



# Valmont Industries, Inc.

*Second Quarter 2022*

*Earnings Presentation*

July 21, 2022

# 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 COVID-19 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.



# STEVE KANIEWSKI

PRESIDENT & CHIEF EXECUTIVE OFFICER

# 2Q 2022 Summary

**TOTAL 2Q 2022 SALES**  
**\$1,135.5M; +27% Y/Y**

- Higher volumes driven by strong broad-based market demand
- Maintaining pricing strategy and discipline to capture value delivered
- Seventh consecutive quarter of double digit, year-over-year sales growth
- Record global backlog of \$2.0 billion, reflecting strong market demand

## INFRASTRUCTURE

**\$765.0M; +24% Y/Y**

67% of Sales

- Strong underlying demand across global markets, along with favorable pricing and higher volumes
- Ongoing electrification of power infrastructure continues to lead grid investments; expect benefit from renewable energy funding and the U.S. infrastructure bill
- More than 45% sales growth in the Telecommunications product line



## AGRICULTURE

**\$377.8M; +34% Y/Y**

33% of Sales

- Strength in all regions, notably in North America, Brazil and Western Europe, on robust market demand for irrigation equipment and ag solar solutions
- Growth of connected crop management and advanced analytics through higher technology sales
- Geopolitical events raising food security concerns, leading to higher demand for irrigation, solar and technology solutions



# ConcealFab Acquisition Expands Presence in Global Telecom Market

## ConcealFab Overview

- ConcealFab is a leader in the 5G infrastructure and passive intermodulation (PIM) mitigation solutions for telecommunications
- Early innovator in 5G and small cell infrastructure
- First-to-market innovative solutions, customer-centric strategy, and established partnerships with wireless operators, utilities, and major OEMs

## Strategic Rationale

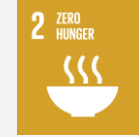
- The acquisition advances Valmont's strategy to provide concealment, PIM and radio frequency solutions in the telecommunication sector
- Leverages our engineering expertise and global manufacturing footprint to enhance our access to markets and carriers around the world
- Accelerates expansion in telecom markets in partnership with industry-leader Ericsson, who remains a minority owner



**Adds Fast Growing Company in 5G Infrastructure and PIM Mitigation Solutions to Portfolio**

# Conserving Resources, Improving Life<sup>®</sup>

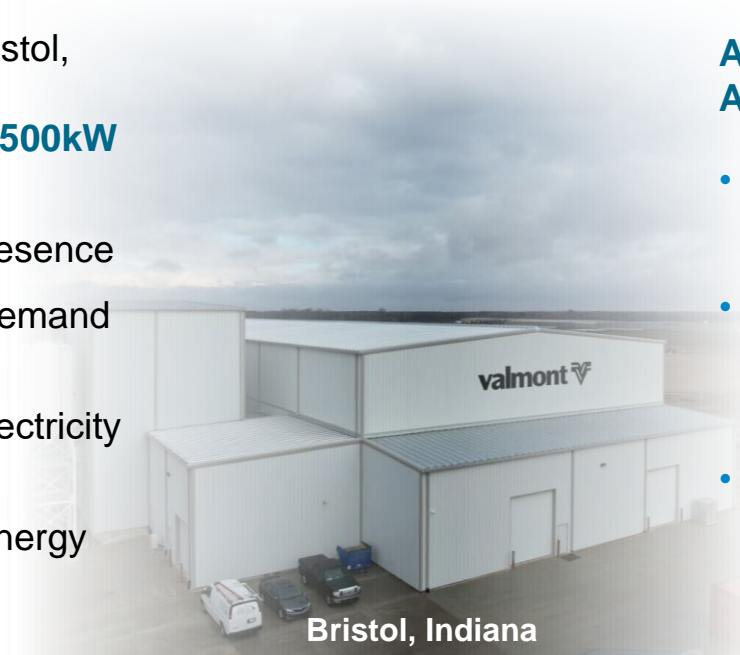
Committed to **2025 environmental goals** and four aligned **United Nations Sustainability Development Goals**



## Sustainable Manufacturing Expansion

**New spun concrete manufacturing facility** in Bristol, Indiana to create highly engineered low carbon transmission poles, with planned **installation of a 500kW solar array**

- Creates northern U.S. concrete utility market presence
- Builds grid resiliency and will support growing demand for transmission poles
- Solar field is expected to fully offset the site's electricity consumption
- Net metering agreement allows for generated energy to be sold back at retail price



Bristol, Indiana

## Better Projects Award Recipient

**Awarded the annual Better Projects Award for the Alternative Energy-Mobile Source project**

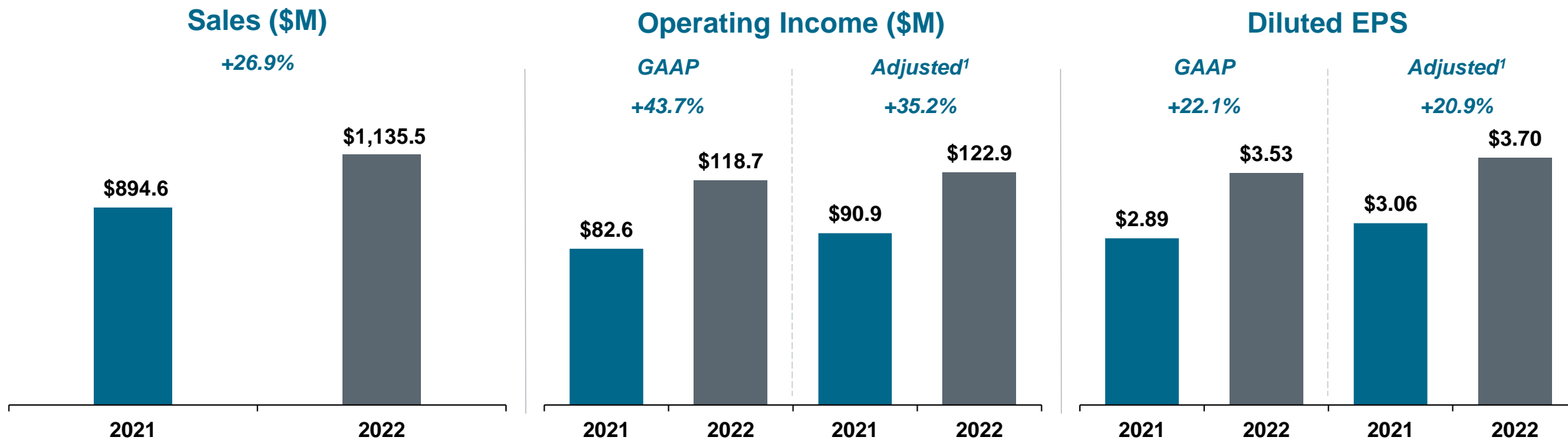
- Replaced 100 gasoline vehicles with electrical vehicles at the Valley, NE campus
- Reduced Valley's Scope I GHG emissions by ~130 metric tons annually with an associated annual fuel cost savings
- Model project for creation of future sustainability program called the "Green Fleet Initiative"

**Demonstrating ESG is Good For Business**



**AVNER APPLBAUM**  
EVP & CHIEF FINANCIAL OFFICER

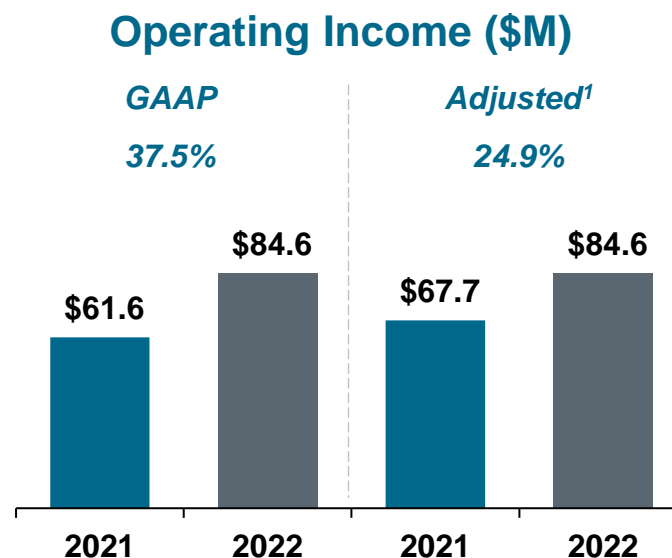
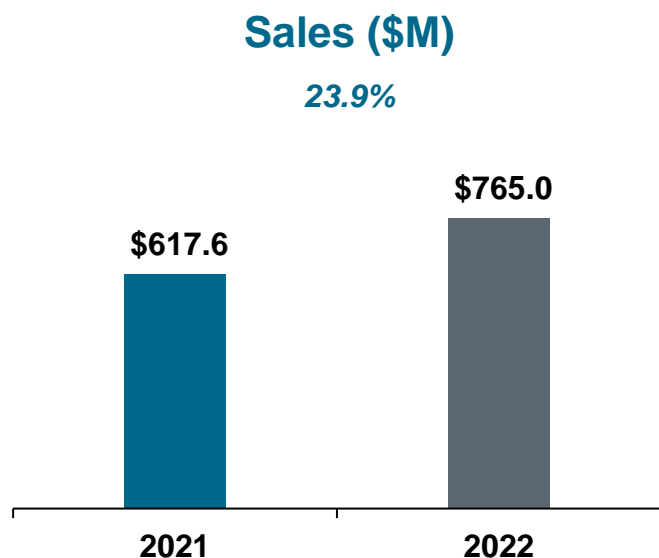
# 2Q 2022 Financial Summary



- Higher volumes and a relentless focus on pricing strategies, improved fixed-cost leverage and the realization of strong demand across the portfolio
- Operating income margin improved to 10.5% (10.8% adjusted<sup>1</sup>) of net sales
- EPS growth driven by higher operating income, partially offset by higher tax expense due to changes in the geographic mix of earnings and an incremental UK tax benefit in 2021 that did not repeat this year

<sup>1</sup> Please see Reg G reconciliation to GAAP measures at end of document.

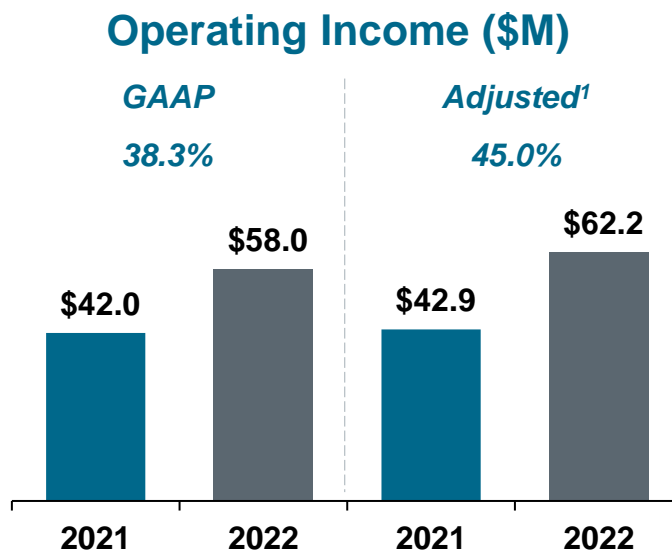
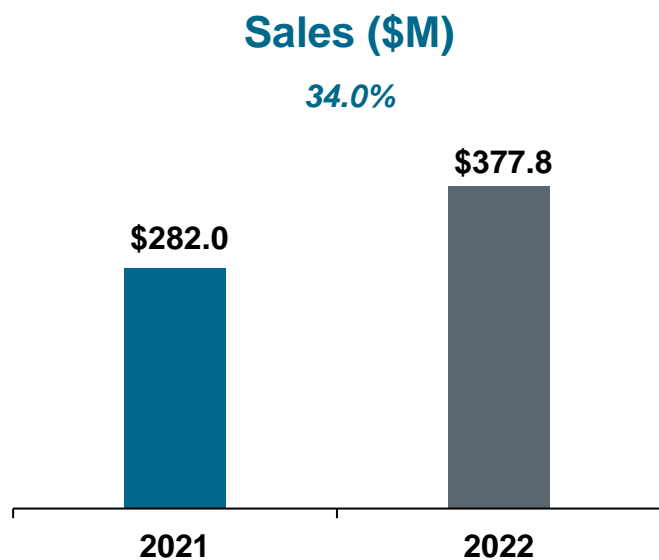
# 2Q 2022 Results | Infrastructure



Sales (\$M)	2021	2022	%
Transmission, Distribution and Substation (TD&S)	\$ 220.5	\$ 295.8	+34%
Lighting and Transportation (L&T)	215.2	246.7	+15%
Coatings	80.3	90.3	+12%
Telecommunications	54.1	78.5	+45%
Renewable Energy	47.5	53.6	+13%

- Sales growth was driven by favorable pricing, primarily in the TD&S, L&T and Telecommunications product lines, and higher volumes, primarily in TD&S and Renewable Energy product lines
- Operating income margin improved to 11.1% of net sales, due to favorable pricing and improved fixed-cost leverage, including SG&A

# 2Q 2022 Results | Agriculture



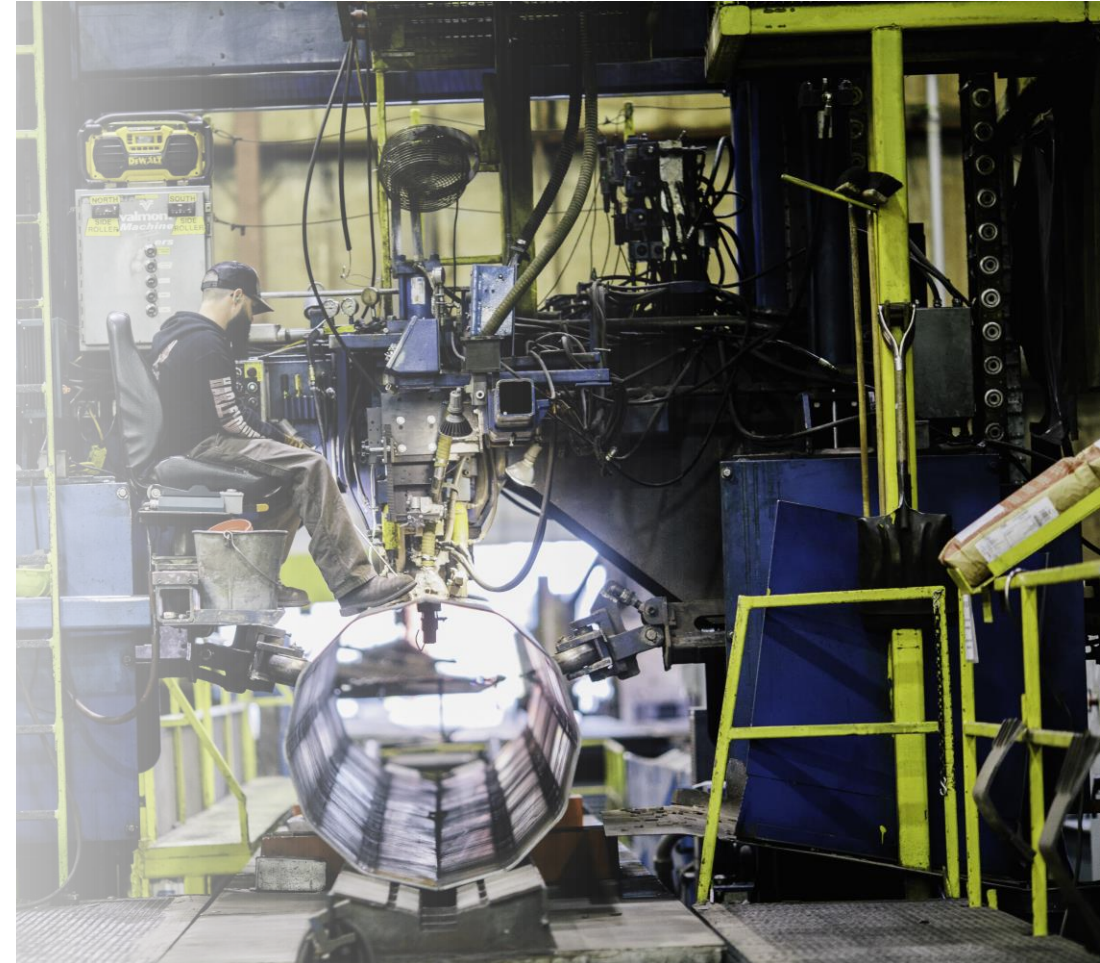
Sales (\$M)	2021	2022	%
North American Irrigation	\$ 156.0	\$ 203.5	+30%
International Irrigation	125.9	174.3	+38%
Agricultural Technology <sup>2</sup>	28.5	30.2	+6%

- Sales increased due to higher average selling prices of irrigation equipment globally, and higher volumes specifically in North America and Brazil
- In Brazil, revenues nearly doubled growing more than \$40.0 million year-over-year demonstrating robust market demand for irrigation equipment and ag solar products
- Operating income margin improved to 15.5% of net sales (16.6% adjusted<sup>1</sup>) due to favorable pricing and additional volume leverage, partially offset by higher SG&A expense, including incremental R&D expense for technology investments

<sup>1</sup> Please see Reg G reconciliation to GAAP measures at end of document. <sup>2</sup>Agricultural Technology sales are reported as a subset of total Agriculture segment sales

# 2Q 2022 Cash Flow Highlights

(\$M)	YTD 6/25/2022
Net Cash Flows from Operating Activities	\$ 68.0
Net Cash Flows from Investing Activities	(87.8)
Net Cash Flows from Financing Activities	0.6
Net Cash Flows from Operating Activities	\$ 68.0
Purchase of Property, Plant & Equipment	(49.7)
<b>Free Cash Flows</b>	<b>\$ 18.3</b>



Full-Year Operating Cash Flows Expected To Exceed Net Earnings in 2022

# Balanced Approach to Capital Allocation

2022 YTD Capital Deployment: \$122M

## GROWING OUR BUSINESS

**\$50M**

Capital Expenditures

- In line with expected 2022 FY CapEx of \$110 - \$120M
- Investments to support strategic growth initiatives and Industry 4.0 advanced manufacturing

**\$39M**

Acquisitions

- Acquired ConcealFab to expand 5G infrastructure presence; will be accretive in year one
- Strategic fit + market expansion
- Returns exceeding cost of capital within 3 years

## RETURNING CASH TO SHAREHOLDERS

**\$10M**

Share Repurchases

- Opportunistic approach, supported by free cash flow
- ~\$112M remains on current authorization

**\$22M**

Dividends

- 10% dividend increase announced February 2022
- Payout ratio target: 22% of earnings
- Current payout: ~15%

# Strong Balance Sheet and Liquidity

As of June 25, 2022

Cash	\$154.6M	Available Credit under Revolving Credit Facility <sup>2</sup>	\$534.4M
Total Long-Term Debt	\$995.6M	Cash	\$154.6M
Shareholders' Equity	\$1,553.2M	Total Available Liquidity	\$689.0M
Total Debt to Adj. EBITDA <sup>1</sup>	1.8x		



- ▶ **Long-term debt of \$995.6M**, 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**
- ▶ **Capital allocation strategy has not changed**, and the primary focus is to maintain liquidity to support operations

<sup>1</sup>See slide 31 for calculation of Adjusted EBITDA and Leverage Ratio. <sup>2</sup> \$800M Total Revolver less borrowings and Standby LC's of \$266M.

# Full Year 2022 Outlook and Key Assumptions

## PREVIOUS 2022 OUTLOOK<sup>1</sup>

**\$3.9B – \$4.1B**  
Net Sales

**11% – 17%**  
Increase in Net Sales YoY

**\$12.30 – \$12.80**  
GAAP Diluted EPS

**\$13.00 – \$13.50**  
Adj. Diluted EPS<sup>2</sup>

**~26.5%**  
Tax Rate

**0.0%**  
FX Translation Impact on Net  
Sales

## CURRENT 2022 OUTLOOK<sup>1</sup>

**~ \$4.2B**  
Net Sales

**20% – 21%**  
Increase in Net Sales YoY

**\$12.90 – \$13.30**  
GAAP Diluted EPS

**\$13.60 – \$14.00**  
Adj. Diluted EPS<sup>2</sup>

**~27.5%**  
Tax Rate

**~ (2.0%)**  
FX Translation Impact on Net  
Sales

## KEY ASSUMPTIONS

- Significant momentum supported by the long-term, global market drivers across our businesses
- Revised net sales growth is primarily the result of favorable pricing to offset continued broad-based inflation
- Expect full-year mid-single digit volume growth
- Now expecting an unfavorable foreign currency translation impact of ~2.0% of net sales vs prior year
- Now expecting a full year tax rate of ~27.5% due to the expected geographic mix of earnings
- CapEx continues to be \$110M-\$120M to support strategic growth initiatives and Industry 4.0 advanced manufacturing initiatives

<sup>1</sup> Exclusive of potential future restructuring activities.

<sup>2</sup> Please see Reg G reconciliation to GAAP measures at end of document.

# Fundamental Market Drivers Remain Resilient

## INFRASTRUCTURE

- Long term need for critical infrastructure investment globally, supported by current and future stimulus
- Ongoing demand and necessity for renewables, grid hardening and resiliency and expanding ESG focus within utility markets
- Ongoing investment in sustainable transportation infrastructure, including lighting systems and long-lasting bridge systems
- Increased number of economies actively fighting costs of corrosion will drive need to extend life of steel products globally over long term
- Rapid acceleration of 5G network deployment and carriers' investments support macro buildouts in suburban and rural communities
- Increasing demand for integrated smart technology solutions

## AGRICULTURE

- Favorable market conditions, including elevated grain commodity prices and farmer sentiment are leading to increasing demand for irrigation equipment and technology solutions globally
- Food security with a growing population and continued geo-political concerns are driving international governments' investment in agriculture
- Growth in technology adoption led by growers' increasing demand for connected crop management and advanced analytics to reduce input costs, increase land productivity and minimize farm labor costs
- Helping customers meet their own ESG initiatives through ag solar solutions

Record Backlog of More than \$2.0B at the End of 2Q 2022

# Summary

**Ability to grow sales through innovation and execution** while adapting and responding quickly to meet customer needs

**Financial strength and flexibility** by executing on our pricing strategies and advancing operational excellence across our footprint

**Investing in our employees and technology** to drive new products and services, and build upon the strength of our operations

**Our diversified markets** are supported by strong drivers that are independent of the general economy

**Disciplined capital allocation** allocating capital to high-growth strategic investments while returning capital to shareholders through dividends and share repurchases

**Poised and Well Positioned to Capture Growth and Drive Stakeholder Value in the Future**

# Q&A

# APPENDIX

# 2Q 2022 Financial Summary

\$M, except for per share amounts

Net Sales	2022	2021	Change	YTD 2022	YTD 2021	Change
Infrastructure	\$ 765.0	\$ 617.6	23.9%	\$ 1,445.7	\$ 1,167.3	23.8%
Agriculture	377.8	282.0	34.0%	684.3	511.6	33.8%
Intersegment Sales <sup>1</sup>	(7.3)	(5.0)	NM	(13.6)	(9.4)	NM
<b>Net Sales</b>	<b>\$ 1,135.5</b>	<b>\$ 894.6</b>	<b>26.9%</b>	<b>\$ 2,116.4</b>	<b>\$ 1,669.5</b>	<b>26.8%</b>
<b>Operating Income</b>	<b>\$ 118.7</b>	<b>\$ 82.6</b>	<b>43.7%</b>	<b>\$ 213.6</b>	<b>\$ 159.8</b>	<b>33.6%</b>
<b>Adjusted Operating Income<sup>2</sup></b>	<b>\$ 122.9</b>	<b>\$ 90.9</b>	<b>35.2%</b>	<b>\$ 221.8</b>	<b>\$ 168.1</b>	<b>32.0%</b>
<b>Net Income</b>	<b>\$ 76.1</b>	<b>\$ 62.1</b>	<b>22.5%</b>	<b>\$ 138.4</b>	<b>\$ 117.1</b>	<b>18.2%</b>
<b>Adjusted Net Income</b>	<b>\$ 79.7</b>	<b>\$ 65.8</b>	<b>21.2%</b>	<b>\$ 145.6</b>	<b>\$ 120.8</b>	<b>20.5%</b>
<b>Diluted Earnings Per Share (EPS)</b>	<b>\$ 3.53</b>	<b>\$ 2.89</b>	<b>22.1%</b>	<b>\$ 6.43</b>	<b>\$ 5.46</b>	<b>17.8%</b>
<b>Adjusted Diluted Earnings Per Share (EPS)<sup>2</sup></b>	<b>\$ 3.70</b>	<b>\$ 3.06</b>	<b>20.9%</b>	<b>\$ 6.77</b>	<b>\$ 5.63</b>	<b>20.2%</b>

<sup>1</sup>Includes rounding <sup>2</sup>Please see Reg G reconciliation to GAAP measures at end of document.

## Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

*The non-GAAP tables below disclose the impact of (1) intangible asset amortization (Prospera) and (2) stock-based compensation recognized for the Prospera employees. Amounts may be impacted by rounding. We believe the adjustments for Prospera allow for a better comparison of future Agriculture segment performance as compared to historical results. 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.*

	<b>Thirteen weeks ended June 25, 2022</b>	<b>Diluted earnings per share</b>	<b>Twenty-six weeks ended June 25, 2022</b>	<b>Diluted earnings per share</b>
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
Stock-based compensation - Prospera	2,495	0.12	4,993	0.23
Total Adjustments, pre-tax <sup>1</sup>	4,140	0.19	8,283	0.38
Tax effect of adjustments <sup>2</sup>	(566)	(0.03)	(1,132)	(0.05)
Net earnings attributable to Valmont Industries, Inc. - Adjusted <sup>1</sup>	<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

<sup>1</sup>*Earnings per share includes rounding*

<sup>2</sup>*The 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

## Thirteen weeks ended June 25, 2022

<b>Operating Income Reconciliation</b>	<b>Infrastructure</b>	<b>Agriculture</b>	<b>Corporate</b>	<b>Valmont</b>
Operating income - as reported	\$ 84,643	\$ 58,046	\$ (23,970)	\$ 118,719
Stock-based compensation - Prospera	—	2,495	—	2,495
Prospera intangible asset amortization	—	1,645	—	1,645
<b>Adjusted Operating Income</b>	<b>\$ 84,643</b>	<b>\$ 62,186</b>	<b>\$ (23,970)</b>	<b>\$ 122,859</b>
Net Sales - as reported	760,750	374,782	NM	1,135,532
Operating Income as a % of Sales	11.1 %	15.5 %	NM	10.5 %
Adjusted Operating Income as a % of Sales	11.1 %	16.6 %	NM	10.8 %

## Twenty-six weeks ended June 25, 2022

<b>Operating Income Reconciliation</b>	<b>Infrastructure</b>	<b>Agriculture</b>	<b>Corporate</b>	<b>Valmont</b>
Operating income - as reported	\$ 162,150	\$ 95,521	\$ (44,110)	\$ 213,561
Stock-based compensation - Prospera	—	4,993	—	4,993
Prospera intangible asset amortization	—	3,290	—	3,290
<b>Adjusted Operating Income</b>	<b>\$ 162,150</b>	<b>\$ 103,804</b>	<b>\$ (44,110)</b>	<b>\$ 221,844</b>
Net Sales - as reported	1,438,375	677,977	NM	2,116,352
Operating Income as a % of Sales	11.3 %	14.1 %	NM	10.1 %
Adjusted Operating Income as a % of Sales	11.3 %	15.3 %	NM	10.5 %

## Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

*The non-GAAP tables below disclose the impact of a write off a receivable following arbitration of a commercial transaction from 2014, acquisition diligence and restructuring expenses on segment operating income and net earnings as well as the impact of the U.K. tax rate change on net earnings (adjusts GAAP tax rate from 19.0% to 22.5%). 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.*

	<b>Thirteen weeks ended June 26, 2021</b>	<b>Diluted earnings per share</b>	<b>Twenty-six weeks ended June 26, 2021</b>	<b>Diluted earnings per share</b>
Net earnings attributable to Valmont Industries, Inc. - as reported	\$ 62,110	\$ 2.89	\$ 117,124	\$ 5.46
Write-off of a receivable, pre-tax	5,545	0.26	5,545	0.26
Acquisition diligence expense, pre-tax	1,120	0.05	1,120	0.05
Restructuring expense, pre-tax	1,560	0.07	1,560	0.07
Total Adjustments, pre-tax <sup>1</sup>	8,225	0.38	8,225	0.38
Change in U.K. statutory tax rate	(2,819)	(0.13)	(2,819)	(0.13)
Tax effect of adjustments <sup>2</sup>	(1,764)	(0.08)	(1,754)	(0.08)
Net earnings attributable to Valmont Industries, Inc. - Adjusted <sup>1</sup>	<u>\$ 65,752</u>	<u>\$ 3.06</u>	<u>\$ 120,776</u>	<u>\$ 5.63</u>
Average shares outstanding (000's) - Diluted		21,469		21,449

<sup>1</sup>Earnings per share includes rounding

<sup>2</sup>The 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

## Thirteen weeks ended June 26, 2021

<b>Operating Income Reconciliation</b>	<b>Infrastructure</b>	<b>Agriculture</b>	<b>Corporate</b>	<b>Valmont</b>
Operating income - as reported	\$ 61,550	\$ 41,984	\$ (20,909)	\$ 82,625
Write-off of a receivable, pre-tax	5,545	—	—	5,545
Acquisition diligence expense, pre-tax	—	—	1,120	1,120
Restructuring expense, pre-tax	650	910	—	1,560
Adjusted Operating Income	<u>\$ 67,745</u>	<u>\$ 42,894</u>	<u>\$ (19,789)</u>	<u>\$ 90,850</u>
Net Sales - as reported	614,808	279,821	NM	894,629
Operating Income as a % of Sales	10.0 %	15.0 %	NM	9.2 %
Adjusted Operating Income as a % of Sales	11.0 %	15.3 %	NM	10.2 %

## Twenty-six weeks ended June 26, 2021

<b>Operating Income Reconciliation</b>	<b>Infrastructure</b>	<b>Agriculture</b>	<b>Corporate</b>	<b>Valmont</b>
Operating income - as reported	\$ 115,999	\$ 80,732	\$ (36,895)	\$ 159,836
Write-off of a receivable, pre-tax	5,545	—	—	5,545
Acquisition diligence expense, pre-tax	—	—	1,120	1,120
Restructuring expense, pre-tax	650	910	—	1,560
Adjusted Operating Income	<u>\$ 122,194</u>	<u>\$ 81,642</u>	<u>\$ (35,775)</u>	<u>\$ 168,061</u>
Net Sales - as reported	1,161,253	508,262	NM	1,669,515
Operating Income as a % of Sales	10.0 %	15.9 %	NM	9.6 %
Adjusted Operating Income as a % of Sales	10.5 %	16.1 %	NM	10.1 %

## 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 comparison of future Agriculture segment performance as compared to historical results. 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.*

<b><u>Reconciliation of Range of Net Earnings - 2022 Guidance</u></b>	<b>Low End</b>	<b>High End</b>	<b>Adjustments</b>
<i>Estimated net earnings - GAAP</i>	\$ 279,000	\$ 287,600	
Prospera intangible asset (proprietary technology) amortization, pre-tax			6,800
Stock-based compensation - Prospera, pre-tax			10,000
Total pre-tax adjustments			<u>16,800</u>
Estimated tax benefit from above expenses*			(2,200)
Total Adjustments, after-tax			<u>\$ 14,600</u>
<i>Estimated net earnings - Adjusted</i>	\$ 293,600	\$ 302,200	
<b>Diluted Earnings Per Share Range - GAAP</b>	\$ 12.90	\$ 13.30	
<b>Diluted Earnings Per Share Range - Adjusted</b>	\$ 13.60	\$ 14.00	

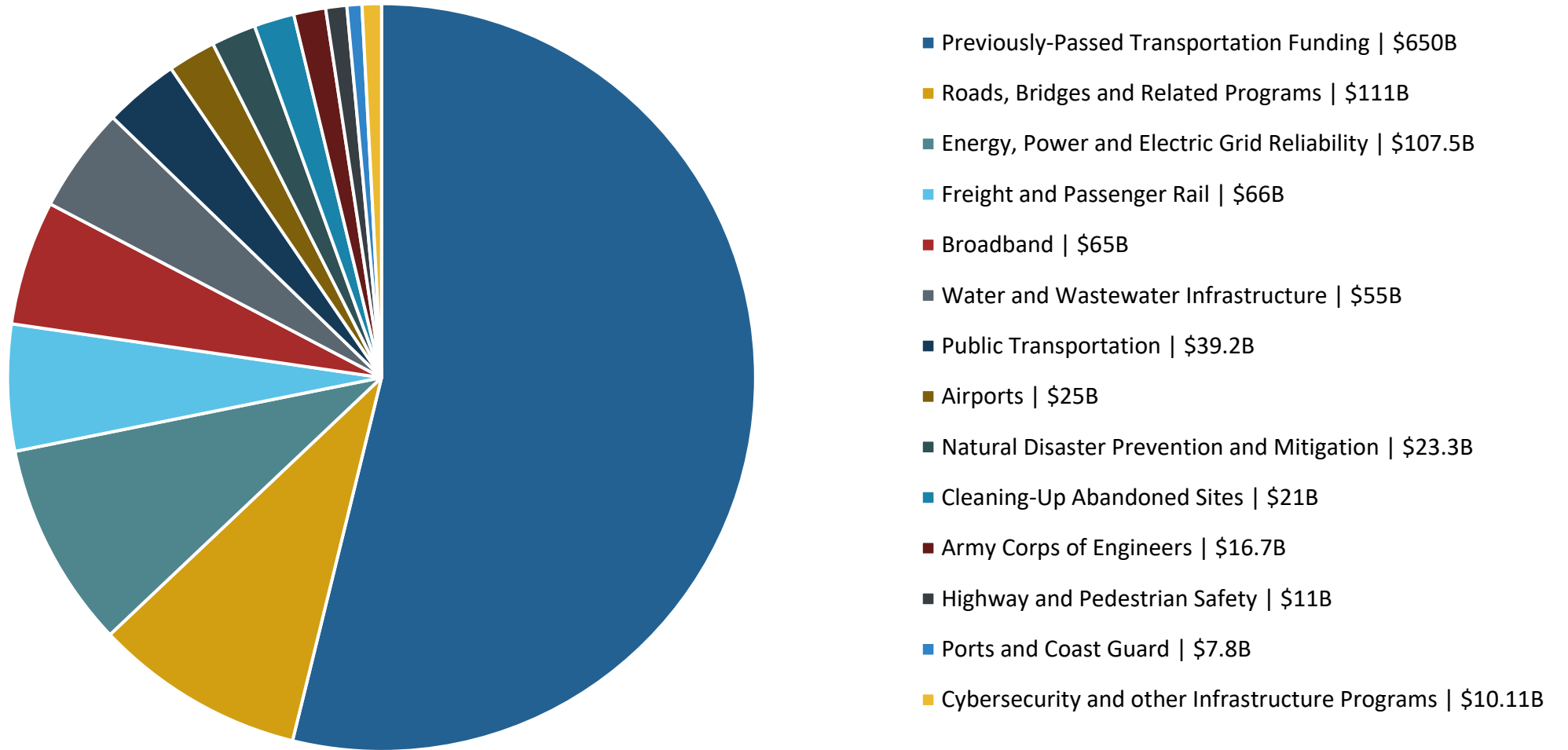
*\* The tax effect of adjustments is calculated based on the estimated income tax rate in each applicable jurisdiction.*

# Historical Segment Financials

	2021					2020
	Q1	Q2	Q3	Q4	FY	FY
<b>Sales:</b>						
Infrastructure segment	\$ 549,646	\$ 617,604	\$ 634,283	\$ 693,568	\$ 2,495,101	\$ 2,261,804
Agriculture segment	229,664	281,965	240,331	276,757	1,028,717	645,831
Total	779,310	899,569	874,614	970,325	3,523,818	2,907,635
<b>Intersegment Sales:</b>						
Infrastructure segment	(3,201)	(2,796)	(1,826)	(2,753)	(10,576)	(6,541)
Agriculture segment	(1,223)	(2,144)	(4,006)	(4,294)	(11,667)	(5,739)
Total	(4,424)	(4,940)	(5,832)	(7,047)	(22,243)	(12,280)
<b>Net Sales:</b>						
Infrastructure segment	546,445	614,808	632,457	690,815	2,484,525	2,255,263
Agriculture segment	228,441	279,821	236,325	272,463	1,017,050	640,092
Total	\$ 774,886	\$ 894,629	\$ 868,782	\$ 963,278	\$ 3,501,575	\$ 2,895,355
<b>Operating Income:</b>						
Infrastructure segment	54,449	61,550	71,422	45,985	233,406	209,172
Agriculture segment	38,748	41,984	27,735	28,560	137,027	83,046
Corporate	(15,986)	(20,909)	(22,962)	(23,791)	(83,648)	(66,265)
Total	\$ 77,211	\$ 82,625	\$ 76,195	\$ 50,754	\$ 286,785	\$ 225,953

# Infrastructure Investment and Jobs Act (IIJA)

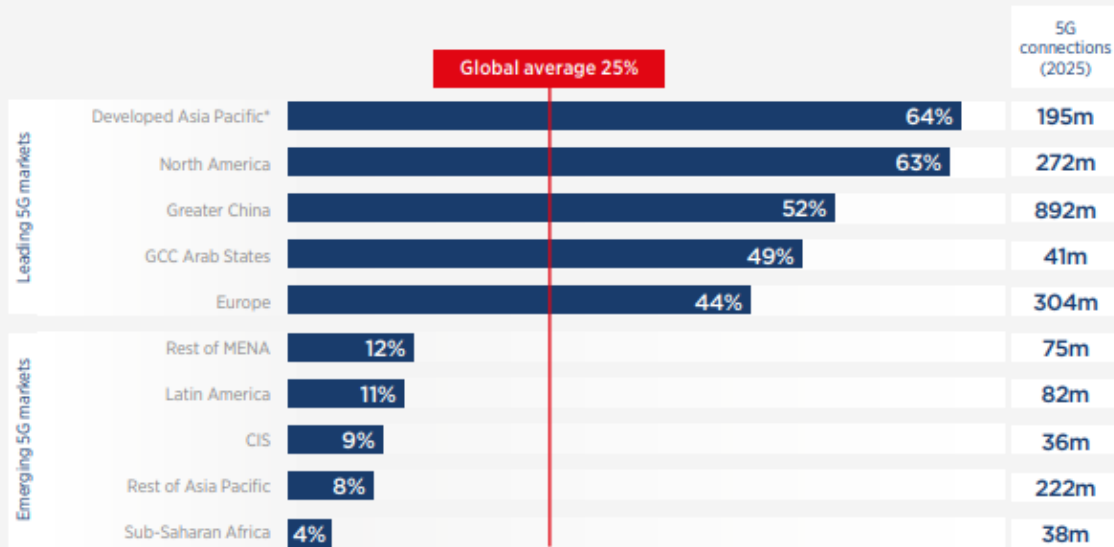
Infrastructure Investment and Jobs Act Spending Breakdown (In Order - Most to Least)



# 5G Adoption and Capex Spend Forecasts

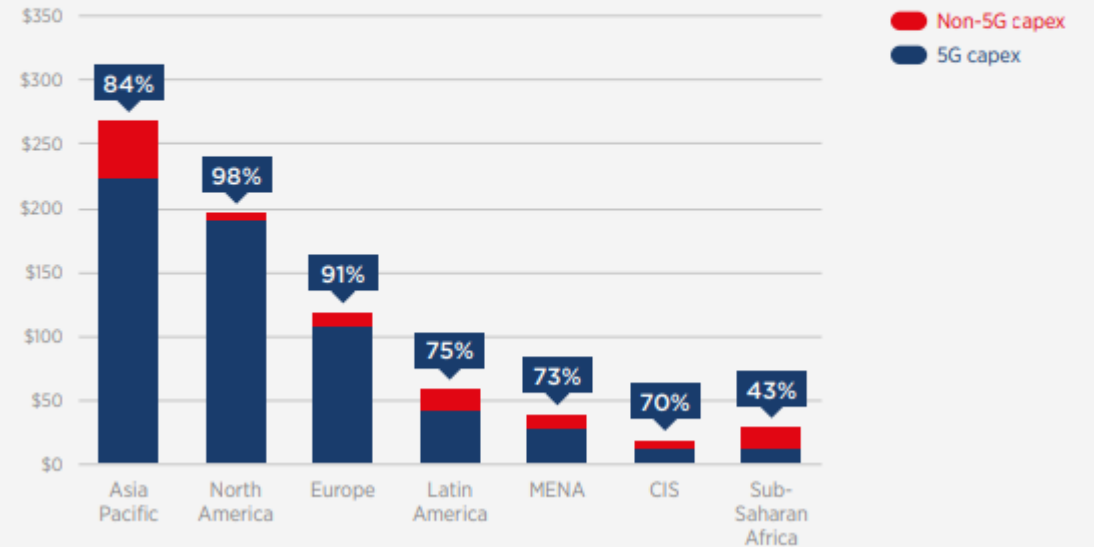
## The transition to 5G is occurring at varying speeds, with pioneer markets racing ahead

5G adoption in 2025 (percentage of connections)



## Mobile operators will invest \$620 billion in their networks between 2022 and 2025, of which 85% will be on 5G

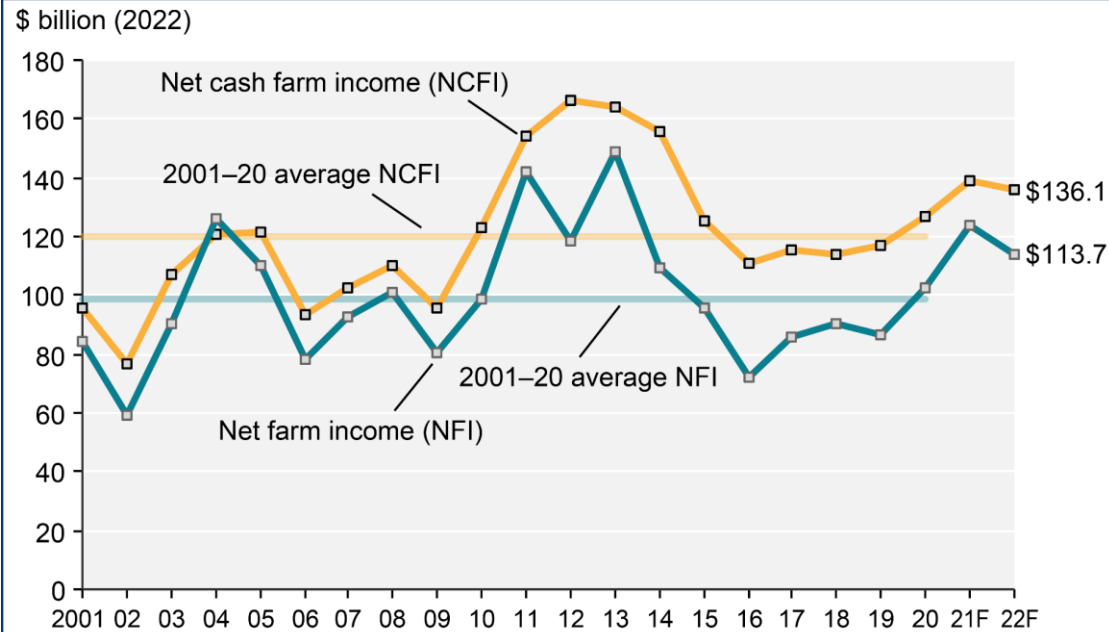
Capex (billion), 2022-2025



Source: GSM Association.

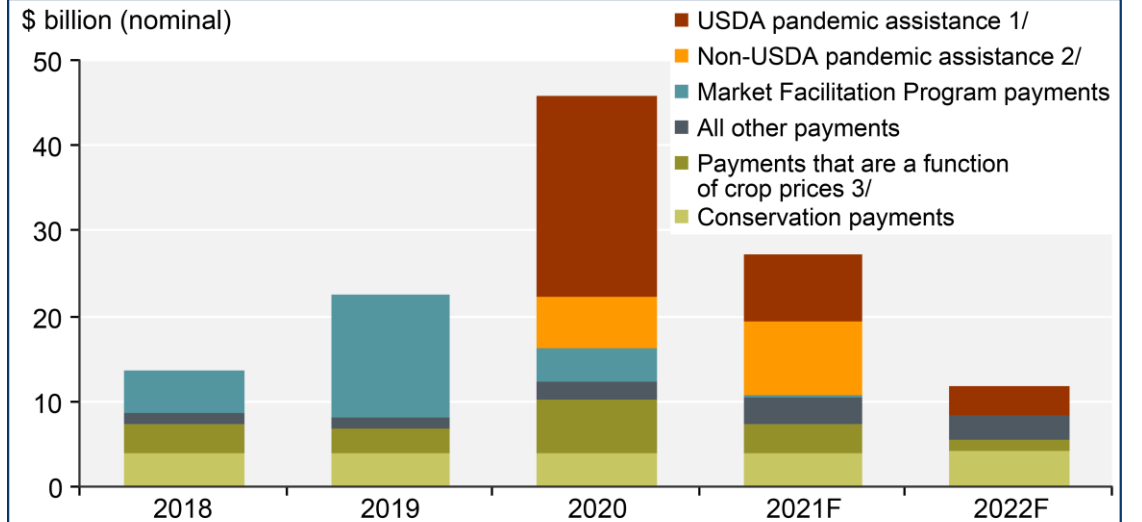
# U.S. Net Cash Farm Income by Year

**U.S. net farm income and net cash farm income, inflation adjusted, 2001–22F**



Note: F = forecast. 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 2022 by USDA, Economic Research Service.  
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.  
 Data as of February 4, 2022.

**Direct government payments to U.S. farm producers, 2018–22F**



Notes: F = forecast.  
 1/ Includes payments from the Coronavirus Food Assistance Program and other USDA pandemic assistance for producers.  
 2/ Includes 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 4, 2022.

# 2012-2021 Historical Free Cash Flow<sup>1</sup>

(\$M)	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net cash flows from operating activities	\$ 197.1	\$ 396.4	\$ 174.1	\$ 272.3	\$ 232.8	\$ 133.1	\$ 153.0	\$ 307.6	\$ 316.3	\$ 65.9
Net cash flows from investing activities	(136.7)	(131.7)	(256.9)	(48.2)	(53.0)	(49.6)	(155.4)	(168.1)	(104.0)	(417.3)
Net cash flows from financing activities	(16.4)	(37.4)	(136.8)	(32.0)	(95.2)	(32.0)	(162.1)	(98.9)	(173.8)	133.5
Net cash flows from operating activities	\$ 197.1	\$ 396.4	\$ 174.1	\$ 272.3	\$ 232.8	\$ 133.1	\$ 153.0	\$ 307.6	\$ 316.3	\$ 65.9
Purchase of plant, property, and equipment	(97.1)	(106.8)	(73.0)	(45.5)	(57.9)	(55.3)	(72.0)	(97.4)	(106.7)	(107.8)
Free Cash flows	100.0	289.7	101.1	226.8	174.9	77.8	81.0	210.2	209.6	(41.9)
Net earnings attributed to Valmont Industries, Inc.	\$ 234.1	\$ 278.5	\$ 183.9	\$ 40.1	\$ 175.5	\$ 120.5	\$ 101.8	\$ 146.4	\$ 140.7	\$ 195.6
Adjusted net earnings attributed to Valmont Industries, Inc.	N/A	\$ 295.1	\$ 187.7	\$ 131.7	\$ 139.9	\$ 162.7	\$ 130.4	N/A	\$ 159.8	\$ 222.3
Free Cash Flow Conversion - GAAP	0.43	1.04	0.55	5.66	1.00	0.65	0.80	1.44	1.49	(0.21)
Free Cash Flow Conversion - Adjusted	N/A	0.98	0.53	1.71	1.25	0.48	0.62	N/A	1.31	(0.19)

## *1) Reconciliation of Net Earnings to Adjusted Figures*

Net earnings attributed to Valmont Industries, Inc.	\$ 234.1	\$ 278.5	\$ 183.9	\$ 40.1	\$ 175.5	\$ 120.5	\$ 101.8	\$ 146.4	\$ 140.7	\$ 195.6
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 net earnings attributed to Valmont Industries, Inc.	\$ 234.1	\$ 295.1	\$ 187.7	\$ 131.7	\$ 139.9	\$ 162.7	\$ 130.4	\$ 146.4	\$ 159.8	\$ 222.3

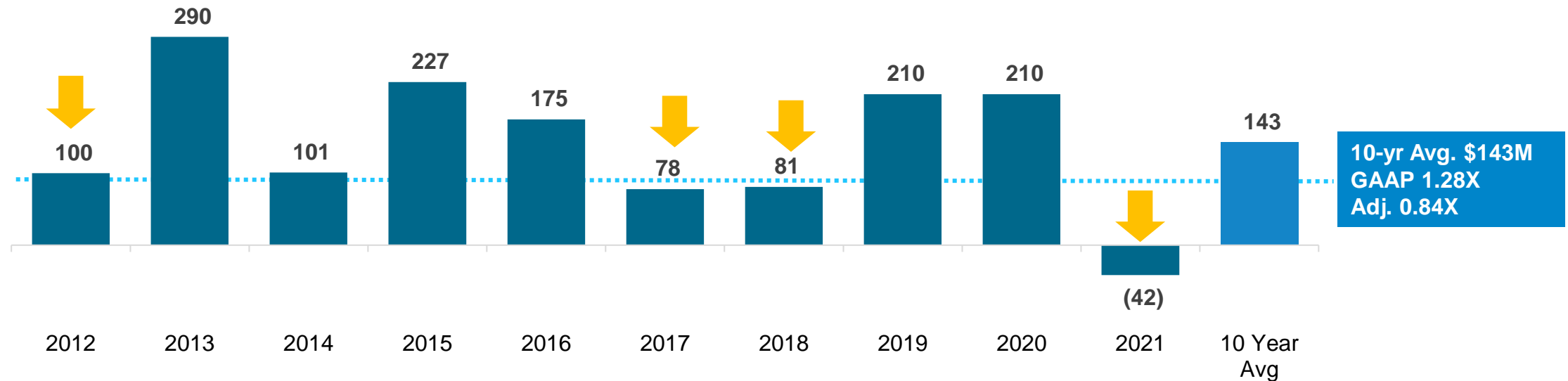
10 Year Average FCF is \$143M; Last 5 Years Has Averaged \$107M

<sup>1</sup> Adjusted earnings for purposes of calculating FCF conversion may not agree to the adjusted net earnings. The difference is due to cash restructuring, debt refinancing, or other non-recurring expenses which were settled in cash in the year of occurrence.

# Strong Free Cash Flow throughout the Cycle

2012 – 2021 Free Cash Flow<sup>1</sup> (\$M)

➔ Years of rapid raw material cost inflation



Historical FCF Conversion by Year<sup>1</sup>

<b>GAAP</b>	0.43X	1.04X	0.55X	5.66X	1.01X	0.67X	0.86X	1.37X	1.49X	(0.21X)
<b>Adj.</b>	N/A	0.98X	0.53X	1.71X	1.27X	0.49X	0.66X	N/A	1.28X	(0.19X)

<sup>1</sup> 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.

	(\$000s)
	TTM
	25-Jun-22
Net earnings attributable to Valmont Industries, Inc.	\$ 216,925
Interest expense	44,826
Income tax expense	83,880
Stock-based compensation	39,355
Depreciation and amortization expense	96,527
EBITDA	481,513
Asset impairments	27,911
Adjusted EBITDA – last four quarters	\$ 509,424
Net indebtedness	\$ 1,003,093
Leverage Ratio	1.76
Interest-bearing debt	\$ 1,003,093
Less: Cash and cash equivalents in excess of \$50 million	104,579
Net indebtedness	\$ 898,514