



Park-Ohio Holdings Corp.
Third Quarter 2024 Earnings Call Presentation

November 7, 2024

Forward-Looking Statements and Non-GAAP Measures



These slides contain forward-looking statements, including statements regarding future performance of the Company, that are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors that could cause actual results to differ materially from expectations include, but are not limited to, the following: our ability to realize any contingent consideration from the sale of the Aluminum Products business; the impact supply chain and logistic issues have on our business, results of operations, financial position and liquidity; our substantial indebtedness; the uncertainty of the global economic environment; general business conditions and competitive factors, including pricing pressures and product innovation; demand for our products and services; the impact of labor disturbances affecting our customers; raw material availability and pricing; fluctuations in energy costs; component part availability and pricing; changes in our relationships with customers and suppliers; the financial condition of our customers, including the impact of any bankruptcies; our ability to successfully integrate recent and future acquisitions into existing operations; the amounts and timing, if any, of purchases of our common stock; changes in general economic conditions such as inflation rates, interest rates, tax rates, unemployment rates, higher labor and healthcare costs, recessions and changing government policies, laws and regulations, including those related to the current global uncertainties and crises, such as tariffs and surcharges; adverse impacts to us, our suppliers and customers from acts of terrorism or hostilities, including the conflicts between Russia and Ukraine and in the Middle East, or political unrest, including the rising tension between China and the United States; public health issues, including the outbreak of infectious diseases and any impact on our facilities and operations and our customers and suppliers; our ability to meet various covenants, including financial covenants, contained in the agreements governing our indebtedness; disruptions, uncertainties or volatility in the credit markets that may limit our access to capital; potential disruption due to a partial or complete reconfiguration of the European Union; increasingly stringent domestic and foreign governmental regulations, including those affecting the environment or import and export controls and other trade barriers; inherent uncertainties involved in assessing our potential liability for environmental remediation-related activities; the outcome of pending and future litigation and other claims and disputes with customers; our dependence on the automotive and heavy-duty truck industries, which are highly cyclical; the dependence of the automotive industry on consumer spending; our ability to negotiate contracts with labor unions; our dependence on key management; our dependence on information systems; our ability to continue to pay cash dividends, and the timing and amount of any such dividends; and the other factors we describe under “Item 1A. Risk Factors” included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law. In light of these and other uncertainties, the inclusion of a forward-looking statement herein should not be regarded as a representation by us that our plans and objectives will be achieved.

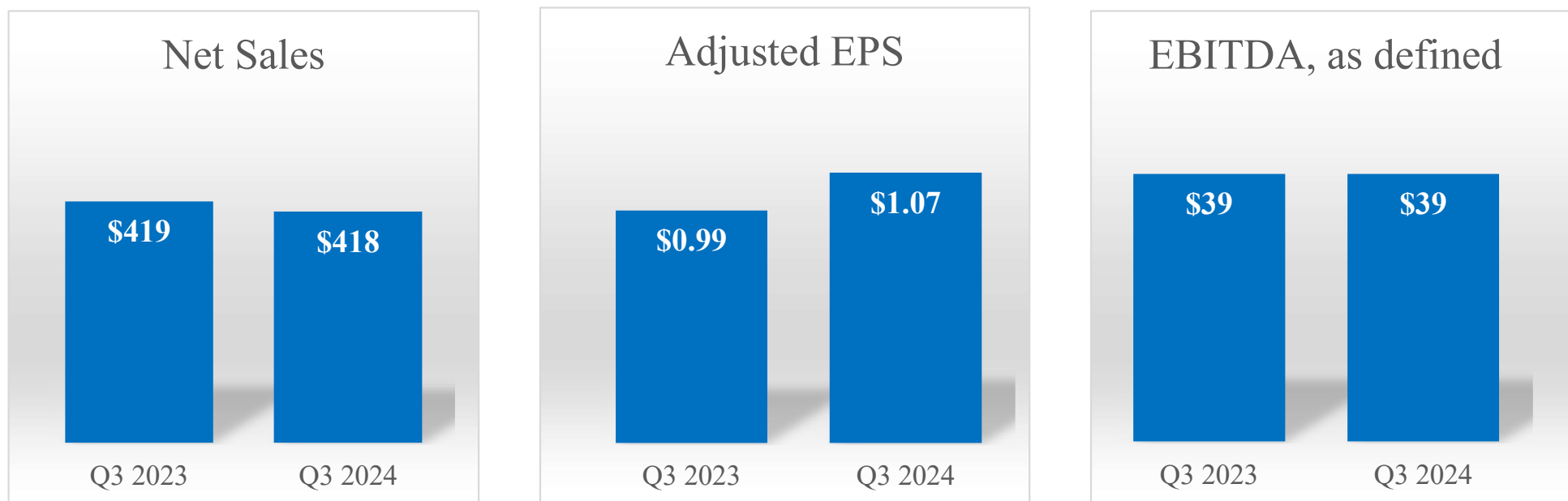
The Company uses certain non-GAAP measures in discussing the Company’s performance, including Adjusted EPS; EBITDA, as defined; and Adjusted Segment Operating Income. The reconciliation of these measures to the most directly comparable GAAP measures is detailed at the end of these slides and in the Company’s press release for the third quarter of 2024, which is available on the Company’s website at www.pkoh.com.

Third Quarter 2024 Highlights



- Net sales of \$418 million compared to \$419 million in Q3 2023
- Gross margin of 17.3% improved 60 basis points year-over-year
- GAAP EPS from continuing operations improved to \$1.02 per diluted share compared to \$0.99 in Q3 2023
- Adjusted EPS from continuing operations was \$1.07 per diluted share, up 8% vs. \$0.99 in Q3 2023
- EBITDA, as defined was \$39 million, 9.2% of net sales
- During the quarter, we made debt repayments of \$23 million utilizing the majority of cash proceeds from the sale of our common stock totaling \$25 million.
- At September 30, 2024, our liquidity was \$194 million, an increase of 21% compared to June 30, 2024.

Q3 Consolidated Results *(in millions, except EPS)*



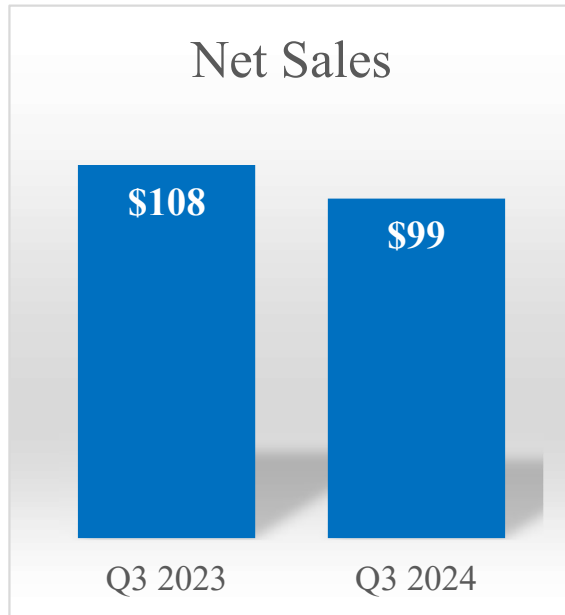
- In spite of a challenging industrial environment, we continued to see stable customer demand in our Supply Technologies segment and strong customer demand in the capital equipment business in our Engineered Products segment, offset by lower sales in our Assembly Components segment and in our forged and machined products business.
- Improvement of 8% in Adjusted EPS driven by strong sales and record operating margins in our Supply Technologies segment; higher sales and operating income in the capital equipment business of our Engineered Products segment; ongoing profit-improvement initiatives throughout the company; and an income tax benefit related to federal research and development credits which positively impacted our third quarter EPS by \$0.18 per diluted share.

Q3 Supply Technologies Segment *(in millions)*



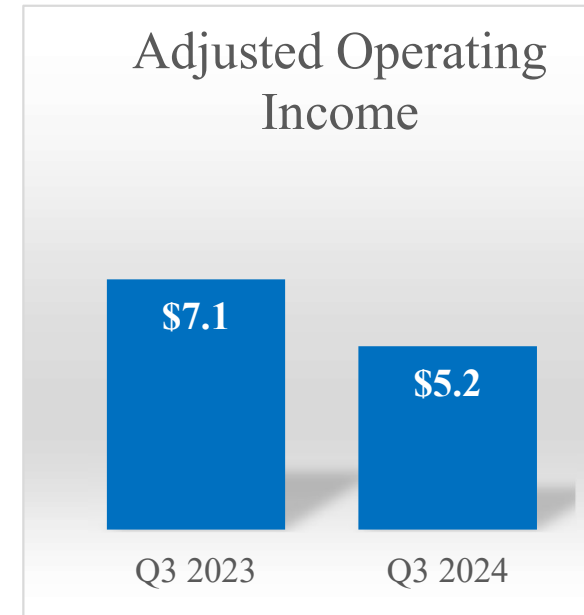
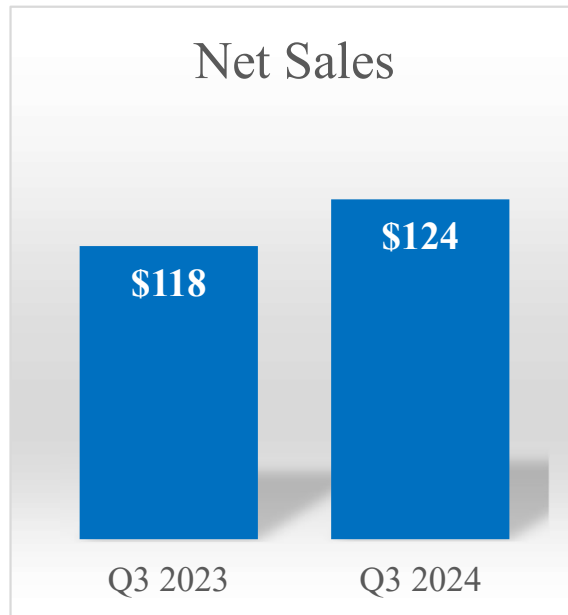
- Continued strength in certain of our end markets, including aerospace and defense, consumer electronics, electrical distribution and medical equipment, which offset lower year-over-year sales in our heavy-duty truck and power sports end markets.
- Strong customer demand continued in our fastener manufacturing business, with sales up 9% compared to the 2023 third quarter.
- Operating income improved \$4.9 million, or 31%, to a record \$20.5 million in the third quarter of 2024 compared to \$15.6 million in the third quarter of 2023.
- Operating income margin was a record 10.5% in the 2024 quarter, up 240 basis points from 8.1% in the 2023 third quarter. The record performance in 2024 was driven by an increase in sales of higher-margin products, strong operational execution, and continued strong demand in our fastener manufacturing business.

Q3 Assembly Components Segment *(in millions)*



- Sales were lower year-over-year due primarily to lower product pricing on certain legacy programs and lower unit volumes primarily on end-of-life programs, partially offset by higher product pricing on certain other programs.
- Adjusted operating income margin was 6.7% in the 2024 period compared to 10.3% in the 2023 third quarter.
- The decrease in adjusted operating income and margin in the third quarter of 2024 compared to the 2023 third quarter was due to the lower product pricing and unit volumes, which were partially offset by profit enhancement initiatives in the 2024 period.
- On a sequential basis, adjusted operating income margin was 6.7% in both the second and third quarters of 2024.

Q3 Engineered Products Segment *(in millions)*



- This overall sales increase of 6% was driven by higher sales of new capital equipment and higher sales of aftermarket parts and services in North America, which were up 19% compared to the third quarter of 2023.
- New equipment backlog remained strong, ending the quarter at \$161 million compared to \$162 million at December 31, 2023.
- In our forged and machined products business, third quarter 2024 sales were down 23% compared to the same quarter a year ago.
- The higher sales and improved margins in our capital equipment business in the 2024 quarter were more than offset by lower sales and operating margins in our forged and machined products business.

2024 Outlook



- For 2024, we now expect revenues to be 1%-2% above our record 2023 revenues, reflecting stable demand in most end markets and revenue growth in the fourth quarter of this year compared to a year ago. In addition, we now expect adjusted EPS to increase more than 10% year-over-year, and EBITDA, as defined to approximate \$150 million, an increase of 12% compared to 2023.
- In our Supply Technologies segment, our strategic focus continues to revolve around expanding product margins, increasing sales in our higher-margin industrial supply and aerospace and defense businesses, and expanding our proprietary fastener products to new applications, customers and geographies.
- In our Assembly Components segment, we are focused on new business launches and continuous operational improvement. We also continue to identify and implement product and plant floor profit improvement initiatives in each of our manufacturing facilities which will enhance operating margins in future periods.
- In our Engineered Products segment, we are focused on converting our strong capital equipment backlog to sales, as well as operational improvements in our forged and machined products business, including improving equipment and labor efficiencies.

Non-GAAP Reconciliations – Q3



	Three Months Ended September 30,	
	2024	2023
Adjusted EPS:		
Income from continuing operations per common share attributable to Park-Ohio Holdings Corp. common shareholders	\$ 1.02	\$ 0.99
Adjustments		
Restructuring and other special charges	0.07	-
Tax effect of adjustments	(0.02)	-
Adjusted EPS	\$ 1.07	\$ 0.99
	Three Months Ended September 30,	
	2024	2023
EBITDA, as defined:		
	(in millions)	
Income from continuing operations attributable to Park-Ohio Holdings Corp. common shareholders	\$ 13.7	\$ 12.5
Add back:		
Interest expense, net	12.1	12.6
Income tax expense	-	3.0
Depreciation and amortization	8.5	7.9
Stock-based compensation expense	1.4	1.6
Restructuring, business optimization and other costs	0.9	-
EBITDA loss attributable to Designated Subsidiary	1.9	1.2
Other	-	(0.3)
EBITDA, as defined	\$ 38.5	\$ 38.5

Q3 Non-GAAP Reconciliations (continued)



	Three Months Ended September 30,					
	2024			2023		
	(In millions)					
	As reported	Adjustments	As adjusted	As reported	Adjustments	As adjusted
Supply Technologies	\$ 20.5	\$ —	\$ 20.5	\$ 15.6	\$ —	\$ 15.6
Assembly Components	6.1	0.5	6.6	11.2	—	11.2
Engineered Products	4.8	0.4	5.2	7.1	—	7.1
Corporate	(7.8)	—	(7.8)	(6.9)	—	(6.9)
Operating income - continuing operations	\$ 23.6	\$ 0.9	\$ 24.5	\$ 27.0	\$ —	\$ 27.0

	Three Months Ended June 30,		
	2024		
	(In millions)		
	As reported	Adjustments	As adjusted
Assembly Components	\$ 6.9	\$ —	\$ 6.9