

Dycom Q1 2020 Results

May 21, 2019



Participants

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President & Chief Executive Officer

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Agenda

- Q1 2020 Overview
- Industry Update
- Financial & Operational Highlights
- Outlook
- Conclusion
- Q&A

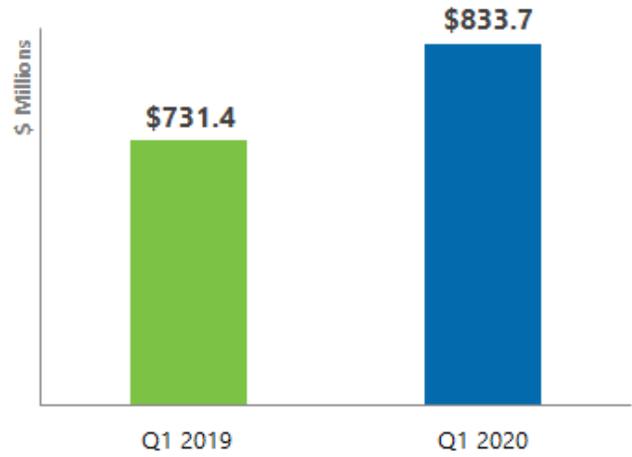
Caution Concerning Forward-Looking Statements

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 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 4, 2019 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.

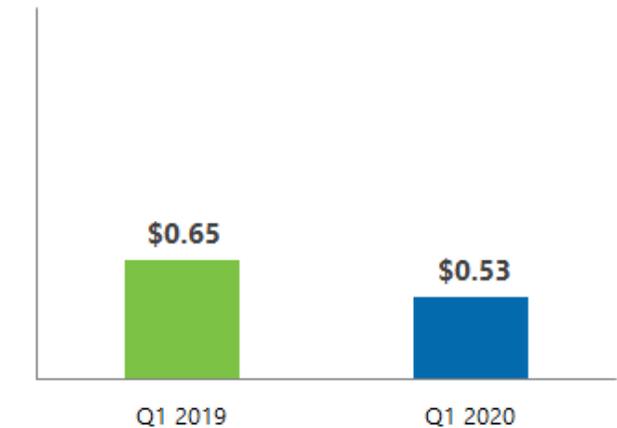
Non-GAAP Financial Measures

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 measures and a reconciliation of those measures to the most directly comparable GAAP measures are provided in the Company’s Form 8-K filed with the SEC on May 21, 2019 and on the Company’s Investor Center website at <https://ir.dycomind.com>. Non-GAAP financial measures should be considered in addition to, but not as a substitute for, the Company’s reported GAAP results.

Contract Revenues



Non-GAAP Adjusted Diluted EPS



Q1 2020 Overview

Contract revenues

Strong organic revenue growth of 15.8%

\$4.7 million from storm restoration services for Q1 2020, compared to \$14.8 million for Q1 2019

\$6.1 million of contract revenues for Q1 2020 from a previously acquired business, compared to \$5.8 million for Q1 2019

Operating performance

Non-GAAP Adjusted EBITDA of \$73.6 million, or 8.8% of contract revenues, for Q1 2020, compared to \$73.7 million, or 10.1% of contract revenues, for Q1 2019

Non-GAAP Adjusted Diluted EPS of \$0.53 per share for Q1 2020, compared to \$0.65 per share for Q1 2019

Liquidity

Ample liquidity of \$358.9 million at the end of Q1 2020 consisting of availability under Senior Credit Facility and cash on hand

No outstanding revolver borrowings at the end of Q1 2020



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

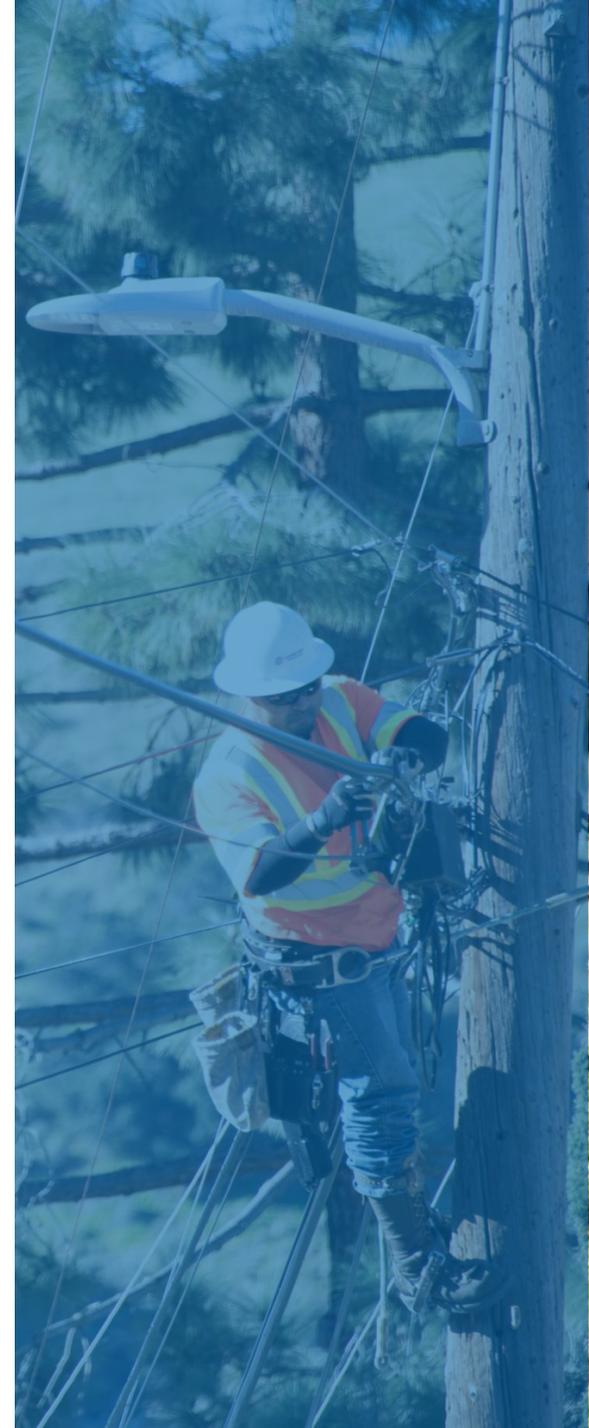
Industry effort required to deploy these converged networks continues to meaningfully broaden our set of opportunities

Dycom's competitively unparalleled scale and financial strength position it well to deliver valuable services to its customers

Currently providing services for 1 gigabit full deployments and converged wireless/wireline multi-use network deployments across the country in more than a dozen metropolitan areas to several customers

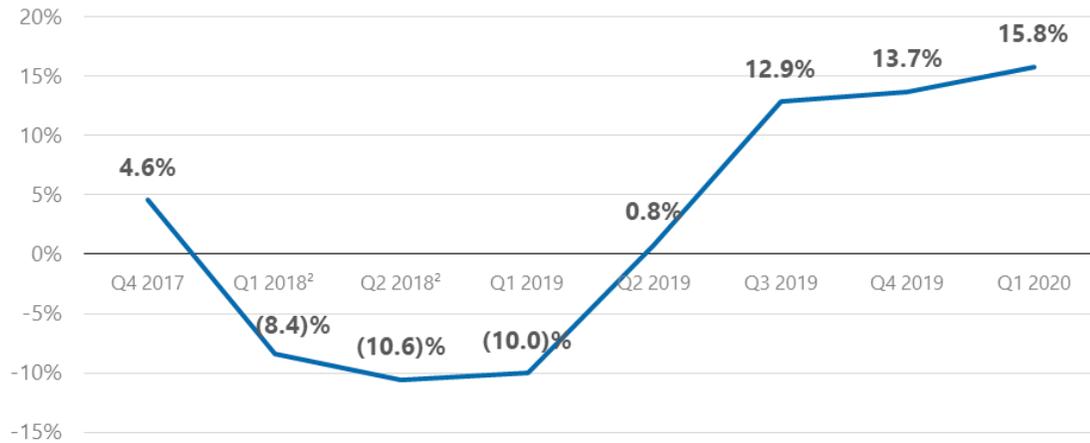
Customers are pursuing multi-year initiatives that are being planned and managed on a market by market basis

Dycom's ability to provide integrated planning, engineering and design, procurement and construction and maintenance services is of particular value to several industry participants

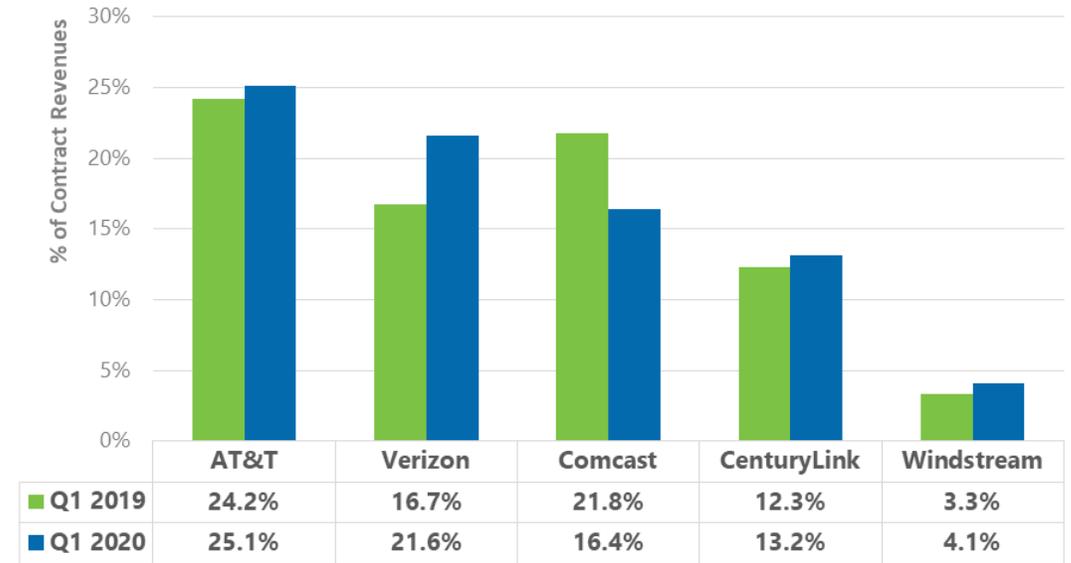


Contract Revenues

Non-GAAP Organic Growth (Decline) %¹



Top 5 Customers



Q1 2020 Organic growth:

15.8% Total Customers
19.4% Top 5 Customers
3.0% All Other Customers

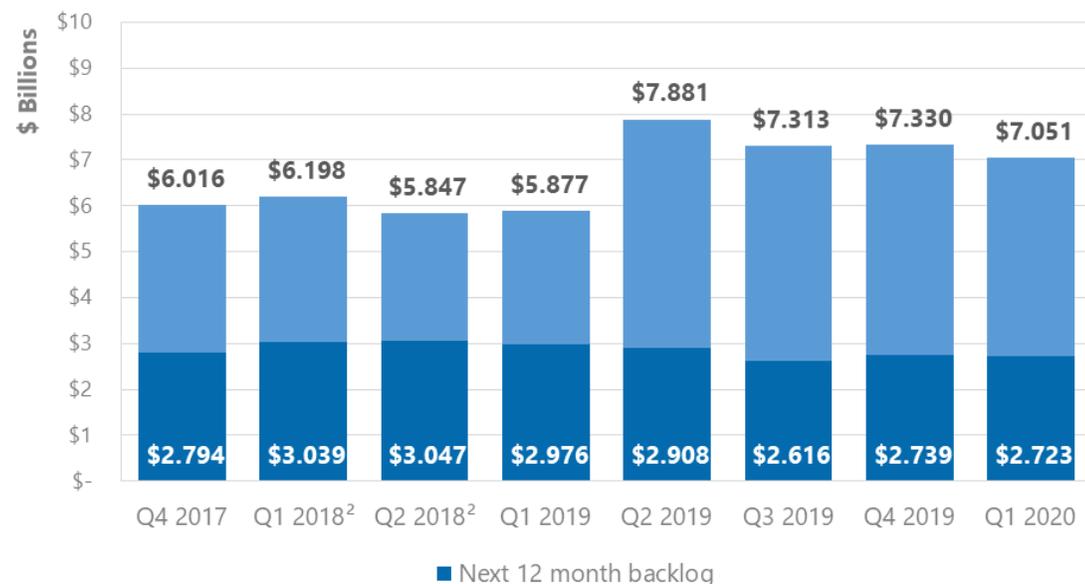
Q1 2020 Organic growth with the following customers:

28.7% AT&T
47.2% Verizon
17.8% CenturyLink
38.0% Windstream

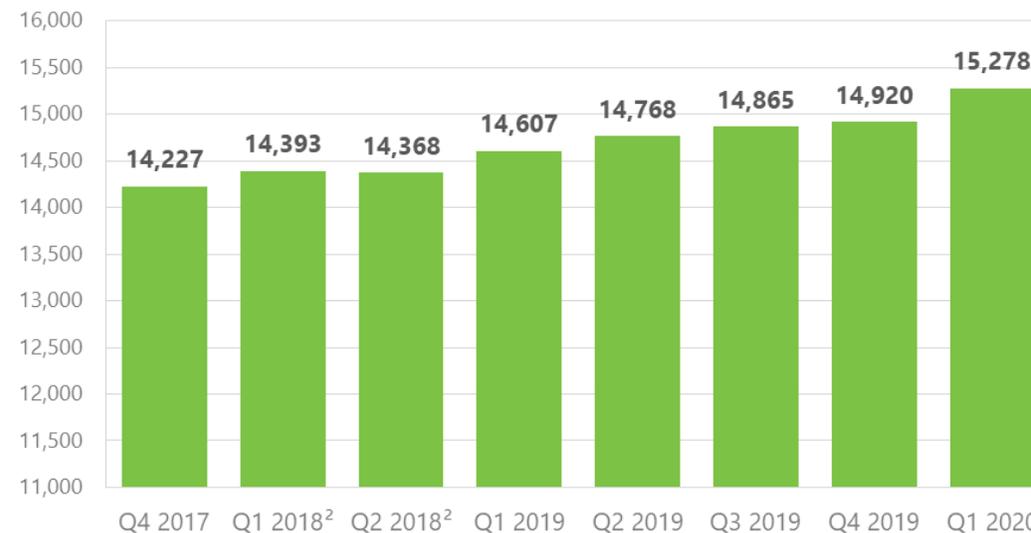
Top 5 customers represented 80.4% and 78.8% of contract revenues in Q1 2020 and Q1 2019, respectively

Backlog and Awards

Backlog³



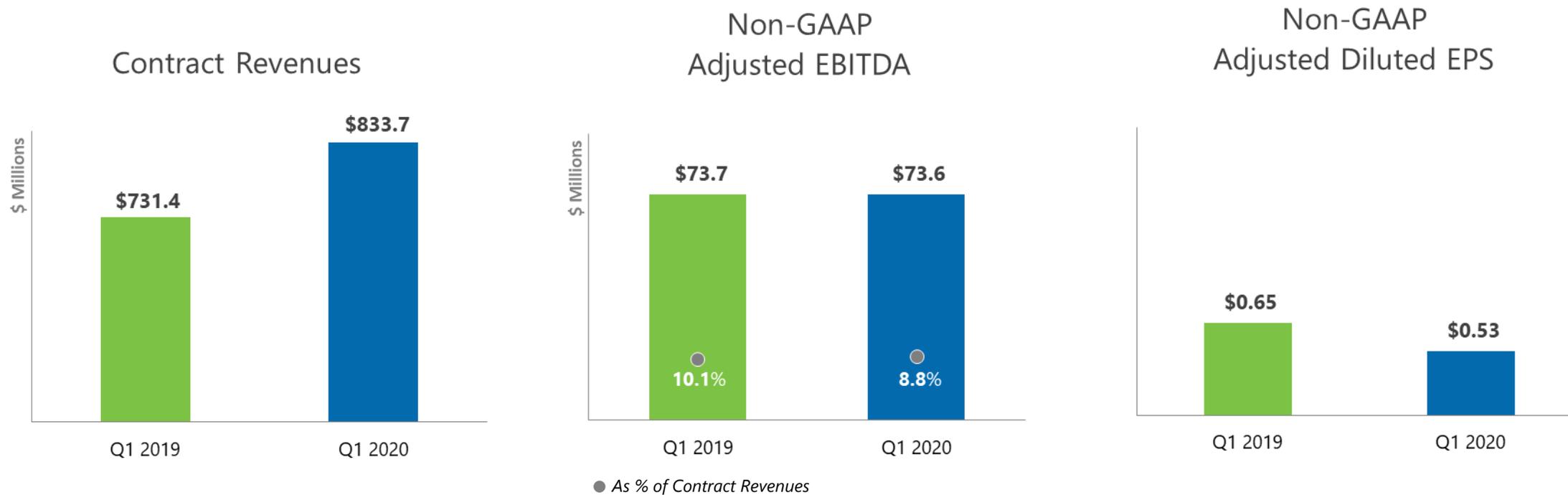
Employee Headcount



Selected Q1 2020 Awards and Extensions:

Customer	Description	Area	Term (years)
AT&T	Construction Services	California, Ohio, Kentucky, South Carolina, Georgia	3
Comcast	Fulfillment Services	Pennsylvania, New Jersey	1
Charter	Fulfillment Services	Nationwide	1
	Construction Services	California, Michigan	1-2
Various	Locating Services	Maryland, Washington DC, Virginia, South Carolina	3-6
	Rural Fiber Services	Wisconsin, Illinois, Kentucky	1-2

Financial Highlights



Revenues of \$833.7 million in Q1 2020 increased organically 15.8% from the comparable prior period

Recognized a \$8.2 million pre-tax charge for estimated warranty costs for work performed for a customer in prior periods

Recognized a \$10.3 million pre-tax recovery of previously reserved accounts receivable and contract assets for a customer that filed a voluntary petition for reorganization during February 2019

Liquidity Overview

\$ Millions	January 26, 2019	April 27, 2019
Cash and equivalents	\$ 128.3	\$ 33.6
Senior Credit Facility, matures Oct 2023: ⁴		
Revolving Facility	\$ -	\$ -
Term Loan Facilities	450.0	450.0
0.75% Convertible Senior Notes, mature Sept 2021:		
Notional Value	485.0	485.0
Total Notional Amount of Debt	\$ 935.0	\$ 935.0
Net Debt (Notional Debt less Cash)	\$ 806.7	\$ 901.4
Total Notional Amount of Debt (see above)	\$ 935.0	\$ 935.0
Unamortized debt discount and debt fees on 0.75% Convertible Senior Notes	(61.8)	(56.4)
Debt, net of debt discount and fees	\$ 873.2	\$ 878.6
Availability on Revolving Facility⁵	\$ 412.9	\$ 325.4
Total Liquidity⁶	\$ 463.1	\$ 358.9

Balance sheet reflects the strength of our business

Liquidity of \$358.9 million at April 27, 2019 consisting of availability under Senior Credit Facility and cash on hand⁶

\$ Millions	Q1 2019	Q1 2020
Cash Flow Summary		
Cash provided by operating activities	\$ 24.6	\$ (56.1)
Capital expenditures, net of disposals	\$ (26.5)	\$ (38.4)
Cash paid for acquisitions	\$ (20.9)	\$ -
Payments on Senior Credit Facility	\$ (4.8)	\$ -
Share repurchases	\$ -	\$ -
Other financing & investing activities, net	\$ 1.6	\$ (0.7)
Total Days Sales Outstanding ("DSO")⁷	92	108

Cash on hand used to support organic growth and capital expenditures during Q1 2020

DSO increase attributable to growth on large customer program

Outlook for Quarter Ending July 27, 2019 (Q2 2020)

\$ Millions (except per share amounts)

	Q2 2019	Outlook Q2 2020		Q2 2019	Outlook Q2 2020
Contract revenues	\$799.5	\$835 - \$885	Depreciation	\$39.0	\$41.1 - \$41.9
GAAP Diluted Earnings per Common Share	\$0.94	\$0.59 - \$0.81	Amortization	\$5.8	\$5.3
Non-GAAP Adjusted Diluted Earnings per Common Share	\$1.05	\$0.70 - \$0.92	Share-based compensation <i>(Included in General & Administrative Expense)</i>	\$6.0	\$3.2 - \$3.7
Non-GAAP Adjusted EBITDA % of contract revenues	12.2%	Non-GAAP Adjusted EBITDA % decreases from Q2 2019	Non-GAAP Adjusted Interest expense <i>(Excludes non-cash amortization of debt discount of \$4.8 for Q2 2019 & expectation of \$5.0 for Q2 2020)</i>	\$5.7	\$7.7 - \$7.8
			Other income, net <i>(Includes Gain on sales of fixed assets of \$4.9 for Q2 2019 and expectation of \$3.7 - \$4.3 for Q2 2020)</i>	\$4.2	\$2.3 - \$2.9
			Non-GAAP Adjusted Effective Income Tax Rate <i>(as a % of Non-GAAP Adjusted Income before Taxes)</i>	27.8%	27.5%
			Non-GAAP Adjusted Diluted Shares	31.8 million	31.8 million

Looking Ahead to the Quarter Ending October 26, 2019 (Q3 2020)

\$ Millions (except per share amounts)					
	Q3 2019	Outlook Q3 2020	Q3 2019	Outlook Q3 2020	
Contract revenues	\$848.2	Total revenue growth % of low- to mid-single digit as a % of revenue compared to Q3 2019	Depreciation	\$39.8	\$41.7 - \$42.5
			Amortization	\$5.8	\$5.3
			Share-based compensation <i>(Included in General & Administrative Expense)</i>	\$7.4	\$3.5 - \$4.0
			Non-GAAP Adjusted Interest expense <i>(Excludes non-cash amortization of debt discount of \$4.8 for Q3 2019 & expectation of \$5.1 for Q3 2020)</i>	\$6.5	\$7.8 - \$7.9
Non-GAAP Adjusted EBITDA % of contract revenues	11.6%	Non-GAAP Adjusted EBITDA % decreases from Q3 2019	Other income, net <i>(Includes Gain on sales of fixed assets of \$3.9 for Q3 2019 and expectation of \$2.1 - \$2.7 for Q3 2020)</i>	\$2.8	\$0.8 - \$1.4
			Non-GAAP Adjusted Effective Income Tax Rate <i>(as a % of Non-GAAP Adjusted Income before Taxes)</i>	27.3%	27.5%
			Non-GAAP Adjusted Diluted Shares	31.8 million	31.8 million

Conclusion

Firm and strengthening end market opportunities

Fiber deployments in contemplation of emerging wireless technologies are underway in many regions of the country

Wireless construction activity in support of expanded coverage and capacity has begun to accelerate through the deployment of enhanced macro cells and new small cells

Telephone companies are deploying FTTH to enable 1 gigabit high speed connections

Cable operators are deploying fiber to small and medium businesses and enterprises. Fiber deep deployments and new build opportunities are underway.

Dramatically increased speeds to consumers are being provisioned

Customers are consolidating supply chains creating opportunities for market share growth and increasing the long-term value of Dycom's maintenance and operations business

Dycom is increasingly providing integrated planning, engineering and design, procurement and construction and maintenance services

Encouraged that Dycom's major customers are committed to multi-year capital spending initiatives



Notes

- 1) Organic growth (decline) % adjusted for revenues from acquired businesses and storm restoration services, when applicable.
- 2) Due to the change in the Company's fiscal year end, the Company's fiscal 2018 six month transition period consisted of Q1 2018 and Q2 2018
- 3) 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.
- 4) The Company had \$52.3 million and \$48.6 million of standby letters of credit outstanding under the Senior Credit Facility at April 27, 2019 and January 26, 2019, respectively.
- 5) As of January 26, 2019, Availability on Revolving Facility includes \$78.1 million representing the incremental amount of eligible cash and equivalents above \$50 million as permitted by the Company's Senior Credit Facility. As of April 27, 2019, there was no incremental amount included as Cash and equivalents were less than \$50 million.
- 6) As of January 26, 2019, Total Liquidity represents the sum of the Availability on Revolving Facility, the \$50 million threshold amount of cash and equivalents referred to in footnote five above and other available cash and equivalents. As of April 27, 2019, Total Liquidity represents the sum of the Availability on Revolving Facility and cash and equivalents.
- 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 (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.