



Valmont Industries, Inc.
Investor Presentation

March 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.

Valmont Snapshot (NYSE: VMI)

Company Profile



Omaha, NE
Headquarters



\$2.89B
2020 Sales



\$4.9B
Market Cap¹



22
Countries Served

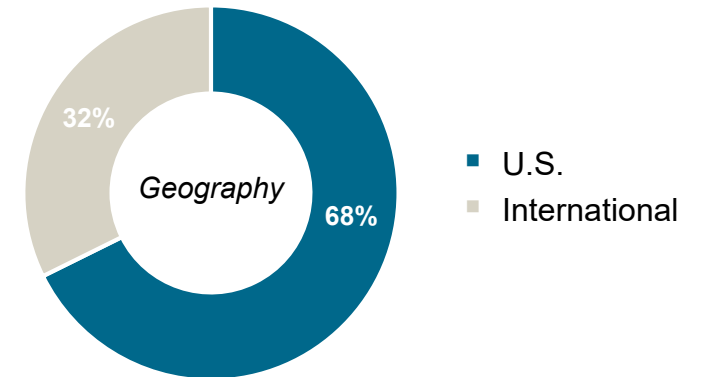
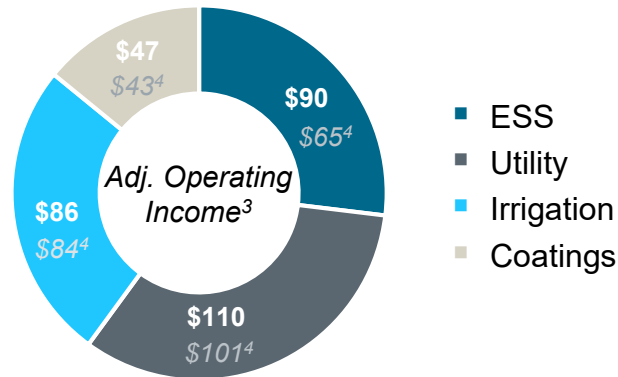
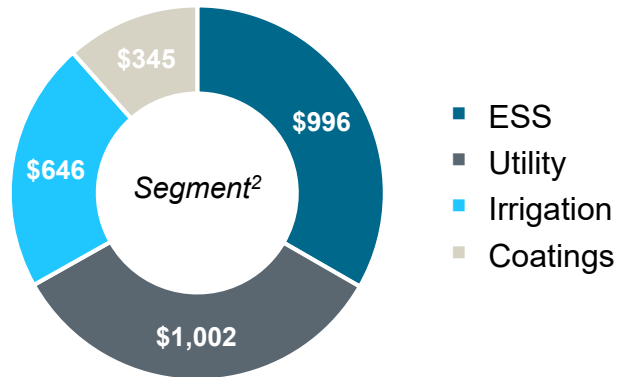


85
Manufacturing Sites



10,800+
Total Employees

2020 Revenue Mix (\$M)

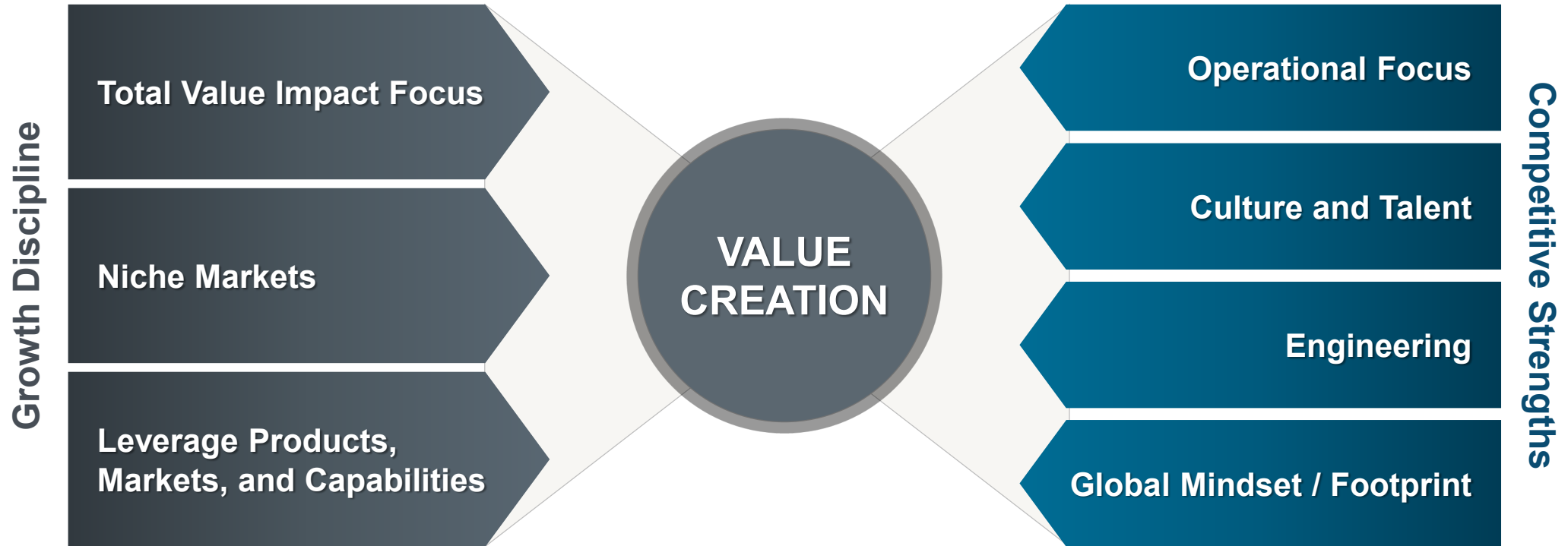


Delivering Solutions for Agriculture and Infrastructure Development

¹ As of 03/08/21. ² Net of intersegment sales. ³ Please see Company's Reg G table at end of presentation. ⁴ GAAP operating income.

Valmont Business Model

Strong, Global, and Enduring Drivers



12.6% Total Compounded Annualized Return Over the Past 15 Years¹

¹ From 12/31/05 – 12/31/20. Source: FactSet.

Solutions Supporting Agriculture and Infrastructure Growth



Engineered Support Structures





Utility Support Structures






Coatings




Irrigation

- Lighting and traffic structures 
- Wireless communications products and components 
- Highway safety products
- Industrial and architectural access systems

- Substations 
- Renewable generation support structures 
- Transmission and Distribution poles
- Engineering and support services
- Lattice Structures

- Technology solutions 
- Galvanizing
- Applied Coatings: anodizing, electro-deposition (e-coat), liquid, powder, Corro-cote and duplex
- Value-added services (e.g., fabrication, shipping, storage)

- Advanced, integrated technology solutions 
- Center pivots, linears, pumping stations, sprinklers, drive trains, flotation, and traction
- Water delivery and management

Providing Structures Essential for Supporting Global Infrastructure Growth

Enabling Power to be Transferred from Generation Facility to Customer

Extending the Life, Value, and Aesthetic Properties of Metal Products

Improving Farm Productivity through Efficient Delivery of Fresh Water

 Focused Growth Area

Utility Support Structures at a Glance

Market Drivers

Reliability, grid hardening, regulatory impetus, and renewable generation

- Historical underinvestment in the grid
- Increases in renewable and distributed generation
- Demand for uninterrupted power
- Wood transmission and distribution pole replacement

Strategic Addressable Market Expansion

✓ Global Expansion and Acquisitions

✓ Lattice Structures

✓ CEC Pre-Packaged Substations

✓ Concrete for Grid Hardening and Distribution

✓ Technology Services as a Disruptor

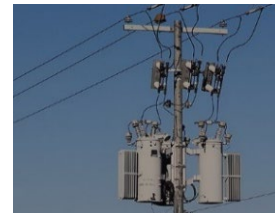
Products and Solutions Portfolio

Transmission Structures



Substations

Distribution Poles



Renewable Energy Solutions



Inspection Services



Engineered Support Structures at a Glance

Market Drivers

- Need for increased transportation spend
- Explosion of demand on wireless networks
- Shift to 5G is driving network upgrades
- Demand for integrated solutions will continue to develop and evolve

Strategic Addressable Market Expansion

✓ Sign Structures

✓ Telecommunications Products and Components

✓ Architectural Components

✓ Smart Pole Solutions

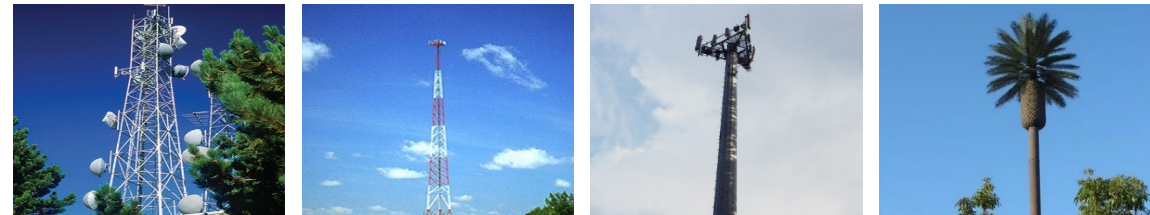
✓ Highway Safety

Products and Solutions Portfolio

Transportation



Communication



Construction Systems



Coatings at a Glance

Market Drivers

- Coatings demand typically correlated to industrial production
- Infrastructure investments promote coatings demand
- Cost of corrosion is a major financial burden on economies

Strategic Addressable Market Expansion

✓ Acquisitions and New Construction

✓ Applied Coatings

✓ Value-Added Services

Products and Solutions Portfolio

Galvanizing



Applied Coatings



Value-Added Services



Irrigation at a Glance: Valley®

Market Drivers

Long-term

- Constraints on freshwater resources and demand on food production
- Gov'ts' desire to become more self-sufficient in food production
- Large installed base of machines creates replacement opportunity

Short-term

- Commodity prices, net farm income and availability of farm labor

Strategic Addressable Market Expansion

- ✓ International Growth
- ✓ Full-service Water Management for Ag
- ✓ Focus on Higher Value Crops
- ✓ Total Crop Management Technology Solutions

Products and Solutions Portfolio

Center Pivots and Machines²



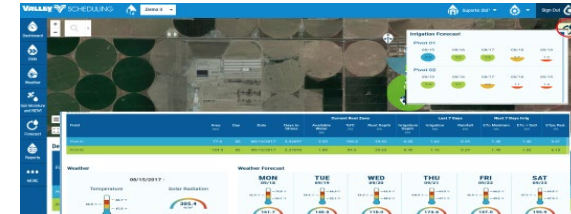
Control Panels



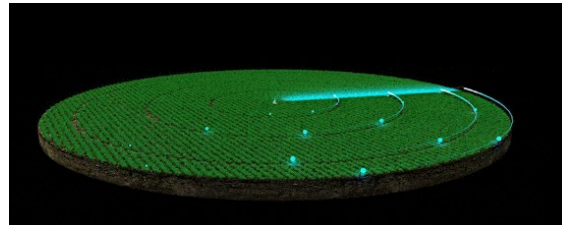
Remote Telemetry



Valley Scheduling™



Valley Insights™



Water Management



Full Year 2020 Financial Summary

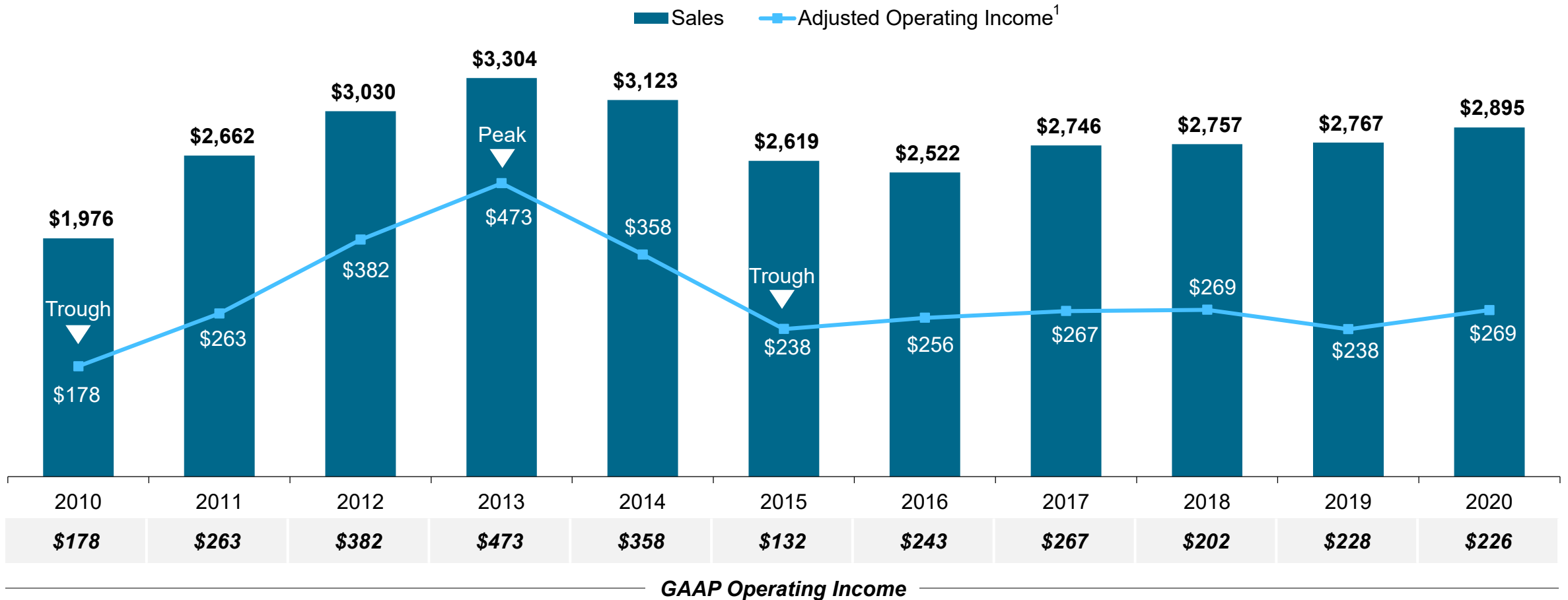
\$M, except for per share amounts

Sales	Operating Income	Diluted EPS																						
4.6%	(0.9)% 17.8% ¹	(2.4)% 21.5% ¹																						
<table border="1"> <tr> <th>Year</th> <th>Sales (\$M)</th> </tr> <tr> <td>2020</td> <td>\$2,895.4</td> </tr> <tr> <td>2019</td> <td>\$2,767.0</td> </tr> </table>	Year	Sales (\$M)	2020	\$2,895.4	2019	\$2,767.0	<table border="1"> <tr> <th>Year</th> <th>Operating Income (\$M)</th> </tr> <tr> <td>2020</td> <td>\$226.0</td> </tr> <tr> <td>2020 Adj.</td> <td>\$268.5¹</td> </tr> <tr> <td>2019</td> <td>\$227.9</td> </tr> </table>	Year	Operating Income (\$M)	2020	\$226.0	2020 Adj.	\$268.5 ¹	2019	\$227.9	<table border="1"> <tr> <th>Year</th> <th>Diluted EPS (\$)</th> </tr> <tr> <td>2020</td> <td>\$6.57</td> </tr> <tr> <td>2020 Adj.</td> <td>\$8.18¹</td> </tr> <tr> <td>2019</td> <td>\$6.73</td> </tr> </table>	Year	Diluted EPS (\$)	2020	\$6.57	2020 Adj.	\$8.18 ¹	2019	\$6.73
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<ul style="list-style-type: none"> Significantly higher sales in the Utility Support Structures and Irrigation segments were partially offset by lower sales in the Engineered Support Structures and Coatings segments due to COVID-19 impacts Excluding \$22.2M of unfavorable currency impacts, sales grew 5.4% 	<ul style="list-style-type: none"> Profitability improvement was led by higher volumes in Utility Support Structures and Irrigation, and favorable pricing in Engineered Support Structures Operational performance improved in all segments except Coatings, where end-market demand was negatively impacted by COVID-19 	<ul style="list-style-type: none"> EPS decreased \$0.16, or 2.4% on a GAAP basis and increased \$1.45, or 21.5% on an adjusted basis 																						

¹ Results adjusted to reflect impact of non-cash impairment of goodwill and/or certain restructuring expense recognition. See reconciliation of GAAP results to adjusted results at end of document.

Strong Peak to Trough Performance

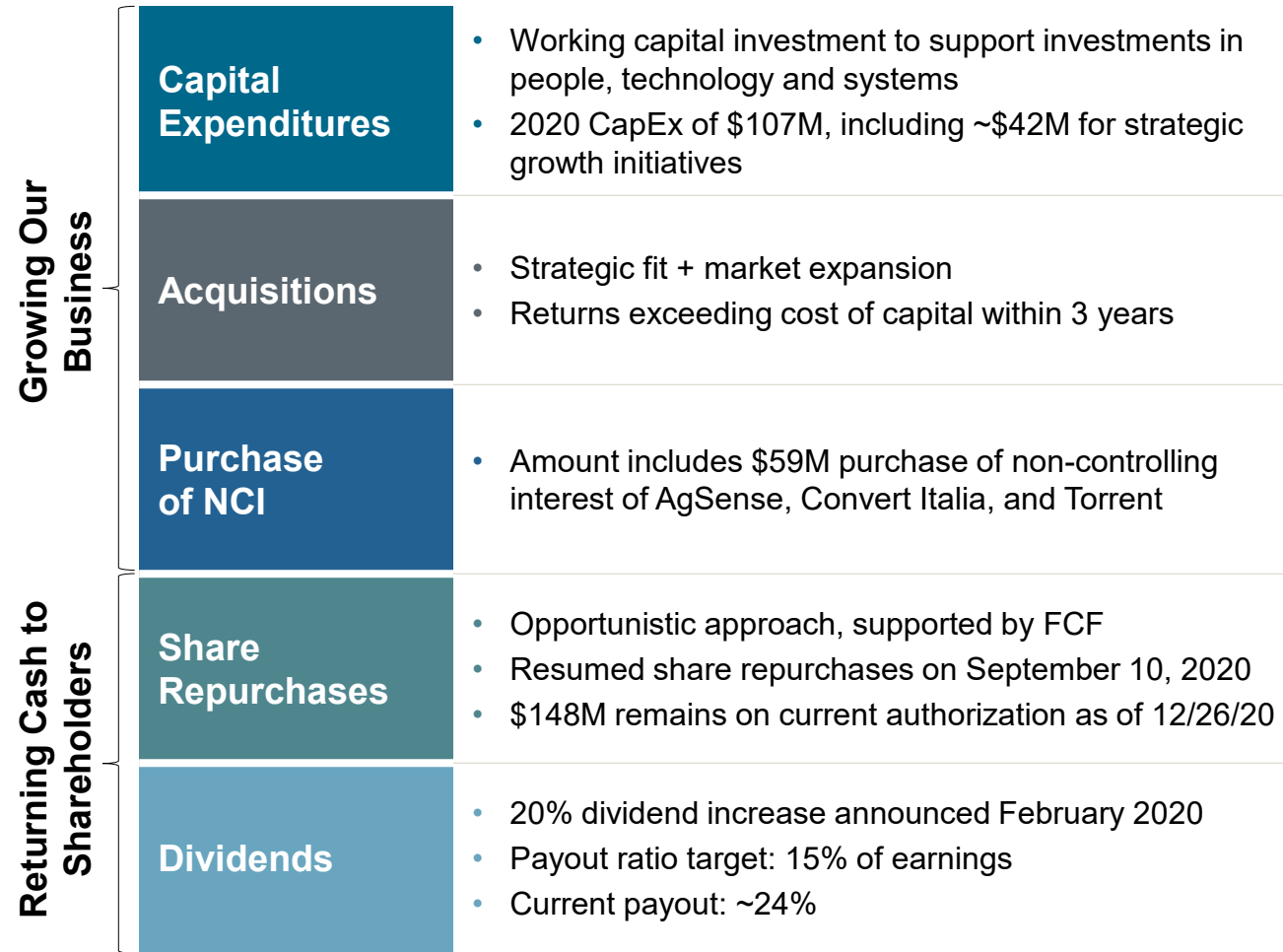
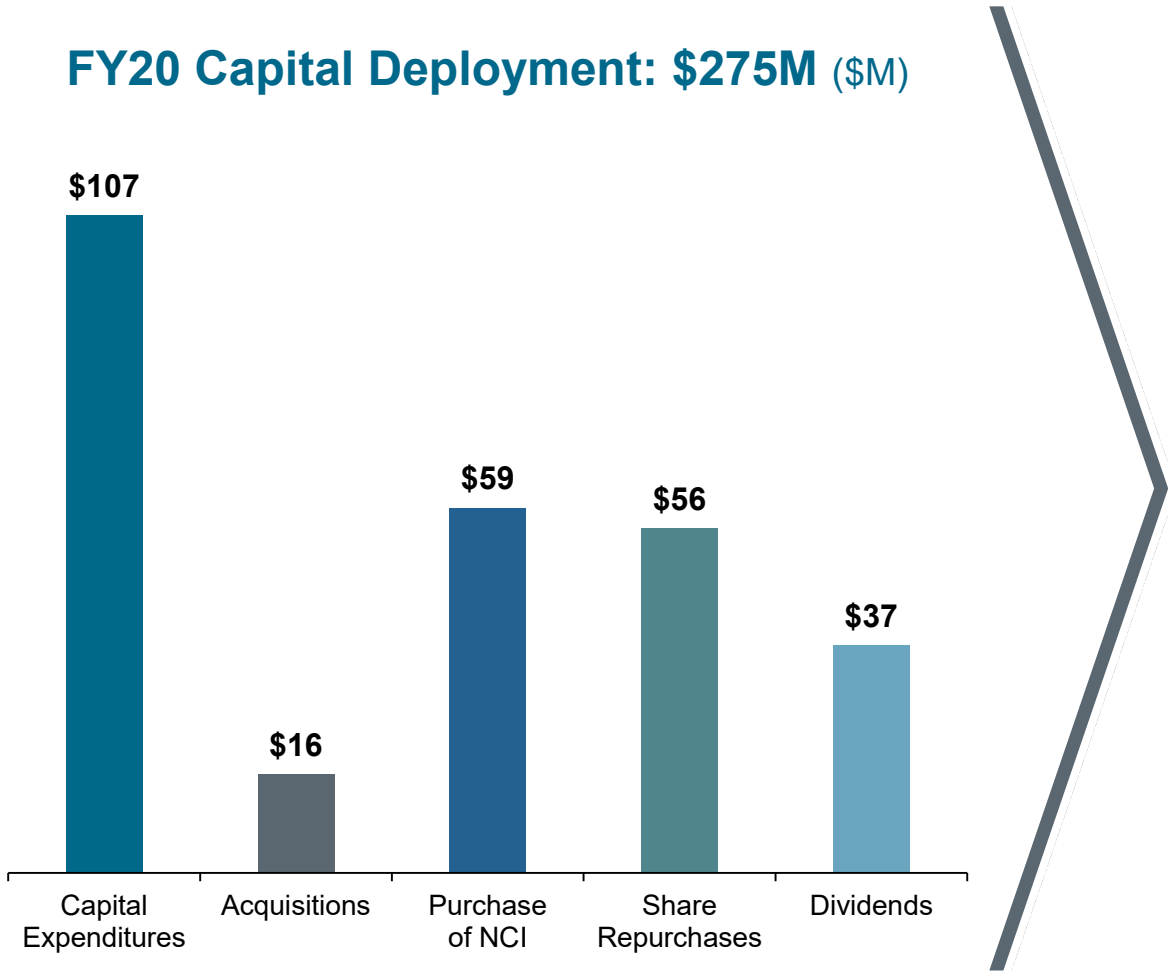
Sales and Operating Income (\$M)



¹ Non-GAAP Operating Income figures for 2015, 2016 and 2018, please see Company's Reg. G table at end of presentation.

Balanced Approach to Capital Allocation

FY20 Capital Deployment: \$275M (\$M)



Strong Balance Sheet and Liquidity to Endure COVID-19 Uncertainty

AS OF DECEMBER 26, 2020

Cash	\$400.7M
Total Debt (Long-Term)	\$728.4M
Shareholders' Equity	\$1,207.8M
Total Debt to Adj. EBITDA ¹	2.2x
Net Debt to Adj. EBITDA ¹	1.0x

Available Credit under Revolving Credit Facility ²	\$585.4M
Cash	\$400.7M
Total Available Liquidity	~\$986.1M

- ▶ **Long-term debt of \$728.4M**, 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
 - 2020E CapEx was **\$107M** including **\$42M for strategic growth opportunities**
 - **Fitch reaffirmed BBB-/Stable credit rating** during fourth quarter
 - Generated **FCF of \$210M** in 2020
 - **Share repurchases resumed** in September 2020

¹ See slide 33 for calculation of Adjusted EBITDA and Leverage Ratio. ² \$600M Total Revolver less borrowings and Standby LC's of \$15M.

Continuing to Elevate our ESG Commitment

Advanced ESG to be a top strategic imperative, including formation of a CEO-led ESG Taskforce, elevating our tagline of 'Conserving Resources. Improving Life®.'

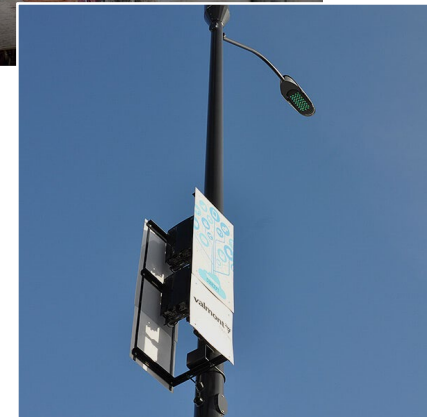
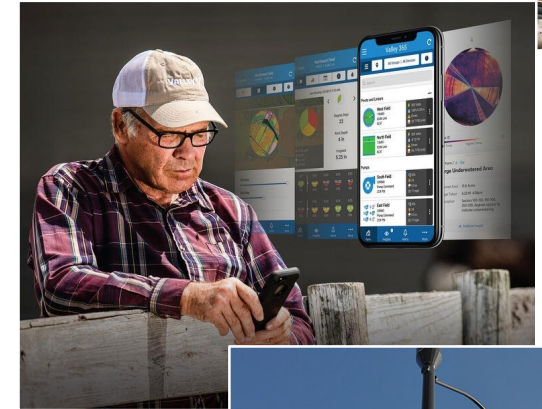
- ESG Taskforce analyzed demand drivers across business portfolio and discovered products and solutions are closely aligned to key ESG principles and themes – **~90% of Valmont's Net Sales support various ESG efforts**
- **USS: ~90% of sales are tied to ESG**, including 45% to renewable energy initiatives and another 45% to grid resiliency and critical reliability efforts as the world continues to transition to a clean energy economy
- **ESS: ~90% of sales are tied to ESG**
 - Products improve traffic flow in roads and cities and promote public safety through lighting solutions
 - Wireless communication products support market need for a more connected world
- **Coatings: ~100% of sales help preserve and extend the life of metals up to 3x longer**
 - Zinc and steel both 100% recyclable
 - Hot-dip galvanizing is a proven corrosion-protection system, with one of the lowest carbon footprints of any coatings application
- **Irrigation: ~100% of sales are tied to sustainability and conservation**
 - Warming climate drives need for more efficient use of fresh water
 - Need to produce more food for a growing global population using more sustainable farming techniques
- **Corporate sustainability efforts well exceeded expectations**
 - 14% reduction in normalized electricity consumption, well ahead of 8% goal
 - Reduced Scope 2 carbon footprint by ~10k metric tons in 2020



Publishing Annual Sustainability Report in March 2021

Significant Progress Made in Key Areas During 2020

- ✓ **Elevated commitment to ESG** throughout organization – more to come in 2021
- ✓ **Accelerated innovation** through new products and services
 - Spun concrete distribution poles
 - Small cell solutions
 - Valley 365 platform technology advancements
- ✓ All segments benefited from **disciplined pricing strategies** throughout the year
- ✓ **Secured largest irrigation order** in company's history to supply **\$240M of products, services and technology solutions** to the Egypt market
- ✓ **Generated \$200M+ in FCF** through a continued intense focus on working capital management
- ✓ **Quickly responded to inflationary pressures in late 2020 by implementing price increases** in all four segments and implemented additional increases in early 2021



Delivering Strong Operating Performance and Generating Significant Shareholder Value

Fundamental Market Drivers Remain Resilient

USS

- Elevated and robust backlog demonstrates ongoing demand; necessity for renewables and grid hardening
- Awarded third purchase order of ~\$70M for the large project in the Southeast U.S. in 1Q 2021
- Well-positioned to be a preferred strategic partner with utilities and developers for their renewable energy goals
- Expanding ESG focus is providing market opportunities for this industry

ESS

- Short-term market softness in transportation as delays in last year's FAST Act renewal begin to flow through state budgets
 - If passed, upside growth expected ~ 9 – 12 months after enactment
- Solid long-term market trends for transportation and wireless communication structures and components
 - Critical need for infrastructure investment provides very good economic stimulus for nations
- Expect growth in wireless communication products to accelerate in 2021 given record purchase price of 5G spectrum auction in U.S.
 - Carriers' investments support work and school-at-home and macro buildouts in suburban and rural communities, aligning with favorable trends in residential construction

COATINGS

- Business closely follows industrial production trends and general economic activity
- 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

- Net farm income improvements have improved growth sentiment, and tighter ending stocks have driven corn and soybean prices to 6 and 7-year highs
- Improved demand along with strength across international markets and the large-scale, multi-year project in Egypt is providing a good line of sight for 2021
- Year-end global backlog of \$328 million, an increase of 5 times YoY
- Technology investments remain a priority
 - Expanded Valley Insights anomaly detection solution into more regions across North America – 5M acres monitored in 2020, leading to twice as many growers using the solution vs. 2019, is expected to double again in 2021

No Change Anticipated in the Near- and Long-term

1Q 2021 / Full Year 2021 Outlook and Key Assumptions

1Q21 OUTLOOK¹

\$740M – \$765M

Net Sales, an increase of
10% - 13% YoY

9% – 10%

Operating Profit Margin

\$235M – \$245M

Irrigation Segment Sales, an
increase of 50% - 56% YoY

FY21 OUTLOOK¹

9% – 14%

Increase in Net Sales
YoY

\$9.00 – \$9.70

Diluted EPS

27% – 30%

Increase in Irrigation
Segment Sales YoY

KEY ASSUMPTIONS

- Favorable foreign currency translation impact of ~2% of Net Sales
- In Utility Support Structures, significant raw material cost inflation will negatively impact gross profit margins in 1H21
- Expect tax rate between 24% - 25%
- Capital expenditures 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 due to COVID-19

¹ Excludes potential future restructuring activities. See reconciliation of GAAP outlook to adjusted outlook at end of document.

Why Valmont?

- 01 Expanding our view of addressable market to leverage existing global platform
- 02 Management team reshaping the organization to align with growth
- 03 Long-term, enduring growth drivers across all segments
- 04 Incorporating technology into all products and solutions
- 05 Sensible capital allocation and ROIC focus



Resiliency of Our People, Business Portfolio and Processes Gives Us Confidence to Withstand Downturns

APPENDIX

Fourth Quarter and Full Year 2020 Financial Summary

\$M, except for per share amounts

Net Sales	2020	2019	Change	FY 2020	FY 2019	Change
Engineered Support Structures	\$ 256.1	\$ 255.2	0.3%	\$ 995.8	\$ 1,012.3	(1.6%)
Utility Support Structures	271.0	231.9	16.9%	1,002.2	890.6	12.5%
Coatings	89.3	89.7	(0.4%)	345.3	367.8	(6.1%)
Irrigation	199.3	133.0	49.8%	645.8	585.2	10.4%
Intersegment Sales	(17.3)	(26.2)	NM	(93.7)	(88.9)	NM
Net Sales	\$ 798.4	\$ 683.6	16.8%	\$ 2,895.4	\$ 2,767.0	4.6%
Operating Income	\$ 54.1	\$ 50.8	6.6%	\$ 226.0	\$ 227.9	(0.9%)
Adjusted Operating Income ¹	\$ 68.8	\$ 50.8	35.5%	\$ 268.5	\$ 227.9	17.8%
Net Income (loss)	\$ 35.8	\$ 32.5	10.1%	\$ 140.7	\$ 146.4	(3.9%)
Adjusted Net Income ¹	\$ 46.9	\$ 32.5	44.0%	\$ 175.3	\$ 146.4	19.7%
Diluted Earnings (loss) Per Share (EPS)	\$ 1.68	\$ 1.51	11.3%	\$ 6.57	\$ 6.73	(2.4%)
Adjusted Diluted (EPS) ¹	\$ 2.20	\$ 1.51	45.7%	\$ 8.18	\$ 6.73	21.5%

¹ Please see Reg G reconciliation of non-GAAP financial measures to GAAP measures at end of the document.

Steel Material Index Trends 2020-2021 YTD

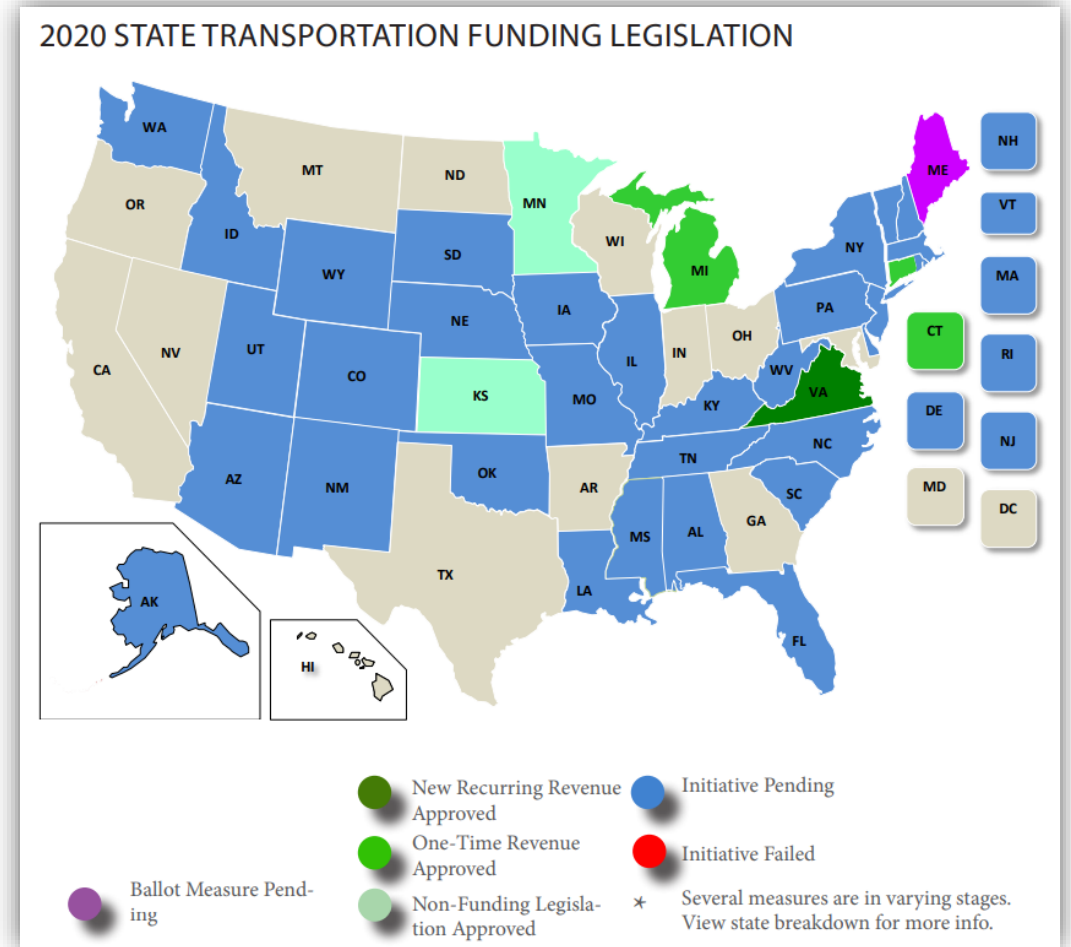
AMM Steel Material Index
National Mills Carbon Grade
Cut to Length and Coiled Plate Average
2020 thru 2021 YTD



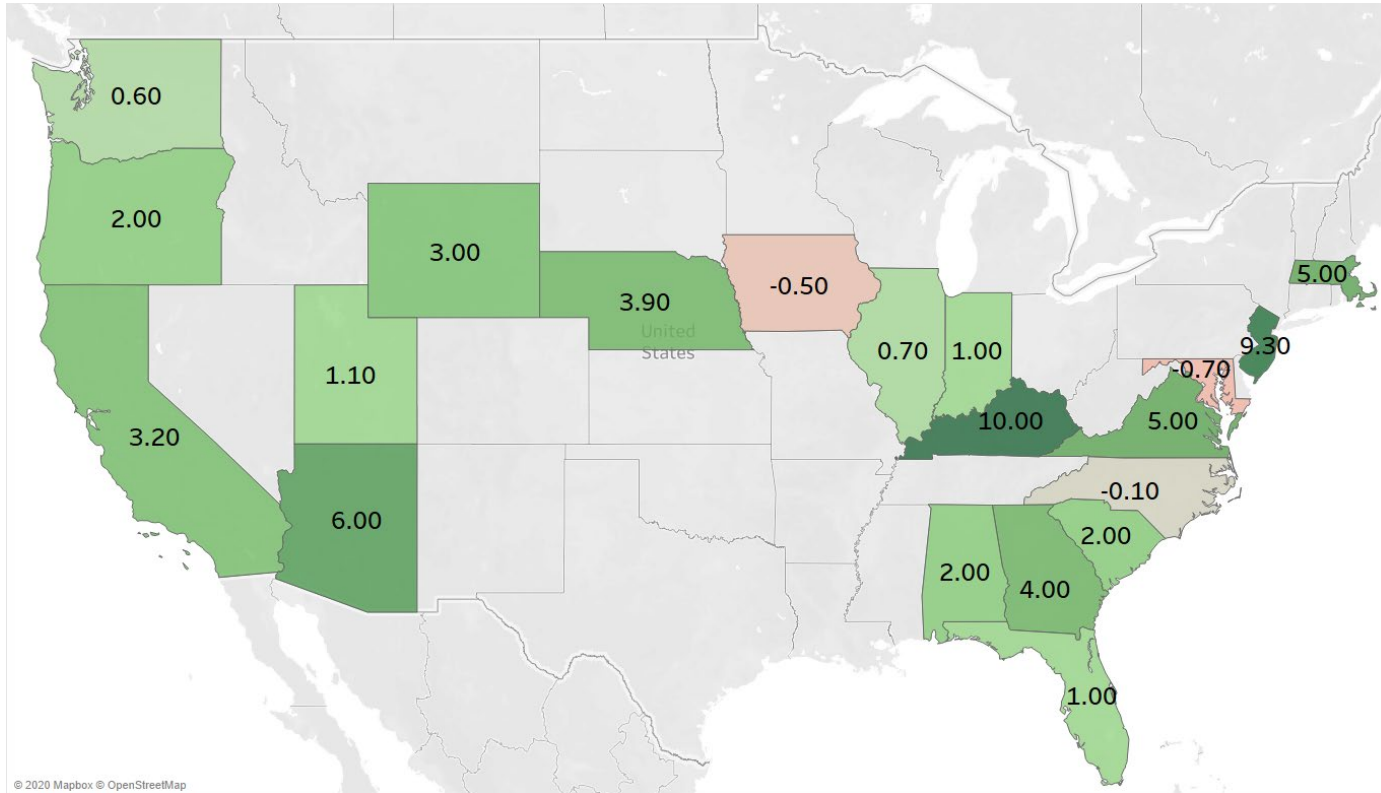
Credit: FastMarketsAMM.

State Transportation Investment Funding Measures

- Six states approved 13 transportation investment measures in 2020
- Highlights:
 - 38 bills have advanced beyond one chamber, while 133 bills are still in the introductory stage.
 - 13 states introduced legislation to increase their motor fuel tax, eight of which included a component to adjust or convert to a variable-rate formula.
 - One-time funding has been the most popular legislation (68 bills, primarily in Arizona and Minnesota), followed by local funding and recurring sales measures (24 and 25 bills, respectively).
 - Road usage charge legislation has been proposed in six states, and new or increased electric vehicle fees have been proposed in five states.
 - Approved measures include bonds in Connecticut, Michigan and Minnesota, and a state gas tax increase in Virginia.
- Funding Approved in 2020 Legislative Session: **\$5,098,012,304**
- Also, voters in 19 states Nov. 3 approved 94 percent of state and local ballot initiatives that will provide an **additional \$14 billion in one-time and recurring sales** for transportation improvements



State Transportation Investment Funding Measures



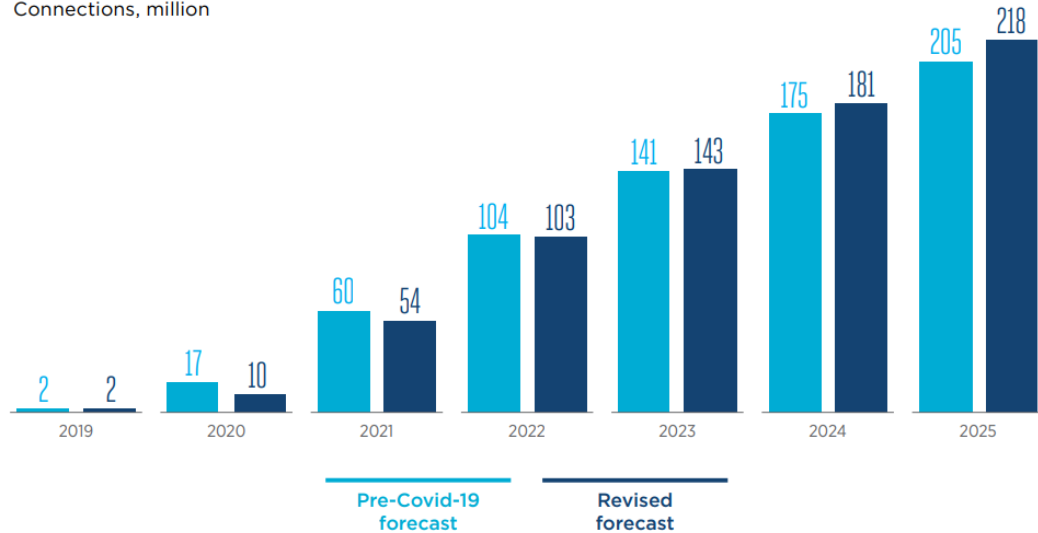
State Name	Change in 2020 Gas Tax (cents/gallon)	Effective Date
Kentucky	\$ 10.0	Proposal Pending
New Jersey	\$ 9.3	10/1/2020
Alaska	\$ 8.0	Proposal Pending
Arizona	\$ 6.0	Proposal Pending
Massachusetts	\$ 5.0	Proposal Pending
Virginia	\$ 5.0	7/1/2020
Georgia	\$ 4.0	1/1/2020
Nebraska	\$ 3.9	7/1/2020
California	\$ 3.2	7/1/2020
Wyoming	\$ 3.0	Proposal Pending
Alabama	\$ 2.0	10/1/2020
Oregon	\$ 2.0	1/1/2020
South Carolina	\$ 2.0	7/1/2020
Utah	\$ 1.1	1/1/2020
Florida	\$ 1.0	1/1/2020
Indiana	\$ 1.0	7/1/2020
Illinois	\$ 0.7	7/1/2020
Washington	\$ 0.6	Proposal Pending
North Carolina	\$ (0.1)	1/1/2020
Iowa	\$ (0.5)	7/1/2020
Maryland	\$ (0.7)	7/1/2020

Source: IHS Markit

5G Adoption Forecast and Capex Spend Post-COVID

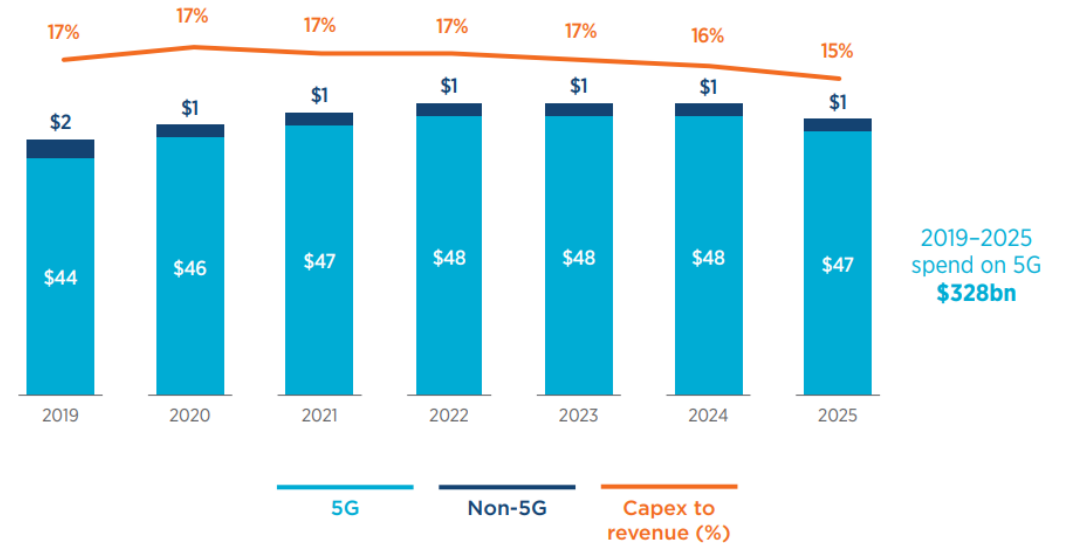
5G adoption in North America is expected to rise faster than before, following a near-term slowdown because of Covid-19

Connections, million



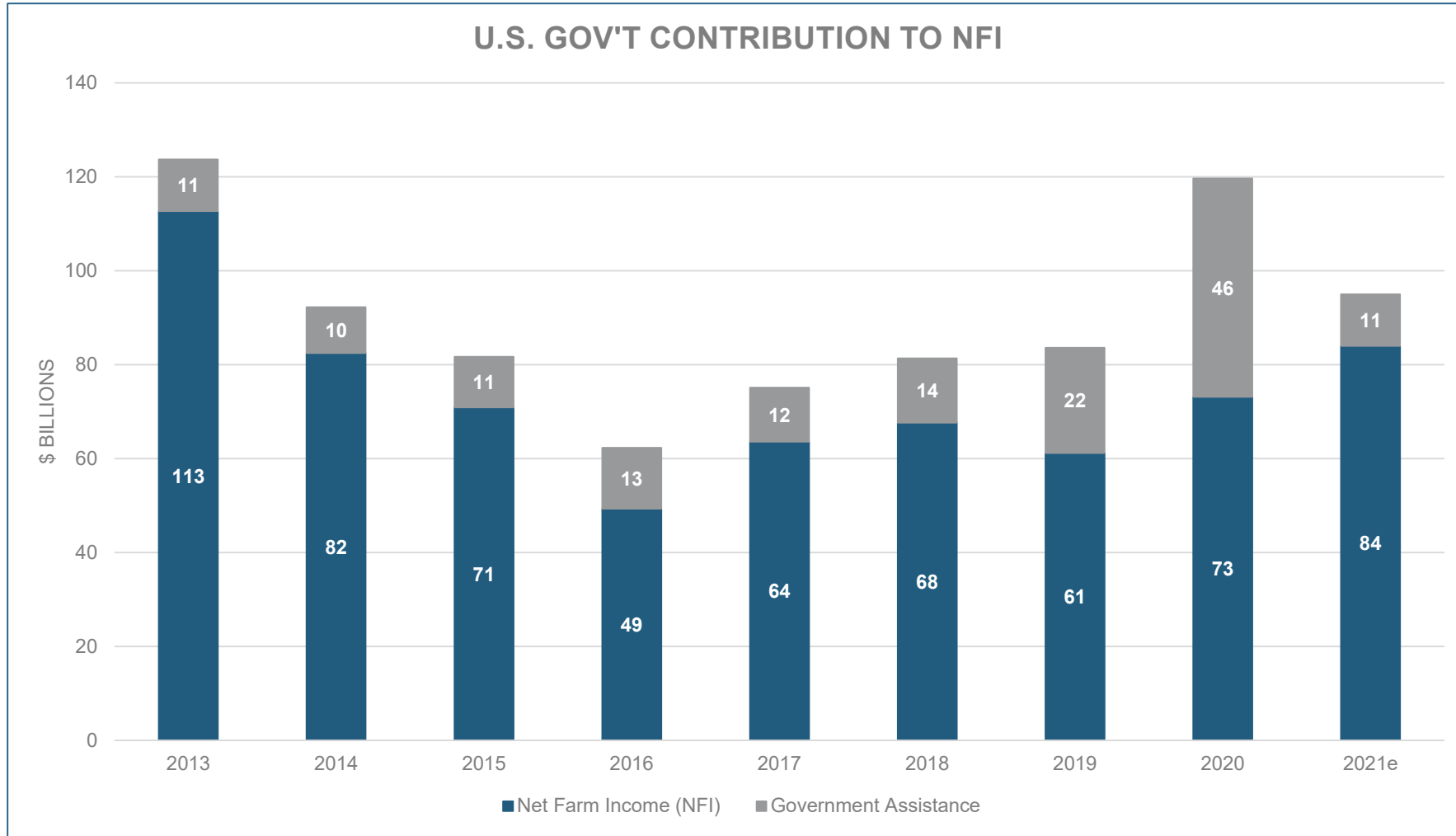
Operators commit to 5G spending, despite the Covid-19 pandemic

Capex (billion)



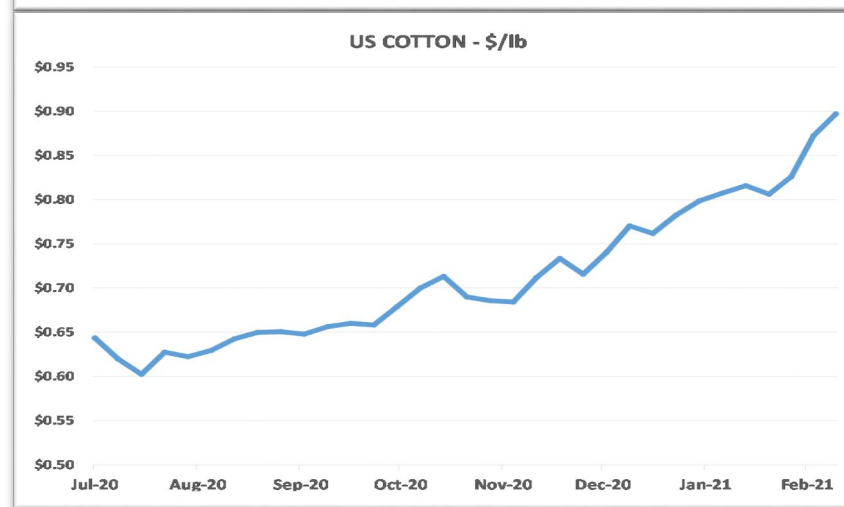
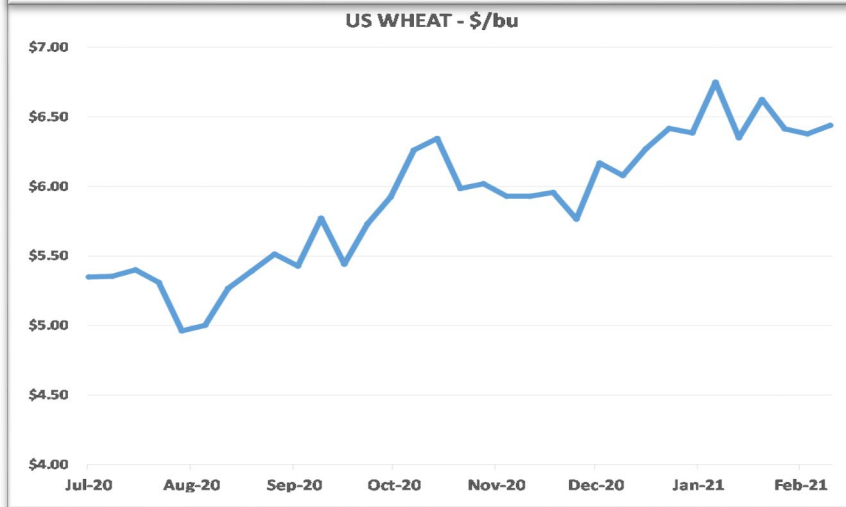
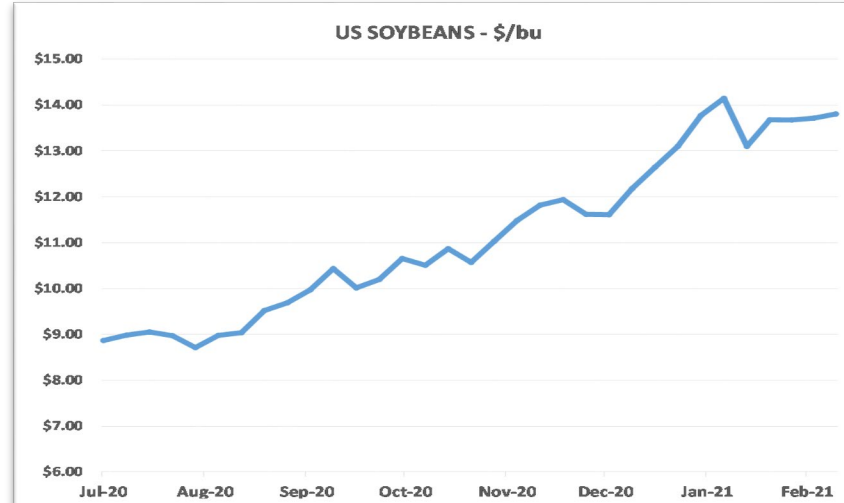
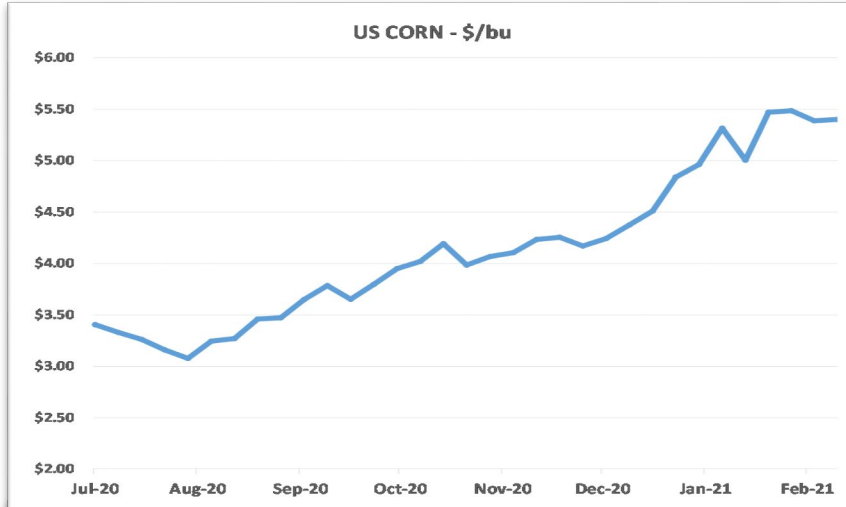
Source: GSM Association

U.S. Level of Farm Subsidies



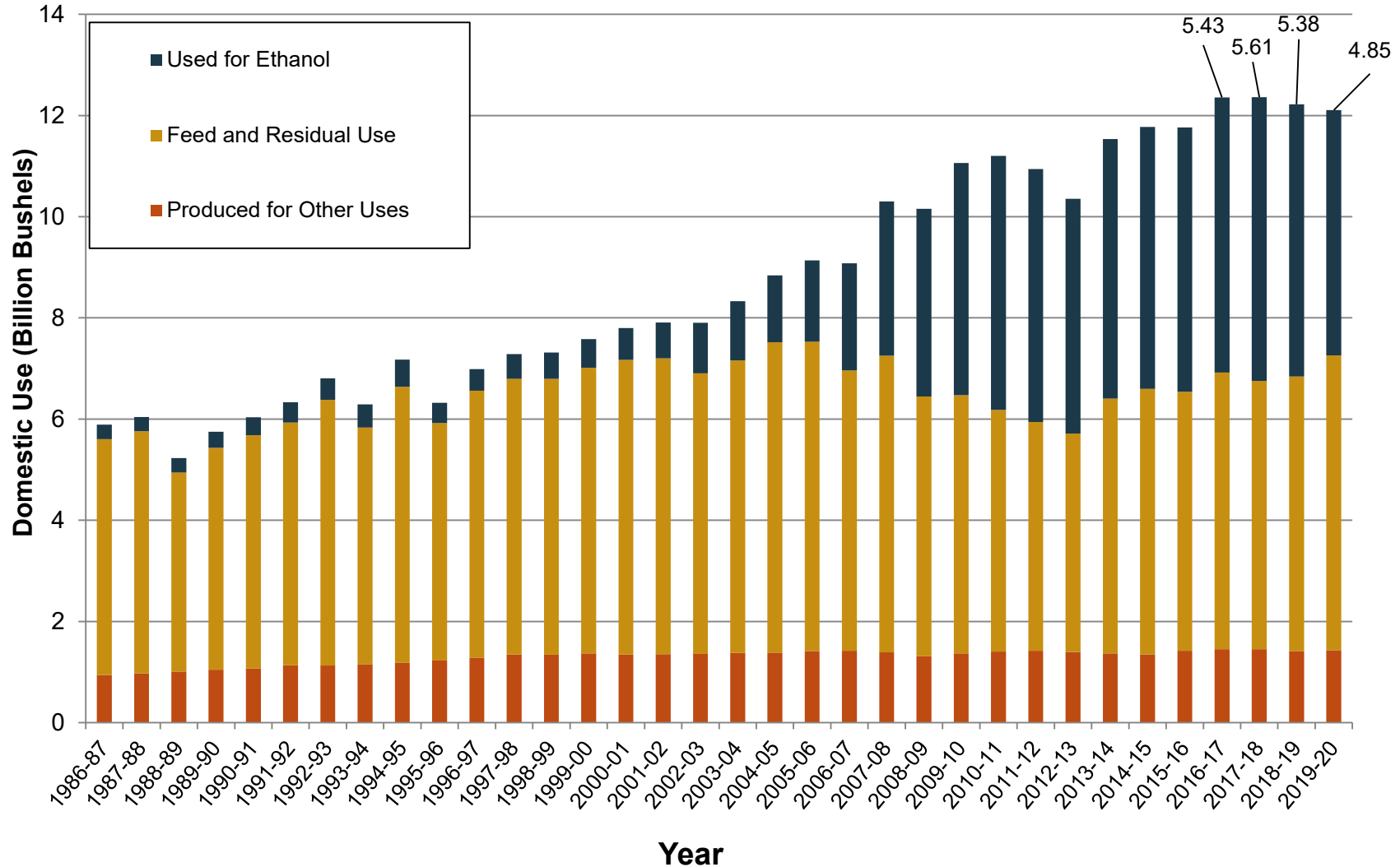
Source: American Farm Bureau Federation

US Commodity Price Trends, July 2020 – Feb 2021



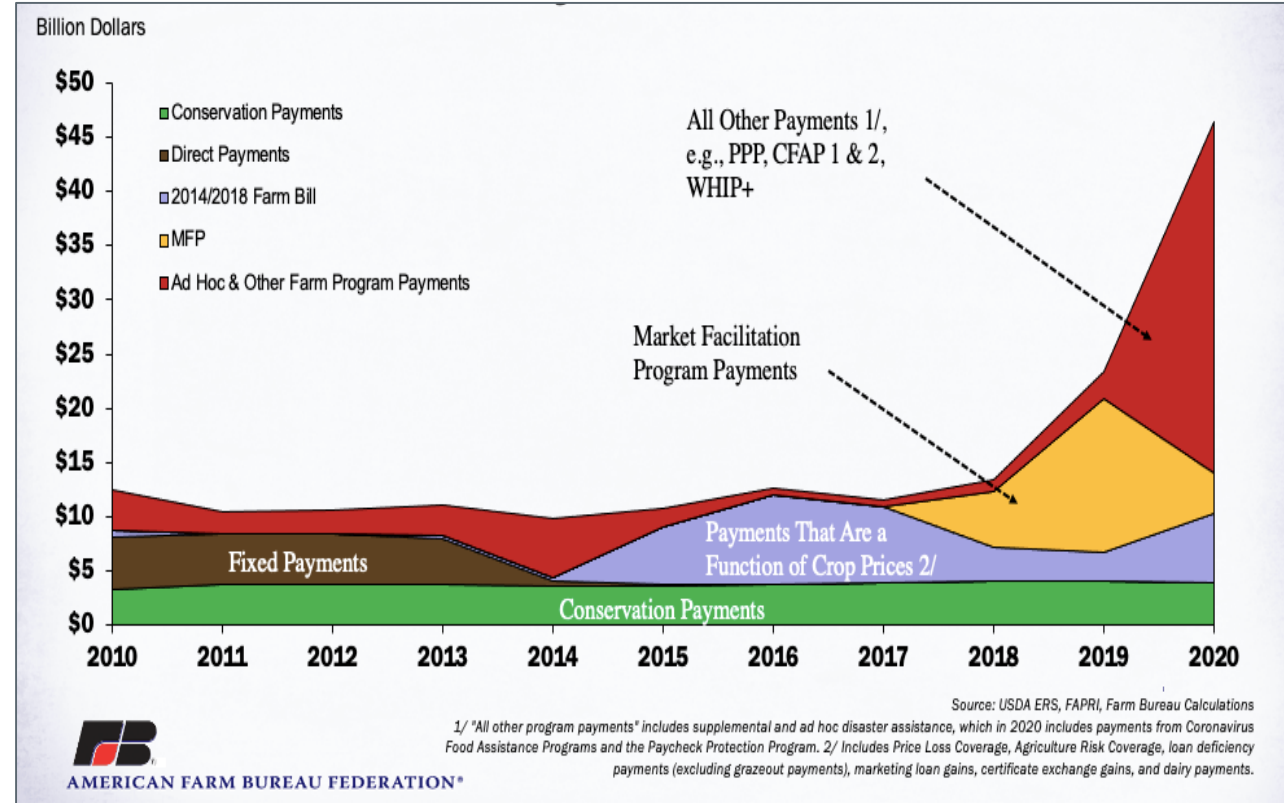
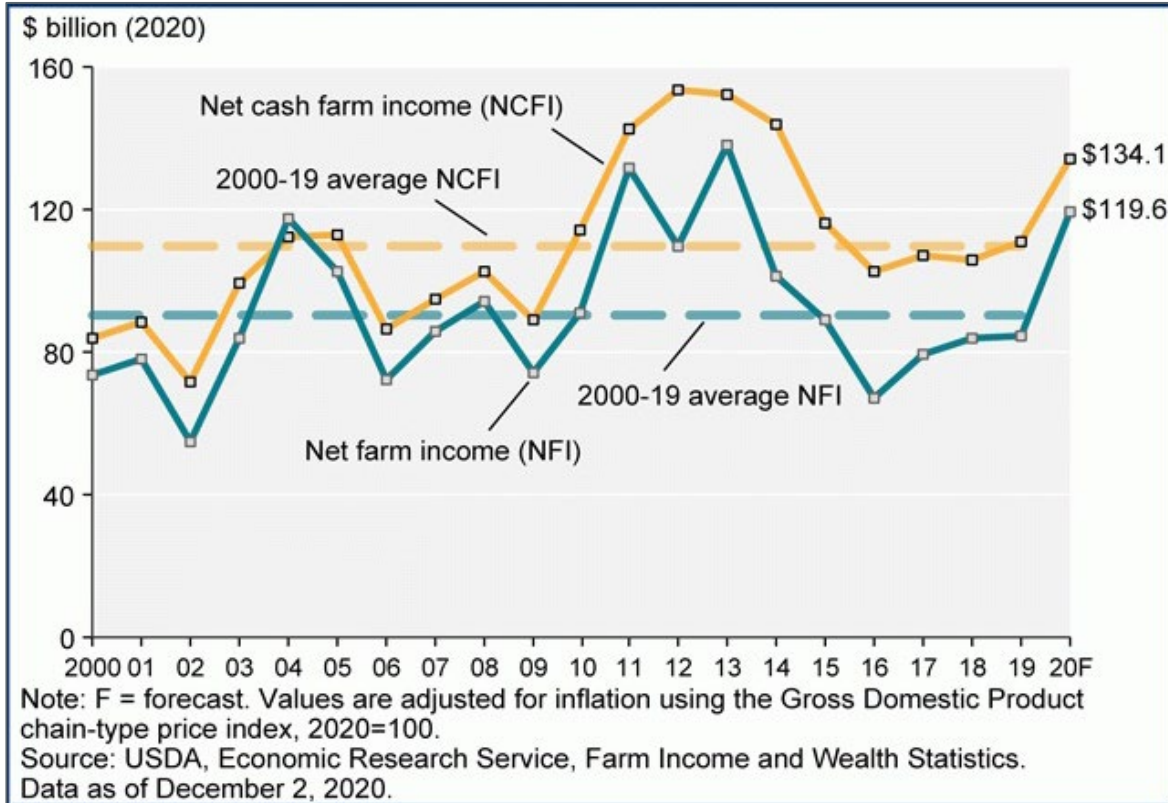
Source: Investing.com

U.S. Corn for Fuel Ethanol, Feed, and Other Use



Source: afdc.energy.gov/data – data from Tables 4 & 31, OCT2020. Years run from September through August. Exports not included in above values.

U.S. Net Cash Farm Income by Year



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

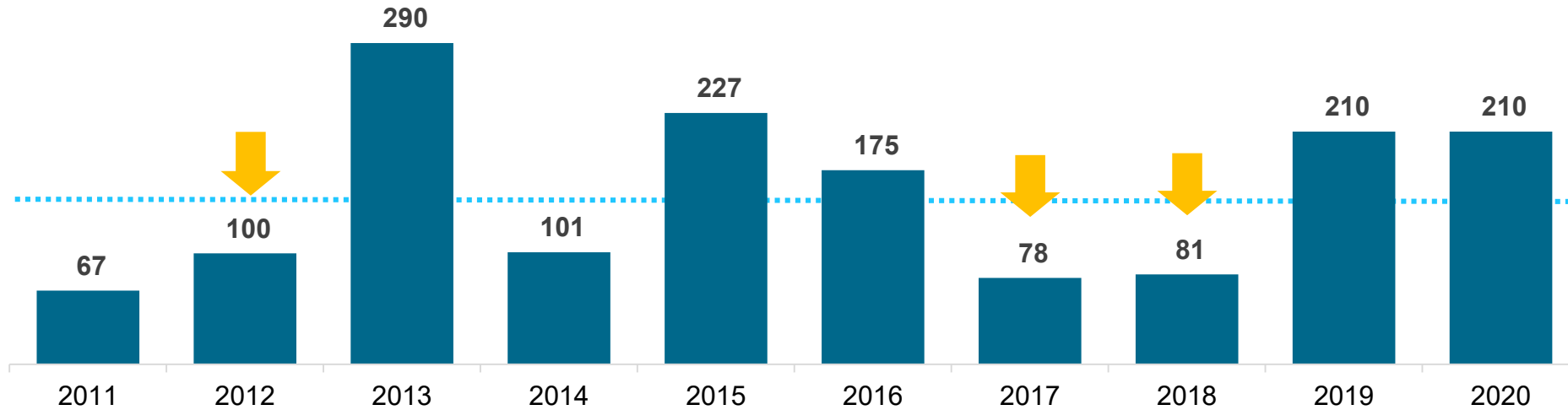
10 Year Average FCF is \$154M; Last 5 Years Has Averaged \$151M

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-Dec-20
Net earnings attributable to Valmont Industries, Inc.	\$ 140,693
Interest expense	41,075
Income tax expense	49,615
Depreciation and amortization expense	82,892
EBITDA	<u>314,275</u>
Cash restructuring expenses	18,955
Impairment of goodwill and intangible assets	16,638
Impairment of property, plant, and equipment	<u>3,751</u>
Adjusted EBITDA	\$ 353,619
Debt	\$ 766,326
Leverage Ratio	<u>2.17</u>
Debt	\$ 766,326
Cash	400,726
Net Debt	<u>365,600</u>
Leverage Ratio	<u>1.03</u>

2018-2019 Financials Retrospectively Adjusted from LIFO to FIFO Change

Valmont Industries, Inc.

Retrospectively Adjusted from LIFO to FIFO Change

<i>(in 000's, except earnings per share)</i>	<u>First Quarter 2019</u>		<u>Second Quarter 2019</u>		<u>Third Quarter 2019</u>		<u>Fourth Quarter 2019</u>		<u>Fiscal Year 2019</u>	
	As Previously	Retrospectively	As Previously	Retrospectively	As Previously	Retrospectively	As Previously	Retrospectively	As Previously	Retrospectively
	<u>Reported</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjusted</u>
Cost of sales	527,010	527,512	520,457	522,695	514,254	517,053	512,759	517,035	2,074,480	2,084,295
Operating income	55,104	54,602	63,712	61,474	63,863	61,064	55,041	50,765	237,720	227,905
Income tax expense	12,427	12,302	13,961	13,402	13,763	13,063	10,056	8,987	50,207	47,753
Net earnings attributed to Valmont Industries, Inc.	36,481	36,104	41,397	39,719	40,144	38,045	35,747	32,540	153,769	146,408
Net earnings per diluted share	\$ 1.66	\$ 1.64	\$ 1.90	\$ 1.82	\$ 1.85	\$ 1.75	\$ 1.66	\$ 1.51	\$ 7.06	\$ 6.73

	<u>First Quarter 2018</u>		<u>Second Quarter 2018</u>		<u>Third Quarter 2018</u>		<u>Fourth Quarter 2018</u>		<u>Fiscal Year 2018</u>	
	As Previously	Retrospectively	As Previously	Retrospectively	As Previously	Retrospectively	As Previously	Retrospectively	As Previously	Retrospectively
	<u>Reported</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjusted</u>	<u>Reported</u>	<u>Adjusted</u>
Cost of sales	529,444	528,363	507,406	505,755	514,352	511,572	547,662	543,282	2,098,864	2,088,972
Operating income	63,960	65,041	63,670	65,321	38,360	41,140	36,290	40,670	202,280	212,172
Income tax expense	12,532	12,802	14,405	14,818	9,091	9,786	7,107	8,202	43,135	45,608
Net earnings attributed to Valmont Industries, Inc.	39,281	40,092	32,960	34,198	4,448	6,533	17,662	20,947	94,351	101,770
Net earnings per diluted share	\$ 1.72	\$ 1.76	\$ 1.46	\$ 1.51	\$ 0.20	\$ 0.29	\$ 0.80	\$ 0.95	\$ 4.20	\$ 4.53

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

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) impairment of goodwill, and tradenames, (2) restructuring costs and non-recurring asset impairments (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.

	Thirteen weeks ended December 26, 2020	Diluted earnings per share	Year ended December 26, 2020	Diluted earnings per share
Net earnings attributable to Valmont Industries, Inc. - as reported	\$ 35,815	\$ 1.68	\$ 140,693	\$ 6.57
Impairment of goodwill and intangible assets, pre-tax	—	—	16,638	0.78
Restructuring and asset impairment costs - pre-tax	14,660	0.69	25,871	1.21
Total Adjustments	14,660	0.69	42,509	1.98
Tax effect of adjustments *	(3,619)	(0.17)	(6,372)	(0.30)
UK tax rate change	—	—	(1,528)	(0.07)
Net earnings attributable to Valmont Industries, Inc. - Adjusted	<u>\$ 46,856</u>	<u>\$ 2.20</u>	<u>\$ 175,302</u>	<u>\$ 8.18</u>
Average shares outstanding (000's) - Diluted		21,342		21,425

** 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

Operating Income Reconciliation (\$000s)	Thirteen weeks ended December 26, 2020	Year ended December 26, 2020
Operating income - as reported	\$ 54,139	\$ 225,953
Impairment of goodwill and tradename	—	16,638
Restructuring and related asset impairment costs	14,660	25,871
Adjusted Operating Income	<u>\$ 68,799</u>	<u>\$ 268,462</u>
Net Sales - as reported	798,377	2,895,355
Operating Income as a % of Sales	6.8 %	7.8 %
Adjusted Operating Income as a % of Sales	8.6 %	9.3 %

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

(\$000s)

For the fourth quarter ended December 26, 2020

Segment Operating Income Reconciliation	Engineered	Utility	Coatings	Irrigation	Corporate
	Support Structures	Support Structures			
Operating income - as reported	\$ 19,159	\$ 25,600	\$ 9,357	\$ 22,345	\$ (22,322)
Restructuring and related asset impairment costs	5,220	2,388	2,445	2,968	1,639
Adjusted Operating Income	<u>\$ 24,379</u>	<u>\$ 27,988</u>	<u>\$ 11,802</u>	<u>\$ 25,313</u>	<u>\$ (20,683)</u>
Net sales	\$ 256,057	\$ 271,031	\$ 89,336	\$ 199,263	—
Operating Income as a % of Sales	7.5 %	9.4 %	10.5 %	11.2 %	NM
Adjusted Operating Income as a % of Sales	9.5 %	10.3 %	13.2 %	12.7 %	NM

For the year ended December 26, 2020

Segment Operating Income Reconciliation	Engineered	Utility	Coatings	Irrigation	Corporate
	Support Structures	Support Structures			
Operating income - as reported	\$ 65,342	\$ 100,855	\$ 42,975	\$ 83,046	\$ (66,265)
Impairment of goodwill and tradename	16,638	—	—	—	—
Restructuring and related asset impairment costs	7,584	9,363	3,951	2,968	2,005
Adjusted Operating Income	<u>\$ 89,564</u>	<u>\$ 110,218</u>	<u>\$ 46,926</u>	<u>\$ 86,014</u>	<u>\$ (64,260)</u>
Net sales	\$ 995,840	\$1,002,209	\$ 345,312	\$ 645,831	—
Operating Income as a % of Sales	6.6 %	10.1 %	12.4 %	12.9 %	NM
Adjusted Operating Income as a % of Sales	9.0 %	11.0 %	13.6 %	13.3 %	NM

Whole Corporation (Q4)

- Severance of \$10.9 million for early retirement program (across all segments)

Engineered Support Structures (Q4)

- Cash restructuring expenses to reduce administrative headcounts in India.

Utility Support Structures (Q4)

- Cash restructuring expenses to reduce headcounts in the offshore and other complex steel product line.