



# ThreePart Advisors Ideas Conference

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August 24, 2022

## DISCLAIMERS

Certain statements herein about our expectations of future events or results constitute forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995, including the statements regarding our strategic and financial initiatives. You can identify forward-looking statements by terminology such as “may,” “should,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “continue,” or the negative of these terms or other comparable terminology. Such forward-looking statements are based on currently available competitive, financial and economic data and management’s views and assumptions regarding future events. Such forward-looking statements are inherently uncertain, and investors must recognize that actual results may differ from those expressed or implied in the forward-looking statements. Certain factors could affect the outcome of the matters described herein. This presentation may contain forward-looking statements that involve risks and uncertainties including, but not limited to, changes in customer demand for our products and services, including demand by the power generation markets, electrical transmission and distribution markets, the industrial markets, and the metal coatings markets. In addition, within each of the markets we serve, our customers and our operations could potentially continue to be adversely impacted by the ongoing COVID-19 pandemic, including governmental mandates regarding the same. We also continue to experience additional increases in labor costs, components, and raw materials including zinc and natural gas which are used in the hot-dip galvanizing process; supply-chain vendor delays; customer requested delays of our products or services; delays in additional acquisition or disposition opportunities; currency exchange rates; availability of experienced management and employees to implement the Company’s growth strategy; a downturn in market conditions in any industry relating to the products we inventory or sell or the services that we provide; economic volatility or changes in the political stability in the United States and other foreign markets in which we operate; acts of war or terrorism inside the United States or abroad; and other changes in economic and financial conditions. The Company has provided additional information regarding risks associated with the business in the Company’s Annual Report on Form 10-K for the fiscal year ended February 28, 2022 and other filings with the Securities and Exchange Commission (“SEC”), available for viewing on the Company’s website at [www.azz.com](http://www.azz.com) and on the SEC’s website at [www.sec.gov](http://www.sec.gov). You are urged to consider these factors carefully in evaluating the forward-looking statements herein and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by this cautionary statement. These statements are based on information as of the date hereof and the Company’s assumes no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

## Non-GAAP Disclosure of EBITDA

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In addition to reporting financial results in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"), AZZ has provided EBITDA and Adjusted EBITDA, which are non-GAAP measures. Management believes that the presentation of these measures provides investors with a greater transparency comparison of operating results across a broad spectrum of companies, which provides a more complete understanding of AZZ's financial performance, competitive position and prospects for the future. Management also believes that investors regularly rely on non-GAAP financial measures, such as EBITDA and Adjusted EBITDA, to assess operating performance and that such measures may highlight trends in the Company's business that may not otherwise be apparent when relying on financial measures calculated in accordance with GAAP.

## Key Themes In Today's Presentation

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Advancing our Strategic Objective of Becoming Predominately a Metal Coatings Company

Strategically Investing with Purpose and Agility to Create Value

Capturing a Larger Portion of the Metal Coatings Market

Operating Business Overview and Outlook

## Vision and Values

### Our Mission

AZZ will create superior value in a culture where people can grow and TRAITS matter. We are diverse, collaborative, and service-minded, operating in a culture of Trust, Respect, Accountability, Integrity, Teamwork, and Sustainability

## GUIDING VALUES

- **We Value Our Dedicated Employees** and their communities by fully training and equipping them, and providing a safe environment to grow
- **We Value Our Customers** by reliably providing high-quality products and services with outstanding customer service
- **We Value Our Shareholders** by consistently providing solid returns



## Environmental, Social and Governance “ESG”

- **Formed Sustainability Council** with Board oversight
- **Integrating Sustainability** into our operations and Company culture
- **Continued Commitment to Employee Safety, Development and Diversity**
- **Experienced and Diverse Board** from various backgrounds

# Experienced Management Team with History of Organic Growth and M&A Integration



**Tom Ferguson**  
President and Chief Executive Officer

*9 Years at AZZ*

**Prior Experience**



**Philip Schlom**  
Chief Financial Officer

*3 Years at AZZ*



**David Nark**  
SVP of Marketing, Communications and Investor Relations

*9 Years at AZZ*



**Bryan Stovall**  
President & COO Metal Coatings

*29 Years at AZZ*



**Kurt Russell**  
President & COO Precoat

*12 Years at Precoat*



**Gary Hill**  
President & COO AIS

*14 Years at AZZ and Predecessors*



✓ Combined corporate culture and shared vision of value-added metal coating solutions and best practices to drive continuous improvement across businesses

Advancing our Strategic Objective of Becoming  
Predominately a Metal Coatings Company

# AZZ's Continued Strategic Transformation Into a Focused Coatings Provider

AZZ has taken strategic actions in recent years to prioritize its Metal Coatings segment, paving the way for our continued evolution into a focused coatings provider

## Metal Coatings

- Strong portfolio of complementary high margin coating assets
- Long-term strategy to grow organically and with a robust acquisition program
- Continued focus on driving profitable growth and expanding coating applications
- AZZ Metal Coatings 5-Year Average Adjusted EBITDA Margin: ~29%
- 9 acquisitions since FY2017

## Infrastructure Solutions

- Collection of electrical and industrial businesses that support and extend the lifecycle of critical infrastructure
- Continuing to pursue strategic options that will improve focus on coatings
- 5-Year Average Adjusted EBITDA Margin: ~10%

## Acquisitions and Divestitures



**Divestitures**



# Strategically Investing with Purpose and Agility to Create Value

## Recently Completed Precoat Acquisition Significantly Positions AZZ in the Broader Coatings Market

- On May 13, 2022, AZZ Inc. (“AZZ” or the “Company”) (NYSE: AZZ) completed the acquisition of Precoat Metals (“Precoat”) from Sequa Corporation, a portfolio company of Carlyle
  - Purchase price of \$1.28 billion
  - Net purchase price of approximately \$1.13 billion when adjusted for the net present value of approximately \$150 million of expected tax benefits
  - Valuation represents approximately 8.2x Precoat’s LTM 12/31/2021 adjusted EBITDA after giving effect to the net present value of expected net tax benefits
- Precoat Metals is the leading independent provider of value-added services for prepainted metal coil coatings in North America
  - Precoat generated LTM 12/31/2021 sales of \$700 million and adjusted EBITDA of \$137 million (19.7% margin), which is accelerating this year
- Advances AZZ’s previously stated strategy of becoming predominantly a metal coatings company
  - Significantly enhances AZZ’s scale, resulting in illustrative pro forma Sales and adjusted EBITDA for Coatings Related Businesses of \$1.4 billion<sup>(2)</sup> and \$340 million<sup>(2)</sup>
  - Immediately improves AZZ’s margin profile, with pro forma adjusted EBITDA margin from Coatings related businesses of over 24%<sup>(2)</sup>
  - Expected to be more than 20% accretive to adjusted EPS in first full fiscal year
  - Continuity of leadership and shared cultural values supporting a smooth integration process
- AZZ funded the transaction with a combination of newly issued debt and equity-linked securities consisting of the following financing package:
  - 5-year \$400 million Senior Secured Revolving Credit Facility (undrawn at close)
  - 7-year \$1,300 million Term Loan B
  - 8-year \$240 million Subordinated Convertible Notes to be purchased by Blackstone, which upon approval of AZZ’s stockholders would convert into Series A Convertible Preferred Shares
- Pro forma net leverage and net first lien leverage of 5.0x and 4.2x, respectively, as of 2/28/2022 with the goal of returning to below 3.0x net leverage
  - The conversion of the Subordinated Convertible Notes into Series A Preferred Shares resulted in pro forma net leverage of 4.2x as of 2/28/2022
  - Near-term focus on deleveraging and investing in profitable growth projects via the combined company’s strong free cash flow generation
  - AZZ remains committed to paying a dividend on its common stock while continuing to support profitable growth initiatives
- The acquisition successfully closed on May 13, 2022 during AZZ’s first quarter FY2023

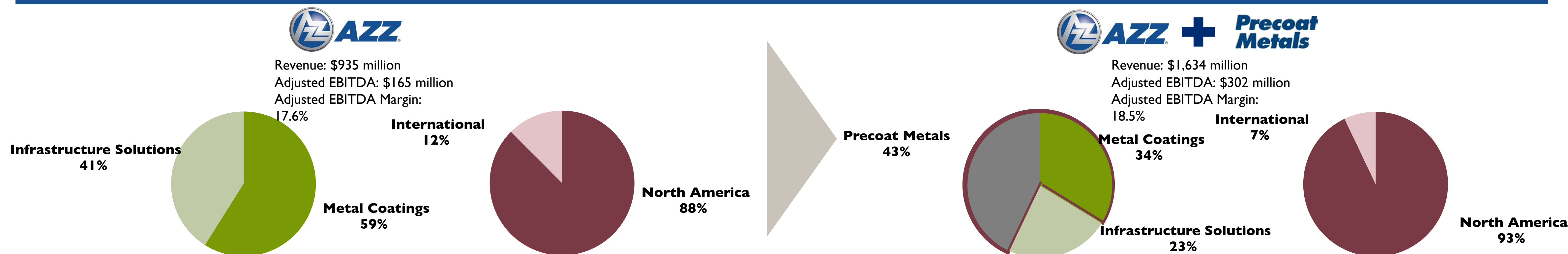
(1) Pro forma for the acquisitions of Steel Creek and DAAM Galvanizing, AZZ generated LTM 2/28/2022 revenue of \$935 million and adjusted EBITDA of \$165 million (17.6% margin).

(2) Based on financials as of LTM 2/28/2022 for AZZ and LTM 12/31/2021 for Precoat. AZZ financials include pro forma impact of Steel Creek and DAAM Galvanizing acquisitions. Does not include any estimated run-rate synergies.

# Highly Complementary Acquisition Creates a Predominantly Metal Coatings Company with Leading Positions Across Value Chain

Acquisition of Precoat represents a continued transition of AZZ from a portfolio of businesses to a focused provider of coating and galvanizing solutions for critical applications

Precoat Metals Advances AZZ's Strategy of Becoming Predominantly a Metal Coatings Company While Significantly Enhancing Scale and Margins



Highly Complementary Acquisition With Strong Strategic Fit



**Metal Coatings**

**Precoat Metals**

<b>Sales</b>	\$551 million	<i>More than Doubles Coatings-Related Sales</i>	\$699 million
<b>Substrate</b>	Steel		Steel, Aluminum
<b>Value Chain</b>	Post-Fabrication		Pre-Fabrication
<b>Solutions Offering</b>	<ul style="list-style-type: none"> <li>Hot-dip galvanizing</li> <li>Spin galvanizing</li> <li>Powder coating</li> </ul>	<ul style="list-style-type: none"> <li>Anodizing</li> <li>Plating</li> <li>Other surface coating applications</li> </ul>	<ul style="list-style-type: none"> <li>Prepaint coating</li> <li>Shape correction</li> <li>Cut-to-length</li> <li>Slitting</li> <li>Embossing</li> <li>Laminating / printing</li> </ul>
<b>End Markets</b>	<ul style="list-style-type: none"> <li>Industrial</li> <li>Construction</li> <li>OEM</li> </ul>	<ul style="list-style-type: none"> <li>Renewable / Utility</li> <li>Petrochem</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Construction</li> <li>Appliance</li> <li>HVAC</li> <li>Container</li> <li>Transportation</li> <li>Other</li> </ul>
<b>Market Position</b>	<b>#1 in hot-dip galvanizing in North America</b>		<b>#1 independent coil coating provider across end markets</b>

Note: Based on financials as of LTM 2/28/2022 for AZZ and LTM 12/31/2021 for Precoat. AZZ financials include pro forma impact of Steel Creek and DAAM Galvanizing acquisitions. Does not include any estimated run-rate synergies.

## Highly Strategic Acquisition With Significant Upside Potential for Shareholders

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**Integrate and enhance combined corporate culture and values to leverage the best practices of both organizations**



**Greater investment and increased support to the Precoat team to drive improvements in the organization and accelerate growth**



**Capitalize on shared vision of value-added metal coating solutions and best practices to drive continuous operational improvements**



**Near-term capital allocation plan focused on deleveraging through strong free cash flow generation with longer-term focus on reinvestment to drive future growth**

# Capturing a Larger Portion of the Coatings Market

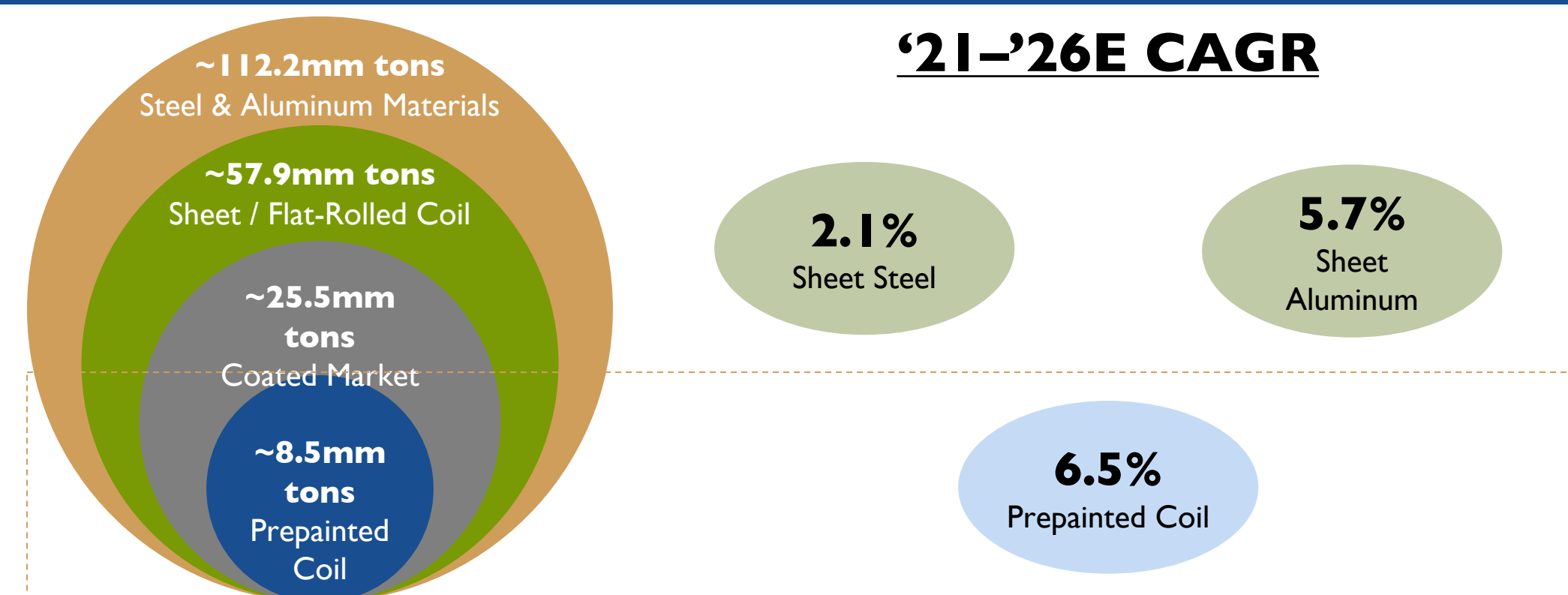
# U.S. Pre-Painted Coil Industry

*Pre-painted coil is a subsegment of the overall metal materials market which adds valuable performance, durability, texture and aesthetics*

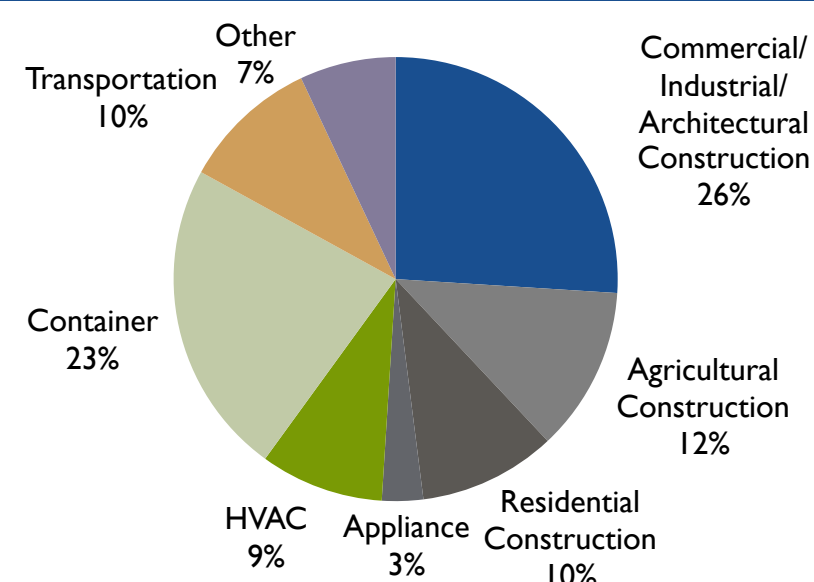
## Commentary

- The pre-painted coil market is a ~\$3.7bn industry in the U.S. and accounts for 8% of the broader steel and aluminum materials market, as well as 15% of all sheet/coil steel and aluminum in 2021E
- The pre-painted segment serves a diverse set of end markets and is benefitting from positive trends in key end markets, including a broader trend of customers adopting or converting to the use of pre-painted coil instead of uncoated or post-painted materials
- Since 2017, pre-painted coils have gained an estimated ~6% share of the total U.S. coating volume, and the pre-painted market is expected to grow at a 6.5% CAGR from 2021E – 2026E

## Prepaint Subsegment with Broader Metal Materials



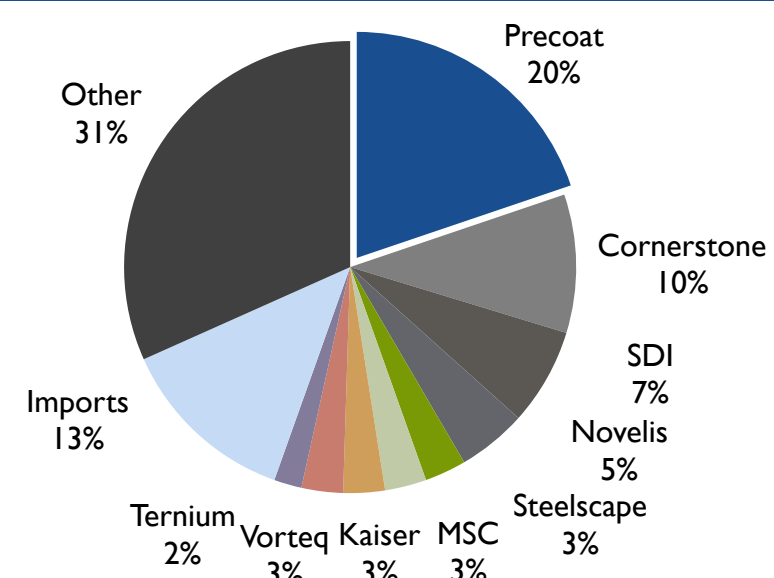
## U.S. End Market Breakdown<sup>(1)</sup>



**Diversity of application demand and growth of metals, particularly in construction & containers, expected to generate strong growth for pre-painted coils over the next 5 years**

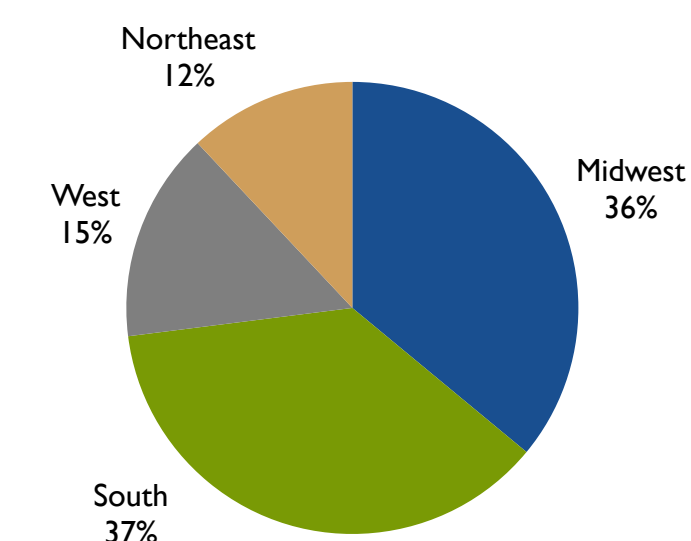
(1) Reflects 2020 US market mix.

## U.S. Pre-painted Coil Market<sup>(1)</sup>



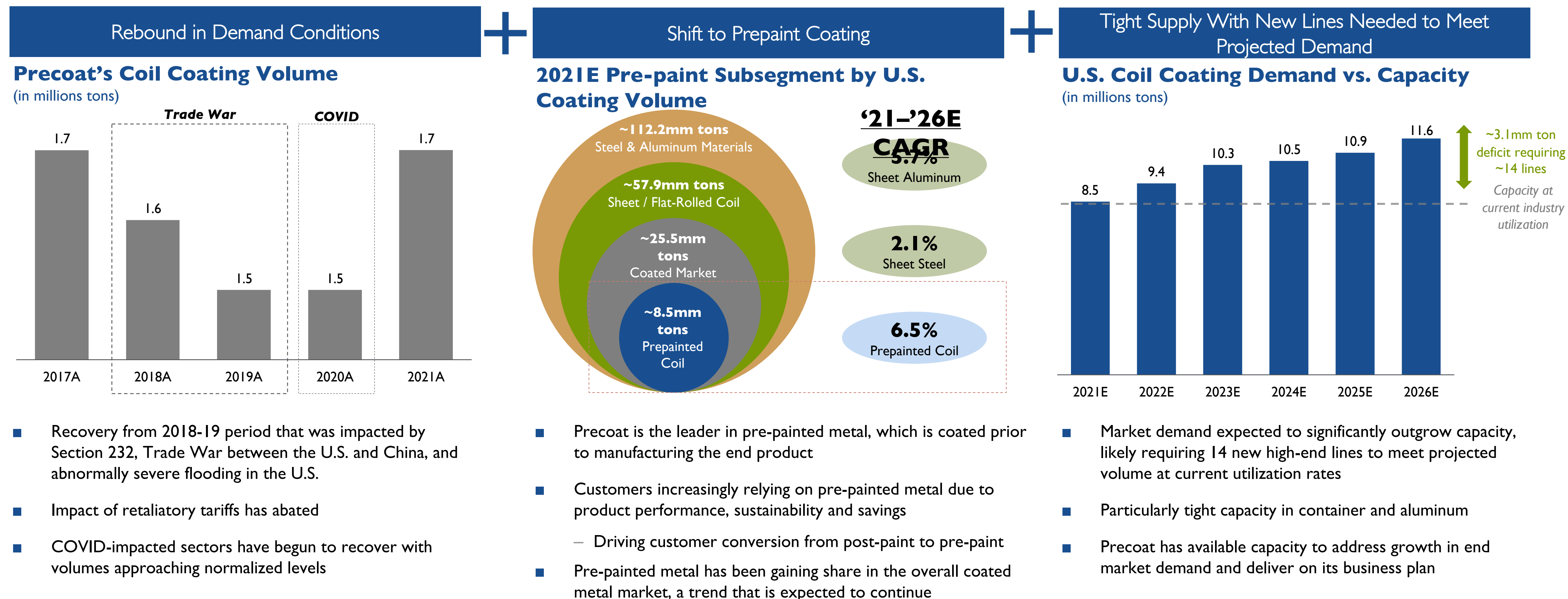
**Precoat is the clear leader in the pre-painted market, which drives above end market growth rates due to increasing focus on conversion from post-paint to pre-painted coils**

## U.S. Regional Breakdown<sup>(1)</sup>



**Precoat's footprint in close proximity to major customers, metal suppliers and major ports supporting a highly efficient supply chain in key regions**

# Demand for Coil Coating Is Expected to Significantly Outpace Market Capacity



*Highly attractive market environment with demand outpacing supply*

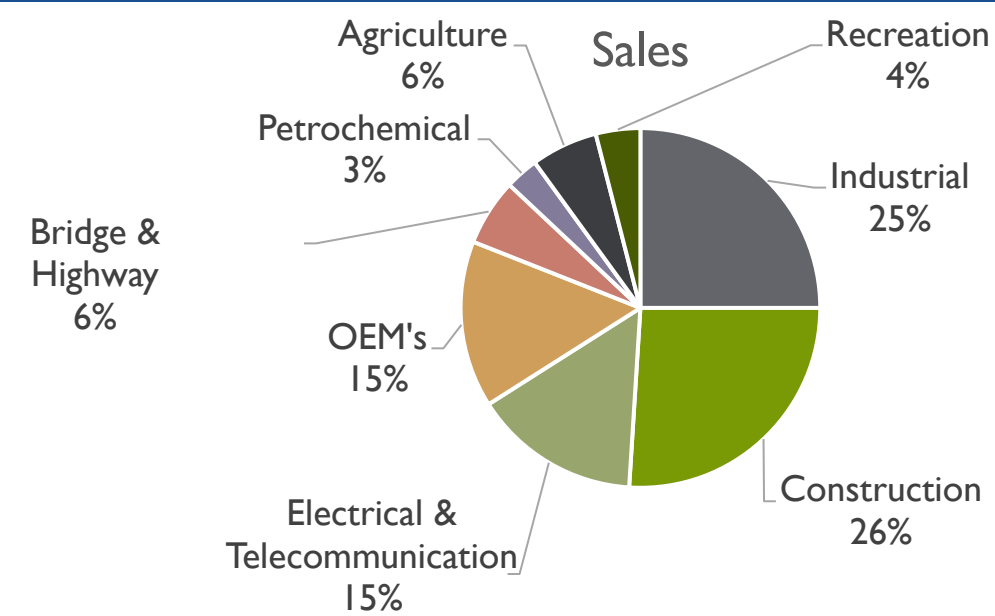
# North American Hot-Dip Galvanizing Market

Post-Fabrication Hot-Dip Galvanizing is a subset of the overall metal coatings materials market which protects steel structures from corrosion, using zinc, an environmentally friendly infinitely reusable material

## Commentary

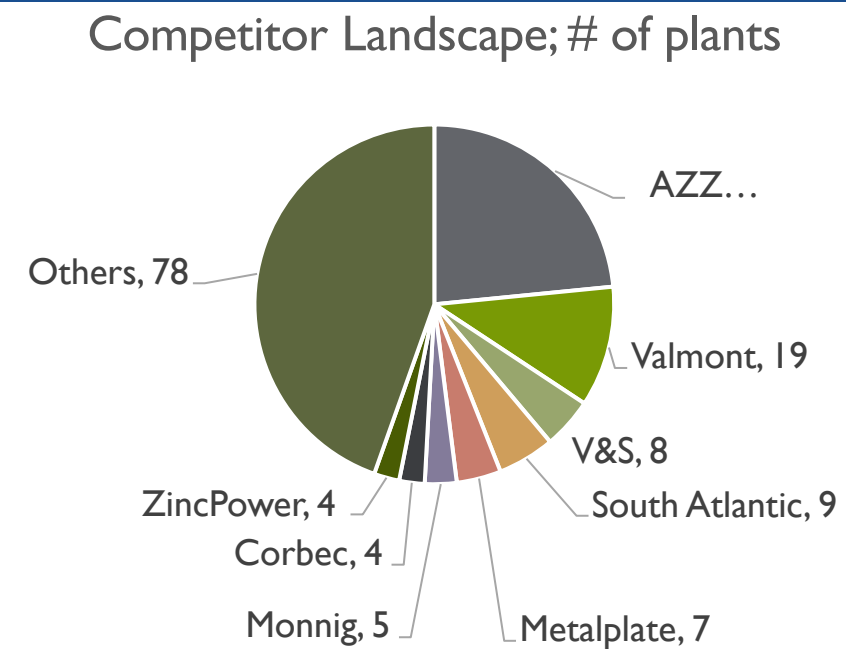
- The North American Hot-Dip Galvanizing Market is estimated to be a ~\$2 billion industry with growth rates similar to GDP.
- The Hot-Dip market serves a diverse set of end markets and is benefitting from positive trends in key end markets, including a broader set of customers that galvanize fabricated products due to its superior corrosion protection, and overall increased infrastructure spending in North America
- The Hot-Dip galvanizing market penetration in North America is ~33%, whereas in Europe it is more developed at ~+50%; North America has an opportunity to grow to similar penetration rates

### U.S. End Market Breakdown



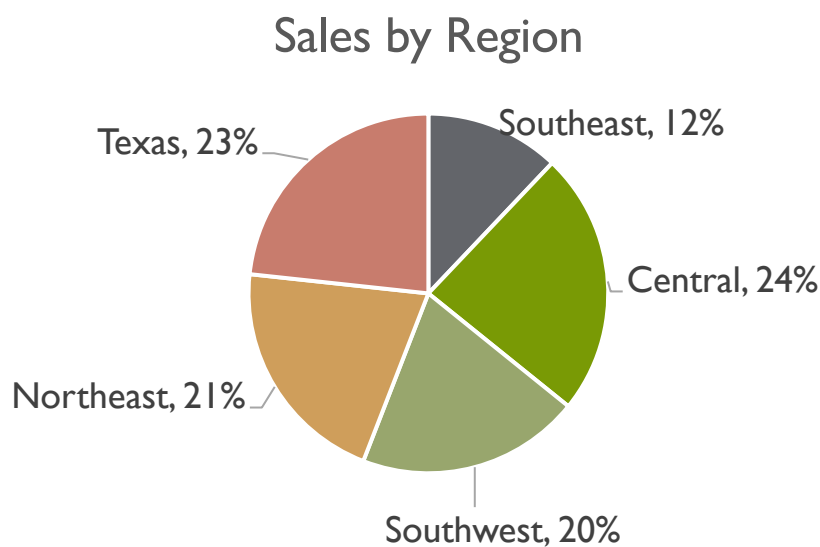
Diversity of demand, and growth/investment in infrastructure will drive demand for galvanizing

### U.S. Hot-Dip Galvanizing Market



AZZ is the clear leader in hot-dip galvanizing, and has industry-leading margins due to focus on operations improvement, customer service and pricing

### U.S. Regional Breakdown



AZZ's industry-leading footprint and proximity to metal fabricators is a key competitive advantage



# Operating Overview

## Current Situation / Macro Update

### Geopolitical

- AZZ's Metal Coatings segment and Precoat are both 100% North America-based, resulting in no disruption/exposure from the Russia / Ukraine war, and insulated from broader global uncertainty

### Supply Chain / Inflation / Commodity Prices

- While AZZ and Precoat continue to monitor supply chain related disruptions as well as material and labor inflation, both businesses have been able to expand margins due to short-cycle contracts and purchase orders that allow for agility in pricing as costs rise
- AZZ's Metal Coatings segment and Precoat both operate via a tolling model in which customers procure and own the metal, resulting in no direct exposure to movements in steel or aluminum prices
- Strategic management / pricing and pass-through mechanisms help insulate both businesses from changes in input costs while also offering a wide range of value-added services that are independent of the base processes
  - AZZ stores reserves of zinc, a key galvanizing input, and utilizes fixed price forward contracts to manage purchasing, while preemptively enacting price changes to manage fluctuations in zinc prices
  - Precoat takes no commodity price risk on coatings by directly passing through paint costs to customers with a markup for processing services, creating an incremental margin opportunity as input costs rise

## Current Situation / Macro Update (Cont'd)

### COVID-19

- AZZ and Precoat are both considered providers of critical infrastructure, so both companies remained open throughout the COVID-19 pandemic
- AZZ's Metal Coatings segment was impacted by lower volumes of steel processed in FY2021 due to the economic slowdown, but maintained strong performance due to cost containment measures and saw sales rebound by 13% in FY2022
- Despite a challenging demand environment in 2020, Precoat showed resilient performance and generated both revenue and adjusted EBITDA growth
- Precoat demonstrated strong performance in 2021 largely driven by increases in volume and price, which is expected to continue in 2022

### ESG

- AZZ remains committed to operating in a sustainable and socially responsible manner, while minimizing the environmental impact of its operations
- In 2021, AZZ published its inaugural annual ESG Report, representing the initial step in AZZ's commitment to regularly disclosing ESG performance
- AZZ closely considered ESG when evaluating Precoat, and Precoat's pre-paint solution offers environmental benefits relative to other coating methods, resulting in less waste, paint usage and energy usage

# Our Leading Coatings Businesses

## AZZ Metal Coatings (PF FY22 Sales: \$551 million)

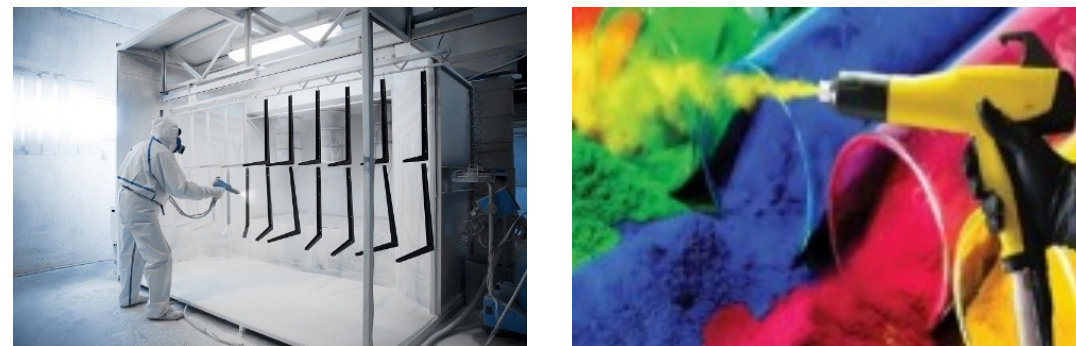
#1 in Hot-Dip Galvanizer in the post-fabrication market

### Hot-Dip Galvanizing



- Protects, extends lives and enhances a variety of critical infrastructure products across broad set of industries for up to 75 years in most applications

### Surface Technologies



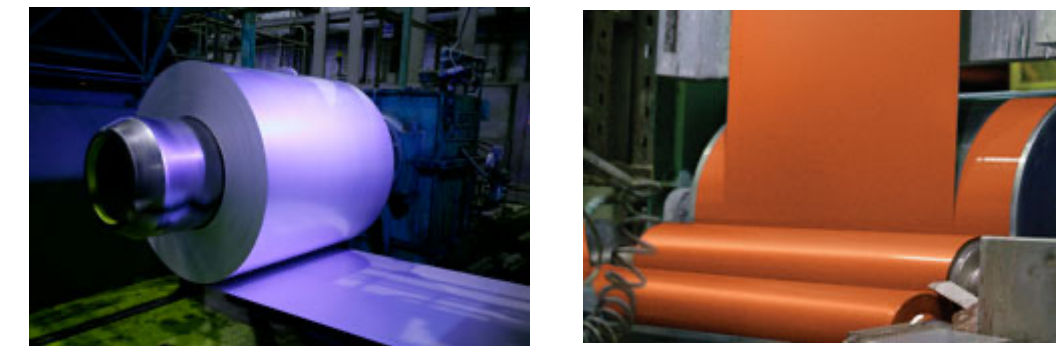
- Powder coatings
- Plating
- Anodizing
- Anti-corrosion & cosmetic benefits
- Highly automated

**Hot-Dip Galvanizing ~30% Market Share<sup>(1)</sup>**

## AZZ Precoat Metals (PF FY22 Sales: \$699 million)

#1 Coil Coatings solution provider in the pre-fabrication market

### Coil Coating



- Only independent coil coating solutions provider of scale serving every end market
- Both large and small, complex runs, of steel, stainless, aluminum

### Value Added Solutions



- Full breadth of value-added service offerings including warehousing, shape correction, embossing, slitting and blanking
- Unmatched footprint in close proximity to customers, suppliers and key modes of transportation

**Coil Coating ~20% Market Share<sup>(1)</sup>**

Note: Financials pro forma for acquisitions of Steel Creek and DAAM Galvanizing.

(1) Management estimates.

# AZZ Metal Coatings Business Summary

## Key Facts

**Pro Forma  
FY22 Sales  
(% of Total)**

**\$551  
Million**  
**59% of Total**

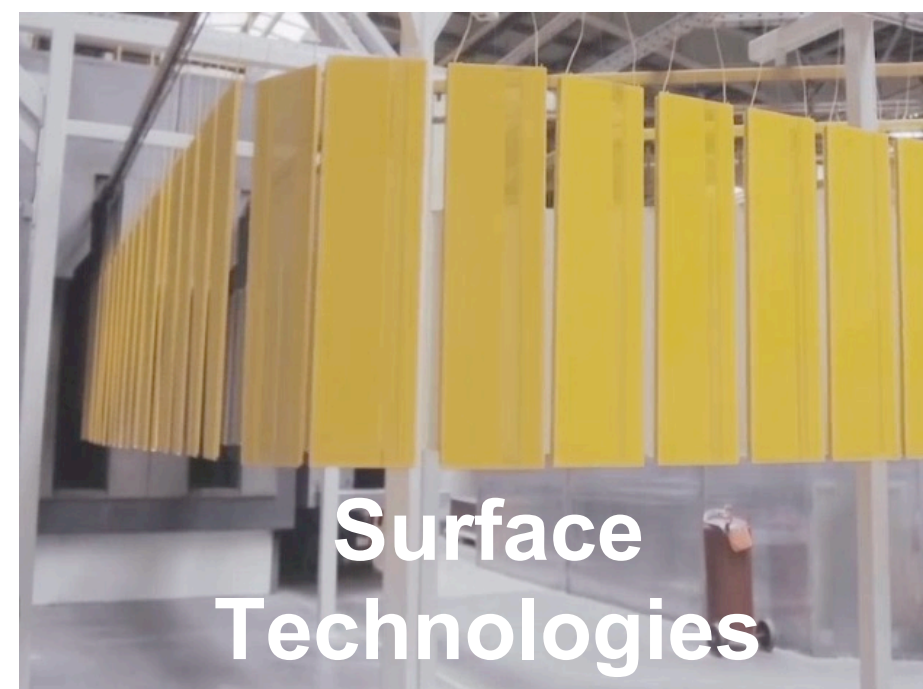
**Pro Forma  
FY22 Adj.  
Operating  
Income<sup>(1)</sup>  
(% Margin)**

**\$134  
Million**  
**24.3%**

**Facilities**

**47**

## Service Offerings



*Includes powder coating,  
anodizing and plating*

## Business Highlights

- Unmatched protection and corrosion resistance for prefabricated steel
- Strategic footprint offers significant advantage
- Essential service to critical infrastructure
- Stable volumes and strong financial performance
- Highly fragmented landscape with diverse end markets
- Addresses cosmetic as well as anti-corrosion needs for metal coatings and finishing
- Alignment with Galvanizing has provided stronger financial performance

## End Markets Served



**Industrial: 25%**



**Construction: 26%**



**OEM: 15%**



**Renewable/Utility:  
15%**



**Petrochem: 3%**



**Other: 16%<sup>(2)</sup>**

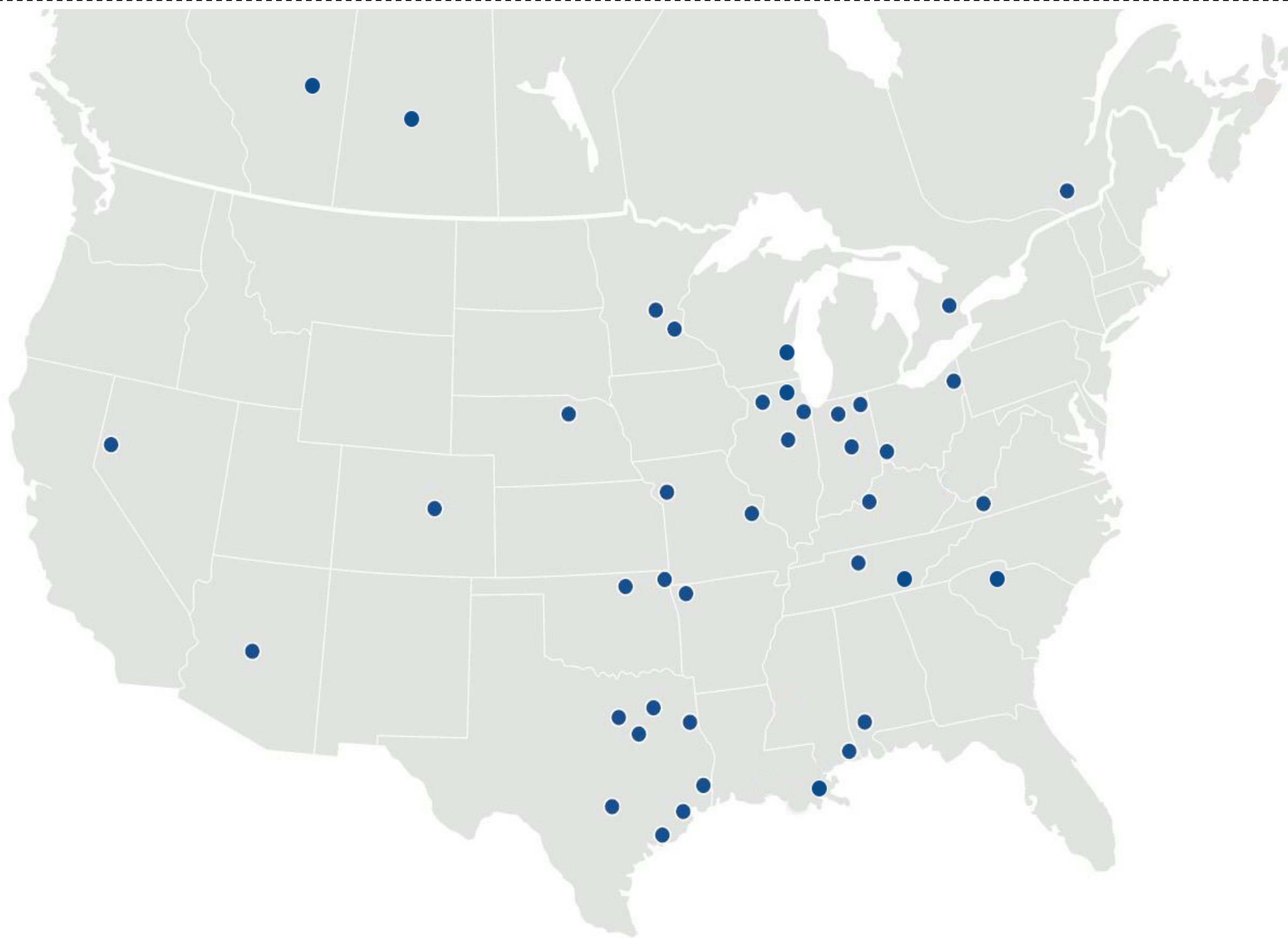
Note: Financials pro forma for acquisitions of Steel Creek and DAAM Galvanizing.

(1) Segment adjusted operating income not burdened by corporate costs.

(2) Other includes agriculture, bridge & highway, and recreation.

# North America's Largest Independent Hot-Dip Galvanizer of Post-Fabricated Steel

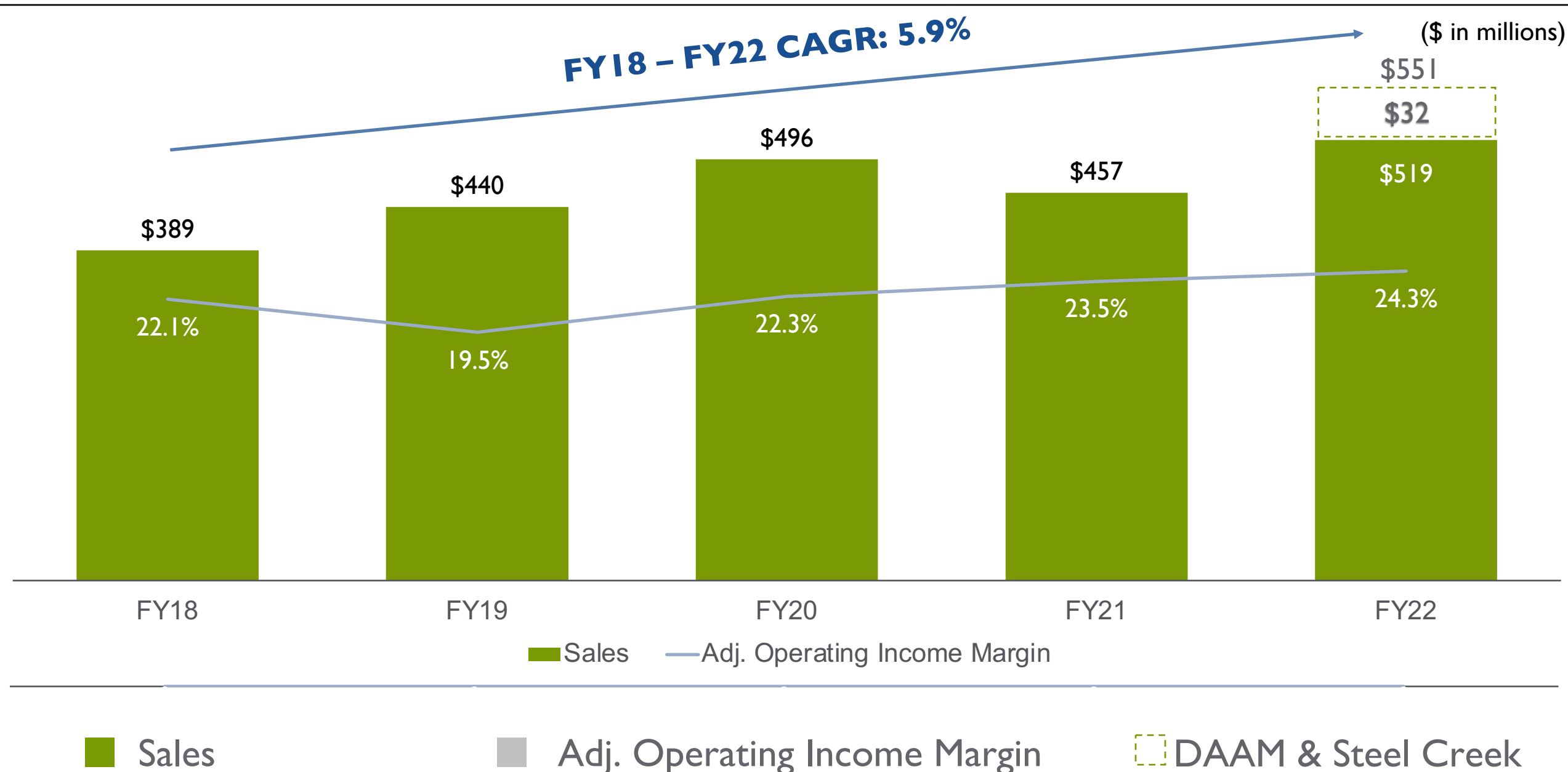
## # 1 Hot-Dip Galvanizing Market Position in North America



- Expansive footprint with 41 galvanizing locations throughout North America
  - Proximity to customers offers competitive advantage
  - Strong back-office and logistics network drive sales and operational efficiencies
  - Facilities differentiated on services and quality
- Compelling platform poised for growth
  - Adjacency opportunities in corrosion protection
  - Digital Galvanizing System driving greater operational efficiency, productivity and customer service
  - Geographic expansion

# Metal Coatings Segment Continues Strong Year-Over-Year Performance

## Historical Growth Trajectory



## Growth Drivers

- Increasing utilization of Digital Galvanizing System
- Sales force approach to market
- Expand Spin Galvanizing
- Focused growth on other coatings applications

## Near Term Priorities

- Continue to focus on customer service across the platform
- Effectively integrate recent acquisitions – 9 Metal Coatings segment acquisitions since 2017
- Continue to expand Spin Galvanizing and additional expansion of products to our customers
- Continue to target 21 – 23% operating margins for the segment – recently exceeding longer-term expectation on improved volumes and customer service excellence
- Target GDP+ growth driven by expanded and value-added services and continued strategic bolt-on acquisitions

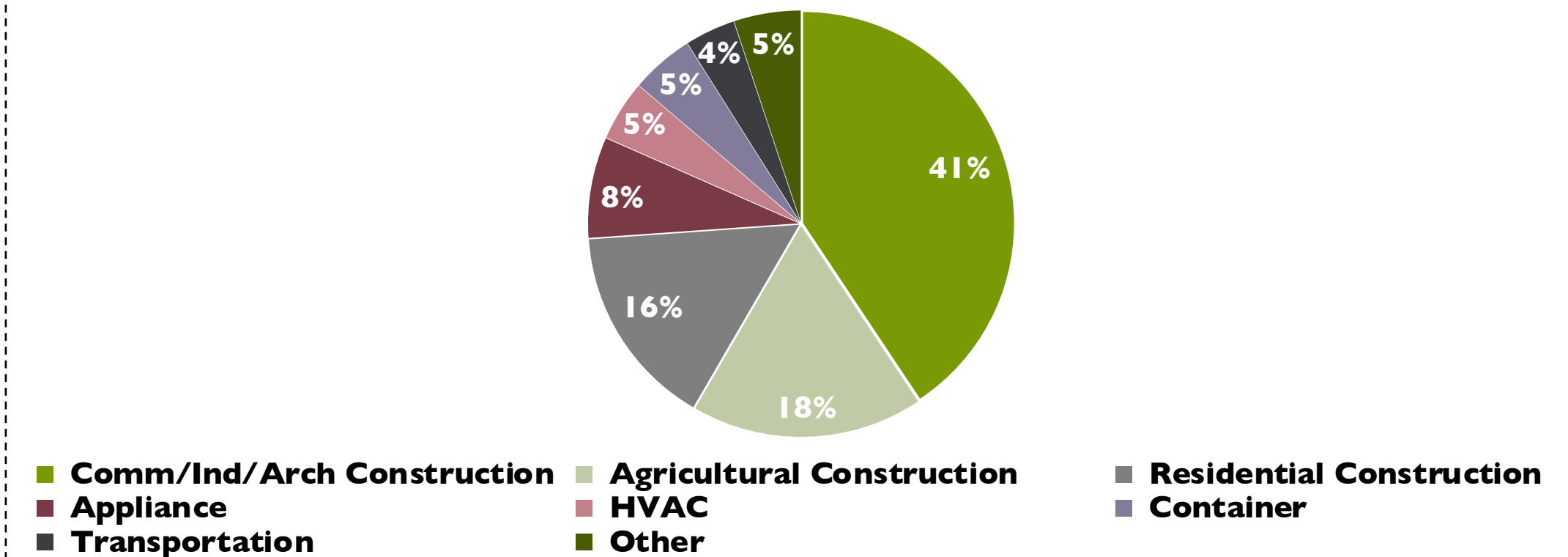
Note: Financials pro forma for divestiture of Galvabar. FY2022 financials pro forma for acquisitions of Steel Creek and DAAM Galvanizing. Segment adjusted operating income not burdened by corporate costs.

# Precoat Metals Is the Leading Independent Metal Coil Coating Solutions Provider in North America

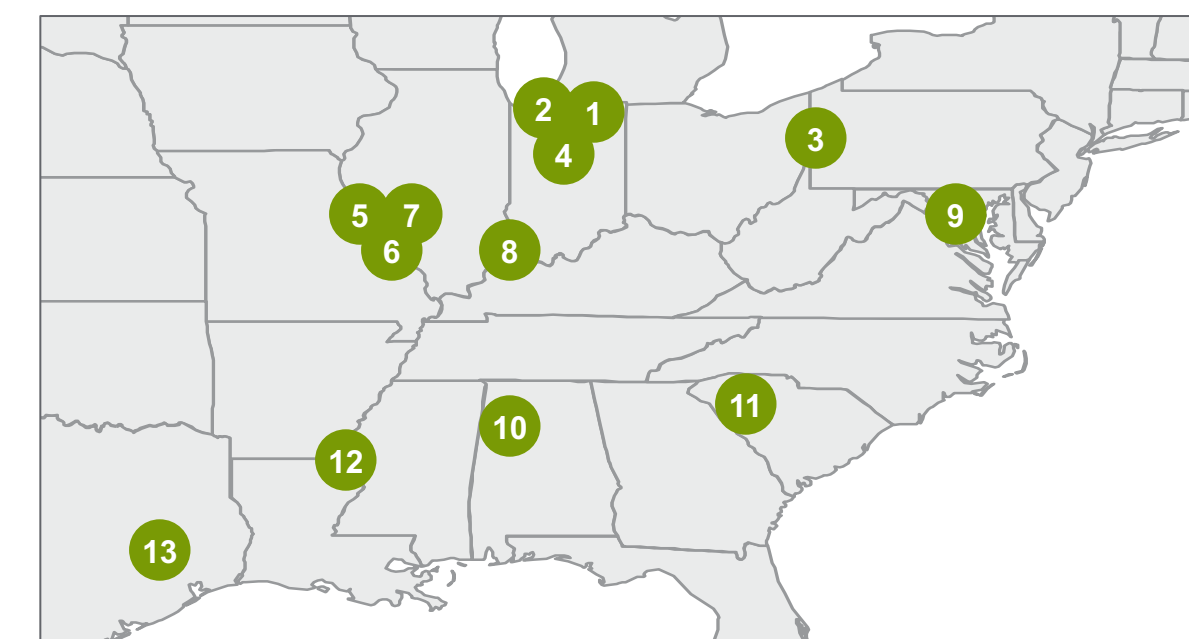
## Precoat Metals Business Summary

- Leader in the advanced application of protective and decorative coatings and related value-added services for steel and aluminum coil in North America
- Leading positions and strong track record servicing the fastest growing segments of the most demanding and highest value end markets
- Highly diversified product and solutions offering across metal substrates and coatings coupled with differentiated value-added processing capabilities
- Focus on service and embracing complexity with ability to coat both large and smaller runs efficiently
- Only scaled, independent coil coatings solution provider capable of coating steel and aluminum from multiple sources
- Network of 13 strategically located manufacturing facilities in close proximity to major customers and metal suppliers, supporting highly efficient supply chain logistics and providing sustainable competitive advantage
- Superior processing capabilities and operational flexibility, focusing on value-added applications
- Proven growth strategy focused on substrate diversity, conversion to pre-paint opportunities and strategic partnerships with high-value customers and suppliers
- Diverse blue-chip customer base with long-term relationships and low concentration
- Attractive financial profile: LTM 12/31/2021 sales of \$700 million and adjusted EBITDA of \$137 million (~20% margin)
- ~1,100 employees
- Corporate office located in St. Louis, Missouri

## LTM 12/31/2021 Sales Breakdown



## Manufacturing Footprint



**+\$75 million**  
Investment required to replicate any coating facility, creating sustainable competitive advantage

**Differentiated strategic footprint with close proximity to customers, mills and transportation**

**drives significant cost advantages and shorter lead times for customers**

**#1**  
position across highly attractive and growing end markets

**15** coating lines and  
**17** processing lines

**1/3**  
of coating volume undergoes value-added processing

**1.7 million**  
tons volume of metal coated per year

**Highly differentiated coil coating solutions provider distinguished by unique scale, customer service, breadth of offerings and proprietary know-how**



# Leading Positions in Key End Markets for Precoat Metals

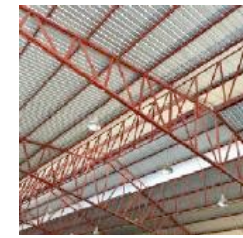
## Representative Product Applications

## Market Position<sup>(1)</sup>

### Commercial / Industrial / Architectural

### Agricultural

### Residential



Structural and Mechanical



Last Mile Warehousing



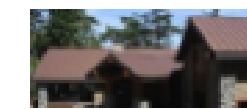
Farm Storage Structures



Animal Confinement



Barndominium



Weathered Metal Roof Print

**#1 Overall**  
**#1 Entry Doors**      **#2 Garage Doors**

## Appliance



Large Appliances



Walk-in Coolers



Display Cases

**#1**

## HVAC



HVAC Systems



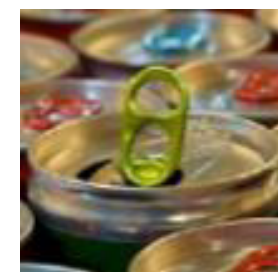
Water Heaters



HVAC Accessories

**#1 (Joint)**

## Container



Food & Beverage Containers



General Line Containers



Barrels, Drums and Pails

**#1**

## Transportation



Trailers & RVs



Buses



Automotive Lightweighting



Cargo / Truck Trailers

**#1 Buses**

**#1 Trailer**

*Broad product offering across major end markets solidifies Precoat's leading position*

(1) Estimated coil coating market position by management.

# Diverse Blue-Chip Customer Base with Long-Term Relationships and Low Concentration



## Precoat Metals

Representative Customers



Representative Customers

~**3,000** Total Customers

**Diverse Customer Base**  
With No Customer Accounting For >5% of Sales

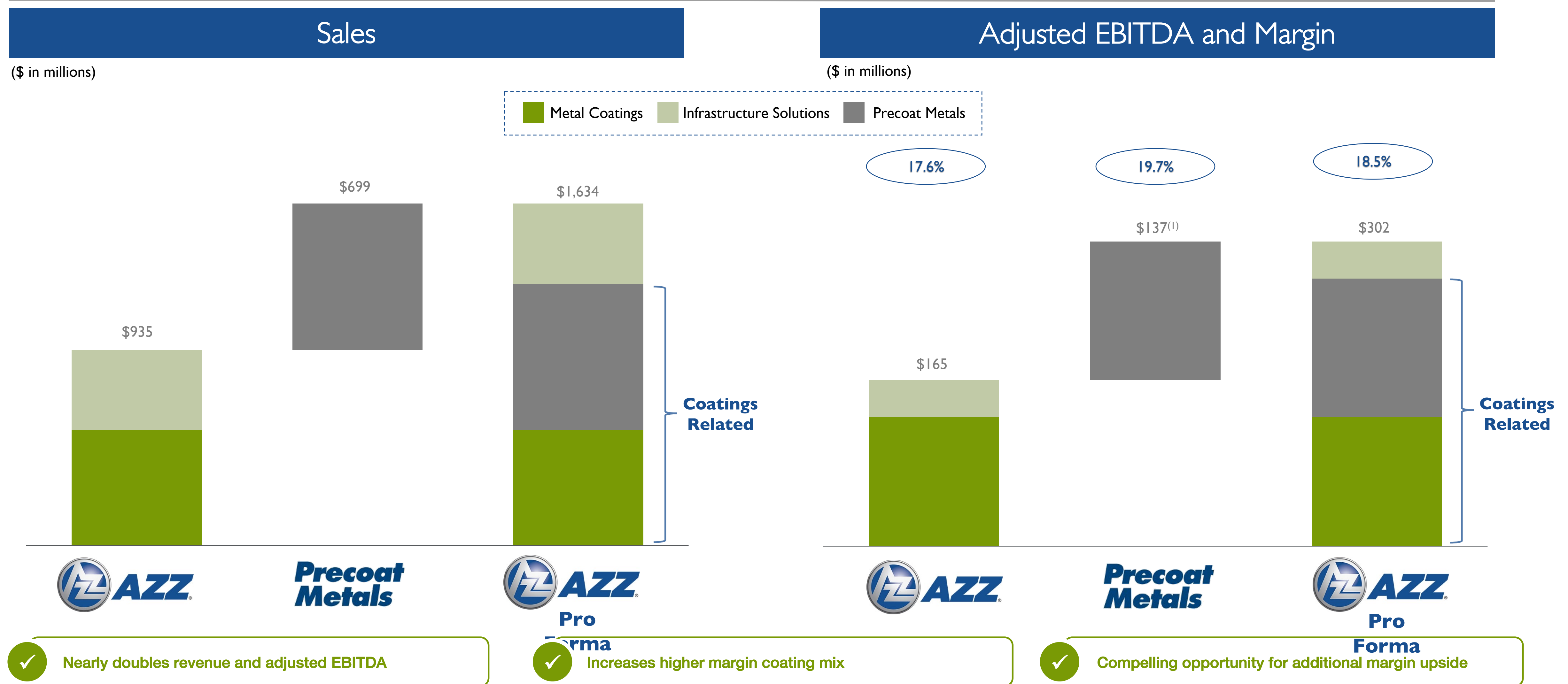
85% of Top 25 Customer Relationships **10+ Years**

**600+** Total Customers

**Diverse Customer Base**  
With No Customer Accounting For >7% of Sales

**25+ Years** Average Tenure of Top 10 Customers

# Significantly Enhanced Scale and Attractive Margin Profile Following the Precoat Acquisition



✓ Nearly doubles revenue and adjusted EBITDA

✓ Increases higher margin coating mix

✓ Compelling opportunity for additional margin upside

Note: Based on financials as of LTM 2/28/2022 for AZZ and LTM 12/31/2021 for Precoat. AZZ financials pro forma for acquisitions of Steel Creek and DAAM Galvanizing.

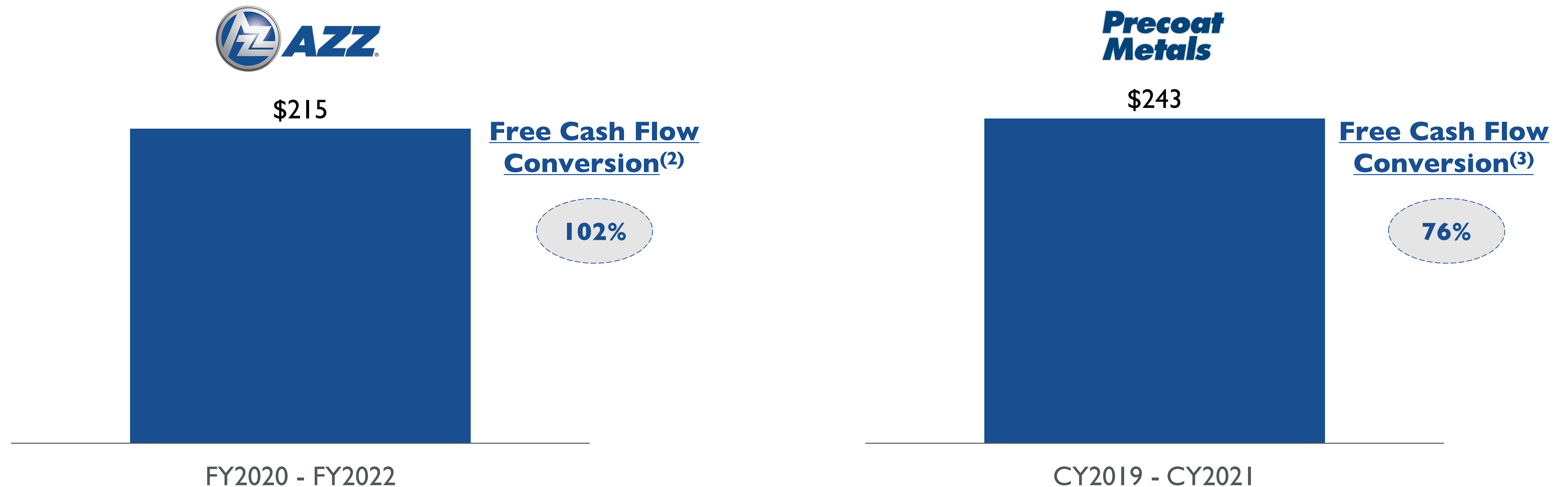
(1) Does not include any estimated run-rate synergies.

# Strong Free Cash Flow Generation

- AZZ and Precoat exhibit strong cash conversion and working capital management
- Limited working capital and capex requirements
- Historical investments driving continued profitable growth and margin performance

## Cumulative 3-Year Adjusted Free Cash Flow<sup>(1)</sup>

(\$ in millions)



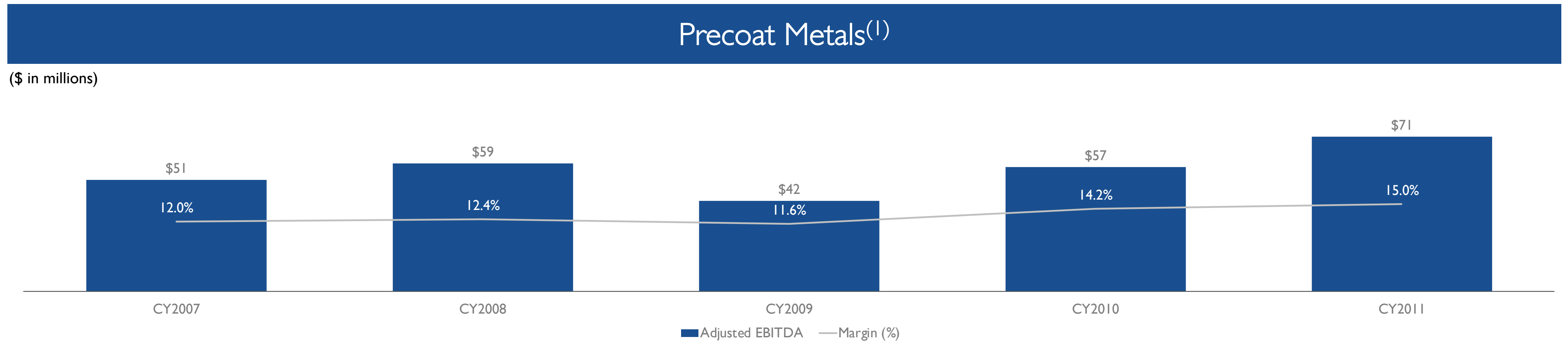
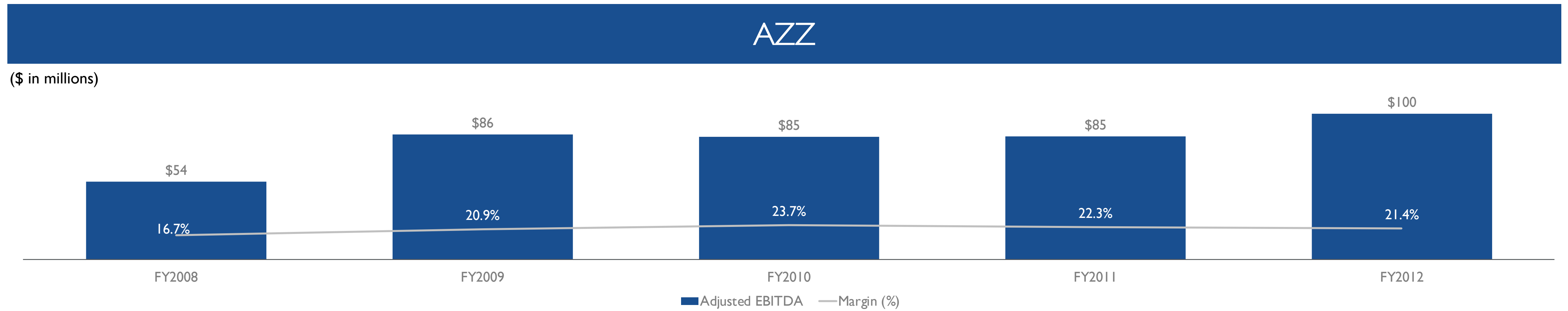
Note: Reflects fiscal year ending February 28 for AZZ and fiscal year ending December 31 for Precoat. AZZ financials not pro forma for acquisitions or divestitures.

(1) AZZ adjusted free cash flow defined as adjusted free cash flow from operations less capex. Precoat adjusted free cash flow defined as adjusted EBITDA less change in net working capital and capex.

(2) Adjusted free cash flow conversion defined as adjusted free cash flow divided by adjusted net income.

(3) Adjusted free cash flow conversion defined as adjusted free cash flow divided by adjusted EBITDA.

# Resilient Financial Performance Through the Cycle

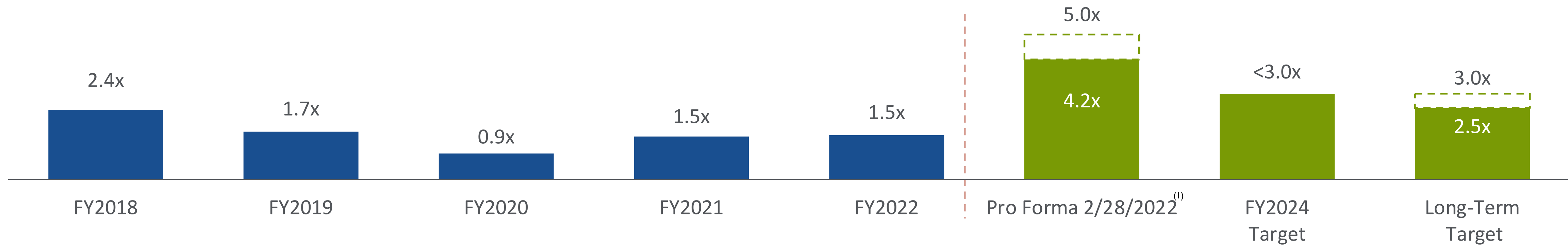


(1) Reflects Precoat historical adjusted EBITDA figures as disclosed by Precoat.

# Demonstrated Track Record of Conservative Balance Sheet Management

## Net Leverage

(Net Debt / Illustrative Pro Forma Adjusted EBITDA)



## Near-Term Focus on Rapid Deleveraging

- Pro forma net leverage of 5.0x (4.2x following conversion of Subordinated Convertible Notes into Series A Preferred Shares) as of 2/28/2022 with goal of returning to <3.0x by the end of FY2024, in line with AZZ's publicly committed long-term target of 2.5x to 3.0x
- Strong free cash flow generation supports deleveraging priority and future growth

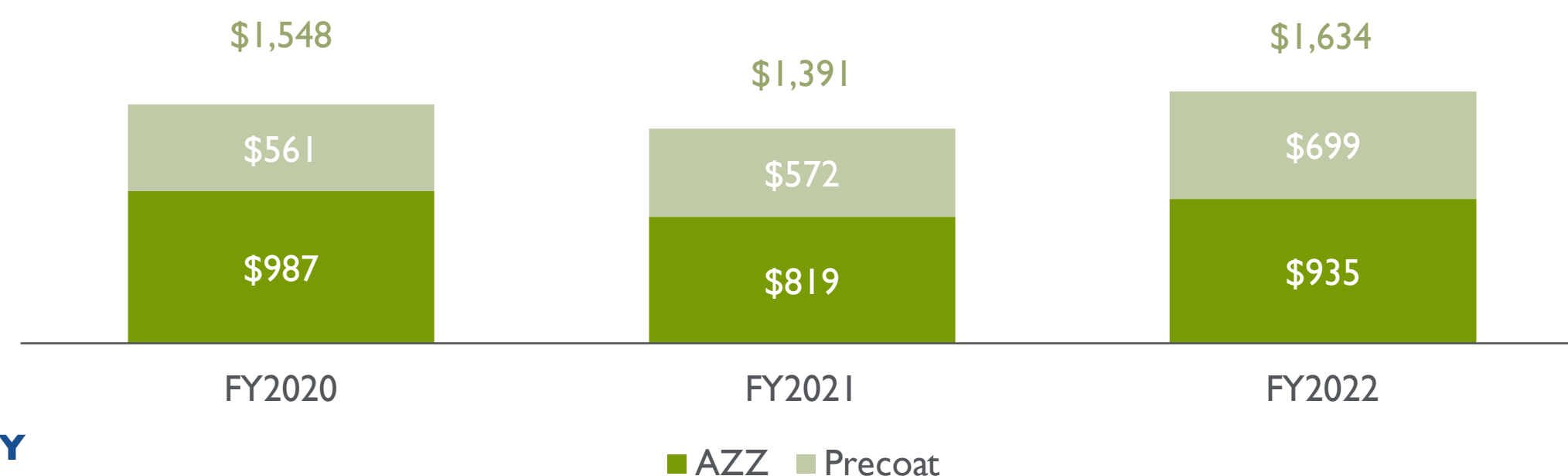
(1) Based on financials as of LTM 2/28/2022 for AZZ and LTM 12/31/2021 for Precoat. AZZ financials include pro forma impact of Steel Creek and DAAM Galvanizing acquisitions.

# Business Outlook

# Pro Forma Historical Financial Performance (FY2020 – FY2022)

## Revenue

(\$ in millions)

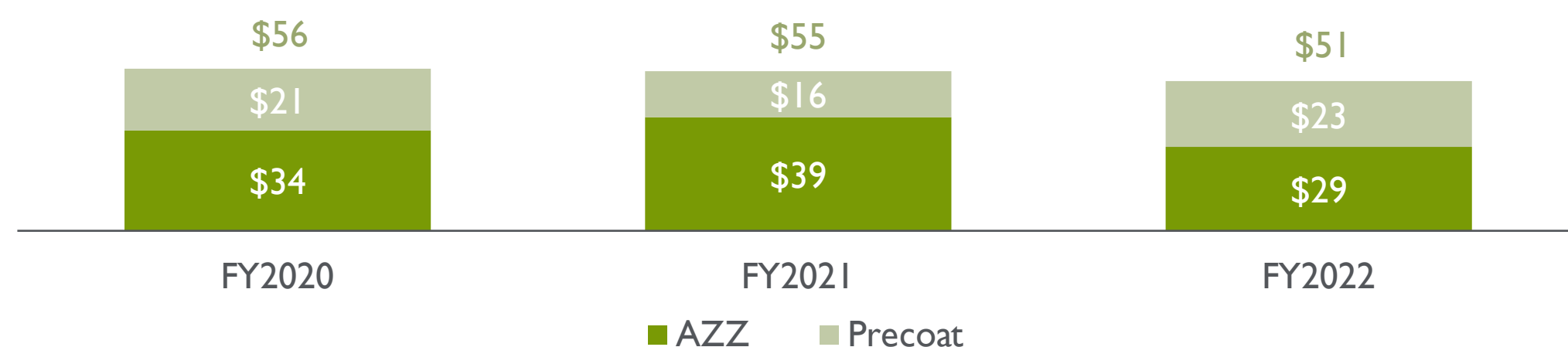


### % YoY Growth

	FY2020	FY2021	FY2022
<b>AZZ</b>	6.4%	(17.0%)	10.2% <sup>(1)</sup>
<b>Precoat</b>	(0.3%)	1.8%	22.3%
<b>Total</b>	3.9%	(10.1%)	15.1% <sup>(1)</sup>

## Capex

(\$ in millions)

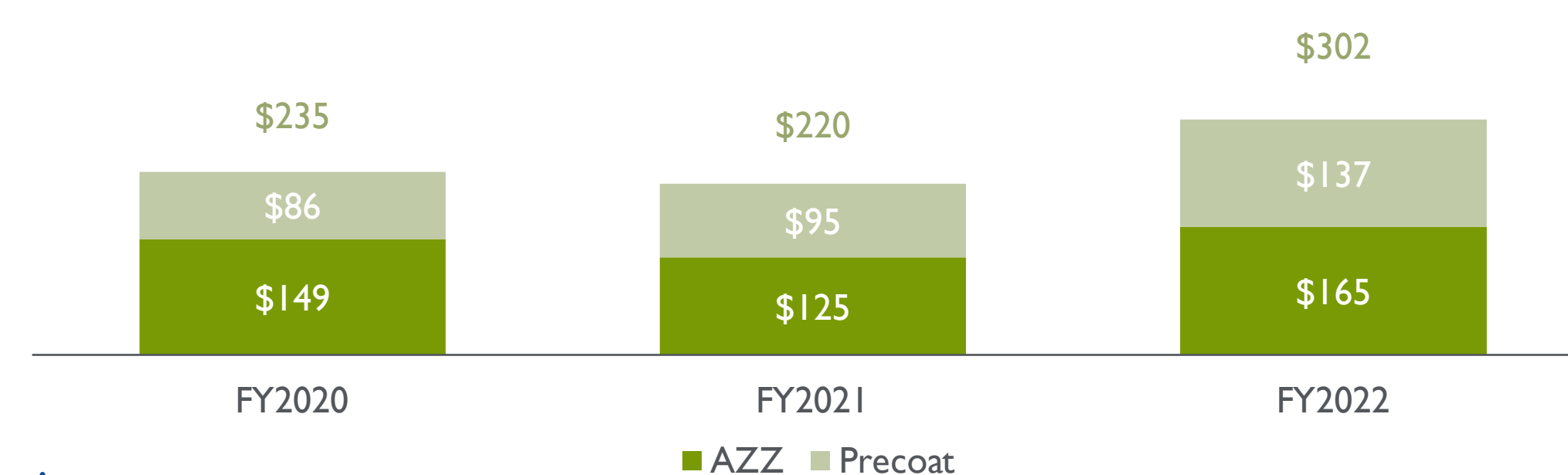


### % of Sales

	FY2020	FY2021	FY2022
<b>AZZ</b>	3.5%	4.7%	3.1%
<b>Precoat</b>	3.8%	2.8%	3.2%
<b>Total</b>	3.6%	3.9%	3.1%

## Adjusted EBITDA

(\$ in millions)

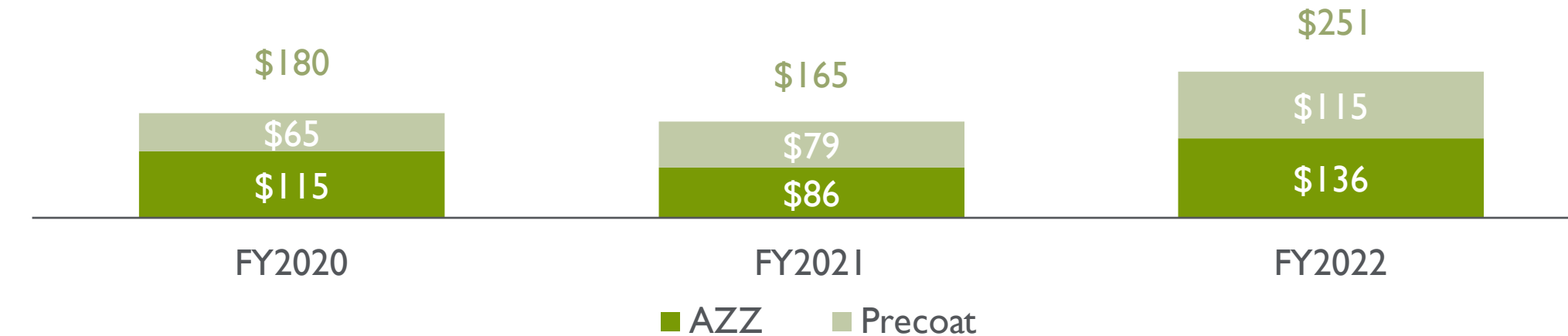


### % Margin

	FY2020	FY2021	FY2022
<b>AZZ</b>	15.1%	15.3%	17.6%
<b>Precoat</b>	15.4%	16.5%	19.7%
<b>Total</b>	15.2%	15.8%	18.5%

## Adjusted EBITDA – Capex

(\$ in millions)



### % Margin

	FY2020	FY2021	FY2022
<b>AZZ</b>	11.6%	10.5%	14.5%
<b>Precoat</b>	11.6%	13.8%	16.4%
<b>Total</b>	11.6%	11.9%	15.3%

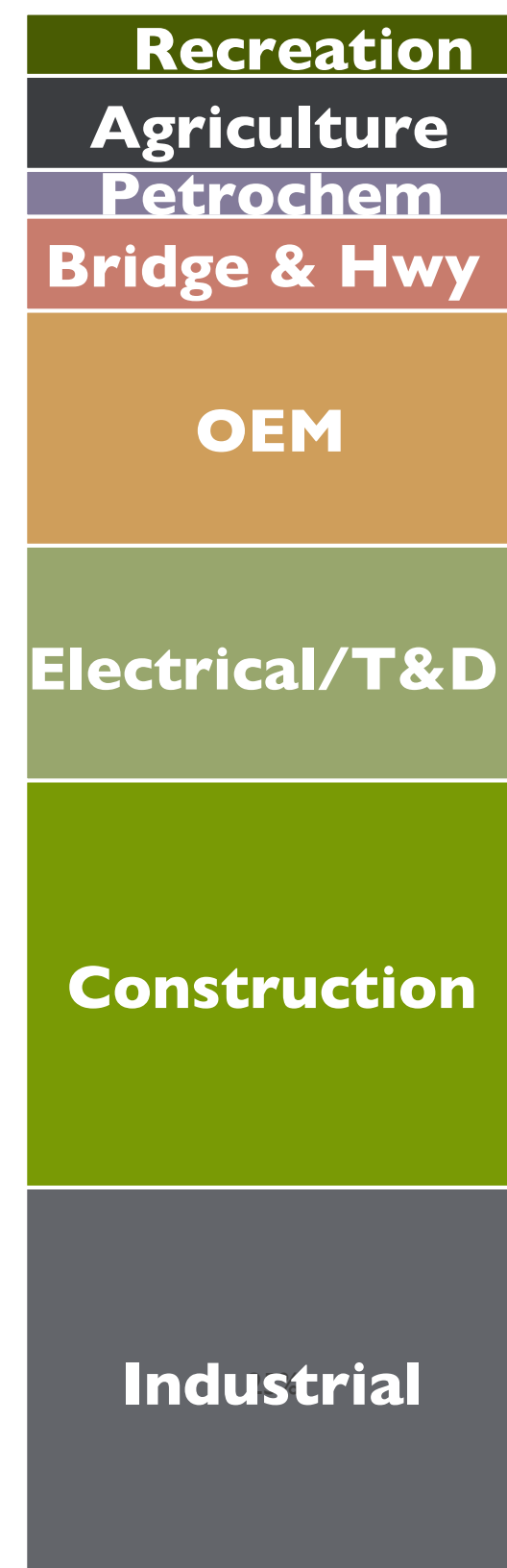
Note: Reflects fiscal year ending February 28 for AZZ and fiscal year ending December 31 for Precoat. AZZ financials pro forma for the divestitures of Galvabar, NLI and SMS and one-time expenses. AZZ FY2022 financials pro forma for acquisitions of Steel Creek and DAAM Galvanizing. Reflects AZZ reported and adjusted financials for each fiscal year presented and Precoat financial information received during due diligence, which does not necessarily reflected audited financials. Does not include any estimated run-rate synergies.

(1) Not pro forma for acquisitions of Steel Creek and DAAM Galvanizing.



## Highly Attractive End Markets Benefitting from Accelerating Tailwinds

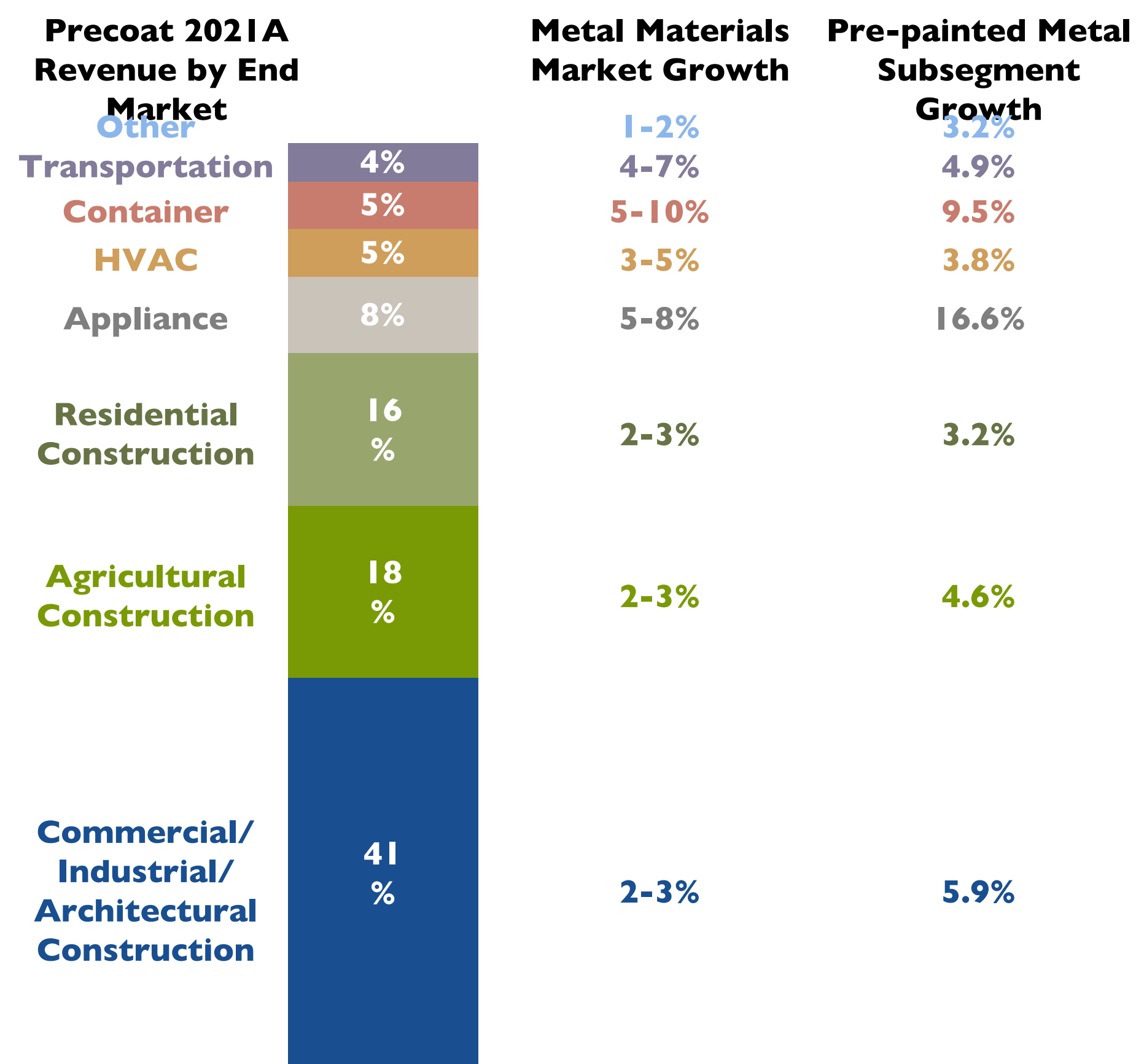
*AZZ's Post-Fabrication Hot-Dip Galvanizing business is focused on the subset of the overall metal coatings materials market which protects post-fabricated steel structures from corrosion, using zinc, a environmentally friendly infinitely reusable material*



- AZZ is North America's largest independent provider of hot-dip galvanizing to the post-fabrication metal market
- Recreation market has seen a surge in investment due to recent COVID pandemic (boat trailers, docks, RV frames)
- Agriculture construction has significant headroom coming off the lowest levels in 20 years following the trade war between the U.S. and China, driving investment and construction of agriculture equipment and structures
- Petrochem market seeing the return of capital projects as oil prices rise
- Bridge and highway construction being driven higher due to government spending on infrastructure and a growing number of structurally deficient bridges
- OEM (truck and trailer) market seeing record high orders as transportation companies struggle to keep up with demand
- Electrical/T&D market investment is being driven by grid hardening, resiliency, renewable integration which drives demand for galvanized poles, lattice towers, solar sub-frames
- General construction market driven by growth and investment in North America and the return to on-shore manufacturing
- Industrial demand for hot-dip galvanizing growing with several large multi-year industrial projects active throughout the U.S.
- The hot-dip galvanizing market penetration in North America is ~30%, whereas in Europe it is more developed at ~50%+; North America has an opportunity to grow to similar penetration rates
- Hot-dip galvanizing market is benefitting from end-market conversion away from wet-spray paint (VOC/ESG issues) to a more environmentally friendly option (hot-dip galvanizing)

*Strong demand outlook for post-fabricated steel benefitting from positive trends in key end markets*

# Highly Attractive End Markets Benefitting from Accelerating Tailwinds (Cont'd)



## 1 Normalizing Trends Affecting End Market Growth Rates:

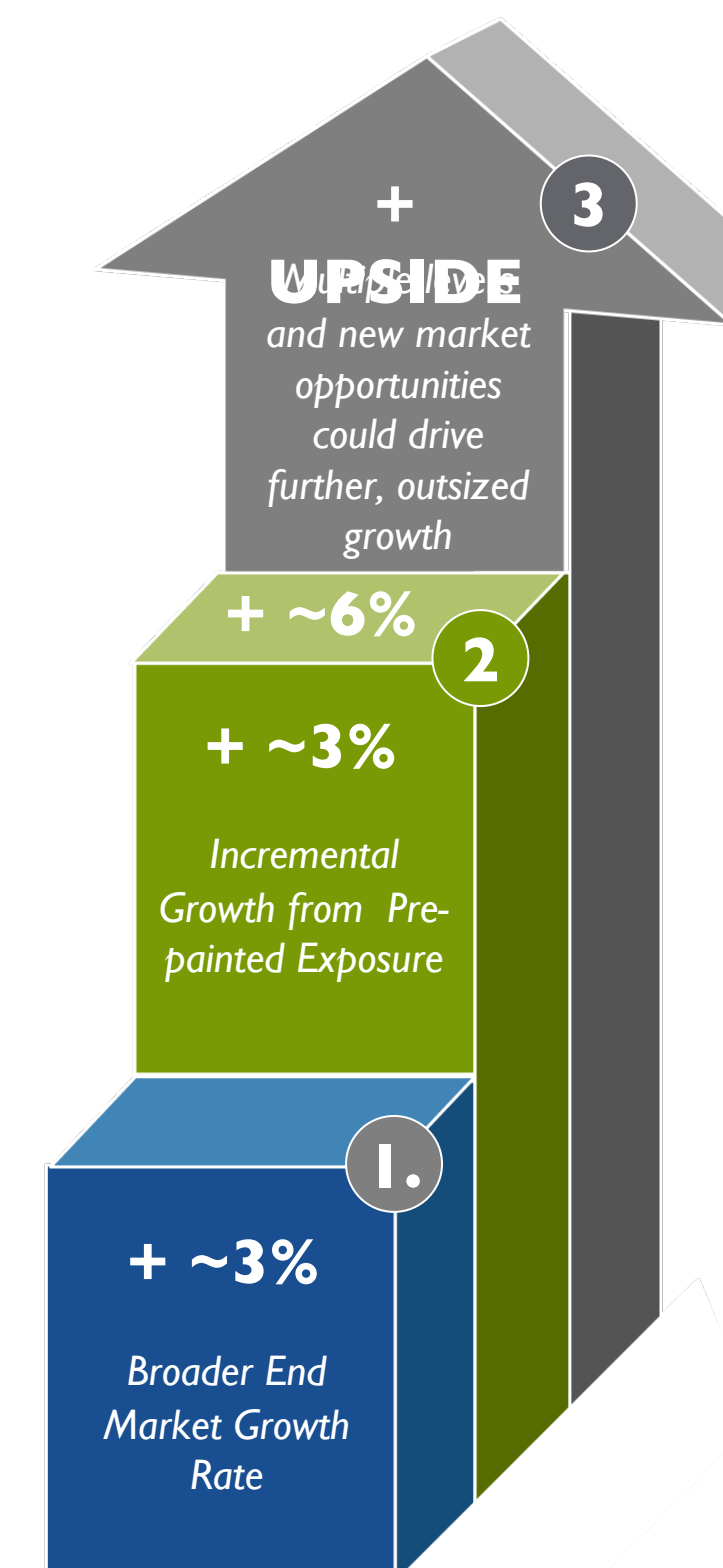
- ✓ **Construction:**
  - ✓ **Non-Res:** Rebounding demand in commercial sectors such as offices
  - ✓ **Agriculture:** Market has stabilized coming out of Trade Wars, with significant pent-up construction demand following rebound in equipment spend
  - ✓ **Res:** Strong momentum in housing starts
- ✓ **Appliance/HVAC:** Manufacturing restart post-COVID
- ✓ **Transportation:** Strong post-COVID recovery across automotive sector

## 2 Accelerating Secular Tailwinds and “New Norms” Driving Outsized Growth in Prepainted Metal:

- ✓ **Construction:**
  - ✓ **Non-Res:** Growth in last-mile warehousing, cold storage facilities and data centers as online shopping delivery and digital asset build outs accelerate
  - ✓ **Residential:** Increasing adoption of metal housing and roofing
- ✓ **Transportation:** Megatrends including automotive light-weighting and increased demand for supported vehicle types (last-mile delivery vehicles, RVs and tractor trailers)
- ✓ **Container:** Sustainability/recyclability megatrends driving conversion from plastic to aluminum; “keg to can” trend of at-home beverage consumption; increased use of decorative coatings
- ✓ **Appliance:** Accelerating OEM conversion from use of post-painted to pre-painted metal

## 3 Additional Upside:

- ↑ Early innings in agricultural construction recovery
- ↑ Infrastructure bill to spur additional upside across end markets with potential to add ~700k tons per year of incremental pre-painted coil demand
- ↑ OEMs increasingly interested in outsourcing to core competency providers
- ↑ Electrification trends driving demand for battery housing in electric vehicles metal



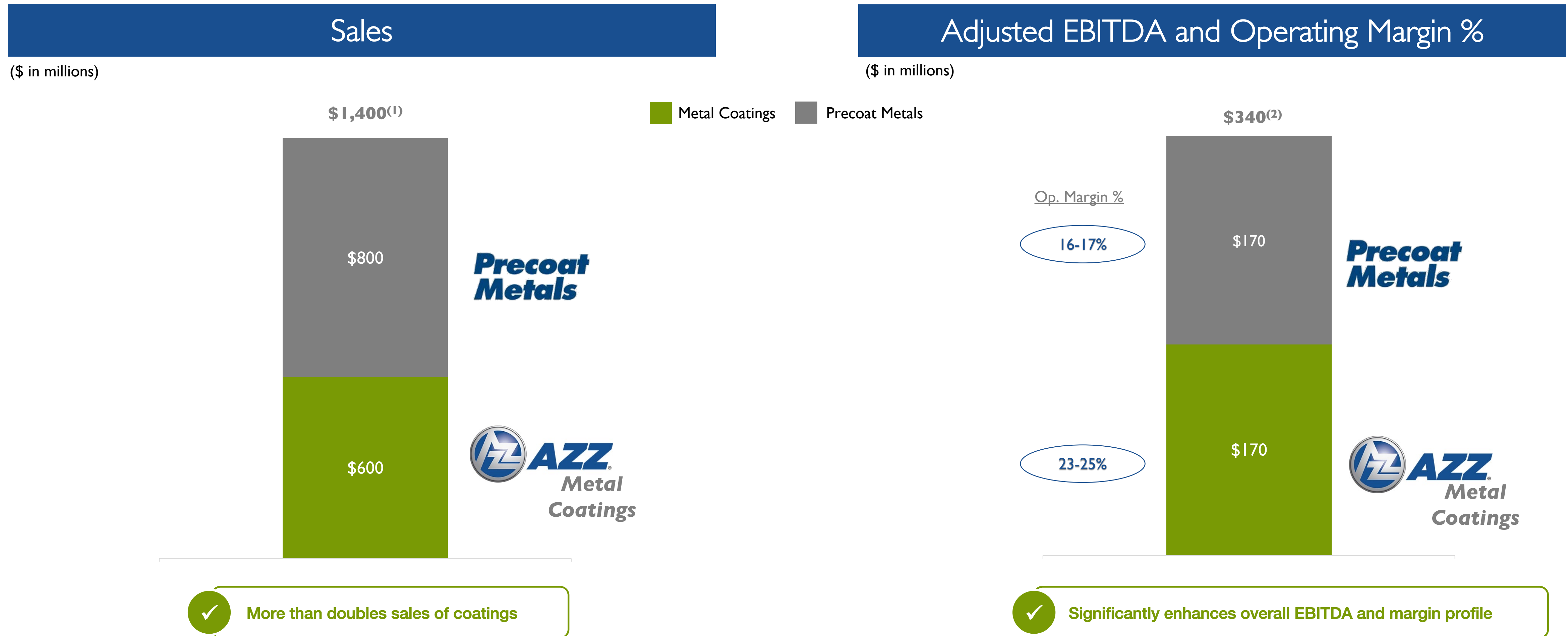
Precoat is well-positioned in highly stable end markets with secular tailwinds and “new norms” in pre-painted segment driving above end market growth

## Fiscal Year 2023 Outlook

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- **Volumes in the Metal Coatings segment continue to be strong.**
  - Within our Metal Coatings business, we continue to see strong demand from several end markets including renewables, transmission and utility, industrial and construction
  - The 2023 first quarter will include the full benefit of both the Steel Creek and DAAM acquisitions
  - Demonstrated resilience during past recessionary periods
- **AZZ Precoat Metals segment continues to see strong steel and aluminum coil coatings demand.**
  - Industry shift from post-painted to pre-painted steel driving demand across a variety of industries
  - Increases in imported steel
  - Growing shift from plastic to aluminum is driving demand for coated containers
  - Demonstrated resilience in past recessionary periods
- **AZZ's Infrastructure Solutions segment continues to see improved bookings and backlog and should exceed prior year results.**
  - Uninterrupted manufacturing operations continue, despite seeing supply chain delays for some switchgear and e-house components
  - Hazardous duty lighting and tubular products are seeing improved demand as result of higher oil prices
  - Our WSI business is seeing improved demand as refiners schedule more turnarounds that require our solutions

# Illustrative Pro Forma Segment-Level Sales and EBITDA – Full Year



(1) Proforma estimates for FY2023 based on Management estimates for AZZ Metal Coatings and Precoat Metals.  
 (2) Excludes corporate costs and deal related costs  
 (3) Based on current market conditions and projections, and excludes any future acquisitions or divestitures  
 Note: Excludes AIS

***NYSE: AZZ***