

July 2024

# Investor Presentation

Fiscal 2025

First Quarter Results

## Forward Looking 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” or the “Company”). 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, Adjusted Operating Income, and Adjusted EBITDA. 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.



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# CSW Industrials, Inc. (Nasdaq: CSWI)



A diversified industrial growth company with a strategic focus on providing niche, value-added products in the end markets we serve.

**Three Segments** (Segment percentages reflect TTM<sup>1</sup> Revenue)



TTM Total Revenue: \$815.7M

## Key Highlights

**2015**

Publicly Listed on Nasdaq<sup>2</sup>

**~\$4.7B**

Market Capitalization<sup>3</sup>

**~\$607M**

Investment in Acquisitions

**~45%**

TTM Gross Margin

**~\$404M**

Liquidity<sup>4</sup>

# Compelling Investment Thesis



## Growth exceeding end markets served

- Total revenue CAGR of **17.8%** from FY19 through FY24<sup>1</sup>
- Organic revenue CAGR of **10.1%** from FY19 through FY24<sup>1, 2</sup>



## Robust margin profile

- **43.6%** adjusted Gross Profit Margin annual average FY19 – FY24<sup>1</sup>
- **22.7%** adjusted EBITDA Margin annual average FY19 – FY24<sup>1</sup>



## Strong financial position

- **~0.49x** leverage, ~\$385M available on our \$500M revolving credit facility<sup>3</sup>
- **\$210.8M** TTM EBITDA, and **25.8%** EBITDA margin as a percent of revenue<sup>4</sup>
- Interest rate swap in place on the first \$100.0MM of Revolver borrowing to fix the SOFR-portion at 3.85% through May 2026



## Experienced leadership team

- Dedicated to enhancing shareholder value
- Committed to exemplifying CSWI's culture and values

# Sustainable Growth in Shareholder Value

Our demonstrated track record of growth and enhancing long-term shareholder value.



## Since Inception

- **898%** market cap growth<sup>1</sup>
- **206%** Revenue growth<sup>2</sup>
- **249%** adjusted EBITDA growth<sup>3</sup>
- **\$201M** cash returned to shareholders through dividends and share repurchases<sup>4</sup>
- **900%** total shareholder return<sup>5</sup>
- **\$607M** investment in acquisitions<sup>6</sup>
- **15.6M** shares outstanding in Sept 2015 and **15.5M** shares outstanding today

<sup>1</sup> ~\$4.7B market cap as of 07/26/2024, compared to ~\$500M at 2015 public debut. <sup>2</sup> \$815.7M TTM Revenue versus \$266.9M FY16. <sup>3</sup> \$210.8M TTM adjusted EBITDA versus \$60.3M FY16. <sup>4</sup> From 3Q18 thru the August 2024 dividend payment. <sup>5</sup> Calculated starting with the date shares began trading "regular way" (10/01/2015 - 07/26/2024). <sup>6</sup> Completed FY16 through 1Q25

# Allocating Capital Efficiently

Capital allocation decisions are prioritized on a risk-adjusted returns basis, with the ultimate goal of driving long-term shareholder value.



## Organic Growth

- Invest in enhancing innovative, value-adding products and efficiency initiatives
- Increase global sales footprint



## Inorganic Growth

- Prioritize accretive, synergistic acquisitions within current end markets
- Consider broader strategic opportunities as appropriate



## Return of Capital to Shareholders

- Cumulative share repurchases of \$146M and 1.9M shares since 3Q18<sup>2</sup>
- 22 consecutive quarters of dividends declared since first dividend in April 2019, for cumulative cash return of \$55M



## Repayment of Debt

- Continue to delever after satisfying capital allocation priorities to maintain strong balance sheet for future opportunities
- \$115M outstanding on our \$500M revolver

## TTM Capital Allocation<sup>1</sup> (\$ in millions)

**\$169.3M**

**Capital Expenditures \$14.7**

**Debt Repayments \$95.0**

**Acquisitions \$32.3**

**Dividends \$12.1**

**Share Repurchases \$15.1**

# Strategic, Disciplined Approach to M&A

As a diversified industrial growth company, our goal is to increase free cash flow through sustainable organic growth, accretive inorganic growth, and operational efficiencies.

## CSW Industrials Criteria:

- Long-term growth well in excess of GDP
- Strong margin contribution in-line with existing operations, and margin resiliency through cycles
- Leverage our strategy and channels to market, including our extensive distribution network
- Execute our capital allocation strategy, investing in opportunities with the highest risk-adjusted rate of return
- Expand in current markets with product introductions and meaningful acquisitions
- Maintain strong balance sheet
- Drive enhanced returns by leveraging market knowledge, and existing systems and processes

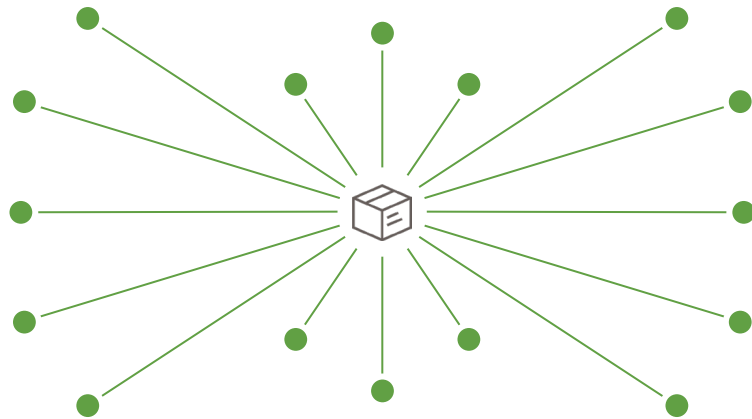




# Our Distribution Channels Accelerate Growth

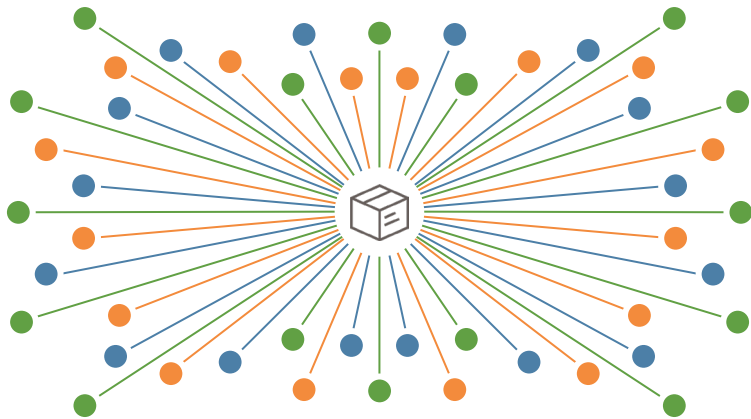
We have focused on expanding our distribution network in recent years, enhancing revenue growth from new product introductions and acquisitions.

## Without CSWI: Limited Distribution



Newly designed products, while innovative & helpful for contractors, are often challenged by limited distribution

## With CSWI: Broad Distribution



### The Power of Our Distribution Model

CSWI sustains strong access to distributors, including through buying groups and national account relationships.

CSWI can acquire or mass distribute products, resulting in sales at a faster and more cost-effective rate due to logistics leverage, supply agreements, sales staff, credit and back-office support.

# Our Guiding Objectives

At CSWI, *how we succeed matters*, and accordingly we will:

## Treat Our Team Members Well

- Focus on **Safety**:
  - **Goal** is a zero-incident workplace
- Focus on **Total Rewards**:
  - **Competitive** total rewards with generous health and retirement benefits
- Focus on **Wellness**:
  - **Cigna Well-Being Award**
- **Great Place to Work Certified** for **two** years in a row

## Serve Our Customers Well

- Emphasize consistent availability and timely delivery
- Continuously evaluate inventory at both the product and category levels to meet customer demand, while optimizing working capital investments
- Focus on driving market and wallet share gains

## Manage Our Supply Chains Effectively

- Continuous improvement in material and freight costs
- Minimize freight delays and maximize supplier on-time delivery
- Proactively increased dual-sourcing on critical components
- Leverage internal manufacturing capacity

## Position CSWI for Sustainable, Long-Term Growth and Profitability

- **Top-Line Growth: 17.8%** Revenue 5-Year CAGR<sup>1</sup>
- **Compelling Profitability:** 28.9%, 26.8%, and 24.8% EBITDA margin 1Q25, 1Q24, and 1Q23, respectively
- **Capital Allocation Priorities: \$95M pay-down of borrowings under our Revolving Credit Facility** during the last twelve months ended June 30, 2024

# Fiscal 2025 First Quarter Summary of Financial Results

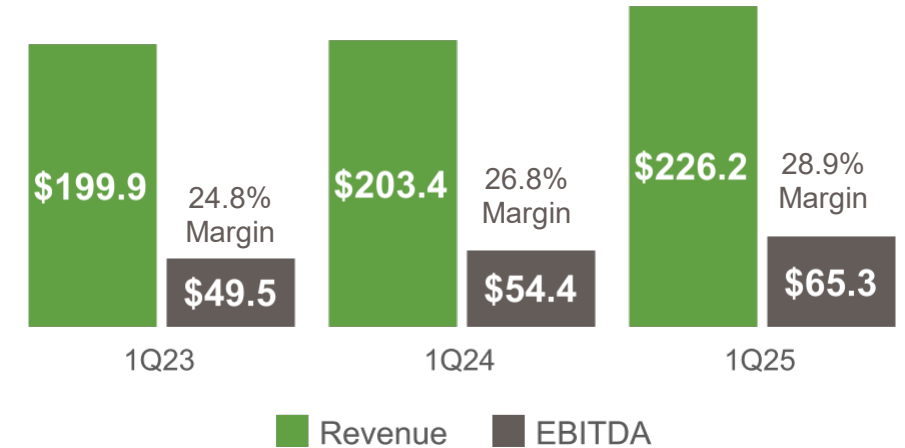
# Consolidated Results: 1Q25 Summary

## Consolidated Financial Highlights (1Q25 vs 1Q24):

- **All time record quarterly revenue of \$226.2M, an 11% increase**
  - **\$15.7M increase** from organic revenue as a result of increased volumes and pricing actions
  - **\$7.2M increase** in inorganic revenue from the Dust Free acquisition
  - Increased revenue in the HVAC/R, general industrial, plumbing, rail transportation, and architecturally-specified building product end markets
- **All time record EBITDA of \$65.3M, a 20% increase**
  - EBITDA margin **improved 210** basis points to **29%**, driven by gross margin expansion due to favorable product mix, volume leverage, and pricing actions
- **All time record EPS of \$2.47, a 25% increase**
- Paid down **\$51.0M** debt on our Revolving Credit Facility, utilizing part of our all time record cash flows from operations of **\$62.7M, a 25% increase**
  - Leverage ratio (Debt to EBITDA) of **0.49x**, in accordance with our Revolving Credit Facility

## Summary Quarterly Consolidated Results

(\$ in millions)



## 1Q25 Revenue

(\$ in millions)

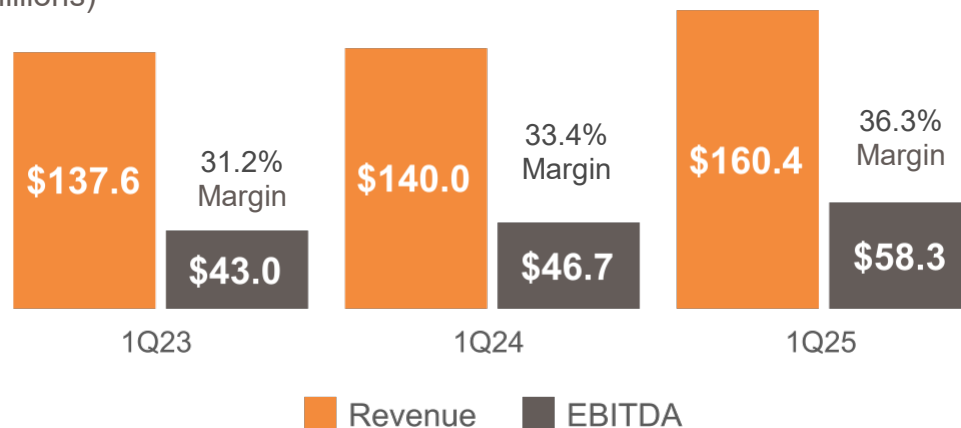
**\$226.2M Consolidated CSWI<sup>1</sup>**



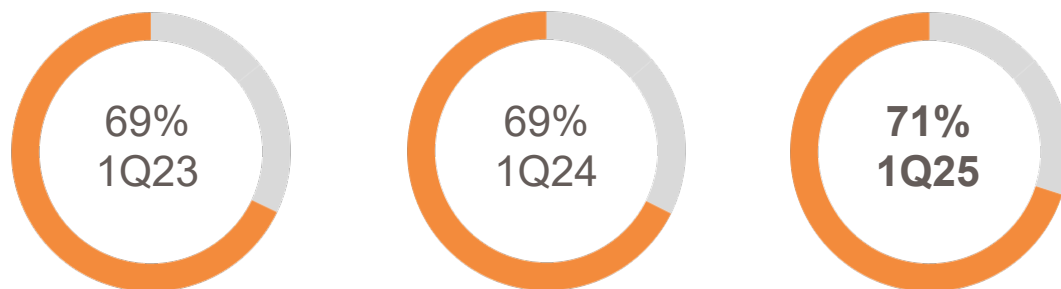
# Contractor Solutions: 1Q25 Segment Summary

## Summary Quarterly Segment Results

(\$ in millions)



## Segment as a % of Consolidated CSWI Revenue:



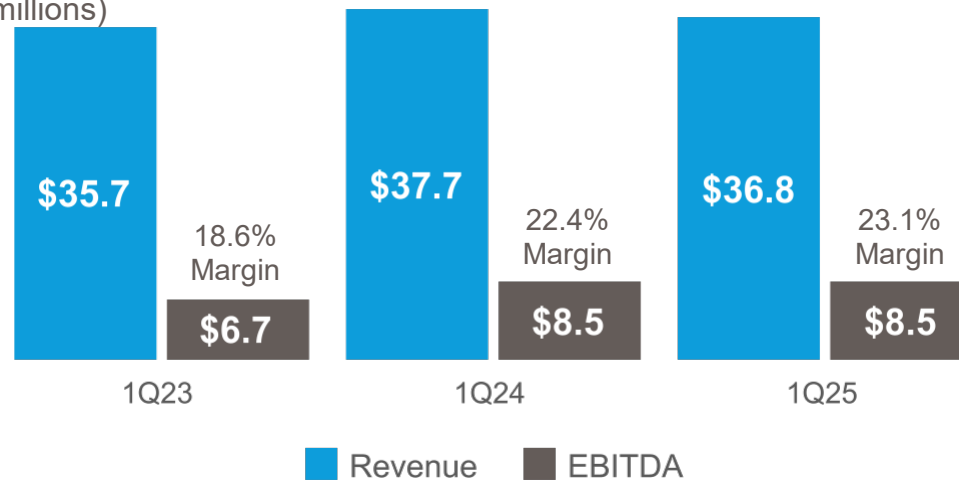
## Segment Financials (1Q25 vs 1Q24):

- Segment Revenue of **\$160.4M**, a **15% increase**
  - Organic **increase** of **\$13.3M**, due to an **increase** in unit volumes and pricing actions
  - Inorganic revenue of **\$7.2M**, due to the Dust Free acquisition
- Segment EBITDA **increased 25%** to **\$58.3M**, and EBITDA margin **increased 290** basis points to **36%**
  - EBITDA increase driven mainly by incremental profit from revenue growth and the inclusion of recently acquired Dust Free
- Segment revenue expected to outgrow our end markets served through new business and product introductions added to our extensive distribution network with returns that support our margins

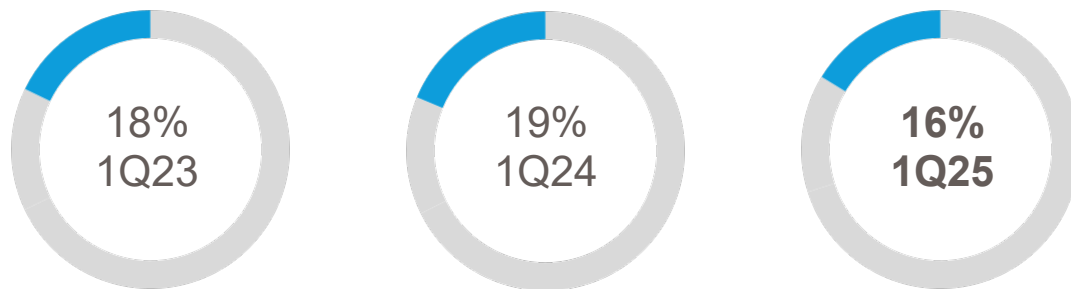
# Specialized Reliability Solutions: 1Q25 Segment Summary

## Summary Quarterly Segment Results

(\$ in millions)



## Segment as a % of Consolidated CSWI Revenue:



## Segment Financials (1Q25 vs 1Q24):

- Segment Revenue of **\$36.8M**, a **\$0.9M**, or **2% decrease**
  - Primarily driven by a slight decrease in volume
  - Revenue growth in the general industrials and rail transportation end markets
- Segment EBITDA **increased 1%** to **\$8.5M**
  - EBITDA margin of 23% **increased 70** basis points
- Energy and mining end markets saw some contraction, but we saw growth in our other markets served. Positive outlook for this segment with a growing pipeline of opportunities. Our specialized products, solutions, and new products will allow this segment to grow faster than the GDP.

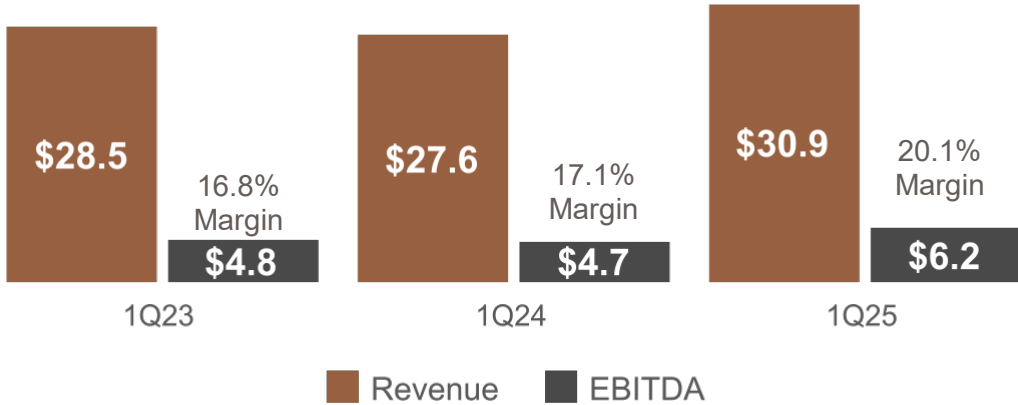
# Engineered Building Solutions: 1Q25 Segment Summary

## Segment Financials (1Q25 vs 1Q24):

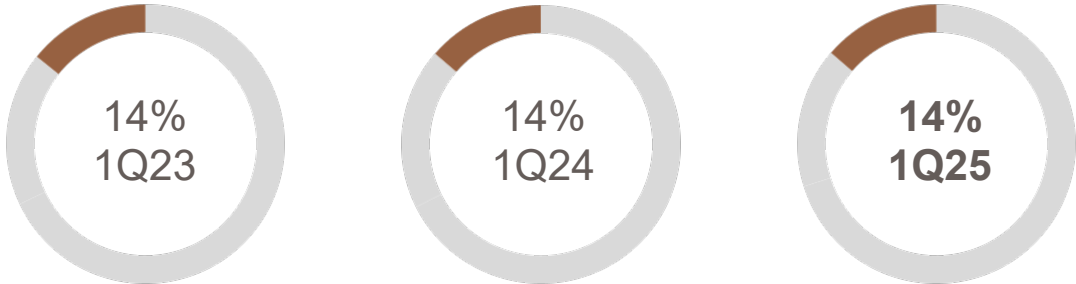
- Segment Revenue of **\$30.9M**, a **12% increase**
  - Growth driven by commercial initiatives
  - Bill to book ratio for the trailing eight quarters was 1.1 to 1
- Segment EBITDA **increased 32%**, and EBITDA margin **increased 300** basis points over the prior period
  - Improved margin driven by expense and volume leverage
- Backlog turning into revenue as projects close out
  - Project mix of backlog is still skewed toward larger jobs which can take a couple of years to turn into revenue
  - Product development for future booking opportunities

## Summary Quarterly Segment Results

(\$ in millions)



## Segment as a % of Consolidated CSWI Revenue:



# Corporate Sustainability



# Corporate Culture and Values

## The Goal of Our Corporate Culture is to Maximize Performance

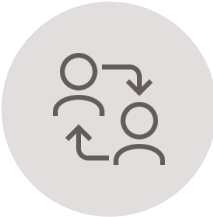
CSWI is committed to recruiting great talent, offering rewarding career destinations, and recognizing team members. Our employee-centric culture features a diverse and inclusive environment where every team member belongs, is encouraged to contribute, and is provided with options to develop and expand their skill sets. CSWI leaders embody and cultivate our Core Values.

Everything we do is accomplished with a focus on environmental stewardship, and the health and safety of our team members.

## Our Core Values Provide the Framework for Our Corporate Culture



Accountability



Citizenship



Teamwork



Respect



Integrity



Stewardship



Excellence

# Corporate Culture and Values

## Our Commitment to Diversity, Inclusion, and Respect:

We seek to create, nurture, and sustain an inclusive and diverse environment that attracts and retains the highest caliber team members, leveraging their skills and expertise to serve our customers. We are dedicated to attracting, developing, and retaining high-quality individuals of all backgrounds, and to making CSWI a place where everyone can contribute and grow. We at CSWI believe that diversity not only inspires our internal team, but also informs customer insight and service, and we are excited to have been named to Forbes 2024 America's Most Successful Midsize Companies list and certified as a Great Place To Work.



### Key Highlights:

0.9	~4%	89%	33%
Total Recordable Incident Rate <sup>1</sup>	Insider ownership, including ESOP <sup>2</sup>	Independent Directors on our Board	Diverse Directors on our Board

<sup>1</sup> TRIR is for the TTM period ended 12/31/23.  
<sup>2</sup> Employee Stock Ownership Plan (ESOP).



# Business Segment Overview



# Segments Summary

## Contractor Solutions

- **\$557.0M** TTM Revenue, **\$185.2M** adjusted EBITDA, and **33.3%** adjusted EBITDA margin
- Manufactures and supplies efficiency and performance enhancing products for residential and commercial HVAC/R and plumbing applications, designed primarily for professional tradespeople



## Specialized Reliability Solutions

- **\$148.7M** TTM Revenue, **\$28.2M** EBITDA, and **19.0%** EBITDA margin
- Provides long-established products for increasing the reliability, performance, and lifespan of industrial assets and solving equipment maintenance challenges



## Engineered Building Solutions

- **\$118.0M** TTM Revenue, **\$22.0M** EBITDA, and **18.6%** EBITDA margin
- Provides primarily code-driven products focused on life-safety that are engineered to provide aesthetically-pleasing solutions for the construction, refurbishment and modernization of commercial, institutional, and multi-family residential buildings



# Contractor Solutions Segment: Markets & Brands

## Summary:

- Highly diversified product portfolio providing industry leading products in both direct-to-customer and distributor models
- Adding value by innovating new and existing products to accelerate organic growth
- Future growth focus on new product introductions through organic innovation and inorganic additions
- Strong reputation for providing high quality products to long-standing customer base

## End Markets Served:



HVAC/R



Plumbing



Electrical

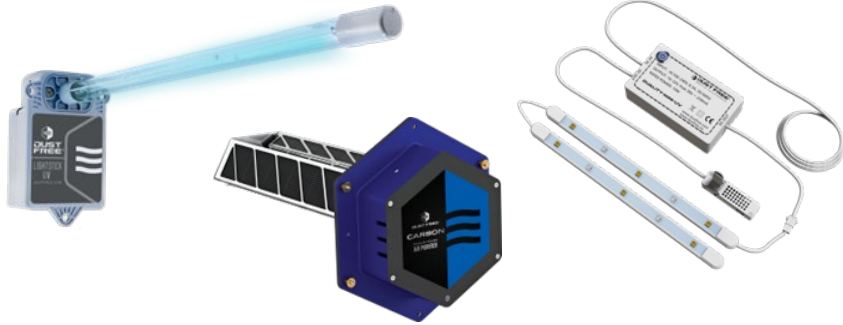


General Industrial

## Contractor Solutions Brands:



# Contractor Solutions: Products



Indoor Air Quality (IAQ) Products



Water & Gas Connectors



Pipe Thread Sealant



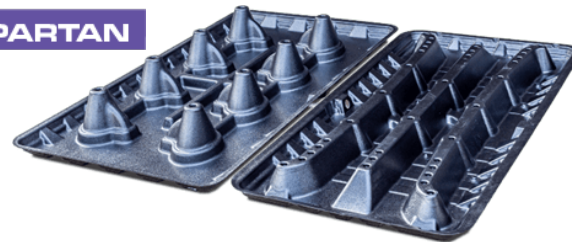
Surge Protective Devices



Condensate overflow switches and clean out devices



Grilles, Registers, and Diffusers

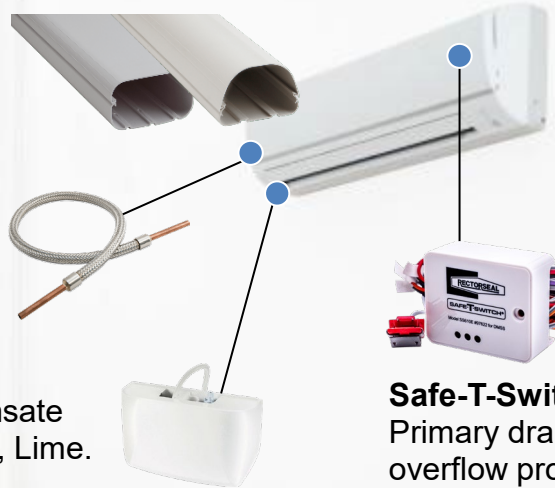


Secondary Condensate Drain Pans

# HVAC/R Mini-Split Niche Market: Products

## Slimduct & Fortress

Lineset duct and fitting systems, 5 sizes, 4 colors



## Nokink

Flexible, easy flare line connector



## Aspen Pumps

Univolt or Silent+. 4 discrete condensate pump models. White, Aqua, Orange, Lime.



## Safe-T-Switch

Primary drain pan overflow protection.



## Coil-Cure

EPA registered coil cleaner and disinfectant.



## Coil-Cure AM

Spray-applied antimicrobial coil coating



## Desolv

Cleaning Kit and Aerosol protect walls and floors



## Mighty Bracket

Support tool - allows single person evaporator installation or repair

## Novent

Code compliant, locking caps protect against refrigerant theft and inhalation. A2L refrigerant compatible



## Surge Protection

Protects equipment from electrical surges and other voltage disturbances



## AC Leak Freeze with UV

Leak stop sealant, non clogging, non reactive polymer-free nano formula



## Condenser brackets

Powdercoat and stainless



## EZ Trap

Waterless in-line condensate trap



## Slimduct & Fortress

Lineset duct and fitting systems, 5 sizes, 4 colors

## Flaretite

Flare gasket against leaks for common fittings, 45° copper stamping with coating

## PRO-Fit Flaring & Swaging Tool Bit Kits

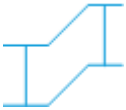
Create precise and fast standard 45° flare or swage

# Specialized Reliability Solutions Segment: Markets & Brands

## Summary:

- Our product portfolio allows us to compete and capture enhanced margins relative to larger peers
- Focus on end markets with sustainable growth trends, offering products that serve niche solutions
- Established reputation for solving equipment maintenance challenges and increasing the reliability, performance, and lifespan of industrial assets utilized in the most demanding environments and extreme conditions
- Innovating new and existing products to accelerate organic growth
- Growth focus on new product introductions through organic innovation and inorganic additions
- Two centuries of combined operations manufacturing and supplying our trusted specialty lubricants, compounds, sealants, coatings, desiccant breather filtration, and lubrication management systems

## End Markets Served:



Rail Transport



Energy



Mining



General Industrial

## Specialized Reliability Solutions Brands:

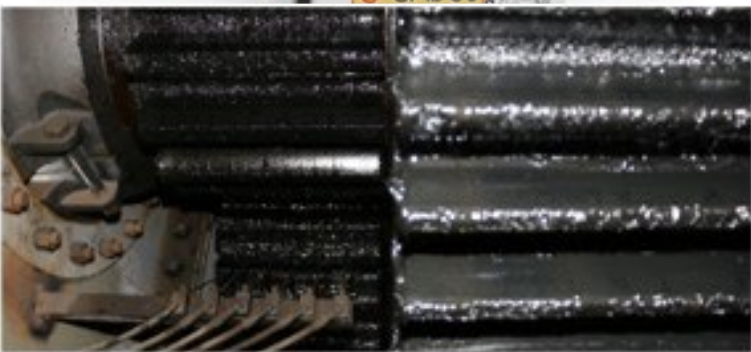




# Specialized Reliability Solutions: Products



# Specialized Reliability Solutions: Shell Whitmore JV Products







# Engineered Building Solutions Segment: Markets & Brands

## Summary:

- Market leader in providing unique solutions to architects and contractors that meet code requirements, while adding functionality, performance, and aesthetically-pleasing designs
- Decades of experience creating products that protect lives
- Endless use cases for construction, refurbishments, and modernization of buildings
- Multiple manufacturing locations provide efficiency to meet the needs of general contractors and architects
- Continuous engineering improvement to produce best in class products
- Design, manufacture and install stainless steel and other architectural metal product railings for interior and exterior end uses

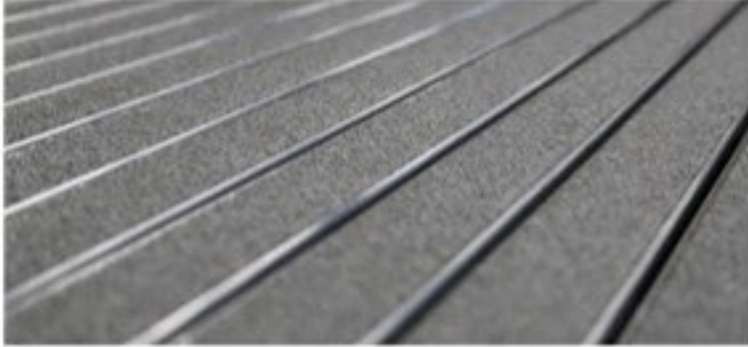
## End Markets Served:

-  Smoke & Fire Protection
-  Safety Railings
-  Expansion Joints
-  Safety Egress

## Engineered Building Solutions Brands:



# Engineered Building Solutions: Products



# Appendix

# CSWI Executive Team

Veteran leadership with broad industry experience, dedicated to enhancing shareholder value.



**Joseph B. Armes**  
Chairman, CEO  
and 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 Chairman, CEO & President of Capital Southwest Corporation from June 2013 to September 2015.



**James E. Perry**  
Executive VP and CFO

James has been EVP and CFO since May 2020. From 2004 to 2019, he served in financial roles with Trinity Industries, a publicly held, diversified industrial company, and served as its CFO from 2010 to 2019. From 2001 to 2004, Mr. Perry was a senior financial executive at RMH Teleservices, including serving as CFO. He previously held positions at JP Morgan Chase & Co. and Ernst & Young LLP.



**Donal J. Sullivan**  
Executive VP and  
Chief Strategy Officer

Donal has served as EVP & Chief Strategy Officer since April 2024, and previously served as EVP & General Manager, Contractor Solutions since May 2020. Prior to that Mr. Sullivan served as SVP, Industrial Products since January 2016, and was appointed as an executive officer of the Company in March 2019. He has previously held roles at Goldman Global and Carrier Corporation.



**Luke E. Alverson**  
Senior VP, General  
Counsel and Secretary

Luke has served as SVP, General Counsel & Secretary since February 2016. From May 2008 to February 2016, Mr. Alverson 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.



**Danielle R. Garde**  
Senior VP and  
Chief People Officer

Danielle has served as SVP and Chief People Officer since October 2022. From June 2020 to September 2022, she was the Chief Human Resources Officer at PlayPower, Inc., a privately-held producer of recreation equipment. From March 2014 to February 2020, Ms. Garde held roles of increasing responsibility with KidKraft Inc., a privately-held producer of children's toys and furniture, last serving as VP, Human Resources.

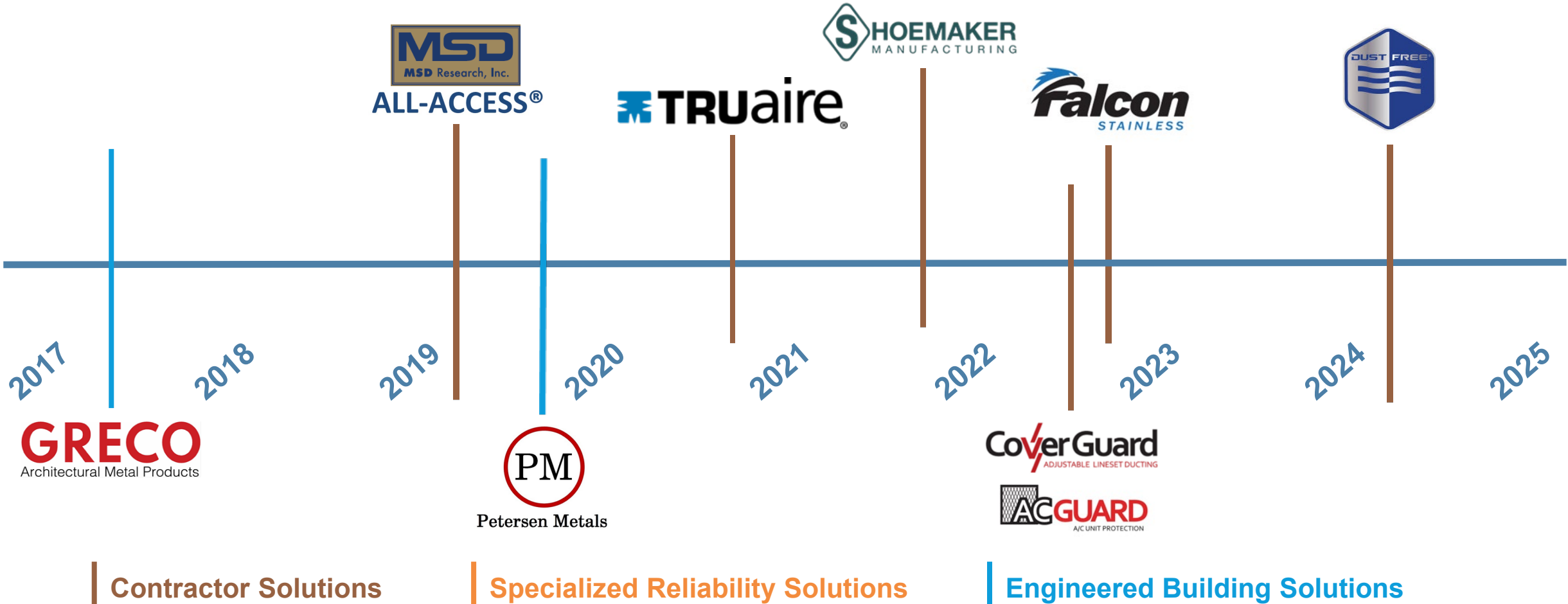


**Jeff A. Underwood**  
Senior VP and GM,  
Contractor Solutions

Jeff has served as SVP & General Manager, Contractor Solutions since April 2024, and previously served as SVP, Sales & Marketing for the Company's RectorSeal operating subsidiary within the Contractor Solutions segment since May 2021. Mr. Underwood joined the Company in September 2018 as VP of Sales for RectorSeal. He previously held roles at Goodman Manufacturing and Bain & Company.

# M&A Execution Timeline

Demonstrated track record of acquisitions aligned with our stated strategy



# Reconciliation of Fiscal First Quarter Segment Operating Income to Segment EBITDA

(Amounts in thousands)	(unaudited)					(unaudited)					(unaudited)				
	Three months ended June 30, 2024					Three months ended June 30, 2023					Three months ended June 30, 2022				
	CS	SRS	EBS	Other	CSWI	CS	SRS	EBS	Other	CSWI	CS	SRS	EBS	Other	CSWI
Revenue, net	\$160,418	\$36,791	\$30,893	\$(1,926)	\$226,177	\$139,954	\$37,711	\$27,587	\$(1,892)	\$203,360	\$137,624	\$35,737	\$28,514	\$(1,940)	\$199,934
<b>Operating Income</b>	<b>\$49,884</b>	<b>\$7,150</b>	<b>\$5,723</b>	<b>\$(7,698)</b>	<b>\$55,060</b>	<b>\$39,667</b>	<b>\$6,966</b>	<b>\$4,260</b>	<b>\$(5,686)</b>	<b>\$45,206</b>	<b>\$36,289</b>	<b>\$5,097</b>	<b>\$4,415</b>	<b>\$(4,927)</b>	<b>\$40,873</b>
% Revenue	31.1 %	19.4 %	18.5 %		24.3 %	28.3 %	18.5 %	15.4 %		22.2 %	26.4 %	14.3 %	15.5 %		20.4 %
<b>Adjusting Items:</b>															
Other Income (Expense)	396	(63)	(7)	(66)	260	172	(37)	8	172	314	309	5	(79)	(66)	169
Depreciation & amortization	7,983	1,423	485	41	9,932	6,895	1,530	441	48	8,915	6,408	1,561	451	49	8,470
<b>EBITDA</b>	<b>\$58,263</b>	<b>\$8,511</b>	<b>\$6,201</b>	<b>\$(7,723)</b>	<b>\$65,252</b>	<b>\$46,734</b>	<b>\$8,458</b>	<b>\$4,708</b>	<b>\$(5,466)</b>	<b>\$54,435</b>	<b>\$43,006</b>	<b>\$6,663</b>	<b>\$4,787</b>	<b>\$(4,944)</b>	<b>\$49,512</b>
% Revenue	36.3 %	23.1 %	20.1 %		28.8 %	33.4 %	22.4 %	17.1 %		26.8 %	31.2 %	18.6 %	16.8 %		24.8 %



# Reconciliation of TTM Segment Operating Income to Adjusted Segment EBITDA

(unaudited)

(Amounts in thousands)	Trailing Twelve Months Ended June 30, 2024				
	CS	SRS	EBS	Other	CSWI
<b>Revenue, net</b>	<b>\$ 556,958</b>	<b>\$ 148,693</b>	<b>\$ 118,047</b>	<b>\$ (8,042)</b>	<b>\$ 815,656</b>
<b>Operating Income</b>	<b>\$ 152,254</b>	<b>\$ 22,451</b>	<b>\$ 20,168</b>	<b>\$ (25,902)</b>	<b>\$ 168,971</b>
% Revenue	27.3 %	15.1 %	17.1 %		20.7 %
<b>Adjusting Items:</b>					
Other income (expense)	(6,902)	(170)	(14)	1,117	(5,969)
Depreciation & amortization	31,319	5,967	1,854	167	39,307
Reversal of tax indemnification receivable	8,519	—	—	—	8,519
<b>Adjusted EBITDA</b>	<b>\$ 185,190</b>	<b>\$ 28,248</b>	<b>\$ 22,009</b>	<b>\$ (24,968)</b>	<b>\$ 210,828</b>
% Revenue	33.3 %	19.0 %	18.6 %		25.8 %



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