



Crawford & Company

Third Quarter 2019

Earnings Conference Call



Forward-Looking Statements and Additional Information

Forward-Looking Statements

This presentation contains forward-looking statements, including statements about the expected future financial condition, results of operations and earnings outlook of Crawford & Company. Statements, both qualitative and quantitative, that are not statements of historical fact may be "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 and other securities laws. Forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from historical experience or Crawford & Company's present expectations. Accordingly, no one should place undue reliance on forward-looking statements, which speak only as of the date on which they are made. Crawford & Company does not undertake to update forward-looking statements to reflect the impact of circumstances or events that may arise or not arise after the date the forward-looking statements are made. Results for any interim period presented herein are not necessarily indicative of results to be expected for the full year or for any other future period. For further information regarding Crawford & Company, and the risks and uncertainties involved in forward-looking statements, please read Crawford & Company's reports filed with the Securities and Exchange Commission and available at www.sec.gov or in the Investor Relations section of Crawford & Company's website at www.crawco.com.

Crawford's business is dependent, to a significant extent, on case volumes. The Company cannot predict the future trend of case volumes for a number of reasons, including the fact that the frequency and severity of weather-related claims and the occurrence of natural and man-made disasters, which are a significant source of cases and revenue for the Company, are generally not subject to accurate forecasting.

Revenues Before Reimbursements ("Revenues")

Revenues Before Reimbursements are referred to as "Revenues" in both consolidated and segment charts, bullets and tables throughout this presentation.

Segment and Consolidated Operating Earnings

Under the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 280, "Segment Reporting," the Company has defined segment operating earnings as the primary measure used by the Company to evaluate the results of each of its three operating segments. Segment operating earnings represent segment earnings, including the direct and indirect costs of certain administrative functions required to operate our business, but excludes unallocated corporate and shared costs and credits, net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, loss on disposition of business line, arbitration and claim settlements, income taxes, and net income or loss attributable to noncontrolling interests and redeemable noncontrolling interests.

Earnings Per Share

The Company's two classes of stock are substantially identical, except with respect to voting rights and the Company's ability to pay greater cash dividends on the non-voting Class A Common Stock than on the voting Class B Common Stock, subject to certain limitations. In addition, with respect to mergers or similar transactions, holders of Class A Common Stock must receive the same type and amount of consideration as holders of Class B Common Stock, unless different consideration is approved by the holders of 75% of the Class A Common Stock, voting as a class.

In certain periods, the Company has paid a higher dividend on CRD-A than on CRD-B. This may result in a different earnings per share ("EPS") for each class of stock due to the two-class method of computing EPS as required by ASC Topic 260 - "Earnings Per Share". The two-class method is an earnings allocation method under which EPS is calculated for each class of common stock considering both dividends declared and participation rights in undistributed earnings as if all such earnings had been distributed during the period.

Segment Gross Profit

Segment gross profit is defined as revenues, less direct costs, which exclude indirect centralized administrative support costs allocated to the business. Indirect expenses consist of centralized administrative support costs, regional and local shared services that are allocated to each segment based on usage.

Non-GAAP Financial Information

For additional information about certain non-GAAP financial information presented herein, see the Appendix following this presentation.

Crawford & Company

The world's largest publicly listed independent provider of global claims management and outsourcing solutions

Organized across global service lines:

- Crawford Claims Solutions (P&C adjusting solutions)
- Crawford TPA solutions (Broadspire)
- Crawford Specialty Solutions (Global Technical Services & Contractor Connection)



\$14 Billion

Claims payments annually



1.7 Million

Claims handled worldwide



9,000

Total employees



CRD A&B

Traded on NYSE



Third Quarter 2019 Business Highlights

\$262.0 Million

Non-GAAP Revenue Before
Reimbursements¹

\$24.0 Million

Adjusted Operating Earnings¹

9.2%

Adjusted Operating
Margin¹

\$32.5 Million

Consolidated Adjusted EBITDA¹

12.4%

EBITDA as % of revenue¹

⁽¹⁾ See appendix for non-GAAP explanation and reconciliation of non-GAAP measures.

2019 New Client Momentum

- **Strong acceleration in new business development and client acquisition continued through the third quarter**
- **Through the third quarter, have signed \$85 million in new annual revenues**
- **Industry vertical solutions for Construction, Hospitality, and Transportation are gaining traction with a record 324 pipeline opportunities**
- **Contractor Connection had significant wins in the U.S. and U.K. and entered a pilot with a major Canadian insurer**
- **Crawford TPA experienced strong new client growth across the globe and GTS picked up a number of large and complex claims during the quarter**
- **New business pipelines remain at high levels which speaks to the momentum we have in our sales organization**

Focus on Execution

- We are executing and positioning Crawford for accelerated growth as we drive toward our medium-term goal of 5% revenue and 15% earnings growth, annually
- Global TPA has won 76 new clients this year worth \$32 million annually which is in the early stages of coming on line
- Our management team is focused on diversifying our revenue streams by augmenting our weather related businesses with more predictable revenue sources
- During the third quarter we entered into outsourcing agreements with multiple U.S. and U.K. small and medium carriers following through from our second quarter success
- These new programs are validations of our value proposition and demonstrate the value we provide as insurers work to improve their profitability

Disciplined Capital Allocation

- Focused on improving cash generation and delivering value to our shareholders through disciplined capital allocation
- Free cash flows improved by \$38.9 million over the prior nine month period
- Cash flow used to strengthen our balance sheet as our leverage ratio is below 1.5x EBITDA
- Repurchased nearly 2.8 million shares of CRD-A and CRD-B during the nine month period, representing over 5% of our outstanding shares
- Our priorities for capital allocation are investments back into the business, dividends to shareholders, debt repayment, share repurchases and opportunistic M&A

A person in a light-colored suit is holding a tablet computer. The background shows a modern office interior with a yellow headboard, a white planter with green foliage, and a window with a view of a city. A large blue circular graphic is overlaid on the left side of the image.

Third Quarter 2019 Financial Review

THIRD QUARTER 2019 FINANCIAL SUMMARY

(\$ in millions, except per share amounts)	Quarter Ended		
	September 30,	September 30,	
	2019	2018	% Change
Revenues	\$254.7	\$255.0	—%
Non-GAAP Revenues excluding foreign exchange fluctuations ⁽¹⁾	\$262.0	\$255.0	3%
Net Income Attributable to Shareholders of Crawford & Company	\$11.0	\$7.9	39%
Diluted Earnings per Share			
CRD-A	\$0.21	\$0.15	40%
CRD-B	\$0.19	\$0.13	46%
Non-GAAP Diluted Earnings per Share ⁽¹⁾			
CRD-A	\$0.23	\$0.17	35%
CRD-B	\$0.21	\$0.15	40%
Adjusted Operating Earnings ⁽¹⁾	\$24.0	\$16.5	45%
Adjusted Operating Margin ⁽¹⁾	9.2%	6.5%	270bps
Adjusted EBITDA ⁽¹⁾	\$32.5	\$25.5	27%
Adjusted EBITDA Margin ⁽¹⁾	12.4%	10.0%	240bps

⁽¹⁾ See appendix for non-GAAP explanation and reconciliation of non-GAAP measures.

RECONCILIATION OF NON-GAAP RESULTS

Three Months Ended September 30, 2019

Unaudited (\$ in thousands)	Revenues	Non-GAAP Operating Earnings	Pretax Earnings	Net Income Attributable to Crawford & Company	Diluted Earnings per CRD-A Share	Diluted Earnings per CRD-B Share
GAAP	\$ 254,677	\$ 23,660	\$ 16,019	\$ 11,046	\$ 0.21	\$ 0.19
Adjustments:						
Arbitration and claim settlements	—	—	1,200	887	0.02	0.02
Foreign exchange fluctuations	7,322	347	272	214	—	—
Non-GAAP Adjusted	<u>\$ 261,999</u>	<u>\$ 24,007</u>	<u>\$ 17,491</u>	<u>\$ 12,147</u>	<u>\$ 0.23</u>	<u>\$ 0.21</u>

Three Months Ended September 30, 2018

Unaudited (\$ in thousands)	Revenues	Non-GAAP Operating Earnings	Pretax Earnings	Net Income Attributable to Crawford & Company	Diluted Earnings per CRD-A Share	Diluted Earnings per CRD-B Share
GAAP	\$ 255,029	\$ 16,485	\$ 9,707	\$ 7,896	\$ 0.15	\$ 0.13
Adjustments:						
Loss on disposition of business line	—	—	1,201	898	0.02	0.02
Non-GAAP Adjusted	<u>\$ 255,029</u>	<u>\$ 16,485</u>	<u>\$ 10,908</u>	<u>\$ 8,794</u>	<u>\$ 0.17</u>	<u>\$ 0.15</u>

CRAWFORD CLAIMS SOLUTIONS SEGMENT HIGHLIGHTS

Operating Results (3Q 2019 v. 3Q 2018)

- Revenues of \$86.3 million versus \$85.3 million
- On a constant dollars basis, revenues of \$89.8 million, growing 5.3% over prior year
- Gross profit of \$19.8 million versus \$17.7 million
- Gross profit margin of 22.9% versus 20.7%
- Operating earnings of \$2.7 million versus loss of \$(0.1) million
- Operating earnings margin of 3.1% versus (0.2)%

Highlights

- Revenues increased from 2018 due to new clients in the U.S. and increases in the U.K. and Australia
- Gaining traction with small and medium carrier outsourcing programs

	Three months ended					
	<i>(in thousands, except percentages)</i>	September 30, 2019	September 30, 2018	Variance	2019 Based on 2018 rates	Variance
Revenues		\$86,250	\$85,332	1.1%	\$89,830	5.3%
Direct expenses		66,498	67,635	(1.7%)	69,055	2.1%
Gross profit		19,752	17,697	11.6%	20,775	17.4%
Indirect expenses		17,091	17,832	(4.2%)	17,894	0.3%
Operating earnings		\$2,661	(\$135)	<i>nm</i>	\$2,881	<i>nm</i>
Gross profit margin		22.9%	20.7%	2.2%	23.1%	2.4%
Operating margin		3.1%	(0.2%)	3.3%	3.2%	3.4%
Total cases received		117,296	128,779	(8.9%)		
Full time equivalent employees		2,918	2,923	(0.2%)		

CRAWFORD TPA SOLUTIONS SEGMENT HIGHLIGHTS

Operating Results (3Q 2019 v. 3Q 2018)

- Revenues of \$99.5 million versus \$100.3 million
- On a constant dollar basis, revenues of \$100.7, growing over prior year
- Gross profit of \$26.7 million versus \$26.5 million
- Gross profit margin of 26.8% versus 26.5%
- Operating earnings of \$9.3 million versus \$8.1 million
- Operating earnings margin of 9.4% versus 8.0%

Highlights

- Record number of new business wins through 2019 third quarter
- Strong pipeline of opportunities being pursued

	Three months ended					
	<i>(in thousands, except percentages)</i>	September 30, 2019	September 30, 2018	Variance	2019 Based on 2018 rates	Variance
Revenues		\$99,495	\$100,271	(0.8%)	\$100,655	0.4%
Direct expenses		72,785	73,738	(1.3%)	73,701	(0.1%)
Gross profit		26,710	26,533	0.7%	26,954	1.6%
Indirect expenses		17,363	18,478	(6.0%)	17,657	(4.4%)
Operating earnings		\$9,347	\$8,055	16.0%	\$9,297	15.4%
Gross profit margin		26.8%	26.5%	0.3%	26.8%	0.3%
Operating margin		9.4%	8.0%	1.4%	9.2%	1.2%
Total cases received		213,028	205,221	3.8%		
Full time equivalent employees		3,201	3,179	0.7%		

CRAWFORD SPECIALTY SOLUTIONS SEGMENT HIGHLIGHTS

Operating Results (3Q 2019 v. 3Q 2018)

- Revenues of \$68.9 million versus \$69.4 million
- On a constant dollars basis, revenues of \$71.5 million, growing 3.0% over prior year
- Gross profit of \$24.8 million versus \$25.9 million
- Gross profit margin of 36.0% versus 37.3%
- Operating earnings of \$13.3 million versus \$14.4 million
- Operating margin of 19.3% versus 20.7%

Highlights

- GTS service line was referred several major losses during the quarter
- Contractor Connection had significant wins in the U.K. and U.S. and a pilot with a major Canadian carrier

<i>(in thousands, except percentages)</i>	Three months ended				
	September 30, 2019	September 30, 2018	Variance	2019 Based on 2018 rates	Variance
Revenues	\$68,932	\$69,426	(0.7%)	\$71,514	3.0%
Direct expenses	44,130	43,503	1.4%	45,973	5.7%
Gross profit	24,802	25,923	(4.3%)	25,541	(1.5%)
Indirect expenses	11,501	11,560	(0.5%)	12,090	4.6%
Operating earnings	\$13,301	\$14,363	(7.4%)	\$13,451	(6.3%)
Gross profit margin	36.0%	37.3%	(1.3%)	35.7%	(1.6%)
Operating margin	19.3%	20.7%	(1.4%)	18.8%	(1.9%)
Total cases received	82,330	90,304	(8.8%)		
Full time equivalent employees	1,493	1,459	2.3%		

BALANCE SHEET HIGHLIGHTS

Unaudited (\$ in thousands)	September 30, 2019	December 31, 2018	Change
Cash and cash equivalents	\$ 46,101	\$ 53,119	\$ (7,018)
Accounts receivable, net	131,329	131,117	212
Unbilled revenues, net	115,672	108,291	7,381
Total receivables	247,001	239,408	7,593
Goodwill	97,152	96,890	262
Intangible assets arising from business acquisitions, net	76,529	85,023	(8,494)
Deferred revenues	52,846	52,674	172
Pension liabilities	71,093	74,323	(3,230)
Short-term borrowings and current portion of finance leases	33,619	23,284	10,335
Long-term debt, less current portion	155,761	167,126	(11,365)
Total debt	189,380	190,410	(1,030)
Total stockholders' equity attributable to Crawford & Company	164,362	171,288	(6,926)
Net debt ⁽¹⁾	143,279	137,291	5,988

⁽¹⁾ See Appendix for non-GAAP explanation and reconciliation

OPERATING AND FREE CASH FLOW

For the nine months ended September 30,

Unaudited (\$ in thousands)	<u>2019</u>	<u>2018</u>	<u>Variance</u>
Net Income Attributable to Shareholders of Crawford & Company	\$ 19,797	\$ 14,040	\$ 5,757
Depreciation and Other Non-Cash Operating Items	31,983	37,963	(5,980)
Loss on Disposition of Business Line	—	18,996	(17,795)
Billed Receivables Change	1,108	12,811	(11,703)
Unbilled Receivables Change	(8,740)	(26,156)	17,416
Change in Accrued Compensation and 401K	487	(4,891)	5,378
Change in Accrued and Prepaid Income Taxes	443	788	(345)
Other Working Capital Changes	(2,226)	(14,356)	12,130
U.S. and U.K. Pension Contributions	(527)	(23,168)	22,641
Cash Flows from Operating Activities	42,325	16,027	26,298
Property & Equipment Purchases, net	(5,664)	(12,406)	6,742
Capitalized Software (internal and external costs)	(7,276)	(13,098)	5,822
Free Cash Flow⁽¹⁾	\$ 29,385	\$ (9,477)	\$ 38,862

⁽¹⁾ See Appendix for non-GAAP explanation and reconciliation

SHARE REPURCHASES

- During the three months ended September 30, 2019, the Company repurchased approximately 402 thousand shares of CRD-A and 231 thousand shares of CRD-B at a weighted average cost of \$9.62
- During the nine months ended September 30, 2019, the Company repurchased approximately 1.1 million shares of CRD-A and 1.7 million shares of CRD-B at a weighted average cost of \$9.23
- At September 30, 2019, the Company had remaining authorization to repurchase approximately 1.01 million shares under the 2019 Repurchase Authorization

2019 GUIDANCE

As a result of benign weather continuing into the fourth quarter and slower than expected revenue contribution from new clients, Crawford & Company is adjusting its guidance for 2019 as follows:

YEAR ENDING DECEMBER 31, 2019	Low End	High End	
Consolidated revenues before reimbursements	\$1.00	\$1.05	billion
Net income attributable to shareholders of Crawford & Company	\$32.0	\$35.0	million
Diluted earnings per share--CRD-A	\$0.63	\$0.68	per share
Diluted earnings per share--CRD-B	\$0.55	\$0.60	per share
Non-GAAP net income attributable to shareholders of Crawford & Company, before arbitration and claim settlements	\$40.0	\$45.0	million
Non-GAAP diluted earnings per share--CRD-A	\$0.80	\$0.85	per share
Non-GAAP diluted earnings per share--CRD-B	\$0.72	\$0.77	per share
Consolidated operating earnings	\$82.5	\$87.5	million
Consolidated adjusted EBITDA	\$115.0	\$120.0	million

CONCLUSION

Looking forward Crawford has four primary objectives:

- **Growth:** Increasing the velocity of revenue growth through continuous innovation as we work to deliver our goal of achieving 5% revenue growth and 15% earnings growth annually
- **System Readiness:** Prioritizing IT investments across the globe to be at the forefront of innovation and disruption
- **People Readiness:** Attract, develop, engage and retain the caring and capable people who deliver the Company's mission. Continue to advance employee training and leadership development
- **Fiscal Responsibility:** Focusing on cash generation capabilities and improving the Company's free cash flow. Maintain prudent expense management and a conservative balance sheet while maximizing our return on capital investment and providing a return to shareholders

Crawford—Attractive Business Model

- Experienced Management Team Aligned with Shareholders
- Global Product and Geographic Diversification
- Recurring Fee For Service Revenue Model
- Strong Cash Flow Generation
- Technology Enabled BPO Platform
- Blue Chip Global Client Base with Long-Term Relationships
- Solid Balance Sheet and Low Debt Profile
- Healthy Dividend Yield

**Celebrated 50 Years
as a Public Company**

A background image showing a business meeting with people in suits looking at documents and a tablet. A large blue semi-circular overlay covers the left and center of the image.

Appendix: Non-GAAP Financial Information

Crawford

APPENDIX: NON-GAAP FINANCIAL INFORMATION

Measurements of financial performance not calculated in accordance with GAAP should be considered as supplements to, and not substitutes for, performance measurements calculated or derived in accordance with GAAP. Any such measures are not necessarily comparable to other similarly-titled measurements employed by other companies.

Reimbursements for Out-of-Pocket Expenses

In the normal course of our business, our operating segments incur certain out-of-pocket expenses that are thereafter reimbursed by our clients. Under GAAP, these out-of-pocket expenses and associated reimbursements are required to be included when reporting expenses and revenues, respectively, in our consolidated results of operations. In this presentation, we do not believe it is informative to include in reported revenues the amounts of reimbursed expenses and related revenues, as they offset each other in our consolidated results of operations with no impact to our net income or operating earnings. As a result, unless noted in this presentation, revenue and expense amounts exclude reimbursements for out-of-pocket expenses.

Net Debt

Net debt is computed as the sum of long-term debt, capital leases and short-term borrowings less cash and cash equivalents. Management believes that net debt is useful because it provides investors with an estimate of what the Company's debt would be if all available cash was used to pay down the debt of the Company. The measure is not meant to imply that management plans to use all available cash to pay down debt.

Free Cash Flow

Management believes free cash flow is useful to investors as it presents the amount of cash the Company has generated that can be used for other purposes, including additional contributions to the Company's defined benefit pension plans, discretionary prepayments of outstanding borrowings under our credit agreement, and return of capital to shareholders, among other purposes. It does not represent the residual cash flow of the Company available for discretionary expenditures.

Segment and Consolidated Operating Earnings

Operating earnings is the primary financial performance measure used by our senior management and chief operating decision maker to evaluate the financial performance of our Company and operating segments, and make resource allocation and certain compensation decisions. Management believes operating earnings is useful to others in that it allows them to evaluate segment and consolidated operating performance using the same criteria our management and chief operating decision maker use. Consolidated operating earnings represent segment earnings including certain unallocated corporate and shared costs and credits, but before net corporate interest expense, stock option expense, amortization of customer-relationship intangible assets, loss on disposition of business line, arbitration and claim settlements and net income or loss attributable to noncontrolling interests.

APPENDIX: NON-GAAP FINANCIAL INFORMATION (continued)

Segment and Consolidated Gross Profit

Gross profit is defined as revenues less direct expenses which exclude indirect overhead expenses allocated to the business. Indirect expenses consist of centralized administrative support costs, regional and local shared services that are allocated to each segment based on usage.

Adjusted EBITDA

Adjusted EBITDA is used by management to evaluate, assess and benchmark our operational results and the Company believes that adjusted EBITDA is relevant and useful information widely used by analysts, investors and other interested parties. Adjusted EBITDA is defined as net income with adjustments for depreciation and amortization, interest expense-net, loss on disposition of business line, arbitration and claim settlements, income tax provision and non-cash stock-based compensation expense and excluding the impacts of the GCG business and foreign exchange impact. Adjusted EBITDA is not a term defined by GAAP and as a result our measure of adjusted EBITDA might not be comparable to similarly titled measures used by other companies.

Adjusted Revenue, Operating Earnings, Pretax Earnings, Net Income, Diluted Earnings per Share and EBITDA

Included in non-GAAP adjusted measurements as an add back or subtraction to GAAP measurements, are loss on disposition of business line and arbitration and claim settlements and foreign exchange impacts, which arise from non-core items not directly related to our normal business or operations, or our future performance. Management believes it is useful to exclude these charges when comparing net income and diluted earnings per share across periods, as these charges are not from ordinary operations.

TOTAL REVENUES BEFORE REIMBURSEMENTS BY MAJOR CURRENCY

The following table illustrates revenue as a percentage of total revenue in the major currencies of the geographic areas that Crawford does business:

<i>(in thousands)</i>		Three Months Ended				Nine Months Ended			
		September 30, 2019		September 30, 2018		September 30, 2019		September 30, 2018	
		Geographic Area	Currency	USD equivalent	% of total	USD equivalent	% of total	USD equivalent	% of total
U.S.	USD	\$ 146,177	57.4%	\$ 143,144	56.1%	\$ 432,292	57.0%	\$ 466,541	57.8%
U.K.	GBP	30,844	12.1%	32,631	12.8%	93,967	12.4%	97,538	12.0%
Canada	CAD	28,350	11.1%	29,158	11.4%	87,037	11.5%	92,454	11.5%
Australia	AUD	18,648	7.3%	18,859	7.4%	54,223	7.1%	53,838	6.7%
Europe	EUR	13,816	5.4%	14,034	5.5%	40,002	5.3%	42,764	5.3%
Rest of World	Various	16,842	6.6%	17,203	6.7%	51,095	6.7%	54,042	6.7%
Total Revenues, before reimbursements		\$ 254,677	100%	\$ 255,029	100%	\$ 758,616	100%	\$ 807,177	100%

RECONCILIATION OF NON-GAAP ITEMS

Revenues, Costs of Services Provided, and Operating Earnings

Unaudited (\$ in thousands)	Quarter Ended September 30, 2019	Quarter Ended September 30, 2018	Full Year Guidance 2019 *
Revenues Before Reimbursements			
Total Revenues	\$ 265,842	\$ 264,863	\$ 1,070,000
Reimbursements	(11,165)	(9,834)	(45,000)
Revenues Before Reimbursements	<u>\$ 254,677</u>	<u>\$ 255,029</u>	<u>\$ 1,025,000</u>
Costs of Services Provided, Before Reimbursements			
Total Costs of Services	\$ 192,014	\$ 189,072	
Reimbursements	(11,165)	(9,834)	
Costs of Services Provided, Before Reimbursements	<u>\$ 180,849</u>	<u>\$ 179,238</u>	
	Quarter Ended September 30, 2019	Quarter Ended September 30, 2018	Full Year Guidance 2019 *
Unaudited (\$ in thousands)			
Operating Earnings:			
Crawford Claims Solutions	\$ 2,661	\$ (135)	
Crawford TPA Solutions	9,347	8,055	
Crawford Specialty Solutions	13,301	14,363	
Unallocated corporate and shared costs and credits, net	(1,649)	(5,798)	
Consolidated Operating Earnings	<u>23,660</u>	<u>16,485</u>	<u>\$ 85,000</u>
Deduct:			
Net corporate interest expense	(3,162)	(2,398)	(10,800)
Stock option expense	(450)	(393)	(1,900)
Amortization expense	(2,829)	(2,786)	(11,200)
Arbitration and claim settlements	(1,200)	—	(12,552)
Loss on disposition of business line	—	(1,201)	
Income taxes	(5,328)	(1,828)	(16,000)
Net loss attributable to non-controlling interests and redeemable noncontrolling interests	355	17	952
Net Income Attributable to Shareholders of Crawford & Company	<u>\$ 11,046</u>	<u>\$ 7,896</u>	<u>\$ 33,500</u>

* Midpoints of Company's Guidance, issued November 4, 2019

RECONCILIATION OF NON-GAAP ITEMS (continued)

Adjusted EBITDA

Unaudited (\$ in thousands)	Quarter Ended		Full Year Guidance 2019 *
	September 30, 2019	September 30, 2018	
Net income attributable to shareholders of Crawford & Company	\$ 11,046	\$ 7,896	\$ 33,500
Add:			
Depreciation and amortization	10,236	10,644	40,648
Stock-based compensation	1,211	1,483	4,000
Net corporate interest expense	3,162	2,398	10,800
Arbitration and claim settlements	1,200	—	12,552
Loss on disposition of business line	—	1,201	—
Income taxes	5,328	1,828	16,000
Foreign exchange impacts	272	—	—
Adjusted EBITDA	\$ 32,455	\$ 25,450	\$ 117,500

* Midpoints of Company's Guidance, issued November 4, 2019

RECONCILIATION OF NON-GAAP ITEMS (continued)

Net Debt

Unaudited (\$ in thousands)	September 30, 2019	December 31, 2018
Net Debt		
Short-term borrowings	\$ 33,606	\$ 23,195
Current installments of capital leases	13	89
Long-term debt and capital leases, less current installments	155,761	167,126
Total debt	<u>189,380</u>	<u>190,410</u>
Less:		
Cash and cash equivalents	46,101	53,119
Net debt	<u>\$ 143,279</u>	<u>\$ 137,291</u>

RECONCILIATION OF NON-GAAP ITEMS (continued)

Segment Gross Profit

(in thousands)	Three months ended	
	September 30, 2019	September 30, 2018
Segment gross profit:		
Crawford TPA Solutions	\$ 26,710	\$ 26,533
Crawford Claims Solutions	19,752	17,697
Crawford Specialty Solutions	24,802	25,923
Segment gross profit	71,264	70,153
Segment indirect costs:		
Crawford TPA Solutions	(17,363)	(18,478)
Crawford Claims Solutions	(17,091)	(17,832)
Crawford Specialty Solutions	(11,501)	(11,560)
Unallocated corporate and shared costs, net	(1,649)	(5,798)
Consolidated operating earnings	23,660	16,485
Net corporate interest expense	(3,162)	(2,398)
Stock option expense	(450)	(393)
Amortization expense	(2,829)	(2,786)
Arbitration and claim settlements	(1,200)	—
Loss on disposition of business line	—	(1,201)
Income taxes	(5,328)	(1,828)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	355	17
Net income attributable to shareholders of Crawford & Company	\$ 11,046	\$ 7,896