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PERMA-PIPE INTERNATIONAL HOLDINGS ANNOUNCES SECOND QUARTER FINANCIAL RESULTS

- *Net sales of \$26.9 million, up 17% from prior year*
- *Loss from continuing operations of \$1.7 million*
- *Backlog increases by 27% in the quarter and by 40% year-to-date to \$62.7 million as of July 31, 2017*

NILES, IL – September 19, 2017 -- Perma-Pipe International Holdings, Inc. (NASDAQ: PPIH) announced today financial results for the second quarter ended July 31, 2017.

CEO David Mansfield commented, “For the second consecutive quarter this year the earnings from continuing operations reflect an improvement versus the prior-year period. While production volumes continue to be negatively impacted by the reduced market activity, we have experienced a more meaningful increase in revenues in the second quarter, up 17% versus the prior-year quarter.

“During the first quarter, we noted the increased levels of bid activity and this continued to gain momentum during the second quarter, with new bookings amounting to \$42 million. Since the beginning of the fiscal year, our backlog has now increased by 40% to \$62.7 million.

“In our earnings release for the fourth quarter, we anticipated that it would not be until mid-year before we saw the beginning of a recovery in our Middle East markets and that appears to have been validated after receiving over \$20 million in new awards during the second quarter, with some sizeable projects still in the bidding phase. We continue to be mindful that our backlog includes projects that were bid under very competitive conditions, so we expect to continue to see gross margins pressured at least until the end of the year.

“We continue to maintain the reduction in our overhead burden and selling and general and administrative costs. On a year-to date basis, we have reduced comparable operating expenses by more than \$1 million.”

Mr. Mansfield concluded, “So far this year, the market trends have been generally in line with our expectations, showing a modest recovery. The competitive environment is still very challenging though, and it will likely continue to be so for the remainder of this year. We will continue to optimize the use of our resources and to strengthen our processes to ensure we maintain the strong position we hold in our market while also seeking to pursue growth opportunities sensibly.”

BACKLOG

<i>(\$ in thousands)</i>	July 31, 2017	April 30, 2017	January 31, 2017
Piping Systems	\$62,662	\$49,365	\$44,615

SECOND FISCAL QUARTER ENDED JULY 31, 2017

SALES - Net sales increased 17% to \$26.9 million in the current quarter from \$22.9 million in the prior-year quarter. Higher revenues resulted from increased business with distributors of coated pipe in Canada and from a pick-up in general project activities in the Middle East.

GROSS PROFIT - Gross margin decreased to 11% of net sales in the current quarter from 13% of net sales in the prior-year quarter due to changes in the product mix.

EXPENSES - Operating expenses as reported remained level at \$5.2 million. The prior-year quarter included a one-time legal settlement accrual of \$0.8 million while the current quarter included \$0.4 million of professional service expenses related to Middle East executive management transition and operations. In the prior year quarter, operating expenses were reduced by \$0.4 million on the gain on sale of the former corporate headquarters and a foreign currency exchange gain of \$0.4 million

PRETAX LOSS FROM CONTINUING OPERATIONS - The pretax loss from continuing operations was level at \$2.3 million due to:

- increased volume from distributors in Canada;
- increased sales in the Middle East;
- increased professional services fees; and
- the prior-year quarter included a one-time \$0.8 million lawsuit settlement, offset by a gain from the sale of headquarters and by foreign currency exchange gains.

SIX MONTHS ENDED JULY 31, 2017

SALES - Net sales increased 10% to \$50.4 million in the current year-to-date from \$45.9 million in the prior-year-to-date. Higher volumes resulted from increased project demand in the U.S. and from higher coating volumes for distributors in Canada.

GROSS PROFIT - Gross margin decreased to 10% of net sales in the current year-to-date from 11% of net sales in the prior-year-to-date due to changes in the product mix.

EXPENSES - Operating expenses decreased by \$1.0 million to \$10.8 million from \$11.8 million. In the current year, the company recorded \$0.4 million of professional service expenses related to Middle East executive management transition and operations in addition to a foreign exchange loss of \$0.4 million on loan repayments. In the six months of the prior year, operating expenses were reduced by \$0.3 million for the gain on sale of the former corporate headquarters, and by a reduction in executive incentives of \$0.2 million. The prior-year expenses also included a one-time legal settlement expenses of \$0.8 million.

PRETAX LOSS FROM CONTINUING OPERATIONS - The pretax loss from continuing operations was \$6.2 million year-to-date versus \$8.7 million in the prior-year-to-date. The factors contributing to the 2017 results were:

- increased volume from distributors in Canada;
- increased professional services fees and a foreign exchange loss of \$0.4 million on loan repayments; and
- the prior-year-to-date included a one-time \$0.8 million lawsuit settlement and a non-cash loss of \$1.6 million from the consolidation of the joint venture.

TAXES - The Company's worldwide effective income tax rates (“ETR”) on continuing operations for 2017 and 2016 were 16.8% and 15.3%, respectively. The change in the ETR from the prior year to the current year was mainly due to the change in foreign income and loss activities.

NET LOSS - Net loss was \$5.2 million compared to a net loss of \$6.3 million in the prior-year's period.

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 July 31, 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		Six Months Ended	
	July 31		July 31	
	2017	2016	2017	2016
Net sales	\$26,852	\$22,859	\$50,353	\$45,928
Cost of sales	23,794	19,879	45,510	40,956
Gross profit	3,058	2,980	4,843	4,972
Operating expenses:				
General and administrative expense	3,856	3,720	8,142	8,908
Selling expense	1,307	1,450	2,623	2,854
Total operating expenses	5,163	5,170	10,765	11,762
Loss from operations	(2,105)	(2,190)	(5,922)	(6,790)
Loss on consolidation of joint venture	—	—	—	(1,620)
Interest expense, net	157	97	314	323
Loss from continuing operations before income taxes	(2,262)	(2,287)	(6,236)	(8,733)
Income tax benefit	(564)	(1,077)	(1,049)	(1,334)
Loss from continuing operations	(1,698)	(1,210)	(5,187)	(7,399)
Income from discontinued operations, net of tax	—	1,309	—	1,109
Net (loss) income	(\$1,698)	\$99	(\$5,187)	(\$6,290)
Weighted average common shares outstanding				
Basic	7,679	7,481	7,645	7,416
Diluted	7,679	7,603	7,645	7,416
Loss per share from continuing operations				
Basic and diluted	(\$0.22)	(\$0.16)	(\$0.68)	(\$1.00)
Earnings per share from discontinued operations				
Basic and diluted	\$0.00	\$0.17	\$0.00	\$0.15
(Loss) earnings per share				
Basic and diluted	(\$0.22)	\$0.01	(\$0.68)	(\$0.85)

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

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

<i>(In thousands)</i>	July 31, 2017	January 31, 2017
	(Unaudited)	
ASSETS		
Current assets		
Cash, cash equivalents	\$8,546	\$7,603
Restricted cash	893	1,098
Trade accounts receivable, net	26,583	31,271
Inventories, net	16,031	13,565
Prepaid expenses and other current assets	6,121	4,287
Total current assets	58,174	57,824
Property, plant and equipment, net of accumulated depreciation	35,995	36,275
Long-term assets		
Goodwill	2,388	2,279
Other assets	5,282	5,233
Total long-term assets	7,670	7,512
Total assets	\$101,839	\$101,611
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	\$10,695	\$10,901
Accrued liabilities, compensation, incentives, and payroll taxes	5,124	6,081
Current maturities of long-term debt	8,515	4,471
Other current liabilities, including customer deposits	9,072	8,595
Total current liabilities	33,406	30,048
Long-term liabilities		
Long-term debt, less current maturities	7,792	7,258
Other long-term liabilities	5,000	4,892
Total long-term liabilities	12,792	12,150
Stockholders' equity		
Total stockholders' equity	55,641	59,413
Total liabilities and stockholders' equity	\$101,839	\$101,611

Perma-Pipe International Holdings, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)

	Six months ended July 31	
	2017	2016
Operating activities		
Net loss	(\$5,187)	(\$6,290)
Adjustments to reconcile net loss to net cash flows used in operating activities		
Depreciation and amortization	2,509	2,830
Loss on consolidation of joint venture	—	1,620
Gain on disposal of subsidiaries	—	(867)
Other, net	(35)	(1,659)
Changes in operating assets and liabilities		
Accounts receivable	5,355	16,277
Accrued compensation and payroll taxes	(1,019)	(5,884)
Other assets and liabilities	(4,451)	(6,928)
Net cash used in operating activities	(2,828)	(901)
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	(1,526)	(994)
Proceeds from sales of marketable securities	142	—
Proceeds from sales of property and equipment	1	11,930
Net cash (used in) provided by investing activities	(1,383)	8,158
Financing activities		
Proceeds from debt	16,936	27,260
Payments of debt on revolving lines of credit, other	(12,790)	(41,083)
Other financing	199	61
Net cash provided by (used in) financing activities	4,345	(13,762)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	604	104
Net increase (decrease) in cash, cash equivalents and restricted cash	738	(6,401)
Cash, cash equivalents and restricted cash - beginning of period	8,701	18,955
Cash, cash equivalents and restricted cash - end of period	\$9,439	\$12,554