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FOR IMMEDIATE RELEASE

Federal Signal Reports Record Orders and Backlog in Strong First Quarter

Oak Brook, Illinois, May 4, 2021 — Federal Signal Corporation (NYSE:FSS) (the “Company”), a leader in environmental and safety solutions, today reported results for the first quarter ended March 31, 2021.

First Quarter Highlights

- Record orders of \$384 million, up \$80 million, or 26%, from last year and up \$108 million, or 39%, compared to the fourth quarter of 2020
- Record backlog of \$410 million, up \$106 million, or 35%, from the end of last year
- GAAP EPS of \$0.36
- Adjusted EPS of \$0.38
- Completed acquisition of OSW Equipment and Repair, LLC (“OSW”), a leading manufacturer of dump truck bodies and custom outfitter of truck equipment and trailers

Consolidated net sales for the first quarter were \$279 million, compared to \$286 million in the same quarter a year ago. Net income for the first quarter was \$22.2 million, equal to \$0.36 per diluted share, compared to \$23.4 million, equal to \$0.38 per share, in the prior-year quarter.

The Company also reported adjusted net income for the first quarter of \$23.2 million, equal to \$0.38 per diluted share, compared to \$24.1 million, or \$0.39 per diluted share, in the first quarter of last year. The Company is reporting adjusted results to facilitate comparisons of underlying performance on a year-over-year basis. A reconciliation of these and other non-GAAP measures is provided at the conclusion of this news release.

Strong Operational Performance Despite Ongoing Disruption; Demand Continues to Improve with Record Quarterly Orders

“We delivered another strong quarter, with operating results exceeding our expectations despite ongoing pandemic-related disruption and the effects of unusually adverse weather which impacted production at our facilities in Texas, Mississippi and Alabama,” commented Jennifer L. Sherman, President and Chief Executive Officer. “As in the last two quarters, we again saw improved demand for our products, with our first quarter order intake setting a new record for the Company, surpassing the previous high by over \$50 million.”

In the Environmental Solutions Group, net sales for the first quarter were \$228 million, compared to \$233 million in the prior-year quarter. In the Safety and Security Systems Group, net sales were \$51 million, compared to \$53 million last year.

Consolidated operating income for the first quarter was \$27.8 million, compared to \$32.3 million in the prior-year quarter. Consolidated operating margin was 10.0%, compared to 11.3% in the prior-year quarter.

Consolidated adjusted earnings before interest, tax, depreciation and amortization (“adjusted EBITDA”) for the first quarter was \$41.2 million, compared to \$43.9 million in the prior-year quarter, and consolidated adjusted EBITDA margin was 14.8%, compared to 15.3% last year.

Adjusted EBITDA in the Environmental Solutions Group was \$39.3 million, compared to \$40.0 million in the prior-year quarter, and its adjusted EBITDA margin was 17.2%, consistent with the prior year. In the Safety and Security Systems Group, adjusted EBITDA was \$8.2 million, compared to \$8.2 million in the prior-year quarter, and its adjusted EBITDA margin was 16.2%, compared to 15.4% last year.

Consolidated orders for the first quarter were \$384 million, the highest quarterly orders on record, representing an increase of \$80 million, or 26%, compared to the prior-year quarter. Consolidated backlog at March 31, 2021 was \$410 million, a new record for the Company, and up \$106 million, or 35%, from the end of last year.

Financial Position Remains Strong, Providing Flexibility to Invest in Organic Growth, Fund M&A and Return Cash to Stockholders

Net cash of \$26.0 million was provided by operating activities during the first quarter, an improvement of \$20.8 million, compared to the prior-year period.

During the first quarter, the Company completed the acquisition of OSW for initial cash consideration of \$53.5 million.

At March 31, 2021, consolidated debt was \$223 million, total cash and cash equivalents were \$55 million and the Company had \$270 million of availability for borrowings under its revolving credit facility.

“Our financial position continues to be very strong,” said Sherman. “It provides us with flexibility to pursue strategic acquisitions, like OSW, invest in organic growth initiatives, and return cash to stockholders through dividends and opportunistic share repurchases.”

The Company also funded dividends of \$5.5 million during the first quarter, reflecting an increased dividend of \$0.09 per share, and the Board of Directors recently declared a similar dividend that will be payable in the second quarter.

Outlook

“Orders thus far this year have exceeded our expectations, fueled by a combination of new product launches, ongoing execution against strategic initiatives and strong recovery in end markets,” noted Sherman. “With certain chassis manufacturers temporarily impacted by the global semiconductor shortage, we are currently encountering some short-term production challenges at our largest facility. Our teams are working diligently to navigate through the disruption, as they have in the past when faced with similar situations. After factoring in the impact expected over the next couple of months, at this time we are maintaining our adjusted EPS* outlook for the year of \$1.73 to \$1.85. With our recently-completed capacity expansions at several facilities, we are well positioned once the current chassis uncertainty eases. Demand for our products is at an all-time high, with the recent federal stimulus and the possibility of infrastructure investment offering potential for further momentum, which we have not factored into our current outlook.”

CONFERENCE CALL

Federal Signal will host its first quarter conference call on Tuesday, May 4, 2021 at 10:00 a.m. Eastern Time. The call will last approximately one hour. The call may be accessed over the internet through Federal Signal’s website at www.federalsignal.com or by dialing phone number 1-877-705-6003 and entering the pin number 13719079. A replay will be available on Federal Signal’s website shortly after the call.

About Federal Signal

Federal Signal Corporation (NYSE: FSS) builds and delivers equipment of unmatched quality that moves material, cleans infrastructure, and protects the communities where we work and live. Founded in 1901, Federal Signal is a leading global designer, manufacturer and supplier of products and total solutions that serve municipal, governmental, industrial and commercial customers. Headquartered in Oak Brook, Ill., with manufacturing facilities worldwide, the Company operates two groups: Environmental Solutions and Safety and Security Systems. For more information on Federal Signal, visit: www.federalsignal.com.

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995

This release contains unaudited financial information and various forward-looking statements as of the date hereof and we undertake no obligation to update these forward-looking statements regardless of new developments or otherwise. Statements in this release that are not historical are forward-looking statements. Such statements are subject to various risks and uncertainties that could cause actual results to vary materially from those stated. Such risks and uncertainties include but are not limited to: direct and indirect impacts of the coronavirus pandemic and the associated government response, economic conditions in various regions, product and price competition, supply chain disruptions, work stoppages, availability and pricing of raw materials, risks associated with acquisitions such as integration of operations and achieving anticipated revenue and cost benefits, foreign currency exchange rate changes, interest rate changes, increased legal expenses and litigation results, legal and regulatory developments and other risks and uncertainties described in filings with the Securities and Exchange Commission.

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* Adjusted earnings per share (“EPS”) is a non-GAAP measure, which includes certain adjustments to reported GAAP net income and diluted EPS. When reporting adjusted EPS in 2021, we have made, and would expect to continue to make, certain adjustments to exclude the impact of acquisition and integration-related expenses, coronavirus-related expenses and purchase accounting effects, where applicable. In prior years, we have also made adjustments to GAAP net income and diluted EPS for pension-related charges, restructuring activity, hearing loss settlement charges and special tax items. Should any similar items occur in 2021, we would also expect to exclude them from the determination of adjusted EPS. However, because of the underlying uncertainty in quantifying amounts which may not yet be known, a reconciliation of our Adjusted EPS outlook to the most applicable GAAP measure is excluded based on the unreasonable efforts exception in Item 10(e)(1)(i)(B).

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in millions, except per share data)	Three Months Ended March 31,	
	2021	2020
Net sales	\$ 278.8	\$ 286.1
Cost of sales	210.0	211.3
Gross profit	68.8	74.8
Selling, engineering, general and administrative expenses	40.8	42.2
Acquisition and integration-related expenses	0.2	0.3
Operating income	27.8	32.3
Interest expense	1.1	1.5
Other (income) expense, net	(0.5)	0.2
Income before income taxes	27.2	30.6
Income tax expense	5.0	7.2
Net income	<u>\$ 22.2</u>	<u>\$ 23.4</u>
Earnings per share:		
Basic	\$ 0.37	\$ 0.39
Diluted	\$ 0.36	\$ 0.38
Weighted average common shares outstanding:		
Basic	60.6	60.5
Diluted	61.7	61.7
Cash dividends declared per common share	\$ 0.09	\$ 0.08
Operating data:		
Operating margin	10.0 %	11.3 %
Adjusted EBITDA	\$ 41.2	\$ 43.9
Adjusted EBITDA margin	14.8 %	15.3 %
Total orders	\$ 384.1	\$ 303.9
Backlog	409.5	400.8
Depreciation and amortization	12.2	10.8

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except per share data)	March 31, 2021	December 31, 2020
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 54.8	\$ 81.7
Accounts receivable, net of allowances for doubtful accounts of \$2.7 and \$2.9, respectively	136.3	127.0
Inventories	204.6	185.0
Prepaid expenses and other current assets	9.2	11.8
Total current assets	404.9	405.5
Properties and equipment, net of accumulated depreciation of \$140.8 and \$136.2, respectively	112.5	106.9
Rental equipment, net of accumulated depreciation of \$44.0 and \$43.5, respectively	116.2	113.3
Operating lease right-of-use assets	33.8	21.9
Goodwill	406.7	394.2
Intangible assets, net of accumulated amortization of \$34.4 and \$31.9, respectively	178.7	153.5
Deferred tax assets	8.9	9.5
Deferred charges and other long-term assets	4.2	3.8
Long-term assets of discontinued operations	0.2	0.2
Total assets	\$ 1,266.1	\$ 1,208.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term borrowings and finance lease obligations	\$ 0.6	\$ 0.2
Accounts payable	71.2	51.6
Customer deposits	15.3	13.3
Accrued liabilities:		
Compensation and withholding taxes	23.6	30.3
Current operating lease liabilities	9.9	8.2
Other current liabilities	46.0	44.7
Current liabilities of discontinued operations	0.1	0.1
Total current liabilities	166.7	148.4
Long-term borrowings and finance lease obligations	222.0	209.8
Long-term operating lease liabilities	25.8	15.5
Long-term pension and other postretirement benefit liabilities	52.9	54.0
Deferred tax liabilities	54.4	53.7
Other long-term liabilities	23.9	24.5
Long-term liabilities of discontinued operations	0.8	0.8
Total liabilities	546.5	506.7
Stockholders' equity:		
Common stock, \$1 par value per share, 90.0 shares authorized, 68.4 and 67.8 shares issued, respectively	68.4	67.8
Capital in excess of par value	245.2	240.8
Retained earnings	621.7	605.0
Treasury stock, at cost, 7.4 and 7.3 shares, respectively	(124.3)	(119.8)
Accumulated other comprehensive loss	(91.4)	(91.7)
Total stockholders' equity	719.6	702.1
Total liabilities and stockholders' equity	\$ 1,266.1	\$ 1,208.8

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(in millions)	Three Months Ended March 31,	
	2021	2020
Operating activities:		
Net income	\$ 22.2	\$ 23.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12.2	10.8
Stock-based compensation expense	1.3	1.0
Deferred income taxes	0.5	2.8
Changes in operating assets and liabilities	(10.2)	(32.8)
Net cash provided by operating activities	26.0	5.2
Investing activities:		
Purchases of properties and equipment	(4.3)	(9.5)
Payments for acquisition-related activity, net of cash acquired	(52.2)	—
Proceeds from acquisition-related activity	—	0.8
Other, net	0.1	0.3
Net cash used for investing activities	(56.4)	(8.4)
Financing activities:		
Increase in revolving lines of credit, net	10.1	63.6
Purchases of treasury stock	—	(13.5)
Redemptions of common stock to satisfy withholding taxes related to stock-based compensation	(4.0)	(4.0)
Cash dividends paid to stockholders	(5.5)	(4.8)
Proceeds from stock-based compensation activity	3.3	—
Other, net	0.1	0.1
Net cash provided by financing activities	4.0	41.4
Effects of foreign exchange rate changes on cash and cash equivalents	(0.5)	(0.4)
(Decrease) increase in cash and cash equivalents	(26.9)	37.8
Cash and cash equivalents at beginning of year	81.7	31.6
Cash and cash equivalents at end of period	<u>\$ 54.8</u>	<u>\$ 69.4</u>

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES
GROUP RESULTS (Unaudited)

The following tables summarize group operating results as of and for the three months ended March 31, 2021 and 2020:

Environmental Solutions Group

(\$ in millions)	Three Months Ended March 31,		
	2021	2020	Change
Net sales	\$ 228.1	\$ 233.0	\$ (4.9)
Operating income	27.1	29.4	(2.3)
Adjusted EBITDA	39.3	40.0	(0.7)
Operating data:			
Operating margin	11.9 %	12.6 %	(0.7)%
Adjusted EBITDA margin	17.2 %	17.2 %	— %
Total orders	\$ 324.2	\$ 237.5	\$ 86.7
Backlog	379.3	358.4	20.9
Depreciation and amortization	11.3	10.0	1.3

Safety and Security Systems Group

(\$ in millions)	Three Months Ended March 31,		
	2021	2020	Change
Net sales	\$ 50.7	\$ 53.1	\$ (2.4)
Operating income	7.2	7.4	(0.2)
Adjusted EBITDA	8.2	8.2	—
Operating data:			
Operating margin	14.2 %	13.9 %	0.3 %
Adjusted EBITDA margin	16.2 %	15.4 %	0.8 %
Total orders	\$ 59.9	\$ 66.4	\$ (6.5)
Backlog	30.2	42.4	(12.2)
Depreciation and amortization	0.9	0.8	0.1

Corporate Expenses

Corporate operating expenses were \$6.5 million and \$4.5 million for the three months ended March 31, 2021 and 2020, respectively.

SEC REGULATION G NON-GAAP RECONCILIATION

The financial measures presented below are unaudited and are not in accordance with U.S. generally accepted accounting principles (“GAAP”). The non-GAAP financial information presented herein should be considered supplemental to, and not a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company has provided this supplemental information to investors, analysts, and other interested parties to enable them to perform additional analyses of operating results, to illustrate the results of operations giving effect to the non-GAAP adjustments shown in the reconciliations below, and to provide an additional measure of performance which management considers in operating the business.

Adjusted Net Income and Earnings Per Share (“EPS”):

The Company believes that modifying its 2021 and 2020 net income and diluted EPS provides additional measures which are representative of the Company’s underlying performance and improves the comparability of results across reporting periods. During the three months ended March 31, 2021 and 2020 adjustments were made to reported GAAP net income and diluted EPS to exclude the impact of acquisition and integration-related expenses, coronavirus-related expenses and purchase accounting effects, where applicable.

(in millions)	Three Months Ended March 31,	
	2021	2020
Net income, as reported	\$ 22.2	\$ 23.4
Add:		
Income tax expense	5.0	7.2
Income before income taxes	27.2	30.6
Add:		
Acquisition and integration-related expenses	0.2	0.3
Coronavirus-related expenses ^(a)	0.9	0.4
Purchase accounting effects ^(b)	0.1	0.2
Adjusted income before income taxes	28.4	31.5
Adjusted income tax expense ^(c)	(5.2)	(7.4)
Adjusted net income	<u>\$ 23.2</u>	<u>\$ 24.1</u>

(dollars per diluted share)	Three Months Ended March 31,	
	2021	2020
EPS, as reported	\$ 0.36	\$ 0.38
Add:		
Income tax expense	0.08	0.12
Income before income taxes	0.44	0.50
Add:		
Acquisition and integration-related expenses	0.00	0.00
Coronavirus-related expenses ^(a)	0.02	0.01
Purchase accounting effects ^(b)	0.00	0.00
Adjusted income before income taxes	0.46	0.51
Adjusted income tax expense ^(c)	(0.08)	(0.12)
Adjusted EPS	<u>\$ 0.38</u>	<u>\$ 0.39</u>

- (a) Coronavirus-related expenses in the three months ended March 31, 2021 and 2020 include direct expenses incurred as a result of the coronavirus pandemic, that are incremental to, and separable from, normal operations. These expenses primarily related to the Company's employee wellness initiatives, including incremental paid time off and reimbursement for certain coronavirus-related expenses.
- (b) Purchase accounting effects relate to adjustments to exclude the step-up in the valuation of acquired JJE equipment that was sold subsequent to the acquisition in the three months ended March 31, 2021 and 2020, as well as to exclude the depreciation of the step-up in the valuation of the rental fleet acquired.
- (c) Adjusted income tax expense for the three months ended March 31, 2021 and 2020 was recomputed after excluding the impact of acquisition and integration-related expenses, coronavirus-related expenses and purchase accounting effects, where applicable.

Adjusted EBITDA and Adjusted EBITDA Margin:

The Company uses adjusted EBITDA and the ratio of adjusted EBITDA to net sales (“adjusted EBITDA margin”), at both the consolidated and segment level, as additional measures which are representative of its underlying performance and to improve the comparability of results across reporting periods. We believe that investors use versions of these metrics in a similar manner. For these reasons, the Company believes that adjusted EBITDA and adjusted EBITDA margin, at both the consolidated and segment level, are meaningful metrics to investors in evaluating the Company’s underlying financial performance.

Consolidated adjusted EBITDA is a non-GAAP measure that represents the total of net income, interest expense, acquisition and integration-related expenses, coronavirus-related expenses, purchase accounting effects, other income/expense, income tax expense, and depreciation and amortization expense. Consolidated adjusted EBITDA margin is a non-GAAP measure that represents the total of net income, interest expense, acquisition and integration-related expenses, coronavirus-related expenses, purchase accounting effects, other income/expense, income tax expense, and depreciation and amortization expense divided by net sales for the applicable period(s).

Segment adjusted EBITDA is a non-GAAP measure that represents the total of segment operating income, acquisition and integration-related expenses, coronavirus-related expenses, purchase accounting effects and depreciation and amortization expense, as applicable. Segment adjusted EBITDA margin is a non-GAAP measure that represents the total of segment operating income, acquisition and integration-related expenses, coronavirus-related expenses, purchase accounting effects and depreciation and amortization expense, as applicable, divided by net sales for the applicable period(s). Segment operating income includes all revenues, costs and expenses directly related to the segment involved. In determining segment income, neither corporate nor interest expenses are included. Segment depreciation and amortization expense relates to those assets, both tangible and intangible, that are utilized by the respective segment.

Other companies may use different methods to calculate adjusted EBITDA and adjusted EBITDA margin.

Consolidated

The following table summarizes the Company’s consolidated adjusted EBITDA and adjusted EBITDA margin and reconciles net income to consolidated adjusted EBITDA for the three months ended March 31, 2021 and 2020:

(\$ in millions)	Three Months Ended March 31,	
	2021	2020
Net income	\$ 22.2	\$ 23.4
Add:		
Interest expense	1.1	1.5
Acquisition and integration-related expenses	0.2	0.3
Coronavirus-related expenses	0.9	0.4
Purchase accounting effects *	0.1	0.1
Other (income) expense, net	(0.5)	0.2
Income tax expense	5.0	7.2
Depreciation and amortization	12.2	10.8
Consolidated adjusted EBITDA	<u>\$ 41.2</u>	<u>\$ 43.9</u>
Net sales	<u>\$ 278.8</u>	<u>\$ 286.1</u>
Consolidated adjusted EBITDA margin	<u>14.8 %</u>	<u>15.3 %</u>

* Excludes purchase accounting expenses reflected in depreciation and amortization of \$0.0 million and \$0.1 million for the three months ended March 31, 2021 and 2020, respectively.

Environmental Solutions Group

The following table summarizes the Environmental Solutions Group's adjusted EBITDA and adjusted EBITDA margin and reconciles operating income to adjusted EBITDA for the three months ended March 31, 2021 and 2020:

(\$ in millions)	Three Months Ended March 31,	
	2021	2020
Operating income	\$ 27.1	\$ 29.4
Add:		
Acquisition and integration-related expenses	—	0.1
Coronavirus-related expenses	0.8	0.4
Purchase accounting effects*	0.1	0.1
Depreciation and amortization	11.3	10.0
Adjusted EBITDA	<u>\$ 39.3</u>	<u>\$ 40.0</u>
Net sales	<u>\$ 228.1</u>	<u>\$ 233.0</u>
Adjusted EBITDA margin	<u>17.2 %</u>	<u>17.2 %</u>

* Excludes purchase accounting expenses reflected in depreciation and amortization of \$0.0 million and \$0.1 million for the three months ended March 31, 2021 and 2020, respectively.

Safety and Security Systems Group

The following table summarizes the Safety and Security Systems Group's adjusted EBITDA and adjusted EBITDA margin and reconciles operating income to adjusted EBITDA for the three months ended March 31, 2021 and 2020:

(\$ in millions)	Three Months Ended March 31,	
	2021	2020
Operating income	\$ 7.2	\$ 7.4
Add:		
Coronavirus-related expenses	0.1	0.0
Depreciation and amortization	0.9	0.8
Adjusted EBITDA	<u>\$ 8.2</u>	<u>\$ 8.2</u>
Net sales	<u>\$ 50.7</u>	<u>\$ 53.1</u>
Adjusted EBITDA margin	<u>16.2 %</u>	<u>15.4 %</u>