Valmont 2026 Investor Day | June 16, 2026

Renee Campbell:

Welcome to Valmont Industries 2026 Investor Day. I'm Renee Campbell, senior vice president, Capital Markets & Risk. It's hard to believe that this is my fourth Valmont Investor Day. It's great to see so many familiar faces here in the room, along with on the webcast. I'm joined today by my colleague Casey Meyer, vice president, Treasury and Investor Relations. And together, on behalf of the entire Valmont management team, thank you for joining us today as we are also celebrating our 80th year as a company this year. I'd also like to thank the teams from Convene and OpenExchange, along with our partners at Corbin Advisors, for all of the work that went into bringing us together here today, ready to share Valmont's story. Before we begin, a reminder that today's discussion is subject to our disclosure on forward-looking statements. Actual results may differ materially from those expressed or implied, and factors that could cause results to differ are noted on this slide, as well as in our SEC filings and news releases.

Okay. With that, we have a very exciting agenda planned for you today. Avner Applbaum, our president and CEO, will kick us off by framing Valmont's strategy and the three value drivers behind our 2029 financial outlook: capture, strengthen, and enable. Specifically, capturing above-market growth and utility, strengthening our broader portfolio of businesses, and enabling value creation through disciplined resource allocation. You'll then hear from Chris Colwell. Chris leads our North America infrastructure businesses, and he's going to take us deeper into North America utility and the exciting multi-year opportunity that's in front of us, being driven by grid investments, load growth, reliability, and resiliency.

Within Chris's section, we'll have two fireside discussions. The first will be on what's driving this strong utility market and outlook, and that will be hosted by Joel Ulrich from Valmont and Jean Rollins from Power Insights. The second will be on innovation and operational excellence, led by Shannon Eggert and Amit Blesser with Valmont. Next, you'll hear from Greg Turi. Greg leads our international infrastructure and telecom businesses, and he will share how we're applying a more consistent operating model across the portfolio to improve earnings quality and returns. We'll take a short break, and then, after that, you'll hear from Darryl Matthews, who leads our global agriculture business. And he'll cover how we're strengthening our global irrigation leadership through aftermarket parts, technology solutions, and growth in emerging markets. And then, finally, John Schwietz, our chief financial officer, will bring it all together with our financial outlook, including our path to $35 of earnings per share by the end of 2029.

A few logistical housekeeping items. We'll have two Q&A sessions. The first will be after the infrastructure portion of the presentation, and that'll be about 20 minutes. And then we'll have a second one at the end of the prepared remarks. I think that's around 40 minutes. For those of you that are on the webcast, you can use the chat function to submit a question, and we'll try to get to as many of those as possible. And for those of you here with us in the room, we're going to have a couple of mics, so just raise your hand, and we'll get a microphone out to you. We also ask that you please silence your phones. Also, for those who are attending here in person, we invite you to join us after the event today for an informal lunch, along with the Valmont leadership team. We also have an irrigation technology display out in the common area, if you're interested in that, and restrooms are located to the left and straight back. You can also find today's presentation on our investors site at investors.valmont.com.

Before I turn it over to Avner, we have a short video for you this morning that really brings Valmont's story to life. For more than 80 years, much of our work has happened behind the scenes, but our impact is visible every day, supporting infrastructure, helping feed the world, and living our purpose of

conserving resources and improving life. I think it's a fitting way to connect our legacy to where we're headed next. Let's take a look.

Video:

Speaker 2: You probably don't notice us, but you rely on what we make possible. The lights that turn on without a second thought, the signal that connects in an instant, the fields that grow season after season. Quietly, behind it all, there's infrastructure doing the work. When storms hit, it holds. When demand spikes, it delivers. When it matters most, it performs. That kind of reliability doesn't happen by accident. It's designed, engineered, manufactured by people who understand what's at stake. Because being noticed isn't what matters to us, being trusted is. That's who we are. We manufacture what matters. Structures that carry electricity across miles, towers that connect people, lighting that keeps roads and communities safe, coatings that stand up to weather and time, irrigation solutions that help grow more with less. Infrastructure the world depends on.

Avner Applbaum:

Good morning. It's great to be here. It's actually exciting times to be in New York City, not only for Valmont Industries. I know there's some other reasons to be excited here, but we're excited to share our story with you. And I love starting today with this video because it really shows the impact that Valmont has. Now, at Valmont, we have two segments: we have infrastructure, and we have agriculture. And within infrastructure, our largest business unit is utility, and utility is going to be the main driver behind our next chapter of profitable growth. And before we go into the presentation and the details behind that, I'd like to share with you the logic and why we have confidence in that path.

This is a preview of the most important growth drivers you're going to hear today. You're going to hear a lot from Chris and his team, and they're going to go in a lot more details later, but I did want to share with you here right up front. It's been well covered. The utilities are going to spend $1.4 trillion by 2030. And out of that $1.4 trillion, there's 53 billion of transmission and distribution work that we at Valmont can serve, which then brings us to $6.7 billion of a high visible pipeline that is specific to Valmont through our Alliance relationships. And that will translate to $2.5 billion by 2029, which is a billion dollars higher than we are today, at $1.5 billion. You're going to hear all the details later. You're going to hear about our markets, you're going to hear about our customers, the actions we have in place, our capabilities, and how we convert this demand into profitable growth. But before we get into those details, keep that utility growth in mind. I'd like to share with you how this day fits together.

So, this is a financial headline for today. We expect to achieve $35 of earnings per share by 2029. That's a step-up of what you heard from us in the past. It's driven by our confidence, by the continued growth in the utility market, by the actions that we have underway, and the stronger operating and financial foundation we've built. The rest of the day is going to be proof behind this path. We're going to start with the foundation: how it is more focused, how it's more efficient, and how it's positioned for growth. Then we're going to go into utility. We're going to cover our strategy, our customer visibilities, the overall markets, and overall "How do we execute?" And then you're going to hear from Greg and Darryl about the rest of the portfolio, how it contributes more consistently and profitably over time. And then John's going to bring it all together. He's going to share with us our path to $35. And our capital allocation framework, how it drives shareholder value. So, listen to those proof points as we go throughout today.

So to understand why we have confidence in our goals, let me share with you where we are today and the foundations that we built. This is where we're today. We're a $4.1 billion company with leadership positions in both infrastructure and agriculture. What really matters here on this slide is, really, the

shape of the company. You can see we're primarily infrastructure, we're primarily North America, and that lines up with the growth we're seeing in the utility market. Now, within agriculture, we have a leadership position, while long term, we're bumping along the bottom. The long term is attractive. We have strong egregation leadership, we have aftermarket and technology offering, and we have a very large install base. And if you look at our 2025 financials here, you'll see $538 million profit and 13.1% operating profit margin. These financials have significantly improved over the last several years. I'd like to share with you the actions we took to get us here.

One of the reasons we have confidence in the path is the foundation: it's more focused, it's more efficient, and we took deliberate actions to get here. So what we've done is we refined and we focused our portfolio. We made sure we're operating in markets where we have leadership positions, our customer value, what we have to offer, and we have a clear path to strong earnings and profitable growth. And then we aligned our organization against this portfolio. We brought our commercial and operation teams closer together so we're closer to our customers and that we could execute better and drive clearer accountability. And then we took our capital and our resources and we put them on the highest-return areas for better and faster decisions. We've done all of this with pretty much flat top line. So, what does that mean? That means we created operating leverage within this company. So as we accelerate growth, that converts into higher-quality earnings growth. To me, the most exciting thing about this slide is we're just getting started. These are early innings of the full potential of Valmont.

And this progress translated into value for our shareholders. It's pretty straightforward: we improved our performance, and it's showing up in our shareholder returns. It reflects a stronger and a more forecasted organization. And as we move forward with the same discipline around our capital, with continued execution, we believe we're well positioned to keep on driving sustainable long-term value for our shareholders. So, how do we make this execution repeatable? It starts with our people and how we run the business. This is the leadership team that's been doing the work. They have deep Valmont experience and they have broad industry expertise. They know our customers, they know our operations, and they run the business with discipline and urgency. You're going to hear from several of our leaders today. And in fact, the whole team is here, so I do hope you take the opportunity to meet them and spend some time with them. And this is a team that's going to take us through our next journey.

And behind this management team, I'd like to share with you our Board. I'm not going to go through this entire slide and their background, but what you can see from this Board is they're very experienced, and their experience and expertise lines up directly with where we're taking the company. You can see expertise around operations, capital allocation, utility markets, and overall supporting us achieving long-term shareholder value creation.

So we covered the foundation, we covered our leadership team. Let's switch gears and go through our portfolio and where we compete. So this is how our portfolios organized: infrastructure and agriculture. Within infrastructure, we support several essential markets. We'll start with North America utility. That's the largest business, and today that is our growth engine. And then we have North America coatings supports both our internal volume as well as our external customers. You're going to hear Chris and the team, they're going to take us to a lot of details around both of those businesses. Then we have North America lighting and transportation, we have North America telecom, and we have our international businesses. And Greg is going to share with you the actions we're taking to drive growth, to improve margins, and how do we overall execute. And then in agriculture, we have our irrigation, we have our aftermarket, we have our technology offering. Darryl's going to share with us how we're improving the resiliency and the quality of earnings through the cycle.

As you can see, this is a broad portfolio. It gives us several avenues for growth, but what's really important here is how these businesses line up directly with some markets that are essential with global durable needs. So, these are the markets. You can see the thread. The thread here is pretty simple. The world needs more power. They need more resilient infrastructure, and they need to get more out of our resources. Let's start with utility. Power demand has been flat for several decades, and we've been able to offset growth with efficiencies, lighting efficiencies, appliances, how we construct buildings. Today, that has all changed. Over the next five years, we're expecting to see double the load growth. We've all heard about data centers, AI, clearly a major driver, but that's not the whole story. We're seeing industrial expansion. We're seeing electrification, interconnection of power sources to the grid, and overall we're seeing more load. This power has to move. It has to connect, needs to be resilient. And that's where Valmont has a critical role to play with our transmission distribution and substation solutions.

But not only do we need more power, this power needs to be resilient, and we need an efficient grid. So, how do we do that? We need to replace aging assets, we need to harden the grid, and we need to create the backbone for the next cycle of energy use. And in fact, 70% of the US grid is older than 25 years. And in fact, much of this grid was built in the '60s and the '70s. But when you look at the broader infrastructure, you can look a lot of the products out there. If it's sliding, or traffic structures, or pivots in the field that are 20, 25 and 30 years old, they're nearing their end of their useful life. And if you just look in general, look at roads and bridges which are deteriorating and need to be replaced. And as they get replaced, you're typically replacing the entire corridor, which includes a lot of our products, such as our sign and traffic structures and our lighting.

And then let's talk about our farmers. Our farmers have been tasked for many, many years and decades to do more with less. That's not changing. We continue to have growth in our population. And the income levels are rising, especially middle-income countries. They're requiring more protein, more animal protein, which requires feed grain, which continues to put pressure on our farmers. How do they do more with their existing resources? With their land, with their water, energy, and people? And that's where our precision irrigation, our aftermarket and technology play a critical role. So as you can see, these markets line up directly with what Valmont has to offer, but the markets themself don't create earnings. Execution does.

So, what allows Valmont to convert these markets into profitable growth? And why Valmont? It's important to understand where our customers operate. They operate in mission-critical environments. Failure is extremely expensive. And when you look at these projects, they don't start when they're manufactured. They start when they're planning and engineering, all the way through manufacturing and installation. Failure across the way delays... Could affect reliability and cost our customers real money. What our customers need? They need certainty, they need reliability, and they need to make sure the job is done right. And that's why they come to Valmont, because they know they can trust Valmont. And we're not talking about one capability. We're talking about a system of integrated capabilities that have built over decades around our customer relationship, our engineering expertise, and our manufacturing scale. It's important to understand that this combination is extremely difficult to replicate. In my mind, it is unmatched by any company in the industry.

Let's talk about our commercial relationships. They're long, they're deep, and they include our utility alliances, our engineering collaboration. In agriculture, we have more than 600 dealer location, the largest in the industry. And why are these relations important? Because they give us early visibility to our customer needs, to their projects, standards, and overall changing requirements. And that allows us to provide them with solutions quickly and optimally. And then our engineers, another differentiator. Our utility engineers have been at this for more than 40 years, and these are complex situations that we're solving for. These sites are very different. Each one of them is different: different soil, different

wind conditions, different resiliency requirement, material. I could probably go on and on, but there are many, many factors that go in it. And because our engineers have been doing this for such a long time, they know how to solve for them, and give our customers optimal solutions with speed and efficiency. And then our operations where we could provide high-value manufacturing capabilities, supply chain capabilities. We can manufacture at scale. And, ability to deliver large projects reliably.

So if I put it together, our commercial teams understand our customer needs, our engineers will solve for them, and our operations will deliver at scale. While we're selling products, what our customers are buying, they're buying trust. They're buying trust that the job gets done and the job gets done right. And then we have our strategy. And our strategy to ensure that we're focusing these capabilities on the highest value areas across our portfolio. This is our strategy. As you can see, it's simple, but it's very effective.

Capture. How do we accelerate above-market growth and utility? Strengthen is about improving performance across the rest of infrastructure and agriculture. And then enable. How do we put capital and resources behind the areas that matter most? This is how we focus our company. This is how we decide where resources go. This is how we turn opportunities into earnings, cash flow, and overall returns. Let's start with capture. As I mentioned, utilities are largest and most visible growth driver. This demand environment is fundamentally different than anything we've ever seen before. I like to put that scale in perspective: US electricity demand is expected to increase by roughly 700 terawatt hours by 2030. That's equivalent to 14 New York cities coming online. Think about that scale.

But that not only that we need additional power, we need additional resiliency, replacement, interconnection. Think about a lot of these power sources. Renewable sources are not where the energy is actually used. We have grid hardening. Combined, they provide us a multi-year investment cycle that goes well beyond 2029. And all of this power needs to move from the generation to the end user, and that's where our transmission distribution and substation support the grid. I'm not going to spend a lot more time on here because Chris and the team are going to go through all the details. I just want to make one more point. I mentioned that we have strong leadership position in these markets. And our customer relationships, which are driven by our Alliance agreement, they give us visibility into this market that others just do not have. I'll give you an example of that.

So in 2023, through our conversations with our Alliance customers, we saw the need for additional capacity to support their strategy, to support their needs. We decided to invest in our Brenham, Texas facility. And when I say invest, that means preparing the facility, but it also means ordering long lead time capital, sometimes more than two-year lead time. That means training people on the equipment. That means hiring and training welders. We've done all of that and we're seeing the results today, and you'll actually see a pretty cool video that Shannon's going to share with you about some of the work that we did in our Brenham facility. So you're going to hear from Chris, you're going to hear from Joe and Jean around the markets. Amit and Shannon are going to cover some of the actions we're taking to improve our capacity and some of our differentiation in that area. So utility is the largest engine, but we have opportunities across the entire portfolio.

And this is what strengthen is. It's how do we improve and strengthen the performance across the rest of the portfolio? I shared earlier how we improved the company, Valmont, at the company level. I shared how we focused our portfolio. We aligned our resources. We ensured capital and resources go to the highest-value opportunities. Now, we're doing that one level deeper in the company. We're taking that to specific regions, to product lines, to customer choices, and overall day-to-day execution. And Greg is going to cover the actions we're taking in broader infrastructure. And then in agriculture, it is a cyclical market. The market's been down. There's nothing we can do about that, but what we can do is we can decide how we run the business. Not waiting for the cycle. Taking specific actions today. We

have a large install base. We have strong offering around aftermarket and technology, and that's what we control and that's what we're focusing. How do we add value to the growers?

I'll give you an example here, AgSense 365, which we launched last year. It saves time and money for our growers, and it provides them with better irrigation management. And during the breaks, I encourage you to go outside. We have a booth there, sharing some of those capabilities. And that allows us to be more embedded with our customers. And for us, it drives double-digit recurring revenue at a creative margins. So, we're taking the same discipline across the portfolio to drive better quality of earnings, consistency, and returns. So to capture and strengthen effectively, we have to put resources where they matter most. That's the role of enable.

Enable is how do we put the resources on the highest value opportunity? Now, when I say resources, it's capital, but it's not only capital. It's our management, it's our talent, it's our tools. I'll start with capital, and we put capital on the highest-return opportunities. Today, that's investing capital in our utility business. It has the strongest ROI. We're going to hear from John about our exceptional balance sheet, our cashflow generation, our liquidity position, which gives us flexibility to fund growth, enhance return, and return capital to our shareholders. So, that's capital. It's broader than just capital. It's how do we mobilize the entire organization across these opportunities? Let me give you an example. We saw the growth in utility, and we identified several bottlenecks. We took our entire data science and AI team and we put them on these bottlenecks: engineering, plan throughput. And you're going to hear from Amit. He's going to share with you some of the actions that we're taking. Still early days, it's very encouraging. I believe it'll have tremendous opportunity to unlock value.

Overall, enable, we're aligning our capital and resources, and maybe most important, our management focus on these opportunities. So when you put capture and strengthen and enable together, you get the bridge toward 2029 financials. We expect to achieve $5.4 billion in sales and $35 of EPS by 2029. John's going to go into a lot of details and cover their financials, so I'm not going to do that, but I'd like to make three points on this slide. One, we have clear line of sight to our 2029 results. We have strong visibility to the market. We have levers in place, actions underway that are delivering results, high degree of confidence on achieving these numbers. So, that's number one. Number two, there are additional opportunities not baked into this plan.

Let me share with you just a few. One, there's still opportunity for additional market growth within utility, and additional opportunity for us to unlock capacity to drive additional growth within this plan. And then agriculture. Cyclical market, the market's down. It's been down for several years. It will cycle up. It always does, and we're going to hear from Darryl around that. We don't know exactly when it's going to cycle very likely within this time horizon. We can't predict the timing. We did not include a broad ag recovery within this plan. And then I mentioned our balance sheet, which gives us opportunity. And our cashflow that we're going to generate through this period, which will give us opportunity to continue invest in the business, continue to return capital to our shareholders, evaluate inorganic opportunities. We do not have any inorganic opportunities within this plan. So as you can see, we have additional opportunities to even make these numbers stronger.

The third point I'll make here, this does not end in 2029. You're going to hear about the utility market. Joe and Jean are going to go into detail and share with you some of the market drivers in utility. You're going to see they go through 2035 and beyond that. So, additional opportunity for additional growth in utility market. On top of that, you're going to hear the actions we're taking to strengthen our portfolio, and you'll see some benefits in this time horizon, but they're going to drive both growth, stronger quality of earnings beyond 2029. And these financials tie directly to our strategy and the actions on our place, in place.

Let me bring this whole thing together for you. I don't think I'm exaggerating if I would say the market has experienced a historical demand cycle, something we've never seen before. The demand is just a starting point. How do we, Valmont, convert this into shareholder value? That's the system, the integrated system, that we built. So we have these durable markets. We have our integrated system and our advantages around our market leadership, our embedded customer relationships, our engineering expertise, and our manufacturing scale. I did mention this before, I'll mention it again because it's important. It's extremely difficult to replicate this system, and it's unmatched in the industry.

... industry. Then we have our strategy of capture, strengthen and enable, focus the advantages and the high priorities and that gets us to our $35 of earnings by 2029 and positions us to continue to compound beyond that. So with that framework in mind, Chris will take the first dive into utility and Chris, why don't you take it away. Thank you.

Chris Colwell:

Thank you, Avner. Good morning, everyone. All right. Wow, Avner could not have set that up better for our discussion this morning. To introduce myself, my name is Chris Colwell. I'm the president of our infrastructure business focused on North America. Have been with the company over 15 years. During that entire time, I've been with our utility segment, so I've been with that team for many years. As Avner noted, we've got a great market in front of us, but more importantly, we have a great team. We're the market leader and we're very well positioned to take advantage of this opportunity. Today, myself, members of our team are going to go over an update of our utility segment and we're going to talk to you a little bit about what our plans are and our vision is for the future, not only through 2029, but beyond that, as Avner said, we've got a runway in front of us.

We'll start this morning with just a little bit of a roadmap. What are we going to talk about today? Our goal is to leave you with an understanding of our market, our advantages, and our plans to execute on this opportunity. We're going to start off with a market overview. So this morning, our market is strong. Honestly, having been in the business for this long, I've never seen anything like it. Working with our customers, we get all of the confidence level that we see in this market running. It will go beyond 2029. Multiple drivers have converged and as these have come together, it gives us a very durable outlook for the coming years. Next, we'll talk about our advantages. We'll outperform in this growing market through our capabilities, through our deep customer integration, as Avner talked about, and through proven execution. We've been doing this a long time working with the same customers for years demonstrating what we can actually do.

Our advantages go beyond just capacity. And as Avner said, we have a deep moat around us, if you will. Trust, confidence, and execution is critically important in the utility segment. That is what our customers need. Reliability of electricity is a must. It's not a given. We have proven to our customers that we can support this type of need through our decades of performance, through our engineering excellence, and through our manufacturing capabilities. Given that, we'll then move on to our execution plans. A strong market doesn't mean that we're going to win. We have to execute upon this. So this is our focus. It runs all the way down through our business. We are very committed and confident in our ability to execute on this opportunity. So today we're going to talk about how we convert this opportunity into earnings per share as we look forward. For context, today we're going to cover two of our business segments, utility and our coating segment as well, somewhat as a peripheral.

The reason why we put these together is they're both experiencing the same types of market drivers and we see both of these businesses growing as we look forward. For our utility segment, last year, approximately $1.5 billion. And over the past decade, our utility business has demonstrated that we can outgrow the market growth that's there. We have overperformed in this market. From a coatings

perspective, a smaller business, $236 million, this is coming from custom external work. This does not include any of the significant support that they give utility internally. In this business, this has typically not been a growth business. It's been more GDP driven business. We changed our strategy about two years ago and are now seeing the results of that strategic adjustment. We've now aligned that business to support the utility segment, not the internal business, but the external. We now have a lot of volume coming in from data centers and from the same growth drivers that we're experiencing in the utility business. So combined, these businesses represent about 1.7 billion of base load and this base is very well positioned to grow significantly in the future.

So this morning, let's start with the market overview. Just as context for everyone, our products sit in the center of the utility ecosystem. Fundamentally, our products are the backbone of the grid. Generation needs to be connected and end customers need reliable electricity. Our products fit right in between that. We're generation source agnostic. So regardless of the type of generation, whether it be renewable energy, such as solar or wind, whether it be nuclear, whether it be coal, whatever it is, it has to be connected and we plug in. In addition, we're the market leader in each of our product segments. In our transmission, substation, distribution, and coatings businesses, we are the leader. We're very well positioned. In our transmission and substation businesses, we have significant share in that business. In our distribution business, that's primarily a wood market. And so there's a tremendous amount of upgrades that are needed, whether it be hardening from storms or whatever.

So that not only represents the drivers we're feeling, but it's a market that we can penetrate. Because they're hardening that grid, we're very well positioned and we are the market leader in the hardened solutions as we penetrate into that market. So next, let's talk about our market drivers. Avner talked about this and so we'll go a little bit deeper here. We have multiple market drivers that are impacting our business today. First, we'll start with low growth. The world needs power. There is no doubt about that. And the power consumption is increasing after decades of efficiency driven decline, that is reversed. And now we're seeing this power needing to be coming online. Of course, data centers are driving a tremendous amount of power need, but it's also other things. We're also having onshoring and manufacturing, general industrialization, the electrification. Even with the political environment of EVs coming and going, electricity is needed. That's not going to reverse.

As such, our grid was put in place decades ago. Back into the 1960s and as Avner said, 70% of it greater than 25 years ago, that grid wasn't set up to support the types of loads that are now going through it. So there's a tremendous amount of upgrades that are needed in this marketplace. In addition, reliability is critical and weather events, as you're all aware, the storms are getting bigger over the decades. They're getting of greater magnitude and hurricanes, wildfires, et cetera, create the need for a hardened grid. We have replaced infrastructure, for example, in New Orleans where it's knocked the city of New Orleans power out. They needed a solution. Valmont is the company that they go to and turn to for that type of work because it's critically important. They need the confidence that electricity is going to get turned back on. In addition, wildfires, we are hardening and replacing the West Coast. Everybody's aware of West Coast fires. The reality is, since the beginning of this year, fun fact and figure, 33,000 wildfires have occurred since January 1st of this year across North America.

That's not in California, that's not on the West Coast, that's everywhere. Canada, the Midwest, everywhere. These drivers are real. They're significant and they're not going away. And so as we look at this, this results in a huge capital outlay as Avner talked about. $1.4 trillion is earmarked to be spent just over the next five years. Of importance, this number isn't declining. It's growing. From the previous five-year plan, it's up 21%. So previous to this, it was less and they've taken it up to the 1.4 trillion. Every year when they turn this over, it just keeps marching its way up. A massive need sitting out in front of us. Of note, nearly half of this CapEx is specifically targeted to transmission and distribution products, exactly where we play. It's rising exactly where Valmont has the strength, the scale, the expertise, the customer

relationships. It's right in our wheelhouse. We are now seeing this directly translate to Valmont. Our backlog is at the highest level in history. As importantly, we track many, many key performance indicators, as you're all aware.

We track a request for quotation that are coming in. As an example in our substation business, the first quarter of this year compared to the first quarter of 2024, so we'll jump back here. A 4X increase in RFQs, 400% increase in substation alone, staggering. So as we see this work flowing through, that's just one example. We see the same type of thing in transmission and the same type of thing in distribution. All of this is now translating directly into our business. So with that, I would am very pleased to introduce two speakers this morning, two industry experts, I will say. First, I'd like to introduce Jean Rollins. Jean is a senior advisor at a company called Power Insights. Valmont uses third party experts like Jean to help us to validate the market. We look, we hear, we see, are we right? Jean helps us to validate that type of view. Jean comes with decades of experience. She's been in our market over 30 years and in our market, everyone knows Jean. She brings a wealth of knowledge. She has worked for McKinsey.

She has worked for Dominion Energy and in her current role, she provides consulting and expertise to manufacturers like ourselves, to investors, to our utility customers. Gene speaks with our customers literally every day. She helps to connect the dots for the industry. So we're really pleased to have Gene this morning. In addition, I'd like to introduce Joe Ulrich. Joe is our vice president and general manager of our utility segment. I've worked with Joe since I've been at the company. He's been here for over 25 years. Joe brings the expertise to the market. He also brings the expertise of the customers. So combined, they're going to share what they're seeing and hearing out there for you this morning. So with that, please help me welcome Jean and Joe.

Joe Ulrich:

Chris, thanks for the introduction. Good morning, everybody. Jean, thanks again for spending some time with us here.

Jean Rollins:

Thank you.

Joe Ulrich:

So Chris and Avner talked about it, 1.4 trillion in utility CapEx to be deployed over the next five years. What's driving that?

Jean Rollins:

First of all, there's the platitudes we're all hearing really underestimate the scale of what we're looking at as an industry. Everybody's hearing AI and AI is certainly a big driver of it. But before AI came on the scene, there were a number of other drivers including. And so my catchphrase on this is that AI is doing what renewables couldn't do and kick-starting really an accelerated growth cycle of the grid. It's one thing to have new generation interconnecting, but when all these utilities see all that beautiful new load needing to be interconnected, it suddenly allows them to move faster than they're normally used to moving. And Avner used the example of 24 New York's and I use the example because Power Insights is based in Chicago. He said 14 New York's, 28 Chicago's that we need to add in terms of electricity between now and the end of the decade. And it's just a mind-boggling number.

Joe Ulrich:

So we see the 700 terawatt hours. We see the 300 gigawatts of new generation that needs to come on and I agree it's a staggering number where we see that from a delivery standpoint, 65,000 additional new upgraded line miles. And I guess to put another relationship on that, if we were to drive from here to LA and back, you would need to do that almost 13 times in order to replicate the 65,000.

Jean Rollins:

Exactly.

Joe Ulrich:

Big numbers. Let's go into the 65,000 a little bit.

Jean Rollins:

I think this is one of the most important things to hear is a lot of this grid forecasting you hear, you hear about new line miles. New line miles are only part of the equation. The most valuable asset that most utilities own today are right of ways. Those pieces of real estate and they are going to do everything they possibly can to maximize the capacity of those right of ways. So we hear all this noise coming out of DC in particular about we need new lines. Yes, we do need new lines. We've been hearing a lot about 765, 500 kV lines, which are arteries of the grid system, but you need a lot of capillaries coming off of those arteries.

You don't connect data center into a 765 line. You don't connect a solar farm into a 765 line. You have to step that down and build smaller lines. And so for every mile of 765 or 500 you're building, you're going to have to build three to five times that number of miles or upgrade three to five times that amount. And when I say upgrade, we're not talking about they're going to go mow the grass underneath. They're going to build new structures that double in some cases triple the capacity of that existing right of way.

Joe Ulrich:

A couple of things stand out. And I love your analogy, number one, with the capillaries and the arteries, because if the generation is the heartbeat of the system, then you've got the large arteries from the backbone capillaries then are your step-downs from the KV ratings from that standpoint. I think a big piece for me is that as the market leader of 500 KV and below, that really means that Valmont's going to have the lion share opportunity for those projects to be involved. The other piece, let's not forget about substations.

Jean Rollins:

Good piece.

Joe Ulrich:

So if you're going to upgrade a transmission line, you're going to upgrade the substation.

Jean Rollins:

Yep.

Joe Ulrich:

If you're going to put in a new line, generally speaking, there's one at the beginning, one at the end.

Jean Rollins:

But that's changing. We've always seen, okay, a new one. You got one at the beginning, one at the end. But yesterday I was flying out of Atlanta and south of Atlanta is data center alley of the south. And I looked out and I saw three massive projects that we're tracking in our infrastructure practice data center projects and all three of them, substantial substations on either side. Data centers want redundancy. They don't have just one circuit coming into a hyperscale data center. They'll have two circuits coming in because they need the protection and the redundancy. So two massive and very complicated substations with a lot of steel.

But once you get inside the fence of the data center, you still have to, that's just stepping it down to 138. You're going from Georgia power system, which is 500, stepping it down to 138 in these substations, but you still have to step it down to a usable KV inside the data center. So inside the data center, there's another five to six to seven smaller substations. So really when you're going to meet that new load with a new line, you're actually going to end up with two massive ones and five to six smaller ones. And the amount of steel involved in that and the amount of engineering, every one of these substations are designed differently and require really intricate engineering.

Joe Ulrich:

And as you stated, that's not going to happen. It's happening.

Jean Rollins:

Yeah, I was looking at the construction.

Joe Ulrich:

The amount of RFQs that we have coming in.

Jean Rollins:

Yep.

Joe Ulrich:

Let's jump back just a little bit to the high level 1.4 trillion in capital and put your hat on of a leadership or executive at a utility. How are they feeling about this? What are they doing about it?

Jean Rollins:

I think some of them are a little bit like deer in the headlights a little bit, but I think they're coming around a bit on this unprecedented growth that you've seen, but your utility execs are not hired to take risk. So one of the first things that comes to mind is they have to look at their priorities and do they have the capital to execute these plans? And we have to remember with all the noise out there, utilities are still going to be building probably 85 to 90% of this infrastructure. A lot of discussion about behind the meter, but most of this infrastructure is still going to be built by the local utility.

There will be governors to spend and that's what keeps utility execs awake at night affordability. We're all hearing for those of you who live in New Jersey, you know about electricity prices going up now. That

is going to be a big political issue this year and then critical components. It's still three to five years to get a transformer, a big transformer. And the on that I like to harp on a bit is labor availability. We've cut back on our immigration and we are watching plummeting birth rates. So the average person aging into the workforce is dropping radically right now. And then finally permitting as much as we... Seems like such a soft issue, but it becomes a very hard issue in this industry and that's why the real estate is so these right of ways are so valuable to utilities. If I can build something without having permit a new right of way is the key.

Even at the federal level, even if we get massive change at FERC and in power for more, you still have state, county, local permits that you have to go through and they can stop projects. So there are natural governors. So when you look at this 6% growth rate, I look at this and say, this is a conservative base case. It's not going to fall below that. There are a number of things that can happen to make it go higher, but if I was, I'm a conservative forecaster and this is the position I take. I want to know what is my conservative sustainable. The beautiful part of this is those governors allow us to see this runway extending out way past 2030 because we need to continue building. We're not going to meet all the demand and it will spill over for another 10 years. So we have a very long, very visible runway coming.

Joe Ulrich:

Many of us were at our conference earlier this month and the stakeholders that you mentioned were all convening, talking about this, not just how are we going to get it done, but we need to get this done and what can we do to make this streamline this process as much as possible? So if we look at that, the 1.4 trillion and a big portion of what we saw in the earlier slide did show transmission distribution and substation is a big portion of that capital that needs to be deployed 46%. So that's $644 billion through transmission distribution and substation. Now we know not all of that is structures or pulls. You got to construct the line, you need other equipment, you've got engineering and other maintenance that goes into that. But of that 644 billion, 8% or 53 billion would be product specific, poles and structures.

So then we see with that 53 billion, we see the serviceable addressable market from 2026 going from $8 billion to 2030, $13 billion. So as we sit here today, there's a highly visible Valmont specific pipeline of $6.7 billion. We have confidence in this, not only because of the long planning cycles that we see, but also because of the engagement that we have with our partners. We're ingrained in their process and with our Alliance partnerships, we understand what is going to happen and when. We're helping them execute on the engineering early in the process and also helping them navigate through all of these steps that it takes. So with that, we understand the how, when, and what type of capital will be deployed. So that gives us that confidence and the line of sight to that 6.7.

Jean Rollins:

Well, I think the Alliance partnership, and that's something with the young folks in my office that I harp on a bit is never underestimate the value of these relationships when we're looking at market share of different investments. How good is this company's relationship with its customers? As a utility exec and having sat in that chair for a while, the one thing I need to know is that my vendor is going to deliver when they say they're going to deliver and that they're going to deliver a well engineered, well manufactured product. As we are looking at the further growth of data centers in particular, they brought different contracting terms to the industry.

We're starting to see more contracts now both from on the load side and on the generation side where if the utility does not have that interconnection ready, there are significant penalties. I've seen contracts where there have been actually penalties per second that an interconnection is late being brought online and they are very large in scale. So there's an added headache that now utility executives are

facing that they are no longer controlling the total value chain that they have to meet these deadlines on time and having reliable partners with deep background, deep histories that you know can deliver is incredibly important.

Joe Ulrich:

There's much at stake. There's a lot on the line.

Jean Rollins:

A lot of money at stake.

Joe Ulrich:

So as we wrap this up, we talked about this. So two times the need for power and then as that culminates to the we need more generation, 300 more gigawatts that needs to come on, that 65,000 new and upgraded line miles, that goes into that 1.4 trillion that we see in utility CapEx over the next five years. So that's 10% growth opportunity for us in a 53 billion serviceable addressable market.

Jean Rollins:

All right.

Joe Ulrich:

Jean, thanks so much.

Jean Rollins:

Thank you.

Joe Ulrich:

Always great talking with you. Great.

Jean Rollins:

Thanks for having me.

Chris Colwell:

Outstanding. Thank you. Got it. Thanks, Joe. All right. Thanks, Joe and Jean. That was great. So to recap, clearly the market is strong, demand is growing. The market drivers are not going away. Reliable electricity is needed. We're well positioned to take advantage of this. So let's talk about our advantages. First of all, our advantages are not easy to replicate. It takes time. It takes a lot of time more importantly than the physical capacity and the amount of time it takes for that. It's those relationships and it's that proven resume of work over the decades that cannot be replicated quickly.

For us, we see this advantage being more than just that physical capacity. It's our entire system. Trust is at the center of what's important to our customers. Customers trust us to execute reliably on these critically important projects as Jean and Joe talked about. We earn this trust through our people, through our processes, through our demonstrated performance. I'll start with customer relationships. How do we build that trust? It's our people to start with. From a customer relationship standpoint, we have a very tenured sales team and product leadership team that has been in our business for years,

very stable. They know our customers. They literally walking rights in the hallways of our customers. We talk to them daily. They provide us with insight as to what their challenges are, what their projects are, how the movement of those projects are. We have a direct line of sight for what's happening.

Strong advantage over our competition. From an engineering standpoint, decades of experience in our engineering team. As importantly as the procurement relationship is with our customers, the engineering relationship is even more important. In our business, the engineers are the ones that make the decisions because they have to have an engineered solution that is reliable. And so the procurement team often defers to what the engineers need. Our engineers know our customers' engineers. They've known them for years. We're embedded with those customers. We collaborate with those engineers. We collaborate with those engineers daily. In many cases, we're a custom engineered product. We have designed millions of designs over the years. These designs, we help to develop our customer standards. Every customer has a different standard that they require. We've helped them to not only develop them, we now hold the designs for those. And so as we go forward, we reach in, we'll pull out preexisting designs.

The customers already know they work. They already have the confidence in that. So that is a huge advantage for us from an engineering perspective. From a manufacturing perspective, we have 16 manufacturing locations across North America. We have 20 coatings manufacturings across North America. This aligns us perfectly to support logistically the supply chain to our customers, East Coast, West Coast, and everywhere in between. So it does help from a freight standpoint, from a cost advantage standpoint, from a speed standpoint. These facilities have been built over years and so we've learned over that time, how do you balance very large complex structures with small structures and everything in between so that we optimize those facilities. Things flow through in a balanced plan, if you will.

We're able to do the hard things. That's why our customers use us. They come to us because of the difficult, challenging things that no one else can do. We have that advantage. Finally, from a footprint standpoint, redundancy I think is probably as important as anything. Our customers need our reliable delivery. We have multiple facilities. We're in a manufacturing environment. Things go wrong. Sometimes things don't work the way that they're supposed to. We have multiple options so that we can ensure that if something happens, we can divert the work to a different facility to ensure we can keep up with these critically important projects. And finally, product breath. We've intentionally designed our product lines so that we have multiple different material types, steel, concrete, composites, hybrid solutions. Every project is different. Every project needs something different in salty conditions. Some product material types just don't make sense.

We have all of these options so that our customers can come to us for the solution and not to buy a product per se. So from all of those things coupled together, our customers trust us. For Valmont, Avner started, we're the capture portion of Valmont's portfolio strategy. We're very well positioned, as you've heard from a market perspective. Now it's in our hands to execute. Disciplined execution is what we're focused on. We do that through our customer strategies, our innovation, and how we're deploying capital and capacity to achieve the support that the business needs. So execution is key and that's what we're going to shift to now. Okay. Let's talk a little bit about our customers. Jean and Joe talked a little bit about alliance customers and what that is. So let's give you a preview of how do we see the market and how do we see our customer base? We segment our customers into two different types. We have what we call strategic customers, strategic contract customers or alliances. These customers are made up by industry leading investor owned utilities. These are the leaders in the utility segment.

We do business with all of them and we've done business with them for many, many years. We have alliance relationships with over 20 of these customers. The top 20 IOUs spend approximately 40% of the

capital in our business. So these are the ones that are year in and year out putting projects in place and spending the money to put these projects in place. Why is that important to us? We dedicate a portion of our capacity to holding it for them. What that does is it gives us a very strong baseload of business. These customers are there. They reserve their capacity, they communicate their forecast and they're communicating their forecast not just for this year into 2027 and even 2028, they are now reserving the capacity because we have that contractual relationship and that long-term standing with them. It provides us then with reliability in a volatile world.

We are a project-driven company. Things happen, projects ebb and flow. They move. As projects move, having this diversified baseload of customers gives us confidence. Something moves out, something moves in and over the course of time, it's steady. We have a very reliable, strong foundation or base load of business. In addition, we hold a certain percentage of our capacity, less than that alliance capacity, but we hold it empty. We hold it for bid opportunities. What does this mean? I'll give you an example. Literally just happened this week. We had an industry-leading IOU, actually two, but I'll talk about one, come to us. We have an alliance relationship in our transmission market. So they know us, they know who we are. We've done business with them forever. We do not have that kind of a relationship in our substation business. They came to us in substation because the market has exploded.

They can't get substations. They can't get them from their current supply base. They know that Valmont has available capacity. They approached us and they said, "We have a critical substation that has to go in at the end of this year. Can you help us?" Because of the way that we design our portfolio, we keep that open capacity for these kind of opportunities because they happen daily. We don't take everything that comes. We're very strategic in what we're taking on. In this case, we said yes, because they communicated next year their substation business is staggering. We didn't know that because we didn't have that alliance kind of relationship. So we had some visibility but not to the magnitude. What this does for us now is they are already now talking about giving us the alliance contract for next year's business, which equates to 80 million pounds of substation for next year, just to put things in perspective. It is incredible, massive. That's how we use the bid portion of our business. We're using it opportunistically to take advantage of those strategic needs as they come due.

So let's move on now to innovation. We're a custom engineered product line. We engineer and innovate daily. We are always solving problems or challenges that our customers have with constructability, total cost of installation, reliability, speed, all of those kind of things. That's what we do and we address those challenges. On the innovation front, there are so many examples. It's hard to say we do this or we do that, but I'll give you just one example in the substation business. We do preassembled substations. You've probably already seen that or heard that, but why do we do that and what's the advantage? Construction costs are far greater than the cost of our products. And so when you take a substation that are very large and complex, like Jean talked about, they're hard to assemble in the field and you're in harsh environments, winds blowing, heat, snow, whatever it is.

We assemble those under roof. And what that means is now we can deliver a very high quality product to the job site. It delivers and drops right onto the foundation. So what we do is we take months of construction in the field and we turn that into weeks or days or even hours. In some cases, there was a substation took six hours to drop it on and bolt it into place. The cost savings

... things for our customers is staggering. Doesn't mean our products are cheaper. We have fundamentally shifted that value chain in our direction. So we are using that type of innovation every day to continue to drive value to our customers. Next, I'd like to show you a very quick video. It's from a customer called OPPD, Omaha Public Power, in our home office, where our home office is, and it shows an example of how we're working with our customers to innovate solutions for them. So let's watch.

Video:

When challenges span farther than the eye can see, the right partner doesn't just deliver a product, they provide a solution. When Omaha Public Power District needed a high voltage transmission line to cross the Platte River, the stakes were high. Environmental conditions, span length, structural integrity, every detail mattered.

Dannie Buelt:

It seems like every transmission project has its own unique challenges that are a little bit different on every single project, and in particular the Caspis RP, we had to get through a very constricted corridor by the city of Louisville as the transmission line itself crosses the Platte River. Any kind of river crossing is going to be complex from environmental requirements to limited access and ability to be able to cross in certain spots.

Video:

That's where Valmont stepped in. Leveraging the strength and flexibility of the PyraMAX structure, Valmont engineered a custom solution designed specifically for OPPD's needs.

Mohammad Amrollahi:

Well, for the river crossing alone we had to use around 800,000 pound of the steel for just two structures.

Ty Kuper:

As the tallest transmission structures OPPD is ever installed and some of the tallest in the region, yeah these towers are 347 feet tall above ground and then the foundations, there's four foundations on each tower, so eight total that are nearly 100 feet deep going down to bedrock next to the river.

Video:

From concept to completion, Valmont collaborated side by side with OPPD, refining design, optimizing performance, and ensuring every detail aligned with the project needs and OPPD's long-term goals.

Dannie Buelt:

And the scale and complexity is driving us to do work in a different way than we ever have in the past. So this project being the very first one out of the chute across the next decade is pretty important for us to be able to understand process enhancements that need to happen.

Video:

The result, a resilient, high performance transmission solution as a strong foundation for the growth to come, utilizing a partnership built on trust, expertise, and shared success.

Mohammad Amrollahi:

Our industry is changing and is going toward in a way that having strategic partners, it helps a lot. Down the pipeline, we are trying to increase and upgrade the reliability of our system to build more resilient transmission lines and to improve the quality of life of our customers by having a sustained and continuous power delivery to their homes.

Video:

Valmont. Engineering stronger connections where it matters most.

Chris Colwell:

All right. So clearly we're in a good place. We have very strong competitive advantages. We do this every day. That said, we'll turn our attention to capacity. Even with our competitive advantages, our customers still need our capacity. They need delivery, they need speed to market. And from an executional standpoint, that's now what we're focusing on is to make sure that we're providing that capacity in this very high growth market. The way that we look at capacity is not just physical capacity, it's total system capacity. I think you alluded to that a little bit earlier, Avner. We are dealing with capacity at all parts of our business.

This gives you a little kind of a snapshot in terms of how we look at capacity. We have a front end of our business. We have then the back end of our business, which is our manufacturing piece. From a physical capacity standpoint, we've got a strong advantage in the way that we're deploying capacity. We have 16 manufacturing fronts, and with that footprint we're able to add capacity everywhere across 16 fronts, and that's exactly what we're doing. In fact, this is a brownfield kind of an approach. It enables us to respond with capacity much faster. We don't have to wait two years for a greenfield to go up. Doesn't mean green fields are bad, but for us, capacity is literally coming on daily. It enables us to do so very flexibly. So if the market conditions change, we can adjust. We haven't put all of our eggs in a massive project to go and run for capacity and we can do it extremely cost effectively. Able to do this in an affordable way where we don't have to deploy as much capital for every dollar of capacity that we're putting in place.

I can tell you just from what we're seeing today, capacity is now coming online daily. Every day we are ramping the capacity. Our customers love it. They don't have to go somewhere and find it. They're right here with us. As this capacity comes online, we fill it and our customers have a clear confidence in our ability to do so because we're demonstrating it every day. From a cost standpoint, I talked about it requires less cost so this does drive up our return on invested capital. On the front end of our business, we also have to keep pace. So we're doing that through digital tools. And what we're doing is unlocking capacity through artificial intelligence. And in a second, Amit and Shannon will talk about that. This is fascinating and it's working.

For example, in our engineering front, we are using this kind of technology to dramatically speed up the throughput of our engineers. Things that were more mundane, things that took more time, that took days, weeks, even months, now take hours. We're seeing this on that front. In addition, scheduling improvements, 16 manufacturing locations, custom engineered product, hundreds of projects going through at once. How do you optimize the flow of all of this coming through our factories? A human being couldn't do it and we've never been able to do it through a human being. AI is now helping us to solve how do we balance all of these different things to optimize the throughput that's going through? So many, many exciting things happening and I'm not an expert, so I'm going to turn it over to the experts to talk a little bit more about this.

First, I'd like to introduce Amit Blesser. Amit is our chief AI and digital transformation leader. Amit's been with our company over five years and he brings over 20 years of AI and machine learning background with him. He and his team have put more of an impact on our business than I've ever seen in my life across all areas of our business. In addition, I'd like to introduce Shannon Eggert. Shannon and I have worked together for the past 15 years. Shannon is our senior vice president of operations. Shannon is the person that is helping us deploy the physical capacity. Shannon Bernie brings a unique background from his perspective. He's also a commercial guy. So he not only understands manufacturing

and knows how to do this, but he knows the urgency and he knows what's important to our customers. So he brings that sense of urgency, that drive, and that speed with him. So with that said, help me welcome these two. They'll talk to you much more about the details of what they're doing.

Amit Blesser:

Thank you, Chris. Thank you.

Shannon Eggert:

All right. Thank you, Chris. Good morning. Again, my name is Shannon Eggert and I have the opportunity to lead the North America infrastructure operations team. We've talked a lot about this market and how exciting it is and one of the key factors of our success is going to be this incredibly strong system that we have built. This will enable our capacity increases and allow us to take advantage of this market growth. This system was strengthened recently by an idea from Avner on creating a growth task force and he asked me to lead this task force about a year and a half ago.

We really started to look at ourselves and challenge some of the things that we were looking at in our processes and put some meaningful improvements in this. We understood that our goals around capturing this market, they could be done much more efficiently if we use some new tools and technologies and this is the beginning of where the AI team and those processes could really help us. Amit, why don't you talk a little bit about how you and your team came in and really helped us in the operations function.

Amit Blesser:

Sure. Thank you, Shannon, and good morning everyone. Before answering, I would like to recognize Avner and the leadership team for early belief in our AI journey. And I'm saying that because it's not trivial for 80 years old industrial company to invest internally in an AI organization and taking that decision a year and a half ago, so it's not trivial, so thank you. Going back to your question, Shannon, I think that pretty early in the journey we understood that AI can become a core operational capability that can help us to unlock hidden capacity across our footprint. We also realized that optimizing one function will just move the bottleneck from one place to another, so we need to optimize the entire system. So that means increasing throughput with our master scheduling, helping our engineers to be more productive, optimizing our supply chain. But maybe most importantly, we believe those capability can help us grow faster and be more productive than any industrial traditional model would typically allow.

Shannon Eggert:

Great, thank you, Amit. Let's look at our footprint real quick. We've talked a lot about this, but here's an image that shows actually where our factories are. And as stated before, today we have 16 manufacturing facilities that support our utility business. Each one of these facilities offers a great chance to increase our capacity overall. In addition, we have multiple coatings facilities that support these utility businesses. In a few minutes, I'll talk about some examples of where we have added capacity and how this impacts our growth. But I want you guys to understand that utility demand does not come in predictable shapes and sizes or even geographies. These are very different projects, custom engineered, we'll talk more about that.

But the other advantage of our footprint is that we have interconnected them with a system. We talked a little bit about the system, I'll go into that a little bit more. But as we look at these areas, we can better manage the utilization of our factories and supply these complex structures and projects by looking at

utilization and moving things around so that we don't overtax certain areas of our businesses. Essentially, what we're doing is we are making the complexity of these projects an advantage instead of a detriment to our footprint.

Amit Blesser:

Yeah, as Shannon mentioned, our footprint is extensive, and traditionally in industrial manufacturing, growth come from more labor, more machines, more facilities. But we believe that with AI we can change the equation. Actually, we are starting to change the equation. Shannon, let's share with them a little bit about how we're building the system to catch this growth.

Shannon Eggert:

Absolutely. Again, reminder, utility structures are not widgets. These are highly engineered structures, complex projects, all having different engineering requirements, different material requirements, a whole gamut of things that can challenge any normal organization. And that's why we've invested in this entire system. As you can see here, the processes and the execution of each one of these ties to each other. I'm not going to really go into the first three buckets on this because although we do have a strong system, Amit and his team have really invested a lot of time in furthering the execution and our process efficiencies in this first one, first three. But I would like to mention a couple of key things that make us special in this market.

So first I want to talk about our workforce. Regardless of how much we use digital tools and process improvements, we are going to need additional skilled labor to produce these products. Specifically, I'm talking about welders. You cannot build utility structures without a great team of welding professionals. So in our footprint, what we've done is we have developed relationships in each one of the regions next to our factories with local technical colleges, high schools, and even middle schools in some cases, where we are drumming up excitement for people to enter into the trades. In addition, we have built specific weld schools, Valmont weld schools with standardized curriculum, certifications. Basically, we can build welders to staff up our factories and produce the complex projects that we have to.

The other place I'd like to talk about, because this is specific to Valmont, is in our advanced manufacturing technology team. At Valmont, for years, we've been collecting the most experienced fabricators and manufacturing engineers that have ever worked for Valmont. We put them all in one group and we call them the machine builders because that's what they do. They build machines to build our products. These are proprietary custom equipment that fit directly into our factories that build our product better than off the shelf equipment you can have. Anybody can go buy a laser, but if you can't have the equipment that builds utility structures specifically tied to that laser, you're going to be behind. So one of the things that I would like to also mention in this entire system and the work that Amit is doing is one of our core beliefs, and that's really what we rely on to make this system in our factories that much better, and that is our continuous improvement mentality. Amit, could you talk a little bit about the first three areas of this and how your team has really helped us take this to the next level?

Amit Blesser:

Yeah, sure. So the first area I would like to cover is master scheduling. Historically, master scheduling was heavily rely on fixed planning logic and human experience, and our team does excellent job in that today, but with AI we can optimize production at a level of granularity that was not possible before. We are moving from static planning logic to a dynamic machine level optimization. Our system can evaluate millions of scheduling combinations in real time, taking into account machine constraints, labor availability, customer prioritizations, enabling us a level optimization that simply was not practical

before. So the system is already implemented in production in five of our biggest North America Utility sites with additional deployment underway. And while still early, the initial results are encouraging, and based off our internal analysis and initial use of feedback, we believe these capabilities may support a directional improvement in throughput in the range of 3 to 5% over time. And this is without adding any labor or any machines to our facility. That's represent a pure throughput gain.

The next area I would like to cover is engineering. So Valmont has decades of proprietary engineering knowledge embedded across millions of design, specification, historical document. And we believe this data is a major strategic advantage for us, so let me give you a few examples and you will understand why. So when engineers start a new project today, there is a good chance that a similar design of what is trying to sketch has already been created in the past. The challenge is to find it among millions of design that we already have. In many cases, engineer were unable to locate those design and start from scratch. So now we have a system that can take a screenshot of the design, input that in our system. The system will search on top of those millions of design and find the closest match. That's help our teams to run faster and leveraging existing design as a starting point.

Another example, today engineers spend significant amount of time reviewing customer specification documents, and those documents contain hundreds of pages and it's taking time to read them and extract the data. So we develop a tool that can identify and highlights on top of those documents the relevant data for the engineers. So now instead of reading hundreds of pages, the engineer can read only the relevant paragraph for them, and obviously it's increasing their productivity. We're also applying AI to engineering quality validation, mainly to automize the process and reduce time. I'm not going to go into details on that one. So taken together, these capabilities are creating a scalable engineering productivity platform built on decades of engineering and design data. And while it's still early, our directional analysis suggests this platform may support engineering productivity improvements in the range of 15% over time. This is already in production.

In supply chain, we're applying AI to inventory management, to materials [inaudible 01:24:40] and procurement decision, mainly to optimize our inventory levels, to reduce our steel cost, and maybe most importantly, to make sure we have the right material on the right time for production. More broadly, we're connecting customer orders, engineering, material readiness, and production execution into on unified operational environment. It's helping us to improve our visibility and our execution certainty across the value chain, and over time we believe this capability may support meaningful improvements in our supply chain efficiency.

Taking a step back, these are not isolated tools. Together they represent a broader shift of how we operate the business. And importantly, those system will continue to improve while adding them to more facilities, more workflows and operational environment. And because they are being built on decades of manufacturing, engineering, and operational knowledge, we believe they can become a durable competitive advantage for Valmont over time. This is not about experimenting with technology. This is about building a more scalable, more cost effective industrial company. One that can grow faster and be more productive than any traditional model will typically allow.

Shannon Eggert:

Thank you, Amit. I love these examples. They really demonstrate the importance of technology and AI. AI does not replace good operations. What AI does is it makes good operations even better. So let me tell you a couple of stories with some examples of how we're deploying additional capacity across our footprint. The first one I would like to talk about is a project we just completed in our Monterey operations, our Mexico operations, excuse me. Basically, we have operations in Mexico with two factories and they supply back and forth to each other and build utility structures. And we had

previously thought that we were constrained due to space and equipment, but we really took a hard look at this operations and analyzed the utilization of every piece of equipment in this factory and found that we had underutilized equipment that we could take advantage of.

So we put a team together, analyzed the flow through our assembly areas of this product type, and we relayed this out. We put the right equipment in. We used our advanced manufacturing technologies team to put specific equipment in here and balance this to maximize the utilization across the footprint of our high value assets. And in a sense, we doubled the throughput of our Escobedo facility and consumed the unutilized capacity there. And we have 16 factories, so this is going on all across our footprint. So this is an example of flow optimization and balance utilization. The next factor I'd like to talk about is our Jasper, Tennessee factory. Jasper, Tennessee is a fairly large steel manufacturing facility, represents about 15% of our overall steel manufacturing capacity. And Jasper is a very good facility because they have an experienced leadership team, they have great relationships in the community. As a matter of fact, we're the employer of choice in the region. And we have customer approval from all of our customers so we can immediately ship from there.

This is an example of where we took a look at some more underutilized equipment through product deselection activity that we went through last year and we put together a brownfield project that adds roofline, adds custom equipment, advanced material handling equipment, and took advantage of this strong leadership team and the ability to attract talent to bring this in. And this project will result in a 40% throughput increase for our Jasper, Tennessee facility in a relatively short period of time, with a very efficient capital spent. These projects are successful because of the system we've built and the improvements that we have taken here because we can manage customer demand, supply chain material availability to be at the factory exactly when the capacity comes online so we don't disappoint our customers and we don't leave any capacity on the table. So all of this, this allows us to manage our development and we can do this over and over again.

The last thing I want to talk about was already mentioned by Avner earlier is our Brenham, Texas facility and we are fully operational, Brenham, Texas facility, and this is one of our first brownfield examples where we took an 80 acre footprint that we had and we had multiple small factories on this and we needed the utility demand. So we specifically designed a utility factory connected to our other factories there, designed it for flow. What you're going to see here, pay close attention, I'll narrate the video a little bit, but improved safety, improved material flow, automated equipment, and an overall visual shop implementation.

So I'll walk you through this briefly. This is an example of the flow of a utility pole all the way from start to finish. We start at one end of the factory and we bring in our raw plate in a rectangle, and then we use either plasma cutters or lasers and we turn this into a trapezoid and we move all of this material with automated crane systems, mag tech, we dispose of the scrap, bring it all the way across, have quality processing checks, and then we run it through one of the largest, most advanced press breaks in North America. This has controls, safety equipment, and then we move all of our product with conveyors and carts. And here is the first time you'll see an operator interact with the structure and they're just putting the lock bolts in so we can do the long seam welds.

Again, you'll see through this factory, start to finish, we have open bays, we have conveyor systems, the product flows in one end, out the other end, working not to backtrack, working not to have rework, not to waste any operations. We have automated equipment with visual factory floors so we can have people looking at screens that monitor things going on with our product through the manufacturing process. We have more equipment hands free so we're not physically drilling, we're not physically attaching the products, and a great layout that allows us to use AGVs all in the mind of keeping our

operators safe, productive, and efficient. This is a great example of what we do at Valmont every day. And with that, thank you for your time. Chris, please take it away.

Chris Colwell:

Great job, guys. Thanks, Amit. Great job. So here we'll wrap it up fairly quickly. First of all, what I would like to say is you can feel how we're running fast. We've got a lot of things happening on multiple fronts. That's a huge advantage. What I do want to make sure you understand is it is a very coordinated and intentional plan. We're very much aligned with the front end of the business, what the demand profile is, and we're watching competitive capacity closely, so that as we're adding this capacity aggressively, we are also doing so open eyed so that we know what we're doing. We are the market leaders and we want to make sure that our customers have us available for the capacity. So we intend to be that market leader and to put this capacity in place, but we're doing so understanding what the bigger picture is.

All right, so with that said, we'll finish up with our path to value creation. You've gotten from Shannon and Amit that we have the scale, we have the footprint, we have the plan to be able to execute on this opportunity. We're not only putting in place the AI ... it's not theoretical. We're actually doing it and that's only going to increase as we move forward. So as we turn forward, let's talk a little bit about what do we intend to do. First of all, we intend to grow our business by over a billion dollars over the next couple of years. We intend to provide $10 of earnings per share in support of Valmont's target of $35 per share. The way that we're going to do this is on multiple fronts. Volume is a piece of this equation and a big part of what we have modeled in, but there are other things that are happening.

We have a very strong demand profile, a disciplined selection of customers and mix so that we can manage the mix profitably and smartly, an active focus on improving our value proposition constantly so that we can continue to be a price leader in our industry, and a highly visible project pipeline specific to Valmont and that's important. The $6.7 billion that Jean and Joe talked about earlier, that's Valmont. That is our customers telling us, "This is you, Valmont." So we have this pipeline in front of us. Number two, unlocking that capacity, putting the capacity in place, and leveraging the capacity. We're doing it smartly. We're doing it in areas that already have leadership, that already have the cost structure in place so that we can leverage that and that leverage drops to the bottom line. And then finally, converting all of these things with that high return capacity, utilizing les capital to put the capacity into place.

So we have a good plan. We feel very confident with the plan. And what I would like to leave you with then is you feeling that same confidence that we have. We're a rather conservative business. We don't make commitments that we can't live up to and our intention is to live up to this commitment. North America Utility and Coatings will be a major growth component of our business looking out into the future. Our market opportunity is large and it's durable. As Jean talked about, we have certain governors in the business that slow it down. That only means this volume extends further. We have a runway in front of us.

Valmont has strong customer relationships. We have a long history of trust, performance, meaningful innovation, differentiated capabilities and the manufacturing capabilities that we need. We are very well positioned with our customers that we've known for years. We have a clear path to the 2029 outlook to grow the business a billion dollars and to help Valmont to achieve their $35 per share. So with that, that'll conclude our part of the discussion this morning. I thank all of you for joining us and look forward to having more conversations with you later on in the day. Thank you.

Greg Turi:

Okay. Thank you, Chris. Really some exciting stuff happening in utility. My name is Greg Turi and I'm here to talk to you about the balance of the infrastructure for portfolio. I think Avner did a nice job of setting up some of the real important work that we're doing there. So first, just as some background. I've been with Valmont over 16 years and I started in utility and since then I've had the opportunity to lead both domestic and international business units. So what we're going to cover today is grounded in Valmont's core values. So delivering results through continuous improvement. We'll talk about how we are supporting the world's need for critical infrastructure and how we are market leaders with differentiation that aligns with Valmont's core. Most importantly, I'm going to reinforce the message that Avner delivered in the strengthened portion of his presentation, which is how we are applying a scalable operating system to this portion of the portfolio to expand earnings and increase returns.

This operating system was born in utility well over a decade ago and it combines commercial , engineering, and operational disciplines to ensure our teams are working on the highest value opportunities. So it's not about one particular investment or one particular initiative. This is about taking proven processes and principles, applying them across a broad set of businesses to drive incremental improvements that will expand earnings over time. Most importantly, we're going to do this without deploying capital. So first, let me define the portfolio and the potential of some of the markets that we're supporting. So specifically here today, my portion of the presentation, I'm talking about North America Lighting and Transportation, North America Telecom, and our international businesses. And although these businesses operate across geographies and product segments and customer sets, there are more similarities than there are differences. Avner mentioned we are solving the world's most critical problems, and these problems cannot advance without the products that we offer in these business.

These are the dynamics that underpin the long-term secular drivers that we have. Those are around transportation, energy, resiliency, safety, and connectivity. Now over time, one of these markets may have a small cycle or may have a disruption, but we believe between now and 2029, they present a low to mid-single digit growth CAGR opportunity. And today we're going to talk about earnings expansion and ROIC, but I do believe as we get these teams aligned, we'll find upside growth opportunities in these businesses. So before we talk about how the operating model works, let's first cover the foundation on which we're going to create this value. So across these businesses, we already possess differentiated capabilities. And as you've heard today and will continue to hear, it starts with trust and expertise. Our teams are the trusted leaders in the industry. We have expertise across commercial,

... [inaudible 01:39:00] engineering and manufacturing. And it's that trust that allows us to sit with our customers, extract the voice of the customer, and deliver some of the most innovative products in the industry and customer-centric solutions. This is what underpins our premium market position. We support this market position through our global manufacturing footprint and by ensuring that we have reliable delivery and a strong customer experience. With these advantages, we're not here talking about new things we need to solve. The challenge today is how do we scale these advantages we already have more consistently across the portfolio. And this lines extremely well with the strengthen framework that Avner mentioned before. So even though we have strong leadership teams, we have differentiated capabilities, and we're in stable markets, we do understand that there are portions of this portfolio that need to improve their performance. And as Avner asked me to support a larger group of these businesses in the last year, I can tell you I have done the work to personally go evaluate these businesses. And I found the differentiated capabilities that we discussed, but I also did find some of those improvement opportunities.

And we know if we're going to create shareholder value, the improvements that we make have to be repeatable and they have to be scalable. And so to us, that means they have to be systemic. And that's ultimately why we are focused on taking this diverse portfolio of businesses and turning it into a more high-performing operating model. So now, let's get to that operating model and give you some details on what we're talking about. So in simple terms, this is a set of processes and principles that align our teams to work on the highest value opportunities. They ensure discipline and resource allocation and that our commercial teams and engineering teams are focused also on asset utilization. The center of this process starts with our product line management roles. And those roles not only own the product lifecycle, but they also own product line profitability. And most importantly, they drive end-to-end cross-functional processes that align our commercial strategy with our engineering capabilities and with our manufacturing footprint.

So these teams drive processes that set customer strategy. They gate new opportunities. So it's this centralized role that's saying, "Yes. No. How much level of investment to each of these opportunities do we want to have?" They set the engineering priorities, they drive pricing, and they manage mix. So they're managing mix through the upfront portion of the business that then flows into our downstream facilities. Once done, this allows our team to not only price to the value of the product and solutions, but also to the expertise, the resources that we're providing, and to the risk mitigation that comes from working with Valmont. Now, this has been highly effective in utility over the years. And in 2024, we implemented this process in North America Telecom. Now, specifically in the structures portion of the business, by rationalizing some customers and products, driving our engineering processes to scale, and ensuring that those products that we released aligned with our facilities, we increased gross profit by 600 basis points and improved SG&A scale by 500.

Now, those are exceptional results. We don't expect them to exactly duplicate, but they do give you an idea of the type of opportunities that are available for us as we implement some of these disciplines. In the last year, we've implemented product line management in North America L&T and most of our international businesses. And therefore, I'm really encouraged about the momentum we have. And I'm starting to see these businesses start to take on some of the pedigree of our best businesses in Valmont. From an engineering perspective, we've all talked about how our engineers are experts. Well, it's important that we treat them like the precious resources that they are. So we have a high bar for customized solutions in these businesses. Customers that don't meet that bar, we also still provide a lane where they can get a solution that meets their needs with less engineering investment and providing more standardized products to flow through our facilities.

When you align commercial and engineering to product line profitability, our facilities gain partners in working on productivity, throughput, and their capacity utilization, overall reducing our cost to serve. So the punchline is that these processes simultaneously ensure that our teams are working on customer value and driving shareholder value. A great example of this is our Telecom components business, so I'll just briefly cover this business. Telecom is driven both by investment and technology cycle, so it's imperative that our teams are very close to our customers. Now, our engineers sit at the top of industry boards and they're well respected in this space. And therefore, we have great connections with the carriers. That allows us to extract the voice of customer, develop innovative products, and drive scalable spec position that we can use across the network and customer loyalty. Now, Telecom does not only need innovative products, it also needs reliable delivery.

And the way that Telecom deploys is through a fragmented group of contractors that are typically working on two-week planning cycles. So what do we do? We built a customer facing delivery model that combines digital ease of access with local inventory. And today, we support most of our products in less than 24 hours. We support this model with our global footprint. So our teams have the ability to either source domestically or internationally to maximize the customer experience, manage our

inventory, and make sure that our delivery performance is exceptional. So this is an industry-leading value proposition. And our product line managers come through and price to value, which is why we maintain a premium position in this space. And the end result for Valmont is this is some of the most accretive margins that we have in the business at very low invested capital. So let's wrap this up and connect to the financial outlook.

So as we mentioned before, we're not reliant on one market. And in our modeling right now, we're really not relying on the market for much more than that stability and the benefit of those long-term secular drivers. The low to mid-single digit growth opportunity that I provided before prompts primarily from the work that we are going to do to focus our teams on the high-value opportunities, push our mix more in that direction, and align our processes for better throughput. So we scale this through common systems and tools and new supply models. And by after we scale that, the margin expansion comes first from better value propositions, that premium pricing, SG&A leverage through our teams, and then better operating leverage in our facilities because we've managed the mix and gave better throughput to this. So we've seen the results of this in utility. We've seen the results of it in North America Telecom.

We're starting to see the results of it in some of these businesses. And together, this is an incremental $3 EPS contribution. And just for clarity, North America L&T, North America Telecom, and the international infrastructure businesses are the ones that are contributing to that $3 EPS. And again, we're not going to deploy a lot of capital to get this done. Avner has the teams aligned where our high-value opportunities in utility are getting the capital. We have a challenge to execute this. And we can do it without deploying substantial capital. So just quickly to conclude, our markets are stable. We're in market leadership positions. We have great momentum moving forward. So in our plan, there is $200 million of incremental sales and $3 of incremental EPS. And just say, as a leader who's been at Valmont for over 16 years, has worked intimately in this model, in the utility business, I have extremely high confidence that these results are coming. And once we unlock the value of the portfolio, there will be more. So thank you for your attention. This concludes our morning presentation. And we're going to move to our first Q&A session.

Thank you. [inaudible 01:47:03].

Renee Campbell:

Okay. I'd like to invite Avner, Chris, and Greg back up on the stage. Yeah. And a reminder for those of you in the room, we have a couple of mics, so just raise your hand. And then I would just ask that you announce your name and your company as we come to you. And for those online, you can use the chat function to ask a question. Start with Brent.

Brent Thielman:

Great. Thanks. Yeah. Brent Thielman with Oppenheimer. Thanks for the presentation. I guess just the first question in terms of the billion dollars in incremental utility revenue by 2029, all the discussion about AI and commercial excellence, all the things you guys are doing internally. Just talk about how much more CapEx that's going to require to get you there.

Chris Colwell:

Yeah. So I'll take that question, Avner. This afternoon, a little bit later, John Schwietz will talk more about the specifics, but in general, we're executing some of the capital for the period that we're talking about, but we also see this market extending beyond 2029. And so there is some of the capital in the plan that is not supported with the revenue and the growth that falls beyond that time period.

Avner Applbaum:

So we're going to see. We're going to have a bridge there. It's going to show a billion dollars of CapEx. We're going to show 750 more geared towards these businesses. And we're going to get into a little more detail, but overall, we have enough CapEx to support this plan, beyond. And as we get more and more throughput through Shannon and Amit, we have opportunity to reduce the actual capital spend. So we're kind of ... As we go forward, we look ahead a year or two, we make sure we have all the plans in place. And as we advance, we decide if we could get it through other actions.

Brent Thielman:

[inaudible 01:48:56]. Just with the customer plans, you talked about becoming larger, more complex, bigger projects. Can we think about the investments you're making? Could that allow you to add new alliance customers to what you already have?

Chris Colwell:

Definitely. Yeah. That's the intention. As we're adding the capabilities, as we're adding the capacity, as we're keeping some of that bid capacity open, that's exactly what that opportunity is. Take these strategic customers, bring them in, satisfy them, and then bring them on in a more long-term contractual basis.

Brian Drab:

Thank you. Thank you. Brian Drab at William Blair. Couple questions on the utility business. The 6.7 billion pipeline is enormous, but you're already at a really strong run rate in that business. I think there's about 1.7 billion run rate that you're at now based on the first quarter if you extrapolate that out to a year. What percentage of your ... If you take 6.7 and you divide it over the five-year period, that's 1.4 billion a year. So what percentage of your expected utility revenue is in that pipeline? What kind of probability do you put on the projects in that pipeline, in that 6.7 billion? And then where does the rest come from? And what visibility do you have to that?

Chris Colwell:

Yeah. Great question. So a couple of things. First of all, for that pipeline that's out there, in our business, some of this sits near, some of this sits further out. So as this goes, '27, '28, '29, and extends, it becomes a little bit more ... I wouldn't say volatile. It moves a little bit more. And so we have this pipeline through our customers. That's their plans. Their plans do change over time. So we tried to take a very conservative approach to that. We know that that pipeline is there, but we do know, based upon the 1.4 trillion of capital and the customers' published capital plans, they'll spend the money somewhere. And so we have the confidence on that portion of the business. For the other work that's outside of these alliance customers, it historically represents 30, 40% of our volume. We also have confidence in that. Today, where does that come from?

What we see through the requests for quotation that are coming in is that pipeline is big. It's just not specific to Valmont. So we didn't put that in our numbers, but we do have high confidence. We win a portion of that work. We are the leading shareholder in that work. So we have confidence that some of that work will also come to us. So when we put the two together, we have this visibility. Based upon history, based upon what we know we've won in the past, we feel good with what we see.

Avner Applbaum:

And let me just add a little bit more flavor to that. Thanks, Chris. First of all, just to your math question, 6.7 is more than 80% of the sales utility to achieve throughout this period, right? So high level of confidence, Chris talked about the bid market, other projects coming online, so very high level of confidence on the overall. And these are specific numbers. We know what our alliance customers are spending capital on. We know the work we win. In some cases, we're sole source. In some cases, we're not. So this is pretty clear. This is strong visibility. Chris says things could move in and out, but we have high confidence in this visibility because we talk to our customers every day and we see where they're spending their money.

Brian Drab:

You said it covers 80% of the five year. I'm going to have to look at that math again. But my follow-up question was just ... I want to make sure I'm framing this right in my mind, that if you're at a run rate today of over 1.6 billion, 1.7 billion in the first quarter, and you're going to grow 13% as a CAGR over five years, at the end of that five-year period, you're going to be doing 3 billion in revenue in this business. Is that close to 3 billion in utility sales? Is that the-

Chris Colwell:

Little bit less [inaudible 01:52:56].

Brian Drab:

Is that [inaudible 01:52:56] think about?

Chris Colwell:

On an annualized basis, yeah. But if we add ... When we talk about the billion, that's on an annualized basis of a billion extra at the end. So fundamentally, if we go from 1.5 billion, we're looking at about 2.5 billion in the 2029.

Avner Applbaum:

Yeah. And don't look at every quarter specifically, right? We do see that projects move in and out. We had an exceptional Q1 quarter, but it's not linear. And this is based ... As a bottoms up, kind of gets us to that two and a half billion dollar.

Justin Bergner:

Thank you. Justin Bergner with Gabelli Funds. Very good discussion this morning. So you show a 10% serviceable addressable market growth over the forecast period. And you're forecasting 13% growth in your utility structures business. So 300 basis points better in the market. Can you maybe decompose that between the benefit from having more transmission in your portfolio than in the serviceable addressable market and sort of outgrowth of the market that you expect during that timeframe?

Chris Colwell:

Yeah. Great question, Justin. Thank you. I'll start with transmission. Transmission, the largest portion of our market. The way we're modeling this is strategy number one, make sure we maintain our leadership position in those core customers. We show that growth in that market at or slightly above market growth. Where we see the incremental growth is coming from our substation market and our

distribution market. From a dollar standpoint, transmission is very large. And so I think the dollars that come from the growth are going to come from transmission. For substation and distribution, we're penetrating the wood market, coupled with the substation market is on fire. And so there, we have capacity. Competition doesn't have the capabilities that they have necessarily. So we see taking market share in both of those two location. Hopefully that answers your question.

Justin Bergner:

That's very helpful. Thanks. And I know that your utility forecasts are built off of some third-party estimates for market growth. Coming out of the panel discussion, how much sensitivity is there in those market forecasts to lower population growth that was mentioned as a constraint? But it would also be a constraint, to some degree, on demand. I assume it's not fully baked into some of these third-party market forecasts, but I imagine it's something you guys think about.

Chris Colwell:

You're spot on. A couple of things. From a market standpoint, I think Jean said this, the market growth is there, but we've factored that back. So we see capital spending down. We've kind of factored in those governors, as I think Jean called it. We tried to factor those into this market outlook so that we're very realistic. We're trying to be ... What's real out there? In reality, we don't base necessarily our forecasted projections on the market. We're looking at the market and we're not saying, "Well, therefore, we're going to grow." We then take a look at specifics. So this kind of falls back to now our specific customer feedback, specific capital spend, specific projects that we know. As we take these two things kind of separately, we can triangulate to say, "Hey, these are coming in. We're ... Something reasonable." But the growth that we see, regardless of the market, that's the projection of growth that we're seeing. And this is coming directly from our customers or the level of bids in the market and what we know we typically get from that bid market.

Renee Campbell:

Question? Pete.

Pete Grondin:

Thank you. Pete Grondin from Pennant Capital. Great job this morning. On your projections, obviously, you talked a lot about the market and market sizing and so forth, which are great. I'm curious, when you think about the projections, how much you've thought about your position as part of an oligopoly and the pricing power you could potentially have. Did you factor that in at all? Is this more just top down? Or have you factored in sort of more idiosyncratic and sort of the pricing that could come from such demand?

Chris Colwell:

Great question. The answer is what we've assumed in this model is not much price. We've assumed kind of just the current rate of price. And so much of what you're seeing is volume. Absolutely, the price component will come in. So as we continue to see supply, demand, we're pushed ... Through pricing discipline, we push our pricing to understand where are we coming in. I think there's upside.

Renee Campbell:

I have a question from the chat, from Tomo Sano with JPMorgan. He asks, "You rolled out the innovation initiatives and automation for a few select plants. What innings are you in as you scale out through other locations within the organization?"

Chris Colwell:

Would that be utility specific, or more as we scale out across more of the-

Renee Campbell:

I think you can start with utility.

Avner Applbaum:

The utility.

Chris Colwell:

Yeah. Yeah. So I would say we're in the mid-innings, if you will, maybe the early innings. We have 16 fronts that we're adding capacity on. Shannon had time to speak of a couple, but the reality is this is happening across all of our manufacturing location. If you think about what we do, we have a constraint somewhere in one of our factories or somewhere in our system. We constantly break that constraint. And the law of physics, that constraint moves somewhere else. This is a never-ending process. We break the constraint, it moves. We look at what the next constraint will be. So on 16 different fronts physically, we are breaking these constraints and moving capacity forward. From a front-end standpoint, engineering, drafting, we do the same thing. What are our constraints? What do we see when we fix this? What do we see coming next? And we're constantly bringing this. So I would say we're in the early innings. I don't know that we'll ever not be in the early innings because it's a never-ending process of just continuous improvement, if you will.

Avner Applbaum:

Yeah. And I'll just add a little bit of color to that. Thanks, Chris. Is, first of all, on AI, you heard Amit. Definitely, that is early innings. Very positive, some of the results that Amit shared, conservative in my mind, but there's a lot more to come from AI. And we're not even talking about physical AI, right? That's another lever that is just barely getting started. So there's a lot more to come. And what's great about our culture, about our employees, about our value of continuous improvement, every day, our employees go into our plant and they say, "How can we do things better? How can we get more throughput? How can we support our customers?" So this is coming from many different directions. And the momentum's just going to keep on building.

Chris Colwell:

And that's the power. It's coming from many different directions.

Renee Campbell:

Have another one that came in through the web. Chris, I'm going to start with you on this one. John Brotz with Kansas City Capital. "We hear more and more talk about public resistance to data centers, increasing utility bills, and now taxing data centers. Should the political atmosphere change in 2028? Are

there real risks to the current industry forecast for the utility spending plans?" And that might be one that you want Jean to weigh in a little bit on as well.

Chris Colwell:

Yeah. Yeah. Jean, do you want to take this one to start, and then I can follow up?

Jean Rollins:

This is a lot to unpack. All right. You got it? Oh. Sorry. Yeah. I'm on. A lot to unpack. I think that the demand for AI is sort of unmeasurable. I've had some side conversations with Amit about what y'all are doing. And you're scratching the surface in terms of what can be done. And we're doing that all over the country, all over the world now. So while there ... I think there's going to have to be maybe less bravado on maybe some of the data center developers in a way of looking at how do we integrate ourself into the communities better. Maybe more distributed data center capacity. Instead of big concentrated centers, we distribute it. And then there will be the balance of balancing some of ... As we talked about, one of the governors is how do we keep prices at a manageable level?

Chris Colwell:

Thank you, Jean. A couple of other things that I would just comment as follow up. As we look at the market, data centers are only one part of the equation. We have multiple long-term drivers that are in play. And so from an overall holistic standpoint, these drivers still exist and these drivers are still going to be there. Artificial intelligence and data centers aren't the same thing. AI certainly is driving data center, but data centers are here. I have a smartwatch on. It's going somewhere to the cloud, to a data center. We all have phones. They're going to the data center. We watched Netflix last night. They're going to the data center. So I don't know that data centers stop. These drivers exist. They're long-term. From a short-term standpoint, I'll say the 1.4 trillion of capital that our customers now have in front of them, I don't see that reversing.

That is capital spend that they have in their plan. So that's going to be implemented. We do watch affordability. We've been to many conferences, as you all have here, over the past years. And we see this growing understanding from the hyperscalers. They're the ones that are going to have to pay for this that's coming on. They've got deep pockets and they're very willing to spend that money because they know that they need this. So I would say from a rate case standpoint, we're watching that closely, that's the press, that's what's going on. But I say from a hyperscaler, they're doing a lot working with utilities to make sure that doesn't flow through to the end customer.

Renee Campbell:

Okay. Thank you. Brian.

Brian Drab:

I want to retract my first question. I realized that forecast period is four years, not five years. Sorry. That's why you looked back at me. And I was like, "This guy either thinks I'm an idiot, or that was a good question." It was the former.

Chris Colwell:

No. No. My brain was doing the math.

Brian Drab:

I'm sorry about that. I should know after 20 years of this job to not ask questions that involve numbers real time like that. But on that forecast, can you comment on two other things? What assumptions do you have around the price of steel? And secondly, I'm just thinking back to the 2012, 2013 time period when all of this capacity came online and margins compressed. And why is this time different?

Chris Colwell:

Yeah. You've been around for a while. I appreciate those questions. First of all, from a steel perspective, we've assumed neutral. In our business, steel escalates, de-escalates. We haven't taken that into consideration. And really, from a customer standpoint, they don't take that into consideration for their budgets either. But the best we know today is what's the current level of steel? What's the current level of pricing? We've tried to hold that constant so that we're really looking at this from a volume perspective. Steel goes up. We see that price escalating. Steel comes down. It de-escalates a little bit, that ebb and flow, but we've held that constant. As compared to 2013, 20 ... That was the CREZ build-out in Texas. So it was that major project. Little bit different today. These drivers are ... They're larger drivers. They go across a specific project or a specific customer, which is CREZ.

It was a very isolated thing. And it was the gold rush. Everybody rushed in. They added a bunch of capacity. The thing spiked, and then it came back down. This isn't the same thing because these really are durable. They are extending. This isn't going to be a one or a two-year build-out. This is going to extend. As Jean and Joe talked about, there's no way, in my opinion, all of this 65,000 miles of grid plus the hundreds of thousands that need to be upgraded is going to happen in the next three years. This is going to go on and continue on for a decade. So it feels smoother. I think it is smoother. This is multiple customers coming in as opposed to a couple down in Texas. So that's my perspective.

Avner Applbaum:

Yeah. And I'll just add, right? 100%, but we do look at the capacity. We look at it very close around the whole industry. We see what our competitors are doing. We see the demand. We keep on monitoring that. This is our belief. We believe there's going to be a lot of demand, but it's something that it's one of our KPIs that we watch very [inaudible 02:04:59].

Chris Colwell:

We learned a hard lesson back then, as did the industry. I think we've come a long way in terms of our process, our diligence, and understanding that market. We also have people, almost all of our team, they lived through that period. They live today. They remember that. They understand that. So there's a lot of knowledge in our business today that back then, did we see everything coming? Not the way we should have.

Renee Campbell:

Time for maybe one more before the break.

Speaker 2:

Hi. Just another market question. The 6% CAGR on utility CapEx, what's the implied rate increases supporting that? Should we assume it grows with CapEx? How are you thinking about that?

Chris Colwell:

Yeah. Yeah. Again, I think we've held that rate increase piece constant because we don't know where that all leads. From that number that you see, it actually is a little bit more than that. And we've factored it back for the things that we see being headwinds. So we've tried to take a conservative look at that level of growth in the capital spend. And as Jean said, it probably needs to come up. And so I think there's this pressure to actually increase that, and that gets back to the 1.4 trillion. It went up 21% versus the previous five-year outlook. We feel that that could continue to rise. So it's a relatively conservative look at what that growth in capital spend is.

Renee Campbell:

Great. Okay. So that concludes the first Q&A session for this morning. We're going to take a 15-minute break. So be back here just before 10 minutes to the hour. And then we'll resume with our ag business. Thank you, everybody.

So at this time, I would like to welcome to the stage Darryl Matthews. Darryl leads our global ag business.

Darryl Matthews:

Good morning, everybody. We're going to talk about agriculture and take you into a little bit about agriculture and a little bit of background on that. I'm Darryl Matthews, as Renee said, president of Valmont Agriculture. I've been in agriculture for 30 years, been in both the crop protection industry and I've also been in the ag technology space for quite a period of time. So I'm excited to be here. Look forward to talking to you about irrigation and what's happening in irrigation. I think everybody in this room probably started this morning with a protein shake. And I'm going to talk to you about what's happening in the industry today and how much we're seeing protein expansion, as Avner talked about that earlier. That is driving some of this irrigation expansion, also weather volatility that we see every day, and food security.

Agriculture at Valmont. We are a leader in mechanized irrigation with the right to win globally anchored by valley center pivots and our dealer network. We've got a clear alignment with Valmont's path to 35. We've got durable end markets focused in food, water, and productivity. And I'm going to talk to you about technology and aftermarket. It's our key strategy for our margin expansion. We're positioned in essential growing markets. International markets provide growth opportunity, but we're being selective to ensure quality over quantity. Ag's installed base creates a long-term reoccurring revenue base and an opportunity for margin expansion, which is unique to agriculture, this reoccurring revenue opportunity that we do have through our technology and our parts.

Let me take you through an overview of the business. We are approximately $1 billion in total revenue, with 50% of that revenue in international and 50% of it in North America. After a few one-time 2025 adjustments, margins are back on a normal mid to low-teens trajectory. Our margin profile, as you can see, is 14.8% in Q1 '26 as our operating margin. So we've got clear path to structural expansion. Ag is transitioning to an improving margin business. Our portfolio today. We have an integrated offering of equipment, aftermarket, and technology, enabling large-scale irrigation projects and international growth. 74% of our revenue is in irrigation equipment and 26% of it is in aftermarket and technology services. Every pivot we sell creates a long-term revenue annuity of $50,000. These pivots sit in a field for approximately 30 years, so it's important to understand that there is this long-term annuity that continues to renew through both the technology and the parts and service for that piece of equipment.

We've got strengthening margins via growing our aftermarket and tech. And our AgSense 365 digital platform enables differentiation in the marketplace. I encourage everybody in the room to take a chance

to look at AgSense 365 and the technology that we have sitting outside that you can see how Pivot is run today and how much technology is in this business today. Our competitors sell equipment. We sell an entire ecosystem and a lifecycle to our customers. We're well positioned to capture long-term secular growth drivers. Ag's growth is structurally driven. Macro tailwinds of increasing food demand, protein shifts, and needed productivity improvements are critical to our strategy as we go forward. As Avner alluded to, a 20% growth in global protein consumption is projected by 2035. 79% of production growth must come from yield, not an acreage increase. We are not making more acres on earth today, so we need to increase productivity in the current acres that we have today.

Addressing this productivity challenge requires an additional 120,000 new center pivots. Irrigation equals the highest ROI solution to this opportunity

[inaudible 02:12:01] and productivity challenge. Valmont has the largest installed base with a 40% market share in a two and a half billion serviceable addressable market. Pivot irrigation is also scalable and it's a very high efficiency solution. It offers a 38% water savings and a 71% yield improvement relative to rain-fed crops. That drives a less than a three-year payback period when you purchase a pivot. Our market leadership lets us know our customers better and serve the most profitable farm operations. Valmont Ag sells productivity and ROI to our customers.

I want to talk about the global opportunity at Valmont in agriculture and I'm going to break it down into two regions, North America and international. We are currently below our 60-year average unit sales and at a historic floor of center pivot demand, which has been met five times in the past 35 years. We've been in agriculture for a very, very long time. We understand the agriculture market. This is something that we all need to recognize as Valmont.

In North America, our sales over the last 35 years have shifted from 13% being replacement pivots to over 50%. This drives a more consistent, predictable revenue stream. Farm consolidation in North America is driving double-digit growth in our strategic large acreage accounts. Large farms have a 3.5 to a 9% higher operating profit and continue to expand. Large operations invest in regular equipment purchases, making again, as we transition to this replacement and to large accounts, this revenue opportunity more consistent.

Internationally, the market fundamentals remain supportive of long-term growth. In Brazil, despite short-term headwinds, irrigation investment will continue as it insures multiple crops and provides superior ROI relative to anywhere else in the world. 2026 represents the bottom of the cycle from our internal estimates and the 60 years that we've been in this business. What is Valmont Agriculture's sustainable competitive advantage? At the core of our ag business is a durable, competitive moat, starting with our over 600 dealer network, which gives us an unmatched proximity to the customer, and drives both equipment and aftermarket growth.

We've built a significant installed base of 250,000 pivots globally. That's critical because it creates the reoccurring revenue stream through parts, service, and the technology that I've been taking us through today. We are differentiated through technology where platforms like AgSense 365 are helping farmers improve uptime, reduce inputs, and ultimately drive better yields. This ties directly to our value proposition. We're delivering measurable ROI for our growers. And underpinning all of this is, Valley's been in this business for 80 years. We're trusted and we perform in the field.

Growers look at a Valley pivot much like the equipment they drive today. They're very proud to tell somebody that they own a Valley pivot. We are trusted and we perform in the field. Ag is fully integrated into Valmont's long-term path to $35 EPS through strengthening our margin and mix profile. Ag strengthens Valmont's value creation model. Our installed base of 250,000 pivots globally drives aftermarket technology growth. Aftermarket technology is our primary driver of our margin expansion

and reoccurring revenue growth. Our 40% global technology penetration creates a strong reoccurring revenue stream with a runway for improved adoption and continued double-digit growth.

I mentioned earlier, every pivot creates a $50,000 parts opportunity over its lifecycle, which results in a 1.3 billion under penetrated aftermarket opportunity for us to go and capture. Our B2B e-commerce platform offers in-part identification and ordering directly from your cell phone. Our installed base creates a predictable aftermarket demand. And this is a key contributor to our margin expansion and EPS growth. Next, I want to take you into our technology, and I'm going to share with you two technologies that we have today and share what that looks like and how that operates for a farmer.

What you're about to see is a great example of how we're evolving beyond equipment into a more connected technology enabled platform. This is exactly how we're driving higher value reoccurring revenue through technology and pivot innovation while strengthening our relationships with growers. Let me show you what that looks like today in practice.

As you've seen in the video, machine diagnostics is what we were showing there. It creates multiple benefits. First for the customer, which is increasing productivity and reducing downtime and cost savings. It's a proactive service opportunity for our Valley dealers. And lastly for Valmont, resulting in higher part sales and increased stickiness with our customers. Our installed base all of a sudden becomes a data plus services platform over a period of 30 years. This is the future for scaling digital revenue for Valmont.

Next, I want to talk about another technology in our portfolio, which is irrigation scheduling, which is the application of water across the field, zone by zone, according to the crop type and the soil type across the field. Irrigation scheduling brings together our technology suite resulting in a 15% reduction in water and energy use and an 18% yield increase in the example shown here at Terra Roxa farms in Brazil.

Irrigation scheduling has a 90% retention rate, showing the value grower see in this technology. I've shared with you two technologies and how much it drives for a farmer. For growers, it increases their ROI and it offers improved efficiency, therefore resulting in a significant retention rate that we have in these technologies once growers see them, feel them, and touch them. We're also capitalizing on increasing emerging market growth opportunities. Brazil is massively under penetrated in irrigated acres, which equals a multi-year growth engine. As you can see, there's a 6X opportunity in growth and irrigation acres in Brazil.

In Middle East Africa, water scarcity and food security is policy driven demand, and we estimate a 17% increase in cereal production over the next 10 years. Our international growth is disciplined, and not targeted only at volume at any cost. It's disciplined, and we're looking at every opportunity and what aligns to the core values of Valmont. Ag delivers a clear, credible contribution to Valmont's $35 EPS. Margin expansion that I discussed is driven by our large installed base and the replacement cycle, our aftermarket growth and technology penetration, and operational improvements. Ag is margin accretive, cash generative, and an incremental EPS contributor at the baseline scenario. This assumes no market growth in ag and we achieve $2 EPS over the period.

So in summary, ag delivers a clear credible contribution to $35 EPS. We are a market leader in pivot irrigation, margin accretive through our aftermarket and technology double-digit growth. Ag contributes mid-teens operating margin at our baseline scenario and approximately $2 of incremental EPS. But then I want to talk about in the mid. In our mid-cycle scenario, ag is high teens operating margin and greater than $2 incremental EPS. We believe, during the planning period, something will happen and agriculture will begin to pick up, and that's when we see this opportunity of high teens operating margin when we see an adjustment in the market in agriculture. Ag enhances the durability, quality, and upside of the Valmont model.

Thank you very much. Next, I'll hand it off to John Schwietz, Chief Financial Officer of Valmont, and he will discuss our path to $35 EPS. Thank you.

John Schwietz:

Thank you. All right. Good morning, and thank you for being with us today. My name is John Schwietz. I've been with Valmont for 17 years, half of the time with the utility business and half of the time with the agriculture business. Today, we are pleased to share with you the exciting prospects that we have to create durable, long-term shareholder value at Valmont. At Valmont, we see a clear and achievable path towards delivering $35 of EPS by the end of 2029. Now, that path is supported by multiple initiatives that are already underway.

First, we are building on a strong operational foundation. This is through actions that we've taken over the last several years to optimize the portfolio, streamline operations, and improve execution throughout the business. Second, we continue to drive organic revenue growth. This is particularly the case in our utility segment. Third, we continue to see opportunities for structural margin expansion. This is through commercial initiatives, operational excellence, and scale leverage, we expect margins to continue improving over time.

And finally, we are highly focused on cash generation and disciplined capital allocation. We are deploying capital to the areas of highest return for long-term value creation while maintaining a strong balance sheet and investment grade discipline. Taking together, these elements create a framework for sustainable EPS growth and long-term shareholder value creation.

As Avner highlighted, this growth outlook is based on execution against clear and achievable value drivers and does not depend on any aggressive assumptions. That point is important because integrity is a core value at Valmont and it is central to how we think about value creation. We have already made strong progress in improving the quality and earnings power of the business. While revenue has remained relatively stable over the past several years, we've seen significant improvement in profitability and earnings generation. Portfolio realignment efforts, commercial actions, operational initiatives, and disciplined capital allocation have all contributed to meaningful earnings expansion.

We have also been intentional about focusing on the areas of high return probability and strategically exiting low return areas where appropriate. The impact of our actions is reflected in our results. We expect operating income to grow from 473 million in 2023 to an expected 633 million at the midpoint of our 2026 guidance. That represents an expected 10% compound annual growth rate of operating income. Meanwhile, we expect to increase margins from the low teens in 2023 to the mid teens expected in 2026.

On the EPS side, we expect to grow EPS from approximately $15 a share in 2023 to an estimated $22.50 at the midpoint of our 2026 guidance. That represents an expected 14.5% compound annual growth rate of EPS. As you can see, we are building a structurally stronger business. Over the past few years, we have proven our ability to expand earnings even without meaningful revenue growth. Now, with the growth opportunities right in front of us, the next phase of value creation becomes even more powerful.

Valmont continues to generate strong and durable operating cash flow. A few things are driving this. First, continued margin expansion through commercial initiatives, operational excellence, and scale leverage. From 2023 to 2025, we have improved operating margin by 180 basis points. Second, disciplined working capital management remains a source of incremental value creation for us. Through operational execution and focus on efficiency, we are improving working capital productivity.

And third, disciplined investment decisions are enabling us to generate more cash with greater efficiency. Strong cash generation gives us flexibility. It allows us to invest in high return growth

opportunities, fund strategic capital expenditures, support shareholder return of capital, and maintain a strong balance sheet. Speaking of balance sheet, we consider our balance sheet at Valmont to be a competitive advantage. And we currently operate with net leverage of approximately 1.1 times EBITDA. This provides substantial flexibility while still allowing us to maintain a conservative fiscal posture.

Our fixed term debt schedule is very advantageous with our next maturity not until 2044. We also maintain nearly a billion dollars of total liquidity and continue to hold strong investment grade credit ratings from both S&P and Moody's. Even with increased investment activity, we can still flex leverage up to approximately 2.5 times EBITDA while remaining consistent with our investment grade framework. Our balance sheet strength gives us flexibility to invest in attractive growth opportunities and supports continued shareholder return of capital.

This combination of low leverage, strong liquidity, and robust cash generation creates significant optionality for us for future value creation. Our capital allocation framework remains highly disciplined and balanced. At a high level, we are allocating operating cash flows across two broad priorities: growing the business, and returning cash to shareholders. Last year, we allocated capital across both priorities equally. Looking ahead, our primary focus is investing in high return organic opportunities. We are increasing capital expenditures, particularly because we see high return opportunities in utility to expand capacity and throughput.

In utility, we are currently seeing over $1 of annualized revenue for every $1 of CapEx deployed. We're seeing elevated ROICs and accelerated payback time horizons. Our second priority is shareholder returns through programmatic share repurchases. We are currently in the process of executing against a $700 million share purchase reauthorization. We also remain committed to shareholder returns through consistent dividend growth. On the M&A side, we pursue opportunities which have a clear strategic fit. These are targets within our core businesses or in close adjacencies where we have a clear and established right to win.

All targets must meet strict financial criteria, including EPS accretion and ROIC thresholds. As you can see, capital allocation at Valmont is highly intentional. Now, as Avner highlighted earlier this morning, our path to $35 of EPS is supported by clear, achievable value drivers. And this outlook is based only on organic initiatives that are already underway. The underlying drivers in our businesses are very durable. And although this projection goes through 2029, the opportunity horizon stretches well into the next decade. Our most significant opportunity remains in utility where we see a clear path to $1 billion of incremental sales and $10 of incremental EPS.

Our second driver, strengthen to unlock efficiency and performance. Greg highlighted opportunities in the broader infrastructure portfolio to improve the strength and scalability of that business through commercial initiatives, engineering initiatives, and operational excellence. Darryl talked about, in ag, the opportunities that we have to drive aftermarket parts growth and improve the penetration of our product tech. Altogether, we expect these strengthened efforts to contribute $300 million of incremental sales. That would be $200 million of incremental sales from the broader infrastructure portfolio and $100 million of incremental sales from the agriculture portfolio.

After taking into account a tax normalization of $1 of EPS, we expect a net $4 of incremental EPS from this overall value driver. Finally, in enable, we ensure optimization of capital and resources to the highest return opportunities, including advancing disciplined share repurchases. We expect a further $2 of incremental EPS from these enable initiatives. Collectively, these value drivers support $5.4 billion of sales and $35 of EPS by the end of 2029. This is a structural and sustainable earnings growth story and it is driven by long-term infrastructure secular demand, margin improvement, operational execution, and disciplined capital allocation.

While $35 of EPS represents an important milestone, it is by no means a ceiling, and we do see meaningful upside opportunities. There are several scenarios where utility could continue to accelerate as underlying trends drive additional investment in the electrical grid. As Amit discussed earlier this morning, we are just beginning to see the impact of leveraging AI and automation tools on our business. Those tools have the potential to be a force multiplier for the future. Historically speaking, agriculture should normalize towards more mid-cycle conditions, providing additional upside over time. We are positioning ourselves to take advantage of that cycle once it does turn.

In the strengthening initiatives, the broader infrastructure portfolio has the opportunity to create more value than we anticipate. And finally, our strong balance sheet gives us significant flexibility for additional share repurchases and strategic acquisitions. We expect to generate substantial financial capacity between 2026 and 2029 that will provide us with strategic flexibility. We project approximately $2.5 billion of operating cash flow to be generated between 2026 and 2029. Meanwhile, we expect to deploy about a billion dollar of capital expenditures, and that's mainly to support the growth in the utility business. After those capital expenditures, we expect to generate around $1.5 billion of free cash flow during this plan period.

Now, combined with our existing debt capacity, this creates approximately $2.7 billion of capital deployment capacity. That capacity supports multiple priorities simultaneously: growth investments, shareholder returns, strategic flexibility, and balance sheet strength. We expect strong earnings growth and cash flow generation to reinforce each other and create a compounding effect for Valmont shareholders. To summarize, we believe Valmont is exceptionally well positioned for long-term value creation. By the end of 2029, we expect $5.4 billion in sales, 17% operating margin, $35 of EPS, and 21% ROIC. Those targets reflect both strong confidence in underlying market opportunities and in our ability to execute operationally.

What gives us conviction is a combination of strong utility market fundamentals, an optimized business platform, strong cash generation, and a strong balance sheet. For we know that Valmont is a business that is capable of generating consistent, high quality, compounding growth over time. And that remains our primary objective, creating durable, long-term shareholder value. Thank you for your time and for your interest in Valmont. And now, I'll turn it over to Avner to conclude.

Avner Applbaum:

Thank you, John. So just a few words. Let me close where I started. What you heard today, or I hope you heard today, is the opportunity is meaningful. But more important than opportunity is how at Valmont we convert it into value. We have leadership positions in essential markets, customer relationships that are deep and were built over decades, engineering expertise, and operating scale to deliver when reliability matters. Jean actually just mentioned something that stuck in my mind. She said, "CEOs of utility companies are paid not to take risk." They need reliability. They need execution certainty. And that's what we deliver at Valmont.

And then we have our strategy around capture, strengthen, and enable. How do we capture above market growth and utility? How do we strengthen our broader portfolio and allocate capital to the highest opportunities? That's the system that drives EPS of $35 and our ability to compound beyond that. So just before I turn it over Q&A, I want to make one more point. We started today with a video that shares how quietly behind the scenes Valmont has an impact on the world. We help move power, we strengthen infrastructure, we support connectivity, and we support farmers' productivity. And this only happens because of our people.

Passion is one of our core values, and I see that in our employees every single day, how they support our customers, how they solve for complex situations, and the pride they bring to their work every single

day. And I'm proud to have the opportunity to lead Valmont in this important time in our very rich history. I want to use this opportunity to thank our 11,000 employees for what they do every day, the passion that they bring to make this world better place.

So just to sum up the morning, the opportunity is meaningful. We have a strict, a clear strategy. And the team is ready to execute. With that, I want to thank you for spending the day with us. And we will now turn it over to Renee for Q&A. Thank you.

Renee Campbell:

I'd like to invite our five executive presenters back up onto the stage.

Speaker 3:

Taking our own chairs. You go first, John.

John Schwietz:

There we go.

Speaker 3:

We did it. We got a handle.

Renee Campbell:

Okay. Once again, reminder, we've got a couple of mics in the room and a chat function on the webcast.

Justin Ages:

Hi. Justin Ages, CJS Securities. Thanks for the presentation today. On the agricultural business, what has been some of the headwinds to getting the technology out in the field? And does that differ between the North American market and the Brazilian market?

Darryl Matthews:

Sure. There is a difference between North America and the international market, in particular, Brazil. Some of the headwinds that we see in the international market is connectivity. Now, that's rapidly changing as we see some of the opportunities with satellite connectivity. But certainly, that is starting to become less of a concern. Then the next stage is educating farmers on the capability of the technology. The biggest thing it does for a farmer is that if you're three hours away from a pivot and you want to turn that pivot on or off, the opportunity for that is significant in that you don't have all that travel time and you can monitor the pivot to understand what it's doing during that period, and it's educating them on those things.

And so our penetration rate in Brazil is lower than it is in North America. We're significantly higher in North America. And it's an education evolution that we need to move through on the technology. But soon as they see the technology and the opportunity, it grows pretty quickly.

Avner Applbaum:

And one more point is, right, that the farmers in Brazil are typically younger, and they adapt technology quicker as well.

Renee Campbell:

Brent.

Brent Thielman:

Great. Thanks. Brent Thielman at Oppenheimer again. A lot of detail on the organic growth drivers, I guess, I just opened up. There's an opportunity to talk about what M&A might look like for you over the next four years within the plan.

Avner Applbaum:

Yeah. I'll start up, John, and feel free to add. We have an active pipeline. We keep on looking at those opportunities that could really help our strategy. We're going to look at ones that are, as John mentioned, very close to our core, adjacent to our core. How could we add additional value to our customers? What capabilities can we add? It's either in a product, it could be with a customer, a region. So it needs to be something that one plus one equals more than two. So we have an active pipeline across our entire portfolio, but we're going to be disciplined. We have strong cash. Right now, the biggest opportunities for us are to invest in our business. We're returning capital to our shareholders. And we look at those acquisitions strategically.

So, like I said, it's all organic because we didn't want to put any acquisitions that you don't exactly know the timing or the scale and the size. But it is part of our capital allocation framework and we'll continue to value them. And as we find the right ones that need to hit our strategic criteria that I mentioned, our financial criteria, they need to be meaningful as well unless they're adding a specific niche for technology or some other offering. But they need to hit our criteria, and then we'll keep

... finding the opportunities.

Renee Campbell:

Brian.

Brian Drab:

Brian Drab with William Blair, again. First of all, I want to say three years has flashed by and at the end of 2023, probably many of these people in the room were calling me and investors in general were so concerned when you're doing like $3 in EPS in the fourth quarter of 23, $12 run right now you're forecasting 35 plus. So congratulations to the whole team. It's an amazing turnaround in the people that left the stock at that point probably regret it a lot.

On the irrigation business, maybe this is for Darryl. I thought it was interesting the outlook. There wasn't a lot of focus on the... You mentioned the international opportunities, but these huge projects in Egypt, I picked up I think on your comments that we want to be really disciplined and I think some of these international projects, the margins have become more challenging.

So I was wondering if you could just elaborate on what the opportunity is within this, like for example, like the future of Egypt project and some of these big drivers that we've had over the last five years going forward, and then also Brazil in general.

Darryl Matthews:

Sure. So I'll talk about Egypt first. Future of Egypt is a large project certainly and it continues to go on in Egypt of them wanting to drive food security and development and growth of food within the country. Those projects are challenging in the aspect of understanding what your true cost is and how long it

takes to deliver. Often those projects are two year delivery timelines. So you need to be very, very disciplined in when you're quoting and doing those projects to ensure that you are making good money and good return on your assets over that period of time. And so we're being very, very disciplined in that.

The other part that overlays that is you get some challenges in adjustments in steel, or you get challenges in adjustments in freight. And so you need to be very disciplined when you're choosing these projects. There are other projects that are also not as large but offer a lot more opportunities to provide a lot more extra services in pumps, in building out the network and everything else of getting the water to the pivot. And those projects offer a lot more opportunity in profit and opportunity in bringing more scale to the project. And so we're looking at all of them and making sure that we're being very disciplined in both of those in Egypt.

Second part of your question was Brazil. Brazil today, the big thing to watch in Brazil today is access to credit and where the interest rates are moving to. Today the interest rate is about 12.5%. That's higher than typically what a farmer expects. They really start to move on purchasing irrigation equipment or all equipment in around that eight to 9%. So very different market than here. Eight to 9% in this market we'd all be screaming, they're used to that. Eight to 9% is when we see that market start to move and that's really what I would be watching as to what's going on in Brazil.

Brian Drab:

One more quick follow up on the irrigation space. So within the United States, you showed this chart, I think it was probably related to North America, but the replacement percentage of sales are really increasing. If I could just... I don't want to sound pessimistic, but when I look at that, I think, well, maybe that is also a function of the irrigated acres are not expanding in the United States. And maybe we've gone through the transition from gravity flow or we're far down this path of transition from gravity to mechanized irrigation. Does that percentage of replacement actually indicate that you're fully penetrated in the United States and it's just this building replacement? And the bigger question is just what is the outlook over the next five to 10 years for the US given those trends?

Darryl Matthews:

No doubt the North American market is more penetrated with the irrigated acres. There is still flood irrigation in North America that is converting to center pivot irrigation because of the efficiency opportunity with center pivot. We do see that, but certainly it is slower. Majority of the growth in center pivot growth is going to come out of international and a higher penetration in that market. North America is slowing, that's why you're seeing the 13% to 50% replacement, but it is definitely slowing in a slower part of the global market as far as irrigated anchors.

Avner Applbaum:

Okay. I'll just finish up the point. Thank you. I'll just finish up with a point back to the projects in Middle East. I do want to use the opportunity. I just want to compliment Darryl and actually John in his prior role as managing international irrigation. The performance of our Middle East is over the last several years has been improved dramatically around their profitability, their ROIC. And in fact, when I was in Dubai a little while ago, the entire team understood the actions that they took, the impact it has on our financials and the discipline that they're taking. So that's a muscle we have now and it's, to Darryl's point, it's not growth at any cost. It's how do we grow, support our customers at the right profile and we see that in our financials. So really nice job by the team on that.

Renee Campbell:

Justin.

Justin Bergner:

Thank you, Justin Bergner with Gabelli Funds, again. A two part question on ag and then maybe a separate question on capital allocation. On ag, the double-digit growth and aftermarket over the projection period, how does that compare to recent history? And it would appear that if you were to take your 40% market share in ag irrigation and apply it to the aftermarket, you could have meaningfully larger after market business than you have today. So I guess what are the constraints there? Is it the lower penetration internationally versus North America or more competitive forces on the aftermarket side? Just anything you can add.

Darryl Matthews:

Sure. So the constraints that we see is more in our international market and ensuring that our dealer network is relatively close to the pivots. The other part is pivots in the international market are relatively new, and when we really see parts and service demand start to come up is after about that 10 to 15 year period is when it requires more parts. So you have to look at the maturity of the market and how long those pivots have been there. In the North American market, we are seeing and we continue to see significant growth in our parts and service component and that is the key piece that drives for our growers and for our dealer network is continuing to drive that.

We are bringing some other opportunities to the market where we are offering warranty extension and also a demonstrative machine diagnostics, and that is where we're putting sensors on the pivot. That will appear in the aftermarket component and we believe that that increases the stickiness. Because again, the grower is starting to see on his phone that he needs to replace a gearbox. And so we believe that because that's tied into our technology, it's also going to tie into growth in our aftermarket piece. But today we're around about 20% of our total revenue is aftermarket and parts.

Avner Applbaum:

And the other part which you identified was giving them better tools like the e-commerce solution, which you implemented, maybe just talk a little bit about that too.

Darryl Matthews:

Sure. So we've got a new B2B, this is to our dealer network e-commerce solution where you can look at a part on your phone, have a three-dimensional view of that part. You can also look at that part and it will tell you when you say you need that part that there are other pieces that you need to buy, seals, gear or bearings, things like that. And so that technology is new to our industry and really allows that purchase to be done in the field from your phone.

Justin Bergner:

And then quickly on capital allocation. The $2 EPS growth contribution from capital allocation, should I assume a framework whereby you're either repurchasing shares or doing M&A that is at least equally accretive to your assumed benefit from repurchases and you'll figure that out as the opportunities become available? And maybe with an eye towards preserving some sort of leverage, whether it's the current leverage or something close to that.

Renee Campbell:

John, do you want to take that one?

John Schwietz:

Sure. Yep. That's a fair assumption. So the plan assumes, similar to the model that we showed in the presentation, the plan assumed essentially 40% to CapEx, which has a very high return at the moment, as you know, about 40% to share repurchases, 10% to dividends, and then 10% to the rest. That will change, of course, to your point. We are upward disciplined in this process and we're always leaning into where we see the highest risk adjusted returns. So as M&A becomes more attractive, if we have good opportunities, we'll lean into that and same with share purchases, repurchases. The $2 is share repurchases to directly answer your question.

Dan Moore:

Thanks very much. Dan Moore, CJS Securities. Appreciate all the color this morning. That's been really, really insightful and very helpful. Two questions. One, just you talked about the upside to the four to five year plan, which there are several, but what keeps you up at night most, whether it's supply chain constraints or what are the biggest risks to the plan from your perspective? And then second, any color on the cadence, both in terms of revenue growth, the trajectory of revenue growth and/or margin expansion over the planning period. Thank you again.

Avner Applbaum:

You want to start, John, then I'll jump in.

John Schwietz:

Sure. I'm going to answer your second question and I'll give it to Avner to answer the first one. So if you think about the EPS growth and the margin expansion, I think we'll see a relatively stable and gradual uplift over the plan period. A little sharper this year, I'd say, but overall, I mean, there's no step function necessarily in that.

So I'll answer your first question and I'll turn it to Avner. For me, we have very, very strong markets. I don't worry about that. We have a proven ability to execute. I don't really worry so much about that. It's the unknown unknowns for me, of course. Being in my position, it's a very dynamic operating environment. It is for everybody and I'd say the unknown unknowns is what keeps me up at night.

Avner Applbaum:

Well, you took my answer, but yeah, that's pretty much it. As you could hear from the team, we're very confident in our plan, but we got to execute. We have the right tools, we got the right people, we got the right strategy. So we're confident, but it's a big uplift for us and keeps up at night is like, what else should we do? How else could we advance? There's hitting these numbers and then there's beyond. So how do we focus beyond the plan? If you ask me what I'm focused today, the team is going to execute on the plan and we're going to hit the numbers. I want to be here in three years on our next Investor Day and want to make the day as exciting as today. So that's what I'm focused on is like, how do we continue this momentum beyond this plan horizon?

Renee Campbell:

I'm going to take one from the web from Tomo Sano with JP Morgan and Avner, I'll direct this one to you. Regarding discipline capital allocation, you've been demonstrating strong returns and divestment over the past couple of years. What has been the cultural transformation for Valmont to achieve their 2029 targets? Specifically, how would you describe Valmont's team and culture to basically ensure that we're not overextending or being a little bit too assertive?

Avner Applbaum:

Yeah. So we spoke a little bit about the core value, so I'm going to mention a few of them. First of all, the mindset of continuous improvement of every single employee, which is one of our values, is how do we come in every day and how do we make this company better? And we need to help our employees and that's where the resource allocation is critical. We can't do everything for everyone and that's where we have to be disciplined about the markets that we're participating, the customer that we're supporting. Every single day we need to decide, do we want to support this customer? Do we want to sell this product? And that is something critical for us to make sure our employees can be focused, giving them the tools through what Amit and Shannon are doing, helping them on the commercial front to understand the markets.

And this culture has been built over several decades and these are people that come in every day with passion for their work. If you come visit any one of our facilities, you'll see the passion in everything that they do. In welding, in supporting our customers, in shipping. So we're fortunate to have a great culture. We just got to give them the tools, give them the vision and the strategies which we have and our employees are excited. They look forward to come in and keep on serving our great purpose.

Renee Campbell:

Any others from the audience? Okay, I'm going to take another one from the web. Let's see. Greg, one for you. What role do product line leaders play in improving mix, pricing discipline, and capacity utilization, and how are leaders held accountable differently under the new model?

Greg Turi:

Sure. Thank you. It's a great question. It's actually quite different than maybe a traditional business would be. So the product line leaders are owning product line profitability. So a typical commercial might be looking down from at revenue or maybe gross margin. These are looking all the way through, all the way down to gross profit and how much absorption and leverage we're getting. So first they start with that and that's a different model than a traditional maybe GM or MD model who's managing a team of people who are driving their functional excellence. So they'll set up those KPIs for themselves and then they'll drive KPIs for the rest of the team that align with ensuring that we get that product line profitability.

Well, of course, you want to go to the highest margin opportunities, you want to provide the less value, you want to extract every bit of price you can get, you want to have the best competitive advantage, but it still needs to work through the entire framework that we are working with, which is our large network of factories and facilities. So the product line leaders are then looking back at, and this is how to the point about managing mix, is they're looking about, "Okay, what do we have planned in this quarter or that quarter? What do we have planned this month or that month?" And then they're varying, "Okay, I'm going to offer this price here. I'm going to offer that price there. I'm going to gate this one, this opportunity, not gate that one."

It changes really the entire mindset of the team where you have maybe an engineering team in the past who's thinking about getting throughput and doing the best for their jobs. Now our engineers are thinking about how much release are they putting to the shops? What's their overall productivity? They're watching what their run rates are. And it goes directly what Avner spoke about before and I'll give Avner credit in terms of the organizational alignment things he did early in his tenure. That's what has allowed us to be able to go do those. And then you add in the culture of continuous improvement, it becomes a full team effort driving product line profitability.

Chris Colwell:

Yeah. And to take off from what Greg said, the utility segment, this model has been in place for 15 years. And so it's a very mature model. We have team leaders that clearly understand their role, they understand the business. It's a machine, if you will, it's a system. And so we have that system in place for the growth driver in our business. And now as we deploy this out further to extend that, it only gives us upside opportunity to further align the organization and to make this be a cultural change for the business.

Renee Campbell:

Thank you. Another one that came in from the webcast. Chris, why not build a large greenfield plant when demand is this strong? Maybe talk a little bit about brownfield plus as well.

Chris Colwell:

Yeah. So first of all, I'll say Greenfield isn't off the table. It's certainly out there and we look at that, we have those conversations. Today we have a brownfield approach and then we have a brownfield plus approach. And Shannon talked about that. This is a self-made up acronym here. The plus approach is utilizing our existing location. So we have land, we have facilities and just expanding upon those spaces because now we can get the leverage out of our people, the leadership, the fixed cost that we have so that we just further leverage that business. So today we look at demand, we look at our runway and our plans for capacity expansion. As we see this, we have enough bandwidth and capacity to be able to do it from a brownfield or a brownfield plus approach. As we look further, if greenfield is necessitated as we get to 2030 and beyond, certainly that's an option for us.

Avner Applbaum:

Yeah. I'll just add a few things there. A couple of things. One, we could do this very effectively, very cost effectively both for us, but also for our customers, which is really important. You heard the pressure on rates as an example and the cost on utilities. One of the reasons they come to us because we could do it a lot more cost effectively than others.

Second, when I say than others, we have the system that we've been talking about this morning. It's very difficult to add capacity. It's not cutting a check and finding land and putting up a piece of equipment. It's all the things that we've been talking about, having those commercial relationships, having the engineering expertise over decades, the operational flexibility, the redundancy. Think about that. You come to us. There are storms every day and if a competitor has a storm that ends up impacting their plant, they might be done, not for us. We have that flexibility. So not only it's a cost advantage, but it's just the ability to add capacity is what differentiates us from the others.

Chris Colwell:

Yeah. One more thing. As Avner was talking, it made me think in addition to all of this, speed is a critical competitive advantage for us, especially today with data centers. A utility would put this on and it may take years in the planning, but today that's converted and in the new mindset, they're looking for six months, they're looking for eight months. So this approach from our perspective gives us a tremendous competitive advantage in that we can bring on capacity faster, which means it's higher value for these customers who have deep pockets and they can spend the money. So it kind of begins to build on itself. As long as we have this approach and this ability, we want to continue to drive it through this kind of mentality.

Renee Campbell:

Brian.

Brian Drab:

I'm really afraid to ask a question here because I'm going to ask something that maybe you already talked about, but I don't remember you talking a lot about what the incremental margins are in the utility revenue coming online. I think it's just been really impressive lately because you initially, when you announced the capacity expansion, you said 20% or 20% plus and then it was well above 20% and then I think it was even 25% or higher at one point. This business historically, when you used to talk about the operating margin for utility, it was I think more like mid-teens. So how sustainable is that 20% plus margin, EBIT margin, on incremental capacity that's coming online? And given all the initiatives that you talked about related to AI and other productivity initiatives, could it be even higher going forward? So that's the first part.

Renee Campbell:

John, do you want to take that?

John Schwietz:

Sure. Yep. Good question. Thanks for that. So let's break this up. First, as you know, right now we break it up by infrastructure and ag in terms of operating margin, what we publish. What we can say about the utility product line is that they are creative to infrastructure margins, to operating margins in infrastructure. So these incrementals that we're experiencing, to your point, they range of course, but the mid-20s is an appropriate number, I think, to think about these incrementals. So certainly this capacity edition is supporting driving up our margins and infrastructure and utility as well.

So we would see that, to your last question, we would see that to continue to move forward that way as we go through all of our brownfield projects, of which we've got very good visibility of those through the end of really 2028 is when we get the last revenue dollar that would come from those brownfields. Then we'd move into brownfield plus, which I don't think would be quite as good, but I think for the next few years, we could assume that those incrementals, what we've said is going to be accurate. Does that answer your question?

Avner Applbaum:

Let me just add to that in your next question. Amit said this, but I'll maybe repeat it just so it was clear. When we get some of these initiatives around AI and get more throughput, he mentioned this is with not more capital, it's without more labor. It goes right to the bottom line. That is really important. Now

it's early days. I'm optimistic. I think Amit and his team and working with Shannon are going to get tremendous benefits. That could be material.

Now having said that, we came out with targets here, $35, $5.4 billion, that we're aiming for. Yes, there's more opportunities. We're going to take every advantage of every opportunity to exceed those numbers, but I feel good about the targets that we gave. Those are the numbers that we're committed to. We're going to execute to these numbers and we're going to keep on looking for opportunities to get them even better.

Brian Drab:

Yeah. The only other thing I was going to ask is just to take it a small step further is just thinking about the return on invested capital and the utility business, which seems incredible. You talked initially, again, when you laid out the capacity expansion plan initially, 100 million invested, 100 million in revenue. I think it's actually, you're getting more than 100 million in revenue on the 100 million invested. The margins are higher. So am I thinking along the correct lines that you're getting somewhere along the lines of maybe it's like 250 million. Or maybe say it this way. I'm not going to go that big right now like 25, 30 million in incremental EBIT for every 100 million that you're investing in capacity.

John Schwietz:

Yep. So broadly, you're directionally correct. So I would say that it depends on the project, but the truth is the ROICs are very strong in these projects in this pipeline that we have right now and working capital is pretty tight as well. So that helps juice the ROICs as well. So they're very attractive projects is what I'd say.

Avner Applbaum:

Yeah, I'll make it easy. So when I get these capital requests from Shannon, Amit, or Chris, not once did I have to say doesn't hit our threshold. There's a lot of room between our threshold at Valmont to these projects. They are all accretive. They all have quick returns of one, two, and three years. Every one of them that comes to my desk and John's desk, they are let's sign, let's go, let's execute and support our customers and drive ROIC.

Renee Campbell:

Rob.

Rob:

Good morning or afternoon, I guess. Still morning. Just had a question on constraints for utility capacity expansion. Obviously it doesn't seem that capital is an issue. You've got plans. I'm wondering if labor is perhaps maybe the biggest thing holding you back. And I know you've rolled out training and education for welders. How big a constraint is that? Is that the biggest thing in your worry list and does it potentially bump up the idea of a greenfield just because it gives you a whole new geography to get more labor?

Chris Colwell:

Yeah, yeah, good question. So we think about capacity in terms of that system. So as we're building our capacity plans, we're thinking about the people side just as equally as we are the equipment side. Today, as we've laid out this roadmap, we've got a roadmap for both the people side of the equation and all of

the engineering, welding, all of those functions to keep up. Based upon our footprint, based upon what we have, we've got that roadmap to not have that be a constraint.

As we look at greenfields, there's the pros and cons of that. It opens up new labor markets, for example, but it also requires the lack of leverage that we would get just from that knowledge and that leadership that would be right there. So at this stage with our current brownfield/brownfield plus approach, we feel confident that we have the capacity plans in place to support labor, definitely out there as a challenge for the industry, but for us where we're located, we've got eyes on that plan of attack and that path.

Avner Applbaum:

Yeah. And I agree, right? It's something we need to look very closely. We need to hire a lot of people to get this growth. The advantage is actually in our current locations because we're embedded with the communities. If you look at Omaha, if you look at Brenham, Texas, we're involved with schools and high schools and colleges. Our names is out there and when we have these hiring events, today we get more people than we need. So that's actually, to me, it's going with plants that were already embedded with the communities gives us advantage. People want to come work for Valmont. In many cases, we're the employer of choice.

But yeah, we need to keep an eye. That is definitely something that's going to take some heavy lifting, hire all these people.

Rob:

Just to follow up, you mentioned you're embedded with the colleges and how much of the labor force you need to hire as college educated engineers versus just train welders, or is that both welding schools, things like that?

Avner Applbaum:

I'd say it's both. Today, what we're mostly hiring, just scale-wise, it's a lot more welders. We have, last I checked, 2,110 welders in our portfolio. So it's a lot more welders than engineers, but of course the engineers have different scale. So we're going at both areas and I think we've been very successful just this month adding a lot of engineers.

Chris Colwell:

And of note, the engineering doesn't have to be embedded with the manufacturing locations. So there, we have a much broader geography. We're able to put engineers in different locations. We have offices all around the country, not necessarily tied to the location of the manufacturing. So that does give us then that geographic expansion opportunity for the engineering side of the business.

Renee Campbell:

Okay. We have time for maybe one more. Anybody in the room? Okay. I've got one on the web then. Darryl, this one's for you. It's great to see ag margins back in the mid-teens level in 2026. Do you believe that you have now fully addressed some of the customer/dealer issues that contributed to some of the challenge performance in Brazil over the last couple years? And is there anything else remaining in order to grow market share and achieve your longer term projections?

Darryl Matthews:

Is that specific to Brazil?

Renee Campbell:

Brazil, mm-hmm.

Darryl Matthews:

Specific to Brazil. Brazil's biggest challenge that we currently have today is access to credit. We've set up a significant opportunity. We've got 23 different options for a grower to walk in the door and say, "What are the things that I can do if I want to buy a pivot?" And most of that is third party financing, but we're bringing that in the way that they want to do that. A famous system in Brazil is barter and things like that that growers like to do. And they've got lots of choice in how they can do that. But that's probably the biggest challenge today in Brazil is access to credit and they will start to move. I mentioned this earlier in and around that eight to 9% opportunity.

The other piece With Brazil is access to electricity and getting the electricity to the field to expand and drive that. That takes quite a bit of time to get that all approved. It's generally a region that gets approved and then we show up and start the build out of the pivots from there. But the biggest two pieces I would say is electricity and access to credit.

Renee Campbell:

Very good. Well, that wraps up our final question and answer session. I want to thank all of our presenters today for doing a fantastic job. I want to thank everybody in the room for coming and on the web as well. A reminder, we do have lunch just outside of this room in the common area, so please join us if you can. And if you have any follow-up questions, please reach out to Casey or myself. Thanks everybody.