



TENNANT COMPANY

INVESTOR PRESENTATION
Third Quarter 2018

REINVENTING HOW THE WORLD CLEANS

Safe Harbor Statement

This presentation contains certain statements that are considered “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “project,” or “continue” or similar words or the negative thereof. These statements do not relate to strictly historical or current facts and provide current expectations of forecasts of future events. Any such expectations or forecasts of future events are subject to a variety of factors. We caution that forward-looking statements must be considered carefully and that actual results may differ in material ways due to risks and uncertainties both known and unknown. Information about factors that could materially affect our results can be found in Part I, Item 1A, Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017, and in Part II, Item 1A, Risk Factors in our most recent quarterly report on Form 10-Q. Shareholders and potential investors are urged to consider these factors in evaluating forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements.

We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Investors are advised to consult any further disclosures by us in our filings with the Securities and Exchange Commission and in other written statements on related subjects. It is not possible to anticipate or foresee all risk factors, and investors should not consider any list of such factors to be an exhaustive or complete list of all risks or uncertainties.

About Tennant Company

Tennant Company, a Minnesota corporation founded in 1870 and incorporated in 1909, is a world leader in designing, manufacturing and marketing solutions that empower customers to achieve quality cleaning performance, reduce environmental impact and help create a cleaner, safer, healthier world.



NYSE Symbol:
TNC



\$1.0B

2017
REVENUES



4.0%

5 Year
ORGANIC GROWTH



\$101.6M | 10.1%

2017 Adjusted
EBITDA*



SOLID

Balance sheet
& cash flow

*See appendix for Non-GAAP reconciliation.



OUR VISION

We will lead our global industry in sustainable cleaning innovation that empowers our customers to create a cleaner, safer and healthier world.



THE CLEANING INDUSTRY LEADER



INNOVATION
LEADER



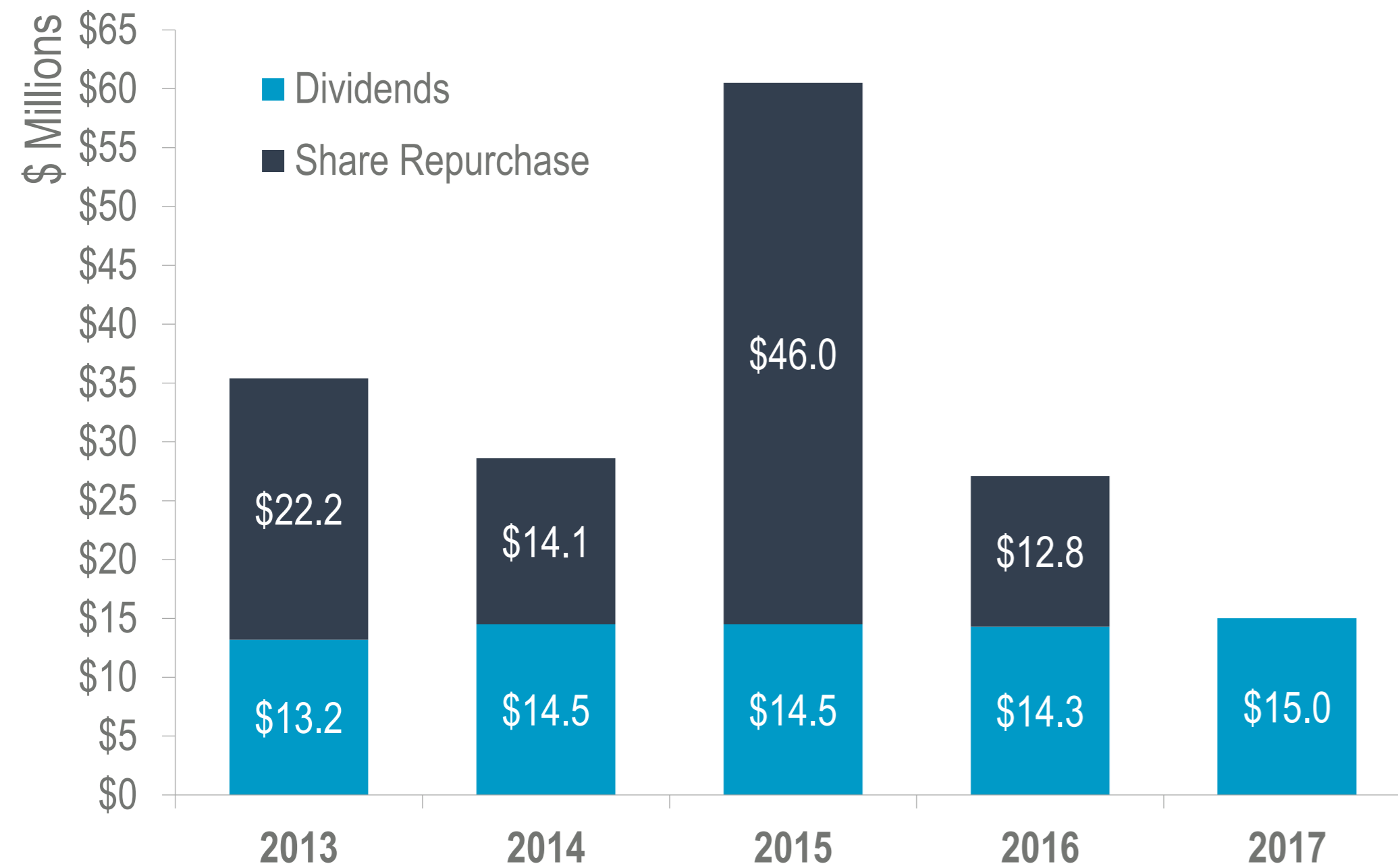
UNMATCHED
SERVICE



INDUSTRY-LEADING
QUALITY

Shareholder Return

Tennant Dividends & Share Repurchases



1.2%

Dividend Yield

73

Consecutive years of cash dividends

46

Consecutive years of increase in annual cash dividend payout

- ▶ 2017 & 2018 Focus on Debt Reduction
- ▶ Remaining Share Repurchase Authorization (1.4M shares)

Global Footprint



2017 GLOBAL NET SALES BY REGION

Americas

64%

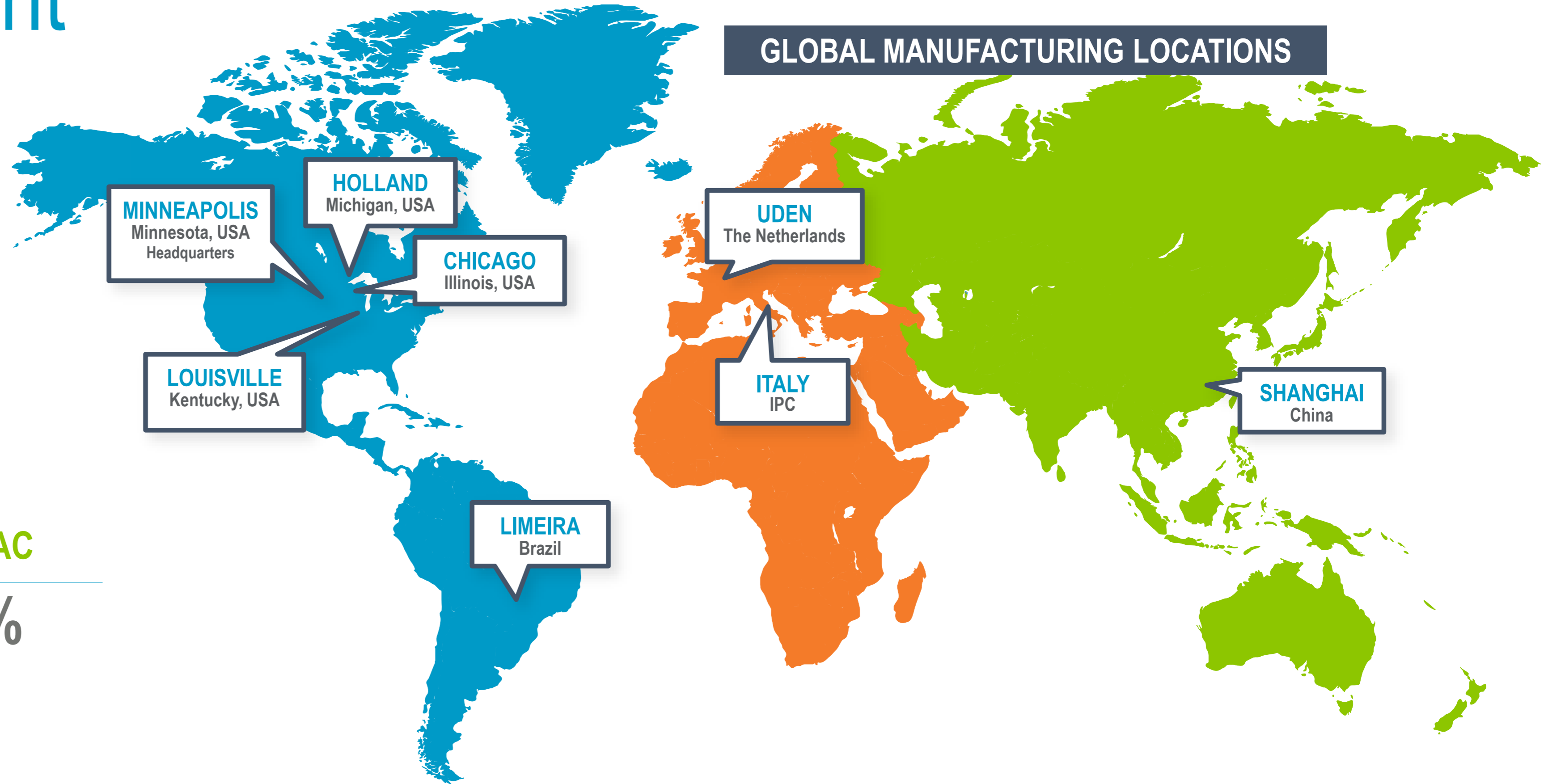
EMEA

27%

APAC

9%

GLOBAL MANUFACTURING LOCATIONS



TENNANT BY THE NUMBERS

4,300+
EMPLOYEES

13
MFG PLANTS

40,000+
CUSTOMERS

300+
SALES REPS

400+
DISTRIBUTORS

100+
COUNTRIES



A Broad Portfolio of Solutions

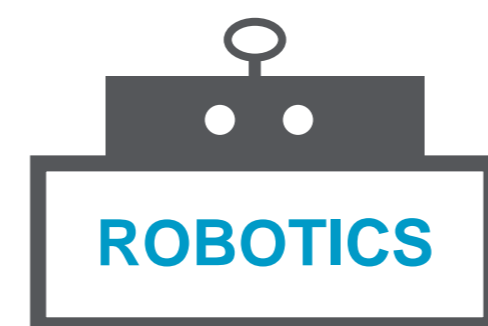
Whatever the cleaning need, Tennant offers a variety of equipment and technologies to help increase cleaning productivity

PRODUCTS

Commercial | Industrial | Vacuums | Pressure Washers | Coatings | Aftermarket | Tools



TECHNOLOGIES



CREATING GROWTH Aftermarket & Recon Support



Extensive Field Service Team



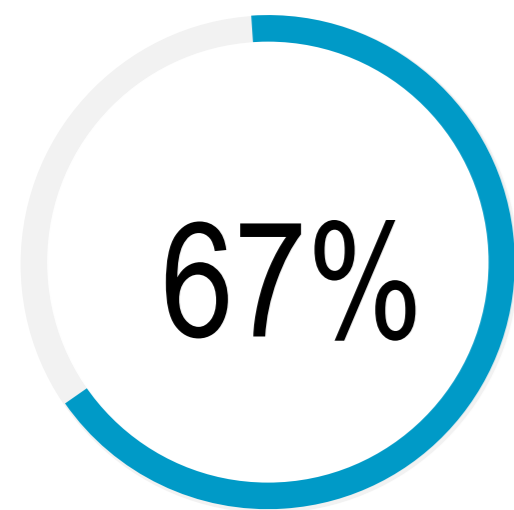
Parts & Consumables



Pre-Owned Machines

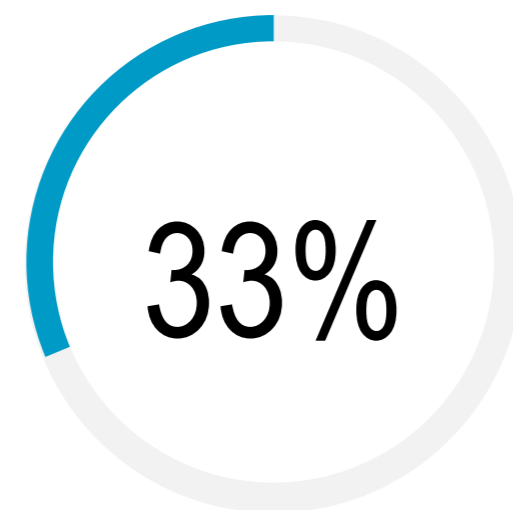
Global Revenue

Global Revenue by SALES CHANNEL



Direct

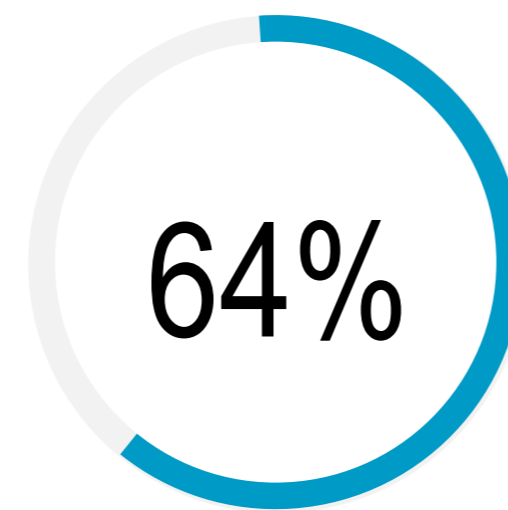
More than 500 cross-functional teams & market specialists



Distribution

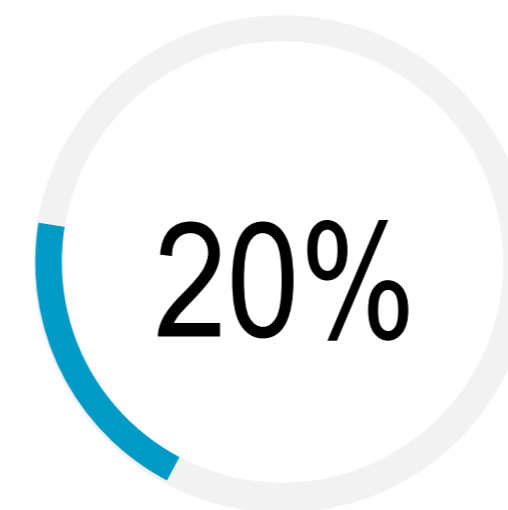
Distribution partners in more than 80 countries around the world

Net Sales by PRODUCT GROUP

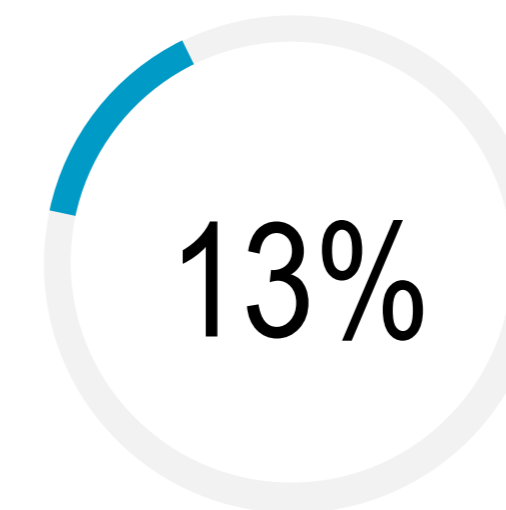


Equipment

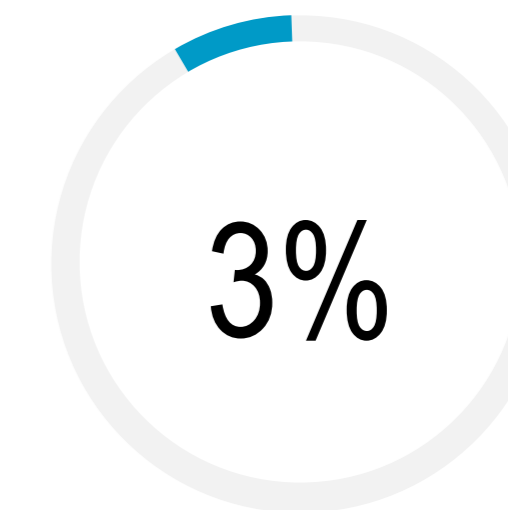
Equipment Mix
Commercial – 56%
Industrial – 36%
Pre-owned – 3%
All other – 5%



Parts & Consumables





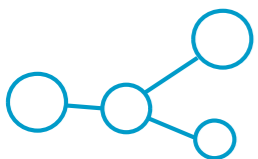


Service









Coatings

How we go to Market

Our Channels

-  Strategic Accounts
-  Direct Sales
-  Distribution
-  Service
-  e-Commerce

Key Markets

-  Contract Cleaners
-  Manufacturing
-  Education
-  Healthcare
-  Logistics & Warehousing
-  Retail

Our Customers

- 
- 
- 
- 
- 
- 
- 

Market Share

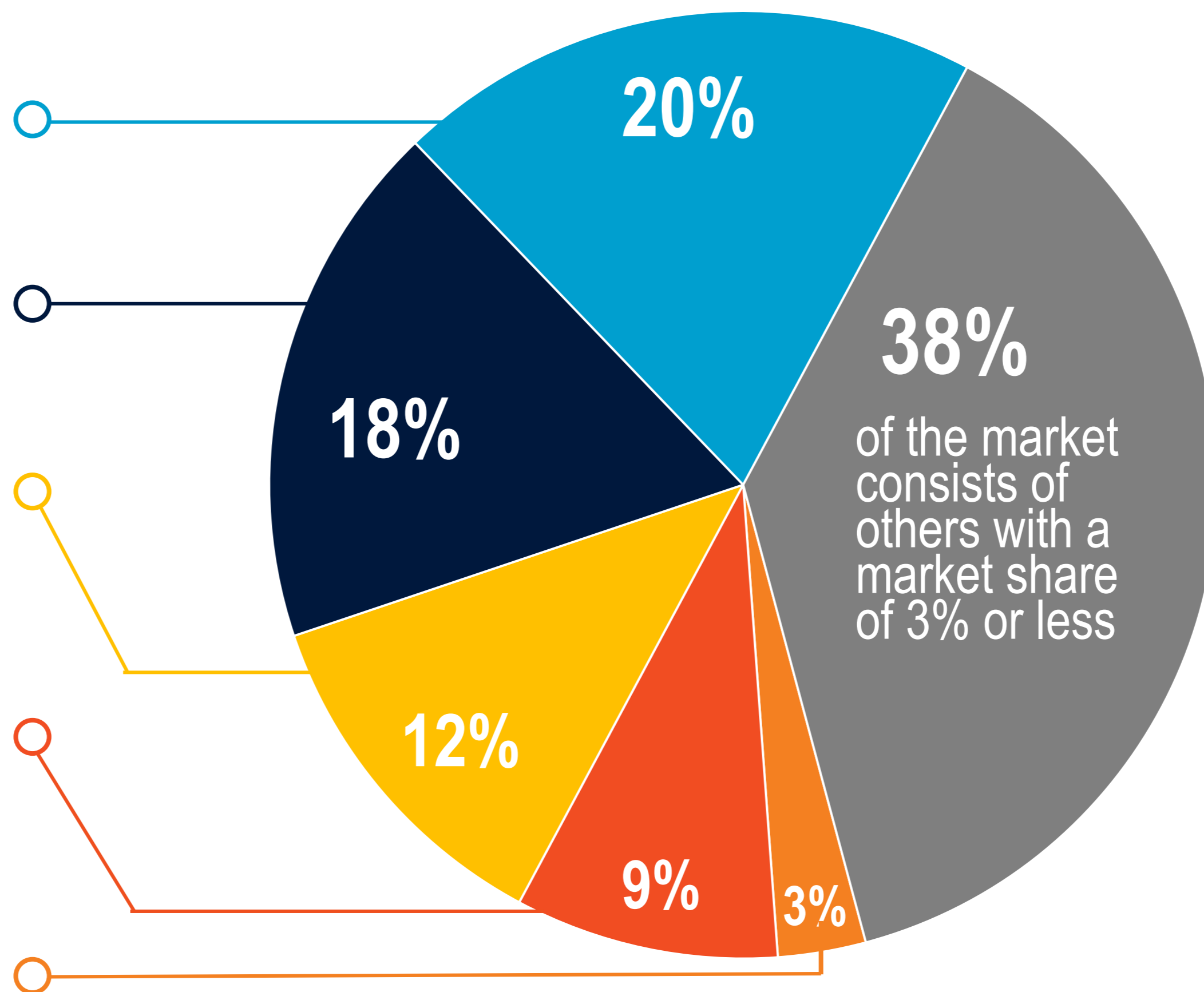
TENNANT Tennant | IPC | Nobles | Alfa | Orbio

Nilfisk Nilfisk | Advance | Clarke | Viper
trusted since 1906

KÄRCHER Karcher | Windsor | TecServ | ProChem

Hako Hako | Minuteman | PowerBoss

TASKI Taski
Diversey



MARKET SIZE

\$5B

Includes only Tennant-like categories
Excludes power washers & tools



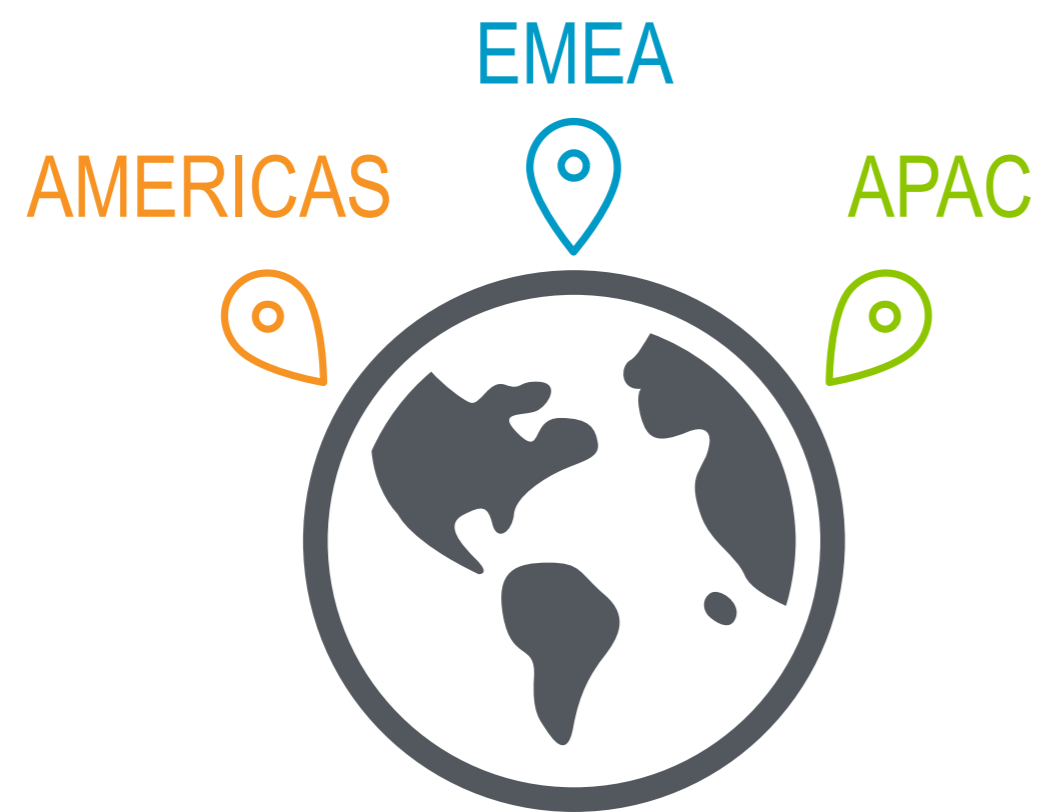
| TENNANT'S FUTURE



Growth Strategy



CREATING GROWTH Diversification of Revenue Streams



Region

Expanding sales growth drivers across all geographic regions



Brand & Product

Diversifying our brand & product portfolio

CREATING GROWTH IPC Group



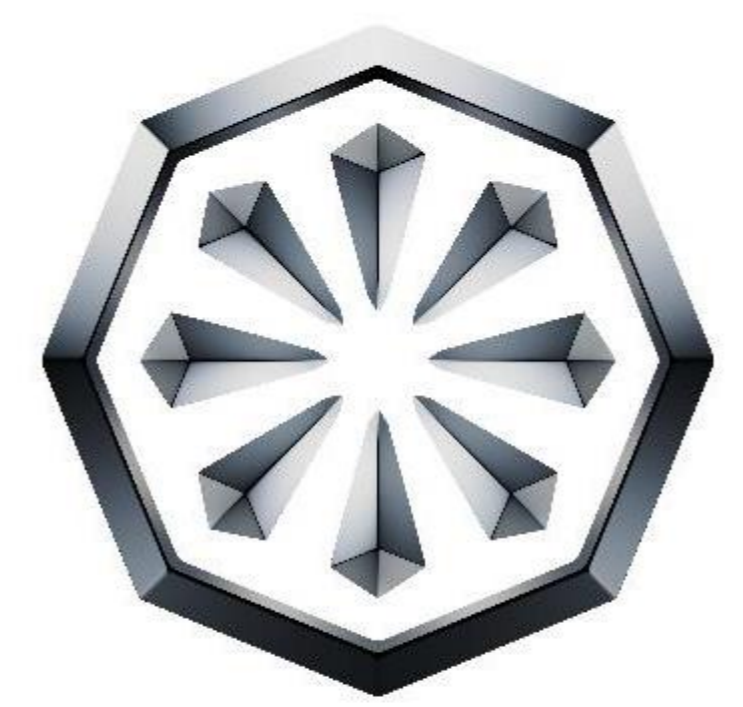
Growth Strategy Acquisition

MFG LOCATIONS | 5

COUNTRIES (SALES) | 100+

Synergy Opportunities

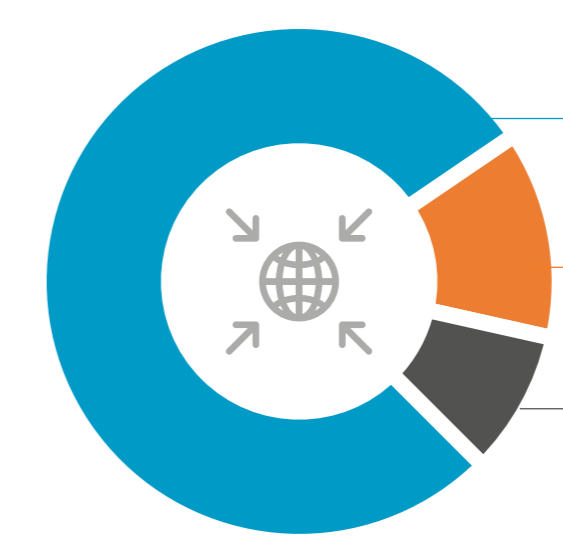
- ▶ Complementary sales channels
- ▶ Cross-selling to reach new customers
- ▶ Cost synergies



IPC



Revenue by GEOGRAPHY



EMEA 78%
Americas 13%
APAC 9%

Revenue by PRODUCT



Sweepers/Scrubbers 27%
Vacuums 17%
Tools/Supplies 18%
High Pressure 15%
Parts & Consum. 14%
Service 9%

CREATING GROWTH Technology Leadership

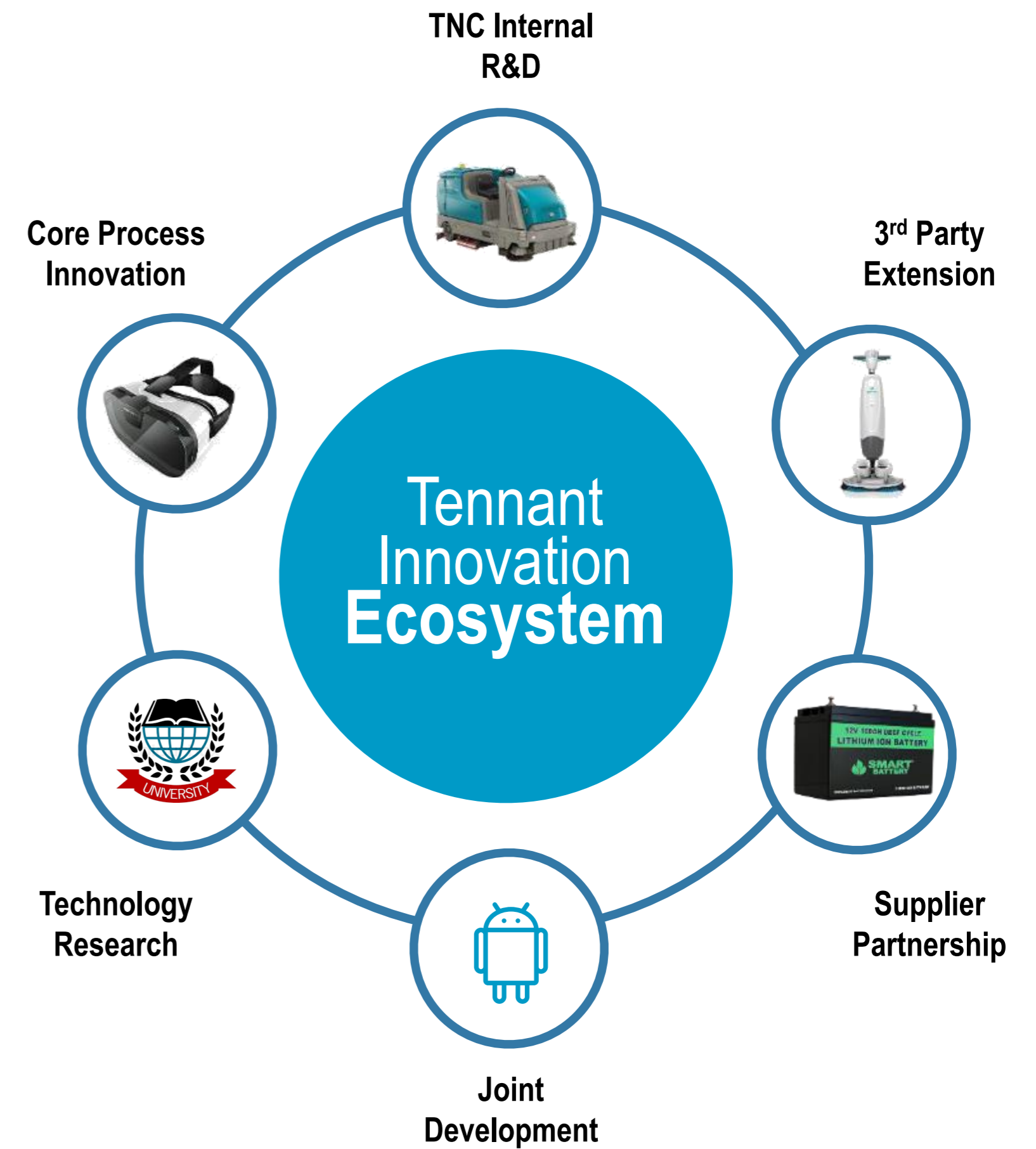


Solving Customer Challenges through Innovation

- + MACHINE Productivity**
Drive efficiency in cleaning task
- + PROCESS Productivity**
Drive efficiency in cleaning process
- + TOTAL COST Productivity**
Drive efficiency in elimination of task or process

New Product
Vitality Index
+30%

R&D
Investment
3-4%



CREATING GROWTH

Autonomous Cleaning Machines

Tennant quality and performance with Brain navigation software offers unmatched value proposition to address customer labor needs

+ Q4 2018 Introduction

Autonomous T7 Scrubber in North America with further expansion into global markets & additional models to follow

+ Industry-Leading Autonomous Navigation System – Brain Corp Relationship

+ Uniquely Positioned in Market

Single point of contact for equipment, extensive field service & support, robust customer training and process consultation





| FINANCIAL SUMMARY



2018 Sales | Gross Margin | R&D | EBITDA | EPS

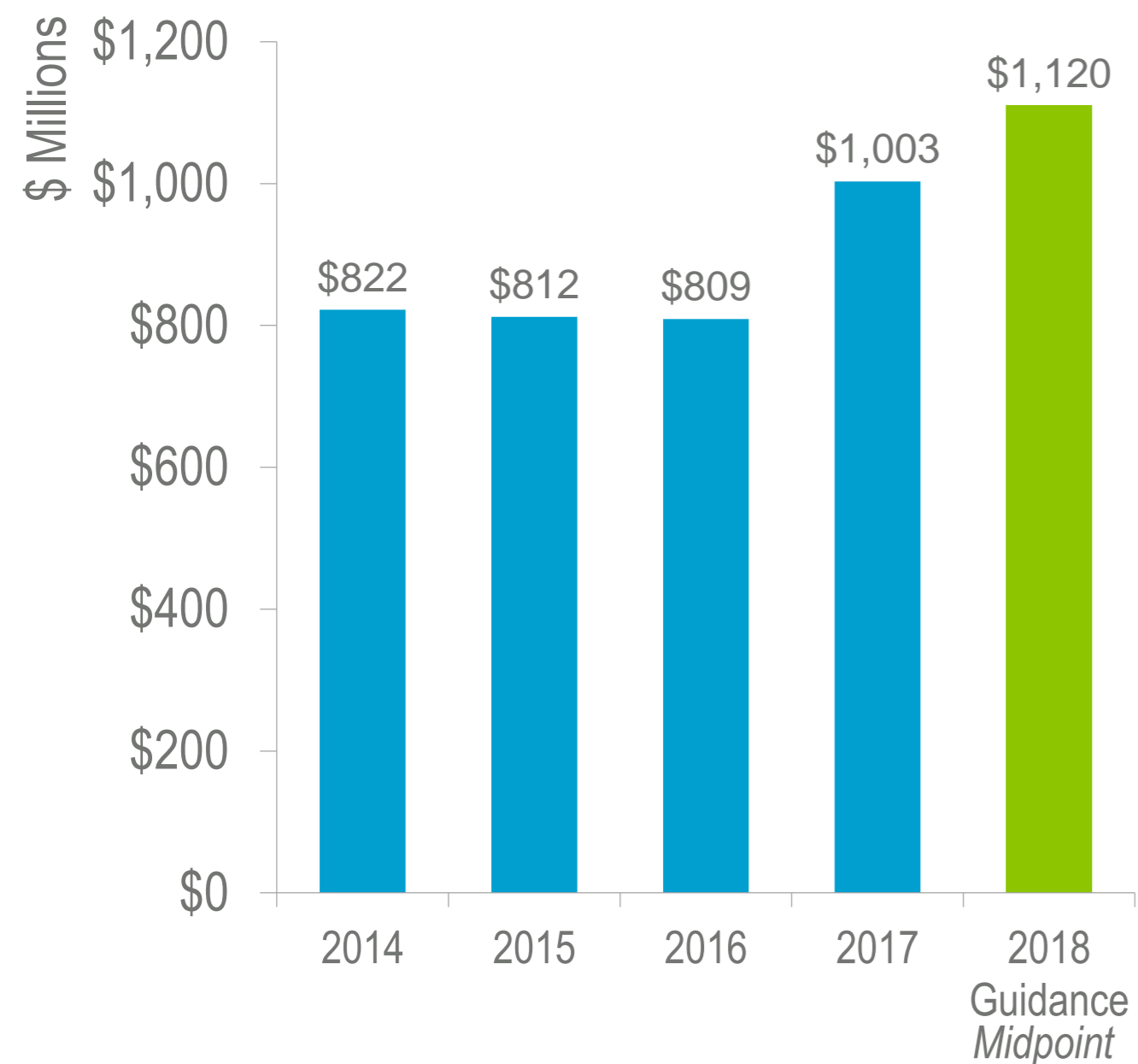
Q3 '18 Organic Growth of 6.1%

	Q3 '18	Q3 '17	CHANGE
SALES	\$273.3 M	\$261.9	+4.3%
GROSS MARGIN % Adjusted*	39.6%	40.8%	(120 bps)
R&D EXPENSE %	2.7%	3.0%	(30 bps)
EBITDA \$ Adjusted*	\$29.3 M	\$28.0 M	+4.7%
EBITDA % Adjusted*	10.7%	10.7%	0 bps
EPS Adjusted*	\$0.54	\$0.32	+\$0.22

*See appendix for Non-GAAP reconciliation.

Financials Revenue | EBITDA | Adjusted EPS

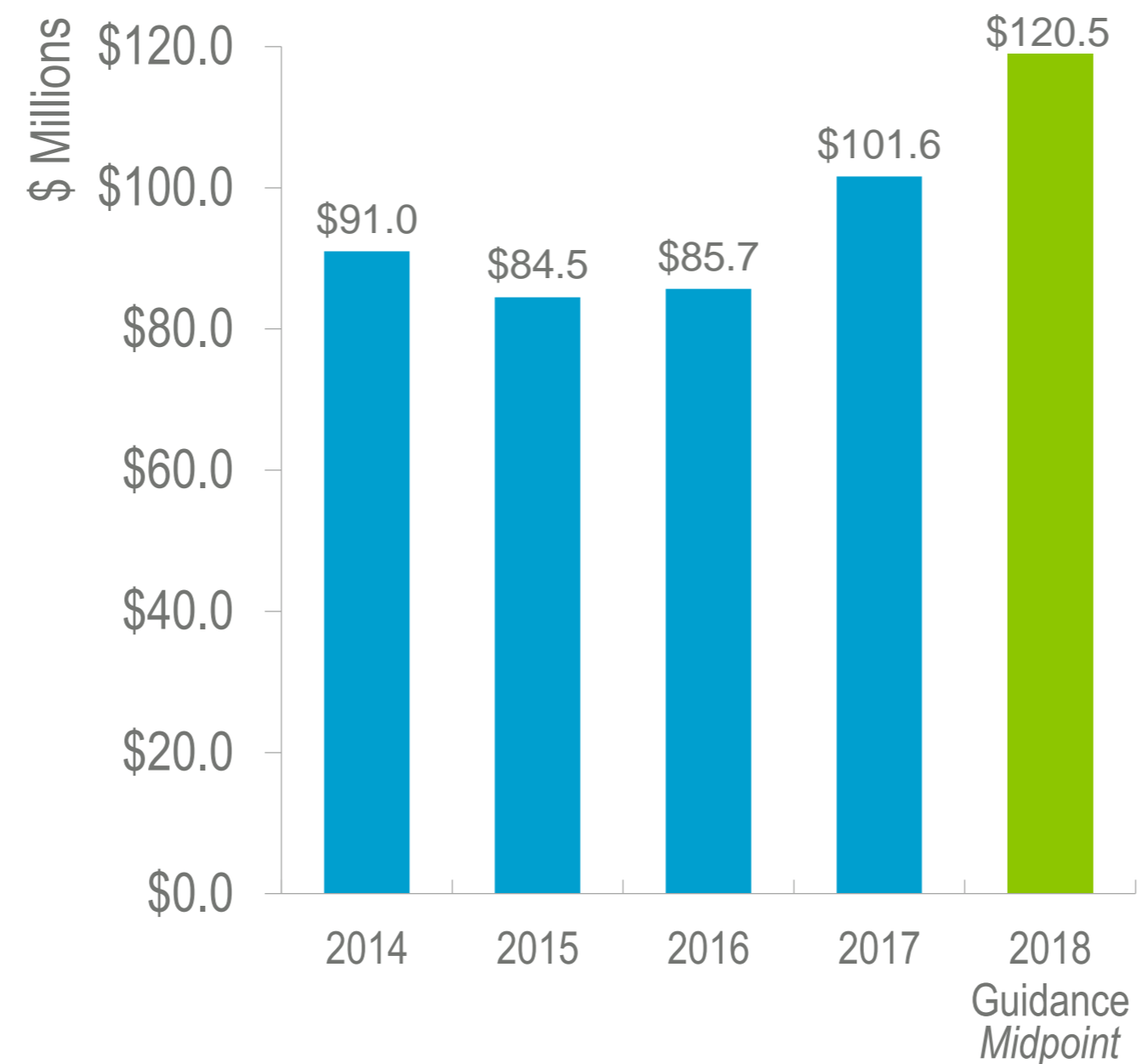
Revenue



2018 Guidance

\$1.115B to \$1.125B (~5% Organic)

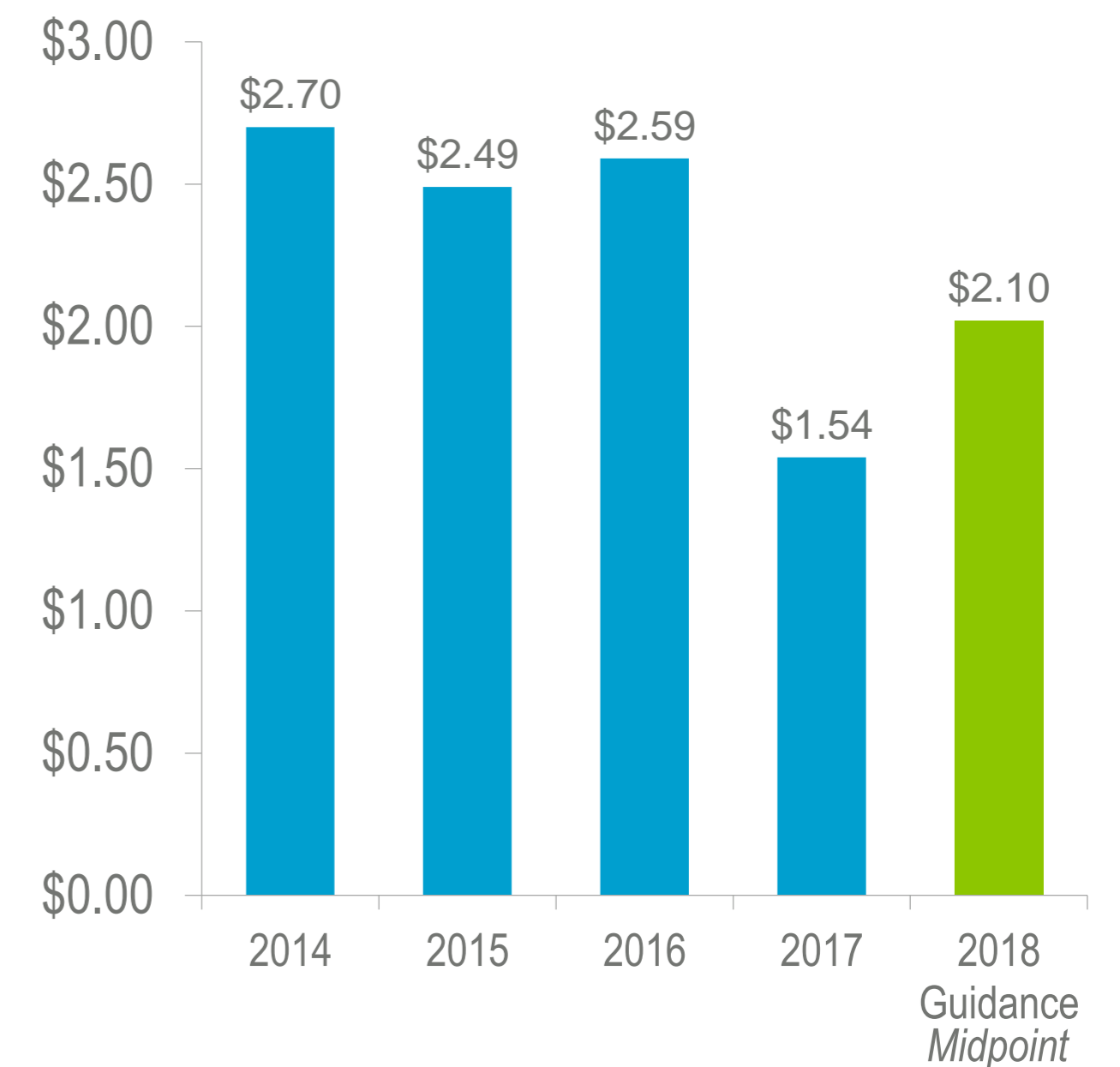
EBITDA (adjusted)*



2018 Guidance

\$119M to \$122M (10.8%)

EPS (adjusted)*



2018 Guidance

\$2.05 to \$2.15

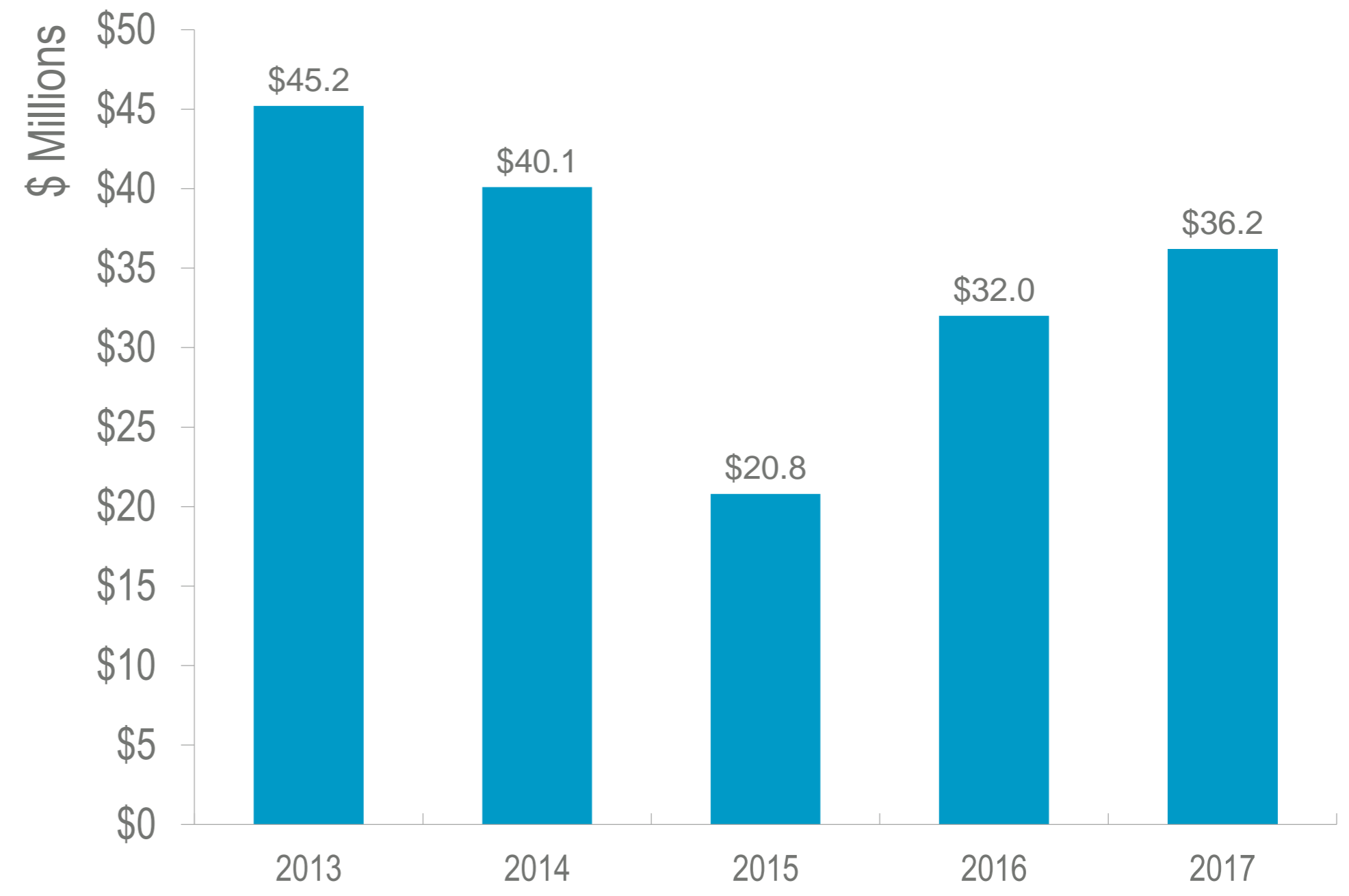
*See appendix for Non-GAAP reconciliation.

Capital Allocation

Use of Cash

- ▶ Invest in the business
- ▶ Manage debt – under 3.0 leverage
- ▶ Dividends
- ▶ Share repurchase
- ▶ Strategic inorganic growth

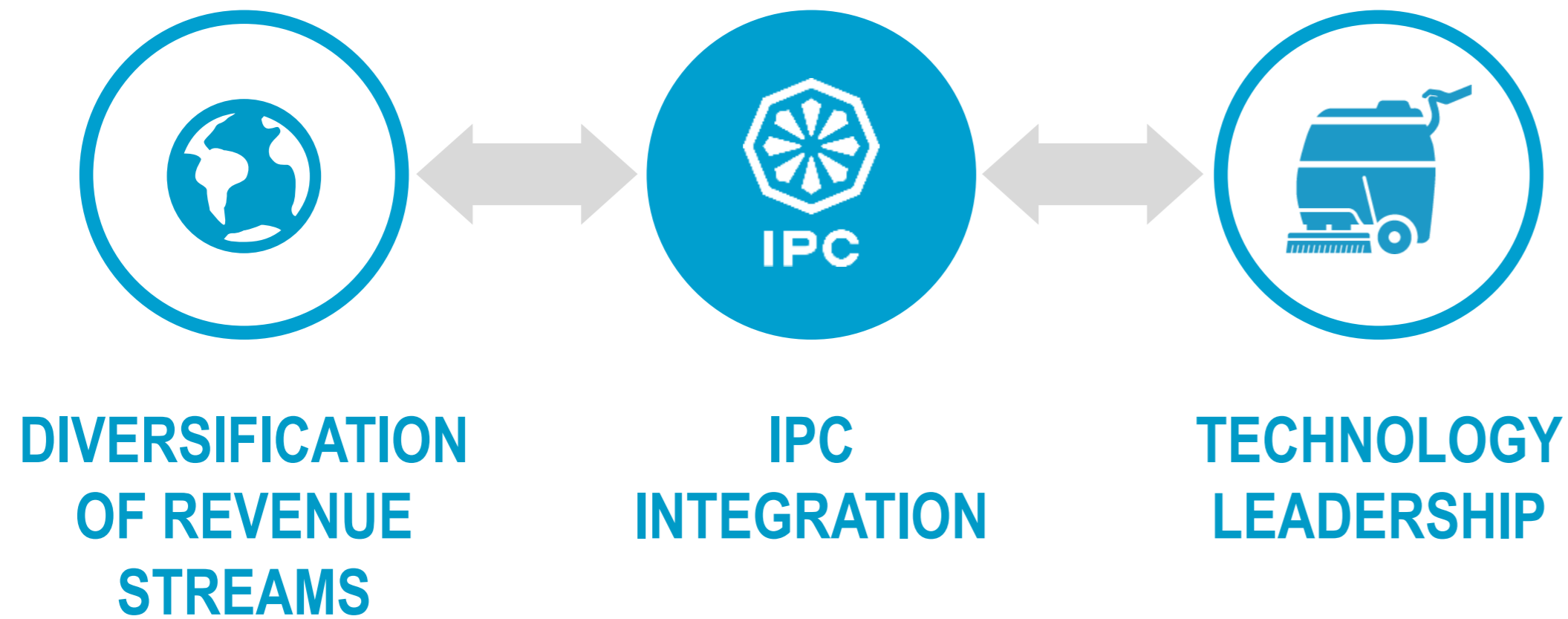
Free Cash Flow



Operating Cash Flow	\$59.8	\$59.4	\$45.2	\$57.9	\$54.2
CapEx	(\$14.6)	(\$19.3)	(\$24.4)	(\$25.9)	(\$18.0)

Summary

Growth Strategy



Operating Performance



DRIVING SHAREHOLDER VALUE



| APPENDIX



2018 Q3 Non-GAAP Reconciliation

Dollars – Three Months Ended Sep. 30

In thousands

	2018	2017
Gross Profit (as reported)	\$108,085	\$104,604
Gross Margin (as reported)	39.6%	39.9%
Adjustments:		
Inventory Step-Up	–	\$2,246
Gross Profit (as adjusted)	\$108,085	\$106,850
Gross Margin (as adjusted)	39.6%	40.8%

2018 Q3 Non-GAAP Reconciliation

In thousands	Dollars – Three Months Ended Sep. 30		Shares – Three Months Ended Sep. 30	
	2018	2017	2018	2017
Net Earnings (Loss) Attributable to Tennant Company per Share (as reported)				
Diluted	\$9,676	\$3,559	\$0.52	\$0.20
Adjustments:				
Tax Rate Legislation & Mandatory Repatriation	(\$362)	–	(\$0.02)	–
Acquisition and Integration Costs	\$1,277	\$622	\$0.07	\$0.03
Gain on Sale of Business	(\$721)	–	(\$0.04)	–
Professional Services	\$179	–	\$0.01	–
Inventory Step-Up	–	\$1,619	–	\$0.09
Net Earnings Attributable to Tennant Company per Share (as adjusted)	\$10,049	\$5,800	\$0.54	\$0.32

2018 Q3 Non-GAAP Reconciliation

In thousands

Dollars – Three Months Ended Sep. 30

	2018	2017
Net Earnings (Loss) Including Noncontrolling Interest (as reported)	\$9,709	\$3,596
Adjustments:		
Interest Income	(\$839)	(\$698)
Interest Expense	\$5,986	\$6,093
Income Tax Expense (Benefit)	\$158	\$731
Depreciation Expense	\$7,750	\$7,472
Amortization Expense	\$5,721	\$7,650
Acquisition and Integration Costs	\$1,530	\$885
Gain on Sale of Business	(\$955)	–
Professional Services	\$236	–
Inventory Step-Up	–	\$2,246
Pension Settlement	–	–
Acquisition-Related Currency Loss	–	–
Earnings Before Interest, Taxes, Depreciation & Amortization (as adjusted)	\$29,296	\$27,975
EBITDA Margin (as adjusted)	10.7%	10.7%