# Third Quarter 2018 EARNINGS

November 8, 2018

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**Jim Reynolds, CFO**

NASDAQ: XELA

http://investors.exelatech.com/

# Disclaimer

### *Forward-Looking Statements*

*Certain statements included in this presentation are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as "may", "should", "would", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "seem", "seek", "continue", "future", "will", "expect", "outlook" or other similar words, phrases or expressions. These forward-looking statements include statements regarding our industry, future events, the estimated or anticipated future results and benefits of the business combination of Quinpario Acquisition Corp. 2, SourceHOV Holdings, Inc., ("SourceHOV") and Novitex Holdings, Inc. ("Novitex"), which formed Exela Technologies, Inc. ("Exela"), and closed on July 12, 2017 (including the related transactions, the "Business Combination"), future opportunities for the combined company, and other statements that are not historical facts such as our estimated backlog. These statements are based on the current expectations of Exela management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties regarding Exela's business, and actual results may differ materially. These risks and uncertainties include, but are not limited to, changes in the business environment in which Exela operates and general financial, economic, regulatory and political conditions affecting the industries in which Exela operates; changes in taxes, governmental laws, and regulations; competitive product and pricing activity; failure to realize the anticipated benefits of the Business Combination, or the Company's backlog including as a result of a delay or difficulty in integrating the businesses of SourceHOV and Novitex or the inability to realize the expected amount and timing of cost savings and operating synergies of the Business Combination; and those factors discussed under the heading "Risk Factors" in Exela's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 16, 2018. In addition, forward-looking statements provide Exela's expectations, plans or forecasts of future events and views as of the date of this communication. Exela anticipates that subsequent events and developments will cause Exela's assessments to change. These forward-looking statements should not be relied upon as representing Exela's assessments as of any date subsequent to the date of this presentation.*

### *Pro Forma Financial Information*

*This presentation includes unaudited pro forma financial information for the three and nine month periods ending September 30, 2017 and full-year for 2016 and 2017, as if the Business Combination had been consummated on January 1, 2017, based on certain estimates and assumptions that Exela management deems to be reasonable. This pro forma financial information may be revised as additional information becomes available. Therefore, it is possible that the actual adjustments will differ from the pro forma adjustments and it is possible that the difference may be material. The unaudited pro forma condensed combined financial statements are not necessarily indicative of what the actual results of operations would have been had the Business Combination taken place on the date indicated, nor are they indicative of the future consolidated results of operations of Exela.*

### *Non-GAAP Financial Measures and Related Information*

*This presentation includes EBITDA and Adjusted EBITDA each of which is a financial measure that is not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Exela believes that the presentation of these non-GAAP financial measures will provide useful information to investors in assessing our financial performance, results of operations and liquidity and allows investors to better understand the trends in our business and to better understand and compare our results. Exela's board of directors and management use EBITDA and Adjusted EBITDA to assess Exela's financial performance, because it allows them to compare Exela's operating performance on a consistent basis across periods by removing the effects of Exela's capital structure (such as varying levels of debt and interest expense, as well as transaction costs resulting from the Business Combination and other such capital markets based activities. Adjusted EBITDA seeks to remove the effects of integration and related costs to achieve the savings, any expected reduction in operating expenses due to the Business Combination, asset base (such as depreciation and amortization) and other similar non-routine items outside the control of our management team. Backlog is a measure of the estimated total dollar value of services expected to be delivered by Exela to its customers under existing contractual terms. Backlog is considered a non-GAAP financial measure as defined by SEC Regulation G. Estimates of future financial results are inherently unreliable. Our methodology for determining backlog may not be comparable to the methodologies used by others. Exela does not consider these non-GAAP measures in isolation or as an alternative to liquidity or financial measures determined in accordance with GAAP. A limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in Exela's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures and therefore the basis of presentation for these measures may not be comparable to similarly-titled measures used by other companies. These non-GAAP financial measures are not required to be uniformly applied, are not audited and should not be considered in isolation or as substitutes for results prepared in accordance with GAAP. Net loss is the GAAP measure most directly comparable to the non-GAAP measures presented here. For reconciliation of the comparable GAAP measures to these non-GAAP financial measures, see the Appendix to this presentation. Optimization and restructuring expenses and merger adjustments are primarily related to the implementation of strategic actions and initiatives related to the Business Combination. All of these costs are variable and dependent upon the nature of the actions being implemented and can vary significantly driven by business needs. Accordingly, due to that significant variability, we exclude these charges since we do not believe they truly reflect our past, current or future operating performance.*

### *Combined Financial Information*

*This presentation includes quarterly, unaudited historical financial information for each of the four calendar quarters of 2016 and the first three calendar quarters of 2017 for Novitex and SourceHOV on a combined basis. This combined quarterly unaudited historical financial information does not include Quinpario Acquisition Corp. 2 as it was a special purpose acquisition company. Interest (impacting net loss), debt and addbacks to EBITDA are based on credit agreements in place before the Business Combination. No adjustment has been made to restate or reflect Exela's new capital structure. This combined quarterly unaudited historical financial information is not necessarily indicative of what the actual results of operations would have been had the Business Combination taken place on January 1, 2016, nor are they indicative of the future consolidated financial condition, results of operations or cash flows of Exela.*

*Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect absolute figures.*

**EXELA TECHNOLOGIES, INC. IS A LOCATION-AGNOSTIC GLOBAL BUSINESS PROCESS AUTOMATION** leader combining industry-specific and multi-industry enterprise software and solutions with decades of experience. Our BPA suite of solutions are deployed in banking, healthcare, insurance and other industries to support mission critical environments. Exela is a leader in work flow automation, attended and un-attended cognitive automation, digital mail rooms, print communications, and payment processing with deployments across the globe.

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**Embracing complexity.**
**Delivering simplicity.℠**

# Exela at a glance – Q3 Financial Scorecard

| | |
|---|---|
| 1. Revenue | ✓ **7% growth** in Q3 YoY to $383M; 11% growth YTD to $1,187M<br>✓ **8%(1) increase in revenue per FTE** to $72K per FTE since Dec'17 |
| 2. Profitability | ✓ **24% increase** in Adjusted EBITDA YoY to $69M in Q3'18<br>✓ **14% increase** in Adjusted EBITDA YoY to $209M in YTD'18 |
| 3. Updated 2018 Guidance | ✓ **Revenue range $1.58B to $1.59B,** growth of 8.5-9% over 2017<br>✓ **Adjusted EBITDA range $280M to $290M,** growth of 14-18% over 2017 |
| 4. Investments for Growth | ✓ **$60M(2) invested in the business YTD** to drive growth and integration |
| 5. Liquidity | ✓ **$124M liquidity** including cash and undrawn revolving credit facility |
| 6. Other highlights | ✓ **Delivered $48M** of savings YTD Q3'18<br>✓ **100 bps reduction** in Term Loan re-pricing |

(1) *Presented on a pro forma basis with acquisitions for the TTM period.*
(2) *Includes $47M of business optimization expenses, $6.5M of net cash paid for acquisitions and $6M of investments incurred in the YTD period.*

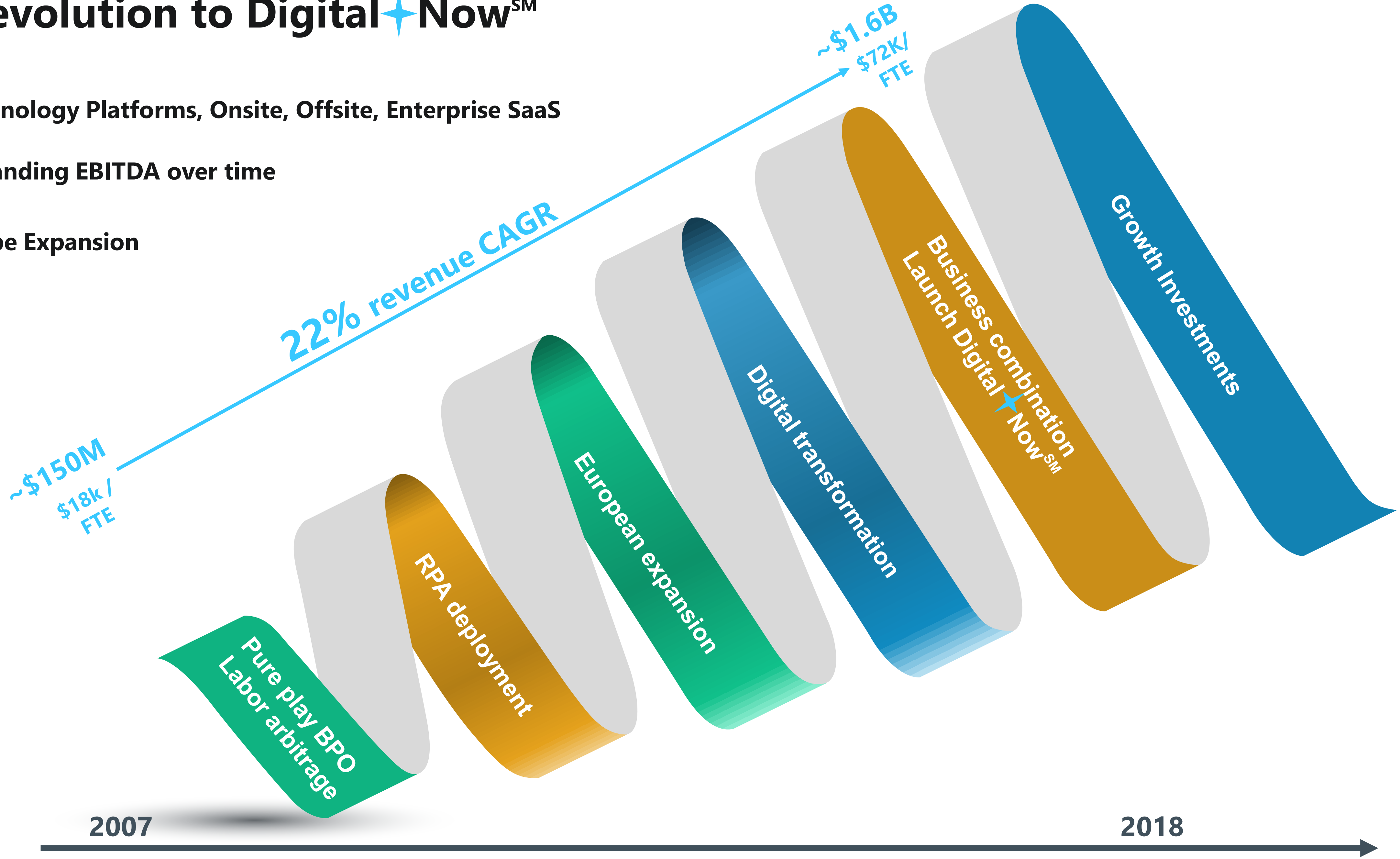
# Exela at a glance – Q3 Business Scorecard

1. Investments in Digital Now[SM] begin to show results
   - Notable incremental contract signed with an existing client in Sep’18 for an estimated $100M over 3 years
2. Low customer concentration with top 150 customers contributing 68% of the revenue
3. 10 customers with over $25M in revenue
4. 249 customers with over $1M in revenue

**Digital Now[SM] is powering Exela’s growth**

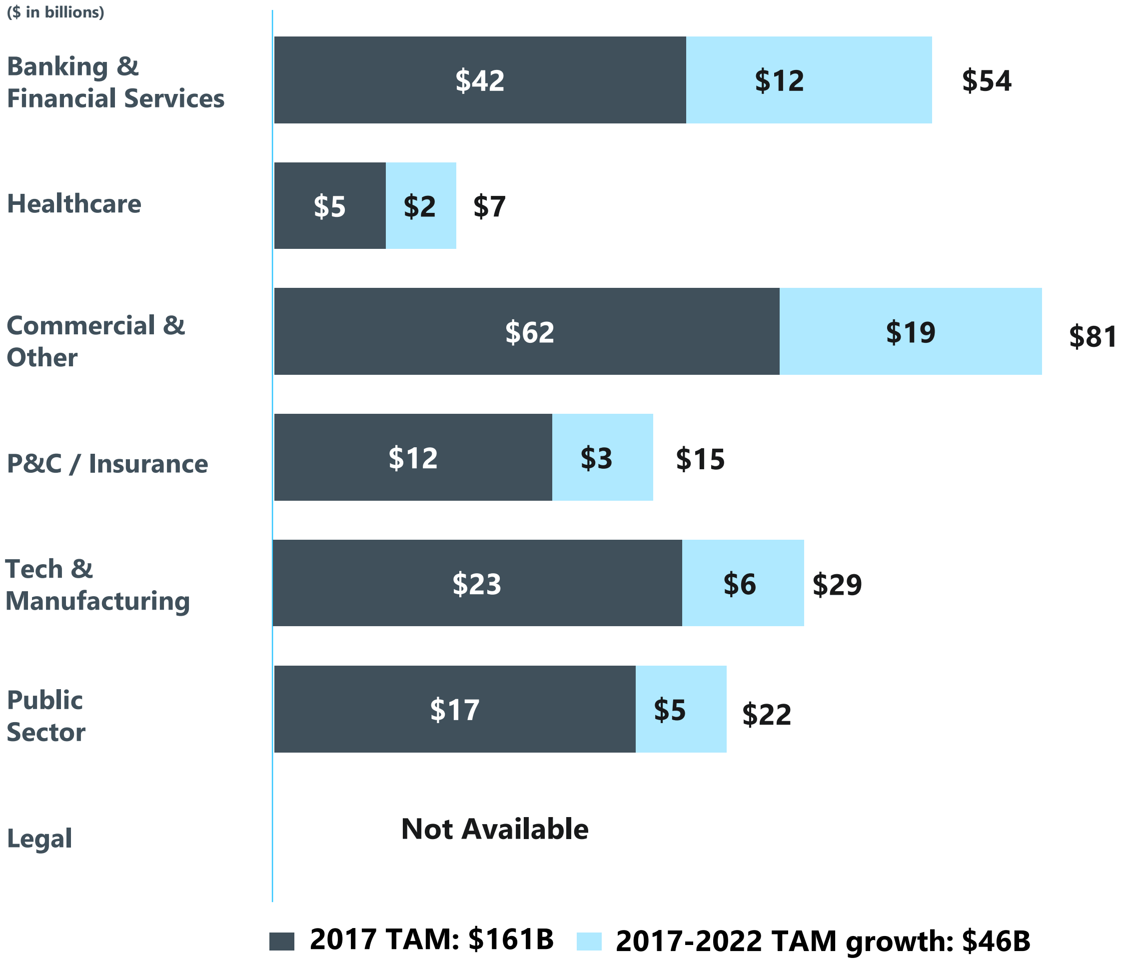
# Exela evolution to Digital Now℠

1. Technology Platforms, Onsite, Offsite, Enterprise SaaS
2. Expanding EBITDA over time
3. Scope Expansion

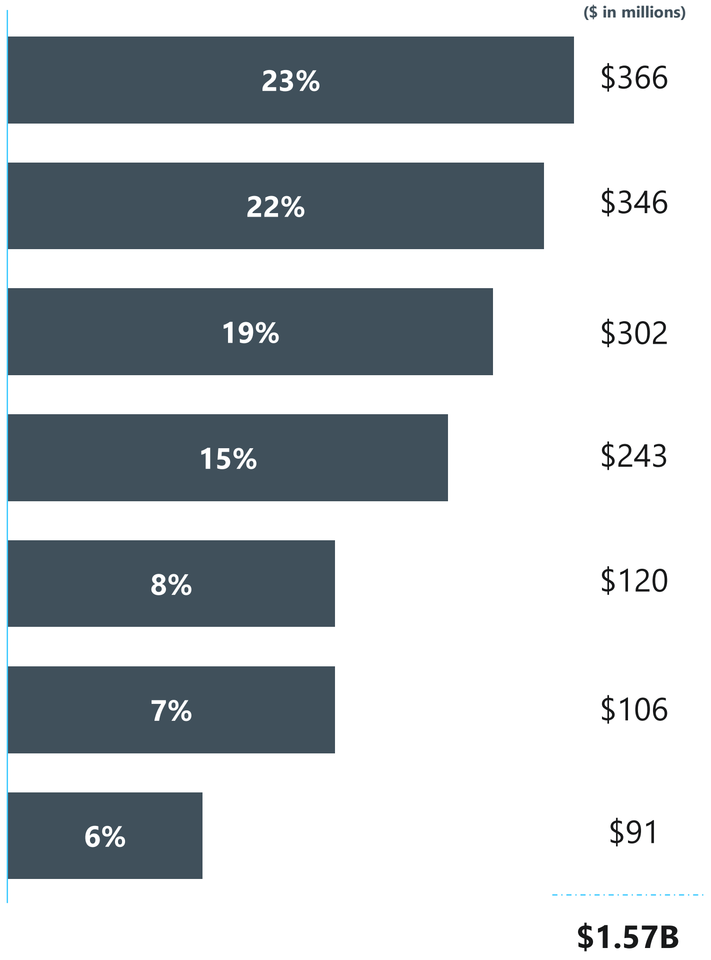


# Exela represents ~1% of the TAM and its growth is higher than the industry growth rate

## Total Addressable Market ("TAM")[1] growing at 5% CAGR




## Exela TTM revenue[2] % by industry




(1) Sourced from Gartner and Nomura Instinet research.
(2) Represents Trailing Twelve Months ending 9.30.2018 revenue of $1.573B.

# Financial Performance

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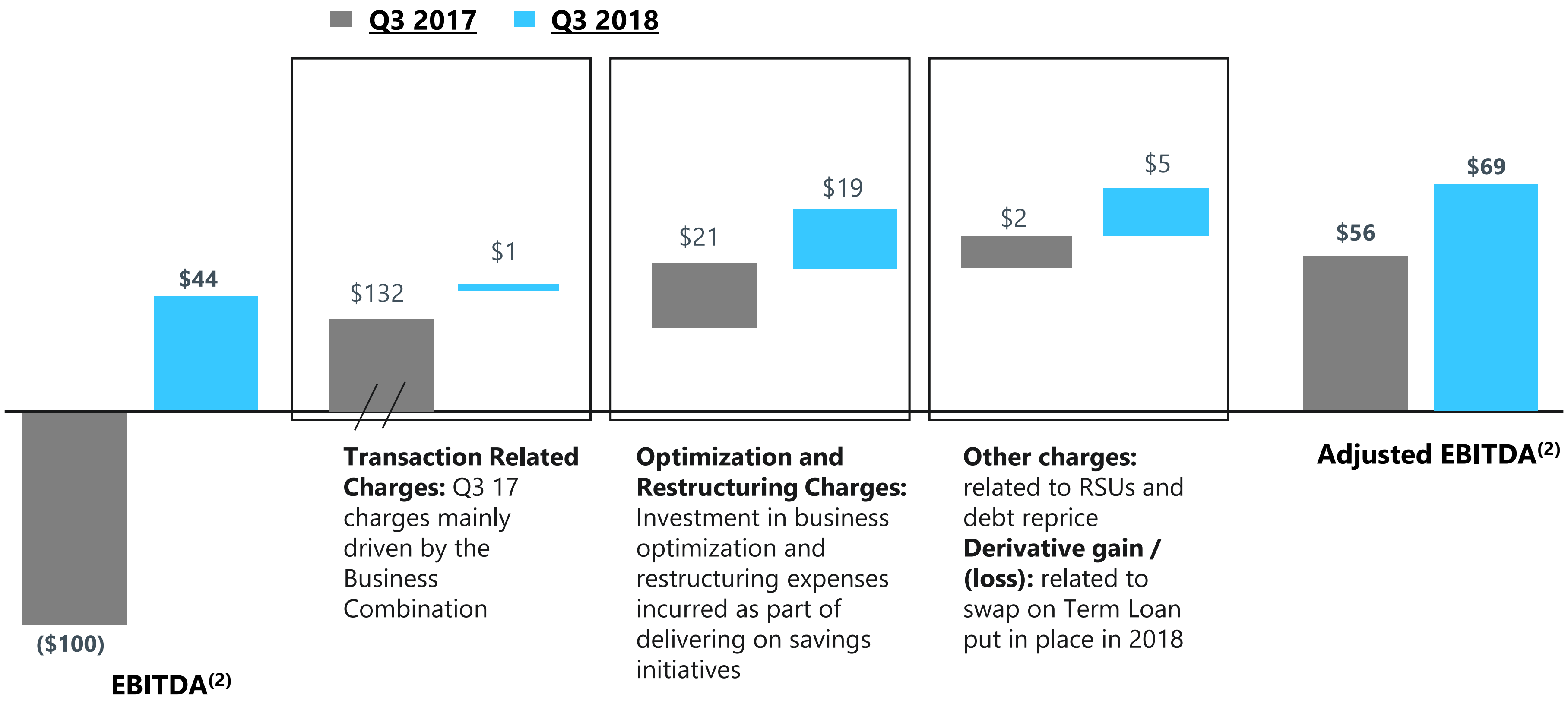
# Exela delivers strong financial performance year-over-year

*($ in millions)*

- ✓ **Revenue growth of 7%**
- ✓ **Adjusted EBITDA growth of 24%**
- ✓ **Convergence of EBITDA and Adjusted EBITDA**


(1) *A reconciliation of pro forma Q3 2017 revenue is available on slide 15.*
(2) *See EBITDA and Adjusted EBITDA reconciliations for additional detail on slide 14 and slide 15.*

# Pro forma Q3 P&L and Adjusted EBITDA

| $ in millions | Q3'17 | Q3'18 | Change ($) | YTD Q3'17 | YTD Q3'18 | Change ($) |
|---|---|---|---|---|---|---|
| Information and Transaction Processing Solutions | 279.8 | 307.3 | 27.5 | 829.5 | 949.3 | 119.8 |
| Healthcare Solutions | 56.4 | 56.8 | 0.4 | 173.5 | 171.7 | (1.8) |
| Legal and Loss Prevention Services | 22.0 | 18.9 | (3.1) | 66.9 | 65.4 | (1.5) |
| **Total Revenue** | **358.2** | **383.0** | **24.9** | **1,070.0** | **1,186.6** | **116.6** |
| *% change* | | *7%* | | | *11%* | |
| Cost of revenue (exclusive of depreciation and amortization) | 271.1 | 295.9 | 24.8 | 790.0 | 903.7 | 113.7 |
| **Gross profit** | **87.1** | **87.1** | **0.0** | **280.0** | **282.9** | **2.9** |
| *% change* | | *0%* | | | *1%* | |
| *as a % of revenue* | *24%* | *23%* | | *26%* | *24%* | |
| SG&A | 106.5 | 44.9 | (61.6) | 207.4 | 137.2 | (70.2) |
| Depreciation and amortization | 29.2 | 35.0 | 5.8 | 91.4 | 109.4 | 18.0 |
| Impairment of goodwill and other intangible assets | - | - | - | - | - | - |
| Related party expense | 26.9 | 0.8 | (26.1) | 32.0 | 3.3 | (28.8) |
| **Operating (loss) income** | **(75.5)** | **6.4** | **81.9** | **(50.9)** | **33.0** | **83.8** |
| *as a % of revenue* | *-21%* | *2%* | | *-5%* | *3%* | |
| Interest expense, net | 38.3 | 38.3 | 0.0 | 116.7 | 114.9 | (1.8) |
| Loss on extinguishment of debt | 53.0 | 1.1 | (51.9) | 53.0 | 1.1 | (51.9) |
| Sundry expense (income) & Other income, net | 0.7 | (3.4) | (4.0) | 3.1 | (9.8) | (12.9) |
| **Net loss before income taxes** | **(167.5)** | **(29.7)** | **137.9** | **(223.6)** | **(73.2)** | **150.4** |
| Income tax expense (benefit) | (37.0) | (0.7) | 36.3 | (39.9) | 4.9 | 44.8 |
| **Net income (loss)** | **(130.5)** | **(28.9)** | **101.6** | **(183.8)** | **(78.1)** | **105.7** |
| *as a % of revenue* | *-36%* | *-8%* | | *-17%* | *-7%* | |
| Depreciation and amortization | 29.2 | 35.0 | 5.8 | 91.4 | 109.4 | 18.0 |
| Interest expense, net | 38.3 | 38.3 | 0.0 | 116.7 | 114.9 | (1.8) |
| Income tax expense (benefit) | (37.0) | (0.7) | 36.3 | (39.9) | 4.9 | 44.8 |
| **EBITDA** | **(100.0)** | **43.7** | **143.7** | **(15.5)** | **151.1** | **166.7** |
| *as a % of revenue* | *-28%* | *11%* | | *-1%* | *13%* | |
| **EBITDA Adjustments** | | | | | | |
| 1 Transaction and integration costs | 79.3 | 0.2 | (79.1) | 96.6 | 2.1 | (94.5) |
| 2 Optimization and restructuring expenses | 20.9 | 19.4 | (1.4) | 36.9 | 47.0 | 10.0 |
| 3 Gain / loss on derivative instruments | - | (0.8) | (0.8) | - | (4.8) | (4.8) |
| 4 Other Charges | 55.3 | 6.3 | (49.0) | 64.6 | 13.2 | (51.4) |
| **Adjusted EBITDA** | **55.5** | **68.9** | **13.4** | **182.5** | **208.6** | **26.0** |
| *% change* | | *24%* | | | *14%* | |
| *as a % of revenue* | *16%* | *18%* | | *17%* | *18%* | |

**Revenue:** Positively impacted by Digital Now[SM] business model due to faster ramp up of contracts and acquisitions offset by a decline in business with lower automation and project driven business

**COGS:** Gross margins were lower due to business optimization expenses in the current quarter. The savings realization and continued transformation and ramp of contracts will improve results near-term

**SG&A:** SG&A in Q3 declined on YoY basis excluding the transaction costs last year primarily driven by savings realization. This decline was offset by investments for growth and higher public company costs

**Profitability:** Adjusted EBITDA and EBITDA continue to converge with Q3 margins improving by ~240 bps on a YoY basis

# Capital structure and other highlights

($ in millions)

| | |
|---|---|
| Total liquidity | $124 |
| Total cash[1] | $45 |
| Net debt | $1,383 |

Undrawn revolving credit facility of $100M with $20.6M reserved for letters of credit

**Share buyback plan:**

| | |
|---|---|
| Approved share buyback up to | 5,000,000 shares |
| Total shares purchased during Q3 2018 | 225,504 |
| Total shares purchased to-date under program | 1,043,497 |

**Common stock:** As of September 30, 2018, total shares outstanding were 158,278,484 which includes 1,043,497 of treasury stock and 5,586,344[2] shares for outstanding preferred shares on an as converted basis

(1) *Excluding restricted cash.*
(2) *Converted into common shares at a conversion ratio of 1.2226.*

# Updated Business Outlook[1]

## 2018 guidance

- Revenue range $1.58B to $1.59B, growth of 8.5-9% over 2017
- Adjusted EBITDA range $280M to $290M, growth of 14-18% over 2017

*Note: Guidance is based on constant-currency.*

*(1) The company has not forecasted net income/(loss) on a forward-looking basis due to the high variability and difficulty in predicting certain items that affect GAAP net income/(loss). Adjusted EBITDA should not be used to predict net income/(loss) as the difference between the two measures is variable.*

# Appendix: Reconciliations

NASDAQ: XELA

# Adjusted EBITDA reconciliation – Q3 2017 and YTD 2017

| ($ in millions) | Q3 2017[1] | | | YTD 2017[1] | | |
|---|---|---|---|---|---|---|
| | As Reported | Novitex | Pro Forma | As Reported | Novitex | Pro Forma |
| **Net loss** | **($110.4)** | **($20.1)** | **($130.5)** | **($145.6)** | **($38.1)** | **($183.8)** |
| Taxes | (37.0) | 0.0 | (37.0) | (32.9) | (6.9) | (39.9) |
| Interest expense | 37.7 | 0.6 | 38.3 | 91.7 | 24.9 | 116.7 |
| Depreciation and amortization | 28.1 | 1.2 | 29.2 | 70.8 | 20.6 | 91.4 |
| **EBITDA** | **($81.7)** | **($18.2)** | **($100.0)** | **($16.0)** | **$0.5** | **($15.5)** |
| Transaction related costs | 77.3 | 2.0 | 79.3 | 86.6 | 10.0 | 96.6 |
| Optimization and restructuring expenses | 19.7 | 1.2 | 20.9 | 31.5 | 5.4 | 36.9 |
| Other Charges | 37.8 | 17.5 | 55.3 | 44.1 | 20.5 | 64.6 |
| **Adjusted EBITDA** | **$53.1** | **$2.5** | **$55.5** | **$146.1** | **$36.4** | **$182.5** |

*(1) Net loss for the period is presented on the basis of the previous debt structure of the respective standalone companies that became Exela as a result of the Business Combination. As of July 12, 2017, those debt structures were replaced with new debt consisting of $350 Million Term Loan and $1.0 Billion Senior Secured Notes.*

# Revenue and expense reconciliation – pro forma Q3 2017 and YTD 2017

| ($ in millions) | Q3 2017[1] | | | YTD 2017[1] | | |
|---|---|---|---|---|---|---|
| | As Reported | Novitex | Pro Forma | As Reported | Novitex | Pro Forma |
| **Revenue** | **$338.4** | **$19.8** | **$358.2** | **$766.0** | **$304.0** | **$1,070.0** |
| Cost of revenue (exclusive of depreciation and amortization) | 255.1 | 16.0 | 271.1 | 539.2 | 250.8 | 790.0 |
| Selling, general and administrative expenses (Including related party) | 128.9 | 4.4 | 133.4 | 204.4 | 35.1 | 239.4 |
| Depreciation and amortization | 28.1 | 1.2 | 29.2 | 70.8 | 20.6 | 91.4 |
| **Operating income (loss)** | (73.7) | (1.8) | (75.5) | (48.3) | (2.5) | (50.9) |
| Interest expense, net | 37.7 | 0.6 | 38.3 | 91.7 | 24.9 | 116.7 |
| Loss / (Gain) on extinguishment of debt | 35.5 | 17.5 | 53.0 | 35.5 | 17.5 | 53.0 |
| Sundry expense & other income, net | 0.6 | 0.0 | 0.7 | 3.0 | 0.0 | 3.1 |
| **Net loss before income taxes** | (147.4) | (20.0) | (167.5) | (178.6) | (45.0) | (223.6) |
| Income tax (benefit) expense | (37.0) | 0.0 | (37.0) | (32.9) | (6.9) | (39.9) |
| **Net loss** | ($110.4) | ($20.0) | ($130.5) | ($145.6) | ($38.0) | ($183.8) |

*(1) Net loss for the period is presented on the basis of the previous debt structure of the respective standalone companies that became Exela as a result of the Business Combination. As of July 12, 2017, those debt structures were replaced with new debt consisting of $350 Million Term Loan and $1.0 Billion Senior Secured Notes.*