

# Vulcan

## Materials Company

3Q 2020 SUPPLEMENTAL  
INFORMATION FOR EARNINGS  
CONFERENCE CALL

November 5, 2020

# Disclaimer

## Safe Harbor

This document contains forward-looking statements. Statements that are not historical fact, including statements about Vulcan's beliefs and expectations, are forward-looking statements. Generally, these statements relate to future financial performance, results of operations, business plans or strategies, projected or anticipated revenues, expenses, earnings (including EBITDA and other measures), dividend policy, shipment volumes, pricing, levels of capital expenditures, intended cost reductions and cost savings, anticipated profit improvements and/or planned divestitures and asset sales. These forward-looking statements are sometimes identified by the use of terms and phrases such as "believe," "should," "would," "expect," "project," "estimate," "anticipate," "intend," "plan," "will," "can," "may" or similar expressions elsewhere in this document. These statements are subject to numerous risks, uncertainties, and assumptions, including but not limited to general business conditions, competitive factors, pricing, energy costs, and other risks and uncertainties discussed in the reports Vulcan periodically files with the SEC.

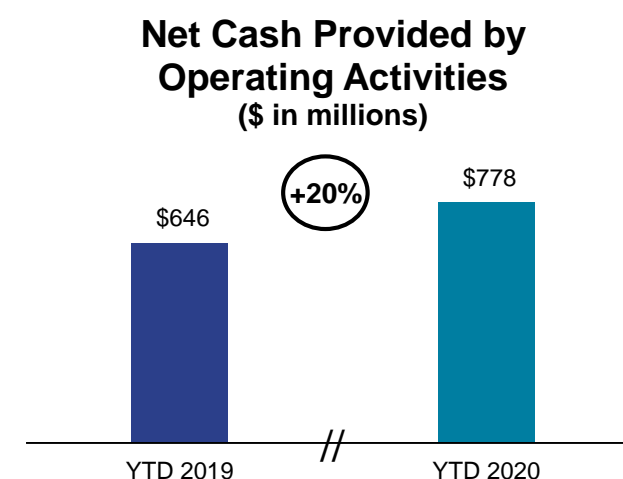
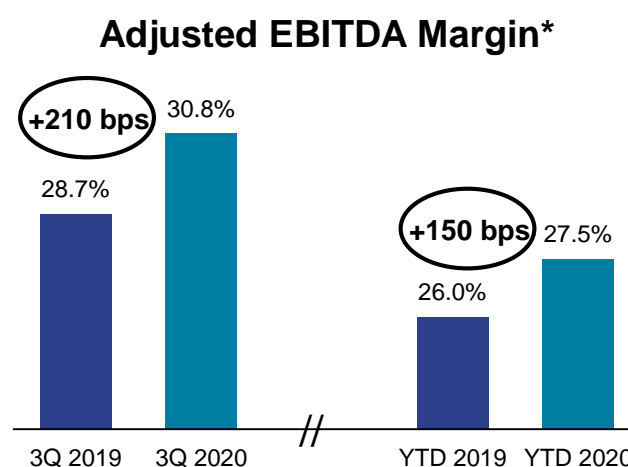
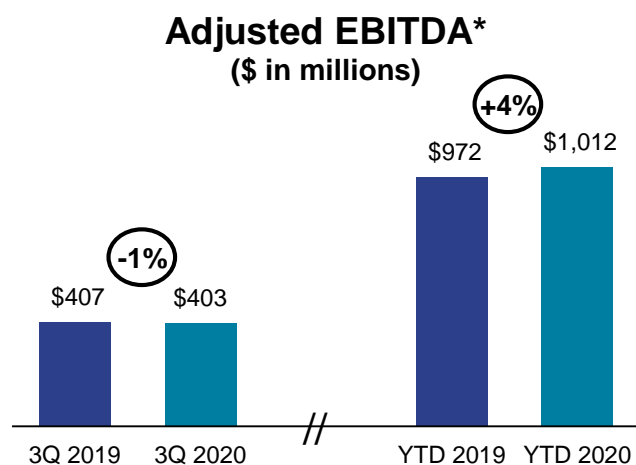
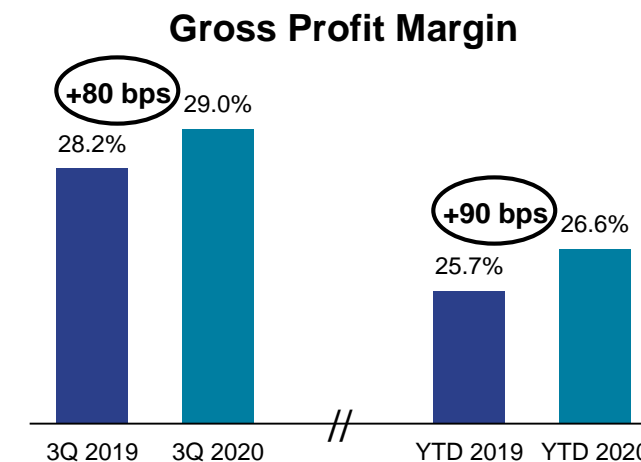
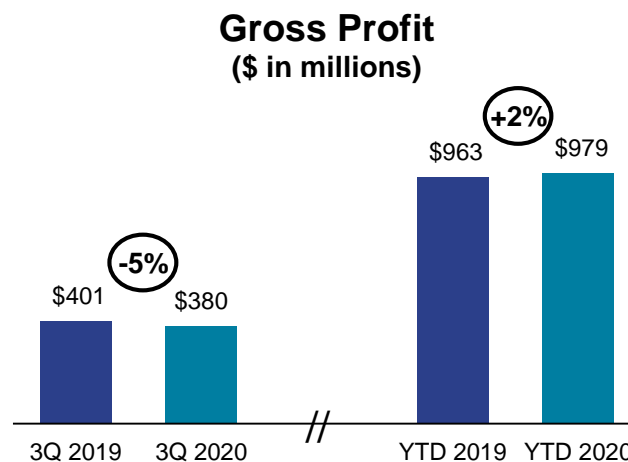
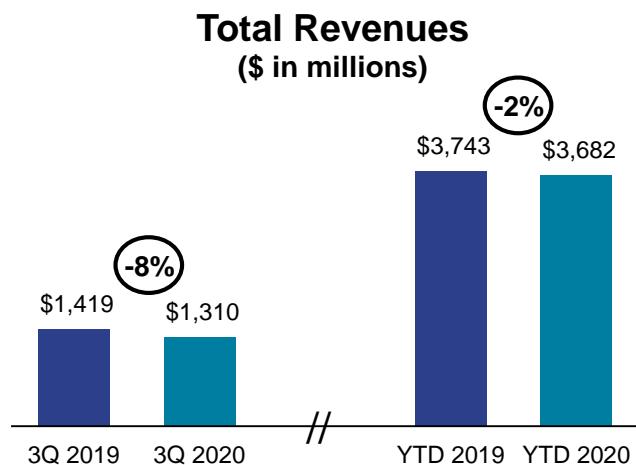
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## Non-GAAP Financial Terms

This presentation contains certain non-GAAP financial terms which are defined in the Appendix. Reconciliations of non-GAAP terms to the closest GAAP terms are also provided in the Appendix.

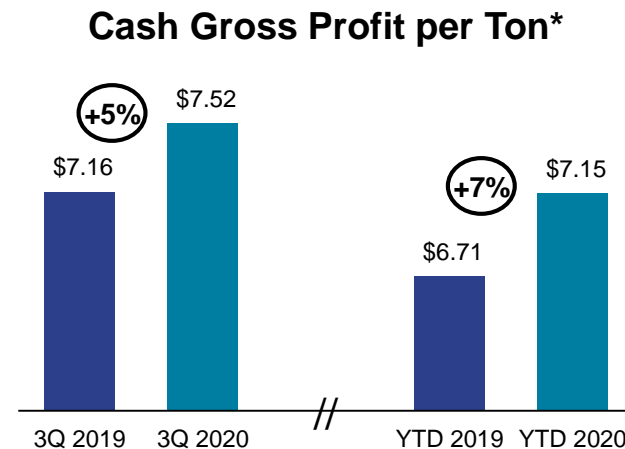
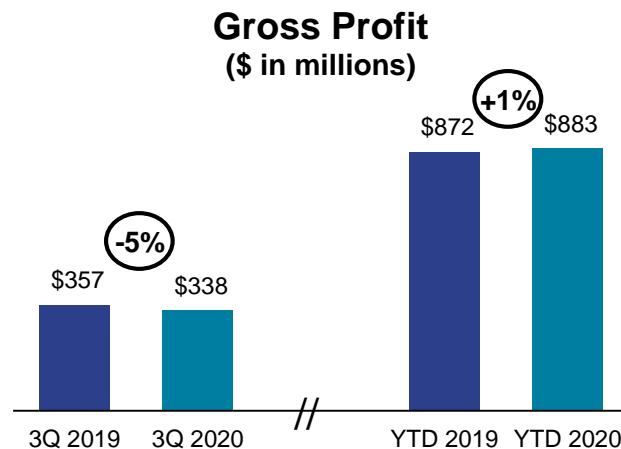
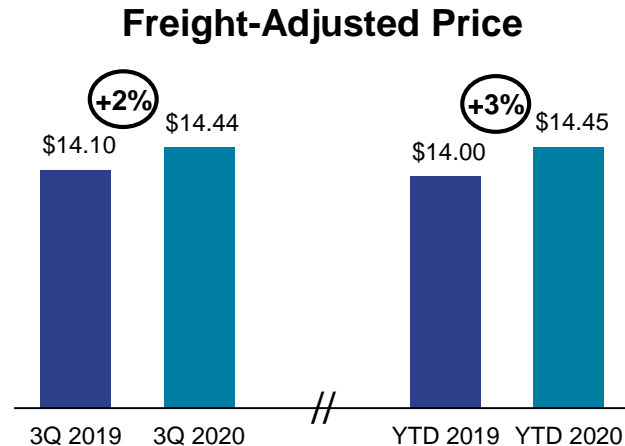
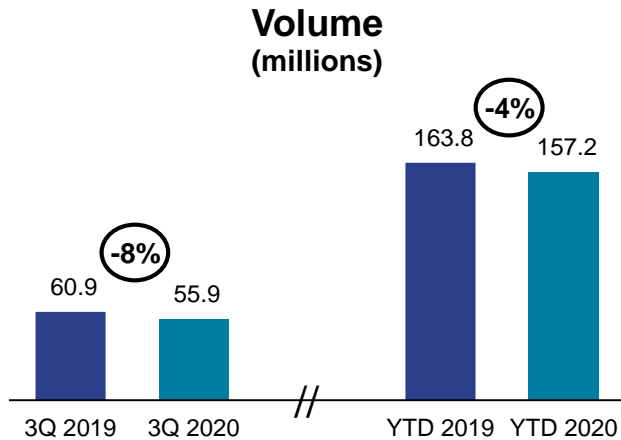
# Total Company Highlights

Continued margin expansion and strong cash generation



# Key Performance Indicators – Aggregates

Cost control and price growth lead to unit margin expansion



- Shipments impacted by continued economic uncertainty resulting from the pandemic, severe wet weather and wildfires in key markets

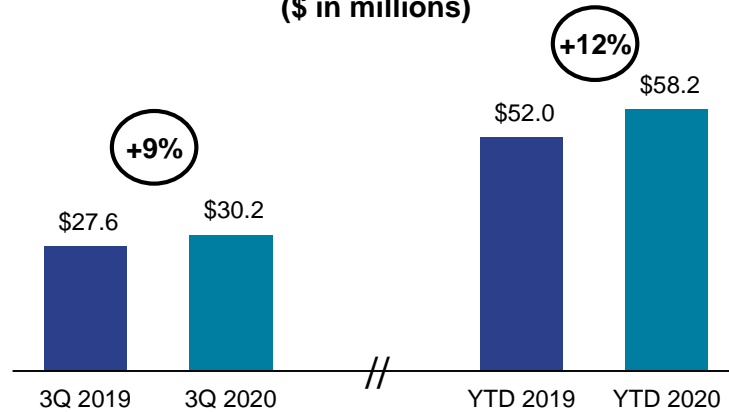
- Despite lower shipments, unit profitability gains were widespread
- On a mix-adjusted basis, most key markets reported year-over-year price growth
- Cash costs flat compared to prior year

*Factors within our control*

# Asphalt and Concrete Earnings

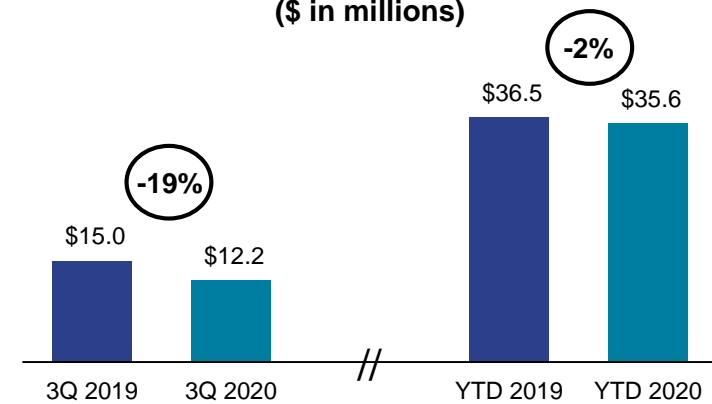
Overall earnings improvement despite lower volumes

**Asphalt Gross Profit**  
(\$ in millions)



- Shipments were impacted by wildfires in California, the Company's largest asphalt market, and wet weather and the completion of certain large projects last year in Tennessee
- Earnings growth driven by slightly higher prices and cost control, including lower liquid asphalt unit costs

**Concrete Gross Profit**  
(\$ in millions)



- Third quarter shipments decreased 11% and the average selling price increased 3%
- Shipments were impacted by wet weather in Virginia and wildfires in Northern California, the Company's two largest concrete markets
- Price growth across all markets

# Capital Allocation and Financial Position

Leveraging our capital base to drive shareholder value

**2.5x**

Total Debt to TTM Adjusted EBITDA\*

**1.7x**

Net Debt to TTM Adjusted EBITDA\*

**14**

Years

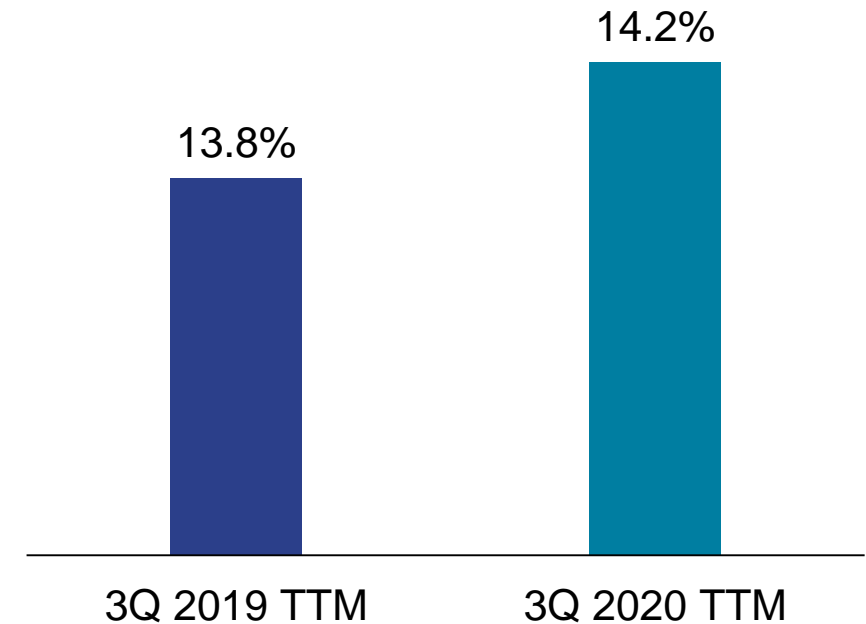
Weighted-Average Maturity of Debt

**4.1**

Percent

Weighted-Average Interest Rate

## Return on Invested Capital\*



# Outlook

Full-Year 2020 Adjusted EBITDA of \$1.285 billion to \$1.315 billion

## Private Construction

- Residential has returned to growth. Strength in single-family helping offset areas of weakness in nonresidential. Vulcan states outperforming.
- Since March, private nonresidential awards have been weak overall. Growth in warehouses and distribution centers helping offset weakness elsewhere (accounts for one-third of private NR awards, up from 20% four years ago).
- Positive traction in leading indicators (e.g. ABI and Dodge Momentum Index) have improved sequentially since bottoming in April.

## Public Construction

- Higher gas taxes and better than expected bounce back in vehicle miles traveled (VMT).
- Departments of Transportation continue to shake off effects of COVID-19. Little to no change expected in highway budgets after cautious start to FY 2021 lettings.
- One-year extension of federal highway funding supports planned construction activity.
- Other non-transportation construction awards (e.g. water, sewer, airports) remain weak due to continuing economic uncertainty and lower general tax receipts.

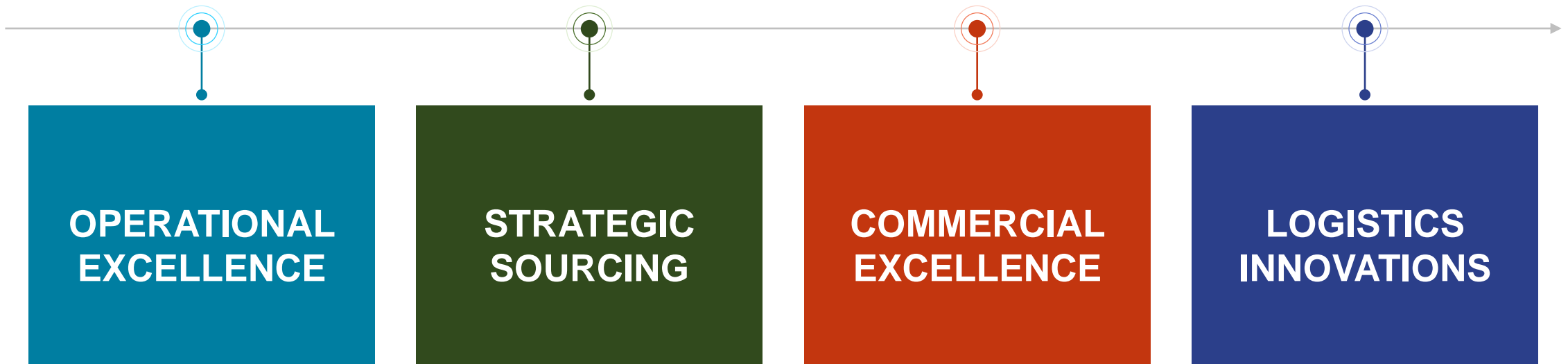
## Other

- Quote activity remains positive and supports continued recovery.
- Inflation for most construction inputs remains low.
- Aggregates pricing environment remains positive.
- Construction employment improving incrementally, retracing losses caused by pandemic.

*Continued recovery in leading indicators would point to construction activity stabilizing over the course of 2021*

# Position of Strength in a Challenging Operating Environment

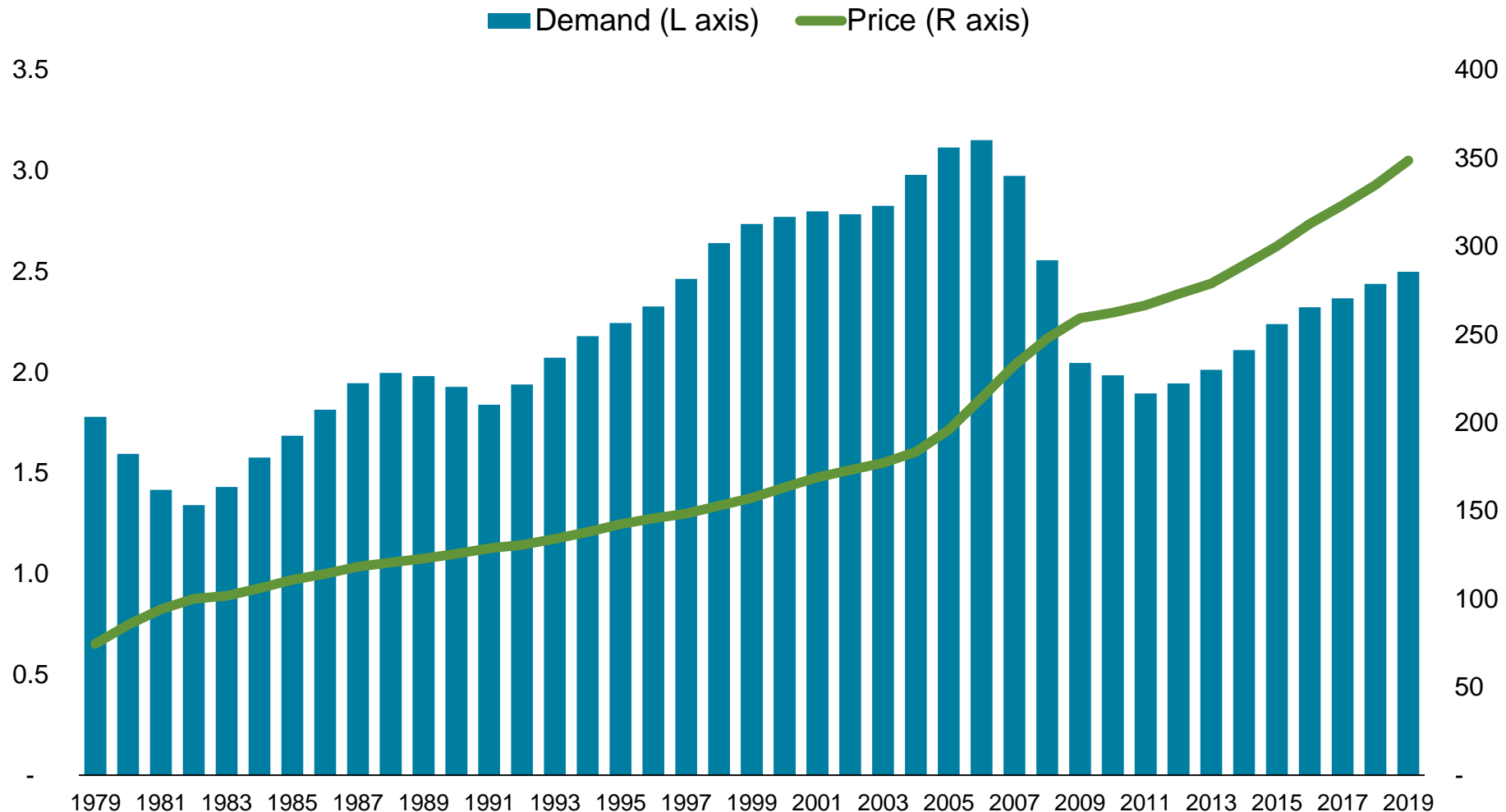
- Unique industry position – Aggregates focus with no cement
- Broad operational footprint provides diversification to geographic responsiveness
- Experienced management team
- Healthy balance sheet and strong liquidity
- 4 strategic disciplines support our ability to grow unit margins





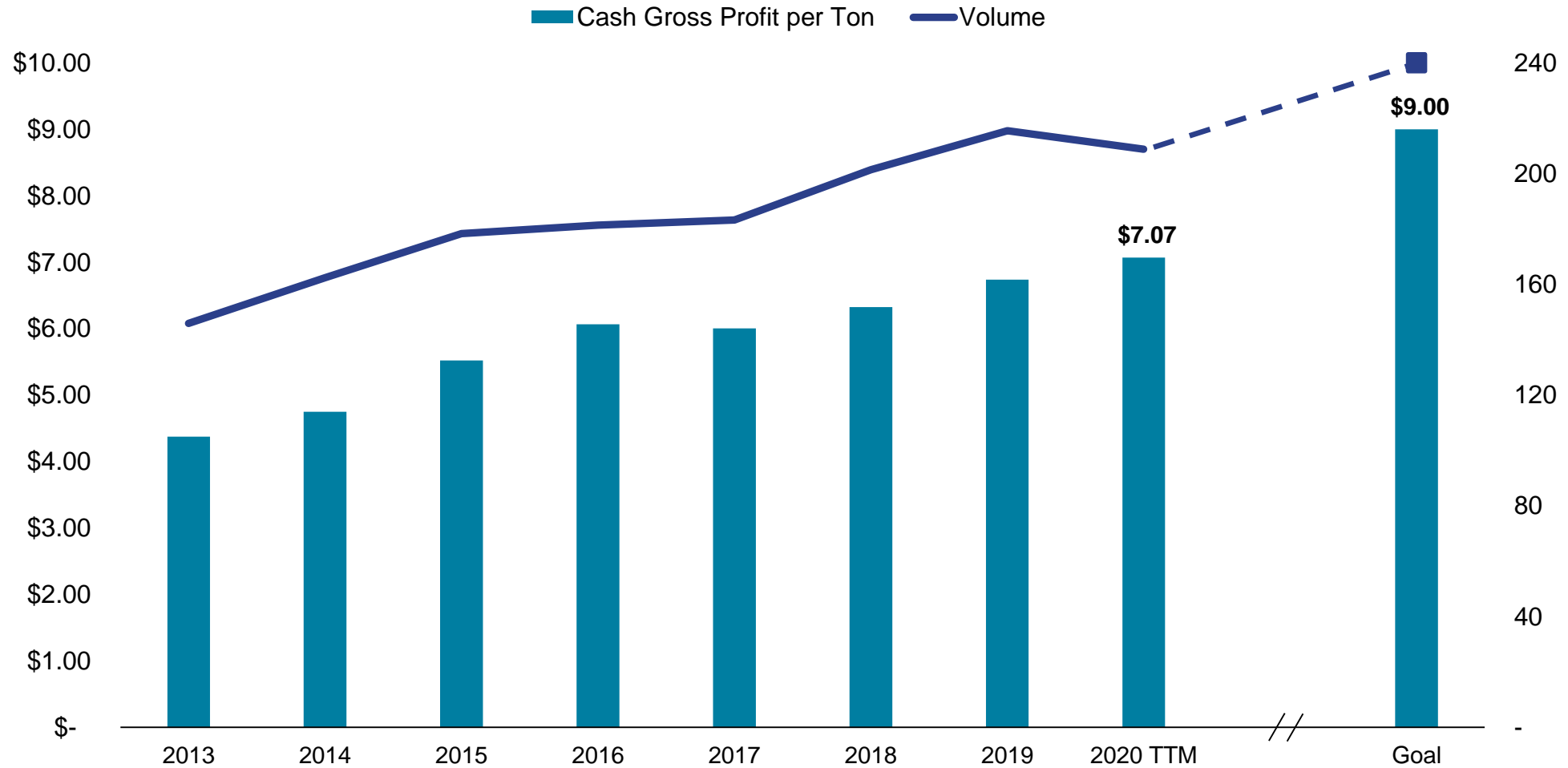
# Attractive Fundamentals Lead To Compounding Results

Price growth in Aggregates through all parts of a cycle. Price growth again in 2020 despite lower demand.



# Attractive Fundamentals Lead To Compounding Results

Continued progress toward unit margin goal in Aggregates



Unit profitability goal of \$9 Cash Gross Profit per Ton when volumes reach 230 to 240 million tons. TTM 2020 as of September 30, 2020.

# Reconciliation of Non-GAAP Measures

## EBITDA

EBITDA is an acronym for Earnings Before Interest, Taxes, Depreciation and Amortization and excludes discontinued operations. GAAP does not define EBITDA and it should not be considered as an alternative to earnings measures defined by GAAP. We adjust EBITDA for certain items to provide a more consistent comparison of earnings performance from period to period. We use this metric to assess the operating performance of our business and for a basis of strategic planning and forecasting as we believe it closely correlates to long-term shareholder value.

<b>EBITDA</b> <i>(dollars in millions)</i>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD Q3 2020</b>	<b>YTD Q3 2019</b>	<b>TTM Q3 2020</b>
Net earnings	\$ 199.8	\$ 215.7	\$ 470.0	\$ 476.6	\$ 611.1
Income tax expense	57.0	53.5	130.5	111.8	154.0
Interest expense, net	35.8	32.2	100.5	98.2	131.3
Loss on discontinued operations, net of tax	1.3	2.4	2.1	3.3	3.6
EBIT	\$ 293.9	\$ 303.7	\$ 703.1	\$ 689.8	\$ 900.0
Depreciation, depletion, accretion and amortization	101.0	96.2	295.9	278.9	391.6
EBITDA	\$ 394.9	\$ 400.0	\$ 999.0	\$ 968.8	\$ 1,291.6
Gain on sale of businesses	-	-	-	(4.1)	(9.3)
Property donation	-	-	-	-	10.8
Charges associated with divested operations	5.9	-	6.7	-	9.7
Business development	0.3	0.4	(2.1)	0.4	(0.8)
COVID-19 direct incremental costs	2.4	-	7.4	-	7.4
Restructuring charges	-	6.5	1.3	6.5	1.3
Adjusted EBITDA	\$ 403.5	\$ 406.8	\$ 1,012.3	\$ 971.6	\$ 1,310.8
Total revenues	\$ 1,309.9	\$ 1,418.8	\$ 3,681.7	\$ 3,743.0	\$ 4,867.9
Adjusted EBITDA Margin	30.8%	28.7%	27.5%	26.0%	26.9%

## Aggregates Segment Cash Gross Profit

Aggregates segment cash gross profit adds back noncash charges for depreciation, depletion, accretion and amortization (DDA&A) to Aggregates segment gross profit. Aggregates segment cash gross profit per ton is computed by dividing Aggregates segment cash gross profit by tons shipped. We present this metric as we believe it closely correlates to long-term shareholder value and we and the investment community use this metric to assess the operating performance of our business.

<b>Aggregates Segment</b> <i>(in millions, except per ton data)</i>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>YTD Q3 2020</b>	<b>YTD Q3 2019</b>	<b>TTM Q3 2020</b>
Gross profit	\$ 337.9	\$ 357.2	\$ 883.2	\$ 872.1	\$ 1,157.7
DDA&A	82.5	79.0	240.4	227.3	318.2
Aggregates segment cash gross profit	\$ 420.4	\$ 436.2	\$ 1,123.6	\$ 1,099.4	\$ 1,475.9
Units shipments - tons	55.9	60.9	157.2	163.8	208.8
Aggregates segment gross profit per ton	\$ 6.04	\$ 5.87	\$ 5.62	\$ 5.32	\$ 5.54
Aggregates segment cash gross profit per ton	\$ 7.52	\$ 7.16	\$ 7.15	\$ 6.71	\$ 7.07

# Reconciliation of Non-GAAP Measures

## Return on Invested Capital

We define Return on Invested Capital (ROIC) as Adjusted EBITDA for the trailing-twelve months divided by average invested capital (as illustrated below) during the trailing 5-quarters. Our calculation of ROIC is considered a non-GAAP financial measure because we calculate ROIC using the non-GAAP metric EBITDA. We believe that our ROIC metric is meaningful because it helps investors assess how effectively we are deploying our assets. Although ROIC is a standard financial metric, numerous methods exist for calculating a company's ROIC. As a result, the method we use to calculate our ROIC may differ from the methods used by other companies.

### Return on Invested Capital

(in millions)

	Q3 2020	Q3 2019
Trailing-twelve months Adjusted EBITDA	\$ 1,310.8	\$ 1,257.1
Average trailing 5-quarters:		
Property, plant & equipment	4,346.3	4,255.9
Goodwill	3,169.1	3,166.2
Other intangible assets	1,093.6	1,085.7
Fixed and intangible assets	\$ 8,608.9	\$ 8,507.8
Current assets	1,655.2	1,183.6
Less: Cash and cash equivalents	477.6	47.2
Less: Deferred tax	16.0	9.1
Adjusted current assets	1,161.6	1,127.3
Current Liabilities	731.0	630.3
Less: Current maturities of long-term debt	201.9	-
Less: Short-term debt	-	129.7
Adjusted current liabilities	529.1	500.6
Adjusted net working capital	\$ 632.5	\$ 626.7
Average invested capital	\$ 9,241.4	\$ 9,134.5
Return on Invested Capital	14.2%	13.8%