquisitions. Are you still actively seeking or where we stand on that front?

And the third question is, do you envision being more aggressive on the buyback front in terms of return of capital, or dividends, or anything in that regard, or wait until the fruits of the higher COBs starts to pay off?

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

So Howard, let me try to give you a shot at all three of those. We have spent considerable time and energy in Q3 evaluating acquisitions, and we have not found and actually come to agreement with the appropriate target yet.



My personal view is between us and our bankers, we are continually looking at things that make sense, and we haven't found the right target and been able to close that yet. But we have seen a number of things, and we have seen some things we like. We haven't been able to get to a place where we all like the deal yet. But we are absolutely actively pursuing an acquisition strategy for growth purposes.

So, yes, we said early on that one of the ways we intended to use our capital in 2014 was acquisitively, and that is absolutely still an intent. We still intend and are still focused on it day in and day out. So that is number one.

The new business item, I will address it two ways. I'd say the slight tweak that we have made to our new business thinking is, as we've brought some new sales folks into the organization, in addition to hunting new clients, new accounts, we have also tried some of our newer sales folks to existing accounts as well.

I'll give you a prime example. We have opened a sales location in 2014 in Denver. We didn't have a facility there, and we have added -- we have three people there now. And the lead salesperson that we've added there actually has two pieces to his job. He is actually calling on one of our larger customers who also has recently opened a facility in Denver, and he is also hunting new client business as well.

And that model we think will enable us to actually grow those new sales associates a little bit faster by tying them to existing customers because you guys know, we have some really large-scale customers, right? So driving penetration in some of those larger scale customers is part of our strategy. So that is one piece of the new business direction.

The second piece is we are actually looking at building a couple of technology practices.

Howard Rosencrans - *Value Advisory, LLC - Analyst*

That's what I was referring to.

Kevin Horner - *Mastech Holdings, Inc. - President, CEO & Director*

Yes. So I am pleased to say that in the third quarter, we have become a registered salesforce.com partner. So we are now on their partner list. We are now exposed to their business. And we brought in a gentleman who through his life, has built technology teams. So Denis' job is actually -- his first step is to build a technology-focused practice inside of salesforce. And that is both developers in salesforce for the major new salesforce platform, and secondly it is functional capability to help new salesforce customers implement and existing salesforce customers, modify or grow their salesforce platform. And we made that hire in the middle of the quarter. So I think Denis showed up somewhere around the 15th or 20th of August, and we were a salesforce partner by 10 September. So he has kind of hit the ground running.

Howard Rosencrans - *Value Advisory, LLC - Analyst*

And my last question was on buybacks or dividends.

Kevin Horner - *Mastech Holdings, Inc. - President, CEO & Director*

Yes, so I would suggest that, as I said in my remarks, I think our Board has had a multiyear history of using our capital to create shareholder value. And I know that you all know that there are a handful of ways that we can actually help generate shareholder value with our capital. One of them is to use it to acquire and to grow the top line and the bottom line. And the Board is still, to the best of my knowledge, pushing in that space and really wanting us to grow acquisitively as well as organically. And second, the Board has historically looked at other opportunities to use our capital to grow shareholder value. And I'm sure the Board will continue to evaluate the use of capital in that manner.

Jack, you probably -- you're going to caution me right now, right?

Jack Cronin - Mastech Holdings, Inc. - CFO

No.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

I think if -- Jack and I have had this discussion, many, many times. At the end of the day, our balance sheet is what it is. It's healthy. It's extremely healthy.

Jack Cronin - Mastech Holdings, Inc. - CFO

We want to keep it that way.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

We want to keep it that way, exactly. So we don't want to get overly leveraged trying to do too many things at one time, I guess is probably the right way to say that.

So, guys, I think it was really healthy that we were in the market and we were in the market pretty actively through the five weeks that we could be trading. We bought 32,000 shares, which may or may not feel like a lot to you. It's a lot for us because of Safe Harbor rules and how lightly traded we can be at times so that we are buying up to as much as we are permitted to buy the SEC. And I don't want to say anything crazy, guys, but we were buyers at \$12. And I am very, very confident at \$12. We were buyers.

Howard Rosencrans - Value Advisory, LLC - Analyst

Great. Thank you so much.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Hopefully that helps, Howard.

Howard Rosencrans - Value Advisory, LLC - Analyst

It does. Much appreciated.

Operator

Thank you. We have no further questions in the queue at this time. I would like to turn the floor back over to management for any closing remarks.

Kevin Horner - Mastech Holdings, Inc. - President, CEO & Director

Thank you. Assuming there are no further questions, I would like to thank everybody for joining the call today, and we look forward to sharing our fourth-quarter 2014 results with you in late January of [2015]. Thanks, guys. We really appreciate it. Recovery: recovery is the watchword for Q3. And we are positioning the organization to move forward in Q4 and 2015. We are investing in our future.



Thanks.

Operator

Thank you. Ladies and gentlemen, that does conclude today's teleconference. You may disconnect your lines at this time, and thank you for your participation.

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