



**First Quarter
Fiscal 2018
August 2, 2017
8:00 a.m. CDT**



Agenda

Introduction

Kathy Powers
VP, Treasurer, Investor Relations and Tax

First Quarter Highlights and Segment Review

Tom Burke
President and Chief Executive Officer

Financial Overview and Outlook

Mick Lucareli
VP, Finance and Chief Financial Officer

Summary

Tom Burke

Q & A

Tom Burke and Mick Lucareli

Forward-Looking Statements

This presentation contains statements, including information about future financial performance and market conditions, accompanied by phrases such as “believes,” “estimates,” “expects,” “plans,” “anticipates,” “intends,” and other similar “forward-looking” statements, as defined in the Private Securities Litigation Reform Act of 1995. Modine's actual results, performance or achievements may differ materially from those expressed or implied in these statements because of certain risks and uncertainties, including, but not limited to, those described under “Risk Factors” in Item 1A of Part I of the Company's Annual Report on Form 10-K for the year ended March 31, 2017. Other risks and uncertainties include, but are not limited to, the following: Modine's ability to integrate the former Luvata HTS operations into Modine, to harness the anticipated synergies associated with the transaction, and to achieve projected cash flows sufficient to enable Modine to maintain a desirable leverage ratio; the overall health and price-down focus of Modine's customers, particularly in light of economic and market-specific challenges; uncertainties regarding the costs and benefits of Modine's restructuring activities; operational inefficiencies as a result of program launches, unexpected volume increases and product transfers; economic, social and political conditions, changes and challenges in the markets where Modine operates and competes, including foreign currency exchange rate fluctuations (particularly the value of the euro, Brazilian real and British pound relative to the U.S. dollar), tariffs, inflation, changes in interest rates, recession, restrictions associated with importing and exporting and foreign ownership, and in particular the economic and market conditions in Brazil and China, the remaining economic uncertainties in certain markets in North America, and the general uncertainties about the impact of potential regulatory and/or policy changes in the U.S. as a result of a change in administration, and continuing uncertainty regarding “Brexit”; the impact on Modine of any significant increases in commodity prices, particularly aluminum and copper, and our ability to pass these prices on to customers; Modine's ability to successfully execute its strategic and operational plans; the nature of and Modine's significant exposure to the vehicular industry and the dependence of this industry on the health of the economy; the concentration of sales within our CIS segment attributed to one customer, and our ability to manage troughs and take advantage of peaks; costs and other effects of environmental investigation, remediation or litigation; and other risks and uncertainties identified by the Company in public filings with the U.S. Securities and Exchange Commission. The Company does not assume any obligation to update any forward-looking statements.

First Quarter Highlights and Segment Review

Tom Burke
President and Chief Executive Officer



FY2018 – First Quarter Highlights

- Strong sales and earnings growth, largely driven by new CIS segment
- Q1 sales increased 50% on a constant-currency basis
 - Includes \$158M of sales from CIS business
 - Non-CIS base business increased 4% on a constant-currency basis
 - Higher sales in Americas, Asia, and Building HVAC segments partially offset by lower sales in Europe segment
- Q1 Adjusted operating income of \$31.6M, increased 62%
- Q1 Adjusted earnings per share of \$0.39, increased \$0.16
- CIS integration proceeding as planned
 - In a position to exceed \$15M annual cost synergy goal ahead of our timeline

Q1 FY2018 – Americas

Americas			
(\$ in millions)	Q1 2018	Q1 2017	Better / (Worse)
Net sales	\$ 148.3	\$ 140.0	\$ 8.3
Gross profit	26.5	25.2	1.3
% of net sales	17.9%	18.0%	(10 bp)
SG&A expenses	13.0	13.4	0.4
% of net sales	8.8%	9.5%	70 bp
Adjusted operating income*	\$ 13.7	\$ 11.8	\$ 1.9
% of net sales	9.2%	8.4%	80 bp

Market Outlook (Fiscal 2018)	
	YOY Change
NA Automotive	Flat
NA Medium Duty Truck	+5%
NA Heavy Duty Truck	+15%
NA Construction/Mining	+5% to +10%
NA Agriculture	- 5%
SA Aftermarket	+10%
SA Commercial Vehicle	+5% to +10%
SA Agriculture	+10% to +15%

- Sales increased 5% on a constant-currency basis
 - Higher sales to major North American off-highway customers
 - Stronger sales in Brazil to commercial vehicle, off-highway and aftermarket customers
 - Lower sales to North American commercial vehicle and automotive customers; lower EGR cooler sales due to a planned wind-down of an automotive program
- \$1.9M or 16% adjusted operating income growth, including an 80 bps margin improvement
 - Driven by higher sales volume and lower SG&A expenses
- Improving market outlook for commercial vehicles and the construction/mining markets

Q1 FY2018 – Europe

Europe			
(\$ in millions)	Q1 2018	Q1 2017	Better / (Worse)
Net sales	\$ 136.3	\$ 146.0	\$ (9.7)
Gross profit	19.3	25.3	(6.0)
% of net sales	14.2%	17.3%	(310 bp)
SG&A expenses	11.1	10.3	(0.8)
% of net sales	8.2%	7.0%	(120 bp)
Adjusted operating income*	\$ 8.2	\$ 15.0	\$ (6.8)
% of net sales	6.0%	10.3%	(430 bp)

Market Outlook (Fiscal 2018)	
	YOY Change
Automotive	Flat
Commercial Vehicle	Flat to +5%
Off-Highway	Flat to -5%

- Sales decreased 4% excluding an unfavorable FX impact of \$3.4M
 - Negatively impacted by the planned wind-down of certain commercial vehicle programs
 - Partially offset by higher sales to off-highway customers
- Gross margin decreased 310 bps due to an extraordinary prior year combined with lower sales and significantly higher material costs in the current year
 - Last year included a one-time supplier payment
 - Higher metals prices had the largest impact in this segment due to the timing of pass-through agreements
 - Expect to see additional benefits later this fiscal year
- Adjusted operating income decreased \$6.8M, driven by lower gross profit and higher SG&A expenses
 - Expect more favorable comparisons for the remainder of the year



* See Appendix for Non-GAAP reconciliations

Q1 FY2018 – Asia

Asia			
(\$ in millions)	Q1 2018	Q1 2017	Better / (Worse)
Net sales	\$ 35.4	\$ 24.9	\$ 10.5
Gross profit	6.3	4.4	1.9
% of net sales	17.7%	17.6%	10 bp
SG&A expenses	3.0	2.9	(0.1)
% of net sales	8.3%	11.8%	350 bp
Operating income	\$ 3.3	\$ 1.5	\$ 1.8
% of net sales	9.4%	5.8%	360 bp

Market Outlook (Fiscal 2018)	
	YOY Change
China Automotive	Flat
Asia Excavator	+20%
India Automotive	+5%
India Commercial Vehicle	Flat

- Sales increased 45% excluding unfavorable FX impact of \$0.6M
 - Stronger sales to automotive and off-highway customers in China, India and Korea
- 43% increase in gross profit due to higher sales volume
 - Investing in capital equipment to meet growing market demand
- Operating income more than doubled on higher sales volume and tight SG&A control
- Updated market outlook is for continued improvement in the excavator markets across the region

Q1 FY2018 – Building HVAC

Building HVAC			
(\$ in millions)	Q1 2018	Q1 2017	Better / (Worse)
Net sales	\$ 43.0	\$ 39.9	\$ 3.1
Gross profit	11.1	10.0	1.1
% of net sales	25.9%	25.1%	80 bp
SG&A expenses	8.0	8.7	0.7
% of net sales	18.7%	21.8%	310 bp
Adjusted operating income*	\$ 3.1	\$ 1.3	\$ 1.8
% of net sales	7.2%	3.3%	390 bp

Market Outlook (Fiscal 2018)	
	YOY Change
Commercial Heating - NA	Flat to +2%
Air Conditioning - EMEA	+4%
Commercial Ventilation - NA	+4%
Commercial Ventilation - UK	+2%

- Sales increased 13% excluding unfavorable FX impact of \$2.2M
 - Improvements across the board in air conditioning, ventilation and heating products
 - Particularly strong sales of school products in the quarter
- 11% increase in gross profit, including an 80 bps margin improvement
- Adjusted operating income of \$3.1M, or more than double the prior year
 - Lower SG&A spending from cost-cutting efforts
 - Volume and operational improvements in the UK
- Encouraged to see significant improvements after challenges last year

Q1 FY2018 – Commercial and Industrial Solutions

Commercial and Industrial Solutions	
(\$ in millions)	Q1 2018
Net sales	\$ 157.5
Gross profit	25.3
% of net sales	16.0%
SG&A expenses	14.5
% of net sales	9.2%
Operating income	\$ 10.8
% of net sales	6.8%

Market Outlook (Fiscal 2018)	
	YOY Change
Commercial & Residential AC	+2%
Refrigeration	+2%
Precision Cooling	+3%
Industrial Cooling	+2%
Mobile AC	+2%

- Sales for second full quarter under Modine ownership were \$157.5M
- Confident that we will exceed our goal of at least \$15M of annual cost synergies ahead of schedule
- Integration is well underway, with current focus on the following:
 - Absorbing corporate functions
 - Aligning and combining North American coils organization
 - Conducting assessment of manufacturing operations
 - Harmonizing controls and compliance
- Future actions include ERP integration, shared service opportunities and further footprint evaluations
- Managing integration timing and costs along with debt repayment and leverage targets

Financial Overview and Outlook

Mick Lucareli
Vice President, Finance and Chief Financial Officer



Q1 FY2018 vs. Prior Year

(In millions, except per share amounts)	Q1 2018	Q1 2017	Better (Worse)
Net sales	\$ 515.5	\$ 347.2	\$ 168.3
Gross profit	88.5	62.3	26.2
<i>% of net sales</i>	<i>17.2%</i>	<i>17.9%</i>	<i>(70 bp)</i>
SG&A expenses	59.2	44.2	(15.0)
<i>% of net sales</i>	<i>11.5%</i>	<i>12.7%</i>	<i>120 bp</i>
Adjusted operating income *	31.6	19.5	12.1
<i>% of net sales</i>	<i>6.1%</i>	<i>5.6%</i>	<i>50 bp</i>
Adjusted earnings per share *	\$ 0.39	\$ 0.23	\$ 0.16

Operating income	\$ 27.6	\$ 15.8	\$ 11.8
Acquisition and integration costs	2.1	1.4	
Restructuring expenses	1.7	2.3	
Environmental charges	0.2	-	
Adjusted operating income*	\$ 31.6	\$ 19.5	\$ 12.1

- Sales increased \$173M or 50% on a constant-currency basis
 - Includes CIS sales of \$158M; excluding CIS up \$15M or 4% constant-currency
- Gross profit increased 42%
 - Excluding CIS, gross profit increased \$1.6M constant-currency or 50 bps
 - Improvement driven by higher sales volume; offset by higher metals costs
- SG&A increased \$0.5M, excluding CIS SG&A
- Q1 FY18 Adjustments include the following:
 - \$2.1M of acquisition-related items
 - \$1.7M of restructuring expenses in the Americas (\$1.4M) and Europe (\$0.3M)
- Adjusted operating income increased \$12.1M or 62%, a 50 bps margin improvement
- Adjusted EPS increased \$0.16, driven by higher operating earnings and lower tax expense
 - Development tax credit from Hungary plant expansion

* See Appendix for the full GAAP income statement and Non-GAAP reconciliations

Cash Flow & Net Debt

(In millions)	Q1 FY2018	Q1 FY2017
Operating cash flow	\$ 18.7	\$ 1.6
Capital expenditures	(21.6)	(14.5)
Free cash flow	\$ (2.9)	\$ (12.9)
Adjustments	11.9	6.3
Adjusted free cash flow	\$ 9.0	\$ (6.6)

(In millions)	6/30/17	3/31/17
Cash	\$ 41.5	\$ 34.2
Total debt	530.6	510.9
Net Debt	\$ 489.1	\$ 476.7
Leverage Ratio	3.0x	2.9x
Covenant Ratio	3.75x	3.75x

- Operating cash flow improved due to better cash earnings and improved working capital
 - Includes operating cash generated by CIS
- Capital spending increased due to payment timing; expect to be in-line with the prior year
- Q1 FY18 free cash flow (\$2.9M) consistent with forecasts and \$10.0M better than the prior year
- Adjustments of \$11.9M include restructuring payments of \$4.5M, and \$4.7M related to a legal settlement in Brazil
 - Remaining adjustments primarily for acquisition-related activities
- Leverage ratio of 3.0x is well below covenant requirement of 3.75x
- Anticipating much improved full-year free cash flow
- Targeting a leverage ratio of 2.5x by the end of fiscal 2018

FY2018 Guidance

(In millions, except per share amounts)	FY 2017 Results	FY 2018 Guidance	% Increase
Net Sales	\$1,503	\$1,879 to \$1,954	+25% to +30%
Adjusted Operating Income *	\$72.2	\$100 to \$110	+39% to +52%
Adjusted EBITDA *	\$124.7	\$175 to \$185	+40% to +48%
Adjusted EPS *	\$0.78	\$1.20 to \$1.35	+54% to +73%

- Anticipating strong earnings growth driven by the full-year impact of CIS and SDG savings
- Expecting continued revenue growth in Asia and Building HVAC, low single-digit growth in Americas, and flat-to-down revenue in Europe
- Key guidance assumptions
 - Market volumes materialize as anticipated
 - Metals prices hold at current levels; pass-through lag built into the guidance
 - US dollar holds stable versus other major currencies
 - Approximately \$26M of interest expense
- Adjusted EPS of \$1.20 to \$1.35; increasing 54% to 73%
 - Lower adjusted tax expense to the 15% range due to Hungary development credit
- Anticipating seasonal slowdown in Q2, followed by sequential improvements



* See Appendix for Non-GAAP reconciliations

Q1 FY2018 – Conclusion

- Started year on a strong note
 - Seeing improvements in some of our core end-markets
 - Confident in sales and earnings guidance
- Priorities for fiscal 2018 remain clear
 - Rapid integration of CIS business and synergy capture
 - Focus on cash flow generation and debt reduction
 - Disciplined capital allocation strategy
 - Capacity expansion in Hungary and China
- Optimistic about our outlook for the balance of the year



Q&A

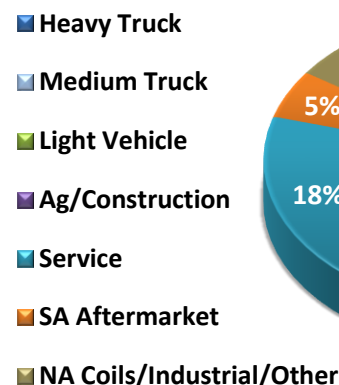


Appendix

Americas (25% of Net Sales)¹

- Six manufacturing facilities – executed our plan to close Washington, Iowa plant
- Diversified revenue mix across major end-markets
- Segment well positioned for future success based on improved manufacturing footprint and cost structure
- New growth opportunities with off-highway and automotive customers
- Key customers: CAT, Deere, Navistar, Daimler Trucks North America (DTNA), MAN, AGCO, CNH, FCA, GM, Tesla, Volvo

FY 2017 Sales Mix



(In millions)

FY Ended March 31,	2014	2015	2016	2017
Net sales	\$688.3	\$666.9	\$585.5	\$534.0
Adjusted operating income*	52.8	47.4	47.3	35.6
Adjusted operating margin*	7.7%	7.1%	8.1%	6.7%

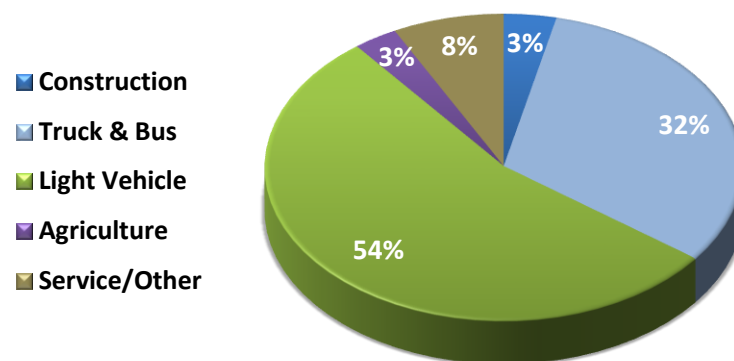
* See Non-GAAP reconciliations

¹ FY 2017 Pro forma net sales. For pro forma purposes, coils sales reported in the America's segment are included in the Commercial and Industrial Solutions segment.

Europe (28% of Net Sales) ¹

- Seven manufacturing facilities in Europe
- Consolidated manufacturing operations in Germany
- Expanding capacity in Hungary, moving production from Western Europe
- Managing launch activity mainly in oil cooler and liquid charge air cooler (LCAC) products
- Key customers: VW Group, Daimler AG, BMW, ZF, Volvo, John Deere

FY 2017 Sales Mix



(In millions)

FY Ended March 31,	2014	2015	2016	2017
Net sales	\$584.4	\$578.2	\$524.1	\$524.3
Adjusted operating income*	32.2	25.8	30.8	40.3
Adjusted operating margin*	5.5%	4.5%	5.9%	7.7%

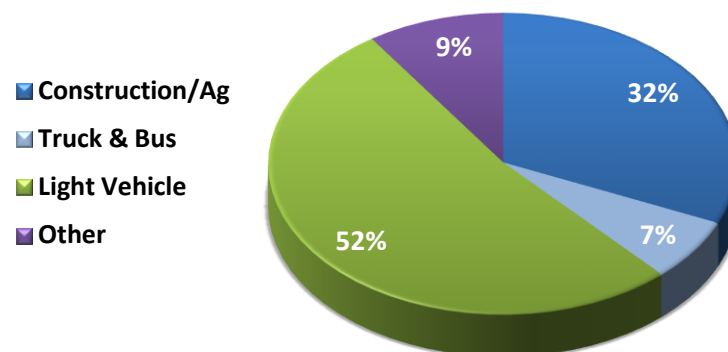
* See Non-GAAP reconciliations

¹ FY 2017 Pro forma net sales.

Asia (6% of Net Sales) ¹

- Six manufacturing facilities in China, India, Japan and Korea (3 Joint Ventures)
- Strategic focus on creating new business opportunities with local customers
- Diversifying our business model; reducing exposure to excavator market
- Shifting longer-term focus to local commercial vehicle customers due to more stringent emissions standards in China
- Key customers: Volvo CE, VW Group, CAT, Hyundai Heavy Industries, Ashok Leyland, Renault

FY 2017 Sales Mix



(In millions)

FY Ended March 31,	2014	2015	2016	2017
Net sales	\$71.5	\$81.2	\$79.0	\$111.5
Adjusted operating income (loss)*	(3.3)	0.3	1.3	7.7
Adjusted operating margin*	(4.7%)	0.3%	1.5%	6.9%

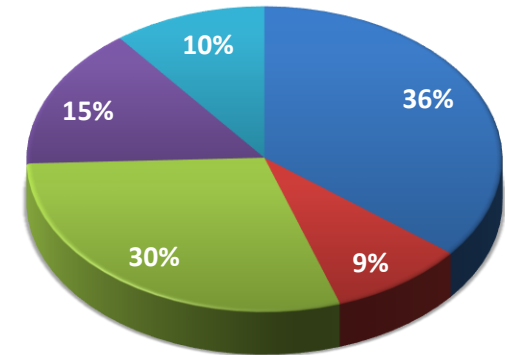
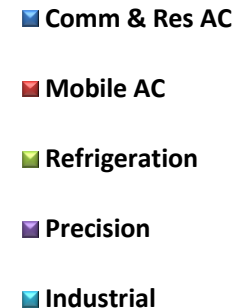
* See Non-GAAP reconciliations

¹ FY 2017 Pro forma net sales.

Commercial and Industrial Solutions (32% of Net Sales) ¹

- 16 manufacturing facilities in North America, Europe and Asia
- Primary products include Coils, Coolers and Coatings
- CIS is a pioneer in bringing microchannel technology to the HVAC&R industry, which has been used in the auto industry for more than 20 years
- Broadens and complements BHVAC sales channels
- Fiscal 2017 financial results represent the four months ended March 31, 2017

FY 2017 Sales Mix



(In millions)

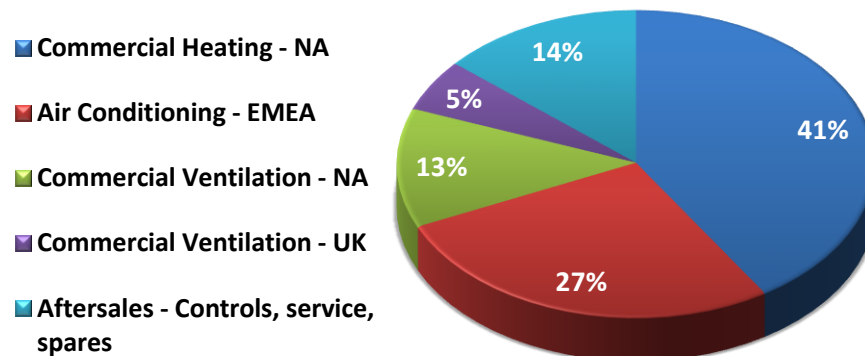
FY Ended March 31,	2017
Net sales	\$177.7
Operating income	7.5
Operating margin	4.2%

¹ FY 2017 Pro forma net sales. Includes sales from Luvata HTS and coils sales that are reported in the America's segment.

Building HVAC (9% of Net Sales)¹

- Five facilities in North America, United Kingdom and Africa
- Complementary business that provides diversification to Modine's vehicular segments
- Strong financials due to product differentiation, manufacturing efficiencies and brand strength
- Pursuing growth opportunities based on energy efficiency and other "green" initiatives
 - Ventilation and data center cooling

FY 2017 Sales Mix



(In millions)

FY Ended March 31,	2014	2015	2016	2017
Net sales	\$146.5	\$186.3	\$181.4	\$171.6
Adjusted operating income*	9.9	19.1	15.0	13.9
Adjusted operating margin*	6.8%	10.2%	8.3%	8.1%

* See Non-GAAP reconciliations

¹ FY 2017 Pro forma net sales.

Q1 GAAP Income Statement

(In millions, except per share amounts)

	Q1 2018	Q1 2017	Better (Worse)
Net sales	\$ 515.5	\$ 347.2	\$ 168.3
Cost of sales	427.0	284.9	(142.1)
Gross profit	88.5	62.3	26.2
SG&A expenses	59.2	44.2	(15.0)
Restructuring expenses	1.7	2.3	0.6
Operating income	27.6	15.8	11.8
Interest expense	(6.6)	(3.0)	(3.6)
Other expense - net	(0.9)	(0.9)	-
Earnings before income taxes	20.1	11.9	8.2
Provision for income taxes	(2.7)	(3.0)	0.3
Net earnings	17.4	8.9	8.5
Net earnings attributable to noncontrolling interest	(0.4)	(0.3)	(0.1)
Net earnings attributable to Modine	\$ 17.0	\$ 8.6	\$ 8.4
Earnings per share - diluted	\$ 0.34	\$ 0.18	\$ 0.16

Non-GAAP Reconciliations

Modine Manufacturing Company

Adjusted operating income and earnings per share (unaudited)

(In millions, except per share amounts)

	Twelve months ended March 31,
	2017
Operating income	\$ 42.3
Acquisition-related costs and adjustments ^(a)	19.1
Restructuring expenses - Americas ^(b)	6.9
Restructuring expenses - Europe ^(b)	3.0
Restructuring expenses - other ^(b)	1.0
Gain on sale of facilities ^(c)	(2.0)
Legal and environmental charges ^(d)	1.9
Adjusted operating income	\$ 72.2
Net earnings per share attributable to Modine shareholders - diluted	\$ 0.29
Acquisition-related costs and adjustments ^(a)	0.28
Restructuring expenses ^(b)	0.17
Gain on sale of facilities ^(c)	(0.04)
Legal and environmental charges ^(d)	0.04
Tax valuation allowances ^(e)	0.04
Adjusted earnings per share	\$ 0.78

^(a) On November 30, 2016, the Company acquired Luvata HTS. Acquisition-related costs in fiscal 2017, recorded as SG&A expenses at Corporate, primarily included costs for i) transaction advisors, ii) legal, accounting, and other professional services, and iii) incremental costs directly associated with integration activities, including third-party consulting fees. Additionally, the adjustments include \$4.3 million, also recorded at Corporate, for the impact of an inventory purchase accounting adjustment. The Company wrote up acquired inventory to its estimated fair value and charged the write-up to cost of sales as the underlying inventory was sold. Certain acquisition-related costs are non-deductible for income tax purposes. The tax benefit related to acquisition-related costs and adjustments for the twelve months ended March 31, 2017 was \$5.5 million.

^(b) Restructuring amounts primarily relate to equipment transfer and plant consolidation costs and employee severance expenses, and include activities under the Company's Strengthen Diversify and Grow strategic platform. During fiscal 2017, restructuring expenses within the Building HVAC segment totaled \$0.7 million.

^(c) During the fourth quarter of fiscal 2017, the Company sold two previously-closed manufacturing facilities in its Americas segment. In addition, during the second quarter of fiscal 2017, the Company sold a manufacturing facility in its Europe segment. As a result of these sales, the Company recorded net gains totaling \$2.0 million.

^(d) During fiscal 2017, the Company increased a legal reserve recorded in Brazil by \$1.6 million (within SG&A expenses in the Americas segment) associated with a formal administrative investigation under Brazil's antitrust laws and incurred environmental charges related to a previously-owned manufacturing facility in the Americas segment. The Company recorded the environmental charges within cost of sales.

^(e) On March 31, 2017, the Company recorded a valuation allowance on its deferred tax assets in Brazil, and, as a result, recorded income tax expense of \$2.0 million.

Non-GAAP Reconciliations

Modine Manufacturing Company Adjusted financial results (unaudited)

(In millions)

	Three months ended June 30,	
	2017	2016
Operating income	\$ 27.6	\$ 15.8
Acquisition and integration costs ^(a)	2.1	1.4
Restructuring expenses - Americas ^(b)	1.4	2.2
Restructuring expenses (income) - Europe ^(b)	0.3	(0.3)
Restructuring expenses - Building HVAC ^(b)	-	0.4
Environmental charges ^(c)	0.2	-
Adjusted operating income	\$ 31.6	\$ 19.5
Net earnings per share attributable to Modine shareholders - diluted:		
	\$ 0.34	\$ 0.18
Acquisition and integration costs ^(a)	0.03	0.02
Restructuring expenses ^(b)	0.02	0.03
Environmental charges ^(c)	-	-
Adjusted earnings per share	\$ 0.39	\$ 0.23

^(a) On November 30, 2016, the Company acquired Luvata Heat Transfer Solutions and has since operated the business as its Commercial and Industrial Solutions segment. Acquisition and integration costs in fiscal 2018, recorded as SG&A expenses at Corporate, primarily consisted of incremental costs directly associated with integration activities, including fees for third-party strategy consulting and accounting services and severance expenses. Acquisition costs in fiscal 2017 primarily consisted of due diligence costs. The tax benefit related to acquisition and integration costs for the three months ended June 30, 2017 and 2016 was \$0.8 million and \$0.6 million, respectively.

^(b) Restructuring amounts primarily relate to equipment transfer and plant consolidation costs and employee severance expenses.

^(c) Adjustment relates to environmental charges and related legal costs associated with a previously-owned manufacturing facility in the Americas segment.

Non-GAAP Reconciliations

Segment adjusted operating income and margin

(In millions)

Three months ended June 30,

Americas	2017	2016
Operating income	\$ 12.1	\$ 9.6
Restructuring expenses	1.4	2.2
Environmental charges	0.2	-
Adjusted operating income	<u>\$ 13.7</u>	<u>\$ 11.8</u>
Net sales	\$ 148.3	\$ 140.0
Adjusted operating margin	9.2%	8.4%

Three months ended June 30,

Europe	2017	2016
Operating income	\$ 7.9	\$ 15.3
Restructuring expenses (income)	0.3	(0.3)
Adjusted operating income	<u>\$ 8.2</u>	<u>\$ 15.0</u>
Net sales	\$ 136.3	\$ 146.0
Adjusted operating margin	6.0%	10.3%

Three months ended June 30,

Building HVAC	2017	2016
Operating income	\$ 3.1	\$ 0.9
Restructuring expenses	-	0.4
Adjusted operating income	<u>\$ 3.1</u>	<u>\$ 1.3</u>
Net sales	\$ 43.0	\$ 39.9
Adjusted operating margin	7.2%	3.3%

Non-GAAP Reconciliations

Segment adjusted operating income and margin

(In millions)

Americas	Years ended March 31,			
	2014	2015	2016	2017
Operating income	\$ 50.4	\$ 33.7	\$ 36.9	\$ 27.9
Restructuring expenses	1.2	2.7	8.8	6.9
Impairment charges	1.2	7.8	-	-
Gain on sale of facilities	-	-	-	(1.1)
Brazil legal reserve	-	3.2	-	1.6
Environmental charges	-	-	1.6	0.3
Adjusted operating income	<u>\$ 52.8</u>	<u>\$ 47.4</u>	<u>\$ 47.3</u>	<u>\$ 35.6</u>
Net sales	\$ 688.3	\$ 666.9	\$ 585.5	\$ 534.0
Adjusted operating margin	7.7%	7.1%	8.1%	6.7%

Europe	Years ended March 31,			
	2014	2015	2016	2017
Operating income	\$ 11.0	\$ 27.0	\$ 14.7	\$ 38.2
Restructuring expenses	19.2	2.0	6.2	3.0
Impairment charges	2.0	-	9.9	-
Gain on sale of facilities	-	(3.2)	-	(0.9)
Adjusted operating income	<u>\$ 32.2</u>	<u>\$ 25.8</u>	<u>\$ 30.8</u>	<u>\$ 40.3</u>
Net sales	\$ 584.4	\$ 578.2	\$ 524.1	\$ 524.3
Adjusted operating margin	5.5%	4.5%	5.9%	7.7%

Non-GAAP Reconciliations

Segment adjusted operating income and margin

(In millions)

Asia	Years ended March 31,			
	2014	2015	2016	2017
Operating income (loss)	\$ (3.3)	\$ 0.3	\$ 0.8	\$ 7.7
Acquisition-related costs	-	-	0.5	-
Adjusted operating income (loss)	<u>\$ (3.3)</u>	<u>\$ 0.3</u>	<u>\$ 1.3</u>	<u>\$ 7.7</u>
Net sales	\$ 71.5	\$ 81.2	\$ 79.0	\$ 111.5
Adjusted operating margin	(4.7%)	0.3%	1.5%	6.9%

Building HVAC	Years ended March 31,			
	2014	2015	2016	2017
Operating income	\$ 9.4	\$ 19.1	\$ 13.9	\$ 13.2
Loss from Airedale fire	0.5	-	-	-
Restructuring expenses	-	-	1.1	0.7
Adjusted operating income	<u>\$ 9.9</u>	<u>\$ 19.1</u>	<u>\$ 15.0</u>	<u>\$ 13.9</u>
Net sales	\$ 146.5	\$ 186.3	\$ 181.4	\$ 171.6
Adjusted operating margin	6.8%	10.2%	8.3%	8.1%

Non-GAAP Reconciliations

Adjusted EBITDA

(In millions)

	<u>FY 2017</u>
Net earnings	\$ 14.9
Net earnings attributable to noncontrolling interest	(0.7)
Interest expense	17.2
Provision for income taxes	5.9
Depreciation and amortization expense ^(a)	58.3
Acquisition-related costs and adjustments ^(b)	19.1
Restructuring expenses ^{(a) (b)}	10.1
Gain on sale of facilities ^(b)	(2.0)
Legal and environmental charges ^(b)	1.9
Adjusted EBITDA	<u>\$ 124.7</u>

(a) Fiscal 2017 restructuring expenses included accelerated depreciation expense of \$0.8 million, which is included within depreciation expense for this schedule.

(b) See the adjusted operating income reconciliation on page 24 for additional information regarding these adjustments.

Forward-Looking Non-GAAP Financial Measures

Our fiscal 2018 guidance includes adjusted EBITDA, adjusted operating income and adjusted EPS. These are non-GAAP measures, which exclude certain cash and non-cash charges or gains. These charges and gains may be significant and include items such as restructuring expenses (including severance costs and plant consolidation and relocation expenses), acquisition and integration costs, impairment charges and certain other items. The adjustments for fiscal 2017 are presented on slide 24 of this presentation. The adjustments for the first quarter of fiscal 2018 are presented on slide 25. Estimates of these adjustments for the remainder of fiscal 2018 are not available due to the low visibility and unpredictability of these items.