

# Investor Presentation

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September 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**



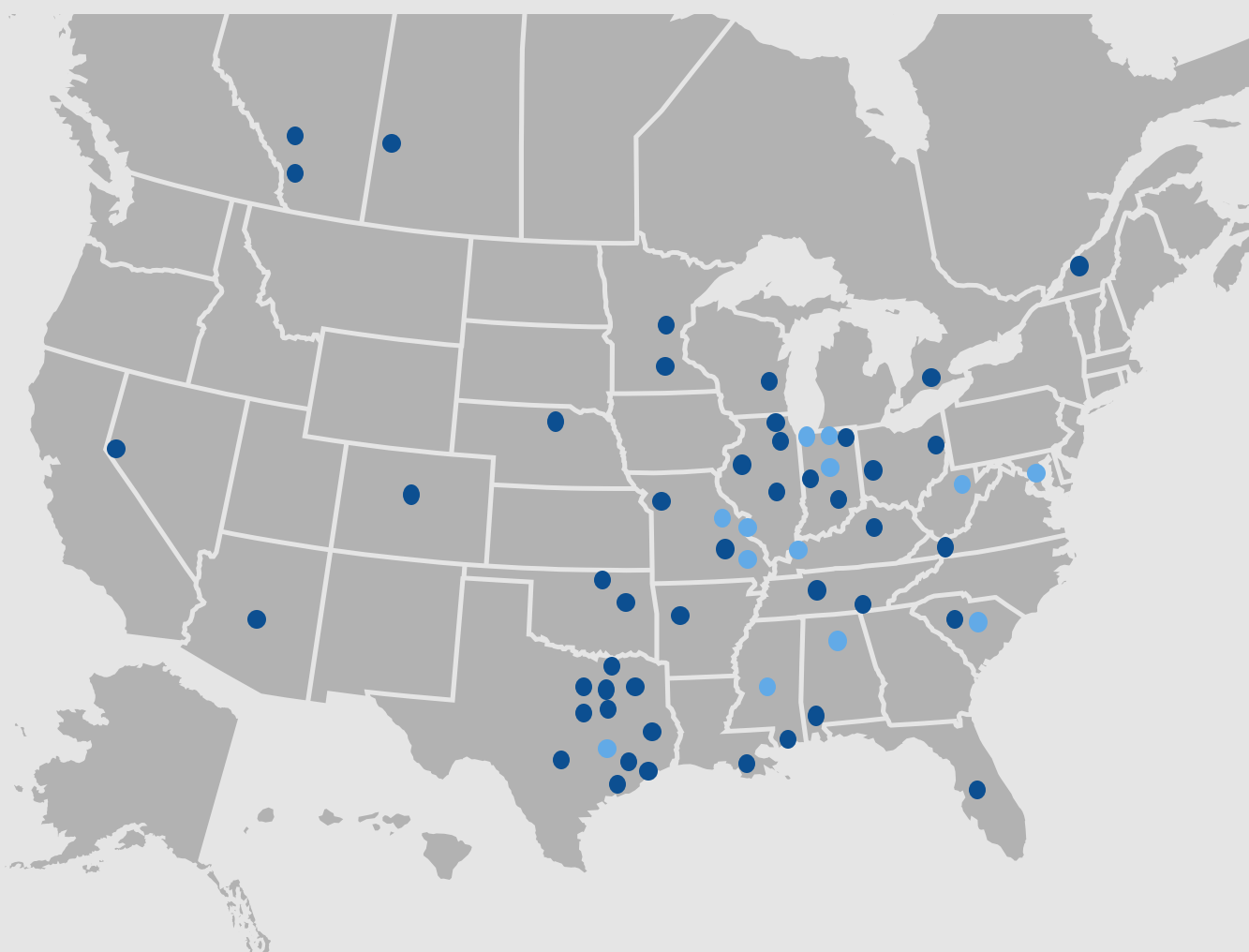
**Commitment to EPS growth** driven by **operational improvement** creates **compelling investment opportunity** and long-term shareholder value





# 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

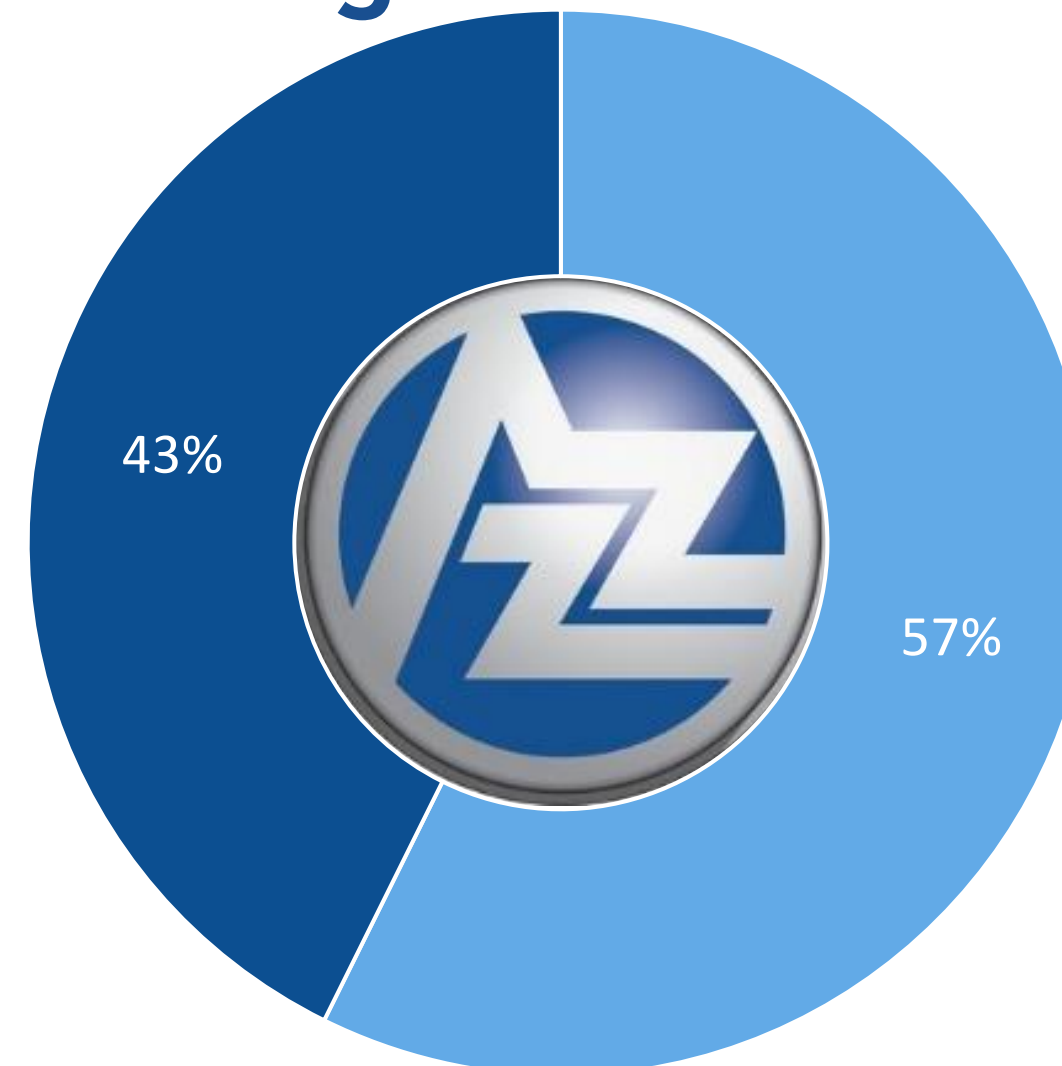
**FORT WORTH, TEXAS**  
Headquarter:

**3,873**  
Employees:

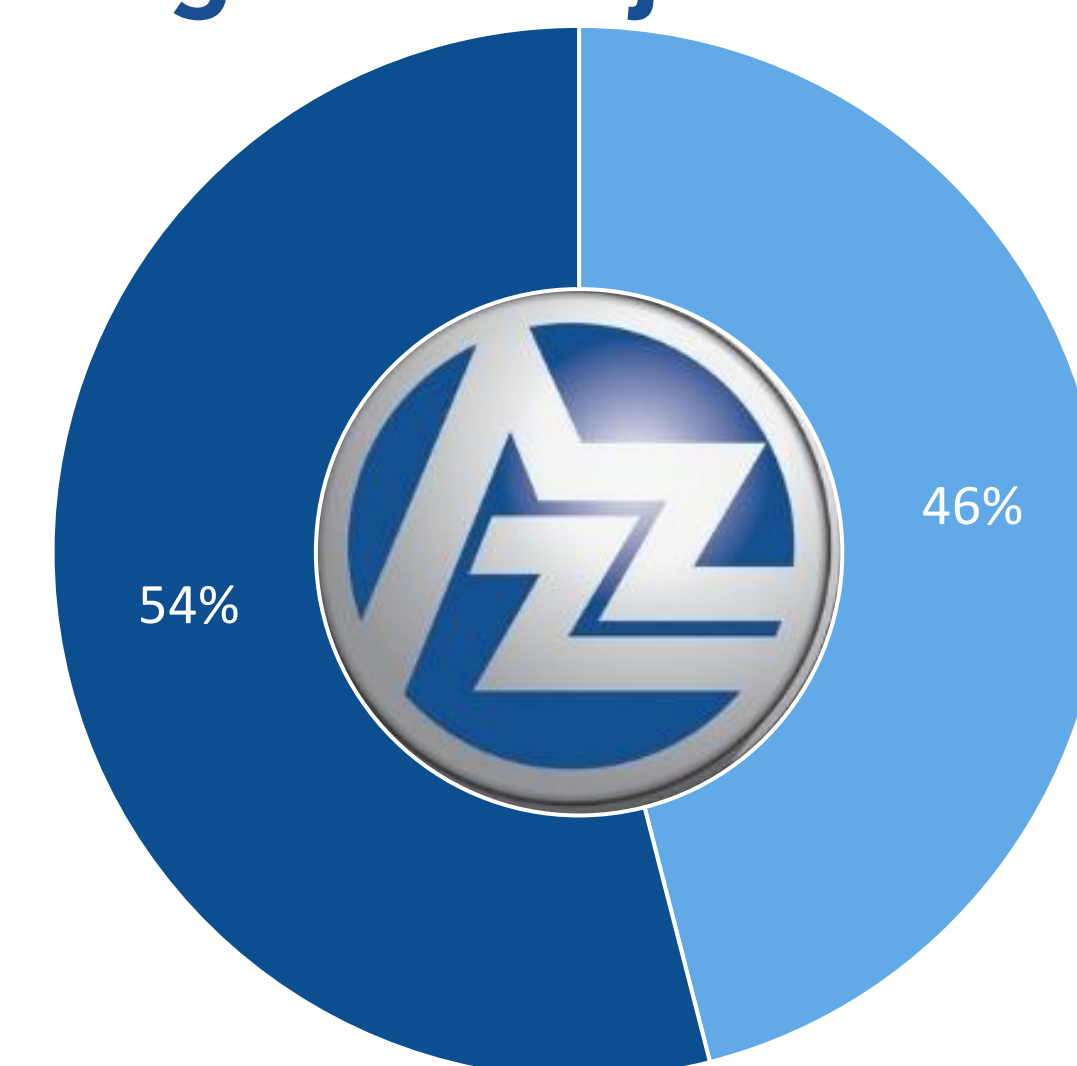
Metal Coatings locations<sup>1</sup>: **48**

Coil Coating Locations<sup>2</sup>: **13**

**Segment Sales**



**Segment Adj. EBITDA<sup>3</sup>**



■ AZZ Metal Coatings ■ AZZ Precoat Metals

**~\$1.5B**  
Sales

**\$379M / \$334M<sup>4</sup>**  
Adj. EBITDA  
*Excl. / Incl. Corporate Costs*

**24.7% / 21.7%<sup>4</sup>**  
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



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



(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

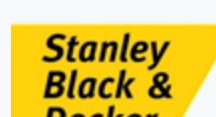
+200 years of combined industry experience

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



**Tom Ferguson**  
President and Chief Executive Officer



**Jason Crawford**  
Chief Financial Officer



**Bryan Stovall**  
President & COO Metal Coatings



**Kurt Russell**  
COO Precoat Metals



**Tara Mackey**  
Chief Legal Officer



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

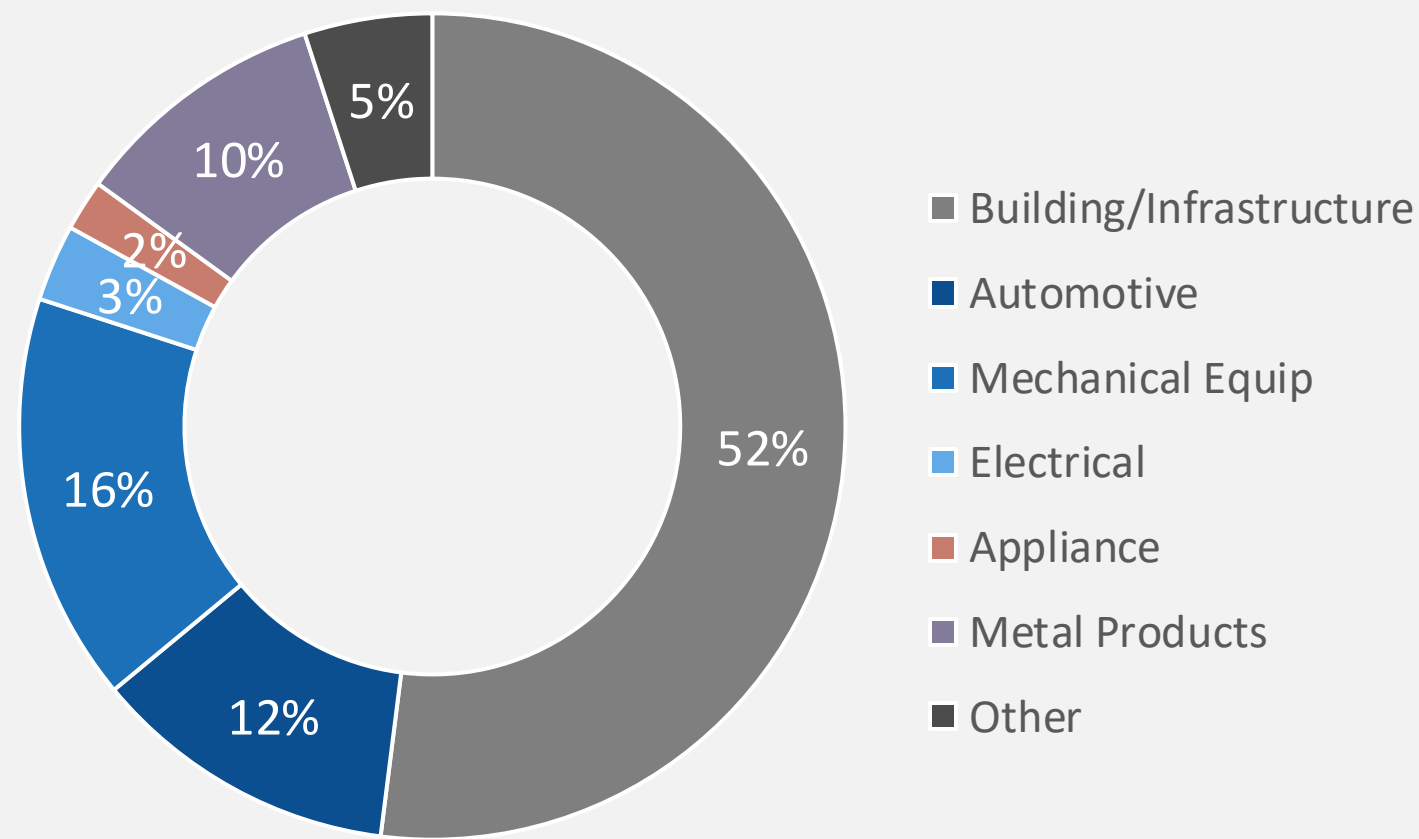


**Chris Bacius**  
Vice President Business Development

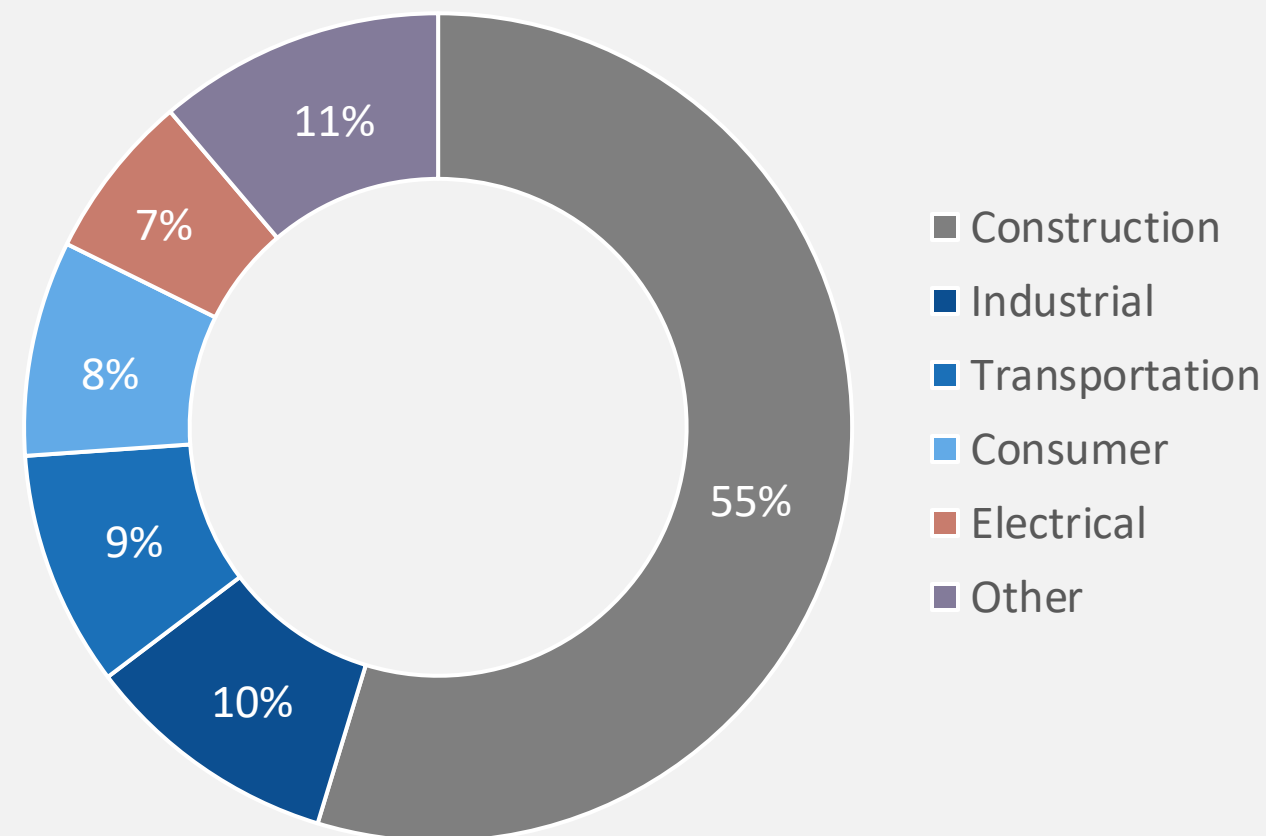


# Diverse End Market Exposure

Steel use by end-market<sup>2</sup>



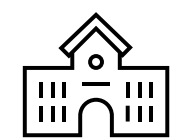
AZZ FY2024 Sales by end-market<sup>3</sup>



Total value of construction spending put in place up 8% year-to-date through June 2024<sup>1</sup>



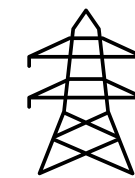
Total value of residential construction up 8% year-to-date



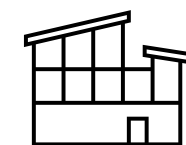
Total value of non-residential construction up 9% year-to-date



Total Value of Bridge and Highway up 11% YTD



Total Value of Power up 12% YTD



Total Value of Manufacturing up 25% YTD

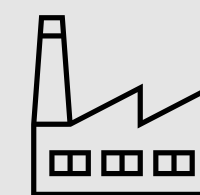
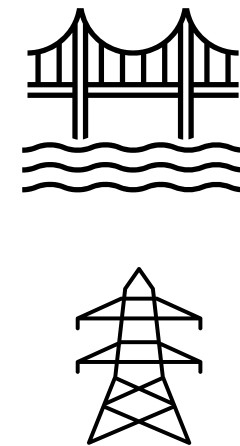


(1) Federal Reserve Economic data (FRED) January –June 2023,2024 seasonally adjusted  
 (2) Based on Worldsteel data 2024  
 (3) Based on AZZ FY2024 financial results



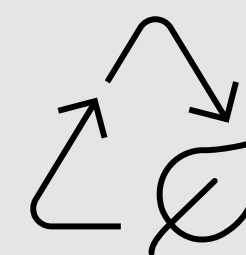
# Secular Drivers Enhancing Outlook

## 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**



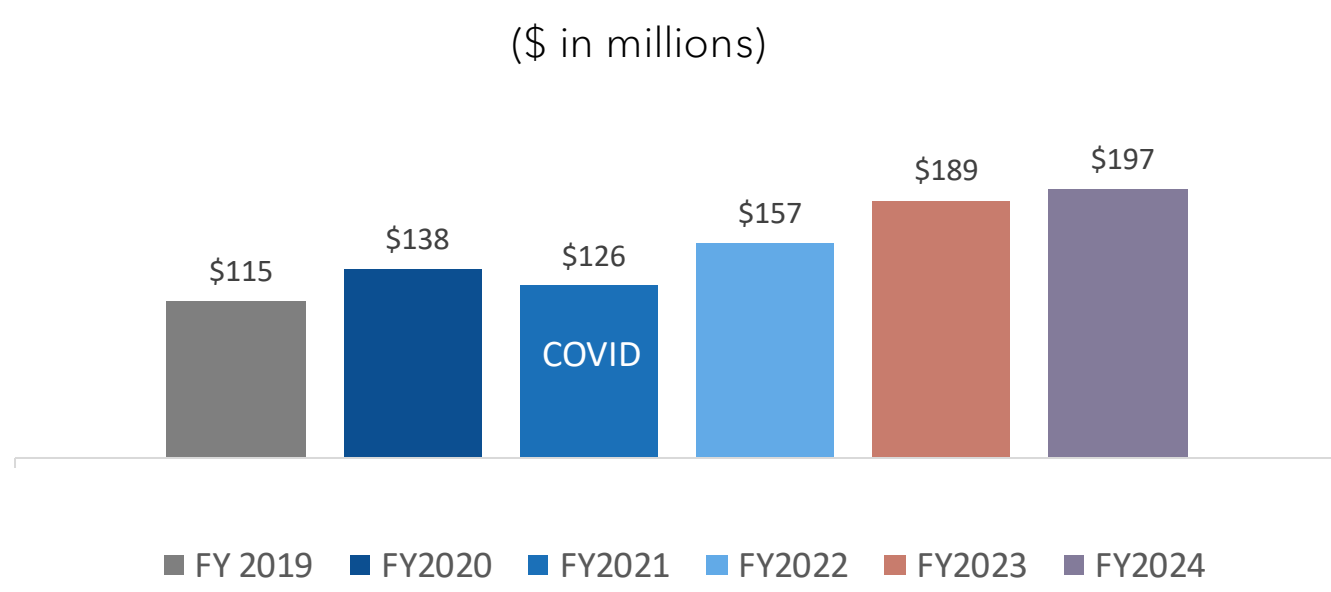
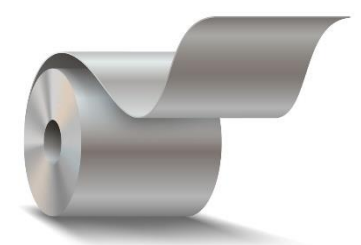
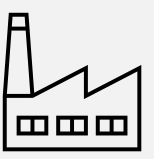
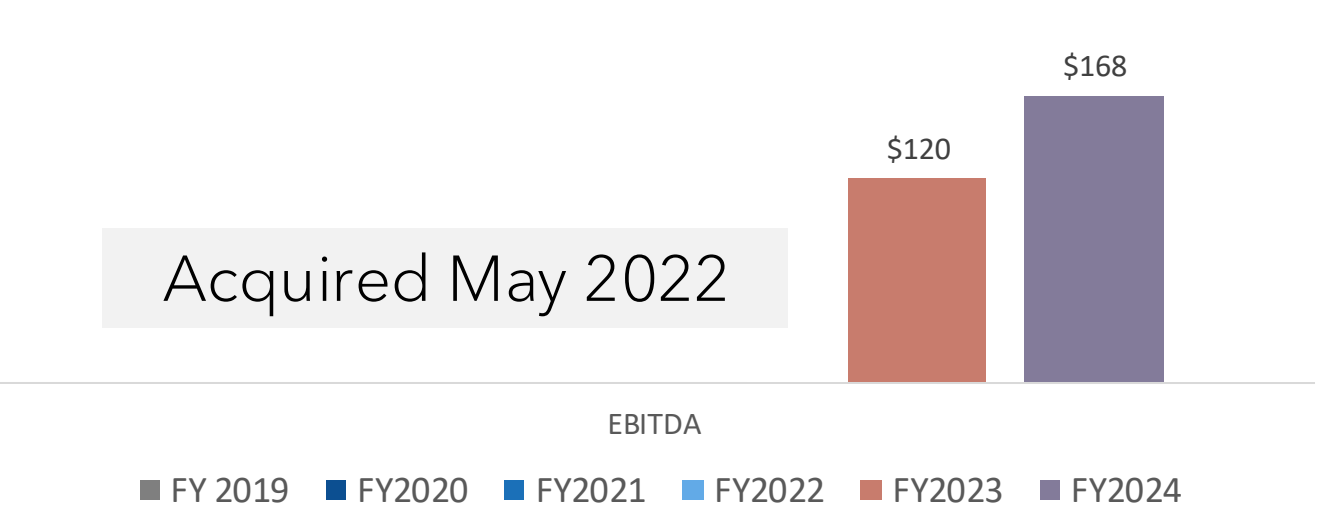


Source: American Infrastructure Investment and Jobs Act

INVESTOR  
PRESENTATION



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

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

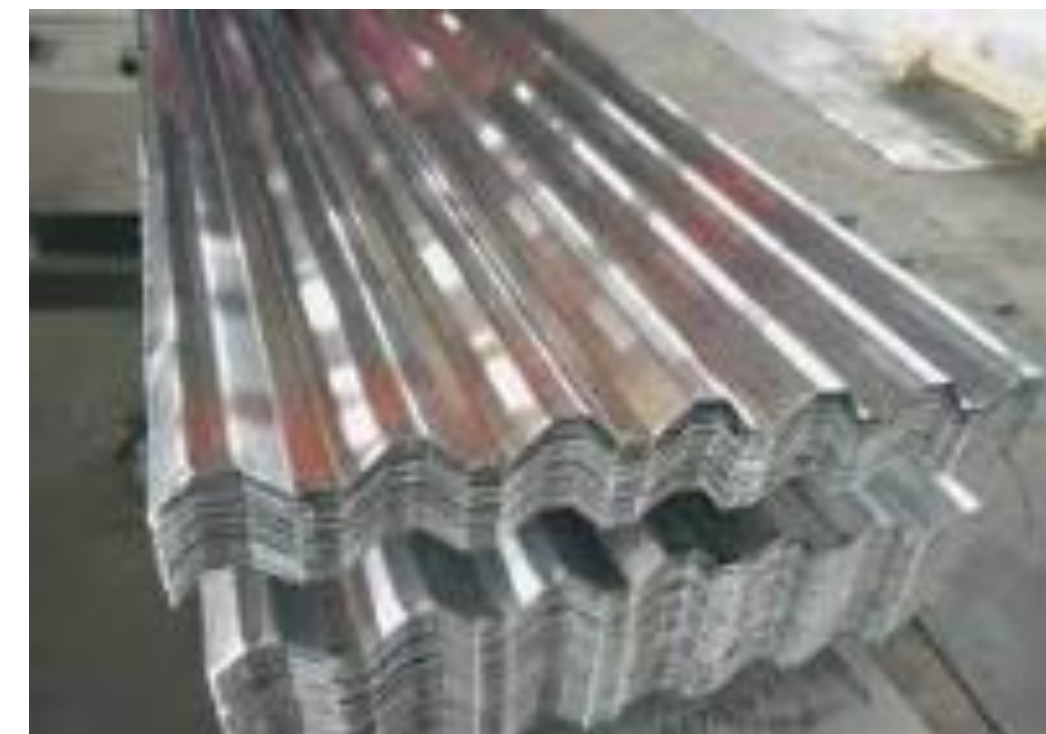




# Metal Coatings Value Proposition

## 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





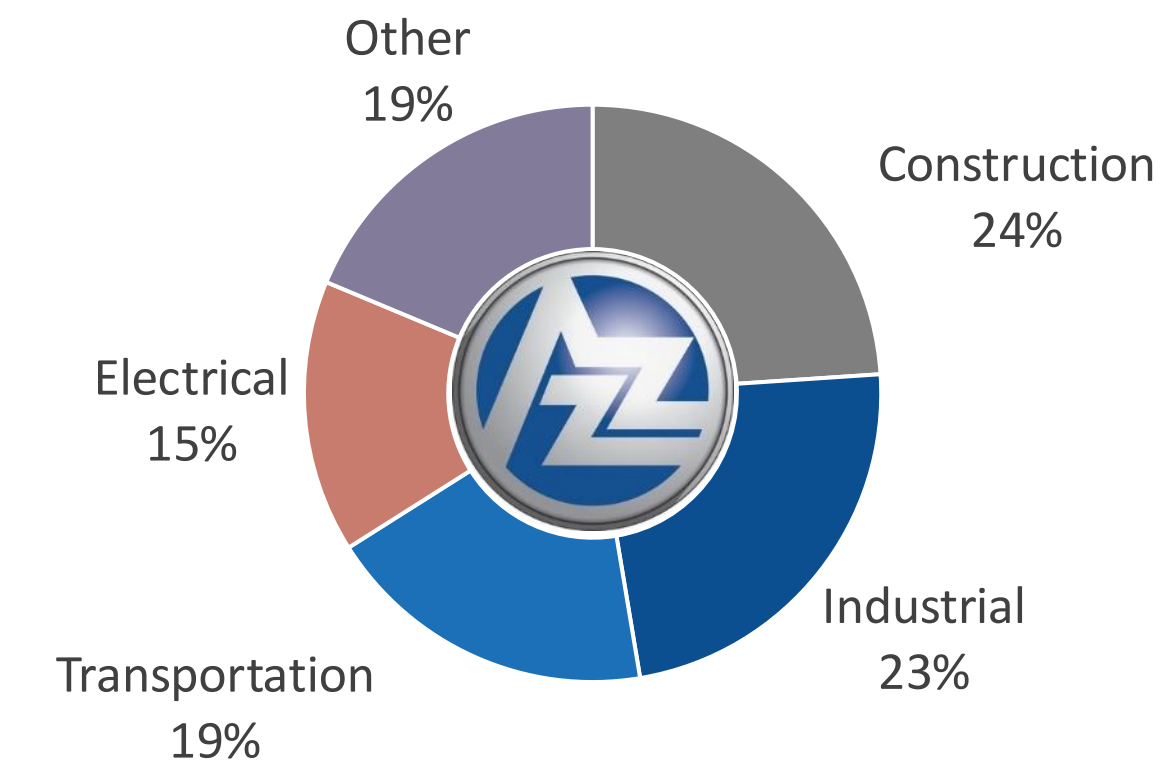
# Metal Coatings Footprint Well-Positioned to Serve Key End-Markets

## State-of-the-Art Facilities Across North America<sup>1</sup>



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

## Superior Capabilities Enable Leading Position Across All End-Markets<sup>2</sup>



## Key Technologies

Hot-Dip Galvanizing

Spin Galvanizing

Powder Coating

Anodizing and Plating



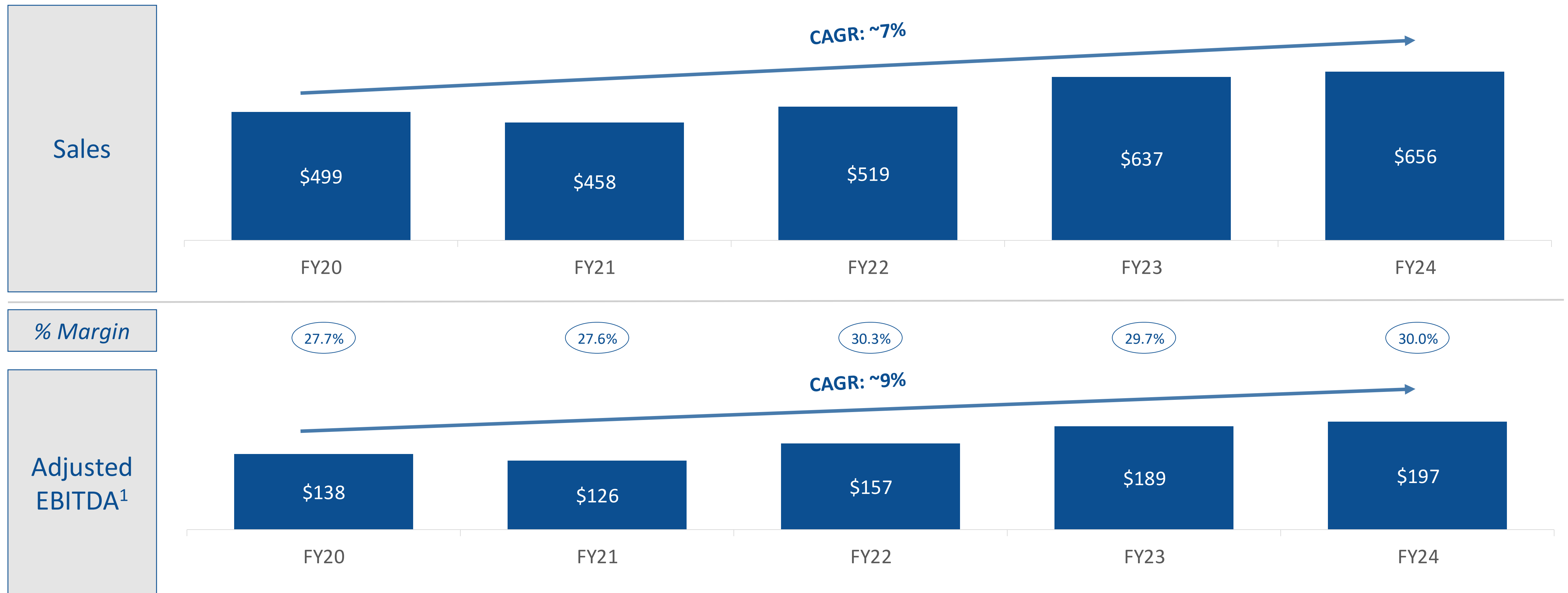
(1) 41 galvanizing locations and 6 surface technologies locations; 1 tubular products location  
 (2) Based on AZZ FY2024 financial results



# Metal Coatings Historical Financials

(\$ in millions)

## Historical Performance



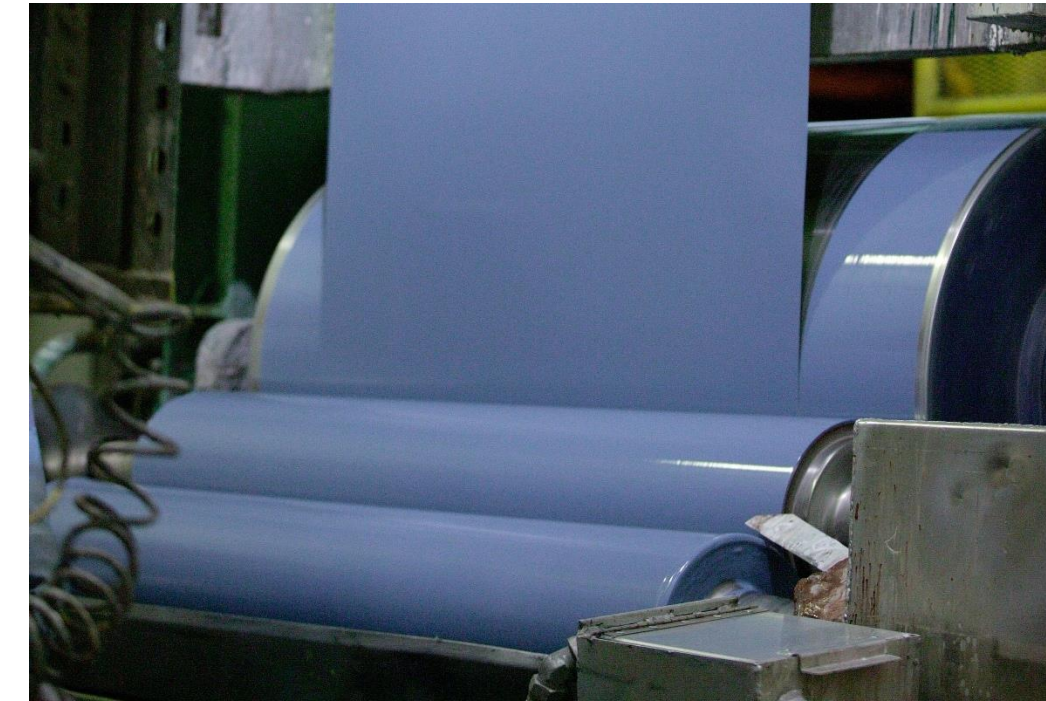
(1) Adjusted EBITDA prior to corporate allocations; For a reconciliation to the most directly comparable GAAP measure, see the appendix to this presentation



# 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





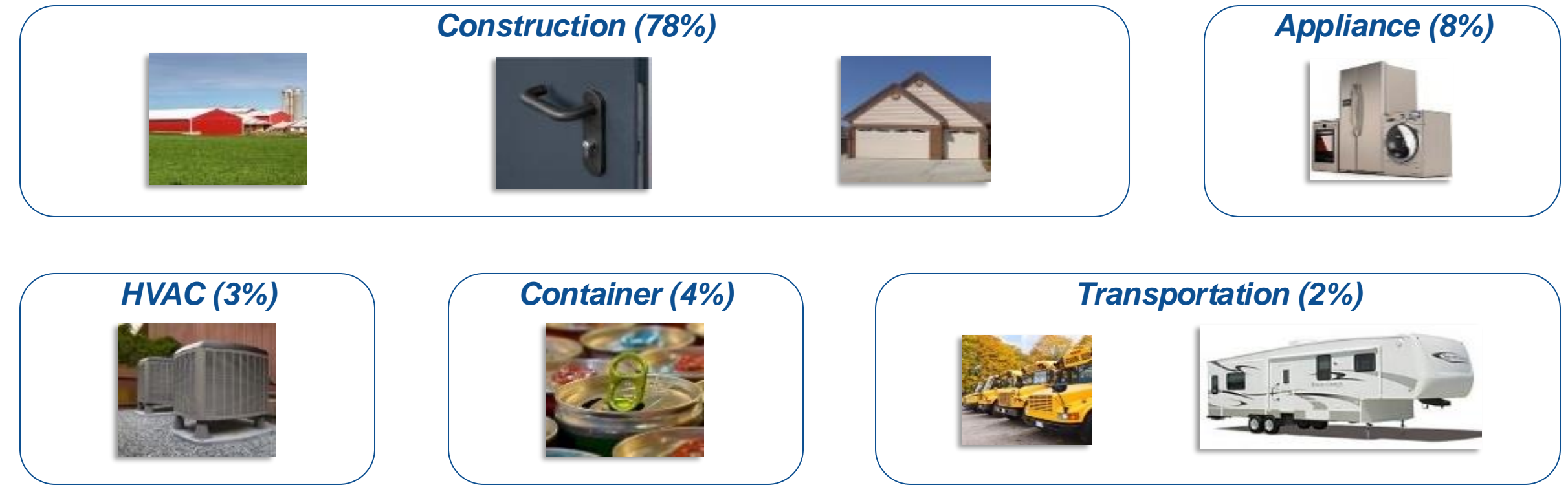
# Precoat Metals Footprint Well-Positioned to Serve Key End-Markets

## State-of-the-Art Facilities Across North America<sup>1</sup>

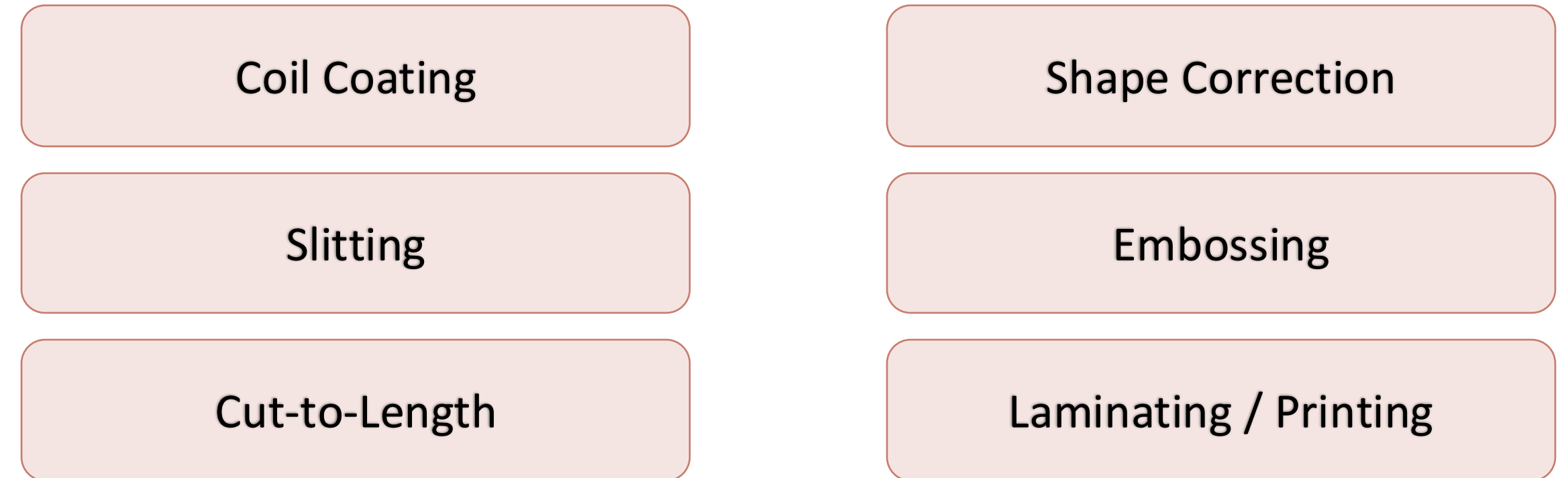


*Clear industry leader with entrenched advantages as a unique independent toll coater*

## Critical Service Provider to Diverse End-Markets<sup>2</sup>



## Key Technologies



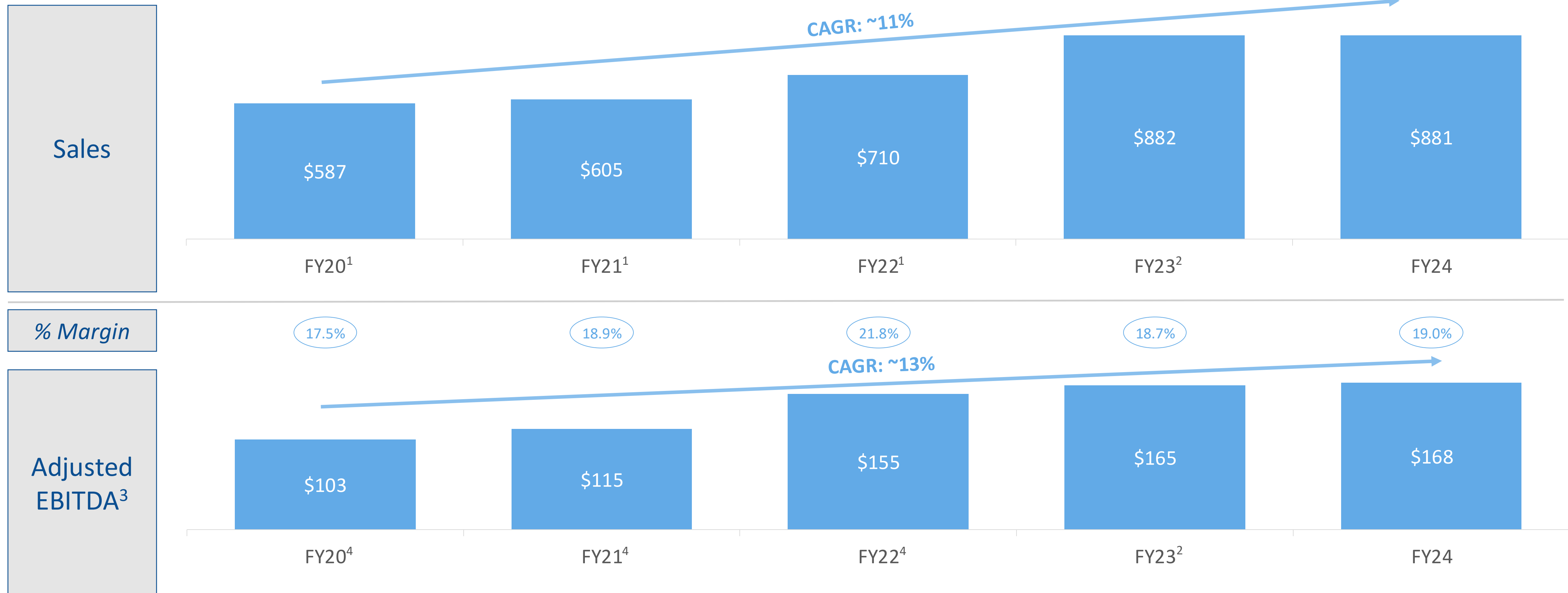
(1) New greenfield plant being constructed in Washington, Missouri. Currently 13 plants with 15 processing lines  
 (2) Based on AZZ FY2024 financial results



# 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



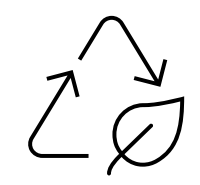
# Investing in Future Growth

New aluminum coil coating line under construction in Washington, Missouri



Expected to be operational Q4 FY25

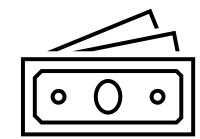
## Compelling Strategic and Financial Investment



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

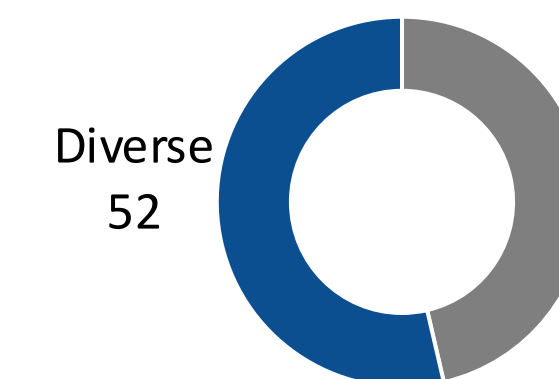
- Tracking and Reporting on Scope 1 and 2 consumption and intensity in our annual sustainability report
- Targeting a 10% reduction in Scope 1 and Scope 2 consumption and intensity
- Tracking 'green' sales FY2024 to further disclose AZZ's role in the transition to a low carbon economy



## 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

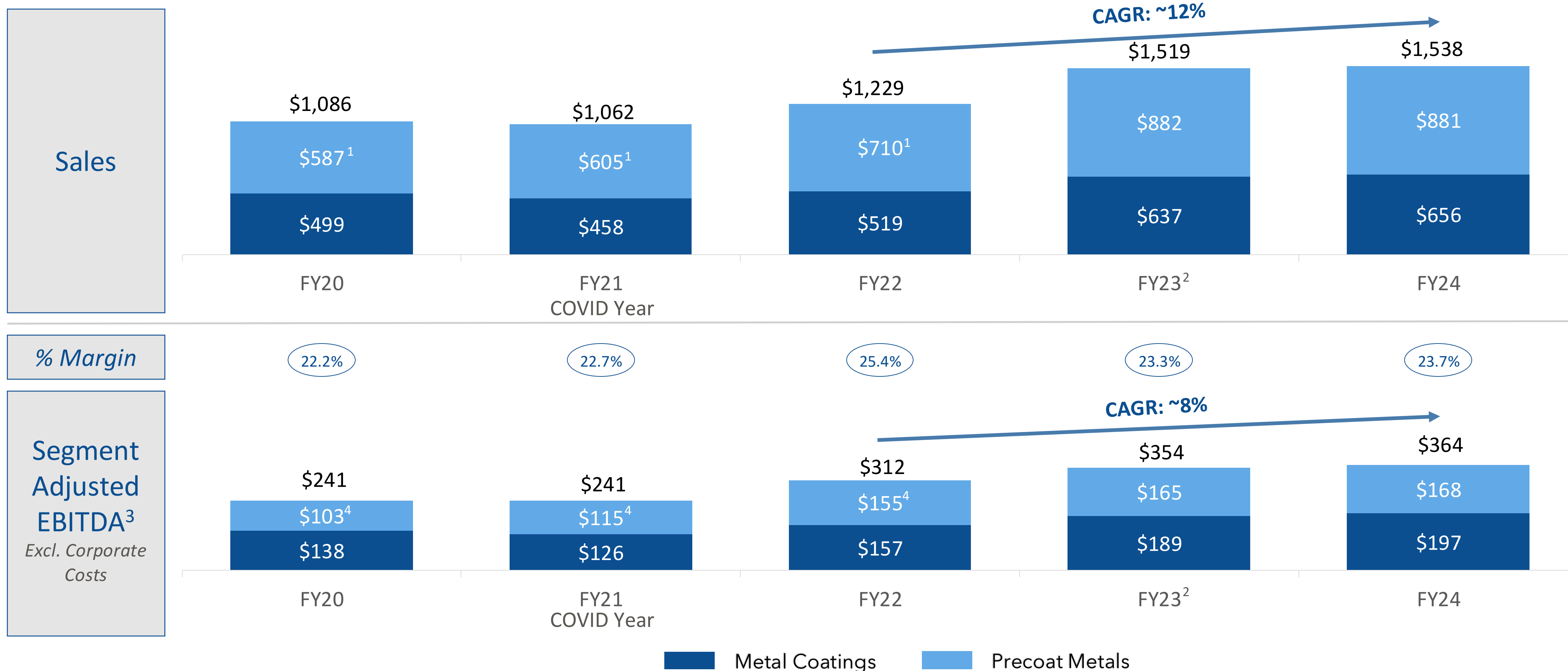
AZZ ethnicity demographics FY2023<sup>(1)</sup>





# 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

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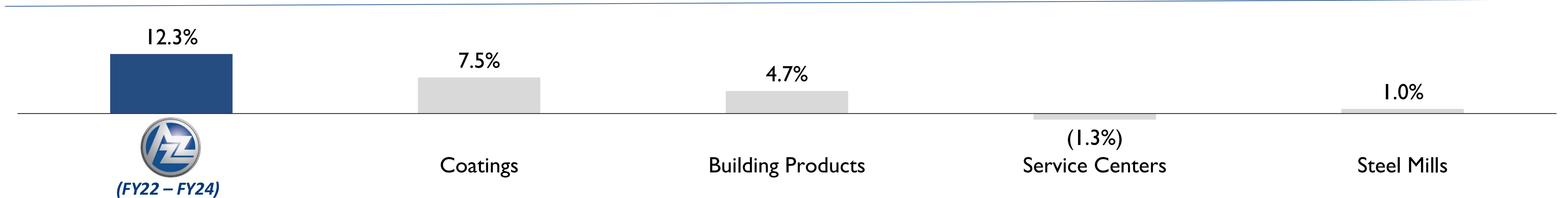
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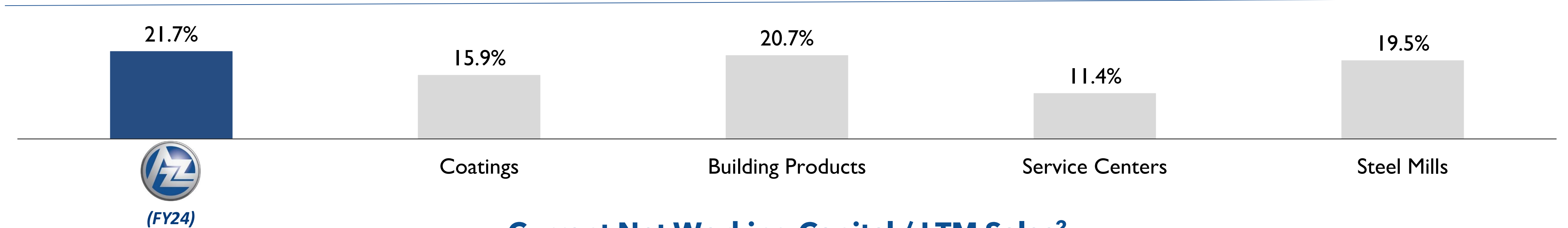


# AZZ's Attractive Financial Metrics Relative to Related Industrial Companies

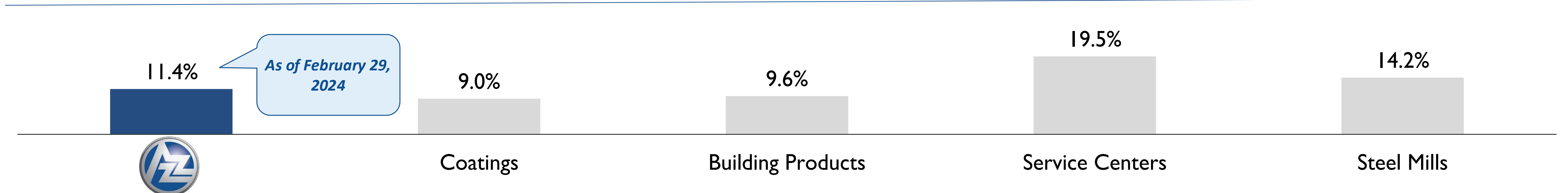
## CY21A - CY23A Revenue Growth



## CY23A EBITDA Margin<sup>1</sup>



## Current Net Working Capital / LTM Sales<sup>2</sup>



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 28/29<sup>th</sup> year-end

(1) Includes corporate expense

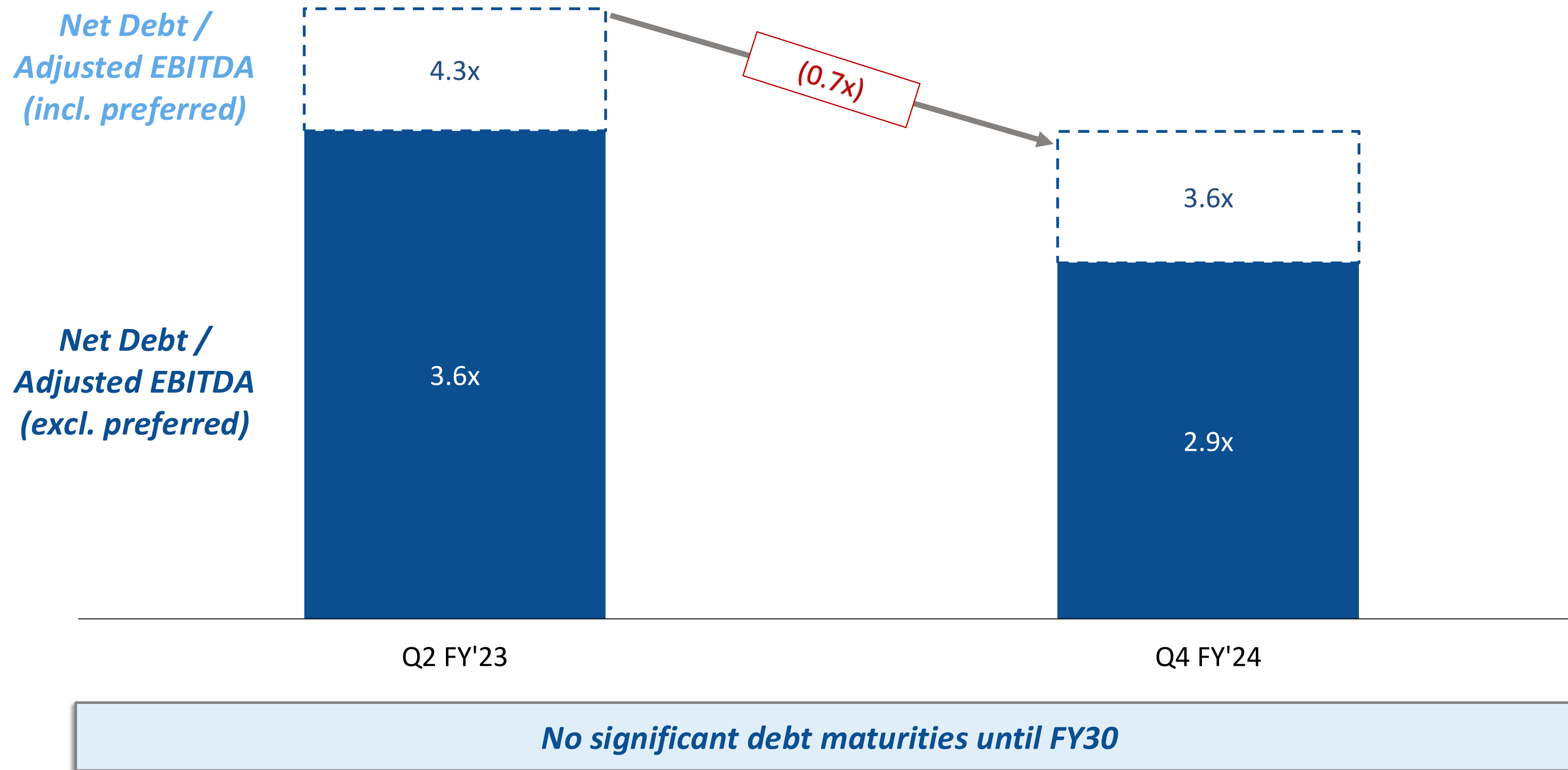
(2) Based on latest available filing; LTM sales representative of most recent quarterly filing for each Company





# Impactful Deleveraging Post Transformational Acquisition

## Net Leverage Since Precoat Metals Acquisition<sup>1</sup>



- Strong free cash flow generation with conversion<sup>2</sup> 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





## Sales

\$1.525 - \$1.625 billion

## Adjusted EBITDA

\$310 - \$360 million

## EPS Range

\$4.50 - \$5.00





# 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
<b>Net Debt / EBITDA (excl. Preferred)</b>	<b>3.6x</b>	<b>2.9x</b>
Adjusted Net Debt (incl. \$240M Preferred)	\$1,565	\$1,229
Adjusted EBITDA	\$365	\$339
<b>Net Debt / EBITDA (Incl. \$240M Preferred)</b>	<b>4.3x</b>	<b>3.6x</b>

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 <sup>(6)</sup>	20,388	18,777	79,423	74,590
Adjustments:				
Acquisition and transaction-related expenditures <sup>(3)</sup>	—	—	—	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 <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	\$ 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 <sup>(2)</sup>	17,863	\$ 0.61	3,827	\$ 0.15	101,607	\$ 3.46	66,339	\$ 2.35
Adjustments:								
Acquisition and transaction-related expenditures <sup>(3)</sup>	—	—	—	—	—	—	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 <sup>(4)</sup>	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 <sup>(5)</sup>	(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 <sup>(6)</sup>	6,706	7,534	—	6,148	20,388
Adjustments:					
Legal accrual	950	—	—	5,843	6,793
Adjusted EBITDA from continuing operations	<u>\$ 44,157</u>	<u>\$ 37,655</u>	<u>\$ 4,270</u>	<u>\$ (12,205)</u>	<u>\$ 73,877</u>
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 <sup>(6)</sup>	8,170	10,309	—	298	18,777
Adjusted EBITDA from continuing operations	<u>\$ 40,419</u>	<u>\$ 26,628</u>	<u>\$ 1,590</u>	<u>\$ (11,416)</u>	<u>\$ 57,221</u>
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 <sup>(6)</sup>	26,353	27,941	—	54,294	25,129	79,423
Adjustments:						
Legal settlement and accrual <sup>(4)</sup>	5,450	—	5,750	11,200	5,843	17,043
Adjusted EBITDA from continuing operations	\$ 196,659	\$ 167,512	\$ 14,911	\$ 379,082	\$ (45,448)	\$ 333,634
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 <sup>(6)</sup>	32,955	40,199	—	73,154	1,436	74,590
Adjustments:						
Acquisition and transaction-related expenditures <sup>(3)</sup>	—	—	—	—	15,320	15,320
Adjusted EBITDA from continuing operations	\$ 189,009	\$ 120,473	\$ 2,597	\$ 312,079	\$ (44,694)	\$ 267,385
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 <sup>(7)</sup>	25,443	15,236
Non-cash items <sup>(8)</sup>	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

	FY 24	FY 23		
		Q1	Q2	Q3
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
<b>Free cash flow conversion</b>	<b>171 %</b>	<b>99 %</b>	<b>34 %</b>	<b>69 %</b>



## Notes for Non-GAAP Disclosure

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- (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.