



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 THIRD QUARTER
FINANCIAL RESULTS**

- *Net sales of \$27.5 million up 9% from prior-year quarter*
- *Loss from continuing operations of \$3.3 million*
- *Backlog was \$59.3 million as of October 31, 2017*

NILES, IL -- December 15, 2017 -- Perma-Pipe International Holdings, Inc. (NASDAQ: PPIH) announced today financial results for the third quarter ended October 31, 2017.

CEO David Mansfield commented, “Our third quarter and year-to-date revenues both increased 9% from the levels achieved in the corresponding periods last year. Although relatively modest increases, they do provide us with further confidence that the market is turning the corner in a positive direction. It is notable that these increases occurred after our revenues in the Middle East started to be negatively impacted by the recent embargo of Qatar by the GCC countries, since this prevented us from supplying to that market from our facilities in the GCC.

“Earnings from continuing operations in the quarter and year-to-date also reflect improvements versus the prior year but we recognize that these are still not at a satisfactory level, mostly due to the reduced levels of activity. In addition, as we had advised last quarter, the operating results continue to reflect reduced gross margins as we execute that part of the backlog of projects that was secured under highly competitive market conditions. We continue to drive down our selling and general and administrative expenses, which over the nine months are now at \$15 million when excluding non-recurring costs of \$1.4 million for the current year.

“During the quarter, we secured new bookings at a level close to our reported revenues, so the backlog remains near the level at the prior quarter end. We continue to see that there are positive indicators that the Middle East market is gaining momentum and we secured meaningful contracts during the quarter in that region while pursuing others of significance.”

Mr. Mansfield concluded, “Our positive outlook for the trend of our markets remains unchanged and we expect the continuation of a recovery. There has been a significant increase in the level of activity in our production facility in the UAE, where we have begun executing the large backlog of work, and this should continue through the upcoming quarter. This is despite recently experiencing client-driven delays in project scheduling which will cause certain work to slip from Q4 this year into Q1 next year.

“With a renewed customer-focused strategy we have made positive gains in some of our markets, and we will continue to build on these. We will also continue to strengthen our processes to ensure that we further improve our competitive position.”

BACKLOG

(\$ in thousands)

October 31, 2017	July 31, 2017	January 31, 2017
\$59,267	\$62,662	\$44,615

THIRD FISCAL QUARTER ENDED OCTOBER 31, 2017

SALES - Net sales increased 9% to \$27.5 million in the current quarter from \$25.3 million in the prior-year quarter. Higher revenues resulted from increased domestic oil and gas business, an increase in district heating and cooling in the U.S. educational sector and increased business with distributors of coated pipe in Canada. Sales in the Middle East were comparable to prior year, as fulfillment of higher order volume in the backlog did not impact the current quarter due to normal lead times for incoming pipe material.

GROSS PROFIT - Gross margin decreased to 12% of net sales in the current quarter from 15% of net sales in the prior-year quarter due to changes in the North American product mix and competitive market conditions.

EXPENSES - Operating expenses increased by \$0.7 million in the current quarter from the prior-year quarter. Excluding \$0.8 million of one-time non-recurring professional service expenses this quarter, operating expenses decreased by \$0.1 million.

PRETAX LOSS FROM CONTINUING OPERATIONS for the current quarter increased to \$2.5 million from \$1.3 million due to:

- lower gross profit due to changes in the product mix and competitive market conditions;
- decreased sales in the Middle East; and
- one-time non-recurring professional services fees in this quarter.

NINE MONTHS ENDED OCTOBER 31, 2017

SALES - Net sales increased 9% to \$77.9 million in the current year-to-date from \$71.2 million in the prior-year year-to-date. Higher coating volumes for distributors in Canada and increased project demand in the U.S. contributed to the increase.

GROSS PROFIT - Gross margin decreased to 10% of net sales in the current year-to-date from 12% of net sales in the prior-year year-to-date due to changes in the product mix and executing lower margin projects in backlog.

EXPENSES - Operating expenses decreased by \$0.3 million in the current year-to-date from the prior-year year-to-date. The prior-year year-to-date expenses included one-time legal settlement expenses of \$0.8 million. The cumulative year-to-date expenses include non-recurring expenses of approximately \$1.1 million.

TAXES - The Company's worldwide effective income tax rates ("ETR") on continuing operations for 2017 and 2016 were 2.8% and (10.7)%, 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 decreased to \$8.5 million in the current year-to-date from \$10.2 million in the prior-year year-to-date. The contributing factors were:

- increased coating volume from distributors in Canada;

- the prior-year year-to-date included a non-cash loss of \$1.6 million from the consolidation of the Canadian joint venture;
- the prior-year year-to-date general and administrative expenses included a one-time \$0.8 million lawsuit settlement; and
- one-time non-recurring professional services fees in the current year

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 October 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 October 31		Nine Months Ended October 31	
	2017	2016	2017	2016
Net sales	\$27,498	\$25,302	\$77,851	\$71,230
Cost of sales	24,178	21,605	69,688	62,561
Gross profit	3,320	3,697	8,163	8,669
Operating expenses:				
General and administrative expense	4,314	3,490	12,456	12,398
Selling expense	1,297	1,382	3,920	4,236
Total operating expenses	5,611	4,872	16,376	16,634
Loss from operations	(2,291)	(1,175)	(8,213)	(7,965)
Loss on consolidation of joint venture	—	—	—	(1,620)
Interest expense, net	193	112	507	435
Loss from continuing operations before income taxes	(2,484)	(1,287)	(8,720)	(10,020)
Income tax expense (benefit)	808	2,411	(241)	1,077
Loss from continuing operations	(3,292)	(3,698)	(8,479)	(11,097)
(Loss) income from discontinued operations, net of tax	—	(203)	—	906
Net loss	(\$3,292)	(\$3,901)	(\$8,479)	(\$10,191)
Weighted average common shares outstanding				
Basic and diluted	7,714	7,541	7,668	7,457
Loss per share from continuing operations				
Basic and diluted	(\$0.43)	(\$0.49)	(\$1.11)	(\$1.49)
Loss (earnings) per share from discontinued operations				
Basic and diluted	\$—	(\$0.03)	\$—	\$0.12
Loss per share				
Basic and diluted	(\$0.43)	(\$0.52)	(\$1.11)	(\$1.37)

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

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

<i>(In thousands)</i>	October 31, 2017	January 31, 2017
	(Unaudited)	
ASSETS		
Current assets		
Cash, cash equivalents	\$8,373	\$7,603
Restricted cash	898	1,098
Trade accounts receivable, net	28,884	31,271
Inventories, net	14,005	13,565
Prepaid expenses and other current assets	5,474	4,287
Total current assets	57,634	57,824
Property, plant and equipment, net of accumulated depreciation	34,882	36,275
Long-term assets		
Goodwill	2,317	2,279
Other assets	5,850	5,233
Total long-term assets	8,167	7,512
Total assets	\$100,683	\$101,611
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	\$9,462	\$10,901
Accrued compensation, incentives, and payroll taxes liabilities	4,499	6,081
Current maturities of long-term debt	10,306	4,471
Other current liabilities, including customer deposits	11,412	8,595
Total current liabilities	35,679	30,048
Long-term liabilities		
Long-term debt, less current maturities	7,577	7,258
Other long-term liabilities	5,014	4,892
Total long-term liabilities	12,591	12,150
Stockholders' equity		
Total stockholders' equity	52,413	59,413
Total liabilities and stockholders' equity	\$100,683	\$101,611

Perma-Pipe International Holdings, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)

Nine months ended October 31

	2017	2016
Operating activities		
Net loss	(\$8,479)	(\$10,191)
Adjustments to reconcile net loss to net cash flows used in operating activities		
Depreciation and amortization	3,772	4,258
Loss on consolidation of joint venture	—	1,620
Gain on disposal of discontinued operations	—	(186)
Other, net	(65)	882
Changes in operating assets and liabilities		
Accounts receivable	2,989	14,860
Accrued compensation and payroll taxes	(1,633)	(9,047)
Other assets and liabilities	(777)	(8,374)
Net cash used in operating activities	(4,193)	(6,178)
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	(2,082)	(1,544)
Proceeds from sales of marketable securities	142	—
Proceeds from sales of property and equipment	1	13,962
Net cash (used in) provided by investing activities	(1,939)	9,640
Financing activities		
Proceeds from debt	31,652	38,956
Payments of debt on revolving lines of credit, other	(25,584)	(51,313)
Other financing	(50)	179
Net cash provided by (used in) financing activities	6,018	(12,178)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	684	(285)
Net increase (decrease) in cash, cash equivalents and restricted cash	570	(9,001)
Cash, cash equivalents and restricted cash - beginning of period	8,701	18,955
Cash, cash equivalents and restricted cash - end of period	\$9,271	\$9,954