

# FORM 8-K

## CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities and Exchange Act of 1934

Date of Report (Date of earliest event reported): October 22, 2018

### HC2 HOLDINGS, INC.

**Delaware**

(State or other jurisdiction  
of incorporation)

**001-35210**

(Commission File Number)

**54-1708481**

(IRS Employer  
Identification No.)

**450 Park Avenue, 30th Floor**

**New York, NY 10022**

(Address of principal executive offices)

**(212) 235-2690**

(Registrant's telephone number, including area code)

**Not Applicable**

**(Former name or former address, if changed since last report.)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **Item 7.01 Regulation FD Disclosure**

### *Notes Offering*

On October 22, 2018, HC2 Holdings, Inc. (“HC2”) announced that it commenced a private offering of \$535 million aggregate principal amount of senior secured notes due 2023 (the “Notes Offering”) to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and to certain persons in offshore transactions in accordance with Regulation S under the Securities Act.

A copy of the press release announcing the Notes Offering is furnished with this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

In connection with the Notes Offering, HC2 is providing prospective investors with certain financial and other information which HC2 is furnishing with this report as exhibits. This information, which has not been previously reported, is excerpted from a preliminary offering memorandum that is being disseminated in connection with the Notes Offering or from an investor presentation related thereto.

This Current Report on Form 8-K does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale of any security in any jurisdiction in which such offering, solicitation or sale would be unlawful. The Senior Secured Notes being offered in the Notes Offering will not be and have not been registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

### *Strategic Alternatives for Global Marine Subsidiary*

On October 22, 2018, HC2 also announced that it is exploring strategic alternatives, including a potential sale, for its Global Marine Subsidiary. A copy of the press release announcing the strategic alternatives is furnished with this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference.

### *MediBeacon*

On October 22, 2018, HC2 also announced that the U.S. Food and Drug Administration has granted Breakthrough Device designation to MediBeacon Inc., a portfolio company within HC2’s Pansend Life Sciences subsidiary, for the company’s Transdermal GFR Measurement System. The device is intended to measure Glomerular Filtration Rate in patients with impaired or normal renal function. A copy of the press release is furnished with this Current Report on Form 8-K as Exhibit 99.3 and is incorporated herein by reference.

This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of HC2’s filings under the Securities Act or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

## **Forward Looking Statements**

This Current Report on Form 8-K, including the Exhibits, contains forward-looking statements. Actual results, events or developments may differ materially from those anticipated or discussed in any forward-looking statement. These statements are subject to risks, uncertainties and other factors, as discussed further in the press releases attached hereto as Exhibits 99.1, 99.2 and 99.3.

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**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

Exhibit No.	
99.1	<a href="#">Press Release issued by the Company, dated October 22, 2018, titled "HC2 Holdings Announces Launch of \$535 Million Senior Secured Notes Private Offering"</a>
99.2	<a href="#">Press Release issued by the Company, dated October 22, 2018, titled "HC2 to Explore Strategic Alternatives for Global Marine Subsidiary"</a>
99.3	<a href="#">Press Release issued by the Company, dated October 22, 2018, titled "HC2 Portfolio Company MediBeacon™ Granted Breakthrough Device Status From FDA for Transdermal GFR Measurement System"</a>
99.4	<a href="#">Non-GAAP Financial Measures</a>
99.5	<a href="#">Recent Developments</a>
99.6	<a href="#">Risk Factors</a>
99.7	<a href="#">Selected Investor Presentation Materials</a>

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HC2 Holdings, Inc.

Date: October 22, 2018

By: /s/ Michael J. Sena

Name: Michael J. Sena

Title: Chief Financial Officer



FOR IMMEDIATE RELEASE

**HC2 Holdings Announces Launch of \$535 Million Senior Secured Notes Private Offering**

*Net Proceeds to Refinance 11% Senior Secured Notes*

**New York, October 22, 2018 (GlobeNewswire)** - HC2 Holdings, Inc. (“HC2”) (NYSE: HCHC), a diversified holding company, announced today a private offering of \$535 million aggregate principal amount of senior secured notes due 2023 (the “Notes”). The Company expects to use the proceeds from the issuance of the Notes to redeem all of its outstanding 11% senior secured notes due 2019 and to pay certain related transaction costs and expenses. The offering is subject to market conditions and other factors.

The Notes will be offered solely by means of a private placement to “qualified institutional buyers” in reliance on Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act.

The Notes have not been, and will not be registered under the Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale of any security in any jurisdiction in which such offering solicitation or sale would be unlawful.

**About HC2**

HC2 Holdings, Inc. is a publicly traded (NYSE: HCHC) diversified holding company, which seeks opportunities to acquire and grow businesses that can generate long-term sustainable free cash flow and attractive returns in order to maximize value for all stakeholders. HC2 has a diverse array of operating subsidiaries across eight reportable segments, including Construction, Marine Services, Energy, Telecommunications, Life Sciences, Broadcasting, Insurance and Other. HC2’s largest operating subsidiaries include DBM Global Inc., a family of companies providing fully integrated structural and steel construction services, and Global Marine Systems Limited, a leading provider of engineering and underwater services on submarine cables. Founded in 1994, HC2 is headquartered in New York, New York. Learn more about HC2 and its portfolio companies at [www.hc2.com](http://www.hc2.com).

**Cautionary Statement Regarding Forward Looking Statements**

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: This release contains, and certain oral statements made by our representatives from time to time may contain, forward-looking statements, including statements regarding the commencement or completion of the offering. Generally, forward-looking statements include information describing the offering and other actions, events, results, strategies and expectations and are generally identifiable by use of the words “believes,” “expects,” “intends,” “anticipates,” “plans,” “seeks,” “estimates,” “projects,” “may,” “will,” “could,” “might,” or “continues” or similar expressions. The forward-looking statements in this press release include, without limitation, statements regarding our expectation regarding building shareholder value. Such statements are based on the beliefs and assumptions of HC2’s management and the management of HC2’s subsidiaries and portfolio companies. The Company believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and the Company’s actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of important factors, both positive and negative, that may be revised or supplemented in subsequent reports on Forms 10-K, 10-Q and 8-K. Such important factors include, without limitation, the ability of our subsidiaries (including target businesses following their acquisition) to generate sufficient net income and cash flows to make upstream cash distributions, capital market conditions, our subsidiaries’ ability to identify any suitable future acquisition opportunities, efficiencies/cost avoidance, cost savings, income and margins, growth, economies of scale, combined operations, future economic performance, conditions to, and the timetable for, completing the integration of financial reporting of acquired or target businesses with HC2 or the applicable subsidiary of HC2, completing future

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acquisitions and dispositions, litigation, potential and contingent liabilities, management's plans, changes in regulations and taxes. These risks and other important factors discussed under the caption "Risk Factors" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release.

You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to HC2 or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and HC2 undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

For information on HC2 Holdings, Inc., please contact:

Andrew G. Backman  
Managing Director  
[abackman@hc2.com](mailto:abackman@hc2.com)  
212-339-5836



**FOR IMMEDIATE RELEASE**

**HC2 to Explore Strategic Alternatives for Global Marine Subsidiary**

*Deutsche Bank and ABN AMRO Engaged as Joint Advisors*

**NEW YORK, October 22, 2018 (GlobeNewswire)** - HC2 Holdings, Inc. (“HC2”) (NYSE:HCHC), a diversified holding company, announced today that it is exploring strategic alternatives, including a potential sale, for its Global Marine subsidiary.

As part of this process, Global Marine Holdings, LLC (d/b/a Global Marine Group) (“Global Marine”), a leading provider of offshore engineering services to the telecommunications, renewables and oil & gas industries through its operating subsidiary Global Marine Systems Limited, has engaged Deutsche Bank Securities Inc. (“Deutsche Bank”) and ABN AMRO Bank N.V. (“ABN AMRO”) as joint advisors to explore strategic alternatives for the business.

“Since our acquisition four years ago, the management team at Global Marine has repositioned and strengthened itself by securing and maintaining leadership positions in various key growth markets, a testament to the strength of this business and the quality and focus of the team,” said Philip Falcone, HC2’s Chairman, Chief Executive Officer and President. “They’ve renewed the fleet of marine assets through strategic acquisitions and re-organized the business to pursue attractive growth opportunities, all while substantially reducing debt that was assumed during the acquisition. We believe exploring strategic options now will clearly position the next buyer to strategically capitalize on the next phase of growth of the Global Marine business, while allowing current investors an opportunity to realize substantial value creation since the acquisition in 2014. Reducing HC2’s debt cost of capital has been a top priority of ours, and we believe monetizing this asset will get us above and beyond that important goal.”

Mr. Falcone continued, “We’ve been delighted to be part of the Global Marine journey and having reviewed what we believe are incredible prospects for this business, we believe that now is the right time to explore strategic alternatives to support the growth trajectory of the business set by Executive Chairman, Dick Fagerstal, and long-term Chief Executive Officer, Ian Douglas.”

Since the acquisition of Global Marine by HC2, Global Marine has realized significant success across its business, including the following key initiatives and accomplishments:

- Successfully renewed all three of its critical, long-term telecom maintenance agreements, representing approximately half of the world’s contracted telecom maintenance zones
  - Installed numerous telecom cables for key customers, including its various joint venture partners
  - Replaced two marine installation vessels with newer assets (*Global Symphony* and *C.S. Recorder*)
  - Re-entered the offshore power market through the acquisition of *CWind* in 2016, creating a platform to address compelling growth opportunities in the global market for offshore power construction and operations, installation, repair and maintenance services
  - Subsequently secured a number of long-term offshore power contracts with major utility and development companies
  - Created *CWind Taiwan*, a joint venture with IOVTEC, to pursue significant offshore wind opportunities in the Asia Pacific region
  - Following the acquisition of Fugro’s trenching and cable laying business in exchange for an equity stake in Global Marine by Fugro N.V in 2017, won and delivered several offshore power cable installation projects and currently building a significant pipeline of work in this growth market
  - Recently formed a new business group, *Global Offshore*, to pursue installation and maintenance opportunities in the rebounding oil and gas markets
  - Solid backlog, including backlog from Global Marine’s Huawei Marine joint venture
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“We very much welcome this decision from HC2 to explore strategic options to support the continued growth of the Global Marine Group platform,” said Ian Douglas, Chief Executive Officer of Global Marine. “Together, we have strengthened the business and grown across our target markets and we believe we have a great opportunity to accelerate our growth with our experienced and proven management team, strong balance sheet, enhanced and upgraded portfolio of marine assets and a solid pipeline of secured and potential project opportunities.”

## **About HC2**

HC2 Holdings, Inc. is a publicly traded (NYSE:HCHC) diversified holding company, which seeks opportunities to acquire and grow businesses that can generate long-term sustainable free cash flow and attractive returns in order to maximize value for all stakeholders. HC2 has a diverse array of operating subsidiaries across eight reportable segments, including Construction, Marine Services, Energy, Telecommunications, Life Sciences, Broadcasting, Insurance and Other. HC2’s largest operating subsidiaries include DBM Global Inc., a family of companies providing fully integrated structural and steel construction services, and Global Marine Systems Limited, a leading provider of engineering and underwater services on submarine cables. Founded in 1994, HC2 is headquartered in New York, New York. Learn more about HC2 and its portfolio companies at [www.hc2.com](http://www.hc2.com).

## **About Global Marine Group**

The Global Marine Group (GMG) is part of Global Marine Systems Limited, which is an operating subsidiary of HC2 Holdings Inc. (NYSE: HCHC). GMG is a market leader in offshore engineering and is recognized as a high quality, independent strategic partner across multiple sectors. GMG consists of three business units; Global Marine, providing subsea fiber optic cable solutions to the telecommunications industry, CWind, delivering power cable and asset management services topside and subsea to the offshore renewables and utilities markets, and Global Offshore, delivering the trenching and power cable laying services to the oil & gas sector.

GMG has two joint ventures in China with S.B. Submarine Systems (SBSS) and Huawei Marine Networks (HMN), demonstrating its true global reach and integrated operations. The combined experience and knowledge has led to significant embedded intellectual property and an enviable track record of quality operations.

GMG has an outstanding record in health & safety and proudly hold the RoSPA Order of Distinction, following 19 consecutive years of receiving their Gold Standard in recognition of outstanding occupational health & safety standards.

GMG is in a unique position, owning the world’s largest independent marine contracting fleet including four specialist cable installation and repair vessels, four maintenance vessels and 21 CTVs. With a workforce that has an impressive total of over 6,300 years of service, and an average service length of approximately 12 years.

GMG boasts a number of industry achievements, from installing the first subsea cable in 1850, being part of the consortium that invented the universal joint, and right through to today, finding solutions for client challenges such as blade repair for offshore wind turbines. GMG aspires to achieve its vision ‘Engineering a clean and connected future.’

For more information about the Global Marine Group, Global Marine, CWind and Global Offshore, please visit our websites at [www.globalmarine.group](http://www.globalmarine.group), [www.globalmarine.co.uk](http://www.globalmarine.co.uk), [www.cwind.global](http://www.cwind.global) and [www.globaloffshore.co.uk](http://www.globaloffshore.co.uk).

## **Cautionary Statement Regarding Forward-Looking Statements**

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This release contains, and certain oral statements made by HC2’s representatives from time to time may contain, forward-looking statements. Generally, forward-looking statements include information describing actions, events, results, strategies and expectations and are generally identifiable by use of the words “believes,” “expects,” “intends,” “anticipates,” “plans,” “seeks,” “estimates,” “projects,” “may,” “will,” “could,” “might,” or “continues” or similar expressions. The forward-looking statements in this press release include, without limitation, statements regarding HC2’s expectation regarding building shareholder value and future cash and invested assets. Such statements are based on the beliefs and assumptions of HC2’s management and the management of HC2’s subsidiaries and portfolio companies. HC2 believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and HC2’s actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of important factors, both positive and negative, that may be revised or supplemented in subsequent reports on Forms 10-K, 10-Q and 8-K. Such important factors include, without limitation, issues related to the restatement of HC2’s financial statements; the fact that HC2 has historically identified material weaknesses in its internal control over financial reporting, and any inability to remediate future material weaknesses; capital market conditions; the ability of HC2’s subsidiaries and portfolio companies to generate sufficient net income and cash flows to make upstream cash distributions; volatility in the trading price of

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HC2 common stock; the ability of HC2 and its subsidiaries and portfolio companies to identify any suitable future acquisition opportunities; HC2's ability to realize efficiencies, cost savings, income and margin improvements, growth, economies of scale and other anticipated benefits of strategic transactions; difficulties related to the integration of financial reporting of acquired or target businesses; difficulties completing pending and future acquisitions and dispositions; effects of litigation, indemnification claims, and other contingent liabilities; changes in regulations and tax laws; and risks that may affect the performance of the operating subsidiaries and portfolio companies of HC2. Although HC2 believes its expectations and assumptions regarding its future operating performance are reasonable, there can be no assurance that the expectations reflected herein will be achieved. These risks and other important factors discussed under the caption "Risk Factors" in HC2's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), and HC2's other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release.

You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to HC2 or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and unless legally required, HC2 undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

For information on HC2 Holdings, Inc., please contact:

Andrew G. Backman  
Managing Director  
Investor Relations & Public Relations  
[abackman@hc2.com](mailto:abackman@hc2.com)  
212-339-5836



**FOR IMMEDIATE RELEASE**

**HC2 Portfolio Company MediBeacon™ Granted  
Breakthrough Device Status From FDA for Transdermal GFR Measurement System**

*MediBeacon's Breakthrough Device is Intended to Measure GFR in  
Patients with Impaired or Normal Kidney Function*

**NEW YORK, October 22, 2018 (GlobeNewswire)** - HC2 Holdings, Inc. ("HC2") (NYSE:HCHC), a diversified holding company, announced today that the U.S. Food and Drug Administration ("FDA") has granted Breakthrough Device designation to [MediBeacon Inc.](#), a portfolio company within HC2's Pansend Life Sciences subsidiary, for the company's Transdermal GFR Measurement System ("TGFR"). The device is intended to measure Glomerular Filtration Rate ("GFR") in patients with impaired or normal renal function.<sup>1</sup>

MediBeacon's TGFR, which is designated by the FDA to be a combination product includes an optical skin sensor, monitor and MB-102, which is a proprietary fluorescent tracer agent that glows in the presence of light. The TGFR is designed to provide clinicians continuous real-time measurement of GFR at the point of care with no need for blood sampling or urine collection.

The ability to measure GFR is of high clinical interest especially in patients with or at risk of kidney disease. Kidney disease is a hidden epidemic, affecting more than 850 million people worldwide. This is twice the number of people who have diabetes and more than 20 times the number of people with cancer.<sup>2</sup>

Under the Breakthrough Devices program, a provision of the 21st Century Cures Act, the FDA works with companies to expedite regulatory review in order to give patients more timely access to diagnostic and therapeutic technologies. According to the FDA, a "Breakthrough Device" like the TGFR is a product that has the potential to be more effective at diagnosing a life-threatening or irreversibly debilitating disease or condition compared to the current standard of care.<sup>3</sup>

"We are extremely excited about MediBeacon's breakthrough real-time kidney function measurement system," said Philip Falcone, HC2's Chairman, Chief Executive Officer and President. "HC2 is committed to continued support of this remarkable innovation which has the potential to help millions of people around the world."

"We are delighted that the FDA has recognized the Transdermal GFR Measurement System meets the requirements for this designation," said Steve Hanley, MediBeacon Chief Executive Officer. "We look forward to continued close collaboration with the FDA as we begin our pivotal multicenter clinical study in the United States and Europe."

MediBeacon tracer agents and devices, including the TGFR, are not approved or cleared for human use by any regulatory agency.

**About HC2**

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## About MediBeacon Inc.

MediBeacon's mission is to commercialize biocompatible optical diagnostic agents for physiological monitoring, surgical guidance, and imaging of pathological disease in the human population. Several product concepts in these arenas are contained in the MediBeacon Intellectual Property estate. MediBeacon's portfolio includes a renal function system that uses an optical skin sensor combined with a proprietary fluorescent tracer agent that glows in the presence of light. This system, currently in human trials, is designed to enable clinically practical point of care measurement of a patient's kidney function. Learn more about MediBeacon at [www.medi beacon.com](http://www.medi beacon.com).

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For information on HC2 Holdings, Inc., please contact:

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212-339-5836

<sup>1</sup> Data on file. MediBeacon Inc., St. Louis, MO.

<sup>2</sup> Joint Press Release, June 27, 2018 "The hidden epidemic: Worldwide, over 850 million people suffer from kidney diseases", American Society of Nephrology - ASN (<https://www.asn-online.org>), ERA-EDTA (<http://web.era-edta.org>) and ISN (<https://www.theisn.org>).

<sup>3</sup> U.S. Food and Drug Administration. <https://www.fda.gov/downloads/MedicalDevices/DeviceRegulationandGuidance/GuidanceDocuments/UCM581664.pdf>

## NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA is a “non-GAAP financial measure” as defined under the rules of the SEC.

Adjusted EBITDA represents EBITDA net income (loss) attributable to HC2 Holdings, Inc., adjusted for depreciation and amortization, interest expense and income tax (benefit) expense, adjusted to exclude our Insurance segment and add back or deduct certain items that management believes are non-recurring in nature or not comparable from period to period. See below for the definition of Adjusted EBITDA employed by HC2.

Our management uses Adjusted EBITDA as a supplemental financial measure to assess:

- the financial performance of our assets without regard to our Insurance segment, financing methods, capital structure, taxes, historical cost basis or non-recurring expenses;
- our liquidity and operating performance over time in relation to other companies that own similar assets and calculate Adjusted EBITDA in a similar manner; and
- the ability of our assets to generate cash sufficient to pay potential interest cost.

We use Adjusted EBITDA as presented in this offering memorandum as a supplemental measure of our performance. Adjusted EBITDA is not defined under generally accepted accounting principles in the United States (“GAAP” or “US GAAP”) and is not a measure of operating income, operating performance or liquidity presented in accordance with GAAP.

**Adjusted EBITDA has limitations as an analytical tool and when assessing our operating performance or liquidity, investors and others should not consider this data in isolation or as a substitute for net income (loss) attributable to HC2 Holdings, Inc., cash flow from operating activities or other cash flow data calculated in accordance with GAAP.**

Further, the results presented by Adjusted EBITDA cannot be achieved without incurring the costs that the measure excludes: interest, taxes, depreciation and amortization. Please see the audited and unaudited financial statements and the notes thereto of HC2 incorporated by reference into this offering memorandum.

### Adjusted EBITDA Reconciliations

The calculation of Adjusted EBITDA, as defined by us, consists of net income (loss) attributable to HC2, excluding our Insurance segment, as adjusted for depreciation and amortization; amortization of equity method fair value adjustments at acquisition; (gain) loss on sale or disposal of assets; lease termination costs; asset impairment expense; interest expense; net gain (loss) on contingent consideration; loss on early extinguishment or restructuring of debt; other (income) expense, net; foreign currency transaction (gain) loss included in cost of revenue; income tax (benefit) expense; (gain) loss from discontinued operations; noncontrolling interest; bonus to be settled in equity; share-based compensation expense; non-recurring items; and acquisition costs.

Adjusted EBITDA is not a measurement recognized under U.S. GAAP. In addition, other companies may define Adjusted EBITDA differently than we do, which could limit its usefulness. Management believes that Adjusted EBITDA provides investors with meaningful information for gaining an understanding of our results as it is frequently used by the financial community to provide insight into an organization's operating trends and facilitates comparisons between peer companies, since interest, taxes, depreciation, amortization and the other items listed in the definition of Adjusted EBITDA below can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA can also be a useful measure of a company's ability to service debt. While management believes that non-U.S. GAAP measurements are useful supplemental information, such adjusted results are not intended to replace our U.S. GAAP financial results. Using Adjusted EBITDA as a performance measure has inherent limitations as an analytical tool as compared to net income (loss) or other U.S. GAAP financial measures, as this non-GAAP measure excludes certain items, including items that are recurring in nature, which may be meaningful to investors. As a result of the exclusions, Adjusted EBITDA should not be considered in isolation and does not purport to be an alternative to net income (loss) or other U.S. GAAP financial measures as a measure of our operating performance. Adjusted EBITDA excludes the results of operations of our Insurance segment.

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The following table provides the reconciliation of Adjusted EBITDA to net income (loss), the most directly comparable GAAP measure:

(in thousands):

	For the year ended December 31, 2017							
	Core Operating Subsidiaries				Early Stage and Other		Non-operating Corporate	HC2
	Construction	Marine Services	Energy	Telecom	Life Sciences	Other and Eliminations		
Net loss attributable to HC2 Holdings, Inc.								\$ (46,911)
<i>Less: Net Income attributable to HC2 Holdings Insurance Segment</i>								7,066
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 23,624	\$ 15,173	\$ (516)	\$ 6,163	\$ (18,098)	\$ (18,005)	\$ (62,318)	\$ (53,977)
<i>Adjustments to reconcile net income (loss) to Adjusted EBITDA:</i>								
Depreciation and amortization	5,583	22,898	5,071	371	186	1,508	71	35,688
Depreciation and amortization (included in cost of revenue)	5,254	—	—	—	—	—	—	5,254
Amortization of equity method fair value adjustment at acquisition	—	(1,594)	—	—	—	—	—	(1,594)
Asset impairment expense	—	—	—	—	—	1,810	—	1,810
(Gain) loss on sale or disposal of assets	292	(3,500)	247	181	—	—	—	(2,780)
Lease termination costs	—	249	—	17	—	—	—	266
Interest expense	976	4,392	1,181	41	—	4,373	44,135	55,098
Net gain on contingent consideration	—	—	—	—	—	—	(11,411)	(11,411)
Other (income) expense, net	(41)	2,683	1,488	149	(17)	6,541	(92)	10,711
Foreign currency gain (included in cost of revenue)	—	(79)	—	—	—	—	—	(79)
Income tax (benefit) expense	10,679	203	(4,243)	7	(820)	(1,129)	(10,185)	(5,488)
Noncontrolling interest	1,941	260	(681)	—	(3,936)	(1,164)	—	(3,580)
Bonus to be settled in equity	—	—	—	—	—	—	4,130	4,130
Share-based compensation expense	—	1,527	364	—	319	279	2,754	5,243
Non-recurring items	—	—	—	—	—	—	—	—
Acquisition costs	3,280	1,815	—	—	—	2,648	3,764	11,507
Adjusted EBITDA	\$ 51,588	\$ 44,027	\$ 2,911	\$ 6,929	\$ (22,366)	\$ (3,139)	\$ (29,152)	\$ 50,798
Total Core Operating Subsidiaries	\$ 105,455							

(in thousands):

For the year ended December 31, 2016

	Core Operating Subsidiaries				Early Stage and Other		Non-operating Corporate	HC2
	Construction	Marine Services	Energy	Telecom	Life Sciences	Other and Eliminations		
Net loss attributable to HC2 Holdings, Inc.								\$ (94,549)
<i>Less: Net loss attributable to HC2 Holdings Insurance Segment</i>								(14,028)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 28,002	\$ 17,447	\$ 7	\$ 1,435	\$ (7,646)	\$ (24,800)	\$ (94,966)	\$ (80,521)
<i>Adjustments to reconcile net income (loss) to Adjusted EBITDA:</i>								
Depreciation and amortization	1,892	22,007	2,248	504	124	1,480	9	28,264
Depreciation and amortization (included in cost of revenue)	4,370	—	—	—	—	—	—	4,370
Amortization of equity method fair value adjustment at acquisition	—	(1,371)	—	—	—	—	—	(1,371)
(Gain) loss on sale or disposal of assets	1,663	(9)	—	708	—	—	—	2,362
Lease termination costs	—	—	—	179	—	—	—	179
Interest expense	1,239	4,774	211	—	—	1,164	35,987	43,375
Net loss (gain) on contingent consideration	—	(2,482)	—	—	—	—	11,411	8,929
Other (income) expense, net	(163)	(2,424)	(8)	(87)	(3,213)	9,987	(1,277)	2,815
Foreign currency gain (included in cost of revenue)	—	(1,106)	—	—	—	—	—	(1,106)
Income tax (benefit) expense	18,727	1,394	(535)	2,803	1,558	3,250	11,245	38,442
Noncontrolling interest	1,834	974	(4)	—	(3,111)	(2,575)	—	(2,882)
Bonus to be settled in equity	—	—	—	—	—	—	2,503	2,503
Share-based compensation expense	—	1,682	597	—	251	273	5,545	8,348
Non-recurring items	—	—	—	—	—	—	1,513	1,513
Acquisition costs	2,296	290	27	18	—	—	2,312	4,943
Adjusted EBITDA	\$ 59,860	\$ 41,176	\$ 2,543	\$ 5,560	\$ (12,037)	\$ (11,221)	\$ (25,718)	\$ 60,163
Total Core Operating Subsidiaries	\$ 109,139							

(in thousands):

For the year ended December 31, 2015

	Core Operating Subsidiaries				Early Stage and Other		Non-operating Corporate	HC2
	Construction	Marine Services	Energy	Telecom	Life Sciences	Other and Eliminations		
Net Income (loss) attributable to HC2 Holdings, Inc.								\$ (35,565)
<i>Less: Net Income (loss) attributable to HC2 Holdings Insurance Segment</i>								1,327
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 24,451	\$ 20,855	\$ (274)	\$ 2,779	\$ (4,575)	\$ (18,276)	\$ (61,852)	\$ (36,892)
<i>Adjustments to reconcile net income (loss) to Adjusted EBITDA:</i>								
Depreciation and amortization	2,016	18,772	1,635	417	20	1,934	—	24,794
Depreciation and amortization (included in cost of revenue)	7,659	—	—	—	—	—	—	7,659
Amortization of equity method fair value adjustments at acquisition	—	(1,516)	—	—	—	—	—	(1,516)
(Gain) loss on sale or disposal of assets	257	(138)	—	50	—	1	—	170
Lease termination costs	—	—	—	1,184	—	1	—	1,185
Asset impairment expense	—	547	—	—	—	—	—	547
Interest expense	1,379	3,803	42	—	—	—	33,793	39,017
Other (income) expense, net	(443)	(1,340)	(42)	(2,304)	(1)	5,764	5,242	6,876
Foreign currency (gain) loss (included in cost of revenue)	—	(2,039)	—	—	—	—	—	(2,039)
Income tax (benefit) expense	15,572	400	(347)	(237)	(1,037)	(7,733)	(16,052)	(9,434)
Loss from discontinued operations	20	—	—	—	—	1	—	21
Noncontrolling interest	1,136	616	(267)	—	(1,681)	(1)	—	(197)
Share-based payment expense	—	—	49	—	71	—	10,982	11,102
Acquisition and nonrecurring items	—	2,181	70	121	23	—	8,362	10,757
Adjusted EBITDA	\$ 52,047	\$ 42,141	\$ 866	\$ 2,010	\$ (7,180)	\$ (18,309)	\$ (19,525)	\$ 52,050
Total Core Operating Subsidiaries	\$ 97,064							

## RECENT DEVELOPMENTS

**Preliminary Financial Results for the Third Quarter ending September 30, 2018**

On October 22, 2018, we announced our preliminary summary financial information as of and for the three and nine months ended September 30, 2018. We are currently in the process of finalizing our unaudited consolidated financial results as of and for the three and nine months ended September 30, 2018.

Certain of these operating results and other financial data for the third fiscal quarter ended September 30, 2018, are set forth below.

**Preliminary Third Quarter 2018 Financial Highlights:**

- **Net Revenue:** We expect to record net revenue for the third quarter of 2018 consistent with our previously reported net revenue for the second quarter of 2018. Our net revenue attributable to our Core Operating Subsidiaries for the third quarter of 2018 totaled approximately \$433 million for the three months ended September 30, 2018, comprised as follows: Construction of approximately \$195 million, Marine Services of approximately \$45 million, Energy of approximately \$5 million, and Telecommunications of approximately \$188 million.
- **Cash and Cash Equivalents:** As of September 30, 2018, we had consolidated cash and cash equivalents of approximately \$832 million of which approximately \$44 million was held at HC2 and approximately \$749 million in the Insurance Segment.
- **Debt:** As of September 30, 2018, consolidated debt was approximately \$707 million, which included \$510 million of our 11.0% Senior Secured bonds and approximately \$197 million of subsidiary debt. As of September 30, 2018, our collateral coverage ratio was 2.52x.
- **Adjusted EBITDA - Core Operating Subsidiaries:** We recorded total Adjusted EBITDA for our core operating segments, which include Construction, Marine Services, Energy and Telecommunications between \$24 to \$29 million for the three months ended September 30, 2018, comprised as follows: Construction of approximately \$15 to \$17 million, Marine Services of approximately \$7 to \$9 million, Energy of approximately \$1 million, and Telecommunications of approximately \$1 to \$2 million.

(in millions)	Three months ended September 30, 2018									
	Low					High				
	Construction	Marine	Energy	Telecom	Total	Construction	Marine	Energy	Telecom	Total
<b>Estimated Net Income</b>	\$ 7	\$ (1)	\$ (1)	\$ 1	\$ 6	\$ 9	\$ 1	\$ (1)	\$ 2	\$ 11
<b>Reconciliation:</b>										
Depreciation and amortization	2	7	1	—	10	2	7	1	—	10
Depreciation and amortization (included in cost of revenue)	2	—	—	—	2	2	—	—	—	2
(Gain) loss on sale or disposal of assets	(1)	—	—	—	(1)	(1)	—	—	—	(1)
Interest expense	1	1	1	—	3	1	1	1	—	3
Other (income) expense, net	(2)	—	—	—	(2)	(2)	—	—	—	(2)
Income tax (benefit) expense	4	—	—	—	4	4	—	—	—	4
Noncontrolling interest	1	—	—	—	1	1	—	—	—	1
Acquisition and disposition costs	1	—	—	—	1	1	—	—	—	1
<b>Total Core Operating Subsidiaries</b>	<b>\$ 15</b>	<b>\$ 7</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 24</b>	<b>\$ 17</b>	<b>\$ 9</b>	<b>\$ 1</b>	<b>\$ 2</b>	<b>\$ 29</b>

Our estimates of such preliminary financial results are based solely on information available to us as of the date of this offering memorandum and are subject to change, and we undertake no obligation to update this information. Accordingly, you should not place undue reliance on such preliminary financial results. Actual results remain subject to the completion of management's final review, as well as the review by our independent registered accounting firm, and our other financial closing procedures. During the course of the preparation of our final consolidated financial statements and related notes, additional items that would require adjustments, which may be material, to the preliminary operating results and other financial data presented below may be identified. The preliminary financial results as of and for the three months ended September 30, 2018 and the comparative period for 2017 are not comprehensive statements of our financial and operational results, and should not be viewed as a substitute for full financial

statements prepared in accordance with GAAP. In addition, the preliminary financial results as of and for the three months ended September 30, 2018 are not necessarily indicative of the results to be achieved in any future period.

#### **Other Third Quarter 2018 Activity**

- On August 4, 2018, HC2 Chairman and Chief Executive Officer Philip Falcone informed Inseego Corp's ("INSG") Board of Directors (the "Board") of his resignation from his position as a Director and Chairman of the Board effective upon consummation of a private placement at INSG. The INSG private placement consisted of an issuance of an aggregate of 12.0 million shares of its common stock to two investors for a purchase price of \$1.63 per share, resulting in aggregate gross proceeds to INSG of approximately \$19.7 million. Concurrently, INSG amended HC2's Investors' Rights Agreement where HC2 agreed to eliminate its board observation and nomination rights. As a result, HC2 lost its ability to exercise significant influence. HC2's equity investment in INSG security no longer qualifies to be accounted for under the equity method. Beginning in the third quarter, the investment will be recorded at fair value. The investment basis in INSG under the equity method had been reduced to zero as a result of operating losses incurred for the duration of the investment. The change in the accounting method resulted in an initial gain of \$44 million during the third quarter of 2018.
- On August 14, 2018, 704Games issued a 53.5% equity interest to Motorsport Games for a total consideration of up to \$11.0 million. As a result, HC2's ownership percentage in 704Games was diluted to 26.2% resulting in the loss of control in 704Games and the deconsolidation of the entity. HC2 elected to utilize the fair value option to mark to market the investment in 704Games based on the most recent valuation reports issued. As a result of the change, HC2 recognized a gain of approximately \$3 million.
- On August 9, 2018, Continental General Insurance Company ("CGI"), an indirect subsidiary of HC2, consummated the previously announced transactions contemplated by a Stock Purchase Agreement (the "SPA") with Humana, Inc. ("Humana"). Pursuant to the SPA, CGI acquired all of the outstanding shares of KMG America Corporation ("KMG"), the parent company of Kanawha Insurance Company ("KIC"), Humana's long-term care insurance subsidiary (the "KMG Acquisition"). CGI acquired approximately \$2.4 billion of cash and cash equivalents and invested assets, and recognized in excess of \$75 million bargain purchase gain. Following the consummation of the KMG Acquisition, CGI has approximately \$4.1 billion of cash and cash equivalents and invested assets.
- CGI recaptured one of KIC's reinsurance treaties covering Long Term Care business immediately following the closing of the KMG Acquisition with Humana. As a result of the recapture, CGI received approximately \$159 million cash and reduced its ceded reinsurance by approximately \$141 million, recognizing a onetime gain of approximately \$18 million during the three months ended September 30, 2018.

#### **GrayWolf Industries Acquisition**

On October 11, 2018, we announced that DBM Global entered into an Agreement and Plan of Merger, dated October 10, 2018 (the "GrayWolf Merger Agreement"), with DBM Merger Sub, Inc., a wholly owned subsidiary of DBM Global, CB-Horn Holdings, Inc. (the "Target" or "GrayWolf Industrial"), and Charlesbank Equity Fund VI, Limited Partnership, solely in its capacity as representative for the Target's securityholders, pursuant to which Merger Sub will merge with, and into, the Target with the Target surviving the merger as an indirect subsidiary of DBM Global (the "GrayWolf Merger").

Pursuant to the terms of the GrayWolf Merger Agreement, DBM Global will acquire GrayWolf Industrial, a premier specialty maintenance, repair and installation services provider, for an enterprise value of approximately \$135 million, including the assumption of certain existing indebtedness, subject to customary adjustments for cash, debt, transaction expenses and normalized working capital. For the year ended December 31, 2017, GrayWolf Industrial recorded \$196.8 million, \$19.7 million and \$1.3 million of revenue, Adjusted EBITDA and capital expenditures, respectively. Based on HC2's review of financial information available to them from management of GrayWolf as of the date of this offering memorandum, HC2 believes that revenue, Adjusted EBITDA and capital expenditures of GrayWolf for the twelve month period ended June 30, 2018 are consistent with such results for the year ended December 31, 2017; however such information is based on GrayWolf management's internal reporting and you should not place undue reliance on these expectations. In addition, these expectations are not necessarily indicative of results of operations for the current fiscal year or any future period. In particular, GrayWolf's Adjusted EBITDA represents a normalized EBITDA view, which excludes certain expenses management believes will not continue post-acquisition, in order to better reflect ongoing earnings capacity.

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Pursuant to the GrayWolf Merger Agreement, DBM Global has agreed to customary covenants to obtain debt financing, and GrayWolf Industrial has agreed to provide reasonable cooperation with DBM Global in DBM Global's efforts to obtain such financing. In connection with the GrayWolf Merger, we anticipate that we and certain of our subsidiaries will use existing cash to make investments in DBM Global, which may consist of common or preferred stock issued by DBM Global, debt issued by DBM Global, or a combination thereof, in an aggregate amount of at least \$40.0 million and that DBM Global will make an equity investment in GrayWolf of \$15.0 million through borrowings under DBM Global's existing credit facility. In addition, DBM Global has agreed to assume approximately \$80.0 million of Target's outstanding indebtedness. Upon the consummation of the GrayWolf Merger, we expect the consolidated indebtedness of DBM Global to increase by approximately \$95.0 million. DBM Global has entered into committed financing arrangements to re-finance this indebtedness. There is no financing condition to the consummation of the GrayWolf Merger.

The GrayWolf Merger Agreement contains customary representations, warranties and closing conditions. The transaction, which is expected to be accretive to DBM Global's Adjusted EBITDA, is expected to close in the fourth quarter of 2018. If these conditions are not satisfied or waived, DBM Global will not complete the GrayWolf Acquisition. This offering is not conditioned on the closing of the GrayWolf Acquisition. We cannot assure you that the GrayWolf Acquisition will close on our expected timeframe, or at all, or close without adjustment of material terms.

#### **Redemption of Existing Notes**

On October 22, 2018, we issued a conditional notice to holders of the Existing Notes to redeem all the outstanding aggregate principal amount of the Existing Notes on December 1, 2018 at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date (the "Redemption"). We estimate that the aggregate redemption payment in connection with the Redemption will be approximately \$538.1 million. Consummation of the Redemption is conditioned upon, among other things, consummation of this offering. Substantially concurrently with the closing of this offering, we intend to irrevocably deposit with the trustee for the Existing Notes cash in an amount sufficient to redeem all outstanding Existing Notes pursuant to the Redemption (including accrued and unpaid interest to the redemption date). Upon the trustee's confirmation of receipt of such funds, we expect in accordance with the terms of the indenture governing the Existing Notes, the trustee will acknowledge satisfaction and discharge of the obligations with respect to the Existing Notes. Upon such satisfaction and discharge, the indenture governing the Existing Notes will generally cease to be in effect.

Nothing contained in this offering memorandum should be construed as an offer to purchase or a solicitation of an offer to buy any Existing Notes or a notice of redemption or satisfaction and discharge with respect to the Existing Notes and the indenture governing the Existing Notes. Any such notice will be given in accordance with the terms of the indenture governing the Existing Notes.

#### **GMSL Strategic Alternatives**

On October 22, 2018, we announced our intention to explore strategic alternatives for GMSL, including a potential sale, the net proceeds of which we would expect to use to pay down HC2's senior secured debt. We believe this will allow current GMSL investors to capitalize on the substantial value creation since the acquisition in 2014 and open up opportunities to further support the continued growth in the marine services platform. However, we cannot assure you that any such strategic alternative, including a potential sale, will be consummated, or if such an alternative is consummated, that it will be on terms that are favorable to current investors of holders of the Notes or that the net proceeds of any such sale will be used to pay down HC2's senior secured debt despite our current intentions.

In addition, during the third quarter of 2018, a long-term dividend policy was implemented by the shareholders of GMSL's Huawei Marine Joint venture, Huawei Marine Networks, after several years of meaningful shareholder value creation. For more information on GMSL, including certain financial results of GMSL on a segment basis as compared to our HC2 consolidated financial results, see Item 2 of our Quarterly Report on Form 10-Q, filed with the SEC on August 8, 2018, and Items 1 and 7 of our Annual Report on Form 10-K (as amended), filed with the SEC on March 14, 2018, each incorporated by reference herein.

#### **MediBeacon Granted Breakthrough Device Designation**

On October 22, 2018, we announced that MediBeacon, Inc., a portfolio company within Pansend, was granted Breakthrough Device designation by the U.S. Food and Drug Administration for a device intended to measure Glomerular Filtration Rate in patients with impaired or normal renal function.

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**HC2 Broadcasting Holdings Update**

During the three months ended September 30, 2018, Broadcasting closed on a series of transactions for a total consideration of \$33.3 million.

**RISK FACTORS****The notes are structurally subordinated to all liabilities of our subsidiaries that are not guarantors and may be diluted by liens granted to secure future indebtedness.**

The notes are our senior secured obligations, secured on a first-lien basis by a pledge of substantially all of our assets (subject to the priority of any First-Out Obligations), including our equity interests in certain of our material, wholly-owned domestic subsidiaries and all cash and U.S. investment securities owned by HC2. The notes are guaranteed by certain of our current wholly-owned domestic subsidiaries but will not be guaranteed by our subsidiaries that are not wholly-owned or that are foreign entities. As a result of our holding company structure, claims of creditors of our subsidiaries that are not guarantors will generally have priority as to the assets of such subsidiaries over our claims and over claims of the holders of our indebtedness, including the notes. As of June 30, 2018, on a pro forma basis for this offering and the use of proceeds therefrom, the notes would be structurally subordinated to approximately \$162.8 million in total indebtedness and vessel financing of our Non-Guarantor Subsidiaries. Additionally, as of June 30, 2018, on a pro forma basis for this offering and the use of proceeds therefrom and the consummation of the GrayWolf Acquisition, the notes would be structurally subordinated to approximately \$257.8 million in total indebtedness and vessel financing of our Non-Guarantor Subsidiaries.

As a result, upon any distribution to the creditors of any subsidiary that is not a guarantor in bankruptcy, liquidation, reorganization or similar proceedings, or following acceleration of our indebtedness or an event of default under such indebtedness, the lenders or noteholders, as the case may be, of the indebtedness of our subsidiaries that are not guarantors will be entitled to be repaid in full from the proceeds of the assets of such subsidiaries, before any payment may be made to holders of the notes from such proceeds. The indenture does not prohibit the ability of our subsidiaries to incur additional indebtedness or grant liens secured by assets of our subsidiaries, but will permit such indebtedness in a limited manner. Further, we may incur future indebtedness, some of which may be secured by liens on the collateral securing the notes (including First-Out Obligations), to the extent permitted by the indenture. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the notes. Holders of the notes will participate ratably with all holders of our senior secured indebtedness secured by the collateral, to the extent of the value of the collateral and potentially with all of our general creditors.

**There can be no assurance that the GrayWolf Merger or a strategic alternative for GMSL will be completed.**

We have previously announced the GrayWolf acquisition and our intention to explore strategic alternatives for GMSL. The GrayWolf Merger Agreement contains customary representations, warranties and closing conditions and is expected to close in the fourth quarter of 2018. If these conditions are not satisfied or waived, DBM Global will not complete the GrayWolf Merger. This offering is not conditioned on the closing of the GrayWolf Merger. We cannot assure you that the GrayWolf Merger will close on our expected timeframe, or at all, or close without adjustment of material terms. There can be no assurance that the conditions to closing of the GrayWolf Merger will be satisfied or waived or that other events will not intervene to delay or result in the failure to close the GrayWolf Merger. Any delay in closing or a failure to close could have a negative impact on our business and the trading price of our common stock.

We are in the early stages of exploring a strategic alternative for GMSL, including a potential sale. However, we cannot assure you that any such strategic alternative, including a potential sale, will be consummated, or if such an alternative is consummated, that it will be on terms that are favorable to current investors or holders of the Notes or that the net proceeds of any such sale will be used to pay down our senior secured debt despite our current intentions.

**The liens securing the obligations under the notes will be subject to the priority of First-Out Obligations and other limitations set forth in the Collateral Trust Agreement.**

On the Issue Date, we will enter into a Collateral Trust Agreement with the guarantors, the Collateral Trustee and the trustee under the indenture governing the notes offered hereby. The Collateral Trust Agreement shall govern the relative rights and priorities any First-Out Obligations, the Notes and any other pari passu indebtedness secured by liens on the collateral. The Collateral Trust Agreement, among other limitations, will provide that if we incur First-Out Obligations in accordance with the terms of the indenture, holders of notes will receive proceeds of a collateral foreclosure only after the payment in full of any First-Out Obligations. Furthermore, the Collateral Trust Agreement will provide that not less than a majority in principal amount of First-Out Obligations and other pari passu obligations (including the notes and subject to certain other exclusions) shall have the ability to direct the trustee to enforce its liens. Thus, holders of the notes will not have sole control of decisions regarding the collateral.

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The Collateral Trust Agreement will further provide that, in the event of a bankruptcy, insolvency, or similar event the holders of the notes may be subject to certain restrictions with respect to their ability to seek certain remedies, including (in the case of U.S. bankruptcy proceedings) adequate protection, or object to a number of important matters or to take other actions following the filing of a bankruptcy petition. See “Description of Notes-Collateral Trust Agreement.”

**We depend upon our information technology systems, which are subject to interruption and failure.**

Information technology security threats from user error to cybersecurity attacks designed to gain unauthorized access to our systems, networks and data are increasing in frequency and sophistication. Cybersecurity attacks may range from random attempts to coordinated and targeted attacks, including sophisticated computer crime and advanced persistent threats. We treat such cybersecurity risks seriously given these threats pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. Cybersecurity attacks could also include attacks targeting sensitive data or the security, integrity and/or reliability of the hardware and software installed in products we use. We devote resources to maintain and regularly update our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets against attempts by unauthorized parties to obtain access to confidential information, destroy data, disrupt or degrade service, sabotage systems or cause other damage. Nevertheless, we have experienced cybersecurity attacks that have resulted in unauthorized parties gaining access to our information technology systems and networks, and we could in the future experience similar attacks. As a result, we have implemented certain review and approval procedures internally and with our banks; and have implemented system changes. However, to date, no cybersecurity attack has had a material impact on our financial condition, results of operations or liquidity.



Envision. Empower. Execute.

# HC2 HOLDINGS, INC.

Investor Presentation



Envision. Empower. Execute.

## Company Overview



### Who We Are

- ◆ Publicly traded diversified holding company with portfolio of uncorrelated assets and investments
- ◆ Permanent capital
- ◆ Strategic and financial partner
- ◆ Team of visionaries



### What We Do

- ◆ Buy and build companies
- ◆ Partner with operating management teams to execute business plans
- ◆ Deliver sustainable value for shareholders



## Why Invest in the HC2 Approach?

- ◆ **Diverse portfolio of uncorrelated assets and investments across multiple industries**
- ◆ **Unique combination of operating entities accessible through one investment**
  - Controlling stakes in leading, stable, cash flow generating businesses
- ◆ **Active management methodology to creating shareholder value by driving asset and capital appreciation of subsidiary and investment holdings**
  - Long-term strategy allows management teams the ability to execute business plans
- ◆ **Continue to drive organic and inorganic growth; Increasing “Core Operating Subsidiary” Revenue and Adjusted EBITDA**
- ◆ **Well-positioned with financial flexibility to opportunistically capitalize and build platform in both public and private markets**
  - Rigorous commitment to realize synergies and optimize resources
  - Approach focused on control / implied control of acquisitions & investments
- ◆ **Continued focus on both cash flow and growth opportunities provides stakeholders with a unique balance of stability**
- ◆ **Look to not only create, but ultimately extract and monetize value where appropriate**





## How HC2 Builds Value

### Clear focus on delivering sustainable value for all stakeholders

- ◆ Value operator with long-term outlook
- ◆ Acquire controlling equity interests in diverse industries creating value through growth in operating subsidiaries
- ◆ Strong capital base allows funding of subsidiary growth
- ◆ Speed of execution, while maintaining rigorous diligence, provides HC2 a competitive advantage over traditional private equity firms

#### Envision

- Seek to build value over the long-term
- Leadership team's expansive network results in unique deal flow
- Target a barbell investment strategy
  - Stable cash flow generation
  - Early-stage companies with option value

#### Empower Management

- Partner with experienced management teams
- Establish specific operating objectives and clear growth plans
- Provide financial expertise
- Help execute strategy

#### Execute

- Focus on speed of execution
- Capitalize on opportunities to create, extract and monetize value
- Realize synergies and optimize resources
- Deliver sustainable value



# HC2's Diversified Portfolio



## Core Operating Subsidiaries

## Core Financial Services Subsidiaries

### Construction: DBM GLOBAL (SCHUFF)

- One of the largest steel fabrication and erection companies in the U.S.
- Offers full suite of integrated steel construction and professional services
- Pending acquisition of GrayWolf Industrial, entry into heavy maintenance and repair industry
- 92.5% ownership
- LTM 6/30/18 Revenue: \$663.2 million
- LTM 6/30/18 Adjusted EBITDA: \$57.4 million



### Marine Services: GMSL

- Leading provider of subsea cable installation, maintenance and protection in telecom, offshore power and oil & gas
- JV's with Huawei Marine Networks & S.B. Submarine Systems (China Telecom)
- 72.5% ownership
- LTM 6/30/18 Revenue: \$194.0 million
- LTM 6/30/18 Adjusted EBITDA: \$42.0 million



### Energy: ANG

- Premier distributor of natural gas motor fuel throughout the U.S.
- Currently own or operate ~40 natural gas fueling stations throughout United States
- 67.7% ownership
- LTM 6/30/18 Revenue: \$19.6 million
- LTM 6/30/18 Adjusted EBITDA: \$4.3 million



### Telecommunications: PTGI ICS

- International wholesale telecom service company
- Global sales presence
- Internal and scalable offshore back office operations
- 100% ownership
- LTM 6/30/18 Revenue: \$742.4 million
- LTM 6/30/18 Adjusted EBITDA: \$5.5 million



### Insurance: CIG

- Platform to invest in long-term care (LTC) portfolio of assets
- Initially acquired American Financial Group's LTC assets
- Ring Fenced Liabilities – No Parent Guarantees
- 100% ownership
- ~\$68.7m of statutory surplus
- ~\$85.4m total adjusted capital
- ~\$1.5b cash & invested assets
- Recently closed acquisition of Humana's \$2.4b LTC assets: ~\$155 - \$175 million pro-forma statutory surplus; ~\$185-\$205 million pro-forma total adjusted capital



## Early Stage and Other Holdings

### Life Sciences: PANSEND

- **BeneVir:** Oncolytic viral immunotherapy for treatment of solid cancer tumors: Sold to Janssen Biotech (Johnson & Johnson) for up to \$1.04 billion 2Q18
- **MediBeacon:** Unique non-invasive real-time monitoring of kidney function; MediBeacon recently granted Breakthrough Device designation from the FDA; MediBeacon's device is intended to measure GFR in patients with impaired or normal kidney function
- **R2 Dermatology:** Medical device to brighten skin based on Mass. General Hospital technology
- **Genovel:** Novel, Patented, "Mini Knee" and "Anatomical Knee" replacements
- **Triple Ring Technologies:** R&D engineering company specializing in medical devices, homeland security, imaging, sensors, optics, fluidics, robotics & mobile healthcare



### Broadcasting:

- **HC2 Broadcasting Holdings** Capitalizing on Over-the-Air broadcast opportunities



### Other:

- **704Games (Formerly DMR)** Owns worldwide exclusive licensing rights to NASCAR® simulation style racing titles



All data as of equity ownership percentages and CIG metrics are as of June 30, 2018; Humana acquisition closed on 8/9/18



## Significant Value Creation

- ◆ **Since inception in 2014, HC2:**
  - Increased market capitalization from ~\$46 million to ~\$240 million and increased revenues from ~\$230 million to ~\$1.6 billion
  - Received ~\$200 million in total dividends, distributions, tax share and asset management fees from subsidiaries and investments
- ◆ **Since HC2's acquisition of DBM Global in 2014, DBM:**
  - Increased Adjusted EBITDA by ~93% and increased backlog from ~\$400 million to ~\$656 million (6/30/18) with a record high of ~\$723 million (4Q'17)
  - DBM's projects/customers have included the Inglewood NFL Stadium (LA Rams / LA Chargers), Apple, Google, Facebook, Tesla, etc.
- ◆ **Since HC2's acquisition of Global Marine in 2014, Global Marine:**
  - Successfully renewed all three of its critical, long-term telecom maintenance agreements, representing approximately half of the world's contracted telecom maintenance zones
  - Renewed its fleet of marine assets through strategic acquisitions and substantially reduced debt and pension liabilities by ~31%
  - Huawei Marine joint venture profit, of which Global Marine owns 49%, increased from ~\$2 million in 2014 to ~\$40 million in FY17; Increased cash/equivalents/securities from ~\$16 million to ~\$73 million in the same period
  - Huawei Marine joint venture recently implemented a long-term annual dividend policy
- ◆ **Since HC2's initial investment in American Natural Gas in 2014, ANG:**
  - Increased its Compressed Natural Gas ("CNG") fueling station footprint to ~40 stations across the United States from two stations at the time of HC2's initial investment
  - Increased annual gasoline-gallon equivalents to ~12 million and increased the flow of Renewable Natural Gas ("RNG") through the ANG stations
- ◆ **Since HC2's acquisition of PTGI-ICS in 2014, PTGI-ICS:**
  - Increased Adjusted EBITDA from a loss generating business at the time of HC2's acquisition to ~\$5.5 million in the LTM period ended 6/30/18
- ◆ **Since HC2's initial acquisition of the long-term care assets from American Financial Group in 2015, our insurance subsidiary:**
  - Has grown platform assets to approximately \$4.1 billion in cash, cash equivalents and invested assets and has more than doubled its total adjusted capital base, through its recently completed acquisition of Humana's long-term care insurance business
  - Built a powerful insurance platform, including a team over 100 insurance professionals based in Austin, Texas, which has served as a competitive advantage in acquiring books of business
  - Provides a valuable fee stream through various asset management fees, providing a source of upstream liquidity to HC2
- ◆ **Since HC2's initial investment in the Life Sciences Platform in 2014:**
  - BeneVir Biopharm was acquired by Janssen Biotech, Inc., (Johnson & Johnson) for up to \$1.04 billion; \$140 million upfront cash payment and ~\$900 million of pre-determined milestones (Pansend owned ~76% of BeneVir); HC2's total investment in BeneVir was ~\$8 million
  - MediBeacon recently granted Breakthrough Device designation from the FDA; MediBeacon's device is intended to measure GFR in patients with impaired or normal kidney function
  - R2 Dermatology received two U.S. Food and Drug Administration ("FDA") approvals
- ◆ **Since HC2's initial broadcast acquisitions in 2017:**
  - HC2 has acquired spectrum and licenses to cover a significant part of the U.S.
  - Currently have over 160 operational stations, including 13 full-power stations, 49 Class A stations and 102 low power stations\*
  - Currently have an additional ~400 silent licenses and construction permits in over 130 U.S. Markets including nine of the top 10 markets nationwide

\*Includes closed and pending transactions

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## Recent Developments

### Overview:

- ◆ DBM Global
  - ◆ DBM Global recently announced the pending acquisition of GrayWolf Industrial for a purchase price of \$135.0 million at ~6.9x EBITDA multiple. Benefits of the acquisition include:
    - ◆ Strategic entry into the heavy maintenance and repair industry, providing critical diversification and expansion of DBM Global's product and service offerings
    - ◆ Immediately accretive to EBITDA, minimal capital expenditure requirements and strong free cash flow generation
    - ◆ Identified acquisition cost synergies and broader value proposition to combined customer base
    - ◆ Offsets cyclical nature of commercial and industrial construction markets
- ◆ Global Marine Group
  - ◆ Global Marine recently began a process to explore strategic alternatives, including a possible sale, that will capitalize on the substantial value creation since acquisition in 2014
    - ◆ Net proceeds from potential sale would be used by HC2 to pay down senior secured debt
  - ◆ In the third quarter, shareholders of Global Marine's HMN joint venture, implemented a long-term annual dividend policy. As a result of this new policy:
    - ◆ Global Marine received a \$9.8 million cash dividend in the third quarter and will receive an additional \$4.9M in 4Q18 and \$4.9M in 2Q19
    - ◆ Going forward, annual dividends to be distributed at a minimum of 30% of cumulative distributable net profits providing a more stable source of incremental liquidity to Global Marine
- ◆ Continental General Insurance Company ("CGIC")
  - ◆ CGIC recently closed the previously announced acquisition of the long-term care insurance business, KMG America Corporation ("KMG") from Humana, Inc.
  - ◆ The acquisition more than doubled CGIC's total adjusted capital base and the combined investment portfolio allows for increased asset management fees, providing an important source of upstream liquidity to HC2
    - ◆ Going forward, estimated \$15 to \$17 million management fee annually, post KMG Acquisition
- ◆ Life Sciences
  - ◆ On October 22, 2018, HC2 announced that MediBeacon, Inc., a portfolio company within Pensend, was granted Breakthrough Device designation by the U.S. Food and Drug Administration for a device intended to measure Glomerular Filtration Rate in patients with impaired or normal renal function



## Preliminary Third Quarter 2018 Financial Highlights\*

### Overview:

#### ◆ Net Revenue

- ◆ We expect to record net revenue for the third quarter of 2018 consistent with our previously reported net revenue for the second quarter of 2018
- ◆ Our net revenue attributable to our Core Operating Subsidiaries for the third quarter of 2018 is expected to total approximately \$433 million for the three months ended September 30, 2018, comprised as follows:
  - ◆ Construction of approximately \$195 million, Marine Services of approximately \$45 million, Energy of approximately \$5 million and Telecommunications of approximately \$188 million

#### ◆ Cash and Cash Equivalents

- ◆ As of September 30, 2018, HC2 had consolidated cash, cash equivalents of approximately \$832 million, of which approximately \$44 million was held at HC2 and approximately \$749 million in the Insurance Segment

#### ◆ Debt

- ◆ As of September 30, 2018, consolidated debt was approximately \$707 million, which included \$510 million in aggregate principal amount of Existing Notes and approximately \$197 million of subsidiary debt

#### ◆ Adjusted EBITDA – Core Operating Subsidiaries

- ◆ HC2 expects to record total Adjusted EBITDA for HC2's core operating segments, which consist of Construction, Marine Services, Energy and Telecommunications, of between \$24 to \$29 million for the three month period ended September 30, 2018, comprised as follows:
  - ◆ Construction of approximately \$15 to \$17 million, Marine Services of approximately \$7 to \$9 million, Energy of approximately \$1 million and Telecommunications of approximately \$1 to \$2 million

\*HC2 estimates of such preliminary financial data are based solely on information available to HC2 as of the date hereof and are subject to change. Accordingly, you should not place undue reliance on such preliminary data. Actual results remain subject to the completion of management's final review, as well as the review by HC2's independent registered accounting firm, and HC2's other financial closing procedures



Envision. Empower. Execute.

## Segment Detail

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L.A. Rams



Apple



Sacramento Kings

**Business Description:**

- ◆ DBM Global Inc. is focused on delivering world class, sustainable value to its clients through a highly collaborative portfolio of companies which provide better designs, more efficient construction and superior asset management solutions
- ◆ The Company offers integrated steel construction services from a single source and professional services which include design-assist, design-build, engineering, BIM participation, 3D steel modeling/detailing, fabrication, advanced field erection, project management and state-of-the-art steel management systems
- ◆ Major market segments include commercial, healthcare, convention centers, stadiums, gaming and hospitality, mixed use and retail, industrial, public works, bridges, transportation and international projects

**Select Management:**

- ◆ Rustin Roach – President and CEO
- ◆ Michael Hill – CFO and Treasurer
- ◆ Scott Sherman – VP, General Counsel
- ◆ Shane Metzger - COO











DC United

**Select Customers:**





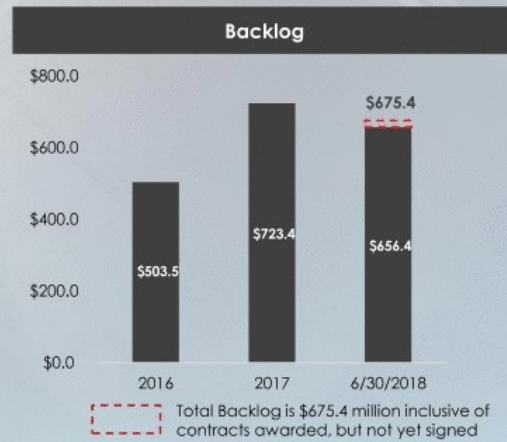
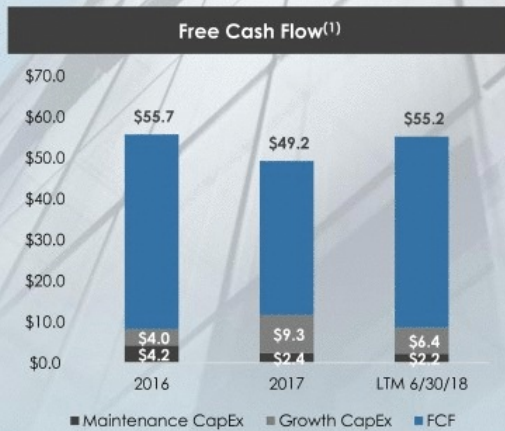
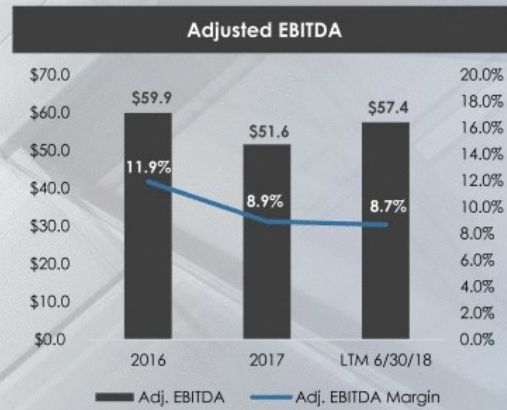
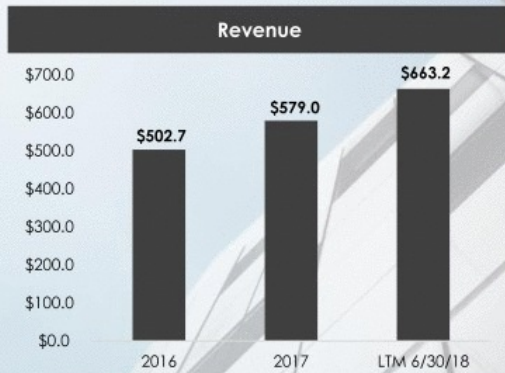
	Core Activities	Products & Service Offerings	Industries Served
	<ul style="list-style-type: none"> <li>The largest structural steel fabricator and erector in the U.S.</li> <li>In-house structural &amp; design engineering expertise</li> </ul>	<ul style="list-style-type: none"> <li>Structural Steel fabrication</li> <li>Steel erection services</li> <li>Structural engineering &amp; design services</li> <li>Preconstruction engineering services</li> <li>BIM (Building Information Modeling)</li> <li>Project Mgmt (proprietary SIMS platform)</li> </ul>	<ul style="list-style-type: none"> <li>Commercial</li> <li>Conv. &amp; Event Centers</li> <li>Energy</li> <li>Government</li> <li>Healthcare</li> <li>Industrial &amp; Mining</li> <li>Infrastructure</li> <li>Leisure</li> <li>Retail</li> <li>Transportation</li> </ul>
	<ul style="list-style-type: none"> <li>Provides specialty maintenance, repair &amp; installation services in the US.</li> <li>Organized in four business segments – Titan Contracting, Inco Services, Milco National, &amp; Titan Fabricators</li> </ul>	<ul style="list-style-type: none"> <li>Extensive track record delivering complex service and maintenance type projects for the power, petrochemical, pulp &amp; paper, and refinery end markets</li> <li>60% of revenue is service contracts</li> </ul>	<ul style="list-style-type: none"> <li>Petrochemical</li> <li>Power</li> <li>Pulp &amp; paper</li> <li>Oil refineries</li> </ul>
	<ul style="list-style-type: none"> <li>Assets of Mountain States Steel became part of Schuff Steel (4Q17)</li> <li>Mountain States Steel has a modern fabrication facility located on approximately 32 acres in Lendon, Utah.</li> </ul>	<ul style="list-style-type: none"> <li>Extensive track record delivering structural steel for iconic projects throughout the Western United States: San Francisco-Oakland Bay Bridge, Alameda Corridor Transportation Authority Bridge, Mile High Stadium, Paris Hotel &amp; Casino in Las Vegas, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Bridge</li> <li>Infrastructure</li> <li>Leisure</li> </ul>
	<ul style="list-style-type: none"> <li>Provides structural steel fabrication &amp; erection services for smaller projects leveraging subcontractors and in-house project managers</li> </ul>	<ul style="list-style-type: none"> <li>Structural Steel fabrication (subcontracted)</li> <li>Steel erection services (subcontracted)</li> <li>Project Mgmt (proprietary SIMS platform)</li> </ul>	<ul style="list-style-type: none"> <li>Commercial</li> <li>Government</li> <li>Healthcare</li> <li>Leisure</li> <li>Retail</li> <li>Transportation</li> </ul>
	<ul style="list-style-type: none"> <li>Manufactures equipment for use in the petrochemical oil &amp; gas industries, such as: pollution control scrubbers, tunnel liners, pressure vessels, strainers, filters &amp; separators</li> </ul>	<ul style="list-style-type: none"> <li>Design engineering</li> <li>Fabrication services</li> </ul>	<ul style="list-style-type: none"> <li>Petrochemical</li> <li>Oil &amp; gas infrastructure</li> <li>Pipelines</li> </ul>
	<ul style="list-style-type: none"> <li>A highly experienced global Detailing and 3D BIM Modelling company</li> </ul>	<ul style="list-style-type: none"> <li>Steel Detailing</li> <li>3D BIM Modelling</li> <li>BIM Management</li> <li>Integrated Project Delivery (IPD)</li> <li>3D Animation and Visualization</li> </ul>	<ul style="list-style-type: none"> <li>Commercial</li> <li>Conv. &amp; Event Ctrs</li> <li>Energy</li> <li>Government</li> <li>Healthcare</li> <li>Industrial &amp; Mining</li> <li>Infrastructure</li> <li>Leisure</li> <li>Retail</li> <li>Transportation</li> </ul>
	<ul style="list-style-type: none"> <li>A global Building Information Modelling (BIM), Steel Detailing and Rebar Detailing firm</li> </ul>	<ul style="list-style-type: none"> <li>Steel Detailing</li> <li>Rebar Detailing</li> <li>3D BIM Modelling</li> <li>Connection Design</li> <li>Forensic Modelling &amp; Animation</li> </ul>	<ul style="list-style-type: none"> <li>Commercial</li> <li>Conv. &amp; Event Ctrs</li> <li>Energy</li> <li>Government</li> <li>Healthcare</li> <li>Industrial &amp; Mining</li> <li>Infrastructure</li> <li>Leisure</li> <li>Retail</li> <li>Transportation</li> </ul>
	<ul style="list-style-type: none"> <li>The premiere Bridge and Complex Structures Detailing and Building Information Modelling (BIM) firm in N.A.</li> </ul>	<ul style="list-style-type: none"> <li>Bridge Detailing</li> <li>Steel Detailing</li> <li>3D BIM Modelling</li> <li>Connection Design</li> </ul>	<ul style="list-style-type: none"> <li>Bridge</li> <li>Commercial</li> <li>Conv. &amp; Event Ctrs</li> <li>Energy</li> <li>Government</li> <li>Infrastructure</li> </ul>





# DBM Global Historical Financial Summary

(\$USD millions)



1. Free Cash Flow defined as Adjusted EBITDA less Maintenance Capital Expenditures. © 2018 HC2 HOLDINGS, INC.



# GrayWolf Industrial Inc. ("GrayWolf")

## Business Description

- ◆ GrayWolf, which DBM Global is under contract to acquire, is a leader in industrial services focusing on highly complex, labor-intensive specialty maintenance, repair and installation services to diverse end markets across a national footprint
- ◆ The Company has built a reputation for high quality service over its nearly 40 year operating history, through a leading safety record, superior service quality, national scale, local relationships and access to skilled labor

## Blue Chip Customer Base



### TITAN CONTRACTING

### INCO INCO SERVICES

### MILCO NATIONAL CONSTRUCTORS

### TITAN FABRICATORS

	TITAN CONTRACTING	INCO SERVICES	MILCO NATIONAL CONSTRUCTORS	TITAN FABRICATORS
<b>Business Overview</b>	<ul style="list-style-type: none"> <li>◆ Specialty mechanical contracting services</li> </ul>	<ul style="list-style-type: none"> <li>◆ Specialty construction solutions to the pulp and paper and other processing markets</li> </ul>	<ul style="list-style-type: none"> <li>◆ Turnarounds, tank construction, and piping, among a broad service offering</li> </ul>	<ul style="list-style-type: none"> <li>◆ Custom steel fabrication for heavy industrial markets</li> </ul>
<b>Services Overview</b>	<ul style="list-style-type: none"> <li>◆ Plant maintenance</li> <li>◆ Specialty welding</li> <li>◆ Equipment setting / rigging</li> <li>◆ Mechanical construction</li> <li>◆ Modularization</li> <li>◆ Piping</li> <li>◆ Tanks and vessels</li> </ul>	<ul style="list-style-type: none"> <li>◆ Plant maintenance</li> <li>◆ Process piping</li> <li>◆ Equipment, tanks, and vessels fabrication and erection</li> <li>◆ Engineering, procurement, and construction</li> <li>◆ Civil, mechanical, and electrical construction</li> </ul>	<ul style="list-style-type: none"> <li>◆ Plant maintenance</li> <li>◆ Specialty welding</li> <li>◆ Equipment setting / rigging</li> <li>◆ Piping systems</li> <li>◆ Tanks and vessels</li> <li>◆ Fabrication</li> <li>◆ General mechanical construction</li> </ul>	<ul style="list-style-type: none"> <li>◆ Engineering</li> <li>◆ Design</li> <li>◆ Modularization</li> <li>◆ Custom mechanical services</li> <li>◆ Pipe fabrication</li> <li>◆ Tanks and vessels</li> <li>◆ Machining</li> </ul>
<b>Primary End Markets</b>	<ul style="list-style-type: none"> <li>◆ Power</li> <li>◆ Petrochemical</li> <li>◆ Refining</li> <li>◆ Industrial</li> <li>◆ Water treatment</li> </ul>	<ul style="list-style-type: none"> <li>◆ Pulp &amp; paper</li> <li>◆ Petrochemical</li> <li>◆ Industrial</li> <li>◆ Metals, mining &amp; minerals</li> </ul>	<ul style="list-style-type: none"> <li>◆ Power</li> <li>◆ Refining</li> <li>◆ Petrochemical</li> <li>◆ Water treatment</li> <li>◆ Industrial</li> </ul>	<ul style="list-style-type: none"> <li>◆ Heavy industrial</li> </ul>



## GrayWolf Industrial Inc. ("GrayWolf")

### Strategic Rationale:

- ◆ GrayWolf Industrial provides DBM Global with an entry into the heavy maintenance and repair industry, diversifying its revenue stream from large commercial construction projects while capitalizing on strong customer relationships with prime contracts and a culture focused on ROI when bidding and pricing work
- ◆ GrayWolf substantially increases DBM's exposure to recurring maintenance work, providing increased revenue stability and visibility
- ◆ The acquisition increases the combined business' exposure to industrial build, diversifying away from more cyclical commercial construction market
- ◆ GrayWolf's asset light business model requires minimal capital expenditure spend which translates to higher free cash flow conversion
- ◆ DBM management believes the GrayWolf acquisition will allow for the combined company to cross sell its products amongst its current customer base and provide meaningful synergies related to accounting and consolidated back office expenses

### Transaction Overview:

- ◆ The purchase price for the acquisition is \$135.0 million or ~6.9x 2017 Adjusted EBITDA<sup>(1)</sup> of \$19.7 million which represents a compelling multiple given comparable transactions in the sector
- ◆ The acquisition is expected to be financed by an \$80.0 million Term Loan financing at DBM Global, \$40.0 million of common or preferred stock issued by DBM Global, debt issued by DBM Global, or a combination thereof and \$15.0 million of cash from DBM
  - ◆ Additionally, DBM Global's ABL Revolver is expected to be upsized to \$90.0 million with this transaction

1. GrayWolf Adjusted EBITDA represents normalized EBITDA view, which excludes certain expenses management believes will not be continuing post-acquisition in order to better reflect ongoing earnings capacity



Global Marine Group - Business Description:

**"Engineering a Clean and Connected Future"**

- ◆ Leading provider of offshore marine engineering delivered via three business units
- ◆ Founded in 1850 - Headquartered in UK with major regional hub in Singapore

Select Management:

- ◆ Dick Fagerstal – Executive Chairman
- ◆ Ian Douglas – Chief Executive Officer

Global Marine Highlights:

- ◆ Fiber optic cable solutions to the telecommunications and oil & gas markets
- ◆ Installed roughly 21% of the world's subsea fiber optic cable, amounting to 300,000km
- ◆ In maintenance, Global Marine benefits from long-term contracts with high renewal rates; Responsible for 385,000km of the total 1,200,000 km of global in-service cable
- ◆ Significant opportunities in Telecom through 49% owned strategic joint ventures with Huawei Technologies (HMN) and China Telecom (SBSS)

CWind Highlights:

- ◆ Power cable and asset management services to the offshore renewables & utilities
- ◆ Through it's Complete Cable Care package recognised for speedy mobilisation in power cable repair solutions
- ◆ CWind delivers a broad spectrum of topside and subsea services to developers and has experience at almost 50 wind farms to date
- ◆ CWind is recognized for having the most fuel efficient Crew Transport Vessel (CTV) fleet in the market
- ◆ CWind Taiwan joint venture launched in Q1 2018 to support the growing Taiwan offshore renewables market

Global Offshore Highlights:

- ◆ Trenching and power cable lay services to the oil & gas industry
- ◆ To date, the Global Offshore team has been involved in the installation of more than 470 power cables
- ◆ Market-leading Q1400 trenching system effective in the harshest of seas and most challenging of seabed conditions
- ◆ Completed work on six UK and two European wind farms to date
- ◆ Multiple operations in oil & gas for major oil companies such as Shell and BP



Select Customers:



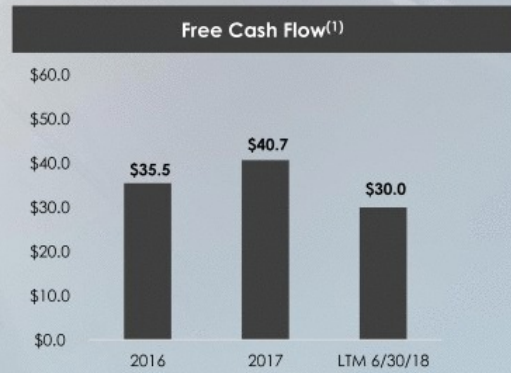
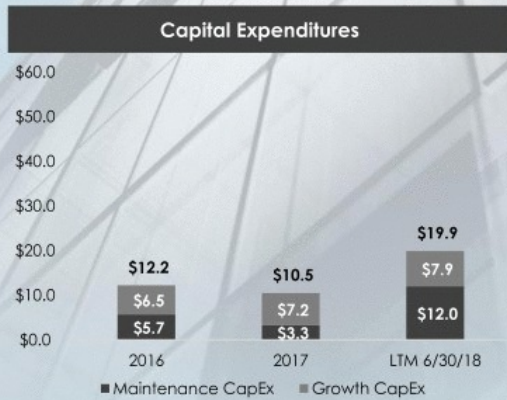
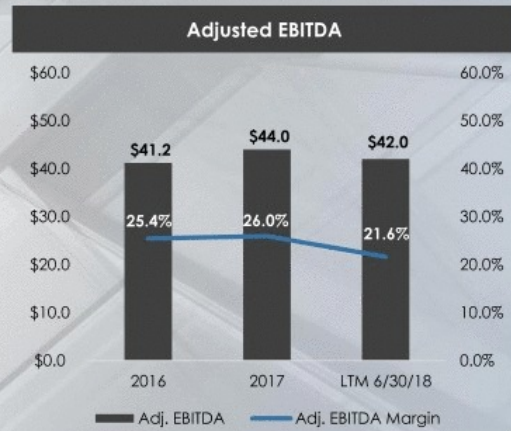
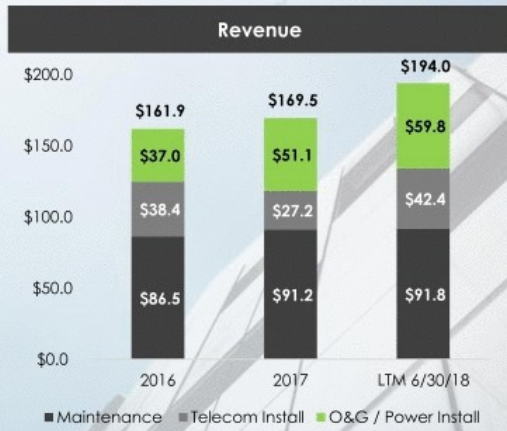


Core Activities	<b>Maintenance</b> <ul style="list-style-type: none"> <li>◆ Provision of vessels on standby to repair fiber optic telecom cables in defined geographic zones</li> <li>◆ Location of fault, cable recovery, jointing and re-deployment of cables</li> <li>◆ Operation of depots storing cable and spare parts across the globe</li> <li>◆ Management of customer data through the life of the cable system</li> </ul>	<b>Wind Farm</b> <ul style="list-style-type: none"> <li>◆ Offshore wind planning, construction and operations &amp; maintenance support services</li> <li>◆ Fleet of Crew Transfer Vessels (CTVs) which have a historically high utilisation and are positioned 4<sup>th</sup> in the overall CTV market</li> <li>◆ Over 250 certified &amp; experienced personnel including technicians, riggers, slingers, lifting supervisors &amp; foremen</li> <li>◆ Offshore training facility</li> </ul>	<b>Trenching</b> <ul style="list-style-type: none"> <li>◆ Trenching of cables, rigid &amp; flexible pipelines and umbilicals</li> <li>◆ Precision installation in challenging seabed environments utilizing the market-leading Q1400 which able to perform jet trenching in soils of up to 100KPA</li> <li>◆ Providing maximum, long-term protection of assets</li> <li>◆ Engineering support &amp; project management</li> </ul>
	<b>Fiber Optic Cable Installation</b> <ul style="list-style-type: none"> <li>◆ Provision of turnkey repeated telecom systems via Huawei Marine ("HMN") joint-venture</li> <li>◆ Installation contracts for telecom customers</li> <li>◆ Services include route planning, route survey, cable mapping, route engineering, laying, trenching and burial at all depths</li> <li>◆ Fiber optic communications infrastructure to offshore platforms</li> </ul>	<b>Power Cable Installation &amp; Repair</b> <ul style="list-style-type: none"> <li>◆ Installation for inter-array power cables for offshore wind market</li> <li>◆ Maintenance provision, including cable storage, power joint development and vessel availability</li> <li>◆ Offshore wind planning, interconnector installation</li> <li>◆ Services include route planning, route survey, cable mapping, route engineering, laying, trenching and burial at all depths</li> </ul>	<b>Power Cable Installation</b> <ul style="list-style-type: none"> <li>◆ Planning, installation, burial, storage, testing, locating, recovering and maintaining subsea cables and other subsea assets</li> <li>◆ Modern assets including the Global Symphony and the Q1400 trenching system</li> <li>◆ Approximately 400 m<sup>2</sup> of available space aft of the cable lay spread, allowing space for up to ten 20 foot containers of cable protection system</li> <li>◆ 470 power cables installed to date</li> </ul>
	Vessels	<ul style="list-style-type: none"> <li>◆ Cable Retriever</li> <li>◆ Wave Sentinel</li> <li>◆ Cable Innovator</li> <li>◆ C.S. Sovereign</li> <li>◆ CS Recorder</li> <li>◆ Networker</li> <li>◆ Global Symphony</li> </ul>	<ul style="list-style-type: none"> <li>◆ 18 owned &amp; 3 Crew Transfer Vessels on long-term charter</li> <li>◆ C.S. Sovereign</li> <li>◆ CS Recorder</li> <li>◆ Global Symphony</li> <li>◆ ASV Pioneer</li> </ul>
Joint Ventures	<ul style="list-style-type: none"> <li>◆ Sino British Submarine Systems in Asia (SBSS): Joint venture (49%) with China Telecom</li> <li>◆ Huawei Marine; Joint venture (49%) with Huawei Technologies</li> <li>◆ International Cables Pte Ltd ("ICPL")</li> <li>◆ Joint venture (30%) with SingTel and ASEAN Cables Pte Ltd</li> <li>◆ SCDPL; Joint venture (40%) with SingTel</li> </ul>	<ul style="list-style-type: none"> <li>◆ CWind Training (100%)</li> <li>◆ Sino British Submarine Systems in Asia (SBSS): Joint venture (49%) with China Telecom</li> <li>◆ CWind Taiwan; joint venture (51%) with International Ocean Vessel Technical Consultant (IOVTEC)</li> </ul>	



# GLOBAL MARINE | GROUP Historical Financial Summary

(\$USD millions)



1. Free Cash Flow defined as Adjusted EBITDA less Maintenance Capital Expenditures. © 2018 HC2 HOLDINGS, INC.



## American Natural Gas

### Business Description:

- ◆ Designs, builds, owns, operates and maintains compressed natural gas commercial fueling stations for transportation
- ◆ Building a premier nationwide network of publically accessible heavy duty CNG fueling stations throughout the United States designed and located to serve fleet customers
  - Completed the integration & upgrade of 18 fueling stations acquired in 2016; ~40 stations currently owned or operated nationwide
  - Expect to expand station footprint via organic and select M&A opportunities
- ◆ Founded in 2011, with headquarters in Saratoga Springs, New York



### Select Management:

- ◆ Drew West – Founder and Chief Executive Officer

### "Fueling the Future"

Currently ~40 stations owned or operated in 14 states across the United States\*



### Why CNG?:

- ◆ American transportation sector is rapidly converting from foreign-dependent diesel fuel to clean burning natural gas:
  - Substantially reduces emissions
  - Extends truck life
  - Significantly reduces fuel cost
- ◆ Given the cost effectiveness of CNG, its environmental friendliness and the abundance of natural gas reserves in the United States, CNG is a leading candidate for alternatives to gasoline and diesel for the motor vehicle market



## PTGi International Carrier Services (“PTGi ICS”)

### Business Description:

- ◆ International wholesale telecom service company providing voice and data call termination to the telecom industry worldwide
- ◆ Provides transit and termination of telephone calls through its own global network of next-generation IP soft switches and media gateways, connecting the networks of incumbent telephone companies, mobile operators and OTT companies worldwide
- ◆ Restructured in 2014, PTGi ICS now delivers industry leading technology via best of breed sales and operational support teams
  - 2Q18: Thirteenth consecutive quarter of positive Adjusted EBITDA
- ◆ In business since 1997, recognized as a trusted business partner globally
- ◆ Headquartered in Herndon, Virginia with representation across North America, South America, the Middle East, CIS, Asia, Romania and the UK

### Select Management:

- ◆ Craig Denson – Chief Executive Officer







## Continental Insurance Group

### Business Description:

- ◆ The formation of Continental Insurance Group ("CIG") in April 2015 to invest in the insurance sector is consistent with HC2's overall strategy of taking advantage of dislocated and undervalued operating businesses
- ◆ Through CIG, HC2 intends to build an attractive platform of insurance businesses
- ◆ "Ring Fenced" Liabilities – No Parent Guarantees
- ◆ In December 2015, Continental LTC Inc. ("CLI"), a wholly owned subsidiary of CIG, completed the acquisition of American Financial Group's long-term care and life insurance businesses, United Teacher Associates Insurance Company ("UTAIC") and Continental General Insurance Company ("CGIC")
- ◆ In 2016, HC2 merged UTAIC into CGIC to form a single Texas-domiciled life insurance company, CGIC, and unlock cost and capital efficiencies
- ◆ Key measures as of June 30, 2018:
  - Statutory Surplus ~\$68.7million - Total Adjusted Capital ~\$85.4 million
  - GAAP Assets of ~\$2.1 billion / Cash and Invested Assets ~\$1.5 billion



### Completed Acquisition of Humana's Long-Term Care Insurance Business\*

- ◆ Total Adjusted Capital ~\$150 million; ~\$2.4 billion of cash, cash equivalents and invested assets as of June 30, 2018
- ◆ Immediately accretive to Continental's Risk Based Capital ratio and Statutory Surplus
- ◆ Inclusive of the acquired Humana assets, Continental has approximately ~\$4.1 billion in cash, cash equivalents and invested assets
  - ◆ ~\$155 - \$175 million pro-forma statutory surplus
  - ◆ ~\$185 - \$205 million pro-forma total adjusted capital

### Select Management:

- ◆ James P. Corcoran – Executive Chair
  - James has extensive experience in the insurance industry on both the corporate and regulatory side as the former Superintendent of Insurance of the State of New York



### HC2's Pansend Life Sciences Segment Is Focused on the Development of Innovative Healthcare Technologies and Products

#### BeneVir

- ◆ Recently completed sale to Janssen Biotech, Inc. (Johnson & Johnson) for up to \$1.04 billion (2Q18); \$8m total investment
- ◆ 76% equity ownership of company focused on immunotherapy; Oncolytic virotherapy for treatment of solid cancer tumors
- ◆ Founded by Dr. Matthew Mulvey & Dr. Ian Mohr (who co-developed T-Vec); Biovex (owner of T-Vec) acquired by Amgen for ~\$1 billion
- ◆ BeneVir's T-Stealth is a second generation oncolytic virus with new features and new intellectual property
- ◆ BeneVir holds exclusive worldwide license to develop BV-2711 (T-Stealth)
- ◆ Granted new patent entitled "Oncolytic Herpes Simplex Virus and Therapeutic Uses Thereof", covering the composition of matter for Stealth-1H, BeneVir's lead oncolytic immunotherapy, as well as other platform assets (2Q17)



- ◆ 74% equity ownership of dermatology company focused on lightening and brightening skin
- ◆ Founded by Pansend in partnership with Mass. General Hospital and inventors Dr. Rox Anderson, Dieter Manstein and Dr. Henry Chan
- ◆ Over \$20 billion global market
- ◆ Received Food and Drug Administration approval for the R2 Dermal Cooling System (4Q16)
- ◆ Received Food and Drug Administration approval for second generation R2 Dermal Cooling System (2Q17)

#### GENOVEL

- ◆ 80% equity ownership in company with unique knee replacements based on technology from Dr. Peter Walker, NYU Dept. of Orthopedic Surgery and one of the pioneers of the original Total Knee.
- ◆ "Mini-Knee" for early osteoarthritis of the knee; "Anatomical Knee" – A Novel Total Knee Replacement
- ◆ Strong patent portfolio

#### MediBeacon

- ◆ 50% equity ownership in company with unique technology and device for monitoring of real-time kidney function
- ◆ Current standard diagnostic tests measure kidney function are often inaccurate and not real-time
- ◆ MediBeacon's Optical Renal Function Monitor will be first and only, non-invasive system to enable real-time, direct monitoring of renal function at point-of-care
- ◆ \$3.5 billion potential market
- ◆ Successfully completed a key clinical study of its unique, real-time kidney monitoring system on subjects with impaired kidney function at Washington University in St. Louis. (1Q17)
- ◆ Recently granted Breakthrough Device designation from the FDA



- ◆ Profitable technology and product development company
- ◆ Areas of expertise include medical devices, homeland security, imaging systems, sensors, optics, fluidics, robotics and mobile healthcare
- ◆ Located in Silicon Valley and Boston area with over 90,000 square feet of working laboratory and incubator space
- ◆ Contract R&D market growing rapidly
- ◆ Customers include Fortune 500 companies and start-ups



# HC2 Broadcasting Holdings Inc.

## Business Description\*

- ◆ HC2 Broadcasting Holdings Inc., a subsidiary of HC2 Holdings, has strategically acquired broadcast assets across the United States
- ◆ HC2's broadcast vision is to capitalize on the opportunities to bring valuable content to more viewers over-the-air and position the company for a changing media landscape

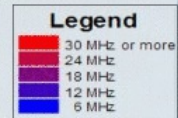


## Broadcast Television Stations: Key Metrics\*\*

- ◆ Operational Stations: 164
  - Full-Power Stations: 13
  - Class A Stations: 49
  - LPTV Stations: 102
- ◆ Silent Licenses & Construction Permits: ~400
- ◆ U.S. Markets: >130
- ◆ Total Footprint Covers Approximately 60% of the U.S. Population

## Select Management:

- ◆ Kurt Hanson – Chief Technology Officer, HC2 Broadcasting Holdings
- ◆ Louis Libin – Managing Director, Strategy, HC2 Broadcasting Holdings
- ◆ Les Levi – Chief Operating Officer, HC2 Broadcasting Holdings
- ◆ Rebecca Hanson – General Counsel, HC2 Broadcasting Holdings
- ◆ Manuel Abud – President and CEO, Azteca America



\*Map based on 2010 population data; footprint includes pending FCC assignment applications as of August 7, 2018  
 \*\*Metrics include pending transactions as of August 7, 2018.



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## Financial Overview



## Segment Financial Summary

(\$m)		Q2 2018	Q1 2018	FY 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2016
Adjusted EBITDA	<b>Core Operating Subsidiaries</b>								
	Construction	\$15.5	\$10.0	\$51.6	\$15.1	\$16.8	\$11.1	\$8.6	\$59.9
	Marine Services	20.4	(2.4)	44.0	15.3	8.8	3.6	16.3	41.2
	Energy	3.0	0.7	2.9	0.4	0.3	1.0	1.2	2.5
	Telecom	1.3	1.1	6.9	1.6	1.5	2.2	1.7	5.6
	<b>Total Core Operating</b>	<b>\$40.2</b>	<b>\$9.3</b>	<b>\$105.5</b>	<b>\$32.4</b>	<b>\$27.3</b>	<b>\$17.9</b>	<b>\$27.8</b>	<b>\$109.1</b>
	<b>Early Stage and Other Holdings</b>								
	Life Sciences	(\$4.9)	(\$4.4)	(\$22.4)	(\$5.2)	(\$8.2)	(\$4.9)	(\$4.1)	(\$12.0)
	Broadcasting	(6.2)	(5.1)	(0.8)	(0.8)	0.0	0.0	0.0	0.0
	Other	(1.0)	(0.2)	(2.3)	2.1	(1.1)	(2.2)	(1.2)	(11.2)
<b>Total Early Stage and Other</b>	<b>(\$12.1)</b>	<b>(\$9.6)</b>	<b>(\$25.5)</b>	<b>(\$3.9)</b>	<b>(\$9.3)</b>	<b>(\$7.1)</b>	<b>(\$5.2)</b>	<b>(\$23.2)</b>	
Non-Operating Corporate	(\$5.4)	(\$6.7)	(\$29.2)	(\$8.7)	(\$8.3)	(\$6.3)	(\$5.9)	(\$25.7)	
<b>Total HC2 (excluding Insurance)</b>	<b>\$22.7</b>	<b>(\$6.9)</b>	<b>\$50.8</b>	<b>\$19.7</b>	<b>\$9.8</b>	<b>\$4.6</b>	<b>\$16.7</b>	<b>\$60.2</b>	
Pre-Tax Insurance AOI	<b>Core Financial Services</b>								
	Insurance	\$0.5	\$2.2	\$24.2	\$3.6	\$17.0	\$4.1	(\$0.5)	(\$2.7)

Note: Reconciliations of Adjusted EBITDA and Pre-Tax Insurance AOI to U.S. GAAP Net Income in appendix. Table may not foot due to rounding. Pre-Tax Insurance Adjusted Operating Income for Q1 2016 was adjusted to exclude certain intercompany eliminations to better reflect the results of the Insurance segment, and remain consistent with internally reported metrics. Additional details in appendix.

All data as of June 30, 2018 unless otherwise noted

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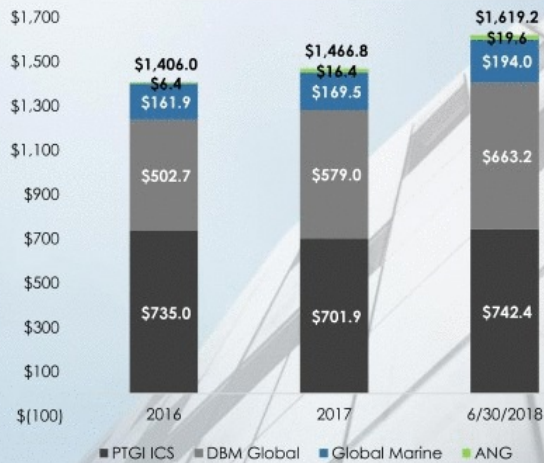
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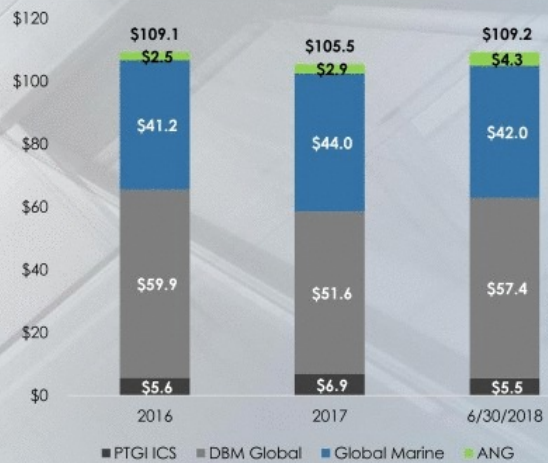
# Historical Consolidated Revenue and Adjusted EBITDA

(\$USD millions)

## Core Operating Revenue



## Core Operating Adjusted EBITDA<sup>(1)</sup>



## Non-Core Operating Revenue

	2016	2017	LTM 6/30/18
CIG	\$142.5	\$151.6	\$161.2
Pansend	-	-	-
Broadcasting	-	4.8	26.5
Other	9.7	11.0	8.4
Non-Op. Corp.	-	-	-
<b>Total Core + Non-Core</b>	<b>\$1,558.1</b>	<b>\$1,634.1</b>	<b>\$1,815.4</b>

## Non-Core Operating Adjusted EBITDA<sup>(1)</sup>

	2016	2017	LTM 6/30/18
Pansend	(\$12.0)	(\$22.4)	(\$22.6)
Broadcasting	-	(0.8)	(12.1)
Other	(11.2)	(2.3)	(0.1)
Non-Op. Corp.	(25.7)	(29.2)	(29.0)
<b>Total Core + Non-Core</b>	<b>\$60.2</b>	<b>\$50.8</b>	<b>\$45.3</b>

1. Adjusted EBITDA does not include results of HC2's Insurance segment.



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Appendix:

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## Free Cash Flow Generation

(\$USD millions)

	LTM 6/30/18
<b>Core Operating Adj. EBITDA</b>	<b>\$ 109.2</b>
Less: Non-Operating Corporate Adj. EBITDA	29.0
Less: DBM Global Maintenance Capex	2.2
Less: GMSL Maintenance Capex	12.0
Less: ANG Maintenance Capex	1.5
Less: Broadcasting Maintenance Capex	0.1
Less: HC2 Capex	0.1
<b>Free Cash Flow<sup>(1)</sup></b>	<b>\$ 64.3</b>
Less: DBM Global Growth Capex	6.4
Less: GMSL Growth Capex	7.9
Less: ANG Growth Capex	3.8
Less: Pansend Growth Capex	0.3
Less: PTGi ICS Growth Capex	0.1
Less: Broadcasting Growth Capex	0.2
<b>Free Cash Flow after Growth Capex</b>	<b>\$ 45.6</b>

1. Free Cash Flow defined as Adjusted EBITDA less Maintenance Capital Expenditures. © 2018 HC2 HOLDINGS, INC.





## Reconciliation of Net Revenue Last Twelve Months Ended June 30, 2018

(in thousands)

### Net revenue

	Twelve Months Ended December 31, 2017	Six Months Ended June 30, 2017	Six Months Ended June 30, 2018	Latest Twelve Months June 30, 2018
Construction	\$ 578,989	\$ 251,628	\$ 335,851	\$ 663,212
Marine Services	169,453	80,565	105,098	193,986
Energy	16,415	8,382	11,580	19,613
Telecommunications	701,898	352,333	392,832	742,397
<b>Core Operating</b>	<b>\$ 1,466,755</b>	<b>\$ 692,908</b>	<b>\$ 845,361</b>	<b>\$ 1,619,208</b>
Insurance	151,577	74,295	83,950	161,232
Broadcasting	4,765	-	21,745	26,510
Life Sciences	-	-	-	-
Other	11,026	2,017	3,409	12,418
Non-operating Corporate	-	-	-	-
Consolidating Elimination	-	-	(3,996)	(3,996)
<b>Total net revenue</b>	<b>\$ 1,634,123</b>	<b>\$ 769,220</b>	<b>\$ 950,469</b>	<b>\$ 1,815,372</b>



## Reconciliation of Adjusted EBITDA Last Twelve Months Ended June 30, 2018

(in thousands)

### Adjusted EBITDA

	Twelve Months Ended		Six Months Ended		Latest Twelve Months			
	December 31, 2017		June 30, 2017		June 30, 2018		September 30, 2017	
Construction	\$	51,588	\$	19,688	\$	25,502	\$	57,402
Marine Services		44,027		19,995		17,956		41,988
Energy		2,911		2,201		3,624		4,334
Telecommunications		6,929		3,841		2,383		5,471
<b>Core Operating</b>	<b>\$</b>	<b>105,455</b>	<b>\$</b>	<b>45,725</b>	<b>\$</b>	<b>49,465</b>	<b>\$</b>	<b>109,195</b>
Broadcasting		(849)		-		(11,268)		(12,117)
Life Sciences		(22,366)		(8,986)		(9,205)		(22,585)
Other		(2,290)		(3,321)		(1,174)		(143)
Non-operating Corporate		(29,152)		(12,164)		(12,056)		(29,044)
<b>Total</b>	<b>\$</b>	<b>50,798</b>	<b>\$</b>	<b>21,254</b>	<b>\$</b>	<b>15,762</b>	<b>\$</b>	<b>45,306</b>



## Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Three Months Ended June 30, 2018

(in thousands)

Three Months Ended June 30, 2018	Core Operating Subsidiaries				Early Stage & Other			Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination		
Net Income attributable to HC2 Holdings, Inc.									\$ 55,366
Less: Net Income attributable to HC2 Holdings Insurance Segment									565
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(2,009)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 7,397	\$ 10,864	\$ 679	\$ 1,040	\$ 74,124	\$ (11,816)	\$ (552)	\$ (24,926)	\$ 56,810
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	1,665	6,429	1,359	87	53	743	21	20	10,377
Depreciation and amortization (included in cost of revenue)	1,686	-	-	-	-	-	-	-	1,686
Amortization of equity method fair value adjustment at acquisition	-	(370)	-	-	-	-	-	-	(370)
Asset impairment expense	-	-	277	-	-	104	-	-	381
(Gain) loss on sale or disposal of assets	13	(25)	(192)	-	-	8	-	-	(196)
Interest expense	458	1,328	426	-	-	1,523	-	13,446	17,181
Loss on early extinguishment or restructuring of debt	-	-	-	-	-	2,537	-	-	2,537
Gain on sale of subsidiary	-	-	-	-	(102,141)	-	-	-	(102,141)
Other (income) expense, net	(66)	(1,981)	66	99	56	93	121	226	(1,386)
Foreign currency (gain) loss (included in cost of revenue)	-	(420)	-	-	-	-	-	-	(420)
Income tax (benefit) expense	3,318	68	13	-	1	14	(272)	2,759	5,901
Noncontrolling interest	601	4,030	324	-	20,679	(700)	(536)	-	24,398
Bonus to be settled in equity	-	-	-	-	-	-	-	175	175
Share-based compensation expense	-	476	2	-	18	349	200	2,660	3,705
Acquisition and disposition costs	456	-	-	49	2,355	928	-	240	4,028
<b>Adjusted EBITDA</b>	<b>\$ 15,528</b>	<b>\$ 20,399</b>	<b>\$ 2,954</b>	<b>\$ 1,275</b>	<b>\$ (4,855)</b>	<b>\$ (6,217)</b>	<b>\$ (1,018)</b>	<b>\$ (5,400)</b>	<b>\$ 22,666</b>
<b>Total Core Operating Subsidiaries</b>	<b>\$ 40,156</b>								



## Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Three Months Ended March 31, 2018

(in thousands)

Three Months Ended March 31, 2018	Core Operating Subsidiaries				Early Stage & Other			Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life	Other & Elimination	Broadcasting		
					Sciences				
Net (loss) attributable to HC2 Holdings, Inc.									\$ (34,996)
Less: Net Income attributable to HC2 Holdings Insurance Segment									1,245
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(1,987)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 3,467	\$ (6,253)	\$ (698)	\$ 1,053	\$ (3,936)	\$ (12,736)	\$ (156)	\$ (14,995)	\$ (34,254)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	1,527	6,828	1,344	86	58	705	21	21	10,590
Depreciation and amortization (included in cost of revenue)	1,593	-	-	-	-	-	-	-	1,593
Amortization of equity method fair value adjustment at acquisition	-	(371)	-	-	-	-	-	-	(371)
(Gain) loss on sale or disposal of assets	415	(2,636)	(31)	-	-	-	-	-	(2,252)
Interest expense	410	1,163	320	-	-	5,706	2	11,724	19,325
Other (income) expense, net	89	948	66	(59)	28	(75)	52	(722)	327
Foreign currency (gain) loss (included in cost of revenue)	-	(102)	-	-	-	-	-	-	(102)
Income tax (benefit) expense	1,832	(66)	-	-	-	-	-	(3,315)	(1,549)
Noncontrolling interest	282	(2,364)	(333)	-	(747)	(610)	(86)	-	(3,858)
Bonus to be settled in equity	-	-	-	-	-	-	-	175	175
Share-based compensation expense	-	410	2	-	74	313	11	278	1,088
Non-recurring items	-	-	-	-	-	-	-	-	-
Acquisition and disposition costs	359	-	-	28	173	1,646	-	178	2,384
<b>Adjusted EBITDA</b>	<b>\$ 9,974</b>	<b>\$ (2,443)</b>	<b>\$ 670</b>	<b>\$ 1,108</b>	<b>\$ (4,350)</b>	<b>\$ (5,051)</b>	<b>\$ (156)</b>	<b>\$ (6,656)</b>	<b>\$ (6,904)</b>
<b>Total Core Operating Subsidiaries</b>	<b>\$ 9,309</b>								



## Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Six Months Ended June 30, 2018

(in thousands)

Six Months Ended June 30, 2018	Core Operating Subsidiaries				Early Stage & Other			Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination		
Net Income attributable to HC2 Holdings, Inc.									\$ 20,370
Less: Net Income attributable to HC2 Holdings Insurance Segment									1,810
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(3,996)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 10,864	\$ 4,611	\$ (19)	\$ 2,093	\$ 70,188	\$ (24,552)	\$ (708)	\$ (39,921)	\$ 22,556
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	3,192	13,257	2,703	173	111	1,448	42	41	20,967
Depreciation and amortization (included in cost of revenue)	3,279	-	-	-	-	-	-	-	3,279
Amortization of equity method fair value adjustment at acquisition	-	(741)	-	-	-	-	-	-	(741)
Asset impairment expense	-	-	277	-	-	104	-	-	381
(Gain) loss on sale or disposal of assets	428	(2,661)	(223)	-	-	8	-	-	(2,448)
Interest expense	868	2,491	746	-	-	7,229	2	25,170	36,506
Loss on early extinguishment of debt	-	-	-	-	-	2,537	-	-	2,537
Gain on sale of subsidiary	-	-	-	-	(102,141)	-	-	-	(102,141)
Other (income) expense, net	23	(1,033)	132	40	84	18	173	(496)	(1,059)
Foreign currency (gain) loss (included in cost of revenue)	-	(522)	-	-	-	-	-	-	(522)
Income tax (benefit) expense	5,150	2	13	-	1	14	(272)	(556)	4,352
Noncontrolling interest	883	1,666	(9)	-	19,932	(1,310)	(622)	-	20,540
Bonus to be settled in equity	-	-	-	-	-	-	-	350	350
Share-based compensation expense	-	886	4	-	92	662	211	2,938	4,793
Acquisition and disposition costs	815	-	-	77	2,528	2,574	-	418	6,412
<b>Adjusted EBITDA</b>	<b>\$ 25,502</b>	<b>\$ 17,956</b>	<b>\$ 3,624</b>	<b>\$ 2,383</b>	<b>\$ (9,205)</b>	<b>\$ (11,268)</b>	<b>\$ (1,174)</b>	<b>\$ (12,056)</b>	<b>\$ 15,762</b>
<b>Total Core Operating Subsidiaries</b>	<b>\$ 49,465</b>								



## Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Six Months Ended June 30, 2017

(in thousands)

Six Months Ended June 30, 2017	Core Operating Subsidiaries				Early Stage & Other			Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination		
Net (loss) attributable to HC2 Holdings, Inc.									\$ (32,407)
Less: Net Income (loss) attributable to HC2 Holdings Insurance Segment									(597)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 7,382	\$ 8,099	\$ (1,062)	\$ 3,562	\$ (7,516)	\$ -	\$ (9,187)	\$ (33,088)	\$ (31,810)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	2,880	10,340	2,629	191	79	-	661	33	16,813
Depreciation and amortization (included in cost of revenue)	2,542	-	-	-	-	-	-	-	2,542
Amortization of equity method fair value adjustment at acquisition	-	(650)	-	-	-	-	-	-	(650)
Asset impairment expense	-	-	-	-	-	-	1,810	-	1,810
(Gain) loss on sale or disposal of assets	(393)	(3,500)	14	-	-	-	-	-	(3,879)
Lease termination costs	-	249	-	-	-	-	-	-	249
Interest expense	381	2,342	290	23	-	-	2,407	20,745	26,188
Net loss (gain) on contingent consideration	-	-	-	-	-	-	-	319	319
Other (income) expense, net	7	1,555	1,375	65	(15)	-	2,918	258	6,163
Foreign currency (gain) loss (included in cost of revenue)	-	107	-	-	-	-	-	-	107
Income tax (benefit) expense	5,311	376	12	-	(0)	-	0	(4,366)	1,333
Noncontrolling interest	632	338	(1,239)	-	(1,702)	-	(1,977)	-	(3,948)
Bonus to be settled in equity	-	-	-	-	-	-	-	585	585
Share-based compensation expense	-	739	182	-	168	-	47	1,489	2,625
Acquisition and disposition costs	946	-	-	-	-	-	-	1,861	2,807
<b>Adjusted EBITDA</b>	<b>\$ 19,688</b>	<b>\$ 19,995</b>	<b>\$ 2,201</b>	<b>\$ 3,841</b>	<b>\$ (8,986)</b>	<b>\$ -</b>	<b>\$ (3,321)</b>	<b>\$ (12,164)</b>	<b>\$ 21,254</b>
<b>Total Core Operating Subsidiaries</b>	<b>\$ 45,725</b>								



## Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Full Year Ended December 31, 2017

(in thousands)

Year Ended December 31, 2017	Core Operating Subsidiaries				Early Stage & Other			Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination		
Net loss attributable to HC2 Holdings, Inc.								\$ (46,911)	
Less: Net Income attributable to HC2 Holdings Insurance segment								7,066	
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 23,624	\$ 15,173	\$ (516)	\$ 6,163	\$ (18,098)	\$ (4,941)	\$ (13,064)	\$ (62,318)	\$ (53,977)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	5,583	22,898	5,071	371	186	302	1,206	71	35,688
Depreciation and amortization (included in cost of revenue)	5,254	-	-	-	-	-	-	-	5,254
Amortization of equity method fair value adjustment at acquisition	-	(1,594)	-	-	-	-	-	-	(1,594)
Asset impairment expense	-	-	-	-	-	-	1,810	-	1,810
(Gain) loss on sale or disposal of assets	292	(3,500)	247	181	-	-	-	-	(2,780)
Lease termination costs	-	249	-	17	-	-	-	-	266
Interest expense	976	4,392	1,181	41	-	1,963	2,410	44,135	55,098
Net loss (gain) on contingent consideration	-	-	-	-	-	-	-	(11,411)	(11,411)
Other (income) expense, net	(41)	2,683	1,488	149	(17)	41	6,500	(92)	10,711
Foreign currency (gain) loss (included in cost of revenue)	-	(79)	-	-	-	-	-	-	(79)
Income tax (benefit) expense	10,679	203	(4,243)	7	(820)	(1,811)	682	(10,185)	(5,488)
Noncontrolling interest	1,941	260	(681)	-	(3,936)	755	(1,919)	-	(3,580)
Bonus to be settled in equity	-	-	-	-	-	-	-	4,130	4,130
Share-based compensation expense	-	1,527	364	-	319	194	85	2,754	5,243
Non-recurring items	-	-	-	-	-	-	-	-	-
Acquisition costs	3,280	1,815	-	-	-	2,648	-	3,764	11,507
<b>Adjusted EBITDA</b>	<b>\$ 51,588</b>	<b>\$ 44,027</b>	<b>\$ 2,911</b>	<b>\$ 6,929</b>	<b>\$ (22,366)</b>	<b>\$ (849)</b>	<b>\$ (2,290)</b>	<b>\$ (29,152)</b>	<b>\$ 50,798</b>
<b>Total Core Operating Subsidiaries</b>	<b>\$ 105,455</b>								



## Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Three Months Ended December 31, 2017

(in thousands)

Three Months Ended December 31, 2017	Core Operating Subsidiaries				Early Stage & Other			Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination		
Net loss attributable to HC2 Holdings, Inc.								\$ (8,537)	
Less: Net Income attributable to HC2 Holdings Insurance segment								3,383	
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 9,160	\$ 6,230	\$ 1,485	\$ 1,253	\$ (3,822)	\$ (4,941)	\$ (3,277)	\$ (18,008)	\$ (11,920)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	1,389	6,337	1,195	86	57	302	273	21	9,660
Depreciation and amortization (included in cost of revenue)	1,419	-	-	-	-	-	-	-	1,419
Amortization of equity method fair value adjustment at acquisition	-	(371)	-	-	-	-	-	-	(371)
Asset impairment expense	-	-	-	-	-	-	-	-	-
(Gain) loss on sale or disposal of assets	199	-	208	181	-	-	-	-	588
Lease termination costs	-	-	-	2	-	-	-	-	2
Interest expense	357	1,029	629	4	-	1,963	2	11,704	15,688
Net loss (gain) on contingent consideration	-	-	-	-	-	-	-	(5,410)	(5,410)
Other (income) expense, net	117	240	(164)	72	8	41	3,700	368	4,382
Foreign currency (gain) loss (included in cost of revenue)	-	52	-	-	-	-	-	-	52
Income tax (benefit) expense	887	(36)	(4,255)	7	(820)	(1,811)	682	(1,073)	(6,419)
Noncontrolling interest	751	(121)	1,321	-	(728)	755	747	-	2,725
Bonus to be settled in equity	-	-	-	-	-	-	-	2,780	2,780
Share-based compensation expense	-	394	3	-	80	194	19	547	1,237
Non-recurring items	-	-	-	-	-	-	-	-	-
Acquisition costs	833	1,515	-	-	-	2,648	-	339	5,335
<b>Adjusted EBITDA</b>	<b>\$ 15,112</b>	<b>\$ 15,269</b>	<b>\$ 422</b>	<b>\$ 1,605</b>	<b>\$ (5,225)</b>	<b>\$ (849)</b>	<b>\$ 2,146</b>	<b>\$ (8,732)</b>	<b>\$ 19,748</b>
<b>Total Core Operating Subsidiaries</b>	<b>\$ 32,408</b>								





## Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Three Months Ended September 30, 2017

(in thousands)

Three Months Ended September 30, 2017	Core Operating Subsidiaries				Early Stage & Other			Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination		
Net loss attributable to HC2 Holdings, Inc.								\$ (5,967)	
Less: Net Income attributable to HC2 Holdings Insurance segment								4,280	
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 7,082	\$ 844	\$ (939)	\$ 1,348	\$ (6,760)	\$ -	\$ (600)	\$ (11,222)	\$ (10,247)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	1,314	6,221	1,247	94	50	-	272	17	9,215
Depreciation and amortization (included in cost of revenue)	1,293	-	-	-	-	-	-	-	1,293
Amortization of equity method fair value adjustment at acquisition	-	(573)	-	-	-	-	-	-	(573)
Asset impairment expense	-	-	-	-	-	-	-	-	-
(Gain) loss on sale or disposal of assets	486	-	25	-	-	-	-	-	511
Lease termination costs	-	-	-	15	-	-	-	-	15
Interest expense	238	1,021	262	14	-	-	1	11,686	13,222
Net loss (gain) on contingent consideration	-	-	-	-	-	-	-	(6,320)	(6,320)
Other (income) expense, net	(165)	888	277	12	(10)	-	(118)	(718)	166
Foreign currency (gain) loss (included in cost of revenue)	-	(238)	-	-	-	-	-	-	(238)
Income tax (benefit) expense	4,481	(137)	-	-	-	-	-	(4,746)	(402)
Noncontrolling interest	558	43	(763)	-	(1,506)	-	(689)	-	(2,357)
Bonus to be settled in equity	-	-	-	-	-	-	-	765	765
Share-based compensation expense	-	394	179	-	71	-	19	718	1,381
Non-recurring items	-	-	-	-	-	-	-	-	-
Acquisition costs	1,501	300	-	-	-	-	-	1,564	3,365
<b>Adjusted EBITDA</b>	<b>\$ 16,788</b>	<b>\$ 8,763</b>	<b>\$ 288</b>	<b>\$ 1,483</b>	<b>\$ (8,155)</b>	<b>\$ -</b>	<b>\$ (1,115)</b>	<b>\$ (8,256)</b>	<b>\$ 9,796</b>
<b>Total Core Operating Subsidiaries</b>	<b>\$ 27,322</b>								



## Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Three Months Ended June 30, 2017

(in thousands)

Three Months Ended June 30, 2017	Core Operating Subsidiaries				Early Stage & Other			Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination		
Net loss attributable to HC2 Holdings, Inc.									\$ (17,911)
Less: Net Income attributable to HC2 Holdings Insurance segment									164
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 4,179	\$ (3,053)	\$ (365)	\$ 2,060	\$ (4,106)	\$ -	\$ (3,757)	\$ (13,033)	\$ (18,075)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	1,240	5,255	1,381	94	41	-	331	16	8,358
Depreciation and amortization (included in cost of revenue)	1,302	-	-	-	-	-	-	-	1,302
Amortization of equity method fair value adjustment at acquisition	-	(325)	-	-	-	-	-	-	(325)
Asset impairment expense	-	-	-	-	-	-	1,810	-	1,810
(Gain) loss on sale or disposal of assets	(145)	-	18	-	-	-	-	-	(127)
Lease termination costs	-	55	-	-	-	-	-	-	55
Interest expense	174	1,040	154	14	-	-	16	10,675	12,073
Net loss (gain) on contingent consideration	-	-	-	-	-	-	-	88	88
Other (income) expense, net	28	490	255	(9)	(11)	-	803	214	1,770
Foreign currency (gain) loss (included in cost of revenue)	-	83	-	-	-	-	-	-	83
Income tax (benefit) expense	3,232	(134)	(1)	-	-	-	-	(6,543)	(3,446)
Noncontrolling interest	369	(156)	(492)	-	(911)	-	(1,372)	-	(2,562)
Bonus to be settled in equity	-	-	-	-	-	-	-	585	585
Share-based compensation expense	-	394	91	-	76	-	18	527	1,106
Non-recurring items	-	-	-	-	-	-	-	-	-
Acquisition costs	701	-	-	-	-	-	-	1,168	1,869
<b>Adjusted EBITDA</b>	<b>\$ 11,080</b>	<b>\$ 3,649</b>	<b>\$ 1,041</b>	<b>\$ 2,159</b>	<b>\$ (4,911)</b>	<b>\$ -</b>	<b>\$ (2,151)</b>	<b>\$ (6,303)</b>	<b>\$ 4,564</b>
<b>Total Core Operating Subsidiaries</b>	<b>\$ 17,929</b>								



## Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Three Months Ended March 31, 2017

(in thousands)

Three Months Ended March 31, 2017	Core Operating Subsidiaries				Early Stage & Other			Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination		
Net loss attributable to HC2 Holdings, Inc.									\$ (14,496)
Less: Net loss attributable to HC2 Holdings Insurance segment									(761)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 3,203	\$ 11,152	\$ (697)	\$ 1,502	\$ (3,410)	\$ -	\$ (5,430)	\$ (20,055)	\$ (13,735)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	1,640	5,085	1,248	97	38	-	330	16	8,454
Depreciation and amortization (included in cost of revenue)	1,240	-	-	-	-	-	-	-	1,240
Amortization of equity method fair value adjustment at acquisition	-	(325)	-	-	-	-	-	-	(325)
Asset impairment expense	-	-	-	-	-	-	-	-	-
(Gain) loss on sale or disposal of assets	(248)	(3,500)	(4)	-	-	-	-	-	(3,752)
Lease termination costs	-	194	-	-	-	-	-	-	194
Interest expense	207	1,302	136	9	-	-	2,391	10,070	14,115
Net loss (gain) on contingent consideration	-	-	-	-	-	-	-	231	231
Other (income) expense, net	(21)	1,065	1,120	74	(4)	-	2,115	44	4,393
Foreign currency (gain) loss (included in cost of revenue)	-	24	-	-	-	-	-	-	24
Income tax (benefit) expense	2,079	510	13	-	-	-	-	2,177	4,779
Noncontrolling interest	263	494	(747)	-	(791)	-	(605)	-	(1,386)
Bonus to be settled in equity	-	-	-	-	-	-	-	-	-
Share-based compensation expense	-	345	91	-	92	-	29	962	1,519
Non-recurring items	-	-	-	-	-	-	-	-	-
Acquisition costs	245	-	-	-	-	-	-	693	938
<b>Adjusted EBITDA</b>	<b>\$ 8,608</b>	<b>\$ 16,346</b>	<b>\$ 1,160</b>	<b>\$ 1,682</b>	<b>\$ (4,075)</b>	<b>\$ -</b>	<b>\$ (1,170)</b>	<b>\$ (5,862)</b>	<b>\$ 16,689</b>
<b>Total Core Operating Subsidiaries</b>	<b>\$ 27,796</b>								



## Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Full Year Ended December 31, 2016

(in thousands)

Year Ended December 31, 2016	Core Operating Subsidiaries				Early Stage & Other		Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Other & Elimination		
Net loss attributable to HC2 Holdings, Inc.								\$ (94,549)
Less: Net loss attributable to HC2 Holdings Insurance segment								(14,028)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	\$ 28,002	\$ 17,447	\$ 7	\$ 1,435	\$ (7,646)	\$ (24,800)	\$ (94,966)	\$ (80,521)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	1,892	22,007	2,248	504	124	1,480	9	28,264
Depreciation and amortization (included in cost of revenue)	4,370	-	-	-	-	-	-	4,370
Amortization of equity method fair value adjustment at acquisition	-	(1,371)	-	-	-	-	-	(1,371)
[Gain] loss on sale or disposal of assets	1,663	(9)	-	708	-	-	-	2,362
Lease termination costs	-	-	-	179	-	-	-	179
Interest expense	1,239	4,774	211	-	-	1,164	35,987	43,375
Net loss (gain) on contingent consideration	-	(2,482)	-	-	-	-	11,411	8,929
Other (income) expense, net	(163)	(2,424)	(8)	(87)	(3,213)	9,987	(1,277)	2,815
Foreign currency (gain) loss (included in cost of revenue)	-	(1,106)	-	-	-	-	-	(1,106)
Income tax (benefit) expense	18,727	1,394	(535)	2,803	1,558	3,250	11,245	38,442
Noncontrolling interest	1,834	974	(4)	-	(3,111)	(2,575)	-	(2,882)
Bonus to be settled in equity	-	-	-	-	-	-	2,503	2,503
Share-based compensation expense	-	1,682	597	-	251	273	5,545	8,348
Non-recurring items	-	-	-	-	-	-	1,513	1,513
Acquisition Costs	2,296	290	27	18	-	-	2,312	4,943
<b>Adjusted EBITDA</b>	<b>\$ 59,860</b>	<b>\$ 41,176</b>	<b>\$ 2,543</b>	<b>\$ 5,560</b>	<b>\$ (12,037)</b>	<b>\$ (11,221)</b>	<b>\$ (25,718)</b>	<b>\$ 60,163</b>
<b>Total Core Operating Subsidiaries</b>	<b>\$ 109,139</b>							



## Reconciliation of U.S. GAAP Net Income (Loss) to Insurance Adjusted Operating Income

(in thousands)

Adjusted Operating Income - Insurance ("Insurance AOI")										
	YTD 2018	Q2 2018	Q1 2018	FY 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2016	Q4 2016
Net Income (loss) - Insurance segment	\$ 1,810	\$ 565	\$ 1,245	\$ 7,066	\$ 3,381	\$ 4,282	\$ 164	\$ (761)	\$ (14,028)	\$ (2,050)
Net realized and unrealized gains on investments	(6,939)	(4,429)	(2,510)	(4,983)	(2,129)	(978)	(1,095)	(781)	(5,019)	(7,696)
Asset impairment	-	-	-	3,364	-	-	2,842	522	2,400	2,400
Acquisition costs	1,062	759	303	2,535	1,377	422	736	-	714	445
<b>Insurance AOI</b>	<b>\$ (4,067)</b>	<b>\$ (3,105)</b>	<b>\$ (962)</b>	<b>\$ 7,982</b>	<b>\$ 2,629</b>	<b>\$ 3,726</b>	<b>\$ 2,647</b>	<b>\$ (1,020)</b>	<b>\$ (15,933)</b>	<b>\$ (6,901)</b>
Addback: Tax expense (benefit)	6,741	3,560	3,181	16,228	992	13,263	1,461	512	13,196	7,248
<b>Pre-tax Insurance AOI</b>	<b>\$ 2,674</b>	<b>\$ 455</b>	<b>\$ 2,219</b>	<b>\$ 24,210</b>	<b>\$ 3,621</b>	<b>\$ 16,989</b>	<b>\$ 4,108</b>	<b>\$ (508)</b>	<b>\$ (2,737)</b>	<b>\$ 347</b>



## Reconciliation of Net Income (Loss) to Normalized Adjusted EBITDA Full Year Ended December 31, 2017 – GrayWolf

(in thousands)

### GrayWolf Normalized Adjusted EBITDA for the Year Ended December 31, 2017

	GrayWolf <sup>(1)</sup>
Net Income	\$8,570
<i>Adjustments to reconcile net income (loss) to Adjusted EBITDA:</i>	
Depreciation	\$2,734
Interest	6,407
Tax Benefit	(2,607)
Gain / Loss on Assets	(28)
Acquisition Costs	1,641
Non Recurring	2,955
<b>Adjusted EBITDA</b>	<b>\$19,672</b>

1. GrayWolf Adjusted EBITDA represents normalized EBITDA view, which excludes certain expenses management believes will not be continuing post-acquisition in order to better reflect ongoing earnings capacity



Envision. Empower. Execute.

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October 2018

