Fiscal 2023 Third Quarter Results

DECEMBER 5, 2023

CAUTIONARY STATEMENTS

Cautionary Note Regarding Forward-Looking Statements

This presentation and accompanying discussion may include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, all statements other than statements of historical or current facts relating to our intentions, beliefs, assumptions or current expectations concerning, among other things, our future results of operations and financial position, business strategy and plans and objectives of management for future operations, including, among others, statements regarding expected growth, future capital expenditures, capital allocation and debt service obligations, and the anticipated impact on our business. Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "shall," "should," "would," "could," "seeks," "aims," "projects," "is optimistic," "intends," "plans," "estimates," "anticipates" or the negative versions of these words or other comparable terms. Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be outside our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes, including, without limitation, our actual results of operations, financial condition and liquidity, and the development of the market in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if our results of operations, financial condition, cash flows and the development of the market in which we operate, are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in subsequent periods. A number of important factors, including, without limitation, the risks and uncertainties discussed under the captions "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 29, 2023 and our Quarterly Report on Form 10-Q for the three months ended October 29, 2023, could cause actual results and outcomes to differ materially from those reflected in the forward-looking statements. Furthermore, new risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation. Factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation: declines, volatility and cyclicality in the U.S. residential and non-residential construction markets; slowdowns in municipal infrastructure spending and delays in appropriations of federal funds; our ability to competitively bid for municipal contracts; price fluctuations in our product costs; our ability to manage our inventory effectively, including during periods of supply chain disruptions; our ability to continue our customer relationships with short-term contracts; risks involved with acquisitions and other strategic transactions, including our ability to identify, acquire, close or integrate acquisition targets successfully; the fragmented and highly competitive markets in which we compete and consolidation within our industry; the development of alternatives to distributors of our products in the supply chain; our ability to hire, engage and retain key personnel, including sales representatives, qualified branch, district and regional managers and senior management; our ability to identify, develop and maintain relationships with a sufficient number of qualified suppliers and the potential that our exclusive or restrictive supplier distribution rights are terminated; the availability and cost of freight; the ability of our customers to make payments on credit sales; changes in supplier rebates or other terms of our supplier agreements; our ability to identify and introduce new products and product lines effectively; the spread of, and response to public health crises and the inability to predict the ultimate impact on us; costs and potential liabilities or obligations imposed by environmental, health and safety laws and requirements; regulatory change and the costs of compliance with regulation; changes in stakeholder expectations in respect of environmental, social and governance and sustainability practices; exposure to product liability, construction defect and warranty claims and other litigation and legal proceedings; potential harm to our reputation; difficulties with or interruptions of our fabrication services; safety and labor risks associated with the distribution of our products as well as work stoppages and other disruptions due to labor disputes; impairment in the carrying value of goodwill, intangible assets or other long-lived assets; interruptions in the proper functioning of our and our third-party service providers' information technology systems, including from cybersecurity threats; risks associated with exporting our products internationally; our ability to maintain effective internal controls over financial reporting and remediate any material weaknesses; our indebtedness and the potential that we may incur additional indebtedness; the limitations and restrictions in the agreements governing our indebtedness, the Second Amended and Restated Agreement of Limited Partnership of Core & Main Holdings, LP as amended, and the Tax Receivable Agreements (as defined in our Quarterly Report on Form 10-Q); increases in interest rates and the impact of transitioning away from LIBOR, generally to Term SOFR (as defined in our Quarterly Report on Form 10-Q), as a benchmark rate in contracts; changes in our credit ratings and outlook; our ability to generate the significant amount of cash needed to service our indebtedness; our organizational structure, including our payment obligations under the Tax Receivable Agreements, which may be significant; our ability to sustain an active, liquid trading market for our Class A common stock; the significant influence that CD&R (as defined in our Quarterly Report on Form 10-Q) has over us and potential conflicts between the interests of CD&R and other stockholders; and risks related to other factors described under "Risk Factors" in our Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for the three months ended October 29, 2023. These factors are not exhaustive, and new factors may emerge or changes to the foregoing factors may occur that could impact our business. Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, which speak only as of the date of this presentation.

Use of Non-GAAP Financial Measures

In addition to providing results that are determined in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), we present EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Operating Cash Flow Conversion and Net Debt Leverage, all of which are non-GAAP financial measures. These measures are not considered measures of financial performance or liquidity under GAAP and the items excluded therefrom are significant components in understanding and assessing our financial performance or liquidity. These measures should not be considered in isolation or as alternatives to GAAP measures such as net income or net income attributable to Core & Main, Inc., as applicable, cash provided by or used in operating, investing or financing activities, or other financial statement data presented in the financial statements as an indicator of our financial performance or liquidity.

We use EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Operating Cash Flow Conversion and Net Debt Leverage to assess the operating results and effectiveness and efficiency of our business. We present these non-GAAP financial measures because we believe investors consider them to be important supplemental measures of performance, and we believe that these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Non-GAAP financial measures as reported by us may not be comparable to similarly titled metrics reported by other companies and may not be calculated in the same manner. These measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. Reconciliations of such non-GAAP measures to the most directly comparable GAAP measure and calculations of the non-GAAP measures are set forth in the appendix of this presentation.

No reconciliation of the estimated range for Adjusted EBITDA, Adjusted EBITDA margin or Operating Cash Flow Conversion for fiscal 2023 are included herein because we are unable to quantify certain amounts that would be required to be included in net income attributable to Core & Main, Inc. or cash provided by or used in operating activities, the most directly comparable GAAP measures, without unreasonable efforts due to the high variability and difficulty to predict certain items excluded from Adjusted EBITDA. Consequently, we believe such reconciliation would imply a degree of precision that would be misleading to investors. In particular, the effects of acquisition expenses cannot be reasonably predicted in light of the inherent difficulty in quantifying such items on a forward-looking basis. We expect the variability of these excluded items may have an unpredictable, and potentially significant, impact on our future GAAP results.

Presentation of Financial Information

The accompanying financial information presents the results of operations, financial position and cash flows of Core & Main, Inc. ("Core & Main" or the "Company") and its subsidiaries, which includes the consolidated financial information of Core & Main Holdings, LP, a Delaware limited partnership ("Holdings") and its consolidated subsidiary, Core & Main LP, as the legal entity that conducts the operations of the Company. Core & Main is the primary beneficiary and general partner of Holdings and has decision making authority that significantly affects the economic performance of the entity. As a result, Core & Main consolidates the consolidated financial statements of Holdings. All intercompany balances and transactions have been eliminated in consolidation. The Company records non-controlling interests related to Partnership Interests (as defined in our Quarterly Report on Form 10-Q) held by the Continuing Limited Partners (as defined in our Quarterly Report on Form 10-Q) in Holdings.

The Company's fiscal year is a 52 or 53-week period ending on the Sunday nearest to January 31st. Quarters within the fiscal year include 13-week periods, unless a fiscal year includes a 53rd week, in which case the fourth quarter of the fiscal year will be a 14-week period. Each of the three months ended October 29, 2023 and three months ended October 30, 2022 included 13 weeks and each of the nine months ended October 29, 2023 and nine months ended October 30, 2022 included 39 weeks.

TODAY'S PRESENTERS

Steve LeClair
Chief Executive Officer

Mark Witkowski
Chief Financial Officer

Robyn Bradbury
VP, Finance & Investor Relations

Business Update

STEVE LECLAIR

BUSINESS UPDATE

End Markets

- Municipal repair & replacement activity remains stable
- New residential lot development continues to improve
- Non-residential demand supported by diverse project exposure
- Medium to long-term market fundamentals remain positive

Pricing

- Roughly flat price contribution to net sales growth in Q3
- Expect low single-digit price contribution for fiscal 2023
- Non-discretionary nature of demand provides a resilient pricing framework

Margins

- Gross margins continue to normalize at a slower pace than previously anticipated
- Margin initiatives and M&A synergies continue to drive structural margin improvement

Cash Flow & Capital Allocation

- Exceptional operating cash flow performance in Q3 supporting capital allocation priorities
- Executed one share repurchase transaction during the quarter and another after the quarter, deploying nearly $300M of capital
- Repurchased and retired 30 million shares year-to-date for $770M
- Ample capacity to continue executing organic and inorganic growth strategies, while returning capital to shareholders

DRIVING SUSTAINABLE GROWTH THROUGH M&A

	Enviroscape	Granite Water Works	Lee Supply Company
Status	Closed November 2023	Signed November 2023	Signed November 2023
# of Locations	1	1	4
Geography	Ohio	Minnesota	Pennsylvania, South Carolina & West Virginia
Product Lines	Geosynthetics & Erosion Control	Pipes, Valves & Fittings Storm Drainage	Pipes, Valves & Fittings Fusible HDPE Solutions
			

Combined Annualized Net Sales of ~$135M

ANNUAL VALUE CREATION TARGETS

+2 – 4%

Market Volume Growth

+2 – 4%

Organic Above Market Volume Growth

+2 – 4%

Growth from Acquisitions

30 – 50 bps

Adjusted EBITDA Margin Enhancement

60 – 70%

Operating Cash Flow Conversion

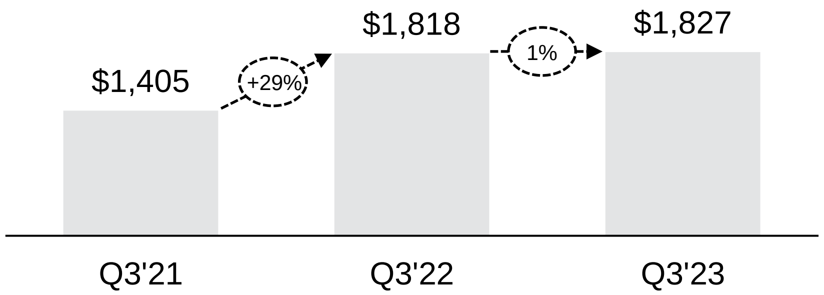
Financial Results

MARK WITKOWSKI

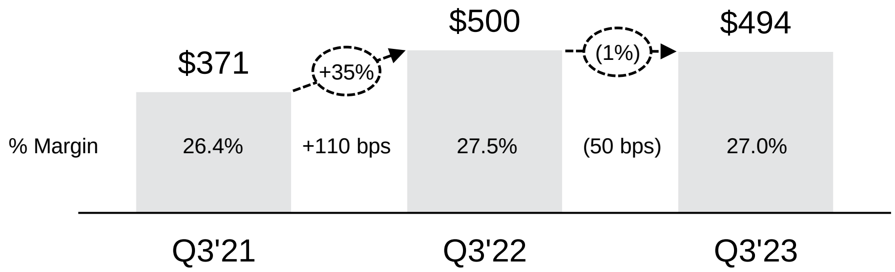
Q3 2023 FINANCIAL RESULTS

($ in Millions, Except Per Share Amounts)

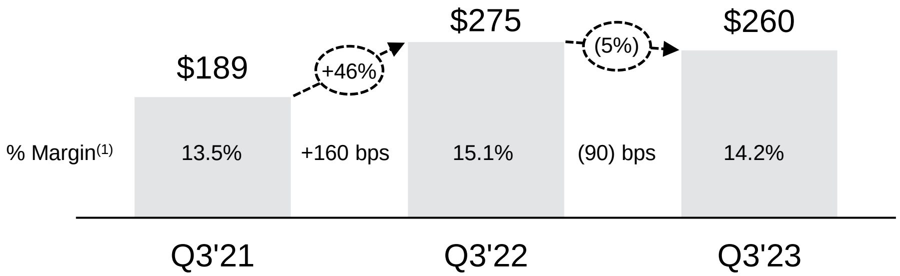
Net Sales



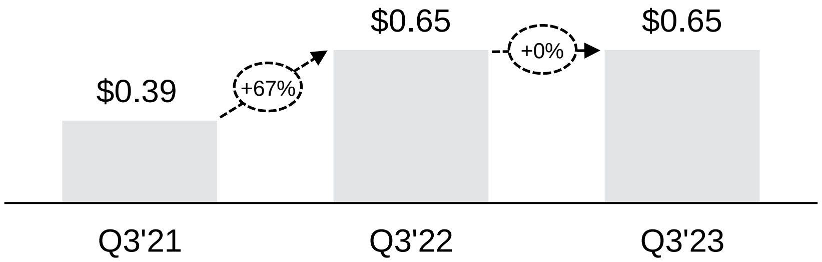
Gross Profit



Adjusted EBITDA[(1)]



Diluted Earnings Per Share



(1) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. Refer to the appendix of the presentation for a reconciliation to the nearest GAAP measure.

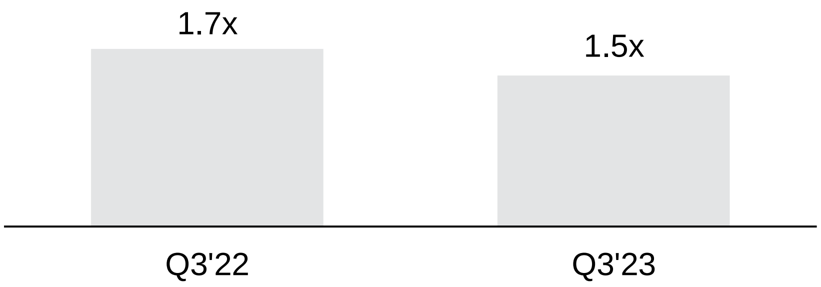
CASH FLOW & BALANCE SHEET

($ in Millions)

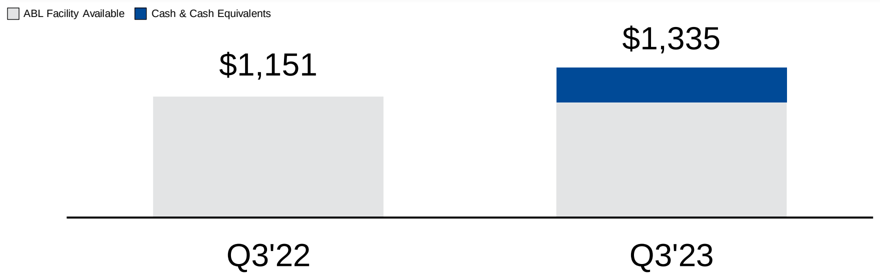
Operating Cash Flow

	Q3’22	Q3’23	Y-o-Y $
Adjusted EBITDA[1]	**$275**	**$260**	**($15)**
Working Capital	(58)	167	$225
Cash Interest	(15)	(19)	(4)
Cash Taxes[2]	(45)	(21)	24
Other	(3)	(14)	(11)
Operating Cash Flow	**$154**	**$373**	**$219**

Net Debt Leverage[3]



Liquidity



(1) Adjusted EBITDA is a non-GAAP financial measure. Refer to the appendix of the presentation for a reconciliation to the nearest GAAP measure.

(2) Represents operating cash taxes paid to the IRS and other state & local taxing authorities. Does not include the portion of our tax obligation distributed to non-controlling interest holders as a financing cash outflow.

(3) Net Debt Leverage represents gross consolidated debt net of cash & cash equivalents divided by Adjusted EBITDA for the last twelve months, which is a non-GAAP financial measure. Refer to the appendix of the presentation for a reconciliation to the nearest GAAP measure.

GUIDANCE UPDATE

Key Metric	FY23 Outlook
Net Sales ($ in Millions)	$6,650 - $6,750
Adjusted EBITDA ($ in Millions)	$890 - $910
Adjusted EBITDA Margin	13.4% - 13.5%
Operating Cash Flow Conversion(1) (% of Adjusted EBITDA)	110% - 115%

Considerations

- Expect FY23 net sales growth to range from flat to +1%
  - Municipal demand expected to remain stable through Q4
  - New residential lot development growth expected to improve sequentially and benefit from easier year-over-year comparisons
  - Expect non-residential volumes in Q4 to be flat to slightly down on a year-over-year basis
- Expect initiatives to sustain gross margins at higher levels than previously anticipated
- Raising expectation for Adjusted EBITDA due to gross margin performance and confidence in our ability to sustain margins
- Raising expectation for operating cash flow conversion due to disciplined inventory optimization efforts

(1) Defined as net cash provided by (used in) operating activities divided by Adjusted EBITDA for the period presented.

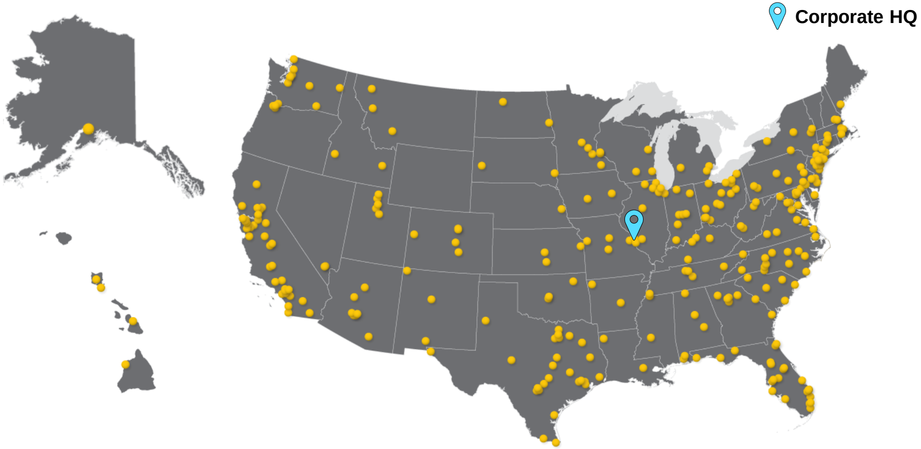
Appendix

CORE & MAIN AT A GLANCE

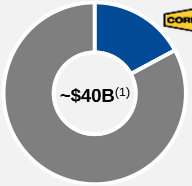
Key Business Highlights

- Leading U.S. specialty distributor focused on water, wastewater, storm drainage and fire protection products, and related services
- Highly fragmented $40 billion addressable market[(1)]
- 1 of only 2 national distributors where scale matters
- ~320 branches in 48 states across the U.S.
- $6.6 billion of LTM Q3’23 net sales and $914 million of LTM Q3’23 Adjusted EBITDA[(2)]
- Balanced mix of sales across end markets, construction sectors and product lines
- Highly fragmented customer base of 60,000+ including municipalities, private water companies and professional contractors
- More than 200,000 SKUs
- 4,500+ suppliers, many of which have long-standing, often exclusive or restrictive, relationships with CNM

Branch Footprint

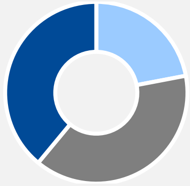


Market Share[(1)]



17% Core & Main 83% Remaining Market

Market Mix[(1)]

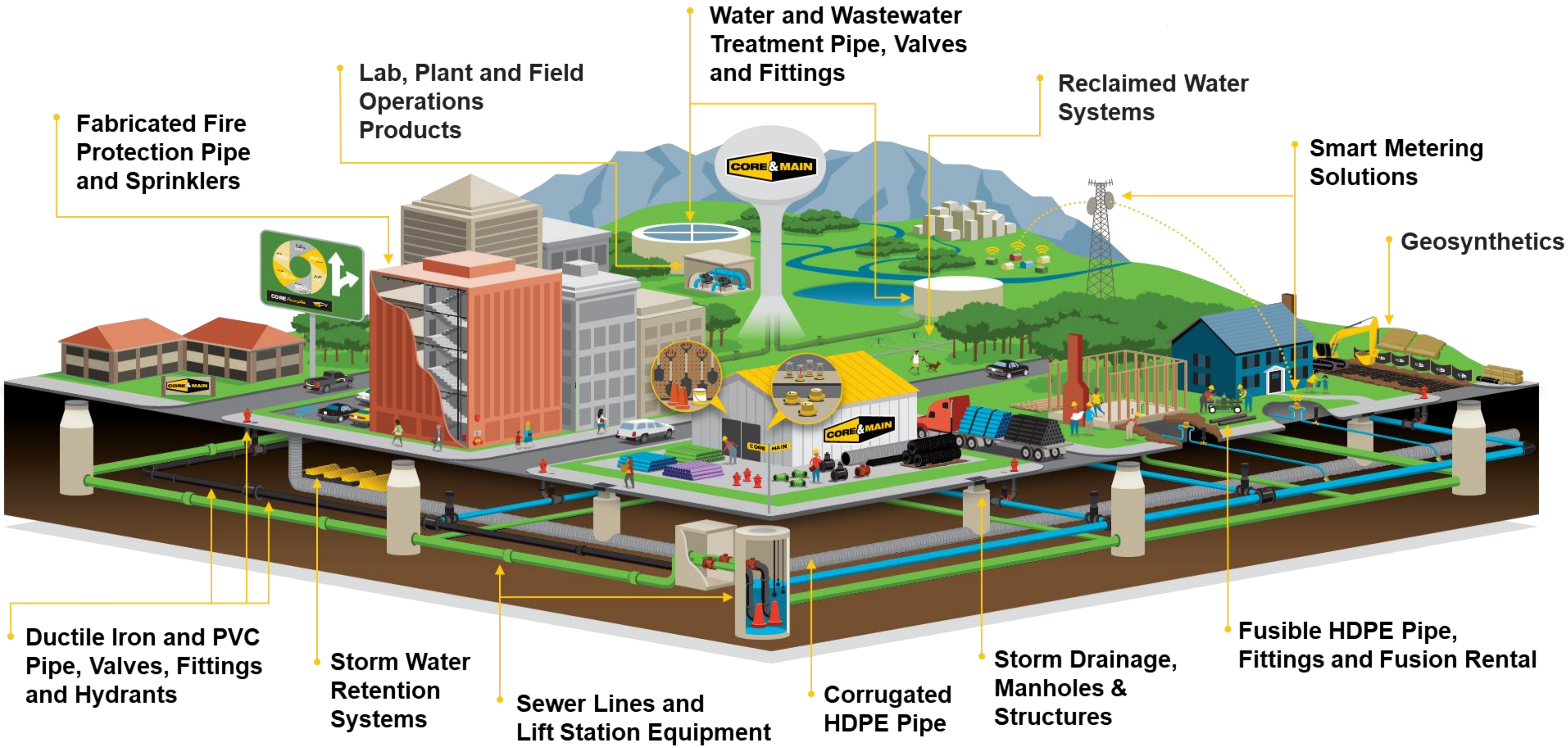


39% Municipal 39% Non-Residential 22% Residential

(1) As of the fiscal year ended January 29, 2023 and based on management estimates.

(2) Adjusted EBITDA is a non-GAAP financial measure. Refer to the appendix of the presentation for a reconciliation to the nearest GAAP measure.

PRODUCT & SERVICE OFFERING



BALANCED MIX ACROSS END MARKETS

Municipal 39%(1)

Repair & Replacement

- Improvements to or replacement of existing infrastructure
- Repairs and upgrades tend to be non-discretionary in nature
- Funded by local and state entities, or by the federal government
- **Majority of our municipal market**

Expansion of Service

- Expansion of infrastructure into new areas due to growth or population shifts
- Funded by local and state entities, or by the federal government. May be part of a public-private partnership
- **Smaller portion of our municipal market**

Non-Residential 39%(1)

New Development

- New development of water, sewer and storm drainage infrastructure for new commercial or industrial sites
- Installation of new fire protection systems in newly constructed commercial or multi-family buildings
- Includes balanced mix of road and bridge projects (DOT), which benefits our storm drainage product line
- Typically funded by developers, or by state and federal entities
- **Roughly half of our non-residential market**

Repair & Replacement

- Improvements to or partial replacement of existing infrastructure as part of a brownfield site development
- Includes retrofit of existing fire protection systems in existing commercial or multi-family buildings to comply with changing regulations or layout
- Typically funded by developers, or by state and federal entities
- **Roughly half of our non-residential market**

Residential 22%(1)

New Lot Development

- New development of water, sewer and storm drainage infrastructure for residential building sites
- Underground contractors install water and sewer pipes to connect the new development to existing infrastructure
- Products installed before single-family home breaks ground
- Typically funded by developers
- **Large majority of our residential market**

Repair & Replacement

- Improvements to or replacement of existing infrastructure as part of a brownfield site development
- Typically funded by developers
- **Smaller percentage of our residential market**

(1) Represents estimated end market exposure based on net sales for the fiscal year ended January 29, 2023.

WELL-POSITIONED TO WIN WITHIN COMPLEX INDUSTRY

Differentiated Industry

Highly Complex Specification & Regulation

- Local regulation and specification needs; strong participation in governing / regulating bodies
- Pre-project specification influence

Specialized Product Requirements

- Local, regional & national product specialists required to support complex project needs

Limited Distribution Rights

- Suppliers require local knowledge & experience to secure limited distribution rights

Fragmented Industry

- Highly diversified supplier base & fragmented customer base creates need for scaled distribution

Branch Network & Logistics

- Coordinated jobsite delivery & customer support
- Differentiated delivery capabilities

Our Competitive Advantages

Industry Expertise

Deep knowledge of products and local specifications, supported by consultative sales approach and delivery expertise

Size & Unique Scalability

320 branches across 48 states

Partnering with 4,500+ suppliers to reach 60,000+ diverse customers

Deep Customer & Supplier Relationships

Strong, long-standing customer & supplier relationships with access to 200K+ products with limited distribution rights

Differentiated Services & Deep Product Portfolio

"One-stop-shop" for customer solutions, enabled by project value engineering and jobsite support

Technology & Innovation Specific to our Industry

Proprietary technology platforms drive operational efficiency and enhance customer experience

Best Industry Talent

People-first approach is critical to developing industry leaders and enabling local expertise, nationwide

OUR APPROACH TO M&A

Driving Sustainable Growth Through M&A…

October 2017	MN Pipe & Equipment
June 2018	St. Louis Fab & Supply
July 2018	Dot Sales Company – Water, Sewer, Storm & C.P.
August 2018	Finish Line Systems
January 2019	DCL Fabrication & Supply Inc
February 2019	MP
July 2019	Long Island Pipe Supply, Inc.
October 2019	J&J Supply
October 2019	ERS – Erosion Resources & Supply
March 2020	R&B Company
August 2020	Water Works Supply Co.
March 2021	Triple T Pipe & Supply
August 2021	Pacific Pipe
August 2021	L&M Supply
October 2021	Industrial Piping Supply, LLC
November 2021	Catalone Pipe & Supply
March 2022	Dodson Engineered Products, Inc.
May 2022	LCS – Lock City Supply Inc.
June 2022	Earth Saver Erosion Control Products
August 2022	Inland Water Works Supply Co.
October 2022	Trumbull
October 2022	D
December 2022	Lanier Municipal Supply Co., Inc.
March 2023	LCS
April 2023	UPSCO
April 2023	Midwest Pipe Supply, Inc.
July 2023	Foster Supply
July 2023	Dangelo Co. – Waterworks & Fire Protection Supplies
November 2023	Enviroscape – Erosion Control Materials
TBD	GWW Granite Water Works
TBD	Lee Supply Co. Inc.

…Leveraging Our Disciplined Approach

Maximize Market Presence

- Significant opportunity to fill existing geographies and product lines or expand into new geographies and product lines
- Ability to access attractive markets, new technologies and product innovations
- Diligent assessment of macro growth trends and competitive landscape

Drive Value Creation

- Our size, scale and differentiated capabilities drives immediate synergistic value with a focus on people, process and strategy
- Past synergies have driven highly attractive returns on capital and support shareholder value creation

Leverage Entrepreneurial Culture

- Successful track record of retaining and promoting management and associates of acquired companies
- Our "local service, nationwide" philosophy incentivizes acquired companies to be entrepreneurial, making decisions grounded in a customer-centric approach

CRITICAL INVESTMENTS FROM THE INFRASTRUCTURE INVESTMENT & JOBS ACT

$55B

to expand access to clean drinking water

$50B

to protect against droughts, floods, heat and wildfires, in addition to major investments in weatherization and cybersecurity

$110B

to repair roads and bridges and support major transformational projects

$25B

to create more modern, resilient and sustainable airport infrastructure

CNM Serviceable Opportunity / Representative Product Lines

$13.5B

Pipes, Valves & Fittings
Meters

$2.5B

Pipes, Valves & Fittings
Storm Drainage

$1.0B

Storm Drainage
Erosion Control

$0.2B

Fire Protection

CAPITAL ALLOCATION FRAMEWORK

Capital Allocation Framework

Normalized Operating Cash Flow Target to be ~60-70% of Adjusted EBITDA

Priority Uses for Capital

Organic Growth & Operational Initiatives	Expect future capital expenditures to average ~0.5% of net sales
M&A	Maintain a **robust M&A pipeline** and a disciplined approach. Expect continued M&A focused on geographic expansion, product line expansion, the addition of key talent and additional operating capabilities, while driving synergistic value creation
Share Repurchases or Dividends	Deploy surplus capital towards share repurchases and/or dividends

RECONCILIATION OF NON-GAAP MEASURES

($ in Millions)

Adjusted EBITDA & Adjusted EBITDA Margin

	Three Months Ended			Nine Months Ended		Twelve Months Ended	
	October 29, 2023	October 30, 2022	October 31, 2021	October 29, 2023	October 30, 2022	October 29, 2023	October 30, 2022
Net income attributable to Core & Main, Inc.	$ 112	$ 111	$ 64	$ 308	$ 312	$ 362	$ 360
Plus: net income attributable to non-controlling interest	46	67	45	147	185	177	216
Net income	158	178	109	455	497	539	576
Depreciation and amortization(1)	38	37	37	111	107	147	143
Provision for income taxes	39	40	25	110	108	130	125
Interest expense	20	16	12	59	46	79	59
EBITDA	$ 255	$ 271	$ 183	$ 735	$ 758	$ 895	$ 903
Loss on debt modification and extinguishment	-	-	1	-	-	-	-
Equity-based compensation	3	2	2	8	9	10	12
Acquisition expenses(2)	1	1	3	4	3	6	4
Offering expenses(3)	1	1	-	3	1	3	3
Adjusted EBITDA	$ 260	$ 275	$ 189	$ 750	$ 771	$ 914	$ 922
Adjusted EBITDA Margin:							
Net Sales	$ 1,827	$ 1,818	$ 1,405	$ 5,262	$ 5,277	$ 6,636	$ 6,523
Adjusted EBITDA / Net Sales	14.2%	15.1%	13.5%	14.3%	14.6%	13.8%	14.1%

(1) Includes depreciation of certain assets which are reflected in “cost of sales” in our Statement of Operations.

(2) Represents expenses associated with acquisition activities, including transaction costs, post-acquisition employee retention bonuses, severance payments, expense recognition of purchase accounting fair value adjustments (excluding amortization) and contingent consideration adjustments.

(3) Represents costs related to secondary offerings reflected in SG&A expenses in our Statement of Operations.

RECONCILIATION OF NON-GAAP MEASURES

($ in Millions)

Net Debt Leverage

	As of	
	October 29, 2023	October 30,2022
Senior ABL Credit Facility due July 2026	-	90
Senior Term Loan due July 2028	1,466	1,481
Total Debt	$ 1,466	$ 1,571
Less: Cash & Cash Equivalents	(101)	-
Net Debt	$ 1,365	$ 1,571
Twelve Months Ended Adjusted EBITDA	914	922
Net Debt Leverage	1.5x	1.7x