



AZZ Inc. Investor Presentation

August 2020

Safe Harbor Statement

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. You can identify forward-looking statements by terminology such as “may,” “should,” “expects,” “plans,” “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, our customers and our operations could potentially be adversely impacted by the ongoing COVID-19 pandemic. We could also experience fluctuations in prices and raw material cost, including zinc and natural gas which are used in the hot dip galvanizing process; delays in our supply chain vendors; customer requested delays of our products or services; delays in additional acquisition opportunities; currency exchange rates; adequacy of financing; availability of experienced management and employees to implement AZZ’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. AZZ has provided additional information regarding risks associated with the business in AZZ’s Annual Report on Form 10-K for the fiscal year ended February 29, 2020 and other filings with the Securities and Exchange Commission (“SEC”), available for viewing on AZZ’s website at www.azz.com and on the SEC’s website at www.sec.gov. You are urged to consider these factors carefully in evaluating the forward-looking statements contained 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 AZZ assumes no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Overview

AZZ is a global provider of galvanizing and metal coating services, welding solutions, specialty electrical equipment and highly engineered services to the power generation, transmission, distribution, refining and industrial markets.

Solid Operating History

- 33 Consecutive Years of Profitability
- Revenue 10-year CAGR – 12%
- Significant Cash Generation
- Industry Leading Operating Margins
- Solid Balance Sheet
- Debt to Equity Ratio: 0.32x

Significant Barriers to Entry

- Largest North American Galvanizer
- 46 Metal Coatings Plants
- Large Network of Plants – Economies of Scale and Quick Turnarounds (<24hrs)
- ~4,000 Customers
- DGS: High-tech Solutions Outperform Competitors

Strong Performance

- Double Digit Top- and Bottom-Line Growth
- Record Fiscal Year 2020 Revenue: \$1.1 Billion, up 14.5%
- Adjusted Net Income: \$71.3 million, up 39%
- Adjusted EBITDA: \$156.3 million, up 22%

Valuation

- Trading Discount to Comparable Group:
- EV/EBITDA: 33%
- EV/Sales: 25%

**Data as of July 6, 2020*

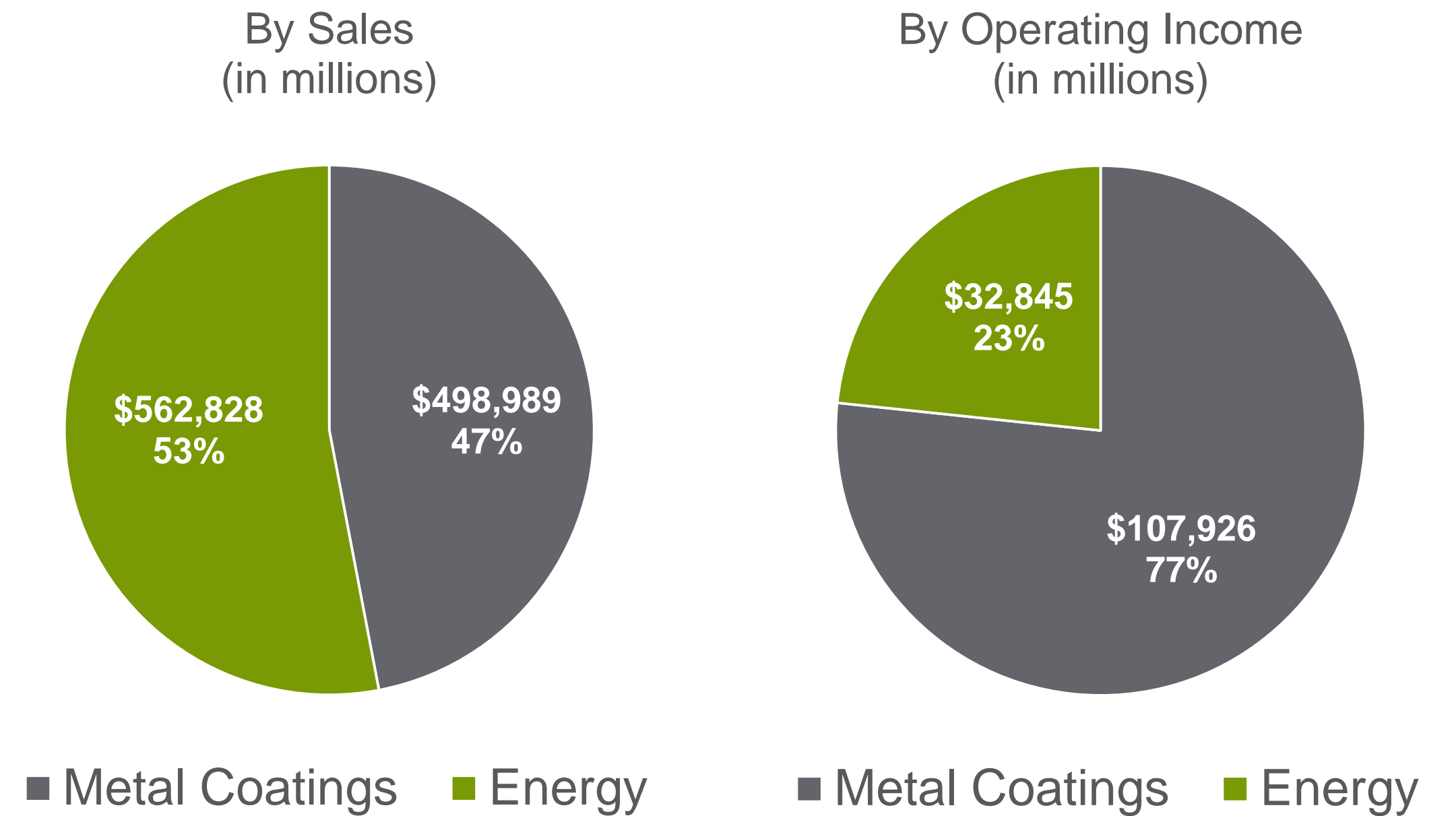
AZZ at a Glance

Company Profile

| | |
|-------------------------|------------------|
| Headquarters | Ft. Worth, Texas |
| FY2020 Sales | \$1.06 Billion |
| Market Cap* | \$910 million |
| Facilities | 65 |
| Total Employees* | 3,923 |

*As of August 13, 2020

Fiscal Year 2020 Results



COVID-19 Update

| | |
|-------------------------------------|--|
| Impact on Financial Results | <ul style="list-style-type: none"> ■ Suspended previously issued FY2021 guidance ■ Energy platform has been negatively affected by turnaround deferrals and lower project bookings due to customer slow-downs |
| Balance Sheet / Liquidity | <ul style="list-style-type: none"> ■ Cash balance of \$26.4 million as of Q1 FY2021 ■ Debt balance of \$219.0 million at end of Q1 FY2021, EBITDA of \$24.5 million at end of Q1 FY2021 ■ Available debt capacity of \$342.3 million on revolving credit facility at end of Q1 FY2021 |
| Operational Impacts | <ul style="list-style-type: none"> ■ North America – All plants remain open and operating ■ Continued travel limitations ■ Monitoring and adhering to WHO, CDC, and state agency guidelines for cleaning and disinfecting, social distancing, health and safety, PPE |
| Mitigation Efforts | <ul style="list-style-type: none"> ■ Temporarily suspended revolving debt payments during Q1 FY2021 to accumulate cash on Balance Sheet ■ Adjusted personnel to align to reduced customer volume utilizing state work-share programs, furloughs and where necessary reductions in force ■ Accessed Cares Act provision for deferrals of employer portion of FICA taxes to 2022 and 2023 |
| Capital Allocation Decisions | <ul style="list-style-type: none"> ■ Paid quarterly dividends in Q4 FY2020, and Q1 FY2021 ■ No share repurchases during Q1 FY2021 ■ Continuing to support capital expenditures for safety and growth initiative projects |
| Situational Awareness | <ul style="list-style-type: none"> ■ AZZ's Leadership team continues to be direct contact with the White House, CDC, and other state and governmental agencies. |

Strategic Direction

- **Long term strategy to grow Metal Coatings organically and with a robust acquisition program, while targeting 21-23% Operating Margins for the Segment**
 - Grow share within hot-dip galvanizing and surface technologies markets
 - *We currently operate 40 of the estimated 160 hot-dip galvanizing plants in North America, a ~\$2B market*
 - *Hot-dip galvanizing has an estimated 36% market penetration as a corrosion-resistant steel coating*
 - *Powder coating is a highly fragmented \$1.5B market, with an estimated CAGR of 2.6% through 2023.*
 - Focus on operating excellence and providing outstanding customer service
 - *Leverage Oracle, digital galvanizing system (“DGS”), and net promoter score across the entire metal coatings segment*
- **Energy will focus on operational excellence (target operating margins 10-15% range) and profitable growth in its core businesses while divesting or exiting the non-core**
 - Specialty Welding will grow through international expansion, offering the best customized welding technology, and reducing dependence on the nuclear market space
 - Electrical businesses will focus on improving profitability and focus more on domestic market growth

Metal Coatings



Galvanizing, Surface Technologies

1

Multiple Infrastructure Markets
 Hot Dip Galvanizing
 Powder Coating, Plating, Anodizing

Energy Segment



Electrical Products

2

Industrial, T&D, Power, Electric Utility
 E-houses, Switchgear, Medium and
 High Voltage Bus Duct, Hazardous Duty
 Lighting, Tubular Products



Industrial Solutions

3

Refinery & Power
 Specialty Welding,
 Maintenance & Repair Services

1

The Metal Coatings Segment provides hot-dip galvanizing, powder coating, plating and other metal coatings to the steel fabrication industry through 46 facilities located throughout the United States and Canada



Electrical Utilities



Industrial



OEMs



Recreation



Petrochemical



Agriculture



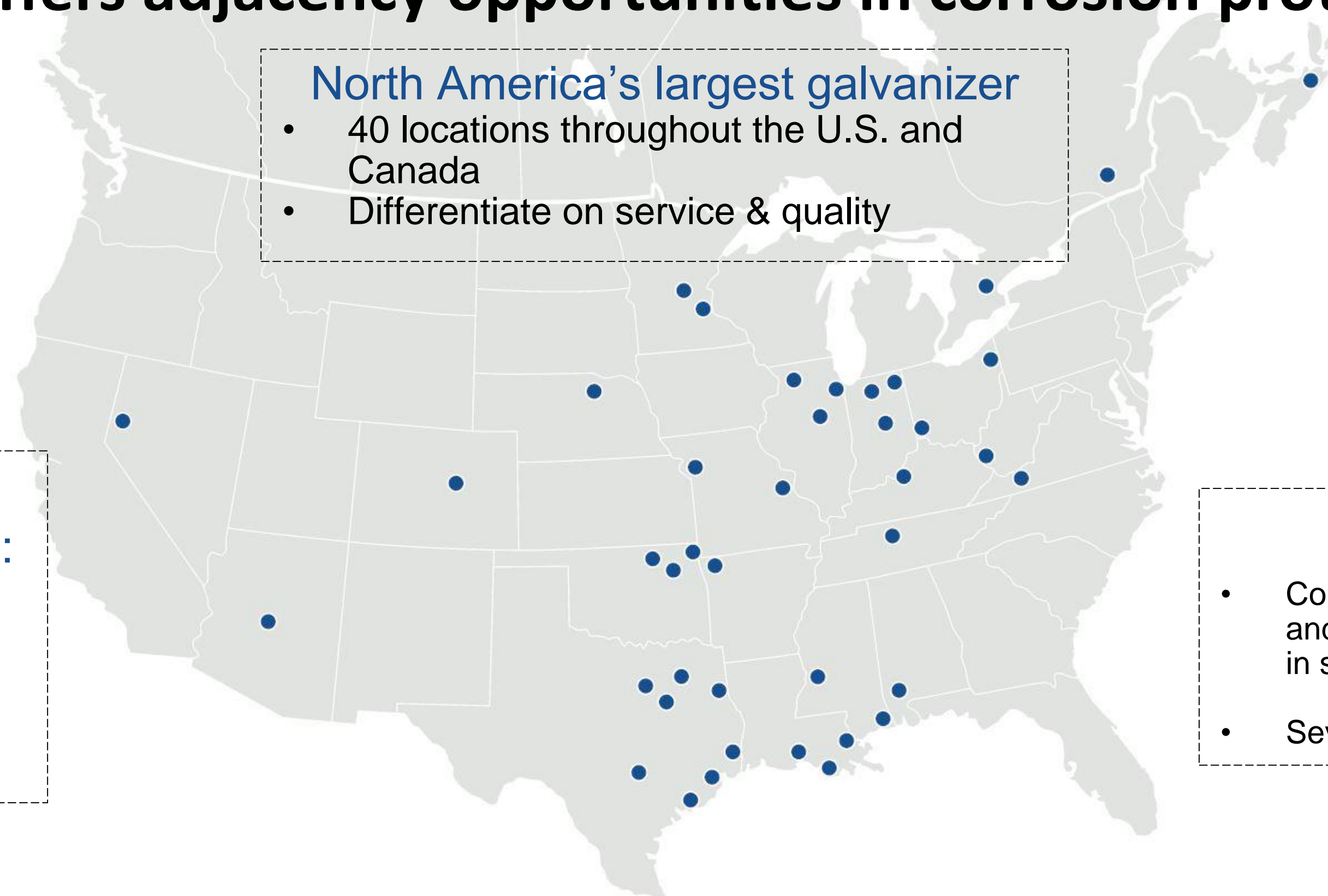
Bridge & Highway



Construction



Metal Coatings' leading hot-dip galvanizing market position in North America offers adjacency opportunities in corrosion protection.



North America's largest galvanizer

- 40 locations throughout the U.S. and Canada
- Differentiate on service & quality

Expand into market adjacencies in North America:

- Grow share of wallet by offering additional services:
 - Powder coating, plating, anodizing, spinning, etc.

Inorganic growth:

- Continue to acquire Hot-Dip galvanizing and Surface Technologies capabilities in select markets within North America.
- Several opportunities in the pipeline.

New Product Introduction

- Leverage galvanizing expertise to launch new products to support North American infrastructure renewal.
- Spin galvanizing.

The Energy Segment is a manufacturer of specialty electrical equipment focusing on safe and reliable transmission of power from generation sources to end customers, and a specialty welding service provider that ensures the safety and reliability of critical infrastructure in the energy markets worldwide



2

AZZ builds, maintains, rehabilitates and strengthens electrical and industrial infrastructure globally

Enclosure Systems



- Manufacturer of custom modular electrical buildings (“e-houses”), as well as relay panels
- Ballistic, HEMP options
- 3 U.S. locations (Pittsburg, Kansas, Chattanooga, Tennessee, and Millington, Maryland) serving 48 contiguous states and Canada

- Utility
- Transmission & Distribution
- Industrial
- Data Center
- Energy Storage

Switchgear Systems



- Leading independent provider of 38kV switchgear
- Integration of customer furnished equipment
- Padmount and Arc-Resistant Switchgear
- 2 U.S. locations (Fulton, Missouri and Oshkosh, Wisconsin) serving 48 contiguous states and Canada

- Utility
- Transmission & Distribution
- Industrial

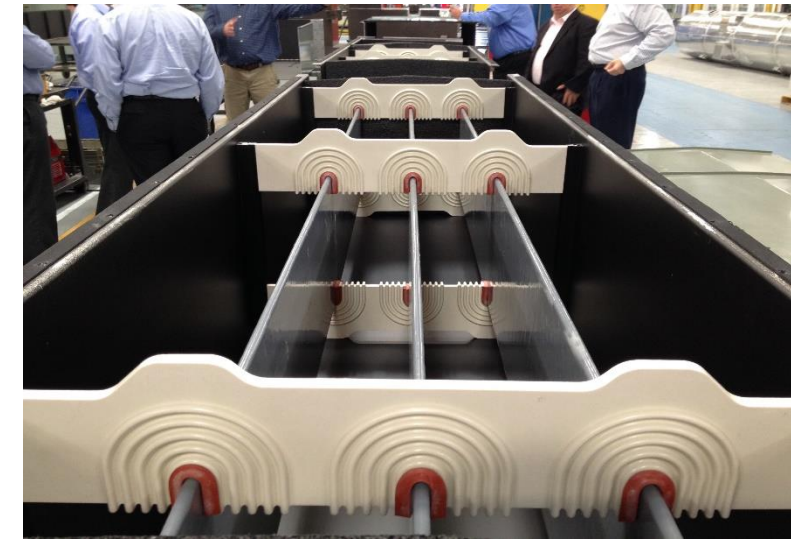
High Voltage Bus



- Global leader in high-voltage SF6 gas insulated bus products
- Voltage ranges from 115kV to 1,200kV
- Location in Medway, Massachusetts and China serving worldwide market

- Transmission & Distribution

Medium Voltage Bus



- Innovative medium voltage bus duct products to meet a variety of demands
- Product line includes isolated phase duct, segregated and non-segregated phase duct
- Manufacturing location in Jackson, Mississippi

- Power Generation
- Transmission & Distribution
- Industrial

Hazardous Duty Lighting



- Harsh and Hazardous Duty Lighting manufacturer with 75 year history
- LED, HID, and incandescent product lines
- Manufacturing location in Houston, Texas serving the worldwide market

- Food Processing
- Oil and gas drilling
- Industrial

Tubular Products



- Producer of API tubular products from 1” through 2 1/16”
- Full length tubing as well as pup-joints
- Manufacturing location in Crowley, Texas serving the worldwide market

- Oil and gas drilling

3

Worldwide leader in developing and delivering specialized maintenance solutions through automated welding, weld cladding and weld overlay technologies that extend the lifetime and maximize the value of assets throughout the energy industry.

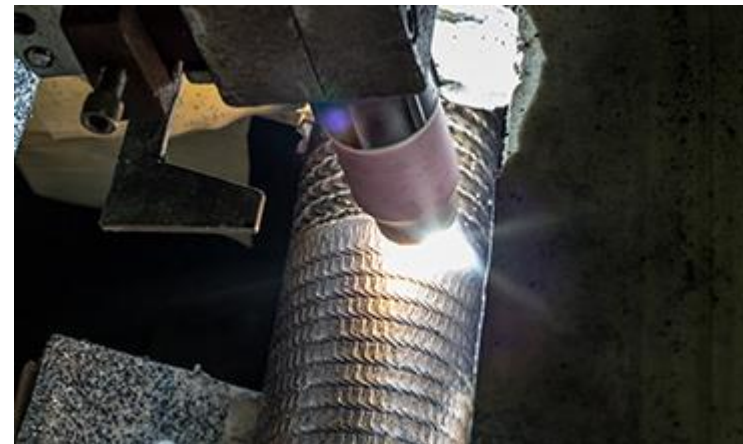
Coke Drum Repair



Waterwall Services



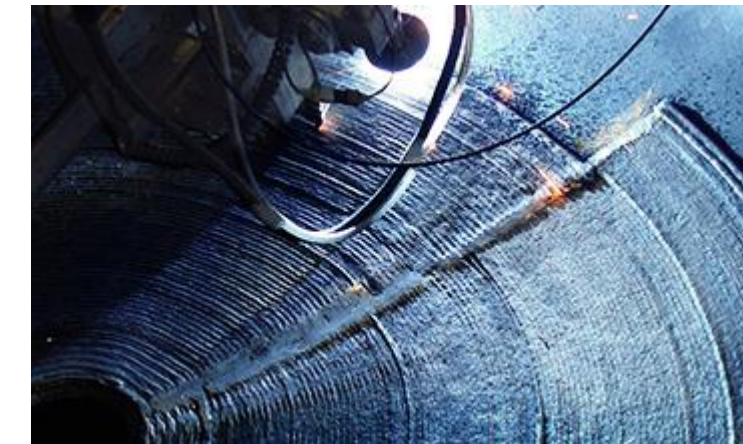
Heater and Furnace Services



Boiler Services



Pressure Vessel Services



Pipe and Piping Services



- Industry leading life extension and repair processes to address low cycle fatigue failure in coke drums.

- World's largest installed base for the mitigation of fireside corrosion.

- Specialized machine welding solutions specifically configured to address difficult U-bend welds found in heaters and furnaces.

- Boiler life extension solutions that are industry standards.

- Permanent repair solutions that extend operational lifespan of a wide range of pressure vessels.

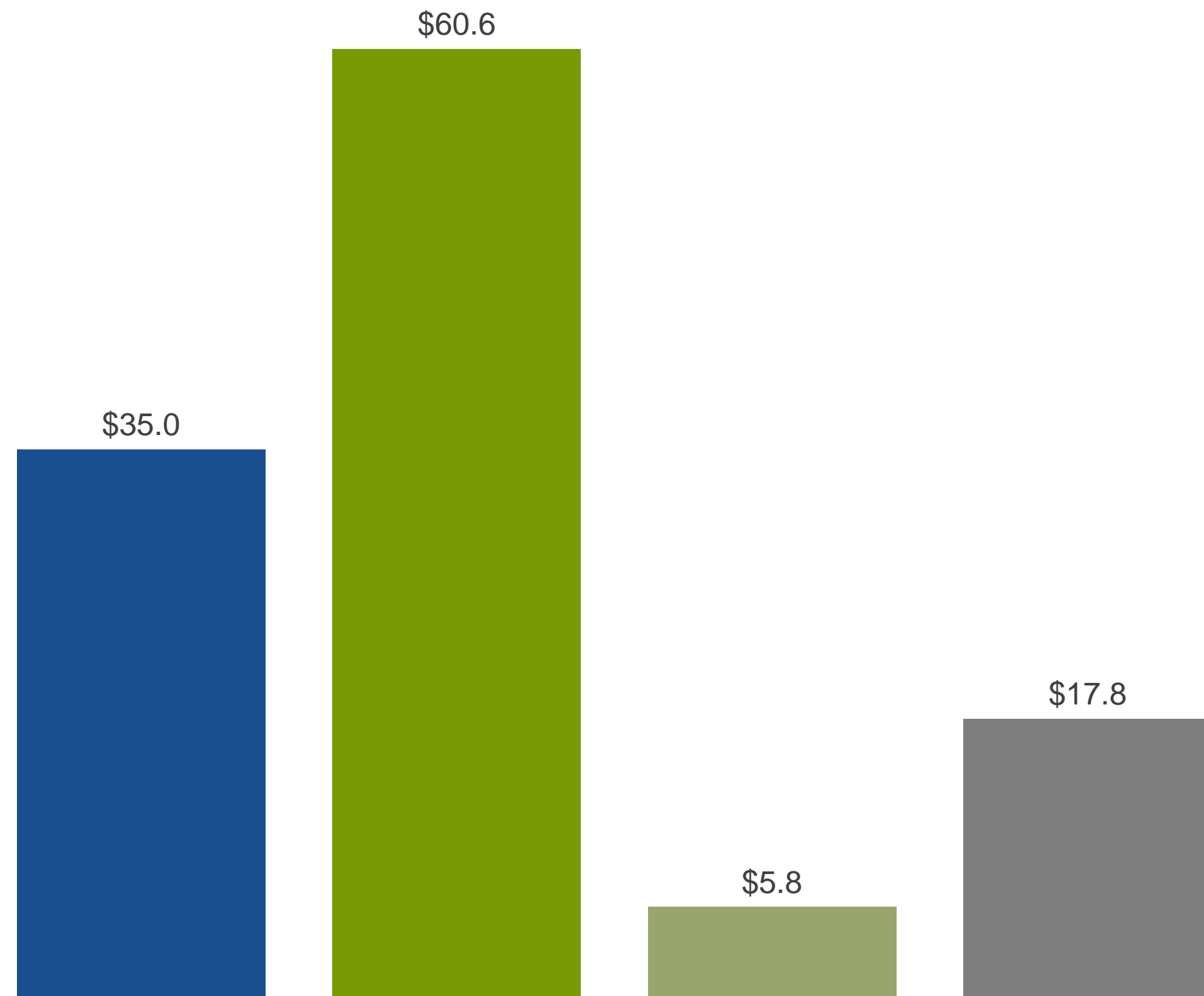
- The largest provider of machine orbital pipe welding services for refineries and other power generation plants.

Financial Overview

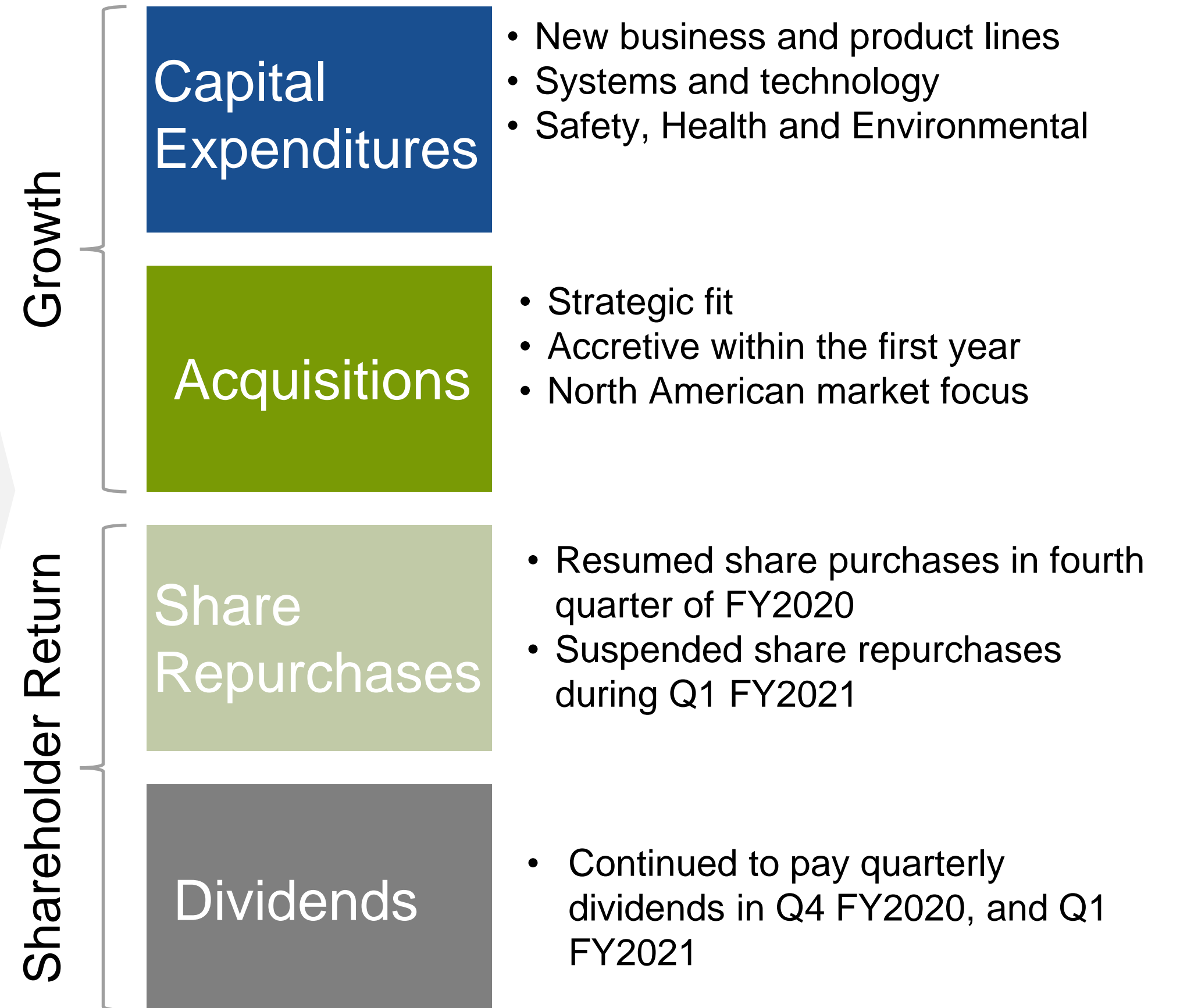
Capital Allocation Focused on Growth

In millions

FY2020 Capital Deployment



■ Capital Expenditures ■ Acquisitions ■ Share Repurchases ■ Dividends



Full Year Financial Guidance

FY2021

In millions , except for EPS

Revenue

Earnings Per Share

Range

\$970-\$1,060

\$2.65-\$3.15

**Suspended
FY2021 Guidance**

Key Drivers:

Metal Coatings:

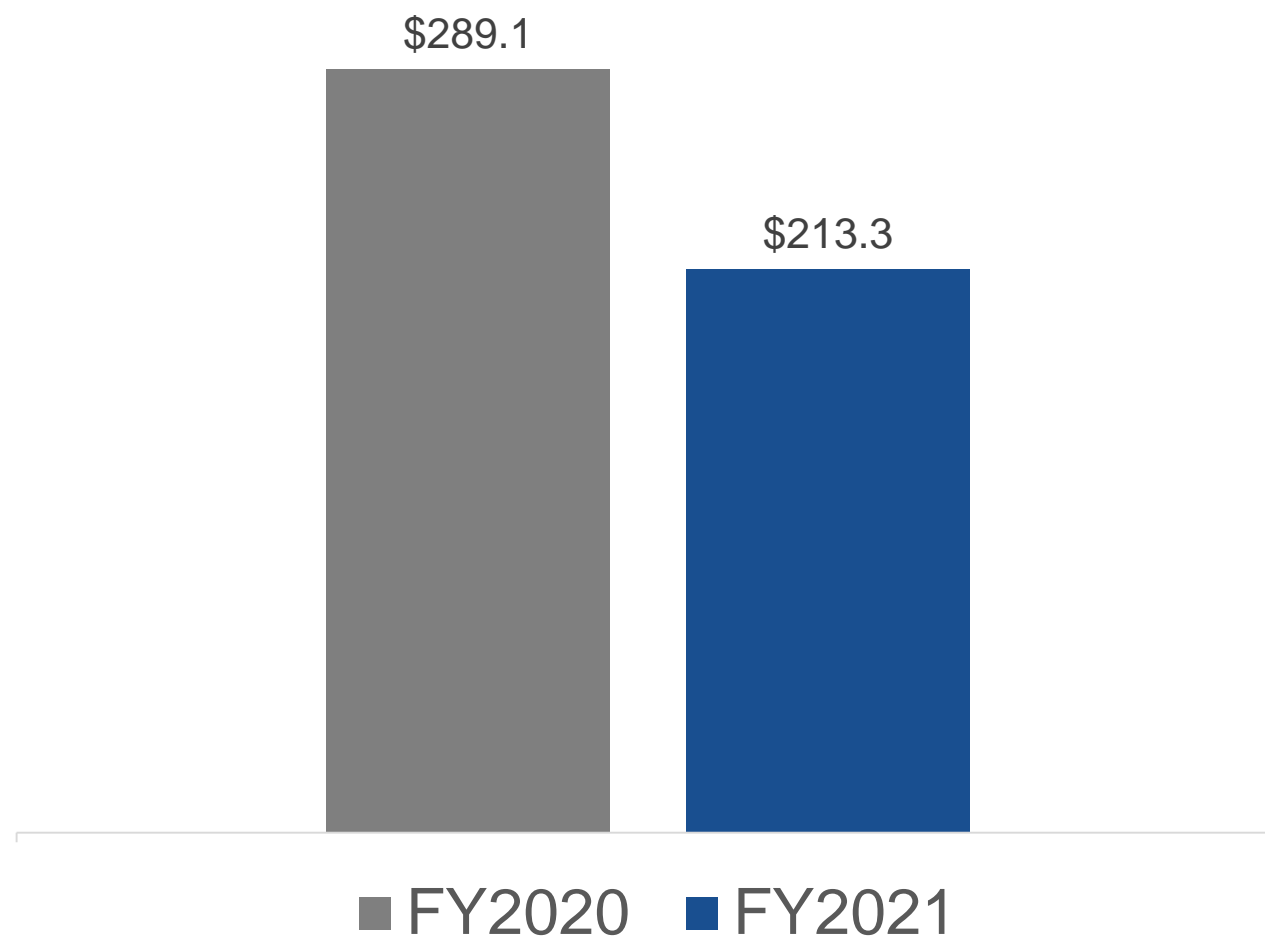
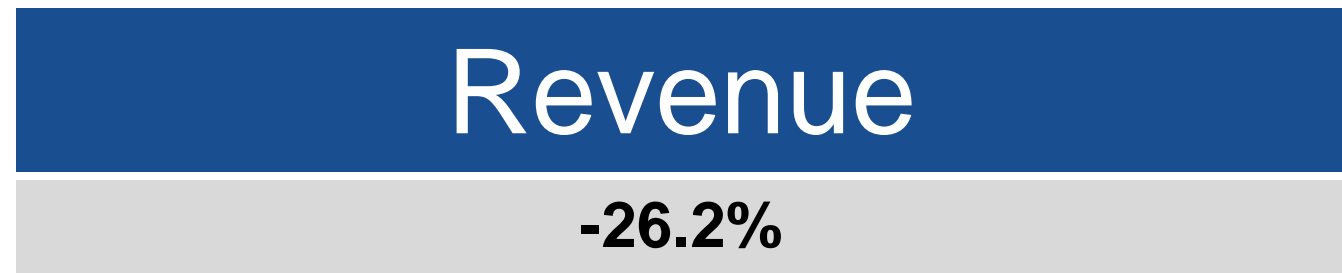
- COVID-19 impact on future quarters
- Lower zinc costs & Digital Galvanizing System

Energy:

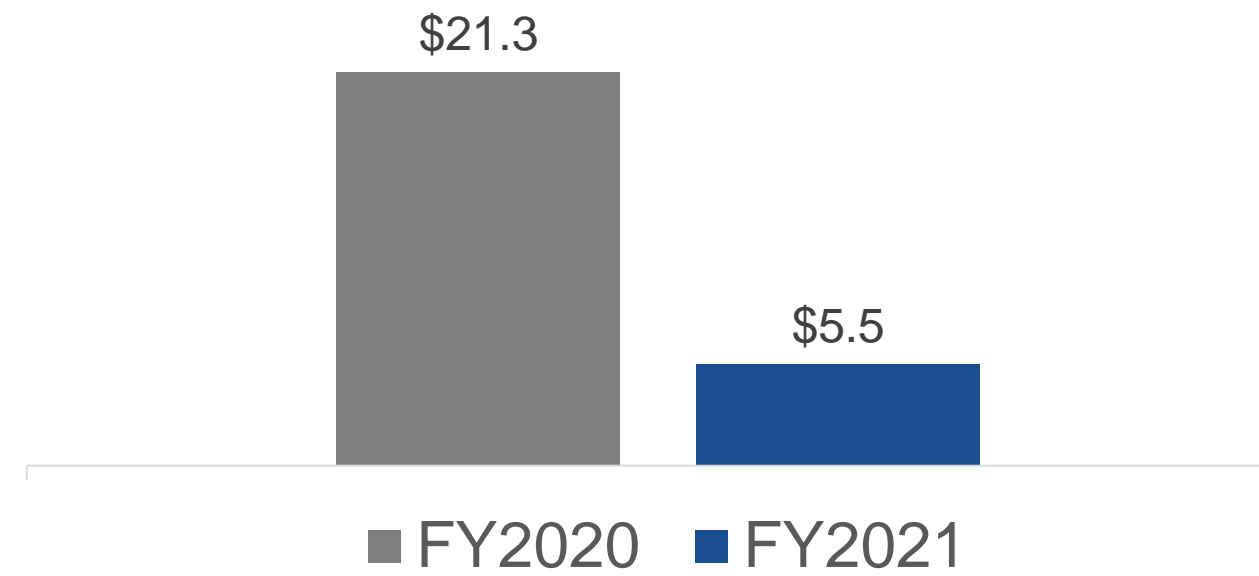
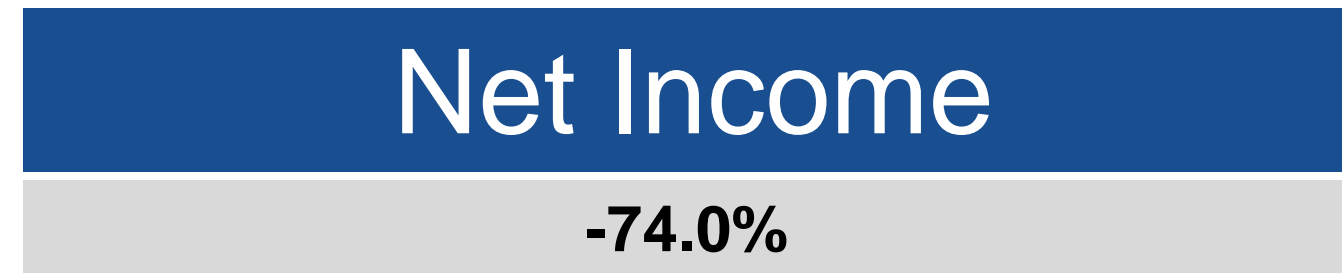
- Fall refining turnaround uncertainty
- Refinery utilization remains low
- Order uncertainty for Electrical equipment

Q1 FY2021 Summary - Consolidated

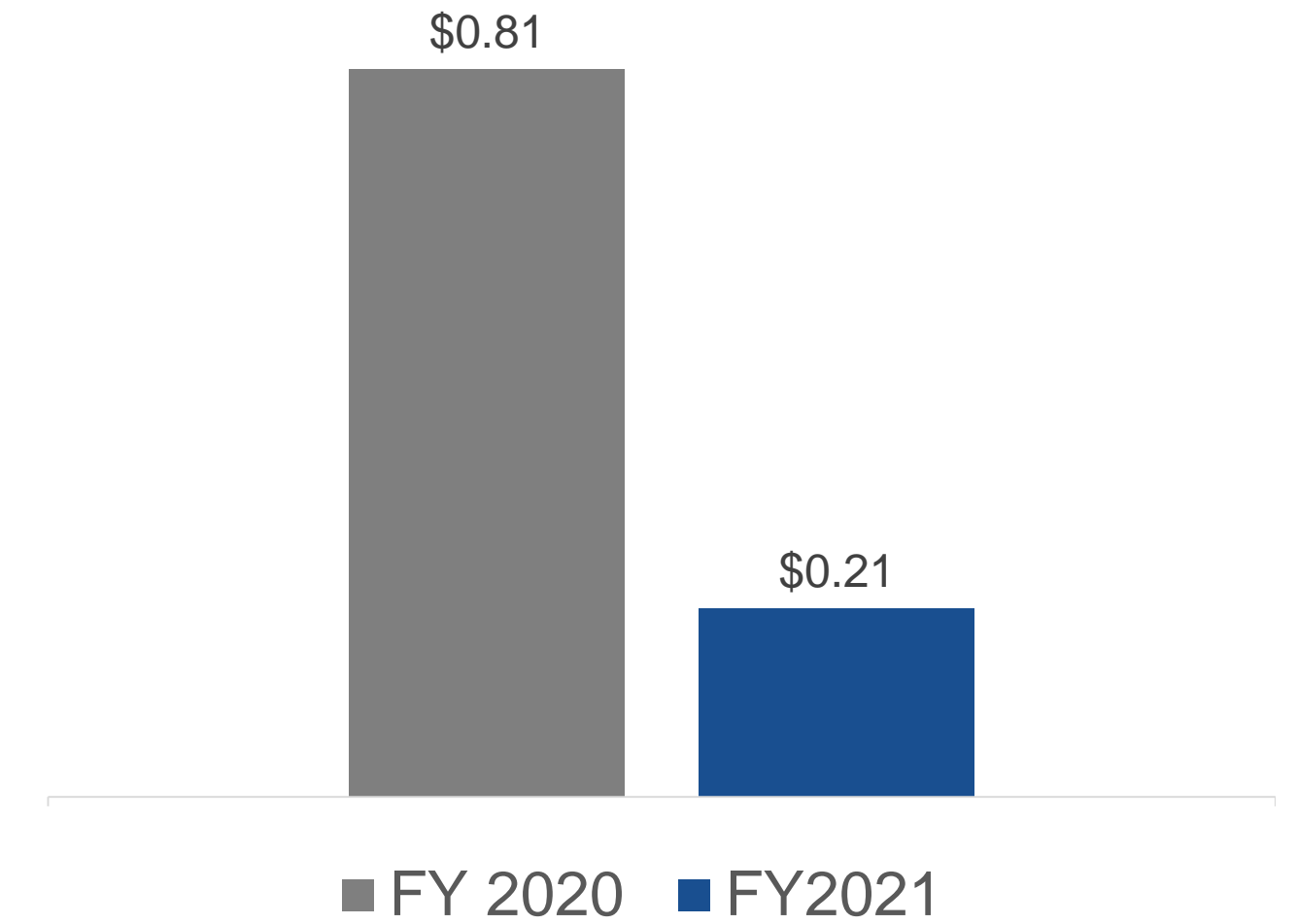
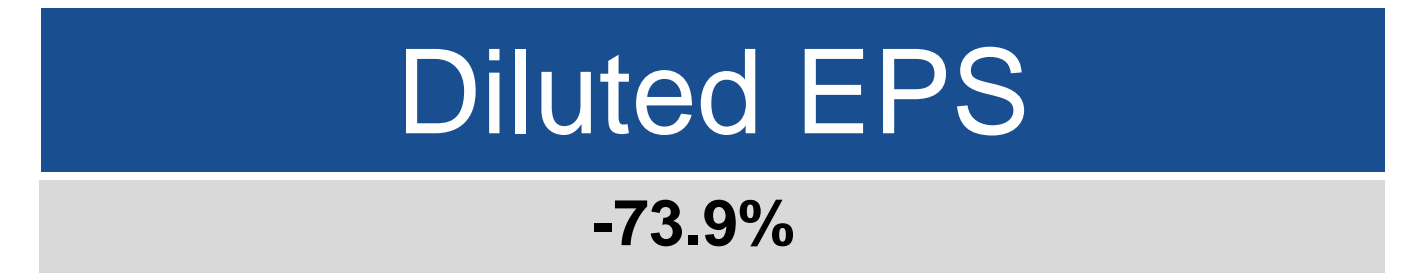
In \$millions, except per share amounts



- Lack of spring refining turnarounds
- Slowing electrical product demand
- Lower Surface Technologies activity



- Industrial operating leverage
- Low demand for Surface Technologies
- Reduced corporate expenditures



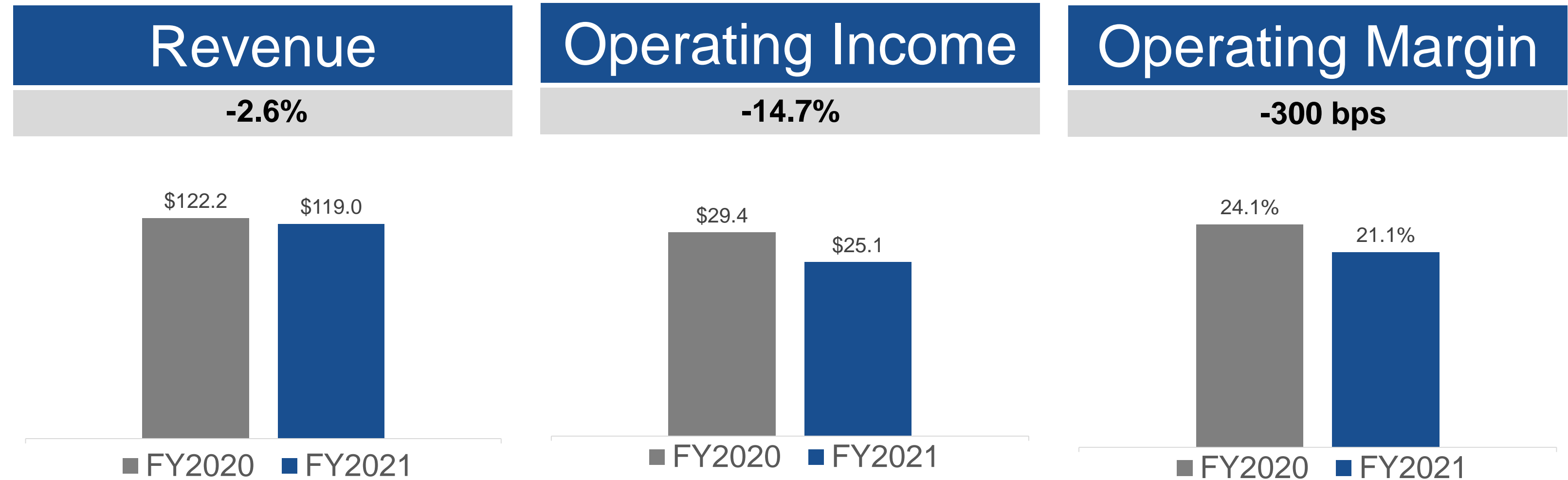
- Improved use of cash
- Working Capital consistency
- Continued payment of dividends

Q1 FY2021 Segment Results – Metal Coatings

In millions \$ except percentages

Key Statistics

| | |
|-----------------------|----------------|
| FY2020 Revenue | \$122.2 |
| Organic | \$(7.6) |
| Acquisitions | \$4.4 |
| FY2021 Revenue | \$119.0 |



Segment Summary:

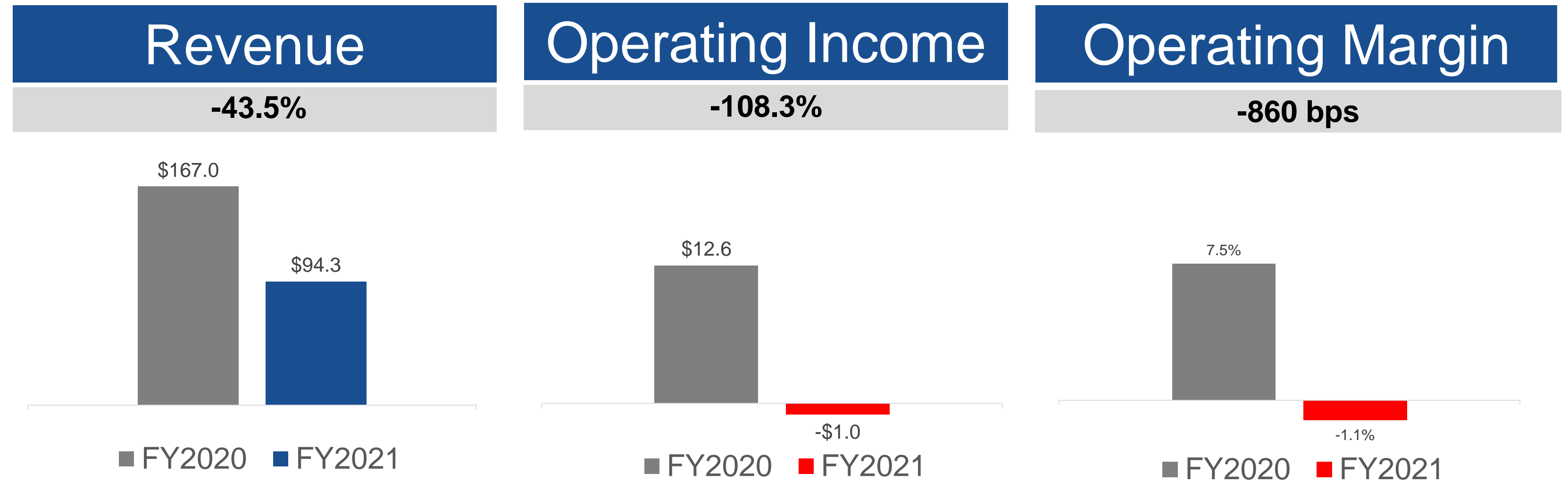
- Galvanizing business remained open for business as “essential infrastructure”
- Revenue decline driven by COVID-19 impact – Surface Technologies customers temporarily shuttered operations
- Lower zinc costs in Galvanizing were offset by lower productivity levels at Surface Technologies
- Operating Margins of 21.1%, compared to 24.1% for same quarter in the prior year result of inefficiencies due to COVID-19

Q1 FY2021 Segment Results – Energy

In millions \$ except percentages

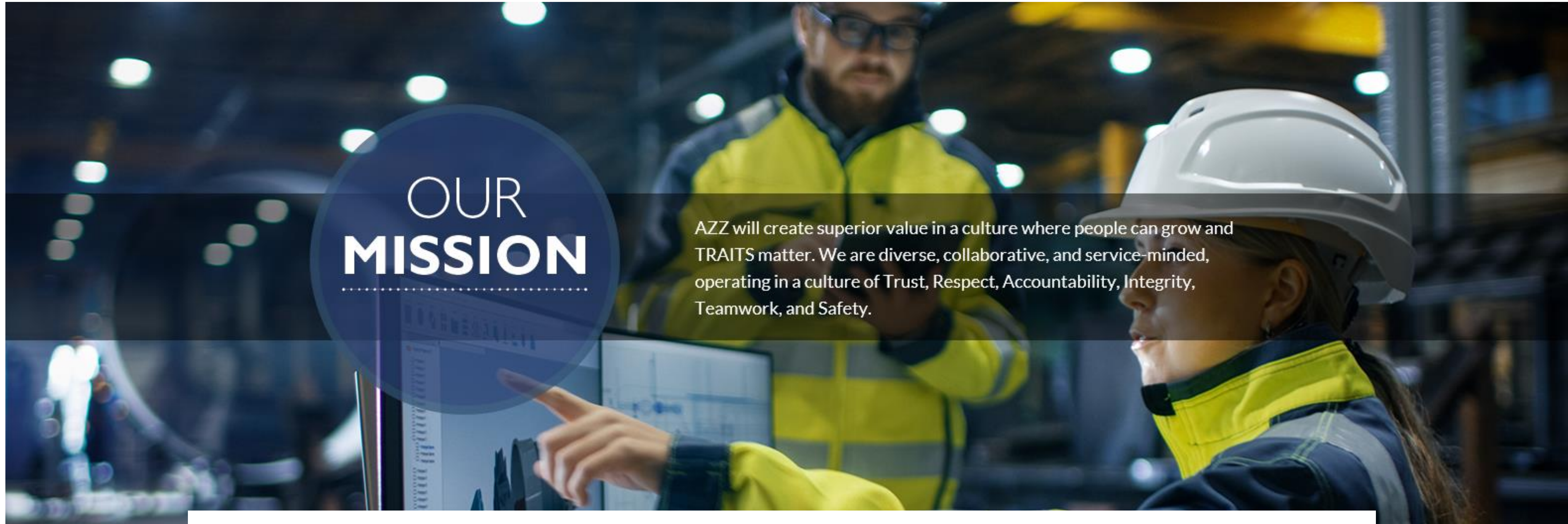
Key Statistics

| | |
|----------------------------|-----------------|
| FY 2020 Revenue | \$167.0 |
| FY2020 Book to Ship | .82 to 1 |
| FY2021 Revenue | \$94.3 |
| FY2021 Book to Ship | .89 to 1 |



Segment Summary:

- Industrial Platform impacted by delay of spring turnarounds
- Unable to reduce costs in line with significantly lower demand in Industrial sector
- Electrical orders down due to lower demand for our products as customers delayed placing orders
- China backlog shipped at a slower pace due to COVID-19 restrictions



OUR MISSION

AZZ will 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 Trust, Respect, Accountability, Integrity, Teamwork, and Safety.

GUIDING VALUES

We Value Our Dedicated Employees and their communities by fully training and equipping them, and providing a safe environment to grow spiritually, personally, and professionally.

We Value Our Customers by reliably providing high-quality products and services with outstanding customer service.

We Value Our Shareholders by consistently providing outstanding returns above our peer group and, preferably, above all industrial indices.



Thank You