



Conserving Resources. Improving Life.

4Q 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.

## Fourth Quarter Highlights

- Revenues grew 6.4% with gains in Engineered Support Structures, Utility Support Structures and Energy and Mining
- Irrigation revenues unchanged. Lower North American sales offset by higher international sales
- GAAP Operating income rises to \$56 million from a loss of \$17 million; adjusted operating income grows 27% to \$63 million\*
- GAAP Operating income 8.3% of net sales compared to loss in 2015, (7.9% and 9.4% in 2015 and 2016 respectively adjusted\*)
- Diluted earnings per share increased to \$3.10 compared to a loss of \$1.34 in 2015 (\$1.35 and \$1.61 in 2015 and 2016 respectively adjusted\*)
- Repurchased 57,000 shares; \$132 million remaining on the current authorization

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

# Financial Highlights—Fourth Quarter

<b>NET SALES</b>	<b>2016</b>	<b>2015</b>	<b>Percent Change</b>
<i>Dollars in millions except per share amounts</i>			
Engineered Support Structures	\$216.5	\$193.4	11.9%
Utility Support Structures	185.1	170.6	8.5%
Coatings	75.5	75.7	(0.3%)
Energy & Mining	87.9	78.8	11.5%
Irrigation	136.6	137.6	(0.7%)
Other	-	1.0	NM
Intersegment Sales	(27.0)	(23.3)	<u>NM</u>
Net Sales	\$674.6	\$633.8	6.4%
Operating Income	\$56.1	(\$17.0)	NM
Adjusted Operating Income*	\$63.4	\$49.8	27.3%
Net Income	\$70.1	(\$30.6)	NM
Adjusted Net Income*	\$36.3	\$31.1	16.7%
Diluted Earnings Per Share (EPS)	\$3.10	(\$1.34)	NM
Adjusted Diluted (EPS)*	\$1.61	\$1.35	19.3%

\* 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 4Q 2016	Operating Income 4Q 2015	Increase /Decrease	Operating Income Percent 4Q 2016	Operating Income Percent 4Q 2015
Engineered Support Structures	\$16.6	\$13.9	18.7%	7.6%	7.2%
Utility Support Structures	20.8	(2.4)	NM	11.2%	(1.4%)
Coatings	9.5	5.3	79.3%	12.6%	7.0%
Energy & Mining	2.7	(21.5)	NM	3.1%	(27.3%)
Irrigation	16.9	8.3	103.6%	12.4%	6.0%
Corporate/Other	(10.3)	(20.6)	NM		
Consolidated Operating Income	\$56.1	(\$17.0)	NM	8.3%	(2.7%)

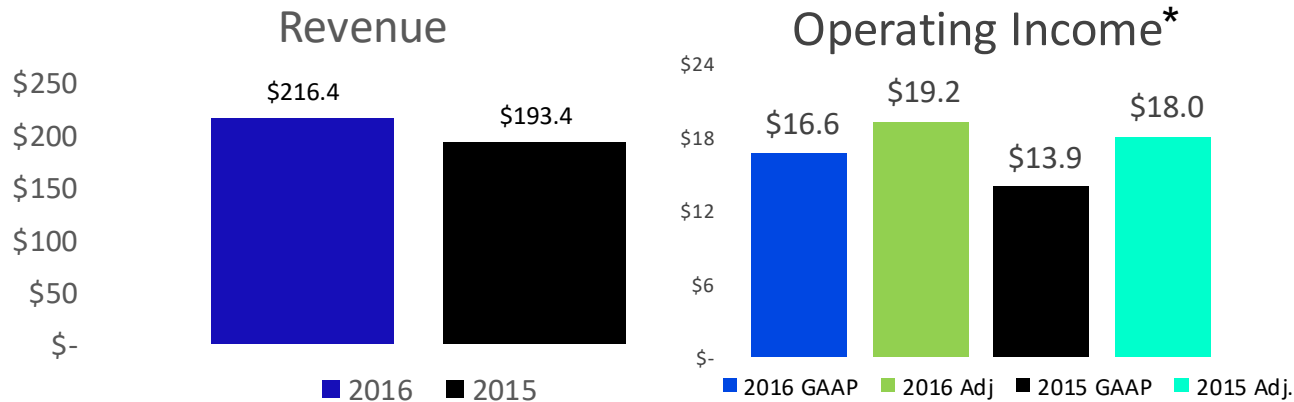
# Financial Highlights Operating Income Adjusted\*

Dollars in millions	Adjusted Operating Income 4Q 2016 *	Adjusted Operating Income 4Q 2015 *	Increase /Decrease	Operating Income Percent 4Q 2016*	Operating Income Percent 4Q 2015*
Engineered Support Structures	\$19.2	\$18.0	5.6%	8.8%	9.3%
Utility Support Structures	20.7	16.1	29.0%	11.2%	9.5%
Coatings	9.8	12.9	(23.8%)	13.1%	17.0%
Energy & Mining	6.2	0.5	NM	7.1%	0.6%
Irrigation	17.5	16.2	7.4%	12.8%	11.8%
Corporate/Other	(10.1)	(13.9)	NM		
Consolidated Operating Income	\$63.4	\$49.8	27.3%	9.4%	7.9%

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

# Engineered Support Structures

\$ in millions



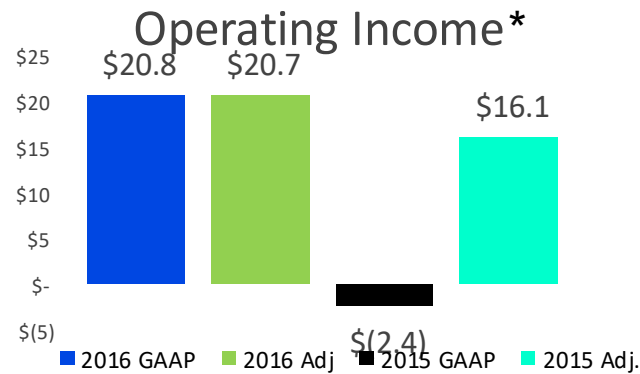
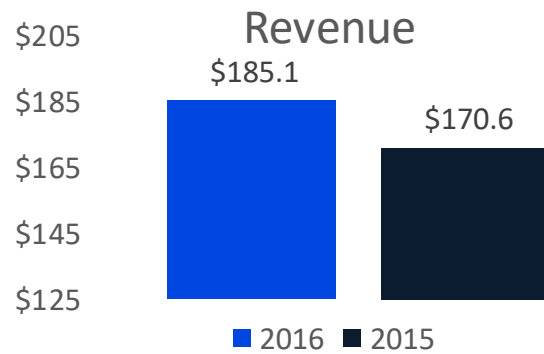
2015 Revenue	\$193.4
Volume	27.4
Pricing/Mix	(3.4)
Acquisitions	-
Currency Translation	(1.0)
2016 Revenue	\$216.4

- North America revenue up mostly due to strength in wireless communications and commercial lighting and traffic products
- Wireless in Asia Pacific benefitting from 4G buildout in Australia and China

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

# Utility Support Structures

\$ in millions



2015 Revenue	\$170.6
Volume	10.1
Pricing/Mix	4.4
Acquisitions	-
Currency Translation	-
2016 Revenue	\$185.1

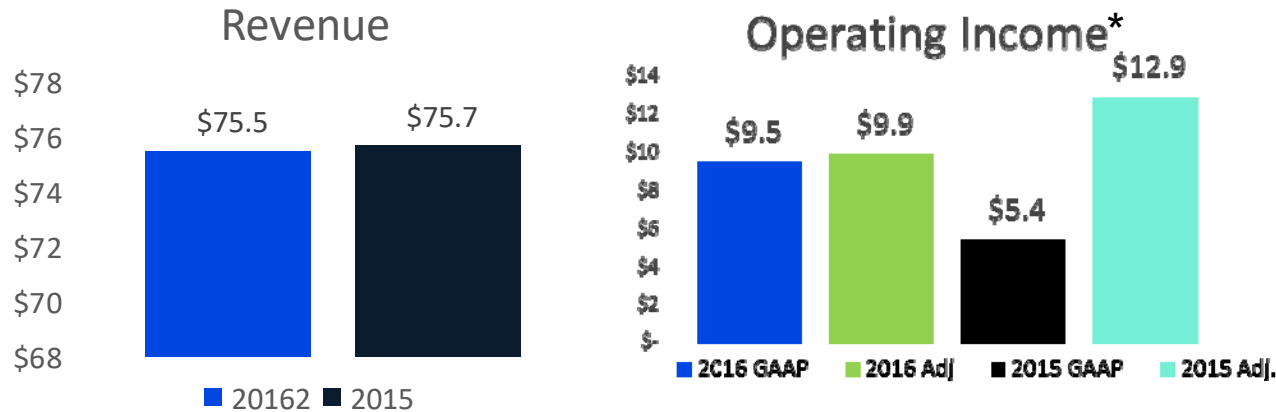
- North America: volume and price up as market activity increases
- Portion of price increase tied to higher steel costs

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



# Coatings

\$ in millions



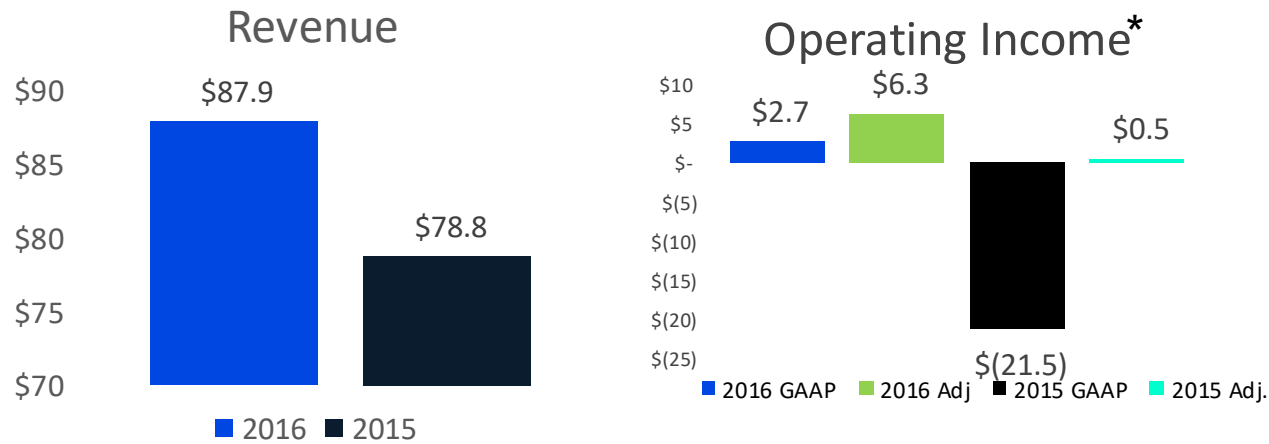
2015 Revenue	\$75.7
Volume	(1.6)
Pricing/Mix	1.0
Acquisitions	-
Currency Translation	0.4
2016 Revenue	\$75.5

- Stronger: Bridge and Highway, Utility
- Weaker: Solar
- Greater mix of internal volumes
- Rising zinc costs – sales price recovery realized by lagged cost increases

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

# Energy and Mining

\$ in millions



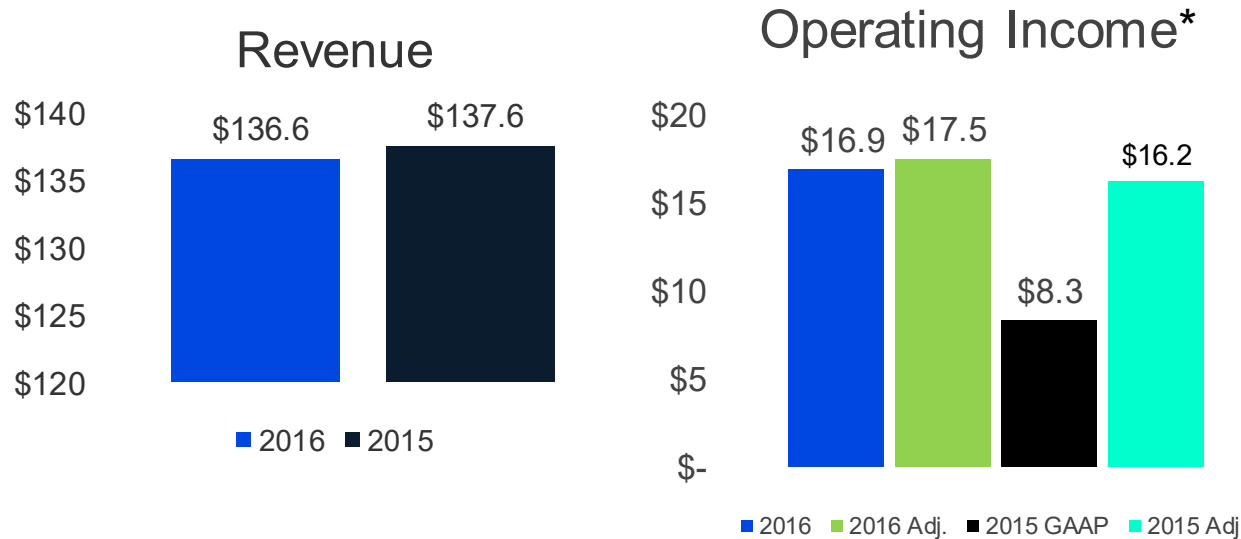
2015 Revenue	\$78.8
Volume	7.5
Pricing/Mix	0.5
Acquisitions	-
Currency Translation	1.2
2016 Revenue	\$87.9

- Access Systems revenue up, making inroads in new markets
- Grinding Media sales increase
- Offshore demand from wind energy industry solid

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

# Irrigation

\$ in millions



2015 Revenue	\$137.6
Volume	(2.1)
Pricing/Mix	0.6
Acquisitions	-
Currency Translation	0.5
2016 Revenue	\$136.6

- North America sales decrease modestly vs. Q4 2015
- International markets benefit from stronger Latin American demand
- Industry pricing conditions remain competitive
- Continued release of new technology products

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

# 2016 Results Compared With Stated Goals

<b>Metric</b>	<b>Goal</b>	<b>2016 Result GAAP</b>	<b>2016 Result Adjusted</b>
<b>Revenue Growth</b>	5-10%	(3.7%)	(3.7%)
<b>EPS Growth</b>	> 10%	346%	14.0%*
<b>ROIC (after-tax)</b>	> 10%	11.0%	10.0%*
<b>Free Cash Flow Conversion</b>	> 1.0x net earnings	0.93x	1.10x*

\* See the Company's calculation of these financial metrics (some of which are non-GAAP) at end of presentation.

# Free Cash Flow and Conversion – 2016 & 2015

## Stated Goal – 1.0X

Dollars in Millions

	2016	2015
Operating Cash Flow	219.2	272.3
CapEx	<u>(57.9)</u>	<u>(45.5)</u>
Free Cash Flows	<u>\$161.3</u>	<u>\$226.8</u>
Adjusted Net Earnings *	<u>\$145.8</u>	<u>\$131.8</u>
Free Cash Flows to Adj. Net Earnings	1.1	1.7

- Fourth quarter free cash flow strong with inventories and accounts receivable declining sequentially
- 2016 free cash flow conversion exceeds goal of 1.0x

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

# Balance Sheet – 4Q 2016

## 4Q 2016 Actual

**Free Cash Flow**                      \$161M    YTD

**Cash At 12/31/16**                      \$400M    (\$327 Ex. US)

**Total Debt**                                      \$756M

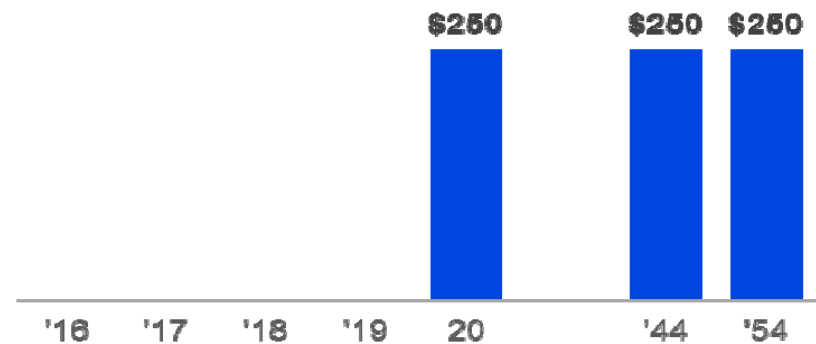
**Debt/Adjusted EBITDA\***                      2.32X    Adjusted

## Credit Rating

**S&P**    BBB+                      Negative

**Moody's**    Baa3                      Stable

## Debt Maturities – in Millions



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

# 2017 Guidance

- EPS growth of 10% over 2016 adjusted EPS of \$6.42\*
- 2016 GAAP EPS was \$7.63
- Assumptions:
  - Revenue growth expected for all segments; average 5% for the corporation, excluding acquisitions
  - Raw Materials
    - Raw materials costs up early in year, moderate later in 2017
  - Foreign Exchange rates
    - Currency translation effects estimated to be minor in 2017
  - Tax Rate
    - Effective tax rate of 31%
  - CapEx for 2017 expected to be \$60-65mm

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

# Valmont – 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) restructuring costs, (2) Deferred income tax (benefit) expense due to changes in foreign tax rates and international legal reorganization (3) goodwill and trade name impairment charges, and (4) other non-recurring expenses (including the reversal of a contingent liability), and (b) segment operating income of restructuring costs, impairments, and non-recurring expenses. 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 as a number of non-recurring transactions were recognized in 2016 and 2015, some of which are non-cash.

	Fourth Quarter Ended Dec. 31, 2016	Diluted earnings per share	Year-to-Date Dec. 31, 2016	Diluted earnings per share
Net earnings (loss) attributable to Valmont Industries, Inc. - as reported	\$ 70,064	\$ 3.10	\$ 173,232	\$ 7.63
Restructuring expenses	7,341	0.32	12,425	0.55
Reversal of contingent liability	(16,591)	(0.73)	(16,591)	(0.73)
Fair market value adjustment, Delta EMD	(332)	(0.01)	586	0.03
Total pre-tax adjustments	(9,582)	(0.42)	(3,580)	(0.16)
Tax effect of adjustments **	(1,574)	(0.07)	(3,180)	(0.14)
Deferred income tax benefit - non-recurring	(22,565)	(1.00)	(20,705)	(0.91)
Net earnings attributable to Valmont Industries, Inc. - Adjusted	<u>\$ 36,343</u>	<u>\$ 1.61</u>	<u>\$ 145,767</u>	<u>\$ 6.42</u>
Average shares outstanding (000's) - Diluted		22,611		22,709

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 – 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) restructuring costs, (2) Deferred income tax (benefit) expense due to changes in foreign tax rates and international legal reorganization (3) goodwill and trade name impairment charges, and (4) other non-recurring expenses (including the reversal of a contingent liability), and (b) segment operating income of restructuring costs, impairments, and non-recurring expenses. 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 as a number of non-recurring transactions were recognized in 2016 and 2015, some of which are non-cash.

	Fourth Quarter Ended Dec. 26, 2015	Diluted earnings per share	Year-to-Date Dec. 26, 2015	Diluted earnings per share
Net earnings attributable to Valmont Industries, Inc. - as reported	\$ (30,561)	\$ (1.34)	\$ 40,117	\$ 1.71
Restructuring expenses	16,009	0.70	39,852	1.70
Impairment of goodwill and trade names	26,770	1.16	41,970	1.80
Other one-time charges *	24,010	\$ 1.04	\$ 24,010	1.03
Total pre-tax adjustments	66,789	2.90	105,832	4.52
Tax effect of adjustments **	(12,244)	(0.53)	(21,271)	(0.91)
Deferred income tax expense - non-recurring***	7,120	0.31	7,120	0.30
Net earnings attributable to Valmont Industries, Inc. - Adjusted	\$ 31,104	\$ 1.35	\$ 131,798	\$ 5.63
Average shares outstanding (000's) - Diluted		23,018		23,405

\* Other non-recurring charges (pre-tax) in 2015 are the \$17,000 provision for a Utility commercial settlement and the \$7,010 recognized allowance doubtful China receivable (Irrigation).

\*\* The tax effect of adjustments is calculated based on the income tax rate in each applicable jurisdiction, except the reversal of the contingent liability which is not taxable.

\*\*\*The \$7,120 of deferred income tax expense is due to a 2% decrease in the U.K. corporate tax rate in 2015.

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

# Valmont – 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 OPERATING INCOME REGULATION G RECONCILIATION (Continued)

<u>Operating Income Reconciliation</u>	<u>Year-to-Date Dec. 31, 2016</u>	<u>Year-to-Date Dec. 26, 2015</u>	<u>Increase 2016 from 2015</u>
Operating income (loss) - as reported	\$ 243,504	\$ 131,695	\$ 111,809
Restructuring expenses - before tax	12,425	39,852	
Impairment of goodwill and trade names - before tax	-	41,970	
Other non-recurring charges	-	24,010	
Adjusted Operating Income	\$ 255,929	\$ 237,527	\$ 18,402
Net Sales	\$ 2,521,676	\$ 2,618,924	
<i>Operating Income as a % of Sales</i>	<b>9.7%</b>	<b>5.0%</b>	
<i>Adjusted Operating Income as a % of Sales</i>	<b>10.1%</b>	<b>9.1%</b>	

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

<u>Segment Operating Income Reconciliation</u>	<i>For the Fourth Quarter Ended Dec. 31, 2016</i>			
	<u>Operating Income- As Reported</u>	<u>Restructuring expenses - before tax</u>	<u>Adjusted Operating Income</u>	<u>Net Sales</u>
Engineered Support Structures	✓ \$ 16,645	✓ 2,561	✓ 19,206	✓ 216,454
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	✓ 7.7%		✓ 8.9%	
Utility Support Structures	✓ 20,751	-	✓ 20,751	✓ 185,119
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	✓ 11.2%		✓ 11.2%	
Energy & Mining	✓ 2,667	3,580	✓ 6,247	✓ 87,944
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	✓ 3.0%		✓ 7.1%	
Coatings	✓ 9,464	361	✓ 9,825	✓ 75,520
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	✓ 12.5%		✓ 13.0%	
Irrigation	✓ 17,074	468	✓ 17,542	✓ 136,628
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	✓ 12.5%		✓ 12.8%	
Corporate/Other	✓ (10,508)	371	✓ (10,137)	
<b>Consolidated Results</b>	✓ <b>\$ 56,093</b>	✓ <b>7,341</b>	✓ <b>\$ 63,435</b>	✓ <b>\$ 674,575</b>
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	✓ <b>8.3%</b>		✓ <b>9.4%</b>	

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

*For the Fourth Quarter Ended Dec. 26, 2015*

<b>Segment Operating Income Reconciliation</b>	<b>Operating Income- As Reported</b>	<b>Restructuring expenses - before tax</b>	<b>Impairment of goodwill and TM - before tax</b>	<b>Other Non- recurring expenses - before tax</b>	<b>Adjusted Operating Income</b>	<b>Net Sales</b>
Engineered Support Structures	\$ 13,850	\$ 4,159			\$ 18,009	\$ 193,383
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	<i>7.2%</i>				<i>9.3%</i>	
Utility Support Structures	(2,414)	1,578		17,001	16,165	170,623
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	<i>-1.4%</i>				<i>9.5%</i>	
Energy & Mining	(21,523)	2,353	19,640		470	78,764
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	<i>-27.3%</i>				<i>0.6%</i>	
Coatings	5,363	\$ 1,005	6,530		12,898	75,731
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	<i>7.1%</i>				<i>17.0%</i>	
Irrigation	8,305	876		7,009	16,190	137,546
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	<i>6.0%</i>				<i>11.8%</i>	
Corporate/Other	(20,581)	6,038	600		(13,943)	NM
<b>Consolidated Results</b>	<b>\$ (17,000)</b>	<b>\$ 16,009</b>	<b>\$ 26,770</b>	<b>\$ 24,010</b>	<b>\$ 49,789</b>	<b>\$ 633,828</b>
<i>Op Inc. &amp; Adjusted Op Inc. as a % of Sales</i>	<i>-2.7%</i>				<i>7.9%</i>	
<b>Increase 4th qtr 2016 from 2015</b>	<b>\$ 73,093</b>				<b>\$ 13,646</b>	

NM - Not Meaningful

END

# Valmont – Calculation of Adjusted EBITDA and Leverage Ratio

## Debt Coverage Calculation

	<b>Year-end</b> <b><u>12/31/2016</u></b>
Net earnings attributable to Valmont Industries, Inc.	\$ 173,232
Interest expense	44,409
Income tax expense	42,063
Depreciation and amortization expense	<u>82,417</u>
EBITDA	342,121
Reversal of contingent liability	(16,591)
Impairment of property, plant, and equipment	<u>1,099</u>
Adjusted EBITDA	326,629
Interest Bearing Debt	\$756,392
Leverage Ratio	2.32

# Valmont – Calculation of Return on Invested Capital

	<u>2016</u>		<u>2016</u>
Operating income	\$243,504	Adjusted Operating income *	\$255,930
Effective tax rate	19.10%	Adjusted effective tax rate <sup>1</sup>	30.80%
Tax effect on operating income	<u>(46,509)</u>	Tax effect on operating income	<u>(78,826)</u>
After-tax operating income	196,995	After-tax operating income	177,104
Average invested capital	<u>1,767,316</u>	Average invested capital	<u>1,767,316</u>
Return on invested capital	<u>11.1%</u>	Return on invested capital	<u>10.0%</u>
Total assets	\$2,391,731	Total assets	\$2,391,731
Less: Accounts and income taxes payable	(177,488)	Less: Accounts and income taxes payable	(177,488)
Less: Accrued expenses	(162,318)	Less: Accrued expenses	(162,318)
Less: Defined benefit pension liability	(209,470)	Less: Defined benefit pension liability	(209,470)
Less: Deferred compensation	(44,319)	Less: Deferred compensation	(44,319)
Less: Other noncurrent liabilities	<u>(14,910)</u>	Less: Other noncurrent liabilities	<u>(14,910)</u>
Less: Dividends payable	<u>(8,445)</u>	Less: Dividends payable	<u>(8,445)</u>
Total Invested capital	\$1,774,781	Total Invested capital	\$1,774,781
Beginning of year invested capital	<u>\$1,759,851</u>	Beginning of year invested capital	<u>\$1,759,851</u>
Average invested capital	<u>\$1,767,316</u>	Average invested capital	<u>\$1,767,316</u>

\* Please see reconciliation of GAAP to adjusted operating income on slide 18.

- 1) The adjusted effective tax rate in 2016 excludes deferred income tax benefit of \$30,590 resulting primarily from the re-measurement of the deferred tax asset for the Company's U.K. defined benefit pension plan. In addition, fiscal 2016 excludes \$9,888 recorded as a valuation allowance against a tax credit asset. Finally, it excludes the reversal of a contingent liability that was recognized as part of the Delta purchase accounting of \$16,591, which is not taxable. The effective tax rate in 2016 including these items is 19.1%.