

Investor Relations Presentation

June 2024



AAON at a Glance

COMPANY OVERVIEW

Description: AAON is a manufacturer of semi-custom and fully custom HVAC equipment for commercial, industrial buildings and data centers in North America

Founded: 1988

Headquarters: Tulsa, OK

Employees: ~3,965*

Manufacturing: 4 locations

Manufacturing/Warehouse Square Footage: 3.1 million

2023 FINANCIAL OVERVIEW

Revenue

\$1.2B

+31.4% YoY

EBITDA Margin

23.5%

+523 bps YoY

Diluted EPS

\$2.13

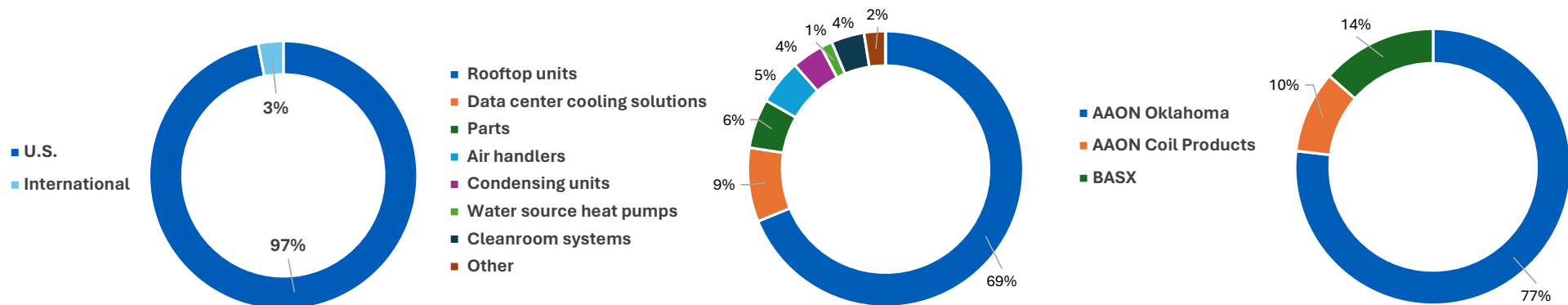
+71.8% YoY

ROIC

24.2%

+777 bps YoY

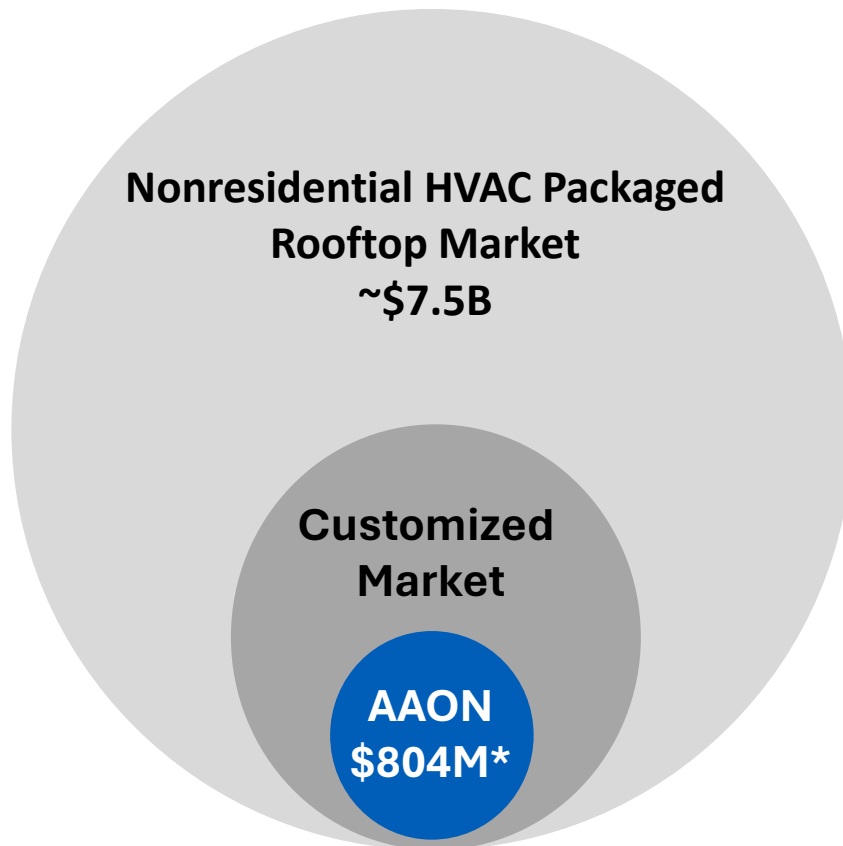
2023 REVENUE BREAKOUT



* Employee count is as of June 4, 2024.



Packaged Rooftop Total Addressable Market



*2023 rooftop unit revenue

- The addressable market of AAON's core packaged rooftop product is approximately 9x the size of the company's rooftop sales
- Historically, AAON and the semi-customized rooftop market has been a niche of the industry
- AAON is positioned to take share as demand trends shift to meet energy efficiency and decarbonization requirements
- We estimate the total addressable market of AAON's entire product portfolio relative to AAON's total equipment sales is even larger



AAON Leads The Industry In Innovation

Semi-Customization

- In 1988, the industry mainly consisted of standard, basic equipment
- Fully custom equipment existed then and was higher in quality, but was much unaffordable to most
- AAON bridged the gap between standard and fully custom equipment, providing semi-customized equipment for a modest price premium
- To do this, required a unique engineering and manufacturing process

Innovation

- In many applications within commercial buildings, standard equipment is extremely inefficient
- In 1988, founder Norm Asbjornson recognized an untapped market associated with a demand for higher performing, higher efficient equipment
- Through revolutionary innovation, AAON was established, carving out its own niche of the market
- Today, AAON leads the industry in innovation



Favorable Secular Market Trends



Decarbonization



Electrification



Government Regulations



Economics

From Niche to **MAINSTREAM.**



Global Data Center HVAC Solutions Market



- We estimate the size of AAON's addressable global data center market is approximately 20x the size of the company's data center sales* and is growing approximately 20% annually
- AAON's superior engineering capabilities and its fully custom solutions, including both traditional airside and liquid cooling products, along with its premier customer support positions us to continue to outgrow the market

*AAON's data center revenue in 2023 totaled \$101 million



Robust Data Center Product Portfolio

Digital Infrastructure



Adiabatically Assisted Free Cooling Chiller | CRAC / CRAH Units | Evaporative Free Cooling Chiller | Free Cooling Fluid Cooler | In-Row Cooler
Indirect, Water Free Data Center Cooling | JWF Water Free Cooling | Overhead Cooling Units | Overhead Fan Coil Coolers

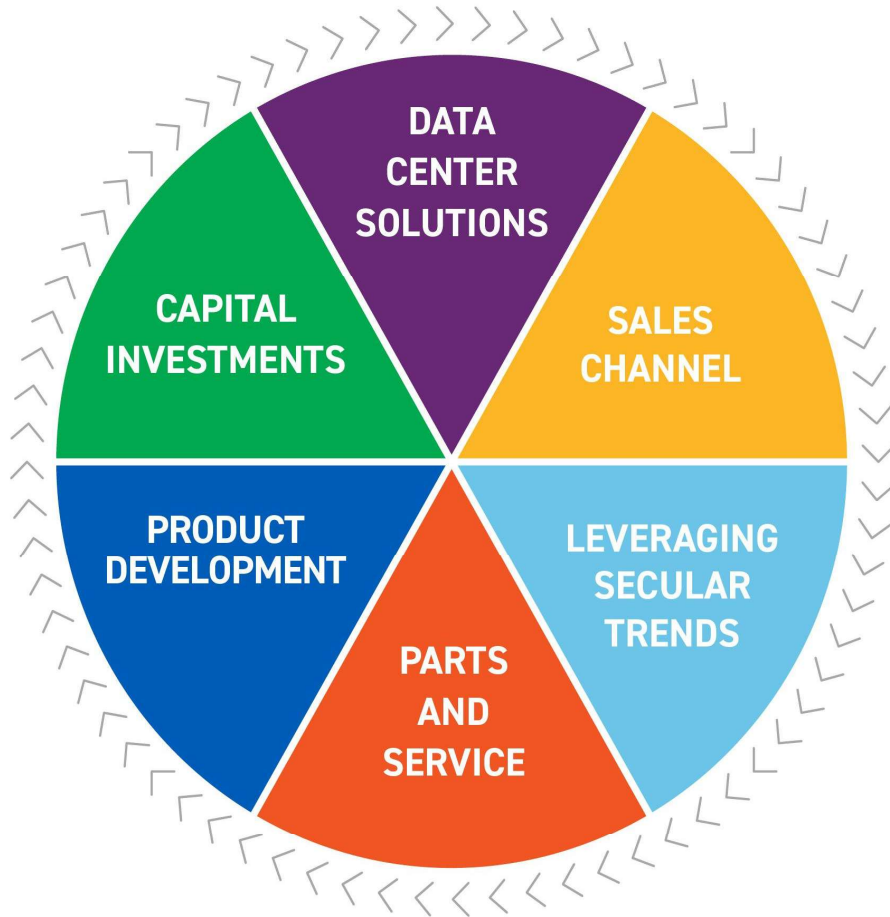
Custom HVAC



Custom Air Handling Units | Direct Evaporative Cooling Units | Fan Retrofits | Packaged DX Air Handling Units | Vertical Self-Contained Cooling



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

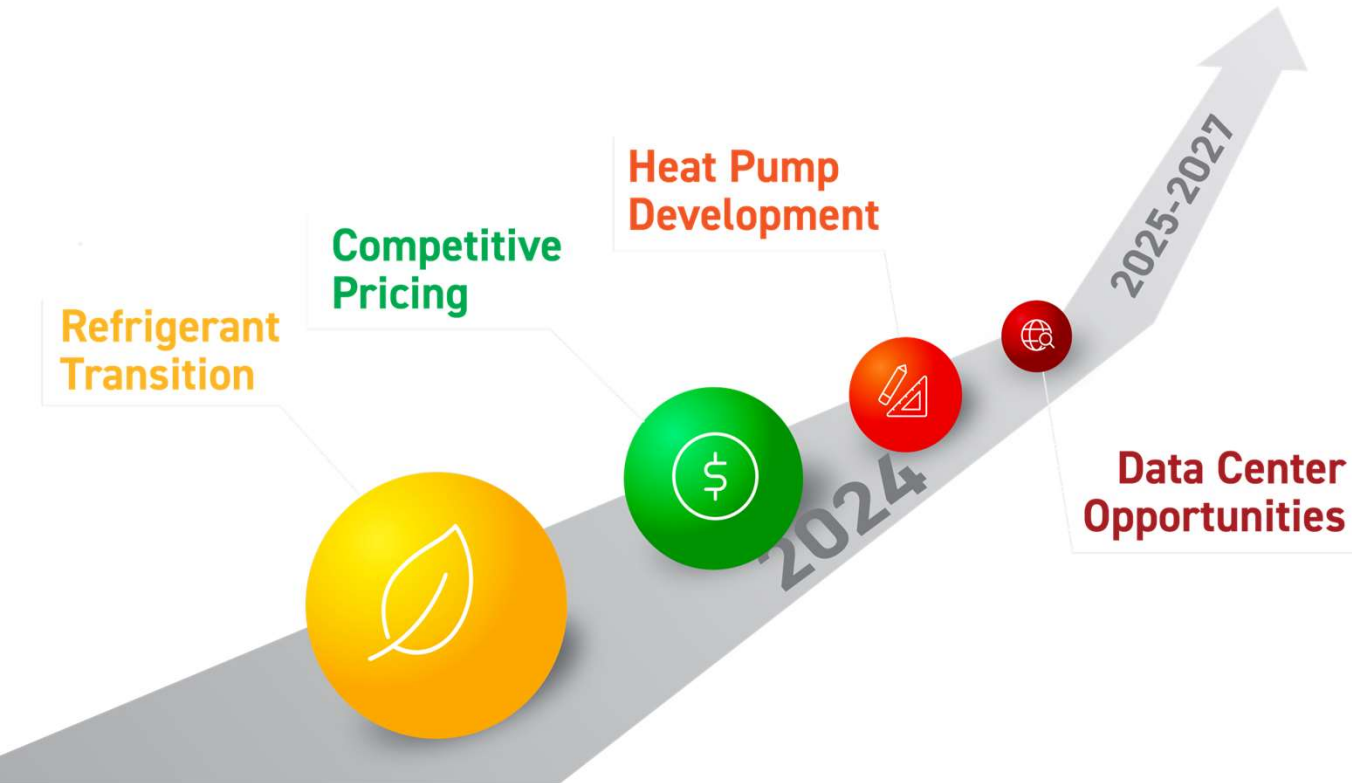
> Leveraging Secular Trends

- Decarbonization and electrification
- Government regulations

> Parts and Service



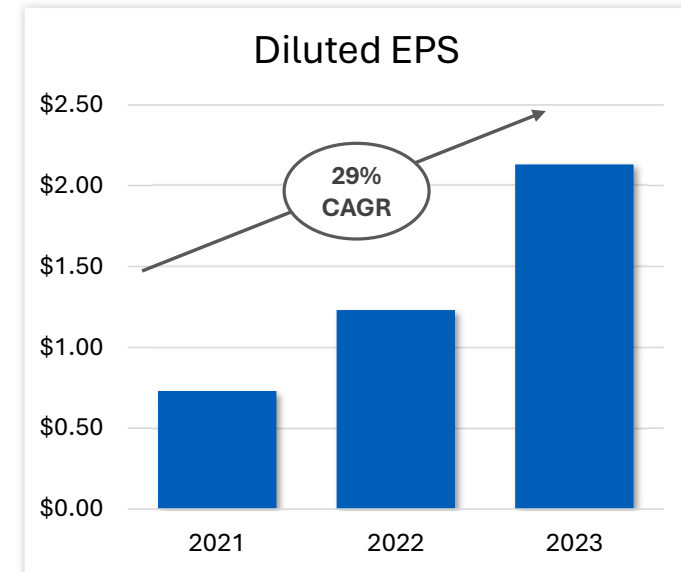
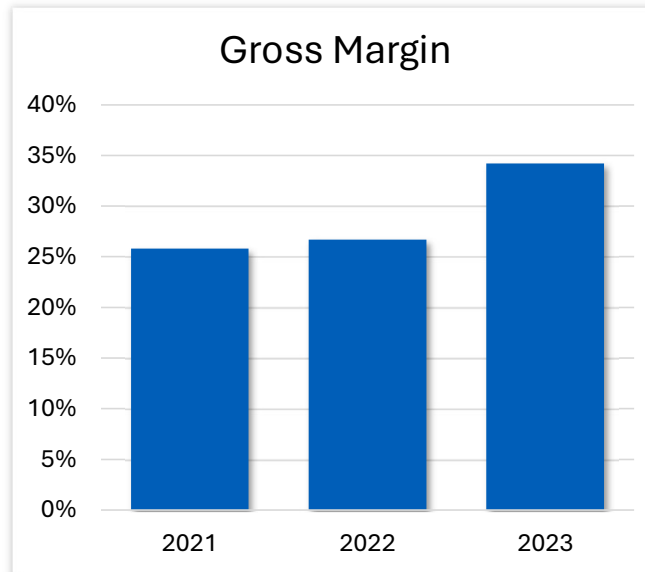
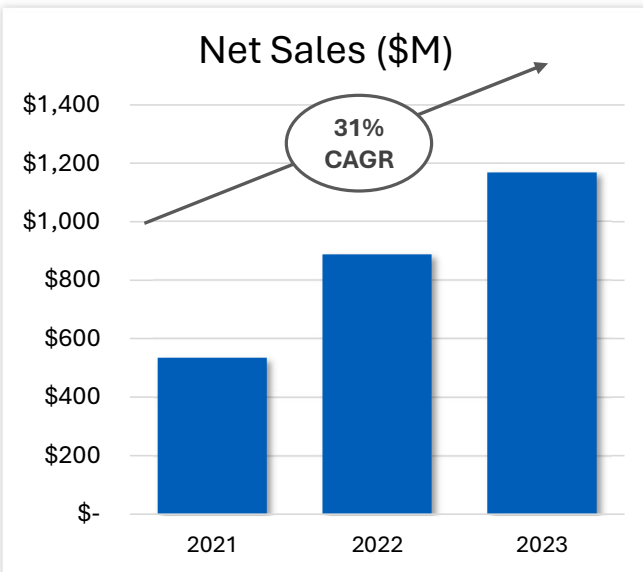
Moving Forward



- Due to tough year-over-year comparisons, a slower macro environment and pushed out demand related to the refrigeration transition, 2024 will be a flattish year for AAON
- However, AAON's cost of manufacturing is becoming more competitive, the company is leading in cold climate heat pumps and there is a big opportunity in the data center market, all positioning for robust growth to return in 2025-2027



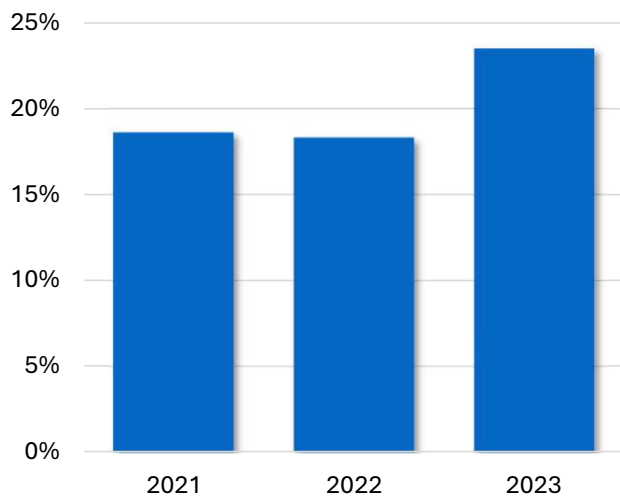
Where Are We Financially



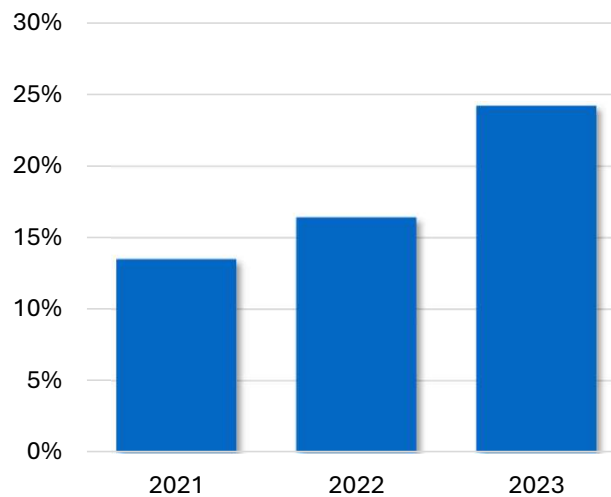


Where Are We Financially

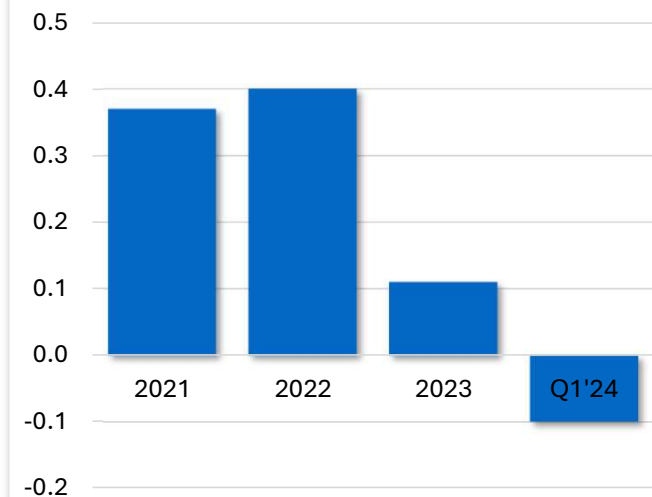
EBITDA Margin



ROIC



Net Debt to EBITDA*



* The net debt to EBITDA ratio for Q1'24 refers to net debt as of March 31, 2024 divided by EBITDA in the trailing 12 months.



Appendix





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.



EBITDA, EBITDA Margin and Net Debt to EBITDA Ratio

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	LTM	2023	2022	2021
Net income, a GAAP measure	\$ 39,016	\$ 47,049	\$ 48,078	\$ 45,682	\$ 179,825	\$ 177,623	\$ 100,376	\$ 58,758
Depreciation and amortization	13,437	13,029	12,203	10,962	49,631	46,468	35,106	30,343
Interest expense, net	239	884	1,266	1,543	3,932	4,843	2,627	132
Income tax expense	7,792	16,084	15,413	7,678	46,967	45,531	24,157	10,424
EBITDA, a non-GAAP measure	\$ 60,484	\$ 77,046	\$ 76,960	\$ 65,865	\$ 280,355	\$ 274,465	\$ 162,266	\$ 99,657
Net sales, a GAAP measure	\$ 262,099	\$ 306,639	\$ 311,970	\$ 283,957	\$ 1,164,665	\$ 1,168,518	\$ 888,788	\$ 534,517
EBITDA, a non-GAAP measure	\$ 60,484	\$ 77,046	\$ 76,960	\$ 65,865	\$ 280,355	\$ 274,465	\$ 162,266	\$ 99,657
EBITDA margin	23.1%	25.1%	24.7%	23.2%	24.1%	23.5%	18.3%	18.6%
Revolving line of credit					\$ -	\$ 38,328	\$ 71,004	\$ 40,000
Less: Cash and cash equivalents					8,385	287	5,451	2,859
Restricted cash					19,982	8,736	498	628
Net Debt, a non-GAAP measure					\$ (28,368)	\$ 29,305	\$ 65,055	\$ 36,513
Net Debt to EBITDA ratio					(0.10)	0.11	0.40	0.37

Note: Totals above may not sum up exactly due to rounding



Return on Invested Capital (ROIC)

	2023	2022	2021	2020
Total assets, a GAAP measure	\$ 941,436	\$ 813,903	\$ 650,180	\$ 449,008
Less: Cash and cash equivalents	287	5,451	2,859	79,025
Restricted cash	8,736	498	628	3,263
Accounts payable	27,484	45,513	29,020	12,447
Accrued liabilities	85,508	78,630	50,206	46,586
Contract liabilities	13,757	21,424	7,542	-
Invested capital, a non-GAAP measure	\$ 805,664	\$ 662,387	\$ 559,925	\$ 307,687
Average invested capital, a non-GAAP measure*	\$ 734,026	\$ 611,156	\$ 433,806	
Net income, a GAAP measure	\$ 177,623	\$ 100,376	\$ 58,758	
Average invested capital, a non-GAAP measure	\$ 734,026	\$ 611,156	\$ 433,806	
Return on invested capital	24.2%	16.4%	13.5%	

Note: Totals above may not sum up exactly due to rounding

* Average invested capital is calculated by averaging invested capital at the end of the period and the invested capital at the end of the prior period