

Adjusted EBITDA Reconciliation

	Year Ended December 31				
	2016 ⁽¹⁾	2015	2014 ⁽¹⁾	2013	2012 ⁽²⁾
	(In thousands)				
Calculation of Adjusted EBITDA⁽³⁾					
Net income (loss)	\$ 29,607	\$ 21,984	\$ (38,118)	\$ 44,450	\$ 108,698
Discontinued operations, net of tax	-	-	-	-	(66,535)
Centennial long-lived asset impairment charge	17,443	-	105,119	-	-
Centennial goodwill impairment charge	-	-	-	3,973	-
Income tax provision (benefit)	4,863	2,815	(38,455)	11,270	15,865
Interest expense	5,692	6,924	7,566	4,775	6,088
Interest income	(196)	(474)	(831)	(225)	(162)
Depreciation, depletion and amortization expense	19,276	23,680	28,070	24,572	17,992
Adjusted EBITDA ⁽³⁾	<u>\$ 76,685</u>	<u>\$ 54,929</u>	<u>\$ 63,351</u>	<u>\$ 88,815</u>	<u>\$ 81,946</u>

- (1) During 2014, NACoal recorded a non-cash, asset impairment charge of \$105.1 million pre-tax for Centennial's long-lived asset group. Centennial ceased active mining operations at the end of 2015. During the third quarter of 2016, NACoal recorded an additional non-cash impairment charge of \$17.4 million pre-tax related to Centennial's assets.
- (2) During 2012, NACCO spun off Hyster-Yale Materials Handling, Inc., a former subsidiary. The results of operations of Hyster-Yale for all periods shown have been reclassified to reflect Hyster-Yale's operating results as discontinued operations.
- (3) Adjusted EBITDA is provided solely as a supplemental disclosure with respect to operating results. Adjusted EBITDA does not represent net income, as defined by U.S. GAAP and should not be considered as a substitute for net income or net loss, or as an indicator of our operating performance. NACCO defines Adjusted EBITDA as income before discontinued operations, long-lived asset and goodwill impairment charges and income taxes plus net interest expense and depreciation, depletion and amortization expense. Adjusted EBITDA is not a measurement under U.S. GAAP and is not necessarily comparable with similarly titled measures of other companies.