



Third Quarter Earnings

BUILT TO **CONNECT**

November 1, 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”, “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.

Third Quarter Highlights



Jaco van der Merwe

President & Chief Executive Officer



3Q 2023 HIGHLIGHTS



- 1** Sales down in seasonally soft 3Q; end markets with **solid demand and positive customer sentiment**; normalized backlog and Federal Highway Bill funding supports **confidence in long-term growth**
- 2** Gross margin +220 bps Y/Y to 23.0% on **operational excellence improvement and price realization**; adj. EBITDA of \$10.0M, down \$6.6M, includes \$6.4M litigation loss contingency
- 3** Establishing a performance culture through consistent execution with a focus on **OneASTEC operating model**; YTD GM +320 bps; 5th consecutive quarter of GM > 20%
- 4** **Progress on Oracle solutions implementation** as part of our transformation to operate more efficiently and effectively, and drive sustainable profitability
- 5** Delivering on **ESG commitments**; inaugural Corporate Sustainability Report set to be published in Q4

2023 Priorities Focused on Execution



Driving Simplify, Focus and Grow strategy to create value	<ul style="list-style-type: none">• Building on consistent track record of financial results• Realizing benefits from transformation program• Leveraging strategic priorities to serve growing markets
Dedicated to employees, customers, and shareholders	<ul style="list-style-type: none">• Further expanded distribution network worldwide• Working with dealers to navigate challenging macro factors• Releasing new products to solve customers' challenges
Promote the OneASTEC Operating Model to drive continuous improvement	<ul style="list-style-type: none">• ERP implementation to drive efficient and effective operations• Improving parts fill rates and conversion of backlog to sales
Committed to Core Values: Safety, Devotion, Integrity, Respect, Innovation	<ul style="list-style-type: none">• Launching inaugural Corporate Sustainability Report in 4Q 2023• Favorable year-over-year safety performance

Creating a company culture focused on superior quality and consistent performance

Business Dynamics and Observations



INDUSTRY TREND

ASTEC RESPONSE / IMPACT



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

- ✓ Capacity expansion is increasing throughput; nearing completion of Northern Ireland expansion
- ✓ Working with dealers to support growing aftermarket opportunity
- ✓ Material Solutions National Dealer Conference in November expected to drive orders



Funding for Federal Highway Bill being deployed

- ✓ Multi-year bill provides stability, driving future product demand
- ✓ Federal highway and pavement contract awards +12% YOY increase for YTD September 2023^(*)



Labor shortages continuing across industry and broader market

- ✓ Slight easing of tight labor market as wage inflation normalizes
- ✓ Higher interest rates driving macro pressure



Easing supply chain and logistics disruptions

- ✓ Normalized supply chain, yet still seeing long lead times affecting inventory and slower conversion of backlog
- ✓ Sales and Operations planning



Inflationary pressures stabilizing

- ✓ Offsetting inflation through price
- ✓ Continue to utilize pricing lever to capture value

Improving YTD profitability while navigating changing business climate

^(*) Source: American Road & Transportation Builders Association (ARTBA), Stifel

Expanding Global Footprint

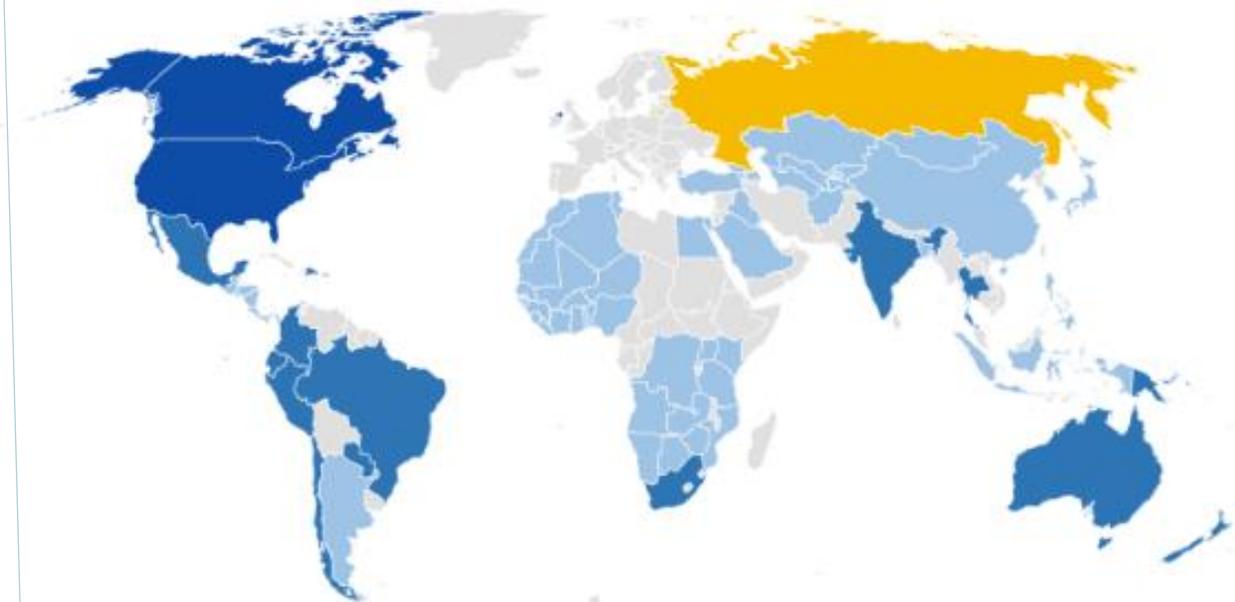


- Build a presence in growth markets to promote the Astec family of products
- Focus on selling current products while developing market specific products and global supply chain/manufacturing network to improve competitiveness
- Capture aftermarket for existing population

2018



2023



Market penetration ↑

● Sanction and economic restriction

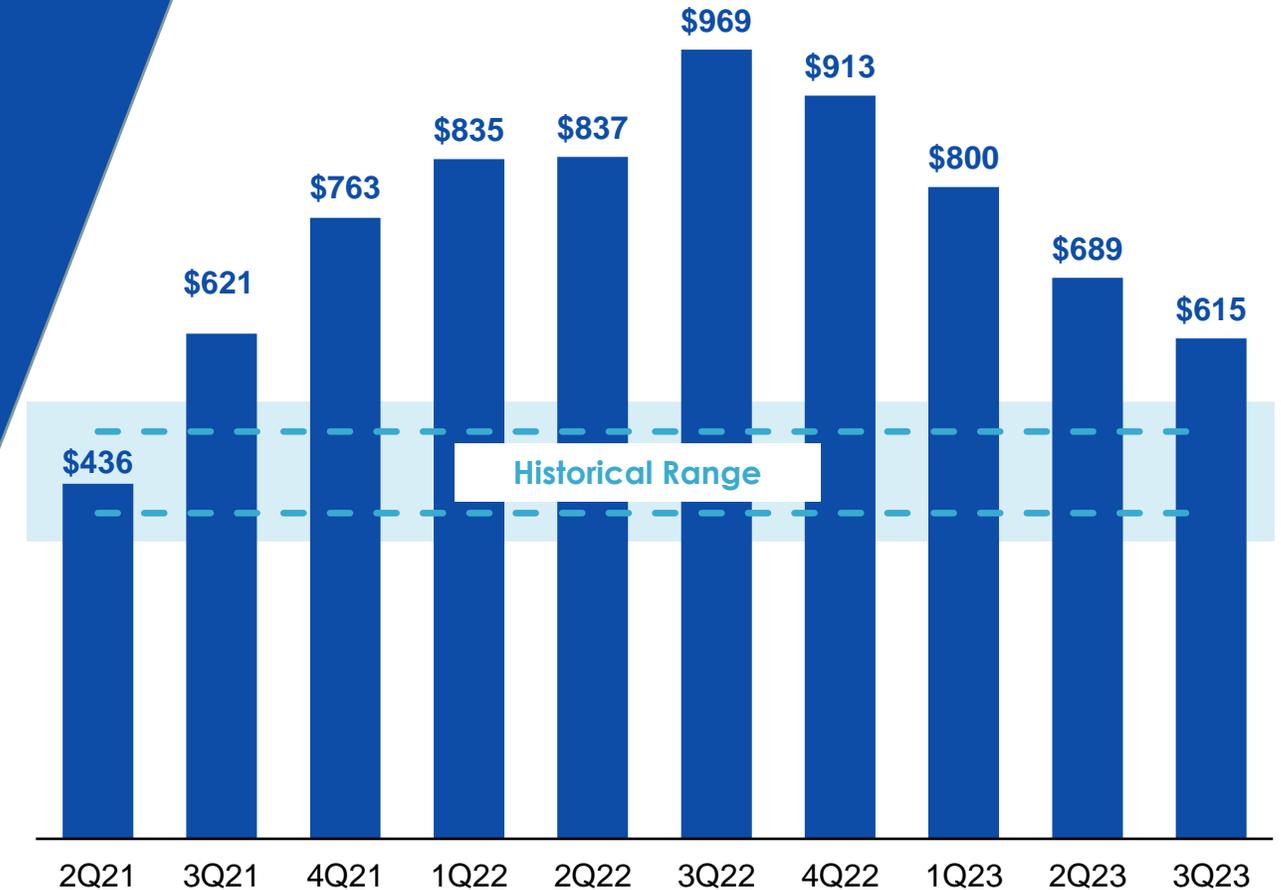
Backlog Development

- Capital Expenditures for facility expansion, automation, productivity and throughput
- Selectively adding headcount in manufacturing facilities
- Enhanced Operations Management (Manufacturing/Quality Engineers)
- Dynamic environment impacting backlog and conversion
 - Order patterns
 - Interest rates
 - October bookings
 - Parts
 - NDC
- Cross-site manufacturing

BUILT TO CONNECT



BACKLOG (\$M)



Backlog normalizing as customer order rates remain steady and we make progress converting backlog to sales

Announcing Our New Vision

Rooted in Innovation and Limitless Potential



VISION



To build industry changing solutions that create life-changing opportunities

Empowered, Enabled, Engaged Employees

Customer Focused

Industry Changing Innovation

Building Foundation for New Long-term Targets
at Investor Day in Spring of 2024



Strategy Drives Stakeholder Returns



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
- **Large investments in mobile construction and crushing equipment facilities**
- Aftermarket excellence
- Inventory management

Grow

Profitable Growth

- Aftermarket development
- Dealer expansion
- Innovative new products
- Leverage technology and digital connectivity
- Acquisition Roadmap

Delivering value for our employees, customers, partners, and shareholders

Innovative New Products in Q3 & Q4



RX405 Mill

New half lane milling machine serving largest market segment



Tracked Paver

Improved product offering serving largest market segment



Peterson 5710E Horizontal Grinders

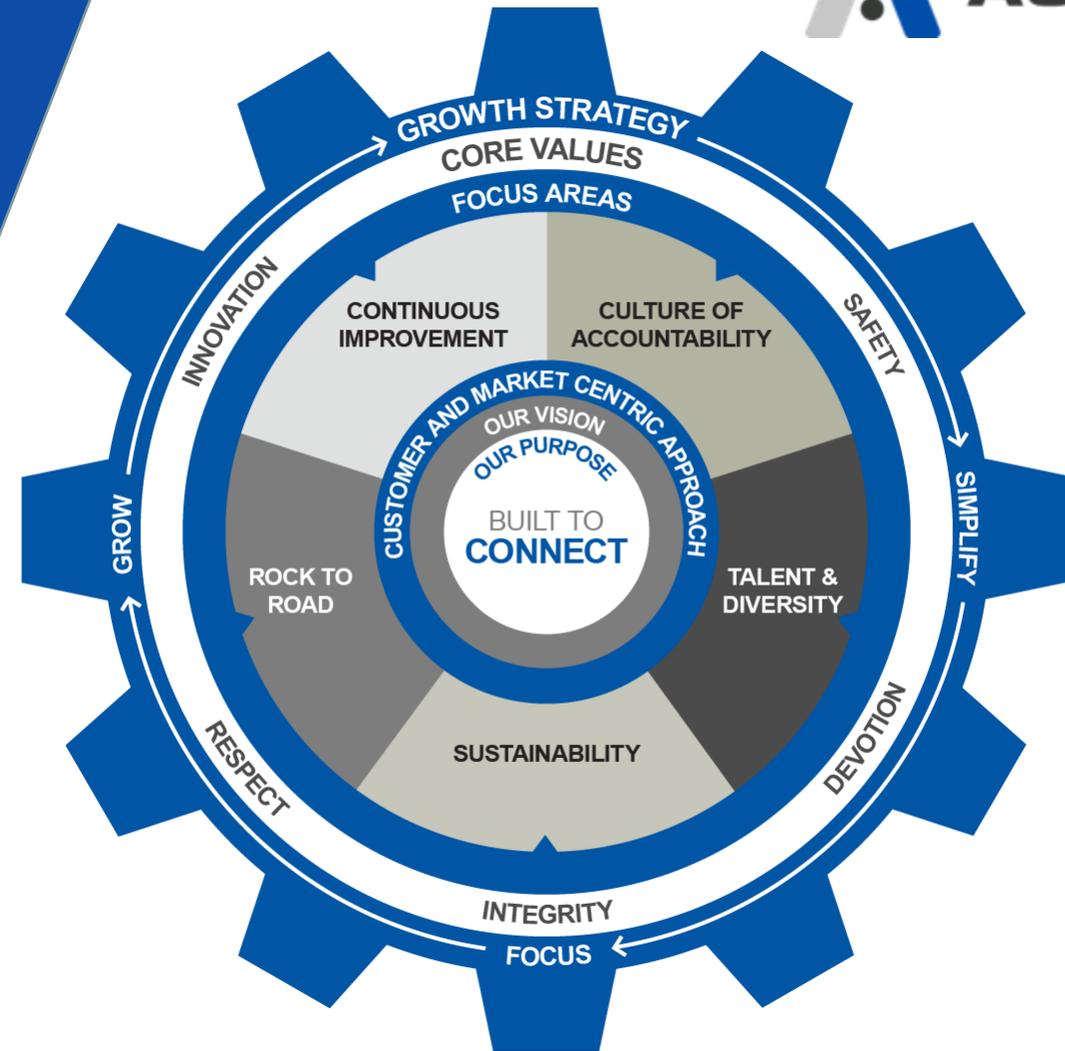
Equipped with features to improve efficiency and reduce material handling costs

Deliberate portfolio planning and robust NPD aimed at delivering competitive offerings critical to the market

Operating As OneASTECC

- Employees and customers at the center of everything we do
- Focusing on the “Rock to Road” Value Chain
- Hiring and training new employees to meet continued strong demand
- Leveraging footprint to reduce lead times, optimize revenue and manage costs
- Mitigating supply and logistic disruptions by
 - Driving efficiencies in Operational Excellence
 - Identifying and validating multiple supply sources for critical components

BUILT TO CONNECT



Sustainability in Everything We Do

Publishing Inaugural Corporate Sustainability Report 4Q 2023



Invest in Resources to Accelerate Environmental Initiatives



Continue to Advance Social Initiatives



Maintain Sound Governance Practices

Innovation of Rock to Road Through a Focus on Conserving Resources and Reducing Carbon Footprint

Third Quarter Financial Results



Becky Weyenberg
Chief Financial Officer

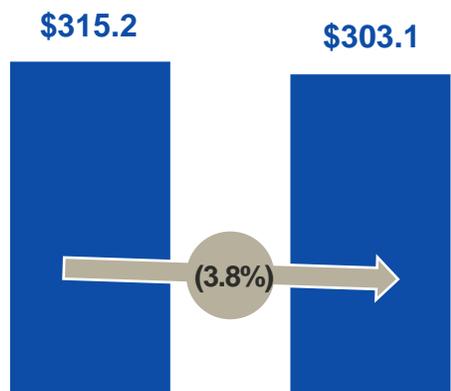


3Q23 Financial Results

(\$M, except per share data)



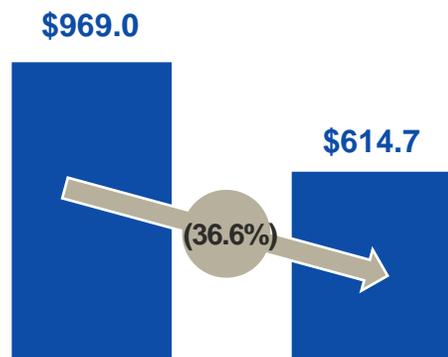
NET SALES



3Q22 3Q23

- Equipment sales decreased \$9.4M or 4.5%
- Parts sales increased \$2.1M or 2.4%
- Domestic sales decreased \$19.8M or 7.9%
- International sales increased \$7.7M or 11.7%

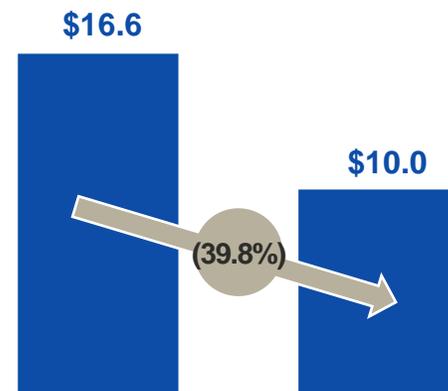
BACKLOG



3Q22 3Q23

- Domestic backlog decreased \$302.1M or 37.2%
- International backlog decreased \$52.2M or 33.4%
- Sequential backlog decreased 10.8%; order rates have remained stable over last 3 quarters

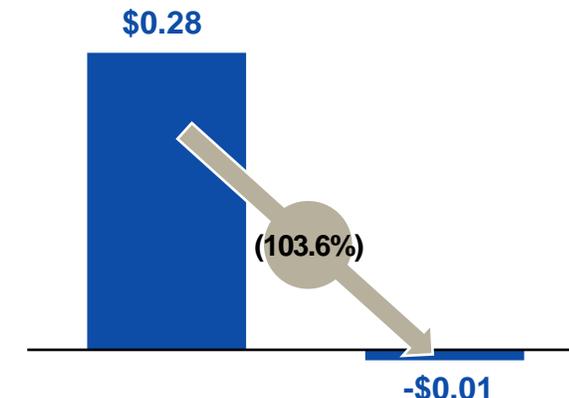
ADJ. EBITDA¹



3Q22 3Q23

- Adj. EBITDA margin decreased 200 bps to 3.3% due to \$6.4M litigation loss contingency that offset gross margin expansion
- Increased SG&A driven by litigation loss contingency, higher personnel related costs and increased consulting and project costs

ADJ. EPS¹



3Q22 3Q23

- Excludes transformation and other costs of \$0.28 in 3Q23 and \$0.25 in 3Q22
- Adjusted effective tax rate was 108.3% partially due to impact of litigation loss contingency

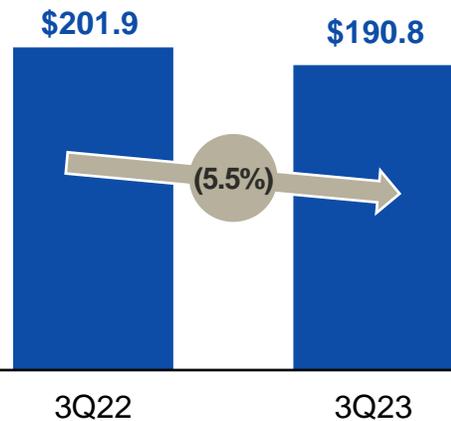
¹ See appendix for the reconciliation of GAAP to Non-GAAP measures.

Infrastructure Solutions

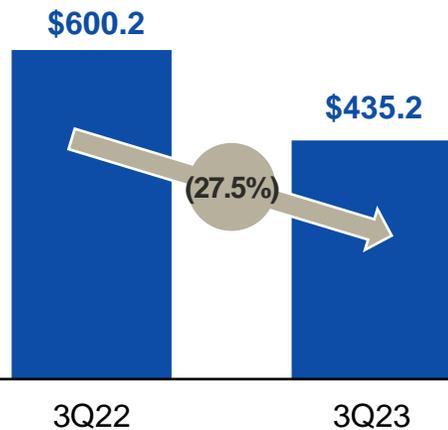
3Q23 Financial Performance (\$M)



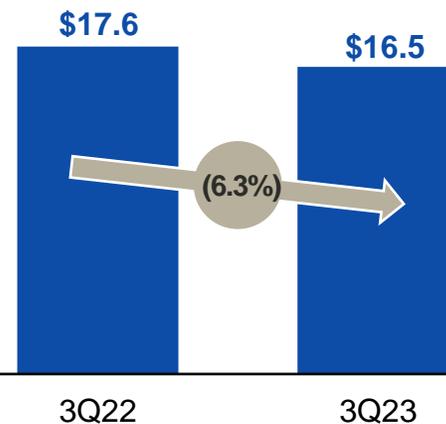
NET SALES



BACKLOG



SEGMENT OPERATING ADJ. EBITDA



PERFORMANCE DRIVERS

- Sales decreased as positive international demand was more than offset by domestic softness
 - Domestic sales -7.4%
 - International sales +3.4%
 - Equipment sales -6.9%
 - Parts sales +5.5%
- Segment Operating Adj. EBITDA margin declined 10 bps due to higher inflation on materials, labor and overhead costs and increased SG&A personnel costs offset by positive gross margin impacts

Materials Solutions

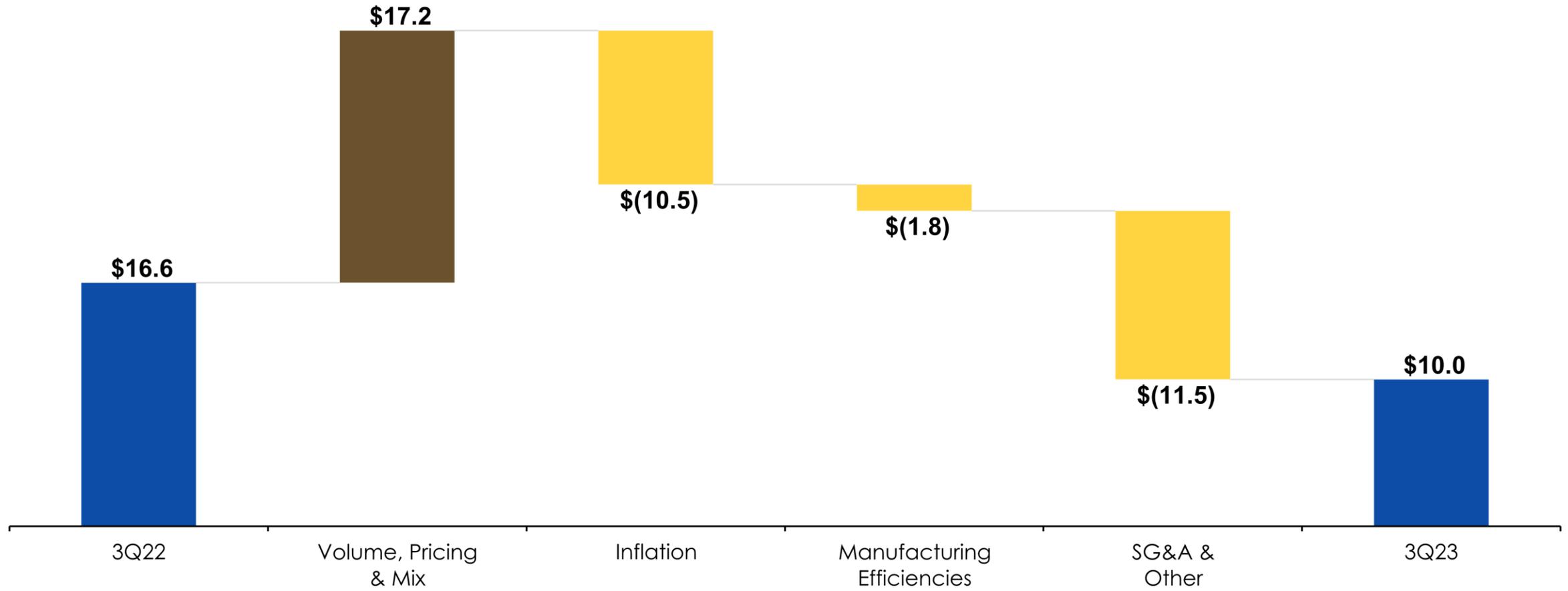
3Q23 Financial Performance (\$M)



PERFORMANCE DRIVERS

- Sales decreased as strong international demand was more than offset by domestic softness
 - Domestic sales -9.0%
 - International sales +20.7%
 - Equipment sales -0.6%
 - Parts sales -3.2%
- Segment Operating Adj. EBITDA margin declined 420 bps largely due to a one-time litigation loss contingency and the impact of higher inflation on materials, labor and overhead costs offset by positive gross margin impacts

3Q23 Adjusted EBITDA¹ Bridge



¹ See appendix for the reconciliation of GAAP to Non-GAAP measures.

Maintain Strong, Flexible Balance Sheet with Ample Liquidity



SUMMARY BALANCE SHEET

(\$M)	9/30/23
Cash and Cash Equivalents	\$71.3
Total Current Assets	\$746.3
Total Assets	\$1,074.4
Total Current Liabilities	\$282.2
Total Long-Term Debt	\$122.0
Total Liabilities and Equity	\$1,074.4

(\$M)	9/30/23
Cash and Cash Equivalents	\$71.3
Available Credit	\$125.6
Total Available Liquidity	\$196.9

COMMENTARY

- Operating activities were a \$18.8M use of cash YTD 2023
- Cash available for operations increased 13.5% and liquidity decreased 15.1% compared to 12/31/22
- Available credit from a \$250M revolving credit facility

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

Disciplined Capital Deployment Framework



Returns to Shareholders

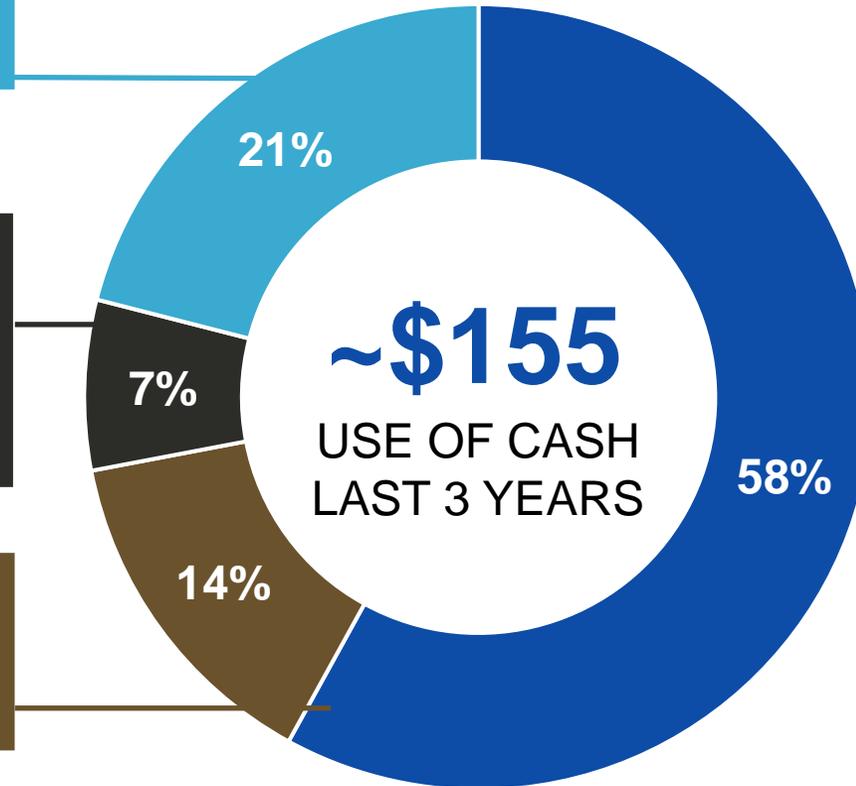
- Dividend of \$0.13 per share in 3Q23

Share Repurchases

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

Acquisitions

- Disciplined M&A approach to identify acquisitions that align with growth strategy and meet financial criteria



Continually evaluate strategy to ensure a balanced approach

Property and Equipment

- Internal investments targeting return objectives of >14% ROIC

Oracle Suite of Solutions Enabling Transformation



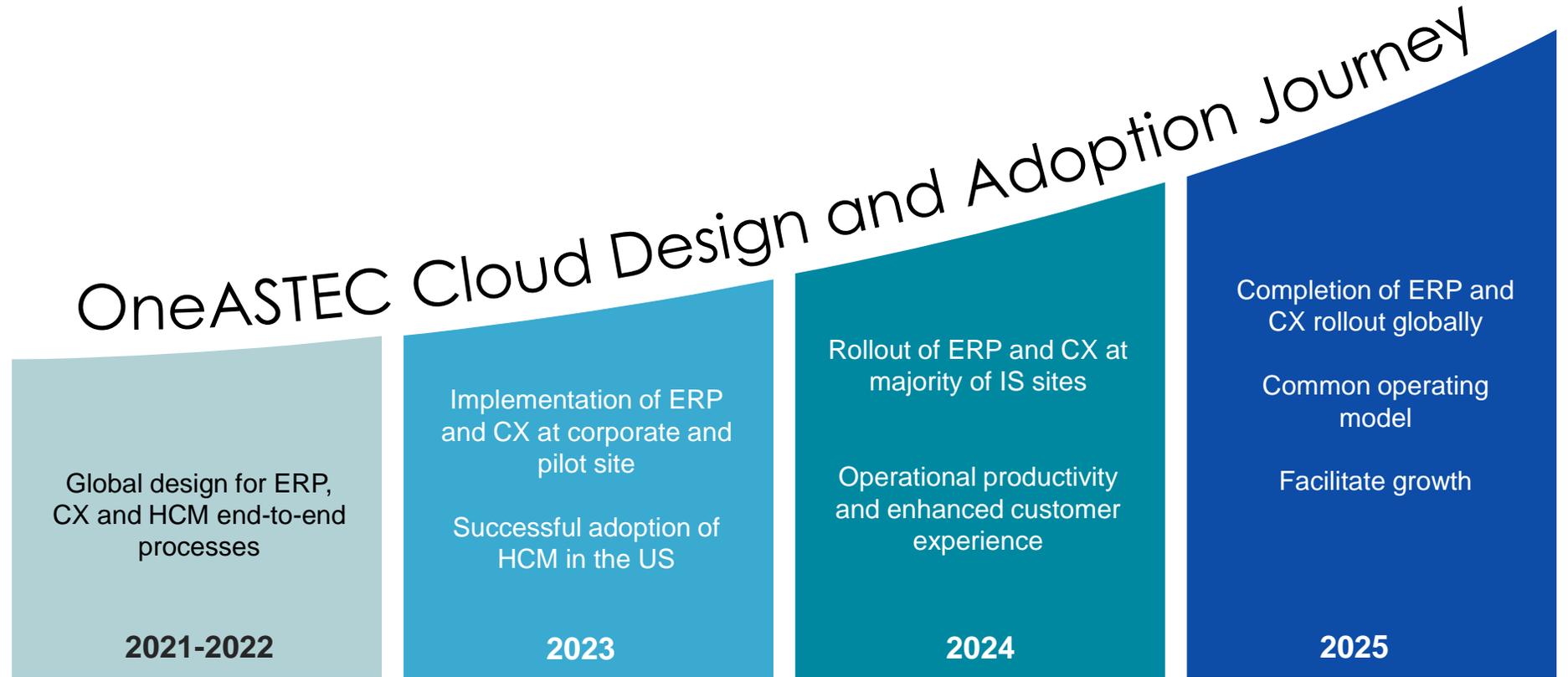
OUR VISION



OneASTEC

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

OneASTEC Cloud Design and Adoption Journey



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

KEY 3Q 2023 MESSAGES



- 1** Astec team continues to perform well, **servicing customers** and **driving operational excellence improvement**
- 2** **Following customer meetings and industry events sentiment remains positive**
Establishing a performance culture through consistent execution with a focus on **OneASTEC operating model**; 3Q GM improved; EBITDA margin performance masked by a litigation loss contingency
- 3**
- 4** **Implementing Oracle solutions to enable transformation**, connecting people, products and process to operate more efficiently and effectively
- 5** Executing our **Simplify, Focus and Grow strategy** to improve profitability and **drive long-term stakeholder value**

Long-Term Goals



Deploying the OneASTEC business model to fuel strong future operational and financial performance

5%-10%

**Revenue
Growth**

>12%

**EBITDA
Margin**

>10%

**EPS
Growth**

>1.0

**FCF
Conversion¹**

>14%

ROIC



Create Value for Shareholders



Alignment to Incentive Plan



Stand Through Cycles

¹ Calculated by dividing LTM Adjusted FCF by Adjusted Net Income



QUESTIONS AND ANSWERS



1725 Shepherd Road
Chattanooga, TN 37421
+1 (423) 899 - 5898



Visit Our Website



Steve Anderson

SVP of Administration & Investor Relations

Phone: 423-553-5934

Email: sanderson@astecindustries.com





APPENDIX

GAAP vs Non-GAAP Adjusted EPS Reconciliations



(in millions, except per share amounts; unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net (loss) income attributable to controlling interest	\$ (6.6)	\$ 0.7	\$ 18.6	\$ 0.9
Adjustments:				
Transformation program	7.8	7.0	22.8	18.7
Restructuring and other related charges	0.1	0.1	7.6	1.5
Asset impairment	—	0.4	0.8	3.4
Loss (gain) on sale of property and equipment, net	0.4	(0.4)	(3.1)	(0.4)
Transaction costs	—	0.5	—	1.9
Income tax impact of adjustments	(1.9)	(1.8)	(6.5)	(5.8)
Adjusted net (loss) income attributable to controlling interest	<u>\$ (0.2)</u>	<u>\$ 6.5</u>	<u>\$ 40.2</u>	<u>\$ 20.2</u>
Diluted EPS	\$ (0.29)	\$ 0.03	\$ 0.82	\$ 0.04
Adjustments:				
Transformation program	0.34	0.31	1.00	0.82
Restructuring and other related charges ^(a)	—	—	0.34	0.06
Asset impairment	—	0.02	0.04	0.15
Loss (gain) on sale of property and equipment, net	0.02	(0.02)	(0.14)	(0.02)
Transaction costs	—	0.02	—	0.08
Income tax impact of adjustments	(0.08)	(0.08)	(0.29)	(0.25)
Adjusted EPS	<u>\$ (0.01)</u>	<u>\$ 0.28</u>	<u>\$ 1.77</u>	<u>\$ 0.88</u>

^(a) Calculation includes the impact of a rounding adjustment

EBITDA and Adjusted EBITDA Reconciliations



(in millions, except percentage data; unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net sales	\$ 303.1	\$ 315.2	\$ 1,001.0	\$ 924.6
Net (loss) income attributable to controlling interest	\$ (6.6)	\$ 0.7	\$ 18.6	\$ 0.9
Interest expense, net	1.9	0.3	4.9	0.9
Depreciation and amortization	7.1	7.3	19.6	20.9
Income tax (benefit) provision	(0.6)	0.7	6.5	0.8
EBITDA	1.8	9.0	49.6	23.5
EBITDA margin	0.6 %	2.9 %	5.0 %	2.5 %
Adjustments:				
Transformation program	7.7	7.0	22.5	18.7
Restructuring and other related charges	0.1	0.1	7.6	1.5
Asset impairment	—	0.4	0.8	3.4
Loss (gain) on sale of property and equipment, net	0.4	(0.4)	(3.1)	(0.4)
Transaction costs	—	0.5	—	1.9
Adjusted EBITDA	\$ 10.0	\$ 16.6	\$ 77.4	\$ 48.6
Adjusted EBITDA margin	3.3 %	5.3 %	7.7 %	5.3 %