



**Second Quarter
Fiscal 2018
November 1, 2017
8:00 a.m. CDT**



Agenda

Introduction

Kathy Powers
VP, Treasurer, Investor Relations and Tax

Second 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 and under Forward-Looking Statements in Item 7 of Part II of that same report and in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 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 continuing recovery and/or instability of certain markets in China and 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.

Second Quarter Highlights and Segment Review

Tom Burke
President and Chief Executive Officer



FY2018 – Second Quarter Highlights

- Strong sales and earnings growth across all business segments
- Gross margin expansion led by higher volumes and operating efficiencies
- Q2 sales increased 60% from the prior year
 - Includes \$149M of sales from our CIS business
 - Non-CIS business increased 11% on a constant-currency basis
- Q2 Adjusted operating income of \$26.8M, up \$22.4M
- Q2 Adjusted earnings per share of \$0.36, improved \$0.37

Q2 FY2018 – Americas

Americas			
(\$ in millions)	Q2 2018	Q2 2017	Better / (Worse)
Net sales	\$ 141.9	\$ 126.0	\$ 15.9
Gross profit	21.5	15.9	5.6
% of net sales	15.2%	12.6%	260 bp
SG&A expenses	13.6	15.4	1.8
% of net sales	9.6%	12.2%	260 bp
Adjusted operating income*	\$ 8.6	\$ 2.1	\$ 6.5
% of net sales	6.0%	1.6%	440 bp

Market Outlook (Fiscal 2018)	
	YOY Change
NA Automotive	-3%
NA Medium Duty Truck	+5%
NA Heavy Duty Truck	+25%
NA Construction/Mining	+10%
NA Agriculture	- 5%
SA Commercial Vehicle	+30%
SA Agriculture	+10% to +15%

- Sales increased 12% on a constant-currency basis
 - Increases across all end-markets in North America, with substantial increases in off-highway and specialty vehicle sales
 - Recovery in Brazil aftermarket and commercial vehicle sales
- Gross margin improved 260 bps due to higher sales volume and improved performance, partially offset by higher material costs
- Adjusted operating income growth of \$6.5 million driven by higher sales volume and lower SG&A expenses
- Second half forecast includes the impact of certain commercial vehicle powertrain cooling and service program wind-downs



* See Appendix for Non-GAAP reconciliations

Q2 FY2018 – Europe

Europe			
(\$ in millions)	Q2 2018	Q2 2017	Better / (Worse)
Net sales	\$ 134.5	\$ 123.9	\$ 10.6
Gross profit	19.6	16.4	3.2
% of net sales	14.5%	13.2%	130 bp
SG&A expenses	10.7	10.6	(0.1)
% of net sales	7.9%	8.5%	60 bp
Adjusted operating income*	\$ 8.9	\$ 5.8	\$ 3.1
% of net sales	6.6%	4.7%	190 bp

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

- Sales increased 3%, excluding a favorable FX impact of \$6.9M
 - Higher sales to automotive and off-highway customers
 - Partially offset by the planned wind-down of certain commercial vehicle programs
- Gross margin increased 130 bps due to improved plant performance, procurement savings and higher sales volume
- Adjusted operating income increased \$3.1M or 53%
- Construction of new production facility in Hungary nearly complete
 - Process validation and production to start in November
 - Will enhance already competitive global footprint

Q2 FY2018 – Asia

Asia			
(\$ in millions)	Q2 2018	Q2 2017	Better / (Worse)
Net sales	\$ 39.5	\$ 24.7	\$ 14.8
Gross profit	7.4	3.7	3.7
% of net sales	18.9%	14.9%	400 bp
SG&A expenses	3.2	2.9	(0.3)
% of net sales	8.2%	11.5%	330 bp
Operating income	\$ 4.2	\$ 0.8	\$ 3.4
% of net sales	10.7%	3.4%	730 bp

Market Outlook (Fiscal 2018)	
	YOY Change
China Automotive	Flat
Asia Excavator	+30%
India Automotive	+5%
India Commercial Vehicle	-10%

- Sales increased 60% in the quarter
 - Market recovery leading to stronger sales to off-highway customers in China, India and Korea
 - Program launches driving higher automotive and commercial vehicle sales in China and India
- 400 bps improvement in gross margin due to excellent sales conversion
- Operating income increased \$3.4M on the higher sales volume
- Strong sales growth leading to additional capacity requirements
 - Growth of automotive oil cooler business and recovery of excavator market
 - Planning additional manufacturing space to support future growth

Q2 FY2018 – Commercial and Industrial Solutions

Commercial and Industrial Solutions	
(\$ in millions)	Q2 2018
Net sales	\$ 149.2
Gross profit	22.5
% of net sales	15.1%
SG&A expenses	14.4
% of net sales	9.7%
Operating income	\$ 8.1
% of net sales	5.4%

Market Outlook (Fiscal 2018)	
	YOY Change
Commercial & Residential AC	+3%
Refrigeration	+2%
Precision Cooling	+3%
Industrial Cooling	+2%
Mobile AC	+5%

- Sales of \$149.2M in the second quarter
- Gross margin of 15.1% and \$8.1M of operating income
 - Operating income includes \$3.2M of depreciation and amortization as a result of purchase accounting
 - Synergy savings expected to offset these costs and return segment to historical operating margins
- End-markets for the CIS business are stable
 - Potential increase in U.S. precision cooling market with higher demand for data center capacity
 - Increased demand for RVs and home dehumidifiers due to recent major weather events
- Well on our way to achieving synergy goals
 - Focus on global manufacturing footprint with an emphasis on low cost country production

Q2 FY2018 – Building HVAC

Building HVAC			
(\$ in millions)	Q2 2018	Q2 2017	Better / (Worse)
Net sales	\$ 48.8	\$ 45.7	\$ 3.1
Gross profit	14.9	11.8	3.1
% of net sales	30.5%	25.8%	470 bp
SG&A expenses	8.6	8.8	0.2
% of net sales	17.5%	19.2%	170 bp
Adjusted operating income*	\$ 6.3	\$ 3.0	\$ 3.3
% of net sales	13.0%	6.6%	640 bp

Market Outlook (Fiscal 2018)	
	YOY Change
Commercial Heating - NA	Flat to +2%
Air Conditioning - EMEA	+3%
Commercial Ventilation - NA	+4%
Commercial Ventilation - UK	+2%

- Sales increased 7% compared to the prior year
 - Good order growth in heating and ventilation
 - Strong sales of school products in the quarter
- 26% increase in gross profit and a 470 bps margin improvement
- Adjusted operating income of \$6.3M, or more than double the prior year
 - Improved pricing and better performance in the UK
 - Actions taken last year are driving positive results
- Encouraged to see pre-season heating orders are higher than the prior year
- Expect solid demand for precision air conditioning and air handlers

FY2018 – Strengthen, Diversify and Grow

- Two years since we announced our Strengthen, Diversify and Grow initiative
 - Pleased with the results of that program
 - Significant top line growth with improved earnings and cash flow
 - Continuing to look for ways to strengthen, diversify and grow our business
- Focus on operational improvements this year
 - Resolved operational inefficiencies in NA and the UK
 - CIS integration and synergy attainment
 - Generation of cash to repay acquisition debt
- Initiated strategic review of business portfolio
 - Find best way to prioritize capital resources
 - Leverage our EV capabilities and evaluate potential to expand product offering
 - Launch next phase of Strengthen, Diversify and Grow initiative

Financial Overview and Outlook

Mick Lucareli
Vice President, Finance and Chief Financial Officer



Q2 FY2018 vs. Prior Year

(In millions, except per share amounts)	Q2 2018	Q2 2017	Better (Worse)
Net sales	\$ 508.3	\$ 317.7	\$ 190.6
Gross profit	86.1	48.0	38.1
<i>% of net sales</i>	<i>17.0%</i>	<i>15.1%</i>	<i>190 bp</i>
SG&A expenses	62.2	48.2	(14.0)
<i>% of net sales</i>	<i>12.2%</i>	<i>15.2%</i>	<i>300 bp</i>
Adjusted operating income *	26.8	4.4	22.4
<i>% of net sales</i>	<i>5.3%</i>	<i>1.4%</i>	<i>390 bp</i>
Adjusted earnings (loss) per share *	\$ 0.36	\$ (0.01)	\$ 0.37
Operating income (loss)	\$ 23.5	\$ (1.1)	\$ 24.6
Acquisition and integration costs	2.2	3.0	
Restructuring expenses	0.4	2.1	
Environmental and legal charges	0.7	1.6	
Gain on sale of facility	-	(1.2)	
Adjusted operating income*	\$ 26.8	\$ 4.4	\$ 22.4

- Sales increased \$183M or 58% on a constant-currency basis
 - Excluding CIS up \$34M or 11% constant-currency
- Gross profit up 79% on 190 bps improvement
 - Excluding CIS, gross profit increased \$15.6M
 - Improvement by all business segments
- SG&A increase is primarily due to the addition of CIS of \$14.4M
- Current quarter includes \$3.3M of adjustments to operating income
- Adjusted operating income increased \$22.4M
- Benefitting from a development tax credit in Hungary
- Adjusted EPS improved \$0.37 from a \$0.01 loss in the prior year

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

Cash Flow & Net Debt

(In millions)	Q2 YTD FY2018	Q2 YTD FY2017
Operating cash flow	\$ 71.1	\$ 13.6
Capital expenditures	(36.8)	(32.0)
Free cash flow	\$ 34.3	\$ (18.4)

(In millions)	9/30/17	3/31/17
Cash	\$ 50.5	\$ 34.2
Total debt	505.5	510.9
Net Debt	\$ 455.0	\$ 476.7
Leverage Ratio	2.6x	2.9x

- Operating cash flow improved \$57.5M due to higher cash earnings and improved working capital
- Capital spending \$4.8M higher; expect the full-year to be \$65M to \$70M
- YTD free cash flow was \$52.7M better than the prior year
 - Includes \$15.5M of cash payments for restructuring activities, legal and environmental charges and acquisition and integration costs
- Q2'18 free cash flow \$37.2M, better than the prior year by \$42.7M
 - Includes \$3.6M of cash payments for the activities and costs mentioned above
- Leverage ratio of 2.6x was 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	\$1,984 to \$2,044	32% to 36%
Adjusted Operating Income *	\$72.2	\$107 to \$117	48% to 62%
Adjusted EBITDA *	\$124.7	\$182 to \$192	46% to 54%
Adjusted EPS *	\$0.78	\$1.30 to \$1.45	67% to 86%

- Anticipating significant earnings growth driven by the full-year impact of CIS and SDG savings
- Expecting sales continue to benefit from automotive growth in Asia and improvement in the global off-highway markets
- Key guidance assumptions
 - Planned wind-down of certain CV programs in Europe and Americas
 - Metals prices hold at current levels; pass-through lag built into the guidance
 - Approximately \$26M of annual interest expense
- Adjusted EPS of \$1.30 to \$1.45; increasing 67% to 86%
 - Lower adjusted tax rate of approximately 12-14% range due to Hungary development credit
- Second half operating income at a comparable level to Q2
 - Balancing seasonal trends of each business segment

Q2 FY2018 – Conclusion

- Performance exceeding our expectations
 - Improving markets across our business portfolio
 - Results from actions taken in the past to ensure future success
- Several actions taken that positively impacted the quarter
 - Addition of the CIS business, significant EPS accretion
 - Investments in China led to tremendous growth, nearing full capacity
 - Return to historical margin levels in BHVAC due to actions taken in the UK
- Realizing the earnings potential of the business as markets continue to improve



Q&A

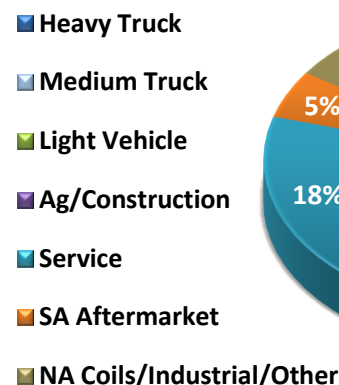


Appendix

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%

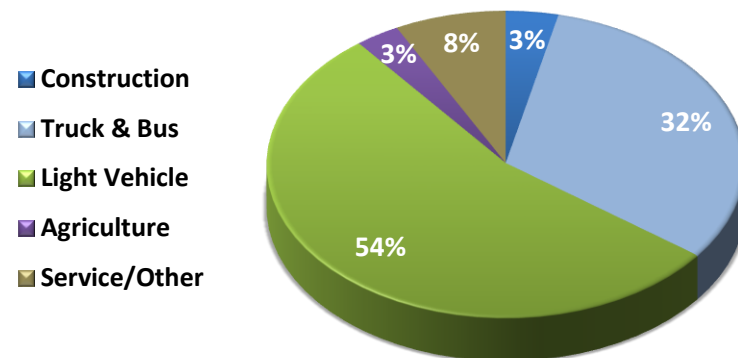
* See Non-GAAP reconciliations

¹ FY 2017 Pro forma net sales. For pro forma purposes, coils sales reported in the Americas 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%

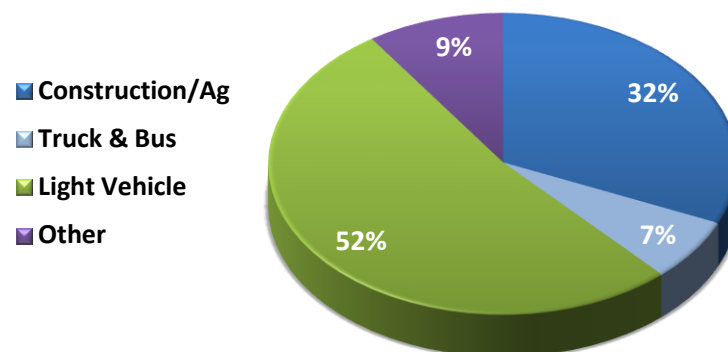
* See Non-GAAP reconciliations

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%

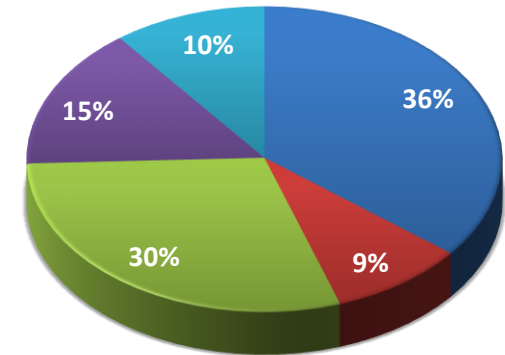
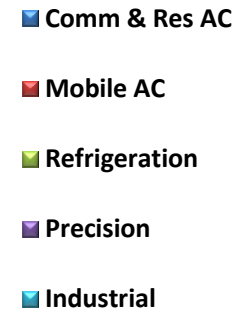
* See Non-GAAP reconciliations

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)

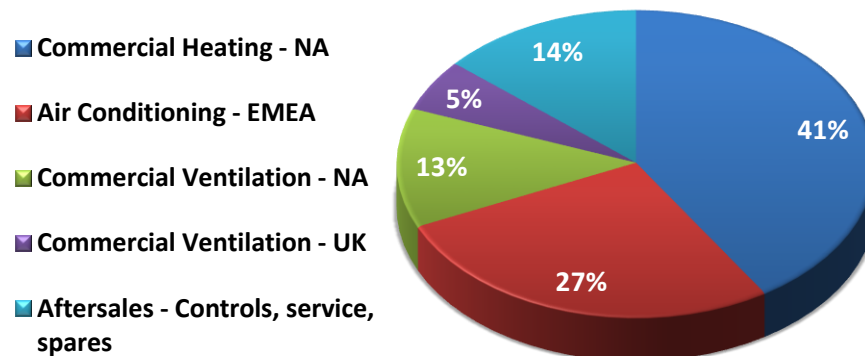
FY Ended March 31,	2017
Net sales	\$177.7
Operating income	7.5
Operating margin	4.2%

¹ FY 2017 Pro forma net sales. Includes sales from Luvata HTS and coils sales that are reported in the Americas 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.

Q2 GAAP Income Statement

(In millions, except per share amounts)

	Q2 2018	Q2 2017	Better (Worse)
Net sales	\$ 508.3	\$ 317.7	\$ 190.6
Cost of sales	422.2	269.7	(152.5)
Gross profit	86.1	48.0	38.1
SG&A expenses	62.2	48.2	(14.0)
Restructuring expenses	0.4	2.1	1.7
Gain on sale of facility	-	(1.2)	(1.2)
Operating income (loss)	23.5	(1.1)	24.6
Interest expense	(6.6)	(3.0)	(3.6)
Other expense - net	(1.1)	(0.9)	(0.2)
Earnings (loss) before income taxes	15.8	(5.0)	20.8
Benefit for income taxes	0.5	1.0	(0.5)
Net earnings (loss)	16.3	(4.0)	20.3
Net earnings attributable to noncontrolling interest	(0.4)	(0.1)	(0.3)
Net earnings (loss) attributable to Modine	\$ 15.9	\$ (4.1)	\$ 20.0
Earnings (loss) per share - diluted	\$ 0.31	\$ (0.09)	\$ 0.40

Non-GAAP Reconciliations

Modine Manufacturing Company

Adjusted operating income and earnings per share (unaudited)

(In millions, except per share amounts)

	FY 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)

	Three months ended September 30,		Six months ended September 30,	
	2017	2016	2017	2016
Operating income (loss)	\$ 23.5	\$ (1.1)	\$ 51.1	\$ 14.7
Acquisition and integration costs ^(a)	2.2	3.0	4.3	4.4
Restructuring expenses - Americas ^(b)	0.1	1.6	1.5	3.8
Restructuring expenses (income) - Europe ^(b)	0.3	-	0.6	(0.3)
Restructuring expenses - other ^(b)	-	0.5	-	0.9
Environmental and legal charges ^(c)	0.7	1.6	0.9	1.6
Gain on sale of facility ^(d)	-	(1.2)	-	(1.2)
Adjusted operating income	\$ 26.8	\$ 4.4	\$ 58.4	\$ 23.9
Net earnings (loss) per share attributable to Modine shareholders - diluted:	\$ 0.31	\$ (0.09)	\$ 0.65	\$ 0.09
Acquisition and integration costs ^(a)	0.03	0.04	0.06	0.06
Restructuring expenses ^(b)	0.01	0.03	0.03	0.06
Environmental and legal charges ^(c)	0.01	0.04	0.01	0.04
Gain on sale of facility ^(d)	-	(0.03)	-	(0.03)
Adjusted earnings (loss) per share	\$ 0.36	\$ (0.01)	\$ 0.75	\$ 0.22
Net earnings (loss)	\$ 16.3	\$ (4.0)	\$ 33.7	\$ 4.9
Net earnings attributable to noncontrolling interest	(0.4)	(0.1)	(0.8)	(0.4)
Interest expense	6.6	3.0	13.2	6.0
(Benefit) provision for income taxes	(0.5)	(1.0)	2.2	2.0
Depreciation and amortization expense ^(e)	19.3	12.9	37.8	25.4
Acquisition and integration costs ^(a)	2.2	3.0	4.3	4.4
Restructuring expenses ^{(b) (e)}	0.4	1.8	2.1	3.9
Environmental and legal charges ^(c)	0.7	1.6	0.9	1.6
Gain on sale of facility ^(d)	-	(1.2)	-	(1.2)
Adjusted EBITDA	\$ 44.6	\$ 16.0	\$ 93.4	\$ 46.6

^(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 legal and accounting professional services and severance expenses. In addition, the fiscal 2018 costs include \$1.6 million of third party strategy advisory fees related to both the acquired and base businesses. Acquisition costs in fiscal 2017 primarily consisted of due diligence costs. The tax benefit related to acquisition and integration costs for the six months ended September 30, 2017 and 2016 was \$1.6 million and \$1.7 million, respectively.

^(b) Restructuring amounts primarily relate to equipment transfer and plant consolidation costs and employee severance expenses. For the six months ended September 30, 2016, restructuring expenses

^(c) The fiscal 2018 adjustment relates to environmental charges and related legal costs associated with a previously-owned manufacturing facility in the Americas segment. The fiscal 2017 adjustment related to a legal reserve in Brazil (Americas segment), which has since been settled.

^(d) During the second quarter of fiscal 2017, the Company sold a facility within its Europe segment for cash proceeds of \$4.3 million, and as a result, recorded a gain of \$1.2 million.

^(e) Fiscal 2017 restructuring expenses included accelerated depreciation totaling of \$0.5 million, which is included within depreciation expense for this schedule and the cash flow statement.

Non-GAAP Reconciliations

Segment adjusted operating income and margin

(In millions)

Three months ended September 30,

Americas

	<u>2017</u>	<u>2016</u>
Operating income (loss)	\$ 7.8	\$ (1.1)
Restructuring expenses	0.1	1.6
Environmental and legal charges	0.7	1.6
Adjusted operating income	<u>\$ 8.6</u>	<u>\$ 2.1</u>
Net sales	\$ 141.9	\$ 126.0
Adjusted operating margin	6.0%	1.6%

Three months ended September 30,

Europe

	<u>2017</u>	<u>2016</u>
Operating income	\$ 8.6	\$ 7.0
Restructuring expenses	0.3	-
Gain on sale of facility	-	(1.2)
Adjusted operating income	<u>\$ 8.9</u>	<u>\$ 5.8</u>
Net sales	\$ 134.5	\$ 123.9
Adjusted operating margin	6.6%	4.7%

Three months ended September 30,

Building HVAC

	<u>2017</u>	<u>2016</u>
Operating income	\$ 6.3	\$ 2.8
Restructuring expenses	-	0.2
Adjusted operating income	<u>\$ 6.3</u>	<u>\$ 3.0</u>
Net sales	\$ 48.8	\$ 45.7
Adjusted operating margin	13.0%	6.6%

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>
Earnings before income taxes	\$ 20.8
Net earnings attributable to noncontrolling interest	(0.7)
Interest expense	17.2
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 and the cash flow statement.

(b) See the adjusted operating income reconciliation on page 25 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 25 of this presentation. The adjustments for the first six months of fiscal 2018 are presented on slide 26. Estimates of these adjustments for the remainder of fiscal 2018 are not available due to the low visibility and unpredictability of these items.