



Valmont Industries, Inc.
Second Quarter Earnings Presentation

July 22, 2021



Disclosure Regarding Forward-Looking Statements

These slides contain (and the accompanying oral discussion will contain) “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries including the continuing and developing effects of COVID-19 including the effects of the outbreak on the general economy and the specific economic effects on the Company’s business and that of its 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.



STEVE KANIEWSKI

PRESIDENT & CHIEF EXECUTIVE OFFICER

2Q 2021 Segment Sales and Segment Summaries

TOTAL 2Q 2021 SALES: \$894.6M

\$267.9M

Utility Support Structures

29.9% of Sales

\$269.4M

Engineered Support Structures

30.1% of Sales

\$98.2M

Coatings

11.0% of Sales

\$282.0M

Irrigation

N.A.: \$156.1M | International: \$125.9M

31.5% of Sales

SEGMENT SUMMARIES

- Sales growth was led by higher volumes due to increasing demand for renewable energy generation, strong broad-based demand from ongoing investments in grid hardening and modernization, and increased pricing

- Sales growth in wireless communication products and components slightly offset by anticipated lower North American transportation market volumes
- Higher global lighting and transportation sales as pricing improved in all regions
- Higher sales in wireless communication structures and components driven by 5G buildouts, small cell integrated products and components, and favorable pricing

- Improving end-market demand, favorable pricing and currency impacts
- Commenced operations at new greenfield Coatings facility near Pittsburgh, PA, which aligns well with Valmont's ESG principles while serving the growing demand for new infrastructure in this region

- Sales growth across all markets, including 35%+ growth in technology sales
- Global: Higher volumes and favorable pricing
- North America: Strong volume from improved market fundamentals and net farm income projections
- International: Sales growth driven by ongoing delivery of Egypt project, European market demand and record sales in Brazil; recently awarded \$20M+ of additional projects from new customers in African market

Significant Irrigation and Utility Support Structures Revenue Growth

Prospera Technologies Update: Continuing to Expand Our Irrigation Technology Leadership

Key Stats

Founded	2014
Headquarters	Austin, TX
R&D Center	Tel Aviv, Israel

Transaction Details

Price	\$300M
Financing	Cash + Revolving Credit Facility
Closed	May 2021

Award-winning, Global Leader in AI and Machine-Learning

- ✓ **Strong Value Proposition**
 - Accelerating innovation through investments in recurring revenue services
 - Expect recurring revenue sales to grow to 50%+ per year over next 3-5 years
 - Expect acquisition to be accretive to the segment beginning in 2023
- ✓ **Unique Technology**
 - Highly-differentiated solution focused on in-season crop performance that is able to go beyond traditional irrigated acres
 - Used on 5,300+ fields today on a variety of crops including corn, soybeans, potatoes, wheat, onions, alfalfa and tomatoes
- ✓ **Entrepreneurial Spirit and Key Talent Additions**
 - 100 highly-talented and motivated employees, including experts in data science and machine-learning

Finding New Ways to Use Less Inputs in Order to Achieve Higher Crop Yields

Accelerated Growth and New Product Innovations in Solar Business

Total Projects Awarded in 2Q 2021 (\$72M)

Valmont Solar Solutions - Utility

- Awarded projects totaling \$47M in 2Q 2021
- 30+ orders for the North American Market over past 18 months
- Completed several sunbelt region projects

Valmont Solar Solutions - Agriculture

- Awarded 3 Ag solar projects in 2Q 2021 equating to \$25M
- Launching in North America this fall at Husker Harvest Days
- Collaborating with the Utility solar team and world-class Valley dealer network
- Delivering integrated solutions to support ag players in their markets



“Class of One” Industry-Recognized Status

ESG Excellence as a Foundation

Reiterating Our 2021 Investor Day ESG Initiatives

ENVIRONMENTAL

Sustainably building upon a foundation focused on managing risks and improving efficiencies

SOCIAL

Empowering our workforce, customers and communities

GOVERNANCE

Operating ethically and managing oversight through open collaboration

Recent Recognition of Our ESG Efforts – Improvement in ISS Quality Scores



ESG Continues to be a Strategic Priority with the Mindset of Conserving Resources and Improving Life



AVNER APPLBAUM
EVP & CHIEF FINANCIAL OFFICER

2Q 2021 Financial Summary

\$M, except for per share amounts

Sales		Operating Income				Diluted EPS																											
29.9%		GAAP 90.2%		Adjusted ¹ 38.4%		GAAP 172.6%		Adjusted ¹ 53.0%																									
<table border="1"> <tr> <th>Year</th> <th>Sales (\$M)</th> </tr> <tr> <td>2021</td> <td>\$894.6</td> </tr> <tr> <td>2020</td> <td>\$688.8</td> </tr> </table>		Year	Sales (\$M)	2021	\$894.6	2020	\$688.8	<table border="1"> <tr> <th>Year</th> <th>GAAP (\$M)</th> <th>Adjusted¹ (\$M)</th> </tr> <tr> <td>2021</td> <td>\$82.6</td> <td>\$90.9</td> </tr> <tr> <td>2020</td> <td>\$43.4</td> <td>\$65.7</td> </tr> </table>				Year	GAAP (\$M)	Adjusted ¹ (\$M)	2021	\$82.6	\$90.9	2020	\$43.4	\$65.7	<table border="1"> <tr> <th>Year</th> <th>GAAP (\$)</th> <th>Adjusted¹ (\$)</th> </tr> <tr> <td>2021</td> <td>\$2.89</td> <td>\$3.06</td> </tr> <tr> <td>2020</td> <td>\$1.06</td> <td>\$2.00</td> </tr> </table>				Year	GAAP (\$)	Adjusted ¹ (\$)	2021	\$2.89	\$3.06	2020	\$1.06	\$2.00
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Year	GAAP (\$)	Adjusted ¹ (\$)																															
2021	\$2.89	\$3.06																															
2020	\$1.06	\$2.00																															
<ul style="list-style-type: none"> Record second quarter sales; significantly higher in Irrigation and Utility Support Structures Record global backlog of more than \$1.34B, reflecting strong market demand 		<ul style="list-style-type: none"> Operating income growth driven by: <ul style="list-style-type: none"> Higher volumes in Irrigation Improved operating performance including record quarterly results for Engineered Support Structures 				<ul style="list-style-type: none"> Strong operating income and a more favorable adj. tax rate of 22.5% realized through the execution of certain tax planning strategies GAAP results for 2020 include a \$16.6 million goodwill & tradename impairment (\$0.77 per share) 																											

¹Please see Reg G reconciliation of GAAP sales, operating income, net earnings and EPS to Adjusted figures at end of document.

2Q 2021 Results | Utility Support Structures

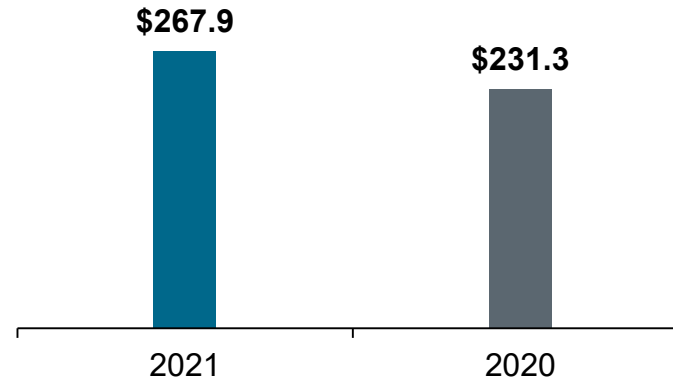
(\$M)

Key Statistics

2020 Sales	\$ 231.3
Intersegment Sales	(2.8)
Volume	28.6
Pricing/Mix	8.5
Acquisitions/Divestiture	-
Currency Translation	2.3
2021 Sales	\$ 267.9

Sales

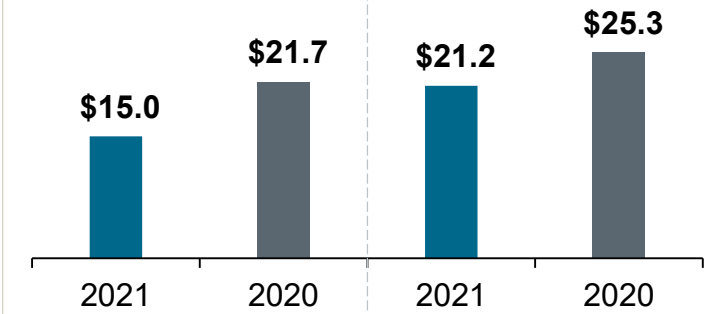
15.8%



Operating Income

GAAP

Adjusted¹



COMMENTARY

- Higher volumes due to increasing demand for renewable energy generation and utilities' continued investments in grid resiliency
- Strong volumes, increased pricing and improved operational performance more than offset by ongoing impact of rapidly rising raw material costs – could not yet be recovered through pricing mechanisms

¹Please see Reg G reconciliation of GAAP sales, operating income, net earnings and EPS to Adjusted figures at end of document.

2Q 2021 Results | Engineered Support Structures

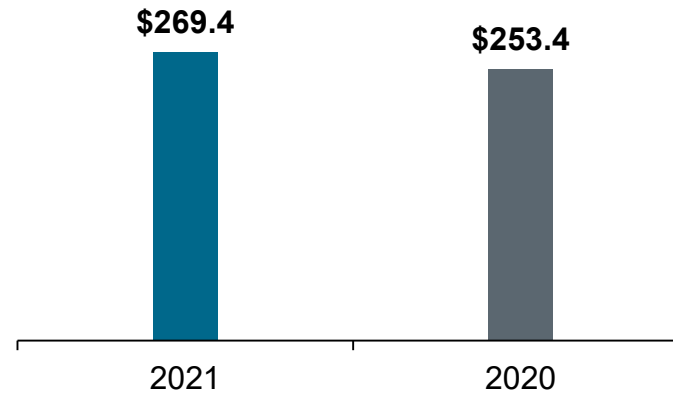
(\$M)

Key Statistics

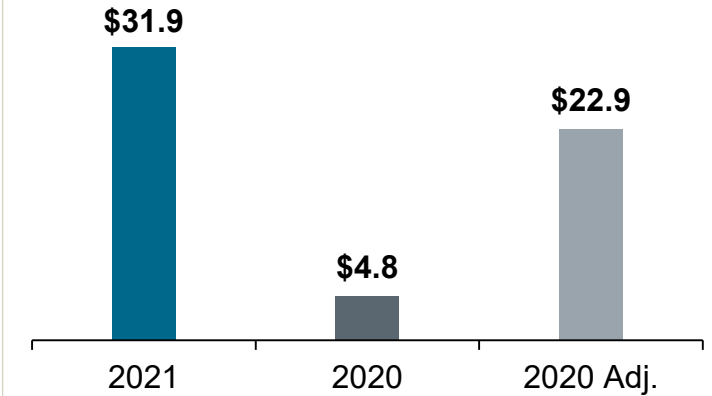
2020 Sales	\$ 253.4
Intersegment Sales	(4.5)
Volume	(2.4)
Pricing/Mix	11.4
Acquisitions/Divestiture	-
Currency Translation	11.5
2021 Sales	\$ 269.4

Sales

6.3%



Operating Income¹



COMMENTARY

- Record sales and operating income, led by a focus on pricing actions, cost optimization, and the benefits of previous restructuring actions
- Operations teams continue to drive performance improvement across the segment through improved productivity and product quality, and better ship-complete and on-time (SCOT) delivery metrics
- Higher wireless communication structures and components sales and commercial lighting sales offset lower volumes in North American transportation markets

¹Please see Reg G reconciliation of GAAP sales, operating income, net earnings and EPS to Adjusted figures at end of document.

2Q 2021 Results | Coatings

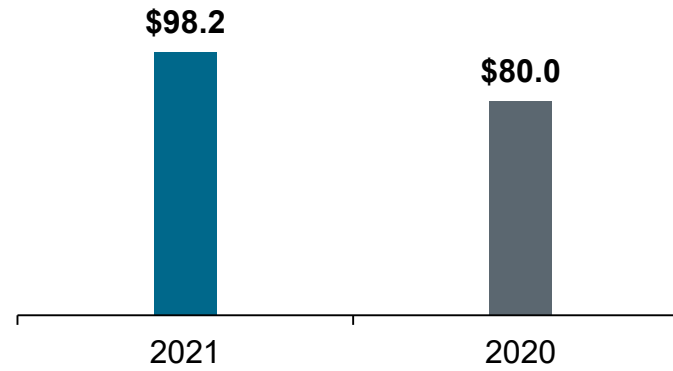
(\$M)

Key Statistics

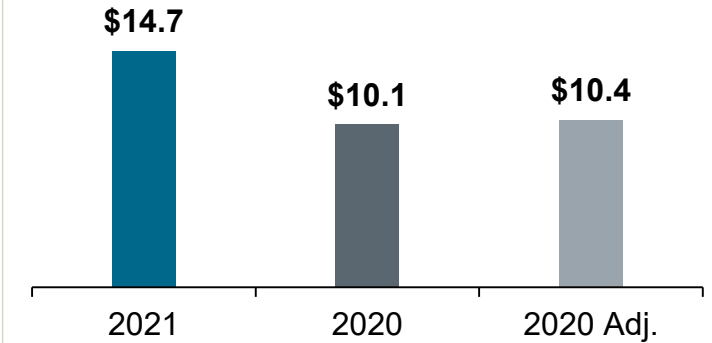
2020 Sales	\$	80.0
Intersegment Sales		3.2
Volume		6.0
Pricing/Mix		5.1
Acquisitions/Divestiture		0.1
Currency Translation		3.8
2021 Sales	\$	98.2

Sales

22.7%



Operating Income¹



COMMENTARY

- Sales increase was driven by an improving macro-environment compared to last year, favorable pricing and FX
- Higher volumes, favorable pricing and operational efficiencies more than offset the impact of raw material cost inflation

¹Please see Reg G reconciliation of GAAP sales, operating income, net earnings and EPS to Adjusted figures at end of document.

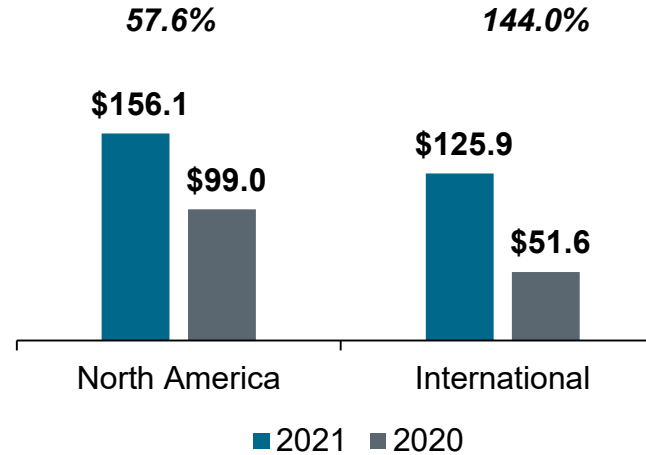
2Q 2021 Results | Irrigation

(\$M)

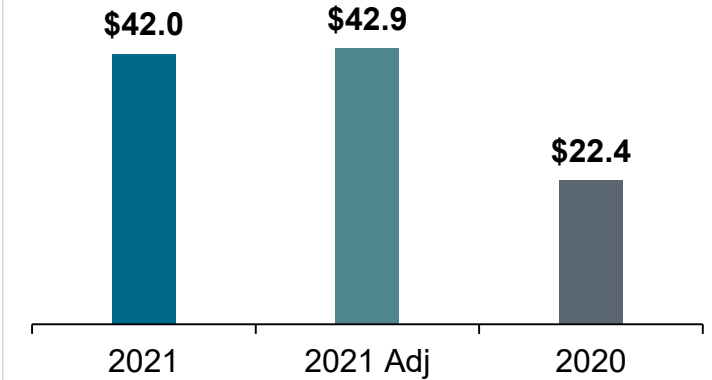
Key Statistics

2020 Sales	\$ 150.6
Intersegment Sales	0.3
Volume	89.7
Pricing/Mix	38.6
Acquisitions/Divestiture	1.1
Currency Translation	1.7
2021 Sales	\$ 282.0

Sales



Operating Income¹



COMMENTARY

- Strong global agricultural market fundamentals continue to drive positive farmer sentiment
- In North America, strong market fundamentals and improved net farm income projections contributed to sales growth
- Ongoing deliveries of the large Egypt project, and higher sales in Brazil and Europe led international sales growth
- Significantly higher volumes and favorable pricing slightly offset by \$3.1M of higher R&D expense for strategic technology growth investments, including product development
- 1H 2021 technology solutions sales of \$50.0M grew 55.0% YoY

¹Please see Reg G reconciliation of GAAP sales, operating income, net earnings and EPS to Adjusted figures at end of document.

2Q 2021 Cash Flow Highlights

2Q Cash Flow | FCF Reconciliation

(\$M)	YTD 6/26/2021
Net Cash Flows from Operating Activities	\$ 70.2
Net Cash Flows from Investing Activities	(361.4)
Net Cash Flows from Financing Activities	90.1
Net Cash Flows from Operating Activities	\$ 70.2
Purchase of Property, Plant & Equipment	(48.8)
Free Cash Flows	\$ 21.4

Cash and Debt Highlights

\$199.3M
(\$188.0M ex-U.S.)

Cash at 6/26/2021

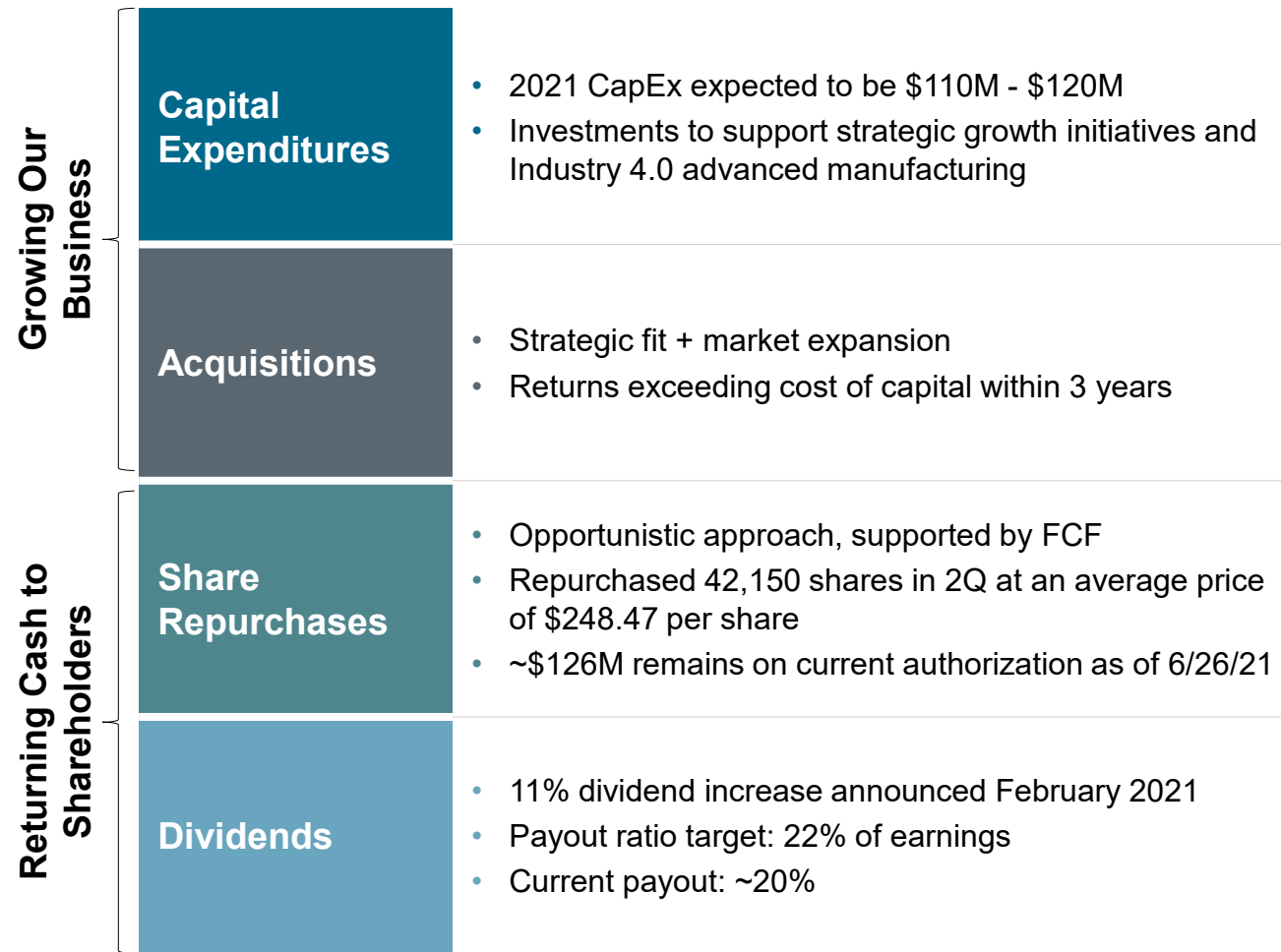
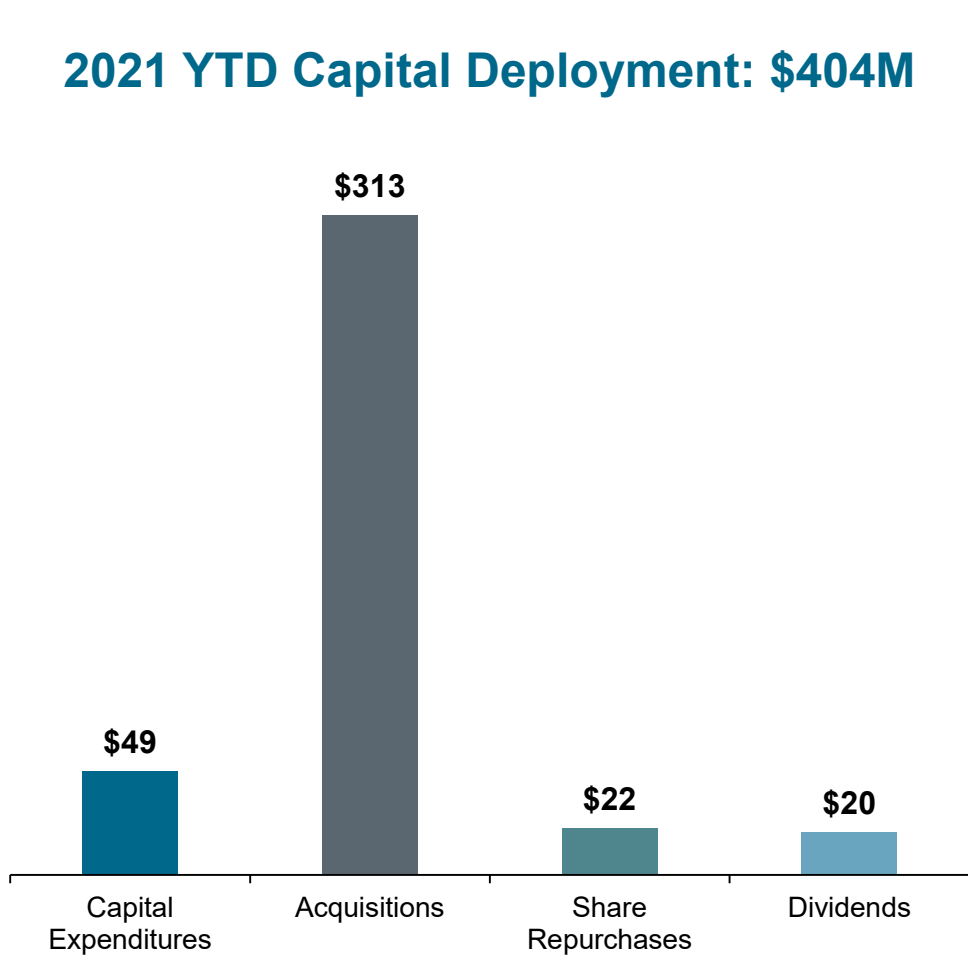
\$860.9M

Total Long-term Debt at 6/26/2021

Positive Operating Cash Flow Despite Continued Inflationary Pressure

Balanced Approach to Capital Allocation

2021 YTD Capital Deployment: \$404M



Strong Balance Sheet and Liquidity

AS OF JUNE 26, 2021

Cash	\$199.3M
Total Debt (Long-term)	\$860.9M
Shareholders' Equity	\$1,321.5M
Total Debt to Adj. EBITDA ¹	2.3x

Available Credit under Revolving Credit Facility ²	\$452.9M
Cash	\$199.3M
Total Available Liquidity	\$652.2M

- ▶ **Long-term debt of \$860.9M**, mostly fixed-rate, with long-dated maturities to 2044 and 2054
- ▶ **Capital allocation strategy has not changed**, and the primary focus is to maintain liquidity to support operations and maintain investment grade credit rating
 - Purchased **\$10.5M of company stock** in Q2, and \$126.4M remains on current authorization

¹ See slide 32 for calculation of Adjusted EBITDA and Leverage Ratio. ² \$600M Total Revolver less borrowings and Standby LC's of \$147M.

2Q 2021 / Full Year 2021 Outlook and Key Assumptions

PREVIOUS FY21 OUTLOOK¹

9% – 14%

Increase in Net Sales
YoY

\$9.30 – \$10.00

GAAP Diluted EPS

N/A

Adj. Diluted EPS²

27% – 30%

Increase in Irrigation
Segment Sales YoY

CURRENT FY21 OUTLOOK¹

16% – 19%

Increase in Net Sales
YoY

\$9.90 – \$10.60

GAAP Diluted EPS

\$10.40 – \$11.10

Adj. Diluted EPS²

45% – 50%

Increase in Irrigation
Segment Sales YoY

KEY ASSUMPTIONS

- Favorable foreign currency translation impact of ~2% of Net Sales
- Expect 2H21 tax rate of ~25.0%; no tax law changes
- CapEx to be in the range of \$110M - \$120M to support strategic growth initiatives and Industry 4.0 advanced manufacturing initiatives
- No closures of large manufacturing facilities, workforce disruptions, or significant supply chain interruptions

¹ Exclusive of potential future restructuring activities. ² Please see Reg G reconciliation of GAAP sales, operating income, net earnings and EPS to Adjusted figures at end of document.

2021 Segment Outlook

USS

- Expect quality of earnings to meaningfully improve in 3Q and 2H 2021 as pricing becomes more aligned with steel cost inflation
- Strong backlog indicative of long-term market drivers of grid resiliency and the increasing use of renewable energy

ESS

- Expect some short-term softness in North American transportation markets, and improved demand for commercial lighting
- Demand for wireless communication structures and components remains strong; expect sales to grow 15% - 20%, in line with market expectations

COATINGS

- End-market demand correlates closely to general economic trends
- Focusing on pricing excellence and providing value to customers

IRRIGATION

- Expect 45-50% sales growth YoY, based on global underlying ag fundamentals, the estimated timing of deliveries of the large Egypt project, and another record sales year in Brazil
- 3Q 2021 is a lower sales quarter due to normal business seasonality
- Deliveries of the large project for Egypt began in 4Q 2020, which will affect YoY growth comparisons
- Continue to raise prices to offset inflationary pressures

Positive Momentum Across all Businesses

Fundamental Market Drivers Remain Resilient

USS

- Strong backlog demonstrates ongoing demand and necessity for renewables, grid hardening and expanding ESG focus within utility industry
- Well-positioned to be a preferred strategic partner with utilities and developers for their renewable energy goals

ESS

- Critical need for infrastructure investment provides very good economic stimulus
- Solid long-term market trends for road construction and single-family housing
- Carriers' investments support work and school-at-home and macro buildouts in suburban and rural communities, aligning with favorable trends in residential construction

COATINGS

- Closely following general macro-economic trends
- Global preservation of critical infrastructure over the long-term
- Increased number of economies actively fighting costs of corrosion will drive need to extend life of steel products globally over the long-term
- Fits well within ESG principles

IRRIGATION

- Global ag market fundamentals remain strong
- Net farm income improvements are driving positive farmer sentiment
- Improved demand along with strength across international markets and the large project in Egypt is providing a good line of sight into 2022

Record Backlog of More than \$1.3B at the End of the Second Quarter

Summary

01

Ability to navigate and capitalize on challenging market dynamics demonstrates the strength and sustainability of our business and long-term strategy, favorable end-market trends and strong price leadership in the marketplace

02

Remain focused on the execution of our strategy fueled by our dedicated and talented team of 10,000 employees and our differentiated business model

03

Accelerating growth through investments in innovation, technology and IoT through our acquisitions of Prospera Technologies and PivoTrac, which builds on our overall strategy to grow recurring revenue services

Poised and Well Positioned to Capture Growth and Drive Shareholder Value in the Future

Q&A

APPENDIX

2Q 2021 Financial Summary

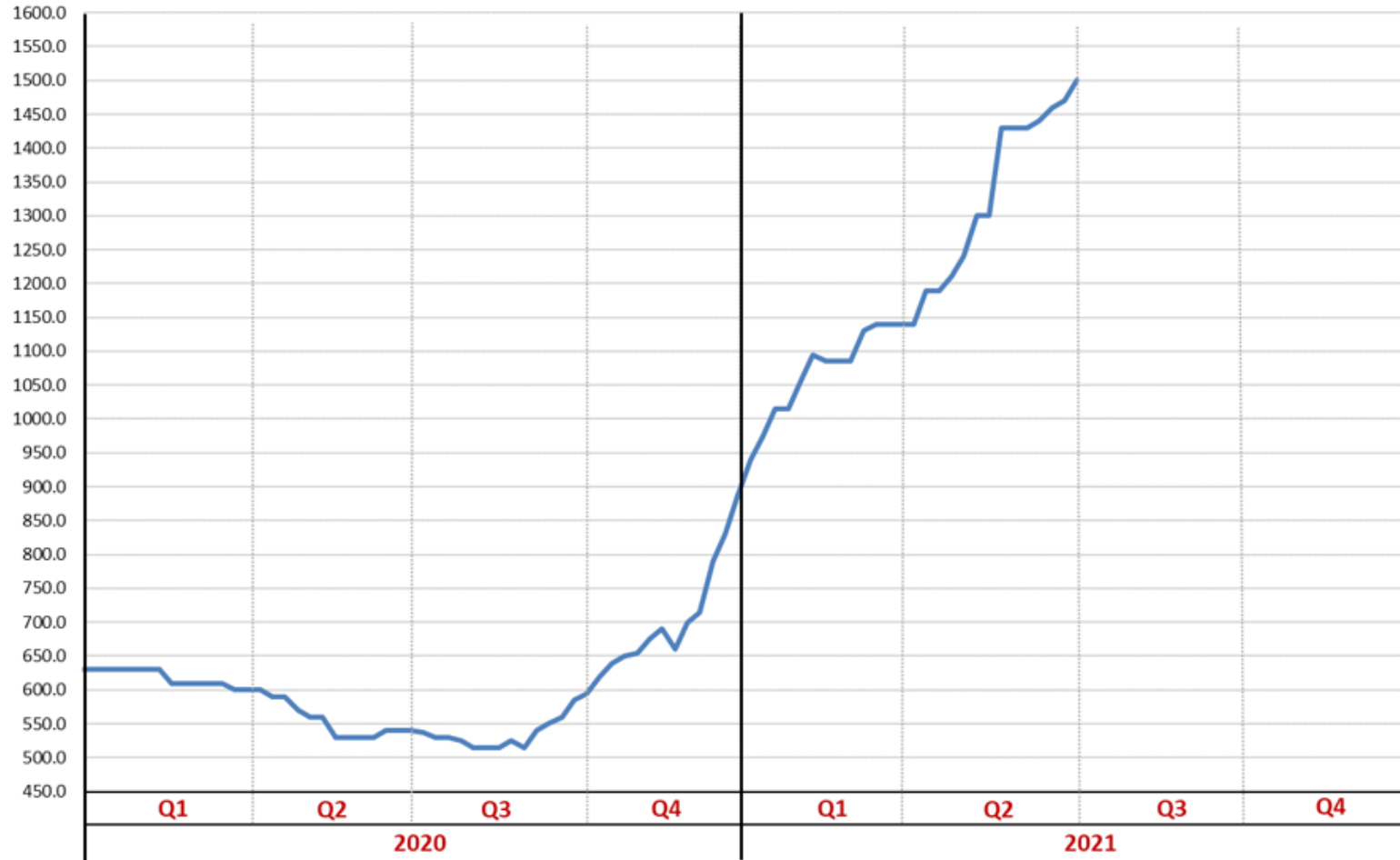
\$M, except for per share amounts

Net Sales	2021	2020	Change	YTD 2021	YTD 2020	Change
Utility Support Structures	\$ 267.9	\$ 231.3	15.8%	\$ 521.0	\$ 456.8	14.1%
Engineered Support Structures	269.4	253.4	6.3%	491.7	484.1	1.6%
Coatings	98.2	80.0	22.7%	191.4	168.1	13.9%
Irrigation	282.0	150.6	87.2%	511.6	307.4	66.5%
Intersegment Sales ¹	(22.9)	(26.5)	NM	(46.2)	(53.4)	NM
Net Sales	\$ 894.6	\$ 688.8	29.9%	\$ 1,669.5	\$ 1,363.0	22.5%
Operating Income	\$ 82.6	\$ 43.4	90.2%	\$ 159.8	\$ 110.3	44.9%
Adjusted Operating Income²	\$ 90.9	\$ 65.7	38.4%	\$ 168.1	\$ 132.6	26.8%
Net Income	\$ 62.1	\$ 22.6	174.7%	\$ 117.1	\$ 65.5	78.7%
Diluted Earnings Per Share (EPS)	\$ 2.89	\$ 1.06	172.6%	\$ 5.46	\$ 3.05	79.0%
Adjusted Diluted Earnings Per Share (EPS)²	\$ 3.06	\$ 2.00	53.0%	\$ 5.63	\$ 3.99	41.1%

¹Includes rounding ²Please see Reg G reconciliation of GAAP sales, operating income, net earnings and EPS to Adjusted figures at end of document.

Steel Material Index Trends 2020-2021 YTD

AMM Steel Material Index
National Mills Carbon Grade
Cut to Length and Coiled Plate Average
2020 thru 2021 YTD

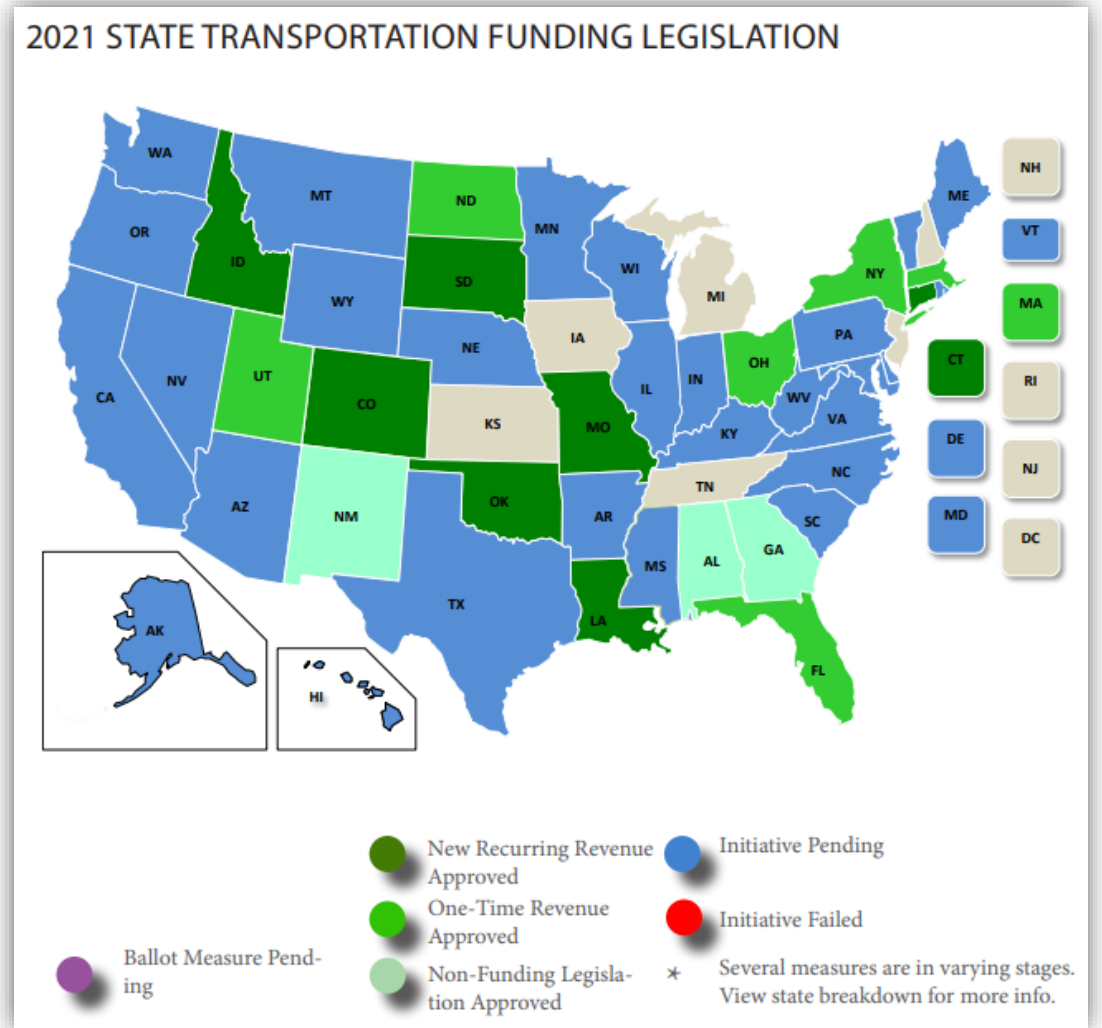


Since last quarter, the AMM material index has increased from \$1,190 to \$1,500; an increase of 310 points or 26.1%.

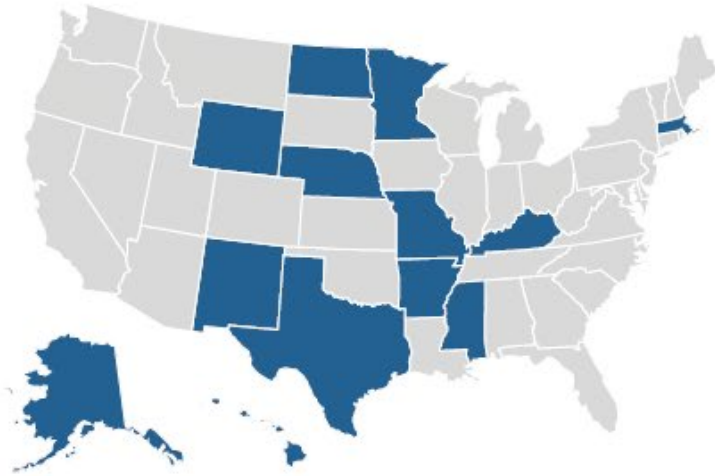
Source: FastMarketsAMM.

State Transportation Investment Funding Measures

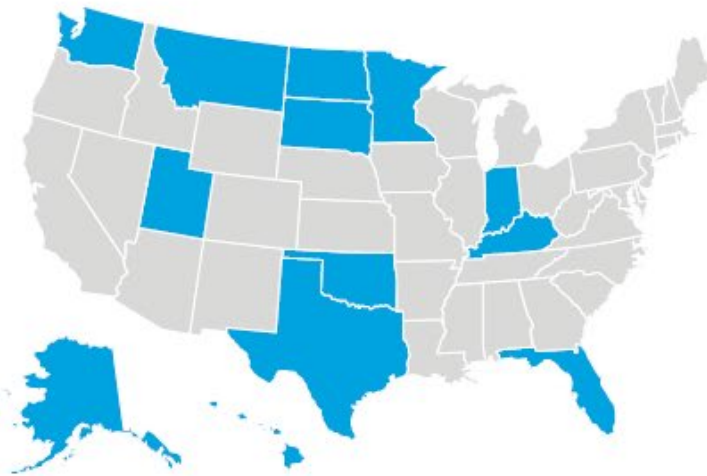
- State legislators in 44 states introduced 188 transportation funding measures in the first half of 2021
- Funding Approved in 2021 Legislative Session: **\$29,383,725,783**
- One-time funding bills, including allocation of federal Covid-19 relief funds, were approved in twelve states for a total of **\$23.4 billion**



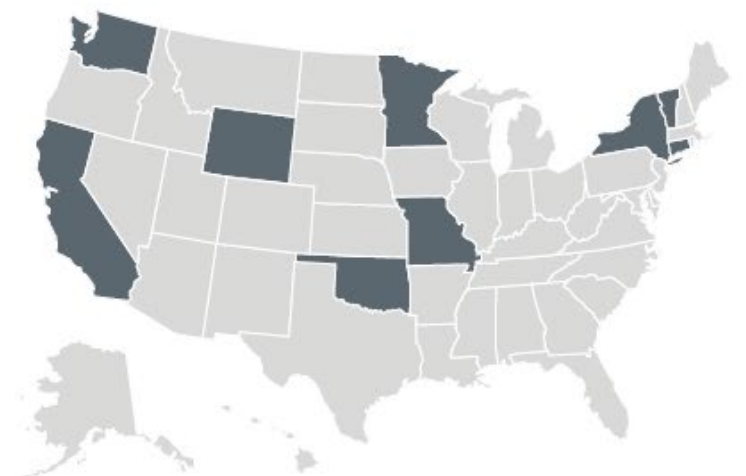
State Transportation Investment Funding Measures by Type



Increased Fuel Tax



Electric Vehicle Fee



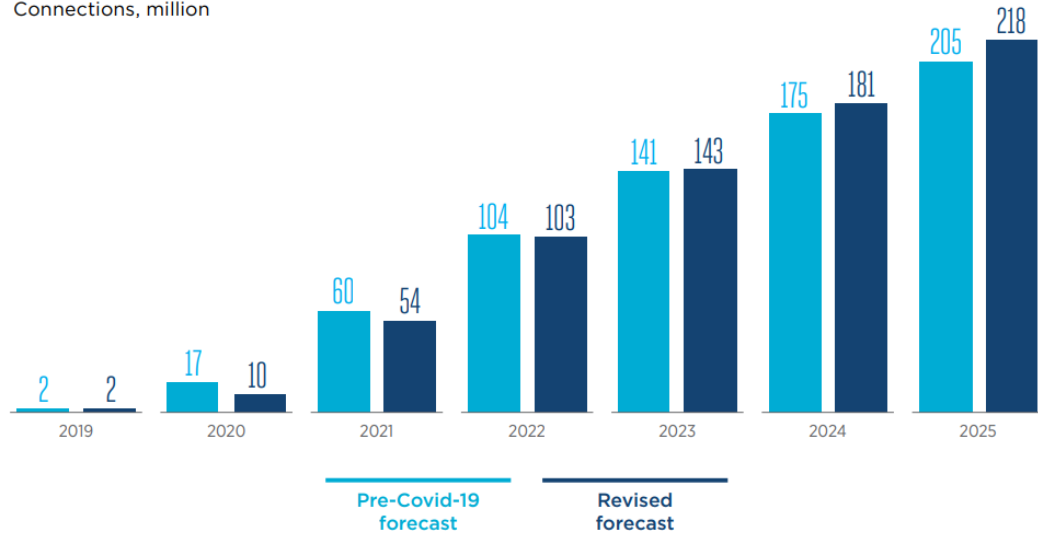
Road Usage Fee

Source: [Transportation Investment Advocacy Center](#).

5G Adoption Forecast and Capex Spend Post-COVID

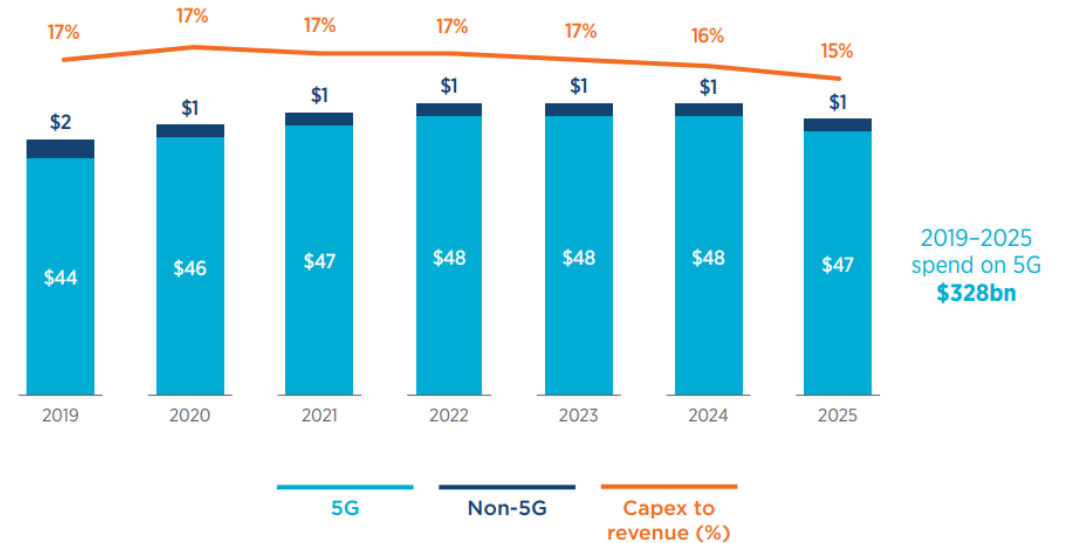
5G adoption in North America is expected to rise faster than before, following a near-term slowdown because of Covid-19

Connections, million



Operators commit to 5G spending, despite the Covid-19 pandemic

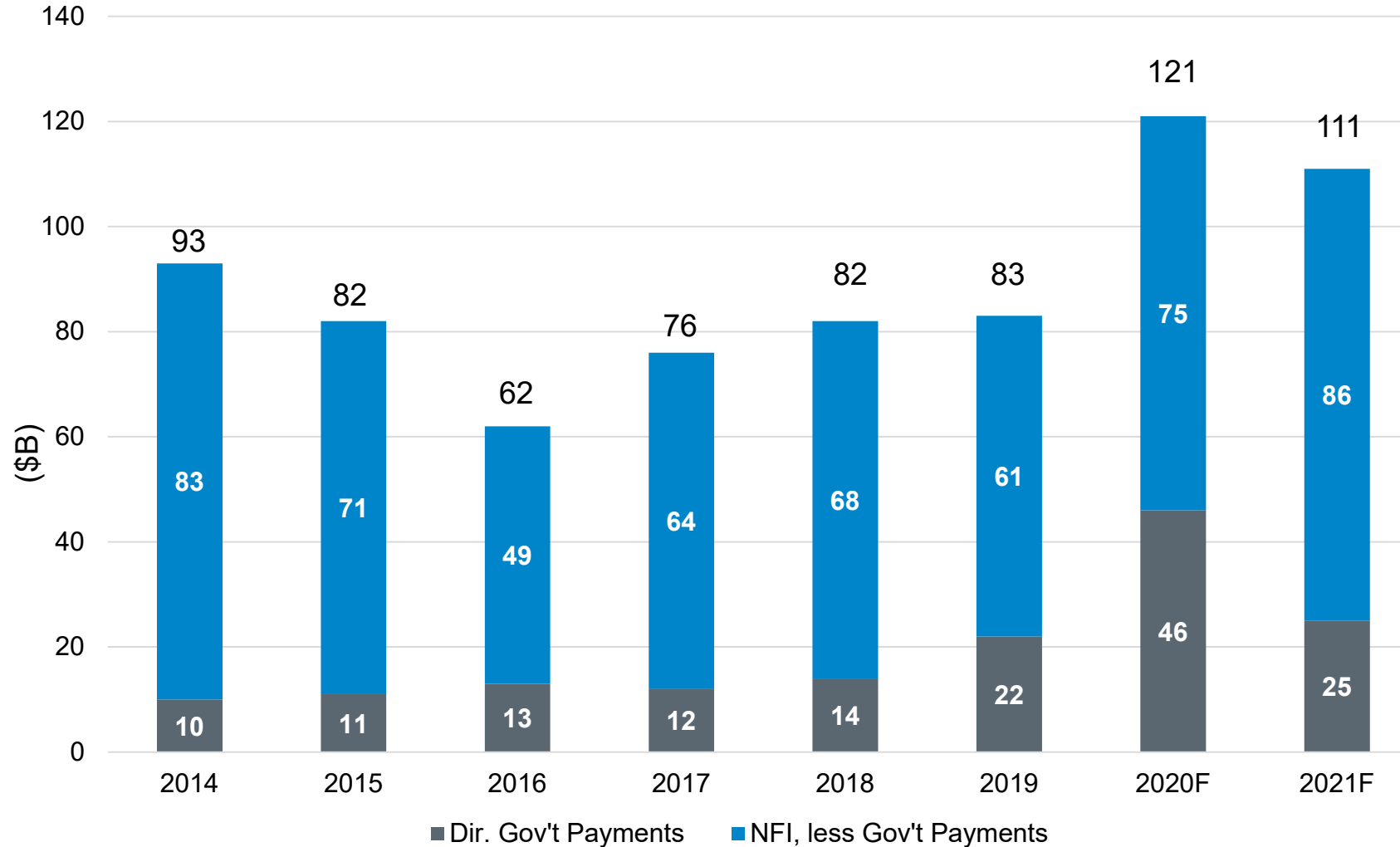
Capex (billion)



Source: GSM Association.

U.S. Net Farm Income

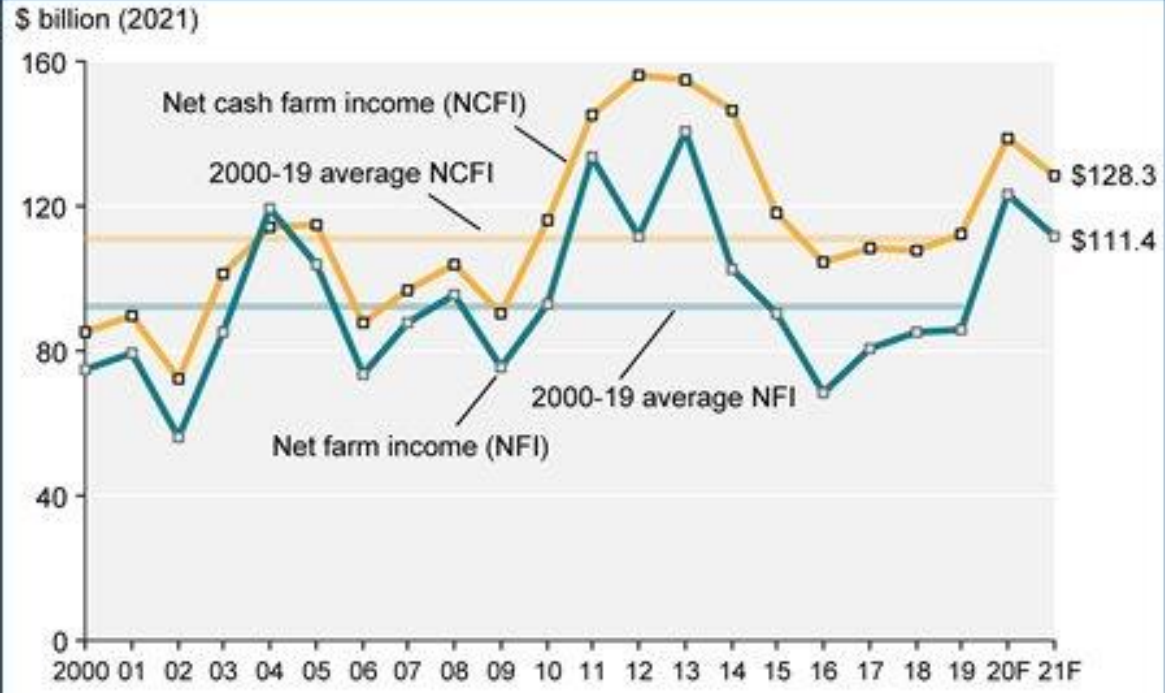
Net Farm Income w/ Government Payments



Source: USDA Farm Income Data, Updated February 5, 2021

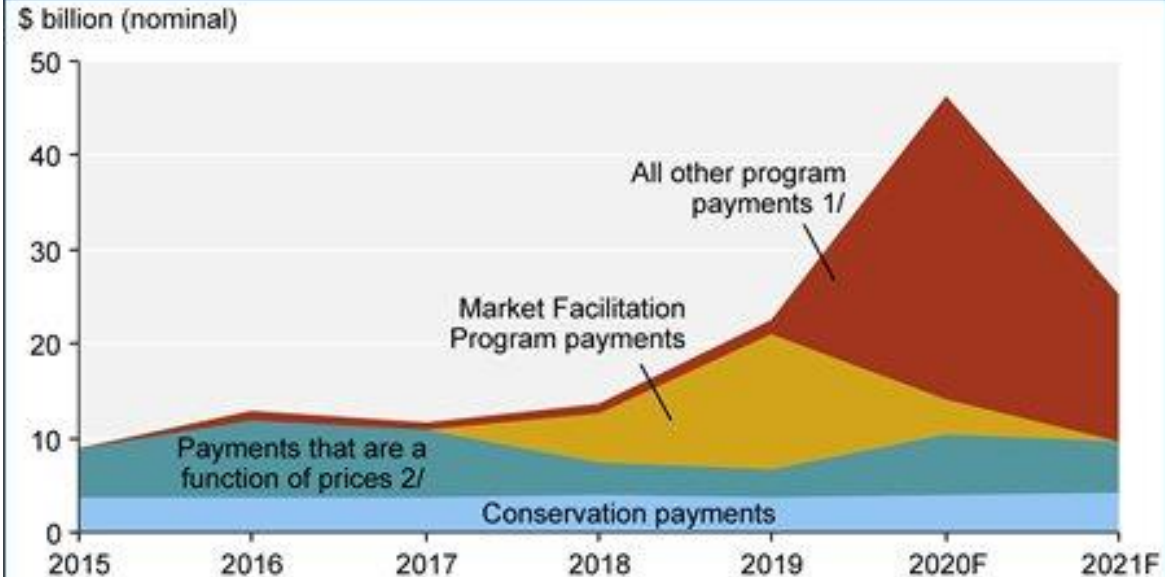
U.S. Net Cash Farm Income by Year

U.S. net farm income and net cash farm income, 2000–21F



Note: F = forecast. Values are adjusted for inflation using the Gross Domestic Product chain-type price index, 2021=100.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 5, 2021.

Direct government payments to farm producers, 2015-21F



Note: F = forecast. 1/ "All other program payments" includes supplemental and ad hoc disaster assistance, which in 2020 and 2021 includes payments from the Coronavirus Food Assistance Program and the Paycheck Protection Program, and in 2021 also includes payments under the Consolidated Appropriations Act, 2021. 2/ Includes Price Loss Coverage, Agriculture Risk Coverage, loan deficiency payments (excluding grazeout payments), marketing loan gains, certificate exchange gains, and dairy payments.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of February 5, 2021.

2011-2020 Historical Free Cash Flow¹

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
((\$M))										
Net cash flows from operating activities	\$ 149.7	\$ 197.1	\$ 396.4	\$ 174.1	\$ 272.3	\$ 232.8	\$ 133.1	\$ 153.0	\$ 307.6	\$ 316.3
Net cash flows from investing activities	(84.1)	(136.7)	(131.7)	(256.9)	(48.2)	(53.0)	(49.6)	(155.4)	(168.1)	(104.0)
Net cash flows from financing activities	(45.9)	(16.4)	(37.4)	(136.8)	(32.0)	(95.2)	(220.0)	(162.1)	(98.9)	(173.8)
Net cash flows from operating activities	\$ 149.7	\$ 197.1	\$ 396.4	\$ 174.1	\$ 272.3	\$ 232.8	\$ 133.1	\$ 153.0	\$ 307.6	\$ 316.3
Purchase of plant, property, and equipment	(83.1)	(97.1)	(106.8)	(73.0)	(45.5)	(57.9)	(55.3)	(72.0)	(97.4)	(106.7)
Free Cash flows	66.6	100.0	289.7	101.1	226.8	174.9	77.8	81.0	210.2	209.6
Net earnings attributed to Valmont Industries, Inc.	\$ 228.3	\$ 234.1	\$ 278.5	\$ 183.9	\$ 40.1	\$ 173.2	\$ 116.2	\$ 94.4	\$ 153.8	\$ 140.7
Adjusted net earnings attributed to Valmont Industries, Inc. ¹	\$ 162.3	N/A	\$ 295.1	\$ 187.7	\$ 131.7	\$ 137.6	\$ 158.4	\$ 123.0	N/A	163.8
Free Cash Flow Conversion - GAAP	0.29	0.43	1.04	0.55	5.66	1.01	0.67	0.86	1.37	1.49
Free Cash Flow Conversion - Adjusted	0.41	N/A	0.98	0.53	1.71	1.27	0.49	0.66	N/A	1.28

1) Reconciliation of Net Earnings to Adjusted Figures

Net earnings attributed to Valmont Industries, Inc.	\$ 228.3	\$ 234.1	\$ 278.5	\$ 183.9	\$ 40.1	\$ 173.2	\$ 116.2	\$ 94.4	\$ 153.8	\$ 140.7
Change in valuation allowance against deferred tax assets	(66.0)	—	—	—	7.1	(20.7)	41.9	—	—	—
Impairment of long-lived assets	—	—	12.2	—	61.8	1.1	—	28.6	—	23.1
Reversal of contingent liability	—	—	—	—	—	(16.6)	—	—	—	—
Other non-recurring expenses (non-cash)	—	—	—	—	18.1	—	—	—	—	—
Deconsolidation of Delta EMD, after-tax and NCI	—	—	4.4	—	—	—	—	—	—	—
Noncash loss from Delta EMD shares	—	—	—	3.8	4.6	0.6	0.2	—	—	—
Adjusted net earnings attributed to Valmont Industries, Inc.	\$ 162.3	\$ 234.1	\$ 295.1	\$ 187.7	\$ 131.7	\$ 137.6	\$ 158.4	\$ 123.0	\$ 153.8	\$ 163.8

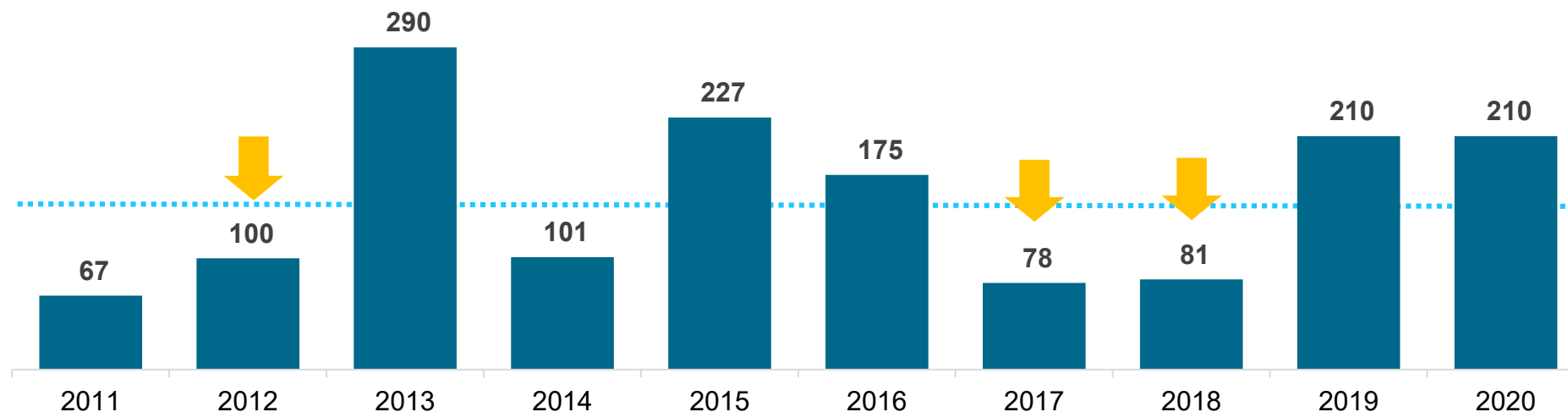
10 Year Average FCF is \$154M; Last 5 Years Has Averaged \$151M

¹ Adjusted earnings for purposes of calculating FCF conversion may not agree to the adjusted net earnings. The difference is due to cash restructuring, debt refinancing, or other non-recurring expenses which were settled in cash in the year of occurrence.

Strong Free Cash Flow throughout the Cycle

2011 – 2020 Free Cash Flow¹ (\$M)

➔ Years of rapid raw material cost inflation



10-yr Avg. \$154M
GAAP 1.34X
Adj. 0.91X

Historical FCF Conversion by Year¹

GAAP	0.29X	0.43X	1.04X	0.55X	5.66X	1.01X	0.67X	0.86X	1.37X	1.49X
Adj.	0.41X	N/A	0.98X	0.53X	1.71X	1.27X	0.49X	0.66X	N/A	1.28X

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

Calculation of Adjusted EBITDA and Leverage Ratio

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

(\$000s)

	YTD
	26-Jun-21
Net earnings attributable to Valmont Industries, Inc.	\$ 192,281
Interest expense	41,398
Income tax expense	52,769
Depreciation and amortization expense	86,372
EBITDA	<u>372,820</u>
Cash restructuring expenses	15,634
Impairment of goodwill and intangible assets	-
Impairment of property, plant, and equipment	1,493
Adjusted EBITDA	<u>\$ 389,947</u>
Debt	\$ 895,955
Leverage Ratio	<u>2.30</u>
Debt	\$ 895,955
Cash	199,285
Net Debt	<u>696,670</u>
Leverage Ratio	<u>1.79</u>

Summary of Effect of Significant Non-Recurring Items on Reported Results

The non-GAAP tables below disclose the impact of a write off a receivable from a commercial transaction from 2014, acquisition diligence and restructuring expenses on segment operating income and net earnings as well as the impact of the U.K. tax rate change on net earnings (adjusts GAAP tax rate from 19.0% to 22.5%). 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 June 26, 2021	Diluted earnings per share	Twenty-six weeks ended June 26, 2021	Diluted earnings per share
Net earnings attributable to Valmont Industries, Inc. - as reported	\$ 62,110	\$ 2.89	\$ 117,124	\$ 5.46
Write-off of a receivable, pre-tax	5,545	0.26	5,545	0.26
Acquisition diligence expense, pre-tax	1,120	0.05	1,120	0.05
Restructuring expense, pre-tax	1,560	0.07	1,560	0.07
Total Adjustments	8,225	0.38	8,225	0.38
Change in U.K. statutory tax rate	(2,819)	(0.13)	(2,819)	(0.13)
Tax effect of adjustments *	(1,754)	(0.08)	(1,754)	(0.08)
Net earnings attributable to Valmont Industries, Inc. - Adjusted	<u>\$ 65,762</u>	<u>\$ 3.06</u>	<u>\$ 120,776</u>	<u>\$ 5.63</u>
Average shares outstanding (000's) - Diluted		21,469		21,449

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

Summary of Effect of Significant Non-Recurring Items on Reported Results

Thirteen weeks ended June 26, 2021

Operating Income Reconciliation	Engineered Support Structures	Utility Support Structures	Coatings	Irrigation	Corporate	Valmont
Operating income - as reported	\$ 31,927	\$ 14,955	\$ 14,668	\$ 41,984	\$ (20,909)	\$ 82,625
Write-off a receivable, pre-tax	—	5,545	—	—	—	5,545
Acquisition diligence expense, pre-tax	—	—	—	—	1,120	1,120
Restructuring expense, pre-tax	—	650	—	910	—	1,560
Adjusted Operating Income	\$ 31,927	\$ 21,150	\$ 14,668	\$ 42,894	\$ (19,789)	\$ 90,850
Net Sales - as reported	269,389	267,863	98,158	281,965	NM	894,629
Operating Income as a % of Sales	11.9 %	5.6 %	14.9 %	14.9 %	NM	9.2 %
Adjusted Operating Income as a % of Sales	11.9 %	7.9 %	14.9 %	15.2 %	NM	10.2 %

Twenty-six weeks ended June 26, 2021

Operating Income Reconciliation	Engineered Support Structures	Utility Support Structures	Coatings	Irrigation	Corporate	Valmont
Operating income - as reported	\$ 51,852	\$ 36,607	\$ 27,540	\$ 80,732	\$ (36,895)	\$ 159,836
Write off a receivable, pre-tax	—	5,545	—	—	—	5,545
Acquisition diligence expense, pre-tax	—	—	—	—	1,120	1,120
Restructuring expense, pre-tax	—	650	—	910	—	1,560
Adjusted Operating Income	\$ 51,852	\$ 42,802	\$ 27,540	\$ 81,642	\$ (35,775)	\$ 168,061
Net Sales - as reported	491,716	520,996	191,446	511,629	NM	1,669,515
Operating Income as a % of Sales	10.5 %	7.0 %	14.4 %	15.8 %	NM	9.6 %
Adjusted Operating Income as a % of Sales	10.5 %	8.2 %	14.4 %	16.0 %	NM	10.1 %

Summary of Effect of Significant Non-Recurring Items on Reported Results

The non-GAAP tables below disclose the impact on (a) diluted earnings per share of (1) impairment of goodwill, tradenames, and a facility and (2) restructuring costs (b) operating income from these expenses, and (c) segment operating income for these items. 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 for the second quarter and first half of fiscal 2020.

	Thirteen weeks ended June 27, 2020	Diluted earnings per share	Twenty-six weeks ended June 27, 2020	Diluted earnings per share
Net earnings attributable to Valmont Industries, Inc. - as reported	\$ 22,607	\$ 1.06	\$ 65,536	\$ 3.05
Impairment of goodwill and tradename, pre-tax	16,638	0.78	16,638	0.77
Restructuring and related asset impairment costs - pre-tax	<u>5,579</u>	<u>0.26</u>	<u>5,579</u>	<u>0.26</u>
Total Adjustments	22,217	1.04	22,217	1.03
Tax effect of adjustments *	<u>(1,977)</u>	<u>(0.09)</u>	<u>(1,977)</u>	<u>(0.09)</u>
Net earnings attributable to Valmont Industries, Inc. - Adjusted	<u>\$ 42,847</u>	<u>\$ 2.00</u>	<u>\$ 85,776</u>	<u>\$ 3.99</u>
Average shares outstanding (000's) - Diluted		21,393		21,471

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

Summary of Effect of Significant Non-Recurring Items on Reported Results

Thirteen weeks ended June 27, 2020

Operating Income Reconciliation	Engineered Support Structures	Utility Support Structures	Coatings	Irrigation	Corporate	Valmont
Operating income - as reported	\$ 4,818	\$ 21,650	\$ 10,148	\$ 22,351	\$ (15,527)	\$ 43,440
Impairment of goodwill and tradename	16,638	—	—	—	—	16,638
Restructuring and related asset impairment costs	1,462	3,674	222	—	221	5,579
Adjusted Operating Income	<u>\$ 22,918</u>	<u>\$ 25,324</u>	<u>\$ 10,370</u>	<u>\$ 22,351</u>	<u>\$ (15,306)</u>	<u>\$ 65,657</u>
Net Sales - as reported	253,385	231,324	80,005	150,639	NM	688,808
Operating Income as a % of Sales	1.9 %	9.4 %	12.7 %	14.8 %	NM	6.3 %
Adjusted Operating Income as a % of Sales	9.0 %	10.9 %	13.0 %	14.8 %	NM	9.5 %

Twenty-six weeks ended June 27, 2020

Operating Income Reconciliation	Engineered Support Structures	Utility Support Structures	Coatings	Irrigation	Corporate	Valmont
Operating income - as reported	\$ 20,749	\$ 49,374	\$ 21,202	\$ 46,014	\$ (27,004)	\$ 110,335
Impairment of goodwill and tradename	16,638	—	—	—	—	16,638
Restructuring and related asset impairment costs	1,462	3,674	222	—	221	5,579
Adjusted Operating Income	<u>\$ 38,849</u>	<u>\$ 53,048</u>	<u>\$ 21,424</u>	<u>\$ 46,014</u>	<u>\$ (26,783)</u>	<u>\$ 132,552</u>
Net Sales - as reported	484,127	456,785	168,090	307,359	NM	1,363,008
Operating Income as a % of Sales	4.3 %	10.8 %	12.6 %	15.0 %	NM	8.1 %
Adjusted Operating Income as a % of Sales	8.0 %	11.6 %	12.7 %	15.0 %	NM	9.7 %

Regulation G Reconciliation of Forecasted GAAP and Adjusted Earnings

The non-GAAP tables below disclose the impact on the range of estimated diluted earnings per share of the (1) write off a receivable following arbitration (2) restructuring costs, (3) acquisition diligence costs and (4) six months of (a) amortization of the technology intangible asset (Prospera Technologies) and (b) share-based compensation for Prospera employees. 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 for fiscal 2021.

<u>Reconciliation of Range of Net Earnings - Full Year 2021</u>	Low End	High End	Adjustments
<i>Estimated net earnings - GAAP</i>	\$ 213,000	\$ 228,000	
Write-off of a receivable, pre-tax			5,545
Acquisition diligence expense, pre-tax			1,120
Estimated restructuring expense, pre-tax			1,560
Prospera intangible asset (proprietary technology) amortization, pre-tax			3,750
Share-based compensation - Prospera (ML & AI subsidiary), pre-tax			5,544
Total pre-tax adjustments			<u>17,519</u>
Estimated tax benefit from above expenses*			(3,700)
Change in U.K. statutory tax rate			<u>(2,819)</u>
Total Adjustments, after-tax			<u>\$ 11,000</u>
<i>Estimated net earnings - Adjusted</i>	\$ 224,000	\$ 239,000	
Diluted Earnings Per Share Range - GAAP	\$ 9.90	\$ 10.60	
Diluted Earnings Per Share Range - Adjusted	\$ 10.40	\$ 11.10	

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