ARCOSA

MOVING
INFRASTRUCTURE
FORWARD

First Quarter 2020 Earnings and Business Update

April 29, 2020

How to Find Us

OUR WEBSITE

www.arcosa.com

NYSE TICKER

ACA

HEADQUARTERS

Arcosa, Inc.
500 North Akard Street, Suite 400
Dallas, Tx 75201

INVESTOR CONTACT

InvestorResources@arcosa.com

Forward-Looking Statements

Some statements in this release, which are not historical facts, are “forward-looking statements” as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements about Arcosa’s estimates, expectations, beliefs, intentions or strategies for the future. Arcosa uses the words “anticipates,” “assumes,” “believes,” “estimates,” “expects,” “intends,” “forecasts,” “may,” “will,” “should,” “guidance,” “outlook,” “strategy,” and similar expressions to identify these forward-looking statements. Forward-looking statements speak only as of the date of this release, and Arcosa expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, except as required by federal securities laws. Forward-looking statements are based on management’s current views and assumptions and involve risks and uncertainties that could cause actual results to differ materially from historical experience or our present expectations, including but not limited to assumptions, risks and uncertainties regarding the impact of the COVID-19 pandemic on Arcosa’s customer demand for Arcosa’s products and services, Arcosa’s supply chain, Arcosa’s employees ability to work because of COVID-19 related illness, the health and safety of our employees, the effect of governmental regulations imposed in response to the COVID-19 pandemic; assumptions, risks and uncertainties regarding achievement of the expected benefits of Arcosa’s spin-off from Trinity; tax treatment of the spin-off; failure to successfully integrate Cherry, or failure to achieve the expected benefits of the acquisition; market conditions and customer demand for Arcosa’s business products and services; the cyclical nature of, and seasonal or weather impact on, the industries in which Arcosa competes; competition and other competitive factors; governmental and regulatory factors; changing technologies; availability of growth opportunities; market recovery; ability to improve margins; and Arcosa’s ability to execute its long-term strategy, and such forward-looking statements are not guarantees of future performance. For further discussion of such risks and uncertainties, see "Risk Factors" and the "Forward-Looking Statements" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Arcosa's Form 10-K for the year-ended December 31, 2019, Arcosa’s Form 10-Q for the quarter-ended March 31, 2020 to be filed on or about April 29, 2020, and as may be revised and updated by Arcosa's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Non-GAAP Financial Measures

This presentation contains financial measures that have not been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Reconciliations of non-GAAP financial measures to the closest GAAP measure are provided in the Appendix.

Key messages from today's call

- Our highest priority is the health and safety of our employees and communities; protocols are in place at plants and offices that meet or exceed Centers for Disease Control (CDC) standards and other guidelines
- Our businesses support critical infrastructure sectors, as defined by the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA.gov); plants have continued to operate throughout the crisis
- Our Q1-20 results show the outstanding earnings potential of our businesses; Adjusted EBITDA of $76M was up 29%, driven by organic growth and the Cherry acquisition
- Our liquidity and low leverage position us well to manage through different economic conditions and eventually return to organic and acquisition growth
- Backlogs in our Energy Equipment and Transportation Products give us solid visibility for 2020, but uncertainty around duration and length of COVID-19 slowdown has led us to withdraw 2020 Revenue and Adjusted EBITDA guidance
- Our long-term vision remains intact: we plan to emerge from this crisis with even stronger growth and ESG initiatives

Agenda

- Update on COVID-19
- Q1 2020 Results
- Liquidity, Balance Sheet, and Capital Allocation Update
- Market Outlook
- Long term Vision

Agenda

Update on COVID-19

Q1 2020 Results

Liquidity, Balance Sheet, and Capital Allocation Update

Market Outlook

Long term Vision

Our Priorities during COVID-19 Crisis

Protect the Health and Safety of our Employees and Communities

- The health and safety of employees and other stakeholders is our most important priority
- We have put in place safeguards at our plants and offices to comply with CDC standards and other guidelines. New protocols include:
  - ✓ Social distancing processes in all facilities; remote work procedures for office employees
  - ✓ Increased frequency of deep cleaning workspaces and common areas
  - ✓ Reinforced hand washing and infection control training
  - ✓ Processes to track and manage employees who report or have COVID-19 symptoms or exposure
  - ✓ Actions to screen, limit or prohibit non-essential visitors to all facilities
  - ✓ Elimination of non-essential travel

Support Critical Infrastructure Sectors

- Our businesses support critical infrastructure sectors, as defined by the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA.gov)
- These critical sectors are deemed essential to infrastructure, and our plants have continued operating to meet our customers' needs

Maintain Financial Flexibility to Return to Growth

- Cash of $201M + Committed Revolver Capacity of $274M creates significant liquidity to manage through a downturn
- Net debt/EBITDA of 0.5X creates opportunity to pursue disciplined growth, when appropriate
- Additionally, we have taken immediate actions to increase our financial flexibility
  - – Postponed non-essential CapEx
  - – Tightened working capital management
  - – Implemented SG&A hiring freeze and cost reduction actions

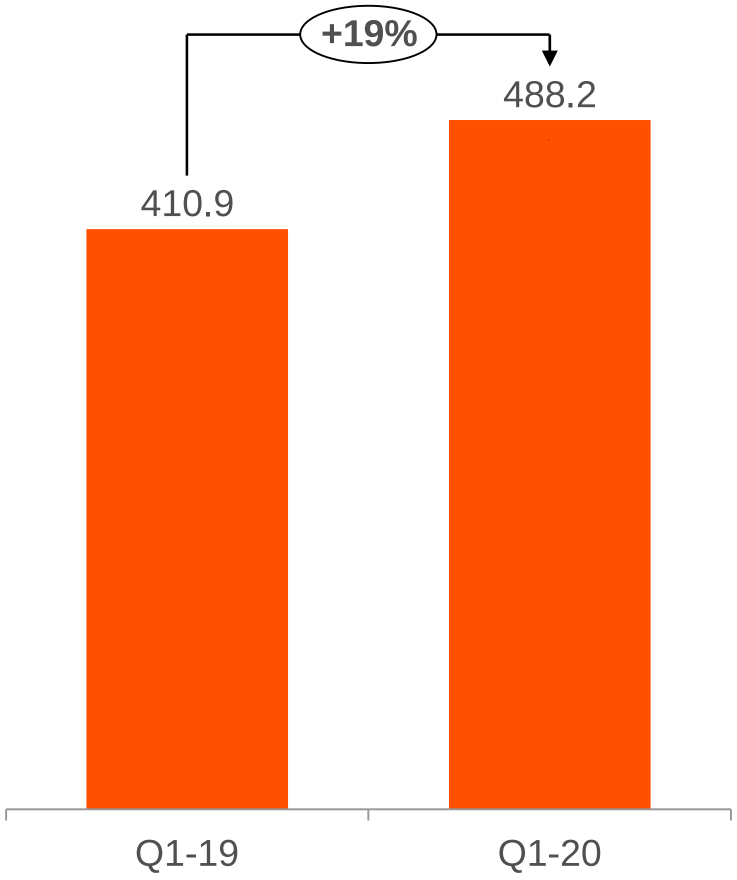
Agenda

- Update on COVID-19
- **Q1 2020 Results**
- Liquidity, Balance Sheet, and Capital Allocation Update
- Market Outlook
- Long term Vision

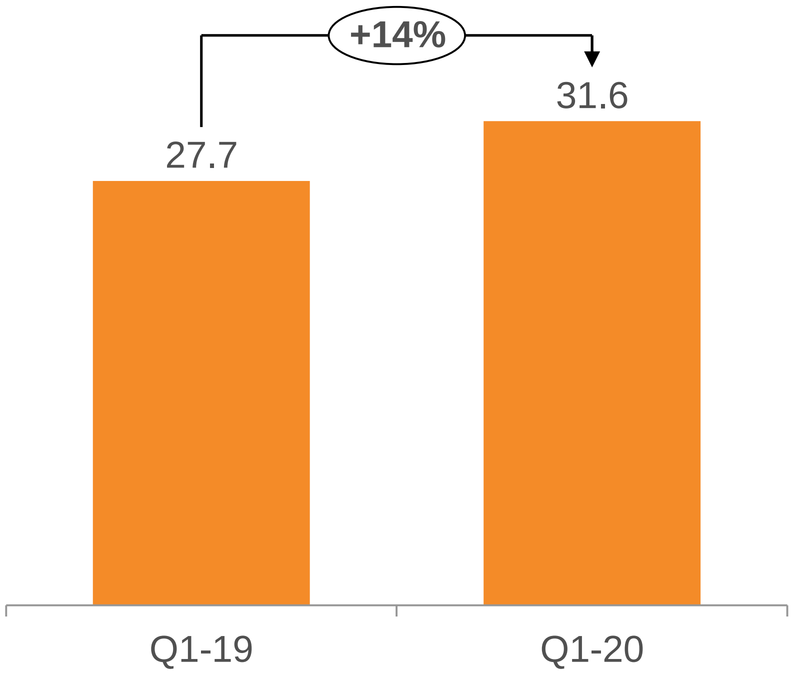
Q1 2020 Financial Results

Adjusted EBITDA increased 29%, driven by organic growth, acquisitions, and operating improvements

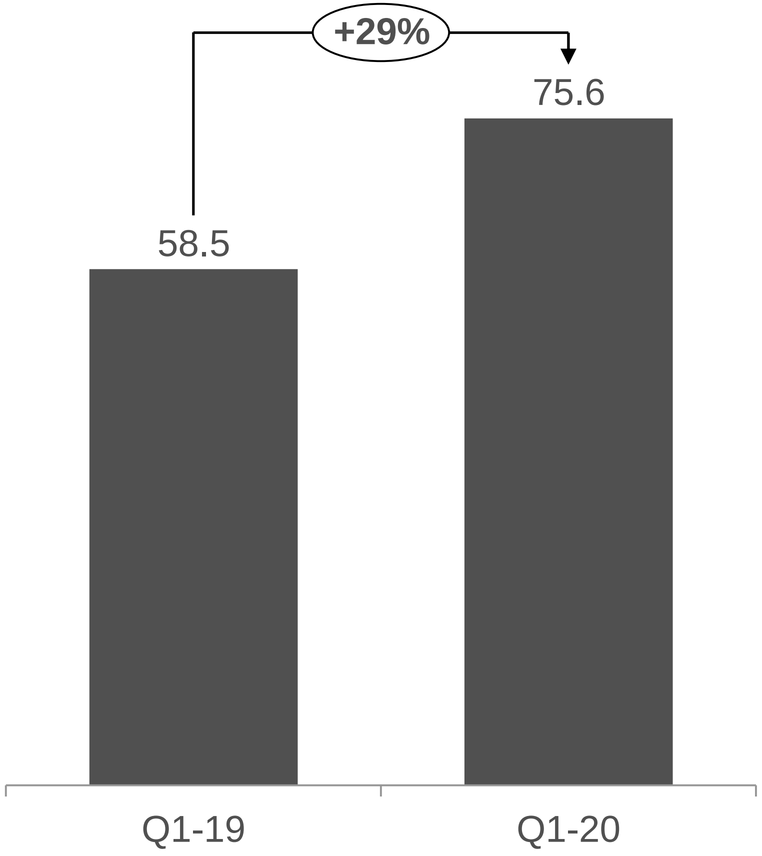
Revenues ($M)



Net Income ($M)



Adjusted EBITDA ($M)



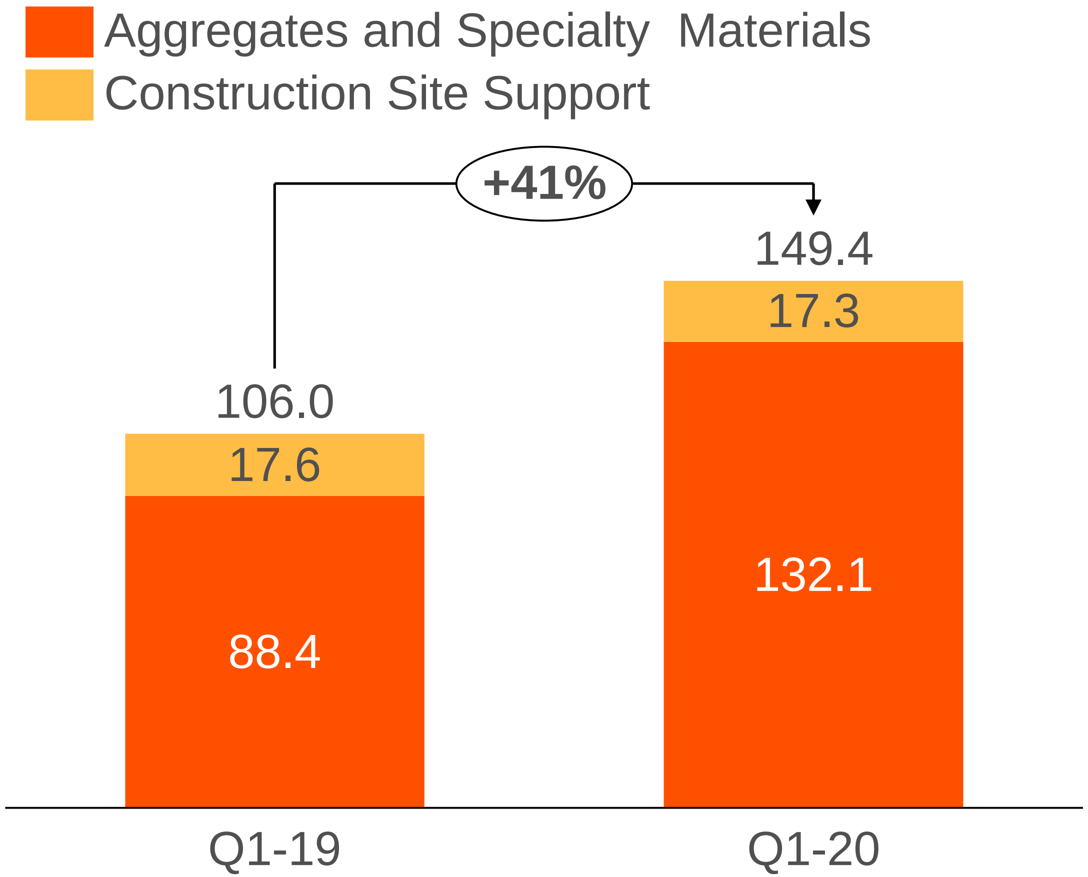
Margin *14.2%* *15.5%*

See Adjusted EBITDA reconciliations in Appendix.

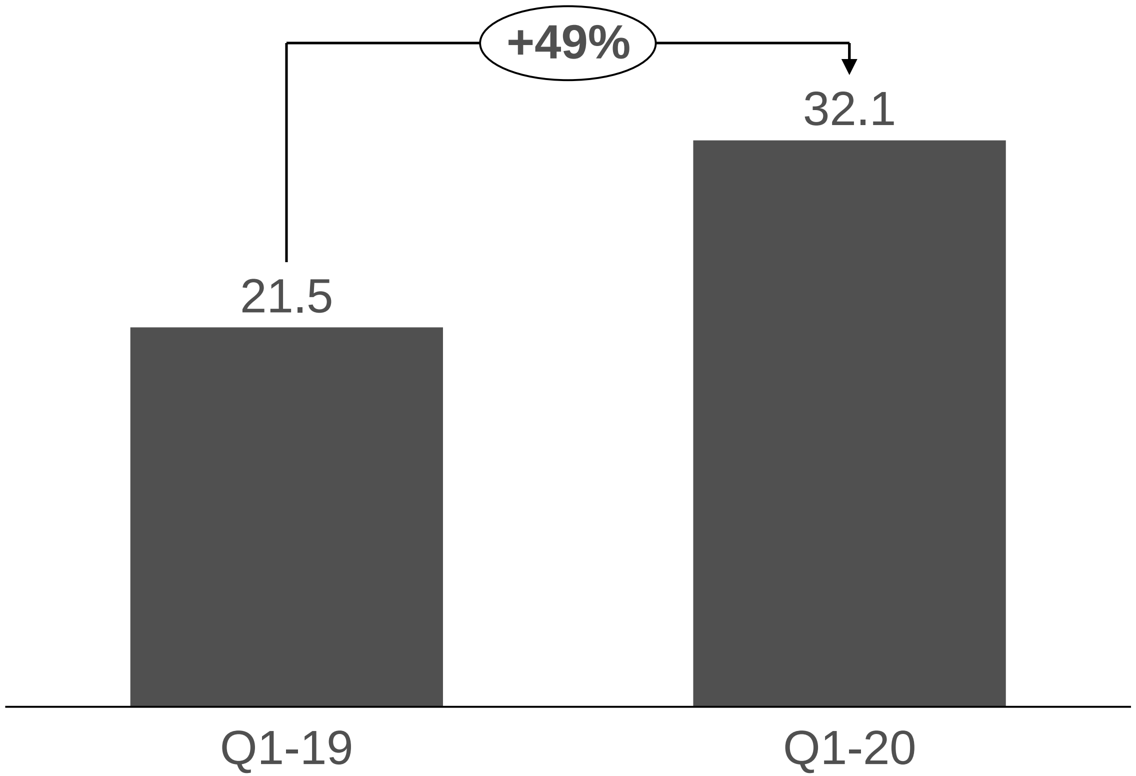
Segment Results: Construction Products

Adjusted EBITDA growth of 49%, from strong legacy operations and Cherry acquisition

Revenues ($M's)



Adjusted Segment EBITDA ($M's)



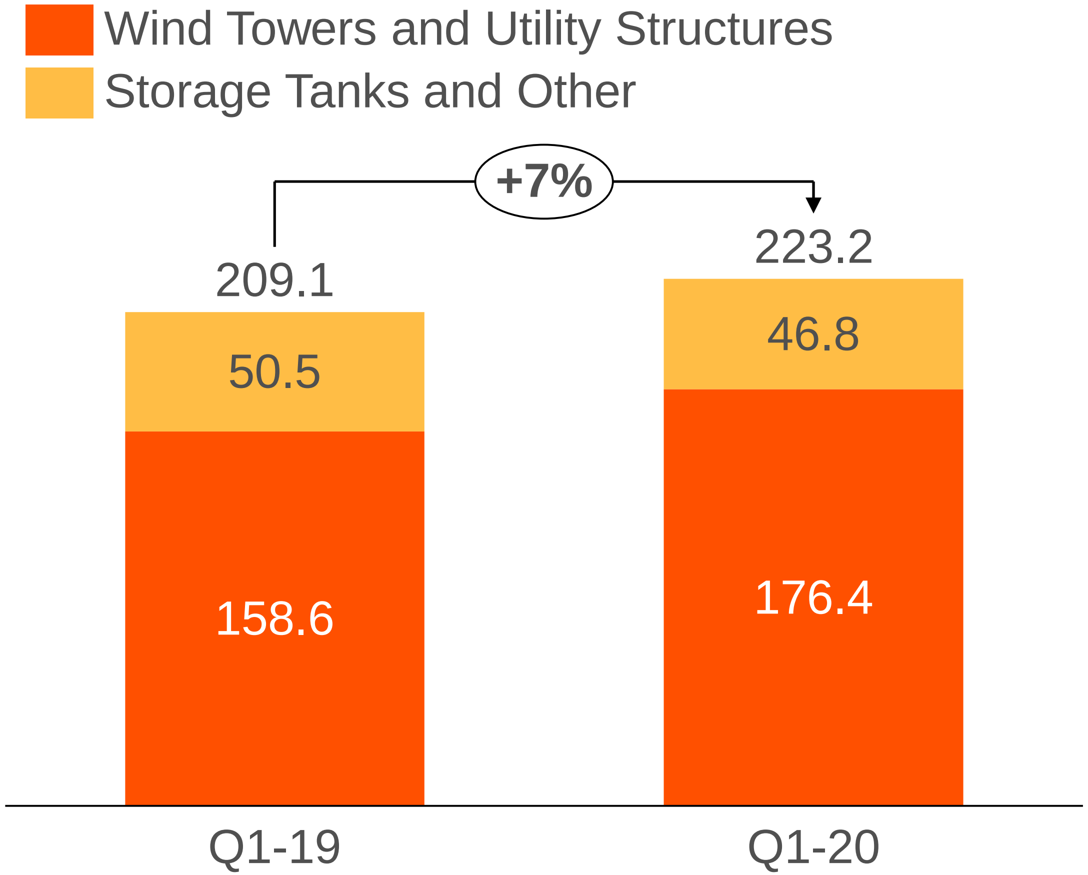
Margin *20.3%* *21.5%*

See Adjusted Segment EBITDA reconciliation in Appendix.

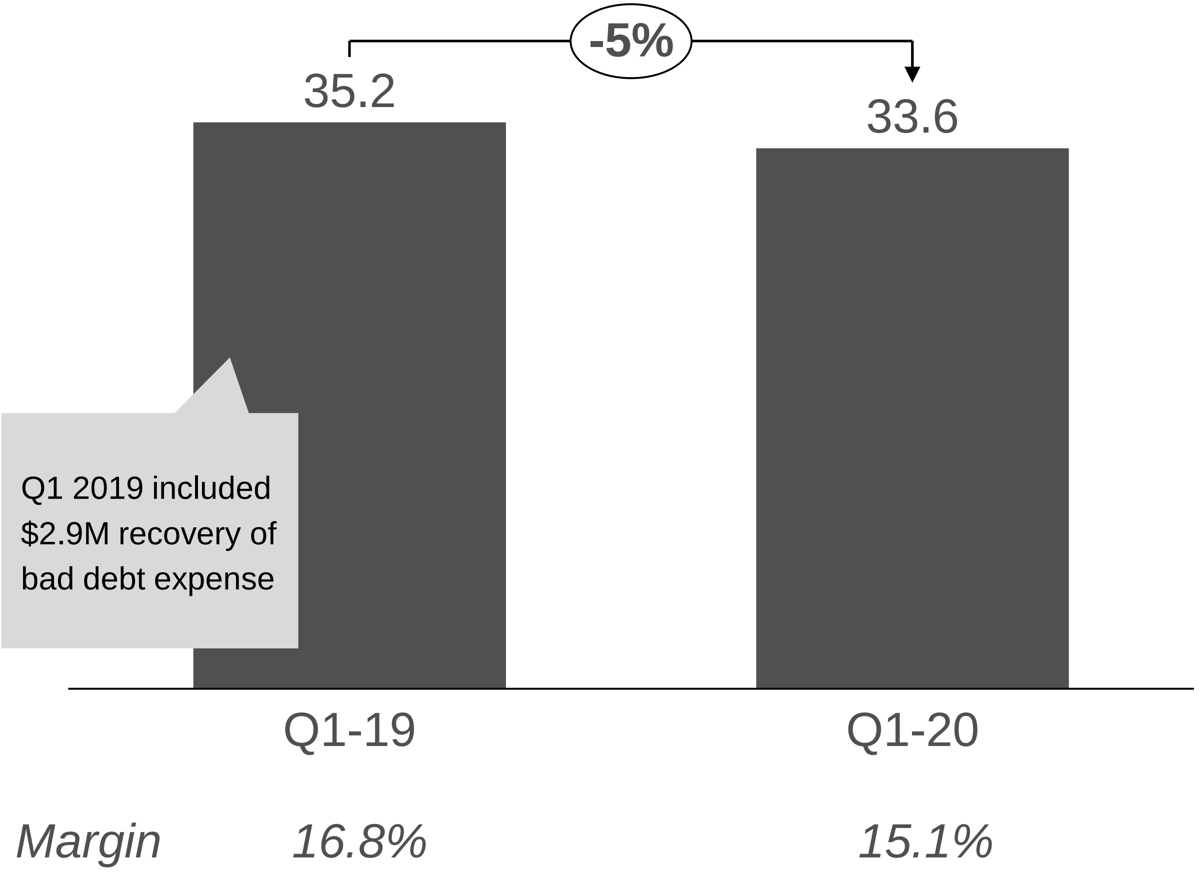
Segment Results: Energy Equipment

Revenue growth of 7%, with roughly flat margins excluding 2019's bad debt expense recovery

Revenues ($M's)



Adjusted Segment EBITDA ($M's)

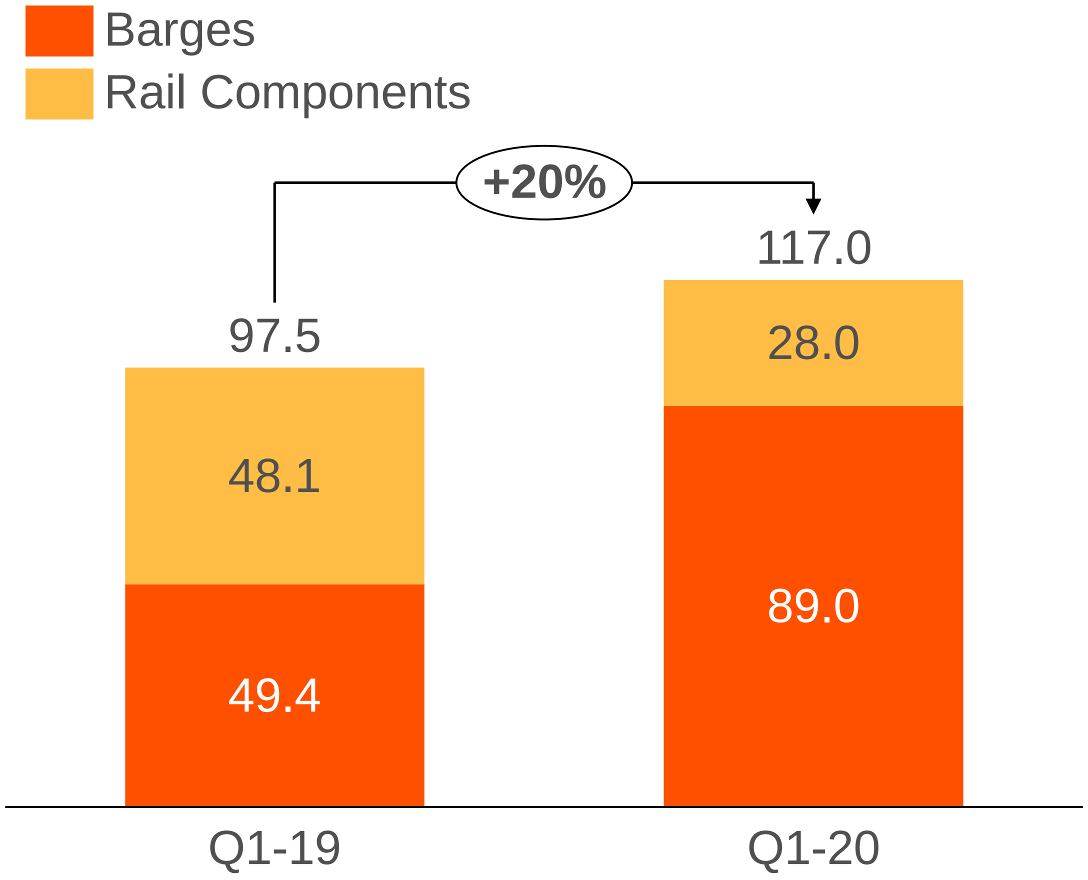


See Adjusted Segment EBITDA reconciliation in Appendix.

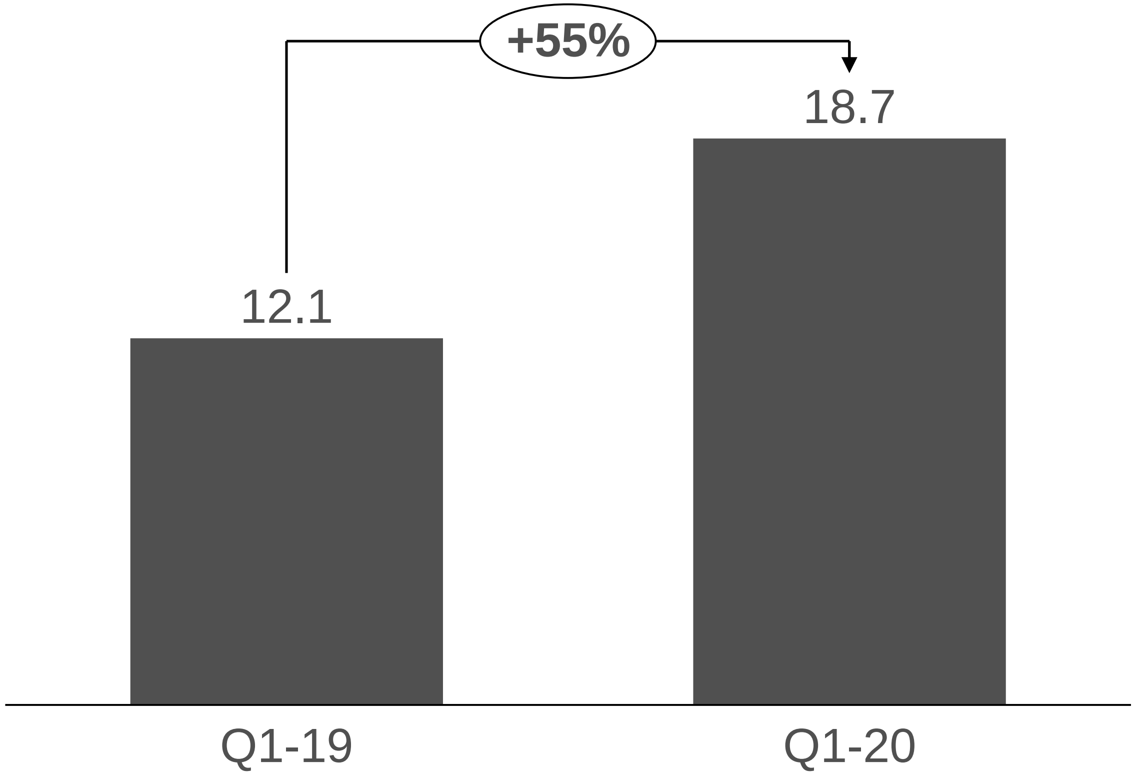
Segment Results: Transportation Products

Adjusted EBITDA growth of 55%, as barge business continued to ramp up to meet higher levels of demand

Revenues ($M's)



Adjusted Segment EBITDA ($M's)



Margin *12.4%* *16.0%*

See Adjusted Segment EBITDA reconciliation in Appendix.

Agenda

Update on COVID-19

Q1 2020 Results

Liquidity, Balance Sheet, and Capital Allocation Update

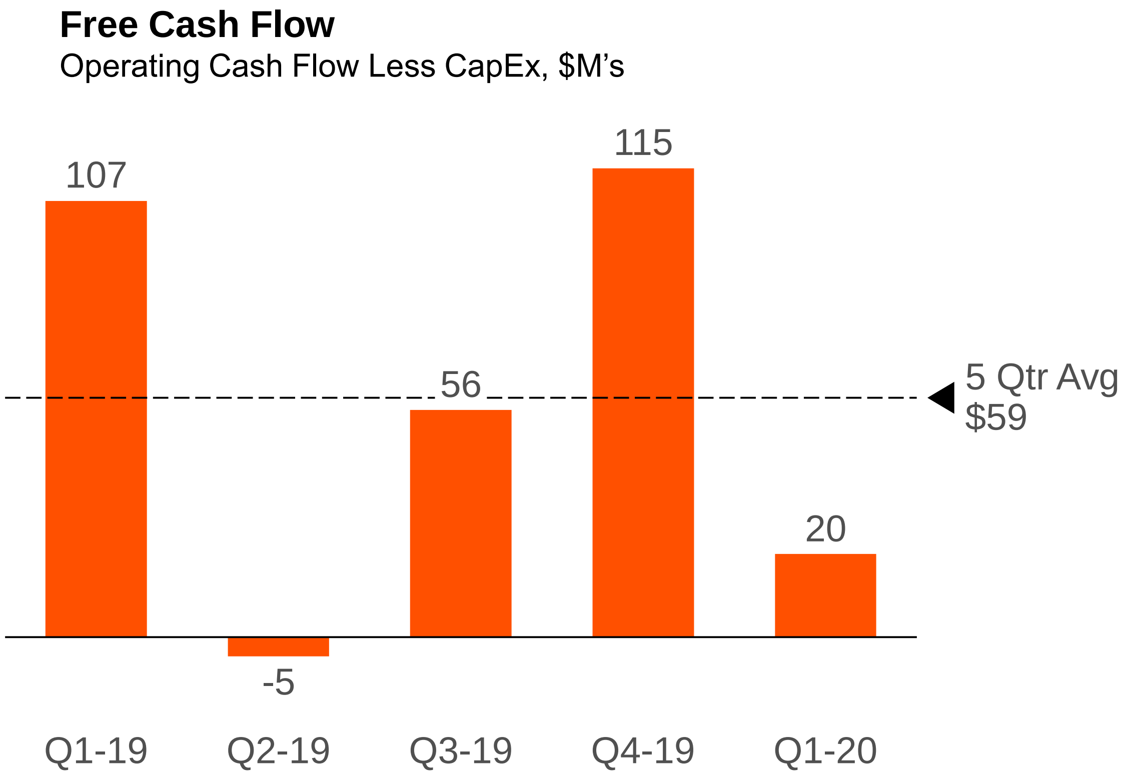
Market Outlook

Long term Vision

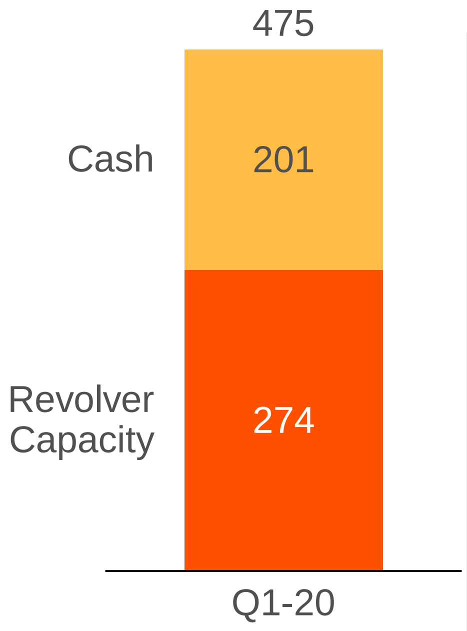
Free Cash Flow and Liquidity

Strong free cash flow over the last year contributed to Q1's $201M of cash and an additional $274M of committed revolver capacity

Free Cash Flow



Available Liquidity at end of Q1 ($M's)



- We borrowed an additional $100 million on our revolving credit facility during March
- We view the step as a precautionary measure during the COVID-19 pandemic, and borrowings can be prepaid without penalty
- We continue to maintain ample headroom under financial covenants

Free Cash Flow defined as GAAP Operating Cash Flow less GAAP capital expenditures.

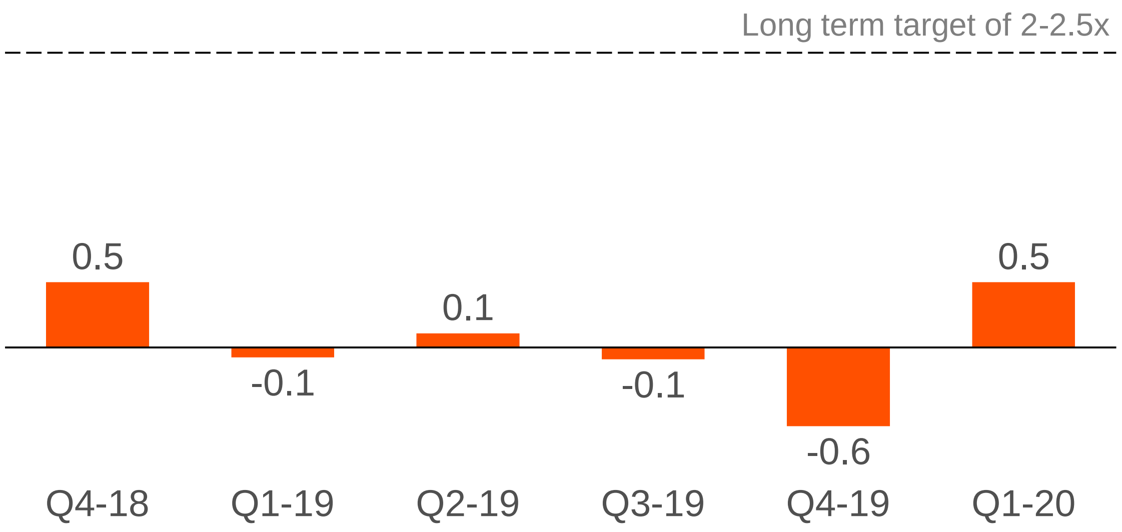
ARCOSA

Balance Sheet Highlights

Significant balance sheet capacity will enable us to pursue disciplined growth, when appropriate

~0.5x Net Debt / Adjusted EBITDA at the end of the quarter, well below our long term target…

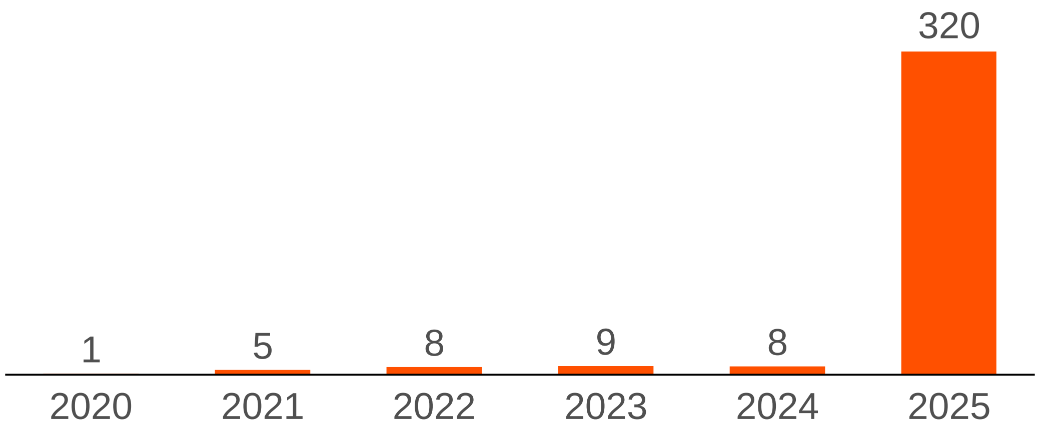
Net Debt / Adjusted EBITDA
Ratio since spin, end of quarter



Outstanding Debt
- $250M Floating rate borrowing at LIBOR+1.50%
- $100M fixed rate revolver borrowing at ~4.0%

…with minimal debt maturities until 2025

Debt Maturity Schedule[1]
$ Millions



1 Debt Maturity Schedule excludes $7.2M of Finance Leases
Note: Net Debt / Adjusted EBITDA calculated using the LTM Adjusted EBITDA for the most recent quarter-end periods

ARCOSA

Capital Allocation Approach for 2020

We have taken a number of actions to conserve cash in order to manage through different economic conditions

Organic investments

- Delayed non-essential CapEx; a limited number of growth projects to continue if returns meet our criteria
- We now expect $75-85M of CapEx in 2020, down $20M from February guidance
  - $65M of Maintenance CapEx
  - $10-20M of growth CapEx
- Implemented SG&A hiring freeze and external SG&A spend reductions
- Tightened working capital management across receivables, payables, and inventory

Strategic Growth through Acquisitions

- In addition to Cherry acquisition, completed one complementary acquisition to expand into Traffic and Lighting structures
  - Primarily serves DOT-related infrastructure work in Florida and Southeast
  - $25M purchase price
- We will continue to evaluate potential acquisitions in our pipeline, focusing on three primary areas:
  - Natural and Recycled Aggregates
  - Specialty Materials
  - Utility Structures
- Our financial strength will allow us to be disciplined but also opportunistic

Return of capital to shareholders

- Currently plan to maintain dividend of ~$10M per year
- $34M of $50M share repurchase authorization remaining

Agenda

Update on COVID-19

Q1 2020 Results

Liquidity, Balance Sheet, and Capital Allocation Update

Market Outlook

Long term Vision

Construction Products Outlook

Construction demand was solid in Q1; balance of year will depend on duration and depth of COVID-19 slowdown

2019 Revenue | **Primary Market Drivers** | **Impact of economic slowdown on 2020 outlook**



Aggregates and Specialty Materials

2019 Revenue
- $545M (pro-forma with Cherry)

Primary Market Drivers
- **Natural and recycled aggregates:** Public infrastructure spending; state and municipal fiscal health private demand drivers including population growth, housing starts; oil and gas drilling activity

Impact: Significant Moderate Minimal

- **Specialty materials:**
  - **Lightweight aggregates:** Public infrastructure spending; residential and non-residential construction
  - **Building products:** Residential and non-residential construction
  - **Agriculture:** Regional agricultural activity

Impact: Significant Moderate Minimal

Construction site support

2019 Revenue
- $75M

Primary Market Drivers
- Public and private construction activity, served primary through rental channel

Impact: Significant Moderate Minimal

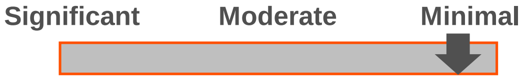
ARCOSA

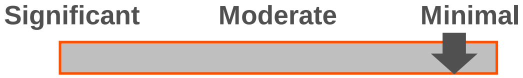
Energy Equipment Outlook

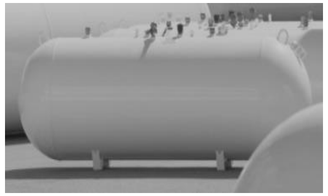
Energy equipment backlog provides solid visibility for 2020


Wind Towers and Utility Structures

- **2019 Revenue:** $625M
- **Backlog as of 03/31/20:** $476M
- **Primary Market Drivers:**
  - **Utility structures:** Grid hardening and reliability initiatives; renewable connections
  - **Wind Towers:** Production Tax Credits; economic competitiveness vs. fossil fuels; corporate ESG
- **Impact of economic slowdown on 2020 outlook:**

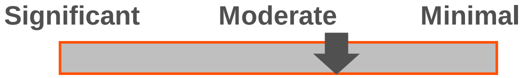






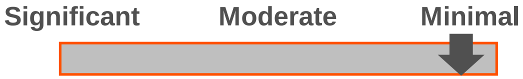
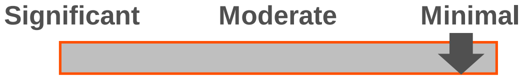
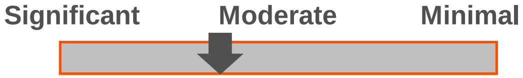
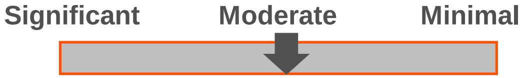

Storage Tanks and Other

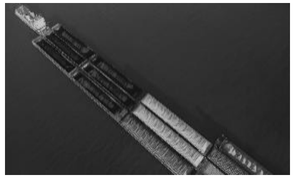
- **2019 Revenue:** $211M
- **Backlog as of 03/31/20:** $29M
- **Primary Market Drivers:**
  - **Residential/Commercial Tanks:** Residential and commercial maintenance and construction in US and Mexico; agricultural activity
  - **Large storage tanks:** Major infrastructure projects; oil & gas infrastructure; agricultural activity
- **Impact of economic slowdown on 2020 outlook:**



Transportation Products Outlook

Barge backlog extends through end of 2020; railcar-related demand has fallen significantly as industry orders have declined

	2019 Revenue	Backlog as of 03/31/20	Primary Market Drivers	Impact of economic slowdown on 2020 outlook
Barges	$294M	$348M	**Dry barges:** Fleet age; dry commodity traffic (food and farm products, construction products, manufactured products, coal); steel prices	
			Liquid barges: Fleet age; liquid commodity traffic (refined products, petrochemicals, crude oil); steel prices	
Components	$172M	Not applicable	**Couplers & Axles:** New railcar builds; maintenance demand	
			Industrial products: Diverse drivers across product types (e.g., industrial production, military spending)	

ARCOSA

Key assumptions in 2020 Outlook

Our view of 2020 is based on a number of assumptions that could change as the COVID-19 pandemic evolves

	Key Assumptions
Government / Regulatory	▪ Plants continue to operate under the Department of Homeland Security 'Essential Infrastructure' designation ▪ States and local jurisdictions follow the Federal guidance around critical infrastructure allowing continued operations
Operational / Supply chain	▪ Our plants continue to have sufficient staffing levels to operate, with sufficient personal protective equipment to continue operating ▪ No major supply chain disruptions occur
Customers	▪ Customers continue to operate under 'Essential Infrastructure' designation ▪ Customers remain committed to taking delivery of firm and non-cancellable orders

Agenda

Update on COVID-19

Q1 2020 Results

Liquidity, Balance Sheet, and Capital Allocation Update

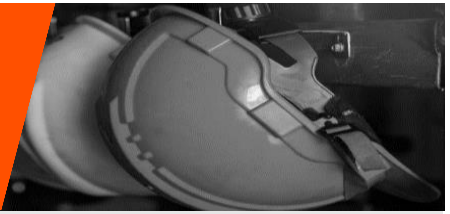
Market Outlook

Long term Vision

ESG Update

Our Materiality Assessment identified 11 significant topics across our businesses; we plan to publish our initial Sustainability Report for full year 2020

Our People & Communities



Employee Health and Safety

Diversity

Talent Management

Community Relations

Our Environment

Energy Management

Air Quality

GHG Emissions

Water and Wastewater Management

Land Management

Our Products

Product Use and Quality

Governance and Business Ethics

Our Materiality Assessment was based primarily on SASB standards, with additional input from stakeholders and other sustainability standards

Long-Term Vision for Arcosa

Our long-term vision remains intact; we plan to emerge from this crisis with even stronger growth and ESG initiatives

Grow
in attractive markets where we can achieve sustainable competitive advantages

Reduce
the complexity and cyclicality of the overall business

Improve
long-term returns on invested capital

Integrate
Environmental, Social, and Governance initiatives (ESG) into our long-term strategy

Appendix

Reconciliation of Consolidated and Combined Adjusted EBITDA and Adjusted Net Income

($'s in millions)
(unaudited)

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Revenues	**$ 488.2**	$ 410.9
Net income	**31.6**	27.7
Add:		
Interest expense, net	**3.1**	1.6
Provision for income taxes	**10.4**	7.9
Depreciation, depletion, and amortization expense(1)	**26.8**	19.8
EBITDA	**71.9**	57.0
Add:		
Impact of acquisition-related expenses(2)	**2.4**	1.4
Impairment charge	**1.3**	—
Other, net (income) expense(3)	**—**	0.1
Adjusted EBITDA	**$ 75.6**	$ 58.5
Adjusted EBITDA Margin	**15.5 %**	14.2 %

GAAP does not define "Earnings Before Interest, Taxes, Depreciation, Depletion and Amortization" ("EBITDA") and it should not be considered as an alternative to earnings measures defined by GAAP, including net income. We use this metric to assess the operating performance of our consolidated business, as a metric for incentive-based compensation, and as a basis for strategic planning and forecasting as we believe that it closely correlates to long-term shareholder value, and we believe this metric also assists investors in comparing a company's performance on a consistent basis without regard to depreciation, depletion, and amortization, which can vary significantly depending on many factors. We adjust consolidated EBITDA for certain non-routine items ("Adjusted EBITDA") to provide a more consistent comparison of earnings performance from period to period, which we also believe assists investors in comparing a company's performance on a consistent basis. "Adjusted EBITDA Margin" is defined as Adjusted EBITDA divided by Revenues.

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Net Income	**$ 31.6**	$ 27.7
Impact of acquisition-related expenses, net of tax(2)	**1.8**	1.1
Impairment charge	**1.0**	—
Adjusted Net Income	**$ 34.4**	$ 28.8

GAAP does not define "Adjusted Net Income" and it should not be considered as an alternative to earnings measures defined by GAAP, including net income. We use this metric to assess the operating performance of our consolidated business. We adjust net income for certain non-routine items to provide investors with what we believe is a more consistent comparison of earnings performance from period to period.

(1) Includes the impact of the fair value markup of acquired long-lived assets.
(2) Non-routine expenses associated with acquisitions, including the cost impact of the fair value markup of acquired inventory and other transaction costs.
(3) Included in Other, net expense was the impact of foreign currency exchange transactions of $0.0 million and $0.5 million for the three months ended March 31, 2020 and 2019, respectively.

Reconciliation of Adjusted Segment EBITDA

($'s in millions)
(unaudited)

	Three Months Ended March 31,	
	2020	**2019**
Construction Products		
Revenues	**$ 149.4**	$ 106.0
Operating Profit	**16.8**	11.3
Add: Depreciation, depletion, and amortization expense	**13.8**	8.8
Segment EBITDA	**30.6**	20.1
Add: Impact of acquisition-related expenses[1]	**1.5**	1.4
Adjusted Segment EBITDA	**$ 32.1**	$ 21.5
Adjusted Segment EBITDA Margin	**21.5 %**	20.3 %
Energy Equipment		
Revenues	**$ 223.2**	$ 209.1
Operating Profit	**24.9**	28.2
Add: Depreciation and amortization expense	**7.4**	7.0
Segment EBITDA	**32.3**	35.2
Add: Impairment charge	**1.3**	—
Adjusted Segment EBITDA	**$ 33.6**	$ 35.2
Adjusted Segment EBITDA Margin	**15.1 %**	16.8 %
Transportation Products		
Revenues	**$ 117.0**	$ 97.5
Operating Profit	**14.3**	8.3
Add: Depreciation and amortization expense	**4.4**	3.8
Adjusted Segment EBITDA	**$ 18.7**	$ 12.1
Adjusted Segment EBITDA Margin	**16.0 %**	12.4 %
Operating Loss - Corporate	**$ (10.9)**	$ (10.5)
Impact of acquisition-related expenses - Corporate[1]	**0.9**	—
Add: Corporate depreciation expense	**1.2**	0.2
Adjusted EBITDA	**$ 75.6**	$ 58.5

"Segment EBITDA" is defined as segment operating profit plus depreciation, depletion, and amortization. GAAP does not define Segment EBITDA and it should not be considered as an alternative to earnings measures defined by GAAP, including segment operating profit. We use this metric to assess the operating performance of our businesses, as a metric for incentive-based compensation, and as a basis for strategic planning and forecasting as we believe that it closely correlates to long-term shareholder value, and we believe this metric also assists investors in comparing a company's performance on a consistent basis without regard to depreciation, depletion, and amortization, which can vary significantly depending on many factors. We adjust Segment EBITDA for certain non-routine items ("Adjusted Segment EBITDA") to provide a more consistent comparison of earnings performance from period to period, which we also believe assists investors in comparing a company's performance on a consistent basis. "Adjusted Segment EBITDA Margin" is defined as Adjusted Segment EBITDA divided by Revenues.

[1] Non-routine expenses associated with acquisitions, including the cost impact of the fair value markup of acquired inventory and other transaction costs.

Reconciliation of Free Cash Flow

(unaudited)

GAAP does not define "Free Cash Flow" and it should not be considered as an alternative to cash flow measures defined by GAAP, including cash flow from operating activities. We use this metric to assess the liquidity of our consolidated business. We present this metric for the convenience of investors who use such metrics in their analysis and for shareholders who need to understand the metrics we use to assess performance and to monitor our cash and liquidity positions. We define Free Cash Flow as cash provided by operating activities less capital expenditures.

	Three Months Ended				
	March 31, 2020	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**
Cash Provided by Operating Activities	**$ 41.5**	$ 139.8	$ 77.8	$ 16.2	$ 125.0
Capital expenditures	**(21.1)**	(24.4)	(22.1)	(20.9)	(18.0)
Free Cash Flow	**$ 20.4**	$ 115.4	$ 55.7	$ (4.7)	$ 107.0

Reconciliation of Net Debt to Adjusted EBITDA

(unaudited)

GAAP does not define “Net Debt” and it should not be considered as an alternative to cash flow or liquidity measures defined by GAAP. The Company uses Net Debt, which it defines as total debt minus cash and cash equivalents to determine the extent to which the Company’s outstanding debt obligations would be satisfied by its cash and cash equivalents on hand. The Company also uses "Net Debt to Adjusted EBITDA", which it defines as Net Debt divided by Adjusted EBITDA for the trailing twelve months as a metric of its current leverage position. We present this metric for the convenience of investors who use such metrics in their analysis and for shareholders who need to understand the metrics we use to assess performance and monitor our cash and liquidity positions.

	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	**March 31, 2020 [1]**
Total debt	$ 185.5	$ 105.1	$ 107.8	$ 107.5	$ 107.3	**$ 356.9**
Cash and cash equivalents	99.4	118.0	83.3	127.5	240.4	**200.7**
Net Debt	$ 86.1	$ (12.9)	$ 24.5	$ (20.0)	$ (133.1)	**$ 156.2**
Adjusted EBITDA (trailing twelve months)	$ 178.1	$ 196.7	$ 214.5	$ 233.0	$ 240.7	**$ 285.6**
Net Debt to Adjusted EBITDA	0.5	(0.1)	0.1	(0.1)	(0.6)	**0.5**

[1] Adjusted EBITDA includes 9 month pro forma adjustment of $27.8 million for Cherry during Q2-Q4 of 2019, using previously disclosed annualized EBITDA of $37M.