



Investor Presentation

February 2019

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 Adjusted Earnings Per Share, Adjusted Net Income 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.

A Diverse Portfolio



An Introduction to CSW Industrials (CSWI)

CSWI is a Diversified Industrial Growth Company with Well Established, Scalable Platforms and Domain Expertise Across Two Segments (Specialty Chemicals and Industrial Products)



Industrial Products

- Application Equipment (for Use with Our Specialty Chemicals)
- Architecturally Specified Building Products
- Controls
- Filtration
- Fire & Smoke Protection
- Specialty Mechanical Products
- Storage

Specialty Chemicals

- Adhesives/Solvents
- Anti-seize
- Caulks
- Cements
- Fire Stopping Sealants
- Friction & Heat Control
- Lubricity
- Pipe Thread Sealants

Broad, Yet Complimentary Portfolio of Leading Products That Provide Performance Optimizing Solutions

Strong Brand Recognition

Industry Focused

- HVAC
- Plumbing
- Rail
- Energy
- Industrial
- Mining
- Architecturally Specified Building Products
- Plus More...



Dedicated to Enhancing Shareholder Value

- Experienced Senior Leadership Team
- Strong, Flexible Balance Sheet
- Disciplined Capital Allocation Principles
- Strategic Acquisition Opportunities
- Core Values and Culture Designed to Maximize Performance
- Insider Ownership, Including an ESOP, at Over 7%

Market Cap ⁽¹⁾	LTM Revenue ⁽²⁾	LTM Adjusted Operating Income ⁽²⁾	LTM Adjusted Operating Income Margin ⁽²⁾
\$842.6 mm	\$342.1 mm	\$53.9 mm	15.8%

(1) Market capitalization data as of February 6, 2019

(2) Twelve months ended December 31, 2018 from continuing operations; see reconciliations of Non-GAAP measures later in this presentation

Capital Allocation

CSWI Is Committed to Maintaining a Strong Balance Sheet with Ample Liquidity Through Both Cash and Available Credit to Maximize Growth Opportunities, Both Organically and Inorganically.

- Capital Allocation Will Be Evaluated and Prioritized on a Risk-adjusted Returns Basis as Detailed Below:
 - Investment to Support Organic Growth Opportunities
 - Investment in Inorganic Growth Opportunities:
 - The Company Will Prioritize Accretive, Synergistic Acquisitions Within the Existing Business Units
 - The Company Will Also Consider Broader Strategic Opportunities, as Appropriate
 - Return of Excess Free Cash to Stockholders, as Appropriate, Through Opportunistic Share Repurchases and Dividends

CSWI Strategic Goals

Focus



Leverage



Invest



Drive



Utilize

Strategic End Markets That Yield Sustainable Growth

Expanding CSWI Market Share Through New Products & Cross Selling

Utilizing Best Practices & Improving Performance Across the Businesses

Leveraging Existing Distribution Channels & Product Portfolio

Organic Growth Opportunities

Process Improvements

Bolt-on Strategic Acquisitions

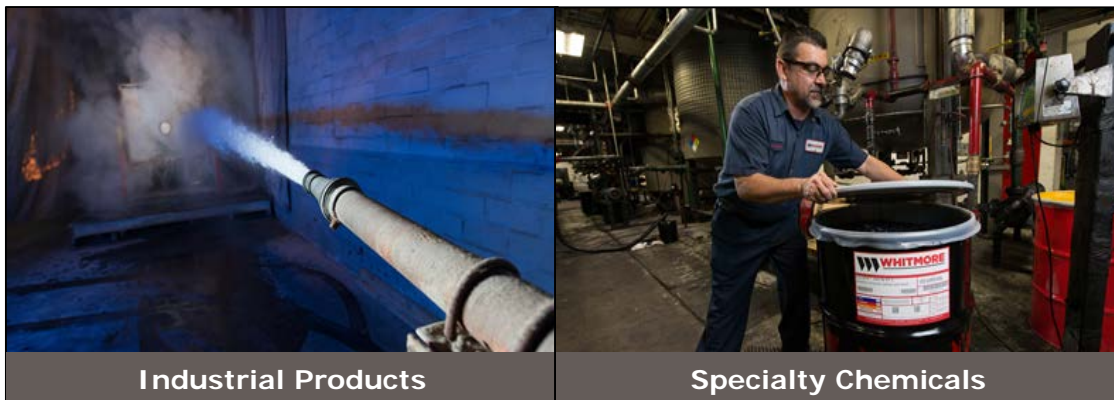
Earnings Growth at a Rate in Excess of Sales Growth

Our Strong Free Cash Flow and/or Third-party Financing to Fund Growth

Our Strong Free Cash Flow to Execute our Capital Allocation Policy

CSWI Key Growth Drivers





Two Business Segments:

Industrial Products

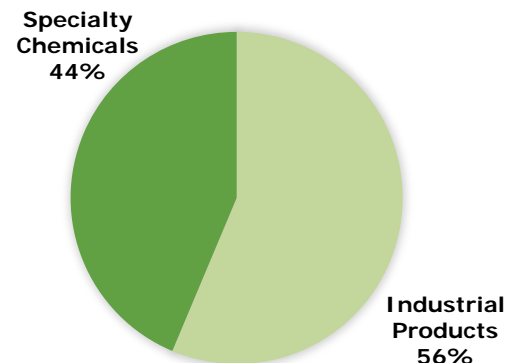
Specialty mechanical products, controls, fire & smoke protection, architecturally specified building products, storage, filtration & application equipment for use with our specialty chemicals

Specialty Chemicals

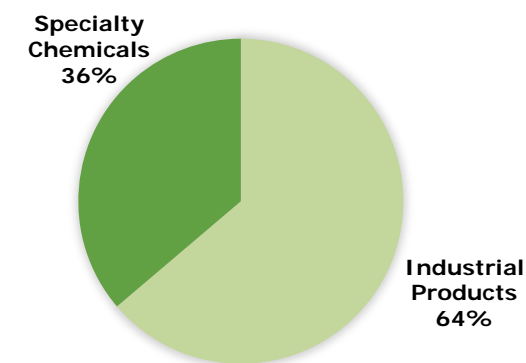
Consumables that enhance performance characteristics and reliability such as lubricity, anti-seize, friction and heat control, pipe thread sealants, fire stopping sealants, caulks and adhesives/solvents, & cements

Company at a Glance (Nasdaq: CSWI)

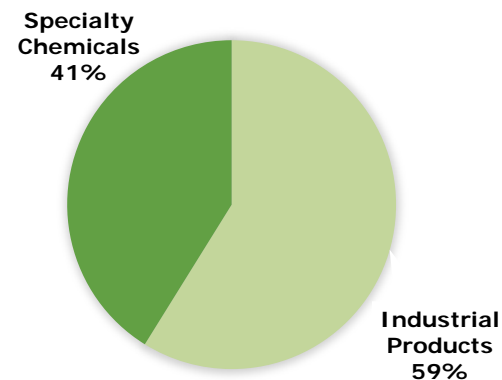
Q3 Fiscal 2019 Net Revenues:
\$77.5M⁽¹⁾



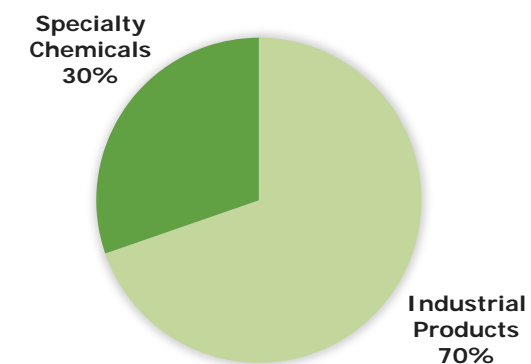
Q3 Fiscal 2019 Adj. Operating
Income: \$9.4M⁽¹⁾



Q3 YTD Fiscal 2019 Net
Revenues:
\$258.7M⁽¹⁾



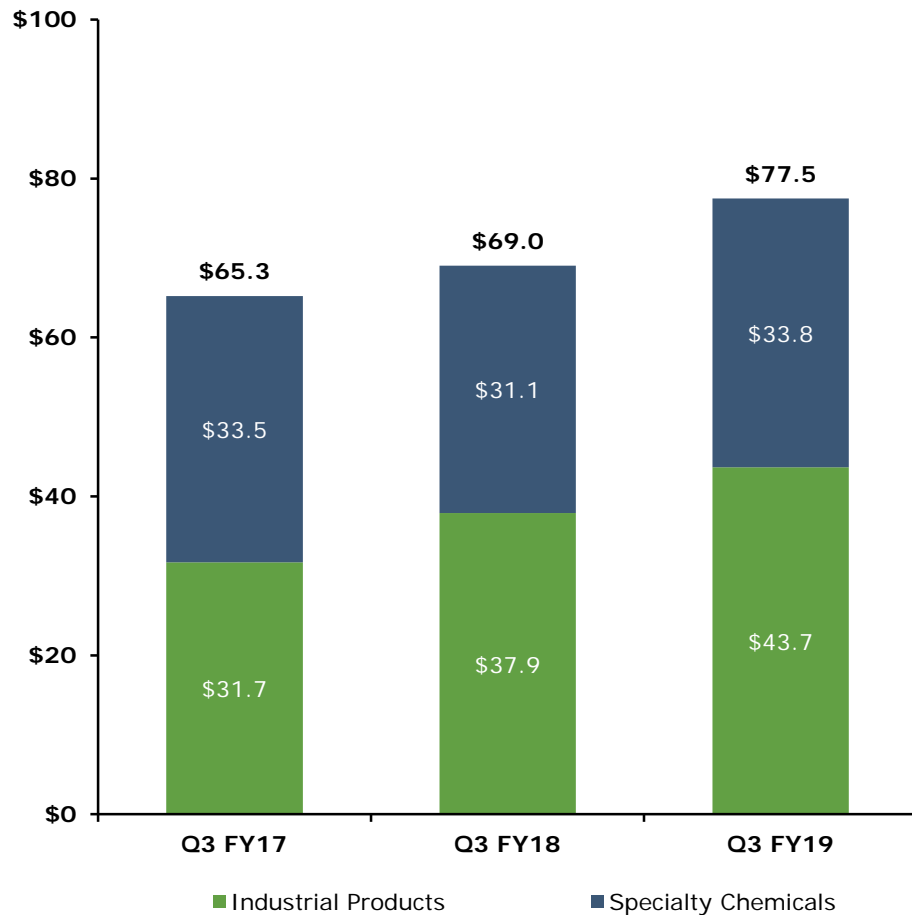
Q3 YTD Fiscal 2019 Adj.
Operating Income:
\$42.5M⁽¹⁾⁽²⁾



(1) Continuing Operations only
(2) Adjusted for gain on of property and other . See Appendix for adjustment reconciliation

Segments – Quarterly Net Revenues

Q3 FY19 Net Revenues (\$ Millions)



Continuing operations only

Q3 FY19 Highlights

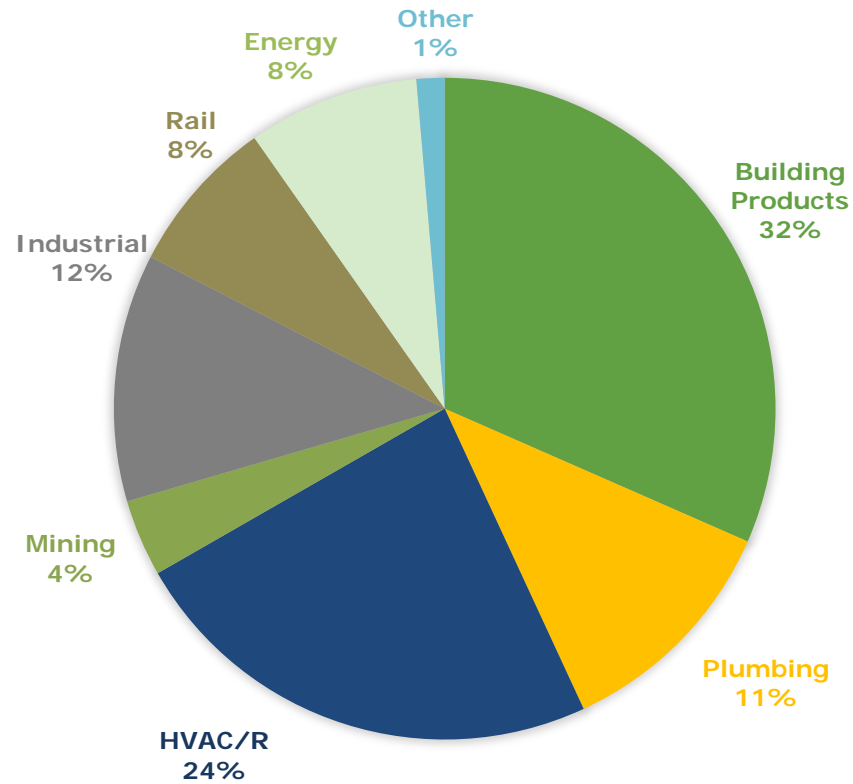
Overall Quarterly Net Sales Increased **12.2%** Year Over Year.

Industrial Products Net Revenues Increased **15.2%** Driven by Strong Organic Growth in HVAC, Plumbing and Building Products Sales.

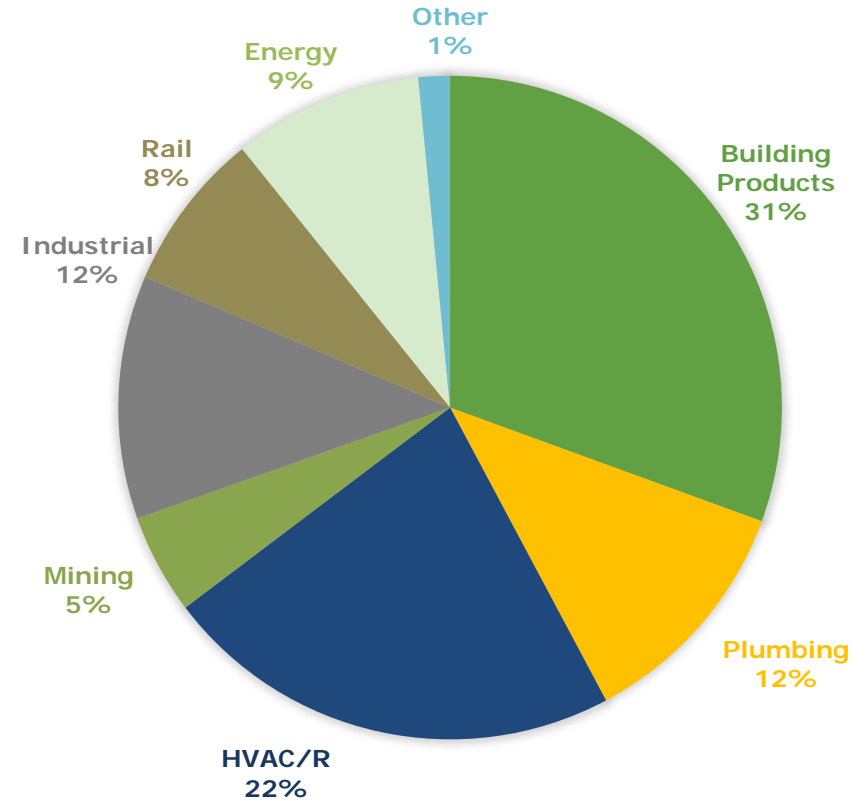
Specialty Chemicals Net Revenues Increased **8.7%**, Primarily Driven by General Industrial Market and Building Products.

Quarterly Sales by End Market

Q3 FY19

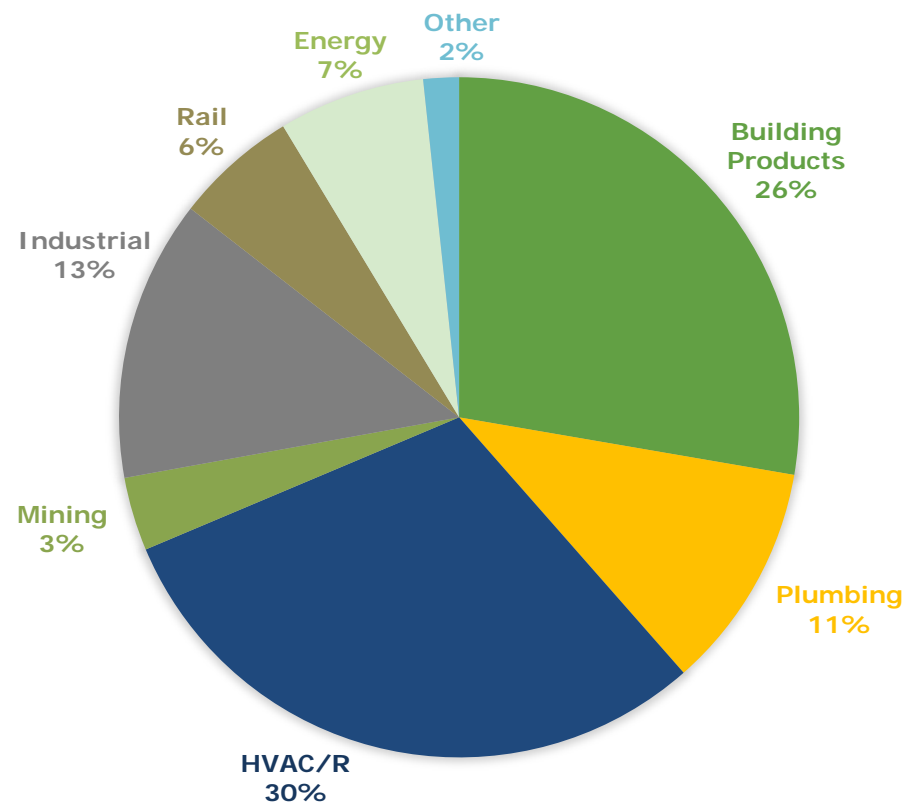


Q3 FY18

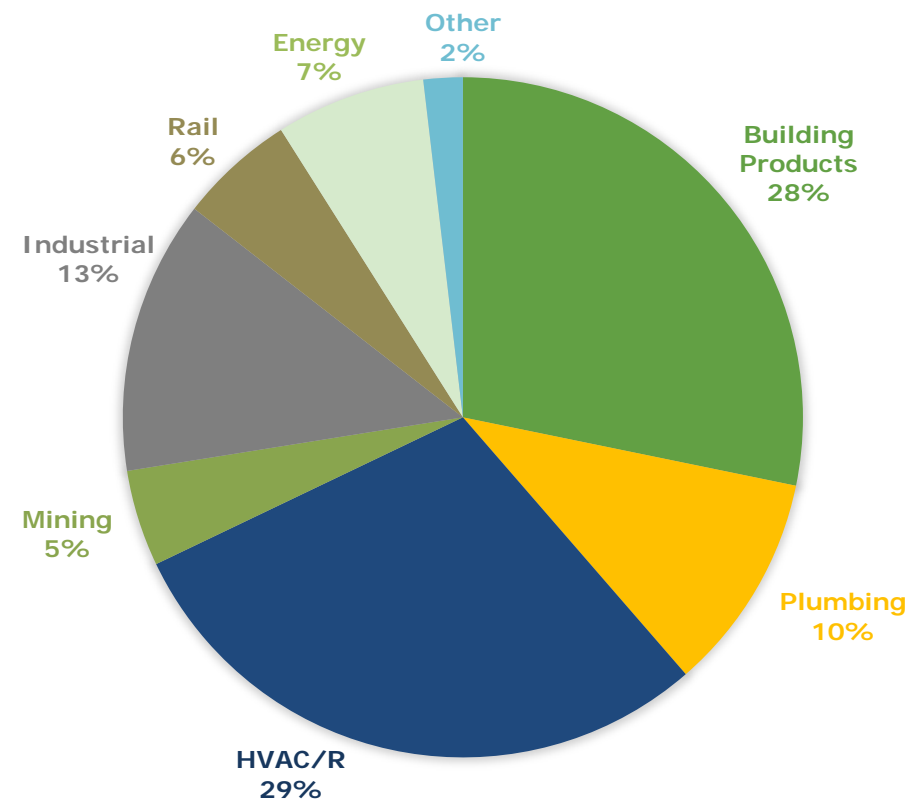


YTD Sales by End Market

Q3 YTD FY19

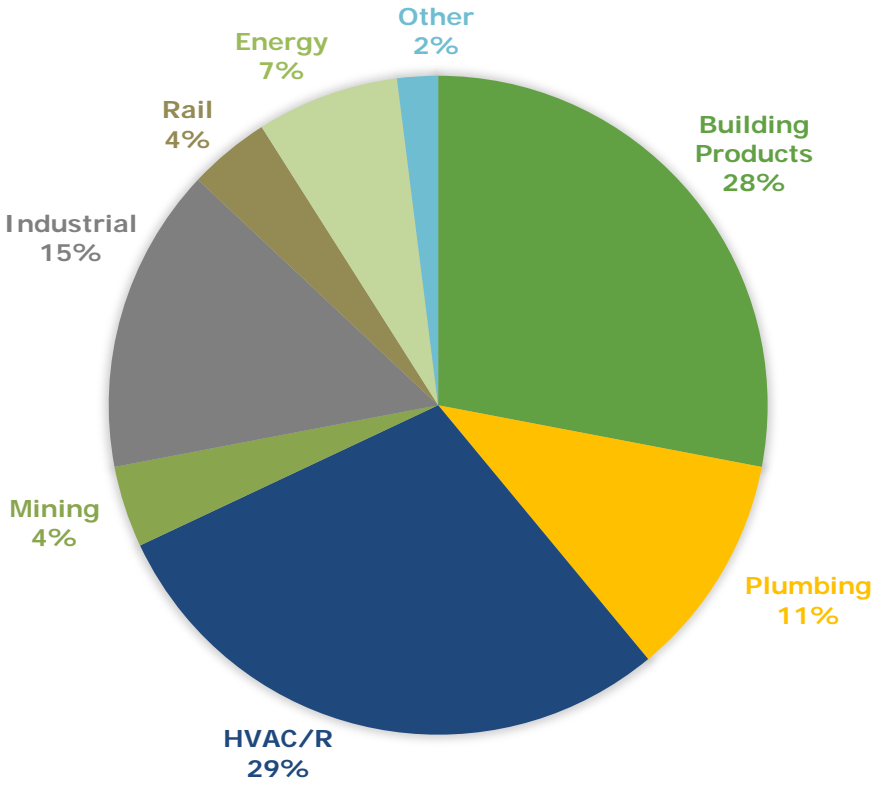


Q3 YTD FY18

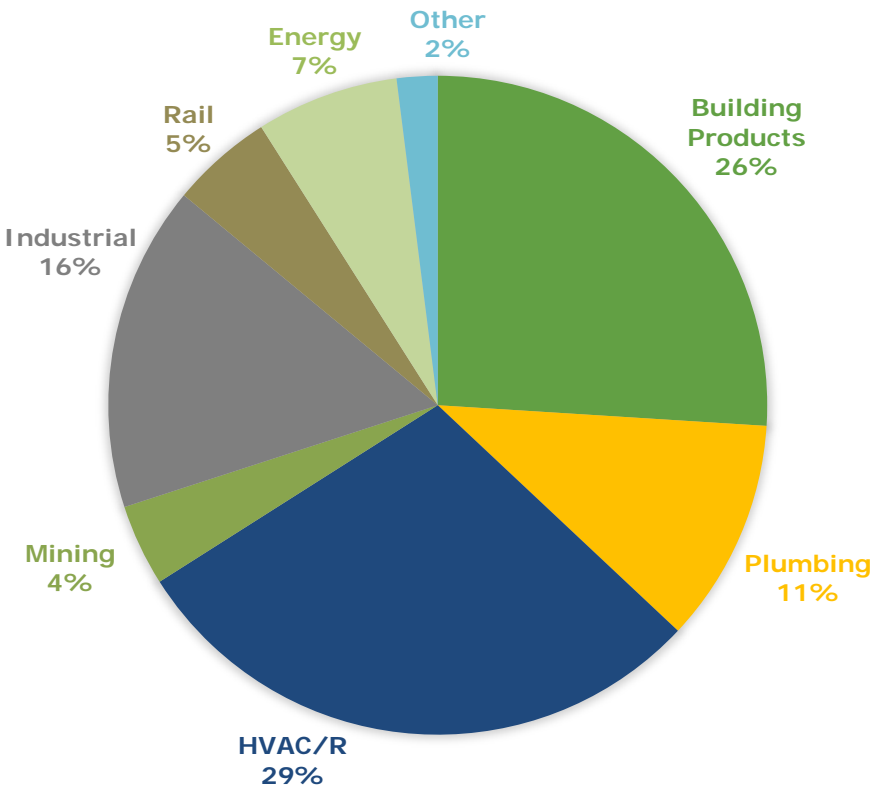


Full Year Sales by End Market

FY18

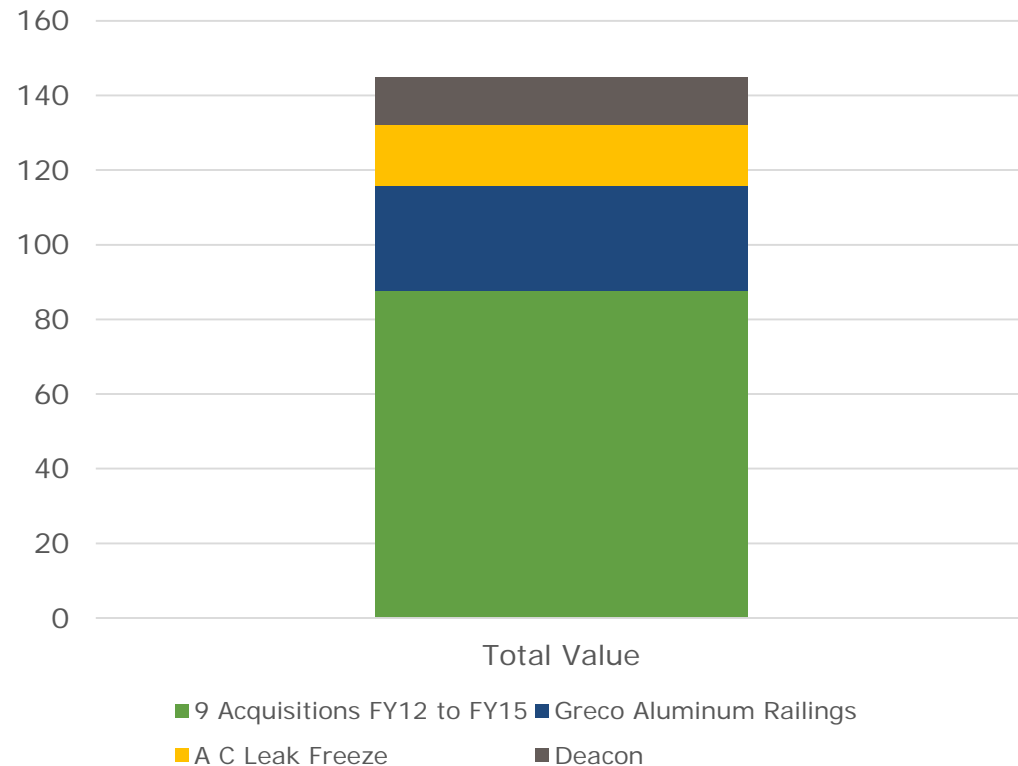


FY17



Focused Acquisitions

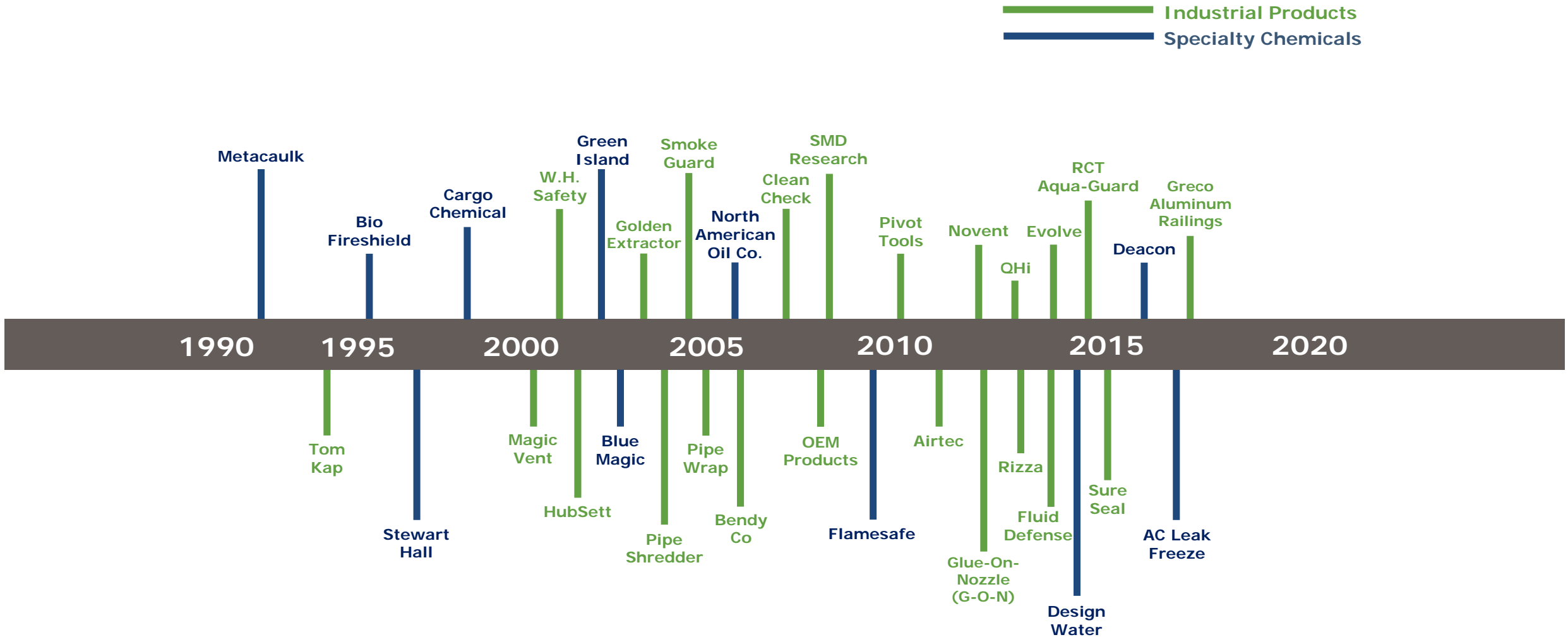
Capital Invested for Acquisitions (\$M)



Strategy & Execution Plan

- Identify and Execute Accretive, Bolt-on Acquisitions That Will Broaden and Complement Our Portfolio of Brands and Products.
- Optimize Costs in Strategic Acquisitions and Eliminate Most Non-manufacturing Related Costs in Product Line Acquisitions.
- Focus on Commercially Proven Products and Solutions That:
 - Are Attractive in Our Target End Markets
 - Currently Have Limited Distribution and Benefit from Our Channel to Market
- Utilize Strong Free Cash Flow or Third-party Financing to Fund These Acquisitions.
- Divest Non-strategic and Under-performing Businesses.

Acquisition History





Company Leadership & Culture

NASDAQ: CSWI

Executive Team

Our Senior Leadership Team Averages Over 25 Years of Experience in the Industrial Manufacturing & Specialty Chemicals Industries

Joe Armes

Chairman, CEO & President



Joe has served as the Company's Chairman of the Board of Directors & CEO since September 2015, & President since February 2018. Prior to the Company's September 2015 spin-off from Capital Southwest Corporation, a capital provider to middle market companies, Mr. Armes served as the CEO & President of Capital Southwest Corporation from June 2013 to September 2015.

Gregg Branning

Executive VP & CFO



Gregg has served as EVP & CFO since June 2016. From September 2012 to March 2016, he served as SVP, CFO & Secretary of Myers Industries, Inc., a polymer products manufacturer. From December 2008 to August 2012, he served as VP Finance & CFO for Thomson Industries, a subsidiary of Danaher Corporation.

Luke Alverson

Senior VP, General Counsel & Secretary



Luke has served as SVP, General Counsel & Secretary since February 2016. From May 2008 to February 2016, he held roles of increasing responsibility with Flowserve Corporation, a leading global manufacturer of fluid motion control products and provider of related services, serving most recently as VP, Corporate Legal Services & Assistant Secretary.

Business Segment Leadership

Don Sullivan
SVP & GM, Industrial Products



Craig Foster
SVP & GM, Specialty Chemicals



Portfolio Company



Industrial Brands



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

Accountability Teamwork Excellence Integrity
Respect Citizenship Stewardship



Financial Appendix

Reconciliation of Operating Income to Adjusted Operating Income

(in thousands)	(unaudited)			
	Quarter Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
GAAP Operating Income- Continuing Operations	\$ 9,421	\$ 7,940	\$ 44,369	\$ 39,163
Adjusting items:				
Restructuring & realignment	-	-	-	1,243
Gain on sale of property & other	-	-	(1,839)	-
M&A transaction costs	-	-	-	110
Adjusted Operating Income--Continuing Operations	<u>\$ 9,421</u>	<u>\$ 7,940</u>	<u>\$ 42,530</u>	<u>\$ 40,516</u>

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

(in thousands, except share data)	(unaudited)			
	Quarter Ended December 31,		Nine Months Ended December	
	2018	2017	2018	2017
GAAP Net Income---Continuing Operations	\$ 5,997	\$ 2,635	\$ 32,427	\$ 22,072
Adjusting items, net of tax:				
Restructuring & realignment	-	-	-	808
Gain on sale of property & other	-	-	(1,361)	-
M&A transaction costs	-	-	-	71
Discrete Tax Provisions & Other	1,009	2,419	452	2,635
Adjusted Net Income---Continuing Operations	<u>\$ 7,006</u>	<u>\$ 5,054</u>	<u>\$ 31,518</u>	<u>\$ 25,586</u>
GAAP Diluted income per common share, Continuing operations	\$ 0.39	\$ 0.17	\$ 2.07	\$ 1.41
Adjusting items, per diluted common share:				
Restructuring & realignment	-	-	-	0.06
Gain on sale of property & other	-	-	(0.08)	-
M&A transaction costs	-	-	-	0.01
Discrete Tax Provisions & Other	0.07	0.15	0.03	0.16
Adjusted earnings per diluted common share	<u>\$ 0.46</u>	<u>\$ 0.32</u>	<u>\$ 2.01</u>	<u>\$ 1.64</u>



Note: Numbers may not foot due to rounding

Q3 Reconciliation of Segment Operating Income to Adjusted Operating Income

(unaudited)

(in thousands, except percentages)

	For the Three Months Ended December 31, 2018				For the Three Months Ended December 31, 2017			
	Industrial Products	Specialty Chemicals	Corporate and Other	Consolidated Continuing Operations	Industrial Products	Specialty Chemicals	Corporate and Other	Consolidated Continuing Operations
Revenue	\$ 43,652	\$ 33,836	\$ -	\$ 77,488	\$ 37,906	\$ 31,129	\$ 1	\$ 69,036
Operating Income	\$ 8,059	\$ 4,574	\$ (3,212)	\$ 9,421	\$ 7,323	\$ 3,890	\$ (3,273)	\$ 7,940
No Adjusting items:								
Adjusted Operating Income	\$ 8,059	\$ 4,574	\$ (3,212)	\$ 9,421	\$ 7,323	\$ 3,890	\$ (3,273)	\$ 7,940
% of revenue	18.5%	13.5%		12.2%	19.3%	12.5%		11.5%

YTD Q3 Reconciliation of Segment Operating Income to Adjusted Operating Income

(in thousands, except percentages)	(unaudited)							
	Year to date December 31, 2018				Year to date December 31, 2017			
	Industrial Products	Specialty Chemicals	Corporate and Other	Consolidated Continuing Operations	Industrial Products	Specialty Chemicals	Corporate and Other	Consolidated Continuing Operations
Revenue	\$ 152,239	\$ 106,437	\$ 2	\$ 258,678	\$ 139,654	\$ 103,101	\$ 2	\$ 242,757
Operating Income	\$ 36,164	\$ 17,205	\$ (9,000)	\$ 44,369	\$ 33,285	\$ 14,670	\$ (8,792)	\$ 39,163
Adjusting items:								
Restructuring & realignment	-	-	-	-	367	876	-	1,243
Gain on sale of property & other	(253)	(1,586)	-	(1,839)	-	-	-	-
M&A transaction costs	-	-	-	-	110	-	-	110
Adjusted Operating Income	\$ 35,911	\$ 15,619	\$ (9,000)	\$ 42,530	\$ 33,762	\$ 15,546	\$ (8,792)	\$ 40,516
<i>% of revenue</i>	23.6%	14.7%		16.4%	24.2%	15.1%		16.7%

Trailing Twelve Months Ended Sept 30, 2018

Reconciliation of Op Income to Adj'd Op Income

(in thousands, except percentages)

	Trailing 12 months by quarters				
	Q4 A	Q1 A	Q2 A	Q3 A	T12M
Revenue	\$83,464	\$89,578	\$91,612	\$77,488	\$342,143
Operating Income	10,495	17,744	17,204	9,421	\$ 54,864
Adjusting items:					
Restructuring & realignment	154	-	-	-	\$ 154
Gain on sale of property & other	-	(1,839)	-	-	\$ (1,839)
Pension Lump Sum & Officer Transition Cos	712	-	-	-	\$ 712
Adjusted Operating Income	\$ 11,362	\$ 15,905	\$ 17,204	\$ 9,421	\$ 53,892
<i>% of revenue</i>	<i>13.6%</i>	<i>17.8%</i>	<i>18.8%</i>	<i>12.2%</i>	<i>15.8%</i>

CSW Industrials Products ...Uncommon Reliability



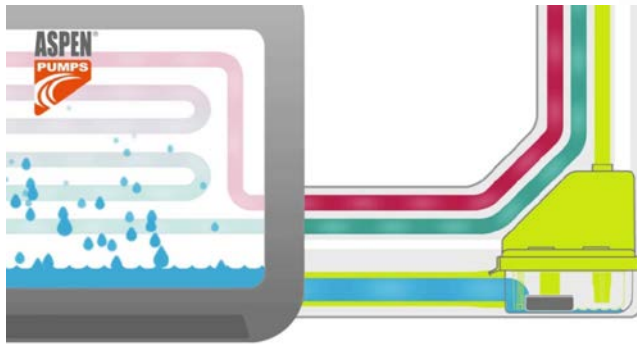
Architecturally Specified Building Products



Energy



HVAC/R



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



1. Evaporator



2. Condenser



3. Condensate pump



4. Condensate drain line



5. Wireless wall thermostats



6. Line set covers and fittings



7. Wall sleeve or seal



8. Equipment pads



9. Equipment risers



10. Equipment stand



11. Wall bracket



12. Refrigerant line



13. Electrical cable



14. Brass flare nuts and fittings



15. Locking refrigerant caps



16. Installation support bracket



17. Cleaning bib kit

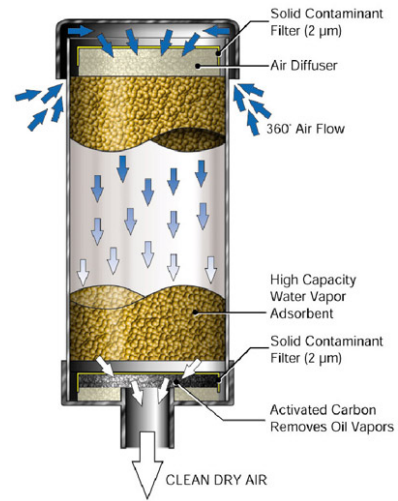


18. Coil and fan cleaners



RectorSeal has product in category

General Industrial



Mining






































Plumbing



Rail



CSWI Competitors

HVAC/R	Building Products	Industrial	Rail	Energy	Plumbing	Mining
						
						
						
						
						
						
						
						



CSW
INDUSTRIALS

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