DYCOM INDUSTRIES INC

FORM 8-K
(Current report filing)

Filed 11/20/17 for the Period Ending 11/20/17

Address	11780 U.S. HIGHWAY 1 SUITE 600 PALM BEACH GARDENS, FL, 33408
Telephone	561-627-7171
CIK	0000067215
Symbol	DY
SIC Code	1623 - Water, Sewer, Pipeline, and Communications and Power Line Construction
Industry	Construction & Engineering
Sector	Industrials
Fiscal Year	01/27

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 20, 2017

DYCOM INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

Florida	**001-10613**	**59-1277135**
(State or other jurisdiction of incorporation)	(Commission file number)	(I.R.S. employer identification no.)

11780 U.S. Highway One, Suite 600,
Palm Beach Gardens, Florida 33408

(Address of principal executive offices) (Zip Code)

(561) 627-7171

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On November 20, 2017 , Dycom Industries, Inc. (the "Company") issued a press release reporting fiscal 2018 first quarter results. The Company also provided forward guidance. Additionally, on November 20, 2017 , the Company made available related materials to be discussed during the Company's webcast and conference call referred to in such press release. A copy of the press release and related conference call materials are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

The press release and related materials contain the financial measures of Non-GAAP Adjusted EBITDA, Non-GAAP Adjusted Net Income, Non-GAAP Adjusted Diluted Earnings per Common Share, and certain amounts relating to organic contract revenue, which are Non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. Non-GAAP Adjusted EBITDA, defined by the Company as earnings before interest, taxes, depreciation and amortization, gain on sale of fixed assets, stock-based compensation expense, and certain non-recurring items, is not a recognized term under generally accepted accounting principles ("GAAP") and does not purport to be an alternative to net income, operating cash flows, or a measure of earnings. Non-GAAP Adjusted Net Income is not a recognized term under GAAP and does not purport to be an alternative to GAAP net income. Non-GAAP Adjusted Diluted Earnings per Common Share is not a recognized term under GAAP and does not purport to be an alternative to GAAP diluted earnings per common share. Organic contract revenue is not a recognized term under GAAP and does not purport to be an alternative to GAAP contract revenue. Because all companies do not use identical calculations, the presentation of these Non-GAAP financial measures may not be comparable to other similarly titled measures of other companies. The Company believes these Non-GAAP financial measures provide 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 information in the preceding paragraphs, as well as Exhibits 99.1 and 99.2, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of that section. It may only be incorporated by reference into another filing under the Exchange Act or the Securities Act of 1933 (the "Securities Act") if such subsequent filing specifically references this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure.

On November 20, 2017 , the Company issued a press release reporting fiscal 2018 first quarter results. The Company also provided forward guidance. Additionally, on November 20, 2017 , the Company made available related materials to be discussed during the Company's webcast and conference call referred to in such press release. A copy of the press release and related conference call materials are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

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The information in the preceding paragraphs, as well as Exhibits 99.1 and 99.2, shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section. It may only be incorporated by reference into another filing under the Exchange Act or the Securities Act if such subsequent filing specifically references this Current Report on Form 8-K.

Forward Looking Statements

This Current Report on Form 8-K contains forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act, including statements regarding the outlook for the Company. These statements are based on management's current expectations, estimates and projections. Forward-looking statements are subject to risks and uncertainties that may cause actual results in the future to differ materially from the results projected or implied in any forward-looking statements contained in this Current Report on Form 8-K. 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, 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, future financial and operating results, the future impact of any acquisitions or dispositions, adjustments and cancellations related to the Company's backlog, 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. These filings are available on a web site maintained by the Securities and Exchange Commission at http://www.sec.gov. The Company does not undertake to update forward looking statements except as required by law.

Item 9.01 Financial Statement and Exhibits.

(d) Exhibits

99.1	Press release dated November 20, 2017 by Dycom Industries, Inc. reporting fiscal 2018 first quarter results.
99.2	Slide presentation relating to the webcast and conference call to be held on November 20, 2017.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 20, 2017

DYCOM INDUSTRIES, INC.
(Registrant)

By:	/s/ Richard B. Vilsoet
Name:	Richard B. Vilsoet
Title:	Vice President, General Counsel and Corporate Secretary

11780 U.S. Highway 1, Suite 600, Palm Beach Gardens, FL 33408
Phone: (561) 627-7171

NEWS RELEASE

FOR IMMEDIATE RELEASE

Contact: Steven E. Nielsen, President and CEO
H. Andrew DeFerrari, Senior Vice President and CFO
(561) 627-7171

November 20, 2017

DYCOM INDUSTRIES, INC. ANNOUNCES FISCAL 2018 FIRST QUARTER RESULTS, PROVIDES GUIDANCE FOR THE NEXT FISCAL QUARTER AND NEW DATE AND TIME FOR THE RESULTS CONFERENCE CALL

Palm Beach Gardens, Florida, November 20, 2017 - Dycom Industries, Inc. (NYSE: DY) announced today its results for the fiscal quarter ended October 28, 2017 . This announcement is one day earlier than previously scheduled and the conference call to review the Company's results is now scheduled for Monday, November 20, 2017 at 9:00 a.m. (ET). Specific dial-in and replay information appears below.

The schedule change is a result of the Company's preliminary determination that certain documents containing financial information were subject to unauthorized access after the market closed on Friday, November 17, 2017. The Company's investigation is ongoing and law enforcement authorities have been notified.

- Contract revenues of $756.2 million for the quarter ended October 28, 2017 , compared to $799.2 million for the quarter ended October 29, 2016 . Contract revenues for the quarter ended October 28, 2017 decreased 8.4% on an organic basis after excluding $8.6 million of contract revenues from an acquired business that was not owned during the prior year quarter and $15.5 million of contract revenues from storm restoration services in the current period.

- Non-GAAP Adjusted EBITDA of $97.6 million , or 12.9% of contract revenues, for the quarter ended October 28, 2017 , compared to $129.2 million , or 16.2% of contract revenues, for the quarter ended October 29, 2016 .

- On a GAAP basis, net income was $28.8 million , or $0.90 per common share diluted, for the quarter ended October 28, 2017 , compared to net income of $51.0 million, or $1.59 per common share diluted, for the quarter ended October 29, 2016 . Non-GAAP Adjusted Net Income was $31.6 million , or $0.99 per common share diluted, for the quarter ended October 28, 2017 , compared to Non-GAAP Adjusted Net Income of $53.7 million , or $1.67 per common share diluted, for the quarter ended October 29, 2016 . Non-GAAP Adjusted Net Income for the quarters ended October 28, 2017 and October 29, 2016 excludes $4.5 million and $4.3 million , respectively, of pre-tax interest expense incurred for non-cash amortization of the debt discount associated with the Company's 0.75% convertible senior notes due September 2021.

  Net income and Non-GAAP Adjusted Net Income for the quarter ended October 28, 2017 include an income tax benefit of approximately $0.9 million for the tax effects of certain share-based award activities as a result of the Company's adoption of Accounting Standards Update No. 2016-09, *Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). This tax benefit would have been recorded to additional paid-in-capital under the previous accounting standard.

The Company also announced its outlook for the fiscal quarter ending January 27, 2018 . The Company currently expects total contract revenues for the fiscal quarter ending January 27, 2018 to range from $645 million to $675 million . On a GAAP basis, diluted earnings per common share for the fiscal quarter ending January 27, 2018 is expected to range from $0.15 to $0.27 . Non-GAAP Adjusted Diluted Earnings per Common Share is expected to range from $0.24 to $0.36 . Non-GAAP Adjusted Diluted Earnings per Common Share guidance excludes $4.6 million of pre-tax interest expense for non-cash amortization of debt discount, or $0.09 per common share diluted on an after-tax basis. A reconciliation of Non-GAAP Adjusted Diluted Earnings per Common Share guidance provided for the fiscal quarter ending January 27, 2018 , along with reconciliations of other Non-GAAP measures, is included within the press release tables.

In addition, the Company expects to provide a fiscal 2019 outlook for revenues and diluted earnings per share for the Company's fiscal year ending January 26, 2019. This annual outlook will be provided in conjunction with the Company's release of results for the fiscal quarter ending January 27, 2018, currently scheduled for Wednesday, February 28, 2018.

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 Explanation of Non-GAAP Financial Measures directly following the press release tables.

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), Monday, November 20, 2017 ; call (800) 398-9379 (United States) or (651) 291-0900 (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 at www.dycomind.com . If you are unable to attend the conference call at the scheduled time, a replay of the live webcast and related materials will be available shortly after the call at www.dycomind.com until Wednesday, December 20, 2017 .

About Dycom Industries, Inc.

Dycom is a leading provider of specialty contracting services throughout the United States and in Canada. 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

Results for the fiscal quarter ended October 28, 2017 are preliminary and unaudited. This press release contains forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act. These statements are based on management's current expectations, estimates and projections and include outlook and statements for the fiscal quarter ending January 27, 2018 found under the "Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures" section of this release. Forward-looking statements are subject to risks and uncertainties that may cause actual results 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, 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, 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

	October 28, 2017	July 29, 2017
ASSETS		
Current assets:		
Cash and equivalents	$ 24,531	$ 38,608
Accounts receivable, net	347,727	369,800
Costs and estimated earnings in excess of billings	406,517	389,286
Inventories	83,877	83,204
Deferred tax assets, net (a)	—	26,524
Income tax receivable	1,008	7,493
Other current assets	29,710	23,603
Total current assets	893,370	938,518
Property and equipment, net	423,330	422,107
Goodwill and other intangible assets, net	499,069	505,309
Other	36,753	33,373
Total non-current assets	959,152	960,789
Total assets	$ 1,852,522	$ 1,899,307
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 109,877	$ 132,974
Current portion of debt	24,063	21,656
Billings in excess of costs and estimated earnings	6,599	9,284
Accrued insurance claims	48,424	39,909
Income taxes payable	10,067	1,112
Other accrued liabilities	84,091	113,603
Total current liabilities	283,121	318,538
Long-term debt	736,008	738,265
Accrued insurance claims	60,782	62,007
Deferred tax liabilities, net non-current (a)	77,622	103,626
Other liabilities	5,351	5,288
Total liabilities	1,162,884	1,227,724
Total stockholders' equity	689,638	671,583
Total liabilities and stockholders' equity	$ 1,852,522	$ 1,899,307

(a) The Company adopted Accounting Standards Update No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* , on a prospective basis effective July 30, 2017, the first day of the fiscal quarter ended October 28, 2017. As a result of this adoption, Deferred tax liabilities, net non-current is presented net of approximately $28.2 million of deferred tax assets within the condensed consolidated balance sheets as of October 28, 2017. Under the previous accounting standard, these deferred tax assets would have been classified as Deferred tax assets, net.

DYCOM INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except share amounts)

Unaudited

	Three Months Ended October 28, 2017	Three Months Ended October 29, 2016
Contract revenues	$ 756,215	$ 799,223
Costs of earned revenues, excluding depreciation and amortization	600,847	614,990
General and administrative expenses (a)	64,562	60,204
Depreciation and amortization	42,651	34,546
Total	708,060	709,740
Interest expense, net (b)	(9,707)	(9,067)
Other income, net	5,931	940
Income before income taxes	44,379	81,356
Provision for income taxes (c)	15,603	30,306
Net income	$ 28,776	$ 51,050
Earnings per common share:		
Basic earnings per common share	$ 0.93	$ 1.62
Diluted earnings per common share	$ 0.90	$ 1.59
Shares used in computing earnings per common share:		
Basic	31,061,448	31,429,493
Diluted	31,891,574	32,200,287

(a) Includes stock-based compensation expense of $7.4 million and $5.7 million for the three months ended October 28, 2017 and October 29, 2016, respectively.

(b) Includes $4.5 million and $4.3 million for the three months ended October 28, 2017 and October 29, 2016, respectively, for non-cash amortization of the debt discount associated with the Company's 0.75% convertible senior notes due September 2021.

(c) Provision for income taxes includes an income tax benefit of approximately $0.9 million for the tax effects of certain share-based award activities as a result of the Company's adoption of ASU 2016-09. This tax benefit would have been recorded to additional paid-in-capital under the previous accounting standard.

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 DECLINE %'s

	Contract Revenues - GAAP	Revenues from acquired business (a)	Revenues from storm restoration services	Non-GAAP - Organic Contract Revenues	GAAP - Decline %	Non-GAAP - Organic Decline %
Three Months Ended October 28, 2017	$ 756,215	$ (8,581)	$ (15,484)	$ 732,150	(5.4)%	(8.4)%
Three Months Ended October 29, 2016	$ 799,223	$ —	$ —	$ 799,223		

(a) Amount for the three months ended October 28, 2017 represents contract revenues from an acquired business that was not owned in the prior year period.

NON-GAAP ADJUSTED EBITDA

	Three Months Ended October 28, 2017	Three Months Ended October 29, 2016
Reconciliation of net income to Non-GAAP Adjusted EBITDA:		
Net income	$ 28,776	$ 51,050
Interest expense, net	9,707	9,067
Provision for income taxes	15,603	30,306
Depreciation and amortization expense	42,651	34,546
Earnings Before Interest, Taxes, Depreciation & Amortization ("EBITDA")	96,737	124,969
Gain on sale of fixed assets	(6,495)	(1,443)
Stock-based compensation expense	7,380	5,707
Non-GAAP Adjusted EBITDA	$ 97,622	$ 129,233

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

	Three Months Ended October 28, 2017	Three Months Ended October 29, 2016
Reconciliation of Non-GAAP Adjusted Net Income:		
Net income (a)	$ 28,776	$ 51,050
Adjustments		
Pre-tax non-cash amortization of debt discount on convertible senior notes	4,547	4,307
Tax impact of non-cash amortization of debt discount on convertible senior notes	(1,728)	(1,611)
Total adjustments, net of tax	2,819	2,696
Non-GAAP Adjusted Net Income (a)	$ 31,595	$ 53,746
Reconciliation of Non-GAAP Adjusted Diluted Earnings per Common Share:		
Net income per common share	$ 0.90	$ 1.59
Total adjustments from above, net of tax	0.09	0.08
Non-GAAP Adjusted Diluted Earnings per Common Share	$ 0.99	$ 1.67
Diluted shares used in computing Adjusted Diluted Earnings per Common Share	31,891,574	32,200,287

(a) Net income and Non-GAAP Adjusted Net Income for the quarter ended October 28, 2017 include an income tax benefit of approximately $0.9 million for the tax effects of certain share-based award activities as a result of the Company's adoption of ASU 2016-09. This tax benefit would have been recorded to additional paid-in-capital under the previous accounting standard.

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

	Outlook for the Three Months Ending January 27, 2018
Diluted earnings per common share - GAAP (a)	\$0.15 - \$0.27
Adjustment	
Adjustment for addback of after-tax non-cash amortization of debt discount on convertible senior notes (b)	\$0.09
Non-GAAP Adjusted diluted earnings per common share (a)	\$0.24 - \$0.36

(a) Guidance for diluted earnings per common share and Non-GAAP Adjusted diluted earnings per common share for the three months ending January 27, 2018 were computed using approximately 31.9 million in diluted weighted average shares outstanding.

(b) The Company expects to recognize approximately \$4.6 million in pre-tax interest expense during the three months ending January 27, 2018 for non-cash amortization of the debt discount associated with its convertible senior notes. The Company excludes the effect of this non-cash amortization of debt discount in its Non-GAAP financial measures.

Amounts in tables above may not add due to rounding.

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 (decline) is calculated as the percentage change in Non-GAAP Organic Contract Revenues over those of the comparable prior year period. Management believes organic growth (decline) 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 non-cash amortization of the debt discount and the related tax impact.

- *Non-GAAP Adjusted Diluted Earnings per Common Share* - Non-GAAP Adjusted Net Income divided by weighted average diluted shares outstanding.

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 the debt discount* - The Company’s 0.75% convertible senior notes due September 2021 were allocated between debt and equity components. The difference between the principal amount and the carrying amount of the liability component of the convertible senior notes represents a debt discount. The debt discount is being amortized over the term of the convertible senior 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 convertible senior 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.

- *Tax impact of adjusted results* - The tax impact of the adjusted results for the three months ended October 28, 2017 and October 29, 2016 was calculated utilizing a Non-GAAP effective tax rate which approximates the Company’s effective tax rate used for financial planning. The tax impact included in the Company’s guidance for the quarter ending January 27, 2018 was calculated using an effective tax rate used for financial planning and forecasting future results.

DYCOM

Exhibit 99.2

1st Quarter Fiscal 2018 Results Conference Call

November 20, 2017

Forward Looking Statements and Non-GAAP Financial Measures Information

This presentation contains "forward-looking statements". Other than statements of historical facts, all statements contained in this presentation, including statements regarding the Company's future financial position, future revenue, prospects, plans and objectives of management, are forward-looking statements. Words such as "outlook," "believe," "expect," "anticipate," "estimate," "intend," "should," "could," "project," and similar expressions, as well as statements in future tense, identify forward-looking statements. You should not consider forward-looking statements as a guarantee of future performance or results. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief at that time with respect to future events. Such statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors, assumptions, uncertainties, and risks that could cause such differences are discussed in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on September 1, 2017 and other filings with the SEC. The forward-looking statements in this presentation are expressly qualified in their entirety by this cautionary statement. The Company undertakes no obligation to update these forward-looking statements to reflect new information, or events or circumstances arising after such date.

This presentation includes certain "Non-GAAP" financial measures as defined by Regulation G of the SEC. As required by the SEC, we have provided a reconciliation of those measures to the most directly comparable GAAP measures on the Regulation G slides included as slides 14 through 20 of this presentation. Non-GAAP financial measures should be considered in addition to, but not as a substitute for, our reported GAAP results.

Participants and Agenda

Participants

Steven E. Nielsen
President & Chief Executive Officer

Timothy R. Estes
Chief Operating Officer

H. Andrew DeFerrari
Chief Financial Officer

Richard B. Vilsoet
General Counsel

Agenda

Introduction and Q1-18 Overview

Industry Update

Financial & Operational Highlights

Outlook

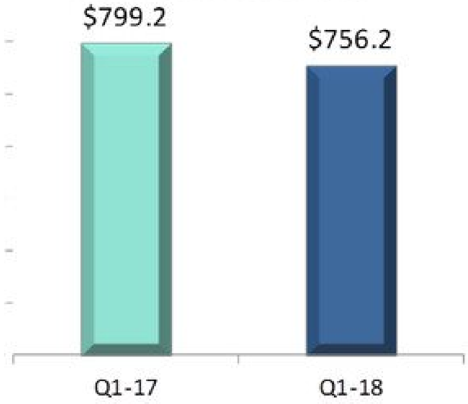
Conclusion

Q&A

Q1-18 Overview and Highlights

DYCOM

Contract Revenues



Non-GAAP Adjusted Diluted EPS

- **Strengthening market opportunities**
  - Contract revenues of $756.2 million in Q1-18, included $15.5 million in revenue from storm restoration services. Excluding revenue from an acquired business and storm restoration services, revenues declined 8.4% organically.
- **Operating performance producing profitable results**
  - Q1-18 Non-GAAP Adjusted EBITDA of $97.6 million, or 12.9% of revenue, compared to $129.2 million in Q1-17, or 16.2% of revenue
  - Non-GAAP Adjusted Diluted EPS of $0.99 per share in Q1-18 compared to $1.67 per share in Q1-17. Non-GAAP Adjusted Net Income in Q1-18 includes $0.9 million of income tax benefit for the tax effects of certain share-based award activities as a result of a new accounting standard.
- **Strong operating cash flows and liquidity**
  - Operating cash flows of $56.8 million in Q1-18
  - Liquidity of $425.8 million at the end of Q1-18 consisting of cash and availability under our credit facility. No outstanding revolver borrowings at the end of Q1-18.
- **Repurchased 200,000 common shares for $16.9 million at an average price of $84.38 per share**

See "Regulation G Disclosure" slides 14-20 for a reconciliation of GAAP to Non-GAAP financial measures.

Industry Update

- ***Industry increasing network bandwidth dramatically***
  - Major industry participants deploying significant 1 gigabit wireline networks
  - Emerging wireless technologies require incremental wireline deployments
    - A complementary wireline investment cycle is underway to facilitate applications enabled by fully converged wireless/wireline networks
  - Industry developments are producing opportunities which in aggregate are without precedent. Converged wireless/wireline network deployments only further broaden our set of opportunities.

- ***Delivering valuable service to customers***
  - Currently providing services for 1 gigabit full deployments across the country in dozens of metropolitan areas to a number of customers
  - Have secured and are actively working on a number of converged wireless/wireline multi-use networks
  - Customers are revealing with more specificity multi-year initiatives that are being implemented and managed locally

- ***Our ability to provide integrated planning, engineering and design, procurement and construction and maintenance services provides value to several industry participants***

- ***Dycom's scale, market position and financial strength position it well as opportunities continue to expand***

Revenue Highlights

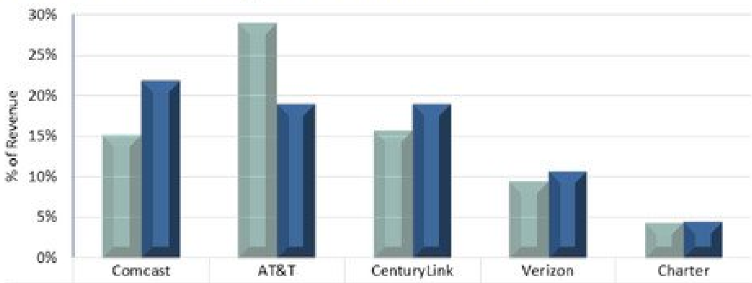
All organic % adjusted for Q1-18 revenue from an acquired business and storm restoration services

Non-GAAP Organic Growth (Decline) %

*Organic % growth adjusted for additional week in Q4-16

- Q1-18 organic decline of 8.4%, impacted by near-term moderation in spending by a large customer
- Revenues from Q1-18 top 5 customers decreased 6.8% organically. All other customers decreased 12.7% organically.

Revenue % of Top 5 Customers



	Comcast	AT&T	CenturyLink	Verizon	Charter
Q1-17	15.1%	29.0%	15.7%	9.4%	4.3%
Q1-18	21.8%	19.0%	18.9%	10.7%	4.5%

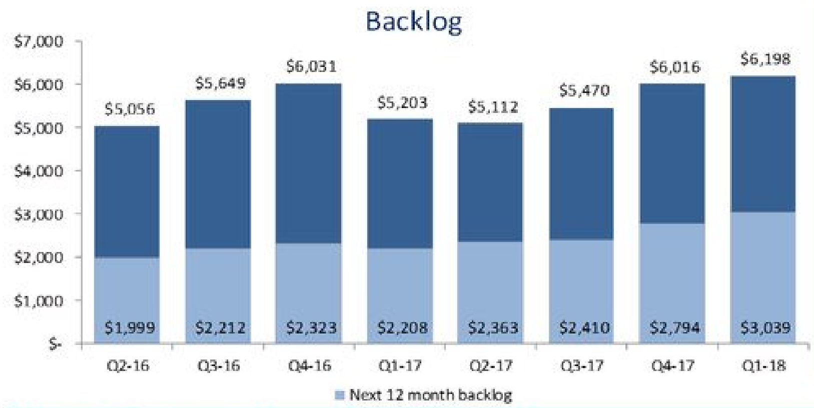
- Top 5 customers in each period represented 74.9% of revenues in Q1-18 compared to 75.0% in Q1-17
- Strong organic growth with Comcast at 26.5%, CenturyLink at 13.9% and Verizon at 6.7%

Dycom's ability to gain share and expand geographic reach meaningfully increases the long-term value of our maintenance business

See "Regulation G Disclosure" slides 14-20 for a reconciliation of GAAP to Non-GAAP financial measures.

Backlog and Awards

Financial charts - $ in millions



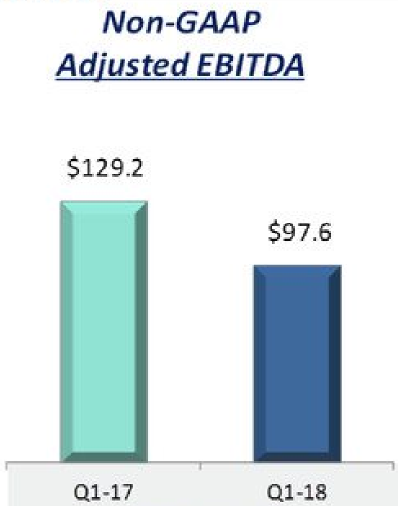
Selected Current Awards and Extensions

Customers	*Description*	*Area*	*Approximate Term (in years)*
Verizon	Engineering & Construction Services	Various	2-3
Comcast	Construction & Maintenance Services	Virginia	1
	Fulfillment Services	Michigan, Illinois, Mississippi, Louisiana, Alabama, Florida	1
Charter	Construction & Maintenance Services	Texas	1
Various	Locating Services	New Jersey, Delaware, Maryland, Virginia, Georgia	1-3
Various	Rural and Municipal Broadband	South Dakota, Minnesota, Nebraska, Missouri, Arkansas, Virginia	1-2

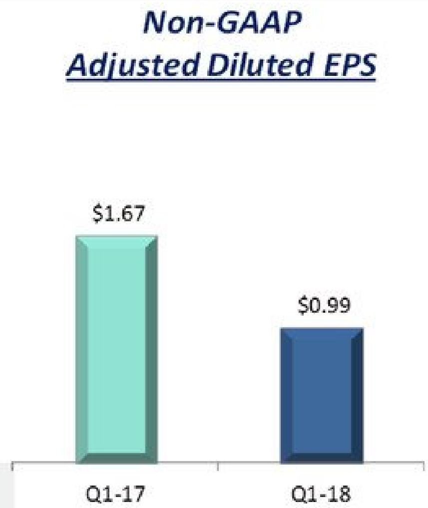
Notes: Our backlog estimates represent amounts under master service agreements and other contractual agreements for services projected to be performed over the terms of the contracts and are based on contract terms, our historical experience with customers and, more generally, our experience in similar procurements. Backlog is not a measure defined by United States generally accepted accounting principles; however, it is a common measurement used in our industry. Our methodology for determining backlog may not be comparable to the methodologies used by others.

Financial Highlights

Financial charts - $ in millionss, except earnings per share amounts



As a % of Contract Revenues
16.2% *12.9%*



- Revenues of $756.2 million in Q1-18 declined organically 8.4% from Q1-17
  - Near-term moderation in spending by a large customer
  - During Q1-18, an acquired business contributed $8.6 million of revenue and storm restoration services contributed $15.5 million of revenue. There was no revenue from acquired businesses or storm restoration services during Q1-17.
- Non-GAAP Adjusted EBITDA at 12.9% in Q1-18, down from 16.2% in Q1-17. Adjusted EBITDA % impacted by lower absorption of costs at reduced revenues
- Non-GAAP Adjusted Diluted EPS of $0.99 in Q1-18 compared to $1.67 in Q1-17
  - Q1-18 Non-GAAP Adjusted Net Income includes $0.9 million of income tax benefit for the tax effects of certain share-based award activities as a result of the adoption of a new accounting standard

See "Regulation G Disclosure" slides 14-20 for a reconciliation of GAAP to Non-GAAP financial measures

Liquidity Overview

Financial tables - $ in millions

Strong balance sheet and liquidity

Liquidity Summary

	Q4-17	Q1-18
Cash and equivalents	$ 38.6	$ 24.5
Senior Credit Facility, matures April 2020:		
$450 million revolver	$ -	$ -
Term Loan Facilities	367.7	362.9
0.75% Convertible Senior Notes, mature September 2021:		
Notional Value	485.0	485.0
Total Notional Amount of Debt	$ 852.7	$ 847.9
Net Debt (Notional Debt less Cash)	$ 814.1	$ 823.3
Total Notional Amount of Debt (see above)	$ 852.7	$ 847.9
Unamortized debt discount and debt fees on 0.75% Convertible Senior Notes	(92.8)	(87.8)
Debt, net of debt discount and fees	$ 759.9	$ 760.1
Availability on revolver(a)	$ 401.3	$ 401.3
Cash and availability on revolver	$ 439.9	$ 425.8

(a) Availability on Revolver presented net of $48.7million L/C's under the Senior Credit Facility at both Q4-17 and Q1-18

- Balance sheet reflects the strength of our business
- Liquidity of $425.8 million at the end of Q1-18 consisting of availability under our Credit Facility and cash on hand

Robust operating cash flows

Cash Flow Summary

	Q1-17	Q1-18
Cash provided by (used in) operating activities	$ (41.6)	$ 56.8
Capital expenditures, net of disposals	$ (37.8)	$ (47.2)
Share repurchases	$ -	$ (16.9)
Borrowings (repayments) of credit facility	$ 68.0	$ (4.8)
Other financing & investing activities, net	$ (0.8)	$ (2.0)

Days Sales Outstanding ("DSO")	Q1-17	Q4-17	Q1-18
Accounts receivable	38	43	42
CIEB*, net	54	44	48
Total DSO*	91	87	90

- Strong Q1-18 operating cash flows of $56.8 million
- Capital expenditures, net of disposals at $47.2 million in Q1-18
- Repurchased 200,000 common shares for $16.9 million at an average price of $84.38 per share

* Amounts may not add due to rounding. Total days sales outstanding ("DSO") is calculated as the summation of current accounts receivable, plus costs and estimated earnings in excess of billings, less billings in excess of costs and estimated earnings, ("CIEB, net") divided by average revenue per day during the respective quarter.

Outlook for the Quarter Ended January 27, 2018 (Q2-2018)

Financial table- $ in millions, except earnings per share amounts (% as a percent of contract revenues, except as noted for Effective Income Tax Rate)

	Q2-2017 for comparison	Q2-2018 Outlook and Commentary	
Contract Revenues	$ 701.1	**$ 645 - $ 675**	➢ Revenue from a large customer stabilizes after the decline in Q2-18 compared to Q2-17 ➢ Solid demand from several other large customers ➢ 1 gigabit deployments, fiber deep cable capacity projects, and initial phases of fiber deployments for newly emerging wireless technologies ➢ Total Q2-18 revenue expected to include approximately $5 million from the business acquired in Q3-17. For organic growth calculations, there were no acquired revenues in Q2-17. ➢ Expectations of normal winter weather
Gross Margin %	19.9%	Gross Margin % decreases from Q2-17	➢ Margin outlook reflects expected mix of work activity and near term margin impacts as we initiate customer programs ➢ Q2 margins display impacts of seasonality including: * inclement winter weather * fewer available workdays due to holidays * reduced daylight work hours * restart of calendar payroll taxes
G&A Expense %	8.3%	G&A as a % of revenue increases from Q2-17	➢ G&A as a % of revenue increases compared to Q2-17 from higher share-based compensation and the impact on operating leverage at the lower expected level of revenue in Q2-18
Share-based compensation	$ 5.3	$ 6.2	➢ Outlook for G&A expense % includes share-based compensation
Depreciation & Amortization	$ 35.7	$42.2 - $43.0	➢ Higher depreciation resulting from fleet additions that support our expanded in-house workforce and the normal replacement cycle of fleet assets ➢ Includes amortization of approximately $5.8 million in Q2-18 compared to $6.1 million in Q2-17
Non-GAAP Adjusted Interest Expense	$ 4.8	Approximately $ 5.2	➢ Non-GAAP Adjusted Interest Expense excludes non-cash amortization of debt discount of $4.6 million in Q2-18 compared to $4.4 million in Q2-17
Other Income, net	$ 1.0	$ 0.4 - $ 1.0	➢ Other income, net primarily includes gain (loss) on sales of fixed assets
Effective Income Tax Rate (as a % of Adjusted Non-GAAP Income before Taxes)	37.2%	Approximately 38.0%	➢ Effective income tax rate expected at approximately 38.0% before the tax effects of the settlement of share-based awards based on new accounting standard
Non-GAAP Adjusted EBITDA %	12.3%	Non-GAAP Adjusted EBITDA % decreases from Q2-17	***Non-GAAP Adjusted EBITDA decreases compared to Q2-17 result***
Non-GAAP Adjusted Diluted Earnings per Share	$ 0.82	**$ 0.24 - $ 0.36**	➢ Non-GAAP Adjusted Diluted EPS declines as a result of lower Adjusted EBITDA, higher depreciation as we expand our in-house capacity, stock-based compensation and interest. Non-GAAP Adjusted Diluted EPS excludes non-cash amortization of debt discount on Convertible Senior Notes ("Notes").
Diluted Shares	32.2 million	31.9 million	

See "Regulation G Disclosure" slides 14-20 for a reconciliation of GAAP to Non-GAAP financial measures.

Looking Ahead to the Quarter Ended April 28, 2018 (Q1-2019)

Financial table- $ in millions (% as a percent of contract revenues, except as noted for Effective Income Tax Rate)

	Quarter ended April 29, 2017 for comparison	*Quarter ended April 28, 2018 (Q1-19) Outlook and Commentary*	
Contract Revenues	$ 786.3	Total revenue to range from in-line to a low single digit increase as a percentage of revenue compared to the quarter ended April 29, 2017	➢ Accelerating fiber deployments for newly emerging wireless technologies ➢ Increasing wireless services ➢ Solid demand from several large customers reflecting 1 gigabit deployments and fiber deep cable capacity projects ➢ Total revenue expected to include approximately $8.0 million from the business acquired in Q3-17. For organic growth calculations, there was $7.1 million in revenues in the April 29, 2017 quarter. ➢ Expectations of normal winter weather
Gross Margin %	21.0%	Gross Margin % in-line or slightly better compared to the quarter ended April 29, 2017	➢ Margin outlook reflects expected mix of work activity and improving performance as services for large customer programs begin to accelerate
G&A Expense %	7.8%	G&A as a % of revenue increases from the quarter ended April 29, 2017	➢ G&A as a % of revenue supports our increasing scale
Share-based compensation	$4.9	$ 5.4	➢ Outlook for G&A expense % includes share-based compensation
Depreciation & Amortization	$37.4	$42.7 - $43.5	➢ Higher depreciation resulting from fleet additions that support our expanded in-house workforce and the normal replacement cycle of fleet assets ➢ Includes amortization of approximately $5.5 million in the three months ended April 28, 2018 compared to $6.2 million in the quarter ended April 29, 2017.
Non-GAAP Adjusted Interest Expense	$ 5.0	Approximately $ 5.3	➢ Non-GAAP Adjusted Interest Expense excludes non-cash amortization of debt discount of $4.7 million in the quarter ended April 28, 2018 compared to $4.4 million in the quarter ended April 29, 2017.
Other Income, net	$ 4.8	$ 4.0 - $ 4.6	➢ Other income, net primarily includes gain (loss) on sales of fixed assets
Effective Income Tax Rate (as a % of Adjusted Non-GAAP Income before Taxes)	37.0%	Approximately 37.0%	➢ Effective income tax rate expected at approximately 37.0% before the tax effects of the settlement of share-based awards based on new accounting standard
Non-GAAP Adjusted EBITDA %	13.8%	Non-GAAP Adjusted EBITDA % in-line with the quarter ended April 29, 2017	
Diluted Shares	31.9 million	32.1 million	

See "Regulation G Disclosure" slides 14-20 for a reconciliation of GAAP to Non-GAAP financial measures.

Fiscal Year Change

DYCOM

- In September 2017, the Company changed its fiscal year end from July to January
  - Beginning with a six month transitional period ending January 27, 2018, the Company's fiscal year will end on the last Saturday of January
  - Fiscal year 2019 will be for the period from January 28, 2018 through January 26, 2019

- As a result of the change in fiscal year and our increased visibility, the Company expects to provide a fiscal 2019 outlook for revenue and diluted earnings per share for its fiscal year ending January 26, 2019. This annual outlook will be provided in conjunction with the Company's release of results for the fiscal quarter ended January 27, 2018.

Conclusion

Firm and strengthening end market opportunities

- Fiber deployments in contemplation of newly emerging wireless technologies have begun in many regions of the country. A significant number of new project initiations will occur in the near term.
- Wireless construction activity in support of expanded coverage and capacity is poised to accelerate.
- Telephone companies deploying FTTH to enable video offerings and 1 gigabit connections. This activity is expected to reaccelerate in the near term.
- Cable operators continuing to deploy fiber to small and medium businesses and enterprises with increasing urgency. Fiber deep deployments to expand capacity, new build opportunities and overall cable capital expenditures are increasing.
- Customers are consolidating supply chains creating opportunities for market share growth and increasing the long-term value of our maintenance business. We are increasingly providing integrated planning, engineering and design, procurement and construction and maintenance services for our customers.

Encouraged that industry participants are committed to multi-year capital spending initiatives; these initiatives are increasing in numbers across multiple customers

Appendix: Regulation G Disclosure

Explanation of Non-GAAP 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 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 (decline) is calculated as the percentage change in Non-GAAP Organic Contract Revenues over those of the comparable prior year period. Management believes organic growth (decline) 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 non-cash amortization of the debt discount, certain non-recurring items and any tax impact related to these items.

- *Non-GAAP Adjusted Diluted Earnings per Common Share* - Non-GAAP Adjusted Net Income divided by weighted average diluted shares outstanding.

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 the debt discount* - The Company's convertible senior notes were allocated between debt and equity components. The difference between the principal amount and the carrying amount of the liability component of the convertible senior notes represents a debt discount. The debt discount is being amortized over the term of the convertible senior 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 convertible senior 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.

- *Tax impact of adjusted results* - The tax impact of the adjusted results was calculated utilizing a Non-GAAP effective tax rate which approximates the Company's effective tax rate used for financial planning. The tax impact included in the Company's guidance for the quarter ending January 27, 2018 was calculated using an effective tax rate used for financial planning and forecasting future results.

Appendix: Regulation G Disclosure

Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures
Non-GAAP Organic Contract Revenue
Unaudited
($ in millions)

	Contract Revenues	NON-GAAP ADJUSTMENTS			Non-GAAP Organic Contract Revenues	Revenue Growth (Decline)%	
		Revenues from acquired businesses	*Additional week as a result of our 52/53 week fiscal year (a)*	*Revenues from storm restoration services*		GAAP %	Non-GAAP - Organic %
Q1-18 Organic Decline:							
Q1-18	$ 756.2	$ (8.6)	$ -	$ (15.5)	$ 732.1	(5.4)%	(8.4)%
Q1-17	$ 799.2	$ -	$ -	$ -	$ 799.2		
Prior Quarters Organic Growth:							
Q4-17	$ 780.2	$ (19.3)	$ -	$ -	$ 760.9	(1.1)%	4.6%
Q4-16	$ 789.2	$ (5.6)	$ (56.0)	$ -	$ 727.6		
Q3-17	$ 786.3	$ (23.0)	$ -	$ -	$ 763.4	18.3%	14.9%
Q3-16	$ 664.6	$ -	$ -	$ -	$ 664.6		
Q2-17	$ 701.1	$ (13.4)	$ -	$ -	$ 687.7	25.3%	22.9%
Q2-16	$ 559.5	$ -	$ -	$ -	$ 559.5		
Q1-17	$ 799.2	$ (56.6)	$ -	$ -	$ 742.6	21.2%	18.0%
Q1-16	$ 659.3	$ (29.9)	$ -	$ -	$ 629.4		
Q4-16	$ 789.2	$ (44.8)	$ (53.2)	$ -	$ 691.2	36.4%	20.0%
Q4-15	$ 578.5	$ (2.4)	$ -	$ -	$ 576.1		
Q3-16	$ 664.6	$ (30.8)	$ -	$ -	$ 633.9	35.0%	28.7%
Q3-15	$ 492.4	$ -	$ -	$ -	$ 492.4		
Q2-16	$ 559.5	$ (32.9)	$ -	$ -	$ 526.6	26.8%	19.4%
Q2-15	$ 441.1	$ -	$ -	$ -	$ 441.1		

(a) Q4-16 contained 14 weeks as a result of our 52/53 week fiscal year as compared to 13 weeks in all other quarterly periods presented herein. The Q4-16 Non-GAAP adjustment is calculated independently for each comparative period as (i) contract revenues less, (ii) contract revenues from acquired businesses in each applicable period, (iii) divided by 14 weeks.

Use of Non-GAAP Financial Measures

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). In our quarterly results releases, trend schedules, conference calls, slide presentations, and webcasts, we may use or discuss Non-GAAP financial measures, as defined by Regulation G of the SEC. See Explanation of Non-GAAP Measures on slide 14.

Appendix: Regulation G Disclosure

Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures
Non-GAAP Organic Contract Revenue – certain customers
Unaudited
($ in millions)

	Total Contract Revenue	Top 5 Customers combined*	All customers (excluding Top 5 Customers)	Comcast	CenturyLink	Verizon
GAAP Contract Revenue						
Q1-18	$ 756.2	$ 566.4	$ 189.8	$ 165.0	$ 143.5	$ 80.6
Q1-17	$ 799.2	$ 588.1	$ 211.1	$ 120.8	$ 231.9	$ 75.1
GAAP Contract Revenue - % Changes	**(5.4)%**	**(3.7)%**	**(10.1)%**	**36.6%**	**(38.1)%**	**7.3%**
Non-GAAP Adjustments						
Q1-18 - Revenue from a business acquired in Q3-17	$ (8.6)	$ (4.5)	$ (4.1)	$ (1.4)	$ (1.2)	$ (0.5)
Q1-18 - Revenues from storm restoration services	$ (15.5)	$ (13.9)	$ (1.6)	$ (10.7)	$ (1.3)	$ -
Non-GAAP Organic Contract Revenue						
Q1-18	$ 732.1	$ 548.0	$ 184.2	$ 152.8	$ 141.0	$ 80.1
Q1-17	$ 799.2	$ 588.1	$ 211.1	$ 120.8	$ 231.9	$ 75.1
Non-GAAP Organic Contract Revenue - % Changes						
Organic Contract Revenue % Change	**(8.4)%**	**(6.8)%**	**(12.7)%**	**26.5%**	**(39.2)%**	**6.7%**

* Includes Comcast, AT&T, CenturyLink, Verizon, and Charter in both Q1-18 and Q1-17.

Note: Amounts above may not add due to rounding.

Use of Non-GAAP Financial Measures
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Appendix: Regulation G Disclosure

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Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures
Non-GAAP Adjusted EBITDA
Unaudited
($ in 000's)

	Three Months Ended			
	October 28, 2017	October 29, 2016	January 28, 2017	April 29, 2017
	Q1-18	Q1-17	Q2-17	Q3-17
Reconciliation of net income to Non-GAAP Adjusted EBITDA:				
Net income	$ 28,776	$ 51,050	$ 23,663	$ 38,796
Interest expense, net	9,707	9,067	9,181	9,382
Provision for income taxes	15,603	30,306	14,026	22,750
Depreciation and amortization	42,651	34,546	35,705	37,411
Earnings Before Interest, Taxes, Depreciation & Amortization ("EBITDA")	96,737	124,969	82,575	108,339
Gain on sale of fixed assets	(6,495)	(1,443)	(1,729)	(5,048)
Stock-based compensation expense	7,380	5,707	5,309	4,915
Non-GAAP Adjusted EBITDA	$ 97,622	$ 129,233	$ 86,155	$ 108,206
Contract Revenues	$ 756,215	$ 799,223	$ 701,131	$ 786,338
Non-GAAP Adjusted EBITDA as a % of contract revenues	12.9%	16.2%	12.3%	13.8%

Notes: Amounts above may not add due to rounding.

Use of Non-GAAP Financial Measures

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Appendix: Regulation G Disclosure

DYCOM

Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures
Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Diluted Earnings Per Share
Unaudited
($ in 000's, except per share amounts)

	Q1-18 Three Months Ended October 28, 2017			Q1-17 Three Months Ended October 29, 2016		
	GAAP	*Reconciling Item*	*Adjusted Non-GAAP*	*GAAP*	*Reconciling Item*	*Adjusted Non-GAAP*
Contract revenues	$ 756,215	$ -	$ 756,215	$ 799,223	$ -	$ 799,223
Cost of earned revenues, excluding depreciation and amortization	600,847	-	600,847	614,990	-	614,990
General and administrative expenses	64,562	-	64,562	60,204	-	60,204
Depreciation and amortization	42,651	-	42,651	34,546	-	34,546
Total	708,060	-	708,060	709,740	-	709,740
Interest expense, net	(9,707)	4,547	(5,160)	(9,067)	4,307	(4,760)
Other income, net	5,931	-	5,931	940	-	940
Income before income taxes	44,379	4,547	48,926	81,356	4,307	85,663
Provision for income taxes	15,603	1,728	17,331	30,306	1,611	31,917
Net income	$ 28,776	$ 2,819	$ 31,595	$ 51,050	$ 2,696	$ 53,746
Diluted earnings per share	$ 0.90	$ 0.09	$ 0.99	$ 1.59	$ 0.08	$ 1.67
Shares used in computing Diluted EPS (in 000's):	31,892		31,892	32,200		32,200

*Q1-18 Non-GAAP Adjusted Net Income includes $0.9 million of income tax benefit for the tax effects of certain share-based award activities as a result of the adoption of ASU 2016-09, *Compensation - Stock Compensation (Topic 718):Improvements to Employee Share-Based Payment Accounting.*

Note: Amounts above may not add due to rounding.

Use of Non-GAAP Financial Measures

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). In our quarterly results releases, trend schedules, conference calls, slide presentations, and webcasts, we may use or discuss Non-GAAP financial measures, as defined by Regulation G of the SEC. See Explanation of Non-GAAP Measures on slide 14.

Appendix: Regulation G Disclosure

Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures
Non-GAAP Adjusted Net Income and Non-GAAP Adjusted Diluted Earnings Per Share
Unaudited
($ in 000's, except per share amounts)
For comparison purposes for slides 10 and 11

	Q2-17 Three Months Ended January 28, 2017			Q3-17 Three Months Ended April 29, 2017		
	GAAP	*Reconciling Item*	*Adjusted Non-GAAP*	*GAAP*	*Reconciling Item*	*Adjusted Non-GAAP*
Contract revenues	$ 701,131	$ -	$ 701,131	$ 786,338	$ -	$ 786,338
Cost of earned revenues, excluding depreciation and amortization	561,371	-	561,371	621,475	-	621,475
General and administrative expenses	58,191	-	58,191	61,317	-	61,317
Depreciation and amortization	35,705	-	35,705	37,411	-	37,411
Total	655,267	-	655,267	720,203	-	720,203
Interest expense, net	(9,181)	4,379	(4,802)	(9,382)	4,425	(4,957)
Other income, net	1,006	-	1,006	4,793	-	4,793
Income before income taxes	37,689	4,379	42,068	61,546	4,425	65,971
Provision for income taxes	14,026	1,631	15,657	22,750	1,644	24,394
Net income	$ 23,663	$ 2,748	$ 26,411	$ 38,796	$ 2,781	$ 41,577
Diluted earnings per share	$ 0.74	$ 0.09	$ 0.82	$ 1.22	$ 0.09	$ 1.30
Shares used in computing Diluted EPS (in 000's):	32,162		32,162	31,910		31,910

Note: Amounts above may not add due to rounding.

<u>Use of Non-GAAP Financial Measures</u>

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). In our quarterly results releases, trend schedules, conference calls, slide presentations, and webcasts, we may use or discuss Non-GAAP financial measures, as defined by Regulation G of the SEC. See Explanation of Non-GAAP Measures on slide 14.

Appendix: Regulation G Disclosure

Reconciliation of Non-GAAP Financial Measures to Comparable GAAP Financial Measures
Outlook – Non-GAAP Diluted Earnings per Common Share for the Three Months Ending January 27, 2018
Unaudited

Outlook for the Three Months Ending January 27, 2018

Diluted earnings per common share – GAAP (a)	\$0.15 - \$0.27
Adjustment for addback of after-tax non-cash amortization of debt discount on convertible senior notes (b)	\$ 0.09
Non-GAAP Adjusted Diluted Earnings per Common Share (a)	\$0.24 - \$0.36

(a) Guidance for diluted earnings per common share and Non-GAAP Adjusted diluted earnings per common share for the three months ending January 27, 2018 were computed using approximately 31.9 million in diluted weighted average shares outstanding.

(b) The Company expects to recognize approximately \$4.6 million in pre-tax interest expense during the three months ending January 27, 2018 for non-cash amortization of the debt discount associated with its convertible senior notes. The Company excludes the effect of this non-cash amortization of the debt discount in its Non-GAAP financial measures.

Note: Amounts above may not add due to rounding.

Use of Non-GAAP Financial Measures

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November 20, 2017

1st Quarter Fiscal 2018

Results Conference Call