

# INVESTOR PRESENTATION

May 10, 2023





# Disclaimers

**Cautionary Statements Regarding Forward Looking Statements** – 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, 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 - Regulation G Disclosures** – 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.



# AZZ Snapshot

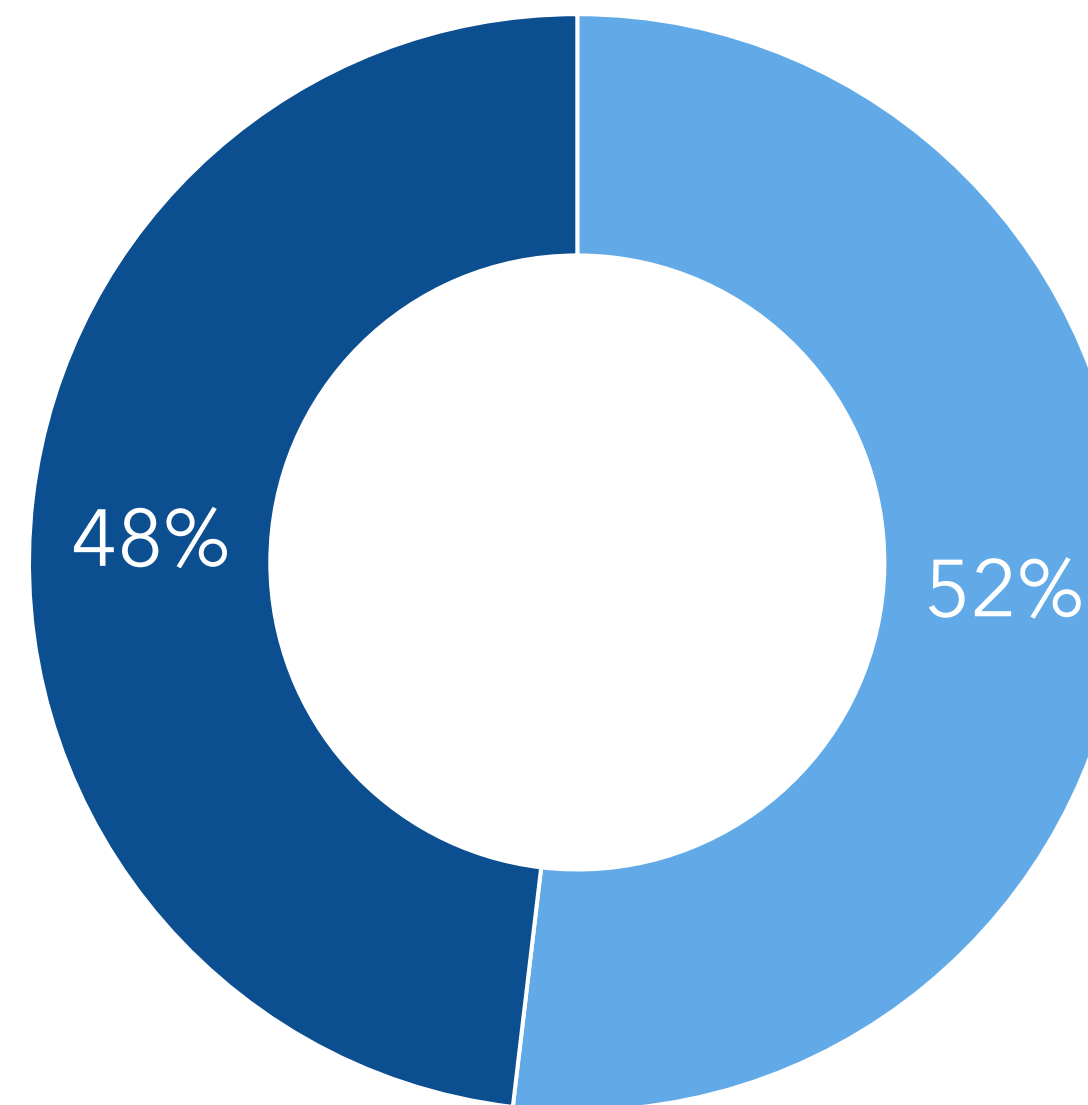
**AZZ is North America's largest independent hot-dip galvanizing and coil coating solutions company with #1 positions in both markets**

**\$1.3 billion**  
FY2023 Sales

**\$267.4mm**  
Adj. EBITDA

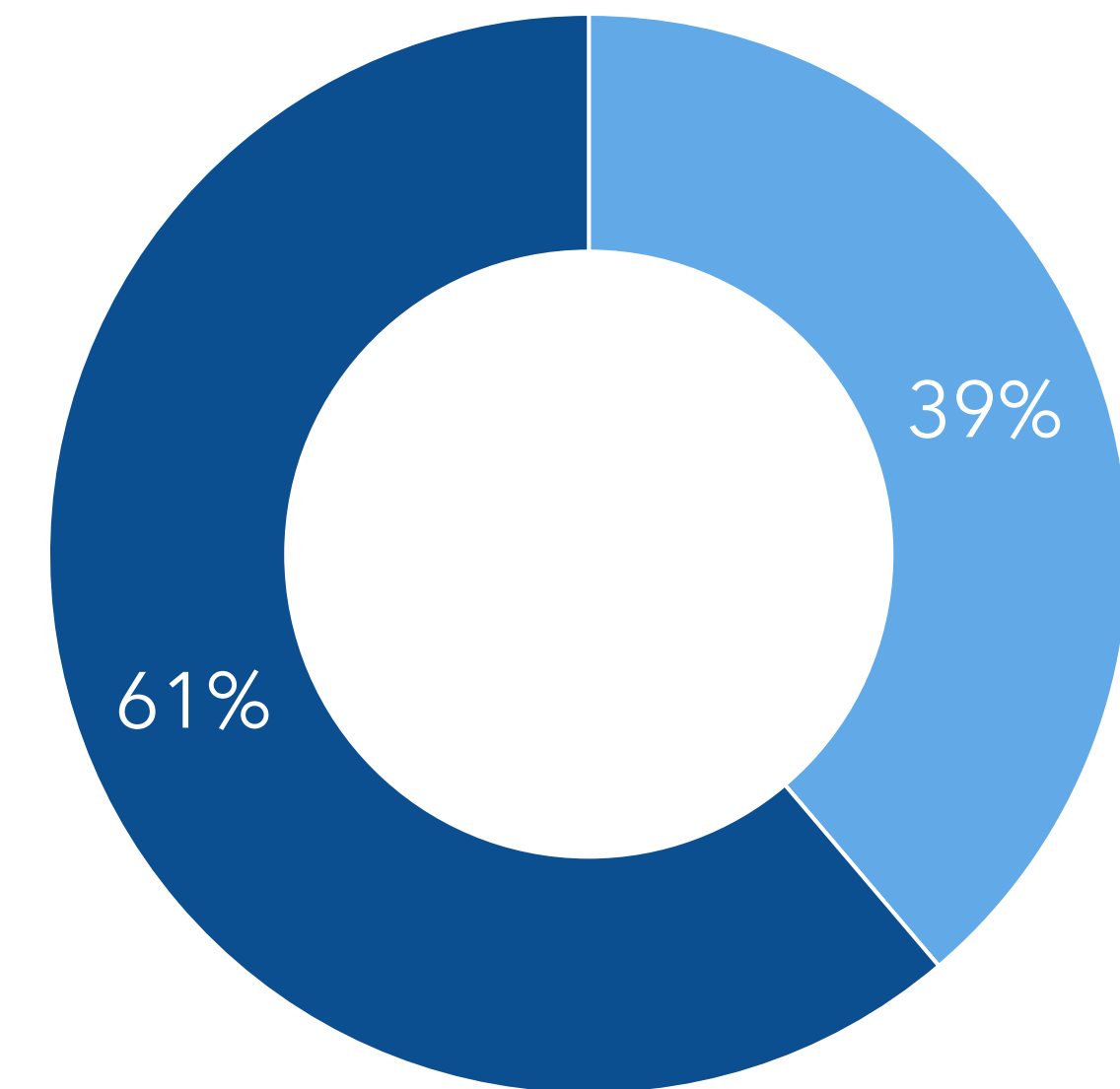
**~20.2%**  
Adj. EBITDA Margin

## By Sales



■ Metal Coatings

## By EBITDA



■ Precoat Metals

Headquarters:  
**FORT WORTH,  
TEXAS**

Employees:  
**3,900**

Metal  
Coatings  
locations<sup>1</sup>:

**46**

Coil  
Coating  
Lines: **15**



Note: Financial metrics based on results from fiscal year 2023, ending February 28, 2023, that includes only 42 weeks of results from Precoat Metals acquisition  
(1) 41 galvanizing locations and 5 surface technologies locations



# AZZ Provides Technologically Advanced Metal Coatings and Related Value-Added Services

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

## Industry Leading Business Segments



### METAL COATINGS

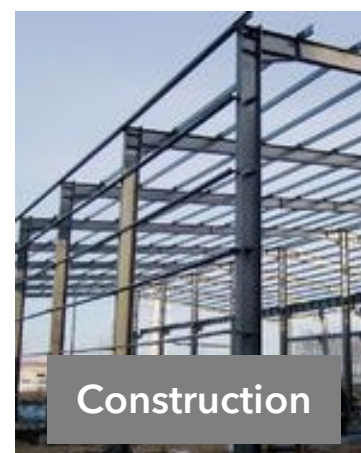
*Protects and extends the life of fabricated steel structures and components from the effects of corrosion, lasting decades*



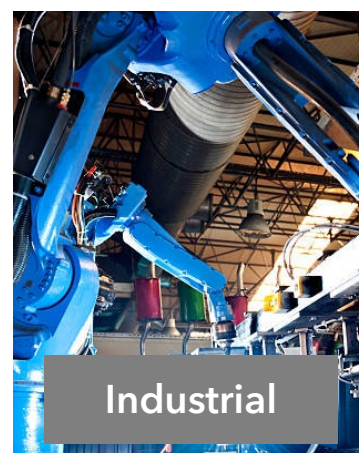
### PRECOAT METALS

*Advanced application of protective and decorative coatings and related value-added services for steel and aluminum coil*

## Leading Positions Across Several End Markets



Construction



Industrial



Agriculture



Transportation



Utility/T&D



Appliance/  
HVAC

## Why AZZ

### Shared Value Propositions and Culture Across Both Segments

- ✓ Irreplicable Footprint reflects scaled, purpose-built network and provides proximity and cost advantages
- ✓ World Class Cost, Efficiency and Environmental Benefits vs. other coatings applications drive increasing demand
- ✓ Industry-Leading Management Team and centralized operating model drives strategic initiatives and operational excellence
- ✓ Strategic Redundancy and Operational Flexibility provides unmatched service and optionality
- ✓ Warehousing/Storage provides significant value to customers, while providing insight into sales pipeline
- ✓ Value-Added Processing support across several end markets





# Investment Thesis

North America's largest independent hot-dip galvanizing and coil coating company

Irreplaceable footprint provides cost advantages and enables service capabilities to customers

Diversified and resilient end markets with secular growth tailwinds

Value-added tolling business model protects margins, limits metal commodity exposure, and minimizes NWC intensity

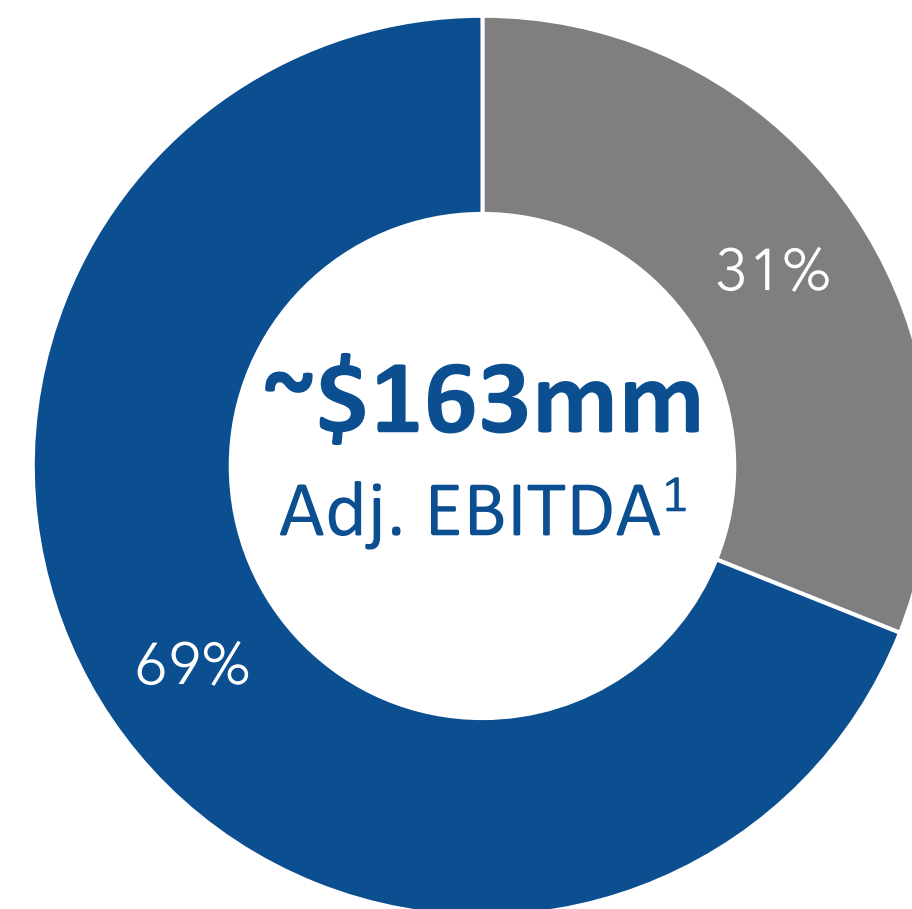
Best-in-class margins, returns and free cash flow

Mission-driven, experienced management team



# Portfolio Transformation Creates a Focused Market Leader in Protective Coating Solutions with High Margins

## AZZ in 2019<sup>1</sup>



■ AZZ Infrastructure Solutions  
■ Metal Coatings

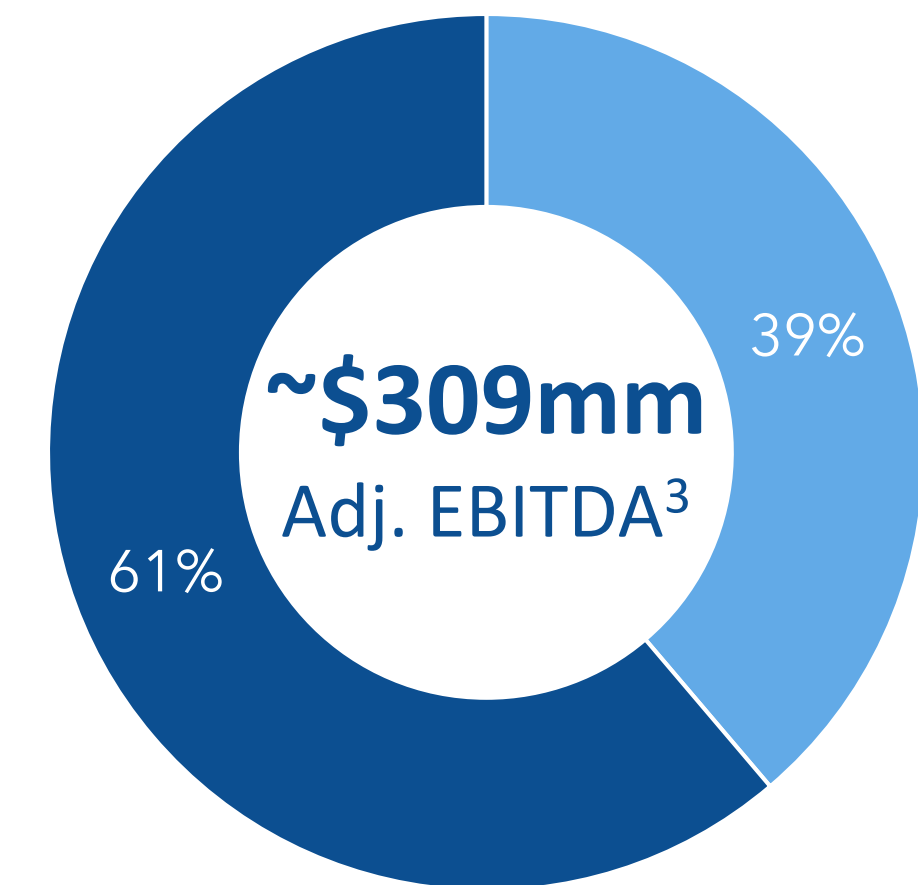
**17.6%**

Adj. EBITDA  
Margin<sup>3</sup>

**Acquisition  
of  
Precoat  
Metals**

**Divestiture of  
AZZ  
Infrastructure  
Solutions**

## AZZ Today<sup>2</sup>



■ Precoat Metals ■ Metal Coatings

**23.3%**

Adj. EBITDA  
Margin<sup>3</sup>



Note: Pie charts represent breakdown of EBITDA

(1) Based on fiscal year ending February 28, 2019

(2) Based on fiscal year 2023 ending February 28, 2023 and includes 42 weeks of results from Precoat Metals acquisition

(3) EBITDA excludes corporate expense

# #1 in Hot-Dip Galvanizing and Coil Coating Businesses Across Large and Diverse Served Markets

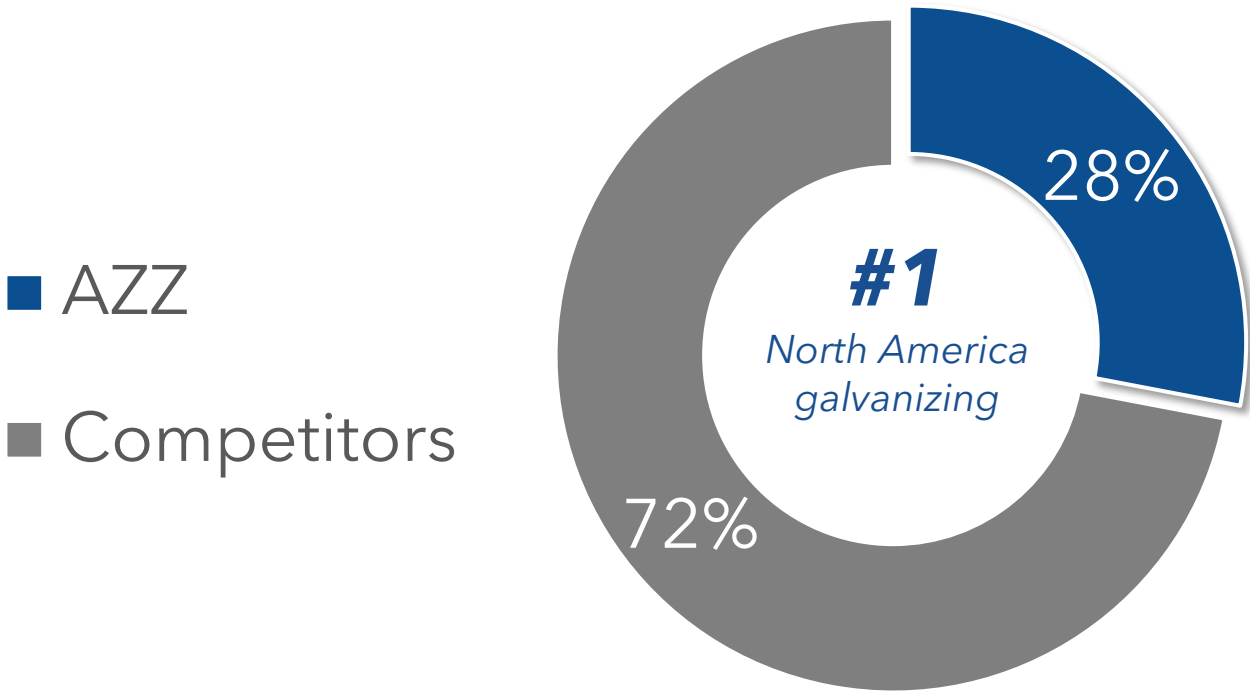
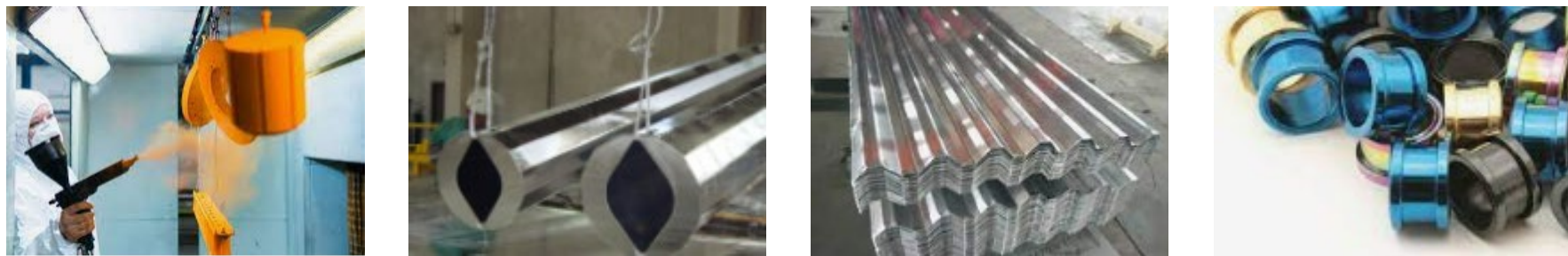
Capabilities

Market Position

Addressable Market

## METAL COATINGS

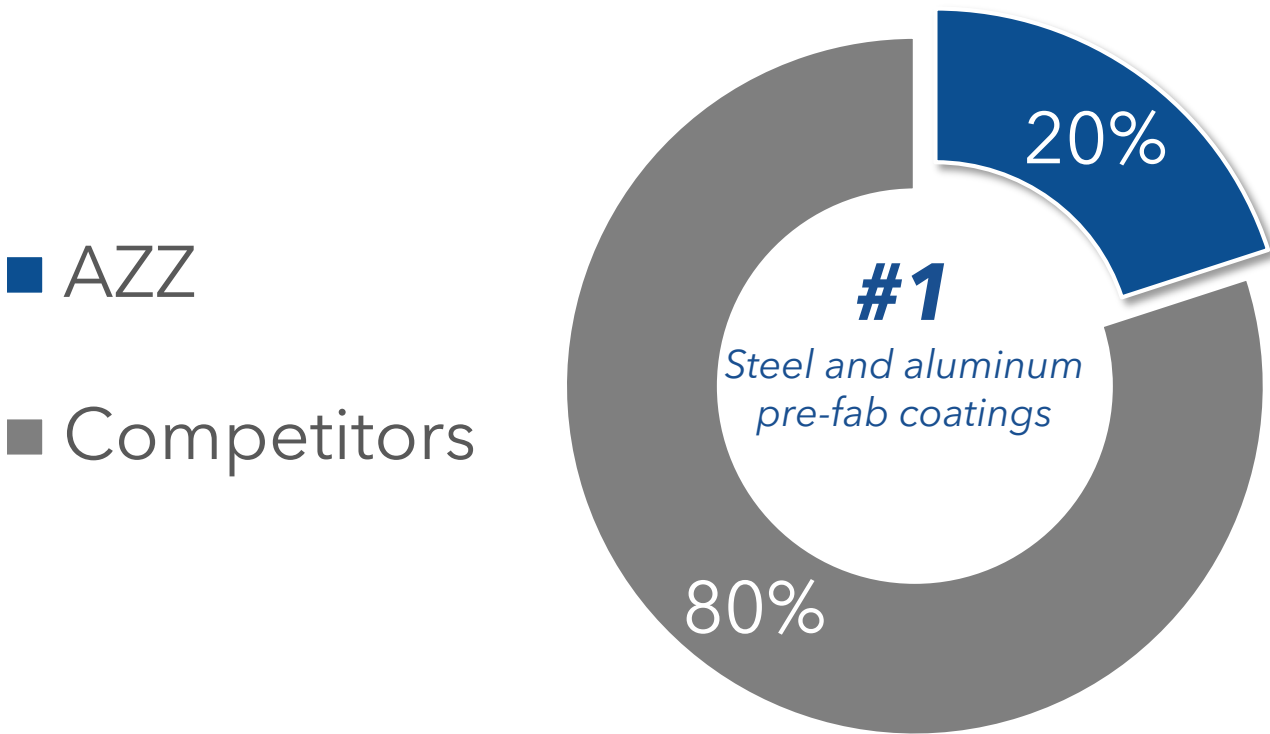
*Galvanizing, powder coatings, plating, anodizing*



~\$2.1 billion

## PRECOAT METALS

*Continuous coil coating with value-added shape correction, embossing, slitting, blanking*



~\$3.7 billion



Note: FY based on February year-end

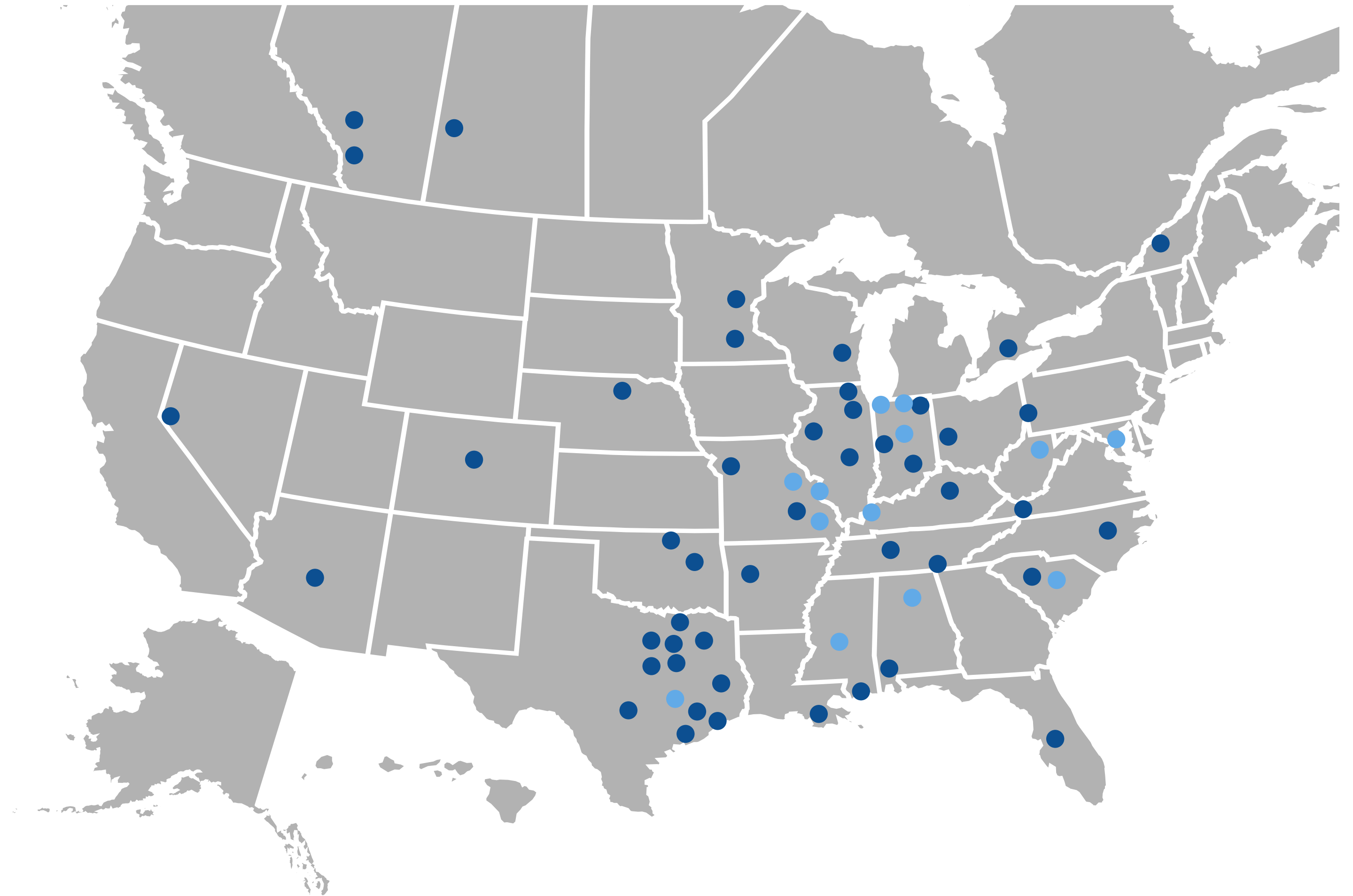


# Scale and Proximity to Customers Drives Significant Cost and Service Advantages

North America's Largest  
Independent Hot-Dip  
Galvanizing and Coil  
Coating Company

● Precoat Metals Locations (13)

● Metal Coatings Locations (46)





# Trusted Long-Term Partner to Large, Blue Chip Customer Base

85%+ of Top 25 Customers' Relationships Span 10+ Years

Growing Base of Over 3,000+ Customers

Diverse Customer Profile,  
No Single Customer >5% of Sales

## Select Customers

### Construction & Building Products



### HVAC and Appliances



(Haier)

### Transmission & Distribution

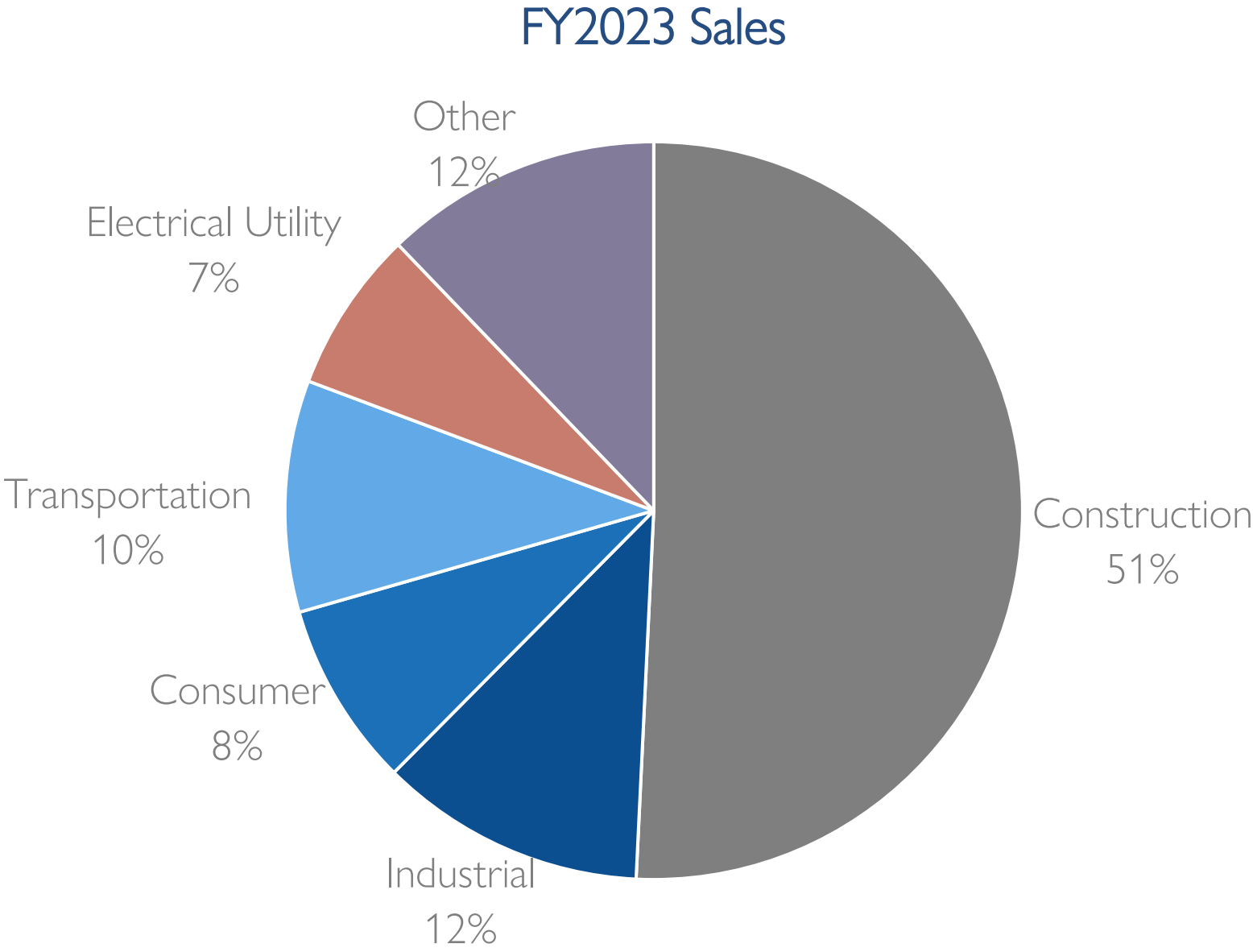


### Transportation





# Diverse and Balanced End Market Exposure





# Secular Drivers Enhancing Outlook

## INFRASTRUCTURE AND RENEWABLES INVESTMENT



## RESHORING MANUFACTURING

## PREPAINTED STEEL AND ALUMINUM MIGRATION



## CONVERSION FROM PLASTICS TO ALUMINUM





# Significant Macro Tailwinds from the American Infrastructure Investment and Jobs Act

Roads, Bridges and Major Projects

Investment: \$110bn



Investment to repair over 45,000 bridges and 1 in 5 miles of highways which are in poor condition

**Our Metal Coatings segment provides hot-dip galvanizing for many end uses including guardrails, signs, bridges and light poles**



Clean Energy and Power

Investment: \$65bn



Investment in clean energy transmission and grid by building thousands of miles of transmission lines

**Our Metal Coatings segment provides hot-dip galvanizing for transmission, distribution and solar, including monopoles and lattice towers**



Water, Airports and Other

Investment: +\$75bn



Investment to improve critical infrastructure for water including both waste and drinking water, airports and data centers among many other areas

**Our Precoat Metals segment provides aesthetic coatings for the metal used in data centers, airports, and other critical infrastructure**





# Tolling Model Limits Metal Commodity Cost Exposure

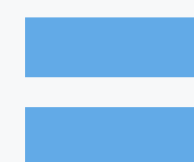
Limited exposure to metal price



Value-added pricing model



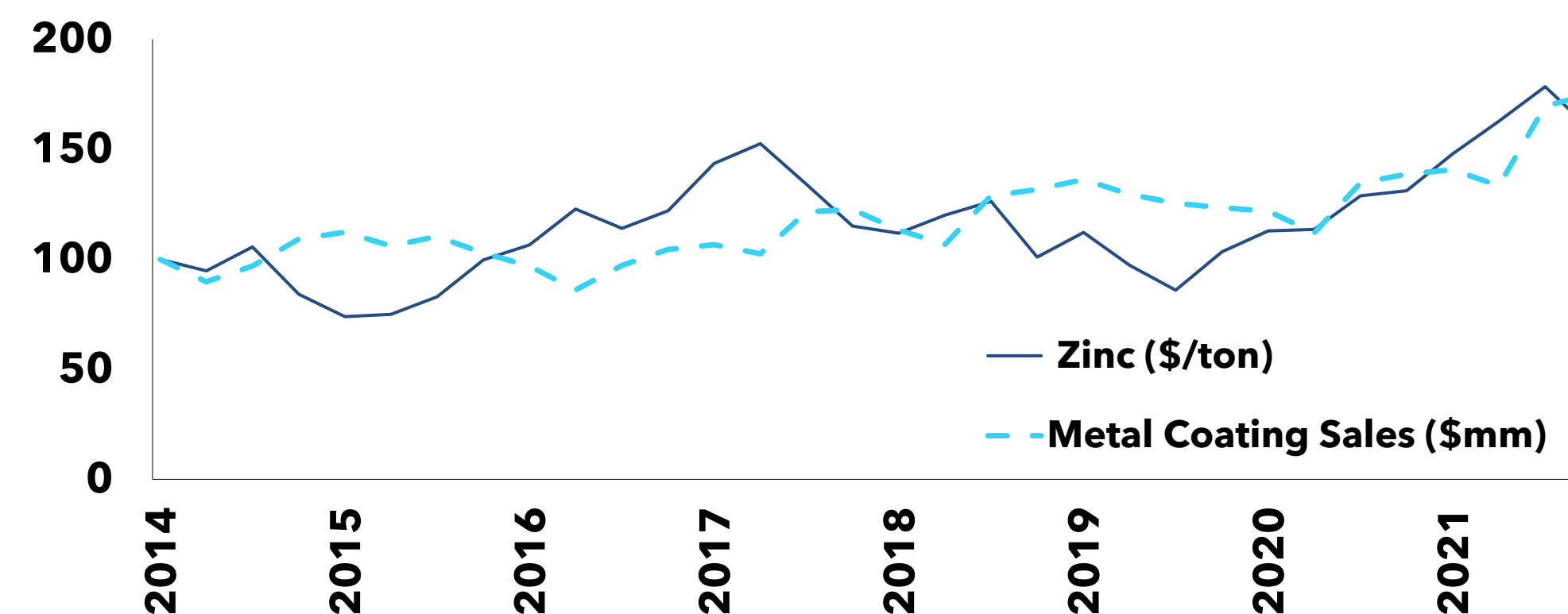
Highly variable cost structure with flexible operating model



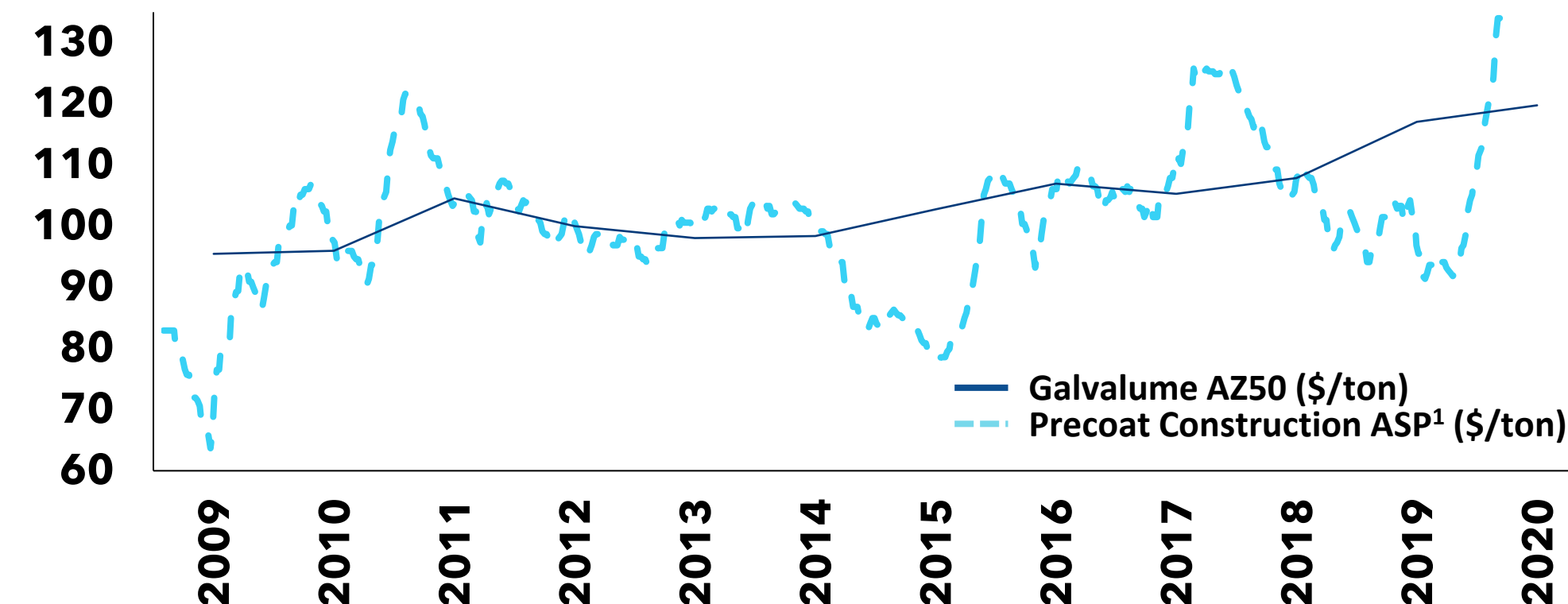
**Consistent strong earnings and cash flow**

## Limited Metal Commodity Exposure

(% Indexed to 2014 price)



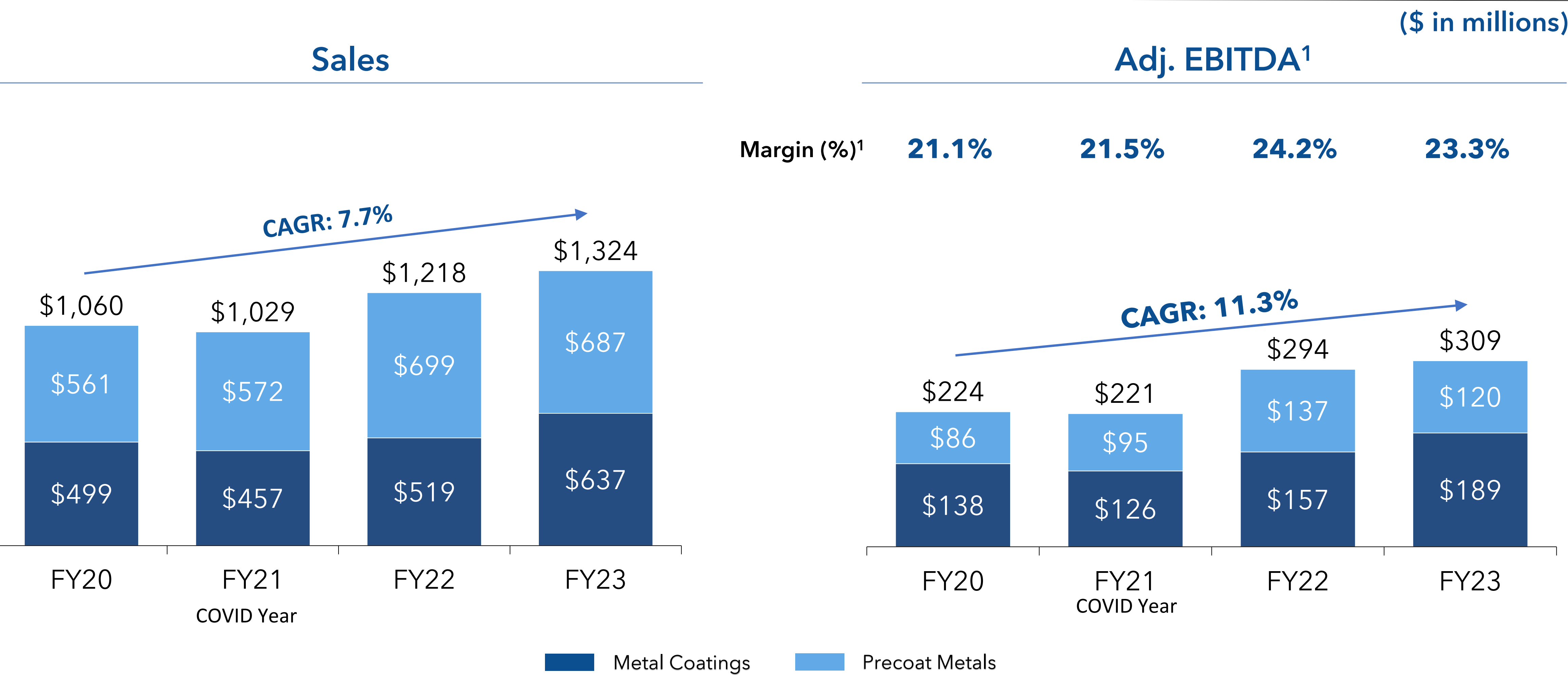
(% Indexed to 2012 price)



(1) ASP refers to Average Selling Price



# Both Businesses Have Delivered Robust Top-line Growth and Profitability



Note: Financials exclude AIS which was divested in September 2022; Financial metrics based on results from fiscal year 2023, ending February 28, 2023, that includes only 42 weeks of results from Precoat Metals acquisition  
(1) Excludes corporate cost for fiscal years 2020, 2021, 2022 and 2023. respectively



# Mission-Driven, Experienced Management Team

## Our Mission

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 TRAITS...**T**rust, **R**espect, **A**ccountability, **I**ntegrity, **T**eamwork, and **S**ustainability

## Leadership Highlights

+200 years of combined industry experience

Senior corporate leadership with tenure and track record at AZZ

Proven industry leaders at respective coatings businesses

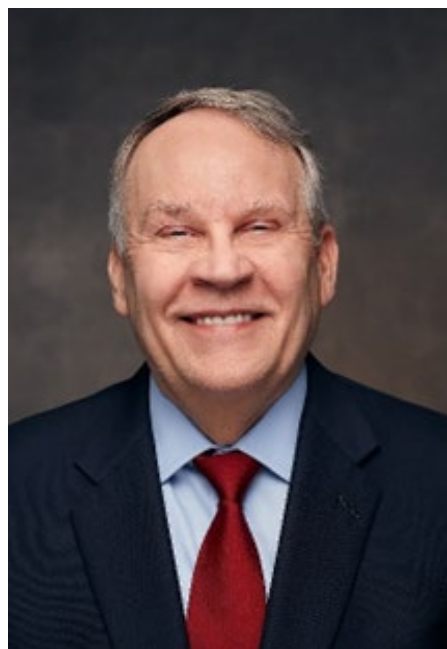
Executed and integrated multiple acquisitions, including transformational M&A

Track record of success



Honeywell

LENNOX INTERNATIONAL



**Tom Ferguson**  
President and Chief Executive Officer



**Philip Schlom**  
Chief Financial Officer



**Bryan Stovall**  
President & COO Metal Coatings



**Kurt Russell**  
President & COO Precoat Metals



**Tara Mackey**  
Chief Legal Officer



**Matt Emery**  
Chief Information and Human Resources Officer



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



**Chris Bacius**  
Vice President Business Development





# Committed to ESG & Sustainability



## Highlights

### Environmental

Extensive re-use and recycling of zinc, aluminum, steel, water and chemical solutions

Launching baseline Scope 3 supply chain sustainability survey in FY2024

### Social

~51.6% of our employee base is diverse

Safety culture and training reduces workplace incidents through continuous improvement

### Governance

We provide several employee benefits, talent development programs and succession planning for all functions

Our Board has race, gender, age and skills diversity

All directors are independent except our CEO

Board oversight of ESG policies and sustainability

## ESG Targets

- 10% Scope 1 & 2 emissions reduction of FY2023 GHG emissions intensity by 2033
- Report hazardous waste intensity based on tons produced and absolute values for recycled products and manufacturing by-products starting FY2024
- Committed to 3<sup>rd</sup> party audits for safety, energy efficiency and waste streams for FY2024 and sharing of audit results and best practices across all facilities
- Will begin to report sales into green/low carbon end-markets in FY2024 and further develop our disclosures relating to AZZ's current role and participation in the transition to a low carbon economy.

## Committed to Sustainability

Completed expert-assisted ESG materiality assessment in FY2023 and developed initial ESG strategic roadmap

FY2024 implementation of industry leading ESG data management, reporting, assurance and disclosure system

Sustainability Council with Board oversight

Sustainability is integrated into Company operations, culture and annual performance objectives

Focused on Employee Safety, Professional and Personal Development, Diversity and Continuous Improvement





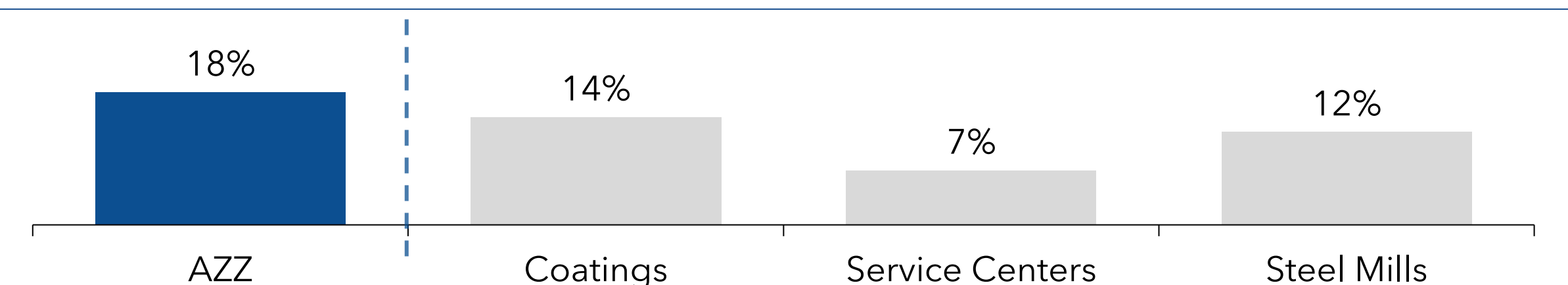
# Financial Overview



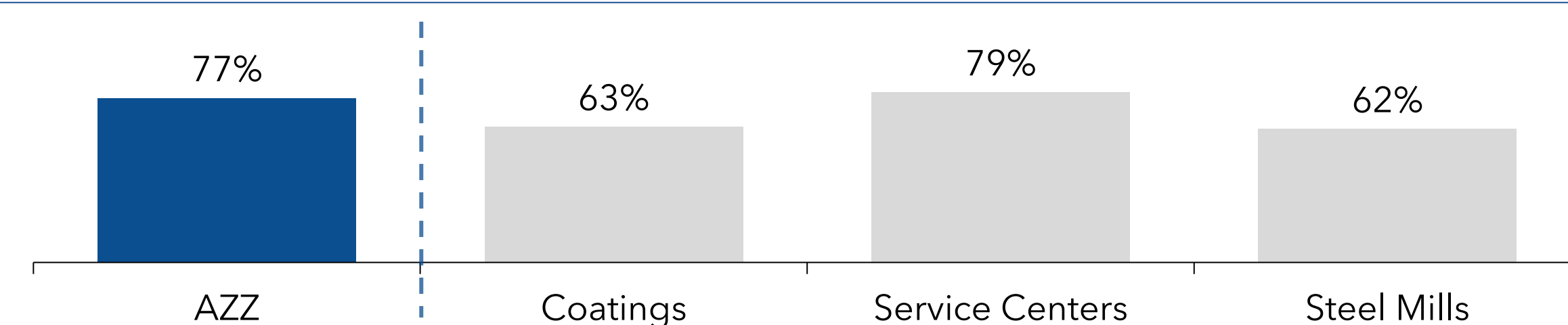


# Premier Margin and Cash Flow Profile

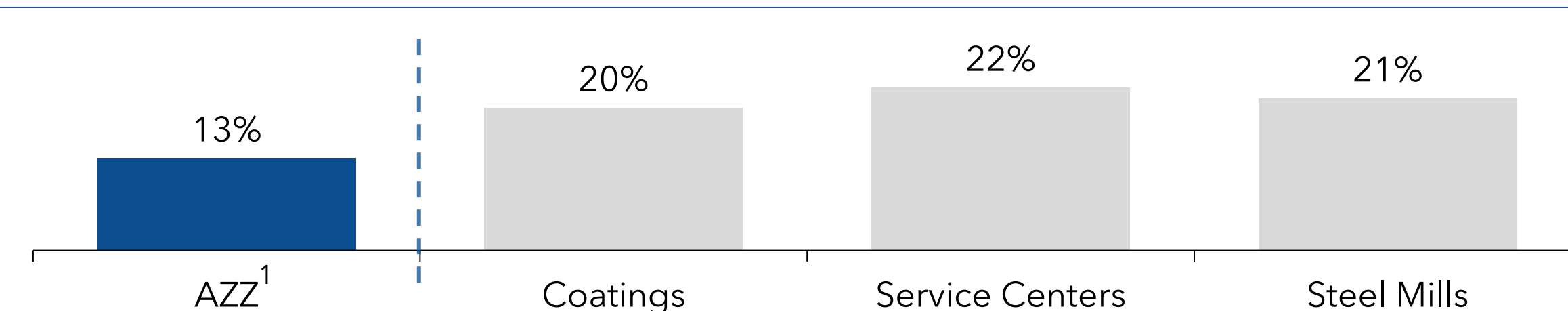
## 3-Year Median EBITDA Margin<sup>3</sup>



## 3-Year Median FCF Conversion (EBITDA less Capex / EBITDA)



## 3-Year Median NWC as % Sales



## Key AZZ Value Drivers of Profitability

- ✓ **Differentiated solutions command strong gross margins**
- ✓ **Flexible, efficient operating model supports attractive EBITDA margin**
- ✓ **Tolling model limits NWC needs**
- ✓ **Well-invested footprint with nominal maintenance capex requirements**
- ✓ **Significant tax attributes with ~\$100 million<sup>2</sup> net present value of cash tax savings in first 5 years, and ~\$150 million in total**



Note: Coatings peers include Valmont Industries (coating segment), Cornerstone Metal Coatings (commercial segment), Oerlikon Balzers and Hill & Smith; Service Centers peers include Reliance Steel & Aluminum, Worthington Industries, Ryerson, and Russel Metals; Steel Mills peers include BlueScope, Steel Dynamics, Nucor, and Ternium; AZZ FY based on February year-end

(1) Represents latest AZZ NWC pro forma for Precoat and AIS divestiture

(2) Cash tax savings come from write-up of Precoat assets; not included in cash conversion metrics

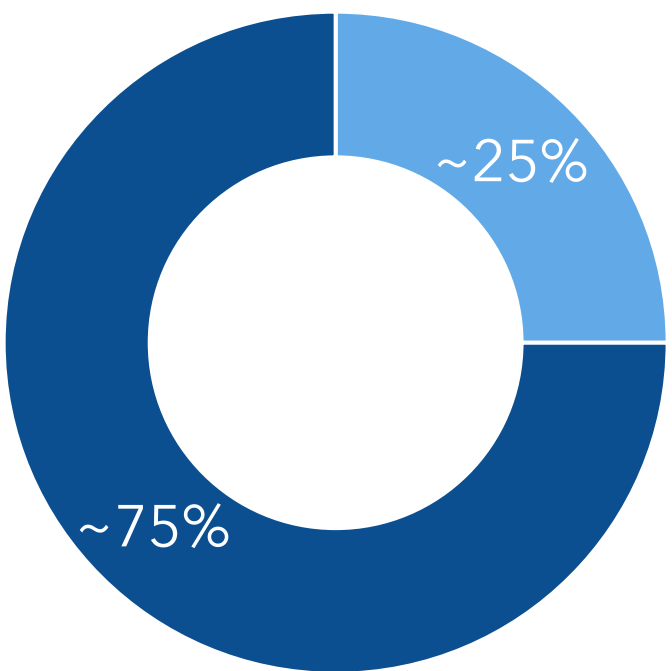
(3) Includes corporate expense



# Proven Resilience Through Challenging Cycles

(\$ in millions)

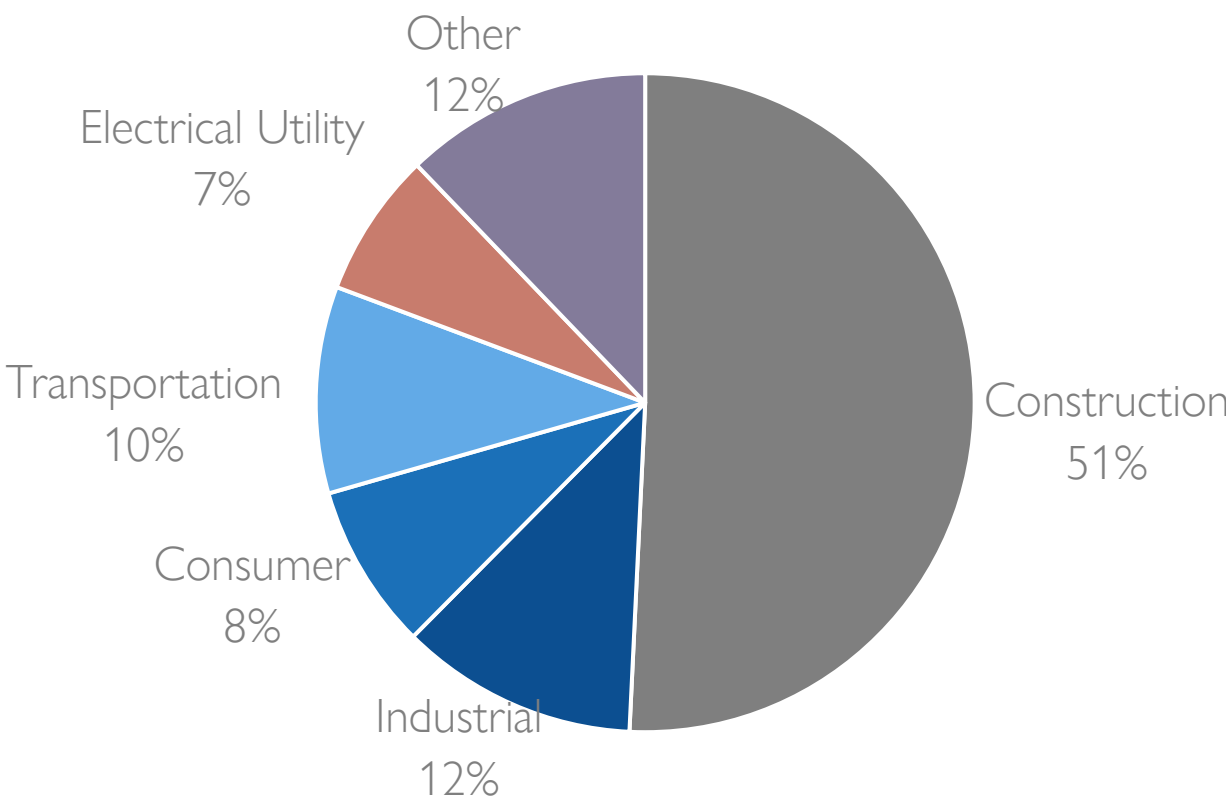
## Highly Variable Cost Structure



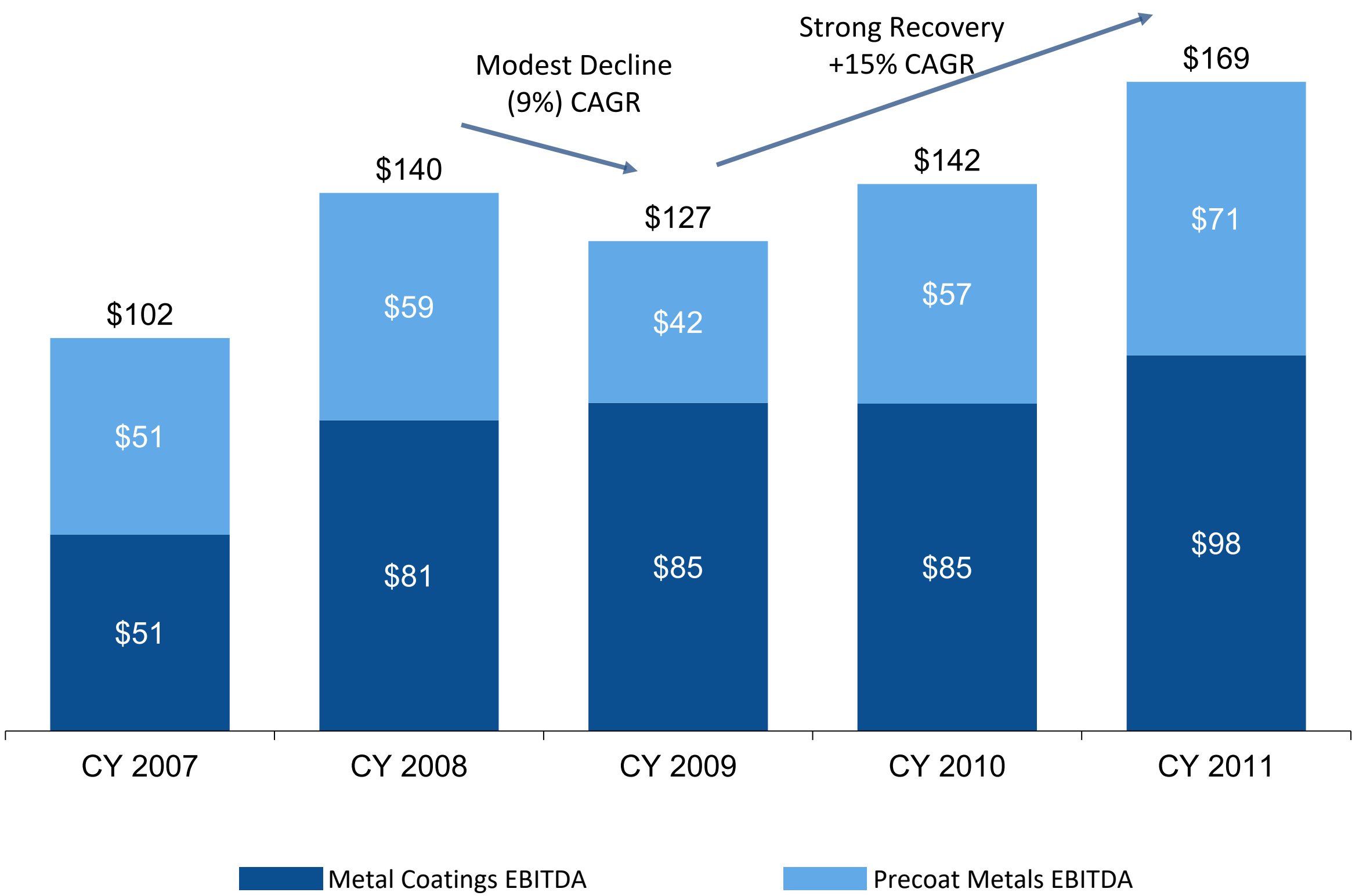
■ Fixed ■ Variable

## Diverse End Market Exposure

FY2023 Sales



## Performed Well Through Global Financial Crisis





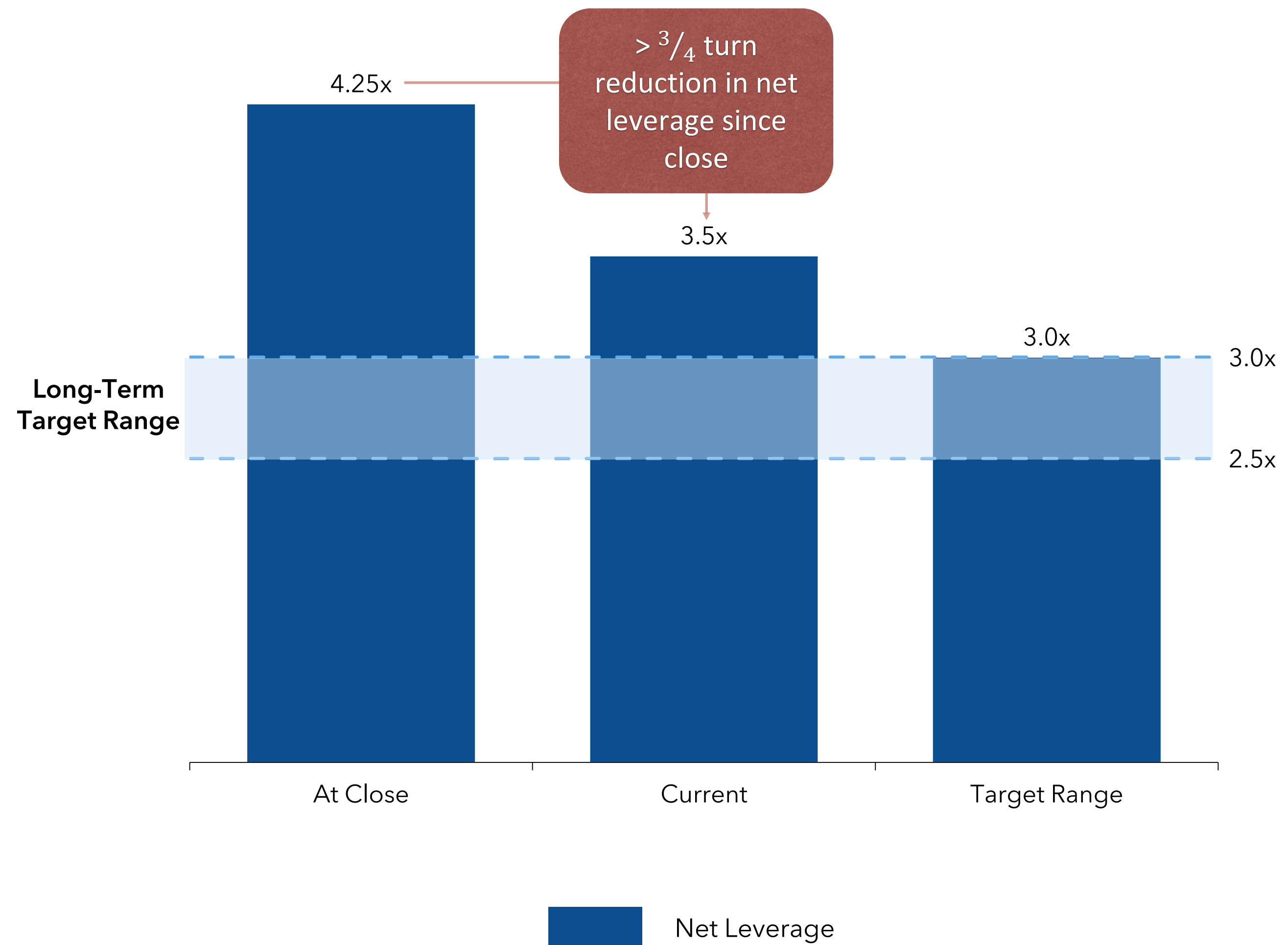
# Rapid Deleveraging Profile

Capital structure with no maturities until 2027

Strong cash flow generation supports near-term deleveraging priority

Business expected to generate ~\$200mm in free cash flow in first year post-close

Transaction tax attributes ensures limited cash taxes





# Our Capital Allocation Priorities

## High ROIC Investments

- Organic growth
- Strategic customer partnerships
- Productivity

## Reduce Leverage

- 3.0x leverage by February 2024

## Acquisitions

- Opportunistic, highly accretive bolt-on acquisitions

## Return Capital

- Committed to sustaining dividends





# High ROIC Strategic Investment: New Precoat Coating Line

---

In November 2022, AZZ announced the construction of a new aluminum coil coating line outside St. Louis, Missouri with an estimated completion date of August 2024



## Compelling Strategic and Financial Investment...

---

- *Enables Precoat to benefit from secular shift to aluminum cans*
- *Sales of \$60+ million by 2026 at an EBITDA margin above Precoat overall margin*
- *ROIC well in excess of return of cost of capital*
- *Long-term contractual customer commitments for over 75% of the new capacity*

## ...Achieved While Still Meeting Deleveraging Goals

---

- *Remain committed to reducing net leverage to 3.0x by February 2024*
- *Sale leaseback reduces initial capital investment to \$60 million (remainder of \$110 million project financed via a lease)*





# FY2024 Guidance

	FY2024 Guidance - Continuing Operations
Sales <sup>(1)</sup>	\$1,400 - \$1,550m <i>Sales</i>
Adjusted EBITDA	\$300 - \$325m <i>Adjusted EBITDA</i>
Adjusted EPS <sup>(2)</sup>	\$3.85 - \$4.35 <i>Adjusted EPS</i>



Note: FY based on February year-end

1. FY2024 guidance excludes equity income from AZZ's minority interest in the AIS JV.. The AIS JV comprises the Company's Infrastructure Solutions segment. FY2024 guidance does not include the impact of any potential future acquisitions. Relative to mid-point of FY2023 guidance. Sales for all guidance presented includes continuing operations only.

2. Adjusted earnings and earnings per share include post-tax cash impact of amortization of acquisition-related intangibles

# Current Strategy

1

## Drive Organic Growth

- *Continued emphasis on customer service and quality*
- *Invest in capacity to support specific customer demand*

2

## Sustain Target EBITDA Range

- *Metal Coatings EBITDA 25-30%*
- *Precoat Metals EBITDA 17-22%*

3

## Optimize Corporate Structure With Simplified Metal Coatings Focus

4

## Rapidly De-lever and De-risk

*Strong cash flow and earnings support deleveraging to 2.5x-3.0x*

5

## Drive Operational Productivity and Efficiency Improvements

6

## Maintain Emphasis on Leadership and Talent Development





# Appendix



# Reg “G” Tables



## Continuing Operations Non-GAAP Disclosure

	Three Months ended February 28,				Year Ended February 28,			
	2023		2022		2023		2022	
	Amount	Per Diluted Share <sup>(1)</sup>	Amount	Per Diluted Share <sup>(1)</sup>	Amount	Per Diluted Share <sup>(1)</sup>	Amount	Per Diluted Share <sup>(1)</sup>
Net income from continuing operations	\$ 7,427	\$ —	\$ 11,322	\$ —	\$ 66,339	\$ —	\$ 49,817	\$ —
Less: Series A Preferred Stock dividends	(3,600)	—	—	—	(8,240)	—	—	—
Net income (loss) from continuing operations available to common shareholders	3,827	0.15	11,322	0.45	58,099	2.33	49,817	1.99
Net income available to common shareholders and diluted earnings per share from continuing operations	3,827	—	11,322	—	58,099	—	49,817	—
Adjustments:								
Acquisition and transaction related expenditures <sup>(2)</sup>	—	—	1,554	0.06	15,320	0.61	1,554	0.06
Amortization of intangible assets	4,998	0.20	1,662	0.07	22,613	0.91	6,658	0.27
Subtotal	4,998	0.20	3,216	0.13	37,933	1.51	8,212	0.33
Tax impact <sup>(3)</sup>	(1,200)	(0.05)	(708)	(0.03)	(9,104)	(0.36)	(1,881)	(0.08)
Total adjustments	3,798	0.15	2,508	0.10	28,829	1.15	6,331	0.25
Adjusted earnings and adjusted earnings per share from continuing operations <sup>(4)</sup>	\$ 7,625	\$ 0.30	\$ 13,830	\$ 0.56	\$ 86,928	\$ 3.48	\$ 56,148	\$ 2.24

<sup>(1)</sup> Earnings per share amounts included in the table above may not sum due to rounding differences.

<sup>(2)</sup> Includes Corporate expenses related to the Precoat Metals acquisition, as well as the divestiture of AZZ Infrastructure Solutions business into the AIS JV.

<sup>(3)</sup> The non-GAAP effective tax rates for the three months ended February 28, 2023 and 2022 were 24.0% and 22.0%, respectfully. The non-GAAP effective tax rates for the full year fiscal 2023 and 2022 were 24.0% and 22.9%, respectively.

<sup>(4)</sup> Adjusted earnings from continuing operations includes \$1.6 million and \$2.6 million of equity in earnings for the three months ended February 28, 2023 and full year fiscal 2023, respectively.

## Non-GAAP Disclosure of Continuing Operations Adjusted EBITDA

	Three Months Ended February 28,		Year Ended February 28,	
	2023	2022	2023	2022
Net income from continuing operations	\$ 7,427	\$ 11,322	\$ 66,339	\$ 49,817
Interest expense	27,061	1,345	88,800	6,363
Income tax (benefit) expense	3,956	4,436	22,336	23,214
Depreciation and amortization	18,777	8,252	74,590	32,081
Acquisition and transaction related-expenditures	—	1,554	15,320	1,554
Adjusted EBITDA	<u>\$ 57,221</u>	<u>\$ 26,909</u>	<u>\$ 267,385</u>	<u>\$ 113,029</u>



## Non-GAAP Segment Disclosure from Continuing Operations (Metal Coatings and Precoat Metals)

	Three Months Ended		Year Ended	
	February 28,		February 28,	
	2023	2022	2023	2022
<b>Metal Coatings</b>				
Operating income	\$ 32,141	\$ 31,960	\$ 155,954	\$ 128,758
Depreciation and amortization expense	8,170	7,843	32,955	30,453
Adjusted EBITDA	<u>\$ 40,311</u>	<u>\$ 39,803</u>	<u>\$ 188,909</u>	<u>\$ 159,211</u>
<b>Precoat Metals</b>				
Operating income	\$ 15,595	\$ —	\$ 79,509	\$ —
Depreciation and amortization expense	10,309	—	40,199	—
Adjusted EBITDA	<u>\$ 25,904</u>	<u>\$ —</u>	<u>\$ 119,708</u>	<u>\$ —</u>
<b>Corporate</b>				
Operating income	<u>\$ (11,541)</u>	<u>\$ (14,926)</u>	<u>\$ (61,825)</u>	<u>\$ (49,539)</u>
Consolidated operating income	<u>\$ 36,195</u>	<u>\$ 17,034</u>	<u>\$ 173,638</u>	<u>\$ 79,219</u>