



**ASTEC™**

# Second Quarter Earnings Presentation

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BUILT TO **CONNECT**

August 2, 2022



# Safe Harbor



Certain statements contained in this presentation contain forward-looking statements within the meaning of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, income, earnings, cash flows, changes in operations, operating improvements, businesses in which we operate and the United States and global economies. Statements in the presentation that are not historical are hereby identified as “forward-looking statements” and may be indicated by words or phrases such as “anticipates”, “supports”, “plans”, “projects”, “expects”, “believes”, “should”, “would”, “could”, “hope”, “forecast”, “management is of the opinion”, use of the future tense and similar words or phrases. These forward-looking statements are based largely on management’s expectations, which are subject to a number of known and unknown risks, uncertainties and other factors discussed and described in our most recent Annual Report on Form 10-K, including those risks described in Part I, Item 1A thereof, and in other reports subsequently filed by us with the Securities and Exchange Commission, which may cause actual results, financial or otherwise, to be materially different from those anticipated, expressed or implied by the forward-looking statements. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements to reflect future events or circumstances, except as required by law.

## **Non-GAAP Measures**

In an effort to provide investors with additional information regarding the Company’s results, the Company refers to various GAAP (U.S. generally accepted accounting principles) and non-GAAP financial measures which management believes provide useful information to investors. These non-GAAP measures have no standardized meaning prescribed by U.S. GAAP and therefore are unlikely to be comparable to the calculation of similar measures for other companies. Management of the Company does not intend these items to be considered in isolation or as a substitute for the related GAAP measures. Nonetheless, this non-GAAP information can be useful in understanding the Company’s operating results and the performance of its core business. Management of the Company uses both GAAP and non-GAAP financial measures to establish internal budgets and targets and to evaluate the Company’s financial performance against such budgets and targets. A reconciliation of these non-GAAP measures to the most directly comparable GAAP measure is included in the appendix.

# Second Quarter Highlights



Barry Ruffalo

President & Chief Executive Officer



# The ROCK to ROAD PORTFOLIO

## Infrastructure Solutions

ASPHALT & CONCRETE PROCESSING,  
INDUSTRIAL HEATING and  
CONSTRUCTION MACHINERY



## Materials Solutions

CRUSHING & SCREENING  
FOR RAW MATERIALS



# TODAYS Key Messages



1

Strong market demand across both segments as customer sentiment remains positive; record backlog positions us for continued growth in 2022 and into 2023

2

Continue to operate in a challenging manufacturing environment related to industry-wide supply chain and logistics constraints and inflation

3

Remain well-positioned to execute and grow with a strong balance sheet and continued focus on OneASTEC operating model to drive operational excellence across the organization

4

Continue to position our business for future, profitable growth and drive long-term stakeholder value by executing our Simplify, Focus, Grow strategy, while addressing near-term macro-driven headwinds

# Business Dynamics and Observations



Industry Trend	Astec Response / Impact
<b>Strong demand continues with positive customer sentiment in 2022</b>	<ul style="list-style-type: none"> <li>✓ Continue to maintain record backlog levels</li> <li>✓ Conversations with customers indicate positive demand trends likely to continue</li> <li>✓ Initiatives in place to expand capacity and throughput</li> </ul>
<b>Federal Highway Bill a long-term tailwind</b>	<ul style="list-style-type: none"> <li>✓ Added benefit as we see significant optimism for future demand for our products</li> </ul>
<b>Labor shortages continuing across industry</b>	<ul style="list-style-type: none"> <li>✓ Continued success with hiring initiatives; increased headcount 10% since 2Q 2021; hiring, training and turnover expenses impacting short-term profitability as we invest to increase operating team members</li> </ul>
<b>Supply chain and logistics disruptions</b>	<ul style="list-style-type: none"> <li>✓ Manufacturing challenges due to supply chain and logistics disruptions</li> <li>✓ Mitigating impact through operational excellence initiatives</li> </ul>
<b>Commodity and logistics inflation expected to continue across the industry through 2022</b>	<ul style="list-style-type: none"> <li>✓ Focused pricing efforts to offset inflation; leveraging pricing power in the market to pass through higher costs and capture value</li> </ul>

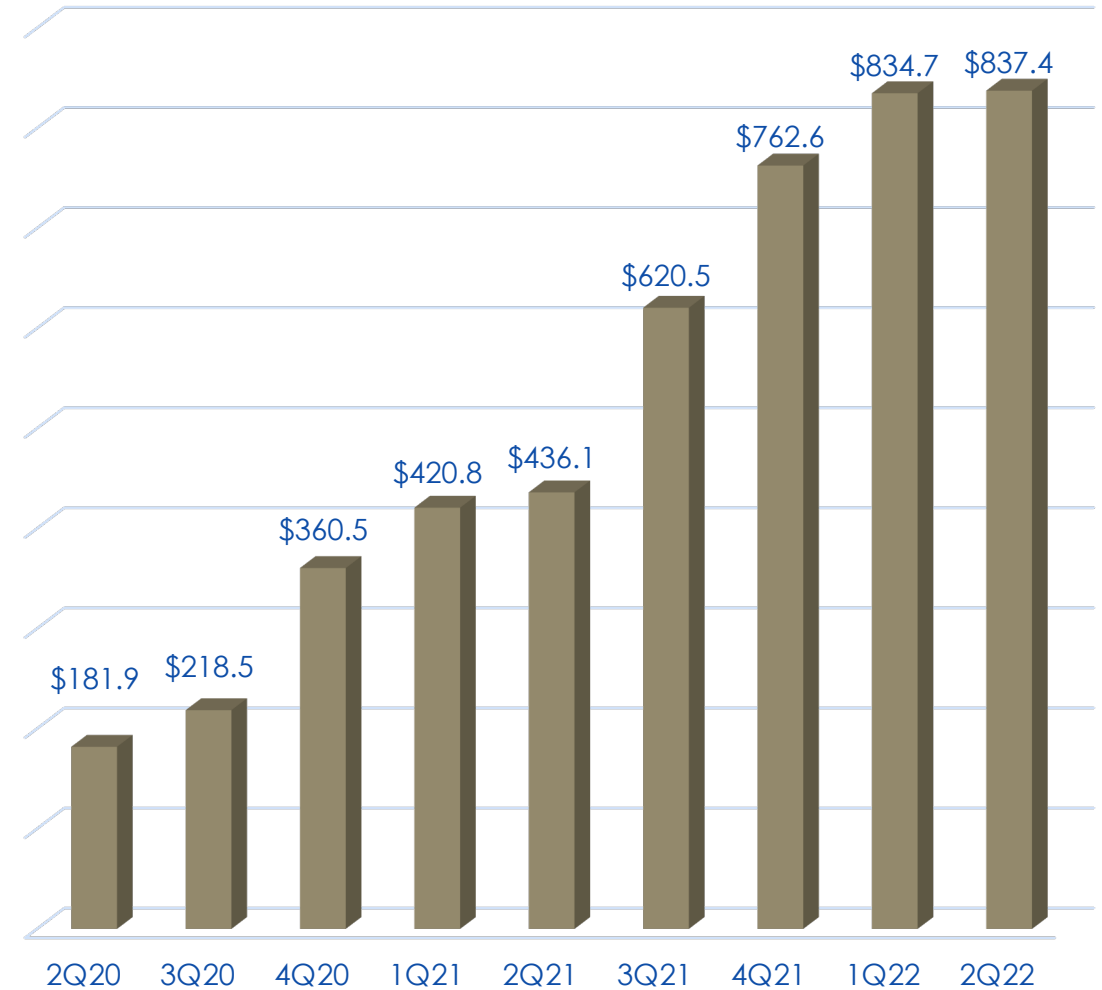
Positioning our business for future growth, while addressing near-term headwinds

# Initiatives to Convert Growing Backlog

- Increasing capacity to meet higher demand
- Adding headcount in manufacturing facilities
- Increased Project Management (Manufacturing Engineers)
- Capital Expenditures for facility expansion, automation, productivity and throughput
- Cross site manufacturing

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Backlog (\$M)

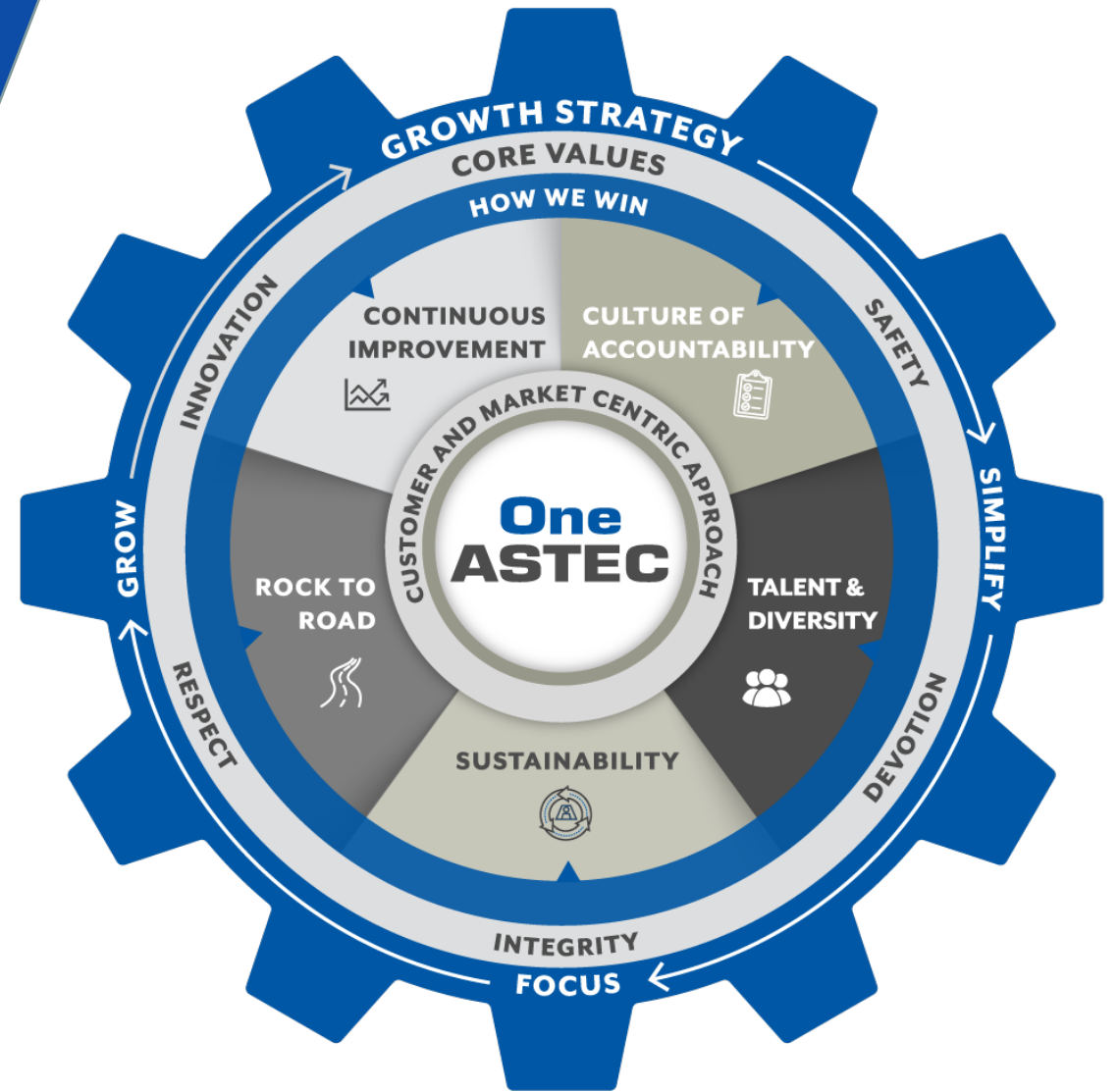


Continued strong demand resulted in 7<sup>th</sup> consecutive quarter of record backlog

# Operating As OneASTECC

- Customers at the center of everything we do
- Focusing on the Rock-to-Road Value Chain
- Hiring and training new employees to meet continued strong demand
- Leveraging footprint to reduce lead times, optimize revenue and manage costs
- Mitigating supply and logistic disruptions by
  - Driving efficiencies in Operational Excellence
  - Identifying and validating multiple supply sources for critical components

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**OneASTECC business model enabling us to address industry headwinds**



# Our Profitable Growth Strategy



## SIMPLIFY

Leverage Actions Taken to Further Simplify the Business

- Leverage global footprint and scale while maintaining strong customer relationships
- Reduce organizational structure complexity
- Consolidate and rationalize footprint and product portfolio
- Optimize supply chain by leveraging size and scale of business



## FOCUS

Utilize OneASTEC Business Model to Enhance Efficiency across the Organization

- Strengthen customer-centric approach by providing a holistic set of solutions
- Drive commercial excellence
- Embrace and streamline operational excellence processes
- Enhance accountability through a performance-based culture with aligned KPIs and incentives



## GROW

Drive Growth through Organic and Inorganic Opportunities (Rock to Road )

- Reinvigorate innovation with a new product development approach
- Leverage technology and digital connectivity to enhance customer experience
- Capitalize on global growth opportunities

# Total Company and Segment Financial Results



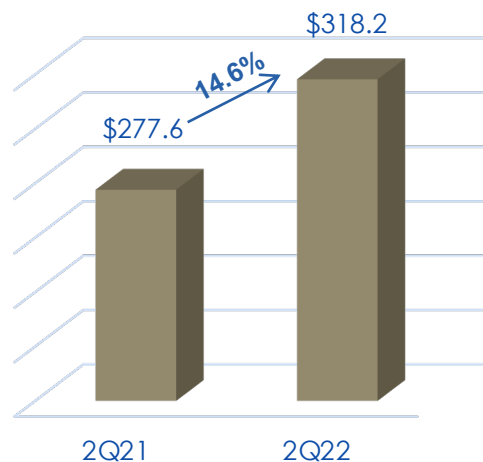
**Becky Weyenberg**  
Chief Financial Officer



# 2Q22 Financial Results (\$M, except per share data)

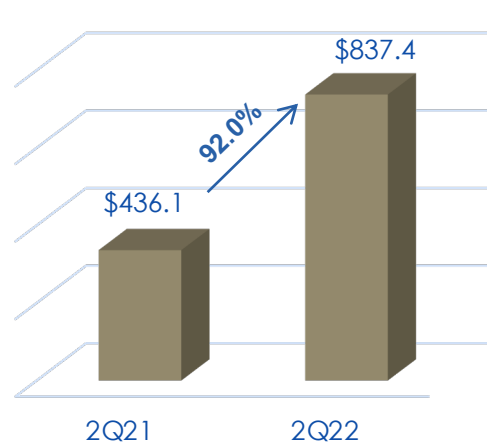


## NET SALES



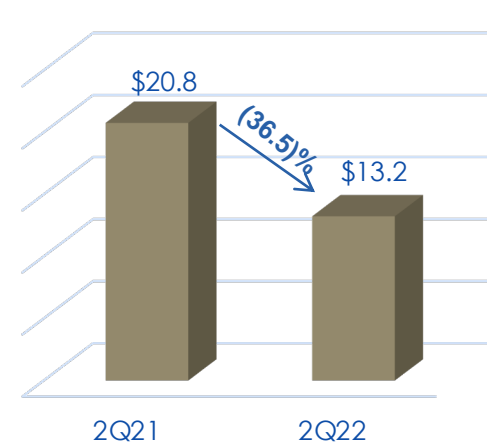
- Equipment sales increased \$33.7M or 18.5%
- Parts sales increased \$7.2M or 9.1%
- Domestic sales increased \$47.0M or 23.3%
- International sales decreased \$6.4M or 8.4%

## BACKLOG



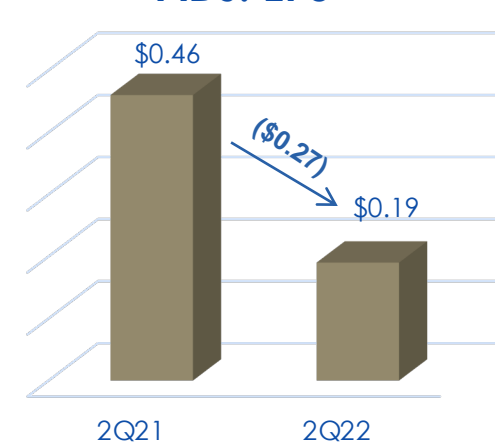
- Infrastructure Solutions backlog increased \$350.6M or 161.0%
- Materials Solutions backlog increased \$49.1M or 22.5%
- Domestic backlog increased \$366.3M or 108.1%
- International backlog increased \$35.0M or 36.0%

## ADJ. EBITDA<sup>1</sup>



- Adjusted EBITDA decreased as inflationary cost pressures more than offset favorable net volume, pricing & mix
- \$2.7M FX negative impact
- Adj. EBITDA margin of 4.1% declined 340 bps YoY
- Adj. SG&A decreased 1.3% as we leveraged top line sales growth

## ADJ. EPS<sup>1</sup>



- Excludes \$10.6M, or \$0.47, of transformation and other costs (transformation program: \$6.4M; asset impairment \$3.0M; transaction costs \$0.8M; facility closures: \$0.4M)
- Income tax effect: \$2.4M
- Adjusted net effective tax rate was 27.1%

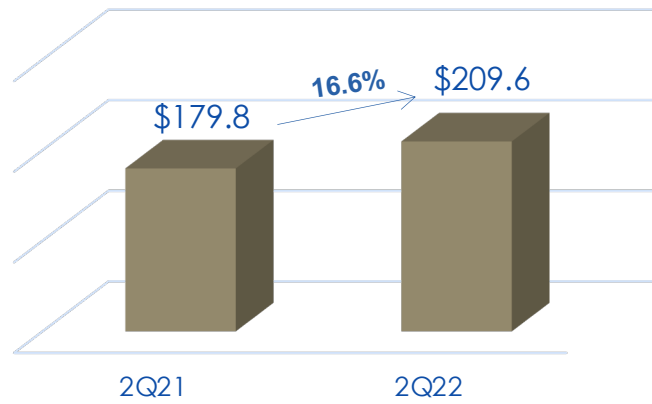
<sup>1</sup> See appendix for the reconciliation of GAAP to Non-GAAP measures.

# Infrastructure Solutions

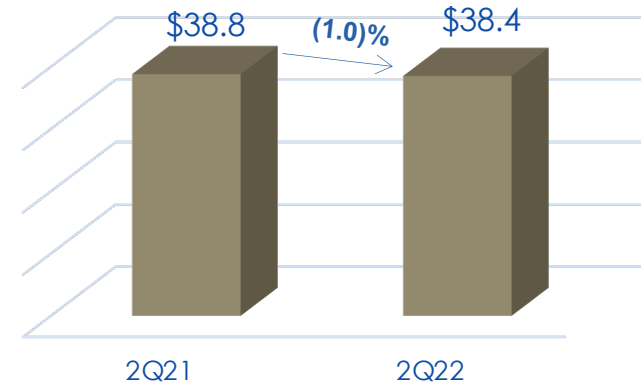
2Q22 Financial Performance (\$M)



## NET SALES



## GROSS PROFIT



## 2Q PERFORMANCE DRIVERS

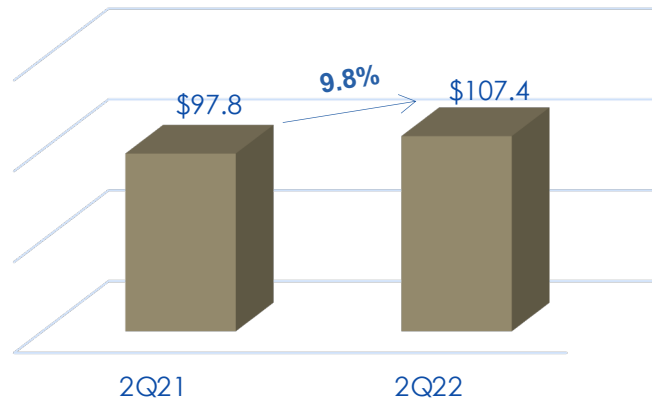
- Infrastructure Solutions sales increased due to strong domestic demand and favorable net volume, pricing and mix
- Domestic sales grew 26.8% YoY, while International sales fell 13.6% YoY
- Equipment sales grew 20.0% and Parts sales grew 11.0%
- Backlog at the end of the quarter increased \$350.6M or 161.0%

# Materials Solutions

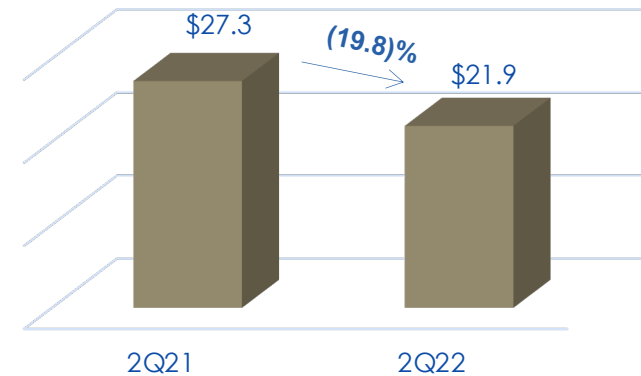
## 2Q22 Financial Performance (\$M)



### NET SALES



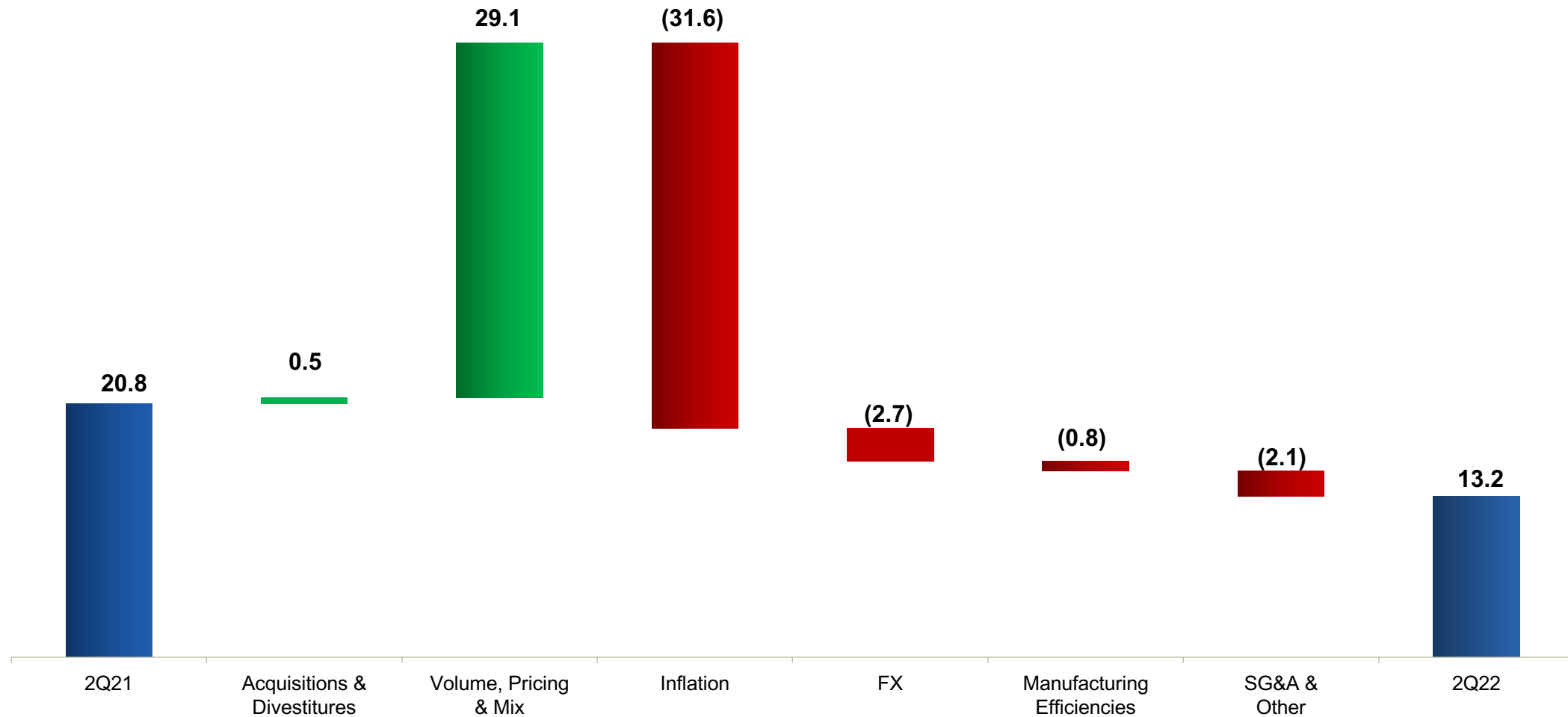
### GROSS PROFIT



### 2Q PERFORMANCE DRIVERS

- Top-line growth driven by strong domestic demand and favorable net volume, pricing and mix
- Domestic sales grew 16.2%; International sales declined 4.2%
- Equipment sales grew 14.4% and Parts sales grew 5.8%
- Backlog at the end of the quarter increased \$49.1M or 22.5%
- Gross Profits fell due to unfavorable inflation outpacing net pricing, volume and mix combined with unfavorable FX and manufacturing inefficiencies

# 2Q22 Adjusted EBITDA Bridge



# Maintain Strong, Flexible Balance Sheet with Ample Liquidity



## SUMMARY BALANCE SHEET

(\$M)	6/30/22
<b>Cash and Cash Equivalents</b>	48.0
<b>Total Current Assets</b>	661.5
<b>Total Assets</b>	949.9
<b>Total Current Liabilities</b>	273.4
<b>Total Debt</b>	6.1
<b>Total Liabilities and Equity</b>	949.9

(\$M)	6/30/22
<b>Cash and Cash Equivalents</b>	48.0
<b>Available Credit</b>	147.4
<b>Total Available Liquidity</b>	195.4

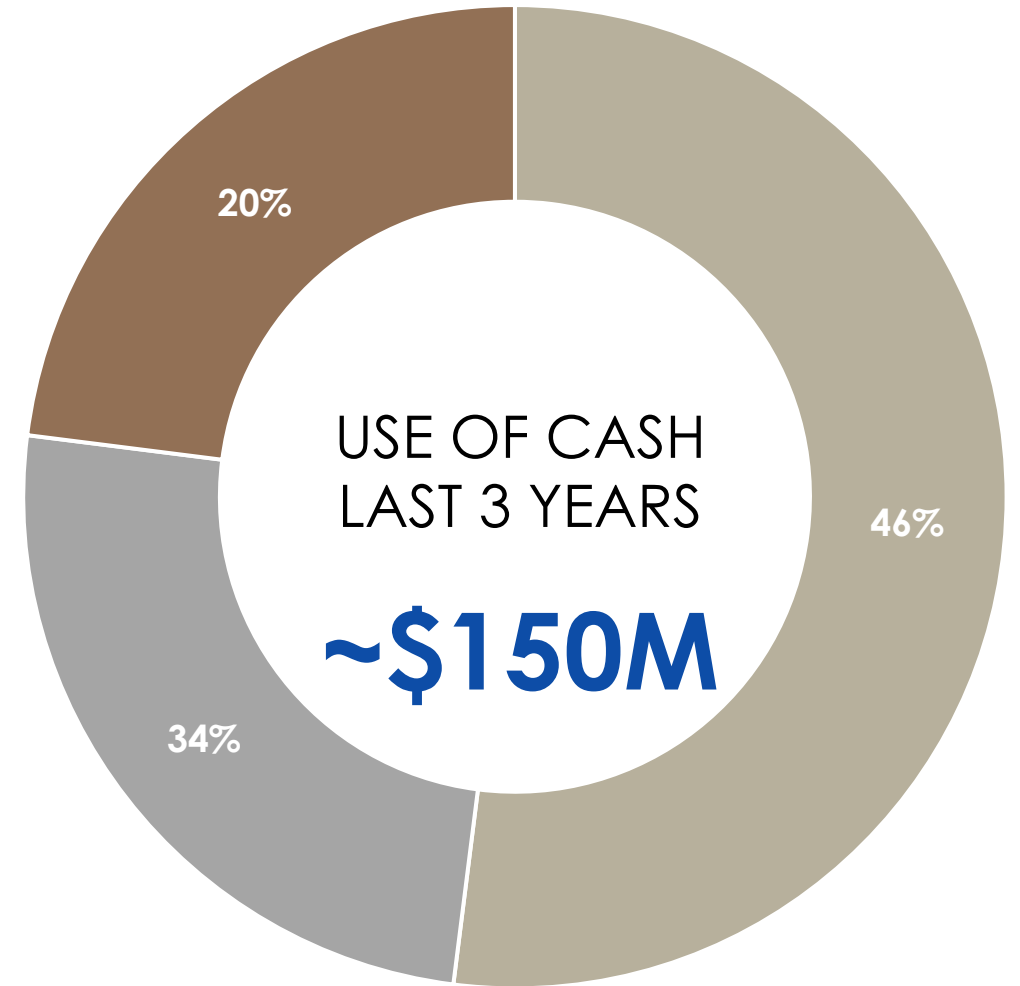
### COMMENTARY

- Operating activities were a \$41.9M use of cash YTD 2022
- Cash available for operations decreased 64% and liquidity decreased 31% compared to 12/31/21

Remain disciplined with a long-term net debt to EBITDA range of 1.5x to 2.5x

# Disciplined Capital Deployment Framework

<b>Plant, Property &amp; Equipment</b>	<ul style="list-style-type: none"> <li>Internal investments targeting return objectives of &gt;14% ROIC</li> </ul>
<b>Acquisitions</b>	<ul style="list-style-type: none"> <li>Acquired MINDS Automation (\$19.3M purchase price) to build digital platform</li> <li>Future acquisitions to align with growth strategy and meet financial criteria</li> </ul>
<b>Returns to Shareholders</b>	<ul style="list-style-type: none"> <li>Dividend of \$0.12 per share in Q2 2022</li> <li>\$126M remaining in authorized share repurchase program, positioning us for opportunistic share repurchases subject to market conditions</li> </ul>



■ Plant, Property & Equipment   ■ Acquisitions   ■ Dividends

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Continually evaluate strategy to ensure a balanced approach



# Long-Term Goals



The OneAstec business model to fuel strong future operational and financial performance



Create Value for Shareholders

Alignment to Incentive Plan

Stand Through Cycles

<sup>1</sup> Calculated by dividing LTM Adjusted FCF by Adjusted Net Income

# Key Investment Highlights



- 1** Leadership positions within attractive niche markets in industries benefitting from long-term secular trends including population growth, urbanization and aging infrastructure
- 2** Industry-leading reputation for innovation, high-quality products and superior customer service
- 3** Recurring, high-margin aftermarket revenue driven by a large global installed base
- 4** Strong balance sheet and liquidity with net cash position to execute through challenging market conditions; our products are essential for building infrastructure
- 5** Strategic evolution with Simplify, Focus and Grow pillars; cost savings initiatives underway to drive profitable growth



# Questions and Answers



# Appendix

# 2Q 2022 GAAP to Non-GAAP Reconciliation Table

(in millions, except per share amounts; unaudited)

2Q 2022 GAAP to Non-GAAP Reconciliation Table					
	As Reported (GAAP)	Restructuring, Impairment, and Other Charges, Net	Transformation Program	Transaction Costs	As Adjusted (Non-GAAP)
<b>Consolidated</b>					
Net sales	\$ 318.2	\$ —	\$ —	\$ —	\$ 318.2
Gross profit	60.6	—	—	—	60.6
Gross profit %	19.0%				19.0%
Selling, general and administrative expenses	53.7	—	(6.4)	(0.8)	46.5
Restructuring, impairment and other asset charges, net	3.4	(3.4)	—	—	—
Operating (loss) income	(4.0)	3.4	6.4	0.8	6.6
Income taxes	(0.8)	0.8	1.4	0.2	1.6
Net (loss) income attributable to controlling interest	(3.9)	2.6	5.0	0.6	4.3
Diluted EPS	(0.17)	0.11	0.22	0.03	0.19
<b>Infrastructure Solutions</b>					
Net sales	209.6	—	—	—	209.6
Gross profit	38.4	—	—	—	38.4
Gross profit %	18.3%				18.3%
<b>Materials Solutions</b>					
Net sales	107.4	—	—	—	107.4
Gross profit	21.9	—	—	—	21.9
Gross profit %	20.4%				20.4%



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# 2Q 2021 GAAP to Non-GAAP Reconciliation Table

(in millions, except per share amounts; unaudited)

2Q 2021 <sup>(a)</sup> GAAP to Non-GAAP Reconciliation Table				
	As Reported (GAAP)	Restructuring, Impairment, and Other Charges, Net	Transformation Program	As Adjusted (Non- GAAP)
<b>Consolidated</b>				
Net sales	\$ 277.6	\$ —	\$ —	\$ 277.6
Gross profit	66.1	—	—	66.1
Gross profit %	23.8%			23.8%
Selling, general and administrative expenses	48.0	—	(2.1)	45.9
Restructuring, impairment and other asset charges, net	0.8	(0.8)	—	—
Operating income	10.3	0.8	2.1	13.2
Income taxes	2.1	0.2	0.5	2.8
Net income attributable to controlling interest	8.3	0.6	1.6	10.5
Diluted EPS	0.36	0.03	0.07	0.46
<b>Infrastructure Solutions</b>				
Net sales	179.8	—	—	179.8
Gross profit	38.8	—	—	38.8
Gross profit %	21.6%			21.6%
<b>Materials Solutions</b>				
Net sales	97.8	—	—	97.8
Gross profit	27.3	—	—	27.3
Gross profit %	27.9%			27.9%

<sup>(a)</sup> Certain prior period amounts have been revised to correct immaterial errors related to the overstatement of work-in-process inventory and an overstatement of "Net sales" and Cost of sales" as a result of over-time revenue recognition calculation errors. These errors caused the overstatement of "Net sales" by \$0.4 million in both the three and six month periods ended June 30, 2021 and the net understatement of "Cost of sales" by \$0.5 million and \$0.8 million in the three and six months periods ended June 30, 2021, respectively.



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# GAAP vs Non-GAAP Adjusted EPS Reconciliations

(in millions, except per share amounts; unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021 <sup>(a)</sup>	2022	2021 <sup>(a)</sup>
Net (loss) income attributable to controlling interest	\$ (3.9)	\$ 8.3	\$ 0.2	\$ 16.8
Adjustments:				
Transformation program	6.4	2.1	11.7	5.3
Facility closures and reduction in force	0.4	0.8	1.4	1.6
Asset impairment	3.0	0.2	3.0	0.2
Gain on sale of property, equipment and business, net	—	(0.2)	—	(0.3)
Transaction costs	0.8	—	1.4	—
Income taxes	(2.4)	(0.7)	(4.0)	(1.6)
Adjusted net income attributable to controlling interest	<u>\$ 4.3</u>	<u>\$ 10.5</u>	<u>\$ 13.7</u>	<u>\$ 22.0</u>
Diluted EPS	\$ (0.17)	\$ 0.36	\$ 0.01	\$ 0.73
Adjustments:				
Transformation program	0.28	0.09	0.51	0.23
Facility closures and reduction in force <sup>(b)</sup>	0.02	0.04	0.06	0.07
Asset impairment	0.13	0.01	0.13	0.01
Gain on sale of property, equipment and business, net	—	(0.01)	—	(0.01)
Transaction costs	0.04	—	0.06	—
Income taxes	(0.11)	(0.03)	(0.17)	(0.07)
Adjusted EPS	<u>\$ 0.19</u>	<u>\$ 0.46</u>	<u>\$ 0.60</u>	<u>\$ 0.96</u>

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<sup>(b)</sup> Calculation includes the impact of a rounding adjustment



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# EBITDA and Adjusted EBITDA Reconciliations

(in millions, except per share amounts; unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021 <sup>(a)</sup>	2022	2021 <sup>(a)</sup>
Net sales	\$ 318.2	\$ 277.6	\$ 609.4	\$ 562.0
Net (loss) income attributable to controlling interest	\$ (3.9)	\$ 8.3	\$ 0.2	\$ 16.8
Interest expense (income), net	0.4	—	0.6	0.1
Depreciation and amortization	6.9	7.5	13.6	15.1
Income tax (benefit) provision	(0.8)	2.1	0.1	2.9
EBITDA	2.6	17.9	14.5	34.9
EBITDA margin	0.8 %	6.4 %	2.4 %	6.2 %
Adjustments:				
Transformation program	6.4	2.1	11.7	5.3
Facility closures and reduction in force	0.4	0.8	1.4	1.6
Asset impairment	3.0	0.2	3.0	0.2
Gain on sale of property, equipment and business, net	—	(0.2)	—	(0.3)
Transaction costs	0.8	—	1.4	—
Adjusted EBITDA	\$ 13.2	\$ 20.8	\$ 32.0	\$ 41.7
Adjusted EBITDA margin	4.1 %	7.5 %	5.3 %	7.4 %

<sup>(a)</sup> Certain prior period amounts have been revised to correct immaterial errors related to the overstatement of work-in-process inventory and an overstatement of "Net sales" and Cost of sales" as a result of over-time revenue recognition calculation errors. These errors caused the overstatement of "Net sales" by \$0.4 million in both the three and six month periods ended June 30, 2021 and the net understatement of "Cost of sales" by \$0.5 million and \$0.8 million in the three and six months periods ended June 30, 2021, respectively.



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# CORE VALUES



DEVOTED



INTEGRITY



RESPECT



INNOVATION



SAFETY

# Continuing to Pursue Key Organic Growth Opportunities



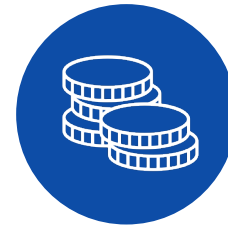
International /  
Global Growth



Growth in Parts  
and Service



Dealer  
Expansion



Cross-selling  
Opportunities  
(i.e., asphalt and concrete products)



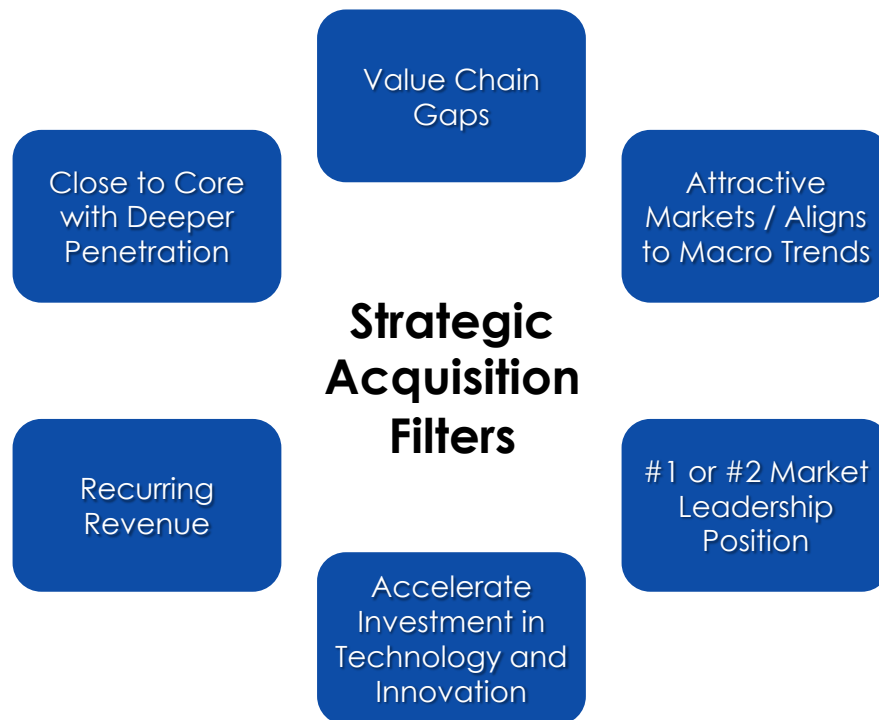
Strategic  
Accounts



New Product  
Development

Organic growth initiatives gaining traction

# Strategic M&A Approach To Our Growth Strategy



## Financial Criteria



**EPS Accretion**  
in First Full Year



**Meet or Exceed**  
Long-term Financial Metrics

# Progress on ESG Journey to Create Stakeholder Value

## Key Focus Areas for 2022



### Invest in Resources to Accelerate Environmental Initiatives

- Establish KPI tracking and assessments (GHG, utilities, etc.)
- Perform life cycle assessments on major product categories
- Create ESG digital footprint review and management process
- Finalize sustainable operations guidelines playbook
- Continue to reduce carbon footprint



### Continue to Advance Social Initiatives

- Maintain focus on employee safety and welfare
- Support diversity, equity and inclusion internally and in our communities
- Contribute to charitable organizations
- Enhance employee engagement



### Maintain Sound Governance Practices

- Board oversight
- Cybersecurity
- Audit discipline

# ASTECC DIGITAL

Simplify solutions for asphalt, concrete and aggregate controls

Enhance customer experience

Provide technology solutions to the Industry



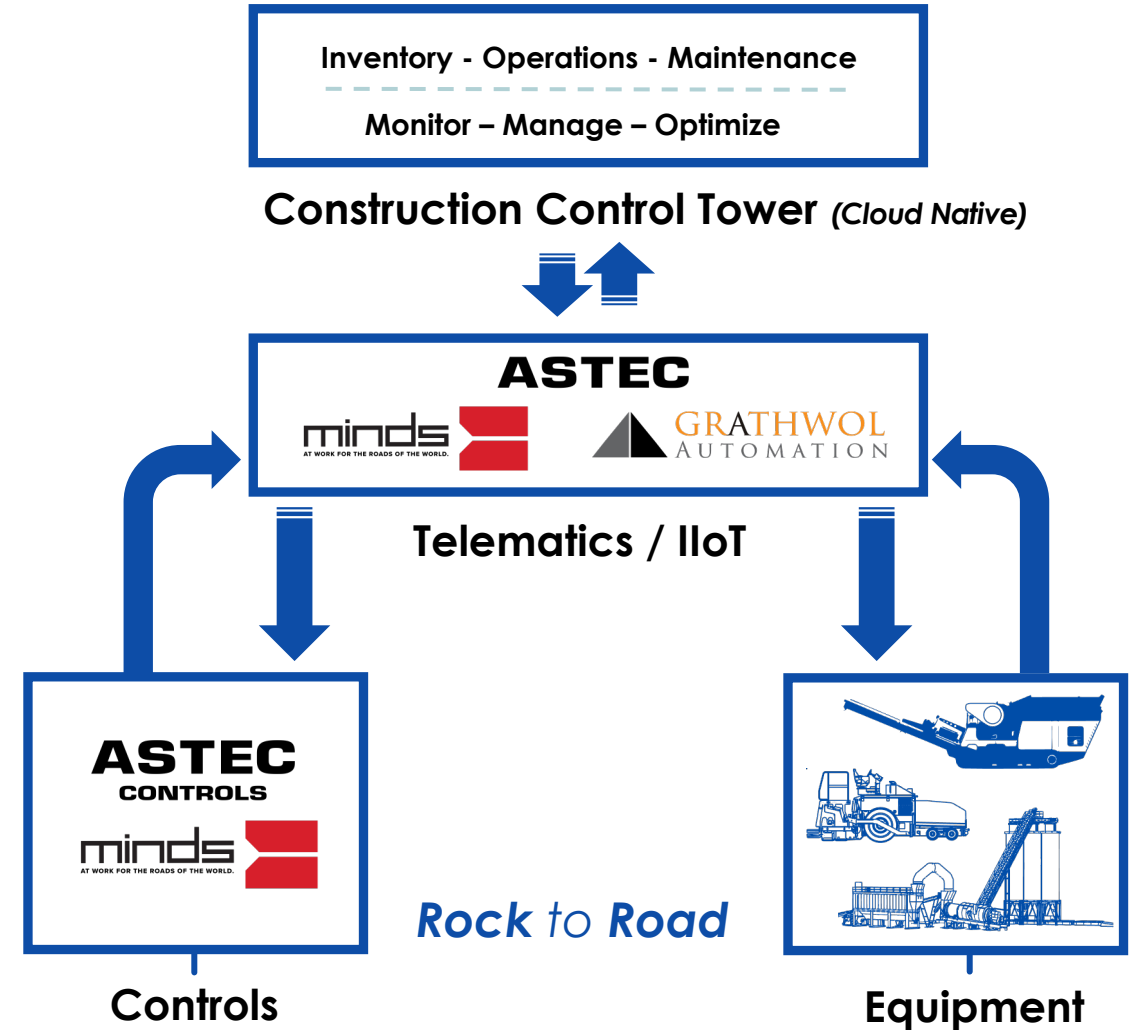
Astec is a market leader with significant customer reach to deploy technology with scale



As an OEM Astec brings intimate knowledge of equipment to marry up with technology to create an integrated system



Technology builds connected relationships with customers/dealers, elevating parts and service revenue



# Strong Execution of Simplify & Focus Leads to Strategic Focus on Growth



2019 – 2020+

2019 – 2021+

2020 - 2022+

## **SIMPLIFY**

- Changed from subsidiary structure to align by product groups
- Refreshed executive leadership team and board members
- Executed Astec Strategic Procurement initiative consolidating supply chain
- Within Infrastructure Solutions, integrated five service teams into a unified service and construction team; one support call center
- Closure of Tacoma facility
- Launched OneASTEC new brand

## **FOCUS**

- Hired SVP of Operational Excellence and Chief Information Officer
- Aligned financial metrics to management incentives
- Completed divestiture of GEFCO (Enid; O&G products)
- Further drive operational excellence across organization
- Refine product portfolio with ongoing rationalization
- Optimize working capital turns – clear action plan in place
- Standardizing ERP system across global organization to streamline operations

## **GROW**

- Focus on innovation; new Innovation Council
- Hired SVP of Corporate Development
- Enhance customer engagement
- Global expansion
- Profitable growth
- Disciplined and strategic acquisitions
- Hired Chief Technology Officer



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