



WORTHINGTON INDUSTRIES

MAKERS OF BETTER





ANDY ROSE – PRESIDENT
JOE HAYEK – CFO

2020 JEFFERIES
INDUSTRIALS CONFERENCE

AUGUST 5, 2020

SAFE HARBOR STATEMENT

Worthington Industries wishes to take advantage of the Safe Harbor provisions included in the Private Securities Litigation Reform Act of 1995 (the “Act"). Statements by the Company which are not historical information constitute "forward looking statements" within the meaning of the Act. All forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those projected. Factors that could cause actual results to differ materially include risks, uncertainties and impacts described from time to time in the Company's filings with the Securities and Exchange Commission, including those related to COVID-19 and the various actions taken in connection therewith, which could also heighten other risks.

COVID-19 PANDEMIC RESPONSE PLAN

Proactive measures taken to ensure a safe workplace, manage operational costs and maintain financial flexibility

Health & Safety

- Established cross-functional COVID-19 taskforce and implemented governance structure involving regular updates at business unit, corporate, and Board levels
- Implemented best practices to keep workforce safe including additional cleaning and sanitizing, work from home, and physical distancing for employees needing to be onsite

Operational cost management

- Hiring freeze for non-critical roles
- Rightsizing the workforce to match the current demand environment, mostly through furloughs but also with some permanent reductions
- Reducing discretionary spend including travel

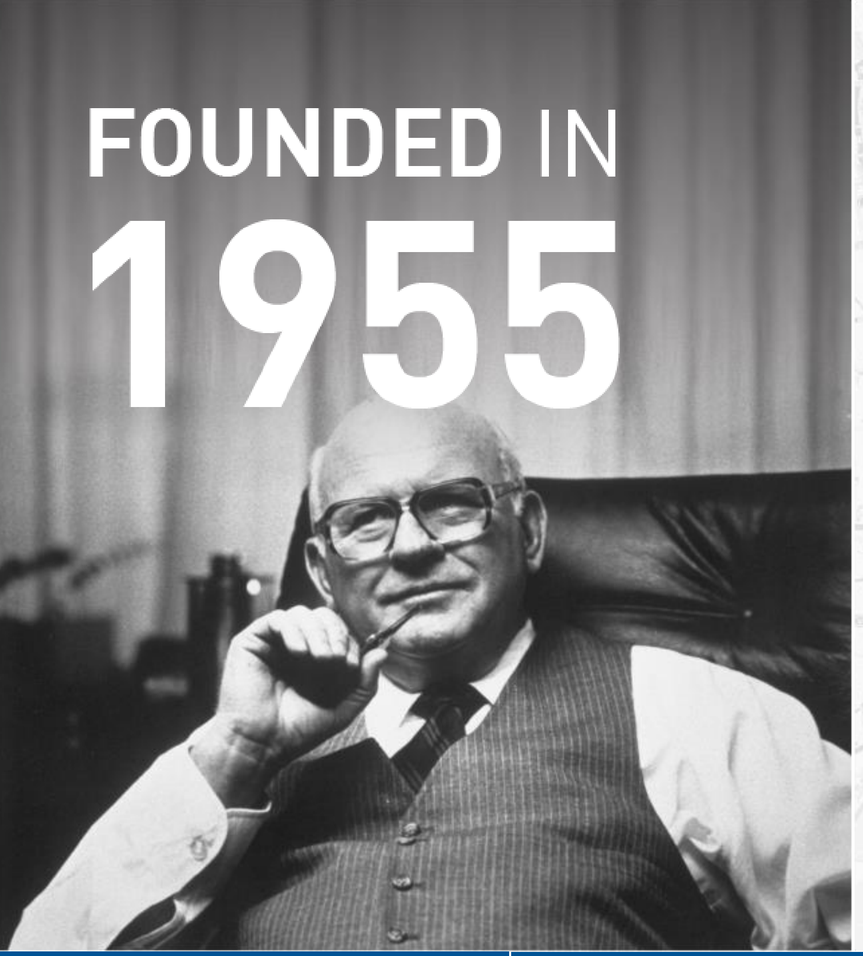
Financial flexibility

- Maintain a strong balance sheet with $650M of liquidity as of May 31, 2020* and no funded debt maturities until 2024
- Deferral of non-essential and non-growth oriented capital expenditures
- Positioned to emerge from pandemic well capitalized and as a stronger company

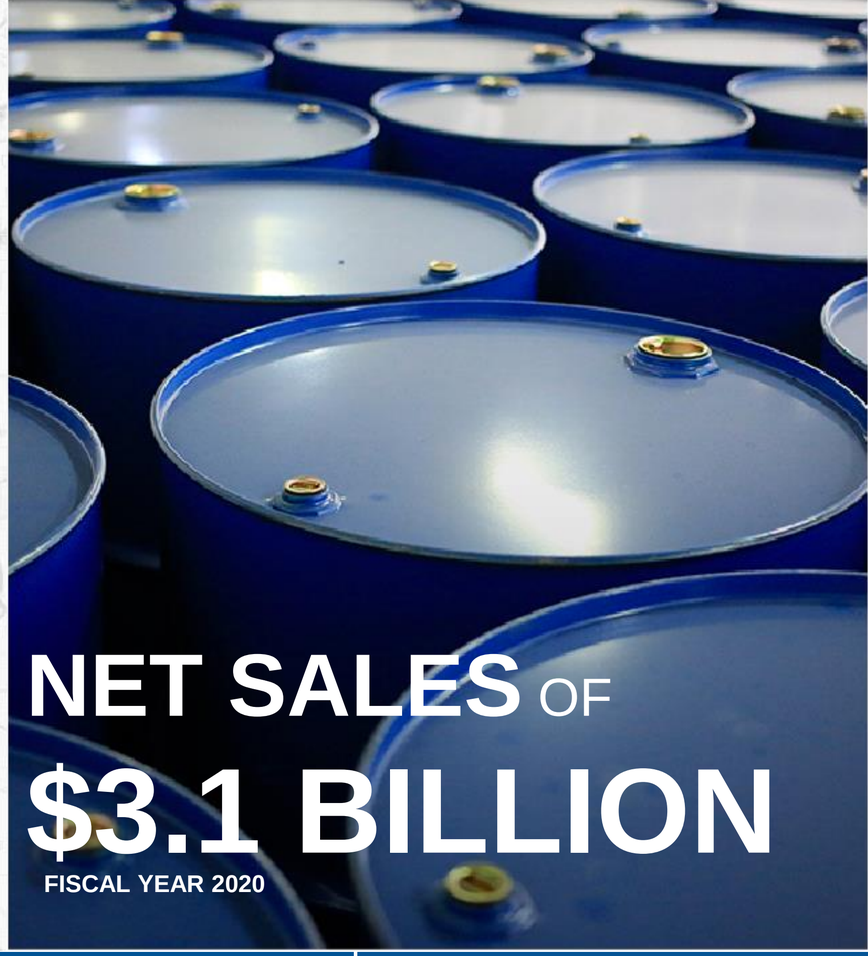
* Liquidity includes $500M in undrawn revolving credit facilities and $147M of cash as of 05/31/20

VISION

TO BE THE **TRANSFORMATIVE PARTNER** FOR OUR CUSTOMERS, A **POSITIVE FORCE** IN OUR COMMUNITIES AND EARN **EXCEPTIONAL RETURNS**







7,500
EMPLOYEES

4,500
CUSTOMERS

56
FACILITIES

6
COUNTRIES

WOR
LISTED
NYSE®

WORTHINGTON'S STEEL IS IN

50% OF U.S. CARS



LARGEST PURCHASER OF FLAT ROLL STEEL BEHIND AUTOMAKERS

AWARDS

- FORTUNE Most Admired Companies in Metals Industry three times
- FORTUNE 100 Best Companies to Work For in America four times
- Best Place to Work in IT by Computerworld 2017-2019
- Partner-Level Supplier 2013-2019 and Supplier Hall of Fame by John Deere
- Military Friendly® Employer by VIQTORY 2016-2020
- Top Workplace by Columbus CEO from 2013-2019
- Gold Level Fit-Friendly Company by the American Heart Association 2011-2019
- TWB Company named a General Motors Supplier of the Year 2019

MANUFACTURED

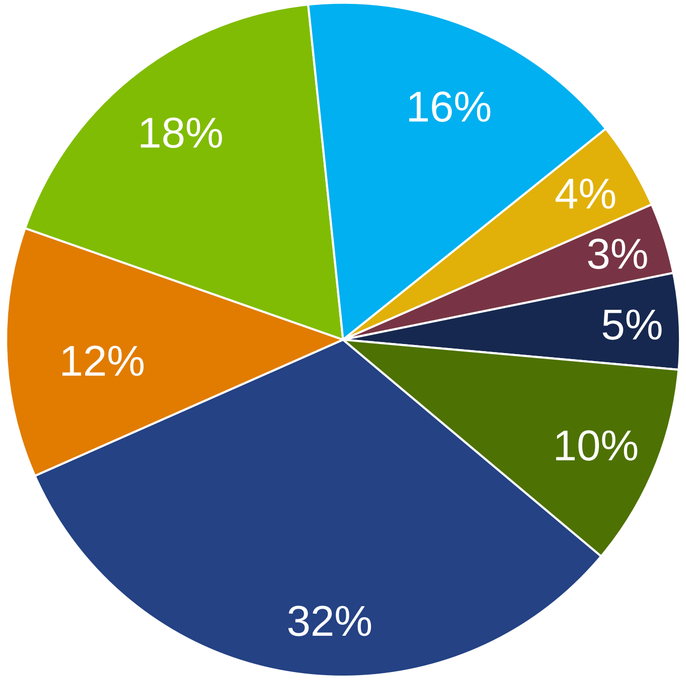
83MM CYLINDERS & ACCESSORIES

(FY20) SOLD IN 90+ COUNTRIES



$3.1B TRAILING 12 MONTH NET SALES

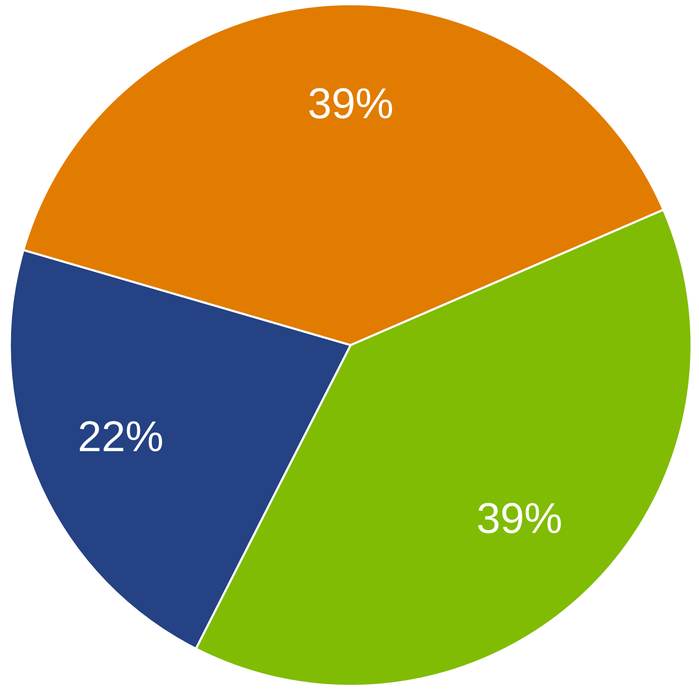
NET SALES BY END-MARKETS



- Automotive
- Construction
- Industrial
- Consumer Products
- Agriculture
- Heavy Truck
- Oil & Gas Equipment
- Other

OPERATING/EQUITY INCOME BY SEGMENT TTM*

$207.0 MILLION



- Steel
- Cylinders
- WAVE / Other / JVs

* Excludes restructuring and impairment and $23.1M gain related to the sale of WAVE's foreign assets

PROFILE

STEEL PROCESSING

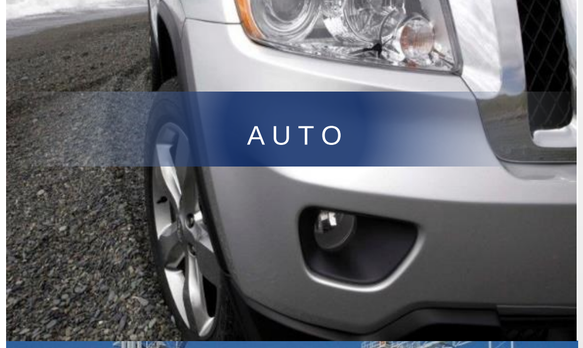


27 FACILITIES
in North America
(8 wholly owned / 19 JV Owned)

CORE PRODUCTS

Carbon flat rolled steel processing - Broad range of metal products in sheet, coil and strip configurations, as well as a number of processing capabilities from specialty coatings and annealing, to pickling, slitting and blanking.

Tailor welded products – Offering tailored products for lightweight and safety critical components through 55% owned JV (TWB). Capability to process multiple types of materials offering tailored blanks, tailor welded coils, aluminum tailor welded blanks, and hot formed tailor welded blanks.



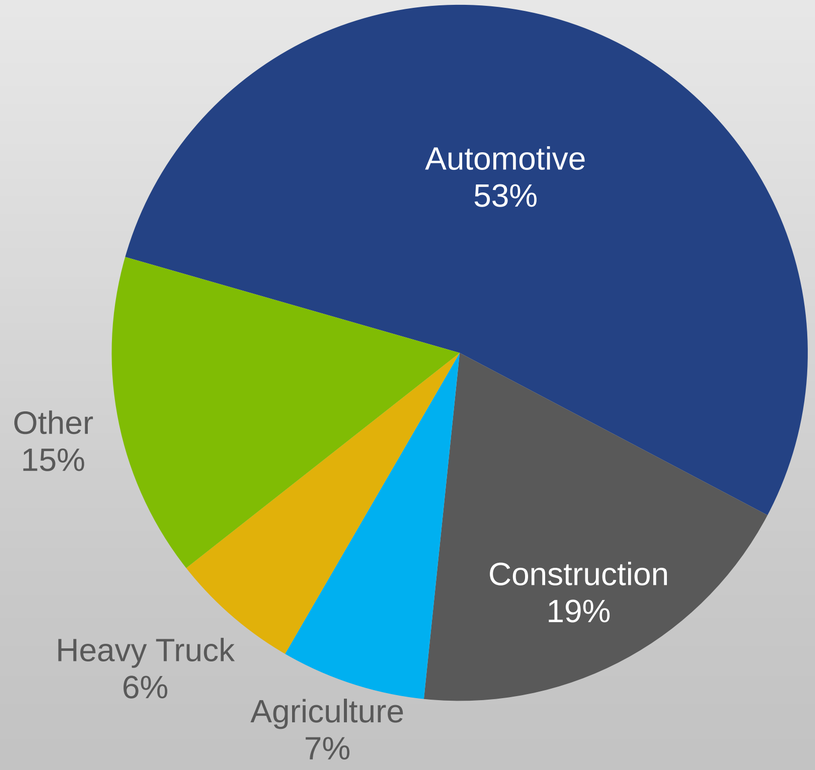






SALES BY END MARKET

TTM 5/31/20 $1.9B



PROFILE

PRESSURE CYLINDERS



16 FACILITIES
in North America and Europe



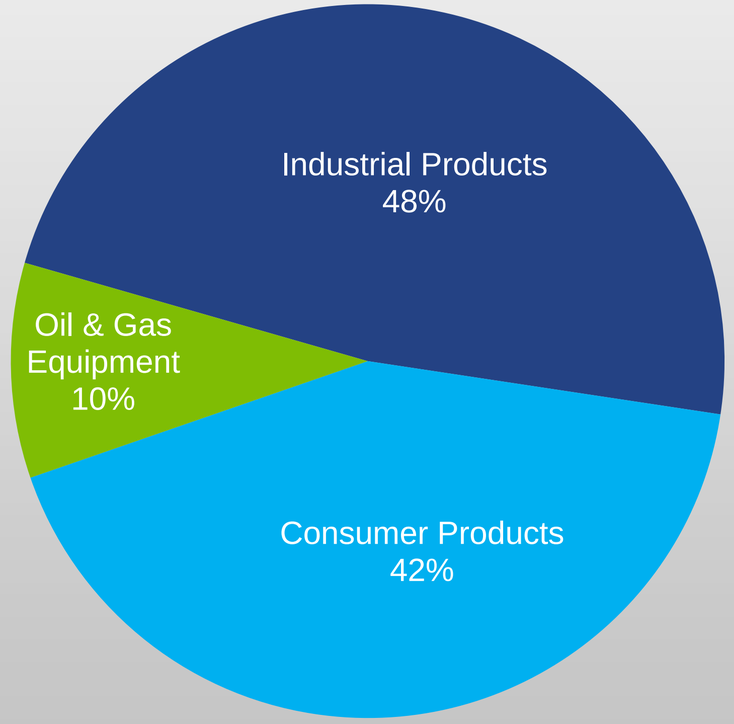






SALES BY SBU

TTM 5/31/20 $1.1B



CORE PRODUCTS

Industrial Products - Broad line of pressure cylinders and cryogenic vessels, tanks and trailers for industrial gas storage and transportation

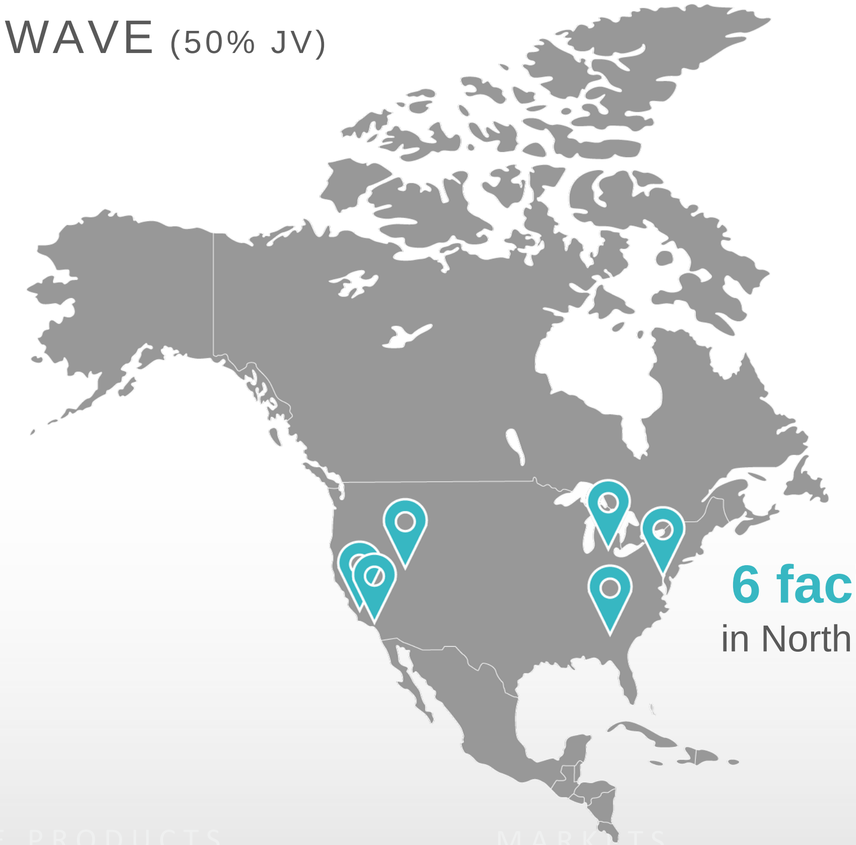
Consumer Products – Market-leading brands with products for jobsite, home and outdoor activities

Oil & Equipment - Custom solutions for energy storage, processing and transportation

PROFILE

CORE PRODUCTS MARKETS

WAVE (50% JV)



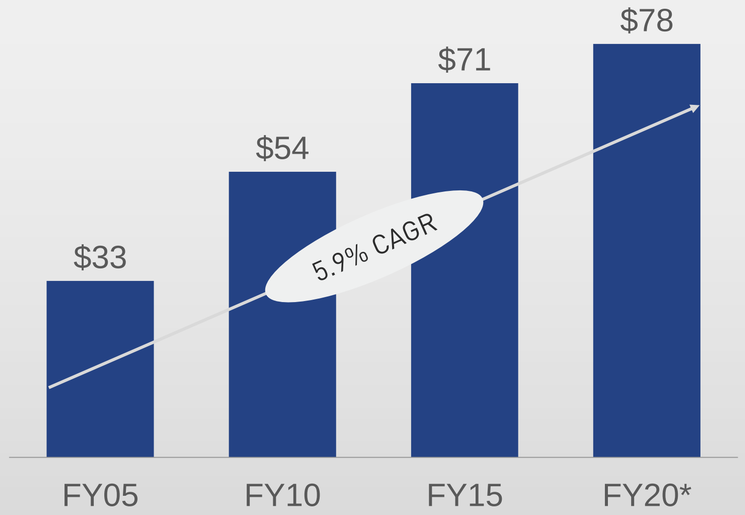
6 facilities
in North America







CONTRIBUTION TO WI EQUITY INCOME ($M)



* FY20 excludes $23.1M gain related to the sale of WAVE's foreign assets

Sustainable revenue and EBITDA growth with creative fabricated architectural metal components, focusing on superior customer value, industry leading manufacturing, and talent development resulting in low cost construction and enterprise efficiencies

- Product
- Price
- Operations
- Service

OVER
$800M
in dividends paid

to Worthington in past 10 years since FY 2011



OVER

$1.0B

in dividends received

from JVs in past 10 years since FY 2011

SUCCESSFUL JOINT VENTURES

Serving automotive and construction end markets

- Successful JV portfolio built with trusted partners who help make a business better versus the alternative of going solo
- JVs managed to produce regular cash dividends that closely approximate earnings

	Business	Ownership	Created
WAVE	Architectural and acoustical grid ceilings	50%	1992
Serviacero	Steel processing in Mexico	50%	2007
ArtiFlex	Automotive tooling and stamping	50%	2011
ClarkDietrich	Metal framing for commercial construction	25%	2011

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GROWTH STRATEGY

Working together using technology, analytics and automation **enables** us to deliver…

Successful innovation, transformation, and acquisitions that **drive value** for customers and earn exceptional returns for our shareholders.

All with **Our Philosophy** at the center.



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3 COMPLEMENTARY **VALUE DRIVERS** ARE WELL ESTABLISHED

TRANSFORMATION



Broad based business system focused on:

- Data-driven decision making
- Optimizing value streams and eliminating waste
- Discovering new capabilities through agile teams
- One system, driven by everyone, not just a central tiger team

INNOVATION



Innovation as a discipline:

- New product development
- Product design & engineering
- Voice of customer & market research
- Incorporating advanced technologies

ACQUISITIONS



Focus on the core:

- Consolidate higher value add markets
- Build out product offerings with adjacencies
- Target industries/sectors we know
- Focus on higher margin / high cash flow businesses
- Strong target evaluation process, due diligence and integration to achieve synergies

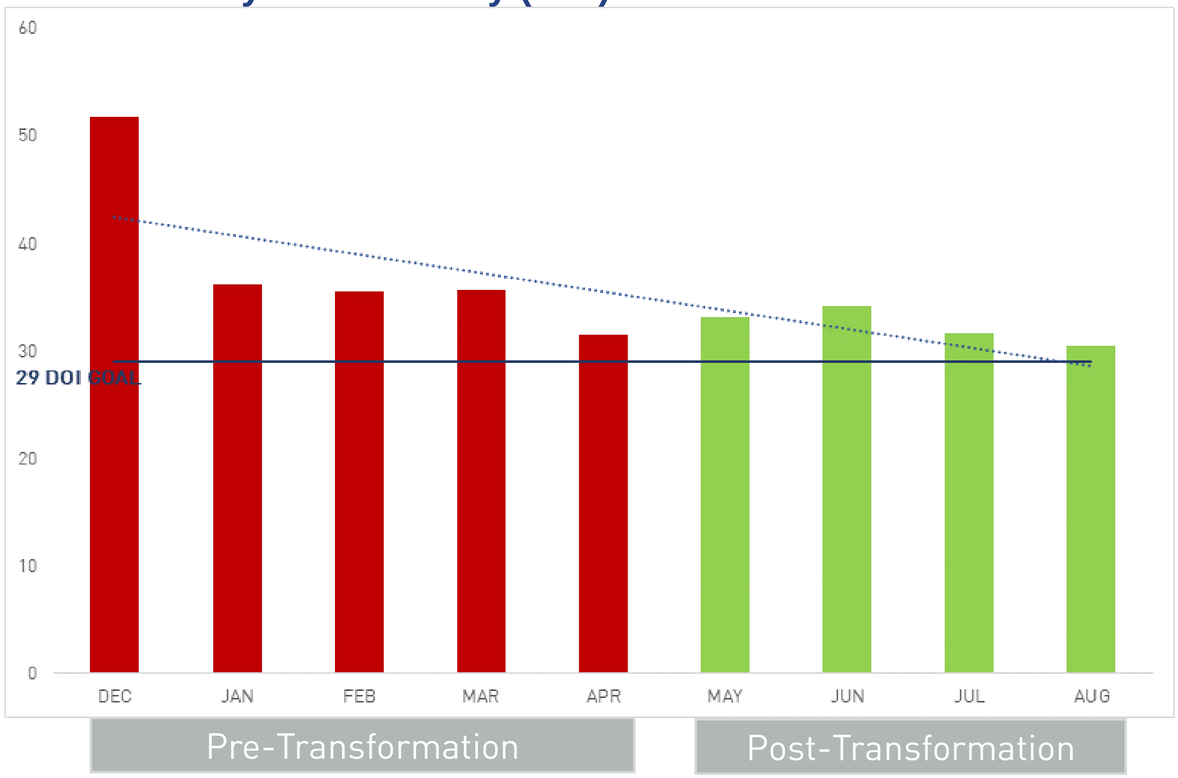
VALUE DRIVERS IN ACTION: TRANSFORMATION

Data driven LEAN events to improve our businesses

Example of Transformation project at core steel facility

Issue: Sales & operations planning receiving inaccurate information resulting in buying unneeded material and taking line time away from other orders

RM & WIP Days of Inventory (DOI)



What we did to drive improvements:

- ✓ Analyzed historical forecasts and shipment data
- ✓ Standardized processes for demand planning
- ✓ Controlled process for purchasing new material within facility
- ✓ Improved collaboration between commercial, supply chain, purchasing & operations functions

WHAT WE ACHIEVED:

21 DOI
Reduction in RM & WIP from Dec - Aug

96%
On-time delivery (4% improvement)

$5M
Working capital freed up

PRODUCTIVITY:
tons/scheduled hour
from **87** to **109**

FINISHED GOODS CYCLE TIME:
from **9 days** to **6 days**

VALUE DRIVERS IN ACTION: INNOVATION

Creating innovative solutions to meet the needs of customers and expand into new markets

Cannabis Extraction Cylinders

- Need for cleaner alternative to traditional steel 100# tank identified
- Voice of customer work conducted to understand need and size opportunity
- Repurposed existing assets and production line, minimizing capital investment and increasing speed to market
- Product team focused on identifying opportunities to develop additional premium products for this rapidly growing market



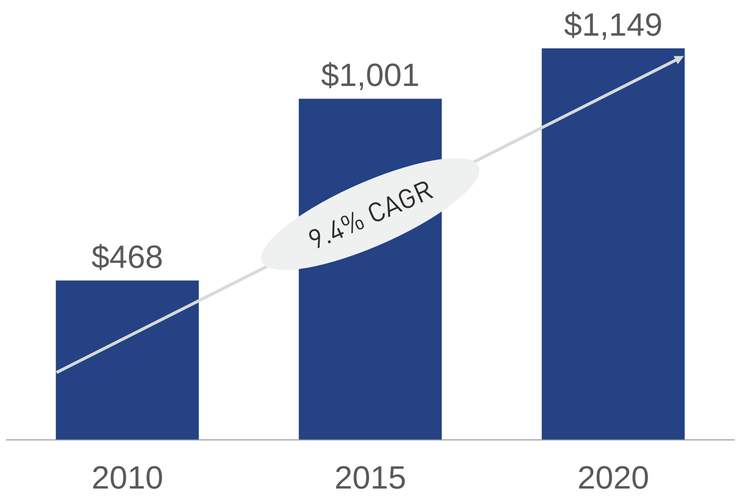
"Cannabis extraction is a growing market, and since cannabis is ingested, our customers are asking for a cleaner tank solution."



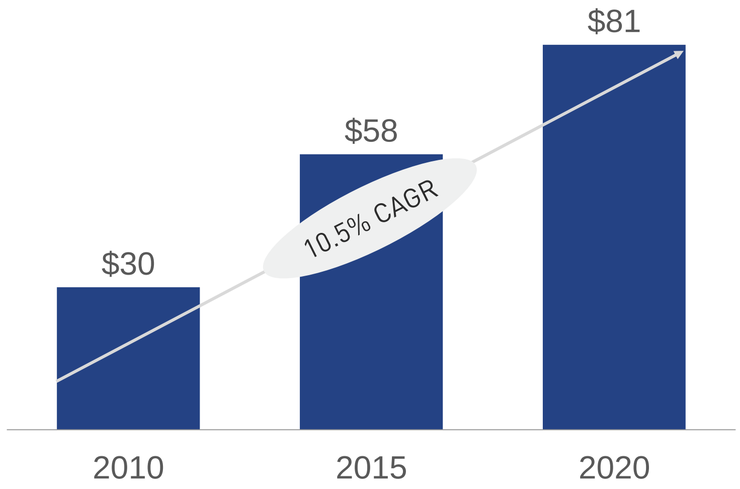
VALUE DRIVERS IN ACTION: M&A

Pressure Cylinders has experienced meaningful earnings growth over the past 10 years driven by 16 acquisitions

CYLINDERS SALES ($M)



CYLINDERS OPERATING INCOME* ($M)



*excludes restructuring and non-recurring charges.

CONSUMER PRODUCTS

Amtrol Water System Tanks
Coleman Camping Gas Cylinders
Bernzomatic Torches and Fuel



INDUSTRIAL PRODUCTS

European Industrial Cylinders
Cryogenic Equipment
Clean Vehicle Fuel Storage Systems



OIL & GAS EQUIPMENT

Patented Oil & Gas Seperation Equipment
Heater Treaters
Storage Tanks



FINANCIAL GOALS

- GROW EBITDA & FREE CASH FLOW EVERY YEAR
- 10%+ RETURN ON CAPITAL
- RAISE MARGINS
- REDUCE EARNINGS VOLATILITY
- BALANCED CAPITAL ALLOCATION
- MODEST LEVERAGE / AMPLE LIQUIDITY (INVESTMENT GRADE)
- RIGOROUS CAPITAL DISCIPLINE



BALANCED

CAPITAL ALLOCATION STRATEGY

Strong cash flows and significant liquidity support balanced approach to capital allocation focused on growth and rewarding shareholders

CAPITAL EXPENDITURES

- ✓ Reinvest in the business to create value and support growth
- ✓ FY2020 CapEx of $95.5 million

ACQUISITIONS

- ✓ Focus on core businesses and selectively grow into new markets
- ✓ Focus on higher margin / high cash flow businesses

DIVIDENDS

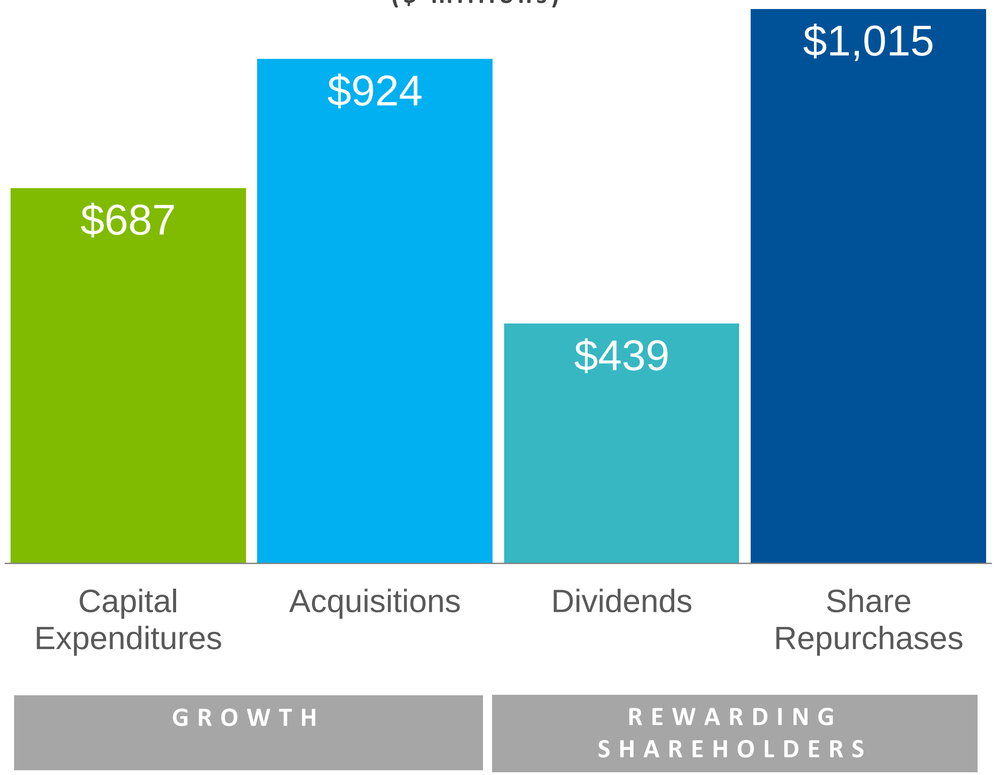
- ✓ Dividend paid quarterly since becoming a public company in 1968
- ✓ Ten consecutive years of dividend increases

SHARE REPURCHASES

- ✓ Opportunistic approach has reduced share count 31% over past 10 years
- ✓ 7.7 million shares remaining on current authorization

OVER $3 BILLION OF CAPITAL DEPLOYED OVER PAST 10 YEARS

($ millions)



*Information based on financials from FY 2011 to FY 2020

CONSOLIDATED RESULTS

$ millions, except EPS	FY2018	FY2019	FY2020
Sales	$3,582	$3,760	$3,059
Adjusted EBITDA*	$397	$330	$300
% of sales	11.1%	8.8%	9.8%
Operating Income*	$195	$142	$115
% of sales	5.5%	3.8%	3.8%
EPS*	$3.05	$2.60	$2.39
Avg Invested Capital	$1,696	$1,628	$1,532
ROIC (Adj. EBIT/Avg. Inv. Cap.)	17.3%	14.4%	13.6%
Inventory Holding Gains / (Losses) Impact	$18	($4)	($20)
EPS Impact	$0.18	($0.06)	($0.27)

*Adjusted for restructuring and non-recurring items. See supplemental data schedules in appendix for reconciliation of adjustments.

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KEY INVESTMENT HIGHLIGHTS

Worthington offers an attractive investment opportunity despite the current economic environment

- Growth strategy focused on value drivers of innovation, transformation and acquisition to enhance margins
- Solid free cash flow and ample liquidity to execute on strategy
- Rigorous capital discipline focused on high cash flow investments
- Balanced approach to capital allocation focused on investing for growth and rewarding shareholders
- Positioned to emerge from COVID-19 well capitalized and as a stronger company



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WORTHINGTON INDUSTRIES

SUPPLEMENTAL DATA

SUPPLEMENTAL DATA

CONSOLIDATED ADJUSTED EBITDA / FREE CASH FLOW

	FY18 Annual	FY19 Annual	FY20 Annual
Net Income	**$ 194.8**	**$ 153.5**	**$ 78.8**
Interest Expense	38.7	38.1	31.6
Taxes	8.2	43.2	26.3
EBIT	**$ 241.7**	**$ 234.7**	**$ 136.8**
D&A	103.4	95.6	92.7
EBITDA	**$ 345.0**	**$ 330.3**	**$ 229.4**
Restructuring and non recurring	52.0	(0.8)	70.8
EBITDA Adjusted	**$ 397.0**	**$ 329.5**	**$ 300.3**
Stock based compensation	13.8	11.7	11.9
Undistributed JV earnings	(13.4)	7.3	8.1
Interest Expense	(38.7)	(38.1)	(31.6)
Income taxes	(46.5)	(25.7)	(27.7)
Net (gain) loss on sale of assets	(10.5)	(7.1)	(5.1)
Minority interest	6.1	9.8	5.6
Change in working capital	(35.7)	(98.9)	58.7
Other	9.3	9.3	16.5
Cash Flow from Operations	**$ 281.3**	**$ 197.9**	**$ 336.7**
Capital spending	(76.1)	(84.5)	(95.5)
Free Cash Flow	**$ 205.3**	**$ 113.4**	**$ 241.2**

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SUPPLEMENTAL DATA

CONSOLIDATED ADJUSTED OPERATING INCOME / EPS

$ millions, except EPS	FY2018	FY2019	FY2020
Operating Income	$142	$145	$22
Restructuring and non recurring	54	(3)	93
Operating Income Adjusted	$195	$142	$115
EPS	$3.09	$2.61	$1.41
Restructuring and non recurring*	(0.04)	(0.01)	0.98
EPS Adjusted	$3.05	$2.60	$2.39

*FY2018 adjusted EPS reflects pre-tax restructuring charges of $54 million ($0.45/share) as well as a one-time benefit of $0.49/share due to the Tax Cuts and Jobs Act. FY2019 reflects a pre-tax restructuring gain of $3 million ($0.01/share). FY2020 adjusted EPS reflects $93M ($1.29/share) in pre-tax restructuring and non-recurring charges as well as a $23M gain ($0.31/share) from the sale of WAVE's foreign assets.

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STEEL PROCESSING

FINANCIALS

$ millions	FY 2018	FY2019	FY2020
Sales	$2,253	$2,436	$1,860
Adj. EBITDA*	$177	$122	$79
% of sales*	7.9%	5.0%	4.3%
Operating Income* excl. Restructuring	$143	$93	$46
% of sales	6.3%	3.8%	2.5%
Capital Expenditures	$32	$39	$41
Avg Invested Capital	$510	$550	$512
ROIC* (Adj. EBIT/Avg. Inv. Cap.)	26.2%	14.8%	7.5%
Volume (000s tons)	3,820	3,715	3,831
Steel Price (HRC/ton), period average	$687	$783	$547
Inventory Holding Gains / (Losses) Impact	*$18*	*($4)*	*($20)*

*excludes restructuring and non-recurring charges

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PRESSURE CYLINDERS

FINANCIALS

$ millions	FY2018	FY2019	FY2020
Sales	$1,206	$1,208	$1,148
Adj. EBITDA*	$127	$105	$124
% of sales*	10.6%	8.7%	10.8%
Operating Income* excl. Restructuring	$80	$63	$81
% of sales	6.6%	5.3%	7.1%
Capital Expenditures	$33	$38	$41
Avg Invested Capital	$914	$879	$869
ROIC (Adj. EBIT*/Avg. Inv. Cap.)	8.8%	7.2%	9.4%
Volume (000s units)	90,174	83,787	82,520

*excludes restructuring and non-recurring charges.

Note: FY2019 results were negatively impacted by a $13 million charge related to a tank replacement program in Q3 which is included in the numbers above.

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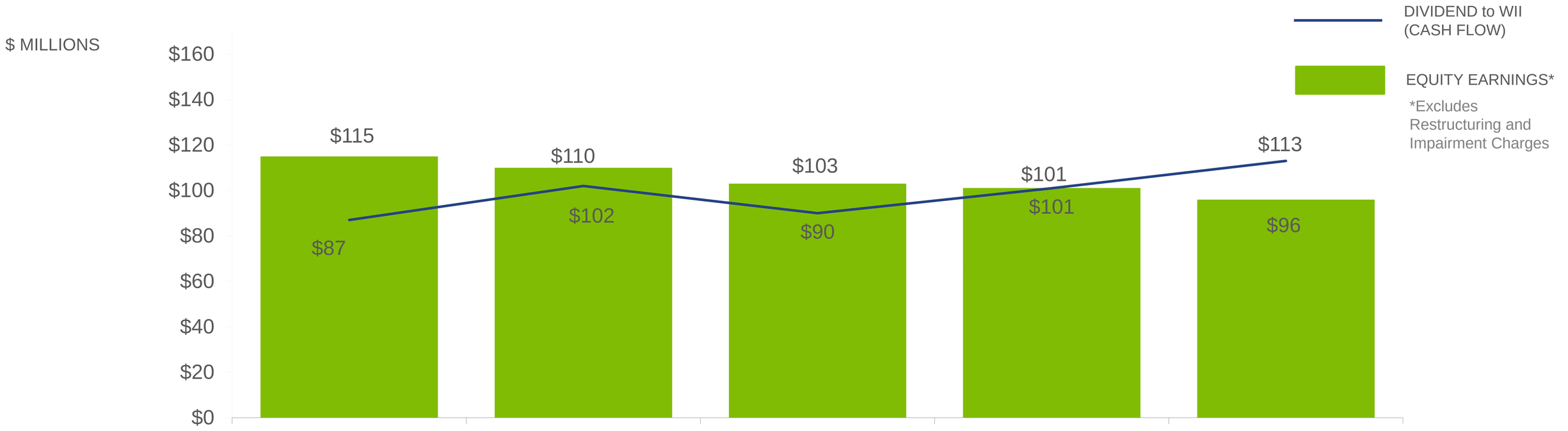
MEANINGFUL JV EARNINGS

Unconsolidated JVs managed to produce regular cash dividends that closely approximate earnings



Equity Earnings $ MILLIONS	2016	2017	2018	2019	2020
WAVE (50%)	$82.7	$78.3	$77.5	$82.3	$78.0
ClarkDietrich (25%)	$14.6	$17.3	$9.8	$8.6	$17.2
Servicero (50%)	$6.3	$7.2	$8.8	$8.1	$1.3
Artiflex (50%)	$10.3	$7.0	$4.9	$2.0	$2.7
Other	$1.1	$0.2	$2.1	$0.1	($3.2)
Total Equity Earnings	**$115.0**	**$110.0**	**$103.1**	**$101.1**	**$96.0**

Note: FY19 dividends shown above exclude $60M received from WAVE related to a special dividend and cash proceeds from the sale of international operations. FY20 excludes $10M received from WAVE international proceeds.

FY19 Equity Earnings excludes a $4.0M impairment for CR Steel China JV and FY20 excludes a $4.3M impairment for CR Steel China JV and a $23.1M gain for the sale of WAVE's foreign assets.

CONTACT

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SAFE HARBOR STATEMENT

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