



# LSI Industries Acquisition of EMI Industries

April 18, 2024



# DISCLAIMER

## Forward-Looking Statements



This presentation contains “forward-looking statements”—that is, statements related to future events within the meaning of the Private Securities Litigation Reform Act of 1995. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In this context, forward-looking statements often address our expected future business, financial performance, financial condition and results of operations, often contain words such as “estimates,” “targets,” “anticipates,” “hopes,” “projects,” “plans,” “expects,” “intends,” “believes,” “seeks,” “may,” “will,” “see,” “should” and similar expressions and the negative versions of those words, and may be identified by the context in which they are used.

Such statements, whether expressed or implied, are based upon current expectations of LSI and speak only as of the date made. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from those expressed or implied. Forward-looking statements include statements that address activities, events or developments that LSI expects, believes or anticipates will or may occur in the future, such as earnings estimates (including projections and guidance) and other predictions of financial performance. Forward-looking statements are based on LSI’s experience and perception of current conditions, trends, expected future developments and other factors it believes are appropriate under the circumstances and are subject to numerous risks and uncertainties, many of which are beyond LSI’s control.

These risks and uncertainties include, but are not limited to the following: the impact of competitive products and services; product and pricing demands, and market acceptance risks; LSI’s reliance on third-party manufacturers and suppliers; substantial changes to the refueling and convenience store and grocery markets; LSI’s stock price volatility; potential costs associated with litigation, other proceedings and regulatory compliance; LSI’s ability to develop, produce and market quality products that meet customers’ needs; LSI’s ability to adequately protect intellectual property; information technology security threats and computer crime; reliance on customers and partner relationships; financial difficulties experienced by customers; the cyclical and seasonal nature of our business; the adequacy of reserves and allowances for doubtful accounts; the failure of investments, acquisitions or acquired companies to achieve their plans or objectives generally; unexpected difficulties in integrating acquired businesses; the inability to effectively execute our business strategies; the ability to retain key employees, including key employees of acquired businesses; labor shortages or an increase in labor costs; changes in shift in product mix; unfavorable economic, political, and market conditions, including interest rate fluctuations; changes in U.S. trade policy; the results of asset impairment assessments; risks related to disruptions or reductions in business operations or prospects due to international conflicts and wars, pandemics, epidemics, widespread health emergencies, or outbreaks of infectious diseases such as the coronavirus disease COVID-19; price increases of materials; significant shortages of materials; shortages in transportation; increases in fuel prices; sudden or unexpected changes in customer creditworthiness; not recognizing all revenue or not receiving all customer payments; write-offs or impairment of capitalized costs or intangible assets in the future or restructuring costs; anti-takeover provisions in LSI’s organizational documents and in Ohio law; and the other risk factors LSI describes from time to time in SEC filings. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business.

You are cautioned not to place undue reliance on these forward-looking statements. LSI does not guarantee any forward-looking statement, and actual results may differ materially from those projected. LSI undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, circumstances or otherwise. Additional descriptions of risks, uncertainties and other matters can be found in our annual reports on Form 10-K and quarterly reports on Form 10-Q that we file with the SEC and are incorporated herein by reference. Our public communications and other reports may contain forward-looking projected financial information that is based on current estimates and forecasts. Actual results could differ materially.

# TRANSACTION OVERVIEW

EMI Industries Acquisition Demonstrates Further Execution of Vertical Market Strategy



## Transaction Highlights

LSI has acquired EMI Industries (“EMI”) for \$50 million cash on April 18, 2024

Transaction funded through availability on existing credit facility

Transaction is immediately accretive to LSI’s earnings per share on a pre-synergy basis

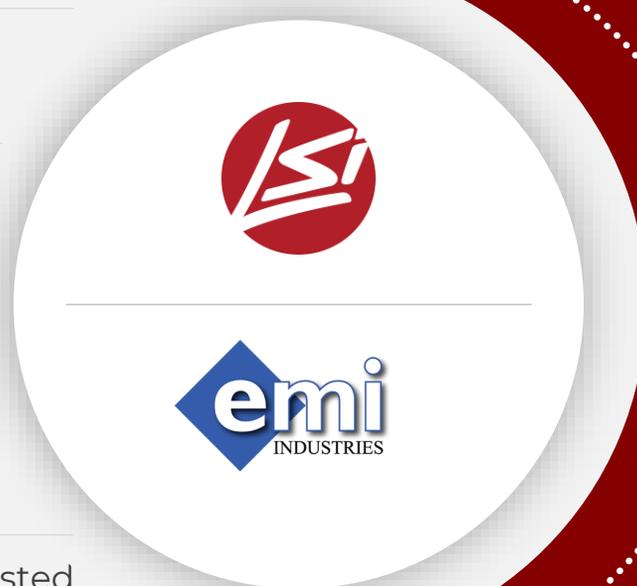
EMI to become part of LSI’s Display Solutions Segment

Pro-forma for the transaction, LSI expects net leverage of approximately 1.3x

EMI generated calendar year 2023 revenue and adjusted EBITDA of \$87 million and \$5.5 million, respectively

EMI leadership team to remain with the combined organization

## Strategic Highlights



The bolt-on acquisition of EMI is a “strategic sequel” to the platform acquisition of JSI store fixtures in 2021

Significantly expands our presence in the C-Store, Grocery, and Restaurant verticals where we have a strong, established position

Provides significant cross-selling opportunities, increasing our importance, value, and relationships with key customers.

Execution of *Fast Forward* Strategy - Over the next five years, LSI intends to drive more than 60% growth in net sales, half of which is to come from strategic acquisitions, including EMI

# LEADING RETAIL DISPLAY SOLUTIONS COMPANY

A Leading Metal and Millwork Manufacturer of Standard and Custom Retail Displays



## EMI provides vertically integrated design, manufacturing, and installation of store fixtures and food service equipment.

For more than 40 years, EMI has been a trusted supplier to national convenience store, grocery, and restaurant chains, offering a wide array of standardized and custom solutions.

EMI has decades-long relationships with a diverse base of established national customer accounts ranging in size from several hundred to thousands of locations

EMI is well-positioned to capitalize on continued customer investments required to achieve targeted growth in food and beverage revenues.

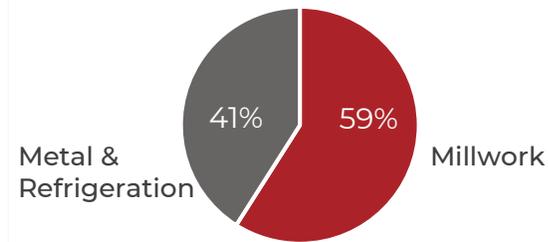
EMI's unique value proposition merges product design, engineering and manufacturing capabilities with installation and post-sale support

### Products

- Millwork
- Metal & Refrigeration Products

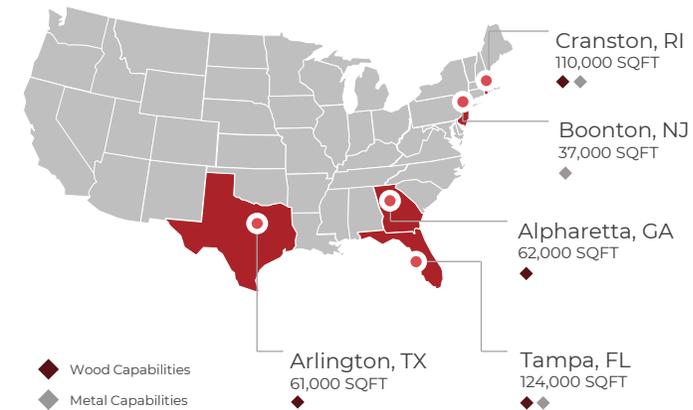
### Services

- Design
- Installation & Program Management



Sales are balanced between Millwork, Metal / Refrigeration – supported by services.

EMI operates five U.S. based facilities that house design, engineering and manufacturing activities



**5**  
Manufacturing Locations

**394,000**  
Total Square Footage

**320**  
Employees Nationwide

Serves multiple markets led by convenience store, grocery, and restaurant markets.



Convenience Store  
Expanded Offering



Grocery  
Expanded Offering



Restaurant  
Market Expansion

# HIGHLY COMPLEMENTARY SOLUTIONS OFFERING

One-Stop Integrated Solution for Unique Value Proposition



## Product Offering



### Millwork Products

EMI produces custom millwork with expertise across multiple material surfaces.

### Metal Products

EMI designs and engineers metal-based fixtures using stainless steel, sheet metal, and aluminum, among others.

### Refrigeration

EMI is experienced in both custom and conventional refrigeration in a variety of commercial food environments

## Customer Testimonial

*“EMI has become a true partner with Wawa. The product that they provide is first class. Both companies share similar value which enables Wawa to provide its customers a warm and inviting shopping experience”*



C-Store

Grocery

Restaurants

## Solutions Offering

- Concept Phase
- Design & Engineering
- Custom manufacturing
- Installation & Program Management
- Post Sales Service

# EXPANDING SOLUTION SET WITHIN TARGET VERTICALS

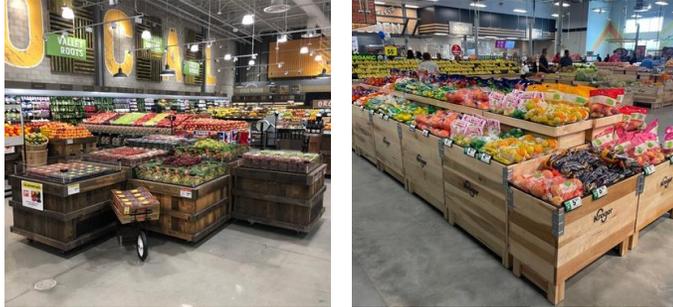
Through Acquisition, LSI Continues to Enhance the Value Proposition to the Customer



## Grocery Case Study

**LSI**

has strong presence within the store interior, led by grocery display case products, dimensional graphics and lighting...



While **EMI**

has a strong presence in grocery interior, led by millwork solutions, refrigeration and checkout counters.



## C-Store Case Study

**LSI**

has a strong presence in the exterior refueling station and within select indoor displays...



While **EMI**

has a strong presence across a breadth of indoor display solutions, including countertops and food and beverage dispensing fixtures.



LSI + EMI provides a comprehensive solution set that enhances customer-specific branding and overall customer experience

# TRUSTED PARTNER TO NATIONAL RETAIL BRANDS

Deep Base of Long-Term Customer Accounts Ranging in Size from 100s of Locations to 1000s



Complementary customer base provides significant commercial cross-selling synergy opportunity



**ExxonMobil**



Select key customers

Leverage capabilities as a single-source provider of comprehensive products and services



# SIGNIFICANT MULTI-YEAR SYNERGY POTENTIAL

Identified Revenue and Cost Synergies Support Compelling Investment Thesis



We anticipate \$2 million of annual EBITDA synergy improvement in the first 24 months, increasing to \$6 million within the first five years

## Revenue Synergies

### Cross-Selling Opportunity

Given minimal overlap between existing base of customers, together with highly complementary product/solution offering we see significant revenue synergies through cross selling

### Pricing

Expanding our single-source capabilities provides opportunity to further apply strategic value-based pricing methodologies utilized within the Display Solutions segment

## Cost Synergies

### Procurement

Significant opportunity to increase raw materials procurement leverage and synergies, including lumber, steel, acyclic

### Manufacturing

Optimization of capacity, improved process and efficiency, additional mechanization, expand design for manufacturing principles (DFM)

### SG&A

Eliminate redundant costs, improve operating leverage

\*Excludes standalone projected growth in core EMI business

# SIGNIFICANT MULTI-YEAR SYNERGY POTENTIAL

LSI Expects to Drive 400+ Basis Points of EBITDA Margin Expansion Within EMI



			 
Facilities	11	5	16
Employees	1525	320	1845
Annual Revenue <sup>(1)</sup>	\$473.6 million	\$87.0 million	\$560.6 million
Annual Adj. EBITDA <sup>(1)</sup>	\$51.5 million	\$5.5 million	\$57.0 million
TTM Adj. EBITDA Margin <sup>(1)</sup>	10.8%	6.3%	10.2%

<sup>(1)</sup> Reflects LSI TTM performance through F2Q24 and EMI performance for the full-year calendar 2023

# EMI ACQUISITION RATIONALE

## Advances LSI Vertical Market Growth Strategy



**EMI further establishes LSI as a market-leading business of scale within the retail display solutions market.** EMI represents LSI's second acquisition within the store fixtures and food service equipment market, building on its successful 2021 platform acquisition of JSI Store Fixtures.



**EMI is an established brand serving many of LSI's core vertical markets.** In calendar year 2023, customers within the convenience store, grocery and restaurant vertical markets represented a significant portion of EMI's total revenue.



**EMI has low customer overlap with LSI, providing for attractive commercial synergies.** EMI has a deep base of established customer relationships, including some that span more than 40 years, creating the potential for significant, multi-year synergies for the combined business.



**EMI provides a one-stop, end-to-end integrated solution to its customers.** Similar to LSI, EMI provides its customers with an "all-in-one" integrated value proposition, one that combines product design, manufacturing, installation and post-sale support, which contributes to higher customer satisfaction and retention.



**EMI has a highly skilled workforce of more than 300+ employees and experienced leadership team.** LSI intends to retain the experienced leadership team at EMI, mirroring JSI integration playbook.



**Transaction is immediately accretive to LSI's adjusted earnings per share.** EMI is expected to deliver adjusted earnings per share accretion to LSI upon closing of the transaction, excluding acquisition-related revenue and cost synergies.

**EMI meets or exceeds our acquisition criteria, while advancing LSI's *Fast Forward Strategy***

Advancing our vertical market strategy

Building leading positions of scale in growth verticals

Minimal customer overlap

Integrated, solutions-based model

Significant, identified revenue and cost synergies

Expanded offering for custom, higher-value applications

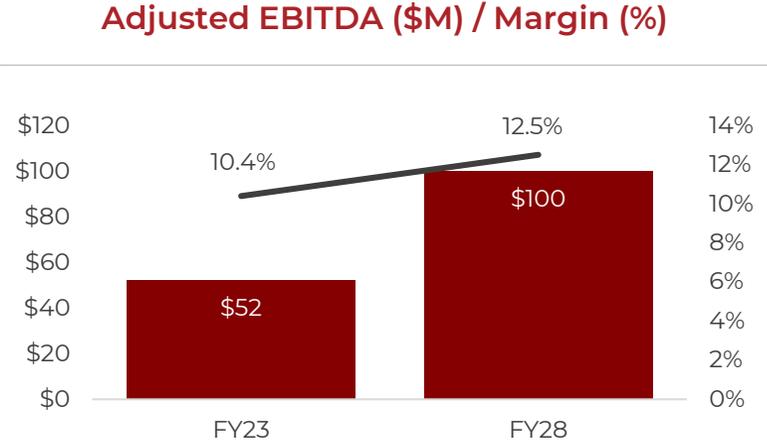
# EXECUTING ON OUR *FAST FORWARD* STRATEGY

Focus on Growth Within Verticals, Operational Excellence, and Disciplined Capital Allocation



**LSI's *Fast Forward* Strategy seeks to deliver sustained commercial expansion, operational excellence and disciplined capital allocation, consistent with the Company's focus on long-term value creation.**

LSI remains focused on adding scale and competencies within both new and existing vertical markets.



#### Commercial Expansion

Durable Revenue Growth

- ✓ High-single-digit organic revenue growth; ~5-7% CAGR
- ✓ Balanced inorganic growth; \$140+ M in acquisition-related revenue by 2028
- ✓ Organic market expansion through product expansion and enhanced commercialization

#### Operational Excellence

Stable Margin Expansion

- ✓ Drive increased asset optimization
- ✓ Drive ratable cost reductions; targeting annualized cost of reduction of 2-3%
- ✓ Deliver at least 50 basis points of margin expansion annually

#### Long-Term Value Creation

Driving Profitable Growth

- ✓ Drive ratable annualized growth in Adjusted EPS
- ✓ Deliver consistent free cash flow conversion; targeting 100% of Adjusted Net income
- ✓ Committed to consistent payment of quarterly cash dividend



For Additional Questions,  
Please Contact  
720.778.2415

Thank You,

**LSI Investor Relations**

April 18, 2024

