

17-Feb-2026

# Valmont Industries, Inc. (VMI)

Q4 2025 Earnings Call

## CORPORATE PARTICIPANTS

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### Avner M. Applbaum

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### Thomas Liguori

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## OTHER PARTICIPANTS

### Tomohiko Sano

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### Nathan Jones

*Analyst, Stifel, Nicolaus & Co., Inc.*

### Christopher Moore

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### Brent Thielman

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### Brian Drab

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Greetings, and welcome to the Valmont Industries Incorporated Fourth Quarter and Full Year 2025 Earnings Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. We ask that you please limit yourself to one question and one brief follow-up question and return to the queue. [Operator Instructions] Please note, this conference is being recorded.

I will now turn the conference over to your host, Renee Campbell, Senior Vice President, Capital Markets and Risk. Ms. Campbell, you may begin.

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### Renee L. Campbell

*Senior Vice President-Capital Markets & Risk/Treasurer, Valmont Industries, Inc.*

Good morning, everyone, and thank you for joining us. With me today are Avner Applbaum, President and Chief Executive Officer; Tom Liguori, Executive Vice President and Chief Financial Officer; and Eric Johnson, Chief Accounting Officer.

Earlier this morning, we issued a press release announcing our fourth quarter and full year 2025 results. Both the release and the presentation for today's webcast are available on the Investors page of our website at [valmont.com](http://valmont.com). A replay of the webcast will be available later this morning. To stay updated with Valmont's latest news releases and information, please sign up for email alerts on our investor site.

We'll begin today's call with prepared remarks and then open it up for questions. Please note that this call is subject to our disclosure on forward-looking statements, which is outlined on slide 2 of the presentation and will be read in full after Q&A.

With that, I'd now like to turn the call over to Avner.

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## Avner M. Applbaum

*President, Chief Executive Officer & Director, Valmont Industries, Inc.*

Thank you, Renee. Good morning, everyone, and thank you for joining us. I'd like to start with the full year highlights and key messages summarized on slide 4. 2025 was a solid year for Valmont. Our team delivered strong performance as they continue to navigate a mixed demand environment, delivering unique value-added solutions for our customers. We strengthened our core to support future value creation.

Our track record of success is grounded in a clear understanding of our customers' need and our core strength in serving them through managing multiple demand drivers, including load growth, aging infrastructure, and increasing complexity. In this environment, reliability, quality and on-time delivery are critical to their financial and operational performance.

Delivering consistently at scale requires disciplined execution and that discipline guided our actions throughout the year. We simplified the business, sharpened our priorities, and aligned capital and resources where execution drives the greatest positive impact. As a result, Valmont is more resilient, more aligned and better positioned to support our customers.

I want to thank our nearly 11,000 employees around the world for their dedication and efforts throughout the year. Their work has strengthened the foundation of the business and positioned Valmont well for what we expect to be strong growth in 2026 and beyond.

Turning to slide 5. I want to highlight how our actions in 2025 are providing us with momentum as we move into 2026. In Utility, customer demand for large-scale projects to support grid expansion and rising electricity load remained strong. This past year, we increased capacity to serve that demand through targeted investments in equipment, layout optimization, and workflow redesign. We also began deploying AI-enabled scheduling and planning tools to improve throughput. Together, these actions position us to support continued growth in 2026 and beyond.

In Agriculture, we made progress this year on structural programs that improve profitability. In a challenging market, our customers are looking to their partners to help them do more with fewer resources. We'll continue to drive value through disciplined cost management and improving the customer experience with better parts availability and easier e-commerce ordering. We'll also advance integrated tech and innovation that improves efficiency for growers. Altogether, these efforts are positioning the business to emerge stronger when markets recover. Across the company, disciplined resource allocation, an unwavering commitment to safety, and continuous improvement remain foundational to our performance.

Now turning to slide 6 for an infrastructure market update starting with Utility. Utilities are planning multiyear increases in capital spending to support load growth, grid expansion and resiliency. Data centers and AI-related infrastructure are contributing to that demand. Customers trust Valmont for complex transmission, distribution and substation projects where execution and reliability are critical. We entered 2026 with \$1.5 billion in backlog, up 22% from a year ago, largely driven by Utility. As our incremental capacity comes online, we expect to convert that demand and support continued profitable growth. We remain a trusted partner of choice across the full project life cycle due to our market expertise, engineering capabilities, and scale manufacturing.

Our Lighting and Transportation business enters 2026 with a positive and improving outlook. Transportation markets are supported by ongoing DOT programs and infrastructure funding. In North America, lighting demand is stabilizing. International markets are also contributing to growth. Our focus remains on disciplined execution. We are enhancing service level and operating performance as demand strengthens.

Coatings is also positioned for growth in 2026. Demand is supported by infrastructure investment and expanding data center activity. This business remains a critical part of our value proposition. It protects steel structures, extends asset life, and supports a reliable long-term infrastructure performance.

In Telecommunications, carrier capital spending has normalized. Our components business continues to benefit from alignment with carrier programs and a high-service operating model. During the fourth quarter, we acquired the remaining 40% of ConcealFab. The full ownership of ConcealFab adds control of differentiated technology and an innovative product pipeline to our portfolio. It strengthens our ability to support customers investing in 5G, broadband expansion, and next-generation wireless deployment.

Overall, Infrastructure enters 2026 from a position of strength. Demand trends are durable. Capacity investments are translating into better execution and improved throughput. Our focus on the right growth areas support continued momentum.

Turning to slide 7. Looking at the demand outlook for Agriculture in 2026, we see North America is stable. International is likely to be down compared to the first half of 2025, but broadly in line with the second half. USDA forecasts suggest a cautious grower environment. Thus, we are not assuming a near-term recovery in North American equipment demand, and our outlook reflects a disciplined view of market fundamentals. At the same time, profitability is supported by pricing and cost discipline. Targeted investments in technology and our aftermarket platform are helping mitigate the impact of lower equipment volume, even in a softer market.

In Brazil, tight credit availability and delays in government-backed financing continue to weigh on near-term demand. Over the longer term, Brazil remains an attractive growth market. Strong agronomic conditions, multiple crop cycles, and a compelling ROI for irrigation equipment support future investment.

In the Middle East and Africa, project activity is driven by food security priorities. Government-led investment continued to support large scale irrigation projects. We continue to advance our strategic priorities in technology, aftermarket, and international markets. These actions position Agriculture to emerge stronger through the cycle.

In January 2026, we acquired the remaining 80% of Rational Minds, a Canada-based engineering firm with expertise in advanced irrigation controls, communication and connectivity. This acquisition strengthens the engineering capabilities of our Valley Irrigation platform and advances our technology road map, enhancing our digital capabilities that support our products, system, and our global dealer network.

Turning to slide 8. As we look to 2026, Valmont is positioned for a strong year of growth with the capabilities and skill to execute and create long-term value. This year, we will celebrate our 80th anniversary. While the company has evolved significantly since its founding in 1946, the core values established at the beginning, passion, integrity, continuous improvement, and delivering results remain central to who we are. Guided by those values, we continue to invest in our people, capabilities and products to deliver more for our customers.

Finally, I'm pleased to announce that we plan to host an Investor Day on Tuesday, June 16, in New York City. We look forward to sharing a deeper view of our strategy and long-term financial targets. More details will follow and we hope you'll join us.

I'll now turn the call over to Tom to review our financial results and 2026 outlook.

## Thomas Liguori

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

Thank you, Avner. Good morning, everyone, and thank you for joining us today.

Turning to slide 10. Our fourth quarter results include a few unusual items. So I'll start with a summary of our top level results and explain the impact of these items on our earnings per share. GAAP EPS of \$9.05 includes a tax benefit of \$78.5 million, or \$3.98 per share, primarily due to a US tax deduction associated with the loss on our Prospera investment, as we wound down business operations in 2025. The \$78.5 million is excluded from adjusted EPS. It is also a cash flow benefit, approximately half of which is reflected in 2025 results and the remainder is expected to benefit first half 2026 cash flows.

Adjusted diluted earnings per share was \$4.92, up 28.1% year-over-year. Adjusted EPS includes a \$16.5 million legal reserve for our Brazil Agriculture business related to cases involving various disputes dating as far back as 2019. In the fourth quarter, we had an adverse court ruling on one of these cases, and for the others, entered into settlement discussions with parties involved, both of which led to the reserves.

Adjusted EPS also includes \$11 million of credit losses in Brazil. As we explained last quarter, Brazil is operating in a tight credit environment, which unfortunately is causing financial distress for farmers. For total year, Brazil Agriculture expenses include \$24 million of legal reserves and \$26 million of credit losses for a total of \$50 million. We believe we have fully accrued and covered our financial exposures in Brazil and do not expect additional unusual expenses in the future.

Combined, these expenses reduced adjusted EPS by \$0.92 in the fourth quarter and \$1.70 for the total year. The remainder of my comments will focus on the adjusted results as outlined in the press release and in the Reg G disclosure in the presentation appendix.

Moving to our segment results on slide 11. Infrastructure sales of \$819 million grew 7.2% compared to last year. Utility sales grew 21%, driven by strong market conditions, favorable pricing, and higher volumes as a result of the capacity increases we have deployed. Congratulations to the Utility team on their strong performance.

Sales in Lighting and Transportation declined 5.3% due to continued weakness in the Asia-Pacific market, and North America production challenges that temporarily reduced output. In the fourth quarter, North America L&T orders were stable. As we entered 2026, order rates are trending up, and we anticipate having the production challenges resolved in the first half of the year.

Coatings sales increased 6.3%, supported by healthy internal and external infrastructure demand. Telecommunications sales were similar to prior year. Solar sales declined due to our decision to exit certain markets. Operating income was \$149.6 million, or 18.3% of net sales, an increase of 230 basis points as a result of our pricing actions, volume growth in high-value offerings, and lower SG&A.

Turning to slide 12. Fourth quarter Agriculture sales decreased 19.9% year-over-year to \$222.7 million. North America markets remain challenged. International sales declined due to the weakened economic environment in Brazil and lower project sales in the Middle East. Our Agriculture segment had an operating loss of \$3.3 million in the fourth quarter. The loss includes the \$27.5 million of legal reserves and credit losses mentioned earlier.

Excluding these expenses, operating income was \$24.1 million, or 10.9% of sales. We expect our Agriculture segment to have double-digit operating margins in the first quarter of 2026 and remain there for the full year.

Turning to slide 13 and our full year income statement. Net sales of \$4.1 billion increased slightly year-over-year. Sales growth in Infrastructure, particularly Utility, was offset by lower Agriculture sales. Operating income increased to \$538 million, or 13.1% of revenue. Operating income includes the \$50 million of expenses for the two significant items discussed earlier in our Brazil Agriculture business. Excluding these expenses, operating income would have been \$588 million, or 14.3% of revenue. Below the line, interest expense decreased due to lower debt. Our adjusted tax rate declined to 23.2% due to the geographic mix of earnings. And adjusted diluted earnings per share was \$19.09, an increase of 11.1% over 2024.

Moving to slide 14 for cash, liquidity and capital allocation. Fourth quarter operating cash flows were \$111 million, bringing our full year total to \$457 million. We entered the year with approximately \$187 million of cash, a net debt leverage of approximately 1 times. We invested \$145 million in CapEx, primarily for utility capacity expansion. Free cash flow totaled \$311 million, representing approximately 90% of net earnings.

We deployed \$102 million to acquire the minority shares from some of our joint venture partners. The majority of this was related to ConcealFab, though we also acquired the minority share of Agriculture businesses in Brazil and Argentina. Buying out the minority partners provides us with greater control and flexibility to run these businesses. We returned \$250 million to shareholders, including \$52 million through dividends and \$198 million through share repurchases at an average price of \$327.65.

Moving to slide 15. We remain sharply focused on executing our key value drivers. To catch the infrastructure wave, we continue to invest in high-return capacity expansion to drive revenue growth. During 2025, we deployed approximately \$170 million of CapEx in our North America Infrastructure business, which contributed to the \$143 million of Utility revenue growth. In Agriculture, we continue to invest in our aftermarket and technology businesses. Both of these initiatives are contributing tangible productivity benefits to our Agriculture customers as well as dealers. A milestone in the fourth quarter was that we started shipping our ICON+ control panels, which brings the AgSense 365 functionality to any pivot brand, allowing growers to easily connect older or competitive machines.

Lastly, our disciplined resource allocation initiatives are progressing. Corporate expense for the full year declined \$13 million to \$97.8 million, or 2.4% of revenues. I want to congratulate the corporate team for their work to streamline the organization and manage cost. In the fourth quarter, corporate expense declined to 1.9% of revenues, compared to 2.9% last year.

On the capital allocation front, we executed on our board authorized \$700 million share repurchase program, with approximately \$200 million repurchased in 2025. We also acquired the minority shares of our joint ventures in Telecom and Agriculture for \$102 million. Bringing it all together, we are making progress toward our path to deliver \$500 million to \$700 million in revenue growth and \$25 to \$30 in EPS over the next three to four years.

Turning to our 2026 outlook on slide 16. Net sales are projected to be between \$4.2 billion to \$4.4 billion. Diluted earnings per share are projected to be in the range of \$20.50 to \$23.50. At the midpoint, our guidance represents year-over-year revenue growth of 4.8% and EPS growth of 15.2%. Factors that would contribute to performance being at the top end of the range include additional Utility revenue that could result from our initiative to enhance factory scheduling or bringing on capacity faster than expected and/or an improved market environment in Agriculture during 2026. Factors that will contribute to being at the low end of these ranges include unanticipated delays in our capacity expansion plans, such as equipment or construction delays, or changes to tariff regulations

that continue to evolve. When tariffs change, we alter our supply chains and adjust pricing, though both require time to take hold and mitigate any increase in tariffs.

Turning to slide 17. These graphs illustrate the major drivers of our 2026 guidance at midpoint. Starting with net sales, we expect growth in Infrastructure, both price and volume, primarily in Utility. In Agriculture, growth in aftermarket and technology, though a decrease in volume. For EPS, the drivers are earnings growth in Infrastructure, primarily Utility; improved earnings in Brazil as we covered our legal and credit exposures last year in 2025; improved earnings from our decision last year to exit certain solar markets; increased profits from the businesses we now wholly own such as ConcealFab; a benefit from lower share count due to our share repurchase program; reduced earnings from Ag due to lower volumes.

We expect our tax rate to return to a more normal 26%. And we have also adjusted for potential risk, which could include changes in global tariffs, commodity and steel costs, or other unforeseen events. All in all, we are confident in our ability to achieve the midpoint of guidance. For the first quarter of 2026, we expect year-over-year growth in revenue and earnings per share. Before we close, we want to thank the entire Valmont team for their focus on moving our value drivers forward.

With that, I will now turn the call over to Renee.

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## Renee L. Campbell

*Senior Vice President-Capital Markets & Risk/Treasurer, Valmont Industries, Inc.*

Thank you, Tom. At this time, the operator will open up the call for questions.

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## QUESTION AND ANSWER SECTION

**Operator:** Thank you. At this time, we will be conducting a question-and-answer session. [Operator Instructions] And our first question will come from Tomo Sano with JPMorgan.

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### Tomohiko Sano

*Analyst, JPMorgan Securities Japan Co. Ltd.*

Good morning, everyone.

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Q

### Avner M. Applbaum

*President, Chief Executive Officer & Director, Valmont Industries, Inc.*

Good morning.

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A

### Renee L. Campbell

*Senior Vice President-Capital Markets & Risk/Treasurer, Valmont Industries, Inc.*

Good morning.

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A

### Thomas Liguori

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

Good morning.

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A

**Tomohiko Sano***Analyst, JPMorgan Securities Japan Co. Ltd.*

Q

Thank you for taking my questions. On the Utility side, could you talk us through your confidence in the continued strong demand for this segment? And have you seen any changes in customer investment appetite or competitive landscape, please?

**Avner M. Applbaum***President, Chief Executive Officer & Director, Valmont Industries, Inc.*

A

Tomo, thank you for your question. We feel very confident with the strength in the Utility market that has several strong drivers, such as we're seeing electrification, we're seeing the AI and data centers, industrial onshoring, aging infrastructure replacement. So there are many drivers that support our outlook. On top of that, we have daily conversations with our customers. And we're tied in to their multiyear plans to make sure we're strongly aligned overall with their growth investments. And it's evident by when you look at our backlog, roughly \$1.5 billion, it gives a pretty strong support for our 2026 outlook. We're booking into 2027. And the Utility customers are looking out to plans going through 2030 and beyond. So overall, to sum it up, we are very bullish about the Utility market over the near and mid-term future.

**Tomohiko Sano***Analyst, JPMorgan Securities Japan Co. Ltd.*

Q

Thank you, Avner. Follow-up on Ag. Could you talk about, excluding one-time items, what specific actions are being taken to restore agriculture margins? And when do you expect to see a meaningful recovery? Thank you.

**Thomas Liguori***Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

Thanks, Tomo. Well, we expect to see a meaningful recovery in this current quarter, Q1 of 2026. And we did take some charges in the fourth quarter. The goal was to get these problems behind us. Let me add some color on this. I think it would be helpful. We spent a lot of time with the Brazil team and did a deep dive of their balance sheet, their receivables, customer-by-customer, inventory. And Avner and I went down to São Paulo. We met with our outside legal counsel to go through these cases. So we feel like we understand these exposures, and we feel like we have them covered.

Now, that said, the Brazil economy still has high interest rate. Crop prices are low. So we're not saying there will be none, but we feel we have covered it in our guidance going forward. We've taken a number of steps in Brazil to strengthen the foundation. Tomo, in the end, Brazil is an excellent market for us, which we believe is going to grow for years to come. They have multiple crop cycles. So the things we have taken, we did hire a new outside legal counsel. We added a lawyer. We replaced our finance leader there. So I think we've taken the appropriate steps there.

So given that those are behind us, in the fourth quarter, we were at 10% excluding those. We – North America is doing quite well. I do want to bring out that the North America team in Ag, they've been at a double-digit operating margin throughout 2025. So we think that's going to continue. In the Middle East, we expect to get more project wins as we get into the middle year. That will help our margins. And we think Brazil, we're not expecting a lot from Brazil in our guidance for 2026, but we have a great team there and things going forward. So we think, we believe, and we're confident, you will see a substantial uptick in our operating margins in Agriculture in our first quarter.

**Tomohiko Sano***Analyst, JPMorgan Securities Japan Co. Ltd.*

Thank you, Tom.

Q

**Thomas Liguori***Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

You bet.

A

**Operator:** And our next question comes from Nathan Jones with Stifel.**Nathan Jones***Analyst, Stifel, Nicolaus & Co., Inc.*

Good morning, everyone.

Q

**Renee L. Campbell***Senior Vice President-Capital Markets & Risk/Treasurer, Valmont Industries, Inc.*

Good morning, Nathan.

A

**Nathan Jones***Analyst, Stifel, Nicolaus & Co., Inc.*

I guess I'll start with trying to put a finer point on the Ag margins. Double-digit, a pretty big range there, Tom. Is there any kind of finer point you can put on where you expect them to be in the first quarter and where you expect them to be for the full year?

Q

**Thomas Liguori***Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

We think we'll be in the low-teens in the first quarter, maybe approaching the mid-teens by the end of the year.

A

**Nathan Jones***Analyst, Stifel, Nicolaus & Co., Inc.*

That's helpful. I guess the second question I'm interested in is the increasing capital spending in 2026 over 2025, which is probably a good thing, right? I assume that's going to utility capacity expansions. So can you talk about kind of what you're doing there? I think you guys had talked about \$100 million CapEx in that business to add \$100 million capacity per year for the next few years. Is that now not enough to keep up with the demand? We need to ramp that up a little bit? And are you expecting to stay above that \$100 million for the next few years? Thanks.

Q

**Avner M. Applbaum***President, Chief Executive Officer & Director, Valmont Industries, Inc.*

Thank you, Nathan. Let me start off with what's behind the step-up in capital. And in our guidance, we said we're going to spend \$170 million to \$200 million in 2026, primarily directed towards Utility. We continue to see, right, durable multi-year demand, as I mentioned earlier, by load growth, grid expansion, and resiliency. The approach we took, right, we're doing brownfields. We're adding equipment. We're modernizing our lines. We're improving our flow, increasing automation, using AI. And all that is in our existing footprint, which will increase our

A

throughput. And it is all supported by the industry, our customer commitments, our customer's view. And that's the disciplined approach we're taking.

We're going to see TD&S. We're going to see the Utility business grow high-single-digits, low-double-digits over the foreseeable future, probably to the end of this decade. And when we take those investments, they're adding incremental capacity, right? We're getting an excess of 20% on each one of those investments. And as we continue to optimize, we're even going to see more than that. So they're – overall, they're very high-return projects. We believe that's the number one area for us to invest. It supports our ROIC. It supports our path to 30%.

Now, specifically about your questions about \$100 million driving \$100 million, we're actually very pleased with the output we're getting from their capital. And I can say that we're doing considerably better than \$1 of investment for \$1 in sale. And it's multiple projects or a little differently, but we're getting very strong ROI from our investments. So just to sum it up, right, it's disciplined scaling. We're adding the capacity where the demand is visible, and it has very strong returns.

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**Nathan Jones**

*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Great. Thanks for taking my questions.

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**Operator:** Moving next to Chris Moore with CJS Securities.

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**Christopher Moore**

*Analyst, CJS Securities, Inc.*

Q

Hey. Good morning, guys. Maybe just talk a little bit about balance sheet. Are there certain areas, perhaps product lines, where Valmont could be using its balance sheet to trade better price for less prepayments?

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**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

Well, we're a leader in the markets. We're differentiated. We get good pricing. So we're not really looking at doing that. What we do see is we see opportunities to use our balance sheet to, number one, we have low leverage, gives us the cash to really explore all different types of opportunities. And Chris, actually, we see an opportunity and things like our working capital to continue to make improvements. I want to say I think our team has done an excellent job on the inventory and receivables and bringing those down.

We have some elevated, what we call on the balance sheet, contract assets, which is basically the work in process for our Utility customers. That's been kind of elevated because of the volume going through. And we have some growing pains there, but we see an opportunity to bring down our working capital. Long term, it should be 90 days, 95 days. So I wouldn't say we're going to trade our balance sheet for price. I would say we're going to use our balance sheet for growth.

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**Christopher Moore**

*Analyst, CJS Securities, Inc.*

Q

Got it. Makes sense. And maybe just on the Ag side, in terms of obviously still a soft market, but what types of things can you do perhaps to get a higher share on the aftermarket part side of a soft Ag market? You guys are – the replacement process is, I guess, one of your strengths, making things very easy for the farmers and dealers.

Maybe could you just talk in terms of kind of the aftermarket side of things and kind of the momentum that you might have there?

**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

Yeah. We've put a lot of resources into this. And I got to say the Ag team did an excellent job with the e-commerce system. The farmer can be in the field. They can figure out what part they need. They can place an order with the dealer and hopefully get it in the next day or so. That's just job well done. What we're working on is making sure we have the proper inventory positioned through the field. And I think the latest one is we want to take this and do more of it on our international region. So more to come, and there's more upside in that.

**Christopher Moore**

*Analyst, CJS Securities, Inc.*

Q

Sounds good. I will leave it there. Appreciate it, guys.

**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

Thanks, Chris.

**Operator:** [Operator Instructions] And we'll go next to Brent Thielman with D.A. Davidson.

**Brent Thielman**

*Analyst, D.A. Davidson & Co.*

Q

Hey. Thanks. Good morning. Yeah. Want to follow up on Utility there. Appreciate the outlook bridge as well in the deck. But the \$150 million in growth assumed for the Utility piece 2026 versus 2025. I guess, if we assume sort of a stable steel price environment, is there still sort of a higher potential ceiling for that business this year, or does that sort of limit out just based on the capacity you'll have in place this year?

**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

I got to say, the operations team is doing a great job of getting the capacity in place. And I think you're asking, is there some upside in the Utility? And definitely, we think there's some upside there.

**Brent Thielman**

*Analyst, D.A. Davidson & Co.*

Q

Okay. Okay. And then on the Ag side, Tom, I think I heard you mention looking towards some – maybe some potential wins on the project side, maybe more mid-year. Does the outlook for that business sort of assume kind of pressure through first half, then a stronger second half contingent on winning these projects? Maybe if you could just clarify that?

**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

Yeah. I think we'll have a slower first quarter, probably a slower first half. And as these come in, that'll improve. But Avner is better to explain this.

**Avner M. Applbaum**

*President, Chief Executive Officer & Director, Valmont Industries, Inc.*

A

Yeah. Let me just add a little bit, right? The underlying demand drivers for that regions are intact, right? Food security, domestic production. But we take a very disciplined and selective approach to the projects. It's important that we meet our financial thresholds. There are several opportunities. They didn't reach the finish line yet. We're pretty confident in the pipeline, our ability to convert them with – in line with our financial criteria. So we're going to make sure when we win these projects, we're happy with the returns. Overall, as you know, it's a lumpy business, but the long-term drivers are solid.

**Brent Thielman**

*Analyst, D.A. Davidson & Co.*

Q

Okay. Hey. Great. Thank you.

**Operator:** Moving next to Brian Drab with William Blair.

**Renee L. Campbell**

*Senior Vice President-Capital Markets & Risk/Treasurer, Valmont Industries, Inc.*

A

Hey, Brian.

**Brian Drab**

*Analyst, William Blair & Co. LLC*

Q

Hi. Thank you. I just wanted to – hi. Thank you. I just wanted to follow up on that Utility growth. This bridge is really helpful. And of course, I think \$150 million incremental in Utility indicates about 10% growth in the outlook for Utility for 2026. I'm just wondering, is that how to think about it? And then how do you expect price and volume to contribute to the 10% growth proportionally?

**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

Yeah. So you're correct in your assumptions. And most – in 2025, I would say, there was more price than volume. In 2026, there's more volume than price.

**Brian Drab**

*Analyst, William Blair & Co. LLC*

Q

Okay.

**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

As Avner said, we're starting to see drop-through from these capacity expansions in the mid-to-upper 20%, even approaching 30%. So we feel really good about where the Utility business is.

**Avner M. Applbaum**

*President, Chief Executive Officer & Director, Valmont Industries, Inc.*

A

Yeah. And I'll just add, right, when you think about the volume and price, right, it really represents the strength in the market. But when you think of price, we have a very strong value proposition for our customers in a constrained environment. It is mission-critical parts with high level of complexity. It needs to deliver on time with

the highest quality to make sure we could support their operational needs. And it's significant value to our customers, and that is the price that we command in the market.

**Brian Drab**

*Analyst, William Blair & Co. LLC*

Q

Got it. Thank you. And then on the non-utility infrastructure piece, it looks like that'll be up about 3%. I'm just wondering, is it fair to assume that you get some more growth maybe in Telecom, but Lighting and Transportation and Coatings is roughly flat, or do you see any growth in those other pieces?

**Avner M. Applbaum**

*President, Chief Executive Officer & Director, Valmont Industries, Inc.*

A

Yeah.

**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

We still have growth in all three.

**Avner M. Applbaum**

*President, Chief Executive Officer & Director, Valmont Industries, Inc.*

A

Yeah.

**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

I mean, in Coatings as well. So Coatings, Telecom, L&T.

**Avner M. Applbaum**

*President, Chief Executive Officer & Director, Valmont Industries, Inc.*

A

Yeah. And at the highest level, right, Telecom, we see our carriers continue to invest in – at the end, they are in the execution phase. They're investing in wireless and RAN. So we kind of see that growing in the load of mid-single-digits. Coatings has a very strong driver around data centers and AI. On the Lighting and Transportation, we're seeing good progress about the initiatives that we took in 2025 around enhancing our leadership, investing in the operations, deselecting of non-core products, and overall seeing growth driven by DOT spend and stabilization in the international market. At the high level, we should see growth across the Infrastructure segment.

**Brian Drab**

*Analyst, William Blair & Co. LLC*

Q

Okay. Thanks, Avner. For Coatings, obviously, tailwind within your own intersegment work that you do for your Utility business and data center, AI, what other tailwinds does that business see from data center and AI?

**Avner M. Applbaum**

*President, Chief Executive Officer & Director, Valmont Industries, Inc.*

A

Yeah. So, right, structurally, the Coatings business supports our internal business, which is a strong value proposition for our customers. But we have a strong third-party business within the Coatings with the highest Net Promoter Score in the industry, and it's broad-based. But we are taking a strategic approach to support the states, the regions, the industry where we're seeing growth. You look at the Midwest or Southwest, where you're seeing

a lot of good investments around infrastructure growth and data centers and AI. So, we're aligned well, and we should see that business contribute to our growth in 2026.

**Brian Drab**

*Analyst, William Blair & Co. LLC*

Q

And can I just sneak in one more to Tom? Tom, I think on the last call, it was when you mentioned that the incremental margins – operating margins on the additional capacity in Utility were coming in. I think your phrasing was something like well above 20%. How is that incremental margin on that additional capacity looking lately?

**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

It's mid-to-upper 20% range. And actually, we think through 2026, it's approaching 30%. So it's looking very positive. And why is that? That's because when we're adding this capacity, the whole approach is to add incremental capital, get more throughput through that journey, improve the flow. So we're getting a lower unit cost as well just covering fixed overhead. So my applause to the ops team for the work they're doing.

**Brian Drab**

*Analyst, William Blair & Co. LLC*

Q

Perfect. Thanks very much.

**Thomas Liguori**

*Chief Financial Officer & Executive Vice President, Valmont Industries, Inc.*

A

Thank you, Brian.

**Operator:** And we have reached the end of the question-and-answer session. I will now turn the call over to Renee Campbell for closing remarks.

**Renee L. Campbell**

*Senior Vice President-Capital Markets & Risk/Treasurer, Valmont Industries, Inc.*

Thank you for joining us today. A replay of this call will be available for playback on our website and by phone for the next seven days. We look forward to speaking with you, again, next quarter.

**Unverified Participant**

These slides and the accompanying oral discussion contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on assumptions made by management, considering its experience in the industries where Valmont operates, perceptions of historical trends, current conditions, expected future developments, and other relevant factors. It is important to note that these statements are not guarantees of future performance or results. They involve risks, uncertainties, some of which are beyond Valmont's control and assumptions.

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**Operator:** Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines and have a wonderful day.

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