



ENCORE WIRE®

NASDAQ : WIRE

# Electrifying the Future

March 31, 2023



# Rich History of Organic Growth



- 1989** ● **PLANT 1**  
Founded as 68,000 square foot industrial warehouse manufacturing residential wire
- 1992** ● **INITIAL PUBLIC OFFERING**  
NASDAQ ticker symbol: WIRE
- 1994** ● **BUILT PLANT 2**  
Expansion of product line into large gauge commercial wire. Secondary public offering.
- 1997** ● **BUILT DISTRIBUTION CENTER**
- 1998** ● **BUILT COPPER ROD MILL**
- 1999** ● **BUILT PLASTIC MILL**
- 2001** ● **BUILT PLANT 3**  
Expansion of Circuit Wire product offerings
- 2004** ● **EXPANDED DISTRIBUTION CENTER**  
480,000 square feet and 60 dock doors; Railroad track
- 2006** ● **BUILT PLANT 4**  
Expansion of product line to include armored cable
- 2007** ● **BUILT CORPORATE HEADQUARTERS**



- 2008** ● **OPENED PLANT 5**  
Expansion of product line to include industrial cable
- 2010** ● **BUILT ENCORE TECHLAB**  
LEED® Platinum certified R&D Center  
First of its kind in North Texas
- 2012** ● **BUILT PLANT 6**  
Expansion of product line to include aluminum building wire
- 2014** ● **EXPANDED PLANT 6**
- 2016** ● **EXPANDED PLANT 4**
- 2021** ● **BUILT MODERN SERVICE CENTER**
- 2022** ● **OPENED PLANT 7**  
Over 400,000 square feet of incremental manufacturing capacity
- 2022** ● **OPENED EMPLOYEE CENTER**  
Plant 5 becomes state-of-the-art facility for recruiting, training, fitness, medical care
- Q3 2023** ● **XLPE COMPOUNDING FACILITY**  
Fabrication of polyethylene insulation
- 2023 -2025** ● **INCREMENTAL INVESTMENTS**  
Increasing capacity and efficiencies

# Electrifying the Future



Our products distribute power from the transmission grid to the wall outlet or switch, and everything in between. CAPEX and vertical initiatives competitively position Encore as a key supplier in the transition to sustainable future power solutions.

## DATA CENTERS

Our manufacturing scale and flexibility, coupled with our value-added services, drive jobsite efficiencies as data center requirements continue to increase in speed to completion, and product diversity.

## RENEWABLES

GreenConnect™ products provide power generation and distribution solutions for Solar, Electric Vehicle Charging (EV), Battery Storage, and Utility applications.

## HEALTHCARE

Our diversified product portfolio is well positioned to supply mission critical healthcare expansion and facility upgrades while powering lifesaving equipment.

## COMMERCIAL

In addition to traditional commercial applications, smaller-scale power generation/distribution investments and onsite renewable energy will require capacity expansion and upgrades to distribution infrastructure.

## INDUSTRIAL

Our products are designed for a wide range of applications including oil & gas, petrochemical, battery plants, waste-water, and automotive manufacturing, just to name a few. Continued focus on on-shoring manufacturing should spur continued demand.

## RESIDENTIAL

In addition to traditional residential applications, onsite renewable energy, battery storage, and EV charging solutions will require capacity expansion and upgrades to distribution infrastructure.

The Bipartisan Infrastructure Law and Inflation Reduction Act should drive incremental, long-term demand for our products. Our single-campus, build-to-ship business model allows us to quickly pivot and adapt to ever-changing market demands and needs.

# The Increasing Call on Copper



The transition to sustainable energy and electric vehicles is forecast to deepen the current global copper supply deficit.

- Recycled copper will become increasingly important as overall supply available for traditional applications further tightens.

Copper use intensity is currently multiples higher for renewable applications when compared to non-renewables.

Use of copper for transportation applications is forecast to surpass construction around 2030.

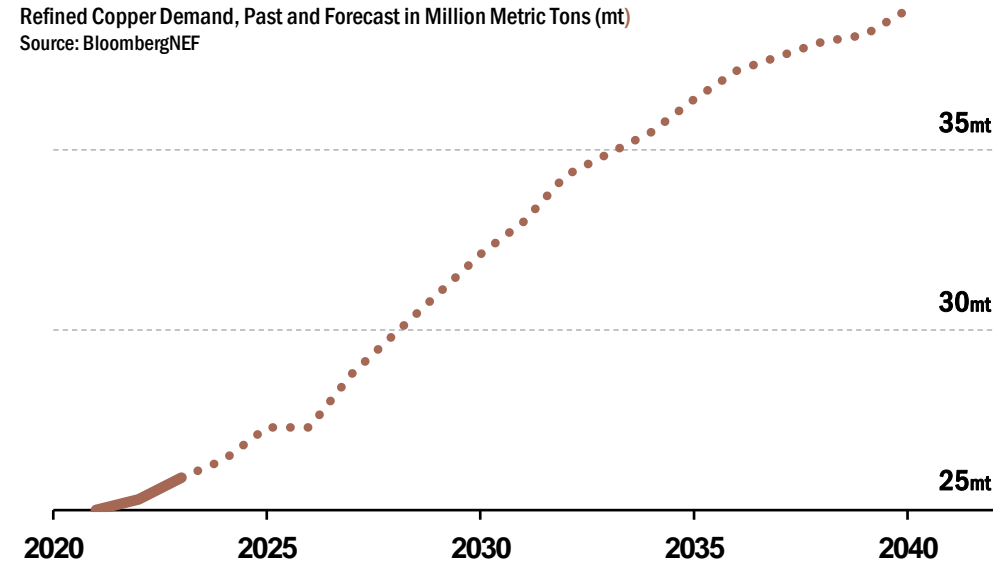
- Electric vehicles can use up to 10x the amount of copper when compared to traditional internal combustion engine vehicles.

Projected ongoing structural copper deficits would further strain copper rod and cathode availability.

Our copper rod mill and deep domestic supplier relationships should position us favorably in this environment.

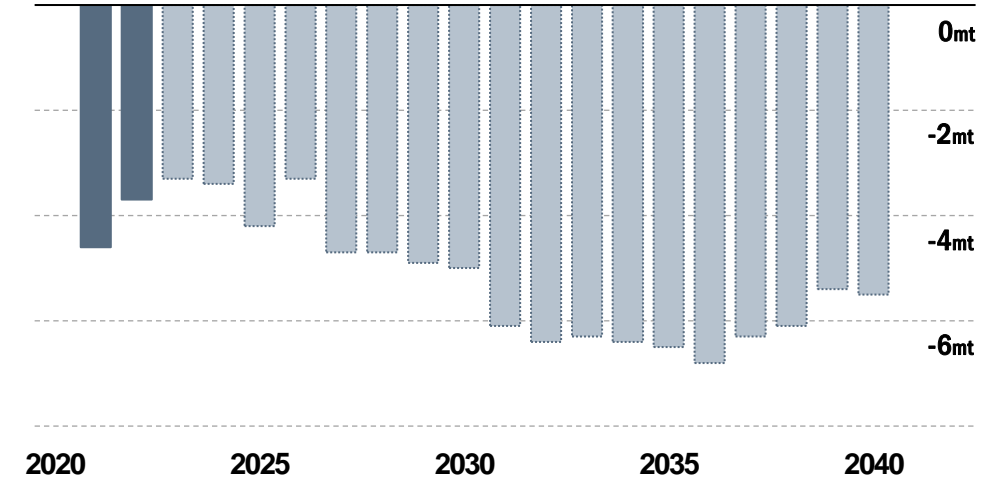
## GLOBAL COPPER DEMAND

Refined Copper Demand, Past and Forecast in Million Metric Tons (mt)  
Source: BloombergNEF








## STRUCTURAL COPPER DEFICIT

Refined Copper Supply, Past and Forecast in Million Metric Tons (mt)  
Source: BloombergNEF



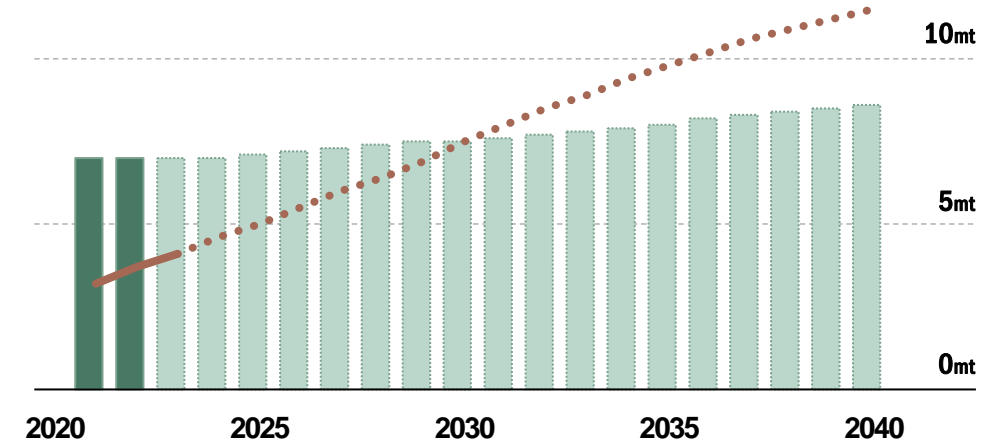
## RENEWABLE COPPER USE INTENSITY

Sources: S&P Global, Copper Development Association

Copper Tons Per 1MW Electricity Generation			Copper Pounds per Vehicle	
Nonrenewable	Wind Power	Solar Power	Gasoline	Electric
				
1	3 - 5	3 - 5	18 - 49	183

## TRANSPORTATION SURPASSES CONSTRUCTION

Refined Copper Demand by Sector, Past and Forecast in Million Metric Tons (mt)  
Source: BloombergNEF



# The Shape of the Industry



Wire manufacturers depend on precise shapes and sizes of material inputs to make their products.

- Including imports of Copper Rod, Alumina and Aluminum Rod, Fabricated Plastic Compounds, Nylon, and Armored Jacketing.

Challenges related to the availability of skilled labor, logistics, and industrial storage have tightened the availability of certain raw and finished material inputs.

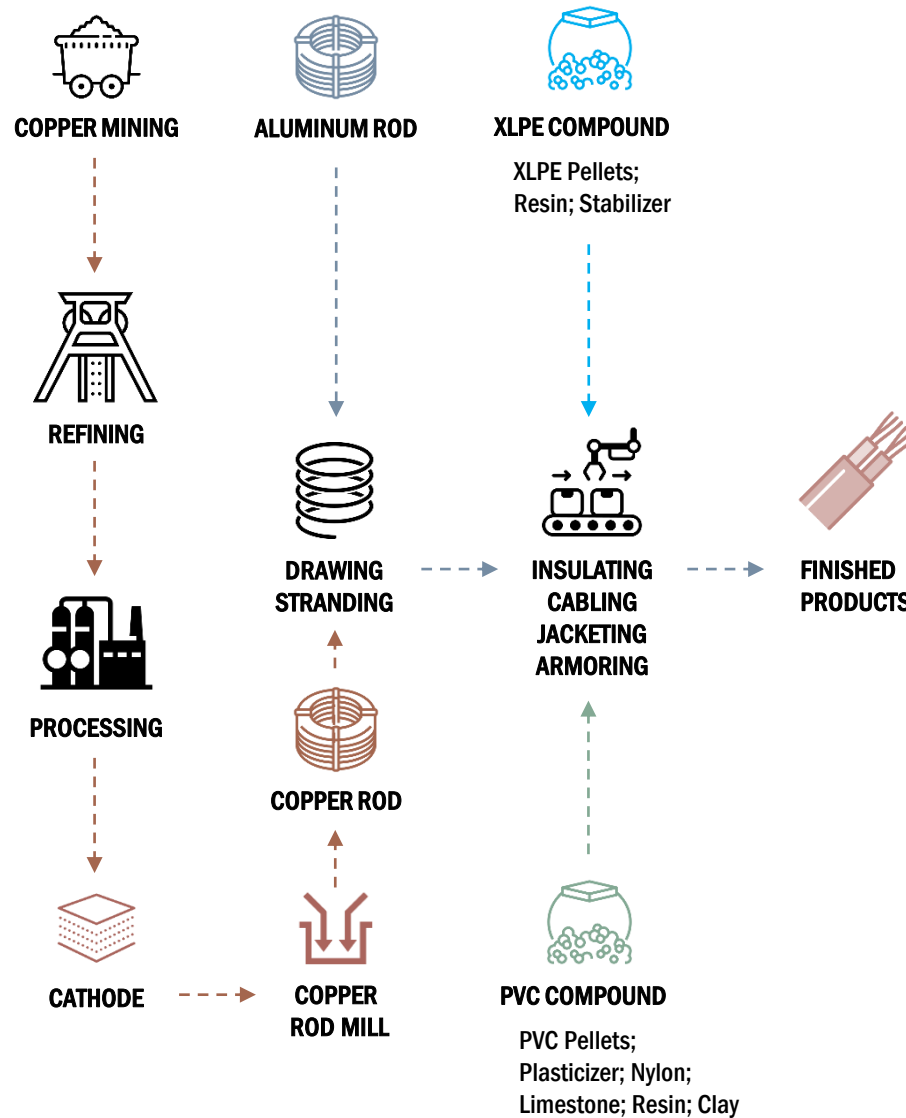
- Lead times for the machinery required to onshore capacity of domestic finished material inputs can surpass two years.

Similar challenges have affected domestic wire manufacturers and distributors, which can put a further strain on the availability of wire and cable for customers.

- Horizontally integrated competitors manage multiple facilities, with amplified supply chain, labor, and logistics challenges to overcome, increasing costs and potentially decreasing profitability.

## MATERIAL INPUTS FOR ELECTRICAL WIRE

in current product categories



## INDUSTRY CHALLENGES

in the current environment

Copper Rod and Cathode availability remains tight.

- Approximately 6% of global copper cathode production is mined in the United States, with 11 domestic copper rod mills.
- Both domestic and international mining suppliers also struggle with access to skilled labor and logistics.
- Miners may not be incentivized to increase copper production in the current pricing environment.

Challenges exist for other certain raw material inputs

- Procurement difficulties in any part of the supply chain for raw material inputs can halt or slow manufacturing production lines.

The ability to accept material inputs in various shapes and forms is a differentiator.

- Companies that can fabricate their own rod and plastic compounds have a competitive advantage.

Hiring and retaining talent is a persistent challenge.

The shifting demand for product has rewarded companies who are nimble and can quickly meet changing market needs.

# Operational Advantages



100% organic growth has allowed us to plan our business expansions to increase profitability and capture market share.

We fabricate our own copper rod, plastic compounds, and plastic and metallic sheathing.

- Eliminating middlemen and reducing risks and costs of supply chain for raw material inputs
- Ensuring our high standards of quality control

In February 2023, we announced the construction of a state-of-the-art XLPE compounding facility, which we expect will be substantially complete in Q3 2023.

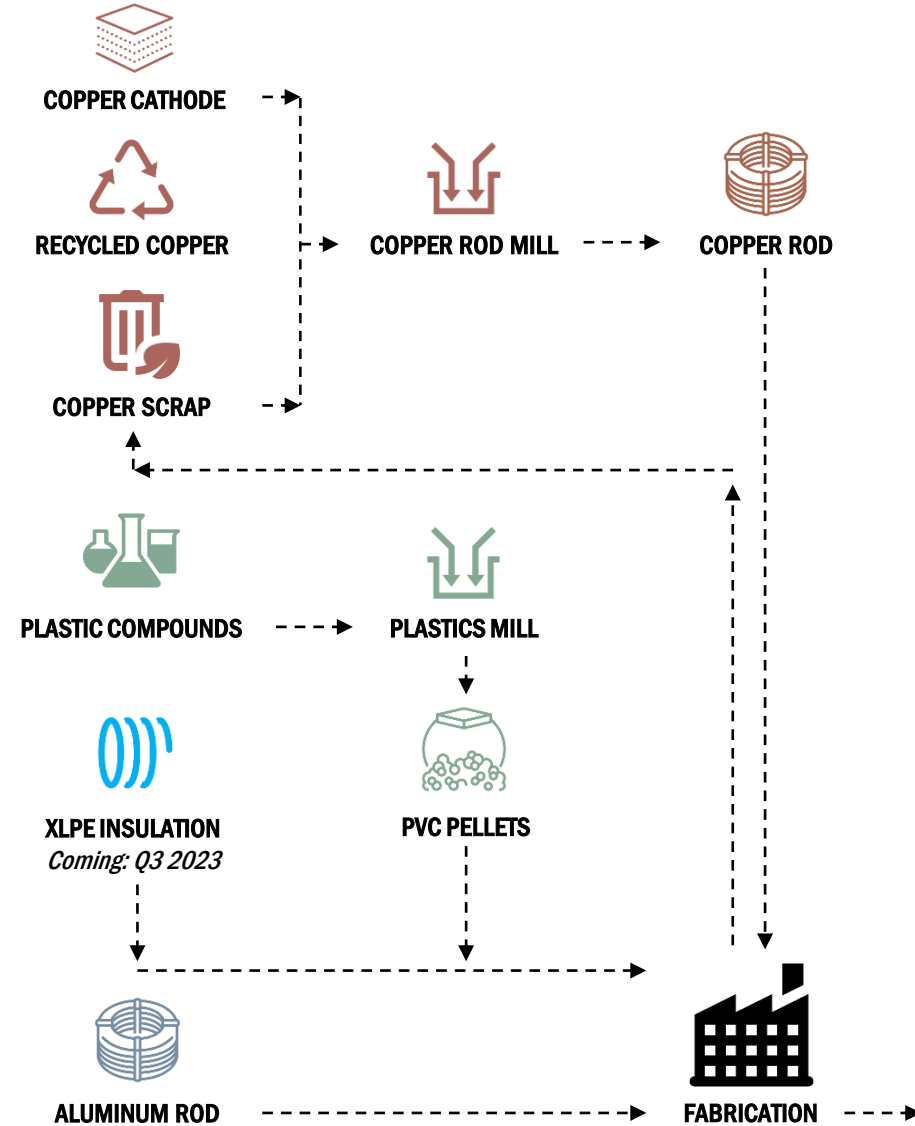
- XLPE insulation is used in a wide variety of products with increasing demand from data center, utility, and renewable energy applications.

Encore enjoys unparalleled operational flexibility and is structured to dynamically adapt to changing market conditions.

- Adaptive order-to-ship model increases fill rates.

## VERTICAL INTEGRATION

Current and announced, as of February 2023



## SINGLE SITE CAMPUS

Over 3.0 Million Square Feet on approximately 460 Acres

Encore prides itself on quick shipment of complete orders. We strive to ship 100% complete orders in 24-48 hours from order receipt.

- Shipping virtually all products from a single site campus allows for streamlined logistics and regular flow of goods along established shipping routes to our distributor network.

World-Class modern service center allows for improving just in time inventory and increasing throughput.

- Ability to customize orders to exact customer specifications positions us to capture incremental sales volume and margin.

One campus model allows us to quickly switch manufacturing schedules to meet changing customer demand.

- Employees are moved between plants as needed to keep production lines running smoothly and meet incremental demand.



DELIVERY



INVENTORY



PRODUCT

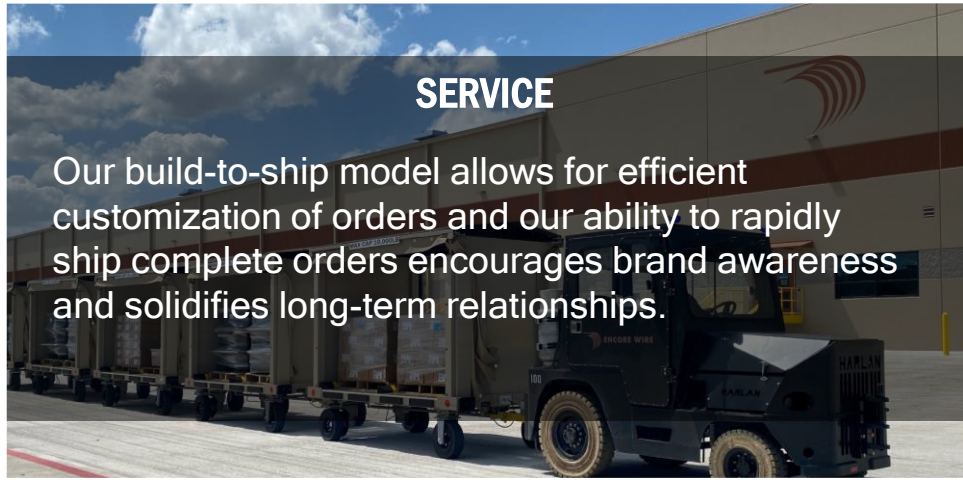
# Driving Profitability



Margins remain elevated due to the general inability of the sector to meet demand for the timely delivery of finished goods.


Our ability to quickly ship complete orders within 24-48 hours remains a differentiator in the current competitive landscape.

## SERVICE




Our build-to-ship model allows for efficient customization of orders and our ability to rapidly ship complete orders encourages brand awareness and solidifies long-term relationships.

## VERTICALS




Copper rod and plastics mills allow for precise fabrication of material inputs. Acceptance of raw materials in multiple shapes and forms reduces COGS.

## LOGISTICS




New modern service center allows for rigorous inventory control and world-class logistics. Our goal is to ship 100% complete orders in 24 - 48 hours.

## OPERATIONS



CAPEX initiatives increase overall capacity and automation, reduce costs and work-in-progress touches. One campus model allows for plug-and-play of talent in different facilities as customer needs change.

## SUPPLY CHAIN



Deep, long-term supplier relationships allow for timely procurement of necessary raw materials. Raw material tightness and finished goods scarcity have supported higher prices and margins.

## SINGLE SITE ADVANTAGE



Ability to quickly change manufacturing schedules and deploy employees between plants allows for nimble, efficient operations, and meaningfully reduces labor and inventory costs.

Vertical integration and expansion initiatives are increasing capacity and efficiencies, positioning us to profitably capture market share.

Our commitment to widening our position as a low-cost provider in the industry should serve us well in future business cycles.

# Prioritizing Sustainability



Encore Wire has a rich history of “doing the right thing” - whether it comes to the environment, our employees, the community, or the way we conduct our business.

- We believe that responsible ESG management has a positive influence on our long-term business resilience and performance.

In 2021, we began to scrutinize our efforts to expand disclosure of our position as a sustainable company in our industry.

Our ESG report for 2022 describes in detail our efforts to date, including our ESG strategy, materiality assessment, and our priorities and goals for the coming year.

- To learn more about our ESG platform, visit the sustainability section of our website at [encorewire.com](http://encorewire.com)

## SUSTAINABILITY TIMELINE

Past and Present, as of March 2023

### MARCH 2021

We released our first Global Human and Labor Rights Policy to increase transparency into our long-standing policies that protect and respect the rights of our employees, stakeholders, and community.

### October 2021

We released our first Global Environmental Policy to highlight our ongoing commitment to environmental compliance, preservation, and minimizing our environmental impact.

### November 2022

Our Sustainability Governance Committee met to review and ultimately endorse our new ESG Strategy.

### August 2021

The Board of Directors established the Sustainability Committee to assist the Board in its oversight of environmental and social strategy, risks, and risk mitigation.

### November 2021

We released our Occupational Health and Safety Policy to increase transparency into our long-standing commitment to provide a working environment that promotes optimal health and safety for our employees.

### March 2023

We released our inaugural ESG report, which summarizes our sustainability efforts to date and formalizes our commitments for the future.

## ESG STRATEGY

As detailed in our 2022 ESG Report



### ENVIRONMENTAL

- Leverage existing zero-waste initiative to minimize waste generation and enhance materials recovery
- Reduce energy use and greenhouse gas emissions intensity
- Increase water efficiency and storage capacity on campus



### SOCIAL

- Increase communication with all employees on company culture and initiatives
- Enhance employee satisfaction and retention



### GOVERNANCE

- Create policies for sustainable construction and sustainable procurement, and
- Explore sustainable product certifications



# Reinvesting for Future Opportunity



We reinvest capital when we foresee an attractive opportunity to:

- Improve our service model
- Remove costs from the system
- Reduce exposure to our supply chain for material inputs
- Expand vertical integration
- Increase capacity and extend our reach into new and existing markets
- Improve order fill rate and decrease order-to-ship time

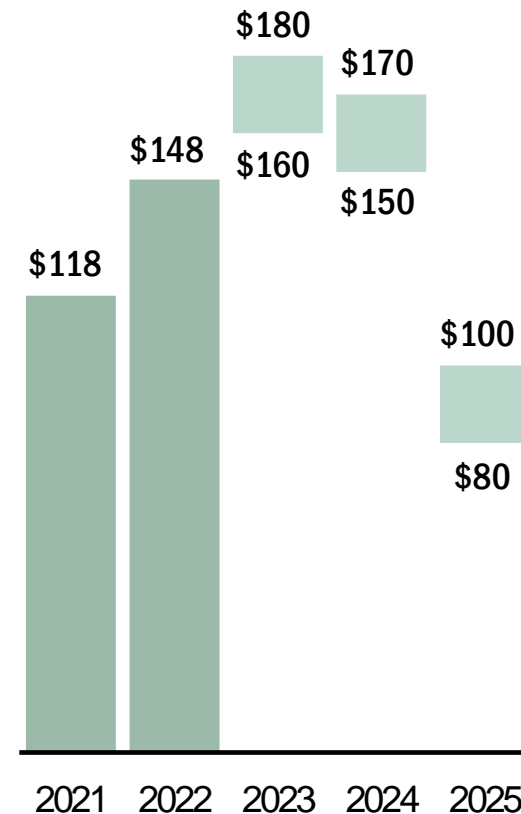
We expect capital expenditures to contribute to increasing profitability and sales volume while widening our competitive advantages:

- World-class customer service
- Unmatched order-to-shipment time
- Low-cost manufacturing

## AMBITIOUS PLANS

\$ million, year end and projected

### CAPEX



## NEW SERVICE CENTER

Opened: Q2 2021

- 720,000 square foot service center increases throughput and provides the bandwidth necessary to capture incremental sales volume.

## PLANT 7

Opened: Q3 2022

- Repurposed legacy distribution center into Plant 7, expanding manufacturing capacity and extending market reach.

## XLPE COMPOUNDING FACILITY

Completion: Q3 2023

- State of the art, cross-link polyethylene (XLPE) compounding facility will deepen vertical integration related to wire and cable insulation.
- XLPE insulation is used in many applications including Data Centers, Oil and Gas, Transit, Waste-Water Treatment facilities, Utilities, Wind and Solar applications.

## INCREMENTAL INVESTMENTS

FY 2023 - 2025

- Expand vertical integration to reduce costs.
- Modernize select wire manufacturing facilities to increase capacity and efficiency.

Our Strong Balance Sheet and Operating Cash Flow should provide ample funding.

# Strong Balance Sheet



Our conservative balance sheet and focus on long-term financial strength has served us well throughout the history of our company and has increased our competitive position in recent market conditions.

- Our ability to fund organic growth with cash and operating cash flow is a competitive advantage in the current interest rate environment.
- Swelling cash balance allows for growing interest income as rates increase, which flows directly to the bottom-line.
- Share repurchase program allows for return of capital to shareholders and retirement of common stock, positively impacting earnings per share.

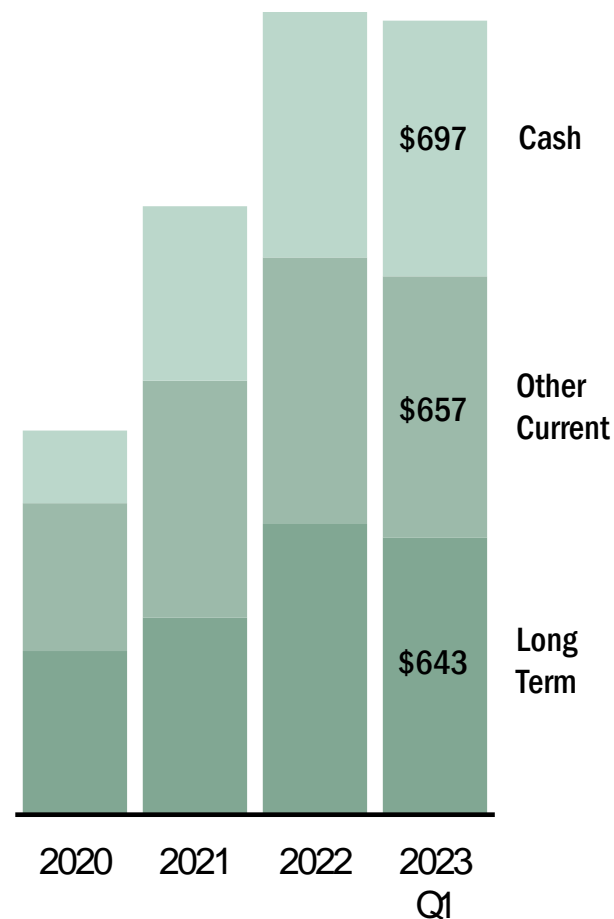
We compete in a cyclical business and have seen competitors come and go as economic conditions change.

Our focus remains on building a sustainable, profitable business for the long-term financial success for our shareholders. Our balance sheet is a reflection of this philosophy.

## STRONG ASSET GROWTH

\$ million, quarter and year end

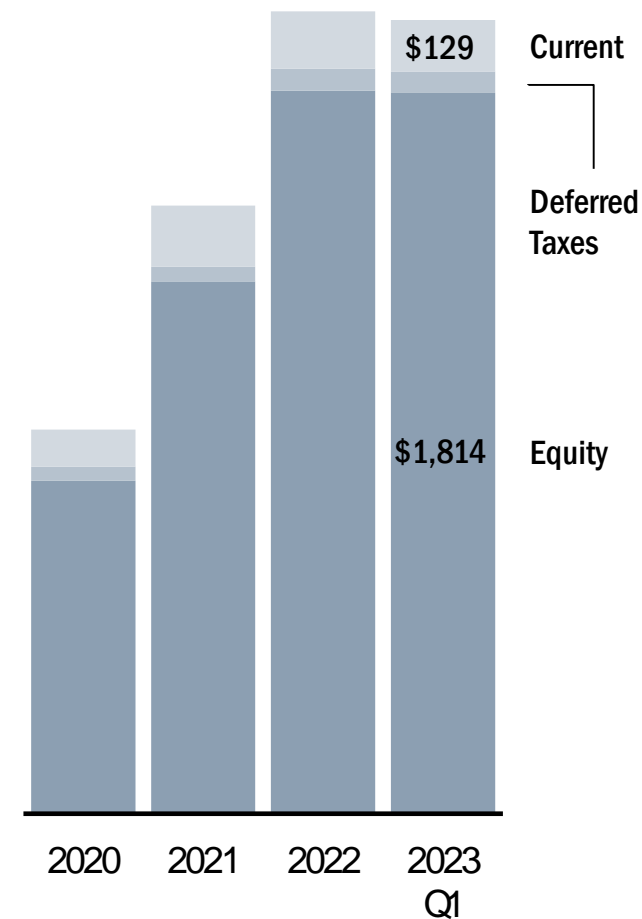
### ASSETS



## STRONG EQUITY GROWTH

\$ million, quarter and year end

### LIABILITIES



## FINANCIAL HIGHLIGHTS

as of March 31, 2023

<b>CASH</b>	<b>\$697.4 Million</b>
Current Ratio	10.5x
Unused Revolver	\$200 Million
<b>TOTAL DEBT</b>	<b>\$0</b>
Goodwill	\$0
Inventory Turn (Finished Goods)	12.8x
<b>TBV/Share</b>	<b>\$103.25</b>

## SHARE REPURCHASES

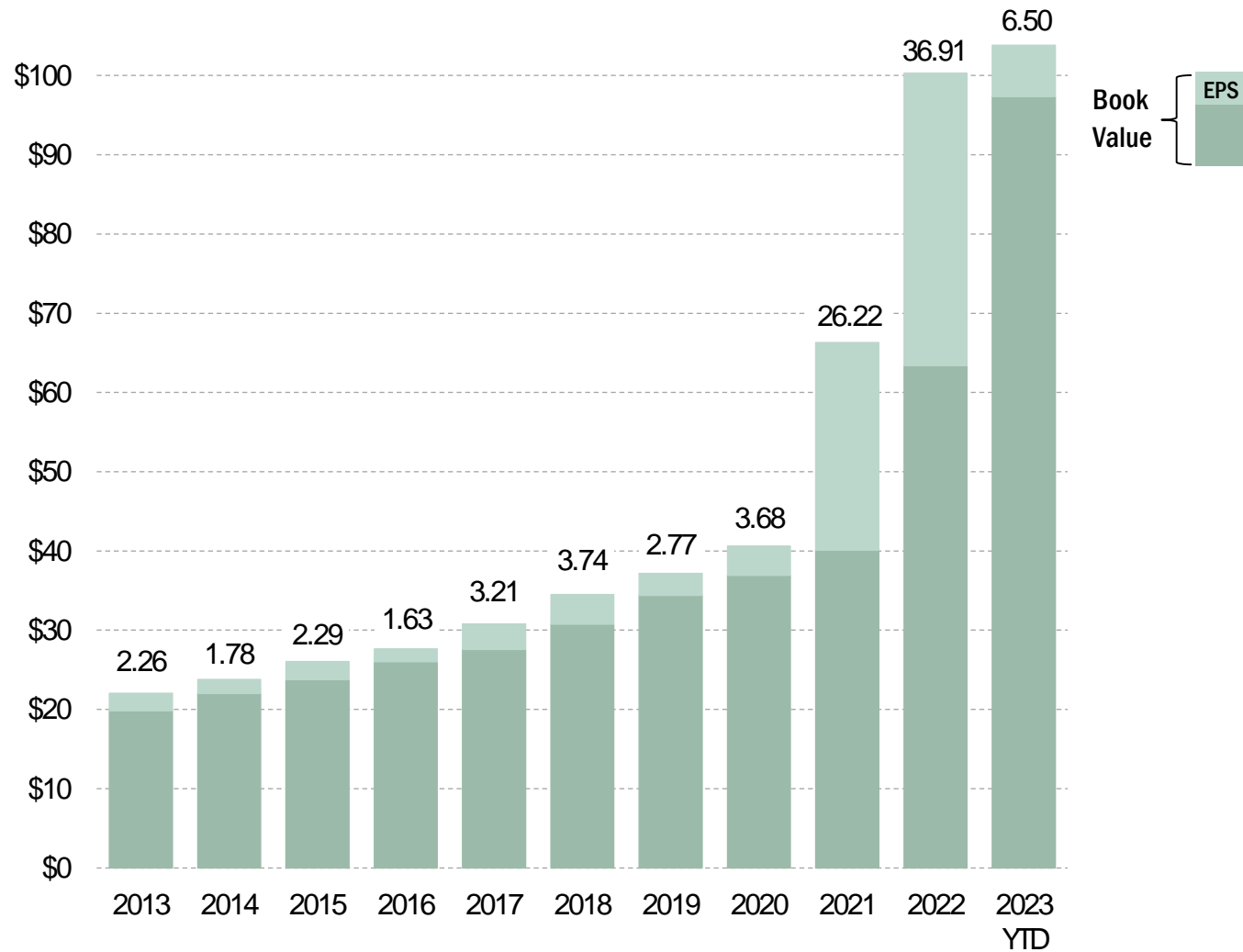
2020	\$20.7 Million
2021	\$43.3 Million
2022	\$247.6 Million
2023 (YTD)	\$127.1 Million
<b>TOTAL</b>	<b>\$438.7 Million</b>

# Strong Financial Results



## DILUTED EPS AND TANGIBLE BOOK VALUE PER SHARE

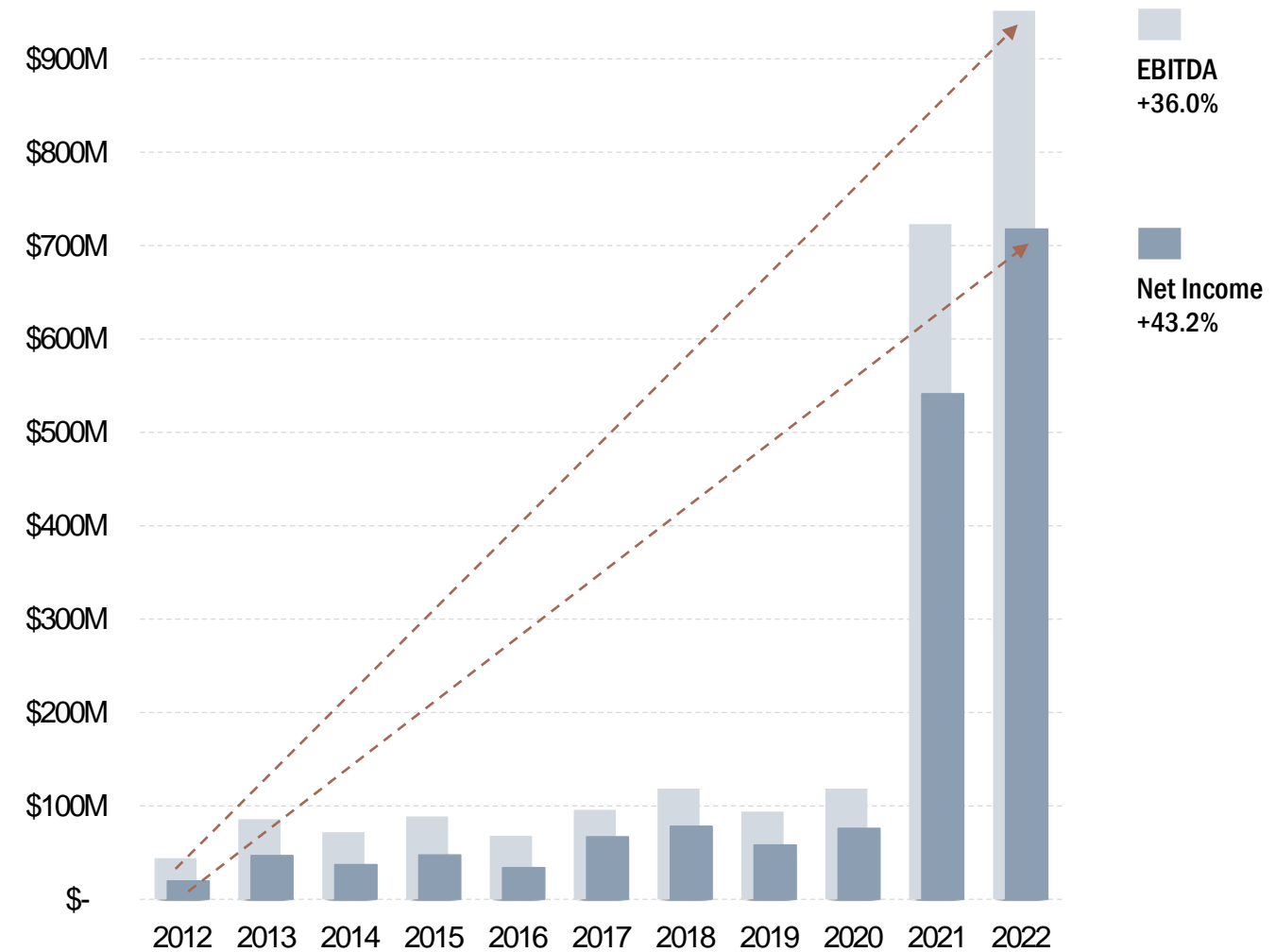
as of March 31, 2023



We have a rich history of equity growth, enjoying over 25 years of profitability.

## COMPOUND ANNUAL GROWTH RATE

as of December 31, 2022



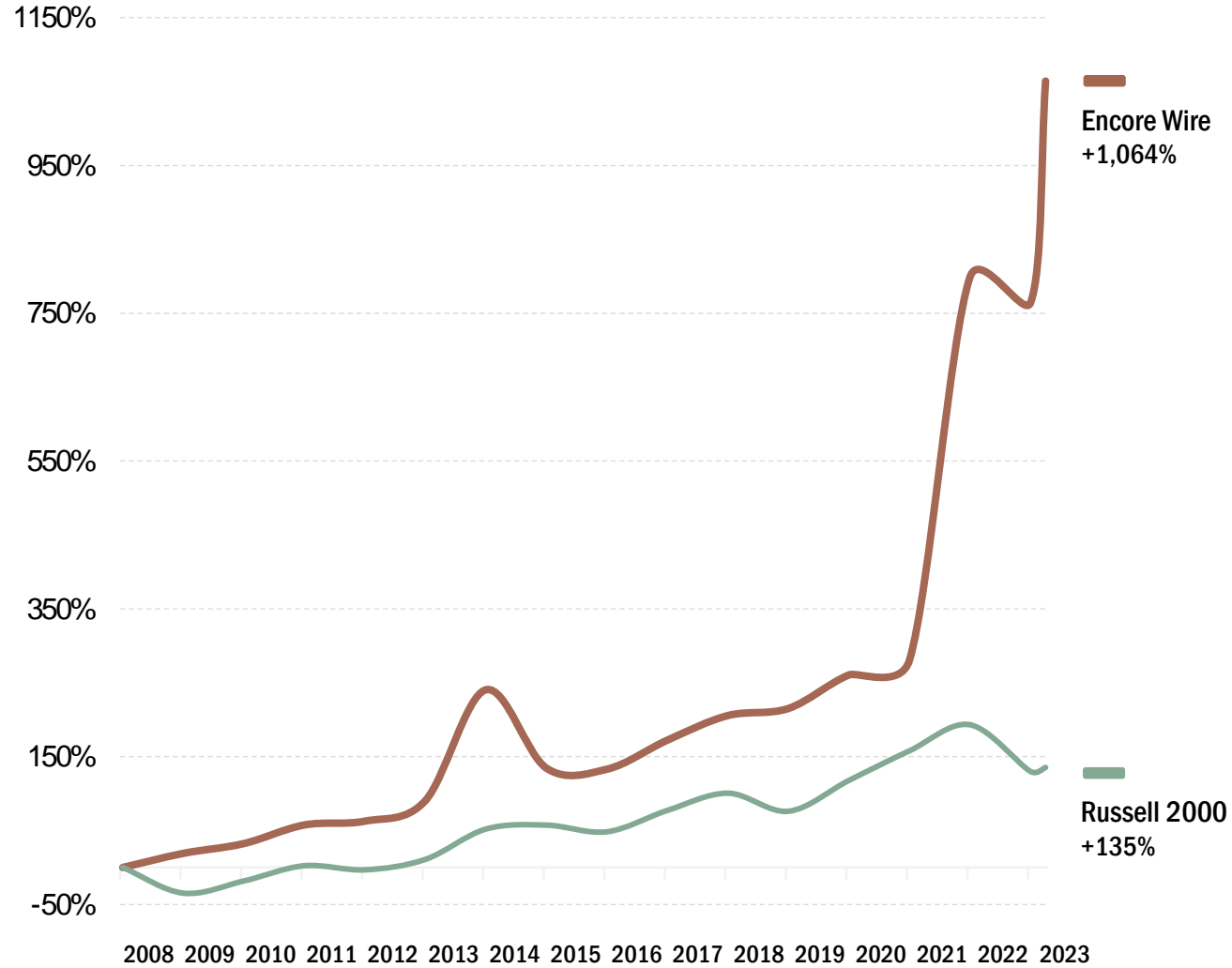
We have delivered a 23.0% CAGR in Book Value since inception.

# Strong Shareholder Return



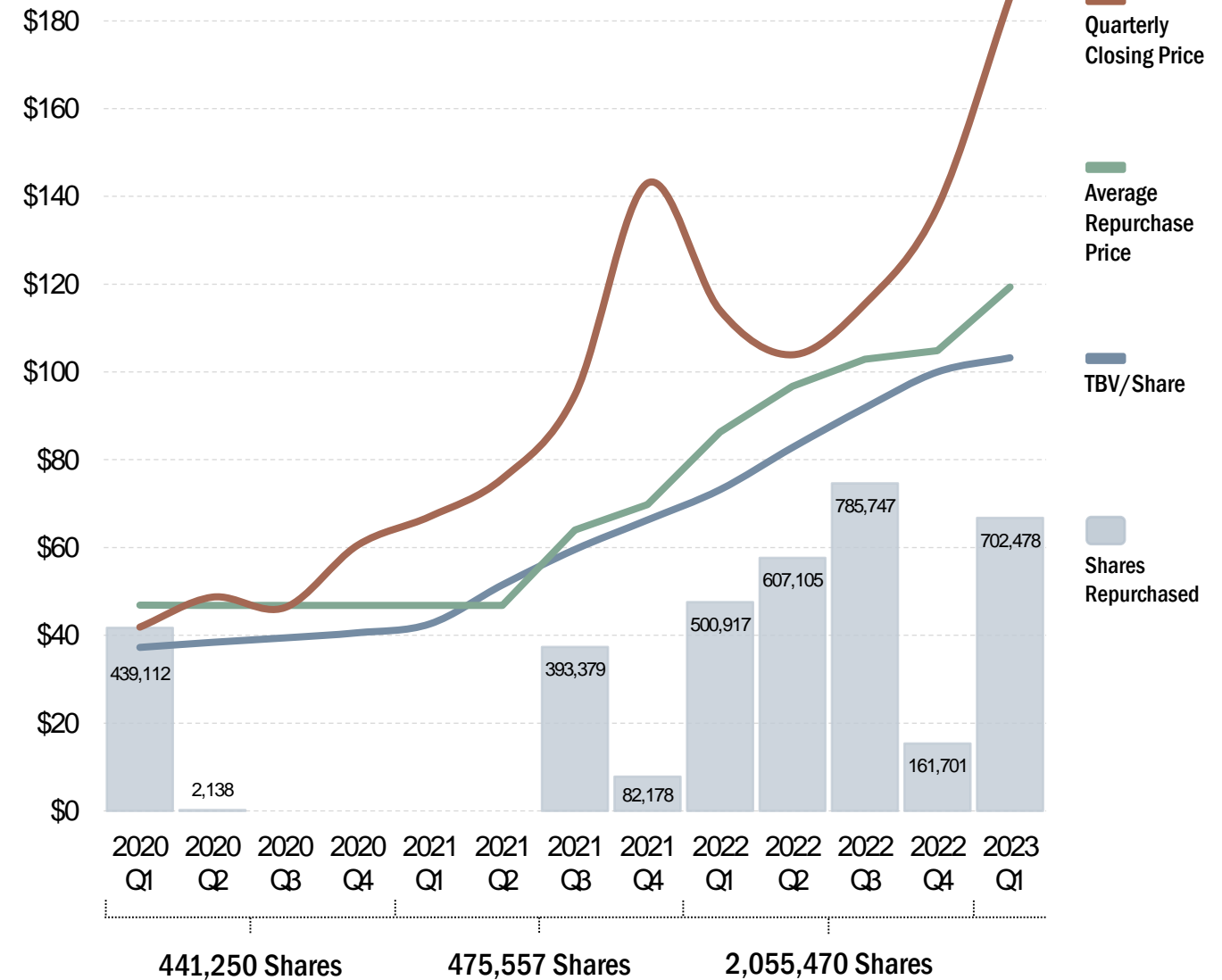
## ENCORE WIRE VS. RUSSELL 2000

December 31, 2007 – March 31, 2023



## SHARE REPURCHASES

February 2020 – March 2023



We have repurchased 3,674,755 shares for \$438,697,685 since February 2020.

We are authorized to repurchase up to 2 million shares through March 31, 2024.

# Summary



## INVESTMENT APPEAL

- Low Cost Producer
- Vertical Integration
- Strong Market Share
- Customer Service & Distribution
- Strong Financial Balance Sheet
- Superior Returns

## FINANCIAL METRICS as of March 31, 2023

Stock Price	\$185.33
Market Capitalization	\$3,225.9M
TBV/Share	\$103.25
Q1 2023 TTM Revenue	\$2,955.0M
Q1 2023 TTM EPS (Diluted)	\$35.46
Q1 2023 TTM EBITDA	\$900.9M
Q1 2023 YTD Free Cash Flow	\$95.2M

## Forward Looking Statements

Any forward-looking statements made in conjunction with this presentation are based on management's beliefs as well as assumptions made by and information currently available to management. Although the Company believes that the expectations in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those expected. Please refer to the Company's annual 10-K report for further discussion of forward-looking statements.

GAAP Reconciliation - EBITDA is defined as net income before interest, income taxes, depreciation and amortization. The Company presents EBITDA because it is a required component of financial ratios reported by the Company to the Company's banks, and is also frequently used by securities analysts, investors and other interested parties, in addition to and not in lieu of measures of financial performance calculated and presented in accordance with Generally Accepted Accounting Principles (GAAP), to compare to the performance of other companies who also publicize this information. EBITDA is not a measurement of financial performance calculated and presented in accordance with GAAP and should not be considered an alternative to net income as an indicator of the Company's operating performance or any other measure of financial performance calculated and presented in accordance with GAAP. A reconciliation of EBITDA to net income is posted on [www.encorewire.com](http://www.encorewire.com) under "INVESTORS".