

The Valmont logo, consisting of the word "valmont" in a lowercase, bold, sans-serif font followed by a stylized "V" symbol, is displayed in white. The background features a view of Earth from space, with a dark blue and black sky filled with stars. A semi-transparent teal banner is positioned behind the logo and title. The right side of the image shows the Earth's horizon with city lights and is overlaid with a pattern of white plus signs in circles.

valmont 

2Q 2023 Earnings Presentation

July 27, 2023

Disclosure Regarding Forward-Looking Statements

These slides contain (and the accompanying oral discussion will contain) “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries including the continuing and developing effects of the pandemic including the effects of the outbreak on the general economy and the specific economic responses to the Company’s products and services, the overall market acceptance of such products and services, the integration of acquisitions and other factors disclosed in the Company’s periodic reports filed with the Securities and Exchange Commission, as well as future economic and market circumstances, industry conditions, company performance and financial results, operating efficiencies, availability and price of raw materials, availability and market acceptance of new products, product pricing, domestic and international competitive environments, geopolitical risks and actions and policy changes of domestic and foreign governments. Consequently, such forward-looking statements should be regarded as the Company’s current plans, estimates, and beliefs. The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

CEO Opening Comments



Avner Applbaum
President and CEO

Announces New CEO to Continue Strategic Vision

Committed to “Run Grow Transform” framework and delivering targets communicated during Investor Day

25+ Years of Experience

- In Senior Operational and Financial Roles in Publicly Traded and Private Equity-Backed Companies

Joined Valmont as CFO in March 2020

- Led Information Technology, Cybersecurity and Technology Innovation Functions
- Was Responsible for Developing and Implementing Valmont’s Finance Transformation and Overseeing All Financial Activities



Avner Applbaum
President and CEO

2Q 2023 Financials and Key Messages

\$1.05B
Net Sales

-7.9%
Y/Y Net Sales

12.8%
Operating Margin

13.2%
Adj. Operating Margin¹

\$4.21
GAAP Diluted EPS

\$4.37
Adj. Diluted EPS¹

\$88M
Operating Cash Flow

\$37M
Cash Returned to Shareholders



01

The global Valmont team continued to perform well, delivering **strong second quarter operating income and record earnings per share**

02

Infrastructure market demand globally remains robust, with several secular growth drivers driving demand across nearly all our markets

03

Global agriculture market fundamentals are being influenced by uncertainties in North America as farmer sentiment is muted pending the outcome of this year's harvest

04

Executing “Run Grow Transform” strategic framework, harnessing our strong balance sheet to further these initiatives as demonstrated by the agreement to acquire HR Products

¹ Please see Reg G reconciliation to GAAP measures at end of document.

Performing Well in Current Market Conditions



Infrastructure

- Benefiting from several long-term, secular growth drivers
- Utilities have increased capex spending to support grid hardening initiatives and an evolving electricity generation portfolio
- Transportation market demand is supported by road construction investment and quoting activity is increasing due to IIJA; commercial street lighting demand is muted
- Telecom softness as we are seeing capex spending by wireless carriers more aligned with historical trends following record levels of investment
- IRA is expected to provide market tailwinds; domestic content guidelines were released and the industry is awaiting clarity on manufacturing tax credit details



Agriculture

- U.S. net farm income is projected to be the third highest level over the past ten years, however, economic uncertainties are influencing growers to maintain a wait-and-see approach in purchasing decisions until post-harvest
- International market fundamentals remain very strong
 - In Brazil, ~25% increase in FINAME irrigation financing with favorable loan terms supports market strength
 - Robust project pipeline is providing a multi-year line of sight; food security concerns, the ability to produce goods for export and growing populations driving demand

Investing in Capacity and Technology to Capture Attractive Industry Trends and Drive Above-Market Growth

“Run Grow Transform”

Evolving into a higher quality and more dynamic organization that is less cyclical and enhances customer value



RUN

Built for sustainable outperformance and growth

- Proven ability to deliver results and drive growth despite market volatility and economic cycles
- Operational excellence through lean daily management and supply chain optimization



GROW

Focus on driving growth faster than markets we serve and building transformative skills

- Focusing on natural adjacencies in our end markets
- Driving geographic expansion
- Increasing investment in new product development
- Creating growth opportunities through channel management



TRANSFORM

Driving higher portion of transformative, high-value revenue

- Creating disruptive digital innovation through continued R&D
- Increasing digital revenue with an emphasis on ARR, creating more stable revenue with higher margins, better cash flow and higher ROIC
- Leveraging our unique position within capital goods markets to bring technology into new areas

HR Products Acquisition Drives Transformation Through Recurring Revenue

Key Stats

Founded: 1979

Headquarters: Australia

Employees: ~100

Transaction Details

Financing: Cash

Expected Close: 3Q 2023

- ✓ A leading wholesale supplier of irrigation parts in Australia
- ✓ Leverages existing Valley® dealer network for distribution and service
- ✓ Grows parts presence in a key agriculture market
- ✓ Allows us to better serve our customers through extended offerings and expands our total addressable market
- ✓ Expands geographic footprint
 - Immediately accretive with Year 1 revenue ~\$45M; expected to close 3Q 2023
- ✓ Large installed machine base in the region to grow recurring, stable, high-value revenue streams



Financial Results and Outlook



Tim Francis
Interim CFO



2Q 2023 Financial Summary



\$M, except EPS	GAAP			Adjusted ¹		
	2Q 2023	2Q 2022	Y/Y	2Q 2023	2Q 2022	Y/Y
Net Sales	1,046.3	1,135.5	-7.9%	1,046.3	1,110.1	-5.7%
Operating Income	133.7	118.7	+12.6%	137.6	122.9	+12.0%
Operating Margin	12.8%	10.5%	+230 bps	13.2%	11.1%	+210 bps
Net Earnings	89.4	76.1	+17.4%	92.7	79.7	+16.4%
Diluted EPS	4.21	3.53	+19.3%	4.37	3.70	+18.1%

- Sales growth in Infrastructure was more than offset by lower Agriculture sales
- Despite lower sales, operating margin improved to 12.8% (13.2% adjusted¹), on the path to our new long-term target of 14%
- Operating margin improvement reflects benefits from value-based pricing, cost optimization and operational efficiencies
- EPS growth of 19.3% (18.1% adjusted¹) to a record \$4.21 (\$4.37 adjusted¹)

¹ Please see Reg G reconciliation to GAAP measures at end of document.

2Q 2023 Results | Infrastructure

Sales (\$M) +4.2%

\$770.6

\$739.5

2022

2023

Operating Income (\$M) +37.8%

\$116.0

\$84.1

11.4%

2022

2023

15.1%

Sales (\$M)

2023

2022

%

Transmission, Distribution, and Substation (TD&S)

\$314.3

\$295.8

+6%

Lighting and Transportation (L&T)

\$246.1

\$246.7

0%

Coatings

\$91.1

\$90.3

+1%

Telecommunications

\$67.7

\$78.5

-14%

Solar

\$51.4

\$28.2

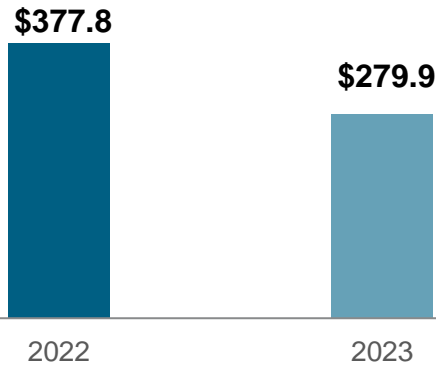
+82%

- Sales growth due to favorable pricing globally, higher volumes in Solar and TD&S and sales from the ConcealFab acquisition, partially offset by lower volumes in Telecommunications
- Operating margin improved 370 bps to 15.1%, due to improved overall cost of goods sold and favorable pricing and sales mix
- Continued investments in grid resilience, clean energy solutions, upgrading infrastructure, and 5G rollouts with future benefits expected from Infrastructure Investment and Jobs Act (“IIJA”) and Inflation Reduction Act (“IRA”)

2Q 2023 Results | Agriculture

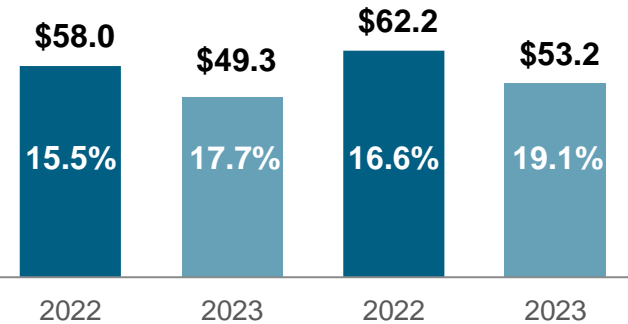
Sales (\$M)

-25.9%



Operating Income (\$M)

GAAP: -15.2% Adjusted¹: -14.5%



Sales (\$M)

2023

2022

%

North America

\$141.0 \$203.5 -31%

International

\$138.9 \$174.3 -20%

Irrigation Equipment and Parts

\$252.5 \$347.6 -27%

Technology Products and Services

\$27.4 \$30.2 -9%

- North America volumes were lower as second quarter 2022 benefited from ongoing delivery of record year-end backlog, and growers delaying capital investment decisions this year
- International sales were lower, Brazil growth was more than offset by lower sales in the EMEA region, partially due to timing of project sales
- Lower volumes of irrigation equipment affected sales of agriculture technology products and services
- Operating margins increased, despite lower sales, due to higher average selling prices and improved overall cost of goods sold

YTD Cash Flow Highlights



\$M	YTD 07/01/2023
Net Cash Flows from Operating Activities	\$110
Net Cash Flows from Investing Activities	(\$34)
Net Cash Flows from Financing Activities	(\$94)
Net Cash Flows from Operating Activities	\$110
Purchase of Property, Plant, & Equipment	(\$45)
Free Cash Flows	\$65

Expect FCF Improvement as We Diligently Manage Working Capital

Balanced Approach to Capital Allocation

2023 Year-to-Date Capital Deployment: \$204M

Growing Our Business

Returning Cash To Shareholders

\$45M

Capital Expenditures

N/A

Acquisitions¹

\$135M

Share Repurchases

\$24M

Dividends

- Investments to support strategic growth initiatives
- Targeting high growth opportunities in end markets with favorable and global long-term demand trends
- Returns exceeding cost of capital within 3 years
- Additional \$400M share repurchase authorization announced February 2023
- Opportunistic approach, supported by free cash flow
- ~\$346M remains on current authorization
- 9% dividend increase announced February 2023
- Payout ratio target: 15% of earnings
- Current payout: ~14%

Strong Balance Sheet and Liquidity



As of July 1, 2023

Cash	\$167 M
Total Long-Term Debt	\$953 M
Shareholders' Equity	\$1,670 M
Total Debt to Adj. EBITDA ¹	1.58 x
Available Credit Under Revolving Credit Facility ²	\$577 M
Cash	\$167 M
Total Available Liquidity	\$744 M

- **Long-term debt** mostly fixed-rate, with long-dated maturities to 2044 and 2054
- Total Debt to Adjusted EBITDA remains within our **desired range of 1.5 to 2.5 times**
- Strong and flexible balance sheet to support **balanced capital allocation strategy**

Updated Full Year 2023 Outlook and Key Assumptions

Previous 2023 Outlook¹

4% – 7%

Increase In Net Sales Y/Y

\$14.80 – \$15.35

GAAP Diluted EPS

\$15.45 – \$16.00

Adj. Diluted EPS²

Current 2023 Outlook¹

0% – 2%

Increase In Net Sales Y/Y

No Change

No Change

Key Assumptions

- Expect full-year operating margin improvement compared to 2022
- 2022 sales include \$100 million from the offshore wind energy structures business which was divested at the end of fiscal 2022
- Effective tax rate of 28% to 29%, primarily due to expected geographic mix of earnings
- Minimal expected foreign currency translation impact to net sales
- Capital expenditures expected to be in the range of \$105 to \$115 million to support strategic growth and digital transformation initiatives

Uniquely Positioned to Win in Markets with Multi-Year Demand Drivers

Our products and solutions, enhanced with innovative technology, are addressing global megatrends and driving above-market growth

Infrastructure

- Energy transition: demand and necessity for renewables, grid hardening and resiliency, and load growth
- Long-term need for critical infrastructure investment globally supported by current and future stimulus
- Rapid acceleration of telecom deployment and macro buildouts in suburban and rural communities
- Uniquely positioned to acquire and aggregate data to enable cities and grids to become smarter

Agriculture

- Food security for a growing population, improved global diets and bio-friendly fuels
- Increasing adoption rates of advanced agronomy
- Digital farming management to reduce input costs, increase land productivity and minimize farm labor costs
- Replacement and OEM parts opportunities driven by large installed base
- Customer sustainability initiatives and constraints on freshwater

Unmatched channel in capital goods markets

Manufacturing expertise and operational excellence

Flexible and broad global footprint

Cross-sharing of commercial, operational and development resources

Breadth of product offerings

Differentiated niche industries with high barriers to entry

Unparalleled response time and customer service

Minimize business cyclicality through innovative solutions that address customer challenges and provide better economics

Continuing to Drive Sustainable Outperformance

5-Year Financial Targets

5 - 8%

Net Sales Growth¹

>14%

Operating Margin

12 - 15%

EPS Growth¹

>18%

ROIC

1.0x

Net Earnings
FCF Conversion

Key Assumptions

- Greater near to medium term focus on funding growth with R&D and digital innovation
- FCF conversion target is long-term over the cycle
- Financial targets based on performance through the cycle
- Excludes future divestitures

“Run Grow Transform” Strategy Driving Expectations Higher and Enabling a More Resilient Business

Q&A



Appendix



U.S. Electric Utilities Capital Expenditures

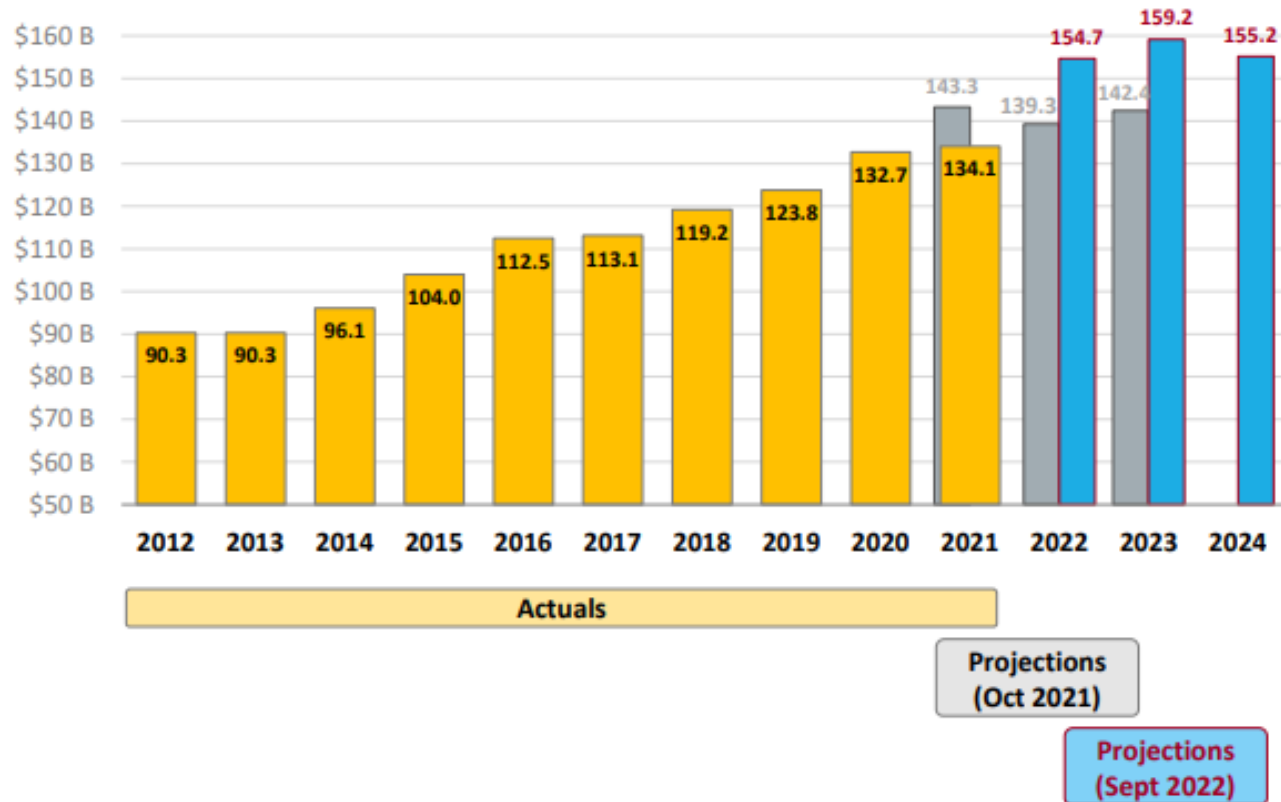


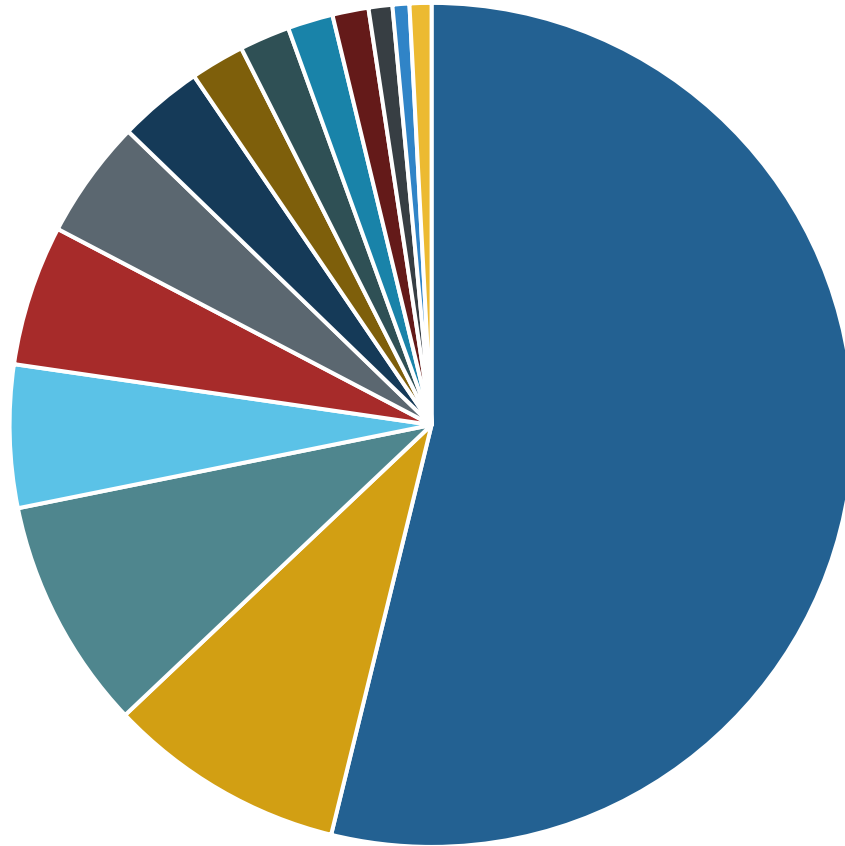
Chart represents total company spending of U.S. Investor-Owned Electric Utilities, consolidated at the parent or appropriate holding company.

Note: At the industry level, CapEx tends to be overestimated for the current, or first year's projection and underestimated for the two following years. Although the chart indicates investments are trending down in 2024 relative to 2023 levels, we expect a continued level of elevated spending after accounting for the historical trend of over- and underestimation.

Source: EEI Finance Department, member company reports, and S&P Global Market Intelligence (updated Sept 2022).

Infrastructure Investment and Jobs Act (IIJA)

Infrastructure Investment and Jobs Act Spending Breakdown (In Order - Most to Least)



- Previously-Passed Transportation Funding | \$650B
- Roads, Bridges and Related Programs | \$111B
- Energy, Power and Electric Grid Reliability | \$107.5B
- Freight and Passenger Rail | \$66B
- Broadband | \$65B
- Water and Wastewater Infrastructure | \$55B
- Public Transportation | \$39.2B
- Airports | \$25B
- Natural Disaster Prevention and Mitigation | \$23.3B
- Cleaning-Up Abandoned Sites | \$21B
- Army Corps of Engineers | \$16.7B
- Highway and Pedestrian Safety | \$11B
- Ports and Coast Guard | \$7.8B
- Cybersecurity and other Infrastructure Programs | \$10.11B

5G Adoption and Capex Spend Forecasts

5G adoption in 2030

Percentage of total connections

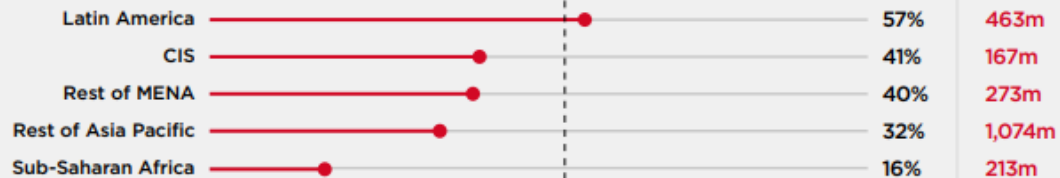
Global average 54%

Leading 5G markets



5G connections (2030)

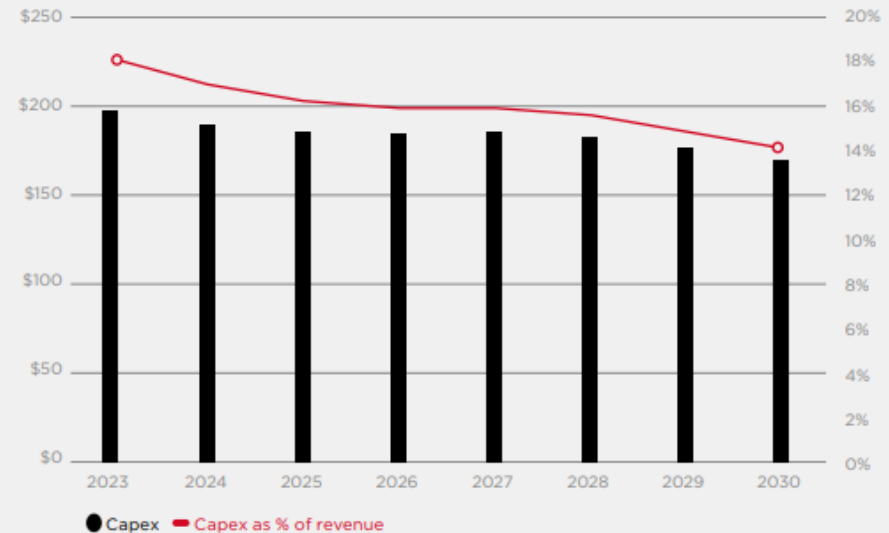
Emerging 5G markets



89m
280m
438m
1,647m
637m
463m
167m
273m
1,074m
213m

Mobile operator capex

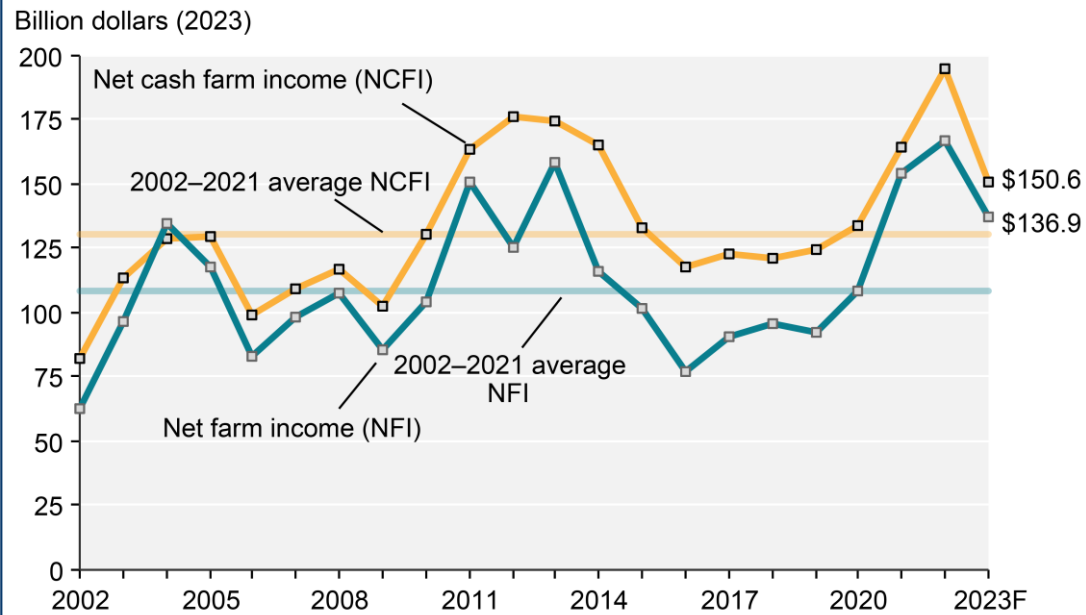
Billion



5G as a share of total spend, 2023-2030:
92%

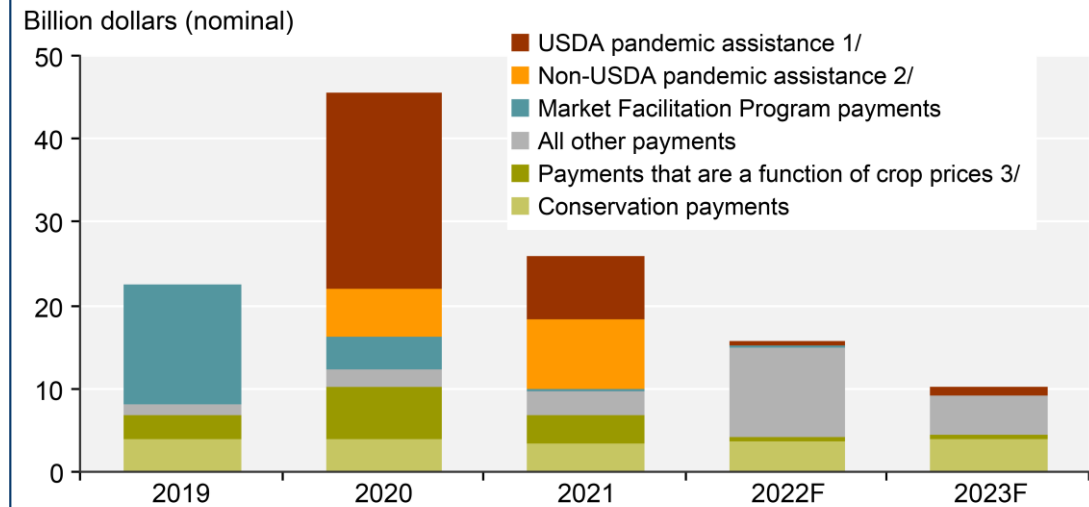
U.S. Net Cash Farm Income by Year

U.S. net farm income and net cash farm income, inflation adjusted, 2002–2023F



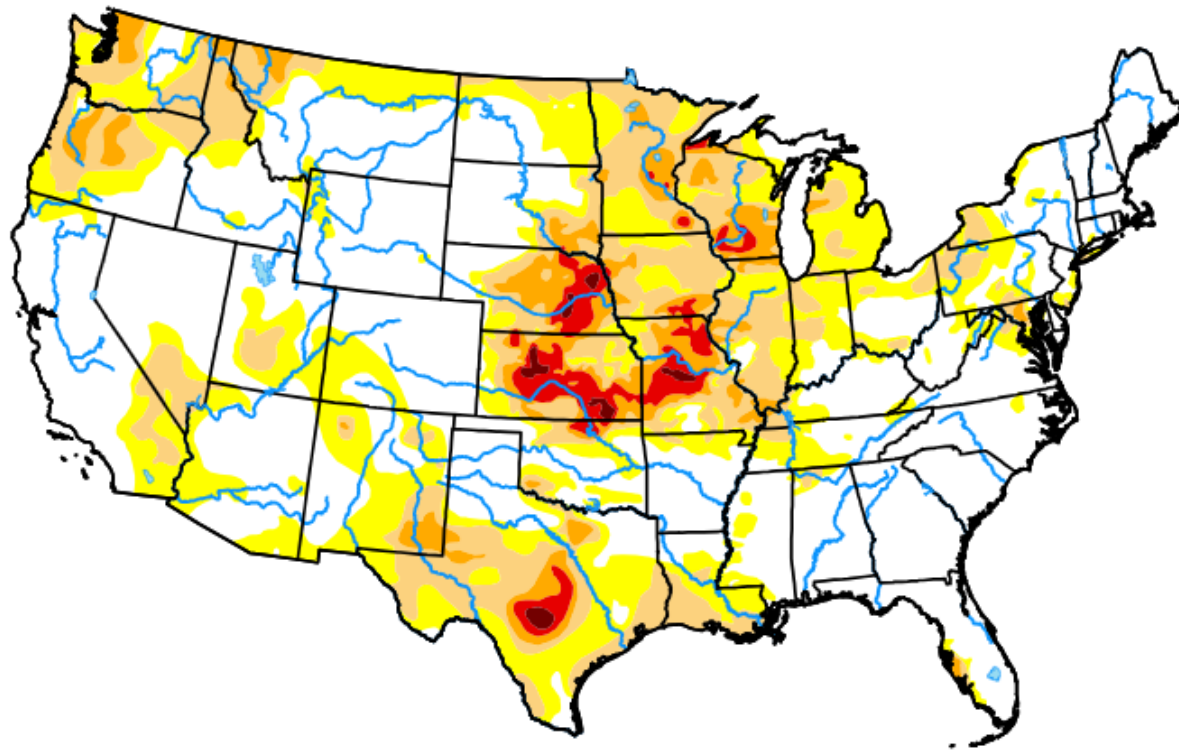
Note: F = forecast. Data for 2022 and 2023 are forecasts. Values are adjusted for inflation using the U.S. Bureau of Economic Analysis Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2023 by USDA, Economic Research Service. Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 7, 2023.

Direct Government payments to U.S. farm producers, 2019–23F



F = forecast.
 1/ Includes payments from the Coronavirus Food Assistance Program and other USDA pandemic assistance for producers.
 2/ Includes forgiven loans from the Paycheck Protection Program.
 3/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, certificate exchange gains, and dairy payments.
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 7, 2023.

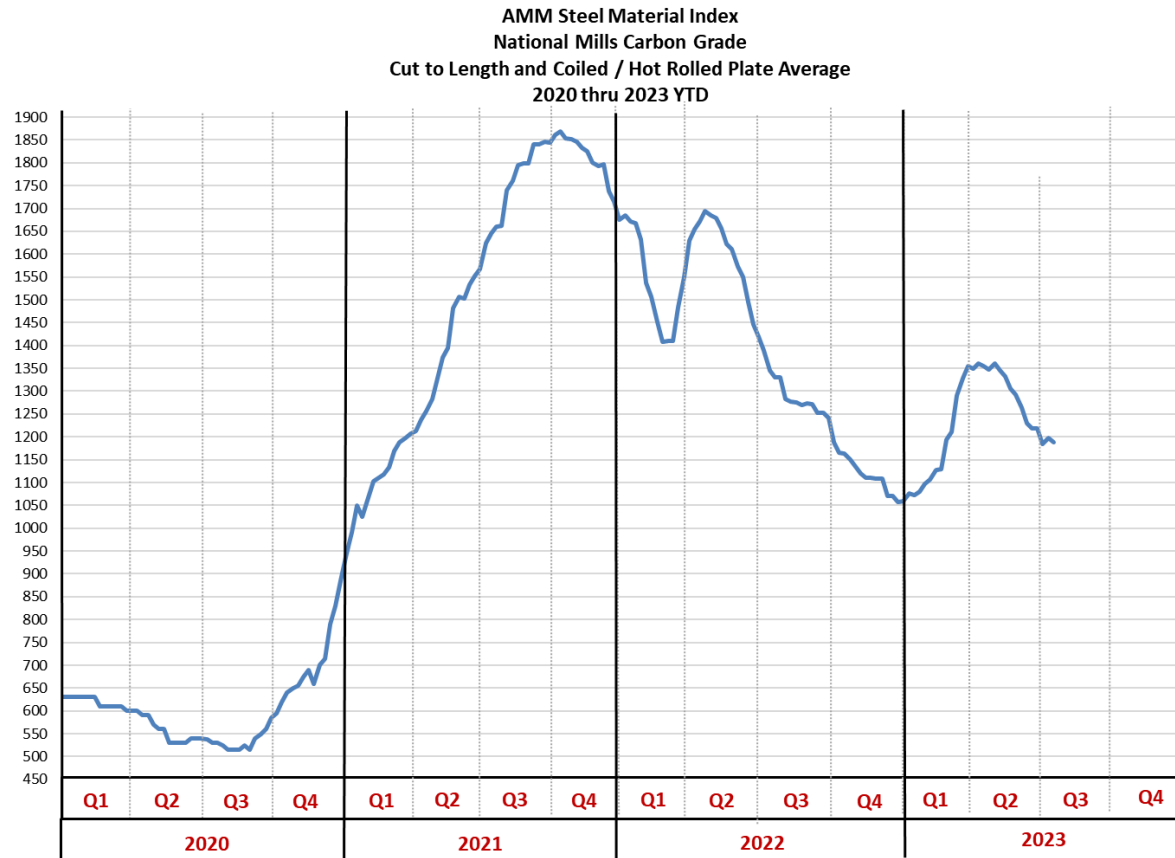
U.S. Drought Condition



Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

Steel Material Index Trends 2020-2023 YTD



- The spike in steel costs during the first four months of the year is expected to slightly reduce our Infrastructure operating income margin for the second half of the year compared to the strong second quarter results
- Cost changes impact TD&S the most because of the contractual pricing mechanisms and strong backlog in that product line

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands, except per share amounts

The non-GAAP tables below disclose the impact of intangible asset amortization (Prospera) and stock-based compensation recognized for the Prospera employees on fiscal 2023 results. We believe the adjustments for Prospera allow for a better investor understanding of Agriculture segment performance related to traditional segment products. Amounts may be impacted by rounding. We believe it is useful when considering company performance for the non-GAAP adjusted net earnings and operating income to be taken into consideration by management and investors with the related reported GAAP measures.

	Thirteen weeks ended July 1, 2023	Diluted earnings per share	Twenty-six weeks ended July 1, 2023	Diluted earnings per share
Net earnings attributable to Valmont Industries, Inc. - as reported	\$ 89,376	\$ 4.21	\$ 163,916	\$ 7.67
Prospera intangible asset amortization	1,645	0.08	3,290	0.15
Prospera stock-based compensation	2,264	0.11	4,278	0.20
Total adjustments, pre-tax ¹	3,909	0.18	7,568	0.35
Tax effect of adjustments ²	(546)	(0.03)	(1,092)	(0.05)
Net earnings attributable to Valmont Industries, Inc. - adjusted ¹	<u>\$ 92,739</u>	<u>\$ 4.37</u>	<u>\$ 170,392</u>	<u>\$ 7.97</u>
Average shares outstanding (000's) - diluted		21,229		21,370

¹Earnings per share includes rounding

²The tax effect of adjustments is calculated based on the income tax rate in each applicable jurisdiction

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands, except per share amounts

The non-GAAP tables below disclose the impact of intangible asset amortization (Prospera) and stock-based compensation recognized for the Prospera employees on fiscal 2023 results. We believe the adjustments for Prospera allow for a better investor understanding of Agriculture segment performance related to traditional segment products. Amounts may be impacted by rounding. We believe it is useful when considering company performance for the non-GAAP adjusted net earnings and operating income to be taken into consideration by management and investors with the related reported GAAP measures.

Thirteen weeks ended July 1, 2023					
Operating Income Reconciliation	Infrastructure	Agriculture	Other	Corporate	Valmont
Operating income - as reported	\$ 115,950	\$ 49,251	\$ —	\$ (31,468)	\$ 133,733
Prospera intangible asset amortization	—	1,645	—	—	1,645
Prospera stock-based compensation	—	2,264	—	—	2,264
Adjusted operating income	\$ 115,950	\$ 53,160	\$ —	\$ (31,468)	\$ 137,642
Net sales - as reported	768,158	278,138	—	—	1,046,296
Operating income as a % of net sales	15.1 %	17.7 %	NM	NM	12.8 %
Adj. operating income as a % of net sales	15.1 %	19.1 %	NM	NM	13.2 %

Twenty-six weeks ended July 1, 2023					
Operating Income Reconciliation	Infrastructure	Agriculture	Other	Corporate	Valmont
Operating income - as reported	\$ 210,302	\$ 102,574	\$ —	\$ (60,677)	\$ 252,199
Prospera intangible asset amortization	—	3,290	—	—	3,290
Prospera stock-based compensation	—	4,278	—	—	4,278
Adjusted operating income	\$ 210,302	\$ 110,142	\$ —	\$ (60,677)	\$ 259,767
Net sales - as reported	1,500,298	608,479	—	—	2,108,777
Operating income as a % of net sales	14.0 %	16.9 %	NM	NM	12.0 %
Adj. operating income as a % of net sales	14.0 %	18.1 %	NM	NM	12.3 %

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands, except per share amounts

The non-GAAP tables below disclose the impact of intangible asset amortization (Prospera) and stock-based compensation recognized for the Prospera employees on fiscal 2022 results. We believe the adjustments for Prospera allow for a better investor understanding of Agriculture segment performance related to traditional segment products. Amounts may be impacted by rounding. We believe it is useful when considering company performance for the non-GAAP adjusted net earnings and operating income to be taken into consideration by management and investors with the related reported GAAP measures.

	Thirteen weeks ended June 25, 2022	Diluted earnings per share	Twenty-six weeks ended June 25, 2022	Diluted earnings per share
Net earnings attributable to Valmont Industries, Inc. - as reported	\$ 76,108	\$ 3.53	\$ 138,419	\$ 6.43
Prospera intangible asset amortization	1,645	0.08	3,290	0.15
Prospera stock-based compensation	2,495	0.12	4,993	0.23
Total adjustments, pre-tax ¹	4,140	0.19	8,283	0.38
Tax effect of adjustments ²	(566)	(0.03)	(1,132)	(0.05)
Net earnings attributable to Valmont Industries, Inc. - adjusted ¹	<u>\$ 79,682</u>	<u>\$ 3.70</u>	<u>\$ 145,570</u>	<u>\$ 6.77</u>
Average shares outstanding (000's) - diluted		21,541		21,516

¹Earnings per share includes rounding

²The tax effect of adjustments is calculated based on the income tax rate in each applicable jurisdiction

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands, except per share amounts

The non-GAAP tables below disclose the impact of intangible asset amortization (Prospera) and stock-based compensation recognized for the Prospera employees on fiscal 2022 results. We believe the adjustments for Prospera allow for a better investor understanding of Agriculture segment performance related to traditional segment products. Amounts may be impacted by rounding. We believe it is useful when considering company performance for the non-GAAP adjusted net earnings and operating income to be taken into consideration by management and investors with the related reported GAAP measures.

Operating Income Reconciliation	Thirteen weeks ended June 25, 2022				
	Infrastructure	Agriculture	Other	Corporate	Valmont
Operating income - as reported	\$ 84,127	\$ 58,046	\$ 516	\$ (23,970)	\$ 118,719
Intangible asset amortization - Prospera	—	1,645	—	—	1,645
Stock-based compensation - Prospera	—	2,495	—	—	2,495
Adjusted Operating Income	\$ 84,127	\$ 62,186	\$ 516	\$ (23,970)	\$ 122,859
Net Sales - as reported	735,318	374,782	25,432	—	1,135,532
Adjusted Net Sales - as reported	735,318	374,782	—	—	1,110,100
Operating Income as a % of Net Sales	11.4 %	15.5 %	2.0 %	NM	10.5 %
Adjusted Operating Income as a % of Net Sales	11.4 %	16.6 %	2.0 %	NM	10.8 %
Adjusted Operating Income as a % of Adjusted Net Sales	11.4 %	16.6 %	NM	NM	11.1 %

Operating Income Reconciliation	Twenty-six weeks ended June 25, 2022				
	Infrastructure	Agriculture	Other	Corporate	Valmont
Operating income - as reported	\$ 162,443	\$ 95,521	(293)	\$ (44,110)	\$ 213,561
Intangible asset amortization - Prospera	—	3,290	—	—	3,290
Stock-based compensation - Prospera	—	4,993	—	—	4,993
Adjusted Operating Income	\$ 162,443	\$ 103,804	\$ (293)	\$ (44,110)	\$ 221,844
Net Sales - as reported	1,394,289	677,977	44,086	—	2,116,352
Adjusted Net Sales - as reported	1,394,289	677,977	—	—	2,072,266
Operating Income as a % of Net Sales	11.7 %	14.1 %	(0.7) %	NM	10.1 %
Adjusted Operating Income as a % of Net Sales	11.7 %	15.3 %	(0.7) %	NM	10.5 %
Adjusted Operating Income as a % of Adjusted Net Sales	11.7 %	15.3 %	NM	NM	10.7 %

Regulation G Reconciliation of Forecasted GAAP and Adjusted Earnings

Dollars in thousands, except per share amounts

The non-GAAP tables below disclose the impact on the range of estimated diluted earnings per share of the (1) amortization of the intangible asset (Prospera) and (2) stock-based compensation for Prospera employees. We believe the adjustments for Prospera allow for a better investor understanding of Agriculture segment performance related to traditional segment products. We believe it is useful when considering company performance for the non-GAAP adjusted net earnings to be taken into consideration by management and investors with the related reported GAAP measures.

<u>Reconciliation of Range of Net Earnings - 2023 Guidance¹</u>	Low End	High End	Adjustments
<i>Estimated net earnings - GAAP</i>	\$ 318,250	\$ 330,050	
Prospera intangible asset (proprietary technology) amortization, pre-tax			\$ 6,600
Prospera stock-based compensation, pre-tax			9,800
Total pre-tax adjustments			16,400
Estimated tax benefit from above expenses ²			(2,450)
Total Adjustments, after-tax			\$ 13,950
<i>Estimated net earnings - Adjusted</i>	\$ 332,200	\$ 344,000	
Diluted Earnings per Share Range - GAAP³	\$ 14.80	\$ 15.35	
Diluted Earnings per Share Range - Adjusted³	\$ 15.45	\$ 16.00	

¹ See accompanying press release for our key assumptions

² The tax effect of adjustments is calculated based on the estimated income tax rate in each applicable jurisdiction

³ Assumes weighted average shares outstanding of 21.5M, and includes rounding

Regulation G Reconciliation of Excluding Other Segment Net Sales

Dollars in thousands, except per share amounts

Excluding Other segment net sales from the second quarter and first half of fiscal 2022, which we refer to in this reconciliation as “Adjusted Net Sales” is a non-GAAP measure. The Other segment net sales were generated by the wind energy structures business which was divested in December 2022. Adjusted Net Sales should not be considered in isolation or as a substitute for net earnings, cash flows from operations or other income or cash flow data prepared in accordance with GAAP, or as a measure of our operating performance or liquidity. The table below shows how Adjusted Net Sales is calculated from our statements of earnings. Adjusted Net Sales is calculated as Net Sales less Other segment net sales. Adjusted Net Sales allows investors to analyze our operating performance in light of the amount of net sales less net sales of a divested business.

	Thirteen weeks ended		Percent Change	Twenty-six weeks ended		Percent Change
	July 1, 2023	June 25, 2022		July 1, 2023	June 25, 2022	
Net sales	\$ 1,046,296	\$ 1,135,532	-7.9%	\$ 2,108,777	\$ 2,116,352	-0.4%
Less: Other segment net sales	—	(25,432)	NM	—	(44,086)	NM
Adjusted net sales	<u>\$ 1,046,296</u>	<u>\$ 1,110,100</u>	-5.7%	<u>\$ 2,108,777</u>	<u>\$ 2,072,266</u>	1.8%

2013 – 2022 Historical Free Cash Flow^{1,2}

(\$M)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net cash flows from operating activities	\$ 396.4	\$ 174.1	\$ 272.3	\$ 232.8	\$ 133.1	\$ 153.0	\$ 307.6	\$ 316.3	\$ 65.9	\$ 326.3
Net cash flows from investing activities	(131.7)	(256.9)	(48.2)	(53.0)	(49.6)	(155.4)	(168.1)	(104.0)	(417.3)	(132.1)
Net cash flows from financing activities	(37.4)	(136.8)	(32.0)	(95.2)	(32.0)	(162.1)	(98.9)	(173.8)	133.5	(181.9)
Net cash flows from operating activities	\$ 396.4	\$ 174.1	\$ 272.3	\$ 232.8	\$ 133.1	\$ 153.0	\$ 307.6	\$ 316.3	\$ 65.9	\$ 326.3
Purchase of plant, property, and equipment	(106.8)	(73.0)	(45.5)	(57.9)	(55.3)	(72.0)	(97.4)	(106.7)	(107.8)	(93.3)
Free cash flows	289.7	101.1	226.8	174.9	77.8	81.0	210.2	209.6	(41.9)	233.0
Net earnings attributed to Valmont Industries, Inc.	\$ 278.5	\$ 183.9	\$ 40.1	\$ 175.5	\$ 120.5	\$ 101.8	\$ 146.4	\$ 140.7	\$ 195.6	\$ 250.9
Adjusted free cash flow net earnings attributed to Valmont Industries, Inc.	\$ 295.1	\$ 187.7	\$ 131.7	\$ 139.9	\$ 162.7	\$ 130.4	N/A	\$ 159.8	\$ 222.3	\$ 284.2
Free Cash Flow Conversion - GAAP	1.04	0.55	5.66	1.00	0.65	0.80	1.44	1.49	(0.21)	0.93
Free Cash Flow Conversion - Adjusted	0.98	0.53	1.71	1.25	0.48	0.62	N/A	1.31	(0.19)	0.82

1) Reconciliation of Net Earnings to Adjusted Figures

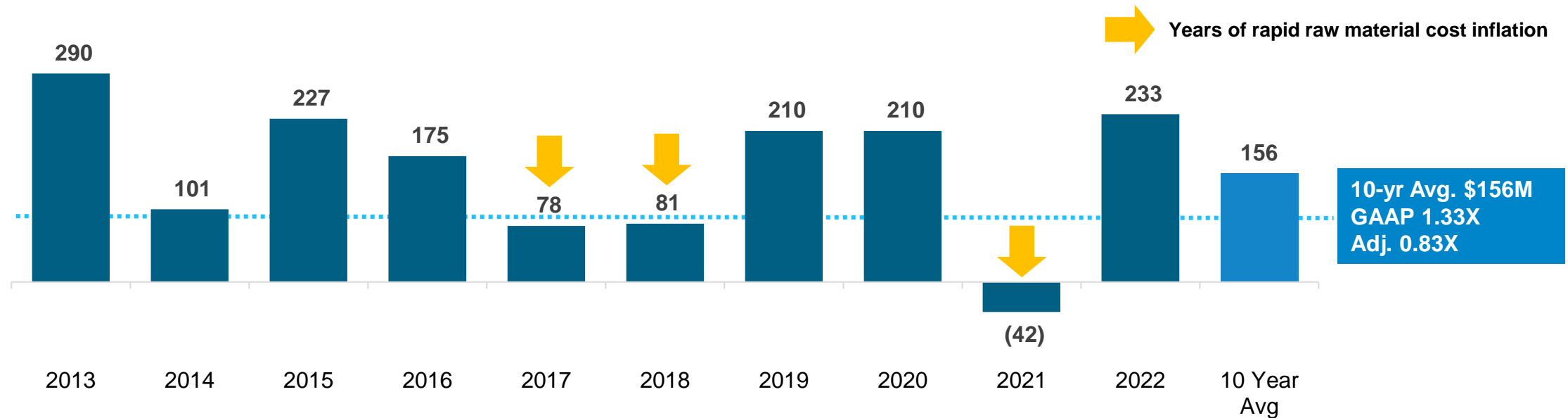
Net earnings attributed to Valmont Industries, Inc.	\$ 278.5	\$ 183.9	\$ 40.1	\$ 175.5	\$ 120.5	\$ 101.8	\$ 146.4	\$ 140.7	\$ 195.6	\$ 250.9
Loss from divestiture of offshore wind energy structures business	-	-	-	-	-	-	-	-	-	33.3
Change in valuation allowance against deferred tax assets	-	-	7.1	(20.7)	41.9	-	-	-	5.0	-
Impairment of long-lived assets	12.2	-	61.8	1.1	-	28.6	-	19.1	21.7	-
Reversal of contingent liability	-	-	-	(16.6)	-	-	-	-	-	-
Other non-recurring expenses (non-cash)	-	-	18.1	-	-	-	-	-	-	-
Deconsolidation of Delta EMD, after-tax and NCI	4.4	-	-	-	-	-	-	-	-	-
Noncash loss from Delta EMD shares	-	3.8	4.6	0.6	0.2	-	-	-	-	-
Adjusted free cash flow net earnings attributed to Valmont Industries, Inc.	\$ 295.1	\$ 187.7	\$ 131.7	\$ 139.9	\$ 162.7	\$ 130.4	\$ 146.4	\$ 159.8	\$ 222.3	\$ 284.2

¹ Adjusted earnings for purposes of calculating FCF conversion may not agree to the adjusted net earnings. The difference is due to non-recurring expenses which were settled in cash in the year of occurrence as part of net cash flows from operating activities.

² We use the non-GAAP measure of FCF, which we define as GAAP net cash flows from operating activities reduced by capex. We believe that FCF is a useful performance measure for management and useful to investors as the basis for comparing our performance with other companies. Our measure of FCF may not be directly comparable to similar measures used by other companies.

Strong Free Cash Flow throughout the Cycle

2013 – 2022 Free Cash Flow¹ (\$M)



Historical FCF Conversion by Year¹

GAAP	1.04X	0.55X	5.66X	1.00X	0.65X	0.80X	1.44X	1.49X	(0.21X)	0.93X
Adj.	0.98X	0.53X	1.71X	1.25X	0.48X	0.62X	N/A	1.31X	(0.19X)	0.82X

¹ We use the non-GAAP measure of FCF, which we define as GAAP net cash flows from operating activities reduced by capex. We believe that FCF is a useful performance measure for management and useful to investors as the basis for comparing our performance with other companies. Our measure of FCF may not be directly comparable to similar measures used by other companies.

Calculation of Adjusted EBITDA and Leverage Ratio

Certain of our debt agreements contain covenants that require us to maintain certain coverage ratios. Our Debt/Adjusted EBITDA may not exceed 3.5X Adjusted EBITDA (or 3.75X Adjusted EBITDA after certain material acquisitions) of the prior four quarters. See “Leverage Ratio “ below. Dollars in thousands.

	Four Fiscal Quarters Ended July 1, 2023
Net earnings attributable to Valmont Industries, Inc.	\$ 276,360
Interest expense	52,907
Income tax expense	119,757
Depreciation and amortization expense	97,947
Stock-based compensation	42,123
Loss on divestiture of offshore wind energy structures business	33,273
Adjusted EBITDA	<u>\$ 622,367</u>
Interest-bearing debt, excluding origination fees and discounts of \$26,650	\$ 982,060
Less: cash and cash equivalents in excess of \$50 million	116,907
Net indebtedness	<u>\$ 865,153</u>
Net indebtedness	\$ 865,153
Leverage ratio	1.39
Interest-bearing debt, excluding origination fees and discounts of \$26,650	\$ 982,060
Total debt to adjusted EBITDA	1.58