



November 20, 2018

3rd Quarter Fiscal 2019 Results Conference Call



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This presentation contains “forward-looking statements”. Other than statements of historical facts, all statements contained in this presentation, including statements regarding the Company’s future financial position, future revenue, prospects, plans and objectives of management, are forward-looking statements. Words such as “outlook,” “believe,” “expect,” “anticipate,” “estimate,” “intend,” “should,” “could,” “project,” and similar expressions, as well as statements in future tense, identify forward-looking statements. You should not consider forward-looking statements as a guarantee of future performance or results. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith belief at that time with respect to future events. Such statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors, assumptions, uncertainties, and risks that could cause such differences are discussed in the Company’s Transition Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 2, 2018 and other filings with the SEC. The forward-looking statements in this presentation are expressly qualified in their entirety by this cautionary statement. The Company undertakes no obligation to update these forward-looking statements to reflect new information, or events or circumstances arising after such date.

This presentation includes certain “Non-GAAP” financial measures as defined by Regulation G of the SEC. As required by the SEC, a reconciliation of those measures to the most directly comparable GAAP measures is provided on the Regulation G slides included as slides 13 through 21 of this presentation. Non-GAAP financial measures should be considered in addition to, but not as a substitute for, the Company’s reported GAAP results.



Participants

Steven E. Nielsen

President & Chief Executive Officer

Timothy R. Estes

Chief Operating Officer

H. Andrew DeFerrari

Chief Financial Officer

Richard B. Vilsoet

Chief Legal Officer

Agenda

Introduction and Q3-19 Overview

Industry Update

Financial & Operational Highlights

Outlook

Conclusion

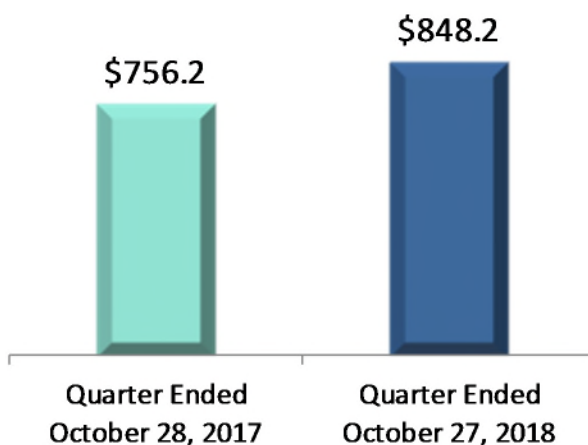
Q&A



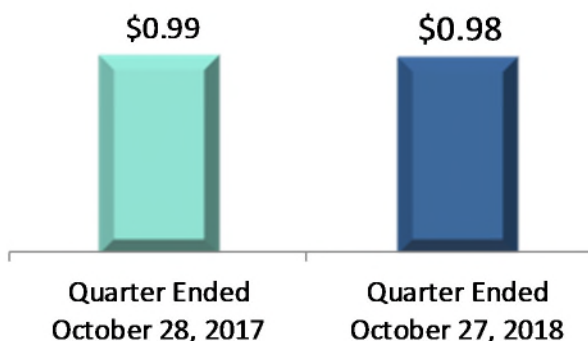
Q3-19 Overview and Highlights



Contract Revenues



Non-GAAP Adjusted Diluted EPS



❖ Strong organic revenue growth of 12.9%

- Contract revenues of \$848.2 million for the quarter ended October 27, 2018, compared to \$756.2 million for the quarter ended October 28, 2017
- Contract revenues of \$8.8 million from a previously acquired business and \$3.9 million from storm restoration services

❖ Solid operating performance

- Non-GAAP Adjusted EBITDA of \$98.6 million, or 11.6% of contract revenues, for the quarter ended October 27, 2018, compared to \$97.6 million, or 12.9% of contract revenues, for the quarter ended October 28, 2017
- Non-GAAP Adjusted Diluted EPS of \$0.98 per share for the quarter ended October 27, 2018, compared to \$0.99 per share for the quarter ended October 28, 2017

❖ Ample liquidity

- Liquidity of \$350.1 million at Q3-19 consisting of \$328.5 million of availability under Senior Credit Facility and cash of \$21.5 million
- Senior Credit Facility amended and restated during October 2018, increasing revolver capacity to \$750.0 million and the term loan to \$450.0 million and extending maturity to October 2023
- No outstanding revolver borrowings at the end of Q3-19

❖ ***Industry increasing network bandwidth dramatically***

- Major industry participants deploying significant 1 gigabit wireline networks
- Emerging wireless technologies are driving significant wireline deployments
- Wireline deployments necessary to facilitate expected decades long deployment of fully converged wireless/wireline networks that will enable high bandwidth low latency applications
- Industry effort required to deploy these converged networks continues to meaningfully broaden our set of opportunities. Total industry opportunities in aggregate, are robust.



❖ ***Delivering valuable service to customers***

- Currently providing services for 1 gigabit full deployments across the country in dozens of metropolitan areas to a number of customers
- Have secured and are actively working on a number of converged wireless/wireline multi-use networks
- Customers are revealing with more specificity multi-year initiatives that are being implemented and managed on a market by market basis



❖ ***Our ability to provide integrated planning, engineering and design, procurement and construction and maintenance services provides value to several industry participants***

❖ ***As with prior large scale network deployments, normal timing and customer spending modulations expected as network deployment strategies and technologies evolve. Tactical considerations may also impact timing.***

❖ ***Dycom's scale, market position and financial strength position it well as opportunities continue to expand***

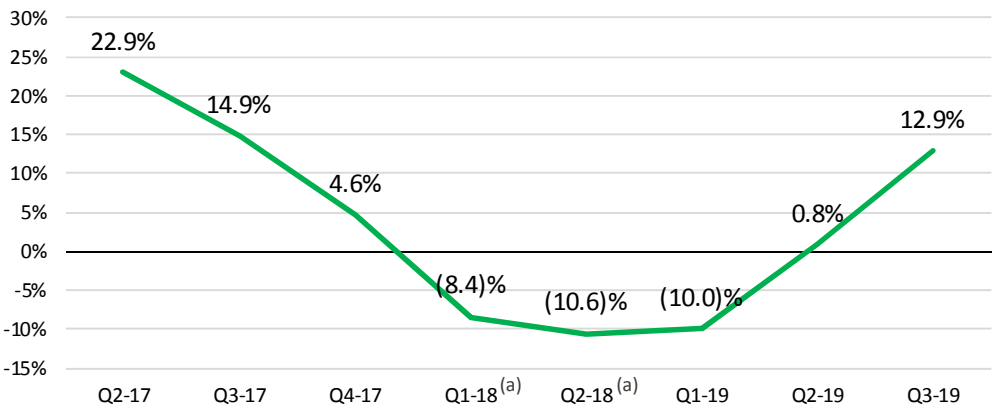


Revenue Highlights



Organic % adjusted for revenues from acquired businesses and storm restoration services, when applicable.

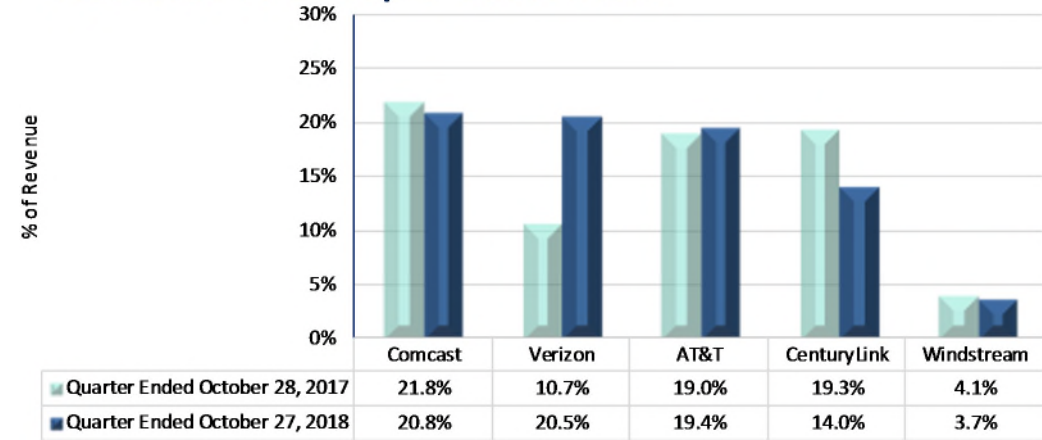
Non-GAAP Organic Growth (Decline) %



(a) Due to the change in the Company’s fiscal year end, the Company’s fiscal 2018 six month transition period consisted of Q1-18 and Q2-18.

- ❖ Q3-19 organic growth of 12.9%
 - Top 5 customers increased 18.3% organically
 - All other customers decreased 2.9% organically

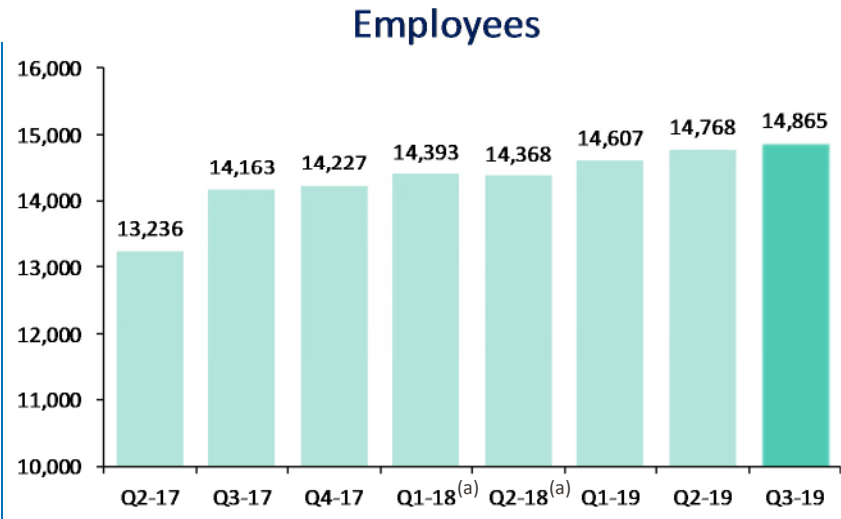
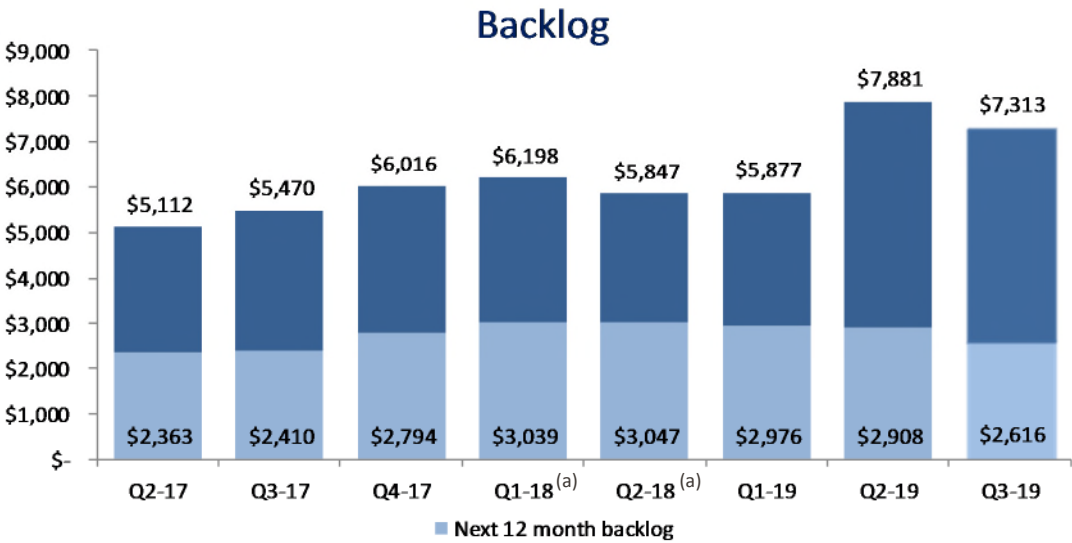
Revenue % of Top 5 Customers



- ❖ Top 5 customers represented 78.4% and 75.3% of revenues in quarters ended October 27, 2018 and October 28, 2017, respectively
- ❖ Organic growth with Comcast at 8.7%, Verizon at 115.9%, and AT&T at 14.9%

Backlog and Awards

Financial charts - \$ in millions



(a) Due to the change in the Company’s fiscal year end, the Company’s fiscal 2018 six month transition period consisted of Q1-18 and Q2-18.

Selected Current Awards and Extensions

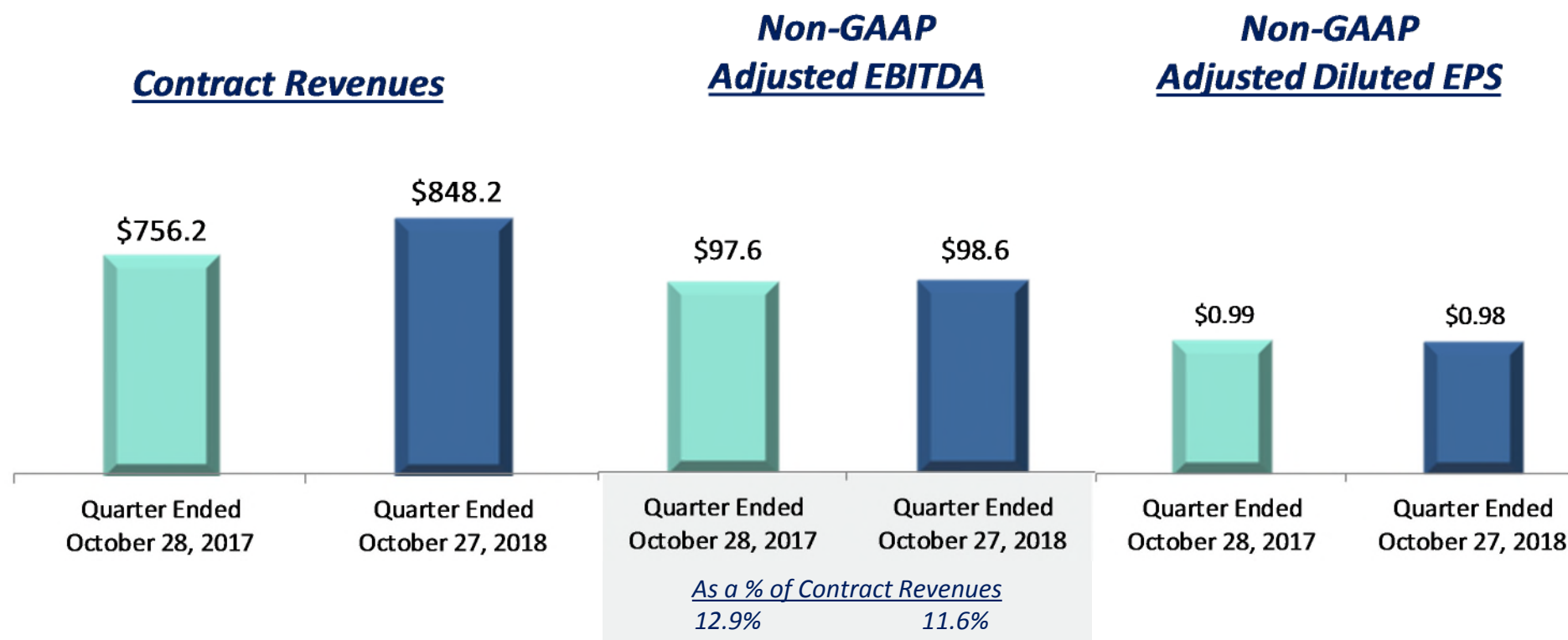
Customers	Description	Area	Approximate Term (in years)
Verizon	Construction Services	Various	3-4
CenturyLink	Construction Services	California, Utah, Colorado	1
TDS Telecom	Construction Services	Tennessee	3
Various	Locating Services	California, New Jersey, Tennessee, South Carolina	1-3
	Rural Broadband Services	Texas, Wisconsin, Indiana, Kentucky, Alabama	1-3

Note: Our backlog represents an estimate of services to be performed pursuant to master service agreements and other contractual agreements over the terms of those contracts. These estimates are based on contract terms and evaluations regarding the timing of the services to be provided. In the case of master service agreements, backlog is estimated based on the work performed in the preceding twelve month period, when available. When estimating backlog for newly initiated master service agreements and other long and short-term contracts, we also consider the anticipated scope of the contract and information received from the customer in the procurement process. A significant majority of our backlog comprises services under master service agreements and other long-term contracts. Backlog is not a measure defined by United States generally accepted accounting principles; however, it is a common measurement used in our industry. Our methodology for determining backlog may not be comparable to the methodologies used by others.

Financial Highlights



Financial charts - \$ in millions, except earnings per share amounts



- ❖ Revenues of \$848.2 million in Q3-19 increased organically 12.9% from the comparable prior period
 - Strong growth by several large customers
 - Storm restoration services contributed \$3.9 million of revenues during Q3-19, compared to \$15.9 million in the comparable prior period
 - Previously acquired business contributed \$8.8 million of revenues during Q3-19
- ❖ Non-GAAP Adjusted EBITDA of \$98.6 million, 11.6% of revenues in Q3-19
- ❖ Non-GAAP Adjusted Diluted EPS of \$0.98 in Q3-19

Liquidity Overview

Financial tables - \$ in millions



Financial profile remains strong

Liquidity Summary	As of	
	July 28, 2018	October 27, 2018
Cash and equivalents	\$ 23.9	\$ 21.5
Senior Credit Facility, matures October 2023: ^(a)		
Revolving Facility	\$ -	\$ -
Term Loan Facilities	346.0	450.0
0.75% Convertible Senior Notes, mature September 2021:		
Notional Value	485.0	485.0
Total Notional Amount of Debt	\$ 831.0	\$ 935.0
Net Debt (Notional Debt less Cash)	\$ 807.1	\$ 913.5
Total Notional Amount of Debt (see above)	\$ 831.0	\$ 935.0
Unamortized debt discount and debt fees on		
0.75% Convertible Senior Notes	(72.4)	(67.2)
Debt, net of debt discount and fees	\$ 758.6	\$ 867.8
Availability on revolver	\$ 401.4	\$ 328.5
Cash and availability on revolver	\$ 425.3	\$ 350.1

- ❖ Senior Credit Facility amended and restated during October 2018, increasing revolver capacity to \$750.0 million and the term loan to \$450.0 million and extending maturity to October 2023
- ❖ Liquidity of \$350.1 million at the end of Q3-19 consisting of availability under Senior Credit Facility and cash on hand

Cash flows support scale of operations

Cash Flow Summary	Quarter Ended	
	October 28, 2017	October 27, 2018
Cash provided by (used in) operating activities	\$ 56.8	\$ (55.5)
Capital expenditures, net of disposals	\$ (47.2)	\$ (42.6)
Proceeds from (payments on) Senior Credit Facility	\$ (4.8)	\$ 104.0
Share repurchases	\$ (16.9)	\$ -
Other financing & investing activities, net	\$ (2.0)	\$ (8.2)
Total Days Sales Outstanding ("DSO") ^(b)		
October 27, 2018	106	
July 28, 2018	96	
October 28, 2017	90	
The Company adopted Accounting Standards Update No. 2014-09, <i>Revenue from Contracts with Customers</i> (Topic 606) ("ASU 2014-09") effective January 28, 2018, the first day of fiscal 2019. The adoption of ASU 2014-09 resulted in certain balance sheet classification changes between unbilled accounts receivable and contract assets (formerly referred to as costs and estimated earnings in excess of billings). For comparability with historical periods, the Company has presented total DSO, net of contract liabilities.		

- ❖ Capital expenditures, net of disposals at \$42.6 million for the quarter ended October 27, 2018
- ❖ Cap-ex, net of disposals for Fiscal 2019 anticipated at \$150 - \$160 million

(a) The Company had \$48.6 million of standby letters of credit outstanding under the Senior Credit Facility at both July 28, 2018 and October 27, 2018

(b) DSO is calculated as the summation of current accounts receivable (including unbilled receivables), plus current contract assets, less contract liabilities (formerly referred to as billings in excess of costs and estimated earnings) divided by average revenue per day during the respective quarter. Long-term contract assets are excluded from the calculation of DSO, as these amounts represent payments made to customers pursuant to long-term agreements and are recognized as a reduction of contract revenues over the period for which the related services are provided to the customers.

Outlook for Quarter Ending January 26, 2019 (Q4-2019)



Financial tables - \$ in millions, except earnings per share amounts (% as a percent of contract revenues, except as noted for Effective income tax rate)

Q4-19 Outlook

	Quarter Ended January 27, 2018	Outlook – Quarter Ending January 26, 2019 (Q4-19)
Contract revenues	\$ 655.1	\$ 695 - \$ 745
GAAP Diluted Earnings (Loss) per Common Share ^(a)	\$ 1.24	\$ (0.09) - \$ 0.13
Non-GAAP Adjusted Diluted Earnings per Common Share	\$ 0.12	\$ 0.02 - \$ 0.24
Non-GAAP Adjusted EBITDA %	9.1%	8.4% - 9.2%

Other Expectations

	Quarter Ended January 27, 2018	Outlook – Quarter Ending January 26, 2019 (Q4-19)
Depreciation	\$ 36.6	\$ 39.9 - \$ 40.9
Amortization	\$ 5.8	\$ 5.4
Share-based compensation (Included in General & Administrative Expense)	\$ 5.9	\$ 5.3
Non-GAAP Adjusted Interest expense (Excludes non-cash amortization of debt discount of \$4.6 million for the quarter ended January 27, 2018 and expectation of \$4.9 million for Q4-19)	\$ 5.2	\$ 7.6
Other income, net (Includes Gain on sales of fixed assets of \$0.7 million for the quarter ended January 27, 2018 and expectation of \$0.8 - \$1.4 million for Q4-19)	\$ 0.3	\$ 0.0 - \$ 0.6
Non-GAAP Adjusted Effective income tax rate (as a % of Non-GAAP Adjusted Income before Taxes)	44.6%	27.6%
Non-GAAP Adjusted Diluted Shares ^(a)	31.8 million	31.8 million

(a) GAAP Loss per common share at the low end of the outlook range for the quarter ending January 26, 2019 is calculated using 31.3 million shares, which excludes common stock equivalents related to share-based awards as their effect would be anti-dilutive.

Outlook for Fiscal Year Ending January 26, 2019 (Fiscal 2019)



Financial tables - \$ in millions, except earnings per share amounts (% as a percent of contract revenues, except as noted for Effective income tax rate)

Fiscal 2019 Outlook

	Trailing 4 Quarters Ended January 27, 2018	Outlook Fiscal 2019
Contract revenues	\$ 2,978	\$ 3,074 - \$ 3,124
GAAP Diluted Earnings per Common Share	\$ 4.74	\$ 2.25 - \$ 2.47
Non-GAAP Adjusted Diluted Earnings per Common Share	\$ 3.88	\$ 2.70 - \$ 2.92
Non-GAAP Adjusted EBITDA %	12.9%	10.7% - 10.8%

Other Expectations

	Trailing 4 Quarters Ended January 27, 2018	Outlook Fiscal 2019
Depreciation	\$ 138.1	\$ 156 - \$ 157
Amortization	\$ 24.6	\$ 23
Share-based compensation (Included in General & Administrative Expense)	\$ 23.1	\$ 24
Non-GAAP Adjusted Interest expense (Excludes non-cash amortization of debt discount of \$18.1 million for Trailing 4 Quarters Ended January 27, 2018 and expectation of \$19.1 million in Fiscal 2019)	\$ 20.6	\$ 25
Other income, net (Includes gain on sales of fixed assets of \$18.9 million for Trailing 4 Quarters Ended January 27, 2018 and expectation of \$18 - \$19 million in Fiscal 2019)	\$ 17.1	\$ 15
Non-GAAP Adjusted Effective income tax rate (as a % of Non-GAAP Adjusted Income before taxes)	37.0%	27.5%
Non-GAAP Adjusted Diluted Shares	31.8 million	31.8 million

Firm and strengthening end market opportunities

- ❖ Fiber deployments in contemplation of emerging wireless technologies have begun in many regions of the country
- ❖ Wireless construction activity in support of expanded coverage and capacity is poised to accelerate
- ❖ Telephone companies are deploying FTTH to enable 1 gigabit high speed connections
- ❖ Cable operators continuing to deploy fiber to small and medium businesses and enterprises. Fiber deep deployments and new build opportunities are increasing.
- ❖ Customers are consolidating supply chains creating opportunities for market share growth and increasing the long-term value of our maintenance and operations business. We are increasingly providing integrated planning, engineering and design, procurement and construction and maintenance.

Encouraged that our major customers are committed to multi-year capital spending initiatives

Explanation of Non-GAAP 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 presentation as follows:

- *Non-GAAP Organic Contract Revenues* - contract revenues from businesses that are included for the entire period in both the current and comparable prior periods, excluding contract revenues from storm restoration services. Non-GAAP Organic Contract Revenue growth (decline) is calculated as the percentage change in Non-GAAP Organic Contract Revenues over those of the comparable prior year periods. Management believes organic growth (decline) 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, 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 the non-cash amortization of the debt discount and the related tax impact and certain non-recurring items.
- *Non-GAAP Adjusted Diluted Earnings per Common Share and Non-GAAP Adjusted Diluted Shares* - Non-GAAP Adjusted Net Income divided by Non-GAAP Adjusted Diluted Shares outstanding. The Company has a note hedge in effect to offset the economic dilution of additional shares from the Company's 0.75% convertible senior notes due September 2021 (the "Notes") up to an average quarterly share price of \$130.43. The measure of Non-GAAP Adjusted Diluted shares used in computing Non-GAAP Adjusted Diluted Earnings per Common Share excludes dilution from the Notes. Management believes that the calculation of Non-GAAP Adjusted Diluted shares to reflect the note hedge will be useful to investors because it provides insight into the offsetting economic effect of the hedge against potential conversion of the Notes.

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 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 is being amortized over the term of the Notes but does not result in periodic cash interest payments. 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.
- *Tax impact from Tax Reform* - During the quarter ended January 27, 2018, the Company recognized an income tax benefit of approximately \$32.2 million resulting from tax reform, primarily due to a reduction of net deferred tax liabilities. The Company has excluded this impact because it is a significant change in the U.S. federal corporate tax rate and because the Company believes it is not indicative of the Company's underlying results or ongoing operations.
- *Tax impact of excess tax benefits or deficiencies* - The Company excludes certain tax impacts resulting from the vesting and exercise of share-based awards as these amounts may vary significantly from period to period. Excluding these amounts from the Company's Non-GAAP financial measures provides management with a more consistent measure for assessing financial results.
- *Tax impact of adjusted results* - The tax impact of adjusted results reflects the Company's effective tax rate used for financial planning for the applicable period.

Appendix: Regulation G Disclosure



Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Non-GAAP Organic Contract Revenues

Unaudited

(\$ in millions)

Quarters Ended:	NON-GAAP ADJUSTMENTS						Revenue Growth (Decline)%	
	Contract Revenues	Revenues from acquired businesses ^(a)	Revenues from storm restoration services	Additional week as a result of our 52/53 week fiscal year ^(b)	Non-GAAP - Organic Contract Revenues		Non-GAAP - Organic %	
	- GAAP					GAAP %		
Q3-19 Organic Growth:								
October 27, 2018	\$ 848.2	\$ (8.8)	\$ (3.9)	\$ -	\$ 835.6	12.2%	12.9%	
October 28, 2017	\$ 756.2	\$ -	\$ (15.9)	\$ -	\$ 740.3			
Prior Quarters Organic Growth (Decline):								
July 28, 2018	\$ 799.5	\$ (9.1)	\$ (3.8)	\$ -	\$ 786.6	2.5%	0.8%	
July 29, 2017	\$ 780.2	\$ -	\$ -	\$ -	\$ 780.2			
April 28, 2018	\$ 731.4	\$ (15.4)	\$ (14.8)	\$ -	\$ 701.1	(7.0)%	(10.0)%	
April 29, 2017	\$ 786.3	\$ (7.1)	\$ -	\$ -	\$ 779.2			
January 27, 2018	\$ 655.1	\$ (8.4)	\$ (19.6)	\$ -	\$ 627.1	(6.6)%	(10.6)%	
January 28, 2017	\$ 701.1	\$ -	\$ -	\$ -	\$ 701.1			
October 28, 2017	\$ 756.2	\$ (8.6)	\$ (15.5)	\$ -	\$ 732.2	(5.4)%	(8.4)%	
October 29, 2016	\$ 799.2	\$ -	\$ -	\$ -	\$ 799.2			
July 29, 2017	\$ 780.2	\$ (19.3)	\$ -	\$ -	\$ 760.9	(1.1)%	4.6%	
July 30, 2016	\$ 789.2	\$ (5.6)	\$ -	\$ (56.0)	\$ 727.6			
April 29, 2017	\$ 786.3	\$ (23.0)	\$ -	\$ -	\$ 763.4	18.3%	14.9%	
April 23, 2016	\$ 664.6	\$ -	\$ -	\$ -	\$ 664.6			
January 28, 2017	\$ 701.1	\$ (13.4)	\$ -	\$ -	\$ 687.7	25.3%	22.9%	
January 23, 2016	\$ 559.5	\$ -	\$ -	\$ -	\$ 559.5			

(a) Amounts represent contract revenues from acquired businesses that were not owned for the full period in both the current and comparable prior periods, including any contract revenues from storm restoration services for these acquired businesses.

(b) The quarter ended July 30, 2016 contained 14 weeks as a result of our 52/53 week fiscal year as compared to 13 weeks in all other quarterly periods presented. The Non-GAAP adjustment is calculated independently for each comparative period as (i) contract revenues less, (ii) contract revenues from acquired businesses in each applicable period, (iii) divided by 14 weeks.

Use of Non-GAAP Financial Measures

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Appendix: Regulation G Disclosure



Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Non-GAAP Organic Contract Revenues – Certain Customers

Unaudited

(\$ in millions)

	Total Contract Revenues	Top 5 Customers combined ^(a)	All customers (excluding Top 5 Customers)	Comcast	Verizon	AT&T	Windstream
Contract Revenues - GAAP							
Quarter Ended October 27, 2018 (Q3-19)	\$ 848.2	\$ 664.9	\$ 183.4	\$ 176.3	\$ 174.1	\$ 164.6	\$ 31.1
Quarter Ended October 28, 2017 (Q1-18)	\$ 756.2	\$ 566.3	\$ 189.9	\$ 165.0	\$ 80.6	\$ 143.5	\$ 31.1
Contract Revenues - GAAP - % Changes	12.2%	17.4%	(3.4)%	6.9%	116.0%	14.7%	0.2%
Non-GAAP Adjustments							
Revenues from business acquired (Q3-19)	\$ (8.8)	\$ (7.6)	\$ (1.2)	\$ (7.1)	\$ -	\$ (0.5)	\$ -
Revenues from storm restoration services (Q3-19)	\$ (3.9)	\$ (3.8)	\$ (0.0)	\$ (1.5)	\$ (0.0)	\$ (0.7)	\$ (1.3)
Revenues from storm restoration services (Q1-18)	\$ (15.9)	\$ (13.7)	\$ (2.2)	\$ (10.7)	\$ -	\$ (1.3)	\$ (1.5)
Non-GAAP - Organic Contract Revenues							
Quarter Ended October 27, 2018 (Q3-19)	\$ 835.6	\$ 653.4	\$ 182.2	\$ 167.7	\$ 174.0	\$ 163.4	\$ 29.8
Quarter Ended October 28, 2017 (Q1-18)	\$ 740.3	\$ 552.6	\$ 187.7	\$ 154.3	\$ 80.6	\$ 142.2	\$ 29.6
Non-GAAP - Organic Contract Revenues % Changes							
Organic Contract Revenues % Change	12.9%	18.3%	(2.9)%	8.7%	115.9%	14.9%	1.0%

(a) Includes Comcast, Verizon, AT&T, CenturyLink, and Windstream

Note: Amounts above may not add due to rounding.

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Appendix: Regulation G Disclosure



Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Non-GAAP Adjusted EBITDA

Unaudited

(\$ in thousands)

	Quarter Ended	
	October 27, 2018	October 28, 2017
	Q3-19	Q1-18
Reconciliation of net income to Non-GAAP Adjusted EBITDA:		
Net income	\$ 27,830	\$ 28,776
Interest expense, net	11,310	9,707
Provision for income taxes	10,454	15,603
Depreciation and amortization	45,533	42,651
Earnings Before Interest, Taxes, Depreciation & Amortization ("EBITDA")	95,127	96,737
Gain on sale of fixed assets	(3,874)	(6,495)
Stock-based compensation expense	7,366	7,380
Non-GAAP Adjusted EBITDA	<u>\$ 98,619</u>	<u>\$ 97,622</u>
Contract revenues	\$ 848,237	\$ 756,215
Non-GAAP Adjusted EBITDA % of contract revenues	11.6%	12.9%

Note: Amounts above may not add due to rounding.

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Appendix: Regulation G Disclosure



Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Diluted Earnings Per Share

Unaudited

(\$ in thousands, except per share amounts)

	Quarter Ended					
	October 27, 2018			October 28, 2017		
	Q3-19			Q1-18		
	GAAP	Reconciling Items	Non-GAAP Adjusted	GAAP	Reconciling Items	Non-GAAP Adjusted
Contract revenues	\$ 848,237	\$ -	\$ 848,237	\$ 756,215	\$ -	\$ 756,215
Costs of earned revenues, excluding depreciation and amortization	687,164	-	687,164	600,847	-	600,847
General and administrative expenses	68,763	-	68,763	64,562	-	64,562
Depreciation and amortization	45,533	-	45,533	42,651	-	42,651
Total	801,460	-	801,460	708,060	-	708,060
Interest expense, net ^(a)	(11,310)	4,800	(6,510)	(9,707)	4,547	(5,160)
Other income, net	2,817	-	2,817	5,931	-	5,931
Income before income taxes	38,284	4,800	43,084	44,379	4,547	48,926
Provision for income taxes ^(b)	10,454	1,321	11,775	15,603	1,728	17,331
Net income	\$ 27,830	\$ 3,479	\$ 31,309	\$ 28,776	\$ 2,819	\$ 31,595
Diluted earnings per share	\$ 0.87	\$ 0.11	\$ 0.98	\$ 0.90	\$ 0.09	\$ 0.99
Shares used in computing Diluted earnings per share (in 000's)	31,835	-	31,835	31,892	-	31,892

(a) Non-GAAP Adjusted Interest expense, net excludes the non-cash amortization of the debt discount associated with the Notes.

(b) Non-GAAP Adjusted Provision for income taxes excludes the tax related impact of the non-cash amortization of the debt discount associated with the Notes referred to in footnote (a) above.

Note: Amounts above may not add due to rounding.

Use of Non-GAAP Financial Measures

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). In our quarterly results releases, trend schedules, conference calls, slide presentations, and webcasts, we may use or discuss Non-GAAP financial measures, as defined by Regulation G of the SEC. See Explanation of Non-GAAP Measures on slide 13.

Appendix: Regulation G Disclosure



Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Non-GAAP Adjusted EBITDA

Unaudited

(\$ in thousands)

	Trailing 4	Quarter Ended			
	Quarters Ended	January 27, 2018	October 28, 2017	July 29, 2017	April 29, 2017
	January 27, 2018	Q2-18	Q1-18	Q4-17	Q3-17
Reconciliation of net income to Non-GAAP Adjusted EBITDA:					
Net income	\$ 151,339	\$ 40,059	\$ 28,776	\$ 43,708	\$ 38,796
Interest expense, net	38,677	9,853	9,707	9,735	9,382
Provision (benefit) for income taxes	26,592	(37,888)	15,603	26,127	22,750
Depreciation and amortization	162,707	42,401	42,651	40,244	37,411
Earnings Before Interest, Taxes, Depreciation & Amortization ("EBITDA")	379,315	54,425	96,737	119,814	108,339
Gain on sale of fixed assets	(18,910)	(722)	(6,495)	(6,645)	(5,048)
Stock-based compensation expense	23,066	5,897	7,380	4,874	4,915
Non-GAAP Adjusted EBITDA	<u>\$ 383,471</u>	<u>\$ 59,600</u>	<u>\$ 97,622</u>	<u>\$ 118,043</u>	<u>\$ 108,206</u>
Contract revenues	\$ 2,977,874	\$ 655,133	\$ 756,215	\$ 780,188	\$ 786,338
Non-GAAP Adjusted EBITDA % of contract revenues	12.9%	9.1%	12.9%	15.1%	13.8%

Note: Amounts above may not add due to rounding.

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Appendix: Regulation G Disclosure



Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Diluted Earnings Per Share

Unaudited

(\$ in thousands, except per share amounts)

	Trailing 4 Quarters Ended January 27, 2018			Quarter Ended											
				January 27, 2018			October 28, 2017			July 29, 2017			April 29, 2017		
				Q2-18			Q1-18			Q4-17			Q3-17		
	GAAP	Reconciling Item	Adjusted Non-GAAP	GAAP	Reconciling Item	Adjusted Non-GAAP	GAAP	Reconciling Item	Adjusted Non-GAAP	GAAP	Reconciling Item	Adjusted Non-GAAP	GAAP	Reconciling Item	Adjusted Non-GAAP
Contract revenues	\$ 2,977,874	\$ -	\$ 2,977,874	\$ 655,133	\$ -	\$ 655,133	\$ 756,215	\$ -	\$ 756,215	\$ 780,188	\$ -	\$ 780,188	\$ 786,338	\$ -	\$ 786,338
Cost of earned revenues, excluding depreciation and amortization	2,369,853	-	2,369,853	540,633	-	540,633	600,847	-	600,847	606,898	-	606,898	621,475	-	621,475
General and administrative expenses	245,768	-	245,768	60,370	-	60,370	64,562	-	64,562	59,519	-	59,519	61,317	-	61,317
Depreciation and amortization ^(a)	162,707	-	162,707	42,401	-	42,401	42,651	-	42,651	40,244	-	40,244	37,411	-	37,411
Total	2,778,328	-	2,778,328	643,404	-	643,404	708,060	-	708,060	706,661	-	706,661	720,203	-	720,203
Interest expense, net ^(b)	(38,677)	18,094	(20,583)	(9,853)	4,623	(5,230)	(9,707)	4,547	(5,160)	(9,735)	4,499	(5,236)	(9,382)	4,425	(4,957)
Other income, net	17,062	-	17,062	295	-	295	5,931	-	5,931	6,043	-	6,043	4,793	-	4,793
Income before income taxes	177,931	18,094	196,025	2,171	4,623	6,794	44,379	4,547	48,926	69,835	4,499	74,334	61,546	4,425	65,971
(Benefit) Provision for income taxes ^(c)	26,592	45,965	72,557	(37,888)	40,918	3,030	15,603	1,728	17,331	26,127	1,675	27,802	22,750	1,644	24,394
Net income	\$ 151,339	\$ (27,871)	\$ 123,468	\$ 40,059	\$ (36,295)	\$ 3,764	\$ 28,776	\$ 2,819	\$ 31,595	\$ 43,708	\$ 2,824	\$ 46,532	\$ 38,796	\$ 2,781	\$ 41,577
Diluted earnings per share	\$ 4.74	\$ (0.86)	\$ 3.88	\$ 1.24	\$ (1.12)	\$ 0.12	\$ 0.90	\$ 0.09	\$ 0.99	\$ 1.38	\$ 0.09	\$ 1.47	\$ 1.22	\$ 0.09	\$ 1.30
Shares used in computing Diluted Earnings per share (in 000's) ^(d)	31,921	(109)	31,812	32,218	(435)	31,784	31,892	-	31,892	31,664	-	31,664	31,910	-	31,910

(a) Amounts include amortization of \$6.2 million in Q3-17, \$6.3 million in Q4-17, \$6.3 million in Q1-18 and \$5.8 million in Q2-18, altogether \$24.6 million for the 4 Quarters Ended January 27, 2018.

(b) Non-GAAP Adjusted Interest expense excludes the non-cash amortization of the debt discount associated with the Notes.

(c) For both the Trailing 4 Quarters Ended January 27, 2018 and the quarter ended January 27, 2018, Adjusted Non-GAAP Provision for income taxes excludes: (i) an income tax benefit of \$32.2 million resulting from tax reform, primarily due to the re-measurement of the Company's net deferred tax liabilities at a lower U.S. federal corporate income tax rate; (ii) an income tax benefit of \$6.9 million from the vesting and exercise of share-based awards in accordance with ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"); and (iii) the tax related impact of the debt discount associated with the Notes referred to in footnote (b) above.

(d) Shares used in computing Diluted earnings per share for the Trailing 4 Quarters Ended January 27, 2018 is equal to the average diluted shares outstanding in the four trailing quarters. For the quarter ended January 27, 2018, diluted shares used in computing expected GAAP Diluted Earnings per Common Share includes approximately 0.4 million common shares from the dilutive effect of the Notes based on the average share price during the quarter ended January 27, 2018. The Company has a note hedge in effect to offset the economic dilution of additional shares from the Notes up to an average quarterly share price of \$130.43 per share. Non-GAAP Adjusted Diluted Shares excludes the GAAP dilutive effect of the Notes based on the expected effect of the note hedge. See the Company's Form 8-K previously filed with the Securities and Exchange Commission on September 28, 2015 for further information regarding the Notes and note hedge.

Note: Amounts above may not add due to rounding.

Use of Non-GAAP Financial Measures

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Appendix: Regulation G Disclosure



Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures Outlook – Non-GAAP Diluted Earnings per Common Share Unaudited

	Quarter Ending January 26, 2019 ^(a)	Fiscal 2019 ^(a)
GAAP Diluted Earnings (Loss) per common share ^(b)	<u>\$ (0.09) - \$0.13</u>	<u>\$2.25 - \$2.47</u>
Adjustment		
Addback of after-tax non-cash amortization of debt discount and dilutive share effect of Notes ^{(c)(d)}	<u>0.11</u>	<u>0.45</u>
Non-GAAP Adjusted Diluted Earnings per Common Share	<u><u>\$0.02 - \$0.24</u></u>	<u><u>\$2.70 - \$2.92</u></u>
Diluted shares (in millions) ^{(b)(d)}	31.8	32.0
Adjustment for economic benefit of note hedge related to Notes (in millions) ^(d)	<u>-</u>	<u>(0.2)</u>
Non-GAAP Adjusted Diluted Shares (in millions) ^(d)	<u><u>31.8</u></u>	<u><u>31.8</u></u>

(a) The tax effects of future vestings and exercises of share-based awards are excluded from both GAAP Diluted Earnings (Loss) per common share and Non-GAAP Adjusted Diluted Earnings per Common Share in the outlook table above.

(b) GAAP Loss per common share at the low end of the outlook range for the quarter ending January 26, 2019 is calculated using 31.3 million shares, which excludes common stock equivalents related to share-based awards as their effect would be anti-dilutive.

(c) The Company expects to recognize approximately \$4.9 million and \$19.1 million in pre-tax interest expense during the quarter ending January 26, 2019 and fiscal 2019, respectively, for the non-cash amortization of the debt discount associated with the Notes. The addback for fiscal 2019 also includes approximately \$0.01 per share for the Non-GAAP impact of the dilutive share effect of the Notes.

(d) Actual GAAP diluted shares will include any dilutive effect of the Notes based on the average share price during the respective period. The Company has a note hedge in effect to offset the economic dilution of additional shares from the Notes up to an average quarterly price of \$130.43 per share. Accordingly, for Non-GAAP Adjusted Diluted Earnings per Common Share calculations, the Company expects to present results per share that exclude the dilutive share effect of the Notes, if any, based on the expected effect of the note hedge.

Note: Amounts above may not add due to rounding.

Use of Non-GAAP Financial Measures

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Appendix: Regulation G Disclosure



Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures

Reconciliation of Net Income to Non-GAAP Adjusted EBITDA based on the Midpoint of Earnings per Common Share ("EPS") Guidance

Unaudited

(\$ in millions)

	Quarter Ending January 26, 2019 (Q4-19) (at midpoint of EPS guidance)	Fiscal 2019
Net income	\$ 1	\$ 76
Interest expense, net	13	44
Provision for income taxes	0.2	29
Depreciation and amortization	46	180
Earnings Before Interest, Taxes, Depreciation & Amortization ("EBITDA")	59	328
Gain on sale of fixed assets	(1)	(18)
Stock-based compensation expense	5	24
Non-GAAP Adjusted EBITDA	\$ 63	\$ 334
Contract revenues (at midpoint of guidance)	\$ 720	\$ 3,099
Non-GAAP Adjusted EBITDA % of contract revenues (at midpoint of guidance)	8.8%	10.8%

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3rd Quarter Fiscal 2019 Results Conference Call



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