

Welcome To AAON's 2023 Investor Day





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.



Agenda

8:30am – **Introduction**

Joe Mondillo | Director of Investor Relations

8:35am – **Company Overview and Strategy**

Gary Fields | President and CEO

9:05am – **AAON Oklahoma Segment**

Stephen Wakefield | COO

9:25am – **AAON Coil Products Segment**

Doug Wichman | President, AAON Coil Products

9:40am – **BASX Segment**

Matt Tobolski | President, BASX

9:55am – **Q&A**

10:10am – **Break**

10:25am – **Marketing and Branding**

Jeremy Cavness | Director of Marketing

10:40am – **Sales Channel Strategy and Market Update**

Andrew Edmondson | Director of Sales

10:55am – **Capacity Expansion Plans**

Matt Tobolski | President, BASX

11:10am – **Financials**

Rebecca Thompson | CFO

11:30am – **Q&A**



Experienced Executive Leadership Team



Gary Fields

President and Chief
Executive Officer



Stephen Wakefield

Chief Operating Officer



Rebecca Thompson

Chief Financial Officer



Doug Wichman

President, AAON Coil Products



Matt Tobolski

President, BASX



Rob Teis

VP of Sales and Marketing



Casey Kidwell

VP of Administration

AAON's Road To Success

Gary Fields | President and CEO





AAON at a Glance

COMPANY OVERVIEW

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

Founded: 1988 Headquarters: Tulsa, OK

Employees: ~3,785² Manufacturing: 4 facilities

Manufacturing/Warehouse Square Footage: 2.2 million

FINANCIAL OVERVIEW

Market Cap: \$5.1B

Sales¹: \$972M | 3-Year CAGR¹: 25%

EBIT margin¹: 15.2%

EPS¹: \$2.18 | 3-Year CAGR¹: 20%

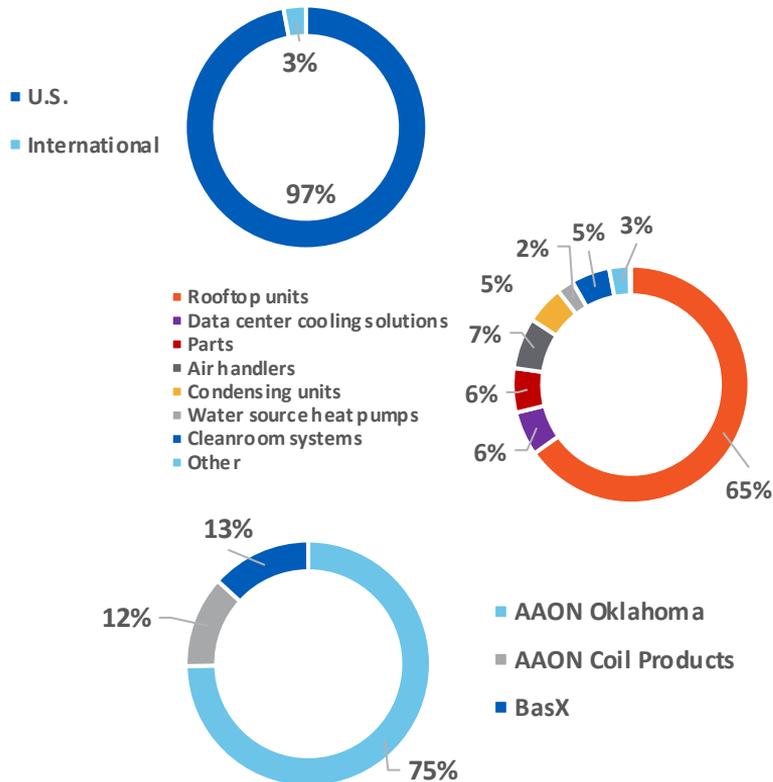
Long-Term Debt²: \$83.7M | Leverage Ratio⁴: 0.47

ROIC²: 18.0%

Dividend Yield³: 0.5%

¹Based on trailing twelve months as of March 31, 2023. ²As of March 31, 2023. ³As of April 30, 2023. ⁴As defined by our debt agreement and disclosed in our Form 10-Q for March 31, 2023.

SALES BREAKOUT



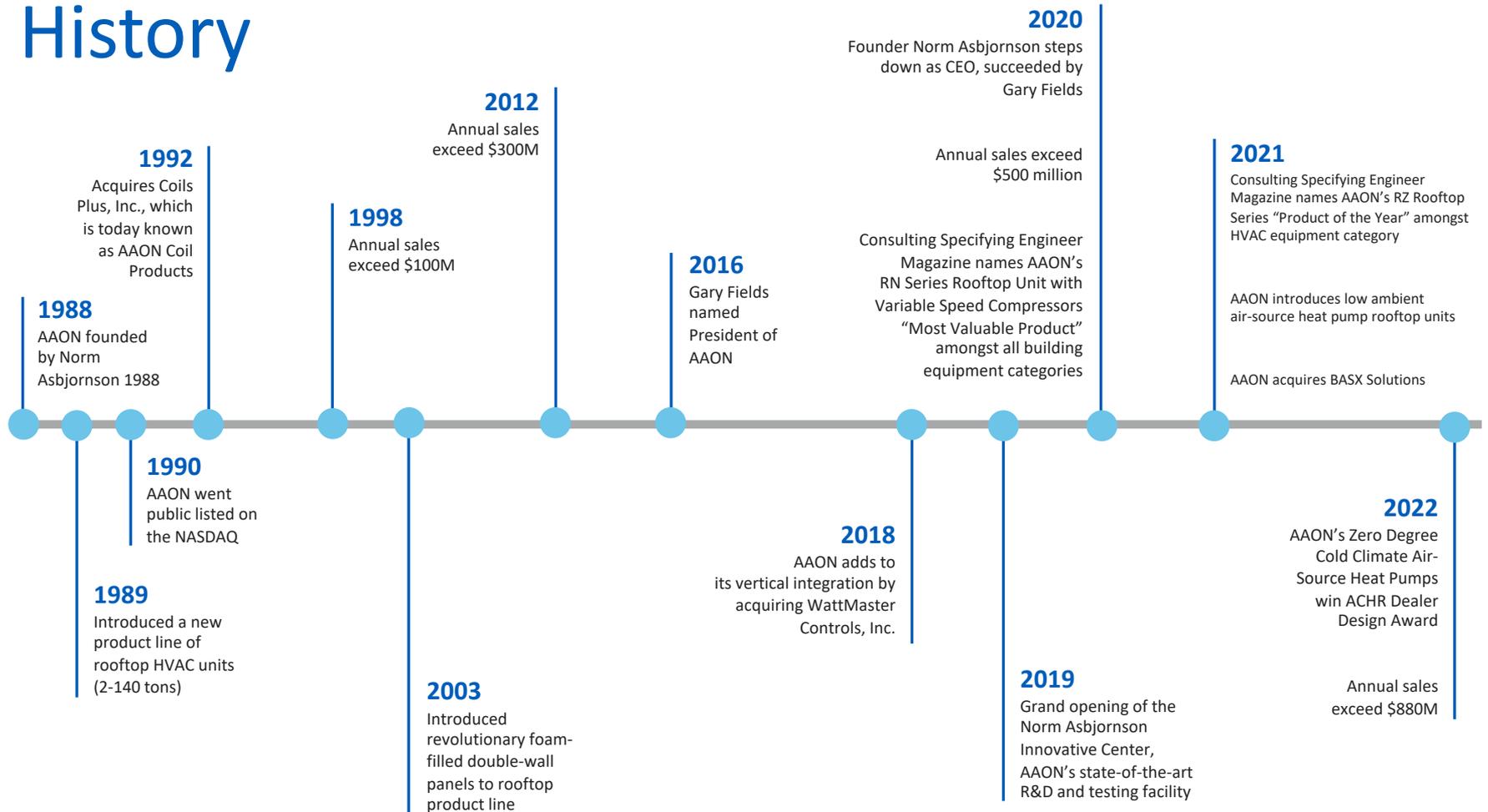


Robust Historic Organic Sales Growth



10-Year CAGR 11.4%

History





AAON's Foundation Is Based On Two Core Platforms

Semi-Customization

- In 1988, the industry was divided between standard equipment and fully custom equipment
- Fully custom was higher quality equipment, but cost multiples of the standard cost
- AAON bridged the gap between standard and fully custom equipment
- To do this, required a semi-custom production line and a heavy amount of automation

Innovation

- Thirty-five years ago, standard equipment made up a vast majority of the industry
- 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 innovation, AAON was established, carving out its own niche of the market



Notable AAON Innovations In History

1989

- Introduced a semi-custom line of rooftop units from two to 140 tons with a large amount of customized options

1997

- Introduced backward curved fans in small commercial units bringing increased fan efficiency and higher static capabilities

2001

- Introduced evaporative-cooled condensing for units with a de-super heater coil to reduce scaling and water consumption

2002

- Introduced modulating reheat dehumidification which helps control air temp while performing dehumidification

2003

- Introduced foam filled double wall construction panels to rooftop units, increasing energy efficiency and durability

2003

- Introduced digital compressor technology into rooftop units allowing full modulation from 10%-100% of compressor capacity

2015

- Introduced low leakage dampers into rooftop products

2021

- Introduced cold climate air-source heat pumps in rooftop units

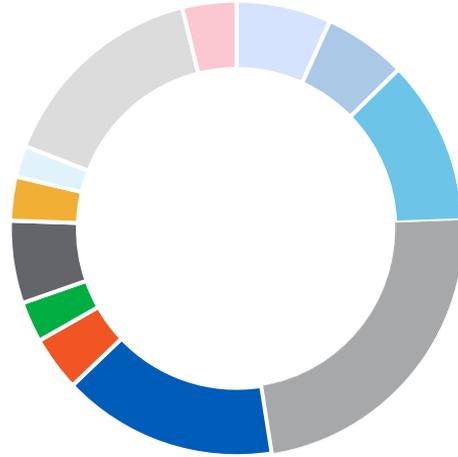


Today, AAON Wins With Premium Equipment

- For over 20 years, AAON has been known for producing premium HVAC equipment
- Premium equipment comes with a premium upfront price
- AAON equipment has a very attractive value proposition even when considering the premium upfront cost
- In many applications, AAON has the lowest total cost of ownership over the life span of the equipment
 - Equipment life span 1.5x-2.0x the competition
 - Superior energy efficiency
 - Ease of maintenance



Current Product Portfolio¹





Favorable Secular Market Trends



Decarbonization



Electrification



Government Regulations



Economics

From Niche to **MAINSTREAM.**

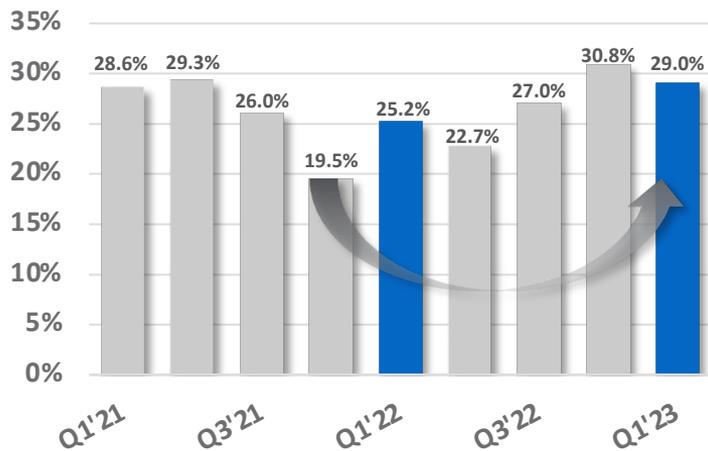


New Minimum Energy Efficiency Regulations

- In January, the Department of Energy increased minimum efficiency standards on all HVAC equipment
- The new regulation did not affect AAON. AAON equipment has met the new standards for years
- However, it was very disruptive to the industry, requiring most of our competitors to reengineer a significant amount of its equipment
- This led to a higher cost of manufacturing and more price increases relative to AAON

Pricing Strategy Leading To Margin Expansion

Gross Margin



Managing Pricing to Market

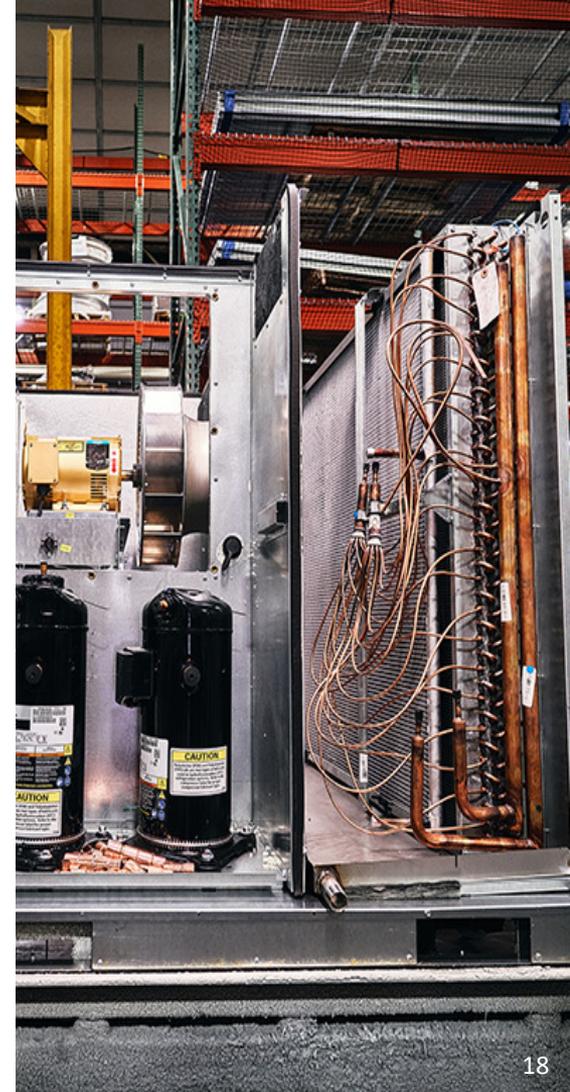
- Historically, AAON managed pricing exclusively to cost
- Recent regulations are allowing AAON to now manage its pricing more to market
- Since AAON's cost of manufacturing has not increased relative to the competition, profitability is set to rise
- As regulations have driven market pricing higher, AAON's price premium has narrowed materially
- Net outcome: AAON will gain market share with more competitive pricing while realizing greater profitability
- We will maintain a premium price to market to reflect AAON's premium product offering

Further Regulations Will Limit Industry Innovation

- Beginning January 1, 2025, the Department of Energy is requiring new HVAC equipment to utilize lower global warming potential (GWP) refrigerants
- AAON will adopt R454B, which most of the industry intends to adopt. R454B has a GWP of 467, compared to existing R410A (GWP 2,088)
- This new regulation will consume most of the industry's developmental resources in 2023-2024
- It will also increase the cost of manufacturing modestly as R454B is slightly flammable, requiring equipment to have sensors that monitor any leakage
- Leading up to and following January 2025, the effect to demand is uncertain. Likely, replacement demand will increase somewhat after as the cost of maintaining old equipment will rise

COLD CLIMATE AIR-SOURCED HEAT PUMPS (ASHP)

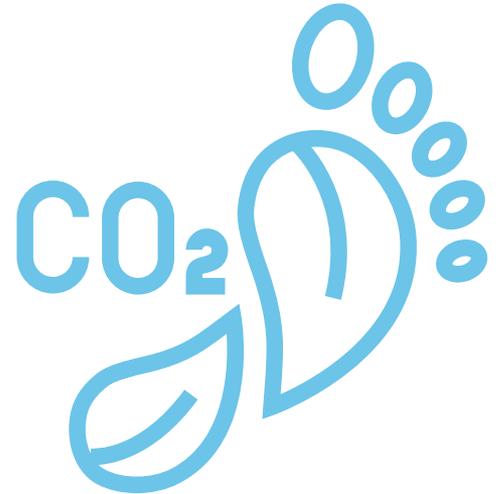
- In Q4'21, AAON introduced the first-ever commercial ASHP that is operable down to zero-degree Fahrenheit
- Up until now, commercial ASHP's were operable only down to approximately 30 degrees
- This highly energy efficient technology is critical for decarbonizing and electrifying commercial buildings
- AAON currently offers its cold climate ASHP technology in a majority of its rooftop product line





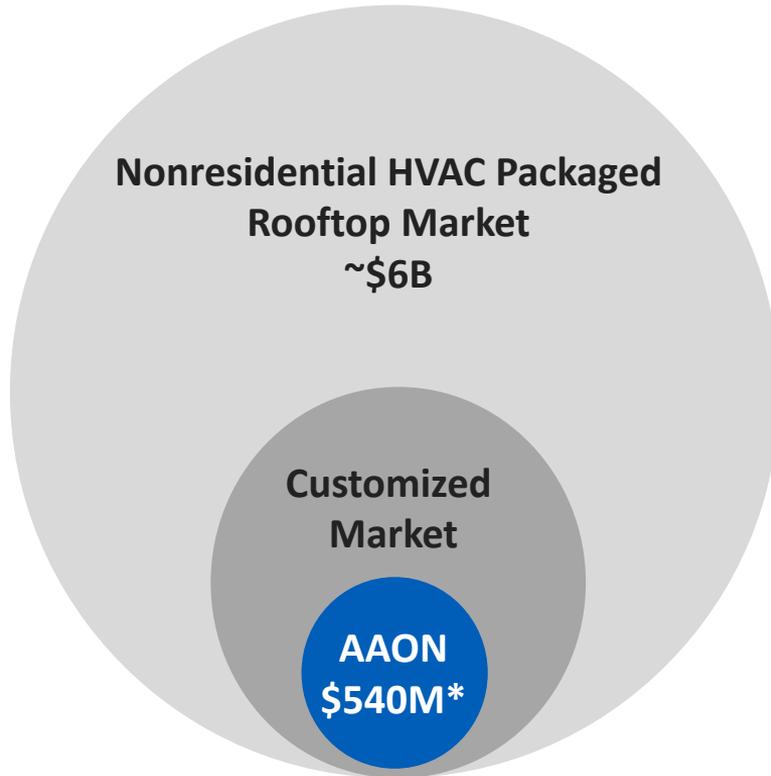
AAON is a Premier ESG Company

- The biggest impact the commercial HVAC industry has on society from an ESG perspective is related to the equipment that is sold
- Commercial buildings make up 16% of the total carbon emissions in the U.S. and approximately 40% of those emissions are related to building HVAC systems
- AAON manufactures the most energy efficient equipment in the industry
- While we view our products as being most impactful to our overall sustainability, we spend a lot of time on our facilities, employees and governance
- This has contributed tremendously to attracting new talent. AAON headcount is up 27% from a year ago





Total Addressable Market



- The addressable market of AAON's core packaged rooftop product is approximately 11x the size of the company's rooftop sales
- Historically, AAON and the customized rooftop market has been a niche of the industry
- Customized market 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

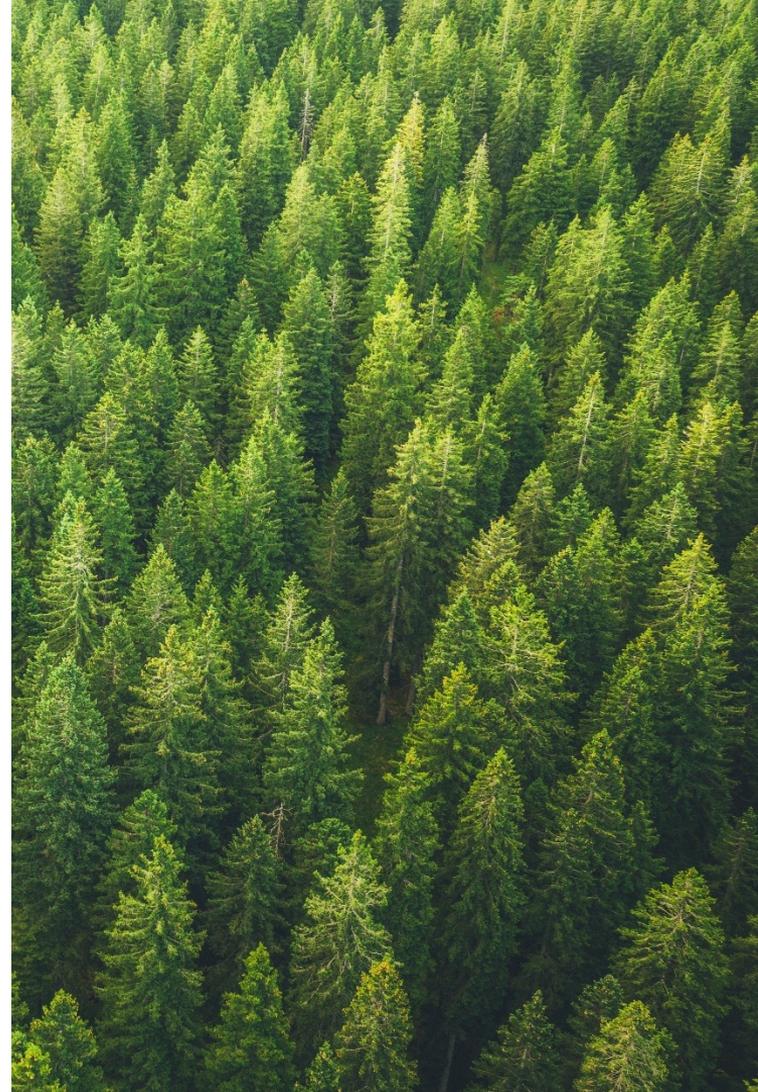
*2022 rooftop unit revenue

AAON Has Never Been More Aligned With
Its Sales Channel...

...And Its Sales Channel Has Never Been More
Capable.

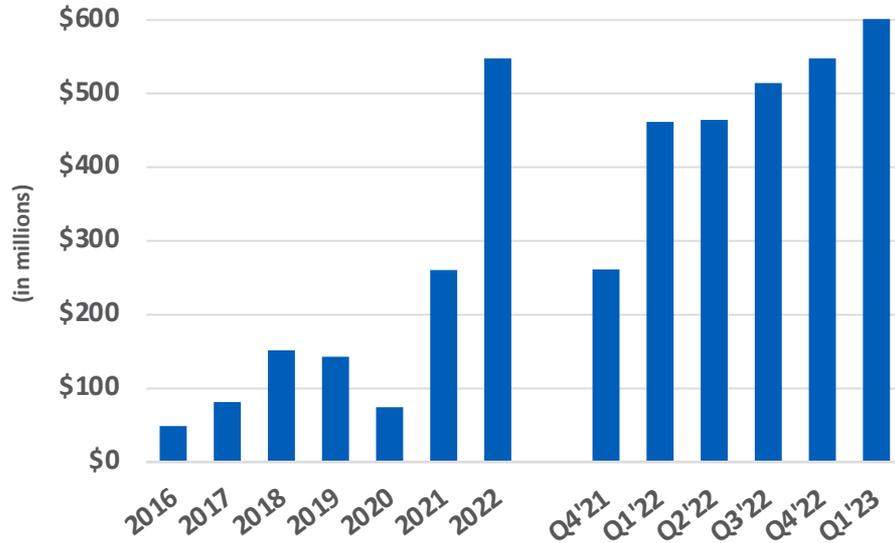
Fundamentals Are Strong...

- Decarbonization
- Electrification
- Favorable Regulations
- Total Cost of Ownership
- Cold Climate Heat Pumps
- Narrowed Price Premium
- Large Addressable Market
- Strengthening Sales Channel
- Increased Investment in Marketing
- Exposure to attractive sectors such as data centers and semiconductor manufacturing



...Translating To Growth

Backlog



Backlog as of March 31, 2023 is up 706% since the end of 2020.

Organically, backlog is up 657% over this time.

AAON Oklahoma Segment

Stephen Wakefield | Chief Operating Officer





AAON Oklahoma Overview

Facts:

- Flagship manufacturing location
- Tulsa, Oklahoma
- 1.5M sq. ft.
- NAIC laboratory and Customer Exploration Center

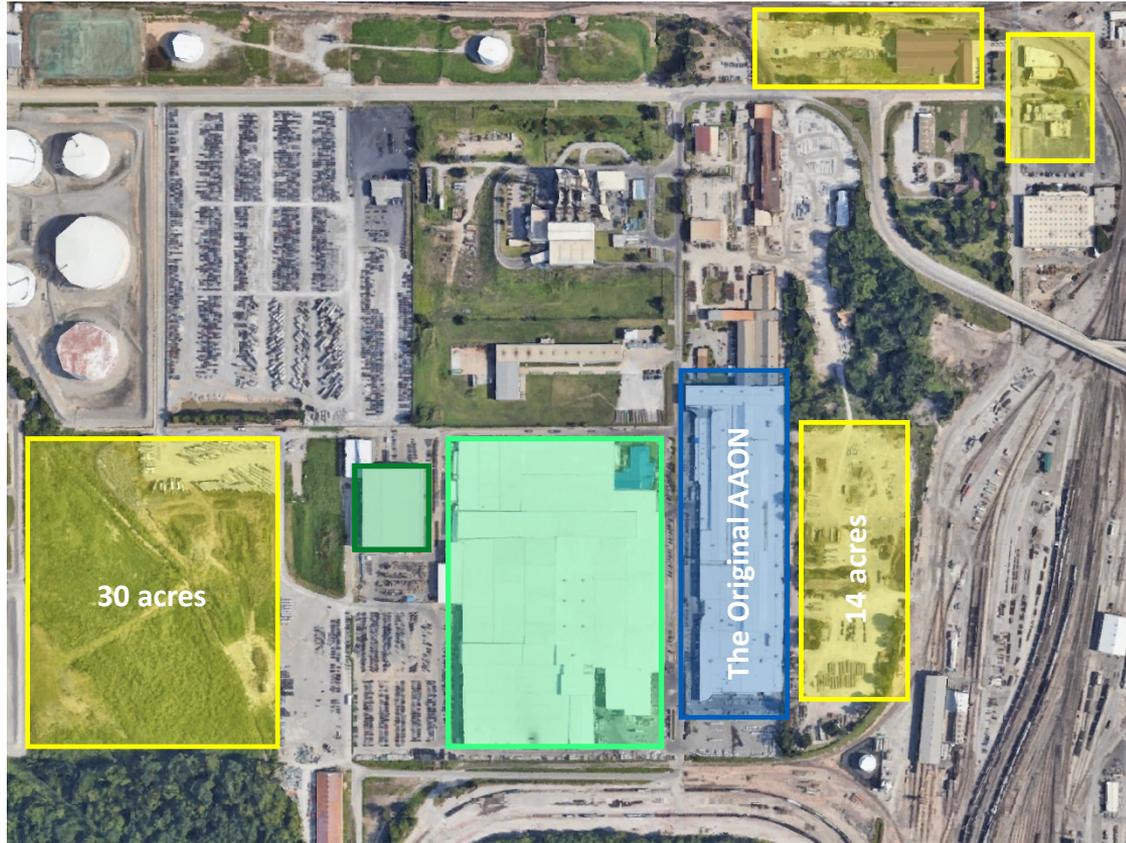
Products:

- All rooftop units
 - RQ Series (2-6 tons)
 - RN Series (6-140 tons)
 - RZ Series (45-261 tons)
- Parts



¹Based on year ended December 31, 2022.

AAON Oklahoma Overview





RN Series | C Cabinet
16-30 tons



RQ Series
2-6 tons



RN Series | D Cabinet
26-70 tons



Innovation Is Foundational To AAON

- Mission and Vision:
 - To provide premier HVAC solutions that bring long-term value to customers and owners
 - By leading the HVAC industry in innovation, we create tomorrow's solutions today
- AAON has a mindset to innovate, to think laterally, to do things better that they have ever been done
- Invested in world class NAIC and R&D staff
- R&D consistently makes up over 3% of sales, well ahead of the industry average

R&D Expenses



AAON's NAIC: World's Most Capable Laboratory

Building

- 134,000 square feet
- 7.25 Megawatts

Timeline

- Grand Opening 2018
- Completely Operational 2019 (5/8 working weeks)
- Move to 7/12 work weeks in 2020

Staffing

- 43 Test Technicians
- 30 Engineers
- Currently operating 7 days a week and 12 hours per day





AAON's NAIC: World's Most Capable Laboratory

Sound Chambers

- Largest Reverberation Sound Chamber in the world
- Only Sound Chamber in the world capable of capturing all three sound measurements simultaneously (supply, return, and cabinet radiated) for HVAC equipment underload
- This chamber is also a 300 Ton Psychrometric Chamber for packaged equipment and a 540 Ton AHRI certified Psychrometric Chamber for chillers
- The outdoor room airflow is 480,000 CFM through the 12 air handlers, which means the air in the room is cycled 4.5 times every minute
- Unit under test airflow of up to 100,000 CFM of unit airflow at up to 10" static pressure

Environmental Chamber

- The Environmental Chamber can rain up to 8" per hour / 2" snow per hour
- Negative 20°F to 130°F
- 50 MPH winds



Top-Tier Engineering Is Key

- Leading capabilities
- Experience in creating highly customizable, cost-effective equipment with our standard offerings
- Flexibility to manage disruptions like supply chain issues
- Staying ahead of regulations
- Industry leading product performance that is very difficult to mimic



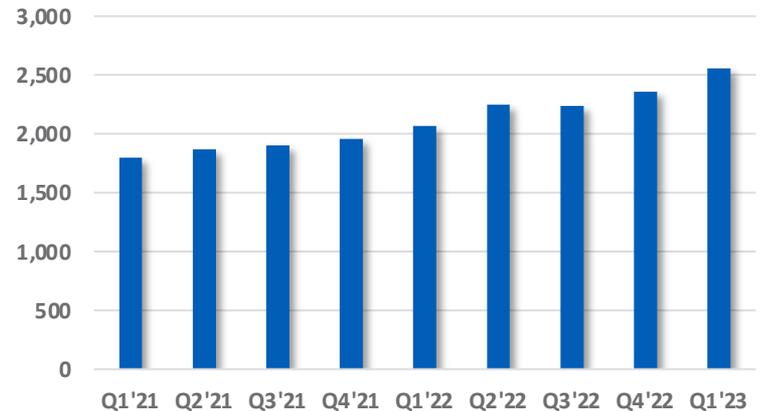
Automated Fabrication: AAON's Secret Sauce

- Mastered semi-customization, which is required to meet increased demand for better performing, more efficient HVAC systems
- Soft-tooling versus hard presses
- Fully automated fabrication process that is very difficult to mimic
- The challenges of mimicking AAON's secret sauce, the three gauntlets

→ People

- Since the end of Q1'21, the segment added over 750 employees, or 42%
- New V.P. of Administration (external hire)
- Without disrupting efficiency, how?
 - Not going to give away any secrets but...
 - Focus on what people need
 - Add a tremendous amount of opportunity
 - Great people attract more great people

AAON Oklahoma Segment Headcount



- ➔ Materials and Components
 - ⦿ Supply-chain issues are still a constant challenge
 - ➔ Major issues are worked out with our rep council
 - ➔ Vendors treated like business partners, many have come to us for help
 - ➔ We've held our inventory during historic supply chain challenges
 - ➔ Engineering resources helping navigate, including controls



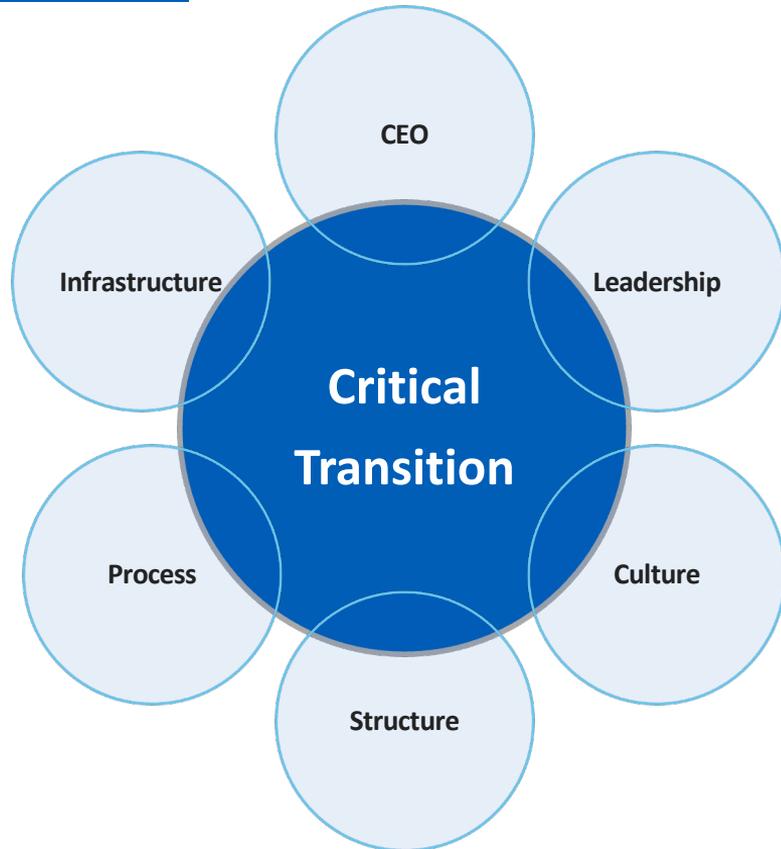


Managing Through The Post-Pandemic Issues

- ➔ Infrastructure and Capacity
 - ➔ Increasing our useable space at all locations
 - ➔ Major campus expansion in the works, Tulsa
 - ➔ Major campus expansion in the works, Longview
 - ➔ Major campus expansion in the works, Kansas City
 - ➔ Campus expansion in the works, Redmond
 - ➔ Improving our useable space at all locations
 - ➔ Eight new sheet-metal fabrication lines being added in Tulsa in 2023
 - ➔ New fan manufacturing shop added in Tulsa in 2023
 - ➔ Continuous improvement

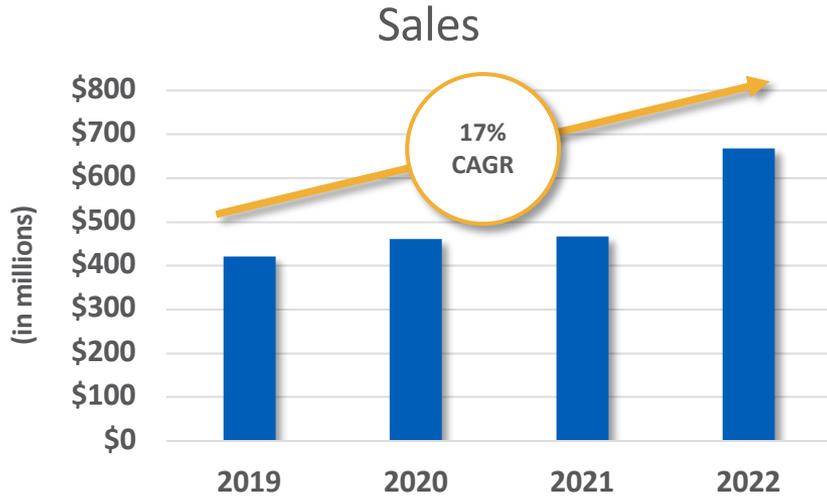


Critical Transition In Leadership, Structure & Culture



- Started in 2018
- Much of the heavy lifting is complete
- Much of the benefits have yet to be realized
- AAON has never been better managed and structured than it is today
 - Leadership
 - Structure
 - Culture

AAON Oklahoma Financial Performance



AAON Coil Products Segment

Doug Wichman | President, AAON Coil Products





AAON Coil Products (ACP) Overview

Facts:

- Acquired in 1991
- Longview, Texas
- 0.5M sq. ft.
- Manufactures most of AAON's coil components

Products:

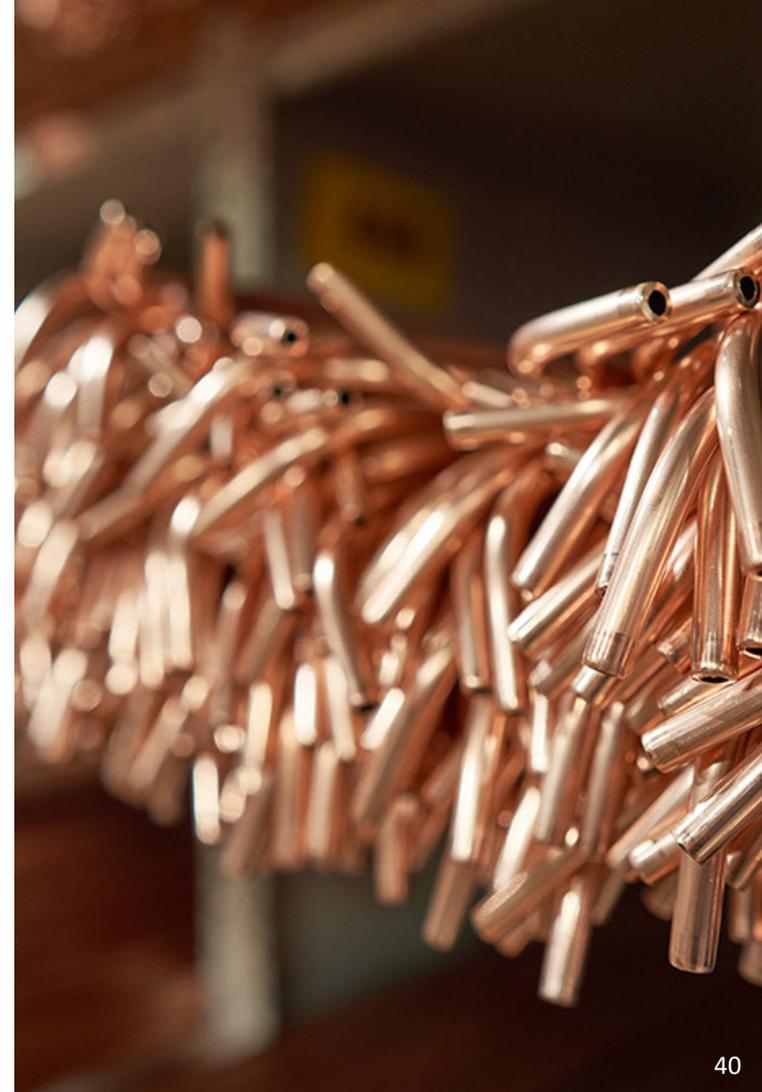
- Condensers
- Air Handlers
- Self-Contained Units
- Coil Components



¹Based on year ended December 31, 2022.

Where ACP Has Been And Where It Is Going

- 1991 – Purchased coil making assets from Coils Plus
- 1992 – Moved into original facility in Longview, TX
- 1999 – Significant addition added to the facility for initiation of unit builds in Longview, TX
- 2019 – Ground breaking on new facility, doubling the manufacturing space
- 2021 – CO granted and unit production began
 - Units are currently produced in both facilities
 - Coils are produced in original facility
- 2023 – 5th largest employer in the area
- 2023 – Begun producing BASX products



Longview, Texas



ACP Products Are Complimentary

→ Feature String Driven Production

- Unit Production
 - Commercial Split Systems (up to 70 Tons)
 - Self – Contained Units (up to 70 tons)
 - Capitalize location and capacity for collaborative projects
- Coil shop
 - Internal demand driven
 - Automation where feasible



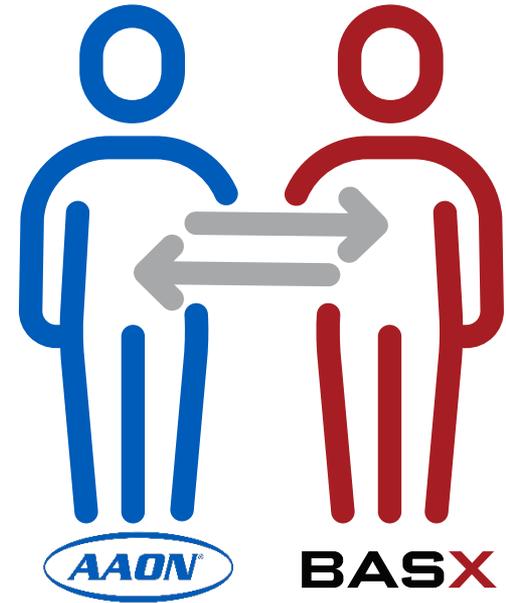
New Leadership, Investments & Culture Change

- Capital Investment spurs inclusion
 - Expansion efforts primed seamless collaboration between locations
- Cross location dynamics accelerate growth and achievements
 - Capitalize on unique resources and knowledge in different locations
- One AAON Culture evident with team member relocations and broader visions



ACP Establishing BASX Production Lines

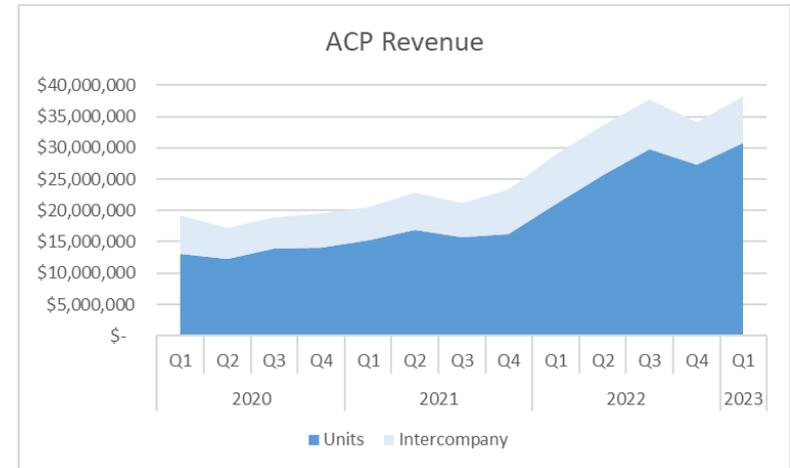
- Collaboration efforts underway
 - BASX sales and engineering with Longview capacity
 - Multi-million \$ initial sales order
 - Geographical win
 - Best practice build standards, design, and process
 - Partnering to meet consumer needs





ACP Financial Performance

- The Future is bright, the time is now.
- Current footprint running at ~60% utilization
- Capital investments for further expansion are underway
 - 40% increase in square footage
 - Centralize unit production
 - Allow growth for coil manufacturing
 - Capitalize future collaborative opportunities.



BASX Segment

Matt Tobolski | President, BASX



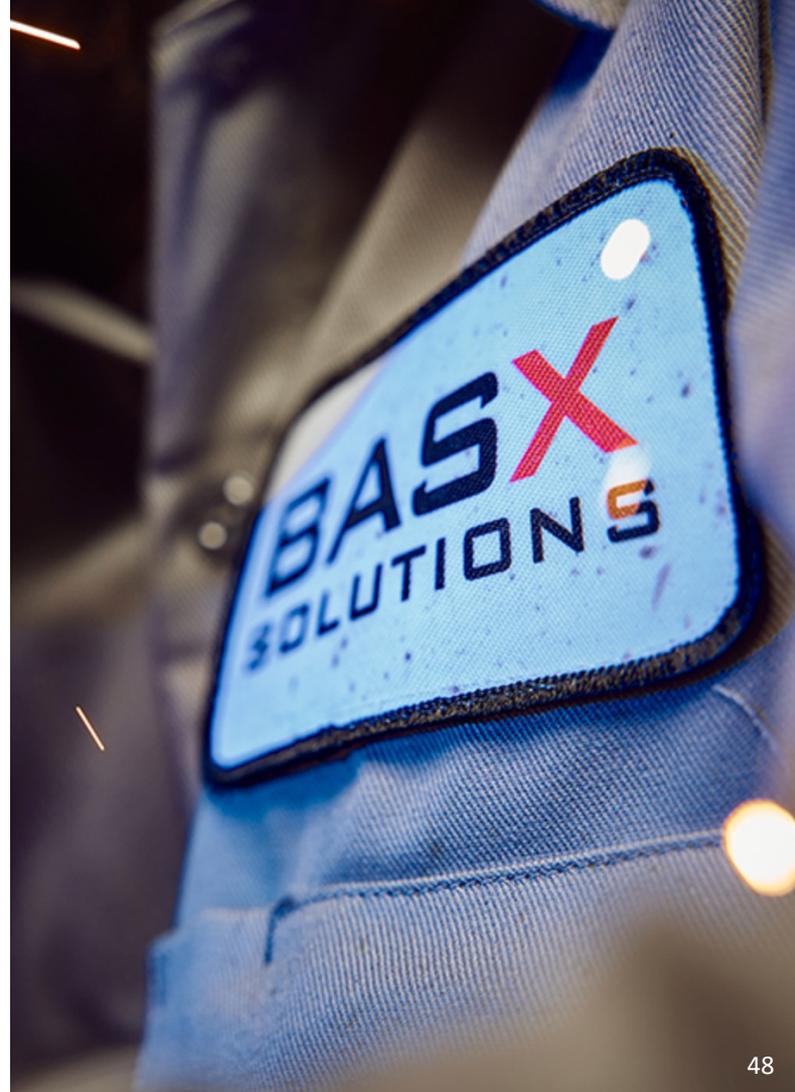
BASX
Redmond, OR



BASX

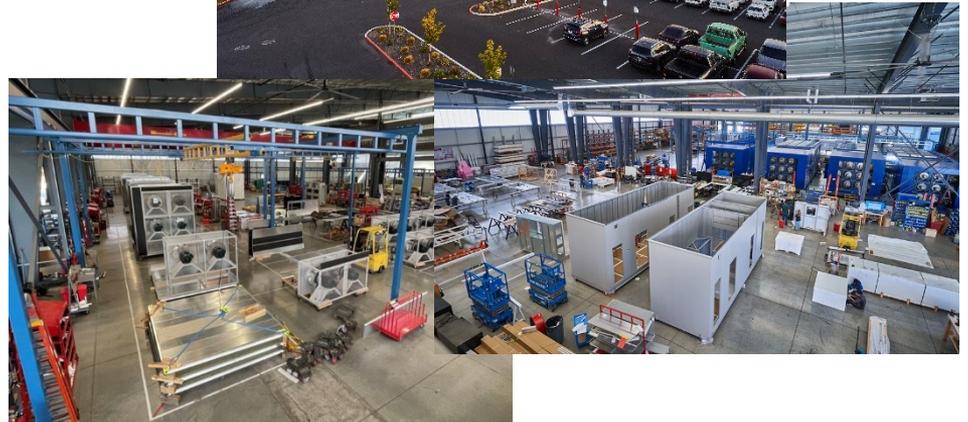
bas·ics

- A manufacturer of **custom** air handling products and environmental control solutions
- A **solutions provider** with a focus on innovation, vertical integration and delivering energy efficient products
- A customer service driven organization delivering **long-term value** to data center, cleanroom and commercial/industrial owners



BASX has built a team and new facilities to support continued growth

- Redmond, OR
- 13% of total sales
- Approx. 260,000 sf
- 500+ team members
- Recent purpose-built facility
- Automation drives custom manufacturing efficiently





BASX is a **trusted provider** of innovative solutions with a **proven track record** of delivery

Innovation

Innovation is in the DNA of the BASX team with a proven track record of industry leading product development

Relationships

Experienced team with strong relationships in the data center & cleanroom markets that cannot be easily replicated

Vertical Integration

Strong focus on vertical integration including the manufacturing of fan systems unique in the industry

At Scale

Expanded manufacturing footprint with the use of AAON capacity to accelerate market share gains and drive lead times



DATA CENTER MARKET continues exceptional expansion with solid visibility for sustained market investment

- 10%+ CAGR expected through 2030
- Consistent market share gains by BASX year-to-year
- Supply chain risk reduced with in-house fan manufacturing
- Long-term contracts provide visibility and stability
- Capacity to support continued growth with AAON plants

BASX has a comprehensive data center product offering, focused on **energy efficiency and long-term value**

Solutions are **deployed at scale** for enterprise, colocation and edge data centers



Fan Coil Wall



Direct Evaporative Cooler



Large Capacity CRAH



Indirect Free Cooling AHU



Free Cooling Chiller



Packaged Rooftop Unit



Modular Data Center

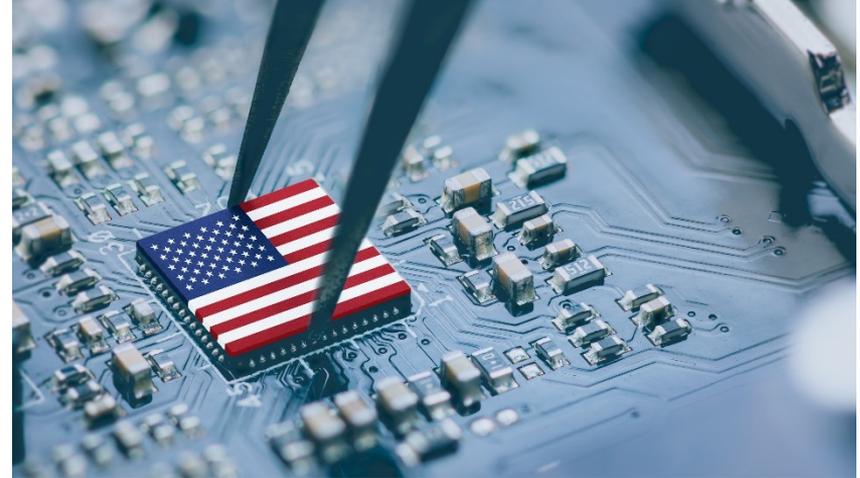


Chilled Water AHU



Overhead Fan Coil Unit

BASX is well positioned to capitalize on the cleanroom market's strong growth



Exceptional U.S. Investment

Heavy focus on the onshore manufacturing of semiconductor products is resulting in accelerating investment in building new facilities in the US

Strong Industry Relationships

BASX team has decades of experience supporting the cleanroom market and has strong relationships in the industry that are difficult to replicate

Limited Competition

Manufacturing HVAC for cleanroom environments is supported by a limited number of companies and has unique construction standards limiting entry for many

Innovation to Delivery at Scale

BASX team has a history of developing innovative solutions to reduce lead times, simplify install and manufacture solutions at scale supporting markets needs

BASX has a broad product offering to condition, filter and deliver air to clean environments



Plenum and Grid



Modular Cleanrooms



Air Handling Units



Integrated ORs



BASX

Positive bottom-line results have materialized through post-acquisition synergies

Revenue Synergies

- Leveraged AAON's scale to grow orders with existing customers
- Cross-selling of products to increase order volume on individual projects
- Increased manufacturing capacity by using in-place capacity across fleet
- Boosted sales by leveraging certain elements of AAON sales channel

Cost Synergies

- Extensive collaboration between sites enhancing manufacturing efficiency
- Consolidation of vendors to leverage scale and drive down material costs
- Utilization of in-place capacity improving overhead leverage
- Leveraging human capital across the organization

Demand for BASX product and manufacturing capacity continues to increase, supporting strong growth trends



**47% 5-Year
CAGR**



**143% YoY
Backlog
Growth**



**55% YoY
Team
Growth**



**CAPEX to
Support
Growth**

Marketing Strategy

Jeremy Cavness | Director of Marketing





History of Marketing at AAON

- Marketing decisions often made by the founder
- Marketing often viewed as a cost center / ROI hard to measure
- Bandwidth was extremely limited:
 - Overwhelming prioritization of product documentation, technical writing, and engineering content
 - Primary focus has been on features, not customer benefits
- **The true discipline of marketing has never been a priority**



History of Marketing at AAON

2021
\$535M

No Marketing Strategy

1988



Evolving Consumer Behavior

- People are busy
 - Multiple channels = harder to reach
 - Inundated with messaging
 - Low to zero tolerance for advertising
 - Brands competing for a small percentage of available mindshare
- Customers are doing research
 - Learning. Connecting. Experiencing.
 - Brands need to be less concerned with finding customers and better at being found
- Relational, not transactional
 - A new emphasis on relational connection with brands. Customers want to believe in the brands they buy from

Reps have been largely responsible for marketing AAON's products with limited support from corporate





When Reps Do Marketing Alone

- The AAON narrative can become construed, diluted, incomplete, or is missing altogether
- Every rep is selling a different version of AAON
- Marketing assets are often underdeveloped, inconsistent, and disparate from one another
- Opportunities are missed
- Sales are missed

GROWTH FOR EVERYONE IS LIMITED

Things are changing



The objective of a marketing program is not only to build a brand, but to **dominate** a category



The Big Strategy

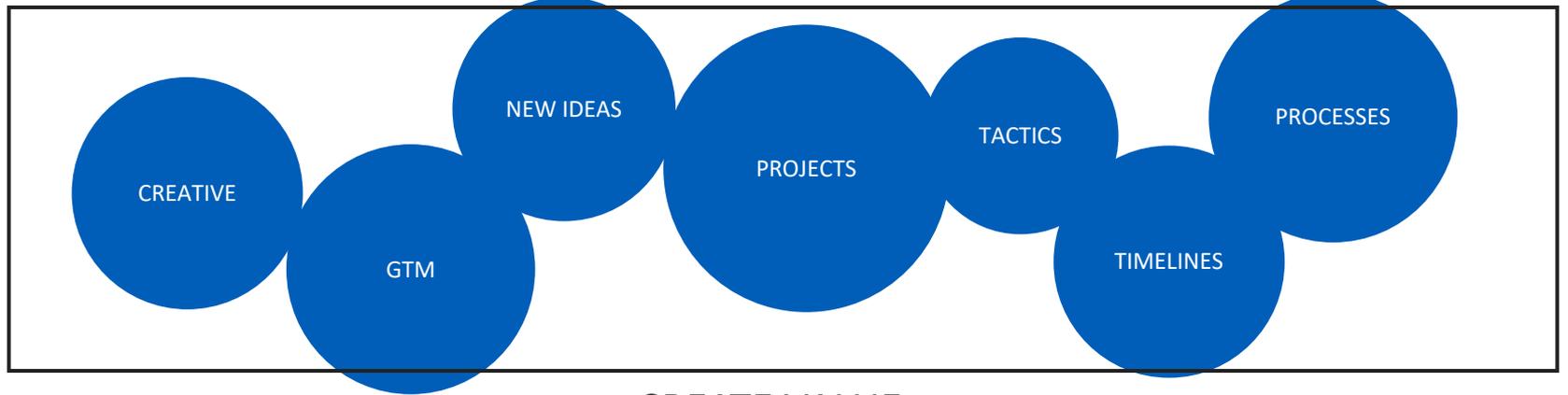
- Strong Foundation
- Humanize the AAON Brand
- Own the Narrative – Tell the AAON Story
- Create Deeper Relationships with Reps



Strong Foundation



DRIVE RESULTS



CREATE VALUE





Human Capital & Strong Partners

- Add more talent to the mix
- Right people in the right seats – Be intentional
- Strong agency partnerships:



retro→spec

F I L M S

- Enterprise Tech Stack
 - Websites
 - CRM
 - Automation
- Project Management
- DAM
- Digital Advertising



Humanize







Own the Narrative





Own the Narrative

- Clarify our basis to compete:

- Long-term value
- Premier Ownership Experience

- Form a messaging strategy

“We cannot offer real value until our customers understand the value that we offer.”

- Dominate the airwaves:

- Focused channel strategies
- Increased spend
- Iterate, Iterate, Iterate

Create deeper engagements
with our reps and customers





Customer Engagement

Training Programs

Webinars

Customer Visits

AAON Experience



The AAON Experience



NAIC



Exploration Center



Mobile Experience

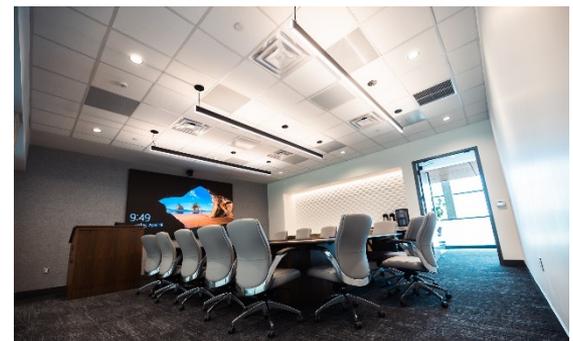
AAON Exploration Center

Building

- 28,000 sq. ft.
- 10,000+ sq. ft. of Exhibits and AAON Products
- 2 Premium Conference Rooms
- 6 Interactive Engineering Exhibits

Net Zero

- Over nine miles of geothermal well system piping for 49 wells, each that are 500' in depth
- One of the largest solar farms installations in Oklahoma
- High efficiency building envelope



THE TIME IS NOW



Sales Channel Strategy & Market Update

Andrew Edmondson | Director of Sales



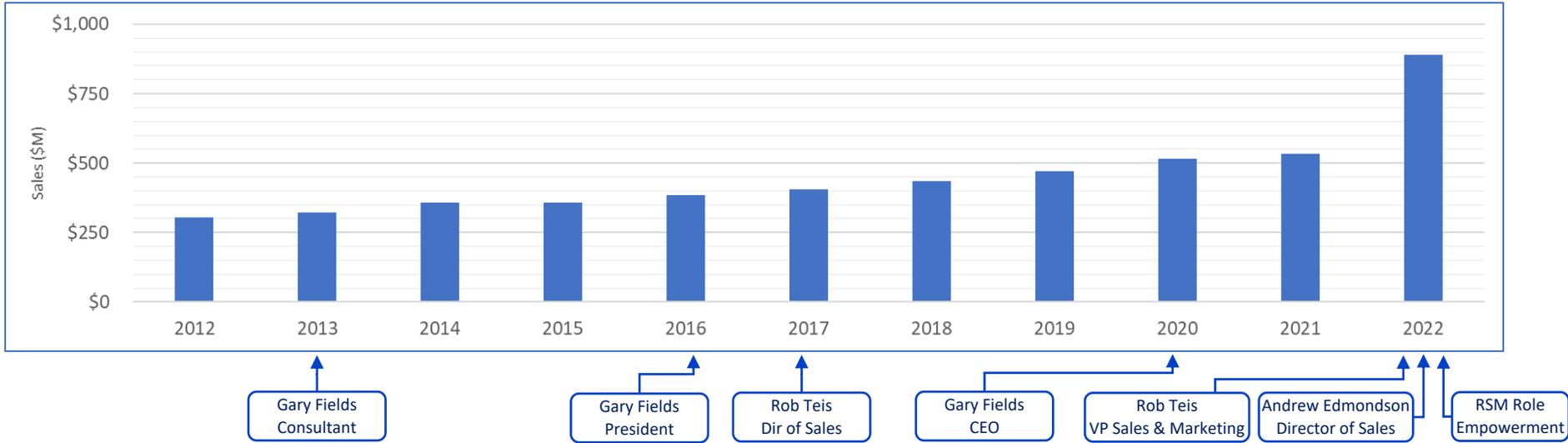
Go-to-Market Strategies in the Industry

	Factory Direct	Hybrid Direct & Reps	Multi-Channel	Independent Rep Network
Description	<ul style="list-style-type: none"> Salespeople are employees of manufacturer Large management and operations structures required for support across the numerous locations 	<ul style="list-style-type: none"> Direct salespeople in some markets, rep firms in other markets Reps are managed by the manufacturer like direct employees 	<ul style="list-style-type: none"> Direct salespeople in some/all markets with factory brand Reps are additional channels to market with unique brands Multiple management structures to support the various brands 	<ul style="list-style-type: none"> Reps are exclusive in each market Line cards offering complete HVAC system position rep strongly vs competitors
Manufacturer's SG&A & OH	\$\$\$\$	\$\$	\$\$\$\$	\$
Field Sales Considerations	<ul style="list-style-type: none"> Manufacturer has control of the channel Moderate salesperson incentives Churn in local leadership can typically be a challenge 	<ul style="list-style-type: none"> Optimal approach determined market-specific Multi-territory coordination considerations Connections between Rep and manufacturer are dependent on branch leaders 	<ul style="list-style-type: none"> Conflicts between channels are likely and risk isolating & demotivating channels Determine if business results are net positive to single channel 	<ul style="list-style-type: none"> Entrepreneurial mindset Strong equipment knowledge Leadership has ownership Lucrative seller incentives High retention





Strengthening our Rep Network



AAON is Scaling Leadership to Build Stronger Foundational Elements within our Reps

Business Plans

Succession Planning

Line Card Alignment to AAON

Partnership Oriented with AAON

Collaboration with Other Reps

Talent Management & Training

Applied Equipment Specialists

Factory Customer Visits

Owner Coverage

Service Capabilities

Aftermarket Parts

Performance Results

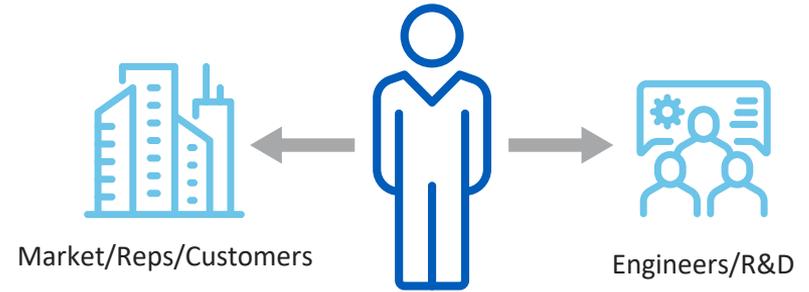


Engaging & Supporting our Reps

Rep Council & Task Forces



Product Market Manager



Training



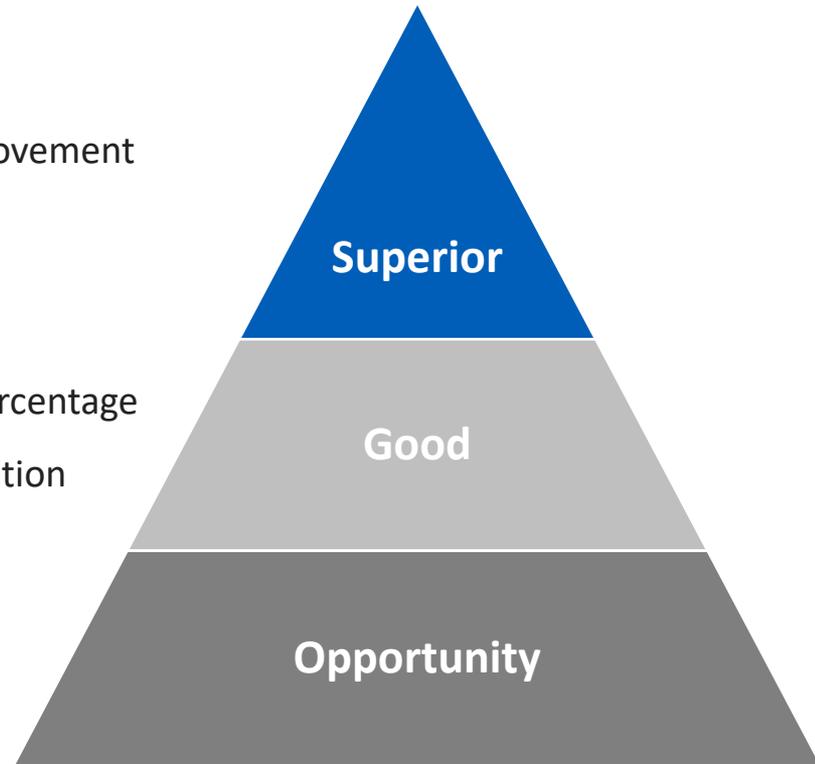
Customer Visits





Smaller Price Premium Makes For An Easier Sell

- Generally, a sales channel can be divided into a pyramid of capabilities: Superior, Good and Opportunity For Improvement
- At AAON's historical 15%-20% price premium, it required superior salespeople to successfully sell
- Now, with a price premium in the single-digits, a larger percentage of the sales channel can successfully sell the value proposition that AAON equipment offers, for two reasons:
 - Seller's experience levels vary
 - Customer appetite for premium upfront cost varies



Current Market Environment Remains Positive

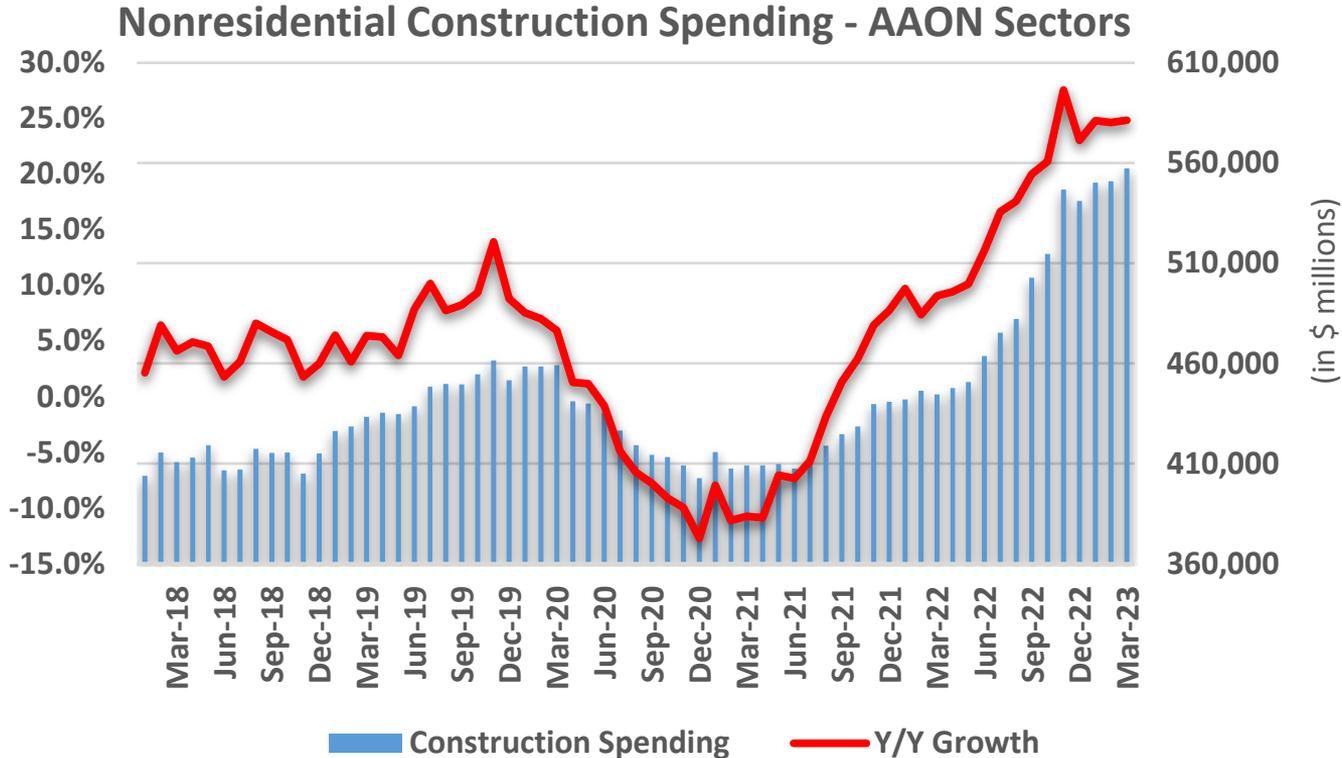
Positive Sentiment Amongst Sales Channel

Resilient Macroeconomic Indicators





Current Nonresidential Construction Market



*Includes only sectors that related to a majority of AAON's sales, including lodging, office, commercial, healthcare, education and manufacturing.

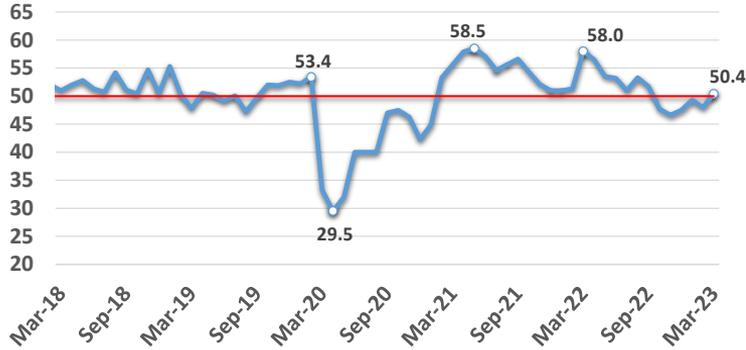
Source: www.census.org



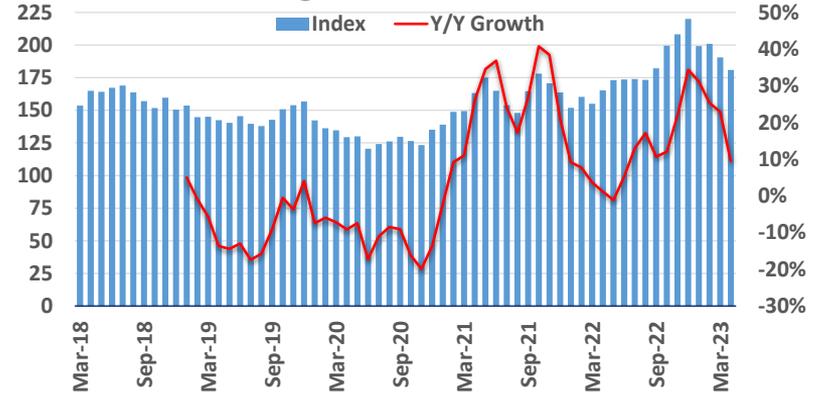
Nonresidential Construction Leading Indicators

Nonresidential Construction Planning Indicators

Architectural Billings Index

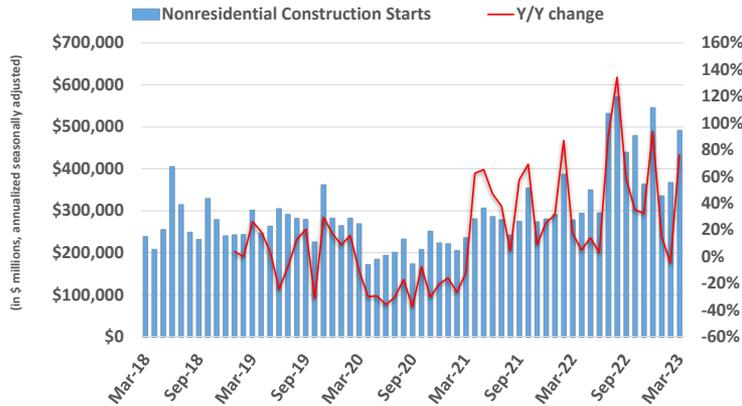


Dodge Momentum Index

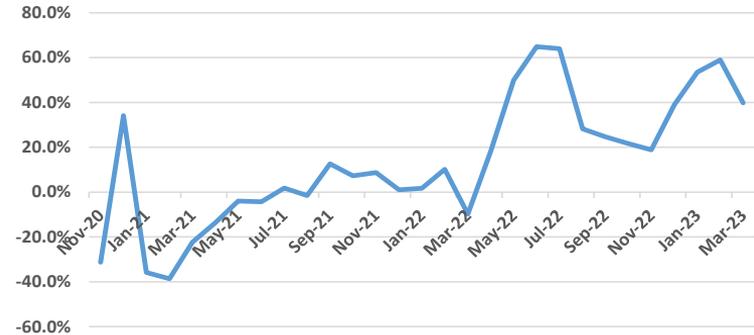


Nonresidential Construction Starts Indicators

Dodge Nonresidential Construction Starts



ConstructConnect Nonresidential Construction Starts - 3-Month Rolling Average Y/Y Change

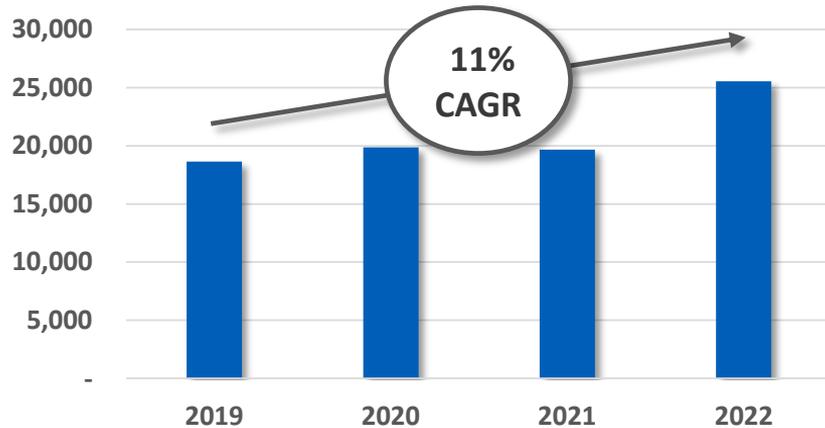


Source: www.aia.org, www.constructconnect.com, www.construction.com

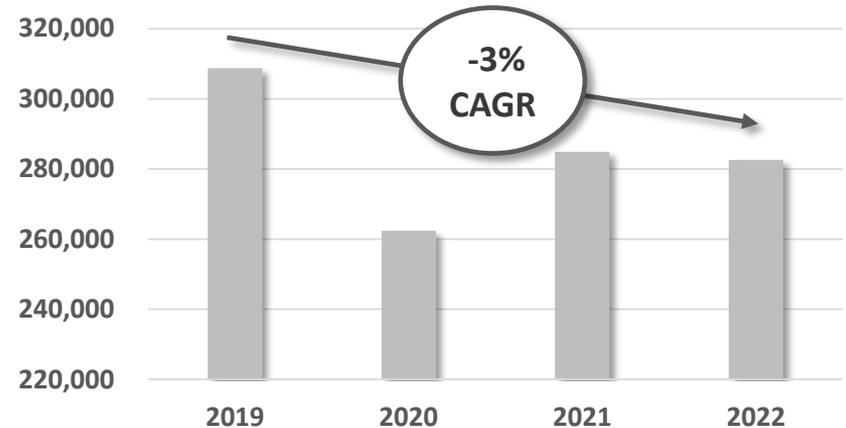


AAON Taking Market Share

AAON Units Shipped¹



Industry Units 5+ Tons Shipped²



¹ AAON units shipped excludes BASX units and discontinued water-source heat pump WH and WV units. ² Industry units are derived from www.AHRInet.org.

Investing in Sustainable Growth

Matt Tobolski | President, BASX





Demand fueling the need for **strategic infrastructure investment** with focus on driving shareholder returns

SALES \$266.0M

Organic growth +45.5% Y/Y • Volume growth 23.5% Y/Y

BACKLOG \$599.9M

+30.0% Y/Y • +9.5% Q/Q

GROSS PROFIT MARGIN 29.0%

+380 bps Y/Y • -180 bps Q/Q

CAPEX BUDGET \$135.0M

+149.9% Y/Y Increase

Headroom within existing infrastructure footprint

Fleetwide excess capacity is between 30-40%

- AAON Oklahoma has greatest headroom
- BASX has the lowest headroom





Comprehensive approach to capacity planning has been in place for years

Grow Our #1 Asset

The team at AAON is our best asset and we are focused on providing the best employee experience and ensuring our team is well trained and efficient

Existing Space

Space Force has been a driver in reimagining the utilization of manufacturing space at AAON, which has increased operating leverage

Drive Efficiency

Logistics Team has been driving manufacturing efficiencies by eliminating process waste throughout the organization helping to drive revenue growth

Build Smartly

Operations Team has a continuous review of growth and capacity and has and will continue to deploy capital to increase organizational footprint

AAON Oklahoma

Tulsa, Oklahoma

Broad-based investment with immediate impact on staffing and capacity along with foundation for long-term investment

- Acquisition of adjacent properties to increase office space, enhance employee experience, add parking capacity
- Build out of coil manufacturing capacity
- Addition of new machinery
- Design of future new facility to expedite breaking ground when justified





AAON Coil Products

Longview, TX

Doubling down on previous build, providing substantial headroom and efficiency gains

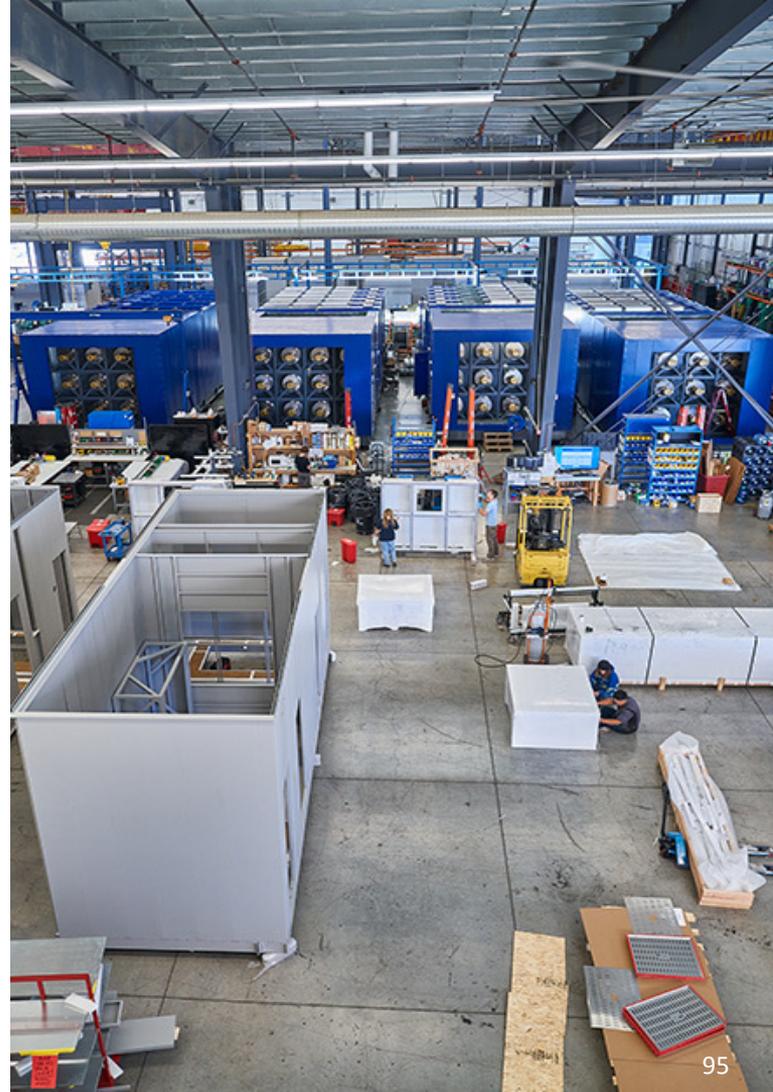
- Building out second half of the building that was constructed a few years back
- Shifting of unit production into new building allowing for additional coil manufacturing capacity
- Additional room for new production lines supporting collaborative opportunities

BASX Solutions

Redmond, Oregon

Maximizing utilization of recent expansion by increasing capacity in constraining areas

- ➔ Constructing purpose-built weld shop to increase capacity and scale of units
- ➔ Installing additional fabrication equipment to increase capacity and redundancy on site
- ➔ Increasing development efforts on software automation for custom AHUs





AAON Controls

Kansas City, Missouri

Improving production process through purpose-built new manufacturing facility, automation and vertical integration

- Constructing new manufacturing facility with improved production efficiency
- Investing in manufacturing automation and vertically integrating more processes
- Increasing R&D space and offices to promote increased team size and drive further innovation



Strategic deployment of capital with a focus on delivering long-term shareholder returns



**Optimize
Facilities**



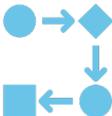
**Geographic
Diversification**



**Expand Product
Offering**



**Vertical
Integration**



**Process
Automation**



**Market
Diversification**



**Enhance Sales
Rep Experience**



**Product
Innovation**

Financial Overview

Rebecca Thompson | Chief Financial Officer and Treasurer





Historical Financial Performance

Gross Margin



Net Sales (\$M) and % Increase



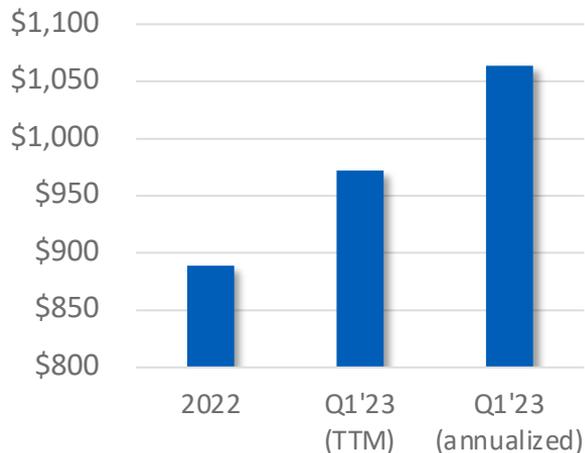
Three Distinguishable Periods Since 2017

- 2017 – Pre-Leadership Transition
 - 30%+ gross margin
 - Slow organic growth
- 2018-2020 – Transition
 - Improving from sub-par gross margin back to 30%+
 - Acceleration in sales
 - Robust acceleration in bookings
 - Large capex investments for capacity expansion
- 2021-2022 – Pandemic and Post-Pandemic
 - Hyperinflation pressuring gross margin
 - Acquisition of BASX
 - Strategic changes in leadership

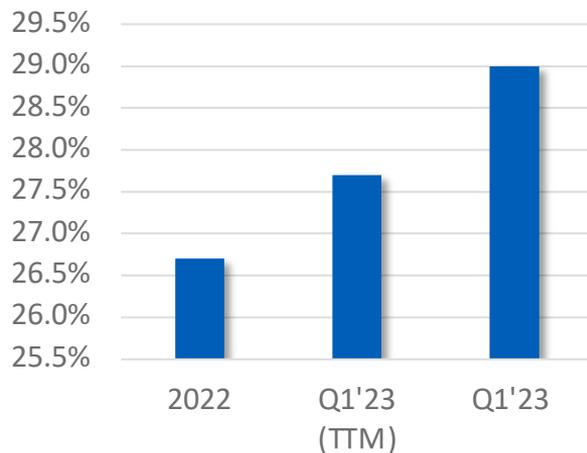


Where Are We Now

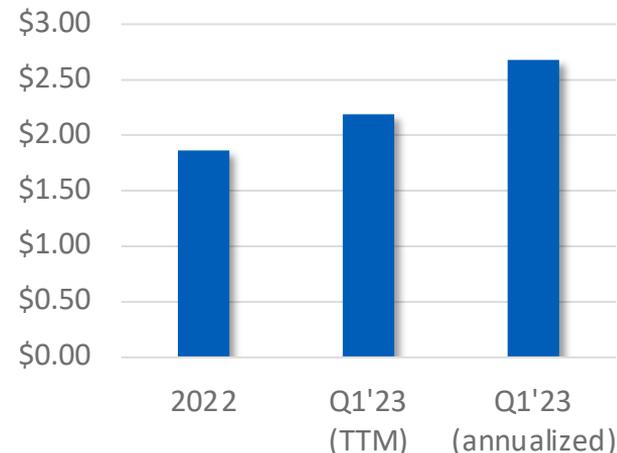
Net Sales (\$M)



Gross Margin



Diluted EPS



2023 Strategic Objectives

- Proactively Drive Results
 - Improve our margin management process for business decision making
 - Use of product management to evaluate product line results and move towards market pricing
- Culture
 - One AAON Reorganization
 - Integration of BASX
 - Ability to hire
- Systems
 - Improving our technology for real time financial performance
 - Revamping our business processes
- Talent
 - Developing leaders





2023 Outlook And Long-Term Targets

→ Managing Price To Market

- Price will contribute low-double digits to sales growth

→ Solid Volume Growth

- 23.5% in Q1
- Strong backlog entering Q2
- Higher headcount and improving productivity

→ Continued Gross Margin Improvement

- Gross margin improvement throughout 2023
- Improved profitability within backlog
- Improving productivity

→ Higher SG&A

- Limited leverage
- Investments in back-office infrastructure

→ Strong Bookings

- Bookings outpaced production through Q1

Long-Term Targets

- Annual Organic Sales Growth: >10.0%
- Gross Margin: 30.0%+



Historical Use Of Cash Flow & Debt

(in \$ millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Operating Cash Flow	\$54.4	\$53.5	\$55.4	\$63.9	\$58.0	\$54.9	\$97.9	\$128.8	\$61.2	\$61.3
Capital Expenditures	\$9.0	\$16.1	\$21.0	\$26.6	\$41.7	\$37.3	\$37.2	\$67.8	\$55.4	\$54.0
Dividends Paid	\$7.4	\$9.7	\$11.9	\$12.7	\$13.7	\$16.7	\$16.6	\$19.8	\$19.9	\$22.9
Share Repurchases	\$8.2	\$29.3	\$37.1	\$20.1	\$18.2	\$27.9	\$20.8	\$31.2	\$22.5	\$13.8
Acquisitions	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.4	\$0.0	\$0.0	\$103.4	\$22.2
Total Capital Deployed	\$24.6	\$55.1	\$70.0	\$59.4	\$73.6	\$88.3	\$74.6	\$118.8	\$201.2	\$112.9
% of Operating Cash Flow	45.2%	103.0%	126.4%	93.0%	126.9%	160.8%	76.2%	92.2%	328.8%	184.2%

Debt	\$0.0	\$40.0	\$71.0							
Leverage Ratio	0.0x	0.4x	0.5x							

*Reflects adoption of ASU 2016-09

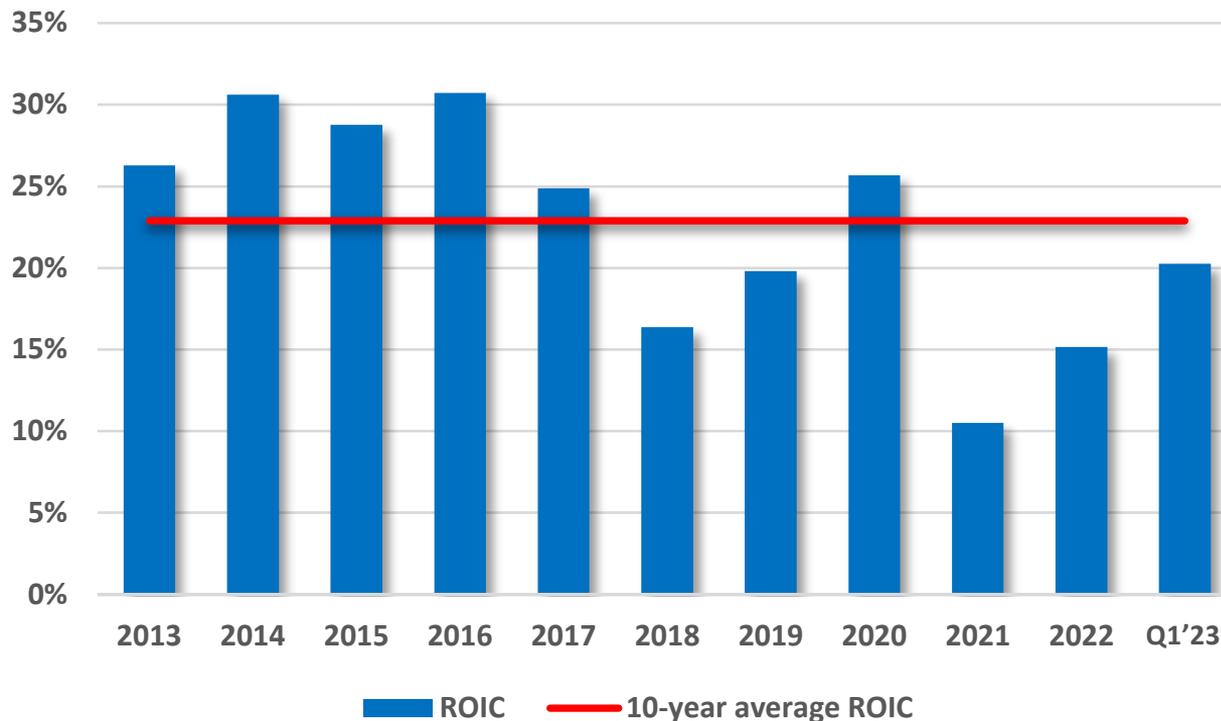


Current Capital Allocation

- Invest in Organic Growth
 - Production capacity
 - Working capital
- Mergers & Acquisitions (M&A)
 - Evolving M&A strategy, but do not expect AAON to become an aggressive acquirer
- Debt
 - Anticipate full pay down of debt over next 12 months
- Dividends
 - Regular quarterly dividend, consistently increasing over time
- Share Buybacks
 - Our lowest priority, but we have a \$50.0M authorization that we would use selectively



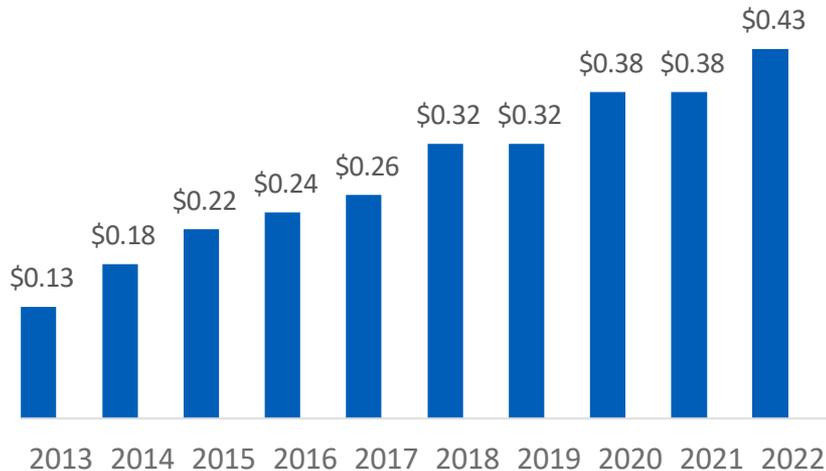
Compelling Returns On Invested Capital¹



¹ See Appendix for non-GAAP Reconciliation

Stockholder Returns

Annual Dividend



- Dividends have increased 231% in the last 10 years
- We increased the annual dividend per share from \$0.38 to \$0.48 in November 2022
- Starting in 2023, we now pay our dividend quarterly
- Dividend yield is 0.5% at March 31, 2023
- Dividend payout ratio was 22.8% for 2022

This is how we seize the opportunity

Results

Proactively manage business to drive increased profitability

Culture

Cultivating “One AAON” culture including BASX

Systems

Modernize business through focus on digital transformation

Talent

Strengthen the breadth and depth of our team



Appendix

Return On Invested Capital

(\$ in 000s)	Annualized										
	Q1 2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net Income	147,256	100,376	58,758	79,009	53,711	42,329	53,830	53,376	45,728	44,158	37,547
Total Assets	867,914	813,903	650,180	449,008	371,424	307,994	296,780	256,530	232,854	226,974	215,444
Less: Current Liabilities	(137,871)	(145,567)	(86,768)	(59,033)	(56,028)	(47,491)	(50,065)	(39,042)	(43,413)	(42,713)	(36,329)
Less: Cash	(2,515)	(5,451)	(2,859)	(79,025)	(26,797)	(1,994)	(21,457)	(24,153)	(7,908)	(21,952)	(12,085)
Less: Restricted Cash	(465)	(498)	(628)	(3,263)	(17,576)	-	-	-	-	-	-
Less: Short-term Investments	-	-	-	-	-	-	(8,957)	(19,595)	(22,524)	(18,070)	(24,150)
Invested Capital	727,063	662,387	559,925	307,687	271,023	258,509	216,301	173,740	159,009	144,239	142,880
ROIC	20.3%	15.2%	10.5%	25.7%	19.8%	16.4%	24.9%	30.7%	28.8%	30.6%	26.3%