

Third-Quarter 2019 Earnings Conference Call



November 8, 2019

Barry Pennypacker – President & Chief Executive Officer
Dave Antoniuk – SVP & Chief Financial Officer
Ion Warner – VP Marketing & Investor Relations

Forward- Looking Statements

Safe Harbor Statement

Any statements contained in this presentation that are not historical facts are “forward-looking statements.” These statements are based on the current expectations of the management of the company, only speak as of the date on which they are made, and are subject to uncertainty and changes in circumstances.

We undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events, or otherwise. Forward-looking statements include, without limitation, statements typically containing words such as “intends,” “expects,” “anticipates,” “targets,” “estimates,” and words of similar import. By their nature, forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. For a list of factors that could cause actual results to differ materially from those discussed or implied, please see the company’s periodic filings with the SEC, particularly those disclosed in “Risk Factors” in the company’s Form 10-K for the fiscal year ended December 31, 2018. Any “forward-looking statements” in this presentation are intended to qualify for the safe harbor from liability under the Private Securities Litigation Reform Act of 1995.

Non-GAAP Measures

The company uses certain non-GAAP measures in discussing the company’s performance. The company believes that these non-GAAP financial measures provide important supplemental information to both management and investors regarding financial and business trends used in assessing its results of operations; however, these measures are not substitutes for GAAP financial measures. The reconciliation of those measures to the most comparable GAAP measures is detailed in Manitowoc’s press release for the third-quarter of 2019, which is available at www.manitowoc.com, together with this presentation.

Financial & Other Key Metrics

	<u>Q3 2019</u>	<u>Q3 2018</u>	<u>Y/Y Δ</u>
Net sales	\$ 448.0	\$ 450.1	(0.5)%
Engineering, selling & admin expenses	54.8	62.1	(11.9)%
Operating income	32.5	16.9	92.4 %
Adjusted operating income ⁽¹⁾	33.9	21.5	57.6 %
Net income	18.1	11.5	56.9 %
Adjusted net income ⁽¹⁾	19.2	7.3	163.0 %
Adjusted EBITDA ⁽¹⁾	42.8	30.5	40.2 %
Adjusted operating cash flows ⁽¹⁾	37.6	7.9	375.9 %
Capital expenditures	12.7	6.2	104.8 %
Backlog	\$ 466.5	\$ 700.2	(33.4)%



⁽¹⁾ See appendix for reconciliation of GAAP to non-GAAP measures

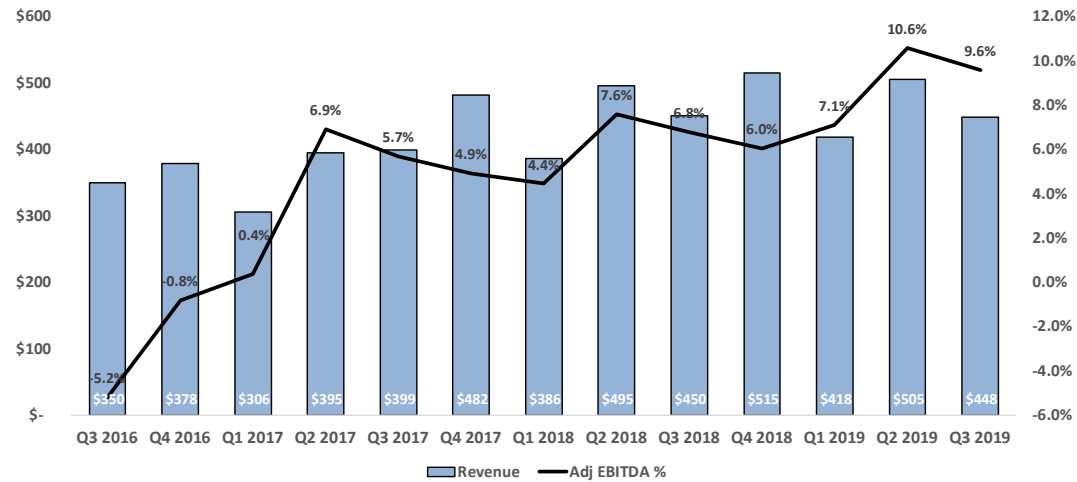
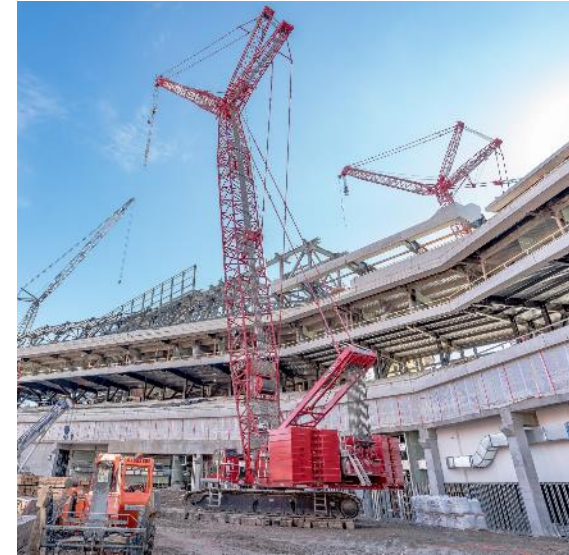
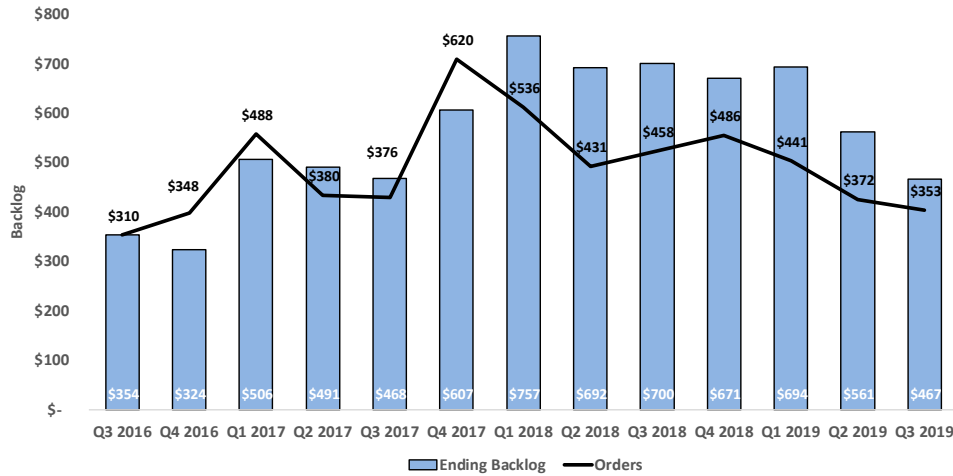
Updated Full-Year 2019 Guidance

Revenue	Approximately \$1.850 to \$1.880 billion
Adjusted EBITDA	Approximately \$145 to \$160 million
Depreciation	Approximately \$35 to \$37 million
Restructuring expense	Approximately \$10 to \$12 million
Interest expense	Approximately \$31 to \$33 million, excluding debt refinancing costs
Income tax expense	Approximately \$12 to \$16 million, excluding discrete items
Capital expenditures	Approximately \$35 million



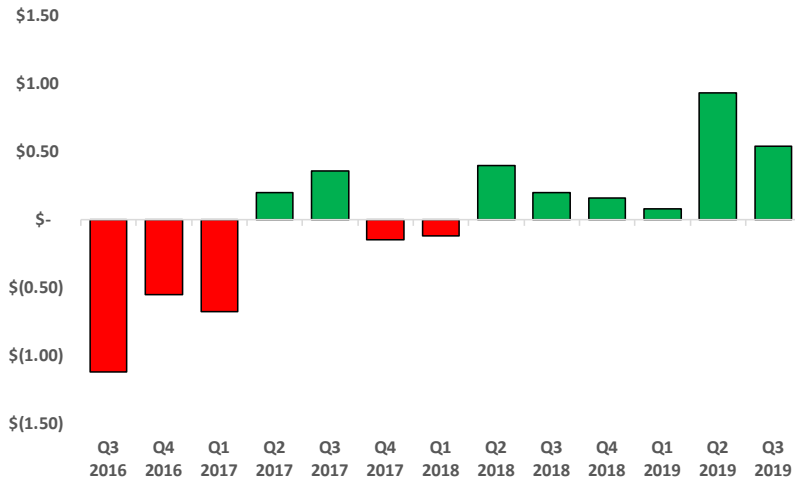
Appendix

Appendix

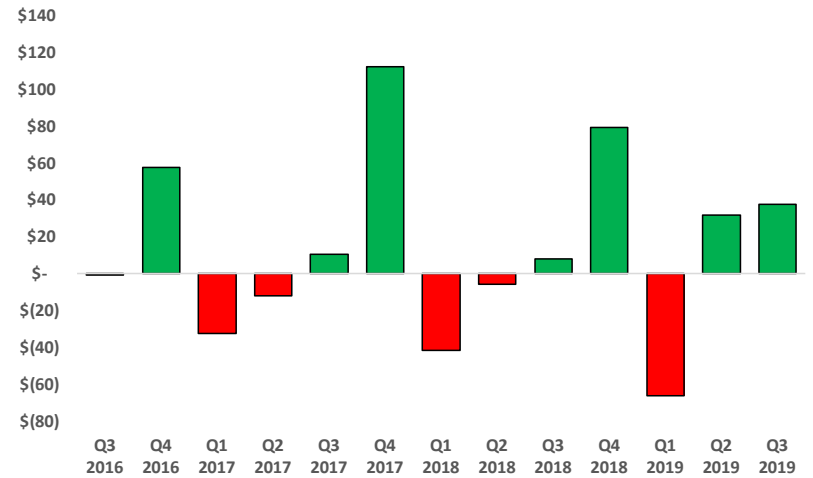


Appendix

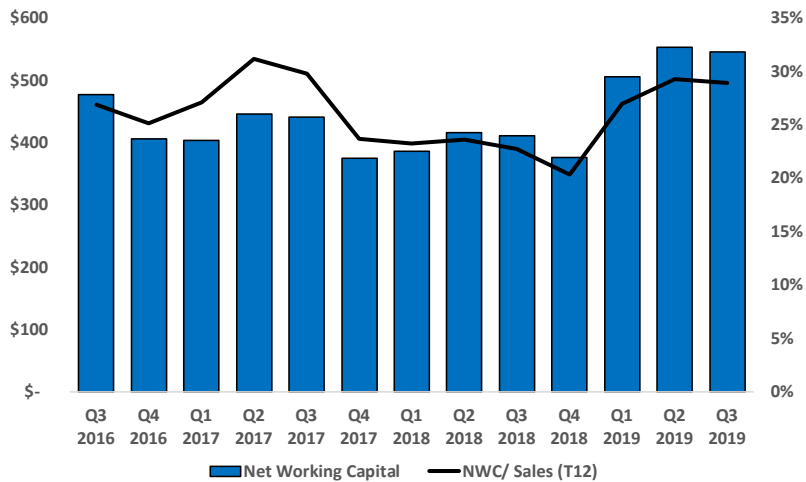
Adjusted Diluted Earnings Per Share by Quarter



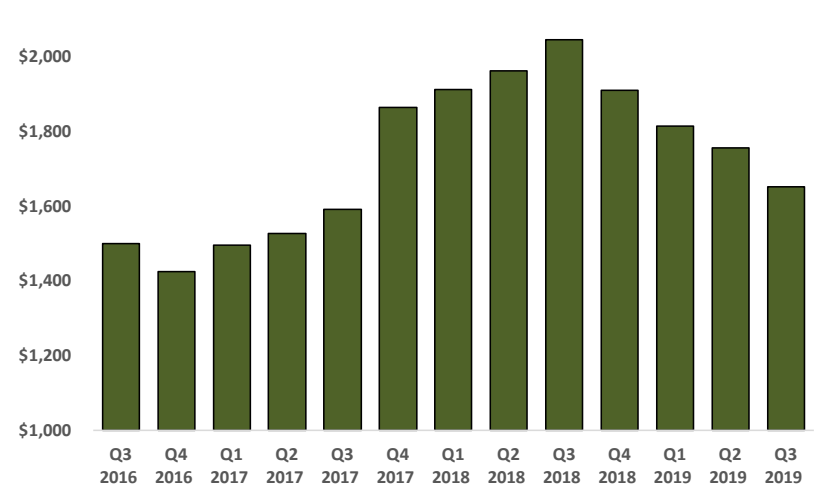
Non-GAAP CFOA ⁽¹⁾



Net Working Capital/ % Sales (T12) ⁽¹⁾



T12 Orders



⁽¹⁾ Q1 2019 and forward reflects termination of Manitowoc's accounts receivable securitization program

Appendix- Adjusted EBITDA Reconciliation

Adjusted EBITDA and Adjusted Operating Income

The Company defines adjusted EBITDA as earnings before interest, income taxes, depreciation and amortization, plus an addback of certain restructuring and other charges. The reconciliation of income (loss) from continuing operations to adjusted EBITDA and operating income to adjusted operating income for the three and nine months ended September 30, 2019 and 2018 and trailing twelve months, is as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,		Trailing Twelve Months
	2019	2018	2019	2018	
Income (loss) from continuing operations	\$ 18.1	\$ 11.5	\$ 37.3	\$ 11.4	\$ (41.0)
Interest expense and amortization of deferred financing fees	7.6	10.4	26.8	30.7	37.0
Provision (benefit) for income taxes	3.1	(10.7)	10.3	(8.0)	13.5
Depreciation expense	8.9	9.0	26.3	27.2	35.2
Amortization of intangible assets	—	—	0.2	0.2	0.3
EBITDA	37.7	20.2	100.9	61.5	45.0
Restructuring expense	1.1	1.0	8.3	11.0	10.2
Asset impairment expense	—	—	—	0.4	82.2
Other non-recurring charges (1)	0.3	3.6	0.3	3.6	0.3
Loss on debt extinguishment	—	—	25.0	—	25.0
Other (income) expense - net (2)	3.7	5.7	(8.8)	8.6	(5.9)
Adjusted EBITDA	42.8	30.5	125.7	85.1	156.8
Depreciation expense	(8.9)	(9.0)	(26.3)	(27.2)	(35.2)
Adjusted operating income	33.9	21.5	99.4	57.9	121.6
Restructuring expense	(1.1)	(1.0)	(8.3)	(11.0)	(10.2)
Asset impairment expense	—	—	—	(0.4)	(82.2)
Other non-recurring charges	(0.3)	(3.6)	(0.3)	(3.6)	(0.3)
Amortization of intangible assets	—	—	(0.2)	(0.2)	(0.3)
Operating income	\$ 32.5	\$ 16.9	\$ 90.6	\$ 42.7	\$ 28.6
<i>Adjusted EBITDA margin percentage</i>	9.6%	6.8%	9.2%	6.4%	8.3%
<i>Adjusted operating income margin percentage</i>	7.6%	4.8%	7.3%	4.3%	6.4%

- (1) Other non-recurring charges includes a loss from a long-term note receivable resulting from the 2014 divestiture of the Company's Chinese joint venture recorded in 2018 and other charges included in engineering, selling and administrative expenses in the Condensed Consolidated Statement of Operations.
- (2) Other (income) expense - net includes the settlement of a legal matter in 2019, foreign currency transaction (gains) losses, other components of net periodic pension costs and other miscellaneous items.

Appendix- Non-GAAP Financial Measures

Non-GAAP Items

Adjusted net income from continuing operations, adjusted EBITDA, adjusted operating cash flows and adjusted free cash flows are financial measures that are not in accordance with GAAP. Manitowoc believes these non-GAAP financial measures provide important supplemental information to both management and investors regarding financial and business trends used in assessing its results of operations. Manitowoc believes excluding specified items provides a more meaningful comparison to the corresponding reporting periods and internal budgets and forecasts, assists investors in performing analysis that is consistent with financial models developed by investors and research analysts, provides management with a more relevant measure of operating performance and is more useful in assessing management performance.

Adjusted Net Income and Net Income Per Share from Continuing Operations

(\$ in millions, except share data)

	Three Months Ended September 30,					
	2019			2018		
	As reported	Adjustments	Adjusted	As reported	Adjustments	Adjusted
Gross profit	\$ 88.4	\$ —	\$ 88.4	\$ 80.0	\$ —	\$ 80.0
Engineering, selling and administrative expenses (1)	(54.8)	0.3	(54.5)	(62.1)	3.6	(58.5)
Restructuring expense (2)	(1.1)	1.1	—	(1.0)	1.0	—
Operating income	32.5	1.4	33.9	16.9	4.6	21.5
Interest expense	(7.2)	—	(7.2)	(9.9)	—	(9.9)
Amortization of deferred financing fees	(0.4)	—	(0.4)	(0.5)	—	(0.5)
Other income (expense) - net (3)	(3.7)	—	(3.7)	(5.7)	4.5	(1.2)
Income before income taxes	21.2	1.4	22.6	0.8	9.1	9.9
(Provision) benefit for income taxes (4)	(3.1)	(0.3)	(3.4)	10.7	(13.3)	(2.6)
Net income from continuing operations	\$ 18.1	\$ 1.1	\$ 19.2	\$ 11.5	\$ (4.2)	\$ 7.3
Diluted income from continuing operations per share	\$ 0.51		\$ 0.54	\$ 0.32		\$ 0.20

- (1) The adjustment in 2019 relates to other non-recurring items. The adjustment in 2018 represents the add back of a loss from a long-term note receivable from the 2014 divestiture of the Company's Chinese joint venture.
- (2) The adjustments in 2019 and 2018 represent the add back of restructuring related charges.
- (3) The adjustment represents the add back of a pension settlement charge.
- (4) The adjustments in 2019 and 2018 represent the net income tax impacts of items (1) through (3). The adjustment in 2018 also includes the removal of an income tax benefit from the partial release of a valuation allowance in the U.K.

Appendix- Non-GAAP Financial Measures

	Nine Months Ended September 30,					
	2019			2018		
	As reported	Adjustments	Adjusted	As reported	Adjustments	Adjusted
Gross profit	\$ 263.8	\$ —	\$ 263.8	\$ 238.9	\$ —	\$ 238.9
Engineering, selling and administrative expenses (1)	(164.7)	0.3	(164.4)	(184.6)	3.6	(181.0)
Asset impairment expense (2)	—	—	—	(0.4)	0.4	—
Amortization of intangible assets	(0.2)	—	(0.2)	(0.2)	—	(0.2)
Restructuring expense (3)	(8.3)	8.3	—	(11.0)	11.0	—
Operating income	90.6	8.6	99.2	42.7	15.0	57.7
Interest expense	(25.6)	—	(25.6)	(29.3)	—	(29.3)
Amortization of deferred financing fees	(1.2)	—	(1.2)	(1.4)	—	(1.4)
Loss on debt extinguishment (4)	(25.0)	25.0	—	—	—	—
Other income (expense) - net (5)	8.8	(15.5)	(6.7)	(8.6)	4.5	(4.1)
Income before income taxes	47.6	18.1	65.7	3.4	19.5	22.9
(Provision) benefit for income taxes (6)	(10.3)	(0.7)	(11.0)	8.0	(13.8)	(5.8)
Net income from continuing operations	<u>\$ 37.3</u>	<u>\$ 17.4</u>	<u>\$ 54.7</u>	<u>\$ 11.4</u>	<u>\$ 5.7</u>	<u>\$ 17.1</u>
Diluted income from continuing operations per share	\$ 1.05		\$ 1.53	\$ 0.32		\$ 0.48

- (1) The adjustment in 2019 relates to other non-recurring items. The adjustment in 2018 represents the add back of a loss from a long-term note receivable from the 2014 divestiture of the Company's Chinese joint venture.
- (2) The adjustment represents the add back of non-recurring asset impairment charges.
- (3) The adjustments in 2019 and 2018 represent the add back of restructuring related charges.
- (4) The adjustment represents the removal of charges related to the Company's refinancing of its Asset Based Lending Revolving Credit Facility and senior secured second lien notes.
- (5) The adjustment in 2019 represents the removal of a gain associated with the settlement of a legal matter. The adjustment in 2018 represents the add back of a pension settlement charge.
- (6) The adjustments in 2019 and 2018 represent the net income tax impacts of items (1) through (5). The adjustment in 2018 also includes the removal of an income tax benefit from the partial release of a valuation allowance in the U.K.

Adjusted Operating Cash Flows and Adjusted Free Cash Flows (\$ in millions, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net cash provided by (used for) operating activities:				
Cash receipts on sold accounts receivable	\$ 37.6	\$ (152.2)	\$ (197.9)	\$ (420.5)
Net payments (borrowings) on accounts receivable securitization program	—	163.3	126.3	401.3
	—	(3.2)	75.0	(19.6)
Adjusted operating cash flows:	37.6	7.9	3.4	(38.8)
Capital expenditures	(12.7)	(6.2)	(22.4)	(21.4)
Adjusted free cash flows:	<u>\$ 24.9</u>	<u>\$ 1.7</u>	<u>\$ (19.0)</u>	<u>\$ (60.2)</u>