



CSW Industrials Completes Acquisition of Shoemaker Manufacturing for \$41.3 Million

December 15, 2021

Strategic Execution of Disciplined Acquisition Strategy in the HVAC/R End Market

Shoemaker Manufacturing Acquisition Highlights

- Further expands presence in attractive heating, ventilation, air conditioning, and refrigeration (HVAC/R) accessory end market, with a domestically-manufactured product portfolio of grilles, registers, and diffusers (GRD), that complements existing TRUaire GRD offerings
- Represents seventh acquisition since CSWI's 2015 public debut, for aggregate cash investment of approximately \$405 million
- Demonstrates commitment to disciplined capital allocation and inorganic growth strategy, while preserving strong balance sheet and ample liquidity
- Expected to be accretive to earnings per share in the first full year of ownership

DALLAS, Dec. 15, 2021 (GLOBE NEWSWIRE) -- CSW Industrials, Inc. (Nasdaq: CSWI) today announced it acquired Shoemaker Manufacturing for \$41.3 million. This strategic acquisition further expands CSWI's HVAC/R product offering, with customizable GRD for commercial and residential markets, and regional exposure to the northwest United States, where CSWI historically maintained a modest presence. The Shoemaker acquisition aligns with CSWI's stated objective of leveraging its existing distribution channels, go-to-market strategy, and deep experience in the HVAC/R market, while providing additional, compelling product offerings to existing customers.

The \$41.3 million purchase price was approximately 8.5 times Shoemaker's expected calendar year 2021 adjusted earnings before interest, taxes, depreciation, and amortization. CSWI funded the transaction with a combination of cash on hand, borrowings under its existing \$400.0 million revolving credit facility, and approximately 25,500 shares of common stock issued to the sellers. The terms of the acquisition provide for additional contingent consideration of up to \$2.0 million based on Shoemaker achieving certain financial performance milestones in the first quarter of calendar 2022, which, if achieved, would reduce the indicated valuation multiple.

Shoemaker Manufacturing, based in Cle Elum, Washington and established in 1947, manufactures high-quality GRD, with approximately 55% and 45% of calendar 2021 sales serving residential and commercial applications, respectively. Shoemaker's success is driven by its broad product offerings, customizable design, and ease of online specifications and ordering, which results in providing consistent, reliable, and readily available products to distributors. With 180,000 square feet of domestic manufacturing, the Shoemaker acquisition provides CSWI additional capacity to manage its global supply base. Shoemaker also maintains a small logistics operation for localized delivery of finished goods and backhaul of raw materials, primarily serving the Pacific Northwest and into California, providing beneficial debottlenecking in the current supply chain environment.

Joseph B. Armes, CSW Industrials' Chairman, President, and Chief Executive Officer, commented, "We are pleased to announce another acquisition in our highly profitable Contractor Solutions segment, and specifically a bolt-on in the HVAC/R end market. Shoemaker's strong reputation is built upon the quality of its manufactured products, innovation in its customized online ordering process, and relentless focus on customer service. Shoemaker and TRUaire's GRD products are complementary, and result in an expanded portfolio of offerings that we expect to drive increased share of wallet with customers and broaden our exposure to the northwest region."

Armes continued, "We welcome all of our new colleagues to CSW Industrials, and look forward to combining the expertise of John Hein, Claire Nicholls, and the full Shoemaker leadership team with our team. We appreciate this rare opportunity to build upon Shoemaker's 75-year history and the success sustained through three generations of ownership. CSWI is committed to treating our employees well, serving our customers well, and we are confident that this acquisition will enhance our HVAC/R strategy and support CSWI's commitment to delivering sustainable long-term growth and profitability."

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.

This press release contains estimated results of Shoemaker for the calendar year 2021 (the “estimated results”). The estimated results are forward-looking statements based on Shoemaker’s management’s estimates as of the date hereof, and Shoemaker’s actual results may be materially different from the estimated results. The estimated results are preliminary, unaudited and reflect Shoemaker’s management’s current views with respect to future results and may change as a result of industry or other developments through year-end 2021.

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 growth-oriented, diversified industrial Company with industry-leading operations in three segments: Contractor Solutions, Engineered Building Solutions, and Specialized Reliability 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. For more information, please visit www.cswindustrials.com.

Investor Relations

Adrienne D. Griffin

Vice President, Investor Relations, & Treasurer

214-489-7113

adrienne.griffin@cswi.com