



COMPANY: Perma-Pipe International Holdings, Inc.
CONTACTS: David Mansfield, President & CEO
(847) 966-1000

Harriet Fried / Jody Burfening
LHA
(212) 838-3777
hfried@lhai.com

**PERMA-PIPE INTERNATIONAL HOLDINGS ANNOUNCES FIRST QUARTER
FINANCIAL RESULTS**

- *Net sales of \$23.5 million for the quarter*
- *Loss from continuing operations of \$3.5 million for the quarter*
- *Backlog increases by 25% to \$55.9 million as of May 31, 2017*

NILES, IL -- June 13, 2017 -- Perma-Pipe International Holdings, Inc. (NASDAQ: PPIH) announced today financial results for the first quarter ended April 30, 2017.

CEO David Mansfield commented, “The earnings from continuing operations in the quarter reflect an improvement versus the prior-year period, but production volumes have continued to reflect the depressed state of the markets that we have been experiencing since last year. However, aside from the regular seasonal downturn in Canada from April through July, during each month of this year we have seen a steady recovery in the levels of bid activity. Since the beginning of the fiscal year, our backlog has increased by 25% to \$55.9 million, with the largest percentage increase from the U.S. market. We are hopeful that this is indicative of some strengthening of the market conditions that we had previously anticipated, and our current expectation is that this market trend will continue during the coming months.

“Our efforts to reduce costs to better manage these lower levels of activity are now showing notable impact, with a 19% reduction in our SG&A costs in the quarter versus the prior-year period when excluding the impact from foreign currency losses. In addition, we reduced our plant fixed costs, which has lessened the adverse impact to gross margins resulting from the reduced volumes and pricing pressures.”

Mr. Mansfield concluded, “If our expectations of improving market conditions and anticipated project bookings are realized in the coming months, we believe we are in a good position to respond to the upturn. In the meantime, we will continue to maintain tight control over our infrastructure costs while seeking to ensure that these prospects are secured into our backlog.”

BACKLOG

<i>(\$ in thousands)</i>	May 31, 2017	April 30, 2017	January 31, 2017
Piping Systems	\$55,947	\$49,365	\$44,615

FIRST FISCAL QUARTER ENDED APRIL 30, 2017

SALES - Net sales increased 2% to \$23.5 million in the current quarter from \$23.1 million in the prior-year quarter. Weak demand for insulated pipe used in infrastructure projects in the Middle East negatively

impacted the year-over year revenue comparison. This was more than offset by higher volumes, most prominently in our Canadian operations, where we acquired full equity ownership a year ago.

GROSS PROFIT - Gross margin decreased to 8% of net sales in the current quarter from 9% of net sales in the prior-year quarter. Project bids in markets with weak demand are increasingly competitive with corresponding pressure on intake margins. Further reductions in plant expenses helped to mitigate some of the impact.

EXPENSES - Operating expenses decreased to \$5.6 million from \$6.5 million, as the results of management changes and retirements took effect. Savings from management changes and retirements were partly offset by \$0.4 million in exchange rate losses realized in Q1 2017 on the payback of intercompany loans extended to a foreign subsidiary.

TAXES - The Company's worldwide effective income tax rates ("ETR") on continuing operations for 2017 and 2016 were 12.2% and 4.0%, respectively. The change in the ETR from the prior year to the current year was mainly due to the foreign income activity.

NET LOSS - Net loss was \$3.5 million in fiscal 2017 compared to a loss of \$6.1 million in the prior-year-quarter.

Perma-Pipe International Holdings, Inc.

Perma-Pipe International Holdings is a global leader in pre-insulated piping and leak detection systems for oil and gas gathering, district heating and cooling, and other applications. It uses its extensive engineering and fabrication expertise to develop piping solutions that solve complex challenges regarding the safe and efficient transportation of many types of liquids. In total, Perma-Pipe has operations at seven locations in five countries.

Forward-Looking Statements

Statements and other information contained in this announcement that can be identified by the use of forward-looking terminology constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbors created thereby, including, without limitation, statements regarding the expected future performance and operations of the Company. These statements should be considered as subject to the many risks and uncertainties that exist in the Company's operations and business environment. Such risks and uncertainties include, but are not limited to, the project nature of the business, the increasing international nature of the business, economic conditions, market demand and pricing, competitive and cost factors, raw material availability and prices, global interest rates, currency exchange rates, labor relations and other risk factors.

Perma-Pipe's Form 10-Q for the period ended April 30, 2017 will be accessible at www.sec.gov and www.permapipe.com. For more information, visit the Company's website or contact its investor relations representative, LHA.

Perma-Pipe International Holdings, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)

	Three Months Ended April 30	
	2017	2016
Net sales	\$23,501	\$23,069
Cost of sales	21,716	21,077
Gross profit	1,785	1,992
Operating expenses		
General and administrative expenses	4,286	5,093
Selling expenses	1,316	1,404
Total operating expenses	5,602	6,497
Loss from operations	(3,817)	(4,505)
Loss on consolidation of joint venture	—	(1,620)
Interest expense, net	157	226
Loss from continuing operations before income taxes	(3,974)	(6,351)
Income tax benefit	(485)	(257)
Loss from continuing operations	(3,489)	(6,094)
Loss from discontinued operations, net of tax	—	(200)
Net loss	(\$3,489)	(\$6,294)
Weighted average common shares outstanding		
Basic and diluted	7,610	7,351
Loss per share from continuing operations		
Basic and diluted	(\$0.46)	(\$0.83)
Loss per share from discontinued operations		
Basic and diluted	\$—	(\$0.03)
Loss per share		
Basic and diluted	(\$0.46)	(\$0.86)

Note: Earnings per share calculations could be impacted by rounding.

Perma-Pipe International Holdings, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(In thousands)</i>	April 30, 2017	January 31, 2017
	(Unaudited)	
ASSETS		
Current assets		
Cash, cash equivalents	\$9,059	\$7,603
Restricted cash	1,140	1,098
Trade accounts receivable, net	23,817	31,271
Inventories, net	15,255	13,565
Prepaid expenses and other current assets	7,284	4,287
Total current assets	56,555	57,824
Property, plant and equipment, net of accumulated depreciation	34,800	36,275
Long-term assets		
Goodwill	2,182	2,279
Other assets	5,548	5,233
Total long-term assets	7,730	7,512
Total assets	\$99,085	\$101,611
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	\$9,977	\$10,901
Accrued liabilities, compensation, incentives, and payroll taxes	5,526	6,081
Current maturities of long-term debt	6,249	4,471
Other current liabilities, including customer deposits	9,408	8,595
Total current liabilities	31,160	30,048
Long-term liabilities		
Long-term debt, less current maturities	6,828	7,258
Other long-term liabilities	4,716	4,892
Total long-term liabilities	11,544	12,150
Stockholders' equity		
Total stockholders' equity	56,381	59,413
Total liabilities and stockholders' equity	\$99,085	\$101,611

Perma-Pipe International Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

<i>(In thousands)</i>	Three months ended	
	April 30	
	2017	2016
Operating activities		
Net loss	(\$3,489)	(\$6,294)
Adjustments to reconcile net loss to net cash flows (used in) provided by operating activities		
Depreciation and amortization	1,215	1,448
Loss on consolidation of joint venture	—	1,620
Gain on disposal of discontinued operations	—	(867)
Other, net	(415)	1,653
Changes in operating assets and liabilities		
Accounts receivable	7,546	12,228
Accrued compensation and payroll taxes	(584)	(2,536)
Other assets and liabilities	(5,285)	(3,474)
Net cash (used in) provided by operating activities	<u>(1,012)</u>	<u>3,778</u>
Investing activities		
Acquisition of interest in subsidiary, net of cash acquired	—	(4,672)
Proceeds from surrender of corporate-owned life insurance policies	—	1,894
Capital expenditures	(267)	(796)
Proceeds from sales of property and equipment	1	—
Net cash used in investing activities	<u>(266)</u>	<u>(3,574)</u>
Financing activities		
Proceeds from debt	8,612	14,786
Payments of debt on revolving lines of credit, other	(6,905)	(20,417)
Other financing	177	(161)
Net cash provided by (used in) financing activities	<u>1,884</u>	<u>(5,792)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	892	435
Net increase (decrease) in cash, cash equivalents and restricted cash	1,498	(5,153)
Cash, cash equivalents and restricted cash - beginning of period	8,701	18,955
Cash, cash equivalents and restricted cash - end of period	<u>\$10,199</u>	<u>\$13,802</u>