exela TECHNOLOGIES

Third Quarter 2019 Results

November 12, 2019

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NASDAQ: XELA

http://investors.exelatech.com/

Disclaimer

Forward-Looking Statements

Certain statements included in this presentation are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as “may”, “should”, “would”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “seem”, “seek”, “continue”, “future”, “will”, “expect”, “outlook” or other similar words, phrases or expressions. These forward-looking statements include statements regarding our industry, future events, the estimated or anticipated future results and benefits of the business combination of Quinpario Acquisition Corp. 2, SourceHOV Holdings, Inc., (“SourceHOV”) and Novitex Holdings, Inc. (“Novitex”), which formed Exela Technologies, Inc. (“Exela”), and closed on July 12, 2017 (including the related transactions, the “Business Combination”), future opportunities for the combined company, and other statements that are not historical facts such as our estimated backlog. These statements are based on the current expectations of Exela management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties regarding Exela’s business, and actual results may differ materially. These risks and uncertainties include, but are not limited to, changes in the business environment in which Exela operates and general financial, economic, regulatory and political conditions affecting the industries in which Exela operates; changes in taxes, governmental laws, and regulations; competitive product and pricing activity; failure to realize the anticipated benefits of the Business Combination, or the Company’s backlog including as a result of a delay or difficulty in integrating the businesses of SourceHOV and Novitex or the inability to realize the expected amount and timing of cost savings and operating synergies of the Business Combination; and those factors discussed under the heading “Risk Factors” in Exela’s most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”). In addition, forward-looking statements provide Exela’s expectations, plans or forecasts of future events and views as of the date of this communication. Exela anticipates that subsequent events and developments will cause Exela’s assessments to change. These forward-looking statements should not be relied upon as representing Exela’s assessments as of any date subsequent to the date of this presentation.

Pro Forma Financial Information

This presentation includes unaudited pro forma financial information for the full-year 2017 as if the Business Combination had been consummated on January 1, 2017, based on certain estimates and assumptions that Exela management deems to be reasonable. This pro forma financial information may be revised as additional information becomes available. Therefore, it is possible that the actual adjustments will differ from the pro forma adjustments and it is possible that the difference may be material. The unaudited pro forma condensed combined financial statements are not necessarily indicative of what the actual results of operations would have been had the Business Combination taken place on the date indicated, nor are they indicative of the future consolidated results of operations of Exela.

Non-GAAP Financial Measures and Related Information

This presentation includes non-GAAP revenue, Constant Currency, EBITDA and Adjusted EBITDA, each of which is a financial measure that is not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Exela believes that the presentation of these non-GAAP financial measures will provide useful information to investors in assessing our financial performance, results of operations and liquidity and allows investors to better understand the trends in our business and to better understand and compare our results. Exela’s board of directors and management use Constant Currency, EBITDA and Adjusted EBITDA to assess Exela’s financial performance, because it allows them to compare Exela’s operating performance on a consistent basis across periods by removing the effects of Exela’s capital structure such as varying levels of debt and interest expense, as well as transaction costs resulting from the Business Combination and other such capital markets based activities. Adjusted EBITDA seeks to remove the effects of integration and related costs to achieve savings, any expected reduction in operating expenses due to the Business Combination, asset base (such as depreciation and amortization) and other similar non-routine items outside the control of our management team. Estimates of future financial results are inherently unreliable. Exela does not consider these non-GAAP measures in isolation or as an alternative to liquidity or financial measures determined in accordance with GAAP. A limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in Exela’s financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures and therefore the basis of presentation for these measures may not be comparable to similarly-titled measures used by other companies. These non-GAAP financial measures are not required to be uniformly applied, are not audited and should not be considered in isolation or as substitutes for results prepared in accordance with GAAP. Net loss is the GAAP measure most directly comparable to the non-GAAP financial measures presented here. For reconciliation of the comparable GAAP measures to these non-GAAP financial measures, see the Appendix to this presentation. Optimization and restructuring expenses and merger adjustments are primarily related to the implementation of strategic actions and initiatives related to the Business Combination. All of these costs are variable and dependent upon the nature of the actions being implemented and can vary significantly driven by business needs. Accordingly, due to that significant variability, we exclude these charges since we do not believe they truly reflect our past, current or future operating performance. The Company evaluates results of operations on both an as reported and a constant currency basis. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. The Company believes providing constant currency information provides valuable supplemental information regarding results of operations, consistent with how Exela evaluates performance. We calculate constant currency revenue and adjusted EBITDA by converting our current-period local currency financial results using the exchange rates from the corresponding prior-period and compare these adjusted amounts to our corresponding prior period reported results.

Combined Financial Information

This presentation includes unaudited historical financial information for 2016 and 2017 for Novitex and SourceHOV on a combined basis. This combined unaudited historical financial information does not include Quinpario Acquisition Corp. 2 as it was a special purpose acquisition company. Interest (impacting net loss), debt and addbacks to EBITDA are based on credit agreements in place before the Business Combination. No adjustment has been made to restate or reflect Exela's new capital structure. This combined unaudited historical financial information is not necessarily indicative of what the actual results of operations would have been had the Business Combination taken place on January 1, 2016, nor are they indicative of the future consolidated financial condition, results of operations or cash flows of Exela.

Rounding

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect absolute figures.

Exela is a business process automation (BPA) leader, leveraging a global footprint and proprietary technology to provide digital transformation solutions enhancing quality, productivity, and end-user experience. With decades of expertise operating mission-critical processes, Exela serves a growing roster of more than 4,000 customers throughout 50 countries, including over 60% of the Fortune® 100.

With foundational technologies spanning information management, workflow automation, and integrated communications, Exela's software and services include multi-industry department solution suites addressing finance and accounting, human capital management, and legal management, as well as industry-specific solutions for banking, healthcare, insurance, and public sectors. Through cloud-enabled platforms, built on a configurable stack of automation modules, and over 22,000 employees operating in 23 countries, Exela rapidly deploys integrated technology and operations as an end-to-end digital journey partner.

Embracing complexity.
Delivering simplicity.℠

Exela financial summary and highlights

Financial Summary and Highlights

- **Revenue $372.9M, a decline of 2.6% yoy; $375.9M on a constant currency[1] basis, decline of 1.9% yoy**
- **Revenue (non-GAAP)[2], net of pass through and LMCE[3], $309.3M, an increase of 2.4% yoy**
- **Revenue (non-GAAP)[2], net of pass through and LMCE[3], YTD 2019 of $959.5M, an increase of 3.2% yoy**

- **Adjusted EBITDA of $58.5M or 15.7% of revenue, a decline of 15.0% yoy; $58.7M on a constant currency[1] basis, as compared to $68.9M in Q3 2018**
- **Adjusted EBITDA margin[2] for YTD 2019 was 21%, a decrease of 138 bps based on Revenue (non-GAAP) of $959.5M as compared to YTD 2018.**

- **Total liquidity[4] of $50.4M, decrease by $47.0M sequentially**
- **Target to increase liquidity to $125-$150 million in near-term**
- **Repay debt with the target reduction of $150 to $200 million through sale of certain non-core assets**

(1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the three months and nine months ended September 30, 2018, to the revenues during the corresponding period in 2019. See reconciliation in the appendix section.
(2) See Non-GAAP revenue reconciliation in the appendix section.
(3) LMCE stands for Low Margin Contract Exit ("LMCE"). See reconciliation in the appendix section.
(4) Refer to slide 13.

Strategic Journey

	2017-2019	2020 and beyond
Fluctuating liquidity		**Increase liquidity to $125-$150M**
Re-balance debt		**$150M - $200M In debt reduction through sale of non-core assets**

Continue focus on expansion of core offerings

Exela business transformation Q3 2019

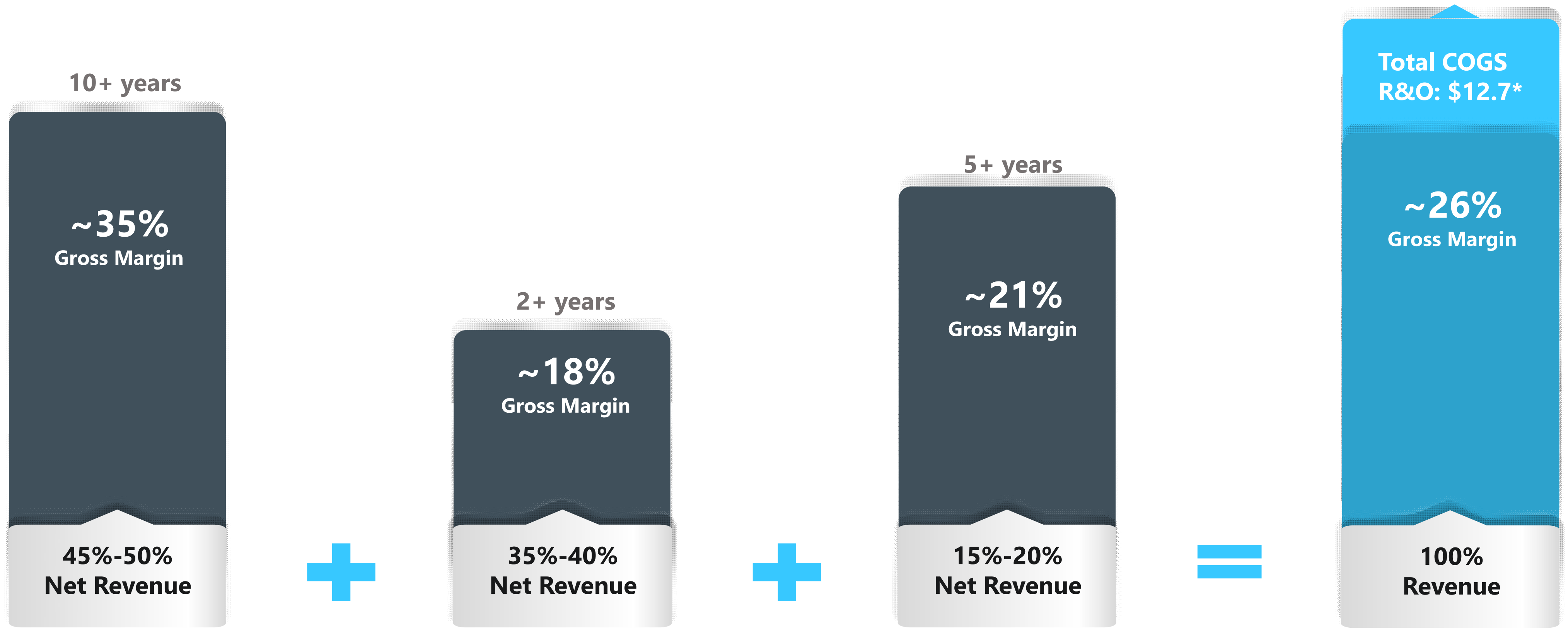
Optimization & restructuring (O&R) charges summary:

- O&R charges primarily related to headcount within COGS are $12.7 million
- SG&A related O&R charges are $4.2 million primarily due to headcount

Optimization & Restructuring	Q3 2019			
($ in millions)	**People**	**Facilities**	**Vendors**	**Total**
M&A	$0.8	$0.4	$0.0	$1.2
Process Transformation	13.4	0.6	1.7	15.7
Customer Transformation	0.0	0.0	0.0	0.0
			$0.0	
Total	**$14.2**	**$1.0**	**$1.7**	**$16.8**

Optimization & Restructuring	P&L Impact		
	COGS	**SG&A**	**Total**
M&A	$0.9	$0.3	$1.2
Process Transformation	11.8	3.9	15.7
Customer Transformation	0.0	0.0	0.0
Total	**$12.7**	**$4.2**	**$16.8**

Exela business transformation Q3 2019



** Revenue excludes postage and postage handling revenue with either zero or nominal margins and revenue from previously announced contract exit.*

Transformation update - people

Automation of business processes enables lower variable cost

Region	FY 2018	Q1' 19	% Mix	Q2' 19	% Mix	Q3' 19	% Mix	Q2' 19 - Q3' 19
North America	11,078	11,837	52%	11,816	50%	11,394	50%	-422
Asia	8,177	8,427	37%	8,864	38%	8,576	38%	-288
Europe	2,354	2,321	10%	2,397	10%	2,347	10%	-50
Africa	438	391	2%	424	2%	398	2%	-26
Total Headcount	22,047	22,976	100%	23,501	100%	22,715	100%	-786
Change	-503	929		525		-786		

- **3% or 786 FTEs net decrease sequentially. 442 FTE reduction was a result of cost savings initiatives equating to $13.4M annually, the rest was related to volume declines**
- **Net FTE decrease of 422 in North America during the quarter**
- **Net improvement of $1.7m over Q2**

Top 200 and all other customer trends

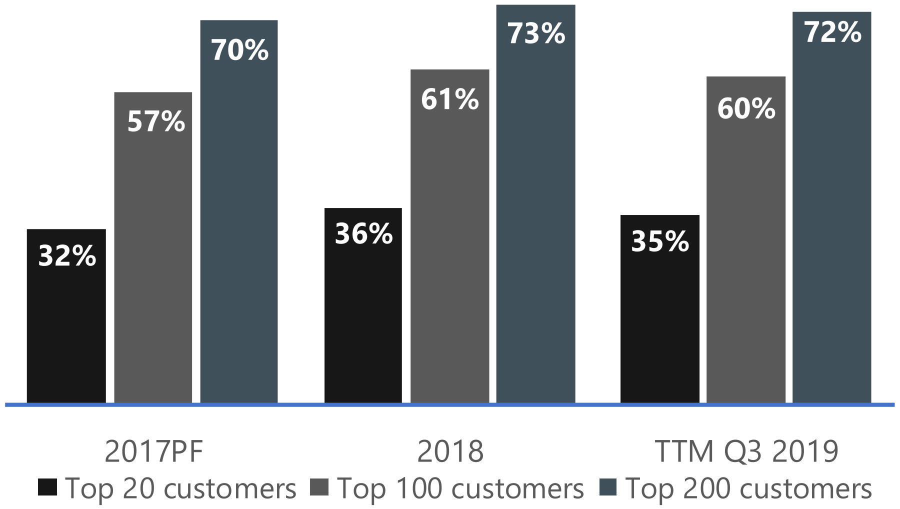
Slowing rate of attrition is partly due to pursuing growth beyond the top 200 customers

$ in millions)

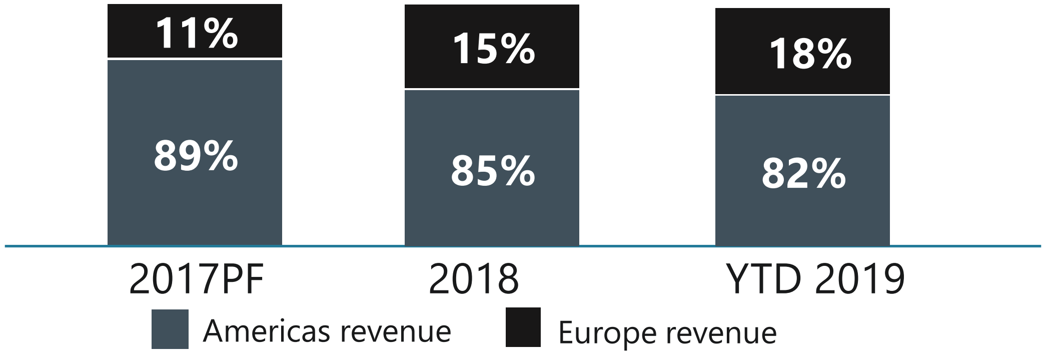
Customers	Reported Revenue			Organic Basis		Reported revenue	
	2017	**2018**	**%**	**2018**	**%**	**YTD Q3 2019**	**%**
Top 200	$1,017	$1,156	**73%**	$1,139	**75%**	$842	**72%**
All Others	439	431	**27%**	381	**25%**	325	**28%**
Total	$1,456	$1,586	**100%**	$1,520	**100%**	$1,167	**100%**

Customer scorecard for TTM Q3 2019, 2018 and 2017

Diversified revenue base

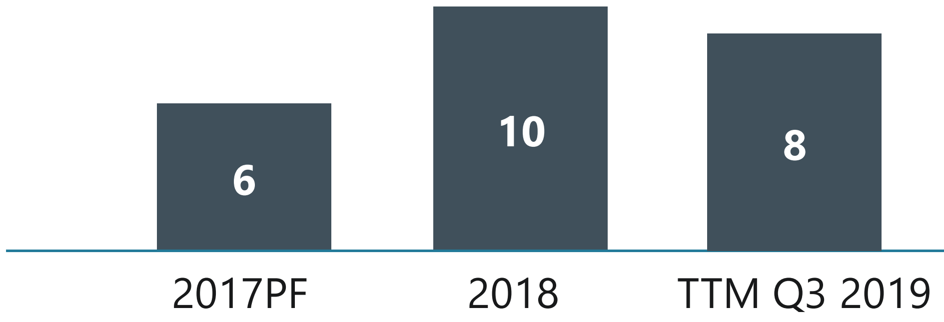


Revenue by geography



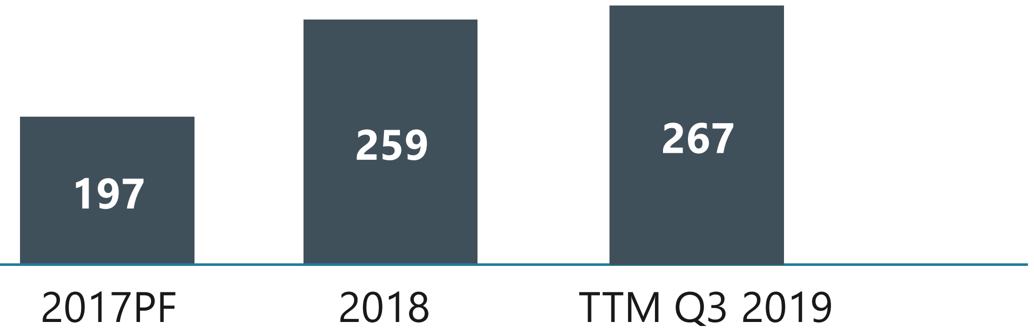
10 customers with over $25M each in annual revenue

8 customers with over $25M each in TTM Q3 2019 revenue



259 customers with over $1M each in annual revenue

267 customers with over $1M each in TTM Q3 2019 revenue



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Financial Performance

NASDAQ: XELA

Q3 2019 P&L and Adjusted EBITDA

$ in millions	Q3'18	Q3'19	Change ($) Vs. Q3'18	YTD Q3'18	YTD Q3'19	Change ($)
Information and Transaction Processing Solutions	307.3	292.0	(15.3)	949.3	925.8	(23.5)
Healthcare Solutions	56.8	62.1	5.3	171.7	186.8	15.1
Legal and Loss Prevention Services	18.9	18.8	(0.1)	65.4	54.2	(11.2)
Total Revenue	**383.0**	**372.9**	**(10.1)**	**1,186.5**	**1,166.8**	**(19.6)**
% change		*-3%*			*-2%*	
Cost of revenue	295.9	291.2	(4.7)	903.7	896.1	(7.6)
Gross profit	**87.1**	**81.7**	**(5.4)**	**282.8**	**270.7**	**(12.1)**
as a % of revenue	*23%*	*22%*		*24%*	*23%*	
SG&A	44.9	50.4	5.5	137.2	151.9	14.7
Depreciation and amortization	35.0	27.1	(7.9)	109.4	82.3	(27.1)
Impairment of goodwill and other intangible assets	-	99.7	99.7	-	99.7	99.7
Related party expense	0.8	1.4	0.6	3.3	3.5	0.2
Operating (loss) income	**6.4**	**(96.9)**	**(103.3)**	**32.9**	**(66.6)**	**(99.5)**
as a % of revenue	*2%*	*-26%*		*3%*	*-6%*	
Interest expense, net	38.3	39.7	1.4	114.9	117.8	2.9
Loss on extinguishment of debt	1.1	-	(1.1)	1.1	1.4	0.3
Sundry expense (income) & Other income, net	(3.4)	0.6	3.9	(9.8)	6.0	15.8
Net loss before income taxes	**(29.7)**	**(137.2)**	**(107.5)**	**(73.3)**	**(191.8)**	**(118.5)**
Income tax expense (benefit)	(0.7)	(3.8)	(3.0)	4.9	5.7	0.8
Net income (loss)	**(28.9)**	**(133.4)**	**(104.5)**	**(78.2)**	**(197.5)**	**(119.3)**
as a % of revenue	*-8%*	*-36%*		*-7%*	*-17%*	
Depreciation and amortization	35.0	27.1	(7.9)	109.4	82.3	(27.1)
Interest expense, net	38.3	39.7	1.4	114.9	117.8	2.9
Income tax expense (benefit)	(0.7)	(3.8)	(3.0)	4.9	5.7	0.8
EBITDA	**43.7**	**(70.3)**	**(114.0)**	**151.0**	**8.3**	**(142.7)**
as a % of revenue	*11%*	*-19%*		*13%*	*1%*	
EBITDA Adjustments						
1 Gain / loss on derivative instruments	(0.8)	0.6	1.4	(4.8)	5.0	9.8
2 Non-Cash and Other Charges	9.2	110.3	101.1	25.0	125.4	100.3
Sub-Total	**52.2**	**40.5**	**(11.6)**	**171.2**	**138.6**	**(32.6)**
3 Transaction and integration costs	0.2	1.2	0.9	2.1	4.2	2.1
4 Optimization and restructuring expenses	16.5	16.8	0.3	35.1	59.2	24.1
Process Transformation	15.0	15.7	0.6	33.7	55.2	21.5
Customer Transformation	-	0.0	0.0	-	0.1	0.1
M & A	1.5	1.2	(0.3)	1.5	3.9	2.5
Adjusted EBITDA	**68.9**	**58.5**	**(10.3)**	**208.4**	**202.1**	**(6.4)**

Revenue: Majority of revenue decline is due to low margin contract exit reported in Q3 2018

COGS: Gross margins decreased by 83 bps primarily due to revenue decline (and wage increases) offset by continued transformation and cost saving initiatives

SG&A: SG&A increased on yoy basis primarily driven by higher expense related to investments for growth, legal and professional fees offset by savings realization

D&A: Prior year charges included accelerated amortization of trade names no longer being used

Impairment: As a result of an interim impairment assessment, the Company recorded an impairment charge to goodwill and trade names of $99.7 million

Sundry: Includes foreign currency gain/loss on interest-rate swaps

Profitability: Adjusted EBITDA margins decreased by 229 bps on a yoy basis mainly driven by lower revenue, higher SG&A expense and foreign currency losses.

Capital structure

($ in millions)	**Q3 2019**
Total liquidity[1]	$50.4
Total cash	$15.2
$100 million revolver	$40.1
Net debt	$1,485.0

Share buyback plan[2] (authorization for up to 5,000,000 shares)	
Total shares purchased during Q3 2019	None
Total shares purchased to-date under program	2,787,147

(1) *At September 30, 2019, total cash and cash equivalents was $10.3 million (including restricted cash not subject to legal restriction). The Company has a revolving credit facility of $100 million, of which an aggregate amount of $40 million was available at September 30, 2019 after adjusting for $20.9 million reserved for letters of credit and $39 million of cash drawn.*

(2) *Share buyback plan has expired as of November 8, 2019.*

Business Outlook[1]

2019 Guidance	Prior FY 2019 Guidance[2]	Updated FY 2019 Guidance
Revenue	$1.59B to $1.60B	$1.55B to $1.56B
Revenue % growth yoy	0% to 1%	~-2%
Adjusted EBITDA	$290M to $300M	$255M to $265M
Adjusted EBITDA % growth yoy	2% to 6%	-10% to -7%
Capex as percent of revenue	~2.5%	~2.5%
Capital Allocation to be prioritized towards debt pre-payment	Affirmed	Affirmed
Reduction of net leverage ratio	~4.0x	~4.0x

Note: Guidance is based on constant-currency.

(1) Exela has not forecasted net income/(loss) on a forward-looking basis due to the high variability and difficulty in predicting certain items that affect GAAP net income/(loss). Adjusted EBITDA should not be used to predict net income/(loss) as the difference between the two measures is variable.

(2) Guidance as of August 8, 2019.

Appendix

NASDAQ: XELA

Reconciliation of non-GAAP measures – Revenue and Adj EBITDA

Non-GAAP constant currency revenue reconciliation

	Three months ended		Nine months ended	
($ in millions)	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
Revenues, as reported (GAAP)	**$372.9**	**$383.0**	**$1,166.8**	**$1,186.6**
Foreign currency exchange impact [1]	3.0		13.4	
Revenues, at constant currency (Non-GAAP)	**$375.9**	**$383.0**	**$1,180.2**	**$1,186.6**

(1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the three months and nine months ended September 30, 2018, to the revenues during the corresponding period in 2019.

Reconciliation of Adjusted EBITDA

	Three months ended		Nine months ended	
($ in millions)	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
Net loss (GAAP)	**($133.4)**	**($28.9)**	**($197.5)**	**($78.2)**
Interest expense	39.7	38.3	117.8	114.9
Taxes	(3.8)	(0.7)	5.7	4.9
Depreciation and amortization	27.1	35.0	82.3	109.4
EBITDA (Non-GAAP)	**($70.3)**	**$43.7**	**$8.3**	**$151.0**
Transaction and integration costs	1.2	0.2	4.2	2.1
Optimization and restructuring expenses	16.8	16.5	59.2	35.1
Gain / loss on derivative instruments	0.6	(0.8)	5.0	(4.8)
Other Charges	110.3	9.2	125.4	25.0
Adjusted EBITDA (Non-GAAP)	**$58.5**	**$68.9**	**$202.1**	**$208.4**
Foreign currency exchange impact [1]	0.1		1.1	-
Adjusted EBITDA, at constant currency (Non-GAAP)	**$58.7**	**$68.9**	**$203.1**	**$208.4**

(1) Constant currency excludes the impact of foreign currency fluctuations and is computed by applying the average exchange rates for the three months and nine months ended September 30, 2018, to the adjusted EBITDA during the corresponding period in 2019.

Reconciliation of non-GAAP measures – Revenue

Non-GAAP revenue reconciliation & Adjusted EBITDA margin on revenue net of pass through & LMCE

	Three months ended		Nine months ended	
($ in millions)	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
Revenues, as reported (GAAP)	**$372.9**	**$383.0**	**$1,166.8**	**$1,186.6**
(-) Postage & postage handling	63.6	76.9	205.3	232.9
Revenue - Net of pass through (Non-GAAP)	**$309.3**	**$306.2**	**$961.6**	**$953.6**
(-) LMCE	-	4.2	2.1	24.3
Revenue - Net of pass through & LMCE (Non-GAAP)	**$309.3**	**$302.0**	**$959.5**	**$929.3**
Revenue growth %	2.4%		3.2%	