March 17, 2024

NYSE: **VMI**

TheStreet Quant Ratings

VALMONT INDUSTRIES INC

BUY						HOLD			SELL							HOLD	RATING SINCE	10/26/2023
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-	F			

Annual Dividend Rate	Annual Dividend Yield	Beta	Market Capitalization	52-Week Range	Price as of 3/14/2024
$2.40	**1.13%**	**1.02**	**$4.3 Billion**	**$188.63-$324.50**	**$212.20**

Sector: **Manufacturing** | Industry Group: **Architectural and Structural Metals Manufacturing**

VMI BUSINESS DESCRIPTION

Valmont Industries, Inc. operates as manufacturer of products and services for infrastructure and agriculture markets in the United States, Australia, Brazil, and internationally. It operates through two segments, Infrastructure and Agriculture.

STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	-6.59	-30.70	-5.13

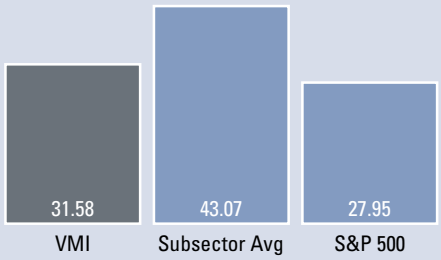
GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	-10.26	-3.93	12.97
Net Income	-29.13	-42.81	0.65
EPS	-25.81	-42.22	0.75

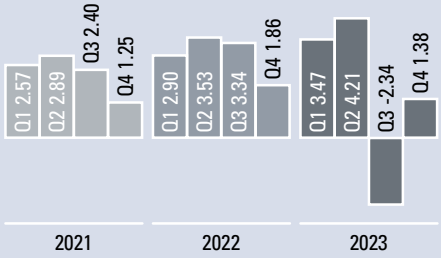
RETURN ON EQUITY (%)

	VMI	Subsector Avg	S&P 500
Q4 2023	10.59	19.34	17.66
Q4 2022	15.87	15.26	19.00
Q4 2021	14.11	16.91	18.28

P/E COMPARISON

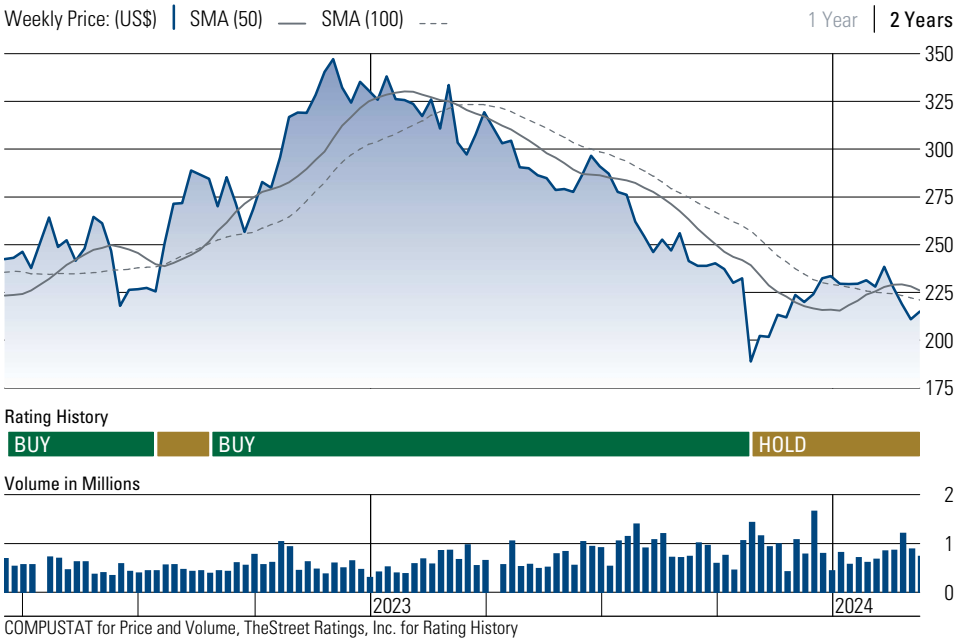


EPS ANALYSIS[1] ($)



NA = not available NM = not meaningful

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



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

RECOMMENDATION

We rate VALMONT INDUSTRIES INC (VMI) a HOLD. The primary factors that have impacted our rating are mixed - some indicating strength, some showing weaknesses, with little evidence to justify the expectation of either a positive or negative performance for this stock relative to most other stocks. The company's strengths can be seen in multiple areas, such as its reasonable valuation levels and largely solid financial position with reasonable debt levels by most measures. However, as a counter to these strengths, we also find weaknesses including deteriorating net income, disappointing return on equity and weak operating cash flow.

HIGHLIGHTS

VMI, with its decline in revenue, underperformed when compared the subsector average of 8.1%. Since the same quarter one year prior, revenues fell by 10.3%. Weakness in the company's revenue seems to have hurt the bottom line, decreasing earnings per share.

The company, on the basis of change in net income from the same quarter one year ago, has significantly underperformed when compared to that of the S&P 500 and the Fabricated Metal Product Manufacturing subsector. The net income has significantly decreased by 29.1% when compared to the same quarter one year ago, falling from $40.33 million to $28.59 million.

Current return on equity is lower than its ROE from the same quarter one year prior. This is a clear sign of weakness within the company. When compared to other companies in the Fabricated Metal Product Manufacturing subsector and the overall market, VALMONT INDUSTRIES INC's return on equity is below that of both the subsector average and the S&P 500.

TheStreet Quant Ratings

VALMONT INDUSTRIES INC

Sector: Manufacturing | Architectural and Structural Metals Manufacturing

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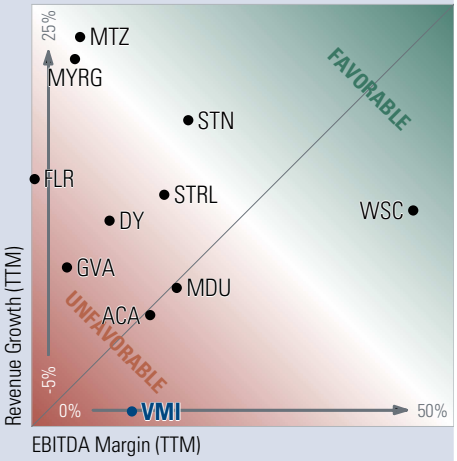
PEER GROUP ANALYSIS

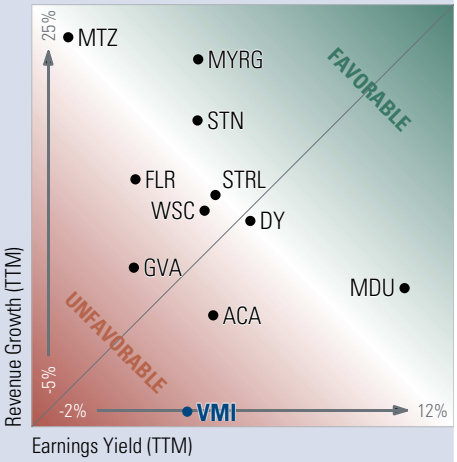
REVENUE GROWTH AND EBITDA MARGIN*



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 $2.4 Billion and $9.7 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

VALMONT INDUSTRIES INC falls within the Manufacturing sector and the Architectural and Structural Metals Manufacturing industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Fabricated Structural Metal Manufacturing .

TheStreet Quant Ratings is currently tracking 2221 companies in the Manufacturing sector that total around $29,922 billion in market capitalization as well as $10,681 billion in annual sales.

The Fabricated Metal Product Manufacturing subsector accounts for 1.3% of those revenues.

Industries in the Fabricated Metal Product Manufacturing subsector transform metal into intermediate or end products, other than machinery, computers and electronics, and metal furniture, or treat metals and metal formed products fabricated elsewhere. Important fabricated metal processes are forging, stamping, bending, forming, and machining, used to shape individual pieces of metal; and other processes, such as welding and assembling, used to join separate parts together. Establishments in this subsector may use one of these processes or a combination of these processes. The NAICS structure for this subsector distinguishes the forging and stamping processes in a single industry. The remaining industries in the subsector group establishments based on similar combinations of processes used to make products. The manufacturing performed in the Fabricated Metal Product Manufacturing subsector begins with manufactured metal shapes. The establishments in this subsector further fabricate the purchased metal shapes into a product. For instance, the Spring and Wire Product Manufacturing industry starts with wire and fabricates such items. Within the Manufacturing sector there are other establishments that make the same products made by this subsector; only these establishments begin production further back in the production process. These establishments have a more integrated operation. For instance, one establishment may manufacture steel, draw it into wire, and make wire products in the same establishment. Such operations are classified in the Primary Metal Manufacturing subsector.

PEER GROUP: Fabricated Metal Product Manufacturing

Ticker	Company Name	Recent Price ($)	Market Cap ($M)	Price/ Earnings	Net Sales TTM ($M)	Net Income TTM ($M)
VMI	**VALMONT INDUSTRIES INC**	**212.20**	**4,290**	**31.58**	**4,174.60**	**143.48**
STN	STANTEC INC	84.92	9,687	28.50	4,954.40	330.30
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
DY	DYCOM INDUSTRIES INC	140.02	4,073	19.00	4,175.57	218.92
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

The peer group comparison is based on Major Fabricated Metal Product Manufacturing companies of comparable size.

TheStreet Quant Ratings

VALMONT INDUSTRIES INC

Sector: Manufacturing | Architectural and Structural Metals Manufacturing

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$2.40	**1.13%**	**1.02**	**$4.3 Billion**	**$188.63-$324.50**	**$212.20**

COMPANY DESCRIPTION

Valmont Industries, Inc. operates as manufacturer of products and services for infrastructure and agriculture markets in the United States, Australia, Brazil, and internationally. It operates through two segments, Infrastructure and Agriculture. The company manufactures and distributes steel, pre-stressed concrete, composite structures for electrical transmission, substation, and distribution applications; and designs, engineers, and manufactures metal, steel, wood, aluminum, and composite poles and structures for lighting and transportation applications. It also offers galvanizing, anodizing, painting, and powder coating services for paint products; towers, small cell structures, camouflage concealment solutions, passive intermodulation mitigation equipment, and components for wireless communication markets; and solar single-axis tracker product, an integrated system of steel structures, electric motors, and electronic controllers, as well as provides coatings services to preserve metal products. In addition, the company manufactures center pivot components and linear irrigation equipment for the agricultural markets, such as parts and tubular products for industrial customers; advanced technology solutions for agricultural sector; mechanical irrigation equipment and service parts under the Valley brand name. It serves municipalities and government entities, commercial lighting fixtures manufacturing companies, contractors, telecommunications and utility companies, and farmers, as well as the general manufacturing sector. Valmont Industries, Inc. was founded in 1946 and is headquartered in Omaha, Nebraska.

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STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of VMI 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	weak				strong
Growth	4.0 out of 5 stars	★	★	★	★	☆
Measures the growth of both the company's income statement and cash flow. On this factor, VMI has a growth score better than 70% of the stocks we rate.						
Total Return	2.5 out of 5 stars	★	★	½	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 40% of the companies we cover.						
Efficiency	3.5 out of 5 stars	★	★	★	½	☆
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 60% of the companies we review.						
Price volatility	3.0 out of 5 stars	★	★	★	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 50% of the stocks we monitor.						
Solvency	5.0 out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.						
Income	3.5 out of 5 stars	★	★	★	½	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 60% of the companies we track.						

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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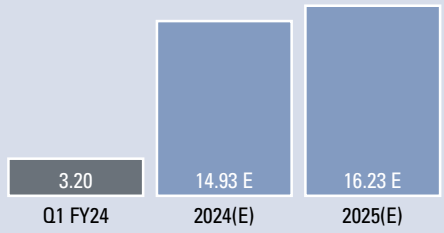
Consensus EPS Estimates[2] ($)
IBES consensus estimates are provided by Thomson Financial



INCOME STATEMENT

	Q4 FY23	Q4 FY22
Net Sales ($mil)	1,015.53	1,131.52
EBITDA ($mil)	120.76	134.08
EBIT ($mil)	94.58	109.72
Net Income ($mil)	28.59	40.33

BALANCE SHEET

	Q4 FY23	Q4 FY22
Cash & Equiv. ($mil)	203.04	185.41
Total Assets ($mil)	3,477.45	3,557.00
Total Debt ($mil)	1,294.11	1,050.30
Equity ($mil)	1,354.28	1,580.85

PROFITABILITY

	Q4 FY23	Q4 FY22
Gross Profit Margin	30.44%	28.57%
EBITDA Margin	11.89%	11.84%
Operating Margin	9.31%	9.70%
Sales Turnover	1.20	1.22
Return on Assets	4.12%	7.05%
Return on Equity	10.59%	15.87%

DEBT

	Q4 FY23	Q4 FY22
Current Ratio	2.47	2.21
Debt/Capital	0.49	0.40
Interest Expense	15.76	13.83
Interest Coverage	6.00	7.93

SHARE DATA

	Q4 FY23	Q4 FY22
Shares outstanding (mil)	20	21
Div / share	0.60	0.55
EPS	1.38	1.86
Book value / share	67.01	74.04
Institutional Own %	NA	NA
Avg Daily Volume	164,453	188,845

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

FINANCIAL ANALYSIS

VALMONT INDUSTRIES INC's gross profit margin for the fourth quarter of its fiscal year 2023 has increased when compared to the same period a year ago. Sales and net income have dropped, underperforming the average competitor within its subsector. VALMONT INDUSTRIES INC has average liquidity. Currently, the Quick Ratio is 1.43 which shows that technically this company has the ability to cover short-term cash needs. The company's liquidity has increased from the same period last year.

During the same period, stockholders' equity ("net worth") has decreased by 14.33% from the same quarter last year. Together, the key liquidity measurements indicate that it is relatively unlikely that the company will 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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NYSE: **VMI**

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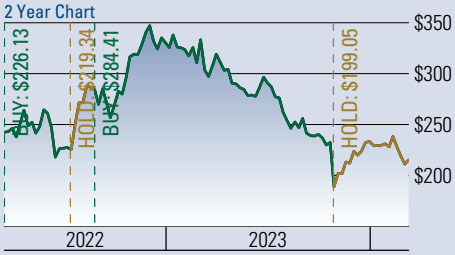
RATINGS HISTORY

Our rating for VALMONT INDUSTRIES INC has not changed since 10/26/2023. As of 3/14/2024, the stock was trading at a price of $212.20 which is 34.6% below its 52-week high of $324.50 and 12.5% above its 52-week low of $188.63.

2 Year Chart



MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
10/26/23	$199.05	Downgrade	Buy	Hold
8/26/22	$284.41	Upgrade	Hold	Buy
7/14/22	$219.34	Downgrade	Buy	Hold
3/14/22	$226.13	No Change	Buy	Buy

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

HOLD. This stock's P/E ratio indicates a significant discount compared to an average of 43.07 for the Fabricated Metal Product Manufacturing subsector and a premium compared to the S&P 500 average of 27.95. For additional comparison, its price-to-book ratio of 3.17 indicates a significant discount versus the S&P 500 average of 4.68 and a significant discount versus the subsector average of 5.58. The price-to-sales ratio is well below both the S&P 500 average and the subsector average, indicating a discount. Upon assessment of these and other key valuation criteria, VALMONT INDUSTRIES INC proves to trade at a discount to investment alternatives.

Price/Earnings — 1 2 3 4 **5** (premium … discount)

VMI 31.58 **Peers 43.07**

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

Price/CashFlow — 1 2 3 4 **5** (premium … discount)

VMI 13.98 **Peers 25.53**

- 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.
- VMI is trading at a significant discount to its peers.

Price/Projected Earnings — 1 2 3 4 **5** (premium … discount)

VMI 13.07 **Peers 21.13**

- Discount. A lower price-to-projected earnings ratio than its peers can signify a less expensive stock or lower future growth expectations.
- VMI is trading at a significant discount to its peers.

Price to Earnings/Growth — 1 2 3 4 **5** (premium … discount)

VMI 0.26 **Peers 2.46**

- Discount. 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.
- VMI trades at a significant discount to its peers.

Price/Book — 1 2 3 4 **5** (premium … discount)

VMI 3.17 **Peers 5.58**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- VMI is trading at a significant discount to its peers.

Earnings Growth — **1** 2 3 4 5 (lower … higher)

VMI -42.22 **Peers 31.55**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, VMI is expected to significantly trail its peers on the basis of its earnings growth rate.

Price/Sales — 1 2 3 4 **5** (premium … discount)

VMI 1.03 **Peers 3.60**

- 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.
- VMI is trading at a significant discount to its subsector on this measurement.

Sales Growth — **1** 2 3 4 5 (lower … higher)

VMI -3.93 **Peers 9.90**

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

NAICS is the North American Industry Classification System which provides the Sector, Subsector, and Industry Group structure used in this report. As many companies are diversified, the companies may also operate in other industry segments than the one listed.