



CSW
INDUSTRIALS

Investor Presentation
November 2016



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.



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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:**
 - Industrial
 - HVAC
 - Rail
 - Energy
 - Plumbing
 - Architecturally Specified Building Products
 - Mining
 - Other
- **Dedicated to enhancing shareholder value:**
 - Experienced senior leadership team committed to growing shareholder value
 - Strong flexible balance sheet
 - Strategic acquisition opportunities in each segment
 - Core values and culture that maximize sustainable performance



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CSWI Key Growth Drivers



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Strategic Goals

- **Focus** on strategic end markets which yield sustainable growth by:
 - Leveraging our existing product portfolio,
 - 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



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Company at a Glance (Nasdaq: CSWI)



Industrial Products



Specialty Chemicals

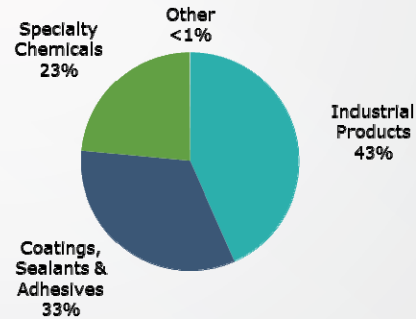


Coatings, Sealants & Adhesives

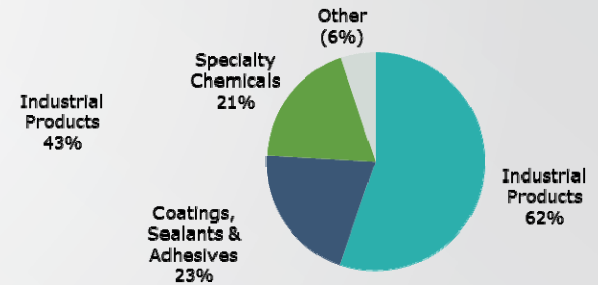
Three business segments:

- 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⁽²⁾



(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 Products – Delivering Solutions to Customers



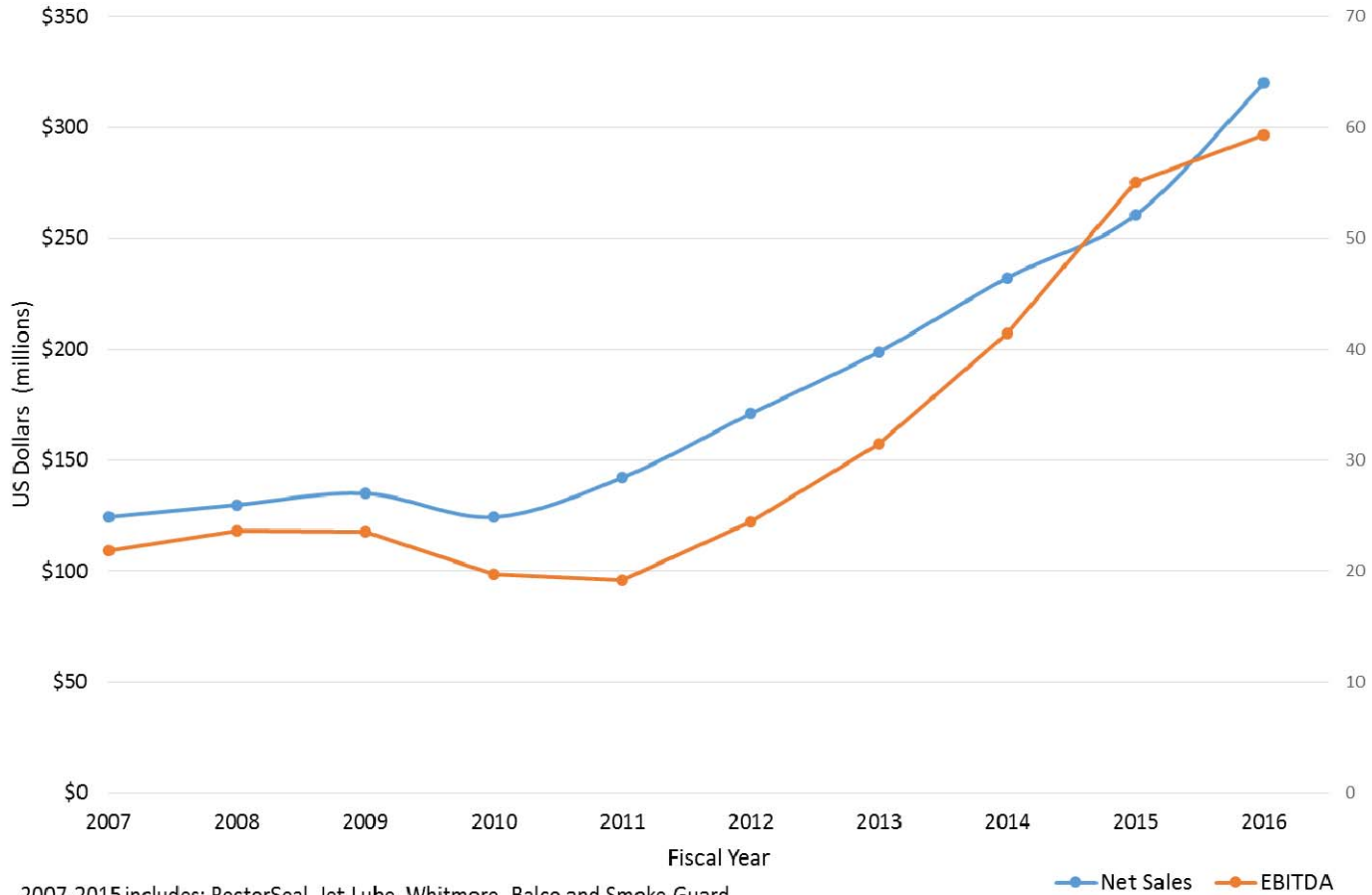
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Steady growth over the cycle

Aggregate Net Sales and EBITDA 2007 - 2016

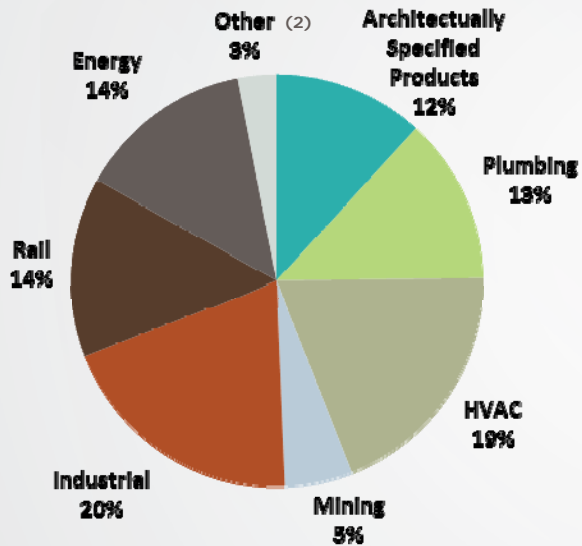


2007-2015 includes: RectorSeal, Jet Lube, Whitmore, Balco and Smoke Guard
 2016 includes Strathmore

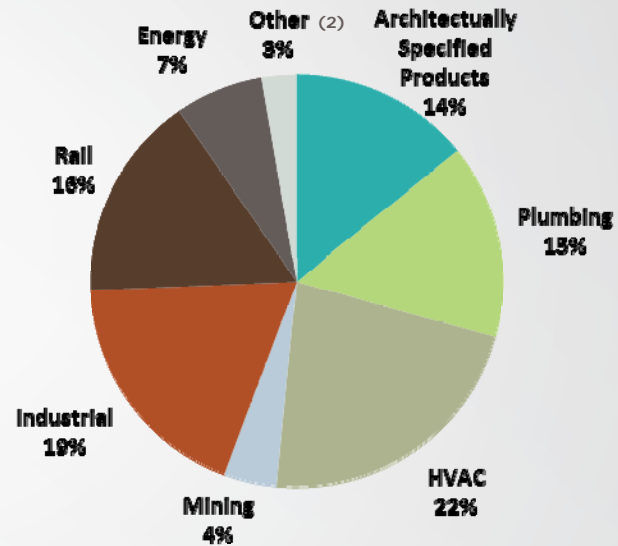


Diverse End Markets and Products

PF2015 Sales Revenue
by End Market⁽¹⁾



FY2016 Sales Revenue
by End Market



Ability to leverage customer base and cross-sell products across three segments

(1) PF2015 includes Strathmore FY2014 results; Strathmore fiscal year ends December 31

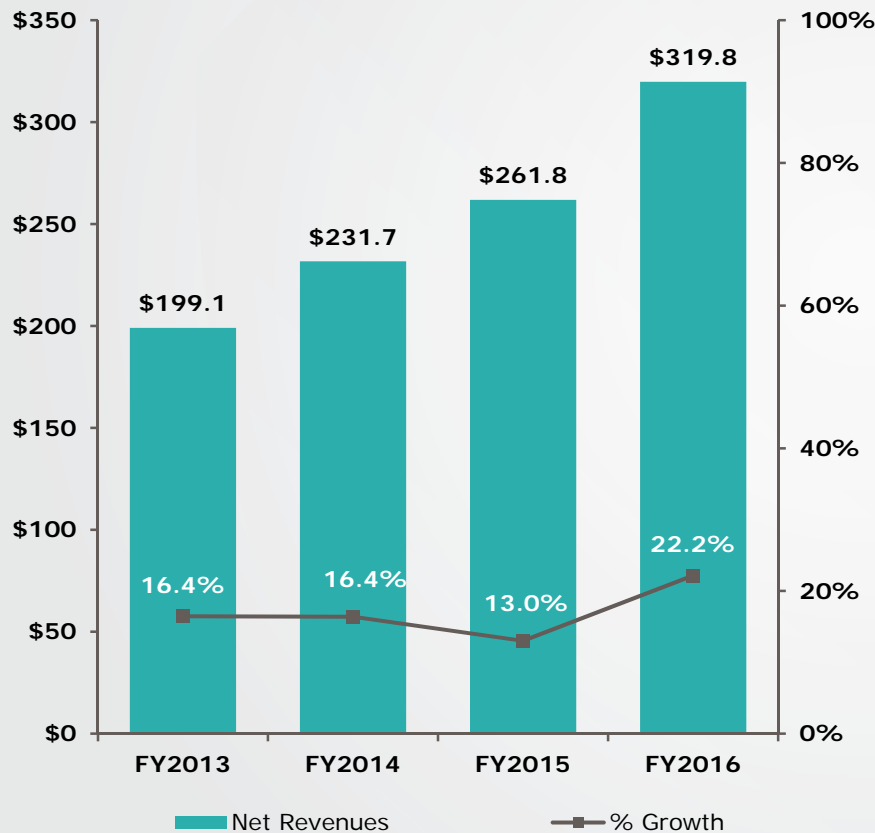
(2) Other key end use markets include Water Well drilling, Power Generation, Marine, Cement and Aviation



Combined Financials – Net Revenues

Net Revenues (\$ millions, %)

Highlights



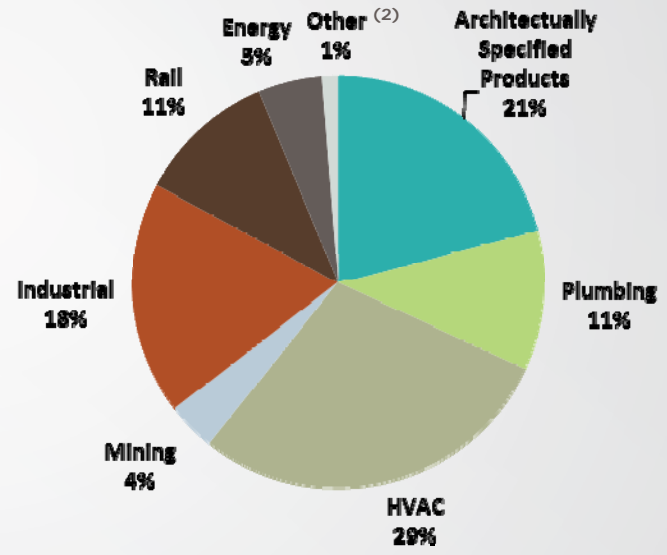
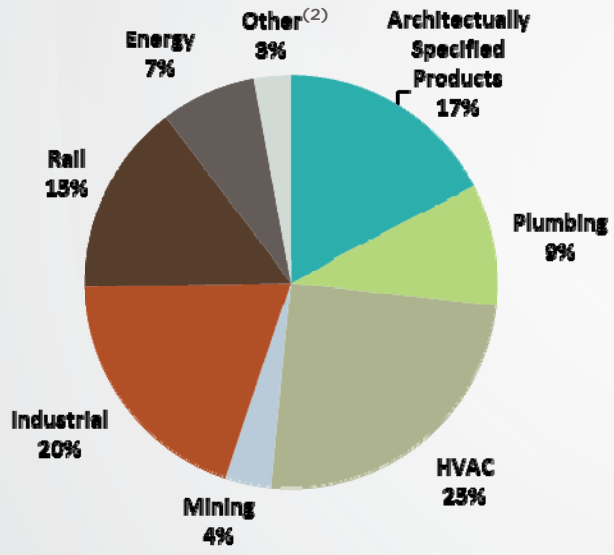
- FY16 net revenues increased by \$58 million (22.2%) compared with FY2015
- Consistent mid double-digit annual net revenue growth (16.4%, 13.0% and 22.2% in FY2014, FY2015 and FY2016, respectively) supported by industry leading products in high growth end markets with a diversified customer base
- 17.1% Compound Annual Growth Rate from FY13 to FY16
- Strong track record of capitalizing on product line and strategic acquisition opportunities



Diverse End Markets and Products

Q2 FY2016 Sales Revenue by End Market

Q2 FY2017 Sales Revenue by End Market

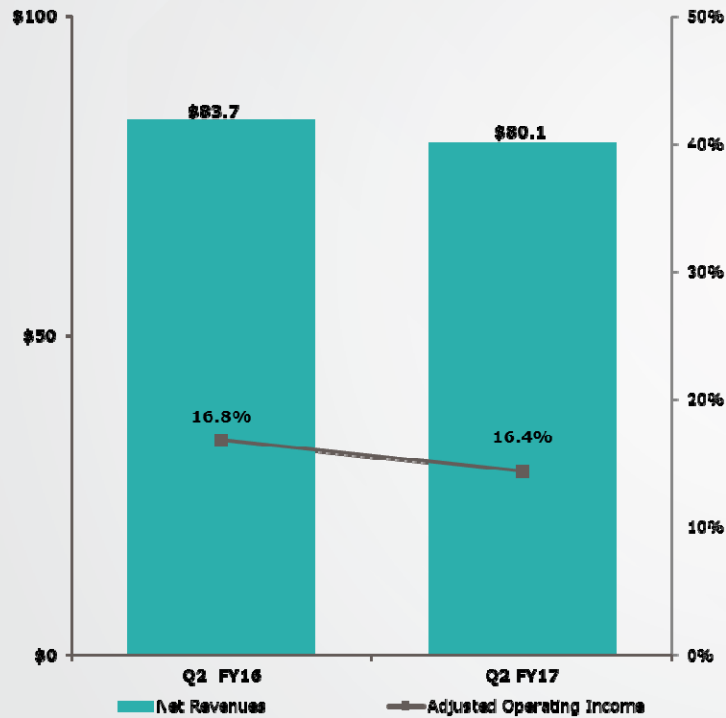


(1) Other key end use markets include Water Well drilling, Power Generation, Marine

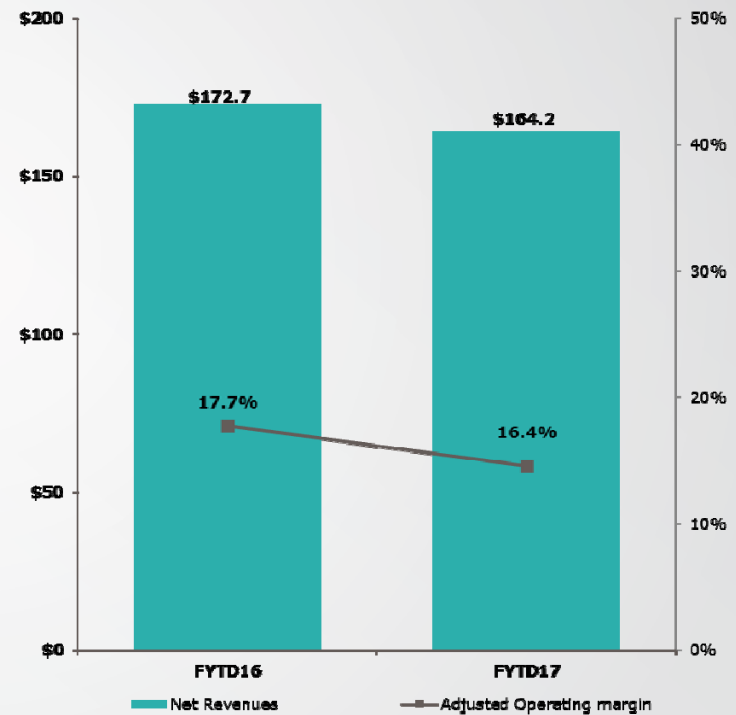


Consolidated Q2 & YTD Revenue & Adjusted Operating Income

Q2 Revenue & Adj Op Inc (\$ millions, %)



Q2 YTD Revenue & Adj Op Inc (\$ millions, %)



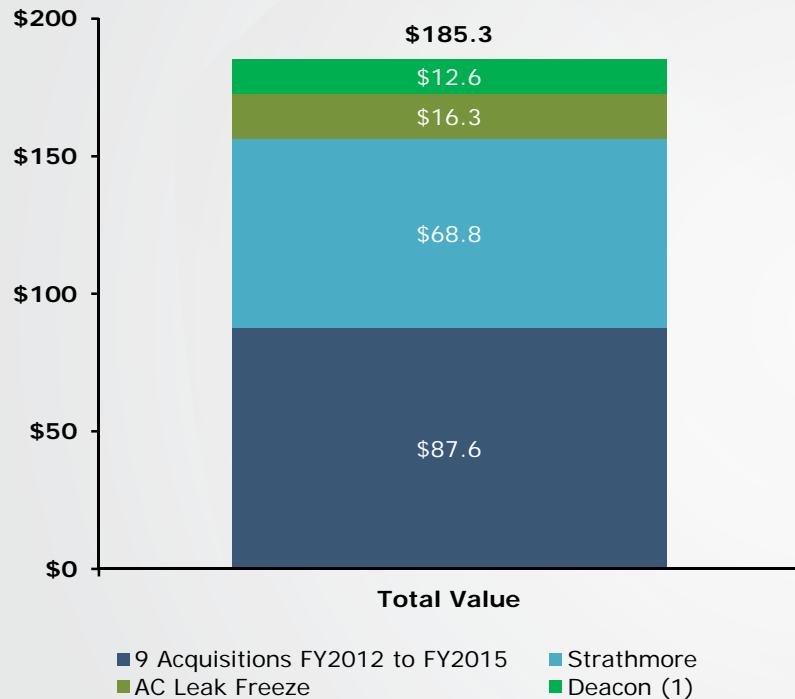
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Focused Acquisitions

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

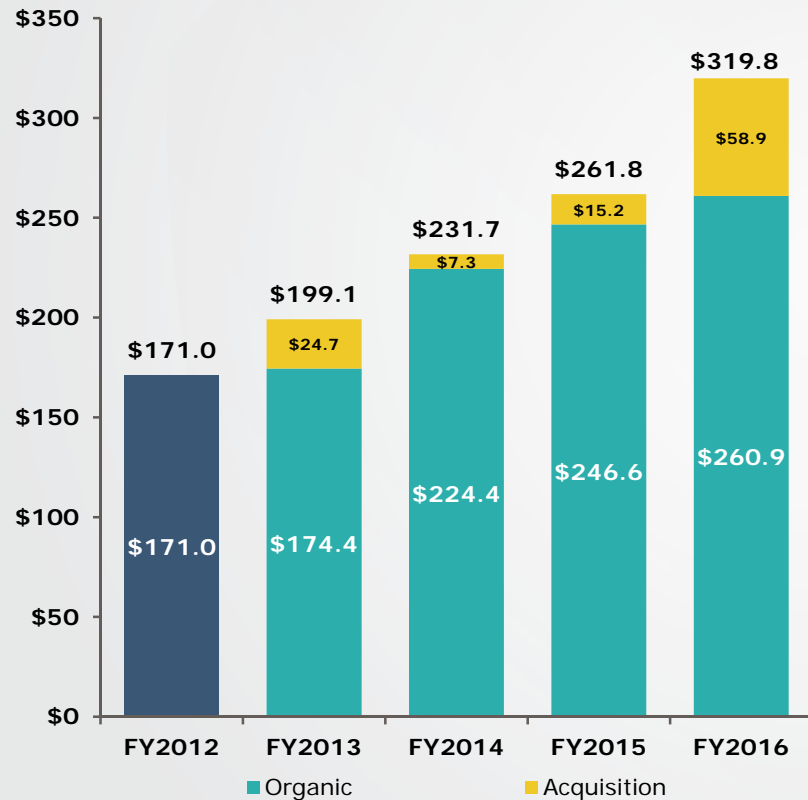




Organic & Acquisition Growth

Net Revenues (\$ millions, %)

(\$ millions)



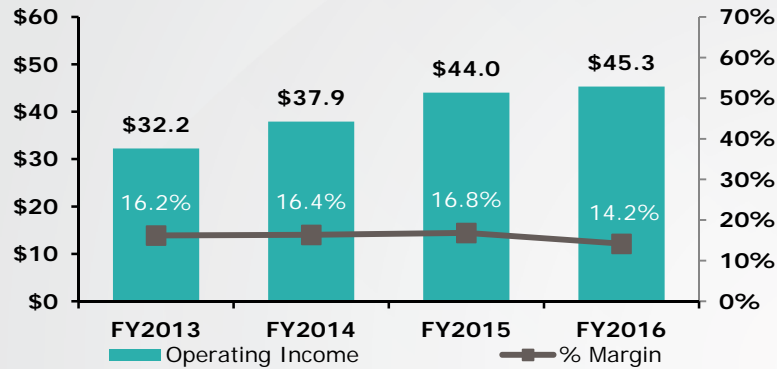
Highlights

- 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.

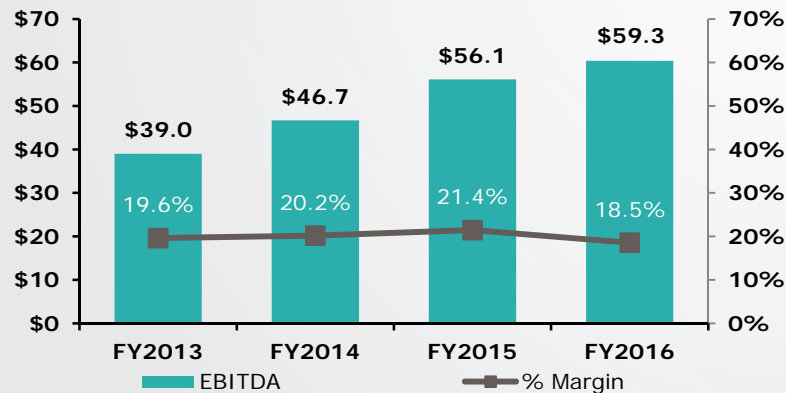


Combined Financials - Margins

Adj.⁽¹⁾ Operating Income (\$ millions, %)



Adj.⁽¹⁾ EBITDA (\$ millions, %)



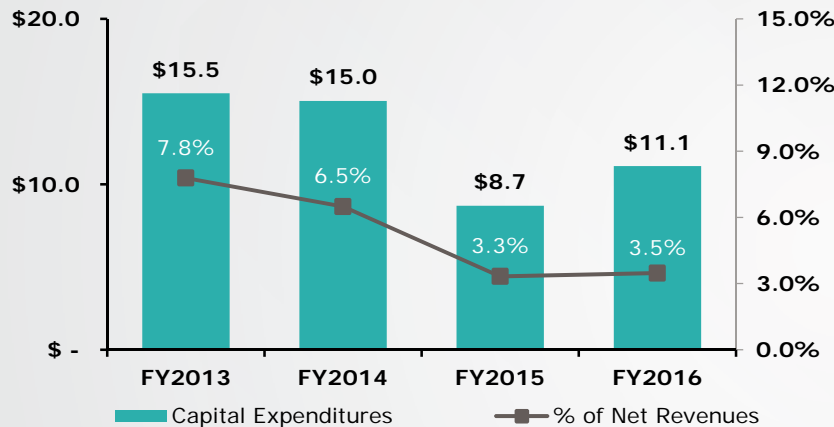
Highlights

- 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)

Disciplined investment in capital expenditures / Not capital intensive



Strong Balance Sheet (as of September 30, 2016)

Total Capitalization

(\$ millions)	Amount	x LTM EBITDA ⁽¹⁾
Debt:		
Current Portion of Long-Term Debt	0.6	0.0x
Long-Term Debt, Less Current Portion	71.8	1.2x
Total Debt	\$72.4	1.2x
Total Stockholders' Equity	\$266.4	
Total Capitalization	\$338.8	

Indebtedness

(\$ millions)	Amount	x LTM EBITDA ⁽¹⁾
Total Debt	\$72.4	1.2x
Less: Cash and Cash Equivalents	(35.0)	
Net Debt	\$37.4	0.6x

Highlights

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

(1) See Appendix for EBITDA reconciliation



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Why CSW Industrials?

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 - Broad, yet complimentary portfolio of leading products that provide performance optimizing solutions
- **Strong brand recognition in the markets we serve:**
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- **Dedicated to enhancing shareholder value:**
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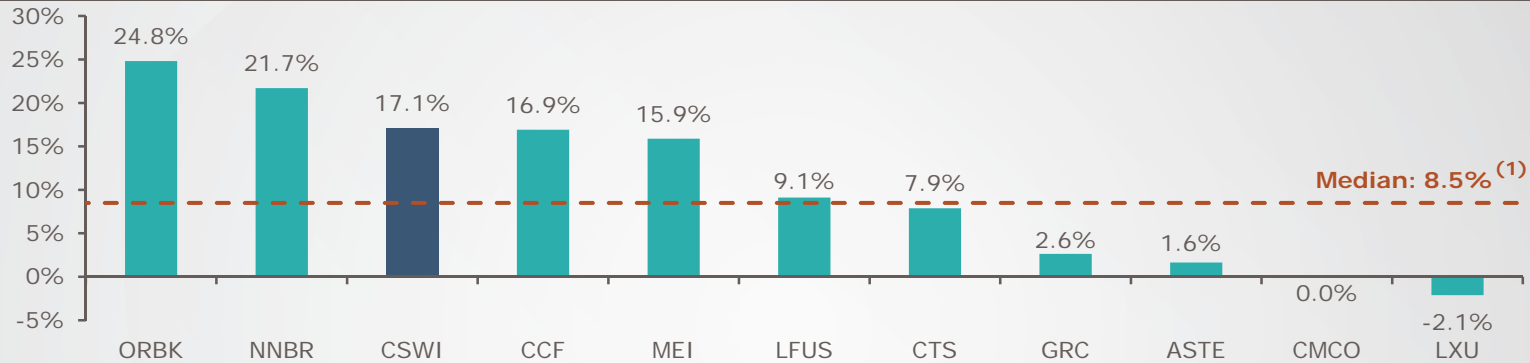


Appendix

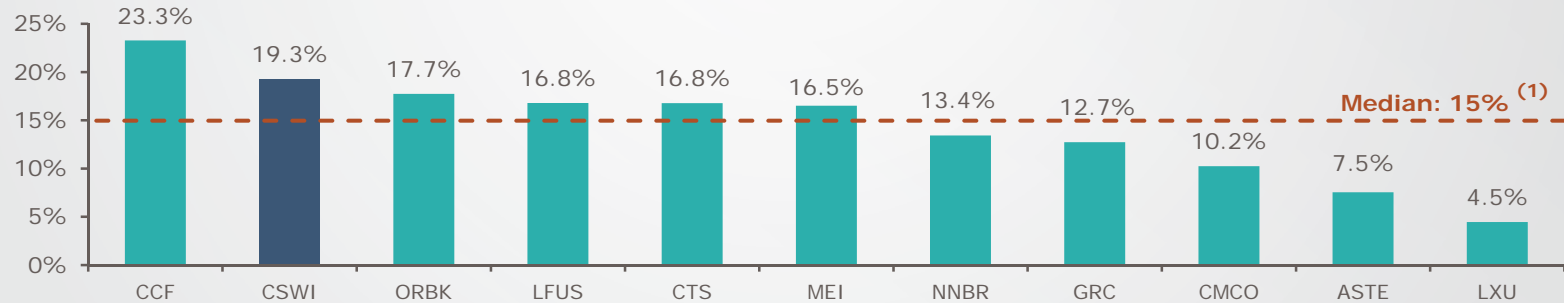


CSWI vs. Industrial Goods Peers

Three Year Revenue CAGR



LTM EBITDA Margin



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

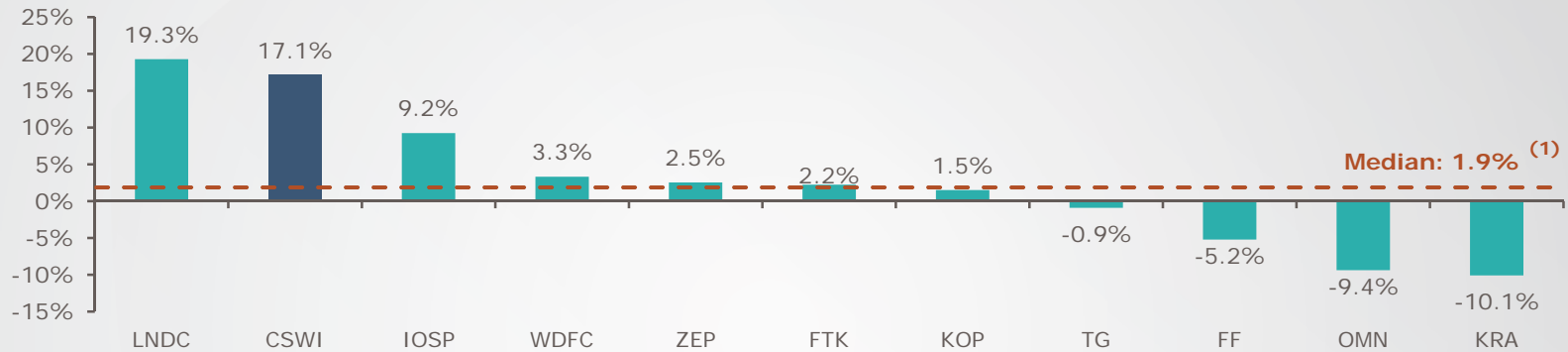
(1) Median excludes CSWI



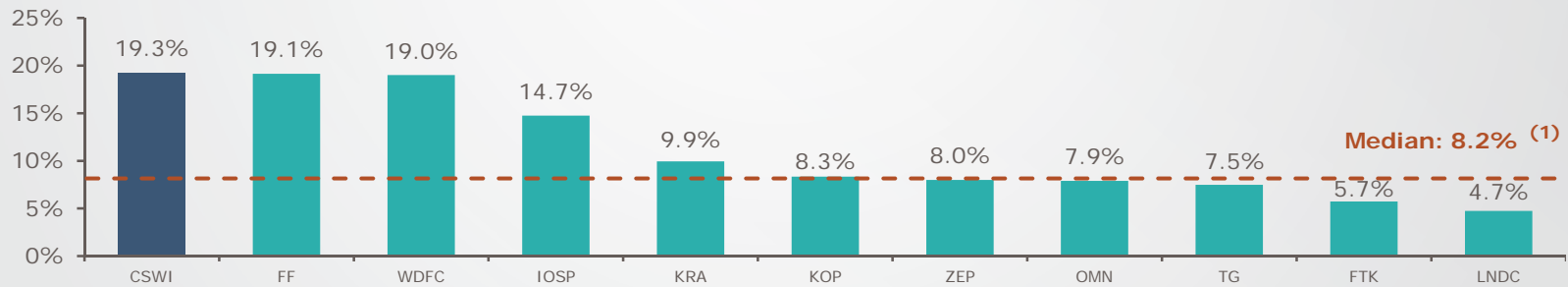


CSWI vs. Specialty Chemicals Peers

Three Year Revenue CAGR



LTM EBITDA Margin

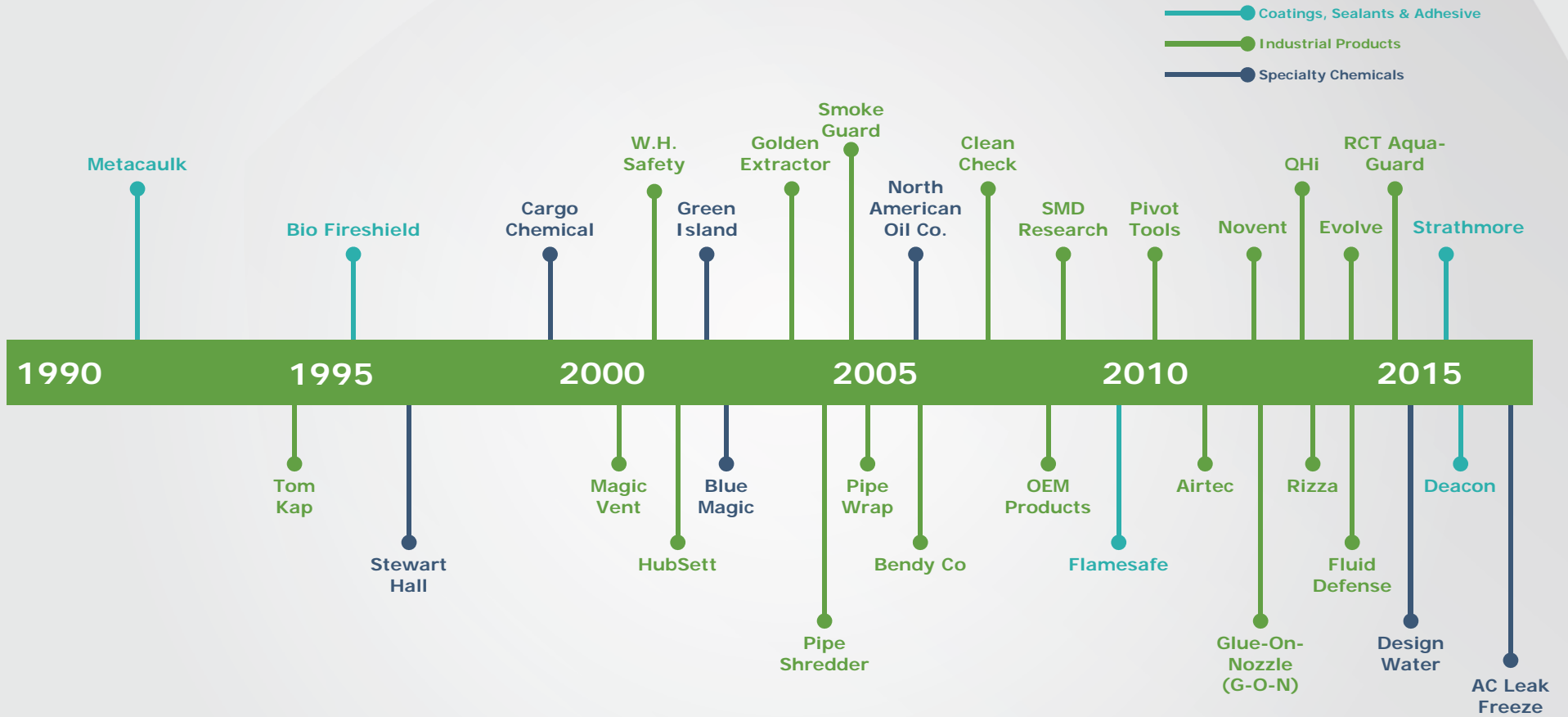


Note: CAGR and LTM are based on latest filing period. CSWI is March 31, 2016.

(1) Median excludes CSWI



Proven track record of 33 successful acquisitions





Experienced Management Team

Executive Officers



Joseph B. Armes
Chairman and CEO



Christopher J. Mudd
President & COO



Gregg W. Branning
Executive VP & CFO



Luke E. 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 Executive Vice President of The Dow Chemical Company

Linda A. Livingstone, Ph.D.

Dean of The George Washington University School of Business

William F. Quinn

Former executive Chairman and Founder of American Beacon Advisors

Robert M. Swartz

Lead independent director of the CSWI Board Executive Vice President and Chief Operating Officer of Glazer's, Inc

Company announced on July 6, 2016, plans to expand the board to a total of seven members





Business Segment Leadership

Business Segment

Industrial Products



Don Sullivan
SVP/GM

Coatings, Sealants & Adhesives



Mark Lee
SVP/GM

Specialty Chemicals



Craig Foster
SVP/GM

Portfolio Company



Industrial Brands





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.**



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CSWI Corporate Culture (Cont'd)

Our corporate culture will be based on our core values:

- Integrity
- Respect
- Excellence
- Stewardship
- Citizenship
- Accountability
- Teamwork



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Fiscal Q2 and Year to Date Operating Income to Adjusted Operating Income Reconciliation

(in thousands)	(unaudited)			
	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2016	2015	2016	2015
GAAP Operating Income	\$ 6,969	\$ 20,778	\$ 14,378	\$ 35,066
Adjusting items:				
Pension gain	-	(8,020)	-	(8,020)
Restructuring & severance	673	-	1,142	-
Asset Impairment	2,800	-	3,882	-
Estimated reserve for excess inventory	719		719	
Strathmore transaction costs	-	429	-	2,678
Spin related costs	-	901	-	901
Consulting projects	318	-	912	-
CFO Transition	31	-	2,872	-
Adjusted Operating Income	<u>\$ 11,510</u>	<u>\$ 14,088</u>	<u>\$ 23,905</u>	<u>\$ 30,625</u>





Fiscal Q2 and Year to Date Net Income & EPS to Adjusted Net Income & Adjusted EPS Reconciliation

(unaudited)

(in thousands, except share data)

	For the Three Months Ended September 30,		For the Six Months Ended September 30,	
	2016	2015	2016	2015
GAAP Net Income	\$ 3,842	\$ 12,962	\$ 7,937	\$ 21,612
Adjusting items, net of tax:				
Pension gain	-	(5,213)	-	(5,213)
Restructuring & severance	435	-	742	-
Asset Impairment	1,812	-	2,602	-
Estimated reserve for excess inventory	465	-	467	-
Strathmore transaction costs	-	278	-	1,733
Spin related costs	-	583	-	583
Consulting projects	206	-	593	-
CFO Transition	20	-	1,867	-
Discrete Tax Provisions	736	-	1,348	-
Adjusted Net Income	<u>\$ 7,516</u>	<u>\$ 8,610</u>	<u>\$ 15,556</u>	<u>\$ 18,715</u>
GAAP Diluted income per common share	\$ 0.24	\$ 0.83	\$ 0.50	\$ 1.38
Adjusting items, per diluted common share:				
Pension gain	-	(0.34)	-	(0.34)
Restructuring & severance	0.03	-	0.05	-
Asset Impairment	0.12	-	0.16	-
Estimated reserve for excess inventory	0.03	-	0.03	-
Strathmore transaction costs	-	0.02	-	0.11
Spin related costs	-	0.04	-	0.04
Consulting projects	0.01	-	0.04	-
CFO Transition	-	-	0.12	-
Discrete Tax Provisions	0.05	-	0.09	-
Adjusted earnings per diluted common share	<u>\$ 0.48</u>	<u>\$ 0.55</u>	<u>\$ 0.99</u>	<u>\$ 1.19</u>
Weighted-average shares outstanding (in thousands)				
Diluted	15,763	15,711	15,771	15,711





Fiscal Q2 and Year to Date Operating Income to Adjusted Operating Income Reconciliation

(in thousands, except percentages)

	(unaudited) For the Three Months Ended September 30, 2016					(unaudited) For the Three Months Ended September 30, 2015				
	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated
Revenue	\$ 41,858	\$ 23,006	\$ 15,245	\$ 22	\$ 80,131	\$ 36,186	\$ 27,971	\$ 19,771	\$ (184)	\$ 83,744
Operating Income	\$ 9,897	\$ (1,616)	\$ 1,232	\$ (2,544)	\$ 6,969	\$ 11,668	\$ 4,938	\$ 4,961	\$ (789)	\$ 20,778
Adjusting items:										
Pension gain	-	-	-	-	-	(3,179)	(1,418)	(3,423)	-	(8,020)
Restructuring & severance	-	673	-	-	673	-	-	-	-	-
Asset Impairment	-	2,800	-	-	2,800	-	-	-	-	-
Estimated reserve for excess inventory	17	279	423	-	719	-	-	-	-	-
Strathmore transaction costs	-	-	-	-	-	-	429	-	-	429
Spin related costs	-	-	-	-	-	-	-	-	901	901
Consulting projects	23	24	14	257	318	-	-	-	-	-
CFO Transition	-	-	-	31	31	-	-	-	-	-
Adjusted Operating Income	\$ 9,937	\$ 2,160	\$ 1,669	\$ (2,256)	\$ 11,510	\$ 8,489	\$ 3,949	\$ 1,538	\$ 112	\$ 14,088
% of revenue	23.7%	9.4%	10.9%		14.4%	23.5%	14.1%	7.8%		16.8%

(in thousands, except percentages)

	(unaudited) For the Six Months Ended September 30, 2016					(unaudited) For the Six Months Ended September 30, 2015				
	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated	Industrial Products	Coatings, Sealants & Adhesives	Specialty Chemicals	Corporate and Other	Consolidated
Revenue	\$ 85,333	\$ 46,371	\$ 32,490	\$ 44	\$ 164,238	\$ 76,162	\$ 56,420	\$ 39,934	\$ 138	\$ 172,654
Operating Income	\$ 20,504	\$ 97	\$ 2,288	\$ (8,511)	\$ 14,378	\$ 21,358	\$ 6,778	\$ 7,691	\$ (761)	\$ 35,066
Adjusting items:										
Pension gain	-	-	-	-	-	(3,179)	(1,418)	(3,423)	-	(8,020)
Restructuring & severance	-	1,142	-	-	1,142	-	-	-	-	-
Asset Impairment	90	3,187	605	-	3,882	-	-	-	-	-
Estimated reserve for excess inventory	17	279	423	-	719	-	-	-	-	-
Strathmore transaction costs	-	-	-	-	-	-	2,678	-	-	2,678
Spin related costs	-	-	-	-	-	-	-	-	901	901
Consulting projects	84	145	82	601	912	-	-	-	-	-
CFO Transition	-	-	-	2,872	2,872	-	-	-	-	-
Adjusted Operating Income	\$ 20,695	\$ 4,850	\$ 3,398	\$ (5,038)	\$ 23,905	\$ 18,179	\$ 8,038	\$ 4,268	\$ 140	\$ 30,625
% of revenue	24.3%	10.5%	10.5%		14.6%	23.9%	14.2%	10.7%		17.7%





Full Year Net Income to Adjusted EBITDA Reconciliation

(\$ millions)	FY2013	FY2014	FY2015	FY2016
Net Income	\$ 21.7	\$ 24.7	\$ 29.7	\$ 25.5
Pension Gain	-	-	-	(5.2)
Strathmore Transaction Costs	-	-	-	1.7
Strathmore Earn Out	-	-	-	(1.3)
Deacon & Leak Freeze Transaction Costs	-	-	-	0.5
Start-up Spin Costs	-	-	-	2.4
Strathmore Integration Costs	-	-	-	0.4
Discrete Tax Provisions	-	-	-	3.0
Adjusted Net Income	\$ 21.7	\$ 24.7	\$ 29.7	\$ 27.0
Interest	\$ (0.1)	\$ 0.1	\$ 0.6	\$ 3.0
Taxes	10.7	12.8	15.2	15.1
Depreciation	3.9	5.2	5.9	7.0
Amortization	2.8	3.9	4.6	7.1
Adjusted EBITDA	\$ 39.0	\$ 46.7	\$ 56.1	\$ 59.3

Note: Numbers may not foot due to rounding



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Full Year Adjusted Operating Income Reconciliation

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

	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	-	-	-	-	-	-	-	-	-	-
Adjusted Operating Income	\$ 10.9	\$ 7.7	\$ 13.4	\$ 0.2	\$ 32.2	\$ 12.6	\$ 9.4	\$ 15.9	\$ -	\$ 37.9

(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





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