



Q1 2025 Earnings Conference Call

May 1, 2025

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. Important factors that could cause results to differ materially from those in the forward-looking statements include (1) the timing and extent of changes in raw materials and component prices, (2) the effects of fluctuations in the commercial/industrial new construction market, (3) the timing and extent of changes in interest rates, as well as other competitive factors during the year, and (4) general economic, market or business conditions. For additional information and a discussion of such risks and uncertainties, which could cause the Company’s actual 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. When forward-looking non-GAAP measures are provided, the Company does not provide quantitative reconciliations of forward-looking non-GAAP measures to the most directly comparable GAAP measures, because it cannot, without unreasonable effort, predict the timing and amounts of certain items taken into account in the computations of each of these measures.

Strategic pillars



Q1 2025 overview

\$322.1M

Sales

—
+22.9% Y/Y

26.8%

Gross Profit Margin

—
-840 bps Y/Y
+75 bps Q/Q

\$56.7M

Adj. EBITDA

—
-6.3% Y/Y
17.6% margin

\$0.37

Adj. Diluted EPS

—
-20.0% Y/Y

\$1.0B

Backlog

—
+83.9% Y/Y
+18.4% Q/Q

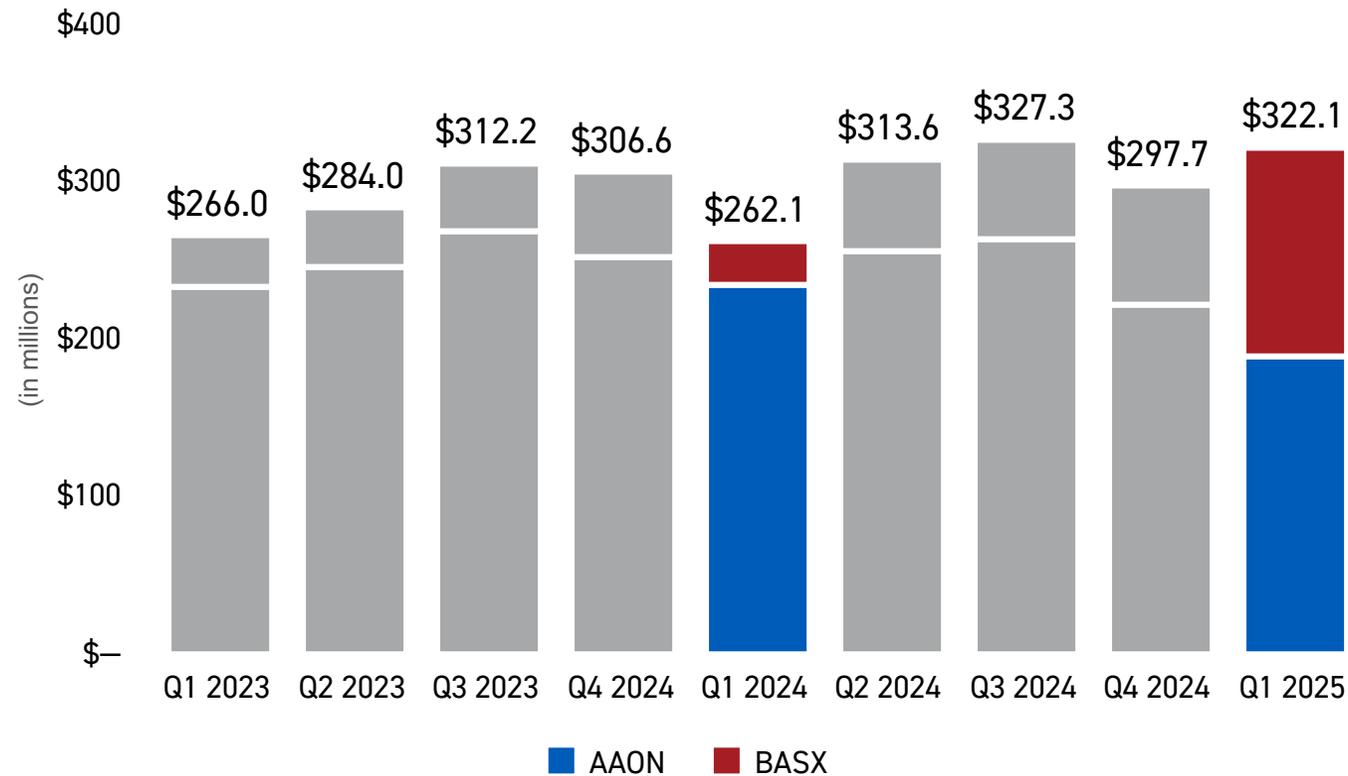


Q1 sales and earnings
improved from Q4
results



Strong backlog will result in
a **steep recovery** in 2H 2025

Q1 2025 summary: revenue

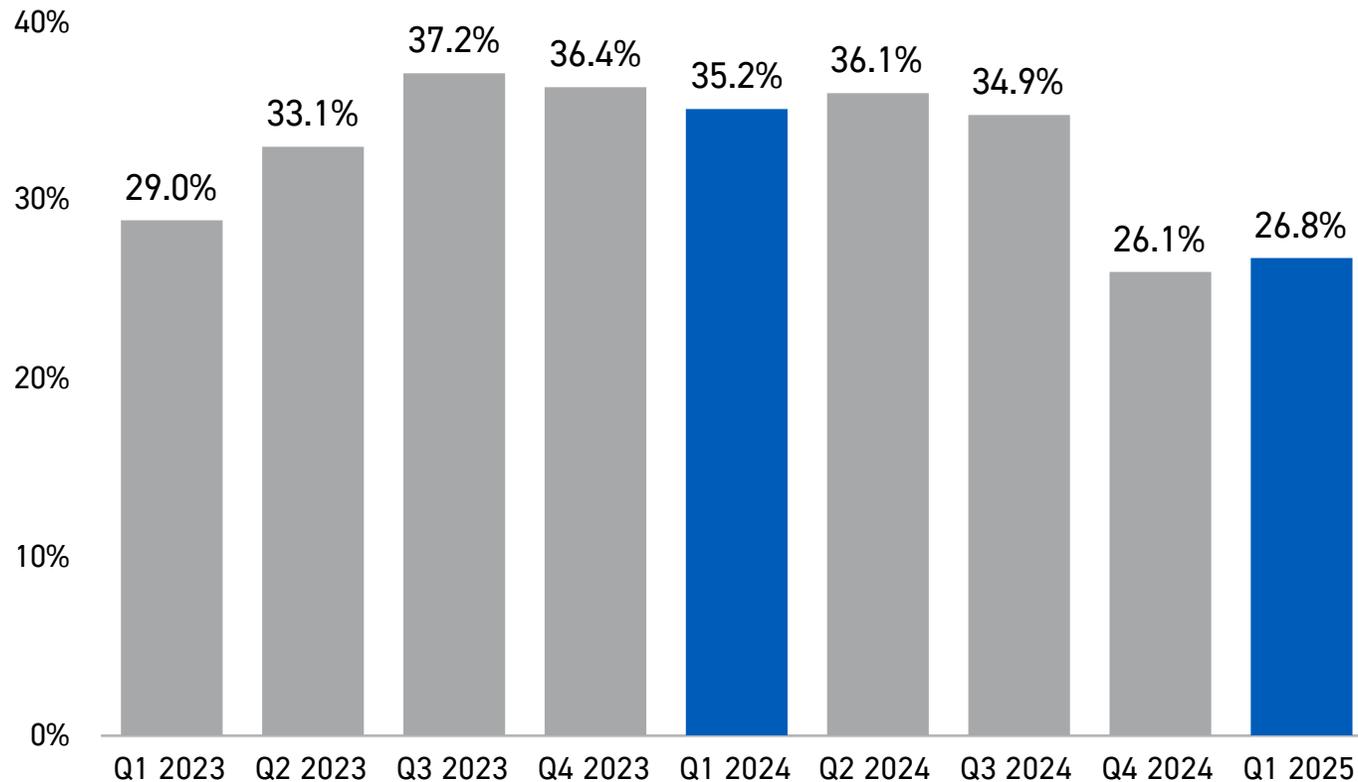


Q1 Highlights

The year-over-year increase was driven by a **374.8%** increase in sales of **BASX-branded equipment**, largely spurred by data center equipment demand.

This was partially offset by a 19.1% decline in sales of AAON-branded equipment

Q1 2025 summary: gross margin

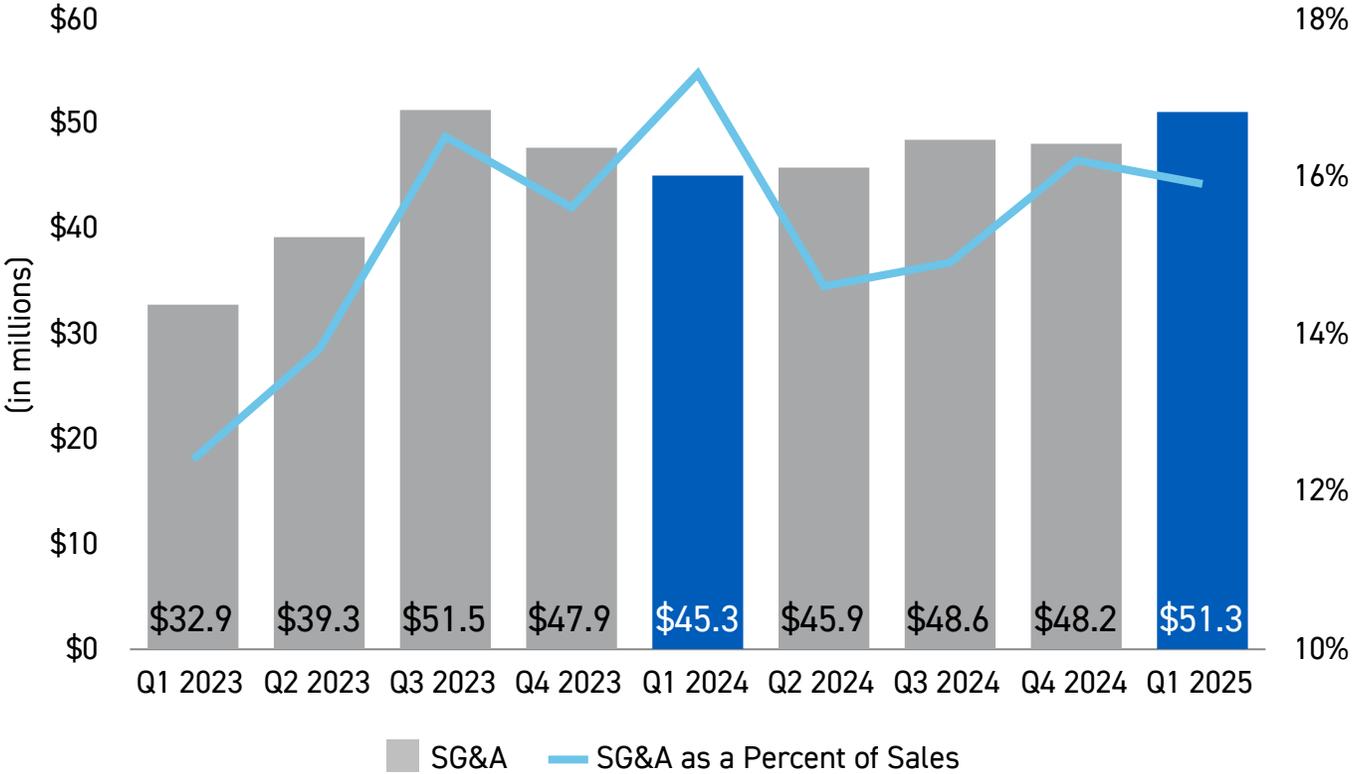


Q1 Highlights

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

Right sizing capacity to meet growing demand at AAON Coil Products and BASX segments resulted in substantial margin expansion at these two segments

Q1 2025 summary: SG&A



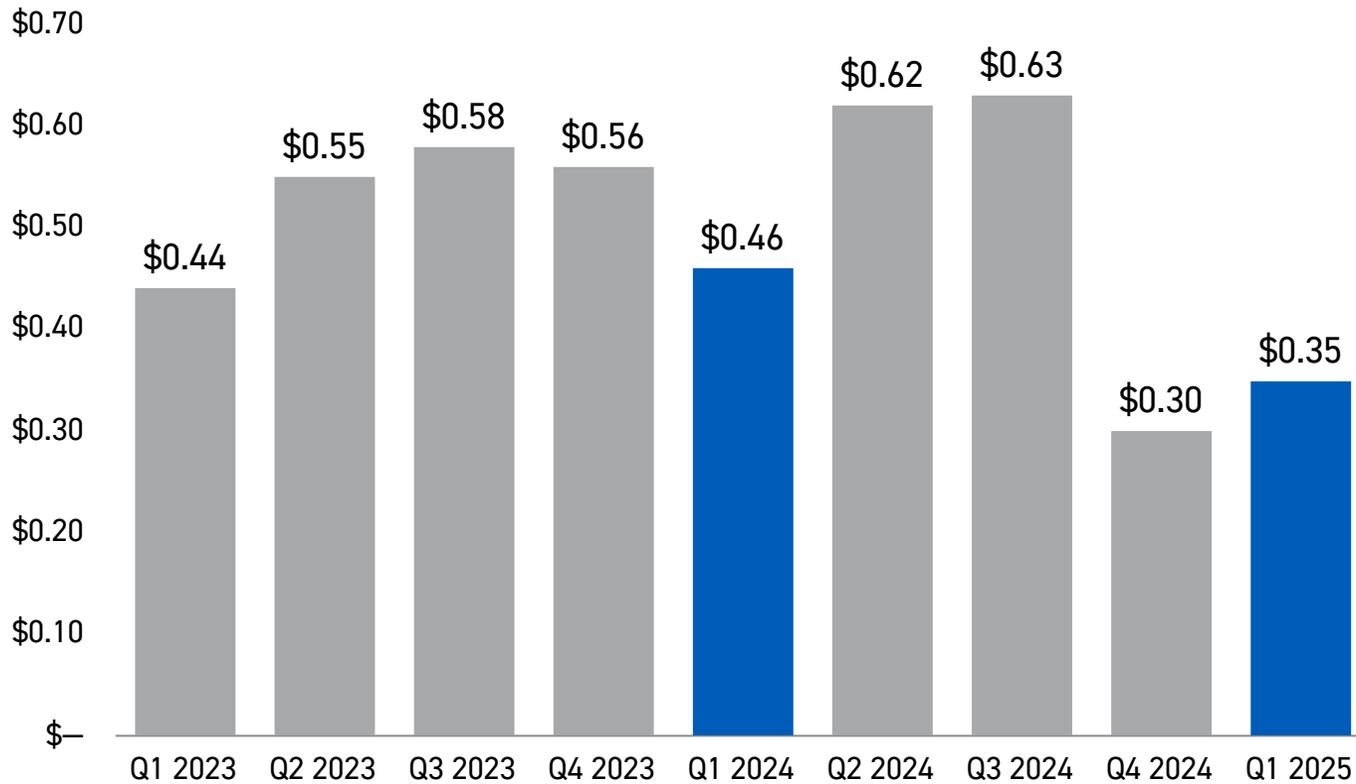
Q1 Highlights

As a percent of sales,
SG&A decreased to 15.9%

Included in SG&A was a \$2.7 million
 fee related to tax incentives for the
 new Memphis facility



Q1 2025 summary: EPS



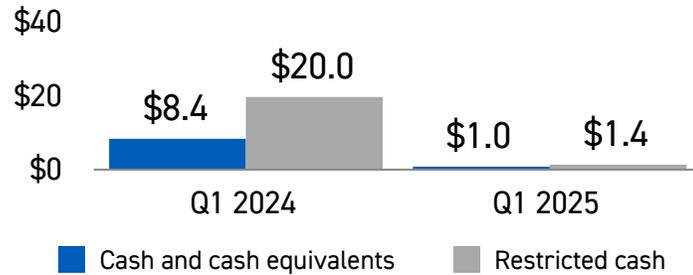
Q1 Highlights

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

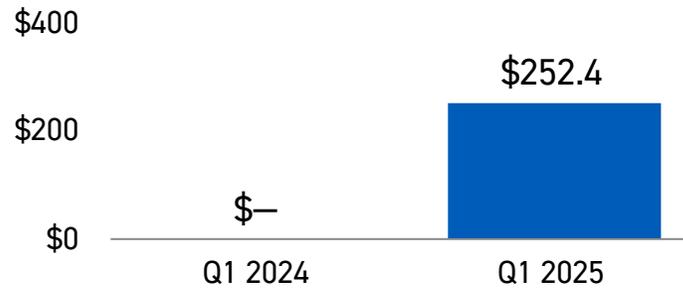
Included in EPS was a \$2.7 million fee related to tax incentives for the new Memphis facility. Excluding the net impact, adjusted EPS was \$0.37.

Q1 2025 summary: balance sheet

Restricted Cash, Cash & Cash Equivalents



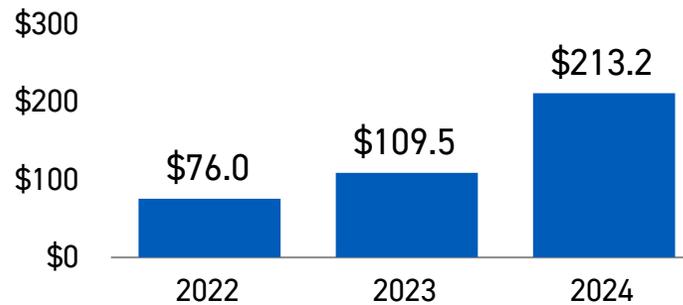
Debt



Working Capital



Annual Capex



* All metrics are in millions

Q1 Highlights

Balance sheet remains **strong**

Leverage ratio at the end of the first quarter was **0.95**

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

Repurchased **\$30.0 million** of shares outstanding

Net Sales by branded products

(All percentages on this slide represent year-over-year changes)

Segments

	Sales		
AAON brand	\$189.5M	Down 19.1%	Production was slower than anticipated due to temporary supply chain issues
BASX brand	\$132.6M	Up 374.8%	Strong demand of data center equipment at the Oregon and Texas facilities
	Sales	Gross Profits	
AAON Oklahoma	\$161.8M Down 23.0%	\$38.0M Down 51.6%	Entering Q2, backlog is strong and supply chain issues are abating, allowing for production to improve substantially
AAON Coil Products	\$94.0M Up 287.8%	\$32.5M Up 299.1%	Strength driven by the new BASX-branded data center liquid cooling product
BASX	\$66.2M Up 138.9%	\$15.9M Up 179.5%	Anticipate improvement in productivity throughout 2025



Backlog by brands

(All percentages on this slide represent year-over-year changes)

Backlog

AAON brand

\$403.9M

Up 44.9%

Backlog is the highest level since the first quarter of 2023

With supply chain issues abating, expect production to increase

BASX brand

\$623.0M

Up 122.7%

Demand of air-side and liquid cooling solutions for data centers is robust

Strong visibility into 2026 will result in robust growth for the foreseeable future

TOTAL BACKLOG

\$1,026.9M

Up 83.9%

Strong backlog allows us to plan production more efficiently

Anticipate improvement in production volume and efficiency throughout 2025



2025 outlook

Reaffirmed

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

Q2 Outlook

Sales and EPS will be up modestly from the first quarter

Tariffs

Inclusive in our outlook is a 6% surcharge, which we anticipate will fully neutralize any impacts the tariffs have on our costs and margins

Appendix



Non-GAAP Financial Measures

Non-GAAP Adjusted Net Income

	Three Months Ended March 31,	
	2025	2024
	<i>(in thousands)</i>	
Net income, a GAAP measure	\$ 29,292	\$ 39,016
Memphis incentive fee ¹	2,700	—
Profit sharing effect ²	(230)	—
Tax effect	(627)	—
Non-GAAP adjusted net income	<u>\$ 31,135</u>	<u>\$ 39,016</u>
Non-GAAP adjusted earnings per diluted share	<u>\$ 0.37</u>	<u>\$ 0.46</u>

¹The incentive fee relates to fees payable to our real estate broker associated with the acquisition of our Memphis, Tenn. plant for a percentage of the incentives awarded to us by various entities.

²Profit sharing effect of the Memphis incentive fee in the respective period.

Non-GAAP EBITDA and Adjusted EBITDA

	Three Months Ended March 31,	
	2025	2024
	<i>(in thousands)</i>	
Net income, a GAAP measure	\$ 29,292	\$ 39,016
Depreciation and amortization	18,943	13,437
Interest expense, net	2,802	239
Income tax expense	3,191	7,792
EBITDA, a non-GAAP measure	<u>\$ 54,228</u>	<u>\$ 60,484</u>
Memphis incentive fee ¹	2,700	—
Profit sharing effect ²	(230)	—
Adjusted EBITDA, a non-GAAP measure	<u>\$ 56,698</u>	<u>\$ 60,484</u>
Adjusted EBITDA margin	17.6 %	23.1 %

¹The incentive fee relates to fees payable to our real estate broker associated with the acquisition of our Memphis, Tenn. plant for a percentage of the incentives awarded to us by various entities.

²Profit sharing effect of the Memphis incentive fee in the respective period.

Net Sales and backlog by branded products

Revenue by Branded Products

	Three Months Ended												
	<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>	<u>6/30/2023</u>	<u>9/30/2023</u>	<u>12/31/2023</u>	<u>3/31/2024</u>	<u>6/30/2024</u>	<u>9/30/2024</u>	<u>12/31/2024</u>	<u>3/31/2025</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	\$ 189,493
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	\$ 132,561
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>	<u>\$ 322,054</u>

Backlog by Branded Products

	Three Months Ended												
	<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>	<u>6/30/2023</u>	<u>9/30/2023</u>	<u>12/31/2023</u>	<u>3/31/2024</u>	<u>6/30/2024</u>	<u>9/30/2024</u>	<u>12/31/2024</u>	<u>3/31/2025</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	\$ 403,863
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	\$ 623,006
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>	<u>\$ 1,026,869</u>