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As a result of the adoption of Topic 606, no cumulative catch up adjustment to retained earnings was recorded as of January 1, 2018.

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Significant Accounting Policy

Revenue is recognized when obligations under the terms of a contract with the Company's customer are satisfied; generally this occurs with the transfer of control of the Company's cranes, or parts, or completion of performance of services. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. The Company recognizes revenue for extended warranties beyond the base warranties over the life of the contract.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, and are collected by the Company from a customer, are excluded from revenue.

Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are categorized as a fulfillment cost and are included in cost of sales on the Condensed Consolidated Statement of Operations.

Performance Obligations

The following is a description of principle activities from which the Company generates revenue. Disaggregation of the Company's revenue sources are disclosed in Note 13, "Segments."

Crane Revenue

Crane revenue is primarily generated through the sale of new and used cranes. Contracts with customers are generally in the form of a purchase order. Based on the nature of the Company's contracts, the Company does not have any significant financing terms. Contracts may have variable consideration in the form of early pay discounts or rebates. Revenue is earned under these contracts when control of the product is transferred to the customer. Control transfers to the customer generally upon delivery to the carrier or acceptance through an independent inspection company that acts as an agent of the customer.

From time to time, the Company enters into agreements where the customer has the right to exercise an option for the repurchase of a crane by the Company at an agreed upon price. The Company evaluates each agreement at the inception of the order to determine if the customer has a significant economic incentive to exercise that right. If it is determined that the customer has a significant economic incentive to exercise that right, the agreement is accounted for as a lease in accordance with Topic 840. If it is determined that the customer does not have a significant economic incentive to exercise that right, then revenue is recognized when control of the asset is transferred to the customer.

Given the nature of the Company's products, from time to time, the customer may request that the product be held until a delivery location is identified. Under these "bill and hold" arrangements, revenue is recognized when all of the following criteria are met: 1) the reason for the bill-and-hold arrangement is substantive, 2) the product is separately identified as belonging to the customer, 3) the product is ready for transfer to the customer, and 4) the Company does not have the ability to use the product or direct it to another customer.

Aftermarket Part Sales

Aftermarket part sales are generated through the sale of new and used parts to end customers and distributors. Aftermarket parts revenue is recognized when control of the product is transferred to the customer. Control transfers to the customer generally upon delivery to the carrier. Customers generally have a right of return which the Company estimates using historical information. The amount of estimated returns is deducted from revenue.

Other Revenues

The Company's other revenues consist primarily of revenues from:

- Repair and field service work; and
- Training and technical publications.

As it relates to the Company's other revenues, the Company's performance obligations generally relate to performing specific agreed upon services. Revenue is earned upon the completion of those services.

Customer Advances

The Company records deferred revenue when cash payments are received or due in advance of performance, including amounts which are refundable. The table below shows the change in the customer advances balance for the six months ended June 30, 2018 ($ in millions).

	Customer Advances Balance as of January 1, 2018	Cash Received in Advance of Satisfying Performance Obligation	Revenue Recognized	Customer Advances Balance as of June 30, 2018
Total	$ 12.7	$ 56.8	$ 54.2	$ 15.3

Practical Expedients and Exemptions

The Company expenses sale commissions when incurred because the amortization period would be one year or less. These costs are recorded within engineering, selling and administrative expenses in the Condensed Consolidated Statement of Operations.

The Company does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which it recognizes revenue at the amount to which it has the right to invoice for services performed.

3. Inventories

The components of inventories as of June 30, 2018 and December 31, 2017 are summarized as follows:

($ in millions)	June 30, 2018	December 31, 2017
Raw materials	$ 152.1	$ 122.0
Work-in-process	135.2	98.8
Finished goods	234.4	227.7
Total inventories	521.7	448.5
Excess and obsolete inventory reserve	(52.1)	(47.9)

Inventories — net	$ 469.6	$ 400.6

4. Notes Receivable

Notes receivable balances as of June 30, 2018 and December 31, 2017, consisted primarily of amounts due to the Company's captive finance company in China and the remaining balance on the note from the 2014 sale of Manitowoc Dong Yue Heavy Machinery Co. Ltd. (“Manitowoc Dong Yue”). During 2017, the Company renegotiated the terms of the note with Manitowoc Dong Yue to provide extended payment terms. As a result of the renegotiation, the entire balance of the Manitowoc Dong Yue note is included in long-term notes receivable in the Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017. As of June 30, 2018, the Company had current and long-term notes receivable in the amount of $24.9 million and $24.1 million, respectively. As of December 31, 2017, the Company had current and long-term notes receivable in the amount of $31.1 million and $27.4 million, respectively. Long-term notes receivable are included within other long-term assets on the Condensed Consolidated Balance Sheet.

5. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the year ended December 31, 2017 and the six months ended June 30, 2018 are as follows:

($ in millions)	Cranes	Americas	EURAF	MEAP
Balance as of January 1, 2017	$299.6	$ —	$ —	$ —
Foreign currency impact	16.5	—	—	—
Reallocation of goodwill at October 31, 2017	(316.1)	166.5	81.5	68.1
Foreign currency impact	—	—	4.4	0.8
Balance as of December 31, 2017	—	166.5	85.9	68.9
Foreign currency impact	—	—	(2.2)	(1.3)
Balance as of June 30, 2018	$—	$ 166.5	$ 83.7	$ 67.6

The Company accounts for goodwill and other intangible assets under the guidance of ASC Topic 350, "Intangibles — Goodwill and Other."

The Company performs an annual impairment review during the fourth quarter of every year, or more frequently if events or changes in circumstances indicate that the asset might be impaired. There have been no impairment indicators since the fourth quarter of 2017; therefore, no impairment review has occurred. The Company performs the impairment review for goodwill and indefinite-lived intangible assets using a fair-value method based on the present value of future cash flows, which involves management's judgments and assumptions about the amounts of those cash flows and the discount rates used. The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill, or indefinite-lived intangible asset. The intangible asset is then subject to risk of write-down to the extent that the carrying amount exceeds the estimated fair value.

A considerable amount of management judgment and assumptions are required in performing the impairment test, principally in determining the fair value of the reporting unit. While the Company believes the judgments and assumptions are reasonable, different assumptions could change the estimated fair value and, therefore, impairment charges could be required. Weakening industry or economic trends, disruptions to the Company's business, unexpected significant changes or planned changes in the use of the assets or in entity structure may adversely impact the assumptions used in the valuations. The Company continually monitors market conditions and determines if any additional interim reviews of goodwill, other intangibles or long-lived assets are warranted. In the event the Company determines that assets are impaired in the future, the Company would recognize a non-cash impairment charge, which could have a material adverse effect on the Company's Condensed Consolidated Balance Sheets and Results of Operations.

Other intangible assets with definite lives continue to be amortized over their estimated useful lives. Definite lived intangible assets are also subject to impairment testing whenever events or circumstances indicate that the carrying value of the assets may not be recoverable.

The gross carrying amount, accumulated amortization and net book value of the Company's intangible assets other than goodwill at June 30, 2018 and December 31, 2017 are as follows:

($ in millions)	June 30, 2018 Gross Carrying Amount	Accumulated Amortization	Net Book Value	December 31, 2017 Gross Carrying Amount	Accumulated Amortization	Net Book Value
Trademarks and tradenames	$97.7	$ —	$97.7	$99.7	$ —	$99.7
Customer relationships	10.2	(8.4)	1.8	10.7	(8.7)	2.0
Patents	30.2	(29.2)	1.0	30.6	(29.7)	0.9
Engineering drawings	10.7	(10.6)	0.1	10.8	(10.7)	0.1
Distribution network	19.2	(0.1)	19.1	19.5	(0.1)	19.4
Other intangibles	0.1	(0.1)	—	0.1	(0.1)	—
Total	$168.1	$ (48.4)	$119.7	$171.4	$ (49.3)	$122.1

Amortization expense for the three months ended June 30, 2018 and 2017 was $0.1 million and $0.3 million, respectively. Amortization expense for the six months ended June 30, 2018 and 2017 was $0.2 million and $0.7 million, respectively.

The Company also reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analyses in accordance with ASC Topic 360-10-5, "Property, Plant and Equipment." ASC Topic 360-10-5 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and to evaluate the asset group against the sum of the undiscounted future cash flows. Property, plant and equipment are depreciated over the estimated useful lives of the assets using the straight-line depreciation method for financial reporting and on accelerated methods for income tax purposes.

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at June 30, 2018 and December 31, 2017 are summarized as follows:

($ in millions)	June 30, 2018	December 31, 2017
Trade accounts payable	$ 264.6	$ 204.9
Employee-related expenses	48.1	59.7
Accrued vacation	25.0	23.8
Miscellaneous accrued expenses	95.3	87.4
Total	$ 433.0	$ 375.8

7. Debt

Outstanding debt at June 30, 2018 and December 31, 2017 is summarized as follows:

($ in millions)	June 30, 2018	December 31, 2017
Revolving credit facility	$ —	$ —
Senior secured second lien notes due 2021	253.1	251.9
Other	22.0	26.1
Deferred financing costs	(2.7)	(3.1)
Total debt	272.4	274.9
Short-term borrowings and current portion of long-term debt	(7.0)	(8.2)
Long-term debt	$ 265.4	$ 266.7

The balance sheet values of the 12.750% Senior Secured Second Lien Notes due 2021 (the "2021 Notes") as of June 30, 2018 and December 31, 2017 are not equal to the face value of the 2021 Notes ($260.0 million) because of original issue discounts included in the applicable balance sheet values.

As of June 30, 2018, the Company had outstanding $22.0 million of other indebtedness that has a weighted-average interest rate of approximately 5.32%. This debt includes balances on local credit lines and capital lease obligations.

On March 3, 2016, the Company entered into a $225.0 million Asset Based Revolving Credit Facility (as amended, the "ABL Revolving Credit Facility") with Wells Fargo Bank, N.A. as administrative agent, and JP Morgan Chase Bank, N.A. and Goldman Sachs Bank USA as joint lead arrangers. The ABL Revolving Credit Facility capacity calculation is defined in the related credit agreement and is dependent on the fair value of inventory and fixed assets of the loan parties, which secure the borrowings. The ABL Revolving Credit Facility has a term of 5 years and includes a $75.0 million letter of credit sublimit, $10.0 million of which can be applied to the German borrower.

In April 2017, the ABL Revolving Credit Facility was amended to modify several definitions regarding eligible equipment and inventory as it relates to a key financing partner of the Company. The amendment has had, and is expected to continue to have, a minimal impact on the Company's daily operations and borrowing limits.

In December 2017, the Company notified the administrative agent of its intent to sell its corporate headquarters in Manitowoc, Wisconsin, and the ABL Revolving Credit Facility was amended to permit that transaction and related restructuring activities. The sale was finalized in the first quarter of 2018 and is reflected in the borrowing base of the ABL Revolving Credit Facility as of June 30, 2018.

The Company had no borrowings on the ABL Revolving Credit Facility as of June 30, 2018 and December 31, 2017. During the quarter ended June 30, 2018, the highest daily borrowing was $47.0 million and the average borrowing was $12.0 million, while the average annual interest rate was 4.03%. The interest rate of the ABL Revolving Credit Facility fluctuates based on excess availability. As of June 30, 2018, the spreads for London Interbank Offered Rate and prime rate borrowings were 1.50% and 0.50%, respectively, with excess availability of approximately $114.6 million, which represents revolver borrowing capacity of $128.9 million less U.S. letters of credit outstanding of $14.4 million.

On February 18, 2016, the Company entered into an indenture with Wells Fargo Bank, N.A., as trust and collateral agent, and sold $260.0 million aggregate principal amount of its 2021 Notes. Interest on the 2021 Notes is payable semi-annually in February and August of each year. The 2021 Notes were sold pursuant to exemptions from registration under the Securities Act of 1933.

Both the ABL Revolving Credit Facility and 2021 Notes include customary covenants and events of default which include, without limitation, restrictions on indebtedness, capital expenditures, restricted payments, disposals, investments and acquisitions.

Additionally, the ABL Revolving Credit Facility contains a fixed charge coverage springing financial covenant, which measures the ratio of (i) consolidated earnings before interest, taxes, depreciation, amortization and other adjustments as defined in the related credit agreement, to (ii) fixed charges, as defined in the credit agreement. The financial covenant is triggered only if the Company fails to maintain minimum levels of availability under the facility. If triggered, the Company must maintain a minimum fixed charge coverage ratio of 1.00 to 1.

As of June 30, 2018, the Company was in compliance with all affirmative and negative covenants in its debt instruments, inclusive of the financial covenants pertaining to the ABL Revolving Credit Facility and 2021 Notes.

8. Accounts Receivable Securitization

The Company maintains a U.S. accounts receivable securitization program with a commitment size of $75.0 million, whereby transactions under the program are accounted for as sales in accordance with ASC Topic 860, “Transfers and Servicing.”

On March 3, 2016, the Company replaced the Fifth Amended and Restated Receivables Purchase Agreement dated December 15, 2014 and entered into a Receivables Purchase Agreement (“RPA”) among Manitowoc Funding, LLC (“MTW Funding”), as Seller, The Manitowoc Company, Inc., as Servicer, and Wells Fargo Bank, N.A., as Purchaser and as Agent.

Under the RPA (and the related Purchase and Sale Agreements referenced in the RPA), the Company’s domestic trade accounts receivable are sold to MTW Funding which, in turn, sells, conveys, transfers and assigns to a third-party financial institution (“Purchaser”), all of MTW Funding's rights, title and interest in a pool of receivables to the Purchaser.

The Purchaser receives ownership of the pool of receivables in each instance. New receivables are purchased by MTW Funding and sold to the Purchaser as cash collections reduce previously sold investments discharged through normal cash collection processes. The Company acts as the servicer (in such capacity, the “Servicer”) of the receivables and, as such, administers, collects and otherwise enforces the receivables. The Servicer is compensated for doing so on terms that are generally consistent with what would be charged by an unrelated servicer. The Servicer initially receives payments made by obligors on the receivables but is required to remit those payments to the Purchaser in accordance with the RPA. The Purchaser has no recourse for uncollectible receivables.

Trade accounts receivable sold to the Purchaser and being serviced by the Company totaled $223.4 million and $384.3 million for the three and six months ended June 30, 2018, respectively. Trade receivables sold to the Purchaser and being serviced by the Company totaled $160.2 million and $336.2 million for the three and six months ended June 30, 2017, respectively. Cash proceeds received from customers related to the receivables previously sold for the three and six months ended June 30, 2018 were $185.9 million and $354.8 million, respectively. Cash proceeds received from customers related to the receivables previously sold for the three and six months ended June 30, 2017 were $133.3 million and $249.9 million, respectively.

Sales of trade receivables under the program reflected as a reduction of accounts receivable in the accompanying Condensed Consolidated Balance Sheets were $48.2 million and $31.8 million as of June 30, 2018 and December 31, 2017, respectively. The proceeds received from the sale of trade receivables under the program are included in cash flows from operating activities; whereas cash collections related to the deferred purchase price are classified as cash flows from investing activities in the accompanying Condensed Consolidated Statements of Cash Flows. The Company deems the interest rate risk related to the deferred purchase price notes to be de minimis, primarily because the average collection cycle of the related receivables is less than 60 days; and as such, the fair value of the Company's deferred purchase price notes approximates book value. The fair value of the deferred purchase price notes recorded as of June 30, 2018 and December 31, 2017 was $71.7 million and $60.6 million, respectively, and is included in accounts receivable in the accompanying Condensed Consolidated Balance Sheets. For the six months ended June 30, 2018 and 2017 non-cash investing activities related to the increase in the deferred purchase price was $260.1 million and $203.9 million, respectively.

The securitization program contains customary affirmative and negative covenants. Among other restrictions, these covenants require the Company to meet specified financial tests, which include a minimum fixed charge coverage ratio which is the same as the covenant ratio required per the ABL Revolving Credit Facility. As of June 30, 2018, the Company was in compliance with all affirmative and negative covenants pertaining to the RPA, as amended.

9. Income Taxes

For the three months ended June 30, 2018 and 2017, the Company recorded income tax benefit of $1.2 million and expense of $2.3 million, respectively. For the six months ended June 30, 2018 and 2017, the Company recorded income tax expense of $2.7 million and $3.8 million, respectively. During the three months ended June 30, 2018, a discrete tax benefit of $4.8 million was recorded, with the primary driver being a closing of the statute of limitations for the U.S. Federal 2012 and 2013 tax years. The decrease in the Company’s tax expense for the six months ended June 30, 2018 relative to the prior year primarily relates to the discrete tax benefit recorded, offset by additional tax expense in foreign jurisdictions. In addition to the above, the Company’s effective tax rate varies from the U.S. federal statutory rate of 21% due to results of foreign operations that are subject to income taxes at different statutory rates.

The Company continues to evaluate the impact of the Tax Cuts and Jobs Act (the "Tax Act") enacted in December 2017. The Act reduced the U.S. federal corporate tax rate from 35 percent to 21 percent, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and added other provisions including creating new taxes on certain foreign sourced earnings. The Company continues to evaluate the impact of these new provisions under The Act including Transition Tax, Global Intangible Low Taxed Income (GILTI), Foreign Derived Intangible Income (FDII), Base Erosion and Anti-Abuse Tax (BEAT), and Internal Revenue Code Section 163(j) interest limitation (Interest Limitation) which are complex and subject to continuing regulatory interpretation by the Internal Revenue Service. The Company was able to make a reasonable estimate of the applicable provisions of the Tax Act; however, because the Company remains in a domestic net operating loss carryforward position and has a valuation allowance on its deferred tax assets, the Company does not expect an impact to the Condensed Consolidated Statement of Operations. As of June 30, 2018, the Company has not changed the provisional estimates recognized in 2017. Adjustments related to the amount of these provisions recorded in its consolidated financial statements may be required based on the outcome of these elections and further interpretation by the Internal Revenue Service.

The Company will also continue to evaluate its valuation allowance requirements on an ongoing basis in light of changing facts and circumstances and may adjust its deferred tax asset valuation allowances accordingly, and it is a reasonable possibility that the Company will either add to or reverse a portion of its existing deferred tax asset valuation allowances in the future. Such changes in the deferred tax asset valuation allowances will be reflected in the current operations through the Company’s income tax provision and could have a material effect on operating results.

The Company’s unrecognized tax benefits, excluding interest and penalties, were $15.8 million as of June 30, 2018 and $19.5 million as of December 31, 2017.

The Company regularly assesses the likelihood of an adverse outcome resulting from examinations to determine the adequacy of its tax reserves. As of June 30, 2018, the Company believes that it is more likely than not that the tax positions it has taken will be sustained upon the resolution of its audits, resulting in no material impact on its consolidated financial position and the results of operations and cash flows. However, the final determination with respect to any tax audits and any related litigation could be materially different from the Company’s estimates and/or from its historical income tax provisions and accruals and could have a material effect on operating results and/or cash flows in the periods for which that determination is made. In addition, future period earnings may be adversely impacted by litigation costs, settlements, penalties and/or interest assessments.

10. Earnings Per Share

Basic earnings (loss) per share is computed as net earnings (loss) divided by the basic weighted average common shares outstanding of 35.5 million and 35.4 million shares for the three and six months ended June 30, 2018, respectively, and 35.1 million shares for the three and six months ended June 30, 2017. The calculation of diluted earnings (loss) per share includes the effect of any dilutive equity incentive instruments. The Company uses the treasury stock method to calculate the effect of outstanding dilutive equity incentive instruments, which requires the Company to compute total proceeds as the sum of the amount the employee must pay upon exercise of the award and the amount of unearned stock-based compensation costs attributable to future services.

Equity incentive instruments for which the total employee proceeds from exercise exceed the average fair value of the same equity incentive instrument over the period have an anti-dilutive effect on earnings per share during periods with net earnings, and accordingly, the Company excludes them from the calculation. Anti-dilutive equity instruments of approximately 188,885 and 367,440 common shares were excluded from the computation of diluted net earnings per share for the three months ended June 30, 2018 and 2017. Due to the net loss incurred during the six months ended June 30, 2018 and 2017, the assumed exercise of all equity incentive instruments was anti-dilutive and, therefore, not included in the diluted loss per share calculation for those periods.

The following is a reconciliation of the average shares outstanding used to compute basic and diluted earnings per share:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Basic weighted average common shares outstanding	35,530,356	35,109,426	35,449,298	35,065,173
Effect of dilutive securities	533,752	545,246	—	—
Diluted weighted average common shares outstanding	36,064,108	35,654,672	35,449,298	35,065,173

No cash dividends were paid during any of the three and six months ended June 30, 2018 and 2017.

11. Stockholders’ Equity

The following is a roll forward of retained earnings for the six months ended June 30, 2018:

($ in millions)	Retained Earnings	
Balance at December 31, 2017	$	256.7
Net loss		(0.3)
Balance at June 30, 2018	$	256.4

Authorized capital consists of 75 million shares of $0.01 par value common stock and 3.5 million shares of $0.01 par value preferred stock. None of the preferred shares have been issued.

Currently, the Company has authorization to purchase up to 0.6 million shares of common stock at management's discretion; however, the Company has certain restrictions from repurchasing shares of its capital stock or other equity interests under various covenants of its debt agreements. Further, the Company has not purchased any shares of its common stock under this authorization since 2006.

A reconciliation for the changes in accumulated other comprehensive loss, net of tax, by component for the six months ended June 30, 2018 and 2017 is as follows:

($ in millions)	Gains and Losses on Cash Flow Hedges	Pension & Postretirement	Foreign Currency Translation	Total
Balance at December 31, 2017	$ 0.1	$ (45.1)	$ (52.4)	$ (97.4)
Other comprehensive income before reclassifications	—	0.1	11.4	11.5
Amounts reclassified from accumulated other comprehensive loss	—	0.6	—	0.6
Net other comprehensive income	—	0.7	11.4	12.1
Balance at March 31, 2018	0.1	(44.4)	(41.0)	(85.3)
Other comprehensive loss before reclassifications	(3.6)	(0.1)	(26.8)	(30.5)
Amounts reclassified from accumulated other comprehensive loss	0.3	0.8	—	1.1
Net other comprehensive income (loss)	(3.3)	0.7	(26.8)	(29.4)
Balance at June 30, 2018	(3.2)	(43.7)	(67.8)	(114.7)

($ in millions)	Gains and Losses on Cash Flow Hedges	Pension & Postretirement	Foreign Currency Translation	Total
Balance at December 31, 2016	$ (0.3)	$ (51.8)	$ (110.8)	$ (162.9)
Other comprehensive income before reclassifications	0.3	—	10.1	10.4
Amounts reclassified from accumulated other comprehensive loss	0.2	0.6	—	0.8
Net other comprehensive income	0.5	0.6	10.1	11.2
Balance at March 31, 2017	0.2	(51.2)	(100.7)	(151.7)
Other comprehensive income before reclassifications	—	—	23.1	23.1
Amounts reclassified from accumulated other comprehensive loss	0.1	0.5	—	0.6
Net other comprehensive income	0.1	0.5	23.1	23.7
Balance at June 30, 2017	0.3	(50.7)	(77.6)	(128.0)

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The following is a reconciliation of the reclassifications out of accumulated other comprehensive income (loss), net of tax, for the three and six months ended June 30, 2018:

($ in millions)	Three Months Ended June 30, 2018 Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	Six Months Ended June 30, 2018 Amount Reclassified from Accumulated Other Comprehensive Income (Loss)	Recognized Location
Gains and losses on cash flow hedges			
Commodity contracts	$ (0.3)	$ (0.3)	Cost of sales
	(0.3)	(0.3)	Total before tax
	—	—	Tax expense
	$ (0.3)	$ (0.3)	Net of tax
Amortization of pension and postretirement items			
Actuarial losses	$ (1.4)	$ (2.8) (a)	Other income (expense) - net
Prior service cost	0.7	1.4 (a)	Other income (expense) - net
	(0.7)	(1.4)	Total before tax
	(0.1)	—	Tax benefit
	$ (0.8)	$ (1.4)	Net of tax
Total reclassifications for the period	$ (1.1)	$ (1.7)	Net of tax

(a) These accumulated other comprehensive income (loss) components are components of net periodic pension cost (see Note 17, “Employee Benefit Plans,” for further details).

The following is a reconciliation of the reclassifications out of accumulated other comprehensive income (loss), net of tax, for the three and six months ended June 30, 2017:

($ in millions)	Three Months Ended June 30, 2017 Amount Reclassified from Accumulated Other Comprehensive	Six Months Ended June 30, 2017 Amount Reclassified from Accumulated Other Comprehensive	Recognized Location

	Income (Loss)	Income (Loss)	
Gains and losses on cash flow hedges			
Foreign exchange contracts	$ (0.1)	$ (0.3)	Cost of sales
	(0.1)	(0.3)	Total before tax
	—	—	Tax expense
	$ (0.1)	$ (0.3)	Net of tax
Amortization of pension and postretirement items			
Actuarial losses	$ (1.3)	$ (2.6) (a)	Other income (expense) - net
Prior service cost	$ 0.4	$ 0.7 (a)	Other income (expense) - net
	(0.9)	(1.9)	Total before tax
	0.4	0.8	Tax expense
	$ (0.5)	$ (1.1)	Net of Tax
Total reclassifications for the period	$ (0.6)	$ (1.4)	Net of Tax

(a) These accumulated other comprehensive income (loss) components are components of net periodic pension cost (see Note 17, “Employee Benefit Plans,” for further details).

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12. Stock-Based Compensation

The Company’s 2013 Omnibus Incentive Plan (the “2013 Plan”) was approved by shareholders on May 7, 2013 and replaced several of the Company's incentive plans (collectively referred to as the “Prior Plans”). No new awards may be granted under the Prior Plans; however, outstanding awards under the Prior Plans will continue in force and effect pursuant to their terms. The 2013 Plan provides for both short-term and long-term incentive awards for employees and non-employee directors. Stock-based awards may take the form of stock options, stock appreciation rights, restricted stock, restricted stock units (“RSUs”) and performance shares or performance unit awards. Following amendments to the 2013 Plan to reflect the effect of the spin-off of the Company’s former foodservice business and the November 17, 2017 1-for-4 reverse stock split, the total number of shares of the Company’s common stock available for awards under the 2013 Plan is 7,477,395 shares.

Stock-based compensation expense was $1.6 million and $1.1 million for the three months ended June 30, 2018 and 2017, respectively. Stock-based compensation expense was $4.1 million and $3.3 million for the six months ended June 30, 2018 and 2017, respectively. The Company recognizes stock-based compensation expense over the awards' vesting period.

Options to acquire 24,208 shares of common stock were granted to employees during the three months ended June 30, 2018. No options to acquire shares of common stock were granted to employees during the three months ended June 30, 2017. Options to acquire 187,484 and 273,800 shares of common stock were granted to employees during the six months ended June 30, 2018 and 2017, respectively. The options granted in 2018 and 2017 become exercisable in three annual increments over a three-year period beginning on the first anniversary of the grant date and expire 10 years subsequent to the grant date.

During the three months ended June 30, 2018 and 2017, 26,710 and 413 RSUs, respectively, were issued by the Company to employees and directors. A total of 80,866 and 135,766 RSUs were issued by the Company to employees and directors during the six months ended June 30, 2018 and 2017, respectively. The RSUs granted to employees generally vest on the third anniversary of the grant date, depending on the grant. The RSUs granted in 2018 to directors immediately vested. The RSUs granted in 2017 to directors vest on the second anniversary of the grant date.

During the three months ended June 30, 2018, 15,425 performance shares were issued. No performance shares were issued during the three months ended June 30, 2017. A total of 93,298 and 115,047 performance shares were issued during the six months ended June 30, 2018 and 2017, respectively. Performance shares are earned based on the extent to which performance goals are met over the applicable performance period. The performance goals and the applicable performance period vary for each grant year. The performance goals for the performance shares granted in 2018 and 2017 are based on 50% on total shareholder return relative to peers during the three-year performance period and 50% on Adjusted EBITDA percentage from continuing operations in 2020 and 2019, respectively. Depending on the foregoing factors, the number of shares earned could range from zero to 186,596 and zero to 197,530 for the 2018 and 2017 performance share grants, respectively.

13. Segments

The Company reports segment information based on the “management” approach. The management approach designates the internal reporting used by the CEO, who is also the Company’s Chief Operating Decision Maker (“CODM”), for making decisions about the allocation of resources and assessing performance as the source of the Company’s reportable operating segments.

The Company has three reportable segments: Americas, EURAF, and MEAP. The Americas operating segment includes the North American and South American continents. The EURAF operating segment includes the continents of Europe and Africa. The MEAP operating segment includes the Asia and Australian continents and the Middle East region.

The CODM evaluates the performance of its reportable segments based on net sales and operating income. Net sales for geographic segments are based on the geographic region that sells the products. Operating income for each segment includes net sales to third parties, cost of sales directly attributable to the segment, and operating expenses directly attributable to the segment. Manufacturing variances generated within each reportable segment are maintained in each segment’s operating income. Operating income for each segment excludes other income and expense and certain expenses managed outside the reportable operating segments. Costs excluded from segment operating income include various corporate expenses such as stock-based compensation expenses, income taxes, nonrecurring charges and other separately managed general and administrative costs. The Company does not include intercompany sales between segments for management reporting purposes.

The following table shows information by reportable segment for the three and six months ended June 30, 2018 and 2017 (in millions):

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net Sales				
Americas	$ 227.3	$ 160.4	$ 390.2	$ 280.9
EURAF	191.2	165.3	345.4	290.6
MEAP	76.8	68.9	145.8	128.9
Total	$ 495.3	$ 394.6	$ 881.4	$ 700.4
Segment Operating Income (Loss)				
Americas	$ 14.7	$ 4.1	$ 17.4	$ (14.4)
EURAF	8.1	5.1	11.5	1.3
MEAP	10.7	10.9	18.6	19.6
Total	$ 33.5	$ 20.1	$ 47.5	$ 6.5
Depreciation				
Americas	$ 3.6	$ 3.8	$ 7.1	$ 8.2
EURAF	3.8	3.6	7.6	7.5
MEAP	1.0	0.9	2.0	1.8
Corporate	0.7	1.0	1.5	2.4
Total	$ 9.1	$ 9.3	$ 18.2	$ 19.9
Capital Expenditures				
Americas	$ 2.6	$ 4.5	$ 4.9	$ 7.5
EURAF	4.6	3.3	7.0	4.0
MEAP	0.5	0.2	1.7	0.2
Corporate	1.1	0.1	1.6	0.2
Total	$ 8.8	$ 8.1	$ 15.2	$ 11.9

A reconciliation of the Company's segment operating income (loss) to the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2018 and 2017 was as follows (in millions):

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Segment operating income	$ 33.5	$ 20.1	$ 47.5	$ 6.5
Unallocated corporate expenses	(8.1)	(8.1)	(18.2)	(16.1)
Restructuring expense	(1.3)	(0.1)	(3.5)	(0.3)
Total operating income (loss)	$ 24.1	$ 11.9	$ 25.8	$ (9.9)

Net sales by geographic area for the three and six months ended June 30, 2018 and 2017 are as follows (in millions):

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
United States	$ 203.5	$ 140.9	$ 347.8	$ 250.2
Other North America	12.7	8.6	20.5	15.1
Europe	188.7	156.9	339.0	277.2
Asia	27.3	33.8	47.6	58.1
Middle East	37.3	22.6	71.1	46.7
Central and South America	10.7	7.9	20.6	12.1
Africa	2.5	8.4	6.4	13.4
Caribbean	0.4	3.0	1.3	3.5
Australia	12.2	12.5	27.1	24.1
Total	$ 495.3	$ 394.6	$ 881.4	$ 700.4

Net sales by product for the three and six months ended June 30, 2018 and 2017 are as follows (in millions):

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cranes	$ 409.2	$ 314.6	$ 716.7	$ 543.0
Aftermarket parts and other*	86.1	80.0	164.7	157.4
Total net sales	$ 495.3	$ 394.6	$ 881.4	$ 700.4

*Other revenue consists of revenue related to miscellaneous CraneCare services such as trainings and field service work.

14. Fair Value of Financial Instruments

The following table sets forth the Company's financial assets and liabilities that were accounted for at fair value as of June 30, 2018. As of December 31, 2017, there was an immaterial amount of financial assets and liabilities that were accounted for at fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Fair Value as of June 30, 2018			
($ in millions)	Level 1	Level 2	Level 3	Total
Current Liabilities:				
Foreign currency exchange contracts	$—	$ 3.4	$ —	$ 3.4
Total current liabilities at fair value	$—	$ 3.4	$ —	$ 3.4

The fair value of the Company's 2021 Notes was approximately $290.5 million and $297.3 million as of June 30, 2018 and December 31, 2017, respectively. See Note 7, "Debt," for a description of the debt instruments and their related carrying values.

ASC Topic 820-10, "Fair Value Measurement," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820-10 classifies the inputs used to measure fair value into the following hierarchy:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or
	Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or

Inputs other than quoted prices that are observable for the asset or liability

Level 3 Unobservable inputs for the asset or liability

The Company endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company estimates the fair value of its 2021 Notes based on quoted market prices; because these markets are typically thinly traded, the assets and/or liabilities are classified as Level 2 within the valuation hierarchy. The carrying values of cash and cash equivalents, accounts receivable, accounts payable, deferred purchase price notes on receivables sold (see Note 8, "Accounts Receivable Securitization") and short-term variable debt, including any amounts outstanding under the ABL Revolving Credit Facility, approximate fair value, without being discounted as of June 30, 2018 and December 31, 2017, due to the short-term nature of these instruments.

As a result of its global operating and financing activities, the Company is exposed to market risks from changes in interest rates, foreign currency exchange rates and commodity prices, which may adversely affect the Company's operating results and financial position. When deemed appropriate, the Company attempts to minimize these risks through the use of derivative financial instruments. Derivative financial instruments are used to manage risk and are not used for trading or other speculative purposes, and the Company does not use leveraged derivative financial instruments. Foreign currency exchange, commodity and interest rate contracts are valued through an independent valuation source that uses an industry standard data provider, with resulting valuations periodically validated through third-party or counterparty quotes. As such, these derivative instruments are classified within Level 2.

15. Commitments and Contingencies

Product liability reserves in the Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017 were $21.2 million and $20.8 million, respectively, and were estimated using a combination of actual case reserves and actuarial methods. Based on the Company's experience in defending product liability claims, management believes the current reserves are adequate for estimated case resolutions on aggregate self-insured claims and insured claims. Any recoveries from insurance carriers are dependent upon the legal sufficiency of claims and solvency of insurance carriers.

The Company is involved in various legal actions arising out of the normal course of business, which, taking into account the liabilities accrued and legal counsel's evaluation of such actions, in the opinion of management, the ultimate resolution, individually and in the aggregate, is not expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows.

It is reasonably possible that the estimates for warranty costs, product liability, environmental remediation, asbestos-related claims and other various legal matters may change based upon new information that may arise or matters that are beyond the scope of the Company's historical experience. Presently, there are no reliable methods to estimate the amount of any such potential changes.

16. Guarantees

The Company periodically enters into transactions with customers that provide for buyback commitments. The Company evaluates each agreement at the inception of the order to determine if the customer has a significant economic incentive to exercise the buyback option. If it is determined that the customer has a significant economic incentive to exercise that right, the revenue is deferred and the agreement is accounted for as a lease in accordance with Topic 840. If it is determined that the customer does not have a significant economic incentive to exercise that right, then revenue is recognized when control of the product is transferred to the customer. The deferred revenue included in other current and non-current liabilities as of June 30, 2018 and December 31, 2017 was $32.2 million and $29.7 million, respectively. The total amount of buyback commitments given by the Company and outstanding as of June 30, 2018 and December 31, 2017 was $26.6 million and $28.2 million, respectively. These amounts are not reduced for amounts the Company would recover from the repossession and subsequent resale of the units. The buyback commitments expire at various times through 2026.

As of June 30, 2018 and December 31, 2017, the Company had reserved $35.9 million and $35.2 million, respectively, for warranty claims included in product warranties, as well as other non-current liabilities in the Condensed Consolidated Balance Sheets. In the normal course of business, the Company provides its customers a warranty covering workmanship, and in some cases materials, on products manufactured by the Company. Such warranty generally provides that products will be free from defects for periods ranging from 12 to 60 months. If a product fails to comply with the Company's warranty, the Company may be obligated, at its expense, to correct any defect by repairing or replacing such defective products. The Company provides for an estimate of costs that may be incurred under its warranty at the time product revenue is recognized. These costs primarily include labor and materials, as necessary, associated with repair or replacement. The primary factors that affect the Company's warranty liability include the number of units shipped and historical and anticipated warranty claims. As these factors are impacted by actual experience and future expectations, the Company assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary. Below is a table summarizing the warranty activity for the six months ended June 30, 2018 and the year ended December 31, 2017:

($ in millions)	Six Months Ended June 30, 2018	Year Ended December 31, 2017
Balance at beginning of period	$ 35.2	$ 28.6
Accruals for warranties issued during the period	12.4	34.6
Settlements made (in cash or in kind) during the period	(11.3)	(29.9)
Currency translation	(0.4)	1.9
Balance at end of period	$ 35.9	$ 35.2

17. Employee Benefit Plans

The Company provides certain pension, health care and death benefits to eligible retirees and their dependents. The funding mechanism for such benefits varies based on the country where the retiree resides and receives benefits. Eligibility for pension coverage is based on retirement qualifications. Healthcare benefits may be subject to deductibles, co-payments and other limitations. The Company reserves the right to modify benefits unless a government agency in a certain country prohibits it from doing so.

Effective July 1, 2017, The Manitowoc Company, Inc. Post-65 Retiree Health Plan (the “Plan”) was amended. Eligible retirees and their spouses were provided access to a Retiree Health Exchange where they may purchase Medicare Supplement Plans, including Medicare Advantage and Medigap plan prescription drug coverage. The enrollment and payment for this coverage is facilitated by an outside third-party, and these plans have no affiliation with the Company. To assist retirees with premium and out-of-pocket expenses they incur, the Company funds a Health Reimbursement Account (“HRA”) for each enrolled retiree. The value of the HRA is based on the plan type and premium cost for each specific retiree before the Plan was amended.

The components of periodic benefit costs for the three and six months ended June 30, 2018 and June 30, 2017 are as follows:

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
($ in millions)	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans
Service cost - benefits earned during the period	$—	$ 0.5	$ 0.1	$—	$ 1.0	$ 0.2
Interest cost of projected benefit obligations	1.3	0.5	0.2	2.6	1.0	0.4
Expected return on plan assets	(1.5)	(0.4)	—	(3.0)	(0.8)	—
Amortization of prior service cost	—	—	(0.7)	—	—	(1.4)
Amortization of actuarial net loss	0.8	0.4	0.2	1.6	0.8	0.4
Net periodic benefit costs	$0.6	$ 1.0	$ (0.2)	$1.2	$ 2.0	$ (0.4)

	Three Months Ended June 30, 2017			Six Months Ended June 30, 2017		
($ in millions)	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans
Service cost - benefits earned during the period	$—	$ 0.5	$ —	$—	$ 0.9	$ 0.1
Interest cost of projected benefit obligations	1.4	0.4	0.3	2.7	1.0	0.5
Expected return on plan assets	(1.3)	(0.3)	—	(2.5)	(0.7)	—
Amortization of prior service cost	—	—	(0.4)	—	—	(0.7)
Amortization of actuarial net loss	0.8	0.4	0.1	1.6	0.8	0.2
Net periodic benefit costs	0.9	1.0	0.0	1.8	2.0	0.1

The components of net periodic benefit cost other than the service cost component are included in the line item “other income (expense) - net” in the Condensed Consolidated Statement of Operations.

18. Restructuring

During the three months ended June 30, 2018 and 2017, the Company incurred $3.8 million and $5.9 million of restructuring expense, respectively. During the six months ended June 30, 2018 and 2017, the Company incurred $10.0 million and $17.6 million of restructuring expense, respectively. The costs for the three and six months ended June 30, 2018 related primarily to severance costs for the departure of an executive officer, costs associated with training of skilled labor as a result of the transfer of crawler crane production to Shady Grove, PA and costs associated with headcount reductions in Europe. Costs for the three and six months ended June 30, 2017, related primarily to the closure of manufacturing operations in Manitowoc, WI and Passo Fundo, Brazil and severance costs associated with headcount reductions in North America.

The following is a roll-forward of the Company's restructuring activities for the six months ended June 30, 2018 ($ in millions):

	Restructuring Reserve Balance as of December 31, 2017	Restructuring Expenses	Use of Reserve	Reserve Reclassification	Restructuring Reserve Balance as of June 30, 2018
Total	$ 5.6	$ 10.0	$ 10.7	$ (0.5)	$ 4.4

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19. Recent Accounting Changes and Pronouncements

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-07 “Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-based Payment Accounting,” which aligns the accounting for nonemployee share-based payments with employee share-based payments under Topic 718. The standard is effective for annual periods beginning after December 15, 2018, including interim periods therein. The adoption of the ASU will not have a material impact on the Company’s consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12 “Targeted Improvements to Accounting for Hedging Activities,” which amends ASC 815, “Derivatives and Hedging.” The purpose of this ASU is to better align a company’s risk management activities and financial reporting for hedging relationships, simplify the hedge accounting requirements, and improve the disclosures of hedging arrangements. The effective date is fiscal 2019, with early adoption permitted. The Company is evaluating the impact the adoption of this ASU will have on its consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09 “Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting,” to provide clarity and reduce both diversity in practice and cost complexity when applying the guidance in Topic 718 to a change to the terms and conditions of a stock-based payment award. ASU 2017-09 also provides guidance about the types of changes to the terms or conditions of a share-based payment award that require an entity to apply modification accounting in accordance with Topic 718. The standard is effective for annual periods beginning after December 15, 2017, and for interim periods therein. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-08 “Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities,” to shorten the amortization period for the premium to the earliest call date instead of the contractual life of the instrument. This new guidance will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018 with early adoption permitted. Entities will be required to apply the new guidance using the modified retrospective method with a cumulative-effect adjustment to retained earnings upon the adoption date. The Company is evaluating the impact the adoption of this ASU will have on its consolidated financial statements.

In March 2017, the FASB issued ASU No. 2017-07 “Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.” This ASU amends ASC 715, “Compensation – Retirement Benefits,” to require employers that present a measure of operating income in their statement of operations to include only the service cost component of net periodic pension cost and net periodic postretirement benefit cost in operating expenses (together with other employee compensation costs). The other components of net benefit cost, including amortization of prior service cost/credit and settlement and curtailment effects, are to be included in nonoperating expenses. This ASU also allows only the service cost component of net benefit cost to be capitalized (for example, as a cost of inventory). The amendments in this ASU should be applied retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the Condensed Consolidated Statement of Operations and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension cost and net periodic postretirement benefit in assets, and is effective for public companies for fiscal years beginning after December 15, 2017. As a result of the adoption of ASU No. 2017-07, the Company reclassified approximately $1.9 million and $3.8 million to other income (expense) – net from engineering, selling, and administrative expense on the Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2017, respectively, as the ASU was retrospectively adopted. The result was an increase in operating income with no impact to net earnings.

In November 2016, the FASB issued ASU No. 2016-18 - “Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force).” The amendments of this ASU address the diversity of presentation of restricted cash by requiring a statement of cash flows to explain the change during the period in the total cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. ASU 2016-18 will be effective for fiscal years beginning after December 15, 2017. The adoption of ASU 2016-18 resulted in a change in certain disclosures within the Condensed Consolidated Statement of Cash Flows, including cash flows from investing activities and total cash, cash equivalents and restricted cash.

In October 2016, the FASB issued ASU No. 2016-16 - “Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other than Inventory,” which requires the recognition of the income tax consequences of an intra-entity transfer of an asset, other than inventory, when the transfer occurs. ASU 2016-16 will be effective for fiscal years beginning after December 15, 2017. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15 - “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments.” This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice and affects all entities required to present a statement of cash flows under Topic 230. This standard will be effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. As a result of the adoption of ASU No. 2016-15 the Company reclassified $146.3 million of operating cash flows to investing cash flows for the six months ended June 30, 2017.

In May 2014, the FASB issued ASU No. 2014-09 - “Revenue from Contracts with Customers” (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This was further clarified with technical corrections issued within ASU 2015-14, ASU 2016-08, ASU 2016-10, ASU 2016-11, ASU 2016-12, ASU 2016-20, and ASU 2017-05. The new revenue recognition guidance was issued to provide a single, comprehensive revenue recognition model for all contracts with customers. Under the new guidance, an entity will recognize revenue to depict the transfer of promised goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. A five-step model has been introduced for an entity to apply when recognizing revenue. The new guidance also includes enhanced disclosure requirements and is effective January 1, 2018. Entities have the option to apply the new guidance under a retrospective approach to each prior reporting period presented, or a modified retrospective approach with the cumulative effect of initially applying the new guidance recognized at the date of initial application within the Consolidated Statement of Changes in Stockholder's Equity. The Company has adopted the new guidance effective January 1, 2018 utilizing the modified retrospective approach. Refer to Note 2, “Revenues” for further details.

In February 2016, the FASB issued ASU 2016-02 - “Leases,” which is intended to improve financial reporting on leasing transactions. This standard requires a lessee to record on the balance sheet the assets and liabilities for the rights and obligations created by lease terms of more than 12 months. This standard will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company plans to adopt this guidance effective January 1, 2019 using the modified retrospective approach. The Company is evaluating the impact the adoption of this ASU will have on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01 - “Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities.” ASU 2016-01 amends various aspects of the recognition, measurement, presentation and disclosure for financial instruments. Most significantly, ASU 2016-01 requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of an investee) to be measured at fair value with changes in fair value recognized in net income (loss). ASU 2016-01 is effective for annual reporting periods and interim periods within those years beginning after December 15, 2017. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, including the financial statements, accompanying notes and Management’s Discussion and Analysis of Financial Condition and Results of Operations therein, and the interim condensed consolidated financial statements and accompanying notes included in this Quarterly Report on Form 10-Q.

Cautionary Statements Regarding Forward-Looking Information

All of the statements in this Quarterly Report on Form 10-Q, other than historical facts, are forward-looking statements, including, without limitation, the statements made in the “Management's Discussion and Analysis of Financial Condition and Results of Operations.” As a general matter, forward-looking statements are those focused upon anticipated events or trends, expectations and beliefs relating to matters that are not historical in nature. The words “could,” “should,” “feel,” “anticipate,” “aim,” “preliminary,” “expect,” “believer,” “estimate,” “intend,” “intent,” “plan,” “project,” “forecast,” or the negative thereof or variations thereon, and similar expressions identify forward-looking statements.

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for these forward-looking statements. In order to comply with the terms of the safe harbor, the Company notes that forward-looking statements are subject to known and unknown risks, uncertainties and other factors relating to the Company's operations and business environment, all of which are difficult to predict and many of which are beyond the control of the Company. These known and unknown risks, uncertainties and other factors could cause actual results to differ materially from those matters expressed in, anticipated by or implied by such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to:

- changes in economic or industry conditions generally or in the markets served by Manitowoc;
- unanticipated changes in customer demand, including changes in global demand for high-capacity lifting equipment, changes in demand for lifting equipment in emerging economies, and changes in demand for used lifting equipment;
- unanticipated changes in revenues, margins, costs, and capital expenditures;
- the ability to increase operational efficiencies across Manitowoc’s businesses and to capitalize on those efficiencies;
- the ability to significantly improve profitability;
- the risks associated with growth or contraction;
- changes in raw material and commodity prices;
- foreign currency fluctuation and its impact on reported results and hedges in place with Manitowoc;
- the ability to focus on customers, new technologies, and innovation;
- uncertainties associated with new product introductions, the successful development and market acceptance of new and innovative products that drive growth;
- actions of competitors;
- potential delays or failures to implement specific initiatives within the Company’s restructuring program;
- issues relating to the ability to timely and effectively execute on manufacturing strategies, including issues relating to plant closings, new plant start-ups, and/or consolidations of existing facilities and operations, and the ability to achieve the expected benefits from such actions, as well as general efficiencies and capacity utilization of our facilities;
- the ability to complete and appropriately integrate restructurings, consolidations, acquisitions, divestitures, strategic alliances, joint ventures, and other strategic alternatives;
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realization of anticipated earnings enhancements, cost savings, strategic options and other synergies, and the anticipated timing to realize those savings, synergies, and options;
- the ability to capitalize on key strategic opportunities and the ability to implement Manitowoc’s long-term initiatives;
- the ability to generate cash and manage working capital consistent with Manitowoc’s stated goals;

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- geographic factors and political and economic conditions and risks;
- global expansion of customers;
- changes in laws throughout the world;
- the ability to focus and capitalize on product quality and reliability;
- unexpected issues associated with the quality of materials, components and products sourced from third parties and the ability to successfully resolve those issues;
- unexpected issues associated with the availability and viability of suppliers;
- the ability to convert orders and order activity into sales and the timing of those sales;
- the ability to sell products through distributors and other third parties;
- the Company’s ability to attract and retain qualified personnel;
- the ability of Manitowoc's customers to receive financing;
- failure to comply with regulatory requirements related to the products the Company sells;
- risks associated with manufacturing or design defects;
- issues related to workforce reductions and potential subsequent rehiring;
- risks associated with data security and technological systems and protections;
- the inability to defend against potential infringement claims on intellectual property rights;
- the ability to direct resources to those areas that will deliver the highest returns;
- impairment of goodwill and/or intangible assets;
- work stoppages, labor negotiations, labor rates, and temporary labor costs;
- risks associated with high financing leverage;
- unanticipated issues affecting the effective tax rate for the year;
- natural disasters and other weather events disrupting commerce in one or more regions of the world;
- government approval and funding of projects and the effect of government-related issues or developments;
- the replacement cycle of technologically obsolete cranes;
- unanticipated changes in the capital and financial markets;
- acts of terrorism;
- risks related to actions of activist shareholders; and
- other risk factors detailed in Manitowoc's 2017 Annual Report on Form 10-K, as such may be amended or supplemented in Manitowoc’s subsequently filed Quarterly Reports on 10-Q (including this report), and its other filings with the United States Securities and Exchange Commission.

These statements reflect the current views and assumptions of management with respect to future events. Except to the extent required by the federal securities laws, the Company does not undertake, and hereby disclaims, any duty to update these forward-looking statements, even though its situation and circumstances may change in the future. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this report. The inclusion of any statement in this report does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.

Results of Operations

Performance during the Quarter Ended June 30, 2018 Compared with the Quarter Ended June 30, 2017

Net Sales, Orders and Backlog

Consolidated net sales for the three months ended June 30, 2018 increased 25.5% to $495.3 million from $394.6 million in the same period in 2017. This increase was attributable to higher crane shipments across all regions. Consolidated net sales were favorably impacted by $15.8 million from changes in foreign currency exchange rates.

Orders for the three months ended June 30, 2018 increased 13.5% to $430.8 million from $379.5 million for the same period in 2017. The increase was mainly due to improvements in the commercial construction and petrochemical end markets in the Americas. Orders were also favorably impacted by $10.5 million due to changes in foreign currency exchange rates.

As of June 30, 2018, total backlog was $692.1 million, a 40.9% increase from the June 30, 2017 backlog of $491.2 million. Backlog was favorably impacted by $5.3 million year over year due to changes in foreign currency exchange rates.

Gross Profit

Gross profit for the three months ended June 30, 2018 was $90.5 million, an increase of $14.2 million compared to $76.3 million for the three months ended June 30, 2017. This increase was mainly due to the increase in sales volume discussed above and $3.9 million of favorable changes in foreign currency exchange rates. This was partially offset by increased raw material input costs and unfavorable product mix.

As a result of increased raw material costs and unfavorable product mix, gross profit percentage decreased in the three months ended June 30, 2018 to 18.3% from 19.3% in the same period in 2017.

Engineering, Selling and Administrative Expenses

Engineering, selling and administrative expenses (“ES&A”) increased 6.3% to $62.1 million for the three months ended June 30, 2018 compared to $58.4 million for the three months ended June 30, 2017. This increase was primarily due to $2.3 million from changes in foreign currency exchange rates and additional expenses incurred in the second quarter of 2018 related to trade shows.

Restructuring Expense

During the three months ended June 30, 2018 and 2017, the Company incurred $3.8 million and $5.9 million of restructuring expense, respectively. The costs for the three months ended June 30, 2018 related primarily to severance costs for the departure of an executive officer, costs associated with training of skilled labor as a result of the transfer of crawler production to Shady Grove, PA and costs associated with headcount reductions in Europe. Costs for the three months ended June 30, 2017, related primarily to the closure of manufacturing operations in Manitowoc, WI and Passo Fundo, Brazil and severance costs associated with headcount reductions in North America

Operating Income (Loss)

Operating income increased $12.2 million to $24.1 million for the three months ended June 30, 2018, compared to $11.9 million for the three months ended June 30, 2017. This increase was primarily due to increases in sales volumes and reduced restructuring expenses as discussed above. This was partially offset by increased ES&A expenses year over year as discussed above. The Company's operating income was favorably impacted by $1.7 million from changes in foreign currency exchange rates.

Other Income (Expense)- Net

Other income decreased by $6.8 million to expense of $5.6 million in the second quarter of 2018 from income of $1.2 million in the second quarter of 2017. This increase was primarily due to $8.8 million of unfavorable changes in foreign currency exchange rates compared to the second quarter of 2017, partially offset by a $1.0 million decrease in other components of net periodic pension costs year over year.

Provision (Benefit) for Taxes on Income

For the three months ended June 30, 2018 and 2017, the Company recorded income tax benefit of $1.2 million and expense of $2.3 million, respectively. During the three months ended June 30, 2018, a discrete tax benefit of $4.8 million was recorded, driving the decrease in the Company's tax expense for the three months ended June 30, 2018. This was partially offset by additional tax expense in foreign jurisdictions. In addition to the above, the Company's effective tax rate varies from the U.S. federal statutory rate of 21% due to results of foreign operations that are subject to income taxes at different statutory rates. The Company has significant valuation allowances in the United States, Germany, and UK. It is reasonably possible that sufficient positive evidence required to release all, or a portion, of certain valuation allowances in the company's UK businesses within the next 12 months may result in a reduction of deferred tax asset valuation allowances by up to £15 million.

Performance during the Six Months Ended June 30, 2018 Compared with the Six Months Ended June 30, 2017

Net Sales, Orders and Backlog

Consolidated net sales for the six months ended June 30, 2018 increased 25.8% to $881.4 million from $700.4 million for the same period in 2017. This increase was attributable to higher crane shipments across all regions. Consolidated net sales were favorably impacted by $41.2 million from changes in foreign currency exchange rates.

Gross Profit

Gross profit for the six months ended June 30, 2018 was $158.9 million, an increase of $30.7 million compared to $128.2 million for the same period in 2017. This increase was mainly due to the increase in sales volume discussed above, partially offset by increased raw material input costs and unfavorable product mix.

As a result of increased raw material costs and unfavorable product mix, gross profit percentage decreased in the six months ended June 30, 2018 to 18.0% from 18.3% in the same period in 2017.

Engineering, Selling and Administrative Expenses

Engineering, selling and administrative expenses increased 2.3% to $122.5 million for the six months ended June 30, 2018 compared to $119.8 million for the same period in 2017. 2018 ES&A was adversely affected by $5.9 million from changes in foreign currency exchange rates, which was the primary reason for the year over year increase.

Restructuring Expense

During the six months ended June 30, 2018 and 2017, the Company incurred $10.0 million and $17.6 million of restructuring expense, respectively. The costs for the six months ended June 30, 2018 related primarily to severance costs for the departure of an executive officer, costs associated with training of skilled labor as a result of the transfer of crawler production to Shady Grove, PA and costs associated with headcount reductions in Europe. Costs for the six months ended June 30, 2017, related primarily to the closure of manufacturing operations in Manitowoc, WI and Passo Fundo, Brazil and severance costs associated with headcount reductions in North America

Operating Income (Loss)

Operating income increased $35.7 million to $25.8 million for the six months ended June 30, 2018, compared to an operating loss of $9.9 million for the same period in 2017. This increase was primarily due to increases in sales volumes and reduced restructuring expenses as discussed above. The Company's operating income (loss) was favorably impacted by $3.8 million from changes in foreign currency exchange rates.

Other Income (Expense)- Net

Other expense increased by $2.0 million to $2.9 million in the six months ended June 30, 2018 from $0.9 million for the same period in 2017. This increase was primarily due to $7.3 million of unfavorable changes in foreign currency exchange rates compared to the same period in 2017. This was partially offset by $2.1 million of gains on the disposals of property, plant and equipment and a $2.1 million decrease in other components of net periodic pension costs year over year.

Provision (Benefit) for Taxes on Income

For the six months ended June 30, 2018 and 2017, the Company recorded income tax expense of $2.7 million and $3.8 million, respectively. The decrease in the Company's tax expense for the six months ended June 30, 2018 relative to the prior year relates primarily to the discrete tax benefit recorded during the three months ended June 30, 2018. This was partially offset by additional tax expense in foreign jurisdictions. In addition to the above, the Company's effective tax rate varies from the U.S. federal statutory rate of 21% due to results of foreign operations that are subject to income taxes at different statutory rates. The Company has significant valuation allowances in the United States, Germany, and UK. It is reasonably possible that sufficient positive evidence required to release all, or a portion, of certain valuation allowances in the company's UK businesses within the next 12 months may result in a reduction of deferred tax asset valuation allowances by up to £15 million.

Segment Operating Performance

The Company manages its business primarily on a geographic basis. The Company's reportable operating segments consist of the Americas, EURAF, and MEAP. Further information regarding the Company's reportable segments can be found in Note 13, "Segments," to the Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Dollar Change	Percentage Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Dollar Change	Percentage Change
Net Sales								
Americas	$ 227.3	$ 160.4	$ 66.9	41.7 %	$ 390.2	$ 280.9	$ 109.3	38.9 %
EURAF	191.2	165.3	25.9	15.7 %	345.4	290.6	54.8	18.9 %
MEAP	76.8	68.9	7.9	11.5 %	145.8	128.9	16.9	13.1 %
Segment Operating Income (Loss)								
Americas	$ 14.7	$ 4.1	$ 10.6	258.5 %	$ 17.4	$ (14.4)	$ 31.8	220.8 %
EURAF	8.1	5.1	3.0	58.8 %	11.5	1.3	10.2	784.6 %
MEAP	10.7	10.9	(0.2)	(1.8)%	18.6	19.6	(1.0)	(5.1)%

Americas

Americas net sales increased 41.7% for the three months ended June 30, 2018 to $227.3 million from $160.4 million for the three months ended June 30, 2017. The increase was primarily due to shipments of cranes for the commercial construction and energy end markets.

Americas operating income increased $10.6 million for the three months ended June 30, 2018 to $14.7 million from $4.1 million for the three months ended June 30, 2017. The increase was primarily due to increased volume on crane shipments and $3.2 million of lower restructuring expenses, partially offset by $0.6 million of higher ES&A expense due to trade shows held in the second quarter of 2018.

Americas net sales increased 38.9% for the six months ended June 30, 2018 to $390.2 million from $280.9 million for the six months ended June 30, 2017. The increase was primarily due to shipments of cranes for the commercial construction and energy end markets.

Americas operating income increased $31.8 million for the six months ended June 30, 2018 to $17.4 million from a loss of $14.4 million for the six months ended June 30, 2017. The increase was primarily due to increased volume on crane shipments, $11.9 million of lower restructuring expenses and $2.5 million of lower ES&A expense due to the tri-annual ConExpo trade show held in the first quarter of 2017.

EURAF

EURAF net sales increased 15.7% for the three months ended June 30, 2018 to $191.2 million from $165.3 million for the three months ended June 30, 2017. The increase was primarily due to shipments of cranes for the commercial construction end market. EURAF net sales were also favorably impacted by approximately $12.6 million from favorable changes in foreign currency exchange rates.

EURAF operating income increased $3.0 million for the three months ended June 30, 2018 to $8.1 million from $5.1 million for the three months ended June 30, 2017. The increase was primarily due to increased volume on crane shipments offset by $2.5 million of higher ES&A expense mainly due to trade shows held during 2018. EURAF operating income was also favorably impacted by approximately $2.9 million from favorable changes in foreign currency exchange rates.

EURAF net sales increased 18.9% for the six months ended June 30, 2018 to $345.4 million from $290.6 million for the six months ended June 30, 2017. The increase was primarily due to shipments of cranes for the commercial construction end market. EURAF net sales were also favorably impacted by approximately $33.0 million from favorable changes in foreign currency exchange rates.

EURAF operating income increased $10.2 million for the six months ended June 30, 2018 to $11.5 million from $1.3 million for the six months ended June 30, 2017. The increase was primarily due to increased volume on crane shipments offset by $0.9 million of higher restructuring expense year over year due to severance costs from headcount reductions and $3.5 million of higher ES&A expense due to trade shows held during 2018. EURAF operating income was also favorably impacted by approximately $7.8 million from favorable changes in foreign currency exchange rates.

MEAP

MEAP net sales increased 11.5% for the three months ended June 30, 2018 to $76.8 million from $68.9 million for the three months ended June 30, 2017. The increase was primarily due to shipments of cranes for the commercial construction and oil and gas end markets. MEAP net sales were also favorably impacted by approximately $3.1 million from favorable changes in foreign currency exchange rates.

MEAP operating income decreased $0.2 million for the three months ended June 30, 2018 to $10.7 million from $10.9 million for the three months ended June 30, 2017. The decrease was primarily due to unfavorable product mix and $0.4 million of higher ES&A expense year over year. MEAP operating income was also favorably impacted by approximately $0.6 million from favorable changes in foreign currency exchange rates.

MEAP net sales increased 13.1% for the six months ended June 30, 2018 to $145.8 million from $128.9 million for the six months ended June 30, 2017. The increase was primarily due to shipments of cranes for the commercial construction, oil and gas and mining end markets. MEAP net sales were also favorably impacted by approximately $8.2 million from favorable changes in foreign currency exchange rates.

MEAP operating income decreased $1.0 million for the six months ended June 30, 2018 to $18.6 million from $19.6 million for the six months ended June 30, 2017. The decrease was primarily due to unfavorable product mix, partially offset by $0.2 million of reduced ES&A expense year over year. MEAP operating income was also favorably impacted by approximately $1.4 million from favorable changes in foreign currency exchange rates.

Financial Condition

First Six Months of 2018

Cash, cash equivalents and restricted cash balance as of June 30, 2018 totaled $83.7 million, a decrease of $39.3 million from the December 31, 2017 balance of $123.0 million. The decrease in the cash balance for the six months ended June 30, 2018 was primarily due to a $31.6 million increase in working capital of which $23.2 million was related to incentive compensation payments which were earned in the prior year, $16.6 million of semi-annual interest paid on the 2021 Notes and $15.2 million of capital expenditures. This was partially offset by $8.4 million of proceeds from the sale of property, plant and equipment.

Cash flows used for operating activities of continuing operations for the first six months of 2018 were $280.8 million and were primarily driven by a lower advance rate for trade receivables sold to the Company’s securitization program resulting in $250.7 million of cash flows being reported in cash provided by investing activities, increased receivables and inventories since December 31, 2017 and payments of incentive compensation earned in the prior year. This is consistent with historical seasonal working capital needs, as the Company builds inventory in anticipation of the summer construction season in the northern hemisphere.

Cash flows provided by investing activities of continuing operations were $243.9 million for the first six months of 2018 and consisted of $250.7 million of cash collections on accounts receivable sold to the Company’s securitization program and proceeds from sales of property, plant and equipment of $8.4 million, which was primarily related to the sale of the corporate headquarters in Manitowoc, Wisconsin during the first quarter of 2018. This was partially offset by capital expenditures of $15.2 million, with the majority related to equipment purchases in North America and Europe.

Cash flows used for financing activities of continuing operations were $1.0 million for the first six months of 2018 and consisted of $3.0 million of payments on long-term debt partially offset by $2.0 million of cash from exercises of stock options.

First Six Months of 2017

Cash, cash equivalents and restricted cash balance as of June 30, 2017 totaled $29.2 million, a decrease of $44.7 million from the December 31, 2016 balance of $73.9 million. The decrease in the cash balance for the six months ended June 30, 2017 was primarily due to a $17.4 million increase in working capital, $16.6 million of semi-annual interest paid on the 2021 Notes and $11.9 million of capital expenditures. This was partially offset by $10.3 million of proceeds from the revolving credit facility and $5.3 million of proceeds from the sale of property, plant and equipment.

Cash flows used for operating activities of continuing operations for the first six months of 2017 were $190.7 million and were primarily driven by a lower advance rate for trade receivables sold to the Company's securitization program resulting in $146.3 million of cash flows being reported in cash provided by investing activities, increased inventories and accrued expenses since December 31, 2016 and reduced sales volume. This is consistent with historical seasonal working capital needs, as the Company builds inventory in anticipation of the summer construction season in the northern hemisphere.

Cash flows provided by investing activities of continuing operations were $139.9 million for the first six months of 2017 and consisted of $146.3 million of cash collections on accounts receivable sold to the Company's securitization program and proceeds from sales of property, plant and equipment of $5.3 million. This was partially offset by capital expenditures of $11.9 million, with the majority related to equipment purchases in North America and Europe.

Cash flows provided by financing activities of continuing operations were $5.5 million for the first six months of 2017 and consisted of proceeds from the revolving credit facility of $10.3 million and $2.9 million of cash from exercises of stock options, offset by net cash paid on long-term debt and receivables financing costs.

Liquidity and Capital Resources

Outstanding debt as of June 30, 2018 and December 31, 2017 is summarized as follows:

($ in millions)	June 30, 2018	December 31, 2017
Revolving credit facility	$ —	$ —
Senior notes due 2021	253.1	251.9
Other	22.0	26.1
Deferred financing costs	(2.7)	(3.1)
Total debt	272.4	274.9
Less current portion and short-term borrowings	(7.0)	(8.2)
Long-term debt	$ 265.4	$ 266.7

See additional discussion of the credit facilities and Senior Notes in Note 7, “Debt,” of the Condensed Consolidated Financial Statements.

The Company’s liquidity position at June 30, 2018 and December 31, 2017 is summarized as follows:

(in millions)	June 30, 2018	December 31, 2017
Cash and cash equivalents	$ 83.5	$ 119.2
Revolver borrowing capacity	128.9	118.1
Less: Borrowings on revolver	—	—
Less: Outstanding letters of credit	(14.4)	(14.4)
Total liquidity	$ 198.0	$ 222.9

The Company believes its liquidity and expected cash flows from operations should be sufficient to meet expected working capital, capital expenditure and other general ongoing operational needs in the foreseeable future.

The Company has not provided for additional U.S. income taxes on approximately $608.3 million of undistributed earnings of consolidated non-U.S. subsidiaries included in stockholders' equity. Such earnings could become taxable upon sale or liquidation of these non-U.S. subsidiaries or upon dividend repatriation of cash balances. It is not practicable to estimate the amount of the unrecognized tax liability on such earnings. At June 30, 2018, approximately $47.4 million of the Company's total cash and cash equivalents were held by its foreign subsidiaries. This cash is associated with earnings that the Company has asserted are permanently reinvested. The Company has no current plans to repatriate material amounts of cash or cash equivalents held by its foreign subsidiaries because it plans to reinvest such cash and cash equivalents to support its operations and continued growth plans outside the U.S. through the funding of capital expenditures, acquisitions, research, operating expenses or other similar cash needs of these operations. Further, although the Company has not generated cash from operations in the current period, the Company does not currently forecast a need for these funds in the U.S. because its future U.S. operations and debt service will be supported by the cash generated by its U.S. operations which are supported by the ABL Revolving Credit Facility as a source of liquidity during times of short term cash needs. As of June 30, 2018, total availability under the facility was $128.9 million, of which $117.8 million was dedicated to U.S. borrowers.

Both the ABL Revolving Credit Facility and 2021 Notes include customary covenants and events of default. Based upon management's current plans and outlook, the Company believes it will be able to comply with these covenants during the subsequent twelve months.

See Note 8, "Accounts Receivable Securitization," of the Condensed Consolidated Financial Statements for further details regarding the program. The securitization program contains customary affirmative and negative covenants. Based on management's current plans and outlook, the Company believes it will be able to comply with these covenants during the subsequent twelve months.

Non-GAAP Measures

The Company uses EBITDA, Adjusted EBITDA and Adjusted operating income, which are financial measures that are not prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as additional metrics to evaluate the Company's performance. The Company defines EBITDA as net income (loss) before interest, taxes, depreciation and amortization. The Company defines Adjusted EBITDA as EBITDA plus the addback of restructuring expense, asset impairment expense and other (income) expense - net. The Company defines Adjusted operating income (loss) as Adjusted EBITDA excluding the addback of depreciation. The Company believes these non-GAAP measures provide important supplemental information to readers regarding business trends that can be used in evaluating its results of operations because these financial measures provide a consistent method of comparing financial performance and are commonly used by investors to assess performance. These non-GAAP financial measures should be considered together with, and are not substitutes for, the GAAP financial information provided herein.

The Company's Adjusted EBITDA and Adjusted operating income for the three months ended June 30, 2018 was income of $37.5 million and $28.4 million, respectively. The Company's Adjusted EBITDA and Adjusted operating income for the six months ended June 30, 2018 was income of $54.6 million and $36.4 million, respectively. The Company's Adjusted EBITDA and Adjusted operating income for the three months ended June 30, 2017 was income of $27.2 million and $17.9 million, respectively. The Company's Adjusted EBITDA and Adjusted operating income for the six months ended June 30, 2017 was income of $28.3 million and $8.4 million, respectively. The reconciliation of GAAP net income to EBITDA, and further to Adjusted EBITDA and to Adjusted operating income for the three and six months ended June 30, 2018 and 2017 is as follows ($ in millions):

($ in millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income (loss)	$9.7	$ 0.5	$(0.3)	$ (35.5)
Loss from discontinued operations, net of income taxes	0.2	0.2	0.2	0.2
Interest expense and amortization of deferred financing fees	9.8	10.1	20.3	20.7
Provision (benefit) for income taxes	(1.2)	2.3	2.7	3.8
Depreciation expense	9.1	9.3	18.2	19.9
Amortization of intangible assets	0.1	0.3	0.2	0.7
EBITDA	27.7	22.7	41.3	9.8
Restructuring expense	3.8	5.9	10.0	17.6
Asset impairment expense	0.4	—	0.4	—
Other (income) expense - net (1)	5.6	(1.4)	2.9	0.9
Adjusted EBITDA	37.5	27.2	54.6	28.3
Depreciation expense	(9.1)	(9.3)	(18.2)	(19.9)
Non-GAAP adjusted operating income	28.4	17.9	36.4	8.4
Restructuring expense	(3.8)	(5.9)	(10.0)	(17.6)
Amortization of intangible assets	(0.1)	(0.3)	(0.2)	(0.7)
Asset impairment expense	(0.4)	—	(0.4)	—
Other operating costs and expenses	—	0.2	—	—
GAAP operating income (loss)	$24.1	$ 11.9	$25.8	$ (9.9)

(1) Other (income) expense - net includes foreign currency translation adjustments, other components of net periodic pension costs, and other miscellaneous items.

Covenant compliant EBITDA as defined by the ABL Revolving Credit Facility was $93.0 million as of June 30, 2018 on a trailing 12-month basis. The calculation of covenant compliant EBITDA has certain limitations and restrictions on addbacks and has been included for informational purposes only.

As a result of the adoption of Accounting Standard Update 2016-15 - “Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments,” the Company records cash collections on accounts receivable from the Company’s securitization program which are collected at a later date within cash flows from investing activities. The Company uses a non-GAAP measure, Adjusted Operating Cash Flows, to evaluate the business, which is defined as cash flows provided by (used for) operating activities plus cash receipts on sold accounts receivable. Adjusted Operating Cash Flows for the six months ended June 30, 2018 and 2017 is as follows ($ in millions):

	Six Months Ended June 30,	
	2018	2017
Net cash used for operating activities:	$(281.0)	$(190.9)
Cash receipts on sold accounts receivable	250.7	146.3
Non-GAAP adjusted operating cash flows:	(30.3)	(44.6)

Critical Accounting Policies

The Company's critical accounting policies have not materially changed since the 2017 Form 10-K was filed. Refer to the Critical Accounting Policies in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Annual Report on Form 10-K for the year ended December 31, 2017 for information about the Company’s policies, methodology and assumptions related to critical accounting policies.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

The Company’s market risk disclosures have not materially changed since the 2017 Form 10-K was filed. The Company’s quantitative and qualitative disclosures about market risk are incorporated by reference from Part II, Item 7A of the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

Item 4. Controls and Procedures

Disclosure Controls and Procedures: The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, and that such information is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosure.

Changes in Internal Control Over Financial Reporting: The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). During the period covered by this report, the Company made no changes that have materially affected, or that are reasonably likely to materially affect, its internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

The Company's risk factors disclosures have not materially changed since the 2017 Form 10-K was filed. The Company's risk factors are incorporated by reference from Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Item 6. Exhibits

Exhibit No.	Description	Filed/Furnished Herewith	
31	Rule 13a - 14(a)/15d - 14(a) Certifications	X	(1)
32.1	Certification of CEO pursuant to 18 U.S.C. Section 1350	X	(2)
32.2	Certification of CFO pursuant to 18 U.S.C. Section 1350	X	(2)
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Operations, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows and (v) related notes.	X	(1)

(1) Filed Herewith
(2) Furnished Herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 7, 2018	The Manitowoc Company, Inc. (Registrant)
	/s/ Barry L. Pennypacker Barry L. Pennypacker President and Chief Executive Officer
	/s/ David J. Antoniuk David J. Antoniuk Senior Vice President and Chief Financial Officer

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