Fiscal Year 2019 Third Quarter Earnings Release Conference Call

January 8, 2019

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Q3 Fiscal 2019 Upturn

- **Revenue growth through customer focus and new opportunities**
  - Top-line revenue growth of 15.1%
  - Levering newly acquired facilities in Electrical Group
  - Finalized WOFE in China and Joint Venture in Saudi Arabia
  - Remain highly active on M&A opportunities

- **Metal Coatings Segment revenue growth, but margins fell on costs**
  - Quarterly sales of $107.5 million
  - Implemented selling price increases to partially offset higher costs
  - Operating margins fell due to higher reported year-over-year zinc costs, and continued labor cost pressures
  - Alternative coatings performance inconsistent at this size
  - We experienced shortages of skilled labor in certain markets

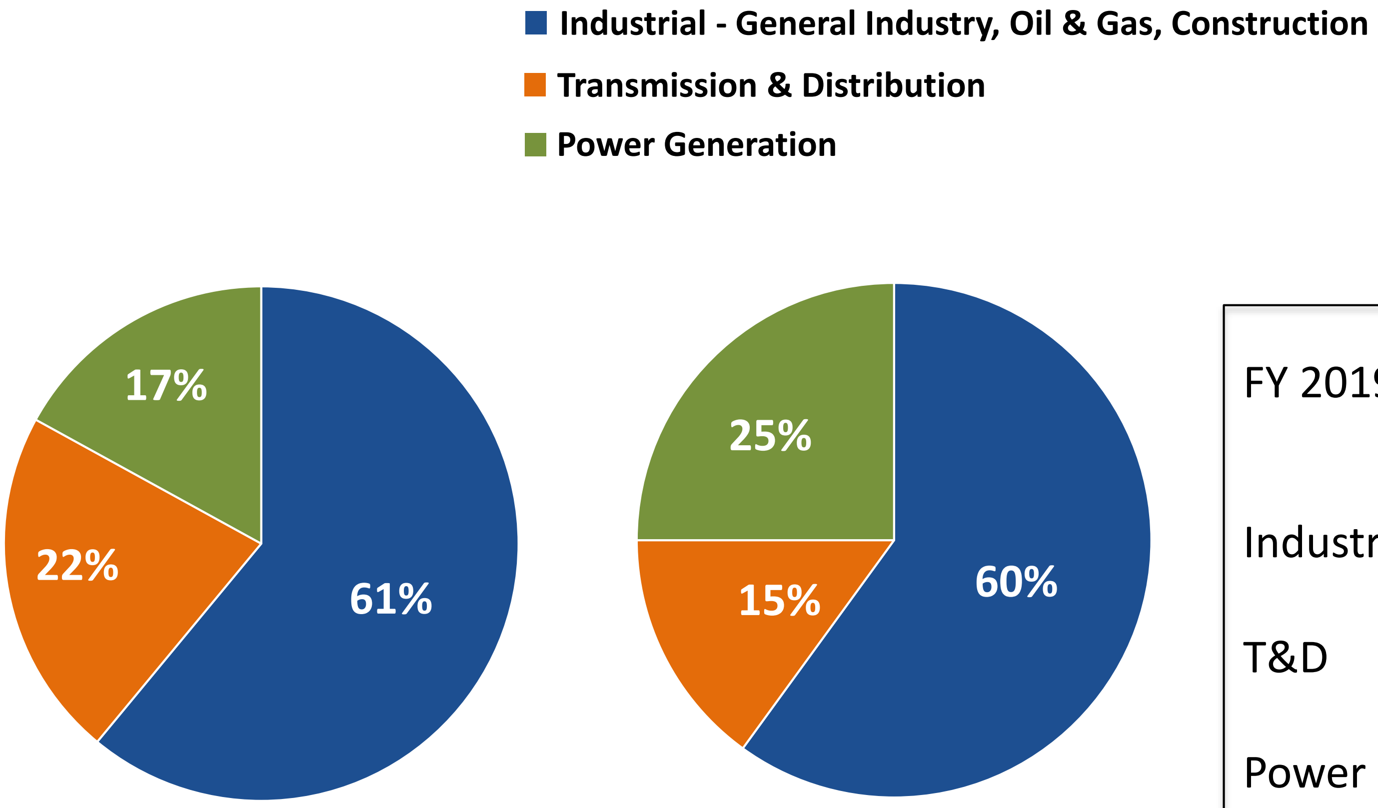
- **Energy Segment growing and continues to focus on operational efficiency and alignment**
  - Solid revenue growth in Industrial and Electrical platforms, despite nuclear market
  - Focus on Electrical improving costs and leveraging acquired businesses

Fiscal 2019 Markets

- **Solid demand in Metal Coatings Segment**
  - Infrastructure spend increasing throughout year
  - Powder Coating regional demand is growing
  - Increasing demand for Galvabar, scouting for second site to match demand and increase critical mass

- **Energy Segment full year outlook good**
  - Industrial Q3 refinery outage season was stronger than Q2 – domestic market in much better shape than prior year, international opportunities are growing
  - Electrical platform experiencing solid domestic demand and more international opportunities

Total Company Revenue by Market



Q3 FY2018
$208.2 million

Q3 FY2019
$239.5 million

FY 2019 Expectation

Industrial

T&D

Power Gen

Q3 Fiscal 2019 Consolidated Results

(Millions Except for EPS and %)	Q3 FY 2019	Q3 FY 2018	% change
Revenue	$239.5	$208.2	15.1%
Gross Profit	$49.8	$31.1	59.9%
Gross Margin	20.8%	14.9%	
Operating Profit	$22.8	$1.6	1,365.3%
Operating Margin	9.5 %	0.7%	
Net Income (Loss)	$15.4	$(0.2)	
Diluted EPS	$0.59	$ (0.01)	
Diluted Shares Outstanding	26.151	25.965	

YTD FY 2019 Cash Flow Highlights

(Millions except for %)	YTD FY19	YTD FY18
Cash flows provided by operating activities	$60.4	$38.7
Less: Capital Expenditures	$(13.7)	$(21.5)
Free Cash Flow	$46.7	$17.2
Net Income	$42.4	$21.7
Free Cash Flow/Net Income	110.1%	79.3%
Acquisition of subsidiaries, net of cash acquired	$8.0	$32.8
Dividends	$13.3	$13.3
Share repurchases	$0.0	$7.5

Q3 FY 2019 Segment Results

(Millions except for %)	Energy Segment	Metal Coatings Segment
Q3 FY 2019		
Revenue	$132.0	$107.5
Operating Income	$11.5	$18.3
Operating Margin	8.7%	17.0%
Q3 FY 2018		
Revenue	$107.0	$101.1
Operating Income (Loss)	$(12.1)	$21.7
Operating Margin	(11.3)%	21.4%

Updated FY2019 Guidance

FY 2019	
Revenue	$940 - $960 million
Earnings per share	$1.95 - $2.20

Updated from previous guidance of Revenue of $930-$970 million and EPS of $1.90-$2.25 per annum

- **Narrowing our guidance as we close out the fiscal year with confidence in our fourth quarter expectations**
- **Solid backlog, expected reduction in realized zinc costs during fourth quarter, and operational improvements from initiatives across the platforms**

FY2019 Risks

- Metal Coatings cannot offset zinc and direct labor cost increases with price, and operational execution efforts falter
- Q4 shipments experience customer-driven delays, pushing earnings into FY 2020
- AZZ’s ongoing recruiting and retention efforts fail to provide enough skilled and semi-skilled craft to satisfy current labor demand
- Electrical Segment’s operational improvement initiatives do not generate the expected margin improvement

AZZ believes it has taken steps to effectively mitigate the risks within our control

Q&A