

Investor Presentation

Oppenheimer 19th Annual Industrial Growth Conference
May 7, 2024



(NYSE: AZZ)

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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, Adjusted EBITDA, Net Debt, Net Leverage, Free Cash Flow and Free Cash Flow Conversion which are non-GAAP measures, which should be considered supplemental to, not a substitute for, or superior to, the financial measures calculated in accordance with GAAP. 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. There are a number of limitations related to the use of these non-GAAP financial measures and their nearest GAAP equivalents. For example, AZZ's definitions of non-GAAP financial measures may differ from non-GAAP financial measures used by other companies. For reconciliations to the most directly comparable GAAP measure, see the appendix to this presentation.



Why Invest in AZZ?



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**

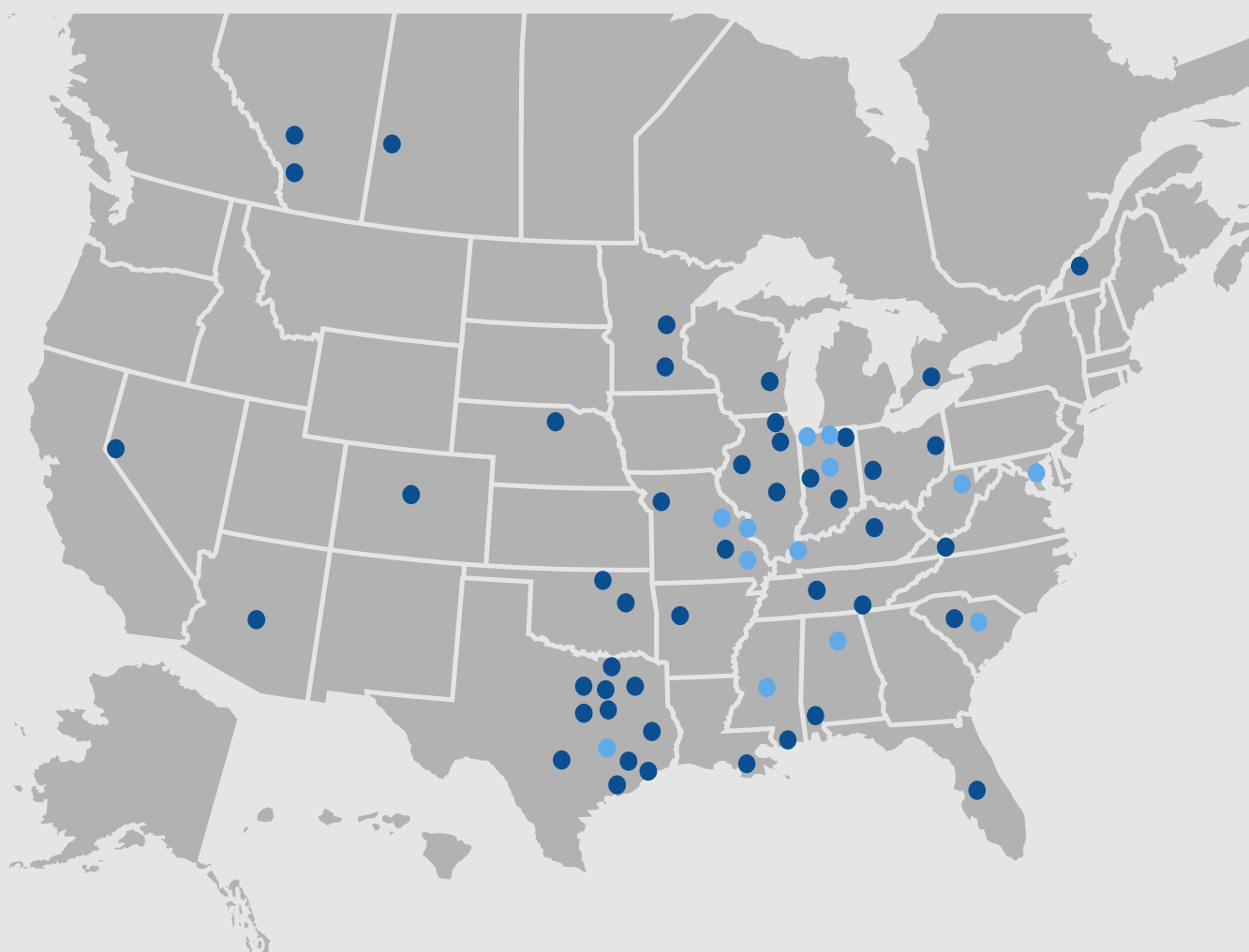


Commitment to EPS growth driven by **operational improvement** creates **compelling investment opportunity** and long-term shareholder value



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



● AZZ Metal Coatings ● AZZ Precoat Metals

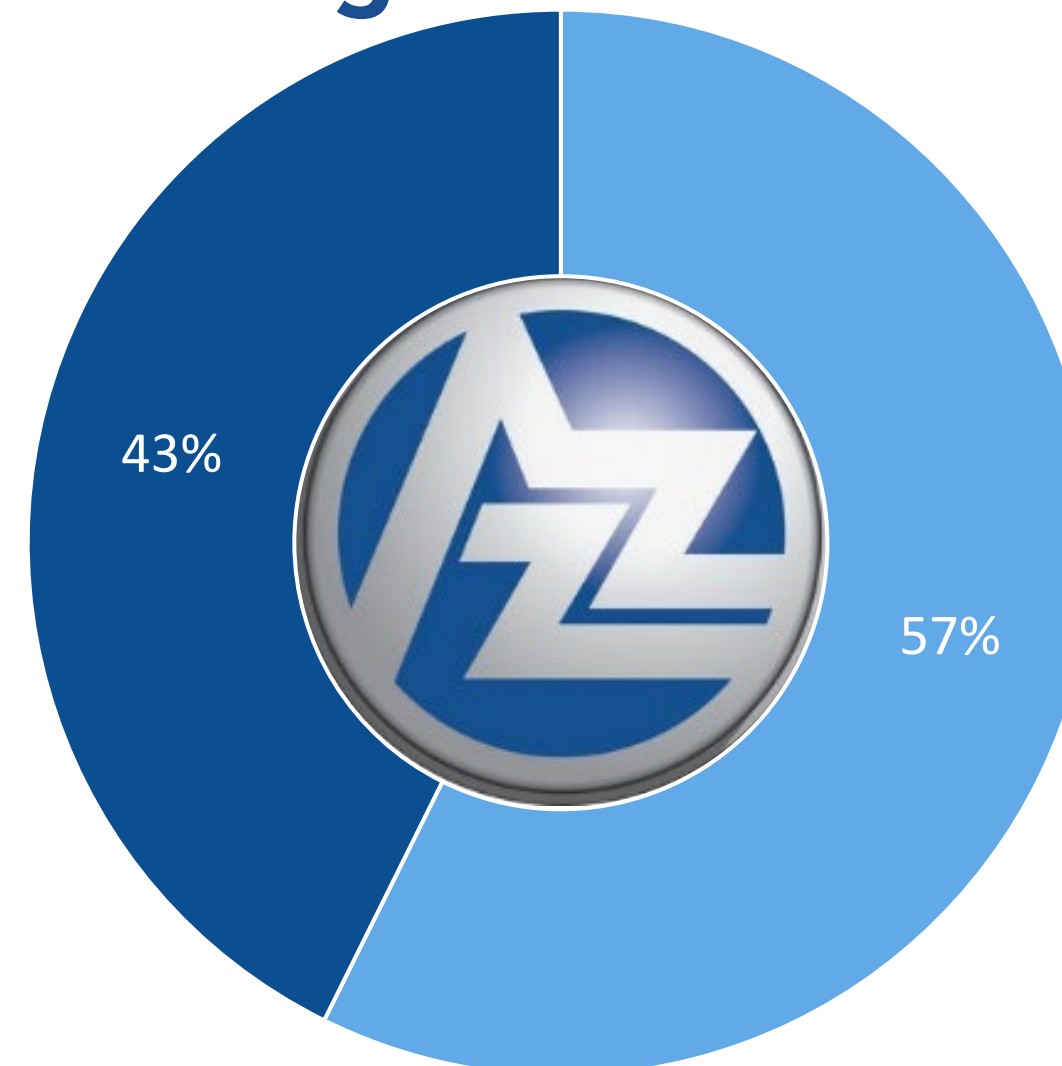
FORT WORTH, TEXAS
Headquarter:

3,873
Employees:

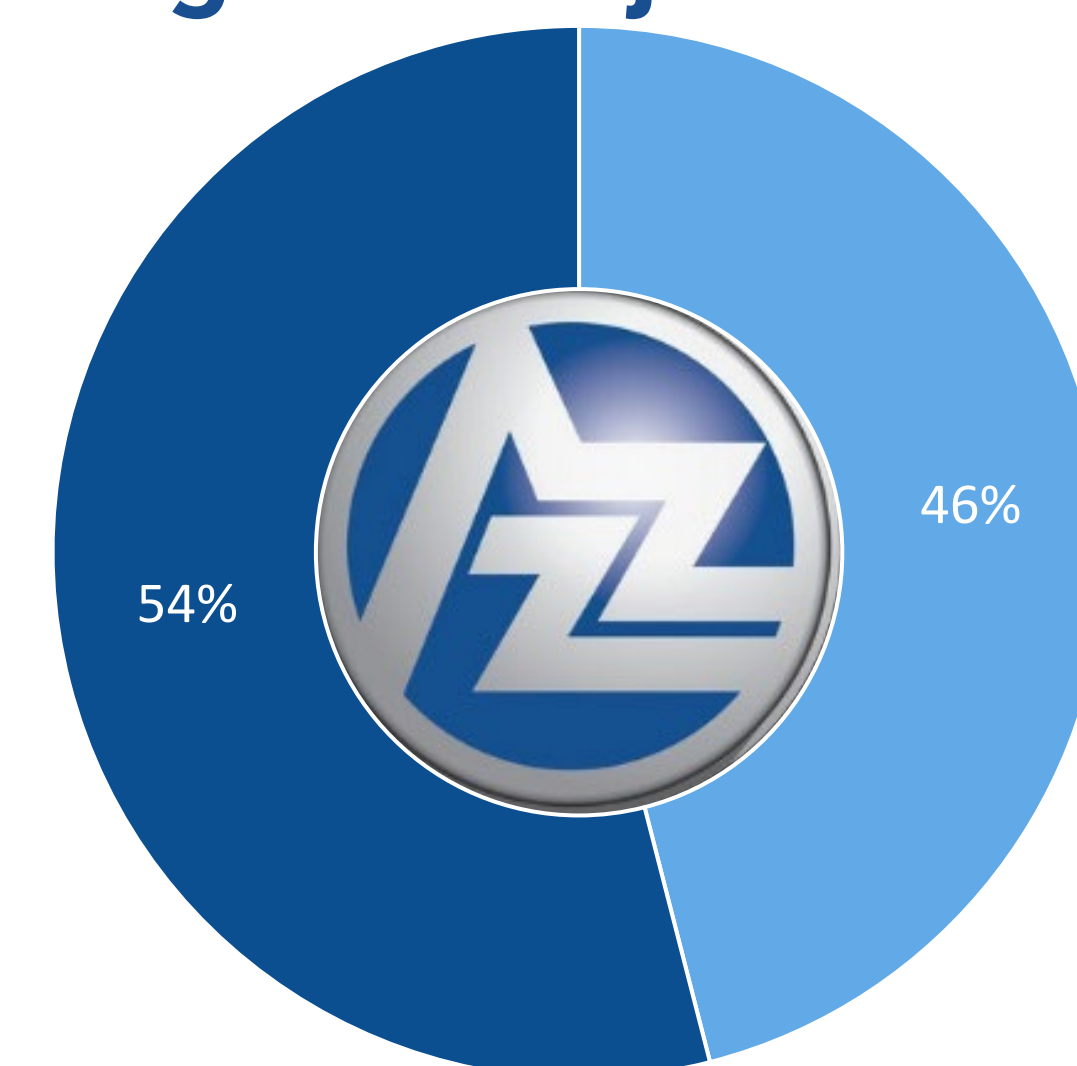
Metal Coatings locations¹: **48**

Coil Coating Locations²: **13**

Segment Sales



Segment Adj. EBITDA³



■ AZZ Metal Coatings ■ AZZ Precoat Metals

~\$1.5B
Sales

\$379M / \$334M⁴
Adj. EBITDA
Excl. / Incl. Corporate Costs

24.7% / 21.7%⁴
Adj. EBITDA Margin
Excl. / Incl. Corporate Costs



(1) 41 galvanizing locations and 6 surface technologies locations; 1 tubular products location
 (2) Currently 13 plants with 15 processing lines, and new plant being constructed in Washington, MO
 (3) Segment Adjusted EBITDA excludes corporate costs and Infrastructure Solutions results
 (4) For a reconciliation to the most directly comparable GAAP measure, see the appendix to this presentation.

AZZ's Strategic Journey

\$469

Sales, in millions

\$810

\$1,537

FY13 - FY18

Optimized Legacy Footprint

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

FY19 - FY24

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 net leverage from 4.2X to 2.9X






FY25+

Focused Metal Coatings Company

- Investing in our future - New aluminum coil coating facility, progressing according to plan for full production in fiscal year 2026
- Driving operational excellence with ESG focus
- Expanding use of customer-centric technologies (DGS and Coil Zone)
- Capturing opportunities associated with long-term growth drivers in end markets
- Strategic acquisitions to support growth
- Maintaining debt to leverage range of 2.5-3.0X



Achievements Against Stated Commitments

	Original Commitment	Achievements to Date
Target Leverage	<ul style="list-style-type: none"> Reduce Net Leverage from 5.0x to 3.0x by FYE 2024 	 <ul style="list-style-type: none"> Total Net Leverage finished FY 2024 at 2.9x
Cash Flow Generation	<ul style="list-style-type: none"> Preliminary FY24E Adj. EBITDA¹ guidance of \$300 - \$325 million Adj. EBITDA Margin of 21.2% at mid-point of guidance¹ 	 <ul style="list-style-type: none"> TTM 2/29/2024 Adj. EBITDA¹ of \$334 million Adj. EBITDA Margin of 21.7%¹
Acquisition Policy	<ul style="list-style-type: none"> Near-term focus on reduction of debt; Prudently evaluate M&A Opportunities 	 <ul style="list-style-type: none"> No acquisitions since May 2022
Dividend Policy	<ul style="list-style-type: none"> Commitment to Dividend Payment 	 <ul style="list-style-type: none"> AZZ continues to pay common dividends
Debt Reduction	<ul style="list-style-type: none"> Near-term focus on reduction of debt; Committed to reducing debt by \$75 million to \$100 million during fiscal 2024 	 <ul style="list-style-type: none"> Reduced debt as of 2/29/24 by \$115 million, while investing >\$35 million in the Washington, MO land and buildings (originally planned as sale leaseback)



(1) Adjusted EBITDA inclusive of corporate costs; For a reconciliation to the most directly comparable GAAP measure, see the appendix to this presentation

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

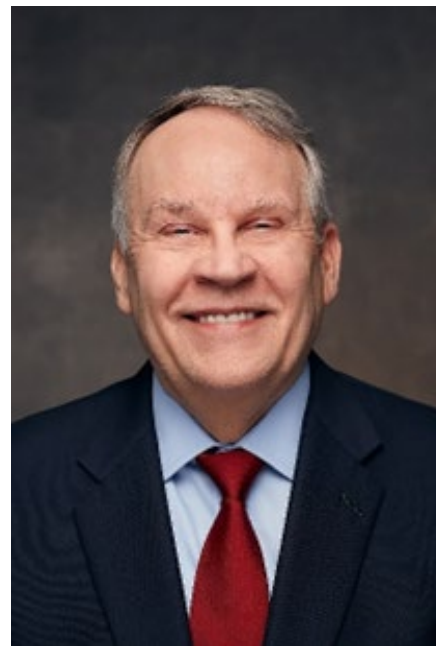
Executed and integrated multiple acquisitions, including transformational M&A

Track record of success



Honeywell

LENNOX INTERNATIONAL



Tom Ferguson
President and Chief Executive Officer



Philip Schlom
Chief Financial Officer
(Retiring)



Jason Crawford
Chief Financial Officer
(Incoming)



Bryan Stovall
President & COO
Metal Coatings



Kurt Russell
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

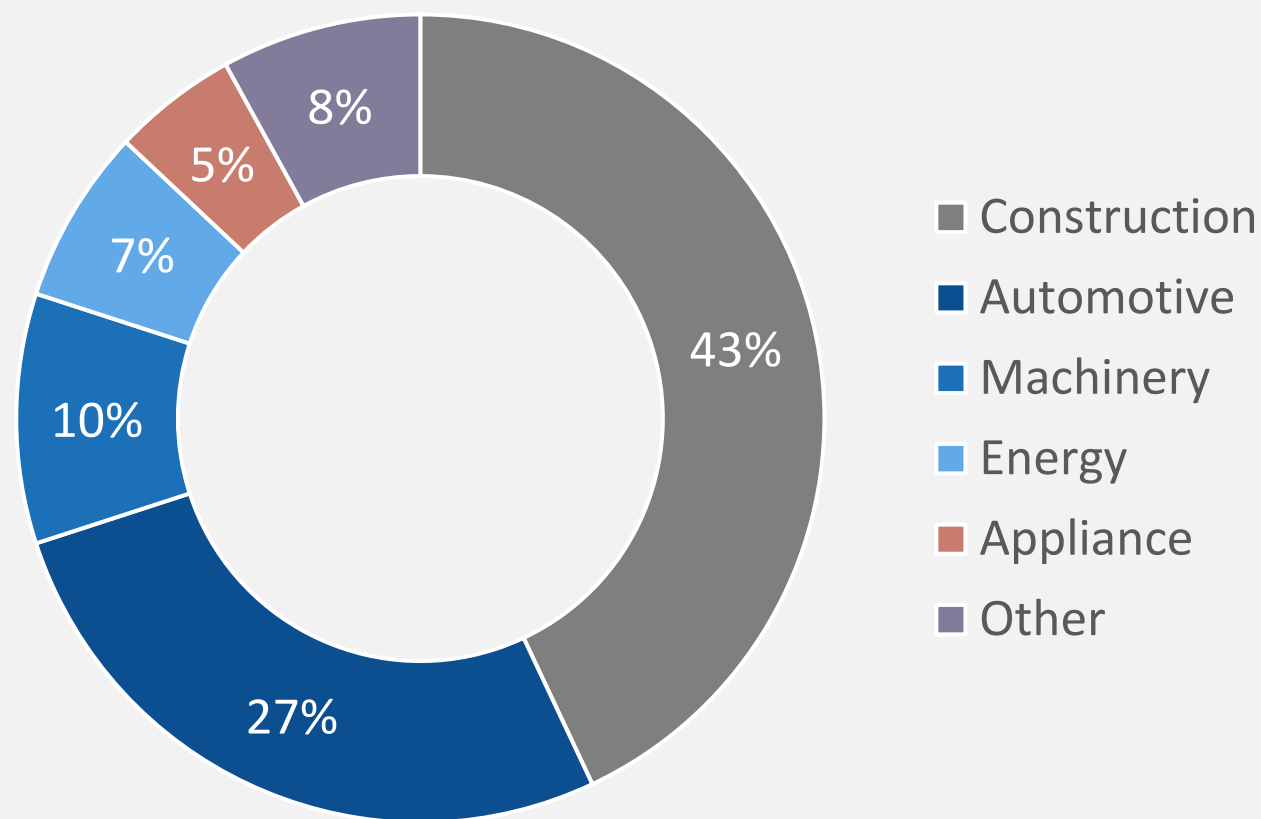


Chris Bacius
Vice President
Business Development

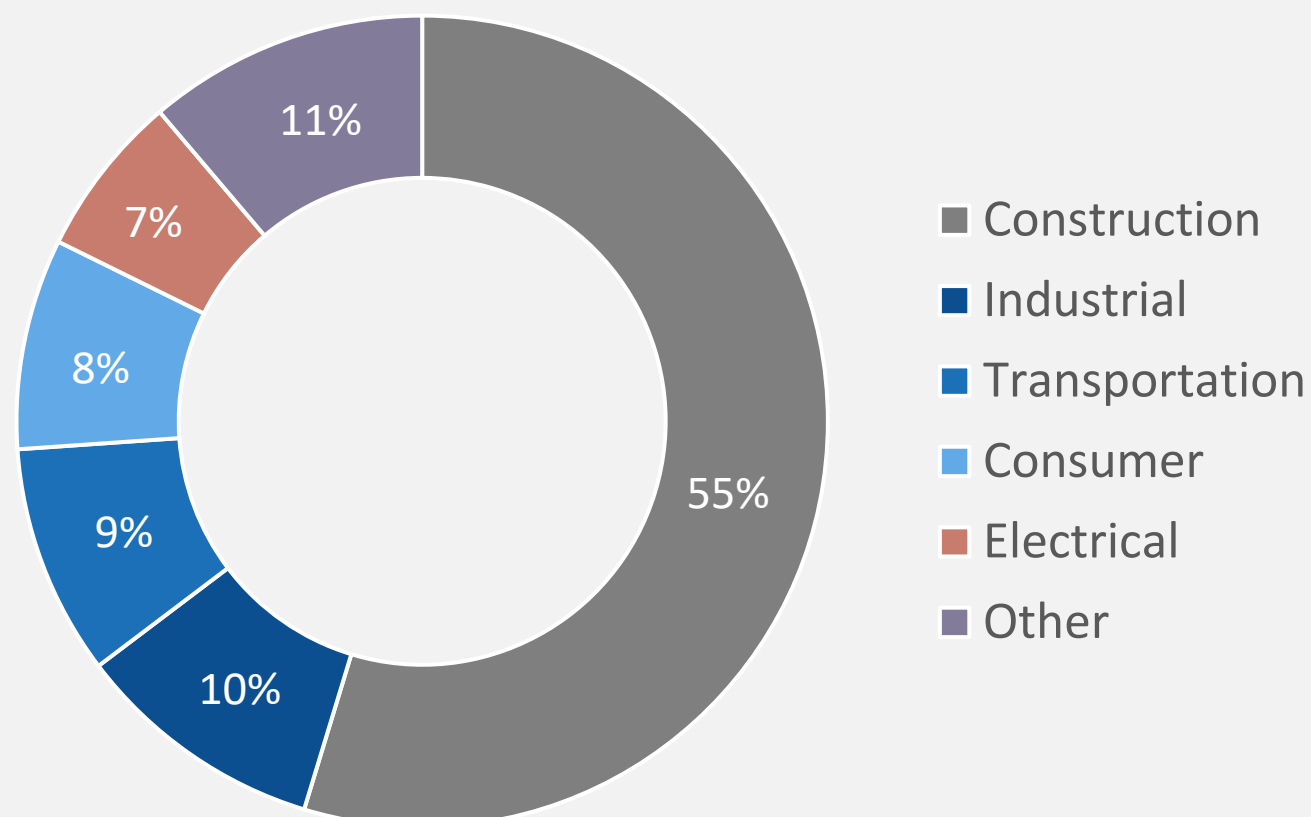


Diverse End Market Exposure

North American steel shipments by end-market²



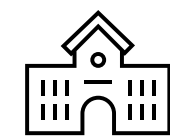
AZZ FY2024 Sales by end-market³



Total Construction starts are expected to rise by 7% to \$1.2 trillion in 2024¹



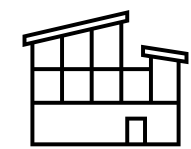
Non-building (which includes sectors such as infrastructure) has more public funding, is more resilient, and has an expected growth rate of 7% in calendar year 2024; highways and bridges have an expected growth rate of 23% in calendar year 2024



Institutional construction, including healthcare and education, are expected to grow at 5% and 4%, respectively, in calendar year 2024



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



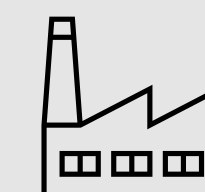
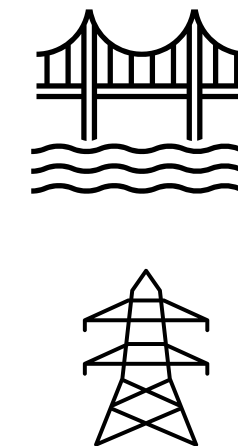
Manufacturing expected to grow at 16%, while construction (warehouses) expected to decline by 11%



(1) Dodge Construction Network 2024 forecast as of January 2024
 (2) Based on Worldsteel
 (3) Based on AZZ FY2024 financial results

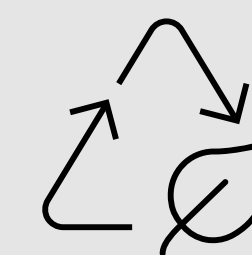
Secular Drivers Enhancing Outlook

Infrastructure and Renewables Investment



Reshoring Manufacturing

Pre-painted Steel and Aluminum Migration



Conversion from Plastics to Aluminum



Uniquely Positioned to Capitalize on Generational Infrastructure Investment in U.S.

Roads, Bridges and Major Projects

Investment: +\$110bn



Investment to repair over 45,000 bridges and roughly 1 in 5 miles of highways currently 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





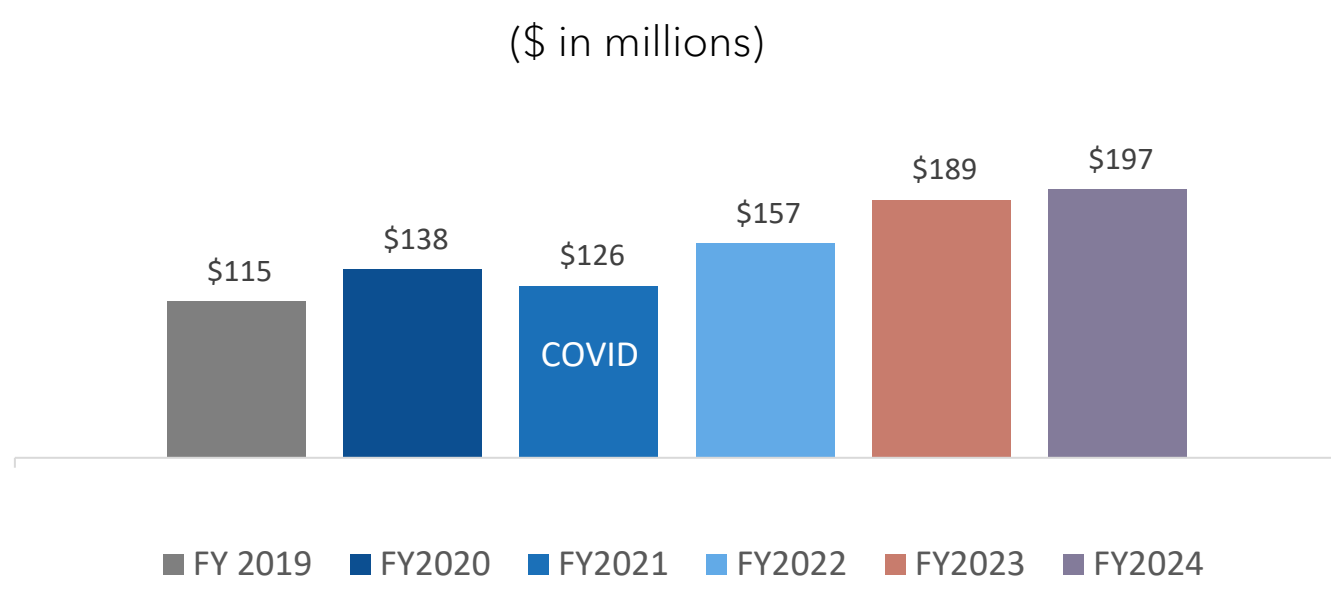
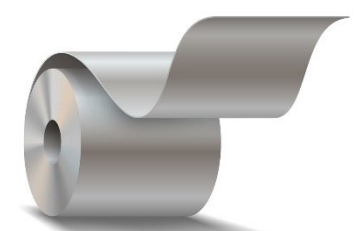
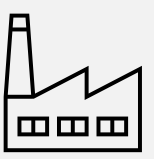
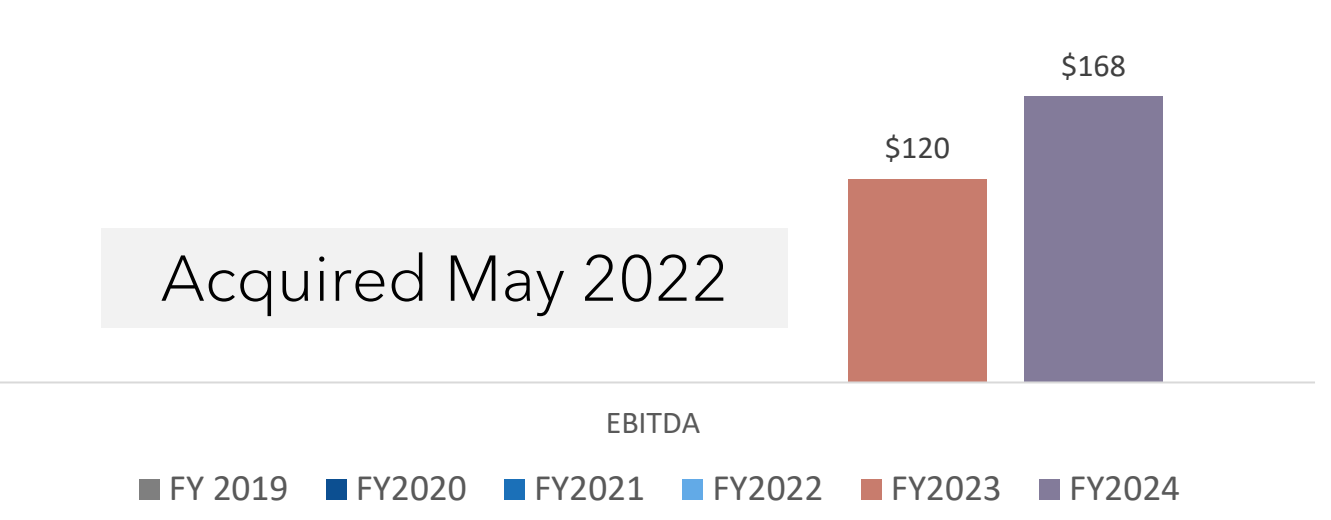
Investment to improve critical infrastructure for water including both waste and drinking water, airports and data centers among many other areas

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



Source: American Infrastructure Investment and Jobs Act

Our Leading Segments (#1 Market Position in Each Segment)

Operating Segment	Production Input	Production Route	Value-Added Capabilities	Market Size and Share ²	5-Year Historical Adjusted EBITDA Performance
Metal Coatings Sales \$656 million ¹	 Fabricated Steel	 Batch Processing	Hot-Dip Galvanizing Spin Galvanizing Powder Coating Plating Anodizing	\$2.2B ~27% share #1 market position	(\$ in millions) 
Precoat Metals Sales \$881 million ¹	 Steel & Aluminum Coil	 Continuous Processing	Coil Coating Slitting Embossing Shape Correction Blanking	\$4.4B ~20% share #1 market position	Acquired May 2022 

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



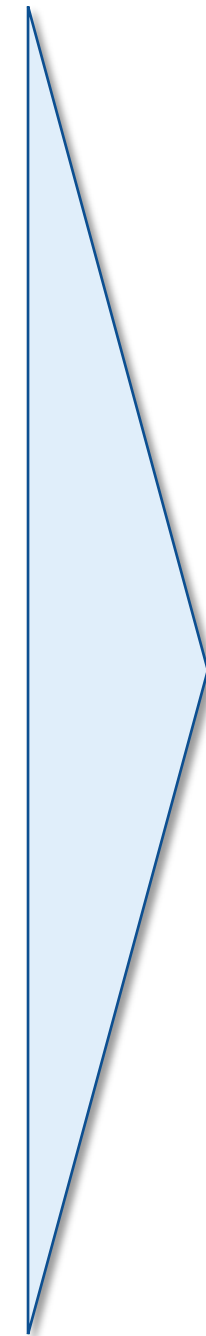
(1) Sales based on FY2024
 (2) Management estimates based on data from the American Galvanizing Association and National Coat Coaters Association

Strategic Value Proposition Built on Common Business Models

***Metal
Coatings***



***Precoat
Metals***



Standout Market Leaders with Best-in-Class Financial Profiles

Tolling Based Businesses with Minimal Commodity and Inventory Risk

Proprietary Systems Driving Efficiencies in Operations, Procurement, Supply Chain, IT and Back Office

Service-Driven Culture with Focus on Customer Satisfaction

Support ESG Enhancements Across Footprint



Metal Coatings Value Proposition

Key Value Propositions

- ✓ **Technology:** *Digital Galvanizing System (DGS) provides customers with near real-time updates and operational efficiencies*
- ✓ **Embracing Complexity:** *Quick turns on special projects to meet demanding customer schedules*
- ✓ **Value-Added Services:** *Over 30+ service offerings, including surface preparation, ground line coating and a dedicated transportation network*
- ✓ **Operational Flexibility:** *Unmatched service offering validated through best-in-class Net Promoter Score*
- ✓ **Cost, Efficiency and Environmental Benefits:** *Galvanizing can last between 50-100 years and is then 100% recyclable thereafter*
- ✓ **Expanded Footprint and Redundancy:** *Scaled network ensures proximity and logistical cost advantages across the supply chain*



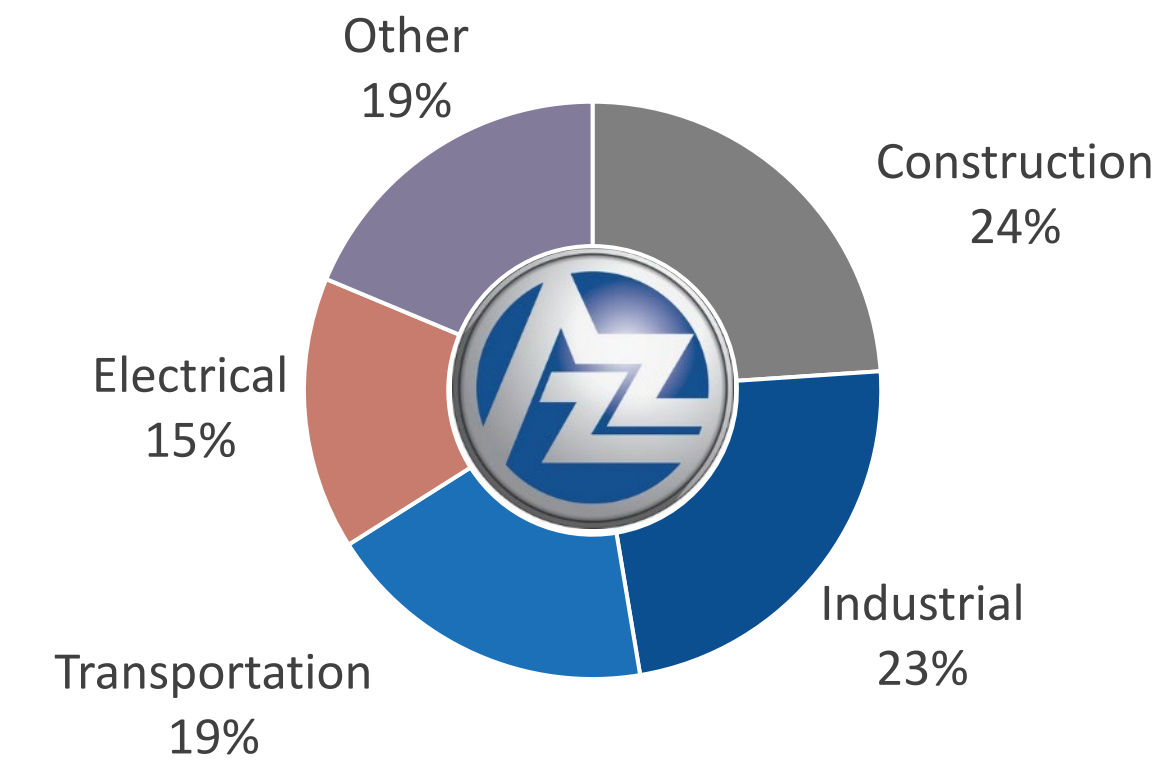
Metal Coatings Footprint Well-Positioned to Serve Key End-Markets

State-of-the-Art Facilities Across North America¹



North America's leading post-fabrication hot-dip galvanizer with unmatched competitive moat

Superior Capabilities Enable Leading Position Across All End-Markets²



Key Technologies

Hot-Dip Galvanizing

Spin Galvanizing

Powder Coating

Anodizing and Plating

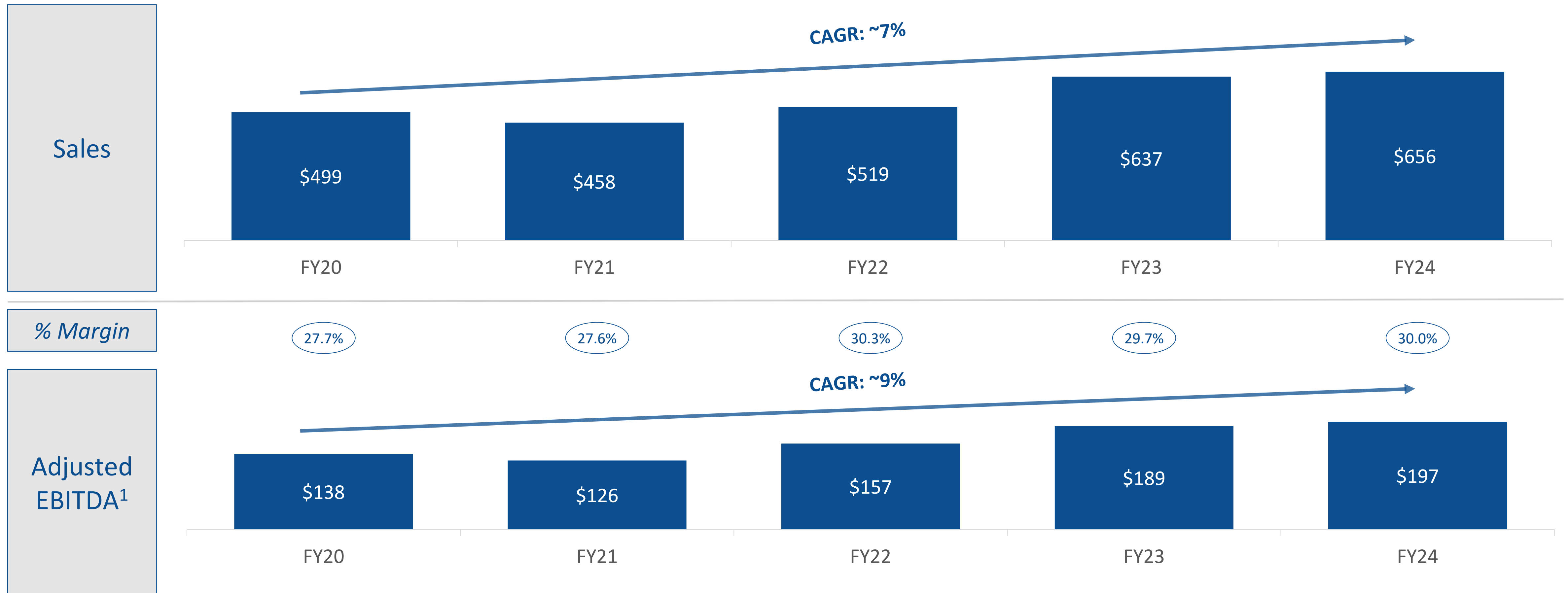


(1) 41 galvanizing locations and 6 surface technologies locations; 1 tubular products location
(2) Based on AZZ FY2024 financial results

Metal Coatings Historical Financials

(\$ in millions)

Historical Performance

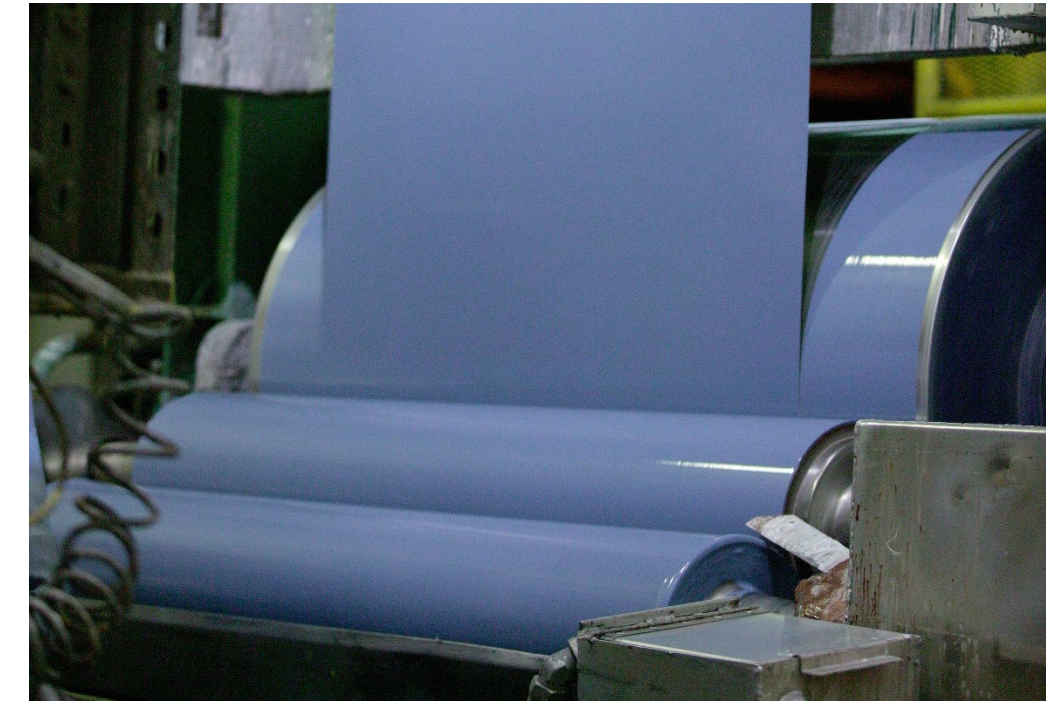


(1) Adjusted EBITDA prior to corporate allocations; For a reconciliation to the most directly comparable GAAP measure, see the appendix to this presentation

Precoat Metals Value Proposition

Key Value Propositions

- ✓ **Technology:** Coilzone provides customers with near real-time access to inventory, production and shipping information generating operational efficiencies
- ✓ **Embracing Complexity:** Quickly accommodate customer needs by offering quick turns on special colors and coatings, enhanced with paint blend cell capability
- ✓ **Value-Added Services:** Unique position as the “one-stop-shop” across all end-markets and substrates for coil coating, slitting, embossing and shape correction
- ✓ **Operational Flexibility:** Tolling model provides customers with Sourcing Latitude and Late Point SKU identification to meet real-time business demand
- ✓ **Cost, Efficiency and Environmental Benefits:** Significant cost, quality and environmental advantages vs. post-paint driving increased customer demand
- ✓ **Expanded Footprint and Redundancy:** Scaled, purpose-built manufacturing network ensures proximity and logistical cost advantages across the supply chain



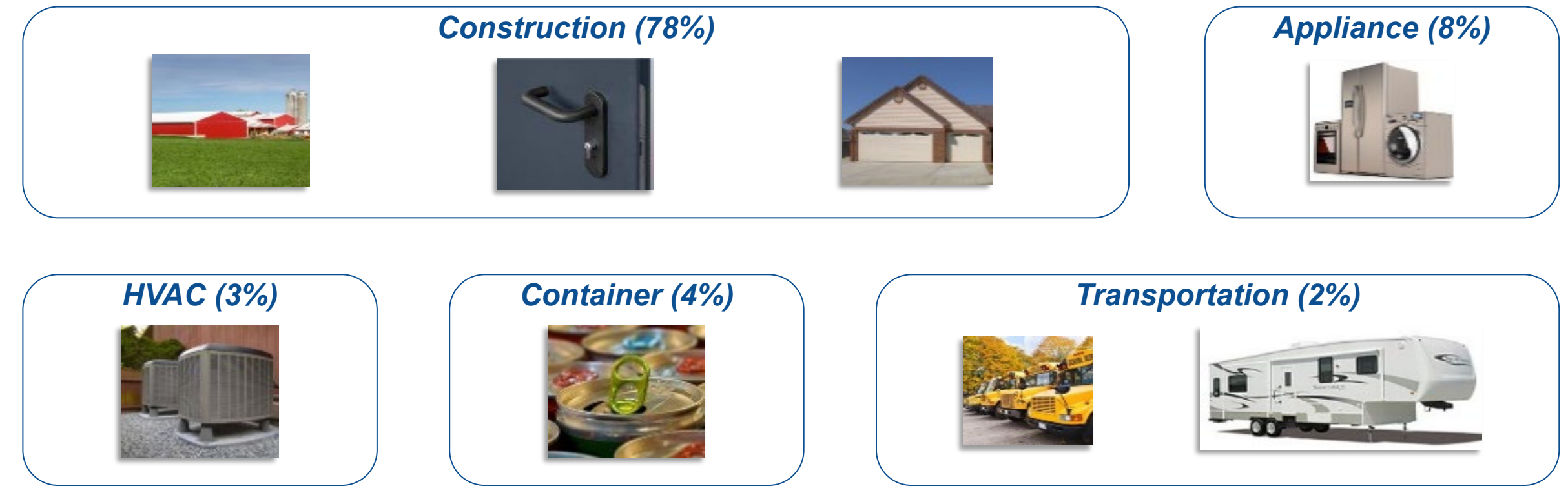
Precoat Metals Footprint Well-Positioned to Serve Key End-Markets

State-of-the-Art Facilities Across North America¹

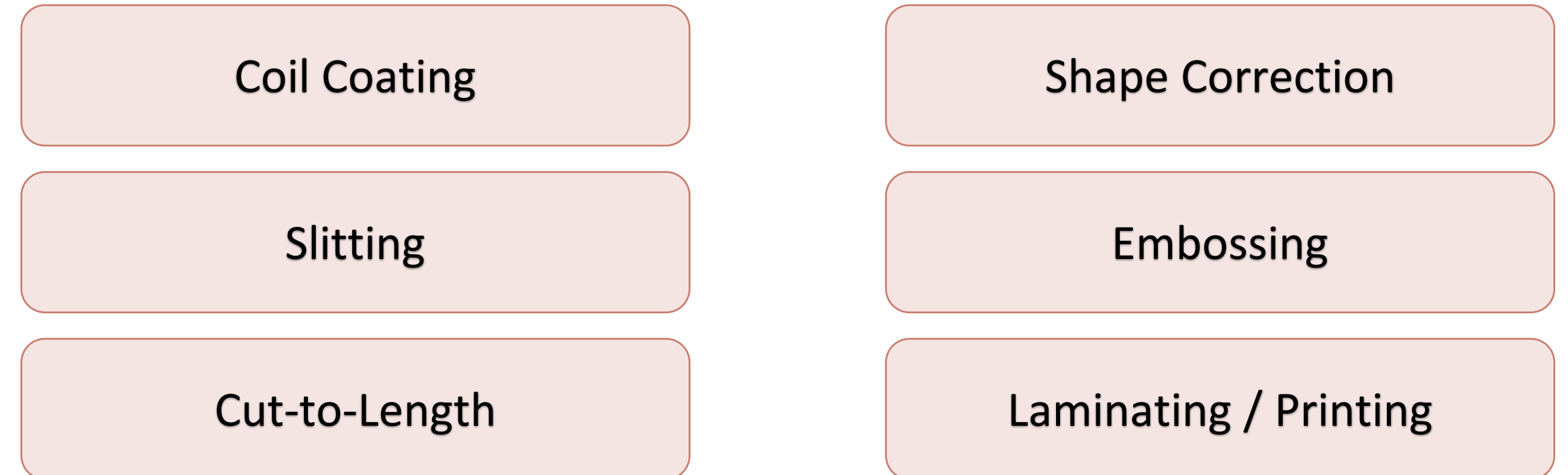


Clear industry leader with entrenched advantages as a unique independent toll coater

Critical Service Provider to Diverse End-Markets²



Key Technologies

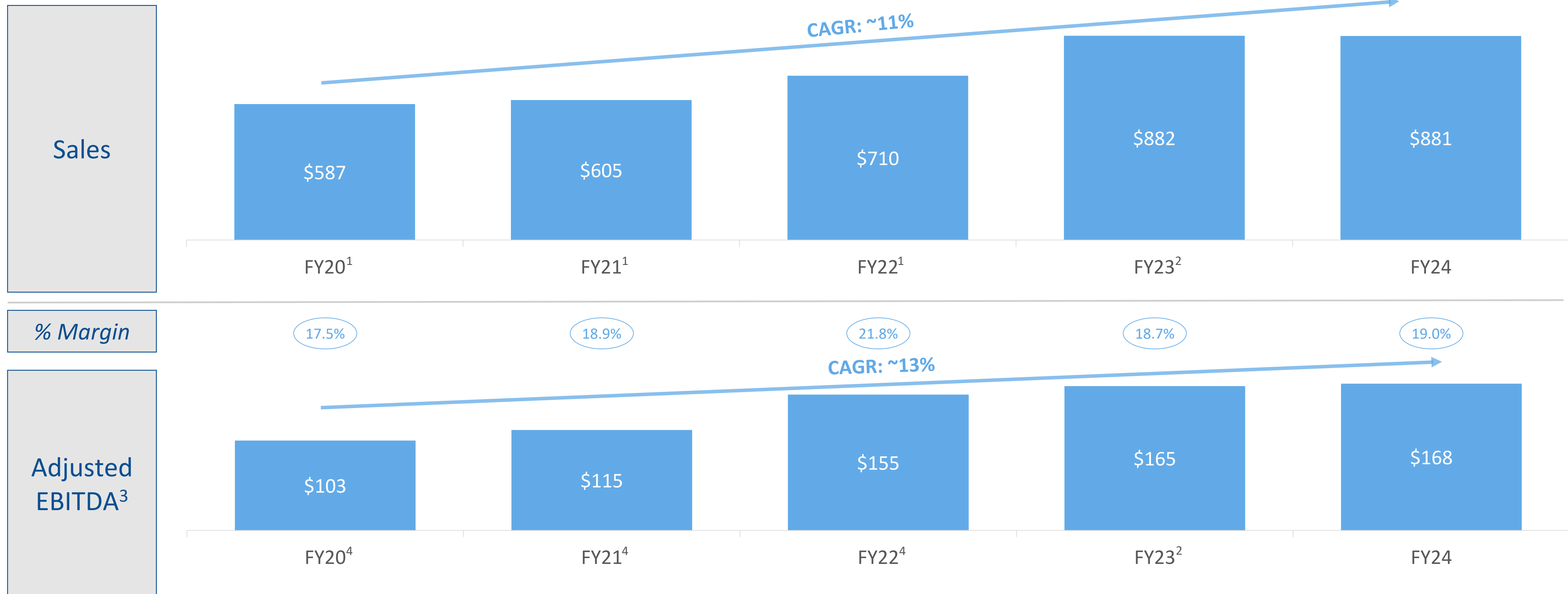


(1) New greenfield plant being constructed in Washington, Missouri. Currently 13 plants with 15 processing lines
 (2) Based on AZZ FY2024 financial results

Precoat Metals Historical Financials

(\$ in millions)

Historical Performance



Note: FY based on February year-end

(1) Precoat sales for FY 20 – FY 22 reflects the amended definition of net of external claims

(2) Fiscal year 2023 Precoat Sales and EBITDA are adjusted to include results from March 1, 2022 to May 13, 2022 prior to completion of acquisition on May 13, 2022

(3) Adjusted EBITDA prior to corporate allocations; For a reconciliation to the most directly comparable GAAP measure, see the appendix to this presentation

(4) Precoat EBITDA for FY 20 – FY 22 excludes buy-side standalone diligence adjustments made by AZZ

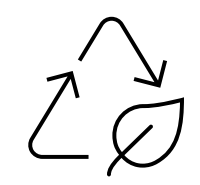
Investing in Future Growth

New aluminum coil coating line under construction in Washington, Missouri



Expected to be operational Q4 FY25

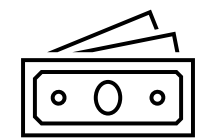
Compelling Strategic and Financial Investment



Enables AZZ to benefit from secular shift to aluminum cans



Run-rate contracted sales of \$50+ 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 of their material
- Fully integrated with APM's ERP system
- Paperless scheduling with a customer portal for schedule visibility
- Provides customer ability to arrange and release shipments
- Heavily integrated with customers through EDI



Sustainability

We are essential and environmentally friendly

- Sustainability is intrinsic to our products as both hot-dip galvanized steel and coil coated steel and aluminum are 100% recyclable
- Hot-dip galvanized steel is an infinitely renewable building material and used in renewable energy projects such as wind, solar and battery
- Utilizing hot-dip galvanizing and coil coating 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

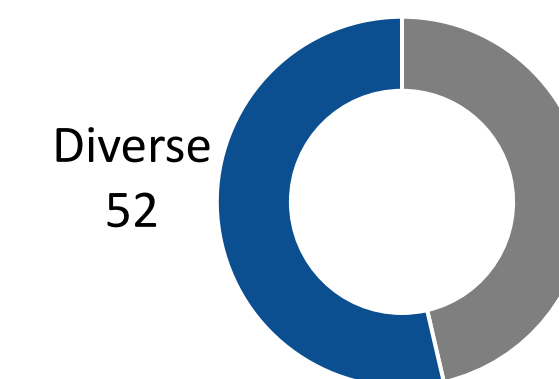
- Tracking and Reporting on Scope 1 and 2 consumption and intensity in our annual sustainability report
- Targeting a 10% reduction in Scope 1 and Scope 2 consumption and intensity
- Tracking 'green' sales FY2024 to further disclose AZZ's role in the transition to a low carbon economy



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

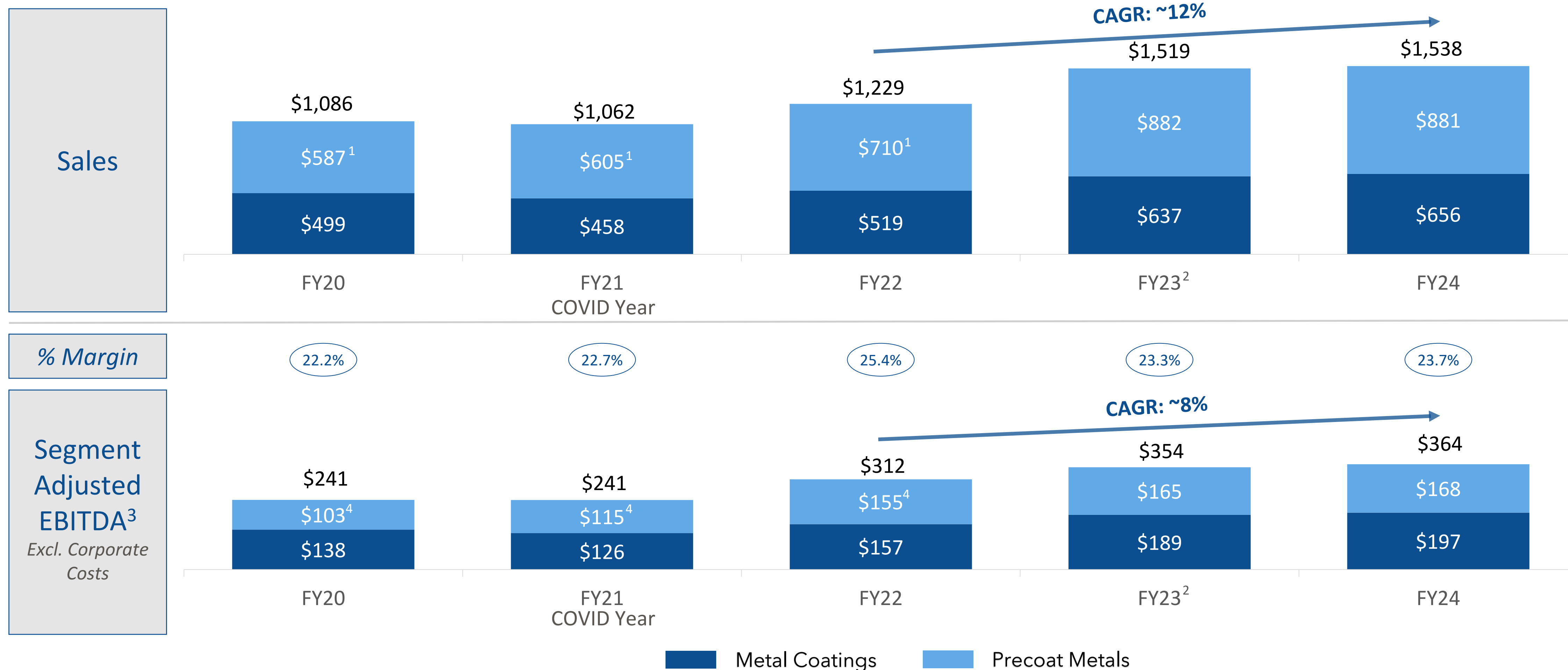
AZZ ethnicity demographics FY2023⁽¹⁾



1 AZZ Proxy Report FY2023; Chart excludes 3% 'not specified'

Consistent Top-Line Growth and Profitability

(\$ in millions)



Note: FY based on February year-end; Financials exclude AIS which was divested in September 2022; Please reference Appendix for LTM reconciliation (Reg G)

(1) Precoat sale for FY 20 – FY 22 reflects the amended definition of net of external claims

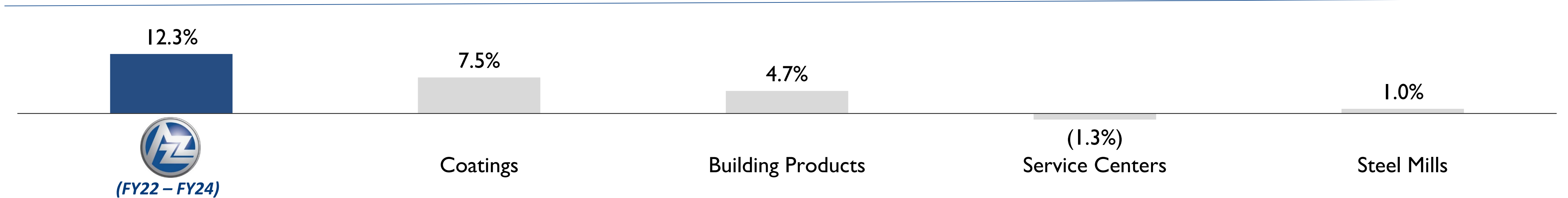
(2) Fiscal year 2023 Precoat Sales and EBITDA are adjusted to include results from March 1, 2022 to May 13, 2022 prior to completion of acquisition on May 13, 2022

(3) Adjusted EBITDA excludes corporate costs and Infrastructure Solutions results

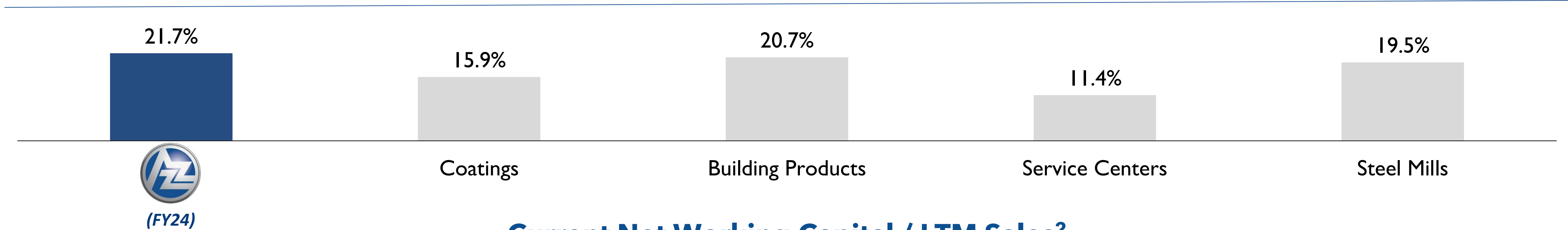
(4) Precoat EBITDA for FY 20 – FY 22 excludes buy-side standalone diligence adjustments made by AZZ

AZZ's Attractive Financial Metrics Relative to Related Industrial Companies

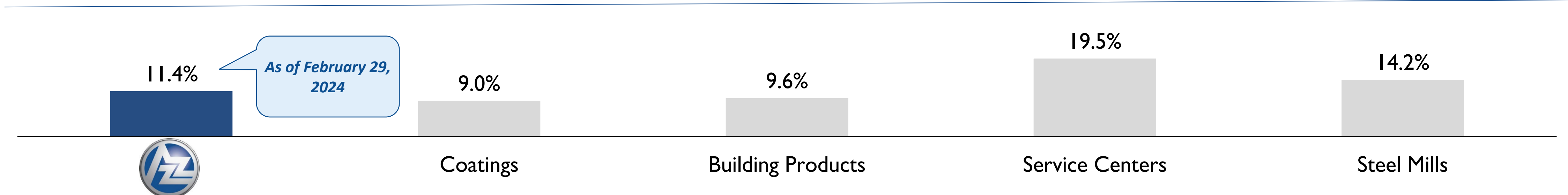
CY21A - CY23A Revenue Growth



CY23A EBITDA Margin¹



Current Net Working Capital / LTM Sales²



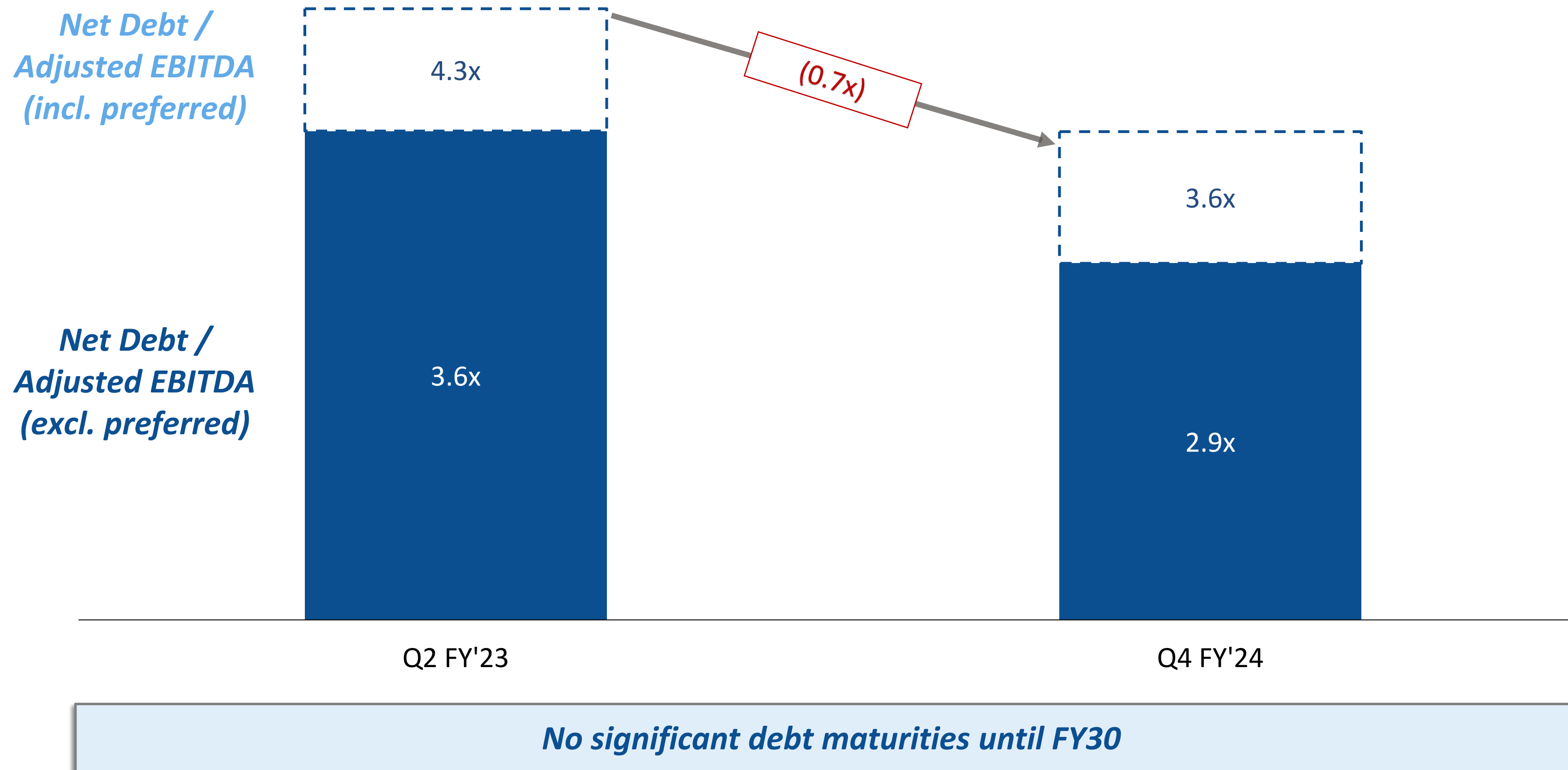
Note: Building Products peers include Masonite, AO Smith, James Hardie, AZEK, Trex, Griffon, Fortune Brands Innovation, Kingspan, Simpson and Jeld-Wen; Coatings peers include Valmont Industries, Hill & Smith, Sherwin-Williams, PPG and Akzo Nobel; Service Centers peers include Reliance Steel & Aluminum, Worthington Industries, Ryerson, and Russel Metals; Steel Mills peers include BlueScope, Steel Dynamics, and Nucor; AZZ FY based on February 28/29th year-end

(1) Includes corporate expense

(2) Based on latest available filing; LTM sales representative of most recent quarterly filing for each Company

Impactful Deleveraging Post Transformational Acquisition

Net Leverage Since Precoat Metals Acquisition¹



- Strong free cash flow generation with conversion² improving from ~34% in Q2 FY 2023 to ~171% in FY 2024
- ~\$115M debt reduction in fiscal year 2024



Note: Financials exclude AIS which was divested in September 2022

(1) Reflects net leverage inclusive of credit agreement-related adjustments; Adjusted EBITDA inclusive of corporate costs

(2) Free Cash Flow Conversion defined as (CFO – Capex) / Net Income; Free Cash Flow is a non-GAAP financial measure that requires reconciliation to Cash Flow from Operations. Accordingly, Free Cash Flow conversion is a ratio of a non-GAAP financial measure to a GAAP financial measure that requires reconciliation.

Our Capital Allocation Priorities

Deploying Capital on High ROIC Investments



- Organic growth
- Strategic customer partnerships
- Productivity
- Bolt-on acquisitions

Reduce Leverage



- FYE 2024 net leverage at 2.9x per compliance certificate (3.6x incl. preferred)

Return Capital



- Committed to sustaining dividends



Why Invest in AZZ?



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 coupled with **multiple expansion** creates **compelling investment opportunity** and long-term shareholder value



Appendix



Net Leverage Calculations

	Q2 FY'23	Q4 FY'24
Adjusted Net Debt (excl. Preferred)	\$1,325	\$989
Adjusted EBITDA	\$365	\$339
Net Debt / EBITDA (excl. Preferred)	3.6x	2.9x
Adjusted Net Debt (incl. \$240M Preferred)	\$1,565	\$1,229
Adjusted EBITDA	\$365	\$339
Net Debt / EBITDA (Incl. \$240M Preferred)	4.3x	3.6x

Note: Adjusted EBITDA includes adjustments per credit agreement



Reg “G” Tables

Non-GAAP Disclosure of Continuing Operations Adjusted EBITDA

	Three Months Ended February 29/28,		Year Ended February 29/28,	
	2024	2023	2024	2023
Net income from continuing operations	\$ 17,863	\$ 7,427	\$ 101,607	\$ 66,339
Interest expense	24,734	27,061	107,065	88,800
Income tax expense	4,099	3,956	28,496	22,336
Depreciation and amortization ⁽⁶⁾	20,388	18,777	79,423	74,590
Adjustments:				
Acquisition and transaction-related expenditures ⁽³⁾	—	—	—	15,320
Legal settlement and accrual	6,793	—	17,043	—
Adjusted EBITDA from continuing operations	<u>\$ 73,877</u>	<u>\$ 57,221</u>	<u>\$ 333,634</u>	<u>\$ 267,385</u>
Sales	\$ 366,499	\$ 336,504	\$ 1,537,589	\$ 1,323,649
Adjusted EBITDA margin	20.2 %	17.0 %	21.7 %	20.2 %

Continuing Operations Non-GAAP Disclosure

	Three Months Ended February 29/28,				Year Ended February 29/28,			
	2024		2023		2024		2023	
	Amount	Per Diluted Share ⁽¹⁾	Amount	Per Diluted Share ⁽¹⁾	Amount	Per Diluted Share ⁽¹⁾	Amount	Per Diluted Share ⁽¹⁾
Net income from continuing operations	\$ 17,863		\$ 7,427		\$ 101,607		\$ 66,339	
Less: preferred stock dividends	(3,600)		(3,600)		(14,400)		(8,240)	
Net income from continuing operations	14,263		3,827		87,207		58,099	
Impact of preferred stock dividends	3,600		—		14,400		8,240	
Net income and diluted earnings per share from continuing operations for Adjusted net income calculation ⁽²⁾	17,863	\$ 0.61	3,827	\$ 0.15	101,607	\$ 3.46	66,339	\$ 2.35
Adjustments:								
Acquisition and transaction-related expenditures ⁽³⁾	—	—	—	—	—	—	15,320	0.54
Amortization of intangible assets	5,852	0.19	4,998	0.20	23,960	0.83	22,613	0.79
Legal settlement and accrual ⁽⁴⁾	6,793	0.23	—	—	17,043	0.58	—	—
Subtotal	12,645	0.42	4,998	0.20	41,003	1.41	37,933	1.33
Tax impact ⁽⁵⁾	(3,035)	(0.10)	(1,200)	(0.05)	(9,841)	(0.34)	(9,104)	(0.32)
Total adjustments	9,610	0.32	3,798	0.15	31,162	1.07	28,829	1.01
Adjusted net income and adjusted earnings per share from continuing operations	\$ 27,473	\$ 0.93	\$ 7,625	\$ 0.30	\$ 132,769	\$ 4.53	\$ 95,168	\$ 3.36
Weighted average shares outstanding - Diluted		29,463		25,013		29,326		28,283

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

	Three Months Ended February 29, 2024				
	Metal Coatings	Precoat Metals	Infrastructure Solutions	Corporate	Total
Net income (loss) from continuing operations	\$ 36,501	\$ 30,121	\$ 4,270	\$ (53,029)	\$ 17,863
Interest expense	—	—	—	24,734	24,734
Income tax expense	—	—	—	4,099	4,099
Depreciation and amortization ⁽⁶⁾	6,706	7,534	—	6,148	20,388
Adjustments:					
Legal accrual	950	—	—	5,843	6,793
Adjusted EBITDA from continuing operations	\$ 44,157	\$ 37,655	\$ 4,270	\$ (12,205)	\$ 73,877
Sales	\$ 154,373	\$ 212,126			\$ 366,499
Adjusted EBITDA margin	28.6 %	17.8 %			20.2 %
	Three Months Ended February 28, 2023				
	Metal Coatings	Precoat Metals	Infrastructure Solutions	Corporate	Total
Net income (loss) from continuing operations	\$ 32,249	\$ 16,319	\$ 1,590	\$ (42,731)	\$ 7,427
Interest expense	—	—	—	27,061	27,061
Income tax expense	—	—	—	3,956	3,956
Depreciation and amortization ⁽⁶⁾	8,170	10,309	—	298	18,777
Adjusted EBITDA from continuing operations	\$ 40,419	\$ 26,628	\$ 1,590	\$ (11,416)	\$ 57,221
Sales	\$ 149,415	\$ 187,089			\$ 336,504
Adjusted EBITDA margin	27.1 %	14.2 %			17.0 %

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

	Year Ended February 29, 2024					
	Metal Coatings	Precoat Metals	Infra-structure Solutions	Subtotal	Corporate	Total
Net income (loss) from continuing operations	\$ 164,856	\$ 139,571	\$ 9,161	\$ 313,588	\$ (211,981)	\$ 101,607
Interest expense	—	—	—	—	107,065	107,065
Income tax expense	—	—	—	—	28,496	28,496
Depreciation and amortization ⁽⁶⁾	26,353	27,941	—	54,294	25,129	79,423
Adjustments:						
Legal settlement and accrual ⁽⁴⁾	5,450	—	5,750	11,200	5,843	17,043
Adjusted EBITDA from continuing operations	<u>\$ 196,659</u>	<u>\$ 167,512</u>	<u>\$ 14,911</u>	<u>\$ 379,082</u>	<u>\$ (45,448)</u>	<u>\$ 333,634</u>
Sales	\$ 656,189	\$ 881,400		1,537,589		\$1,537,589
Adjusted EBITDA margin	30.0 %	19.0 %		24.7 %		21.7 %
	Year Ended February 28, 2023					
	Metal Coatings	Precoat Metals	Infra-structure Solutions	Subtotal	Corporate	Total
Net income (loss) from continuing operations	\$ 156,054	\$ 80,274	\$ 2,597	\$ 238,925	\$ (172,586)	\$ 66,339
Interest expense	—	—	—	—	88,800	88,800
Income tax expense	—	—	—	—	22,336	22,336
Depreciation and amortization ⁽⁶⁾	32,955	40,199	—	73,154	1,436	74,590
Adjustments:						
Acquisition and transaction-related expenditures ⁽³⁾	—	—	—	—	15,320	15,320
Adjusted EBITDA from continuing operations	<u>\$ 189,009</u>	<u>\$ 120,473</u>	<u>\$ 2,597</u>	<u>\$ 312,079</u>	<u>\$ (44,694)</u>	<u>\$ 267,385</u>
Sales	\$ 636,982	\$ 686,667		1,323,649		\$1,323,649
Adjusted EBITDA margin	29.7 %	17.5 %		23.6 %		20.2 %

Non-GAAP Disclosure of Debt Leverage Ratio Reconciliation

	Trailing Twelve Months Ended	
	FY24 Q4	FY23 Q2
Gross debt	\$ 1,010,250	\$ 1,323,750
Less: Cash per bank statement	(24,807)	—
Add: finance lease liability	3,474	1,115
Consolidated indebtedness	<u>\$ 988,917</u>	<u>\$ 1,324,865</u>
Net income	\$ 101,607	\$ 63,737
Depreciation and amortization	79,423	50,044
Interest expense	107,065	38,588
Income tax expense	28,496	27,865
EBITDA	316,591	180,234
Adjustment to EBITDA as defined in the Credit Agreement	—	45,968
EBITDA per Credit Agreement	316,591	226,202
Cash items ⁽⁷⁾	25,443	15,236
Non-cash items ⁽⁸⁾	9,510	124,031
Equity in earnings, net of distributions	(12,294)	—
Adjusted EBITDA per Credit Agreement	<u>\$ 339,250</u>	<u>\$ 365,469</u>
Net leverage ratio	2.9x	3.6x

Non-GAAP Disclosure of Free Cash Flow and Free Cash Flow Conversion Reconciliation

	<u>FY 24</u>	<u>FY 23</u>		
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
Cash flow from operations	\$ 244,468	\$ 21,675	\$ 20,336	\$ 26,611
Less: Capital expenditures	(95,119)	(6,472)	(12,224)	(16,389)
Free cash flow	\$ 149,349	\$ 15,203	\$ 8,112	\$ 10,222
Net income from continuing operations available to common shareholders	\$ 87,207	\$ 15,353	\$ 24,080	\$ 14,839
Free cash flow conversion	171 %	99 %	34 %	69 %

Notes for Non-GAAP Disclosure

- (1) Earnings per share amounts included in the table above may not sum due to rounding differences.
- (2) For the three months ended and year ended February 29, 2024, diluted earnings per share is based on weighted average shares outstanding of 25,346 and 25,209, respectively, as the preferred shares are anti-dilutive. The calculations of adjusted diluted earnings per share is based on weighted average shares outstanding of 29,463 and 29,326, respectively, as the preferred shares are dilutive for these calculations. For the year ended February 28, 2023, diluted earnings per share is based on weighted average shares outstanding of 24,978, as the preferred shares are anti-dilutive. The calculation of adjusted diluted earnings per share is based on weighted average shares outstanding of 28,283, as the preferred shares are dilutive for this calculation. Adjusted net income for adjusted earnings per share also includes the addback of preferred dividends for the periods noted above.
- (3) Includes Corporate expenses related to the Precoat Metals acquisition and the divestiture of AZZ Infrastructure Solutions business into the AVAIL JV.
- (4) For the three months ended February 29, 2024, represents a legal accrual related to the Metal Coatings segment of \$1.0 million and \$5.8 million for the settlement of a litigation matter that was acquired as part of the Precoat Acquisition and relates to the business activities that were discontinued prior to our acquisition. For the year ended February 29, 2024, consists of the \$5.5 million accrual for the Metal Coatings segment, \$5.8 million for the settlement of a litigation matter related to the AIS segment that was retained following the sale of the AIS business, and \$5.8 million for the settlement of a litigation matter that was acquired as part of the Precoat Acquisition mentioned above.
- (5) The non-GAAP effective tax rate for each of the periods presented is estimated at 24.0%.
- (6) For the three months ended and year ended February 29, 2024, amortization expense for acquired intangible assets of \$5.9 million and \$24.0 million, respectively, are included in Corporate expenses in "Selling, general and administrative" expense, as these expenses are not allocated to the segments. For the three months ended and year ended February 28, 2023, amortization expense for acquired intangible assets of \$1.7 million and \$7.1 million, respectively, are included in the AZZ Metal Coatings expense in "Cost of sales", and \$3.3 million and \$15.5 million, respectively, are included in AZZ Precoat Metals in "Selling, general and administrative" expense.
- (7) Cash items includes certain legal settlements and accruals, costs associated with the AVAIL JV transition services agreement and costs associated with the Precoat Acquisition.
- (8) Non-cash items includes losses related to the divestiture of the AIS business, stock-based compensation expense and other non-cash expenses.