BURNHAM HOLDINGS, INC. ANNOUNCES THIRD QUARTER AND NINE MONTHS RESULTS

Lancaster, PA October 18, 2017

Burnham Holdings, Inc., (OTC-Pink: BURCA), the parent company of multiple subsidiaries that are leading domestic manufacturers of boilers, and related HVAC products and accessories (including furnaces, radiators, and air conditioning systems), for residential, commercial and industrial applications, today reported its financial results for the period ended October 1, 2017.

Highlights of our third quarter and year-to-date (YTD) operations include the following:

- Net sales in the third quarter and YTD in 2017 were $43.6 million and $113.4 million, respectively, compared to $42.1 million and $109.9 million in the same periods last year. This represented a year-over-year increase of 3.6% in the third quarter and 3.2% on a YTD basis.
- Long term debt (including current maturities) was $31.5 million, a reduction of $1.9 million compared to 2016. Interest expense on a YTD basis was flat compared to last year.
- Cash flow used in operations was lower by $5.7 million through the first nine months of 2017, mainly due to planned inventory reductions, lower accounts receivable levels, and lower pension contributions.
- Pre-tax profit in the third quarter was $848 thousand compared to $719 thousand in the third quarter of 2016, an improvement of 18%.

Residential product sales continued to show improvement in the third quarter, as sales were up 10.0% compared to the third quarter of 2016. On a YTD basis, residential product sales were higher by 6.1% compared to 2016, mainly due to growth in sales of cast iron boilers and residential furnace products. Commercial product sales were down 3.1% on a YTD basis, however, sales of our new high efficiency condensing commercial products were up over 10% compared to last year. Shipment backlogs entering the fourth quarter with respect to both residential and commercial products were significantly higher than at the same time in 2016.

Cost of goods sold ("COGS") as a percentage of sales for the third quarter and YTD in 2017 was 81.2% and 81.3%, respectively, compared to 81.1% and 79.5% for the same periods in 2016. The increase in COGS was mainly the result of the mix of products sold, higher prices for certain purchased raw materials, and negative cost impacts due to lower operating levels in certain manufacturing operations. The reduced operating levels were scheduled in order to reduce manufactured inventory levels to be in line with expected customer demand. Although the deliberate inventory reduction has caused a negative impact on pre-tax profits, we were successful in reducing inventory levels by $5.3 million on a year-over-year basis. Also, product pricing actions taken in the first half of the year were realized in the third quarter, resulting in a favorable impact on profit results. Selling, general and administrative expenses were lower as a percentage of sales both in the third quarter (16.2% vs. 16.6%) and on a YTD basis (19.0% vs. 19.8%). On a YTD basis, 2017 results reflect a net loss of ($701) thousand compared to a 2016 net profit of $23 thousand.

The Company's balance sheet has adequate levels of working capital based on our expected level of business activity as we move into the fourth quarter of the year. Long-term debt (including current maturities) was lower by $1.9 million compared to last year ($31.5 million vs. $33.4 million), and represents a manageable level when measured as a percentage of total capital.

Consolidated Statements of Operations

(In thousands, except per share data) (Data is unaudited (see Notes))	Three Months Ended Oct 1, 2017	Three Months Ended Sep 25, 2016	Nine Months Ended Oct 1, 2017	Nine Months Ended Sep 25, 2016
Net sales	$ 43,616	$ 42,114	$ 113,386	$ 109,859
Cost of goods sold	35,425	34,154	92,178	87,332
Gross profit	8,191	7,960	21,208	22,527
Selling, general and administrative expenses	7,058	6,977	21,569	21,801
Operating income	1,133	983	(361)	726
Other income (expense):				
(Loss) on sale of property			(50)	
Interest income	24	16	56	47
Interest expense	(309)	(280)	(740)	(736)
Other income (expense)	(285)	(264)	(734)	(689)
Income before income taxes	848	719	(1,095)	37
Income tax expense (benefit)	305	260	(394)	14
NET INCOME	$ 543	$ 459	$ (701)	$ 23
BASIC & DILUTED INCOME (LOSS) PER SHARE	$ 0.12	$ 0.10	$ (0.16)	$ -
DIVIDENDS PAID	$ 0.22	$ 0.22	$ 0.66	$ 0.66

Consolidated Balance Sheets

(in thousands and data is unaudited (see Notes)) ASSETS	Oct 1, 2017	Sep 25, 2016
CURRENT ASSETS		
Cash and cash equivalents	$ 5,841	$ 5,698
Trade accounts receivable, less allowances	20,234	23,744
Inventories	51,647	56,962
Prepaid expenses and other current assets	1,369	1,439
TOTAL CURRENT ASSETS	79,091	87,843
PROPERTY, PLANT AND EQUIPMENT, net	49,579	46,838
DEFERRED INCOME TAXES (4)		
OTHER ASSETS, net	22,184	22,142
TOTAL ASSETS	$ 150,854	$ 156,823
LIABILITIES AND STOCKHOLDERS' EQUITY	**2017**	2016
CURRENT LIABILITIES		
Accounts and taxes payable & accrued expenses	$ 17,522	$ 21,674
Current portion of long-term liabilities	157	1,264
TOTAL CURRENT LIABILITIES	17,679	22,938
LONG-TERM DEBT	31,521	32,184
OTHER POSTRETIREMENT LIABILITIES (4)(5)	16,575	23,076
DEFERRED INCOME TAXES	3,341	495
STOCKHOLDERS' EQUITY		
Preferred Stock	530	530
Class A Common Stock	3,487	3,484
Class B Convertible Common Stock	1,457	1,461
Additional paid-in capital	15,798	15,684
Retained earnings	108,357	108,474
Accumulated other comprehensive income (loss) (4)	(29,901)	(33,505)
Treasury stock, at cost	(17,990)	(17,998)
TOTAL STOCKHOLDERS' EQUITY	81,738	78,130
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 150,854	$ 156,823

Consolidated Statements of Cash Flows

(in thousands and data is unaudited (see Notes))	Nine Months ended Oct 1, 2017	Nine Months ended Sep 25, 2016
Net income	$ **(701)**	$ 23
Loss on sale of property	**50**	
Depreciation and amortization	**2,987**	3,234
Pension and postretirement liabilities expense	**(311)**	(53)
Contributions to pension trust (Note 5)	**(1,300)**	(3,750)
Other net adjustments	**49**	(84)
Changes in operating assets and liabilities	**(8,784)**	(13,060)
NET CASH USED IN OPERATING ACTIVITIES	**(8,010)**	(13,690)
Net cash used in the purchase of assets	**(7,388)**	(2,095)
Proceeds from sale of property, net	**532**	-
Proceeds from borrowings	**16,045**	19,448
Proceeds from stock option exercise and Treasury activity, net	**122**	141
Dividends paid	**(3,023)**	(3,018)
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	**(1,722)**	786
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	**7,563**	4,912
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF QUARTER	**$ 5,841**	$ 5,698

Notes To Financial Statements:

(1) Basic earnings per share are based upon weighted average shares outstanding for the period. Diluted earnings per share assume the conversion of outstanding rights into common stock.

(2) Common stock outstanding at October 1, 2017 includes 3,097,790 of Class A shares and 1,446,504 of Class B shares.

(3) Mark-to-Market adjustments are a result of changes (non-cash) in the fair value of interest rate agreements. These agreements are used to exchange the interest rate stream on variable rate debt for payments indexed to a fixed interest rate. These non-operational, non-cash charges reverse themselves over the term of the agreements.

(4) Accounting rules require that the funded status of pension and other postretirement benefits be recognized as a non-cash asset or liability, as the case may be, on the balance sheet. For December 31, 2016 and 2015, projected benefit obligations exceeded plan assets. The resulting non-cash presentation on the balance sheet is reflected in "Deferred income taxes", "Other postretirement liabilities", and "Accumulated other comprehensive income (loss)", a non-cash sub-section of "Stockholders' Equity" (See Note 10 of the 2016 Annual Report for more details).

(5) In the first nine months of 2017 and 2016, the Company made voluntary pre-tax contributions of $1.30 million and $3.75 million, respectively to its defined benefit pension plan. These payments increased the trust assets available for benefit payments (reducing "Other postretirement liabilities"), and did not impact the Statements of Income.

(6) Unaudited results, forward looking statements, and certain significant estimates and risks. This note has been expanded to include items discussed in detail within the Annual Report.

Unaudited Results and Forward Looking Statements. The accompanying unaudited financial statements contain all adjustments that are necessary for a fair presentation of results for such periods and are consistent with policies and procedures employed in the audited year-end financial statements. These consolidated financial statements should be read in conjunction with the Annual Report for the period ended December 31, 2016. Statements other than historical facts included or referenced in this Report are forward-looking statements subject to certain risks, trends, and uncertainties that could cause actual results to differ materially from those projected. We undertake no duty to update or revise these forward-looking statements.

Certain Significant Estimates and Risks. Certain estimates are determined using historical information along with assumptions about future events. Changes in assumptions for items such as warranties, pensions, medical cost trends, employment demographics and legal actions, as well as changes in actual experience, could cause these estimates to change. Specific risks, such as those included below, are discussed in the Company's Quarterly and Annual Reports in order to provide regular knowledge of relevant matters. Estimates and related reserves are more fully explained in the 2016 Annual Report.

Retirement Plans: The Company maintains a non-contributory defined benefit pension plan, covering both union and non-union employees, that has been closed to new hires for a number of years. Benefit accrual ceased in 2009, or earlier depending on the employee group, with the exception of a limited, closed group of union production employees. While not 100% frozen, these actions were taken to protect benefits for retirees and eligible employees, and have materially reduced the growth of the pension liability. Lancaster Metal Manufacturing, a Company subsidiary, also contributes to a separate union-sponsored multiemployer defined benefit pension plan that covers its collective bargaining employees. Variables such as future market conditions, investment returns, and employee experience could affect results.

(Note 6 continued on following page)

Note (6) Certain Significant Estimates and Risks (continued from previous page)

Medical Health Coverage: The Company and its subsidiaries are self-insured for most of the medical health insurance provided for its employees, limiting maximum exposure per occurrence by purchasing third-party stop-loss coverage.

Retiree Health Benefits: The Company pays a fixed annual amount that assists a specific group of retirees in purchasing medical and/or prescription drug coverage from providers. Additionally, certain employees electing early retirement have the option of receiving access to an insured defined benefit plan at a yearly stipulated cost or receiving a fixed dollar amount to assist them in covering medical costs.

Insurance: The Company and its subsidiaries maintain insurance to cover product liability, general liability, workers' compensation, and property damage. Well-known and reputable insurance carriers provide current coverage. All policies and corresponding deductible levels are reviewed on an annual basis. Third-party administrators, approved by the Company and the insurance carriers, handle claims and attempt to resolve them to the benefit of both the Company and its insurance carriers. The Company reviews claims periodically in conjunction with administrators and adjusts recorded reserves as required.

General Litigation, including Asbestos: In the normal course of business, certain subsidiaries of the Company have been named, and may in the future be named, as defendants in various legal actions including claims related to property damage and/or personal injury allegedly arising from products of the Company's subsidiaries or their predecessors. A number of these claims allege personal injury arising from exposure to asbestos-containing material allegedly contained in certain boilers manufactured many years ago, or through the installation or removal of heating systems. The Company's subsidiaries, directly and/or through insurance providers, are vigorously defending all open asbestos cases, many of which involve multiple claimants and many defendants, which may not be resolved for several years. Asbestos litigation is a national issue with thousands of companies defending claims. While the large majority of claims have historically been resolved prior to the completion of trial, from time to time some claims may be expected to proceed to a potentially substantial verdict against subsidiaries of the Company. Any such verdict would be subject to a potential reduction or reversal of verdict on appeal, any set-off rights, and/or a reduction of liability following allocation of liability among various defendants. For example, on July 23, 2013 and December 12, 2014, New York City State Court juries found numerous defendant companies, including a subsidiary of the Company, responsible for asbestos-related damages in cases involving multiple plaintiffs. The subsidiary, whose share of the verdicts amounted to $42 million and $6 million, respectively, before offsets, filed post-trial motions and appeals seeking to reduce and/or overturn the verdicts, and granting of new trials. On February 9, 2015, the trial court significantly reduced the 2013 verdicts, reducing the subsidiary's liability from $42 million to less than $7 million. Additionally, on May 15, 2015, the trial court reduced the subsidiary's liability in the 2014 verdict to less than $2 million. On October 30, 2015, the subsidiary settled these verdicts for significantly less than the trial courts' reduced verdicts, with all such settled amounts being covered by applicable insurance. The Company believes, based upon its understanding of its available insurance policies and discussions with legal counsel, that all pending legal actions and claims, including asbestos, should ultimately be resolved (whether through settlements or verdicts) within existing insurance limits and reserves, or for amounts not material to the Company's financial position or results of operations. However, the resolution of litigation generally entails significant uncertainties, and no assurance can be given as to the ultimate outcome of litigation or its impact on the Company and its subsidiaries. Furthermore, the Company cannot predict the extent to which new claims will be filed in the future, although the Company currently believes that the great preponderance of future asbestos claims will be covered by existing insurance. There can be no assurance that insurers will be financially able to satisfy all pending and future claims in accordance with the applicable insurance policies, or that any disputes regarding policy provisions will be resolved in favor of the Company.

Litigation Expense, Settlements, and Defense: Charges in the first nine months of 2017 for all uninsured litigation of every kind, was $152 thousand. Expenses for legal counsel, consultants, etc., in defending these various actions and claims for the same period were approximately $83 thousand. Prior year's settlements and expenses, including amounts for self-insured asbestos cases, are disclosed in the 2016 Annual Report.

Permitting Activities (excluding environmental): The Company's subsidiaries are engaged in various matters with respect to obtaining, amending or renewing permits required under various laws and associated regulations in order to operate each of its manufacturing facilities. Based on the information presently available, management believes it has all necessary permits and expects that all permit applications currently pending will be routinely handled and approved.

Environmental Matters: The operations of the Company's subsidiaries are subject to a variety of Federal, State, and local environmental laws. Among other things, these laws require the Company's subsidiaries to obtain and comply with the terms of a number of Federal, State and local environmental regulations and permits, including permits governing air emissions, wastewater discharges, and waste disposal. The Company's subsidiaries periodically need to apply for new permits or to renew or amend existing permits in connection with ongoing or modified operations. In addition, the Company generally tracks and tries to anticipate any changes in environmental laws that might relate to its ongoing operations. The Company believes its subsidiaries are in material compliance with all environmental laws and permits.

As with all manufacturing operations in the United States, the Company's subsidiaries can potentially be responsible for response actions at disposal areas containing waste materials from their operations. In the past five years, the Company has not received any notice that it or its subsidiaries might be responsible for remedial clean-up actions under government supervision. However, two pre-2008 issues covered by insurance policies remain open as of this date and are fully disclosed in the year-end 2016 Annual Report. While it is not possible to be certain whether or how any new or old matters will proceed, the Company does not presently have reason to anticipate incurring material costs in connection with any matters.