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): August 8, 2019

HC2 Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	001-35210	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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.001 per share	HCHC	New York Stock Exchange

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 August 8, 2019, HC2 Holdings, Inc. (the "Company") issued a press release setting forth its results for the three months ended June 30, 2019 (the "Earnings Release") and posted the HC2 Holdings, Inc. Second Quarter 2019 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 in Item 2.02 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, is being furnished and 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, nor shall it be deemed incorporated by reference into any of the Company's filings under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent 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, Thursday, August 8, 2019 at 5:00 p.m. The presentation slides to be used during the call, attached hereto as Exhibit 99.2, 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 Thursday, August 8, 2019. 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, including Exhibit 99.2, shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that Section. The information in this Item 7.01, including Exhibit 99.2, 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 August 8, 2019
99.2	Selected Investor Presentation Materials

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.	
August 8, 2019	By:	*/s/ Michael J. Sena*
		Name: Michael J. Sena Title: Chief Financial Officer

FOR IMMEDIATE RELEASE

HC2 Holdings Reports Second Quarter 2019 Results

- Second Quarter 2019 Consolidated Net Revenue Grew 4.4% Year-Over-Year to $518.6 Million -

- Reaffirms 2019 Guidance for Construction Segment -

New York, August 8, 2019 - HC2 Holdings, Inc. (“HC2” or the “Company”) (NYSE: HCHC), a diversified holding company, announced today its consolidated results for the second quarter ended June 30, 2019.

Second Quarter 2019 Highlights

- Consolidated net revenue grew 4.4% year-over-year to $518.6 million.
- Net income attributable to common and participating preferred stockholders of $9.0 million, or $0.12 per fully diluted share, compared to $54.7 million, or $1.08 per fully diluted share, in the year-ago quarter. Second quarter 2018 net income benefited from a one-time $102.1 million gain on the sale of Pansend Life Sciences' (“Pansend”) interest in BeneVir.
- Adjusted EBITDA for Core Operating Subsidiaries* of $34.8 million, compared to $40.2 million in the year-ago quarter.
- Total Adjusted EBITDA, excluding Insurance, grew 22% to $27.7 million, compared to $22.7 million in the year-ago quarter.
- Pre-tax Adjusted Operating Income (“Pre-tax Insurance AOI”) for Insurance segment of $33.0 million, compared to $0.5 million in the year-ago quarter.
- Energy subsidiary American Natural Gas (“ANG”) completed its acquisition of ampCNG, adding 20 compressed natural gas (“CNG”) stations.
- Pansend’s portfolio company R2 Dermatology entered into a strategic partnership with Huadong Medicine (“Huadong”) securing distribution rights for its products in the Greater China/Asia-Pacific market.

** “Core Operating Subsidiaries” consists of HC2’s Construction, Marine Services, Energy and Telecommunications segments.*

Subsequent to Quarter End

- Pansend’s portfolio company MediBeacon announced a $30 million equity investment from Huadong, with the initial $15 million equity payment valuing MediBeacon at $300 million.

“It was a very active and productive second quarter, in which our portfolio of diverse assets performed very well,” stated Philip Falcone, HC2’s Chairman, Chief Executive Officer and President. “Construction continues to benefit from successful project execution and the continued integration of GrayWolf Industrial, while backlog for the segment remains solid as we replace some of the large, complex jobs that are nearing completion. Similarly, our Insurance segment had another excellent quarter and continues to create significant value for HC2, generating over $61 million in Pre-Tax AOI in just the first six months of 2019. Furthermore, in our Life Sciences segment, both R2 Dermatology and MediBeacon completed new funding rounds with a strategic investor at attractive valuations, providing further validation of the significant value creation that has occurred since our initial investments.”

“Beyond our improved operational performance in the second quarter, our near-term strategy remains keenly focused on completing the strategic alternatives process at Global Marine and reducing debt at the holding company level, while we continue to generate consistent and strong cash flows at our Construction and Insurance segments, providing reliable liquidity to HC2,” continued Mr. Falcone. “We also remain excited about the platform and longer-term growth opportunities at our Broadcasting and Energy segments, and the potential to unlock considerable value at Life Sciences. We have a very strong portfolio of businesses, and we will continue to transform the Company to deliver long-term value for our stockholders.”

Second Quarter Financial Highlights

- **Net Revenue:** For the second quarter of 2019, HC2 grew consolidated net revenue by 4.4% to $518.6 million, compared to $496.8 million for the year-ago quarter. The increase was primarily driven by higher revenue from the Insurance and Construction segments, partially offset by a decline in Marine Services, Energy and Telecommunications.

NET REVENUE by OPERATING SEGMENT

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	**2018**	**Increase / (Decrease)**	**2019**	**2018**	**Increase / (Decrease)**
Construction	$ 195.7	$ 176.9	$ 18.8	$ 387.8	$ 335.9	$ 51.9
Marine Services	39.4	68.4	(29.0)	81.8	105.1	(23.3)
Energy	5.5	7.1	(1.6)	10.6	11.6	(1.0)
Telecommunications	189.3	190.5	(1.2)	344.8	392.8	(48.0)
Total Core Operating Subsidiaries	$ 429.9	$ 442.9	$ (13.0)	$ 825.0	$ 845.4	$ (20.4)
Insurance	82.1	43.8	38.3	170.9	84.0	86.9
Broadcasting	10.0	11.1	(1.1)	19.8	21.7	(1.9)
Other	—	1.0	(1.0)	—	3.4	(3.4)
Eliminations (1)	(3.4)	(2.0)	(1.4)	(5.7)	(4.0)	(1.7)
Consolidated HC2	$ 518.6	$ 496.8	$ 21.8	$ 1,010.0	$ 950.5	$ 59.5

(1) The Insurance segment revenues are inclusive of realized and unrealized gains and net investment income for the three and six months ended June 30, 2019 and 2018, which are related to transactions between entities under common control which are eliminated or are reclassified in consolidation.

- **Net Income / (Loss):** For the second quarter of 2019, HC2 reported net income attributable to common stock and participating preferred stockholders of $9.0 million, or $0.12 per fully diluted share, compared to $54.7 million, or $1.08 per fully diluted share, in the year-ago quarter. Second quarter 2018 net income benefited from a one-time $102.1 million gain on the sale of Pansend's interest in BeneVir.

NET INCOME (LOSS) by OPERATING SEGMENT

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	**2018**	**Increase / (Decrease)**	**2019**	**2018**	**Increase / (Decrease)**
Construction	$ 8.9	$ 7.4	$ 1.5	$ 11.0	$ 10.8	$ 0.2
Marine Services	1.9	10.9	(9.0)	(4.5)	4.6	(9.1)
Energy	(0.7)	0.7	(1.4)	(1.3)	—	(1.3)
Telecommunications	0.4	1.0	(0.6)	1.0	2.1	(1.1)
Total Core Operating Subsidiaries	$ 10.5	$ 20.0	$ (9.5)	$ 6.2	$ 17.5	$ (11.3)
Insurance	30.3	0.6	29.7	64.1	1.8	62.3
Life Sciences	(1.4)	74.2	(75.6)	(4.0)	70.2	(74.2)
Broadcasting	(3.5)	(11.9)	8.4	(7.9)	(24.5)	16.6
Other	(0.8)	(0.5)	(0.3)	(0.2)	(0.7)	0.5
Non-operating Corporate	(22.5)	(25.0)	2.5	(46.1)	(39.9)	(6.2)
Eliminations (1)	(3.2)	(2.0)	(1.2)	(5.5)	(4.0)	(1.5)
Net income attributable to HC2 Holdings, Inc.	$ 9.4	$ 55.4	$ (46.0)	$ 6.6	$ 20.4	$ (13.8)
Less: Preferred dividends, deemed dividends, and repurchase gains	0.4	0.7	(0.3)	(0.8)	1.4	(2.2)
Net income attributable to common stock and participating preferred stockholders	$ 9.0	$ 54.7	$ (45.7)	$ 7.4	$ 19.0	$ (11.6)

(1) The Insurance segment is inclusive of realized and unrealized gains and net investment income for the three and six months ended June 30, 2019 and 2018, which are related to transactions between entities under common control which are eliminated or are reclassified in consolidation.

- **Adjusted EBITDA:** Adjusted EBITDA for "Core Operating Subsidiaries" was a combined $34.8 million for the second quarter of 2019, compared to $40.2 million for the year-ago quarter, as reduced contributions from Marine Services, Energy and Telecommunications were partially offset by a significant improvement at Construction.

  For the second quarter of 2019, Total HC2 Adjusted EBITDA, which excludes the Insurance segment, grew 22% to $27.7 million, compared to Adjusted EBITDA of $22.7 million for the year-ago quarter, due primarily to reduced losses at the Broadcasting and Life Sciences segments, as well as lower recurring expenses at the Non-operating Corporate segment.

ADJUSTED EBITDA by OPERATING SEGMENT

(in millions)	Three Months Ended June 30,			Six months ended June 30,		
	2019	2018	Increase / (Decrease)	2019	2018	Increase / (Decrease)
Construction	$ 23.1	$ 15.5	$ 7.6	$ 35.5	$ 25.5	$ 10.0
Marine Services	9.6	20.4	(10.8)	9.7	18.0	(8.3)
Energy	1.3	3.0	(1.7)	2.3	3.6	(1.3)
Telecommunications	0.8	1.3	(0.5)	1.6	2.4	(0.8)
Total Core Operating Subsidiaries	$ 34.8	$ 40.2	$ (5.4)	$ 49.1	$ 49.5	$ (0.4)
Life Sciences	(1.8)	(4.8)	3.0	(4.7)	(9.2)	4.5
Broadcasting	(0.9)	(6.3)	5.4	(3.4)	(11.3)	7.9
Other and Eliminations	—	(1.0)	1.0	—	(1.2)	1.2
Non-operating Corporate	(4.4)	(5.4)	1.0	(10.5)	(12.0)	1.5
Total HC2 Adjusted EBITDA	$ 27.7	$ 22.7	$ 5.0	$ 30.5	$ 15.8	$ 14.7

- **Balance Sheet:** As of June 30, 2019, HC2 had consolidated cash, cash equivalents and investments of $4.5 billion, which includes cash and investments associated with HC2's Insurance segment. Excluding the Insurance segment, consolidated cash was $53.9 million, of which $2.8 million was at the HC2 corporate level.

Second Quarter 2019 Segment Highlights

- **Construction**
  - For the second quarter of 2019, DBM Global Inc. ("DBM") reported Net Income of $8.9 million, compared to $7.4 million for the prior-year period. Adjusted EBITDA grew 49% year-over-year to $23.1 million, driven by positive project execution and contributions from GrayWolf Industrial.

  - DBM's total backlog was approximately $468.5 million as of June 30, 2019, compared to $656.4 million for the prior-year period. Taking into consideration awarded, but not yet signed contracts, backlog would have been approximately $661.5 million at the end of the second quarter 2019, compared to $675.4 million at the end of the second quarter 2018, effectively unchanged despite strong revenue recognition over the prior-year period.

- **Insurance**
  - As of June 30, 2019, Continental Insurance Group ("Continental") had $4.4 billion of cash and invested assets, $5.5 billion in total GAAP assets, and an estimated $331 million of total adjusted capital.

- For the second quarter of 2019, Continental reported Net Income of $30.3 million, compared to $0.6 million for the prior-year period. Pre-tax Insurance AOI was $33.0 million for the second quarter of 2019, compared to $0.5 million for the prior-year period. The increase was primarily driven by the incremental net investment income and policy premiums from the Kanawha Insurance Company ("KIC") block acquisition and higher net investment income from the legacy CGI block driven by both the growth and mix of the investment portfolio, including premium reinvestment and rotation into higher yield assets. In addition, there was a decrease in policy benefits, changes in reserves, and commissions related to current period reserve adjustments driven by higher mortality and policy terminations, an increase in contingent non-forfeiture option activity as a result of in-force rate actions approved and implemented, and favorable developments in claims activity. This was partially offset by an increase in selling, general and administrative expenses, primarily attributable to headcount additions related to the KIC acquisition.

- **Life Sciences**
  - In June, Pansend's portfolio company, R2 Dermatology, entered into an exclusive distribution agreement with Huadong for the Asia-Pacific region. In addition, Huadong made a $10 million equity investment in R2 Dermatology to fund R2's next phase of product and market development.

  - MediBeacon, another Pansend portfolio company, also entered into an exclusive commercial agreement with Huadong, which provides exclusive rights to MediBeacon's portfolio of assets in Greater China. Under the agreement, MediBeacon will receive royalty payments on net sales in Greater China and other Asia-Pacific countries. Under the terms of the agreement, MediBeacon received an initial $15 million equity payment at a pre-money valuation of $300 million. This will fund the company through the upcoming FDA pivotal clinical trials and FDA approval process.

- **Energy**
  - In June, ANG completed its acquisition of ampCNG, a natural gas fuel provider, for $41 million - funded entirely at the portfolio company level. The acquisition added 20 CNG stations to ANG's network, expanding its reach to over 60 fueling stations owned, operated or in development.

- **Broadcasting**
  - As of early August 2019, including completed and pending transactions, HC2's Broadcasting segment has 177 operational stations, including 10 full-power stations, 60 Class A stations and 107 LPTV stations. In addition, Broadcasting has over 350 silent licenses and construction permits. The total Broadcasting footprint currently covers approximately 60 percent of the U.S. population, in over 130 U.S. markets, including 9 of the top 10 markets across the United States.

- **Marine Services**
  - Total backlog for Global Marine was approximately $406.2 million as of June 30, 2019, inclusive of $91.6 million of installation projects, compared to total backlog of $372.2 million as of June 30, 2018, inclusive of $32.8 million of installation projects. Installation project backlog increased by $58.8 million compared to the year-ago quarter.

Global Marine Strategic Alternatives Update

HC2 continues to explore strategic alternatives for its Global Marine subsidiary, including a potential sale. As previously mentioned, HC2 intends to use the net proceeds from a potential sale to reduce its overall debt. There can be no assurance that the exploration of any strategic alternative, including a potential sale, will result in a consummated transaction or other alternative. Neither HC2 nor Global Marine set a timetable for completion of the process, and neither intends to comment further regarding the process unless a specific transaction or other alternative is approved by their respective Board of Directors, the process is concluded or it is otherwise determined that further disclosure is appropriate or required by law.

Reaffirms 2019 Guidance for Construction Segment

While the complex nature of certain large-scale DBM Global projects could cause quarterly variability in their financial results, the Company reaffirms its expectations for the full year 2019 for its largest Adjusted EBITDA segment contributor, Construction:

- **Construction:** $75 million and $80 million of Adjusted EBITDA

The Company has provided 2019 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 2019.

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 second quarter 2019 financial results and operations today at 5:00 p.m. ET. The Company will post an earnings supplemental presentation in the Investor Relations section of the HC2 Website at ir.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): 1-877-300-8521

International Dial-In: 1-412-317-6026

Participant Entry Number: 10133989

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

Conference Replay*

Domestic Dial-In (Toll Free): 1-844-512-2921

International Dial-In: 1-412-317-6671

Conference Number: 10133989

*Available approximately two hours after the end of the conference call through August 22, 2019.

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 eight reportable segments, including Construction, Marine Services, Energy, Telecommunications, Life Sciences, Broadcasting, 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.

Contact

Investor Relations
Garrett Edson
ICR
Phone: (212) 235-2691
E-mail: ir@hc2.com

Non-GAAP Financial Measures

In this press 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), Adjusted EBITDA for its operating segments, Adjusted Operating Income for the Insurance segment and Pre-Tax Adjusted Operating Income for the Insurance segment.

Adjusted EBITDA

Management believes that Adjusted EBITDA provides investors with meaningful information for gaining an understanding of our 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, since interest, taxes, depreciation, amortization and the other items listed in the definition of Adjusted EBITDA below can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA can also be a useful measure of a company's ability to service debt. While management believes that non-U.S. GAAP measurements are useful supplemental information, such adjusted results are not intended to replace our U.S. GAAP financial results. Using Adjusted EBITDA as a performance measure has inherent limitations as an analytical tool as compared to net income (loss) or other U.S. GAAP financial measures, as this non-GAAP measure excludes 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 does not purport to be an alternative to net income (loss) or other U.S. GAAP financial measures as a measure of our operating performance. Adjusted EBITDA excludes the results of operations and any consolidating eliminations of our Insurance segment.

The calculation of Adjusted EBITDA, as defined by us, consists of Net income (loss) as adjusted for depreciation and amortization; amortization of equity method fair value adjustments at acquisition; Other operating (income) expense, which is inclusive of (gain) loss on sale or disposal of assets, lease termination costs, asset impairment expense, and FCC reimbursements; interest expense; net gain (loss) on contingent consideration; loss on early extinguishment or restructuring of debt; gain (loss) on sale of subsidiaries; 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 and disposition costs.

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.

Adjusted Operating Income - Insurance

Adjusted Operating Income ("Insurance AOI") and Pre-tax Adjusted Operating Income ("Pre-tax Insurance AOI") for the Insurance segment are non-U.S. GAAP financial measures frequently used throughout the insurance industry and are economic measures the Insurance segment uses to evaluate its financial performance. Management believes that Insurance AOI and Pretax Insurance AOI measures provide investors with meaningful information for gaining an understanding of certain results and provide insight into an organization's operating trends and facilitates comparisons between peer companies. However, Insurance AOI and Pre-tax Insurance AOI have 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 and Pre-tax Insurance AOI as performance measures have inherent limitations as an analytical tool as compared to income (loss) from operations or other U.S. GAAP financial measures, as these non-U.S. GAAP measures excludes certain items, including items that are recurring in nature, which may be meaningful to investors. As a result of the exclusions, Insurance AOI and Pre-tax Insurance AOI should not be considered in isolation and do 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; bargain purchase gains; reinsurance gains; and acquisition costs. Management defines Pre-tax Insurance AOI as Insurance AOI adjusted to exclude the impact of income tax (benefit) expense recognized during the current period. Management believes that Insurance AOI and Pre-tax Insurance AOI provide meaningful financial metrics that help 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.

Cautionary Statement Regarding Forward-Looking Statements

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: This press 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 2019 guidance for the Construction segment and statements regarding our expectations regarding building shareholder value and future cash flow 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. HC2 believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and HC2’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 statements and reports filed with the Securities and Exchange Commission (“SEC”), including in our 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, including the ability of HC2 and HC2's subsidiaries to raise capital; 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 or disposition opportunities; HC2's 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 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 millions, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Revenue	$ 439.9	$ 455.0	$ 844.8	$ 870.5
Life, accident and health earned premiums, net	29.9	19.9	59.8	39.9
Net investment income	50.3	19.4	101.4	37.1
Net realized and unrealized gains (losses) on investments	(1.5)	2.5	4.0	3.0
Net revenue	518.6	496.8	1,010.0	950.5
Operating expenses				
Cost of revenue	381.2	400.6	738.9	776.3
Policy benefits, changes in reserves, and commissions	48.0	35.4	100.7	67.7
Selling, general and administrative	52.1	57.1	105.0	109.1
Depreciation and amortization	7.6	9.0	14.5	18.7
Other operating (income) expenses	(1.2)	0.2	(1.6)	(2.0)
Total operating expenses	487.7	502.3	957.5	969.8
Income (loss) from operations	30.9	(5.5)	52.5	(19.3)
Interest expense	(23.0)	(17.2)	(45.3)	(36.5)
Gain on sale and deconsolidation of subsidiary	—	102.1	—	102.1
Income from equity investees	6.1	10.7	1.2	5.5
Gain on bargain purchase	1.1	—	1.1	—
Other income (expense), net	(4.7)	(0.9)	(1.4)	0.2
Income from continuing operations	10.4	89.2	8.1	52.0
Income tax expense	(1.2)	(9.4)	(5.2)	(11.1)
Net income	9.2	79.8	2.9	40.9
Less: Net (income) loss attributable to noncontrolling interest and redeemable noncontrolling interest	0.2	(24.4)	3.7	(20.5)
Net income attributable to HC2 Holdings, Inc.	9.4	55.4	6.6	20.4
Less: Preferred dividends, deemed dividends, and repurchase gains	0.4	0.7	(0.8)	1.4
Net income attributable to common stock and participating preferred stockholders	$ 9.0	$ 54.7	$ 7.4	$ 19.0
Income per common share				
Basic	$ 0.19	$ 1.11	$ 0.15	$ 0.39
Diluted	$ 0.12	$ 1.08	$ 0.08	$ 0.38
Weighted average common shares outstanding:				
Basic	45.6	44.2	45.2	44.1
Diluted	58.1	45.5	59.9	45.3

HC2 HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(in millions, except share amounts)
(Unaudited)

	June 30, 2019	December 31, 2018
Assets		
Investments:		
Fixed maturity securities, available-for-sale at fair value	$ 3,812.6	$ 3,391.6
Equity securities	143.2	200.5
Mortgage loans	151.8	137.6
Policy loans	19.4	19.8
Other invested assets	71.1	72.5
Total investments	4,198.1	3,822.0
Cash and cash equivalents	280.4	325.0
Accounts receivable, net	350.7	379.2
Recoverable from reinsurers	961.4	1,000.2
Deferred tax asset	2.3	2.1
Property, plant and equipment, net	416.4	376.3
Goodwill	178.4	171.7
Intangibles, net	224.9	219.2
Other assets	270.6	208.1
Total assets	$ 6,883.2	$ 6,503.8
Liabilities, temporary equity and stockholders' equity		
Life, accident and health reserves	$ 4,536.6	$ 4,562.1
Annuity reserves	238.8	245.2
Value of business acquired	231.9	244.6
Accounts payable and other current liabilities	338.5	344.9
Deferred tax liability	59.9	30.3
Debt obligations	828.2	743.9
Other liabilities	197.9	110.8
Total liabilities	6,431.8	6,281.8
Commitments and contingencies		
Temporary equity		
Preferred stock	10.3	20.3
Redeemable noncontrolling interest	10.3	8.0
Total temporary equity	20.6	28.3
Stockholders' equity		
Common stock, $.001 par value	—	—
Shares authorized: 80,000,000 at June 30, 2019 and December 31, 2018;		
Shares issued: 46,480,105 and 45,391,397 at June 30, 2019 and December 31, 2018;		
Shares outstanding: 45,776,190 and 44,907,818 at June 30, 2019 and December 31, 2018, respectively		
Additional paid-in capital	270.9	260.5
Treasury stock, at cost: 703,915 and 483,579 shares at June 30, 2019 and December 31, 2018, respectively	(3.2)	(2.6)
Accumulated deficit	(54.9)	(57.2)
Accumulated other comprehensive income (loss)	117.1	(112.6)
Total HC2 Holdings, Inc. stockholders' equity	329.9	88.1
Noncontrolling interest	100.9	105.6
Total stockholders' equity	430.8	193.7
Total liabilities, temporary equity and stockholders' equity	$ 6,883.2	$ 6,503.8

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

(in millions)

	Three Months Ended June 30, 2019								
	Core Operating Subsidiaries				Early Stage & Other				
	Construction	Marine Services	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination	Non-operating Corporate	Total HC2
Net income attributable to HC2 Holdings, Inc.									$ 9.4
Less: Net Income attributable to HC2 Holdings Insurance segment									30.3
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(3.2)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 8.9	$ 1.9	$ (0.7)	$ 0.4	$ (1.4)	$ (3.5)	$ (0.8)	$ (22.5)	$ (17.7)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	4.0	6.4	1.5	0.1	0.1	1.5	—	—	13.6
Depreciation and amortization (included in cost of revenue)	2.4	—	—	—	—	—	—	—	2.4
Amortization of equity method fair value adjustment at acquisition	—	(0.3)	—	—	—	—	—	—	(0.3)
Other operating (income) expenses	—	(0.8)	0.1	0.5	—	(1.0)	—	—	(1.2)
Interest expense	2.2	1.0	0.5	—	—	2.3	—	17.3	23.3
Other (income) expense, net	0.2	(0.3)	0.1	—	(0.1)	0.3	0.8	3.7	4.7
Net loss on contingent consideration	—	—	—	(0.2)	—	—	—	—	(0.2)
Foreign currency (gain) loss (included in cost of revenue)	—	0.2	—	—	—	—	—	—	0.2
Income tax (benefit) expense	4.1	0.1	—	—	—	0.1	—	(4.8)	(0.5)
Noncontrolling interest	0.8	0.8	(0.3)	—	(0.5)	(1.0)	—	—	(0.2)
Share-based payment expense	—	0.4	—	—	0.1	0.2	—	1.4	2.1
Non-recurring items	—	—	—	—	—	—	—	—	—
Acquisition and disposition costs	0.5	0.2	0.1	—	—	0.2	—	0.5	1.5
Adjusted EBITDA	$ 23.1	$ 9.6	$ 1.3	$ 0.8	$ (1.8)	$ (0.9)	$ —	$ (4.4)	$ 27.7
Total Core Operating Subsidiaries	$ 34.8								

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

(in millions)	Three Months Ended June 30, 2018								
	Core Operating Subsidiaries				Early Stage & Other				
	Construction	Marine Services	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination	Non-operating Corporate	Total HC2
Net income attributable to HC2 Holdings, Inc.									$ 55.4
Less: Net Income attributable to HC2 Holdings Insurance segment									0.6
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(2.0)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance segment	$ 7.4	$ 10.9	$ 0.7	$ 1.0	$ 74.2	$ (11.9)	$ (0.5)	$ (25.0)	$ 56.8
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	1.6	6.4	1.4	0.1	—	0.8	—	—	10.3
Depreciation and amortization (included in cost of revenue)	1.6	—	—	—	—	—	—	—	1.6
Amortization of equity method fair value adjustment at acquisition	—	(0.4)	—	—	—	—	—	—	(0.4)
Other operating (income) expenses	—	—	0.1	—	—	0.1	—	—	0.2
Gain on sale and deconsolidation of subsidiary	—	—	—	—	(102.1)	—	—	—	(102.1)
Interest expense	0.5	1.3	0.4	—	—	1.5	—	13.5	17.2
Loss on early extinguishment or restructuring of debt	—	—	—	—	—	2.6	—	—	2.6
Other (income) expense, net	—	(2.0)	0.1	0.1	0.1	0.1	0.1	0.2	(1.3)
Foreign currency (gain) loss (included in cost of revenue)	—	(0.4)	—	—	—	—	—	—	(0.4)
Income tax (benefit) expense	3.3	0.1	—	—	—	—	(0.3)	2.8	5.9
Noncontrolling interest	0.6	4.0	0.3	—	20.6	(0.7)	(0.5)	—	24.3
Bonus to be settled in equity	—	—	—	—	—	—	—	0.2	0.2
Share-based payment expense	—	0.5	—	—	—	0.3	0.2	2.7	3.7
Non-recurring items	—	—	—	—	—	—	—	—	—
Acquisition and disposition costs	0.5	—	—	0.1	2.4	0.9	—	0.2	4.1
Adjusted EBITDA	$ 15.5	$ 20.4	$ 3.0	$ 1.3	$ (4.8)	$ (6.3)	$ (1.0)	$ (5.4)	$ 22.7
Total Core Operating Subsidiaries	$ 40.2								

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

(in millions)	Six months ended June 30, 2019								
	Core Operating Subsidiaries				Early Stage & Other				
	Construction	Marine Services	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination	Non-operating Corporate	Total HC2
Net Income attributable to HC2 Holdings, Inc.									$ 6.6
Less: Net Income attributable to HC2 Holdings Insurance segment									64.1
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(5.5)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance segment	$ 11.0	$ (4.5)	$ (1.3)	$ 1.0	$ (4.0)	$ (7.9)	$ (0.2)	$ (46.1)	$ (52.0)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	7.9	13.0	2.9	0.2	0.1	2.9	—	—	27.0
Depreciation and amortization (included in cost of revenue)	4.5	—	—	—	—	—	—	—	4.5
Amortization of equity method fair value adjustment at acquisition	—	(0.7)	—	—	—	—	—	—	(0.7)
Other operating (income) expenses	(0.1)	(0.2)	0.1	0.5	—	(1.9)	—	—	(1.6)
Interest expense	4.7	2.1	0.9	—	—	3.9	—	34.0	45.6
Net loss on contingent consideration	—	—	—	(0.2)	—	—	—	—	(0.2)
Other (income) expense, net	0.2	(0.3)	0.2	—	(0.1)	0.4	0.2	1.0	1.6
Foreign currency (gain) loss (included in cost of revenue)	—	0.3	—	—	—	—	—	—	0.3
Income tax (benefit) expense	5.1	0.1	—	—	—	0.1	—	(2.5)	2.8
Noncontrolling interest	0.9	(1.6)	(0.6)	—	(0.8)	(1.6)	—	—	(3.7)
Share-based payment expense	—	0.8	—	—	0.1	0.4	—	2.5	3.8
Non-recurring costs	—	—	—	—	—	—	—	—	—
Acquisition and disposition costs	1.3	0.7	0.1	0.1	—	0.3	—	0.6	3.1
Adjusted EBITDA	$ 35.5	$ 9.7	$ 2.3	$ 1.6	$ (4.7)	$ (3.4)	$ —	$ (10.5)	$ 30.5
Total Core Operating Subsidiaries	$ 49.1								

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

(in millions)	Six months ended June 30, 2018								
	Core Operating Subsidiaries				Early Stage & Other				
	Construction	Marine Services	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination	Non-operating Corporate	Total HC2
Net Income attributable to HC2 Holdings, Inc.									$ 20.4
Less: Net Income attributable to HC2 Holdings Insurance segment									1.8
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(4.0)
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 10.8	$ 4.6	$ —	$ 2.1	$ 70.2	$ (24.5)	$ (0.7)	$ (39.9)	$ 22.6
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	3.2	13.3	2.7	0.2	0.1	1.4	—	—	20.9
Depreciation and amortization (included in cost of revenue)	3.2	—	—	—	—	—	—	—	3.2
Amortization of equity method fair value adjustment at acquisition	—	(0.7)	—	—	—	—	—	—	(0.7)
Other operating (income) expenses	0.4	(2.7)	0.1	—	—	0.1	—	—	(2.1)
Interest expense	0.9	2.5	0.7	—	—	7.2	—	25.2	36.5
Loss on early extinguishment or restructuring of debt	—	—	—	—	—	2.5	—	—	2.5
Gain on sale and deconsolidation of subsidiary	—	—	—	—	(102.1)	—	—	—	(102.1)
Other (income) expense, net	—	(1.0)	0.1	—	0.1	—	0.2	(0.5)	(1.1)
Foreign currency (gain) loss (included in cost of revenue)	—	(0.5)	—	—	—	—	—	—	(0.5)
Income tax (benefit) expense	5.2	—	—	—	—	—	(0.3)	(0.5)	4.4
Noncontrolling interest	0.9	1.6	—	—	19.9	(1.3)	(0.6)	—	20.5
Bonus to be settled in equity	—	—	—	—	—	—	—	0.4	0.4
Share-based payment expense	—	0.9	—	—	0.1	0.7	0.2	2.9	4.8
Non-recurring items	—	—	—	—	—	—	—	—	—
Acquisition and disposition costs	0.9	—	—	0.1	2.5	2.6	—	0.4	6.5
Adjusted EBITDA	$ 25.5	$ 18.0	$ 3.6	$ 2.4	$ (9.2)	$ (11.3)	$ (1.2)	$ (12.0)	$ 15.8
Total Core Operating Subsidiaries	$ 49.5								

HC2 HOLDINGS, INC.
RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED OPERATING INCOME ("INSURANCE AOI")
AND PRE-TAX OPERATING INCOME ("PRE-TAX INSURANCE AOI")
(Unaudited)

The table below shows the adjustments made to the reported Net income (loss) of the Insurance segment to calculate Insurance AOI and Pre-tax Insurance AOI.

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Increase / (Decrease)	2019	2018	Increase / (Decrease)
Net income (loss) - Insurance segment	$ 30.3	$ 0.6	$ 29.7	$ 64.1	$ 1.8	$ 62.3
Effect of investment (gains) [(1)]	0.5	(4.5)	5.0	(5.5)	(7.0)	1.5
Bargain Purchase Gain	(1.1)	—	(1.1)	(1.1)	—	(1.1)
Acquisition costs	1.6	0.8	0.8	1.8	1.1	0.7
Insurance AOI	31.3	(3.1)	34.4	59.3	(4.1)	63.4
Income tax expense (benefit)	1.7	3.6	(1.9)	2.4	6.8	(4.4)
Pre-tax Insurance AOI	$ 33.0	$ 0.5	$ 32.5	$ 61.7	$ 2.7	$ 59.0

[(1)] The Insurance segment revenues are inclusive of realized and unrealized gains and net investment income for the three and six months ended June 30, 2019 and 2018. Such adjustments are related to transactions between entities under common control which are eliminated or are reclassified in consolidation.

HC2 Holdings, Inc.

Q2 2019 Earnings Release Supplement

August 8, 2019

Safe Harbor Disclaimers

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," "guidance," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may," "will," "could," "might," or "continues" or similar expressions. The forward-looking statements in this presentation include, without limitation, our 2019 guidance for the Construction segment and statements regarding our expectations regarding building shareholder value and future cash flow 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. HC2 believes these judgments are reasonable, but you should understand that these statements are not guarantees of performance or results, and HC2'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 statements and reports filed with the Securities and Exchange Commission ("SEC"), including in our 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, including the ability of HC2 and subsidiaries to raise capital; 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 or disposition opportunities; HC2's 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 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 presentation.

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. HC2 has no obligation to update any of the guidance provided to conform to actual results or changes in HC2's expectations. All 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.

Safe Harbor Disclaimers

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 Adjusted EBITDA (excluding the Insurance segment) and Adjusted Operating Income ("Insurance AOI") and Pre-tax Adjusted Operating Income ("Pre-tax Insurance AOI") for our Insurance segment.

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) as adjusted for depreciation and amortization; amortization of equity method fair value adjustments at acquisition; Other operating (income) expense, which is inclusive of (gain) loss on sale or disposal of assets, lease termination costs, asset impairment expense, and FCC reimbursements; interest expense; net gain (loss) on contingent consideration; loss on early extinguishment or restructuring of debt; gain (loss) on sale of subsidiaries; 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 and disposition 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

Adjusted Operating Income ("Insurance AOI") and Pre-tax Adjusted Operating Income ("Pre-tax Insurance AOI") for the Insurance segment are non-U.S. GAAP financial measures frequently used throughout the insurance industry and are economic measures the Insurance segment uses to evaluate its financial performance. Management believes that Insurance AOI and Pre-tax Insurance AOI measures provide investors with meaningful information for gaining an understanding of certain results and provide insight into an organization's operating trends and facilitates comparisons between peer companies. However, Insurance AOI and Pre-tax Insurance AOI have 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. Management recognizes that using Insurance AOI and Pre-tax Insurance AOI as performance measures have inherent limitations as an analytical tool as compared to income (loss) from operations or other U.S. GAAP financial measures, as these non-U.S. GAAP measures excludes certain items, including items that are recurring in nature, which may be meaningful to investors. As a result of the exclusions, Insurance AOI and Pre-tax Insurance AOI should not be considered in isolation and do 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 other-than-temporary impairment ("OTTI") losses recognized in operations; asset impairment; intercompany elimination; bargain purchase gains; reinsurance gains; and acquisition costs. Management defines Pre-tax Insurance AOI as Insurance AOI adjusted to exclude the impact of income tax (benefit) expense recognized during the current period. Management believes that Insurance AOI and Pre-tax Insurance AOI provide meaningful financial metrics that help 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.

2Q19 and Subsequent Key Highlights

Construction

- 2Q19 Net Income of $8.9M; Adjusted EBITDA* of $23.1M, up 49% Y/Y
- Contract backlog of $468.5M at quarter end, $661.5M on an adjusted-basis

Insurance

- YTD Net Income of $64.1M; Pre-tax Insurance AOI* of $61.7M, up $59.0M Y/Y
- Total Adjusted Capital of ~$331M

Life Sciences (Pansend)

- R2 Dermatology and MediBeacon entered into strategic partnerships wit
Huadong Medical that included new funding via equity investment
  - Initial $10M equity investment in R2 Dermatology at a post-money value of $60M
  - Initial $15M equity investment in MediBeacon at a post-money value of $315M

Broadcasting

- 177 operational stations** as of early August 2019
- Cost restructuring initiatives having significant positive impact

Energy

- Acquired ampCNG adding 20 fueling stations to ANG's nationwide network
- Total station footprint > 60 stations*** across 17 states

Marine Services

- Seeking strategic alternatives, including possible sale of Global Marine
- Stronger sale process, multiple preliminary bids received, attracting significar interest

* Non-GAAP Measure; see Appendix for reconciliation to U.S. GAAP.
** Broadcasting: Station metrics include pending transactions as of early August 2019.
*** Energy: Fueling stations includes owned/operated, operated and maintained, and stations in-development.

Hybrid, Diversified Long-Term Strategy

Strong Cash Flow Generation	Driving Growth and Unlocking Value
DBM GLOBAL	MediBeacon
CONTINENTAL LTC INC.	R2 dermatology
	HC2 Broadcasting
	ANG
	Global Marine

Pansend Life Sciences

R2 Dermatology

- Equity ownership* = ~63.4% ; Fully diluted* = ~57.6%
- Investment-to-date = $27.5M
- Two distinct medical devices based on unique patented technology, representing addressable markets in Asia and the rest of the world in excess of $20B
  1. Contact device sold to physicians to treat brown spots of the skin with the potential to treat other indications
     - Annual procedure market size is approximately $10B globally
     - Anticipated product launch in 2020
  2. Robotic spray device sold to physicians to provide full body skin lightening/whitening
     - Annual procedure market size is approximately $14B globally
     - Anticipated product launch in 2021
- Multiple additional potential medical (e.g. localized psoriasis) and aesthetic applications and devices from the same core technology
- Inventors are leading experts in aesthetic medical devices from Hong Kong and Harvard/MGH and, along with the management team, are the same people who developed ZELTIQ's Coolsculpting® for fat reduction and took ZELTIQ public in 2011, prior to its acquisition by Allergan in 2017 for $2.4B
- Human proof-of-concept achieved based on >575 treated patients, and key U.S. FDA clearances already in-hand
- Entered exclusive distribution agreement with Huadong Medicine. In addition, Huadong made a $10M equity investment in R2 Dermatology at a post-money valuation of $60M that will fund the company's next phase of product and market development

* Equity ownership percentage as of June 30, 2019; fully diluted includes all exercisable options and warrants.

Pansend Life Sciences

MediBeacon

- Equity ownership* = ~49.9% ; Fully diluted* = ~41.5%
- Total investment-to-date = $24.9M
- U.S. patents granted = 32
- Company's Fluorescent Agent Platform** enables physiological function monitoring in critical health applications, including:
  1. Kidney Health - Transdermal GFR Measurement System ("TGFR")
     - No clinically practical method exists to measure kidney function in real time at the point of care
     - Utilizes a patented pharmaceutical entirely eliminated by the kidneys that is bright enough to be detected by a sensor placed on the skin
     - Received FDA Breakthrough Device designation for the TGFR
     - Poised to begin pivotal study in U.S. and Europe
     - Kidney disease affects more than 850M people, representing a multi-billion dollar addressable market
  2. Gastrointestinal Health
     - Grants from the Bill & Melinda Gates Foundation have supported MediBeacon transdermal gastroenterology permeability research
     - Gastroenterology program to begin human study in Crohn's patients in 2019
- Subsequent to quarter end, entered an exclusive commercialization partnership with Huadong Medicine that included an initial $15M equity investment at $315M post-money valuation, which will fund the company through upcoming FDA pivotal clinical trials and upcoming FDA approval process.

* Equity ownership percentages as of June 30, 2019; fully diluted includes all exercisable options and warrants.
** MediBeacon's agents and devices are not approved for human use by any regulatory agency.

Long-Term Care ("LTC") Market History at a Glance

- LTC policies were once a high growth product line, considered a mass-market way for middle income families to protect themselves against LTC risk
  - Medicare covers only a portion of LTC costs / limited post-acute care
  - Early success in the 1990s followed by declining sales beginning in 2001
  - 1M+ policies were written in 2001 vs. <100K written in 2018
- Early underwriting mistakes resulted in rising policy benefit costs and insurer losses
  - Lower lapses
  - Longer length of claims
  - Lower-for-longer interest rates
- For most large insurers, LTC has become a non-core segment after scaling back o discontinuing sales altogether

Compelling Opportunity to Create Value

Capitalizing on Dislocation in the LTC Insurance Market

LTC market attributes create opportunity

- Imbalance of potential buyers to motivated sellers
  - Uncertainty around future capital allocation needs
  - Volatility of results and potential earnings drag
  - Distraction to management teams and company focus
- Non-core insurance segments can be insufficiently resourced
  - Lower level of monitoring and internal accountability
  - Performance issues not addressed early create tail cost issues
  - Less investment in specialized IT and product management
  - Administrative activity increases as policy block ages

CIGL Poised to Capitalize

- LTC as a core focus provides a credible counterparty
- Provide sellers with certainty in exchange for upfront capital
- Domestic platform centralized around intricacies of LTC management

Insurance

Continental Insurance Group, Ltd. ("CIGL")

Building a Portfolio

Overview

- Platform established in early 2015 with the formation of CIGL
- Completed initial acquisition from American Financial Group in Dec '15
- Acquired Humana's LTC Insurance block, KMG America, in Aug '18
  - Significant growth in platform, leveraging existing operations in Austin, Texas
  - Provided further platform validation
- 75K CIGL policies in-force, represents 1% of the ~ 7M in-force in the US today
- Significant opportunity for growth through further closed block transactions

Key Metrics

	2Q19 (post-KMG)	2Q18 (pre-KMG)
Balance Sheet		
Statutory Surplus	~$294M	~$69M
Total Adjusted Capital	~$331M	~$85M
Total GAAP Assets	~$5.5B	~$2.1B
Cash and Invested Assets	~$4.4B	~$1.5B
Profitability		
Net Income	$ 30.3 M	$ 0.6 M
Pre-Tax Insurance AOI*	$ 33.0 M	$ 0.5 M

* See Appendix for reconciliation of Non-GAAP to U.S. GAAP.
** All data as of June 30, 2019, unless otherwise noted.

HC2 Financial Summary

Selected GAAP Financials

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Increase / (Decrease)	2019	2018	Increase / (Decrease)
Net revenue	$ 518.6	$ 496.8	$ 21.8	1,010.0	950.5	59.5
Total operating expenses	487.7	502.3	(14.6)	957.5	969.8	(12.3
Income (loss) from operations	30.9	(5.5)	36.4	52.5	(19.3)	71.8
Interest expense	(23.0)	(17.2)	(5.8)	(45.3)	(36.5)	(8.8
Gain on sale and deconsolidation of subsidiary	—	102.1	(102.1)	—	102.1	(102.1
Income from equity investees	6.1	10.7	(4.6)	1.2	5.5	(4.3
Gain on bargain purchase	1.1	—	1.1	1.1	—	1.1
Other income (expense), net	(4.7)	(0.9)	(3.8)	(1.4)	0.2	(1.6
Income from continuing operations	10.4	89.2	(78.8)	8.1	52.0	(43.9
Income tax expense	(1.2)	(9.4)	8.2	(5.2)	(11.1)	5.9
Net income	9.2	79.8	(70.6)	2.9	40.9	(38.0
Less: Net (income) loss attributable to noncontrolling interest and redeemable noncontrolling interest	0.2	(24.4)	24.6	3.7	(20.5)	24.2
Net income attributable to HC2 Holdings, Inc.	9.4	55.4	(46.0)	6.6	20.4	(13.8
Less: Preferred dividends, deemed dividends, and repurchase gains	0.4	0.7	(0.3)	(0.8)	1.4	(2.2
Net income attributable to common stock and participating preferred stockholders	$ 9.0	$ 54.7	$ (45.7)	$ 7.4	$ 19.0	$ (11.6
Income per common share						
Basic	$ 0.19	$ 1.11		$ 0.15	$ 0.39	
Diluted	$ 0.12	$ 1.08		$ 0.08	$ 0.38	
Weighted average common shares outstanding:						
Basic	45.6	44.2		45.2	44.1	
Diluted	58.1	45.5		59.9	45.3	

* Unaudited

HC2 Segment Financial Summary

Non-GAAP Measures*: Adjusted EBITDA & Pre-tax Insurance AOI

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Increase / (Decrease)	2019	2018	Increase / (Decrease)
Core Operating Subsidiaries						
Construction	$ 23.1	$ 15.5	$ 7.6	35.5	25.5	10.0
Marine Services	9.6	20.4	(10.8)	9.7	18.0	(8.3
Energy	1.3	3.0	(1.7)	2.3	3.6	(1.3
Telecommunications	0.8	1.3	(0.5)	1.6	2.4	(0.8
Total Core Operating Subsidiaries	34.8	40.2	(5.4)	49.1	49.5	(0.4
Early Stage and Other Holdings						
Life Sciences	(1.8)	(4.8)	3.0	(4.7)	(9.2)	4.5
Broadcasting	(0.9)	(6.3)	5.4	(3.4)	(11.3)	7.9
Other and Eliminations	—	(1.0)	1.0	—	(1.2)	1.2
Total Early Stage and Other	(2.7)	(12.1)	9.4	(8.1)	(21.7)	13.6
Non-Operating Corporate	(4.4)	(5.4)	1.0	(10.5)	(12.0)	1.5
Total HC2 Adjusted EBITDA (excluding Insurance)	$ 27.7	$ 22.7	$ 5.0	30.5	15.8	14.7
Pre-tax Insurance AOI	$ 33.0	$ 0.5	$ 32.5	$ 61.7	$ 2.7	$ 59.0

* Unaudited. See Appendix for reconciliation of Non-GAAP to U.S. GAAP.

HC2 Corporate

Liquidity & Key Priorities

Overview & Liquidity

Overview

- Collateral Coverage Ratio exceeded 2.00x
- $53.9M in Consolidated Cash (excluding Insurance Segment)

Liquidity

- HC2 received $32.7M in dividends, tax share and net management fees during the first half of 2019:
  - DBM Global $23.5M (dividends, tax share)
  - CIGL $4.9M (net management fees)
  - PTGi ICS $4.3M (dividends)
- For the full year 2019, HC2 expects to receive $60-$70M in total dividends, tax share and net management fees from our Construction, Insurance and Telecommunications segments
- Expect to receive in excess of $9M from the BeneVir escrow later in the third quarter

2019 and Near-Term Priorities

Priorities

- Reduce HC2 Holdco debt
- Continue on multiple paths to maximize value in the Global Marine strategic process
- Focus on operational performance, generate increased cash flows
- Execution of Over-the-Air ("OTA") broadcast television strategy

* All data as of June 30, 2019, unless otherwise noted.

Appendix

Construction

DBM Global, Inc.

Consistent, Growing Cash Flows

2019 and Longer Term Initiatives

- Continue to integrate recently acquired Graywolf Industrial
- Build relationships and find additional cross-selling opportunities across the platform
- Remain on schedule with ongoing projects and retain strong pipeline of prospective projects and robust backlog
- Maintain disciplined job selection - continue to select profitable, strategic and "core competency" jobs, not all jobs
- Focus on winning more small to mid-size projects with quicker payment terms

Key Metrics

(in millions)	2Q19	2Q18	YTD 2019	YTD 2018
Revenue	195.7	176.9	387.8	335.9
Net Income	8.9	7.4	11.0	10.8
Adjusted EBITDA*	23.1	15.5	35.5	25.5

- Approximately $468.5M reported backlog; $661.5M adjusted backlog taking into consideration awarded, but not yet signed contracts

* See Appendix for reconciliation of Non-GAAP to U.S. GAAP.
** All data as of June 30, 2019, unless otherwise noted.

Marine Services

Global Marine

Focus on Strategic Alternatives

Process Update

- Continue seeking strategic alternatives, including possible sale of Global Marine

Key Metrics

(in millions)	2Q19	2Q18	YTD 2019	YTD 2018
Revenue	39.4	68.4	81.8	105.1
Net Income (Loss)	1.9	10.9	(4.5)	4.6
Adjusted EBITDA*	9.6	20.4	9.7	18.0

- Approximately $406.2M reported backlog, inclusive of $91.6M of installation projects

* See Appendix for reconciliation of Non-GAAP to U.S. GAAP.
** All data as of June 30, 2019, unless otherwise noted.

Energy

American Natural Gas

Fueling the Future

2019 and Longer Term Initiatives

- Recently acquired 20 stations from AMP, increasing total station count to approximately 60 stations across 17 states
  - Complementary station footprint, positions ANG well in the growing Southeastern U.S.
- Seek to increase existing station utilization; currently at less than 25%
- Continued focus on business development and marketing efforts to drive organic sales
- Develop preferred fueling agreements with new and existing customers to ramp up volumes and continue to increase flow of Renewable Natural Gas ("RNG") through ANG stations

Key Metrics

(in millions)	2Q19	2Q18	YTD 2019	YTD 2018
Revenue	5.5	7.1	10.6	11.6
Net Income (Loss)	(0.7)	0.7	(1.3)	—
Adjusted EBITDA*	1.3	3.0	2.3	3.6
Gasoline Gallon Equivalents	3.8	2.9	6.9	5.9

* See Appendix for reconciliation of Non-GAAP to U.S. GAAP.
** All data as of June 30, 2019, unless otherwise noted.

Telecommunications

PTGI ICS

Solid Dividend Contributor

Overview of Legacy Investment

- HC2 has received $16.6 million of cumulative dividends from PTGi ICS since 2014, inclusive of $4.3 million dividends paid in the first half 2019
- Continue to focus on maximizing cash flow as the international long distance wholesale voice termination market experiences disruption from increased utilization of OTT applications and VOIP services

Key Metrics

(in millions)	2Q19	2Q18	YTD 2019	YTD 2018
Revenue	189.3	190.5	344.8	392.8
Net Income (Loss)	0.4	1.0	1.0	2.1
Adjusted EBITDA*	0.8	1.3	1.6	2.4

* See Appendix for reconciliation of Non-GAAP to U.S. GAAP.
** All data as of June 30, 2019, unless otherwise noted.

HC2 Broadcasting

Our New Growth Engine

Significant Opportunities

- 2019 priorities:
  - Complete financing at Broadcasting segment level
  - Add broadcast assets where necessary
  - Upgrade technology & infrastructure
  - Continue building out distribution platform
- Once the platform is built, we believe we will be well positioned for margin expansion and rapidly growing free cash flow

Key Station Metrics*

Full Power Stations	10
Class A Stations	60
LPTV Stations	107
Total Operational Stations	177
Silent Licenses & Construction Permits	> 350

- Reach over 130 U.S. markets, including 9 of tl top 10 DMAs
- Covers approximately 60% of the U. population

* Station metrics include pending transactions as of early August 2019.
** All data as of June 30, 2019, unless otherwise noted.

Non-GAAP Reconciliations

Reconciliation of U.S. GAAP Income (Loss) to Adjusted EBITDA

(in millions)	Three Months Ended June 30, 2019								
	Core Operating Subsidiaries				Early Stage & Other				
	Construction	Marine Services	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination	Non-operating Corporate	Total HC2
Net income attributable to HC2 Holdings, Inc.									$ 9
Less: Net Income attributable to HC2 Holdings Insurance segment									30
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(3
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 8.9	$ 1.9	$ (0.7)	$ 0.4	$ (1.4)	$ (3.5)	$ (0.8)	$ (22.5)	$ (17
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	4.0	6.4	1.5	0.1	0.1	1.5	—	—	13
Depreciation and amortization (included in cost of revenue)	2.4	—	—	—	—	—	—	—	2
Amortization of equity method fair value adjustment at acquisition	—	(0.3)	—	—	—	—	—	—	(0
Other operating (income) expenses	—	(0.8)	0.1	0.5	—	(1.0)	—	—	(1
Interest expense	2.2	1.0	0.5	—	—	2.3	—	17.3	23
Other (income) expense, net	0.2	(0.3)	0.1	—	(0.1)	0.3	0.8	3.7	4
Net loss on contingent consideration	—	—	—	(0.2)	—	—	—	—	(0
Foreign currency (gain) loss (included in cost of revenue)	—	0.2	—	—	—	—	—	—	0
Income tax (benefit) expense	4.1	0.1	—	—	—	0.1	—	(4.8)	(0
Noncontrolling interest	0.8	0.8	(0.3)	—	(0.5)	(1.0)	—	—	(0
Share-based payment expense	—	0.4	—	—	0.1	0.2	—	1.4	2
Non-recurring items	—	—	—	—	—	—	—	—	-
Acquisition and disposition costs	0.5	0.2	0.1	—	—	0.2	—	0.5	1
Adjusted EBITDA	$ 23.1	$ 9.6	$ 1.3	$ 0.8	$ (1.8)	$ (0.9)	$ —	$ (4.4)	$ 27
Total Core Operating Subsidiaries	$ 34.8								

Reconciliation of U.S. GAAP Income (Loss) to Adjusted EBITDA

(in millions)	Three Months Ended June 30, 2018								
	Core Operating Subsidiaries				Early Stage & Other				
	Construction	Marine Services	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination	Non-operating Corporate	Total HC2
Net income attributable to HC2 Holdings, Inc.									$ 55
Less: Net Income attributable to HC2 Holdings Insurance segment									0
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(2
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance segment	$ 7.4	$ 10.9	$ 0.7	$ 1.0	$ 74.2	$ (11.9)	$ (0.5)	$ (25.0)	$ 56
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	1.6	6.4	1.4	0.1	—	0.8	—	—	10
Depreciation and amortization (included in cost of revenue)	1.6	—	—	—	—	—	—	—	1
Amortization of equity method fair value adjustment at acquisition	—	(0.4)	—	—	—	—	—	—	(0
Other operating (income) expenses	—	—	0.1	—	—	0.1	—	—	0
Gain on sale and deconsolidation of subsidiary	—	—	—	—	(102.1)	—	—	—	(102
Interest expense	0.5	1.3	0.4	—	—	1.5	—	13.5	17
Loss on early extinguishment or restructuring of debt	—	—	—	—	—	2.6	—	—	2
Other (income) expense, net	—	(2.0)	0.1	0.1	0.1	0.1	0.1	0.2	(1
Foreign currency (gain) loss (included in cost of revenue)	—	(0.4)	—	—	—	—	—	—	(0
Income tax (benefit) expense	3.3	0.1	—	—	—	—	(0.3)	2.8	5
Noncontrolling interest	0.6	4.0	0.3	—	20.6	(0.7)	(0.5)	—	24
Bonus to be settled in equity	—	—	—	—	—	—	—	0.2	0
Share-based payment expense	—	0.5	—	—	—	0.3	0.2	2.7	3
Non-recurring items	—	—	—	—	—	—	—	—	-
Acquisition and disposition costs	0.5	—	—	0.1	2.4	0.9	—	0.2	4
Adjusted EBITDA	$ 15.5	$ 20.4	$ 3.0	$ 1.3	$ (4.8)	$ (6.3)	$ (1.0)	$ (5.4)	$ 22
Total Core Operating Subsidiaries	$ 40.2								

Reconciliation of U.S. GAAP Income (Loss) to Adjusted EBITDA

(in millions)	Six Months Ended June 30, 2019								
	Core Operating Subsidiaries				Early Stage & Other				
	Construction	Marine Services	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination	Non-operating Corporate	Total HC2
Net Income attributable to HC2 Holdings, Inc.									$ 6
Less: Net Income attributable to HC2 Holdings Insurance segment									64
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(5
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance segment	$ 11.0	$ (4.5)	$ (1.3)	$ 1.0	$ (4.0)	$ (7.9)	$ (0.2)	$ (46.1)	$ (52
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	7.9	13.0	2.9	0.2	0.1	2.9	—	—	27
Depreciation and amortization (included in cost of revenue)	4.5	—	—	—	—	—	—	—	4
Amortization of equity method fair value adjustment at acquisition	—	(0.7)	—	—	—	—	—	—	(0
Other operating (income) expenses	(0.1)	(0.2)	0.1	0.5	—	(1.9)	—	—	(1
Interest expense	4.7	2.1	0.9	—	—	3.9	—	34.0	45
Net loss on contingent consideration	—	—	—	(0.2)	—	—	—	—	(0
Other (income) expense, net	0.2	(0.3)	0.2	—	(0.1)	0.4	0.2	1.0	1
Foreign currency (gain) loss (included in cost of revenue)	—	0.3	—	—	—	—	—	—	0
Income tax (benefit) expense	5.1	0.1	—	—	—	0.1	—	(2.5)	2
Noncontrolling interest	0.9	(1.6)	(0.6)	—	(0.8)	(1.6)	—	—	(3
Share-based payment expense	—	0.8	—	—	0.1	0.4	—	2.5	3
Non-recurring costs	—	—	—	—	—	—	—	—	
Acquisition and disposition costs	1.3	0.7	0.1	0.1	—	0.3	—	0.6	3
Adjusted EBITDA	$ 35.5	$ 9.7	$ 2.3	$ 1.6	$ (4.7)	$ (3.4)	$ —	$ (10.5)	$ 30
Total Core Operating Subsidiaries	$ 49.1								

Reconciliation of U.S. GAAP Income (Loss) to Adjusted EBITDA

(in millions)	Six months ended June 30, 2018								
	Core Operating Subsidiaries				Early Stage & Other				
	Construction	Marine Services	Energy	Telecom	Life Sciences	Broadcasting	Other & Elimination	Non-operating Corporate	Total HC2
Net Income attributable to HC2 Holdings, Inc.									$ 20
Less: Net Income attributable to HC2 Holdings Insurance segment									1
Less: Consolidating eliminations attributable to HC2 Holdings Insurance segment									(4
Net Income (loss) attributable to HC2 Holdings, Inc., excluding Insurance Segment	$ 10.8	$ 4.6	$ —	$ 2.1	$ 70.2	$ (24.5)	$ (0.7)	$ (39.9)	$ 22
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									
Depreciation and amortization	3.2	13.3	2.7	0.2	0.1	1.4	—	—	20
Depreciation and amortization (included in cost of revenue)	3.2	—	—	—	—	—	—	—	3
Amortization of equity method fair value adjustment at acquisition	—	(0.7)	—	—	—	—	—	—	(0
Other operating (income) expenses	0.4	(2.7)	0.1	—	—	0.1	—	—	(2
Interest expense	0.9	2.5	0.7	—	—	7.2	—	25.2	36
Loss on early extinguishment or restructuring of debt	—	—	—	—	—	2.5	—	—	2
Gain on sale and deconsolidation of subsidiary	—	—	—	—	(102.1)	—	—	—	(102
Other (income) expense, net	—	(1.0)	0.1	—	0.1	—	0.2	(0.5)	(1
Foreign currency (gain) loss (included in cost of revenue)	—	(0.5)	—	—	—	—	—	—	(0
Income tax (benefit) expense	5.2	—	—	—	—	—	(0.3)	(0.5)	4
Noncontrolling interest	0.9	1.6	—	—	19.9	(1.3)	(0.6)	—	20
Bonus to be settled in equity	—	—	—	—	—	—	—	0.4	0
Share-based payment expense	—	0.9	—	—	0.1	0.7	0.2	2.9	4
Non-recurring items	—	—	—	—	—	—	—	—	-
Acquisition and disposition costs	0.9	—	—	0.1	2.5	2.6	—	0.4	6
Adjusted EBITDA	$ 25.5	$ 18.0	$ 3.6	$ 2.4	$ (9.2)	$ (11.3)	$ (1.2)	$ (12.0)	$ 15
Total Core Operating Subsidiaries	$ 49.5								

Reconciliation of U.S. GAAP Income (Loss) to Pre-tax Insurance AOI

(in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Increase / (Decrease)	2019	2018	Increase / (Decrease)
Net income (loss) - Insurance segment	$ 30.3	$ 0.6	$ 29.7	$ 64.1	$ 1.8	$ 62.3
Effect of investment (gains) [(1)]	0.5	(4.5)	5.0	(5.5)	(7.0)	1.5
Bargain Purchase Gain	(1.1)	—	(1.1)	(1.1)	—	(1.1)
Acquisition costs	1.6	0.8	0.8	1.8	1.1	0.7
Insurance AOI	31.3	(3.1)	34.4	59.3	(4.1)	63.4
Income tax expense (benefit)	1.7	3.6	(1.9)	2.4	6.8	(4.4)
Pre-tax Insurance AOI	$ 33.0	$ 0.5	$ 32.5	$ 61.7	$ 2.7	$ 59.0

(1) The Insurance segment revenues are inclusive of realized and unrealized gains and net investment income for the three and six months ended June 30, 2019 and 2018. Such adjustments are related to transactions between entities under common control which are eliminated or are reclassified in consolidation.