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# Q1 Fiscal 2024 Results

May 24, 2023



# Participants and Agenda



Steven E. Nielsen	President and Chief Executive Officer
H. Andrew DeFerrari	Chief Financial Officer
Ryan F. Urness	General Counsel

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- Q1 2024 Overview
- Industry Update
- Financial & Operational Highlights
- Outlook
- Closing Remarks
- Q&A

# Important Information



## Caution Concerning Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the 1995 Private Securities Litigation Reform Act. These forward-looking statements include those related to the outlook for the quarter ending July 29, 2023, including, but not limited to, those statements found under the “Outlook” section of this presentation. Forward-looking statements are based on management’s expectations, estimates and projections, are made solely as of the date these statements are made, and are subject to both known and unknown risks and uncertainties that may cause the actual results and occurrences discussed in these forward-looking statements to differ materially from those referenced or implied in the forward-looking statements contained in this presentation. The most significant of these known 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 future economic conditions and trends including the potential impacts of an inflationary economic environment, changes to customer capital budgets and spending priorities, the availability and cost of materials, equipment and labor necessary to perform our work, 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, the future impact of any acquisitions or dispositions, adjustments and cancellations of the Company’s projects, the impact to the Company’s backlog from project cancellations or postponements, the impacts of pandemics and public health emergencies, the impact of varying climate and weather conditions, the anticipated outcome of other contingent events, including litigation or regulatory actions involving the Company, the adequacy of our liquidity, the availability of financing to address our financial needs, the Company’s ability to generate sufficient cash to service its indebtedness, the impact of restrictions imposed by the Company’s credit agreement, and 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 any obligation to update its forward-looking statements.

## Non-GAAP Financial Measures

This presentation includes certain “Non-GAAP” financial measures as defined by Regulation G of the SEC. As required by the SEC, an explanation of the Non-GAAP financial measures and a reconciliation of those measures to the most directly comparable GAAP financial measures are provided in the Company’s Form 8-K filed with the SEC on May 24, 2023 and on the Company’s Investor Center website at <https://dycomind.com/investors>. Non-GAAP financial measures should be considered in addition to, but not as a substitute for, the Company’s reported GAAP results.

# Q1 2024 Overview



## Contract Revenues

- Contract revenues of \$1.045 billion increased 19.3%

## Operating Performance

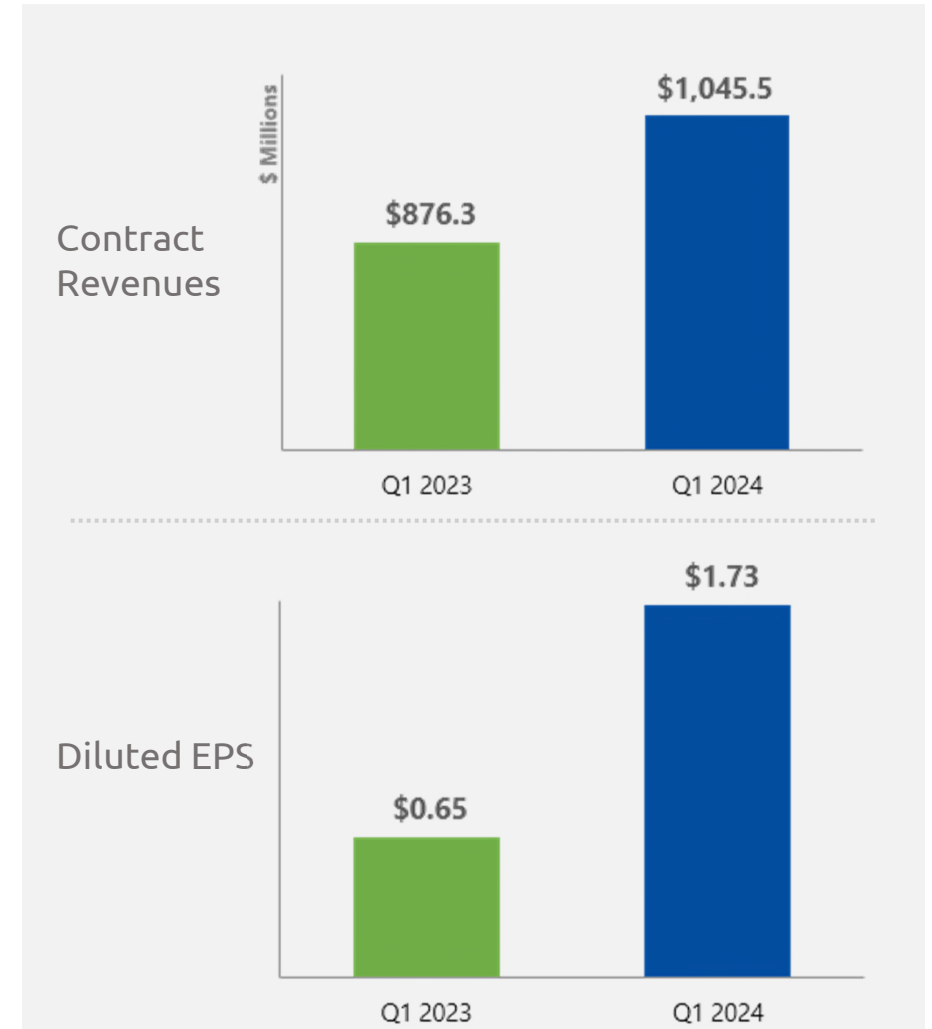
- Non-GAAP Adjusted EBITDA of \$113.5 million, or 10.9% of contract revenues, compared to \$63.7 million, or 7.3% of contract revenues, in the year ago period
- Diluted earnings per common share of \$1.73, compared to \$0.65 in the year ago period

## Liquidity

- Strong liquidity of \$673.9 million

## Share Repurchases

- Repurchased 225,000 common shares for \$20.3 million at an average price of \$90.21 per share



# Industry Update



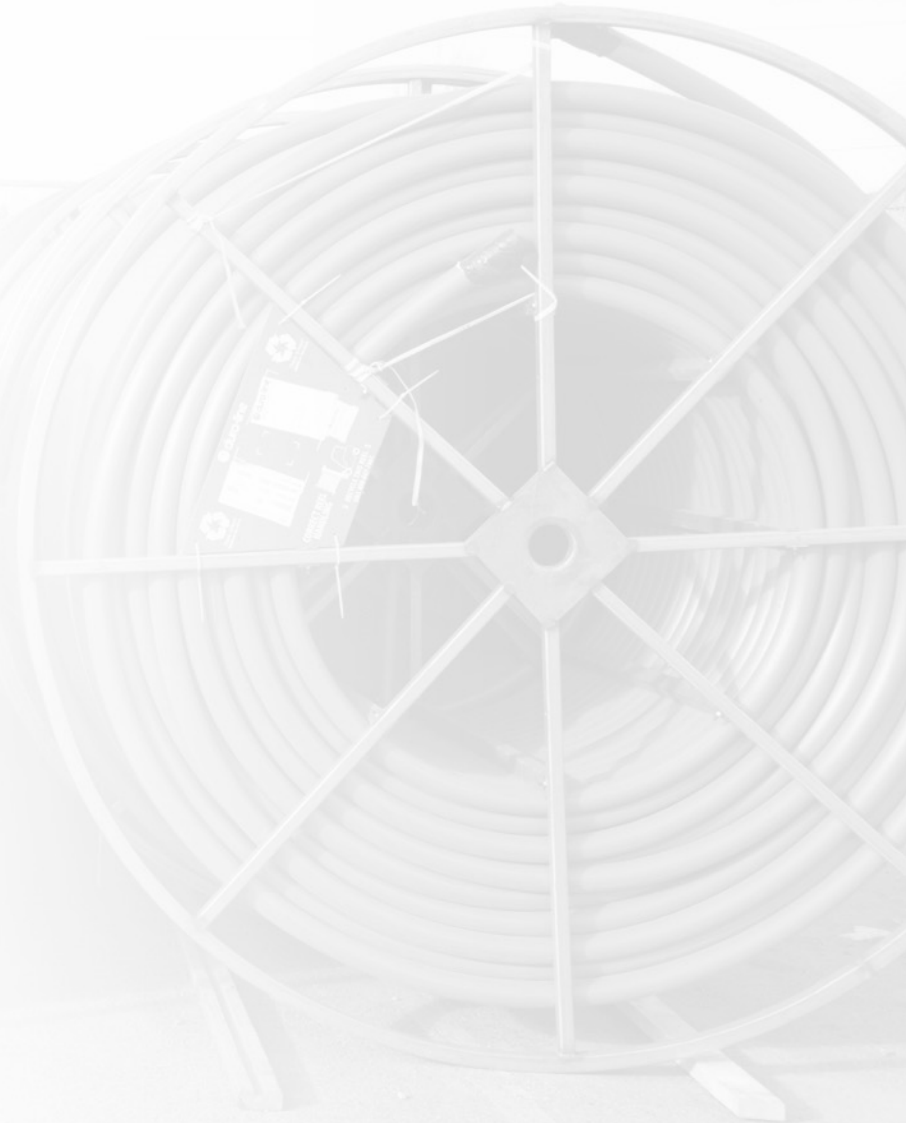
## **The effort to deploy high-capacity fiber networks continues to meaningfully broaden the set of opportunities for our industry**

- Major industry participants are constructing or upgrading significant wireline networks across broad sections of the country
- High-capacity fiber networks are increasingly viewed as the most cost effective technology, enabling multiple revenue streams from a single investment
- Fiber network deployment opportunities are increasing in rural America; federal and state support programs for the construction of communications networks in unserved and underserved areas across the country are unprecedented

Macroeconomic conditions, including those impacting the cost of capital, may influence the execution of some industry plans

We expect demand to continue to fluctuate amongst customers, including several customers whose deployments are accelerating into the second half of the year offset in part by two customers whose capital expenditures have been more heavily weighted to the first half of the year

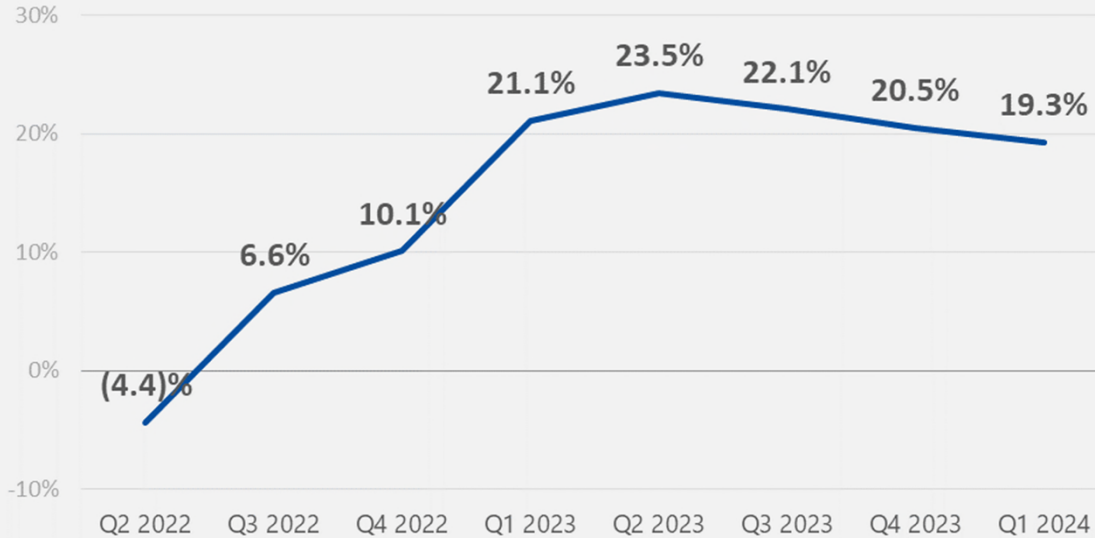
**Our scale and financial strength position us well to take advantage of these opportunities to deliver valuable services to our customers, including integrated planning, engineering and design, procurement and construction and maintenance services**



# Contract Revenues



Non-GAAP Organic Growth %<sup>1</sup>



Q1 2024 Organic Growth:

**19.3%**

Total Customers

**20.7%**

Top 5 Customers

**16.7%**

All Other Customers<sup>2</sup>

**70.4%**

Lumen<sup>3</sup>

**8.4%**

Comcast

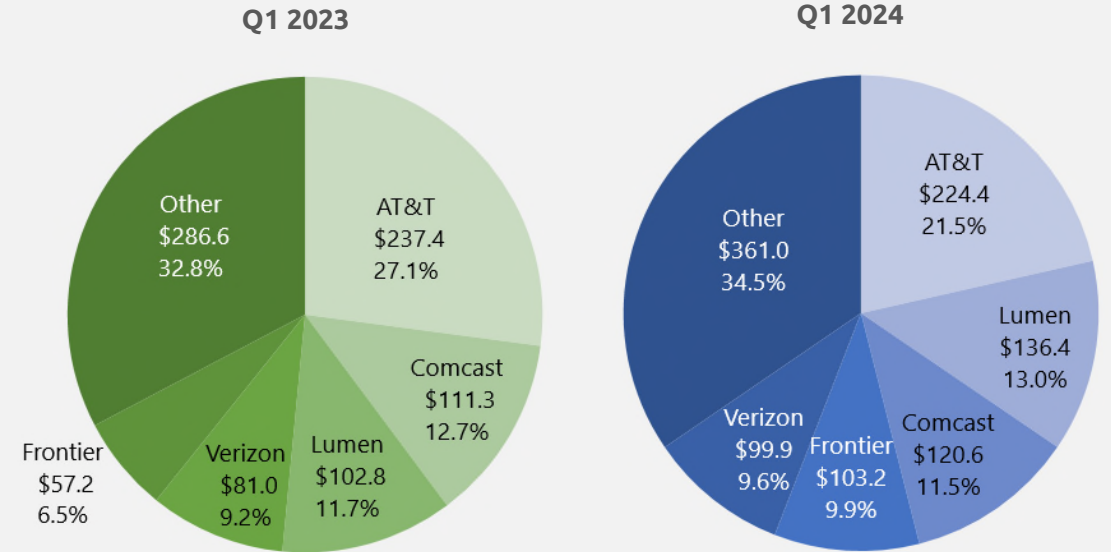
**80.2%**

Frontier

**23.4%**

Verizon

Top 5 Customers - % of Total Contract Revenues



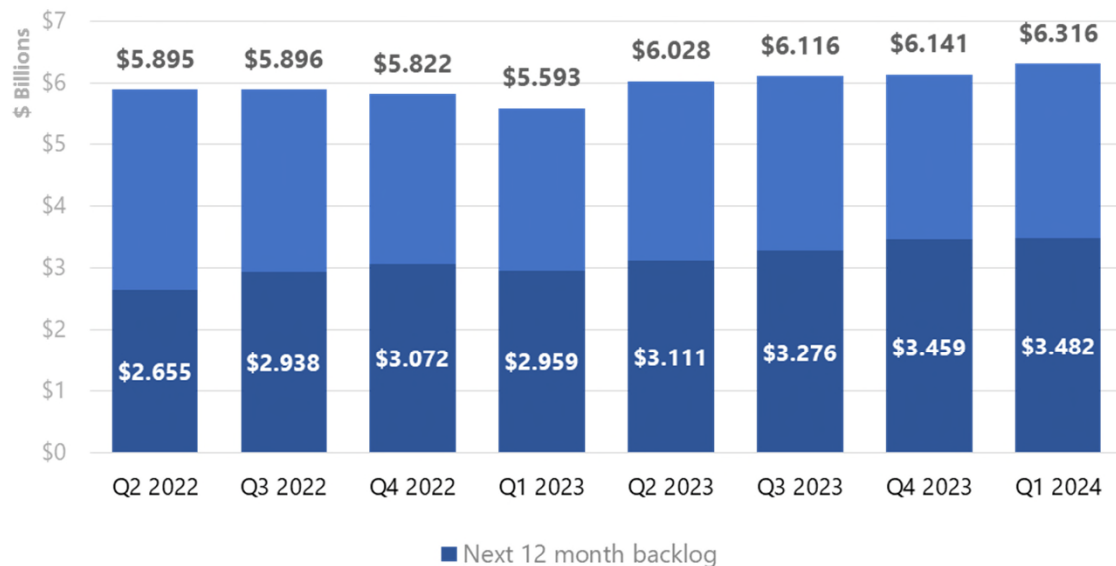
Top 5 customers represented **65.5%** and **67.3%** of contract revenues in Q1 2024 and Q1 2023, respectively

Fiber construction revenue from electric utilities increased organically **20.0%** year-over-year and was \$83.5 million, or 8.0% of contract revenues, in Q1 2024

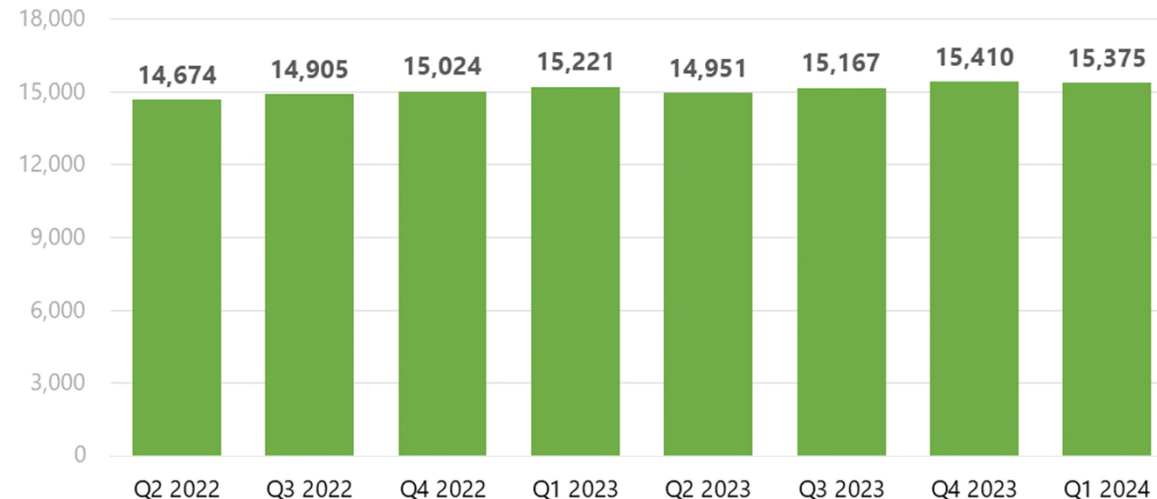
# Backlog, Awards and Employees



## Backlog<sup>4</sup>



## Employee Headcount



### Selected Q1 2024 Awards and Extensions:

Customer	Description of Services	Area	Term
Frontier	Construction & Maintenance	WI	3 years
Charter	Rural Fiber Construction	IN, NC	3 years
	Construction	CA, NV, MT	3 years
Various	Rural Fiber Construction	WA, OR, MN, WI, MO, KY	1 year
Various	Utility Line Locating	CA, IN, NJ	3 years

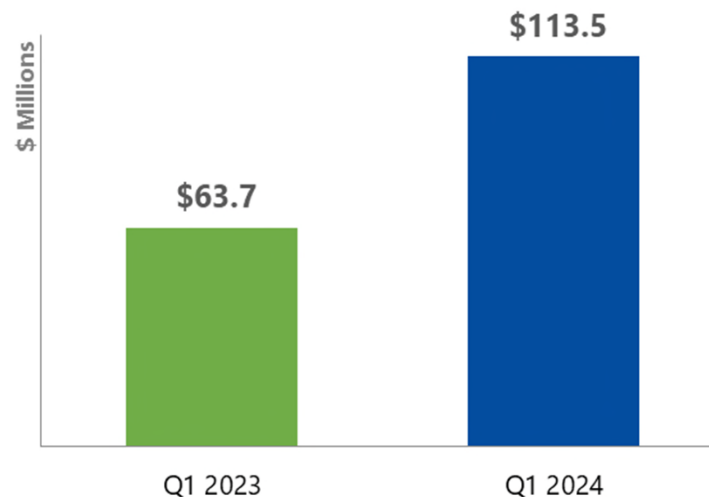
# Financial Highlights



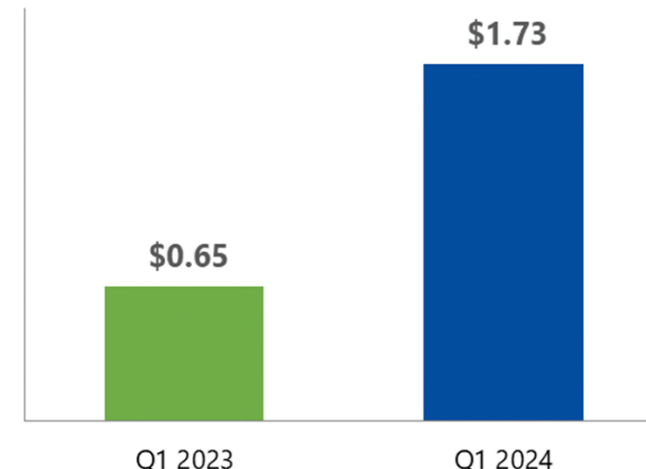
### Contract Revenues



### Non-GAAP Adjusted EBITDA



### Diluted EPS



**7.3%**                      **10.9%**  
*Non-GAAP Adjusted EBITDA %  
of Contract Revenues*

- Contract revenues of \$1.045 billion increased 19.3%
- Non-GAAP Adjusted EBITDA of \$113.5 million, or 10.9% of contract revenues
- Diluted earnings per common share of \$1.73

# Debt and Liquidity Overview



\$ Millions	Q4 2023	Q1 2024
<b>Debt Summary</b>		
4.50% Senior Notes, mature April 2029	\$ 500.0	\$ 500.0
Senior Credit Facility, matures April 2026: <sup>5</sup>		
Term Loan Facility	332.5	328.1
Revolving Facility	-	-
<b>Total Notional Amount of Debt</b>	<b>\$ 832.5</b>	<b>\$ 828.1</b>
<b>Less: Cash and Equivalents</b>	<b>224.2</b>	<b>71.4</b>
<b>Notional Net Debt</b>	<b>608.3</b>	<b>756.7</b>
<b>Liquidity<sup>6</sup></b>	<b>\$ 757.8</b>	<b>\$ 673.9</b>

**Debt maturity profile and liquidity provide financial flexibility**

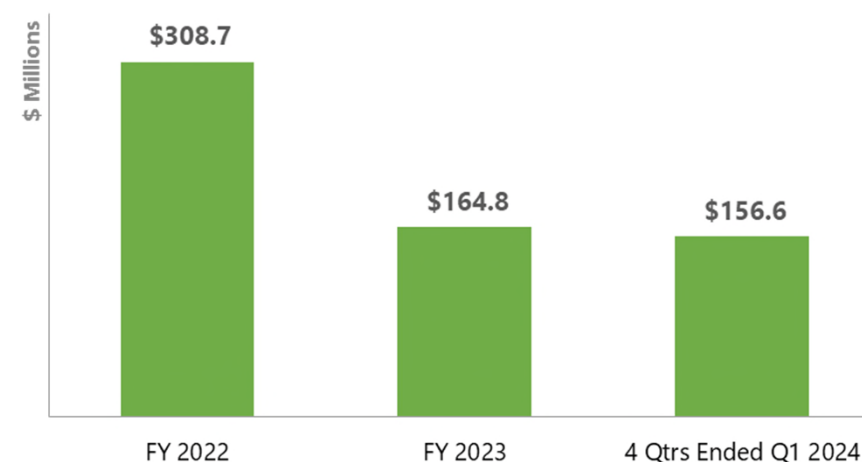
- Strong liquidity of \$673.9 million at Q1 2024
- Capital allocation prioritizes organic growth, followed by opportunistic share repurchases and M&A, within the context of the Company's historical range of net leverage

# Cash Flow Overview



\$ Millions	Q1 2023	Q1 2024
<b>Cash Flow Summary</b>		
Operating cash flow	\$ (64.9)	\$ (85.1)
Capital expenditures, net of disposals	\$ (33.0)	\$ (33.6)
Repayments on Senior Credit Facility	\$ (4.4)	\$ (4.4)
Repurchase of common stock	\$ (18.5)	\$ (20.3)
Other financing and investing activities, net	\$ (4.3)	\$ (9.4)
<b>Days Sales Outstanding ("DSO")</b>		
Total DSO <sup>7</sup>	108	106

## Operating Cash Flow



- Operating cash flow used to support strong organic growth during Q1 2024
- Repurchased 225,000 common shares for \$20.3 million at an average price of \$90.21 per share during Q1 2024
- Total DSOs of 106 days improved 2 days sequentially

# Outlook for Quarter Ending July 29, 2023 (Q2 2024)



## Q2 2024 Outlook:

### **CONTRACT REVENUES**

Increase mid-single digit as a percentage of contract revenues as compared to Q2 2023

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### **NON-GAAP ADJUSTED EBITDA % OF CONTRACT REVENUES**

Increases 50 to 100 basis points as compared to Q2 2023

### **INTEREST EXPENSE, NET**

\$12.2 million

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### **EFFECTIVE INCOME TAX RATE**

Approximately 26.0%

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### **DILUTED SHARES**

29.7 million

# Closing Remarks

**We maintain significant customer presence throughout our markets and are encouraged by the breadth in our business**

**Our extensive market presence has allowed us to be at the forefront of evolving industry opportunities**

- Telephone companies are deploying FTTH to enable gigabit high speed connections and, increasingly, rural electric utilities are doing the same
- Dramatically increased speeds for consumers are being provisioned and consumer data usage is growing, particularly upstream
- Wireless construction activity in support of newly available spectrum bands continues this year
- Federal and state support for rural deployments of communications networks is dramatically increasing in scale and duration
- Cable operators are increasing fiber deployments in rural America; capacity expansion projects are underway
- Customers are consolidating supply chains creating opportunities for market share growth and increasing the long-term value of our maintenance and operations business

**A substantial number of our customers are committed to multi-year capital spending initiatives**

# Notes



1. Organic growth (decline) % adjusted for contract revenues from storm restoration services, and for the additional week of operations during the fourth quarter as a result of the Company's 52/53 week fiscal year, when applicable.
2. Q1 2024 percentage of contract revenues for customers #6 through #10 included in All Other Customers are presented in the following table:

Customer #6	Brightspeed	Charter	Windstream	Dominion Energy
4.6%	3.7%	2.1%	1.7%	1.2%

3. On October 3, 2022, Brightspeed acquired Lumen's ILEC (incumbent local exchange carrier) business in 20 states (the "20-State ILEC Business"). The Company continues to serve both Lumen and Brightspeed in connection with various work, including the 20-State ILEC Business. For comparison purposes, Lumen's Non-GAAP Organic Contract Revenue and Non-GAAP Organic Contract Revenue Growth percentage excludes the estimated contract revenues related to the 20-State ILEC Business for the quarter ended April 30, 2022. Refer to Company's Q1 2024 Non-GAAP Reconciliations report for a reconciliation of Non-GAAP financial measures to comparable GAAP financial measures.
4. The Company's 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 12 month period, when available. When estimating backlog for newly initiated master service agreements and other long and short-term contracts, the Company also considers the anticipated scope of the contract and information received from the customer during the procurement process. A significant majority of the Company's 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 ("GAAP") and should be considered in addition to, but not as a substitute for, information provided in accordance with GAAP. Participants in the Company's industry also disclose a calculation of their backlog; however, the Company's methodology for determining backlog may not be comparable to the methodologies used by others. Dycom utilizes the calculation of backlog to assist in measuring aggregate awards under existing contractual relationships with its customers. The Company believes its backlog disclosures will assist investors in better understanding this estimate of the services to be performed pursuant to awards by its customers under existing contractual relationships.
5. As of Q4 2023 and Q1 2024, the Company had \$47.5 million of standby letters of credit outstanding under the Senior Credit Facility.
6. Liquidity represents the sum of availability from the Company's Senior Credit Facility, considering net funded debt balances, and available cash and equivalents. For calculation of availability under the Senior Credit Facility, applicable cash and equivalents are netted against the funded debt amount.
7. DSO is calculated as the summation of current and non-current accounts receivable (including unbilled receivables), net of allowance for doubtful accounts, plus current contract assets, less contract liabilities, 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.



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