



Investor Presentation

February 2018

Griffon
CORPORATION 

Forward-Looking Statements



Cautionary Note Regarding Forward-Looking Statements

All statements other than statements of historical fact included in this presentation, including without limitation statements regarding the Company's financial position, business strategy and the plans and objectives of the Company's management for future operations, are forward-looking statements. When used in this presentation, words such as "anticipate", "believe", "estimate", "expect", "intend", and similar expressions, as they relate to the Company or its management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of the Company's management, as well as assumptions made by and information currently available to the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of various business, financial market and economic conditions, including, but not limited to, the credit market, the housing market, results of integrating acquired businesses into existing operations, the results of the Company's restructuring and disposal efforts, competitive factors and pricing pressures for resin and steel, capacity and supply constraints, reduced spending by the government on projects for which Telephonics supplies products (including as a result of defense budget cuts or other government actions), and seasonal weather patterns. Such statements reflect the views of the Company with respect to future events and are subject to risks, uncertainties and assumptions relating to the operations, results of operations, growth strategy and liquidity of the Company, as well as other risks and uncertainties as previously disclosed in the company's SEC filings. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company does not undertake to release publicly any revisions to these forward-looking statements to reflect future events or circumstances or to reflect the occurrence of unanticipated events.

Use of Non-GAAP Financial Measures

The Company provides financial measures and terms not calculated in accordance with accounting principles generally accepted in the United States (GAAP). Presentation of non-GAAP measures such as, but not limited to, "free cash flow" and "adjusted EBITDA" provide investors with an alternative method for assessing our operating results in a manner that enables them to more thoroughly evaluate our performance. The non-GAAP measures included in this presentation are provided to give investors access to the types of measures that we use in analyzing our results.

The Company's calculation of non-GAAP financial measures is not necessarily comparable to similarly titled measures reported by other companies. These non-GAAP measures may be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results.

A copy of this presentation, including the reconciliation of GAAP to non-GAAP measures included as Appendix A, is available on our website www.griffon.com.

Business Overview



   <p>Home & Building Products</p>	 <p>Defense Electronics</p>
--	--

Description	Leading North American manufacturer and marketer of residential and commercial garage doors	Leading U.S. manufacturer & global provider of long-handled tools and landscaping products for homeowners & professionals	Leading North American manufacturer and distributor of wood and wire home storage and organization products (closed on 10/2/17)	Leading global provider of highly sophisticated intelligence, surveillance and communication solutions for defense, aerospace and commercial customers
TTM December 2017 Revenue (% of Total)	\$1.2 billion (76%)		\$300 million (FYE 9/30/2018 projected)	\$390 million (24%)
TTM December 2017 Segment Adj. EBITDA (% of total)	\$134 million (76%)		\$25 million (FYE 9/30/2018 projected)	\$42 million (24%)



Investment Highlights

- Reshaped portfolio to enhance long-term shareholder value
 - Acquired 6 complementary companies since beginning of FY17 in Home & Building Products (5 AMES tuck-in).
- History of successfully integrating and expanding margins through efficiency programs
 - Identifying synergy opportunities through ClosetMaid, other tuck-in acquisitions in Home & Building Products.
- Strong free cash flow generation provides flexibility to invest in the business while maintaining a solid balance sheet
- Consistent and demonstrated history of execution on Total Shareholder Return (TSR) through a blend of capital allocation activities
 - Strategic deployment of M&A capital, return of cash to shareholders, robust share repurchase program, and deleveraging balance sheet.

SEGMENT STRENGTHS

HOME AND BUILDING PRODUCTS

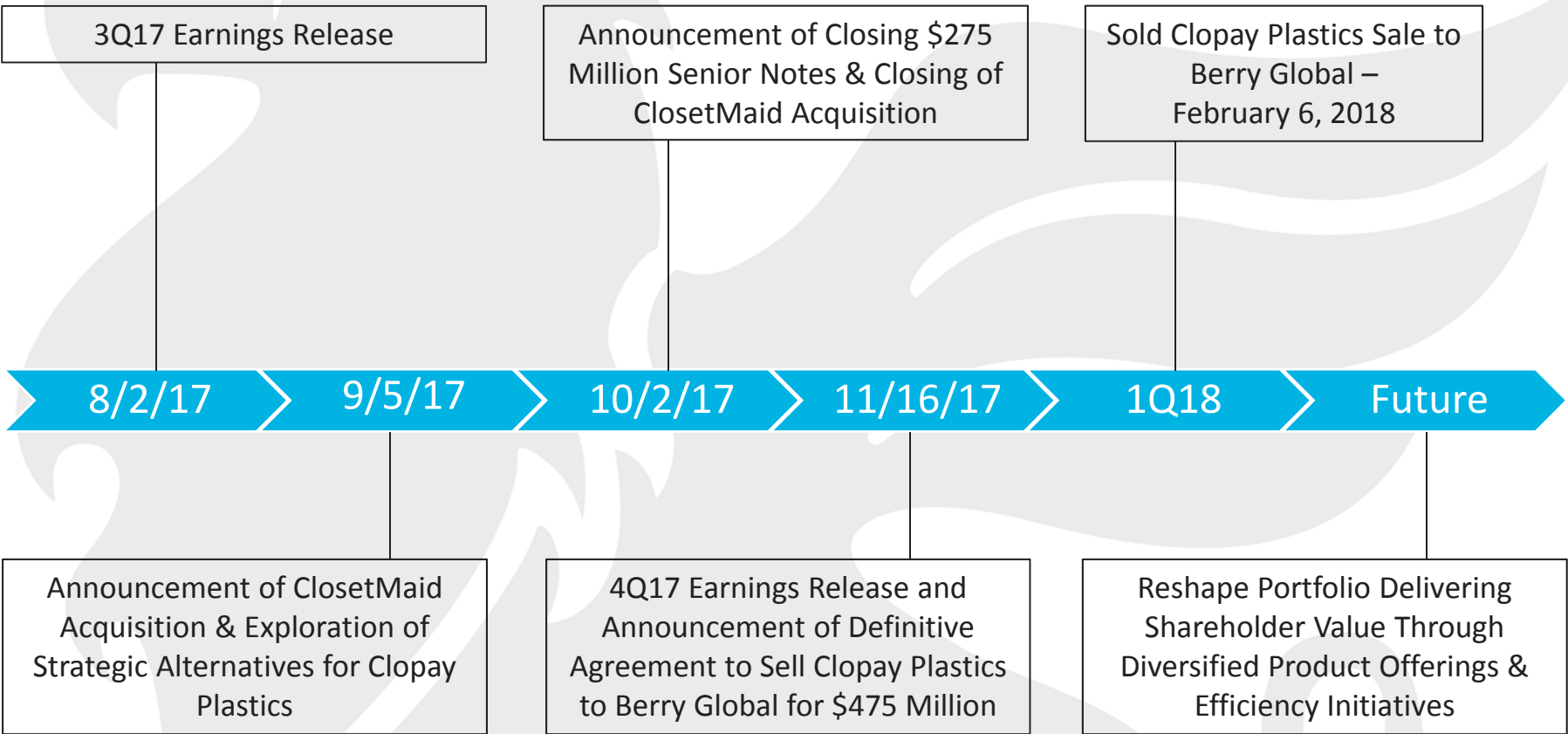
- Diversified and leading product offerings attached to growing markets. Expecting top line growth of GDP+
- Significant opportunity to improve margins and demonstrated ability to execute
- Underlying strength in U.S. housing market is slow but steady and is a primary growth driver

TELEPHONICS

- Highly sophisticated and leading intelligence, surveillance and communications solutions designed to meet U.S. and Foreign armed forces specifications
- Competitively priced products well positioned to benefit from increased defense spending upon congressional approval
- 10 year average backlog of \$415.4 million



Timeline of Recent Changes





Transforming Portfolio

Divestiture of Clopay Plastics segment

- Sold Clopay Plastics to Berry Global for \$475 million; closed February 6, 2018
- Global manufacturer and technology leader of specialty plastic films
- Increases Griffon shareholder value, strengthens Clopay Plastics and benefits Clopay Plastics customers
- 2017 Revenue \$461 million; Segment Adjusted EBITDA \$53 million; Capital Expenditures \$45 million

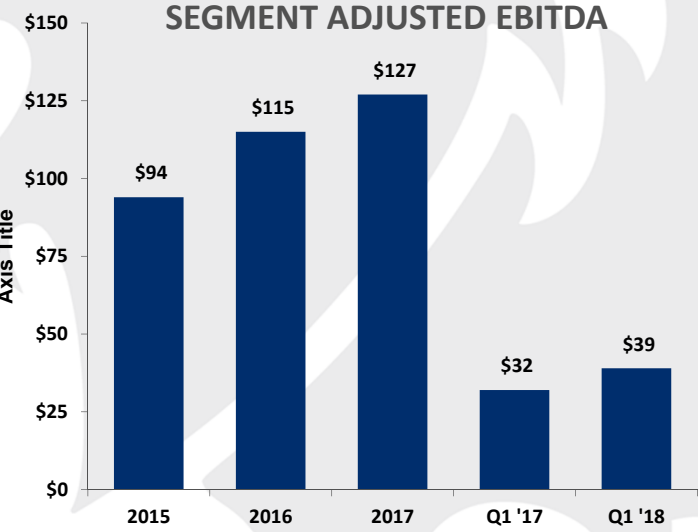
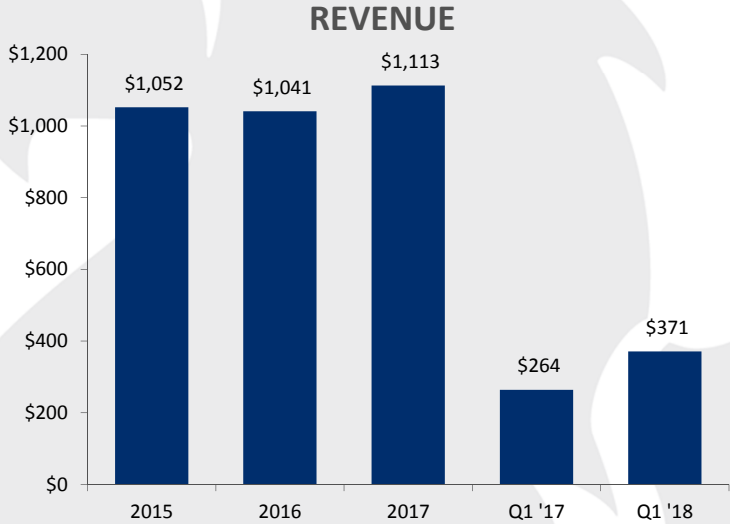
Acquired ClosetMaid

- North American leader in closet organization and home storage systems
- Complementary customer and product portfolio
- Attractively-priced strategic asset, excluding synergies
- Effective purchase price of \$165 million, net of estimated tax benefits
- Closed on October 2, 2017



Home and Building Products

Leading North American manufacturer and marketer of residential and commercial garage doors.
Leading U.S. manufacturer and global provider of long-handled tools and landscaping products
Leading North American manufacturer and distributor of storage and organizational solutions.



STRENGTHS



- Principal supplier throughout U.S. and Canada to The Home Depot and Menards.
- Network of 2,000 independent professional dealers; 51 distribution centers to support industry-leading fulfillment.



- Widely recognized and respected quality brands with strategic position in U.S., Canada, Australia and Europe
- Long-standing relationships with key home centers and retail partners including The Home Depot, Lowe's, Bunnings, Walmart, Ace Hardware, Canadian Tire and Costco.



- Acquired October 2, 2017 (see next slide)

OUTLOOK

- Continued strengthening in repair and remodel activity and improving single-family housing starts.
- Manufacturing efficiencies on a sustained, multi-year improvement trend.
- Innovative product portfolio driving favorable product mix and continued market share gains.
- International expansion in Australia and Europe driving top- and bottom-line growth for lawn and garden products.

Dollar values in millions.
All rights reserved © 2017 Griffon Corporation.

ClosetMaid® Overview



Key Facts and Figures | Sales FYE 9/30/2017

Founded in 1965
Acquired on October 2, 2018

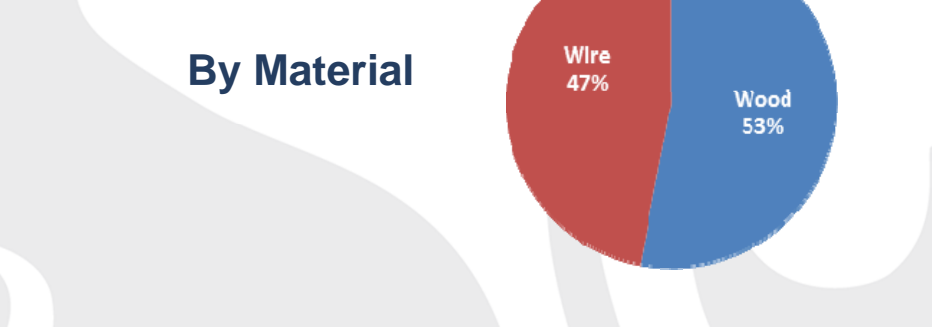
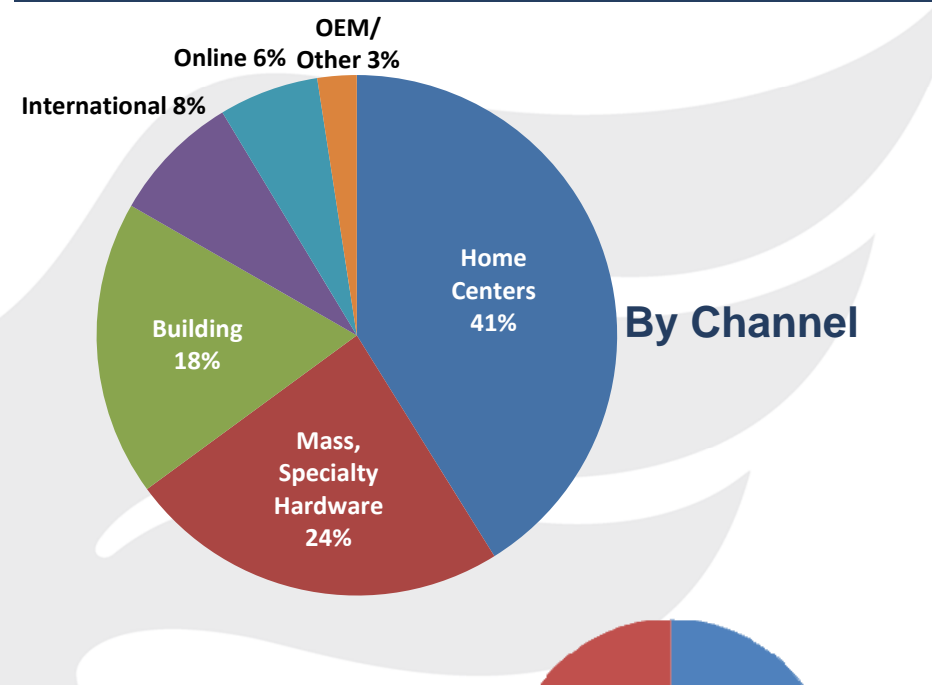
Presence in over
20,000 retail stores worldwide

Top customers and markets:
The Home Depot, Lowe's, Target, and Menards,
new home construction channel

92% of FYE 9/30/2017 sales in United States
Balance of sales primarily in Canada

Seven global manufacturing and U.S.
distribution facilities comprising ~1.5 million sq.ft.

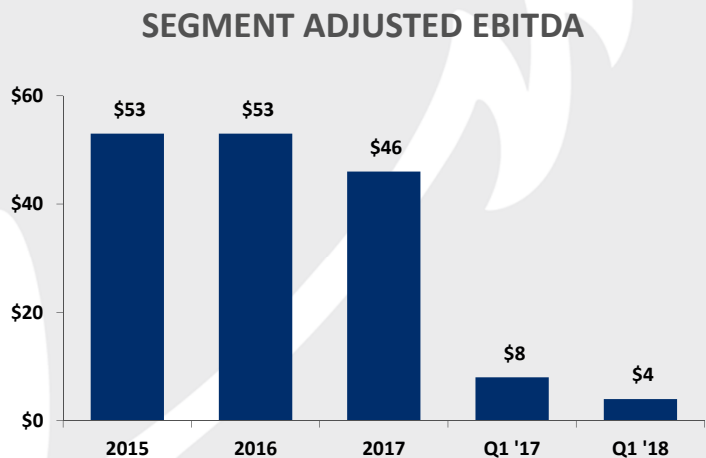
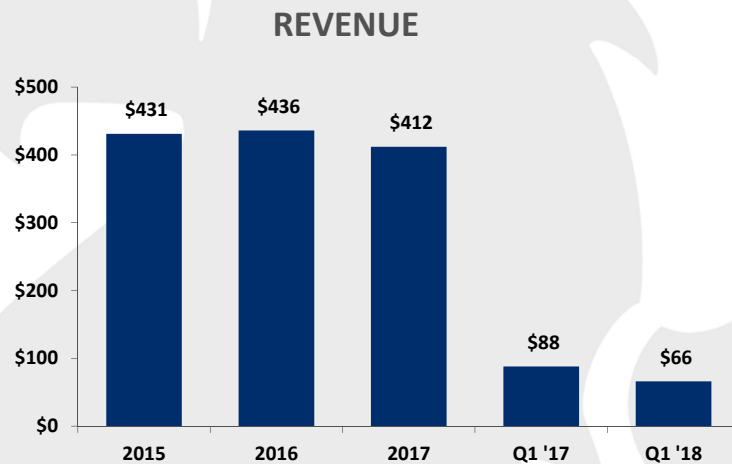
Headquartered in Ocala, Florida
Approximately 1,500 employees worldwide





Telephonics

Leading global provider of highly sophisticated intelligence, surveillance and communication solutions for defense, aerospace and commercial customers.



STRENGTHS

- Incumbent position on high-profile U.S. and international, military and paramilitary, air, ground and sea-based platforms with intelligence, surveillance and reconnaissance (ISR) products.
- Established credentials in international markets with significant installed base and logistics support.
- Excellent reputation with customers and end users driven by consistent product and program performance.
- Diverse set of customers, programs and industry-leading technologies.

OUTLOOK

- Positioned to benefit from the expected increase in defense spending in the next few years.
- Core U.S. maritime surveillance programs stable.
- Large and relevant addressable international markets for radar, communications and border security.
- R&D investment in Active Electronic Scan Array (AESA) radar and situational awareness capabilities.
- Solid pipeline of new business opportunities in manned and unmanned aircraft, as well as ground vehicles.

Balance Sheet and Free Cash Flow







- \$84 million of cash as of 12/31/2017
- Received \$475 million on February 6, 2018 from the sale of Clopay Plastics
- \$187 million available under \$350 million revolving credit facility as of 12/31/2017, subject to certain covenants
- Capital structure designed for additional strategic acquisitions
- Excess free cash available for deleveraging and/or dividends
- Expect increasing free cash flow over the next several years driven by improved margin performance, the conclusion of major capital investments and the completion of portfolio reshaping



Long-Term Investment Themes

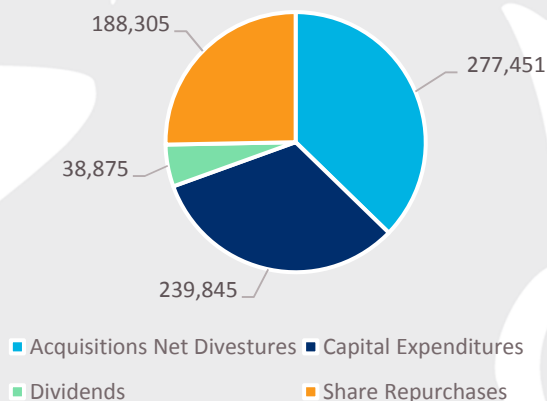
Focus on EPS growth through operational excellence.

	Revenue CAGR (%)	EBITDA Margin (%)	Drivers
Home & Building Products:   	5%+	12%+	<ul style="list-style-type: none">• Housing and economic recovery• Normalized seasonal weather• Operational performance
Defense Electronics: 	2-3%+	12%+	<ul style="list-style-type: none">• Global demand for ISR products driven by geopolitical landscape• Margins expected to remain strong
TOTAL	~5%	12%+	

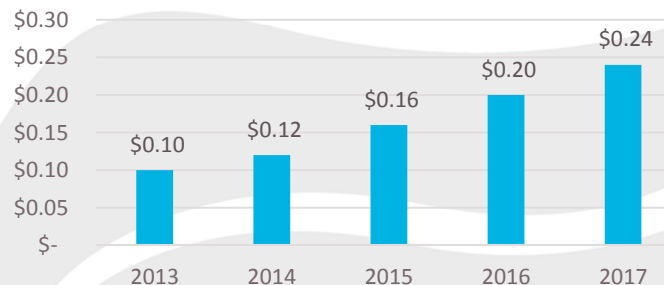


Capital Allocation Strategy

5 Year Capital Allocation Spread (In \$ millions)



5 Year Dividend Growth
CAGR of 19.1%



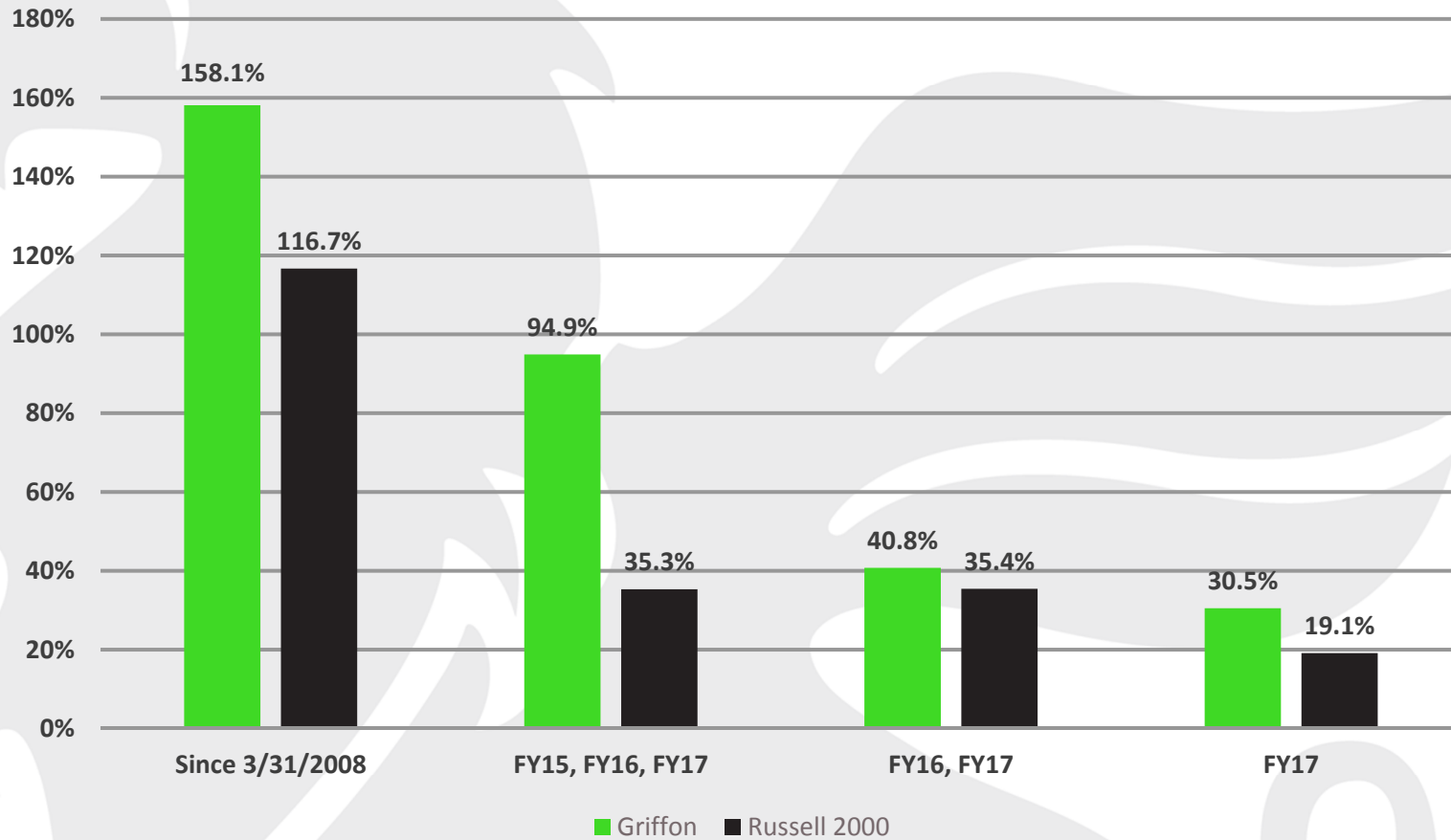
- \$84 million in cash as of 12/31/2017; additional \$475 million in cash on February 6, 2018 for Clopay Plastics transaction
- Priority use of cash
 - Diversifying product offerings through inorganic growth via disciplined M&A
 - On February 13, 2018, announced acquisition of Kelkay, a UK manufacture and distributor of landscaping products, for \$56 million
 - Return of cash to shareholders via dividend and share repurchase authorizations
 - \$49 million remains on August 2016 Board authorized repurchase
 - Since August 2011, repurchased 20.4 million shares at a price of \$12.81 per share
 - Deleveraging balance sheet
- Expecting FCF to increase throughout the coming years as Griffon capitalizes on synergy opportunities

Focus on Shareholder Value



- The portfolio reshaping is part of our continuing strategy to increase shareholder value
- The acquisition of ClosetMaid enhances our Home & Building Products segment
 - Diversifies global manufacturing, distribution, and sourcing capabilities
 - Strengthens the brand and product portfolio
- Proceeds from Plastics sale
 - Invest in opportunities that diversify Griffon's portfolio of companies
 - February 13, 2018 acquisition of Kelkay for \$56 million (UK landscaping products)
 - Deleverage balance sheet and/or
 - Return capital to shareholders
- Griffon will continue to be a diversified management and holding company, focused on expanding our core home and building products, and defense electronics segments, while continuing to assess further diversification opportunities

Griffon Stock Performance



GFF stock price change shown compared to Russell 2000 index value change over the same period.
Since 3/31/2008 is the period 3/31/2008 through 9/29/2017.
FY15, FY16, FY17 is the period 9/30/2014 through 9/29/2017.
FY16, FY17 is the period 9/30/2015 through 9/29/2017.
FY17 is the period 9/30/2016 through 9/29/2017.

All rights reserved © 2017 Griffon Corporation.



Griffon
CORPORATION



APPENDIX A

GAAP to Non-GAAP Reconciliation

GRIFFON CORPORATION AND SUBSIDIARIES
 RECONCILIATION OF NON-GAAP MEASURES
 SEGMENT ADJUSTED EBITDA - BY REPORTABLE SEGMENT
 (Unaudited)

<i>(in thousands)</i>	Year Ended September 30,			Three Months Ended December 31,	
	2015	2016	2017	2017	2016
Home & Building Products					
Segment operating profit	\$ 58,883	\$ 79,682	\$ 89,495	\$ 27,751	\$ 22,640
Depreciation and amortization	35,343	35,267	36,547	10,133	9,167
Acquisition costs	-	-	724	1,573	-
Segment adjusted EBITDA	94,226	114,949	126,766	39,457	31,807
Telephonics					
Segment operating profit	43,006	42,801	29,943	1,480	5,391
Depreciation and amortization	10,022	10,584	10,851	2,719	2,717
Contract settlement charges	-	-	5,137	-	-
Segment adjusted EBITDA	53,028	53,385	45,931	4,199	8,108
All segments:					
Income from operations - as reported	66,912	82,340	69,027	15,037	17,860
Unallocated amounts	35,308	40,393	42,398	10,436	10,311
Other, net	(331)	(250)	(880)	(468)	(140)
Corporate acquisition costs	-	-	8,893	1,612	-
Legacy executive life insurance benefit	-	-	-	2,614	-
Segment operating profit	101,889	122,483	119,438	29,231	28,031
Segment depreciation and amortization	45,365	45,851	47,398	12,852	11,884
Acquisition costs	-	-	724	1,573	-
Contract settlement costs	-	-	5,137	-	-
Segment adjusted EBITDA	\$ 147,254	\$ 168,334	\$ 172,697	\$ 43,656	\$ 39,915

Unallocated amounts typically include general corporate expenses not attributable to any reportable segment.

APPENDIX B

Reconciliation of Net Income to Adjusted Net Income

GRIFFON CORPORATION AND SUBSIDIARIES
RECONCILIATION OF INCOME FROM CONTINUING OPERATIONS TO ADJUSTED INCOME FROM CONTINUING OPERATIONS
(Unaudited)

	For the Years Ended September 30,			For the Three Months Ended December 31,	
	2015	2016	2017	2017	2016
Income from continuing operations	\$ 12,294	\$ 19,781	\$ 17,783	\$ 22,831	\$ 7,044
Adjusting items, net of tax:					
Acquisition costs	-	-	6,145	2,348	-
Contract settlement charges			3,300		
Cost of life insurance benefit	-	-	-	248	-
Discrete and certain other tax benefits	(219)	(857)	(8,274)	(23,018)	(4,421)
Adjusted income from continuing operations	<u>\$ 12,075</u>	<u>\$ 18,924</u>	<u>\$ 18,954</u>	<u>\$ 2,409</u>	<u>\$ 2,623</u>
Diluted income per common share from continuing operations	\$ 0.26	\$ 0.45	\$ 0.41	\$ 0.53	\$ 0.17
Adjusting items, net of tax:					
Acquisition costs	-	-	0.14	0.05	-
Cost of life insurance benefit	-	-	0.08	0.01	-
Discrete and certain other tax benefits	-	(0.02)	(0.19)	(0.53)	(0.10)
Adjusted earnings per common share from continuing operations	<u>\$ 0.26</u>	<u>\$ 0.43</u>	<u>\$ 0.44</u>	<u>\$ 0.06</u>	<u>\$ 0.06</u>