

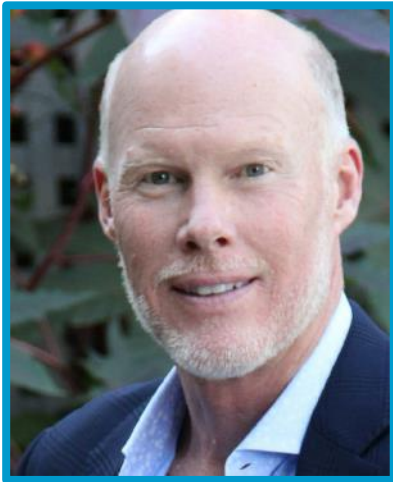
TENNANT[®]
COMPANY



Earnings Release Call First Quarter 2020

Wednesday, May 6, 2020

On the Call Today



Chris Killingstad
President and CEO



Andy Cebulla
Interim CFO



Dave Huml
COO

Forward-Looking Statements & Non-GAAP Measures

Our remarks this morning and our answers to questions may contain forward-looking statements regarding the company's expectations of future performance. Such statements are subject to risks and uncertainties, and our actual results may differ materially from those contained in the statements. These risks and uncertainties are described in today's news release and the documents we file with the Securities and Exchange Commission. We encourage you to review those documents, particularly our Safe Harbor statement, for a description of the risks and uncertainties that may affect our results.

Additionally, on this conference call we will discuss non-GAAP measures that include or exclude certain items. Our 2020 first-quarter earnings release includes the comparable GAAP measures and a reconciliation of these non-GAAP measures to our GAAP results.

Tennant Company

Financial Results Conference Call
First Quarter 2020

First Quarter 2020

- Primary business impacts related to coronavirus
 - Temporary plant shutdowns
 - Some end-market slowdowns due to closures of customer facilities
- Plant shutdowns
 - China Factories: Closed 2 weeks in February
 - Italy Factories: Temporarily suspended operations in accordance with local directives
 - North America Factories: Temporarily suspended operations for cleaning purposes
- As of 5/6/2020: All plants able to operate
 - Not all factories are back to full productivity

First Quarter 2020

- First-quarter performance
 - Strong results through February QTD
 - Local shutdowns impacted March, particularly in Italy, France, Australia and North America markets
- Guiding Principles
 - Prioritize the health and safety of our employees, customers and business partners
 - Manage our costs and cash flow to maintain liquidity
 - Be ready to make the tough decisions necessary to weather this storm, while still preserving our ability to ramp up quickly as markets recover

Actions Implemented

- Dedicated COVID-19 Response Team
- Supply chain teams managing high-risk components
 - Identified alternative supplies, materials and components as needed
 - No major supply disruptions to date
- Transportation teams tracking, reporting and communicating with carriers
 - Identifying risks and options available if disruptions occur
 - Proactively partnering with customers to avoid missed deliveries

Actions Implemented – Continued

- Implemented merit and hiring freezes
 - While operating within applicable laws and regulations
- Suspended all non-essential business travel and discretionary spending
- Employee Pay – through Q2
 - CEO forgoing 100% of salary
 - Senior leaders forgoing 35% of salary
 - Board of Directors receiving 50% less compensation
 - Furlough and pay reductions across global work force
 - While operating within applicable laws and regulations

Additional Comments/Announcements

- Resilient 150-year-old business
- Identified additional levers available to ensure we emerge from this crisis in a strong position
- Enterprise growth strategy still a focus and within our control
- CFO Keith Woodward elected to resign
- Andy Cebulla to continue serving as interim CFO

Financial Review

Financial Results Conference Call
First Quarter 2020

First Quarter 2020 – Sales | Adjusted EPS

Q1 '20 Organic Decline of -2.4%

	Q1 '20	Q1 '19	CHANGE
SALES	\$252.1 M	\$262.5 M	-4.0%
EPS Adjusted*	\$0.57	\$0.72	-20.8%

- February QTD Organic Growth: 6.7%
- March Organic Decline: -16.8%

First Quarter 2020 – Geographies

Americas

- Sales increased +1.1%, or +1.9% organically
 - 10th consecutive quarter of organic growth
- North America
 - Autonomous T7 demand
 - Pricing actions related to enterprise strategy
- Latin America
 - Primarily due to Mexico

First Quarter 2020 – Geographies

EMEA

- Sales decreased -7.8%, or -4.9% organically
 - Primarily driven by the pandemic, especially in Italy and France
 - Manufacturing plants were closed for one to two weeks in March, depending on location and in accordance with local government directives
 - Shutdowns of customer facilities were widespread in March

APAC

- Sales decreased -25.8%, or -22.9% organically
 - Primarily driven by China due to pandemic
 - Australia declines due to pandemic and timing of strategic account orders
 - Plants closed for two weeks in February

First Quarter 2020 – Sales | Adjusted Gross Margin

	Q1 '20	Q1 '19	CHANGE
Sales	\$252.1 M	\$262.5 M	-4.0%
Gross Margin (% of sales) Adjusted*	42.0%	41.2%	+80 bps

- Enterprise strategy contributed to pricing and cost-out initiatives
- Freight costs were favorable
- Negative impact of labor and material inflation

First Quarter 2020 – Sales | Adjusted S&A Expense

	Q1 '20	Q1 '19	CHANGE
Sales	\$252.1 M	\$262.5 M	-4.0%
S&A Expense (% of sales) Adjusted*	32.3%	32.5%	-20 bps

- Reflects cost-containment efforts and adjustments to management incentives
- Careful S&A management is a key component of our response to the pandemic

First Quarter 2020 – Adjusted EBITDA | Other Financial Metrics

	Q1 '20	Q1 '19	CHANGE
Adjusted EBITDA*	\$26.1 M	\$29.5 M	-11.5%
Adjusted EBITDA Margin*	10.4%	11.2%	-80 bps

- EBITDA decline due to lower sales and large currency transaction loss of approximately \$4 million
- Adjusted Effective Tax rate of 20.5%
- Cash from operations generation of \$8.7 million
- Cash dividends of \$4.0 million and capital expenditures of \$12.4 million
- As precaution, drew \$125 million from revolver, leaving approximately \$30 million undrawn; increasing cash and cash equivalents to \$192 million as of 3/31/20

2020 Guidance

- Withdrew previously provided full-year guidance
- April organic sales declines of approximately 30 percent as a result of continued slowdowns
- Committed to do what is necessary to maintain sufficient liquidity and to preserve our ability to ramp up quickly as markets recover

Questions?

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Financial Results Conference Call
First Quarter 2020

Appendix

Enterprise Strategy – Global Positioning Strategy (GPS)



Win where we have a competitive advantage



Reduce complexity & build scalable processes



Innovate for profitable growth

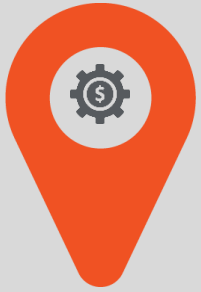


Win where
we have a
competitive
advantage

Focus investments & resources where we can create the most value

Focus Areas





**Reduce
complexity &
build scalable
processes**

Simplify and standardize to gain efficiency and leverage

Focus Areas





**Innovate for
profitable
growth**

Thinking Differently to Maximize Value for Customers and Tennant



Capitalizing on the Strategy: 2024 Growth Targets

2-3%

**Organic
Sales
Annually**

6-10%

**EBITDA
Growth
Annually**

50-100 BPS

**EBITDA
Leverage
Annually**

Consistent and predictable results to drive total shareholder return