



Q4 2023 Earnings Conference Call

February 28, 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.



35TH YEAR ANNIVERSARY

AAON HITS MILESTONE

Surpasses \$1 Billion in Sales in 2023



Q4 2023 Summary

Sales	\$306.6M	Organic +20.4% Y/Y
Gross Profit Margin	36.4%	+560 bps Y/Y • -80 bps Q/Q
EBITDA	\$77.0M	+37.1% Y/Y • 25.1% adjusted margin
Diluted EPS	\$0.56	+19.1% Y/Y
Backlog	\$510.0M	-6.9% Y/Y • 4.0% Q/Q



The Coming of Age

The transformation
from a niche player to a
market force

**PREMIUM
EQUIPMENT**
for the
BEST VALUE



Leadership Realignment

for operational
efficiency and growth



AAON Striving for Growth



> Capital Investments

- Capacity expansion
- Operational productivity

> Product Development

- New refrigerant equipment
- Alpha Class

> Sales Channel

- Alignment of channel partners
- Customer experience

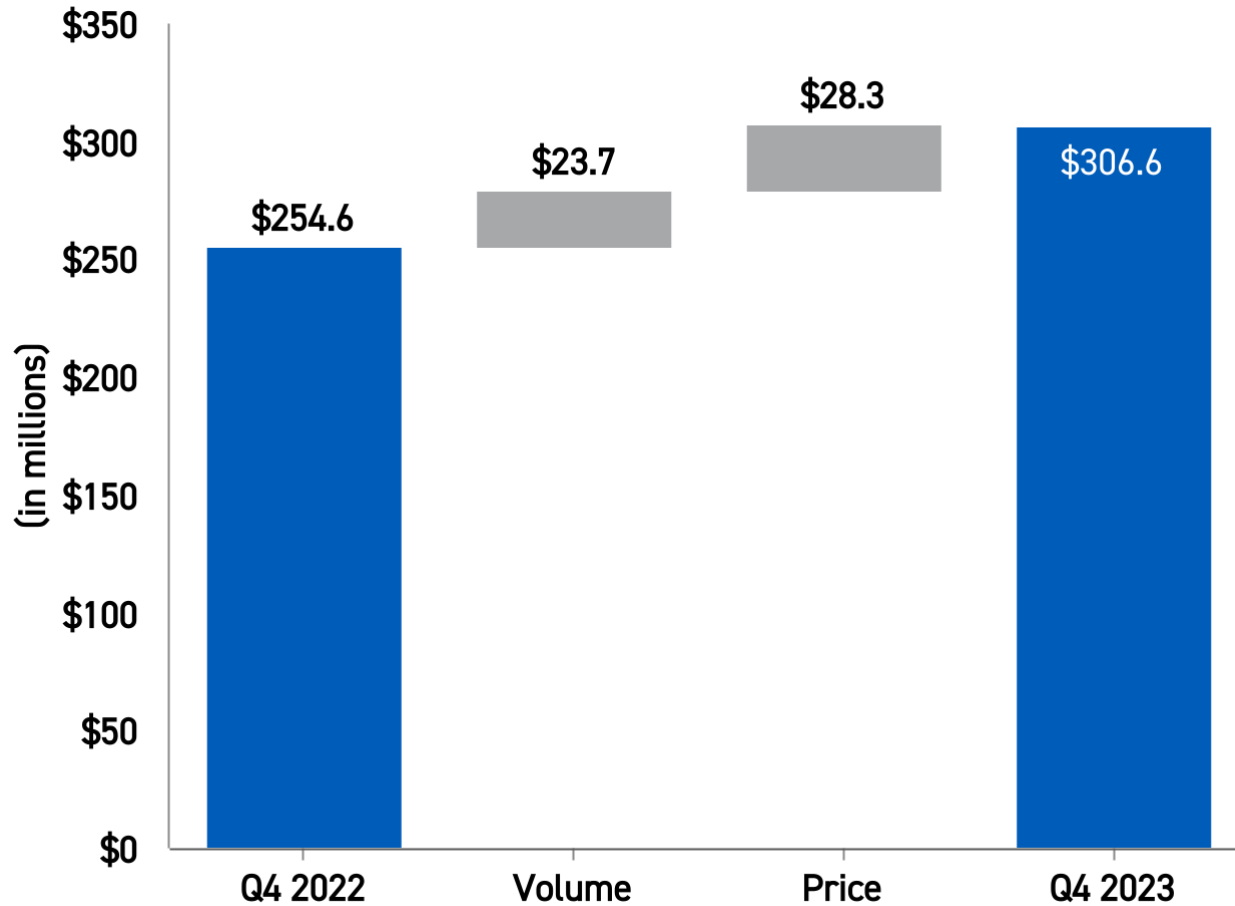
> Leveraging Secular Trends

- Decarbonization and Electrification
- Government regulations

> Parts and Service



Q4 2023 Sales Bridge



Q4 Highlights

Strongest fourth quarter in company history

Organic sales growth +20.4%

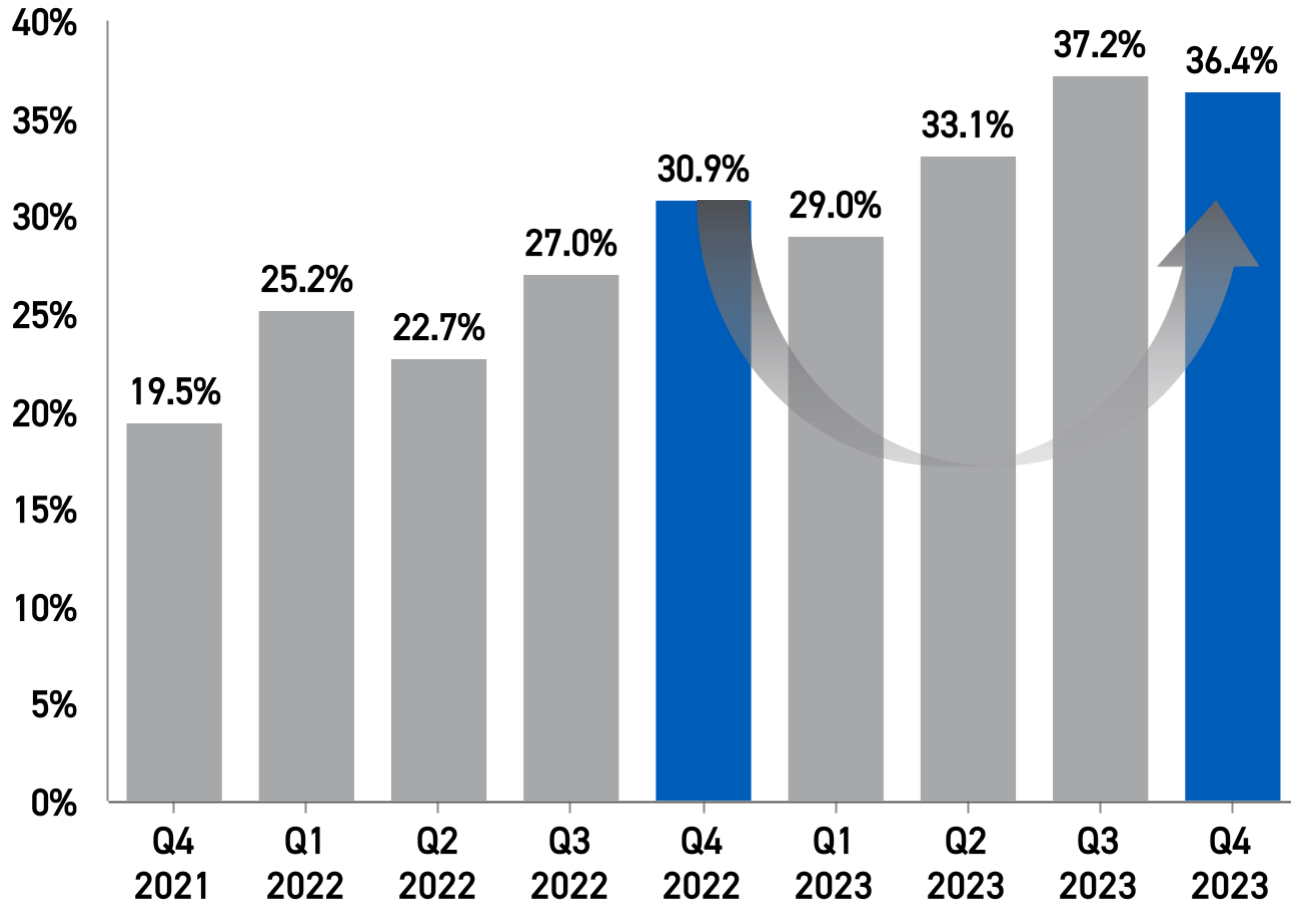
Organic unit volume growth +9.3%

Volume growth reflected healthy backlog at end of Q3, increased capacity, improved productivity, and robust growth at the AAON Oklahoma and BASX segments

Parts sales growth +44.0%



Q4 2023 Gross Profit Margin



Q4 Highlights

Positives

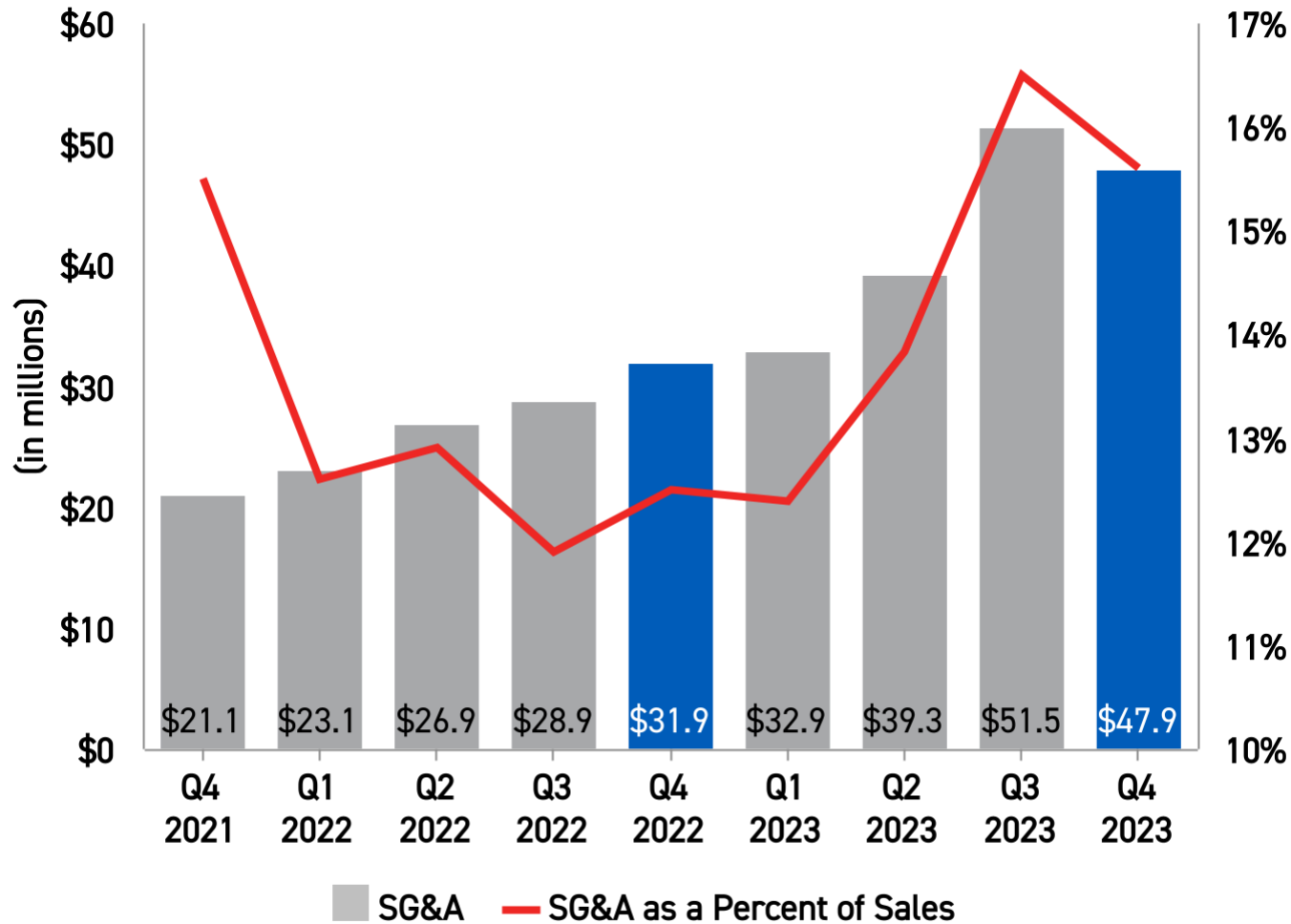
- Increased pricing
- Improved production output
- Improved efficiencies
- Better fixed cost absorption

Negatives

- Inflationary pressure



Q4 2023 SG&A



Q4 Highlights

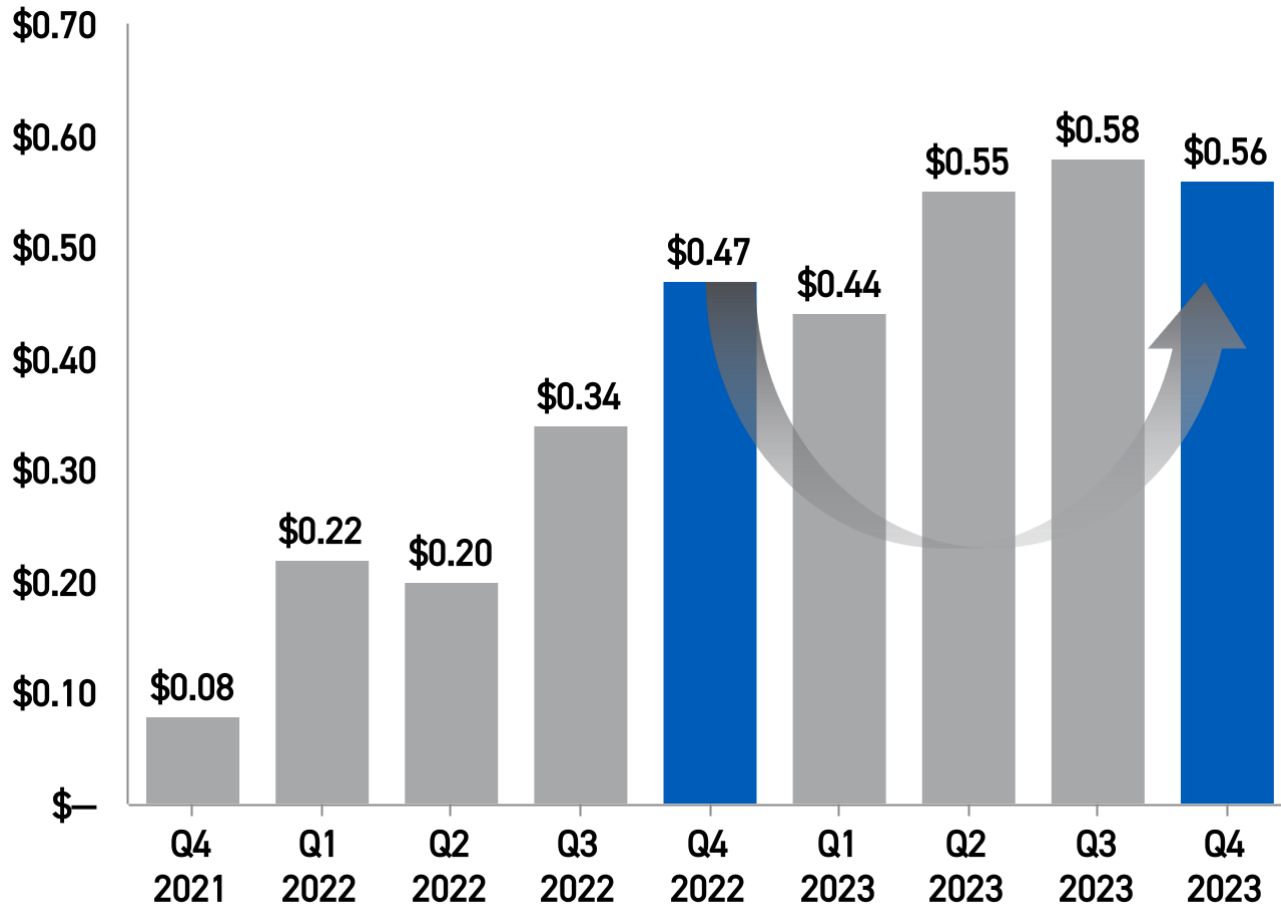
As a percent of sales, SG&A increased y/y 310 bps to 15.6%

The increase in SG&A was due to higher warranty expense and profit sharing from our increased sales and earnings along with increases as a result of the investments we are making in back office technology.

*SG&A expenses in Q4 2021 included \$4.4 million of costs associated with closing the acquisition of BASX.



Q4 2023 Diluted EPS



Q4 Highlights

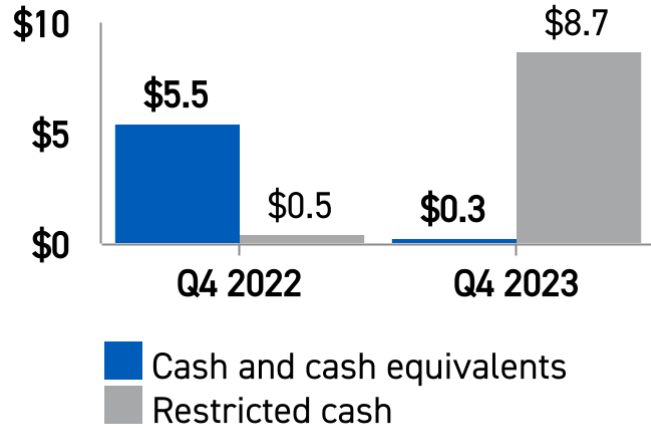
Y/Y growth +19.1%

In the same quarter a year ago, we had benefited from a lower than normal tax rate due to increases in our expected R&D tax credits and 179D deductions

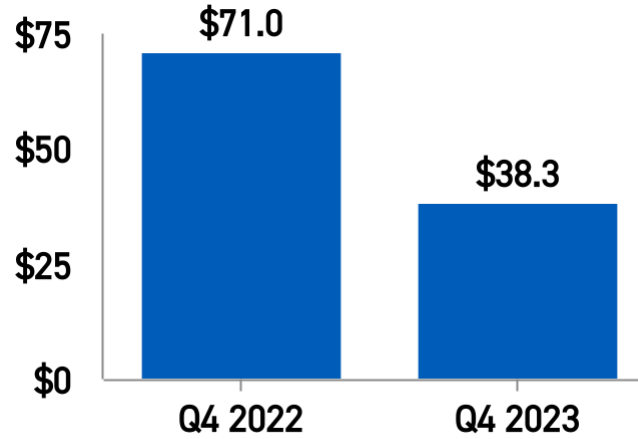


Q4 2023 Balance Sheet and Liquidity

Restricted Cash, Cash & Cash Equivalents



Debt



Q4 Highlights

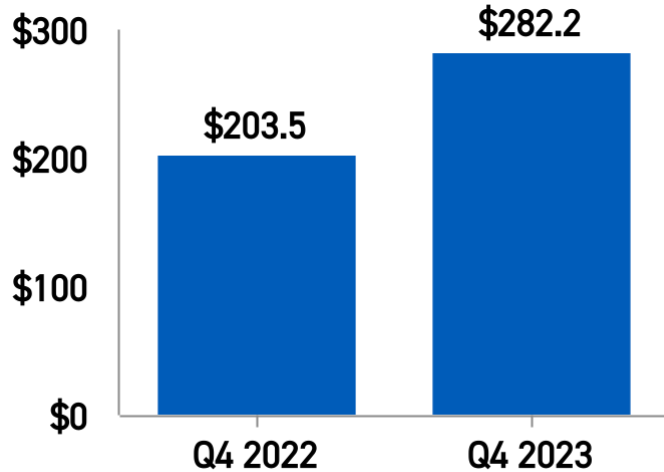
Balance sheet remains strong

Debt at the end of 2023 of \$38.3 million was down year-over-year by 32.7 million

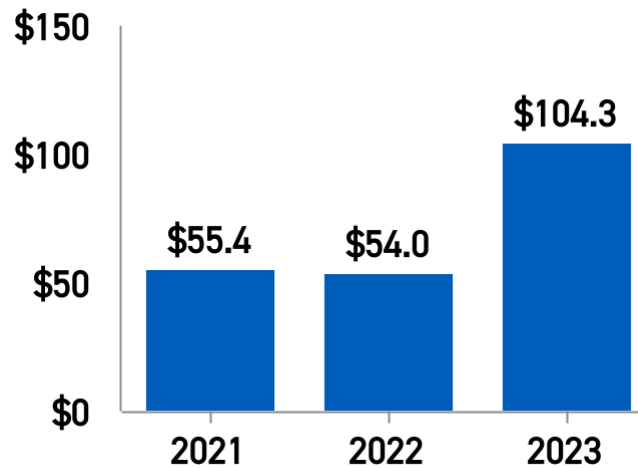
Leverage ratio of 0.15, down from 0.46 at the end of 2022

Expect capex of approximately ~\$125.0 million in 2024

Working Capital

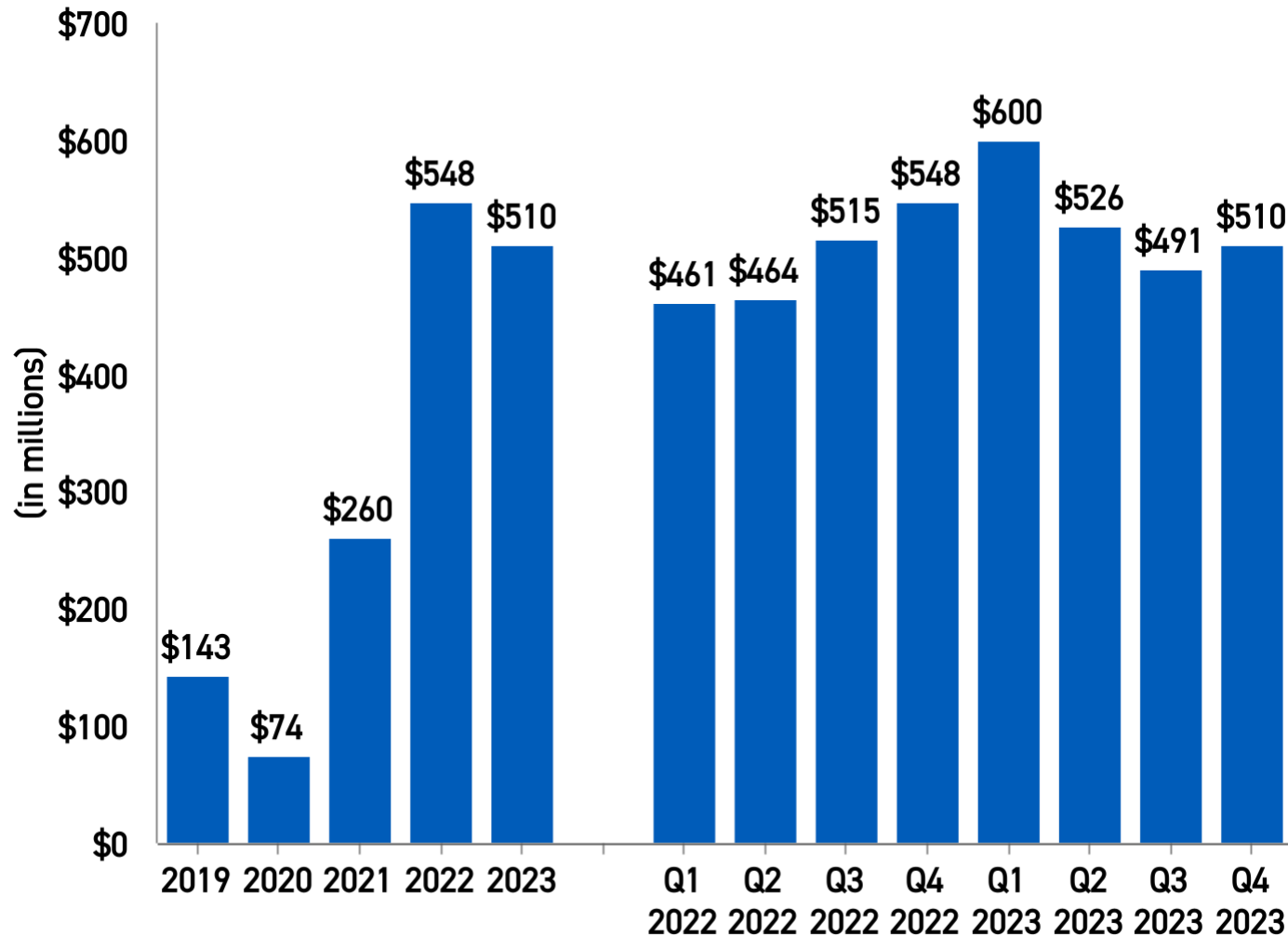


Annual Capex





Backlog Remains Healthy



Q4 Highlights

Organic backlog -6.9% y/y, 4.0% q/q

Industry-best lead-times and on-time delivery rates

Narrowing price premium of AAON equipment versus market

AAON equipment offers most attractive value proposition

Strengthening sales channel

Robust demand at BASX



Outlook

Highlights

- Healthy backlog entering 2024
- Bookings trends are steady
- Strong pipeline of large project work at BASX and AAON Coil Products segments
- Sentiment amongst sales channel remains positive
- Early outlook for 2024 is positive, although expect slower growth compared to recent years

Modeling Assumptions

Pricing contribution to 2024 sales growth:	Mid-single digits
Volume growth in 2024:	Low-single digits
2024 gross margin:	Expect year-over-year expansion
SG&A as a percent of sales:	Up modestly year-over-year
2024 Capex:	~\$125.0 million