TENNANT COMPANY

Earnings Release Conference Call
Fourth Quarter 2017

Thursday, February 22, 2018

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On the Call Today

Chris Killingstad
President and CEO

Tom Paulson
Senior VP, CFO

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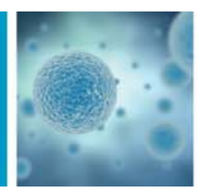
Forward Looking Statements & Non-GAAP Measures

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 special or non-operational items. For each non-GAAP measure, we also provide the most directly comparable GAAP measure. There were special non-GAAP items in the fourth quarter and the rest of 2017. There were no special non-GAAP items in 2016. Our 2017 fourth quarter earnings release includes a reconciliation of these non-GAAP measures to our GAAP results.



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Strategic and Operational Transformation

- Achieved $1 billion in annual revenue
- Right-sized our business and put the right resources in the optimal places to align with growth opportunities
- IPC acquisition allowed for diversifying our revenues by region, product category and sales channel
- Commitment to remain focused on innovation within our new product pipeline
- Addressed challenges within year to enhance long term value

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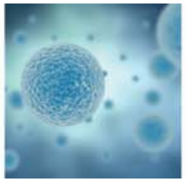
2017 Fourth Quarter Overview

- **Organic growth of 2.1% and adjusted earnings of $0.34 per share**
- **Positive momentum to address gross margin challenges**
  - Progress filling our field service trucks
  - Drove new efficiencies with investments in technology, robotics and skilled labor
  - Positive sales momentum during the quarter, especially in strategic accounts and believe this will continue into 2018



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Long-term Growth Plan

- Diversifying our revenue streams
- Building on technology leadership and new product pipeline
- Optimizing our cost structure and fueling growth investments
- Strengthening our financial position and maintaining solid capital structure
- Successfully completing the integration of IPC
- Focusing on our organic growth plans
- Being open-minded about the right strategic inorganic growth

Commitment to furthering shareholder value

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Update on Shareholder Filing

- **Board consulted with advisors and thoroughly evaluated suggested merger**
- **Reviewed this specific acquisition concept multiple times, including proactively reviewing just prior to IPC acquisition**
- **Board concluded that continuing to execute the company's business plan represents the best path forward and is in the best interest of Tennant shareholders**

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2017 Fourth Quarter

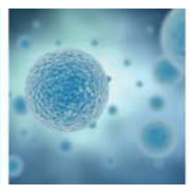
Organic Sales Increase 2.1%

	Q4’17	Q4’16	CHANGE
Sales	$279.3 M	$211.7 M	+31.9%
Adjusted EPS*	$0.34	$0.85	(60%)

- **$6.2 million, or 22 cents per share, of costs related to the previously announced pension plan termination**
- **$2.5 million restructuring charge, or 10 cents per share, from integration efforts related to IPC**
- **IPC acquisition costs of $1.7 million, or 8 cents per share; and**
- **A provisional income tax charge of $2.4 million, or $0.13 per share, to reflect the estimated impacts of the U.S. Tax Cuts and Jobs Act of 2017**

* See the Supplemental Non-GAAP Financial Table within Q4‘17 Earnings Release for details. Q4 results also include a pre-tax charge of $5.3 million, or 22 cents per share, from accelerated amortization of the intangible assets related to the IPC acquisition.



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2017 Fourth Quarter by Region

AMERICAS

- **Sales increased 6.4% or 1.8% organically**
- **Results driven by organic growth in North America due to gains in strategic accounts (1.8% organic)**
- **Latin America also grew due to Brazil and Mexico markets (1.7% organic)**

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2017 Fourth Quarter by Region

EMEA

- **Sales increased 143.4% or 0.3% organically**
- **Quarterly performance in line with expectations due to Q3 strength**
- **Solid sales performance in Iberia, Netherlands and Scandinavia**

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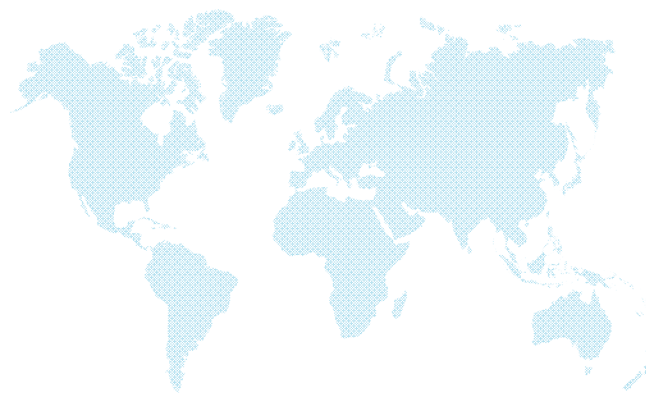
2017 Fourth Quarter by Region

APAC



- Sales increased 40% or 8.4% organically
- Growth in China, Japan and Australia
- Strength compared to recent trends

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Adjusted Gross Margin

	Q4'17	Q4'16	CHANGE
SALES	**$279.3 M**	**$211.7 M**	**+31.9%**
Adjusted* GROSS MARGIN	**40.9%**	**44.2%**	**(330 bps)**

- **330 bps decline:**
  - Lower field service truck productivity levels
  - Negative mix from IPC and higher strategic accounts
  - Remaining manufacturing inefficiencies
  - Raw material cost inflation
- **Improvements progressed late in Q4**

* Q4'17 results are adjusted to exclude inventory step-up related to the IPC acquisition of $1.2M pre-tax ($0.05 per share) in Gross Margin.

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2017 Fourth Quarter

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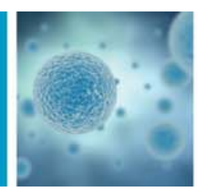
SALES	$279.3 M	$211.7 M	+31.9%
Adjusted* GROSS MARGIN	40.9%	44.2%	(330 bps)
R&D EXPENSE (% of sales)	2.8%	4.7%	(190 bps)

- **Lower R&D expense reflects timing of project spend over the course of the year**
- **Remain committed to our stated annual R&D spend of 3 percent to 4 percent of revenue**

* See the Supplemental Non-GAAP Financial Table within Q4'17 Earnings Release for details. Special items lowered earnings by $12.8 million or $0.52 per share. Q4 results also include a pre-tax charge of $5.3 million, or 22 cents per share from accelerated amortization of the intangible assets related to the IPC acquisition.



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2017 Fourth Quarter

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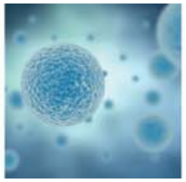
Adjusted* GROSS MARGIN	40.9%	44.2%	(330 bps)
R&D EXPENSE (% of sales)	2.8%	4.7%	(190 bps)
S&A EXPENSE* (% of sales)	35.2%	28.8%	+640 bps

- **$5.3 million of accelerated amortization related to IPC**
- **$10.8 million in non-operational costs**
- **5.8% impact to S&A expense during the quarter**

* See the Supplemental Non-GAAP Financial Table within Q4'17 Earnings Release for details.



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EBITDA and Operating Profit

	Q4'17	Q4'16	CHANGE
Adjusted EBITDA	**$30.9M**	**$26.5 M**	**+16.6%**
Adjusted EBITDA %	**11.1%**	**12.5%**	**(140 bps)**

Tennant still remains committed to improve profitability:

- Driving organic revenue growth
- Holding fixed costs essentially flat in manufacturing as volume rises
- Striving for zero net inflation at gross profit line
- Standardizing and simplifying processes to improve scalability of business model

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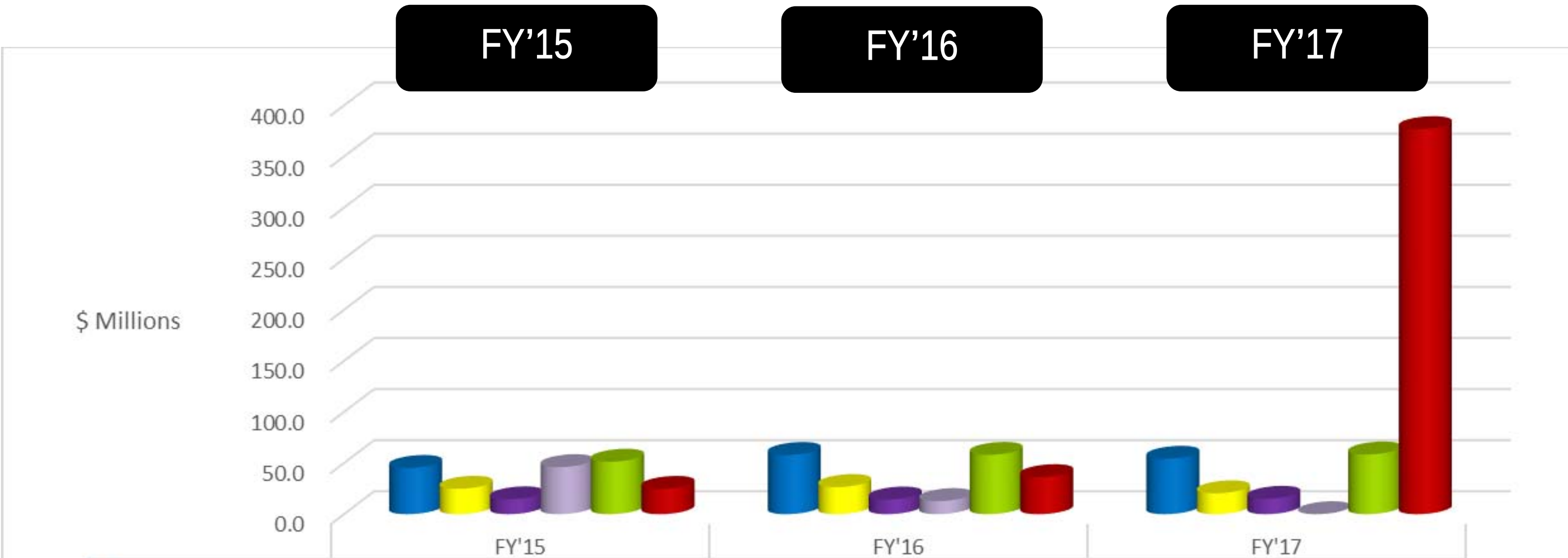
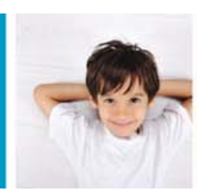
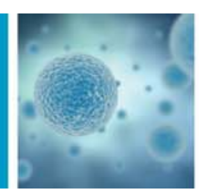
Cash Flow



	FY'15	FY'16	FY'17
Cash from Operations	45.2	57.9	54.2
Capital Expenditures	24.8	26.5	20.4
Dividends	14.5	14.3	15.0
Share Repurchases	46.0	12.8	0.0
Cash	51.3	58.0	58.4
Debt	24.7	36.2	376.8

Commitment to deliver strong cash flow, reduce debt and drive shareholder return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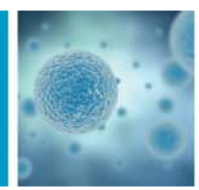
2018 Guidance

- **Full Year Sales of $1.07 billion to $1.10 billion (3% organic)**
  - Reasonable growth in all regions, especially strategic accounts in North America
- **Adjusted Earnings per Share of $1.80 to $2.00**
  - Excludes $2.0 million to $3.0 million of anticipated acquisition-related costs
- **Adjusted EBITDA of $111 million to $116 million**
- **Other Key Assumptions**
  - Gross margin performance in the range of 41.0 percent to 42.0 percent;
  - R&D expense in the range of 3.0 percent to 3.5 percent of sales;
  - Capital expenditures in the range of $25 million to $30 million; and
  - An effective tax rate of approximately 24 percent.



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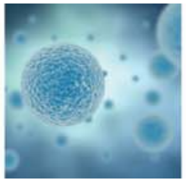
First Quarter 2018 Guidance

- **Earnings Per Share of $0.15 to $0.20**

- **Considerations:**
  - First quarter earnings historically lower due to our customers' initial slow ramp up of capital purchases
  - Anticipated higher level of R&D spending to support new product launches
  - Additional quarter of interest expense and acquisition-related amortization for IPC






QUESTIONS?