

# INVESTOR PRESENTATION

February 2024



(NYSE: AZZ)

# 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, 2023, 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.



# Key Messages:



Differentiated, high value-add **metal coatings provider** with scale, expertise and customer centric technology uniquely positioned to serve the growing **North American** steel and aluminum markets



Strong business foundation capable of **growing sales and margins** at or above market levels, supported by **multi-year secular growth drivers**; while **generating significant free cash flow**



Coil coating and hot dip galvanizing **provide environmentally friendly solutions** that reduce emissions and extend the life cycle of the coated materials



**Focused capital allocation** to **reduce debt** and **improve leverage** while supporting **high ROIC investments**, and **returning capital to shareholders**

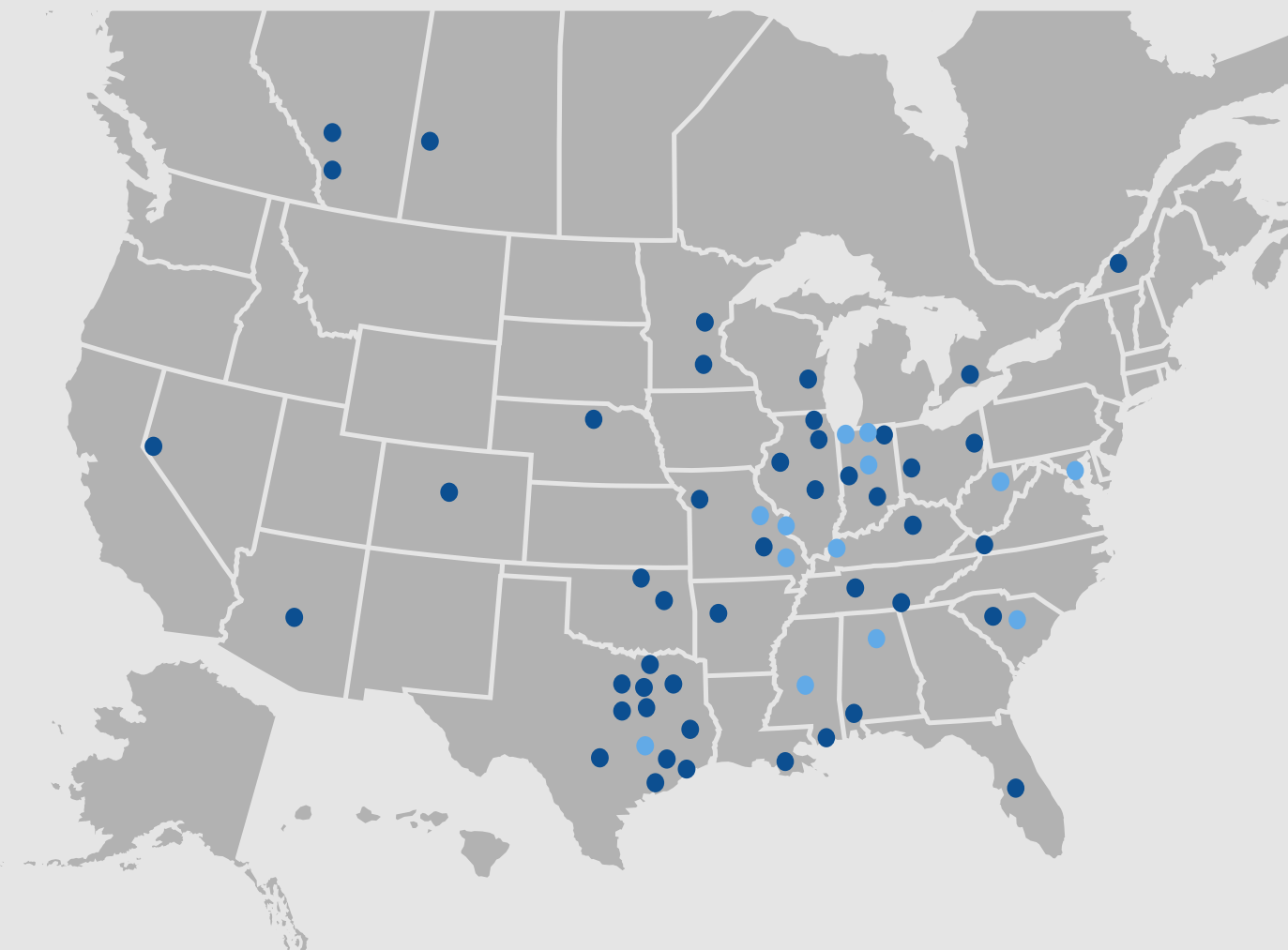


**Commitment to EPS growth** driven by **operational improvement and debt reduction** creates **compelling investment opportunity** and long-term shareholder value



# AZZ Snapshot (NYSE: AZZ)

**AZZ is North America's leading independent post-fabrication hot-dip galvanizing & coil coating solutions company with #1 positions in both markets**

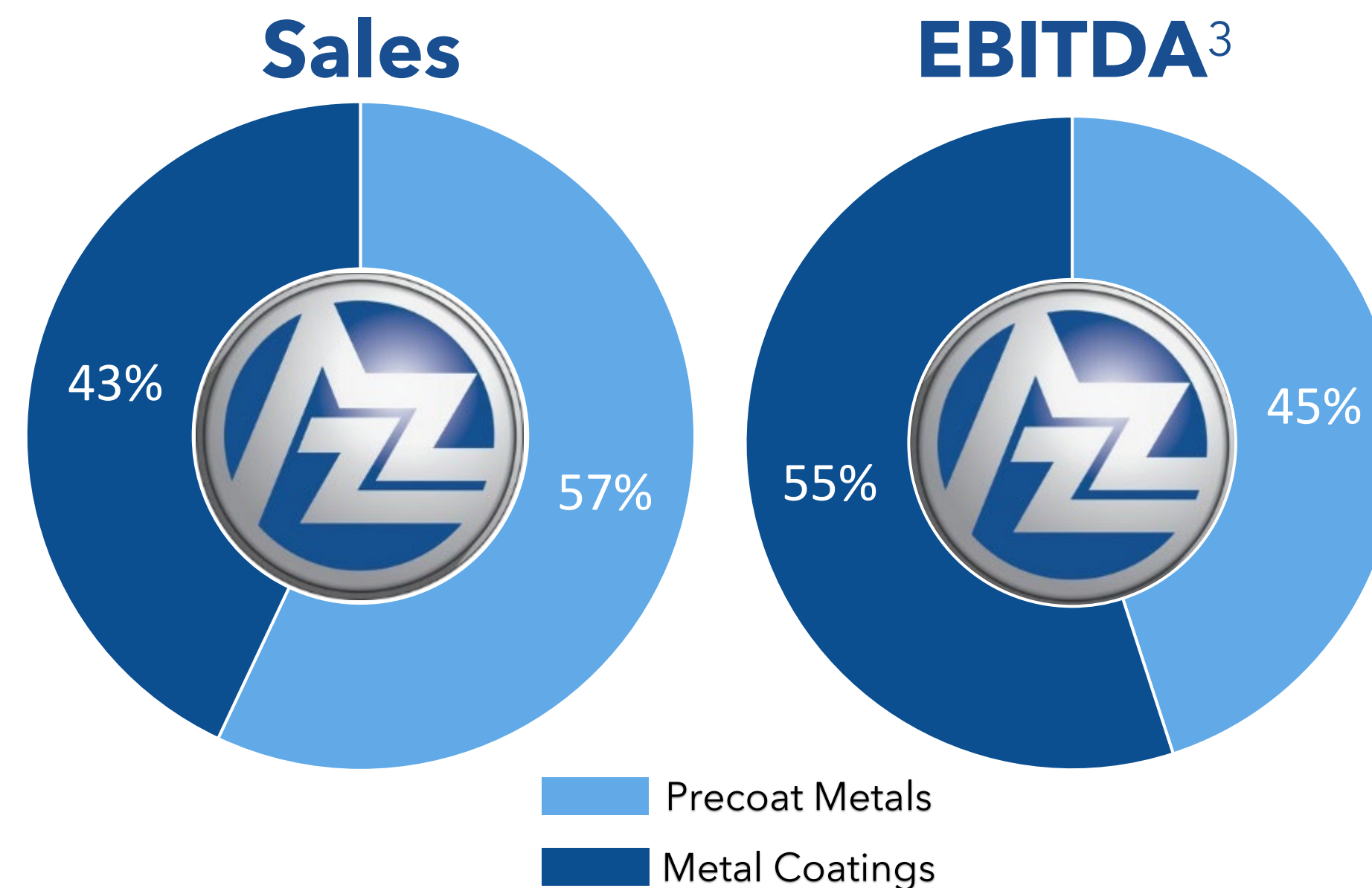


**FORT WORTH, TEXAS**  
Headquarters:

**3,900**  
Employees:

Metal Coatings  
locations<sup>1</sup>: **48**

Coil Coating  
Locations: **13**



**\$1.5B<sup>4</sup>**  
Market Cap

**\$1.5B<sup>2</sup>**  
Sales

**\$349M<sup>2,3</sup>**  
Adj. EBITDA

**23.2%**  
Adj. EBITDA Margin



(1) 41 galvanizing locations and 6 surface technologies locations; 1 tubular products location  
(2) Sales and Adjusted EBITDA based on results for last twelve months, ending November 30, 2023  
(3) Adjusted EBITDA excludes corporate costs  
(4) Market Cap as of January 30, 2024

# AZZ's Strategic Journey

\$571      \$810      \$1,500      \$2,000+

Sales, in millions

## 2013-2018

### Optimized Legacy Footprint

- Improved capabilities and profitability of Metal Coatings
- Combined Electrical and Industrial assets into one operating segment (infrastructure Solutions)

## 2019-2023

### Strategic Transformation – Positioning for the future

- Divested nuclear related businesses
- Divested majority stake (60%) of non-core Infrastructure Solutions segment to a joint venture
- Acquired Precoat Metals
- Returned \$79 million to shareholders through stock repurchases FY2021-FY2022
- Reduced leverage from 4.2X to 3.1X

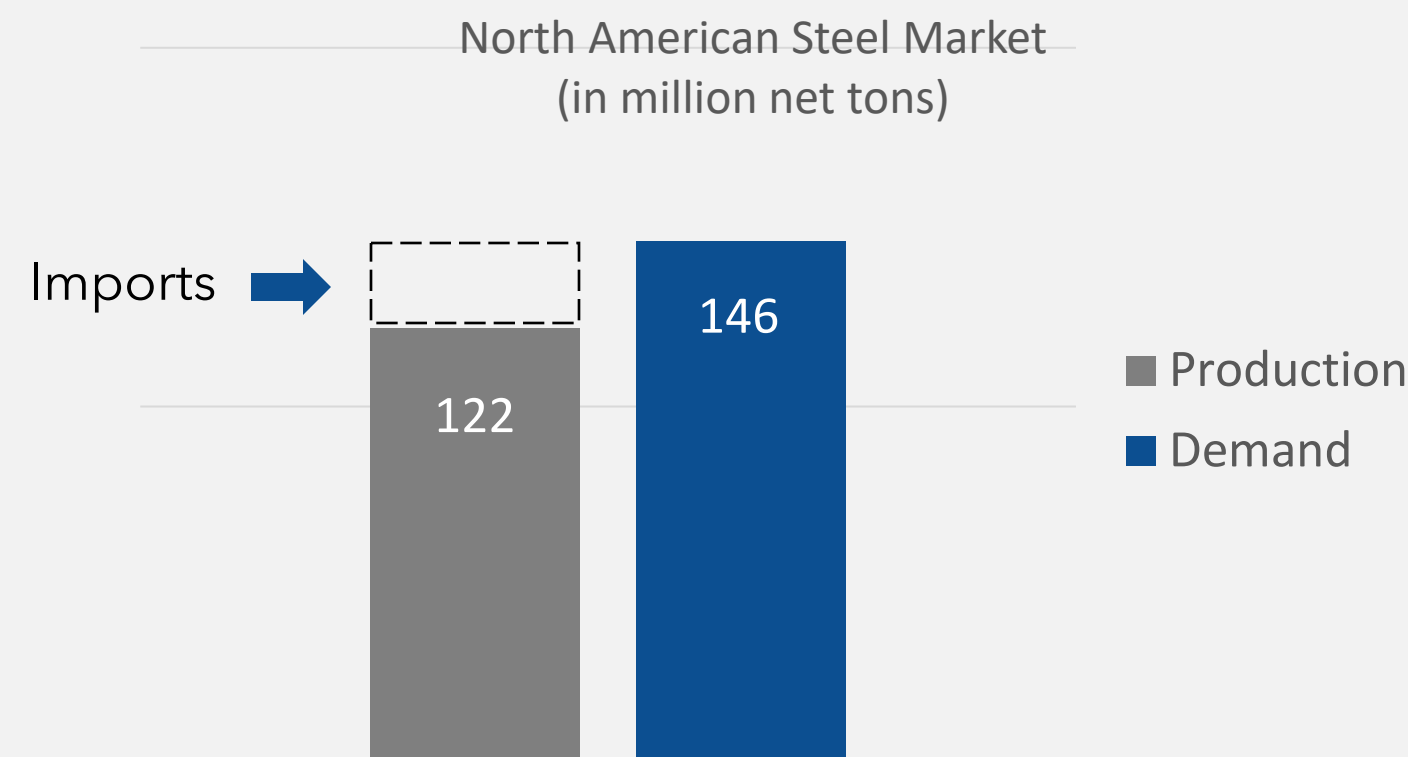
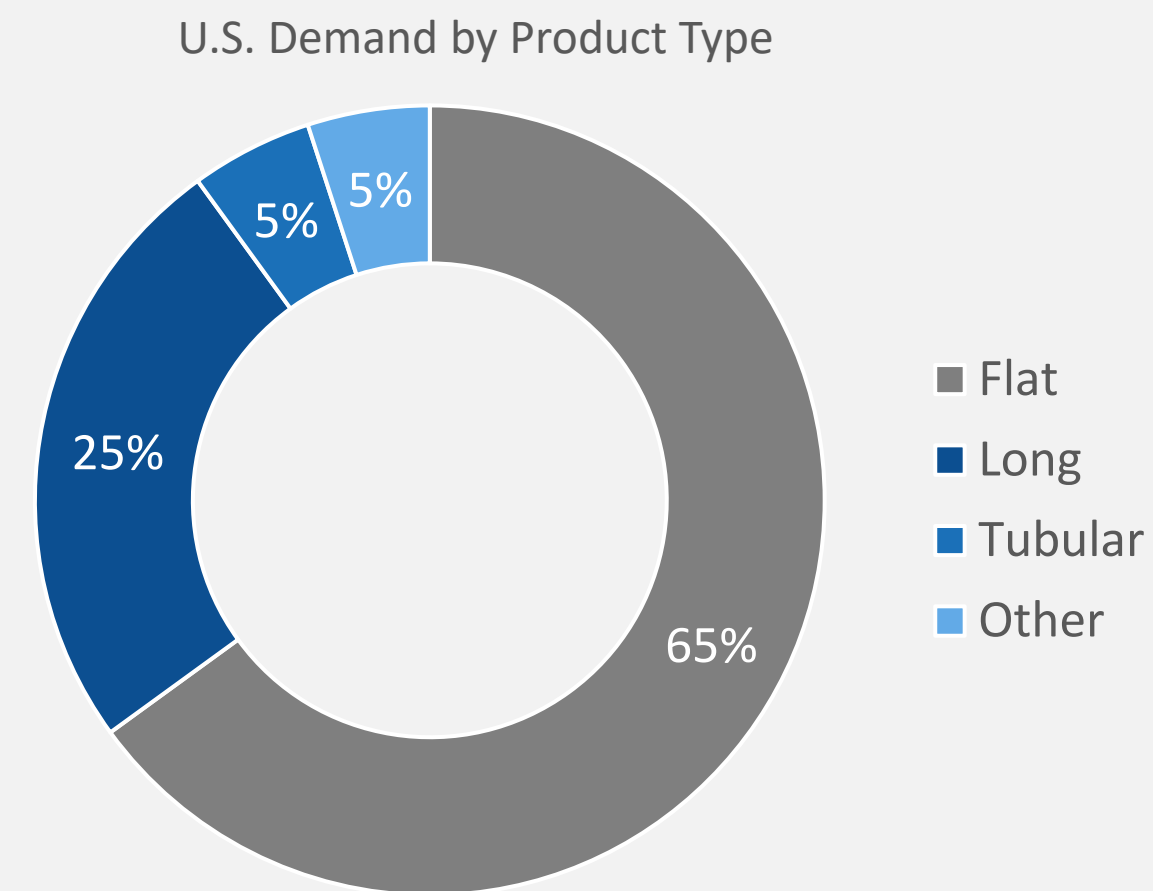
## 2024 +

### Focused Metal Coatings Company

- Investing in our future - New aluminum coil coating facility; on-budget and on-track for full production in FY 2026
- Driving operational excellence with ESG focus
- Expanding use of customer-centric technology (DGS and Coil Zone)
- Capturing opportunities associated with long-term growth drivers in end markets
- Strategic acquisitions to support growth
- Reducing debt with leverage range of 2.5-3.0X



# Why Our Focus is Coatings



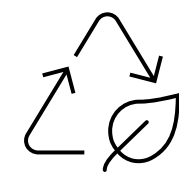
Source: Worldsteel



Strategic acquisition of Precoat Metals creates new capability and allows AZZ to provide coatings solutions to the largest part of the market (flat steel) as well as the growing aluminum market



AZZ's independence provides customers complete flexibility in sourcing, uniquely positioning the company to coat domestic or imported steel and aluminum from any service center or mill



Steel and aluminum are essential to a sustainable future, highly recyclable, and enable critical green energy technologies like wind and solar



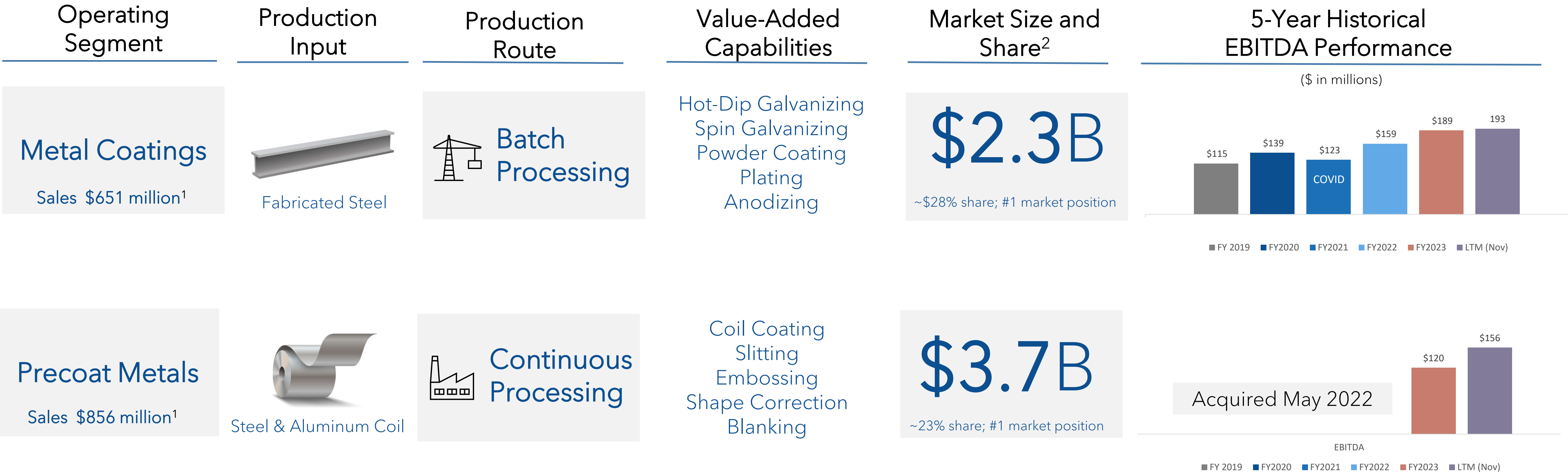
Hot-dip galvanizing and coil coating are environmentally friendly solutions that provide long-lasting corrosion and aesthetic benefits for steel and aluminum



Strong support for re-shoring, green manufacturing, infrastructure renewal and trade enforcement provides significant market tailwinds



# Our Leading Segments



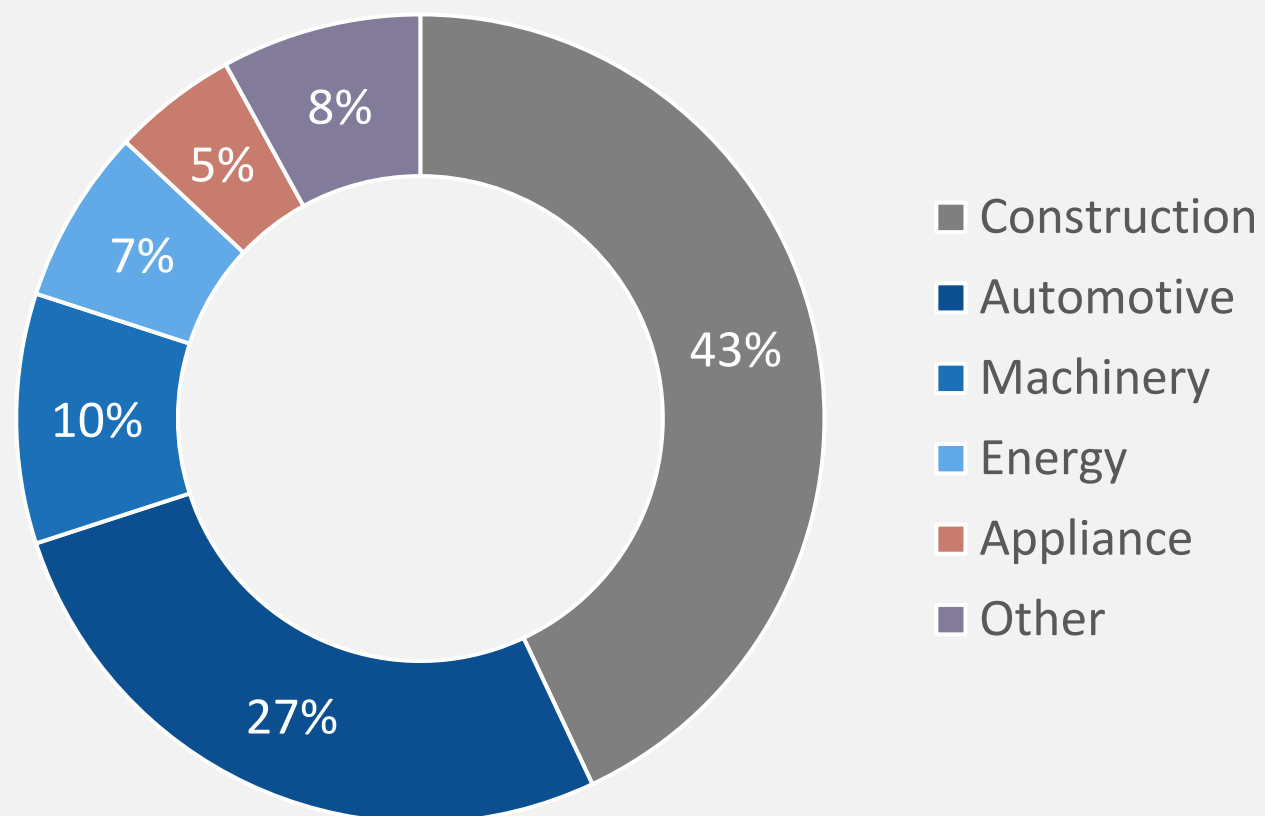
Value-added tolling model limits risk and exposure to metal price fluctuation



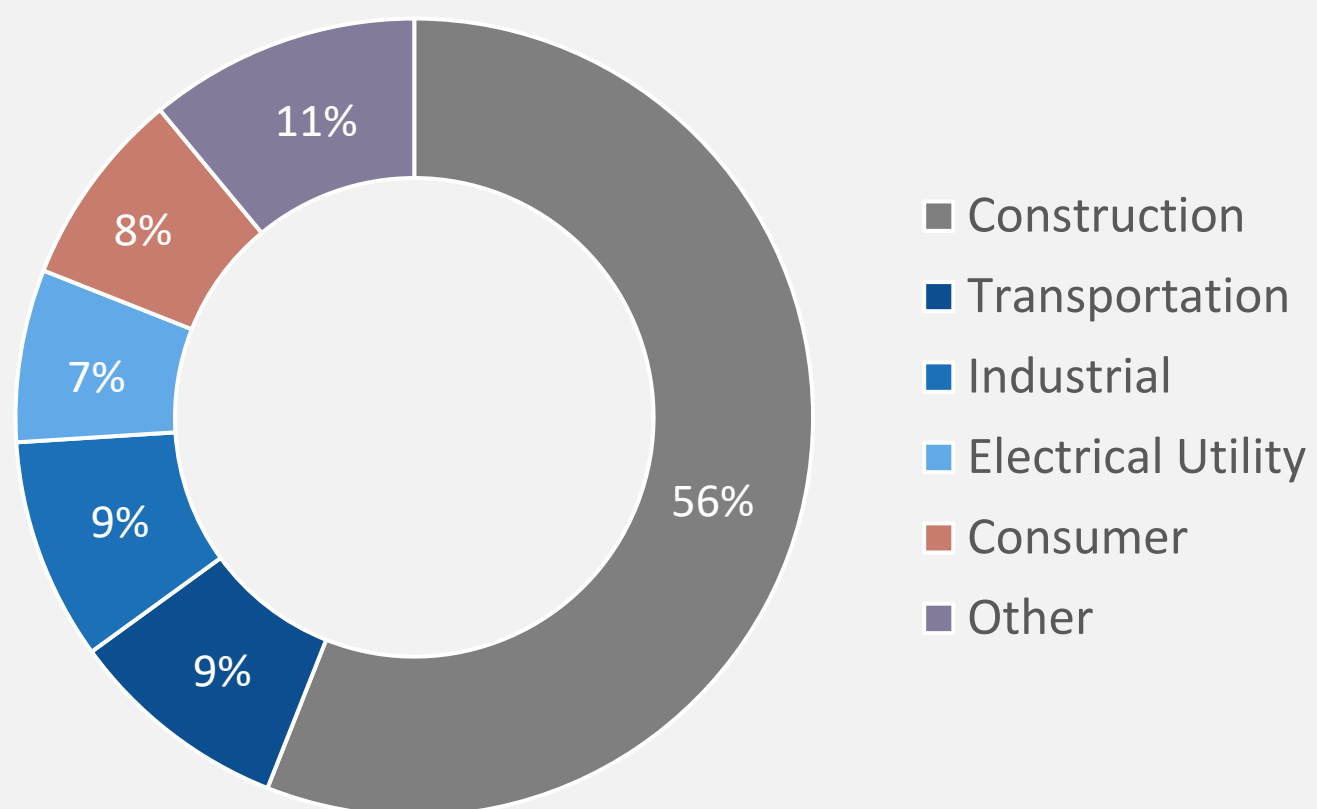
(1) Sales based on LTM ended November 30, 2023  
(2) Management estimates based on data from the American Galvanizing Association and National Coat Coaters Association

# Diverse End Market Exposure

North American steel shipments by end-market<sup>2</sup>



AZZ Q3 FY2024 Sales by end-market<sup>3</sup>



**Total Construction starts are expected to rise by 7% to \$1.2 trillion in 2024<sup>1</sup>**



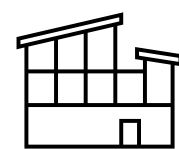
Non-building (which includes sectors such as infrastructure) has more public funding, is more resilient, and has expected growth rates of 17% in 2024



Institutional construction, including healthcare and education, expected to grow at 3% per year for the next two years



Residential (single family) construction expected to rise by 9% and multifamily by 14% calendar year 2024



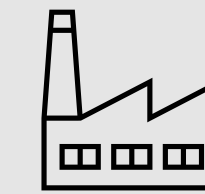
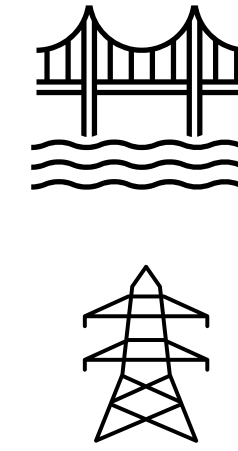
Manufacturing expected to grow at 16%, while construction (warehouses) expected to decline by 2%



1 Dodge Construction Network 2024 forecast as of November 29, 2023  
2 Source: Worldsteel  
3 Source: AZZ FY2024 Q3 Financial results

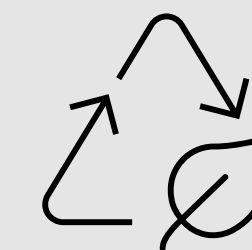
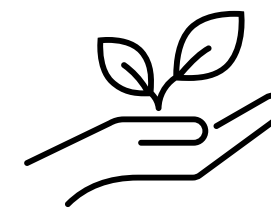
# Secular Drivers Enhancing Outlook

## Infrastructure and Renewables Investment



## Reshoring Manufacturing

## Pre-painted Steel and Aluminum Migration



## Conversion from Plastics to Aluminum



# Macro Tailwinds -American Infrastructure Investment and Jobs Act

## Roads, Bridges and Major Projects

Investment: +\$110bn<sup>1</sup>



*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<sup>1</sup>



*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<sup>1</sup>



*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**



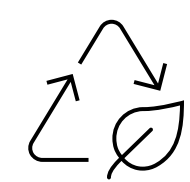

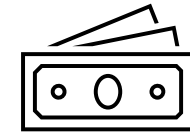


# Investing in Future Growth

New aluminum coil coating line under construction in Washington, Missouri



Expected completion summer 2024

## Compelling Strategic and Financial Investment

-  Enables AZZ to benefit from secular shift to aluminum cans
-  Run-rate sales of \$60+ million by FY 2026 at an EBITDA margin above Precoat overall margin
-  ROIC well in excess of cost of capital
-  Long-term contractual customer commitment for 75% of the new capacity
-  Total investment of ~\$125 million



# Technology Transformation – A Key Differentiator



Digital Galvanizing System (DGS) is a distinct competitive advantage

- Near elimination of paper with proprietary, state-of-the-art tool linked to Oracle ERP system
- Fully integrated; Allows real-time decisions and enhanced customer experience
- Provides real-time order status updates, tracking and notifications
- Improved visibility and decision making across the organization and with customers



CoilZone is the industry leading productivity and customer engagement platform

- Customer portal for real-time visibility for all inventory transactions
- Full integrated with AZZ Precoat Metals' ERP system
- Paperless scheduling with a customer portal for schedule visibility
- Heavily integrated with customers via EDI



# Sustainability

## We are essential and environmentally friendly

- Sustainability is intrinsic to hot-dip galvanized steel as both zinc and steel are 100% recyclable
- Hot-dip galvanized steel is an infinitely renewable building material and used in renewable energy projects such as wind and solar
- Utilizing hot-dip galvanized steel ensures that fewer natural resources are consumed, fewer emissions are produced in the future, and with minimal environmental impact over the life of a customer's project



## We are committed to sustainability initiatives and reporting

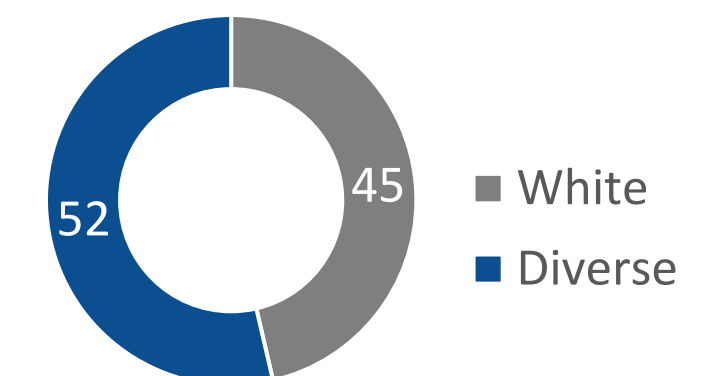
- Tracking and Reporting on Scope 1 and 2 consumption and intensity in our annual sustainability report
- Targeting a 10% reduction in Scope 1 and Scope 2 consumption and intensity
- Tracking 'green' sales in FY2024 to further disclose AZZ's role in the transition to a low carbon economy



## We recognize that diversity is key to sustainability

- We embrace the diversity of our employees, customers, vendors, suppliers, stakeholders and consumers, including their unique backgrounds, experiences, creative solutions, skills and talents.
- Everyone is valued and appreciated for their distinct contributions to the continued growth and sustainability of our business.
- AZZ's percentage of women in the global workforce increased over 89% from fiscal years 2020 to 2023

AZZ ethnicity demographics FY2023<sup>(1)</sup>



# 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

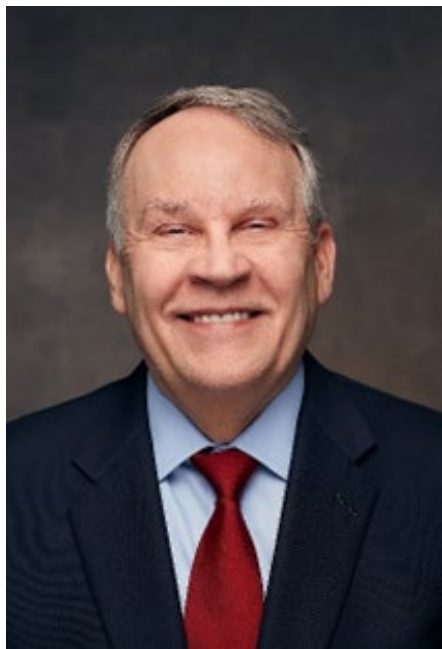
+200 years of combined industry experience

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



**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



**Tiffany Moseley**  
Chief Accounting Officer



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



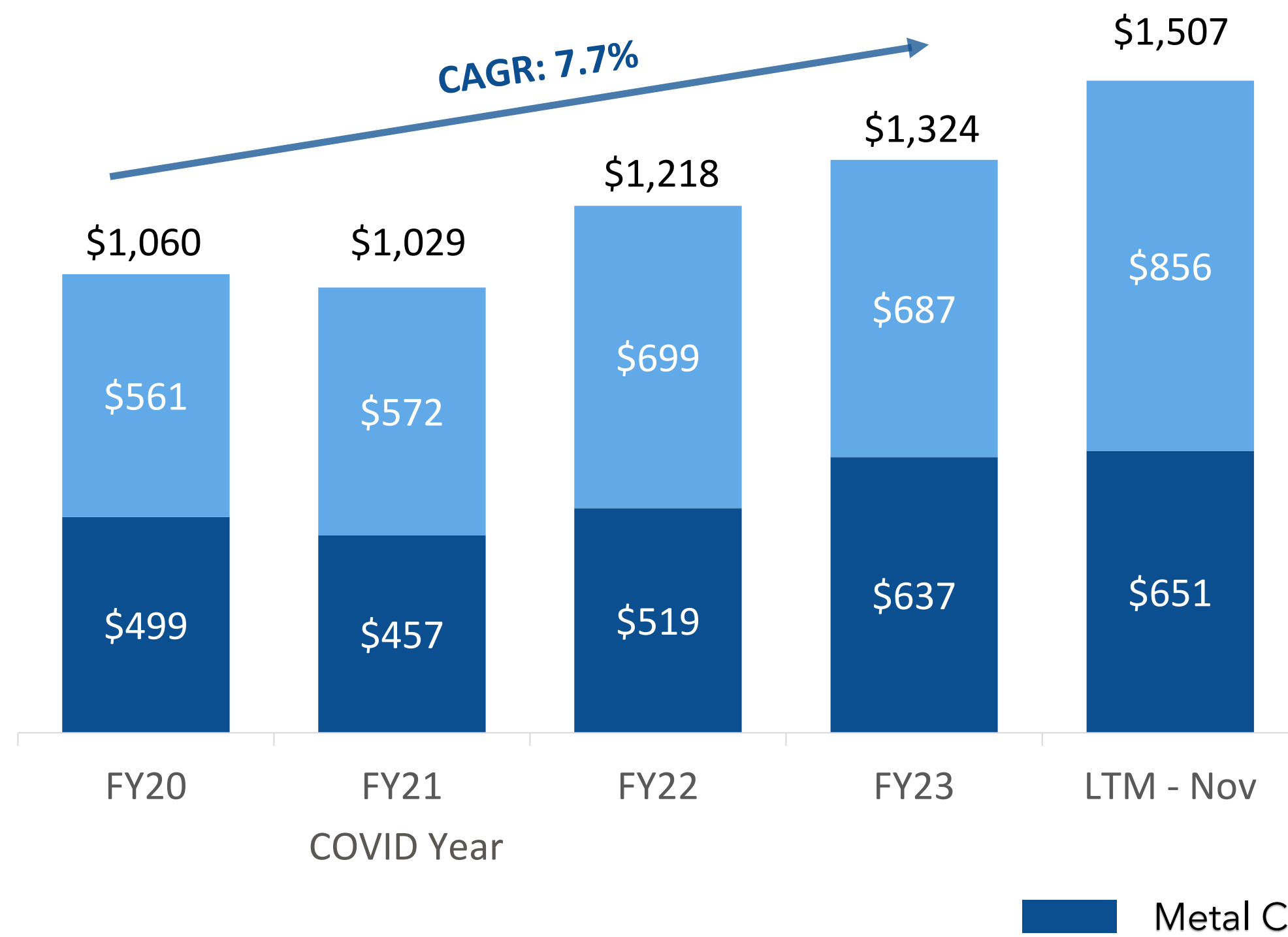
**Chris Bacius**  
Vice President Business Development



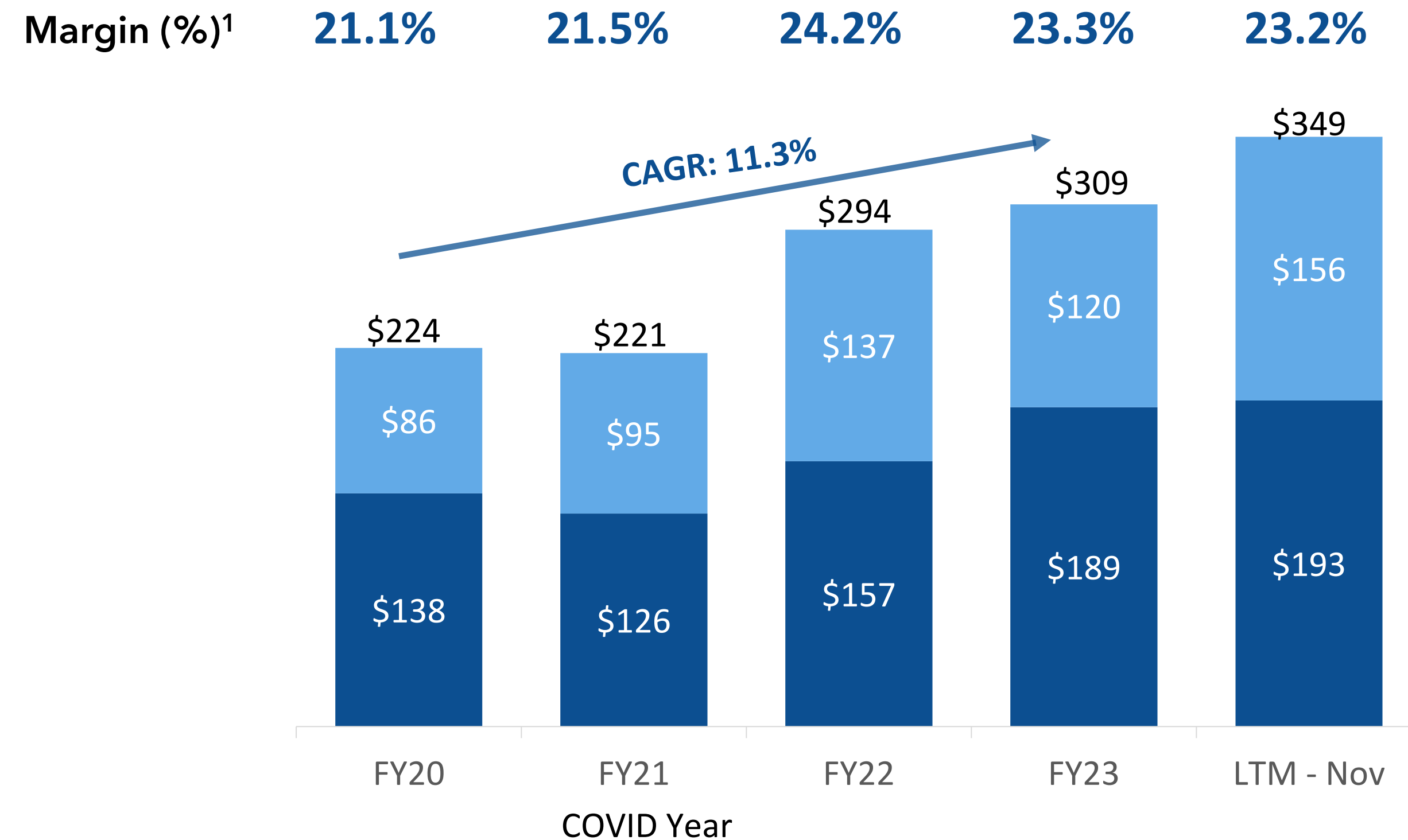
# Consistent Top-line Growth and Profitability

(\$ in millions)

## Sales



## Adj. EBITDA<sup>1</sup>



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; LTM results ending November 30, 2023  
(1) Excludes corporate cost for all periods presented

# AZZ - Proven Resilience Through Prior Cycles

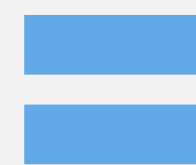
Limited exposure to metal prices



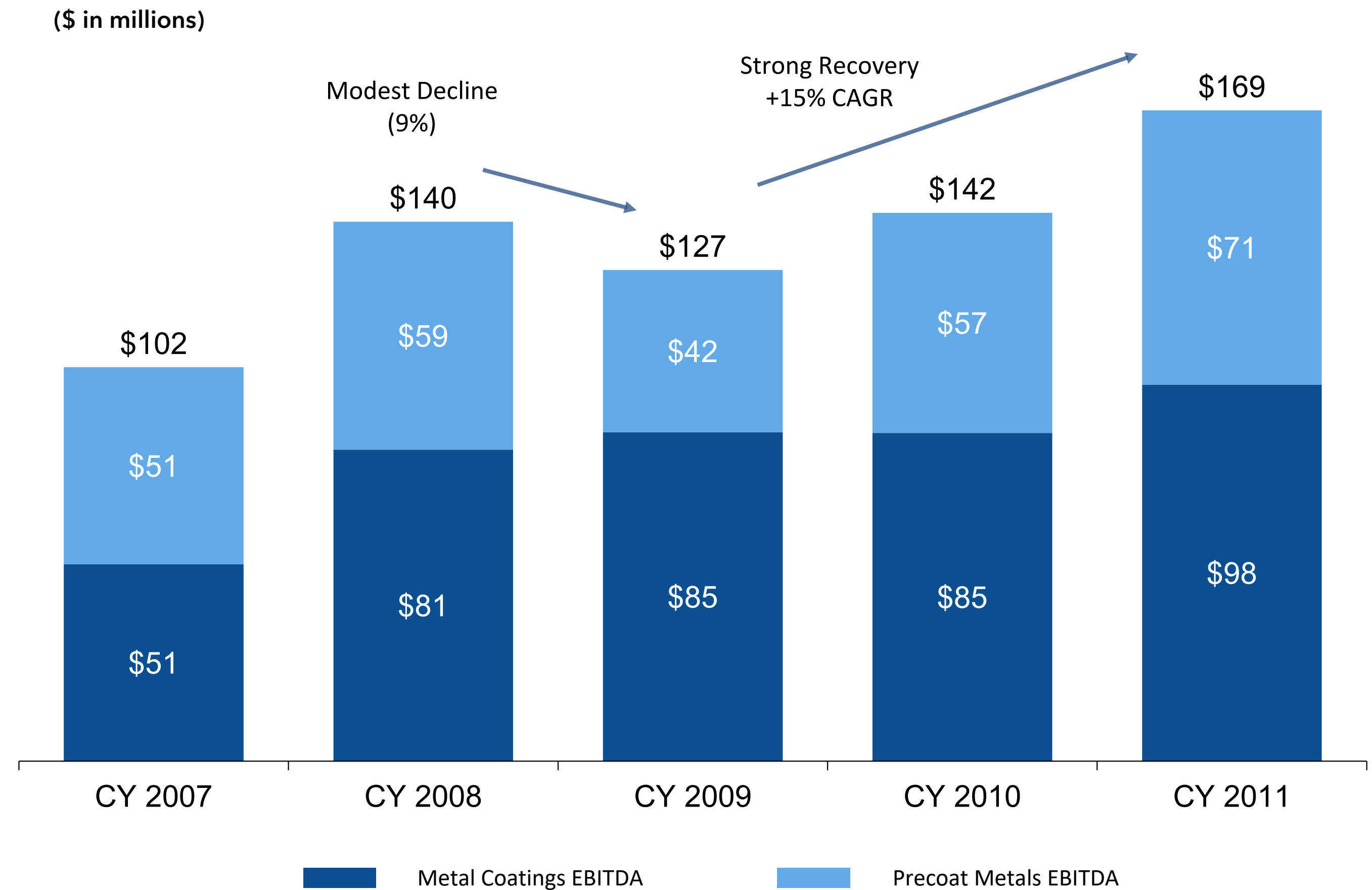
Value-added pricing model



Highly variable cost structure  
with flexible operating model

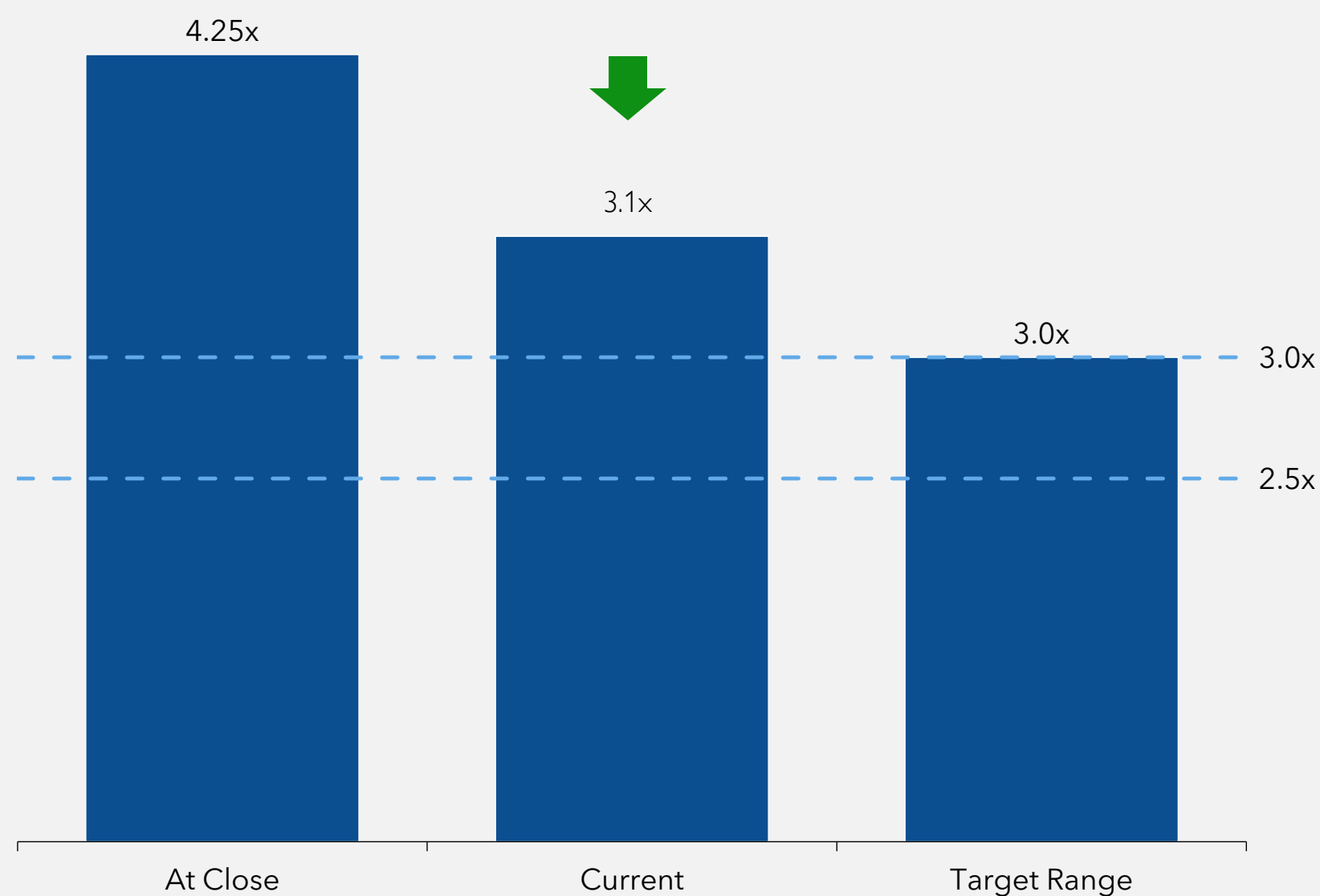


Consistent strong earnings and  
cash flow



# Balance Sheet and Liquidity

> 1X turn reduction  
in net leverage  
since acquisition



As of November 30, 2023:

Cash	\$7.5	Available Credit on Revolver	\$375.5
Total Long-Term Debt	\$980.0	Cash	\$7.5
Shareholders Equity	\$921.2	Total Available Liquidity	\$383.0

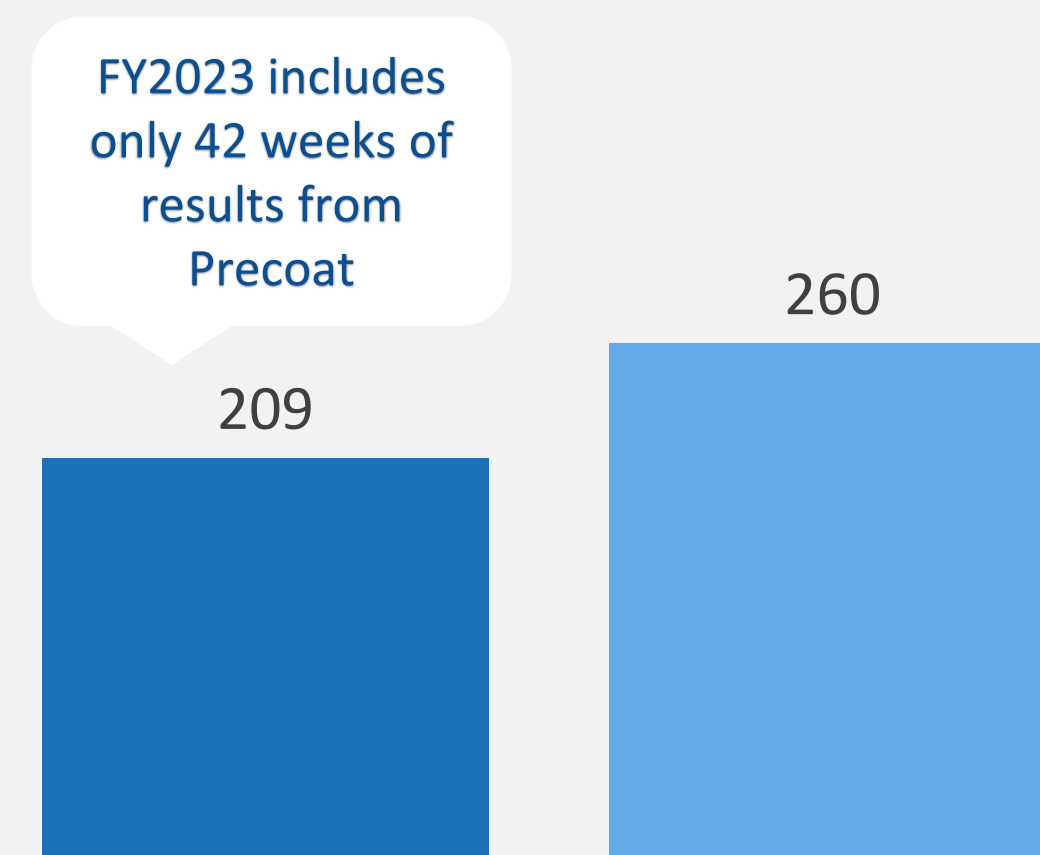
\$ in millions:

- No debt maturities until 2027
- Total debt to adjusted EBITDA 3.1X, on track to achieve our target of 3.0X or lower in calendar year 2024
- \$400 million total revolving credit facility
- Acquisition tax attributes reduces cash taxes



# Strong Free Cash Flow<sup>1</sup>

\$ In millions



Year	FY2023	TTM-November
Adjusted EBITDA	\$267	\$349
CapEx	\$57.1	\$88.9

- Focused on the cash conversion cycle
- Deploying capital on high ROIC investments
- Strong cash flow generation supports near-term deleveraging priorities



1. Defined as EBITDA from continuing operations less capex

# Our Capital Allocation Priorities

## Deploying Capital on High ROIC Investments

- Organic growth
- Strategic customer partnerships
- Productivity

## Reduce Leverage

- At or below 3.0x leverage in calendar 2024

## Return Capital




- Committed to sustaining dividends

## Acquisitions

- Deferred



# FY2024E Guidance Narrowed As Part of Q3 Earnings

	Prior FY2024E Guidance – Continuing Operations	Current FY2024E Guidance (Q3 FY'24) - Continuing Operations
Sales <sup>(1)</sup>	\$1.40 - \$1.55 billion Sales	 \$1.45 - \$1.55 billion Sales
Adjusted EBITDA	\$300 - \$325 million Adjusted EBITDA	 \$315 - \$335 million Adjusted EBITDA
Adjusted EPS <sup>(2)</sup>	\$3.85 - \$4.35 Adjusted EPS	 \$4.15 - \$4.35 Adjusted EPS



Note: FY based on February year-end

1. FY2024 guidance includes 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.. 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

# FY 2025 Guidance

	FY2025 Guidance - Continuing Operations
Sales <sup>(1)</sup>	\$1.5 - \$1.6 billion Sales
Adjusted EBITDA	\$300 - \$350m Adjusted EBITDA
Adjusted EPS <sup>(2)</sup>	\$4.25 - \$4.75 Adjusted EPS



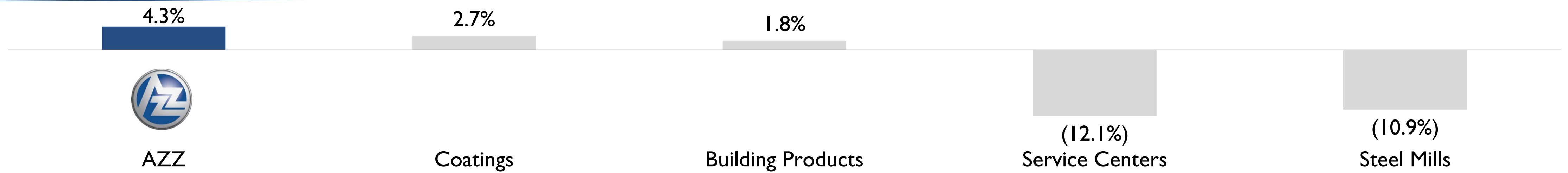
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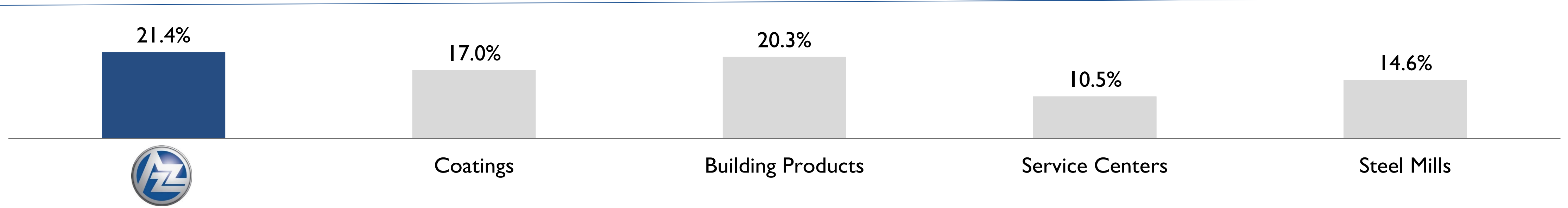
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# AZZ's Attractive Financial Metrics Relative to Related Industrial Companies

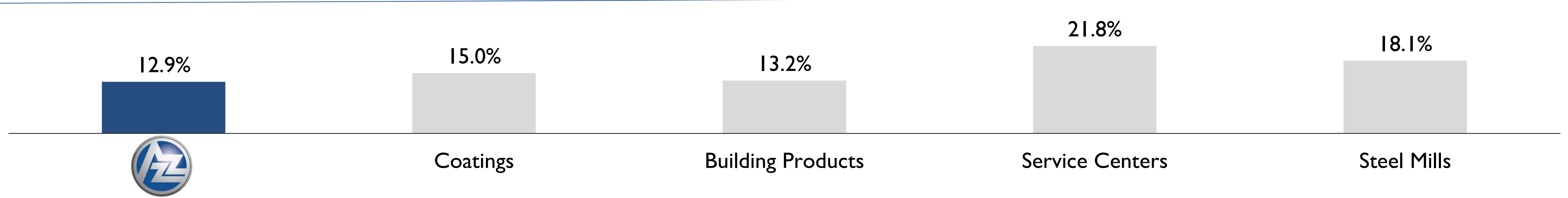
## CY22A - CY24E Revenue Growth



## CY24E EBITDA Margin<sup>(1)</sup>



## Current Net Working Capital<sup>(2)</sup> / CY23E Revenue



Note: Building Products peers include Masonite, PGT Innovations, AO Smith, James Hardie, AZEK, Trex, Griffon, Fortune Brands Innovation, Kingspan, Simpson and Jeld-Wen; Coatings peers include Valmont Industries, Hill & Smith, Sherwin-Williams, PPG and Akzo Nobel; Service Centers peers include Reliance Steel & Aluminum, Worthington Industries, Ryerson, and Russel Metals; Steel Mills peers include BlueScope, Steel Dynamics, and Nucor; AZZ FY based on February 28/29<sup>th</sup> year-end  
(1) Includes corporate expense  
(2) Based on latest available filing

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# Appendix



# Reg “G” Tables

## Non-GAAP Disclosure of Continuing Operations Adjusted EBITDA

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2023	2022	2023	2022
Net income from continuing operations	\$ 26,890	\$ 18,439	\$ 83,744	\$ 58,912
Interest expense	25,855	26,123	82,331	61,739
Income tax expense	8,780	2,447	24,397	18,380
Depreciation and amortization	20,357	21,938	59,034	55,813
Acquisition and transaction-related expenditures	—	—	—	15,320
Legal settlement and accrual	4,500	—	10,250	—
Adjusted EBITDA from continuing operations	<u>\$ 86,382</u>	<u>\$ 68,947</u>	<u>\$ 259,756</u>	<u>\$ 210,164</u>

# Continuing Operations Non-GAAP Disclosure

	Three Months Ended November 30,				Nine Months Ended November 30,			
	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	\$ 26,890		\$ 18,439		\$ 83,744		\$ 58,912	
Less: preferred stock dividends	(3,600)		(3,600)		(10,800)		(4,640)	
Net income from continuing operations available to common shareholders	23,290		14,839		72,944		54,272	
Impact of preferred stock dividends	3,600		—		10,800		—	
Net income and diluted earnings per share from continuing operations <sup>(2)</sup>	26,890	\$ 0.92	14,839	\$ 0.59	83,744	\$ 2.86	54,272	\$ 2.17
Impact of preferred stock dividends	—		—		—		4,640	
Net income and diluted earnings per share from continuing operations for Adjusted net income calculation <sup>(2)</sup>	26,890	0.92	14,839	0.59	83,744	2.86	58,912	2.10
Adjustments:								
Acquisition and transaction-related expenditures <sup>(3)</sup>	—	—	—	—	—	—	15,320	0.55
Amortization of intangible assets	5,872	0.20	6,133	0.25	18,108	0.62	17,615	0.63
Legal settlement and accrual <sup>(4)</sup>	4,500	0.15	—	—	10,250	0.35	—	—
Subtotal	10,372	0.35	6,133	0.25	28,358	0.97	32,935	1.18
Tax impact <sup>(5)</sup>	(2,489)	(0.08)	(1,472)	(0.06)	(6,806)	(0.23)	(7,904)	(0.28)
Total adjustments	7,883	0.27	4,661	0.19	21,552	0.74	25,031	0.90
Adjusted net income and adjusted earnings per share from continuing operations	\$ 34,773	\$ 1.19	\$ 19,500	\$ 0.78	\$ 105,296	\$ 3.60	\$ 83,943	\$ 3.00
Weighted average shares outstanding - Diluted		29,330		24,995		29,278		28,022

<sup>(1)</sup> Earnings per share amounts included in the table above may not sum due to rounding differences. Year-to-date earnings per share does not always represent the sum of the quarters' earnings per share when the preferred shares for any quarter in the year-to-date period are anti-dilutive.

<sup>(2)</sup> For the nine months ended November 30, 2022, the calculation of diluted earnings per share is based on weighted average shares outstanding of 24,984, as the preferred shares are anti-dilutive for this calculation. The calculation of adjusted diluted earnings per share is based on weighted average shares outstanding of 28,022, as the preferred shares are dilutive for this calculation. Adjusted net income for adjusted earnings per share also includes the addback of preferred dividends.

<sup>(3)</sup> Includes Corporate expenses related to the Precoat Metals acquisition and the divestiture of AZZ Infrastructure Solutions business into the AVAIL JV.

<sup>(4)</sup> For the three months ended November 30, 2023, represents a legal accrual related to the Metal Coatings segment of \$4.5 million. For the nine months ended November 20, 2023, consists of the \$4.5 million accrual for the Metal Coatings segment and \$5.75 million for the settlement of a litigation matter related to the AIS segment that was retained following the sale of the AIS business.

<sup>(5)</sup> The non-GAAP effective tax rate for each of the periods presented is estimated at 24.0%.

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

Three Months Ended November 30, 2023					
	Metal Coatings	Precoat Metals	Infrastructure Solutions	Corporate	Total
Net income (loss) from continuing operations	\$ 37,813	\$ 32,752	\$ 8,452	\$ (52,127)	\$ 26,890
Interest expense	—	—	—	25,855	25,855
Income tax expense	—	—	—	8,780	8,780
Depreciation and amortization	6,678	7,501	—	6,178	20,357
Adjustments:					
Legal accrual	4,500	—	—	—	4,500
Adjusted EBITDA from continuing operations	\$ 48,991	\$ 40,253	\$ 8,452	\$ (11,314)	\$ 86,382

Three Months Ended November 30, 2022					
	Metal Coatings	Precoat Metals	Infrastructure Solutions	Corporate	Total
Net income (loss) from continuing operations	\$ 33,670	\$ 21,053	\$ 1,006	\$ (37,290)	\$ 18,439
Interest expense	—	—	—	26,123	26,123
Income tax expense	—	—	—	2,447	2,447
Depreciation and amortization	8,225	13,381	—	332	21,938
Adjusted EBITDA from continuing operations	\$ 41,895	\$ 34,434	\$ 1,006	\$ (8,388)	\$ 68,947

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

	Nine Months Ended November 30, 2023				
	Metal Coatings	Precoat Metals	Infrastructure Solutions	Corporate	Total
Net income (loss) from continuing operations	\$ 128,353	\$ 109,449	\$ 4,892	\$ (158,950)	\$ 83,744
Interest expense	—	—	—	82,331	82,331
Income tax expense	—	—	—	24,397	24,397
Depreciation and amortization	19,647	20,407	—	18,980	59,034
Adjustments:					
Legal settlement and accrual	4,500	—	5,750	—	10,250
Adjusted EBITDA from continuing operations	<u>\$ 152,500</u>	<u>\$ 129,856</u>	<u>\$ 10,642</u>	<u>\$ (33,242)</u>	<u>\$ 259,756</u>

	Nine Months Ended November 30, 2022				
	Metal Coatings	Precoat Metals	Infrastructure Solutions	Corporate	Total
Net income (loss) from continuing operations	\$ 123,806	\$ 63,955	\$ 1,006	\$ (129,855)	\$ 58,912
Interest expense	—	—	—	61,739	61,739
Income tax expense	—	—	—	18,380	18,380
Depreciation and amortization	24,785	29,891	—	1,137	55,813
Adjustments:					
Acquisition and transaction-related expenditures	—	—	—	15,320	15,320
Adjusted EBITDA from continuing operations	<u>\$ 148,591</u>	<u>\$ 93,846</u>	<u>\$ 1,006</u>	<u>\$ (33,279)</u>	<u>\$ 210,164</u>