February 4, 2020

Q3 Fiscal Year 2020 Financial Results Conference Call

Richard H. Fleming
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COLUMBUS McKINNON CORPORATION

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 effectiveness of the Company’s 80/20 Process to simplify operations, the ability of the Company’s operational excellence initiatives to drive profitability, the success of the Company’s efforts to ramp its growth engine, 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.

EXECUTION OF STRATEGY DRIVES EARNINGS

Blueprint for Growth strategy drove margin expansion and earnings growth

Gross margin increased 20 basis points to 34.0% on lower volume

- Achieved 11th consecutive quarter of year-over year margin expansion

Diluted earnings per share were $0.63; 80/20 Process contributed ~$5.7 million to operating income driving 5% increase in adjusted earnings per share to $0.64

Adjusted EBITDA margin expanded 100 bps to 15.2%; up 100 bps year-to-date to 16.1%

ROIC was 11.9%, up 140 bps over prior-year period

Strong cash from operations and free cash flow

Generated $32.4 million in cash from operations in quarter; $70.3 million year-to-date

Free cash flow year-to-date: $63.5 million

Debt leverage ratio[(1)] at 1.3x: financial flexibility for investing in growth

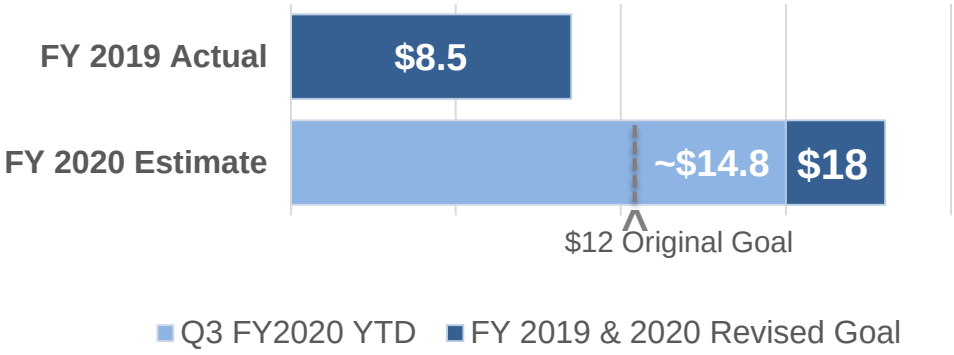
Self-help strategy overcomes headwinds and strengthens earnings power

[(1)]Debt leverage ratio is defined as Net Debt / Adjusted TTM EBITDA

BLUEPRINT STRATEGY PHASE II DELIVERING RESULTS

($, in millions contribution to operating income)

80/20 Process: ~$5.7 million contribution to operating income in Q3 FY20



Customer simplification
(strategic pricing)

Priority customer account program
(incremental volume from sharpened customer focus)

Product simplification
(indirect overhead reduction and material productivity)

Closures: Salem (OH), Lisbon (OH), and China

80/20 Process more than offsets current headwinds:

Industrial market macroeconomic weakness

Increased medical costs

Continued investment in product development, marketing and digital initiatives

Strong performance with 80/20 Process

RAMPING THE GROWTH ENGINE

Created Automation Division Center of Excellence

Integrating Lifting Specialist with Smart Movement

Intelli-Crane™ Systems improve safety & productivity

Utility lever hoist detects accidental release of loads

SMART **MOVEMENT**

LIFTING **SPECIALIST**

Innovation expands addressable markets

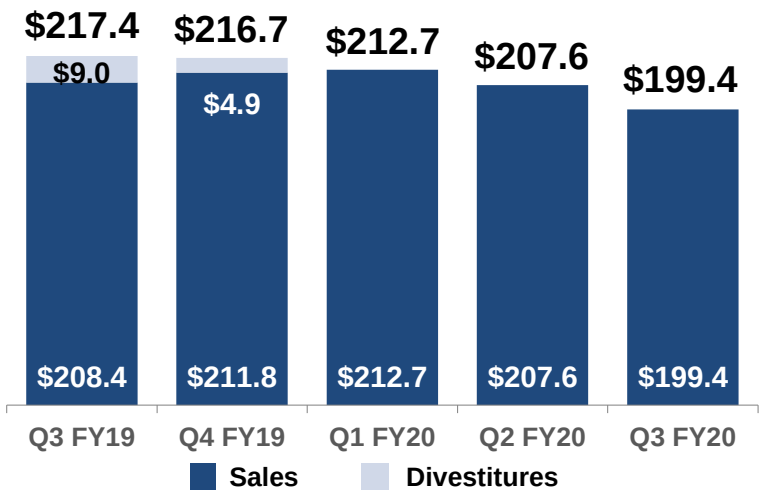
NET SALES

($ in millions)

Q3 sales down 8.3%, or $18.1 million; Divestiture represented $9.0 million of decline

U.S.: Pricing of 1.7% partially offset 4.2% volume decline

Non-U.S: 6.5% decline. Pricing of 1.4% partially offset 6.2% volume decline and 1.7% FX



Q3 FY20 Sales Bridge

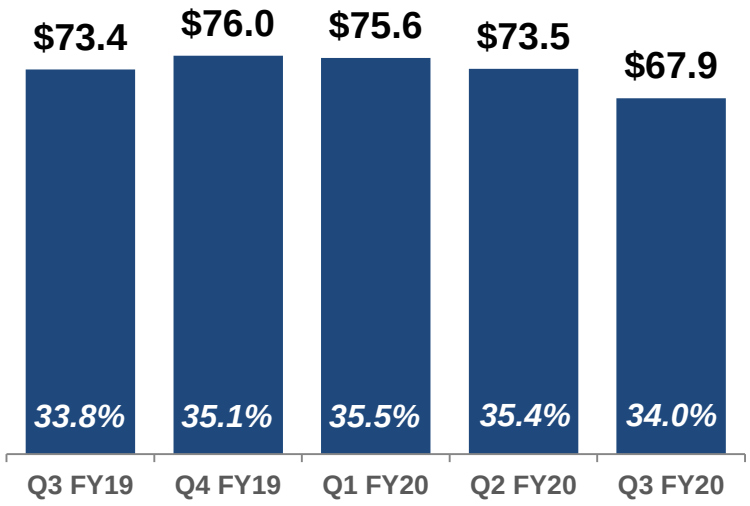
	Quarter	
Q3 FY19 Sales	**$ 217.4**	
Divestitures	(9.0)	
Q3 FY19 Sales excluding divestitures	**$ 208.4**	
Volume	(10.6)	*(5.2)%*
Pricing	3.3	*1.6%*
Foreign currency translation	(1.7)	*(0.8)%*
Total change after divestitures	**$ (9.0)**	***(4.4)%***
Q3 FY20 Sales	**$ 199.4**	

Strong market position mitigated weakness in industrial markets

GROSS PROFIT & GROSS MARGIN

($ in millions)

11th consecutive quarter of year/year gross margin expansion



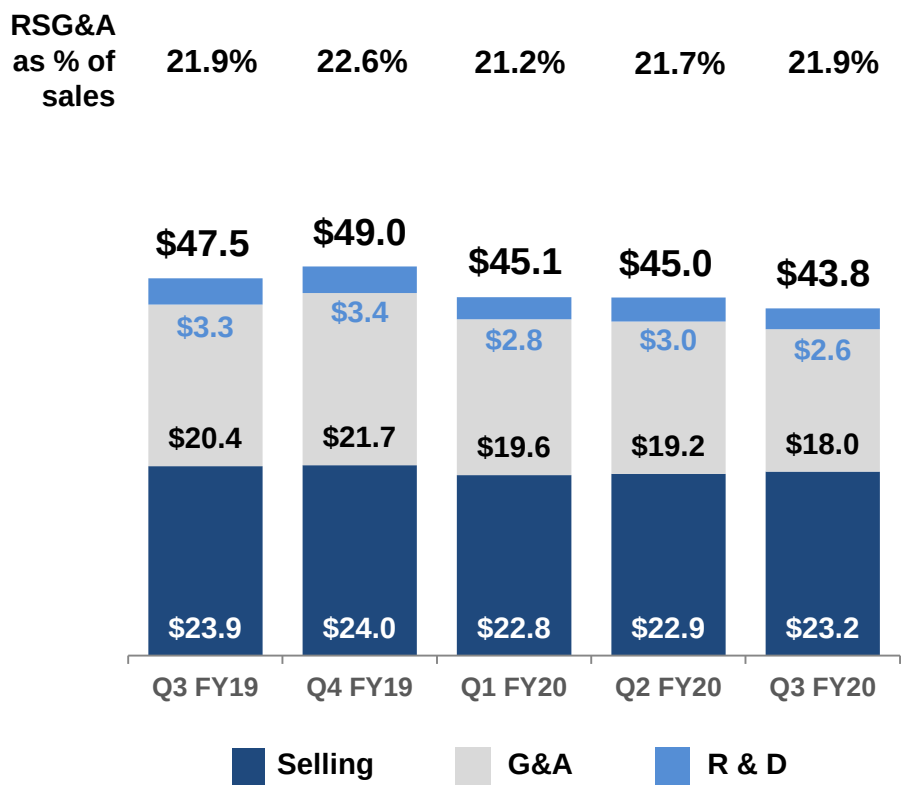
Quarter Gross Profit Bridge

	Quarter
Q3 FY2019 Gross Profit	**$ 73.4**
Divestitures	(2.0)
Q3 FY2019 Gross Profit adjusted for divestitures	**$ 71.4**
Pricing, net of material cost inflation	2.8
Tariffs	0.1
Insurance settlement	0.1
Product liability	(0.1)
Business realignment costs	(0.1)
Factory closures	(0.5)
Foreign currency translation	(0.6)
Productivity, net of other cost changes	(2.2)
Sales volume and mix	(3.0)
Total Change adjusted for divestitures	**$ (3.5)**
Q3 FY2020 Gross Profit	**$ 67.9**

80/20 Process drove gross margin expansion

RSG&A

($ in millions)



Note: Components may not add to totals due to rounding

RSG&A at 21.9% of sales

Reduced by:

- $1.0 million for divestitures
- $0.4 million for FX

Benefited by:

- $2.0 million reduction in stock compensation expense

Investing in growth:

- Continued to invest in new talent and innovation efforts

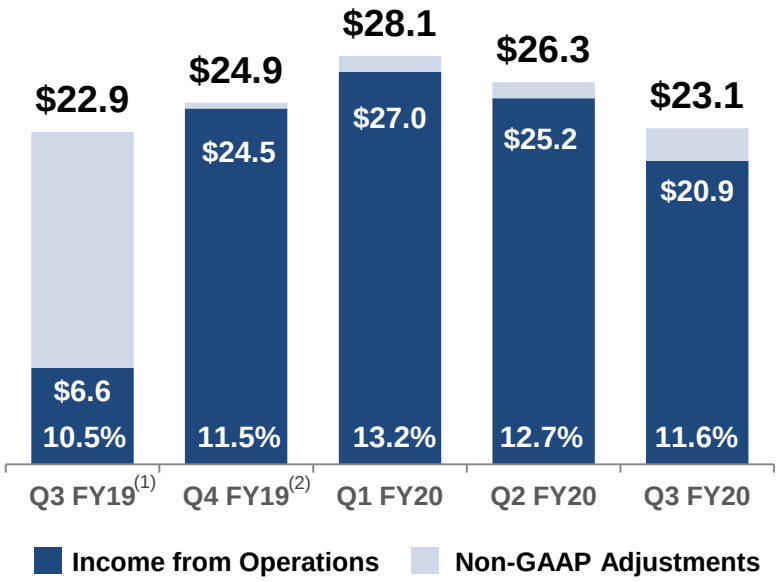
FY20 Q4 RSG&A estimate of approximately $45.0 to $45.5 million*

Realigning and reinvesting costs for innovation and growth

**RSG&A guidance provided February 4, 2020 excludes factory closures and business realignment costs*

OPERATING INCOME & ADJUSTED OI MARGIN

($ in millions)



(1) Includes $1.0 million of operating income from divestitures
(2) Includes $0.5 million of operating income from divestitures

Q3 FY20 operating income of $20.9 million

Prior year included $15.6 million net loss related to divestitures

Adjusted operating income grew 1.1%, or 5.7% normalized for divestitures

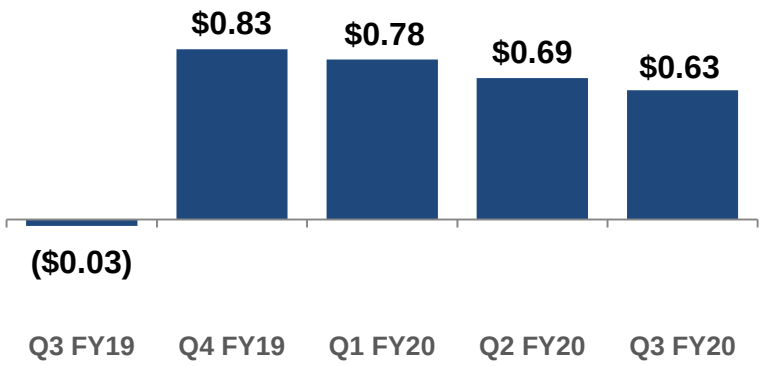
Adjusted operating margin of 11.6% expanded 110 bps

Margin expansion driven by 80/20 Process

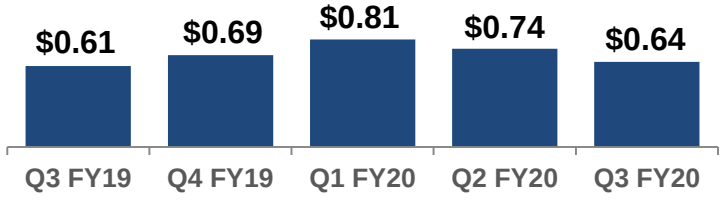
Blueprint for Growth Strategy delivering strong operating results

QUARTERLY EARNINGS PER SHARE

GAAP Diluted EPS



Adjusted EPS



Net income:

$15.3 million

$0.63 per diluted share

Adjusted net income:

$15.4 million, 6.2% increase Y/Y

$0.64 per diluted share, up 4.9% Y/Y

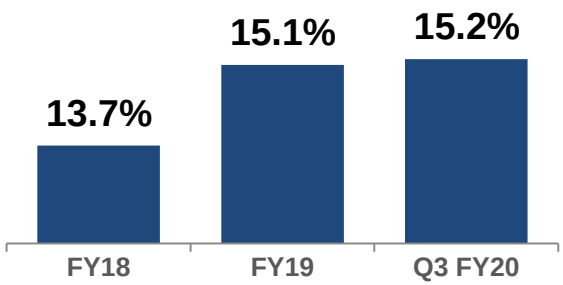
FY20 expected tax rate:
21% to 22%

Solid Adjusted EPS growth driven by operating margin expansion

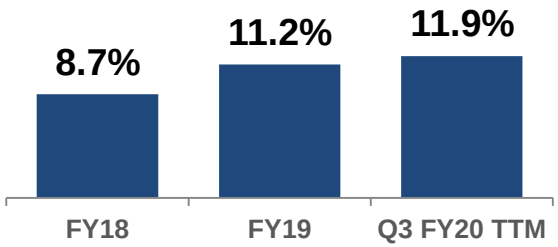
Tax rate guidance provided February 4, 2020

ADJUSTED EBITDA & ROIC

Adjusted EBITDA Margin



Return on Invested Capital (ROIC)[1]



Strong adjusted EBITDA margin

15.2% in Q3 FY20, expanded 100 bps Y/Y

YTD EBITDA margin of 16.1%

On track to achieve 19% goal in FY 2022

Adjusted ROIC net of cash increased

11.9% in Q3 FY20, expanded 140 bps Y/Y

Improving performance during weak industrial environment

[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 22% tax rate was used for fiscal years 2018, 2019 & 2020.

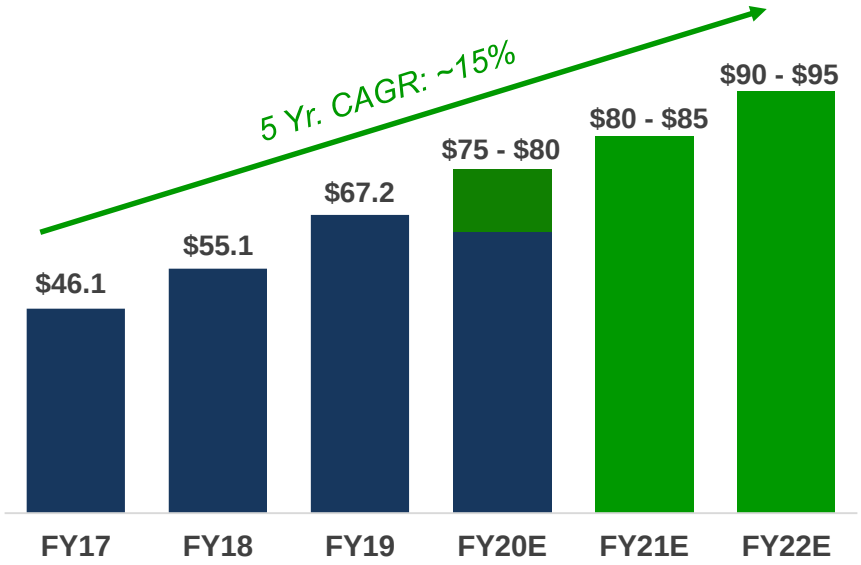
CASH FLOW

($ in millions)

	Three Months Ended		YTD
	12/31/19	12/31/18	12/31/19
Net cash provided by operating activities	**$32.4**	**$26.2**	**$70.3**
CapEx	**(1.9)**	**(2.4)**	**(6.8)**
Free cash flow (FCF)	**$30.5**	**$23.8**	**$63.5**

Note: Components may not add to totals due to rounding

Free Cash Flow[1]



Year-to-date FCF up 36% year-over-year

Raised FCF expectation for FY20 to $75 million to $80 million

FY20 expected CapEx: approximately $10 million to $12 million

FY21E to FY22E Assumptions:

Annual CapEx of ~$20 million

Annual pension contribution of ~$12 million

Outstanding free cash flow generation

Capital expenditure guidance provided February 4, 2020

[1]Free cash flow is defined as cash provided by operating activities minus capital expenditures

STRONG BALANCE SHEET

($ in millions)

CAPITALIZATION		
	Dec. 31, 2019	**March 31, 2019**
Cash and cash equivalents	$ 84.0	$ 71.1
Total debt	**251.9**	**300.3**
Total net debt	**167.9**	**229.2**
Shareholders' equity	484.4	431.2
Total capitalization	**$ 736.3**	**$ 731.5**
Debt/total capitalization	34.2%	41.1%
Net debt/net total capitalization	25.7%	34.7%

Debt leverage ratio[1] of 1.3x

Paid down $20 million of debt in Q3 FY20

YTD paid $50 million of debt

Net debt to net total capital 25.7%

Expect debt leverage ratio of 1.1x to 1.2x at fiscal year end

Strong financial flexibility enables Phase III of Blueprint for Growth strategy

Plan to pay down $65 million of debt in FY2020

[1]Debt leverage ratio is defined as Net Debt / Adjusted TTM EBITDA

Capital Deployment Priorities

Decreasing Priority

Organic Growth	New product development and CapEx	Investing in growth initiatives
	De-lever the balance sheet	Achieved net leverage target
In-organic Growth	M&A	Fund M&A
Return of Capital	Regular dividend	Adhere to dividend policy
	Share repurchase	Consider opportunistically

Capital deployment priorities remain unchanged

OUTLOOK

Q4 FY20 outlook:

Slowing macroeconomic and other headwinds expected to continue in Q4 FY20

Expect Q4 FY20 sales to be down 5% to 7% from Q4 FY19, which was ~$210 million*

Team working to offset headwinds, both top and bottom lines

Blueprint for Growth progress:

Completed closure of China facility ($1 million annualized savings) and on track with Lisbon, OH in Q1 FY21 ($5 million annualized savings)

80/20 Process on track to achieve $18 million in contributions to operating income for FY20

Further business realignment efforts underway

Self-funding realignment, restructurings and innovation to Ramp the Growth Engine

Tracking toward 19% EBITDA margin in FY2022

Active search for CEO in process:

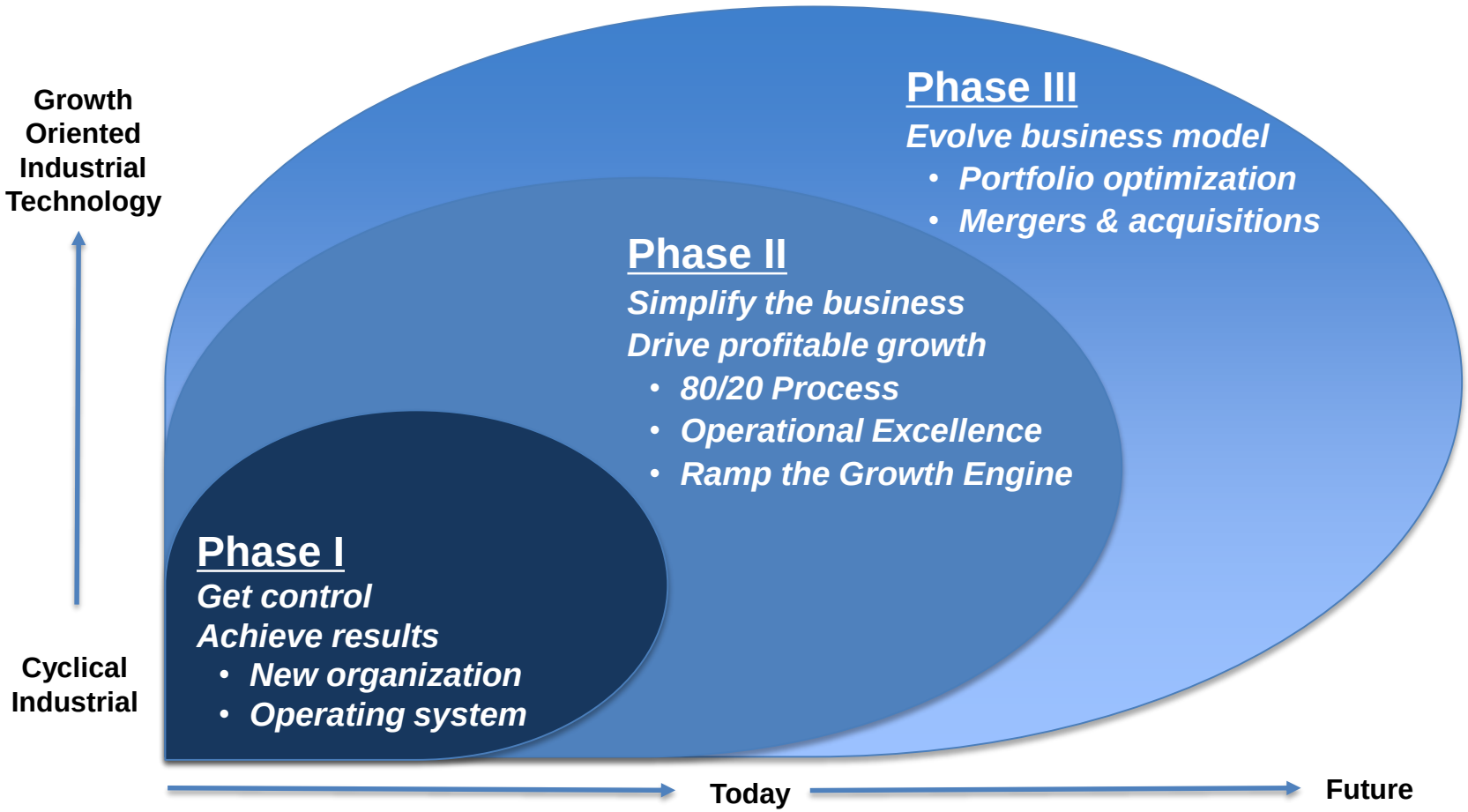
Focused on maintaining Phase II momentum and advancing Phase III

Blueprint for Growth strategy driving earnings in tougher macro environment

**Q4 FY19 revenue was ~$210 million when excluding divestitures and FX at current rates*

Supplemental Information

BLUEPRINT FOR GROWTH STRATEGY



Further pivot to growth oriented Industrial Technology company

BUSINESSES SOLD

($ in thousands)	Q1 FY19	Q2 FY19	Q3 FY19	Q4 FY19	FY19
Sales	11,104	9,233	8,983	4,875	34,195
Income from operations	665	1,461	1,007	532	3,665

1. The Tire Shredder business was divested December 28, 2018.
2. Crane Equipment & Service, Inc. was divested February 28, 2019.
3. Stahlhammer Bommern GmbH was divested February 28, 2019.

ADJUSTED INCOME FROM OPERATIONS RECONCILIATION

($ in thousands)	Quarter				
	Q3 FY19	**Q4 FY19**	**Q1 FY20**	**Q2 FY20**	**Q3 FY20**
Income from operations	$ 6,646	$ 24,468	$ 27,043	$ 25,231	$ 20,886
Add back (deduct):					
Factory closures	200	1,273	1,027	470	1,592
Business realignment costs	—	—	—	413	662
Insurance recovery legal costs	491	132	139	220	66
Net (gain) loss on sales of businesses	15,550	(978)	169	7	—
Insurance settlement	—	—	(290)	—	(77)
Non-GAAP adjusted income from operations	$ 22,887	$ 24,895	$ 28,088	$ 26,341	$ 23,129
Sales	217,415	216,733	212,712	207,609	199,355
Adjusted operating margin	10.5%	11.5%	13.2%	12.7%	11.6%

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)	Quarter				
	Q3 FY19	**Q4 FY19**	**Q1 FY20**	**Q2 FY20**	**Q3 FY20**
Net income (loss)	$ (782)	$ 19,741	$ 18,579	$ 16,599	$ 15,250
Add back (deduct):					
Factory closures	200	1,273	1,027	470	1,592
Business realignment costs	—	—	—	413	662
Insurance recovery legal costs	491	132	139	220	66
Net (gain) loss on sales of businesses	15,550	(978)	169	7	—
Insurance settlement	—	—	(290)	—	(77)
Normalize tax rate [1]	(974)	(3,766)	(291)	114	(2,106)
Non-GAAP adjusted net income	$ 14,485	$ 16,402	$ 19,333	$ 17,823	$ 15,387
Average diluted shares outstanding	23,681	23,714	23,777	23,926	24,031
Diluted income per share – GAAP	$(0.03)	$0.83	$0.78	$0.69	$0.63
Diluted income per share - Non-GAAP	$0.61	$0.69	$0.81	$0.74	$0.64

(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

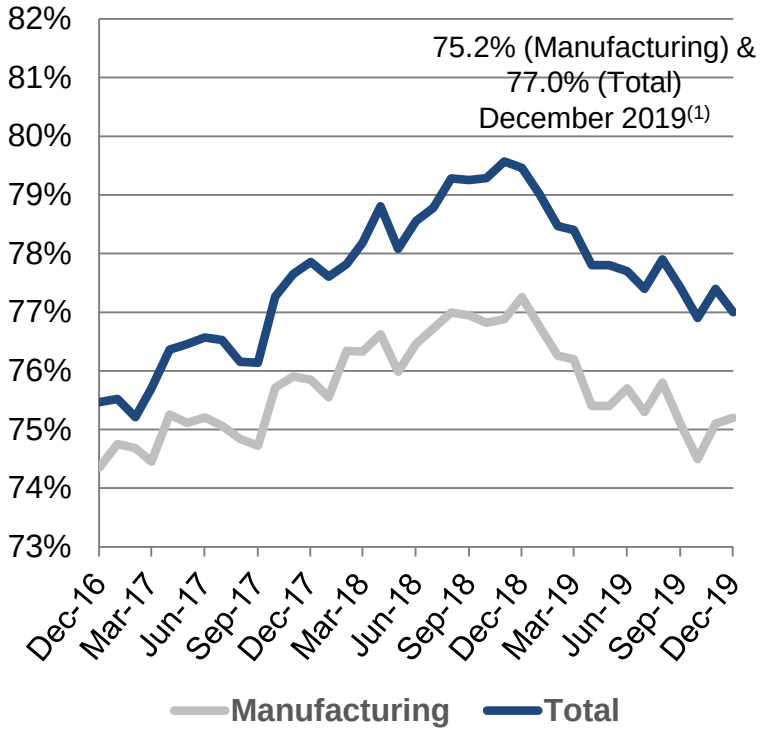
($ in thousands)	Quarter				
	Q3 FY19	**Q4 FY19**	**Q1 FY20**	**Q2 FY20**	**Q3 FY20**
Net income (loss)	$ (782)	$ 19,741	$ 18,579	$ 16,599	$ 15,250
Add back (deduct):					
Income tax expense	3,111	860	5,162	5,141	2,234
Interest and debt expense	4,330	3,959	3,852	3,759	3,423
Investment (income) loss	82	(430)	(302)	(229)	(408)
Foreign currency exchange (gain) loss	(25)	637	(410)	(296)	(188)
Other (income) expense, net	(70)	(299)	162	257	199
Depreciation and amortization expense	7,901	7,912	7,403	7,344	7,244
Factory closures	200	1,273	1,027	470	1,592
Business realignment costs	—	—	—	413	662
Insurance recovery legal costs	491	132	139	220	66
Net (gain) loss on sales of businesses	15,550	(978)	169	7	—
Insurance settlement	—	—	(290)	—	(77)
Non-GAAP adjusted EBITDA	$ 30,788	$ 32,807	$ 35,491	$ 33,685	$ 30,373
Sales	$ 217,415	$ 216,733	$ 212,712	$ 207,609	$ 199,355
Adjusted EBITDA margin	14.2%	15.1%	16.7%	16.2%	15.2%

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.

INDUSTRIAL CAPACITY UTILIZATION

U.S. Capacity Utilization

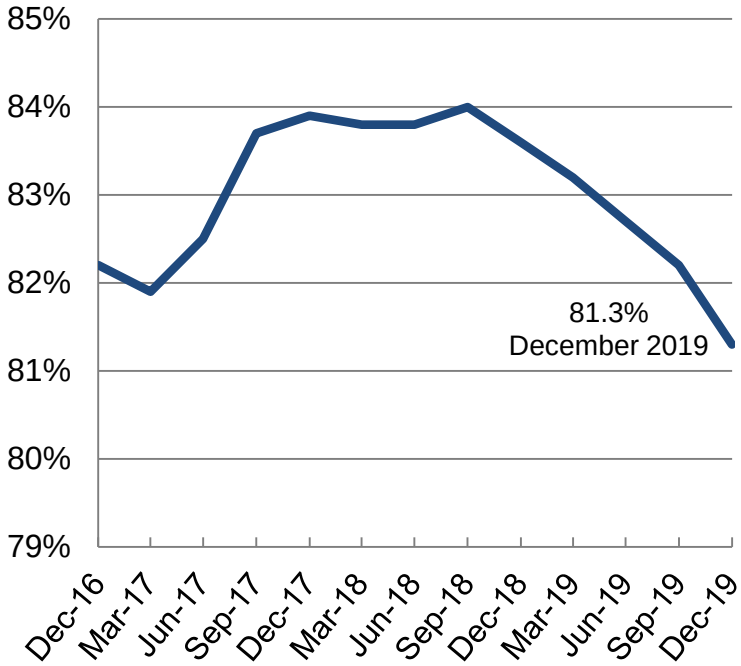
Source: The Federal Reserve Board



(1)December2019 numbers are preliminary

Eurozone Capacity Utilization

Source: European Commission



CONFERENCE CALL PLAYBACK INFO

Replay Number: 412-317-6671 ***passcode: 13697631***

Telephone replay available through February 11, 2020

Webcast / PowerPoint / Replay available at www.cmworks.com/investors

Transcript, when available, at www.cmworks.com/investors

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