



ASTECTM

**2Q21 Earnings
Presentation**

August 4, 2021

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. Risk Factors thereof, and in other reports filed subsequently 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 of our News Release of second quarter 2021 earnings which can be located at www.astecindustries.com.





Astec Overview & 2Q21 Highlights

Barry Ruffalo | President & Chief Executive Officer



Today's Key Messages

01

Solid second quarter performance with sales and adjusted gross profit up 4.8% and 8.9% YoY, respectively, and backlog up 140% YoY, while addressing inflationary and labor availability headwinds

02

Industry-leading solutions that deliver value through our OneASTEC Rock to Road™ approach

03

Positioned for future growth and to execute in all economic scenarios with a streamlined organizational structure, a strong balance sheet and ample liquidity

04

Simplify, Focus and Grow transformation program to reduce complexity, improve productivity and embed continuous improvement in all processes

05

Driving long-term stakeholder value through sustainable, profitable Operational Excellence



OneASTEC Approach from Rock to Road™



More than a look. This clearly identifies ASTEC to our stakeholders: Customers, Shareholders, Suppliers and Employees

Highlights our purpose “BUILT TO CONNECT”

Unites our brands under “ASTEC” and positions us for long term sustainable growth

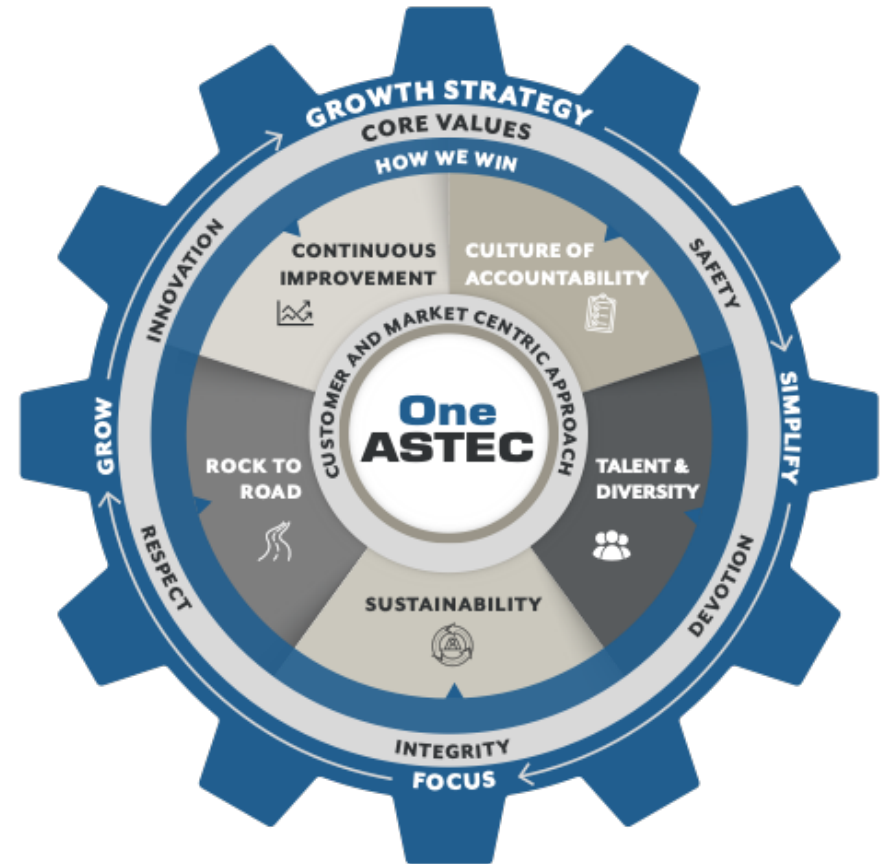
Important part of our journey to “Simplify, Focus, and Grow”

ASTEC | BUILT TO **CONNECT**



The OneASTEC Business Model is a Competitive Advantage

- ✓ **Remaining close to customers** and adapting accordingly to serve their needs
- ✓ Focusing on the **Rock-To-Road** Value Chain
- ✓ **Optimizing revenues** within footprint
- ✓ **Flexible** operations as needed
- ✓ Reduce lead times and **manage costs**
- ✓ **Managing supply chain**; identifying multiple supply sources with procurement task force



DRIVING OPERATIONAL EXCELLENCE



Business Dynamics and Observations

Simplified Organizational Structure. Increased Efficiency. Leverage Best Practices.







- ✓ **Strengthening economy indicating upcycle in North America**; strong residential / non-residential markets
- ✓ **Strong construction equipment demand** with positive customer outlook in 2021; focused initiatives to meet increased demand
- ✓ Challenging **labor market**; expect challenges to continue through 2H'2021
- ✓ Expect **commodity inflation** to continue into 2022; focused pricing efforts in order to offset inflation
- ✓ Increased **transportation and logistics costs**
- ✓ **Proactively managing supply chain**



ACTIVELY MANAGING THROUGH CHANGES IN DEMAND AND FLUID MACRO CONDITIONS



Continuing to Progress on Our ESG Journey

ESG Highlights	 <p>EHS Program</p> <ul style="list-style-type: none"> • Safety-first culture with stringent internal processes and procedures in place • Goal: Zero harm 	 <p>Sustainability Initiatives</p> <ul style="list-style-type: none"> • History of sustainable products • Focused on resource conservation • Reduce carbon footprint through energy efficiency upgrades 	 <p>Supply Chain Management</p> <ul style="list-style-type: none"> • Comply with all applicable environmental laws, regulations and standards • Supplier Code of Conduct • Conflict Minerals reporting
<ul style="list-style-type: none"> ✓ 49 years of conducting business ethically & responsibly ✓ Internal focus on reducing carbon footprint of products and facilities ✓ Enable customer energy savings & carbon footprint reduction ✓ Empowering employees to support communities where we operate and live through partnerships ✓ Driving Social initiatives (e.g., D&I, human rights, conflict minerals) team 	 <p>Employee Development</p> <ul style="list-style-type: none"> • Focus on D&I <ul style="list-style-type: none"> – Signed CEO pledge to advance D&I • Equitable pay • Continuous learning & training 	 <p>Corporate Citizenship</p> <ul style="list-style-type: none"> • Five members of ELT on charitable/community boards • Employee support <ul style="list-style-type: none"> – Local schools, churches and community centers – Salvation Army, food banks 	 <p>Corporate Governance</p> <ul style="list-style-type: none"> • Engaged board of directors; oversight of ESG • Compensation of mgmt. & board aligned with shareholder interests • Anonymous, non-retaliatory whistleblower program

DEMONSTRATED COMMITMENT TO ETHICAL VALUES AND A SUSTAINABLE FUTURE





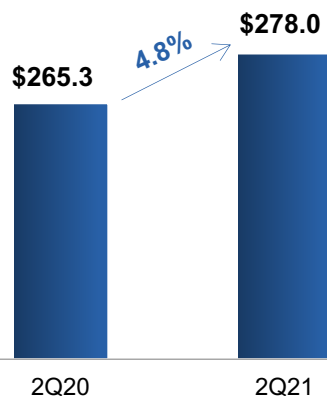
Financial Results

Becky Weyenberg | Chief Financial Officer

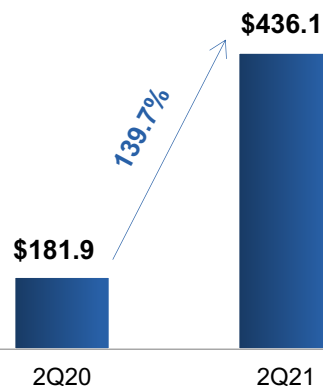


2Q21 Financial Results (\$M, except per share data)

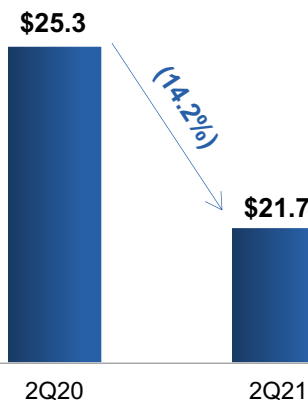
NET SALES



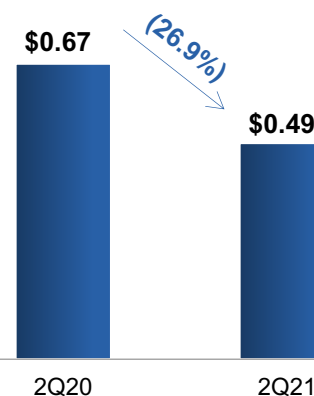
BACKLOG



ADJ. EBITDA¹



ADJ. EPS¹



- Equipment sales increased \$6.4M or 3.6%
- Parts sales increased \$12.5M or 18.9%
- Domestic sales decreased \$20.3M or 9.2%
- International sales increased \$33M or 75.7%

- Materials Solutions backlog increased \$145.7M or 200.4%
- Infrastructure Solutions backlog increased \$108.5M or 99.4%
- Domestic backlog increased \$210.5M or 164.1%
- International backlog increased \$43.7M or 81.5%

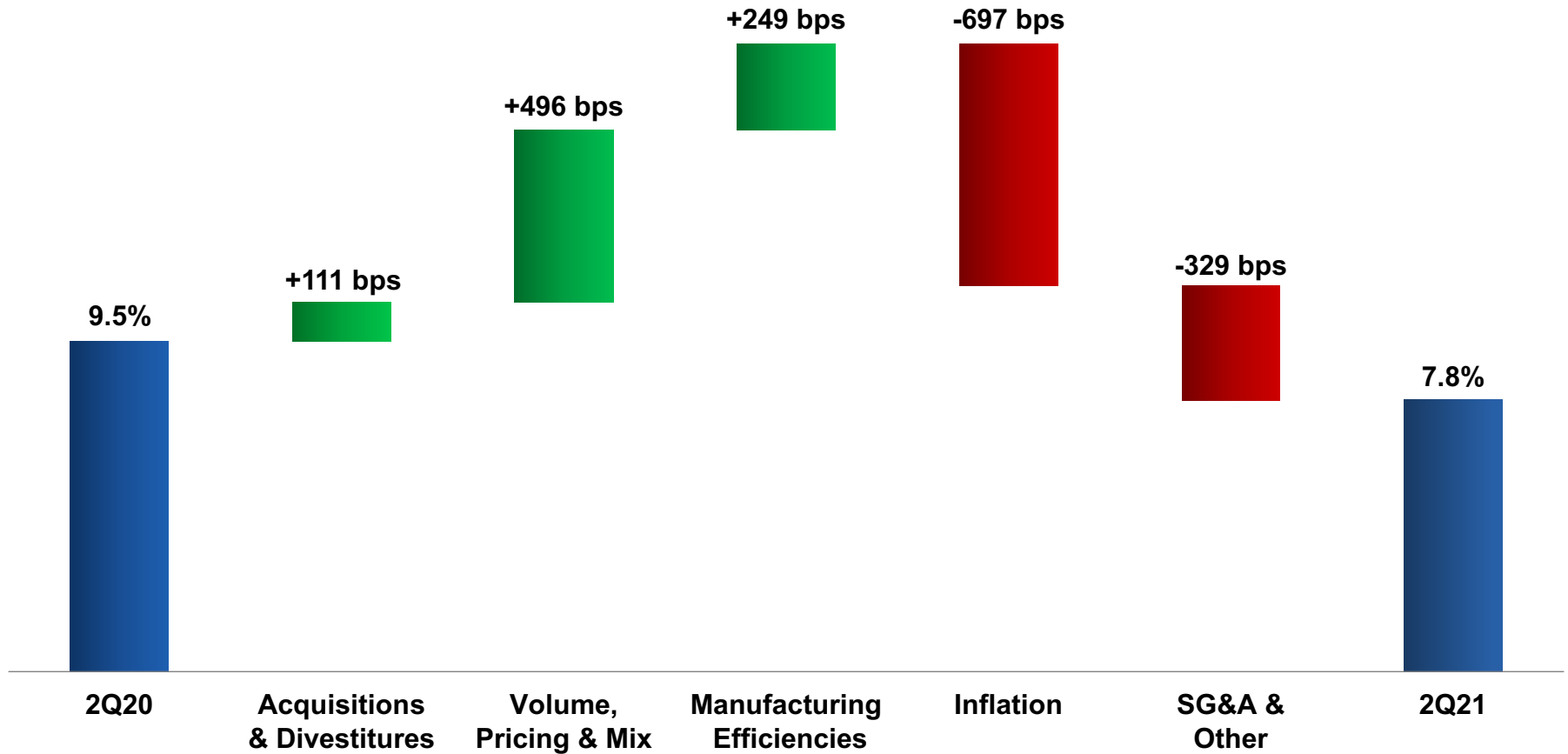
- Adjusted EBITDA decreased largely driven by inflation, partially offset by manufacturing efficiencies
- Adj. EBITDA margin of 7.8% decreased 170 bps
- Adj. SG&A increased 23.1% or \$8.6M driven primarily by increased costs for centralization and infrastructure efforts associated with our transformation initiatives and an increase in travel and commissions

- \$2.2M or \$0.10, net of tax, of transformation, restructuring and other costs in 2Q21
- 2Q21 Net effective tax rate adjusted for the quarter was 21.1%; Timing of tax credits resulted in \$0.03 negative impact to EPS

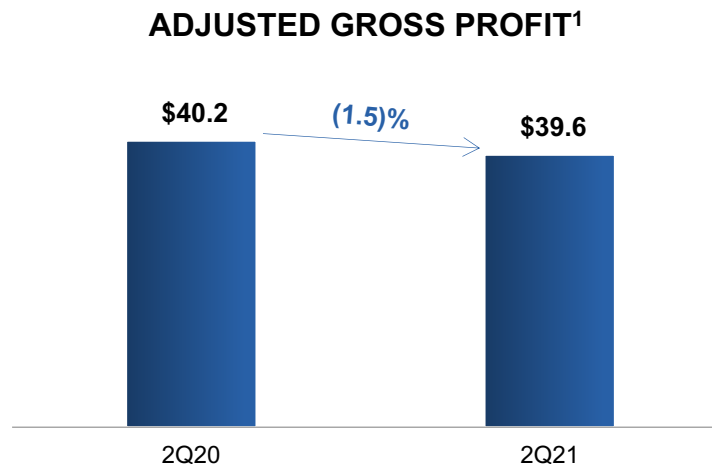
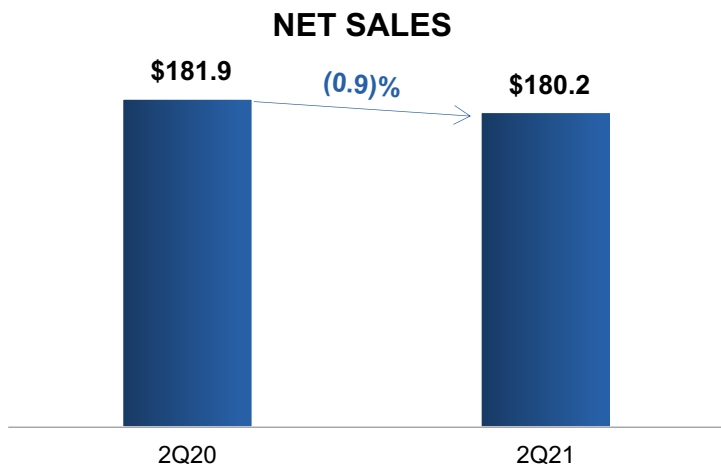
¹ See Astec's 2Q21 earnings release for the reconciliations of GAAP to Non-GAAP measures



2Q21 Adjusted EBITDA Margin Bridge



Infrastructure Solutions | 2Q21 Financial Performance (\$M)



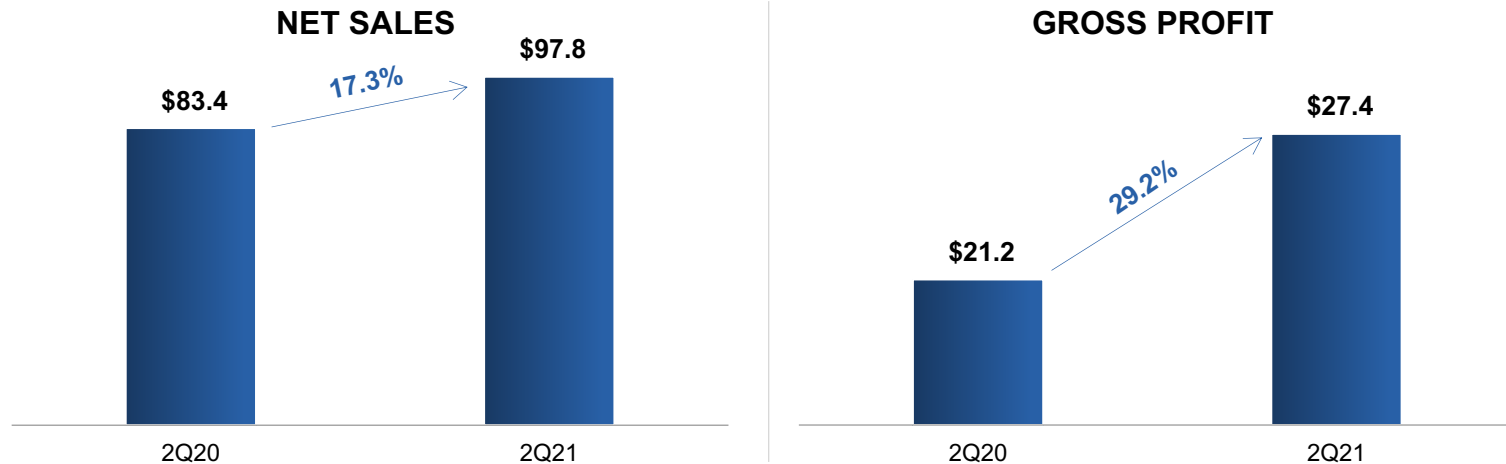
2Q PERFORMANCE DRIVERS

- Infrastructure sales decreased slightly mainly due to manufacturing challenges
- International sales grew 97% YoY; Domestic sales down 15.3% YoY
- Parts sales grew 17.9% in 2Q21, while equipment sales decreased 2%
- Backlog at the end of the quarter increased \$108.5M or 99.4%

¹ See Astec's 2Q21 earnings release for the reconciliations of GAAP to Non-GAAP measures



Materials Solutions | 2Q21 Financial Performance (\$M)



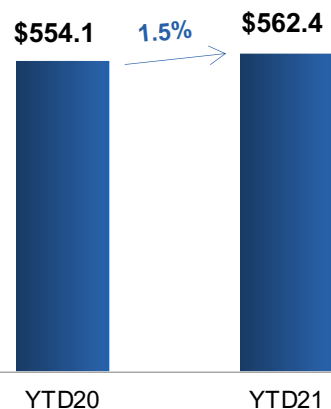
2Q PERFORMANCE DRIVERS

- Strong performance driven by increased demand across product lines and regions
- International sales up 51%; Domestic sales up 6%
- Parts sales grew 20.4% in 2Q21 and equipment sales increased 15.8%
- Backlog at the end of the quarter increased \$145.7M or 200%
- Gross Profits higher than prior year driven by the improved volumes and factory absorption

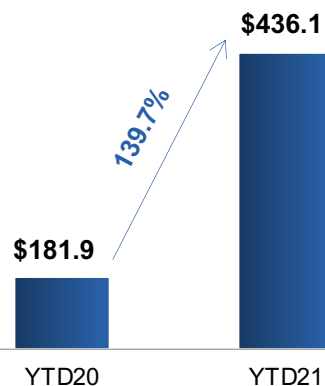


YTD 2021 Adjusted Financial Results (\$M, except per share data)

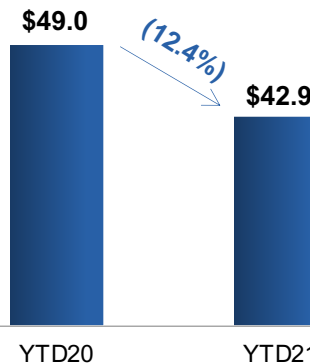
NET SALES



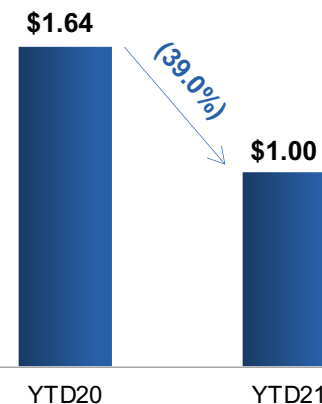
BACKLOG



ADJ. EBITDA¹



ADJ. EPS¹



- Equipment sales increased \$6M or 1.7%
- Parts sales increased \$14.2M or 9.2%
- Domestic sales decreased \$28.5M or 6.3%
- International sales increased \$36.8M or 37.3%

- Materials Solutions backlog increased \$145.7M or 200.4%
- Infrastructure Solutions backlog increased \$108.5M or 99.4%
- Domestic backlog increased \$210.5M or 164.1%
- International backlog increased \$43.7M or 81.5%

- Adjusted EBITDA decreased largely driven by inflation, partially offset by manufacturing efficiencies and centralization efforts
- Adj. EBITDA margin of 7.6% decreased 120 bps
- Adj. SG&A increased 8.5% or \$7.4M primarily driven primarily by increased costs for centralization and infrastructure efforts associated with our transformation initiatives

- \$5.2M, or \$0.23, of transformation, restructuring and other costs in 1H'21
 - Transformation program: \$5.3M
 - Facility closures: \$1.6M
 - Asset impairment: \$0.2M
 - Gain on sale: \$(0.3)M
 - Income taxes: \$(1.6)M
- Net effective tax rate adjusted for year to date was 17.3%

¹ See Astec's 2Q21 earnings release for the reconciliations of GAAP to Non-GAAP measures



Maintain Strong, Flexible Balance Sheet with Ample Liquidity

SUMMARY BALANCE SHEET

(\$M)	6/30/21
Cash and Cash Equivalents	174.5
Total Current Assets	634.5
Total Assets	902.3
Total Current Liabilities	207.8
Total Debt	1.6
Total Liabilities and Equity	902.3

(\$M)	6/30/21
Cash and Cash Equivalents	174.5
Available Credit	150.9
Total Available Liquidity	325.4

COMMENTARY

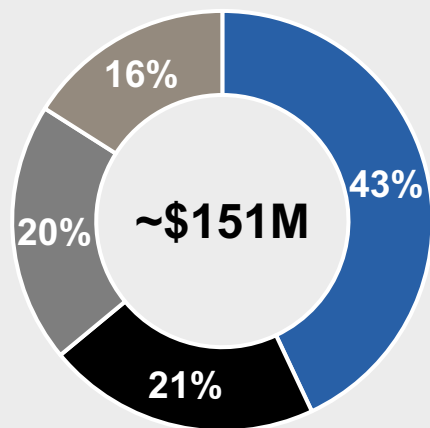
- Operating activities were a \$30.5M source of cash in the first half of 2021
- Cash and liquidity increased 10% and 4%, respectively, compared to 12/31/20

REMAIN DISCIPLINED WITH A LONG-TERM NET DEBT TO EBITDA RANGE OF 1.5X TO 2.5X



Disciplined Capital Deployment Framework

Use of Cash Last 3 Years



- Plant, Property & Equipment
- Acquisitions
- Dividends
- Share Repurchases

Plant, Property & Equipment

- Internal investments meeting return objectives of >14% ROIC

Acquisitions

- Future acquisitions to align with growth strategy and meet financial criteria

Returns to Shareholders

- Dividend of \$0.11 per share
- \$126M remaining in authorized share repurchase program

Adjustments Given Current Environment

Continue to target > 14% ROIC for new investments

Continue to focus on strategic alignment and financial discipline

No buybacks expected in near term

CONTINUALLY EVALUATE STRATEGY TO ENSURE A BALANCED APPROACH



Strategic M&A Approach Aligns to Our Growth Strategy



Financial Criteria

EPS Accretion in First Full Year ✓

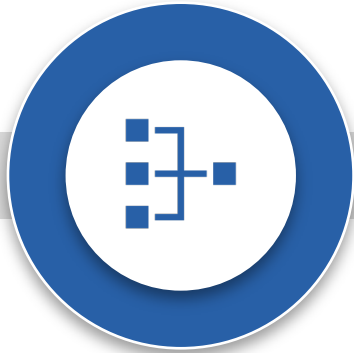
Meet or Exceed
Long-term Financial Metrics ✓

CONTINUE TO FOCUS ON STRATEGIC ALIGNMENT AND FINANCIAL DISCIPLINE



Our Profitable Growth Strategy Remains Consistent

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

- 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

- Reinvigorate innovation with a new product development approach
- Leverage technology and digital connectivity to enhance customer experience
- Capitalize on global growth opportunities
- Allocate capital effectively to drive greatest shareholder value



Key Organic Growth Opportunities

**International /
Global Growth**

**Growth in Parts
and Service**

**New Product
Development**

**Dealer
Expansion**

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

**Strategic
Accounts**



Update on Our Transformation Progress

2019 – 2020+

2019 – 2021+

2020 - 2021+

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
- ✓ 1Q20 re-segmentation to two segment reporting structure
- ✓ Within Infrastructure Solutions, integrated five service teams into a unified service and construction team; one support call center
- ✓ Rationalizing three sites in Hameln, Germany, Albuquerque, NM and Mequon, WI to further streamline operations
- ✓ Announced 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
 - Optimize product portfolio with ongoing rationalization
 - Improve working capital turns – clear action plan in place
 - Standardizing ERP system across global organization to streamline operations

GROW

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

✓ **Completed** ▪ **In-Process**



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 transformation with Simplify, Focus, and Grow pillars; cost savings initiatives underway and new organizational structure to drive profitable growth





Q & A



APPENDIX

Progressing on Our Long-Term Goals through Simplify, Focus, Grow Strategy

LONG-TERM GOALS

5% - 10%
REVENUE GROWTH

> 12%
EBITDA MARGIN

> 10%
EPS GROWTH

> 100%

> 14%
ROIC



Create Value for Shareholders



Alignment to Incentive Plan



Stand through Cycles

THE ONEASTEC BUSINESS MODEL TO FUEL STRONG FUTURE OPERATIONAL AND FINANCIAL PERFORMANCE



Contact Information



STEVE ANDERSON

SVP of Administration & Investor Relations

Phone: 423-553-5934

Email: sanderson@astecindustries.com

