



# **Q4 and Full-Year 2024 Earnings Presentation**

February 18, 2025

# Disclosure Regarding Forward-Looking Statements

These slides (and the accompanying oral discussion) contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on assumptions made by management, considering its experience in the industries where Valmont operates, perceptions of historical trends, current conditions, expected future developments, and other relevant factors. It is important to note that these statements are not guarantees of future performance or results. They involve risks, uncertainties (some of which are beyond Valmont's control), and assumptions. While management believes these forward-looking statements are based on reasonable assumptions, numerous factors could cause actual results to differ materially from those anticipated. These factors include, among other things, risks described in Valmont's reports to the Securities and Exchange Commission ("SEC"), the Company's actual cash flows and net income, future economic and market circumstances, industry conditions, company performance and financial results, operational 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 by domestic and foreign governments. The Company cautions that any forward-looking statements in this release are made as of its publication date and does not undertake to update these statements, except as required by law.



# CEO Opening Comments

Avner Applbaum, President & CEO

# Full-Year 2024 Key Highlights

**Focusing on Our Core:** The global team's strong performance was driven by focusing on our core strengths and prioritizing what Valmont does best

## Commercial and Operational Excellence Driving Value Creation:

- Commercial teams deepened customer relationships, drove pricing excellence, and captured high-return opportunities
- We invested in customer-driven innovation to solve their challenges
- Operations and production teams adapted to changes in demand and product mix

**Profitable Growth:** We streamlined our organization, structurally reducing costs while improving agility and effectiveness in driving high-return growth

**Leadership & Culture:** We strengthened our executive team with experienced leaders who are committed to delivering on our strategic objectives and the entire team is embracing our core values



## NET SALES

\$4.08B

-2.4%

## OPERATING MARGIN<sup>1</sup>

12.9%

+160 BPS

## OPERATING CASH FLOWS

\$573 MILLION

+86.7%

# 2025 Critical Objectives to Build on Past Success

<b>Catch the Infrastructure Wave</b>	<ul style="list-style-type: none"><li>• Investing in new capabilities and capacity across our footprint to meet growing demand</li><li>• Capitalizing on the largest opportunities in our Utility business</li></ul>
<b>Position Agriculture for Growth</b>	<ul style="list-style-type: none"><li>• Demonstrating resiliency and market leadership during macro-driven headwinds</li><li>• Implementing the tools that will drive us forward in the next growth cycle</li></ul>
<b>Disciplined Resource Allocation</b>	<ul style="list-style-type: none"><li>• Finding better ways to work smarter and more efficiently</li><li>• Aligning capital allocation priorities with our strategic growth plans</li></ul>
<b>World-Class Safety</b>	<ul style="list-style-type: none"><li>• Our people are at the center of everything we do</li><li>• Employee safety is a fundamental commitment</li></ul>
<b>Talent Development</b>	<ul style="list-style-type: none"><li>• Equipping our employees with the skills and opportunities to grow</li><li>• Fostering a high-performance culture that drives innovation and long-term success</li></ul>

**Seizing opportunities to create long-term, sustainable stakeholder value**

# Infrastructure Market Drivers

Steady-to-improving near-term demand across our markets, supported by positive long-term growth drivers

## Near-Term Demand

- **Utility:** Sustained and elevated capital expenditures to support power load growth, the energy transition, and grid hardening initiatives
- **Lighting and Transportation:** Ongoing U.S. DOT investments, supported by state and federal programs; North America lighting is starting to recover, as demand lags single-family housing starts
- **Telecommunications:** Wireless carriers have resumed normalized capital expenditures, supported by global growth in data consumption and connected devices
- **Solar:** Navigating near-term geopolitical uncertainty with focus on strategic differentiators to grow globally; reduced volumes due to the strategic deselection of low-margin projects
- **Coatings:** Aligned with industrial production and regional GDP trends, also supports internal demand

## Global Megatrends



### Multi-Year Energy Transition

The transition to more diverse energy consumption, including renewables, will require innovative, engineered structures to connect in new ways.



### Aging Infrastructure & Resilience

Stronger, more reliable infrastructure is needed to rebuild aging structures to withstand greater climate stress and extend their useful life.



### Technology & Data Consumption

The growth of advanced technologies like AI is driving the demand for data, which will require infrastructure to support both connectivity and the increased grid capacity needed to provide reliable energy.

# Agriculture Market Drivers

Outlook for sustained long-term growth remains robust, despite short-term demand headwinds

## Near-Term Demand

- **North America:** Stabilizing market conditions, although expected declines in corn and soybean cash receipts likely to impact capital investment decisions; our strong Valley brand and compelling ROI provides continued opportunities
- **International:**
  - Brazil:** Farm income remains pressured from lower soybean prices, however, order rates have been stabilizing; Brazil remains a critical component of our long-term strategy, with significant market potential due to size and multiple growing seasons
  - Projects:** Projects are progressing as planned; strong project pipeline, particularly in EMEA<sup>1</sup>; recently secured \$45M project with expected 2025 completion

## Global Megatrends



### Food Security

Technology and advanced equipment will play a critical role as nations worldwide enhance food security.



### Sustainability & Productivity

Precision, tech-enabled equipment will help farmers do more with less, getting the most from our available resources.



### Population Growth

A growing population will require farmers to grow more food, focusing on improved productivity to get the most from our existing resources.



# Financial Results and Outlook

Tom Liguori, EVP & CFO

# Q4 2024 Financial Summary

Dollars in millions, except per-share amounts

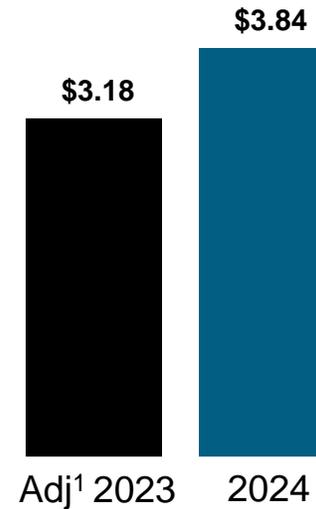
## Net Sales +2.1%



## Operating Income +19.7%



## Diluted EPS +20.8%

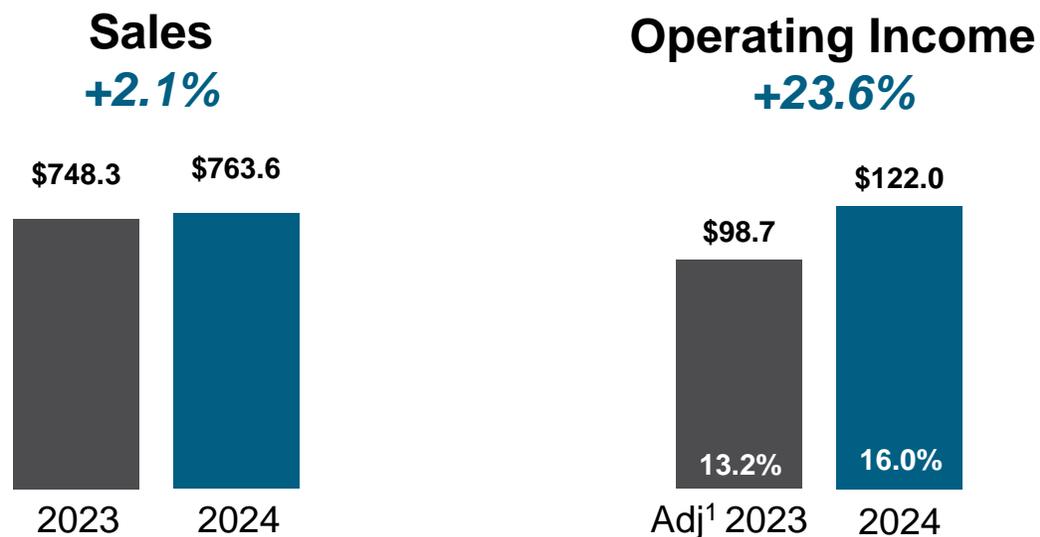


- Operating margin expanded due to strategic pricing, improved operational efficiencies, and disciplined cost management
- Diluted EPS improved due to higher operating income and lower interest expense
- Earnings gains were partially offset by Other Expense related to two small divestitures

<sup>1</sup> Q4 2023 GAAP Operating Income \$63.5M, Operating Margin 6.3%, and Diluted EPS of \$1.38; please see Reg G reconciliation to GAAP measures at end of document.

# Q4 2024 Results | Infrastructure

Dollars in millions



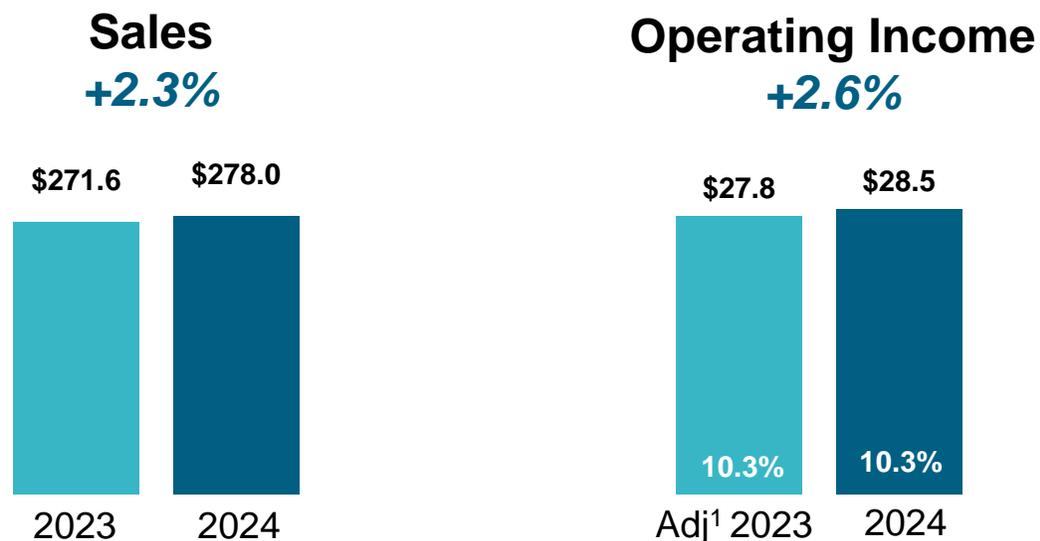
Sales	2023	2024	%
Utility	\$331.3	\$350.7	+5.9%
Lighting and Transportation ("L&T")	\$221.6	\$216.1	-2.5%
Coatings	\$84.1	\$87.0	+3.4%
Telecommunications	\$56.7	\$74.1	+30.8%
Solar	\$54.6	\$35.7	-34.7%

- **Utility:** growth was driven by pricing excellence and a favorable product mix, with higher distribution and substation volumes
- **L&T:** sales declined primarily due to lighting market softness
- **Coatings:** growth in North America partially offset by lower international sales
- **Telecom:** volumes rose as carrier spending increased to more normalized levels
- **Solar:** sales decreased following strategic exit of low-margin projects
- Operating income improved due to growth in Utility and Telecom, improved pricing and lower steel costs

<sup>1</sup> Q4 2023 GAAP Infrastructure Operating Income \$82.6M and Operating Margin 11.1%; please see Reg G reconciliation to GAAP measures at end of document.

# Q4 2024 Results | Agriculture

Dollars in millions



- **North America:** volumes were slightly lower, as increased storm replacement sales were offset by continued market softness; average irrigation selling prices were slightly lower
- **International:** sales grew this quarter led by strength in the EMEA region and slightly higher sales in Brazil; sales gains were partially offset by unfavorable foreign currency impact
- Lower SG&A expenses contributed to operating income improvement

Sales	2023	2024	%
North America	\$136.4	\$129.3	-5.2%
International	\$135.3	\$148.7	+9.9%

<sup>1</sup> Q4 2023 GAAP Agriculture Operating Income \$13.9M and Operating Margin 5.2%; please see Reg G reconciliation to GAAP measures at end of document.

# Full-Year 2024 Financial Summary

Dollars in millions, except per-share amounts

## Net Sales -2.4%



## Operating Income +10.9%



## Diluted EPS +14.8%



- Net sales decreased; Infrastructure sales were flat and Agriculture sales declined
- Diluted EPS improvement primarily driven by improved operating income

### Cash Flow & Liquidity:

- Q4 2024 operating cash flows were \$193 million, bringing YTD operating cash flows to \$573 million
- Deployed \$393 million in 2024 to fully repay the revolving credit line, with a Net Debt to Adjusted EBITDA<sup>2</sup> ratio of 1.0x
- Long-term debt of \$731 million is primarily fixed-rate, with maturities extending to 2044 and 2054

<sup>1</sup> 2023 GAAP Operating Income \$291.6M, Operating Margin 7.0%, and Diluted EPS \$6.78; please see Reg G reconciliation to GAAP measures at end of document

<sup>2</sup> Please see Adjusted EBITDA and Leverage Ratio at end of document

# Providing 2025 Full-Year Financial Outlook

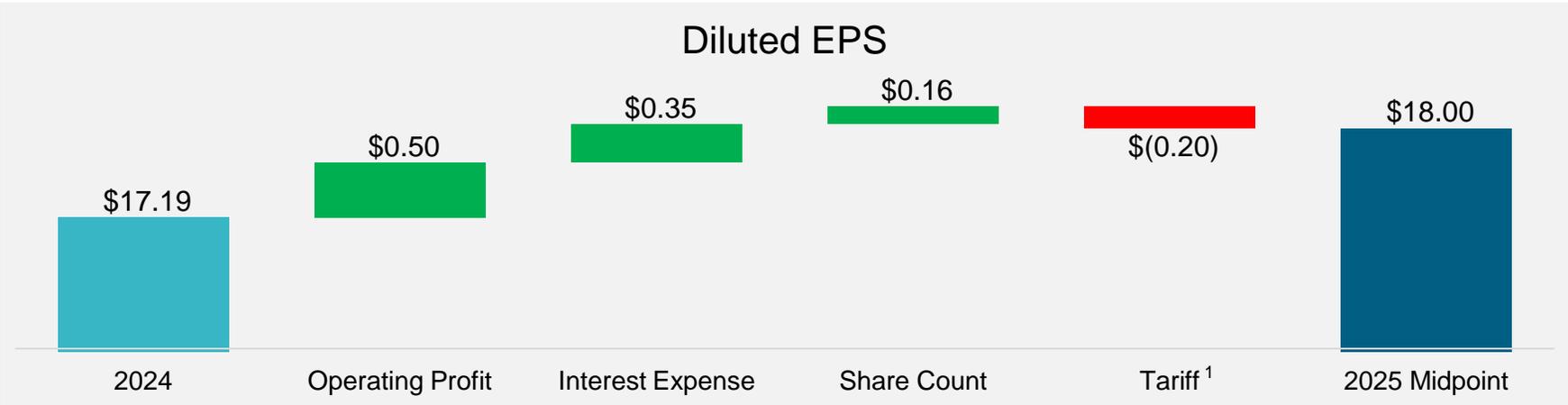
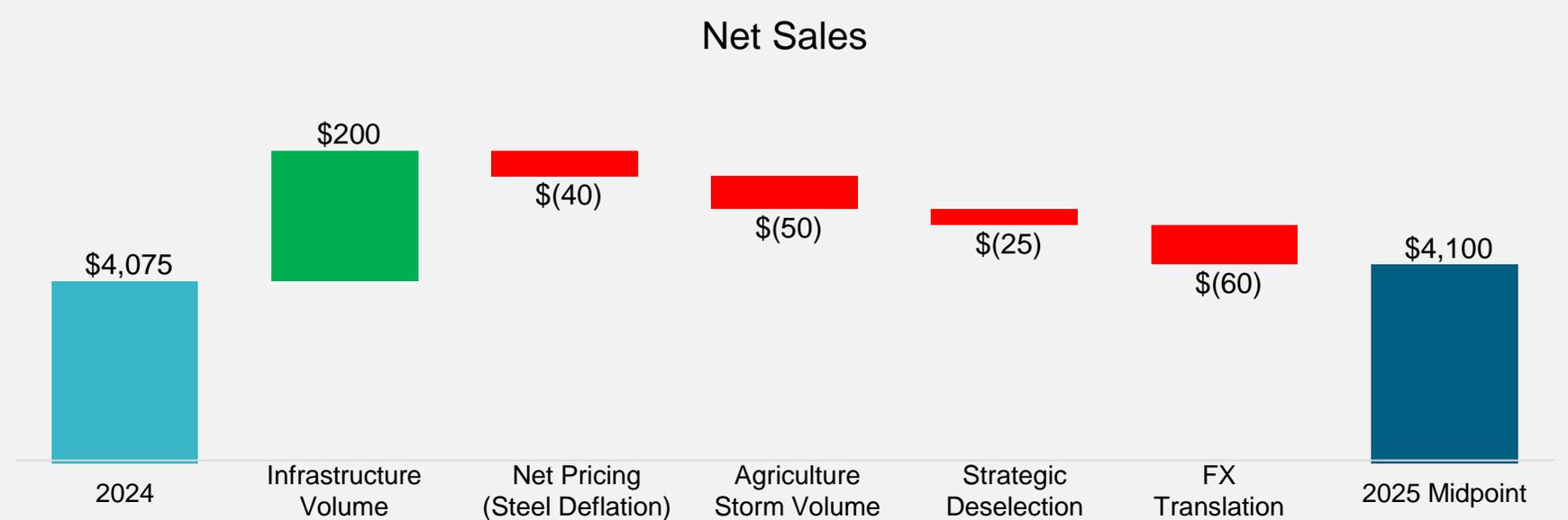
	2025 Outlook	Y/Y
<b>Net Sales</b>	<b>\$4.0B to \$4.2B</b>	<b>~(2%) to ~+3%</b> ~(0.5%) to ~+4.5% CC <sup>1</sup>
<b>Infrastructure Net Sales</b>	<b>\$3.02B to \$3.16B</b>	<b>~+1% to ~+5.5%</b> ~+2% to ~+6.5% CC <sup>1</sup>
<b>Agriculture Net Sales</b>	<b>\$0.98B to \$1.04B</b>	<b>~(9.5%) to ~(3.5%)</b> ~(7%) to ~(1%) CC <sup>1</sup>
<b>Diluted EPS</b>	<b>\$17.20 to \$18.80</b>	<b>Flat to +9%</b>

## Key Assumptions

- Capital Expenditures to be between \$140 to \$160 million
- Effective tax rate to be slightly below 26.0%
- Steel cost assumptions are aligned with futures markets as of February 14, 2025
- Includes recently announced tariffs on China imports as well as imported steel and aluminum

# 2025 Outlook Considerations

Dollars in millions, except per-share amounts



**Net Sales:**

- Infrastructure volume growth primarily in Utility
- Lower steel costs will unfavorably impact Utility pricing
- Agriculture volumes down as international growth is offset by market softness and fewer N.A. storm orders
- Deselection reflects low-margin Solar projects and Q4 2024 divestitures
- FX headwinds in both segments

**Diluted EPS:**

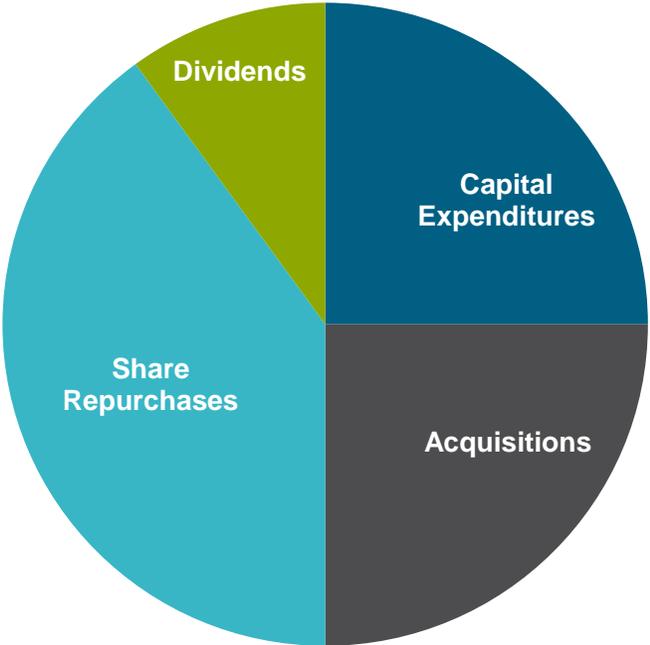
- Operating profit increasing on volumes and efficiency, with tariffs contributing to some reduction

<sup>1</sup> See Q4 Earnings Transcript for more details on tariff impact assumptions



# Capital Allocation Priorities

Illustrative Use of Cash Over the Next 3-5 Years



~50% Growing Our Business	
<b>Capital Expenditures</b>	<ul style="list-style-type: none"> <li>Increasing annual CapEx run rate to ~\$150M in the near-term, up from ~\$95M</li> <li>Investments to catch the infrastructure wave and support growth</li> </ul>
<b>Acquisitions</b>	<ul style="list-style-type: none"> <li>Strategic fit at the right price</li> <li>Be selective and focus on growth and ROIC</li> </ul>
~50% Returning Cash to Shareholders	
<b>Share Repurchases</b>	<ul style="list-style-type: none"> <li>New \$700M authorization announced February 2025</li> </ul>
<b>Dividends</b>	<ul style="list-style-type: none"> <li>13% dividend increase announced February 2025</li> <li>Targeting annual increases in line with growing earnings</li> </ul>

**Disciplined and Balanced Capital Allocation Driving Shareholder Value**

# Q&A

# Appendix

# Committed to Long-Term Financial Targets

## Net Sales Growth<sup>1</sup>

**MSD+**

- Driven by markets with a positive growth outlook, aligned with megatrends
- Innovation and market expansion to outpace overall market growth

## Operating Margin

Approaching  
**Mid-Teens**

- Driven by strategic pricing aligned delivered value
- Streamlined organization supporting the strategy
- Operational efficiencies with a focus on addressing the outliers

## Return on Invested Capital

**High-Teens**

- Focused on a disciplined, efficient capital allocation strategy
- Internal investments and acquisitions are evaluated based on both financial and strategic criteria

## Net Earnings FCF Conversion

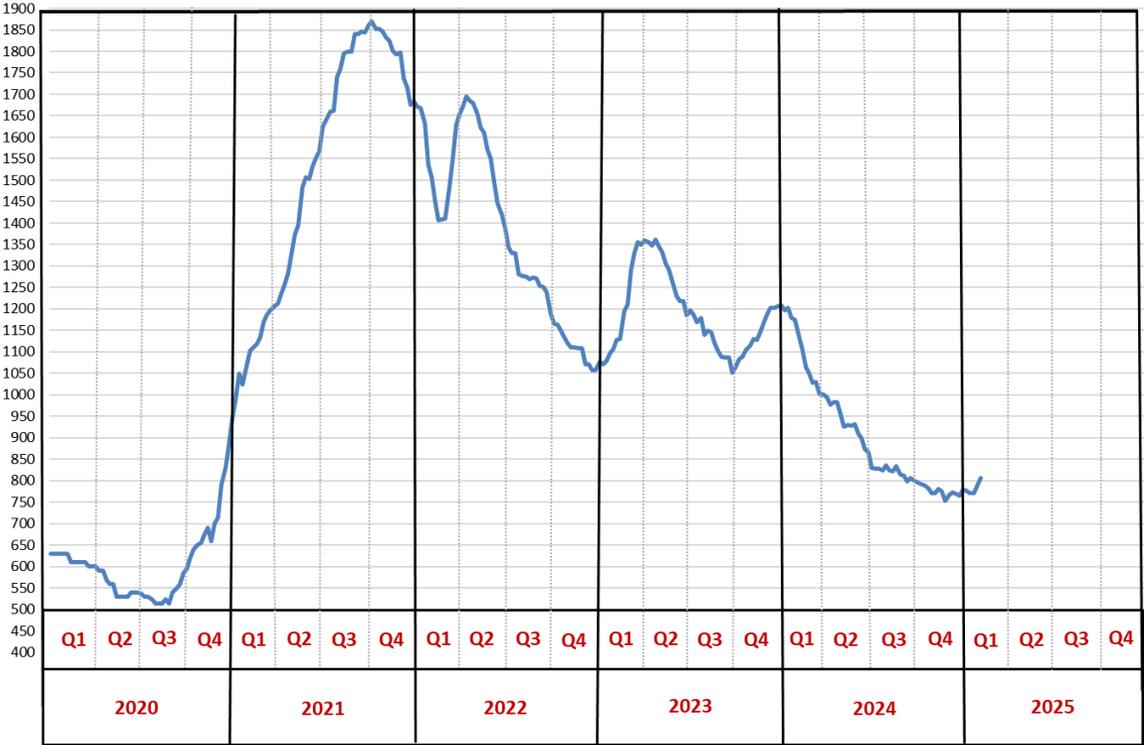
**100%**

- Focused on managing net working capital to maximize cash flow
- Emphasis on supply chain and inventory optimization

Delivering reliable growth while expanding operating margins and ROIC to create lasting shareholder value

# Steel Material Index Trends

AMM Steel Material Index  
National Mills Carbon Grade  
Cut to Length and Coiled / Hot Rolled Plate Average  
2020 through 2025 YTD



- Steel index deflation impacted revenues in 2024
- Utility is most affected by steel cost changes due to the contractual pricing mechanisms and a strong backlog

# Utility Industry Capital Expenditures

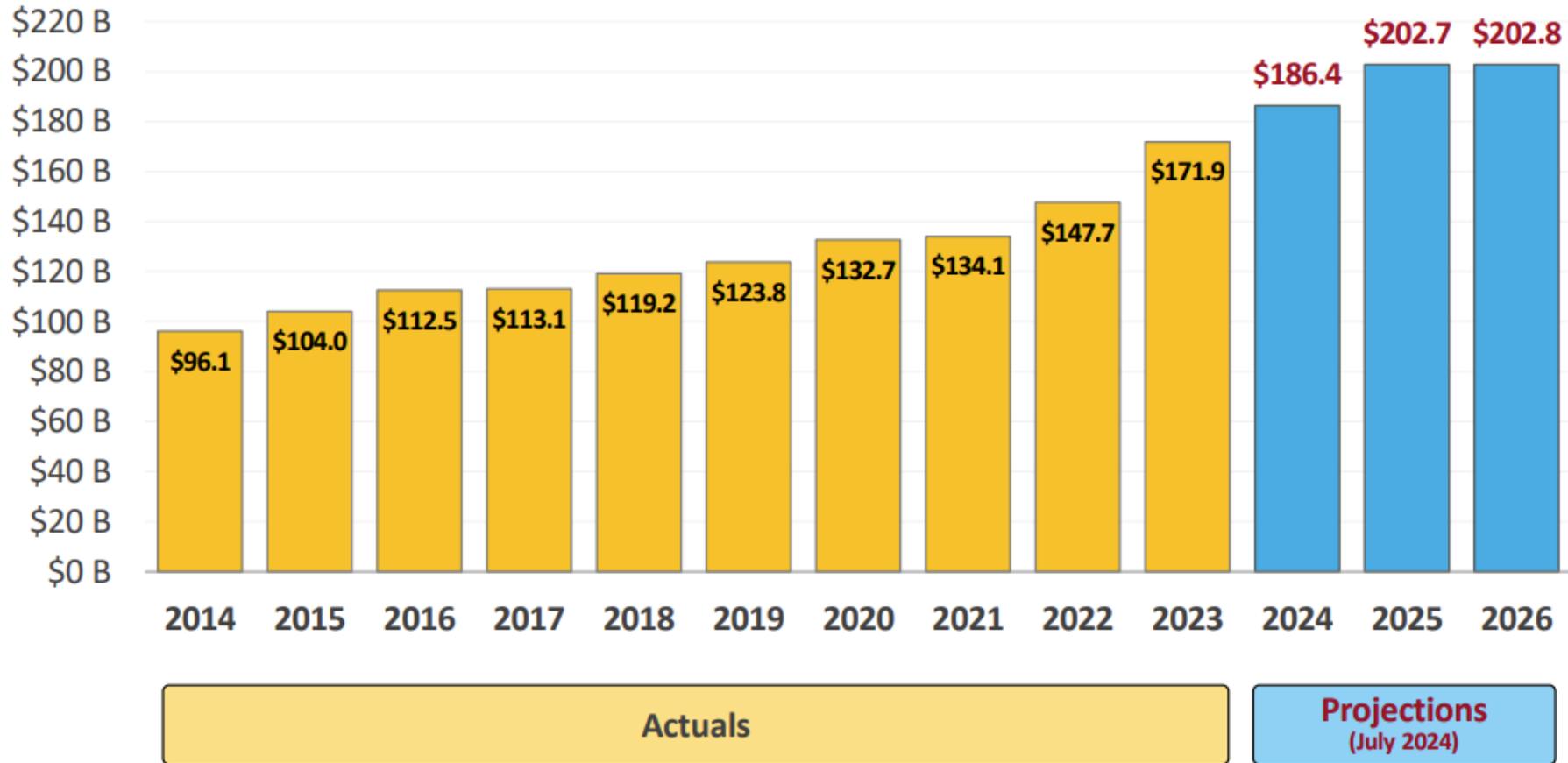
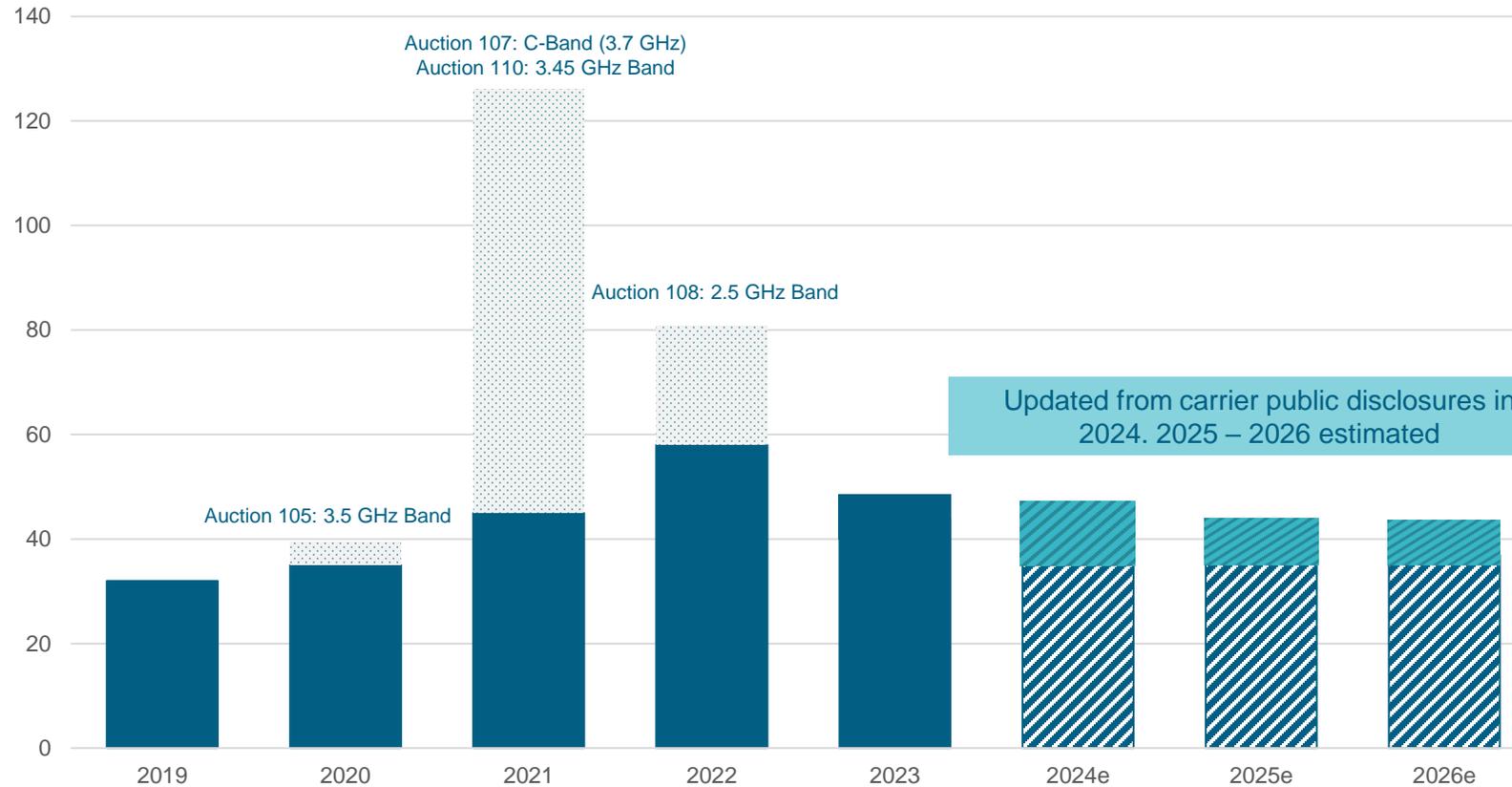


Chart represents total company spending of U.S. Investor-Owned Electric Utilities, consolidated at the parent or appropriate holding company.

At the industry level, CapEx tends to be overestimated for the current, or first, year's projection and underestimated for the two following years. We expect a continued level of elevated spending after accounting for the historical trend of over- and underestimation.

# Wireless Carrier Spending

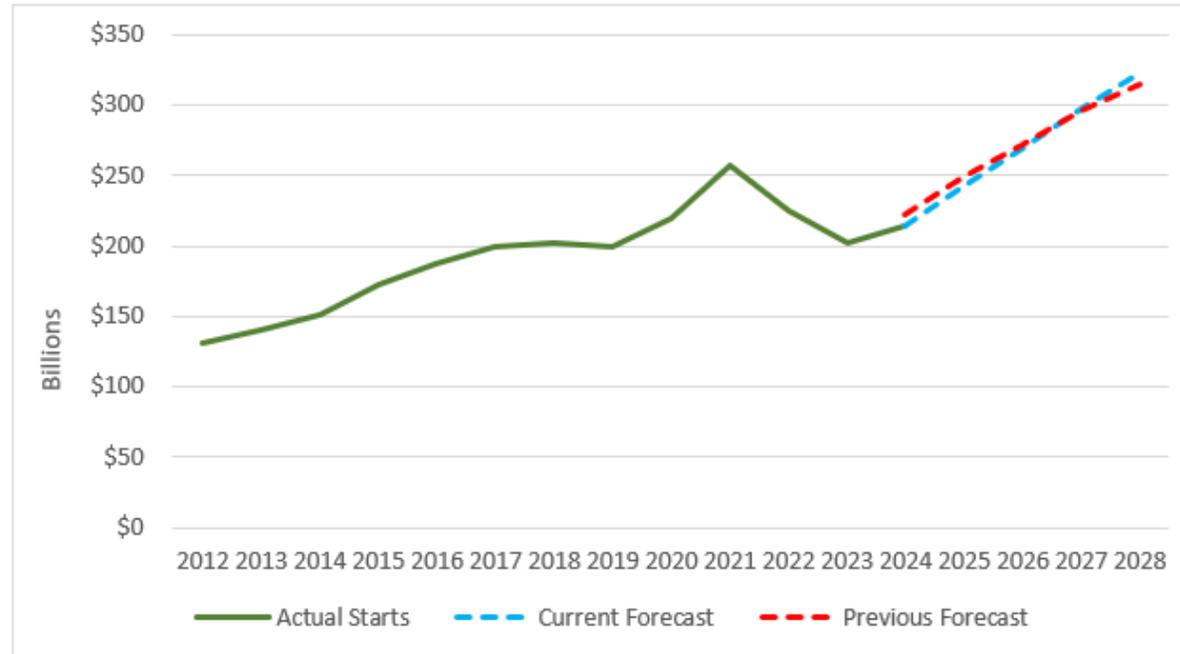
US Wireless CapEx & 5G Auction Spend (US\$ billions, 2019-2026E)



The data does not include investments in fiber or other digital infrastructure, or expenditures for private networks. Also not included is the tower companies' capex to acquire, build, or augment existing sites. Funding from BEAD or other government programs is not included in the projections. All of this activity is additive to planned network investments and construction.

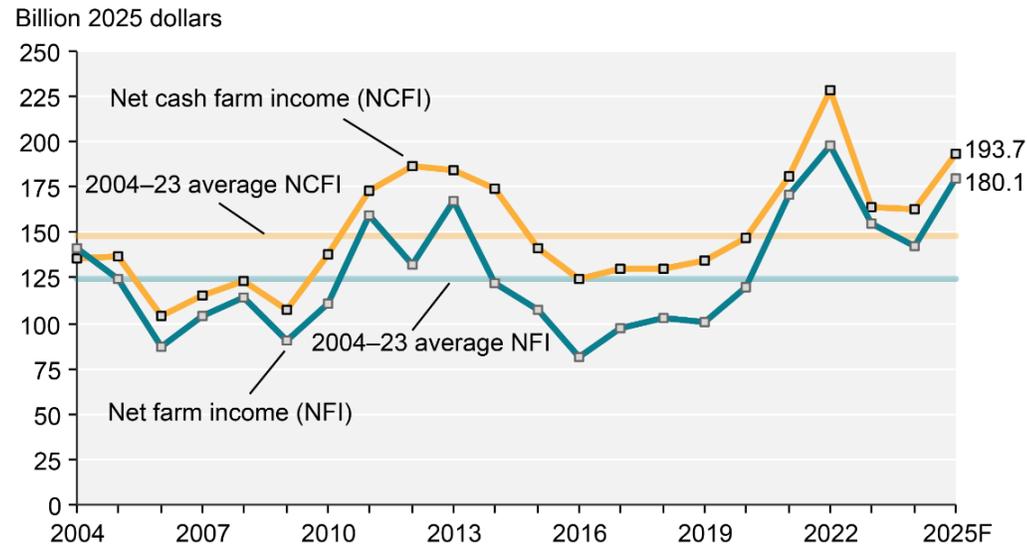
Source: Inside Towers  
Updated: October 2024

# Single Family Housing Starts Market Forecast



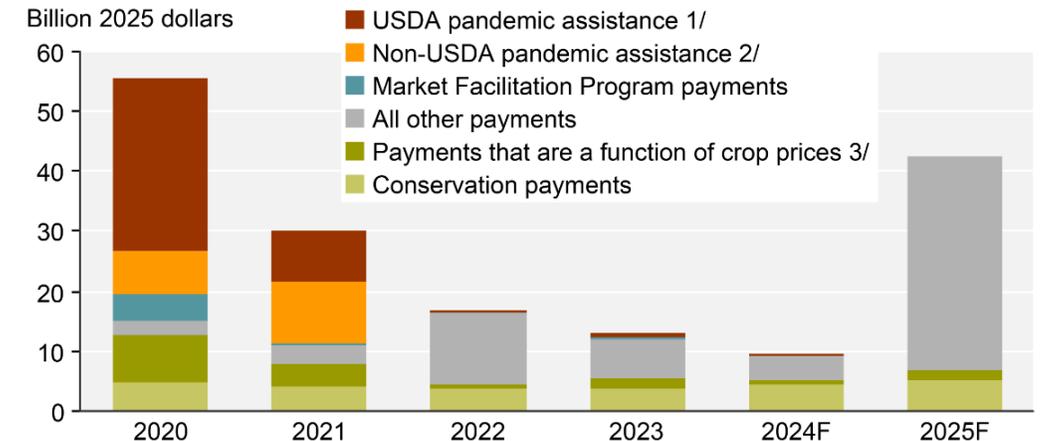
# U.S. Net Cash Farm Income by Year

**U.S. net farm income and net cash farm income, inflation adjusted, 2004–25F**



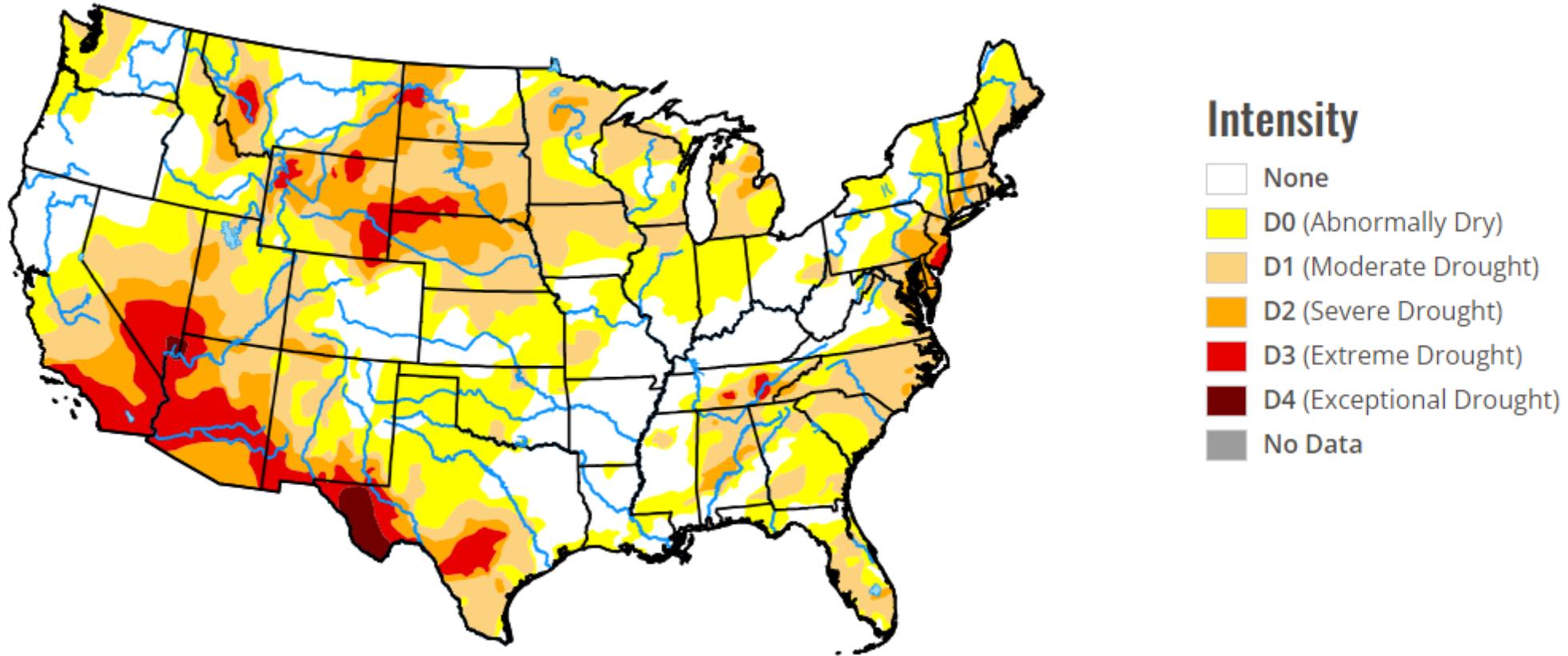
Note: F = forecast; data for 2024 and 2025 are forecasts. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2025 by USDA, Economic Research Service.  
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.  
 Data as of February 6, 2025.

**Direct Government payments to U.S. farm producers, 2020–25F**



Note: F = forecast. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2025 by USDA, Economic Research Service.  
 1/ Includes payments from the Coronavirus Food Assistance Program and other USDA pandemic assistance for producers.  
 2/ Includes forgiven loans from the Paycheck Protection Program.  
 3/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, and dairy payments.  
 Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.  
 Data as of February 6, 2025.

# U.S. Drought Condition



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

*Dollars in thousands, except per-share amounts*

The non-GAAP table below discloses the impacts on net earnings for fiscal 2023 from several items, including the impairment of goodwill and other intangible assets, realignment charges, and non-recurring charges associated with major scope changes for two strategic projects initiated by departed senior leadership. It also includes the effects of the loss from Argentine peso hyperinflation and non-recurring tax benefit items. Amounts may be impacted by rounding. The Company believes that presenting non-GAAP adjusted net earnings, alongside the corresponding reported GAAP measures, provides useful insights for both management and investors when evaluating performance.

	<b>Thirteen weeks ended December 30, 2023</b>	<b>Diluted earnings per share<sup>1</sup></b>	<b>Fifty-two weeks ended December 30, 2023</b>	<b>Diluted earnings per share<sup>1</sup></b>
Net earnings attributable to Valmont Industries, Inc. including change in redemption value of redeemable noncontrolling interests - as reported	\$ 28,587	\$ 1.38	\$ 143,475	\$ 6.78
Less: Change in redemption value of redeemable noncontrolling interests	7,374	0.36	7,374	0.35
Net earnings attributable to Valmont Industries, Inc.	35,961	1.73	150,849	7.13
Impairment of long-lived assets	—	—	140,844	6.66
Realignment charges	31,030	1.49	35,210	1.66
Other non-recurring charges	5,626	0.27	5,626	0.27
Total adjustments, pre-tax	36,656	1.77	181,680	8.59
Tax effect of adjustments <sup>2</sup>	(9,118)	(0.44)	(14,550)	(0.69)
Loss from Argentine peso hyperinflation, net of tax, attributable to Valmont Industries, Inc.	2,535	0.12	2,535	0.12
Non-recurring tax benefit items	—	—	(3,588)	(0.17)
Net earnings attributable to Valmont Industries, Inc. - adjusted	<u>\$ 66,034</u>	<u>\$ 3.18</u>	<u>\$ 316,926</u>	<u>\$ 14.98</u>
Average shares outstanding (000s) - diluted		20,764		21,159

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

<sup>2</sup>The tax effect of adjustments is calculated based on the income tax rate in each applicable jurisdiction.

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

*Dollars in thousands, except per-share amounts*

The Company previously adjusted non-GAAP financial measures to exclude Prospera intangible asset amortization and stock-based compensation for Prospera employees, providing investors with a clearer view of the Agriculture segment's performance related to traditional products. Following the annual impairment testing of intangible asset values as of September 2, 2023, the Company significantly reduced the value of Prospera intangible assets. Additionally, realignment activities approved by the Board of Directors in the third quarter of fiscal 2023 impacted future stock compensation for Prospera employees. As a result, the Company no longer considers these historical adjustments related to Prospera to be relevant for understanding the Agriculture segment's performance in the fourth quarter of fiscal 2023, the second half of fiscal 2023, or in future periods. Since these adjustments were included in net earnings for the first half of fiscal 2023, the Company has removed their impact when presenting the "further adjusted" net earnings for fiscal 2023 below.

	<b>Thirteen weeks ended December 30, 2023</b>	<b>Diluted earnings per share<sup>1</sup></b>	<b>Fifty-two weeks ended December 30, 2023</b>	<b>Diluted earnings per share<sup>1</sup></b>
Net earnings attributable to Valmont Industries, Inc. - adjusted	\$ 66,034	\$ 3.18	\$ 316,926	\$ 14.98
Prospera intangible asset amortization	—	—	3,290	0.16
Prospera stock-based compensation	—	—	4,278	0.20
Tax effect of adjustments <sup>2</sup>	—	—	(1,092)	(0.05)
Net earnings attributable to Valmont Industries, Inc. - further adjusted	<u>\$ 66,034</u>	<u>\$ 3.18</u>	<u>\$ 323,402</u>	<u>\$ 15.28</u>
Average shares outstanding (000s) - diluted		20,764		21,159

<sup>1</sup>Diluted earnings per share includes rounding.

<sup>2</sup>The tax effect of adjustments is calculated based on the income tax rate in each applicable jurisdiction.

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

*Dollars in thousands*

The non-GAAP tables below disclose the impacts on operating income (loss) for fiscal 2023 from several items, including the impairment of goodwill and other intangible assets, realignment charges, and other non-recurring charges associated with major scope changes for two strategic projects initiated by departed senior leadership. Amounts may be impacted by rounding. The Company believes that presenting non-GAAP adjusted operating income (loss), alongside the corresponding reported GAAP measures, provides useful insights for both management and investors when evaluating performance.

<b>Thirteen weeks ended December 30, 2023</b>				
<b>Operating Income (Loss) Reconciliation</b>	<b><i>Infrastructure</i></b>	<b><i>Agriculture</i></b>	<b><i>Corporate</i></b>	<b><i>Consolidated</i></b>
Operating income (loss) - as reported	\$ 82,550	\$ 13,946	\$ (32,948)	\$ 63,548
Realignment charges	16,191	8,194	6,645	31,030
Other non-recurring charges	—	5,626	—	5,626
Adjusted operating income (loss)	<u>\$ 98,741</u>	<u>\$ 27,766</u>	<u>\$ (26,303)</u>	<u>\$ 100,204</u>
Net sales - as reported	745,713	269,813	—	1,015,526
Operating income (loss) as a % of net sales	11.1 %	5.2 %	NM	6.3 %
Adj. operating inc. (loss) as a % of net sales	13.2 %	10.3 %	NM	9.9 %

<b>Fifty-two weeks ended December 30, 2023</b>				
<b>Operating Income (Loss) Reconciliation</b>	<b><i>Infrastructure</i></b>	<b><i>Agriculture</i></b>	<b><i>Corporate</i></b>	<b><i>Consolidated</i></b>
Operating income (loss) - as reported	\$ 396,253	\$ 16,850	\$ (121,546)	\$ 291,557
Impairment of long-lived assets	3,571	137,273	—	140,844
Realignment charges	17,260	9,101	8,849	35,210
Other non-recurring charges	—	5,626	—	5,626
Adjusted operating income (loss)	<u>\$ 417,084</u>	<u>\$ 168,850</u>	<u>\$ (112,697)</u>	<u>\$ 473,237</u>
Net sales - as reported	2,999,637	1,174,961	—	4,174,598
Operating income (loss) as a % of net sales	13.2 %	1.4 %	NM	7.0 %
Adj. operating inc. (loss) as a % of net sales	13.9 %	14.4 %	NM	11.3 %

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

*Dollars in thousands*

The Company previously adjusted non-GAAP financial measures to exclude Prospera intangible asset amortization and stock-based compensation for Prospera employees, providing investors with a clearer view of the Agriculture segment's performance related to traditional products. Following the annual impairment testing of intangible asset values as of September 2, 2023, the Company significantly reduced the value of Prospera intangible assets. Additionally, realignment activities approved by the Board of Directors in the third quarter of fiscal 2023 impacted future stock compensation for Prospera employees. As a result, the Company no longer considers these historical adjustments related to Prospera to be relevant for understanding the Agriculture segment's performance in the fourth quarter of fiscal 2023, the second half of fiscal 2023, or in future periods. Since these adjustments were included in operating income (loss) for the first half of fiscal 2023, the Company has removed their impact when presenting "further adjusted" operating income (loss) for fiscal 2023 below.

<b>Operating Income (Loss) Reconciliation</b>	<b>Fifty-two weeks ended December 30, 2023</b>			
	<i>Infrastructure</i>	<i>Agriculture</i>	<i>Corporate</i>	<i>Consolidated</i>
Adjusted operating income (loss)	\$ 417,084	\$ 168,850	\$ (112,697)	\$ 473,237
Prospera intangible asset amortization	—	3,290	—	3,290
Prospera stock-based compensation	—	4,278	—	4,278
Further adjusted operating income (loss)	<u>\$ 417,084</u>	<u>\$ 176,418</u>	<u>\$ (112,697)</u>	<u>\$ 480,805</u>
Net sales - as reported	2,999,637	1,174,961	—	4,174,598
Adj. operating inc. (loss) as a % of net sales	13.9%	14.4%	NM	11.3%
Further adj. oper. inc. (loss) as a % of net sales	13.9%	15.0%	NM	11.5%

# Reconciliation of Constant Currency

*Dollars in thousands*

Defined as financial results adjusted for foreign currency translation impacts by translating current period and prior period activity using the same currency conversion rate. This approach is used for countries whose functional currency is not the U.S. dollar.

	Fiscal 2025 Net Sales Outlook					
	Low End			High End		
	<i>Infrastructure</i>	<i>Agriculture</i>	<i>Consolidated</i>	<i>Infrastructure</i>	<i>Agriculture</i>	<i>Consolidated</i>
Net sales	\$ 3,025,000	\$ 975,000	\$ 4,000,000	\$ 3,160,000	\$ 1,040,000	\$ 4,200,000
Impact of foreign exchange	35,000	25,000	60,000	35,000	25,000	60,000
Net sales - constant currency	<u>\$ 3,060,000</u>	<u>\$ 1,000,000</u>	<u>\$ 4,060,000</u>	<u>\$ 3,195,000</u>	<u>\$ 1,065,000</u>	<u>\$ 4,260,000</u>
Net sales - year-over-year change	0.9%	-9.4%	-1.8%	5.4%	-3.4%	3.1%
Impact of foreign exchange	1.2%	2.3%	1.5%	1.2%	2.3%	1.5%
Net sales - constant currency	2.1%	-7.1%	-0.4%	6.6%	-1.1%	4.5%

The foreign exchange impact assumes the following currency exchange rates for the most significant translation effects: BRL/USD: 5.90, AUD/USD: 1.58, and EUR/USD: 0.96

# Historical Free Cash Flow<sup>1,2</sup>

Dollars in millions

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net cash flows from operating activities	\$ 272.3	\$ 232.8	\$ 133.1	\$ 153.0	\$ 307.6	\$ 316.3	\$ 65.9	\$ 326.3	\$ 306.8	\$ 572.7
Net cash flows from investing activities	(48.2)	(53.0)	(49.6)	(155.4)	(168.1)	(104.0)	(417.3)	(132.1)	(115.3)	(78.9)
Net cash flows from financing activities	(32.0)	(95.2)	(32.0)	(162.1)	(98.9)	(173.8)	133.5	(181.9)	(176.4)	(522.6)
Net cash flows from operating activities	\$ 272.3	\$ 232.8	\$ 133.1	\$ 153.0	\$ 307.6	\$ 316.3	\$ 65.9	\$ 326.3	\$ 306.8	\$ 572.7
Purchase of plant, property, and equipment	(45.5)	(57.9)	(55.3)	(72.0)	(97.4)	(106.7)	(107.8)	(93.3)	(96.8)	(79.5)
Free cash flow	226.8	174.9	77.8	81.0	210.2	209.6	(41.9)	233.0	210.0	493.2
Net earnings attributable to Valmont Industries, Inc.	\$ 40.1	\$ 175.5	\$ 120.5	\$ 101.8	\$ 146.4	\$ 140.7	\$ 195.6	\$ 250.9	\$ 150.8	\$ 348.3
Adjusted free cash flow net earnings attributable to Valmont Industries, Inc.	\$ 131.7	\$ 139.9	\$ 162.7	\$ 130.4	\$ 146.4	\$ 159.8	\$ 222.3	\$ 284.2	\$ 291.6	\$ 348.3
Free Cash Flow Conversion - GAAP	5.66	1.00	0.65	0.80	1.44	1.49	(0.21)	0.93	1.39	1.42
Free Cash Flow Conversion - Adjusted	1.71	1.25	0.48	0.62	1.44	1.31	(0.19)	0.82	0.72	1.42

## Reconciliation of Net Earnings to Adjusted Figures

Net earnings attributed to Valmont Industries, Inc.	\$ 40.1	\$ 175.5	\$ 120.5	\$ 101.8	\$ 146.4	\$ 140.7	\$ 195.6	\$ 250.9	\$ 150.8	\$ 348.3
Loss from divestiture of offshore wind energy structures business	-	-	-	-	-	-	-	33.3	-	-
Change in valuation allowance against deferred tax assets	7.1	(20.7)	41.9	-	-	-	5.0	-	-	-
Impairment of long-lived assets	61.8	1.1	-	28.6	-	19.1	21.7	-	140.8	-
Reversal of contingent liability	-	(16.6)	-	-	-	-	-	-	-	-
Other non-recurring expenses (non-cash)	18.1	-	-	-	-	-	-	-	-	-
Noncash loss from Delta EMD shares	4.6	0.6	0.2	-	-	-	-	-	-	-
Adjusted free cash flow net earnings attributable to Valmont Industries, Inc.	\$ 131.7	\$ 139.9	\$ 162.7	\$ 130.4	\$ 146.4	\$ 159.8	\$ 222.3	\$ 284.2	\$ 291.6	\$ 348.3

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

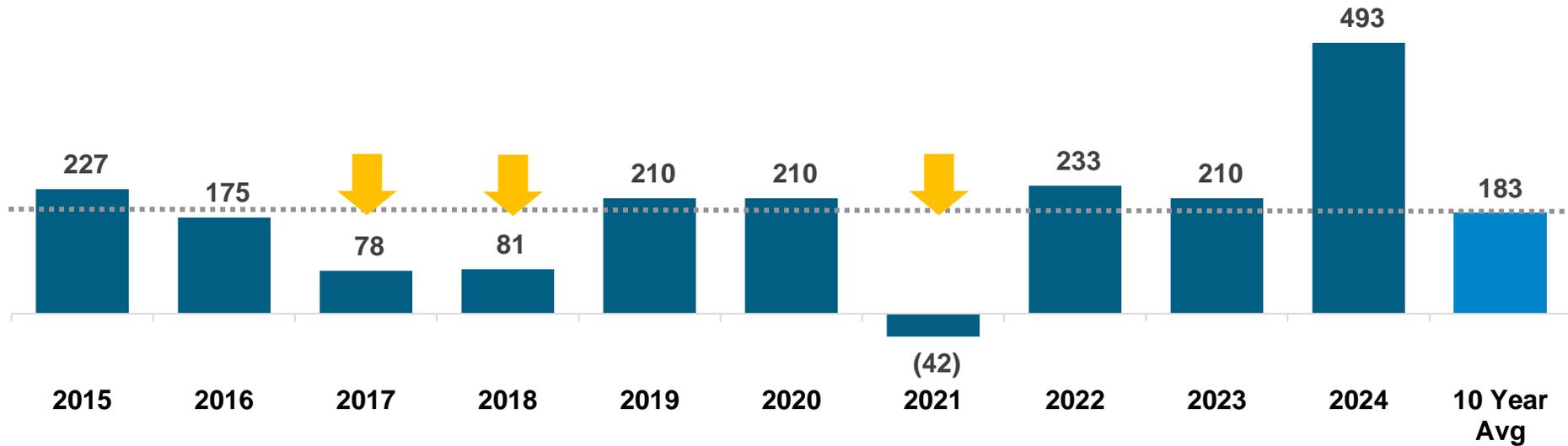
<sup>2</sup>The Company utilizes the non-GAAP measure of free cash flow, defined as net cash flows provided by operating activities minus purchases of property, plant, and equipment. Management considers free cash flow a valuable performance metric and believes it provides investors with a meaningful basis for comparing the Company's performance to that of other companies.

# Free Cash Flow Throughout the Cycle



Years of rapid raw material cost inflation

2015 – 2024 Free Cash Flow (USD M)



Historical Free Cash Flow<sup>1</sup> Conversion by Year

<b>GAAP</b>	5.66X	1.00X	0.65X	0.80X	1.44X	1.49X	(0.21X)	0.93X	1.39X	1.42X
<b>Adj.</b>	1.71X	1.25X	0.48X	0.62X	1.44X	1.31X	(0.19X)	0.82X	0.72X	1.42X

<sup>1</sup>The Company utilizes the non-GAAP measure of free cash flow, defined as net cash flows provided by operating activities minus purchases of property, plant, and equipment. Management considers free cash flow a valuable performance metric and believes it provides investors with a meaningful basis for comparing the Company's performance to that of other companies.

# Calculation of Adjusted EBITDA and Leverage Ratio

*Dollars in thousands*

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

	<b>Four fiscal quarters ended December 28, 2024</b>
Net cash flows from operating activities	\$ 572,678
Interest expense	58,722
Income tax expense	117,978
Deferred income taxes	24,655
Redeemable noncontrolling interests	(2,365)
Net periodic pension cost	(640)
Contribution to defined benefit pension plan	19,599
Changes in assets and liabilities	(128,232)
Other	(12,172)
Proforma divestitures adjustment	(2,346)
Adjusted EBITDA	<u>\$ 647,877</u>
Net earnings attributable to Valmont Industries, Inc.	\$ 348,259
Interest expense	58,723
Income tax expense	117,977
Depreciation and amortization expense	95,395
Stock-based compensation	29,869
Proforma divestitures adjustment	(2,346)
Adjusted EBITDA	<u>\$ 647,877</u>
Interest-bearing debt, excluding origination fees and discounts of \$25,613	\$ 757,915
Less: cash and cash equivalents in excess of \$50,000	114,315
Net indebtedness	<u>\$ 643,600</u>
Leverage ratio	0.99