



CSW Industrials Deploys Over \$30 Million, Executing on Acquisition Strategy in HVAC/R and Plumbing End Markets, With Focus on Indoor Air Quality

February 6, 2024

Investment Highlights

- Capital investment of \$27.4 million for acquisition of Dust Free[®], which offers an extensive line of patented products for residential and commercial indoor air quality and HVAC applications
- Valuation represents 7.5x Dust Free's trailing twelve-months' EBITDA, excluding future earn-outs, which if achieved would be incrementally accretive to CSWI
- Closed on two smaller acquisitions, totaling \$2.9 million, in plumbing end market
- Expected to be accretive to earnings per share in the first full year of ownership
- \$521MM of cumulative acquisition capital investment in the high-margin, high-growth Contractor Solutions segment since December 2020

DALLAS, Feb. 06, 2024 (GLOBE NEWSWIRE) -- CSW Industrials, Inc. (Nasdaq: CSWI) today announced the strategic deployment of \$30.3 million, excluding future earn-outs, upon completing the acquisitions of Dust Free, LP, Guardian Drain Lock, and Sure Grade Drain. These acquisitions are evidence of the Company's continued commitment to add innovative product offerings for existing residential and commercial customers by maximizing its extensive experience in the HVAC/R and plumbing end markets and leveraging its robust distribution channels and go-to-market strategy. CSWI funded the transactions with cash on hand and borrowings under its existing \$500 million revolving credit facility.

Joseph B. Armes, Chairman, President, and Chief Executive Officer of CSW Industrials, said, "These acquisitions are completely consistent with our record of enhancing long-term shareholder value as we continue to drive impressive inorganic and organic above-market growth in our current end markets."

Mr. Armes continued, "Having served as a Master Distributor of Dust Free indoor air quality (IAQ) products since 2021, we know how well these newly acquired products complement CSWI's existing HVAC/R offerings and integrate directly into Contractor Solutions' sales channel, warehouses, distribution networks, and supply chain. The addition of Dust Free's high value-added products further solidifies our leadership position in the HVAC/R marketplace."

Jeff Underwood, Senior Vice President of Sales and Marketing for Contractor Solutions commented, "We are excited to continue investing in our breadth and depth of products within Contractor Solutions. Adding Dust Free to our portfolio allows us to offer industry leading technology to address indoor air quality. I could not be more excited to work with the Dust Free team to increase the distribution and evolution of these products. The addition of Guardian Drain Lock and Sure Grade Drain extend our innovative plumbing offerings to our distribution channels."

The \$27.4 million of capital for the acquisition of Dust Free, excluding future earn-outs, represents a valuation of approximately 7.5x Dust Free's trailing twelve-month adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA).

The acquisition of Dust Free brings a family of IAQ products to CSWI that are designed to improve the quality of the air we breathe. Dust Free's IAQ strategy integrates three levels of products to increase the overall air quality of a space: Filtration, Purification, and UV Inactivation. Through these differentiated products, Contractor Solutions expects to achieve incremental market penetration and positively impact the health of our customers.

In addition to Dust Free, CSWI also closed two small product line acquisitions, totaling \$2.9 million, in the second fiscal quarter of 2024 for Guardian Drain Lock and Sure Grade Drain. These two acquisitions further expand the Company's position in the plumbing end market. The Guardian Drain Lock portfolio offers tamper-proof locking floor sinks and floor drains designed for commercial use to protect unwanted debris from clogging and backing up plumbing lines and help to maintain a safe and hygienic environment. Sure Grade Drain was an IP acquisition for an innovative on-grade adjustable drain primarily used in commercial settings.

Safe Harbor Statement

This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Words or phrases such as "may," "should," "expects," "could," "intends," "plans," "anticipates," "estimates," "believes," "forecasts," "predicts" or other similar expressions are intended to identify forward-looking statements, which include, without limitation, earnings forecasts, effective tax rate, statements relating to our business strategy and statements of expectations, beliefs, future plans and strategies and anticipated developments concerning our industry, business, operations, and financial performance and condition.

The forward-looking statements included in this press release are based on our current expectations, projections, estimates, and assumptions. These statements are only predictions, not guarantees. Such forward-looking statements are subject to numerous risks and uncertainties that are difficult to predict. These risks and uncertainties may cause actual results to differ materially from what is forecast in such forward-looking statements, and include, without limitation, the risk factors described from time to time in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K.

All forward-looking statements included in this press release are based on information currently available to us, and we assume no obligation to update any forward-looking statement except as may be required by law.

About CSW Industrials

CSW Industrials is a diversified industrial growth company with industry-leading operations in three segments: Contractor Solutions, Specialized Reliability Solutions, and Engineered Building Solutions. CSWI provides niche, value-added products with two essential commonalities: performance and reliability. The primary end markets we serve with our well-known brands include: HVAC/R, plumbing, general industrial, architecturally-specified building products, energy, mining, and rail transportation. For more information, please visit www.cswindustrials.com.

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