

NEWS RELEASE

FOR IMMEDIATE RELEASE

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May 21, 2019

DYCOM INDUSTRIES, INC. ANNOUNCES FISCAL 2020 FIRST QUARTER RESULTS AND PROVIDES GUIDANCE FOR THE NEXT FISCAL QUARTER

Palm Beach Gardens, Florida, May 21, 2019 - Dycom Industries, Inc. (NYSE: DY) announced today its results for the first quarter ended April 27, 2019. The Company reported:

- Contract revenues of \$833.7 million for the quarter ended April 27, 2019, compared to \$731.4 million for the quarter ended April 28, 2018. Contract revenues for the quarter ended April 27, 2019 increased 15.8% on an organic basis after excluding contract revenues from an acquired business that was not owned for the entire period in both the current and prior year quarter and contract revenues from storm restoration services. Contract revenues from that acquired business were \$6.1 million for the quarter ended April 27, 2019 compared to \$5.8 million for the quarter ended April 28, 2018. Contract revenues from storm restoration services were \$4.7 million for the quarter ended April 27, 2019 compared to \$14.8 million for the quarter ended April 28, 2018.
- Non-GAAP Adjusted EBITDA of \$73.6 million, or 8.8% of contract revenues, for the quarter ended April 27, 2019, compared to Non-GAAP Adjusted EBITDA of \$73.7 million, or 10.1% of contract revenues, for the quarter ended April 28, 2018.
- On a GAAP basis, net income was \$14.3 million, or \$0.45 per common share diluted, for the quarter ended April 27, 2019, compared to net income of \$17.2 million, or \$0.53 per common share diluted, for the quarter ended April 28, 2018. Non-GAAP Adjusted Net Income was \$16.9 million, or \$0.53 per common share diluted, for the quarter ended April 27, 2019, compared to Non-GAAP Adjusted Net Income of \$20.6 million, or \$0.65 per Non-GAAP Adjusted Diluted Share, for the quarter ended April 28, 2018.
- During the quarter ended April 27, 2019, the Company recognized \$10.3 million of pre-tax income from the recovery of previously reserved accounts receivable and contract assets for a customer that filed a voluntary petition for reorganization during February 2019. In addition, the Company also recorded an \$8.2 million pre-tax charge for estimated warranty costs for work performed for a customer in prior periods.

Outlook

The Company also announced its outlook for the fiscal quarter ending July 27, 2019. The Company currently expects total contract revenues for the fiscal quarter ending July 27, 2019 to range from \$835 million to \$885 million. On a GAAP basis, diluted earnings per common share for the fiscal quarter ending July 27, 2019 is expected to range from \$0.59 to \$0.81 and Non-GAAP Adjusted Diluted Earnings per Common Share is expected to range from \$0.70 to \$0.92. Non-GAAP Adjusted Diluted Earnings per Common Share guidance excludes \$5.0 million of pre-tax interest expense, or \$0.11 per common diluted share on an after-tax basis, for the non-cash amortization of the debt discount associated with the Company's 0.75% convertible senior notes due September 2021 (the "Notes"). A reconciliation of Non-GAAP Adjusted Diluted Earnings per Common Share guidance provided for the fiscal quarter ending July 27, 2019, along with reconciliations of other Non-GAAP measures, is included within the press release tables. For additional discussion regarding the Company's outlook, please see the presentation materials available on the Company's website posted in connection with the conference call discussed below.



Use of Non-GAAP Financial Measures

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

Conference Call Information and Other Selected Data

A conference call to review the Company's results will be hosted at 9:00 a.m. (ET), Tuesday, May 21, 2019; call (800) 230-1092 (United States) or (612) 288-0329 (International) ten minutes before the conference call begins and ask for the "Dycom Results" conference call. A live webcast of the conference call and related materials will be available on the Company's Investor Center website at <https://ir.dycomind.com>. If you are unable to attend the conference call at the scheduled time, a replay of the live webcast and the related materials will be available at <https://ir.dycomind.com> until Thursday, June 20, 2019.

About Dycom Industries, Inc.

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

Forward Looking Information

This press release contains forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act. These statements include those related to the outlook for the quarter ending July 27, 2019 found under the "Outlook" and "Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures" sections of this release. Forward looking statements are based on management's current expectations, estimates and projections. These statements are subject to risks and uncertainties that may cause actual results for completed periods and periods in the future to differ materially from the results projected or implied in any forward-looking statements contained in this press release. The most significant of these risks and uncertainties are described in the Company's Form 10-K, Form 10-Q, and Form 8-K reports (including all amendments to those reports) and include business and economic conditions and trends in the telecommunications industry affecting the Company's customers, customer capital budgets and spending priorities, the adequacy of the Company's insurance and other reserves and allowances for doubtful accounts, whether the carrying value of the Company's assets may be impaired, preliminary purchase price allocations of acquired businesses, expected benefits and synergies of acquisitions, the future impact of any acquisitions or dispositions, adjustments and cancellations related to the Company's backlog, weather conditions, the anticipated outcome of other contingent events, including litigation, liquidity and other financial needs, the availability of financing, and the other risks and uncertainties detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company does not undertake to update forward-looking statements.

---Tables Follow---

DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
Unaudited

	<u>April 27, 2019</u>	<u>January 26, 2019</u>
ASSETS		
Current assets:		
Cash and equivalents	\$ 33,579	\$ 128,342
Accounts receivable, net	701,522	625,258
Contract assets	297,630	215,849
Inventories	105,166	94,385
Income tax receivable	2,376	3,461
Other current assets	38,242	29,145
Total current assets	<u>1,178,515</u>	<u>1,096,440</u>
Property and equipment, net	429,310	424,751
Operating lease right-of-use assets (a)	69,065	—
Goodwill and other intangible assets, net	481,532	486,874
Other	52,784	89,438
Total non-current assets	<u>1,032,691</u>	<u>1,001,063</u>
Total assets	<u>\$ 2,211,206</u>	<u>\$ 2,097,503</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 138,727	\$ 119,485
Current portion of debt	11,250	5,625
Contract liabilities	12,815	15,125
Accrued insurance claims	44,035	39,961
Operating lease liabilities (a)	25,072	—
Income taxes payable	366	721
Other accrued liabilities	109,390	104,074
Total current liabilities	<u>341,655</u>	<u>284,991</u>
Long-term debt	867,376	867,574
Accrued insurance claims	59,793	68,315
Operating lease liabilities (a)	44,449	—
Deferred tax liabilities, net non-current	71,548	65,963
Other liabilities	5,208	6,492
Total liabilities	<u>1,390,029</u>	<u>1,293,335</u>
Total stockholders' equity	<u>821,177</u>	<u>804,168</u>
Total liabilities and stockholders' equity	<u>\$ 2,211,206</u>	<u>\$ 2,097,503</u>

(a) The Company adopted Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, effective January 27, 2019, the first day of fiscal 2020. On adoption, the Company recognized approximately \$71.0 million of operating lease right-of-use assets and corresponding operating lease liabilities on its condensed consolidated balance sheet for its operating leases with terms greater than twelve months.

DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share amounts)
Unaudited

	Quarter Ended April 27, 2019	Quarter Ended April 28, 2018
Contract revenues	\$ 833,743	\$ 731,375
Costs of earned revenues, excluding depreciation and amortization (a)	701,767	599,573
General and administrative expenses (b) (c)	58,622	62,283
Depreciation and amortization	46,341	43,355
Total	<u>806,730</u>	<u>705,211</u>
Interest expense, net (d)	(12,233)	(10,166)
Other income, net	5,698	7,711
Income before income taxes	<u>20,478</u>	<u>23,709</u>
Provision for income taxes	6,199	6,478
Net income	<u>\$ 14,279</u>	<u>\$ 17,231</u>
Earnings per common share:		
Basic earnings per common share	<u>\$ 0.45</u>	<u>\$ 0.55</u>
Diluted earnings per common share	<u>\$ 0.45</u>	<u>\$ 0.53</u>
Shares used in computing earnings per common share:		
Basic	<u>31,451,809</u>	<u>31,190,366</u>
Diluted (e)	<u>31,786,459</u>	<u>32,407,914</u>

(a) During the quarter ended April 27, 2019, the Company recorded an \$8.2 million pre-tax charge for estimated warranty costs for work performed for a customer in prior periods.

(b) Includes stock-based compensation expense of \$3.5 million and \$4.9 million for the quarters ended April 27, 2019 and April 28, 2018, respectively.

(c) During the quarter ended April 27, 2019, the Company recognized \$10.3 million of pre-tax income from the recovery of previously reserved accounts receivable and contract assets for a customer that filed a voluntary petition for reorganization during February 2019.

(d) Includes pre-tax interest expense for non-cash amortization of the debt discount associated with the Notes of approximately \$4.9 million and \$4.7 million for the quarters ended April 27, 2019 and April 28, 2018, respectively.

(e) During the quarter ended April 28, 2018, the Company's average stock price exceeded the \$96.89 conversion price of its Notes. As a result, diluted shares used in computing diluted earnings per common share for the quarter ended April 28, 2018 include approximately 0.6 million of potential dilution from the embedded conversion feature in the Notes.

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

(Dollars in thousands)

Unaudited

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

	<u>Contract Revenues - GAAP</u>	<u>Revenues from acquired businesses (a)</u>	<u>Revenues from storm restoration services</u>	<u>Non-GAAP - Organic Contract Revenues</u>	<u>GAAP - Growth %</u>	<u>Non-GAAP - Organic Growth %</u>
Quarter Ended April 27, 2019	\$ 833,743	\$ (6,106)	\$ (4,716)	\$ 822,921	14.0%	15.8%
Quarter Ended April 28, 2018	\$ 731,375	\$ (5,842)	\$ (14,848)	\$ 710,685		

(a) Amounts for the quarters ended April 27, 2019 and April 28, 2018 represent contract revenues from an acquired business that was not owned for the full period in both the current and prior year periods.

NET INCOME AND NON-GAAP ADJUSTED EBITDA

	<u>Quarter Ended April 27, 2019</u>	<u>Quarter Ended April 28, 2018</u>
Reconciliation of net income to Non-GAAP Adjusted EBITDA:		
Net income	\$ 14,279	\$ 17,231
Interest expense, net	12,233	10,166
Provision for income taxes	6,199	6,478
Depreciation and amortization	46,341	43,355
Earnings Before Interest, Taxes, Depreciation & Amortization ("EBITDA")	79,052	77,230
Gain on sale of fixed assets	(6,738)	(8,415)
Stock-based compensation expense	3,479	4,863
Recovery of previously reserved accounts receivable and contract assets	(10,345)	—
Charge for warranty costs	8,200	—
Non-GAAP Adjusted EBITDA	<u>\$ 73,648</u>	<u>\$ 73,678</u>
Contract revenues	\$ 833,743	\$ 731,375
<i>Non-GAAP Adjusted EBITDA % of contract revenues</i>	8.8%	10.1%

DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
TO COMPARABLE GAAP FINANCIAL MEASURES (CONTINUED)
(Dollars in thousands, except share amounts)
Unaudited

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

	Quarter Ended April 27, 2019	Quarter Ended April 28, 2018
Reconciliation of net income to Non-GAAP Adjusted Net Income:		
Net income	\$ 14,279	\$ 17,231
Pre-Tax Adjustments:		
Non-cash amortization of debt discount on Notes	4,932	4,672
Recovery of previously reserved accounts receivable and contract assets (a)	(10,345)	—
Charge for warranty costs (b)	8,200	—
Tax Adjustments:		
Tax impact of the vesting and exercise of share-based awards (c)	638	—
Tax impact of pre-tax adjustments	(766)	(1,275)
Total adjustments, net of tax	2,659	3,397
Non-GAAP Adjusted Net Income	\$ 16,938	\$ 20,628
Reconciliation of diluted earnings per common share to Non-GAAP Adjusted Diluted Earnings per Common Share:		
GAAP diluted earnings per common share	\$ 0.45	\$ 0.53
Total adjustments, net of tax and dilutive share effect of Notes (d)	0.08	0.12
Non-GAAP Adjusted Diluted Earnings per Common Share	\$ 0.53	\$ 0.65
Shares used in computing Non-GAAP Adjusted Diluted Earnings per Common Share:		
GAAP diluted shares	31,786,459	32,407,914
Adjustment for economic benefit of note hedge related to Notes (d)	—	(614,999)
Non-GAAP Adjusted Diluted Shares (d)	31,786,459	31,792,915

(a) During the quarter ended April 27, 2019, the Company recognized \$10.3 million of pre-tax income from the recovery of previously reserved accounts receivable and contract assets for a customer that filed a voluntary petition for reorganization during February 2019.

(b) During the quarter ended April 27, 2019, the Company recorded an \$8.2 million pre-tax charge for estimated warranty costs for work performed for a customer in prior periods.

(c) During the quarter ended April 27, 2019, the Company excluded income tax expense of approximately \$0.6 million for the tax effects of the vesting and exercise of share-based awards from its Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Diluted Earnings per Common Share.

(d) 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 share effect of the Notes.

Amounts in table above may not add due to rounding.



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

Unaudited

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

	Quarter Ending July 27, 2019
GAAP diluted earnings per common share	\$0.59 - \$0.81
Adjustment	
Addback of after-tax non-cash amortization of debt discount (a)	0.11
Non-GAAP Adjusted Diluted Earnings per Common Share	\$0.70 - \$0.92
Diluted shares (in millions)	31.8

(a) The Company expects to recognize approximately \$5.0 million in pre-tax interest expense during the quarter ending July 27, 2019 for the non-cash amortization of the debt discount associated with the Notes.

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

Explanation of Non-GAAP Financial Measures

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

- *Non-GAAP Organic Contract Revenues* - contract revenues from businesses that are included for the entire period in both the current and prior year periods, excluding contract revenues from storm restoration services. 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 periods. 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, 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, certain tax impacts resulting from vesting and exercise of share-based awards, 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 hedge in effect to offset the economic dilution of additional shares that would be issued in connection with the conversion of 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 debt discount on Notes* - 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.
- *Recovery of previously reserved accounts receivable and contract assets* - During the quarter ended April 27, 2019, the Company recognized \$10.3 million of pre-tax income from the recovery of previously reserved accounts receivable and contract assets for a customer that filed a voluntary petition for reorganization during February 2019. The Company excludes the impact of this recovery from its Non-GAAP financial measures because the Company believes it is not indicative of its underlying results.
- *Charge for warranty costs* - During the quarter ended April 27, 2019, the Company recorded an \$8.2 million pre-tax charge for estimated warranty costs for work performed for a customer in prior periods. The Company excludes the impact of this charge from its Non-GAAP financial measures because the Company believes it is not indicative of its underlying results in the current period.
- *Tax impact of the vesting and exercise of share-based awards* - 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 pre-tax adjustments* - The tax impact of pre-tax adjustments reflects the Company's effective tax rate used for financial planning for the applicable period.