



TENNANT COMPANY

INVESTOR PRESENTATION
Second Quarter 2019

REINVENTING HOW THE WORLD CLEANS

Safe Harbor Statement

Certain statements contained in this presentation are considered “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act. 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 or forecasts of future events. Any such expectations or forecasts of future events are subject to a variety of factors. These include factors that affect all businesses operating in a global market as well as matters specific to us and the markets we serve. Particular risks and uncertainties presently facing us include: our ability to effectively manage organizational changes; our ability to attract, retain and develop key personnel and create effective succession planning strategies; the competition in our business; fluctuations in the cost, quality or availability of raw materials and purchased components; our ability to successfully upgrade and evolve our information technology systems; our ability to develop and commercialize new innovative products and services; our ability to integrate acquisitions, including IPC and Gaomei; our ability to generate sufficient cash to satisfy our debt obligations; geopolitical and economic uncertainty throughout the world; our ability to successfully protect our information technology systems from cybersecurity risks; the occurrence of a significant business interruption; our ability to comply with laws and regulations; the potential disruption of our business from actions of activist investors or others; the relative strength of the U.S. dollar, which affects the cost of our materials and products purchased and sold internationally; unforeseen product liability claims or product quality issues; and our internal control over financial reporting risks resulting from our acquisitions of IPC and Gaomei.

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



\$1.1B

2018
REVENUES



4.5%

5 Year
ORGANIC GROWTH



\$120.8M | 10.8%

2018 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



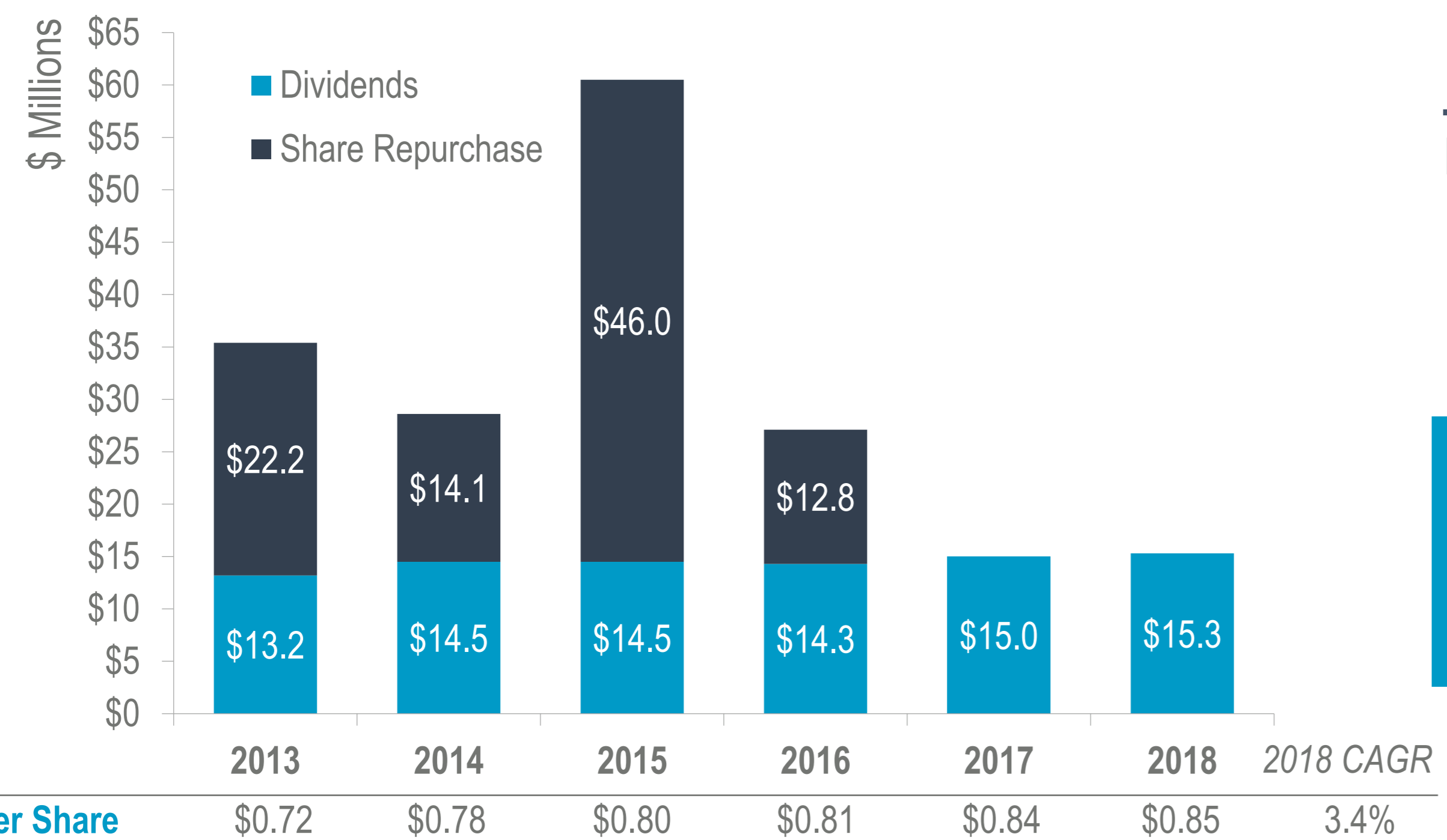
- MID-TIER MARKET
- DISTRIBUTOR BASED
- EXPANDED PRODUCT OFFERING



- CHINA MARKET
- MID-TIER MARKET

Shareholder Return

Tennant Dividends & Share Repurchases



1.6%
Dividend Yield

74
Consecutive years of cash dividends

47
Consecutive years of increase in annual cash dividend payout

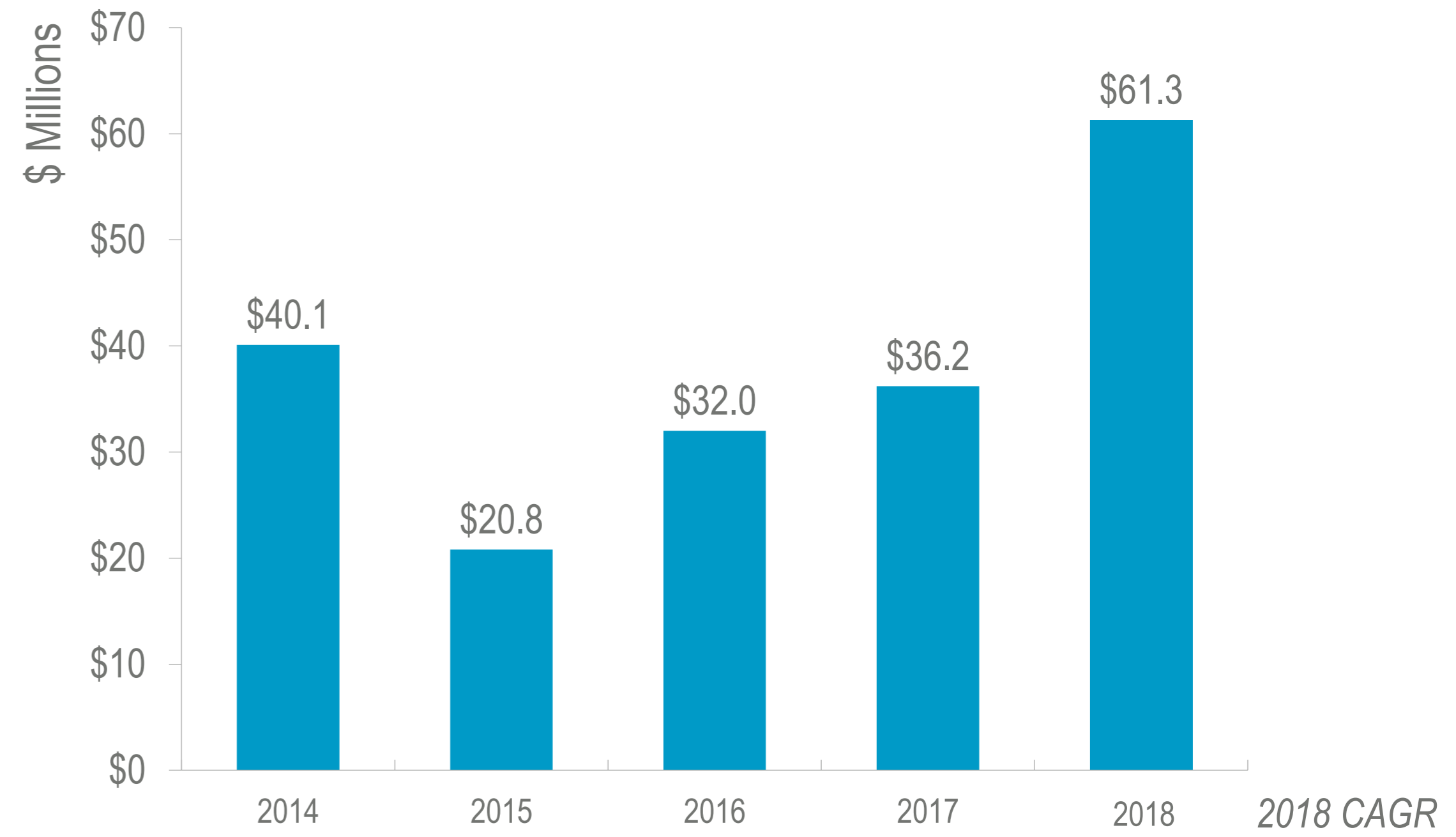
- ▶ 2017 & 2018 Focus on Debt Reduction
- ▶ Remaining Share Repurchase Authorization (1.4M shares)

Capital Allocation

Use of Cash

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

Free Cash Flow



	2014	2015	2016	2017	2018	2018 CAGR
Operating Cash Flow	\$59.4	\$45.2	\$57.9	\$54.2	\$80.0	7.7%
CapEx	(\$19.3)	(\$24.4)	(\$25.9)	(\$17.9)	(\$18.7)	

Global Footprint



2018 GLOBAL NET SALES BY REGION

Americas

61%

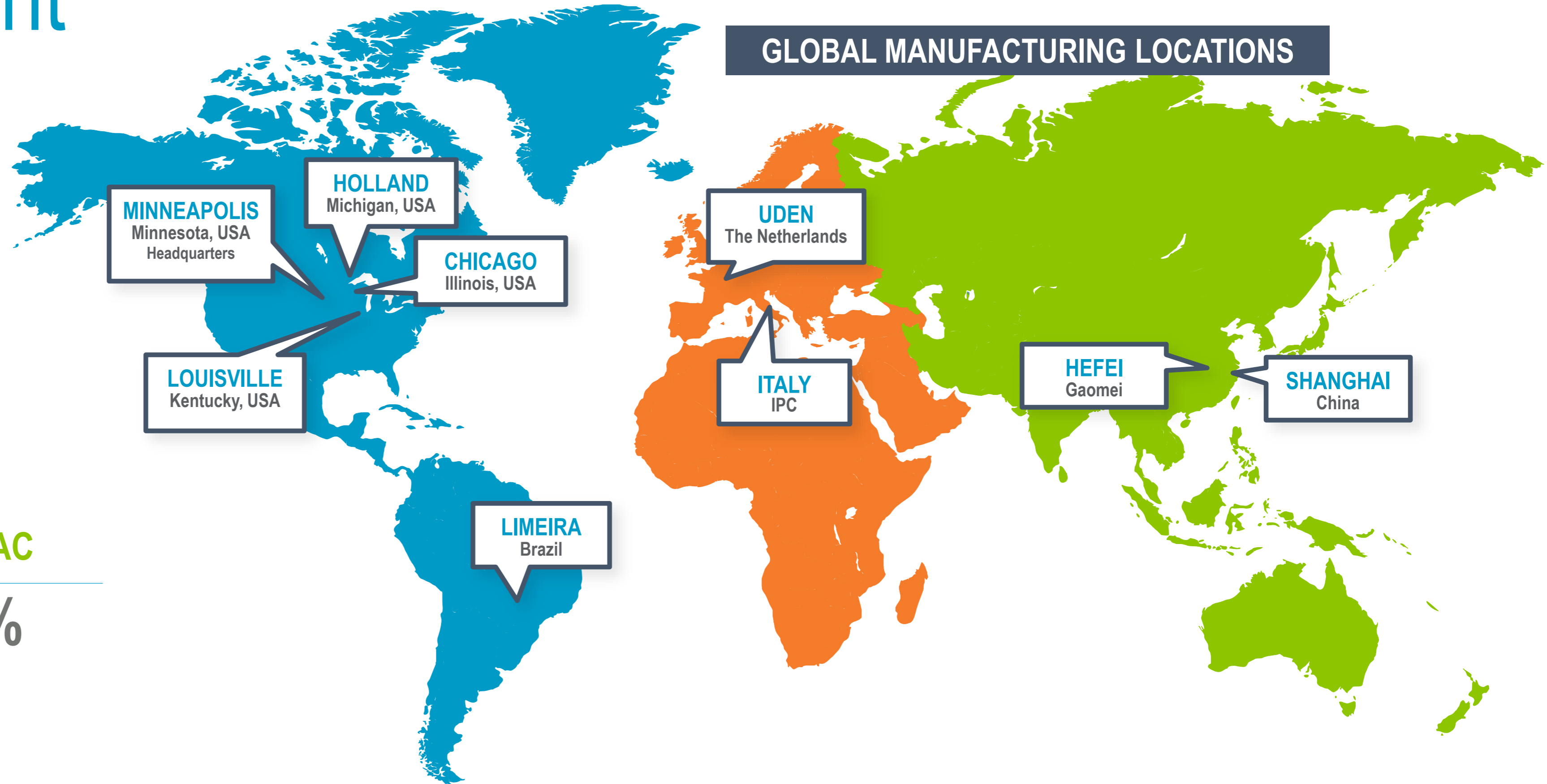
EMEA

30%

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

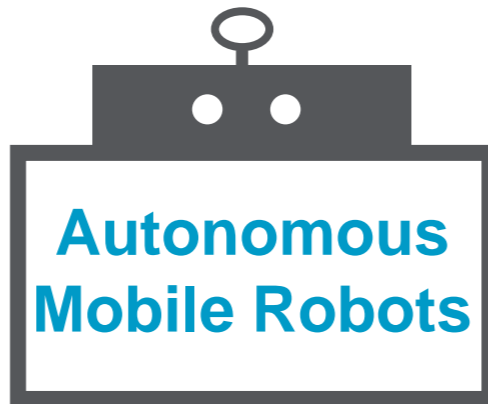
Whatever the cleaning need, Tennant offers a variety of equipment and technologies to help increase cleaning productivity

PRODUCTS

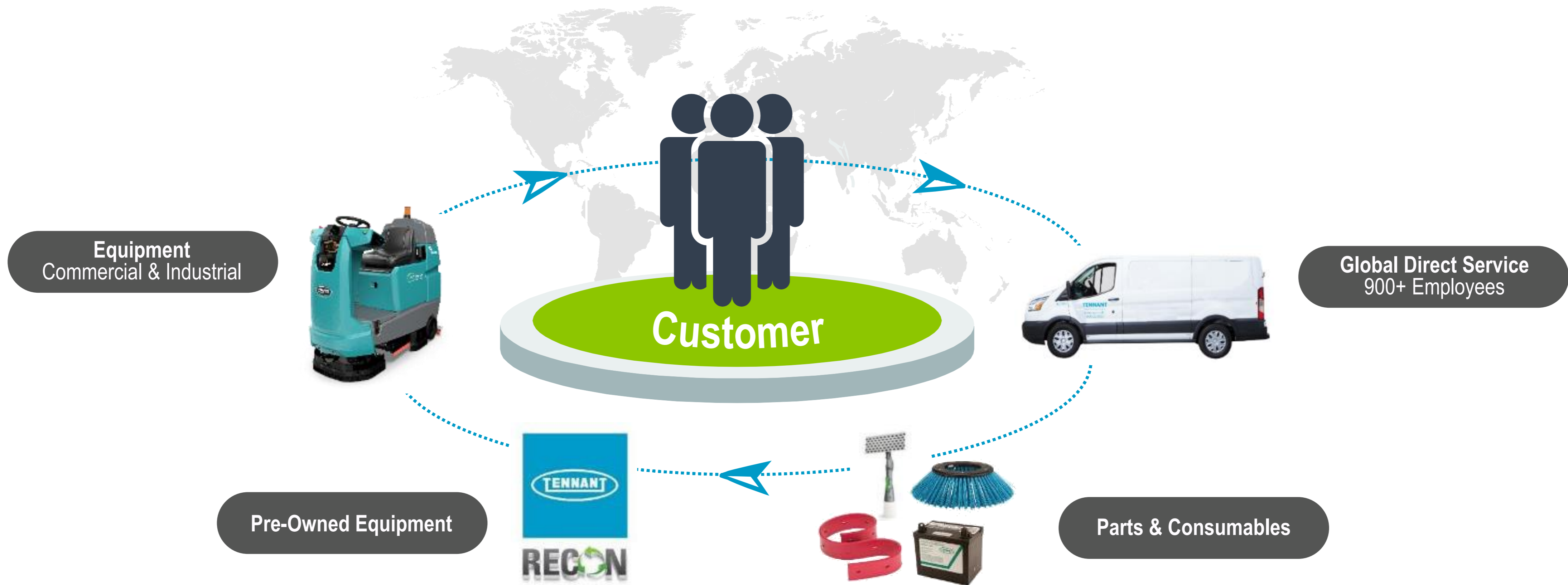
Commercial | Industrial | Vacuums | Pressure Washers | Coatings | Aftermarket | Tools



TECHNOLOGIES



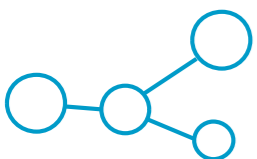




CREATING GROWTH Aftermarket & Holistic Business Model









How we go to Market

Channels

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

Markets

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

Customers

- 
- 
- 
- 
- 
- 
- 

Market Share

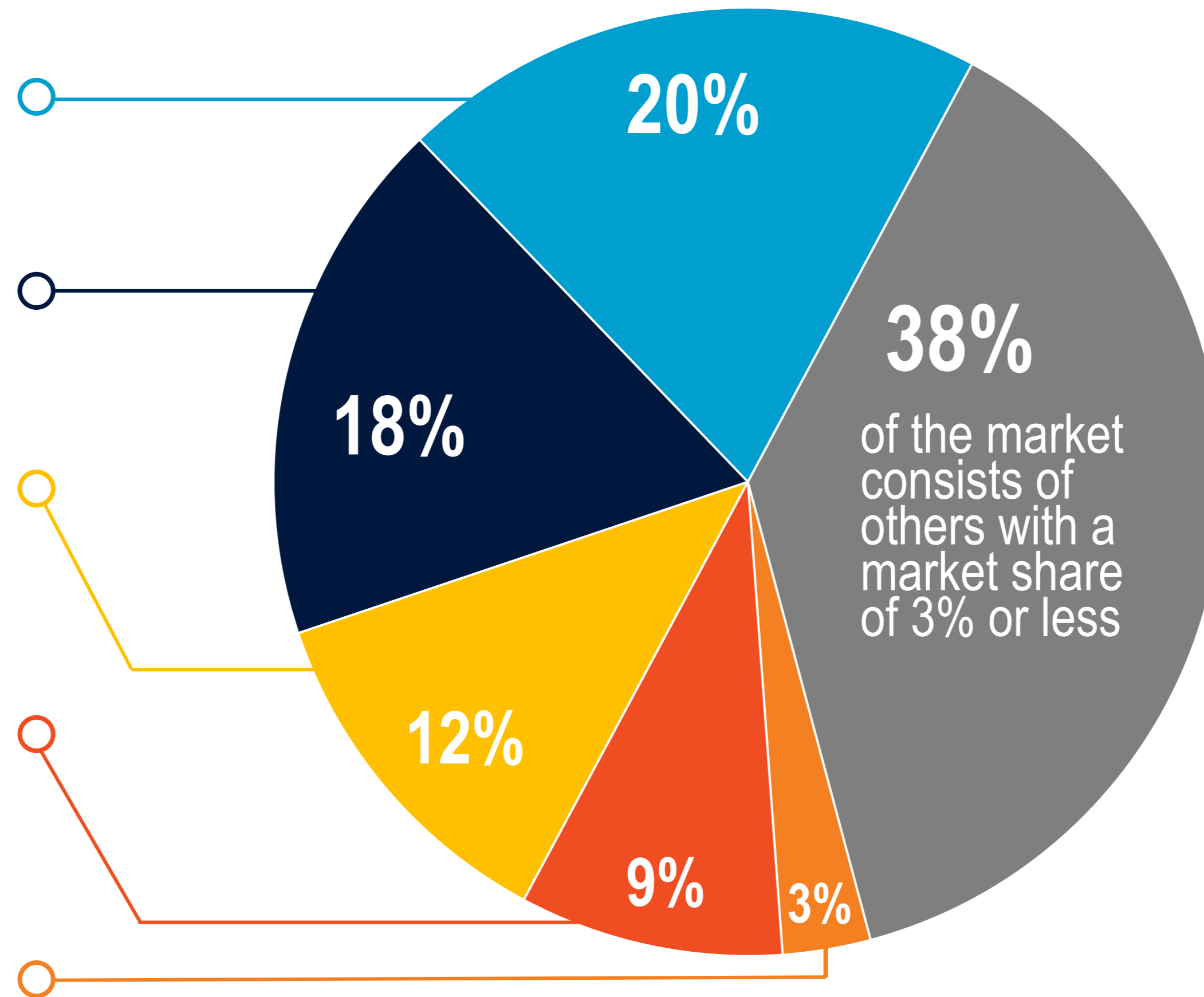
TENNANT Tennant | IPC | Gaomei
Nobles | Alfa

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



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



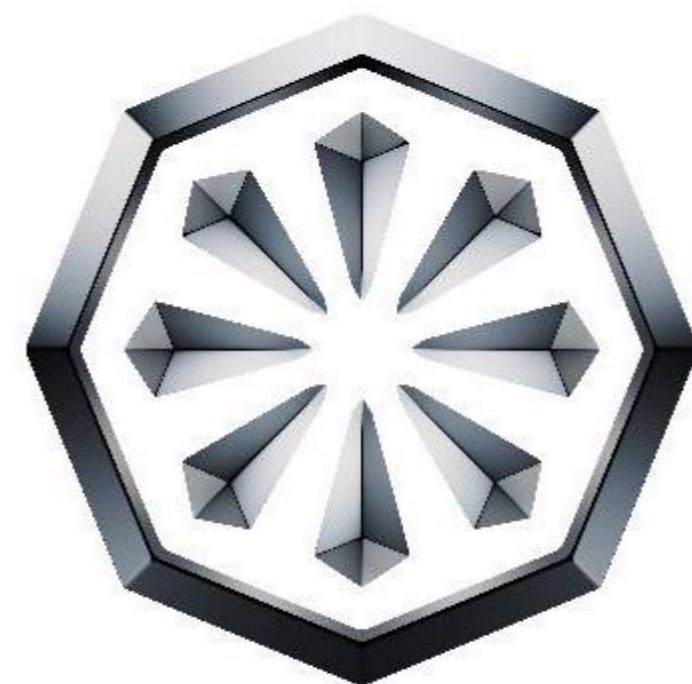
Growth Strategy Acquisition

MFG LOCATIONS | 5

COUNTRIES (SALES) | 100+

Synergy Opportunities

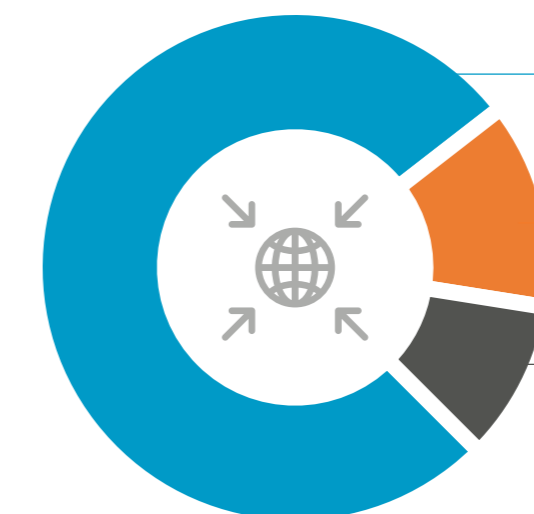
- ▶ Complementary sales channels
- ▶ Cross-selling to reach new customers
- ▶ Cost synergies



IPC



Revenue by GEOGRAPHY



EMEA 77%

Americas 13%

APAC 10%

Revenue by PRODUCT



Sweepers/Scrubbers 28%

Vacuums 16%

Tools/Supplies 18%

High Pressure 15%

Parts & Consum. 14%

Service 9%

CREATING GROWTH Gaomei Cleaning Equipment Company



Growth Strategy Acquisition

- ▶ China Market
- ▶ Expands mid-tier product platform
- ▶ Complementary sales channels
- ▶ Cross-selling to reach new customers



Broad Spectrum of Products

- Single-Disk Scrubbing Machines
- Vacuum Cleaners
- Carpet Extractors
- Blowers
- High-Pressure Washers
- Sweepers



CREATING GROWTH Technology Leadership

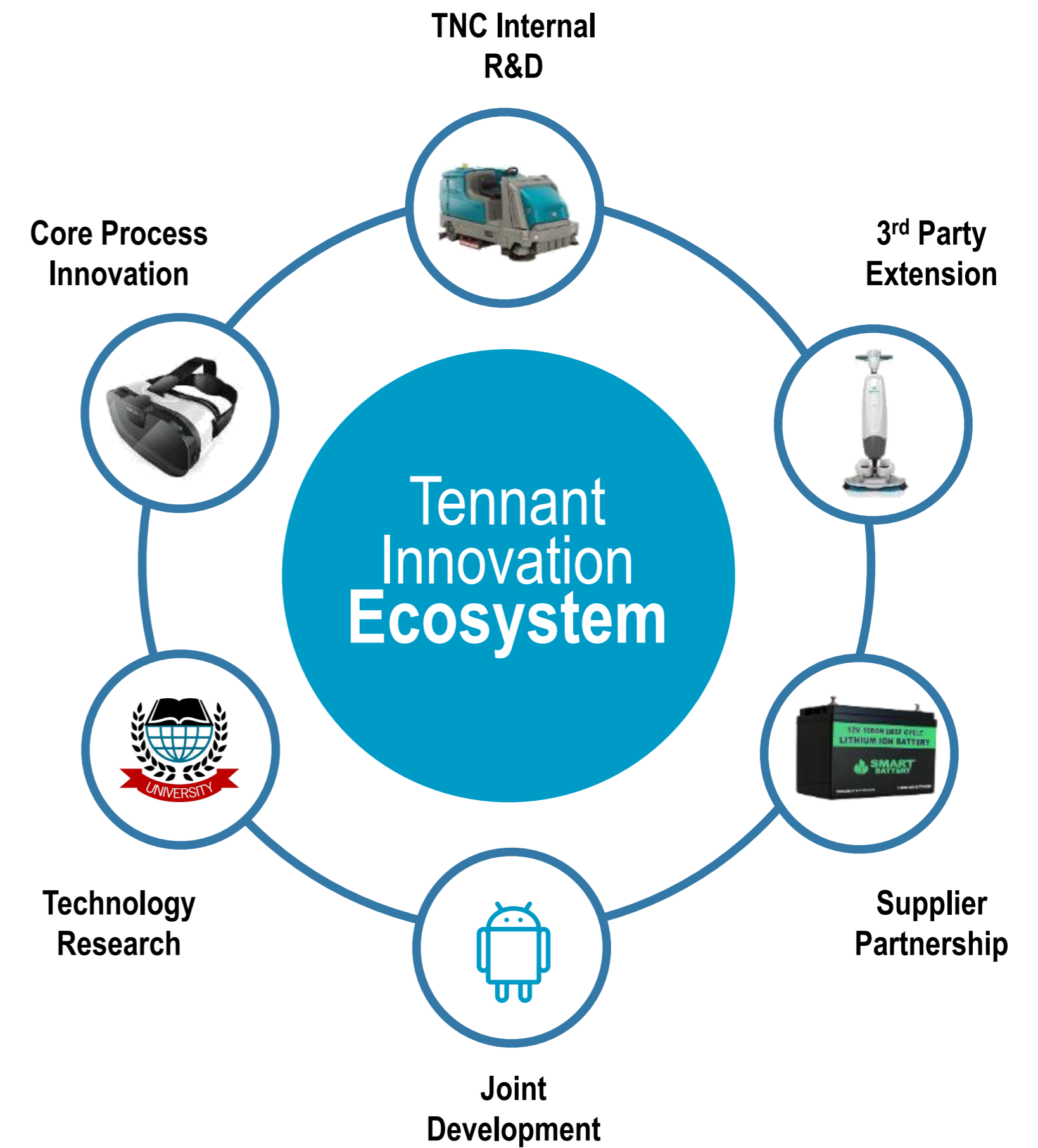


Solving Customer Challenges through Innovation

- + 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%



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



2019 Sales | Gross Margin | R&D | EBITDA | EPS

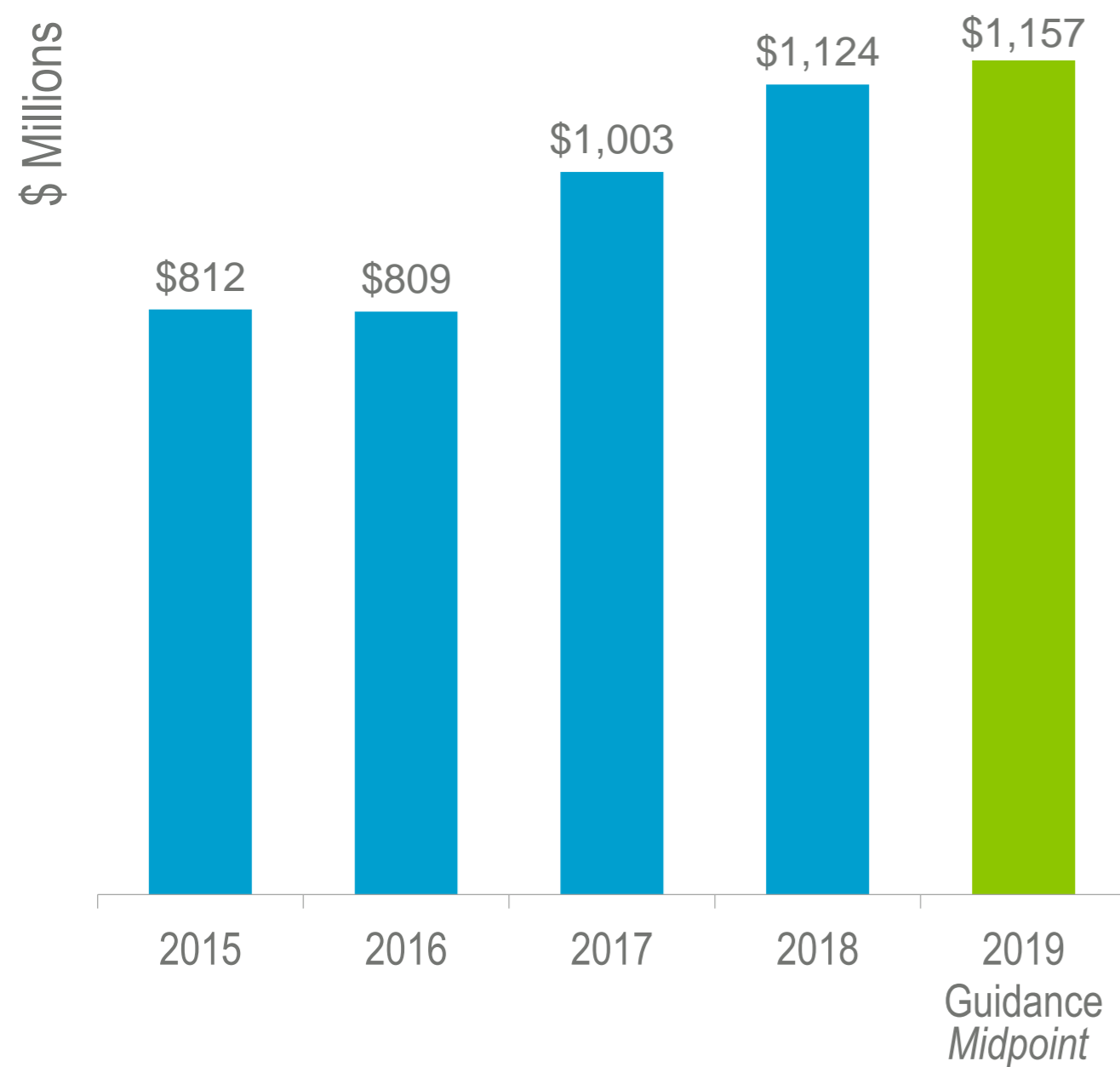
Q2 '19 Organic Growth of 3.8%

	Q2 '19	Q2 '18	CHANGE
SALES	\$299.7 M	\$292.2 M	+2.6%
GROSS MARGIN % Adjusted*	41.4%	40.1%	+130 bps
EBITDA \$ Adjusted*	\$41.8 M	\$35.7 M	+17.1%
EBITDA % Adjusted*	13.9%	12.2%	+170 bps
EPS Adjusted*	\$1.13	\$0.82	+37.8%

*See appendix for Non-GAAP reconciliation.

Financials Revenue | EBITDA | Adjusted EPS

Revenue

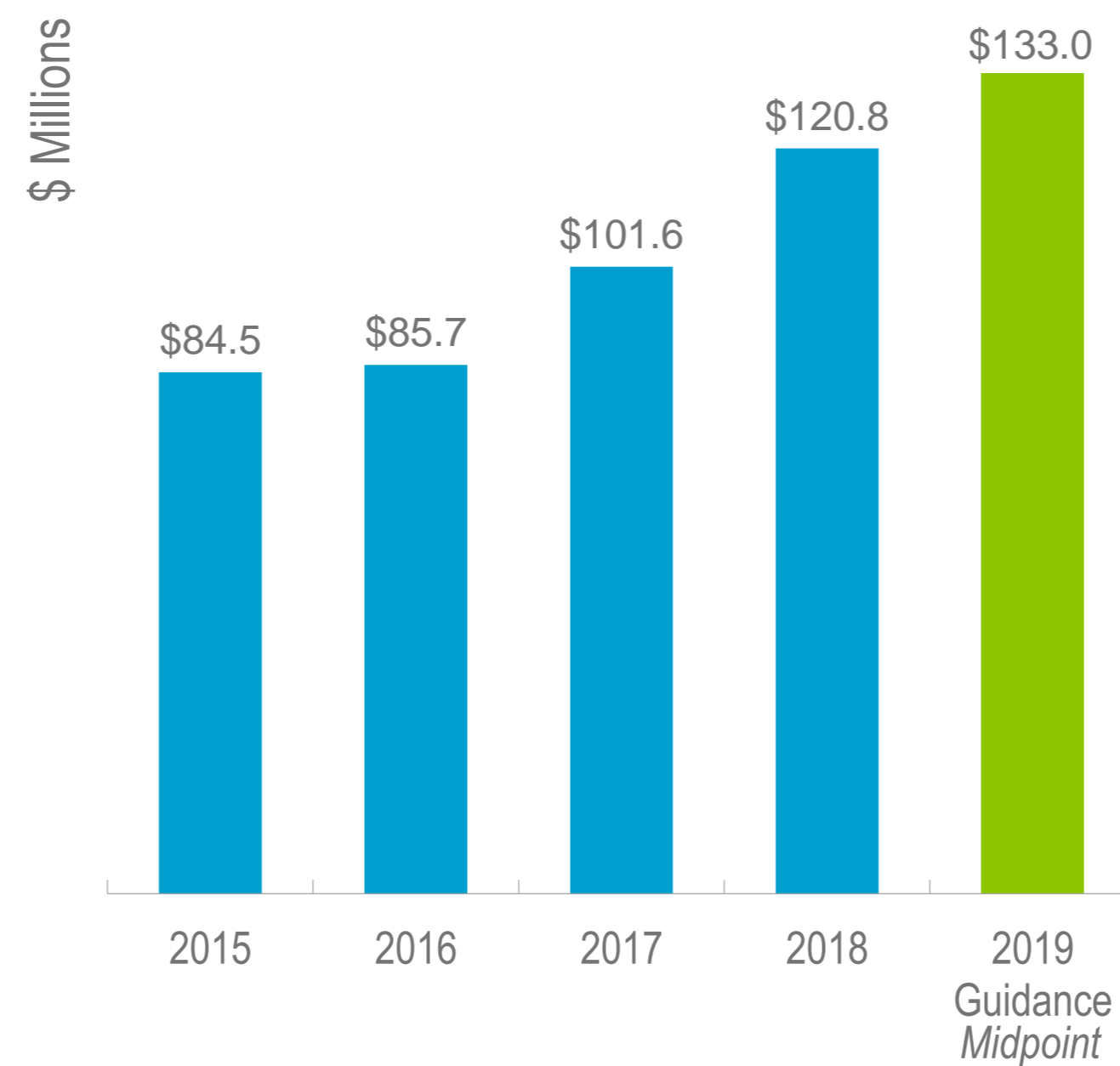


2019 Guidance

\$1.15B to \$1.165B

3-4% Organic

EBITDA (adjusted)*

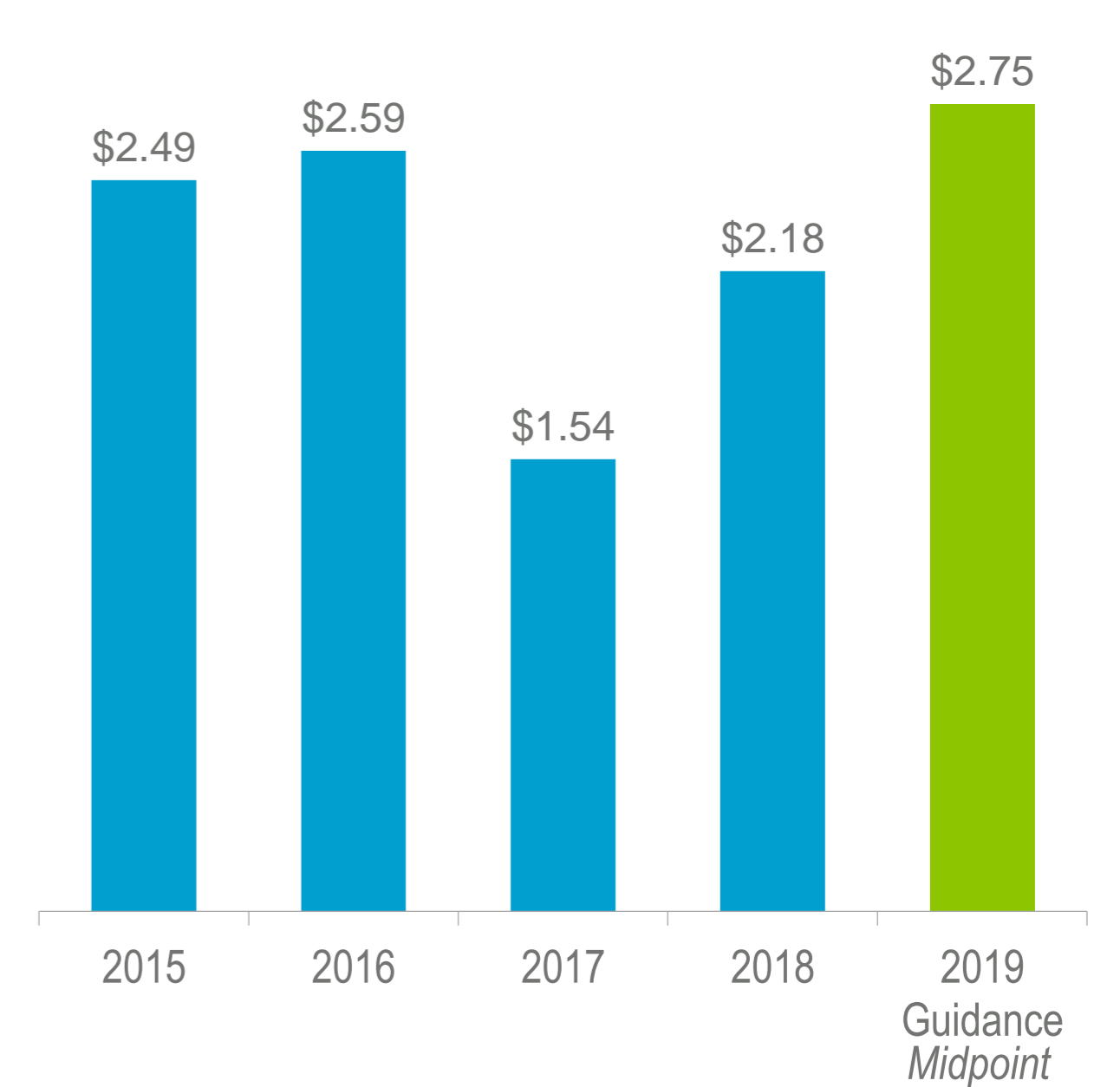


2019 Guidance

\$131M to \$135M (11.4-11.6%)

Growth of 8% to 12%

EPS (adjusted)*



2019 Guidance

\$2.65 to \$2.85

Growth of 22% to 31%

*See appendix for Non-GAAP reconciliation.

Growth Strategy



Win where we have a competitive advantage



Reduce complexity & build scalable processes



Innovate for profitable growth

▬ ▷ **DRIVING SHAREHOLDER VALUE** ◁ ▬

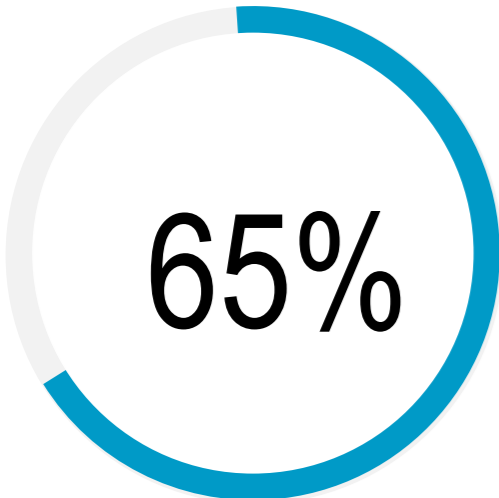


| APPENDIX



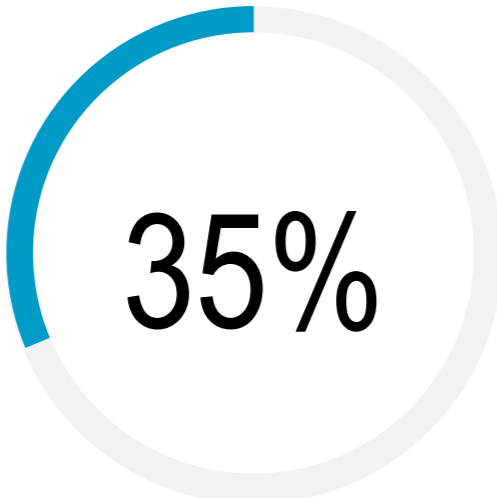
Global Revenue

Global Revenue by SALES CHANNEL



Direct

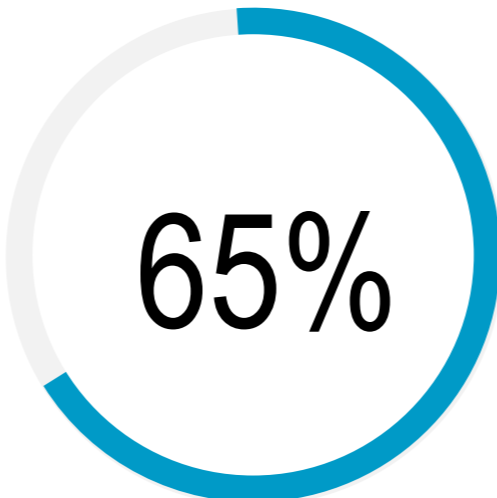
More than 500 cross-functional teams & market specialists



Distribution

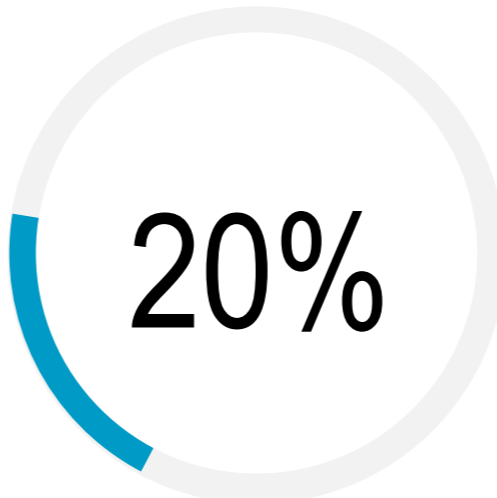
Distribution partners in more than 80 countries around the world

Net Sales by PRODUCT GROUP

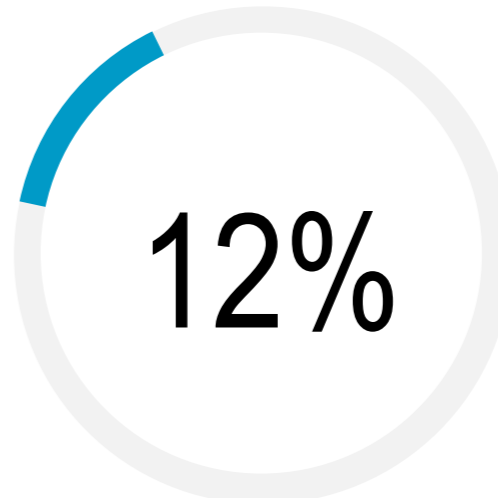


Equipment

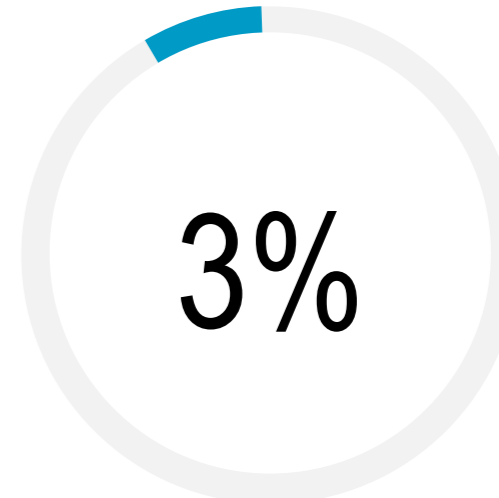
Equipment Mix
Commercial – 58%
Industrial – 32%
Pre-owned – 3%
All other – 7%



Parts & Consumables



Service



Coatings

2019 Q2 Non-GAAP Reconciliation

Dollars – Three Months Ended Jun. 30

In Millions

	2019	2018
Gross Profit (as reported)	\$120.8	\$117.2
Gross Margin (as reported)	40.3%	40.1%
Adjustments:		
Discontinuation of Product Lines	\$2.4	–
Inventory Step-Up	\$0.9	–
Gross Profit (as adjusted)	\$124.1	\$117.2
Gross Margin (as adjusted)	41.4%	40.1%

2019 Q2 Non-GAAP Reconciliation

In Millions	Dollars – Three Months Ended Jun. 30		Shares – Three Months Ended Jun. 30	
	2019	2018	2019	2018
Net Earnings (Loss) Attributable to Tennant Company per Share (as reported)	\$14.8	\$12.7	\$0.81	\$0.69
Adjustments:				
Discontinuation of Product Lines	\$1.8	–	\$0.10	–
Inventory Step-Up	\$0.7	–	\$0.04	–
Acquisition and Integration Costs (S&A Expense)	\$0.6	\$2.2	\$0.02	\$0.12
Acquisition and Integration Costs (Other Income, Net)	(\$1.8)	–	(\$0.10)	–
Professional Services	–	\$0.2	–	\$0.01
Note Receivable Write-down	\$2.7	–	\$0.15	–
Acquisition Contingent Consideration Adjustment	\$2.0	–	\$0.11	–
Net Earnings Attributable to Tennant Company per Share (as adjusted)	\$20.8	\$15.1	\$1.13	\$0.82

2019 Q2 Non-GAAP Reconciliation

In Millions	Dollars – Three Months Ended Jun. 30	
	2019	2018
Net Earnings (Loss) Including Noncontrolling Interest (as reported)	\$14.8	\$12.7
Adjustments:		
Interest Income	(\$0.9)	(\$0.9)
Interest Expense	\$5.4	\$6.0
Income Tax Expense	\$1.8	\$0.4
Depreciation Expense	\$7.9	\$8.6
Amortization Expense	\$5.8	\$5.8
Discontinuation of Product Lines	\$2.4	–
Inventory Step-Up	\$0.9	–
Acquisition and Integration Costs (S&A Expense)	\$0.8	\$2.8
Acquisition and Integration Costs (Other Income, Net)	(\$1.8)	–
Professional Services	–	\$0.3
Note Receivable Write-down	\$2.7	–
Acquisition Contingent Consideration Adjustment	\$2.0	–
Earnings Before Interest, Taxes, Depreciation & Amortization (as adjusted)	\$41.8	\$35.7
<i>EBITDA Margin (as adjusted)</i>	13.9%	12.2%