



HC2

Envision. Empower. Execute.

HC2 HOLDINGS, INC.

2nd Quarter 2015 • Conference Call

Special Note Regarding Forward-Looking Statements. This presentation contains, and oral statements made by our representatives from time to time may contain, forward-looking statements. Generally, forward-looking statements include information describing actions, events, results, strategies and expectations and are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may," "will," "could," "might," or "continues" or similar expressions. These statements are based on the beliefs and assumptions of HC2's management and the management of HC2's subsidiaries. HC2 believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and HC2's actual results could differ materially from those expressed in the forward-looking statements due to a variety of important factors, both positive and negative, that may be revised or supplemented in subsequent reports on Forms 10-K, 10-Q and 8-K. Factors that could cause actual results, events and developments to differ include, without limitation, capital market conditions, the ability of HC2's subsidiaries to generate sufficient net income and cash flows to make upstream cash distributions, trading characteristics of the HC2 common stock, the ability of HC2 and its subsidiaries to identify any suitable future acquisition opportunities, our ability to realize efficiencies, cost savings, income and margin improvements, growth, economies of scale, and other anticipated benefits of strategic transactions, integrating financial reporting of acquired or target businesses, completing pending and future acquisitions and dispositions, litigation, and other contingent liabilities, changes in regulations, taxes and risks that may affect the performance of the operating subsidiaries of HC2. Additional information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to HC2 or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and HC2 undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-U.S. GAAP Measures. Management believes that certain non-U.S. GAAP financial measures may be useful in certain instances to provide additional meaningful comparisons between current results and results in prior operating periods. HC2 uses the non-U.S. GAAP financial measures of adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). Management believes that Adjusted EBITDA is significant to gaining an understanding of HC2's results as it is frequently used by the financial community to provide insight into an organization's operating trends and facilitates comparisons between peer companies, since interest, taxes, depreciation, amortization and other adjustments can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA can also be a useful measure of a company's ability to service debt. While management believes that non-U.S. GAAP measurements are useful supplemental information, such adjusted results are not intended to replace U.S. GAAP financial results and should be read in conjunction with those U.S. GAAP results.

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- ◆ **Quarterly Overview** **Philip Falcone**, Chairman, President and CEO
- ◆ **Financial Highlights** **Michael Sena**, Chief Financial Officer
- ◆ **Q and A**

The logo for HC2, featuring the letters 'HC2' in a bold, sans-serif font. The 'H' and 'C' are white, and the '2' is green. The logo is set against a black diamond-shaped background.

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Quarterly Overview

Philip Falcone

◆ Results

- ◆ Operating Results this quarter exceeded management's expectations
- ◆ Net Revenue totaled \$281 million with quarter over quarter increase primarily driven by Telecom and Manufacturing
- ◆ Adjusted EBITDA attributable to Manufacturing and Marine Services totaled 30.8 million

◆ Recent Developments

- ◆ New Addition to Team: Michael Sena, Chief Financial Officer
- ◆ Continental Insurance Group: Transaction expected to close by end of Q3
- ◆ Gaming Nation: Leading daily fantasy sports provider

We remain focused on:

- ◆ *Strategically allocating capital*
- ◆ *Building our existing platforms*
- ◆ *Delivering sustainable value for our shareholders*

Company Metrics

Fully Diluted Market Cap¹: \$368m
 HC2 Corporate Debt²: \$300m
 Debt-to-Cap Ratio²: 81.5%

2Q 2015 Results

Net Revenue³: \$281m
 Adjusted EBITDA³: \$20m
 Consolidated Cash & ST Invmts⁴: \$81m



MANUFACTURING: SCHUFF

- ◆ Q2 Revenue: \$131m
- ◆ Backlog of \$329 million
- ◆ Notable Projects:
 - ◆ Wilshire Grand
 - ◆ Apple headquarters
 - ◆ Sacramento Kings Arena

MARINE SERVICES: GMSL

- ◆ Q2 Revenue: \$44m
- ◆ New contracts secured with Subsea 7 and Tampnet

TELECOM: PTGI ICS

- ◆ Q2 Revenue: \$104m
- ◆ Building salesforce and attracting new customers, particularly in Latin America and Africa
- ◆ Improved operational efficiencies

UTILITIES: ANG

- ◆ Q2 Revenue: \$1.4m
- ◆ 10 operating stations, compared to 8 at end of 2014
- ◆ Tops Friendly Markets site commissioned

LIFE SCIENCES: PANSEND

BeneVir Biopharm, Inc.: Patent protected oncolytic viruses; Pre-clinical

R2 Dermatology: Novel skin lightening technology; Patient pilot study underway

Genovel Orthopedics: Late stage development of patent protected Mini Knee Replacement and Anatomic Total Knee Replacement

OTHER HOLDINGS

Novatel Wireless: Announced agreement to acquire DigiCore Holdings Limited, leading provider of M2M communication

Continental Insurance Group: HC2 signed a definitive agreement for the acquisition of LTC businesses from AFG

Gaming Nation: HC2 funded approximately \$16 million in convertible debentures of Gaming Nation

Dusenberry Martin Racing: NASCAR® '15 racing game launched exclusively at GameStop on May 22, 2015

Nerve: Announced exclusive partnership with Wasserman Media Group, a leading sports advertising agency

1. Fully diluted market capitalization based on common stock price per share of \$8.95 on June 30, 2015, includes preferred shares and options. 2. As of June 30, 2015. Corporate debt only. 3. For quarter ended June 30, 2015. 4. As of June 30, 2015. Includes cash, cash equivalents and short-term investments.

SECOND QUARTER UPDATE

- ◆ Q2 Revenue: \$131m; Q2 EBITDA: \$14m
- ◆ Backlog: \$329m
- ◆ Notable Projects Include:
 - ◆ Wilshire Grand in Los Angeles
 - ◆ Sacramento Kings Arena
 - ◆ Apple Headquarters in Cupertino
 - ◆ Major Multiyear/Multisite Industrial Expansion Program located in the Gulf Coast Area

STRATEGIC INITIATIVES

- ◆ Continue to increase and diversify sales pipeline, particularly in the healthcare and industrial sectors
- ◆ Continue to actively select the right jobs, not all jobs

SELECT CUSTOMERS



SECOND QUARTER UPDATE

- ◆ Q2 Revenue: \$44m; Q2 EBITDA: \$17m
- ◆ Solid JV performance driven by key installations
- ◆ High maintenance volume, including Pacific Guardian on 78-day repair operation
- ◆ Contracted with Subsea 7 for the Clair Ridge Oil & Gas project
- ◆ Won high-profile contracts from Tampnet, operates largest offshore high-capacity communication network in the world
- ◆ Trencher ROV asset purchased

STRATEGIC INITIATIVES

- ◆ Emerging opportunities in telecom
- ◆ M&A
- ◆ Asset Expansion
- ◆ Re-entry to Offshore Power market

SELECT CUSTOMERS



SECOND QUARTER UPDATE

- ◆ Q2 Revenue: \$104m
- ◆ Spent the past year simplifying the business, reducing costs and building a best of breed sales team
- ◆ Highlights include:
 - ◆ Completion of the company restructuring plan at all levels within the organization
 - ◆ Elimination of legacy support systems, replaced by state of the art cloud based support systems globally
 - ◆ Completion of Guatemala back office support team
 - ◆ Complete overhaul of the Global Sales team

STRATEGIC INITIATIVES

- ◆ Continue building out sales force
 - ◆ Improve sales from existing underachieving accounts
 - ◆ Add new customers
- ◆ Continue to strengthen and improve financial results using disciplined approach to capture both larger customers with lower credit risk profiles and smaller customers with higher margins

SELECT CUSTOMERS



SECOND QUARTER UPDATE: BENEVIR

- ◆ Pansend is a strategic investor in BeneVir Biopharm, Inc., a company developing patent protected oncolytic viruses
- ◆ Partnered with Dr. Ian Mohr at NYU Langone Medical Center, world famous expert in oncolytic viruses
- ◆ Dr. Mohr also the inventor of Amgen's T-Vec , an oncolytic virus recently recommended by FDA for approval
- ◆ Immunotherapy: Cutting edge cancer treatment that is revolutionizing the way oncologists think about and treat cancer patients
- ◆ Huge programs at major pharmaceuticals dedicated to immunotherapy
- ◆ Recently, another class of immunotherapy agents gaining enormous attention in medical cancer community: Oncolytic Viruses
- ◆ Oncolytic Viruses are proven to work synergistically and in combination with current immunotherapy drugs already FDA approved and on the market
- ◆ BeneVir's oncolytic virus is pre-clinical and not yet in patients

****HC2: Unique opportunities abound in Life Sciences but you need to be forward thinking and have the right team in place to execute**

PANSEND HOLDINGS



Durable, Cash-Flow Generating Assets



Assets with Significant Equity-upside Potential



Pipeline

- ◆ Insurance
- ◆ Energy
- ◆ Agriculture
- ◆ Gaming

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Financial Highlights

Michael Sena

NET REVENUES (IN MILLIONS)

Manufacturing



Marine Services



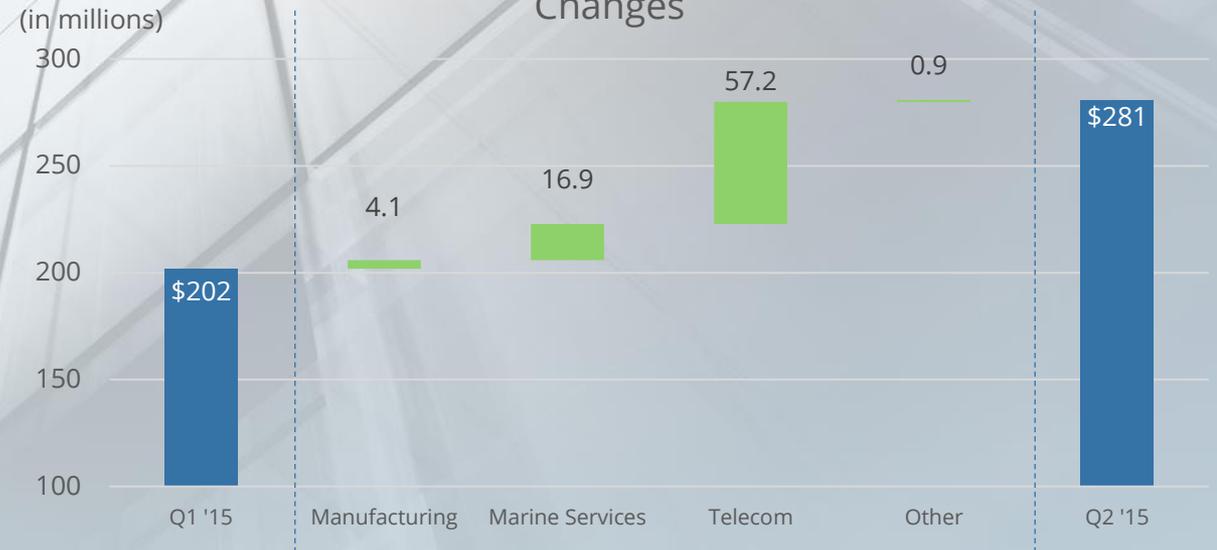
Telecom



Consolidated revenues of \$281 million for Q2 vs. \$202 million for Q1, or 39% growth quarter-over-quarter

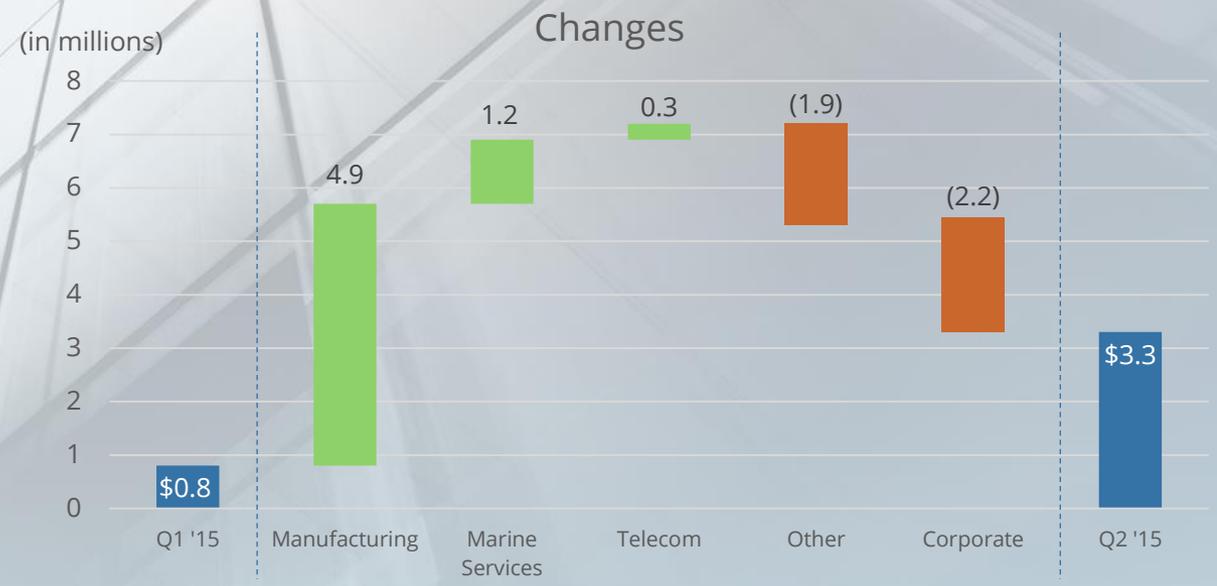
Q2 net revenue for our Telecom segment was \$104 million, a 123% increase quarter-over-quarter

Changes



OPERATING INCOME (IN MILLIONS)

Operating income for the second quarter was \$3.3 million compared to \$0.8 million during the first quarter



HC2 recorded consolidated adjusted EBITDA of \$19.5 million for Q2 compared to \$5.9 million for Q1

ADJUSTED EBITDA (IN MILLIONS)		
	Q1 2015	Q2 2015
Manufacturing	\$8.9	\$14.0
Marine Systems	5.3	16.8
Telecom	(0.1)	0.2
Other and Corporate	(8.2)	(11.5)
TOTAL	\$5.9	\$19.5

Adjusted EBITDA for Schuff and Global Marine was a combined \$30.8 million during Q2, up 117% quarter-over-quarter

Adjusted EBITDA for Schuff and GMSL



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Questions and Answers

Philip Falcone: CEO
Keith Hladek: COO
Michael Sena: CFO

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Appendix

Reconciliations

Reconciliation of Adjusted EBITDA of HC2 to U.S. GAAP Net Income (June 30, 2015)

	Manufacturing Three Months Ended June 30, 2015	Marine Services Three Months Ended June 30, 2015	Telecommunications Three Months Ended June 30, 2015	Other (1) Three Months Ended June 30, 2015	HC2 Holdings, Inc. Three Months Ended June 30, 2015
Net income (loss)	\$ 5,878	\$ 10,360	\$ 587	\$ (28,041)	\$ (11,216)
Adjustments to reconcile net income (loss) to Adjusted EBIT:					
(Gain) loss on sale or disposal of assets	498	-	-	-	498
Interest expense	366	963	-	8,712	10,041
Amortization of debt discount	-	-	-	84	84
Other (income) expense, net	(7)	(35)	(1)	4,980	4,937
Foreign currency transaction (gain) loss	-	(1,354)	(468)	-	(1,822)
Income tax (benefit) expense	4,334	6	-	(1,876)	2,464
Loss from discontinued operations	11	-	-	-	11
Noncontrolling interest	499	-	-	(295)	204
Share-based payment expense	-	-	-	2,365	2,365
Acquisition costs	-	-	-	1,969	1,969
Adjusted EBIT	11,579	9,940	118	(12,102)	9,535
Depreciation and amortization	498	4,080	98	560	5,236
Depreciation and amortization (included in cost of revenue)	1,932	-	-	-	1,932
Foreign currency (gain) loss (included in cost of revenue)	-	2,758	-	-	2,758
Adjusted EBITDA	\$ 14,009	\$ 16,778	\$ 216	\$ (11,542)	\$ 19,461

(1) Other also includes Utilities, Life Sciences and Corporate.

Reconciliation of Adjusted EBITDA of HC2 to U.S. GAAP Net Income (March 31, 2015)

	Manufacturing Three Months Ended March 31, 2015	Marine Services Three Months Ended March 31, 2015	Telecommunications Three Months Ended March 31, 2015	Other (1) Three Months Ended March 31, 2015	HC2 Holdings, Inc. Three Months Ended March 31, 2015
Net income (loss)	\$ 3,188	\$ 1,607	\$ (524)	\$ (9,332)	\$ (5,061)
Adjustments to reconcile net income (loss) to Adjusted EBIT:					
(Gain) loss on sale or disposal of assets	423	-	50	-	473
Interest expense	344	996	-	7,268	8,608
Amortization of debt discount	-	-	-	92	92
Other (income) expense, net	(17)	-	(5)	(171)	(193)
Foreign currency transaction (gain) loss	-	448	322	1	771
Income tax (benefit) expense	2,569	6	-	(8,408)	(5,833)
Loss from discontinued operations	9	-	-	-	9
Noncontrolling interest	85	-	-	(346)	(261)
Share-based payment expense	-	-	-	2,235	2,235
Adjusted EBIT	6,601	3,057	(157)	(8,661)	840
Depreciation and amortization	478	4,030	98	400	5,006
Depreciation and amortization (included in cost of revenue)	1,875	-	-	-	1,875
Foreign currency (gain) loss (included in cost of revenue)	-	(1,823)	-	-	(1,823)
Adjusted EBITDA	<u>\$ 8,954</u>	<u>\$ 5,264</u>	<u>\$ (59)</u>	<u>\$ (8,261)</u>	<u>\$ 5,898</u>

(1) Other also includes Utilities, Life Sciences and Corporate.



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