



# First Quarter Earnings

BUILT TO **CONNECT**

May 3, 2023



# 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”, “goals”, “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 thereof, and in other reports subsequently filed 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.

# First Quarter Highlights



Jaco van der Merwe

President & Chief Executive Officer



# KEY 1 Q 2023 MESSAGES



1

Strong start to 2023 as Astec team delivers record top line and solid bottom line despite challenging business environment with prudent expansion of production capacity continuing

2

Market demand solid across both segments, with positive customer sentiment despite lingering macroeconomic uncertainty; backlog supports confidence in 2023 growth

3

Well-positioned to execute and drive performance with a strong balance sheet and focus on OneASTEC operating model

4

Committed to technology enhancements to unify existing systems, standardize processes, better leverage automation and process efficiency

5

Continue to position our business for profitability and drive long-term stakeholder value by executing our Simplify, Focus and Grow strategy

# CEO Observations and Priorities



## Early Observations: Positive and Active 2023

- Highly engaged and energized team focused on delivering results
  - Visited facilities and met significant number of employees across the organization
  - Enacting comprehensive communication practices to elevate employee engagement
  - Putting the right focus in the right place
- Customer excitement about new products and solutions
  - Meeting with customers
  - Attended various industry events - very positive customer sentiment at ConExpo
  - Additional avenues to elevate our impact with customers
- Aligned executive leadership team driven to achieve long-term targets

## Priorities as we drive performance through Execution

- Aligned with Simplify, Focus and Grow strategy
- Dedicated to employees, customers, and shareholders
- Promote the OneASTEC Operating Model to drive continuous improvement
- Committed to Core Values: Safety, Devotion, Integrity, Respect and Innovation

**We have a focused organization and positive customer base, setting the stage for a great 2023**

# Focus on returns for all stakeholders



## Simplify

### Optimizing Organizational Structure and Operations

- Reduce organizational structure complexity
- System and process consolidation
- Product portfolio optimization

## Focus

### Improved Operational Excellence

- Quality and performance focused company culture
- Continue to integrate and leverage synergies from recent acquisitions
- Aftermarket excellence
- Inventory management

## Grow

### Profitable Growth

- Aftermarket development
- Dealer expansion
- International presence
- Innovative new products
- Leverage technology and digital connectivity

Creating value for our employees, customers, partners and shareholders

# ConExpo Features OneASTEC Product Suite

Largest show to date; 139,000+ registered attendees

- Introduced OneASTEC branding to ConExpo
- 8 newly launched products
- Introduced Astec Digital suite of standardized solutions for Rock to Road value chain
- Asphalt Plant Virtual Reality Station
- Scaled asphalt plant and two assembled concrete plants



**Outstanding Interest in Our Comprehensive Solutions with Positive Multi-year Customer Outlook**



# Business Dynamics and Observations



## INDUSTRY TREND

## ASTEC RESPONSE / IMPACT



**Strong infrastructure demand for asphalt roadbuilding, aggregate processing and concrete production**

- ✓ Customer conversations indicate sustainable positive demand
- ✓ Expanding capacity and throughput to convert backlog to revenue



**Funding for Federal Highway Bill beginning to be deployed**

- ✓ Multi-year bill provides stability, drives future demand for our products
- ✓ Funds beginning to flow in 2023



**Labor shortages continuing across industry and broader market**

- ✓ Slight easing of tight labor market
- ✓ Wage inflation normalizing at elevated levels



**Supply chain and logistics disruptions**

- ✓ Mitigate manufacturing challenges through operational excellence initiatives
- ✓ Sales and Operations planning



**Inflationary pressures expected to persist in 2023**

- ✓ Offsetting inflation through positive net volume, price and mix
- ✓ Continue to leverage pricing power to capture value

**Positioning our business to drive profitability from strong demand while addressing near-term headwinds**

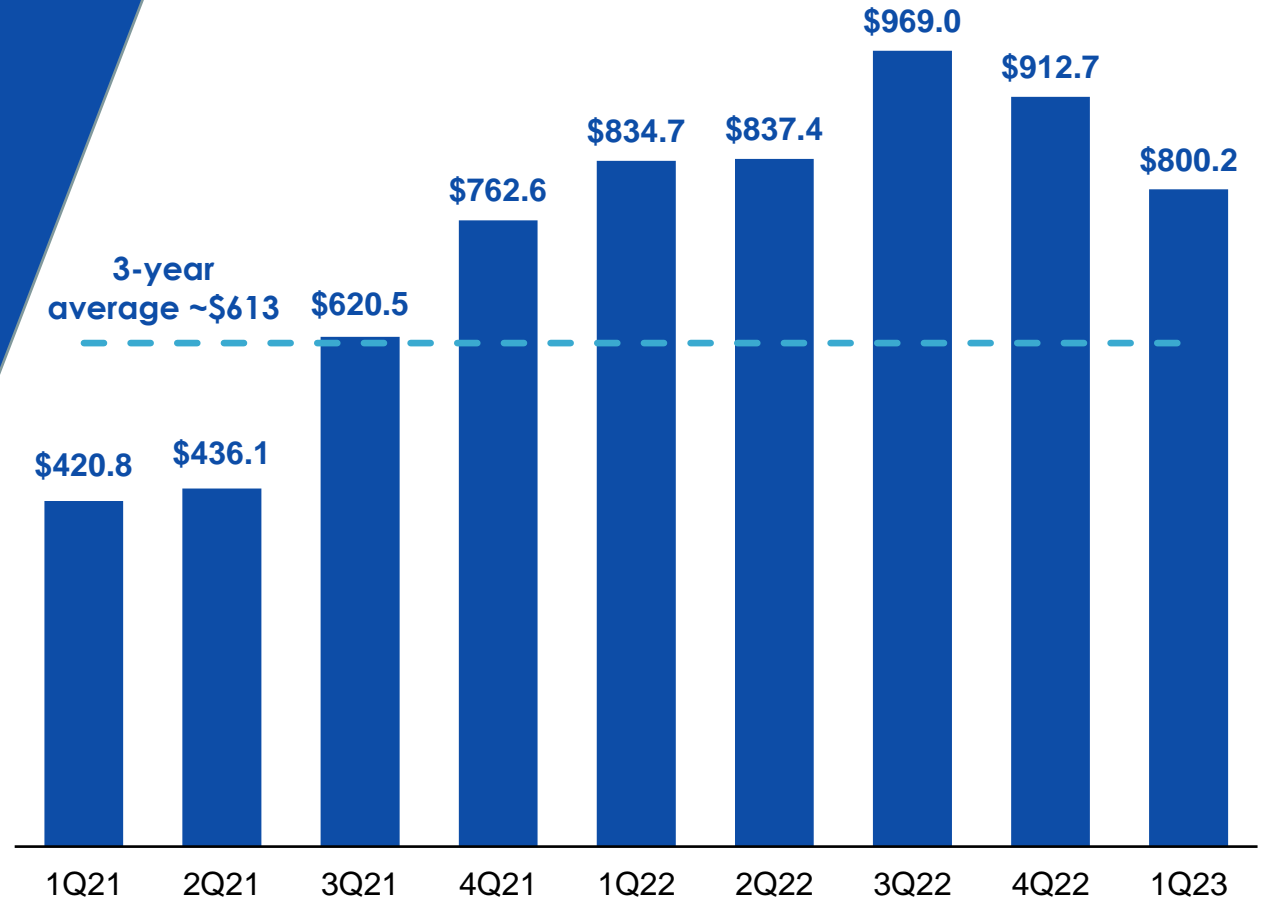
# Initiatives to Convert Elevated Backlog

- Capital Expenditures for facility expansion, automation, productivity and throughput
- Selectively adding headcount in manufacturing facilities
- Enhanced Operations Management (Manufacturing/Quality Engineers)
- Cross-site manufacturing

**BUILT TO CONNECT**



BACKLOG (\$M)



Moderating backlog remains high and supports positive outlook

# ESG Journey Creates Value

## Key Focus Areas



### **Invest in Resources to Accelerate Environmental Initiatives**

- Establish KPI tracking and assessments (GHG, utilities, etc.)
- Create ESG digital footprint review and management process
- Continue to reduce carbon footprint



### **Continue to Advance Social Initiatives**

- Maintain focus on employee safety and welfare
- Support diversity, equity and inclusion internally and in our communities
- Contribute to charitable organizations
- Enhance employee engagement



### **Maintain Sound Governance Practices**

- Board Refreshment
- Board oversight
- Cybersecurity
- Audit discipline

# Supporting Diversity to Improve our Workforce



## Avril Watt is paving the way for women in manufacturing

Astec's Avril Watt, General Manager of the company's Franklin Blvd plant in Eugene, Oregon, is doing her part to pave the way for more women in manufacturing. She leads a team of approximately 205 people who make some of our crushing and screening heavy equipment.



Avril Watt  
Site GM  
Astec Industries, Inc.

Astec's Peterson Horizontal Grinders have been diverting green waste generated from road widening, construction and other sources, from land fills for over 40-years.

Horizontal grinders are used to create mulch from green waste for water retention, erosion control, and compost for soil amendments



# Delivering Products that Promote Environmental Stewardship



# Astec Digital Suite



A digital platform to create a competitive advantage for the Astec value chain of products

- Create Astec Digital Ecosystem that enables customers to leverage our product portfolio and associated data into competitive advantage
- Develop and market a complete portfolio of connected hardware and software solutions for entire Astec portfolio of machinery
- Create core competency of data analytics to enable us to turn data into mutual financial success for us and our customers



# ASTECC DIGITAL SUITE

Quarry and Raw Materials

Crushing and Screening

Asphalt and Concrete Plants

Client Order

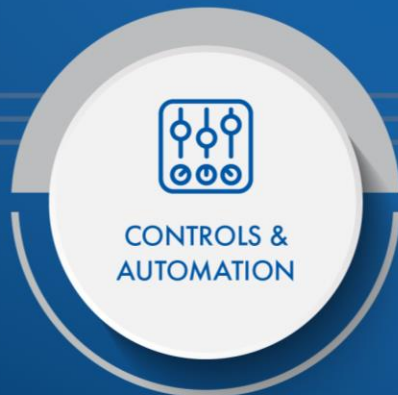
Dispatch Loadout

Fleet Telematics

Asphalt Paving Equipment

Service and Maintenance

Roads and Bridges



# First Quarter Financial Results



**Becky Weyenberg**  
Chief Financial Officer



# 1Q23 Financial Results

(\$M, except per share data)

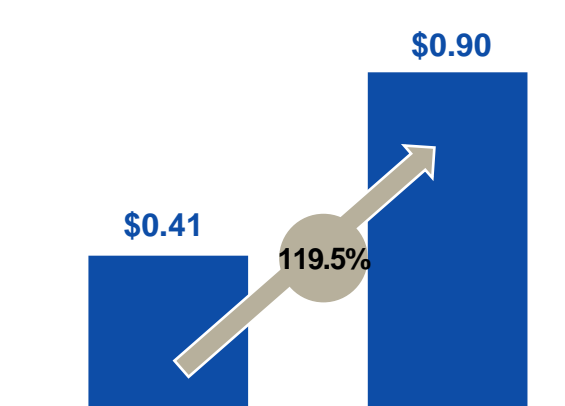
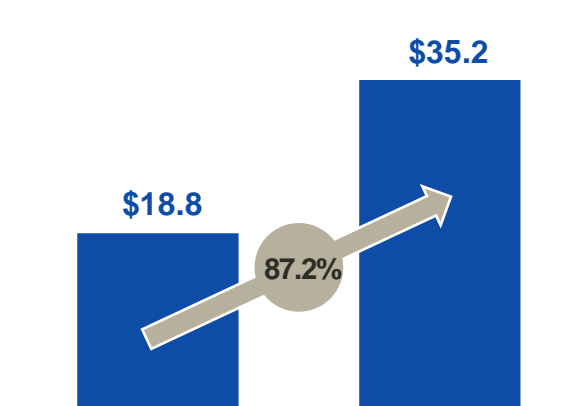
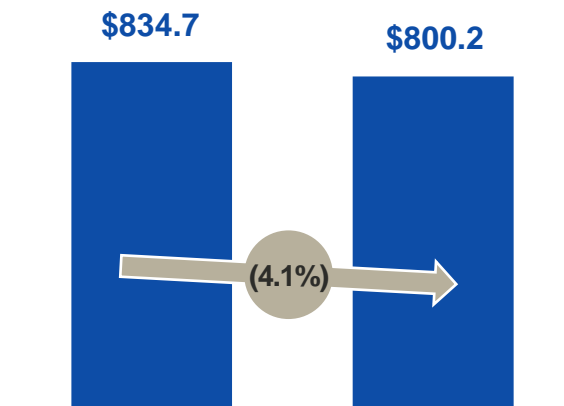
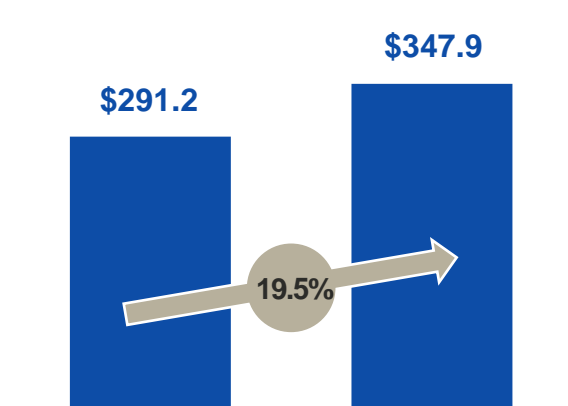


## NET SALES

## BACKLOG

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

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



1Q22

1Q23

1Q22

1Q23

1Q22

1Q23

1Q22

1Q23

- Equipment sales increased \$43.4M or 25.2%
- Parts sales increased \$4.4M or 4.4%
- Domestic sales increased \$46.8M or 20.0%
- International sales increased \$9.9M or 17.5%

- Infrastructure Solutions backlog decreased \$4.2M or 0.8%
- Materials Solutions backlog decreased \$32.6M or 10.3%
- Domestic backlog decreased \$21.3M or 3.0%
- International backlog decreased \$13.2M or 10.3%

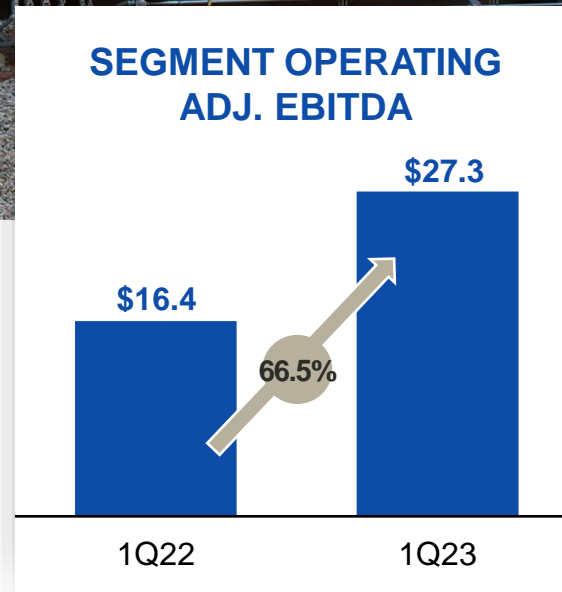
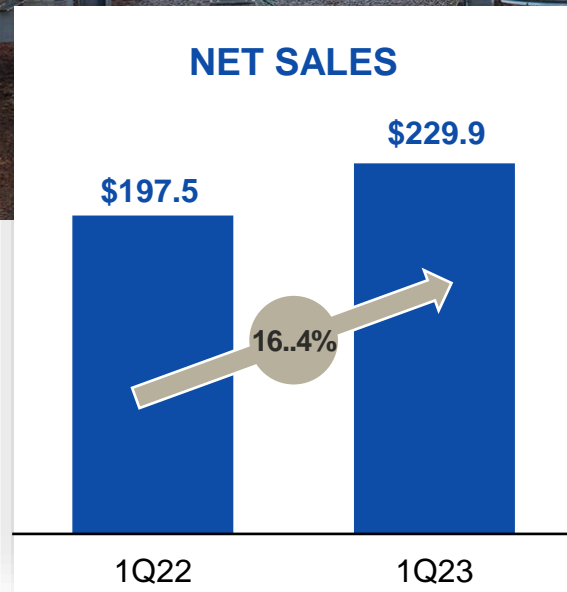
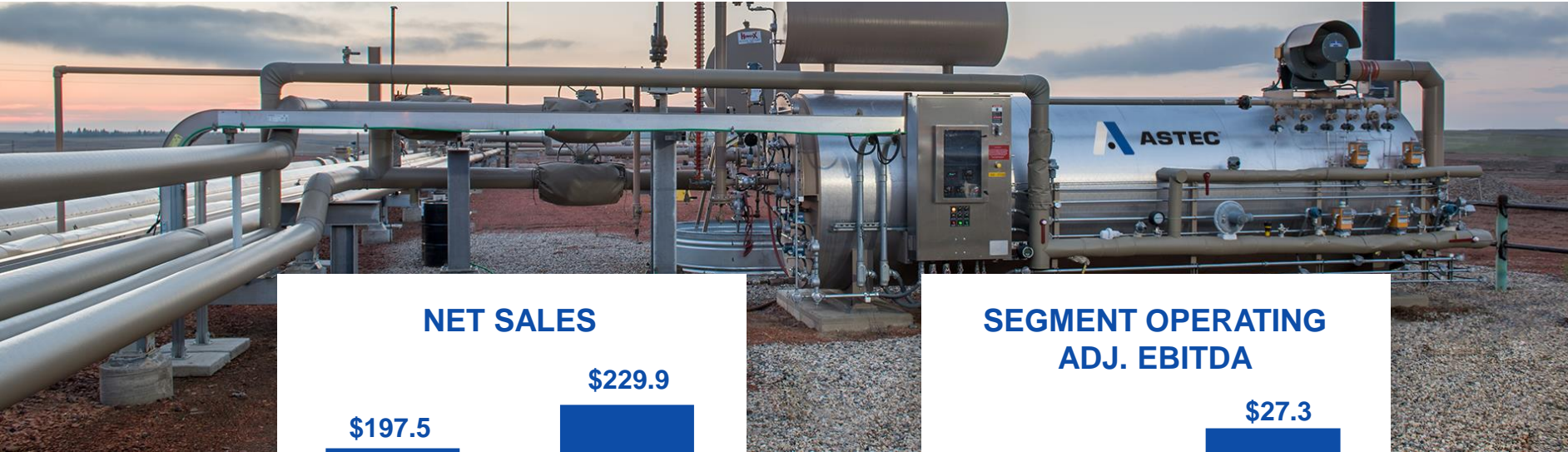
- Adj. EBITDA margin increased 360 bps to 10.1% due to net positive volume, mix and pricing outpacing inflation partially offset by manufacturing inefficiencies and increased SG&A costs
- Increased SG&A driven by ConExpo costs, personnel costs and acquired business

- Excludes transformation and other costs of \$0.37 in 1Q23 and \$0.23 in 1Q22
- Adjusted effective tax rate was 25.2%

<sup>1</sup> See appendix for the reconciliation of GAAP to Non-GAAP measures.

# Infrastructure Solutions

1Q23 Financial Performance (\$M)

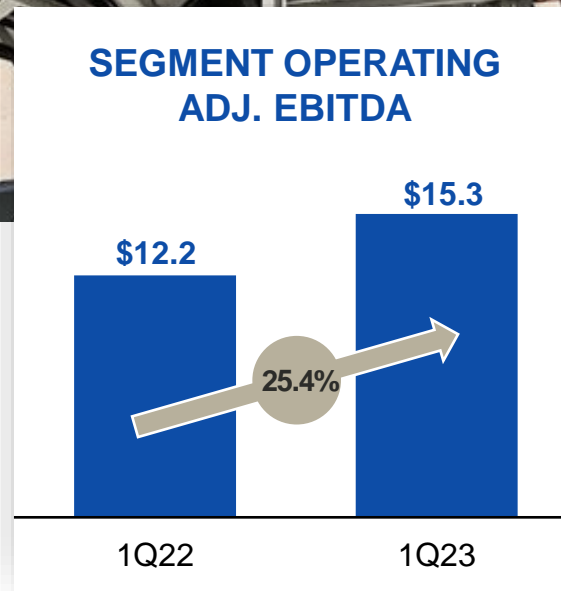
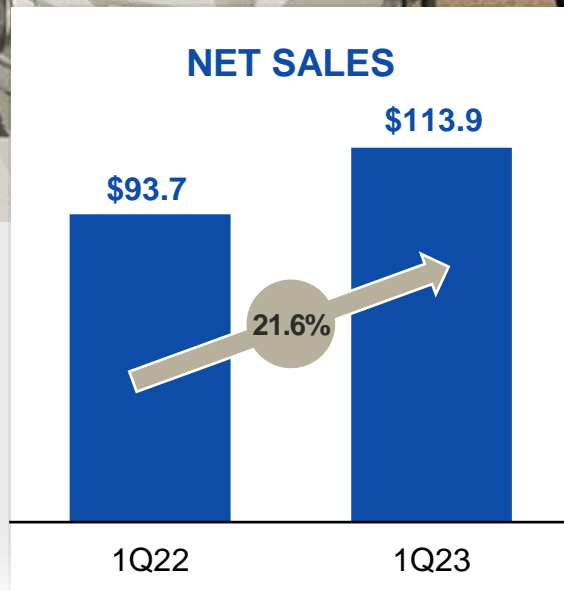


## PERFORMANCE DRIVERS

- Sales increased on strong global demand, especially equipment, and favorable net volume, pricing and mix
  - Domestic sales +14.3%
  - International sales +27.9%
  - Equipment sales +17.3%
  - Parts sales +5.2%
- Segment Operating Adj. EBITDA margin increased 360 bps due to gross margin impacts for net positive volume, mix and pricing outpacing inflation partially offset by net manufacturing inefficiencies and higher personnel costs, ConExpo tradeshow costs and other G&A.

# Materials Solutions

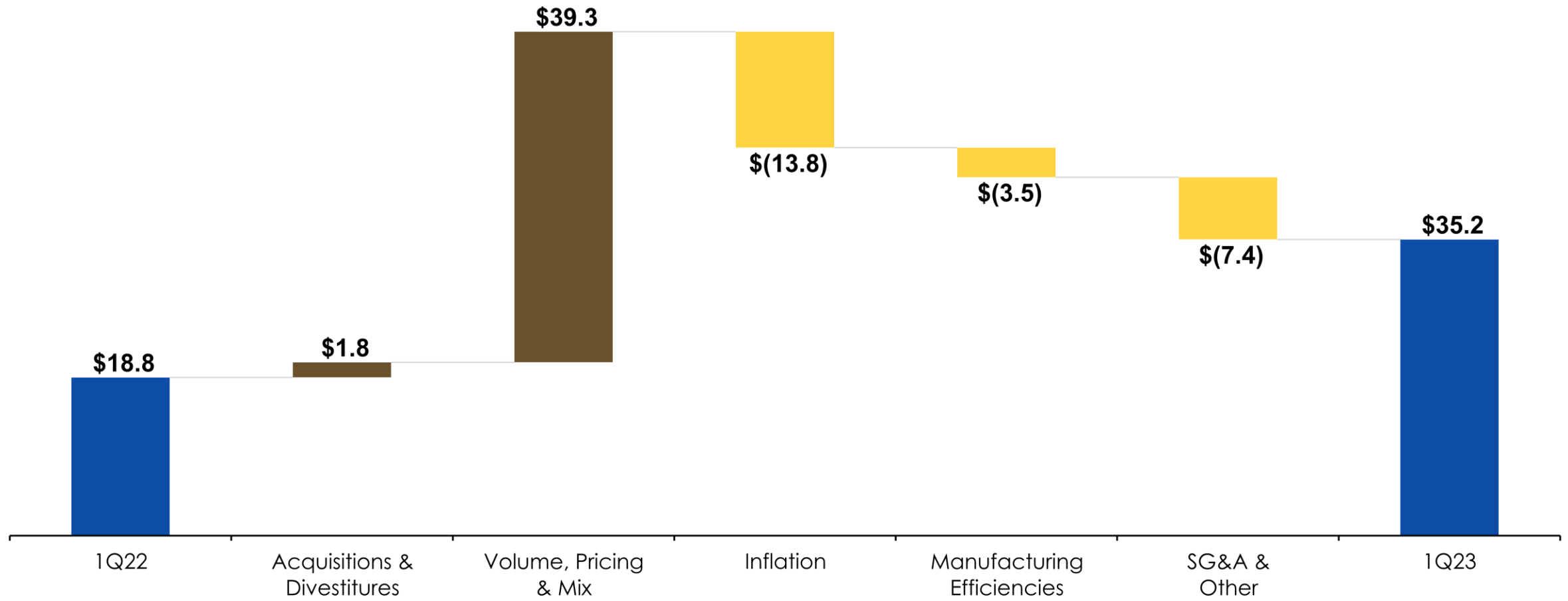
1Q23 Financial Performance (\$M)



## PERFORMANCE DRIVERS

- Sales increase driven by strong domestic equipment sales, and net positive volume, pricing and mix
  - Domestic sales +31.4%
  - International sales -4.2%
  - Equipment sales +34.5%
  - Parts sales +2.0%
- Segment Operating Adj. EBITDA margin increased 40bps largely due to gross margin impacts for net positive volume, mix and pricing outpacing inflation partially offset by manufacturing inefficiencies and lower FX gains, and higher ConExpo tradeshow costs

# 1Q23 Adjusted EBITDA Bridge



# Maintain Strong, Flexible Balance Sheet with Ample Liquidity



## SUMMARY BALANCE SHEET

(\$M)	3/31/23
Cash and Cash Equivalents	\$39.6
Total Current Assets	\$680.4
Total Assets	\$1,008.4
Total Current Liabilities	\$272.0
Total Long-Term Debt	\$65.0
Total Liabilities and Equity	\$1,008.4

(\$M)	3/31/23
Cash and Cash Equivalents	\$39.6
Available Credit	\$182.4
Total Available Liquidity	\$222.0

### COMMENTARY

- Operating activities were a \$19.2M use of cash for Q1 2023
- Cash available for operations decreased 37% and liquidity decreased 4% compared to 12/31/22
- Sold Tacoma facility in March
- Available credit from a \$250M revolving credit facility

Remain disciplined with a long-term net debt to EBITDA target range of 1.5x to 2.5x

# Disciplined Capital Deployment Framework



## Returns to Shareholders

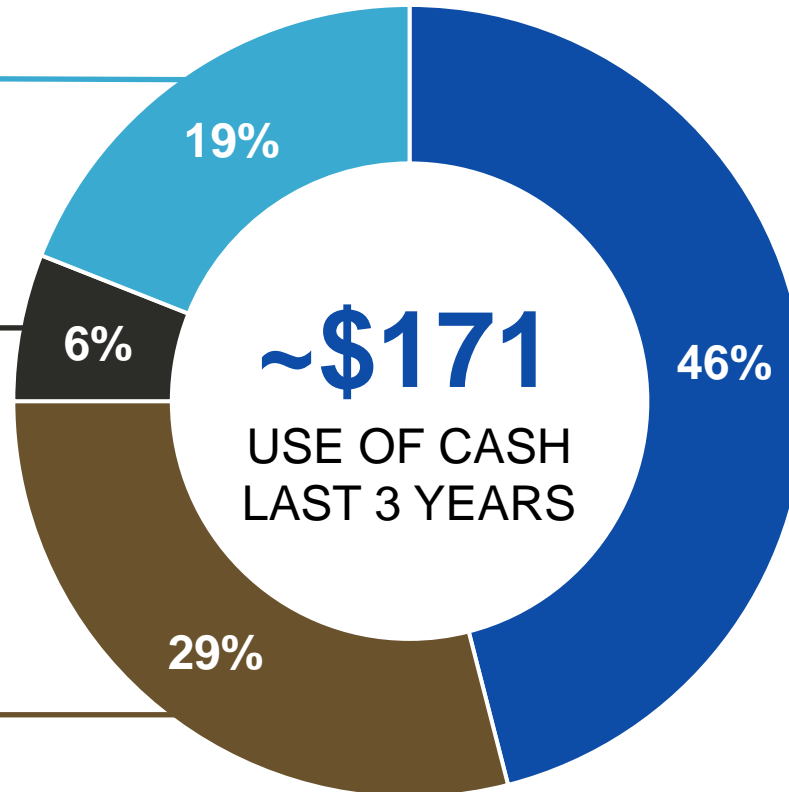
- Dividend of \$0.13 per share in 1Q23

## Share Repurchases

- ~\$116M remaining in authorized share repurchase program, positioning us for additional opportunistic share repurchases subject to market conditions

## Acquisitions

- Future acquisitions to align with growth strategy and meet financial criteria



Continually evaluate strategy to ensure a balanced approach

## Plant, Property, and Equipment

- Internal investments targeting return objectives of >14% ROIC

# Oracle Suite of Solutions Enabling Transformation



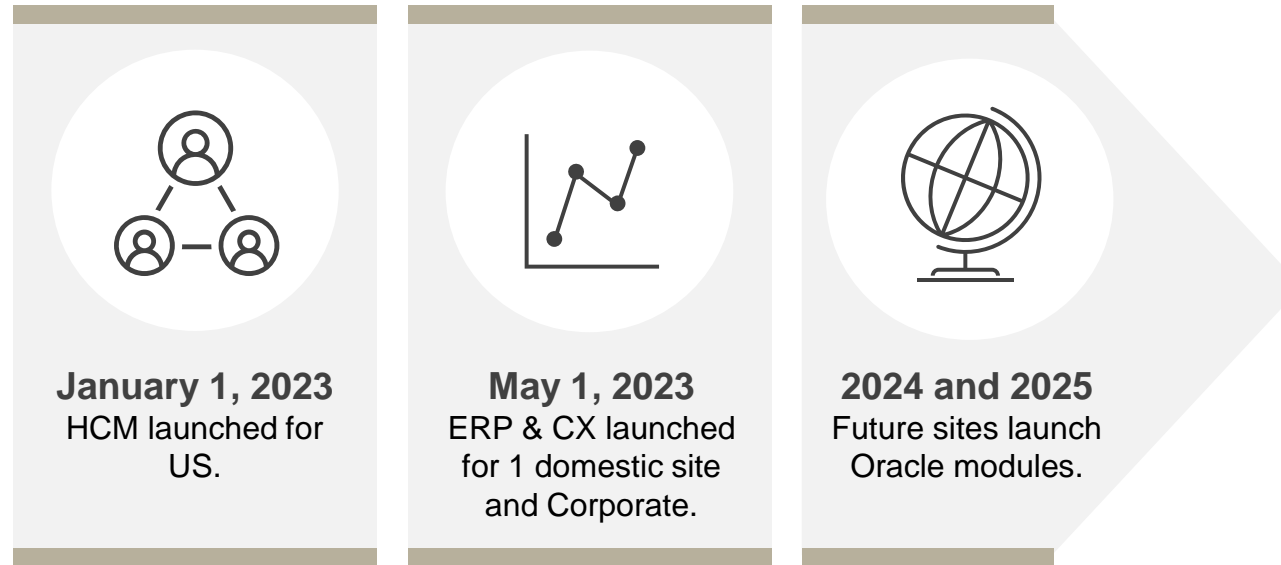
## OUR VISION



### OneASTEC

To transform how we connect people, products, and processes to operate more efficiently and effectively as OneASTEC.

## OUR JOURNEY



**Expect 2H2023 benefits from 1<sup>st</sup> wave of solutions implementation**

**Human Capital Management (HCM):** One platform for all people processes and an improved employee experience.

**Enterprise Resource Planning (ERP):** One source of truth for all business data to improve efficiency and accuracy.

**Customer Experience (CX):** A combination of several systems to improve service to customers & dealers.

**Driving improved output, greater efficiency, and more reliable systems to achieve long-term targets**

# Key Investment Highlights



1

Leadership within attractive niche markets in industries benefiting 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, supported by integrated Astec Digital

3

Growth in recurring, aftermarket revenue driven by a large global installed base and aftermarket excellence initiatives

4

Strong balance sheet and liquidity with net cash position to execute through challenging market conditions

5

Strategic evolution with Simplify, Focus and Grow pillars; cost savings initiatives underway to drive profitable growth

# Long-Term Goals



**5%-10%**

**Revenue  
Growth**

**>12%**

**EBITDA  
Margin**

**>10%**

**EPS  
Growth**

**>1.0**

**FCF  
Conversion<sup>1</sup>**

**>14%**

**ROIC**



Create Value for Shareholders



Alignment to Incentive Plan



Stand Through Cycles

<sup>1</sup> Calculated by dividing LTM Adjusted FCF by Adjusted Net Income



## QUESTIONS AND ANSWERS



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## APPENDIX

# GAAP vs Non-GAAP Adjusted EPS Reconciliations

(in millions, except per share amounts; audited)



	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Net income attributable to controlling interest	\$ 12.1	\$ 4.1
Adjustments:		
Transformation program	7.2	5.3
Restructuring and other related charges	7.1	1.0
Gain on sale of property and equipment, net	(3.4)	—
Transaction costs	—	0.6
Income tax impact of adjustments	(2.5)	(1.6)
Adjusted net income attributable to controlling interest	<u>\$ 20.5</u>	<u>\$ 9.4</u>
Diluted EPS	\$ 0.53	\$ 0.18
Adjustments:		
Transformation program	0.32	0.23
Restructuring and other related charges	0.31	0.04
Gain on sale of property and equipment, net	(0.15)	—
Transaction costs	—	0.03
Income tax impact of adjustments	(0.11)	(0.07)
Adjusted EPS	<u>\$ 0.90</u>	<u>\$ 0.41</u>

# EBITDA and Adjusted EBITDA Reconciliations



(in millions, except per share amounts; audited)

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Net sales	\$ 347.9	\$ 291.2
Net income attributable to controlling interest	\$ 12.1	\$ 4.1
Interest expense, net	1.5	0.2
Depreciation and amortization	6.3	6.7
Income tax provision	4.4	0.9
<b>EBITDA</b>	<b>24.3</b>	<b>11.9</b>
<b>EBITDA margin</b>	<b>7.0 %</b>	<b>4.1 %</b>
<b>Adjustments:</b>		
Transformation program	7.2	5.3
Restructuring and other related charges	7.1	1.0
Gain on sale of property and equipment, net	(3.4)	—
Transaction costs	—	0.6
<b>Adjusted EBITDA</b>	<b>\$ 35.2</b>	<b>\$ 18.8</b>
<b>Adjusted EBITDA margin</b>	<b>10.1 %</b>	<b>6.5 %</b>