UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): March 14, 2018

HC2 Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	001-35201	54-1708481
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

450 Park Avenue, 30th Floor New York, NY	10022
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (212) 235-2690

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition

On March 14, 2018, HC2 Holdings, Inc. (the "Company") issued a press release setting forth its results for the three months and full year ended December 31, 2017 (the "Earnings Release") and posted the HC2 Holdings, Inc. Fourth Quarter and Full Year 2017 Conference Call investor presentation to its Investor Relations section of the Company's website at http://www.hc2.com. A copy of the Earnings Release and the investor presentation are attached hereto as Exhibits 99.1 and 99.2, respectively, and are incorporated herein by reference.

The information set forth in (and incorporated by reference into) this Item 2.02 and the exhibits referred to herein shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that Section. The information in this Item 2.02 shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 7.01 Regulation FD Disclosure

As previously announced, the Company will conduct a conference call today, Wednesday, March 14, 2018 at 5:00 p.m. The presentation slides to be used during the call will be available on the "Investor Relations" section of the Company's website (http://www.hc2.com) immediately prior to the call. The conference call and the presentation slides will be simultaneously webcast on the "Investor Relations" section of the Company's website beginning at 5:00 p.m. ET on Wednesday, March 14, 2018. The information contained in, or that can be accessed through, the Company's website is not a part of this filing.

The information set forth in (and incorporated by reference into) this Item 7.01 and the exhibits referred to herein shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or otherwise subject to the liabilities of that Section. The information in this Item 7.01 shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
99.1	Press Release of HC2 Holdings, Inc., dated March 14, 2018
99.2	HC2 Holdings, Inc. Fourth Quarter and Full Year 2017 Conference Call Investor Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	HC2 Holdings, Inc.
March 14, 2018	By: */s/ Michael J. Sena*
	Name: Michael J. Sena
	Title: Chief Financial Officer

Exhibit 99.1

FOR IMMEDIATE RELEASE

HC2 Holdings Reports Fourth Quarter and Full Year 2017 Results

Introduces 2018 Guidance for Two Largest Segments

New York, March 14, 2018 (GlobeNewswire) - HC2 Holdings, Inc. (“HC2”) (NYSE: HCHC), a diversified holding company, announced today its consolidated results for the fourth quarter and full year 2017, which ended on December 31, 2017.

“For HC2, 2017 ended much as it began, having met key milestones and realized accomplishments for the business across our portfolio,” said Philip Falcone, HC2's Chairman, President and Chief Executive Officer. “In the fourth quarter, our core businesses continued to execute and expand their capabilities through targeted acquisitions, including two tuck-in acquisitions by DBM Global - CanDraft VSI and Mountain States Steel - that position the company well in what we believe is an attractive bridge market segment. DBM has continued to win major contract awards, as evidenced by their record year-end backlog of $723 million. Global Marine also had a strong year, not only through its core operating business, but also its Huawei Marine joint venture. During the quarter, Global Marine completed its strategic acquisition of Fugro's trenching and cable laying business, creating an even more effective operating platform for delivering services to its offshore power and oil & gas customers. During 2017, Global Marine secured the renewal of the remaining two of its three long-term submarine cable maintenance contracts, confirming the company's leading position in this space, and finished the year with a near-record backlog of $445 million. We continue to take steps to help Global Marine remain a leader in all of its target markets, including the rapidly growing global offshore power market which we believe has tremendous long-term growth potential.”

Mr. Falcone continued, “During the fourth quarter, American Natural Gas signed its first renewable natural gas supply agreement, opened new fueling stations in Tennessee and New York, and completed the integration and upgrade of fueling stations throughout the U.S. to support an efficient, expedient and reliable customer experience. PTGi ICS continued to execute its global growth initiative with new account representatives in Latin America, Eastern Europe and Russia and paid its sixth consecutive cash dividend to HC2. Our Continental Insurance subsidiary announced its intent to acquire Humana's approximately $2.3 billion long-term care insurance business, KMG America Corporation, positioning the company for what we believe will be future growth as a credible counterparty for similar long-term care transactions. Additionally, as we continue to build out our nation-wide network of over-the-air broadcast television stations, we acquired the Spanish-language broadcast network Azteca America, in addition to numerous television broadcast licenses from Northstar Media, capitalizing on what we believe are significant opportunities created by the changing media landscape.”

Mr. Falcone concluded, “Our work and accomplishments during the past year position HC2 for an exciting 2018, in which our priorities will be to further optimize the HC2 capital structure, including a global refinancing of our 11% Senior Secured Notes, a monetization within the diverse HC2 portfolio and the continued expansion of our over-the-air broadcast television strategy. I could not be prouder of our entire team and feel more confident than ever in our long-term opportunities.”

Fourth Quarter & Full Year Financial Highlights

- **Net Revenue:** For the fourth quarter of 2017, HC2 recorded consolidated total net revenue of $458.5 million, as compared to $454.0 million for the year-ago quarter and $1,634.1 million for the full year 2017, as compared to $1,558.1 million for the full year 2016.

REVENUE by OPERATING SEGMENT

(in thousands)	Three Months Ended December 31,			Years Ended December 31,		
	2017	2016	Change	2017	2016	Change
Construction	$ 175,665	$ 129,694	$ 45,971	$ 578,989	$ 502,658	$ 76,331
Marine Services	46,071	45,565	506	169,453	161,864	7,589
Energy	4,114	2,279	1,835	16,415	6,430	9,985
Telecommunications	181,683	226,795	(45,112)	701,898	735,043	(33,145)
Total Core Operating Subsidiaries	$ 407,533	$ 404,333	$ 3,200	$ 1,466,755	$ 1,405,995	$ 60,760
Insurance	39,545	42,610	(3,065)	151,577	142,457	9,120
Other	11,417	7,060	4,357	15,791	9,674	6,117
Consolidated HC2	$ 458,495	$ 454,003	$ 4,492	$ 1,634,123	$ 1,558,126	$ 75,997

- **Net Income (Loss):** For the fourth quarter of 2017, HC2 reported a Net (Loss) attributable to common and participating preferred stockholders of $(9.2) million or $(0.21) per fully diluted share, as compared to Net (Loss) of $(67.3) million or $(1.62) per fully diluted share for the fourth quarter 2016. For the year ended December 31, 2017, HC2 reported a Net (Loss) attributable to common and participating preferred stockholders of $(49.7) million or $(1.16) per fully diluted share, as compared to a Net (Loss) of $(105.4) million or $(2.83) per fully diluted share for the full year 2016.

- **Adjusted EBITDA:** Adjusted EBITDA for “Core Operating Subsidiaries,” which includes HC2's Construction, Marine Services, Energy and Telecom segments, was a combined $32.4 million for the fourth quarter of 2017, as compared to $37.9 million for the year-ago quarter, due primarily to timing associated with several large scale projects in the Construction segment. For the full year ended December 31, 2017, Adjusted EBITDA for “Core Operating Subsidiaries” was $105.5 million, as compared to $109.1 million for the full year 2016, again due primarily to timing of projects in the Construction segment.

  For the fourth quarter of 2017, Total Adjusted EBITDA (excluding the Insurance segment), which includes results from Core Operating Subsidiaries, Life Sciences, Other, and Non-operating Corporate segments, was $19.7 million, as compared to $26.5 million for the year-ago quarter. For the full year ended December 31, 2017, Total Adjusted EBITDA (excluding the Insurance segment), was $50.8 million, as compared to $60.2 million for the full year 2016. Fourth quarter and full year 2017 Total Adjusted EBITDA was driven by timing of projects in the Construction segment and scaling of operations across the Life Sciences segment, offset primarily by a decrease in losses in the Other segment and an improvement in Marine Services, primarily attributable to its Huawei Marine joint venture.

ADJUSTED EBITDA by OPERATING SEGMENT

(in thousands)	Three Months Ended December 31,			Years Ended December 31,		
	2017	2016	Change	2017	2016	Change
Construction	$ 15,112	$ 20,664	$ (5,552)	$ 51,588	$ 59,860	$ (8,272)
Marine Services	15,269	14,809	460	44,027	41,176	2,851
Energy	422	870	(448)	2,911	2,543	368
Telecommunications	1,605	1,541	64	6,929	5,560	1,369
Total Core Operating Subsidiaries	$ 32,408	$ 37,884	$ (5,476)	$ 105,455	$ 109,139	$ (3,684)
Life Sciences	(5,225)	(3,792)	(1,433)	(22,366)	(12,037)	(10,329)
Other	1,297	928	369	(3,139)	(11,221)	8,082
Non-operating Corporate	(8,732)	(8,552)	(180)	(29,152)	(25,718)	(3,434)
Consolidated HC2	$ 19,748	$ 26,468	$ (6,720)	$ 50,798	$ 60,163	$ (9,365)

- **Balance Sheet:** As of December 31, 2017, HC2 had consolidated cash, cash equivalents and investments of $1.6 billion, which includes cash and investments associated with HC2's Insurance segment. Excluding the Insurance segment, consolidated cash was $72.7 million, of which $29.4 million was at the HC2 corporate level.

Fourth Quarter & Full Year Segment Highlights

- **Construction** - For the fourth quarter of 2017, HC2’s DBM Global Inc. (“DBMG”), reported Net Income of $9.2 million, as compared to $7.3 million for the year-ago quarter. For the full year ended December 31, 2017, Net Income was $23.6 million, as compared to $28.0 million for the full year 2016.

  Adjusted EBITDA was $15.1 million for the fourth quarter of 2017, as compared to $20.7 million for the year-ago quarter. For the full year ended December 31, 2017, DBMG’s Adjusted EBITDA was $51.6 million, as compared to $59.9 million for the full year 2016. The quarter and full year decreases were due primarily to timing associated with design changes on certain large scale projects in 2017 and better-than-bid performance on commercial projects in the year ago quarter.

  Backlog at the end of the fourth quarter was a record $723 million, as compared to approximately $503 million in the prior year quarter. Taking into consideration awarded, but not yet signed contracts, backlog would have been approximately $772 million. DBMG continues to see a number of large opportunities in the commercial sector totaling approximately $300 million in potential new projects that could be awarded over the next several quarters.

- **Marine Services** - For the fourth quarter of 2017, Global Marine reported Net Income of $6.2 million, as compared to $8.7 million for the year-ago quarter. For the full year ended December 31, 2017, Net Income was $15.2 million, as compared to $17.4 million for the full year 2016.

  Adjusted EBITDA was $15.3 million for the fourth quarter of 2017, as compared to $14.8 million for the year-ago quarter, due primarily to higher telecom maintenance, offset partially by lower joint venture income when compared to the year-ago fourth quarter. For the full year ended December 31, 2017, Global Marine's Adjusted EBITDA was $44.0 million, as compared to $41.2 million for the full year 2016, due primarily to an increase in the Huawei Marine joint venture net income and higher telecom maintenance, partially offset by recognized losses associated with two offshore power projects during the year.

- **Energy** - For the fourth quarter of 2017, American Natural Gas (“ANG”) reported Net Income of $1.5 million as compared to Net (Loss) $(0.06) million for the year-ago quarter. For the full year ended December 31, 2017, Net (Loss) was $(0.5) million, as compared to Net Income of $0.01 million for the full year 2016.

  Adjusted EBITDA was $0.4 million for the fourth quarter of 2017, as compared to $0.9 million for the year-ago quarter, as the company completed the integration and upgrade of approximately 18 fueling stations across the company which should allow ANG to ramp volumes and increase capacity utilization across its nationwide network. For the full year ended December 31, 2017, Adjusted EBITDA was $2.9 million, as compared to $2.5 million for the full year 2016, due primarily to the increased number of stations owned and/or operated versus the prior year, offset by the non-renewal of certain alternative fuel tax credits in 2017 and incremental costs associated with integration of certain acquired stations. ANG currently owns and/or operates 44 natural gas fueling stations, including stations under development, in 15 states.

- **Telecommunications** - For the fourth quarter of 2017, Net Income for PTGi-ICS was Net Income of $1.3 million, as compared to Net (Loss) of $(2.6) million for the year-ago quarter. For the full year ended December 31, 2017, Net Income was $6.2 million, as compared to $1.4 million for the full year 2016.

  Adjusted EBITDA was $1.6 million for the fourth quarter of 2017, essentially in line with $1.5 million in the year-ago quarter. For the full year ended December 31, 2017, Adjusted EBITDA was $6.9 million, as compared to $5.6 million for the full year 2016, as PTGi ICS continued to focus on higher margin wholesale telecom traffic.

- **Insurance** - As of December 31, 2017, the Company's Insurance subsidiary had approximately $74.7 million of statutory surplus, $86.4 million of total adjusted capital and $2.1 billion in total GAAP assets.

INSURANCE SEGMENT ADJUSTED OPERATING INCOME ("AOI")

(in thousands)	Three Months Ended December 31,			Years Ended December 31,		
	2017	2016	Change	2017	2016	Change
Insurance	$ 2,629	$ (6,901)	$ 9,530	$ 7,982	$ (15,933)	$ 23,915

Adjusted Operating Income / (Loss) was Income of $2.6 million for the fourth quarter of 2017, as compared to a Loss of $(6.9) million in the year-ago quarter, due primarily to higher net investment income and a reduction in deferred tax expense as compared to the year-ago quarter. For the full year ended December 31, 2017, Adjusted Operating Income / (Loss) was Income of $8.0 million, as compared to a Loss of $(15.9) million for the year-ago period, due primarily to higher net investment income and reserve releases during 2017.

During the fourth quarter, Continental General Insurance Company (“CGI”) signed a definitive agreement to acquire Humana Inc.’s (NYSE: HUM) long-term care insurance business, KMG America Corporation (“KMG”). As of September 30, 2017, KMG’s subsidiary, Kanawha Insurance Company (“Kanawha”), had approximately $150 million of Statutory Capital and Surplus with approximately $2.3 billion of cash and invested assets. Once the proposed transaction is completed, CGI’s insurance platform will have approximately $3.5 billion in cash and invested assets. The transaction is expected to close by the third quarter of 2018 and is expected to be immediately accretive to CGI's risk-based and statutory capital.

- **Pansend Life Sciences** - Companies in the Pansend Life Sciences, LLC portfolio continued to ramp operations and meet critical milestones during the fourth quarter and twelve month period, including R2 Dermatology, MediBeacon and BeneVir, all of which remain in discussions with various strategic parties.

- **Other** - The Company's Other segment primarily includes over-the-air broadcast television assets, a console and mobile video game publisher and other investments. During the fourth quarter, the Company's broadcasting subsidiary, HC2 Broadcasting Holdings Inc., entered into a $75 million bridge loan to primarily finance acquisitions in the over-the-air broadcast television distribution market. Subsequent to quarter end, the bridge loan was increased by $27 million. The Company filed the $75 million bridge loan credit agreement and the amendment to the credit agreement on a Form 8-K.

  As of February 23, 2018, through a series of transactions, HC2's broadcasting subsidiary had acquired 135 operational stations, including 4 full-power stations, 34 Class A stations and 97 LPTV stations. In addition, HC2 Broadcasting has 476 silent licenses and construction permits. The total HC2 Broadcasting footprint, excluding construction permits, covers approximately 60 percent of the U.S. population, in over 100 U.S. markets, including nine of the top ten markets across the United States.

- **HC2 Corporate** - The Company received a combined $11.5 million and $36.0 million of dividends and tax share from DBMG and PTGi-ICS for the fourth quarter and full year 2017, respectively. During 2017, the Company secured financing for new strategic acquisitions, including over-the-air broadcasting assets, invested strategically across the existing platform, including companies in the Pansend portfolio, where several key milestones and accomplishments were achieved in 2017 and reduced the cumulative outstanding preferred equity to $26.7 million as of December 31, 2017.

Introduces 2018 Guidance for Construction and Marine Services Segments

In order to provide additional visibility into the Company's two largest Adjusted EBITDA segment contributors, Construction and Marine Services, the Company initiated a guidance range reflecting its current expectations for full year 2018 Adjusted EBITDA, due in part to their strong backlog and opportunity pipelines at year end 2017. While the complex nature of certain large-scale DBM Global and Global Marine projects could cause quarterly variability in their financial results, the Company currently expects the following for the full year 2018:

- **Construction:** $60 million and $65 million of Adjusted EBITDA

- **Marine Services:** $45 million and $50 million of Adjusted EBITDA

The Company has provided 2018 guidance with regard to the non-GAAP measures of Adjusted EBITDA. These measures exclude from the corresponding GAAP financial measures the effect of special items as described below under "Non-GAAP Financial Measures." The Company has not provided a reconciliation of such non-GAAP guidance to the most directly comparable GAAP measure because it cannot predict and quantify with a reasonable degree of confidence all of the special items that may occur during 2018.

HC2 does not guarantee future results of any kind. The Company's guidance is based on numerous assumptions about future events and conditions and, therefore, could vary materially from actual results, and is subject to risks and uncertainties, including, without limitation, those factors outlined in the “Forward Looking Statements” of this release and the “Risk Factors” section of the Company’s annual and quarterly reports filed with the Securities and Exchange Commission (“SEC”).

Conference Call

HC2 Holdings, Inc. will host a live conference call to discuss its fourth quarter and full year 2017 financial results and operations today, Wednesday, March 14, 2018, at 5:00 p.m. ET. The Company will post an earnings supplemental presentation in the Investor Relations section of the HC2 Website, www.hc2.com, to accompany the conference call.

Dial-in instructions for the conference call and the replay are as follows:

Live Call

Domestic Dial-In (Toll Free): 1-866-395-3893

International Dial-In: 1-678-509-7540

Participant Entry Number: 3278987

Alternatively, a live webcast of the conference call can be accessed by interested parties through the Investor Relations section of the HC2 Website, www.hc2.com.

Conference Replay*

Domestic Dial-In (Toll Free): 1-855-859-2056

International Dial-In: 1-404-537-3406

Conference Number: 3278987

*Available approximately two hours after the end of the conference call through April 14, 2018.

About HC2

HC2 Holdings, Inc. is a publicly traded (NYSE:HCHC) diversified holding company, which seeks opportunities to acquire and grow businesses that can generate long-term sustainable free cash flow and attractive returns in order to maximize value for all stakeholders. HC2 has a diverse array of operating subsidiaries across seven reportable segments, including Construction, Marine Services, Energy, Telecommunications, Life Sciences, Insurance and Other. HC2's largest operating subsidiaries include DBM Global Inc., a family of companies providing fully integrated structural and steel construction services, and Global Marine Systems Limited, a leading provider of engineering and underwater services on submarine cables. Founded in 1994, HC2 is headquartered in New York, New York. Learn more about HC2 and its portfolio companies at www.hc2.com.

For information on HC2 Holdings, Inc., please contact Andrew G. Backman - Managing Director - Investor Relations & Public Relations - abackman@hc2.com - 212-339-5836

Non-GAAP Financial Measures

In this release, HC2 refers to certain financial measures that are not presented in accordance with U.S. generally accepted accounting principles (“GAAP”), including Core Operating Subsidiary Adjusted EBITDA, Total Adjusted EBITDA (excluding the Insurance segment) and Adjusted EBITDA for its operating segments and Adjusted Operating Income for the Insurance segment (“Insurance AOI”).

Adjusted EBITDA

Management believes that Adjusted EBITDA measures provide investors with meaningful information for gaining an understanding of the Company’s results as it is frequently used by the financial community to provide insight into an organization’s operating trends and facilitates comparisons between peer companies, because interest, taxes, depreciation, amortization and the other items for which adjustments are made as noted in the definition of Adjusted EBITDA below can differ greatly between organizations as a result of differing capital structures and tax strategies. In addition, management uses Adjusted EBITDA measures in evaluating certain of the Company’s segments' performance because they eliminate the effects of considerable amounts of non-cash depreciation and amortization and items not within the control of the Company’s operations managers. While management believes that these non-GAAP measurements are useful as supplemental information, such adjusted results are not intended to replace our GAAP financial results and should be read together with HC2’s results reported under GAAP.

Management defines Adjusted EBITDA as net income (loss), excluding the Insurance segment, adjusted to exclude the impact of depreciation and amortization; amortization of equity method fair value adjustments at acquisition; (gain) loss on sale or disposal of assets; lease termination costs; asset impairment expense; interest expense; net gain (loss) on contingent consideration; loss on early extinguishment or restructuring of debt; other (income) expense, net; foreign currency transaction (gain) loss included in cost of revenue; income tax (benefit) expense; (gain) loss from discontinued operations; noncontrolling interest; bonus to be settled in equity; share-based compensation expense; non-recurring items; and acquisition costs. A reconciliation of Adjusted EBITDA to Net Income (Loss) is included in the financial tables at the end of this release.

Management recognizes that using Adjusted EBITDA as a performance measure has inherent limitations as an analytical tool as compared to net income (loss) or other GAAP financial measures, as these non-GAAP measures exclude certain items, including items that are recurring in nature, which may be meaningful to investors.

As a result of the exclusions, Adjusted EBITDA should not be considered in isolation and do not purport to be alternatives to net income (loss) or other GAAP financial measures or a measure of our operating performance.

Adjusted Operating Income - Insurance

Adjusted Operating Income for the Insurance segment (“Insurance AOI”) is a non-U.S. GAAP financial measure frequently used throughout the insurance industry and is an economic measure the Insurance segment uses to evaluate its financial performance. Management believes that Insurance AOI measures provide investors with meaningful information for gaining an understanding of certain results and provides insight into an organization’s operating trends and facilitates comparisons between peer companies. However, Insurance AOI has certain limitations and the Company may not calculate it the same as other companies in our industry. It should therefore be read together with the Company's results calculated in accordance with U.S. GAAP.

Similarly to Adjusted EBITDA, using Insurance AOI as a performance measure has inherent limitations as an analytical tool as compared to income (loss) from operations or other U.S. GAAP financial measures, as this non-U.S. GAAP measure excludes certain items, including items that are recurring in nature, which may be meaningful to investors. As a result of the exclusions, Insurance AOI should not be considered in isolation and does not purport to be an alternative to income (loss) from operations or other U.S. GAAP financial measures as a measure of our operating performance.

Management defines Insurance AOI as Net income (loss) for the Insurance segment adjusted to exclude the impact of net investment gains (losses), including OTTI losses recognized in operations, asset impairment, intercompany elimination, non-recurring items, and acquisition costs. Management believes that Insurance AOI provides a meaningful financial metric that helps investors understand certain results and profitability. While these adjustments are an integral part of the overall performance of the Insurance segment, market conditions impacting these items can overshadow the underlying performance of the business. Accordingly, the Company believes using a measure which excludes their impact is effective in analyzing the trends of our operations.

Cautionary Statement Regarding Forward-Looking Statements

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This release contains, and certain oral statements made by our representatives from time to time may contain, forward-looking statements. Generally, forward-looking statements include information describing actions, events, results, strategies and expectations and are generally identifiable by use of the words “believes,” “expects,” “intends,” “anticipates,” “plans,” “seeks,” “estimates,” “projects,” “may,” “will,” “could,” “might,” or “continues” or similar expressions. The forward-looking statements in this press release include, without limitation, our 2018 guidance for the Construction and Marine Services segments and statements regarding our expectation regarding building shareholder value and future cash and invested assets. Such statements are based on the beliefs and assumptions of HC2's management and the management of HC2's subsidiaries and portfolio companies. The Company believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and the Company’s actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of important factors, both positive and negative, that may be revised or supplemented in subsequent reports on Forms 10-K, 10-Q and 8-K. Such important factors include, without limitation, issues related to the restatement of our financial statements; the fact that HC2 has historically identified material weaknesses in our internal control over financial reporting, and any inability to remediate future material weaknesses; capital market conditions; the ability of HC2's subsidiaries and portfolio companies to generate sufficient net income and cash flows to make upstream cash distributions; volatility in the trading price of HC2 common stock; the ability of HC2 and its subsidiaries and portfolio companies to identify any suitable future acquisition opportunities; our ability to realize efficiencies, cost savings, income and margin improvements, growth, economies of scale and other anticipated benefits of strategic transactions; difficulties related to the integration of financial reporting of acquired or target businesses; difficulties completing pending and future acquisitions and dispositions; effects of litigation, indemnification claims, and other contingent liabilities; changes in regulations and tax laws; and risks that may affect the performance of the operating subsidiaries and portfolio companies of HC2. Although HC2 believes its expectations and assumptions regarding its future operating performance are reasonable, there can be no assurance that the expectations reflected herein will be achieved. These risks and other important factors discussed under the caption “Risk Factors” in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”), and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release.

You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to HC2 or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and unless legally required, HC2 undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

HC2 HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Years Ended December 31,		
	2017	**2016**	**2015**
Revenue	$ 1,482,546	$ 1,415,669	$ 1,117,941
Life, accident and health earned premiums, net	80,524	79,406	1,578
Net investment income	66,070	58,032	1,031
Net realized and unrealized gains on investments	4,983	5,019	256
Net revenue	1,634,123	1,558,126	1,120,806
Operating expenses			
Cost of revenue	1,313,069	1,254,041	982,623
Policy benefits, changes in reserves, and commissions	108,695	123,182	2,245
Selling, general and administrative	182,880	152,890	108,527
Depreciation and amortization	31,315	24,493	24,796
Other operating (income) expenses	(704)	4,941	1,902
Total operating expenses	1,635,255	1,559,547	1,120,093
Income (loss) from operations	(1,132)	(1,421)	713
Interest expense	(55,098)	(43,375)	(39,017)
Gain (loss) on contingent consideration	11,411	(8,929)	—
Income (loss) from equity investees	17,840	10,768	(1,499)
Other expenses, net	(12,772)	(2,836)	(6,820)
Loss from continuing operations before income taxes	(39,751)	(45,793)	(46,623)
Income tax (expense) benefit	(10,740)	(51,638)	10,882
Loss from continuing operations	(50,491)	(97,431)	(35,741)
Loss from discontinued operations	—	—	(21)
Net loss	(50,491)	(97,431)	(35,762)
Less: Net loss attributable to noncontrolling interest and redeemable noncontrolling interest	3,580	2,882	197
Net loss attributable to HC2 Holdings, Inc.	(46,911)	(94,549)	(35,565)
Less: Preferred stock and deemed dividends from conversions	2,767	10,849	4,285
Net loss attributable to common stock and participating preferred stockholders	$ (49,678)	$ (105,398)	$ (39,850)
Basic and diluted loss per common share			
Loss from continuing operations	$ (1.16)	$ (2.83)	$ (1.50)
Loss from discontinued operations	—	—	—
Basic and diluted loss per share	$ (1.16)	$ (2.83)	$ (1.50)
Weighted average common shares outstanding:			
Basic and diluted	42,824	37,260	26,482

HC2 HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	December 31, 2017	December 31, 2016
Assets		
Investments:		
Fixed maturity securities, available-for-sale at fair value	$ 1,340,626	$ 1,278,958
Equity securities, available-for-sale at fair value	47,500	51,519
Mortgage loans	52,109	16,831
Policy loans	17,944	18,247
Other invested assets	85,419	62,363
Total investments	1,543,598	1,427,918
Cash and cash equivalents	97,885	115,371
Accounts receivable, net	322,446	267,598
Recoverable from reinsurers	526,337	524,201
Deferred tax asset	1,661	1,108
Property, plant and equipment, net	374,660	286,458
Goodwill	131,741	98,086
Intangibles, net	117,105	39,722
Other assets	102,258	74,814
Total assets	$ 3,217,691	$ 2,835,276
Liabilities, temporary equity and stockholders' equity		
Life, accident and health reserves	$ 1,693,961	$ 1,648,565
Annuity reserves	243,156	251,270
Value of business acquired	42,969	47,613
Accounts payable and other current liabilities	347,492	251,733
Deferred tax liability	10,740	15,304
Debt obligations	593,172	428,496
Other liabilities	70,174	92,871
Total liabilities	3,001,664	2,735,852
Commitments and contingencies		
Temporary equity		
Preferred stock	26,296	29,459
Redeemable noncontrolling interest	1,609	2,526
Total temporary equity	27,905	31,985
Stockholders' equity		
Common stock, $.001 par value	44	42
Shares authorized: 80,000,000 at December 31, 2017 and December 31, 2016;		
Shares issued: 44,570,004 and 42,070,675 at December 31, 2017 and December 31, 2016;		
Shares outstanding: 44,190,826 and 41,811,288 at December 31, 2017 and December 31, 2016, respectively		
Additional paid-in capital	254,685	241,485
Treasury stock, at cost; 379,178 and 259,387 shares at December 31, 2017 and December 31, 2016, respectively	(2,057)	(1,387)
Accumulated deficit	(221,189)	(174,278)
Accumulated other comprehensive income (loss)	41,688	(21,647)
Total HC2 Holdings, Inc. stockholders' equity	73,171	44,215
Noncontrolling interest	114,951	23,224
Total stockholders' equity	188,122	67,439
Total liabilities, temporary equity and stockholders' equity	$ 3,217,691	$ 2,835,276

HC2 HOLDINGS, INC.
RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA
(in thousands)

(in thousands):	Three months ended December 31, 2017							
	Core Operating Subsidiaries				Early Stage and Other			
	Construction	Marine Services	Energy	Telecom	Life Sciences	Other and Eliminations	Non-operating Corporate	HC2
Net loss attributable to HC2 Holdings, Inc.								$ (8,537)
Less: Net Income attributable to HC2 Holdings Insurance Segment								3,383
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 9,160	$ 6,230	$ 1,485	$ 1,253	$ (3,822)	$ (8,218)	$ (18,008)	(11,920)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	1,389	6,337	1,195	86	57	575	21	9,660
Depreciation and amortization (included in cost of revenue)	1,419	—	—	—	—	—	—	1,419
Amortization of equity method fair value adjustment at acquisition	—	(371)	—	—	—	—	—	(371)
(Gain) loss on sale or disposal of assets	199	—	208	181	—	—	—	588
Lease termination costs	—	—	—	2	—	—	—	2
Interest expense	357	1,029	629	4	—	1,965	11,704	15,688
Net gain on contingent consideration	—	—	—	—	—	—	(5,410)	(5,410)
Other (income) expense, net	117	240	(164)	72	8	3,741	368	4,382
Foreign currency gain (included in cost of revenue)	—	52	—	—	—	—	—	52
Income tax (benefit) expense	887	(36)	(4,255)	7	(820)	(1,129)	(1,073)	(6,419)
Noncontrolling interest	751	(121)	1,321	—	(728)	1,502	—	2,725
Bonus to be settled in equity	—	—	—	—	—	—	2,780	2,780
Share-based compensation expense	—	394	3	—	80	213	547	1,237
Acquisition costs	833	1,515	—	—	—	2,648	339	5,335
Adjusted EBITDA	$ 15,112	$ 15,269	$ 422	$ 1,605	$ (5,225)	$ 1,297	$ (8,732)	$ 19,748
Total Core Operating Subsidiaries	$ 32,408							

HC2 HOLDINGS, INC.
RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA
(in thousands)

(in thousands):	Three Months Ended December 31, 2016							
	Core Operating Subsidiaries				Early Stage and Other			
	Construction	Marine Services	Energy	Telecom	Life Sciences	Other and Eliminations	Non-operating Corporate	HC2
Net loss attributable to HC2 Holdings, Inc.								$ (61,464)
Less: Net Income attributable to HC2 Holdings Insurance Segment								(2,050)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 7,292	$ 8,667	$ (61)	$ (2,572)	$ (4,655)	$ (3,536)	$ (64,549)	(59,414)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	629	5,214	769	115	37	430	5	7,199
Depreciation and amortization (included in cost of revenue)	1,322	—	—	—	—	—	—	1,322
Amortization of equity method fair value adjustment at acquisition	—	(325)	—	—	—	—	—	(325)
(Gain) loss on sale or disposal of assets	2,626	1	—	708	—	—	—	3,335
Interest expense	322	1,091	69	—	—	1,163	9,116	11,761
Net loss (gain) on contingent consideration	—	(2,482)	—	—	—	—	11,411	8,929
Other (income) expense, net	(75)	(1,234)	391	487	10	99	(966)	(1,288)
Foreign currency gain (included in cost of revenue)	—	864	—	—	—	—	—	864
Income tax (benefit) expense	6,086	2,150	(535)	2,803	1,558	3,250	32,726	48,038
Noncontrolling interest	594	464	(253)	—	(809)	(513)	—	(517)
Bonus to be settled in equity	—	—	—	—	—	—	2,503	2,503
Share-based compensation expense	—	375	490	—	67	35	712	1,679
Non-recurring items	1,868	24	—	—	—	—	490	2,382
Adjusted EBITDA	$ 20,664	$ 14,809	$ 870	$ 1,541	$ (3,792)	$ 928	$ (8,552)	$ 26,468
Total Core Operating Subsidiaries	$ 37,884							

HC2 HOLDINGS, INC.
RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA
(in thousands)

(in thousands):	Year ended December 31, 2017							
	Core Operating Subsidiaries				Early Stage and Other		Non-operating Corporate	HC2
	Construction	Marine Services	Energy	Telecom	Life Sciences	Other and Eliminations		
Net loss attributable to HC2 Holdings, Inc.								$ (46,911)
Less: Net Income attributable to HC2 Holdings Insurance Segment								7,066
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 23,624	$ 15,173	$ (516)	$ 6,163	$ (18,098)	$ (18,005)	$ (62,318)	(53,977)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	5,583	22,898	5,071	371	186	1,508	71	35,688
Depreciation and amortization (included in cost of revenue)	5,254	—	—	—	—	—	—	5,254
Amortization of equity method fair value adjustment at acquisition	—	(1,594)	—	—	—	—	—	(1,594)
Asset impairment expense	—	—	—	—	—	1,810	—	1,810
(Gain) loss on sale or disposal of assets	292	(3,500)	247	181	—	—	—	(2,780)
Lease termination costs	—	249	—	17	—	—	—	266
Interest expense	976	4,392	1,181	41	—	4,373	44,135	55,098
Net gain on contingent consideration	—	—	—	—	—	—	(11,411)	(11,411)
Other (income) expense, net	(41)	2,683	1,488	149	(17)	6,541	(92)	10,711
Foreign currency gain (included in cost of revenue)	—	(79)	—	—	—	—	—	(79)
Income tax (benefit) expense	10,679	203	(4,243)	7	(820)	(1,129)	(10,185)	(5,488)
Noncontrolling interest	1,941	260	(681)	—	(3,936)	(1,164)	—	(3,580)
Bonus to be settled in equity	—	—	—	—	—	—	4,130	4,130
Share-based compensation expense	—	1,527	364	—	319	279	2,754	5,243
Acquisition costs	3,280	1,815	—	—	—	2,648	3,764	11,507
Adjusted EBITDA	$ 51,588	$ 44,027	$ 2,911	$ 6,929	$ (22,366)	$ (3,139)	$ (29,152)	$ 50,798
Total Core Operating Subsidiaries	$ 105,455							

HC2 HOLDINGS, INC.
RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA
(in thousands)

(in thousands):	Year Ended December 31, 2016							
	Core Operating Subsidiaries				Early Stage and Other			
	Construction	Marine Services	Energy	Telecom	Life Sciences	Other and Eliminations	Non-operating Corporate	HC2
Net loss attributable to HC2 Holdings, Inc.								$ (94,549)
Less: Net loss attributable to HC2 Holdings Insurance Segment								(14,028)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 28,002	$ 17,447	$ 7	$ 1,435	$ (7,646)	$ (24,800)	$ (94,966)	(80,521)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	1,892	22,007	2,248	504	124	1,480	9	28,264
Depreciation and amortization (included in cost of revenue)	4,370	—	—	—	—	—	—	4,370
Amortization of equity method fair value adjustment at acquisition	—	(1,371)	—	—	—	—	—	(1,371)
(Gain) loss on sale or disposal of assets	1,663	(9)	—	708	—	—	—	2,362
Lease termination costs	—	—	—	179	—	—	—	179
Interest expense	1,239	4,774	211	—	—	1,164	35,987	43,375
Net loss (gain) on contingent consideration	—	(2,482)	—	—	—	—	11,411	8,929
Other (income) expense, net	(163)	(2,424)	(8)	(87)	(3,213)	9,987	(1,277)	2,815
Foreign currency gain (included in cost of revenue)	—	(1,106)	—	—	—	—	—	(1,106)
Income tax (benefit) expense	18,727	1,394	(535)	2,803	1,558	3,250	11,245	38,442
Noncontrolling interest	1,834	974	(4)	—	(3,111)	(2,575)	—	(2,882)
Bonus to be settled in equity	—	—	—	—	—	—	2,503	2,503
Share-based compensation expense	—	1,682	597	—	251	273	5,545	8,348
Non-recurring items	—	—	—	—	—	—	1,513	1,513
Acquisition costs	2,296	290	27	18	—	—	2,312	4,943
Adjusted EBITDA	$ 59,860	$ 41,176	$ 2,543	$ 5,560	$ (12,037)	$ (11,221)	$ (25,718)	$ 60,163
Total Core Operating Subsidiaries	$ 109,139							

HC2 HOLDINGS, INC.
RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED OPERATING INCOME ("INSURANCE AOI")
(in thousands)

The table below shows the adjustments made to the reported Net income (loss) of the Insurance segment to calculate Insurance AOI for the three months ended December 31, 2017 and 2016 respectively:

	Three months ended December 31,		
	2017	**2016**	**Increase / (Decrease)**
Net income (loss) - Insurance segment	$ 3,381	$ (2,050)	$ 5,431
Net realized and unrealized gains on investments	(2,129)	(7,696)	5,567
Asset impairment	—	2,400	(2,400)
Acquisition costs	1,377	445	932
Insurance AOI	$ 2,629	$ (6,901)	$ 9,530

The table below shows the adjustments made to the reported Net income (loss) of the Insurance segment to calculate Insurance AOI for the years ended December 31, 2017 and 2016, respectively:

	Years Ended December 31,		
	2017	**2016**	**Increase / (Decrease)**
Net income (loss) - Insurance segment	$ 7,066	$ (14,028)	$ 21,094
Net realized and unrealized gains on investments	(4,983)	(5,019)	36
Asset impairment	3,364	2,400	964
Acquisition costs	2,535	714	1,821
Insurance AOI	$ 7,982	$ (15,933)	$ 23,915


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Fourth Quarter & Year End 2017
Conference Call
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Special Note Regarding Forward-Looking Statements

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This presentation contains, and certain oral statements made by our representatives from time to time may contain, forward-looking statements. Generally, forward-looking statements include information describing actions, events, results, strategies and expectations and are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may," "will," "could," "might," or "continues" or similar expressions. The forward-looking statements in this press release include without limitation our 2018 guidance for the Construction and Marine Services segments and statements regarding our expectation regarding building shareholder value and future cash and invested assets. Such statements are based on the beliefs and assumptions of HC2's management and the management of HC2's subsidiaries and portfolio companies. The Company believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and the Company's actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of important factors, both positive and negative, that may be revised or supplemented in subsequent reports on Forms 10-K, 10-Q and 8-K. Such important factors include, without limitation, issues related to the restatement of our financial statements; the fact that we have historically identified material weaknesses in our internal control over financial reporting, and any inability to remediate future material weaknesses; capital market conditions; the ability of HC2's subsidiaries and portfolio companies to generate sufficient net income and cash flows to make upstream cash distributions; volatility in the trading price of HC2 common stock; the ability of HC2 and its subsidiaries and portfolio companies to identify any suitable future acquisition opportunities; our ability to realize efficiencies, cost savings, income and margin improvements, growth, economies of scale and other anticipated benefits of strategic transactions; difficulties related to the integration of financial reporting of acquired or target businesses; difficulties completing pending and future acquisitions and dispositions; effects of litigation, indemnification claims, and other contingent liabilities; changes in regulations and tax laws; and risks that may affect the performance of the operating subsidiaries and portfolio companies of HC2. Although HC2 believes its expectations and assumptions regarding its future operating performance are reasonable, there can be no assurance that the expectations reflected herein will be achieved. These risks and other important factors discussed under the caption "Risk Factors" in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC"), and our other reports filed with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release.

You should not place undue reliance on forward-looking statements. All forward-looking statements attributable to HC2 or persons acting on its behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and unless legally required, HC2 undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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Non-GAAP Financial Measures

Adjusted EBITDA

In this presentation, HC2 refers to certain financial measures that are not presented in accordance with U.S. generally accepted accounting principles ("GAAP"), including Core Operating Subsidiary Adjusted EBITDA, Total Adjusted EBITDA (excluding the Insurance segment) and Adjusted EBITDA for its operating segments. Management believes that Adjusted EBITDA measures provide investors with meaningful information for gaining an understanding of the Company's results as it is frequently used by the financial community to provide insight into an organization's operating trends and facilitates comparisons between peer companies, because interest, taxes, depreciation, amortization and the other items for which adjustments are made as noted in the definition of Adjusted EBITDA below can differ greatly between organizations as a result of differing capital structures and tax strategies. In addition, management uses Adjusted EBITDA measures in evaluating certain of the Company's segments performance because they eliminate the effects of considerable amounts of non-cash depreciation and amortization and items not within the control of the Company's operations managers. While management believes that these non-GAAP measurements are useful as supplemental information, such adjusted results are not intended to replace our GAAP financial results and should be read together with HC2's results reported under GAAP.

Management defines Adjusted EBITDA as net income (loss) adjusted to exclude the impact of depreciation and amortization; amortization of equity method fair value adjustments at acquisition; (gain) loss on sale or disposal of assets; lease termination costs; asset impairment expense; interest expense; net gain (loss) on contingent consideration; loss on early extinguishment or restructuring of debt; other (income) expense, net; foreign currency transaction (gain) loss included in cost of revenue; income tax (benefit) expense; (gain) loss from discontinued operations; noncontrolling interest; bonus to be settled in equity; share-based compensation expense; non-recurring items; and acquisition costs. A reconciliation of Adjusted EBITDA to Net Income (Loss) is included in the financial tables at the end of this presentation. Management recognizes that using Adjusted EBITDA as a performance measure has inherent limitations as an analytical tool as compared to net income (loss) or other GAAP financial measures, as these non-GAAP measures exclude certain items, including items that are recurring in nature, which may be meaningful to investors. As a result of the exclusions, Adjusted EBITDA should not be considered in isolation and do not purport to be alternatives to net income (loss) or other GAAP financial measures or a measure of our operating performance.

Adjusted Operating Income

Insurance Adjusted Operating Income for the Insurance segment ("Insurance AOI") is a non-U.S. GAAP financial measure frequently used throughout the insurance industry and is an economic measure the Insurance segment uses to evaluate its financial performance. Management believes that Insurance AOI measures provide investors with meaningful information for gaining an understanding of certain results and provides insight into an organization's operating trends and facilitates comparisons between peer companies. However, Insurance AOI has certain limitations and we may not calculate it the same as other companies in our industry. It should therefore be read together with the Company's results calculated in accordance with U.S. GAAP. Similarly to Adjusted EBITDA, using Insurance AOI as a performance measure has inherent limitations as an analytical tool as compared to income (loss) from operations or other U.S. GAAP financial measures, as this non-U.S. GAAP measure excludes certain items, including items that are recurring in nature, which may be meaningful to investors. As a result of the exclusions, Insurance AOI should not be considered in isolation and does not purport to be an alternative to income (loss) from operations or other U.S. GAAP financial measures as a measure of our operating performance. Management defines Insurance AOI as Net income (loss) for the Insurance segment adjusted to exclude the impact of net investment gains (losses), including OTTI losses recognized in operations; asset impairment; intercompany elimination; non-recurring items; and acquisition costs. Management believes that Insurance AOI provides a meaningful financial metric that helps investors understand certain results and profitability. While these adjustments are an integral part of the overall performance of the Insurance segment, market conditions impacting these items can overshadow the underlying performance of the business. Accordingly, we believe using a measure which excludes their impact is effective in analyzing the trends of our operations.

By accepting this document, each recipient agrees to and acknowledges the foregoing terms and conditions.

Agenda

Overview and Financial Highlights	Philip Falcone	*Chairman, President and CEO*
Q and A	Philip A. Falcone Michael J. Sena Andrew G. Backman	*Chairman, President and CEO* *Chief Financial Officer* *Managing Director*

Segment Financial Summary

Adjusted EBITDA for "Core Operating Subsidiaries" $105.5m for FY 2017

($m)		FY 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2016
Adjusted EBITDA	**Core Operating Subsidiaries**						
	Construction	$51.6	$15.1	$16.8	$11.1	$8.6	$59.9
	Marine Services	44.0	15.3	8.8	3.6	16.3	41.2
	Energy	2.9	0.4	0.3	1.0	1.2	2.5
	Telecom	6.9	1.6	1.5	2.2	1.7	5.6
	Total Core Operating	**$105.5**	**$32.4**	**$27.3**	**$17.9**	**$27.8**	**$109.1**
	Early Stage and Other Holdings						
	Life Sciences	($22.4)	($5.2)	($8.2)	($4.9)	($4.1)	($12.0)
	Other	(3.1)	1.3	(1.1)	(2.2)	(1.2)	(11.2)
	Total Early Stage and Other	**($25.5)**	**($3.9)**	**($9.3)**	**($7.1)**	**($5.2)**	**($23.2)**
	Non-Operating Corporate	($29.2)	($8.7)	($8.3)	($6.3)	($5.9)	($25.7)
	Total HC2 (excluding Insurance)	**$50.8**	**$19.7**	**$9.8**	**$4.6**	**$16.7**	**$60.2**
Adjusted Operating Income	**Core Financial Services**						
	Insurance	$8.0	$2.6	$3.7	$2.6	($1.0)	($15.9)

Note: Reconciliations of Adjusted EBITDA and Adjusted Operating Income to U.S. GAAP Net Income in appendix. Table may not foot due to rounding. Adjusted Operating Income for Q1 2016 was adjusted to exclude certain intercompany eliminations to better reflect the results of the insurance segment, and remain consistent with internally reported metrics. Additional details in appendix.

All data as of December 31, 2017
Construction formerly Manufacturing; Energy formerly Utilities.

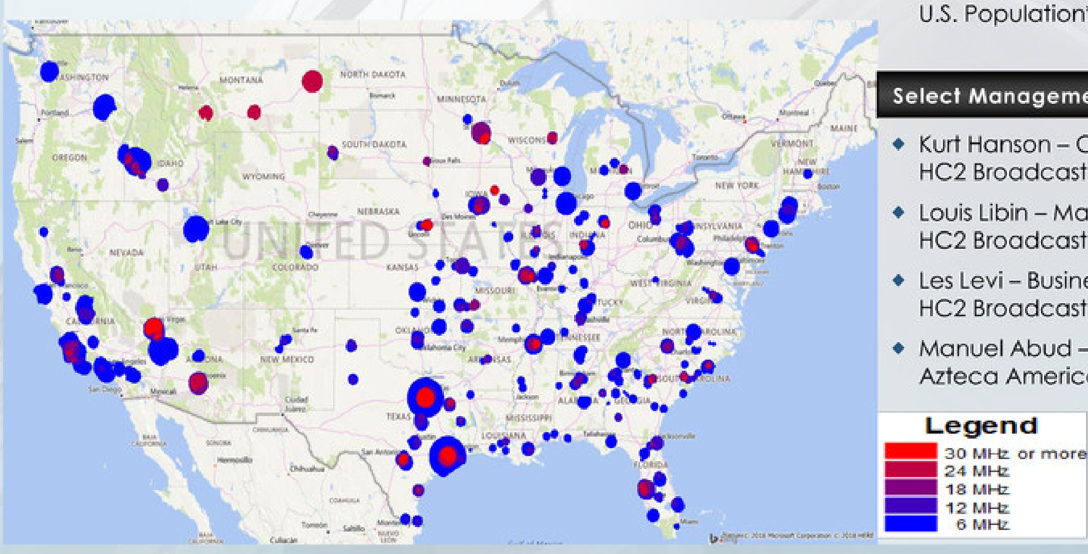
Fourth Quarter and Full Year 2017 Highlights

Construction	• $723 million record backlog provides significant visibility [~18 – 24 months] • $772 million backlog taking into consideration awarded, but not yet signed contracts • Continue to see opportunities in commercial sector totaling approximately $300m • Completed acquisitions of CanDraft VSI and Mountain States Steel to address compelling bridge market • Recently awarded first bridge infrastructure project following Mountain States acquisition • Distributed $9.5 million of dividend and tax share to HC2 in 4Q17; $28 million for FY17
Marine Services	• $445 million near record backlog • Strong FY17 joint venture and telecom maintenance • Completed acquisition of Fugro's trenching and cable-laying business • Positioned well for tremendous long-term opportunities in rapidly growing global offshore power market • Continued to maintain three of six global contracted maintenance zone agreements (ACMA / SEAIOCMA / NAZ) • Upgraded fleet - C.S. Recorder (Telecom Install & Oil & Gas); C.S. Symphony (Offshore Power & Oil & Gas)
Energy	• Signed first renewable natural gas supply agreement in 4Q17 • Alternative Fuel Energy Tax Credit ("AFETC") credit renewed for 2017; $3.0 million credit for FY17 to be received in 2Q18 • Completed integration & upgrade of 18 fueling stations; 44 stations owned or operated nationwide • HC2 equity ownership in ANG increased to 68% following conversion of a promissory note
Telecom	• Continue focus on increasing margin, diversifying global customer base, delivering consistent EBITDA • New account representatives in Latin America, Eastern Europe and Russia • Distributed $2.0 million of dividend to HC2 in 4Q17; $8 million for FY17
Insurance	• $7.1 million Net Income for FY17; $8.0 million Adjusted Operating Income for FY17 • Announced acquisition of Humana's ~$2.3 billion long-term care insurance business; Will increase insurance investment platform to ~$3.5 billion of cash / invested assets once completed (~3Q18)
Pansend	• Very active discussions continue with strategic parties for multiple Pansend companies
Other	• Primarily includes over-the-air broadcast television assets (HC2 Broadcasting Holdings), a console and mobile video game publisher and other investments • HC2 Broadcasting Holdings Inc., entered into a $75 million bridge loan to primarily finance acquisitions in the low power broadcast television distribution market; Subsequent to quarter end, increased bridge loan by $27 million

HC2 Broadcasting Holdings Inc.

Business Description:

- HC2 Broadcasting Holdings Inc., a subsidiary of HC2 Holdings, has strategically acquired broadcast assets across the United States
- HC2's broadcast vision is to capitalize on the opportunities to bring valuable content to more viewers over-the-air and position the company for a changing media landscape



Broadcast Television Stations: Key Metrics*

- Operational Stations: 135
  - Full-Power Stations: 4
  - Class A Stations: 34
  - LPTV Stations: 97
- Silent Licenses & Construction Permits: 476
- U.S. Markets: >110
- Total Footprint, Excluding Construction Permits, Covers Approximately 60% of the U.S. Population**

Select Management:

- Kurt Hanson – Chief Technology Officer, HC2 Broadcasting Holdings
- Louis Libin – Managing Director, Strategy, HC2 Broadcasting Holdings
- Les Levi – Business Development, HC2 Broadcasting Holdings
- Manuel Abud – President and CEO, Azteca America

*As of 2/23/2018 (includes transactions pending approval at the US FCC)
** Based on 2010 population data

Looking Ahead - 2018 Focus and Priorities

- **Optimization of HC2 Capital Structure**
  - Global refinancing of 11% Secured Notes to reduce cost of debt capital
  - Continue to reduce cumulative outstanding of preferred equity
  - Explore alternative financing structures at subsidiary level
  - Explore alternative financing structures for broadcasting assets
- **Monetization / Value Creation Within Diverse HC2 Portfolio**
- **Continued Focused Expansion of Over-The-Air Broadcast Television Strategy**
  - Expand market reach of nationwide network
  - Valuable alternative distribution channel for content providers
  - Improve and add content across acquired assets through strategic relationships with content providers
- **Initiated 2018 Guidance for Construction & Marine Services**
  - **DBM Global**: Currently expect \$60 million - \$65 million of FY18 Adjusted EBITDA
  - **Global Marine**: Currently expect \$45 million - \$50 million of FY18 Adjusted EBITDA

HC2 does not guarantee future results of any kind. Guidance is subject to risks and uncertainties, including, without limitation, those factors outlined in the "Forward Looking Statements" of this presentation and the "Risk Factors" section of the company's annual and quarterly reports filed with the Securities and Exchange Commission (SEC).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Questions and Answers


Envision. Empower. Execute.
Appendix:

HC2's Diversified Portfolio

Core Operating Subsidiaries

Construction: DBM Global (SCHUFF)
- FY17 Revenue: $579.0m
- FY17 Adj. EBITDA: $51.6m
- Backlog $723m; ~$772m with contracts awarded, but not yet signed; ~$300m additional opportunities
- Solid long-term pipeline
- Awarded major contract for new Los Angeles Rams and Los Angeles Chargers stadium

Marine Services: GMSL
- FY17 Revenue: $169.5m
- FY17 Adj. EBITDA: $44.0m
- Strong full-year joint venture performance, in particular Huawei Marine
- Solid long term telecom and offshore power maintenance & install opportunities
- Awarded 5-year SEAIOCMA maintenance renewal

Energy: ANG
- FY17 Revenue: $16.4m
- FY17 Adj. EBITDA: $2.9m
- Delivered 11,095,000 Gasoline Gallon Equivalents (GGEs) in FY17 vs. 3,912,000 GGEs in FY16
- 44 stations currently owned or operated vs. two stations at time of HC2's initial investment in 3Q14

Telecom: PTGi ICS
- FY17 Revenue: $701.9m
- FY17Adj. EBITDA: $6.9m
- Continued focus on higher margin wholesale traffic mix and improved operating efficiencies
- Sixth consecutive cash dividend paid to HC2 in 4Q17; $8m paid for FY17

Core Financial Services Subsidiaries

Insurance: CIG
- ~$74.7m of statutory surplus
- ~$86.4m total adjusted capital
- ~$2.1b total GAAP assets
- ~$1.5b cash & invested assets
- Platform for growth through additional M&A including pending acquisition of Humana's ~$2.3b long-term care portfolio

Early Stage and Other Holdings

Life Sciences: PANSEND
- **MediBeacon:** Completed "Pilot Two" Clinical Study at Washington University in St. Louis (1Q17)
- **R2 Dermatology:** Received FDA Approval for second generation R2 Dermal Cooling System (2Q17)
- **BeneVir:** Granted additional patent protecting oncolytic immunotherapy Stealth-1H & other assets (2Q17)
- **Genovel:** Novel, Patented, "Mini Knee" and "Anatomical Knee" replacements
- **Triple Ring Technologies:** R&D engineering company specializing in medical devices, homeland security, imaging, sensors, optics, fluidics, robotics & mobile healthcare

Other:
- **HC2 Broadcasting Holdings** Capitalizing on Over-The-Air broadcast opportunities
- **704Games (Formerly DMR)** released NASCAR® Heat 2 September 12, 2017

Consolidated Financial Summary

($m)		Q4 2017	Q4 2016	FY 2017	FY 2016
Statement of Operations *(Selected Financial Data)*	Total Net Revenue	$458.5	$454.0	$1,634.1	$1,558.1
	Total Operating Expenses	$460.0	$449.0	$1,635.3	$1,559.5
	Income Loss From Operations	($1.5)	$5.0	($1.1)	($1.4)
	Interest Expense	($15.7)	($11.8)	($55.1)	($43.4)
	Income From Equity Investees	$5.2	$7.6	$17.8	$10.8
	Income (loss) Before Taxes	($11.2)	($6.7)	($39.8)	($45.8)
	Net Loss attributable to common and participating preferred	($9.2)	($67.3)	($49.7)	($105.4)
Non-GAAP Measures	Core Operating Adjusted EBITDA	$32.4	$37.9	$105.5	$109.1
	Total Adjusted EBITDA	$19.7	$26.5	$50.8	$60.2
	Insurance AOI	$2.6	($6.9)	$8.0	($15.9)

Note: Reconciliations of Adjusted EBITDA and Adjusted Operating Income to U.S. GAAP Net Income in appendix. Table may not foot due to rounding. Adjusted Operating Income for Q1 2016 was adjusted to exclude certain intercompany eliminations to better reflect the results of the insurance segment, and remain consistent with internally reported metrics. Additional details in appendix.

Construction: DBM Global Inc.

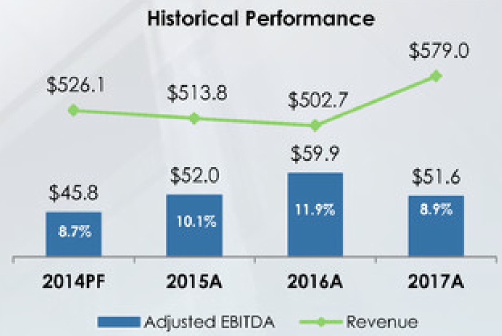
Fourth Quarter and Full Year Update

- 4Q17 Net Income: $9.2m; FY17 Net Income: $23.6m versus $28.0m in FY16
- 4Q17 Adjusted EBITDA: $15.1m; FY17 Adjusted EBITDA: $51.6m versus $59.9m in FY16
- Record backlog of $723m at end of 4Q17, an increase of over 44% vs. $503m in year-ago quarter
  - ~$772m taking into consideration awarded, but not yet signed contracts
  - ~$300m incremental opportunities that could be awarded over next several quarters
- Awarded major stadium construction contract for new Los Angeles Sports and Entertainment District – New home of the Los Angeles Rams and Los Angeles Chargers
- Recently completed "tuck-in" acquisitions of North American Operations of Candraft VSI and Mountain States Steel to address compelling bridge market
- Recently awarded first bridge infrastructure project post Mountain States acquisition
- Distributed $9.5m and $28.0m of dividend and tax share to HC2 in 4Q17 and full year 2017, respectively

Strategic Initiatives

- Continue to select profitable, strategic and "core competency" jobs, not all jobs
- Solid long-term pipeline of prospective projects; No shortage of transactions to evaluate
- Commercial / Stadium / Healthcare sectors remain strong, primarily in West region
- Opportunities to add higher margin, value added services to overall product offering (e.g. BDS VirCon/PDC/Candraft)

Loma Linda Hospital



Los Angeles Rams Stadium

Marine Services: Global Marine Group

Fourth Quarter and Full Year Update

- 4Q17 Net Income: $6.2m; FY17 Net Income: $15.2m versus $17.4m in FY16
- 4Q17 Adjusted EBITDA: $15.3m; FY17 Adjusted EBITDA: $44.0m versus $41.2m in FY16
- Near record Global Marine backlog of $445m at year-end 2017
- Completed acquisition of Fugro's trenching and cable laying business; Positioned well for tremendous long-term opportunities in rapidly growing global offshore power market
- Secured renewal of remaining two of its three long-term cable maintenance contracts; Continue to have three of six global contracted maintenance zone agreements (ACMA / SEAIOCMA / NAZ)
- Upgraded and revitalized fleet:
  - C.S. Recorder (Telecom Installation for HMN and O&G); C.S. Symphony (Offshore Power and O&G)

Strategic Initiatives

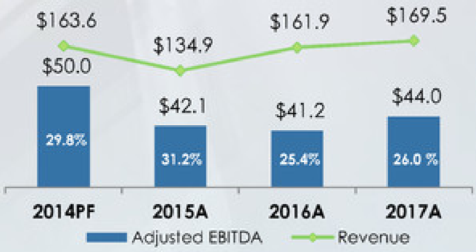
HUAWEI MARINE — 49% ownership

Total HMN*	2017	2016	2015	2014
Revenue	NA	~$207m	~$203m	~$88m
Profit	NA	~$25m	~$14m	~$2m
Cash / Equivalents	NA	~$48m	~$27m	~$16m

SBSS — 49% ownership

- Joint Venture established in 1995 with China Telecom
- China's leading provider of submarine cable installation
- Located in Shanghai and possesses a fleet of advanced purpose-built cable ships

Historical Performance



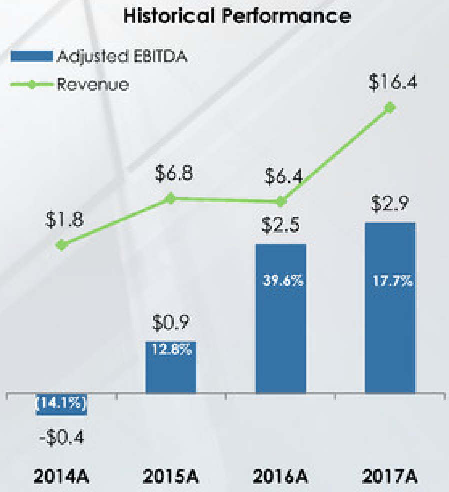
Note: 2014 PF Adj. EBITDA inclusive of approx. $10m offshore power installation vs. minimal contribution in 2015 & 1H16 as a result of Prysmian agreement which expired in 4Q15

Currency Exchange: CNY:USD 1:0.129
All data as of December 31, 2017 unless otherwise noted

Energy: American Natural Gas (ANG)

Fourth Quarter and Full Year Update

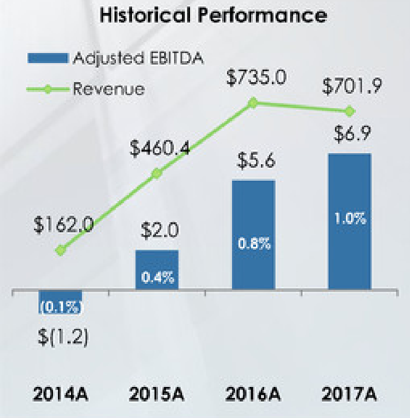
- 4Q17 Net Income: $1.5m; FY17 Net (Loss): ($0.5)m versus Net Income $0.01m in FY16
- 4Q17 Adjusted EBITDA: $0.4m; FY17 Adjusted EBITDA: $2.9m versus $2.5m in FY16
- Signed first renewable natural gas supply agreement in 4Q17
- Alternative Fuel Energy Tax Credit ("AFETC") credit renewed for 2017 - ~$3.0m credit for FY2017 to be recognized in 2Q18
- Completed the integration & upgrade of 18 fueling stations throughout the U.S.
- Delivered 11,095,000 Gasoline Gallon Equivalents (GGEs) for full year 2017 vs. 3,912,000 GGEs in 2016
- 44 stations currently owned or operated or under development vs. two stations at time of initial investments (3Q14)
- HC2 equity ownership in ANG increased to 68% following conversion of a promissory note



Telecommunications: PTGi-ICS

Fourth Quarter and Full Year Update

- Steady quarterly results again due to continued focus on higher margin wholesale traffic mix, smaller global accounts, and improved operational efficiencies
  - 4Q17 Net Income: $1.3m; FY17 Net Income: $6.2m versus $1.4m in FY16
  - 4Q17 Adjusted EBITDA: $1.6m; FY17 Adjusted EBITDA: $6.9m versus $5.6m in FY16
  - Sixth consecutive quarter of cash dividend to HC2
    - $8.0m dividends distributed for the year-ended 2017
  - New account representatives in Latin America, Eastern Europe and Russia
  - Continued focus on increasing margin, diversifying global customer base, delivering consistent EBITDA
- One of the key objectives: leverage the infrastructure and management expertise within PTGi-ICS
  - Over 800+ wholesale interconnections globally provides HC2 the opportunity to leverage the existing cost effective infrastructure by bolting on higher margin products and M&A opportunities
  - A focused strategic initiative has been launched within PTGi-ICS to identify potential M&A opportunities



Insurance: Continental Insurance Group

Fourth Quarter and Full Year Update

- Continental Insurance Group serves as a platform for run-off Long Term Care ("LTC") books of business and for acquiring additional run-off LTC businesses
  - 4Q17 Net Income: $3.4m; FY17 Net Income: $7.1m versus Net (Loss) $14.0m in FY16
  - 4Q17 Adjusted Operating Income: $2.6m; FY17 Adjusted Operating Income $8.0m versus ($15.9m) in FY16
  - ~$74.7m statutory surplus at end of fourth quarter
  - ~$86.4m total adjusted capital at end of fourth quarter
  - ~$2.1b in total GAAP assets at December 31, 2017
  - ~$1.5b in cash and invested assets at December 31, 2017

- Signed Definitive Agreement to Acquire Humana's ~$2.3 Billion Long-Term Care Insurance Business
  - Will significantly expand and leverage Continental's insurance platform in Austin, Texas
  - Once completed, Continental will have approximately $3.5 billion portfolio of cash and investable assets
  - Immediately accretive to Continental's RBC Ratio and Statutory Capital
  - Opportunity to meaningfully increase investment portfolio yield
  - Validates and endorses HC2's insurance platform and strategy
  - Expected to close by third quarter 2018

Note: Reconciliation of Adjusted Operating Income to U.S. GAAP Net Income in appendix. All data as of December 31, 2017 unless otherwise noted

HC2's Pansend Life Sciences Segment Is Focused on the Development of Innovative Healthcare Technologies and Products

BeneVir	• 80% equity ownership of company focused on immunotherapy; Oncolytic virotherapy for treatment of solid cancer tumors • Founded by Dr. Matthew Mulvey & Dr. Ian Mohr (who co-developed T-Vec); Biovex (owner of T-Vec) acquired by Amgen for ~$1billion • Benevir's T-Stealth is a second generation oncolytic virus with new features and new intellectual property • BeneVir holds exclusive worldwide license to develop BV-2711 (T-Stealth) • Granted new patent entitled *"Oncolytic Herpes Simplex Virus and Therapeutic Uses Thereof"*, covering the composition of matter for Stealth-1H, BeneVir's lead oncolytic immunotherapy, as well as other platform assets (2Q17)
R2 dermatology	• 74% equity ownership of dermatology company focused on lightening and brightening skin • Founded by Pansend in partnership with Mass. General Hospital and inventors Dr. Rox Anderson, Dieter Manstein and Dr. Henry Chan • Over $20 billion global market • Received Food and Drug Administration approval for the R2 Dermal Cooling System (4Q16) • Received Food and Drug Administration approval for second generation R2 Dermal Cooling System (2Q17)
GENOVEL	• 80% equity ownership in company with unique knee replacements based on technology from Dr. Peter Walker, NYU Dept. of Orthopedic Surgery and one of the pioneers of the original Total Knee. • "Mini-Knee" for early osteoarthritis of the knee; "Anatomical Knee" – A Novel Total Knee Replacement • Strong patent portfolio
MediBeacon	• 50% equity ownership in company with unique technology and device for monitoring of real-time kidney function • Current standard diagnostic tests measure kidney function are often inaccurate and not real-time • MediBeacon's Optical Renal Function Monitor will be first and only, non-invasive system to enable real-time, direct monitoring of renal function at point-of-care • $3.5 billion potential market • Successfully completed a key clinical study of its unique, real-time kidney monitoring system on subjects with impaired kidney function at Washington University in St. Louis. (1Q17)
Triple Ring technologies	• Profitable technology and product development company • Areas of expertise include medical devices, homeland security, imaging systems, sensors, optics, fluidics, robotics and mobile healthcare • Located in Silicon Valley and Boston area with over 90,000 square feet of working laboratory and incubator space • Contract R&D market growing rapidly • Customers include Fortune 500 companies and start-ups

All data as of December 31, 2017 unless otherwise noted

Notable Financial and Other Updates

- **Collateral Coverage Ratio Exceeded 2.0x at Quarter End (4Q17)**
- **$72.7 million in Consolidated Cash (excluding Insurance segment)**
  - $29.4 million Corporate Cash
- **$11.5 million Received in Dividends and Tax Share from DBM Global and PTGi ICS in 4Q17**
- **$36.0 million Received in Dividends and Tax Share from DBM Global and PTGi ICS Full Year 2017**
- **HC2 Broadcasting Holdings Inc., Entered into a $75 million Bridge Loan to Primarily Finance Acquisitions Broadcast Television Distribution Market**

  Subsequent to quarter end, increased bridge loan by $27 million
- **2018 Key Priorities:**
  - Optimize HC2 capital structure
  - Monetization / value creation within diverse HC2 portfolio
  - Continued focused expansion of over-the-air television broadcast strategy
- **Initiated 2018 Guidance for Construction & Marine Services**
  - **DBM Global:** Currently expect $60 million - $65 million of FY18 Adjusted EBITDA
  - **Global Marine:** Currently expect $45 million - $50 million of FY18 Adjusted EBITDA

($m)	Balance Sheet (at December 31, 2017)
Market Cap[1]	$228.0
Preferred Equity	$26.7
Total Debt	$400.0
Corporate Cash[2]	$29.4
Enterprise Value[3]	$625.3

(1) Market capitalization on a fully diluted basis, excluding preferred equity, using a common stock price per share of $5.16 on March 13, 2018
(2) Cash and cash equivalents
(3) Enterprise Value is calculated by adding market capitalization, total preferred equity and total debt amounts, less Corporate cash

HC2 does not guarantee future results of any kind. Guidance is subject to risks and uncertainties, including, without limitation, those factors outlined in the "Forward Looking Statements" of this presentation and the "Risk Factors" section of the company's annual and quarterly reports filed with the Securities and Exchange Commission (SEC).


Envision. Empower. Execute.
Reconciliations

Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Full Year Ended December 31, 2017

(in thousands)

Year Ended December 31, 2017								
	Core Operating Subsidiaries				Early Stage & Other		Non-operating	
	Construction	Marine	Energy	Telecom	Life Sciences	Other & Elimination	Corporate	Total HC2
Net loss attributable to HC2 Holdings, Inc.								$ (46,911)
Less: Net Income attributable to HC2 Holdings Insurance segment								7,066
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 23,624	$ 15,173	$ (516)	$ 6,163	$ (18,098)	$ (18,005)	$ (62,318)	$ (53,977)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	5,583	22,898	5,071	371	186	1,508	71	35,688
Depreciation and amortization (included in cost of revenue)	5,254	-	-	-	-	-	-	5,254
Amortization of equity method fair value adjustment at acquisition	-	(1,594)	-	-	-	-	-	(1,594)
Asset impairment expense	-	-	-	-	-	1,810	-	1,810
(Gain) loss on sale or disposal of assets	292	(3,500)	247	181	-	-	-	(2,780)
Lease termination costs	-	249	-	17	-	-	-	266
Interest expense	976	4,392	1,181	41	-	4,373	44,135	55,098
Net loss (gain) on contingent consideration	-	-	-	-	-	-	(11,411)	(11,411)
Other (income) expense, net	(41)	2,683	1,488	149	(17)	6,541	(92)	10,711
Foreign currency (gain) loss (included in cost of revenue)	-	(79)	-	-	-	-	-	(79)
Income tax (benefit) expense	10,679	203	(4,243)	7	(820)	(1,129)	(10,185)	(5,488)
Noncontrolling interest	1,941	260	(681)	-	(3,936)	(1,164)	-	(3,580)
Bonus to be settled in equity	-	-	-	-	-	-	4,130	4,130
Share-based compensation expense	-	1,527	364	-	319	279	2,754	5,243
Non-recurring items	-	-	-	-	-	-	-	-
Acquisition costs	3,280	1,815	-	-	-	2,648	3,764	11,507
Adjusted EBITDA	**$ 51,588**	**$ 44,027**	**$ 2,911**	**$ 6,929**	**$ (22,366)**	**$ (3,139)**	**$ (29,152)**	**$ 50,798**
Total Core Operating Subsidiaries	**$ 105,455**							

Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA
Full Year Ended December 31, 2016

(in thousands)

Year Ended December 31, 2016								
	Core Operating Subsidiaries				Early Stage & Other		Non-	
					Life	Other &	operating	Total HC2
	Construction	**Marine**	**Energy**	**Telecom**	**Sciences**	**Elimination**	**Corporate**	
Net loss attributable to HC2 Holdings, Inc.								$ (94,549)
Less: Net loss attributable to HC2 Holdings Insurance segment								(14,028)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 28,002	$ 17,447	$ 7	$ 1,435	$ (7,646)	$ (24,800)	$ (94,966)	$ (80,521)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	1,892	22,007	2,248	504	124	1,480	9	28,264
Depreciation and amortization (included in cost of revenue)	4,370	-	-	-	-	-	-	4,370
Amortization of equity method fair value adjustment at acquisition	-	(1,371)	-	-	-	-	-	(1,371)
(Gain) loss on sale or disposal of assets	1,663	(9)	-	708	-	-	-	2,362
Lease termination costs	-	-	-	179	-	-	-	179
Interest expense	1,239	4,774	211	-	-	1,164	35,987	43,375
Net loss (gain) on contingent consideration	-	(2,482)	-	-	-	-	11,411	8,929
Other (income) expense, net	(163)	(2,424)	(8)	(87)	(3,213)	9,987	(1,277)	2,815
Foreign currency (gain) loss (included in cost of revenue)	-	(1,106)	-	-	-	-	-	(1,106)
Income tax (benefit) expense	18,727	1,394	(535)	2,803	1,558	3,250	11,245	38,442
Noncontrolling interest	1,834	974	(4)	-	(3,111)	(2,575)	-	(2,882)
Bonus to be settled in equity	-	-	-	-	-	-	2,503	2,503
Share-based compensation expense	-	1,682	597	-	251	273	5,545	8,348
Non-recurring items	-	-	-	-	-	-	1,513	1,513
Acquisition Costs	2,296	290	27	18	-	-	2,312	4,943
Adjusted EBITDA	**$ 59,860**	**$ 41,176**	**$ 2,543**	**$ 5,560**	**$ (12,037)**	**$ (11,221)**	**$ (25,718)**	**$ 60,163**
Total Core Operating Subsidiaries	**$ 109,139**							

Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA
Three Months Ended December 31, 2017

(in thousands)

Three Months Ended December 31, 2017	Core Operating Subsidiaries				Early Stage & Other		Non-operating	
	Construction	Marine	Energy	Telecom	Life Sciences	Other & Elimination	Corporate	Total HC2
Net loss attributable to HC2 Holdings, Inc.								$ (8,537)
Less: Net Income attributable to HC2 Holdings Insurance segment								3,383
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 9,160	$ 6,230	$ 1,485	$ 1,253	$ (3,822)	$ (8,218)	$ (18,008)	$ (11,920)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	1,389	6,337	1,195	86	57	575	21	9,660
Depreciation and amortization (included in cost of revenue)	1,419	-	-	-	-	-	-	1,419
Amortization of equity method fair value adjustment at acquisition	-	(371)	-	-	-	-	-	(371)
Asset impairment expense	-	-	-	-	-	-	-	-
(Gain) loss on sale or disposal of assets	199	-	208	181	-	-	-	588
Lease termination costs	-	-	-	2	-	-	-	2
Interest expense	357	1,029	629	4	-	1,965	11,704	15,688
Net loss (gain) on contingent consideration	-	-	-	-	-	-	(5,410)	(5,410)
Other (income) expense, net	117	240	(164)	72	8	3,741	368	4,382
Foreign currency (gain) loss (included in cost of revenue)	-	52	-	-	-	-	-	52
Income tax (benefit) expense	887	(36)	(4,255)	7	(820)	(1,129)	(1,073)	(6,419)
Noncontrolling interest	751	(121)	1,321	-	(728)	1,502	-	2,725
Bonus to be settled in equity	-	-	-	-	-	-	2,780	2,780
Share-based compensation expense	-	394	3	-	80	213	547	1,237
Non-recurring items	-	-	-	-	-	-	-	-
Acquisition costs	833	1,515	-	-	-	2,648	339	5,335
Adjusted EBITDA	**$ 15,112**	**$ 15,269**	**$ 422**	**$ 1,605**	**$ (5,225)**	**$ 1,297**	**$ (8,732)**	**$ 19,748**
Total Core Operating Subsidiaries	**$ 32,408**							

Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA
Three Months Ended September 30, 2017

(in thousands)

Three Months Ended September 30, 2017	Core Operating Subsidiaries				Early Stage & Other		Non-operating	
	Construction	Marine	Energy	Telecom	Life Sciences	Other & Elimination	Non-operating Corporate	Total HC2
Net loss attributable to HC2 Holdings, Inc.								$ (5,967)
Less: Net Income attributable to HC2 Holdings Insurance segment								4,280
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 7,082	$ 844	$ (939)	$ 1,348	$ (6,760)	$ (600)	$ (11,222)	$ (10,247)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	1,314	6,221	1,247	94	50	272	17	9,215
Depreciation and amortization (included in cost of revenue)	1,293	-	-	-	-	-	-	1,293
Amortization of equity method fair value adjustment at acquisition	-	(573)	-	-	-	-	-	(573)
Asset impairment expense	-	-	-	-	-	-	-	-
(Gain) loss on sale or disposal of assets	486	-	25	-	-	-	-	511
Lease termination costs	-	-	-	15	-	-	-	15
Interest expense	238	1,021	262	14	-	1	11,686	13,222
Net loss (gain) on contingent consideration	-	-	-	-	-	-	(6,320)	(6,320)
Other (income) expense, net	(165)	888	277	12	(10)	(118)	(718)	166
Foreign currency (gain) loss (included in cost of revenue)	-	(238)	-	-	-	-	-	(238)
Income tax (benefit) expense	4,481	(137)	-	-	-	-	(4,746)	(402)
Noncontrolling interest	558	43	(763)	-	(1,506)	(689)	-	(2,357)
Bonus to be settled in equity	-	-	-	-	-	-	765	765
Share-based compensation expense	-	394	179	-	71	19	718	1,381
Non-recurring items	-	-	-	-	-	-	-	-
Acquisition costs	1,501	300	-	-	-	-	1,564	3,365
Adjusted EBITDA	**$ 16,788**	**$ 8,763**	**$ 288**	**$ 1,483**	**$ (8,155)**	**$ (1,115)**	**$ (8,256)**	**$ 9,796**
Total Core Operating Subsidiaries	**$ 27,322**							

Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA
Three Months Ended June 30, 2017

(in thousands)

Three Months Ended June 30, 2017	Core Operating Subsidiaries				Early Stage & Other		Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Other & Elimination		
Net loss attributable to HC2 Holdings, Inc.								$ (17,911)
Less: Net Income attributable to HC2 Holdings Insurance segment								164
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 4,179	$ (3,053)	$ (365)	$ 2,060	$ (4,106)	$ (3,757)	$ (13,033)	$ (18,075)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	1,240	5,255	1,381	94	41	331	16	8,358
Depreciation and amortization (included in cost of revenue)	1,302	-	-	-	-	-	-	1,302
Amortization of equity method fair value adjustment at acquisition	-	(325)	-	-	-	-	-	(325)
Asset impairment expense	-	-	-	-	-	1,810	-	1,810
(Gain) loss on sale or disposal of assets	(145)	-	18	-	-	-	-	(127)
Lease termination costs	-	55	-	-	-	-	-	55
Interest expense	174	1,040	154	14	-	16	10,675	12,073
Net loss (gain) on contingent consideration	-	-	-	-	-	-	88	88
Other (income) expense, net	28	490	255	(9)	(11)	803	214	1,770
Foreign currency (gain) loss (included in cost of revenue)	-	83	-	-	-	-	-	83
Income tax (benefit) expense	3,232	(134)	(1)	-	-	-	(6,543)	(3,446)
Noncontrolling interest	369	(156)	(492)	-	(911)	(1,372)	-	(2,562)
Bonus to be settled in equity	-	-	-	-	-	-	585	585
Share-based compensation expense	-	394	91	-	76	18	527	1,106
Non-recurring items	-	-	-	-	-	-	-	-
Acquisition costs	701	-	-	-	-	-	1,168	1,869
Adjusted EBITDA	**$ 11,080**	**$ 3,649**	**$ 1,041**	**$ 2,159**	**$ (4,911)**	**$ (2,151)**	**$ (6,303)**	**$ 4,564**
Total Core Operating Subsidiaries	**$ 17,929**							

Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA
Three Months Ended March 31, 2017

(in thousands)

Three Months Ended March 31, 2017	Core Operating Subsidiaries				Early Stage & Other		Non-operating	
	Construction	Marine	Energy	Telecom	Life Sciences	Other & Elimination	Corporate	Total HC2
Net loss attributable to HC2 Holdings, Inc.								$ (14,496)
Less: Net loss attributable to HC2 Holdings Insurance segment								(761)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 3,203	$ 11,152	$ (697)	$ 1,502	$ (3,410)	$ (5,430)	$ (20,055)	$ (13,735)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	1,640	5,085	1,248	97	38	330	16	8,454
Depreciation and amortization (included in cost of revenue)	1,240	-	-	-	-	-	-	1,240
Amortization of equity method fair value adjustment at acquisition	-	(325)	-	-	-	-	-	(325)
Asset impairment expense	-	-	-	-	-	-	-	-
(Gain) loss on sale or disposal of assets	(248)	(3,500)	(4)	-	-	-	-	(3,752)
Lease termination costs	-	194	-	-	-	-	-	194
Interest expense	207	1,302	136	9	-	2,391	10,070	14,115
Net loss (gain) on contingent consideration	-	-	-	-	-	-	231	231
Other (income) expense, net	(21)	1,065	1,120	74	(4)	2,115	44	4,393
Foreign currency (gain) loss (included in cost of revenue)	-	24	-	-	-	-	-	24
Income tax (benefit) expense	2,079	510	13	-	-	-	2,177	4,779
Noncontrolling interest	263	494	(747)	-	(791)	(605)	-	(1,386)
Bonus to be settled in equity	-	-	-	-	-	-	-	-
Share-based compensation expense	-	345	91	-	92	29	962	1,519
Non-recurring items	-	-	-	-	-	-	-	-
Acquisition costs	245	-	-	-	-	-	693	938
Adjusted EBITDA	**$ 8,608**	**$ 16,346**	**$ 1,160**	**$ 1,682**	**$ (4,075)**	**$ (1,170)**	**$ (5,862)**	**$ 16,689**
Total Core Operating Subsidiaries	**$ 27,796**							

Reconciliation of U.S. GAAP Net Income (Loss) to Adjusted EBITDA Three Months Ended December 31, 2016

(in thousands)

Three Months Ended December 31, 2016	Core Operating Subsidiaries				Early Stage & Other		Non-operating Corporate	Total HC2
	Construction	Marine	Energy	Telecom	Life Sciences	Other & Elimination		
Net loss attributable to HC2 Holdings, Inc.								$ (61,464)
Less: Net loss attributable to HC2 Holdings Insurance segment								(2,050)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 7,292	$ 8,667	$ (61)	$ (2,572)	$ (4,655)	$ (3,536)	$ (64,549)	$ (59,414)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:								
Depreciation and amortization	629	5,214	769	115	37	430	5	7,199
Depreciation and amortization (included in cost of revenue)	1,322	-	-	-	-	-	-	1,322
Amortization of equity method fair value adjustment at acquisition	-	(325)	-	-	-	-	-	(325)
(Gain) loss on sale or disposal of assets	2,626	1	-	708	-	-	-	3,335
Lease termination costs	-	-	-	-	-	-	-	-
Interest expense	322	1,091	69	-	-	1,163	9,116	11,761
Net loss (gain) on contingent consideration	-	(2,482)	-	-	-	-	11,411	8,929
Other (income) expense, net	(75)	(1,234)	391	487	10	99	(966)	(1,288)
Foreign currency (gain) loss (included in cost of revenue)	-	864	-	-	-	-	-	864
Income tax (benefit) expense	6,086	2,150	(535)	2,803	1,558	3,250	32,726	48,038
Noncontrolling interest	594	464	(253)	-	(809)	(513)	-	(517)
Bonus to be settled in equity	-	-	-	-	-	-	2,503	2,503
Share-based compensation expense	-	375	490	-	67	35	712	1,679
Non-recurring items	-	-	-	-	-	-	-	-
Acquisition Costs	1,868	24	-	-	-	-	490	2,382
Adjusted EBITDA	**$ 20,664**	**$ 14,809**	**$ 870**	**$ 1,541**	**$ (3,792)**	**$ 928**	**$ (8,552)**	**$ 26,468**
Total Core Operating Subsidiaries	**$ 37,884**							

Reconciliation of U.S. GAAP Net Income (Loss) to Insurance Adjusted Operating Income

(in thousands)

Adjusted Operating Income - Insurance ("Insurance AOI")	FY 2017	Q4 2017	Q3 2017	Q2 2017	Q1 2017	FY 2016	Q4 2016
Net Income (loss) - Insurance segment	7,066	3,381	4,282	$ 164	$ (761)	$ (14,028)	$ (2,050)
Net realized and unrealized gains on investments	(4,983)	(2,129)	(978)	(1,095)	(781)	(5,019)	(7,696)
Asset impairment	3,364	-	-	2,842	522	2,400	2,400
Acquisition costs	2,535	1,377	422	736	-	714	445
Insurance AOI	**$ 7,982**	**$ 2,629**	**$ 3,726**	**$ 2,647**	**$ (1,020)**	**$ (15,933)**	**$ (6,901)**

Envision. Empower. Execute.

HC2 Holdings, Inc.

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