

August 2022

Investor Presentation

Fiscal 1st Quarter
2023 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 TTM¹ Revenue)



TTM Total Revenue ~\$665.1MM

Key Highlights

2015

Publicly Listed on Nasdaq²

~\$1.9B

Market Capitalization³

~\$430MM

Acquisition Capital Invested Since December 2021

~41%

TTM Gross Margin

\$152MM

Liquidity⁴

Compelling Investment Thesis



Sustained multi-year revenue growth



Proven history of robust profitability



Strong balance sheet and financial results



Experienced leadership team



Driving long-term shareholder value

Consistently demonstrating growth in excess of end markets served

- Total revenue CAGR of **13.9%** from FY17 through FY22¹
- Organic revenue CAGR of **8.2%** from FY17 through FY22¹

Robust margin profile provided by niche products, applications, and solutions

- **44.3%** adjusted Gross Profit Margin annual average FY17 – FY22¹
- **20.3%** adjusted EBITDA Margin annual average FY17 – FY22¹

Strong financial position supports incremental organic and inorganic growth

- ~1.7x leverage, ~\$136MM available on our \$400MM revolving credit facility²
- \$141.9MM TTM EBITDA, and 21.3% EBITDA margin as a percent of revenue³

Demonstrated track record of leading public companies

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

Disciplined and strategic capital allocation policy enhances shareholder value

- ~**\$508MM** cumulative investment with 7 acquisitions completed FY16 through 1Q23
- ~**\$157MM** cash returned to shareholders since 3Q18, in the form of dividends and share repurchases⁴
- ~**250%** total shareholder return since inception, compared to ~70% for the Russell 2000⁵

Our Guiding Objectives

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

Treat Our Employees 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** 2021 and 2020
 - **\$250,000** in post-secondary scholarships awarded

Serve Our Customers Well

- Emphasize consistent availability and timely delivery
- Maintain incremental inventory for high demand products and specific raw materials
- Focus on driving market and wallet share gains

Manage Our Supply Chains Effectively

- Utilize balance sheet strength to strategically anticipate supply chain market dynamics to ensure product availability
- Protect profitability with disciplined price actions to offset inflation in raw materials and logistics impacting
- Leverage own manufacturing capacity

Position CSWI for Sustainable, Long-Term Growth and Profitability

- **Top-Line Growth: 48.3%** Revenue CAGR¹
- **Compelling Profitability: 24.8%**, 25.4%, and 21.2% EBITDA margin 1Q23, 1Q22, and 1Q21, respectively
- **Capital Allocation Priorities: risk-adjusted returns analysis** continuously evaluating next inorganic opportunity, while investing organic capital

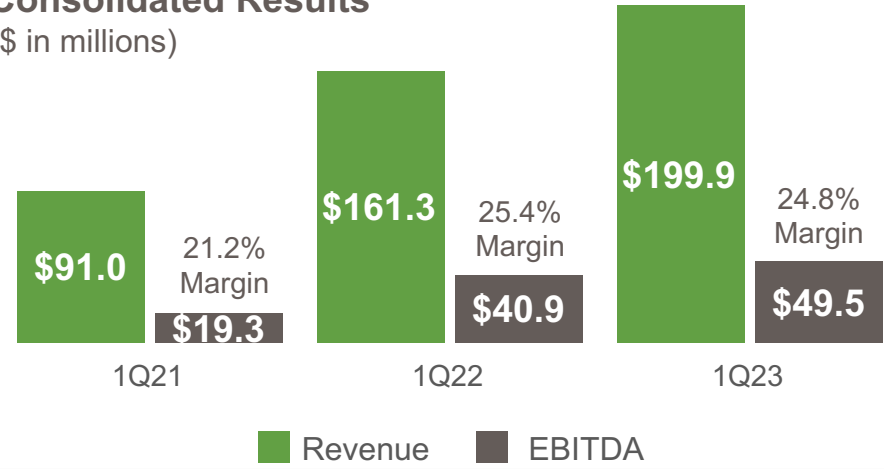
Fiscal 2023 1st Quarter Summary of Financial Results

Consolidated Results: 1Q23 Summary

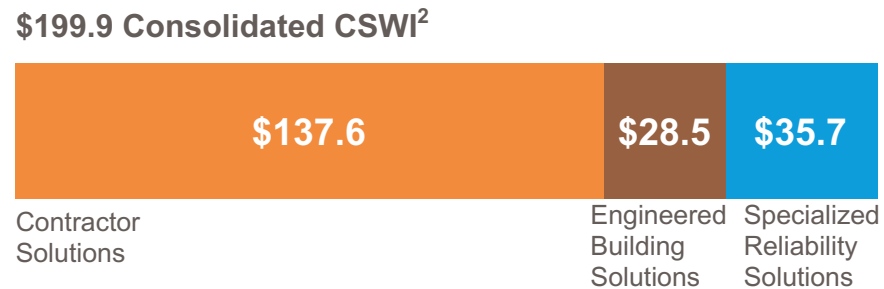
Consolidated Financial Highlights (1Q23 vs 1Q22):

- **Record Revenue of \$199.9MM, 24.0% increase**
 - **\$8.6MM** inorganic contribution from Shoemaker acquisition
 - **\$30.1MM** organic growth, or 77.7% of total growth, from price actions and increased unit volumes
 - All three segments reporting record historic quarterly revenue
- **Record EBITDA of \$49.5MM, 21.0% increase**
- **Record EPS of \$1.88, 26% increase** compared to adjusted prior year
- Net cash provided by operating activities of \$16.8MM
 - Expect cash flow conversion metrics to return to historic norms by the end of this fiscal year

Summary Quarterly Consolidated Results¹
(\$ in millions)



1Q23 Revenue
(\$ in millions)

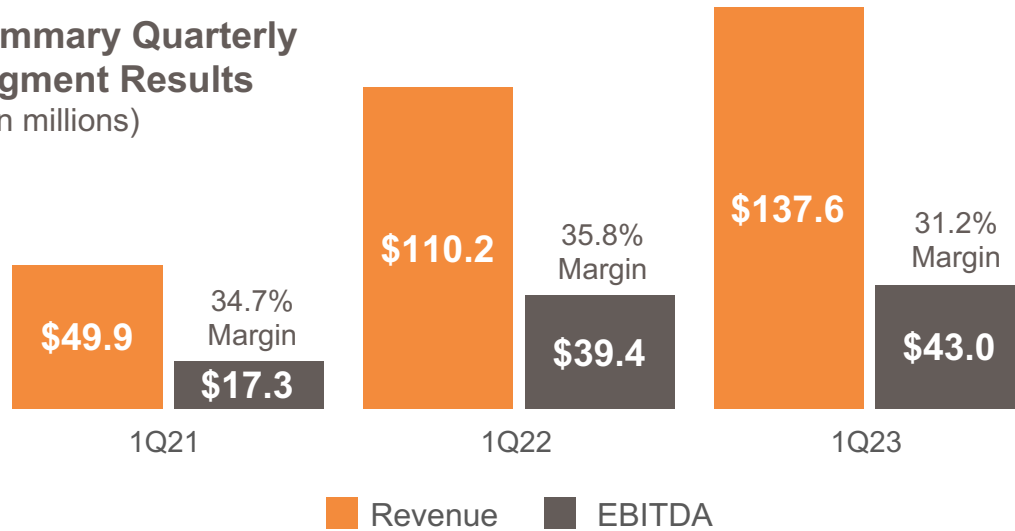


¹ Throughout the presentation, all financials are presented with calculations for continuing operations only.
² Consolidated CSWI revenue includes Corporate & Other, which are not depicted above. Please see the Appendix for the breakout.

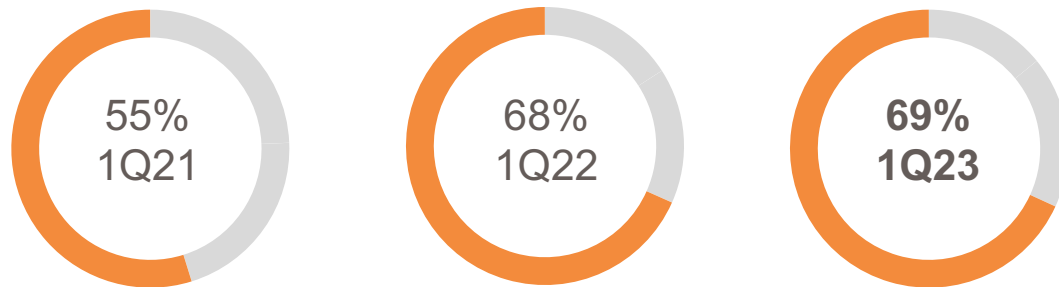


Contractor Solutions: 1Q23 Segment Summary

Summary Quarterly Segment Results (\$ in millions)



Segment as a % of Consolidated CSWI Revenue:



Segment Financials (1Q23 vs 1Q22):

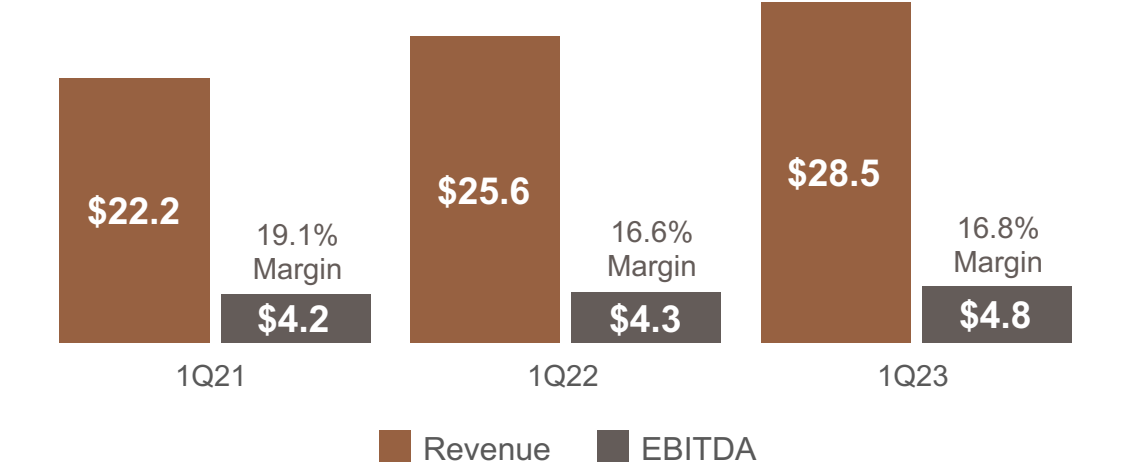
- Record Segment Revenue of **\$137.6MM, 24.8% increase**
 - Inorganic growth of **\$8.6MM** from the Shoemaker acquisition
 - Organic growth of **\$18.8MM**, due to cumulative benefit of implemented pricing initiatives, partially offset by a slight decrease in unit volumes
- Segment EBITDA increased **9.1%** due to strong Revenue growth
- Segment EBITDA margin was **31.2%**
 - No adjustments were made in the current period
 - Decline in margin primarily resulted from the timing impacts of material and freight cost increases and implemented pricing initiatives
 - Material and freight costs have recently stabilized
- FY23 Outlook
 - Segment Revenue expected to continue outpacing the categories we serve with continued focus on margins

Engineered Building Solutions: 1Q23 Segment Summary

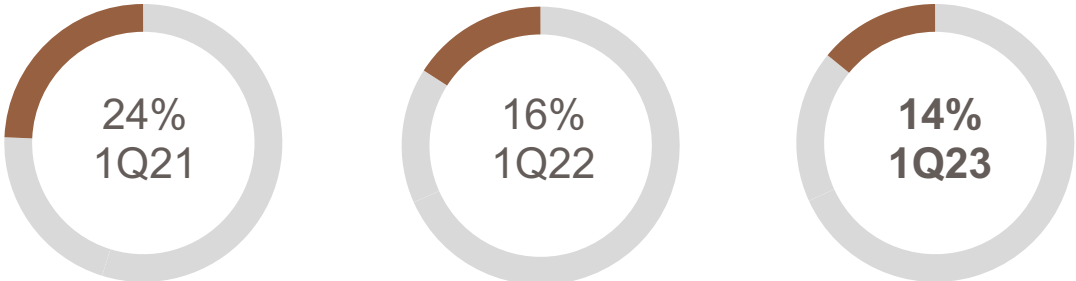
Segment Financials (1Q23 vs 1Q22):

- Record Segment Revenue **\$28.5MM**, an **11.2% increase**
 - New product development and enhanced commercialization of products with broad application across the end market categories
- Segment EBITDA **increased 12.3%** due to strong Revenue growth and operating expense management
- Record backlog for 2nd consecutive quarter
 - Increased quantity and quality of projects within our backlog reflect intentional curation of opportunities
 - For calendar 2022, the American Institute of Architects (AIA) predicts 9.1% growth in total nonresidential spending
 - Backlog and AIA forecast provides tailwind through fiscal 2023, and into early fiscal 2024
- FY23 Outlook
 - Expect to outperform construction end market, while producing solid margins

Summary Quarterly Segment Results (\$ in millions)

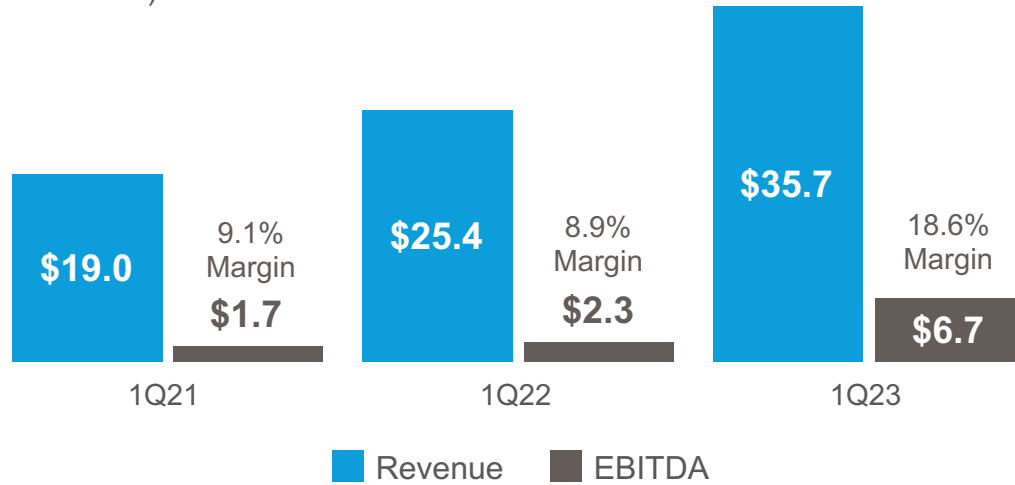


Segment as a % of Consolidated CSWI Revenue:

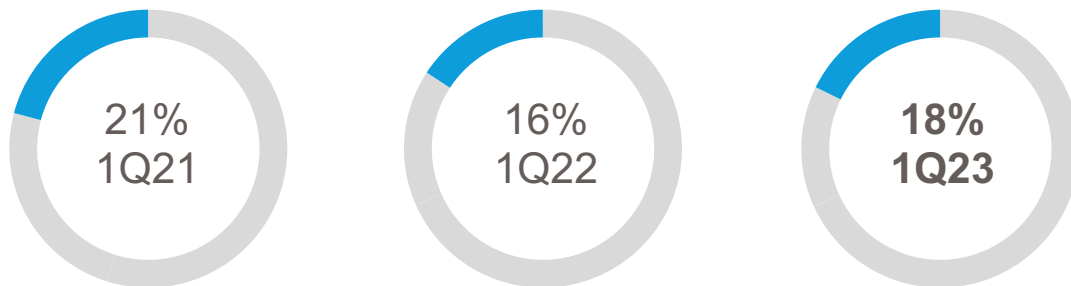


Specialized Reliability Solutions: 1Q23 Segment Summary

Summary Quarterly Segment Results (\$ in millions)



Segment as a % of Consolidated CSWI Revenue:



Segment Financials (1Q23 vs 1Q22):

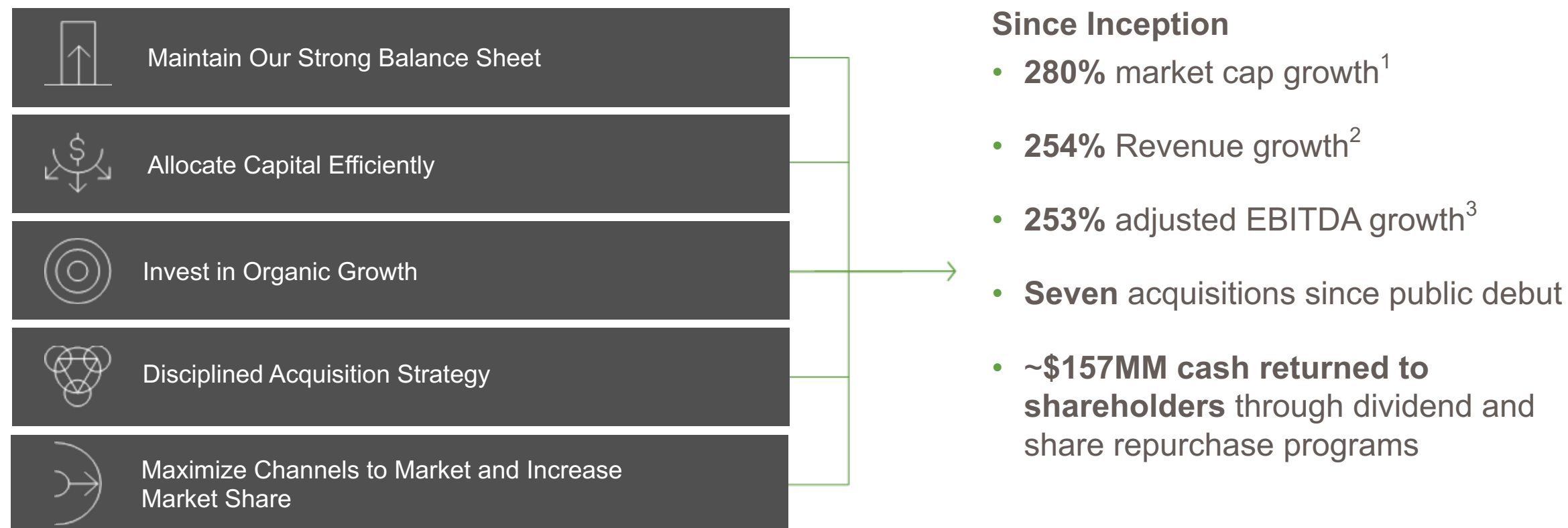
- Record Segment Revenue of **\$35.7MM**, a **40.4% increase**
 - Demand recovery in all end markets served
 - Incremental unit volumes and cumulative benefit of implemented pricing initiatives
- Segment revenue **increased \$16.7MM**, or **88.1%**, over 1Q21
- Segment EBITDA and EBITDA margin both increased significantly
 - Third consecutive quarter for mid-to-high teens segment EBITDA margin as capacity utilization increases, operational practices improve, and material cost inflation moderates
- FY23 Outlook
 - Expect to deliver another year of strong top line growth and improving margins, albeit at moderating growth rates as compared to the exceptional first quarter comparative period results

A photograph of an industrial manufacturing process. In the foreground, a row of dark grey plastic buckets is being filled by a mechanical arm. The arm is complex, with various pipes, valves, and a cylindrical component. Labels on the machinery include "DRIBBLE #2", "DUNCAN CO.", and "1042537-1". The background is a blurred industrial setting with yellow safety railings. The overall image has a semi-transparent grey overlay.

Driving Long-Term Shareholder Value

Seeking Sustainable Growth in Shareholder Value

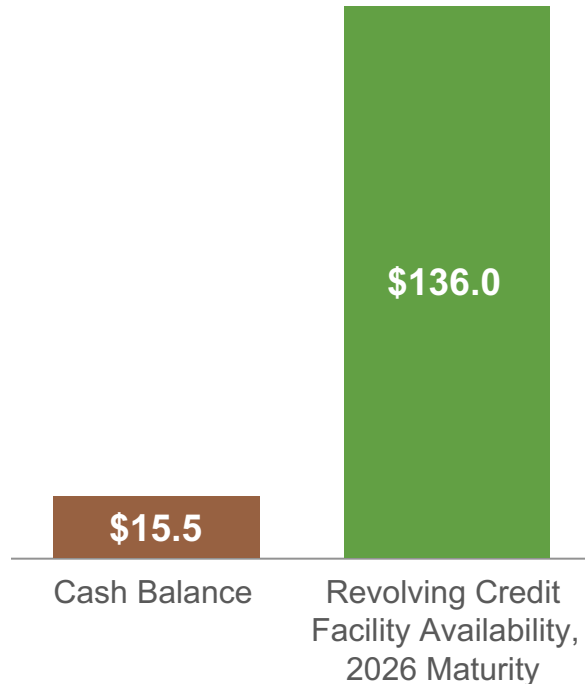
Our demonstrated track record of growth and enhancing long-term shareholder value.



Maintaining Our Strong Balance Sheet

CSWI is committed to maintaining a strong balance sheet, with ample liquidity through cash on hand and available credit, to maximize growth opportunities, both organically and inorganically.

Liquidity Position as of 6/30/22 (\$ in millions)



Strong liquidity position to support organic & inorganic investments

- Cash balance¹ of \$15.5MM
- ~\$136.0MM available under \$400.0MM revolving credit facility¹
- Strong operating cash generation of \$16.8MM in 1Q23
- Debt to EBITDA of ~1.7x²
 - Targeting operating leverage of 1.0x – 3.0x through cycles

Allocating Capital Efficiently

Capital allocation decisions will continue to be prioritized on a risk-adjusted returns basis, with the goal of driving long-term shareholder value.

Organic Growth

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

Inorganic Growth

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

Dividends

- Dividend program initiated in April 2019
- 14 consecutive quarters of dividends declared, for cumulative return of cash of \$31.1MM

Share Repurchases

- As appropriate, return cash through opportunistic share repurchases
- Cumulative share repurchases of \$130.9MM and 1.9MM shares since program inception in 3Q FY18

TTM Capital Allocation¹
(\$ in millions)

\$65.7MM

Capital Expenditures \$16.6

Acquisitions \$39.3

Dividends \$9.8

Share Repurchase \$44.9

Investing in Innovative Products

Our product innovation strategy is focused on commercially attractive products and solutions, while maintaining a flexible manufacturing strategy.

Key Innovation Attributes Include:

Serving Niche Applications

- Attractive in our target end markets, especially where we have the solution for specific applications or needs
- Ensuring reliability for our customers' mission-critical equipment, with specialty lubricants and greases that perform under environments

Providing Incremental Market Access

- Products that are in constrained distribution channels benefit from our numerous market channel options
- Cross-selling end markets, such as HVAC/R and plumbing, or various directional drilling applications, enabling greater market access

Value-Selling Through Differentiation

- Enhancing products via innovative research and development
- Protecting capital assets in the most demanding environments and extreme conditions
- Providing code-driven, life safety solutions

Resulting in Customer Value

- Driving material labor or maintenance savings for end-users, especially where empirically demonstrated
- Extending the life of our customers' capital intense assets with quantifiable data support

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 Target Criteria:

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



Accessing Distribution Channels to Accelerate Growth

We have focused on growing 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 maintains robust access to distributors, including through buying groups and national account relationships

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

Corporate Sustainability

Corporate Culture and Values

The Goal of Our Corporate Culture is to Maximize Performance

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, norms, and dominant Values of the Company. Our culture should be effective in reinforcing certain behaviors and eradicating others.

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



Respect



Citizenship



Integrity



Teamwork



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.

Key Highlights:

1.8

Total Recordable Incident Rate¹

~5%

Insider ownership, including ESOP²

89%

Independent Directors on our Board

44%

Diverse Directors on our Board

Business Segment Overview



Segments Summary

Contractor Solutions

- **\$443.9MM** TTM Revenue, **\$127.4MM** EBITDA, and **28.7%** EBITDA margin
- Manufactures and supplies products for residential and commercial HVAC/R and plumbing applications, designed primarily for professional tradespeople



Engineered Building Solutions

- **\$100.2MM** TTM Revenue, **\$13.6MM** EBITDA, and **13.6%** EBITDA margin
- Provides primarily code-driven, life-safety products that are engineered to provide aesthetically-pleasing solutions for the construction, refurbishment and modernization of commercial, institutional, and multi-family residential buildings



Specialized Reliability Solutions

- **\$126.3MM** TTM Revenue, **\$19.4MM** EBITDA, and **15.4%** EBITDA margin
- Provides long-established products for increasing the reliability, performance, and lifespan of industrial assets and solving equipment maintenance challenges



Shell & Whitmore
Reliability Solutions, LLC

Contractor Solutions Segment – Overview

Summary:

- Highly diversified product portfolio providing industry leading products in both direct-to-customer and distributor models
- Focus on 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

~\$443.9MM

TTM Revenue

~28.7%

TTM EBITDA Margin

End Markets Served:



HVAC/R



Plumbing



Electrical



Industrial

Contractor Solutions Segment – Overview

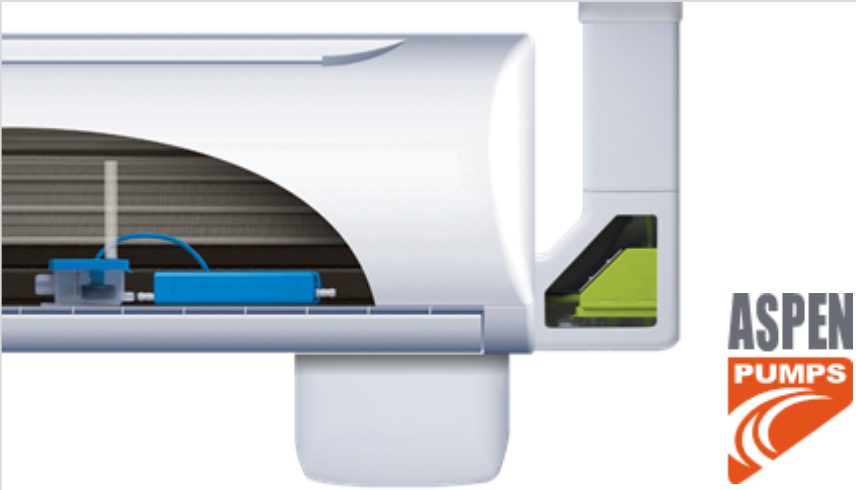
Strategic Growth that Outpaces End Markets:

- Continue to develop and market innovative products providing low cost and high value, while supporting additional revenue growth for distributors and efficiencies for professional contractors
- Acquire, develop, and introduce innovative products in specific new markets that can be owned. Successful examples include condensate cutoff switches and component accessories for the thriving market of mini-split HVAC systems

Contractor Solutions Brands:



Contractor Solutions: Products



Products Serving Niche HVAC/R Mini-Split Market

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.



Coil-Cure

EPA registered coil cleaner and disinfectant.



Coil-Cure AM

Spray-applied antimicrobial coil coating



Mighty Bracket

Support tool - allows single person evaporator installation or repair



Desolv

Cleaning Kit and Aerosol protect walls and floors



Safe-T-Switch

Primary drain pan overflow protection.

PRO-Fit Quick Connect

Push-to-connect refrigerant fittings. Quick-release removal



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

Engineered Building Solutions Segment – Overview

Summary:

- Decades of experience creating products that protect lives
- Endless use cases for construction, refurbishments, and modernization of buildings
- Multiple manufacturing locations provides efficiency to meet the needs of general contractors and architects
- Continuous engineering improvement to produce best in class products

~\$100.2MM

TTM Revenue

~13.6%

TTM EBITDA Margin

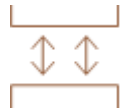
End Markets Served:



Smoke & Fire Protection



Safety Railings



Expansion Joints



Safety Egress

Engineered Building Solutions Segment – Overview

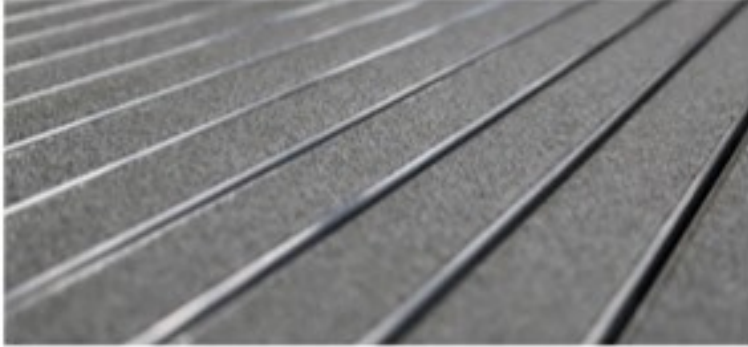
Where Form Meets Function:

- Market leader in providing unique solutions to architects and contractors that meet code requirements, while adding functionality, performance, and aesthetically-pleasing designs
- Whether for new construction or renovation, safety and code compliance are top of mind for commercial builders, our products provide fire-rated and smoke-rated protection
- Design, manufacture and install stainless steel and other architectural metal products railings for interior and exterior end uses

Engineered Building Solutions Brands:



Engineered Building Solutions: Products



Specialized Reliability Solutions Segment – Overview

Summary:

- Our product portfolio allows us to effectively compete and capture enhanced margins relative to larger Specialty Chemical peers
- Focus on end markets with sustainable growth trends, offering products that serve niche solutions to our customers
- Focus on 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

~\$126.3MM

TTM Revenue

~15.4%

TTM EBITDA Margin

End Markets Served:



Rail/Transport



Energy



Mining



Industrial

Specialized Reliability Solutions Segment – Overview

Mission Critical Meets Mission Accomplished:

- 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
- Two centuries of combined operations manufacturing and supplying our trusted specialty lubricants, compounds, sealants, coatings, desiccant breather filtration, and lubrication management systems

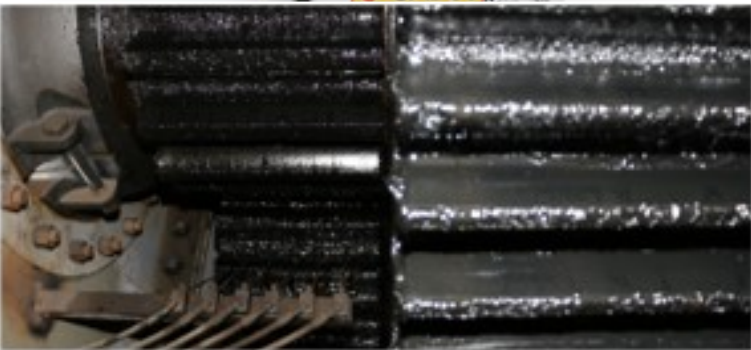
Specialized Reliability Solutions Brands:



Specialized Reliability Solutions: Products



Specialized Reliability Solutions: Shell Whitmore JV Products



Appendix

CSWI Executive Team

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



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 Chairman, CEO & President of Capital Southwest Corporation from June 2013 to September 2015.



James Perry

Executive VP
& 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 as CFO. He previously held positions at JP Morgan Chase & Co. and Ernst & Young LLP.



Donal Sullivan

Executive VP
& General Manager

Donal has served as EVP & General Manager, Contractor Solutions since May 2020, and previously served as SVP & General Manager, Industrial Products from January 2016, and was appointed as an executive officer of the Company in March 2019. He has previously held roles at Goodman Global and Carrier 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, 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.

Reconciliation of Fiscal First Quarter Segment Operating Income to Adjusted Segment Operating Income and to Segment EBITDA

(Amounts in thousands)	(Unaudited)					(Unaudited)					(Unaudited)				
	Three Months Ended June 30, 2022					Three Months Ended June 30, 2021*					Three Months Ended June 30, 2020*				
	Contractor Solutions	Engineered Building Solutions	Specialized Reliability Solutions	Corporate and Other	Consolidated Operations	Contractor Solutions	Engineered Building Solutions	Specialized Reliability Solutions	Corporate and Other	Consolidated Operations	Contractor Solutions	Engineered Building Solutions	Specialized Reliability Solutions	Corporate and Other	Consolidated Operations
Revenue, net	\$ 137,628	\$ 28,514	\$ 35,737	\$ (1,944)	\$ 199,934	\$ 110,242	\$ 25,650	\$ 25,447	\$ (73)	\$ 161,266	\$ 49,884	\$ 22,154	\$ 18,997	\$ (72)	\$ 90,964
GAAP Operating Income	\$ 36,289	\$ 4,415	\$ 5,097	\$ (4,927)	\$ 40,873	\$ 29,512	\$ 3,854	\$ 697	\$ (5,162)	\$ 28,902	\$ 15,908	\$ 4,038	\$ 163	\$ (4,000)	\$ 16,109
Adjusting Items:															
Purchase Accounting Effect	—	—	—	—	—	3,919	—	—	—	3,919	—	—	—	—	—
Adjusted Operating Income	\$ 36,289	\$ 4,415	\$ 5,097	\$ (4,927)	\$ 40,873	\$ 33,431	\$ 3,854	\$ 697	\$ (5,162)	\$ 32,821	\$ 15,908	\$ 4,038	\$ 163	\$ (4,000)	\$ 16,109
% Revenue	26.4 %	15.5 %	14.3 %		20.4 %	30.3 %	15.0 %	2.7 %		20.4 %	31.9 %	18.2 %	0.9 %		17.7 %
Adjusting Items:															
Other Income (Expense)	309	(79)	5	(66)	169	(9)	(157)	31	(36)	(171)	(25)	(320)	120	(82)	(307)
Depreciation & Amortization	6,408	451	1,561	49	8,470	9,931	566	1,548	134	12,178	1,444	513	1,437	134	3,527
Purchase Accounting Effect	—	—	—	—	—	(3,919)	—	—	—	(3,919)	—	—	—	—	—
EBITDA	\$ 43,006	\$ 4,787	\$ 6,663	\$ (4,944)	\$ 49,512	\$ 39,434	\$ 4,262	\$ 2,276	\$ (5,064)	\$ 40,909	\$ 17,326	\$ 4,231	\$ 1,720	\$ (3,948)	\$ 19,330
% Revenue	31.2 %	16.8 %	18.6 %		24.8 %	35.8 %	16.6 %	8.9 %		25.4 %	34.7 %	19.1 %	9.1 %		21.2 %

Reconciliation of TTM Segment Operating Income to Segment EBITDA

(Amounts in thousands)	(Unaudited)				
	Trailing Twelve Months Ended June 30, 2022				
		Engineered	Specialized		
	Contractor Solutions	Building Solutions	Reliability Solutions	Corporate and Other	Consolidated Operations
Revenue, net	\$ 443,873	\$ 126,332	\$ 100,161	\$ (5,261)	\$ 665,104
GAAP Operating Income	\$ 102,892	\$ 13,406	\$ 11,662	\$ (18,609)	\$ 109,351
% Revenue	23.2 %	10.6 %	11.6 %		16.4 %
Adjusting Items:					
Other Income (Expense)	188	6	(28)	(292)	(126)
Depreciation & Amortization	24,356	6,030	1,949	366	32,701
EBITDA	\$ 127,437	\$ 19,442	\$ 13,582	\$ (18,535)	\$ 141,927
% Revenue	28.7 %	15.4 %	13.6 %		21.3 %



CSW
INDUSTRIALS