July 30, 2019

# Q1 Fiscal Year 2020 Financial Results Conference Call


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# Safe Harbor Statement

These slides, and the accompanying oral discussion, contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, statements concerning future sales and earnings, involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including the effectiveness of the Company’s 80/20 Process to simplify operations, the ability of the Company’s operational excellence initiatives to drive profitability, the success of the Company’s efforts to ramp its growth engine, global economic and business conditions, conditions affecting the industries served by the Company and its subsidiaries, conditions affecting the Company's customers and suppliers, competitor responses to the Company's products and services, the overall market acceptance of such products and services, the ability to expand into new markets and geographic regions, and other factors disclosed in the Company's periodic reports filed with the Securities and Exchange Commission. The Company assumes no obligation to update the forward-looking information contained in this presentation.

**Non-GAAP Financial Measures**

This presentation will discuss some non-GAAP (“adjusted”) financial measures which we believe are useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results compared in accordance with GAAP. The non-GAAP (“adjusted”) measures are notated and we have provided reconciliations of comparable GAAP to non-GAAP measures in tables found in the Supplemental Information portion of this presentation.

**Adoption of ASU No. 2017-07 and impact to historical information**

In accordance with the ASU, historical cost of good sold and RSG&A have been adjusted for the adoption and implementation on a retrospective basis of ASU No. 2017-07 “Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. All relevant financial data impacted by the changes has been adjusted.

# Margin Expansion & Strong Earnings

**Blueprint for Growth strategy driving earnings power**

Net income up 141%; adjusted EPS up nearly 10%

Margin expansion: record adjusted EBITDA margin of 16.7%

- Up 100 bps from previous record set in Q1 FY19

ROIC expanded to 11.5%

Record gross margin of 35.5%

- $0.5 million in savings from consolidation of Ohio operations
- Pricing accretive to gross margin: more than offsets inflation and tariffs
- Both GAAP & adjusted gross margin up 10 bps from prior year quarter

Demonstrated outstanding operating leverage on ~2% organic growth in sales

***Blueprint for Growth strategy driving EBITDA margins and ROIC***

# Blueprint Phase II Delivering Results

## Simplify the Business

80/20 Process driving results

- Contributed $3.4 million to operating income in quarter

Streamlined organization delivered $1 million of RSG&A savings

Divestitures accretive 30 bps to operating margin

## Operational Excellence

Better cost discipline improves cost structure

- Reduced RSG&A 150 bps to 21.2% of sales

Reducing overhead costs

- $0.5 million of savings in the quarter from Ohio consolidation, on track for $2 million in FY20

## Ramp the Growth Engine

Encouraging engagement with key accounts

Expanding addressable markets through product enhancement and innovation

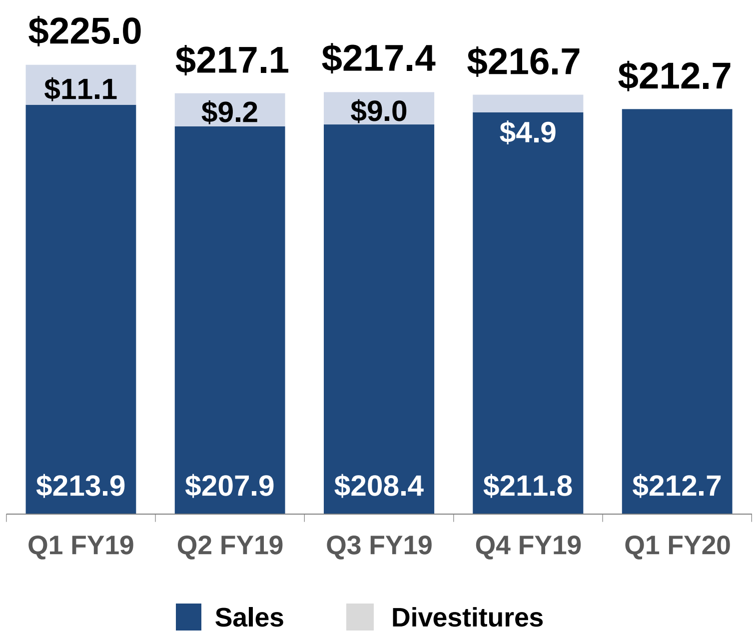
***Strong performance with Phase II of self–help strategy***

# Net Sales

*($ in millions)*

**Q1 sales up 1.8%** (adjusted for divestitures and FX)

U.S. sales up 2.5%, adjusted for divestitures



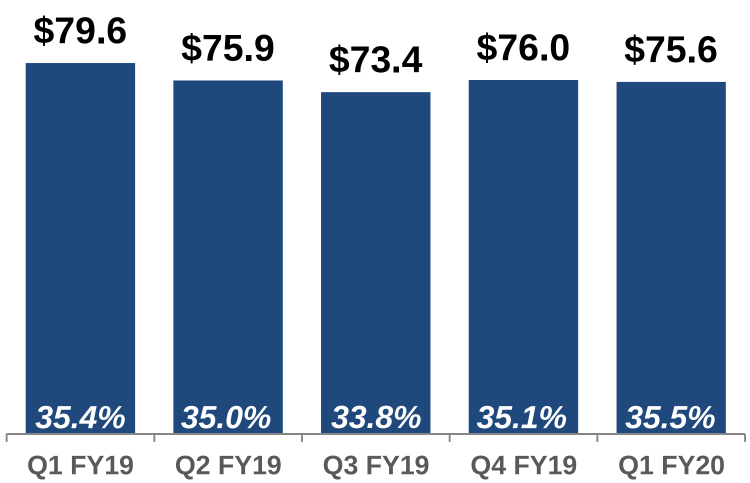

### Quarter Sales Bridge

| | Quarter | |
|---|---|---|
| **Q1 FY19 Sales** | **$ 225.0** | |
| Divestitures | (11.1) | |
| **Q1 FY19 Sales adjusted for divestitures** | **$ 213.9** | |
| Volume | 0.1 | *0.1%* |
| Pricing | 3.8 | *1.8%* |
| Foreign currency translation | (5.1) | *(2.4)%* |
| **Total change adjusted for divestitures** | **$ (1.2)** | ***(0.5)%*** |
| **Q1 FY20 Sales** | **$ 212.7** | |

***Despite market headwinds, organic growth ~2%***

# Gross Profit & Gross Margin

*($ in millions)*



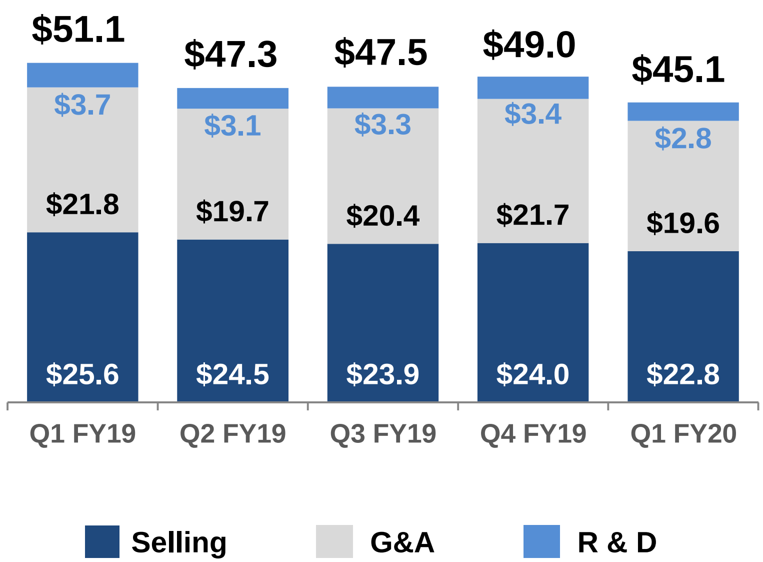

### Quarter Gross Profit Bridge

| | Quarter |
|---|---|
| **Q1 FY2019 Gross Profit** | **$ 79.6** |
| Pricing, net of material cost inflation | 2.5 |
| Insurance Settlement | 0.3 |
| Prior year STAHL integration costs | 0.3 |
| Productivity, net of other cost changes | 0.2 |
| Ohio plant closure | (0.5) |
| Tariffs | (0.6) |
| Foreign currency translation | (1.6) |
| Divestitures | (1.8) |
| Sales volume and mix | (2.8) |
| **Total Change** | **$ (4.0)** |
| **Q1 FY2020 Gross Profit** | **$ 75.6** |

***Strategy drives record gross margin***

# RSG&A

*($ in millions)*




**RSG&A at 21.2% of sales, 150 bps improvement**

**Reorganization and cost discipline reduces RSG&A by ~$2 million**

**Divestitures, prior year pro-forma items and FX reduce RSG&A by $3.8 million**

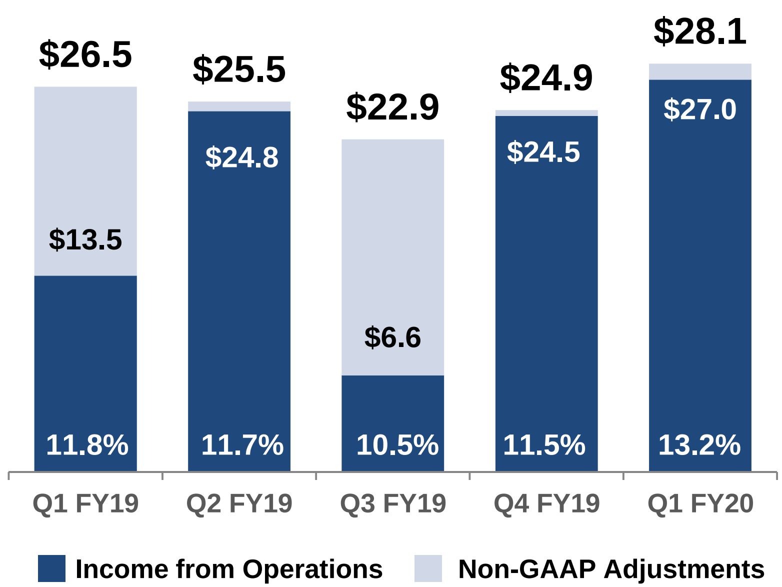
**FY20 Q2 RSG&A estimate of approximately $46 million**

***Self-funding strategy and managing expenses***

*RSG&A guidance provided July 30, 2019*

# Operating Income & Adjusted OI Margin

*($ in millions)*




**Q1 FY20 operating income increased $13.5 million, or 100%**

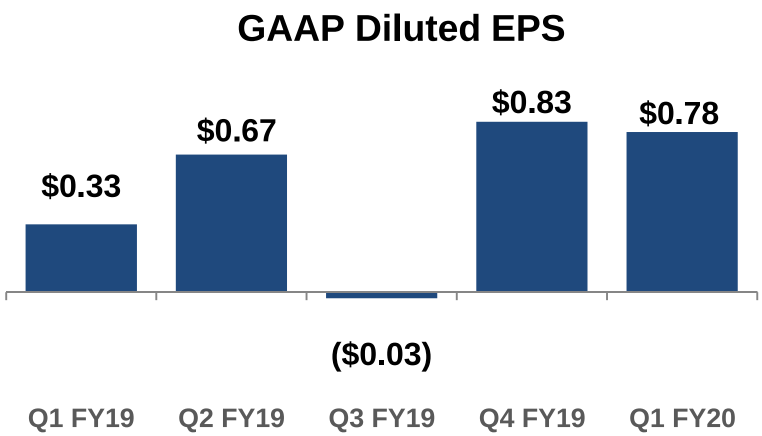
- Divestitures reduced operating income $0.7 million
- Adjusted operating income grew 6.0%, or 8.7% normalized for divestitures

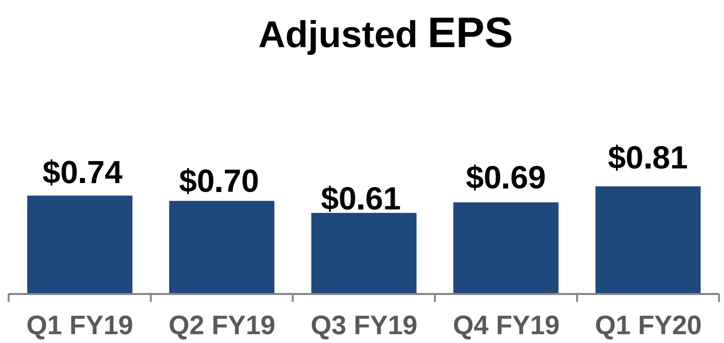
**Adjusted operating margin of 13.2% expanded 140 bps**

- Margins increasing with 80/20 Process and cost discipline
- Divestitures accretive 30 bps to operating margin

***Execution of strategy is driving increased earnings power***

# Quarterly Earnings Per Share




## Net income:

$18.6 million, 141% increase Y/Y

$0.78 per diluted share, up 136% Y/Y

## Adjusted net income:

$19.3 million, 10% increase Y/Y

$0.81 per diluted share, up 9% Y/Y

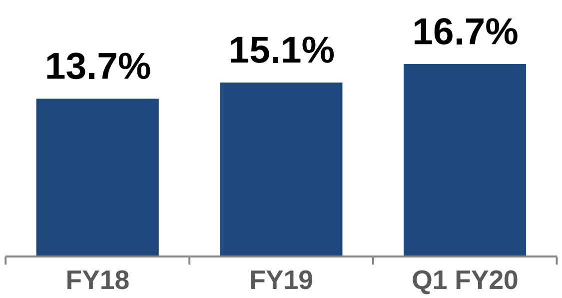
## Expected tax rate: 22% to 23%

***Strong EPS growth driven by operating margin expansion***

*Tax rate guidance provided July 30, 2019*

# Adjusted EBITDA & ROIC

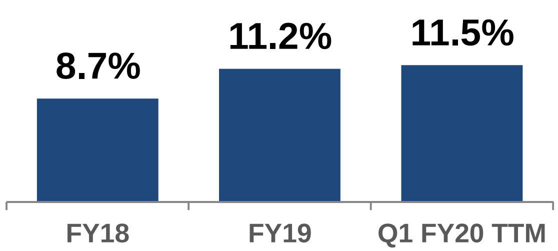
Adjusted EBITDA Margin




## Achieved record adjusted EBITDA margin

16.7% in Q1 FY20, expanded 100 bps Y/Y

Return on Invested Capital (ROIC)(1)




## Adjusted ROIC net of cash increased

11.5% in Q1 FY20, expanded 210 bps Y/Y

***GOAL: Adjusted EBITDA Margin of 19% and Adjusted ROIC in mid-teens***

*(1) ROIC is defined as adjusted income from operations, net of taxes, for the trailing 12 months divided by the average of debt plus equity less cash (average capital) for the trailing 13 months. A 22% tax rate was used for fiscal years 2018, 2019 & 2020.*

# Cash Flow

*($ in millions)*

| *Note: Components may not add to totals due to rounding* | Three Months Ended June 30, | |
|---|---|---|
| | **2019** | **2018** |
| Net cash provided by operating activities | $(2.2) | $8.1 |
| Capital expenditures (CapEx) | (1.9) | (2.3) |
| Operating free cash flow | $(4.0) | $5.8 |

**Used $4.0 million in operating free cash flow (FCF) in Q1**

Paid $12 million for FY19 annual incentive plan (Timing)

Accelerated $7 million U.S. pension contribution to Q1 (Timing)

FY20 expected CapEx: approximately $20 million

***Timing of cash incentives and pension contribution impacted free cash flow***

*Capital expenditure guidance provided July 30, 2019*

# Strong Balance Sheet

*($ in millions)*

| CAPITALIZATION | June 30, 2019 | March 31, 2019 |
|---|---|---|
| Cash and cash equivalents | $ 55.7 | $ 71.1 |
| **Total debt** | **290.8** | **300.3** |
| **Total net debt** | **235.1** | **229.2** |
| Shareholders' equity | 452.3 | 431.2 |
| **Total capitalization** | **$ 743.1** | **$ 731.5** |
| Debt/total capitalization | 39.1% | 41.1% |
| Net debt/net total capitalization | 34.2% | 34.7% |

**Paid down $10 million of debt in Q1 FY20**

Net debt to net total capital below 35%

Net Debt / Adjusted TTM EBITDA

- 1.77x and better than target of 2.0x

**Paid down $125 million of debt in FY18 and FY19**

***Plan to pay down $65 million of debt in FY2020***

# Outlook

## Q2 FY20 Outlook:

Soft patch in short cycle industrial markets, but confident in our strategy

Expect Q2 FY20 sales to be unchanged to slightly improved from Q2 FY19, which was approximately $206 million, adjusted for divestitures and FX at current rates

- Headwind from FX expected to be approximately 1%
- $9.2 million of sales in Q2 FY19 from divestitures

## FY20 Outlook:

Continuing to focus on Phase II of our strategy in FY20

80/20 Process: Incremental ~$10 million operating income in FY20

Expect to deliver solid earnings growth

# Supplemental Information

# Businesses Sold

| *($ in thousands)* | Q1 FY19 | Q2 FY19 | Q3 FY19 | Q4 FY19 | FY19 |
|---|---|---|---|---|---|
| Sales | 11,104 | 9,233 | 8,983 | 4,875 | 34,195 |
| Income from operations | 665 | 1,461 | 1,007 | 532 | 3,665 |

1. The Tire Shredder business was divested December 28, 2018.
2. Crane Equipment & Service, Inc. was divested February 28, 2019.
3. Stahlhammer Bommern GmbH was divested February 28, 2019.

# Adjusted Income from Operations Reconciliation

| *($ in thousands)* | Quarter | | | | |
|---|---|---|---|---|---|
| | **Q1 FY19** | **Q2 FY19** | **Q3 FY19** | **Q4 FY19** | **Q1 FY20** |
| Income from operations | $ 13,503 | $ 24,825 | $ 6,646 | $ 24,468 | $ 27,043 |
| Add back (deduct): | | | | | |
| China plant closure | — | — | — | — | 521 |
| Ohio plant closure | — | — | 200 | 1,273 | 506 |
| Net (gain) loss on sales of businesses | 11,100 | — | 15,550 | (978) | 169 |
| Insurance recovery legal costs | — | 659 | 491 | 132 | 139 |
| Insurance settlement | — | — | — | — | (290) |
| Acquisition deal, integration, and severance costs | 1,906 | — | — | — | — |
| Non-GAAP adjusted income from operations | $ 26,509 | $ 25,484 | $ 22,887 | $ 24,895 | $ 28,088 |
| | | | | | |
| Sales | 224,992 | 217,142 | 217,415 | 216,733 | 212,712 |
| Adjusted operating margin | 11.8% | 11.7% | 10.5% | 11.5% | 13.2% |

Adjusted income from operations is defined as income from operations as reported, adjusted for certain items. Adjusted income from operations is not a measure determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP, and may not be comparable with the measures as used by other companies. Nevertheless, Columbus McKinnon believes that providing non-GAAP information, such as adjusted income from operations, is important for investors and other readers of the Company’s financial statements and assists in understanding the comparison of the current quarter’s and current year's income from operations to the historical periods' income from operations, as well as facilitates a more meaningful comparison of the Company’s income from operations to that of other companies..

# Adjusted Net Income Reconciliation

| *($ in thousands, except per share data)* | **Quarter** | | | | |
|---|---|---|---|---|---|
| | **Q1 FY19** | **Q2 FY19** | **Q3 FY19** | **Q4 FY19** | **Q1 FY20** |
| Net income (loss) | $ 7,706 | $ 15,912 | $ (782) | $ 19,741 | $ 18,579 |
| Add back (deduct): | | | | | |
| China plant closure | — | — | — | — | 521 |
| Ohio plant closure | — | — | 200 | 1,273 | 506 |
| Net (gain) loss on sales of businesses | 11,100 | — | 15,550 | (978) | 169 |
| Insurance recovery legal costs | — | 659 | 491 | 132 | 139 |
| Insurance settlement | — | — | — | — | (290) |
| Acquisition deal, integration, and severance costs | 1,906 | — | — | — | — |
| Normalize tax rate (1) | (3,173) | (76) | (974) | (3,766) | (291) |
| Non-GAAP adjusted net income | $ 17,539 | $ 16,495 | $ 14,485 | $ 16,402 | $ 19,333 |
| | | | | | |
| Average diluted shares outstanding | 23,610 | 23,721 | 23,681 | 23,714 | 23,777 |
| | | | | | |
| Diluted income per share – GAAP | $0.33 | $0.67 | $(0.03) | $0.83 | $0.78 |
| | | | | | |
| Diluted income per share - Non-GAAP | $0.74 | $0.70 | $0.61 | $0.69 | $0.81 |

*(1) Applies normalized tax rate of 22% to GAAP pre-tax income and non-GAAP adjustments above, which are each pre-tax.*

Adjusted net income and diluted EPS are defined as net income and diluted EPS as reported, adjusted for certain items and at a normalized tax rate. Adjusted net income and diluted EPS are not measures determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP, and may not be comparable to the measures as used by other companies. Nevertheless, Columbus McKinnon believes that providing non-GAAP information, such as adjusted net income and diluted EPS, is important for investors and other readers of the Company's financial statements and assists in understanding the comparison of the current quarter's and current year's net income and diluted EPS to the historical periods' net income and diluted EPS, as well as facilitates a more meaningful comparison of the Company's net income and diluted EPS to that of other companies.

# Adjusted EBITDA Reconciliation

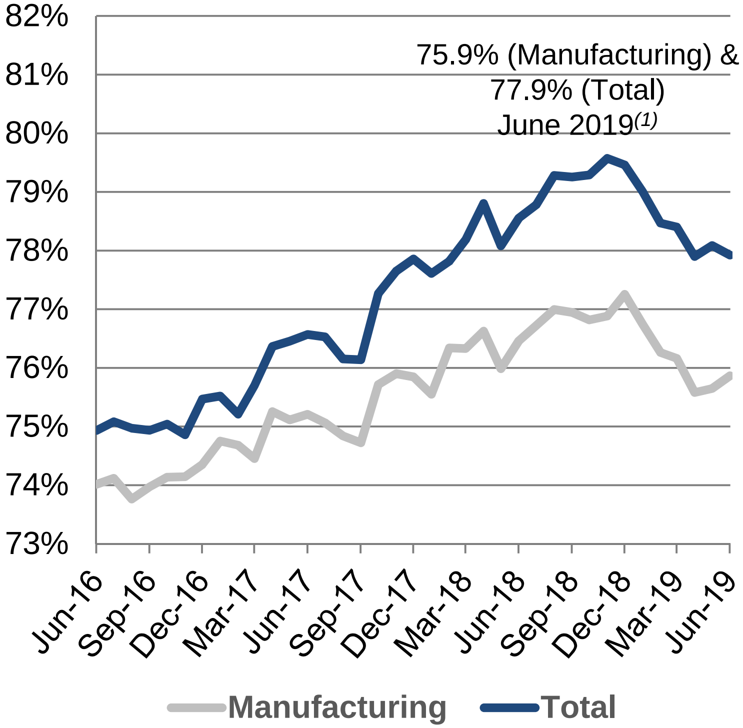
| ($ in thousands) | Quarter | | | | |
|---|---|---|---|---|---|
| | Q1 FY19 | Q2 FY19 | Q3 FY19 | Q4 FY19 | Q1 FY20 |
| Net income (loss) | $ 7,706 | $ 15,912 | $ (782) | $ 19,741 | $ 18,579 |
| Add back (deduct): | | | | | |
| Income tax expense | 1,774 | 4,576 | 3,111 | 860 | 5,162 |
| Interest and debt expense | 4,607 | 4,248 | 4,330 | 3,959 | 3,852 |
| Investment (income) loss | (268) | (111) | 82 | (430) | (302) |
| Foreign currency exchange (gain) loss | (276) | 507 | (25) | 637 | (410) |
| Other (income) expense, net | (40) | (307) | (70) | (299) | 162 |
| Depreciation and amortization expense | 8,832 | 8,030 | 7,901 | 7,912 | 7,403 |
| China plant closure | — | — | — | — | 521 |
| Ohio plant closure | — | — | 200 | 1,273 | 506 |
| Net (gain) loss on sales of businesses | 11,100 | — | 15,550 | (978) | 169 |
| Insurance recovery legal costs | — | 659 | 491 | 132 | 139 |
| Insurance settlement | — | — | — | — | (290) |
| Acquisition deal, integration, and severance costs | 1,906 | — | — | — | — |
| Non-GAAP adjusted EBITDA | $ 35,341 | $ 33,514 | $ 30,788 | $ 32,807 | $ 35,491 |
| | | | | | |
| Sales | $ 224,992 | $ 217,142 | $ 217,415 | $ 216,733 | $ 212,712 |
| Adjusted EBITDA margin | 15.7% | 15.4% | 14.2% | 15.1% | 16.7% |

Adjusted EBITDA is defined as net income before interest expense, income taxes, depreciation, amortization, and other adjustments. Adjusted EBITDA is not a measure determined in accordance with generally accepted accounting principles in the United States, commonly known as GAAP, and may not be comparable with the measures as used by other companies. Nevertheless, Columbus McKinnon believes that providing non-GAAP information, such as adjusted EBITDA, is important for investors and other readers of the Company's financial statements and assists in understanding the comparison of the current quarter's and current year's net income and diluted EPS to the historical periods' net income and diluted EPS, as well as facilitates a more meaningful comparison of the Company's net income and diluted EPS to that of other companies.

# Industrial Capacity Utilization

### U.S. Capacity Utilization

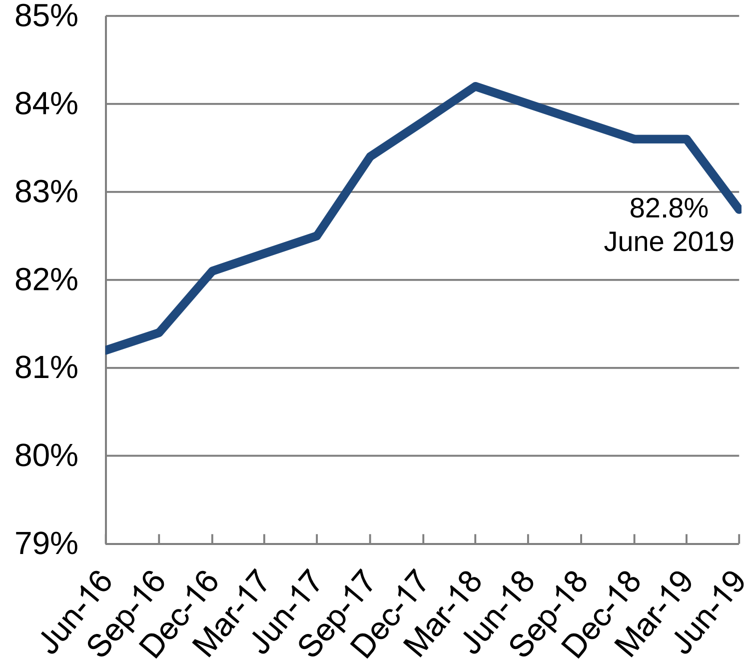
*Source: The Federal Reserve Board*




*(1) June 2019 numbers are preliminary*

### Eurozone Capacity Utilization

*Source: European Commission*



# Conference Call Playback Info

**Replay Number: 412-317-6671** ***passcode: 13692055***

**Telephone replay available through August 6, 2019**

**Webcast / PowerPoint / Replay available at www.cmworks.com/investors**

**Transcript, when available, at www.cmworks.com/investors**