

TheStreet Quant Ratings

DYCOM INDUSTRIES INC

BUY					HOLD					SELL					BUY	RATING SINCE	05/31/2022
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-		F	TARGET PRICE
Annual Dividend Rate NA		Annual Dividend Yield NA			Beta 1.37			Market Capitalization \$4.1 Billion			52-Week Range \$78.42-\$143.93		Price as of 3/14/2024 \$140.02				

Sector: **Construction** | Industry Group: **Utility System Construction**

DY BUSINESS DESCRIPTION

Dycom Industries, Inc. provides specialty contracting services to the telecommunications infrastructure and utility industries in the United States.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	22.45	41.16	11.58

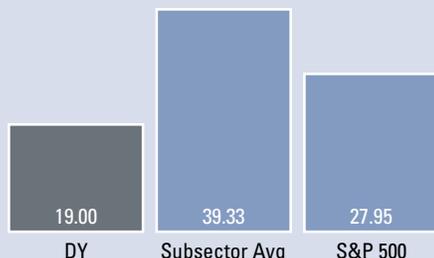
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	3.81	9.63	9.28
Net Income	-5.61	53.94	85.43
EPS	-4.82	55.48	92.08

RETURN ON EQUITY (%)

	DY	Subsector Avg	S&P 500
Q4 2023	20.76	10.72	17.66
Q4 2022	16.37	9.18	19.00
Q4 2021	6.40	7.33	18.28

P/E COMPARISON

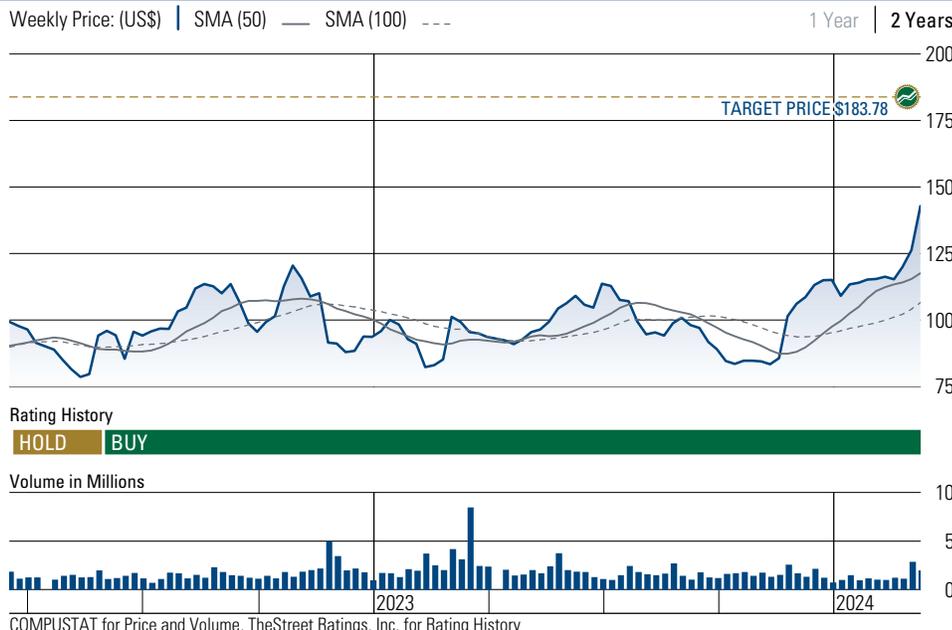


EPS ANALYSIS' (\$)



NA = not available NM = not meaningful

1 CompuStat fiscal year convention is used for all fundamental data items.



RECOMMENDATION

We rate DYCOM INDUSTRIES INC (DY) a BUY. This is driven by several positive factors, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its revenue growth, largely solid financial position with reasonable debt levels by most measures, notable return on equity, solid stock price performance and good cash flow from operations. We feel its strengths outweigh the fact that the company has had sub par growth in net income.

HIGHLIGHTS

The revenue growth came in higher than the subsector average of 7.9%. Since the same quarter one year prior, revenues slightly increased by 3.8%. This growth in revenue does not appear to have trickled down to the company's bottom line, displayed by a decline in earnings per share.

The debt-to-equity ratio is somewhat low, currently at 0.84, and is less than that of the subsector average, implying that there has been a relatively successful effort in the management of debt levels. Along with this, the company maintains a quick ratio of 2.76, which clearly demonstrates the ability to cover short-term cash needs.

The return on equity has improved slightly when compared to the same quarter one year prior. This can be construed as a modest strength in the organization. In comparison to the other companies in the Heavy and Civil Engineering Construction subsector and the overall market, DYCOM INDUSTRIES INC's return on equity significantly exceeds that of the subsector average and is above that of the S&P 500.

Compared to its closing price of one year ago, DY's share price has jumped by 41.16%, exceeding the performance of the broader market during that same time frame. Regarding the stock's future course, although almost any stock can fall in a broad market decline, DY should continue to move higher despite the fact that it has already enjoyed a very nice gain in the past year.

DYCOM INDUSTRIES INC' earnings per share from the most recent quarter came in slightly below the year earlier quarter. This company has reported somewhat volatile earnings recently. But, we feel it is poised for EPS growth in the coming year. During the past fiscal year, DYCOM INDUSTRIES INC increased its bottom line by earning \$7.37 versus \$4.74 in the prior year. This year, the market expects an improvement in earnings (\$7.68 versus \$7.37).

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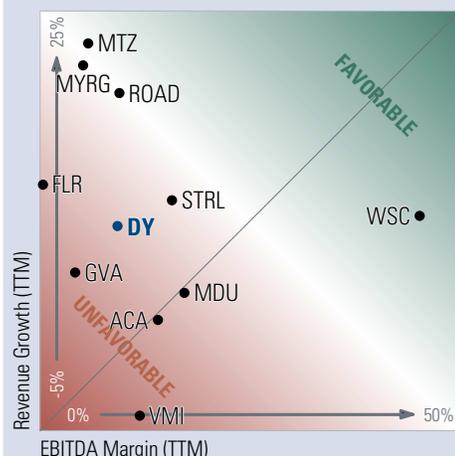
DYCOM INDUSTRIES INC

Sector: Construction | Utility System Construction

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PEER GROUP ANALYSIS

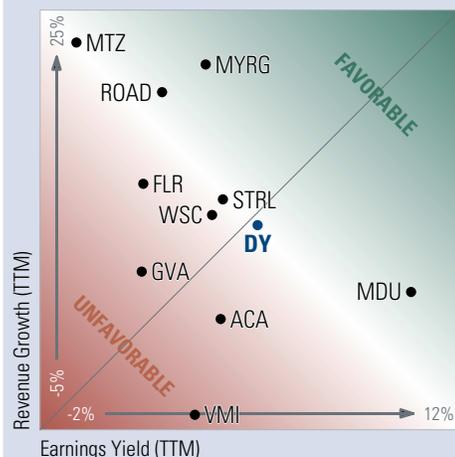
REVENUE GROWTH AND EBITDA MARGIN*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$2.3 Billion and \$8.6 Billion. Companies with NA or NM values do not appear.

*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -3.9% and 22.7%. Companies with NA or NM values do not appear.

SUBSECTOR ANALYSIS

DYCOM INDUSTRIES INC falls within the Construction sector and the Utility System Construction industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Power and Communication Line and Related Structures Construction .

TheStreet Quant Ratings is currently tracking 65 companies in the Construction sector that total around \$372 billion in market capitalization as well as \$318 billion in annual sales.

The Heavy and Civil Engineering Construction subsector accounts for 17.3% of those revenues.

The Heavy and Civil Engineering Construction subsector comprises establishments whose primary activity is the construction of entire engineering projects (e.g., highways and dams), and specialty trade contractors, whose primary activity is the production of a specific component for such projects. Specialty trade contractors in the Heavy and Civil Engineering Construction subsector generally are performing activities that are specific to heavy and civil engineering construction projects and are not normally performed on buildings. The work performed may include new work, additions, alterations, or maintenance and repairs. Specialty trade activities are classified in this subsector if the skills and equipment present are specific to heavy or civil engineering construction projects. For example, specialized equipment is needed to paint lines on highways. This equipment is not normally used in building applications so the activity is classified in this subsector. Construction projects involving water resources (e.g., dredging and land drainage) and projects involving open space improvement (e.g., parks and trails) are included in this subsector. Establishments whose primary activity is the subdivision of land into individual building lots usually perform various additional site-improvement activities (e.g., road building and utility line installation) and are included in this subsector. Establishments in this subsector are classified based on the types of structures that they construct. This classification reflects variations in the requirements of the underlying production processes.

PEER GROUP: Heavy and Civil Engineering Construction

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
DY	DYCOM INDUSTRIES INC	140.02	4,073	19.00	4,175.57	218.92
WSC	WILLSCOT MOBILE MINI HOLDING	45.16	8,579	26.72	2,364.77	476.46
MTZ	MASTEC INC	84.36	6,688	NM	11,995.93	-49.95
FLR	FLUOR CORP	38.50	6,561	68.75	15,474.00	139.00
MDU	MDU RESOURCES GROUP INC	22.66	4,616	9.64	4,657.34	414.71
VMI	VALMONT INDUSTRIES INC	212.20	4,290	31.58	4,174.60	143.48
ACA	ARCOSA INC	80.89	3,928	24.81	2,307.90	159.20
STRL	STERLING INFRASTRUCTURE INC	108.49	3,355	24.38	1,972.23	138.66
MYRG	MYR GROUP INC	153.37	2,567	28.30	3,643.91	90.99
GVA	GRANITE CONSTRUCTION INC	54.44	2,394	71.63	3,509.14	43.60
ROAD	CONSTRUCTION PRTRN INC	52.28	2,291	48.41	1,618.27	56.95

The peer group comparison is based on Major Heavy and Civil Engineering Construction companies of comparable size.

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COMPANY DESCRIPTION

Dycom Industries, Inc. provides specialty contracting services to the telecommunications infrastructure and utility industries in the United States. The company offers engineering services to telecommunications providers, including the planning and design of aerial, underground, and buried fiber optic, copper, and coaxial cable systems; wireless networks in connection with the deployment of macro cell and new small cell sites; and program and project management and inspection personnel. It also provides construction, maintenance, and installation services for telephone companies and cable multiple system operators, such as placement and splicing of copper, fiber, and coaxial cables; tower construction, lines and antenna installation, foundation and equipment pad construction, and small cell site placement for wireless carriers, as well as equipment installation and material fabrication, and site testing services; underground facility locating services comprising locating telephone, cable television, power, water, sewer, and gas lines; installation and maintenance of customer premise equipment, including digital video recorders, set top boxes, and modems for cable system operators; and construction and maintenance services for electric and gas utilities, and other customers. Dycom Industries, Inc. was incorporated in 1969 and is headquartered in Palm Beach Gardens, Florida.

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Employees: 16000

STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of DY shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
Growth	4.5 out of 5 stars	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, DY has a growth score better than 80% of the stocks we rate.		weak				strong
Total Return	5.0 out of 5 stars	★	★	★	★	★
Measures the historical price movement of the stock. The stock performance of this company has beaten 90% of the companies we cover.		weak				strong
Efficiency	4.5 out of 5 stars	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 80% of the companies we review.		weak				strong
Price volatility	4.5 out of 5 stars	★	★	★	★	★
Measures the volatility of the company's stock price historically. The stock is less volatile than 80% of the stocks we monitor.		weak				strong
Solvency	4.5 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 80% of the companies we analyze.		weak				strong
Income	0.5 out of 5 stars	★	☆	☆	☆	☆
Measures dividend yield and payouts to shareholders. This company pays no dividends.		weak				strong

THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

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Consensus EPS Estimates² (\$)

IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q4 FY23	Q4 FY22
Net Sales (\$mil)	952.46	917.47
EBITDA (\$mil)	88.10	79.84
EBIT (\$mil)	42.80	43.10
Net Income (\$mil)	23.42	24.81

BALANCE SHEET

	Q4 FY23	Q4 FY22
Cash & Equiv. (\$mil)	101.09	225.56
Total Assets (\$mil)	2,516.89	2,313.25
Total Debt (\$mil)	885.04	892.02
Equity (\$mil)	1,054.66	868.76

PROFITABILITY

	Q4 FY23	Q4 FY22
Gross Profit Margin	16.91%	16.55%
EBITDA Margin	9.24%	8.70%
Operating Margin	4.49%	4.70%
Sales Turnover	1.66	1.65
Return on Assets	8.69%	6.14%
Return on Equity	20.76%	16.37%

DEBT

	Q4 FY23	Q4 FY22
Current Ratio	3.06	3.18
Debt/Capital	0.46	0.51
Interest Expense	15.00	11.56
Interest Coverage	2.85	3.73

SHARE DATA

	Q4 FY23	Q4 FY22
Shares outstanding (mil)	29	29
Div / share	0.00	0.00
EPS	0.79	0.83
Book value / share	35.95	29.60
Institutional Own %	NA	NA
Avg Daily Volume	264,251	303,882

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

FINANCIAL ANALYSIS

DYCOM INDUSTRIES INC's gross profit margin for the fourth quarter of its fiscal year 2023 is essentially unchanged when compared to the same period a year ago. Even though sales increased, the net income has decreased. DYCOM INDUSTRIES INC is extremely liquid. Currently, the Quick Ratio is 2.76 which clearly shows the ability to cover any short-term cash needs. The company's liquidity has decreased from the same period last year.

During the same period, stockholders' equity ("net worth") has increased by 21.39% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is very unlikely to face financial difficulties in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

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RATINGS HISTORY

Our rating for DYCOM INDUSTRIES INC has not changed since 5/31/2022. As of 3/14/2024, the stock was trading at a price of \$140.02 which is 2.7% below its 52-week high of \$143.93 and 78.6% above its 52-week low of \$78.42.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
5/31/22	\$93.11	Upgrade	Hold	Buy
3/14/22	\$94.89	No Change	Hold	Hold

Price reflects the closing price as of the date listed, if available

RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

31.74% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

30.61% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

37.64% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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VALUATION

BUY. The current P/E ratio indicates a significant discount compared to an average of 39.33 for the Heavy and Civil Engineering Construction subsector and a discount compared to the S&P 500 average of 27.95. Conducting a second comparison, its price-to-book ratio of 3.90 indicates a discount versus the S&P 500 average of 4.68 and a premium versus the subsector average of 3.29. The current price-to-sales ratio is well below the S&P 500 average and is also below the subsector average, indicating a discount. The valuation analysis reveals that, DYCOM INDUSTRIES INC seems to be trading at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
		premium			discount

DY 19.00 **Peers 39.33**

- Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
- DY is trading at a significant discount to its peers.

Price/Projected Earnings	1	2	3	4	5
		premium			discount

DY 15.56 **Peers 16.26**

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- DY is trading at a premium to its peers.

Price/Book	1	2	3	4	5
		premium			discount

DY 3.90 **Peers 3.29**

- Premium. A higher price-to-book ratio makes a stock less attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- DY is trading at a premium to its peers.

Price/Sales	1	2	3	4	5
		premium			discount

DY 0.98 **Peers 1.37**

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- DY is trading at a significant discount to its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
		premium			discount

DY 12.64 **Peers 16.61**

- Discount. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- DY is trading at a discount to its peers.

Price to Earnings/Growth	1	2	3	4	5
		premium			discount

DY 4.52 **Peers 1.38**

- Premium. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- DY trades at a significant premium to its peers.

Earnings Growth	1	2	3	4	5
		lower			higher

DY 55.48 **Peers -33.23**

- Higher. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- DY is expected to have an earnings growth rate that significantly exceeds its peers.

Sales Growth	1	2	3	4	5
		lower			higher

DY 9.63 **Peers 15.99**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- DY significantly trails its peers on the basis of sales growth.

DISCLAIMER:

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