NEWS RELEASE

AAON Reports Sales, Earnings & Backlog for the Fourth Quarter of 2023

2024-02-28

TULSA, OK, February 28, 2024 - AAON, INC. (NASDAQ-AAON), a leading producer of premium HVAC solutions, today announced its results for the fourth quarter of 2023.

Gary Fields, CEO, stated, “I am extremely pleased with our overall results for 2023. We finished another year with record sales, EBITDA and earnings. The fourth quarter was also another strong quarter for AAON. In what typically is a seasonally soft period for the Company, we achieved comparable sales and earnings to what we reported in the third quarter, which was a record quarter for AAON. On a year-over-year perspective, improved productivity was a key factor to both production output and margin expansion. Our manufacturing teams did an excellent job of improving the efficiency of our operations, a trend we expect will continue in 2024. Gross profit margin of 36.4%, up from 30.8% in the year ago quarter, reflects these productivity gains, along with incremental pricing. In addition to profitability, I was also pleased with how the Company's bookings and backlog trended throughout the second half of 2023, including the fourth quarter. All in, 2023 was a spectacular year and we are optimistic on continued success in 2024.”

Net sales for the fourth quarter of 2023 increased 20.4% to a record $306.6 million from $254.6 million in the fourth quarter of 2022. The Company had a healthy backlog entering the quarter, which, combined with improved operational efficiencies, contributed to year over year organic volume growth of approximately 9.3%.

Gross profit for the quarter increased 42.3% to $111.7 million, or 36.4% of sales, compared to the same period a year ago. The drivers for the year--over--year margin expansion were incremental pricing, improved operational efficiencies and improved overhead absorption.

Earnings per diluted share in the fourth quarter of 2023 increased 19.1% to $0.56 from $0.47 in the fourth quarter of 2022.

Bookings in the fourth quarter increased sequentially for a second straight quarter and were up on a year-over-year basis. Bookings in the quarter also outpaced production, resulting in a quarter-over-quarter increase in backlog. Backlog at the end of the fourth quarter of 2023 was $510.0 million, up 4.0% from $490.6 million the end of the third quarter and down 6.9% from $548.0 million at December 31, 2022.

Mr. Fields concluded, “As we progress through the early months of 2024, we are cautiously optimistic with the outlook for the current year. While increasingly there are signs of slowing in the nonresidential construction sector, along with uncertainties surrounding the new refrigerant transition, we continue to anticipate sales and earnings growth for the year, albeit at slower growth rates than recent years. We are also confident we will continue to take market share due to our advanced position in both new refrigerant equipment and cold climate air-source heat pumps. We currently have a majority of our product portfolio offered with the new refrigerant in our electronic catalog as well as a full line of packaged rooftop equipment configurable with heat pumps designed to operate down to zero degrees Fahrenheit, both of which provide us an advantage against most of our competition. At the same time, we see more opportunity for enhancements in productivity across our operations in 2024. Recently announced changes to Company leadership will help leverage these opportunities, best positioning AAON for growth. Therefore, while there are external factors that could result in a slower market environment, we are optimistic we will continue to drive growth this year and create more value for all of our stakeholders.”

As of December 31, 2023, the Company had cash, cash equivalents and restricted cash of $9.0 million and $38.3 million outstanding on the revolving credit facility. Rebecca Thompson, CFO, commented, “Our cash flows from operating activities strengthened in both the fourth quarter and 2023, growing year-over-year 189.0% and 159.1%, respectively, and outpacing earnings growth in the respective periods. Cash flows from operating activities in both periods also exceeded capital expenditures, which were up significantly from prior periods. We continue to find attractive organic growth opportunities with compelling returns, which will result in another year of elevated capital expenditures in 2024. At the same time, we see further opportunities to enhance our earnings to cash flow conversion rates in 2024. Our balance sheet remains strong with a current ratio of 3.2 and a leverage ratio of 0.15.”

Conference Call and Webcast

The Company will host a conference call and webcast to discuss its financial results and outlook on February 28, 2024 at 5:15 P.M. ET. The conference call will be accessible via a dial-in for those who wish to participate in Q&A as well as a listen-only webcast. The accessible dial-in is accessible at 1-800-836-8184. To access the listen-only

webcast, please register at **https://app.webinar.net/b6rzgxE5JyM**. On the next business day following the call, a replay of the call will be available on the Company's website at https://aaon.com/Investors.

About AAON

Founded in 1988, AAON is a global leader in HVAC solutions for commercial and industrial indoor environments. The Company's industry-leading approach to designing and manufacturing highly configurable and custom-made equipment to meet exact needs creates a premier ownership experience with greater efficiency, performance and long-term value. AAON is headquartered in Tulsa, Oklahoma, where its world-class innovation center and testing lab allows AAON engineers to continuously push boundaries and advance the industry. For more information, please visit **www.aaon.com**.

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "should", "will", and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligations to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. 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 material 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.

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Supplemental financial tables are available in PDF version of this **press release.**