

Compass Diversified Holdings

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Exchange: NYSE
Ticker: CODI
Price (07/31/18): \$17.40
Market Cap: \$1,042.3M
52 Week High: \$18.35
52 Week Low: \$14.60

Common Shares Outstanding: 59,900
Preferred Shares A Outstanding: 4,000
Preferred Shares B Outstanding: 4,000
Fiscal year end: December 31

Investment Considerations

Niche Leading Subsidiaries:

Opportunity to own highly defensible middle market businesses with strong cash flows and a 'reason to exist.' These businesses are typically owned by founding families or private equity firms; CODI provides liquid ownership platform with high levels of transparency and governance.

Considerable Financial Strength:

Approximately \$508 million available under \$600 million revolving line of credit, \$37.5 million in cash and net working capital of \$406.2 million.

Strong Growth Prospects:

Opportunities for organic growth at each of our niche market leading subsidiaries are enhanced by the operating flexibility created by our financial strength. In addition, our financial capacity enables us to aggressively pursue attractive opportunities to grow our company through add-on or new platform subsidiary acquisitions.

Attractive Distribution:

\$0.36 per common share quarterly distribution declared on 07/05/18. Cumulative distributions of \$16.7952 paid since CODI's May 2006 IPO. CODI has never reduced the quarterly payout in its history as a public company.

\$0.453125 per preferred share A quarterly distribution declared on 07/05/18

\$0.74 per preferred share B, distribution declared 07/05/2018. This distribution covers the period from and including March 13, 2018, the original issue date of the series B preferred shares, up to, but excluding, July 30, 2018.

Proven Management:

Highly successful management team with a proven track record over the past twelve years of acquiring, managing and growing middle market businesses through various economic conditions.

About Compass Diversified Holdings

Compass Diversified Holdings ("CODI") offers our shareholders an opportunity to own profitable middle market businesses that hold highly defensible positions in their individual market niches.

We own controlling interests in our subsidiary businesses, which maximizes our ability to impact their performance. Our model for creating shareholder value involves discipline in identifying and valuing businesses and proactive engagement with the management teams of the companies we acquire. From time to time, we will monetize our interests in those subsidiaries if we believe that doing so will maximize value to our owners.

We deliver a high level of transparency in our financial reporting and governance processes. We believe our owners deserve and should demand nothing less.

CODI owns and manages ten diverse subsidiaries; we believe that these businesses will continue to produce stable and growing cash flows over the long term, enabling us both to invest in the long-term growth of the company and to make distributions of cash to our shareholders.

Diverse Portfolio of Leading Middle Market Companies



5.11 is a leading designer and marketer of purpose built tactical apparel and gear serving a wide range of customers through outdoor retailers, military exchanges, company-owned retail, online, and a global network of dealers and distributors.



Advanced Circuits is a market leading provider of prototype, quick-turn, and volume printed circuit boards, or PCBs, throughout North America.



Arnold Magnetic Technologies is a global manufacturer of engineered magnetic solutions for a wide range of specialty applications and end-markets.



Clean Earth is a leading provider of environmental services for a variety of contaminated materials including soils, dredged materials, hazardous waste and drill cuttings.



Crosman is designer, manufacturer and marketer of airguns, archery products, optics and related accessories.



ERGObaby is a premier designer, marketer and distributor of babywearing products and accessories.



Foam Fabricators is a leading designer and manufacturer of custom molded protective foam solutions and OEM components made from expanded polymers such as expanded polystyrene (EPS) and expanded polypropylene (EPP).



Liberty Safe is the premier designer, manufacturer and marketer of home and gun safes in North America, producing home and gun safe models in a broad assortment of sizes, features and styles.



Manitoba Harvest is a manufacturer and marketer of branded, hemp-based food products, which are carried in thousands of retail stores across the US and Canada.



Sterno Products is a manufacturer and marketer of portable food warming fuel and creative table lighting solutions for the foodservice industry.

Gains from monetizing interests in subsidiary businesses have totaled approximately \$770 million since CODI's IPO in 2006

Sold Tridien Medical for a TEV of \$25 million in September 2016.

Sold CamelBak Products, LLC for a TEV of approximately \$412.5 million in July 2015, which resulted in a gain to CODI of \$164.0 million.

Generated debt and equity proceeds totaling approximately \$525 million from the IPO and subsequent secondary offerings of CODI's Fox subsidiary in August 2013, July 2014, March 2016, August 2016, November 2016, and March 2017 respectively.

Sold Halo Holding Corporation for a TEV of approximately \$76.5 million in May 2012, which did not result in a significant gain or loss.

Sold Staffmark Holdings, Inc. for a TEV of approximately \$295 million in October 2011, which resulted in a gain to CODI of \$88.6 million.

Sold Silvue Technologies Group, Inc. for a TEV of approximately \$95 million in June 2008, which resulted in a gain to CODI of \$38.3 million.

Sold Aeroglide Corporation for a TEV of approximately \$95 million in June 2008, which resulted in a gain to CODI of \$34 million.

Sold Crosman Acquisition Corporation for a TEV of approximately \$143 million in January 2007, which resulted in a gain to CODI of \$36 million.

Management Team

C. Sean Day, *Chairman*
Elias J. Sabo, *Chief Executive Officer*
Ryan Faulkingham, *Chief Financial Officer*

Compass Group Management LLC manages the day-to-day operations and affairs of the company, oversees the management and operations of the businesses and performs certain other services.

Sell-side Analysts

Sun Trust - Douglas Mewhirter
CJS Securities - Larry Solow
Raymond James - Robert Dodd
William Blair - Robert Napoli
Jefferies - Kyle Joseph
BAML - Derek Hewitt
Janney - Mitchel Penn

Company News

07/18/2018 Announces Second Quarter Earnings
07/05/2018 Declares Second Quarter 2018 Distributions on Common and Series A and B Preferred Shares
05/29/2018 Subsidiary Clean Earth Acquires ESMI Companies and MKC Enterprises
04/18/2018 Announces \$1.1 Billion in New Debt Financing and Closing of Private Offering of \$400 Million of 8.00% Senior Unsecured Notes Due 2026
04/18/2018 Announces First Quarter Earnings
04/05/18 Declares First Quarter 2018 Distributions of \$0.36 Per Common Share and \$0.453125 Per Preferred Shares
03/06/2018 Announces Pricing of \$100 Million Series B Preferred Share Offering
02/28/2018 Reports Fourth Quarter and Full Year 2017 Financial Results

Investor Contact

For additional information, contact Leon Berman of The IGB Group at (212) 477-8438 or lberman@igbir.com.

Long-Term Growth Strategy

Acquisition Targets

We acquire niche-leading middle market businesses in various industries. These businesses are frequently ones that have 'outgrown' their entrepreneurial founder or are non-core subsidiaries of a larger parent corporation. Other qualities we look for include:

- Significant market share in a defensible industry niche
- Proven management team
- Low technological and/or product obsolescence risk
- Diverse customer and supplier base

Operating Improvements

We work with our subsidiary management teams to expand cash flows by:

- Pursuing organic and/or external growth opportunities
- Considering alternate product applications or sourcing
- Improving management information systems
- Enhancing financial reporting and monitoring
- Implementing appropriate incentive compensation programs

Key Factors for Success

- Disciplined approach to valuation and due diligence
- Proactive monitoring and management

Financial Results

The results of operations are for the three months ended June 30, 2018 and 2017 and for the years ended December 31, 2017 and 2016. Please note - Cash Flow Available For Distribution does not include gains from the sale of businesses.

(in thousands)	Six Months Ended 06/30/2018	Six Months Ended 06/30/2017	Year Ended 12/31/2017	Year Ended 12/31/2016
Revenue	\$790,450	\$597,657	\$1,269,729	\$978,309
Cash Flow Available For Distribution	\$44,313	\$40,417	\$92,243	\$76,375
Common Shares Outstanding	59,900	59,900	59,900	59,900
Preferred Series A Shares Outstanding	4,000	N/A	4,000	N/A
Preferred Series B Shares Outstanding	4,000	N/A	N/A	N/A

The information in this document may include forward-looking statements. All statements, other than statements of historical facts, which address activities, events or developments that the Company expects or anticipates will or may occur in the future, are forward-looking statements. These statements are subject to risks and uncertainties, which could cause actual results and developments to differ materially from these statements. A complete discussion of these risks and uncertainties is contained in the Company's reports and documents files from time to time with the Securities and Exchange Commission.