



CSW
INDUSTRIALS

Fourth Quarter Fiscal 2016
Earnings Presentation

June 8, 2016

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.
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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.

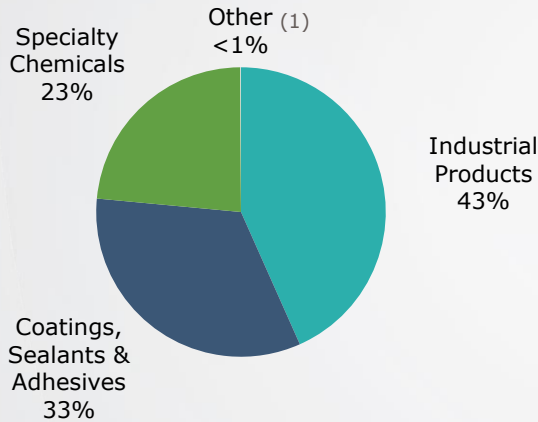
Fiscal Year Ended March 31, 2016 Highlights

- Announced Fiscal 2016 fourth quarter revenue of \$76.3 million and Adjusted EPS of \$0.35, in line with expectations
 - Adjusted EPS excludes \$0.23 of adjusted items, including costs related to the spin-off, costs related to integration of acquired companies and discrete tax items (see reconciliation table on slide 17)
- Diverse end market exposure continues to provide stability in mixed economic environment
 - Higher seasonal demand in HVAC and continued strength in architecturally specified building products offset energy market headwinds
- Continuing to make progress on integration activities to support organic growth strategy
 - Targeting \$5.5 million of annual savings from Whitmore and Jet-Lube integration, with run rate by end of FY2017
 - Targeting \$2.0 million of annual savings from procurement efficiencies by FY2017
- Continuing to focus on disciplined acquisition strategy, targeting accretive, bolt-on acquisitions where we can leverage our distribution network

CSWI Business Segments

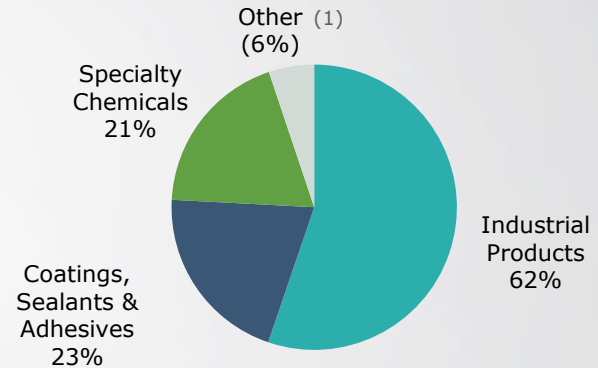
Well-balanced portfolio of businesses with strong organic growth profiles and numerous product line and strategic acquisition opportunities in each segment

FY2016 Net Revenues



Total Net Revenues:
\$319.8M

FY2016 Adj. Operating Income

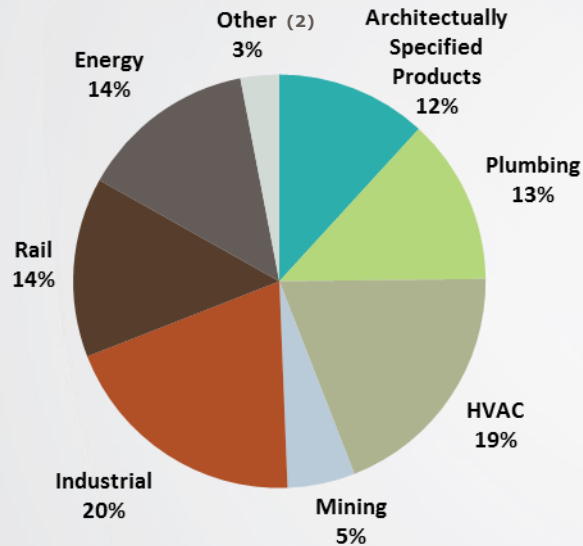


Total Adj. Operating Income:
\$45.3M⁽²⁾

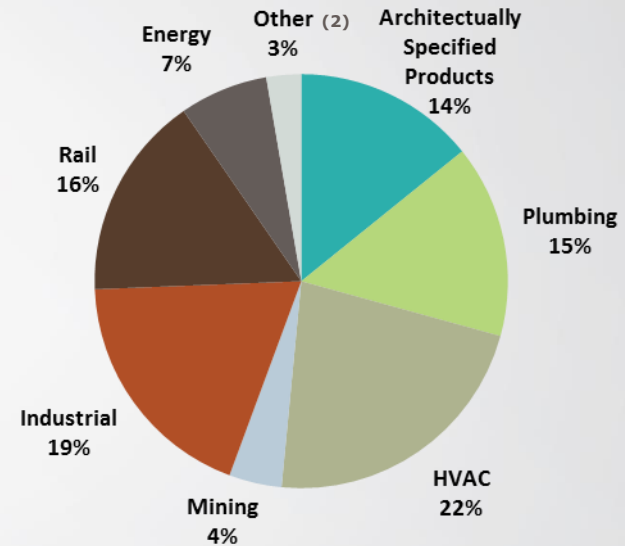
(1) Includes (i) Rental income from CapStar, a real estate holding company; (ii) Eliminations; and (iii) Adjustments not captured at the segment level
 (2) Adjustments include pension curtailment gain, Strathmore transaction costs, Strathmore earn-out adjustment, Strathmore integration costs, Deacon acquisition costs, Leak Freeze acquisition costs and other expenses related to operating as a standalone company. See Appendix for adjustment details.

Diverse End Markets and Products

PF2015 Sales Revenue
by End Market⁽¹⁾



FY2016 Sales Revenue
by End Market



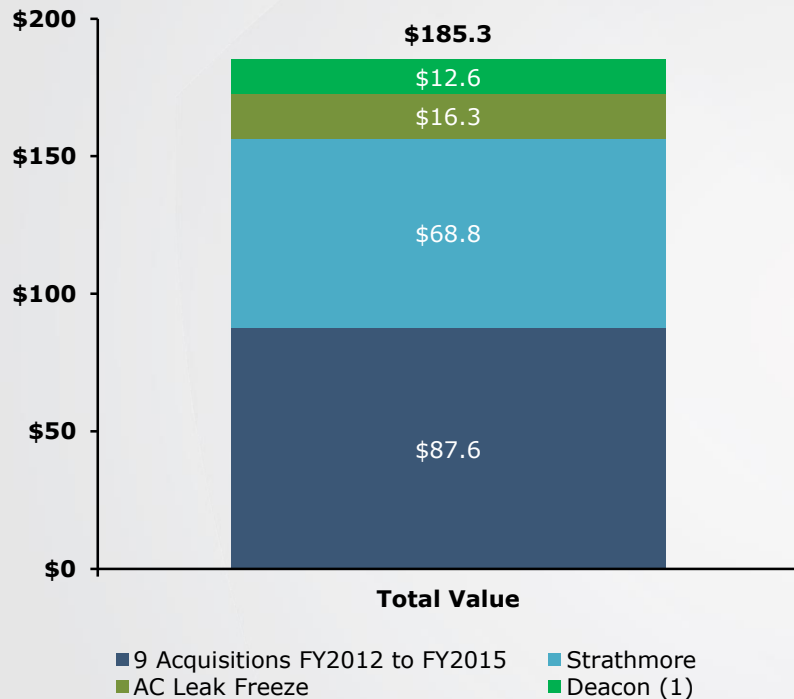
Ability to leverage customer base and cross-sell products across three segments

(1) PF2015 includes Strathmore FY2014 results; Strathmore fiscal year ends December 31

(2) Other key end use markets include Water Well drilling, Power Generation, Marine, Cement and Aviation

Focused Acquisitions

Capital Invested for Acquisitions (\$M)



Strategy & Execution Plan

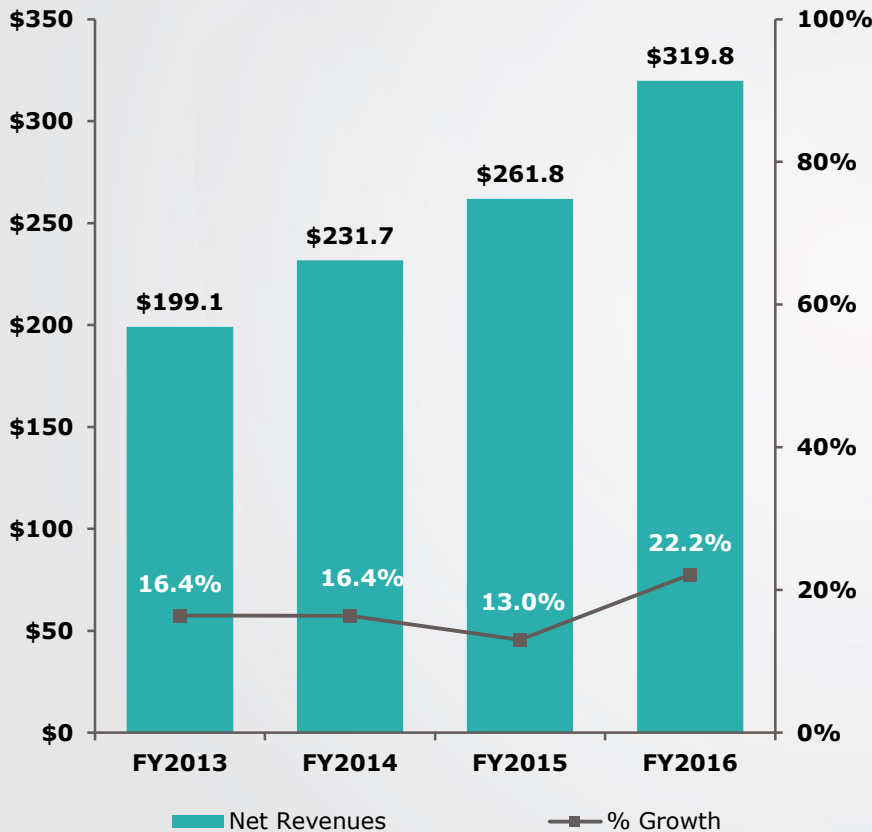
- Identify and execute accretive, bolt-on acquisitions that will broaden our portfolio of industrial brands and products, and support our business segments
- Eliminate costs and overhead in strategic acquisitions and most non-manufacturing related costs in product line acquisitions
- Focus on commercially 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

There are further attractive synergistic acquisitions available to achieve higher growth and profitability

(1) Includes earn out consideration

Combined Financials – Net Revenues

Net Revenues (\$ millions, %)



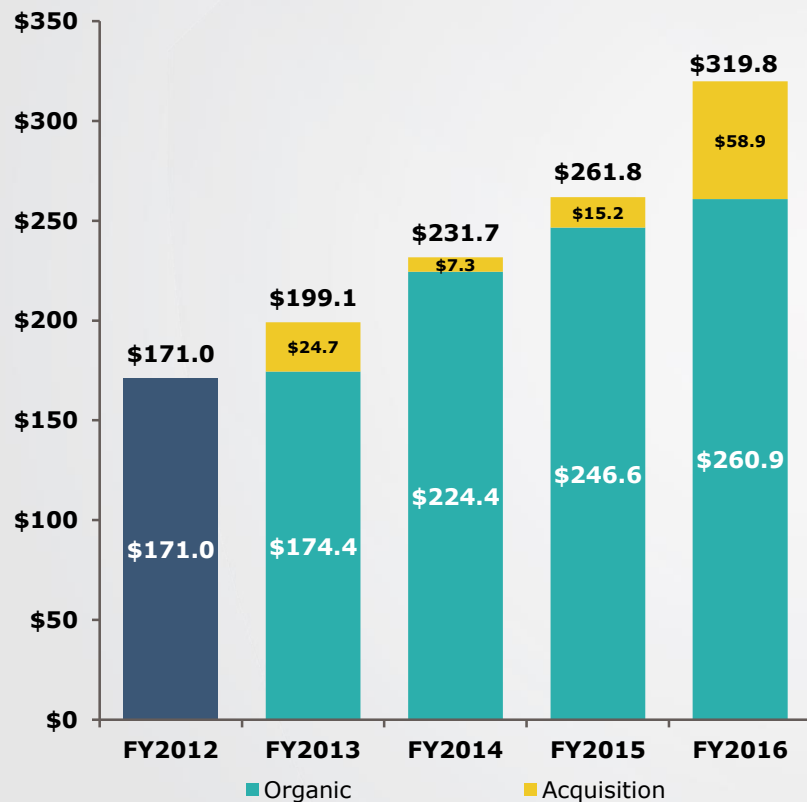
Highlights

- FY16 net revenues increased by \$58 million (22.2%) compared with FY2015
- Consistent mid double-digit annual net revenue growth (16.4%, 13.0% and 22.2% in FY2014, FY2015 and FY2016, respectively) supported by industry leading products in high growth end markets with a diversified customer base
- 17.1% Compound Annual Growth Rate from FY13 to FY16
- Strong track record of capitalizing on product line and strategic acquisition opportunities

Organic & Acquisition Growth

Net Revenues (\$ millions, %)

(\$ millions)

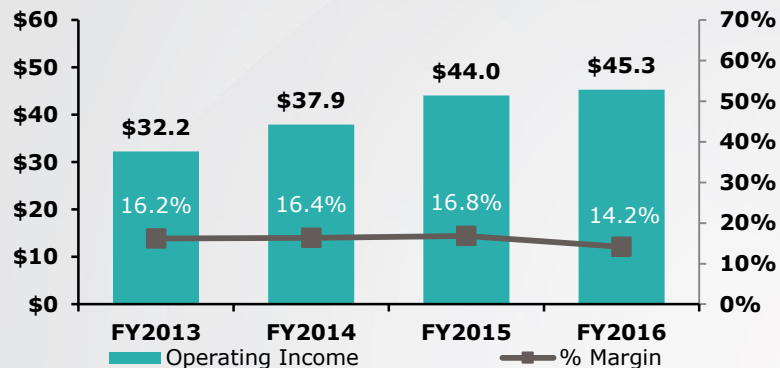


Highlights

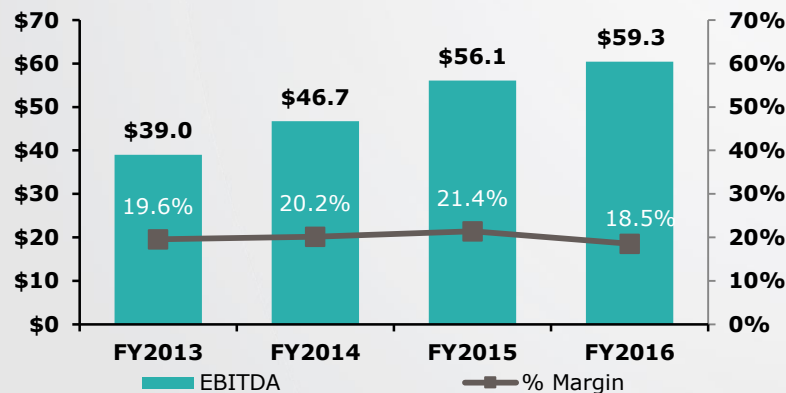
- Acquisitions contributed a combined \$58.9 million of revenue during FY16.
- 22.2% growth in FY16 compared to FY15
 - Organic revenue down 0.3%
 - Acquisitions grew revenue 22.5%
- Organic sales were down 0.3% compared to FY15
 - This was due to approximately 40% decrease in energy markets versus the prior year.
 - Excluding energy end markets, organic sales were up approximately 6% versus the prior year.

Combined Financials - Margins

Adj.⁽¹⁾ Operating Income (\$ millions, %)



Adj.⁽¹⁾ EBITDA (\$ millions, %)



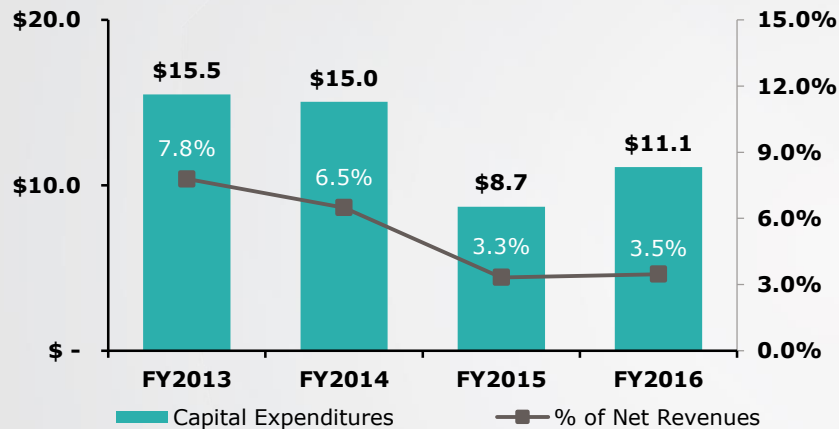
Highlights

- Attractive operating and EBITDA margins with potential improvement from integration of businesses and shared best practices
 - EBITDA margins higher than those of peers, partly due to CSWI's loyal and diverse customer base that recognizes the performance and quality of the products and solutions
 - Disciplined product line acquisition strategy

(1) Adjustments include pension curtailment gain, Strathmore transaction costs, Strathmore earn-out adjustment, Strathmore integration costs, Deacon acquisition costs, Leak Freeze acquisition costs and other expenses related to operating as a standalone company. See Appendix for adjustment details.

Combined Financials – Capital Investment

Capital Expenditures (\$ millions, %)

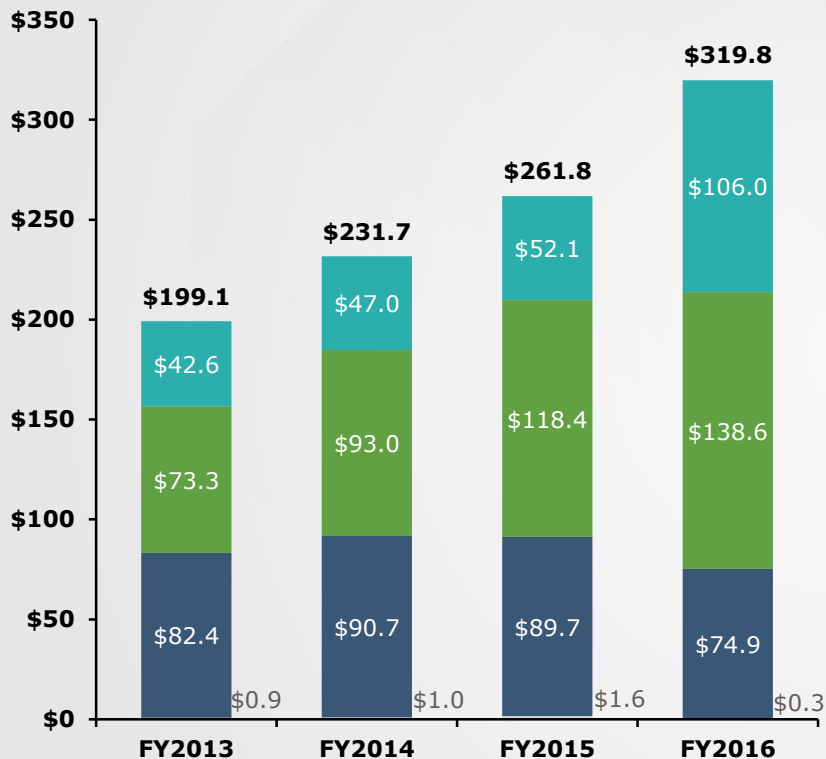


Highlights

- Historical capital expenditures to net revenue ratio averaged 4.4% 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)

Segment Financials – Net Revenues

Net Revenues (\$ millions)



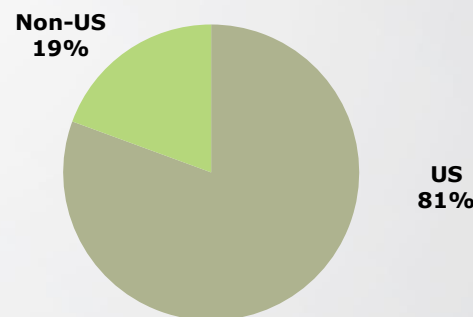
■ Specialty Chemicals ■ Industrial Products ■ Coatings, Sealants & Adhesives
 ■ Other (1)

(1) Includes (i) Rental income from CapStar, a real estate holding company; and (ii) Eliminations

Highlights

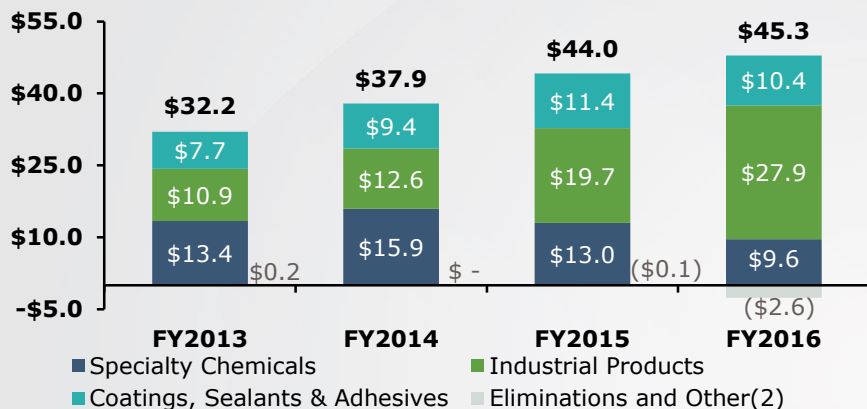
- Recent growth primarily attributable to an increase in sales volumes in the Industrial Products segment and in the Coatings, Sealants & Adhesives segment

Net revenues by geography FY16



Segment Financials – Margins

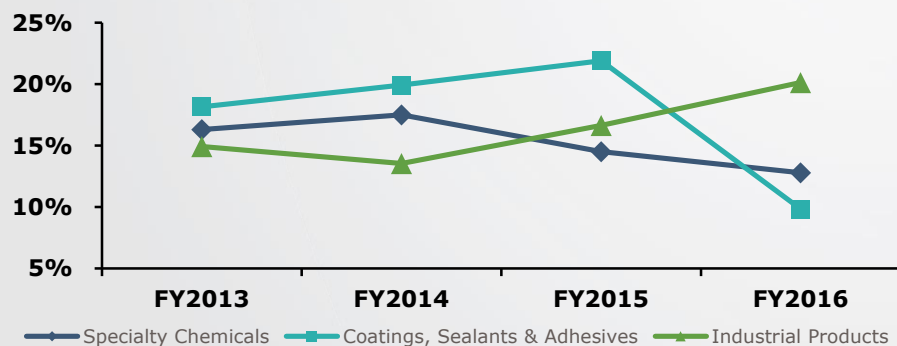
Adj.⁽¹⁾ Operating Income (\$ millions)



Highlights

- Coatings, Sealants & Adhesives margins plummeted in FY16 due to Strathmore. Adjusted Operating Income was adversely affected by intangible amortization.
- Industrial Products margin expansion driven by higher margin sales mix and higher sales volumes. We have also made targeted investments to lower manufacturing costs and increase capacity utilization.
- Specialty Chemicals margins trending down due to low capacity utilization.

Adj. ⁽¹⁾ Operating Income Margin (%)



(1) Adjustments include pension curtailment gain, Strathmore transaction costs, Strathmore earn-out adjustment, Strathmore integration costs, Deacon acquisition costs, Leak Freeze acquisition costs and other expenses related to operating as a standalone company. See Appendix for adjustment details

(2) Includes (i) Rental income from CapStar, a real estate holding company; (ii) Eliminations; and (iii) Adjustments not captured at the segment level

Strong Balance Sheet (as of March 31, 2016)

Total Capitalization

Indebtedness

(\$ millions)	Amount	EBITDA ⁽¹⁾
Debt:		
Current Portion of Long-Term Debt	0.6	0.0x
Long-Term Debt, Less Current Portion	89.1	1.5x
Total Debt	\$89.7	1.5x
Total Stockholders' Equity	\$258.0	
Total Capitalization	\$347.7	

(\$ millions)	Amount	EBITDA ⁽¹⁾
Total Debt	\$89.7	1.5x
Less: Cash and Cash Equivalents	(39.3)	
Net Debt	\$50.4	0.8x

Highlights

- Strong balance sheet with ample liquidity
 - Current available cash and cash equivalents sufficient to meet CSWI's liquidity needs for at least the next 12 months

(1) See Appendix for EBITDA reconciliation



Appendix

Net Income to Adjusted EBITDA Reconciliation

(\$ millions)	FY2013	FY2014	FY2015	FY2016
Net Income	\$ 21.7	\$ 24.7	\$ 29.7	\$ 25.5
Pension Gain	-	-	-	(5.2)
Strathmore Transaction Costs	-	-	-	1.7
Strathmore Earn Out	-	-	-	(1.3)
Deacon & Leak Freeze Transaction Costs	-	-	-	0.5
Start-up Spin Costs	-	-	-	2.4
Strathmore Integration Costs	-	-	-	0.4
Discrete Tax Provisions	-	-	-	3.0
Adjusted Net Income	\$ 21.7	\$ 24.7	\$ 29.7	\$ 27.0
Interest	\$ (0.1)	\$ 0.1	\$ 0.6	\$ 3.0
Taxes	10.7	12.8	15.2	15.1
Depreciation	3.9	5.2	5.9	7.0
Amortization	2.8	3.9	4.6	7.1
Adjusted EBITDA	\$ 39.0	\$ 46.7	\$ 56.1	\$ 59.3

Note: Numbers may not foot due to rounding

Adjusted Operating Income Reconciliation

(\$ millions)	FY2015					FY2016				
	Industrial Products	Coatings, Sealants and Adhesives	Specialty Chemicals	Eliminations and Other (1)	Total	Industrial Products	Coatings, Sealants and Adhesives	Specialty Chemicals	Eliminations and Other (1)	Total
Operating Income	\$ 19.7	\$ 11.4	\$ 13.0	\$ -	\$ -	\$ 31.1	\$ 10.9	\$ 12.5	\$ -	\$ -
Pension Gain	-	-	-	-	-	(3.2)	(1.4)	(3.4)	-	-
Strathmore Transaction Costs	-	-	-	-	-	-	2.6	-	-	-
Strathmore Earn Out	-	-	-	-	-	-	(2.0)	-	-	-
Deacon & Leak Freeze Transaction Costs	-	-	-	-	-	-	0.3	0.5	-	-
Adjusted Operating Income	\$ 19.7	\$ 11.4	\$ 13.0	\$ (0.1)	\$ 44.0	\$ 27.9	\$ 10.4	\$ 9.6	\$ (2.6)	\$ 45.3

	FY2013					FY2014				
	Industrial Products	Coatings, Sealants and Adhesives	Specialty Chemicals	Eliminations and Other (1)	Total	Industrial Products	Coatings, Sealants and Adhesives	Specialty Chemicals	Eliminations and Other (1)	Total
Operating Income	\$ 10.9	\$ 7.7	\$ 13.4	\$ -	\$ -	\$ 12.6	\$ 9.4	\$ 15.9	\$ -	\$ -
Pension Gain	-	-	-	-	-	-	-	-	-	-
Strathmore Transaction Costs	-	-	-	-	-	-	-	-	-	-
Strathmore Earn Out	-	-	-	-	-	-	-	-	-	-
Deacon & Leak Freeze Transaction Costs	-	-	-	-	-	-	-	-	-	-
Adjusted Operating Income	\$ 10.9	\$ 7.7	\$ 13.4	\$ 0.2	\$ 32.2	\$ 12.6	\$ 9.4	\$ 15.9	\$ -	\$ 37.9

(1) Includes (i) Rental income from CapStar, a real estate holding company; (ii) Eliminations; and (iii) Adjustments not captured at the segment level
 Note: Numbers may not foot due to rounding

Adjusted EPS Reconciliation

(\$ millions)	Q4 FY2015		Q4 FY2016		FY2015		FY2016	
Diluted income per common share	\$	0.34	\$	0.12	\$	1.90	\$	1.62
Pension Gain		-		-		-		(0.33)
Strathmore Transaction Costs		-		-		-		0.11
Strathmore Earn Out		-		-		-		(0.08)
Deacon & Leak Freeze Transaction Costs		-		-		-		0.03
Start-up Spin Costs		-		0.03		-		0.15
Strathmore Integration Costs		-		0.02		-		0.03
Discrete Tax Provisions		-		0.19		-		0.19
Adjusted earnings per diluted common share	\$	0.34	\$	0.35	\$	1.90	\$	1.72

Note: Numbers may not foot due to rounding

Historical and Pro Forma Financial Results

(\$ millions)

Net Revenues

	FY2013	FY2014	FY2015	FY2016
Industrial Products	\$ 73.3	\$ 93.0	\$ 118.4	\$ 138.6
Coatings, Sealants & Adhesives	42.6	47.0	52.1	106.0
Specialty Chemicals	82.4	90.7	89.7	74.9
Other (2)	0.9	1.0	1.6	0.3

Consolidated Net Revenues

	\$ 199.1	\$ 231.7	\$ 261.8	\$ 319.8
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Net Revenue Growth %

Industrial Products	NA	26.9%	27.3%	17.0%
Coatings, Sealants & Adhesives	NA	10.3%	11.0%	103.4%
Specialty Chemicals	NA	10.2%	(1.1%)	(16.5%)

Consolidated Net Revenue Growth %

	NA	16.4%	13.0%	22.2%
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Adjusted Operating Income (1)

Industrial Products	\$ 10.9	\$ 12.6	\$ 19.7	\$ 27.9
Coatings, Sealants & Adhesives	7.7	9.4	11.4	10.4
Specialty Chemicals	13.4	15.9	13.0	9.6
Other (2)	0.1	0.1	(0.1)	(2.6)

Consolidated Operating Income

	\$ 32.2	\$ 37.9	\$ 44.0	\$ 45.3
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Operating Income Margin %

Industrial Products	14.9%	13.5%	16.6%	20.1%
Coatings, Sealants & Adhesives	18.2%	19.9%	21.9%	9.8%
Specialty Chemicals	16.3%	17.5%	14.5%	12.8%

Consolidated Op. Income Margin %

	16.2%	16.4%	16.8%	14.2%
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Operating Income Growth %

Industrial Products	NA	15.1%	56.5%	41.5%
Coatings, Sealants & Adhesives	NA	21.1%	22.0%	(8.6%)
Specialty Chemicals	NA	18.3%	(18.0%)	(26.4%)

Consolidated Op. Income Growth %

	NA	17.6%	16.1%	2.9%
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