

## NEWS RELEASE

FOR IMMEDIATE RELEASE

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### **DYCOM INDUSTRIES, INC. ANNOUNCES FISCAL 2017 FIRST QUARTER RESULTS AND PROVIDES GUIDANCE FOR THE NEXT FISCAL QUARTER**

Palm Beach Gardens, Florida, November 21, 2016 - Dycom Industries, Inc. (NYSE: DY) announced today its results for the first quarter ended October 29, 2016. The Company reported:

- Contract revenues of \$799.2 million for the quarter ended October 29, 2016, compared to \$659.3 million for the quarter ended October 24, 2015. Contract revenues for the quarter ended October 29, 2016 grew 18.0% on an organic basis after excluding contract revenues from acquired businesses that were not owned for the entire period in both the current and prior year quarter. Total contract revenues from acquired businesses were \$56.6 million for the quarter ended October 29, 2016, compared to \$29.9 million for the quarter ended October 24, 2015.
- Non-GAAP Adjusted EBITDA of \$129.2 million, or 16.2% of contract revenues, for the quarter ended October 29, 2016, compared to \$105.7 million, or 16.0% of contract revenues, for the quarter ended October 24, 2015.
- On a GAAP basis, net income was \$51.0 million, or \$1.59 per common share diluted, for the quarter ended October 29, 2016, compared to net income of \$30.8 million, or \$0.91 per common share diluted, for the quarter ended October 24, 2015. Non-GAAP Adjusted Net Income was \$53.7 million, or \$1.67 per common share diluted, for the quarter ended October 29, 2016, compared to Non-GAAP Adjusted Net Income of \$42.0 million, or \$1.24 per common share diluted, for the quarter ended October 24, 2015. Non-GAAP Adjusted Net Income for the quarter ended October 29, 2016 and October 24, 2015 excludes \$4.3 million and \$1.8 million, respectively, of pre-tax interest expense incurred for non-cash amortization of the debt discount associated with the Company's 0.75% convertible senior notes due September 2021. Non-GAAP Adjusted Net Income for the quarter ended October 24, 2015 also excludes the impact of a pre-tax charge of approximately \$16.3 million for early extinguishment of debt in connection with the redemption of the Company's 7.125% senior subordinated notes.

Additionally, the Company has adjusted its outlook for the operations of Goodman Networks acquired in July 2016. The Company now expects revenues from the acquired operations for the next several quarters to approximate \$10.0 million per quarter. As a result, the Company has reduced its contract backlog by a total of \$211 million, of which \$49 million was expected to be completed over the next twelve months. In addition, since the Company reported last quarter, a customer has modified its plans. As a result, the Company has reduced its forecasted revenue for that customer for the remainder of fiscal 2017 by approximately \$80 million and its contract backlog associated with one project by \$413 million. The total remaining backlog associated with other projects for this customer represents less than 2.5% of the Company's total backlog of \$5.203 billion at October 29, 2016.

The Company also announced its outlook for the second quarter of fiscal 2017. The Company currently expects total contract revenues for the second quarter of fiscal 2017 to range from \$640 million to \$670 million. On a GAAP basis, diluted earnings per common share for the second quarter of fiscal 2017 is expected to range from \$0.53 to \$0.65. Non-GAAP Adjusted Diluted Earnings per Common Share is expected to range from \$0.61 to \$0.73. Non-GAAP Adjusted Diluted Earnings per Common Share guidance excludes \$4.4 million of pre-tax interest expense for non-cash amortization of debt discount, or \$0.08 per common share diluted on an after-tax basis. A reconciliation of Non-GAAP Adjusted Diluted Earnings per Common Share guidance provided for the second quarter of fiscal 2017 is included within the press release tables.

## **Use of Non-GAAP Financial Measures**

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). In quarterly results releases, trend schedules, conference calls, slide presentations, and webcasts, the Company may use or discuss Non-GAAP financial measures, as defined by Regulation G of the Securities and Exchange Commission. See Explanation of Non-GAAP Financial Measures directly following the press release tables.

## **Conference Call Information and Other Selected Data**

A conference call to review the Company's results will be hosted at 9:00 a.m. (ET), Tuesday, November 22, 2016; call (800) 230-1093 (United States) or (612) 332-0107 (International) ten minutes before the conference call begins and ask for the "Dycom Results" conference call. A live webcast of the conference call, along with related materials, will be available at [www.dycomind.com](http://www.dycomind.com). The conference call materials will be available at approximately 7:00 a.m. (ET) on November 22, 2016. If you are unable to attend the conference call at the scheduled time, a replay of the live webcast and the conference call materials will be available at [www.dycomind.com](http://www.dycomind.com) until Thursday, December 22, 2016.

For additional detail on selected financial information including organic contract revenue, customer metrics, and certain other selected financial data and Non-GAAP financial measures, please refer to the Trend Schedule at [www.dycomind.com](http://www.dycomind.com) in the Investor Center. The Trend Schedule will be available at approximately 7:00 a.m. (ET) on November 22, 2016.

## **About Dycom Industries, Inc.**

Dycom is a leading provider of specialty contracting services throughout the United States and in Canada. These services include program management, engineering, construction, maintenance and installation services for telecommunications providers, underground facility locating services for various utilities, including telecommunications providers, and other construction and maintenance services for electric and gas utilities.

## **Forward Looking Information**

Fiscal 2017 first quarter results are preliminary and unaudited. This press release contains forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act. These statements are based on management's current expectations, estimates and projections and include the second quarter of fiscal 2017 outlook, backlog and statements found under the "Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures" section of this release. Forward-looking statements are subject to risks and uncertainties that may cause actual results in the future to differ materially from the results projected or implied in any forward-looking statements contained in this press release. The most significant of these risks and uncertainties are described in the Company's Form 10-K, Form 10-Q and Form 8-K reports (including all amendments to those reports) and include business and economic conditions and trends in the telecommunications industry affecting the Company's customers, the adequacy of the Company's insurance and other reserves and allowances for doubtful accounts, whether the carrying value of the Company's assets may be impaired, preliminary purchase price allocations of acquired businesses, expected benefits and synergies of acquisitions, the future impact of any acquisitions or dispositions, adjustments and cancellations related to the Company's backlog, the anticipated outcome of other contingent events, including litigation, liquidity and other financial needs, the availability of financing, and the other risks and uncertainties detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company does not undertake to update forward-looking statements.

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**DYCOM INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

Unaudited

	<u>As of</u> <u>October 29, 2016</u>	<u>As of</u> <u>July 30, 2016</u>
	<u>(Dollars in thousands)</u>	
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$ 21,711	\$ 33,787
Accounts receivable, net	329,786	328,030
Costs and estimated earnings in excess of billings	488,960	376,972
Inventories	81,054	73,606
Deferred tax assets, net	24,021	22,733
Other current assets	21,416	16,106
Total current assets	<u>966,948</u>	<u>851,234</u>
Property and equipment, net	337,653	326,670
Goodwill and other intangible assets, net	500,333	508,036
Other	33,473	33,776
Total non-current assets	<u>871,459</u>	<u>868,482</u>
Total assets	<u>\$ 1,838,407</u>	<u>\$ 1,719,716</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 114,730	\$ 115,492
Current portion of debt	17,500	13,125
Billings in excess of costs and estimated earnings	15,271	19,557
Accrued insurance claims	38,748	36,844
Income taxes payable	27,904	15,307
Other accrued liabilities	97,810	122,302
Total current liabilities	<u>311,963</u>	<u>322,627</u>
Long-term debt	774,501	706,202
Accrued insurance claims	54,557	52,835
Deferred tax liabilities, net non-current	79,395	76,587
Other liabilities	4,269	4,178
Total liabilities	<u>1,224,685</u>	<u>1,162,429</u>
Total stockholders' equity	613,722	557,287
Total liabilities and stockholders' equity	<u>\$ 1,838,407</u>	<u>\$ 1,719,716</u>

**DYCOM INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**Unaudited**

	<b>Three Months Ended October 29, 2016</b>	<b>Three Months Ended October 24, 2015</b>
	<b>(Dollars in thousands, except per share amounts)</b>	
Contract revenues	\$ 799,223	\$ 659,268
Costs of earned revenues, excluding depreciation and amortization	614,990	506,978
General and administrative expenses (a)	60,204	51,464
Depreciation and amortization	34,546	27,449
Total	<u>709,740</u>	<u>585,891</u>
Interest expense, net (b)	(9,067)	(9,131)
Loss on debt extinguishment (c)	—	(16,260)
Other income, net	940	1,469
Income before income taxes	<u>81,356</u>	<u>49,455</u>
Provision for income taxes	30,306	18,631
Net income	<u>\$ 51,050</u>	<u>\$ 30,824</u>
Earnings per common share:		
Basic earnings per common share	<u>\$ 1.62</u>	<u>\$ 0.94</u>
Diluted earnings per common share	<u>\$ 1.59</u>	<u>\$ 0.91</u>
Shares used in computing earnings per common share:		
Basic	<u>31,429,493</u>	<u>32,871,240</u>
Diluted	<u>32,200,287</u>	<u>33,886,747</u>

(a) Includes stock-based compensation expense of \$5.7 million and \$4.5 million for the three months ended October 29, 2016 and October 24, 2015, respectively.

(b) Includes \$4.3 million and \$1.8 million for the three months ended October 29, 2016 and October 24, 2015, respectively, for non-cash amortization of the debt discount associated with the 0.75% convertible senior notes due 2021.

(c) During the three months ended October 24, 2015, the Company incurred a pre-tax charge of approximately \$16.3 million for early extinguishment of debt in connection with the redemption of its 7.125% senior subordinated notes.

**DYCOM INDUSTRIES, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**TO COMPARABLE GAAP FINANCIAL MEASURES**

Unaudited

**CONTRACT REVENUES, NON-GAAP ORGANIC CONTRACT REVENUES, AND GROWTH %'s**

	<u>Contract Revenues - GAAP</u>	<u>Revenues from businesses acquired (a)</u>	<u>Non-GAAP - Organic Contract Revenues</u>	<u>GAAP - Growth %</u>	<u>Non- GAAP - Organic Growth %</u>
	(Dollars in thousands)				
Three Months Ended October 29, 2016	\$ 799,223	\$ (56,604)	\$ 742,619	21.2%	18.0%
Three Months Ended October 24, 2015	\$ 659,268	\$ (29,884)	\$ 629,384		

(a) Amounts for the three months ended October 29, 2016 and October 24, 2015 represent revenues from acquired businesses that were not owned for the full period in both the current and prior year period.

**NON-GAAP ADJUSTED EBITDA**

	<u>Three Months Ended October 29, 2016</u>	<u>Three Months Ended October 24, 2015</u>
	(Dollars in thousands)	
Reconciliation of net income to Non-GAAP Adjusted EBITDA:		
Net income	\$ 51,050	\$ 30,824
Interest expense, net	9,067	9,131
Provision for income taxes	30,306	18,631
Depreciation and amortization expense	34,546	27,449
Earnings Before Interest, Taxes, Depreciation & Amortization ("EBITDA")	<u>124,969</u>	<u>86,035</u>
Gain on sale of fixed assets	(1,443)	(1,136)
Stock-based compensation expense	5,707	4,509
Loss on debt extinguishment	—	16,260
Non-GAAP Adjusted EBITDA	<u>\$ 129,233</u>	<u>\$ 105,668</u>

**DYCOM INDUSTRIES, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**TO COMPARABLE GAAP FINANCIAL MEASURES (CONTINUED)**

Unaudited

**NET INCOME, NON-GAAP ADJUSTED NET INCOME, NET INCOME PER COMMON SHARE, AND NON-GAAP ADJUSTED DILUTED EARNINGS PER COMMON SHARE**

	<b>Three Months Ended October 29, 2016</b>	<b>Three Months Ended October 24, 2015</b>
<b>(Dollars in thousands, except share amounts)</b>		
Reconciliation of Non-GAAP Adjusted Net Income:		
Net income	\$ 51,050	\$ 30,824
Adjustments		
Pre-tax non-cash amortization of debt discount	4,307	1,780
Pre-tax loss on debt extinguishment	—	16,260
Tax impact of adjustments	(1,611)	(6,837)
Total adjustments, net of tax	2,696	11,203
Non-GAAP Adjusted Net Income	<u>\$ 53,746</u>	<u>\$ 42,027</u>
Reconciliation of Non-GAAP Adjusted Diluted Earnings per Common Share:		
Net income per common share	\$ 1.59	\$ 0.91
Total adjustments from above, net of tax	0.08	0.33
Non-GAAP Adjusted Diluted Earnings per Common Share	<u>\$ 1.67</u>	<u>\$ 1.24</u>
Diluted shares used in computing Adjusted Diluted Earnings per Common Share	<u>32,200,287</u>	<u>33,886,747</u>

**OUTLOOK - DILUTED EARNINGS PER COMMON SHARE AND NON-GAAP ADJUSTED DILUTED EARNINGS PER COMMON SHARE**

	<b>Outlook for the Three Months Ending January 28, 2017</b>
Diluted earnings per common share (a)	<u>\$0.53 - \$0.65</u>
Adjustment	
After-tax non-cash amortization of debt discount (b)	\$0.08
Non-GAAP Adjusted Diluted Earnings per Common Share (a)	<u>\$0.61 - \$0.73</u>

(a) Guidance for diluted earnings per common share and Non-GAAP Adjusted Diluted Earnings per Common Share for the three months ending January 28, 2017 were computed using approximately 32.3 million in diluted weighted average shares outstanding.

(b) The Company expects to recognize approximately \$4.4 million in pre-tax interest expense during the three months ending January 28, 2017 for non-cash amortization of the debt discount associated with its 0.75% convertible senior notes. The Company excludes the effect of this amortization in its Non-GAAP financial measures.

**DYCOM INDUSTRIES, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**TO COMPARABLE GAAP FINANCIAL MEASURES (CONTINUED)**

**Explanation of Non-GAAP Financial Measures**

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). In the Company's quarterly results releases, trend schedules, conference calls, slide presentations, and webcasts, it may use or discuss Non-GAAP financial measures, as defined by Regulation G of the Securities and Exchange Commission. The Company believes that the presentation of certain Non-GAAP financial measures in these materials provides information that is useful to investors because it allows for a more direct comparison of the Company's performance for the period reported with the Company's performance in prior periods. The Company cautions that Non-GAAP financial measures should be considered in addition to, but not as a substitute for, the Company's reported GAAP results. Management defines the Non-GAAP financial measures used in this release as follows:

- Non-GAAP Organic Contract Revenues - contract revenues from businesses that are included for the entire period in both the current and prior year periods. Non-GAAP Organic Contract Revenue growth is calculated as the percentage change in Non-GAAP Organic Contract Revenues over those of the comparable prior year period. Management believes organic growth is a helpful measure for comparing the Company's revenue performance with prior periods.
- Non-GAAP Adjusted EBITDA - net income before interest, taxes, depreciation and amortization, gain on sale of fixed assets, stock-based compensation expense, loss on debt extinguishment, and certain non-recurring items. Management believes Non-GAAP Adjusted EBITDA is a helpful measure for comparing the Company's operating performance with prior periods as well as with the performance of other companies with different capital structures or tax rates.
- Non-GAAP Adjusted Net Income - GAAP net income before loss on debt extinguishment, non-cash amortization of the debt discount, certain non-recurring items and any tax impact related to these items. Non-GAAP Adjusted Diluted Earnings per Common Share - Non-GAAP Adjusted Net Income divided by weighted average diluted shares outstanding. Management excludes or adjusts each of the items identified below from Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Diluted Earnings per Common Share:
  - Non-cash amortization of the debt discount - The Company's 0.75% convertible senior notes due September 2021 (the "Notes") were allocated between debt and equity components. The difference between the principal amount and the carrying amount of the liability component of the Notes represents a debt discount. The debt discount will be amortized over the term of the Notes but will not result in periodic cash interest payments. During the three months ended October 29, 2016 and October 24, 2015, the Company recognized approximately \$4.3 million and \$1.8 million, respectively, in pre-tax interest expense for non-cash amortization of the debt discount associated with the Notes. The Company has excluded the non-cash amortization of the debt discount from its Non-GAAP financial measures because it believes it is useful to analyze the component of interest expense for the Notes that will be paid in cash. The exclusion of the non-cash amortization from the Company's Non-GAAP financial measures provides management with a consistent measure for assessing financial results.
  - Loss on debt extinguishment - The Company incurred a pre-tax charge of approximately \$16.3 million for early extinguishment of debt in connection with the redemption of its 7.125% senior subordinated notes in the first quarter of fiscal 2016. Management believes excluding the loss on debt extinguishment from the Company's Non-GAAP financial measures assists investors' overall understanding of the Company's current financial performance. The Company believes this type of charge is not indicative of its core operating results. The exclusion of the loss on debt extinguishment from the Company's Non-GAAP financial measures provides management with a consistent measure for assessing the current and historical financial results.
  - Tax impact of adjusted results - The tax impact of the adjusted results for the three months ended October 29, 2016 and October 24, 2015 was calculated utilizing a Non-GAAP effective tax rate which approximates the Company's effective tax rate used for financial planning. The tax impact included in the Company's guidance for the quarter ending January 28, 2017 was calculated using an effective tax rate used for financial planning and forecasting future results.