

November 14, 2017



## EnviroStar Reports Record First Quarter Operating Results

MIAMI--(BUSINESS WIRE)-- EnviroStar, Inc. (NYSE American: EVI) today reported results for the three months ended September 30, 2017.

### First Quarter Fiscal 2018 Highlights

- Revenue increased 177% to \$26.3 million,
- Operating income increased 74% to \$1.0 million,
- Net income increased 60% to \$0.6 million, and
- Adjusted EBITDA increased 169% to \$1.6 million.

Henry M. Nahmad, EVI's Chairman and CEO, stated: "Sales momentum improved as the quarter closed, evidenced by a growing backlog of customer orders which are expected to be filled during fiscal 2018 and beyond. We expect that we will continue our trend of year-over-year increases in revenues and earnings during fiscal 2018."

It is important to note that the timing of revenue recognition related to the sale and installation of commercial, industrial, and vended laundry products is occasionally impacted by delays related to installation schedules. Additionally, although EVI delivered record results, revenues in this quarter were negatively impacted by the effects of Hurricane Irma in Florida and the Caribbean, which caused delays in the placement of orders, the delivery and shipment of laundry products, and the completion of installation services.

In addition to the above results, as previously announced, EVI completed its acquisition of Tri-State Technical Services, Inc. on October 31, 2017. Tri-State is a Georgia-based distributor of commercial, industrial, and vended laundry products and a provider of related installation and maintenance services. EVI expects the acquisition of Tri-State to be accretive to its earnings for fiscal 2018.

Mr. Nahmad added: "Tri-State has a proven record of delivering a consistent sales mix with high operating margins derived from its robust service operations. In addition to expanding its operations, we believe Tri-State will be a catalyst in expanding service operations for our existing Florida operations. While our subsidiaries' management teams develop and seek to execute organic growth opportunities, we also remain focused on our strong acquisition pipeline and are working towards adding quality businesses to the EVI family in the future."

## **Use of Non-GAAP Financial Information**

In this release, EVI discloses the non-GAAP financial measure of Adjusted EBITDA, which EVI defines as earnings before interest, taxes, depreciation, amortization, and amortization of share-based compensation. Adjusted EBITDA is determined by adding interest expense, income taxes, depreciation, amortization, and amortization of share-based compensation to net income as shown in the attached statement of EVI's Condensed Consolidated Earnings before Interest, Taxes, Depreciation, Amortization, and Amortization of Share-based Compensation. EVI considers Adjusted EBITDA to be an important indicator of its operating performance. Adjusted EBITDA is also used by companies, lenders, investors and others because it excludes certain items that can vary widely across different industries or among companies within the same industry. For example, interest expense can be dependent on a company's capital structure, debt levels and credit ratings, and the tax positions of companies can vary because of their differing abilities to take advantage of tax benefits and because of the tax policies of the jurisdictions in which they operate. Adjusted EBITDA should not be considered as an alternative to net income or any other measure of financial performance or liquidity, including cash flow, derived in accordance with GAAP, or to any other method of analyzing EVI's results as reported under GAAP. In addition, EVI's definition of Adjusted EBITDA may not be comparable to definitions of Adjusted EBITDA or other similarly titled measures used by other companies.

## **About EnviroStar**

EnviroStar, Inc. is a distributor of commercial, industrial, and vended laundry equipment including power and air generation systems, water reclamation products, and related parts and supplies. Through its subsidiaries, EVI sells its products and provides installation and maintenance services to thousands of customers across the United States, Canada, the Caribbean, and Latin America.

## **Safe Harbor Statement**

Except for the historical matters contained herein, statements in this press release are forward-looking and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to a number of known and unknown risks and uncertainties that may cause actual results, trends, performance or achievements of EVI, or industry trends and results, to differ from the future results, trends, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include, among others, the risks related to EVI's business, results (including future revenues and profits), financial condition, growth strategy and prospects, risks related to EVI's ability to successfully build its existing operations, risks related to organic growth initiatives and their impact on EVI's financial condition and results of operations, risks associated with the EVI's buy and build growth strategy, including that EVI may not be successful in identifying or consummating acquisitions or other strategic opportunities when anticipated or at all, that the potential benefits of acquisitions, including the acquisition of Tri-State, may not be realized to the extent anticipated or at all, integration risks, risks related to indebtedness incurred in connection with acquisitions, dilution experienced by EVI's stockholders as a result of shares issued in connection with acquisitions and the financing of acquisitions, and risks related to the business, operations and prospects of acquired businesses, risks related to EVI's backlog and the fulfillment of orders, and other economic, competitive, governmental, technological and other risks and

factors, including those discussed in EVI's filings with the Securities and Exchange Commission, including, without limitation, EVI's Annual Report on Form 10-K for the fiscal year ended June 30, 2017. Many of these risks and factors are beyond EVI's control. In addition, past performance and perceived trends may not be indicative of future results. EVI cautions that the foregoing factors are not exclusive. The reader should not place undue reliance on any forward-looking statement, which speaks only as of the date made. EVI does not undertake to, and specifically disclaims any obligation to, update or supplement any forward-looking statement, whether as a result of changes in circumstances, new information, subsequent events or otherwise, except as may be required by law.

**EnviroStar, Inc.**

Condensed Consolidated Results of Operations (in thousands)

	3-Months Ended 09/30/17	3-Months Ended 09/30/16
Revenues	\$26,273	\$9,472
Cost of Sales	20,124	7,452
Gross Profit	6,149	2,020
SG&A	5,166	1,454
Operating Income	983	566
Interest Expense, net	66	-
Income before Income Taxes	917	566
Provision for Income Taxes	354	214
Net Income	\$563	\$353
Net Income per Share		
Basic	\$0.05	\$0.05
Diluted	\$0.05	\$0.05
Weighted Average Shares Outstanding		
Basic	10,468	7,034
Diluted	10,849	7,034

The table below reconciles net income, the most comparable GAAP financial measure, to Adjusted EBITDA.

**EnviroStar, Inc.**

Condensed Consolidated Adjusted EBITDA (in thousands)

Earnings before Interest, Taxes, Depreciation, Amortization, and Amortization of Share-Based Compensation

	3-Months Ended 09/30/17	3-Months Ended 09/30/16
Net Income	\$563	\$352
Interest Expense	66	-
Provision for Income Taxes	354	214
Depreciation and Amortization	219	13
Amortization of Share-Based Compensation	357	-
Adjusted EBITDA	\$1,559	\$579

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