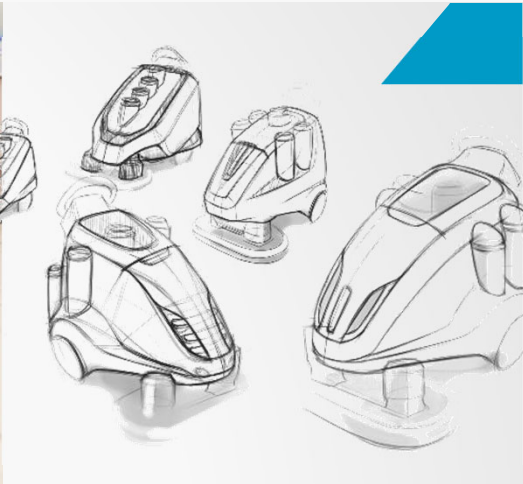




Reinventing  
how the  
world cleans.



[TENNANTCO.COM](http://TENNANTCO.COM)

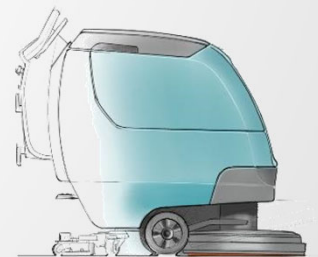
# INVESTOR PRESENTATION

August 2020



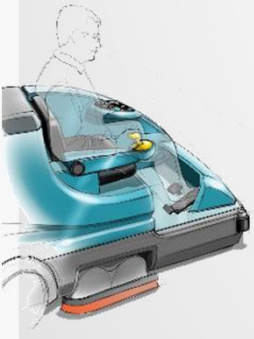
## SAFE HARBOR STATEMENT

Certain statements contained in this document are considered “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act. 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: uncertainty surrounding the impacts and duration of the COVID-19 pandemic; our ability to effectively develop and manage strategic planning and growth processes and the related operational plans; our ability to successfully upgrade and evolve our information technology systems; fluctuations in the cost, quality or availability of raw materials and purchased components; geopolitical and economic uncertainty throughout the world; our ability to integrate acquisitions; our ability to attract, retain and develop key personnel and create effective succession planning strategies; our ability to successfully protect our information technology systems from cybersecurity risks; our ability to develop and commercialize new innovative products and services; the competition in our business; the occurrence of a significant business interruption; our ability to comply with global laws and regulations; the potential disruption of our business from actions of activist investors or others; unforeseen product liability claims or product quality issues; our ability to generate sufficient cash to satisfy our debt obligations; and foreign currency fluctuations. 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 our 2019 Form 10-K. Shareholders, potential investors and other readers 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, except as required by law. 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.



# Our Vision

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



Market  
Leader



Strong  
Financial  
Health



Executing  
on our  
Strategy



# PROFILE: A Global Leader in Mechanized Cleaning


**MULTIPLE**  
Initiatives to improve profitability

**INNOVATIONS**  
That deliver value for Tennant & our customers

**SOLID**  
Balance sheet & cash flow

**PROFIT-ORIENTED**  
Growth Model

 RECORD  
**\$1.14B**  
2019 Revenues

 RECORD  
**\$136.9M / 12%**  
2019 Adjusted EBITDA\*



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\*Note: See the Supplemental Non-GAAP Financial Table within Q4'19 Earnings Release for details.

# The Leader in the Cleaning Market

**\$5B**  
MARKET SIZE

Includes only Tennant-like categories  
Excludes power washers & tools

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COMPANY

Tennant | IPC | Gaomei | Nobles | Alfa



**MARKET LEADER**

“

“Tennant really made us feel like a valued partner. They took the lead in finding a solution, using their hard-earned experience and expertise to position us to succeed.”

”

**TIM RUPARD**

PRESIDENT AND CHIEF OPERATING OFFICER OF MARSDEN SOUTH



# Our Business Model



The RIGHT PRODUCTS AND SERVICES



The RIGHT CUSTOMERS



The RIGHT GEOGRAPHIES





# The RIGHT PRODUCTS and SERVICES

## Our Core Brands

Throughout its history, Tennant has focused on advancing our industry by aggressively pursuing new technologies and creating a culture that values innovation.



**Innovation Leader**

Unmatched Service

Industry-leading Quality



**Mid-tier Market**

Distributor Based

Expanded Product Offering



**China Market**

Mid-tier China Market





# The RIGHT PRODUCTS and SERVICES

## A Broad Portfolio of Solutions

Equipment and technologies that help increase cleaning productivity

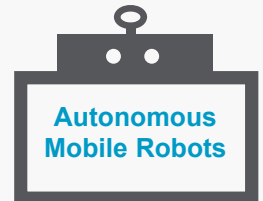


### Products

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



### Technologies










# The RIGHT CUSTOMERS

## A Targeted Go-to-Market Approach

### CHANNELS

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

65% Direct (500+ reps) | 35% Distribution (80+ countries)

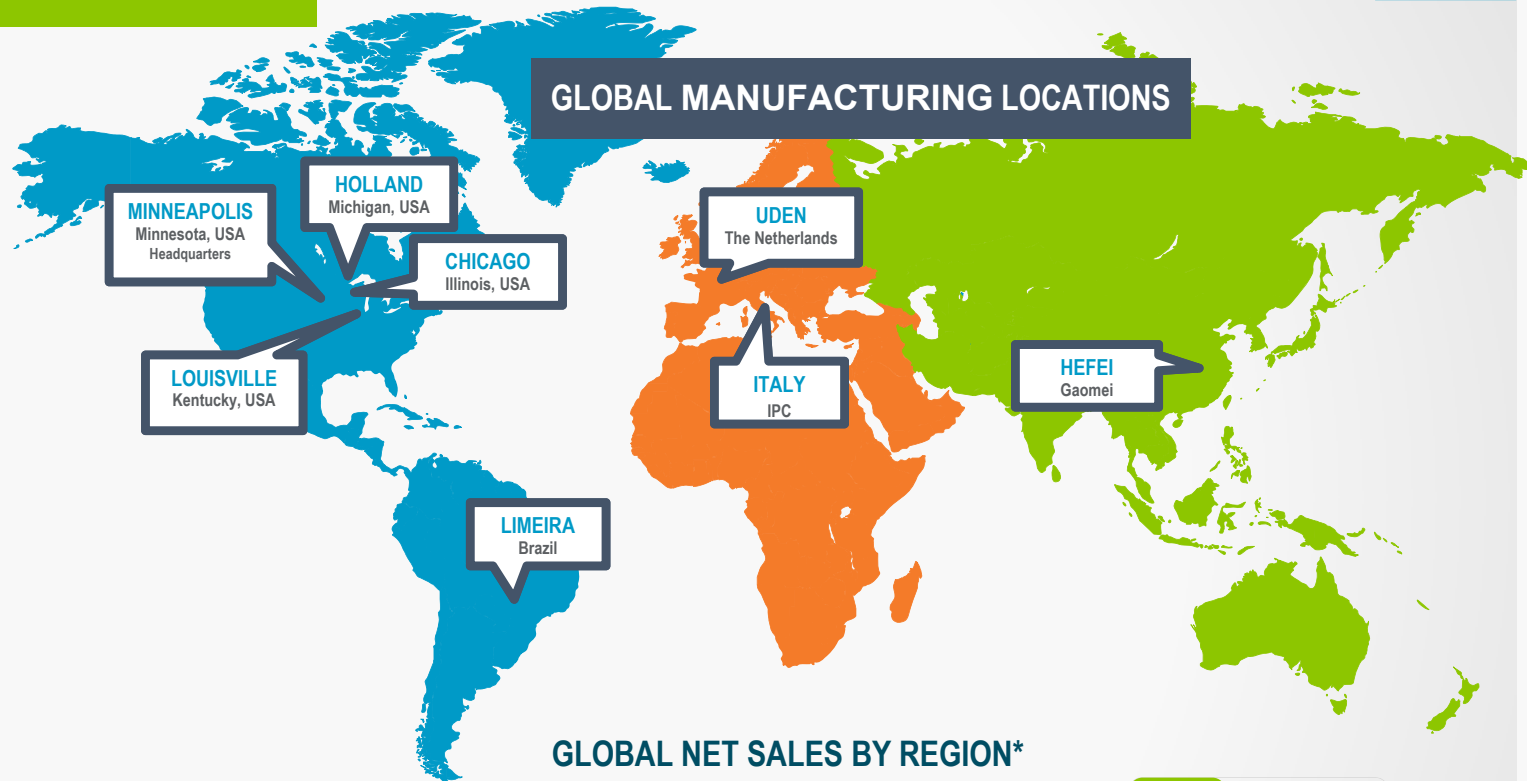
### MARKETS

 Contract Cleaners	 Manufacturing	 Education
 Retail	 Logistics & Warehousing	 Healthcare



# The RIGHT GEOGRAPHIES

## Global Presence with Local Touch



### GLOBAL NET SALES BY REGION\*



### TENNANT BY THE NUMBERS



**4,300+**

EMPLOYEES

**12**

MFG PLANTS

**40,000+**

CUSTOMERS

**500+**

SALES REPS

**400+**

DISTRIBUTORS

**100+**

COUNTRIES

\*Approximate rounded rates based on 2019.

# Our Competitive Advantage

#1



HOLISTIC  
BUSINESS  
MODEL

#2



INNOVATIONS  
THAT DRIVE  
VALUE

#3



BREADTH OF  
BRAND  
OFFERINGS

**TENNANT**  
COMPANY



# Holistic Business Model

COMPETITIVE ADVANTAGE #1

## Serving Customers Through the Entire Product Lifecycle

Our ecosystem meets customers' evolving needs and positions Tennant to capture highly profitable business.

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### NEW & PRE-OWNED EQUIPMENT

Commercial & Industrial

**65% of Revenue**

### GLOBAL DIRECT SERVICE

900+ Employees

**12% of Revenue**

### PARTS AND CONSUMABLES

Batteries, Brushes, Squeegees, etc.

**20% of Revenue**

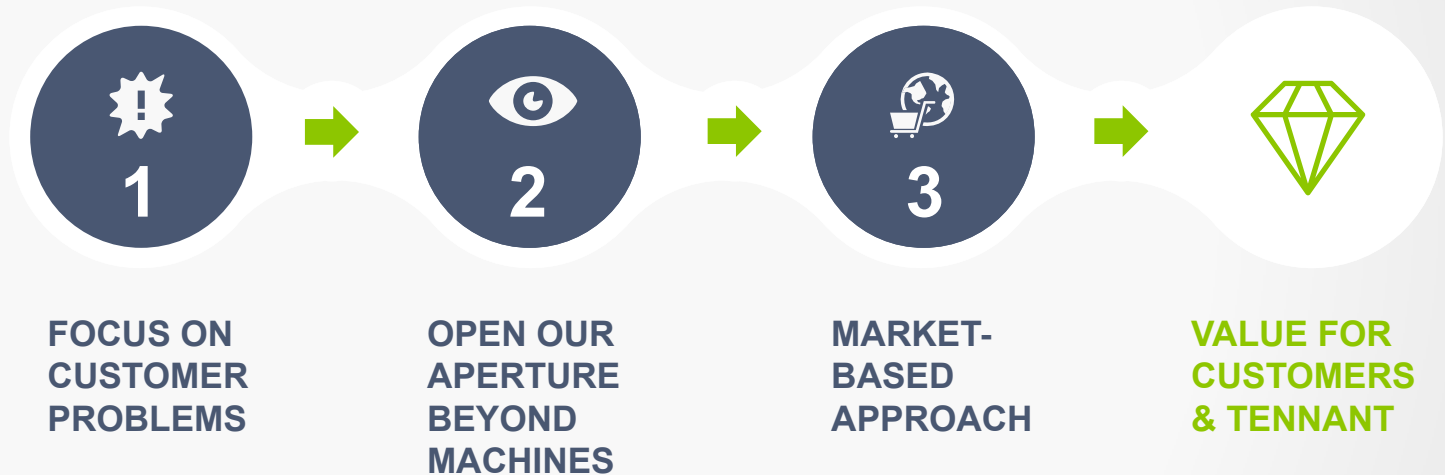
\*Above percentages exclude coatings, which is approximately 3% of revenue.

# Solving Customer Challenges through Innovation

COMPETITIVE ADVANTAGE #2

## Our New Innovation Process

Well-positioned to Take Advantage of Digital Disruption



# A Track Record of Monetizing Innovation

A CLOSER LOOK AT INNOVATION



## Bringing the T7AMR Robotic Floor Scrubber Quickly to Market

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



**APR 2018**

Announced agreement with Brain Corp



**OCT 2018**

Officially launched the product



**NOV 2018**

First unit shipped



**APR 2019**

Walmart agreement announced

# Strong Brand Presence in Markets We Serve

COMPETITIVE ADVANTAGE #3



**PREMIUM &  
MID-TIER  
PRODUCTS**  
for each region  
to meet  
customer needs



**AMERICAS**



PREMIUM | MID-TIER



**EMEA**



PREMIUM | MID-TIER



**APAC**



**GAOMEI**



PREMIUM | MID-TIER

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COMPANY

# Market Leader in \$5B Cleaning Market



Tennant | IPC | Gaomei Nobles | Alfa

Market Share

20%



Nilfisk | Advance | Clarke | Viper

18%



Kärcher | Windsor | TecServ | ProChem

12%



Hako | Minuteman | PowerBoss

9%



Taski

3%



38%

of the market consists of firms with market share of 3% or less



# Market Trends Drive Demand for Our Solutions



Acute labor challenges among commercial and industrial customers



Stricter standards and critical needs in a COVID-19 world



Internet of Things (IoT) opens new frontiers

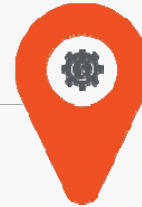
# 3-Pillar Enterprise Strategy to Unlock Our Full Potential

## Our Focus Going Forward

Tennant's Long-Term Enterprise Strategy



**Win where we have a competitive advantage**



**Reduce complexity & build scalable processes**



**Innovate for profitable growth**

# Win where we have a competitive advantage

## OUR LONG-TERM ENTERPRISE STRATEGY



### Simplifying our Product Portfolio

Streamlining, rationalizing and investing in our product portfolio to enhance customer value

Today

**290**

Core  
TNC Models

By 2021

**25%**

Targeted  
Reduction

### Strengthening Local Advantage

Differentiated strategies to drive EBITDA and assess our market position vs. the competition

Today

**~140**

Markets Served  
Globally

Addressing

**12**

Markets  
by 2024

### Optimizing Go-to-Market

Aligning customer experience with customer value expectations

Applying

**80/20**

Principles

# Reduce complexity & build scalable processes

OUR LONG-TERM ENTERPRISE STRATEGY



## Leveraging Our Platform Product Design

Platform approach to simplify operations, improve quality and reduce costs

**Today**  
Value  
Engineering

Sub-System  
Architecture

**Upcoming**  
Commodity  
Components

Product  
Architecture

## Operations: In Region, For Region

Win locally by delivering superior customer experience: delivery, quality, cost

**Source Locally**

**Win Locally**

**Manufacture Locally**

## Capturing Operating Model Efficiencies

Strategically scaling from “big” small company to “small” big company

**Gaining Leverage with Scale**

Assess inefficiencies  
Standardize processes that can scale  
Enable with automation & IT

# Innovate for profitable growth

OUR LONG-TERM ENTERPRISE STRATEGY



## Thinking Differently to Maximize Value for Customers and Tennant



**Customer-Driven Insights**



**New Innovation Approach**



**Unlocking Value for Customers and Tennant**

# Capitalizing on the Strategy:

## 2024 Growth Targets



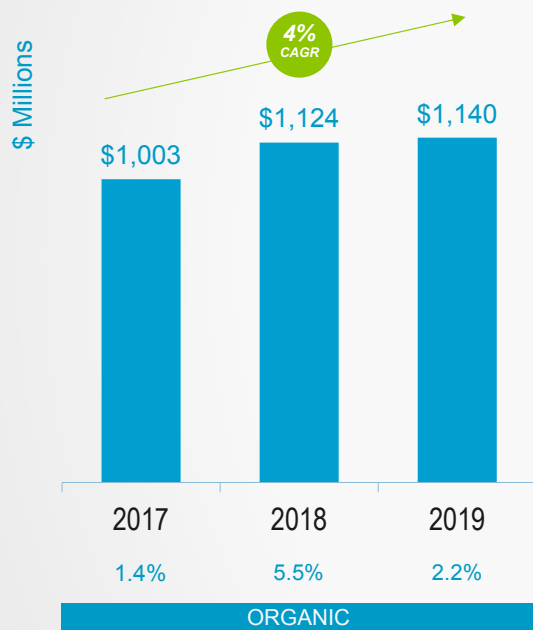
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Consistent and predictable results to drive total shareholder return

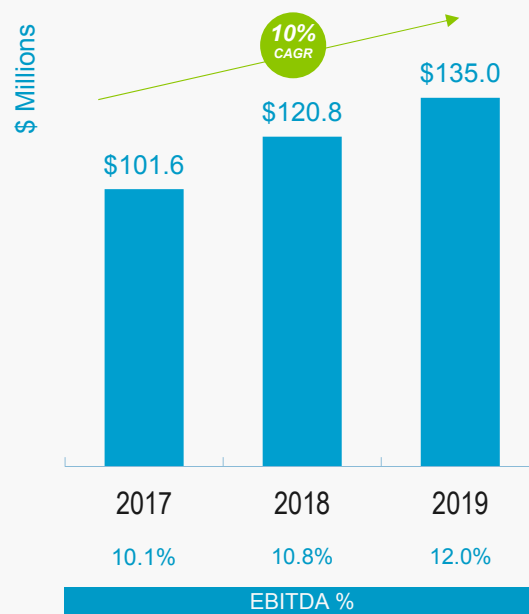
\*Note: See the Supplemental Non-GAAP Financial Table within Q4'19 Earnings Release for details.

# Reasonable Growth with Improved Profitability

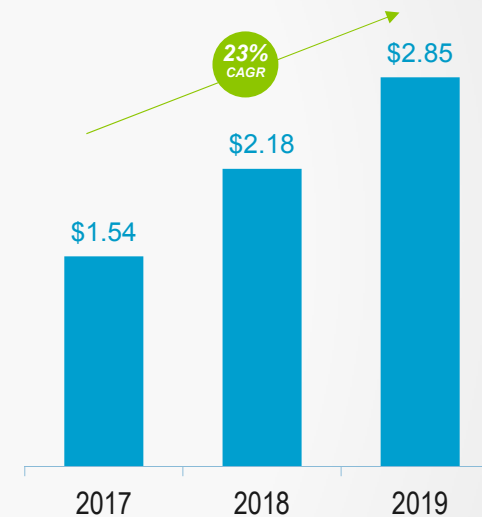
## Revenue



## EBITDA (adjusted)\*



## EPS (adjusted)\*



Momentum is building

\*Note: See the Supplemental Non-GAAP Financial Table within Q4'19 Earnings Release for details.

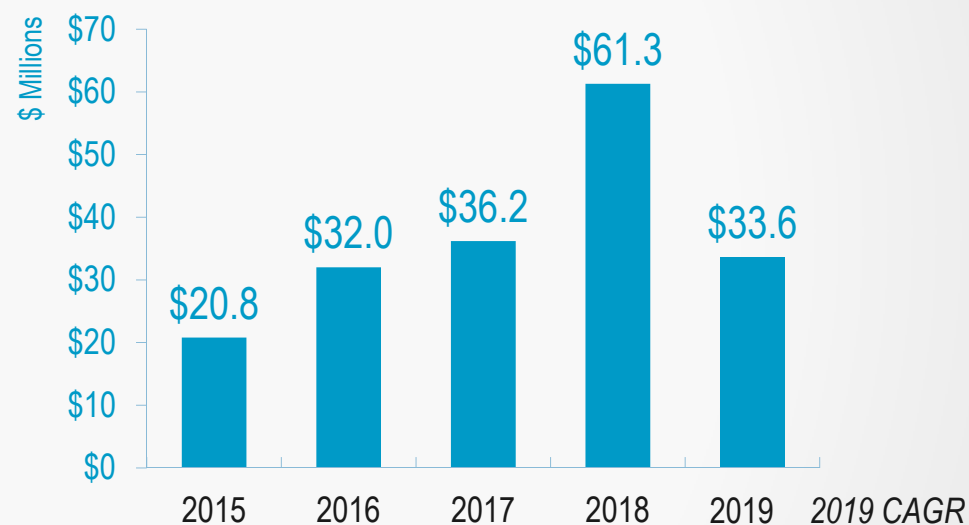
# Leveraging Strong Cash Position to Drive Shareholder Returns



## Priorities for Cash

- ▶ Invest in the business
- ▶ Manage debt  
*1.5 to 2.5 leverage*
- ▶ Dividends – 74 years
- ▶ Share Repurchase

## Free Cash Flow



	2015	2016	2017	2018	2019	2019 CAGR
Operating Cash Flow	\$45.2	\$57.9	\$54.2	\$80.0	\$71.9	9.7%
CapEx	(\$24.4)	(\$25.9)	(\$17.9)	(\$18.7)	(\$38.3)	



# Experienced Leadership Team



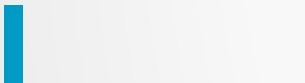
**Chris Killingstad**  
President & CEO



**Dave Huml**  
Chief Operating Officer



**Carol McKnight**  
SVP & Chief  
Administrative Officer



Picture not  
available

**Kristin Stokes**  
VP, Interim General  
Counsel & Corporate  
Secretary



**Rusty Zay**  
SVP of Technology &  
Innovation



**Andy Cebulla**  
Interim CFO, VP &  
Corporate Controller

## Experience at World-Leading Companies



GREAT OPERATOR  
SIGHTLINE TO  
FILTERS

FILL PORT

**TENNANT**  
COMPANY

# Questions

GREAT OPERATOR  
SIGHTLINE TO  
FILTERS

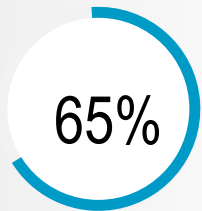
FILL PORT

**TENNANT**  
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# APPENDIX

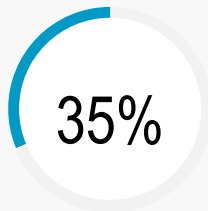
# Global Revenue

## Global Revenue by SALES CHANNEL



**Direct**

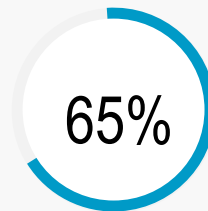
More than 500 cross-functional teams & market specialists



**Distribution**

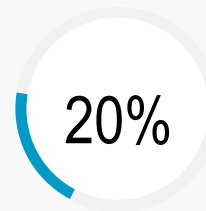
Distribution partners in more than 80 countries around the world

## Net Sales by PRODUCT GROUP

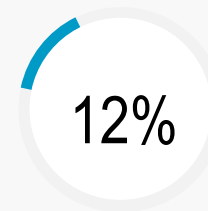


**Equipment**

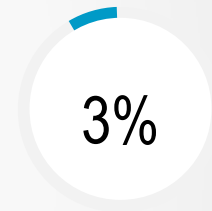
Equipment Mix  
Commercial – 58%  
Industrial – 32%  
Pre-owned – 3%  
All other – 7%



**Parts & Consumables**



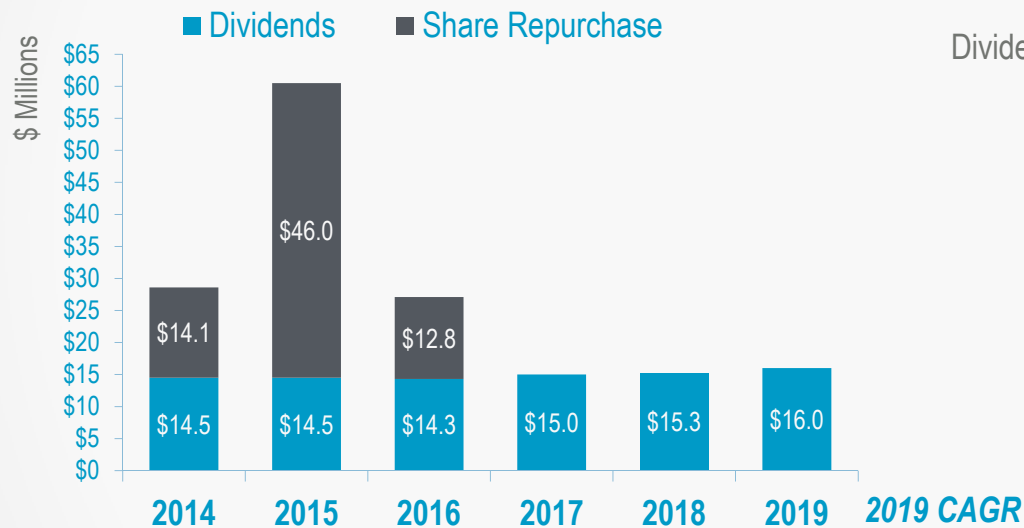
**Service**



**Coatings**

# Shareholder Return

## Tennant Dividends & Share Repurchases



Dividends Per Share	2014	2015	2016	2017	2018	2019	2019 CAGR
	\$0.78	\$0.80	\$0.81	\$0.84	\$0.85	\$0.88	2.0%

**1.6%**

Dividend Yield

**74**

Consecutive years of cash dividends

**47**

Consecutive years of increase in annual cash dividend payout

**2017 to 2019 Focus on Debt Reduction**

**Remaining Share Repurchase Authorization (1.4M shares)**

# 2019 Sales | Gross Margin | EBITDA | EPS

*FY '19 Organic Growth of +2.2%*

	FY '19	FY '18	CHANGE
Sales	\$ 1.14 B	\$1.12 B	+1.3%
Adjusted EPS*	\$2.90	\$2.18	+33.0%
Adjusted EBITDA*	\$136.9 M	\$120.8 M	+13.3%
Adjusted EBITDA Margin*	12.0%	10.8%	+120 bps

\*Note: See the Supplemental Non-GAAP Financial Table within Q4'19 Earnings Release for details.