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HC2 Holdings, Inc.

4th Quarter and Full Year 2015 Conference Call

Safe Harbor Disclaimers

Special Note 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 statements regarding our expectation regarding building shareholder value. Such statements are based on the beliefs and assumptions of HC2's management and the management of HC2's subsidiaries. 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, unanticipated issues related to the restatement of our financial statements; the fact that we have 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 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 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 of HC2. 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 HC2 undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-U.S. GAAP Measures. The Pro forma basis gives effect to the impact from our 2014 acquisitions of Schuff and Global Marine as if they had occurred on January 1, 2014.

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-US GAAP measurements are useful supplemental information, such adjusted results are not intended to replace our US GAAP financial results.
In 2015, we adjusted our definition of Adjusted EBITDA to exclude the adjustment for income (loss) from equity investees. We believe that the income generated by the equity investees of our Marine Services segment is an integral part of the segment's operating results. For consistency purposes we applied the same treatment to the equity investees within our Other segment. For the year ended December 31, 2014, this change resulted in an increase in Adjusted EBITDA of $3.4 million and $6.3 million on an as reported and pro forma basis, respectively.

The calculation of Adjusted EBITDA, as defined by us, consists of Net income (loss) as adjusted for depreciation and amortization; asset impairment expense; gain (loss) on sale or disposal of assets; lease termination costs; interest expense; loss on early extinguishment or restructuring of debt; other income (expense), net; foreign currency transaction gain (loss); income tax (benefit) expense; gain (loss) from discontinued operations; noncontrolling interest; share-based compensation expense; acquisition related costs; and other costs.

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 Falcone,** Chairman, President and CEO **Michael Sena,** Chief Financial Officer **Keith Hladek,** Chief Operating Officer

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Quarterly and Full Year Overview

4Q Highlights and Recent Developments

<u>Results and Recent Developments:</u>

In HC2's first full year of business, our strategy of acquiring and building diversified operating companies contributed to a solid performance

Net Revenue totaled $361 million in Q4 15 and $1.1 billion for the fiscal year, a ~105% increase compared to fiscal 2014

Adjusted EBITDA for Core Operating Subsidiaries:

- Adjusted EBITDA for our Manufacturing, Marine Services, Telecommunications, Utilities and Insurance segments ("Core Operating Subsidiaries") totaled $26.7 million and $96.9 million in Q4 and FY15, respectively
- Results benefitted from strong growth in Manufacturing, Telecommunications and Utilities, and partially offset by Marine Services

Consolidated Cash as of December 31st, 2015: $1.5 billion of consolidated cash, cash equivalents and investments , which includes the addition of our Insurance segment

Corporate Cash as of December 31st, 2015: $41.2 million in cash, cash equivalents and short-term investments

Continental Insurance Group completed acquisition of LTC insurance businesses from American Financial Group

HC2 Segment Overview

Core Operating Subsidiaries

Manufacturing: Schuff

- FY Revenue: $514m
- FY Adjusted EBITDA: $52m
- Backlog of $381m at 12/31

SCHUFF INTERNATIONAL

Marine Services: GMSL

- FY Revenue: $135m
- FY Adjusted EBITDA: $42m
- Offshore power market re-entry

Global Marine Systems

Telecom: PTGi ICS

- FY Revenue: $460m
- FY Adjusted EBITDA: $2m
- Expanding scale and number of customer relationships

PTGi International Carrier Services

Utilities: ANG

- FY Adjusted EBITDA: $0.9m
- 11 stations complete
- Commissioned Tops station
- Completed We-Care Transportation project in Buffalo, NY

ANG American Natural Gas

Insurance: CIG

- Completed acquisition of UTA and CGIC on December 24, 2015
- As of December 31, 2015, UTA and CGIC had:
  - ~$80m of statutory surplus
  - ~$1.9b in total GAAP assets

Early Stage and Other Holdings

Life Sciences: Pansend

- **Genovel:** Signed second license agreement for novel total knee replacement technology

MediBeacon
BeneVir
R2 dermatology
GENOVEL

Other:

- Novatel Wireless
- Gaming Nation
- Dusenberry Martin Racing
- Nervve

Adjusted EBITDA

Adjusted EBITDA for Core Operating Subsidiaries was $96.9m for fiscal 2015

Adjusted EBITDA (in millions)			
	Q4 2015	FY 2015	FY 2014[1]
Core Operating Subsidiaries			
Manufacturing	$14.6	$52.0	$45.8
Marine Services	10.6	42.1	50.0
Telecommunications	1.0	2.0	(1.2)
Utilities	0.3	0.9	(0.4)
Insurance	0.1	(0.2)	-
Total Core Operating	**$26.6**	**$96.9**	**$94.3**
Early Stage and Other Holdings			
Life Sciences	(1.9)	(7.2)	(4.8)
Other	(7.4)	(18.3)	(0.8)
Total Early Stage and Other	**$(9.3)**	**$(25.5)**	**$(5.6)**
Non-Operating Corporate	**$(4.9)**	**$(19.5)**	**$(13.4)**
Total HC2	**$12.4**	**$51.9**	**$75.3**

1. On a pro-forma basis.

Manufacturing: Schuff International

Year End Update

- FY Adjusted EBITDA: $52.0m FY Revenue: $513.8m
- Backlog: $381m as of 12/31/15 (vs. $357m as of 12/31/14)
- Continued margin expansion
- New projects include the new Volvo facility outside Charleston, South Carolina, the Anaheim Convention Center, and the Loma Linda University Hospital in Los Angeles (over 16,000 tons of steel)

Strategic Initiatives

- Continue to increase and diversify sales pipeline, particularly in the Commercial, Healthcare and Industrial sectors
- Continue to actively select the right jobs, not all jobs

Notable Ongoing Projects:

Wilshire Grand Hotel

Apple World Headquarters

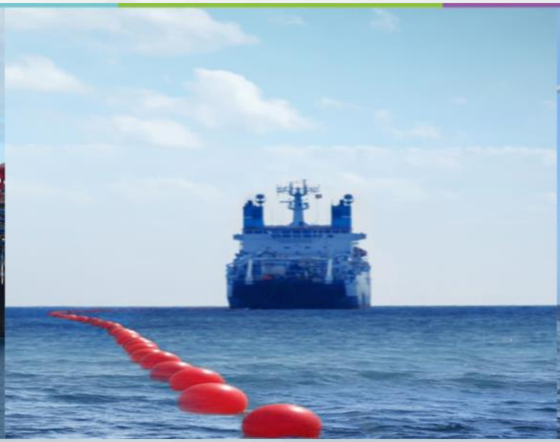
Marine Services: GMSL

Year End Update

- FY Adjusted EBITDA: $42.1m FY Revenue: $134.9m
- Re-entered offshore power market after non-compete expired in November, 2015. Awarded Wikinger Wind Farm contract
- Acquired CWind Limited, a leading offshore renewables specialist
- NAZ maintenance contract extended to 2024
- Valuable performance by JVs, particularly Huawei Marine (secured contract to build CBCS, connecting Africa to Latin America)
- Significant growth in backlog to $255 million as of December 31, 2015, up ~29%, or more than $50 million, from 2014

Strategic Initiatives

- Emerging opportunities in telecom
- Maintenance contract renewals
- M&A and Asset Expansion
- Cross-selling with CWind



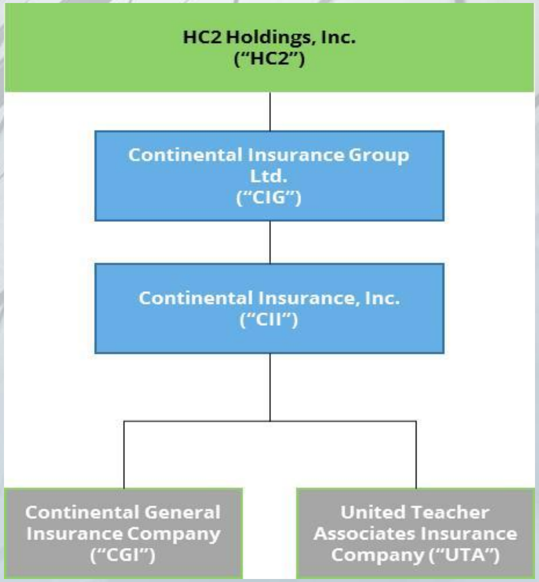
Insurance: Continental Insurance Group

Year End Update

- The acquisition of United Teacher Associates Insurance Company ("UTA") and Continental General Insurance Company ("CGI") was completed in December 2015
- UTA and CGI are held by Continental Insurance, Inc. ("CII"), which serves as a platform for run-off LTC books of business
- We believe that CII is uniquely can positioned to serve as a solution to address some of the key challenges presented to multi-line insurers face
- CII Strategy:

    1) A concentrated focus on LTC and acquisitions of additional books of run-off LTC business

    2) Enhancing efficiency and effectiveness through scale



Consideration Summary

- Purchase price
    - ~$15m comprised of
        - ~$7m cash
        - $2m debt
        - ~$6m equity
    - 2 million HC2 warrants
- Capital contribution
    - ~$33m comprised of admitted assets

Telecommunications: PTGi-ICS

Year End Update

PTGi International Carrier Services

- Q4 was the strongest quarter for PTGi with$193m in sales and annual sales ending up just over $460m
- Adjusted EBITDA continues positive trend as the overall restructuring plan was completed in early 2015
    - Adjusted EBITDA for fiscal 2015 of $2m vs. fiscal 2014 Adjusted EBITDA loss of $1.2m
- Wholesale telecom market is seasonal in nature and dependent on the large telecom operators worldwide
- One of the key objectives: leverage the cost structure within ICS
    - Over 800+ wholesale interconnections globally provides HC2 a great opportunity to leverage the existing cost effective infrastructure by bolting on higher margin products and M&A opportunities

Utilities: ANG

Year End Update

- Commissioned fueling facility at Tops Friendly Markets in Lancaster, NY. Tops fleet of 55 tractors now fully operational and currently exceeding contracted take or pay quantity of fuel on an annualized basis
- Completed construction on Design and Build project in Buffalo, NY for which ANG will operate and maintain the facility for its owner, We-Care Transportation
- Broke ground on new facilities in Rochester, NY, Saratoga Springs, NY and Georgetown, KY.
    - All three facilities will be fully publicly accessible CNG fueling stations capable of handling Class 8 vehicles
    - All three facilities are scheduled to be commissioned in 2Q16
- In December, Congress again retroactively extended the VETC federal alternative fuel credit for 2015, but this time extended it out a year to December 31, 2016
    - ANG expected to receive its FY2015 VETC refund in 2Q16

Early-Stage and Other Holdings

Life Sciences

- **BeneVir Biopharm, Inc.:** Patent protected oncolytic viruses; Pre-clinical
- **R2 Dermatology:** Novel skin lightening technology; Patient pilot study underway
- **Genovel Orthopedics:** Late stage development of patent protected Mini Knee Replacement and Anatomic Total Knee Replacement. Recently signed second license agreement
- **MediBeacon:** Noninvasive real-time monitoring system for kidney function

Other

- **Novatel Wireless:**
  - Novatel signed definitive asset purchase agreement to sell its telematics hardware business to Micronet Enertec Technologies, Inc. for $24 million
  - Appointed Sue Swenson as CEO in October 2015
- **Nervve:** Provider of video and image search technology for information extraction and powerful analytics applications
- **Dusenberry Martin Racing:** Owns the exclusive licensing rights to the NASCAR brand for interactive gaming platforms
- **Gaming Nation:** Daily fantasy sports provider (TSXV: FAN)

Financial Summary

HC2 Fiscal 2015									
	Core Operating Subsidiaries						Early-Stage and Other		Non-Operating Corporate
	Manufacturing	Marine Services	Telecom	Insurance	Utilities	**TOTAL CORE**	Life Sciences	Other	Corporate
Revenues (millions)	513.8	134.9	460.4	2.9	6.8	$1,118.9	-	2.1	-
EBITDA (millions)	52.0	42.1	2.0	(0.2)	0.9	**$96.9**	(7.2)	(18.3)	(19.5)

Balance Sheet	
Market Cap[1]	$132.9m
+ Preferred Equity	$53.6m
+ Total Debt	$307m
- Corporate Cash[2]	$41.2m
Enterprise Value[3]	**$452.3**

1. Market capitalization based on common stock price per share of $3.77 on March 15, 2016
2. Cash, cash equivalents and short-term investments
3. Enterprise Value is calculated by adding market capitalization, total debt and total preferred equity amounts, less corporate cash.

HC2

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Questions and Answers

Philip Falcone: Chairman, President and CEO
Michael Sena: Chief Financial Officer
Keith Hladek: Chief Operating Officer

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Appendix

Reconciliations

Reconciliation of Adjusted EBITDA of HC2 to U.S. GAAP Net Income (Three Months Ended December 31, 2015)

	Three Months Ended December 31, 2015										
	Core Operating						Early Stage and Other			Non-operating Corporate	HC2 Holdings, Inc.
	Manufacturing	Marine Services	Insurance	Telecommunications	Utilities	Total	Life Sciences	Other	Total		
Net income (loss)	8,269	2,891	1,618	3,078	55	15,911	(545)	(24,044)	(24,589)	(2,762)	(11,440)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:											
Depreciation and amortization	526	4,279	2	123	429	5,358	12	1,292	1,305	-	6,663
Depreciation and amortization (included in cost of revenue)	1,924	-	-	-	-	1,924	-	-	-	-	1,924
Asset impairment expense	-	547	-	-	-	547	-	(0)	(0)	-	547
(Gain) loss on sale or disposal of assets	326	(21)	-	-	-	305	-	1	1	-	305
Lease termination costs	-	-	-	60	-	60	-	1	1	-	61
Interest expense	315	914	-	-	10	1,239	-	(0)	(0)	8,570	9,809
Other (income) expense, net	(279)	(1,090)	(56)	(2,299)	(10)	(3,733)	(0)	6,774	6,774	251	3,292
Foreign currency (gain) loss (included in cost of revenue)	-	608	-	309	-	916	-	(1)	(1)	-	915
Income tax (benefit) expense	3,384	222	(1,448)	(237)	(347)	1,575	(1,037)	8,616	7,579	(18,203)	(9,048)
Loss from discontinued operations	0	-	-	-	-	0	-	(23)	(23)	-	(23)
Noncontrolling interest	169	52	-	-	43	265	(468)	(1)	(469)	-	(205)
Share-based payment expense	-	-	0	-	26	26	71	(0)	71	3,602	3,700
Acquisition related costs	-	-	-	-	70	70	23	0	23	3,660	3,754
Other costs	-	2,181	-	12	-	2,193	-	-	-	-	2,193
Adjusted EBITDA	$ 14,634	$ 10,585	$ 116	$ 1,046	$ 274	$ 26,655	$ (1,944)	$ (7,383)	$ (9,327)	$ (4,882)	$ 12,446

1. Other includes Utilities, Life Sciences and income (loss) from equity investees not included in our Marine Services segment.

Reconciliation of Adjusted EBITDA of HC2 to U.S. GAAP Net Income (Fiscal Year 2015)

	Twelve Months Ended December 31, 2015										
	Core Operating						Early Stage and Other			Non-operating Corporate	HC2 Holdings, Inc.
	Manufacturing	Marine Services	Insurance	Telecommunications	Utilities	Total	Life Sciences	Other	Total		
Net income (loss)	24,451	20,855	1,327	2,779	(274)	49,139	(4,575)	(18,276)	(22,851)	(61,852)	(35,565)
Adjustments to reconcile net income (loss) to Adjusted EBITDA:									-		
Depreciation and amortization	2,016	17,256	2	417	1,635	21,325	20	1,934	1,954	-	23,280
Depreciation and amortization (included in cost of revenue)	7,659	-	-	-	-	7,659	-	-	-	-	7,659
Asset impairment expense	-	547	-	-	-	547	-	-	-	-	547
(Gain) loss on sale or disposal of assets	257	(138)	-	50	-	170	-	1	1	-	170
Lease termination costs	-	-	-	1,184	-	1,184	-	1	1	-	1,185
Interest expense	1,379	3,803	-	-	42	5,224	-	-	-	33,793	39,017
Other (income) expense, net	(443)	(1,340)	(56)	(2,304)	(42)	(4,185)	(1)	5,764	5,763	5,242	6,820
Foreign currency (gain) loss (included in cost of revenue)	-	(2,039)	-	-	-	(2,039)	-	-	-	-	(2,039)
Income tax (benefit) expense	15,572	400	(1,448)	(237)	(347)	13,941	(1,037)	(7,733)	(8,770)	(16,052)	(10,882)
Loss from discontinued operations	20	-	-	-	-	20	-	1	1	-	21
Noncontrolling interest	1,136	616	-	-	(267)	1,485	(1,681)	(1)	(1,682)	-	(197)
Share-based payment expense	-	-	-	-	49	49	71	-	71	10,982	11,102
Acquisition related costs	-	-	-	-	70	70	23	-	23	8,362	8,455
Other costs	-	2,181	-	121	-	2,302	-	-	-	-	2,302
Adjusted EBITDA	$ 52,047	$ 42,141	$ (175)	$ 2,010	$ 866	$ 96,889	$ (7,180)	$ (18,309)	$ (25,489)	$ (19,525)	$ 51,875

1. Other includes Utilities, Life Sciences and income (loss) from equity investees not included in our Marine Services segment.

Reconciliation of Adjusted EBITDA of HC2 to U.S. GAAP Net Income (Fiscal Year 2014)

	As Reported	Pro Forma										
	Twelve Months Ended December 31, 2014											
		Core Operating						Early Stage and Other				
	HC2 Holdings, Inc.	Manufacturing	Marine Services	Insurance	Telecommunications	Utilities	Total	Life Sciences	Other	Total	Non-operating Corporate	HC2 Holdings, Inc.
Net income (loss)	(14,391)	19,278	17,718	-	(1,068)	236	36,164	(3,759)	29,219	25,460	(51,410)	10,214
Adjustments to reconcile net income (loss) to Adjusted EBITDA:												
Depreciation and amortization	6,334	4,139	14,776	-	528	484	19,927	1	-	1	-	19,928
Depreciation and amortization (included in cost of revenue)	4,350	4,350	-	-	-	-	4,350	-	-	-	-	4,350
Asset impairment expense	291	-	-	-	291	-	291	-	-	-	-	291
(Gain) loss on sale or disposal of assets	(162)	(2)	104	-	(160)	-	(58)	-	-	-	-	(58)
Lease termination costs	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	12,347	1,627	4,708	-	1	20	6,356	-	-	-	10,700	17,056
Loss on early extinguishment of debt	11,969	-	-		-	-	-	-	-		11,969	11,969
Other (income) expense, net	(702)	(476)	(2,410)	-	(831)	(1,431)	(5,148)	-	1,610	1,610	217	(3,321)
Foreign currency (gain) loss (included in cost of revenue)	-	-	-	-	-	-	-	-	-	-	-	-
Income tax (benefit) expense	(22,869)	13,318	1,069	-	58	103	14,548	-	(31,828)	(31,828)	(963)	(18,243)
Loss from discontinued operations	146	35	3,007	-	-	-	3,042	-	157	157		3,199
Noncontrolling interest	2,559	3,569	3,059	-	-	229	6,857	(1,038)	1	(1,037)	-	5,820
Share-based payment expense	11,028	-	-	-	-	-	-	-	-	-	11,028	11,028
Acquisition related costs	13,044	-	7,966	-	-	-	7,966	-	-	-	5,078	13,044
Other costs	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	**23,944**	**$ 45,838**	**$ 49,997**	**$ -**	**$ (1,181)**	**$ (359)**	**$ 94,295**	**$ (4,796)**	**$ (841)**	**$ (5,637)**	**$ (13,381)**	**$ 75,277**

1. Other includes Utilities, Life Sciences and income (loss) from equity investees not included in our Marine Services segment.

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