



Conserving Resources. Improving Life.



**3Q 2016 Earnings Call Presentation**

# Forward-looking Statement Disclosure

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, conditions affecting the Company’s customers and suppliers, competitor responses to the Company’s products and services, the overall market acceptance of such products and services, the integration of acquisitions and other factors disclosed in the Company’s periodic reports filed with the Securities and Exchange Commission. 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.

# Third Quarter Highlights

- Benefits of restructuring, share repurchases and other productivity improvements drive improved GAAP and adjusted earnings despite lower revenues
- Revenues down 3.5% driven by reductions in International Utility and North American Coatings
- GAAP Operating income rises 30%, adjusted declines 4.6%\*
- Operating income 8.7% of net sales compared to 5.9% in 2015, (9.6% and 9.6% respectively excluding restructuring\*)
- Diluted earnings per share increased to \$1.24 over \$0.52 (\$1.48 and \$1.39 respectively adjusted\*)
- Repurchased 138,000 shares. \$139 million remaining on the current authorization
- Modifying guidance range to adjusted EPS between \$6.23 and \$6.35 to reflect Coatings weakness (GAAP EPS \$5.88 to \$6.00)

\* See reconciliation of GAAP operating income to adjusted (non-GAAP) figures at the end of this presentation.

# Financial Highlights—Third Quarter

<b>NET SALES</b>	<b>2015</b>	<b>2016</b>	<b>Percent Change</b>
<i>Dollars in millions except per share amounts</i>			
Engineered Support Structures	\$199.4	\$203.2	1.9%
Utility Support Structures	164.7	150.7	(8.5%)
Coatings	76.2	70.1	(8.0%)
Energy & Mining	84.7	81.6	(3.8%)
Irrigation	126.8	127.8	(0.8%)
Other	1.7	-	NM
Intersegment Sales	(20.9)	(23.0)	<u>NM</u>
Net Sales	\$632.6	\$610.2	(3.5%)
Operating Income	\$37.0	\$53.2	43.8%
Adjusted Operating Income*	\$61.0	\$58.3	(4.4%)
Net Income	\$12.1	\$28.2	133.5%
Adjusted Net Income*	\$32.2	\$33.5	4.1%
Diluted Earnings Per Share (EPS)	\$0.52	\$1.24	138.4%
Adjusted Diluted (EPS)*	\$1.39	\$1.39	6.5%

\* See reconciliation of GAAP operating income to adjusted (non-GAAP) figures at the end of this presentation.

# Financial Highlights Operating Income GAAP

Dollars in millions	Operating Income 3Q 2015	Operating Income 3Q 2016	Increase /Decrease	Operating Income Percent 3Q 2015	Operating Income Percent 3Q 2016
Engineered Support Structures	\$20.1	\$19.6	(2.5%)	10.1%	9.6%
Utility Support Structures	14.5	16.0	10.4%	8.8%	10.6%
Coatings	3.1	11.7	265.6%	4.1%	16.7%
Energy & Mining	(4.3)	3.9	190.7%	(-5.1%)	4.8%
Irrigation	14.2	14.2	(0.0%)	11.2%	11.1%
Corporate/Other	(9.2)	(12.2)	NM		
Consolidated Operating Income	\$37.0	\$53.2	43.8%	5.9%	8.7%

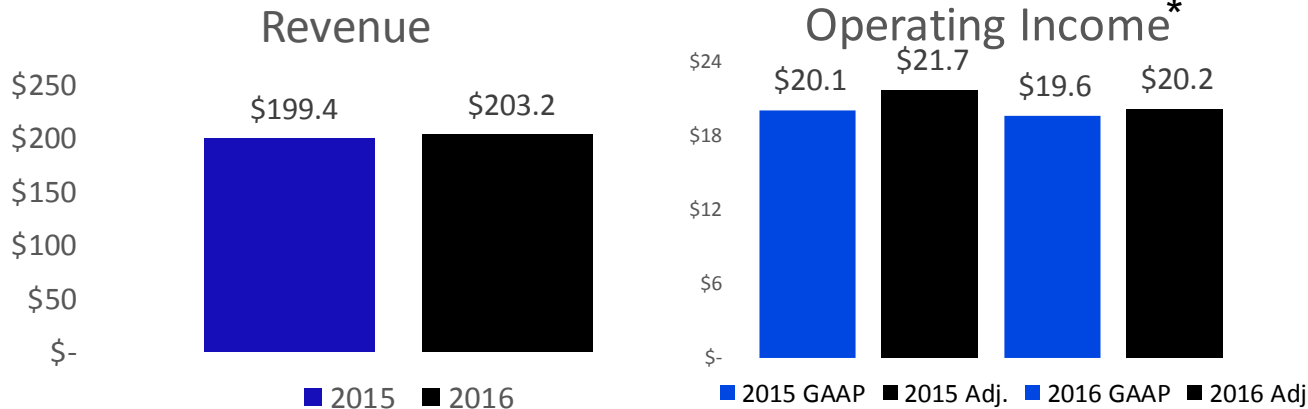
# Financial Highlights Operating Income Adjusted\*

Dollars in millions	Adjusted Operating Income 3Q 2015 *	Adjusted Operating Income 3Q 2016 *	Increase /Decrease	Operating Income Percent 3Q 2015	Operating Income Percent 3Q 2016
Engineered Support Structures	\$21.7	\$20.2	(6.9%)	10.9%	9.9%
Utility Support Structures	15.7	16.6	5.7%	9.5%	11.0%
Coatings	14.2	12.2	(13.4%)	18.6%	17.5%
Energy & Mining	3.6	5.6	55.6%	4.3%	6.8%
Irrigation	14.2	14.2	0.0%	11.2%	11.1%
Corporate/Other	(8.4)	(10.4)	NM		
Consolidated Operating Income	\$61.0	\$58.3	(4.4%)	9.6%	9.6%

\* See reconciliation of GAAP operating income to adjusted (non-GAAP) figures at the end of this presentation.

# Engineered Support Structures

\$ in millions



Sales Net of Intercompany Activity

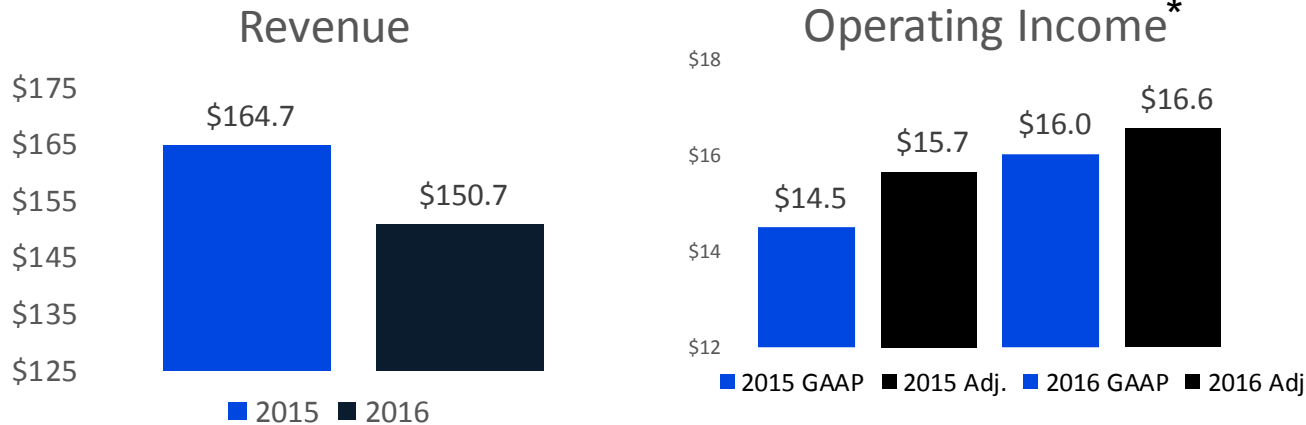
2015 Revenue	\$194.4
Volume	(0.5)
Pricing/Mix	0.2
Acquisitions	-
Currency Translation	(1.0)
2016 Revenue	\$193.1

- North America Lighting and Traffic revenue up – inquiries increasing due to highway bill
- Wireless in Asia Pacific benefitting from 4G buildout in Australia, North America down

\* See GAAP/Non-GAAP reconciliation at end of slide presentation

# Utility Support Structures

\$ in millions



2015 Revenue	\$164.4
Volume	(2.4)
Pricing/Mix	(11.6)
Acquisitions	-
Currency Translation	-
2016 Revenue	\$150.4

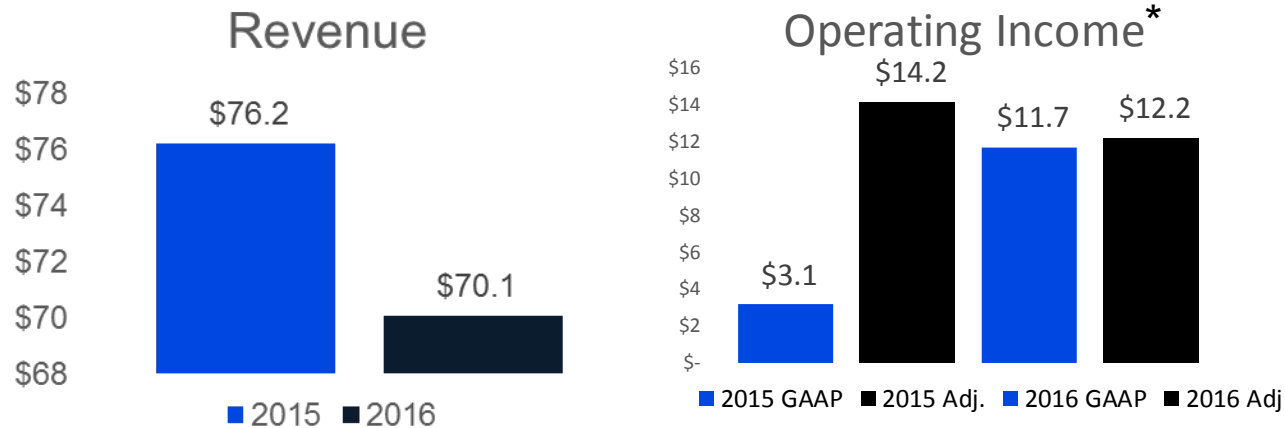
- North America: lower average steel costs earlier in 2016 lead to lower revenues based on industry pricing agreements
- Volumes higher as market activity is improved
- Lead times extending
- International sales down. Project shipment pushed out to 4Q

\* See GAAP/Non-GAAP reconciliation at end of slide presentation



# Coatings

\$ in millions



Sales Net of Intercompany Activity

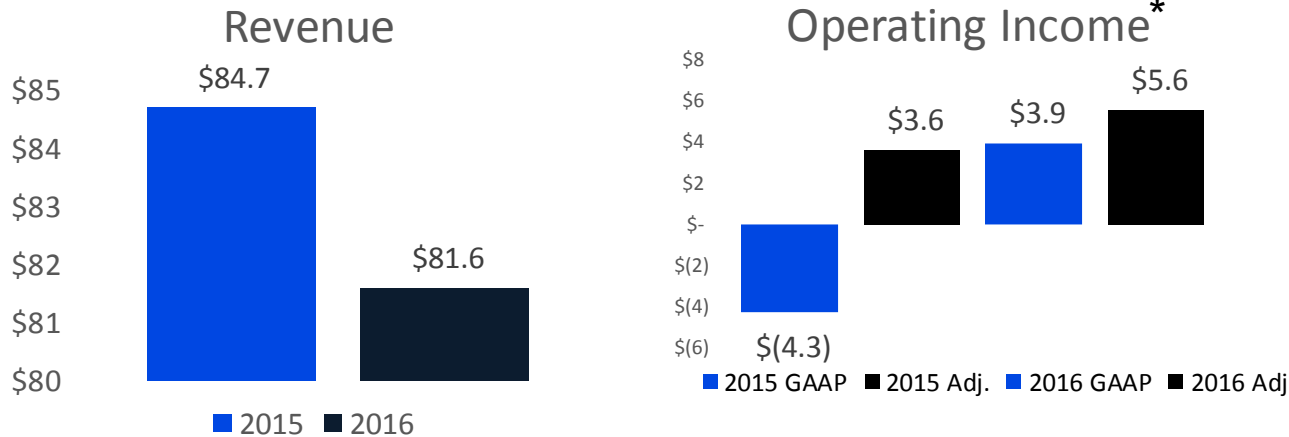
2015 Revenue	\$64.8
Volume	(4.6)
Pricing/Mix	(2.5)
Acquisitions	2.0
Currency Translation	(0.3)
2016 Revenue	\$60.0

- Sudden meaningful decline in custom volumes led by solar energy industry
- Less internal volumes mostly due to increased mix of utility structures made of weathering steel which is not galvanized
- Unplanned downtime due to kettle failures and other operational difficulties affected profitability, which are now resolved
- Cost take-outs to adjust to lower sales volume

\* See GAAP/Non-GAAP reconciliation at end of slide presentation

# Energy and Mining

\$ in millions



Sales Net of Intercompany Activity

2015 Revenue	\$82.7
Volume	(3.3)
Pricing/Mix	0.4
Acquisitions	-
Currency Translation	1.4
2016 Revenue	\$81.2

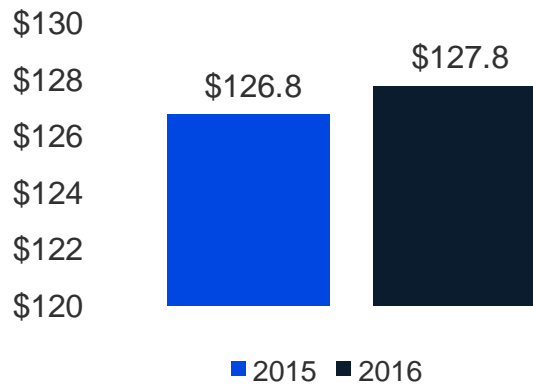
- Access Systems benefitting from restructuring
- Grinding Media sales down, profitability up
- Offshore demand from wind energy industry solid

\* See GAAP/Non-GAAP reconciliation at end of slide presentation

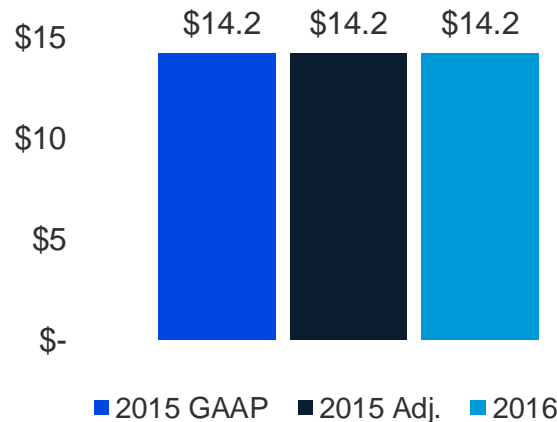
# Irrigation

\$ in millions

## Revenue



## Operating Income\*



## Sales Net of Intercompany Activity

2015 Revenue	\$125.5
Volume	(1.8)
Pricing/Mix	1.9
Acquisitions	-
Currency Translation	(0.1)
2016 Revenue	\$125.5

- Seasonally slow quarter in North America. Favorable weather conditions resulted in less run-time on pivots and lower service parts sales
- International markets benefit from projects and stronger Brazilian market
- Industry pricing conditions basically unchanged

\* See GAAP/Non-GAAP reconciliation at end of slide presentation

# YTD Free Cash Flow

## Dollars in Millions

	2015	2016	Change
Net Income	\$74.5	\$107.1	\$32.6
Deprec/Amort	70.9	61.2	(9.7)
Working Capital (Incr/Decr)	8.6	(31.6)	(40.2)
Impairment of Goodwill & Tradename	15.2	-	(15.2)
Other	13.6	(9.6)	(23.1)
Operating CF	182.8	127.3	(55.5)
CapEx	(34.5)	(42.2)	(7.7)
Free Cash Flow	\$148.3	\$85.1	(\$62.2)

- CapEx for 2016 expected to be \$60-65mm

# Balance Sheet – 3Q 2016

## 3Q 2016 Actual

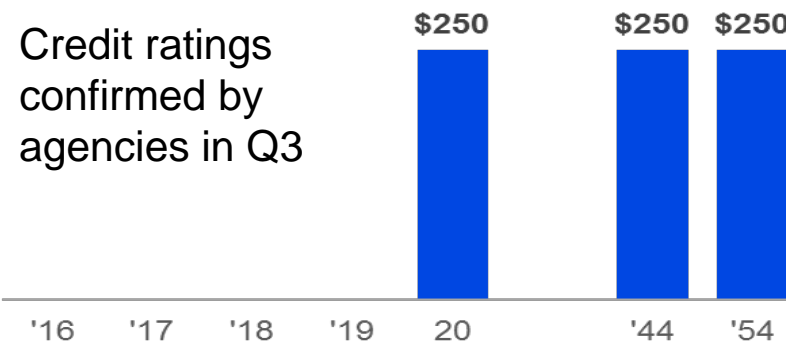
<b>Free Cash Flow</b>	\$85.1M	YTD
<b>Cash At 06/25</b>	\$349M	(\$297 Ex. US)
<b>Total Debt</b>	\$757M	
<b>Debt/Adjusted EBITDA*</b>	2.63X	Adjusted

\* See the Company's calculation at end of presentation.

## Credit Rating

<b>S&amp;P</b>	BBB+	Negative
<b>Moody's</b>	Baa3	Stable

## Debt Maturities – in Millions



# Summary

- Q3 EPS improved despite slightly lower revenues
- Positive effects from restructuring and productivity Improvements
- Steel price volatility effectively managed
- Favorable tax rate
- Strong Balance Sheet and Liquidity
- Annual guidance modified to reflect weaker Coatings Volumes
  - Adjusted EPS between \$6.23 and \$6.35 (GAAP EPS \$5.88 to \$6.00)
  - Meets 10% EPS growth goal
  - Coatings cost take outs in light of market conditions

# Valmont – Summary of Effect of Significant Non-recurring Items on Reported Results

Other	(8,608)	(14,420)
Net cash flows from financing activities	(82,356)	(190,226)
Effect of exchange rates on cash and cash equivalents	(3,478)	(26,113)
Net change in cash and cash equivalents	301	(58,728)
Cash and cash equivalents - beginning of year	349,074	371,579
Cash and cash equivalents - end of period	<u>\$ 349,375</u>	<u>\$ 312,851</u>

-more-

**VALMONT INDUSTRIES, INC. AND SUBSIDIARIES**  
**SUMMARY OF EFFECT OF SIGNIFICANT NON-RECURRING ITEMS ON REPORTED RESULTS**  
**REGULATION G RECONCILIATION**  
*(Dollars in thousands, except per share amounts)*  
*(unaudited)*

The non-GAAP tables below disclose the impact on (a) diluted earnings per share of (1) restructuring costs, (2) non-recurring deferred income tax expense, (3) asset impairment charges in 2015, and (4) the non-cash after-tax loss or gain associated with adjusting the fair value of Delta EMD Pty, Ltd (Delta EMD) shares owned to its quoted market price at September 24, 2016, and September 26, 2015, (b) segment operating income from restructuring costs and asset impairment charges in 2015. 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.

	<u>Third Quarter Ended Sept. 24, 2016</u>	<u>Diluted earnings per share</u>	<u>Year-to-Date Sept. 24, 2016</u>	<u>Diluted earnings per share</u>
Net earnings attributable to Valmont Industries, Inc. - as reported	\$ 28,173	\$ 1.24	\$ 103,168	\$ 4.54
Restructuring expenses - after tax	3,520	0.16	3,520	0.15
Deferred tax expense - Change in UK rate	1,860	0.08	1,860	0.08
Fair market value adjustment, Delta EMD - after-tax	(65)	-	970	0.04
Net earnings attributable to Valmont Industries, Inc. - Adjusted	<u>\$ 33,488</u>	<u>\$ 1.48</u>	<u>\$ 109,518</u>	<u>\$ 4.82</u>
Average shares outstanding (000's) - Diluted		22,659		22,741
	<u>Third Quarter Ended Sept. 26, 2015</u>	<u>Diluted earnings per share</u>	<u>Year-to-Date Sept. 26, 2015</u>	<u>Diluted earnings per share</u>
Net earnings attributable to Valmont Industries, Inc. - as reported	\$ 12,066	\$ 0.52	\$ 70,678	\$ 3.00
Restructuring expenses - after tax	6,310	0.27	16,634	0.71

\* With respect to our annual 2016 diluted EPS guidance, we are estimated GAAP EPS of \$5.88 to \$6.00. This assumes \$1.7 million (after-tax) of estimated fourth quarter restructuring expense. When this restructuring expense and the same year-to-date third quarter 2016 adjustments (detailed above) are added back, that results in an adjusted diluted EPS range of \$6.23 to \$6.35 for 2016.\*

We believe it is useful when considering Company performance for the non-GAAP adjusted net earnings to be considered by management and investors with the related reported GAAP measures.

# Valmont – Recast 2015 Segment Figures by Quarter

<i>For the Third Quarter Ended Sept. 24, 2016</i>					
	Operating Income- As Reported	Restructuring expenses - before tax	Adjusted Operating Income	Net Sales	
<b>Segment Operating Income Reconciliation</b>					
Engineered Support Structures	\$ 19,577	\$ 587	\$ 20,164	\$ 203,184	
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	9.6%		9.9%		
Utility Support Structures	16,030	528	16,558	150,667	
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	10.6%		11.0%		
Energy & Mining	3,941	1,610	5,551	81,552	
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	4.8%		6.8%		
Coatings	11,696	545	12,241	70,082	
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	16.7%		17.5%		
Irrigation	14,154	-	14,154	127,809	
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	11.1%		11.1%		
Corporate/Other	(12,158)	1,795	(10,363)		
<b>Consolidated Results</b>	<b>\$ 53,240</b>	<b>\$ 5,065</b>	<b>\$ 58,305</b>	<b>\$ 610,247</b>	
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	<b>8.7%</b>		<b>9.6%</b>		
<i>For the Third Quarter Ended Sept. 26, 2015</i>					
	Operating Income- As Reported	Restructuring expenses - before tax	Impairment of goodwill and TM before tax	Adjusted Operating Income	Net Sales
<b>Segment Operating Income Reconciliation</b>					
Engineered Support Structures	\$ 20,073	\$ 1,634	\$ -	\$ 21,707	\$ 199,410
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	10.1%			10.9%	
Utility Support Structures	14,505	1,159	-	15,664	164,684
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	8.8%			9.5%	
Energy & Mining	(4,302)	2,934	5,000	3,632	84,732
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	-5.1%			4.3%	
Coatings	3,145	\$ 806	10,200	14,151	76,201
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	4.1%			18.6%	
Irrigation	14,194	52	-	14,246	126,775
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	11.2%			11.2%	
Corporate/Other	(10,603)	2,215	-	(8,388)	1,691
<b>Consolidated Results</b>	<b>\$ 37,012</b>	<b>\$ 8,800</b>	<b>\$ 15,200</b>	<b>\$ 61,013</b>	<b>\$ 632,575</b>
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	<b>5.9%</b>			<b>9.6%</b>	

We believe it is useful when considering Company performance for the non-GAAP adjusted net earnings to be considered by management and investors with the related reported GAAP measures.



# Valmont – Calculation of Adjusted EBITDA and Leverage Ratio

<b>Debt Coverage Calculation</b>	<b>Trailing 12</b>
	<b>Months</b>
	<b><u>9/24/2016</u></b>
Net earnings attributable to Valmont Industries, Inc.	\$ 72,607
Interest expense	44,417
Income tax expense	54,297
Depreciation and amortization expense	<u>81,527</u>
EBITDA	252,848
Impairment of goodwill and intangible assets	26,770
Impairment of property, plant, and equipment	7,795
Adjusted EBITDA	<u>287,413</u>
Total Debt	\$757,332
Leverage Ratio	<u>2.63</u>