UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________ .

Commission File Number 1-38494

ARCOSA

Arcosa, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**82-5339416**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
500 N. Akard Street, Suite 400	
Dallas, Texas	**75201**
(Address of principal executive offices)	(Zip Code)

(972) 942-6500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock ($0.01 par value)	ACA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐

Smaller reporting company ☐ 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

At October 14, 2022, the number of shares of common stock outstanding was 48,354,484.

ARCOSA, INC.

FORM 10-Q

TABLE OF CONTENTS

PART I

Item 1. *Financial Statements*
Arcosa, Inc. and Subsidiaries
Consolidated Statements of Operations
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
	(in millions)			
Revenues	**$ 603.9**	$ 559.1	**$ 1,742.5**	$ 1,514.6
Operating costs:				
Cost of revenues	**487.1**	459.1	**1,404.9**	1,237.6
Selling, general, and administrative expenses	**67.8**	62.5	**196.7**	185.3
	554.9	521.6	**1,601.6**	1,422.9
Total operating profit	**49.0**	37.5	**140.9**	91.7
Interest expense	**8.6**	7.3	**23.5**	16.0
Other, net (income) expense	**(0.2)**	0.1	**1.1**	0.3
Income before income taxes	**40.6**	30.1	**116.3**	75.4
Provision for income taxes	**8.6**	6.4	**25.1**	15.0
Net income	**$ 32.0**	$ 23.7	**$ 91.2**	$ 60.4
Net income per common share:				
Basic	**$ 0.66**	$ 0.49	**$ 1.88**	$ 1.25
Diluted	**$ 0.66**	$ 0.49	**$ 1.87**	$ 1.23
Weighted average number of shares outstanding:				
Basic	**48.3**	48.2	**48.2**	48.1
Diluted	**48.5**	48.6	**48.5**	48.6
Dividends declared per common share	**$ 0.05**	$ 0.05	**$ 0.15**	$ 0.15

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
	(in millions)			
Net income	**$ 32.0**	$ 23.7	**$ 91.2**	$ 60.4
Other comprehensive income (loss):				
Derivative financial instruments:				
Unrealized gains (losses) arising during the period, net of tax expense (benefit) of $0.3, $0.0, $0.9 and $0.2	**0.9**	—	**3.2**	0.8
Reclassification adjustments for losses included in net income, net of tax expense (benefit) of ($0.1), ($0.1), ($0.3) and ($0.3)	**0.1**	0.3	**0.9**	1.0
Currency translation adjustment:				
Unrealized gains (losses) arising during the period, net of tax expense (benefit) of ($0.2), ($0.1), ($0.2) and $0.0	**(0.5)**	(0.2)	**(0.6)**	0.1
	0.5	0.1	**3.5**	1.9
Comprehensive income	**$ 32.5**	$ 23.8	**$ 94.7**	$ 62.3

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Balance Sheets

	September 30, 2022	December 31, 2021
	(unaudited)	
	(in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 112.2**	$ 72.9
Receivables, net of allowance	**326.1**	310.8
Inventories:		
Raw materials and supplies	**161.0**	150.8
Work in process	**56.1**	53.6
Finished goods	**111.7**	120.1
	328.8	324.5
Assets held for sale	**114.8**	20.4
Other	**40.9**	39.3
Total current assets	**922.8**	767.9
Property, plant, and equipment, net	**1,171.4**	1,201.9
Goodwill	**958.6**	934.9
Intangibles, net	**261.4**	220.3
Deferred income taxes	**8.7**	13.2
Other assets	**57.7**	49.9
	$ 3,380.6	$ 3,188.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 221.6**	$ 184.7
Accrued liabilities	**135.2**	145.9
Advance billings	**16.0**	18.6
Liabilities held for sale	**36.7**	—
Current portion of long-term debt	**13.9**	14.8
Total current liabilities	**423.4**	364.0
Debt	**696.6**	664.7
Deferred income taxes	**154.1**	134.0
Other liabilities	**75.2**	72.1
	1,349.3	1,234.8
Stockholders' equity:		
Common stock – 200.0 shares authorized	**0.5**	0.5
Capital in excess of par value	**1,708.6**	1,692.6
Retained earnings	**363.3**	279.5
Accumulated other comprehensive loss	**(15.8)**	(19.3)
Treasury stock	**(25.3)**	—
	2,031.3	1,953.3
	$ 3,380.6	$ 3,188.1

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(unaudited)

	Nine Months Ended September 30,	
	2022	**2021**
	(in millions)	
Operating activities:		
Net income	$ **91.2**	$ 60.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	**116.9**	107.0
Stock-based compensation expense	**15.5**	12.8
Provision for deferred income taxes	**19.7**	9.7
Gains on disposition of property and other assets	**(6.5)**	(9.0)
(Increase) decrease in other assets	**2.3**	6.5
Increase (decrease) in other liabilities	**(18.7)**	(17.6)
Other	**(3.6)**	(6.3)
Changes in current assets and liabilities:		
(Increase) decrease in receivables	**(52.0)**	(76.9)
(Increase) decrease in inventories	**(39.1)**	(36.1)
(Increase) decrease in other current assets	**(3.0)**	(9.8)
Increase (decrease) in accounts payable	**57.9**	60.7
Increase (decrease) in advance billings	**(2.6)**	(26.2)
Increase (decrease) in accrued liabilities	**4.6**	1.6
Net cash provided by operating activities	**182.6**	76.8
Investing activities:		
Proceeds from disposition of property and other assets	**31.5**	14.9
Capital expenditures	**(85.9)**	(60.8)
Acquisitions, net of cash acquired	**(75.1)**	(523.4)
Net cash required by investing activities	**(129.5)**	(569.3)
Financing activities:		
Payments to retire debt	**(59.8)**	(4.2)
Proceeds from issuance of debt	**80.0**	500.0
Shares repurchased	**(15.0)**	(9.4)
Dividends paid to common stockholders	**(7.4)**	(7.4)
Purchase of shares to satisfy employee tax on vested stock	**(9.8)**	(9.6)
Debt issuance costs	**—**	(6.6)
Net cash (required) provided by financing activities	**(12.0)**	462.8
Net increase (decrease) in cash and cash equivalents	**41.1**	(29.7)
Cash and cash equivalents at beginning of period	**72.9**	95.8
Cash and cash equivalents at end of period[1]	$ **114.0**	$ 66.1

[1] Ending cash as of September 30, 2022 includes $1.8 million of cash presented within assets held for sale on the Consolidated Balance Sheet.

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(unaudited)

	Common Stock					Treasury Stock		
	Shares	**$0.01 Par Value**	**Capital in Excess of Par Value**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Shares**	**Amount**	**Total Stockholders' Equity**
				(in millions, except par value)				
Balances at June 30, 2021	**48.4**	**$ 0.5**	**$ 1,688.8**	**$ 251.5**	**$ (20.3)**	**—**	**$ —**	**$ 1,920.5**
Net income	—	—	—	23.7	—	—	—	23.7
Other comprehensive income	—	—	—	—	0.1	—	—	0.1
Cash dividends on common stock	—	—	—	(2.5)	—	—	—	(2.5)
Restricted shares, net	—	—	4.5	—	—	—	(0.4)	4.1
Shares repurchased	—	—	—	—	—	(0.1)	(5.0)	(5.0)
Retirement of treasury stock	—	—	—	—	—	—	—	—
Balances at September 30, 2021	**48.4**	**$ 0.5**	**$ 1,693.3**	**$ 272.7**	**$ (20.2)**	**(0.1)**	**$ (5.4)**	**$ 1,940.9**
Balances at June 30, 2022	**48.9**	**$ 0.5**	**$ 1,703.1**	**$ 333.7**	**$ (16.3)**	**(0.5)**	**$ (25.0)**	**$ 1,996.0**
Net income	—	—	—	32.0	—	—	—	32.0
Other comprehensive income	—	—	—	—	0.5	—	—	0.5
Cash dividends on common stock	—	—	—	(2.4)	—	—	—	(2.4)
Restricted shares, net	—	—	5.5	—	—	—	(0.3)	5.2
Shares repurchased	—	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—	—	—	—
Balances at September 30, 2022	**48.9**	**$ 0.5**	**$ 1,708.6**	**$ 363.3**	**$ (15.8)**	**(0.5)**	**$ (25.3)**	**$ 2,031.3**
Balances at December 31, 2020	**48.2**	**$ 0.5**	**$ 1,694.1**	**$ 219.7**	**$ (22.1)**	**—**	**$ —**	**$ 1,892.2**
Net income	—	—	—	60.4	—	—	—	60.4
Other comprehensive income	—	—	—	—	1.9	—	—	1.9
Cash dividends on common stock	—	—	—	(7.4)	—	—	—	(7.4)
Restricted shares, net	0.4	—	13.9	—	—	(0.1)	(10.7)	3.2
Shares repurchased	—	—	—	—	—	(0.2)	(9.4)	(9.4)
Retirement of treasury stock	(0.2)	—	(14.7)	—	—	0.2	14.7	—
Balances at September 30, 2021	**48.4**	**$ 0.5**	**$ 1,693.3**	**$ 272.7**	**$ (20.2)**	**(0.1)**	**$ (5.4)**	**$ 1,940.9**
Balances at December 31, 2021	**48.3**	**$ 0.5**	**$ 1,692.6**	**$ 279.5**	**$ (19.3)**	**—**	**$ —**	**$ 1,953.3**
Net income	—	—	—	91.2	—	—	—	91.2
Other comprehensive income	—	—	—	—	3.5	—	—	3.5
Cash dividends on common stock	—	—	—	(7.4)	—	—	—	(7.4)
Restricted shares, net	0.6	—	16.0	—	—	(0.2)	(10.3)	5.7
Shares repurchased	—	—	—	—	—	(0.3)	(15.0)	(15.0)
Retirement of treasury stock	—	—	—	—	—	—	—	—
Balances at September 30, 2022	**48.9**	**$ 0.5**	**$ 1,708.6**	**$ 363.3**	**$ (15.8)**	**(0.5)**	**$ (25.3)**	**$ 2,031.3**

See accompanying Notes to Consolidated Financial Statements.

Arcosa, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(unaudited)

Note 1. Overview and Summary of Significant Accounting Policies

Basis of Presentation

Arcosa, Inc. and its consolidated subsidiaries ("Arcosa," the "Company," "we," or "our"), headquartered in Dallas, Texas, is a provider of infrastructure-related products and solutions with leading brands serving construction, engineered structures, and transportation markets in North America. Arcosa is a Delaware corporation and was incorporated in 2018 in connection with the separation (the "Separation") of Arcosa from Trinity Industries, Inc. ("Trinity" or "Former Parent") on November 1, 2018 as an independent, publicly-traded company, listed on the New York Stock Exchange.

The accompanying Consolidated Financial Statements are unaudited and have been prepared from the books and records of Arcosa, Inc. and its consolidated subsidiaries. All normal and recurring adjustments necessary for a fair presentation of the financial position of the Company and the results of operations, comprehensive income/loss, and cash flows have been made in conformity with accounting principles generally accepted in the U.S. ("GAAP"). All significant intercompany accounts and transactions have been eliminated. Because of seasonal and other factors, including the unknown potential duration, spread, severity, and impact of the COVID-19 pandemic, Arcosa's business, financial condition, and results of operations for the three and nine months ended September 30, 2022 may not be indicative of Arcosa's expected business, financial condition, and results of operations for the year ending December 31, 2022.

These interim financial statements and notes are condensed as permitted by the instructions to Form 10-Q and should be read in conjunction with the audited Consolidated Financial Statements of the Company included in its Annual Report on Form 10-K for the year ended December 31, 2021.

Stockholders' Equity

In December 2020, the Company's Board of Directors (the "Board") authorized a new $50 million share repurchase program effective January 1, 2021 through December 31, 2022 to replace a program of the same amount that expired on December 31, 2020. The Company did not repurchase shares for the three months ended September 30, 2022. For the nine months ended September 30, 2022, the Company repurchased 298,629 shares at a cost of $15.0 million. As of September 30, 2022, the Company had a remaining authorization of $25.7 million under the program.

Revenue Recognition

Revenue is measured based on the allocation of the transaction price in a contract to satisfied performance obligations. The transaction price does not include any amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The following is a description of principal activities from which the Company generates its revenue, separated by reportable segments. Payments for our products and services are generally due within normal commercial terms. For a further discussion regarding the Company's reportable segments, see Note 4 Segment Information.

Construction Products

The Construction Products segment recognizes substantially all revenue when the customer has accepted the product and legal title of the product has passed to the customer.

Engineered Structures

Within the Engineered Structures segment, revenue is recognized for our wind tower, certain utility structure, and certain storage tank product lines over time as the products are manufactured using an input approach based on the costs incurred relative to the total estimated costs of production. We recognize revenue over time for these products as they are highly customized to the needs of an individual customer resulting in no alternative use to the Company if not purchased by the customer after the contract is executed, and we have the right to bill the customer for our work performed to date plus at least a reasonable profit margin for work performed. As of September 30, 2022, we had a contract asset of $67.9 million related to these contracts, compared to $54.2 million at December 31, 2021, which is included in receivables, net of allowance, within the Consolidated Balance Sheets. The increase in the contract asset is due to timing of deliveries. For all other products, revenue is recognized when the customer has accepted the product and legal title of the product has passed to the customer.

Transportation Products

The Transportation Products segment recognizes revenue when the customer has accepted the product and legal title of the product has passed to the customer.

Unsatisfied Performance Obligations

The following table includes estimated revenue expected to be recognized in future periods related to performance obligations that are unsatisfied or partially satisfied as of September 30, 2022 and the percentage of the outstanding performance obligations as of September 30, 2022 expected to be delivered during the remainder of 2022:

	Unsatisfied performance obligations at September 30, 2022	
	Total Amount	**Percent expected to be delivered in 2022**
	(in millions)	
Engineered Structures:		
Utility, wind, and related structures	**$ 370.4**	**55 %**
Storage tanks	**$ 15.9**	
Transportation Products:		
Inland barges	**$ 128.9**	**22 %**

Substantially all unsatisfied performance obligations beyond 2022 are expected to be delivered during 2023. On October 3, 2022, the Company sold the storage tanks business and its related backlog. See Note 2 Acquisitions and Divestitures.

Income Taxes

The liability method is used to account for income taxes. Deferred income taxes represent the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances reduce deferred tax assets to an amount that will more likely than not be realized.

The Company regularly evaluates the likelihood of realization of tax benefits derived from positions it has taken in various federal and state filings after consideration of all relevant facts, circumstances, and available information. For those tax positions that are deemed more likely than not to be sustained, the Company recognizes the benefit it believes is cumulatively greater than 50% likely to be realized. To the extent the Company were to prevail in matters for which accruals have been established or be required to pay amounts in excess of recorded reserves, the effective tax rate in a given financial statement period could be materially impacted.

Financial Instruments

The Company considers all highly liquid debt instruments to be cash and cash equivalents if purchased with a maturity of three months or less. Financial instruments that potentially subject the Company to a concentration of credit risk are primarily cash investments and receivables. The Company places its cash investments in bank deposits and highly-rated money market funds, and its investment policy limits the amount of credit exposure to any one commercial issuer. We seek to limit concentrations of credit risk with respect to receivables with control procedures that monitor the credit worthiness of customers, together with the large number of customers in the Company's customer base and their dispersion across different industries and geographic areas. As receivables are generally unsecured, the Company maintains an allowance for doubtful accounts based upon the expected credit losses. Receivable balances determined to be uncollectible are charged against the allowance. To accelerate the conversion to cash, the Company may sell a portion of its trade receivables to third parties. The Company has no recourse to these receivables once they are sold but may have continuing involvement related to servicing and collection activities. The impact of these transactions in the Company's Consolidated Statements of Operations for the three and nine months ended September 30, 2022 was not significant. The carrying values of cash, receivables, and accounts payable are considered to be representative of their respective fair values.

Derivative Instruments

The Company may, from time to time, use derivative instruments to mitigate the impact of changes in interest rates, commodity prices, or changes in foreign currency exchange rates. For derivative instruments designated as hedges, the Company formally documents the relationship between the derivative instrument and the hedged item, as well as the risk management objective and strategy for the use of the derivative instrument. This documentation includes linking the derivative to specific assets or liabilities on the balance sheet, commitments, or forecasted transactions. At the time a derivative instrument is entered into, and at least quarterly thereafter, the Company assesses whether the derivative instrument is effective in offsetting the changes in fair value or cash flows of the hedged item. Any change in the fair value of the hedged instrument is recorded in accumulated other comprehensive loss (“AOCL”) as a separate component of stockholders' equity and reclassified into earnings in the period during which the hedged transaction affects earnings. The Company monitors its derivative positions and the credit ratings of its counterparties and does not anticipate losses due to counterparties' non-performance.

Recent Accounting Pronouncements

Recently issued accounting pronouncements not adopted as of September 30, 2022

In March 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2020-04, “Reference Rate Reform”, (“ASU 2020-04”), which provides optional guidance for contract modifications, hedging accounting, and other transactions associated with the transition from reference rates that are expected to be discontinued. ASU 2020-04 is effective for all entities upon issuance through December 31, 2022. We continue to evaluate the impact of adoption, but do not expect the guidance to have a material impact on our Consolidated Financial Statements.

In October 2021, the FASB issued Accounting Standards Update No. 2021-08, “Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers”, (“ASU 2021-08”), which requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. ASU 2021-08 will become effective for public companies during interim and annual reporting periods beginning after December 15, 2022, with early adoption permitted. We do not expect this standard to have a material impact on our Consolidated Financial Statements.

Reclassifications

Certain prior year balances have been reclassified in the Consolidated Financial Statements to conform with the 2022 presentation.

Note 2. Acquisitions and Divestitures

2022 Acquisitions

In May 2022, we completed the stock acquisition of Recycled Aggregate Materials Company, Inc. ("RAMCO"), a leading producer of recycled aggregates in the Los Angeles metropolitan area, which is included in our Construction Products segment, for a total purchase price of $75.6 million. The acquisition was funded with $80.0 million of borrowings under our revolving credit facility. The acquisition was recorded as a business combination based on a preliminary valuation of the assets acquired and liabilities assumed at their acquisition date fair value using unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities ("Level 3" inputs). The preliminary valuation resulted in the recognition of, among others, $54.2 million of permits with an initial weighted average useful life of 20 years, $6.4 million of property, plant, and equipment, and $11.7 million of goodwill in our Construction Products segment. The remaining assets and liabilities were not significant in relation to assets and liabilities at the consolidated or segment level. We expect to complete our purchase price allocation as soon as reasonably possible, not to exceed one year from the acquisition date. Adjustments to the preliminary purchase price allocation could be material, particularly with respect to our preliminary estimates of intangible assets and property, plant, and equipment.

2021 Acquisitions

In August 2021, we completed the stock acquisition of Southwest Rock Products, LLC and affiliated entities (collectively “Southwest Rock”), a natural aggregates company serving the greater Phoenix metropolitan area, which is included in our Construction Products segment, for a total purchase price of $149.7 million. The acquisition was funded with cash on hand, $100.0 million of borrowings under our revolving credit facility, and a $15.0 million holdback payable to the seller upon the extension of a certain mineral reserve lease. The acquisition was recorded as a business combination based on a valuation of the assets acquired and liabilities assumed at their acquisition date fair value using Level 3 inputs. The final valuation resulted in the recognition of, among others, $70.7 million of goodwill, $43.7 million of mineral reserves, and $28.0 million of property, plant, and equipment in our Construction Products segment. The remaining assets and liabilities were not significant in relation to assets and liabilities at the consolidated or segment level.

On April 9, 2021, we completed the stock acquisition of StonePoint Ultimate Holding, LLC and affiliated entities (collectively “StonePoint”), a top 25 U.S. construction aggregates company, which is included in our Construction Products segment. The purchase price of $372.8 million was funded with proceeds from a private offering of $400.0 million of 4.375% senior unsecured notes that closed on April 6, 2021. See Note 7 Debt for additional information. The acquisition was recorded as a business combination with valuations of the assets acquired and liabilities assumed at their acquisition date fair value using Level 3 inputs. The following table represents our final purchase price allocation as of September 30, 2022:

	(in millions)
Cash	$ 1.0
Accounts receivable	18.3
Inventories	20.9
Property, plant, and equipment	68.4
Mineral reserves	198.8
Goodwill	87.7
Customer relationships	7.2
Other assets	10.4
Accounts payable	(7.4)
Accrued liabilities	(10.0)
Deferred income taxes	(9.2)
Other liabilities	(13.3)
Total net assets acquired	$ 372.8

The goodwill acquired, none of which is tax-deductible, primarily relates to StonePoint's market position and existing workforce. The customer relationships intangible asset was assigned a useful life of 10 years.

In April 2021, we also completed the acquisition of certain assets and liabilities of a Dallas-Fort Worth, Texas based recycled aggregates business in our Construction Products segment. The purchase price of the acquisition was not significant.

Divestitures

There were no divestitures closed during the three and nine months ended September 30, 2022 and 2021.

In November 2021, we completed the divestiture of certain assets and liabilities of an asphalt operation previously acquired as part of the StonePoint acquisition with a selling price of approximately $19.0 million. The income statement impact of the disposal was not significant as the assets were recorded at fair value as of their acquisition date in April 2021.

On October 3, 2022, the Company completed the previously announced sale of its storage tank business for $275 million. Pre-tax net cash proceeds received at closing were approximately $263.5 million, after estimated transaction closing costs. The storage tanks business, reported within the Engineered Structures segment, is a leading manufacturer of steel pressure tanks for the storage and transportation of propane, ammonia, and other gases serving the residential, commercial, energy, and agricultural markets with operations in the U.S. and Mexico. As of September 30, 2022, $114.8 million of assets and $36.7 million of liabilities related to the storage tank business were reclassified as held for sale within the Consolidated Balance Sheet, including $38.8 million of receivables, $40.4 million of inventories, $31.2 million of property, plant, and equipment, net, $22.3 million of accounts payable, and $14.8 million of accrued liabilities. Operating profit for the storage tanks business was $16.6 million and $40.8 million for the three and nine months ended September 30, 2022, respectively, and $8.8 million and $26.9 million for the three and nine months ended September 30, 2021, respectively. Subsequently in October 2022, the Company used $155.0 million of the cash proceeds from the sale to repay the outstanding loans borrowed under its revolving credit facility. See Note 7 Debt for additional information. Accounting for the transaction will be finalized during the fourth quarter.

Note 3. Fair Value Accounting

Assets and liabilities measured at fair value on a recurring basis are summarized below:

	Fair Value Measurement as of September 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
	(in millions)			
Assets:				
Interest rate hedge[1]	**$ —**	**$ 1.6**	**$ —**	**$ 1.6**
Total assets	**$ —**	**$ 1.6**	**$ —**	**$ 1.6**
Liabilities:				
Contingent consideration[3]	**$ —**	**$ —**	**$ 4.2**	**$ 4.2**
Total liabilities	**$ —**	**$ —**	**$ 4.2**	**$ 4.2**

	Fair Value Measurement as of December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	(in millions)			
Liabilities:				
Interest rate hedge[2]	$ —	$ 3.9	$ —	$ 3.9
Contingent consideration[3]	—	—	6.7	6.7
Total liabilities	$ —	$ 3.9	$ 6.7	$ 10.6

(1) Included in other non-current assets on the Consolidated Balance Sheets.
(2) Included in other liabilities on the Consolidated Balance Sheets.
(3) Current portion included in accrued liabilities and non-current portion included in other liabilities on the Consolidated Balance Sheets.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for that asset or liability in an orderly transaction between market participants on the measurement date. An entity is required to establish a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair values are listed below:

Level 1 – This level is defined as quoted prices in active markets for identical assets or liabilities. The Company's cash equivalents are instruments of the U.S. Treasury or highly-rated money market mutual funds.

Level 2 – This level is defined as observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Interest rate hedges are valued at exit prices obtained from each counterparty. See Note 7 Debt.

Level 3 – This level is defined as unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Contingent consideration relates to estimated future payments owed to the sellers of businesses previously acquired. We estimate the fair value of the contingent consideration using a discounted cash flow model. The fair value is sensitive to changes in the forecast of sales and changes in discount rates and is reassessed quarterly based on assumptions used in our latest projections.

Note 4. Segment Information

The Company reports operating results in three principal business segments:

Construction Products. The Construction Products segment primarily produces and sells natural and recycled aggregates, specialty materials, and construction site support equipment, including trench shields and shoring products.

Engineered Structures. The Engineered Structures segment primarily manufactures and sells steel structures for infrastructure businesses, including utility structures for electricity transmission and distribution, structural wind towers, traffic structures, and telecommunication structures. These products share similar manufacturing competencies and steel sourcing requirements and can be manufactured across our North American footprint. The segment also manufactures storage and distribution tanks as well as concrete utility structures. On October 3, 2022, the Company completed the divestiture of its storage tank business. See Note 2 Acquisitions and Divestitures.

Transportation Products. The Transportation Products segment primarily manufactures and sells inland barges, fiberglass barge covers, winches, marine hardware, and steel components for railcars and other transportation and industrial equipment.

The financial information for these segments is shown in the tables below. We operate principally in North America.

	Three Months Ended September 30,			
	Revenues		Operating Profit (Loss)	
	2022	2021	2022	2021
	(in millions)			
Aggregates and specialty materials	**$ 216.8**	$ 202.3		
Construction site support	**27.4**	25.1		
Construction Products	**244.2**	227.4	**$ 27.6**	$ 26.8
Utility, wind, and related structures	**211.2**	189.4		
Storage tanks	**65.8**	60.7		
Engineered Structures	**277.0**	250.1	**37.1**	23.6
Inland barges	**50.9**	58.4		
Steel components	**31.8**	23.2		
Transportation Products	**82.7**	81.6	**1.0**	1.5
Segment Totals before Eliminations and Corporate	**603.9**	559.1	**65.7**	51.9
Corporate	**—**	—	**(16.7)**	(14.4)
Eliminations	**—**	—	**—**	—
Consolidated Total	**$ 603.9**	$ 559.1	**$ 49.0**	$ 37.5

	Nine Months Ended September 30,			
	Revenues		Operating Profit (Loss)	
	2022	2021	2022	2021
	(in millions)			
Aggregates and specialty materials	**$ 620.9**	$ 519.1		
Construction site support	**80.7**	66.0		
Construction Products	**701.6**	585.1	**$ 72.4**	$ 60.5
Utility, wind, and related structures	**608.5**	545.0		
Storage tanks	**187.6**	154.6		
Engineered Structures	**796.1**	699.6	**106.9**	70.2
Inland barges	**151.7**	165.3		
Steel components	**93.1**	64.7		
Transportation Products	**244.8**	230.0	**7.2**	6.9
Segment Totals before Eliminations and Corporate	**1,742.5**	1,514.7	**186.5**	137.6
Corporate	**—**	—	**(45.6)**	(45.9)
Eliminations	**—**	(0.1)	**—**	—
Consolidated Total	**$ 1,742.5**	$ 1,514.6	**$ 140.9**	$ 91.7

Note 5. Property, Plant, and Equipment

The following table summarizes the components of property, plant, and equipment as of September 30, 2022 and December 31, 2021.

	September 30, 2022	December 31, 2021
	(in millions)	
Land	**$ 136.9**	$ 137.3
Mineral reserves	**502.6**	507.3
Buildings and improvements	**295.2**	301.0
Machinery and other	**947.4**	973.9
Construction in progress	**73.6**	45.4
	1,955.7	1,964.9
Less accumulated depreciation and depletion	**(784.3)**	(763.0)
	$ 1,171.4	$ 1,201.9

Note 6. Goodwill and Other Intangible Assets

Goodwill

Goodwill by segment is as follows:

	September 30, 2022	December 31, 2021
	(in millions)	
Construction Products	**$ 484.0**	$ 460.3
Engineered Structures	**437.6**	437.6
Transportation Products	**37.0**	37.0
	$ 958.6	$ 934.9

The increase in Construction Products goodwill during the nine months ended September 30, 2022 was due to the acquisition of RAMCO and the finalization of the purchase price allocations for StonePoint and Southwest Rock. See Note 2 Acquisitions and Divestitures.

Intangible Assets

Intangibles, net consisted of the following:

	September 30, 2022	December 31, 2021
	(in millions)	
Intangibles with indefinite lives - Trademarks	**$ 34.1**	$ 34.1
Intangibles with definite lives:		
Customer relationships	**136.9**	135.4
Permits	**141.7**	87.5
Other	**3.4**	3.9
	282.0	226.8
Less accumulated amortization	**(54.7)**	(40.6)
	227.3	186.2
Intangible assets, net	**$ 261.4**	$ 220.3

Note 7. Debt

The following table summarizes the components of debt as of September 30, 2022 and December 31, 2021:

	September 30, 2022	December 31, 2021
	(in millions)	
Revolving credit facility	**$ 155.0**	$ 125.0
Term loan	**140.6**	144.4
Senior notes	**400.0**	400.0
Finance leases (see Note 8 Leases)	**20.5**	16.3
	716.1	685.7
Less: unamortized debt issuance costs	**(5.6)**	(6.2)
Total debt	**$ 710.5**	$ 679.5

Revolving Credit Facility and Term Loan

On November 1, 2018, the Company entered into a $400.0 million unsecured revolving credit facility that was scheduled to mature in November 2023. On January 2, 2020, the Company entered into an Amended and Restated Credit Agreement to increase the revolving credit facility to $500.0 million and add a term loan facility of $150.0 million, in each case with a maturity date of January 2, 2025. The entire term loan was advanced on January 2, 2020. As of September 30, 2022, the term loan had a remaining balance of $140.6 million.

As of September 30, 2022, we had $155.0 million of outstanding loans borrowed under the revolving credit facility, and there were approximately $28.4 million of letters of credit issued, leaving $316.6 million available. During the nine months ended September 30, 2022 the Company borrowed a net of $30.0 million which was used to fund the acquisition of RAMCO. Of the outstanding letters of credit as of September 30, 2022, $3.3 million are expected to expire in 2022, with the remainder in 2023. The majority of our letters of credit obligations support the Company’s various insurance programs and generally renew by their terms each year. Subsequently, in October 2022, the Company used $155.0 million of cash proceeds from the sale of the storage tanks business to repay the outstanding loans borrowed under its revolving credit facility, leaving $471.6 million available. See Note 2 Acquisitions and Divestitures for additional information.

The interest rates under the revolving credit facility and term loan are variable based on LIBOR or an alternate base rate plus a margin. A commitment fee accrues on the average daily unused portion of the revolving facility. The margin for borrowing and commitment fee rate are determined based on the Company’s leverage as measured by a consolidated total indebtedness to consolidated EBITDA ratio. The margin for borrowing ranges from 1.25% to 2.00% and was set at LIBOR plus 1.75% as of September 30, 2022. The commitment fee rate ranges from 0.20% to 0.35% and was set at 0.30% at September 30, 2022.

The Company's revolving credit and term loan facilities require the maintenance of certain ratios related to leverage and interest coverage. As of September 30, 2022, we were in compliance with all such financial covenants. Borrowings under the credit agreement are guaranteed by certain wholly-owned subsidiaries of the Company.

In order to increase liquidity in anticipation of the acquisition of StonePoint, the Company entered into an unsecured 364-Day Credit Agreement on March 26, 2021 providing for a revolving line of credit of $150.0 million, with an outside maturity date of March 25, 2022. Pricing, covenants, and guarantees were substantially similar to the Company’s existing revolving credit and term loan facilities. Per the terms of the facility, it terminated on April 6, 2021 upon the closing of the Company’s private offering of $400.0 million in senior notes.

The carrying value of borrowings under our revolving credit and term loan facilities approximate fair value because the interest rate adjusts to the market interest rate (Level 3 input). See Note 3 Fair Value Accounting.

As of September 30, 2022, the Company had $1.1 million of unamortized debt issuance costs related to the revolving credit facility, which are included in other assets on the Consolidated Balance Sheet.

Senior Notes

On April 6, 2021, the Company issued $400.0 million aggregate principal amount of 4.375% senior notes (the “Notes”) that mature in April 2029. Interest on the Notes is payable semiannually. The Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by each of the Company’s domestic subsidiaries that is a guarantor under our revolving credit and term loan facilities. The terms of the indenture governing the Notes, among other things, limit the ability of the Company and each of its subsidiaries to create liens on assets, enter into sale and leaseback transactions, and consolidate, merge or transfer all or substantially all of its assets and the assets of its subsidiaries. The terms of the indenture also limit the ability of the Company’s non-guarantor subsidiaries to incur certain types of debt.

At any time prior to April 15, 2024, the Company may redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus an applicable make-whole premium and accrued and unpaid interest to the redemption date. On and after April 15, 2024, the Company may redeem all or a portion of the Notes at redemption prices set forth in the indenture, plus accrued and unpaid interest to the redemption date. If a Change of Control Triggering Event (as defined in the indenture) occurs, the Company must offer to repurchase the Notes at a price equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of repurchase.

The estimated fair value of the Notes as of September 30, 2022 was $339.1 million based on a quoted market price in a market with little activity (Level 2 input).

In connection with the issuance of the Notes, the Company paid $6.6 million of debt issuance costs.

The remaining principal payments under existing debt agreements as of September 30, 2022 are as follows:

	2022	2023	2024	2025	2026	Thereafter
			(in millions)			
Revolving credit facility[1]	$ —	$ —	$ —	$ 155.0	$ —	$ —
Term loan	3.8	8.4	8.4	120.0	—	—
Senior notes	—	—	—	—	—	400.0

[1] In October 2022, the Company used $155.0 million of cash proceeds from the sale of the storage tanks business to repay the outstanding loans borrowed under its revolving credit facility, leaving $471.6 million available.

Interest rate hedges

In December 2018, the Company entered into an interest rate swap instrument, effective as of January 2, 2019 and expiring in 2023, to reduce the effect of changes in the variable interest rates associated with borrowings under the Amended and Restated Credit Agreement. The instrument carried an initial notional amount of $100 million, thereby hedging the first $100 million of borrowings. The instrument effectively fixes the LIBOR component of borrowings at a monthly rate of 2.71%. As of September 30, 2022, the Company has recorded an asset of $1.6 million for the fair value of the instrument, all of which is recorded in accumulated other comprehensive income. See Note 3 Fair Value Accounting.

Note 8. Leases

We have various leases primarily for office space and certain equipment. At inception, we determine if an arrangement contains a lease and whether that lease meets the classification criteria of a finance or operating lease. For leases that contain options to purchase, terminate, or extend, such options are included in the lease term when it is reasonably certain that the option will be exercised. Some of our lease arrangements contain lease components and non-lease components which are accounted for as a single lease component as we have elected the practical expedient to group lease and non-lease components for all leases.

As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on information available at commencement date in determining the present value of lease payments.

Future minimum lease payments for operating and finance lease obligations as of September 30, 2022 consisted of the following:

	Operating Leases	Finance Leases
	(in millions)	
2022 (remaining)	**$ 2.0**	**$ 1.7**
2023	**7.2**	**6.9**
2024	**6.3**	**6.8**
2025	**5.5**	**5.0**
2026	**4.4**	**1.3**
Thereafter	**9.4**	**0.2**
Total undiscounted future minimum lease obligations	**34.8**	**21.9**
Less imputed interest	**(2.4)**	**(1.4)**
Present value of net minimum lease obligations	**$ 32.4**	**$ 20.5**

The following table summarizes our operating and finance leases and their classification within the Consolidated Balance Sheet.

	September 30, 2022	December 31, 2021
	(in millions)	
Assets		
Operating - Other assets	**$ 29.6**	$ 20.9
Finance - Property, plant, and equipment, net	**23.7**	16.9
Total lease assets	**53.3**	37.8
Liabilities		
Current		
Operating - Accrued liabilities	**6.5**	4.8
Finance - Current portion of long-term debt	**6.4**	6.3
Non-current		
Operating - Other liabilities	**25.9**	19.1
Finance - Debt	**14.1**	10.0
Total lease liabilities	**$ 52.9**	$ 40.2

Note 9. Other, Net

Other, net (income) expense consists of the following items:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in millions)			
Interest income	**$ —**	$ —	**$ (0.1)**	$ (0.1)
Foreign currency exchange transactions	**—**	0.1	**1.5**	0.6
Other	**(0.2)**	—	**(0.3)**	(0.2)
Other, net (income) expense	**$ (0.2)**	$ 0.1	**$ 1.1**	$ 0.3

Note 10. Income Taxes

For interim income tax reporting, we estimate our annual effective tax rate and apply it to our year to date ordinary income (loss). Tax jurisdictions with a projected or year to date loss for which a tax benefit cannot be realized are excluded. The tax effects of unusual or infrequently occurring items, including changes in judgment about valuation allowances and effects of changes in tax laws or rates, are reported in the interim period in which they occur. We have open tax years from 2014 to 2021 with various significant tax jurisdictions.

Our effective tax rates of 21.2% and 21.6% for the three and nine months ended September 30, 2022, respectively, which differed from the U.S. federal statutory rate of 21.0% due to state income taxes, compensation-related items, and foreign income taxes, offset by benefits from statutory depletion deductions. For the three and nine months ended September 30, 2021, the effective tax rates of 21.3% and 19.9%, respectively, which differed from the U.S. federal statutory rate of 21.0% due to state income taxes, compensation-related items, and disallowed expenses connected to acquisitions offset by benefits from statutory depletion deductions and prior year true ups.

In response to the COVID-19 pandemic, on March 27, 2020 the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which includes certain tax relief and benefits that may impact the Company. As of September 30, 2022, the Company has deferred $5.4 million in payroll-related taxes in accordance with the provisions of the CARES Act which is expected to be paid in the fourth quarter of 2022.

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was enacted to reduce inflation and promote clean energy in the United States. Among other things, the IRA introduces a 15% alternative minimum tax for corporations with a three-year taxable year average annual adjusted financial statement income in excess of $1 billion and imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. The IRA also provides for certain manufacturing, production, and investment tax credit incentives. The IRA is open for public comments and therefore is subject to the issuance of additional guidance and clarification. We have considered the applicable current IRA tax law changes in our tax provision for the three and nine months ended September 30, 2022, and continue to evaluate the impact of these tax law changes on future periods.

Note 11. Employee Retirement Plans

Total employee retirement plan expense, which includes related administrative expenses, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
	(in millions)			
Defined contribution plans	**$ 3.4**	$ 2.8	**$ 10.2**	$ 8.1
Multiemployer plan	**0.4**	0.4	**1.2**	1.4
	$ 3.8	$ 3.2	**$ 11.4**	$ 9.5

The Company contributes to a multiemployer defined benefit plan under the terms of a collective-bargaining agreement that covers certain union-represented employees at one of the facilities of Meyer Utility Structures, a subsidiary of Arcosa. The Company contributed $0.4 million and $1.2 million to the multiemployer plan for the three and nine months ended September 30, 2022, respectively. The Company contributed $0.4 million and $1.3 million to the multiemployer plan for the three and nine months ended September 30, 2021, respectively. Total contributions to the multiemployer plan for 2022 are expected to be approximately $1.6 million.

Note 12. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss for the nine months ended September 30, 2022 and 2021 are as follows:

	Currency translation adjustments	Unrealized loss on derivative financial instruments	Accumulated other comprehensive loss
		(in millions)	
Balances at December 31, 2020	$ (16.6)	$ (5.5)	$ (22.1)
Other comprehensive income (loss), net of tax, before reclassifications	0.1	0.8	0.9
Amounts reclassified from accumulated other comprehensive loss, net of tax expense (benefit) of $0.0, ($0.3), and ($0.3)	—	1.0	1.0
Other comprehensive income (loss)	0.1	1.8	1.9
Balances at September 30, 2021	$ (16.5)	$ (3.7)	$ (20.2)
Balances at December 31, 2021	**$ (16.3)**	**$ (3.0)**	**$ (19.3)**
Other comprehensive income (loss), net of tax, before reclassifications	**(0.6)**	**3.2**	**2.6**
Amounts reclassified from accumulated other comprehensive loss, net of tax expense (benefit) of $0.0, ($0.3), and ($0.3)	**—**	**0.9**	**0.9**
Other comprehensive income (loss)	**(0.6)**	**4.1**	**3.5**
Balances at September 30, 2022	**$ (16.9)**	**$ 1.1**	**$ (15.8)**

Note 13. Stock-Based Compensation

Stock-based compensation totaled approximately $5.4 million and $15.5 million for the three and nine months ended September 30, 2022, respectively. Stock-based compensation totaled approximately $4.0 million and $12.8 million for the three and nine months ended September 30, 2021, respectively.

Note 14. Earnings Per Common Share

Basic earnings per common share is computed by dividing net income remaining after allocation to unvested restricted shares, which includes unvested restricted shares of Arcosa stock held by employees of the Former Parent, by the weighted average number of basic common shares outstanding for the period. Except when the effect would be antidilutive, the calculation of diluted earnings per common share includes the weighted average net impact of nonparticipating unvested restricted shares. Total weighted average restricted shares were 1.4 million and 1.5 million shares for the three and nine months ended September 30, 2022, respectively. Total weighted average restricted shares were 1.6 million and 1.8 million three and nine months ended September 30, 2021, respectively.

The computation of basic and diluted earnings per share follows.

	Three Months Ended September 30, 2022			Three Months Ended September 30, 2021		
	Income (Loss)	Average Shares	EPS	Income (Loss)	Average Shares	EPS
	(in millions, except per share amounts)					
Net income	$ 32.0			$ 23.7		
Unvested restricted share participation	(0.1)			(0.1)		
Net income per common share – basic	31.9	48.3	$ 0.66	23.6	48.2	$ 0.49
Effect of dilutive securities:						
Nonparticipating unvested restricted shares	—	0.2		—	0.4	
Net income per common share – diluted	$ 31.9	48.5	$ 0.66	$ 23.6	48.6	$ 0.49

	Nine Months Ended September 30, 2022			Nine Months Ended September 30, 2021		
	Income (Loss)	Average Shares	EPS	Income (Loss)	Average Shares	EPS
	(in millions, except per share amounts)					
Net income	$ 91.2			$ 60.4		
Unvested restricted share participation	(0.4)			(0.4)		
Net income per common share – basic	90.8	48.2	$ 1.88	60.0	48.1	$ 1.25
Effect of dilutive securities:						
Nonparticipating unvested restricted shares	—	0.3		—	0.5	
Net income per common share – diluted	$ 90.8	48.5	$ 1.87	$ 60.0	48.6	$ 1.23

Note 15. Contingencies

The Company is involved in claims and lawsuits incidental to our business arising from various matters including commercial disputes, alleged product defect and/or warranty claims, intellectual property matters, personal injury claims, environmental issues, employment and/or workplace-related matters, and various governmental regulations. At September 30, 2022, the range of reasonably possible losses for such matters, taking into consideration our rights in indemnity and recourse to third parties is $0.3 million to $0.4 million.

The Company evaluates its exposure to such claims and suits periodically and establishes accruals for these contingencies when probable losses can be reasonably estimated. At September 30, 2022, total accruals of $0.8 million are included in accrued liabilities in the accompanying Consolidated Balance Sheet. The Company believes any additional liability from such claims and suits would not be material to its financial position or results of operations.

Arcosa is subject to remedial orders and federal, state, local, and foreign laws and regulations relating to the environment. The Company has reserved $0.8 million as of September 30, 2022, included in our total accruals of $0.8 million discussed above, to cover our probable and estimable liabilities with respect to the investigations, assessments, and remedial responses to such matters, taking into account currently available information and our contractual rights to indemnification and recourse to third parties.

Estimates of liability arising from future proceedings, assessments, or remediation are inherently imprecise. Accordingly, there can be no assurance that we will not become involved in future litigation or other proceedings, including those related to the environment or, if we are found to be responsible or liable in any such litigation or proceeding, that such costs would not be material to the Company.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Company Overview
- Potential Impact of COVID-19 on our Business
- Executive Overview
- Results of Operations
- Liquidity and Capital Resources
- Recent Accounting Pronouncements
- Forward-Looking Statements

Our MD&A should be read in conjunction with the Consolidated Financial Statements of Arcosa, Inc. and its consolidated subsidiaries ("Arcosa," "Company," "we," or "our") and related Notes in Part I, Item 1 of this Quarterly Report on Form 10-Q and the Consolidated and Combined Financial Statements and related Notes in Item 8, "Financial Statements and Supplementary Data", of our Annual Report on Form 10-K for the year ended December 31, 2021 ("2021 Annual Report on Form 10-K").

Company Overview

Arcosa, headquartered in Dallas, Texas, is a provider of infrastructure-related products and solutions with leading brands serving construction, engineered structures, and transportation markets in North America. Arcosa is a Delaware corporation and was incorporated in 2018 in connection with the separation (the "Separation") of Arcosa from Trinity Industries, Inc. ("Trinity" or "Former Parent") on November 1, 2018 as an independent, publicly-traded company, listed on the New York Stock Exchange.

Potential Impact of COVID-19 on our Business

Our highest priority is the health and safety of our employees and communities. We are committed to safety across our operations. Our businesses support critical infrastructure sectors and our plants have continued to operate throughout the COVID-19 pandemic. If one or more of Arcosa's facilities become subject to governmental ordered closure, voluntary temporary closure, closure from a COVID-19 outbreak within the facility, or other COVID-19 related reason, the business, liquidity and financial condition, and results of operations for Arcosa could be adversely affected.

The COVID-19 pandemic has disrupted global trade, commerce, financial and credit markets, and daily life throughout the world. The extent to which the COVID-19 pandemic impacts our business, liquidity and financial condition, and results of operations will depend on numerous evolving factors that we may not be able to accurately predict, including: the duration and scope of the pandemic; governmental, business, and individuals' actions taken in response to the pandemic; the impact of the pandemic on economic activity, and actions taken in response; the effect on our customers and customer demand for our products and services; our ability to sell and provide our products and services; if key personnel are unable to perform their duties or have limited availability; the number of employees who contract or are directly exposed to COVID-19 and their availability to work in our plants and facilities; the ability to retain employees; the ability of our customers to pay for our products and services; any disruption in our supply chain; the ability to procure personal protective equipment; the availability of COVID-19 testing supplies; our ability to continue operations in compliance with COVID-19 related regulations; any closures of our and our customers' facilities; increased cybersecurity and IT infrastructure risks; the impact on the health and safety of our employees; the impact on the demand for commodities served by our products and services; the impact of new COVID-19 variants; and the pace of recovery when the COVID-19 pandemic subsides, as well as, the response to a potential reoccurrence.

We strive to continuously improve our procedures, processes, and management systems regarding employee health and safety. The continuance of the COVID-19 pandemic has highlighted the critical importance of focusing on the health and wellness of our employees. We have followed the federal, state, and local guidelines governing our facilities and shared best practices across the organization, with the goal of protecting our employees and communities. We continue to monitor and implement guidelines and best practices for COVID-19 mitigation procedures.

In addition to the extensive health and safety protocols already in place across our plants, we estimate that we are incurring less than $500 thousand per quarter of incremental costs related to COVID-19. We do not anticipate that the enhanced health and safety protocols will have a material impact on the productivity of our plants.

The preparation of the Company's Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. At this time, we have not observed any material impairments of our assets or a significant change in the fair value of assets due to the COVID-19 pandemic. However, due to the factors discussed above, we are unable to determine or predict the overall impact the COVID-19 pandemic will have on our business, results of operations, liquidity, or capital resources.

Market Outlook

- Within our Construction Products segment, our natural and recycled aggregates businesses have remained resilient, particularly in Texas, when seasonal weather conditions have been normal, and where states have reopened for business. We did experience a softening of demand for our specialty materials and shoring products businesses beginning in 2020 following the COVID-19 outbreak, but have largely recovered to pre-pandemic demand levels in 2022. The outlook for public and private construction activity has improved driven by healthy demand and increased infrastructure spending. However, following the recent sharp rise in interest rates and the market expectation for additional tightening, the outlook for single-family residential housing has weakened. We are focused on managing inflationary pressures related to diesel, cement, and process fuels through proactive price increases and are monitoring potential impacts on overall demand as leading economic indicators indicate an increased probability of an economic slowdown in 2023.
- Within our Engineered Structures segment, our backlog as of September 30, 2022 provides good production visibility for the remainder of 2022. Our customers remain committed to taking delivery of these orders. In utility structures, order and inquiry activity continues to be healthy, as customers remain focused on grid hardening and reliability initiatives. The demand outlook for traffic and telecom structures also remains positive. Wind tower order quantities in 2022 have been impacted by high steel prices and uncertainty related to the renewal of the Production Tax Credit (“PTC”), that expired at the end of 2021. As a result, in the fourth quarter of 2021, we idled our Clinton, Illinois wind tower facility in anticipation of lower volumes. The passage of the Inflation Reduction Act ("IRA") on August 16, 2022, which included a long-term extension of the PTC, is a significant catalyst for our wind towers business. However, the lapse in the PTC and the associated impact on our customers and the wind industry supply chain, has created a near-term lull in projects. Therefore, we are making appropriate reductions in our capacity and anticipate 2023 will be a transition year while we prepare for an expected strong multi-year rebound in volumes beginning in 2024.
- Within our Transportation Products segment, our backlog for inland barges as of September 30, 2022 of $128.9 million provides a base level of production visibility into 2023. Our customers remain committed to taking delivery of these orders. Barge order levels fell sharply at the onset of the pandemic and ensuing high steel prices further negatively impacted demand throughout 2021. To align with lower expected production levels in 2022, we have reduced capacity in our two active barge operating plants and completed the idling of our Madisonville, Louisiana facility in the fourth quarter of 2021 to further reduce our cost structure. While high steel prices have continued to negatively impact order levels in 2022, the underlying fundamentals for a dry barge replacement cycle remain in place and order inquiries are increasing. The fleet continues to age, new builds have not kept pace with scrapping, and utilization rates are high. Our barge backlog extends into 2023 allowing us to remain flexible for an anticipated market recovery. We are currently monitoring the potential impacts of record low water conditions on the Mississippi River which, if continued, could lead to a temporary delay in our barge shipments and increased production inefficiencies based on an inability to launch. Demand for steel components, which was softening pre-COVID-19 due to a weakening North American rail transportation market, is increasing relative to 2020 and 2021 cyclical lows as the near-term outlook for the new railcar market has improved.

Executive Overview

Recent Developments

On October 3, 2022, the Company completed the previously-announced sale of its storage tanks business for $275 million. The storage tanks business, reported within the Engineered Structures segment, is a leading manufacturer of steel pressure tanks for the storage and transportation of propane, ammonia, and other gases serving the residential, commercial, energy, and agricultural markets with operations in the U.S. and Mexico. As of September 30, 2022, certain balances related to the storage tanks business were reclassified to assets held for sale and liabilities held for sale on the Consolidated Balance Sheet. The Company received pre-tax net cash proceeds at closing of approximately $263.5 million, after estimated transaction closing costs. In October 2022, the Company used $155.0 million of the cash proceeds to pay down the outstanding borrowings under its revolving credit facility. See Note 2 and Note 7 of the Notes to Consolidated Financial Statements.

Financial Operations and Highlights

- Revenues for the three and nine months ended September 30, 2022 increased by 8.0% and 15.0% to $603.9 million and $1,742.5 million, respectively, driven by higher revenues in all segments.
- Operating profit for the three and nine months ended September 30, 2022 totaled $49.0 million and $140.9 million, respectively, representing an increase of $11.5 million and $49.2 million, respectively, from the same periods in 2021. For the three and nine months ended September 30, 2022, increased operating profit was driven by increased volumes and pricing in Construction Products, higher margins on increased pricing in Engineered Structures, and higher volumes in our steel components business within Transportation Products.
- As a percentage of revenue, selling, general, and administrative expenses was 11.3% for the three and nine months ended September 30, 2022, compared to 11.2% and 12.2% for the same periods in 2021. Selling, general, and administrative expenses increased 8.5% and 6.2% for the three and nine months ended September 30, 2022 compared to the same periods in the prior year, largely due to increased compensation costs.
- The effective tax rate for the three and nine months ended September 30, 2022 was 21.2% and 21.6%, respectively, compared to 21.3% and 19.9%, respectively, for the same periods in 2021. The increase in the tax rate for the nine months ended September 30, 2022 is primarily due to increased foreign adjustments and disallowed compensation deductions in addition to a one-time benefit from state tax law changes in the prior period. See Note 10 of the Notes to the Consolidated Financial Statements.
- Net income for the three and nine months ended September 30, 2022 was $32.0 million and $91.2 million, respectively, compared to $23.7 million and $60.4 million, respectively, for the same periods in 2021.

Our Engineered Structures and Transportation Products segments operate in cyclical industries. Additionally, results in our Construction Products segment are affected by weather and seasonal fluctuations with the second and third quarters historically being the quarters with the highest revenues.

Unsatisfied Performance Obligations (Backlog)

As of September 30, 2022, December 31, 2021, and September 30, 2021, our unsatisfied performance obligations, or backlog, were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
		(in millions)	
Engineered Structures:			
Utility, wind, and related structures	**$ 370.4**	$ 437.5	$ 465.9
Storage tanks	**15.9**	22.0	20.8
Transportation Products:			
Inland barges	**$ 128.9**	$ 92.7	$ 130.2

Approximately 55% of the unsatisfied performance obligations for our utility, wind, and related structures in our Engineered Structures segment are expected to be delivered during 2022, with substantially all of the remainder expected to be delivered during 2023. Approximately 22% of unsatisfied performance obligations for inland barges in our Transportation Products segment are expected to be delivered during 2022, with the remainder expected to be delivered during 2023. On October 3, 2022, the Company sold the storage tanks business and its related backlog. See Note 2 of the Notes to Consolidated Financial Statements.

Results of Operations

Overall Summary

Revenues

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Percent Change	2022	2021	Percent Change
	(in millions)			(in millions)		
Construction Products	**$ 244.2**	$ 227.4	**7.4 %**	**$ 701.6**	$ 585.1	**19.9 %**
Engineered Structures	**277.0**	250.1	**10.8**	**796.1**	699.6	**13.8**
Transportation Products	**82.7**	81.6	**1.3**	**244.8**	230.0	**6.4**
Segment Totals before Eliminations	**603.9**	559.1	**8.0**	**1,742.5**	1,514.7	**15.0**
Eliminations	**—**	—		**—**	(0.1)	
Consolidated Total	**$ 603.9**	$ 559.1	**8.0**	**$ 1,742.5**	$ 1,514.6	**15.0**

2022 versus 2021

- Revenues increased by 8.0% and 15.0% during the three and nine months ended September 30, 2022, respectively.
- Revenues from Construction Products increased primarily due to increased pricing across most of our aggregate and specialty material businesses. For the nine months ended September 30, 2022, revenues also increased due to higher volumes from acquired businesses.
- Revenues from Engineered Structures increased primarily due to increased pricing in all product lines driven by higher steel prices.
- Revenues from Transportation Products increased primarily due to higher deliveries in steel components, partially offset by lower tank barge deliveries.

Operating Costs

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Percent Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Percent Change
	(in millions)			(in millions)		
Construction Products	**$ 216.6**	$ 200.6	**8.0 %**	**$ 629.2**	$ 524.6	**19.9 %**
Engineered Structures	**239.9**	226.5	**5.9**	**689.2**	629.4	**9.5**
Transportation Products	**81.7**	80.1	**2.0**	**237.6**	223.1	**6.5**
Segment Totals before Eliminations and Corporate Expenses	**538.2**	507.2	**6.1**	**1,556.0**	1,377.1	**13.0**
Corporate	**16.7**	14.4	**16.0**	**45.6**	45.9	**(0.7)**
Eliminations	**—**	—		**—**	(0.1)	
Consolidated Total	**$ 554.9**	$ 521.6	**6.4**	**$ 1,601.6**	$ 1,422.9	**12.6**
Depreciation, depletion, and amortization[(1)]	**$ 39.6**	$ 39.0	**1.5**	**$ 116.9**	$ 107.0	**9.3**

(1) Depreciation, depletion, and amortization are components of operating costs.

2022 versus 2021

- Operating costs increased by 6.4% and 12.6% during the three and nine months ended September 30, 2022, respectively.
- Cost of revenues for Construction Products increased primarily due to inflationary-related cost increases, including diesel, cement, and process fuels. For the nine months ended September 30, 2022, cost of revenues also increased due to higher volumes from acquired businesses.
- Cost of revenues for Engineered Structures increased primarily due to higher steel prices.
- Cost of revenues for Transportation Products increased primarily due to increased steel component volumes and higher steel costs in inland barges.
- Depreciation, depletion, and amortization increased primarily due to recent acquisitions, including the fair value mark up of long-lived assets.
- Selling, general, and administrative expenses increased 8.5% and 6.2% for the three and nine months ended September 30, 2022 compared to the same periods in the prior year, largely due to increased compensation costs. As a percentage of revenues, selling, general, and administrative expenses was 11.2% and 11.3% for the three and nine months ended September 30, 2022, respectively compared to 11.2% and 12.2% for the same periods in 2021, respectively.

Operating Profit (Loss)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Percent Change	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021	Percent Change
	(in millions)			(in millions)		
Construction Products	**$ 27.6**	$ 26.8	**3.0 %**	**$ 72.4**	$ 60.5	**19.7 %**
Engineered Structures	**37.1**	23.6	**57.2**	**106.9**	70.2	**52.3**
Transportation Products	**1.0**	1.5	**(33.3)**	**7.2**	6.9	**4.3**
Segment Totals before Corporate Expenses	**65.7**	51.9	**26.6**	**186.5**	137.6	**35.5**
Corporate	**(16.7)**	(14.4)	**16.0**	**(45.6)**	(45.9)	**(0.7)**
Consolidated Total	**$ 49.0**	$ 37.5	**30.7**	**$ 140.9**	$ 91.7	**53.7**

2022 versus 2021

- Operating profit increased by 30.7% and 53.7% during the three and nine months ended September 30, 2022, respectively.
- Operating profit in Construction Products increased primarily due to increase pricing, partially offset by inflationary-related cost increases, including diesel, cement, and process fuels. For the nine months ended September 30, 2022, operating profit also increased due to higher volumes from acquired businesses.

- Operating profit in Engineered Structures increased primarily due to higher revenues and improved margins in our utility structures and storage tanks businesses.
- Operating profit in Transportation Products decreased for three months ended September 30, 2022 driven by lower tank barge deliveries. For the nine months ended September 30, 2022, operating profit increased primarily due to higher volumes in steel components.

For a further discussion of revenues, costs, and the operating results of individual segments, see *Segment Discussion* below.

Other Income and Expense

Other, net (income) expense consists of the following items:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	**2022**	2021
	(in millions)			
Interest income	**$ —**	$ —	**$ (0.1)**	$ (0.1)
Foreign currency exchange transactions	**—**	0.1	**1.5**	0.6
Other	**(0.2)**	—	**(0.3)**	(0.2)
Other, net (income) expense	**$ (0.2)**	$ 0.1	**$ 1.1**	$ 0.3

Income Taxes

The provision for income taxes results in effective tax rates that differ from the statutory rates. The Company's effective tax rate for the three and nine months ended September 30, 2022 was 21.2% and 21.6%, respectively, compared to 21.3% and 19.9% for the same periods in 2021. The increase in the tax rate for the nine months ended September 30, 2022 is primarily due to increased foreign adjustments and disallowed compensation deductions in addition to a one-time benefit from state tax law changes in the prior period.

Our effective tax rate reflects the Company's estimate for its state income tax expense, excess tax benefits related to equity compensation, and the impact of foreign tax benefits. See Note 10 of the Notes to Consolidated Financial Statements for further discussion of income taxes.

In response to the COVID-19 pandemic, on March 27, 2020 the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which includes certain tax relief and benefits that may impact the Company. As of September 30, 2022, the Company has deferred $5.4 million in payroll-related taxes in accordance with the provisions of the CARES Act that we expect to pay during the year ended December 31, 2022.

On August 16, 2022, the IRA was enacted to reduce inflation and promote clean energy in the United States. Among other things, the IRA introduces a 15% alternative minimum tax for corporations with a three-year taxable year average annual adjusted financial statement income in excess of $1 billion and imposes a 1% excise tax on the fair market value of stock repurchases made by covered corporations after December 31, 2022. The IRA also provides for certain manufacturing, production, and investment tax credit incentives. The IRA is open for public comments and therefore is subject to the issuance of additional guidance and clarification. We have considered the applicable current IRA tax law changes in our tax provision for the three and nine months ended September 30, 2022, and continue to evaluate the impact of these tax law changes on future periods.

Segment Discussion

Construction Products

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Percent Change	2022	2021	Percent Change
	($ in millions)			($ in millions)		
Revenues:						
Aggregates and specialty materials	**$ 216.8**	$ 202.3	**7.2 %**	**$ 620.9**	$ 519.1	**19.6 %**
Construction site support	**27.4**	25.1	**9.2**	**80.7**	66.0	**22.3**
Total revenues	**244.2**	227.4	**7.4**	**701.6**	585.1	**19.9**
Operating costs:						
Cost of revenues	**191.2**	176.8	**8.1**	**552.6**	458.4	**20.5**
Selling, general, and administrative expenses	**25.4**	23.8	**6.7**	**76.6**	66.2	**15.7**
Operating profit	**$ 27.6**	$ 26.8	**3.0**	**$ 72.4**	$ 60.5	**19.7**
Depreciation, depletion, and amortization(1)	**$ 26.3**	$ 25.2	**4.4**	**$ 77.2**	$ 64.8	**19.1**

(1) Depreciation, depletion, and amortization are components of operating profit.

Three Months Ended September 30, 2022 versus Three Months Ended September 30, 2021

- Revenues increased 7.4% primarily driven by strong pricing gains across most of our product lines in our aggregates and specialty materials businesses, partially offset by lower volumes. Revenue from recent acquisitions were mostly offset by divestitures. Revenues from our trench shoring business increased 9.2% driven by higher volumes.
- Cost of revenues increased 8.1% primarily due to inflationary-related cost increases, including diesel, cement, and process fuels. This increase was partially offset by $2.6 million recognized in the prior period for the amortization of the fair value mark up of acquired inventory. As a percent of revenues, cost of revenues increased slightly.
- Selling, general, and administrative costs increased 6.7% primarily due to additional costs from acquired businesses. Selling, general, and administrative costs in our legacy businesses were lower than the previous period as a percentage of revenues.
- Operating profit increased 3.0% as increased revenues from pricing gains were largely offset by inflationary-related cost increases.
- Depreciation, depletion, and amortization expense increased primarily due to recent acquisitions, including the impact of the fair value mark up of long-lived assets.

Nine Months Ended September 30, 2022 versus Nine Months Ended September 30, 2021

- Revenues increased 19.9% primarily driven by recent acquisitions, which on a combined basis increased segment revenues by approximately 10%, net of divestitures. The additional increase in revenues was driven by strong pricing gains across most of our product lines in our aggregates and specialty materials businesses as well as increased volumes in our legacy recycled aggregates business. Revenues from our trench shoring business increased 22.3% driven by higher volumes and increased pricing.
- Cost of revenues increased 20.5% due to higher volumes from recently acquired businesses and legacy recycled aggregates. Cost of revenues also increased due to higher depreciation, depletion, and amortization expense from acquired businesses, as well as higher inflationary-related costs, including diesel, cement, and process fuels. As a percent of revenues, cost of revenues increased slightly.
- Selling, general, and administrative costs increased 15.7% primarily due to additional costs from acquired businesses. Selling, general, and administrative costs were slightly lower than the previous period as a percentage of revenues.
- Operating profit increased 19.7% due to additional revenues from acquired businesses partially offset by higher depreciation, depletion, and amortization expense.
- Depreciation, depletion, and amortization expense increased primarily due to recently acquired businesses, including the impact of the fair value mark up of long-lived assets.

Engineered Structures

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Percent Change	2022	2021	Percent Change
	($ in millions)			($ in millions)		
Revenues:						
Utility, wind, and related structures	**$ 211.2**	$ 189.4	**11.5 %**	**$ 608.5**	$ 545.0	**11.7 %**
Storage tanks	**65.8**	60.7	**8.4**	**187.6**	154.6	**21.3**
Total revenues	**277.0**	250.1	**10.8**	**796.1**	699.6	**13.8**
Operating costs:						
Cost of revenues	**219.5**	207.6	**5.7**	**631.2**	572.1	**10.3**
Selling, general, and administrative expenses	**20.4**	18.9	**7.9**	**58.0**	57.3	**1.2**
Operating profit	**$ 37.1**	$ 23.6	**57.2**	**$ 106.9**	$ 70.2	**52.3**
Depreciation and amortization[1]	**$ 8.1**	$ 8.3	**(2.4)**	**$ 24.1**	$ 25.1	**(4.0)**

[1] Depreciation and amortization are components of operating profit.

Three Months Ended September 30, 2022 versus Three Months Ended September 30, 2021

- Revenues increased 10.8% due to increased pricing in our utility structures and storage tanks businesses, primarily driven by higher steel prices.
- Cost of revenues increased 5.7% primarily driven by higher steel prices.
- Selling, general, and administrative costs increased primarily due to higher compensation costs. Selling, general, and administrative costs decreased as a percentage of revenues to 7.4% compared to 7.6% in the prior period.
- Operating profit increased 57.2% primarily due to higher revenues and improved margins in our utility structures and storage tanks businesses.

Nine Months Ended September 30, 2022 versus Nine Months Ended September 30, 2021

- Revenues increased 13.8% primarily due to increased pricing across all product lines, partially offset by lower volumes.
- Cost of revenues increased 10.3% primarily driven by higher steel prices, partially offset by lower volumes. Additionally, in the second quarter of 2022 and the first quarter of 2021, the Company recognized gains of $1.6 million and $3.9 million, respectively, resulting in a net increase in cost of revenues for the nine months ended September 30, 2022 compared to the same period in 2021. Both transactions related to the disposition of manufacturing facilities not required to support operations.
- Selling, general, and administrative costs increased slightly but decreased as a percentage of revenues to 7.3% compared to 8.2% in the prior period.
- Operating profit increased 52.3% primarily due to higher revenues and improved margins in our utility structures and storage tanks businesses as well as improved pricing across all product lines. This increase was partially offset by a $7.7 million one-time customer resolution that increased operating profit in 2021.

Unsatisfied Performance Obligations (Backlog)

As of September 30, 2022, the backlog for utility, wind, and related structures was $370.4 million, compared to $437.5 million and $465.9 million as of December 31, 2021 and September 30, 2021, respectively. Approximately 55% of these unsatisfied performance obligations are expected to be delivered during the year ending December 31, 2022 with substantially all of the remainder expected to be delivered in 2023. Future wind tower orders are subject to uncertainty as the recent extension and modification of PTC eligibility for new wind farm projects is currently being evaluated by the industry. On October 3, 2022, the Company sold the storage tanks business and its related backlog. See Note 2 of the Notes to Consolidated Financial Statements.

Transportation Products

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Percent Change	2022	2021	Percent Change
	($ in millions)			($ in millions)		
Revenues:						
Inland barges	**$ 50.9**	$ 58.4	**(12.8)%**	**$ 151.7**	$ 165.3	**(8.2)%**
Steel components	**31.8**	23.2	**37.1**	**93.1**	64.7	**43.9**
Total revenues	**82.7**	81.6	**1.3**	**244.8**	230.0	**6.4**
Operating costs:						
Cost of revenues	**76.4**	74.7	**2.3**	**221.1**	207.2	**6.7**
Selling, general, and administrative expenses	**5.3**	5.4	**(1.9)**	**16.5**	15.9	**3.8**
Operating profit	**$ 1.0**	$ 1.5	**(33.3)**	**$ 7.2**	$ 6.9	**4.3**
Depreciation and amortization [1]	**$ 3.9**	$ 4.6	**(15.2)**	**$ 11.8**	$ 13.7	**(13.9)**

[1] Depreciation and amortization are components of operating profit.

Three Months Ended September 30, 2022 versus Three Months Ended September 30, 2021

- Revenues increased slightly as a 37.1% increase in steel components revenues was largely offset by a 12.8% decrease in revenues from inland barges. The increase in steel components revenues reflected higher deliveries as the North American railcar market shows signs of a modest recovery, and the decline in inland barge revenues resulted from lower tank barge deliveries.
- Cost of revenues increased 2.3% driven by higher steel component volumes and higher steel raw material costs.
- Selling, general, and administrative costs were substantially unchanged and decreased as a percentage of revenues to 6.4% compared to 6.6% in the prior period.
- Operating profit decreased due to lower tank barge deliveries and higher steel raw material costs, partially offset by higher steel component volumes.

Nine Months Ended September 30, 2022 versus Nine Months Ended September 30, 2021

- Revenues increased 6.4% led by a 43.9% increase in steel components revenues due to increased deliveries resulting from improving demand conditions in the North American railcar market. The segment increase was partially offset by a 8.2% decrease in revenues from inland barges, reflecting weakened demand conditions from both the COVID-19 pandemic and higher steel prices.
- Cost of revenues increased 6.7% driven by higher steel component volumes, partially offset by lower tank barge volumes.
- Selling, general, and administrative costs were up slightly due to overall higher volumes, but decreased as a percentage of revenues to 6.7% compared to 6.9% in the prior period .
- Operating profit increased 4.3% due to higher steel component volumes, partially offset by lower tank barge volumes.

Unsatisfied Performance Obligations (Backlog)

As of September 30, 2022, the backlog for inland barges was $128.9 million, compared to $92.7 million and $130.2 million as of December 31, 2021 and September 30, 2021, respectively. Approximately 22% of unsatisfied performance obligations for inland barges are expected to be delivered during the year ending December 31, 2022 with the remainder expected to be delivered in 2023.

Corporate

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2022	2021	Percent Change	2022	2021	Percent Change
	(in millions)			(in millions)		
Corporate overhead costs	**$ 16.7**	$ 14.4	**16.0 %**	**$ 45.6**	$ 45.9	**(0.7)%**

2022 versus 2021

- Corporate overhead costs increased 16.0% for the three months ended September 30, 2022 primarily due to increased compensation-related expenses. The increase was partially offset by lower acquisition and divestiture-related expenses of $1.6 million for the three months ended September 30, 2022, compared to $2.5 million for the same period in 2021.
- Corporate overhead costs were roughly flat for the nine months ended September 30, 2022 as lower acquisition and divestiture-related expenses of $5.0 million in the current period, compared to $10.0 million for the same period in 2021, were offset by higher compensation-related expenses.
- We estimate fourth quarter 2022 corporate costs of approximately $14 to $15 million, excluding non-recurring acquisition and divestiture-related expenses. We estimate fourth quarter acquisition and divestiture-related expenses of approximately $5.9 to $6.4 million.

Liquidity and Capital Resources

Arcosa's primary liquidity requirement consists of funding our business operations, including capital expenditures, working capital investment, and disciplined acquisitions. Our primary sources of liquidity include cash flow from operations, our existing cash balance, availability under the revolving credit facility, and, as necessary, the issuance of additional long-term debt or equity. To the extent we have available liquidity, we may also consider undertaking new capital investment projects, executing additional strategic acquisitions, returning capital to stockholders, or funding other general corporate purposes.

Cash Flows

The following table summarizes our cash flows from operating, investing, and financing activities for the nine months ended September 30, 2022 and 2021:

	Nine Months Ended September 30,	
	2022	2021
	(in millions)	
Total cash provided by (required by):		
Operating activities	**$ 182.6**	$ 76.8
Investing activities	**(129.5)**	(569.3)
Financing activities	**(12.0)**	462.8
Net increase (decrease) in cash and cash equivalents	**$ 41.1**	$ (29.7)

Operating Activities. Net cash provided by operating activities for the nine months ended September 30, 2022 was $182.6 million compared to $76.8 million for the nine months ended September 30, 2021.

- The changes in current assets and liabilities resulted in a net use of cash of $34.2 million for the nine months ended September 30, 2022 compared to a net use of cash of $86.7 million for the nine months ended September 30, 2021. The current year activity was primarily driven by increased receivables and inventories due to increased volumes and higher steel prices, partially offset by increases in accounts payable.

Investing Activities. Net cash required by investing activities for the nine months ended September 30, 2022 was $129.5 million compared to $569.3 million for the nine months ended September 30, 2021.

- Capital expenditures for the nine months ended September 30, 2022 were $85.9 million compared to $60.8 million for the same period last year. Full-year capital expenditures are expected to be approximately $125 to $135 million in 2022. We expect maintenance capital expenditures of $75 to $80 million and capital expenditures related to additional growth to be approximately $50 to $55 million in 2022.

- Proceeds from the sale of property, plant, and equipment and other assets totaled $31.5 million for the nine months ended September 30, 2022, compared to $14.9 million for the same period in 2021.
- Cash paid for acquisitions, net of cash acquired, was $75.1 million for the nine months ended September 30, 2022 compared to $523.4 million for the same period in 2021. There was no divestiture activity for the nine months ended September 30, 2022 and 2021.

Financing Activities. Net cash required by financing activities during the nine months ended September 30, 2022 was $12.0 million compared to net cash provided by financing activities of $462.8 million for the same period in 2021.

- Current year activity primarily related to borrowings and repayments under the revolving credit facility as well as $15.0 million of share repurchases under the current repurchase authorization. Prior year to date activity primarily related to the net proceeds from the issuance of the $400 million Senior Notes and $100 million of additional borrowings under our revolving credit facility.

<u>Other Investing and Financing Activities</u>

Revolving Credit Facility and Senior Notes

On January 2, 2020, the Company entered into an Amended and Restated Credit Agreement to increase the revolving credit facility to $500.0 million and added a term loan facility of $150.0 million, in each case with a maturity date of January 2, 2025. The entire term loan was advanced on January 2, 2020. As of September 30, 2022, the term loan had a remaining balance of $140.6 million.

As of September 30, 2022, we had $155.0 million of outstanding loans borrowed under the revolving credit facility and there were approximately $28.4 million of letters of credit issued, leaving $316.6 million available for borrowing. Subsequently, in October 2022, the Company used $155.0 million of cash proceeds from the sale of the storage tanks business to pay off the outstanding loans borrowed under its revolving credit facility.

The interest rates under the revolving credit facility and term loan are variable based on LIBOR or an alternate base rate plus a margin. A commitment fee accrues on the average daily unused portion of the revolving facility. The margin for borrowing and commitment fee rate are determined based on Arcosa’s leverage as measured by a consolidated total indebtedness to consolidated EBITDA ratio. The margin for borrowing ranges from 1.25% to 2.00% and was set at LIBOR plus 1.75% as of September 30, 2022. The commitment fee rate ranges from 0.20% to 0.35% and was set at 0.30% as of September 30, 2022.

The Company's revolving credit and term loan facilities require the maintenance of certain ratios related to leverage and interest coverage. As of September 30, 2022, we were in compliance with all such financial covenants. Borrowings under the credit agreement are guaranteed by certain wholly-owned subsidiaries of the Company.

In order to increase liquidity in anticipation of the acquisition of StonePoint the Company entered into an unsecured 364-Day Credit Agreement on March 26, 2021 providing for a revolving line of credit of $150.0 million, with an outside maturity date of March 25, 2022, with pricing, covenants, and guarantees substantially similar to the Company’s existing revolving credit and term loan facilities. Per the terms of the facility, it terminated on April 6, 2021 upon the closing of the Company’s private offering of $400 million in senior notes.

On April 6, 2021, the Company issued $400.0 million aggregate principal amount of 4.375% senior notes (the “Notes”) that mature in April 2029. Interest on the Notes is payable semiannually. The Notes are senior unsecured obligations of the Company and are guaranteed on a senior unsecured basis by each of the Company’s domestic subsidiaries that is a guarantor under our revolving credit and term loan facilities.

We believe, based on our current business plans, that our existing cash, available liquidity, and cash flow from operations will be sufficient to fund necessary capital expenditures and operating cash requirements for the foreseeable future. The Company further believes that its financial resources will allow it to manage the anticipated impact of COVID-19 on the Company's business operations for the foreseeable future. The macroeconomic uncertainties posed by COVID-19 are evolving. Consequently, the Company will continue to evaluate its financial position in light of future developments, particularly those relating to COVID-19, including its variants.

Dividends and Repurchase Program

In September 2022, the Company declared a quarterly cash dividend of $0.05 per share that was paid on October 31, 2022.

In December 2020, the Company’s Board of Directors authorized a new $50 million share repurchase program effective January 1, 2021 through December 31, 2022 to replace a program of the same amount that expired on December 31, 2020. Under the program, the Company repurchased 298,629 shares during the nine months ended September 30, 2022. As of September 30, 2022, the Company had a remaining authorization of $25.7 million under the program. See Note 1 of the Notes to the Consolidated Financial Statements.

Derivative Instruments

In December 2018, the Company entered into an interest rate swap instrument, effective as of January 2, 2019 and expiring in 2023, to reduce the effect of changes in the variable interest rates associated with borrowings under the Amended and Restated Credit Agreement. The instrument carried an initial notional amount of $100.0 million, thereby hedging the first $100.0 million of borrowings. The instrument effectively fixes the LIBOR component of the borrowings at a monthly rate of 2.71%. As of September 30, 2022, the Company has recorded an asset of $1.6 million for the fair value of the instrument, all of which is recorded in accumulated other comprehensive income. See Note 3 and Note 7 of the Notes to the Consolidated Financial Statements.

Recent Accounting Pronouncements

See Note 1 of the Notes to the Consolidated Financial Statements for information about recent accounting pronouncements.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements contained herein that are not historical facts are forward-looking statements and involve risks and uncertainties. These forward-looking statements include expectations, beliefs, plans, objectives, future financial performances, estimates, projections, goals, and forecasts. Arcosa uses the words “anticipates,” “assumes,” “believes,” “estimates,” “expects,” “intends,” “forecasts,” “may,” “will,” “should,” “plans,” and similar expressions to identify these forward-looking statements. Potential factors, which could cause our actual results of operations to differ materially from those in the forward-looking statements include, among others:

- the impact of the COVID-19 pandemic on our sales, operations, supply chain, employees, and financial condition;
- market conditions and customer demand for our business products and services;
- the cyclical nature of the industries in which we compete;
- variations in weather in areas where our construction products are sold, used, or installed;
- naturally occurring events and other events and disasters causing disruption to our manufacturing, product deliveries, and production capacity, thereby giving rise to an increase in expenses, loss of revenue, and property losses;
- competition and other competitive factors;
- our ability to identify, consummate, or integrate acquisitions of new businesses or products, or divest any business;
- the timing of introduction of new products;
- the timing and delivery of customer orders or a breach of customer contracts;
- the credit worthiness of customers and their access to capital;
- product price changes;
- changes in mix of products sold;
- the costs incurred to align manufacturing capacity with demand and the extent of its utilization;
- the operating leverage and efficiencies that can be achieved by our manufacturing businesses;
- availability and costs of steel, component parts, supplies, and other raw materials;
- changing technologies;
- surcharges and other fees added to fixed pricing agreements for steel, component parts, supplies and other raw materials;
- increased costs due to increased inflation;
- interest rates and capital costs;
- counter-party risks for financial instruments;
- long-term funding of our operations;
- taxes;
- the stability of the governments and political and business conditions in certain foreign countries, particularly Mexico;
- changes in import and export quotas and regulations;
- business conditions in emerging economies;
- costs and results of litigation;
- changes in accounting standards or inaccurate estimates or assumptions in the application of accounting policies;
- legal, regulatory, and environmental issues, including compliance of our products with mandated specifications, standards, or testing criteria and obligations to remove and replace our products following installation or to recall our products and install different products manufactured by us or our competitors;
- actions by the executive and legislative branches of the U.S. government relative to federal government budgeting, taxation policies, government expenditures, U.S. borrowing/debt ceiling limits, and trade policies, including tariffs, and border closures;
- the inability to sufficiently protect our intellectual property rights;
- our ability to mitigate against cybersecurity incidents, including ransomware, malware, phishing emails, and other electronic security threats;
- the improper use of social and other digital media to disseminate false, misleading, and/or unreliable or inaccurate information about the Company or demonstrate actions that negatively reflect on the Company;
- if the Company's ESG efforts are not favorably received by stockholders;
- if the Company does not realize some or all of the benefits expected to result from the Separation, or if such benefits are delayed;

- if the distribution of shares of Arcosa resulting from the Separation, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, the Company's stockholders at the time of the distribution and the Company could be subject to significant tax liability; and
- if the Separation does not comply with state fraudulent conveyance laws and legal dividend requirements.

Any forward-looking statement speaks only as of the date on which such statement is made. Arcosa undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. For a discussion of risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see Item 1A, “Risk Factors” in our 2021 Annual Report on Form 10-K and future Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

There has been no material change in our market risks since December 31, 2021 as set forth in our 2021 Annual Report on Form 10-K. See Note 9 of the Notes to Consolidated Financial Statements for the impact of foreign exchange rate fluctuations for the three and nine months ended September 30, 2022.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that it is able to collect and record the information it is required to disclose in the reports it files with the Securities and Exchange Commission (“SEC”), and to process, summarize, and disclose this information within the time periods specified in the rules of the SEC. The Company’s Chief Executive and Chief Financial Officers are responsible for establishing and maintaining these procedures and, as required by the rules of the SEC, evaluating their effectiveness. Based on their evaluation of the Company’s disclosure controls and procedures that took place as of the end of the period covered by this report, the Chief Executive and Chief Financial Officers believe that these procedures are effective to 1) ensure that the Company is able to collect, process, and disclose the information it is required to disclose in the reports it files with the SEC within the required time periods and 2) accumulate and communicate this information to the Company’s management, including its Chief Executive and Chief Financial Officers, to allow timely decisions regarding this disclosure.

Changes in Internal Control over Financial Reporting

During the period covered by this report, there have been no changes in the Company’s internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

As permitted by the SEC Staff interpretive guidance for recently acquired businesses, management's assessment and conclusion on the effectiveness of the Company's disclosure controls and procedures as of September 30, 2022 excludes an assessment of the internal control over financial reporting of the RAMCO business acquired in May 2022. RAMCO represents approximately 3% of consolidated total assets and less than 1% of consolidated revenues as of and for the nine months ended September 30, 2022.

PART II

Item 1. *Legal Proceedings*

See Note 15 of the Consolidated Financial Statements regarding legal proceedings.

Item 1A. *Risk Factors*

There have been no material changes in the Company's risk factors from those set forth in our 2021 Annual Report on Form 10-K.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

This table provides information with respect to purchases by the Company of shares of its common stock during the quarter ended September 30, 2022:

Period	Number of Shares Purchased [(1)]	Average Price Paid per Share [(1)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [(2)]	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs [(2)]
July 1, 2022 through July 31, 2022	80	$ 44.76	—	$ 25,656,442
August 1, 2022 through August 31, 2022	11	$ 51.78	—	$ 25,656,442
September 1, 2022 through September 30, 2022	752	$ 57.19	—	$ 25,656,442
Total	843	$ 55.94	—	$ 25,656,442

(1) These columns include the following transactions during the three months ended September 30, 2022: (i) the surrender to the Company of 843 shares of common stock to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees and (ii) the purchase of no shares of common stock on the open market as part of the stock repurchase program.

(2) In December 2020, the Company's Board of Directors authorized a new $50 million share repurchase program effective January 1, 2021 through December 31, 2022 to replace a program of the same amount that expired on December 31, 2020.

Item 3. *Defaults Upon Senior Securities*

Not applicable.

Item 4. *Mine Safety Disclosures*

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Form 10-Q.

Item 5. *Other Information*

None.

Item 6. ***Exhibits***

NO.	DESCRIPTION
3.1	Restated Certificate of Incorporation of Arcosa, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-8 filed on October 31, 2018, File No. 333-228098).
3.2	Amended and Restated Bylaws of Arcosa, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q, for the quarter-ended March 31, 2020, File No. 001-38494).
31.1	Rule 13a-15(e) and 15d-15(e) Certification of the Chief Executive Officer (filed herewith).
31.2	Rule 13a-15(e) and 15d-15(e) Certification of the Chief Financial Officer (filed herewith).
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
95	Mine Safety Disclosure Exhibit (filed herewith).
101.INS	Inline XBRL Instance Document (filed electronically herewith).
101.SCH	Inline XBRL Taxonomy Extension Schema Document (filed electronically herewith).
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed electronically herewith).
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (filed electronically herewith).
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (filed electronically herewith).
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (filed electronically herewith).
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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.

Arcosa, Inc.
(Registrant)

November 3, 2022	By:	/s/ Gail M. Peck
		Gail M. Peck Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Antonio Carrillo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arcosa, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 3, 2022

/s/ Antonio Carrillo

Antonio Carrillo
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Gail M. Peck, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Arcosa, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 3, 2022

/s/ Gail M. Peck

Gail M. Peck
Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Arcosa, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Antonio Carrillo, President and Chief Executive Officer of the Company, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company, as of, and for, the periods presented in the Report.

/s/ Antonio Carrillo

Antonio Carrillo
President and Chief Executive Officer
November 3, 2022

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Arcosa, Inc. (the “Company”) on Form 10-Q for the period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gail M. Peck, Chief Financial Officer of the Company, certify to my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company, as of, and for, the periods presented in the Report.

/s/ Gail M. Peck

Gail M. Peck
Chief Financial Officer
November 3, 2022

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 95

Mine Safety Disclosures

The Company owned or operated mines during the three months ended September 30, 2022. The Financial Reform Act ("Dodd-Frank") requires us to disclose in our periodic reports filed with the SEC, specific information about each of our mines comprised of notices, violations, and orders[1] made by the Federal Mine Safety and Health Administration pursuant to the Federal Mine Safety and Health Act of 1977.

The following table is a summary of the reportable information required for our mines that operated during the three months ended September 30, 2022:

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Asa (4104399)	—	—	—	—	—	$ 169	—	No	No	—	—	—
Cottonwood (4104553)	1	—	—	—	—	$ 378	—	No	No	—	—	—
Kimball Bend (4105462)	—	—	—	—	—	$ —	—	No	No	—	—	—
Academy (4105537)	—	—	—	—	—	$ —	—	No	No	—	—	—
Paradise (4103253)	—	—	—	—	—	$ 133	—	No	No	—	—	—
Indian Village (1600348)	—	—	—	—	—	$ —	—	No	No	—	—	—
Rye (4102547)	—	—	—	—	—	$ 133	—	No	No	—	—	—
Pearl River (1601334)	—	—	—	—	—	$ —	—	No	No	—	—	—
Eaves Loop (1601589)	—	—	—	—	—	$ —	—	No	No	—	—	—
Moody (4105304)	—	—	—	—	—	$ 133	—	No	No	—	—	—
Cameron 1336 (1) (4104482)	—	—	—	—	—	$ — [2]	—	No	No	—	—	—
Bouse Junction (3401828)	—	—	—	—	—	$ —	—	No	No	—	—	—
Diamond 1885 (3401660)	—	—	—	—	—	$ —	—	No	No	—	—	—
Shamrock (4104758)	—	—	—	—	—	$ —	—	No	No	—	—	—
Adams Claim (2600668)	1	—	—	—	—	$ 385	—	No	No	—	—	—
Harrison Gypsum #2 (3401364)	—	—	—	—	—	$ — [2]	—	No	No	—	—	—

[1] Significant and Substantial (S&S) citations are reported on this form. Non-S&S citations are not reported on this form but any assessments resulting from non-S&S citations are reported.

[2] Proposed penalty amounts are pending regarding non-S&S citation(s) issued during the reporting period.

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Harrison Gypsum #5 (3401964)	—	—	—	—	—	$ — [2]	—	No	No	—	—	—
Ludwig (2602775)	—	—	—	—	—	$ —	—	No	No	—	—	—
Ft Stockton (4104943)	—	—	—	—	—	$ —	—	No	No	—	—	—
Orla (4104958)	1	—	—	—	—	$ 1,471	—	No	No	—	—	—
Stanton (4105067)	—	—	—	—	—	$ —	—	No	No	—	—	—
Midkiff (4104913)	—	—	—	—	—	$ —	—	No	No	—	—	—
McCamey Pit (4105507)	—	—	—	—	—	$ —	—	No	No	—	—	—
Seven Points (4104495)	—	—	—	—	—	$ —	—	No	No	—	—	—
J A Jack & Sons (4503239)	—	—	—	—	—	$ 133	—	No	No	—	—	—
Marianna Quarry (0801267)	—	—	—	—	—	$ —	—	No	No	—	—	—
Wills Point Lester (4104071)	—	—	—	—	—	$ —	—	No	No	—	—	—
Boulder (0504415)	2	—	—	—	—	$ 10,720	—	No	No	—	—	—
Brooklyn (1200254)	3	—	—	—	1	$ 16,384 [3]	—	No	No	2 [4,5]	2 [4,5]	—
Brooks (1500187)	—	—	—	—	—	$ —	—	No	No	—	—	—
Erwinville (1600033)	—	—	—	—	—	$ —	—	No	No	—	—	—
Frazier Park (0400555)	—	—	—	—	—	$ —	—	No	No	—	—	—
Livingston (0100034)	—	—	—	—	—	$ —	—	No	No	—	—	—
Streetman (4101628)	—	—	—	—	—	$ —	—	No	No	—	—	—

1 Significant and Substantial (S&S) citations are reported on this form. Non-S&S citations are not reported on this form but any assessments resulting from non-S&S citations are reported.

2 Proposed penalty amounts are pending regarding non-S&S citation(s) issued during the reporting period.

3 Proposed penalty amounts are pending regarding 107(a) order(s) issued during the reporting period.

4 Contests of proposed penalties referenced in Subpart C of 29 CFR Part 2700.

5 Complaint of discharge, discrimination, or interference referenced in Subpart E of 29 CFR part 2700.

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)	Section 104(b) Orders (#)	Section 104(d) Citations and Orders (#)	Section 110(b)(2) Violations (#)	Section 107(a) Orders (#)	Total Dollar Value of MSHA Assessments Proposed ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violation Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Kitsap (4503363)	—	—	—	—	—	$ —	—	No	No	—	—	—
Laurel Aggregates (3608891)	2	—	—	—	—	$ 1,765	—	No	No	—	—	—
Winn - Clarksville (4003094)	—	—	—	—	—	$ —	—	No	No	—	—	—
Winn - GRQ (1519561)	—	—	—	—	—	$ —	—	No	No	—	—	—
Easterly Plant 10 (1601571)	—	—	—	—	—	$ —	—	No	No	—	—	—
Amite Plant 14 (1601578)	—	—	—	—	—	$ —	—	No	No	—	—	—
Duvall Plant 19 (1601602)	—	—	—	—	—	$ —	—	No	No	—	—	—
Deridder Plant 20 (1601580)	—	—	—	—	—	$ 133	—	No	No	—	—	—
JJJ Plant 24 (1601590)	—	—	—	—	—	$ —	—	No	No	—	—	—
Hattiesburg Plant 28 (2200823)	—	—	—	—	—	$ —	—	No	No	—	—	—
Goss Plant 29 (2200812)	—	—	—	—	—	$ —	—	No	No	—	—	—
Pearl River Plant 30 (1601506)	—	—	—	—	—	$ —	—	No	No	—	—	—
River Agg Hwy 242 Plant (4105046)	—	—	—	—	—	$ —	—	No	No	—	—	—
River Agg Rye Plant 33 (4105364)	—	—	—	—	—	$ —	—	No	No	—	—	—
Higley Pit (0203395)	—	—	—	—	—	$ —	—	No	No	—	—	—
Northern Pit (0203296)	—	—	—	—	—	$ —	—	No	No	—	—	—
Peoria Pit (0203359)	—	—	—	—	—	$ —	—	No	No	—	—	—
Queen Creek Plant 1 (0202821)	—	—	—	—	—	$ —	—	No	No	—	—	—
New Coolidge (0203338)	—	—	—	—	—	$ —	—	No	No	—	—	—
Eagle Mountain Quarry (0203146)	—	—	—	—	—	$ —	—	No	No	—	—	—
Queen Creek Plant 2 (0203402)	1	—	—	—	—	$ 1,009	—	No	No	—	—	—
Queen Creek Plant 3 (0202663)	—	—	—	—	—	$ —	—	No	No	—	—	—
Old Coolidge (0203192)	—	—	—	—	—	$ —	—	No	No	—	—	—

[1] Significant and Substantial (S&S) citations are reported on this form. Non-S&S citations are not reported on this form but any assessments resulting from non-S&S citations are reported.