Worthington Industries

Joe Hayek – Chief Financial Officer

2020 Virtual Global Industrial Conference
November 12, 2020

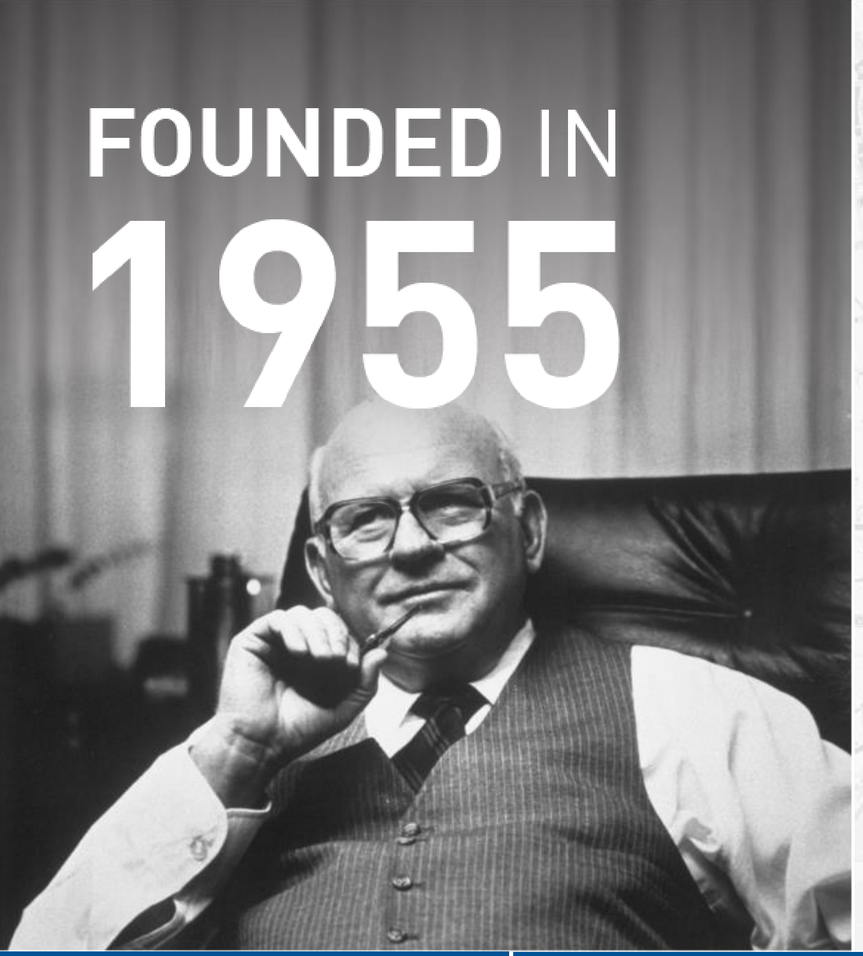
65 YEARS
MAKERS OF BETTER
EST. 1955

SAFE HARBOR STATEMENT

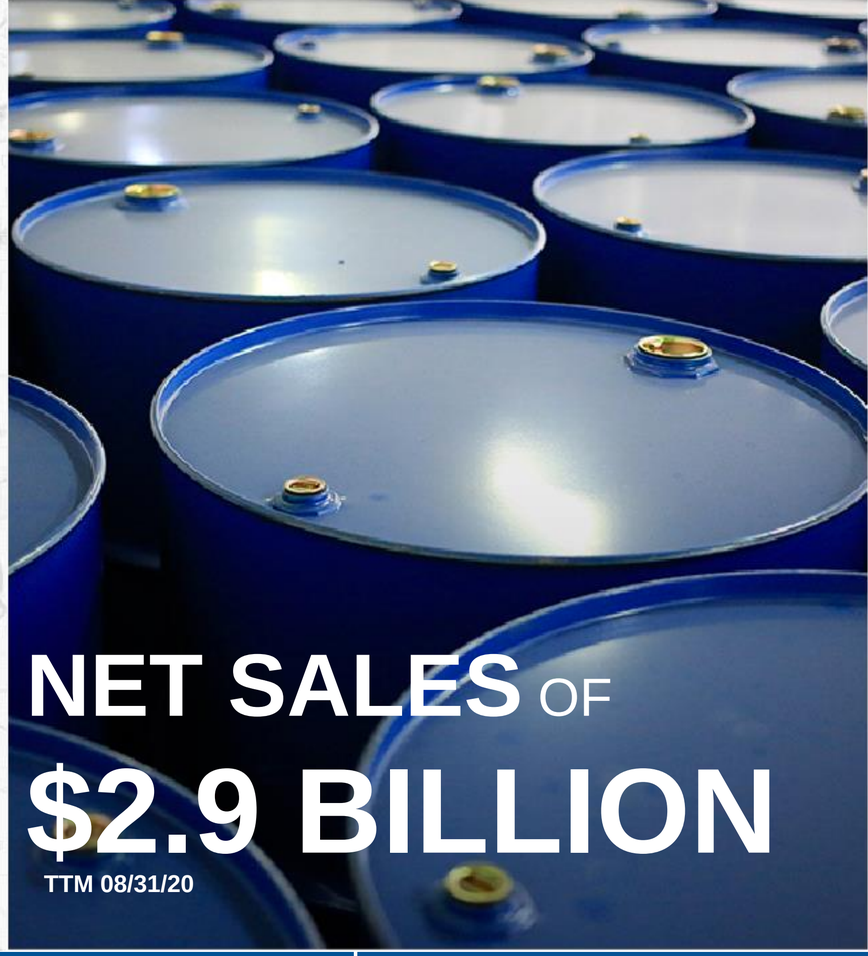
Worthington Industries wishes to take advantage of the Safe Harbor provisions included in the Private Securities Litigation Reform Act of 1995 (the “Act"). Statements by the Company which are not historical information constitute "forward looking statements" within the meaning of the Act. All forward-looking 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.

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

51
FACILITIES

6
COUNTRIES

WOR
LISTED
NYSE®

CORPORATE CITIZENSHIP & SUSTAINABILITY

Long history of keeping employees safe, practicing good citizenship and protecting the environment

Fiscal Year 2020 Highlights



2.5x

BETTER SAFETY RECORD
than our industry



95%

of waste generated
RECYCLED



55

NON-PROFIT
organizations supported



60

STUDENTS completed the
WI Workforce Experience



$2M+

DONATED
in the community

For more information on our Corporate Citizenship & Sustainability efforts, please see our first annual Corporate Citizenship & Sustainability Report located on the “Governance” page of our Investor Relations website at ir.WorthingtonIndustries.com

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 2017-2020
- 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 2013-2020
- TWB Company named a General Motors Supplier of the Year 2019
- FCA Supplier of the Year 2020 in the category of raw materials

MANUFACTURED

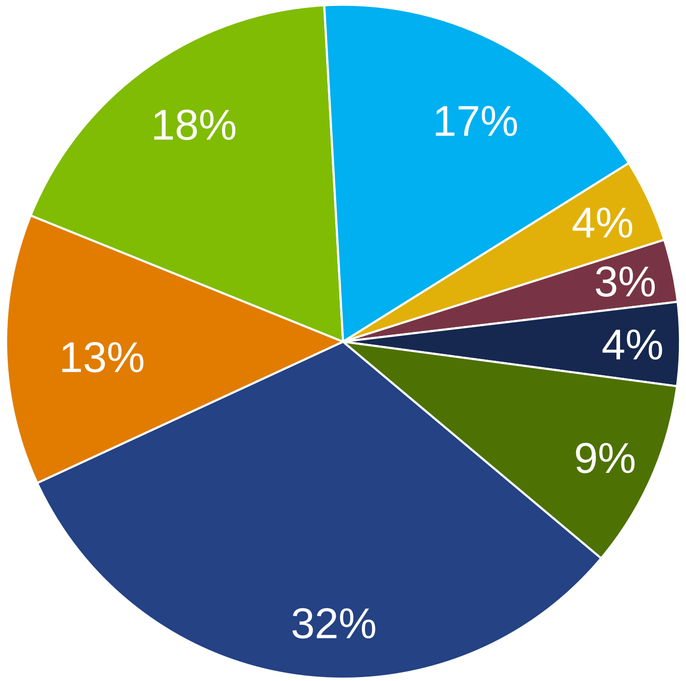
83MM CYLINDERS & ACCESSORIES

(FY20) SOLD IN 90+ COUNTRIES



$2.9B TRAILING 12 MONTH NET SALES

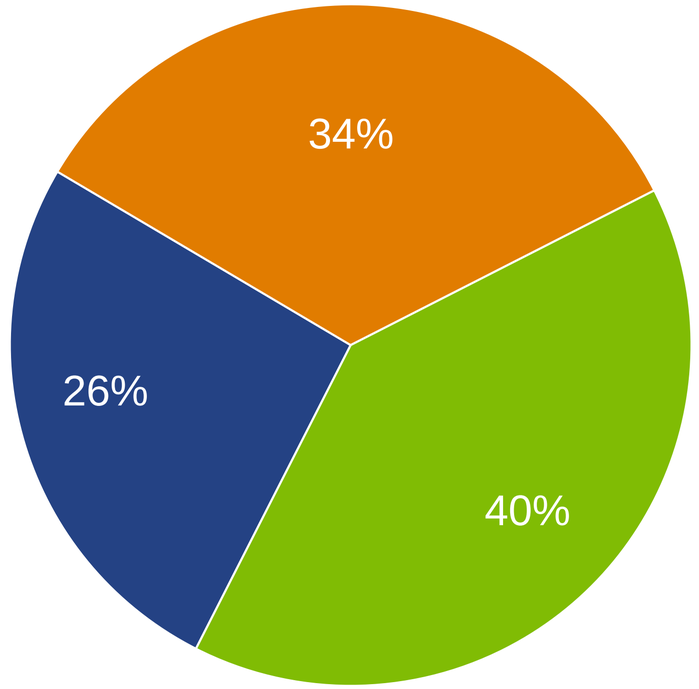
NET SALES BY END-MARKETS



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

OPERATING/EQUITY INCOME BY SEGMENT TTM*

$210.5 MILLION



- Steel
- Cylinders
- WAVE / Other / JVs

* Excludes restructuring and impairment, $23.1M gain related to the sale of WAVE's foreign assets in Q2 FY20, and $49.5M expense related to NKLA gain in Q1 FY21.

PROFILE

STEEL PROCESSING



25 FACILITIES
in North America
(8 wholly owned / 17 JV Owned)

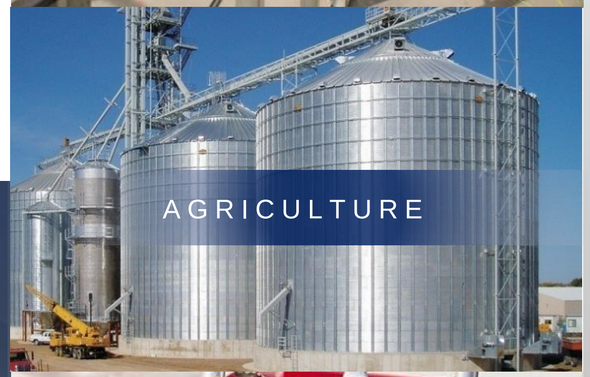
CORE PRODUCTS

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.



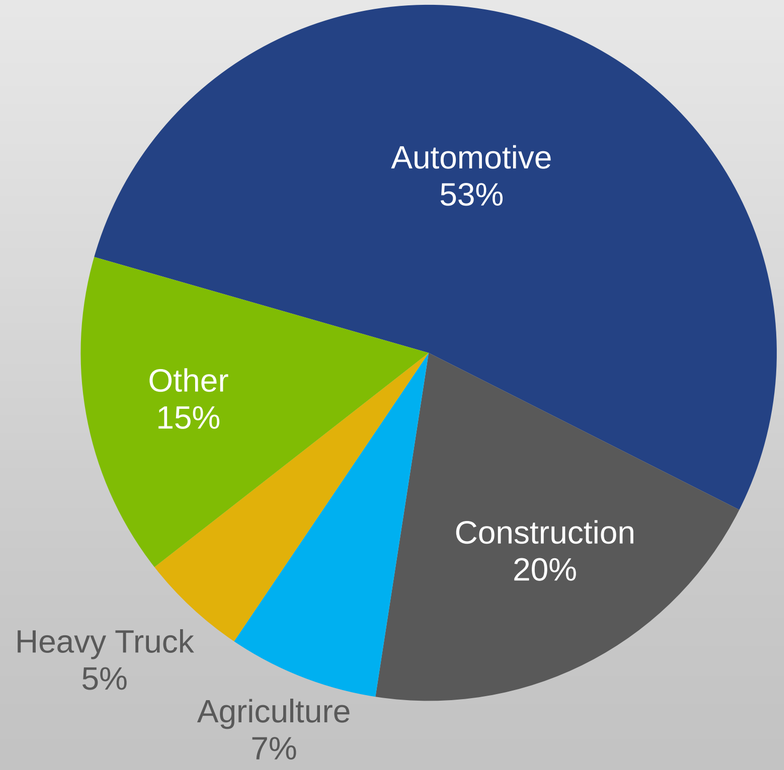






SALES BY END MARKET

TTM 8/31/20 $1.8B



PROFILE

PRESSURE CYLINDERS



15 FACILITIES
in North America and Europe



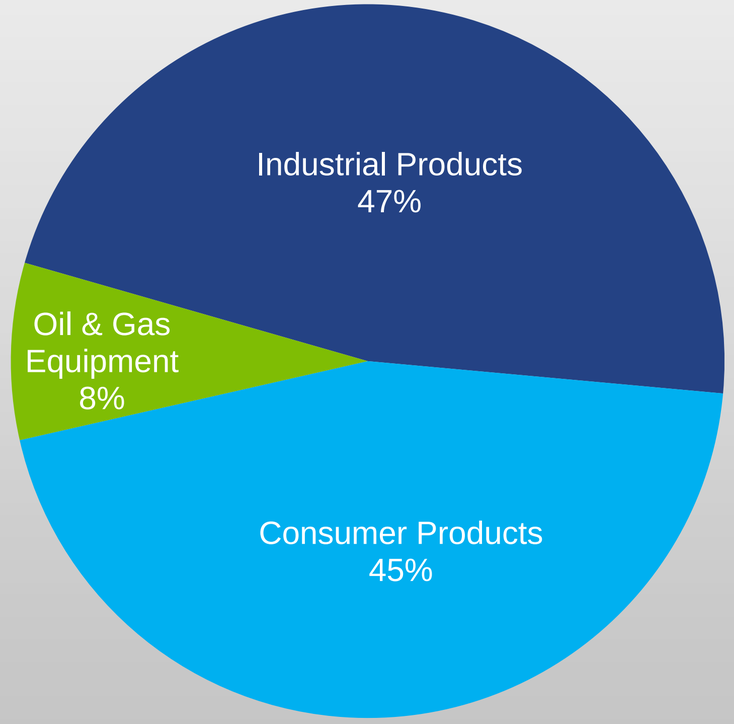






SALES BY SBU

TTM 8/31/20 $1.1B



CORE PRODUCTS

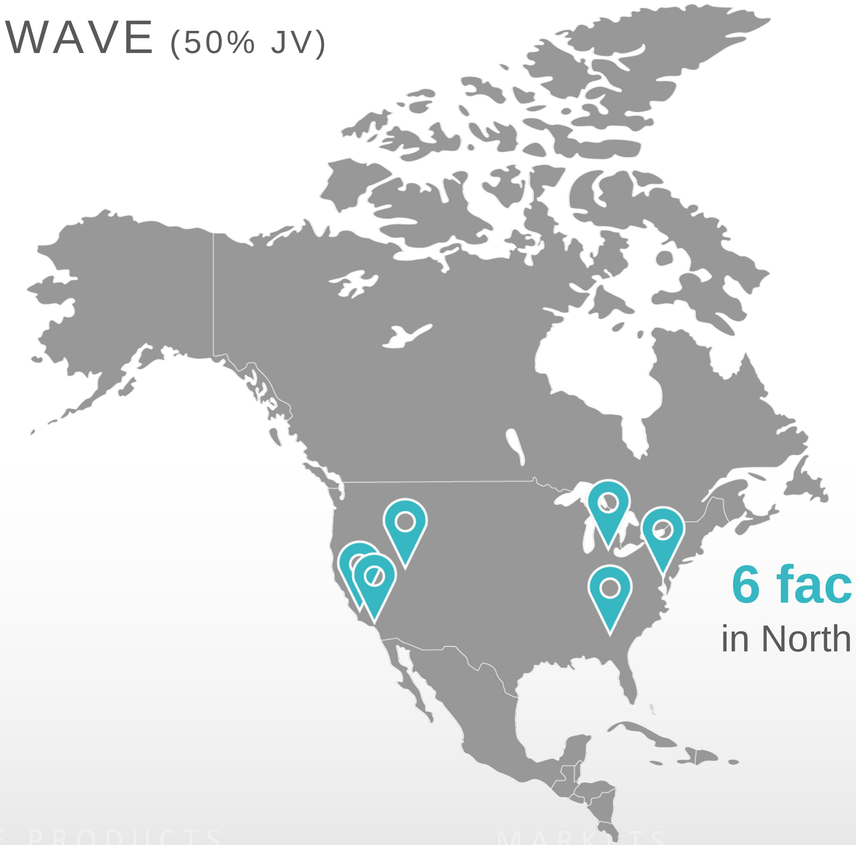
Industrial Products - Broad line of pressure cylinders and tanks for industrial gas storage and transportation

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

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

PROFILE

WAVE (50% JV)



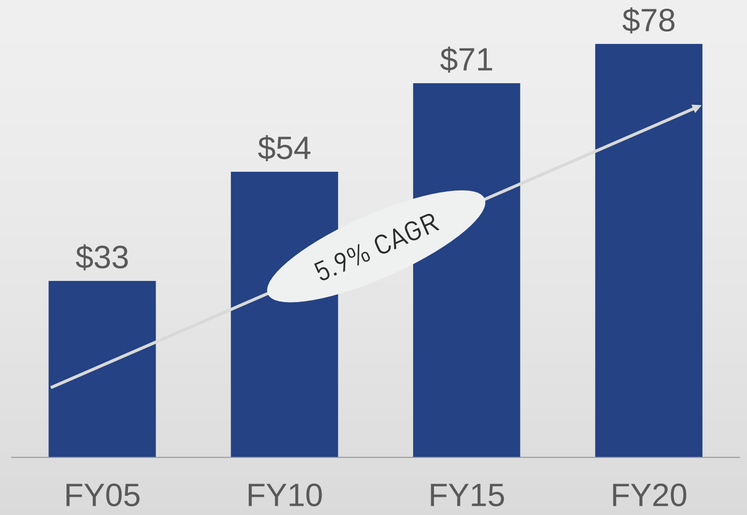
6 facilities
in North America







CONTRIBUTION TO WI EQUITY INCOME ($M)



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

CORE PRODUCTS MARKETS

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 start of FY 2011



OVER

$1.0B

in dividends received

from JVs in past 10 years since start of 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

MAKERS OF BETTER

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.



MAKERS OF BETTER

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 cylinder facility conducted during pandemic

Issue: Strong demand for Coleman® and Bernzomatic® camping gas tanks required transformation efforts to increase production in order to meet customer demand



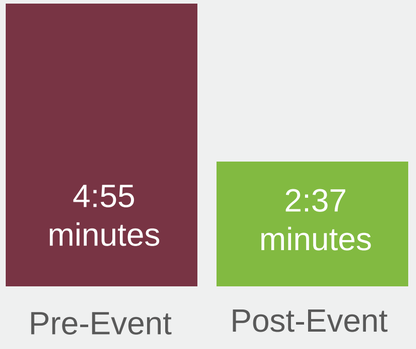
What we did to drive improvements:

- ✓ Utilized data analytics from smart factory software to identify greatest opportunity for production improvements
- ✓ Identified coil change over time at presses as best opportunity
- ✓ Improved collaboration and implemented standard work across all 3 shifts
- ✓ Employed special safety measures including physical distancing and virtual participants demonstrating the power of transformation even during the pandemic
- ✓ Instilled transformational culture with local team empowering them to drive future productivity improvements

WHAT WE ACHIEVED:

47%

Reduction in average coil changeover time



500K

Annual increase in cylinder production capacity

VALUE DRIVERS IN ACTION: INNOVATION

Focused effort has resulted in a growing pipeline of new products

FUEL GAUGE

FOR CAMPING CYLINDERS

Hits Walmart shelves in time for holiday season







SMARTLID™

INTEGRATED MONITORING SOLUTION

Check propane levels remotely for home & industrial heating



COMFORT CARRY™

PROPANE TANK

Easier to handle, more attractive tank Available at U-Haul



VALUE DRIVERS IN ACTION: INNOVATION

Focused effort has resulted in a growing pipeline of new products

CLEAN CANNABIS

EXTRACTION CYLINDER

Meets need for a cleaner alternative to carbon steel



MAX9 BUNDLE™

Holds 25% more industrial gas than traditional bundle



FOURTIS® TYPE IV

PROPANE CYLINDER

Heating & cooking indoors globally
Lightweight & fully recyclable



VALUE DRIVERS IN ACTION: INNOVATION

Focused effort has resulted in a growing pipeline of new products

ARMSTRONG VIDASHIELD

UV24 AIR PURIFICATION SYSTEM

24/7 DEFEND™

Solutions for Healthier, Safer Spaces

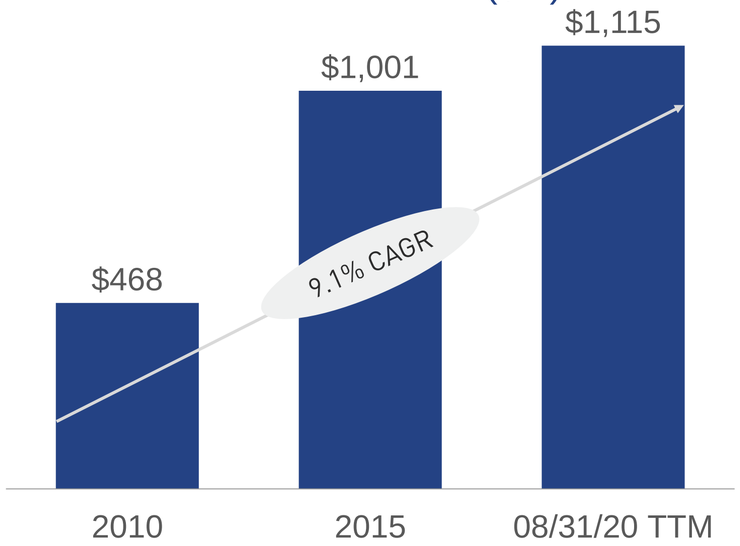


VALUE DRIVERS IN ACTION: M&A

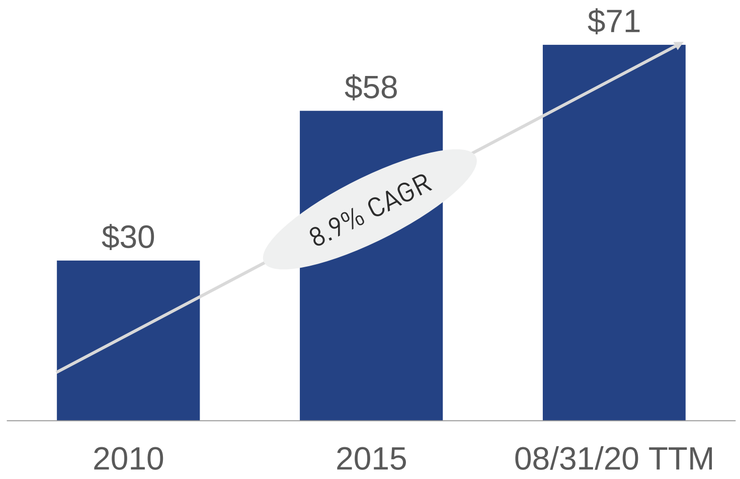
Pressure Cylinders has experienced meaningful earnings growth over the past 10 years driven by acquisitions



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
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

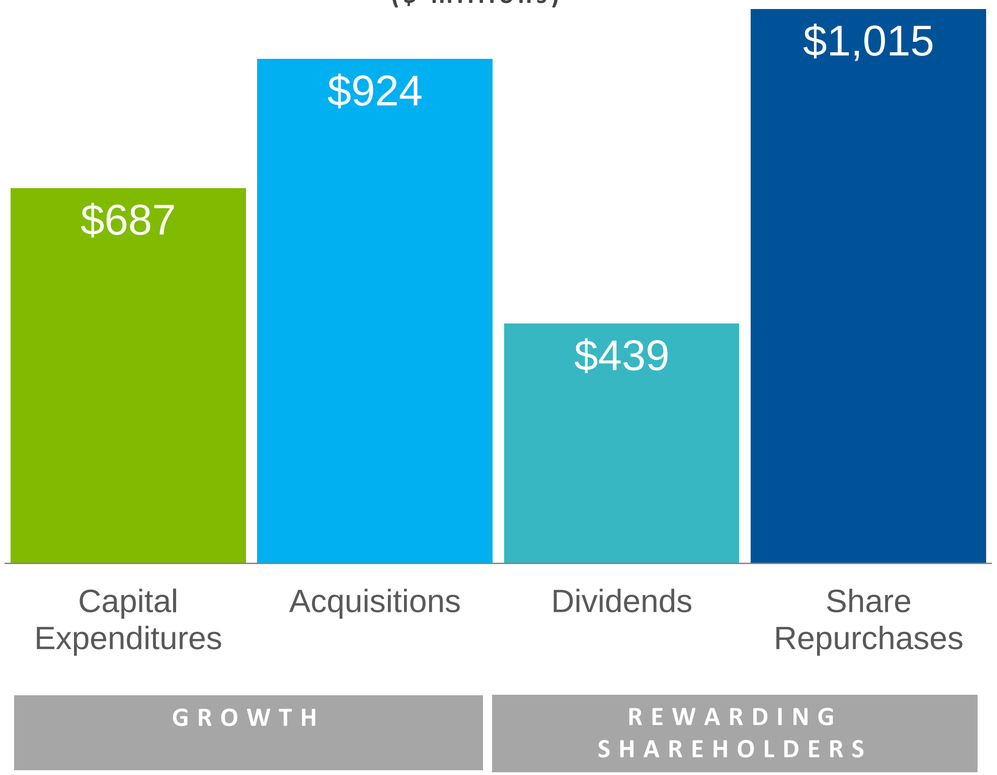
- ✓ Dividend paid quarterly since becoming a public company in 1968
- ✓ Ten consecutive years of dividend increases

SHARE REPURCHASES

- ✓ Opportunistic approach has reduced share count 33% over past 10 years since start of FY 2011
- ✓ 6.2 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	FY2019	FY2020	3M FY2020	3M FY2021
Sales	$3,760	$3,059	$856	$703
Adjusted EBITDA*	$330	$300	$78	$75
% of sales	8.8%	9.8%	9.1%	10.7%
Operating Income*	$142	$115	$26	$31
% of sales	3.8%	3.8%	3.1%	4.4%
EPS*	$2.60	$2.39	$0.62	$0.64
Avg Invested Capital	$1,628	$1,532	$1,563	$1,572
ROIC (Adj. EBIT/Avg. Inv. Cap.)	14.4%	13.6%	13.8%	13.5%
Inventory Holding Gains / (Losses) Impact	($4)	($20)	($8)	($7)
EPS Impact	($0.06)	($0.27)	($0.11)	($0.09)

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

MAKERS OF BETTER

KEY INVESTMENT HIGHLIGHTS

Worthington offers an attractive investment opportunity

- 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



MAKERS OF BETTER

WORTHINGTON INDUSTRIES

SUPPLEMENTAL DATA

SUPPLEMENTAL DATA

CONSOLIDATED ADJUSTED EBITDA / FREE CASH FLOW

	FY19 Annual	FY20 Annual	FY20 3M	FY21 3M
Net Income	**$ 153.5**	**$ 78.8**	**$ (4.8)**	**$ 612.6**
Interest Expense	38.1	31.6	9.5	7.6
Taxes	43.2	26.3	(0.2)	163.3
EBIT	**$ 234.7**	**$ 136.8**	**$ 4.5**	**$ 783.5**
D&A	95.6	92.7	24.2	22.2
EBITDA	**$ 330.3**	**$ 229.4**	**$ 28.7**	**$ 805.8**
Restructuring and non recurring*	(0.8)	70.8	49.3	(730.5)
EBITDA Adjusted	**$ 329.5**	**$ 300.3**	**$ 78.0**	**$ 75.3**
Stock based compensation	11.7	11.9	4.0	4.9
Undistributed JV earnings	7.3	8.1	5.1	(6.8)
Interest Expense	(38.1)	(31.6)	(9.5)	(7.6)
Income taxes	(25.7)	(27.7)	(3.3)	(92.3)
Net (gain) loss on sale of assets	(7.1)	(5.1)	0.6	0.4
Minority interest	9.8	5.6	2.3	2.1
Change in working capital	(98.9)	58.7	(8.4)	176.4
Other	9.3	16.5	(4.5)	(35.0)
Cash Flow from Operations	**$ 197.9**	**$ 336.7**	**$ 64.4**	**$ 117.4**
Capital spending	(84.5)	(95.5)	(22.2)	(32.9)
Free Cash Flow	**$ 113.4**	**$ 241.2**	**$ 42.2**	**$ 84.5**

*FY21 3M adjusted for net gain of $747M related to NKLA and restructuring charges of $12M

MAKERS OF BETTER

SUPPLEMENTAL DATA

CONSOLIDATED ADJUSTED OPERATING INCOME / EPS

$ millions, except EPS	FY2019	FY2020	3M FY2020	3M FY2021
Operating Income	$145	$22	($15)	($30)
Restructuring and non recurring*	(3)	93	$41	$61
Operating Income Adjusted	$142	$115	$26	$31
EPS	$2.61	$1.41	($0.08)	$11.22
Restructuring and non recurring*	(0.01)	0.98	0.70	(10.58)
EPS Adjusted	$2.60	$2.39	$0.62	$0.64

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. 3M FY20 reflects pre-tax restructuring and non-recurring of $49.3 million ($0.70/share). 3M FY2021 reflects $735M ($10.58/share) in pre-tax restructuring and non-recurring income, which consists of a $796M gain related to our Nikola shares, partially offset by $12M in restructuring and $49M in expenses related to gains on NKLA.

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STEEL PROCESSING

FINANCIALS

$ millions	FY2019	FY2020	3M FY2020	3M FY2021
Sales	$2,436	$1,860	$523	$431
Adj. EBITDA*	$122	$79	$14	$23
% of sales*	5.0%	4.3%	2.6%	5.4%
Operating Income* excl. Restructuring	$93	$46	$6	$15
% of sales	3.8%	2.5%	1.2%	3.5%
Capital Expenditures	$39	$41	$8	$15
Avg Invested Capital	$550	$512	$538	$535
ROIC* (Adj. EBIT/Avg. Inv. Cap.)	14.8%	7.5%	0.7%	2.4%
Volume (000s tons)	3,715	3,831	891	928
Steel Price (HRC/ton), period average	$783	$547	$564	$475
Inventory Holding Gains / (Losses) Impact	*($4)*	*($20)*	*($8)*	*($7)*

*excludes restructuring and non-recurring charges

MAKERS OF BETTER

PRESSURE CYLINDERS

FINANCIALS

$ millions	FY2019	FY2020	3M FY2020	3M FY2021
Sales	$1,208	$1,148	$304	$271
Adj. EBITDA*	$105	$124	$41	$29
% of sales*	8.7%	10.8%	13.4%	10.5%
Operating Income* excl. Restructuring	$63	$81	$30	$19
% of sales	5.3%	7.1%	9.7%	7.0%
Capital Expenditures	$38	$41	$7	$11
Avg Invested Capital	$879	$869	$876	$824
ROIC (Adj. EBIT*/Avg. Inv. Cap.)	7.2%	9.4%	3.4%	2.3%
Volume (000s units)	83,787	82,520	20,184	21,743

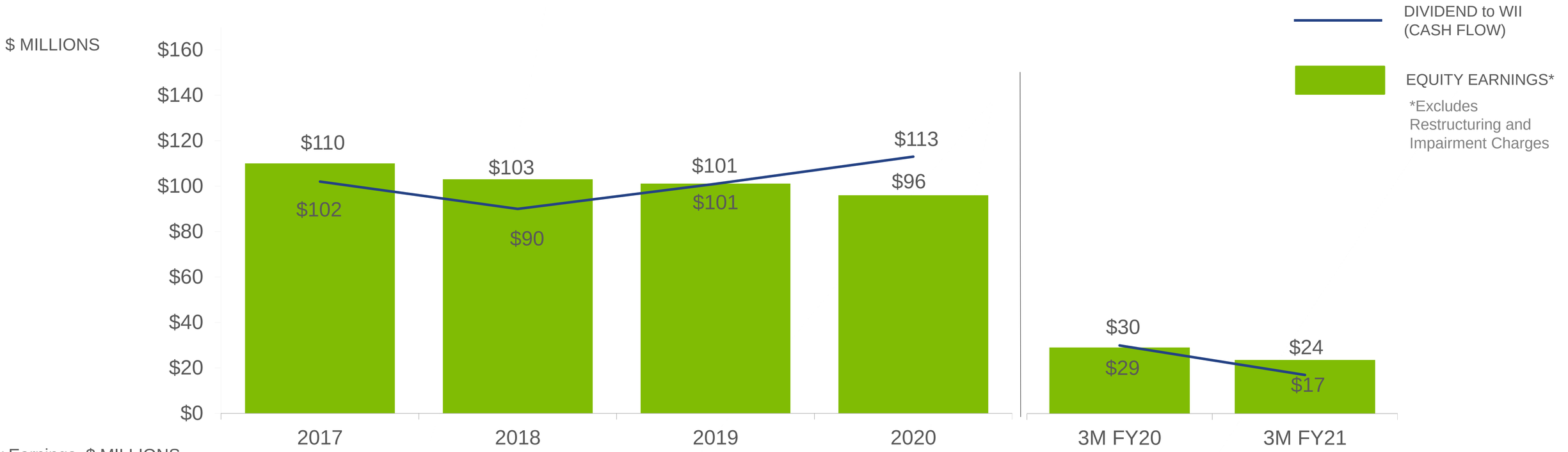
*excludes restructuring and non-recurring charges.

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.
FY2020 results were positively impacted by $13M by $13 million in Q1 due to the early cancellation of a customer take-or-pay contract which is included in the numbers above.

MAKERS OF BETTER

MEANINGFUL JV EARNINGS

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



Equity Earnings $ MILLIONS	2017	2018	2019	2020	3M FY20	3M FY21
WAVE (50%)	$78.3	$77.5	$82.3	$78.0	$23.9	$17.7
ClarkDietrich (25%)	$17.3	$9.8	$8.6	$17.2	$4.1	$4.9
Servicero (50%)	$7.2	$8.8	$8.1	$1.3	$0.8	$1.3
Artiflex (50%)	$7.0	$4.9	$2.0	$2.7	$0.2	($0.1)
Other	$0.2	$2.1	$0.1	($3.2)	$0.1	($0.1)
Total Equity Earnings	**$110.0**	**$103.1**	**$101.1**	**$96.0**	**$29.1**	**$23.6**

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

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.