# 4Q 2019 SUPPLEMENTAL INFORMATION FOR EARNINGS CONFERENCE CALL

February 18, 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.

Forward-looking statements are not guarantees of future performance and actual results, developments, and business decisions may vary significantly from those expressed in or implied by the forward-looking statements. The following risks related to Vulcan's business, among others, could cause actual results to differ materially from those described in the forward-looking statements: general economic and business conditions; Vulcan’s dependence on the construction industry, which is subject to economic cycles; the timing and amount of federal, state and local funding for infrastructure; changes in the level of spending for private residential and private nonresidential construction; changes in Vulcan’s effective tax rate; the increasing reliance on information technology infrastructure, including the risks that the infrastructure does not work as intended, experiences technical difficulties or is subjected to cyber-attacks; the impact of the state of the global economy on Vulcan’s businesses and financial condition and access to capital markets; the highly competitive nature of the construction industry; the impact of future regulatory or legislative actions, including those relating to climate change, wetlands, greenhouse gas emissions, the definition of minerals, tax policy or international trade; the outcome of pending legal proceedings; pricing of Vulcan's products; weather and other natural phenomena, including the impact of climate change and availability of water; energy costs; costs of hydrocarbon-based raw materials; healthcare costs; the amount of long-term debt and interest expense incurred by Vulcan; changes in interest rates; the impact of a discontinuation of the London Interbank Offered Rate (LIBOR); volatility in pension plan asset values and liabilities, which may require cash contributions to the pension plans; the impact of environmental cleanup costs and other liabilities relating to existing and/or divested businesses; Vulcan's ability to secure and permit aggregates reserves in strategically located areas; Vulcan's ability to manage and successfully integrate acquisitions; the effect of changes in tax laws, guidance and interpretations; significant downturn in the construction industry may result in the impairment of goodwill or long-lived assets; changes in technologies, which could disrupt the way Vulcan does business and how Vulcan’s products are distributed; and other assumptions, risks and uncertainties detailed from time to time in the reports filed by Vulcan with the SEC. All forward-looking statements in this communication are qualified in their entirety by this cautionary statement. Vulcan disclaims and does not undertake any obligation to update or revise any forward-looking statement in this document except as required by law.

## 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.

# 2019 Highlights

Strong top-line growth leveraged into even stronger earnings growth

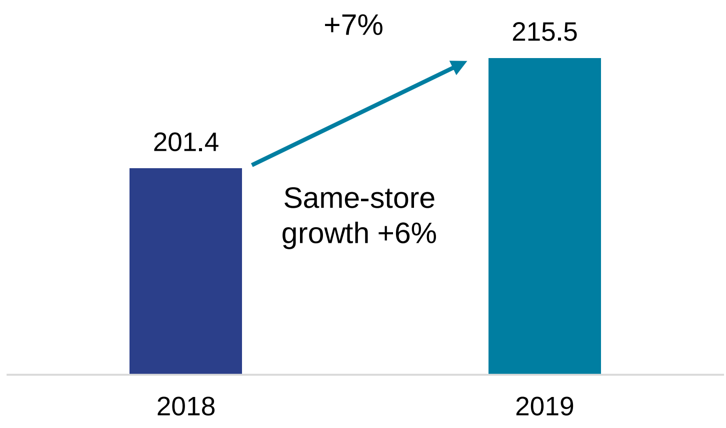
- World-class safety results
- Total Revenues $4.9 billion, +12%
- Earnings from Continuing Operations $623 million, +20%
- Aggregates Gross Profit per ton $5.32, +8%
- Return on Invested Capital* +130 basis points
- Total Debt to Adjusted EBITDA* 2.2x, down from 2.6x

* Non-GAAP measure. See Appendix for reconciliation.

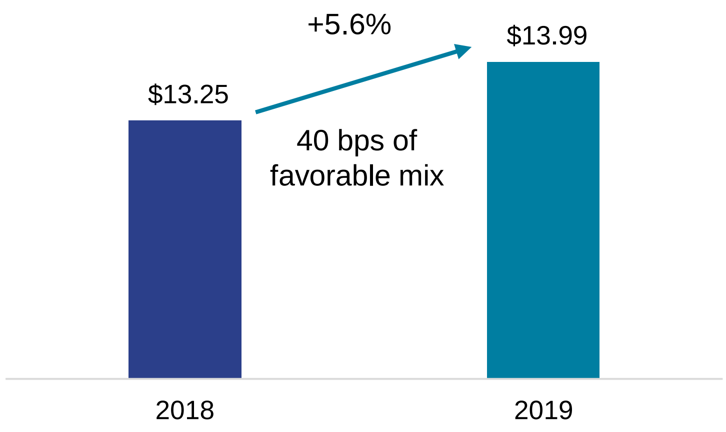
# 2019 Key Performance Indicators – Aggregates

## Compounding results in our industry-leading unit profitability

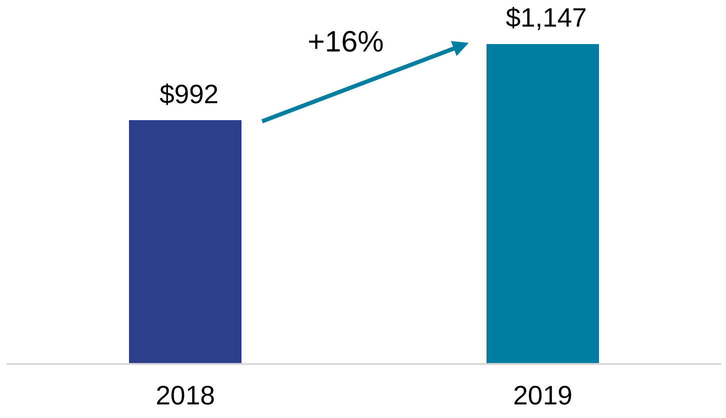
### Volume
(millions of tons)



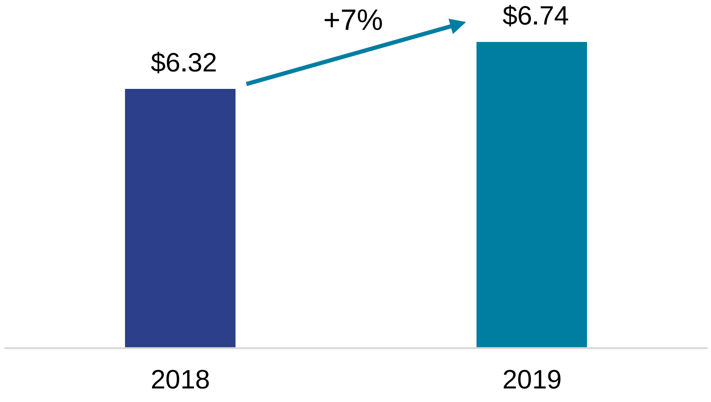

### Freight-Adjusted Price
($/ton)




### Gross Profit
($ in millions)




### Cash Gross Profit*
($/ton)

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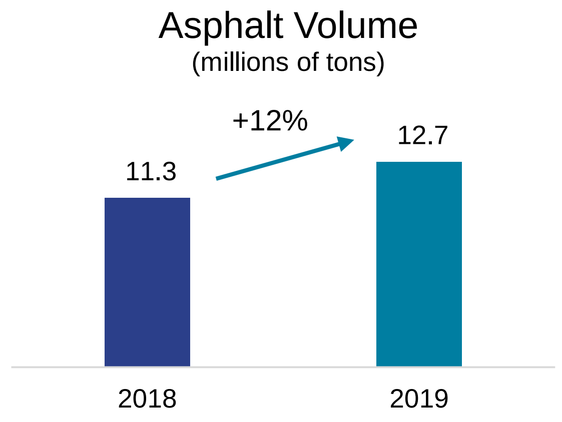
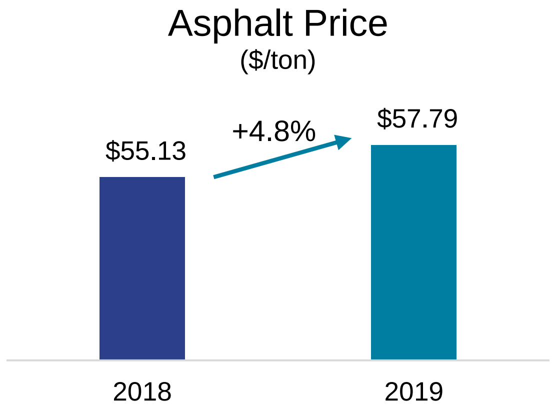
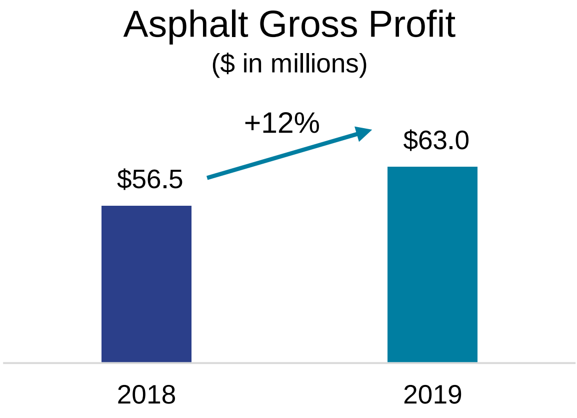
* Non-GAAP measure. See Appendix for reconciliation.

# 2019 Key Performance Indicators – Asphalt and Concrete

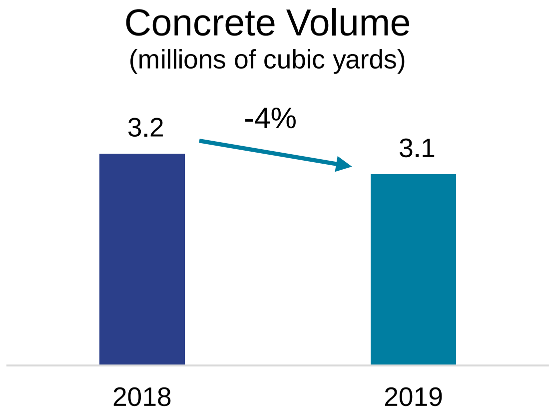
## Asphalt results showed marked improvement in the fourth quarter

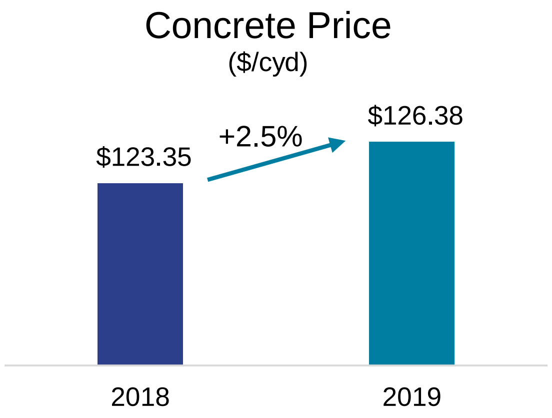


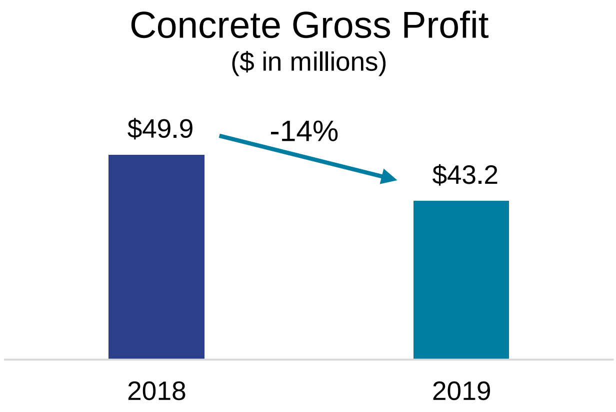




- Gross profit per ton $4.98
- Liquid asphalt unit cost increased 6% in 2019
- 4Q unit profitability improved 52% due in part to volume growth in California




- Gross profit per cubic yard $13.90
- 4Q results impacted by delayed projects in Northern Virginia
- Backlogs remain strong

# Capital Allocation and Financial Position

Position of strength

**2.2x** Total Debt to Adjusted EBITDA*

**14** Years
Weighted-Average Maturity of Debt

**4.4** Percent
Weighted-Average Interest Rate

**$820** Million
Discretionary Cash Flow* in 2019

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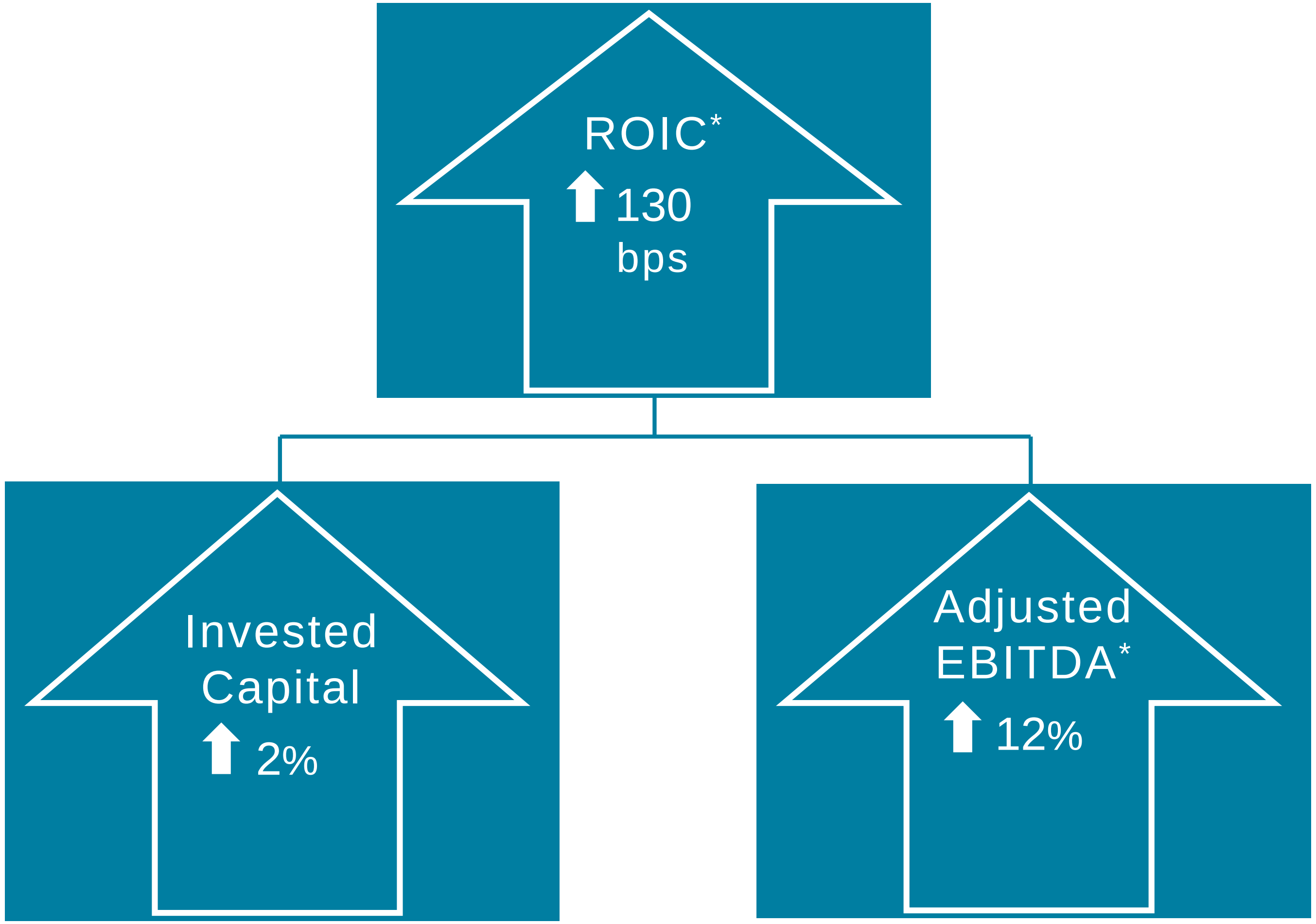
* Non-GAAP measure. See Appendix for reconciliation.

# Return on Invested Capital – 2019 versus 2018

Leveraging our capital base to drive shareholder value




* Non-GAAP measure. See Appendix for reconciliation.

# End Market Outlook

## Demand growth in all four end markets in 2020

| Private ~50% | Public ~50% |
|---|---|
| Residential | Highways |
| Nonresidential Buildings | Buildings and Non Highway Infrastructure |

**Residential**
- Resurgence in growth, particularly in single-family
- Vulcan-served markets outpacing other markets

**Nonresidential Buildings**
- Leading indicators point towards continued growth
- Vulcan-served markets outpacing other markets

**Highways**
- Higher levels of funding continue to drive growth in Vulcan-served markets
- Well positioned to supply growing number of large projects

**Buildings and Non Highway Infrastructure**
- Broad-based growth in infrastructure across Vulcan-served markets
- Supported by growth in residential

Aggregates Intensity

Less — More

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# 2020 Outlook

## Well positioned for another year of double-digit earnings growth

**Adjusted EBITDA of $1,385 to $1,485 million**
**Earnings from Continuing Operations per diluted share of $5.20 to $5.80**

**Aggregates volumes +2-4%**

- Timing of bid activity and large projects will play a role in year-over-year growth
- Return to growth in private with resurgence in residential
- Bookings continue at healthy levels
- Pace of first half volume growth must offset +13% in 1Q 2019

**Aggregates price +4-6%**

- Widespread growth across footprint
- Growth in public demand provides visibility and confidence

**Aggregates flow-through consistent with over time goal of ~60% on a same-store basis**

**Earnings improvement in Non-Aggregates, led by Asphalt**

- 10-15% year-over-year improvement collectively
- Improved unit profitability in asphalt on relatively flat volumes
- Modest growth in concrete volumes

**Selling, Administrative and General expense of ~$365 million**

- Reduction in total spend and top-line growth further drive leverage as a percent of total revenues

**Other Metrics**

- Tax Rate ~ 20%
- Interest expense ~$125 million
- Depreciation, depletion, accretion and amortization expense ~$385 million

# Reconciliation of Non-GAAP Measures

**EBITDA and Discretionary Cash Flow from Earnings**

EBITDA is an acronym for Earnings Before Interest, Taxes, Depreciation and Amortization and excludes discontinued operations. GAAP does not define EBITDA or Discretionary Cash Flow from Earnings and they should not be considered as alternatives 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 these metrics 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.

| **EBITDA and Discretionary Cash Flow from Earnings** *(in millions)* | **Actual FY 2019** | **Actual FY 2018** | **Mid-point Projected FY 2020** |
|---|---|---|---|
| Net earnings | $ 617.7 | $ 515.8 | $ 735 |
| Income tax expense | 135.2 | 105.4 | 190 |
| Interest expense, net | 129.0 | 137.4 | 125 |
| Loss on discontinued operations, net of tax | 4.8 | 2.0 | - |
| EBIT | $ 886.7 | $ 760.7 | $ 1,050 |
| Depreciation, depletion, accretion and amortization | 374.6 | 346.2 | 385 |
| EBITDA | $ 1,261.3 | $ 1,107.0 | $ 1,435 |
| Gain on sale of businesses | (13.4) | (2.9) | |
| Property donation | 10.8 | - | |
| Business interruption claims recovery | - | (2.3) | |
| Charges associated with divested operations | 3.0 | 18.5 | |
| Business development | 1.7 | 5.2 | |
| Restructuring charges | 6.5 | 6.2 | |
| Adjusted EBITDA | $ 1,270.0 | $ 1,131.7 | |
| Less: | | | |
| Adjusted working capital [1] | 48.0 | | |
| Operating & maintenance capital expenditures | 219.1 | | |
| Cash taxes | 58.9 | | |
| Cash interest | 123.7 | | |
| Discretionary cash flow from earnings | $ 820.3 | | |

[1] Defined as cash changes in working capital excluding cash and debt, and before initial effects of business acquisitions and dispositions.

**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.

| **Aggregates Segment** *(in millions, except per ton data)* | **FY 2019** | **FY 2018** |
|---|---|---|
| Gross profit | $ 1,146.6 | $ 991.9 |
| DDA&A | 305.0 | 281.6 |
| Aggregates segment cash gross profit | $ 1,451.7 | $ 1,273.5 |
| Units shipments - tons | 215.5 | 201.4 |
| Aggregates segment gross profit per ton | $ 5.32 | $ 4.93 |
| Aggregates segment cash gross profit per ton | $ 6.74 | $ 6.32 |

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# 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 reuslt, the method we use to calculate our ROIC may differ from the methods used by other companies.

**Return on Invested Capital**

| *(in millions)* | FY 2019 | FY 2018 |
|---|---|---|
| Adjusted EBITDA | $ 1,270.0 | $ 1,131.7 |
| | | |
| Property, plant & equipment | 4,281.3 | 4,095.4 |
| Goodwill | 3,165.7 | 3,150.3 |
| Other intangible assets | 1,084.1 | 1,095.2 |
| Fixed and Intangible Assets | $ 8,531.1 | $ 8,341.0 |
| Current Assets | 1,224.3 | 1,125.9 |
| Less: Cash and cash equivalents | 93.5 | 68.3 |
| Less: Deferred taxes | 12.6 | - |
| Adjusted Current Assets | 1,118.2 | 1,057.6 |
| Current Liabilities | 599.3 | 626.2 |
| Less: Current maturities of long-term debt | 0.0 | 8.3 |
| Less: Short-term borrowings | 89.7 | 178.6 |
| Adjusted Current Liabilities | 509.6 | 439.3 |
| Adjusted Net Working Capital | $ 608.6 | $ 618.3 |
| Average Invested Capital | $ 9,139.7 | $ 8,959.2 |
| Return on Invested Capital | 13.9% | 12.6% |

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