



Crawford & Company

Second 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 settlement charges, 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



Second Quarter 2019 Business Highlights

\$264.2 Million

Non-GAAP Revenue Before
Reimbursements⁽¹⁾

\$22.9 Million

Adjusted Operating Earnings⁽¹⁾

8.7%

Adjusted Operating
Margin⁽¹⁾

\$30.6 Million

Consolidated Adjusted EBITDA⁽¹⁾

11.6%

EBITDA as % of revenue⁽¹⁾

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

2019 New Client Momentum

- **Strategic investments in our global sales team are driving real momentum in our business**
- **Delivering on our growth commitment through the recruitment of experienced, solution based sales people to improve our capabilities**
- **Through the second quarter, have signed \$47 million in new annual revenues compared to \$30 million in the 2018 period**
- **Signed 38 more new customers in our GTS business in 2019 than in the first half of 2018**
- **New business pipelines remain at high levels which speaks to the momentum we have in our sales organization**
- **The magnitude of new business wins combined with the Company's strong pipeline provides us confidence in our ability to deliver our full year 2019 guidance**

Investing in Innovation

- Crawford remains the preeminent independent provider of outsourced claims management solutions with globally recognized, market leading brands
- Transitioning our business model towards more predictable, recurring revenue, while maintaining our competitive position in weather related segments
- Launched industry verticals and integrated solutions for the construction, hospitality and transportation industries and have 40 new clients and 170 opportunities in the pipeline
- Launching solutions targeting the Real Estate and Retail verticals later in the year
- Introduced the industry's first smart water detection and mitigation solution to address water damage claims - the largest non-weather peril for property insurers - and recently won the 2019 Business Insurance Innovative Award
- These solutions provide Crawford a market leading position as well as critical differentiation where we can demonstrate our expertise and drive distinctive business value for our customers.

Focus on Execution

- **An essential element of our strategy is putting innovation into action with our clients**
- **Won an outsourcing contract with a top 15 insurer in the U.S. to administer its Small Business Program, with claims exceeding 10,000 in the first full year**
- **Started a pilot with a Small and Medium Carrier utilizing our TruLook triage model with over 2,500 claims to date**
- **These new programs are validations of our value proposition and demonstrate the benefits we provide to carriers**
- **The outsourcing market for internally run claims departments is significant and our client engagement is encouraging as we are deepening our client relationships at the most strategic levels**
- **Our Net Promoter Score reached 47 this year which validates the quality service and value we are providing to our customers**

Disciplined Capital Allocation

- Focused on improving cash generation and delivering value to our shareholders through disciplined capital allocation
- Free cash flows improved by \$37.1 million over the prior six month period
- Repurchased nearly 2.2 million shares of CRD-A and CRD-B during the six month period, representing 4% 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
- We will continue to remain disciplined in order to maintain our strong balance sheet which provides us a significant competitive advantage

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 skyline. A large blue circular graphic is overlaid on the left side of the image.

Second Quarter 2019 Financial Review

SECOND QUARTER 2019 FINANCIAL SUMMARY

(\$ in millions, except per share amounts)	Quarter Ended		
	June 30, 2019	June 30, 2018	% Change
Revenues	\$256.9	\$279.0	(8)%
Non-GAAP Revenues excluding GCG business and foreign exchange impacts ⁽¹⁾	\$264.2	\$265.1	—%
Net Income Attributable to Shareholders of Crawford & Company	\$2.6	(\$2.4)	208%
Diluted Earnings per Share			
CRD-A	\$0.06	(\$0.04)	250%
CRD-B	\$0.04	(\$0.06)	167%
Non-GAAP Diluted Earnings per Share ⁽¹⁾			
CRD-A	\$0.21	\$0.21	—%
CRD-B	\$0.19	\$0.19	—%
Adjusted Operating Earnings ⁽¹⁾	\$22.9	\$21.7	6%
Adjusted Operating Margin ⁽¹⁾	8.7%	8.2%	50bps
Adjusted EBITDA ⁽¹⁾	\$30.6	\$32.5	(6)%
Adjusted EBITDA Margin ⁽¹⁾	11.6%	12.3%	(70)bps

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

RECONCILIATION OF NON-GAAP RESULTS

Three Months Ended June 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	\$ 256,881	\$ 22,518	\$ 5,483	\$ 2,642	\$ 0.06	\$ 0.04
Adjustments:						
Arbitration settlement charges	—	—	11,352	8,389	0.15	0.15
Foreign exchange impacts	7,346	380	380	249	—	—
Non-GAAP Adjusted ⁽³⁾	<u>\$ 264,227</u>	<u>\$ 22,898</u>	<u>\$ 17,215</u>	<u>\$ 11,280</u>	<u>\$ 0.21</u>	<u>\$ 0.19</u>

Three Months Ended June 30, 2018

Unaudited (\$ in thousands)	Revenues	Non-GAAP Operating Earnings	Pretax (Loss) Earnings	Net (Loss) Income Attributable to Crawford & Company	Diluted (Loss) Earnings per CRD-A Share	Diluted (Loss) Earnings per CRD-B Share
GAAP	\$ 279,044	\$ 21,571	\$ (1,967)	\$ (2,425)	\$ (0.04)	\$ (0.06)
Adjustments:						
Loss on disposition of business line	—	—	17,795	13,301	0.25	0.25
GCG business ⁽¹⁾	(13,922)	1,410	1,407	952	0.02	0.02
Retained corporate overhead ⁽²⁾	—	(1,279)	(1,279)	(866)	(0.02)	(0.02)
Non-GAAP Adjusted ⁽³⁾	<u>\$ 265,122</u>	<u>\$ 21,702</u>	<u>\$ 15,956</u>	<u>\$ 10,962</u>	<u>\$ 0.21</u>	<u>\$ 0.19</u>

(1) Removes the operating results for the 2018 periods of the GCG business disposed on June 15, 2018.

(2) Overhead allocated to the GCG business that would have been retained at the parent level.

(3) Differences may exist due to rounding.

CRAWFORD CLAIMS SOLUTIONS SEGMENT HIGHLIGHTS

Operating Results (2Q 2019 v. 2Q 2018)

- Revenues of \$86.0 million versus \$93.1 million
- Gross profit of \$19.6 million versus \$21.5 million
- Gross profit margin of 22.7% versus 23.1%
- Operating earnings of \$1.7 million versus \$4.1 million
- Operating earnings margin of 2.0% versus 4.4%

Highlights

- Revenues down from 2018 when we experienced \$4.1 million in additional revenues from the runoff of 2017 hurricane activity
- On a constant dollars basis, revenues of \$89.6 million
- Gaining traction with small and medium carrier outsourcing programs
- Winner 2019 Business Insurance Innovation Award

	Three months ended			
	<i>(in thousands, except percentages)</i>	June 30, 2019	June 30, 2018	Variance
Revenues		\$86,003	\$93,110	(7.6%)
Direct expenses		66,450	71,589	(7.2%)
Gross profit		19,553	21,521	(9.1%)
Indirect expenses		17,843	17,421	2.4%
Operating earnings		\$1,710	\$4,100	(58.3%)
Gross profit margin		22.7%	23.1%	(0.4%)
Operating margin		2.0%	4.4%	(2.4%)
Total cases received		121,794	130,574	(6.7%)
Full time equivalent employees		2,899	3,002	(3.4%)

CRAWFORD TPA SOLUTIONS: BROADSPIRE SEGMENT HIGHLIGHTS

Operating Results (2Q 2019 v. 2Q 2018)

- Revenues of \$99.5 million versus \$102.6 million
- Gross profit of \$23.7 million versus \$26.5 million
- Gross profit margin of 23.8% versus 25.8%
- Operating earnings of \$5.0 million versus \$8.1 million
- Operating earnings margin of 5.1% versus 7.9%

Highlights

- Decreases in revenues due to drop in cases received
- Revenues were negatively impacted by 1.3% or \$1.3 million from foreign currency changes
- Strong pipeline of opportunities being pursued with many new program wins starting in second half of year

<i>(in thousands, except percentages)</i>	Three months ended		Variance
	June 30, 2019	June 30, 2018	
Revenues	\$99,518	\$102,644	(3.0%)
Direct expenses	75,840	76,112	(0.4%)
Gross profit	23,678	26,532	(10.8%)
Indirect expenses	18,652	18,400	1.4%
Operating earnings	\$5,026	\$8,132	(38.2%)
Gross profit margin	23.8%	25.8%	(2.0%)
Operating margin	5.1%	7.9%	(2.8%)
Total cases received	197,013	214,132	(8.0%)
Full time equivalent employees	3,170	3,147	0.7%

CRAWFORD SPECIALTY SOLUTIONS SEGMENT HIGHLIGHTS

Operating Results (2Q 2019 v. 2Q 2018)

- Revenues of \$71.4 million versus \$83.3 million
- Gross profit of \$25.2 million versus \$26.8 million
- Gross profit margin of 35.3% versus 32.1%
- Operating earnings of \$12.6 million versus \$10.0 million
- Operating margin of 17.7% versus 12.0%

Highlights

- Garden City Group revenues of \$13.9 million in the 2018 quarter
- Absent foreign exchange decreases of \$2.4 million and impact of Garden City Group in 2018, pro forma revenues up 6.3% in the quarter
- GTS service line and major U.S. carrier program in Contractor Connection continue to expand

	Three months ended		
	June 30, 2019	June 30, 2018	Variance
<i>(in thousands, except percentages)</i>			
Revenues	\$71,360	\$83,290	(14.3%)
Direct expenses	46,137	56,517	(18.4%)
Gross profit	25,223	26,773	(5.8%)
Indirect expenses	12,611	16,737	(24.7%)
Operating earnings	\$12,612	\$10,036	25.7%
Gross profit margin	35.3%	32.1%	3.2%
Operating margin	17.7%	12.0%	5.7%
Total cases received	83,650	93,812	(10.8%)
Full time equivalent employees	1,476	1,717	(14.0%)
Non-GAAP Excluding GCG Business			
Revenues	\$71,360	\$69,368	2.9%
Direct expenses	46,137	45,412	1.6%
Gross profit	25,223	23,956	5.3%
Indirect expenses	12,611	13,789	(8.5%)
Operating earnings	\$12,612	\$10,167	24.0%
Gross profit margin	35.3%	34.5%	0.8%
Operating margin	17.7%	14.7%	3.0%

BALANCE SHEET HIGHLIGHTS

Unaudited (\$ in thousands)	June 30, 2019	December 31, 2018	Change
Cash and cash equivalents	\$ 39,150	\$ 53,119	\$ (13,969)
Accounts receivable, net	137,175	131,117	6,058
Unbilled revenues, net	120,920	108,291	12,629
Total receivables	258,095	239,408	18,687
Goodwill	97,186	96,890	296
Intangible assets arising from business acquisitions, net	79,950	85,023	(5,073)
Deferred revenues	53,681	52,674	1,007
Pension liabilities	72,130	74,323	(2,193)
Short-term borrowings and current portion of finance leases	36,653	23,284	13,369
Long-term debt, less current portion	166,155	167,126	(971)
Total debt	202,808	190,410	12,398
Total stockholders' equity attributable to Crawford & Company	160,921	171,288	(10,367)
Net debt⁽¹⁾	163,658	137,291	26,367

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

OPERATING AND FREE CASH FLOW

For the six months ended June 30,

Unaudited (\$ in thousands)	<u>2019</u>	<u>2018</u>	Variance
Net Income Attributable to Shareholders of Crawford & Company	\$ 8,751	\$ 6,144	\$ 2,607
Depreciation and Other Non-Cash Operating Items	20,891	25,853	(4,962)
Arbitration Settlement Charges	11,352	—	11,352
Loss on Disposition of Business Line	—	17,795	(17,795)
Billed Receivables Change	(4,086)	(539)	(3,547)
Unbilled Receivables Change	(11,848)	(28,346)	16,498
Change in Accrued Compensation and 401K	(11,941)	(18,994)	7,053
Change in Accrued and Prepaid Income Taxes	(563)	250	(813)
Other Working Capital Changes	(3,472)	(12,038)	8,566
U.S. and U.K. Pension Contributions	(345)	(8,824)	8,479
Cash Flows from Operating Activities	8,739	(18,699)	27,438
Property & Equipment Purchases, net	(3,729)	(9,538)	5,809
Capitalized Software (internal and external costs)	(4,369)	(8,270)	3,901
Free Cash Flow⁽¹⁾	\$ 641	\$ (36,507)	\$ 37,148

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

SHARE REPURCHASES

- **During the three months ended June 30, 2019, the Company repurchased approximately 280 thousand shares of CRD-A and 72 thousand shares of CRD-B at a weighted average cost of \$9.02**
- **During the six months ended June 30, 2019, the Company repurchased approximately 700 thousand shares of CRD-A and 1.4 million shares of CRD-B at a weighted average cost of \$9.11**
- **At June 30, 2019, the Company had remaining authorization to repurchase approximately 1.65 million shares under the 2019 Repurchase Authorization**

2019 GUIDANCE

Crawford & Company is updating its guidance for 2019 for the effect of foreign exchange on revenues and the GCG arbitration settlement as follows:

YEAR ENDING DECEMBER 31, 2019	Low End	High End	
Consolidated revenues before reimbursements	\$1.02	\$1.07	billion
Net income attributable to shareholders of Crawford & Company	\$38.0	\$43.0	million
Diluted earnings per share--CRD-A	\$0.70	\$0.80	per share
Diluted earnings per share--CRD-B	\$0.63	\$0.73	per share
Non-GAAP net income attributable to shareholders of Crawford & Company, before arbitration settlement	\$46.0	\$51.0	million
Non-GAAP diluted earnings per share--CRD-A	\$0.85	\$0.95	per share
Non-GAAP diluted earnings per share--CRD-B	\$0.78	\$0.88	per share
Consolidated operating earnings	\$90.0	\$100.0	million
Consolidated adjusted EBITDA	\$130.0	\$140.0	million

CONCLUSION

Looking forward Crawford has four primary objectives for 2019:

- **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 settlement charges 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 settlement charges, 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 Excluding the GCG Business

Included in non-GAAP adjusted measurements as an add back or subtraction to GAAP measurements, are impacts of the disposed of GCG business, loss on disposition of business line and arbitration settlement charges 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.

RECONCILIATION OF NON-GAAP ITEMS

Revenues, Costs of Services Provided, and Operating Earnings

Unaudited (\$ in thousands)	Quarter Ended June 30, 2019	Quarter Ended June 30, 2018	Full Year Guidance 2019 *
Revenues Before Reimbursements			
Total Revenues	\$ 267,846	\$ 293,209	\$ 1,100,000
Reimbursements	(10,965)	(14,165)	(55,000)
Revenues Before Reimbursements	<u>\$ 256,881</u>	<u>\$ 279,044</u>	<u>\$ 1,045,000</u>
Costs of Services Provided, Before Reimbursements			
Total Costs of Services	\$ 185,892	\$ 211,688	
Reimbursements	(10,965)	(14,165)	
Costs of Services Provided, Before Reimbursements	<u>\$ 174,927</u>	<u>\$ 197,523</u>	
	Quarter Ended June 30, 2019	Quarter Ended June 30, 2018	Full Year Guidance 2019 *
Unaudited (\$ in thousands)			
Operating Earnings:			
Crawford Claims Solutions	\$ 1,710	\$ 4,100	
Crawford TPA Solutions: Broadspire	5,026	8,132	
Crawford Specialty Solutions	12,612	10,036	
Unallocated corporate and shared costs and credits, net	3,170	(697)	
Consolidated Operating Earnings	<u>22,518</u>	<u>21,571</u>	<u>\$ 95,000</u>
Deduct:			
Net corporate interest expense	(2,468)	(2,440)	(10,800)
Stock option expense	(413)	(512)	(2,000)
Amortization expense	(2,802)	(2,791)	(11,200)
Arbitration settlement charges	(11,352)	—	(11,352)
Loss on disposition of business line	—	(17,795)	
Income taxes	(2,859)	(461)	(18,248)
Net loss (income) attributable to non-controlling interests and redeemable noncontrolling interests	18	3	(900)
Net Income (Loss) Attributable to Shareholders of Crawford & Company	<u>\$ 2,642</u>	<u>\$ (2,425)</u>	<u>\$ 40,500</u>

* Midpoints of Company's Guidance, issued August 5, 2019

RECONCILIATION OF NON-GAAP ITEMS (continued)

Adjusted EBITDA

Unaudited (\$ in thousands)	Quarter Ended		Full Year Guidance 2019 *
	June 30, 2019	June 30, 2018	
Net income attributable to shareholders of Crawford & Company	\$ 2,642	\$ (2,425)	\$ 40,500
Add:			
Depreciation and amortization	9,206	12,350	45,700
Stock-based compensation	1,646	1,790	8,400
Net corporate interest expense	2,468	2,440	10,800
Arbitration settlement charges	11,352	—	11,352
Loss on disposition of business line	—	17,795	—
Income taxes	2,859	461	18,248
Foreign exchange impacts	380	—	—
Removal of the impact of the disposed GCG business	—	128	—
Adjusted EBITDA	<u>\$ 30,553</u>	<u>\$ 32,539</u>	<u>\$ 135,000</u>

* Midpoints of Company's Guidance, issued August 5, 2019

RECONCILIATION OF NON-GAAP ITEMS (continued)

Net Debt

Unaudited (\$ in thousands)	June 30, 2019	December 31, 2018
Net Debt		
Short-term borrowings	\$ 36,629	\$ 23,195
Current installments of capital leases	24	89
Long-term debt and capital leases, less current installments	166,155	167,126
Total debt	<u>202,808</u>	<u>190,410</u>
Less:		
Cash and cash equivalents	39,150	53,119
Net debt	<u>\$ 163,658</u>	<u>\$ 137,291</u>

RECONCILIATION OF NON-GAAP ITEMS (continued)

Segment Gross Profit

(in thousands)	Three months ended	
	June 30, 2019	June 30, 2018
Segment gross profit:		
Crawford TPA Solutions: Broadspire	\$ 23,678	\$ 26,532
Crawford Claims Solutions	19,553	21,521
Crawford Specialty Solutions	25,223	26,773
Segment gross profit	68,454	74,826
Segment indirect costs:		
Crawford TPA Solutions: Broadspire	(18,652)	(18,400)
Crawford Claims Solutions	(17,843)	(17,421)
Crawford Specialty Solutions	(12,611)	(16,737)
Unallocated corporate and shared credits (costs), net	3,170	(697)
Consolidated operating earnings	22,518	21,571
Net corporate interest expense	(2,468)	(2,440)
Stock option expense	(413)	(512)
Amortization expense	(2,802)	(2,791)
Arbitration Settlement Charges	(11,352)	—
Loss on disposition of business line	—	(17,795)
Income taxes	(2,859)	(461)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	18	3
Net income (loss) attributable to shareholders of Crawford & Company	\$ 2,642	\$ (2,425)

NON-GAAP RESULTS FOR CRAWFORD SPECIALTY SOLUTIONS SEGMENT EXCLUDING GCG BUSINESS

Three Months Ended June 30, 2019

Unaudited (\$ in thousands)	Revenues	Direct Expenses	Gross Profit	Indirect Expenses	Operating Earnings
Crawford Specialty Solutions	\$ 71,360	\$ 46,137	\$ 25,223	\$ 12,611	\$ 12,612
Adjustments:	—	—	—	—	—
Crawford Specialty Solutions excluding GCG	\$ 71,360	\$ 46,137	\$ 25,223	\$ 12,611	\$ 12,612

Three Months Ended June 30, 2018

Unaudited (\$ in thousands)	Revenues	Direct Expenses	Gross Profit	Indirect Expenses	Operating Earnings
Crawford Specialty Solutions	\$ 83,290	\$ 56,517	\$ 26,773	\$ 16,737	\$ 10,036
Adjustments:					
GCG business	(13,922)	(11,105)	(2,817)	(2,948)	131
Crawford Specialty Solutions excluding GCG	\$ 69,368	\$ 45,412	\$ 23,956	\$ 13,789	\$ 10,167

RECONCILIATION OF NON-GAAP RESULTS

Three Months Ended June 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	\$ 256,881	\$ 22,518	\$ 5,483	\$ 2,642	\$ 0.06	\$ 0.04
Adjustments:						
Arbitration settlement charges	—	—	11,352	8,389	0.15	0.15
Foreign exchange impacts	7,346	380	380	249	—	—
Non-GAAP Adjusted ⁽³⁾	<u>\$ 264,227</u>	<u>\$ 22,898</u>	<u>\$ 17,215</u>	<u>\$ 11,280</u>	<u>\$ 0.21</u>	<u>\$ 0.19</u>

Three Months Ended June 30, 2018

Unaudited (\$ in thousands)	Revenues	Non-GAAP Operating Earnings	Pretax (Loss) Earnings	Net (Loss) Income Attributable to Crawford & Company	Diluted (Loss) Earnings per CRD-A Share	Diluted (Loss) Earnings per CRD-B Share
GAAP	\$ 279,044	\$ 21,571	\$ (1,967)	\$ (2,425)	\$ (0.04)	\$ (0.06)
Adjustments:						
Loss on disposition of business line	—	—	17,795	13,301	0.25	0.25
GCG business ⁽¹⁾	(13,922)	1,410	1,407	952	0.02	0.02
Retained corporate overhead ⁽²⁾	—	(1,279)	(1,279)	(866)	(0.02)	(0.02)
Non-GAAP Adjusted ⁽³⁾	<u>\$ 265,122</u>	<u>\$ 21,702</u>	<u>\$ 15,956</u>	<u>\$ 10,962</u>	<u>\$ 0.21</u>	<u>\$ 0.19</u>

(1) Removes the operating results for the 2018 periods of the GCG business disposed on June 15, 2018.

(2) Overhead allocated to the GCG business that would have been retained at the parent level.

(3) Differences may exist due to rounding.