

KEWAUNEE Scientific Corporation

Kewaunee Scientific Corporation
NASDAQ: KEQU



encouraging new discovery...*Worldwide*

Special Note Regarding Forward-Looking Statements

Certain statements in this document constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). All statements other than statements of historical fact included in this document, including statements regarding the Company’s future financial condition, results of operations, business operations and business prospects, are forward-looking statements. Words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “predict,” “believe” and similar words, expressions and variations of these words and expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions, and other important factors that could significantly impact results or achievements expressed or implied by such forward-looking statements. Such factors, risks, uncertainties and assumptions include, but are not limited to, competitive and general economic conditions, both domestically and internationally; changes in customer demands; technological changes in our operations or in our industry; dependence on customers’ required delivery schedules; risks related to fluctuations in the Company’s operating results from quarter to quarter; risks related to international operations, including foreign currency fluctuations; changes in the legal and regulatory environment; changes in raw materials and commodity costs; and acts of terrorism, war, governmental action, natural disasters, the ongoing COVID-19 pandemic, and other Force Majeure events. The cautionary statements made pursuant to the Reform Act herein and elsewhere by us should not be construed as exhaustive. We cannot always predict what factors would cause actual results to differ materially from those indicated by the forward-looking statements. Over time, our actual results, performance, or achievements will likely differ from the anticipated results, performance or achievements that are expressed or implied by our forward-looking statements, and such difference might be significant and harmful to our stockholders’ interest. Many important factors that could cause such a difference are described under the caption “Risk Factors,” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended April 30, 2021, which you should review carefully, and in our subsequent quarterly reports on Form 10-Q. These reports are available on our investor relations website at www.kewaunee.com and on the SEC website at www.sec.gov.

Agenda

- Kewaunee Scientific Overview
- Fiscal Year 2021 Review
- Outlook and Strategic Direction
- Q&A



Kewaunee Scientific Overview

Kewaunee Scientific Overview

Kewaunee is a leading global designer, manufacturer, and installer of specialized equipment and technical furniture products for laboratories across an array of industries, including life sciences, education, government, healthcare, and general research end-markets.

Key Facts

Statesville, NC
Headquarters

\$147.5MM
2021 Revenue

1906
Year Founded

Global
Footprint

NASDAQ
KEQU
Public Corporation

Vertically
Integrated

Product Offerings



Illustrative End-Users

Duke
UNIVERSITY

abbvie



RUTGERS
THE STATE UNIVERSITY
OF NEW JERSEY



Kewaunee Scientific Overview

The industries served by Kewaunee continue to receive prioritization for investment dollars as companies, governments, and institutions look to encourage discovery that is dependent on continued investment in research and development spaces.

Market Sectors \$ in millions	Actual 2018	Projected						'19-'24 CAGR	Kewaunee Participation
Region		2019	2020	2021	2022	2023	2024		
USA & Canada	641	668	700	732	753	775	804	3.8%	✓
Europe	420	424	428	432	436	443	451	1.2%	
Asia	639	688	736	786	841	899	961	6.9%	✓
Rest-of-World	104	105	106	109	111	113	115	1.8%	
Total Market Revenue	\$1,804	\$1,885	\$1,970	\$2,059	\$2,141	\$2,230	\$2,331	4.3%	
Product									
Laboratory Furniture	929	968	1,011	1,057	1,098	1,144	1,199	4.4%	✓
Fume Hoods	474	493	512	533	555	580	607	4.2%	✓
Clean Bench and BSC	401	424	447	469	488	506	525	4.4%	
Total Market Revenue	\$1,804	\$1,885	\$1,970	\$2,059	\$2,141	\$2,230	\$2,331	4.3%	
End Market									
Higher Education	489	510	529	551	564	585	616	3.8%	✓
Pharma & Biotech	466	496	528	559	592	626	659	5.8%	✓
Government	275	286	298	309	320	329	339	3.5%	✓
K-12	87	89	91	92	93	94	95	1.3%	✓
Clinical Research & Design	116	121	127	133	138	144	151	4.5%	✓
CRO & CMO	107	112	117	122	129	135	142	4.9%	✓
Other/Industrial	264	271	280	293	305	317	329	4.0%	✓
Total Market Revenue	\$1,804	\$1,885	\$1,970	\$2,059	\$2,141	\$2,230	\$2,331	4.3%	

Source: The Scientific and Equipment Furniture Association ("SEFA") TDA 2020 Laboratory Enclosures and Furniture Market Report

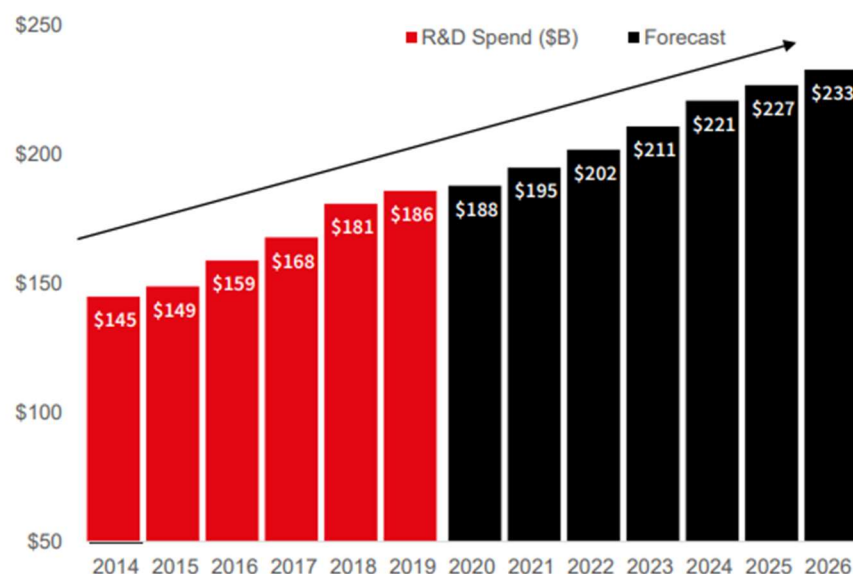
Kewaunee Scientific Overview



The events of the past 12 months have proven without a doubt that the life sciences industry plays a unique and vital role in the economy.

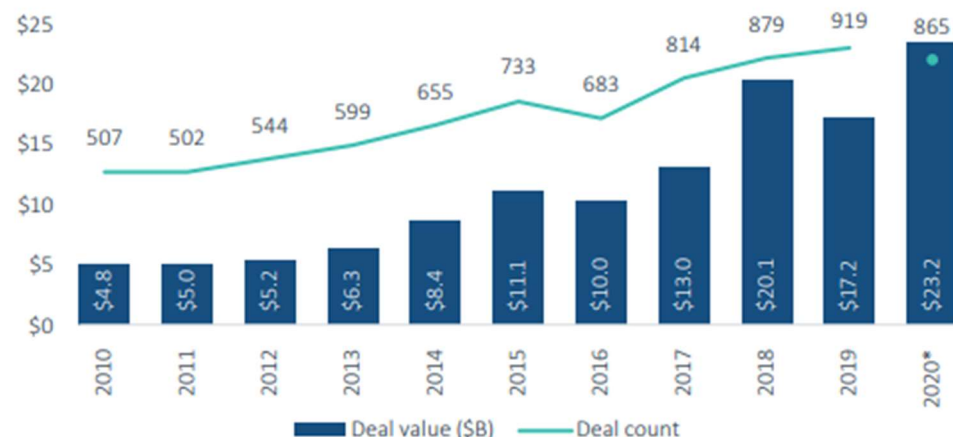
R&D spending reached a record \$179B in 2018 and is expected to grow by \$34B by 2024

Global Biopharm R&D spend forecast



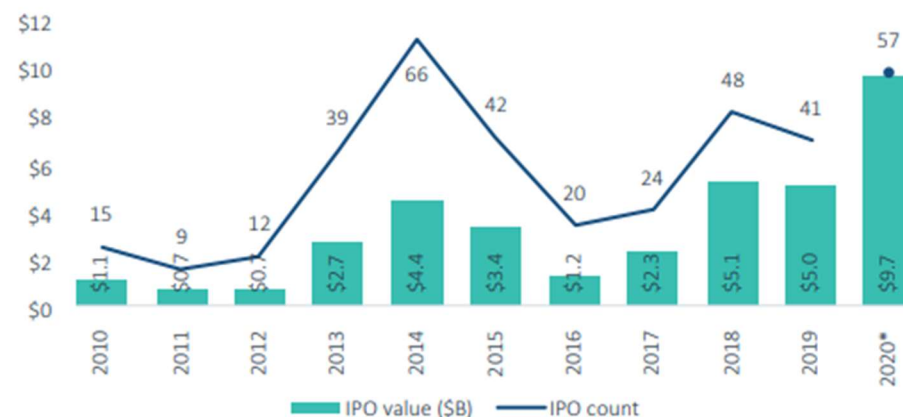
Source: EvaluatePharma, July 2020

VC biotech & pharma deal activity (\$B)



Source: PitchBook | Geography: US
*As of November 18, 2020

Capital raised (\$B) by biotech & pharma IPOs



Source: PitchBook | Geography: US
*As of November 18, 2020

Kewaunee Scientific Overview

Kewaunee is active in multiple sectors, providing geographical and industry diversification. The diversity of end-use segments for the Company's products supports a narrative of growth and end-market expansion for Kewaunee.

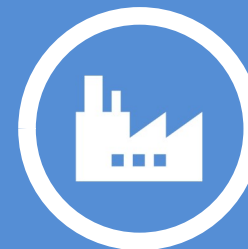


HEALTHCARE

- Market includes hospitals, surgery centers, testing centers, elderly care communities, etc.
- Macro population and aging trends support continued investment in health related initiatives requiring laboratories

LIFE SCIENCES

- Market includes life sciences, pharmaceutical, biotechnology and other manufacturers
- Continued global investment in research and development
- Expanding spend on infrastructure



EDUCATION

- Market includes K-12 and colleges and universities
- Increasing investments being made in STEM requiring new or upgraded facilities
- State and local governments beginning to fund education infrastructure improvements

Kewaunee Scientific Overview

Kewaunee is a North American leader in manufactured laboratory, healthcare, and technical furniture. Domestically, the company primarily relies on its dealer and distribution network to sell its products to end users.



Designs, manufactures, and installs laboratory, healthcare, and technical furniture products

Sold through dealers, and distribution channels as well as directly to the end-user

Products manufactured in Statesville, North Carolina

Kewaunee Scientific Overview

Internationally, Kewaunee participates throughout the entire laboratory build and operate value chain from pre-construction through post-construction with market leading positions in India and the Middle East

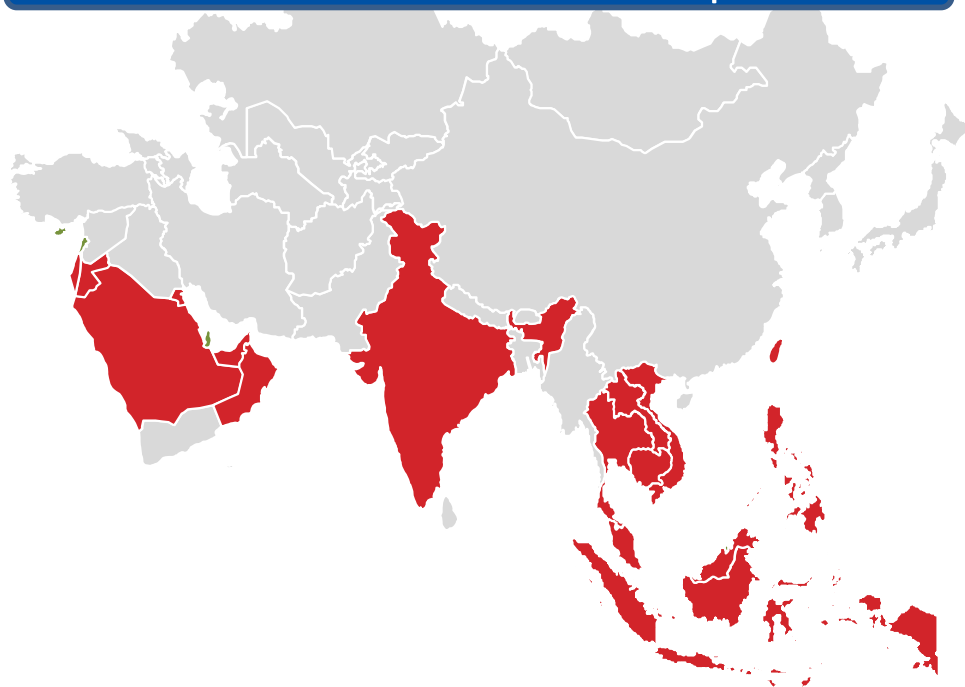
**Turn-key provider of total laboratory solution –
design, manufacture, installation, maintenance**

Sold principally direct to end-users

**Products for international markets manufactured
in Bangalore, India and Statesville, NC**

**Market leader in India and Middle East
geographies**

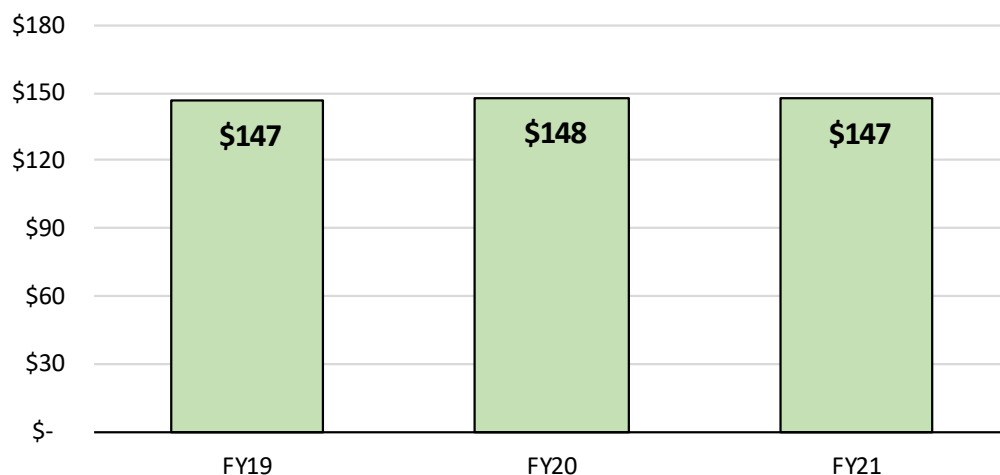
Current International Footprint



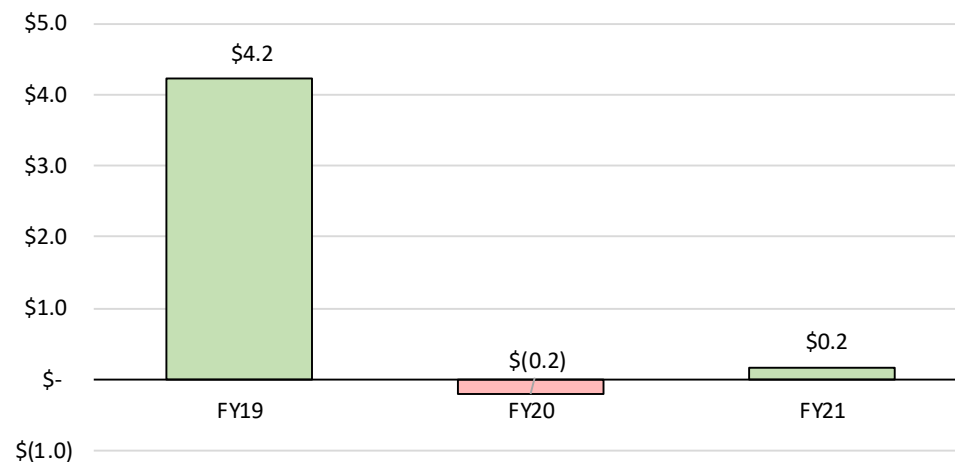
FY 2021 Review

FY 2021 Review – Consolidated Results

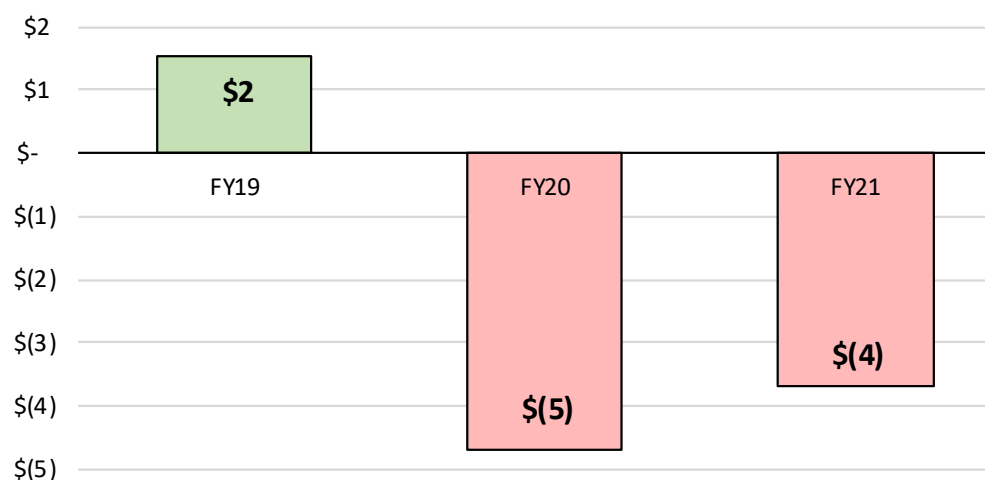
Sales
(\$ in millions)



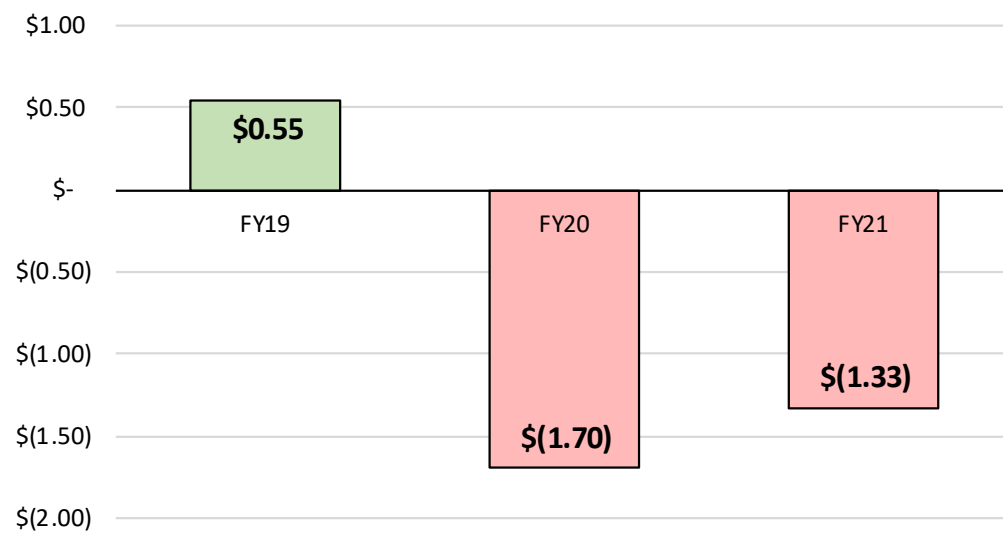
EBITDA*
(\$ in millions)



Net Earnings (Loss)
(\$ in millions)



Diluted EPS

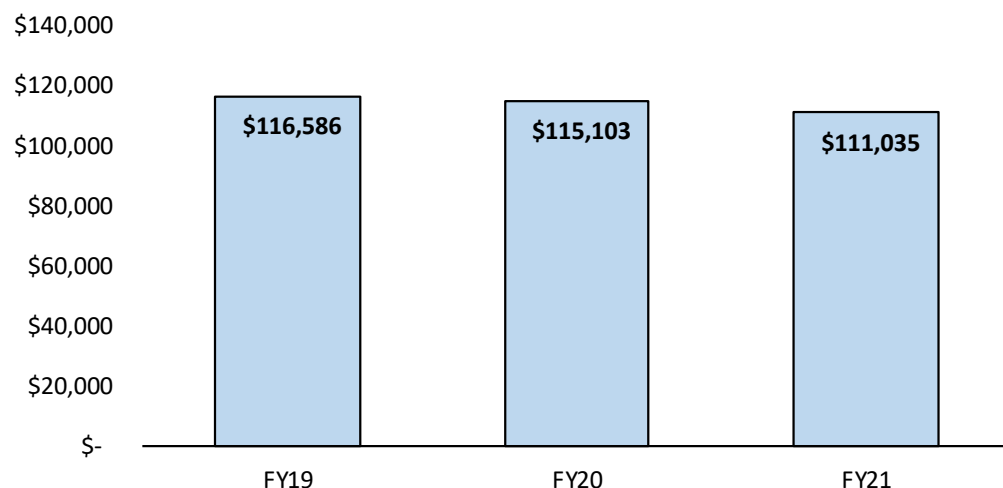


*EBITDA is a non-GAAP measure; please see the Appendix for a reconciliation to net earnings.

FY 2021 Review – Domestic Segment

The Domestic market was greatly impacted by delays in project decisions, the inability to access project sites and an overall slowdown related to the COVID-19 pandemic.

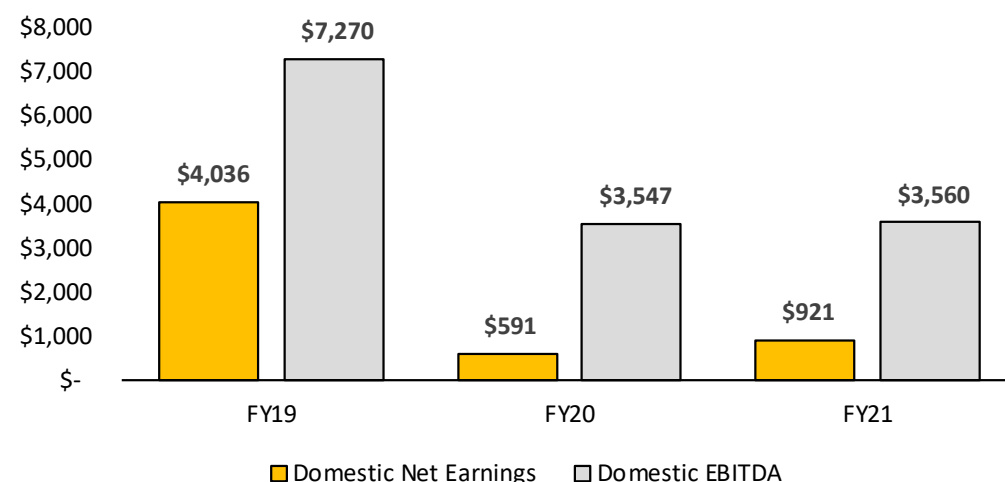
Domestic Sales
(\$ in thousands)



FY 2021 Impacts:

- COVID-19 related delays to project decisions and significant restrictions to site access in many states
- Significant increase in non-cash amortization of the underfunded pension liability as a result of the stock market crash in April 2020
- Ongoing investment in a multi-year system project
- Q4 margins were impacted by inflation and availability of resin and steel

Domestic Net Earnings and EBITDA*
(\$ in thousands)



FY 2021 Accomplishments:

- Backlog at FY21 year-end was up \$7.6M or 8.9% to \$93.0M versus FY20 year-end backlog of \$85.4M
- Completed Wood Plant Transformation project and launched front-end system enhancements for wood product line
- Rolled out Operational Excellence program across all plants which mitigated margin erosion from decreased sales activity and raw material inflation

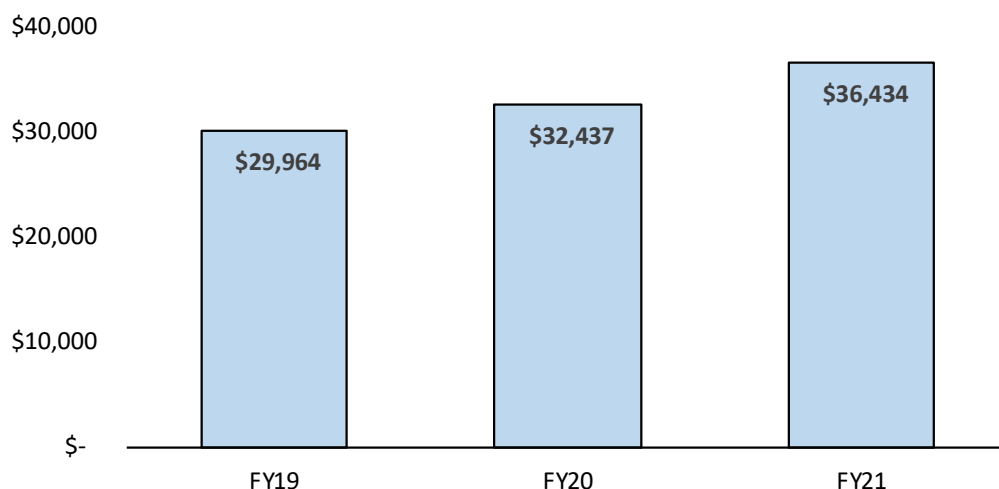
**EBITDA is a non-GAAP measure; please see the Appendix for a reconciliation to net earnings.*

FY 2021 Review – International Segment

International segment delivered strong performance despite widespread government mandated shutdowns in all the markets where they compete.

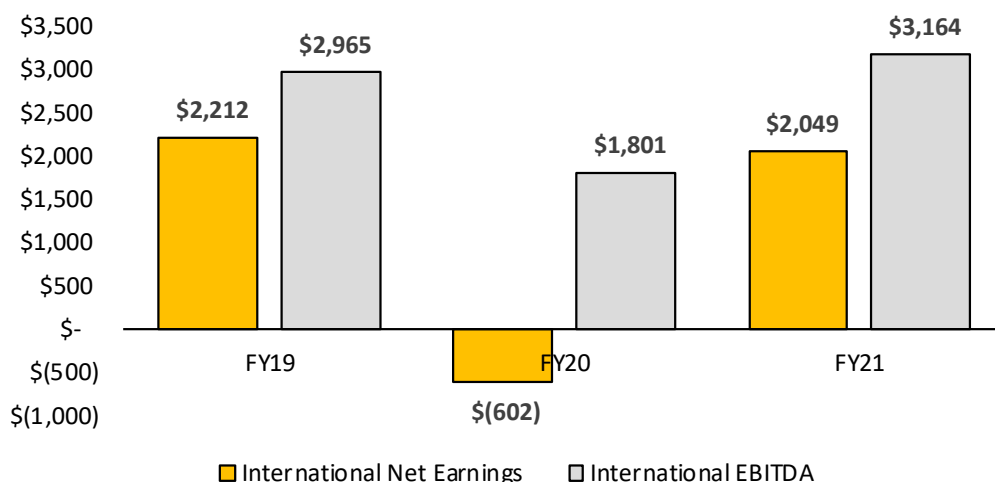
International Sales

(\$ in thousands)



International Net Earnings and EBITDA*

(\$ in thousands)



FY 2021 Impacts:

- Full shutdowns in our primary markets of India, Singapore and the Middle East
- KEQUIP was unable to secure any bookings due to the restrictions related to COVID-19
- Raw material cost increases and tightened availability in the latter part of the year

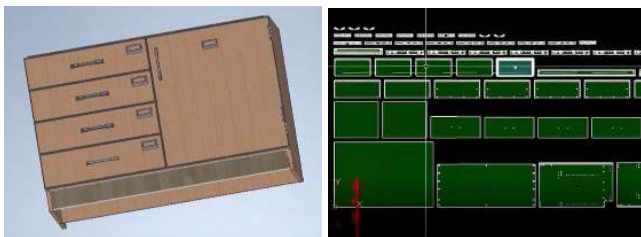
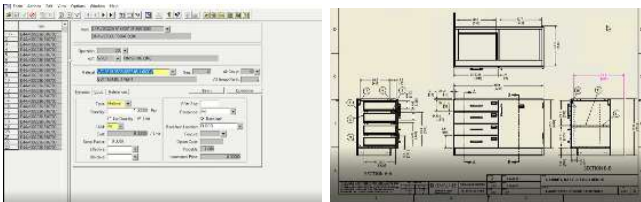
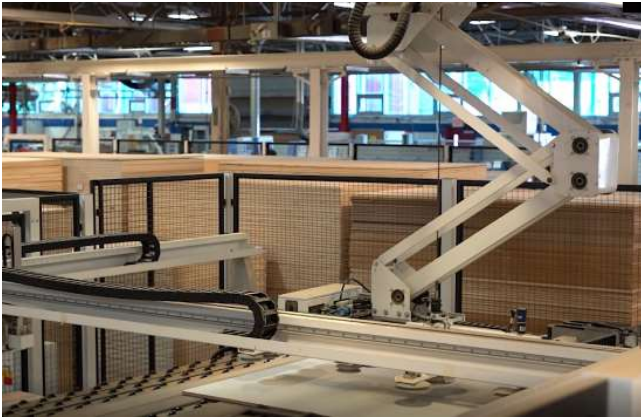
FY 2021 Accomplishments:

- Significant growth in revenue +\$4M, earnings +\$2.7M and EBITDA +\$1.4M
- Backlog at FY21 year-end was up \$5.9M or 38.3% to \$21.5M versus FY20 year-end backlog of \$15.6M
- Strong pipeline of projects awaiting decisions exist in all markets served.

*EBITDA is a non-GAAP measure; please see the Appendix for a reconciliation to net earnings.

FY 2021 Review – Other Accomplishments

Kewaunee's Associates did not let COVID-19 slow down efforts to improve the Company's positioning in the market-place.



Strategic Direction and Outlook

Strategic Direction and Outlook

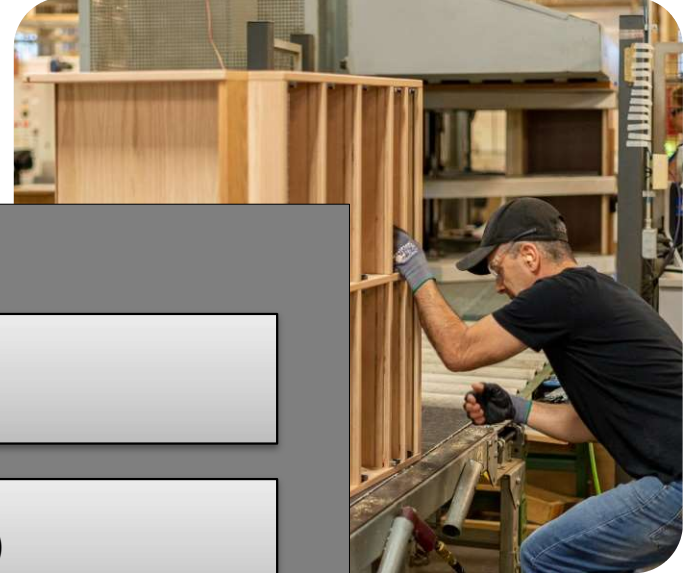
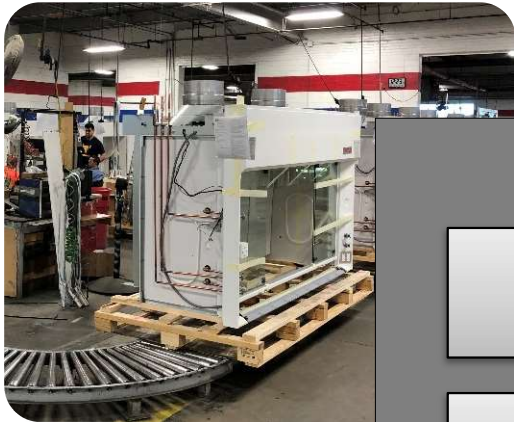


Strategic Direction and Outlook



“To be the global supplier of choice with customers in the laboratory furniture and infrastructure markets.”

Outlook and Strategic Vision



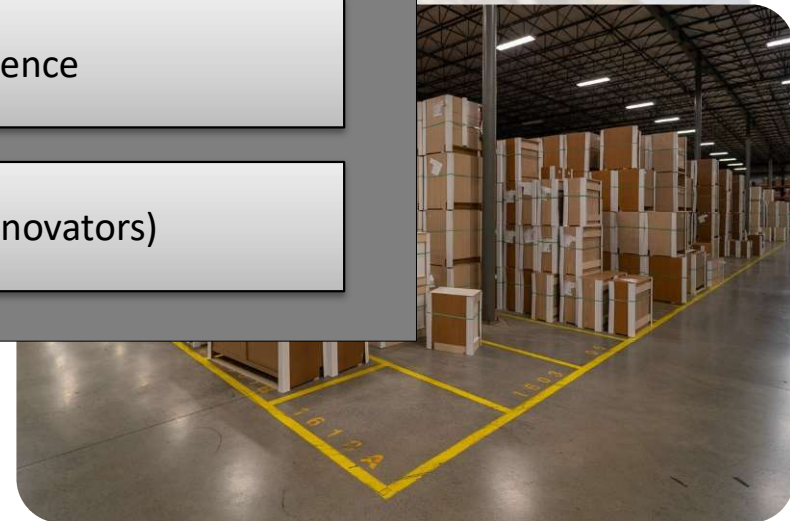
Our Guiding Principles

We will be easy to do business with

We will get closer to our customer(s)

We will do everything with excellence

We will lead and not follow (we are innovators)



Strategic Direction and Outlook

Kewaunee Social Media



Kewaunee Scientific
Corp.
3,272 followers



- <https://www.linkedin.com/company/kewaunee-scientific-corp./posts/>



- <https://www.facebook.com/KewauneeLabs/>

- <https://www.linkedin.com/company/everhutch/>

- <https://www.facebook.com/everhutch>



FY 2022 Q1 Earnings Release –
September 8, 2021, following
the market close

Thank You and Questions

Appendix

Non-GAAP Reconciliations

Kewaunee Scientific Corporation

Kewaunee Scientific Corporation Annual Shareholder Meeting | August 25, 2021

Appendix: Non-GAAP Measures (Dollars in Thousands)

The following unaudited tables reconcile Net Earnings to EBITDA, by Segment and Consolidated

<u>Year Ended April 30, 2019</u>	<u>Domestic</u>	<u>International</u>	<u>Corporate</u>	<u>Consolidated</u>
Net Earnings (Loss)	\$ 4,036	\$ 2,212	\$ (4,719)	\$ 1,529
Add/(Less):				
Interest Expense	-	3	364	367
Interest Income	-	(525)	(174)	(699)
Income Taxes	935	1,003	(1,492)	446
Depreciation and Amortization	2,299	272	-	2,571
EBITDA	\$ 7,270	\$ 2,965	\$ (6,021)	\$ 4,214
 <u>Year Ended April 30, 2020</u>	 <u>Domestic</u>	 <u>International</u>	 <u>Corporate</u>	 <u>Consolidated</u>
Net Earnings (Loss)	\$ 591	\$ (602)	\$ (4,676)	\$ (4,687)
Add/(Less):				
Interest Expense	-	7	486	493
Interest Income	-	(350)	(75)	(425)
Income Taxes	585	2,463	(1,290)	1,758
Depreciation and Amortization	2,371	283	-	2,654
EBITDA	\$ 3,547	\$ 1,801	\$ (5,555)	\$ (207)
 <u>Year Ended April 30, 2021</u>	 <u>Domestic</u>	 <u>International</u>	 <u>Corporate</u>	 <u>Consolidated</u>
Net Earnings (Loss)	\$ 921	\$ 2,049	\$ (6,642)	\$ (3,672)
Add/(Less):				
Interest Expense	-	4	385	389
Interest Income	-	(216)	(7)	(223)
Income Taxes	245	1,063	(318)	990
Depreciation and Amortization	2,394	264	29	2,687
EBITDA	\$ 3,560	\$ 3,164	\$ (6,553)	\$ 171

EBITDA and Segment EBITDA

We calculate EBITDA and Segment EBITDA as net earnings, less interest expense and income, income taxes, depreciation, and amortization. We believe EBITDA and Segment EBITDA allow management and our investors to compare our performance to other companies on a consistent basis without regard to depreciation and amortization, which can vary significantly between companies depending upon many factors. EBITDA and Segment EBITDA are not calculations based upon generally accepted accounting principles and our method for calculating EBITDA and Segment EBITDA can vary as compared to other companies. The amounts included in the EBITDA and Segment EBITDA calculations, however, are derived from amounts included in the historical statements of earnings. EBITDA and Segment EBITDA should not be considered an alternative to net earnings or operating earnings as an indicator of the Company's operating performance, or as an alternative to operating cash flows as a measure of liquidity.