

May 27,  
2020

# CRAIG-HALLUM INSTITUTIONAL INVESTOR CONFERENCE

**Richard H. Fleming**

Chairman & Interim Chief Executive Officer

**Gregory P. Rustowicz**

Vice President – Finance & Chief Financial Officer



PARTNERS IN MOTION CONTROL

# 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 impact of Covid-19 and the Company’s aggressive efforts to reduce costs, maintain liquidity and generate cash in the current pandemic, the effectiveness of the Company’s 80/20 Process to simplify operations, the ability of the Company’s Operational Excellence initiatives to drive profitability, 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.

**Leading global designer, manufacturer and marketer of motion control products, technologies and services for material handling**

*Founded: 1875*

Leader in highly-engineered, professional grade, intelligent motion lifting solutions and explosion-protected products

Premium, well-respected global brands

World's 2<sup>nd</sup> largest hoist company with leading share in U.S.

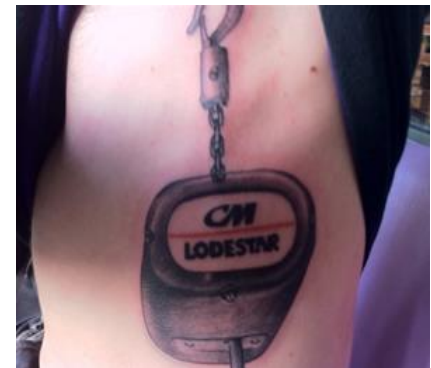
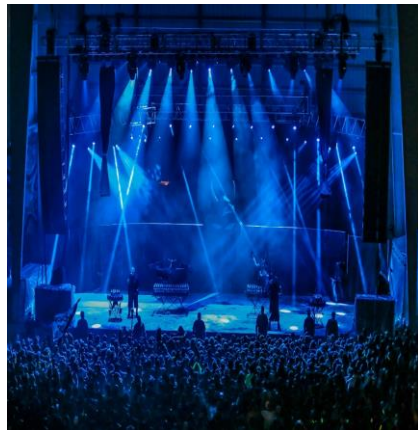
**Blueprint for Growth Strategy:**

- ✓ Transform into a high-performing, industrial technology company
- ✓ Increase earnings power with selective deployment of self-funded key initiatives

<b>Market Capitalization</b>	<b>\$626.3 million</b>	<b>Average Volume (3 mo.)</b>	<b>141,800</b>
<b>52-Week Price Range</b>	<b>\$19.20 - \$43.09</b>	<b>Common Shares Outstanding</b>	<b>23.8 million</b>
<b>Recent Price</b>	<b>\$26.33</b>	<b>Ownership:</b>	
		<b>Institutions</b>	<b>97%</b>
		<b>Insiders</b>	<b>3%</b>

*Market data as of 5/22/2020 (Source: S&P Capital IQ); Shares outstanding as of 5/22/2020; Institutional and insider ownership as of most recent filing*

# VALUE PROPOSITION



***Highly relevant, professional-grade solutions  
for solving customers' critical problems in safety & productivity***



# THREE DISTINCT PRODUCT CATEGORIES

## Customer Driven Solutions



- ✓ Linear & Mechanical Actuators
- ✓ Lifting Tables
- ✓ Rail Systems
- ✓ Actuation Systems

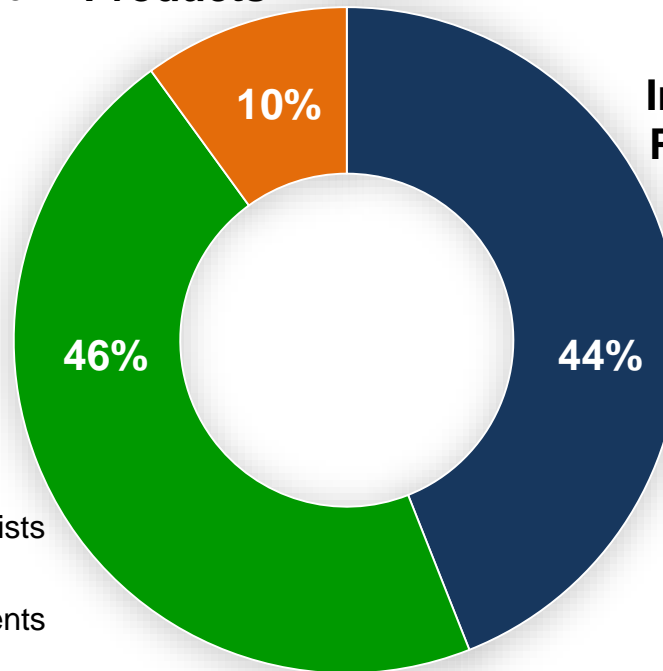
### Engineered Products



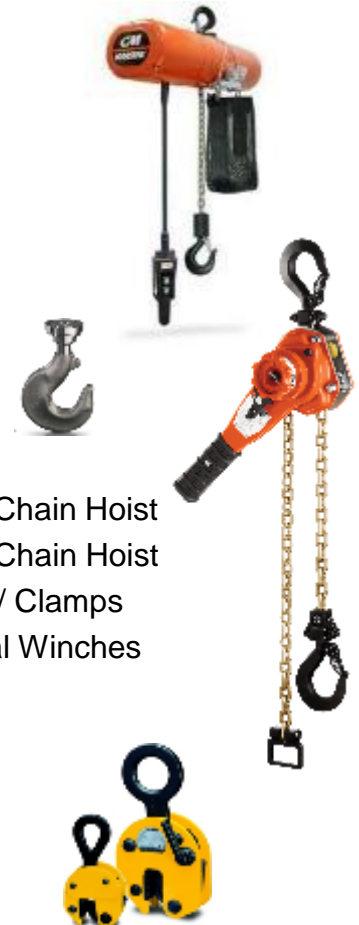
### Crane Solutions



- ✓ Cranes, Wire Rope Hoists
- ✓ Drives and Controls
- ✓ Crane Kits & Components
- ✓ Jibs, Workstations



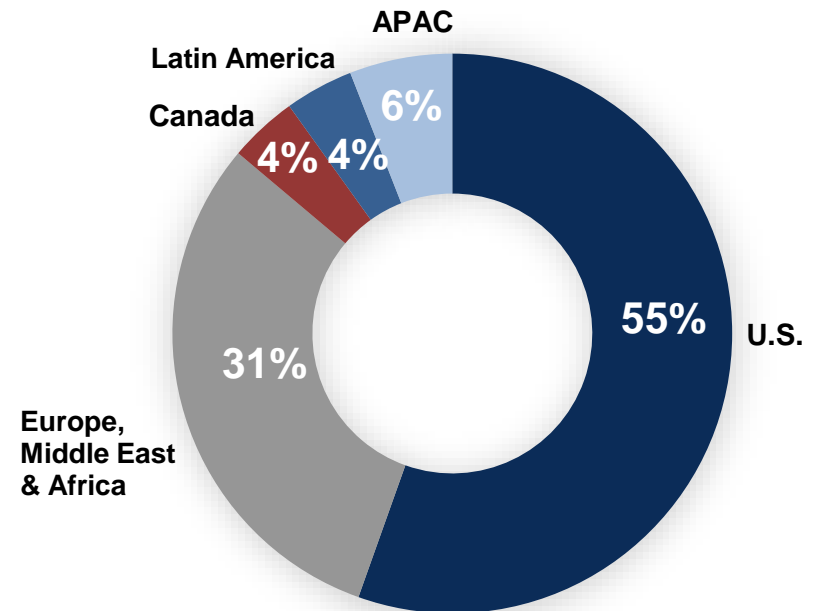
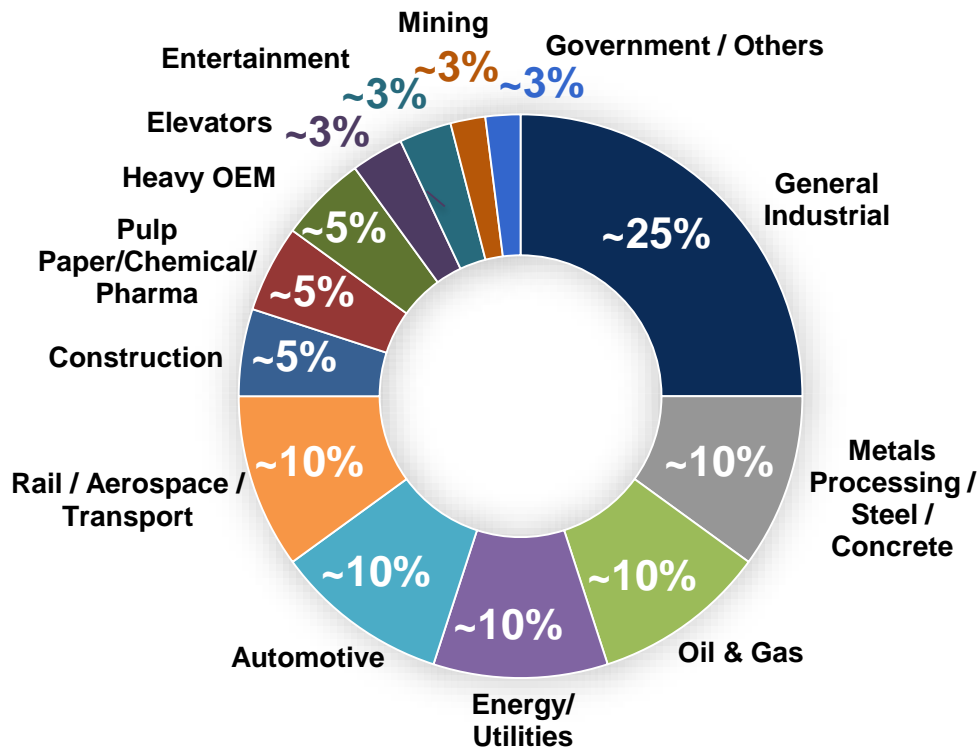
### Industrial Products



- ✓ Manual Chain Hoist
- ✓ Electric Chain Hoist
- ✓ Rigging / Clamps
- ✓ Industrial Winches

**\$809.2 Million**  
**FY20 Revenue**

# END MARKET AND GEOGRAPHIC DIVERSIFICATION



**\$809.2 Million**  
**FY 20 Revenue**

# PRIORITIES DRIVEN BY VALUES AND VISION

## Health and Safety

Implemented remote work force quickly

Eliminated all travel

Reduced access into facilities

Staggered shifts, limited access to common areas and ensured physical distancing

Enhanced cleaning and sanitation processes

## Business Continuity

Focusing on cash generation

Flexing workforce to align with demand

- Primarily furloughs to retain talent

Managing working capital:

- Stepping down inventory

Reducing capital expenditures

Responsibly managing compensation

## Financial Strength

Liquidity of nearly \$200 million at 3/31/2020

Generated \$36.5 million in cash from operations in quarter and ~\$107 million in the year

Debt leverage ratio of 1.1x at 3/31/2020

Investing in select growth initiatives

***Rapid response to right-size operations for impact of COVID-19***

# BALANCE: NEAR-TERM AND LONG-TERM OBJECTIVES

## Near-term Objectives: Generate Cash & Positive Operating Income

- Cost reductions, 80/20 Process and Operational Excellence
- Working capital management
- Minimize cash outflows: capex, pension and debt service
- Maintain dividend

## Long-term Objective: Market Leadership

- Advance investments in technology
- Invest in select new product development initiatives
- Build/maintain enterprise talent
- Continue Blueprint for Growth Phase III efforts

***Protecting the enterprise in the short-term while preparing to accelerate results when business conditions improve***

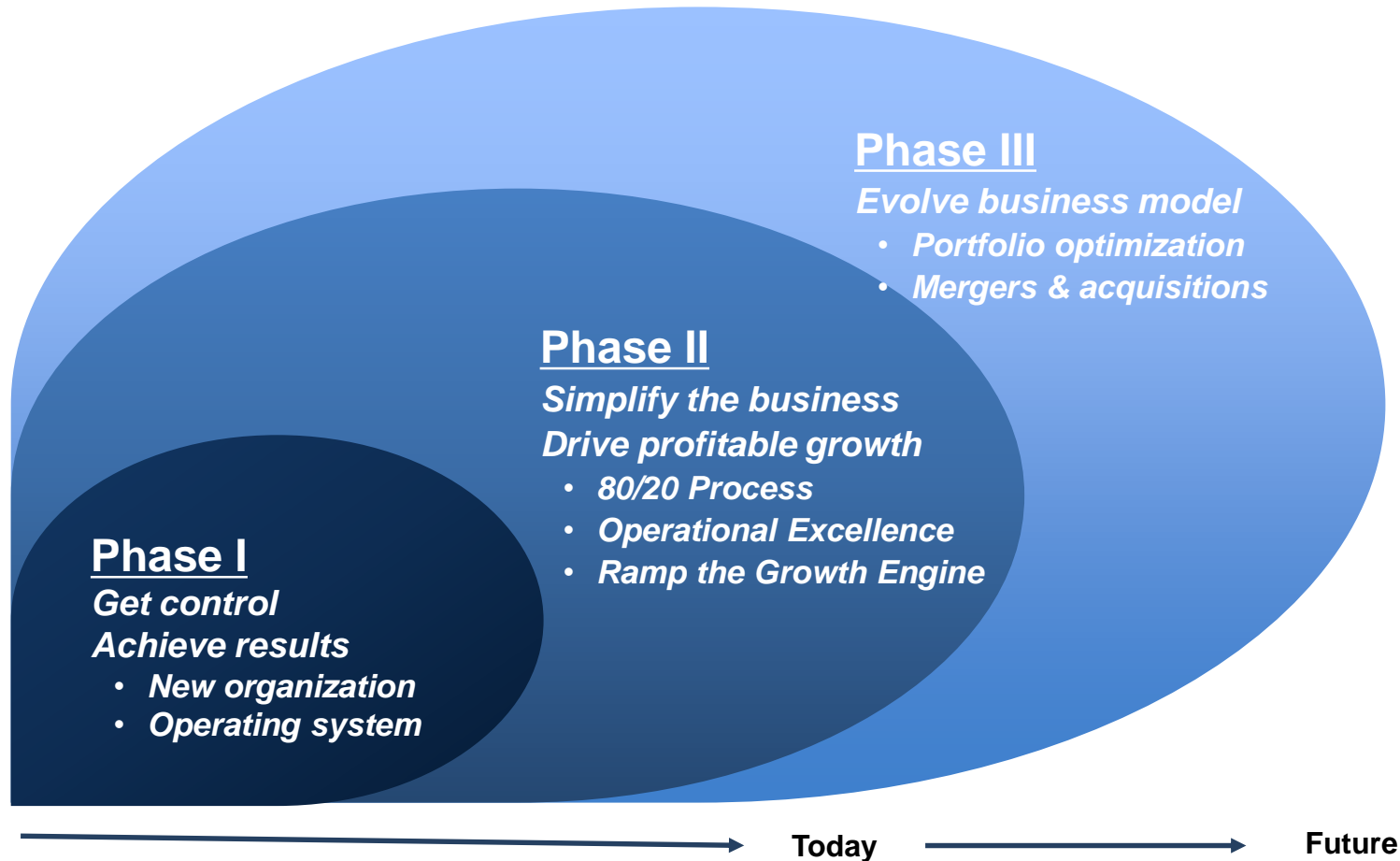


# BLUEPRINT FOR GROWTH STRATEGY

Growth-oriented  
Industrial  
Technology

Today

Cyclical  
Industrial



***Further pivot to growth oriented Industrial Technology company***

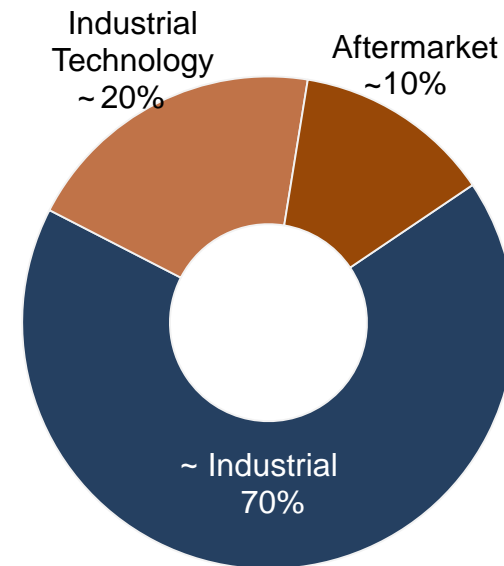
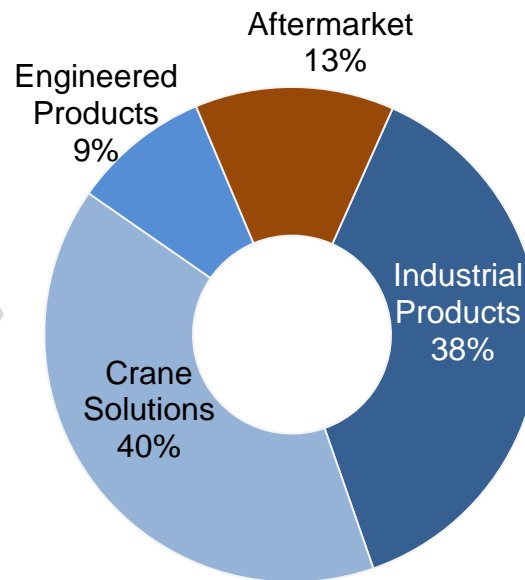
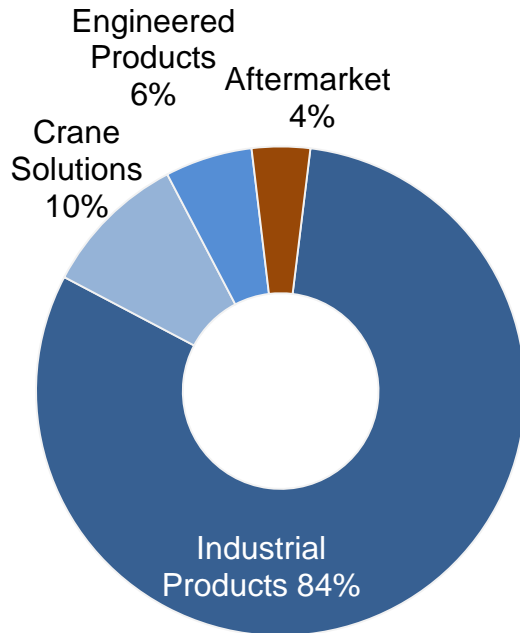
# EVOLUTION OF THE BUSINESS MODEL

Business Composition Evolves with the Strategy

## FY2015

## Acquired:

## Now



## Divested:



***FY2020, ~20% of CMCO business is comprised of industrial technology***

# E-PAS™: EARNINGS POWER ACCELERATION SYSTEM

*Business Operating System*

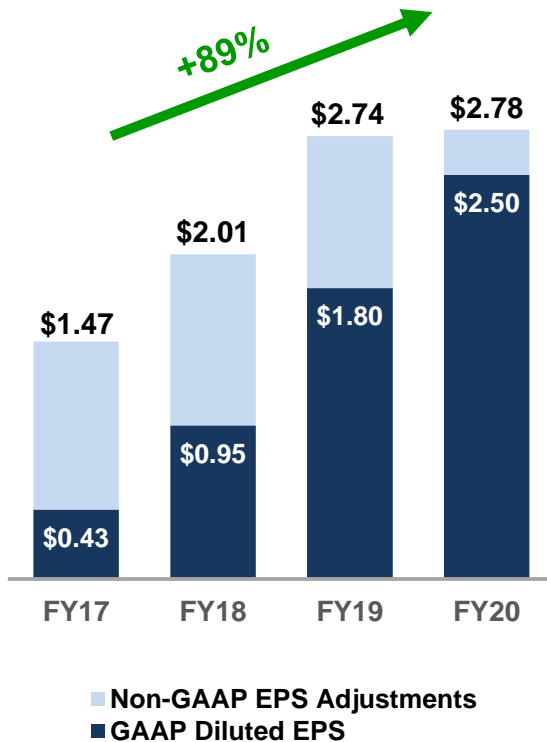


***Business operating system sustainable across the organization and driving results***

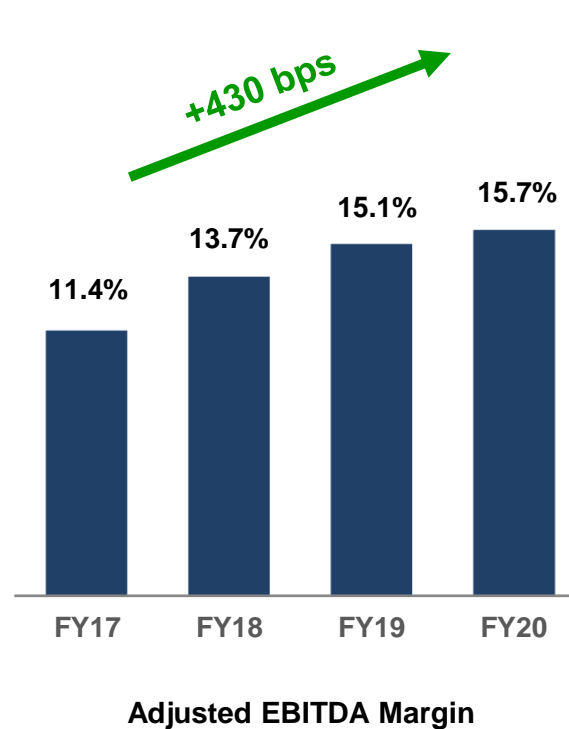
# STRATEGY DRIVES PERFORMANCE

(\$ in millions)

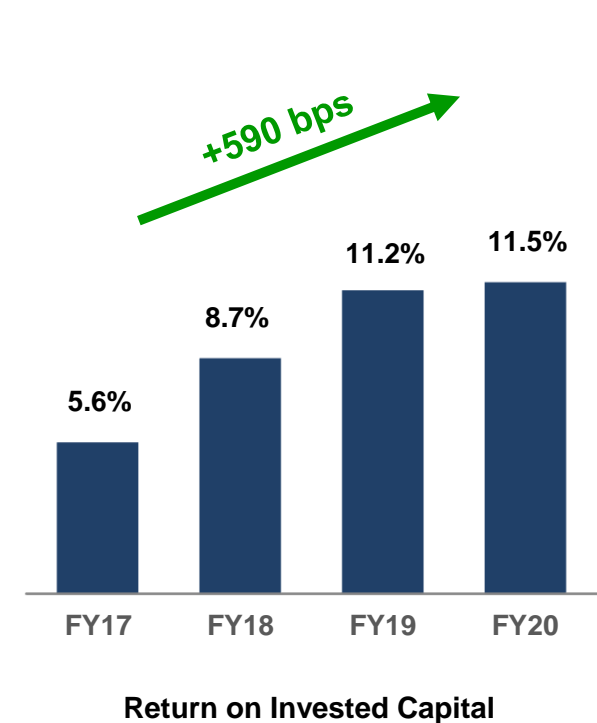
Strategy creates stronger earnings power...



Continued progress towards 19% EBITDA margin goal...



Transformation more than doubles ROIC<sup>(1)</sup>...



**Three years of execution delivers stronger earnings power**

(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 30% tax rate was used for fiscal year 2017, and 22% for fiscal years 2018, 2019 & 2020.

# PHASE II SIMPLIFY THE BUSINESS: 80/20 PROCESS

## Customer simplification

Strategic pricing

## Priority customer account program

Incremental volume from sharpened customer focus

## Product simplification

Indirect overhead reduction and material productivity

## Facility rationalization and closures:

Salem, OH

Lisbon, OH

China



**Purchased parts**  
~400,000

**Product SKUs**  
~50,000

**80 / 20  
Process**

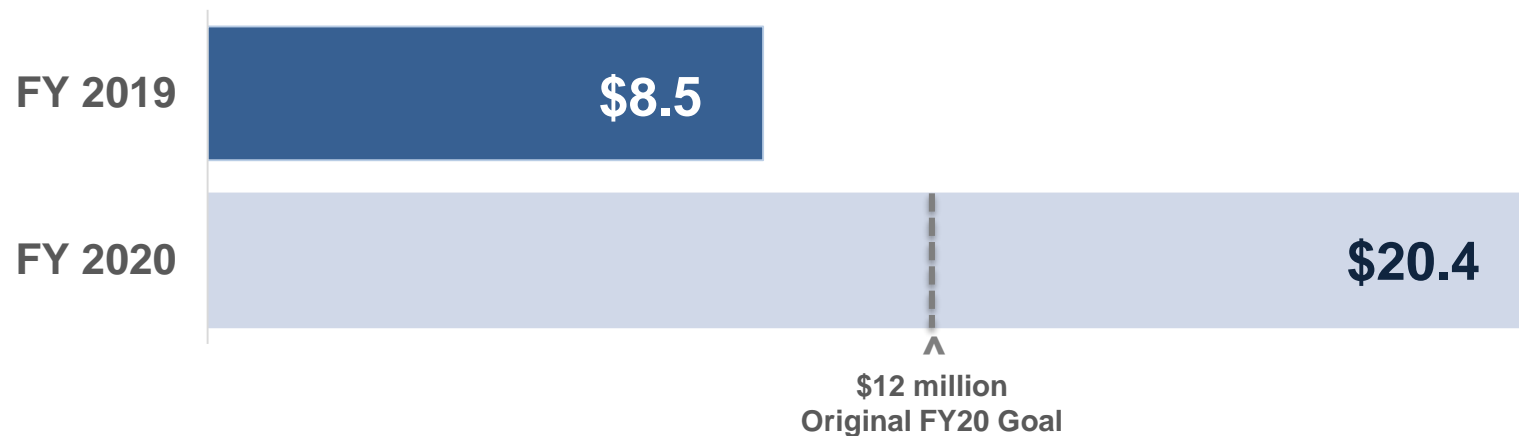
**Simplify the Business:  
Eliminate bleeders... focus on areas of growth**

***80/20 Process: Centerpiece of the operating system...  
eliminates bleeders and sharpens focus on growth***

# 80/20 PROCESS DELIVERS RESULTS

(\$, in millions contribution to operating income)

**More than doubled 80/20 Process contributions to operating income in FY 20**



**80/20 Process helping to offset impacts of challenging environment:**

Were on track to hit previous revenue guidance

COVID-19 impact began in mid-March

\$10 million sales impact from COVID-19 in Q4 FY20

***Outperformed on 80/20 Process and self-help strategy in FY20***



# PHASE II: RAMP THE GROWTH ENGINE

*Continued investment through COVID-19 recession*

## Strategic Priority: New Product Development

### Automation

*Intelli-Protect™ with single zone and multi-zone options (April 2020)*

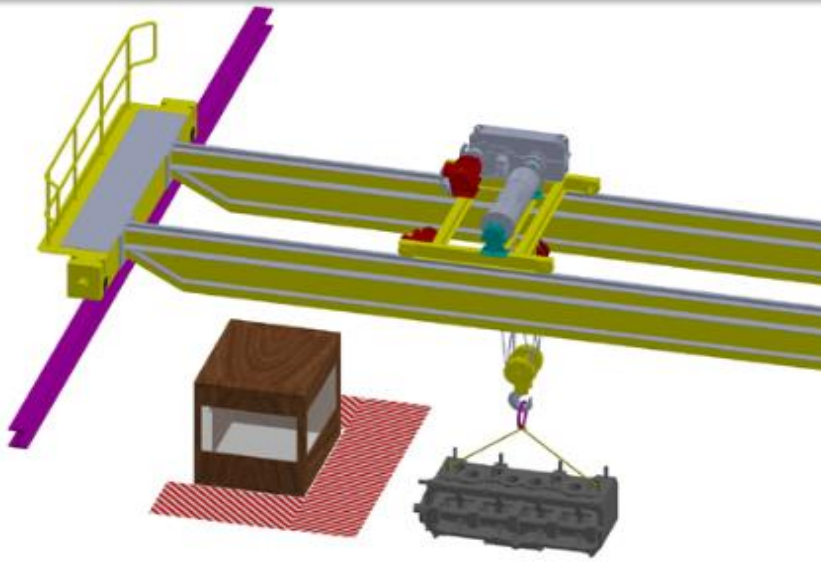
*Intelli-Lift™ (soon to be launched)*

*Intelli-Connect™ (coming later in fiscal 2021)*

### Crane Kits

*Expanded feature set*

*Plug and Play capability*



# STRATEGIC PRIORITY: DIGITAL PLATFORM

*Continued investment through COVID-19 recession*



COLUMBUS MCKINNON:

## Moving Your Business Forward

When you have a lifting or motion control challenge, we have the solution. As your Partner in Motion Control, we can help you safely and efficiently move your business forward with smart solutions for your high-value problems.

LEARN MORE

Launched new website:  
[www.columbusmckinnon.com](http://www.columbusmckinnon.com)

- *Single site for all global brands*

Compass™ configurator:

- *Online tool to configure product, price and quote*
- *Continuously adding products and functionality*
- *Modern, streamlined user experience*

Global Product Information Management (PIM)

- *Database of all product information*
- *Provides data to website, Compass™, and Channel Partners*

***Information technology enabling responsiveness and delivery speed***

# Phase III: Portfolio Optimization

*Acquisitions to build on core competencies*



## Lifting Specialist

- Leverage engineering & production knowhow
- Leverage channels, valuable brand
- Fragmented industry with niche market opportunities
- Solutions for specialty applications

## Smart Movement

- Leverage installed base & “reason to be”
- Address customer high-value problems
- Software engineering focus
- Greater potential for recurring revenue
- Megatrends drive higher growth

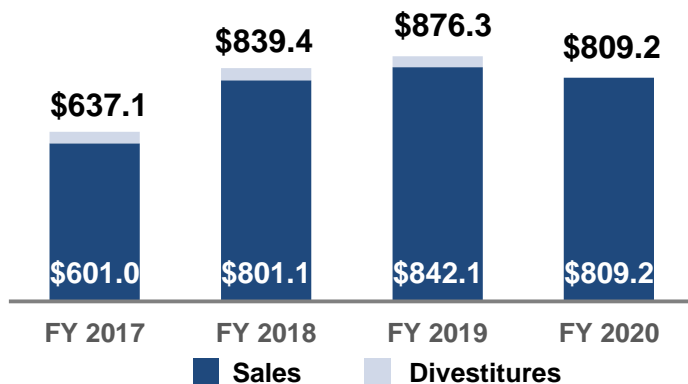
***Shift to Intelligent Motion enables CMCO to leverage capabilities and optimize growth***

# GROSS MARGIN EXPANDS ON LOWER VOLUME

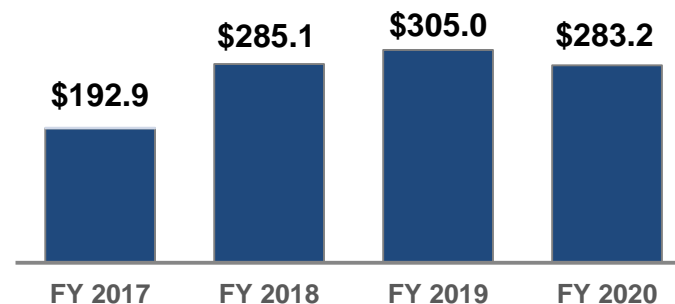


(\$ in millions)

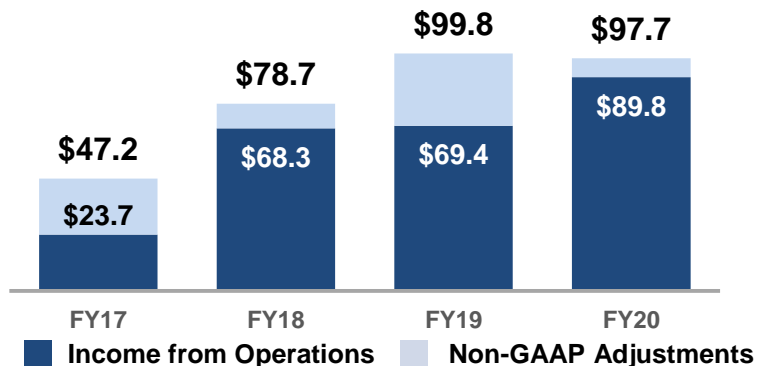
## Net Sales



## Gross Profit and Margin



## Operating Income & Adjusted OI Margin



Was on track to achieve previous revenue guidance for the quarter; COVID-19 created ~\$10 million negative impact (adjusted for divestitures and FX)

Record gross margin of 35% on 7.7% decline in FY20 sales

FY21 Q1 RSG&A estimate: ~\$39 million\*

FY21 expected tax rate: 21-22%

## Industrial slowdown and COVID-19 impacted volume

See Supplemental Slides for definition of Adjusted Income from Operations, Adjusted Net Income and EPS and reconciliation from GAAP and other disclaimers regarding non-GAAP information. \*RSG&A and tax rate guidance provided May 27, 2020



# CASH FLOW

(\$ in millions)

	FY2017	FY2018	FY2019	FY2020
	<u>3/31/17</u>	<u>3/31/18</u>	<u>3/31/19</u>	<u>3/31/20</u>
Net cash provided by operating activities	\$60.5	\$69.7	\$79.5	\$106.8
CapEx	(14.4)	(14.5)	(12.3)	(9.4)
<b>Free cash flow (FCF)</b>	<b>\$46.1</b>	<b>\$55.1</b>	<b>\$67.2</b>	<b>\$97.4</b>

Note: Components may not add to totals due to rounding

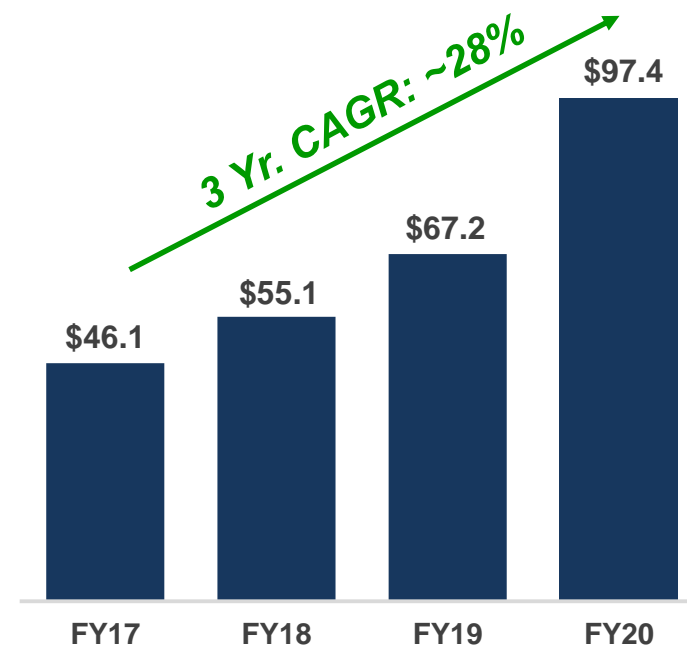
## FY20 FCF up 45% year-over-year

Rapid actions taken to preserve and generate cash

FY21 expected CapEx: approximately \$15 million:

- Managing to \$5 million in 1H FY21
- Will adjust 2H FY21 based on market conditions

## Free Cash Flow<sup>(1)</sup>



**Sufficient liquidity to navigate through COVID-19 pandemic**

Capital expenditure guidance provided May 27, 2020

<sup>(1)</sup>Free cash flow is defined as cash provided by operating activities minus capital expenditures

# NEAR-TERM OUTLOOK

## Q1 FY21 outlook:

- 37% drop in orders in April Y/Y; began to stabilize in May
- Expect revenue in Q1 FY21 in range of \$130 million to \$140 million

## Short-term Objectives:

- Positive operating income
- Positive cash flow

## Long-term capital allocation priorities remain unchanged:

- Maintaining dividend at current level

## Continue to execute Blueprint for Growth strategy

## CEO transition:

- David Wilson joins as President and CEO effective June 1, 2020

***Blueprint for Growth Strategy: solid foundation during stressed conditions***



# WHY COLUMBUS MCKINNON?



**Strategy and E-PAS™ provide foundation to address unprecedented times**

**Blueprint for Growth strategy continues to deliver**

**Building stronger earnings power - creating value**

**Strong management team executing well**

**Lowering risk profile and expanding margins**

# SUPPLEMENTAL SLIDES



PARTNERS IN MOTION CONTROL

# ADJUSTED INCOME FROM OPERATIONS RECONCILIATION

(\$ in thousands)	Fiscal Year			
	FY 2017	FY 2018	FY 2019	FY 2020
Income from operations	\$ 23,725	\$ 68,331	\$ 69,442	\$ 89,824
Add back (deduct):				
Factory closures	—	—	1,473	4,709
Business realignment costs	—	—	1,906	2,831
Insurance recovery legal costs	1,359	2,948	1,282	585
Net (gain) loss on sales of businesses	—	—	25,672	176
Insurance settlement	—	(2,362)	—	(382)
Acquisition deal, integration, and severance costs	8,815	8,763	—	—
Debt repricing fees	—	619	—	—
Magnetek litigation	—	400	—	—
Acquisition inventory step-up expense	8,852	—	—	—
CEO retirement pay and search costs	3,085	—	—	—
Impairment of intangible asset	1,125	—	—	—
Canadian pension lump sum settlements	247	—	—	—
Non-GAAP adjusted income from operations	\$ 47,208	\$ 78,699	\$ 99,775	\$ 97,743
Sales	\$ 637,123	\$ 839,419	\$ 876,282	\$ 809,162
Adjusted operating margin	7.4%	9.4%	11.4%	12.1%

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)	Fiscal Year			
	FY 2017	FY 2018	FY 2019	FY 2020
Net income	\$ 8,984	\$ 22,065	\$ 42,577	\$ 59,672
Add back:				
Factory closures	—	—	1,473	4,709
Business realignment costs	—	—	1,906	2,831
Insurance recovery legal costs	1,359	2,948	1,282	585
Net (gain) loss on sales of businesses	—	—	25,672	176
Insurance settlement	—	(2,362)	—	(382)
Acquisition deal, integration, and severance costs	8,815	8,763	—	—
Debt refinancing costs	—	619	—	—
Magnetek litigation	—	400	—	—
Acquisition inventory step-up expense	8,852	—	—	—
CEO retirement pay and search costs	3,085	—	—	—
Loss on foreign exchange option for acquisition	1,590	—	—	—
Loss on extinguishment of debt	1,303	—	—	—
Impairment of intangible asset	1,125	—	—	—
Canadian pension lump sum settlements	247	—	—	—
Normalize tax rate <sup>(1)</sup>	(4,626)	14,408	(7,990)	(1,232)
Non-GAAP adjusted net income	\$ 30,734	\$ 46,841	\$ 64,920	66,359
Average diluted shares outstanding	20,888	23,335	23,660	23,855
Diluted income per share - GAAP	\$0.43	\$0.95	\$1.80	\$2.50
Diluted income per share - Non-GAAP	\$1.47	\$2.01	\$2.74	\$2.78

(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)	Fiscal Year			
	FY 2017	FY 2018	FY 2019	FY 2020
Net income	\$ 8,984	\$ 22,065	\$ 42,577	\$ 59,672
Add back (deduct):				
Income tax expense	4,043	27,620	10,321	17,484
Interest and debt expense	10,966	19,733	17,144	14,234
Cost of debt refinancing	1,303	—	—	—
Investment (income) loss	(462)	(157)	(727)	(891)
Foreign currency exchange (gain) loss	1,232	1,539	843	(1,514)
Other (income) expense, net	(2,341)	(2,469)	(716)	839
Depreciation and amortization expense	25,162	36,136	32,675	29,126
Factory closures	—	—	1,473	4,709
Business realignment costs	—	—	1,906	2,831
Net (gain) loss on sales of businesses	—	—	25,672	—
Insurance recovery legal costs	1,359	2,948	1,282	585
Insurance settlement	—	(2,362)	—	(382)
Acquisition deal, integration, and severance costs	8,815	8,763	—	—
Debt repricing fees	—	619	—	—
Magnetek litigation	—	400	—	—
Acquisition inventory step-up expense	8,852	—	—	—
CEO retirement pay and search costs	3,085	—	—	—
Impairment of intangible asset	1,125	—	—	—
Canadian pension lump sum settlements	247	—	—	—
Non-GAAP adjusted EBITDA	\$ 72,370	\$ 114,835	\$ 132,450	\$ 126,869
Sales	\$ 637,123	\$ 839,419	\$ 876,282	\$ 809,162
Adjusted EBITDA margin	11.4%	13.7%	15.1%	15.7%

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.

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