PIONEER
POWER SOLUTIONS



Pioneer Power Solutions, Inc.

Investor Presentation

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Forward-Looking Statements

- This presentation contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Such statements may be preceded by the words "intends," "may," "will," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "believes," "hopes," "potential" or similar words.

- Forward-looking statements are not guarantees of future performance, are based on certain assumptions and are subject to various known and unknown risks and uncertainties, many of which are beyond the company's control, and cannot be predicted or quantified and consequently, actual results may differ materially from those expressed or implied by such forward-looking statements.

- Such risks and uncertainties include, without limitation, risks and uncertainties associated with (i) the Company's ability to expand its business through strategic acquisitions, (ii) the fact that many of the Company's competitors are better established and have significantly greater resources, and may subsidize their competitive offerings, (iii) the Company's dependence on a few large customers for a material portion of its sales, (iv) the potential loss or departure of key personnel, (v) the fact that fluctuations between the U.S. dollar and the Canadian dollar will impact the Company's results, (vi) market acceptance of existing and new products, (vii) restrictive loan covenants or the Company's ability to repay or refinance debt under its credit facilities that could limit the Company's future financing options and liquidity position and may limit the Company's ability to grow its business, (viii) general economic and market conditions, (ix) unanticipated increases in raw material prices or disruptions in supply, (x) the fact that the Company's Chairman controls a majority of the Company's combined voting power, and may have, or may develop in the future, interests that may diverge from yours, (xi) reported material weaknesses in the Company's internal control over financial reporting, and (xii) the fact that future sales of large blocks of the Company's common stock may adversely impact the Company's stock price.

- More detailed information about the company and the risk factors that may affect the realization of forward-looking statements is set forth in the company's filings with the Securities and Exchange Commission. Investors and security holders are urged to read these filings free of charge on the SEC's web site at www.sec.gov. The company does not undertake to publicly update or revise its forward-looking statements as a result of new information, future events or otherwise.

Company Snapshot

A diversified manufacturer of highly customized electrical equipment

- **Focus on niche applications and service within large, growing market segments for power equipment**
  - Utility, Industrial, Commercial
- **Balanced mix of revenue streams**
  - Project-based, custom engineered equipment
  - Standard products, sold to distributors
  - Recurring annual service contracts
- **Financial**
  - $61.4M market cap (Nasdaq: PPSI) [(a)]
  - $101.4M in 2017 revenue (99% North America)
- **2018 Outlook**
  - Revenue growth from continuing operations in the high-single-digits
  - Adjusted EBITDA higher than 2017 Adjusted EBITDA of $8.9M

(a) Based on recent closing price of $7.05 and 8.7M shares outstanding

Large and Diverse End Markets

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High Growth	Cyclical Growth	GDP Growth
■ Wind, solar, biomass	■ Office buildings, shopping centers, airports, hospitals, government/municipal	■ Office, government and apartment buildings
■ Battery charging	■ Outdoor lighting	■ Outdoor lighting
■ Data centers	■ Agribusiness	■ Distribution
■ Drive systems	■ Automobile	■ Food processing
■ Medical equipment	■ Avionics	■ Elevators
■ Power quality / conditioning	■ Paper & pulp	■ HVAC
■ Prisons	■ Petrochemical	■ Spa, pool and tanning
■ Casinos	■ Printing	■ UPS systems
■ Nursing / assisted living	■ Semiconductors	■ Transmission & distribution
■ Telecom / cell towers	■ Shipbuilding/marine power	■ Network protection and reliability
	■ Steel/aluminum smelting	■ Schools
	■ High speed electrical rail	

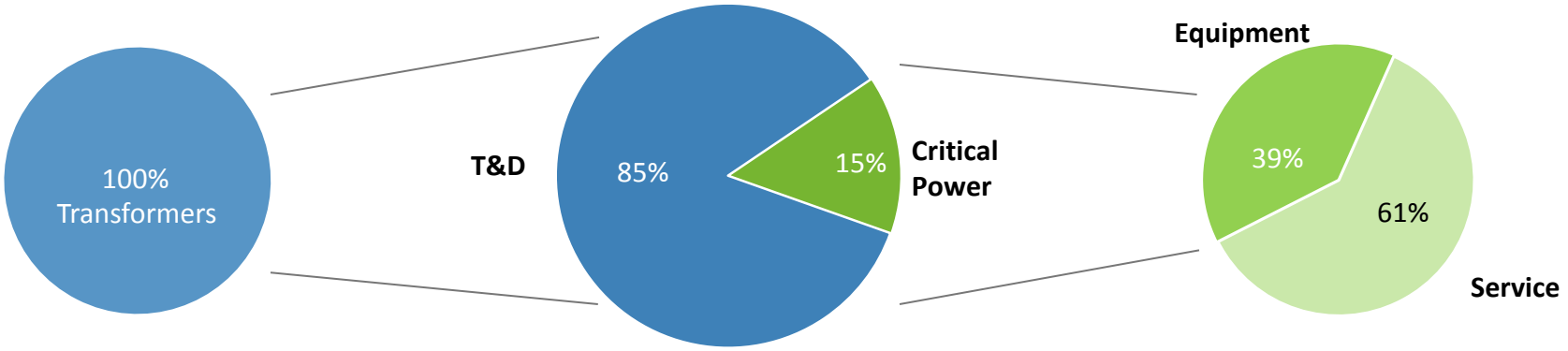







Our Business Segments

2017 Revenue from Continuing Operations: $101.4 million



Based on results as of December 31, 2017

Based on results as of December 31, 2017

Transmission & Distribution Solutions

- Equipment that distributes, controls and conditions the flow of electrical energy such as transformers, motors, data center equipment and other machinery

Substation Transformers



Power Dry Transformers



Utility Transformers



Distribution Transformers



OEM Solutions
(not pictured)

Critical Power Solutions

- Onsite power generation systems, control equipment and services that ensure uninterrupted power to operations in times of emergency and in primary power applications, including data centers

Engine-Generators



Field Service



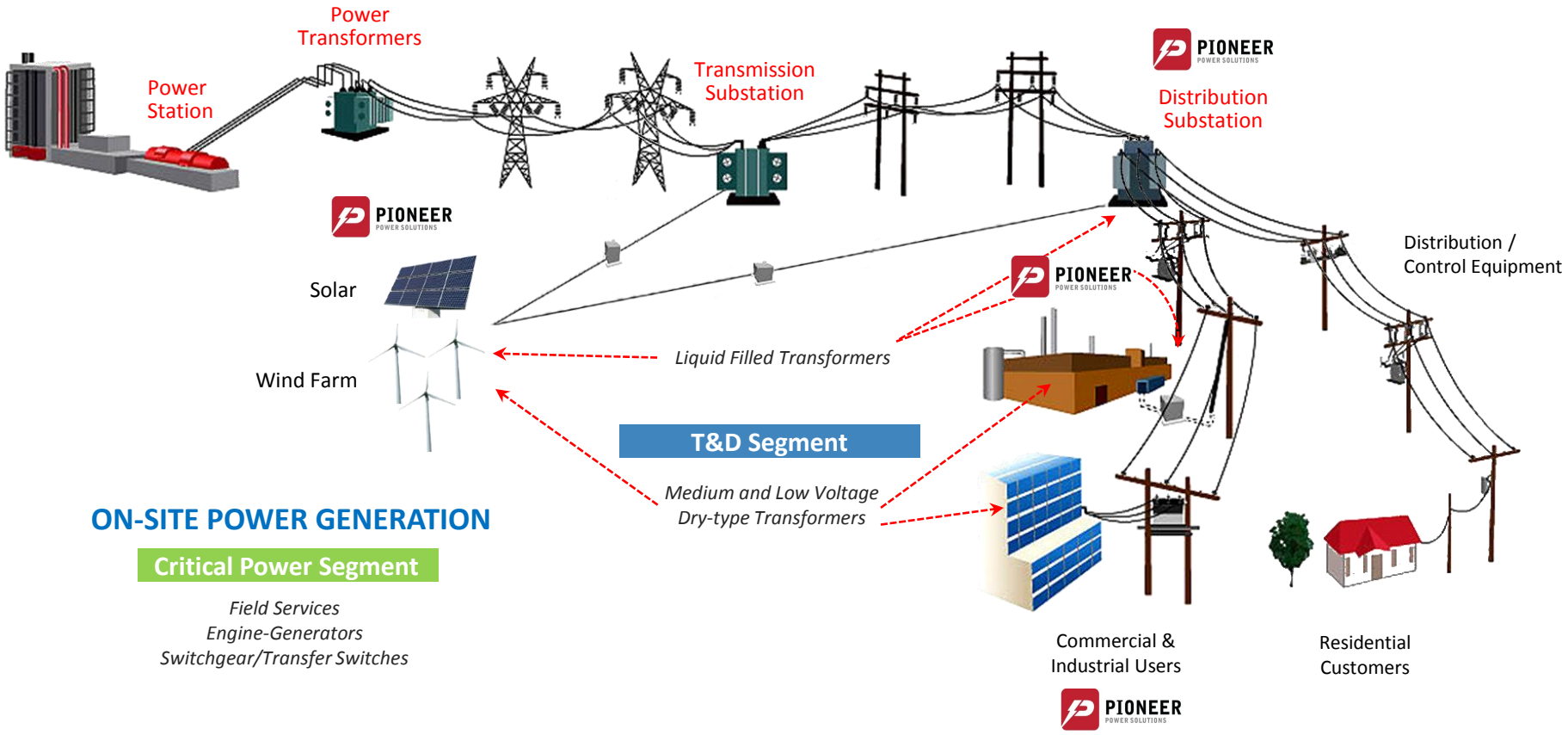
Products & Services Profile

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Enabling safe and efficient delivery of power via a diverse portfolio of offerings

Segment/Product Category	 Low Voltage Distribution Transformers	 Medium Voltage and OEM Transformers	 Liquid-Filled Transformers	 Generator Sales & Service
Gross Margin % *(relative to corporate GM)*	At	Below	Above	Above
Primary End Markets	Office, commercial & manufacturing facilities	Industrial, large commercial, data centers	Utilities, oil & gas, heavy manufacturing	Diverse: retail, telecom, health & elder care
Key Customer Types	Distributors, Contractors, Brand Label	EPCs, OEMs, End-users	End-users, EPCs	End-users, National/Regional Accounts
Value	Price, Availability	Engineering, Lead time	Engineering, Lead time	Price, Service
Customers / Year	> 1,000/year	Dozens/year	Dozens/year	100s/year
Demand Drivers	Commercial construction	Industrial expansion and commercial construction	Replacement/ expansion/retrofit	Need for reliable power

Pioneer's Position in the Electrical Grid



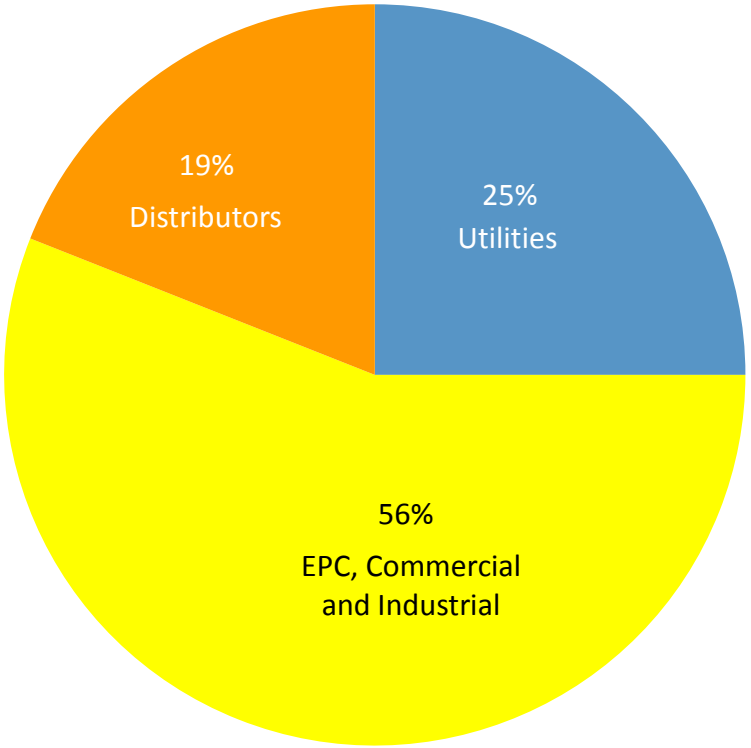
Pioneer's focus is on niche markets and customized applications within the electrical grid

Customers

Strong customer retention rate of ~85% for 2017

Revenue Distribution

2017 Revenue from Continuing Operations: $101.4M



Utilities

Hydro Québec · ATCO Group · Georgia Power (A Southern Company) · toronto hydro corporation · NextEra Energy · Austin Energy · ENMAX

Industrial

Suncor Energy · Vale · Valero · Enbridge · Pembina · Essar · Smurfit-Stone · Bombardier

Commercial and OEM

Siemens · Schneider Electric · Thomas&Betts (A Member of the ABB Group) · GE · Verizon Wireless · Target · Involta · Schindler · Fujitec · HD Supply

EPC Firms and Distributors

Hatch · Black & McDonald · WorleyParsons (resources & energy) · amec · Rexel · Gexpro · WESCO · SNC-Lavalin

Investment Highlights

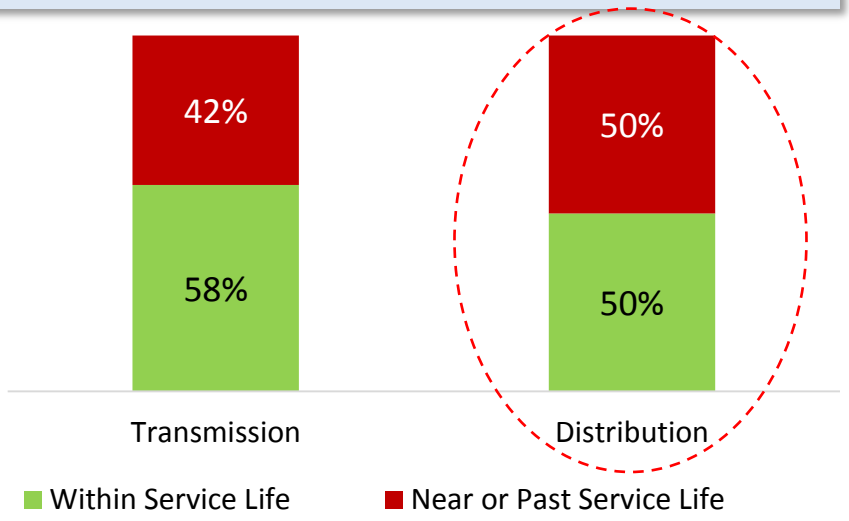
- Attractive portfolio of highly engineered niche products
- Serving multiple large addressable markets
- Leveraged to growing parts of the economy
  - Positive Secular Trends – grid infrastructure, data centers, alternative energy, electric vehicles, energy storage, high-speed rail
  - Positive Cyclical Trends – oil & gas, mining
- Long term relationships with dozens of blue chip customers – high customer retention rates and no customer concentration
- Margin upside through continued costs savings and operating leverage
- Selective M&A strategy in a highly fragmented market
- Management with proven track record of operational excellence and significant inside ownership

Industry Size and Structure

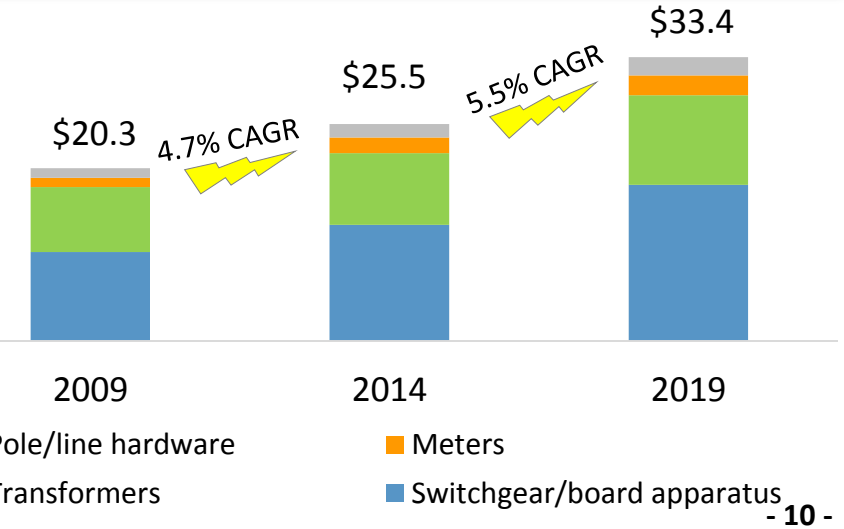
- **Large and Growing North American Market**
- **Aging Power Grid**
  - Built more than a half century ago
  - Nearly a majority of T&D infrastructure is near or past its useful service life
- **Demand for reliable power**
  - Rising number of TLR events demonstrates power grid's inadequate capacity and lack of redundancy
  - Growing number of mission critical facilities, data center investment expected up 14.5% in 2013 (c)
- **Growing Electricity Consumption**
  - U.S. electricity demand to grow 28% from 2011 to 2040 (d), increasing utility expansion and network maintenance needs
  - Significant new generation capacity additions needed to meet demand (with renewables to grow fastest), requiring new T&D infrastructure

Higher energy costs, stricter environmental regulations and efficiency standards leading to upgrades, retrofits and equipment replacement

Service Life of the U.S. Electrical Infrastructure (a)



Value of U.S. T&D Equipment Demand ($Bn) (b)



(a) Black & Veatch's 2009/2010 Third Annual Strategic Directions in the Electric Utility Industry Survey
(b) Freedonia Group study, February 2015
(c) 2012 DatacenterDynamics Industry Census
(d) U.S. Energy Information Administration, Annual Energy Outlook 2013

Growth Strategy

1

EXPAND PRODUCT / SERVICE OFFERINGS

- Continued migration towards more highly engineered power distribution solutions
- Maximize sales productivity across portfolio

2

DERIVATIVE PLAY

Serving as a business enabler and critical component provider for fast-growing energy storage market

3

OPERATING EFFICIENCIES

Continued integration of formerly disparate business units for additional cost savings – shared resources, capacity optimization

4

SELECTIVE ACQUISITIONS

Targeting:

~10%+ annual revenue growth

>10% EBITDA margins

Recent New Business Developments

- **Awarded New Contract for Network Transformers**
  - Selected in a competitive bid process by a regional, regulated electric and natural gas utility serving more than 300,000 natural gas and 400,000 electric customers in a larger, Southern city
  - Five-year contract
  - Adds incremental revenue of ~$2M in revenue through 2023
- **Selected by Leading Home Improvement Retailer**
  - Critical Power Division selected to provide remote monitoring solutions for the emergency power systems in an initial pilot program
  - Expected to lead to a significantly larger opportunity across the retailer's ~2,000 locations nationwide
- **Launched Line of Private Label Engine Generators**
  - All-new, comprehensive line of power generation equipment designed for a broad spectrum of market segments
  - To be marketed exclusively in eight states, and otherwise non-exclusively nationally
  - Significantly expands Pioneer's addressable market for engine generators
- **Awarded New Contract for Submersible Transformers**
  - Selected in a competitive bid process by a municipally-owned power and utility provider for a large N.A. city
  - Three-year contract
  - Up to $1M in annual revenue through mid-2020
- **Awarded New Contract for Liquid-Filled Network Transformers**
  - Selected by a large utility provider
  - 30-month contract
  - Up to $2M in annual revenue through 2019

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Financial Overview

Summary Financial Position

($ millions)

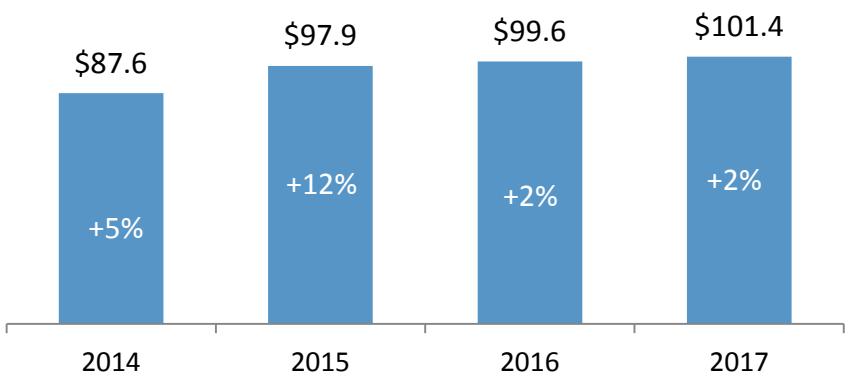
	12/31/2017	12/31/2016
Cash & cash equivalents	$0.2	$0.2
Current Assets	$47.1	$46.2
Long-term Assets	$22.6	$31.2
Total Assets	**$69.9**	**$77.4**
Current liabilities	$45.7	$43.7
Long-term debt, net of current maturities	$6.7	$4.0
Total liabilities	$52.4	$51.2
Total shareholders' equity	$17.5	$26.2
Total Liabilities & Shareholders' equity	**$69.9**	**$77.4**

Summary Operating Statement Data

($ millions)

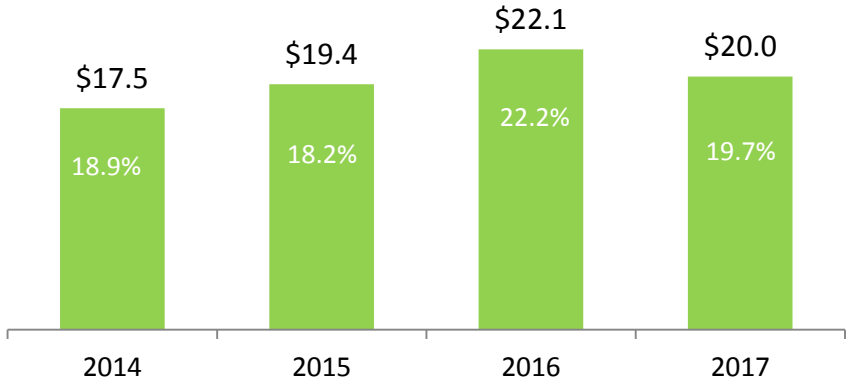
Revenue [a]

(% growth)



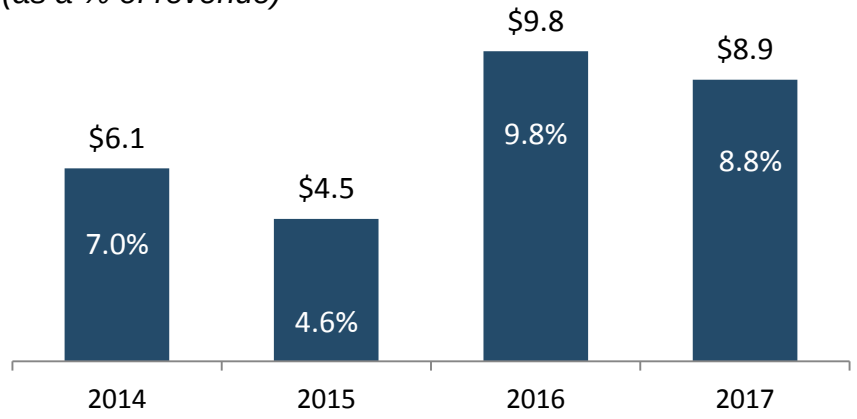
Gross Profit [a]

(as a % of revenue)



Adjusted EBITDA [a] [b]

(as a % of revenue)



(a) Excludes discontinued operations

(b) Non-GAAP measures, from continuing operations. See appendix for a reconciliation of GAAP to non-GAAP measures.

2018 Outlook and Growth Drivers

2018 Outlook

- Revenue growth from continuing operations in the high-single-digits
- Adjusted EBITDA higher than 2017 Adjusted EBITDA of $8.9M

Expected Revenue Growth Factors	Expected Profit Growth Factors
T&D Solutions Segment ■ Growth primarily driven from high-growth, end markets including… energy and data storage	**T&D Solutions Segment** ■ Increased offshoring and outsourcing ■ Further exploiting operating leverage
Critical Power Segment ■ Expanding service component to include more multi-location users, cell tower providers and retailers	**Critical Power Segment** ■ Higher level of high-margin service business

Expected revenue growth significantly outpacing industry growth rate

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Questions & Answers

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Supplemental Financial Schedules

Reconciliation of Non-GAAP Measures

(In thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Reconciliation to Adjusted EBITDA and EPS				
Net (loss) / earnings (GAAP measure)	(10,022)	(2,148)	(9,344)	(1,063)
Addbacks:				
Loss from discontinued operations, net of income taxes	5,553	1,971	6,647	2,517
Interest expense	635	586	2,301	1,739
Income tax expense	3,158	25	3,554	925
Depreciation and amortization	618	688	2,704	2,799
Restructuring and integration	59	2,110	215	2,204
Non-recurring expenses from strategic changes	-	215	873	215
Corp OH allocated to discontinued operations	383	46	1,270	932
Stock-based compensation	148	28	466	62
Other non-operating expenses	63	(928)	229	(552)
Adjusted EBITDA (Non-GAAP measure)	595	2,593	8,915	9,778
Tax effects - 21% rate	(167)	(726)	(1,872)	(2,053)
Non-GAAP net earnings	$ 428	$ 1,867	$ 7,043	$ 7,725
Non-GAAP net earnings per diluted share	$ 0.05	$ 0.21	$ 0.81	$ 0.89
Weighted average diluted shares outstanding	8,717	8,700	8,717	8,700

Tax Rate changed to 21% pursuant to US Tax Reform enacted in December 2017

Key Market & Ownership Statistics

Market Information	
Ticker Symbol (NASDAQ):	PPSI
Recent Closing Price (3/26/2018):	$7.05
Shares Outstanding (M):	8.7
Market Capitalization ($M):	$61.4
Freely Traded Float (M):	3.3

Stock Trading History



Valuation Measures	
Enterprise Value ($M):	$90.2
EV / Revenue:	0.9x
EV / Adjusted EBITDA:	10.1x
Price to Book Ratio (mrq) [(a)]	2.2x

Shareholder Breakdown	
All Insiders	61.8%
Shares Held by Institutions	21.7%
Float Held by Institutions	56.9%
Number of Institutions Holding Shares	21

(a) Source: ThomsonReuters