

Shell & Whitmore Reliability Solutions, LLC

Whitmore Manufacturing, LLC and Shell Lubricants Announce Agreement to form Rail and Mining-focused Joint Venture

January 22, 2021



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CSWI's Ongoing Commitment to Sustainable Growth

Whitmore and a subsidiary of Shell Oil Company's U.S. lubricants business announce agreement to form a 50/50 joint venture and an expanded commercial relationship

- **Shell & Whitmore Reliability Solutions:** the planned joint venture (JV) announced jointly today by Whitmore Manufacturing, LLC (Whitmore), a wholly-owned subsidiary of CSWI, and Pennzoil-Quaker State Company dba SPOUS Products (Shell), Shell Oil Company's subsidiary for the U.S. lubricants business
- **The JV intends to:**
 - ◇ Target the North America Class I, II, and III Rail and U.S. Mining sectors (JV Sectors¹)
 - ◇ Develop, manufacture, market, distribute, and sell lubricants, greases, coolants, reliability products, and related industrial physical services to the JV Sectors
- **Whitmore concurrently announces expansion of existing commercial relationship with Shell**
 - ◇ Expect to pursue incremental share of wallet and market share gains for specialty reliability products outside of the JV Sectors, as Whitmore intends to leverage Shell's distribution network in the Americas to enhanced offerings to new and existing distributors and customers
- **Planned actions are expected to be accretive for CSWI shareholders**
 - ◇ The formation of the JV is expected to be complete during the first half of 2021

Strategic Rationale



Accelerate organic growth by partnering with global lubricant leader, Shell



Focus remaining Whitmore on high-growth, select end markets



Increase manufacturing utilization at Whitmore's existing facility expected to result in operating efficiency and fixed cost leverage



Align with CSWI Capital Allocation Strategy

Shell & Whitmore Reliability Solutions: JV Value Proposition

Multi-sector expertise, advanced equipment technologies and services, and an integrated product portfolio uniquely positioned in the rail and mining end markets

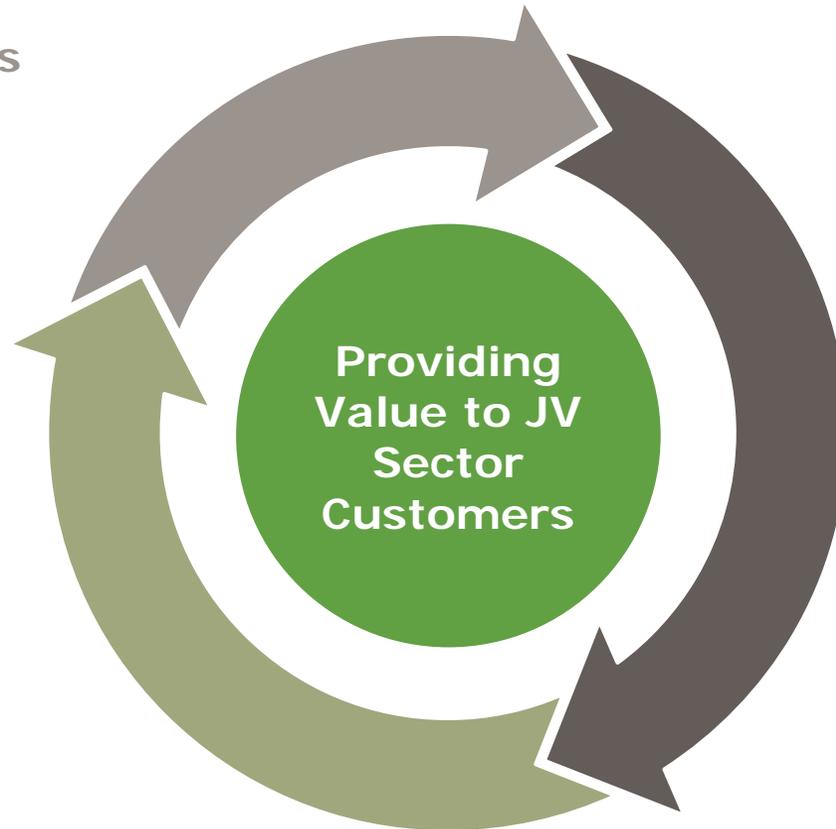
Positioning the JV for Future Expansion – Market Share Gains

As the well-established, incumbent service provider, the JV expects to *provide innovative solutions to an expanding portfolio of customers and distributors*

Maximizing Operational Benefits – Focus on Profitability

The JV's production assets will be located at, and benefit from, Whitmore's existing Rockwall, Texas facility

Existing facility footprint has capacity to accommodate increased production output demands



Consolidated, Comprehensive Product Portfolio – Increasing Share of Wallet

Complementary market positions:

Whitmore maintains a portfolio of high-value specialty lubricants, greases, and equipment, which protect customers' assets and enhance reliability

Shell offers a breadth of products, scale, and depth of channels to market

Significant and strategic market opportunities exist for Whitmore and Shell to leverage the capabilities and market positions of both organizations

Joint Venture Builds On Complementary Products and Services



MINING

Lubrication Management Systems
Desiccant Breathers
Open Gear Lubricants
Cam and Slide Lubricants
Extreme Pressure Greases

MINING

Multi-Purpose & Extreme Pressure Greases
Transmission & Hydraulic Fluids
Coolants
Engine Oils
Gear Oils

**Shell & Whitmore
Reliability Solutions**

RAIL

Top of Rail Friction Modifiers
Rail Curve Greases
Rail Grease Applicators
Rail Switch Lubricants

RAIL

Rolling Stock Greases
Rail Curve Greases
Rail Engine Oils
Rail Onboard Lubricants

CSWI Continues Commitment to Long-Term Shareholder Value

Through the JV and the expanded commercial relationship with Shell, CSWI expects to drive long-term growth in shareholder value

Allocating Capital to Accretive Growth

- CSWI initial's investment in the JV consists solely of existing assets
- Inorganic growth from JV is expected to be slightly accretive to CSWI's earnings in the first year of operations
 - ◇ Complementary market positions offer opportunities to achieve growth in excess of end markets served

Maximize Channels to Market and Increase Market Share

- Whitmore has been a partner with Shell since the early 2000s as a private label manufacturer for its global mining business
- Leveraging Shell's extensive distribution network in the Americas, increases the opportunity to sell Whitmore technologies through the Shell organization

Invest in Organic Growth

- Whitmore anticipates operational efficiency associated with incremental production volumes that utilize existing capacity
- Gradually migrate Shell grease production to JV-owned assets in Whitmore's Rockwall, TX facility for production consistency and utilization
- Seek raw-material cost savings through expanded purchasing power



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