Operator: Greetings, and welcome to Global Power Equipment Group Third Quarter 2017 Financial Results. At this time, all participants are in a listen-only mode. A Q&A session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Deborah Pawlowski. Thank you. You may begin.

Deborah Pawlowski: Thank you and good morning, everyone. We certainly appreciate your time today and your interest in Global Power. On the call with me are our Co-Presidents and Co-CEOs, Craig Holmes and Tracy Pagliara, and Chief Financial Officer, Erin Gonzalez. Craig and Erin will lead the call with prepared comments, after which we will take questions.

We released, after the close of market yesterday, our third quarter 2017 financial results, and filed the 10-Q for the period as well. You can find these documents on our website at www.globalpower.com. You will also find on our website the slides that will accompany today's conversation.

If you open the slide deck, I will review the Safe Harbor regarding forward-looking statements. As you are aware, we may make some forward-looking statements during the formal discussions as well as during the Q&A session. These statements apply to future events which are subject to risks and uncertainties, as well as other factors that could cause actual results to differ materially from what is stated here today. These risks and uncertainties and other factors are provided in the earnings release, as well as with other documents filed with the Securities and Exchange Commission. You can find those documents on our website or at SEC.gov.

During today's call, we will also discuss some non-GAAP financial measures. We believe these will be useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. We have provided reconciliation of the non-GAAP measures to comparable GAAP measures in the tables that accompany yesterday's release and slides for your information.

With that, I will now turn the call over to Craig to begin. Craig?

Craig Holmes: Thanks, Deb, and good morning. I also want to welcome everyone to the call. It has only been six short weeks since we last provided a quarterly update on our business. It is great that we are clearly making progress in bringing our SEC filings current, following the extremely long, comprehensive, and complicated restatement process.

Our reported results show the Mechanical Solutions business as discontinued operations since the segment was held for sale at the end of the third quarter, and was successfully sold in October. The process to evaluate strategic alternatives for our Electrical Solutions segment remains active, and we're diligently pursuing a favorable outcome to the process. However, as I mentioned in December, we can't guarantee when or if an acceptable strategic alternative will be available for the Electrical Solutions segment. Further, we cannot comment today on any specifics regarding our discussions with interested parties or the status of any potential transaction. However, we are moving the process forward as quickly as we can and will provide updates in the future, as required.

Now let's talk about our operations. Across both of our segments, we now have experienced management, which is leading motivated teams focused on our core values and profitable growth. While our Electrical Solutions results for 2017 have been disappointing overall, our

Idaho and Indiana operations continue to perform well and they show good progress, improving the timeliness of deliveries and the quality of their products. In both the Idaho and Indiana facilities, we have experienced teams and proven processes, which allow those facilities to consistently deliver profitable projects.

Unfortunately, during the third and fourth quarters, the Houston facility continued to incur significant losses on several large complex projects. As Erin will discuss further, these losses have been accrued in the third quarter results. On a positive note, the projects causing the bottleneck in the Houston facility are now substantially complete.

As we exit 2017, we need to remember the Koontz-Wagner brand is well recognized in the industry. We continue to have positive long-term relationships with a variety of blue-chip customers, and we serve a broad and diverse set of end markets. These factors, together with the completion of the problem projects in Houston, position our Electrical Solutions segment for improved performance in 2018.

Our largest business is by far our Services business. Performance in the second and third quarters of 2017 has been strong, and we are seeing gross margins trend back to the low- to mid-teen levels we have seen in prior years. Since our last call, the Georgia Public Service Commission issued its approval for the rate recovery of the cost of construction on the nuclear reactors at Plant Vogtle Units 3 and 4. Since then, construction activity has ramped up quickly.

The LLC in which we participate with Bechtel, has added thousands of skilled craft labor, and we have separately ramped up the supervisory and administrative support services we provide. In addition, we are continuing to directly work for the plant owners on several other significant projects associated with the continued construction at the site.

At this point, fourth quarter performance for Services is also expected to be strong and this segment is well positioned going into 2018. As we discussed last month, our Services business has been a great business over a long period, due to its highly respected reputation in the industry, diversified service offerings, broad geographic reach, experienced management team, as well as its nuclear and industrial expertise.

Let me wrap up by saying the last three years have been very challenging for the organization. Tracy and I have been impressed with the stamina and determination of our team during this difficult period. We’re driving forward to execute on a plan to improve operations and reduce corporate overhead, and we continue to focus on developing and leveraging the talent that has enabled us to come this far.

With that, let me turn it over to Erin for further review of our financial results. Thank you. Erin?

Erin Gonzalez: Thank you, Craig, and good morning, everyone. During today’s conference call, we will discuss the financial results for our third quarter of 2017 and will follow the presentation slides provided. Details of our results for the nine months ended September 2017 can be found in the Form 10-Q that we filed yesterday. As Craig mentioned, the Mechanical Solutions business was sold in October 2017. As a result, it is reported as discontinued operations for the periods reported and I will be focusing my comments on continuing operations, which consist of Services, Electrical Solutions and Corporate.

I will start with revenue and gross profit on Slides 3 and 4. For the third quarter of 2017, consolidated revenue declined $15.4 million and consolidated gross profit declined by $10.4 million. The quarter-over-quarter results were impacted by two relatively significant changes in our continuing operations since the third quarter of 2016. Those changes are the divestiture of Hetsco in January 2017 and the closing of our Chattanooga facility in the third quarter of 2016.

Revenue for our Services segment was $39 million, a decline of $8.3 million compared with the third quarter of 2016. The primary driver of the decrease was the divestiture of Hetsco, which accounted for $6.3 million of the decrease. The $1.9 million decline in Services gross profit was directly the result of the Hetsco divestiture, which accounted for a $2.0 million reduction. The Services gross profit margin was 12.2% compared with 14.1% for the prior-year period. Notably, we recognized $5.1 million of zero margin revenue associated with estimated loss contracts during the 2017 third quarter, which had a 180 basis point negative impact on the gross margin percentage. Excluding that impact, our gross margin for this quarter would have been 14.0%.

Revenue for our Electrical Solutions business decreased $7.1 million, of which $5.8 million was due to the loss of a major customer following the closure of our Chattanooga plant. Additionally, the timing of project completions, along with some delays experienced at our Houston facility, had an unfavorable impact on revenue of $1.3 million. Electrical Solutions gross profit decreased $8.5 million to a loss of $5.9 million. The majority of the decline in gross profit was related to a $7.4 million accrual for estimated losses on certain contracts for the quarter compared with a $1.0 million accrual in the prior-year period.

We incurred the liquidated damages due to missing delivery dates and also realized operating inefficiencies on certain projects, particularly in our Houston, Texas facility, which accounted for $7.2 million of the $7.4 million accrual. Lower revenue accounted for about $2.0 million of the decline in gross profit.

Please turn to Slide 5. Looking at our operating expenses for the third quarter of 2017, we made progress with cost reductions and expense management. We reduced the labor expense component of both our selling and marketing expenses and general and administrative expenses by $400,000 and $600,000, respectively. Additionally, bank fees decreased by $400,000 and restatement related expenses decreased $500,000. However, the significant decreases were partially offset by a $1.3 million increase in severance expense.

On Slide 6, we have summarized our operating loss. The Company incurred a $14.4 million operating loss from continuing operations in the third quarter of 2017.

Now I'll recap these results by segment. Operating income for our Services segment was down a modest $200,000 on a $1.9 million decrease in gross profit. Operating expenses for this segment were down $1.1 million as a result of the Hetsco divestiture and $700,000 due to the reorganization of the Williams business unit. Our $8.6 million operating loss in Electrical Solutions was driven by the Houston facility's estimated lost contract accruals. At our Corporate level, operating expenses increased $600,000, due to the previously discussed severance expense increase which was partially offset by a $500,000 decrease in restatement expenses.

Slide 7 provides a summary of our Adjusted EBITDA. The greater loss on Adjusted EBITDA from continuing operations was directly attributable to the Electrical Solutions performance. Some of the notable EBITDA adjustments were related to restatement expenses, severance costs and interest expense.

On Slide 8, we summarize the progress we have made with respect to our new credit facility and other liquidity matters. As communicated on prior calls, we entered into a $45 million senior secured term loan with an affiliate of Centre Lane Partners. The terms are shown here on the slide and the term loan expires in December 2021. In August, we amended that facility and added a $10 million first-out term loan, which expires in September of 2018. The $10 million first-out term loan was fully repaid in October of 2017 with a portion of the sale proceeds from the Mechanical Solutions business divestiture. The bullets in the lower portion of the slide summarize related events covered on previous calls.

In the third quarter of 2017, our operations, including discontinued operations, used $19 million of cash. As of January 26, 2018, the outstanding balance on our Centre Land term debt was $25.4 million. Our cash position as of the same date was $17.1 million, which included $11.6 million of restricted cash to cover our cash collateralized letters of credit and escrows related to the divestitures of Hetsco and Mechanical Solutions. We have been managing our cash position very carefully.

We discuss our opportunities for 2018 and beyond on Slide 9. First, as previously mentioned, we are evaluating strategic alternatives for the Electrical Solutions business. Successful completion of this initiative could provide us with further liquidity and the ability to further reduce our debt. Listed next is our initiative to secure a new asset base lending facility. This could allow us to release the restriction we currently have on $9.4 million of our cash, which is primarily the security for our outstanding letters of credit. Also, I want to note that we may pursue a refinancing of our existing term loan under more favorable terms, pending the successful outcome of our Electrical Solutions strategy.

From an operational standpoint, our priority is to focus our resources on our Services segment. Our momentum is building and our opportunity pipeline is developing nicely with both existing and new customers. We have identified opportunities to further diversify and grow this business into new markets. We believe our operational strength provides us with a competitive advantage, particularly for nuclear decommissioning work. While we have already significantly reduced our corporate and operating cost base, we have identified further opportunities to better align our cost structure with the current and anticipated future revenue environments.

Finally, we continue to estimate that we will file our 2017 Form 10-K by the April 2, 2018 due date.

Operator, we can open the line for questions.

Operator: Thank you. At this time. we'll be conducting a question-and-answer session. If you'd like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment please while we poll for questions.

As a reminder, if you'd like to ask a question, please press star, one on your telephone keypad. One moment, please, while we poll for questions.

Our first question comes from John Deysher with Pinnacle Capital Market Management. Please proceed with your question.

John Deysher: Good morning, everyone.

Craig Holmes: Hi, good morning, John.

John Deysher: I have a couple quick questions. Was there any other noise in the third quarter besides the severance expense of $1.3 million? Were there any fees related to Braden, or other expenses, that will not be occurring going forward?

Erin Gonzalez: The only other thing I would point out are the loss contract accruals at Koontz-Wagner.

John Deysher: $7.4 million was it?

Erin Gonzalez: Yes.

John Deysher: Okay, so no other nonrecurring expenses besides the severance? Okay, good. In regards to the comment of aggressively reducing corporate and other operating costs, can you give us a feel for the amount that you're targeting there?

Erin Gonzalez: Yes. We're targeting a structure with our going forward business. Corporate expenses in the $4 million to $6 million range, so we have quite large reductions that we're working on executing.

John Deysher: $4 million to $6 million per year?

Erin Gonzalez: Yes, that is correct.

John Deysher: Okay. Good. From an operating perspective, are all the operations fixed at this point, especially Koontz-Wagner? Are we starting 2018 with a clean slate on both businesses going forward or are there still issues that need to be resolved?

Craig Holmes: Sure. This is Craig. From an operational perspective, at Koontz-Wagner, we had a handful of projects we were working on that were causing a backlog and bottleneck in the Houston facility. Those projects have been shipped. As of the end of the year, we were still working on two. Those final projects are out of the Houston facility, so the bottleneck has been fixed.

As we go into 2018, we do believe we are better positioned to be able to handle the production load and the backlog that we have there more effectively and efficiently. We'll have more work to do to determine the final cost associated with the problem projects that were shipped most recently. As we go into 2018, we would not expect to have the types of losses that occurred due to the operational issues we saw in 2017.

As you think about our Koontz-Wagner business, we actually have good practices and procedures in two out of the three plants. In the third plant, the production was ramped up quickly, and the schedule was not as clearly defined as it should have been from a production and manufacturing perspective. That is behind us.

Relative to Services, you were asking a general question about the business. Yes, as you see in the last couple of quarters, Services business results have been very consistent with what we expect. The difficult project they had earlier in the year is not affecting our business going forward.

John Deysher: Okay. Good. That's helpful. So, on Koontz-Wagner we are not expecting any negative accruals going forward; is that fair?

Craig Holmes: We're not expecting any. We believe that we've made all the accruals that are necessary relative to these projects that have been recently shipped. We'll certainly be in a position to update you and the rest of the investors more completely when we do our next filing.

John Deysher: Okay. Good. Finally, as you probably saw, Brookfield bought the Westinghouse assets earlier this year. I am curious how you feel about that, and what impact you think that might have on your business going forward. Obviously, they helped build a lot of those nuclear plants, and I'm just curious how much of a threat they might be on the decommissioning side.

Craig Holmes: Sure. There are a couple of perspectives on this. First, the buying of the Westinghouse assets, we believe, increases the realized ability of the remaining receivable we have from Westinghouse. As you probably could see in our disclosures, that receivable is $2.5 million.

Erin Gonzalez: It's $2.3 million that we have outstanding with WesTech right now.

Craig Holmes: Then second, we've worked with Westinghouse and partnered with them in the past. We think that we'll continue to have partnership opportunities with Brookfield going forward. We are still assessing how they are going to participate in the industry. We have a pretty good line of services that make our offering somewhat unique compared with what they would be able to offer, but we will certainly keep a close eye on them as they digest the recent acquisition.

John Deysher: Okay. Great. That's very helpful. Thanks and good luck.

Erin Gonzalez: Thank you.

Craig Holmes: Thank you.

Operator: Our next question comes from John Walthausen with Walthausen & Company. Please proceed with your question.

John Walthausen: Yes. I'm just trying to get a little bit better fix on the situation with the problem projects out of Houston. I think, in your presentation, you called it substantially complete; now you are saying that they're shipped. Have the customers given you indication that they have accepted the products that have been shipped, and what sort of warranties do those projects carry?

Craig Holmes: That's a good question, John, and I did not mean to be vague in my comments. One of the projects we shipped to a location, and we recognize that we still have three or four weeks' worth of work to do from an installation and finalization perspective; not unusual. The fact is the project is out of our Houston facility and the bottleneck associated therewith has been relieved. That's a good factor. We still have a little bit more work to do on one of those projects.

The other projects, would typically go through very detailed quality control and final testing before being shipped. That typically involves our customer, the customer's customer, and our own employees. Our experience has been that there is limited warranty work once these projects are shipped. We are optimistic that the quality control and testing procedures have been thorough and we will not experience any significant warranty work on any of these projects that cause us the backlog issue that we are talking about in Houston.

John Walthausen: The one project you talked about that's under installation now and has a few more weeks, is that the giant part of what's going on or are there other ones of real substance that would be worth diving a little bit deeper into?

Craig Holmes: Well, it's one of a handful of projects and it's not particularly bigger than the others. In fact, it's probably on the small side of large projects. The more significant projects have been completed, tested and delivered.

John Walthausen: Accepted by the client?

Craig Holmes: And accepted, correct.

John Walthausen: Yes, well, whether it's in the fourth quarter or the first quarter, the vast revenue is booked under your systems?

Erin Gonzalez: Yes. We book revenue when we ship the product, generally by Koontz-Wagner. It's a completed contract revenue recognition.

John Walthausen: Okay. When I look at the scope of the receivables compared with where the revenues are, the size the Westinghouse receivable you talked about, are there receivables that are being disputed or having problems collecting for one reason or another that we should be aware of?

Erin Gonzalez: No, not necessarily. We did mention in our Form 10-Q that we did some work earlier in the year that related to disputed change orders, and so that's a process we're working through with those customers. We didn't recognize any revenue related to that. We are working through that process, so that would be the one thing that I would note to bring to your attention, related to potential receivables in the future. But all of our other receivables that we have on the books should be collectible.

John Walthausen: Well, if you didn't book them as revenues, they wouldn't be receivables, right?

Erin Gonzalez: Right.

John Walthausen: Right.

Erin Gonzalez: Right. But it's a potential…

John Walthausen: You're saying that, post the third quarter, you would've recognized it as revenues?

Erin Gonzalez: Yes.

John Walthausen: Okay. Okay. Got you.

Erin Gonzalez: Yes. We'll recognize as revenues, and to the extent of settlements reached, we will also collect the cash related to that settlement.

John Walthausen: Okay. Okay. Thank you. I think we have the picture.

Erin Gonzalez: All right. Thank you.

Operator: As a reminder, if you'd like to ask a question, please press star, one on your telephone keypad. One moment, please, while we poll for questions.

Ladies and gentlemen, we've reached the end of the question-and-answer session. At this time, I would like to turn the call back to Craig Holmes for closing comments.

Craig Holmes: Well, thank you. It doesn't surprise me that there were not a lot of questions. It was fairly recently when we completed the last call and update for our investors. We want to continue to let our investors know that we are available to answer any questions that come up in the future.

But let me conclude by saying that we recognize we have more work to do here at Global Power. We are making progress on several important fronts. The Management Team and all of our Global Power Associates are working together with a common set of goals and core values to improve performance. I would like to thank all of our investors for your continued patience and support, and I thank the team here at Global Power for all the hard work. Thanks again and have a good day.

Operator: This concludes today's teleconference. You may disconnect your lines at this time and we thank you for your participation.