



THE PEOPLE  
CONNECTING  
AMERICA<sup>®</sup>

3<sup>rd</sup> Quarter Fiscal 2017  
Results Conference Call  
*May 24, 2017*



# Forward Looking Statements and Non-GAAP Financial Measures



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 our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on August 31, 2016 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, we have provided a reconciliation of those measures to the most directly comparable GAAP measures on the Regulation G slides included as slides 13 through 20 of this presentation. Non-GAAP financial measures should be considered in addition to, but not as a substitute for, our 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**

*General Counsel*

## ***Agenda***

**Introduction and Q3-17 Overview**

**Industry Update**

**Financial & Operational Highlights**

**Outlook**

**Conclusion**

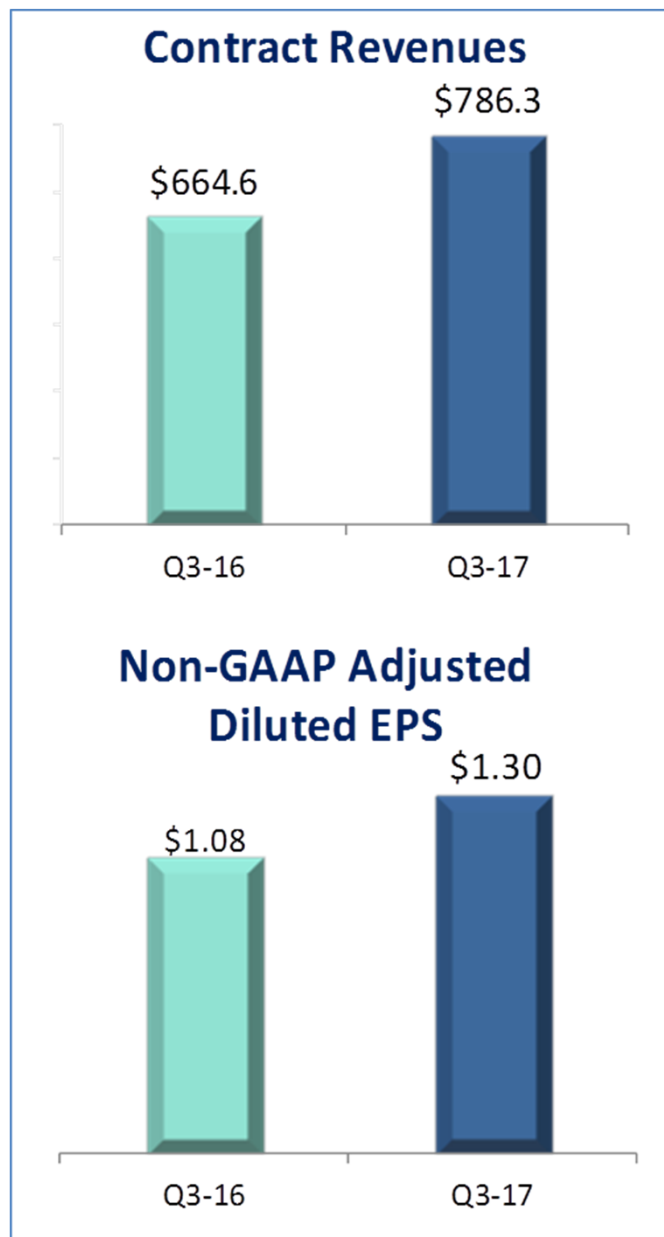
**Q&A**



# Q3-17 Overview and Highlights



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



## ❖ Strong demand and revenue growth

- Contract revenues of \$786.3 million in Q3-17 compared to \$664.6 million in Q3-16
- Organic growth of 14.9% excluding contract revenues of acquired businesses not included for the entire period of Q3-17 and Q3-16

## ❖ Strong operating performance

- Non-GAAP Adjusted EBITDA of \$108.2 million compared to \$91.9 million in Q3-16, or 13.8% of revenues in each of Q3-17 and Q3-16
- Non-GAAP Adjusted Diluted EPS increased to \$1.30 in Q3-17 compared to \$1.08 per share in Q3-16

## ❖ Acquired Texstar Enterprises Inc. in March 2017 for \$26.4 million, net of cash acquired

## ❖ Repurchased 400,000 common shares for \$37.9 million at an average price of \$94.77 per share

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

- Major industry participants deploying significant 1 gigabit wireline networks
- Emerging wireless technologies require incremental wireline deployments
  - A complementary wireline investment cycle is fundamental to applications enabled by fully converged wireless/wireline networks
- Industry developments are producing opportunities which in aggregate are without precedent. Converged wireless/wireline network deployments only further broaden our set of opportunities.



## ❖ ***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
- Revenues and opportunities driven by this industry standard continue to grow
- 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 locally



## ❖ ***Our ability to provide integrated planning, engineering and design, procurement and construction and maintenance services provides value to industry participants with projects outside their traditional geographic service territories***

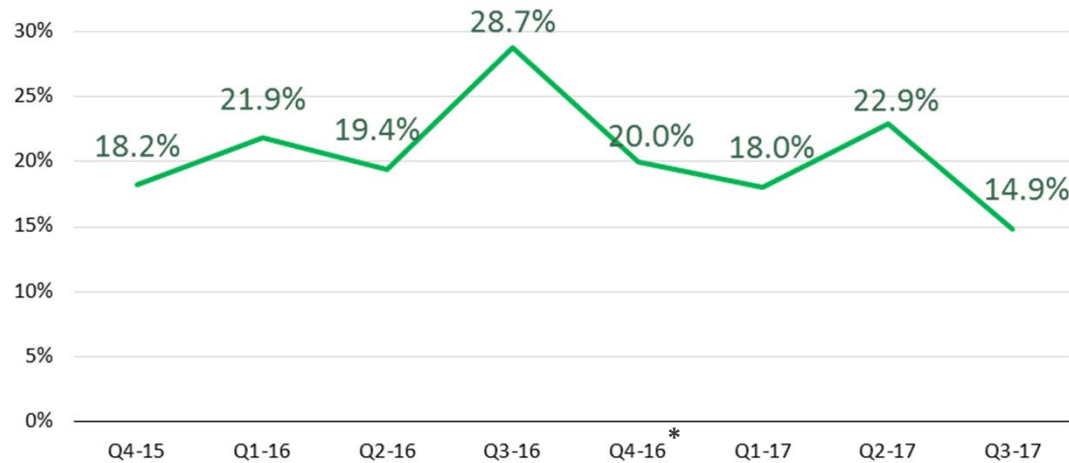
## ❖ ***Dycom's scale, market position and financial strength position it well as opportunities continue to expand***



# Revenue Highlights

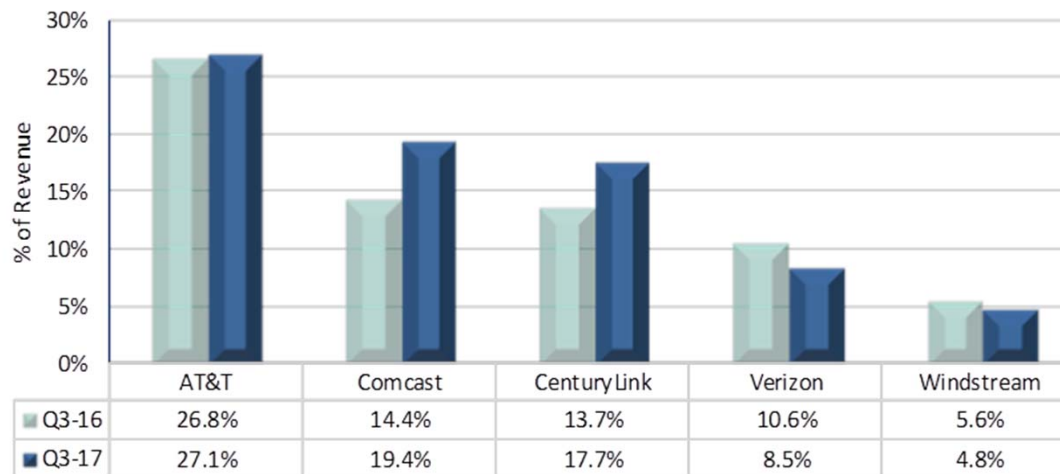


## Non-GAAP Organic Growth %



\*Q4-16 organic % growth adjusted for additional week in Q4-16

## Revenue % of Top 5 Customers



- ❖ Q3-17 organic growth of 14.9%, 10 straight quarters of double digit organic growth
- ❖ Revenues from Q3-17 Top 5 customers increased 25.2% organically. All other customers decreased 10.6% organically.
- ❖ Top 5 customers in each period represented 77.5% of revenues in Q3-17 compared to 72.7% in Q3-16
- ❖ Strong organic growth in Q3-17 with significant customers:

- AT&T 10.3%
- Comcast 58.7%
- CenturyLink 52.4%

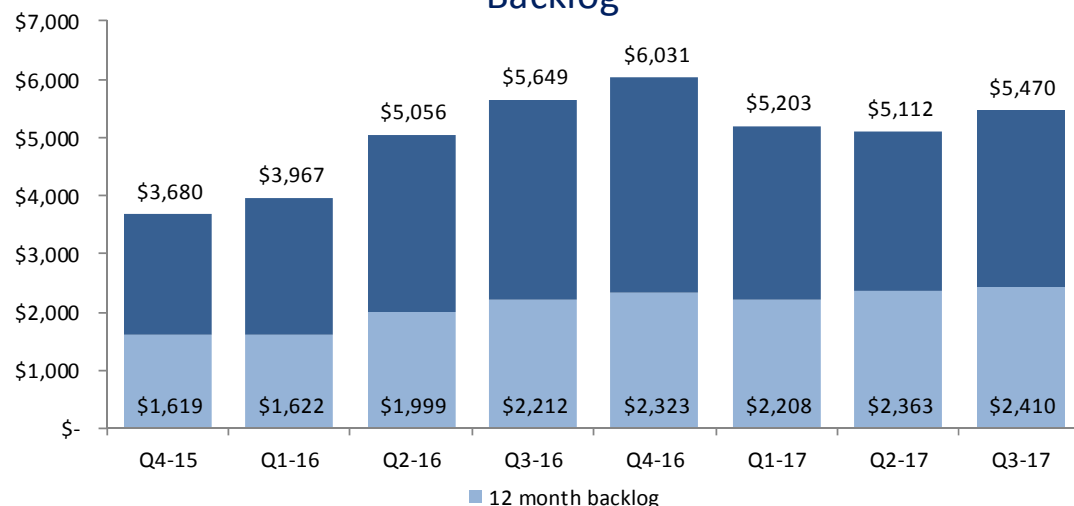
**Organic growth over the last 10 quarters reflects Dycom's continued ability to gain share and expand geographic reach, meaningfully increasing the long-term value of our maintenance business**

# Backlog and Awards

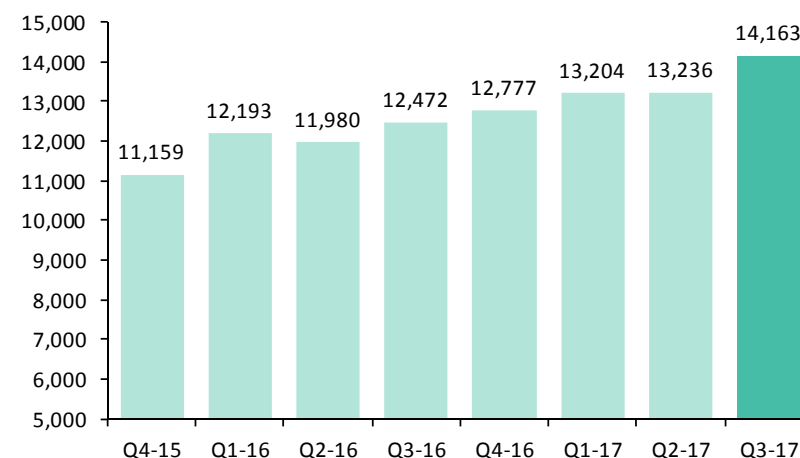


Financial charts - \$ in millions

## Backlog



## Employees



## Selected Current Awards and Extensions

<i>Customers</i>	<i>Description</i>	<i>Area</i>	<i>Approximate Term (in years)</i>
Verizon	Engineering Services	Massachusetts, Rhode Island, New York, Maryland, Virginia	2
Comcast	Construction Services	Pennsylvania, Maryland, Virginia, Georgia	1
Charter	Construction & Maintenance Services	California, Arizona, Florida	1-3
Columbia Gas	Underground Facility Locating & Mapping Services	Ohio	2-3
Various	Rural and Municipal Broadband	Oregon, Minnesota, New Hampshire, Kentucky, Tennessee, North Carolina, Alabama, Georgia	1

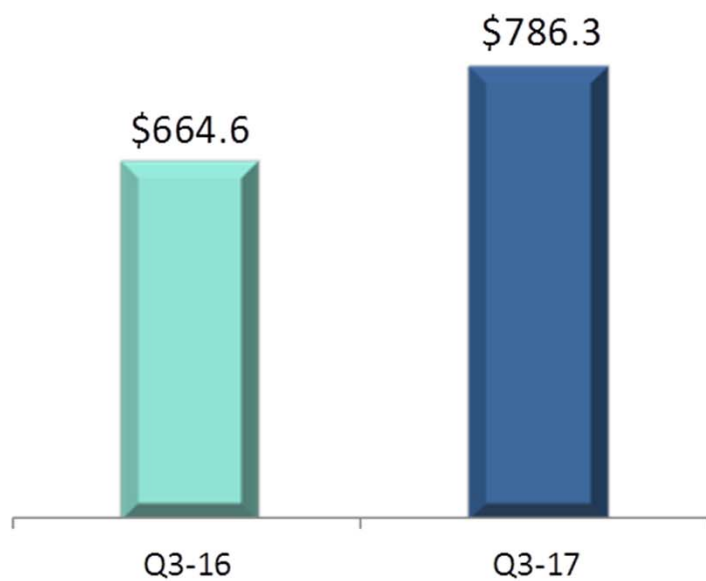
*Notes:* Our backlog estimates represent amounts under master service agreements and other contractual agreements for services projected to be performed over the terms of the contracts and are based on contract terms, our historical experience with customers and, more generally, our experience in similar procurements. 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

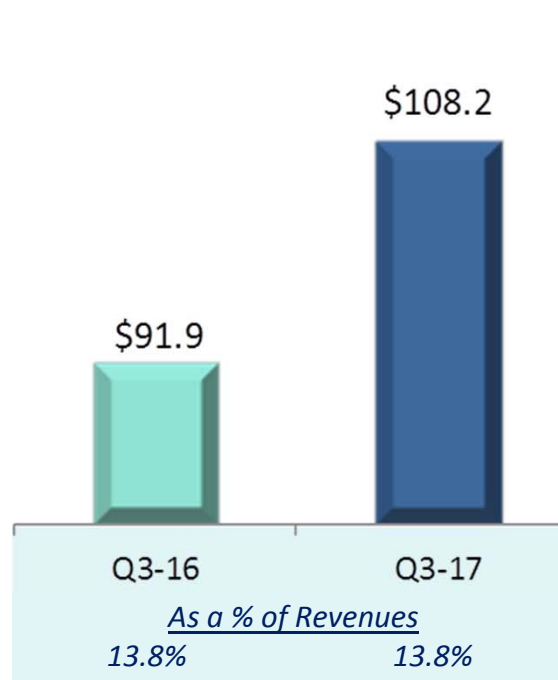


Financial charts - \$ in millions, except earnings per share amounts

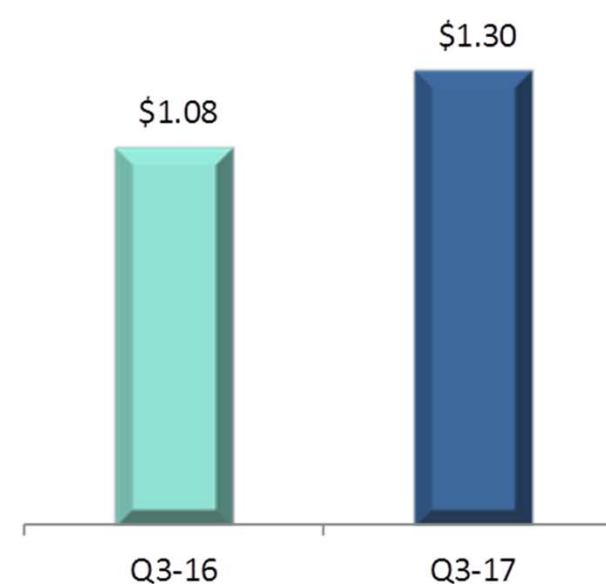
## Contract Revenues



## Non-GAAP Adjusted EBITDA



## Non-GAAP Adjusted Diluted EPS



- ❖ Revenues of \$786.3 million and organic growth of 14.9%. Revenues from acquired businesses contributed \$23.0 million in Q3-17. There were no acquired revenues in Q3-16 for comparative purposes.
- ❖ Non-GAAP Adjusted EBITDA in-line year-over-year at 13.8% in Q3-17 and Q3-16
  - Gross margin down 74 basis points offset by strong G&A improvement of 71 basis points. G&A as a % of revenue was 7.8% compared to 8.5%
- ❖ Non-GAAP Adjusted Diluted EPS of \$1.30 in Q3-17 compared to \$1.08 in Q3-16, an increase of 20%

# Liquidity Overview



Financial tables - \$ in millions

## Strong balance sheet and liquidity

### Liquidity Summary

	Q2-17	Q3-17
Cash and equivalents	\$ 29.5	\$ 19.4
Senior Credit Facility, matures April 2020:		
\$450 million revolver	\$ -	\$ 71.0
Term Loan Facilities	376.9	367.7
0.75% Convertible Senior Notes, mature September 2021:		
Notional Value	485.0	485.0
Total Notional Amount of Debt	\$ 861.9	\$ 923.7
<b>Net Debt (Notional Debt less Cash)</b>	<b>\$ 832.4</b>	<b>\$ 904.3</b>
Total Notional Amount of Debt (see above)	\$ 861.9	\$ 923.7
Unamortized debt discount and debt fees on 0.75% Convertible Senior Notes	(102.5)	(97.7)
Debt, net of debt discount and fees	\$ 759.4	\$ 826.0
Availability on revolver(a)	\$ 392.4	\$ 321.4
<b>Cash and availability on revolver</b>	<b>\$ 421.9</b>	<b>\$ 340.8</b>

(a) Availability on Revolver presented net of \$57.6 million for outstanding L/C's under the Senior Credit Agreement at each of Q2-17 and Q3-17.

- ❖ Balance sheet reflects the strength of our business
- ❖ Liquidity of \$340.8 million at the end of Q3-17 consisting of availability under our Credit Facility and cash on hand

## Solid operating cash flows

### Cash Flow Summary

	Q3-16	Q3-17
Cash provided by operating activities	\$ 32.4	\$ 42.3
Cash paid for acquisition	\$ -	\$(26.4)
Capital expenditures, net of disposals	\$ (44.2)	\$(52.6)
Borrowings on credit facility	\$ 110.8	\$ 61.8
Share repurchases	\$(100.0)	\$(37.9)
Other financing & investing activities, net	\$ 0.1	\$ 2.7
<b>Days Sales Outstanding ("DSO")</b>		
Accounts receivable	49	40
CIEB, net	48	49
<b>Total DSO*</b>	<b>96</b>	<b>90</b>

- ❖ Operating cash flows of \$42.3 million during Q3-17
- ❖ Acquired Texstar Enterprises Inc. for \$26.4 million, net of cash acquired in March 2017
- ❖ Repurchased 400,000 common shares for \$37.9 million at an average price of \$94.77 per share during Q3-17

\* Amounts may not add due to rounding. Total days sales outstanding ("DSO") is calculated as the summation of current accounts receivable, plus costs and estimated earnings in excess of billings, less billings in excess of costs and estimated earnings, ("CIEB, net") divided by average revenue per day during the respective quarter.

# Q4-2017 Outlook



Financial table- \$ in millions, except earnings per share amounts (% as a percent of contract revenues)

	Q4-2016 Included for comparison	Q4-2017 Outlook and Commentary		
# of Weeks in Fiscal Quarter	14 Weeks	13 Weeks	➤	13 weeks in Q4-17 compared to 14 weeks in Q4-16 as a result of 52/53 week fiscal year
Contract Revenues (See "Regulation G Disclosure" slide 20 for a reconciliation of GAAP to Non-GAAP contract revenues)	\$ 789.2 (GAAP) \$ 727.6 (Non-GAAP organic revenue)	<b>\$ 780 - \$ 810</b>	➤ ➤ ➤	Broad range of demand from several large customers 1 gigabit deployments, fiber deep cable capacity projects, and initial phases of fiber deployments for newly emerging wireless technologies Total Q4-17 revenue expected to include approximately \$25.0 million from businesses acquired in Q4-16 and Q3-17
Gross Margin %	23.2%	Gross Margin % decreases modestly from Q4-16	➤	Outlook reflects expected mix of work activity and near term margin impacts as we prepare for larger programs
Non-GAAP G&A Expense %	7.8%	G&A in-line as a % of revenue compared to Q4-16	➤	G&A expense % includes share-based compensation of approximately \$5.0 million in Q4-17
Share-based compensation	\$ 4.2	\$ 5.0		
Depreciation & Amortization	\$ 36.0	\$39.1 - \$39.9	➤ ➤	Depreciation reflects cap-ex supporting growth opportunities and maintenance Includes amortization of approximately \$6.3 million in Q4-17 compared to \$5.4 million in Q4-16
Non-GAAP Adjusted Interest Expense	\$ 5.1	Approximately \$ 5.2	➤	Non-GAAP Adjusted Interest Expense excludes non-cash amortization of debt discount of \$4.5 million in Q4-17 compared to \$4.6 million in Q4-16
Other Income, net	\$ 3.6	\$ 2.3 - \$ 2.9	➤	Other income, net primarily includes gain (loss) on sales of fixed assets and discount charges related to non-recourse sales of accounts receivable in connection with a customer's supplier payment program
Non-GAAP Adjusted EBITDA %	16.0%	Non-GAAP Adjusted EBITDA % decreases modestly from Q4-16		<b>Non-GAAP Adjusted EBITDA dollar amount decreases compared to Q4-16 result; Q4-17 will include 13 weeks of operations compared to 14 weeks in Q4-16</b>
Non-GAAP Adjusted Diluted Earnings per Share	\$ 1.64 (14 Weeks in Q4-16)	<b>\$ 1.35 - \$ 1.50 (13 Weeks in Q4-17)</b>	➤	Non-GAAP Adjusted Diluted EPS excludes non-cash amortization of debt discount on Senior Convertible Notes ("Notes"). See slide 19 for reconciliation of guidance for Non-GAAP Adjusted Diluted Earnings per Common Share.
Diluted Shares	32.1 million	31.7 million		

# Looking Ahead to Q1-2018



Financial table- \$ in millions (% as a percent of contract revenues)

	Q1-2017 Included for comparison	Q1-2018 Outlook and Commentary		
Contract Revenues	\$ 799.2	Total revenue decline of low single digits compared to Q1-17 revenues	➤	Broad range of demand from several large customers ➤ 1 gigabit deployments, fiber deep cable capacity projects, and initial phases of fiber deployments for newly emerging wireless technologies increasing ➤ Total Q1-18 revenue expected to include approximately \$5 million from a business acquired in Q3-17. For organic growth calculations, there were no acquired revenues in Q1-17.
Gross Margin %	23.1%	Gross Margin % decreases modestly from Q1-17	➤	Margin outlook reflects expected mix of work activity and near term margin impacts as we initiate larger programs
G&A Expense %	7.5%	G&A as a % of revenue increases from Q1-17	➤	G&A as a % of revenue supports growth opportunities and includes increased share based compensation related to vesting schedule of awards
Share-based compensation	\$ 5.7	\$ 7.2		
Depreciation & Amortization	\$ 34.5	\$39.4 - \$40.2	➤	Depreciation reflects cap-ex supporting growth opportunities and maintenance ➤ Includes amortization of approximately \$6.3 million in Q1-18 compared to \$6.2 million in Q1-17
Non-GAAP Adjusted Interest Expense	\$ 4.8	Approximately \$ 5.0	➤	Non-GAAP Adjusted Interest Expense excludes non-cash amortization of debt discount of \$4.5 million in Q1-18 compared to \$4.3 million in Q1-17
Other Income, net	\$ 0.9	\$ 0.7 - \$ 1.3	➤	Other income, net primarily includes gain (loss) on sales of fixed assets and discount charges related to non-recourse sales of accounts receivable in connection with a customer's supplier payment program
Non-GAAP Adjusted EBITDA %	16.2%	Non-GAAP Adjusted EBITDA % decreases modestly from Q1-17		<b>Non-GAAP Adjusted EBITDA dollar amount decreases compared to Q1-17 result</b>
Diluted Shares	32.2 million	31.9 million		

## ***Firm and strengthening end market opportunities***

- Telephone companies deploying FTTH to enable video offerings and 1 gigabit connections
- Cable operators continuing to deploy fiber to small and medium businesses and enterprises with increasing urgency. Overall, cable capital expenditures, new build opportunities, and capacity expansion projects through fiber deep deployments are increasing
- Fiber deployments in contemplation of newly emerging wireless technologies have begun in many regions of the country and more are expected
- Customers are consolidating supply chains creating opportunities for market share growth and increasing the long-term value of our maintenance business. We are increasingly providing integrated planning, engineering and design, procurement and construction and maintenance services for our customers.

***Encouraged that industry participants are committed to multi-year capital spending initiatives; these initiatives are increasing in numbers across a number of customers***

## 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 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. In the fourth quarter of fiscal 2016 Non-GAAP Organic Contract Revenues were also adjusted for the additional week as a result of the Company's 52/53 week fiscal calendar. 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 convertible senior notes were allocated between debt and equity components. The difference between the principal amount and the carrying amount of the liability component of the convertible senior notes represents a debt discount. The debt discount is being amortized over the term of the convertible senior 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 convertible senior 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.
- *Acquisition transaction related costs* - The Company incurred costs of approximately \$0.7 million in connection with an acquisition during the fourth quarter of fiscal 2016. The exclusion of the acquisition transaction related costs 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 during 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 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 July 29, 2017 was calculated using an effective tax rate used for financial planning and forecasting future results.

# Appendix: Regulation G Disclosure



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

### Non-GAAP Organic Contract Revenue

Unaudited

(\$ in millions)

	Contract Revenues		NON-GAAP ADJUSTMENTS		Non-GAAP Organic Contract Revenues		Revenue Growth%	
							GAAP %	Non-GAAP - Organic %
			Revenues from acquired businesses	Additional week as a result of our 52/53 week fiscal year (a)				
<i>Q3-17 Organic Growth:</i>								
Q3-17	\$	786.3	\$ (23.0)	\$ -	\$	763.4	18.3%	14.9%
Q3-16	\$	664.6	\$ -	\$ -	\$	664.6		
<i>Prior Quarters Organic Growth:</i>								
Q2-17	\$	701.1	\$ (13.4)	\$ -	\$	687.7	25.3%	22.9%
Q2-16	\$	559.5	\$ -	\$ -	\$	559.5		
Q1-17	\$	799.2	\$ (56.6)	\$ -	\$	742.6	21.2%	18.0%
Q1-16	\$	659.3	\$ (29.9)	\$ -	\$	629.4		
Q4-16	\$	789.2	\$ (44.8)	\$ (53.2)	\$	691.2	36.4%	20.0%
Q4-15	\$	578.5	\$ (2.4)	\$ -	\$	576.1		
Q3-16	\$	664.6	\$ (30.8)	\$ -	\$	633.9	35.0%	28.7%
Q3-15	\$	492.4	\$ -	\$ -	\$	492.4		
Q2-16	\$	559.5	\$ (32.9)	\$ -	\$	526.6	26.8%	19.4%
Q2-15	\$	441.1	\$ -	\$ -	\$	441.1		
Q1-16	\$	659.3	\$ (39.5)	\$ -	\$	619.7	29.2%	21.9%
Q1-15	\$	510.4	\$ (1.9)	\$ -	\$	508.5		
Q4-15	\$	578.5	\$ (11.8)	\$ -	\$	566.7	20.0%	18.2%
Q4-14	\$	482.1	\$ (2.8)	\$ -	\$	479.3		

(a) Q4-16 contained 14 weeks as a result of our 52/53 week fiscal year as compared to 13 weeks in all other quarterly periods presented herein. The Q4-16 Non-GAAP adjustment is calculated as (i) contract revenues less, (ii) revenues from acquired businesses in each applicable period, (iii) divided by 14 weeks.

### 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 Organic Contract Revenue – certain customers

Unaudited

(\$ in millions)

	Total Contract Revenue	Top 5 Customers combined*	All customers (excluding Top 5 Customers)	AT&T	Comcast	CenturyLink
<b>GAAP Contract Revenue</b>						
Q3-17	\$ 786.3	\$ 609.5	\$ 176.8	\$ 213.1	\$ 152.9	\$ 138.9
Q3-16	\$ 664.6	\$ 472.9	\$ 191.8	\$ 178.2	\$ 95.8	\$ 91.1
<b>GAAP Contract Revenue - % Changes</b>	<b>18.3%</b>	<b>28.9%</b>	<b>(7.8)%</b>	<b>19.5%</b>	<b>59.6%</b>	<b>52.4%</b>
<b>Non-GAAP Adjustments</b>						
Q3-17 - Revenue from businesses acquired in Q4-16 and Q3-17	\$ (23.0)	\$ (17.5)	\$ (5.5)	\$ (16.5)	\$ (0.9)	\$ -
Q3-16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Non-GAAP Organic Contract Revenue</b>						
Q3-17	\$ 763.4	\$ 592.1	\$ 171.3	\$ 196.6	\$ 152.0	\$ 138.9
Q3-16	\$ 664.6	\$ 472.9	\$ 191.8	\$ 178.2	\$ 95.8	\$ 91.1
<b>Non-GAAP Organic Contract Revenue - % Changes</b>						
<b>Organic Contract Revenue % Change</b>	<b>14.9%</b>	<b>25.2%</b>	<b>(10.6)%</b>	<b>10.3%</b>	<b>58.7%</b>	<b>52.4%</b>

\* Includes AT&T, Comcast, CenturyLink, Verizon, and Windstream in both Q3-17 and Q3-16.

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 000's)

	Three Months Ended			
	April 29, 2017	April 23, 2016	July 30, 2016	October 29, 2016
	Q3-17	Q3-16	Q4-16	Q1-17
Reconciliation of net income to Non-GAAP Adjusted EBITDA:				
Net income	\$ 38,796	\$ 33,083	\$ 49,360	\$ 51,050
Interest expense, net	9,382	8,007	9,710	9,067
Provision for income taxes	22,750	19,368	29,593	30,306
Depreciation and amortization	37,411	31,583	36,010	34,546
Earnings Before Interest, Taxes, Depreciation & Amortization ("EBITDA")	108,339	92,041	124,673	124,969
Gain on sale of fixed assets	(5,048)	(4,061)	(3,593)	(1,443)
Stock-based compensation expense	4,915	3,892	4,249	5,707
Acquisition related costs	-	-	715	-
Non-GAAP Adjusted EBITDA	<u>\$ 108,206</u>	<u>\$ 91,872</u>	<u>\$ 126,044</u>	<u>\$ 129,233</u>
Contract Revenues	\$ 786,338	\$ 664,645	\$ 789,159	\$ 799,223
Non-GAAP Adjusted EBITDA as a % of contract revenues	13.8%	13.8%	16.0%	16.2%

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

Unaudited

(\$ in 000's, except per share amounts)

	Q3-17			Q3-16		
	Three Months Ended			Three Months Ended		
	April 29, 2017			April 23, 2016		
	GAAP	Reconciling Item	Adjusted Non-GAAP	GAAP	Reconciling Item	Adjusted Non-GAAP
Contract revenues	\$ 786,338	\$ -	\$ 786,338	\$ 664,645	\$ -	\$ 664,645
Cost of earned revenues, excluding depreciation and amortization	621,475	-	621,475	520,408	-	520,408
General and administrative expenses	61,317	-	61,317	56,519	-	56,519
Depreciation and amortization	37,411	-	37,411	31,583	-	31,583
Total	720,203	-	720,203	608,510	-	608,510
Interest expense, net	(9,382)	4,425	(4,957)	(8,007)	4,192	(3,815)
Other income, net	4,793	-	4,793	4,323	-	4,323
Income before income taxes	61,546	4,425	65,971	52,451	4,192	56,643
Provision for income taxes	22,750	1,644	24,394	19,368	1,580	20,948
Net income	\$ 38,796	\$ 2,781	\$ 41,577	\$ 33,083	\$ 2,612	\$ 35,695
Diluted earnings per share	\$ 1.22	\$ 0.09	\$ 1.30	\$ 1.00	\$ 0.08	\$ 1.08
Shares used in computing Diluted EPS (in 000's):	31,910		31,910	33,051		33,051

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 Net Income and Non-GAAP Adjusted Diluted Earnings Per Share

Unaudited

(\$ in 000's, except per share amounts)

For comparison purposes for slides 10 and 11

	Q4-16 Three Months Ended July 30, 2016			Q1-17 Three Months Ended Q1-17		
	GAAP	Reconciling Item	Adjusted Non-GAAP	GAAP	Reconciling Item	Adjusted Non-GAAP
Contract revenues	\$ 789,159	\$ -	\$ 789,159	\$ 799,223	\$ -	\$ 799,223
Cost of earned revenues, excluding depreciation and amortization	605,909	-	605,909	614,990	-	614,990
General and administrative expenses	62,146	(715)	61,431	60,204	-	60,204
Depreciation and amortization	36,010	-	36,010	34,546	-	34,546
Total	704,065	(715)	703,350	709,740	-	709,740
Interest expense, net	(9,710)	4,590	(5,120)	(9,067)	4,307	(4,760)
Other income, net	3,569	-	3,569	940	-	940
Income before income taxes	78,953	5,305	84,258	81,356	4,307	85,663
Provision for income taxes	29,593	1,995	31,588	30,306	1,611	31,917
Net income	\$ 49,360	\$ 3,310	\$ 52,670	\$ 51,050	\$ 2,696	\$ 53,746
Diluted earnings per share	\$ 1.54	\$ 0.10	\$ 1.64	\$ 1.59	\$ 0.08	\$ 1.67
Shares used in computing Diluted EPS (in 000's):	32,074		32,074	32,200		32,200

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*

### *Outlook – Non-GAAP Diluted Earnings per Common Share for the Three Months Ending July 29, 2017*

*Unaudited*

#### *Outlook for the Three Months Ending July 29, 2017*

Diluted earnings per common share – GAAP (a)	\$1.26 - \$1.41
Adjustment for addback of after-tax non-cash amortization of debt discount on convertible senior notes (b)	\$ 0.09
Non-GAAP Adjusted Diluted Earnings per Common Share (a)	\$1.35 - \$1.50

- (a) Guidance for diluted earnings per common share and Non-GAAP Adjusted diluted earnings per common share for the three months ending July 29, 2017 were computed using approximately 31.7 million in diluted weighted average shares outstanding.
- (b) The Company expects to recognize approximately \$4.5 million in pre-tax interest expense during the three months ending July 29, 2017 for non-cash amortization of the debt discount associated with its convertible senior notes. The Company excludes the effect of this non-cash amortization in its Non-GAAP financial measures.

*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 Organic Contract Revenue

Unaudited

(\$ in millions)

**Q4-16 and Q1-17 Non-GAAP Organic Revenues are provided for comparison to Q4-17 and Q1-18 Non-GAAP Organic Revenue Outlook (see slides 10 and 11)**

	Contract Revenues		NON-GAAP ADJUSTMENTS		Non-GAAP Organic Contract Revenues	
			Revenues from Q4-16 and Q3-17 acquired businesses	Additional week as a result of our 52/53 week fiscal year (a)		
Q4-16	\$	789.2	\$ (5.6)	\$ (56.0)	\$	727.6
Q1-17	\$	799.2	\$ -	\$ -	\$	799.2

(a) Q4-16 included an incremental week required by our 52/53 week fiscal calendar. The Q4-16 Non-GAAP adjustment is calculated as (i) contract revenues less, (ii) revenues from acquired businesses in each applicable period, (iii) divided by 14 weeks.

### 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.



THE PEOPLE  
CONNECTING  
AMERICA<sup>®</sup>

3<sup>rd</sup> Quarter Fiscal 2017  
Results Conference Call  
*May 24, 2017*

