



**Stifel Virtual Cross Sector  
Insight Conference**

June 10, 2021

# 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. 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 first quarter 2021 earnings which can be located at [www.astecindustries.com](http://www.astecindustries.com).





## Astec Highlights

Barry Ruffalo | President & Chief Executive Officer



# Today's Key Messages

- 01** First quarter performance negatively impacted by sales mix and factory ramp up challenges including a tight labor market; backlog remains strong with orders up 72% compared to 1Q20
- 02** Positioning our business to meet strong and increasing customer demand; providing customers with industry-leading technology solutions that deliver value and support our Rock to Road initiatives
- 03** Well-positioned for future growth and to execute in all economic scenarios with a streamlined organizational structure, a strong balance sheet and ample liquidity
- 04** Our strategic transformation journey to Simplify, Focus and Grow the business continues with an increased focus on 'Grow' pillar; focused organic and inorganic strategic growth opportunities
- 05** Continued focus on operational excellence and profitable growth to drive long-term stakeholder value creation





# Astec at a Glance (NASDAQ: ASTE)

Built to Connect People, Processes and Products, Advancing Innovative Solutions  
from Rock to Road™ as OneASTEC

## Key Statistics<sup>1</sup>

**1972**  
Founded

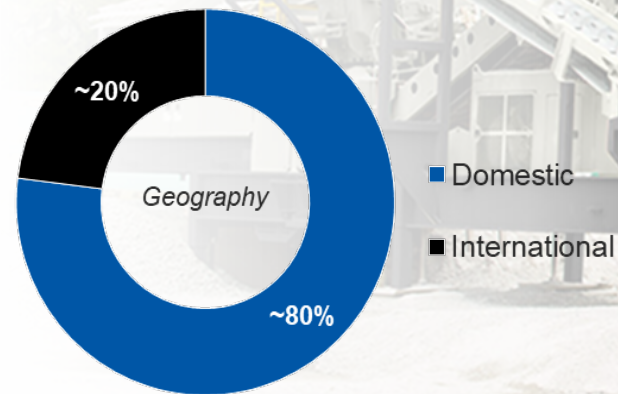
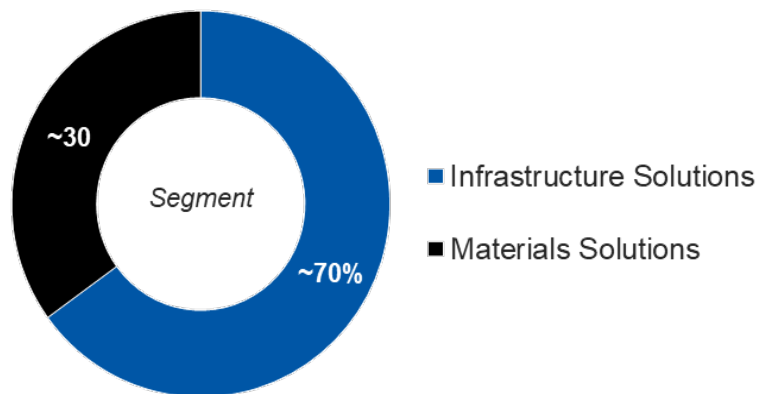
**Chattanooga, TN**  
Headquarters

**3,646**  
Employees

**\$1.6 B**  
Market-cap

**100+**  
Product Categories

## 2020 Revenue Mix: ~ \$1.02B



<sup>1</sup> As of 1Q21



# OneASTE<sup>C</sup> Approach from Rock to Road<sup>TM</sup>

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

Highlights our purpose “BUILT TO CONNECT”

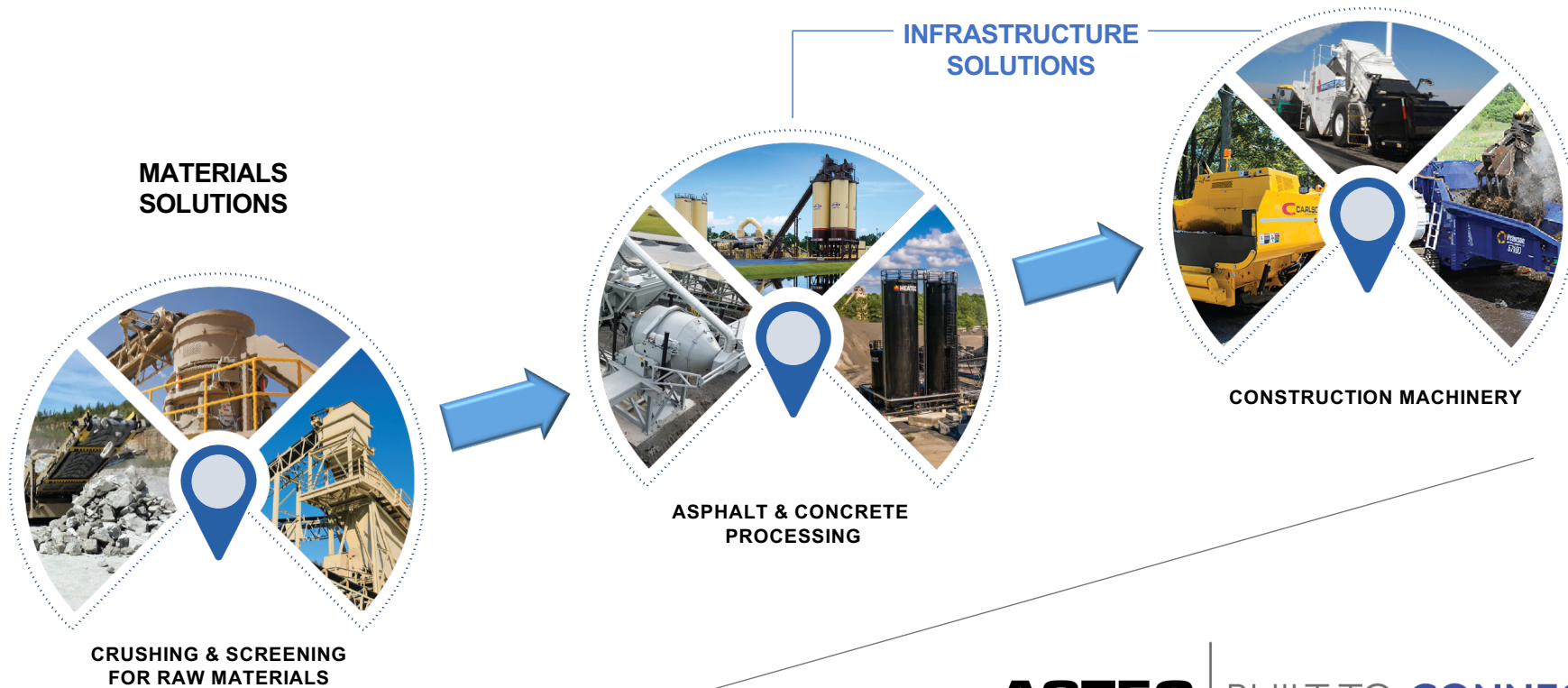
Unites our brands under “ASTE<sup>C</sup>” and positions us for long term sustainable growth

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

**ASTE<sup>C</sup>** | BUILT TO **CONNECT**



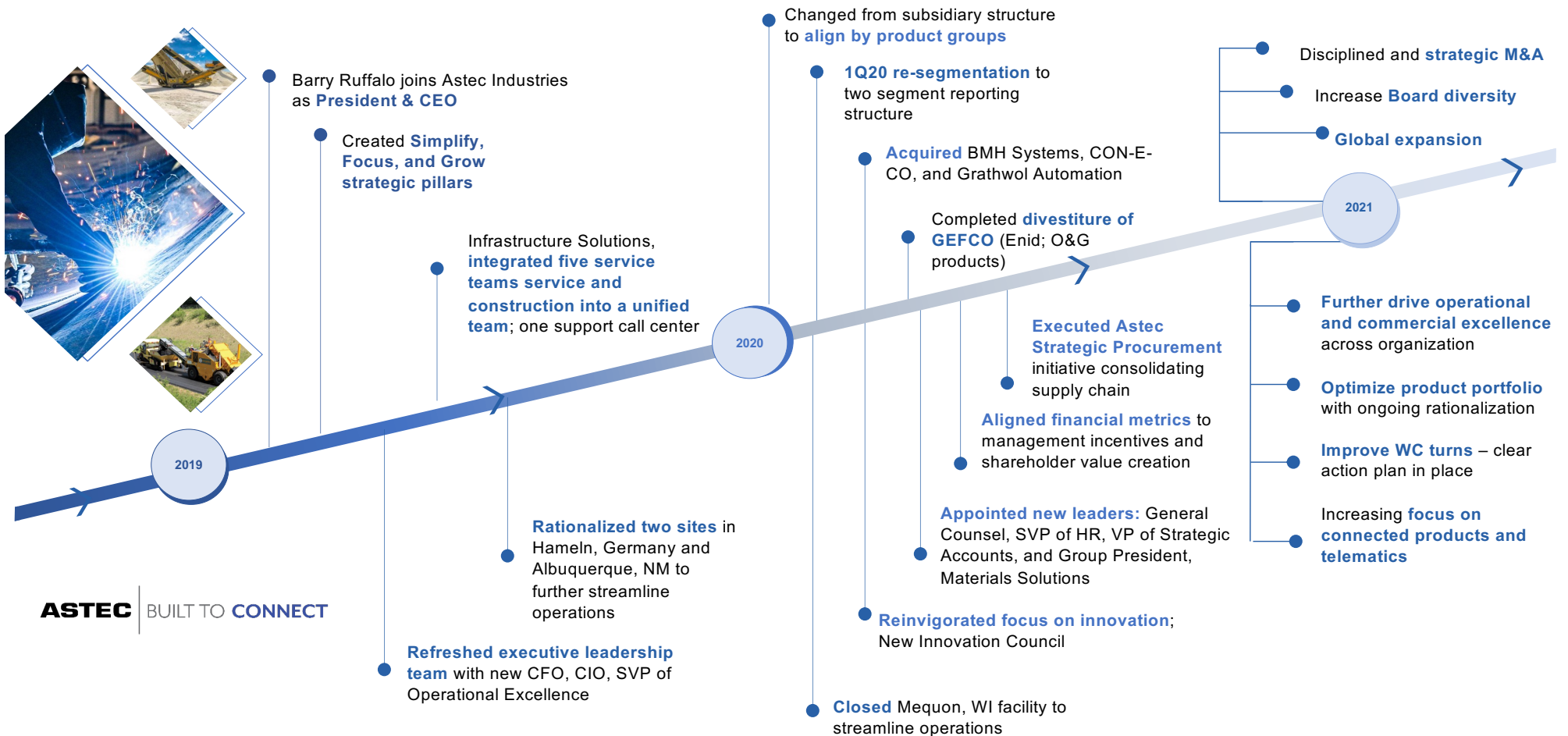
# OneASTEC Approach from Rock to Road™



**ASTEC** | BUILT TO **CONNECT**



# Transformation Journey Continues with Significant Execution Thus Far



# Business Dynamics and Observations

Reduced Organizational Structure Complexity has  
Enabled More Efficient Response and Sharing of Best Practices

- ✓ **Early innings of upcycle in North America**; strong residential / non-residential markets
- ✓ **Strong construction equipment demand** with positive customer outlook in 2021 and 2022; focused initiatives to meet increased demand
- ✓ Strong support for **U.S. infrastructure construction**
- ✓ Expect **tight labor market and commodity inflation** to continue through 2021; focused pricing efforts in order to offset inflation
- ✓ Increased **transportation and logistics costs**
- ✓ Limited **supply shortages** to date



ADAPTING TO CHANGES IN DEMAND AND FLUID MACRO CONDITIONS





# The OneASTEC Business Model

- ✓ **Remain close to customers** and adapt accordingly to serve their needs
- ✓ Focused **Rock-To-Road** Value Chain
- ✓ **Optimize revenues** within footprint
- ✓ **Flexible** operations as needed
- ✓ Reduce lead times and **manage costs**
- ✓ **Manage supply chain** and identify multiple supply sources



OUR COMPETITIVE ADVANTAGE

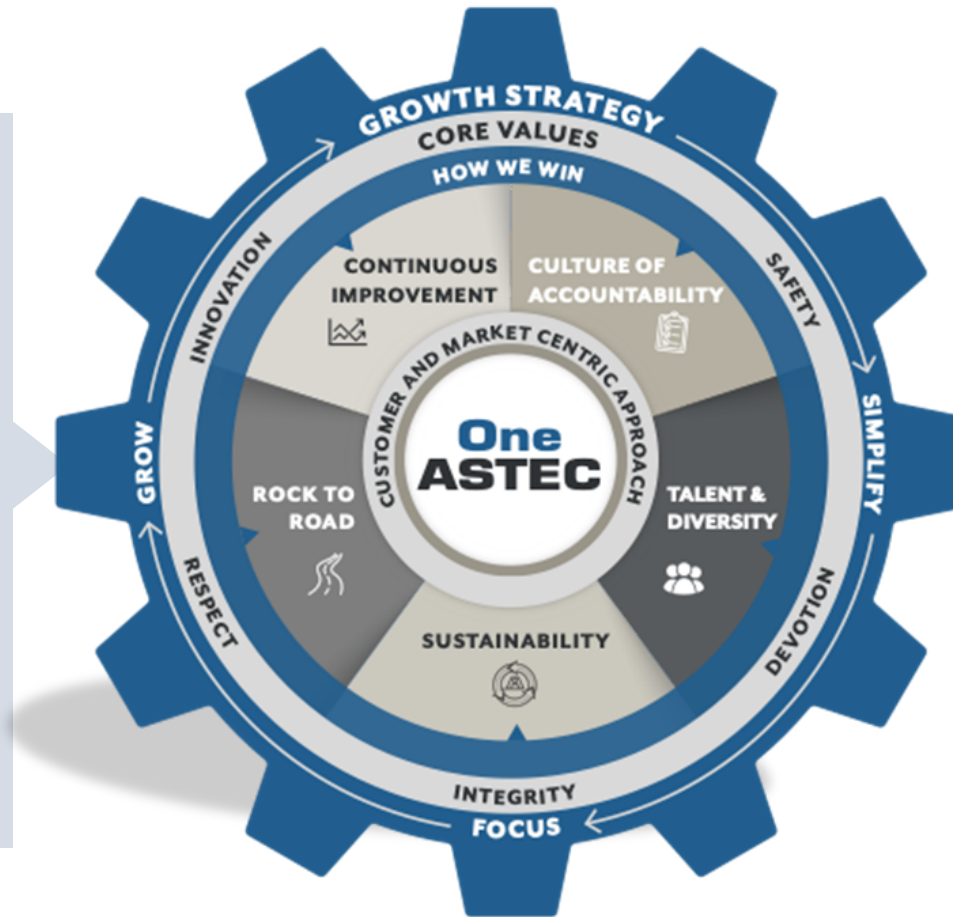




# Strength to Capture Future Market Demand

## Market Drivers

- Infrastructure Investment
- Global Urbanization
- Increasing Demand for Connectivity and Real-time Information
- Eco-friendly New Product Development
- Emerging Markets
- Emphasis on Total Cost of Ownership



## Areas of Opportunity

- OneASTEC Globally
- Commercial Excellence
- Aftermarket Capture Rate & Growth
- Customer-driven Innovation
- Consistent with Rock to Road strategy
- Automation and Telematics
- Strategic Account Focus

**SOLID FOUNDATION AND EXPERTISE TO DEVELOP AND DELIVER SOLUTIONS AS OneASTEC**



# Operational Excellence Journey → Early Innings

| Safety and Sustainability   | Cost Reduction  | Manufacturing Utilization and Planning   |
|---|---|--|
| <ul style="list-style-type: none"> <li>Focus on the quality leading indicators</li> <li>Complete ownership of environmental compliance</li> <li>Establish sustainability baseline and metrics</li> <li>Resource conservation initiatives</li> </ul> | <ul style="list-style-type: none"> <li>Procurement initiatives</li> <li>Unlock the value using lean tools and principles</li> <li>Reducing scrap</li> <li>Automation and technology enhancements</li> <li>Manage By Facts (MBF) problem solving tool</li> </ul> | <ul style="list-style-type: none"> <li>Implement a robust S&amp;OP company-wide process for consistent demand planning</li> <li>Overall Equipment Effectiveness (OEE)</li> <li>Reduce repair and maintenance cost</li> <li>Improve direct labor and indirect labor efficiency</li> </ul> |
| Operational Organization Effectiveness  | Quality Improvements  | Manufacturing Footprint  |
| <ul style="list-style-type: none"> <li>Pilot program for world class manufacturing</li> <li>Visual factory</li> <li>Improve inventory turns</li> </ul>  | <ul style="list-style-type: none"> <li>Deploy TQM system</li> <li>Reduce warranty cost</li> <li>Cascade Total Welding Management program</li> </ul>   | <ul style="list-style-type: none"> <li>Global manufacturing footprint optimization</li> <li>Best cost country manufacturing strategy</li> <li>Make vs. buy</li> </ul>  |

**ALIGNED TO OUR STRATEGIC PILLARS OF SIMPLIFY, FOCUS, AND GROW**



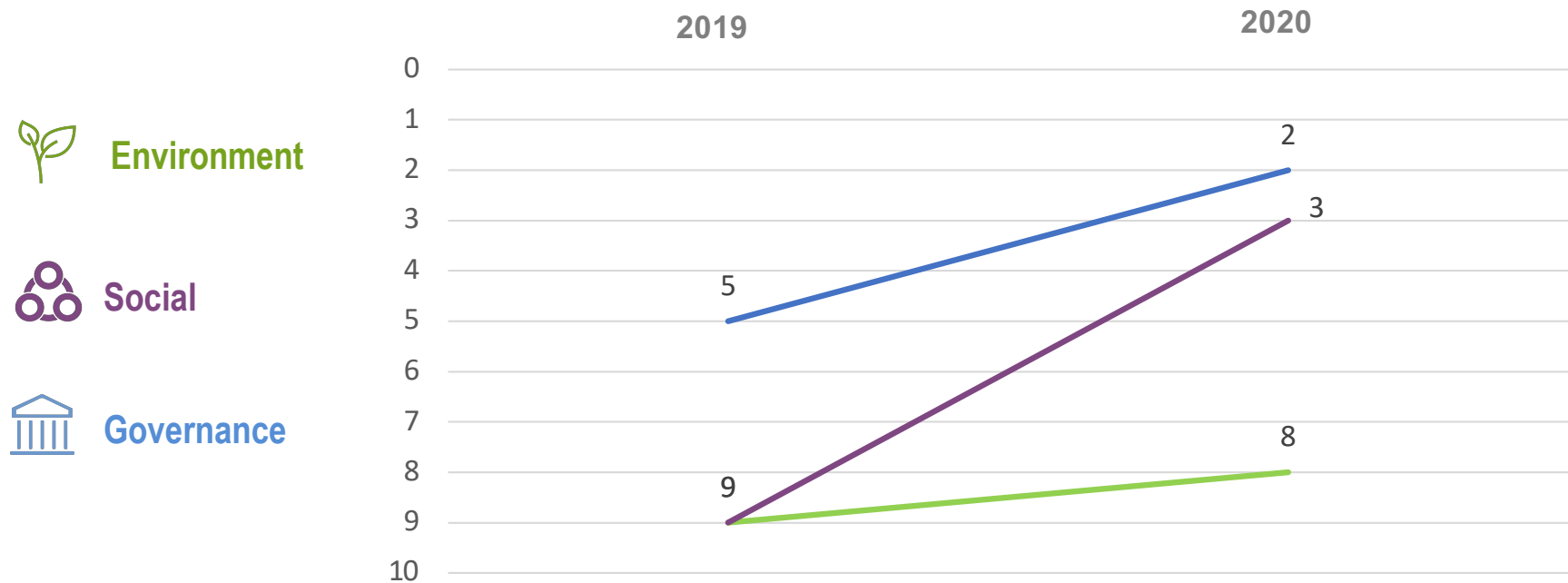
# Early Stages of Our ESG Journey

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

DEMONSTRATED COMMITMENT TO ETHICAL VALUES AND A SUSTAINABLE FUTURE



# Early Stages of Our ESG Journey



DEMONSTRATED COMMITMENT TO ETHICAL VALUES AND A SUSTAINABLE FUTURE

Data source: Institutional Shareholder Services scores as of June 10, 2021





## Total Company 1Q21 Financial Results

Becky Weyenberg | Chief Financial Officer



# 1Q21 Financial Results (\$M, except per share data)

## NET SALES

\$288.8 (1.5%) \$284.4

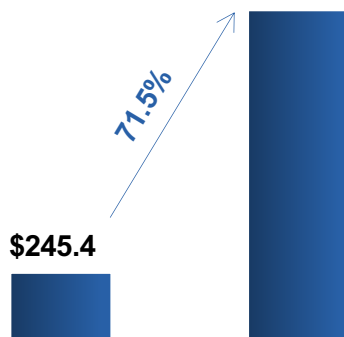


1Q20 1Q21

- New Equipment sales decreased \$0.4M or 0.2%
- Parts sales increased \$1.7M or 1.9%
- Used equipment sales decreased \$4.8M or 55.8%
- Domestic sales decreased \$8.2M or 3.5%
- International sales increased \$3.8M or 6.9%

## BACKLOG

\$245.4 71.5% \$420.8



1Q20 1Q21

- Materials Solutions backlog increased \$79.0M or 90.6%
- Infrastructure Solutions backlog increased \$96.4M or 60.9%
- Domestic backlog increased \$137.7M or 74.4%
- International backlog increased \$37.7M or 62.6%
- Customers planning for future needs

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

\$23.7 (24.1%) \$18.0

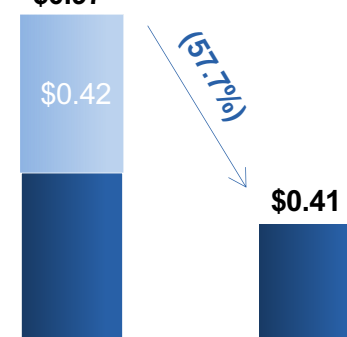


1Q20 1Q21

- Adjusted EBITDA decreased due to strategic sales at lower margin and under absorption
- Adj. EBITDA margin of 6.3% decreased 190 bps
- SGA increased 4% or \$2.0M driven primarily by increased costs for centralization and infrastructure efforts associated with our transformation initiatives

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

\$0.97 (57.7%) \$0.41



1Q20 1Q21

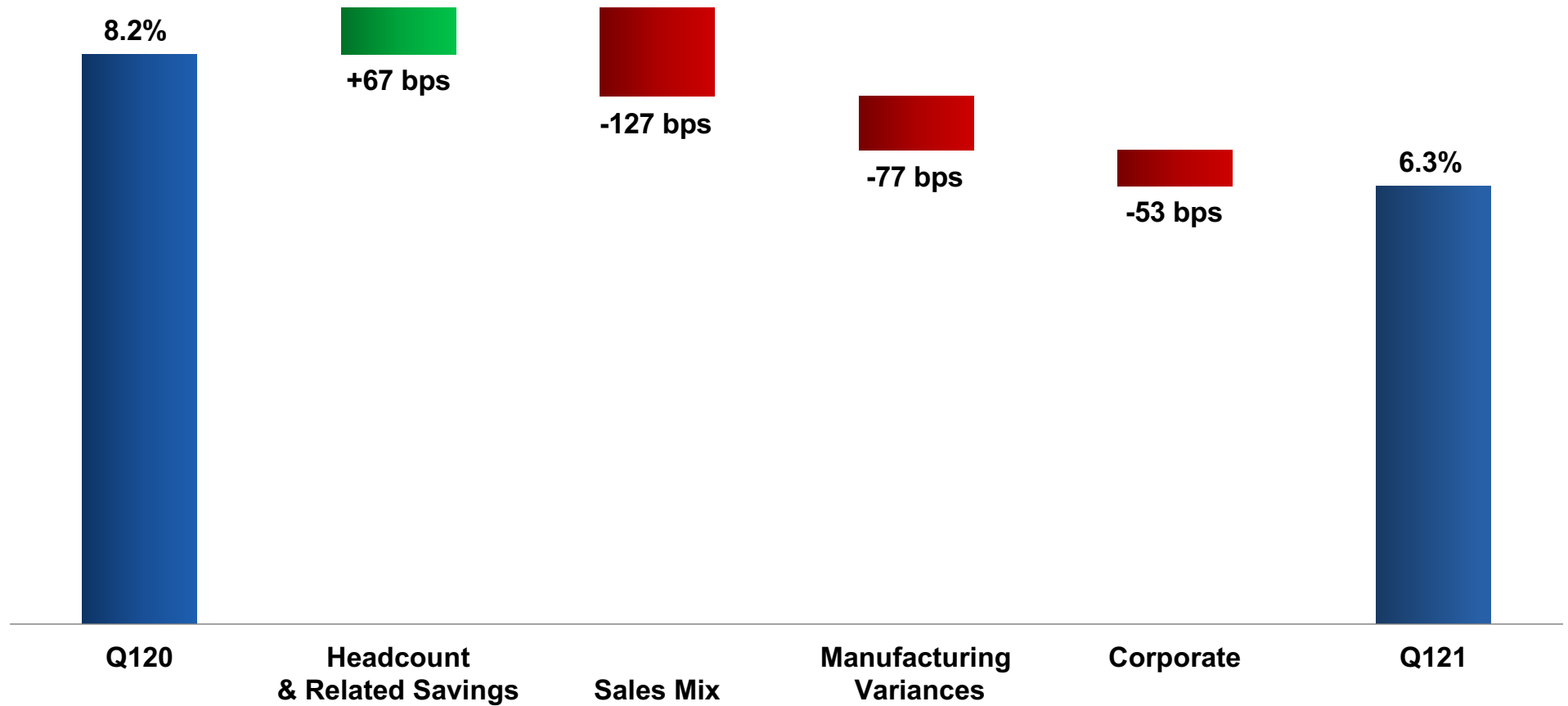
- Cares Act favorable impact of \$0.42 in Q1 2020
- 1Q21 Net effective tax rate adjusted for the quarter was 9.7% driven by stock compensation tax deduction in excess of book expense; \$1.3M benefit; FY projection 16-17%

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





## 1Q21 Adjusted EBITDA Margin Bridge

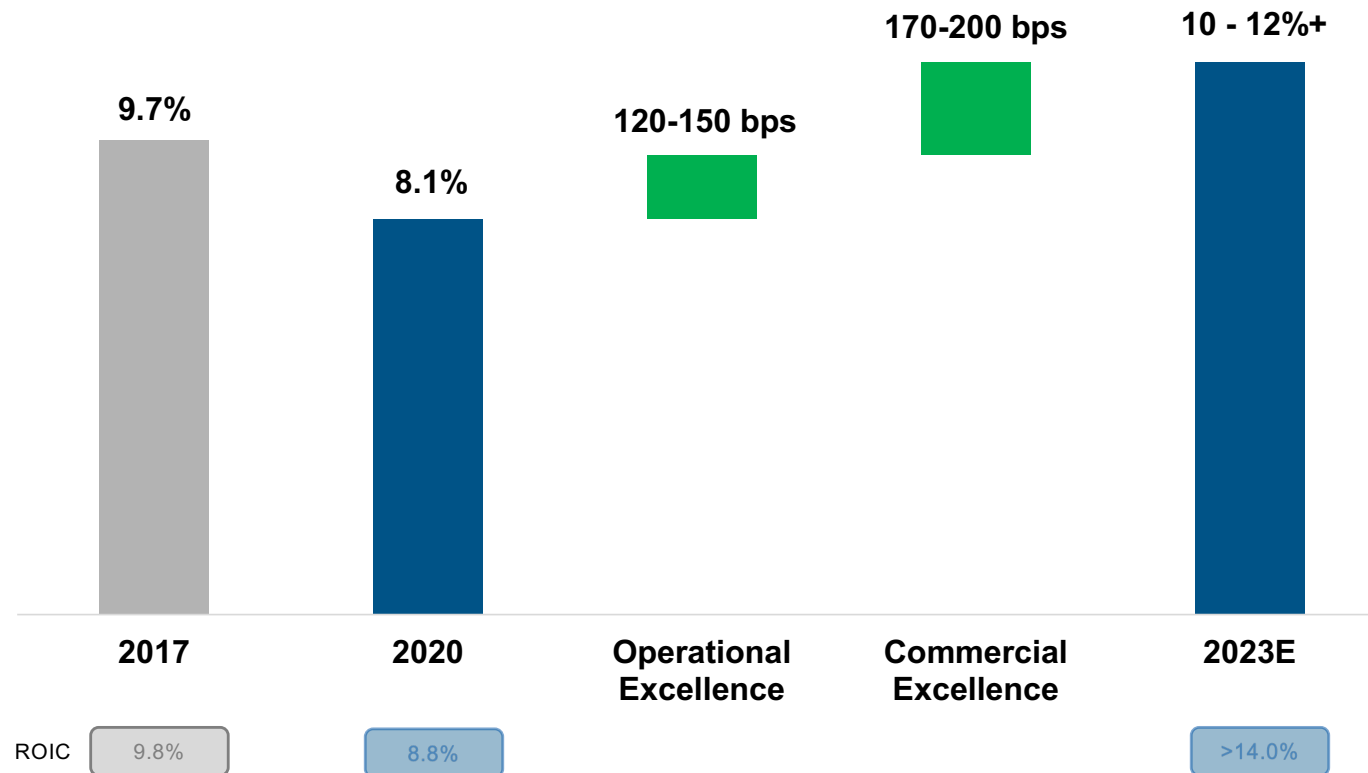


# Strategic Transformation Has Driven Significant Margin Improvement

## Long-term EBITDA Margin Bridge

### Commentary

- New leadership team focused on operational and commercial excellence to drive stronger ROIC
- Driving margin improvement through operational and commercial initiatives
- Strong focus on supply chain management as part of our OneASTEC Business Model
- Margin bridge does not include upside from long-term infrastructure bill



**INITIATIVES WILL DRIVE ~300 BPS OF MARGIN IMPROVEMENT**



# 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





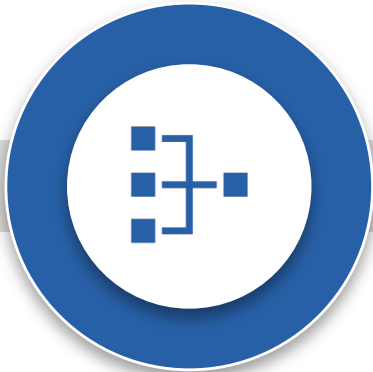
## Q & A



# APPENDIX

# 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





# Maintain Strong, Flexible Balance Sheet with Ample Liquidity

## SUMMARY BALANCE SHEET

| (\$M)                        | 3/31/21 |
|------------------------------|---------|
| Cash and Cash Equivalents    | 164.6   |
| Total Current Assets         | 592.0   |
| Total Assets                 | 868.3   |
| Total Current Liabilities    | 185.1   |
| Total Debt                   | 1.7     |
| Total Liabilities and Equity | 868.3   |

| (\$M)                     | 3/31/21 |
|---------------------------|---------|
| Cash and Cash Equivalents | 164.6   |
| Available Credit          | 154.4   |
| Total Available Liquidity | 319.0   |

### COMMENTARY

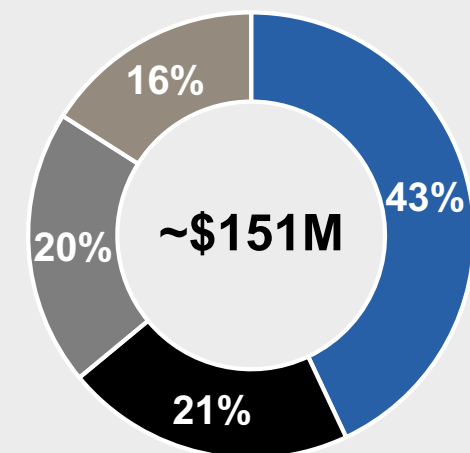
- Operating activities were a \$14.6M source of cash in the first quarter of 2021
- Cash and liquidity increased 4% and 2%, respectively, compared to 12/31/20

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



# Key Organic Growth Opportunities

**International /  
Global Growth**

**Growth in Parts  
and Service**

**New Product  
Development**

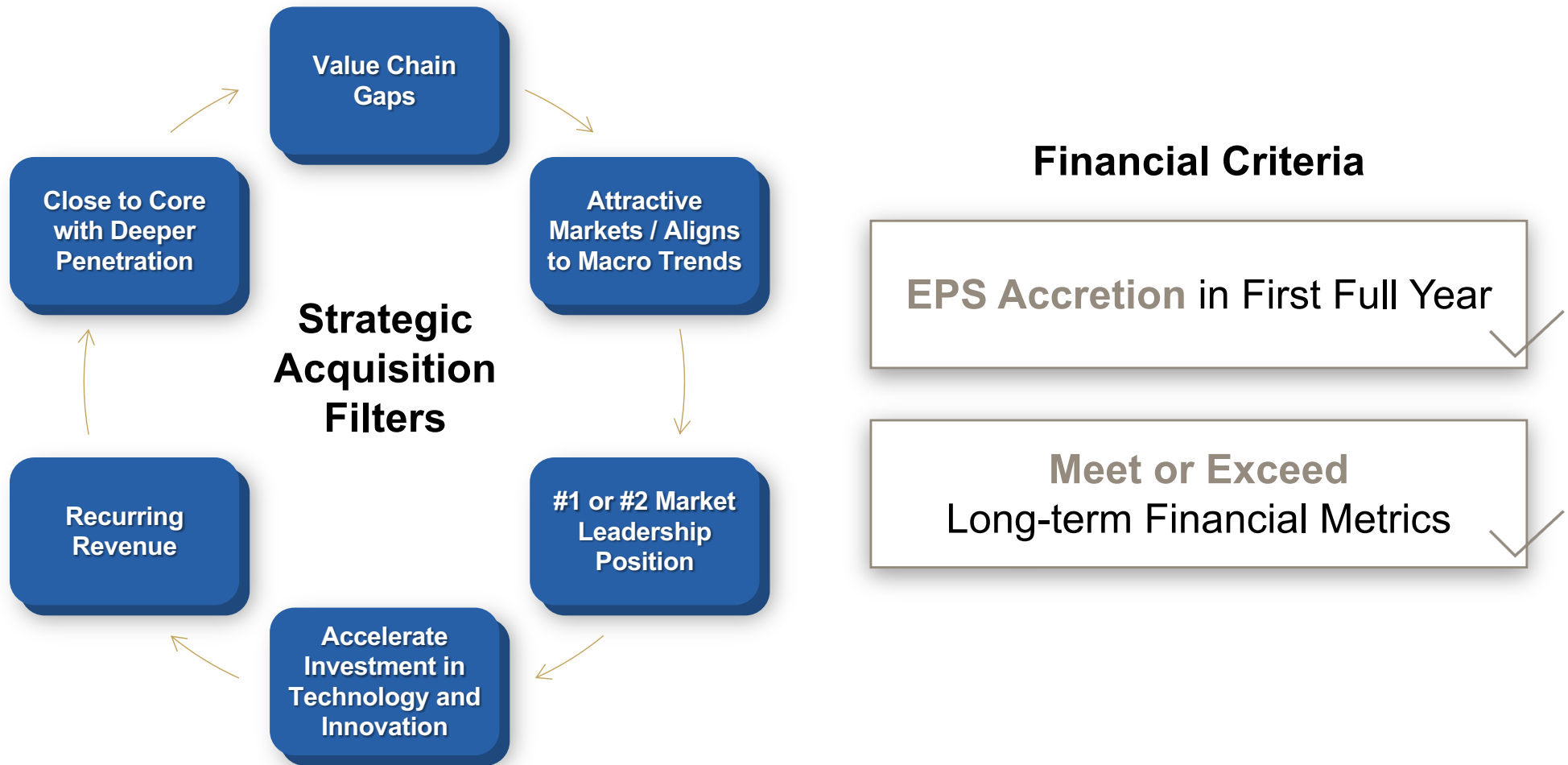
**Dealer  
Expansion**

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

**Strategic  
Accounts**



# Strategic M&A Approach Aligns to Our Growth Strategy



CONTINUE TO FOCUS ON STRATEGIC ALIGNMENT AND FINANCIAL DISCIPLINE



# 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

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