



**Crawford**

May 7, 2015

**Crawford & Company**  
First Quarter 2015  
Earnings Conference Call

# FORWARD-LOOKING STATEMENTS AND ADDITIONAL INFORMATION

- **Forward-Looking Statements**

—This presentation contains forward-looking statements, including statements about the 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 United States Securities and Exchange Commission and available at [www.sec.gov](http://www.sec.gov) or in the Investor Relations section of Crawford & Company's website at [www.crawfordandcompany.com](http://www.crawfordandcompany.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.

—In recent periods the Company has derived a material portion of its revenues and operating earnings from a limited number of client engagements and special projects within its Legal Settlement Administration segment, specifically its work on the gulf-related class action settlement. Although the Company continued to earn revenues from the Legal Settlement Administration projects in 2015, these revenues, and related operating earnings, were at a reduced rate as compared to 2014. The projects continue to wind down, and the Company expects these revenues, and related operating earnings, to be at a reduced rate in all future periods, as compared to 2014. No assurances of timing of the project end dates and, therefore, continued revenues or operating earnings, can be provided. In the event the Company is unable to replace revenues and related operating earnings from these projects as they wind down, or upon the termination or other expiration thereof, with revenues and operating earnings from new projects and customers within this or other segments, there could be a material adverse effect on the Company's results of operations.

- **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 four operating segments. Segment operating earnings exclude income taxes, interest expense, amortization of customer-relationship intangible assets, special charges, stock option expense, earnings or loss attributable to non-controlling interests, and certain unallocated corporate and shared costs and credits. Consolidated operating earnings is the total of segment operating earnings and certain unallocated and shared costs and credits.

- **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 (CRDA) than on the voting Class B Common Stock (CRDB), subject to certain limitations. In addition, with respect to mergers or similar transactions, holders of CRDA must receive the same type and amount of consideration as holders of CRDB, unless different consideration is approved by the holders of 75% of CRDA, voting as a class.

—In certain periods, the Company has paid a higher dividend on CRDA than on CRDB. 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.

- **Non-GAAP Financial Information**

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

# GLOBAL BUSINESS SERVICES LEADER

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- The world's largest independent provider of global claims management solutions

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- Multiple globally recognized brand names: Crawford, Broadspire, GCG

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- Clients include multinational insurance carriers, brokers and local insurance firms as well as 200 of the Fortune 500

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**1**  
**EMEA-A/P**

Serves the U.K., European, Middle Eastern, African and Asia Pacific markets

**3**  
**BROADSPIRE**

Serves large national accounts, carriers and self-insured entities

**2**  
**AMERICAS**

Serves the U.S., Canadian and Latin American markets

**4**  
**LEGAL SETTLEMENT ADMINISTRATION**

Provides administration for class action settlements and bankruptcy matters

# TODAY'S AGENDA

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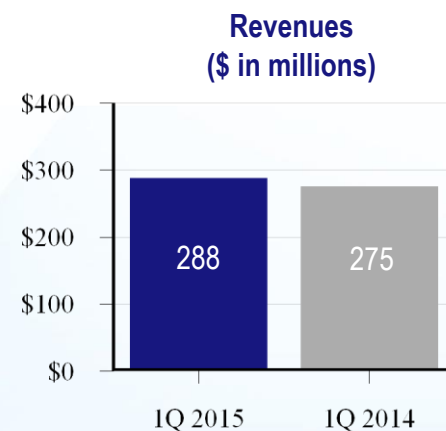
- Welcome and Opening Comments
- First Quarter 2015 Financial Review
- Updated Guidance



# FIRST QUARTER 2015 BUSINESS SUMMARY

- Revenues of \$288 million
- Consolidated operating earnings of \$10.7 million
- Diluted earnings per share of \$0.06 for CRDA and \$0.04 for CRDB
- Diluted earnings per share on a non-GAAP basis of \$0.07 for CRDA and \$0.05 for CRDB <sup>(1)</sup>, before the impact of \$1.1 million special charge in first quarter 2015
- Strategic cost reduction program planned for Americas and EMEA/AP, costs and savings to begin in Q2 and Q3 2015
- Further management changes implemented to drive execution in the Americas and EMEA/AP
- GAB Robins acquisition in U.K. receives unconditional approval; integration underway
- Global Business Services Center initiative underway
- Improvement in Broadspire operating results

<sup>(1)</sup> See Appendix for non-GAAP explanation and reconciliation



# FIRST QUARTER 2015

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Financial Review



# INCOME STATEMENT HIGHLIGHTS

Unaudited (\$ in thousands, except per share amounts)

<u>Three Months Ended March 31,</u>	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Revenues Before Reimbursements	\$287,777	\$275,349	5%
Costs of Services Before Reimbursements	219,323	203,893	8%
Selling, General, and Administrative Expenses	60,387	59,730	1%
Corporate Interest Expense, Net	1,864	1,301	43%
Special Charges	1,063	—	nm
Total Costs and Expenses Before Reimbursements	<u>282,637</u>	<u>264,924</u>	7%
Other Income	<u>382</u>	<u>449</u>	(15)%
Income Before Income Taxes	5,522	10,874	(49)%
Provision for Income Taxes	<u>2,241</u>	<u>4,288</u>	(48)%
Net Income	<u>3,281</u>	<u>6,586</u>	(50)%
Net (Income) Loss Attributable to Noncontrolling Interests	<u>(295)</u>	<u>66</u>	nm
Net Income Attributable to Shareholders of Crawford & Company	<u>\$2,986</u>	<u>\$6,652</u>	(55)%
Earnings Per Share - Diluted:			
Class A Common Stock	<u>\$0.06</u>	<u>\$0.12</u>	(50)%
Class B Common Stock	<u>\$0.04</u>	<u>\$0.11</u>	(64)%
Cash Dividends per Share:			
Class A Common Stock	<u>\$0.07</u>	<u>\$0.05</u>	40%
Class B Common Stock	<u>\$0.05</u>	<u>\$0.04</u>	25%

# AMERICAS SEGMENT HIGHLIGHTS

## Operating Results (1Q 2015 v. 1Q 2014)

- Revenues of \$89.5 million versus \$87.9 million
- Exchange rates reduced revenues by 4.7%
- Operating earnings of \$5.0 million versus \$6.9 million
- Operating earnings margins of 5.6% versus 7.9%
- Cases received of 156,138 versus 185,935

## U.S. Property and Casualty

- Long-term outsourcing project to assist major U.S. insurer offset decline in weather-related cases
- Cost reduction initiatives underway, costs and savings to begin in Q2 and Q3 2015

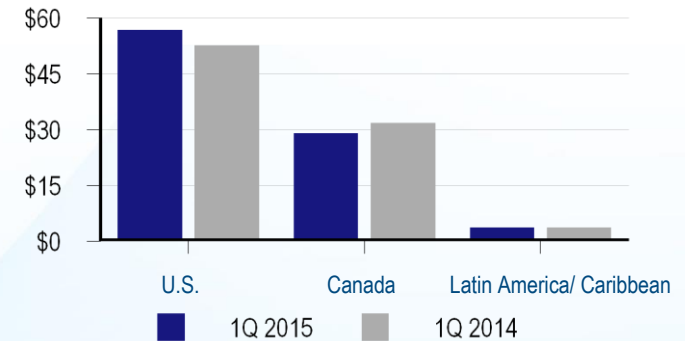
## Canada

- Revenues increased on constant dollar basis, but declined slightly due to negative exchange rate impact
- Canadian Contractor Connection network expansion continues

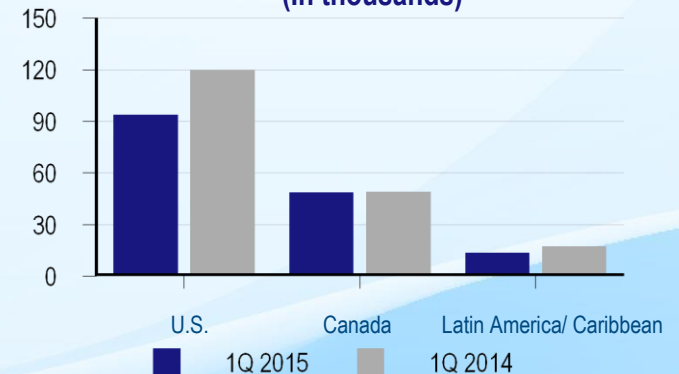
## Latin America & Caribbean

- Concentration on Brazil and region-wide accident and health product line
- Cost reduction initiatives underway, costs and savings to begin in Q2 and Q3 2015

Revenues by Geographic Region  
(\$ in millions)



Americas Cases Received  
(In thousands)

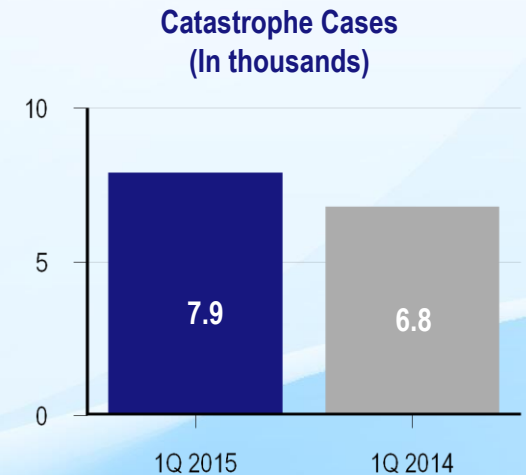
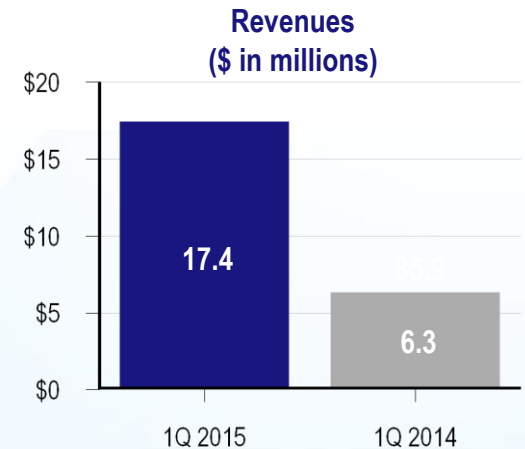




# AMERICAS SEGMENT HIGHLIGHTS (cont.)

## U.S. Catastrophe (CAT) Adjuster Activity

- CAT revenues in the 2015 period included \$12.6 million under an outsourcing arrangement with a major U.S. insurer where the Company supplies adjusters to the client's location without corresponding case referrals. Revenues from this arrangement in the 2014 period were \$1.9 million.
- Apart from this outsourcing arrangement, U.S. CAT activity reflected weakness due to an overall lack of severe weather events.



# EMEA/AP SEGMENT HIGHLIGHTS

## Operating Results (1Q 2015 v. 1Q 2014)

- Revenues of \$91.3 million versus \$80.3 million
- Exchange rates reduced revenues by 8.0%
- Operating earnings of \$1.5 million versus \$1.9 million
- Operating earnings margins of 1.7% versus 2.4%
- Cases received of 140,654 versus 126,951

### U.K.

- U.K. acquisition of GAB Robins drove revenue and case growth
- Acquisition integration underway; key senior executives retained

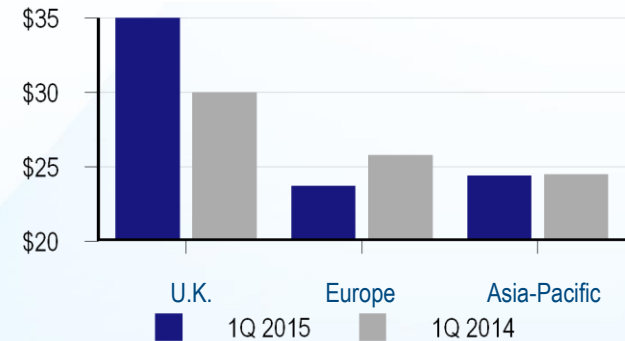
### Europe

- Claims volume increased in first quarter from high frequency claims
- Continued focus on improving operating performance

### Asia-Pacific

- Benign weather during 2015

Revenues by Geographic Region  
(\$ in millions)



EMEA/AP Cases Received  
(In thousands)



# BROADSPIRE SEGMENT HIGHLIGHTS

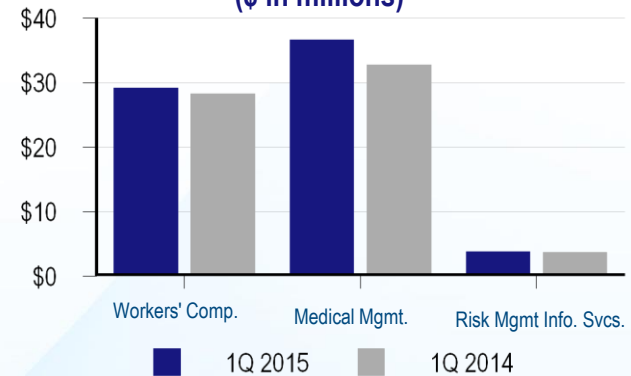
## Operating Results (1Q 2015 v. 1Q 2014)

- Revenues of \$69.7 million versus \$64.8 million
- Operating earnings of \$3.5 million versus \$2.0 million
- Operating earnings margins of 5.1% versus 3.1%
- Cases received of 111,454 versus 83,956; 1Q 2015 includes 16,300 accident and health cases, previously handled by U.S. Claims Services service line in the Americas segment

## Broadspire

- Strong growth in workers' compensation claims
- Medical management revenues increased from greater utilization
- Disability and absence management services products gaining traction in the market

Revenues by Service Line  
(\$ in millions)



Broadspire Cases Received  
(In thousands)



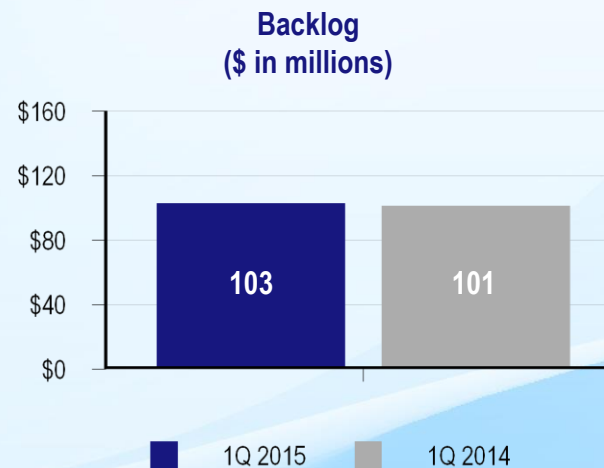
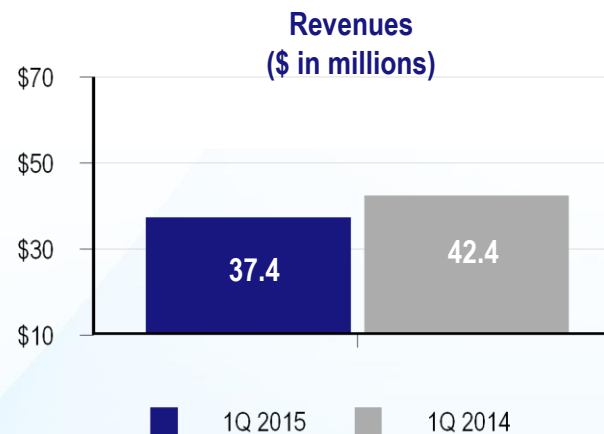
# LEGAL SETTLEMENT ADMINISTRATION SEGMENT HIGHLIGHTS

## Operating Results (1Q 2015 v. 1Q 2014)

- Revenues of \$37.4 million versus \$42.4 million
- Operating earnings of \$5.0 million in both periods
- Operating earnings margins of 13.2% versus 11.7%
- Backlog at \$103 million versus \$101 million

## Garden City Group

- Deepwater Horizon class action settlement project continued to wind down
- Focus on operating margin improvement
- Activities to build new business pipeline ongoing



# BALANCE SHEET HIGHLIGHTS

Unaudited (\$ in thousands)	March 31, 2015	December 31, 2014	Change
Cash and cash equivalents	\$40,842	\$52,456	(\$11,614)
Accounts receivable, net	176,405	180,096	(3,691)
Unbilled revenues, net	121,800	103,163	18,637
Total receivables	298,205	283,259	14,946
Goodwill and intangible assets arising from business acquisitions	260,665	207,780	52,885
Deferred revenues	76,851	71,760	5,091
Pension liabilities	133,282	142,343	(9,061)
Current portion of long-term debt, capital leases and short-term borrowings	13,858	2,765	11,093
Long-term debt, less current portion	231,771	154,046	77,725
Total debt	245,629	156,811	88,818
Total stockholders' equity attributable to Crawford & Company	165,381	172,937	(7,556)
Net debt*	204,787	104,355	100,432
Total debt / capitalization	60%	48%	

\*Net debt is defined by the Company as long-term debt, capital leases and short-term borrowings, net of cash and cash equivalents. See Appendix for non-GAAP reconciliation.

# OPERATING AND FREE CASH FLOW

For the three months ended March 31,

Unaudited (\$ in thousands)	<u>2015</u>	<u>2014</u>	<u>Variance</u>
Net Income Attributable to Shareholders of Crawford & Company	\$ 2,986	\$ 6,652	\$ (3,666)
Depreciation and Other Non-Cash Operating Items	11,545	8,199	3,346
Unbilled and Billed Receivables Change	(1,105)	(26,340)	25,235
Working Capital Change	(24,389)	(49,444)	25,055
U.S. and U.K. Pension Contributions	<u>(4,678)</u>	<u>(4,330)</u>	<u>(348)</u>
<b>Cash Flows from Operating Activities</b>	<b>(15,641)</b>	<b>(65,263)</b>	<b>49,622</b>
Property & Equipment Purchases, net	(2,032)	(2,571)	539
Capitalized Software (internal and external costs)	<u>(5,643)</u>	<u>(3,372)</u>	<u>(2,271)</u>
<b>Free Cash Flow <sup>(1)</sup></b>	<b>\$ (23,316)</b>	<b>\$ (71,206)</b>	<b>\$ 47,890</b>

<sup>(1)</sup> See Appendix for non-GAAP explanation



# OTHER FINANCIAL HIGHLIGHTS

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## Share Repurchases:

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- During the 2015 first quarter, Crawford repurchased 17,700 shares of CRDA at an average cost of \$7.79 per share
- From inception of share repurchase programs authorized in May 2012 through March 31, 2015, Crawford has repurchased 1,589,227 shares of CRDA at an average cost of \$6.28 per share and 7,000 shares of CRDB at an average cost of \$3.83 per share

## Dividends:

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- During the 2015 first quarter, Crawford paid a dividend of \$0.07 on CRDA and \$0.05 on CRDB

## 2015 GUIDANCE

Crawford & Company is updating its guidance range for 2015 as follows:

YEAR ENDING DECEMBER 31, 2015	Low End	High End	
Consolidated revenues before reimbursements	\$1.16	\$1.19	billion
Consolidated operating earnings	\$87.0	\$97.0	million
Consolidated cash provided by operating activities	\$40.0	\$50.0	million
After special charges, net income attributable to shareholders of Crawford & Company	\$29.5	\$35.0	million
Diluted earnings per share--CRDA	\$0.57	\$0.67	per share
Diluted earnings per share--CRDB	\$0.50	\$0.60	per share
Before special charges, net income attributable to shareholders of Crawford & Company	\$41.5	\$47.0	million
Diluted earnings per share--CRDA	\$0.80	\$0.90	per share
Diluted earnings per share--CRDB	\$0.73	\$0.83	per share

The Company expects to incur pretax special charges in 2015, currently estimated at approximately \$7.0 million for the integration of GAB Robins and \$9.0 million related to the establishment of a Global Business Services Center in Manila, Philippines. In addition, the Company expects to incur an additional special charge in 2015, currently estimated at \$4.0 million, related to restructuring activities in the EMEA/AP and Americas segments.



# FIRST QUARTER 2015

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Appendix

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# APPENDIX: NON-GAAP FINANCIAL INFORMATION

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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 (loss). As a result, unless noted in this presentation, revenue and expense amounts exclude reimbursements for out-of-pocket expenses. The GAAP-required gross up of our revenues including these pass-through reimbursed expenses is self-evident in the accompanying reconciliation.

## 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. The reconciliation from Cash Flows from Operating Activities is provided on slide 14.

## 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, special charges, income taxes, and net income or loss attributable to noncontrolling interests.

## Non-GAAP adjusted Net Income and Diluted Earnings per Share

Included in net income and earnings per share are special charges, which arise from non-core items not expected to impact our future performance on a regular recurring basis. Management believes it is useful to others 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, and Operating Earnings

	Quarter Ended March 31 2015	Quarter Ended March 31 2014	Full Year Guidance 2015 *
<b>Unaudited (\$ in thousands)</b>			
<b>Revenues Before Reimbursements</b>			
Total Revenues	\$ 306,616	\$ 289,358	\$ 1,255,000
Reimbursements	(18,839)	(14,009)	(80,000)
Revenues Before Reimbursements	<u>\$ 287,777</u>	<u>\$ 275,349</u>	<u>\$ 1,175,000</u>
<b>Costs of Services Before Reimbursements</b>			
Total Costs of Services	\$ 238,162	\$ 217,902	
Reimbursements	(18,839)	(14,009)	
Costs of Services Before Reimbursements	<u>\$ 219,323</u>	<u>\$ 203,893</u>	
	Quarter Ended March 31 2015	Quarter Ended March 31 2014	Full Year Guidance 2015 *
<b>Unaudited (\$ in thousands)</b>			
<b>Operating Earnings:</b>			
Americas	\$ 4,976	\$ 6,934	
EMEA/AP	1,528	1,900	
Broadspire	3,537	2,003	
Legal Settlement Administration	4,951	4,967	
Unallocated corporate and shared costs and credits	(4,296)	(1,743)	
<b>Consolidated Operating Earnings</b>	<u>10,696</u>	<u>14,061</u>	<u>92,000</u>
<b>Deduct:</b>			
Net corporate interest expense	(1,864)	(1,301)	(9,100)
Stock option expense	(149)	(294)	(500)
Amortization expense	(2,098)	(1,592)	(8,500)
Special charges and credits	(1,063)	—	(20,000)
Income taxes	(2,241)	(4,288)	(21,550)
Net (income) loss attributable to non-controlling interests	(295)	66	(100)
<b>Net Income Attributable to Shareholders of Crawford &amp; Company</b>	<u>\$ 2,986</u>	<u>\$ 6,652</u>	<u>\$ 32,250</u>

\* Midpoints of Company's May 7, 2015 Guidance

# RECONCILIATION OF NON-GAAP ITEMS (cont.)

## Net Debt

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Unaudited (\$ in thousands)	March 31, 2015	December 31, 2014
<b>Net Debt</b>		
Short-term borrowings	\$ 11,989	\$ 2,002
Current installments of long-term debt and capital leases	1,869	763
Long-term debt and capital leases, less current installments	231,771	154,046
Total debt	245,629	156,811
Less:		
Cash and cash equivalents	40,842	52,456
Net debt	<u>\$ 204,787</u>	<u>\$ 104,355</u>

# RECONCILIATION OF NON-GAAP ITEMS (cont.)

## Non-GAAP Adjusted Net Income and Diluted Earnings Per Share

Three Months Ended March 31, 2015

Unaudited (\$ in thousands)	Income Before Taxes	Tax Expense	Net Income	Net Income Attributable to Crawford & Company	Diluted Earnings per Share (CRDA)	Diluted Earnings per Share (CRDB)
GAAP	\$ 5,522	\$ 2,241	\$ 3,281	\$ 2,986	\$ 0.06	\$ 0.04
Add back:						
Special charges	1,063	415	648	648	0.01	0.01
Non-GAAP Adjusted	<u>\$ 6,585</u>	<u>\$ 2,656</u>	<u>\$ 3,929</u>	<u>\$ 3,634</u>	<u>\$ 0.07</u>	<u>\$ 0.05</u>

Full Year Guidance for 2015 \*

Unaudited (\$ in thousands)	Income Before Taxes	Tax Expense	Net Income	Net Income Attributable to Crawford & Company	Diluted Earnings per Share (CRDA)	Diluted Earnings per Share (CRDB)
GAAP	\$ 53,900	\$ 21,550	\$ 32,350	\$ 32,250	\$ 0.62	\$ 0.55
Add back:						
Special charges	20,000	7,800	12,200	12,200	0.23	0.23
Non-GAAP Adjusted	<u>\$ 73,900</u>	<u>\$ 29,350</u>	<u>\$ 44,550</u>	<u>\$ 44,450</u>	<u>\$ 0.85</u>	<u>\$ 0.78</u>



\* Midpoints of Company's May 7, 2015 Guidance