

Powell Industries, Inc.

(NASDAQ:POWL)

Investor Presentation

July 2024



Forward Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact, included in this presentation are forward-looking statements. Such forward-looking statements include, but are not limited to, projections and estimates concerning the timing and success of specific projects, our future backlog, revenues, income, acquisitions, liquidity, capital spending, results of operations and financial condition, as well as other statements that are not historical facts contained in or incorporated by reference into this presentation. These forward-looking statements speak only as of the date of this presentation; we disclaim any obligation to update or revise these statements unless required by applicable law, whether as a result of new information, future events or otherwise; and we caution you not to unduly rely on them. We have based these forward-looking statements on expectations and assumptions of management at the time the statements were made. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties that could cause actual results to differ materially from those included in this presentation, most of which are difficult to predict and many of which are beyond our control. These risks, contingencies and uncertainties relate to, but are not limited to, the factors detailed herein and in our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other SEC filings, which are available on our website at powellindustriesinc.gcs-web.com. We can provide no assurance that the forward-looking statements contained in this presentation will occur as expected, and actual results may differ materially from those included in this presentation.

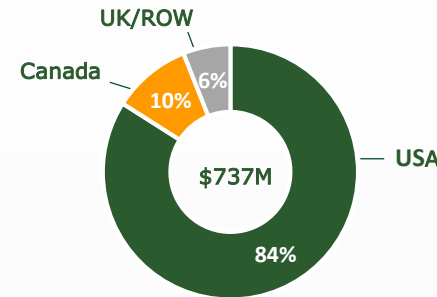
Non-GAAP Financial Measures

This presentation includes non-GAAP financial measures, which help facilitate comparison of company performance across periods. For a reconciliation of non-GAAP measures included herein to the nearest corresponding GAAP measure, please see the appendix to this presentation.

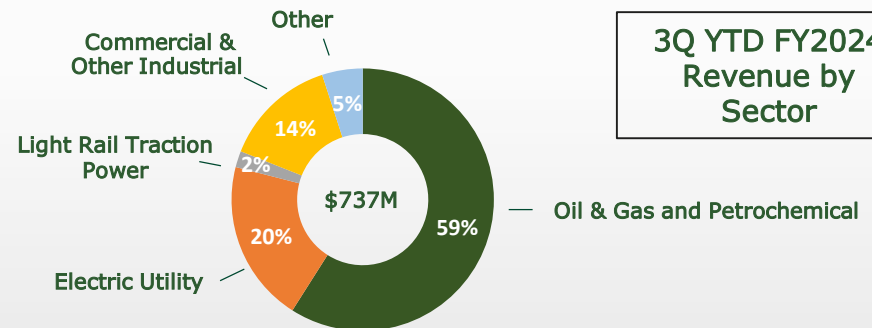


Powell Industries ... Who We Are

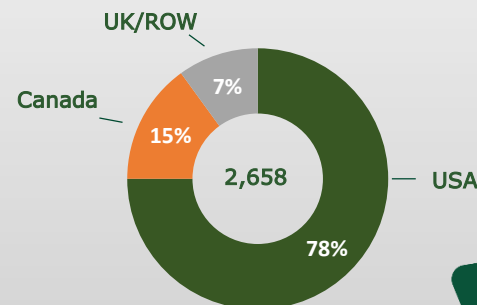
- ✓ Founded in 1947 with headquarters in Houston, Texas
- ✓ A solutions provider for complex electrical applications
- ✓ Global manufacturing footprint
- ✓ 3Q YTD FY2024 revenues of \$737M
- ✓ Unleveraged balance sheet



3Q YTD FY2024
Revenue by
Geography



3Q YTD FY2024
Revenue by
Sector



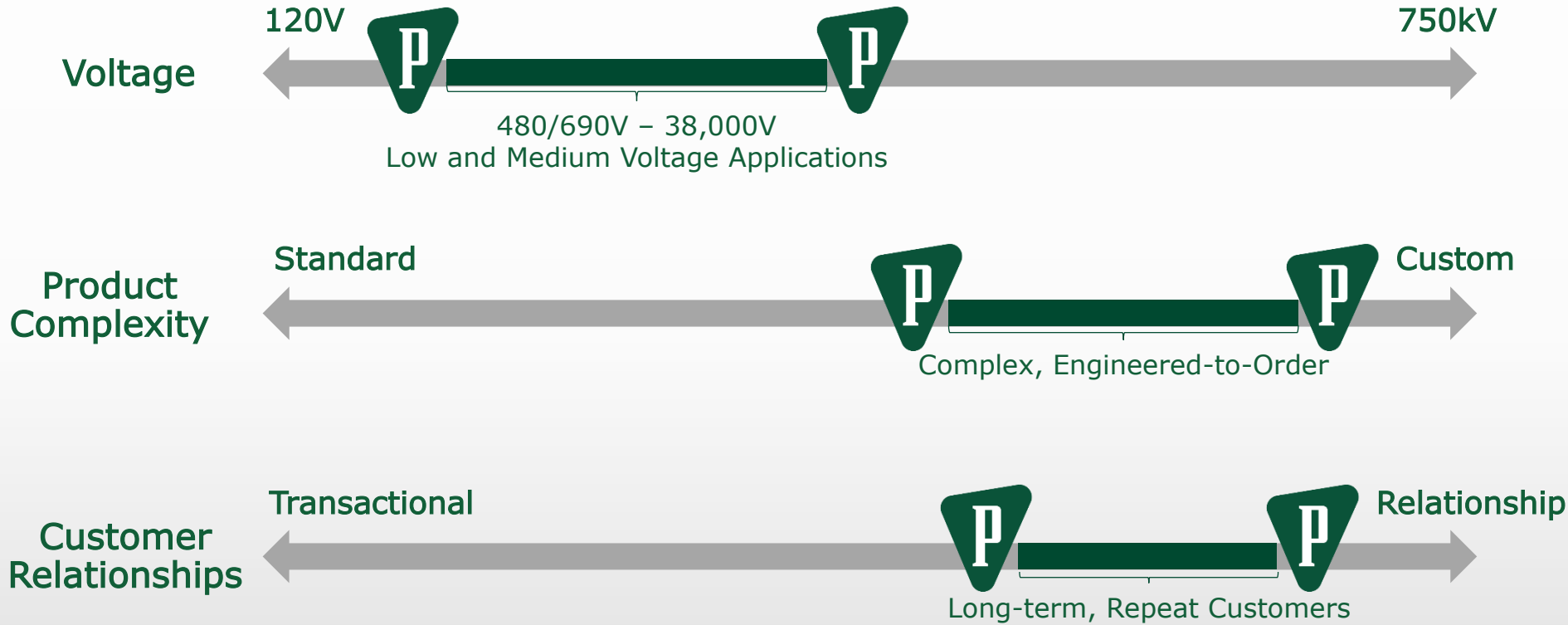
3Q FY2024
Employees by
Geography

Experts in Electrical Distribution

Leader in the custom design, manufacture and service of complex electrical solutions where critical power applications demand safe and reliable supply

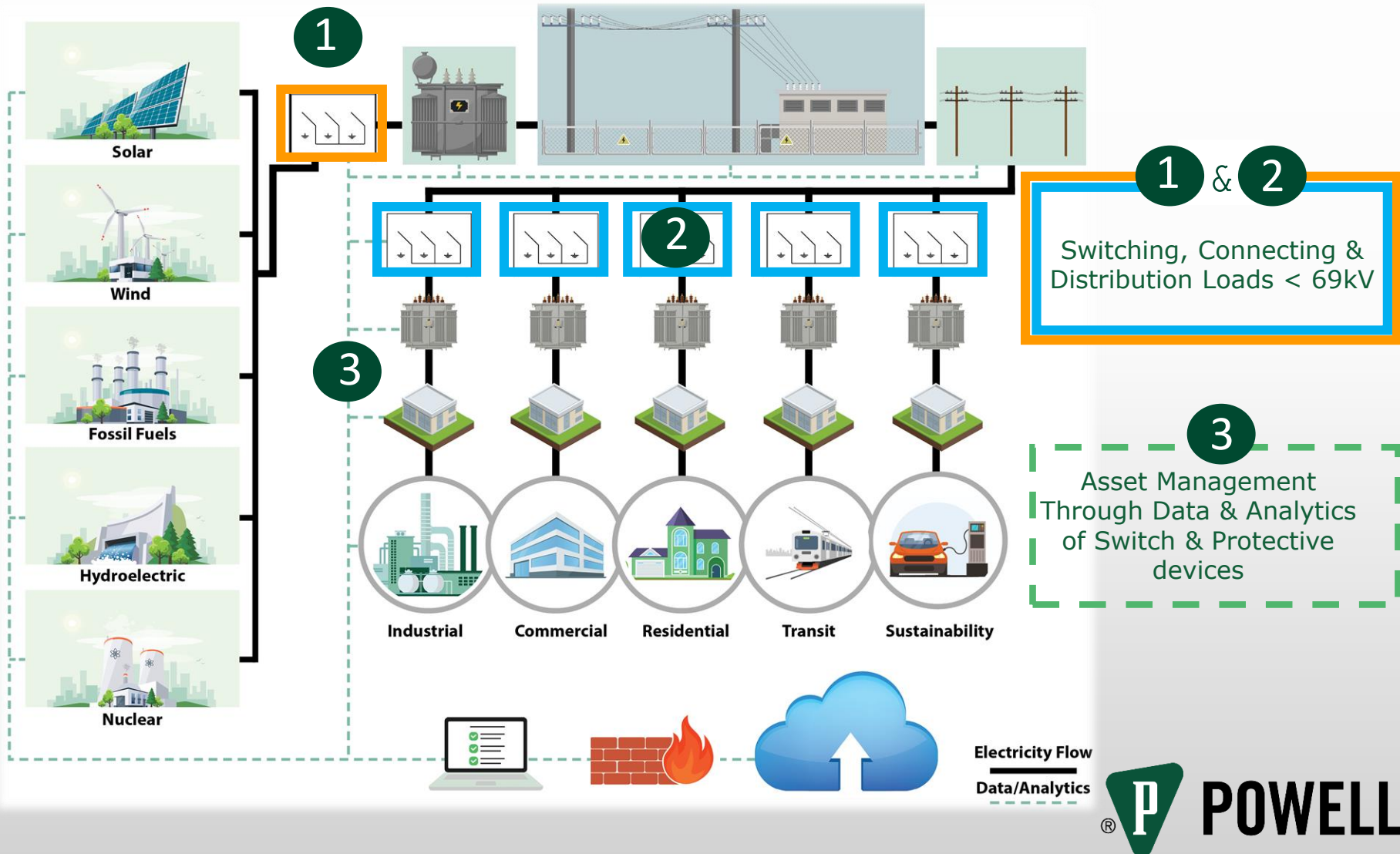


Market Focus



Nature of Highly Complex, Custom Solutions Fosters Recurring Customers

Focusing on Electrical Distribution



Switchgear Solutions



American National Standards Institute (ANSI)

Predominant Standard in North America



International Electrotechnical Commission (IEC)

Predominant Standard Outside North America



Engineered to Order Customized Power Distribution

Integrated Power Solutions



Power Control Room



Custom Engineered Module

Secure factory controlled environment for fabrication versus jobsite construction

Expertise of electrical distribution & control while compliant to latest building & energy codes

Coordination of multiple interfaces & auxiliary systems with the highest safety standards

Fully complete, operationally ready, integrated and tested solution

Optimizing Electrical Power Solutions



Typical Power Control Room



Typical PCR Project

- ✓ Engineered to Order
- ✓ ~45 engineers
- ✓ ~97 sub-suppliers
- ✓ ~4,400 purchased components
- ✓ ~750 electrical & mechanical drawings

Control & Monitoring Solutions



Intelligent Power Products

Digital Sensors and Asset Management



Custom Engineered Control

Power Management and System Integration

Power management, control, electrical asset health monitoring & management

System architecture design, integrating intelligent electrical devices & industry standard protocols

Standard & engineered to order applications with custom engineered user interface

Robust integration testing of application, control and monitoring solutions

Delivered Value

Primary End Markets

Oil, Gas and Petrochemicals

Processing liquids & gases requires safe reliable energy

- Liquefied Natural Gas (LNG)
- Refining
- Petrochemical
- Pipelines
- Biofuels, Hydrogen, Carbon Capture



Industrial & Commercial Applications

Industries that require or produce large amounts of electrical energy

- Utilities – Generation & Distribution
- Transportation – Light Rail
- Metals and Mining
- Pulp and Paper
- Data Centers



Developing Market Opportunities

New Technologies Driving Opportunity... Increased demand for cleaner energy and lower cost of ownership is opening new growth opportunities



Automation

Remote diagnostics and predictive analytics are lowering the overall cost of ownership for capital equipment globally



Biofuels/Biodiesel

Demand for renewable energy continues to grow ... Brownfield facilities being converted to bio-fuel production



Grid Resilience & Energy Storage

Distributed switching applications and technologies ... Evolving battery storage technology ... Low and Medium voltage distribution applications emerge



Carbon Capture & Sequestration

Moving compressed CO2 from the source to permanent underground storage requires complex distribution systems



Hydrogen

Technologies supporting the safe and efficient production of hydrogen as a fuel requires considerable electrical energy

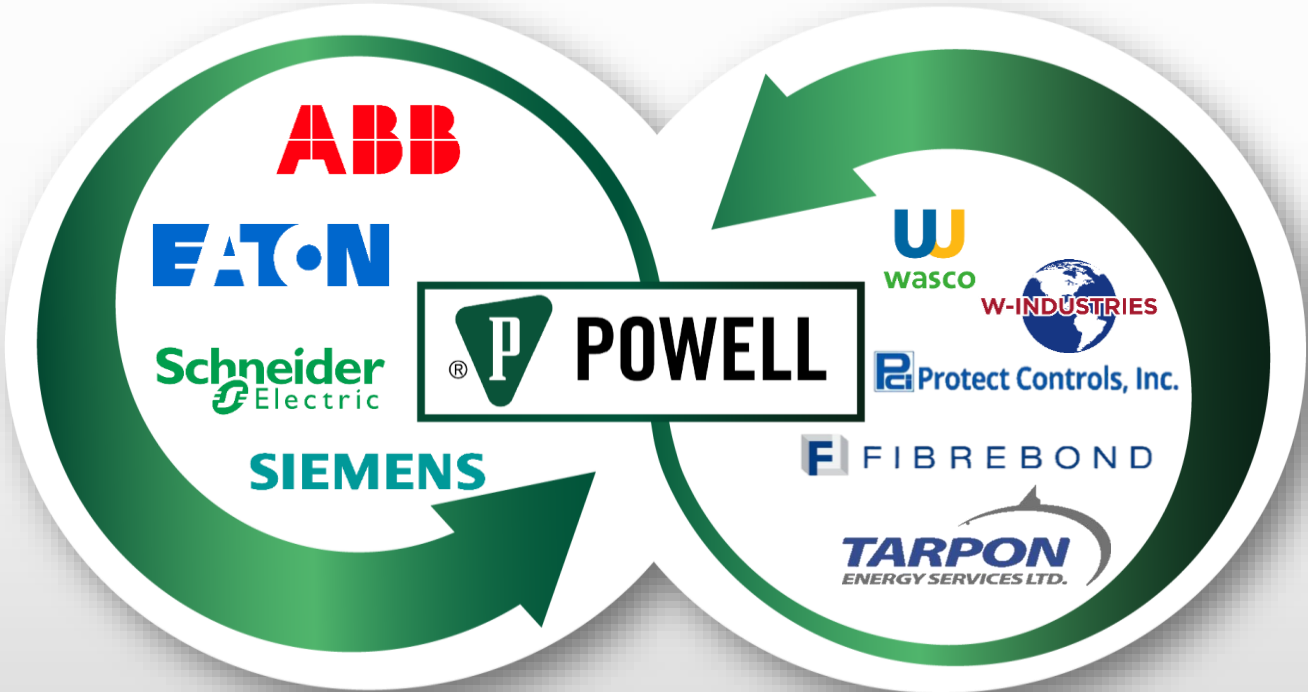
Near Term Opportunities

Longer Term Opportunities

Competitors / Partners

Unique Position *as a full line manufacturer with complete integration capability at multiple locations*

Electrical Equipment Manufacturers Regional Fabricators/Integrators



HVAC Systems
Battery Systems

Fire / Gas Detection
Communications

Safety Stations
3rd Party Certification



Strategic Focus Areas

Growing Electrical Automation

- ❖ Leverage established & reputable history of electrical automation solutions
- ❖ Address the growing need to protect, monitor & control high value assets
- ❖ Remote diagnostics, predictive analytics & preventative maintenance

Expanding the Services Franchise

- ❖ Deliver value added, differentiated services
- ❖ Focus on strategic geographic opportunities
- ❖ Improve operational performance with digital technologies

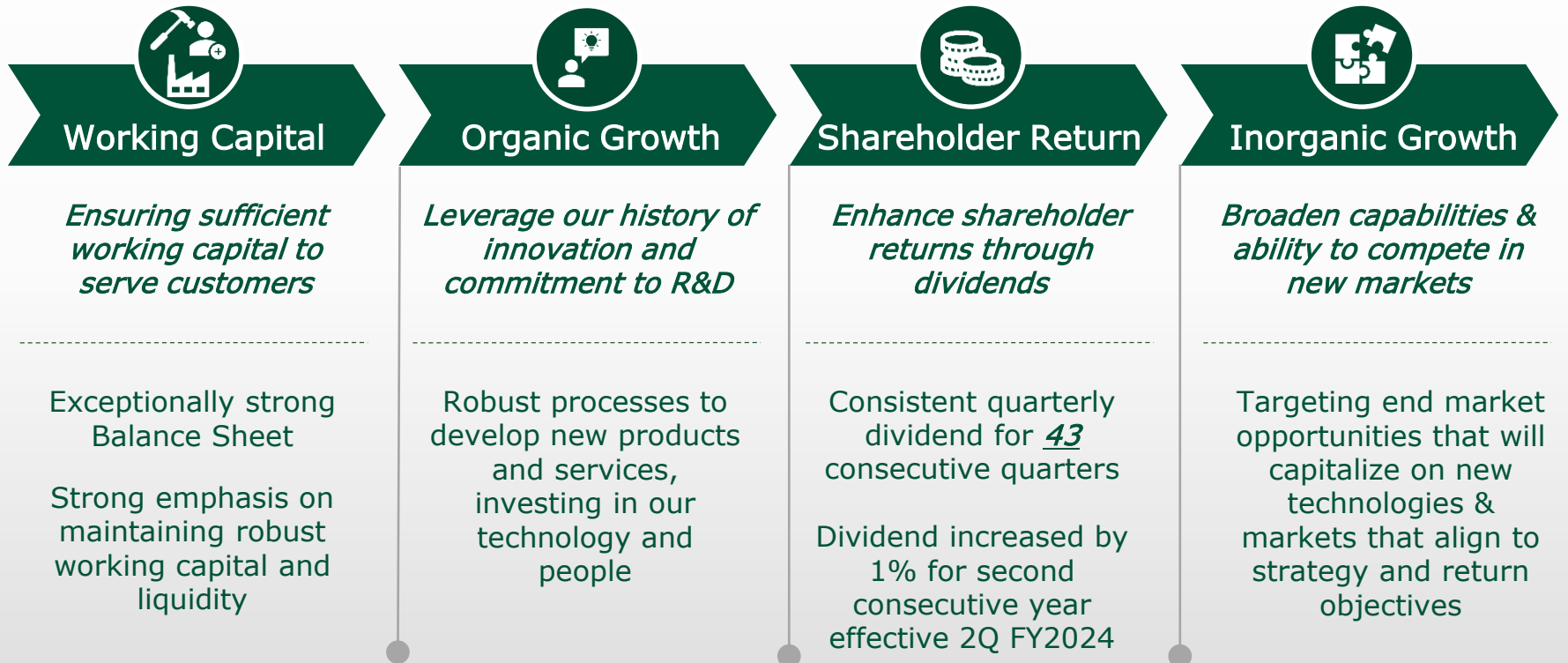
Diversification of the Product Portfolio

- ❖ Target tangential applications, complementing Powell's product offerings
- ❖ Explore opportunities to expand scope into new electrical technologies
- ❖ De-risk through counter cyclical product offerings

Focused on Enhancing Profitability Across Strategic Applications

Capital Allocation Framework

Targeting a **balanced** approach to capital allocation to maximize returns on capital and create sustainable shareholder value



Historical Financials

(\$000) Excluding EPS	Net Revenue	Gross Profit %	EBITDA Margin %^{-a)}	D&A	Capital Spending	Diluted Earnings Per Share^{-b)}	Operating Cash Flow
FY2019	517,180	16.8%	4.5%	12,032	4,306	\$ 0.85	68,759
FY2020	518,499	18.2%	5.8%	10,538	5,163	\$ 1.42	72,394
FY2021	470,559	16.0%	2.4%	10,335	2,931	\$ 0.05	(30,461)
FY2022	532,582	16.0%	3.5%	9,358	2,451	\$ 1.15	(3,582)
FY2023	699,308	21.1%	10.2%	8,606	7,819	\$ 4.50	182,553
3Q YTD FY2024	737,293	26.1%	17.3%	5,074	3,527	\$ 8.52	114,652

Demonstrated Operational & Financial Discipline Across Industry Cycles

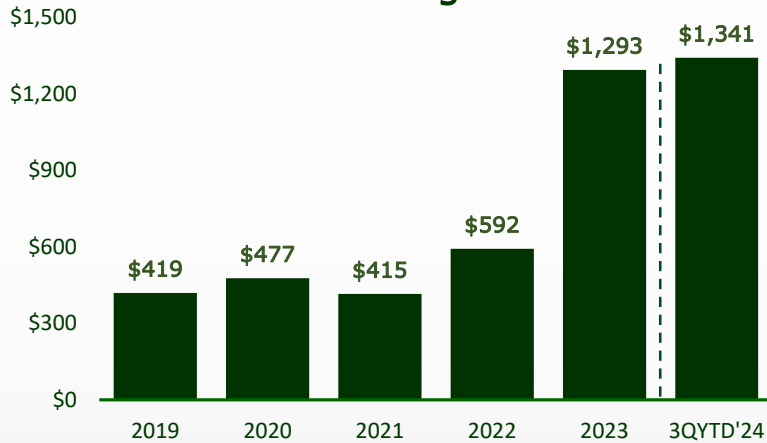
(a- See Supplemental Financial Information regarding non-GAAP reconciliations.

(b- FY2022 diluted EPS includes unusual items totaling \$0.80. FY2023 diluted EPS includes unusual items totaling \$0.38

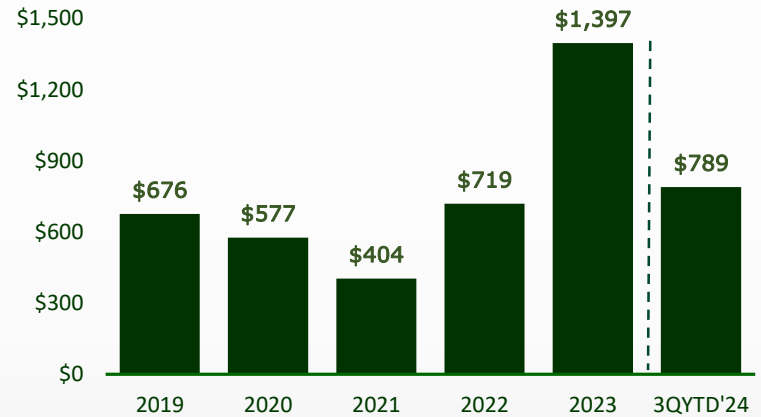
Backlog, Orders & Revenue Trend

(\$MM)

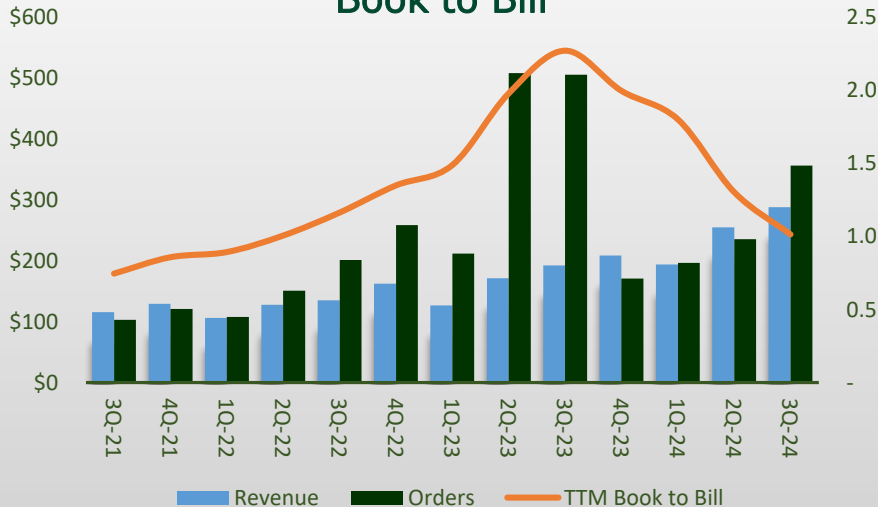
Backlog



Orders



Book to Bill



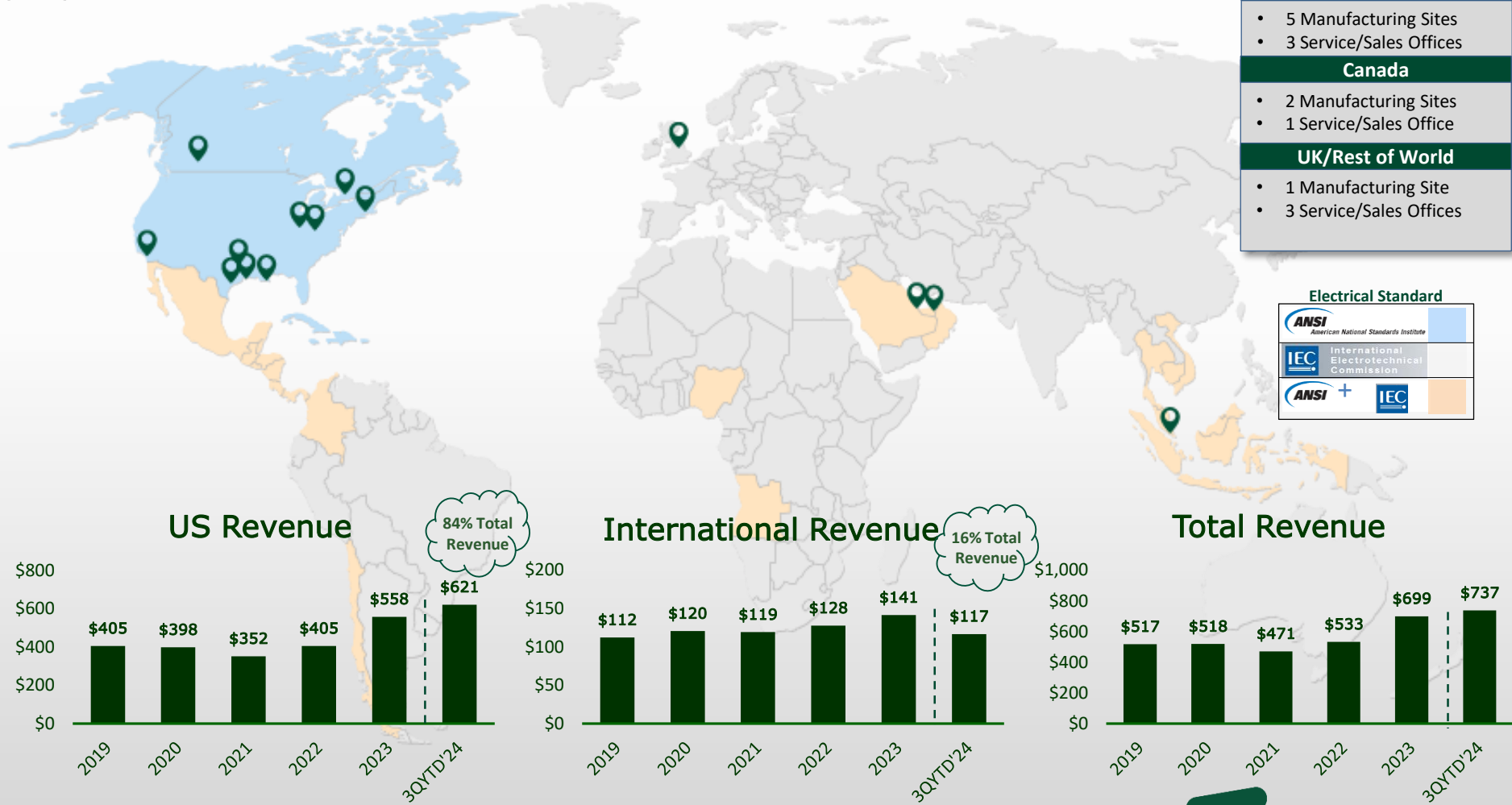
3Q Fiscal 2024 Highlights

- ❑ TTM rolling Book to Bill ratio → 1.0x
- ❑ Backlog convertibility typically 12-18 months
- ❑ Healthy backlog ... Booking into Fiscal 2026
- ❑ Strong activity across most end markets



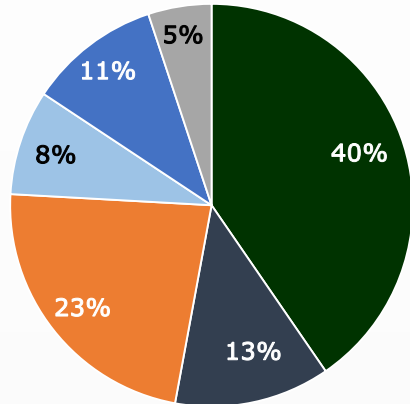
Global Presence

(\$MM)

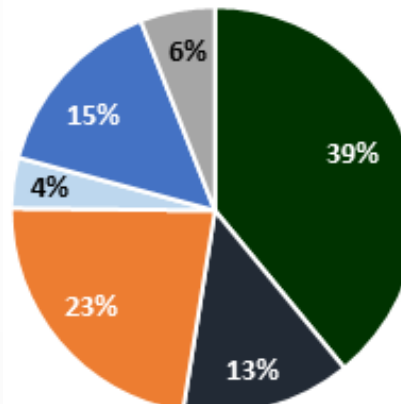


Revenue Mix By Sector

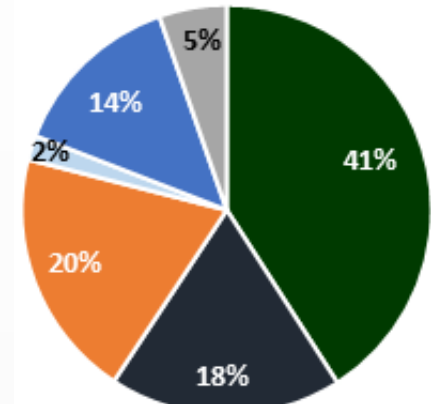
(\$MM)



FY2022
\$533 million



FY2023
\$699 million



3Q YTD FY2024
\$737 million

■ Oil & Gas
 ■ Petrochemical
 ■ Electric Utility
 ■ Light Rail Traction Power
 ■ Commercial & Other Industrial
 ■ Other

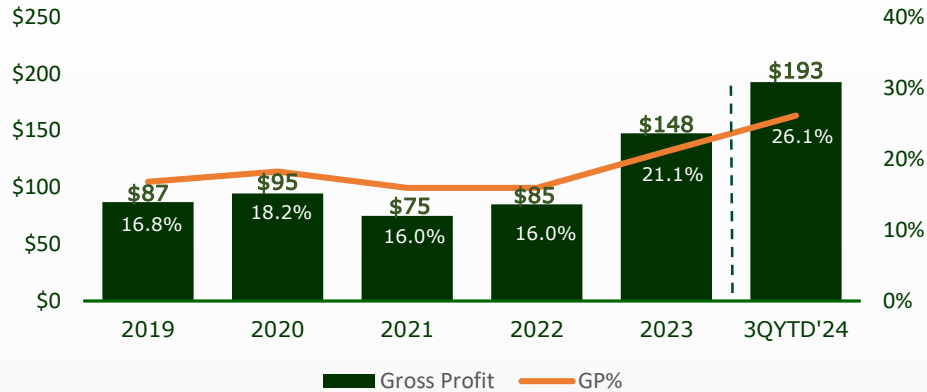
Sectors

- **Oil & Gas** ... LNG, Hydrogen, Carbon Capture, Biofuels, Midstream/Downstream processing
- **Petrochemical** ... Downstream industrial transformational processes
- **Electric Utility** ... Targeting power distribution and power generation facilities
- **Light Rail Traction Power** ... Supporting global light rail infrastructure
- **Commercial & Other Industrial** ... Data Centers, Pulp & Paper, Mining
- **Other** ... Universities, Original Equipment Manufacturers, Government

Income Statement Metrics

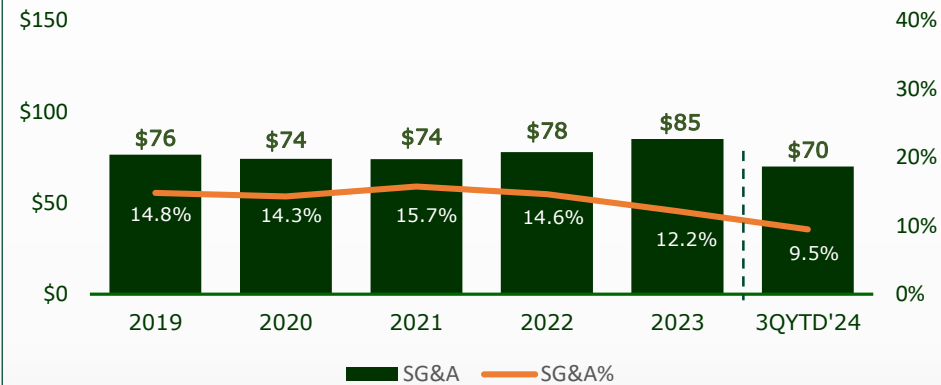
(\$MM)

Gross Profit

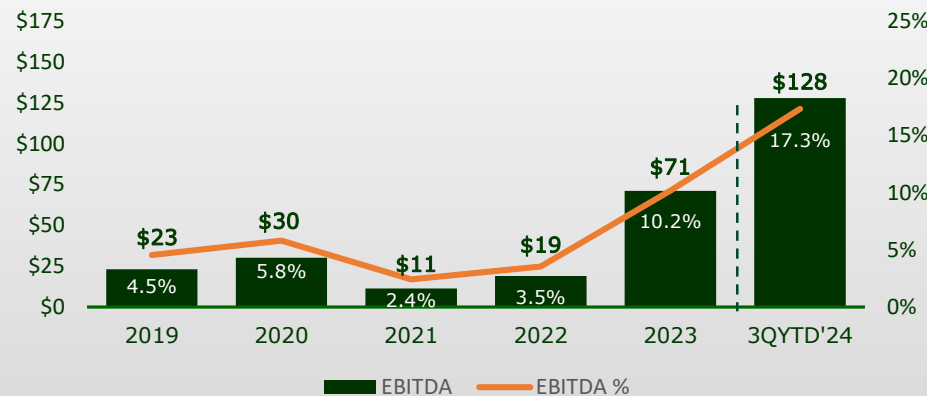


SG&A

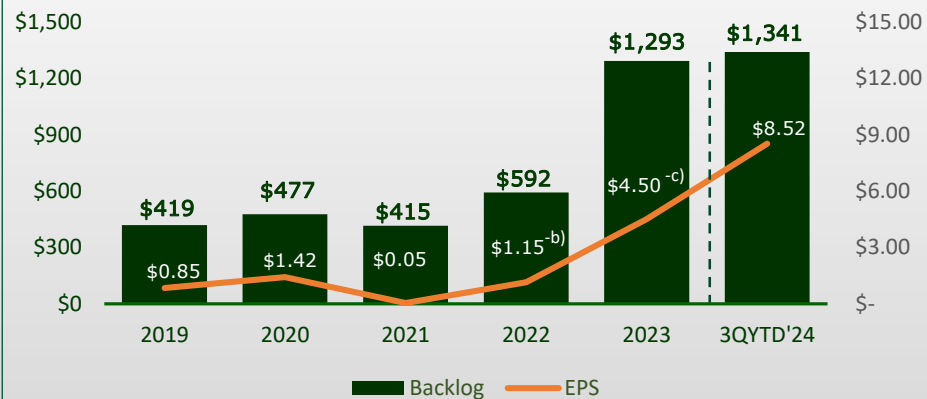
(Includes R&D Expense)



EBITDA^(a)



Backlog & EPS



(a- See Supplemental Financial Information regarding non-GAAP reconciliations.

(b- FY2022 diluted EPS includes unusual items totaling \$0.80.

(c- FY2023 diluted EPS includes unusual items totaling \$0.38.

Balance Sheet Metrics

<i>(\$MM, except where otherwise indicated)</i>	Sept FY 2019	Sept FY 2020	Sept FY 2021	Sept FY 2022	Sept FY 2023	June FY 2024
Cash and ST Investments	\$ 125	\$ 179	\$ 134	\$ 117	\$ 279	\$ 374
Debt	\$ 1.2	\$ 0.8	\$ 0.4	\$ -	\$ -	\$ -
Equity	\$ 299	\$ 307	\$ 301	\$ 297	\$ 345	\$ 437
Working Capital^{-a)}	\$ 170.7	\$ 182.7	\$ 181.3	\$ 183.6	\$ 226.3	\$ 317.3
Working Capital Turns^{-a)}	3.2x	2.9x	2.6x	3.0x	3.5x	3.7x
Current Ratio	2.1 to 1	2.2 to 1	2.5 to 1	2.0 to 1	1.6 to 1	1.8 to 1
DSO	68 days	55 days	54 days	59 days	89 days	54 days
Return on Equity %^{-b)}	3.3%	5.4%	0.2%	4.6%	15.8%	23.8%

(a- Working Capital is equal to current assets (including Cash and ST Investments) minus current liabilities

(b- Return on Equity % is equal to Net Income divided by Total Stockholders' Equity

Exceptional Balance Sheet & Strong Liquidity Position

Attractive Investment Opportunity

- Leader in engineer-to-order, value added solutions for complex electrical distribution applications that require the management & control of electrical energy
- Domain expertise on complex, large projects where customer risk is high
- The growth in electrification requirements across the global landscape that is driving increased demand for power, requires reliable, safe and efficient power solutions
- Products are typically on the 'critical path' for large EPC projects
- Strong product lineup through a history of innovation and R&D, coupled with in-house engineering & manufacturing capabilities
- Strong presence in medium voltage breaker market with PowI/Vac[®] breaker and the Power/Vac[®] breaker acquired from General Electric
- Strategic efforts focused on diversification into nascent markets such as biofuels, biodiesel, hydrogen, energy storage and carbon capture and sequestration
- Very strong balance sheet and zero debt offers optionality

Appendix



Manufacturing Locations



Mosley Road
Houston, Texas
Corporate Office
Manufacturing Facility
428,515 Square Feet



Airport Blvd.
Houston, Texas
Office
Manufacturing Facility
290,554 Square Feet



Jacintoport Blvd.
Houston, Texas
Office
Fabrication Yard / 62 Acres
82,320 Square Feet
Galveston Bay Access

Manufacturing Locations



Railroad Avenue
Northlake, Illinois
Office
Manufacturing Facility
103,500 Square Feet



Pleasantwood Avenue
North Canton, Ohio
Office
Manufacturing Facility
115,200 Square Feet



Manufacturing Locations



Powell Canada
Acheson, Alberta
Office
Manufacturing Facility
330,168 Square Feet



Nextron, A Division of Powell
Calgary, Alberta
Office
Manufacturing Facility
10,978 Square Feet



Powell UK
Bradford, West Yorkshire
Office
Manufacturing Facility
129,300 Square Feet



Supplemental Financial Information

Non-GAAP Reconciliations	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Q3 YTD FY 2024
	\$000, except for otherwise indicated					
Reconciliation of Net Income to EBITDA						
Net income	\$ 9,890	\$ 16,660	\$ 631	\$ 13,737	\$ 54,525	\$ 103,796
Plus:						
Income tax provision (benefit)	2,444	3,670	461	(3,894)	14,425	31,795
Net interest income	(873)	(753)	(73)	(334)	(6,430)	(12,934)
Depreciation and amortization	12,032	10,538	10,335	9,358	8,606	5,074
EBITDA	\$ 23,493	\$ 30,115	\$ 11,354	\$ 18,867	\$ 71,126	\$ 127,731
Revenues	\$ 517,180	\$ 518,499	\$ 470,559	\$ 532,582	\$ 699,308	\$ 737,293
EBITDA Margin %	4.5%	5.8%	2.4%	3.5%	10.2%	17.3%

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