WORTHINGTON INDUSTRIES

# IR OVERVIEW

Q2 FY2021



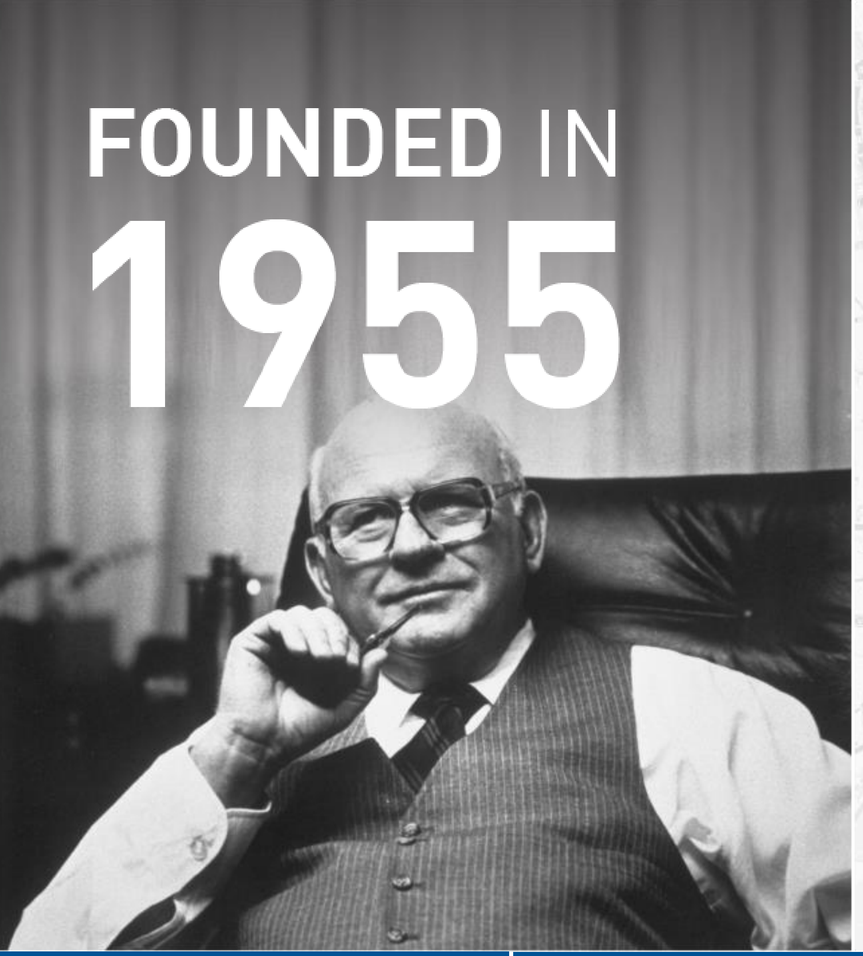
65 YEARS

MAKERS OF BETTER

EST. 1955

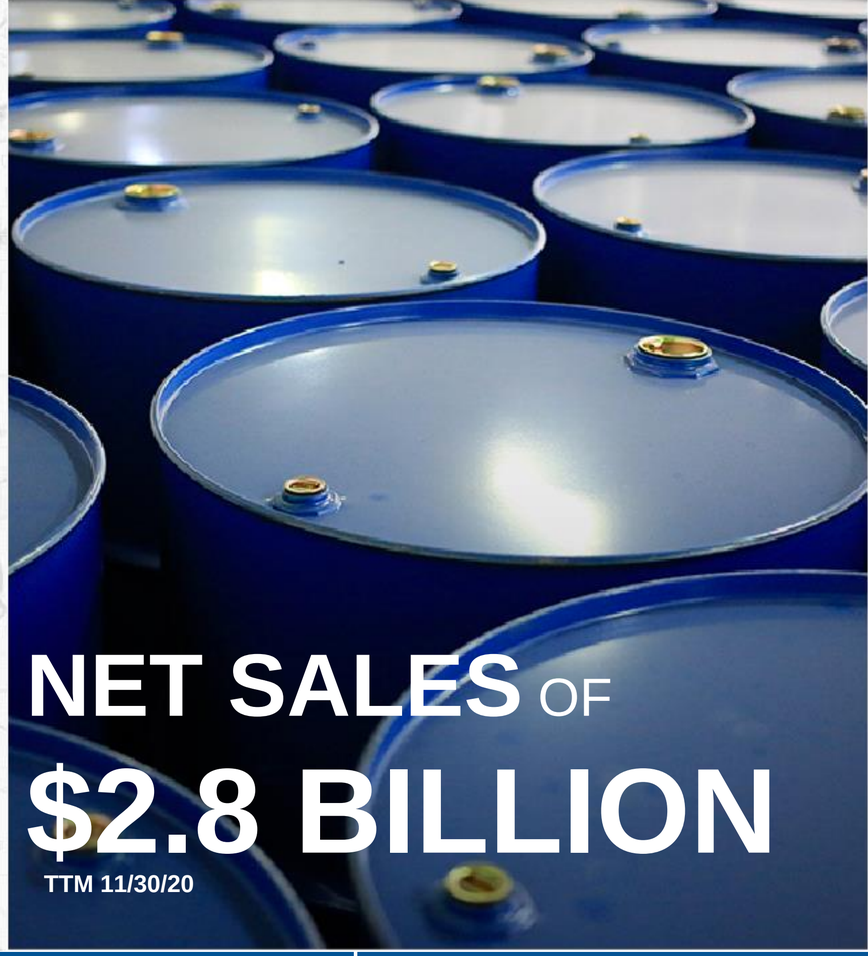
*VISION*

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



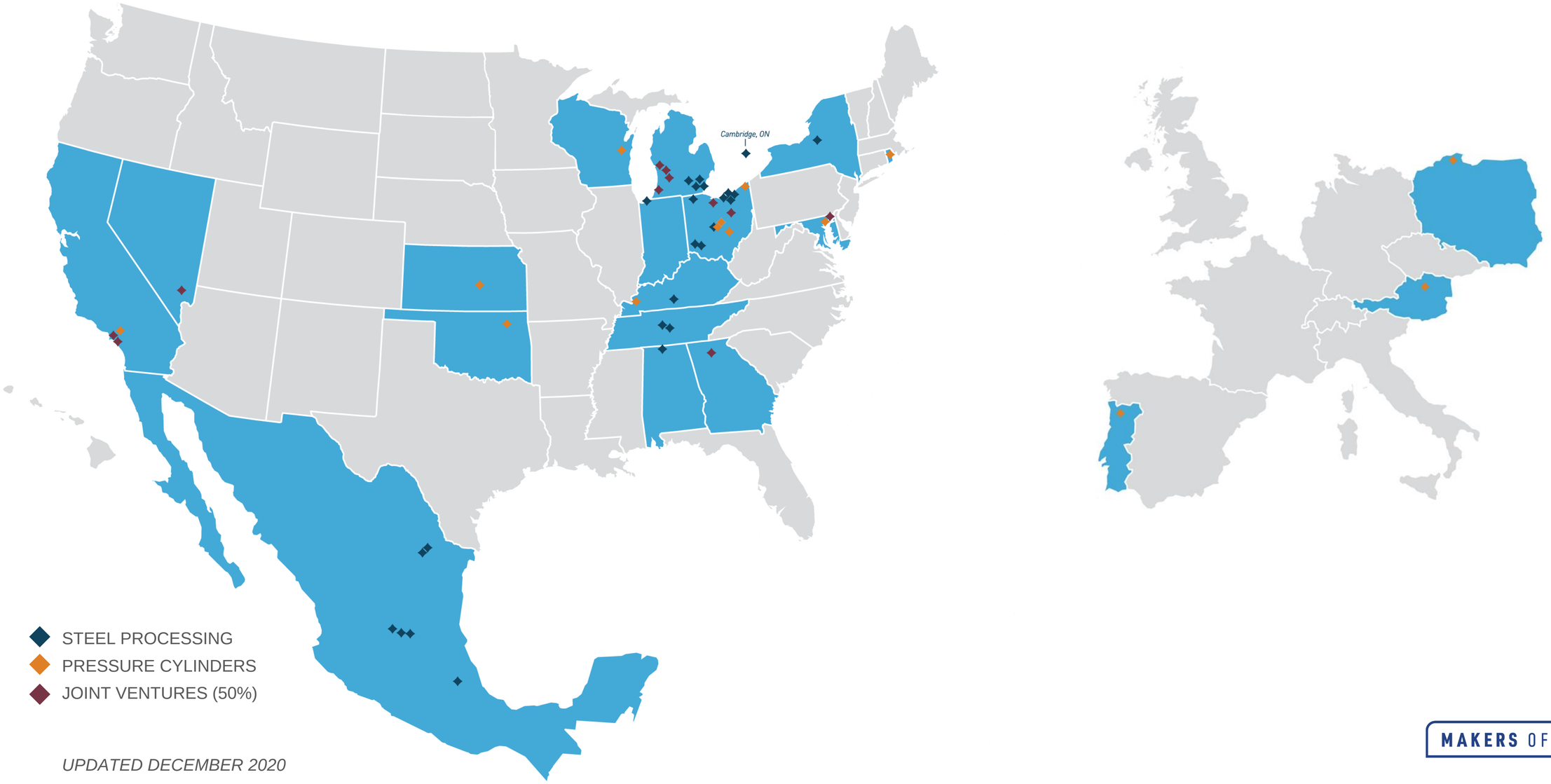
**$2M+**

**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

# BROAD MANUFACTURING FOOTPRINT

51 OPERATING LOCATIONS AS OF 11/30/20




*UPDATED DECEMBER 2020*

MAKERS OF BETTER

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

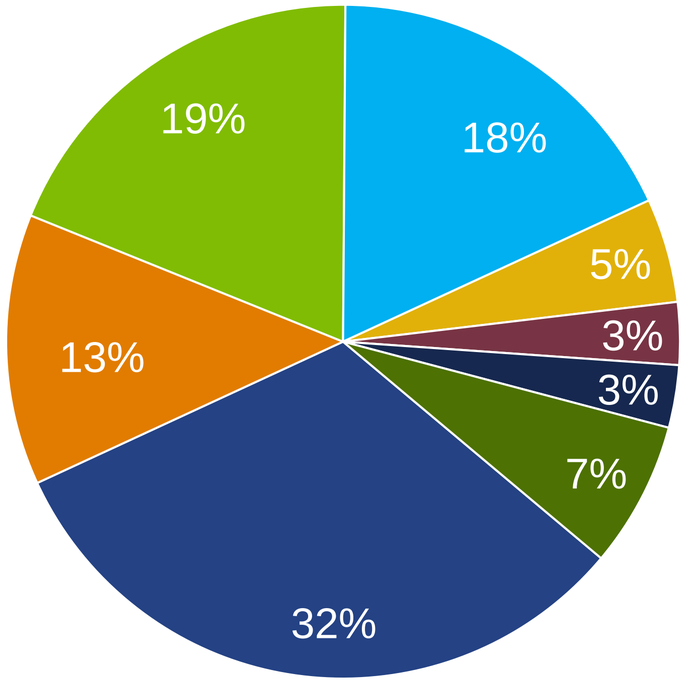
**(FY20) SOLD IN 90+ COUNTRIES**



# $2.8B TRAILING 12 MONTH NET SALES

**11/30/20**

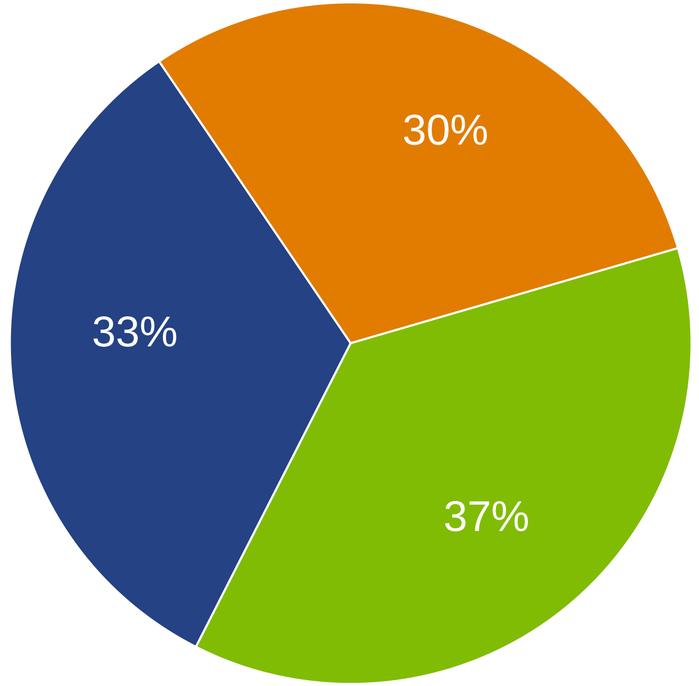
## NET SALES BY END-MARKETS




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

## OPERATING/EQUITY INCOME BY SEGMENT TTM*

**$233.2 MILLION**



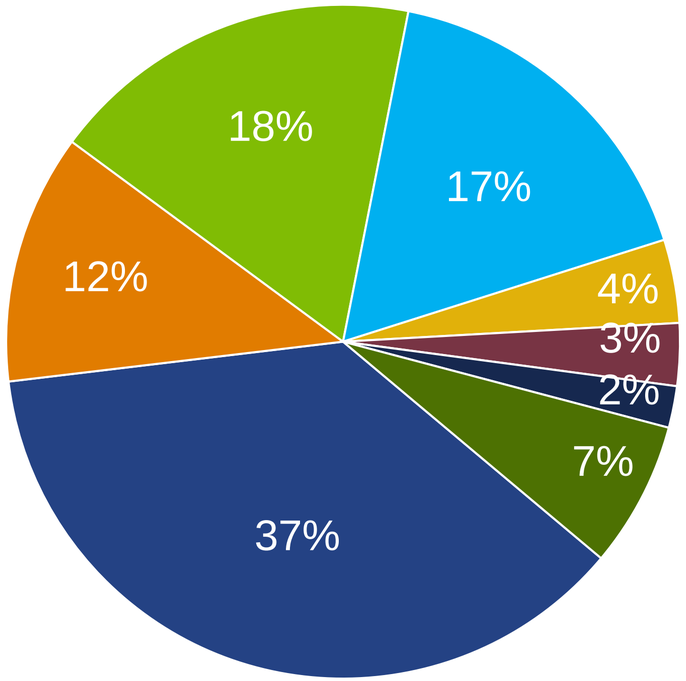

- Steel
- Cylinders
- WAVE / Other / JVs

* Excludes restructuring, non-recurring, and impairment.

# $731M Q2 SALES

**11/30/20**

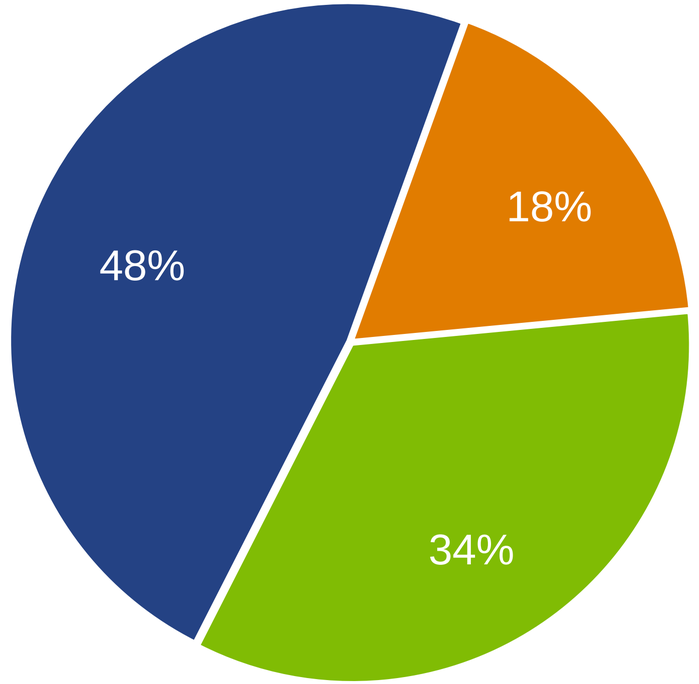
## NET SALES BY END-MARKETS




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

## OPERATING/EQUITY INCOME BY SEGMENT QTD*

**$79.0 MILLION**




- Steel
- Cylinders
- WAVE / Other / JVs

* Excludes restructuring, non-recurring, and impairment.

PROFILE

## STEEL PROCESSING




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

## CORE PRODUCTS

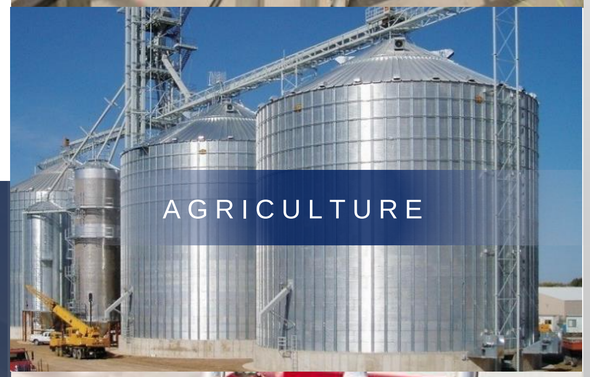
**Carbon flat rolled steel processing** - Broad range of metal products in sheet, coil and strip configurations, as well as a number of processing capabilities from specialty coatings and annealing, to pickling, slitting and blanking.

**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.







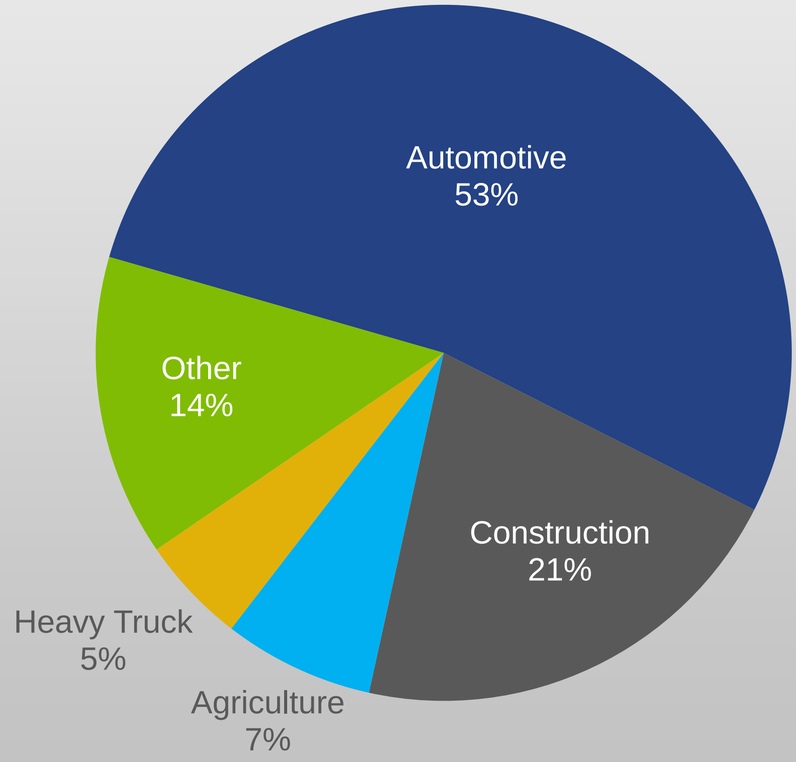






## SALES BY END MARKET

TTM 11/30/20 $1.7B



PROFILE

# PRESSURE CYLINDERS



**15 FACILITIES**
in North America and Europe













## CORE PRODUCTS

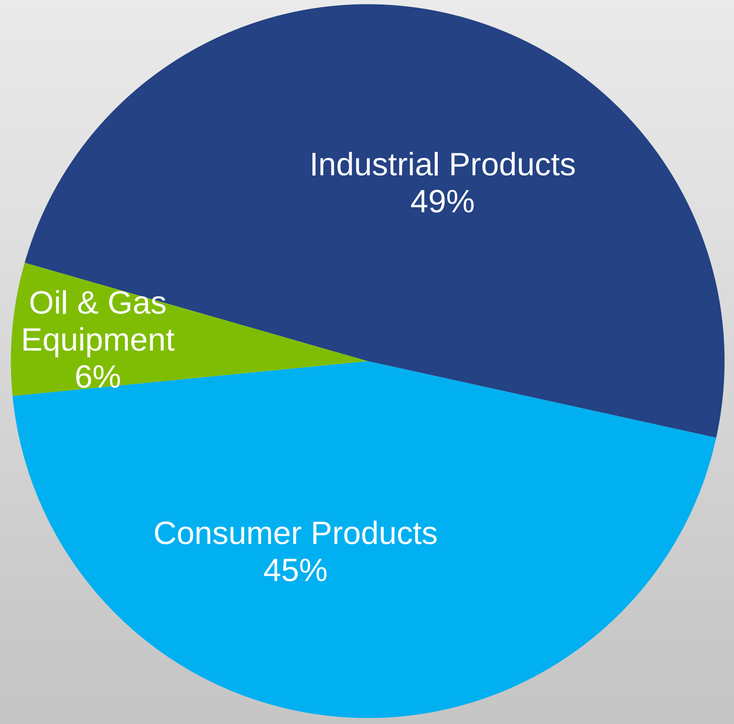
**Industrial Products** - Broad line of pressure cylinders and tanks for industrial gas storage and transportation

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

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

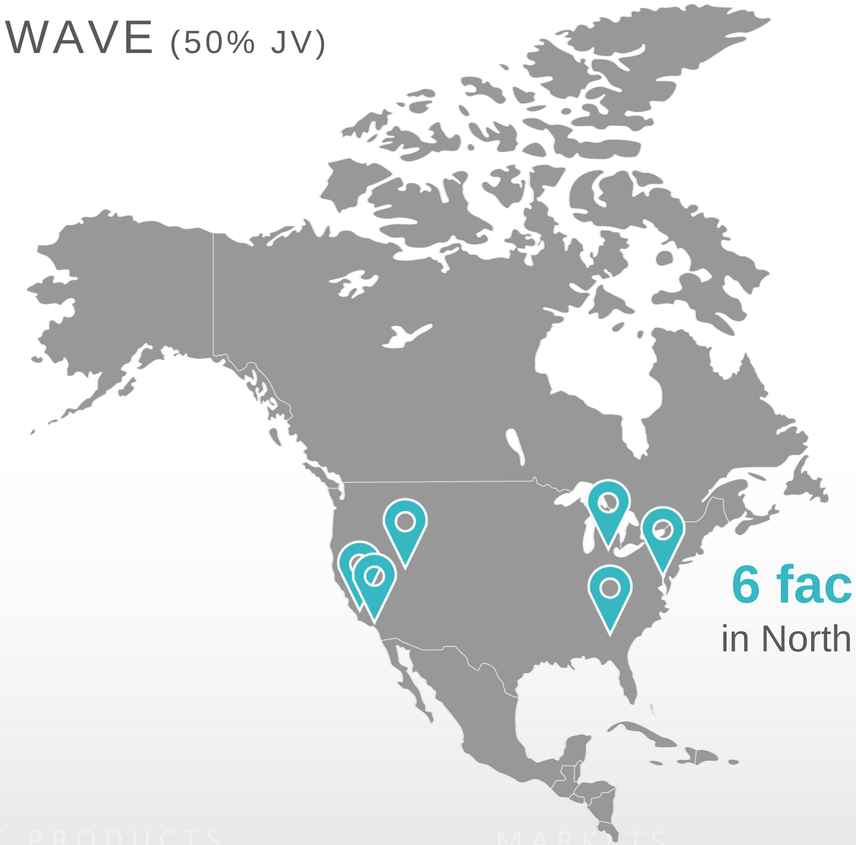
## SALES BY SBU

TTM 11/30/20 $1.1B



PROFILE

## WAVE (50% JV)



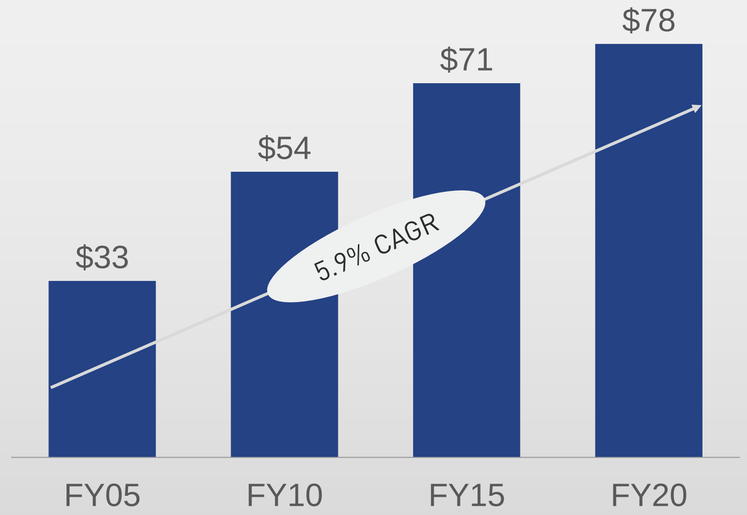
**6 facilities**
in North America







## 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
**$850M**
in dividends paid

*to Worthington in past 10 years since start of FY 2011*

# 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

**Check fuel levels to avoid running out**
**Available at Walmart**









## 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™

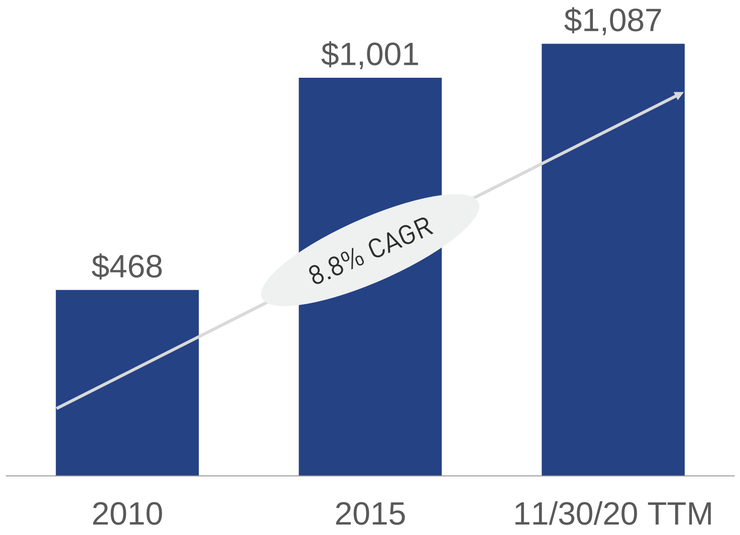
Solutions for Healthier, Safer Spaces



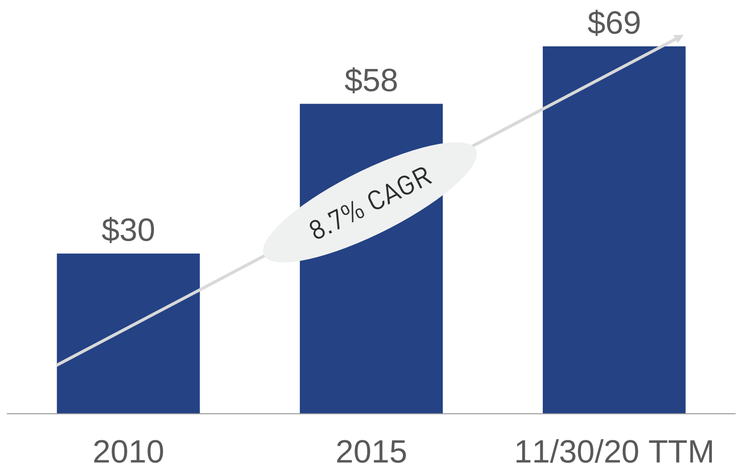
# VALUE DRIVERS IN ACTION: M&A

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



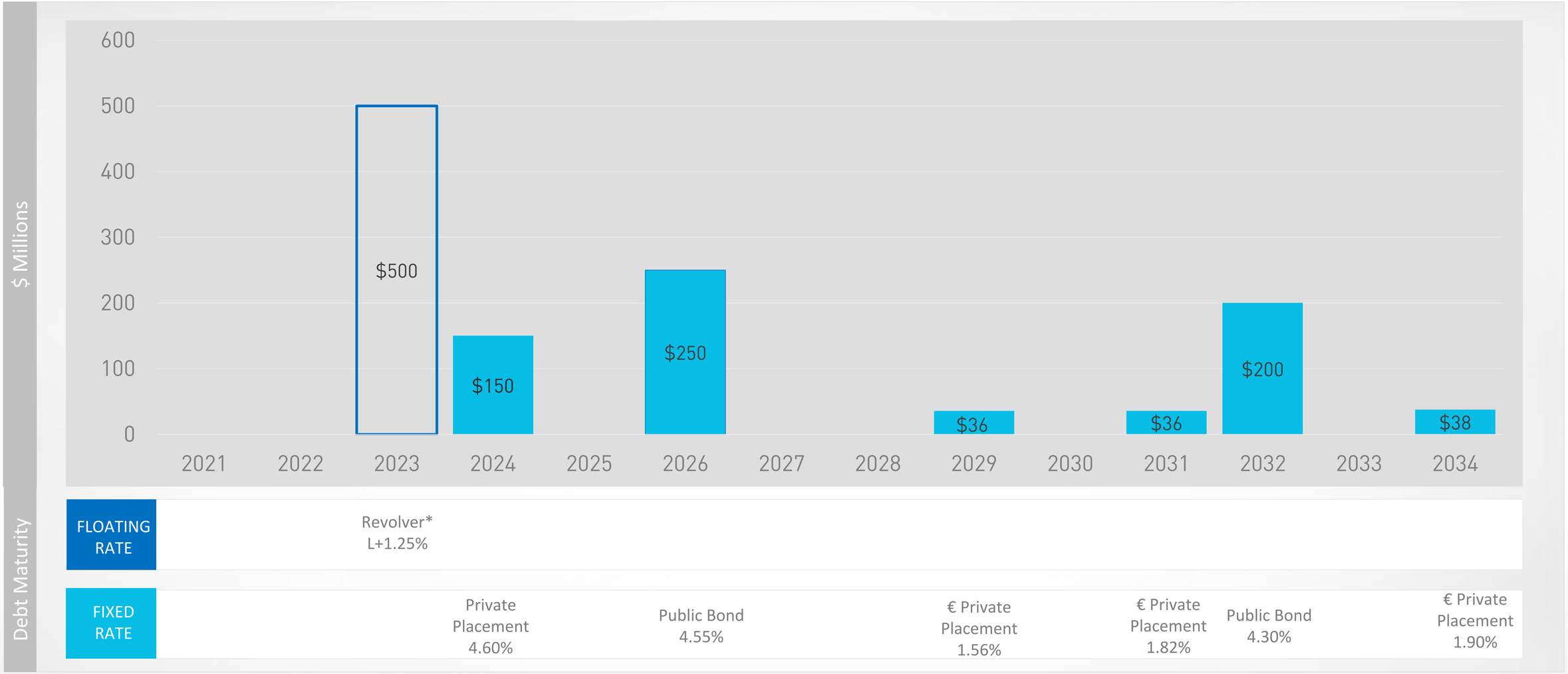
# FINANCIAL GOALS

- 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



# STRONG CAPITAL STRUCTURE & LIQUIDITY

Strong balance sheet with investment grade credit ratings and significant liquidity available enables financial flexibility and shareholder returns




**Revolving Credit facility undrawn as of 11/30/20*

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
- ✓ FY2021 six months CapEx of $48.9 million

**ACQUISITIONS**

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

**DIVIDENDS**

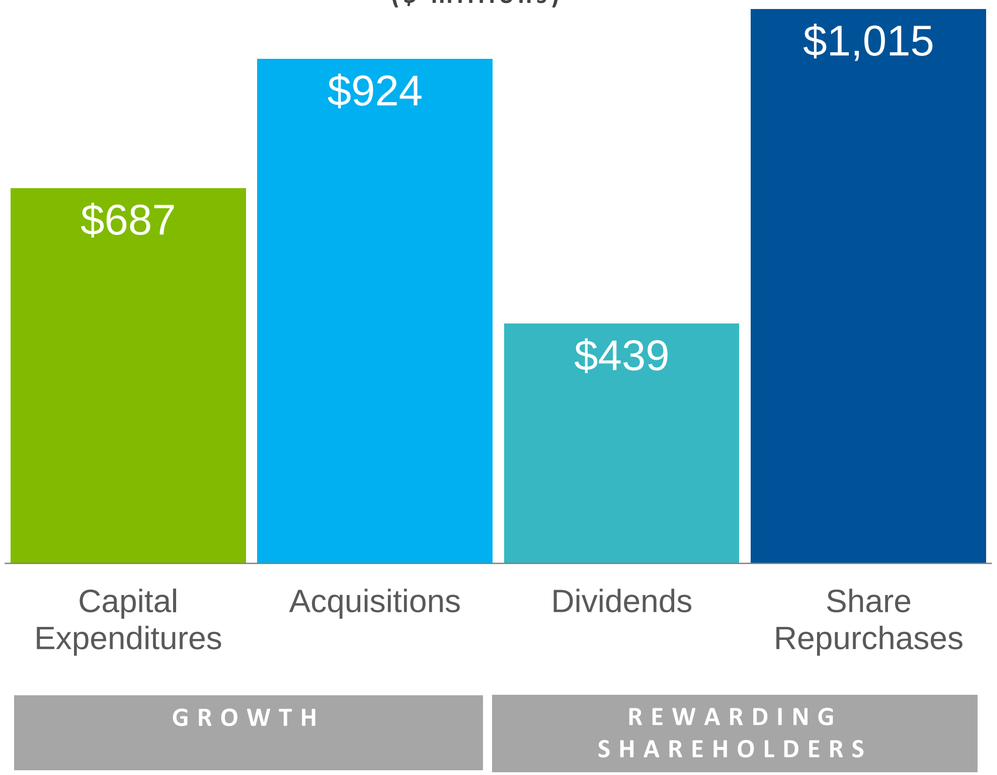
- ✓ Dividend paid quarterly since becoming a public company in 1968
- ✓ Ten consecutive years of dividend increases

**SHARE REPURCHASES**

- ✓ Opportunistic approach has reduced share count 33% over past 10 years since start of FY 2011
- ✓ 5.4 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 | 6M FY2020 | 6M FY2021 |
|---|---|---|---|---|
| Sales | $3,760 | $3,059 | $1,683 | $1,434 |
| Adjusted EBITDA* | $330 | $300 | $154 | $171 |
| % of sales | 8.8% | 9.8% | 9.1% | 11.9% |
| Operating Income* | $142 | $115 | $59 | $85 |
| % of sales | 3.8% | 3.8% | 3.5% | 5.9% |
| EPS* | $2.60 | $2.39 | $1.23 | $1.59 |
| Avg Invested Capital | $1,628 | $1,532 | $1,539 | $1,535 |
| ROIC (Adj. EBIT/Avg. Inv. Cap.) | 14.4% | 13.6% | 13.9% | 16.6% |
| | | | | |
| Inventory Holding Gains / (Losses) Impact | ($4) | ($20) | ($15) | ($7) |
| EPS Impact | ($0.06) | ($0.27) | ($0.20) | ($0.09) |

*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

- 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

| | FY19 Annual | FY20 Annual | FY20 6M | FY21 6M |
|---|---|---|---|---|
| **Net Income** | **$ 153.5** | **$ 78.8** | **$ 47.3** | **$ 542.6** |
| Interest Expense | 38.1 | 31.6 | 16.8 | 15.1 |
| Taxes | 43.2 | 26.3 | 15.7 | 144.3 |
| **EBIT** | **$ 234.7** | **$ 136.8** | **$ 79.8** | **$ 702.1** |
| D&A | 95.6 | 92.7 | 46.8 | 43.8 |
| **EBITDA** | **$ 330.3** | **$ 229.4** | **$ 126.6** | **$ 745.9** |
| Restructuring and non recurring* | (0.8) | 70.8 | 27.1 | (575.0) |
| **EBITDA Adjusted** | **$ 329.5** | **$ 300.3** | **$ 153.6** | **$ 170.8** |
| | | | | |
| Stock based compensation | 11.7 | 11.9 | 7.3 | 9.7 |
| Undistributed JV earnings | 7.3 | 8.1 | (14.8) | (2.1) |
| Interest Expense | (38.1) | (31.6) | (16.8) | (15.1) |
| Income taxes | (25.7) | (27.7) | (12.3) | (105.1) |
| Net (gain) loss on sale of assets | (7.1) | (5.1) | 0.6 | 7.7 |
| Minority interest | 9.8 | 5.6 | 7.2 | 7.6 |
| Change in working capital | (98.9) | 58.7 | 25.9 | 194.4 |
| Other | 9.3 | 16.5 | 17.9 | (43.0) |
| **Cash Flow from Operations** | **$ 197.9** | **$ 336.7** | **$ 168.5** | **$ 224.8** |
| Capital spending | (84.5) | (95.5) | (50.6) | (48.9) |
| **Free Cash Flow** | **$ 113.4** | **$ 241.2** | **$ 118.0** | **$ 175.9** |

*FY21 6M adjusted for net gain of $598M related to NKLA less restructuring charges of $23M

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# SUPPLEMENTAL DATA

## CONSOLIDATED ADJUSTED OPERATING INCOME / EPS

| $ millions, except EPS | FY2019 | FY2020 | 6M FY2020 | 6M FY2021 |
|---|---|---|---|---|
| Operating Income | $145 | $22 | $18 | $7 |
| Restructuring and non recurring* | (3) | 93 | $41 | $77 |
| Operating Income Adjusted | $142 | $115 | $59 | $85 |
| | | | | |
| EPS | $2.61 | $1.41 | $0.84 | $9.97 |
| Restructuring and non recurring* | (0.01) | 0.98 | 0.39 | (8.38) |
| EPS Adjusted | $2.60 | $2.39 | $1.23 | $1.59 |

*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.

6M FY20 reflects pre-tax restructuring and non-recurring charges of $41 million ($0.39/share). 6M FY2021 reflects $575M ($8.38/share) in pre-tax restructuring and non-recurring income, which consists of a combined $598M gain related to our Nikola shares, partially offset by $23M in restructuring.

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STEEL PROCESSING

# FINANCIALS

| $ millions | FY2019 | FY2020 | 6M FY2020 | 6M FY2021 |
|---|---|---|---|---|
| Sales | $2,436 | $1,860 | $1,040 | $900 |
| Adj. EBITDA* | $122 | $79 | $36 | $66 |
| % of sales* | 5.0% | 4.3% | 3.4% | 7.3% |
| Operating Income* excl. Restructuring | $93 | $46 | $23 | $53 |
| % of sales | 3.8% | 2.5% | 2.2% | 5.9% |
| Capital Expenditures | $39 | $41 | $20 | $20 |
| Avg Invested Capital | $550 | $512 | $521 | $511 |
| ROIC* (Adj. EBIT/Avg. Inv. Cap.) | 14.8% | 7.5% | 3.1% | 8.9% |
| Volume (000s tons) | 3,715 | 3,831 | 1,896 | 1,952 |
| Steel Price (HRC/ton), period average | $783 | $547 | $564 | $550 |
| | | | | |
| *Inventory Holding Gains / (Losses) Impact* | *($4)* | *($20)* | *($15)* | *($7)* |

*excludes restructuring and non-recurring charges

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PRESSURE CYLINDERS

# FINANCIALS

| $ millions | FY2019 | FY2020 | 6M FY2020 | 6M FY2021 |
|---|---|---|---|---|
| Sales | $1,208 | $1,148 | $595 | $533 |
| Adj. EBITDA* | $105 | $124 | $67 | $52 |
| % of sales* | 8.7% | 10.8% | 11.3% | 9.8% |
| Operating Income* excl. Restructuring | $63 | $81 | $45 | $33 |
| % of sales | 5.3% | 7.1% | 7.6% | 6.2% |
| Capital Expenditures | $38 | $41 | $20 | $22 |
| Avg Invested Capital | $879 | $869 | $876 | $824 |
| ROIC (Adj. EBIT*/Avg. Inv. Cap.) | 7.2% | 9.4% | 5.2% | 4.1% |
| Volume (000s units) | 83,787 | 82,520 | 41,792 | 40,924 |

*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 million in Q1 due to the early cancellation of a customer take-or-pay contract which is included in the numbers above.

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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

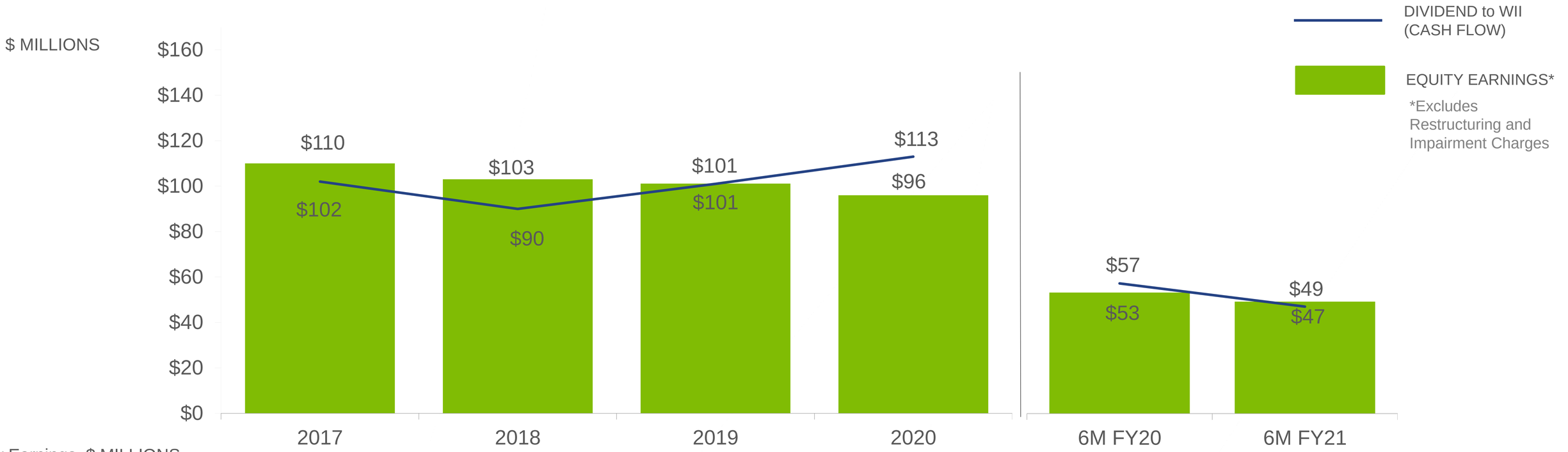
- Successful JV portfolio built with trusted partners who help make a business better versus the alternative of going solo
- JVs managed to produce regular cash dividends that closely approximate earnings

| | 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 |

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# MEANINGFUL JV EARNINGS

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




| Equity Earnings $ MILLIONS | 2017 | 2018 | 2019 | 2020 | 6M FY20 | 6M FY21 |
|---|---|---|---|---|---|---|
| WAVE (50%) | $78.3 | $77.5 | $82.3 | $78.0 | $42.6 | $34.9 |
| ClarkDietrich (25%) | $17.3 | $9.8 | $8.6 | $17.2 | $9.0 | $10.3 |
| Servicero (50%) | $7.2 | $8.8 | $8.1 | $1.3 | $1.6 | $3.2 |
| Artiflex (50%) | $7.0 | $4.9 | $2.0 | $2.7 | $1.3 | $1.1 |
| Other | $0.2 | $2.1 | $0.1 | ($3.2) | ($1.2) | ($0.3) |
| **Total Equity Earnings** | **$110.0** | **$103.1** | **$101.1** | **$96.0** | **$53.3** | **$49.3** |

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.