



Acquisition of BasX Solutions

November 18, 2021

Forward-Looking / Cautionary Statements

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Company Overview



PROFILE

Description:

BasX Solutions is an industry leader in designing, engineering and manufacturing high-efficiency data center cooling solutions, cleanroom systems, custom HVAC systems and modular solutions

Headquarters:
Redmond, OR

Founded:
2012

Employees:
~260

2021E Sales:
~70M | 5-year CAGR: 45%

Manufacturing:
200,000 sq. ft.

Products:



Unitary Data Center Cooling Systems



High Density IT Cooling Systems

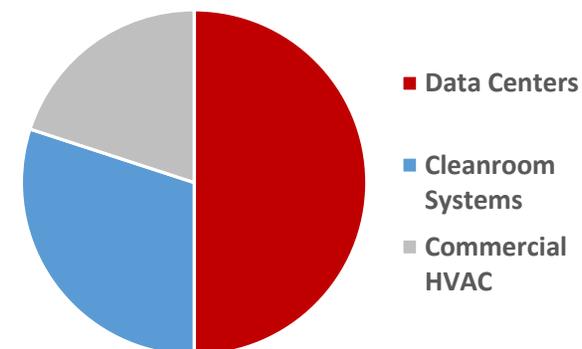


Cleanroom Plenum Systems



Custom Air Handling Units

SALES MIX



CUSTOMERS



BasX Leadership



DAVE BENSON

BasX CEO & Co-Founder

Mr. Benson has 35 years of experience in the HVAC industry as the HVAC design engineer and operations manager at Intel, past-President and Founder of Cleanpak and President and Founder of Huntair. He has pioneered the development and manufacturing of many products that have shaped today's industry standard of air-handling technology and efficiency.

MATT TOBOLSKI PHD, SE

BasX President & Co-Founder

Dr. Tobolski is an innovative and driven engineer, leader and entrepreneur focused on developing value-added products to support a broad range of industries. He is passionate about working on multi-disciplinary teams that strive to develop efficient and forward thinking designs. Matt leads the strategic direction of BasX and is heavily involved in project development activities.

"We have been familiar with BasX and their team for a while now and we are extremely impressed with what they accomplished since founding the company just nine years ago. Similar to AAON's founder, BasX's Co-Founder Dave Benson has been a visionary in our industry. And Matt Tobolski, BasX's other Co-Founder, is an extremely talented leader and engineer that has been integral in BasX's success. We view this acquisition more like a partnership than a takeover. As such, through this deal, we feel AAON is gaining premier leadership talent."

- Gary Fields, AAON President and CEO



Summary Transaction Terms



Transaction Terms

- Upfront payment of \$100M
- Additional \$80M payments are subject to earn-out milestones that extend out through 2023
- Acquisition of real estate property utilized by BasX expected by end of Q1 2022 for \$22M

Financial Benefits of the Transaction

- Excluding upfront acquisition-related expenses and non-cash purchase accounting amortization costs, the Company anticipates the acquisition will be accretive to earnings
- The full value of the earn-outs reflect EBITDA more than doubling by 2023

Potential Synergies

- Anticipate the combined entity will result in material cost savings over the following three years
- Revenue synergies related to scale, cross-selling opportunities and geographic footprint

Financing

- Upfront payment of \$100M financed with a combination of cash and borrowings on credit facility
- Earn-outs will be paid with AAON stock

Timing

- Expected closing on equity acquisition by year-end
- Subject to customary closing conditions as well as signing of the real estate purchase agreement
- Real estate closing expected by end of Q1 2022

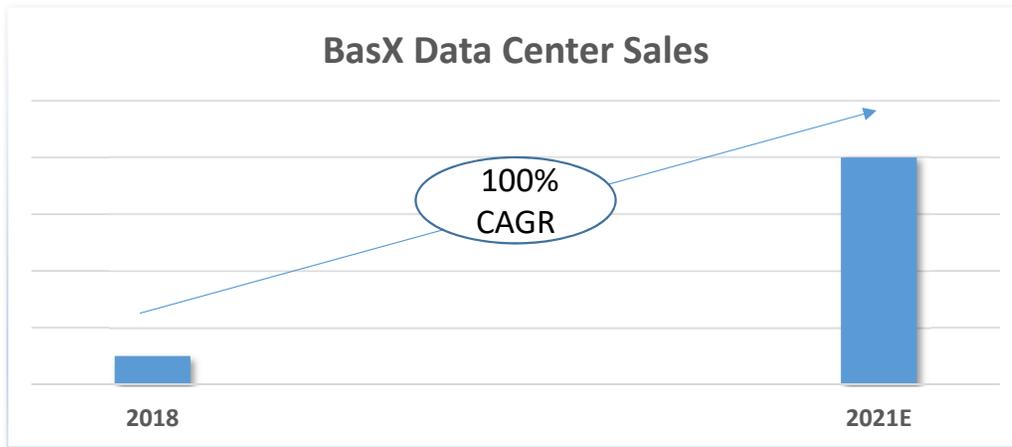


Strategic Rationale

- ✓ Attractive End-Markets
 - Provides AAON with exposure to the primary cooling data center market and the cleanroom systems market
 - Expands AAON's custom air handling business
- ✓ High Barriers to Entry
- ✓ Customization
- ✓ Innovation
- ✓ Strong Leadership
- ✓ Growth
 - Five-year revenue CAGR of 45%, including estimated 45%+ in 2021E
 - Strong demand within the data center and cleanroom verticals
- ✓ Profitability
 - EBITDA margins of mid-to-high double digits with a path to improve to the low-20's
- ✓ Synergies
 - Cost Synergies
 - Opportunity related to material/component procurement, in-house fan production and manufacturing best practices
 - Revenue Synergies
 - Ability to finance and support BasX long-term growth potential
 - Cross-selling opportunity
 - Geographic footprint
 - R&D



Strong Player In Hyperscale Data Center Cooling



BasX Attractive Growth Opportunity

- The \$6.5B U.S. data center cooling market is expected to grow 10%-12% annually over the next four years
- The biggest bottleneck to data center construction is cooling supply constraints
- BasX has innovative cooling solutions for the data center market that continue to gain widespread acceptance
- Three-year sales CAGR of 100% in 2018-2021E
- Positioned to continue to outperform the market
- BasX's direct sales team has strong customer relationships with blue chip companies
- Multi-year purchasing agreements and strong backlog provides solid visibility

Products:



Unitary Data Center Cooling Systems



High Density IT Cooling Systems



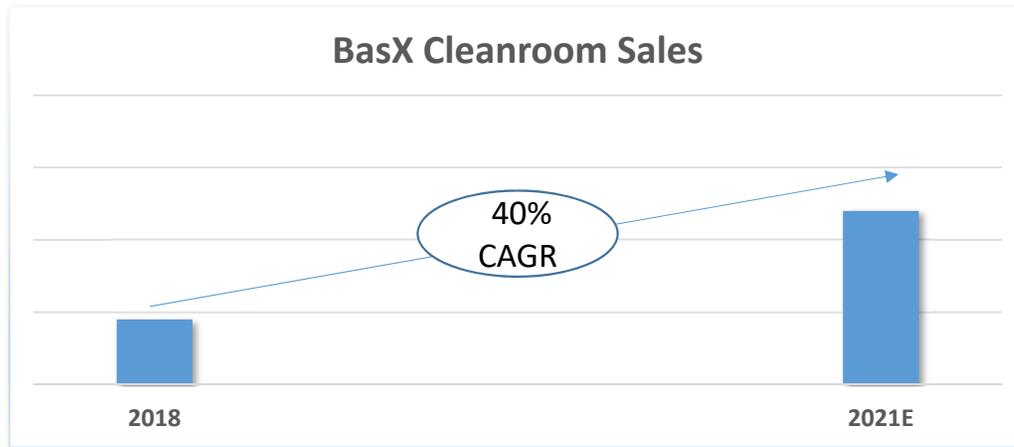
Custom Air Handling Units



Packaged DX Air Handling Units



Emerging Player In The Cleanroom Market



BasX's Compelling Market Position

- The \$8.1B U.S. cleanroom market is expected to grow ~7% annually over the next four years
- There is over 3 million square feet of cleanroom projects planned in the market in the near-term
- Attractive end-markets, including semiconductor, bio-pharmaceutical, medical and agriculture
- Strong backlog and robust bidding activity positions BasX to continue to outperform the market
- Best-in-class cleanroom sales and product team with decades of experience and relationships
- Differentiated solutions for its customers
- BasX has a strong position on several exceptional project opportunities that provide opportunity for large volume, low variability orders in semiconductor and product markets

Products:



Cleanroom Plenum Systems



Modular Cleanrooms

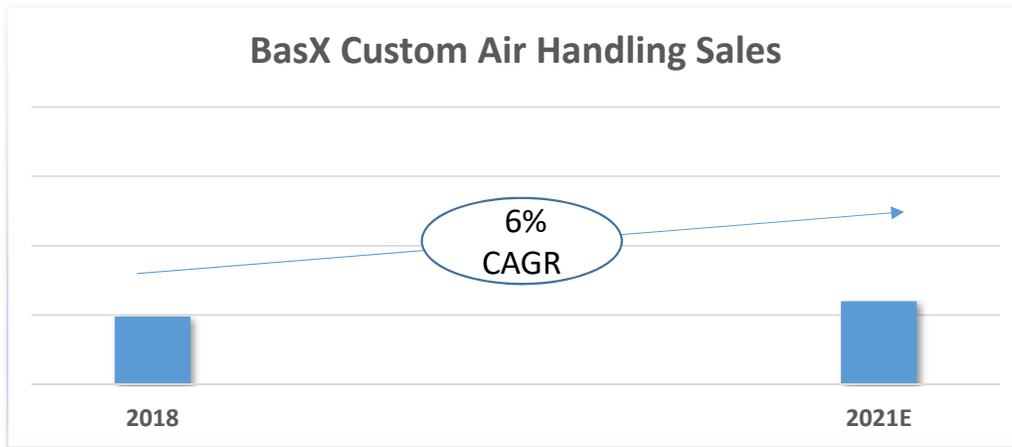


Modular Agriculture Facilities

Customers:



Complimentary Custom Air Handlers



Products:



Custom Air Handling Units



Packaged DX Air Handling Units

Customers:

Raytheon

Google



Santa Clara University



DGS
GENERAL SERVICES

BasX's High-Growth Air Handling Business

- The \$3B U.S. air handling market is expected to grow ~7% annually over the next four years
- Electric air-source heat pump technology is expected to take market share from traditional commercial HVAC technology
- Strong backlog and robust bidding activity positions BasX to continue to outperform the market
- The air handling business will fully complement AAON's existing high-growth air handling business
- BasX provides differentiated solutions for AAON's existing customer base
- In-house fan development and manufacturing team that will help AAON further vertically integrate its supply chain



Summary

- ✓ Attractive Commercial End-Markets
- ✓ Highly Engineered Products
- ✓ High Barriers to Entry
- ✓ Customization
- ✓ Innovation
- ✓ Strong Leadership
- ✓ Growth
- ✓ Profitability
- ✓ Synergies
- ✓ Earnings Accretive

