

Q2 2024 Earnings Conference Call

August 1, 2024



Forward-Looking Statements and Other References

Certain statements and information set forth in this presentation contains “forward-looking statements” and “forward-looking information” within the meaning of the Private Securities Litigation Reform Act of 1995. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements which include management’s assessment of future plans and operations and are based on current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Forward-looking statements are provided to allow potential investors the opportunity of management’s beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. Some of the forward-looking statements may be identified by words such as “may”, “plan”, “foresee”, “will”, “should”, “could”, “anticipate,” “believe,” “expect,” “intend,” “potential,” “continue,” and similar expressions. While the Company’s management believes that these forward-looking statements are reasonable as and when made, these statements are not guarantees of future performance and undue reliance should not be placed on them.

The Company’s forward-looking statements involve significant risks and uncertainties (some of which are beyond the Company’s control) and assumptions that could cause actual future results to differ materially from the Company’s historical experience and its present expectations or projections. For additional information regarding known material factors that could cause the Company’s results to differ from its projected results, please see its filings with the SEC, including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. The reader is cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statement after they are made, whether as a result of new information, future events, or otherwise, except as required by federal securities laws.

This presentation includes references to calculations that are not based on generally accepted accounting principles (“GAAP”). Reconciliations of each of those non-GAAP measures to the most directly comparable GAAP measures have been included in the Appendix. All Share and per share amounts reflect the three-for-two stock split effective August 16, 2023.



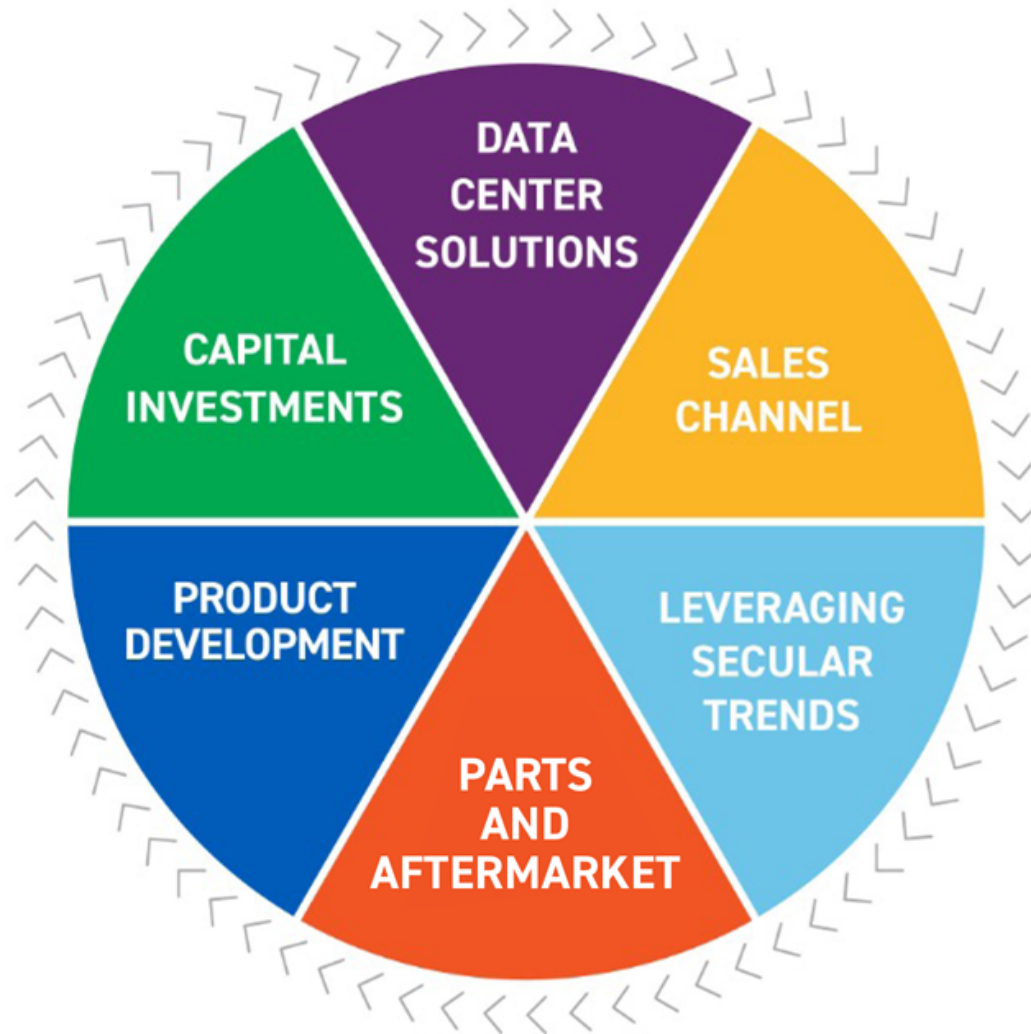
Q2 2024 Summary

Net Sales	\$313.6M	+10.4% Y/Y
Gross Margin	36.1%	+300 bps Y/Y
EBITDA	\$81.9M	+24.3% Y/Y
Diluted EPS	\$0.62	+12.7% Y/Y
Backlog	\$650.0M	23.5% Y/Y • 16.4% Q/Q





AAON Striving for Growth



> **Data Center Solutions**

- Airside and liquid cooling solutions

> **Capital Investments**

- Capacity expansion
- Operational productivity

> **Product Development**

- New refrigerant equipment
- Alpha Class

> **Sales Channel**

- Alignment of channel partners

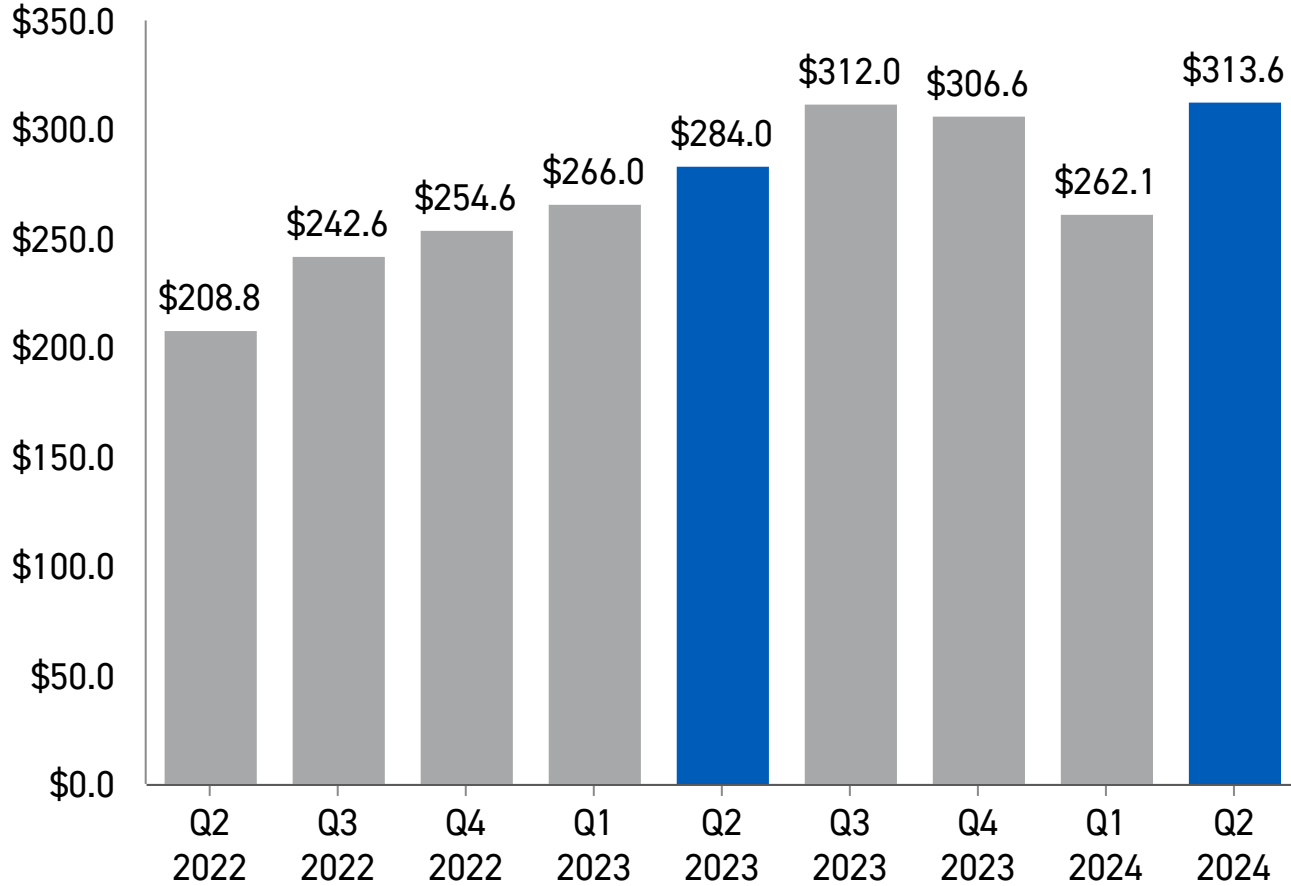
> **Leveraging Secular Trends**

- Decarbonization and electrification
- Government regulations

> **Parts and Aftermarket**



Q2 2024 Net Sales (in millions)

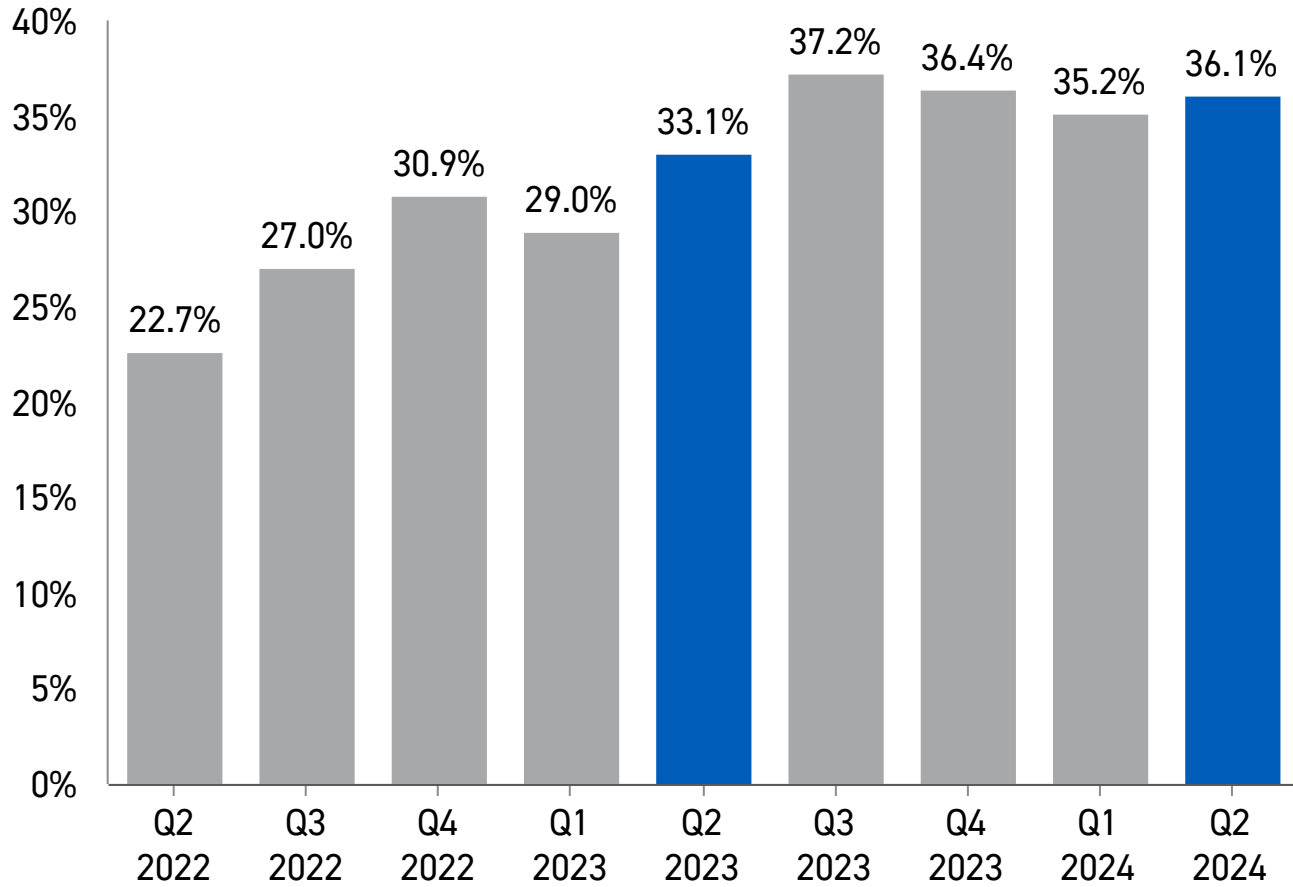


Q2 Highlights

- Organic sales grew 10.4%
- Sales growth was primarily spurred by the BASX segment, which realized year-over-year sales growth of 58.3%
- Parts sales growth +16.5%



Q2 2024 Gross Profit Margin



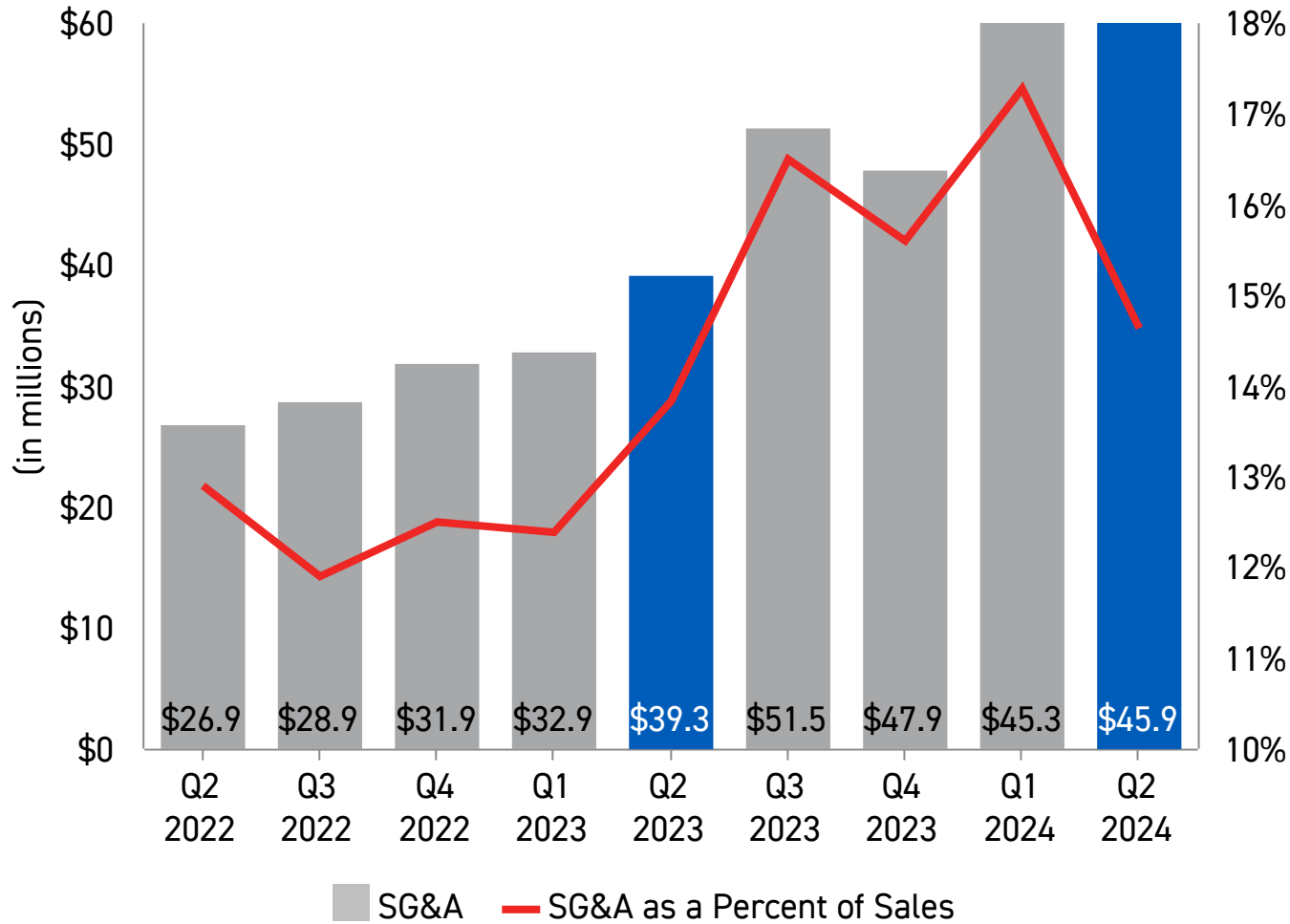
Q2 Highlights

Factors

- Improved productivity
- Moderating material cost inflation
- Improved price/cost
- Competitive employee compensation



Q2 2024 SG&A

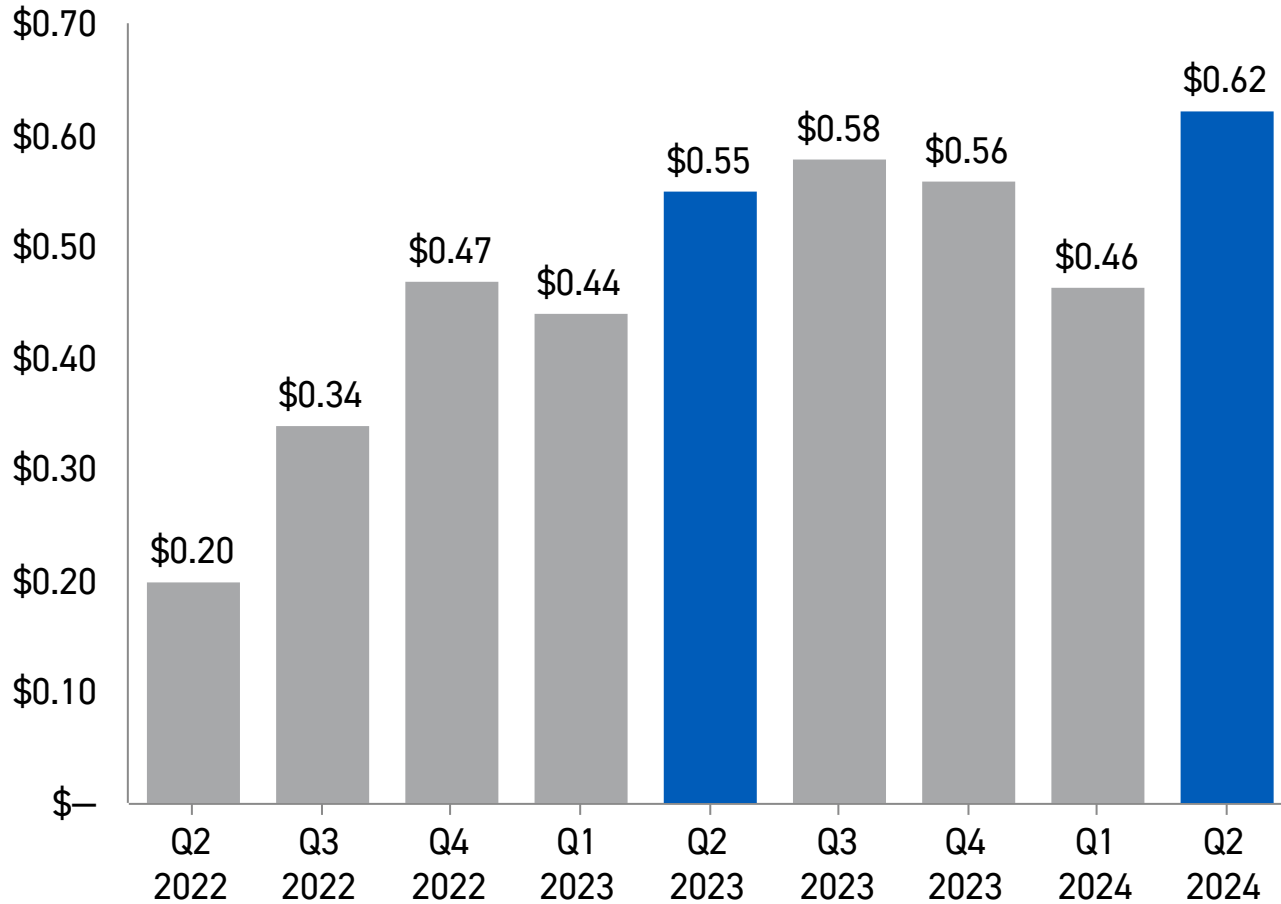


Q2 Highlights

- As a percent of sales, SG&A increased y/y +80 bps to +14.6%
- The year-over-year increase to SG&A as a percent of sales was primarily a result of increased investments made in technology, professional and legal fees, increased travel and consulting expenses.



Q2 2024 Diluted EPS



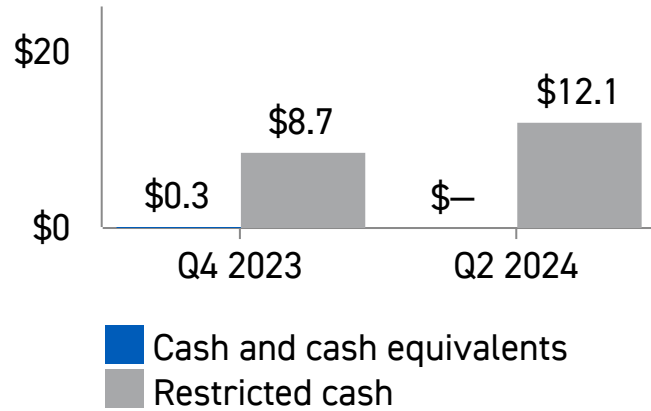
Q2 Highlights

- Year-over-year, EPS was up 12.7%
- In the quarter, we realized a tax rate of 22.1%
- The Company's estimated annual effective tax rate, excluding discrete events, is expected to be approximately 25.0%.

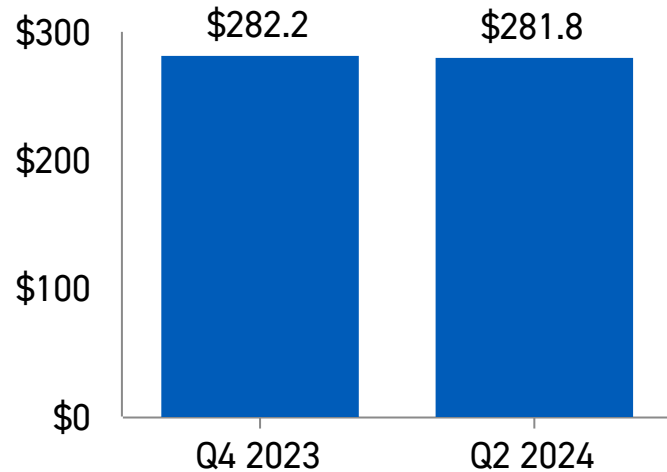


Q2 2024 Balance Sheet and Liquidity

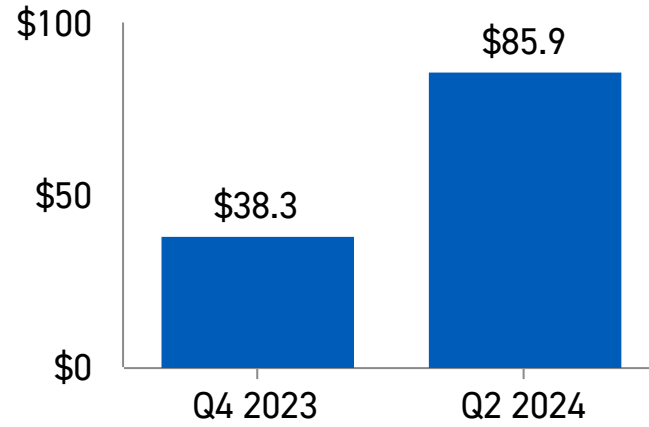
Restricted Cash, Cash & Cash Equivalents



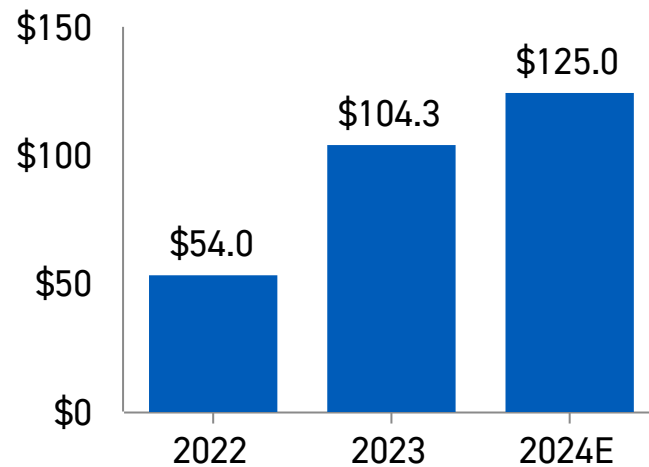
Working Capital



Debt



Annual Capex



Q2 Highlights

- Balance sheet remains strong
- Debt leverage is 0.3x
- Cash flow from operations in the first half of the year totaled \$127.9 million, up from \$59.9 million in the comparable period a year ago
- Repurchased \$100.0 million of stock in the second quarter
- Expect capex, including software development expenditures, of approximately \$125.0 million in 2024



Outlook

Q3 Guidance

- Sales flat to modestly up year-over-year
- GAAP EPS flat to down modestly year-over-year

2024 Guidance

August 1st Guidance

May 2nd Guidance

Pricing contribution to sales growth:	Mid-single digits	Mid-single digits
Volume growth:	Flat	Down low-single digits to flat
Gross margin:	Year-over-year expansion	Year-over-year expansion
SG&A as a percent of sales:	Up 50-100 basis points	Up 50-100 basis points
Capex:	~\$125.0 million	~\$125.0 million



AAON

Second Quarter 2024

Appendix





Q2 2024 Non-GAAP Financial Measures

	Three Months Ended June 30,	
	2024	2023
	<i>(in thousands)</i>	
Net income, a GAAP measure	\$52,228	\$45,682
Depreciation and amortization	14,486	10,962
Interest expense, net	367	1,543
Income tax expense	14,779	7,678
EBITDA, a non-GAAP measure	\$81,860	\$65,865