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Perma-Pipe International Holdings, Inc. Announces Fourth Quarter and Full Year Financial Results.

- *Net sales of \$27.4 million for the quarter and \$105.2 million for the year*
- *Operating results from continuing operations before income taxes improved to a loss of \$1.5 million for the quarter and \$10.2 million for the year*
- *Backlog at \$46.7 million*

NILES, IL, April 19, 2018 -- Perma-Pipe International Holdings, Inc. (NASDAQ: PPIH) announced today financial results for the fourth quarter and fiscal year ended January 31, 2018.

President and CEO David Mansfield commented, "While revenues for the quarter were similar to those achieved in the prior year period, pre-tax losses were reduced by \$2.3 million after an improvement in margins and reductions in SG&A costs. This was achieved despite the adverse impact of project schedules slipping into the first quarter of next year and the cancellation of orders destined for Qatar, which were rebid due to the GCC embargo that prevented the supply from our facilities in the GCC. While activities in North America were lower than we had anticipated, our plants in the Middle East were very busy executing the significant backlog that we had accumulated there."

"We are very pleased to report that we ended the year with a 6.5% increase to revenues and an improvement to pre-tax earnings of \$3.6 million. While the highly competitive market conditions that persisted throughout the year have put significant pressure on our margins, we have succeeded in absorbing the impact of these through our initiatives to reduce costs and improve efficiencies, as well as our focus on overhead costs", continued Mr. Mansfield.

"During the year we have achieved some important positive steps in realigning and rebuilding our organization. Notably with the appointments of John Carusiello to Senior Vice President - Americas, and Grant Dewbre to the positions of Senior Vice President - MENA. We have also better defined our strategic plans, which include a specific focus on growth and margin improvements", reported Mr. Mansfield.

"Furthermore, we do anticipate an upturn in the levels of activity in our markets during the forthcoming year, and we enter the new financial year with a backlog of \$46.7 million, up slightly from our position at the preceding year-end date. In addition, we continue to pursue the East Africa Project, which although experiencing some minor delays from the originally anticipated schedule, is still expected to move forward during the coming months." concluded Mr. Mansfield.

Fourth Quarter 2017 Results

Net sales decreased to \$27.4 million in the fourth quarter of 2017, compared to \$27.6 million during the same period in 2016.

Gross profit increased to \$3.6 million in the fourth quarter of 2017, compared to \$3.0 million during the same period in 2016. This 17.5% improvement in margin is due primarily to higher utilization and improved profitability in the Middle East.

Selling expenses decreased to \$1.1 million in the fourth quarter of 2017, compared to \$1.5 million during the same period in 2016. General and Administrative expenses reduced to \$3.8 million in the fourth quarter of 2017, compared to \$5.2 million during the same period in 2016. This overall reduction in expenses of \$1.8 million is due to changes in the senior management, both domestic and international, relocation of U.S. headquarters and realignment of administrative functions.

Interest expense was \$0.2 million in the fourth quarter of 2017, compared to \$0.1 million in the same period during 2016. This increase is due to higher borrowings and increased interest rates, both domestic and foreign.

Operating results from continuing operations before income taxes improved to a loss of \$1.5 million in the fourth quarter of 2017, compared to a loss of \$3.8 million in 2016. The positive contributing factors were increased margins and reduced selling, general and administrative expenses.

Full Year 2017 Results

Net sales increased 6.5% to \$105.2 million in 2017, from \$98.8 million in 2016. Higher revenues resulted primarily from increased sales to distributors in Canada.

Gross profit remained unchanged at \$11.7 million in 2017 and 2016. Gross margin decreased to 11% from 12% of net sales in the prior year due to changes in the North American product mix and continued competitive pricing pressures in the United States and Middle East.

Selling expenses decreased to \$5.0 million from \$5.7 million, an improvement of 11.9%. As a percentage of net sales, selling expenses decreased to 4.8% in 2017 from 5.8% in the prior year. This improvement is due to management changes in the Middle East and realignment of the North American sales organization.

General and administrative expenses were \$16.2 million in 2017 compared to \$17.6 million 2016, an improvement of 7.8%. Included in the 2017 expenses is a one-time, third-party cost of \$1.2 million to conduct a complete review of policies and procedures in the Middle East region. The 2016 expenses included one-time legal settlement expenses of \$0.8 million, and hiring and separation costs of \$0.7 million related to changes in the senior executive positions of the Company.

On a comparative basis, not including these one-time charges, general and administrative expenses were \$15.0 million and \$16.1 million, in 2017 and 2016, respectively. This decrease of \$1.1 million was primarily due to the relocation of the U.S. headquarters and realignment of administrative functions, all of which contributed to the overall improvement year over year.

Interest expense increased to \$0.8 million in 2017 from \$0.7 million in 2016 due to higher borrowings and increased interest rates, both domestic and foreign.

Operating results from continuing operations before income taxes reflects a loss of \$10.2 million in 2017, compared to a loss of \$13.8 million in 2016. The primary positive contributing factors were increased coating volumes from distributors in Canada, and reduced selling, general and administrative expenses.

Cash used in operations was \$1.8 million in 2017, an improvement of \$3.7 million as compared to \$5.5 million in 2016, due to the increased revenues of \$6.4 million, along with reduced selling, general and administrative expenses.

Perma-Pipe International Holdings, Inc.

PPIH 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, PPIH has operations at seven locations in five countries.

Forward-Looking Statements

Certain statements and other information contained in this press release 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 (“Exchange Act”), 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 following: (i) the Company's ability to effectively execute its strategic plan and achieve profitability and positive cash flows; (ii) the impacts of global economic weakness and volatility; (iii) fluctuations in steel prices and the Company's ability to offset increases in steel prices through price increases in its products; (iv) the timing of orders for the Company's products; (v) decreases in United States government spending on projects using the Company's products, and challenges to the Company's non-government customers' liquidity and access to capital funds; (vi) the Company's ability to successfully negotiate progress-billing arrangements for its large contracts; (vii) fluctuations in crude oil and natural gas prices risks and uncertainties related to the Company's international business operations; (viii) the Company's ability to repay its debt, refinance its current expiring United States credit agreement, and renew expiring international credit facilities; (ix) aggressive pricing by existing competitors and the entrance of new competitors in the markets in which the Company operates; (x) the Company's ability to purchase raw materials at favorable prices and to maintain beneficial relationships with its suppliers; (xi) the Company's ability to manufacture products free of latent defects and to recover from suppliers who may provide defective materials to the Company; (xii) reductions or cancellations of orders included in the Company's backlog; (xiii) the Company's ability to attract and retain senior management and key personnel; (xiv) the Company's ability to achieve the expected benefits of its growth initiatives; (xv) reversals of previously recorded revenue and profits resulting from inaccurate estimates made in connection with the Company's percentage-of-completion revenue recognition; (xvi) the Company's failure to establish and maintain effective internal control over financial reporting; and (xvii) the impact of cybersecurity threats on the Company's information technology systems. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this press release and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, which are available at <https://www.sec.gov> and under the Investor Center section of our website (<http://investors.permapipe.com>.)

Perma-Pipe International Holdings, Inc.'s Form 10-K for the period ended January 31, 2018 will be accessible at www.sec.gov and www.permapipe.com. For more information, visit the Company's website.

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

	Three Months Ended January 31,		Twelve Months Ended January 31,	
	2018	2017	2018	2017
Net sales	\$27,397	\$27,615	\$105,248	\$98,845
Cost of sales	23,818	24,568	93,506	87,129
Gross profit	3,579	3,047	11,742	11,716
Operating expenses:				
General and administrative expense	3,758	5,181	16,214	17,579
Selling expense	1,120	1,485	5,040	5,721
Total operating expenses	4,878	6,666	21,254	23,300
Loss from operations	(1,299)	(3,619)	(9,512)	(11,584)
Loss on consolidation of joint venture	—	—	—	(1,620)
Interest expense, net	190	134	697	569
Loss from continuing operations before income taxes	(1,489)	(3,753)	(10,209)	(13,773)
Income tax expense (benefit)	8	(1,688)	(233)	(611)
Loss from continuing operations	(1,497)	(2,065)	(9,976)	(13,162)
Income (loss) from discontinued operations, net of tax	—	(218)	—	688
Net loss	(\$1,497)	(\$2,283)	(\$9,976)	(\$12,474)
Weighted average common shares outstanding				
Basic and diluted	7,715	7,579	7,680	7,488
Loss per share from continuing operations				
Basic and diluted	(\$0.19)	(\$0.27)	(\$1.30)	(\$1.76)
(Loss) earnings per share from discontinued operations				
Basic and diluted	\$—	(\$0.03)	\$—	\$0.09
Loss per share				
Basic and diluted	(\$0.19)	(\$0.30)	(\$1.30)	(\$1.67)

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

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

<i>(In thousands)</i>	January 31, 2018	January 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$7,084	\$7,603
Restricted cash	1,237	1,098
Trade accounts receivable, net	32,936	31,271
Inventories, net	16,856	13,565
Prepaid expenses and other current assets	4,205	4,287
Total current assets	62,318	57,824
Property, plant and equipment, net of accumulated depreciation	34,509	36,275
Long-term assets		
Goodwill	2,423	2,279
Other assets	5,334	5,233
Total long-term assets	7,757	7,512
Total assets	\$104,584	\$101,611
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	\$14,186	\$10,901
Accrued liabilities, compensation, incentives, and payroll taxes	2,367	4,033
Current maturities of long-term debt	8,026	4,471
Other current liabilities, including customer deposits	14,601	8,595
Total current liabilities	39,180	28,000
Long-term liabilities		
Long-term debt, less current maturities	7,728	7,258
Other long-term liabilities	5,864	6,940
Total long-term liabilities	13,592	14,198
Stockholders' equity		
Total stockholders' equity	51,812	59,413
Total liabilities and stockholders' equity	\$104,584	\$101,611