



4Q and Full Year 2023 Earnings Presentation

February 22, 2024



Today's Agenda

- 01 2023 Results & Market Dynamics
- 02 4Q 2023 Results & Initial 2024 Outlook
- 03 Valmont Business Model
- 04 Long-term Financial Targets

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, 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.



CEO Opening Comments

Avner Applbaum, President & CEO

Full Year 2023 Financials and Key Messages

\$4.2B

Net Sales

(3.9%)

Y/Y Net Sales

7.0%

Operating Margin

11.3%

Adj. Operating Margin¹

\$6.78

GAAP Diluted EPS

\$14.98

Adj. Diluted EPS¹

\$307M

Operating Cash Flow

\$395M

Cash Returned to Shareholders



The global Valmont team navigated a dynamic demand environment and delivered **solid full-year results; expanded gross and adjusted operating margins and grew adjusted diluted earnings per share** despite lower sales

Operational excellence and pricing strategies in both segments drove margin expansion and allowed us to capture the value we add to customers

Infrastructure net sales were \$3.0 billion, up 3% year-over-year; due to strong growth in Solar and TD&S driven by multi-year secular drivers, offset by reduced volumes in Telecommunications

Agriculture net sales were \$1.2 billion, down 12% year-over-year; due to lower North America volumes, **partially offset by international sales growth**

Near-Term Dynamic Markets with Multi-Year Drivers



Infrastructure

- Benefiting from several long-term, secular growth drivers
- Utilities are sustaining elevated capex spending due to grid hardening initiatives, power load growth and the energy transition
- Transportation market demand is supported by road construction investment; future benefits expected from Infrastructure Investment and Jobs Act (“IIJA”) although funding is slower than anticipated
- Solar expects to see demand tailwinds from the Inflation Reduction Act (“IRA”); 10-year investment tax credit extension supports US demand; favorable policies support international demand
- Telecom softness as wireless carriers have communicated reduced capex spending this year, following record levels of investment



Agriculture

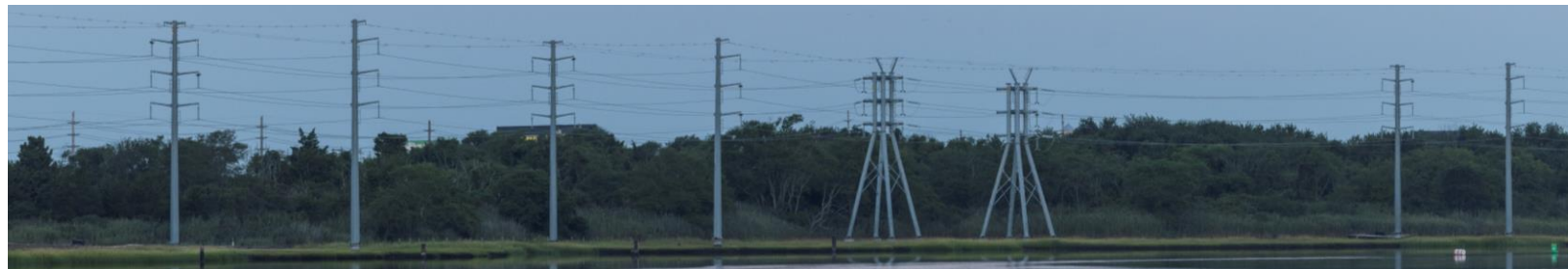
- U.S. net farm income levels are expected to decline significantly in 2024 compared to 2023 which is weighing on sentiment; however, growers’ balance sheets are expected to remain strong
- International market fundamentals are mixed
 - Brazil sentiment and expected farm income levels are softening due to lower grain prices, high interest rates, and unfavorable weather patterns; however, remains a key part of our long-term strategy
 - Project pipeline is providing a multi-year line of sight; food security concerns, the ability to produce goods for export and growing populations driving demand; Egypt project shipments expected to continue throughout 2024



Financial Results and Outlook

Tim Francis, Interim CFO

4Q 2023 Financial Summary

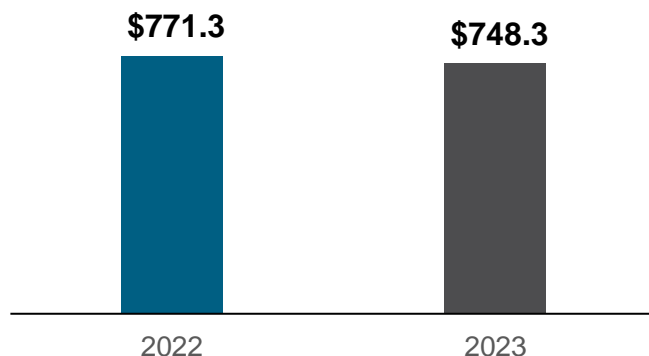


\$M, except EPS	GAAP			Adjusted ¹		
	4Q 2023	4Q 2022	Y/Y	4Q 2023	4Q 2022	Y/Y
Net Sales	1,015.5	1,131.5	-10.3%	1,015.5	1,098.2	-7.5%
Operating Income	63.5	109.7	-42.1%	100.2	113.7	-11.9%
Operating Margin	6.3%	9.7%	-340bps	9.9%	10.4%	-50bps
Net Earnings	28.6	40.3	-29.1%	66.0	77.3	-14.5%
Diluted EPS	1.38	1.86	-25.8%	3.18	3.57	-10.9%

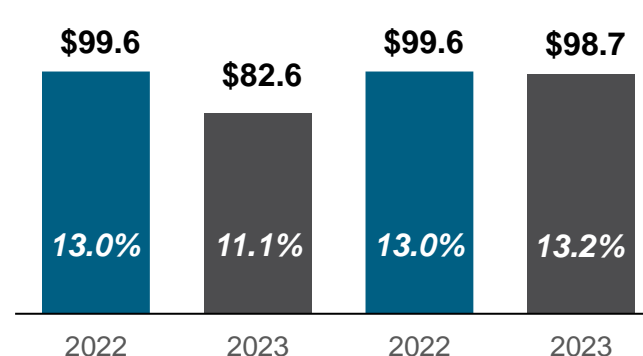
- Infrastructure sales decreased 3.0%, Agriculture sales decreased 18.9%
- GAAP operating margin decreased to 6.3%; Adjusted¹ operating margin decreased to 9.9%
- GAAP Diluted Earnings per Share was \$1.38; Adjusted¹ Diluted Earnings per Share was \$3.18

4Q 2023 Results | Infrastructure

Sales (\$M)
-3.0%



Operating Income (\$M)
GAAP: -17.1% Adjusted¹: -0.9%

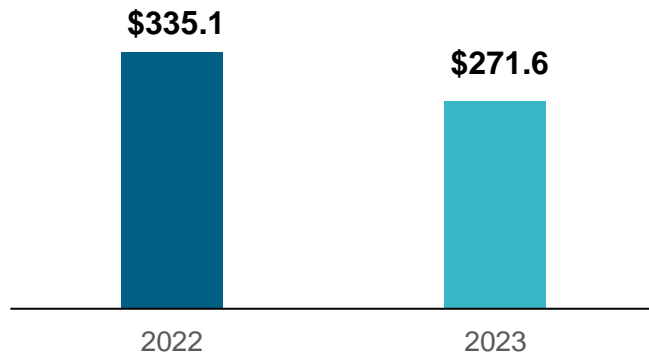


- Sales decreased slightly year-over-year
- Higher volumes in TD&S and Solar, and favorable pricing across the portfolio, were more than offset by lower Telecom and Coatings volumes
- Operating margin decreased 190 bps to 11.1% (increased 20 bps to 13.2% adjusted¹); favorable pricing and deliberate actions to improve COGS were more than offset by lower volumes

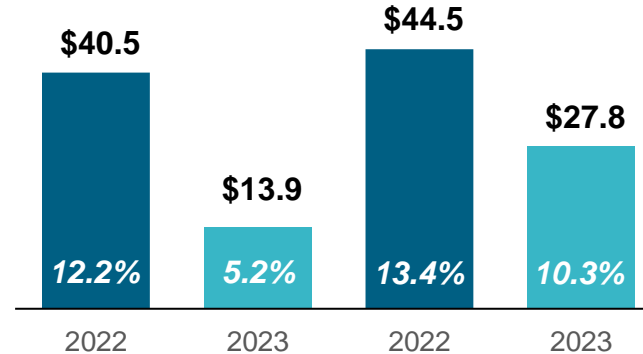
Sales (\$M)	2022	2023	%
Transmission, Distribution, and Substation (TD&S)	\$302.4	\$316.7	+5%
Lighting and Transportation (L&T)	\$239.5	\$236.2	-1%
Coatings	\$92.4	\$84.1	-9%
Telecommunications	\$87.6	\$56.7	-35%
Solar	\$49.4	\$54.6	+11%

4Q 2023 Results | Agriculture

Sales (\$M)
-18.9%



Operating Income (\$M)
GAAP: -65.6% Adjusted¹: -37.6%



Sales (\$M)	2022	2023	%
North America	\$202.6	\$136.4	-33%
International	\$132.5	\$135.2	+2%
Irrigation Equipment and Parts	\$303.0	\$244.1	-19%
Technology Products and Services	\$32.1	\$27.5	-14%

- Sales down 18.9% year-over-year
- North America sales were lower as farmer sentiment remains muted and 4Q 2022 benefited from ongoing delivery of elevated backlog
- Average irrigation selling prices were comparable to last year
- International growth was led by higher project sales and sales from the HR Products acquisition, offset by lower sales in Brazil
- Operating margin decreased; driven by lower volumes and higher SG&A

YTD Cash Flow Highlights



\$M

YTD 12/30/2023

Net Cash Flows from Operating Activities	\$307
Net Cash Flows from Investing Activities	(115)
Net Cash Flows from Financing Activities	(176)
Net Cash Flows from Operating Activities	\$307
Purchase of Property, Plant, & Equipment	(97)
Free Cash Flows	\$210

- Strong 4Q 2023 Operating Cash Flows of ~\$116 million
- Full Year free cash flow of \$210 million, driven by net earnings and diligent working capital management, primarily reductions in inventory

Balanced Approach to Capital Allocation

2023 Full Year Capital Deployment: \$525M

Growing Our Business

\$97M

Capital Expenditures

\$33M

Acquisitions

- Q4 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
- Targeting opportunities in end markets with favorable and global long-term demand trends
- Completed acquisition of HR Products
- Returns exceeding cost of capital within 3 years

Returning Cash To Shareholders

\$345M

Share Repurchases

\$50M

Dividends

- Q4 Share Repurchase of \$178.6M, inclusive of \$120.0M Accelerated Share Repurchase
- Additional \$400M share repurchase authorization announced February 2023; ~\$136M remains on current authorization
- Opportunistic approach, supported by free cash flow
- Q4 Dividends Paid \$12.5M
- 9% dividend increase announced February 2023
- Payout ratio target: 15% of earnings

Strong Balance Sheet and Liquidity



As of December 30, 2023

Cash	\$203 M
Total Long-Term Debt	\$1,108 M
Shareholders' Equity	\$1,354 M
Total Debt to Adj. EBITDA ¹	1.84 x
Available Credit Under Revolving Credit Facility ²	\$422 M
Cash	\$203 M
Total Available Liquidity	\$625 M

- Long-term debt mostly fixed-rate, with long-dated maturities in 2044 and 2054
- Total Debt to Adjusted EBITDA remains within our desired range of 1.5 to 2.5 times
- Strong and flexible balance sheet to support balanced capital allocation strategy

Full Year 2024 Outlook and Key Assumptions

(3.0%) – Flat
Change In Net Sales Y/Y

\$14.25 – \$15.50
GAAP Diluted EPS

Segment Assumptions

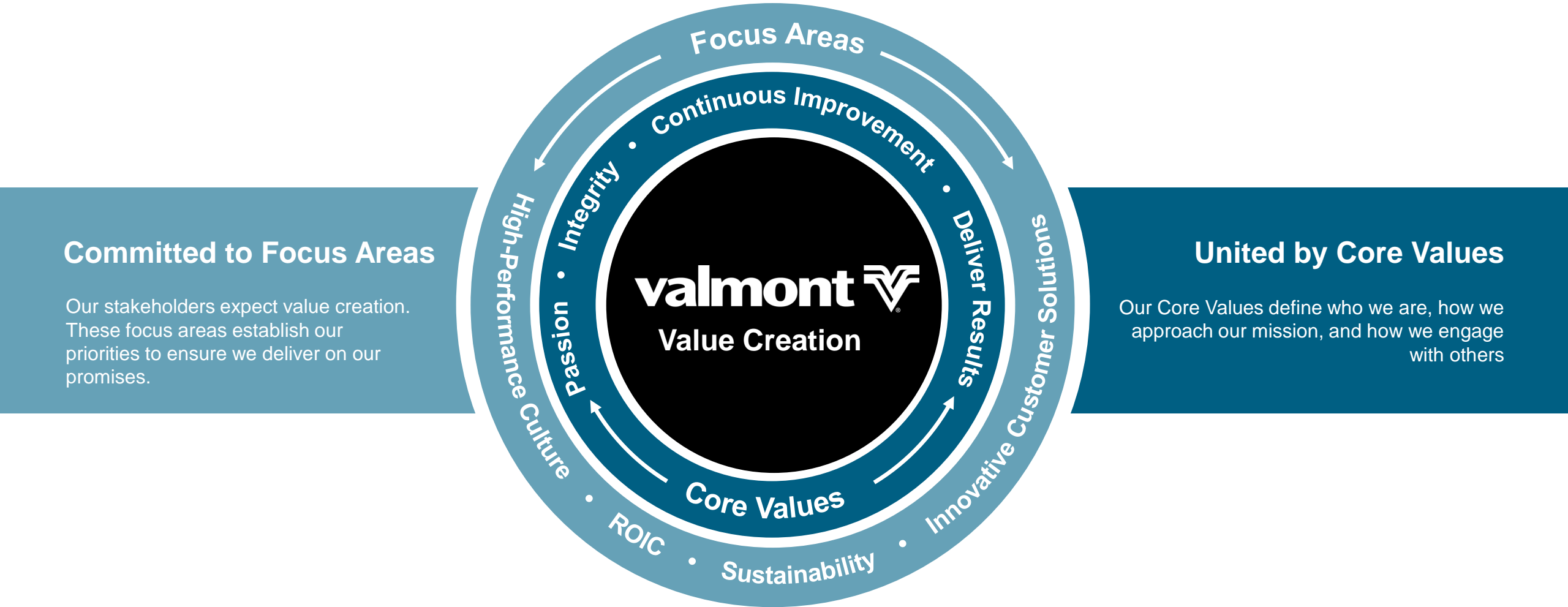
- Growth in Infrastructure is expected to be more than offset by lower Agriculture sales
- Infrastructure sales are expected to approach MSD growth; lingering telecom softness is expected to be more than offset by strong demand in our other infrastructure markets
- Agriculture sales are expected to decrease 15 to 20% due to lower grain prices and farm income projections, and normalized backlog

Other Assumptions

- Expect modest full-year operating margin improvement compared to 2023
 - Commitment to pricing leadership and ongoing improvement in operational efficiencies to offset deleverage from volume decline
 - Lower SG&A expense including benefit of the organizational realignment program announced in October 2023
- Effective tax rate of ~26%
- Minimal expected foreign currency translation impact to net sales
- Capital expenditures expected to be in the range of \$125 to \$140 million to support strategic growth initiatives

Valmont Business Model and Long-Term Financial Targets

Valmont Business Model Enables Value Creation



Our Business Model is the foundation in which we will create value and achieve our long-term financial targets.

Above-Market Growth Expected Through the Ag Cycle

Infrastructure

Multi-Year Energy Transition
Aging Infrastructure/Resilience
Technology & Data Consumption

VMI: MSD+
Mkt: MSD

Agriculture

Sustainability & Productivity
Food Security
Population Growth

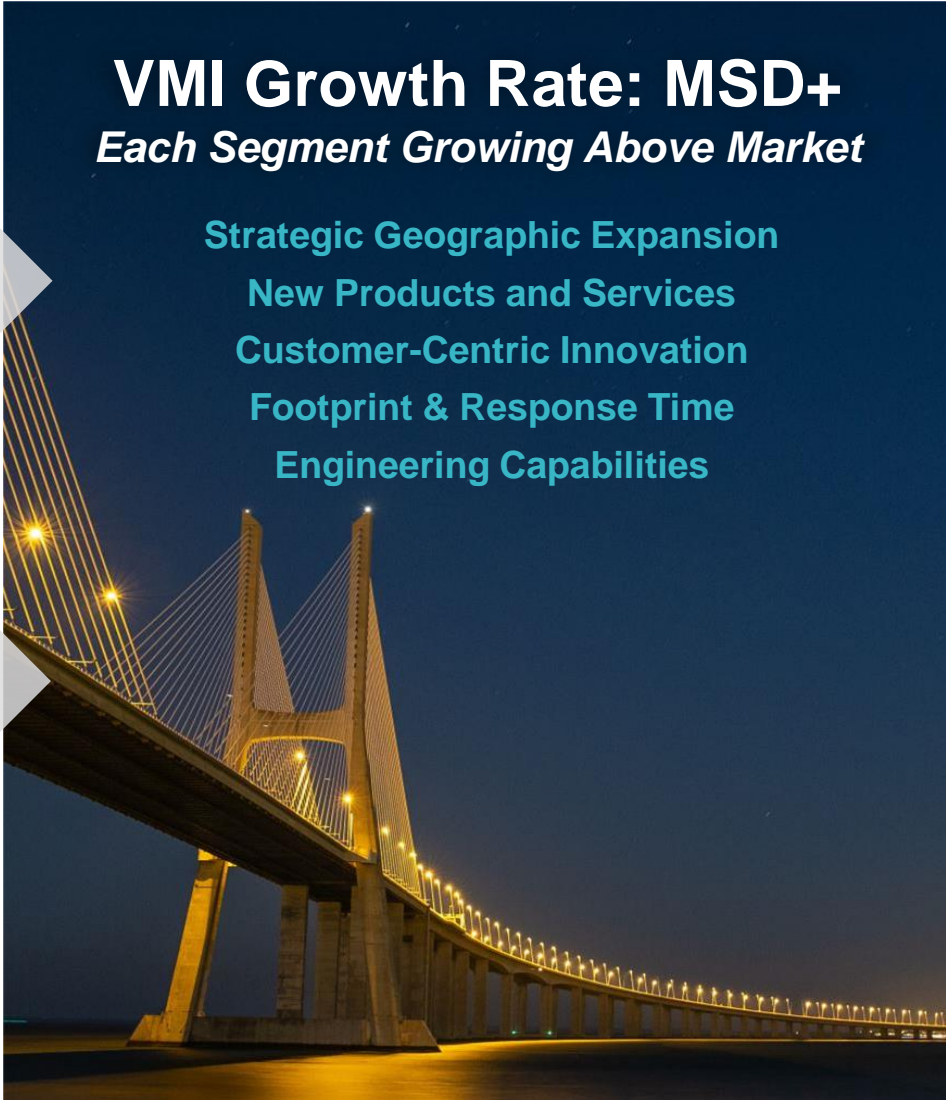
VMI: MSD+
Mkt: MSD

Average growth rate through the cycle

VMI Growth Rate: MSD+
Each Segment Growing Above Market

Strategic Geographic Expansion
New Products and Services
Customer-Centric Innovation
Footprint & Response Time
Engineering Capabilities

**Competitive Advantages and Customer-Centric Innovation
Give us Confidence in Delivering Above Market Growth**



¹MSD: Mid Single Digit

Providing New Long-Term Financial Targets

**Net Sales
Growth¹**

MSD+

Serving markets with positive growth outlook aligned with megatrends
Innovation and market expansion to grow above markets

**Operating
Margin**

Approaching
Mid-Teens

Strategic pricing to align with value we deliver
Streamlined organization aligned with strategy
Operational efficiencies & focus on the outliers

**Return on Invested
Capital**

High-Teens

A disciplined and efficient capital allocation strategy
Internal investments and acquisitions are evaluated based on financial and strategic criteria

**Net Earnings
FCF Conversion**

100%

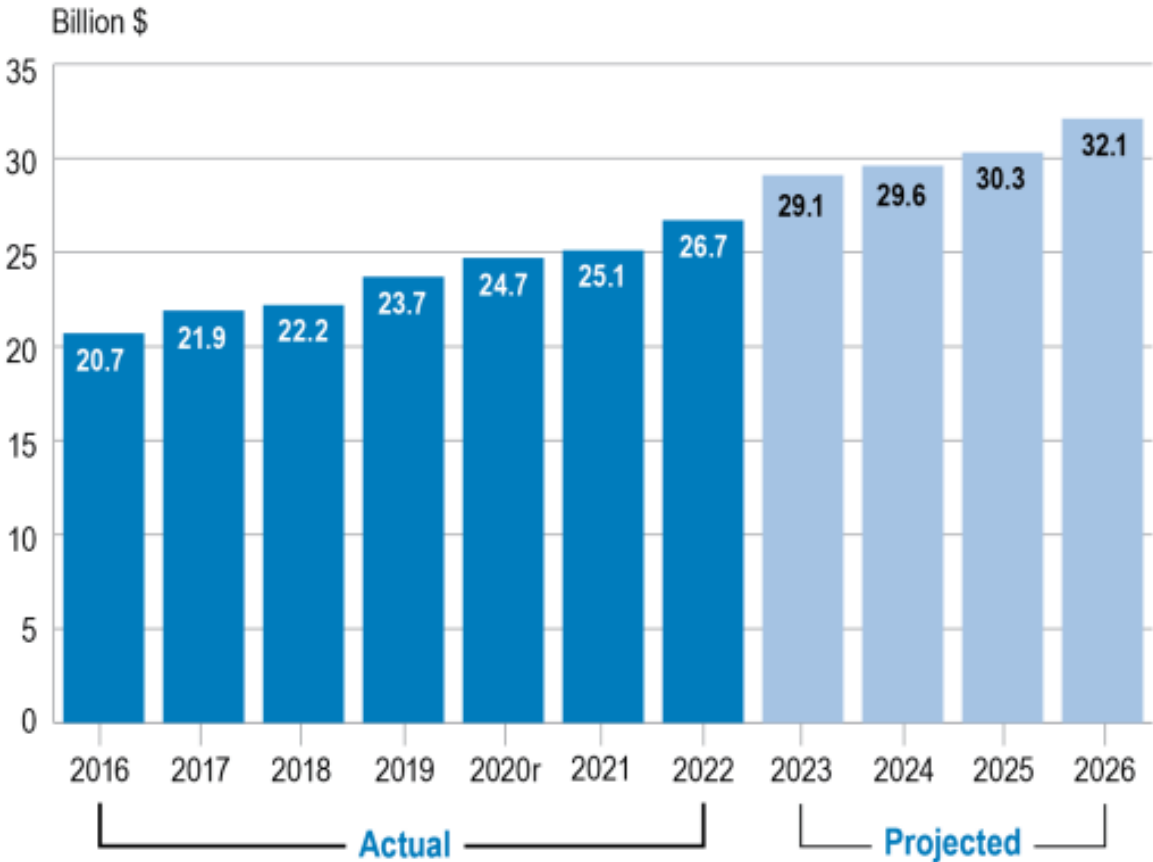
Managing net working capital to maximize cash flow
Supply chain and inventory optimization

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

Q&A

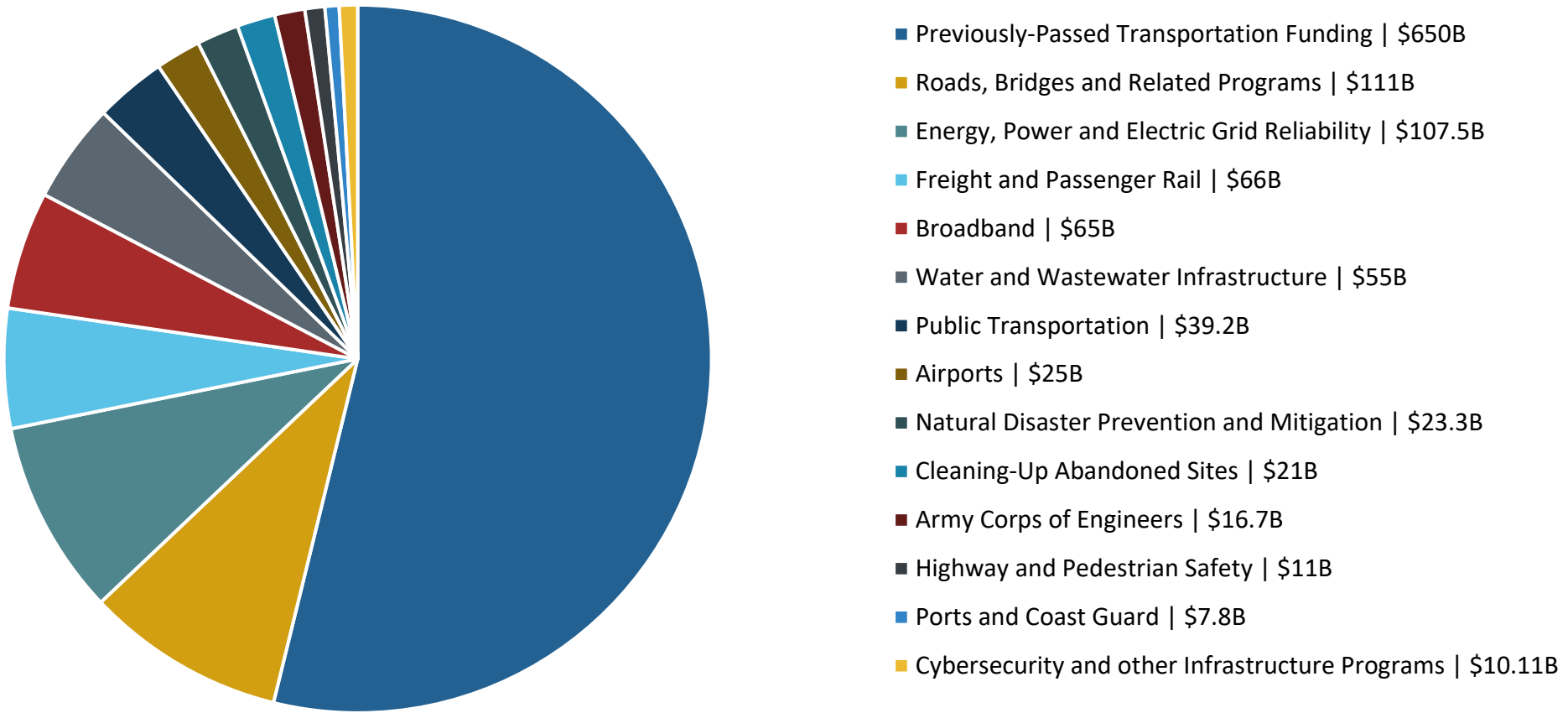
Appendix

Actual and Projected Transmission Investment



Infrastructure Investment and Jobs Act (IIJA)

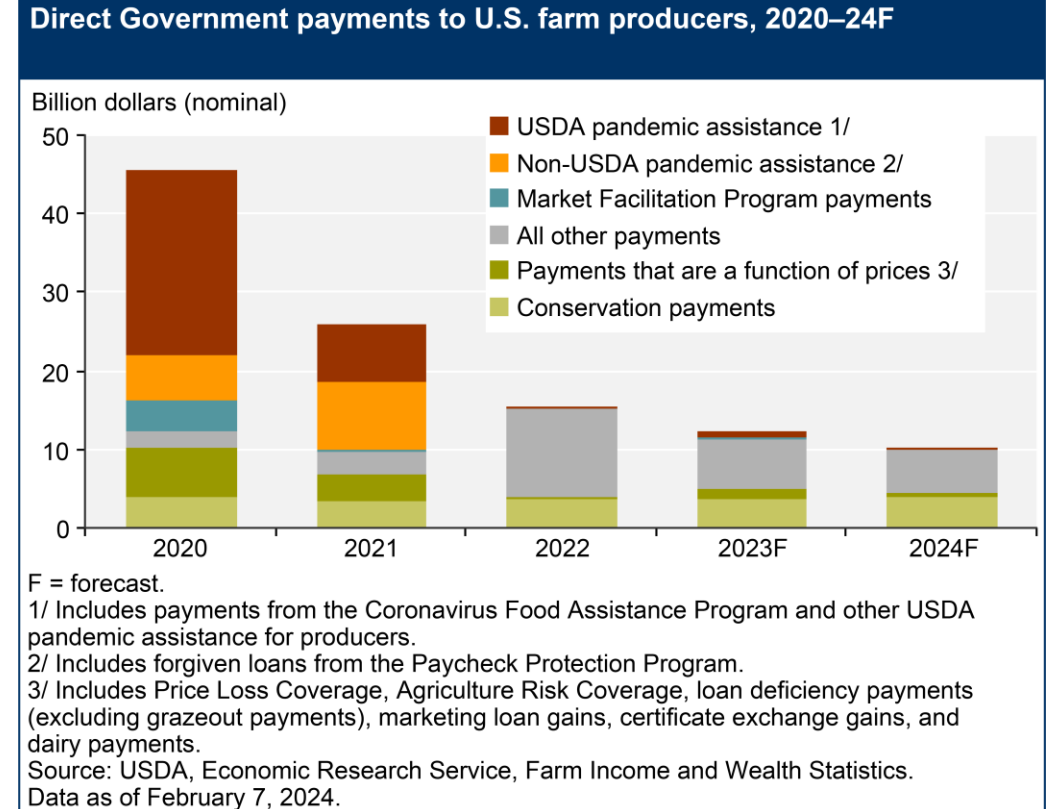
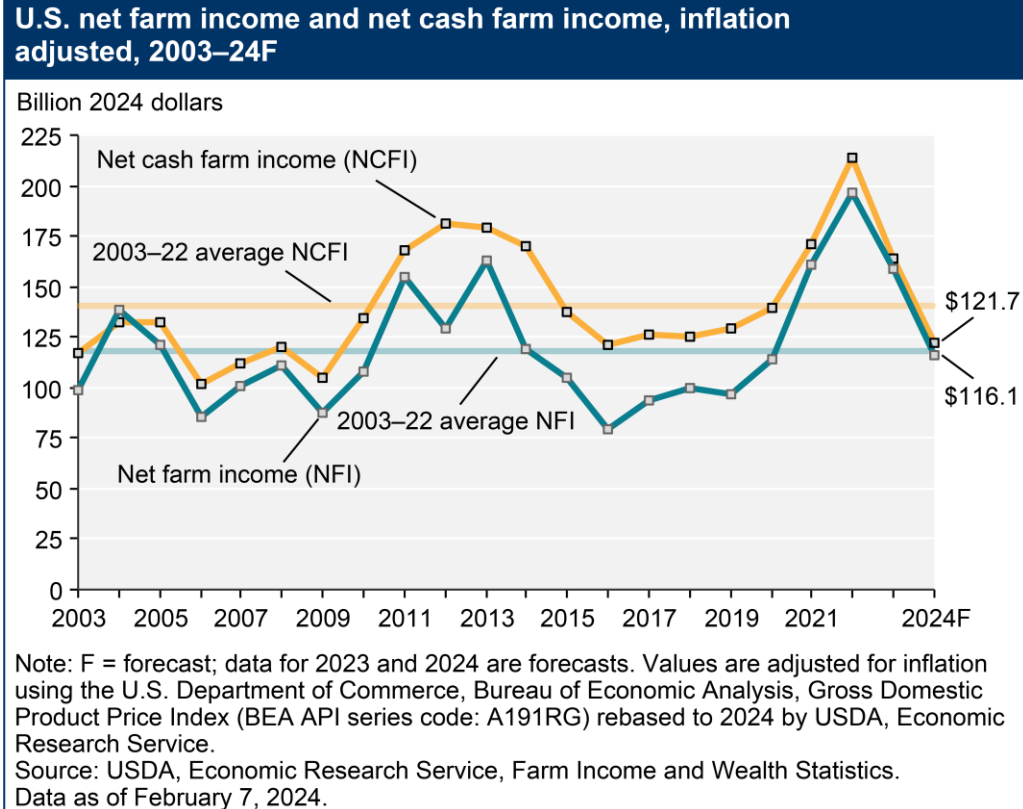
Infrastructure Investment and Jobs Act Spending Breakdown (In Order - Most to Least)



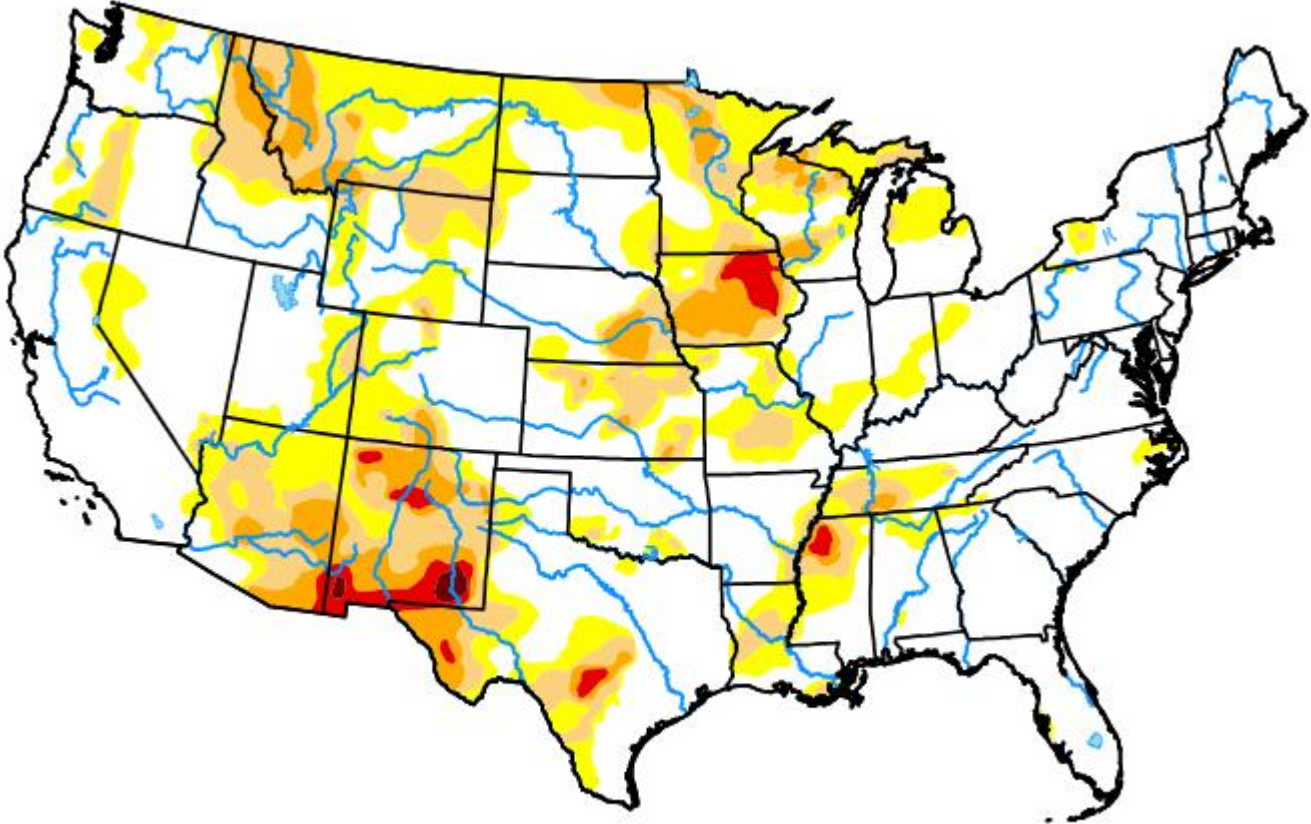
5G Adoption



U.S. Net Cash Farm Income by Year



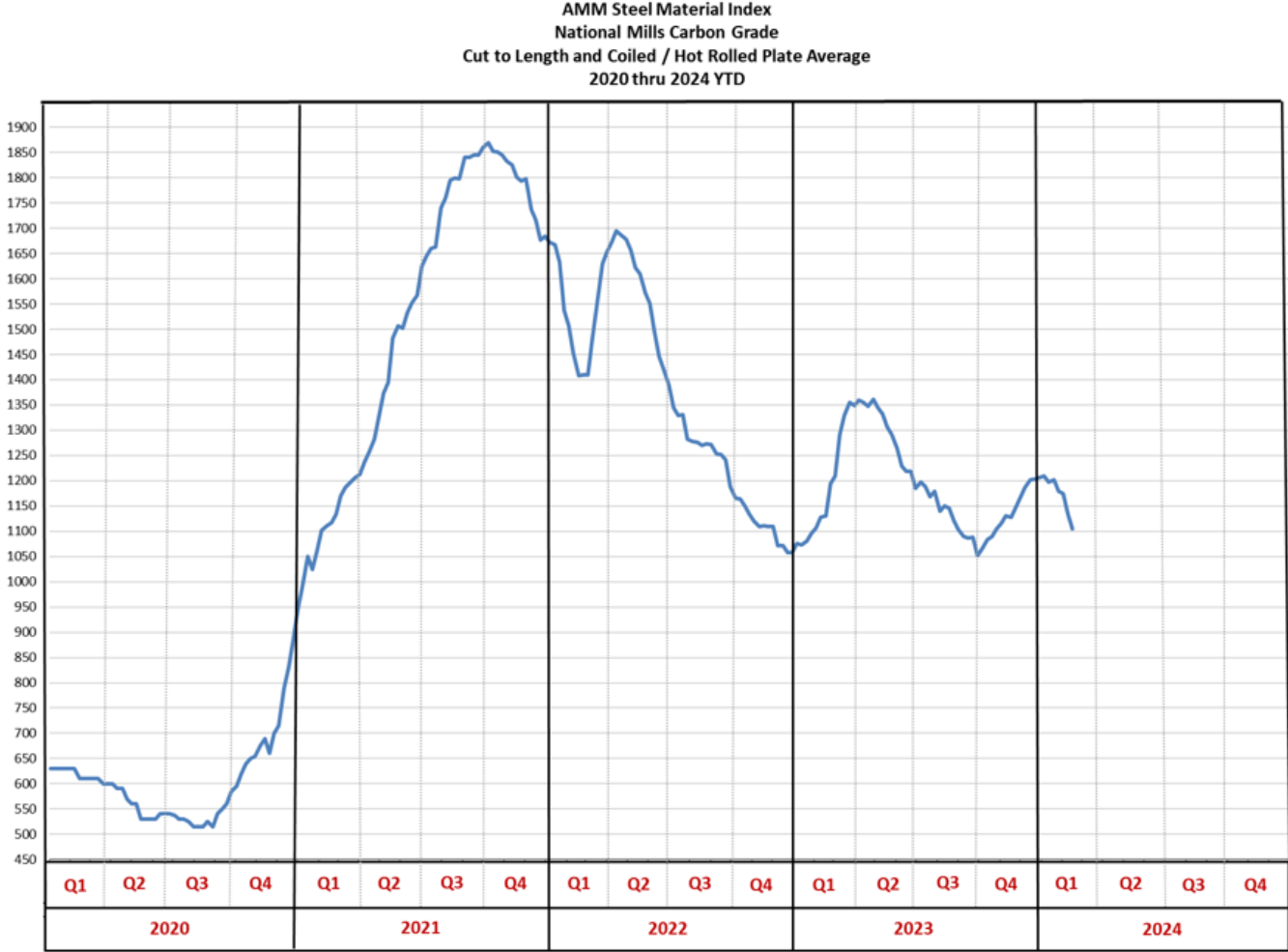
U.S. Drought Condition



Intensity

- None
- D0 (Abnormally Dry)
- D1 (Moderate Drought)
- D2 (Severe Drought)
- D3 (Extreme Drought)
- D4 (Exceptional Drought)
- No Data

Steel Material Index Trends



A dynamic steel cost environment can lead to variations in quarterly gross profit margin

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands, except per shares amounts

The non-GAAP table below discloses the impacts of the impairment of long-lived assets, realignment charges, and non-recurring charges associated with major scope changes for two strategic projects initiated by departed senior leadership on net earnings for fiscal 2023, as well as the impact of the loss from Argentine peso hyperinflation and 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 December 30, 2023	Diluted earnings per share¹	Fifty-two weeks ended December 30, 2023	Diluted earnings per share¹
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 ²	(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

¹Earnings per share includes rounding

²The 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 shares amounts

We previously presented non-GAAP financial measures adjusted for Prospera intangible asset amortization and stock-based compensation recognized for the Prospera employees to provide investors with a better understanding of Agriculture segment performance related to traditional segment products. The Company conducted its annual impairment testing of intangible asset value as of September 2, 2023 and significantly reduced the Prospera intangible asset value. Additionally, the Board of Directors approved certain realignment activities commencing in the third quarter of fiscal 2023 that affected the future stock compensation recognized for the Prospera employees. As a result, we do not consider our historical adjustments related to Prospera to arrive at non-GAAP financial measures to be relevant to investor understanding of fourth quarter of fiscal 2023, second half of fiscal 2023, and future segment performance. Since these items had been specific adjustments to net earnings for the first half of fiscal 2023, we removed what would otherwise have been their effect on fiscal 2023 results which is presented as “further adjusted” net earnings below.

	Thirteen weeks ended December 30, 2023	Diluted earnings per share¹	Fifty-two weeks ended December 30, 2023	Diluted earnings per share¹
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 ²	—	—	(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

¹Earnings per share includes rounding

²The 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 shares amounts

The non-GAAP tables below disclose the impacts of the loss from the divestiture of the offshore wind energy structures business, intangible asset amortization (Prospera), and stock-based compensation recognized for the Prospera employees on net earnings for fiscal 2022 results. 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.

	Fourteen weeks ended December 31, 2022	Diluted earnings per share¹	Fifty-three weeks ended December 31, 2022	Diluted earnings per share¹
Net earnings attributable to Valmont Industries, Inc. - as reported	\$ 40,332	\$ 1.86	\$ 250,863	\$ 11.62
Loss from divestiture of offshore wind energy structures business	33,273	1.54	33,273	1.54
Prospera intangible asset amortization	1,645	0.08	6,580	0.30
Prospera stock-based compensation	2,373	0.11	9,896	0.46
Total adjustments, pre-tax	37,291	1.72	49,749	2.31
Tax effect of adjustments ²	(367)	(0.02)	(2,473)	(0.11)
Net earnings attributable to Valmont Industries, Inc. - adjusted	<u>\$ 77,256</u>	<u>\$ 3.57</u>	<u>\$ 298,139</u>	<u>\$ 13.82</u>
Average shares outstanding (000s) - diluted		21,656		21,580

¹Earnings per share includes rounding

²The 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 of the impairment of long-lived assets, realignment charges, and non-recurring charges associated with major scope changes for two strategic projects initiated by departed senior leadership 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 (loss) to be taken into consideration by management and investors with the related reported GAAP measures.

Thirteen weeks ended December 30, 2023

Operating Income (Loss) Reconciliation	<i>Infrastructure</i>	<i>Agriculture</i>	<i>Corporate</i>	<i>Consolidated</i>
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)	\$ 98,741	\$ 27,766	\$ (26,303)	\$ 100,204
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 %

Fifty-two weeks ended December 30, 2023

Operating Income (Loss) Reconciliation	<i>Infrastructure</i>	<i>Agriculture</i>	<i>Corporate</i>	<i>Consolidated</i>
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)	\$ 417,084	\$ 168,850	\$ (112,697)	\$ 473,237
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 %

NM = not meaningful

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands

The non-GAAP tables below disclose the impacts of the intangible asset amortization (Prospera) and stock-based compensation recognized for the Prospera employees on 2022 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.

Fourteen weeks ended December 31, 2022					
<u>Operating Income (Loss) Reconciliation</u>	<u>Infrastructure</u>	<u>Agriculture</u>	<u>Other</u>	<u>Corporate</u>	<u>Consolidated</u>
Operating income (loss) - as reported	\$ 99,591	\$ 40,484	\$ 1,445	\$ (31,804)	\$ 109,716
Prospera intangible asset amortization	—	1,645	—	—	1,645
Prospera stock-based compensation	—	2,373	—	—	2,373
Adjusted operating income (loss)	<u>\$ 99,591</u>	<u>\$ 44,502</u>	<u>\$ 1,445</u>	<u>\$ (31,804)</u>	<u>\$ 113,734</u>
Net sales - as reported	765,077	333,167	33,272	—	1,131,516
Adjusted net sales	765,077	333,167	—	—	1,098,244
Operating income (loss) as a % of net sales	13.0 %	12.2 %	4.3 %	NM	9.7 %
Adj. operating inc. (loss) as a % of net sales	13.0 %	13.4 %	4.3 %	NM	10.1 %
Adj. operating inc. (loss) as a % of adj. net sales	13.0 %	13.4 %	NM	NM	10.4 %

Fifty-three weeks ended December 31, 2022					
<u>Operating Income (Loss) Reconciliation</u>	<u>Infrastructure</u>	<u>Agriculture</u>	<u>Other</u>	<u>Corporate</u>	<u>Consolidated</u>
Operating income (loss) - as reported	\$ 354,499	\$ 179,263	\$ 2,259	\$ (102,772)	\$ 433,249
Prospera intangible asset amortization	—	6,580	—	—	6,580
Prospera stock-based compensation	—	9,896	—	—	9,896
Adjusted operating income (loss)	<u>\$ 354,499</u>	<u>\$ 195,739</u>	<u>\$ 2,259</u>	<u>\$ (102,772)</u>	<u>\$ 449,725</u>
Net sales - as reported	2,909,746	1,335,285	100,219	—	4,345,250
Adjusted net sales	2,909,746	1,335,285	—	—	4,245,031
Operating income (loss) as a % of net sales	12.2 %	13.4 %	2.3 %	NM	10.0 %
Adj. operating inc. (loss) as a % of net sales	12.2 %	14.7 %	2.3 %	NM	10.3 %
Adj. operating inc. (loss) as a % of adj. net sales	12.2 %	14.7 %	NM	NM	10.6 %

NM = not meaningful

Reconciliation of Excluding Other Segment Net Sales

Dollars in thousands

Excluding Other segment net sales from the fourth quarter and fiscal year ended December 31, 2022, which we refer to in this reconciliation as “Adjusted Net Sales” is a non-GAAP measure. The Other segment net sales were generated by the offshore wind energy structures business which was divested in December 2022. Adjusted Net Sales 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 Adjusted Net Sales is calculated from the Company’s Statements of Earnings. Adjusted Net Sales is calculated as total net sales less Other segment net sales. Adjusted Net Sales allows investors to analyze our operating performance in light of net sales of a divested business.

	13 and 14 Weeks Ended		Percent Change	52 and 53 Weeks Ended		Percent Change
	December 30, 2023	December 31, 2022		December 30, 2023	December 31, 2022	
Net sales	\$ 1,015,526	\$ 1,131,516	(10.3)%	\$ 4,174,598	\$ 4,345,250	(3.9)%
Less: Other segment net sales	—	(33,272)	NM	—	(100,219)	NM
Adjusted net sales	\$ 1,015,526	\$ 1,098,244	(7.5)%	\$ 4,174,598	\$ 4,245,031	(1.7)%

NM = not meaningful

Reconciliation of Adjusted Effective Tax Rate

Dollars in thousands

Excluding significant non-recurring items from the fourth quarter and fiscal year ended December 30, 2023, from the calculation of effective tax rate, which we refer to as “Adjusted Effective Tax Rate”, is a non-GAAP measure. Adjusted Effective Tax Rate should not be considered in isolation or as a substitute for the effective tax rate prepared in accordance with GAAP. The table below shows how Adjusted Effective Tax Rate is calculated from the Company’s Statements of Earnings. Adjusted Effective Tax Rate is calculated as total earnings before income taxes and equity in loss of nonconsolidated subsidiaries plus the significant non-recurring items of impairment of long-lived assets, realignment charges, non-recurring charges associated with major scope changes for two strategic projects initiated by departed senior leadership, the loss from Argentine peso hyperinflation, and non-recurring tax benefit items. Adjusted Effective Tax Rate allows investors to analyze our effective tax rate in light of these non-recurring items.

	Thirteen weeks ended December 30, 2023			Fifty-two weeks ended December 30, 2023		
	Earnings before income taxes and equity in loss of nonconsolidated subsidiaries	Income tax expense	Effective tax rate	Earnings before income taxes and equity in loss of nonconsolidated subsidiaries	Income tax expense	Effective tax rate
As reported	\$ 45,166	\$ 10,882	24.1%	\$ 236,452	\$ 90,121	38.1%
Impairment of long-lived assets	—	—		140,844	4,387	
Realignment charges	31,030	7,675		35,210	8,720	
Other non-recurring charges	5,626	1,443		5,626	1,443	
Loss from Argentine peso hyperinflation	5,132	1,453		5,132	1,453	
Non-recurring tax benefit items	—	—		—	3,588	
Adjusted	<u>\$ 86,954</u>	<u>\$ 21,453</u>	24.7%	<u>\$ 423,264</u>	<u>\$ 109,712</u>	25.9%

Historical Free Cash Flow^{1,2} (2014 – 2023)

Dollars in millions

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net cash flows from operating activities	\$ 174.1	\$ 272.3	\$ 232.8	\$ 133.1	\$ 153.0	\$ 307.6	\$ 316.3	\$ 65.9	\$ 326.3	\$ 306.8
Net cash flows from investing activities	(256.9)	(48.2)	(53.0)	(49.6)	(155.4)	(168.1)	(104.0)	(417.3)	(132.1)	(115.3)
Net cash flows from financing activities	(136.8)	(32.0)	(95.2)	(32.0)	(162.1)	(98.9)	(173.8)	133.5	(181.9)	(176.4)
Net cash flows from operating activities	\$ 174.1	\$ 272.3	\$ 232.8	\$ 133.1	\$ 153.0	\$ 307.6	\$ 316.3	\$ 65.9	\$ 326.3	\$ 306.8
Purchase of plant, property, and equipment	(73.0)	(45.5)	(57.9)	(55.3)	(72.0)	(97.4)	(106.7)	(107.8)	(93.3)	(96.8)
Free cash flows	101.1	226.8	174.9	77.8	81.0	210.2	209.6	(41.9)	233.0	210.0
Net earnings attributable to Valmont Industries, Inc.	\$ 183.9	\$ 40.1	\$ 175.5	\$ 120.5	\$ 101.8	\$ 146.4	\$ 140.7	\$ 195.6	\$ 250.9	\$ 150.8
Adjusted free cash flow net earnings attributable to Valmont Industries, Inc.	\$ 187.7	\$ 131.7	\$ 139.9	\$ 162.7	\$ 130.4	\$ 146.4	\$ 159.8	\$ 222.3	\$ 284.2	\$ 291.6
Free Cash Flow Conversion - GAAP	0.55	5.66	1.00	0.65	0.80	1.44	1.49	(0.21)	0.93	1.39
Free Cash Flow Conversion - Adjusted	0.53	1.71	1.25	0.48	0.62	1.44	1.31	(0.19)	0.82	0.72
<i>Reconciliation of Net Earnings to Adjusted Figures</i>										
Net earnings attributed to Valmont Industries, Inc.	\$ 183.9	\$ 40.1	\$ 175.5	\$ 120.5	\$ 101.8	\$ 146.4	\$ 140.7	\$ 195.6	\$ 250.9	\$ 150.8
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	3.8	4.6	0.6	0.2	-	-	-	-	-	-
Adjusted free cash flow net earnings attributable to Valmont Industries, Inc.	\$ 187.7	\$ 131.7	\$ 139.9	\$ 162.7	\$ 130.4	\$ 146.4	\$ 159.8	\$ 222.3	\$ 284.2	\$ 291.6

¹Adjusted 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.

²We use the non-GAAP measure of free cash flow, which we define as GAAP net cash flows from operating activities reduced by the purchase of property, plant, and equipment. We believe that free cash flow is a useful performance measure for management and useful to investors as the basis for comparing our performance with other companies. Our measure of free cash flow may not be directly comparable to similar measures used by other companies.

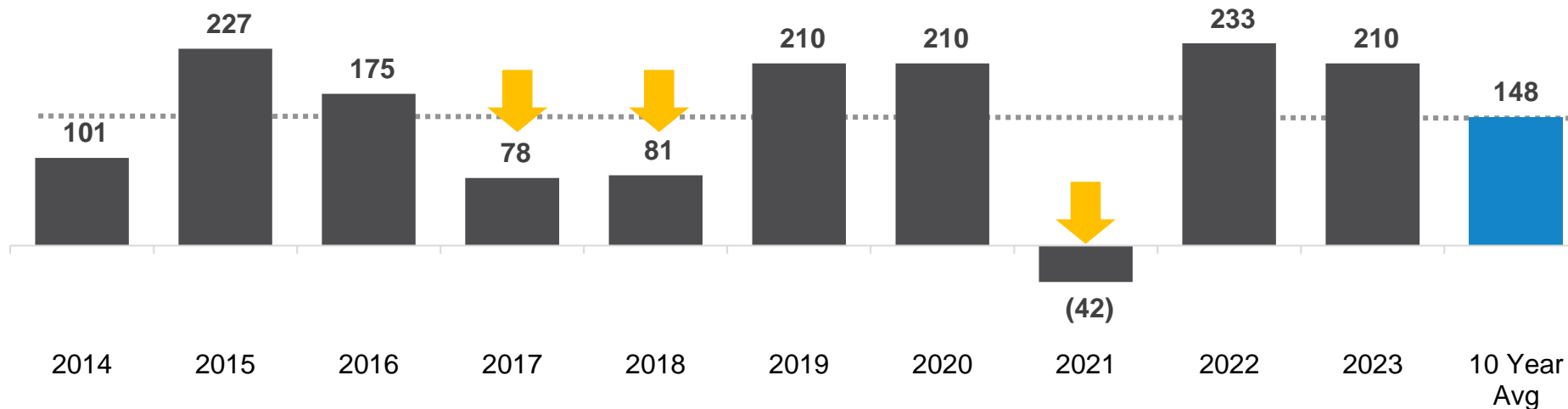
Free Cash Flow Throughout the Cycle

Dollars in millions

2014 – 2023 Free Cash Flow¹



Years of rapid raw material cost inflation



10-yr Avg. \$148M
GAAP 1.37X
Adj. 0.87X

Historical FCF Conversion by Year¹

GAAP	0.55X	5.66X	1.00X	0.65X	0.80X	1.44X	1.49X	(0.21X)	0.93X	1.39X
Adj.	0.53X	1.71X	1.25X	0.48X	0.62X	1.44X	1.31X	(0.19X)	0.82X	0.72X

¹We use the non-GAAP measure of free cash flow, which we define as GAAP net cash flows from operating activities reduced by the purchase of property, plant, and equipment. We believe that free cash flow is a useful performance measure for management and useful to investors as the basis for comparing our performance with other companies. Our measure of free cash flow may not be directly comparable to similar measures used by 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.

	Fiscal year ended December 30, 2023
Net earnings attributable to Valmont Industries, Inc.	\$ 150,849
Interest expense	56,808
Income tax expense	90,121
Depreciation and amortization expense	98,708
Stock based compensation	39,219
Impairment of long-lived assets	140,844
Realignment charges	35,210
Proforma acquisition EBITDA	5,152
Adjusted EBITDA	<u>\$ 616,911</u>
Interest-bearing debt, excluding origination fees and discounts of \$26,310	\$ 1,138,119
Less: cash and cash equivalents in excess of \$50,000	<u>153,041</u>
Net indebtedness	\$ 985,078
Net indebtedness	\$ 985,078
Leverage ratio	1.60
Interest-bearing debt, excluding origination fees and discounts of \$26,310	\$ 1,138,119
Total debt to adjusted EBITDA	1.84