



**ASTEC<sup>TM</sup>**

**3Q21 Earnings  
Presentation**

November 3, 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 for third quarter 2021 earnings which can be located at [www.astecindustries.com](http://www.astecindustries.com).





## 3Q21 Highlights

Barry Ruffalo | President & Chief Executive Officer



# Today's Key Messages

01

Strong third quarter performance with sales and adjusted EBITDA up 15.4% and 58.5% YoY, respectively, and record backlog up 184% YoY, while continuing to address industry headwinds

02

Realizing benefits related to pricing, onboarding new talent and continuous management of supply chain disruptions

03

Execution of our strategy positions us well for future growth and to perform in all economic scenarios as a more focused organization with a strong balance sheet, enabling us to increase the dividend in Q4

04

Building on our strategic evolution and the actions we have taken to 'Simplify' and 'Focus' our business as we continue to shift our focus to 'Grow'

05

Driving commercial and operational excellence to position our business for future profitable growth and long-term stakeholder value creation

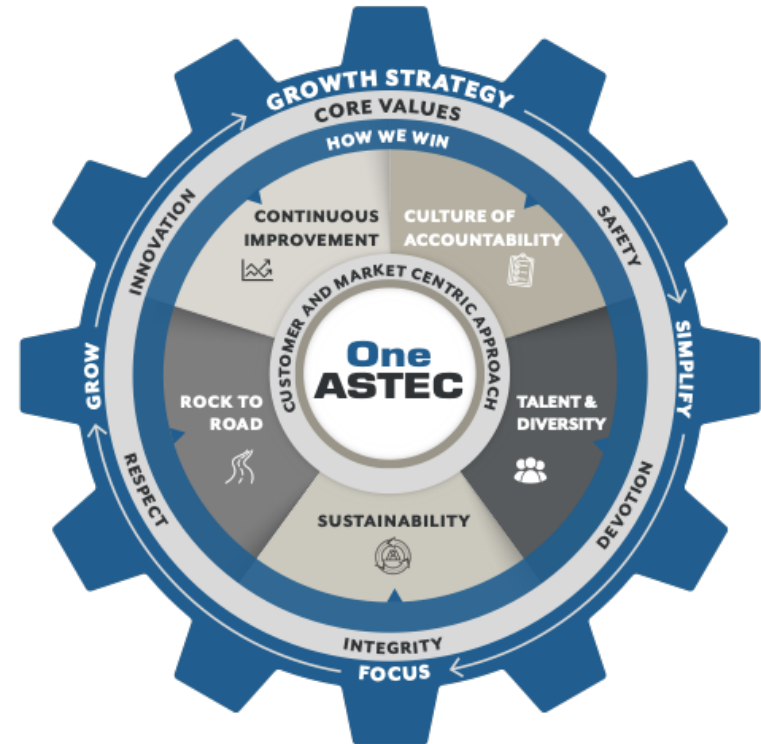




# The OneASTEC Business Model is a Competitive Advantage

## Operational Excellence and Supply Chain Update

- ✓ Focusing on the **Rock-To-Road** Value Chain
- ✓ **Manufacturing capacity sharing** ability to leverage capacity across multiple sites to improve order fulfillment
- ✓ Continuing to leverage footprint to **reduce lead times, optimize revenue** and **manage costs**
- ✓ Continuing to drive **efficiencies in procurement**
- ✓ **Mitigating supply disruptions** by identifying multiple supply sources



OneASTEC BUSINESS MODEL ENABLING US TO PROACTIVELY ADDRESS INDUSTRY HEADWINDS



# Business Dynamics and Observations

## Industry Trend

## Astec Response / Impact

**Strong demand continues with positive customer outlook in 2021 and 2022**

- ✓ Another quarter of record backlog
- ✓ Focused initiatives in place to meet increased demand

**Federal Highway Bill a long-term tailwind**

- ✓ Added benefit, but we see significant demand for our products regardless of a Bill being passed

**Labor shortages continuing across the industry**

- ✓ Continuing to see steady improvements related to hiring
- ✓ Increased headcount by 8.5% YoY

**Commodity and transportation / logistics inflation expected to continue across the industry through 2022**

- ✓ Continued pricing power with multiple price increases YTD; focused on passing through inflationary costs



**EARLY SUCCESS WITH INITIATIVES PUT IN PLACE TO ALLEVIATE INDUSTRY HEADWINDS**



# Initiatives in Place to Hire and Retain Key Talent

## Actions Have Been Defined and Taken to Address Talent Needs

### Targeted Recruitment



- ✓ In-house recruiter
- ✓ Salaried focused recruiters
- ✓ Shop focused recruiters

### Improve Engagement & Retention



- ✓ Retention & referral bonus
- ✓ Voice of OneASTEC company-wide
- ✓ Town halls
- ✓ Shift differentials
- ✓ Culture emphasis
- ✓ Leadership & skills training

### Improve Attraction



- ✓ Sign-on bonuses
- ✓ Flexible work arrangements
- ✓ Open houses
- ✓ Expedited background checks

### Recruitment Process Outsourcing



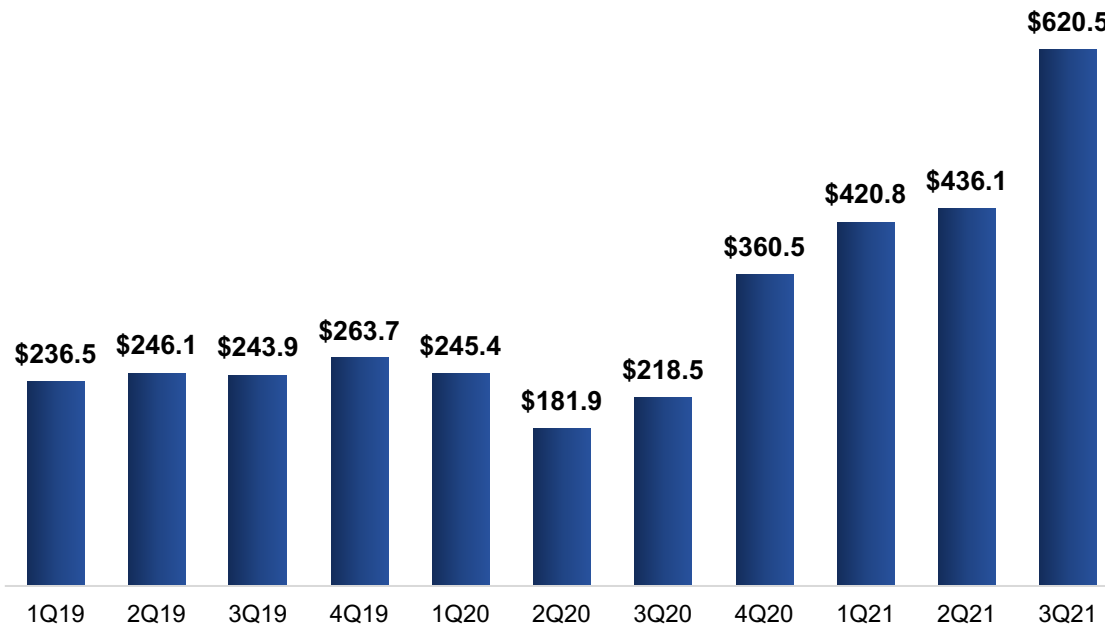
- ✓ Virtual hiring events
- ✓ Enhanced social marketing
- ✓ Supplemental local HR activities

**OneASTEC WORKING TOGETHER**



# Significant Backlog Growth Over Time

**Backlog (\$M)**



- ✓ Dealer inventory at low levels
- ✓ Expect current backlog to be converted to sales in 2 to 3 quarters
- ✓ Initiatives in place to increase capacity to meet higher demand
  - Cross site manufacturing
  - Increasing headcount
  - Early days of automation

**INCREASED DEMAND AND GROWING BACKLOG**



# Continuing to Progress on Our ESG Journey

## Recent Accomplishments

### ✓ Announced CarbonCure Strategic Partnership

- Offering a sustainability solution for concrete product
- Customers gain from cement reduction in their mix design
- Serving increased interest in low carbon concrete
  - Government regulations and incentives
  - Requirements for green building certifications
  - Corporate sustainability initiatives
- Aligned with our strategy to increase sustainable products and services to customers as part of our sustainability commitment

### ✓ Sustainable Actions Taken

- Transition to LED lighting (12 of 25 sites upgraded)
- Waste Management and Recycling Policy implemented

### ✓ Executing Environmental Site Assessments



DEMONSTRATED COMMITMENT TO A SUSTAINABLE FUTURE





## **Total Company & Segment Financial Results**

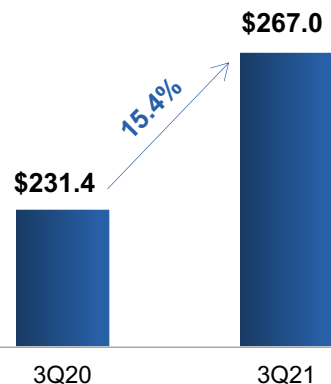
Becky Weyenberg | Chief Financial Officer



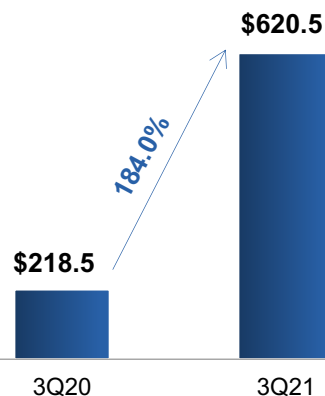


# 3Q21 Financial Results (\$M, except per share data)

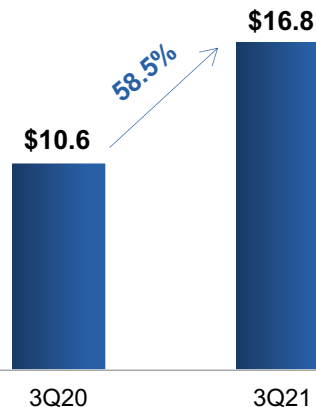
## NET SALES



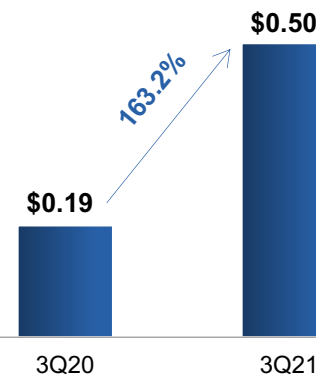
## BACKLOG



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



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



- Equipment sales increased \$37.4M or 27.3%
- Parts sales increased \$4.9M or 6.6%
- Domestic sales increased \$20.7M or 11.4%
- International sales increased \$14.9M or 29.6%

- Materials Solutions backlog increased \$209.4M or 300.4%
- Infrastructure Solutions backlog increased \$192.6M or 129.4%
- Domestic backlog increased \$357.3M or 236.2%
- International backlog increased \$44.7M or 66.5%

- Adjusted EBITDA increased largely driven by pricing, volume and manufacturing efficiencies, offset primarily from inflation and SG&A
- Adj. EBITDA margin of 6.3% increased 170 bps
- Adj. SG&A increased 6.9% or \$3.0M driven primarily by increased costs for centralization and infrastructure efforts associated with transformation initiatives

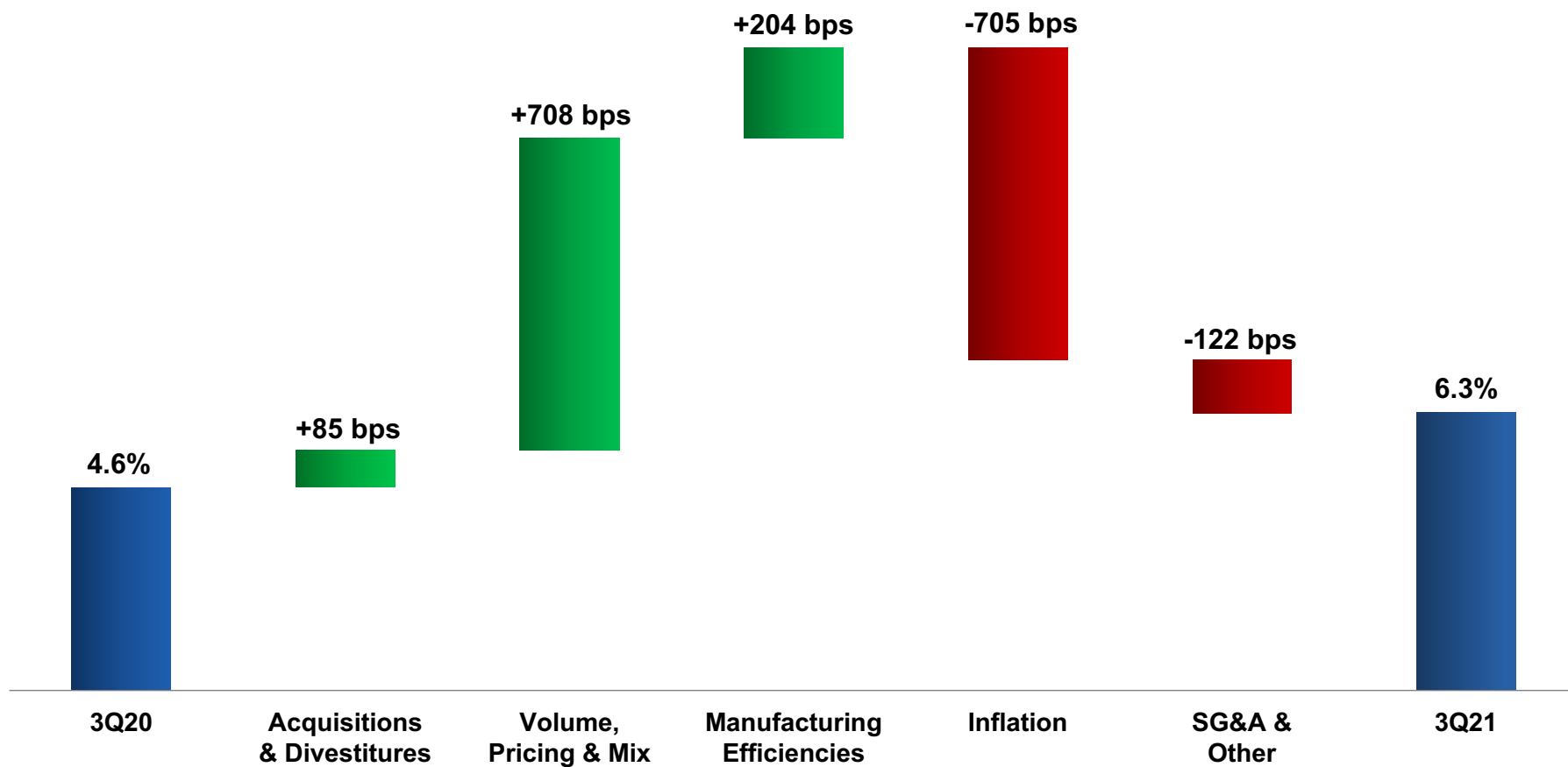
- \$2.1M, or \$0.09, of transformation, restructuring and other costs in 3Q21
  - Transformation program: \$2.4M
  - Facility closures: \$0.5M
  - Gain on sale: \$(0.2)M
  - Income taxes: \$(0.6)M
- 3Q21 Net effective tax rate adjusted for the quarter was (23.9%) driven by valuation allowance release in Brazil and net R&D credits

<sup>1</sup> See Astec's 3Q21 earnings release for the reconciliations of GAAP to Non-GAAP measures

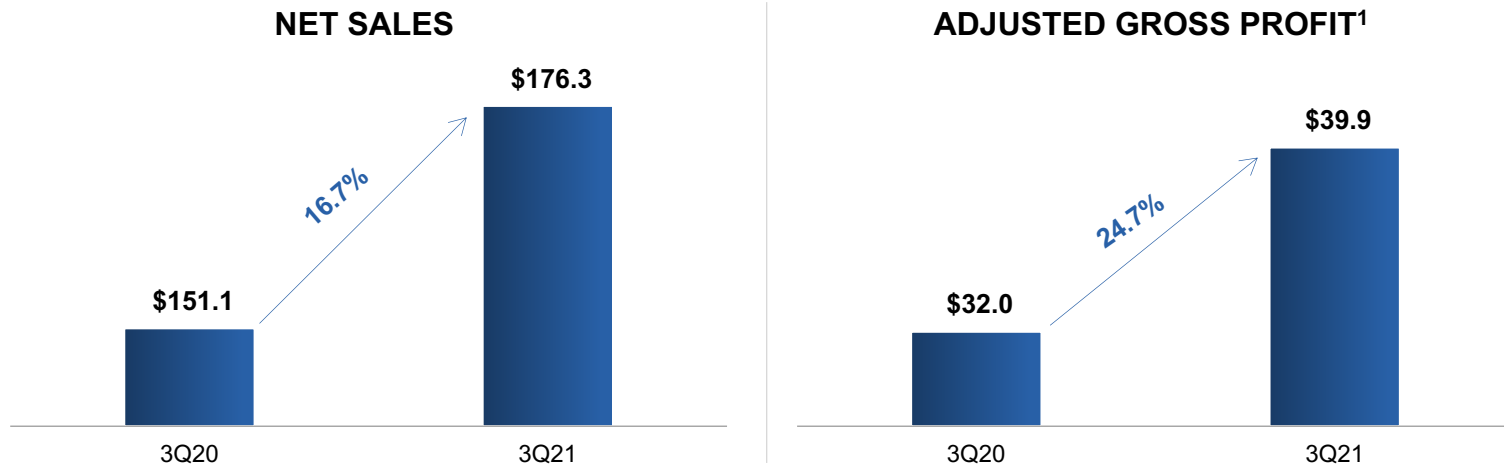




## 3Q21 Adjusted EBITDA Margin Bridge



# Infrastructure Solutions | 3Q21 Financial Performance (\$M)



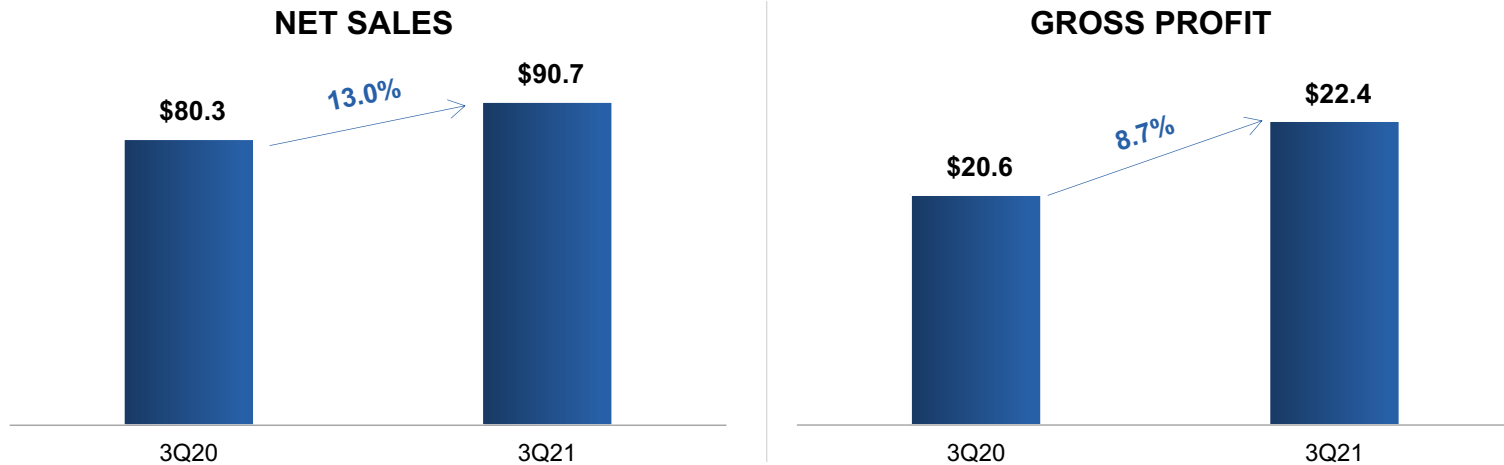
## 3Q PERFORMANCE DRIVERS

- International sales grew 45.2% YoY; Domestic sales up 11.6% YoY
- Equipment sales grew 33.6% in 3Q21 and Parts sales grew 5.6%
- Backlog at the end of the quarter increased \$192.6M or 129.4%

<sup>1</sup> See Astec's 3Q21 earnings release for the reconciliations of GAAP to Non-GAAP measures



# Materials Solutions | 3Q21 Financial Performance (\$M)



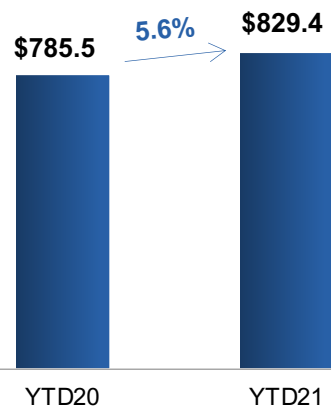
## 3Q PERFORMANCE DRIVERS

- Strong performance driven by increased demand across product lines and regions
- International sales up 16.7%; Domestic sales up 11.0%
- Equipment sales grew 16.2% in 3Q21 and Parts sales grew 8.4%
- Backlog at the end of the quarter increased \$209.4M or 300.4%
- Gross Profits higher than prior year driven by improved volume/mix and manufacturing efficiencies

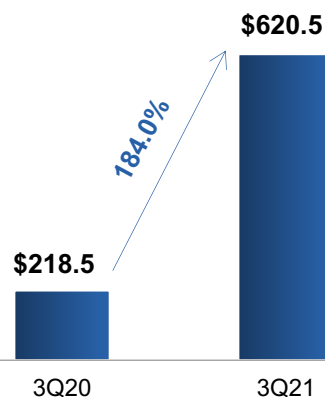


# YTD 2021 Adjusted Financial Results (\$M, except per share data)

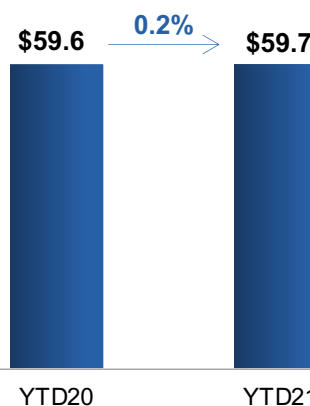
## NET SALES



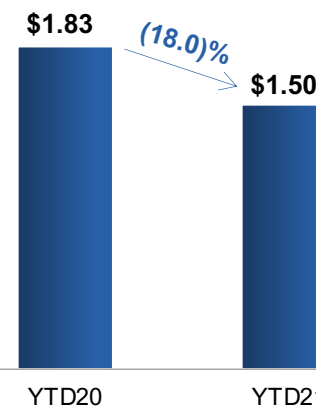
## BACKLOG



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



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



- Equipment sales increased \$43.4M or 8.9%
- Parts sales increased \$19.1M or 8.3%
- Domestic sales decreased \$7.8M or 1.2%
- International sales increased \$51.7M or 34.7%

- Materials Solutions backlog increased \$209.4M or 300.4%
- Infrastructure Solutions backlog increased \$192.6M or 129.4%
- Domestic backlog increased \$357.3M or 236.2%
- International backlog increased \$44.7M or 66.5%

- Adjusted EBITDA increased slightly as higher sales driven by favorable volume, pricing and manufacturing efficiencies were offset by inflation
- Adj. EBITDA margin of 7.2% decreased 40 bps
- Adj. SG&A increased 8.0% or \$10.4M primarily driven by higher costs associated with centralization and infrastructure efforts for transformation initiatives

- \$7.3M, or \$0.32, of transformation, restructuring and other costs
  - Transformation program: \$7.7M
  - Facility closures: \$2.1M
  - Asset impairment: \$0.2M
  - Gain on sale: \$(0.5)M
  - Income taxes: \$(2.2)M
- Net effective tax rate adjusted for year to date was 7.0%

<sup>1</sup> See Astec's 3Q21 earnings release for the reconciliations of GAAP to Non-GAAP measures



# Maintain Strong, Flexible Balance Sheet with Ample Liquidity

## SUMMARY BALANCE SHEET

(\$M)	9/30/21
Cash and Cash Equivalents	164.6
Total Current Assets	644.8
Total Assets	910.7
Total Current Liabilities	212.0
Total Debt	0.9
Total Liabilities and Equity	910.7

(\$M)	9/30/21
Cash and Cash Equivalents	164.6
Available Credit	144.7
Total Available Liquidity	309.3

### COMMENTARY

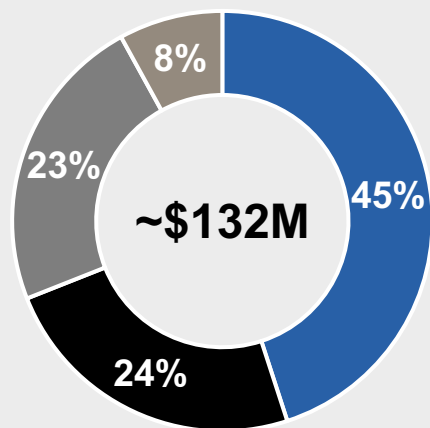
- Operating activities were a \$27.3M source of cash YTD 2021
- Cash increased 4% and liquidity decreased 1%, respectively, compared to 12/31/20

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

Continue to target > 14% ROIC for new investments

### Acquisitions

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

Continue to focus on strategic alignment and financial discipline

### Returns to Shareholders

- Q3 Dividend of \$0.11 per share
- \$126M remaining in authorized share repurchase program

Increasing dividend to \$0.12 per share beginning in Q4

**CONTINUALLY EVALUATE STRATEGY TO ENSURE A BALANCED APPROACH**



# Continuing to Pursue Key Organic Growth Opportunities

**International  
Growth**

**Growth in Parts  
and Service**

**New Product  
Development**

**Dealer  
Expansion**

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

**Strategic  
Accounts**



**ORGANIC GROWTH INITIATIVES GAINING TRACTION**





# New Product Development

## Shuttle Buggy 3000



- Revolutionized industry with original Shuttle Buggy MTV (material transfer vehicle)
- Benchmark by which all other asphalt paving equipment is measured
- Reinvented for modern crews
- ASTEC continues to lead the way

## Astec Highly Portable Asphalt Plant



- ASTEC Ventura asphalt plant maximizes performance capabilities for a compact, ultra-portable plant
- Key features:
  - Single Load
  - Continuous Process
  - 140 MTPH
  - Simplified Maintenance

CONTINUING TO GAIN MOMENTUM AS WE INTRODUCE NEW PRODUCTS TO THE MARKET



# Key Investment Highlights

1

Leadership positions within attractive niche markets in industries benefiting from long-term 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 and new organizational structure to drive profitable growth





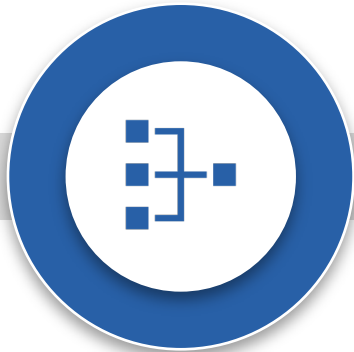
## Q & A



# APPENDIX

# 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*

- 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





# 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
- ✓ 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
- ✓ Hired SVP of Corporate Development
  - Enhance customer engagement
  - Global expansion
  - Profitable growth
  - Margin improvement
  - Disciplined and strategic acquisitions

✓ **Completed** ▪ **In-Process**

**CLEAR STRATEGIC INITIATIVES IN PLACE TO DRIVE FUTURE GROWTH**



# 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





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

## LONG-TERM GOALS

**5% - 10%**  
REVENUE GROWTH

**> 12%**  
ADJ EBITDA MARGIN

**> 10%**  
ADJ EPS GROWTH

**> 100%**  
Net Income  
FCF CONVERSION<sup>1</sup>

**> 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

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



## Contact Information

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