



October 28, 2021

# Second Quarter Fiscal 2022 Earnings Release and Conference Call

# Forward-Looking Statements



**Forward-Looking Statements.** *This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the context of the statement and generally arise when the Company is discussing its beliefs, estimates or expectations. These statements are not historical facts or guarantees of future performance but instead represent only the Company's belief at the time the statements were made regarding future events which are subject to certain risks, uncertainties and other factors, many of which are outside the Company's control. Actual results and outcomes may differ materially from what is expressed or forecast in such forward-looking statements. The principal risks and uncertainties that may affect the Company's actual performance include the following: the cyclical and seasonal nature of the Company's businesses; public infrastructure expenditures; adverse weather conditions; the fact that our products are commodities and that prices for our products are subject to material fluctuation due to market conditions and other factors beyond our control; availability of raw materials; changes in the costs of energy, including, without limitation, natural gas, coal and oil, and the nature of our obligations to counterparties under energy supply contracts, such as those related to market conditions (such as fluctuations in spot market prices), governmental orders and other matters; changes in the cost and availability of transportation; unexpected operational difficulties, including unexpected maintenance costs, equipment downtime and interruption of production; material nonpayment or non-performance by any of our key customers; fluctuations in or changes in the nature of activity in the oil and gas industry; inability to timely execute announced capacity expansions; difficulties and delays in the development of new business lines; governmental regulation and changes in governmental and public policy (including, without limitation, climate change and other environmental regulation); possible outcomes of pending or future litigation or arbitration proceedings; changes in economic conditions specific to any one or more of the Company's markets; severe weather conditions (such as winter storms, tornados and hurricanes) and their effects on our*

*facilities, operations and contractual arrangements with third parties; competition; cyber-attacks or data security breaches; announced increases in capacity in the gypsum wallboard and cement industries; changes in the demand for residential housing construction or commercial construction or construction projects undertaken by state or local governments; risks related to pursuit of acquisitions, joint ventures and other transactions or the execution or implementation of such transactions, including the integration of operations acquired by the Company; general economic conditions; and interest rates. For example, increases in interest rates, decreases in demand for construction materials or increases in the cost of energy (including, without limitation, natural gas, coal and oil) and the cost of our raw materials could affect the revenue and operating earnings of our operations. In addition, changes in national or regional economic conditions and levels of infrastructure and construction spending could also adversely affect the Company's result of operations. Finally, any forward-looking statements made by the Company are subject to the risks and impacts associated with natural disasters, pandemics or other unforeseen events, including, without limitation, the COVID-19 pandemic and responses thereto designed to contain its spread and mitigate its public health effects, as well as their impact on economic conditions, capital and financial markets. The COVID-19 pandemic and responses thereto may disrupt our business and are likely to have an adverse effect on demand for our products, attributable to, among other things, reductions in consumer spending, increases in unemployment and decreases in revenues and construction budgets of state or local governments. These and other factors are described in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2021 and subsequent quarterly and annual reports upon filing. These reports are filed with the Securities and Exchange Commission. All forward-looking statements made herein are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed herein will increase with the passage of time. The Company undertakes no duty to update any forward-looking statement to reflect future events or changes in the Company's expectations.*

# Fiscal Year 2022 Second Quarter Highlights



## Favorable market dynamics, strong financial and operational results

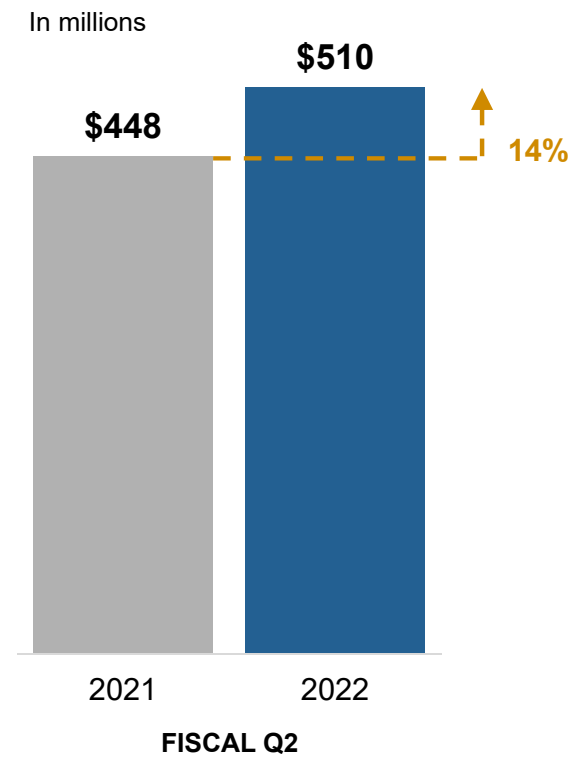
- **Continued Market Strength**
  - Wallboard demand driven by residential construction and repair and remodel in our geographic markets
  - Cement demand supported by healthy state and local government revenues
  - Our US heartland cement system remains virtually sold-out – quarterly sales volume represented a record for Eagle
  - Pricing actions offset increased input costs
- **Favorable capital structure**
  - Strengthened balance sheet
  - Completed debt refinancing, with low interest 10-year notes and retired higher interest debt
- **Returned nearly \$200 million to shareholders**
  - Repurchased 1.3 million shares
  - Paid quarterly cash dividend

# Revenue up 14%



## INCREASE DRIVEN BY:

- Higher sales prices and sales volume across each business unit



# EPS from Continuing Operations up 14%

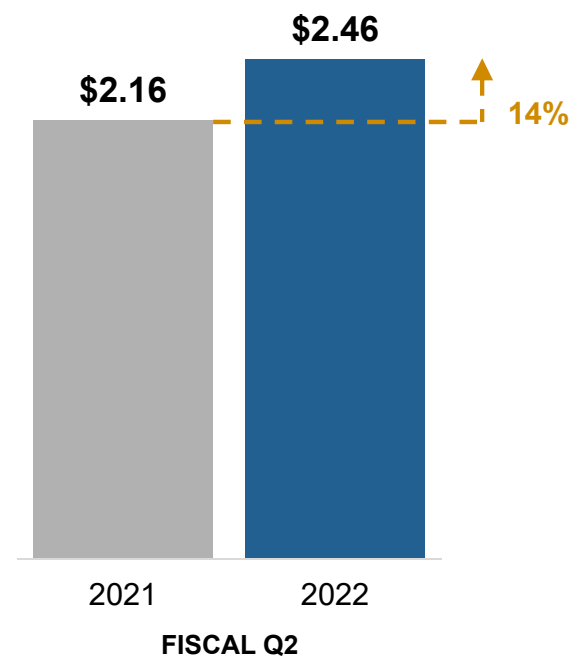


## INCREASE REFLECTS:

- Strong fundamentals in both Cement and Wallboard



## Diluted EPS

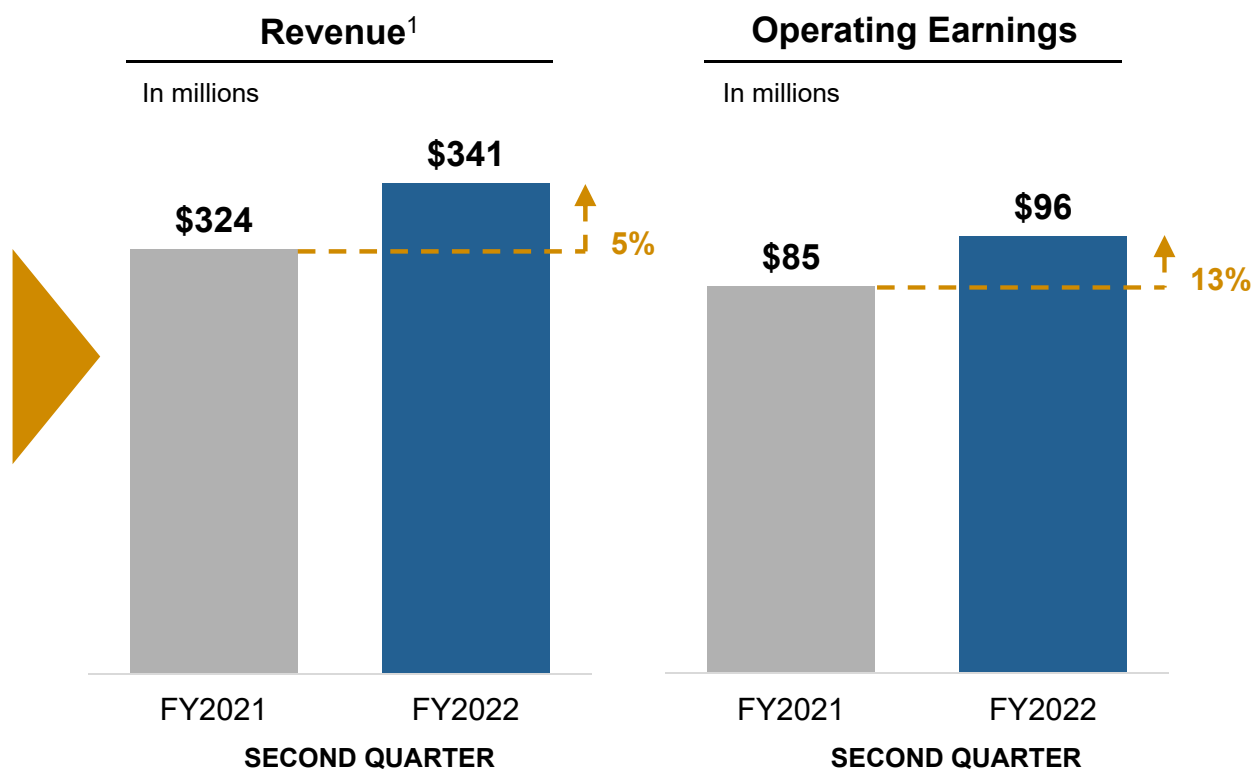


# Heavy Materials Second Quarter Results Reflect Higher Cement Sales Prices and Volume



## SECOND QUARTER CEMENT

- Net sales prices +6%
- Sales volume +1%



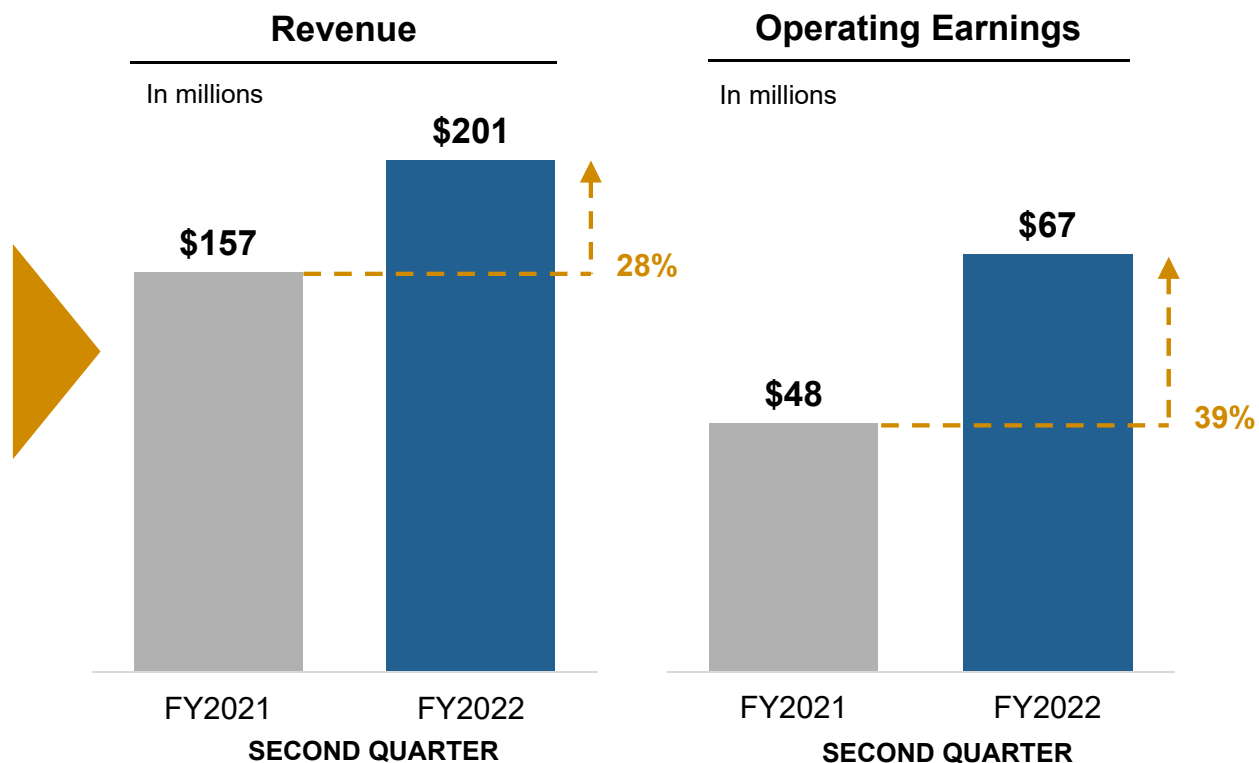
<sup>1</sup> Includes Cement, Concrete and Aggregates and Cement Intersegment revenue, and our proportionate share of the Joint Venture.

# Light Materials Results Up on Higher Wallboard Sales Price and Volume



## SECOND QUARTER WALLBOARD

- Net sales prices +33%
- Sales volume +2%
- Both increases offset inflation on raw material costs



# \$262 Million of Cash Flow from Operations

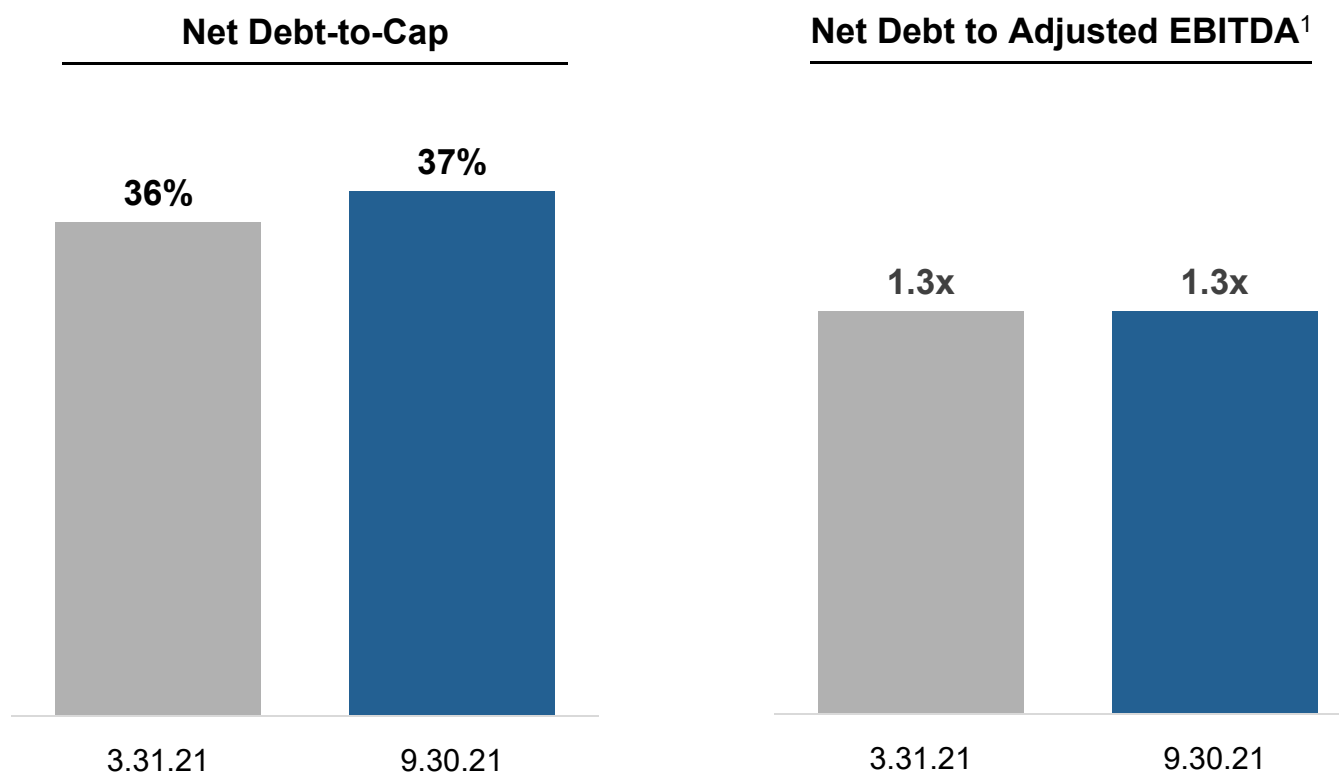


	Six months ended September 30 in millions		
	2020	2021	
Operating Cash Flow <sup>1</sup>	\$358	<b>\$262</b>	<b>-27%</b>
Capex, net	(41)	<b>(27)</b>	
Free Cash Flow	\$317	<b>\$235</b>	
Proceeds from Sale of Business	91	–	
Acquisition Spending	–	–	
Dividends Paid	(4)	<b>(11)</b>	
Share Repurchases	–	<b>(248)</b>	
Change in Debt	(315)	<b>(196)</b>	
Other	(2)	<b>(3)</b>	
Net Change in Cash Balance	\$87	<b>\$(223)</b>	

<sup>1</sup> Includes depreciation of \$64 million for the six months ended September 30, 2020 and 2021, respectively.



# Capital Structure and Financial Flexibility Further Strengthened By Debt Refinancing



<sup>1</sup> Defined as Net Debt divided by Adjusted EBITDA. Net Debt to Adjusted EBITDA and Adjusted EBITDA are non-GAAP financial measures and are described in the Appendix.



## Question & Answer



**Thank you for participating in  
today's conference call web cast.**

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An archive of this web cast will be  
available at [eaglematerials.com](http://eaglematerials.com)  
later today.



# Appendix

# Reconciliation of Non-GAAP Financial Measures



	Fiscal Year ended March 31, 2021	TTM <sup>1</sup> September 30, 2021
In millions		
Net Earnings, as reported	\$339	\$344
(Earnings) from Discontinued Operations	(5)	-
Income Tax Expense	90	93
Interest Expense	44	36
Depreciation, Depletion and Amortization	129	129
EBITDA from Continuing Operations	597	602
Gain on Sale of Businesses	(52)	-
Business Development Costs	7	-
Kosmos purchasing accounting <sup>2</sup>	4	-
Premium Paid on Early Retirement of Senior Notes	-	8
Stock-based Compensation	15	13
Adjusted EBITDA from Continuing Operations	\$571	\$623
Net Debt	\$751	\$780
Net Debt to Adjusted EBITDA	1.3x	1.3x

<sup>1</sup> Trailing Twelve-Month Period ended September 30, 2021.

<sup>2</sup> Represents the cost impact of purchase accounting inventory valuations.

Net Debt to Adjusted EBITDA is defined as consolidated total debt less unrestricted cash and equivalents divided by Adjusted EBITDA from Continuing Operations for the trailing twelve months. We, the investment community and rating agencies use this metric to assess our leverage. "EBITDA" is defined as net income plus interest, taxes, depreciation, depletion, and amortization. We adjust EBITDA for certain items that are not reflective of the normal earnings of our business ("Adjusted EBITDA from Continuing Operations"). GAAP does not define EBITDA or Adjusted EBITDA from Continuing Operations, and neither should be considered an alternative to earnings measures defined by GAAP, including net income. We use Adjusted EBITDA from Continuing Operations to assess the operating performance of our consolidated business, as a measure within our lending arrangements, and as a basis for strategic planning and forecasting as we believe that it closely correlates to long-term shareholder value. As a widely used metric by analysts, investors, and competitors in our industry, we believe Adjusted EBITDA from Continuing Operations also assists investors in comparing a company's performance on a consistent basis without regard to depreciation, depletion, amortization, and other items which can vary significantly depending on many factors. In addition, our presentation of EBITDA and Adjusted EBITDA from Continuing Operations may not be the same as similarly titled measures reported by other companies, limiting its usefulness as a comparative measure. The table beside shows the calculation of EBITDA and Adjusted EBITDA from Continuing Operations and reconciles them to net earnings in accordance with GAAP.