



CSW
INDUSTRIALS

Investor Presentation
November 2017

Safe Harbor 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"). 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 EBITDA, Adjusted Earnings Per Share and Adjusted EBITDA, and Adjusted Operating Income. 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.

CSWI – Who We Are

- **Diversified industrial growth company with well established, scalable platforms and domain expertise across three segments**
 - Broad, yet complimentary portfolio of leading products that provide performance optimizing solutions
- **Strong brand recognition in the markets we serve:**
 - HVAC
 - Architecturally Specified Building Products
 - Rail
 - Energy
 - Industrial
 - Plumbing
 - Mining
 - Other
- **Dedicated to enhancing shareholder value:**
 - Experienced senior leadership team committed to growing shareholder value
 - Strong flexible balance sheet
 - Disciplined capital allocation
 - Strategic acquisition opportunities in each segment
 - Core values and culture that maximize sustainable performance

Market Cap ⁽¹⁾	LTM Revenue ⁽²⁾	LTM Adjusted Operating Income ⁽²⁾	LTM Adjusted Operating Income Margin ⁽²⁾
\$734.0 mm	\$351.2 mm	\$48.6 mm	13.8%

(1) Market capitalization data as of November 10, 2017

(2) Twelve months ended September 30, 2017; see reconciliations of Non-GAAP measures later in this presentation

CSWI Key Growth Drivers

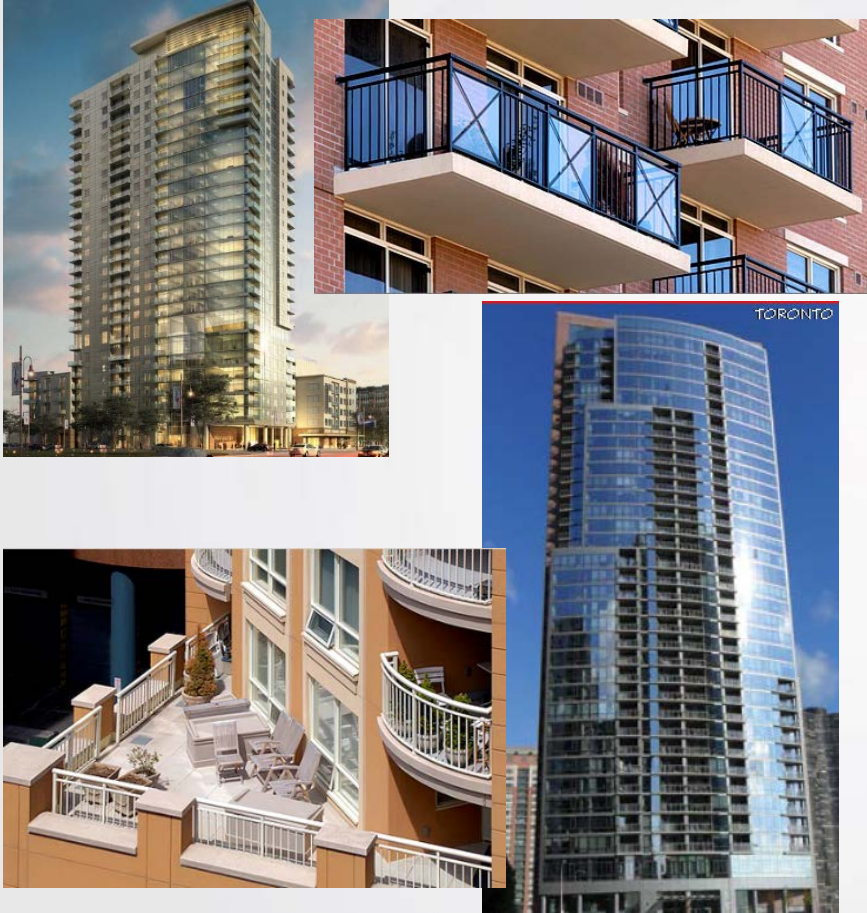


Strategic Goals

- **Focus** on strategic end markets which yield sustainable growth by:
 - Leveraging our existing distribution channels and product portfolio
 - Expanding our market share through new product introductions and cross selling
- **Leverage** best practices and improve performance across the business
- **Invest** in:
 - Organic growth opportunities
 - Process improvements
 - Bolt-on strategic acquisitions
- **Drive** earnings growth at a rate in excess of sales growth
- **Utilize** strong free cash flow and/or third-party financing to fund growth

We seek to deliver solutions to our professional customers that provide superior performance and reliability

Greco Aluminum Railings Acquisition



- Acquired February 28, 2017
- Bolt on acquisition leverages architecturally specified building products channel
 - Greco railings & Smoke Guard curtains target same end customers (architects and general contractors)
 - Leverage Balco and Smoke Guard's strength in US and Greco's in Canada
- Reports through Industrial Products Segment
- Purchase price ~\$28 million
- Trailing twelve month key financial metrics at date of acquisition:
 - Revenue ~\$13.5 million
 - EBITDA ~\$3.75 million

Company at a Glance (Nasdaq: CSWI)



Industrial Products



Specialty Chemicals

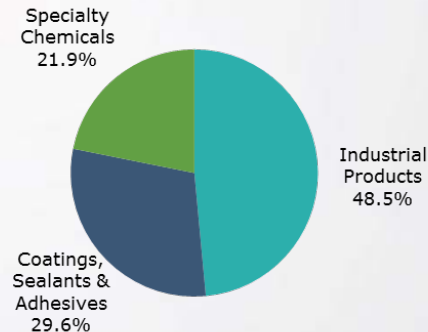


Coatings, Sealants & Adhesives

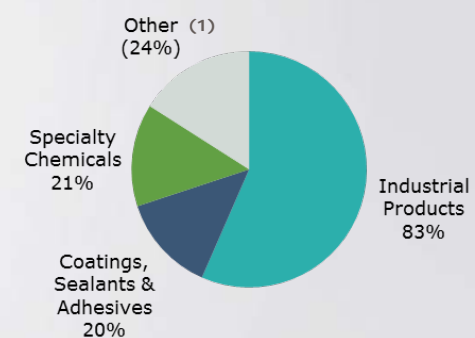
Three business segments:

- Industrial Products
 - Specialty mechanical, controls, fire & smoke protection, architecturally specified building products, storage, filtration & application equipment for use with our specialty chemicals
- Specialty Chemicals
 - Consumables that enhance properties such as lubricity, anti-seize, friction and heat control
- Coatings, Sealants & Adhesives
 - Coatings, pipe thread sealants, fire stopping sealants, caulks and adhesives/ solvents, & cements

FY2017 Net Revenues:
\$327.1M



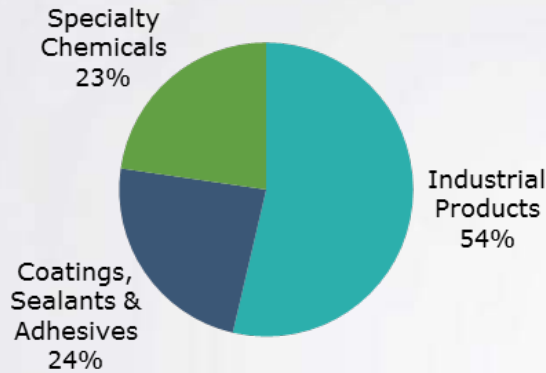
FY2017 Adj. Operating Income: \$41.6M⁽²⁾



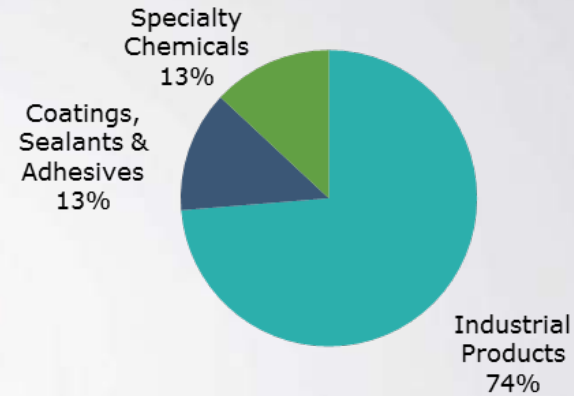
(1) Includes (i) Corporate Costs; (ii) Eliminations; and (iii) Adjustments not captured at the segment level
 (2) Adjustments include realignment & restructuring, SOX implementation costs, acquisition related transaction costs, excess and obsolete inventory reserve and patent and trademark impairments. See Appendix for adjustment details.

CSWI Business Segments

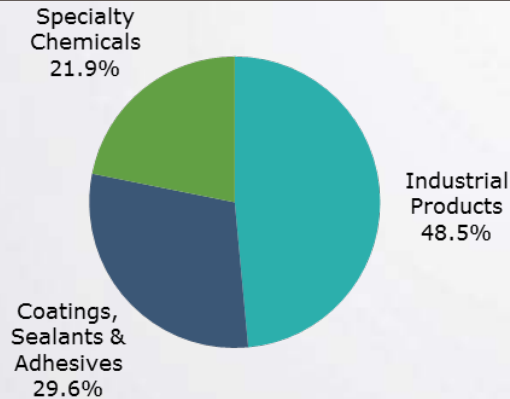
Q2 FY18 Net Revenues



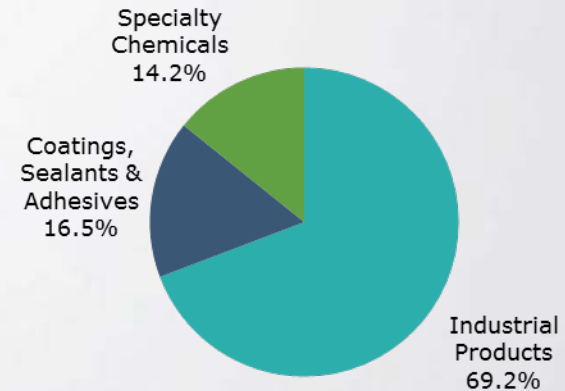
Q2 FY18 Adj. Operating Income



FY17 Net Revenues



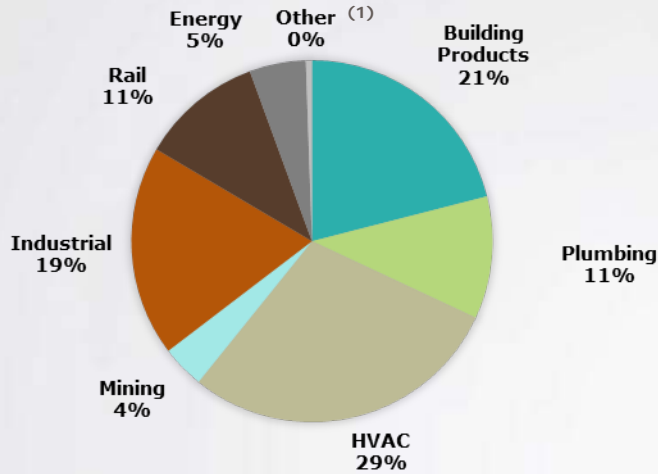
FY17 Adj. Operating Income



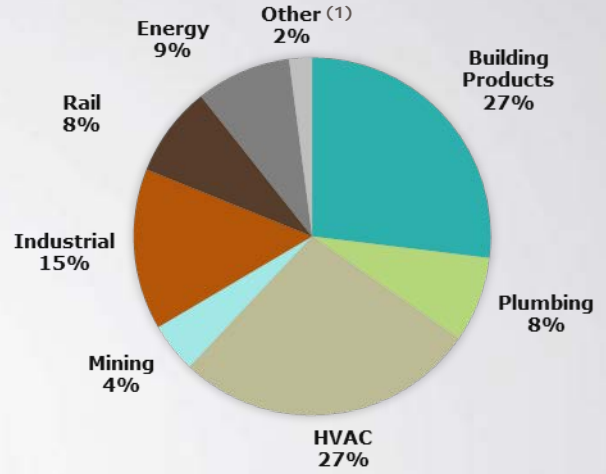
(1) Adjustments include realignment & restructuring, SOX implementation costs, acquisition related transaction costs, excess and obsolete inventory reserve and patent and trademark impairments. See Appendix for adjustment details.

Sales by End Market Analysis

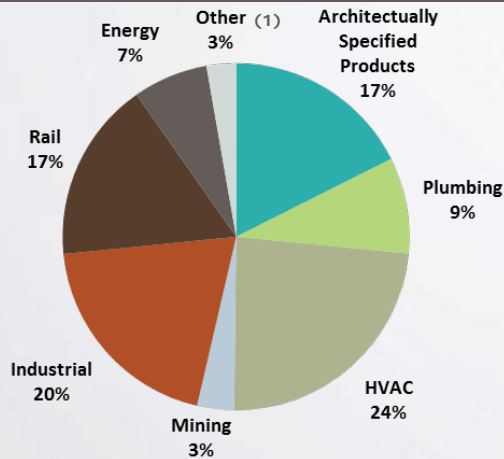
Q2 FY17 Sales by End Market



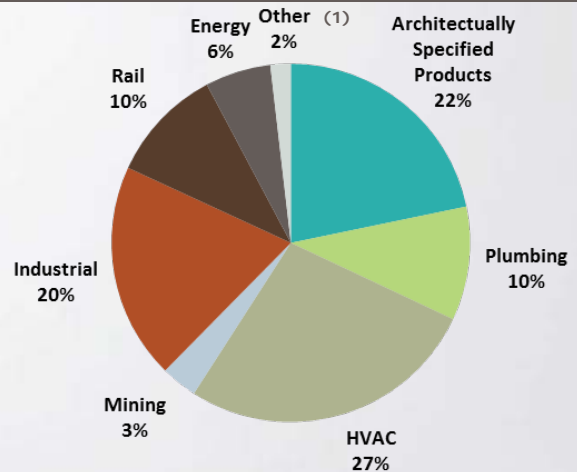
Q2 FY18 Sales by End Market



FY16 Sales by End Market

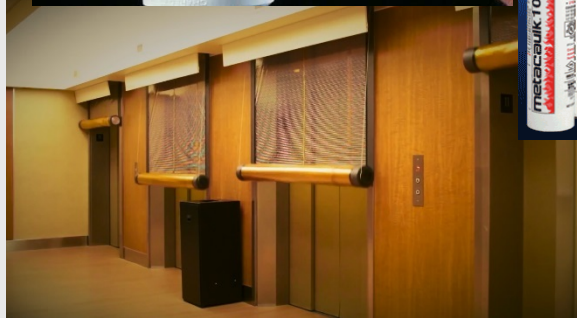
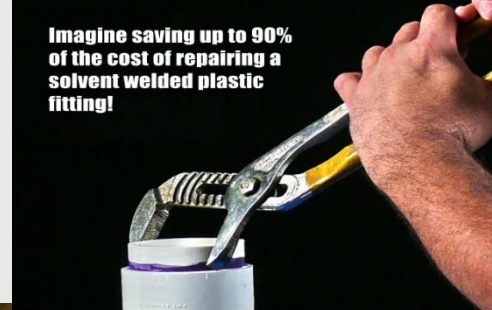


FY17 Sales by End Market



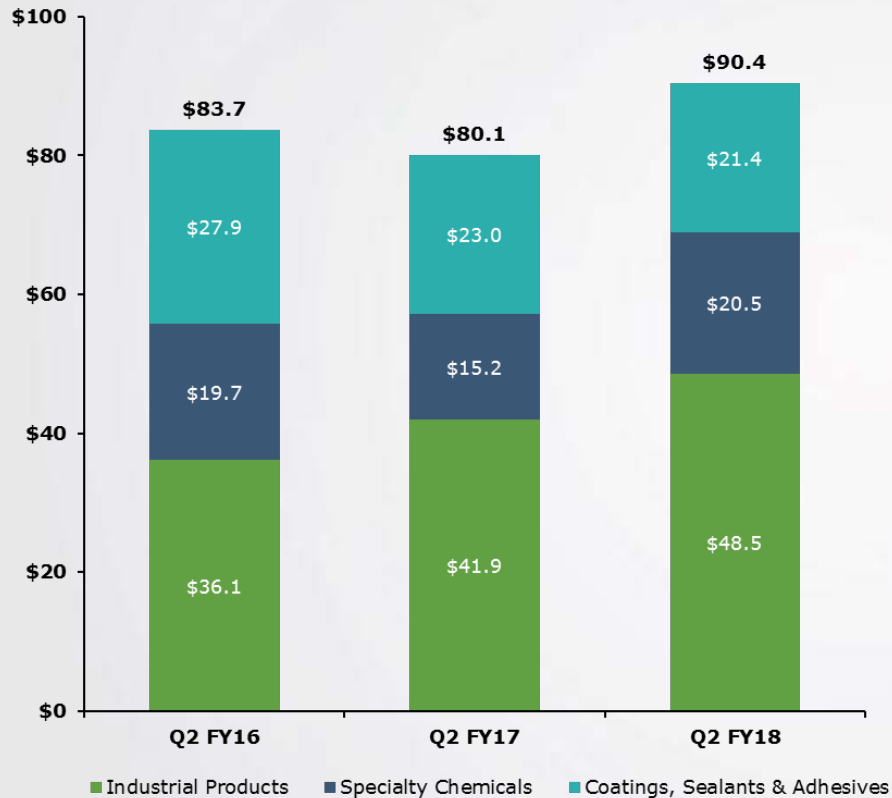
(1) Other end use markets include Water Well drilling, Power Generation, Marine

CSWI Products – Delivering Solutions to Customers



Segments – Quarterly Net Revenues

Q2 FY18 Net Revenues (\$ millions)

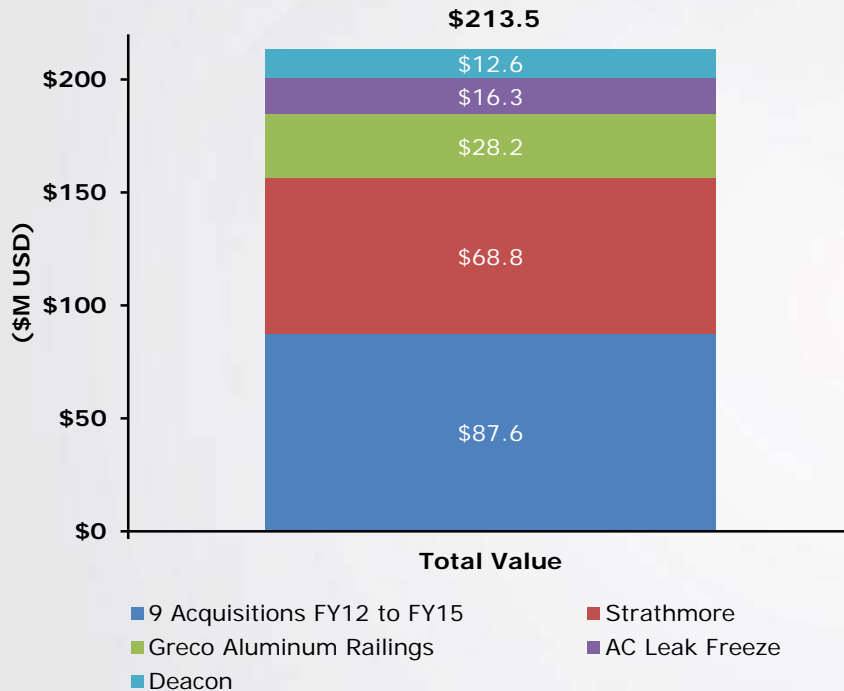


Q2 FY18 Highlights

- Consolidated net revenue increased **12.8%** year over year (6.0% organic & 6.8% inorganic). Organic revenue was hampered by lost sales of ~\$2.6M due to Hurricanes Harvey & Irma.
- **Industrial Products** net revenues increased **15.8%** (2.9% organic and 12.9% inorganic) with organic growth driven by HVAC.
- **Specialty Chemicals** net revenues increased **34.9%** (all organic) with increased energy sales.
- **Coatings, Sealants & Adhesives** net revenue decreased **7.0%** due to end market challenges and short-term effects of footprint consolidation.

Focused Acquisitions

Capital Invested for Acquisitions (\$M)



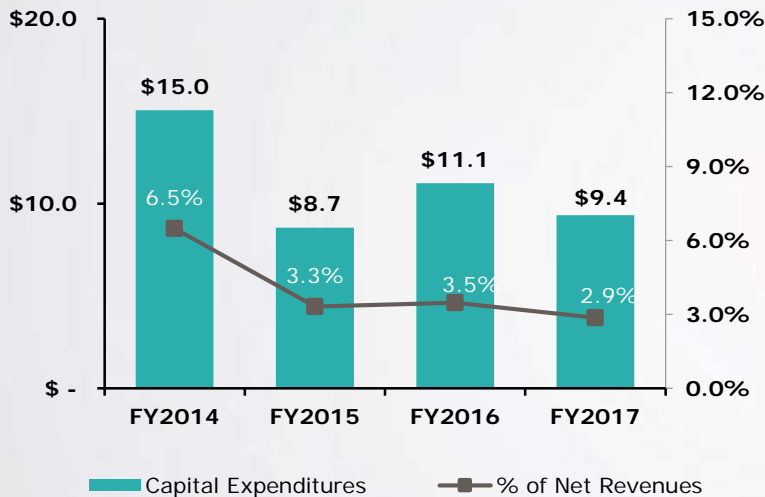
Strategy & Execution Plan

- Identify and execute accretive, bolt-on acquisitions that will broaden our portfolio of industrial brands and products, and support our business segments
- Eliminate costs and overhead in strategic acquisitions and most non-manufacturing related costs in product line acquisitions
- Focus on commercially proven products and solutions that:
 - are attractive to customers in our target end markets
 - currently have limited distribution
 - would benefit from a broader distribution network
- Utilize strong free cash flow or third-party financing to fund these acquisitions

We seek further attractive synergistic acquisitions available to achieve higher growth and profitability

Combined Financials – Capital Investment

Capital Expenditures (\$ millions, %)



Highlights

- Capital expenditures to net revenue ratio averaged 3.2% in the last three years
 - Capital expenditures declined in FY15 primarily due to completion of facility expansion project for Whitmore
 - CAPEX increased in FY16 due to Jet-Lube integration project (\$7M)
 - Annual maintenance capital to net revenue ratio averaged ~2%

Disciplined investment in capital expenditures / Not capital intensive

CSWI – Who We Are

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 - HVAC
 - Architecturally Specified Building Products
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 - Plumbing
 - Mining
 - Other
- **Dedicated to enhancing shareholder value:**
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 - Strategic acquisition opportunities in each segment
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(1) Market capitalization data as of November 8, 2017

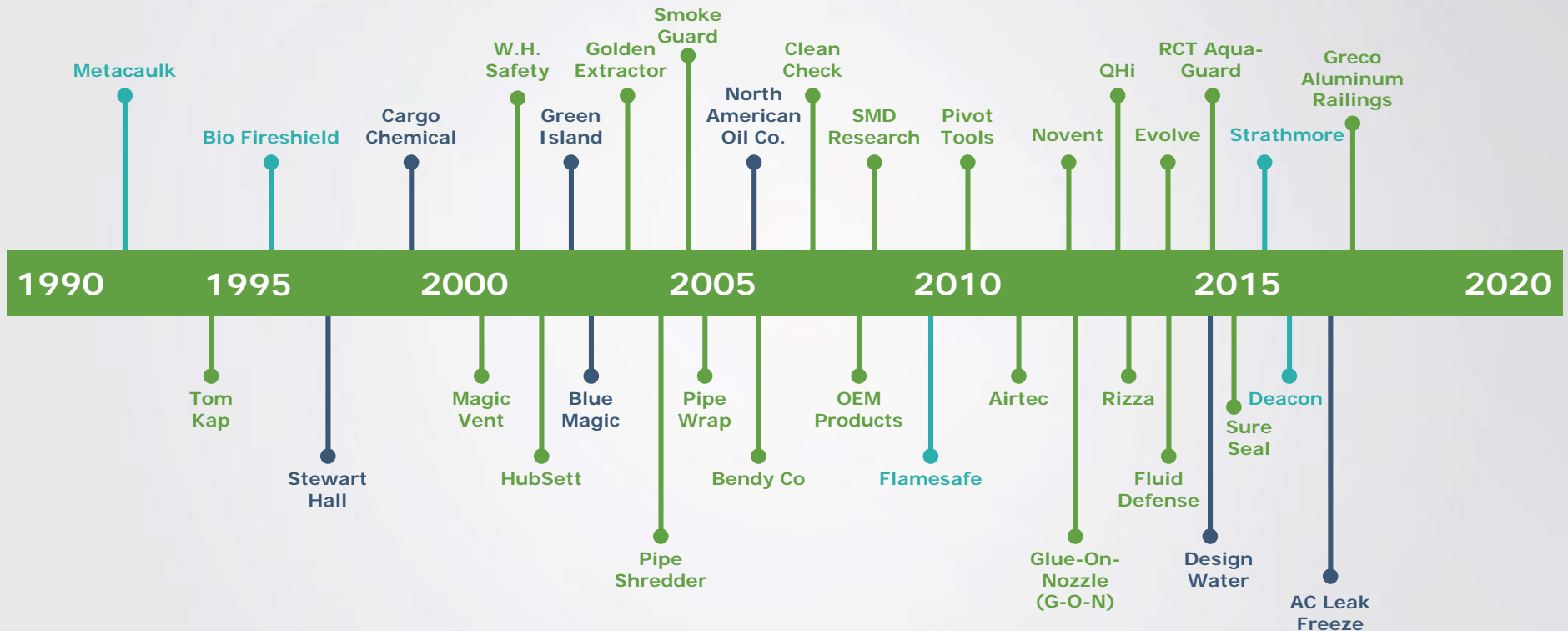
(2) Twelve months ended September 30, 2017; see reconciliations of Non-GAAP measures later in this presentation

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Appendix

History of 35 integrated acquisitions

- Coatings, Sealants & Adhesive
- Industrial Products
- Specialty Chemicals



Experienced Management Team

Executive Officers



Joe Armes
Chairman and CEO



Chris Mudd
President & COO



Gregg Branning
Executive VP & CFO



Luke Alverson
Senior VP, General Counsel & Secretary

Senior leadership team averages over 25 years of experience in the industrial manufacturing and specialty chemicals industries

Board of Directors

Michael R. Gambrell
Former EVP of The Dow Chemical Company

Linda A. Livingstone, Ph.D.
President of Baylor University

Terry L. Johnston
EVP and COO of NA Commercial Heating & Cooling for Lennox International, Inc.

William F. Quinn
Former executive Chairman and Founder of American Beacon Advisors

Robert M. Swartz
Lead independent director Former EVP & COO of Glazer's, Inc

J. Kent Sweezy
Founding Partner of Turnbridge Capital, LLC

Business Segment Leadership

Business Segment

Portfolio Company

Industrial Brands

Industrial Products



Don Sullivan
SVP/GM



Coatings, Sealants & Adhesives



Chris Mudd
Interim Leader



Specialty Chemicals



Craig Foster
SVP/GM



CSWI Corporate Culture

CSWI's corporate culture will **SHAPE** and **GUIDE** our company by helping each team member understand how to make his/her contribution to the company we serve. Our culture manifests the **OBSERVED BEHAVIORS**, the **NORMS**, and the **DOMINANT VALUES** of the company. Our culture should be effective in **REINFORCING** certain behaviors and **ERADICATING** others.

**THE GOAL OF OUR CORPORATE CULTURE IS TO MAXIMIZE
PERFORMANCE.**

CSWI Corporate Culture (Cont'd)

Our corporate culture will be based on our core values:

- Integrity
- Respect
- Excellence
- Stewardship
- Citizenship
- Accountability
- Teamwork

Reconciliation of Operating Inc to Adjusted Operating Inc

(in thousands)	(unaudited)			
	Quarter Ended September 30		Year To Date September 30	
	2017	2016	2017	2016
GAAP Operating Income	\$ 12,015	\$ 6,969	\$ 26,278	\$ 14,378
Adjusting items:				
Restructuring & realignment	2,022	673	4,538	1,142
Discrete Tax Provisions & Other	110	-	110	
Asset Impairment	-	2,800	-	3,882
Estimated Reserve for Excess Inventory	-	719	-	719
Consulting projects	-	318	-	912
CFO Transition	-	31	-	2,872
Adjusted Operating Income	<u>\$ 14,147</u>	<u>\$ 11,510</u>	<u>\$ 30,926</u>	<u>\$ 23,905</u>

Note: Numbers may not foot due to rounding

Reconciliation of Operating Inc to Adjusted Operating Inc

(in thousands)	(unaudited)	
	For the Year Ended March 31,	
	2017	2016
GAAP Operating Income	\$ 22,481	\$ 47,486
Adjusting items:		
Pension gain	-	(8,020)
Restructuring & realignment	9,964	-
Asset Impairment	3,234	-
Estimated reserve for excess inventory	719	-
Transaction and integration costs	431	2,128
Spin related costs	-	3,730
Consulting projects	1,904	-
CFO Transition	2,872	-
Adjusted Operating Income	<u>\$ 41,604</u>	<u>\$ 45,324</u>

Note: Numbers may not foot due to rounding

Reconciliation of Net Income and EPS to Adjusted Net Income and EPS

	(unaudited)			
	Quarter Ended September 30		Year To Date September 30	
	2017	2016	2017	2016
(in thousands, except share data)				
GAAP Net Income	\$ 7,302	\$ 3,842	\$ 15,816	\$ 7,937
Adjusting items, net of tax:				
Restructuring & realignment	1,314	435	2,950	742
Asset Impairment	-	1,812	-	2,602
Estimated Reserve for Excess Inventory	-	465	-	467
Consulting projects	-	206	-	593
CFO Transition	-	20	-	1,867
Discrete Tax Provisions & Other	287	736	287	1,348
Adjusted Net Income	<u>\$ 8,903</u>	<u>\$ 7,516</u>	<u>\$ 19,053</u>	<u>\$ 15,556</u>
GAAP Diluted income per common share	\$ 0.46	\$ 0.24	\$ 0.99	\$ 0.50
Adjusting items, per diluted common share:				
Restructuring & realignment	0.09	0.03	0.19	0.05
Asset Impairment	-	0.12	-	0.16
Estimated Reserve for Excess Inventory	-	0.03	-	0.03
Consulting projects	-	0.01	-	0.04
CFO Transition	-	-	-	0.12
Discrete Tax Provisions & Other	0.01	0.05	0.02	0.09
Adjusted earnings per diluted common share	<u>\$ 0.56</u>	<u>\$ 0.48</u>	<u>\$ 1.20</u>	<u>\$ 0.99</u>
Weighted-average shares outstanding (in thousands)				
Diluted	15,945	15,763	15,935	15,771

Note: Numbers may not foot due to rounding

Reconciliation of Net Income and EPS to Adjusted Net Income and EPS

(in thousands, except share data)

	(unaudited)	
	For the Year Ended March 31,	
	2017	2016
GAAP Net Income	\$ 11,071	\$ 25,471
Adjusting items, net of tax:		
Pension gain	-	(5,213)
Restructuring & realignment	6,555	-
Asset Impairment	2,102	-
Estimated reserve for excess inventory	467	-
Transaction and integration costs	280	1,377
Spin related costs	-	2,413
Consulting projects	1,238	-
CFO Transition	1,867	-
Discrete Tax Provisions	3,073	2,953
Adjusted Net Income	<u>\$ 26,653</u>	<u>\$ 27,001</u>
GAAP Diluted income per common share	\$ 0.70	\$ 1.62
Adjusting items, per diluted common share:		
Pension gain	-	(0.33)
Restructuring & realignment	0.41	-
Asset Impairment	0.13	-
Estimated reserve for excess inventory	0.03	-
Transaction and integration costs	0.02	0.09
Spin related costs	-	0.14
Consulting projects	0.08	-
CFO Transition	0.12	-
Discrete Tax Provisions	0.19	0.20
Adjusted earnings per diluted common share	<u>\$ 1.68</u>	<u>\$ 1.72</u>
Weighted-average shares outstanding (in thousands)		
Diluted	15,839	15,675

Note: Numbers may not foot due to rounding

Reconciliation of Segment Operating Income to Adjusted Operating Income

(unaudited)

(in thousands, except percentages)

	For the Three Months Ended September 30, 2017					For the Three Months Ended September 30, 2016				
	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated
Revenue	\$ 48,487	\$ 21,369	\$ 20,514	\$ (1)	\$ 90,369	\$ 41,858	\$ 23,006	\$ 15,245	\$ 22	\$ 80,131
Operating Income	\$ 12,280	\$ 344	\$ 2,200	\$ (2,809)	\$ 12,015	\$ 9,897	\$ (1,616)	\$ 1,232	\$ (2,544)	\$ 6,969
Adjusting items:										
Restructuring & realignment	135	1,887	-	-	2,022	-	673	-	-	673
Discrete Tax Provisions & Other	110	-	-	-	110	-	-	-	-	-
Asset Impairment	-	-	-	-	-	-	2,800	-	-	2,800
Estimated Reserve for Excess Inventory	-	-	-	-	-	17	279	423	-	719
Consulting projects	-	-	-	-	-	23	24	14	257	318
CFO Transition	-	-	-	-	-	-	-	-	31	31
Adjusted Operating Income	\$ 12,525	\$ 2,231	\$ 2,200	\$ (2,809)	\$ 14,147	\$ 9,937	\$ 2,160	\$ 1,669	\$ (2,256)	\$ 11,510
% of revenue	25.8%	10.4%	10.7%		15.7%	23.7%	9.4%	10.9%		14.4%

Note: Numbers may not foot due to rounding

Reconciliation of Segment Operating Income to Adjusted Operating Income

(unaudited)

(in thousands, except percentages)

	Year To Date September 30, 2017					Year To Date September 30, 2016				
	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated
Revenue	\$ 101,748	\$ 44,751	\$ 41,896	\$ 1	\$ 188,396	\$ 85,333	\$ 46,371	\$ 32,490	\$ 44	\$ 164,238
Operating Income	\$ 25,913	\$ 1,335	\$ 4,110	\$ (5,080)	\$ 26,278	\$ 20,504	\$ 97	\$ 2,288	\$ (8,511)	\$ 14,378
Adjusting items:										
Restructuring & realignment	367	3,295	876	-	4,538	-	1,142	-	-	1,142
Discrete Tax Provisions & Other	110	-	-	-	110	-	-	-	-	-
Asset Impairment	-	-	-	-	-	90	3,187	605	-	3,882
Estimated Reserve for Excess Inventory	-	-	-	-	-	17	279	423	-	719
Consulting projects	-	-	-	-	-	84	145	82	601	912
CFO Transition	-	-	-	-	-	-	-	-	2,872	2,872
Adjusted Operating Income	\$ 26,390	\$ 4,630	\$ 4,986	\$ (5,080)	\$ 30,926	\$ 20,695	\$ 4,850	\$ 3,398	\$ (5,038)	\$ 23,905
% of revenue	25.9%	10.3%	11.9%		16.4%	24.3%	10.5%	10.5%		14.6%

Note: Numbers may not foot due to rounding

Reconciliation of Segment Operating Income to Adjusted Operating Income

(in thousands, except percentages)

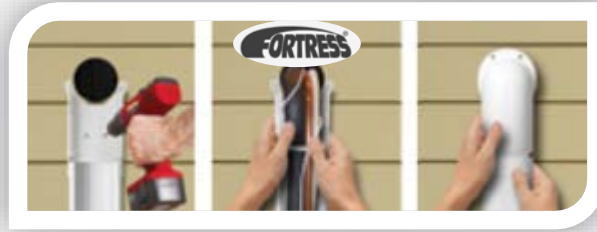
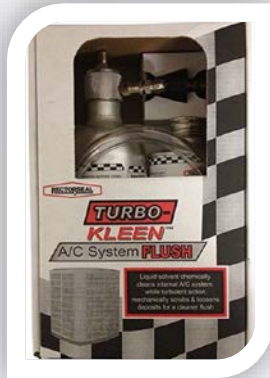
	(unaudited)									
	For the Year Ended March 31, 2017					For the Year Ended December 31, 2016				
	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated
Revenue	\$ 158,654	\$ 96,869	\$ 71,469	\$ 92	\$ 327,084	\$ 138,594	\$ 106,035	\$ 74,930	\$ 272	\$ 319,831
Operating Income	\$ 32,893	\$ 851	\$ 2,012	\$ (13,275)	\$ 22,481	\$ 31,075	\$ 10,911	\$ 12,490	\$ (6,990)	\$ 47,486
Adjusting items:										
Pension gain	-	-	-	-	-	(3,179)	(1,418)	(3,423)	-	(8,020)
Restructuring & realignment	624	3,759	5,581	(0)	9,964	-	-	-	-	-
Asset Impairment	227	2,953	54	(0)	3,234	-	-	-	-	-
Estimated reserve for excess inventory	17	279	423	-	719	-	-	-	-	-
Transaction and integration costs	431	-	-	-	431	-	1,620	508	-	2,128
Spin related costs	-	-	-	-	-	-	-	-	3,730	3,730
Consulting projects	371	314	537	682	1,904	-	-	-	-	-
CFO Transition	-	-	-	2,872	2,872	-	-	-	-	-
Adjusted Operating Income	\$ 34,563	\$ 8,155	\$ 8,607	\$ (9,721)	\$ 41,604	\$ 27,896	\$ 11,113	\$ 9,575	\$ (3,260)	\$ 45,324
% of revenue	21.8%	8.4%	12.0%	12.7%	12.7%	20.1%	10.5%	12.8%	12.8%	14.2%

Note: Numbers may not foot due to rounding

HVAC/R



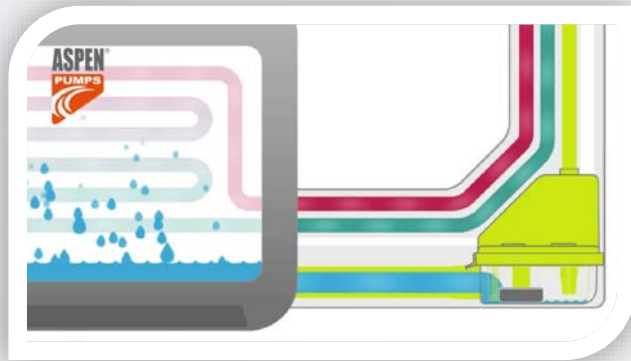
Safety Switch



AC Leak Freeze



Mighty Bracket



When installing a mini split, many components must be taken into consideration when making the purchase

1. Evaporator



2. Condenser



3. Condensate pump



RECTORSEAL

4. Condensate drain line



RECTORSEAL

5. Wireless wall thermostats



6. Line set covers and fittings



RECTORSEAL

7. Wall sleeve or seal



RECTORSEAL

8. Equipment pads



9. Equipment risers



RECTORSEAL



10. Equipment stand



RECTORSEAL

11. Wall bracket



RECTORSEAL

12. Refrigerant line



RECTORSEAL

13. Electrical cable



RECTORSEAL

14. Brass flare nuts and fittings



15. Locking refrigerant caps



RECTORSEAL

16. Installation support bracket



RECTORSEAL

17. Cleaning bib kit



RECTORSEAL

18. Coil and fan cleaners



RECTORSEAL

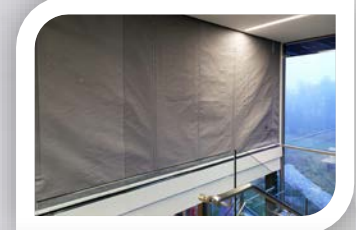
RECTORSEAL

RectorSeal has product in category

Building Products



Metacaulk



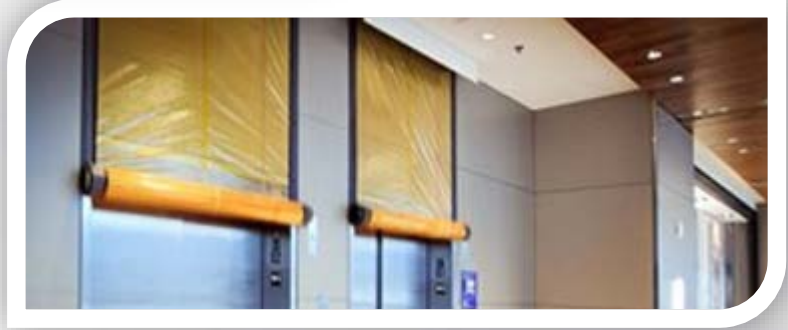
Fire + Smoke Curtain



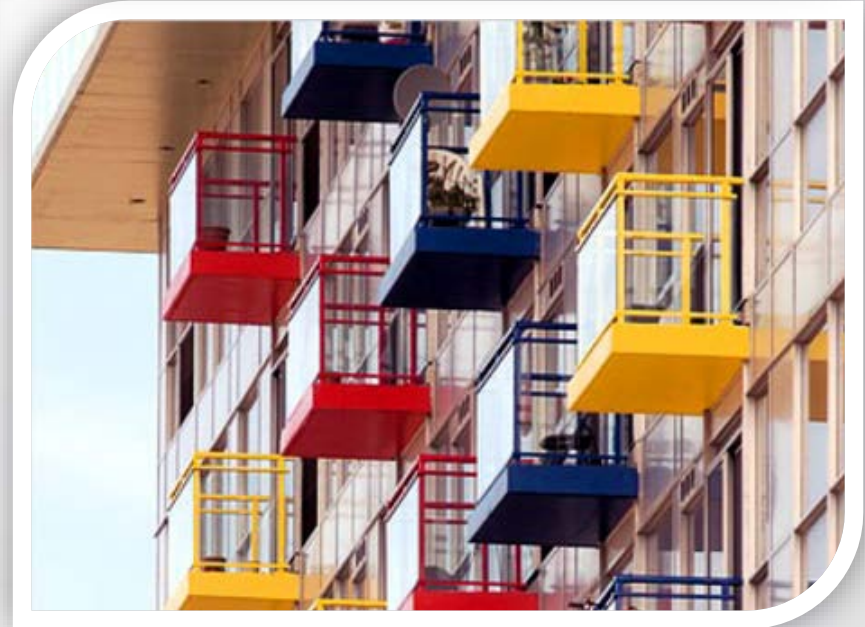
IllumiTread Egress



Custom Railings



Fire + Smoke Curtain



Custom Railings



Fire + Smoke Curtain

Industrial



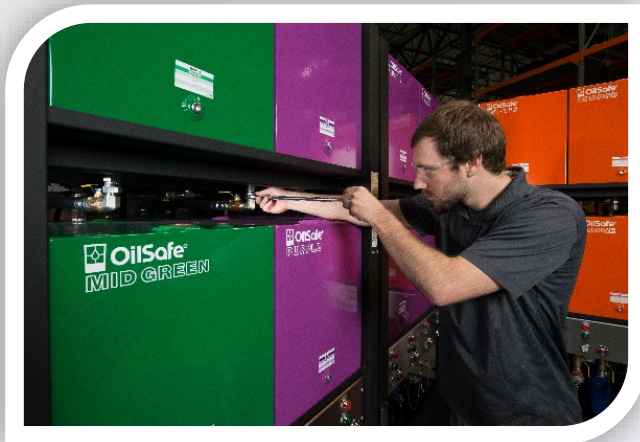
Tank Coatings



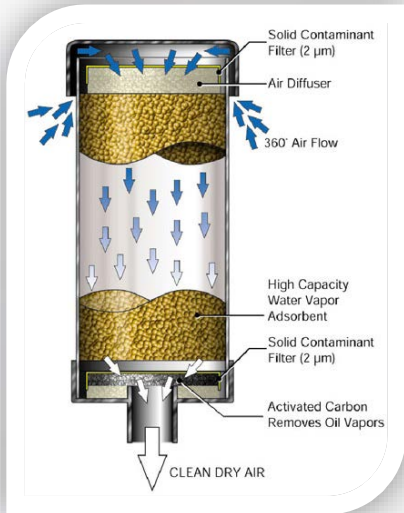
KOPRKOTE



Lubricants



OilSafe System



AirSentry



Rail



TOR Armor Lubricant System

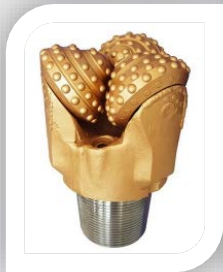


Tanker Car Coatings

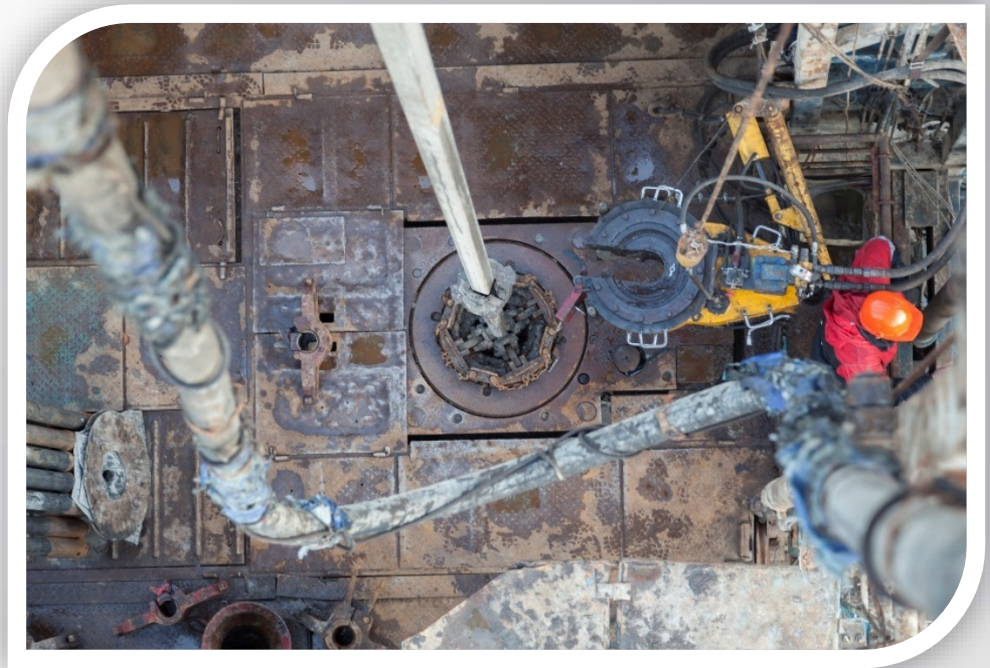




Energy



Tank Coatings



CSWI's Specialty Chemicals keep drills going strong

Plumbing



HubSett Test Couplings



Magic Trap



RectorSeal Tru-Blu



RectorSeal T Plus 2



RectorSeal #5

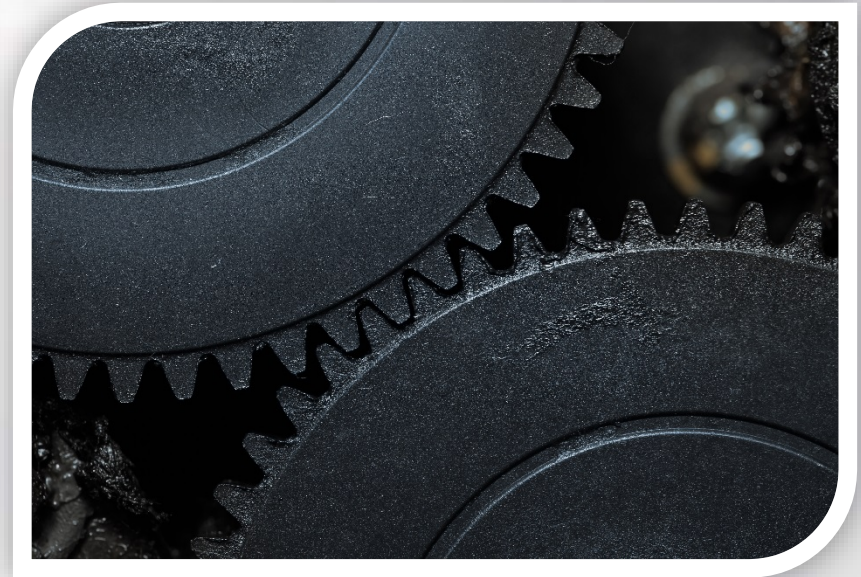
Mining



Drag Rope Lubricants



Envirolube gear lubricant



Paragon enclosed gear oil



CSW
INDUSTRIALS

Investor Presentation
