ASV Holdings, Inc.

Q2 2018 Earnings Conference Call

August 9, 2018

Forward-Looking Statements & Non – GAAP Financial Measures

- This presentation contains forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “intends” or “continue,” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. Forward-looking statements in this presentation include, without limitation: (1) projections of revenue, earnings, capital structure and other financial items, (2) statements of our plans and objectives, (3) statements regarding the capabilities and capacities of our business operations, (4) statements of expected future economic conditions and the effect on us and on dealers or OEM customers, (5) expected benefits of our cost reduction measures, and (6) assumptions underlying statements regarding us or our business.
- Our actual results may differ from information contained in these forward looking-statements for many reasons, including those described in the section entitled “Risk Factors” in our Form 10-K and are available on our EDGAR page at www.sec.gov. These statements are only current predictions and are subject to known and unknown risks, uncertainties and other factors that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. We discuss many of these risks in greater detail under the heading “Risk Factors” and elsewhere in the Form 10-K. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by law, after the date of this presentation, we are under no duty to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise.
- We obtained the industry, market and competitive position data in this presentation from our own internal estimates and research as well as from industry and general publications and research surveys and studies conducted by third parties. While we believe that each of these studies and publications is reliable, we have not independently verified market and industry data from third-party sources. While we believe our internal company research is reliable and the market definitions we use are appropriate, neither such research nor these definitions have been verified by any independent source.
- We from time to time refer to various non-GAAP financial measures in this presentation. We believe that this information is useful to understanding our operating results by excluding certain items that may not be indicative of our core operating results and business outlook. Reference to these non-GAAP financial measures should not be considered as a substitute for, or superior to, results that are presented in a manner consistent with GAAP. Rather, the non-GAAP financial information should be considered in addition to results that are presented in a manner consistent with GAAP. A reconciliation of non-GAAP financial measures referred to in this presentation is provided in the tables at the conclusion of this presentation.

Summary

- Year over year second quarter revenue down $(2.3) million or (6.7%) principally from $2.7 million reduction in undercarriage sales (very high Q2-2017).
  - Fourth consecutive quarter of machine sale growth; Q2-18 total machine sale growth of 4.8%; North America machine sales growth of 9%.
  - Q2-18 machine sales into rental at 15% of total machine sales.

- Q2-18 EBITDA $2.1 million, 6.6% of sales; Earnings per share of $0.03; cash flow from operations of $0.6 million.

- Distribution center operational. Annualized cost savings of approximately $1.0 million are tracking to plan.

- Supply chain challenges in Q2-18 and for balance of year.
  - Rising material costs impacted Q2-2018 gross margin by $0.4 million or 130 basis points.
  - Current levels of steel cost increases running at annualized rate of $2.5 million.
  - Market demand levels impacting component lead times (e.g. engines) .

Industry & Market Overview

North America Market Factors

- Housing Market*: Privately-owned housing starts in June 2018 were at a SAAR of 1,173,000. This is 4.2 percent below the June 2017 rate of 1,225,000. Household formations up 39.2% in June, to 2.94 million.

- U.S. Construction Spending*:Total Construction spending during June 2018 was estimated at a SAAR of $1,317.2 billion 1.1% above the revised May 2018 estimate of $1,332.2 billion. June 2018 is 6.1 percent above the June 2017 estimate of $1,241.3 billion. Year to date, year over year growth of 5.1%.

- Rental Market**: 2017 rental penetration index at 53.0%, flat with 2016. February forecast for total rental revenue in the U.S. of 4.5 % growth in 2018, and 5.6% in 2019. CAGR of 4.3% to 2020.

Australia: *** 2018 GDP growth of 2.9% in 2018. Improved terms of trade, strong global economic growth and additional resource exports are supporting the economy. Resource sector investment is bottoming out, while other business investment is picking up. Housing markets already show signs of easing. House price growth has slowed markedly and housing loan approvals have edged down.

- Source: *US Census Bureau: ** American Rental Association (ARA) ***OECD Economic Outlook May 2018
- SAAR: "Seasonally adjusted annual rate"

ASV Strategic Growth Drivers

- Expanding network by adding distribution and penetrating rental – foundation for growth.
  - 265 dealer and rental account locations 6/30/18 (222 @ 12/31/17).
  - Good pipeline of prospects to continue expansion.
- Increasing focus on network performance.
  - Brand awareness and focus.
  - Dealer support and management – Dealer day planned for Q3-2018.
  - Driving retail to dealers.
  - Aftermarket and service support.
- Product development.
  - Two new Posi-Track® machines planned for second half of 2018.
  - Will complete the Tier 4 Final engine program by December 2018.

Key Figures – Quarter 2

USD millions	2018	2017**
Net sales	$31.9	$34.2
% change in 2018 to prior period		(6.7)%
Machine sales	$23.0	$22.0
Net Income	$0.3	$1.8
Earnings per share	$0.03	$0.20
Adjusted Net Income **	$0.3	$0.8
Adjusted Earnings per share **	$0.03	$0.08
EBITDA	$2.1	$3.3
Adjusted EBITDA **	$2.2	$3.2
Adjusted EBITDA % of Sales	6.9%	9.4%
Working capital	$25.3	$21.7
Net Debt	$27.1	$27.4

- As adjusted. See reconciliation to US GAAP on appendix
- ** 2017 shown included certain "Pro-forma" adjustments. See appendix for reconciliation to GAAP

Operating Performance

$m			Q2-2018
Q2-2017 sales			$34.2
Volume / mix			(2.4)
Price			0.1
Q2-2018 sales			$31.9

$m			Q2- 2018
2017 Adjusted net income*			$0.7
Gross margin from volume / mix			(0.7)
Input cost inflation			(0.4)
Surcharge Pricing			0.1
Operating expenses			0.1
Interest expense			0.3
Income tax			0.2
2018 Net income			$0.3

*See appendix for adjusted net income reconciliation

Gross Profit %

		Q2- 2018
Q2-2018 Reported gross profit %		13.5%
Input costs net of price recovery		1.3%
Distribution center costs previously reported in SG&A		0.3%
Adjusted gross profit %		15.1%

- Input costs, mainly steel related, have increased from the start of the year, accelerating in Q2 as they work through the supply chain.
- Surcharge pricing was introduced for orders effective May 1, 2018. Price recovery in Q2-18 was lower due to machine order backlog pre-surcharge. This will be sold through before the end of Q3-18.
- Net impact of material costs and surcharge recovery of 130 basis points.
- Actual reported gross profit of 13.5% reflects parts as a percentage of total sales of 23.3%, compared to 23.5% in Q2-2017.

Key Balance Sheet/Liquidity Ratios

	June 30, 2018	December 31, 2017
Current Ratio	2.1	2.0
Net working Capital % of Annualized LQS*	23.5%	23.6%
Days Sales Outstanding	44	58
Days Payables Outstanding	53	57
Days Inventory On Hand	101	93
Net Debt**	$27.1m	$26.9m
Net Debt / Adjusted EBITDA	x2.9	x2.5

- *Net working capital as a % of annualized last quarters sales is the sum of accounts receivable and inventory less accounts payable divided by the last quarters sales annualized (x4).
- **Net debt is calculated as outstanding principal balance less debt issuance costs, less cash on hand.

Credit Facility and Debt

($M)	Facility Amount	Net Debt[1] as of 6/30/18	Weighted Average Interest Rate at 6/30/18
Revolving Credit Facility	$35.0	$13.0	4.7%
Minnesota State Loan[(3)]	$0.4	$0.4	
Term Loan	$15.0	$13.7	6.8%
Total	$50.4	$27.1	
Cash		-	
Net debt		$27.1	
Net Debt/Adjusted EBITDA[2]		x2.9	

[1] Net debt is calculated as outstanding principal balance less debt issuance costs, less cash on hand

[2] TTM adjusted EBITDA at 6/30/18 of $9.2M

[3] Gross amount of debt.

Weighted average cost of debt at June 30, 2018 was 5.8%

Summary

- Q2-18 was the fourth consecutive quarter of increased machine sales. Our plan is for this to continue, but we may be restrained in the short term.

- We have several foundational activities completed or nearing initial target levels, e.g. relocated part distribution, North American dealer / rental locations at 265 v 300 target. We will start to leverage these actions.

- We face market headwinds from rising input costs and lengthening component supply lead times. As market pricing slowly adjusts we will see stronger margins and improved supply chain characteristics.
  - Already implemented surcharge pricing and the competition is starting to follow.
  - We have an active component re-source and cost reduction program already in place. This is generating cost reductions as well as securing additional sources of supply that makes us strategically stronger through less dependence on fewer suppliers.

Appendix

Non-GAAP Measures and Reconciliations

Cautionary Statement Regarding Non-GAAP Measures

This presentation contains references to "EBITDA" and "Adjusted EBITDA." EBITDA is defined for the purposes of this release as net income or loss before interest, income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA plus stock based compensation less the gain or loss related to non-recurring events. Management believes that EBITDA and Adjusted EBITDA are useful supplemental measures of our operating performance and provide meaningful measures of overall corporate performance exclusive of our capital structure and the method and timing of expenditures associated with building and placing our products. EBITDA is also presented because management believes that it is frequently used by investment analysts, investors and other interested parties as a measure of financial performance. Adjusted EBITDA is also presented because management believes that it provides a measure of our recurring core business.

However, EBITDA and Adjusted EBITDA are not recognized earnings measures under generally accepted accounting principles of the United States ("U.S. GAAP") and do not have a standardized meaning prescribed by U.S. GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as alternatives to net income or loss or other income statement data (which are determined in accordance with U.S. GAAP) as an indicator of our performance or as a measure of liquidity and cash flows. Management's method of calculating EBITDA and Adjusted EBITDA may differ materially from the method used by other companies and accordingly, may not be comparable to similarly titled measures used by other companies.

Non-GAAP Measures and Reconciliations

Reconciliation of EBITDA to Adjusted EBITDA (in millions except percentages)		
	For the Quarter Ended June 30,	
	2018	2017
Net income	$0.3	$1.8
Interest expense	0.5	0.9
Tax	0.1	(0.6)
Depreciation & amortization	1.2	1.2
EBITDA (1)	$2.1	$3.3
% of Sales	6.6%	9.6%
EBITDA	$2.1	$3.3
Stock compensation and transaction related compensation costs (2)	0.1	0.1
Adjusted EBITDA (3)	$2.2	$3.4
Adjusted EBITDA as % of net revenues	6.9%	8.5%
Pro-forma adjustment for public company costs**	-	(0.2)
Pro-forma Adjusted EBITDA (4)	$2.2	$3.2
% of Sales	6.9%	9.4%

** The Company converted to a C corporation in May 2017, so the three months ended June 30, 2017 include a pro forma adjustment for approximately $0.2 million of public company costs not included in EBITDA relating to the period April 1, 2017 to May 17, 2017.

Non-GAAP Measures and Reconciliations

(1) EBITDA is defined as income or loss before interest, income taxes, depreciation and amortization. EBITDA is not a recognized measure under U.S. GAAP and does not have a standardized meaning prescribed by U.S. GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other companies. The table above reconciles net income to EBITDA. See "—Cautionary Statements Regarding Non-GAAP Measures" for further information regarding EBITDA.

(2) Stock compensation and IPO transaction related compensation costs.

(3) Adjusted EBITDA is defined as EBITDA plus stock based compensation less the gain or loss related to non-recurring events. Adjusted EBITDA is not a recognized measure under U.S. GAAP and does not have a standardized meaning prescribed by U.S. GAAP. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other companies. The table above reconciles EBITDA to Adjusted EBITDA. See "—Cautionary Statements Regarding Non-GAAP Measures" for further information regarding EBITDA.

(4) 2017 Pro Forma Adjusted EBITDA is defined as Adjusted EBITDA less public company costs

Non-GAAP Measures and Reconciliations

Reconciliation of GAAP Net Income to Adjusted Pro Forma Net Income (in millions except shares and EPS)		
	For the Quarter Ended June 30,	
	2018	2017
Net income as reported	$0.3	$1.8
Tax benefit from conversion to C corporation (1)	-	(0.9)
Debt issuance cost written off on debt repayment from IPO proceeds net of tax	-	0.1
Pro-forma adjustment for public company costs net of tax at 26.41% (2)	-	(0.2)
Adjusted net income	$0.3	$0.8
Weighted average diluted shares outstanding	9,823,000	8,870,000
Basic and Diluted (loss) earnings per share as reported	$0.03	$0.20
Total EPS Effect	$0.00	($0.12)
Adjusted (pro forma) earnings (loss) per share	$0.03	$0.08

(1) The tax benefit was generated from a tax credit of $0.9 million arising from the establishment of a deferred tax asset on conversion of the Company from a Minnesota limited liability company to a Delaware corporation immediately prior to the IPO in May 2017

(2) Pro forma adjustments for public company costs: The company converted from a LLC to a corporation on May 11, 2017. The pro forma adjustment reflects the run rate of actual public company costs incurred in 2017 as if the company had been a corporation for the whole of the period April 1, 2017 to June 30, 2017.

Non-GAAP Measures and Reconciliations

CURRENT RATIO	June 30, 2018	December 31, 2017
Current Assets	$47,379	$46,533
Current Liabilities	$22,066	$23,406
Current Ratio	**2.1**	**2.0**

Days Sales Outstanding, (DSO), is calculated by taking the sum of net trade and related party receivables divided by annualized sales per day (sales for the quarter, multiplied by 4, and the sum divided by 365).

Days Payables Outstanding, (DPO), is calculated by taking the sum of net trade and related party payables divided by annualized cost of sales per day (cost of goods sold for the quarter, multiplied by 4, and the sum divided by 365).

Debt net of deferred financing costs is calculated using the Condensed Consolidated Balance Sheet amounts for 1) deferred financing costs – revolving loan facility, 2) note payable – short term, 3) revolving loan facility and 4) note payable – long term net. Debt to Adjusted EBITDA ratio is calculated by dividing total debt at the balance sheet date by trailing twelve month Adjusted EBITDA.

DEBT NET OF DEFERRED FINANCING COSTS	June 30, 2018	December 31, 2017
Note payable – short term	2,012	2,000
Deferred financing costs – revolving loan facility	(261)	(298)
Revolving loan facility	13,231	12,511
Note payable – long term -net	12,105	12,664
Debt	**$27,087**	**$26,877**

Inventory turns are calculated by multiplying cost of goods sold for the referenced three-month period by 4 and dividing that figure by inventory as at the referenced period.

Non-GAAP Measures and Reconciliations

Net working capital as a % of annualized last quarter's sales is the sum of accounts receivable and inventory less accounts payable divided by the last quarter's sales annualized (x4).

	June 30, 2018	December 31, 2017
Accounts receivable	15,104	18,352
Inventory	30,698	26,691
Accounts payable	(15,868)	(16,237)
Net working capital	**$29,934**	**$28,806**
Last quarters annualized sales (LQS)	127,440	121,820
Net working capital % of LQS	**23.5%**	**23.6%**

Working capital is calculated as total current assets less total current liabilities

WORKING CAPITAL	June 30, 2018	December 31, 2017
Total Current Assets	$47,379	$46,533
Less: Total Current Liabilities	22,066	23,406
Working Capital	**$25,313**	**$23,127**

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