

A background image of Earth from space, showing the blue and white horizon of the planet against a black sky filled with stars. A semi-transparent blue triangle is overlaid on the left side of the image, containing the Valmont logo and text.

valmont 

CJS New Ideas for the New Year

January 10, 2024

Disclosure Regarding Forward-Looking Statements

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

Valmont in 2024 and Beyond



- **Optimizing financial performance for the long-term**
- **Diversified portfolio with compelling long-term drivers in North America and International markets**
- **Building on a legacy of sustainable, profitable growth**

Valmont Snapshot (NYSE: VMI)



Omaha, NE

Headquarters

\$3.2B

Q3 2023 YTD Net Sales

\$4.9B

Market Cap¹

100+

Countries of Operation²

84

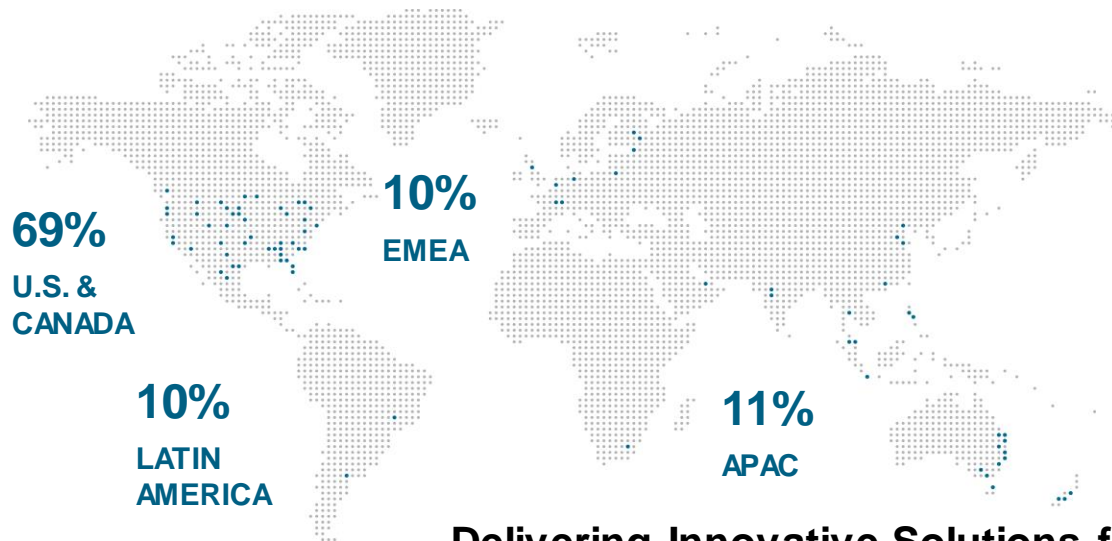
Manufacturing Facilities²

11,000+

Global Employees²

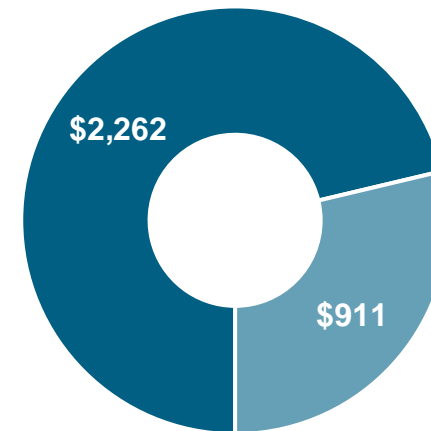
Q3 2023 YTD Net Sales by Geography

● Manufacturing Facilities



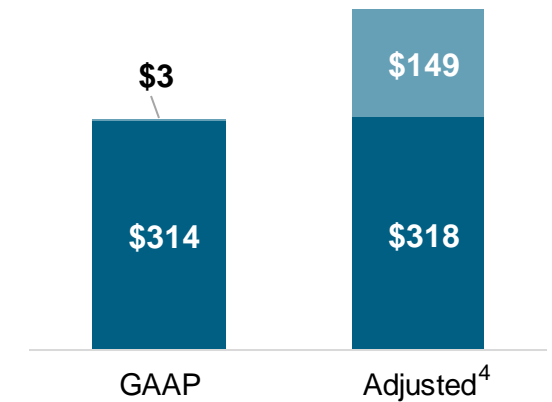
Q3 2023 YTD Sales³ (\$M)

■ Infrastructure ■ Agriculture



Q3 2023 YTD Operating Income (\$M)

■ Infrastructure ■ Agriculture



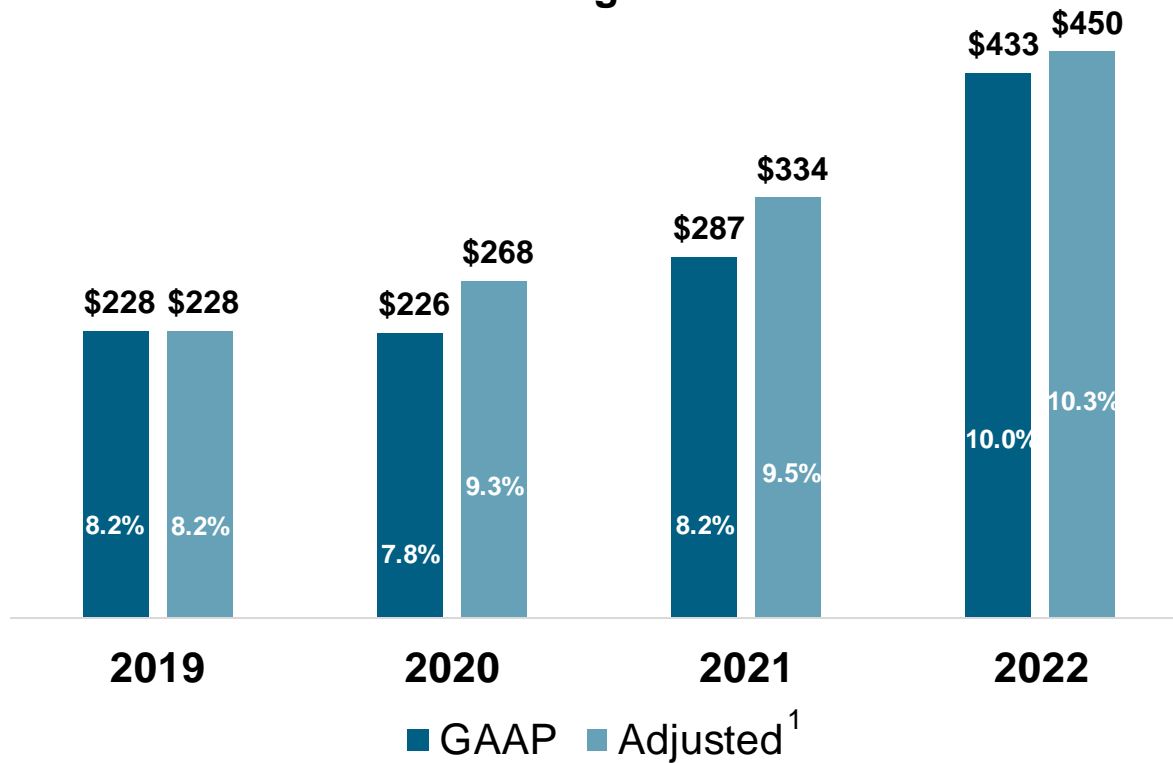
Delivering Innovative Solutions for Global Infrastructure and Agriculture Markets

CONSERVING RESOURCES. IMPROVING LIFE.® **valmont**

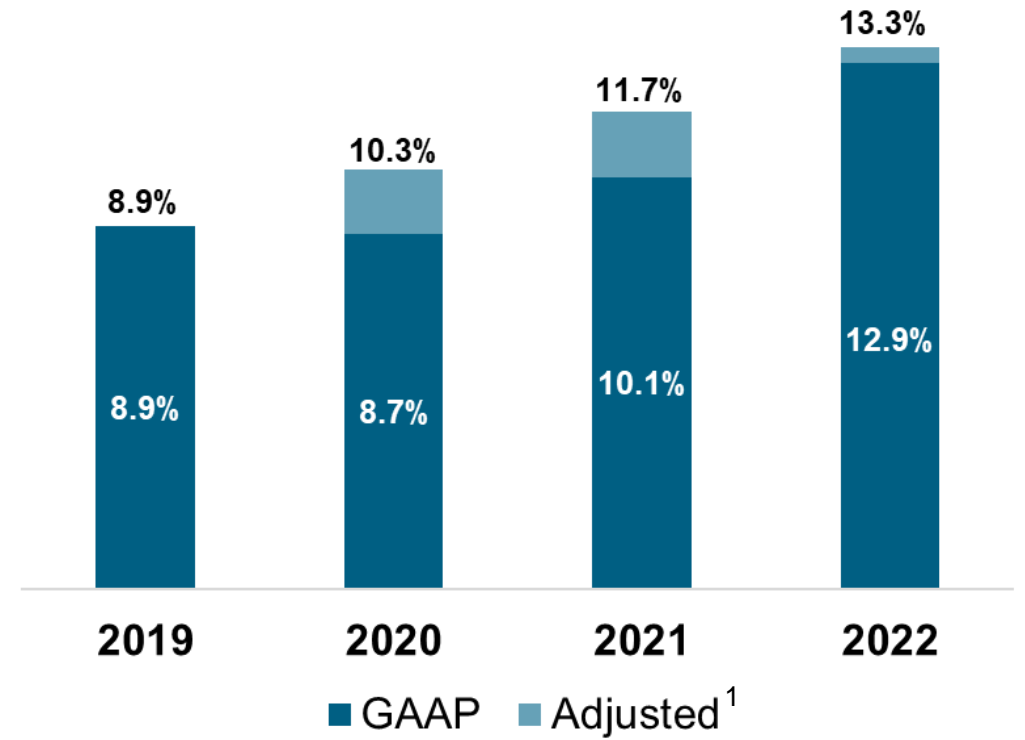
¹ As of 12/31/2023. ² See 2022 Annual Report. ³ Includes intersegment sales. ⁴ Please see Company's Reg G table at end of presentation.

Strong Track Record of Historical Performance

Operating Income (\$M) and Margins



Return on Invested Capital



¹ Please see Company's Reg G tables at end of presentation.

Serving Markets with Multi-Year Demand Drivers



Our products and solutions are addressing global megatrends and driving above market growth

Infrastructure

- Energy transition: demand and necessity for renewables, grid hardening and resiliency, and load growth
- Long-term need for critical infrastructure investment globally supported by current and future stimulus
- Telecom deployment and macro buildouts in suburban and rural communities

Agriculture

- Food security for a growing population, improved global diets and bio-friendly fuels
- Increasing adoption rates of advanced technology to reduce input costs and increase land productivity
- Replacement and OEM parts opportunities driven by large installed base
- Customer sustainability initiatives and climate challenges driving constraints on freshwater

Proven Competitive Advantages



- Differentiated industries with high barriers to entry
- Manufacturing expertise and operational excellence
- Flexible and broad global footprint
- Cross-sharing of commercial, operational and development resources
- Breadth of product offerings
- Strong engineering capabilities and industry expertise
- Unparalleled response time and customer service
- Mitigate business cyclicality through innovative solutions that address customer challenges and provide better economics

Scale and Customer Relationships Enables Valmont to be the Trusted Partner of Choice

Q3 2023 Financials and Key Messages

\$1.05B

Net Sales

(4.3%)

Y/Y Net Sales

(2.3%)

Operating Margin

11.5%

Adj. Operating Margin¹

(\$2.34)

GAAP Diluted EPS

\$4.12

Adj. Diluted EPS¹

\$81M

Operating Cash Flow

\$44M

Cash Returned to Shareholders



- The global Valmont team continued to perform well, delivering **solid third quarter adjusted operating margins and adjusted diluted earnings per share**, while navigating a mixed demand environment
- **Infrastructure demand globally remains robust**, with several multi-year growth drivers across our markets; **global agriculture market fundamentals** remains relatively strong
- **Operational excellence and pricing strategies** in both segments drove margin expansion and allow us to capture **the value we add** to customers
- Announced necessary actions to **position Valmont for long-term success**, including an organizational realignment program and executive leadership changes

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

Balanced Approach to Capital Allocation

2023 Q3 Year-to-Date Capital Deployment: \$307M

Growing Our Business

Returning Cash To Shareholders

\$71M

Capital Expenditures

- Q3 Capex of \$26M as we continue to invest in strategic capacity expansions
- Prioritize projects that deliver high ROIC
- Support Industry 4.0 technology to drive efficiency and productivity

\$32M

Acquisitions

- Target natural adjacencies in end markets with favorable long-term demand trends
- Completed acquisition of HR Products
- Returns exceeding cost of capital within 3 years

\$167M

Share Repurchases

- Q3 Share Repurchase of \$31.5M
- Opportunistic approach, supported by free cash flow
- Announced ASR of \$120M in Q4

\$37M

Dividends

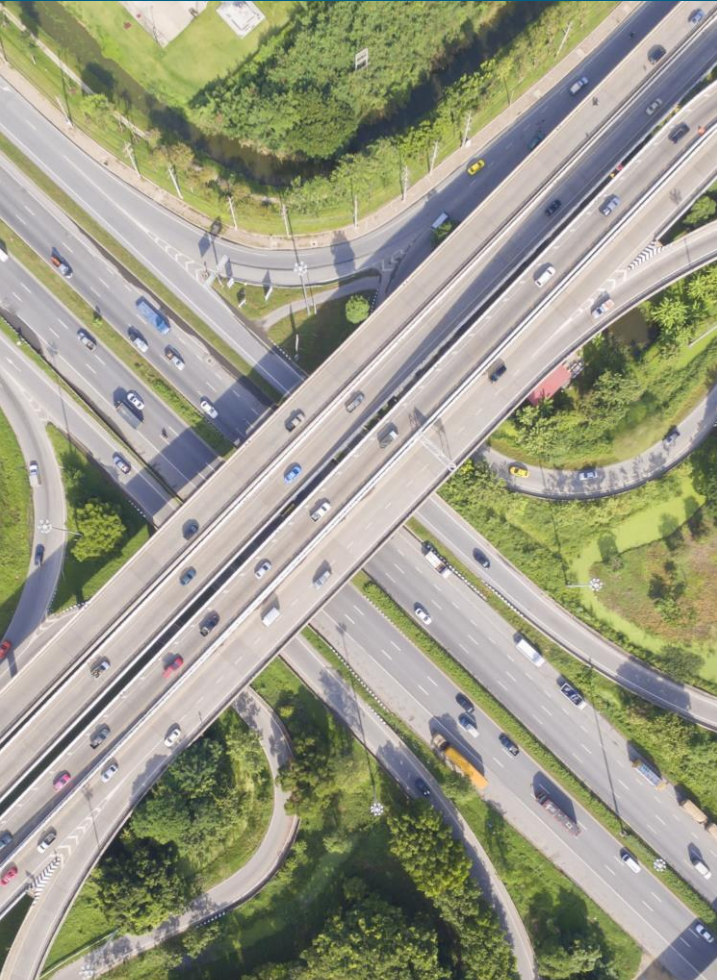
- Q3 Dividends Paid of \$12.6M
- 9% dividend increase announced February 2023
- Payout ratio target: 15% of earnings
- Current payout: ~15%

Additional Topics



Positioning Valmont for Long-Term Success	<ul style="list-style-type: none">• Advancing strategic priorities through July 2023 CEO transition and subsequent senior leadership changes• Announced an organizational realignment and early retirement program; simplified reporting lines to enable a more efficient and effective structure with improved visibility and accountability, while reducing costs.
2023 Performance Relative to Expectations	<p>Agriculture:</p> <ul style="list-style-type: none">• Elevated North America Net Farm Income levels; however, farmer sentiment remained muted; International project timing was slower than anticipated impacting Q4 guidance• Entered the year with strong backlog, specifically in North America and Brazil irrigation <p>Infrastructure:</p> <ul style="list-style-type: none">• Telecom capital investments have slowed per typical pattern following strong investment cycle
Ag Tech Impairment	<ul style="list-style-type: none">• Decline in the North American Ag market and a higher weighted average cost of capital attributed to higher interest rates• Slower adoption rate of agronomy technology solutions than originally projected• Strong confidence in the technology solutions; Prospera and Valley Tech teams are now integrated, and the commercial strategy is being refined to streamline the go-to-market approach and better serve our customers
Long-Term Financial Targets	<ul style="list-style-type: none">• We have demonstrated operating margin improvement and have made good progress on ROIC; we expect continued improvement• An update related to our targets will be provided in the coming months

Valmont Team is Executing Our Strategy and Performing Well in a Dynamic Market



Optimizing financial performance for the long-term

- Announced an organizational realignment and early retirement program; simplified reporting lines to enable a more efficient and effective structure with improved visibility and accountability, while reducing costs
- Operational excellence and pricing strategies have driven margin expansion
- Remain committed to delivering compelling value proposition to our customers and leveraging our competitive advantages with a keen focus on ROIC and profitability enhancements

Diversified portfolio with compelling long-term drivers in North America and International markets

- Ongoing Infrastructure strength supported by multi-year secular demand drivers
- Favorable long-term demand trends in Agriculture
- Continued focus on delivering high-value solutions through investments in innovation

Building on a legacy of sustainable, profitable growth

- Capital allocation strategy; investing with discipline to strengthen our core businesses
- Innovation is introduced with the purpose of meeting the immediate needs of our customers

Appendix



Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands, except per share amounts

The non-GAAP table below discloses the impact of impairment of long-lived assets and realignment charges on the third quarter of fiscal 2023 results, as well as the impact of non-recurring tax benefit items on net earnings. Amounts may be impacted by rounding. We believe it is useful when considering company performance for the non-GAAP adjusted net earnings to be taken into consideration by management and investors with the related reported GAAP measures.

	Thirteen weeks ended September 30, 2023	Diluted earnings (loss) per share ^{1,2}
Net earnings (loss) attributable to Valmont Industries, Inc. - as reported	\$ (49,028)	\$ (2.32)
Impairment of long-lived assets	140,844	6.67
Realignment charges	4,180	0.20
Total adjustments, pre-tax	145,024	6.86
Tax effect of adjustments ³	(5,432)	(0.26)
Non-recurring tax benefit items	(3,588)	(0.17)
Net earnings attributable to Valmont Industries, Inc. - adjusted	<u>\$ 86,976</u>	<u>\$ 4.12</u>
Average shares outstanding (000's) - diluted		21,131

¹In the third quarter of fiscal 2023, we reported a GAAP net loss of \$2.34 per share. In periods in which we recognize a net loss, we exclude the impact of outstanding stock awards from the diluted loss per share calculation, as their inclusion would have an anti-dilutive effect of \$0.02 per share. The adjusted diluted earnings per share calculation includes the impact of outstanding stock awards.

²Earnings (loss) per share includes rounding

³The tax effect of adjustments is calculated based on the income tax rate in each applicable jurisdiction

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands

The non-GAAP tables below disclose the impact of impairment of long-lived assets, realignment charges, intangible asset amortization (Prospera), and stock-based compensation recognized for the Prospera employees on fiscal 2023 results. Amounts may be impacted by rounding. We believe it is useful when considering company performance for the non-GAAP adjusted operating income to be taken into consideration by management and investors with the related reported GAAP measures.

Operating Income (Loss) Reconciliation	Thirteen weeks ended September 30, 2023			
	Infrastructure	Agriculture	Corporate	Consolidated
Operating income (loss) - as reported	\$ 103,401	\$ (99,670)	\$ (27,921)	\$ (24,190)
Impairment of long-lived assets	3,571	137,273	—	140,844
Realignment charges	1,069	907	2,204	4,180
Adjusted operating income	<u>\$ 108,041</u>	<u>\$ 38,510</u>	<u>\$ (25,717)</u>	<u>\$ 120,834</u>
Net sales - as reported	753,626	296,669	—	1,050,295
Operating income (loss) as a % of net sales	13.7 %	(33.6) %	NM	(2.3) %
Adj. operating income as a % of adj. net sales	14.3 %	13.0 %	NM	11.5 %

Operating Income Reconciliation	Thirty-nine weeks ended September 30, 2023			
	Infrastructure	Agriculture	Corporate	Consolidated
Operating income - as reported	\$ 313,703	\$ 2,904	\$ (88,598)	\$ 228,009
Impairment of long-lived assets	3,571	137,273	—	140,844
Realignment charges	1,069	907	2,204	4,180
Prospera intangible asset amortization	—	3,290	—	3,290
Prospera stock-based compensation	—	4,278	—	4,278
Adjusted operating income	<u>\$ 318,343</u>	<u>\$ 148,652</u>	<u>\$ (86,394)</u>	<u>\$ 380,601</u>
Net sales - as reported	2,253,924	905,148	—	3,159,072
Operating income as a % of net sales	13.9 %	0.3 %	NM	7.2 %
Adj. operating income as a % of adj. net sales	14.1 %	16.4 %	NM	12.0 %

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands

The non-GAAP table below discloses the impact of (1) intangible asset amortization related to Prospera, (2) stock-based compensation recognized for the Prospera employees, (3) nonrecurring impairment of long-lived assets, (4) a write off a receivable following arbitration of a commercial transaction from fiscal 2014, (5) acquisition diligence, (6) severance expenses, and (7) restructuring costs and nonrecurring asset impairments. Amounts may be impacted by rounding. We believe it is useful when considering company performance for the non-GAAP adjusted operating income to be taken into consideration by management and investors with the related reported GAAP measures.

Operating Income Reconciliation	2022	2021	2020	2019
Operating income - as reported	\$ 433,249	\$ 286,785	\$ 225,953	\$ 227,905
Prospera stock-based compensation	9,896	5,240	—	—
Prospera intangible asset amortization	6,580	3,396	—	—
Impairment of long-lived assets	—	27,911	16,638	—
Write off of a receivable, pre-tax	—	5,545	—	—
Acquisition diligence expense, pre-tax	—	1,120	—	—
Severance expense, pre-tax	—	4,052	—	—
Restructuring and related asset impairment costs	—	—	25,871	—
Adjusted operating income	\$ 449,725	\$ 334,049	\$ 268,462	\$ 227,905
Net sales - as reported	4,345,250	3,501,575	2,895,355	2,766,976
Operating income as a % of net sales	10.0 %	8.2 %	7.8 %	8.2 %
Adj. operating income as a % of adj. net sales	10.3 %	9.5 %	9.3 %	8.2 %

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands

Return on Invested Capital is a non-GAAP measure. Accordingly, Invested Capital and Return on Invested Capital should not be considered in isolation or as a substitute for net earnings, cash flows from operations or other income or cash flow data prepared in accordance with GAAP, or as a measure of our operating performance or liquidity. The table below shows how Invested Capital and Return on Invested Capital are calculated from our income statement and balance sheet. Return on Invested Capital is calculated as Operating Income (after-tax) divided by average of beginning and ending Invested Capital. Invested Capital represents total assets minus total liabilities (excluding interest-bearing debt). Return on Invested Capital is one of our key operating ratios, as it allows investors to analyze our operating performance in light of the amount of investment required to generate our operating profit. Return on Invested Capital is also a measure used to determine management incentives.

	2022	2021	2020	2019
Operating income	\$ 433,249	\$ 286,785	\$ 225,953	\$ 227,905
Adjusted effective tax rate ¹	27.7 %	23.6 %	24.2 %	23.9 %
Tax effect on operating income	(119,872)	(67,719)	(54,681)	(54,469)
After-tax operating income	313,377	219,066	171,272	173,436
Average invested capital	2,437,232	2,176,577	1,975,693	1,953,120
Return on invested capital	12.9 %	10.1 %	8.7 %	8.9 %
Adjusted operating income	449,725	334,049	268,462	227,905
Adjusted effective tax rate ¹	27.7 %	23.6 %	24.2 %	23.9 %
Tax effect on operating income	(124,431)	(78,880)	(64,968)	(54,469)
After-tax operating income	325,294	255,169	203,494	173,436
Average invested capital	2,437,232	2,176,577	1,975,693	1,953,120
Adjusted return on invested capital	13.3 %	11.7 %	10.3 %	8.9 %
Total assets	3,556,996	3,447,249	2,953,160	2,807,216
Less: Accounts payable	(360,312)	(347,841)	(268,099)	(197,957)
Less: Accrued expenses	(248,320)	(253,330)	(227,735)	(167,264)
Less: Income taxes payable	(3,664)	-	-	-
Less: Defined benefit pension asset	(24,216)	-	-	-
Less: Defined benefit pension liability	-	(536)	(118,523)	(140,007)
Less: Deferred compensation	(30,316)	(35,373)	(44,519)	(45,114)
Less: Other noncurrent liabilities	(13,480)	(89,207)	(58,657)	(8,904)
Less: Dividends payable	(11,742)	(10,616)	(9,556)	(8,079)
Less: Lease liability	(155,469)	(147,759)	(80,202)	(85,817)
Less: Contract liability	(172,915)	(135,746)	(130,018)	(117,945)
Less: Deferred tax liability	(41,091)	(47,849)	(41,689)	(58,906)
Total invested capital	\$ 2,495,471	\$ 2,378,992	\$ 1,974,162	\$ 1,977,223
Beginning of year invested capital	\$ 2,378,992	\$ 1,974,162	\$ 1,977,223	\$ 1,929,016
Average invested capital	\$ 2,437,232	\$ 2,176,577	\$ 1,975,693	\$ 1,953,120

¹ The adjusted effective tax rate for 2022 excludes the effects of the \$33,273 loss from the divestiture of the offshore wind energy structures business which is not deductible for income tax purposes. The effective tax rate including the loss on the divestiture is 29.9%. The adjusted effective tax rate for 2020 excludes the effect of \$12,575 goodwill impairments which are not deductible for income tax purposes. The effective tax rate in 2020 including the impairments is 25.7%.