



WORTHINGTON INDUSTRIES

IR OVERVIEW Q1 FY2020

MAKERS OF BETTER

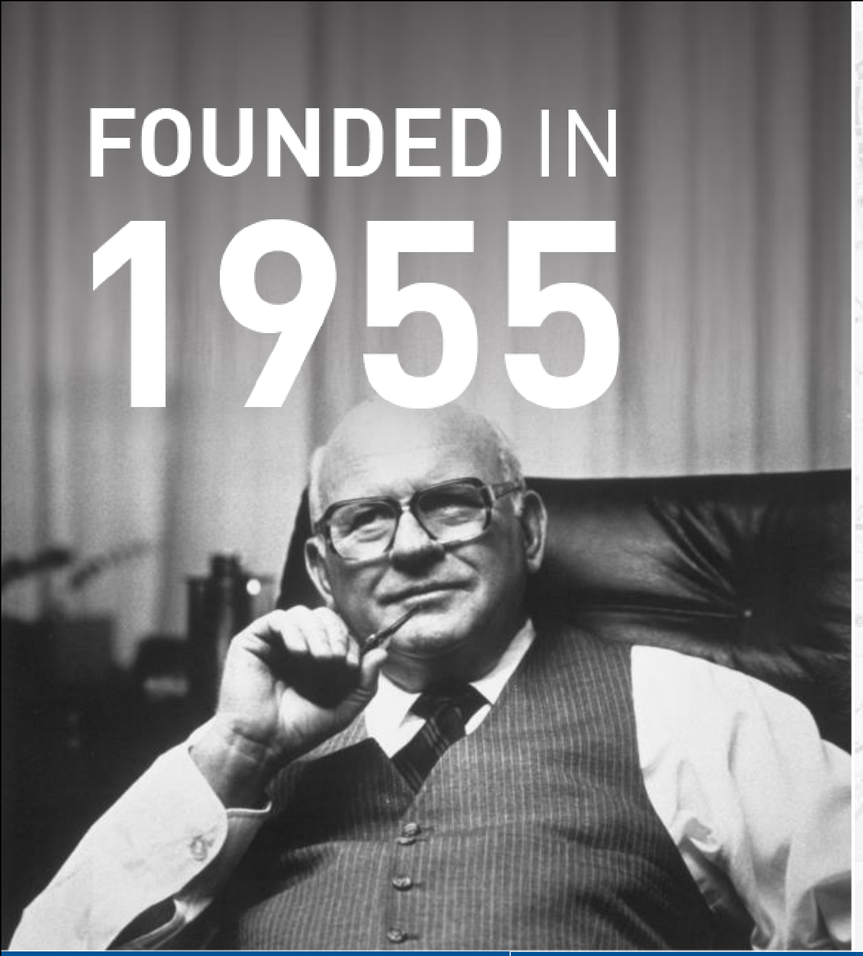




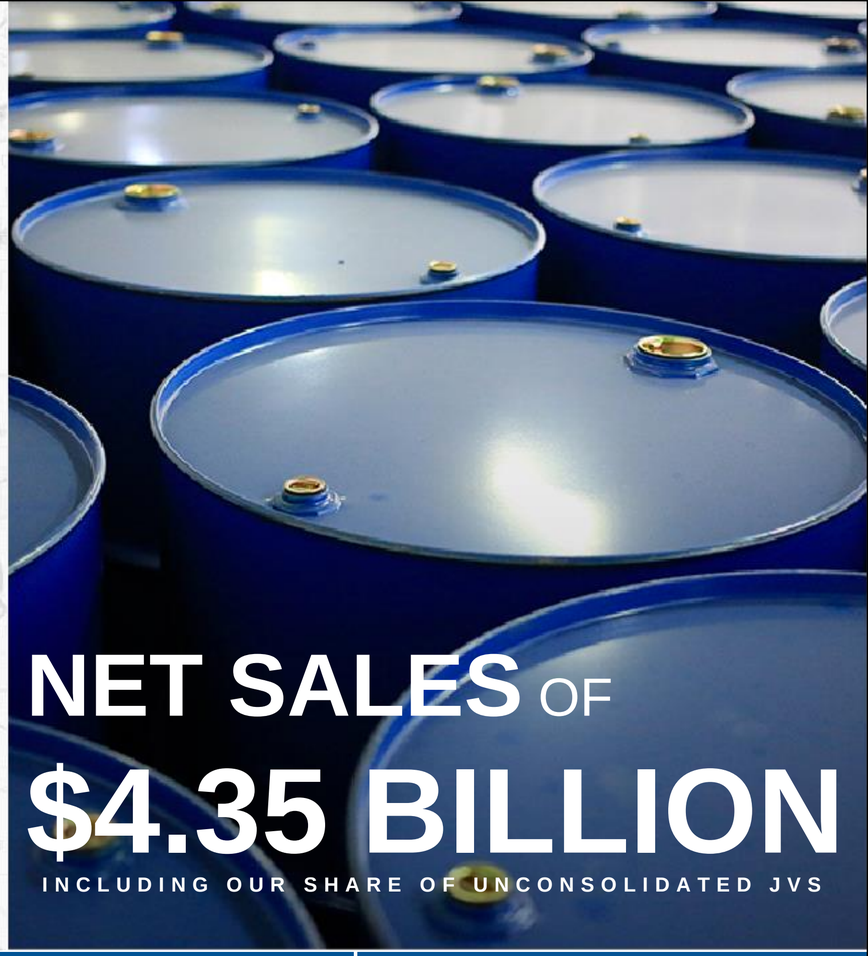


VISION

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







10,500
EMPLOYEES

5,000
CUSTOMERS

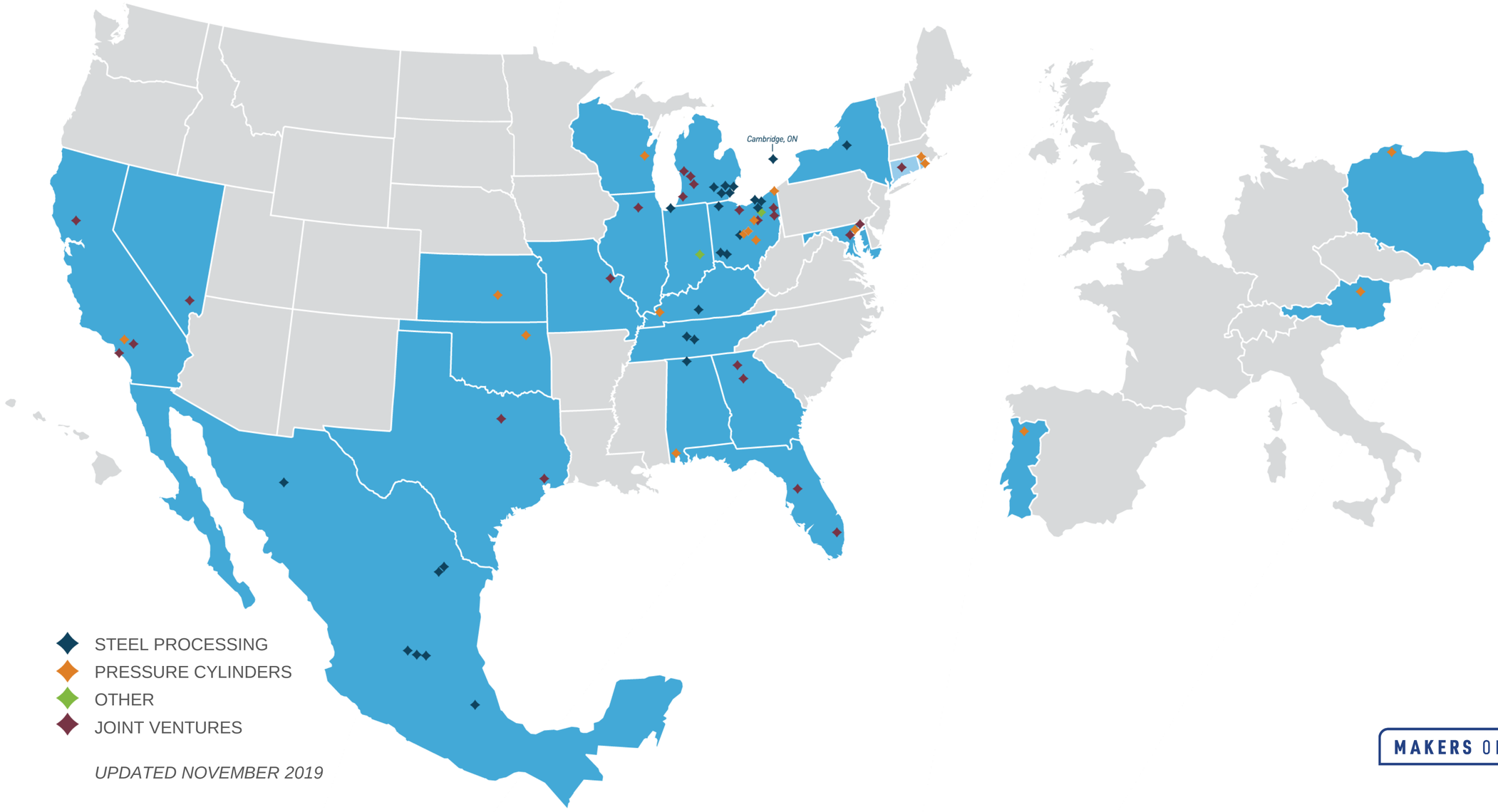
70
FACILITIES

7
COUNTRIES

WOR
LISTED
NYSE®

BROAD MANUFACTURING FOOTPRINT

70 OPERATING LOCATIONS, 9 JOINT VENTURES



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 2017-2019
- 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

84MM CYLINDERS & ACCESSORIES

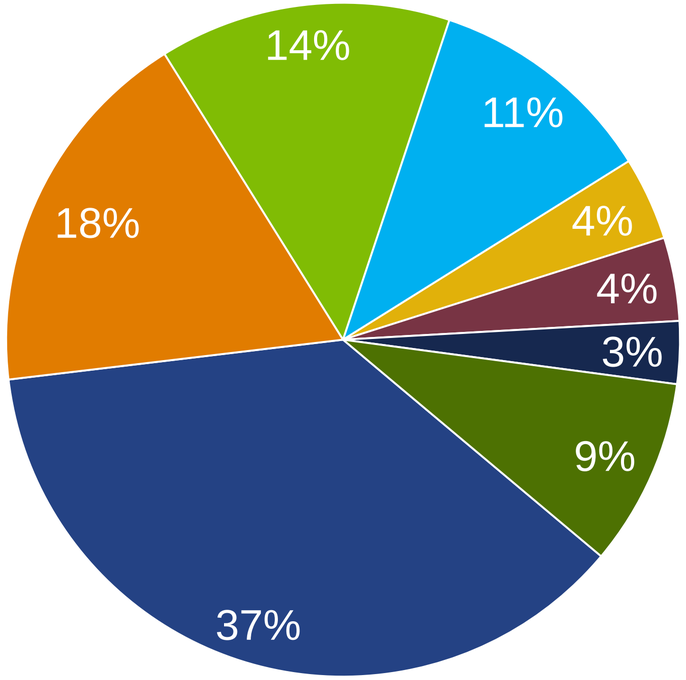
(2019) SOLD IN **90+ COUNTRIES**



$4.35B TRAILING 12 MONTH NET SALES

08/31/19 TTM INCLUDING OUR SHARE OF UNCONSOLIDATED JVS

NET SALES BY END-MARKETS*

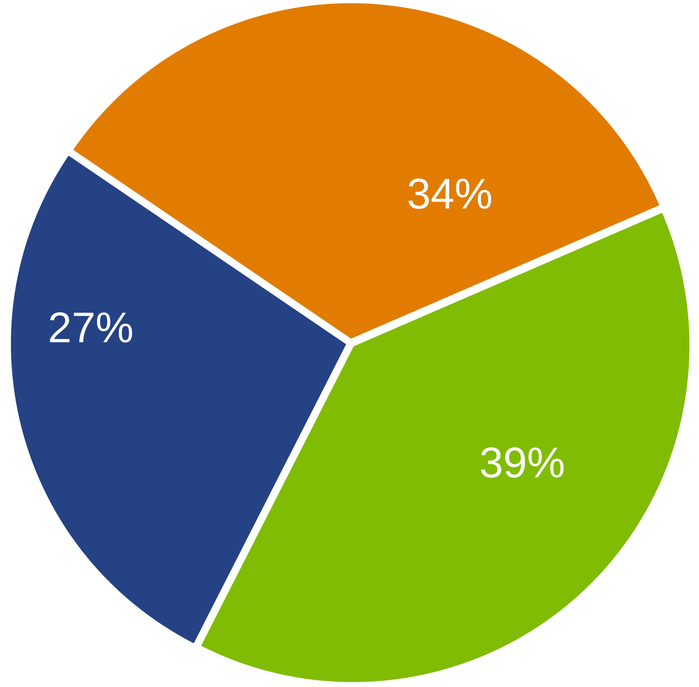


- Automotive
- Construction
- Industrial
- Consumer Products
- Agriculture
- Heavy Truck
- Oil & Gas Equipment
- Other

* Includes WOR share of unconsolidated JV sales totaling $723 million

OPERATING/EQUITY INCOME BY SEGMENT TTM**

$207.5 MILLION



- Steel
- Cylinders
- WAVE / Other / JVs

** Excludes restructuring and impairment and Engineered Cabs due to operating loss

PROFILE

STEEL PROCESSING

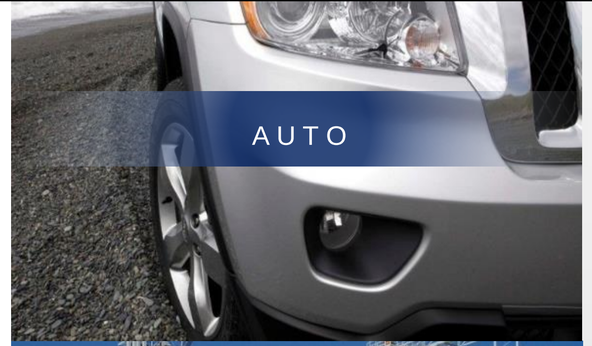


27 FACILITIES
in North America
(9 wholly owned / 18 JV Owned)

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.



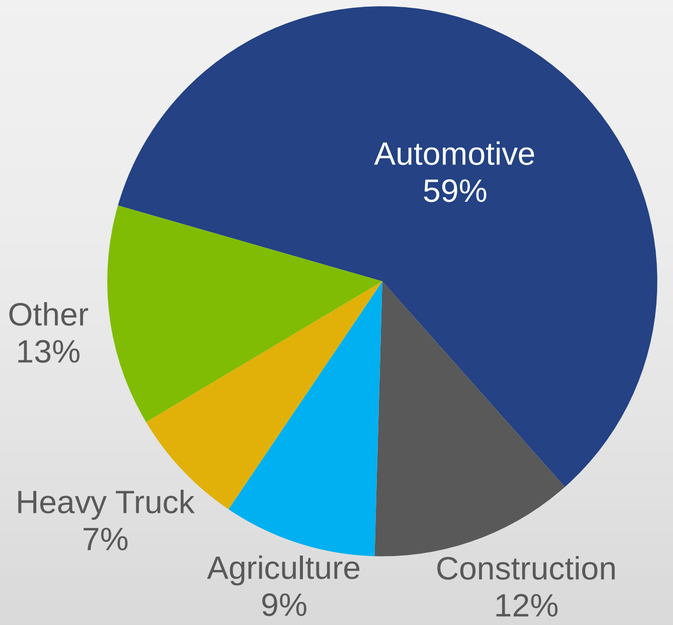






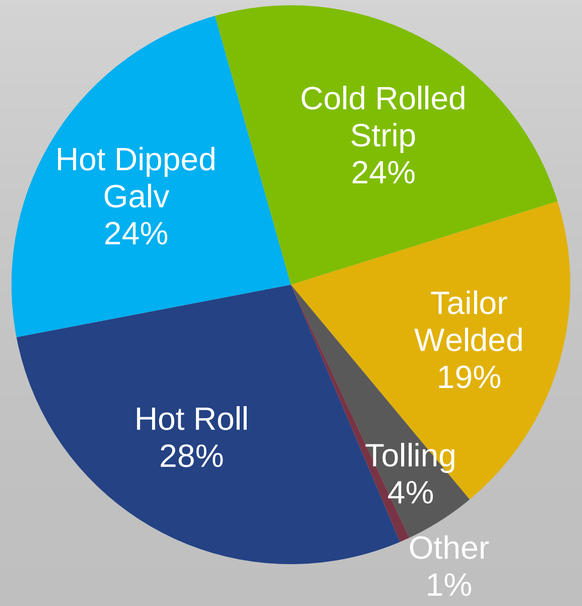
SALES BY END MARKET

FY19



SALES BY PRODUCT MIX

FY19



PROFILE

PRESSURE CYLINDERS



17 FACILITIES
in North America and Europe









CORE PRODUCTS

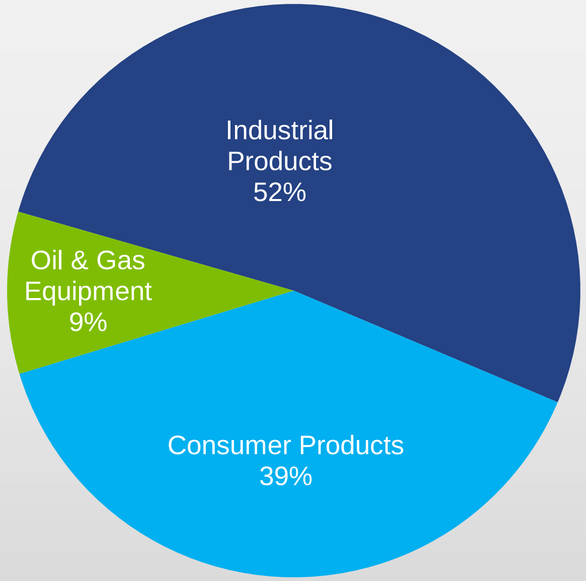
Industrial Products - Broad line of pressure cylinders and cryogenic vessels, tanks and trailers for industrial gas storage and transportation

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

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

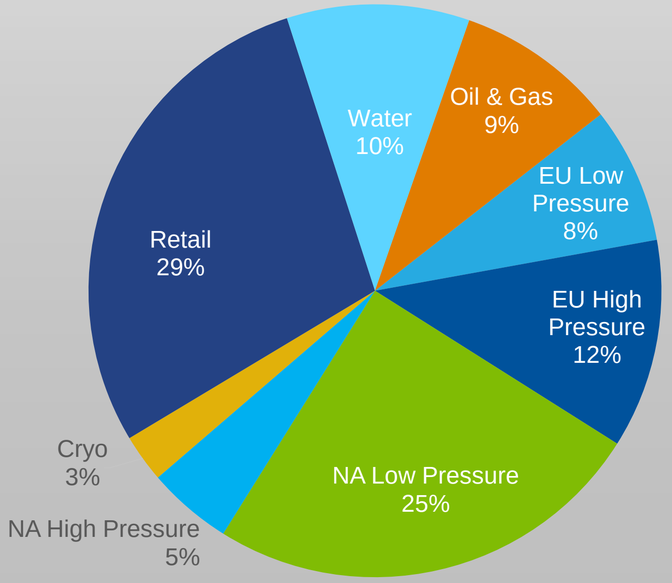
SALES BY SBU

FY19



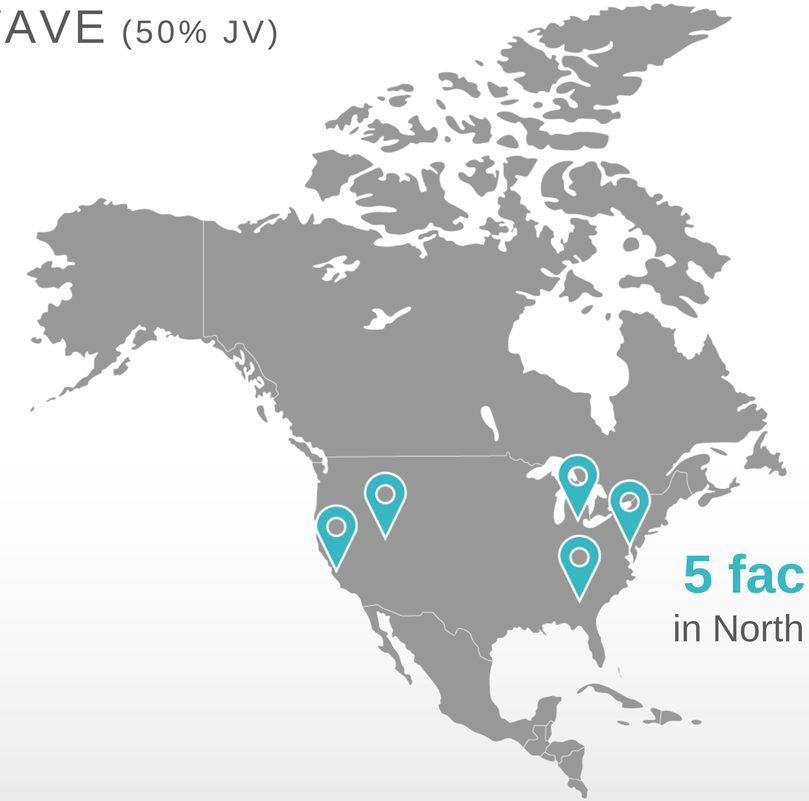
SBU PRODUCT MIX

FY19



PROFILE

WAVE (50% JV)



5 facilities
in North America

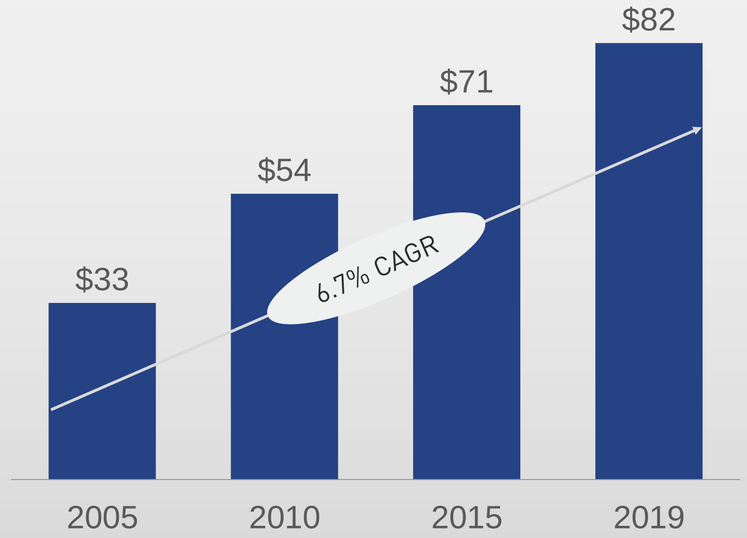
CORE PRODUCTS MARKETS







CONTRIBUTION TO WI EQUITY INCOME ($M)



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 since FY 2010

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:

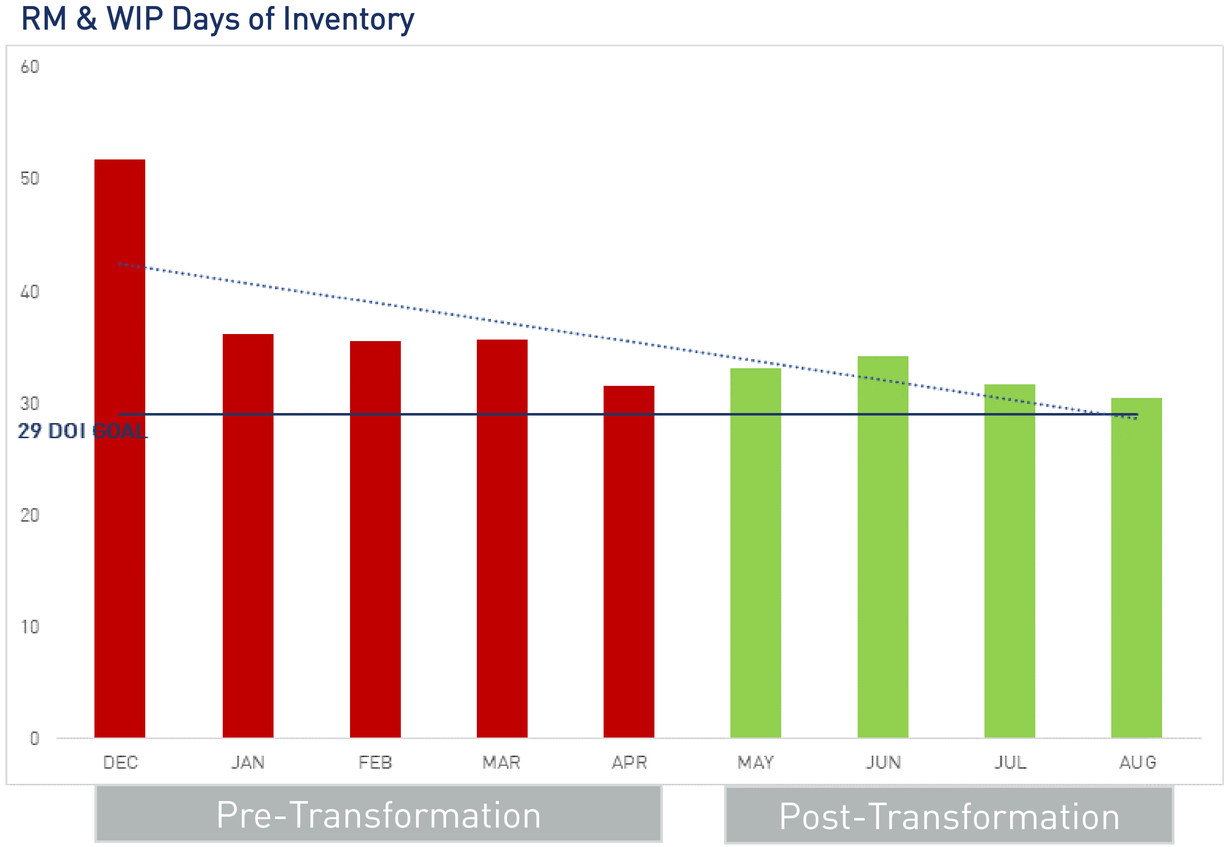
- Consolidate higher value add markets
- Build out product offerings with adjacencies
- Target industries/sectors we know
- Focus on higher margin / high cash flow businesses
- Strong target evaluation process, due diligence and integration to achieve synergies

VALUE DRIVERS IN ACTION: TRANSFORMATION

Focused data driven LEAN events to improve our businesses

Example of Transformation project at core steel facility

Issue: Sales & operations planning was receiving inaccurate messages that resulted in buying unneeded material and took line time away from other orders



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

FG 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: ACQUISITION

Focus on selective acquisitions to consolidate higher value add niches (strip, coated, pickling, blanking)

Heidtman Steel Cleveland Acquisition

- Acquired for $30 million in October 2019
- Consistent with strategy of consolidating higher value-added niches
- Expands pickling capabilities and strengthens position in northeast Ohio region
- Close to our core and expect synergies from consolidation
- 278,000 square-foot facility with approximately 100 non-union employees
- Serving automotive, heavy truck, agriculture and heavy equipment markets



Heidtman Steel™



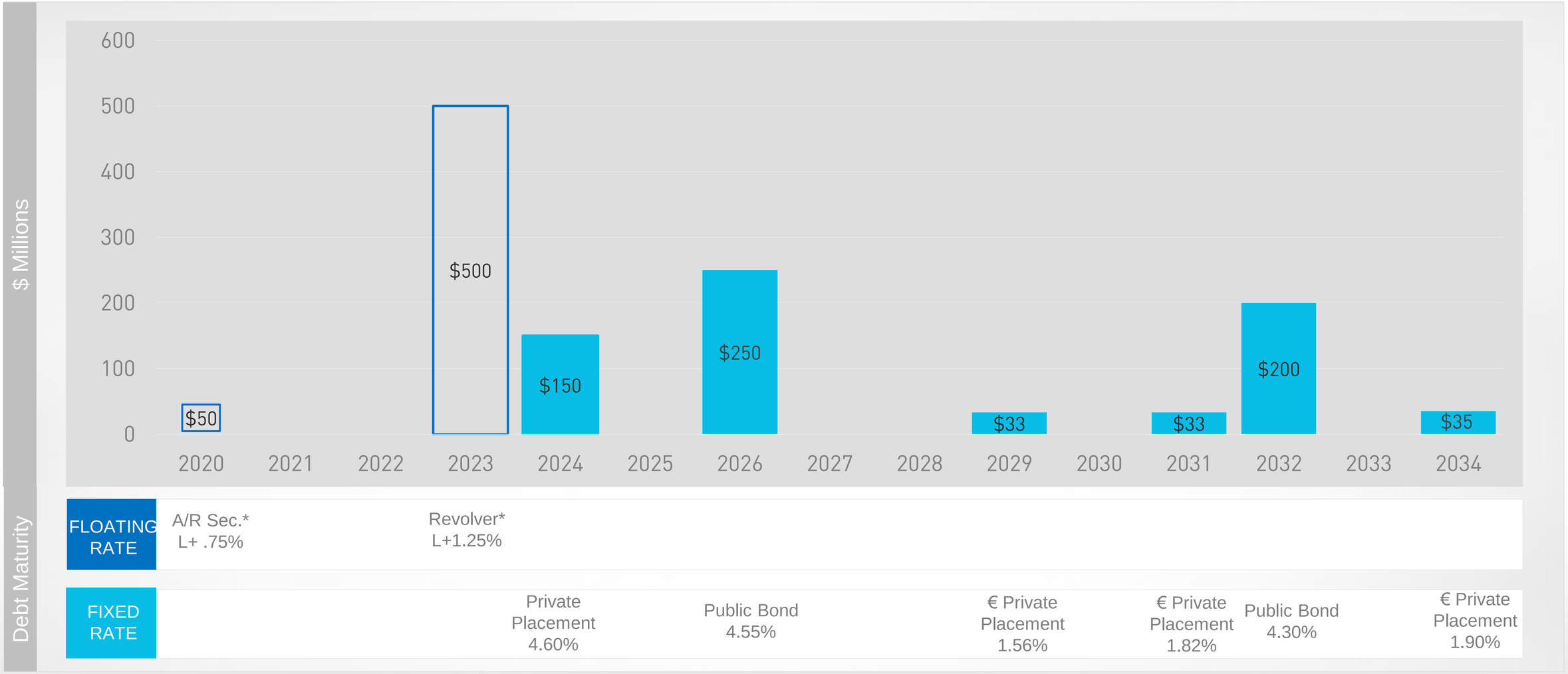
FINANCIAL GOALS

- 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 TO SUPPORT STRATEGY

Strong balance sheet with investment grade credit ratings and nearly $600 million of liquidity available to grow business and reward shareholders



** A/R Securitization facility and Revolving Credit facility undrawn as of 08/31/19*

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
- ✓ FY2019 CapEx of $84.5 million

ACQUISITIONS

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

DIVIDENDS

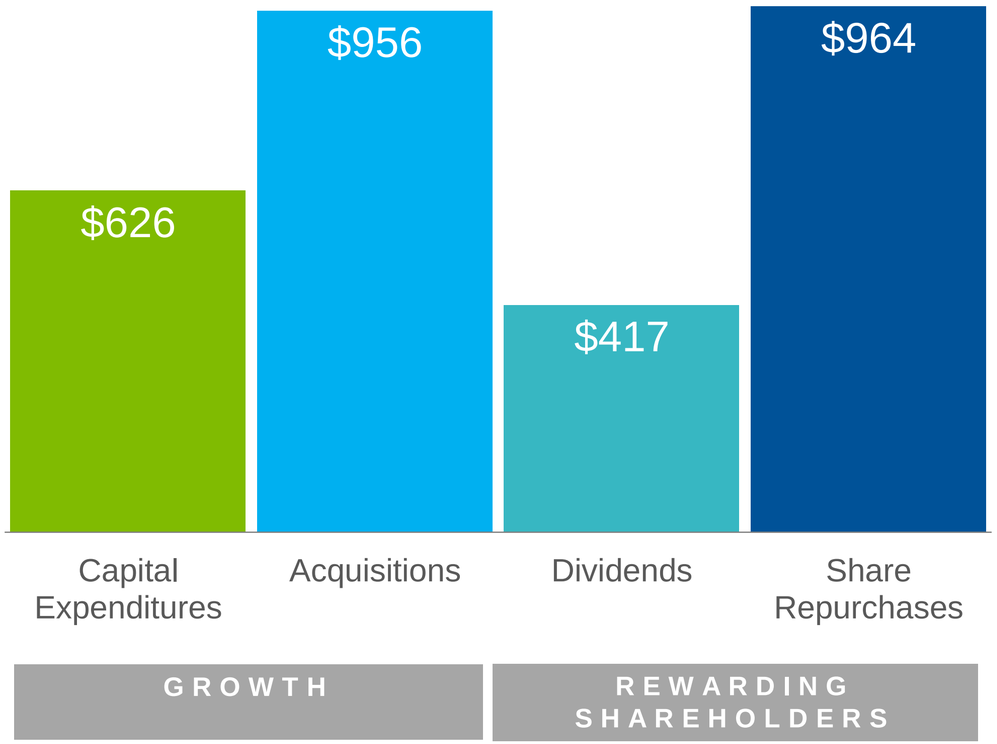
- ✓ Dividend paid quarterly since becoming a public company in 1968
- ✓ Nine consecutive years of dividend increases

SHARE REPURCHASES

- ✓ Opportunistic approach has reduced share count 31% since FY 2010
- ✓ 8.25 million shares remaining on current authorization

NEARLY $3 BILLION OF CAPITAL DEPLOYED OVER PAST 10 YEARS

($ millions)



*Information based on financials from FY 2010 to FY 2019

CONSOLIDATED RESULTS

$ millions, except EPS	FY2018	FY2019	3M FY2019	3M FY2020
Sales	$3,582	$3,760	$988	$856
Adjusted EBITDA*	$397	$330	$105	$78
% of sales	11.1%	8.8%	10.6%	9.1%
Operating Income*	$195	$142	$52	$26
% of sales	5.5%	3.8%	5.3%	3.1%
EPS*	$3.05	$2.60	$0.92	$0.62
Avg Invested Capital	$1,696	$1,628	$1,672	$1,563
ROIC (Adj. EBIT/Avg. Inv. Cap.)	17.3%	14.4%	19.3%	13.8%
Inventory Holding Gains / (Losses) Impact	$18	($4)	$14	($8)
EPS Impact	$0.18	($0.06)	$0.17	($0.11)

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

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KEY INVESTMENT HIGHLIGHTS

- Growth strategy focused on value drivers & enablers 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



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WORTHINGTON INDUSTRIES

SUPPLEMENTAL DATA

SUPPLEMENTAL DATA

CONSOLIDATED ADJUSTED EBITDA / FREE CASH FLOW

$ millions	FY18 Annual	FY19 Annual	FY19 QTD	FY20 QTD
Net Income	$ 194.8	$ 153.5	$ 54.9	$ (4.8)
Interest Expense	38.7	38.1	9.7	9.5
Taxes	8.2	43.2	14.5	(0.2)
EBIT	$ 241.7	$ 234.7	$ 79.2	$ 4.5
D&A	103.4	95.6	24.5	24.2
EBITDA	$ 345.0	$ 330.3	$ 103.7	$ 28.7
Restructuring and non recurring	52.0	(0.8)	1.4	49.3
EBITDA Adjusted	$ 397.0	$ 329.5	$ 105.1	$ 78.0
Stock based compensation	13.8	11.7	3.2	4.0
Undistributed JV earnings	(13.4)	7.3	(10.0)	5.1
Interest Expense	(38.7)	(38.1)	(9.7)	(9.5)
Income taxes	(46.5)	(25.7)	4.4	(1.8)
Net (gain) loss on sale of assets	(10.5)	(7.1)	2.7	0.6
Minority interest	6.1	9.8	2.0	2.3
Change in working capital	(35.7)	(98.9)	(68.4)	(9.9)
Other	9.3	9.3	1.2	(4.5)
Cash Flow from Operations	$ 281.3	$ 197.9	$ 30.4	$ 64.4
Capital spending	(76.1)	(84.5)	(19.4)	(22.2)
Free Cash Flow	$ 205.3	$ 113.4	$ 11.0	$ 42.2

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

SUPPLEMENTAL DATA

CONSOILDATED ADJUSTED OPERATING INCOME / EPS

$ millions, except EPS	FY2018	FY2019	3M FY2019	3M FY2020
Operating Income	$142	$145	$51	($19)
Restructuring and non recurring*	54	(3)	1	45
Operating Income Adjusted	$195	$142	$52	$26
EPS	$3.09	$2.61	$0.91	($0.09)
Restructuring and non recurring*	(0.04)	(0.01)	0.01	0.71
EPS Adjusted	$3.05	$2.60	$0.92	$0.62

*FY2018 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). 3M FY2019 reflects $1M ($0.01/share) in pre-tax restructuring charges, and 3M FY2020 reflects $45M ($0.71/share) in pre-tax restructuring and non-recurring charges.

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STEEL PROCESSING

FINANCIALS

$ millions	FY 2018	FY2019	3M FY2019	3M FY2020
Sales	$2,253	$2,436	$660	$523
Adj. EBITDA*	$177	$122	$48	$14
% of sales*	7.9%	5.0%	7.3%	2.6%
Operating Income* excl. Restructuring	$143	$93	$40	$6
% of sales	6.3%	3.8%	6.0%	1.2%
Capital Expenditures	$32	$39	$9	$8
Avg Invested Capital	$510	$550	$542	$538
ROIC* (Adj. EBIT/Avg. Inv. Cap.)	26.2%	14.8%	27.7%	2.8%
Volume (000s tons)	3,820	3,715	983	891
Steel Price (HRC/ton), period average	$687	$783	$900	$564
Inventory Holding Gains / (Losses) Impact	*$18*	*($4)*	*$14*	*($8)*

*excludes restructuring and non-recurring charges

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PRESSURE CYLINDERS

FINANCIALS

$ millions	FY2018	FY2019	3M FY2019	3M FY2020
Sales	$1,206	$1,208	$300	$304
Adj. EBITDA*	$127	$105	$26	$41
% of sales*	10.6%	8.7%	8.7%	13.4%
Operating Income* excl. Restructuring	$80	$63	$16	$30
% of sales	6.6%	5.3%	5.4%	9.7%
Capital Expenditures	$33	$38	$10	$7
Avg Invested Capital	$914	$879	$888	$876
ROIC (Adj. EBIT*/Avg. Inv. Cap.)	8.8%	7.2%	7.1%	13.5%
Volume (000s units)	90,174	83,787	21,799	20,184

*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. 3M FY2020 was positively impact by a $12.8M early termination of a customer take-or-pay contract, which effectively pulled some future earnings into the current quarter.

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OVER

$930M

in dividends received

from JVs since FY 2010

SUCCESSFUL JOINT VENTURES

Serving automotive and construction end markets

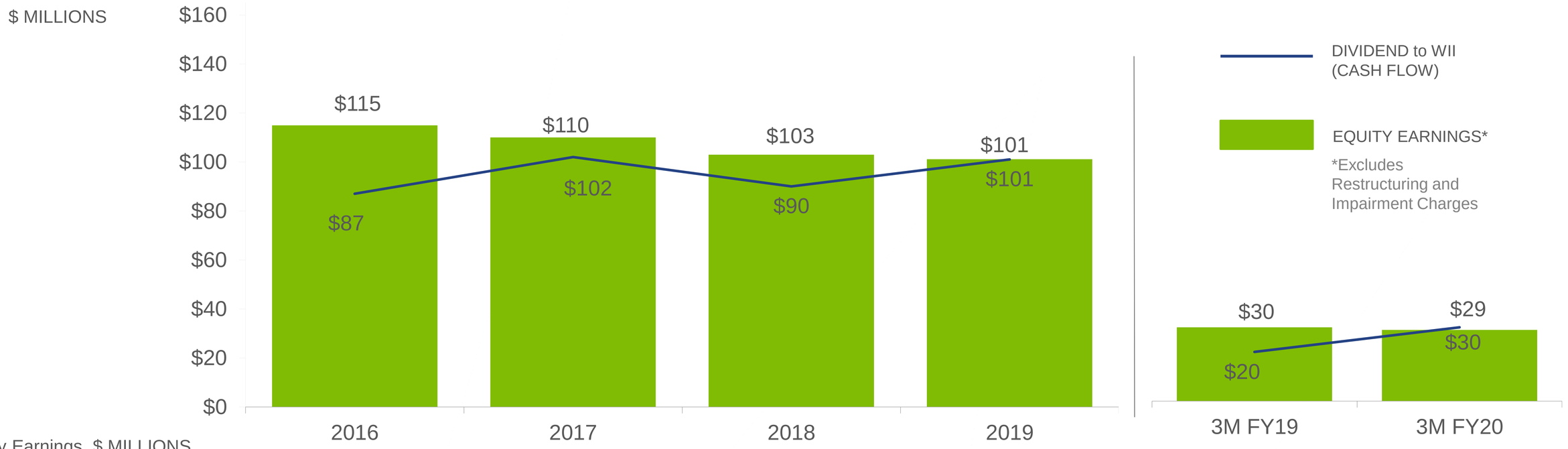
- Successful JV portfolio built with trusted partners who help make a business better versus the alternative of going solo
- JVs managed to produce regular cash dividends that closely approximate earnings

	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	2016	2017	2018	2019	3M FY19	3M FY20
WAVE (50%)	$82.7	$78.3	$77.5	$82.3	$22.0	$23.9
ClarkDietrich (25%)	$14.6	$17.3	$9.8	$8.6	$3.5	$4.1
Servicero (50%)	$6.3	$7.2	$8.8	$8.1	$0.8	$0.2
Artiflex (50%)	$10.3	$7.0	$4.9	$2.0	$3.6	$0.8
Other	$1.1	$0.2	$2.1	$0.1	$0.2	$0.0
Total Equity Earnings	**$115.0**	**$110.0**	**$103.1**	**$101.1**	**$30.0**	**$29.0**

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

FY19 Equity Earnings excludes a $4.0M impairment for CR Steel China JV and 3M FY20 also excludes a $4.2M impairment for CR Steel China JV.

CONTACT

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SAFE HARBOR STATEMENT

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