



# Q3 2024 Earnings Conference Call

November 7, 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.

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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.



# Q3 2024 Summary

Net Sales	\$327.3M	+4.9% Y/Y
Gross Margin	34.9%	(230) bps Y/Y
EBITDA	\$82.9M	+7.7% Y/Y
Diluted EPS	\$0.63	+8.6% Y/Y
Backlog	\$647.7M	32.0% Y/Y



# Robust Data Center Demand

- YTD, Data Center Orders Up ~90%
- Tracking To Be Up Over 100% in 2024
- Awarded Liquid Cooling Data Center Orders In October Totaling ~\$174.5M
- Backlog Positioned To Drive Accelerated Revenue Growth In 2025



# Investing In Growth to Meet Data Center Demand

Redmond, Oregon

Longview, Texas





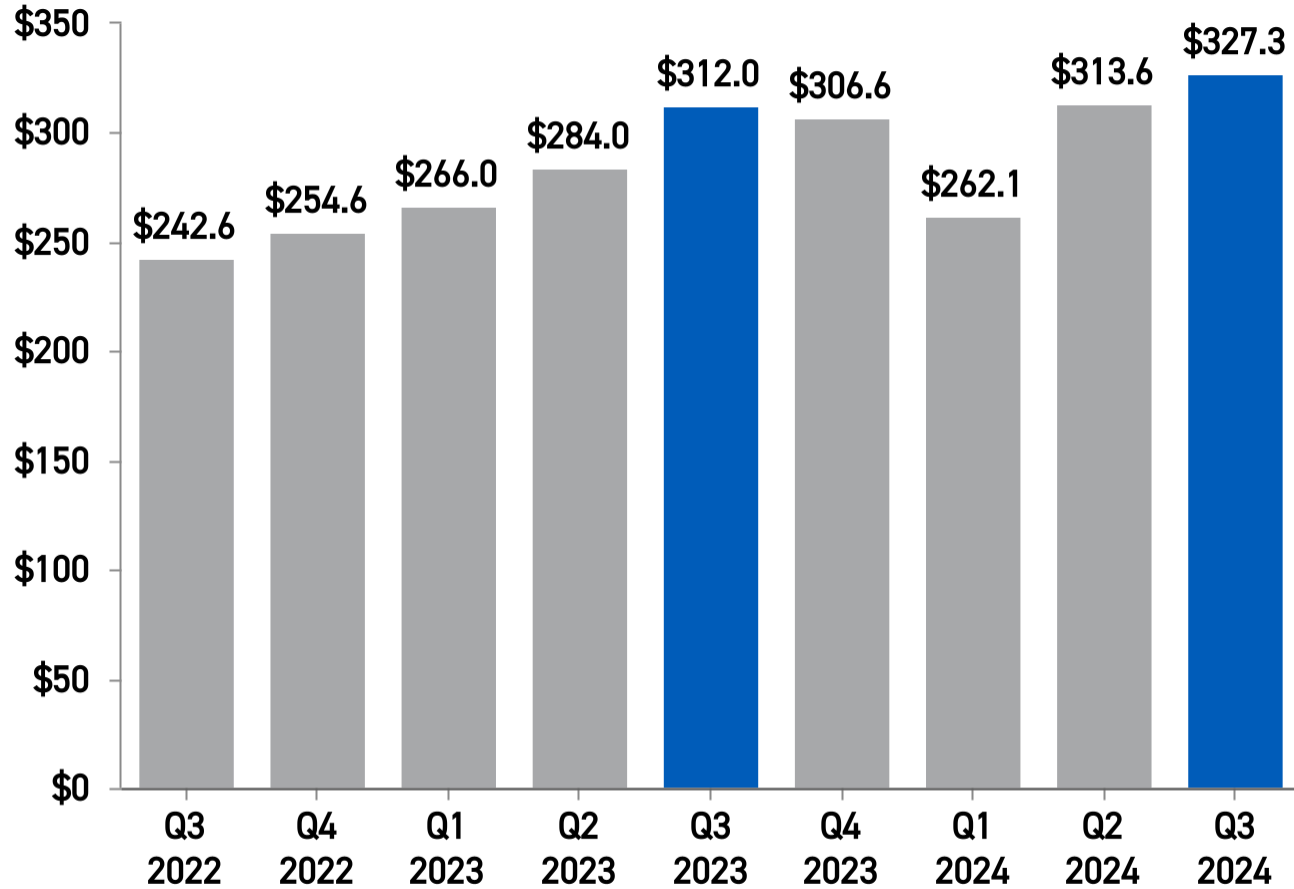
# AAON Oklahoma Segment

- Q3 sales down 7.1% y/y, up 1.4% q/q
- Operating well considering 2024 challenges
- Pre-buy of R-410A equipment much less pronounced than industry
- Expect near-term slowdown in Q4 and early 2025
- Anticipate several tailwinds to result in acceleration of demand throughout 2025
- Positioned to take market share in the medium-term





# Q3 2024 Net Sales (in millions)

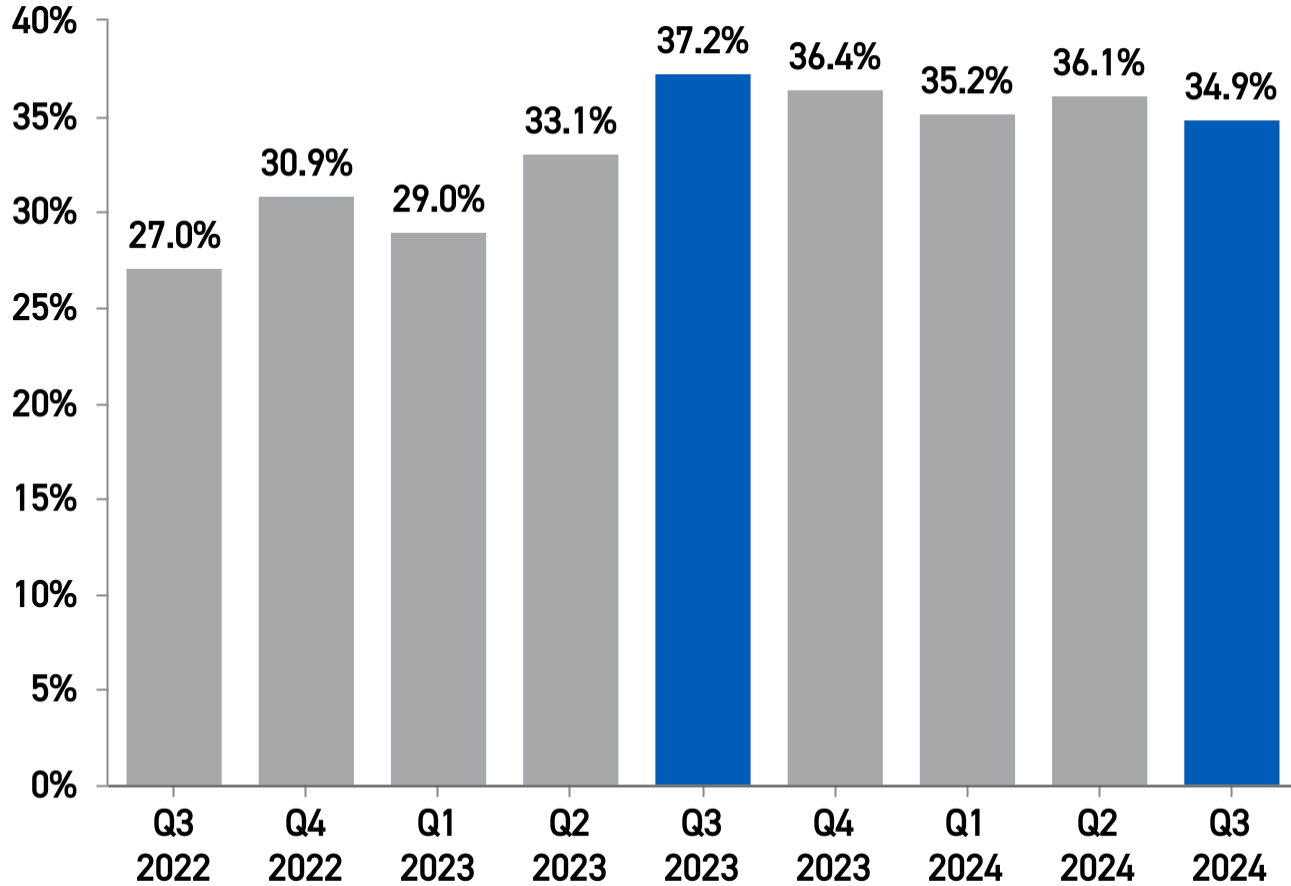


## Q3 Highlights

- Organic sales grew 4.9%
- Sales growth was primarily spurred by the BASX and AAON Coil Products segment, which realized year-over-year sales growth of 58.8% and 36.7%, respectively
- Parts sales growth +16.4%



# Q3 2024 Gross Profit Margin



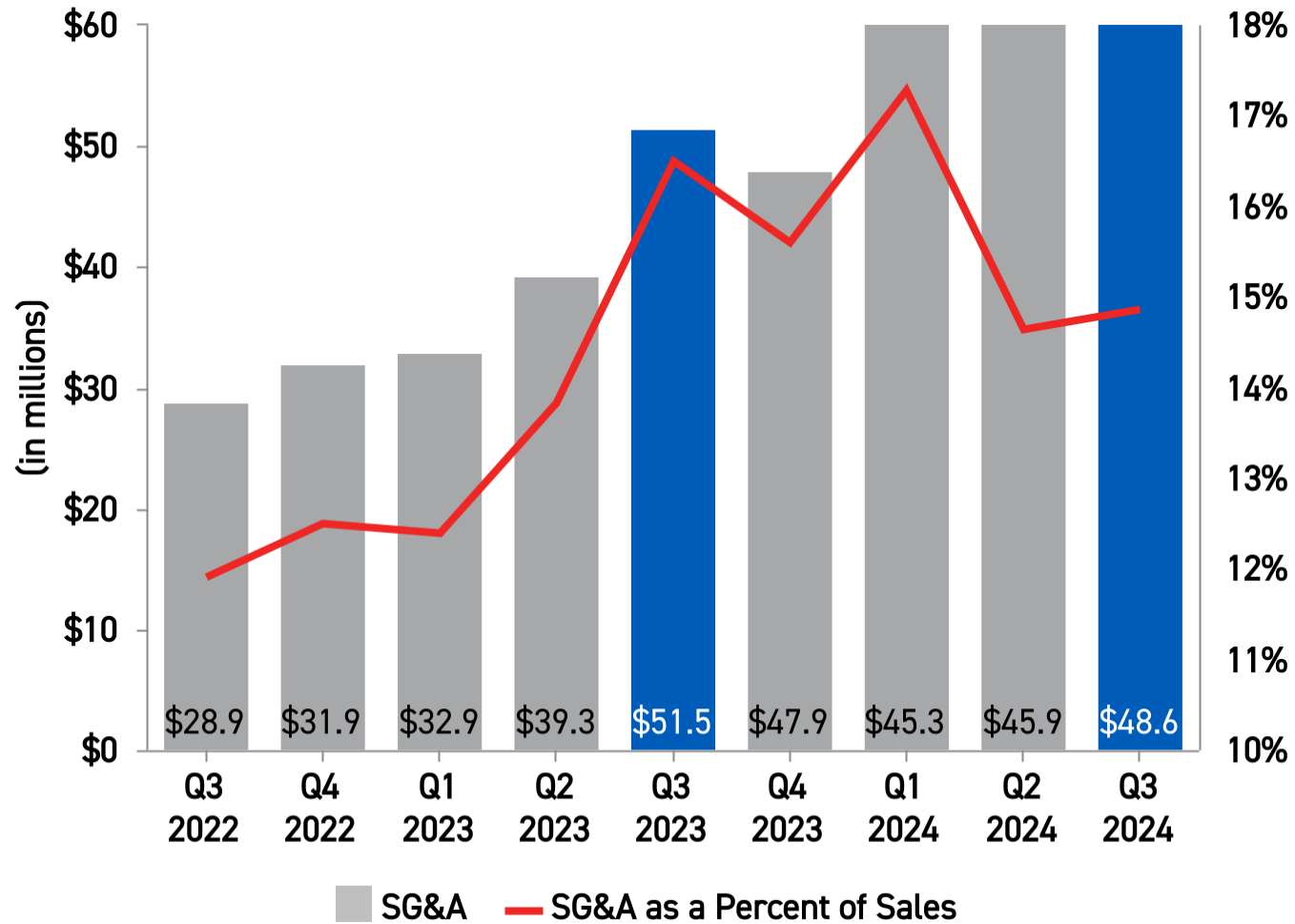
## Q3 Highlights

- Tough y/y comparison
- Lower volumes at AAON Oklahoma
- Temporary inefficiencies at BASX
- Favorable product mix and increased efficiencies at AAON Coil Products
- Moderating material cost inflation
- Improved price/cost





# Q3 2024 SG&A

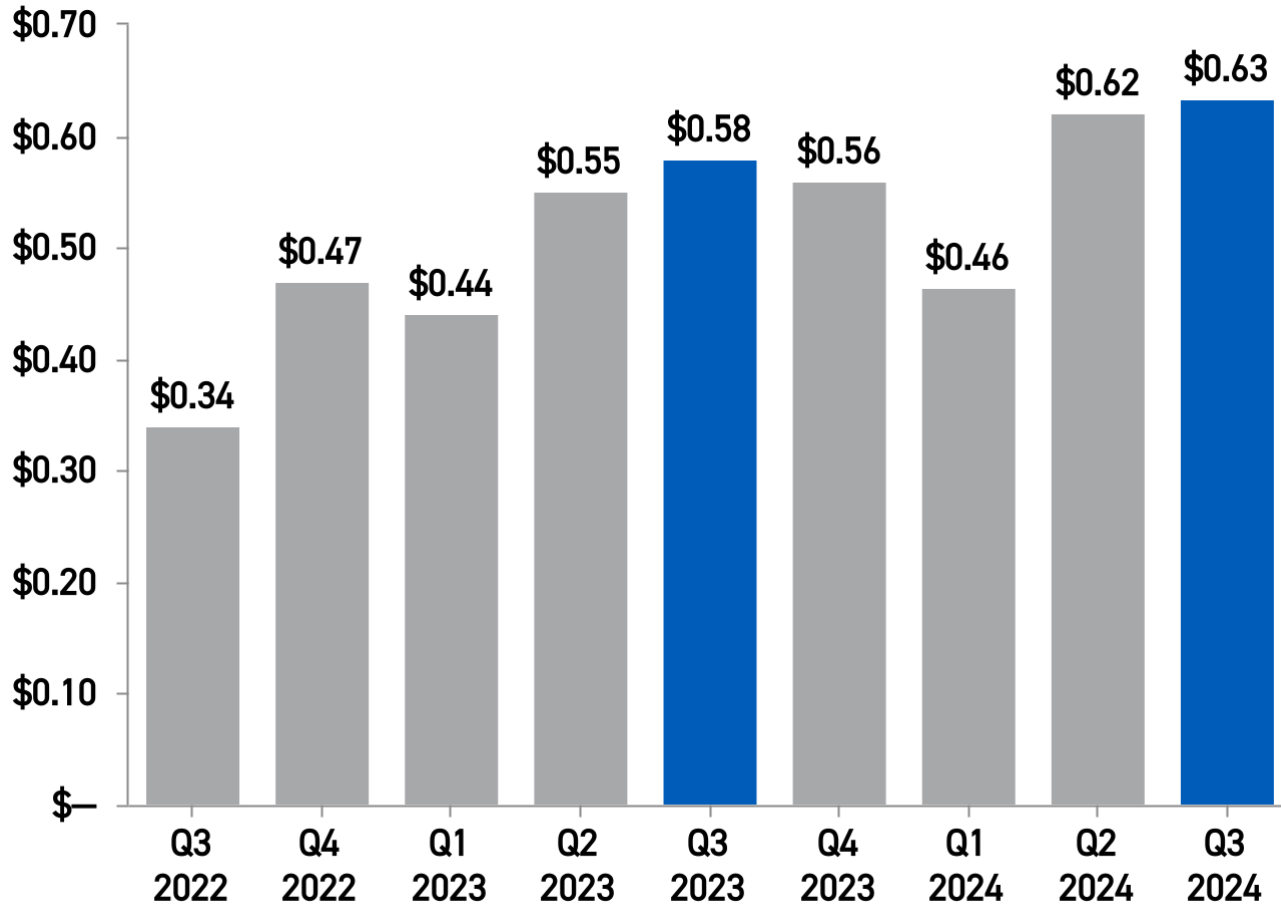


## Q3 Highlights

- As a percent of sales, SG&A decreased y/y 160 bps to +14.9%
- The year-over-year decrease in SG&A as a percent of sales was primarily a result of a \$7.5 million settlement in Q3 2023 not reoccurring this year
- We continue to have increased depreciation from our additional investments in back office technology and automation.



# Q3 2024 Diluted EPS



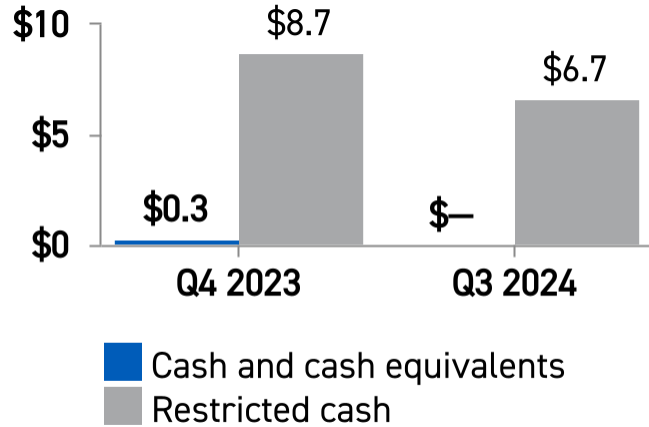
## Q3 Highlights

- Year-over-year, EPS was up 8.6%
- In the quarter, we realized a tax rate of 18.4%
- The Company's estimated annual effective tax rate, excluding discrete events, is expected to be approximately 24.9%

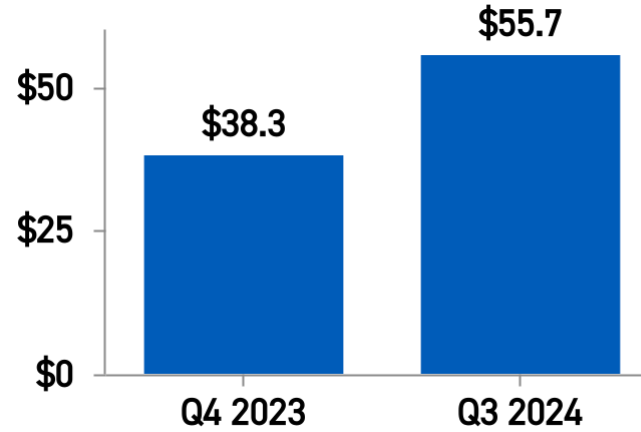


# Q3 2024 Balance Sheet and Liquidity

## Restricted Cash, Cash & Cash Equivalents



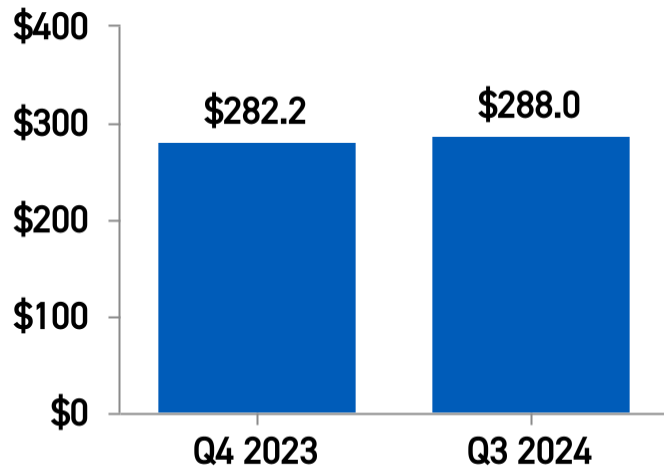
## Debt



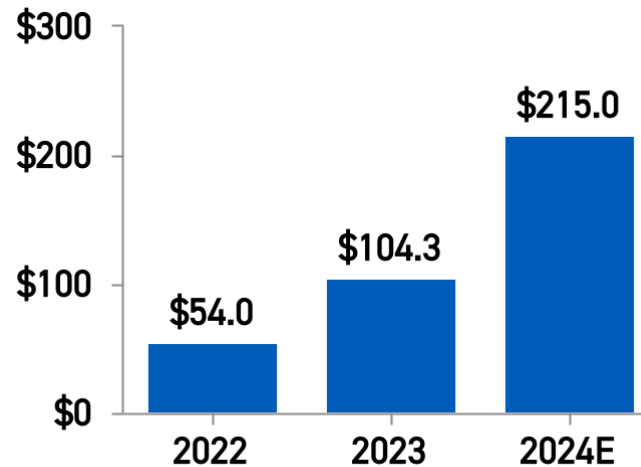
## Q3 Highlights

- Balance sheet remains strong
- Debt leverage is 0.19x
- Cash flow from operations in the first half of the year totaled \$191.7 million, up from \$107.1 million in the comparable period a year ago
- Expect capex, including software development expenditures, of approximately \$215.0 million in 2024

## Working Capital



## Annual Capex





# Outlook

2024 Outlook		
Assumptions	November 7th	August 1st
Volume growth:	<b>Flat</b>	<b>Flat</b>
Pricing contribution to sales growth:	<b>Mid-single digits</b>	<b>Mid-single digits</b>
Gross margin:	<b>Year-over-year expansion</b>	<b>Year-over-year expansion</b>
SG&A as a percent of sales:	<b>Up 50-100 basis points</b>	<b>Up 50-100 basis points</b>
Capex:	<b>~\$215.0 million</b>	<b>~\$125.0 million</b>



# AAON

## Third Quarter 2024

### Appendix





# Q3 2024 Non-GAAP Financial Measures

	Three Months Ended September 30,	
	2024	2023
	<i>(in thousands)</i>	
Net income, a GAAP measure	\$52,625	\$48,078
Depreciation and amortization	17,262	12,203
Interest expense, net	1,091	1,266
Income tax expense	11,885	15,413
EBITDA, a non-GAAP measure	\$82,863	\$76,960
Litigation settlement	—	7,500
Profit sharing effect <sup>1</sup>	—	(750)
Adjusted EBITDA, a non-GAAP measure	\$82,863	\$83,710
Adjusted EBITDA margin	25.3%	26.8%

<sup>1</sup>Profit sharing effect of litigation settlement in the respective period.