



Investor Presentation

May 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 Chemical 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 & Head 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⁾
~\$965 mm	\$350.2 mm	\$58.6 mm	16.7%

(1) Market capitalization data as of May 23, 2019

(2) Twelve months ended March 31, 2019 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

CSWI Key Growth Drivers



Recent Acquisitions

CSWI is proud to announce two recent acquisitions. These acquisitions complement our industrial products portfolio and are expected to be strong additions that grow our customer base, product offerings and geographic presence.

Petersen Metals

- Acquired by Greco on April 2, 2019
- Manufacturer & installer of architectural metal products and railings
- Complement existing railing portfolio with diversified product offerings, customer base and geographic reach using existing sales channels of our Architecturally Specified Building Products businesses



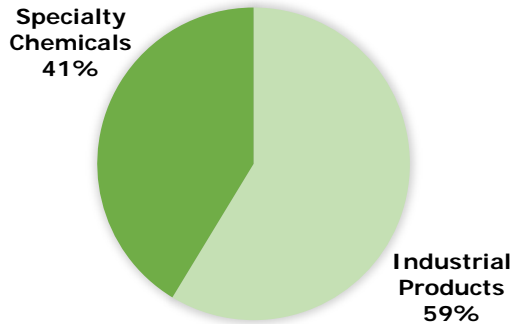
All-Access, MSD Research, Inc.

- Acquired by RectorSeal on January 31, 2019
- Developer of HVAC/R products
- Expands industrial products existing portfolio of A/C condensate switch products while utilizing RectorSeal's sales channel
- Enhanced product development opportunities

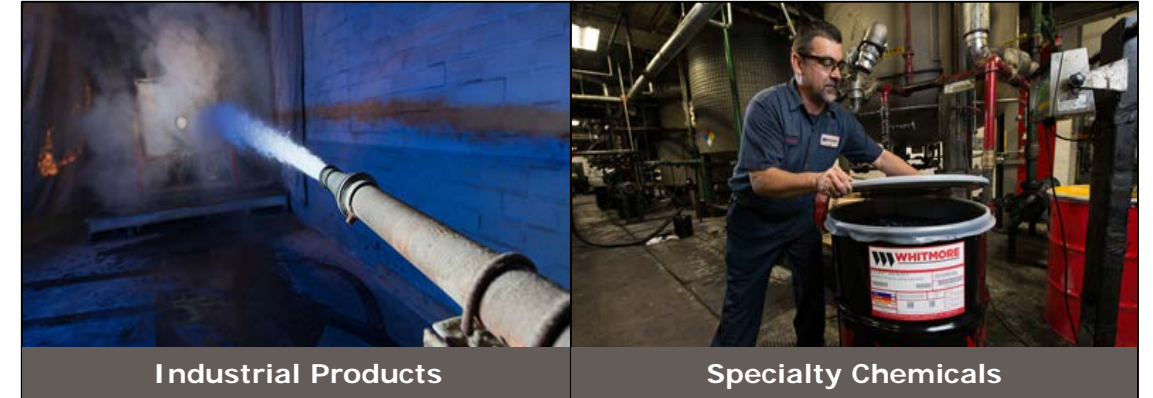
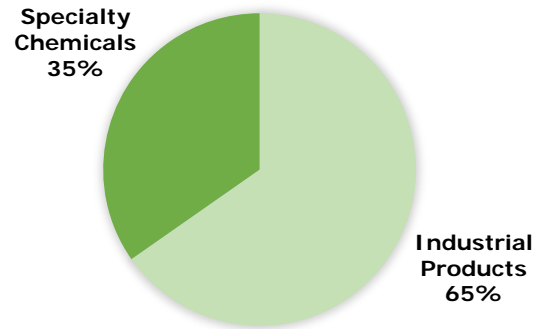


Company at a Glance (Nasdaq: CSWI)

Q4 Fiscal 2019 Net Revenues:
\$91.5M⁽¹⁾



Q4 Fiscal 2019 Adj. Operating
Income: \$16.1M⁽¹⁾



Two Business Segments:

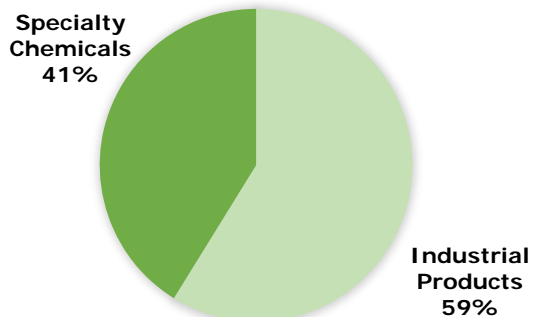
Industrial Products

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

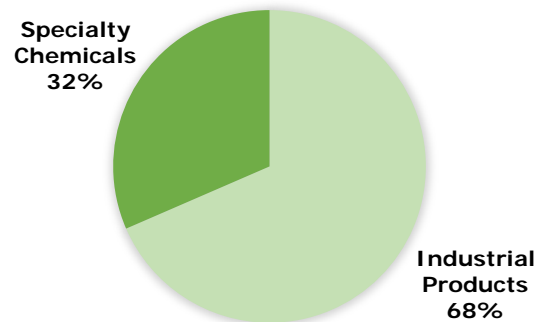
Specialty Chemicals

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

Fiscal 2019 Net Revenues:
\$350.2M⁽¹⁾



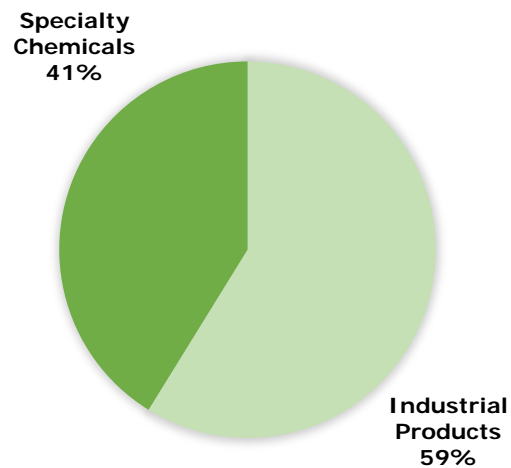
Fiscal 2019 Adj. Operating
Income: \$58.6M⁽¹⁾⁽²⁾



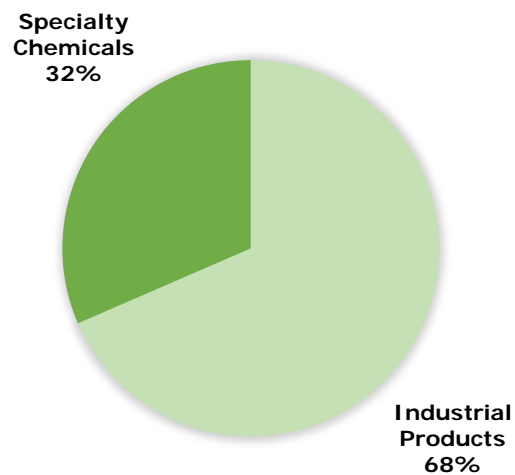
(1) Continuing Operations only
(2) See GAAP reconciliation tables in Appendix for adjustment details

CSWI Business Segments

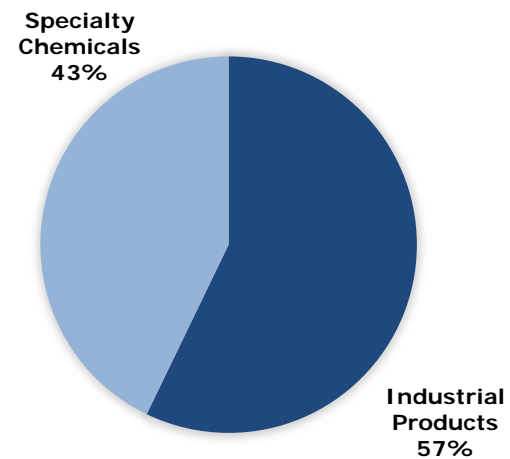
FY19 Net Revenues



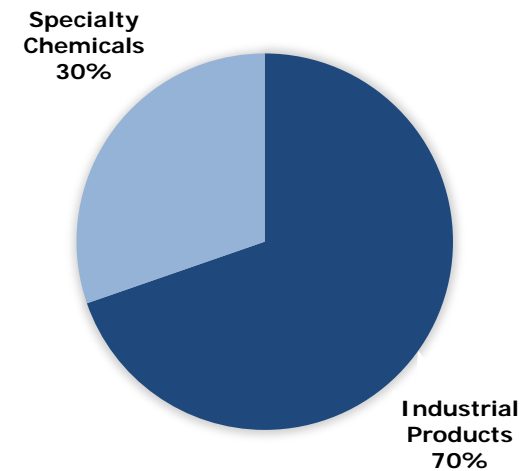
FY19 Adj. Operating Income



FY18 Net Revenues

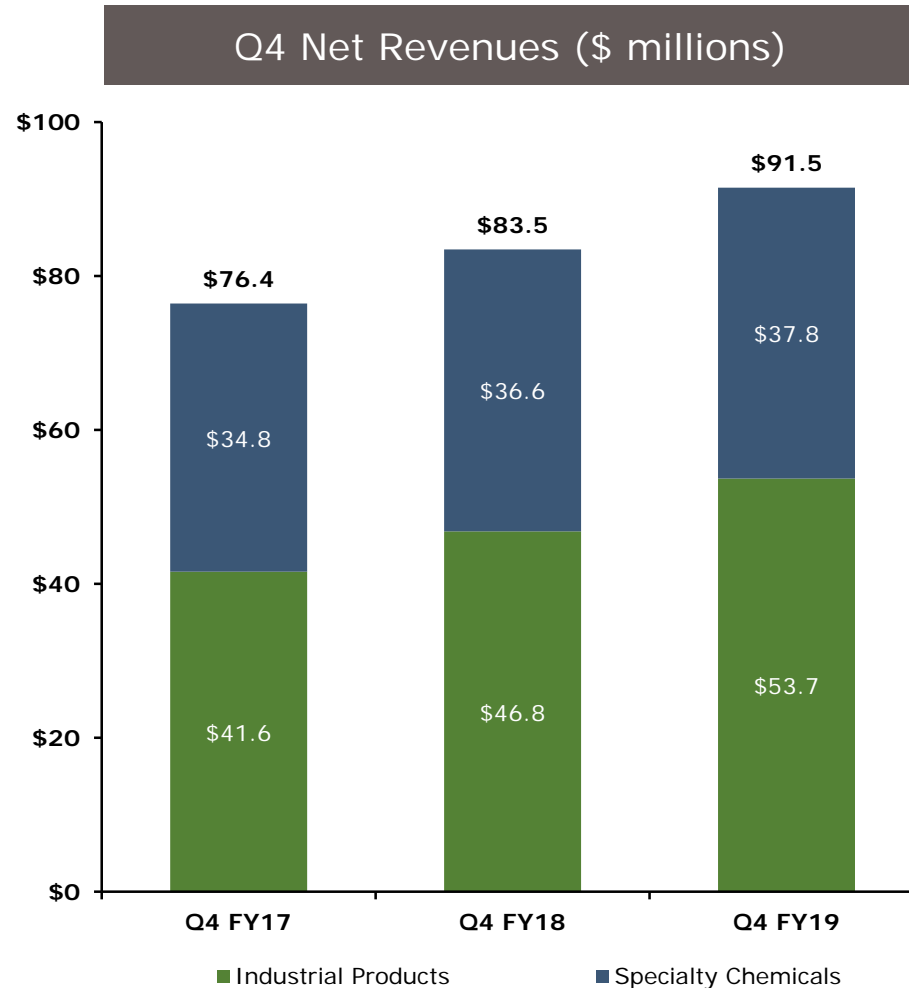


FY18 Adj. Operating Income



(1) Continuing operations only. See GAAP reconciliation tables in Appendix for adjustment details.

Segments – Quarterly Net Revenues



Q4 FY19 Highlights

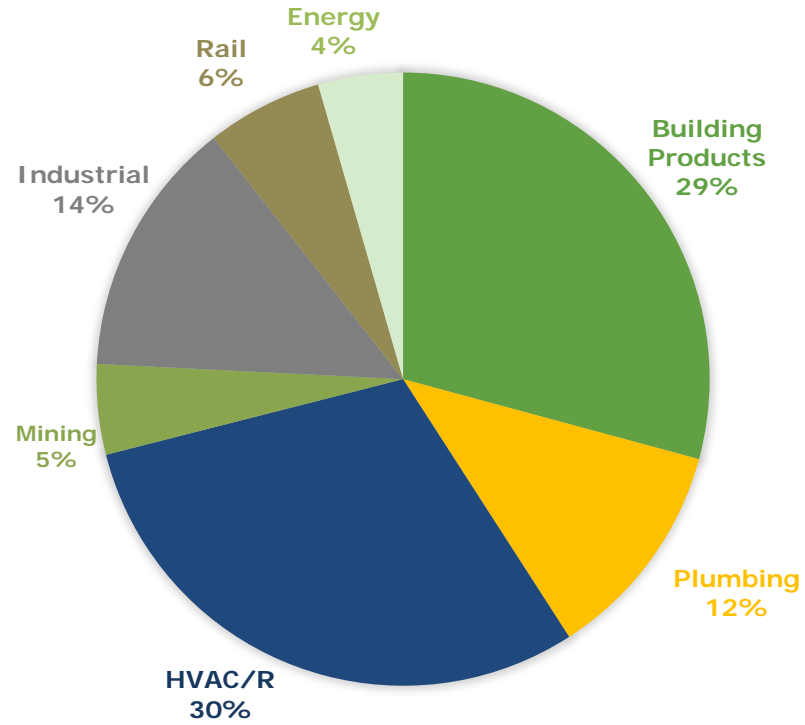
Overall quarterly net sales increased **9.6%** year over year

Industrial Products net revenues increased **14.7%** driven by building products +20.0% and HVAC/R +7.5%

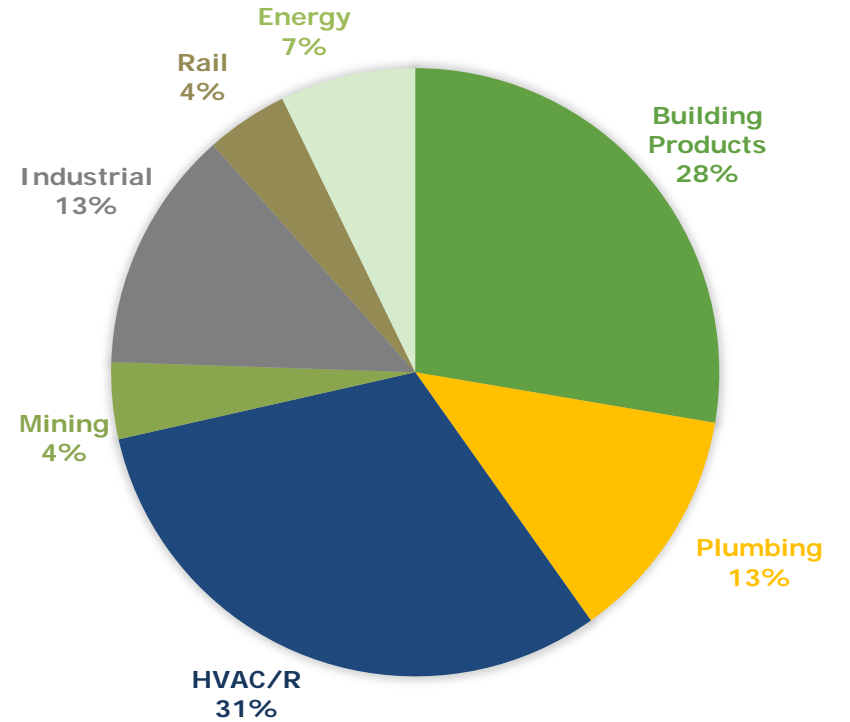
Specialty Chemicals net revenues increased **3.1%** primarily driven by rail +128.0% and mining +30.2%

Quarterly Sales by End Market

Q4 FY19

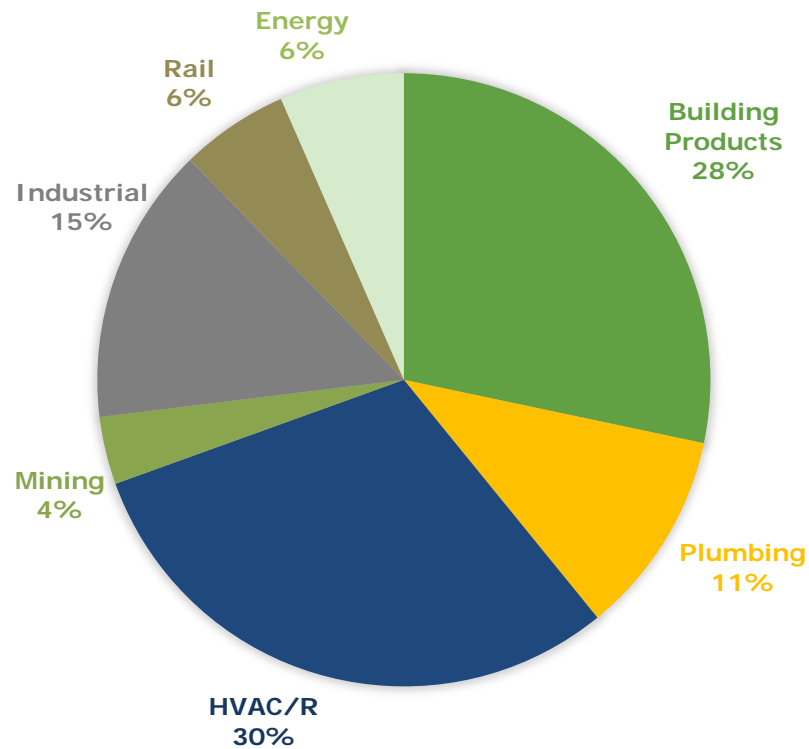


Q4 FY18

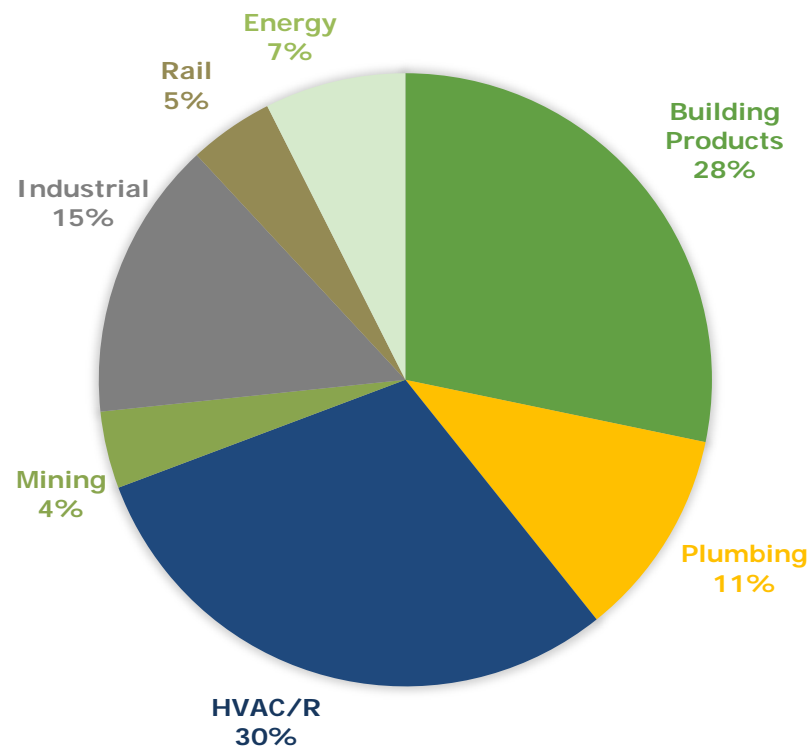


YTD Sales by End Market

FY19

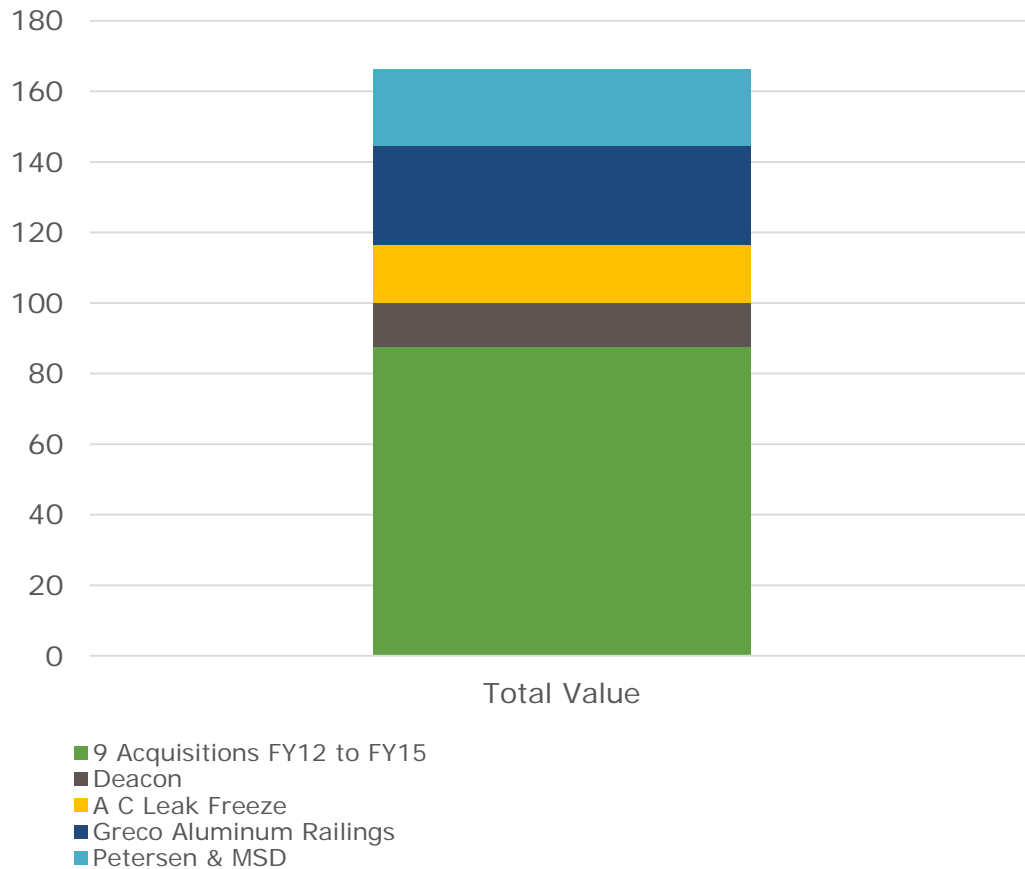


FY18



Focused Acquisitions

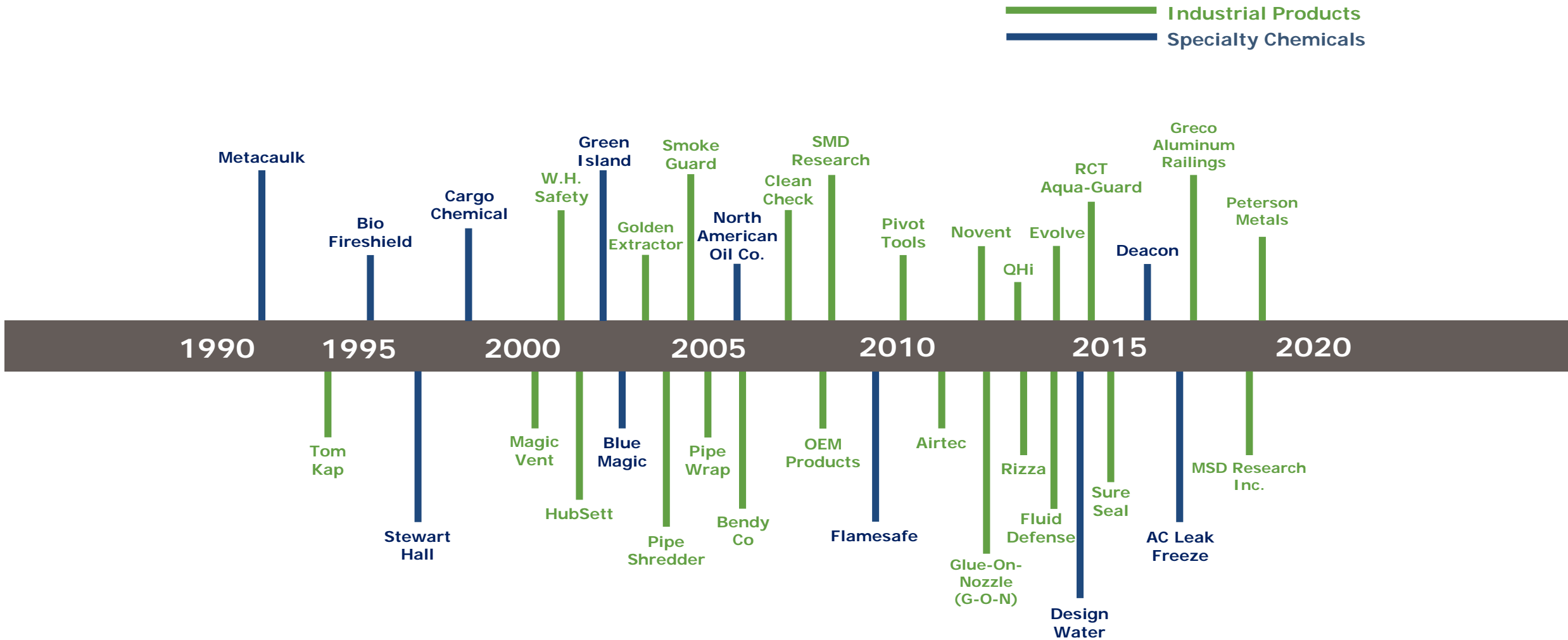
Capital Invested for Acquisitions (\$M)



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 will 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 - Corporate

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.

Executive Team – Business Segments

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 March 31,		Fiscal Year Ended March 31,	
	2019	2018	2019	2018
GAAP Operating Income- Continuing Operations	\$ 16,071	\$ 10,495	\$ 60,440	\$ 49,659
Adjusting items:				
Restructuring & realignment	-	154	-	1,397
Gain on sale of property & other	-	-	(1,839)	-
Acquisition & integration costs	-	-	-	110
Pension Lump Sum & Officer Transition Costs	-	712	-	712
Adjusted Operating Income--Continuing Operations	<u>\$ 16,071</u>	<u>\$ 11,361</u>	<u>\$ 58,601</u>	<u>\$ 51,878</u>

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

(unaudited)

(in thousands, except share data)

	Quarter Ended March 31,		Fiscal Year Ended March 31,	
	2019	2018	2019	2018
GAAP Net Income---Continuing Operations	\$ 13,624	\$ 10,609	\$ 46,052	\$ 32,682
Adjusting items, net of tax:				
Restructuring & realignment	-	113	-	921
Gain on sale of property & other	(1,130)	-	(2,491)	-
Acquisition & integration costs	-	-	-	71
Pension Lump Sum & Officer Transition Costs	-	523	-	523
Discrete Tax Provisions & Other	(1,038)	(3,309)	(586)	(603)
Adjusted Net Income---Continuing Operations	<u>\$ 11,456</u>	<u>\$ 7,936</u>	<u>\$ 42,975</u>	<u>\$ 33,594</u>
GAAP Diluted income per common share, Continuing operations	\$ 0.90	\$ 0.68	\$ 2.96	\$ 2.09
Adjusting items, per diluted common share:				
Restructuring & realignment	-	0.01	-	0.07
Gain on sale of property & other	(0.08)	-	(0.15)	-
Acquisition & integration costs	-	-	-	-
Pension Lump Sum & Officer Transition Costs	-	0.03	-	0.03
Discrete Tax Provisions & Other	(0.07)	(0.21)	(0.04)	(0.05)
Adjusted earnings per diluted common share	<u>0.75</u>	<u>\$ 0.51</u>	<u>\$ 2.77</u>	<u>\$ 2.14</u>



Note: Numbers may not foot due to rounding

Q4 Reconciliation of Segment Operating Income to Adjusted Operating Income

(in thousands, except percentages)

	For the Three Months Ended March 31, 2019				For the Three Months Ended March 31, 2018			
	Industrial Products	Specialty Chemicals	Corporate and Other	Consolidated Continuing Operations	Industrial Products	Specialty Chemicals	Corporate and Other	Consolidated Continuing Operations
Revenue	\$ 53,691	\$ 37,786	\$ -	\$ 91,477	\$ 46,829	\$ 36,635	\$ -	\$ 83,464
Operating Income	\$ 12,653	\$ 6,726	\$ (3,308)	\$ 16,071	\$ 10,888	\$ 3,206	\$ (3,599)	\$ 10,495
Adjusting items:								
Restructuring & realignment	-	-	-	-	-	154	-	154
Pension Lump Sum & Officer Transition Costs	-	-	-	-	119	47	546	712
Adjusted Operating Income	\$ 12,653	\$ 6,726	\$ (3,308)	\$ 16,071	\$ 11,007	\$ 3,407	\$ (3,053)	\$ 11,361
% of revenue	23.6%	17.8%		17.6%	23.5%	9.3%		13.6%

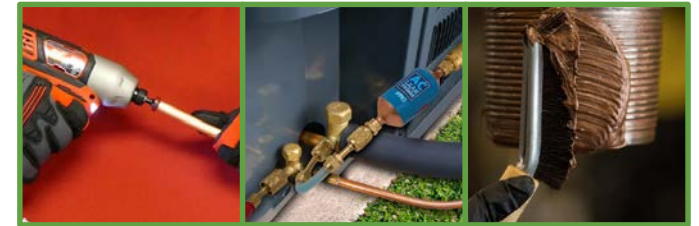
FY Reconciliation of Segment Operating Income to Adjusted Operating Income

(unaudited)

(in thousands, except percentages)

	Fiscal Year Ended March 31, 2019				Fiscal Year Ended March 31, 2018			
	Industrial Products	Specialty Chemicals	Corporate and Other	Consolidated Continuing Operations	Industrial Products	Specialty Chemicals	Corporate and Other	Consolidated Continuing Operations
Revenue	\$ 205,931	\$ 144,223	\$ 1	\$ 350,155	\$ 186,483	\$ 139,735	\$ 4	\$ 326,222
Operating Income	\$ 48,817	\$ 23,930	\$ (12,307)	\$ 60,440	\$ 44,225	\$ 17,804	\$ (12,370)	\$ 49,659
Adjusting items:								
Restructuring & realignment	-	-	-	-	367	1,030	-	1,397
Gain on sale of property & other	(253)	(1,586)	-	(1,839)	-	-	-	-
Acquisition & integration costs	-	-	-	-	110	-	-	110
Pension Lump Sum & Officer Transition Costs	-	-	-	-	119	47	546	712
Adjusted Operating Income	\$ 48,564	\$ 22,344	\$ (12,307)	\$ 58,601	\$ 44,821	\$ 18,881	\$ (11,824)	\$ 51,878
<i>% of revenue</i>	23.6%	15.5%		16.7%	24.0%	13.5%		15.9%

CSW Industrials Products ...Uncommon Reliability



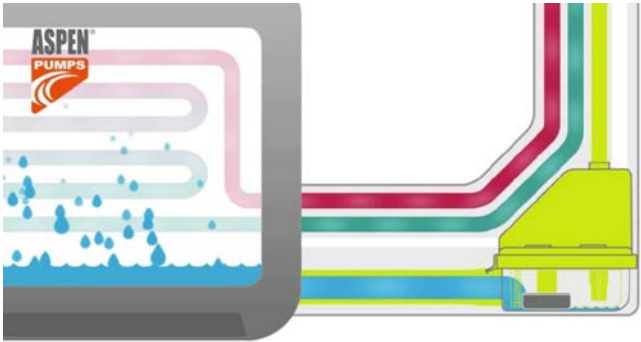
Building Products



Energy



HVAC/R



HVAC/R

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



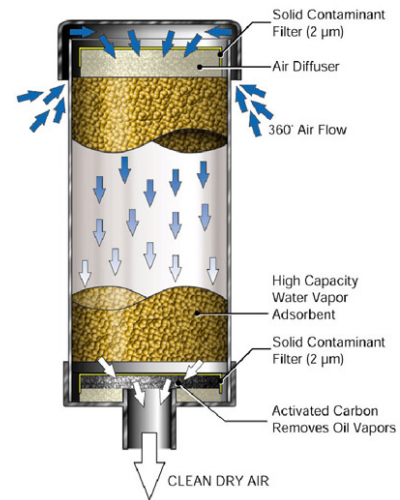
RECTORSEAL RectorSeal has product in category

1. Evaporator 
2. Condenser 
3. Condensate pump 
RECTORSEAL
4. Condensate drain line 
RECTORSEAL
5. Wireless wall thermostats 
6. Line set covers and fittings 
RECTORSEAL
7. Wall sleeve or seal 
RECTORSEAL
8. Equipment pads 
RECTORSEAL
9. Equipment risers 
RECTORSEAL



10. Equipment stand 
RECTORSEAL
11. Wall bracket 
RECTORSEAL
12. Refrigerant line 
RECTORSEAL
13. Electrical cable 
RECTORSEAL
14. Brass flare nuts and fittings 
15. Locking refrigerant caps 
RECTORSEAL
16. Installation support bracket 
RECTORSEAL
17. Cleaning bib kit 
RECTORSEAL
18. Coil and fan cleaners 
RECTORSEAL

Industrial



Mining






































Plumbing



Rail



CSWI Competitors

HVAC/R	Building Products	Industrial	Rail	Energy	Plumbing	Mining
						
						
						
						
						
						
						
						



CSW
INDUSTRIALS

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