



Q3 2024 Earnings Presentation

October 23, 2024



Today's Agenda

- **Q3 2024 Results & Key Messages**
- **Current Market Dynamics & Long-term Megatrends**
- **2024 Outlook & Guidance**
- **Q&A**

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

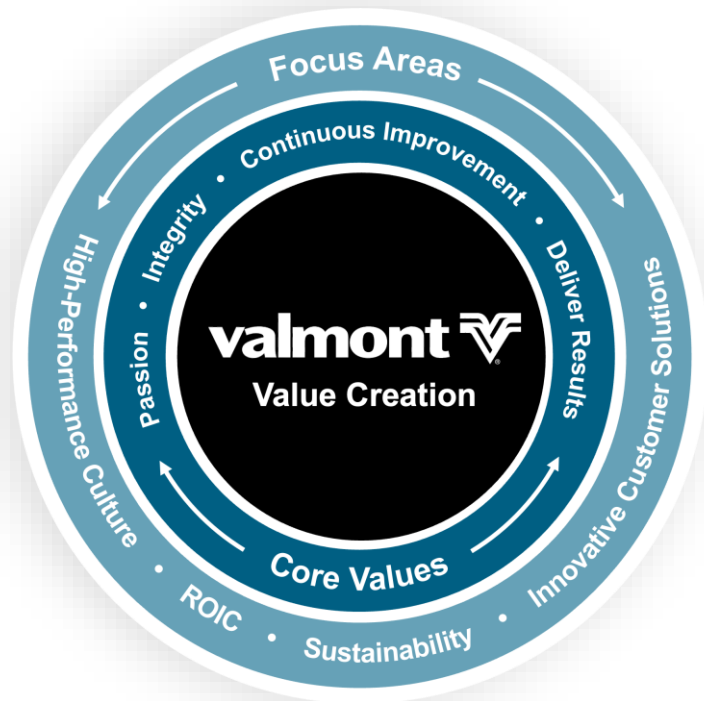
Avner Applbaum, President & CEO

Q3 2024 Results and Key Messages

NET SALES \$1.02B
DOWN 2.9% Y/Y

OPERATING MARGIN 12.3%
UP Y/Y

OPERATING CASH FLOWS
\$225 MILLION



The global Valmont team delivered solid performance including year-over-year growth in operating profit and operating margin, and strong operating cash flows

Serving markets with multi-year secular megatrends, presenting long-term growth opportunities

Enhanced our executive leadership team by filling key roles

Progressing on our strategy, guided by the Valmont Business Model

Infrastructure Market Drivers

Steady-to-improving near-term demand across our markets, with positive long-term drivers

Near-Term Demand

Sustained and elevated Utility capex to support grid hardening initiatives, power load growth, and the energy transition

Lighting and Transportation headwinds from market factors and project timing; U.S. Transportation order rates trending higher with future benefits expected from IIJA¹ funding; Lighting follows single-family housing starts

Telecom improving as wireless carriers return to more normalized capex amid improving North American market environment

Solar volumes declined as we deselected low-margin projects; expect demand tailwinds from Inflation Reduction Act (“IRA”) and other government subsidies in U.S. and international

Coatings aligns with GDP; supports internal demand

Global Megatrends



Multi-Year Energy Transition

Enabling the optimization to support the growing need for diverse energy consumption including renewables to address connectivity demands for a growing population and urbanization



Aging Infrastructure & Resilience

Grid hardening and building climate resilience with intensifying weather, supported through reliable infrastructure



Technology & Data Consumption

Exponential growth in the volume, velocity, and variety of data being generated, transmitted, and consumed across various digital platforms and devices

Agriculture Market Drivers

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

Near-Term Demand

North American grower sentiment remains muted due to expected net farm income decline this year and the downward trend in grain prices

Brazilian expected farm income is pressured due to lower soybean prices, although order rates are improving over last year; the country remains a key part of our long-term strategy with significant market opportunity

International projects remain on track; robust project pipeline, especially Egypt and the Middle East

Global Megatrends



Food Security

Giving the means for the world to produce their own food and enabling less reliability on others



Sustainability & Productivity

Water conservation and being good stewards of the land that is available will continue to be important and addressing labor shortages. It is about doing more with less and using technology to our advantage in meeting those demands



Population Growth

Pressure to produce more food leads to an intensified focus on improving yields (crops and livestock) to meet the dietary needs of a growing population

Experienced Executive Leadership Team

The right team in place to lead Valmont forward and further advance execution of our strategy



Avner M. Applbaum
President & Chief
Executive Officer

2020



Thomas Liguori
EVP, Chief Financial
Officer

2024



Diane M. Larkin
EVP, Global
Operations

2020



J. Timothy Donahue
Group President,
Infrastructure

2018



Darryl R. Matthews
Group President,
Agriculture

2024



Timothy P. Francis
Chief Accounting
Officer

2014



Renee L. Campbell
SVP, Investor
Relations & Treasurer

2017



Jennifer Paisley
SVP, Human
Resources

2017





Ellen S. Dasher
VP, Global Taxation

1996



R. Andrew Massey
VP, Chief Legal Officer
& Corporate Secretary

2006

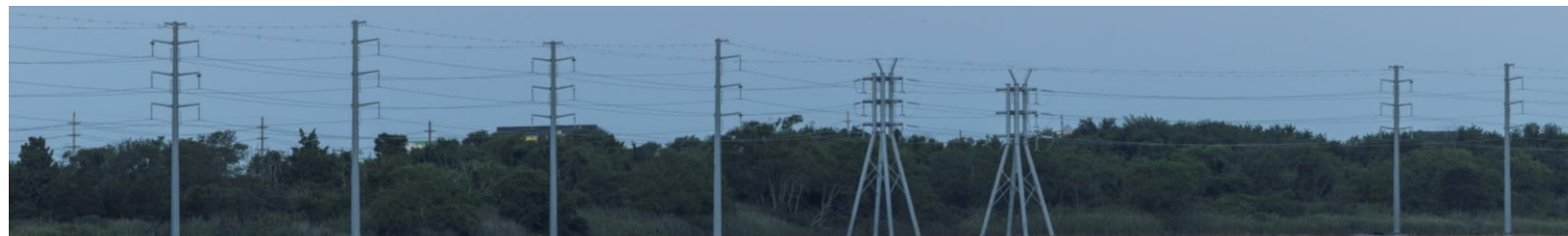
 New to VMI within last 5 years
 New to role within last 2 years



Financial Results and Outlook

Tom Liguori, EVP & CFO

Q3 2024 Financial Summary

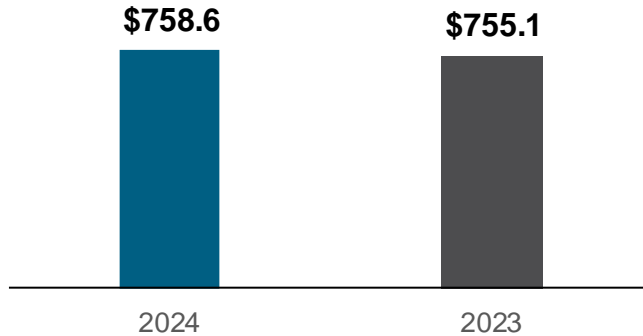


\$M, except EPS	GAAP			Adjusted ²	
	Q3 2024	Q3 2023	%	Q3 2023	%
Net Sales	1,020.2	1,050.3	-2.9%	1,050.3	-2.9%
Operating Income (Loss)	125.7	(24.2)	NM	120.8	+4.1%
Operating Margin	12.3%	(2.3%)	NM	11.5%	+80 bps
Net Earnings (Loss)¹	83.1	(49.0)	NM	87.0	-4.5%
Diluted Earnings (Loss) per Share	4.11	(2.34)	NM	4.12	-0.2%

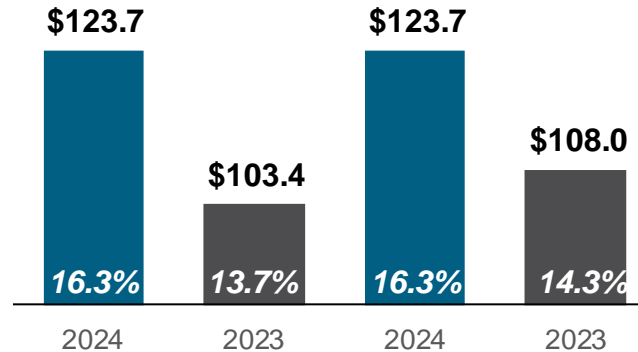
- Net sales decreased 2.9% compared to last year as growth in Infrastructure was offset by softer demand in Agriculture
- Operating margin expanded on commercial and operational execution demonstrated by pricing discipline, favorable product mix, and controlling costs
- Adjusted² diluted EPS was similar to prior year as operating income improvement and a lower share count was offset by FX losses and a more normalized adjusted² effective tax rate

Q3 2024 Results | Infrastructure

Sales (\$M) +0.5%



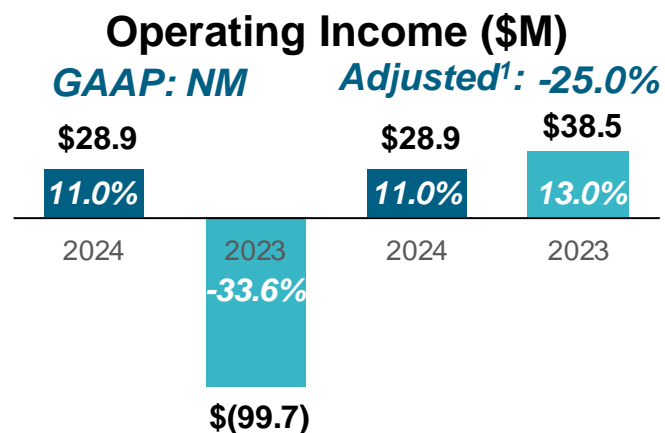
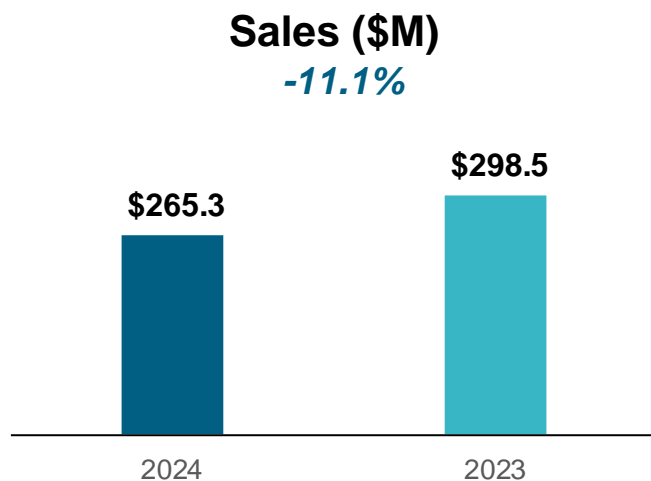
Operating Income (\$M) GAAP: +19.6% Adjusted¹: +14.5%



Sales (\$M)	2024	2023	%
Transmission, Distribution, and Substation ("Utility")	\$342.4	\$298.0	+14.9%
Lighting and Transportation ("L&T")	\$229.2	\$252.6	-9.3%
Coatings	\$88.0	\$89.0	-1.0%
Telecommunications	\$64.3	\$59.6	+7.8%
Solar	\$34.6	\$55.9	-38.1%

- Utility volumes were significantly higher due to favorable project mix and higher volumes of distribution and substation products
- Lower L&T volumes were driven by lighting market softness, the strategic exit from select lower-margin products and transportation project timing
- Telecom volumes were higher, driven by increased carrier spending amid a stabilizing North American market
- Solar volumes were lower due to a large project from 2023 that did not reoccur and exit of low-margin projects
- Operating income increased and adjusted¹ operating margin improved 200 bps, due to pricing discipline, lower SG&A expenses and lower COGS due to declining steel costs

Q3 2024 Results | Agriculture



- North America volumes were slightly lower due to continued muted grower sentiment, partially offset by storm replacement orders; average irrigation selling prices were similar to last year
- International sales decreased on significantly lower sales in Brazil due to continued market softness driven by lower grain prices, partially offset by growth in EMEA and contribution from the HR Products acquisition
- Adjusted¹ operating income declined as lower SG&A expenses were offset by the impact of lower volumes and a higher mix of project sales

Sales (\$M)	2024	2023	%
North America	\$120.0	\$126.8	-5.4%
International	\$145.3	\$171.7	-15.3%

Building Solid Financial Foundation



Free Cash Flows (\$M)	YTD 9/28/2024	Liquidity (\$M)	9/28/2024
Net Cash Flows from Operating Activities	\$ 379	Cash	\$ 200
Net Cash Flows from Investing Activities	(55)	Total Long-Term Debt	898
Net Cash Flows from Financing Activities	(326)	Shareholders' Equity	1,542
Net Cash Flows from Operating Activities	\$ 379	Net Debt to Adj. EBITDA ¹	1.24x
Purchase of Property, Plant, & Equipment	(54)	Available Credit under Revolving Credit Facility ²	\$ 632
Free Cash Flows	\$ 325	Cash	200
		Total Available Liquidity	\$ 832

- Q3 2024 Operating Cash Flows were \$225 Million, bringing our YTD Operating Cash Flows to \$379 Million
- During the quarter we reduced borrowings on our revolving line of credit by \$120M, and Net Debt to Adjusted EBITDA¹ is 1.2 times
- Long-term debt mostly fixed-rate, with long-dated maturities in 2044 and 2054
- Strong and flexible balance sheet to support balanced capital allocation strategy

Balanced Approach to Capital Allocation

2024 Year-to-Date Capital Deployment: \$145M

Growing Our Business

\$54M

Capital Expenditures

N/A

Acquisitions

- We continue to invest in strategic capacity expansions to increase output and enhance manufacturing flexibility
- Prioritize projects that deliver high ROIC
- Targeting opportunities that fit within our strategic priorities, expand our product and market reach and contribute to growth

Returning Cash to Shareholders

\$55M

Share Repurchases

\$36M

Dividends

- ~\$81M remains on the current share repurchase authorization
- Opportunistic approach, supported by free cash flow
- Q3 Dividends Paid: \$12.1M
- Payout ratio target: 15% of earnings; current payout: ~15%

Over the past year, we have returned ~\$283M to shareholders through dividends and repurchases.

Reaffirming 2024 Outlook & Providing Key Assumptions

(3.5%) – (1.5%)
Change In Net Sales Y/Y

\$16.50 – \$17.30
GAAP Diluted EPS

Segment Assumptions

No change from prior outlook:

Infrastructure:

- Net sales expected to be Flat to up 1.5% vs. PY
- Expect Infrastructure full-year gross profit margin improvement compared to 2023, although expected to be lower than 1H 2024 results as steel costs become more aligned with the contractual steel index pricing to our customers

Agriculture:

- Net sales expected to be down 10.0% to 15.0% vs. PY
- Expect Agriculture fourth-quarter segment operating margins to be lower due to the higher mix of international projects

Key Assumptions

Effective tax rate expected to be slightly below 26.0%

Minimal expected foreign currency translation impact on net sales

For cash flow purposes, capital expenditures now expected to be in the range of \$85 to \$95 million (vs. prior expectations of \$95 to \$110 million)



CFO Closing Comments

Tom Liguori, EVP & CFO

Q&A

Appendix

Committed to 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%

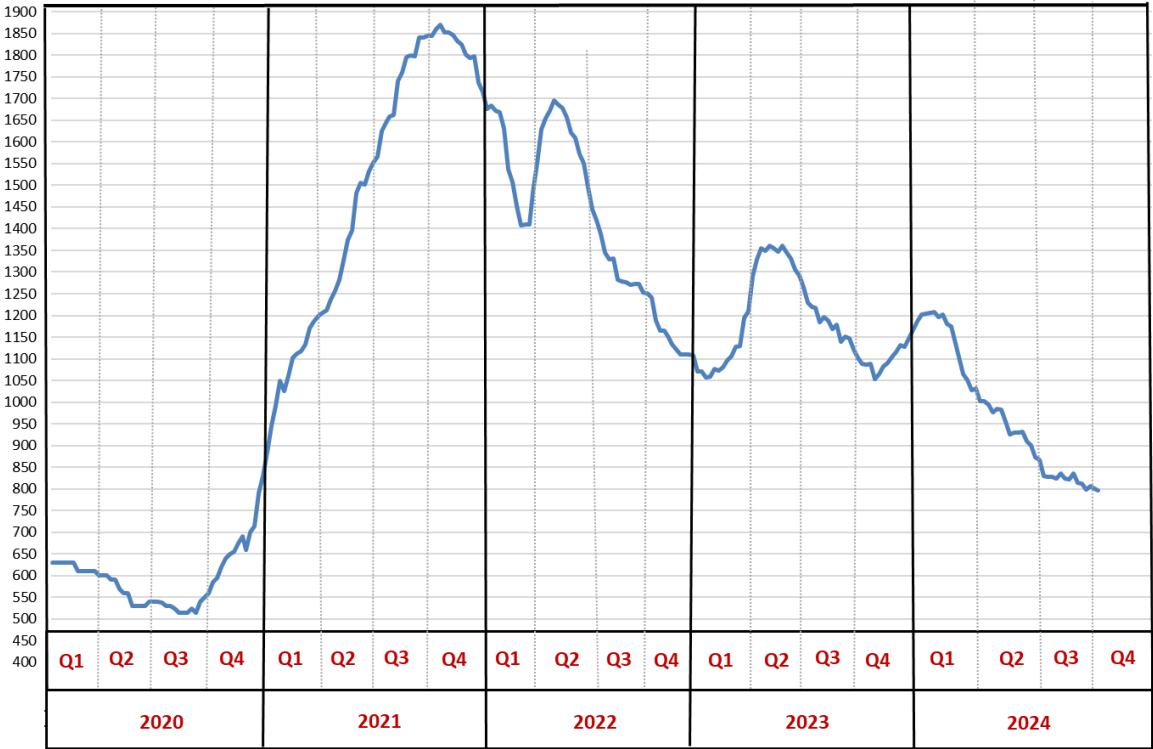
Managing net working capital to maximize cash flow
Supply chain and inventory optimization

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

¹ VMI sales growth through the Agriculture cycle; organic sales growth only

Steel Material Index Trends

AMM Steel Material Index
National Mills Carbon Grade
Cut to Length and Coiled / Hot Rolled Plate Average
2020 through 2024 YTD



- The contractual price impact from steel index deflation has led to lower revenues during 2024 which are expected to continue into 2025
- Steel cost changes impact Utility the most because of the contractual pricing mechanisms and strong backlog

Utility Industry Capital Expenditures

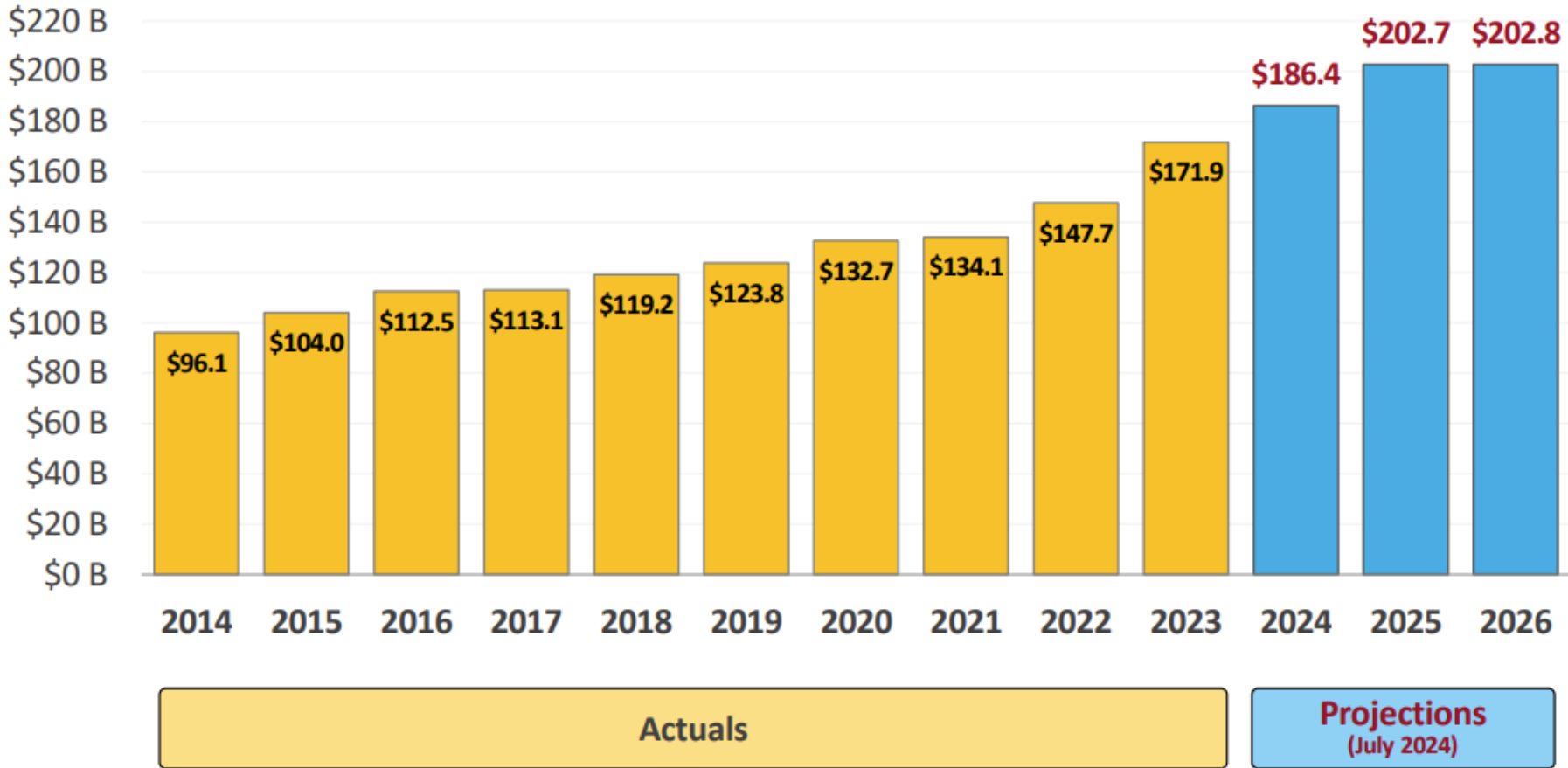


Chart represents total company spending of U.S. Investor-Owned Electric Utilities, consolidated at the parent or appropriate holding company.

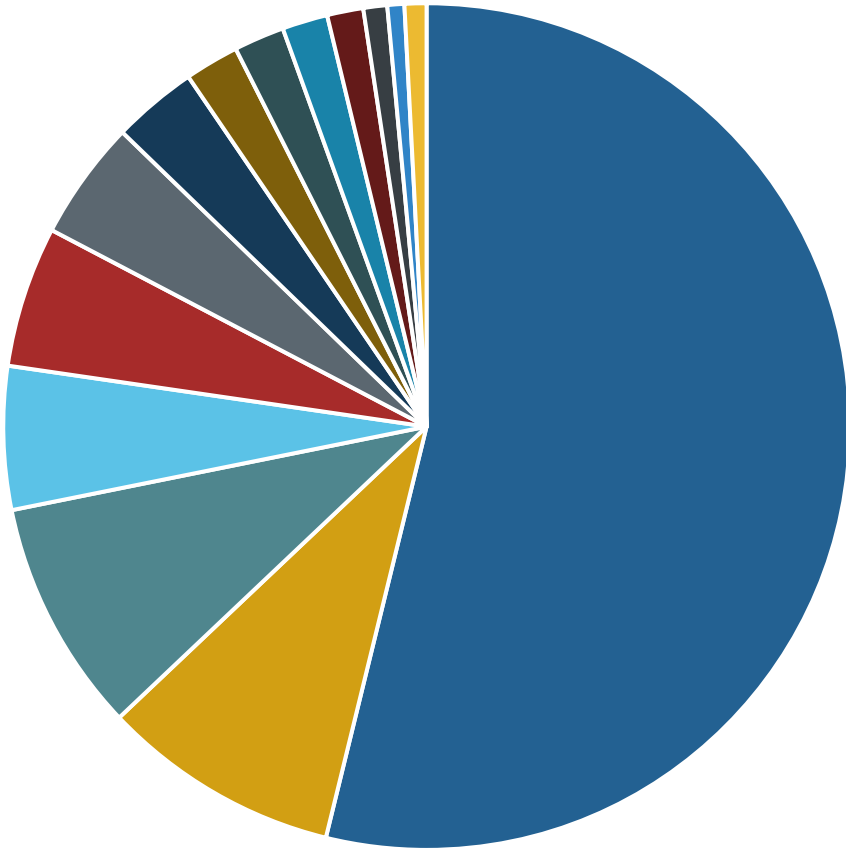
At the industry level, CapEx tends to be overestimated for the current, or first, year's projection and underestimated for the two following years. We expect a continued level of elevated spending after accounting for the historical trend of over- and underestimation.

Source: EEI Finance Department, member company reports, and S&P Global Market Intelligence
Updated July 2024



Infrastructure Investment and Jobs Act (IIJA)

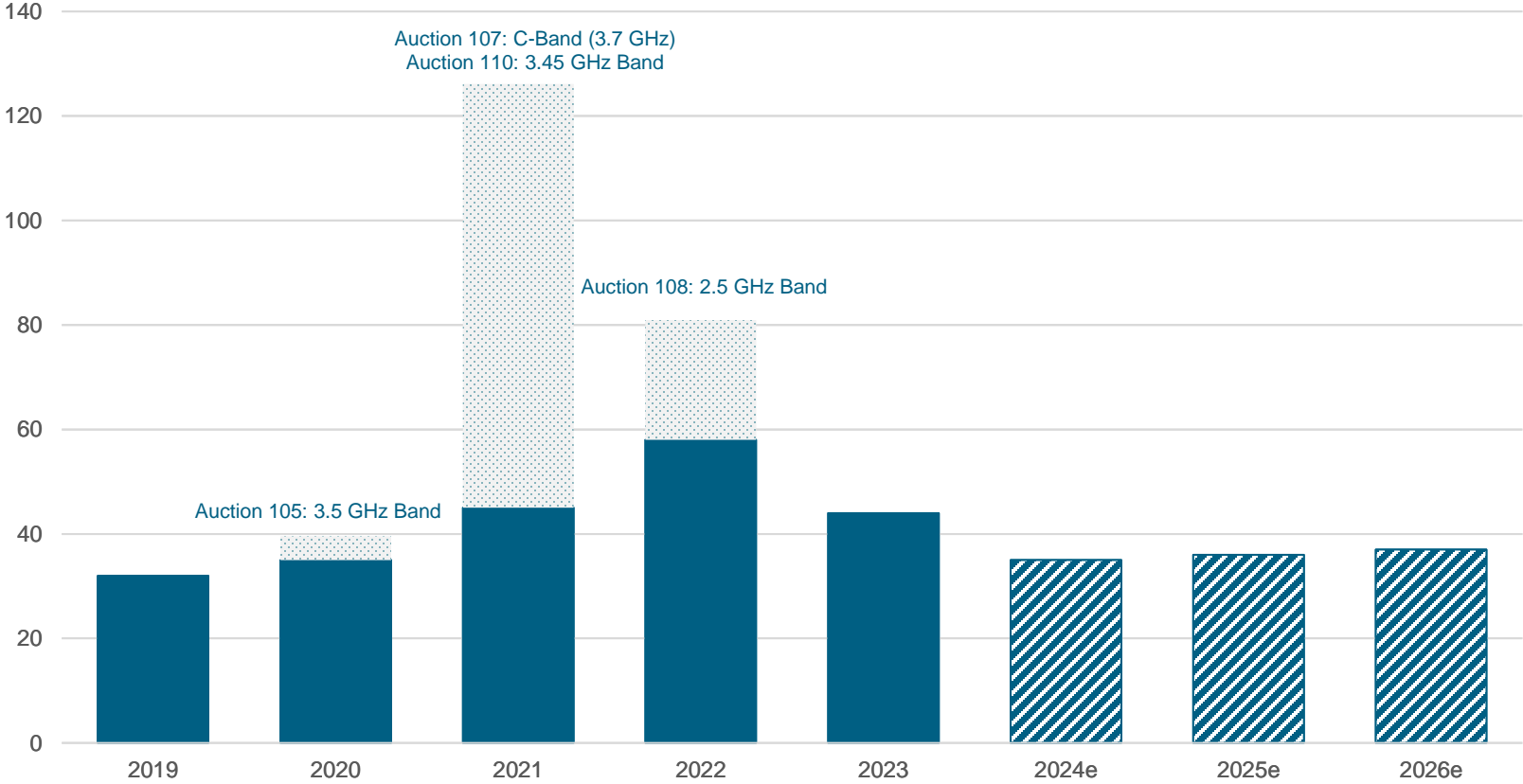
Infrastructure Investment and Jobs Act Spending Breakdown (In Order - Most to Least)



- Previously-Passed Transportation Funding | \$650B
- Roads, Bridges and Related Programs | \$111B
- Energy, Power and Electric Grid Reliability | \$107.5B
- Freight and Passenger Rail | \$66B
- Broadband | \$65B
- Water and Wastewater Infrastructure | \$55B
- Public Transportation | \$39.2B
- Airports | \$25B
- Natural Disaster Prevention and Mitigation | \$23.3B
- Cleaning-Up Abandoned Sites | \$21B
- Army Corps of Engineers | \$16.7B
- Highway and Pedestrian Safety | \$11B
- Ports and Coast Guard | \$7.8B
- Cybersecurity and other Infrastructure Programs | \$10.11B

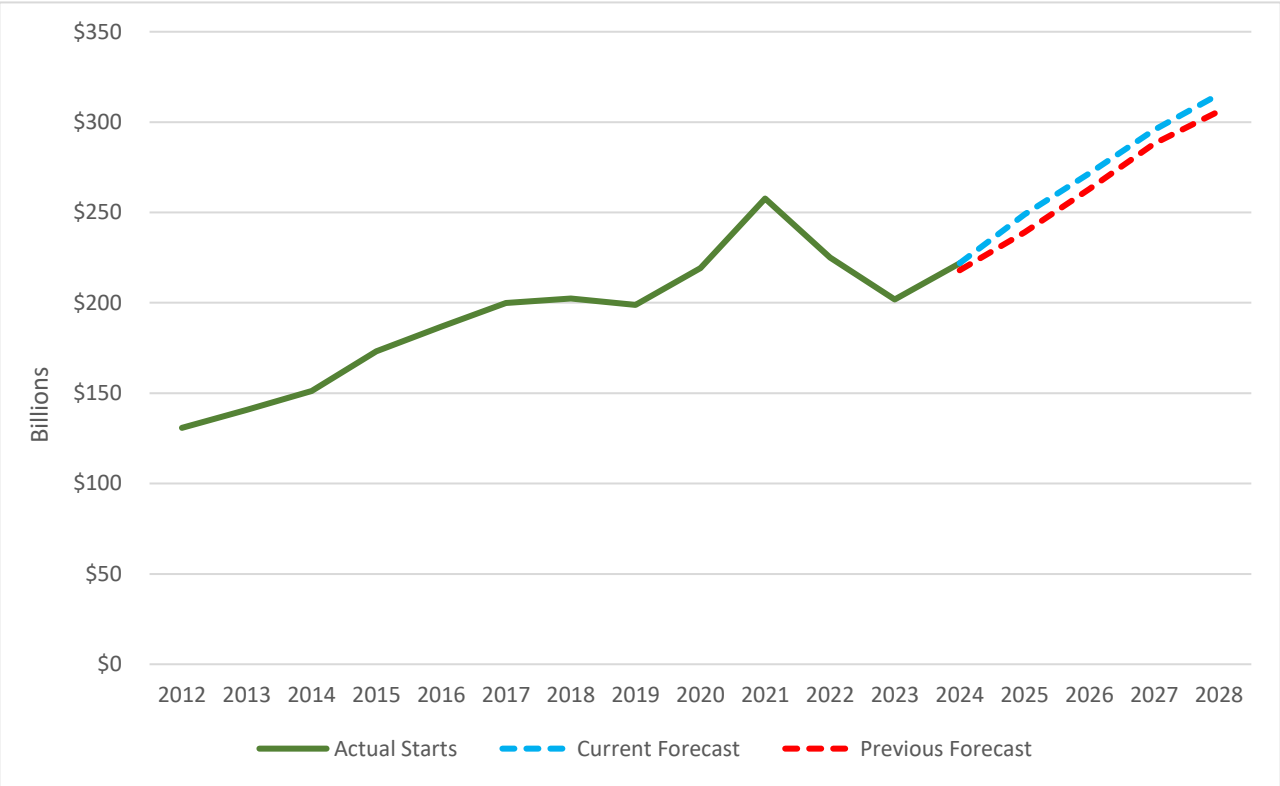
Wireless Carrier Spending

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

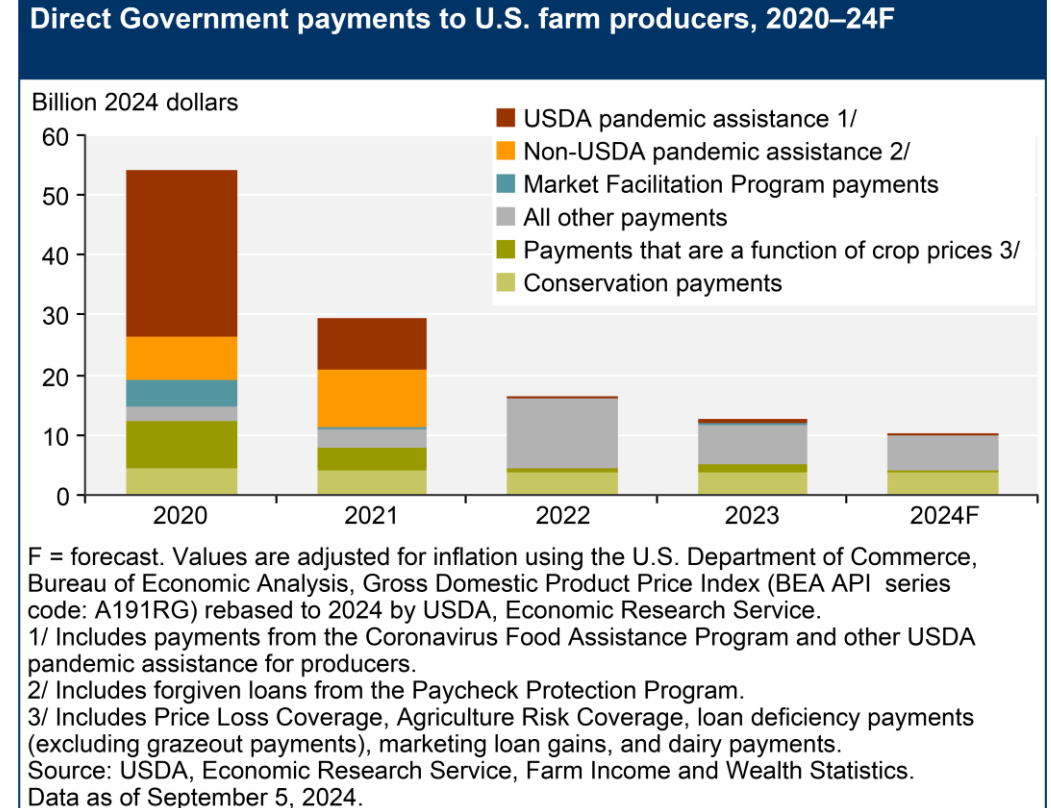
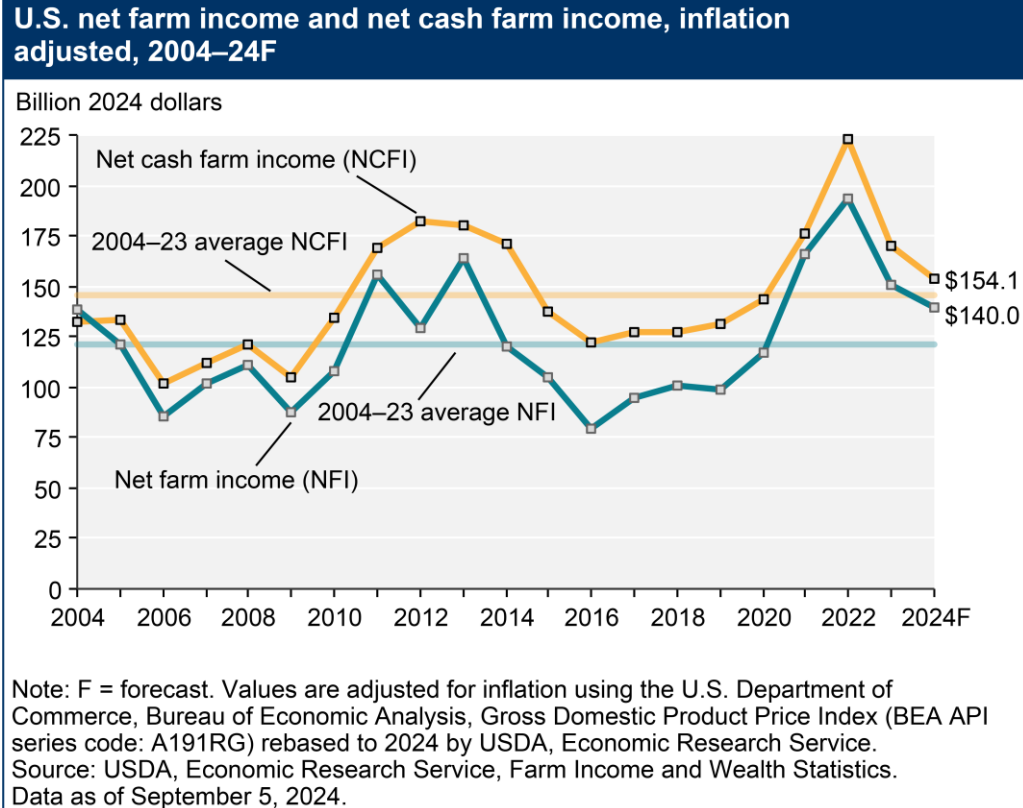


The data does not include investments in fiber or other digital infrastructure, or expenditures for private networks. Also not included is the tower companies' capex to acquire, build, or augment existing sites. Funding from BEAD or other government programs is not included in the projections. All of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

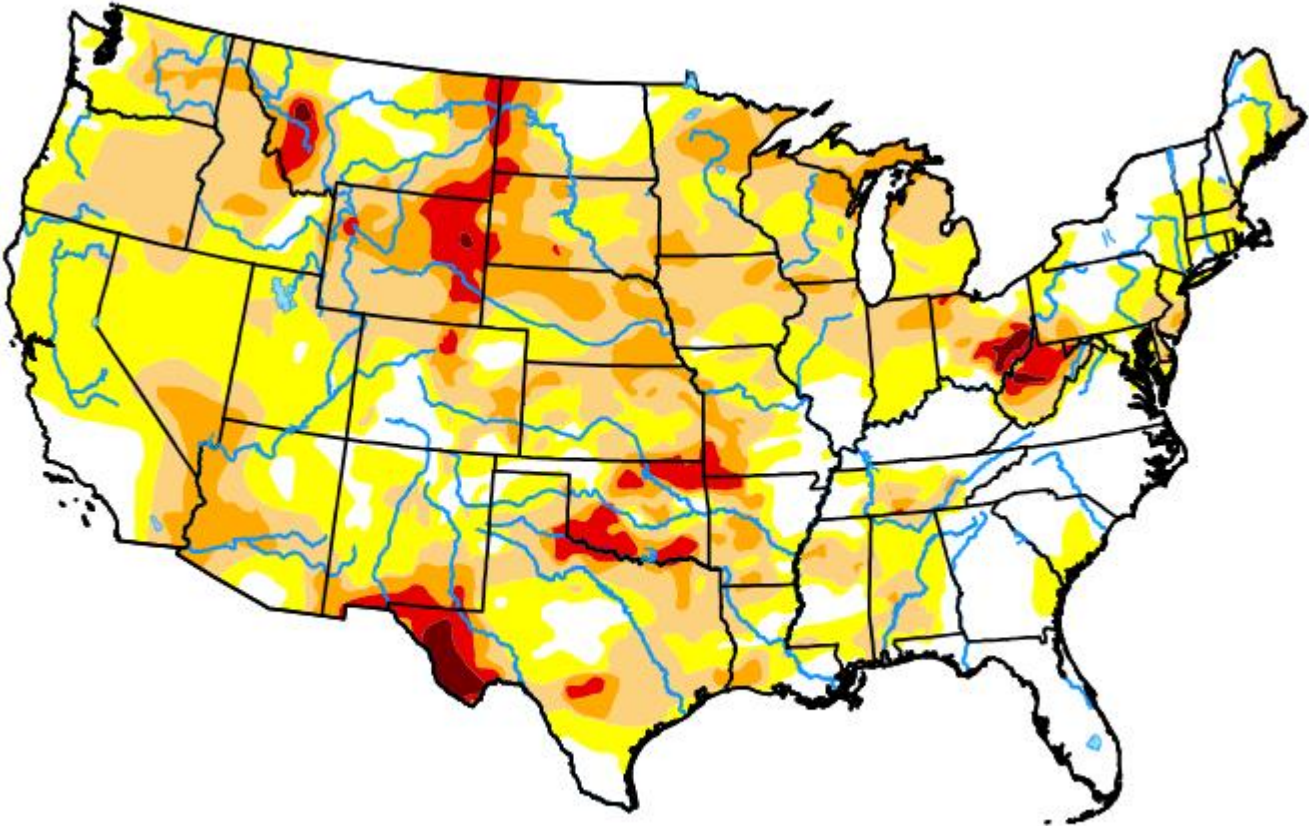
Single Family Housing Starts Market Forecast



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

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 goodwill and other intangible assets, realignment charges, intangible asset amortization (Prospera), and stock-based compensation recognized for the Prospera employees on 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 and operating income 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}	Thirty-nine weeks ended September 30, 2023	Diluted earnings per share ²
Net earnings (loss) attrib. to Valmont Industries, Inc. - as reported	\$ (49,028)	\$ (2.32)	\$ 114,888	\$ 5.40
Impairment of goodwill and other intangible assets	140,844	6.67	140,844	6.62
Realignment charges	4,180	0.20	4,180	0.20
Prospera intangible asset amortization	—	—	3,290	0.15
Prospera stock-based compensation	—	—	4,278	0.20
Total adjustments, pre-tax	145,024	6.86	152,592	7.17
Tax effect of adjustments ³	(5,432)	(0.26)	(6,524)	(0.31)
Non-recurring tax benefit items	(3,588)	(0.17)	(3,588)	(0.17)
Net earnings attributable to Valmont Industries, Inc. - adjusted	<u>\$ 86,976</u>	<u>\$ 4.12</u>	<u>\$ 257,368</u>	<u>\$ 12.09</u>
Average shares outstanding - diluted		21,131		21,290

¹*In the third quarter of fiscal 2023, we reported a GAAP net loss. 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. The adjusted diluted earnings per share calculation includes the impact of outstanding stock awards.*

²*Diluted earnings (loss) per share includes rounding.*

³*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 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, 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 and operating income to be taken into consideration by management and investors with the related reported GAAP measures.

Operating Income Reconciliation	Thirteen weeks ended September 30, 2023			
	Infrastructure	Agriculture	Corporate	Valmont
Operating income (loss) - as reported	\$ 103,401	\$ (99,670)	\$ (27,921)	\$ (24,190)
Impairment of other goodwill and intangible assets	3,571	137,273	—	140,844
Realignment charges	1,069	907	2,204	4,180
Adjusted operating income (loss)	\$ 108,041	\$ 38,510	\$ (25,717)	\$ 120,834
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) %
Adjusted operating income as a % of net sales	14.3 %	13.0 %	NM	11.5 %

Operating Income Reconciliation	Thirty-nine weeks ended September 30, 2023			
	Infrastructure	Agriculture	Corporate	Valmont
Operating income (loss) - as reported	\$ 313,703	\$ 2,904	\$ (88,598)	\$ 228,009
Impairment of other goodwill and intangible 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 (loss)	\$ 318,343	\$ 148,652	\$ (86,394)	\$ 380,601
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 %
Adjusted operating income as a % of net sales	14.1 %	16.4 %	NM	12.0 %

Reconciliation of Non-GAAP Financial Measures to Reported Financial Measures

Dollars in thousands

Excluding significant non-recurring items from the third quarter of fiscal 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 Operations. Adjusted Effective Tax Rate is calculated as total earnings (loss) before income taxes plus the significant non-recurring items of impairment of goodwill and other intangible assets, realignment charges, 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 September 30, 2023		
	Earnings (loss) before income taxes and equity in loss of nonconsolidated subsidiaries	Income tax expense	Effective tax rate
As reported	\$ (34,655)	\$ 15,461	-44.6%
Impairment of goodwill and other intangible assets	140,844	4,387	
Realignment charges	4,180	1,045	
Non-recurring tax benefit items	—	3,588	
Adjusted	<u>\$ 110,369</u>	<u>\$ 24,481</u>	22.2%

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

Dollars in millions

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
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

Reconciliation of Net Earnings to Adjusted Figures

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.

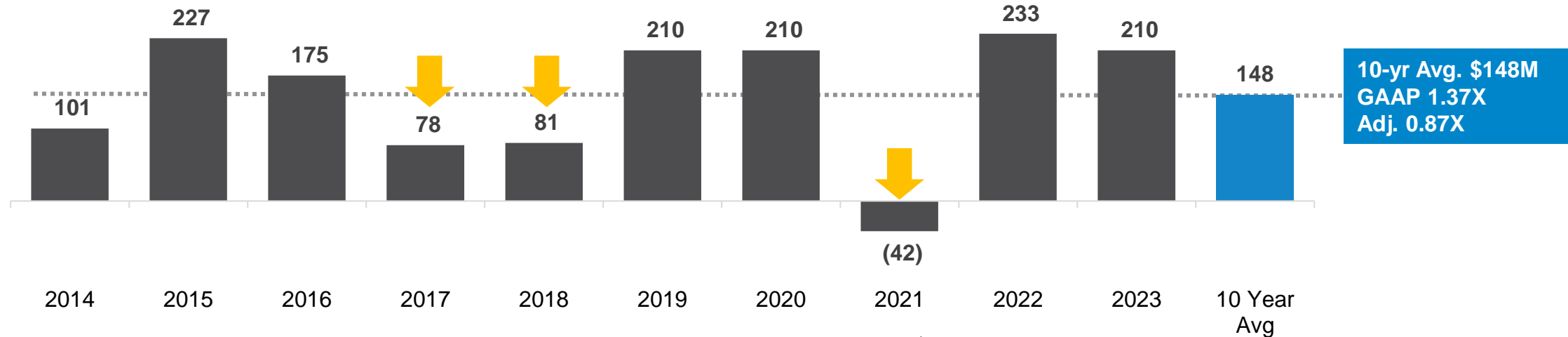
²We use the non-GAAP measure of free cash flow, which we define as GAAP net cash flows from operating activities reduced by the purchase of property, plant, and equipment. We believe that free cash flow is a useful performance measure for management and useful to investors as the basis for comparing 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.

	Four fiscal quarters ended September 28, 2024
Net earnings attributable to Valmont Industries, Inc.	\$ 306,568
Interest expense	61,695
Income tax expense	101,661
Depreciation and amortization expense	94,490
Stock-based compensation	32,074
EBITDA	596,488
Realignment charges	31,030
Adjusted EBITDA	\$ 627,518
Interest-bearing debt, excluding origination fees and discounts of \$25,790	\$ 925,831
Less: cash and cash equivalents in excess of \$50,000	150,477
Net indebtedness	\$ 775,354
Net indebtedness	\$ 775,354
Leverage ratio	1.24