



CSW
INDUSTRIALS

Investor Presentation
July 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 or 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.

Why CSW Industrials?

- **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

CSWI Key Growth Drivers

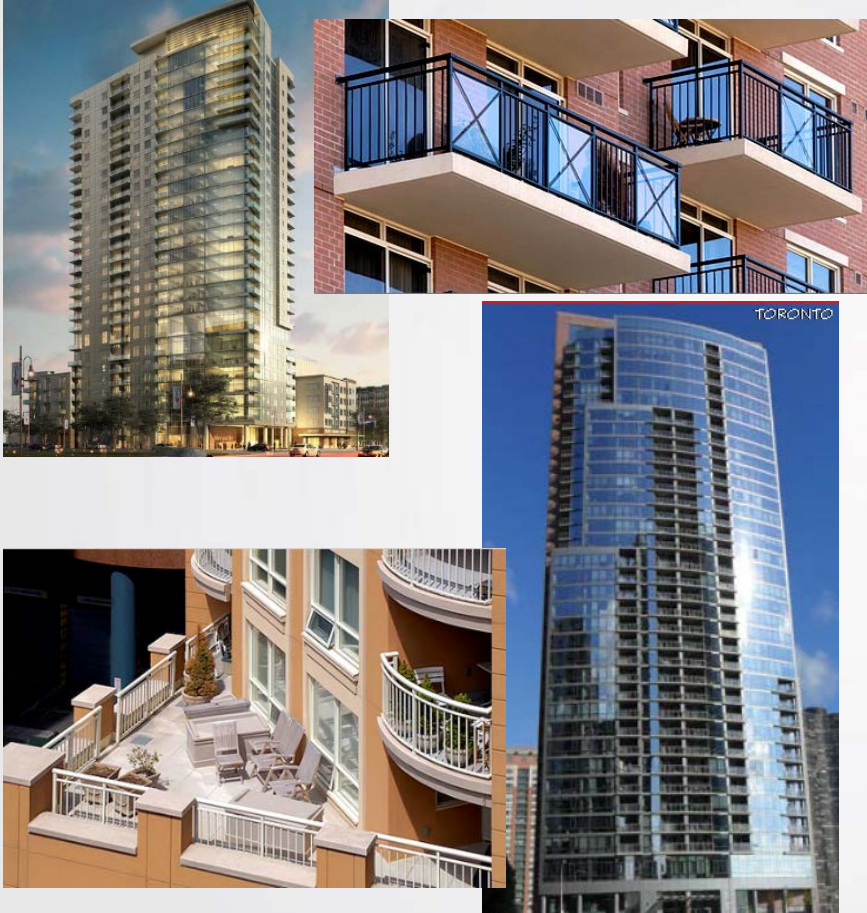


Strategic Goals

- **Focus** on strategic end markets which yield sustainable growth by:
 - Leveraging our existing product portfolio and distribution channels
 - 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
- Report through Industrial Products Segment
- Purchase price ~\$28 million
- Trailing twelve month key financial metrics (at acquisition) :
 - Revenue ~\$13.5 million
 - EBITDA ~\$3.75 million

Company at a Glance (Nasdaq: CSWI)



Industrial Products



Specialty Chemicals

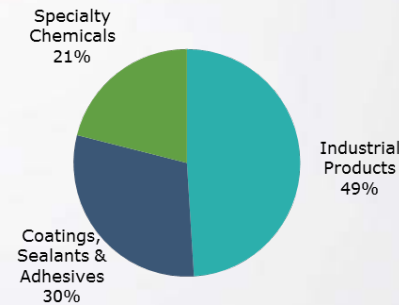


Coatings, Sealants & Adhesives

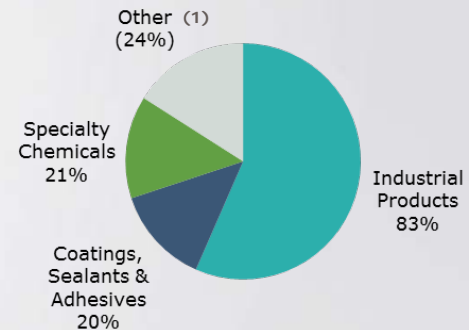
Three business segments:

- 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



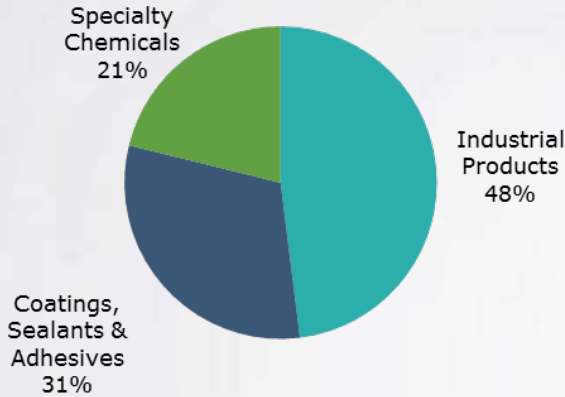
FY2017 Adj. Operating Income: \$41.6M⁽²⁾



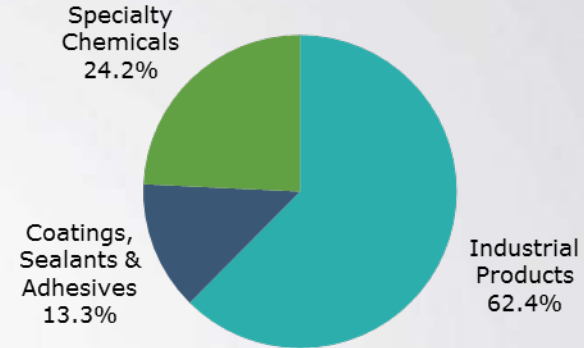
(1) Includes (i) Corporate Costs; (ii) Eliminations; and (iii) Adjustments not captured at the segment level
 (2) Adjustments include realignment & restructuring, SOX implementation costs, acquisition related transaction costs, excess and obsolete inventory reserve and patent and trademark impairments.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

CSWI Business Segments

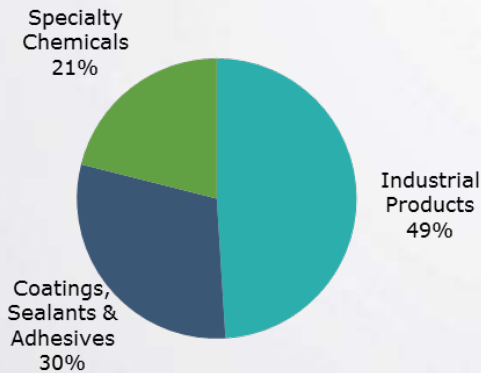
Q4 FY17 Net Revenues



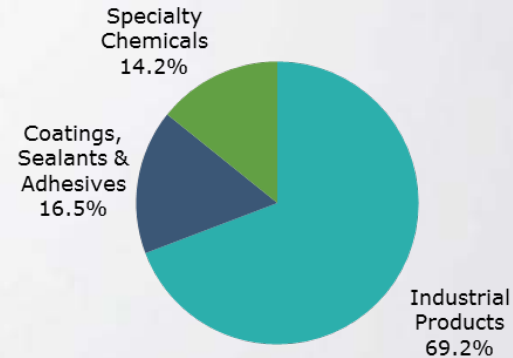
Q4 FY17 Adj. Operating Income



FY17 Net Revenues



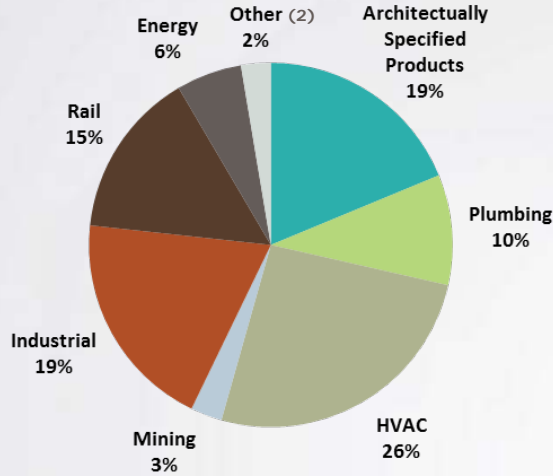
FY17 Adj. Operating Income



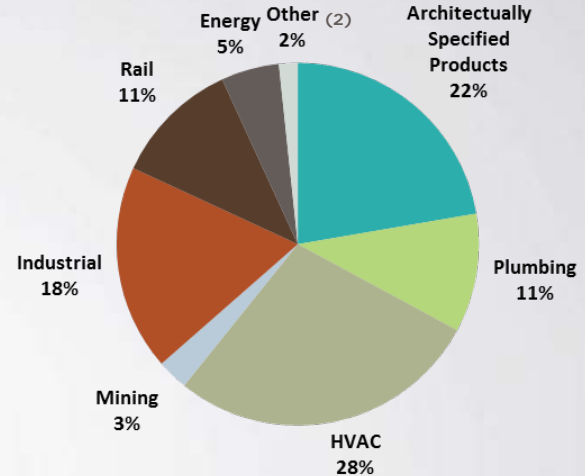
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Sales by End Market Analysis

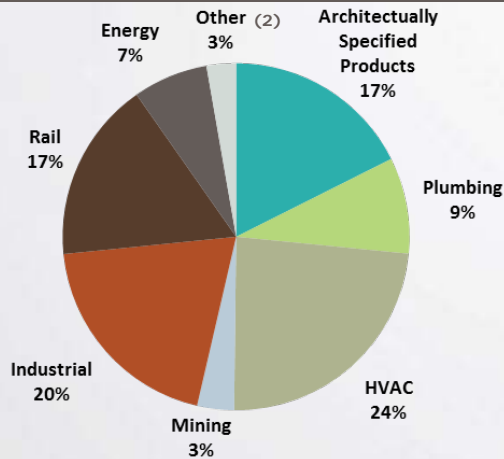
Q4 FY16 Sales by End Market



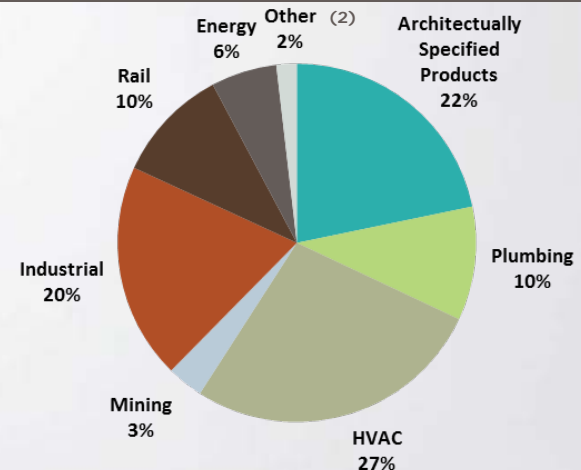
Q4 FY17 Sales by End Market



FY16 Sales by End Market

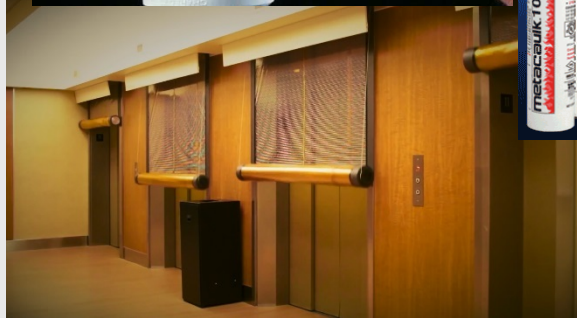
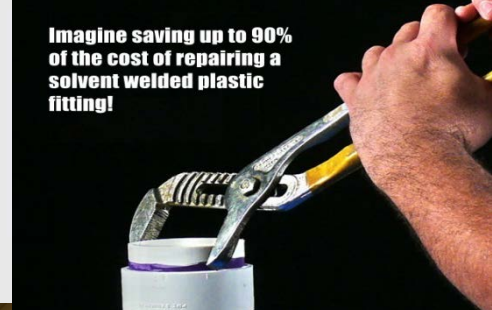


FY17 Sales by End Market



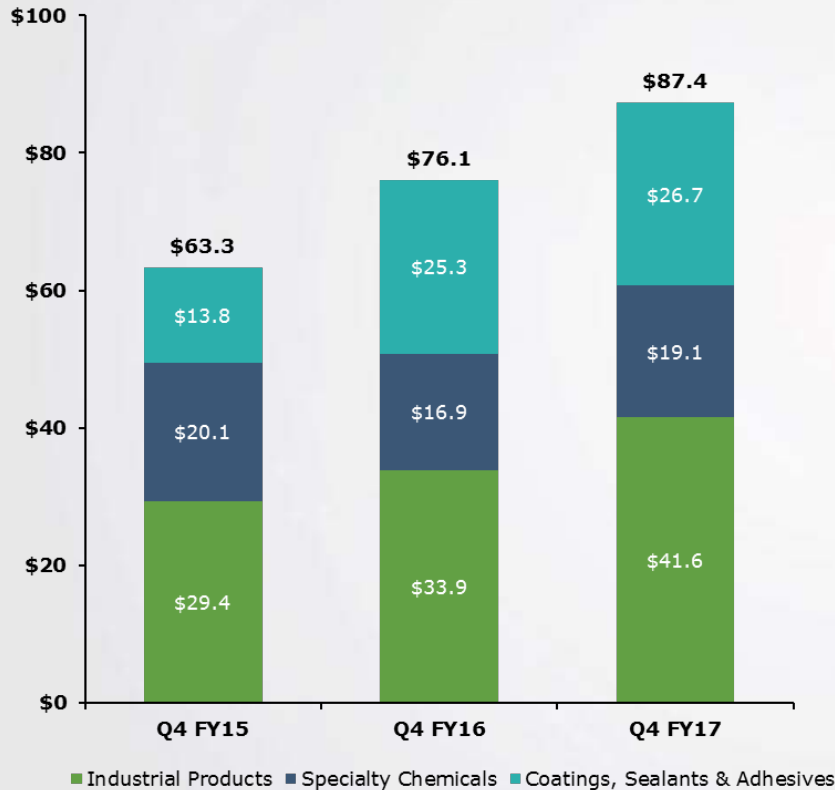
(2) Other end use markets include Water Well drilling, Power Generation, Marine

CSWI Products – Delivering Solutions to Customers



Segments – Quarterly Net Revenues

Q4 Net Revenues (\$ millions)

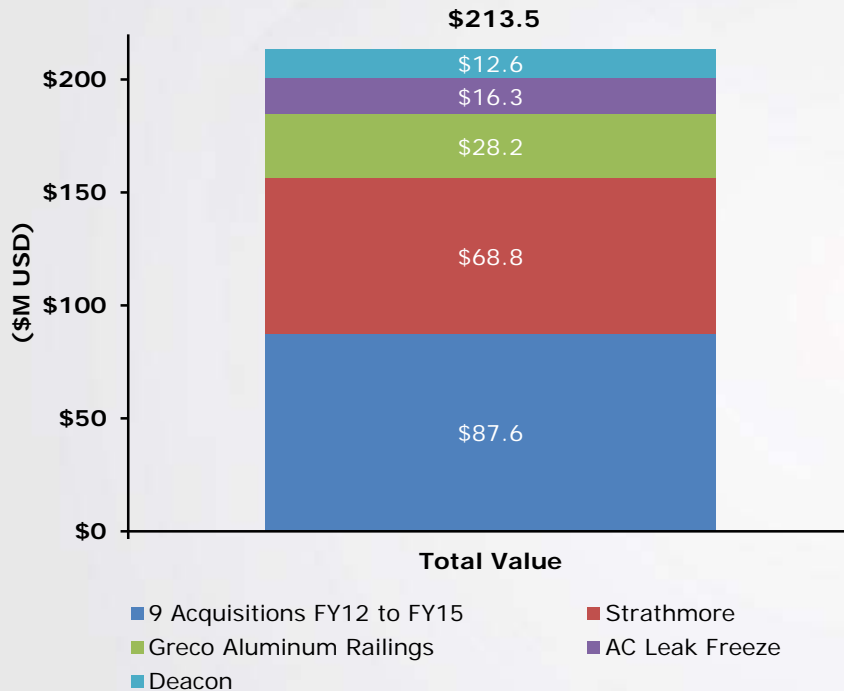


Q4 FY17 Highlights

- Overall quarterly net sales increased **15%** year over year
- **Industrial Products** net revenues increased **23%** with big gains in HVAC, building safety products and new Greco revenues
- **Specialty Chemicals** net revenues increased **14%** with increased industrial lubricant sales
- **Coatings, Sealants & Adhesives** net revenue increased **6%** with increases in industrial and oil & gas applications.

Focused Acquisitions

Capital Invested for Acquisitions (\$M)



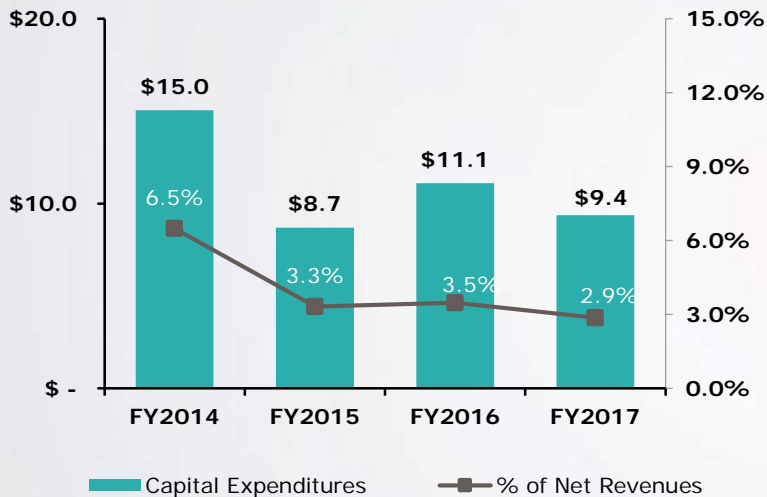
Strategy & Execution Plan

- 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

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

Why CSW Industrials?

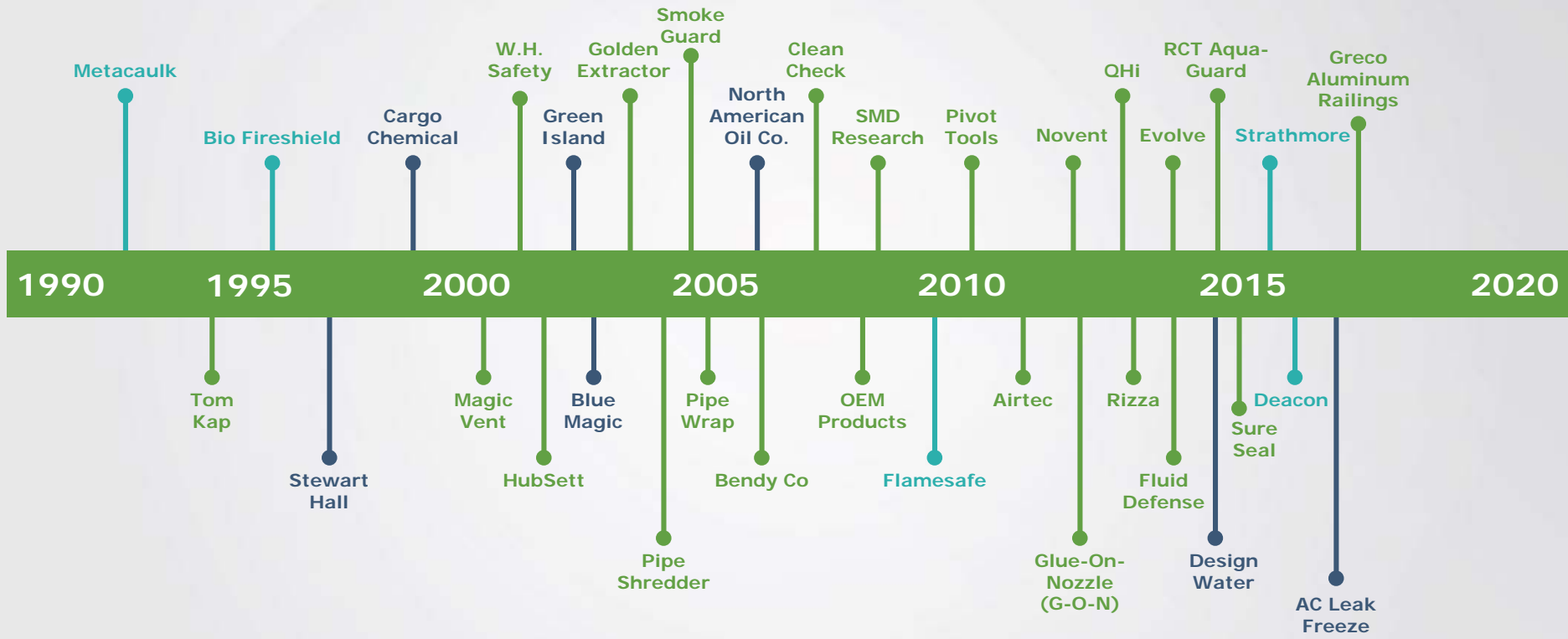
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 - Strong flexible balance sheet
 - Disciplined capital allocation
 - Strategic acquisition opportunities in each segment
 - Core values and culture that maximize sustainable performance

A large, solid green abstract shape occupies the left side of the page. It has a curved top edge and a pointed bottom edge, resembling a stylized leaf or a modern logo element. The shape is positioned against a light gray background.

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 EVP and COO of Glazer's, Inc

J. Kent Sweezy
Founding Partner of Turnbridge Capital, LLC

Business Segment Leadership

Business Segment

Primary Operating 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)			
	For the Three Months Ended March 31,		For the Year Ended March 31,	
	2017	2016	2017	2016
GAAP Operating Income	\$ 4,721	\$ 6,796	\$ 22,481	\$ 47,486
Adjusting items:				
Pension gain	-	-	-	(8,020)
Restructuring & realignment	5,257	-	9,964	-
Asset Impairment	220	-	3,234	-
Estimated reserve for excess inventory	-	-	719	-
Transaction and integration costs	431	487	431	2,128
Spin related costs	-	684	-	3,730
Consulting projects	509	-	1,904	-
CFO Transition	-	-	2,872	-
Adjusted Operating Income	<u>\$ 11,138</u>	<u>\$ 7,967</u>	<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)

(in thousands, except share data)

	For the Three Months Ended March 31,		For the Year Ended March 31,	
	2017	2016	2017	2016
GAAP Net Income	\$ 2,728	\$ 1,860	\$ 11,071	\$ 25,471
Adjusting items, net of tax:				
Pension gain	-	-	-	(5,213)
Restructuring & realignment	3,401	-	6,555	-
Asset Impairment	142	-	2,102	-
Estimated reserve for excess inventory	-	-	467	-
Transaction and integration costs	279	315	280	1,377
Spin related costs	-	443	-	2,413
Consulting projects	329	-	1,238	-
CFO Transition	-	-	1,867	-
Discrete Tax Provisions	-	2,953	3,073	2,953
Adjusted Net Income	<u>\$ 6,879</u>	<u>\$ 5,571</u>	<u>\$ 26,653</u>	<u>\$ 27,001</u>
GAAP Diluted income per common share	\$ 0.17	\$ 0.12	\$ 0.70	\$ 1.62
Adjusting items, per diluted common share:				
Pension gain	-	-	-	(0.33)
Restructuring & realignment	0.21	-	0.41	-
Asset Impairment	0.01	-	0.13	-
Estimated reserve for excess inventory	-	-	0.03	-
Transaction and integration costs	0.02	0.02	0.02	0.09
Spin related costs	-	0.03	-	0.14
Consulting projects	0.02	-	0.08	-
CFO Transition	-	-	0.12	-
Discrete Tax Provisions	-	0.18	0.19	0.20
Adjusted earnings per diluted common share	<u>\$ 0.43</u>	<u>\$ 0.35</u>	<u>\$ 1.68</u>	<u>\$ 1.72</u>
Weighted-average shares outstanding (in thousands) Diluted	15,919	15,717	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 March 31, 2017					For the Three Months Ended March 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	\$ 41,605	\$ 26,651	\$ 19,089	\$ 4	\$ 87,349	\$ 33,934	\$ 25,314	\$ 16,921	\$ 90	\$ 76,259
Operating Income	\$ 8,411	\$ (59)	\$ (817)	\$ (2,814)	\$ 4,721	\$ 6,289	\$ (63)	\$ 3,068	\$ (2,498)	\$ 6,796
Adjusting items:										
Restructuring & realignment	624	1,803	2,830	(0)	5,257	-	-	-	-	-
Asset Impairment	13	153	54	-	220	-	-	-	-	-
Transaction and integration costs	431	-	-	-	431	-	487	-	-	487
Spin related costs	-	-	-	-	-	-	-	-	684	684
Consulting projects	96	50	336	27	509	-	-	-	-	-
Adjusted Operating Income	\$ 9,574	\$ 1,947	\$ 2,403	\$ (2,787)	\$ 11,138	\$ 6,289	\$ 424	\$ 3,068	\$ (1,814)	\$ 7,967
% of revenue	23.0%	7.3%	12.6%		12.8%	18.5%	1.7%	18.1%		10.4%

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

Reconciliation of Net Income to Adjusted EBITDA

(in thousands)	(unaudited)	
	For the Year Ended March 31,	
	<u>2017</u>	<u>2016</u>
GAAP Net Income	\$ 11,071	\$ 25,471
Adjusting items, net of tax:		
Pension gain	-	(5,213)
Restructuring & realignment	6,556	-
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	<u>3,073</u>	<u>2,953</u>
Adjusted Net Income	26,653	27,001
Interest	2,695	3,035
Taxes	14,014	15,062
Depreciation	7,857	7,032
Amortization	7,939	7,129
Adjusted EBITDA	<u>\$ 59,158</u>	<u>\$ 59,259</u>

Note: Numbers may not foot due to rounding



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Investor Presentation
