



**CSW**  
INDUSTRIALS

---

Investor Presentation  
February 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

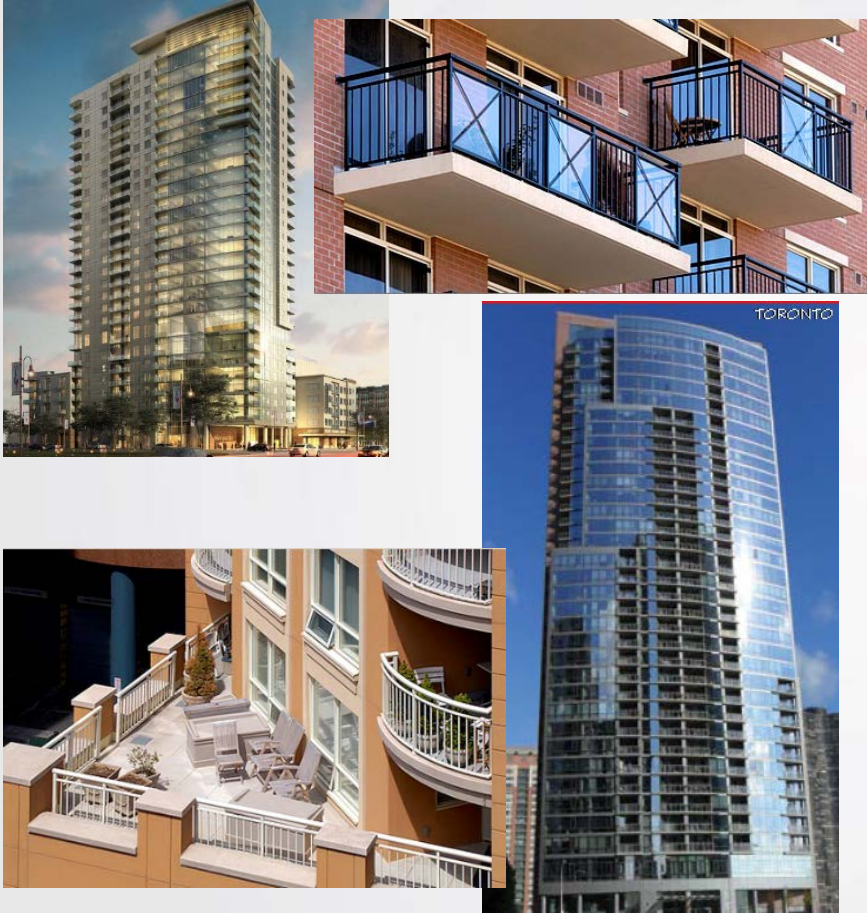


## Strategic Goals

- **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 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:
  - Revenue ~\$13.5 million
  - EBITDA ~\$3.75 million



# Company at a Glance (Nasdaq: CSWI)



Industrial Products



Specialty Chemicals

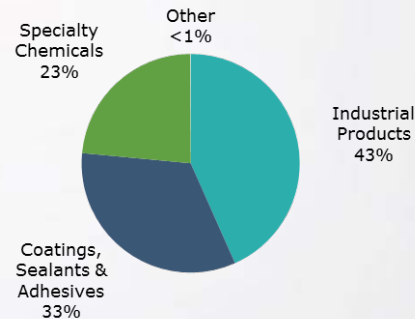


Coatings, Sealants & Adhesives

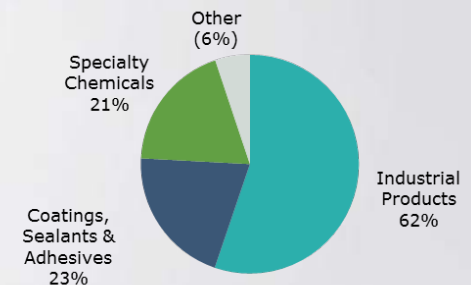
Three business segments:

- 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

2016 Net Revenues: \$319.8M



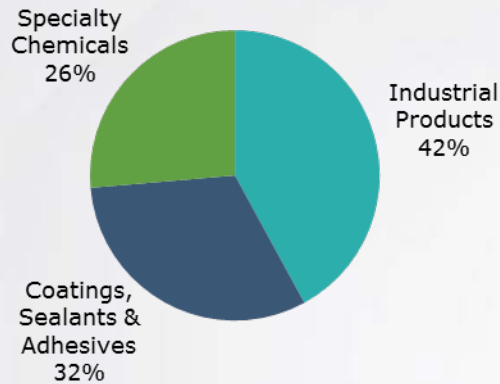
2016 Adj. Operating Income: \$45.3M<sup>(2)</sup>



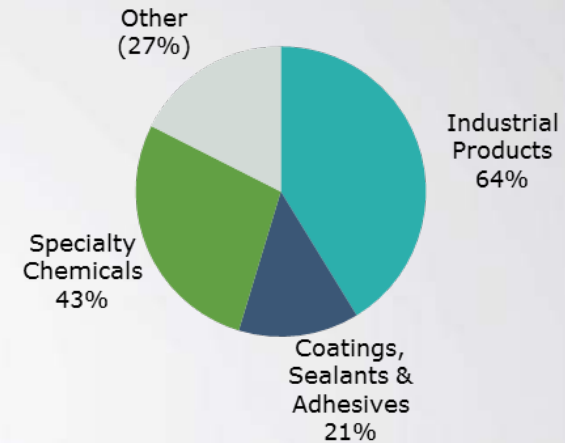
- (1) Includes (i) Rental income from CapStar, a real estate holding company; (ii) Eliminations; and (iii) Adjustments not captured at the segment level
- (2) Adjustments include pension curtailment gain, Strathmore transaction costs, Strathmore earn-out adjustment, Strathmore integration costs, Deacon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

# CSWI Business Segments

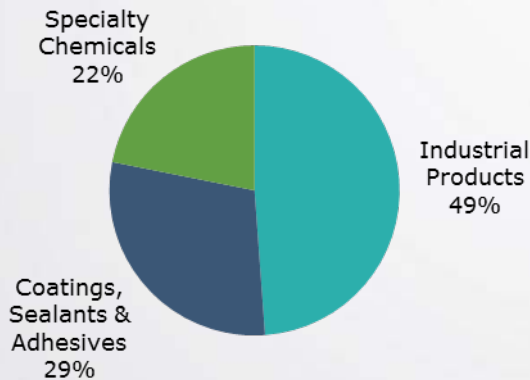
Q3 FY17 Net Revenues



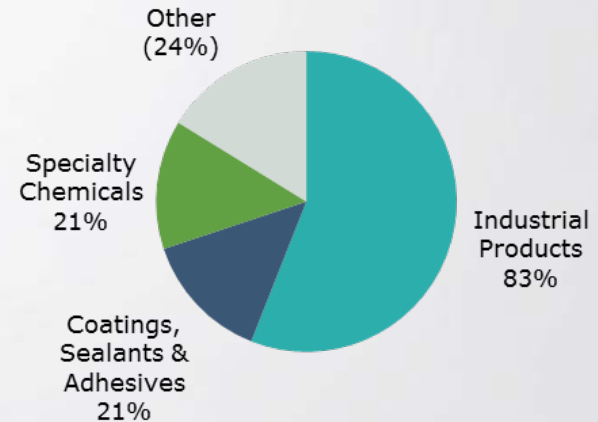
Q3 FY17 Adj. Operating Income



Q3 YTD17 Net Revenues



Q3 YTD17 Adj. Operating Income

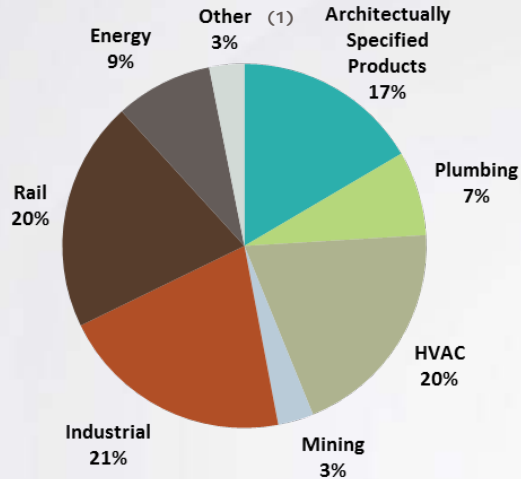


(1) See reconciliation of GAAP to Adjusted Operating Income in appendix

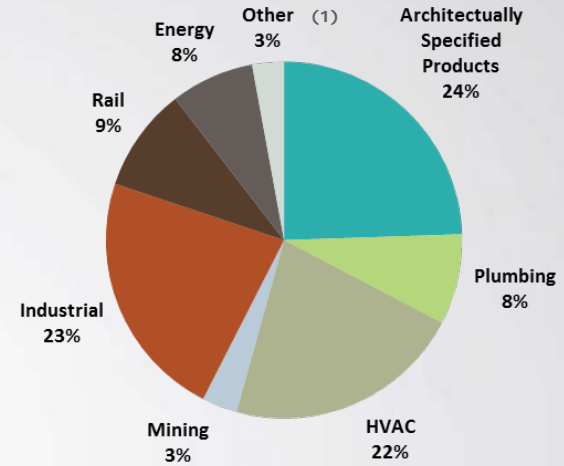


# Diverse End Markets and Products

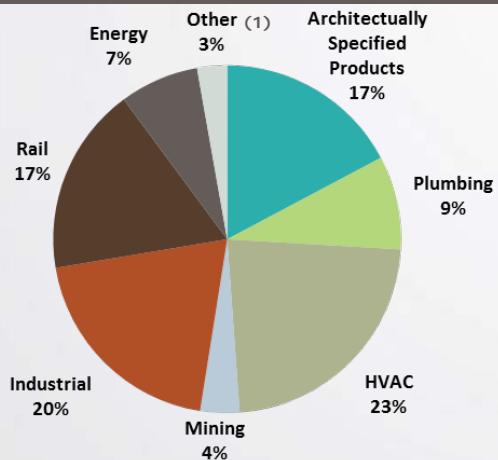
## Q3 FY16 Sales by End Market



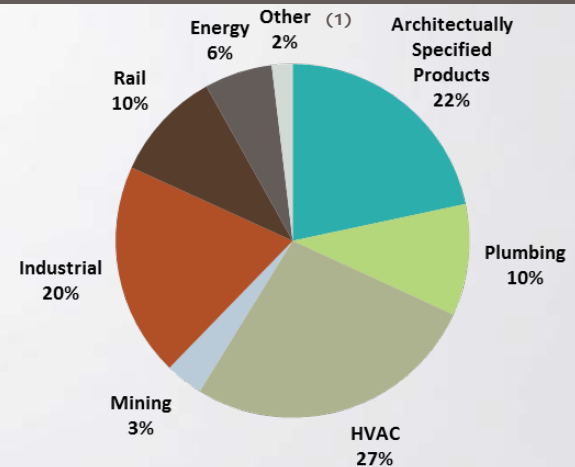
## Q3 FY17 Sales by End Market



## Q3 YTD16 Sales by End Market

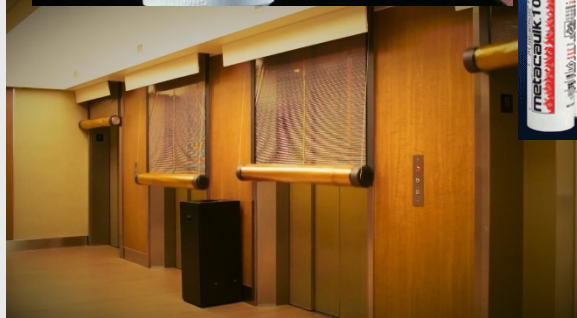
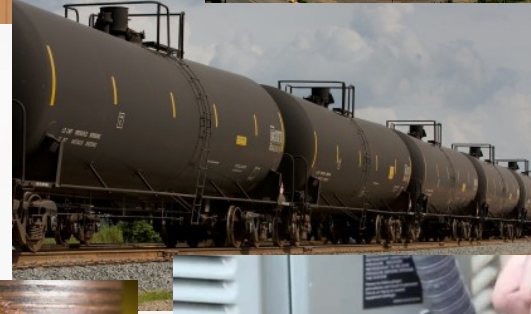
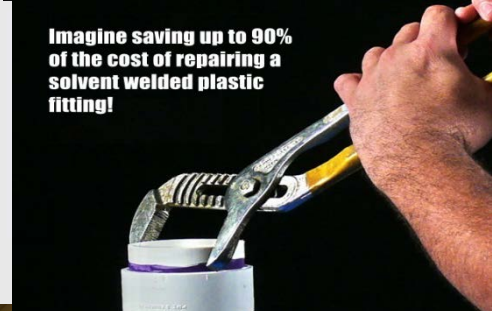


## Q3 YTD17 Sales by End Market

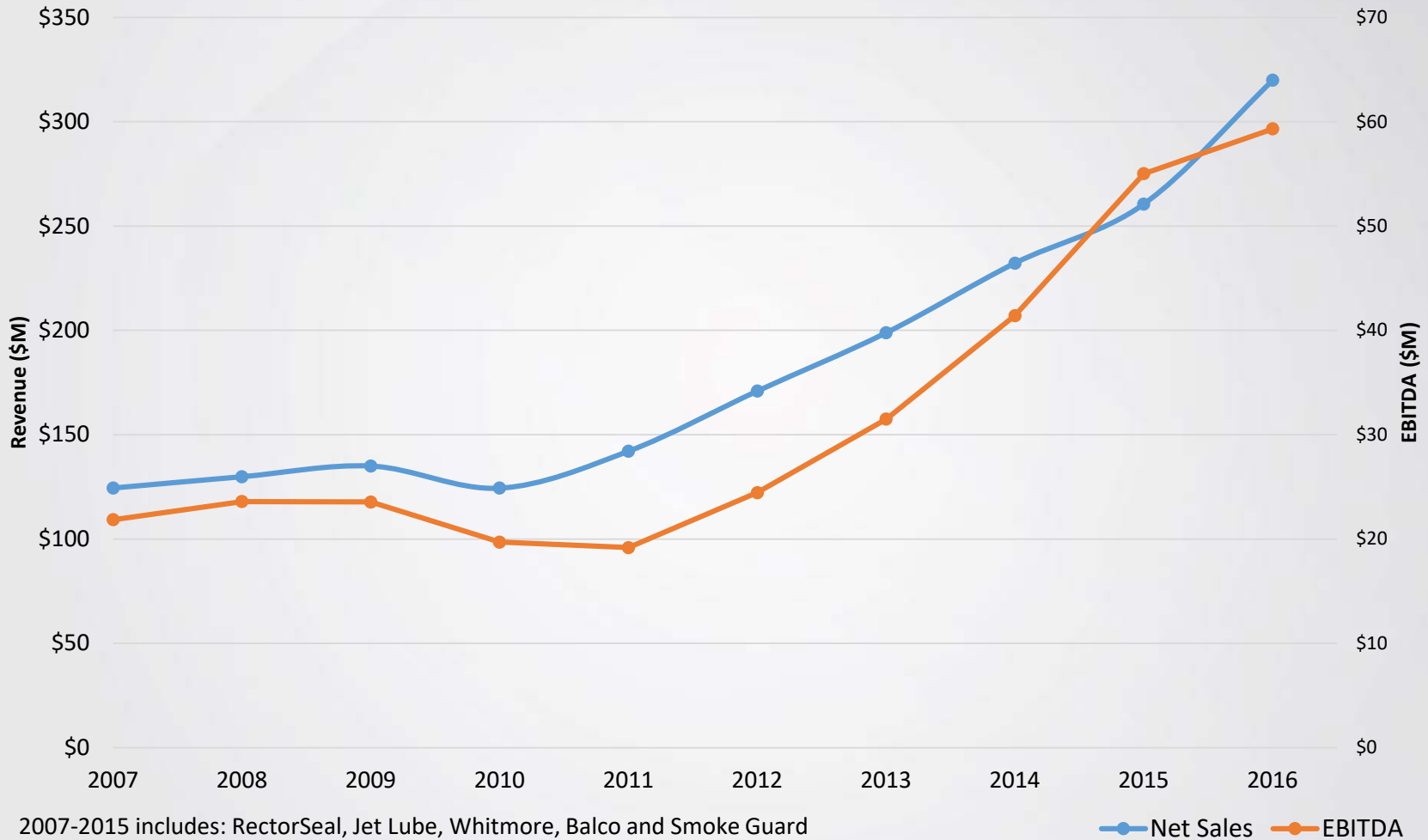


(1) Other end use markets include Water Well drilling, Power Generation, Marine

# CSWI Products – Delivering Solutions to Customers

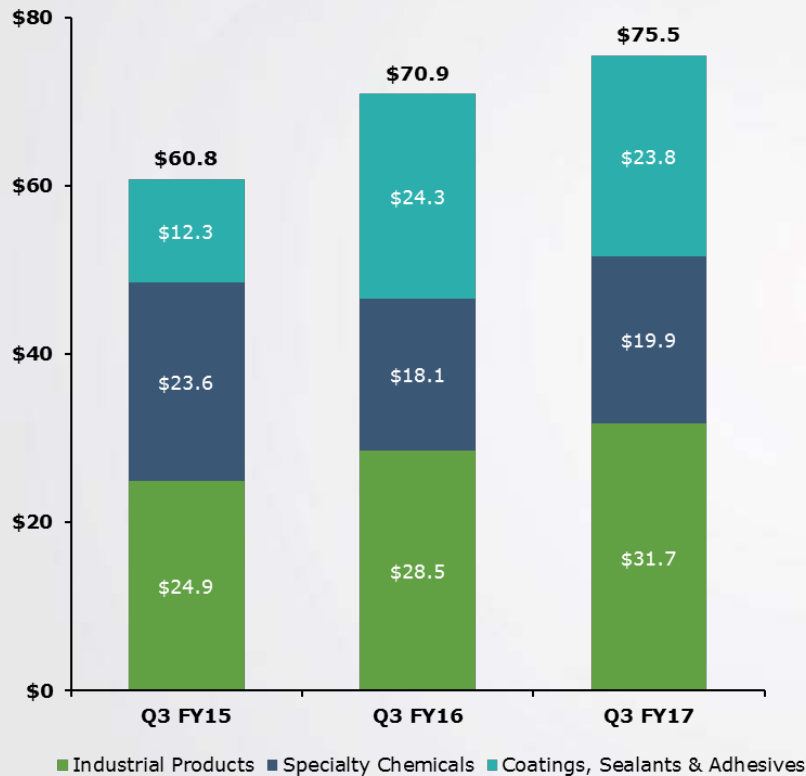


# Steady growth over the cycle



# Segments – Quarterly Net Revenues

## Q3 Net Revenues (\$ millions)



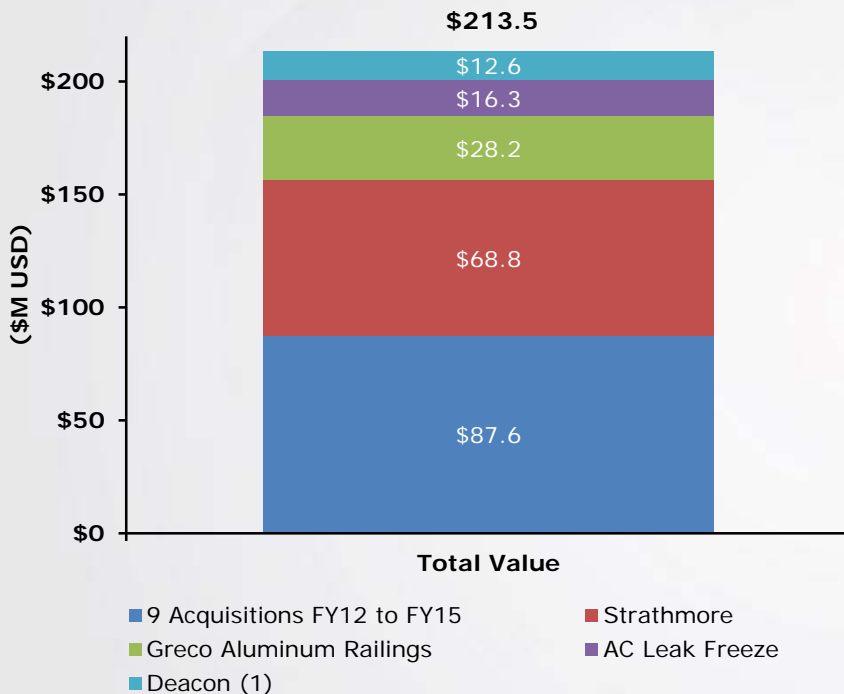
## Q3 FY17 Highlights

- Consolidated net sales increased 6.5% year over year. Organic net sales increased 6.2% year over year.
- **Industrial Products** net revenues increased 11% year over year driven by continued strength in HVAC and architecturally specified building products
- **Specialty Chemicals** net revenues increased 10% year over year primarily driven by \$1.5M backlog carryover from fiscal Q2 and inorganic growth
- **Coatings, Sealants & Adhesives** net revenue decreased 2% year over year due to continued softness in the rail end markets



# 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

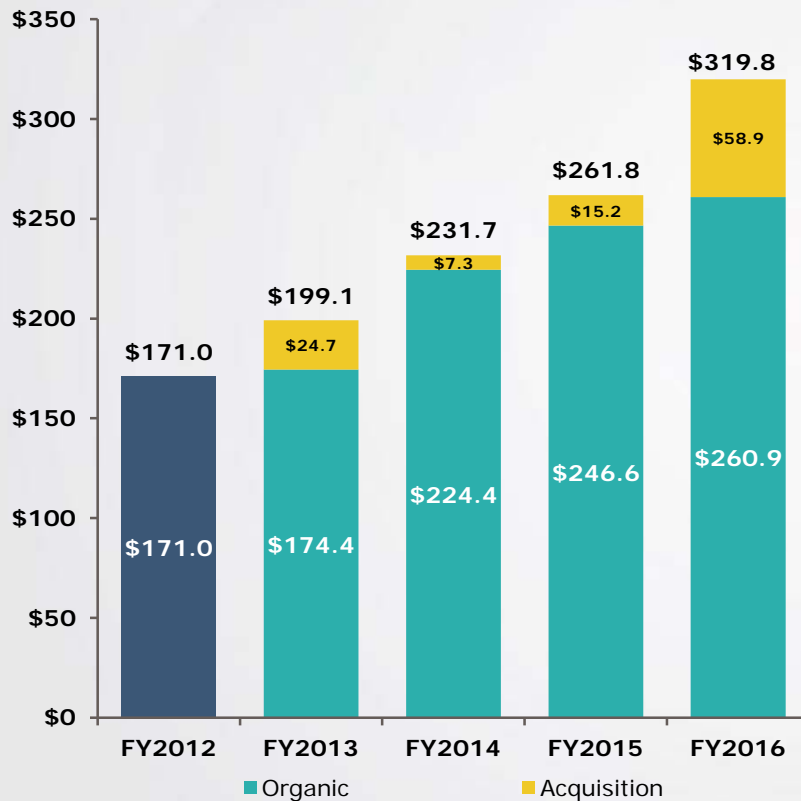
(1) Includes earn out consideration



# Organic & Acquisition Growth

## Net Revenues (\$ millions, %)

(\$ millions)

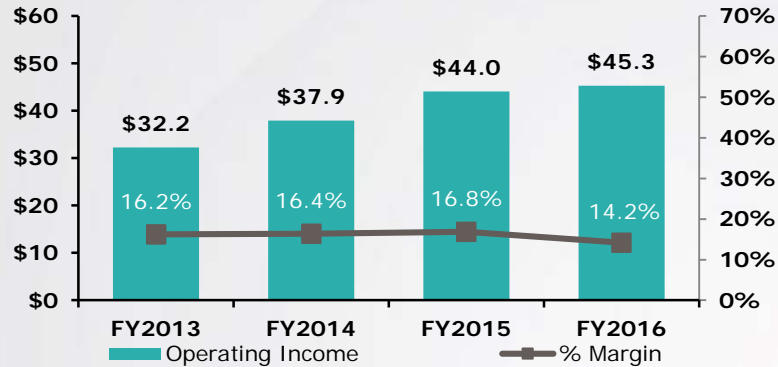


## Highlights

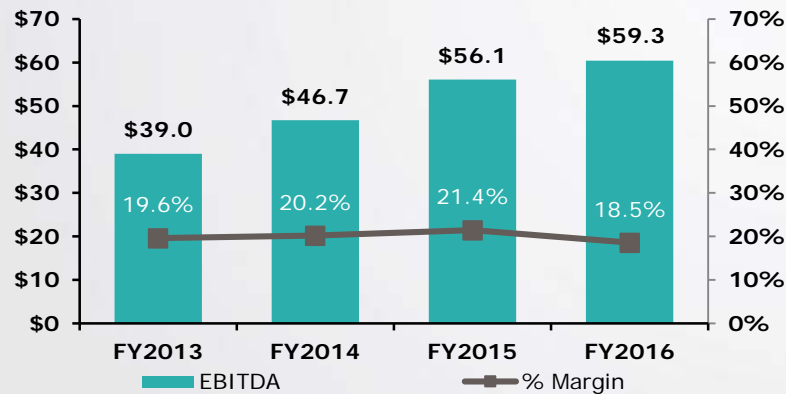
- Acquisitions contributed a combined \$58.9 million of revenue during FY16.
- 22.2% growth in FY16 compared to FY15
  - Organic revenue down 0.3%
  - Acquisitions grew revenue 22.5%
- Organic sales were down 0.3% compared to FY15
  - This was due to approximately 40% decrease in energy markets versus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

# Combined Financials - Margins

## Adj.<sup>(1)</sup> Operating Income (\$ millions, %)



## Adj.<sup>(1)</sup> EBITDA (\$ millions, %)



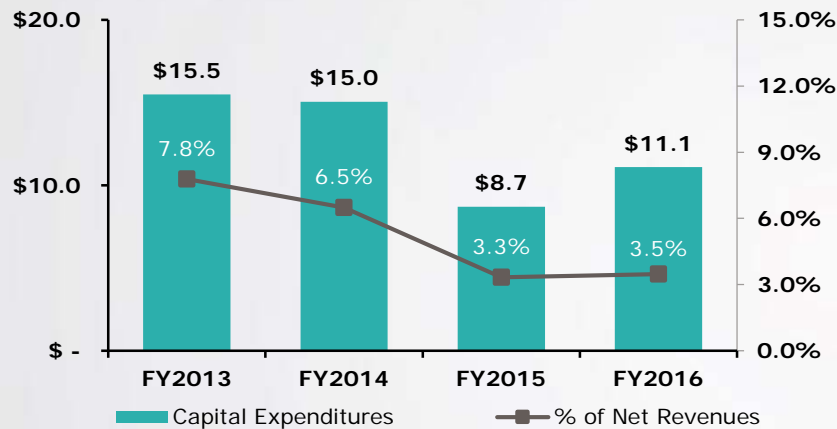
## Highlights

- 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

- 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)
  - Annual maintenance capital to net revenue ratio averaged ~2%

Disciplined investment in capital expenditures / Not capital intensive

# Strong Balance Sheet (as of December 31, 2016)

## Total Capitalization

(\$ millions)	Amount	EBITDA <sup>(1)</sup>
<b>Debt:</b>		
Current Portion of Long-Term Debt	0.6	0.0x
Long-Term Debt, Less Current Portion	46.3	0.8x
<b>Total Debt</b>	<b>\$46.9</b>	<b>0.8x</b>
<b>Total Stockholders' Equity</b>	<b>\$268.6</b>	
<b>Total Capitalization</b>	<b>\$315.5</b>	

## Indebtedness

(\$ millions)	Amount	EBITDA <sup>(1)</sup>
<b>Total Debt</b>	<b>\$46.9</b>	<b>0.8x</b>
Less: Cash and Cash Equivalents	(22.2)	
<b>Net Debt</b>	<b>\$24.7</b>	<b>0.4x</b>

## Highlights

- Strong balance sheet with ample liquidity
  - Syndicated \$250M Bank Revolver with \$50M accordion
  - Total debt capacity >\$300M

(1) See Appendix for EBITDA reconciliation

## 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

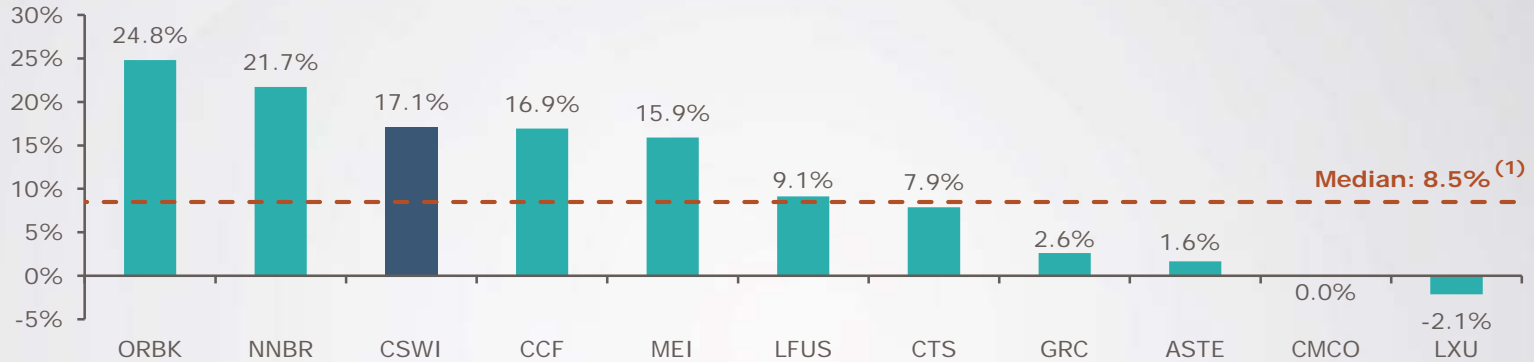


A large, solid green abstract shape on the left side of the page, resembling a stylized leaf or a curved wedge. It has a smooth, rounded top edge and a slightly pointed bottom edge.

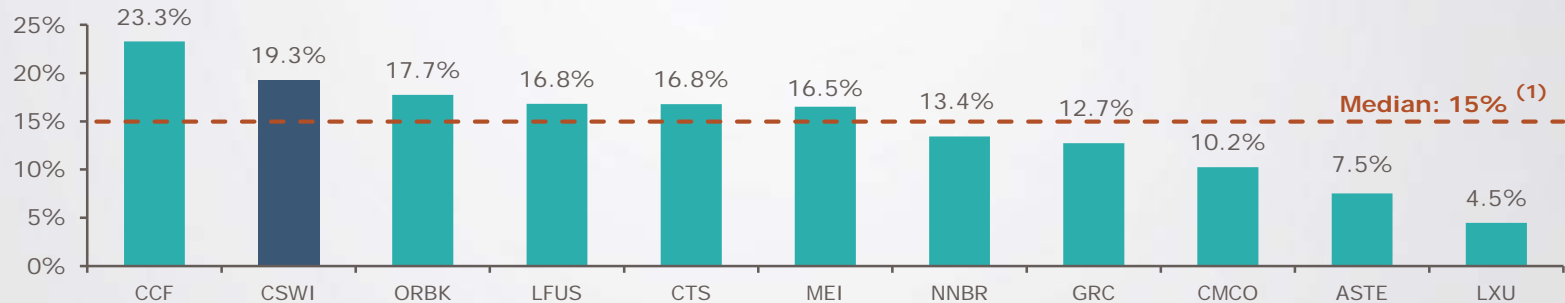
# Appendix

# CSWI vs. Industrial Goods Peers

## Three Year Revenue CAGR



## LTM EBITDA Margin

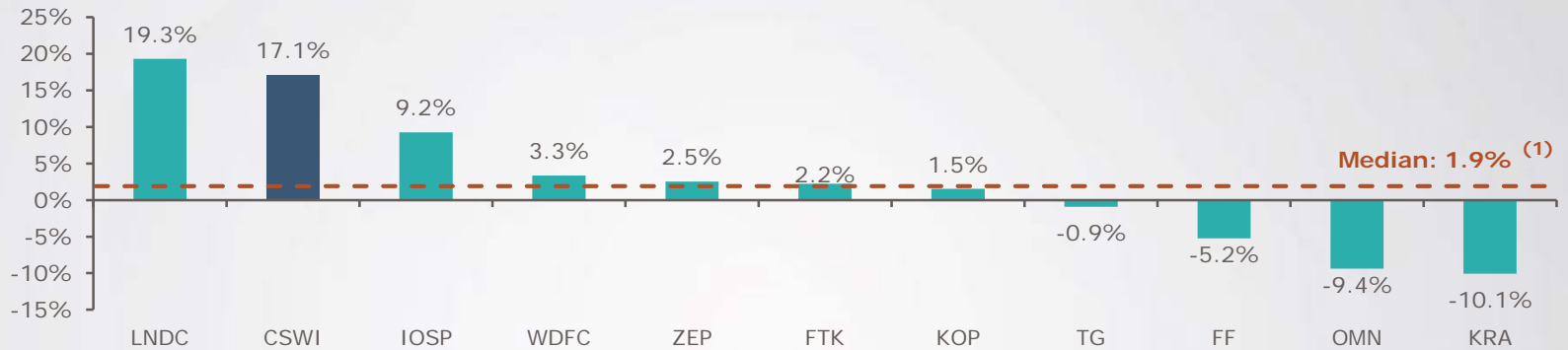


Note: CAGR and LTM are based on latest filing period. CSWI is March 31, 2016.

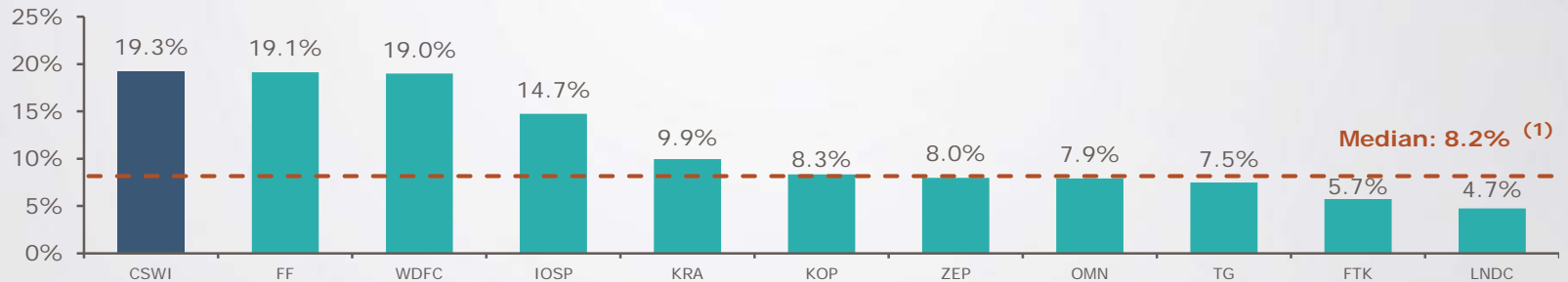
(1) Median excludes CSWI

# CSWI vs. Specialty Chemicals Peers

## Three Year Revenue CAGR



## LTM EBITDA Margin

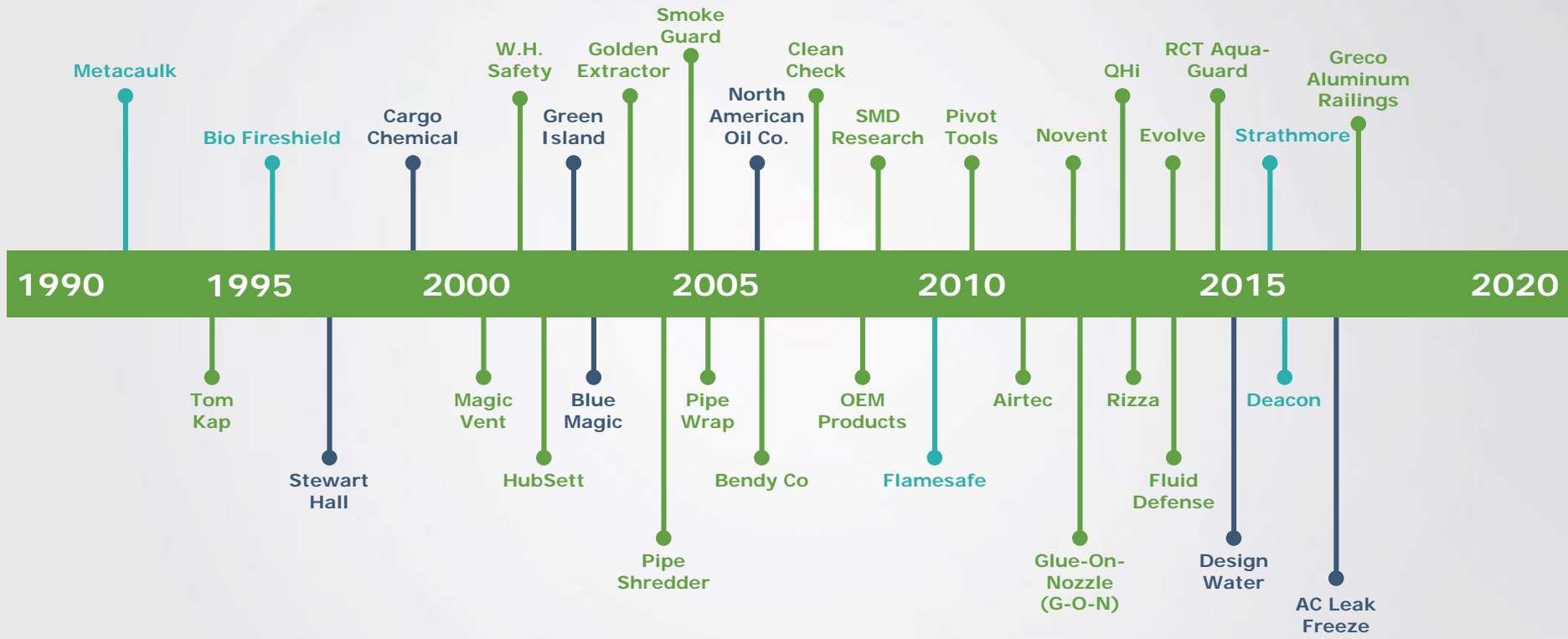


Note: CAGR and LTM are based on latest filing period. CSWI is March 31, 2016.

(1) Median excludes CSWI

# History of 34 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.**  
*Dean of The George Washington University School of Business*

**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

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)			
	For the Three Months Ended		For the Nine Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
GAAP Operating Income	\$ 3,381	\$ 5,623	\$ 17,759	\$ 40,690
Adjusting items:				
Pension gain	-	-	-	(8,020)
Restructuring & realignment	2,573	-	4,707	-
Asset Impairment	124	-	3,014	-
Estimated reserve for excess inventory	-	-	719	-
Transaction costs	-	(1,122)	-	1,641
Spin related costs	-	2,145	-	3,046
Consulting projects	482	-	1,394	-
CFO Transition	-	-	2,872	-
Adjusted Operating Income	\$ 6,560	\$ 6,646	\$ 30,465	\$ 37,357

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 Three Months Ended		For the Nine Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
GAAP Net Income	\$ 405	\$ 1,998	\$ 8,343	\$ 23,611
Adjusting items, net of tax:				
Pension gain	-	-	-	(5,213)
Restructuring & realignment	1,665	-	3,139	-
Asset Impairment	80	-	1,959	-
Estimated reserve for excess inventory	-	-	467	-
Transaction costs	-	(726)	-	1,062
Spin related costs	-	1,388	-	1,971
Consulting projects	312	-	906	-
CFO Transition	-	-	1,867	-
Discrete Tax Provisions	1,725	1,150	3,073	-
Adjusted Net Income	<u>\$ 4,187</u>	<u>\$ 3,810</u>	<u>\$ 19,754</u>	<u>\$ 21,431</u>
GAAP Diluted income per common share	\$ 0.03	\$ 0.13	\$ 0.53	\$ 1.51
Adjusting items, per diluted common share:				
Pension gain	-	-	-	(0.33)
Restructuring & realignment	0.10	-	0.20	-
Asset Impairment	0.01	-	0.12	-
Estimated reserve for excess inventory	-	-	0.03	-
Transaction costs	-	(0.05)	-	0.07
Spin related costs	-	0.09	-	0.12
Consulting projects	0.02	-	0.06	-
CFO Transition	-	-	0.12	-
Discrete Tax Provisions	0.10	0.07	0.19	-
Adjusted earnings per diluted common share	<u>\$ 0.26</u>	<u>\$ 0.24</u>	<u>\$ 1.25</u>	<u>\$ 1.37</u>

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 December 31, 2016					For the Three Months Ended December 31, 2015				
	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated
Revenue	\$ 31,715	\$ 23,847	\$ 19,890	\$ 44	\$ 75,496	\$ 28,498	\$ 24,301	\$ 18,075	\$ 44	\$ 70,918
Operating Income	\$ 3,978	\$ 813	\$ 541	\$ (1,951)	\$ 3,381	\$ 3,422	\$ 4,172	\$ 1,735	\$ (3,706)	\$ 5,623
Adjusting items:										
Restructuring & realignment	-	427	2,146	-	2,573	-	-	-	-	-
Asset Impairment	124	-	-	-	124	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	(1,630)	508	-	(1,122)
Spin related costs	-	-	-	-	-	-	-	-	2,145	2,145
Consulting projects	191	119	119	53	482	-	-	-	-	-
Adjusted Operating Income	\$ 4,293	\$ 1,359	\$ 2,806	\$ (1,898)	\$ 6,560	\$ 3,422	\$ 2,542	\$ 2,243	\$ (1,561)	\$ 6,646
% of revenue	13.5%	5.7%	14.1%		8.7%	12.0%	10.5%	12.4%		9.4%

Note: Numbers may not foot due to rounding

## Reconciliation of Segment Operating Income to Adjusted Operating Income

(in thousands, except percentages)

	(unaudited)									
	For the Nine Months Ended December 31, 2016					For the Nine Months Ended December 31, 2015				
	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated
Revenue	\$ 117,048	\$ 70,218	\$ 52,380	\$ 89	\$ 239,735	\$ 104,660	\$ 80,721	\$ 58,009	\$ 182	\$ 243,572
Operating Income	\$ 24,482	\$ 910	\$ 2,829	\$ (10,462)	\$ 17,759	\$ 24,786	\$ 10,974	\$ 9,422	\$ (4,492)	\$ 40,690
Adjusting items:										
Pension gain	-	-	-	-	-	(3,179)	(1,418)	(3,423)	-	(8,020)
Restructuring & realignment	-	1,956	2,751	-	4,707	-	-	-	-	-
Asset Impairment	214	2,800	-	-	3,014	-	-	-	-	-
Estimated reserve for excess inventory	17	279	423	-	719	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	1,133	508	-	1,641
Spin related costs	-	-	-	-	-	-	-	-	3,046	3,046
Consulting projects	275	264	201	654	1,394	-	-	-	-	-
CFO Transition	-	-	-	2,872	2,872	-	-	-	-	-
Adjusted Operating Income	\$ 24,988	\$ 6,209	\$ 6,204	\$ (6,936)	\$ 30,465	\$ 21,607	\$ 10,689	\$ 6,507	\$ (1,446)	\$ 37,357
% of revenue	21.3%	8.8%	11.8%		12.7%	20.6%	13.2%	11.2%		15.3%

Note: Numbers may not foot due to rounding

# Reconciliation of Net Income to Adjusted EBITDA

(\$ millions)	Q4 FY16	Q3 YTD17	LTM 12/31/2016
Net Income	\$1.9	\$8.3	\$10.2
Start-up Spin Costs	0.4		\$0.4
Strathmore Integration Costs	0.3		\$0.3
Discrete Tax Provisions	3.0	3.1	\$6.0
Asset Impairment		2.0	\$2.0
Realignment & Restructure		3.1	\$3.1
SOX Compliance			\$ -
CFO Transition		1.9	\$1.9
Consulting Projects		0.9	\$0.9
E&O Implement		0.5	\$0.5
<b>Adjusted Net Income</b>	<b>\$5.6</b>	<b>\$19.8</b>	<b>\$25.3</b>

	Q4 FY16	Q3 YTD17	LTM 12/31/2016
Interest	0.7	2.2	\$2.9
Taxes	1.6	10.4	\$12.0
Depreciation	2.0	6.1	\$8.1
Amortization	2.2	5.9	\$8.1
<b>Adjusted EBITDA</b>	<b>\$12.1</b>	<b>\$44.3</b>	<b>\$56.4</b>

Note: Numbers may not foot due to rounding

# Reconciliation of Segment Operating Inc to Adjusted Operating Income

(\$ 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	-	-
<b>Adjusted Operating Income</b>	<b>\$ 19.7</b>	<b>\$ 11.4</b>	<b>\$ 13.0</b>	<b>\$ (0.1)</b>	<b>\$ 44.0</b>	<b>\$ 27.9</b>	<b>\$ 10.4</b>	<b>\$ 9.6</b>	<b>\$ (2.6)</b>	<b>\$ 45.3</b>

(\$ millions)	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	-	-	-	-	-	-	-	-	-	-
<b>Adjusted Operating Income</b>	<b>\$ 10.9</b>	<b>\$ 7.7</b>	<b>\$ 13.4</b>	<b>\$ 0.2</b>	<b>\$ 32.2</b>	<b>\$ 12.6</b>	<b>\$ 9.4</b>	<b>\$ 15.9</b>	<b>\$ -</b>	<b>\$ 37.9</b>

(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



**CSW**  
INDUSTRIALS

---

## Investor Presentation

---