



Sidoti Spring 2025 Small Cap Conference

March 20, 2025

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2024 review

01.

Organic revenue flattish,
in line with projections

02.

BASX Brand: The industry's first large-scale development and sale of a custom-designed liquid cooling solution

03.

AAON Brand: Headwinds from the refrigerant transition and weaker nonresidential construction activity

Q4 2024 overview

\$297.7M

Sales

—

-2.9% Y/Y

26.1%

Gross Profit Margin

—

-1030 bps Y/Y ·
-880 bps Q/Q

\$47.0M

EBITDA

—

-39.0% Y/Y ·
15.8% margin

\$0.30

Diluted EPS

—

-46.4% Y/Y

\$867.1M

Backlog

—

+70.0% Y/Y ·
+33.9% Q/Q

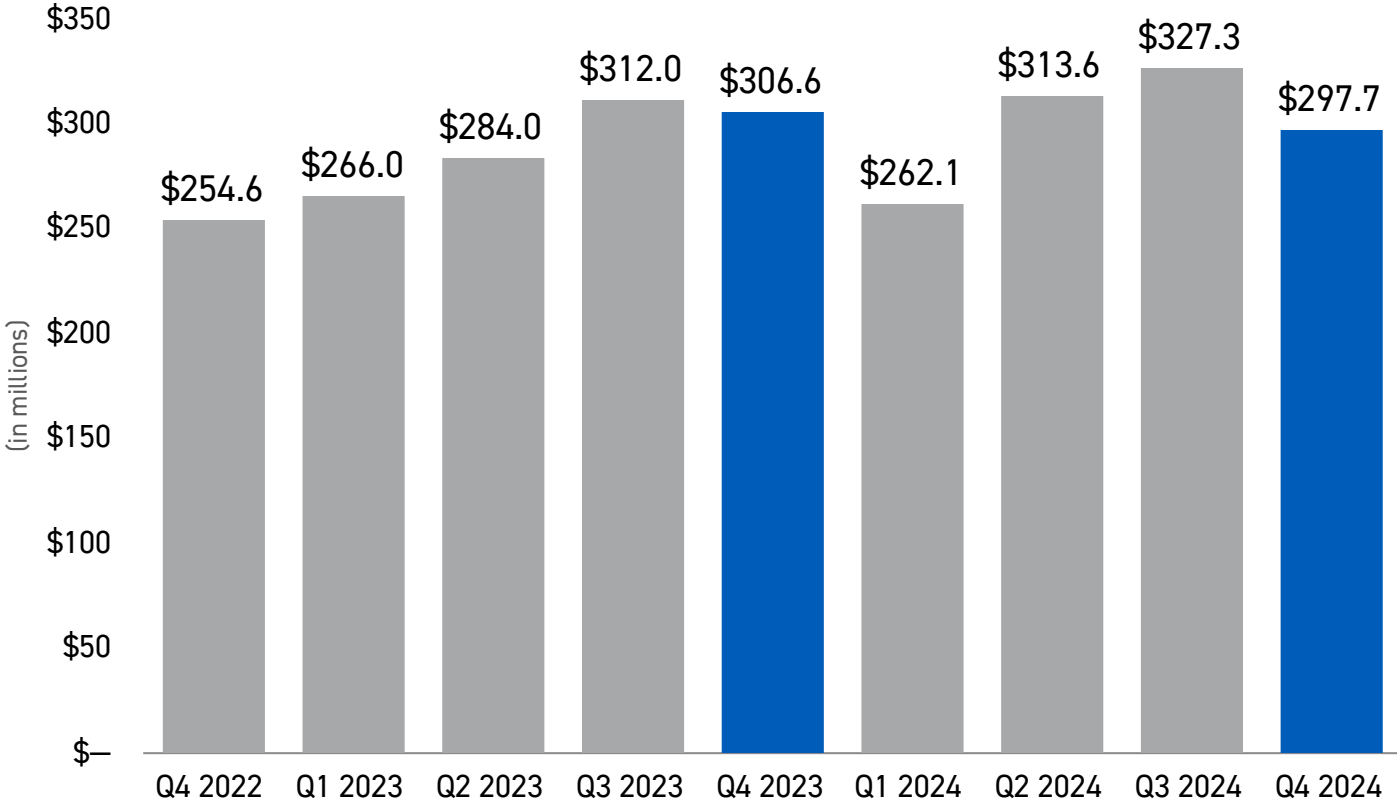


Q4 sales and earnings
softer than anticipated



Temporary slowdown should
result in a **steeper recovery**

Q4 2024 summary: revenue

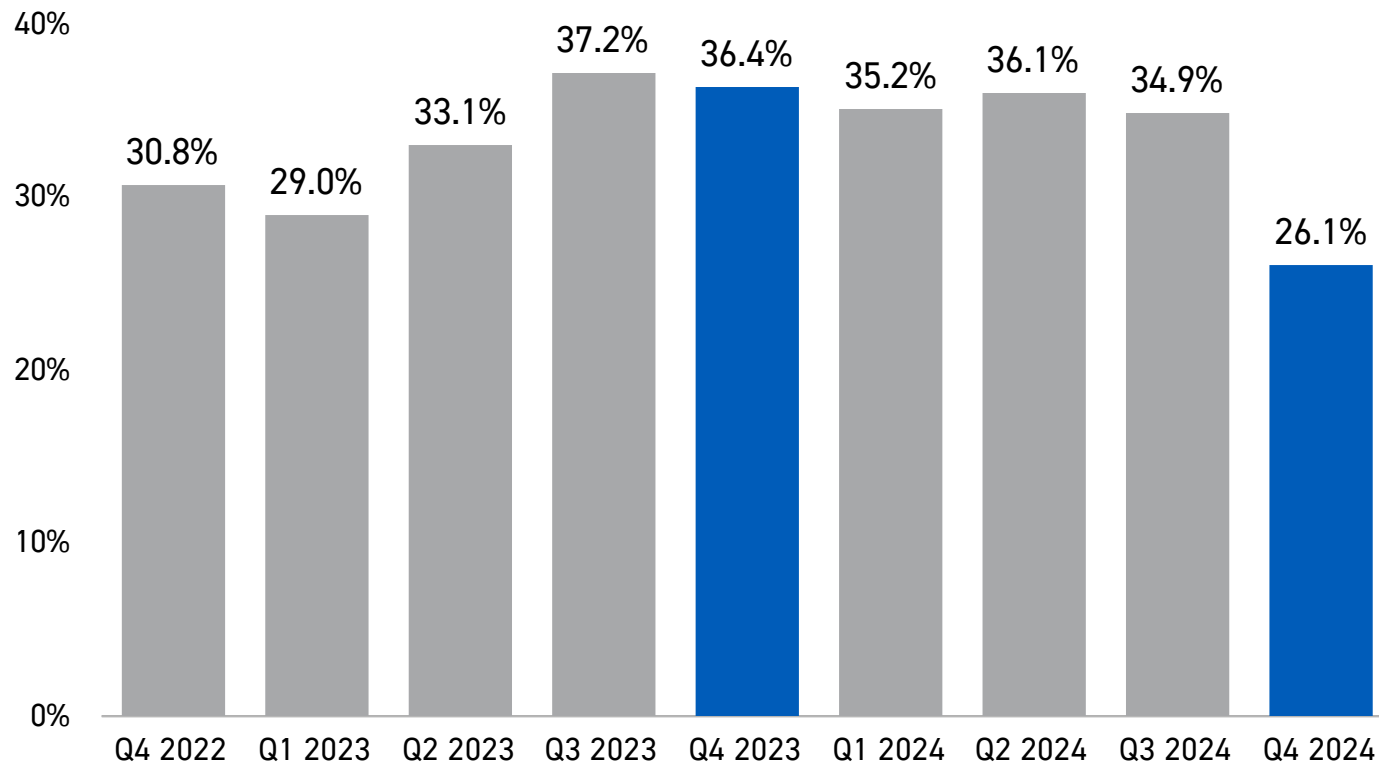


Q4 Highlights

The year-over-year decline was largely driven by the AAON Oklahoma segment, partially offset by **strong gains** in the **AAON Coil Products segment**



Q4 2024 summary: gross margin

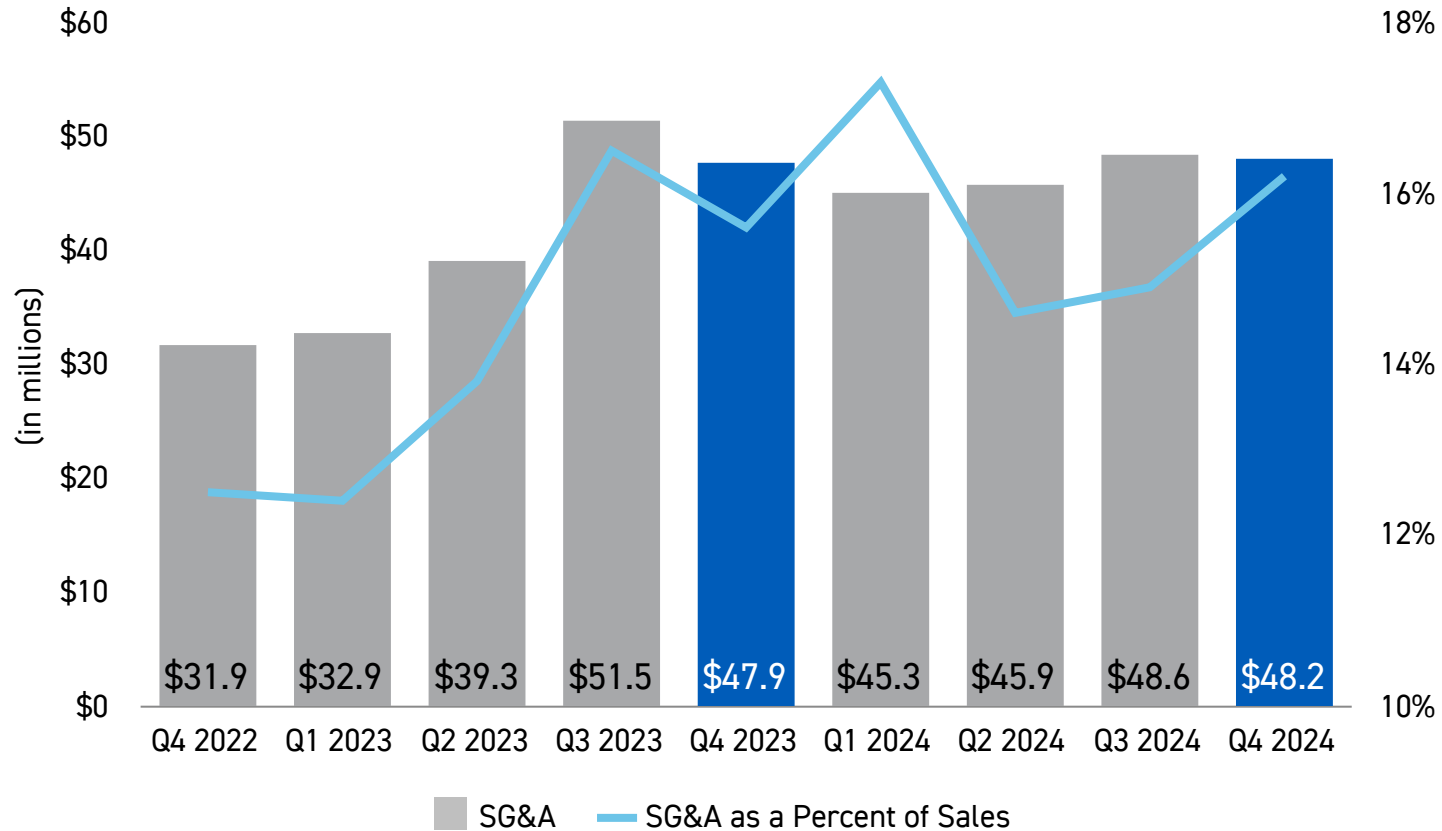


Q4 Highlights

Year-over-year contraction largely reflects **lower volumes** and the related deleveraging of **fixed costs** at the AAON Oklahoma segment

Right sizing capacity to meet growing demand at AAON Coil Products and BASX segments

Q4 2024 summary: SG&A

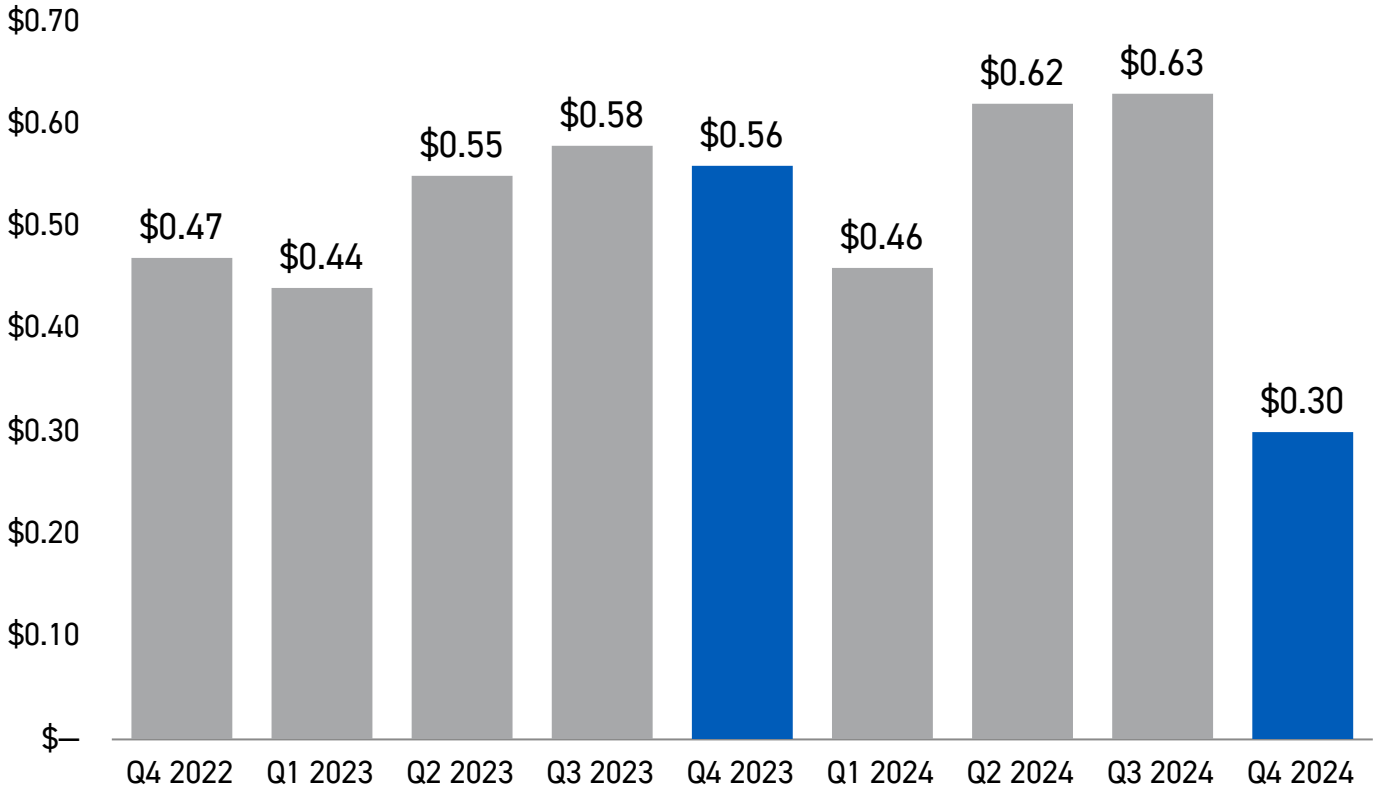


Q4 Highlights

As a percent of sales,
SG&A increased to **16.2%**

The increase in SG&A as a percent of sales was largely due to an increase in depreciation expenses and costs associated with **long-term growth investments**

Q4 2024 summary: EPS



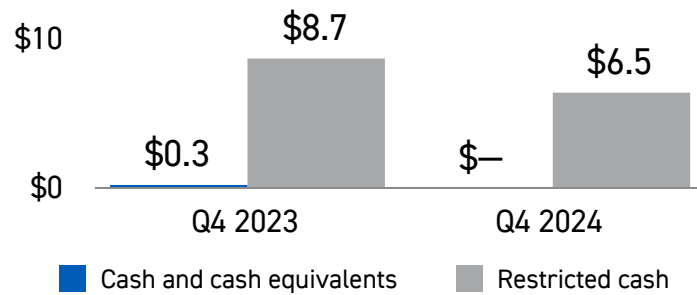
Q4 Highlights

The decline is largely associated with the lower gross margin, partially offset by an **excess tax benefit related to stock compensation**

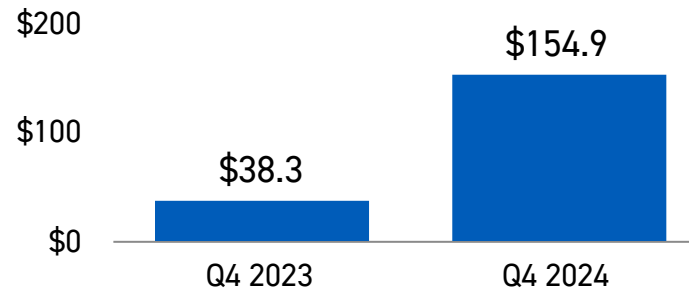


Q4 2024 summary: balance sheet

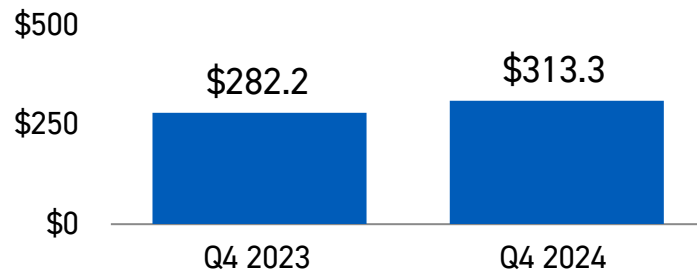
Restricted Cash, Cash & Cash Equivalents



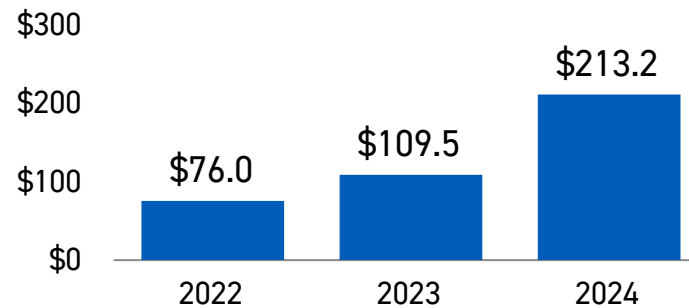
Debt



Working Capital



Annual Capex



* All metrics are in millions

Q4 Highlights

Balance sheet remains **strong**

Leverage ratio at the end of 2024 was **0.57**

Expect capex of approximately **\$220.0 million** in 2025, related to preparing the Memphis facility for production later this year

Authorization of **\$100.0 million** share repurchase program

Segments

Sales

Gross Profits

**AAON
Oklahoma**

Down 16.1%

Down 36.8%

Production was slower than we anticipated

As we enter Q2, refrigerant transition disruptions will abate and demand will begin to improve

**AAON
Coil Products**

Up 129.9%

Up 88.9%

Strength driven by the new BASX branded data center liquid cooling product

Expecting solid sequential improvement in sales and profits in the first quarter

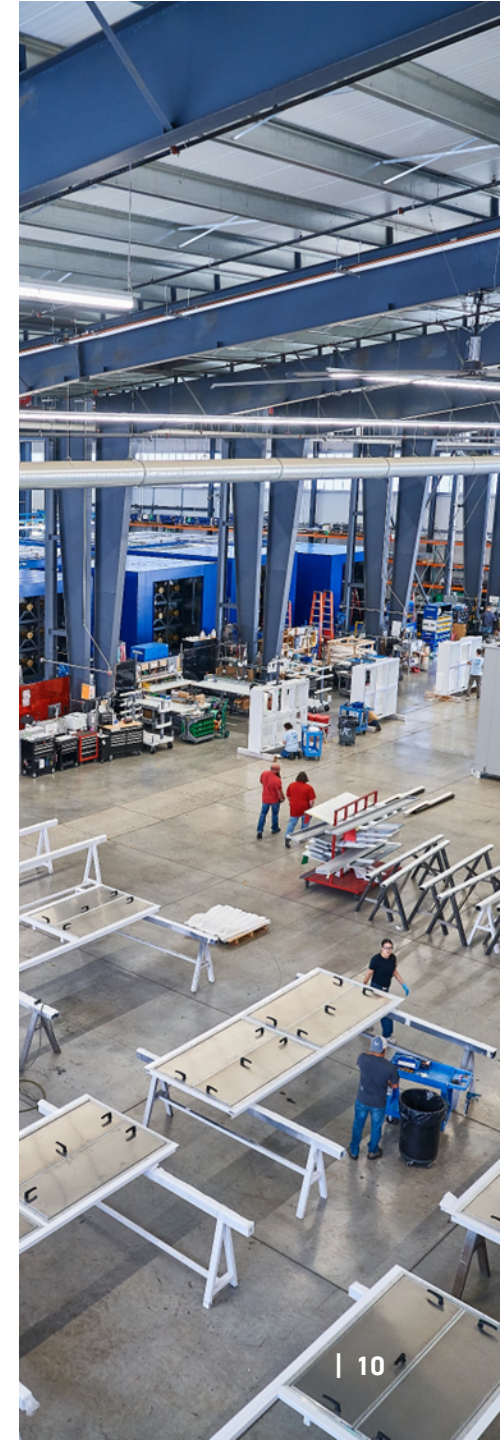
BASX

Down 3.0%

Down 42.7%

High demand and backlog at the Oregon facility, but also limited capacity

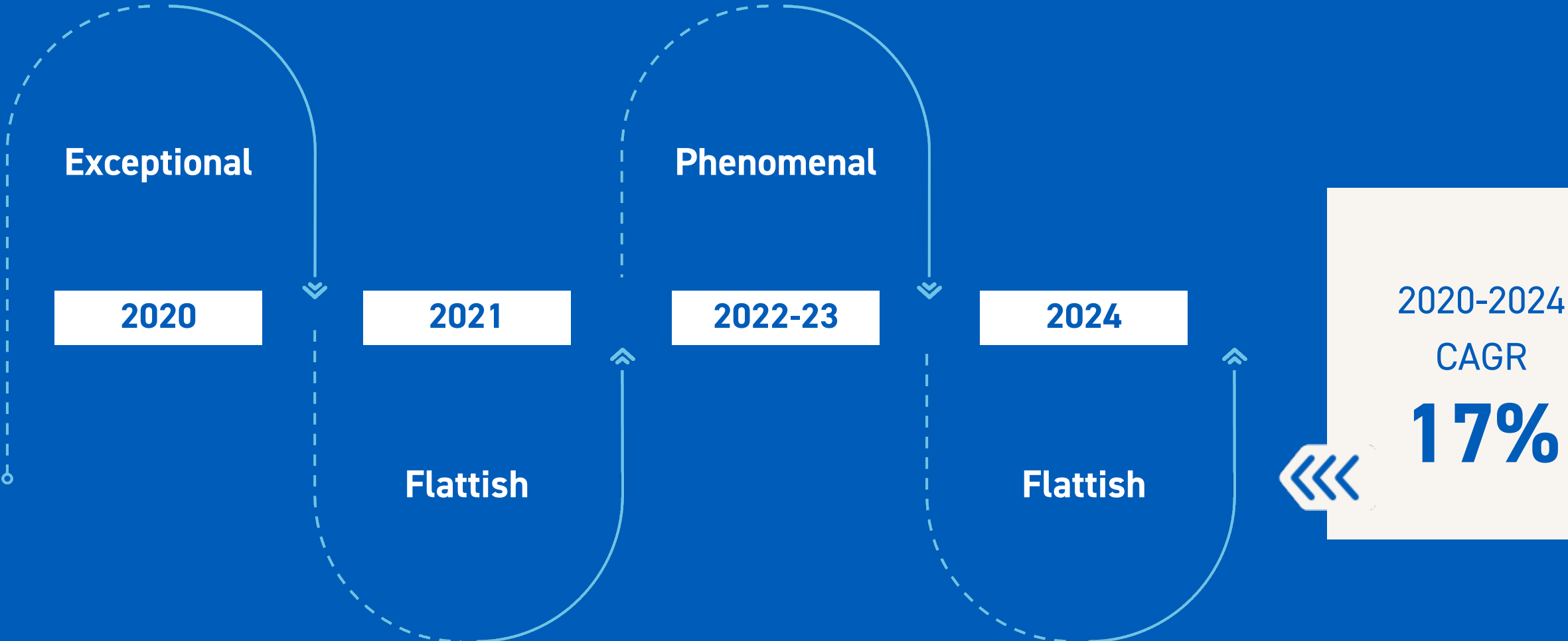
Anticipate improvement in production volume and efficiency throughout 2025



Strategic pillars



2020-2024 business cycle



2025 outlook

Sales

Sales growth in the mid- to high-teens

Expenses

Gross margin at similar levels we realized in 2024

SG&A as a percent of sales to decline 25-50 basis points

CapEx

Approximately \$220.0 million

Q1 Guidance

Sales and earnings will be modestly down sequentially from the fourth quarter, due to **general seasonality, lasting impacts of the refrigerant transition and start-up costs related to Memphis**

Appendix



Revenue and backlog by branded products

Revenue by Branded Products

	<u>3/31/2022</u>	<u>6/30/2022</u>	<u>9/30/2022</u>	<u>12/31/2022</u>	<u>3/31/2023</u>	Three Months Ended			<u>3/31/2024</u>	<u>6/30/2024</u>	<u>9/30/2024</u>	<u>12/31/2024</u>
						<u>6/30/2023</u>	<u>9/30/2023</u>	<u>12/31/2023</u>				
						(in thousands)						
AAON Products	\$ 161,802	\$ 184,235	\$ 209,673	\$ 215,425	\$ 233,968	\$ 246,501	\$ 268,939	\$ 252,584	\$ 234,181	\$ 256,174	\$ 263,520	\$ 221,767
BASX Products	20,969	24,579	32,932	39,173	31,985	37,456	43,031	54,054	27,918	57,392	63,732	75,951
Total	<u>\$ 182,771</u>	<u>\$ 208,814</u>	<u>\$ 242,605</u>	<u>\$ 254,598</u>	<u>\$ 265,953</u>	<u>\$ 283,957</u>	<u>\$ 311,970</u>	<u>\$ 306,638</u>	<u>\$ 262,099</u>	<u>\$ 313,566</u>	<u>\$ 327,252</u>	<u>\$ 297,718</u>

Backlog by Branded Products

	<u>3/31/2022</u>	<u>6/30/2022</u>	<u>9/30/2022</u>	<u>12/31/2022</u>	<u>3/31/2023</u>	Three Months Ended			<u>3/31/2024</u>	<u>6/30/2024</u>	<u>9/30/2024</u>	<u>12/31/2024</u>
						<u>6/30/2023</u>	<u>9/30/2023</u>	<u>12/31/2023</u>				
						(in thousands)						
AAON Products	\$ 391,807	\$ 364,138	\$ 364,921	\$ 400,468	\$ 417,942	\$ 355,538	\$ 307,087	\$ 276,573	\$ 278,636	\$ 255,485	\$ 239,067	\$ 327,343
BASX Products	69,593	99,887	149,814	147,554	181,970	170,671	183,504	233,455	279,807	394,520	408,627	539,747
Total	<u>\$ 461,400</u>	<u>\$ 464,025</u>	<u>\$ 514,735</u>	<u>\$ 548,022</u>	<u>\$ 599,912</u>	<u>\$ 526,209</u>	<u>\$ 490,591</u>	<u>\$ 510,028</u>	<u>\$ 558,443</u>	<u>\$ 650,005</u>	<u>\$ 647,694</u>	<u>\$ 867,090</u>