

August 2023

# Investor Presentation

Fiscal 2024

1<sup>st</sup> Quarter Results

## Forward Looking Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 relating to, among other things, the business, financial condition and results of operations of CSW Industrials, Inc. (“CSWI” or the “Company”). Any statements preceded or followed by or that include the words “believe,” “expect,” “intend,” “plan,” “should” or words, phrases or similar expressions or the negative thereof, are intended to identify forward-looking statements. These statements are made on the basis of the current beliefs, expectations and assumptions of the management of CSWI. There are a number of risks and uncertainties that could cause CSWI’s actual results to differ materially from the forward-looking statements included in this presentation. In light of these risks, uncertainties, assumptions, and other factors inherent in forward-looking statements, actual results may differ materially from those discussed in this presentation. Other unknown or unpredictable factors could also have a material adverse effect on CSWI’s actual future results, performance, or achievements and include, without limitation, the factors described from time to time in our filings with the SEC, including the risk factors described in our Annual Report on Form 10-K. As a result of the foregoing, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. CSWI does not assume any obligation to update these forward-looking statements to reflect any new information, subsequent events or circumstances, or otherwise, except as may be required by law.

## Non-GAAP Financial Information

This presentation includes non-GAAP financial measures including Adjusted Earnings Per Share, Adjusted Net Income, Adjusted Operating Income, and Adjusted EBITDA. Reconciliations to the most directly comparable GAAP measures are included in the Appendix of this presentation. These measures should be considered in addition to results prepared in accordance with GAAP, but are not a substitute for GAAP results.



# Index

4	Overview and Investment Thesis Driving Sustainable Growth
11	Fiscal 2024 1 <sup>st</sup> Quarter Results
16	Corporate Sustainability Update
19	Business Segment Overview
29	Appendix

# CSW Industrials, Inc. (Nasdaq: CSWI)



A diversified industrial growth company with a strategic focus on providing niche, value-added products in the end markets we serve.

**Three Segments** (Segment percentages reflect TTM<sup>1</sup> Revenue)



Contractor Solutions

Specialized Reliability Solutions

Engineered Building Solutions

TTM Total Revenue ~\$761.3MM

## Key Highlights

**2015**

Publicly Listed on Nasdaq<sup>2</sup>

**~\$2.8B**

Market Capitalization<sup>3</sup>

**~\$491MM**

Acquisition Capital Invested Since December 2020

**~43%**

TTM Gross Margin

**\$305MM**

Liquidity<sup>4</sup>

# Compelling Investment Thesis



## Growth exceeding end markets served

- Total revenue CAGR of **18.4%** from FY18 through FY23<sup>1</sup>
- Organic revenue CAGR of **11.4%** from FY18 through FY23<sup>1</sup>



## Robust margin profile

- **43.6%** adjusted Gross Profit Margin annual average FY18 – FY23<sup>1</sup>
- **21.6%** adjusted EBITDA Margin annual average FY18 – FY23<sup>1</sup>



## Strong financial position

- **~1.1x** leverage, ~\$290MM available on our \$500MM revolving credit facility<sup>2</sup>
- **\$179.0MM** TTM EBITDA, and **23.5%** EBITDA margin as a percent of revenue<sup>3</sup>
- In February 2023, the Company executed an interest rate swap to fix the SOFR-portion rate of the first \$100.0MM of its Revolver borrowing at 3.85% through May 2026



## Experienced leadership team

- Dedicated to enhancing shareholder value
- Committed to exemplifying CSWI's culture and values

# Sustainable Growth in Shareholder Value

Our demonstrated track record of growth and enhancing long-term shareholder value.



## Since Inception

- **498%** market cap growth<sup>1</sup>
- **185%** Revenue growth<sup>2</sup>
- **197%** adjusted EBITDA growth<sup>3</sup>
- **~\$173MM** cash returned to shareholders through dividends and share repurchases<sup>4</sup>
- **~510%** total shareholder return<sup>5</sup>
- **\$570MM** investment in acquisitions<sup>6</sup>
- **15.6MM** shares outstanding in Sept 2015 and **15.5MM** shares outstanding today

<sup>1</sup> ~\$2.8B market cap as of 7/31/23, compared to ~\$500MM at 2015 public debut. <sup>2</sup> \$761.3MM TTM Revenue versus \$266.9MM FY16. <sup>3</sup> \$179.0MM TTM adjusted EBITDA versus \$60.3MM FY16. <sup>4</sup> From 3Q18 thru the August 2023 dividend payment. <sup>5</sup> Calculated starting with the date shares began trading "regular way" (10/1/15 - 7/31/23). <sup>6</sup> Completed FY16 through 1Q24

# Allocating Capital Efficiently

Capital allocation decisions are prioritized on a risk-adjusted returns basis, with the ultimate goal of driving long-term shareholder value.



## Organic Growth

- Invest in enhancing innovative, value-adding products and efficiency initiatives
- Increase global sales footprint



## Inorganic Growth

- Prioritize accretive, synergistic acquisitions within current end markets
- Consider broader strategic opportunities as appropriate



## Dividends

- Dividend program initiated in April 2019
- 18 consecutive quarters of dividends declared, for cumulative cash return of \$42MM



## Share Repurchases

- As appropriate, return cash through opportunistic share repurchases
- Cumulative share repurchases of \$131MM and 1.9MM shares since 3Q18<sup>2</sup>

**TTM Capital Allocation<sup>1</sup>**  
(\$ in millions)

**\$89.3MM**

**Capital Expenditures \$16.9**

**Acquisitions \$56.4**

**Dividends \$10.8**

**Share Repurchases \$5.2**

# Strategic, Disciplined Approach to M&A

As a diversified industrial growth company, our goal is to increase free cash flow through sustainable organic growth, accretive inorganic growth, and operational efficiencies.

## CSW Industrials Criteria:

- Long-term growth well in excess of GDP
- Strong margin contribution in-line with existing operations, and margin resiliency through cycles
- Leverage our strategy and channels to market, including our extensive distribution network
- Execute our capital allocation strategy, investing in opportunities with the highest risk-adjusted rate of return
- Expand in current markets with product introductions and meaningful acquisitions
- Maintain strong balance sheet
- Drive enhanced returns by leveraging market knowledge, and existing systems and processes



# Our Distribution Channels Accelerate Growth

We have focused on expanding our distribution network in recent years, enhancing revenue growth from new product introductions and acquisitions.

### Without CSWI: Limited Distribution



Newly designed products, while innovative & helpful for contractors, are often challenged by limited distribution

### With CSWI: Broad Distribution



### The Power of Our Distribution Model

CSWI sustains strong access to distributors, including through buying groups and national account relationships.

CSWI can acquire or mass distribute products, resulting in sales at a faster and more cost-effective rate due to logistics leverage, supply agreements, sales staff, credit and back-office support.

# Our Guiding Objectives

At CSWI, *how we succeed matters*, and accordingly we will:

## Treat Our Team Members Well

- Focus on **Safety**:
  - **Goal** is a zero-incident workplace
- Focus on **Total Rewards**:
  - **Competitive** total rewards with generous health and retirement benefits
- Focus on **Wellness**:
  - **Cigna Well-Being Award** 2022, 2021 and 2020
- **Great Place to Work Certified**

## Serve Our Customers Well

- Emphasize consistent availability and timely delivery
- Continuously evaluate inventory at the product and category levels to meet customer demand, while optimizing working capital investments
- Focus on driving market and wallet share gains

## Manage Our Supply Chains Effectively

- Continued improvement in material and freight costs
- Minimize freight delays and maximize supplier on-time delivery
- Proactively increased dual-sourcing on critical components
- Leverage internal manufacturing capacity

## Position CSWI for Sustainable, Long-Term Growth and Profitability

- **Top-Line Growth: 24.7%** Revenue CAGR<sup>1</sup>
- **Compelling Profitability: 26.8%**, 24.8%, and 25.4% EBITDA margin 1Q24, 1Q23, and 1Q22, respectively
- **Capital Allocation Priorities: Invested \$56.4MM and completed multiple acquisitions** in desirable HVAC/R and plumbing end markets over the TTM period ending June 30, 2023

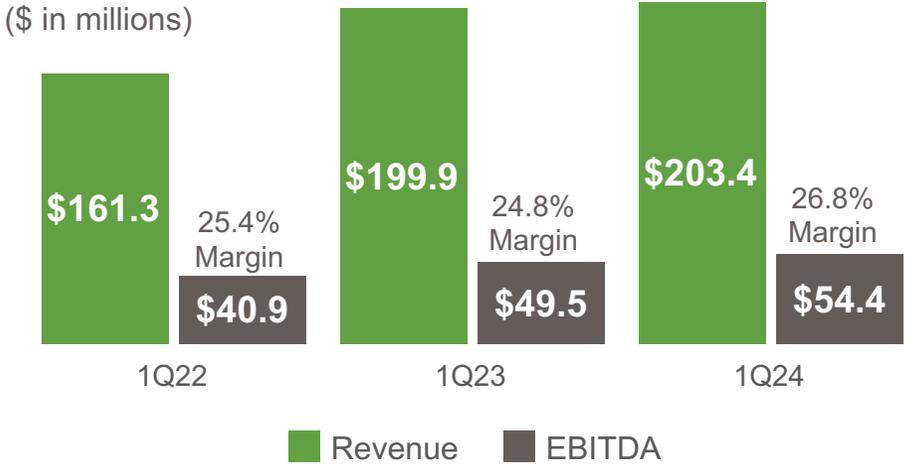
# Fiscal 2024 1<sup>st</sup> Quarter Summary of Financial Results

# Consolidated Results: 1Q24 Summary

## Consolidated Financial Highlights (1Q24 vs 1Q23):

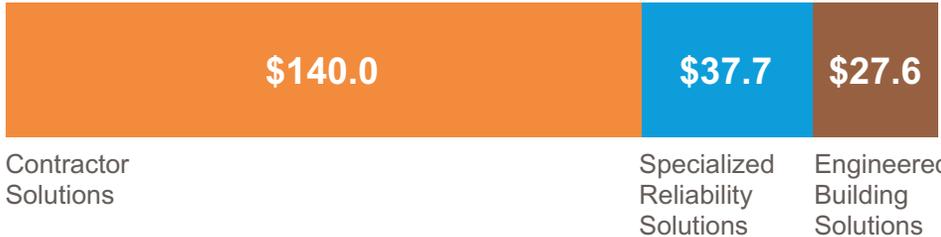
- **Record fiscal first quarter Revenue of \$203.4MM, a 2% increase**
  - **\$5.1MM** inorganic contribution from the Cover Guard, AC Guard, and Falcon acquisitions
  - **\$1.7MM** organic volume decline compared to prior year's strong results and partially offset by pricing initiatives
  - Increased revenue in energy, plumbing, and mining end markets
- **EBITDA of \$54.4MM, a 10% increase**
  - EBITDA margin **improved 200** basis points to **27%**, due to improvement in gross margin as a result of pricing actions and a reduction in ocean and domestic freight costs
- **EPS of \$1.97, a 5% increase** compared to prior year
- Paid down **\$43.0MM** of debt on our Revolving Credit Facility, utilizing the record cash flows from operations of **\$50.3MM, a 199% increase**
  - Resulted in a Debt/EBITDA ratio of **1.1x**, in accordance with our Revolving Credit Facility

### Summary Quarterly Consolidated Results<sup>1</sup>



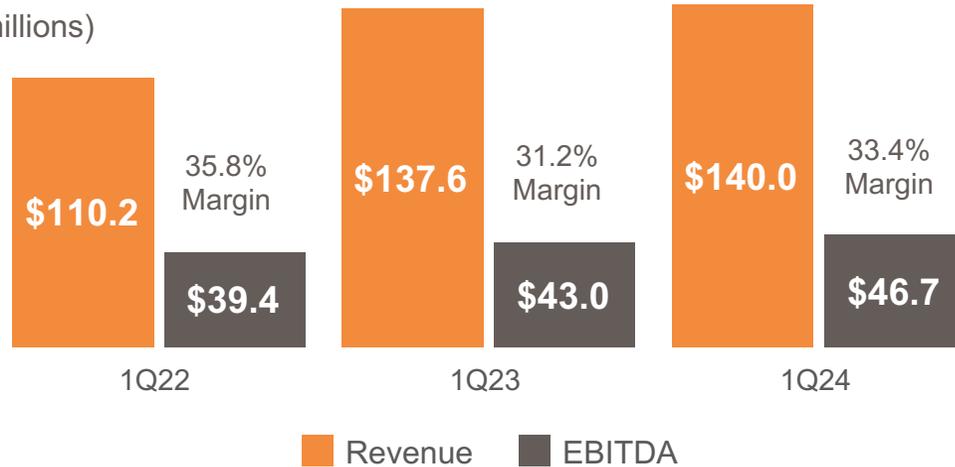
### 1Q24 Revenue (\$ in millions)

**\$203.4 Consolidated CSWI<sup>2</sup>**

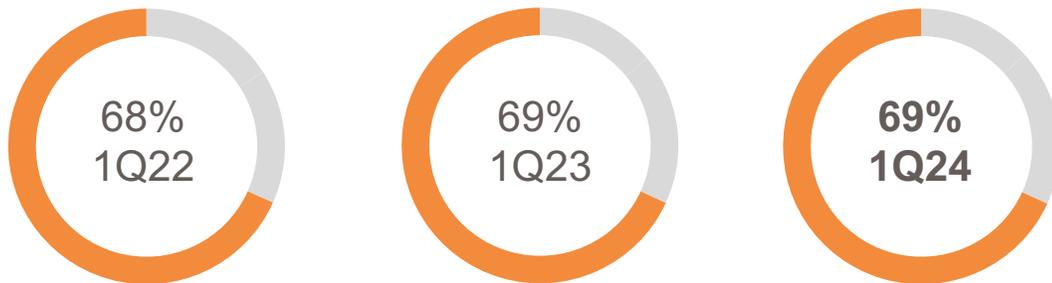


# Contractor Solutions: 1Q24 Segment Summary

## Summary Quarterly Segment Results <sup>1</sup> (\$ in millions)



## Segment as a % of Consolidated CSWI Revenue:

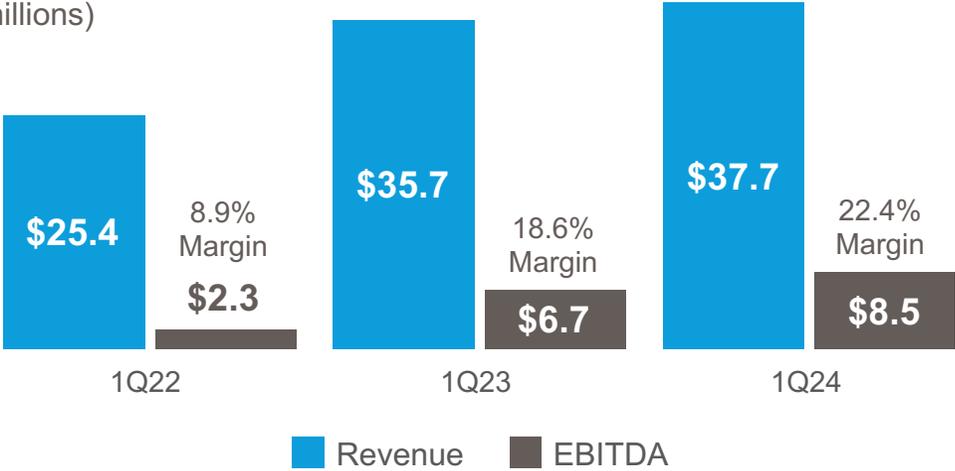


## Segment Financials (1Q24 vs 1Q23):

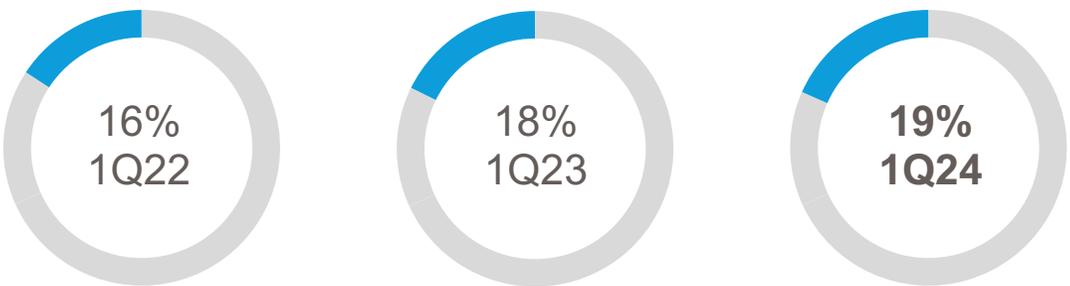
- Segment Revenue of **\$140.0MM**, a **2% increase**
  - Inorganic growth of **\$5.1MM** from the Cover Guard, AC Guard, and Falcon acquisitions
  - Organic decline of **\$2.8MM**, due to decreased unit volumes, partially offset by pricing initiatives
- Segment EBITDA increased **9%** to **\$46.7MM**, and EBITDA margin increased **220** basis points to **33%**
  - Improvement driven by cumulative impact of pricing initiatives, incremental acquisition revenue, and a reduction in ocean and domestic freight costs
- Segment Revenue expected to continue outpacing the categories we serve in the market with a focus on expanding margins

# Specialized Reliability Solutions: 1Q24 Segment Summary

## Summary Quarterly Segment Results (\$ in millions)



## Segment as a % of Consolidated CSWI Revenue:



## Segment Financials (1Q24 vs 1Q23):

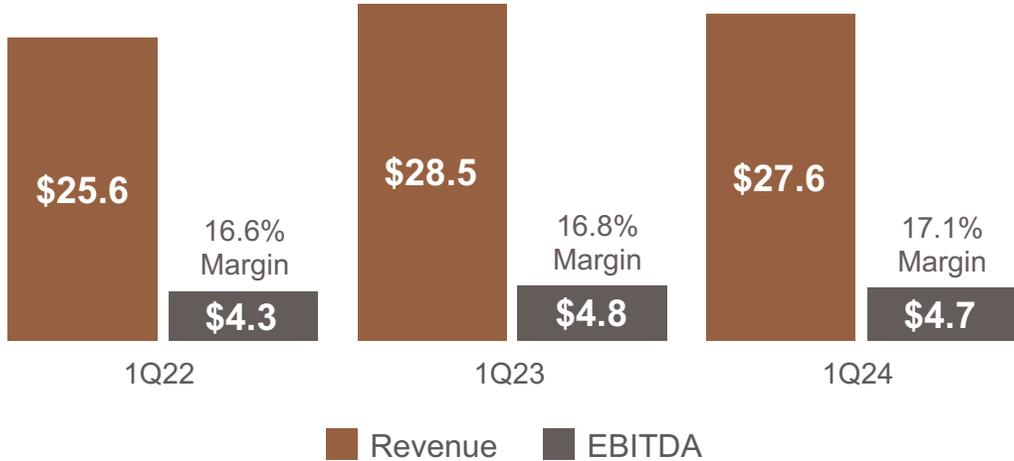
- Segment Revenue of **\$37.7MM**, a **6% increase**
  - Growth in the energy and mining end markets
  - Cumulative benefit of implemented pricing initiatives
- Segment EBITDA **increased 26.9% to \$8.5MM**
  - EBITDA increase driven by revenue growth from pricing initiatives, improvements in our operations and execution as well as closer management of operating expenses
- With the ongoing addition of equipment to support the growth of the Shell Whitmore joint venture, we are in a position to continue to post compelling growth in this segment as we progress through the rest of our current fiscal year

# Engineered Building Solutions: 1Q24 Segment Summary

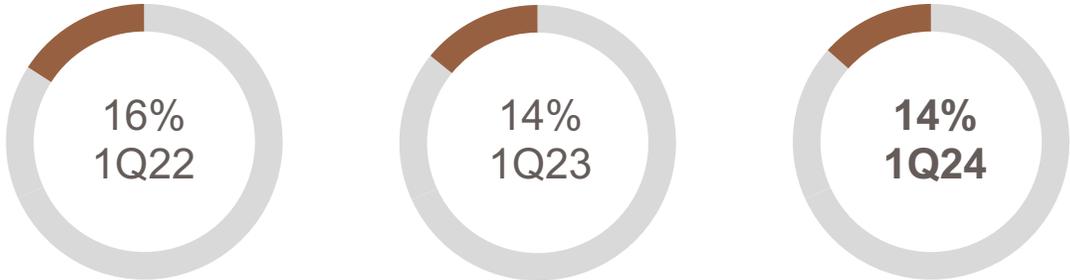
## Segment Financials (1Q24 vs 1Q23):

- Segment Revenue of **\$27.6MM**, a 3% decrease
  - Slight decrease in volumes partially offset by positive pricing
  - Bidding and booking trends remain strong, our bill to book ratio for the trailing eight quarters was almost 1.2 to 1
- Segment EBITDA decreased 2% due to the slight decrease in revenue mentioned above
  - Segment EBITDA margin increased 30 basis points due to diligent expense management
- Record backlog for sixth consecutive quarter
  - Increased quantity and quality of projects within our backlog reflect intentional management of opportunities
  - Project mix of current backlog skews toward larger jobs which can take up to two years to turn into revenue

## Summary Quarterly Segment Results (\$ in millions)



## Segment as a % of Consolidated CSWI Revenue:



# Corporate Sustainability

# Corporate Culture and Values

## The Goal of Our Corporate Culture is to Maximize Performance

CSWI is committed to recruiting great talent, offering rewarding career destinations, and recognizing team members. Our employee-centric culture features a diverse and inclusive environment where every team member belongs, is encouraged to contribute, and is provided with options to develop and expand their skill sets. CSWI leaders embody and cultivate our Core Values.

Everything we do is accomplished with a focus on environmental stewardship, and the health and safety of our team members.

## Our Core Values Provide the Framework for Our Corporate Culture:



**A**ccountability



**R**espect



**C**itizenship



**I**ntegrity



**T**eamwork



**S**tewardship



**E**xcellence

# Corporate Culture and Values

## Our Commitment to Diversity, Inclusion, and Respect:

We seek to create, nurture, and sustain an inclusive and diverse environment that attracts and retains the highest caliber team members, leveraging their skills and expertise to serve our customers. We are dedicated to attracting, developing, and retaining high-quality individuals of all backgrounds, and to making CSWI a place where everyone can contribute and grow. We at CSWI believe that diversity not only inspires our internal team, but also informs customer insight and service, and we are excited to have been named to Forbes 2023 America's Best Small Companies list and certified as a Great Place To Work.



### Key Highlights:

0.8	~5%	88%	38%
Total Recordable Incident Rate <sup>1</sup>	Insider ownership, including ESOP <sup>2</sup>	Independent Directors on our Board	Diverse Directors on our Board

<sup>1</sup> TRIR is for the TTM period ended 6/30/23.  
<sup>2</sup> Employee Stock Ownership Plan (ESOP).

# Business Segment Overview



# Segments Summary

## Contractor Solutions

- **\$516.1MM** TTM Revenue, **\$157.0MM** EBITDA, and **30.4%** EBITDA margin
- Manufactures and supplies efficiency and performance enhancing products for residential and commercial HVAC/R and plumbing applications, designed primarily for professional tradespeople



## Specialized Reliability Solutions

- **\$149.4MM** TTM Revenue, **\$27.8MM** EBITDA, and **18.6%** EBITDA margin
- Provides long-established products for increasing the reliability, performance, and lifespan of industrial assets and solving equipment maintenance challenges



## Engineered Building Solutions

- **\$103.0MM** TTM Revenue, **\$14.4MM** EBITDA, and **13.9%** EBITDA margin
- Provides primarily code-driven products focused on life-safety that are engineered to provide aesthetically-pleasing solutions for the construction, refurbishment and modernization of commercial, institutional, and multi-family residential buildings



# Contractor Solutions Segment: Markets & Brands

## Summary:

- Highly diversified product portfolio providing industry leading products in both direct-to-customer and distributor models
- Adding value by innovating new and existing products to accelerate organic growth
- Future growth focus on new product introductions through organic innovation and inorganic additions
- Strong reputation for providing high quality products to long-standing customer base

## End Markets Served:



HVAC/R



Plumbing



Electrical



General Industrial

## Contractor Solutions Brands:



# Contractor Solutions: Products



Push-to-connect refrigerant fittings



Water & Gas Connectors



Pipe Thread Sealant



Grilles, Registers, and Diffusers



Surge Protective Devices



Secondary Condensate Drain Pans



Condensate overflow switches and clean out devices

# Niche HVAC/R Mini-Split Niche Market: Products

**Slimduct, Fortress, and Cover Guard**  
Protection for exposed ducted and ductless HVAC piping



**Nokink**  
Flexible, easy flare line connector

**Aspen Pumps**  
Univolt or Silent+. 4 discrete condensate pump models. White, Aqua, Orange, Lime.

**Safe-T-Switch**  
Primary drain pan overflow protection.



**Coil-Cure**  
EPA registered coil cleaner and disinfectant.



**Coil-Cure AM**  
Spray-applied antimicrobial coil coating



**Desolv**  
Cleaning Kit and Aerosol protect walls and floors



**Mighty Bracket**  
Support tool - allows single person evaporator installation or repair

**PRO-Fit Quick Connect**  
Push-to-connect refrigerant fittings. Quick-release removal



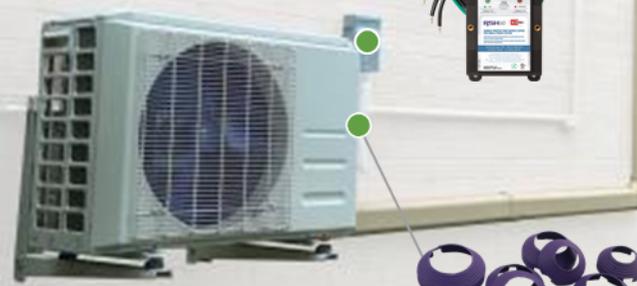
**Surge Protection**  
Protects equipment from electrical surges and other voltage disturbances



**AC Leak Freeze with UV**  
Leak stop sealant, non clogging, non reactive polymer-free nano formula

**Slimduct, Fortress, and Cover Guard**  
Protection for exposed ducted and ductless HVAC piping

**Condenser brackets**  
Powdercoat and stainless



**Flaretite**  
Flare gasket against leaks for common fittings, 45° copper stamping with coating



**EZ Trap**  
Waterless in-line condensate trap



**PRO-Fit Flaring & Swaging Tool Bit Kits**  
Create precise and fast standard 45° flare or swage

# Specialized Reliability Solutions Segment: Markets & Brands

## Summary:

- Our product portfolio allows us to compete and capture enhanced margins relative to larger peers
- Focus on end markets with sustainable growth trends, offering products that serve niche solutions
- Established reputation for solving equipment maintenance challenges and increasing the reliability, performance, and lifespan of industrial assets utilized in the most demanding environments and extreme conditions
- Innovating new and existing products to accelerate organic growth
- Growth focus on new product introductions through organic innovation and inorganic additions
- Two centuries of combined operations manufacturing and supplying our trusted specialty lubricants, compounds, sealants, coatings, desiccant breather filtration, and lubrication management systems

## End Markets Served:



Rail Transport



Energy



Mining



General Industrial

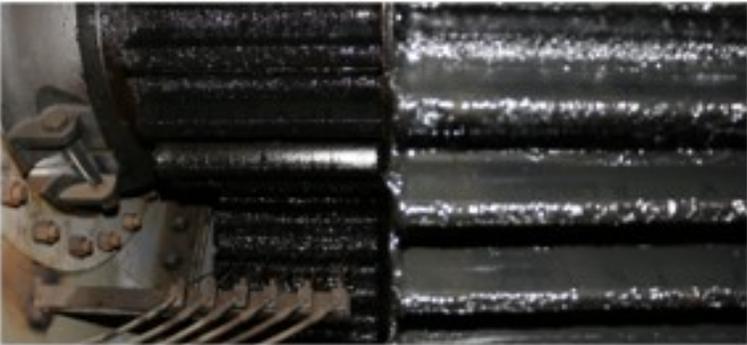
## Specialized Reliability Solutions Brands:



# Specialized Reliability Solutions: Products



# Specialized Reliability Solutions: Shell Whitmore JV Products



# Engineered Building Solutions Segment: Markets & Brands

## Summary:

- Market leader in providing unique solutions to architects and contractors that meet code requirements, while adding functionality, performance, and aesthetically-pleasing designs
- Decades of experience creating products that protect lives
- Endless use cases for construction, refurbishments, and modernization of buildings
- Multiple manufacturing locations provide efficiency to meet the needs of general contractors and architects
- Continuous engineering improvement to produce best in class products
- Design, manufacture and install stainless steel and other architectural metal product railings for interior and exterior end uses

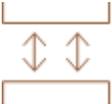
## End Markets Served:



Smoke & Fire Protection



Safety Railings



Expansion Joints



Safety Egress

## Engineered Building Solutions Brands:



# Engineered Building Solutions: Products



# Appendix

# CSWI Executive Team

Veteran leadership with broad industry experience, dedicated to enhancing shareholder value.



**Joseph B. Armes**

**Chairman, CEO  
and President**

Joe has served as the Company's Chairman of the Board of Directors & CEO since September 2015, & President since February 2018. Prior to the Company's September 2015 spin-off from Capital Southwest Corporation, a capital provider to middle market companies, Mr. Armes served as the Chairman, CEO & President of Capital Southwest Corporation from June 2013 to September 2015.



**James E. Perry**

**Executive VP and CFO**

James has been EVP and CFO since May 2020. From 2004 to 2019, he served in financial roles with Trinity Industries, a publicly held, diversified industrial company, and served as its CFO from 2010 to 2019. From 2001 to 2004, Mr. Perry was a senior financial executive at RMH Teleservices, including serving as CFO. He previously held positions at JP Morgan Chase & Co. and Ernst & Young LLP.



**Donal J. Sullivan**

**Executive VP and GM,  
Contractor Solutions**

Donal has served as EVP & General Manager, Contractor Solutions since May 2020, and previously served as SVP & General Manager, Industrial Products from January 2016, and was appointed as an executive officer of the Company in March 2019. He has previously held roles at Goodman Global and Carrier Corporation.



**Luke E. Alverson**

**Senior VP, General  
Counsel and Secretary**

Luke has served as SVP, General Counsel & Secretary since February 2016. From May 2008 to February 2016, Mr. Alverson held roles of increasing responsibility with Flowserve Corporation, a leading global manufacturer of fluid motion control products and provider of related services, serving most recently as VP, Corporate Legal Services & Assistant Secretary.



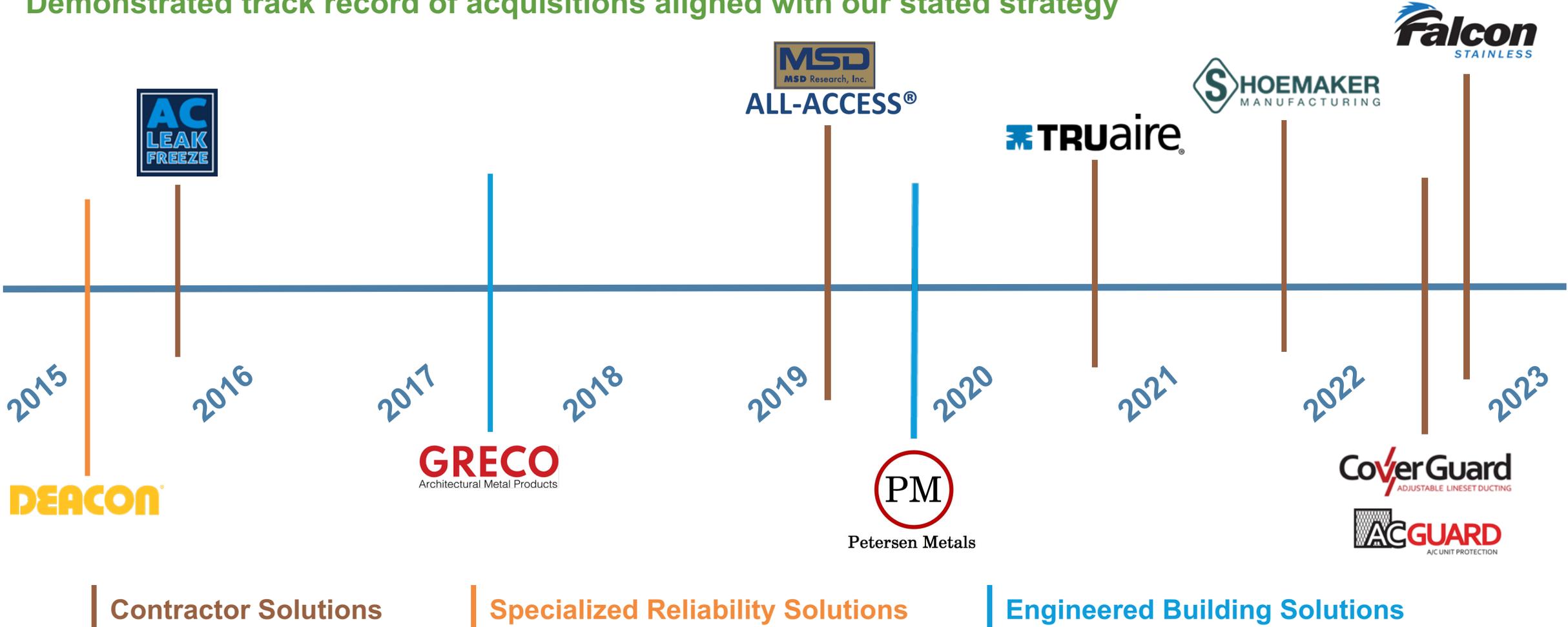
**Danielle R. Garde**

**Senior VP and  
Chief People Officer**

Danielle has served as SVP and Chief People Officer since October 2022. From June 2020 to September 2022, she was the Chief Human Resources Officer at PlayPower, Inc., a privately-held producer of recreation equipment. From March 2014 to February 2020, Ms. Garde held roles of increasing responsibility with KidKraft Inc., a privately-held producer of children's toys and furniture, last serving as VP, Human Resources.

# M&A Execution Timeline

Demonstrated track record of acquisitions aligned with our stated strategy



Contractor Solutions

Specialized Reliability Solutions

Engineered Building Solutions

# Reconciliation of Fiscal First Quarter Segment Operating Income to Adjusted Segment Operating Income and to Segment EBITDA

(Amounts in thousands)	(Unaudited)					(Unaudited)					(Unaudited)				
	Three Months Ended June 30, 2023					Three Months Ended June 30, 2022					Three Months Ended June 30, 2021				
	Contractor Solutions	Specialized Reliability Solutions	Engineered Building Solutions	Corporate and Other	Consolidated Operations	Contractor Solutions	Specialized Reliability Solutions	Engineered Building Solutions	Corporate and Other	Consolidated Operations	Contractor Solutions	Specialized Reliability Solutions	Engineered Building Solutions	Corporate and Other	Consolidated Operations
Revenue, net	\$ 139,954	\$ 37,711	\$ 27,587	\$ (1,892)	\$ 203,360	\$ 137,624	\$ 35,737	\$ 28,514	\$ (1,940)	\$ 199,934	\$ 110,242	\$ 25,447	\$ 25,650	\$ (73)	\$ 161,266
Operating Income	\$ 39,667	\$ 6,966	\$ 4,260	\$ (5,686)	\$ 45,206	\$ 36,289	\$ 5,097	\$ 4,415	\$ (4,927)	\$ 40,873	\$ 29,512	\$ 697	\$ 3,854	\$ (5,162)	\$ 28,902
Adjusting Items:															
Purchase Accounting Effect	—	—	—	—	—	—	—	—	—	—	3,919	—	—	—	3,919
Operating Income	\$ 39,667	\$ 6,966	\$ 4,260	\$ (5,686)	\$ 45,206	\$ 36,289	\$ 5,097	\$ 4,415	\$ (4,927)	\$ 40,873	\$ 33,431	\$ 697	\$ 3,854	\$ (5,162)	\$ 32,821
% Revenue	28.3 %	18.5 %	15.4 %		22.2 %	26.4 %	14.3 %	15.5 %		20.4 %	30.3 %	2.7 %	15.0 %		20.4 %
Adjusting Items:															
Other Income (Expense)	172	(37)	8	172	314	309	5	(79)	(66)	169	(9)	31	(157)	(36)	(171)
Depreciation & Amortization	6,895	1,530	441	48	8,915	6,408	1,561	451	49	8,470	9,931	1,548	566	134	12,178
Purchase Accounting Effect	—	—	—	—	—	—	—	—	—	—	(3,919)	—	—	—	(3,919)
EBITDA	\$ 46,734	\$ 8,458	\$ 4,708	\$ (5,466)	\$ 54,435	\$ 43,006	\$ 6,663	\$ 4,787	\$ (4,944)	\$ 49,512	\$ 39,434	\$ 2,276	\$ 4,262	\$ (5,064)	\$ 40,909
% Revenue	33.4 %	22.4 %	17.1 %		26.8 %	31.2 %	18.6 %	16.8 %		24.8 %	35.8 %	8.9 %	16.6 %		25.4 %

# Reconciliation of TTM Segment Operating Income to Segment EBITDA

(Amounts in thousands)	(Unaudited)				
	Trailing Twelve Months Ended June 30, 2023				
	Contractor	Specialized	Engineered	Corporate	Consolidated
	Solutions	Reliability Solutions	Building Solutions	and Other	Operations
Revenue, net	\$ 516,106	\$ 149,420	\$ 103,043	\$ (7,239)	\$ 761,330
Operating Income	\$ 129,582	\$ 22,044	\$ 12,734	\$ (20,961)	\$ 143,400
% Revenue	25.1 %	14.8 %	12.4 %		18.8 %
Adjusting Items:					
Other Income (Expense)	(61)	(270)	(145)	663	187
Depreciation & Amortization	27,438	6,004	1,761	200	35,403
EBITDA	\$ 156,959	\$ 27,778	\$ 14,350	\$ (20,097)	\$ 178,990
% Revenue	30.4 %	18.6 %	13.9 %		23.5 %



**CSW**  
INDUSTRIALS