BURNHAM HOLDINGS, INC. REPORTS FIRST QUARTER RESULTS

Lancaster, PA April 29, 2019

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 quarter ended March 31, 2019.

Burnham Holdings, Inc.'s financial performance in the first quarter of 2019 included the following highlights:

- Net sales were $45.5 million, up $4.7 million, or 11.5%, versus 2018. This was the highest level of first quarter sales in the past ten years.
- Gross profit as a percentage of sales was 20.7% versus 18.7% in 2018.
- Net income was $0.9 million, an increase of $1.1 million compared to the $(0.2) million net loss experienced in the first quarter of 2018.
- Order backlogs for commercial products heading into the second quarter were over 50% higher than the same time last year.

Sales in the first quarter of 2019 were $45.5 million, compared to $40.8 million during the first quarter of 2018. Sales of residential products were higher by 11.5% versus last year, driven by continued strength in the overall economy; favorable seasonal weather patterns in our key markets; and increased sales of high efficiency condensing boilers. Sales of commercial products also improved by 11.6% versus the same period last year, as sales of our new commercial condensing products are also continuing to experience year-over-year growth.

Cost of goods sold ("COGS") as a percentage of sales for the first quarter was 79.3%, an improvement from 81.3% during the same period last year. The decrease in COGS was due to the increased volume of sales, higher operating levels at most subsidiaries, and a more profitable mix of products sold. Selling, general and administrative expenses were higher in dollar terms by 2.9% in the first quarter of 2019, but, were lower as a percentage of sales (18.2% vs. 19.7%) compared to 2018. Net income in the first quarter of $0.9 million was an improvement of $1.1 million compared to 2018 ($0.2 million loss). Earnings per share were $0.19, compared to a per share loss of $(0.05) in the first quarter of 2018. These results represent the highest reported first quarter net income for the Company in the past fifteen years.

Due to the seasonal nature of the sales made by our subsidiary companies, the first quarter provides the lowest quarterly sales of our fiscal year (normally 20% or less of full year sales). We therefore advise caution when using the financial results from the first quarter as an indicator of full year results. Although demand for HVAC products will fluctuate from period to period, we believe the long-term outlook for boilers, furnaces and associated equipment remains excellent. Our subsidiaries' new condensing product lines, along with their full line of non-condensing products and extensive distribution network, will continue to drive future revenue growth.

The Company's balance sheet continues to be strong, with adequate levels of working capital to support current and future business opportunities. Long-term debt of $19.7 million was $5.8 million higher than last year, with the increase mostly attributable to a $7.8 million increase in inventories. Approximately one third of the inventory increase was due to material cost inflation, with the remainder due to higher inventory levels necessary to support the increased sales volume.

The Burnham Holdings, Inc. 2019 Annual Meeting of Stockholders is being held today in Lancaster, PA beginning at 11:30 a.m. A press release regarding the results of today's stockholder voting and the Board of Directors determination regarding declaration of a quarterly dividend will be released later this afternoon.

Consolidated Statements of Income

(In thousands, except per share data)
(Data is unaudited (see Notes))

	Three Months Ended March 31, 2019	Three Months Ended April 1, 2018
Net sales	$ **45,457**	$ 40,770
Cost of goods sold	**36,038**	33,134
Gross profit	**9,419**	7,636
Selling, general and administrative expenses	**8,268**	8,033
Operating loss	**1,151**	(397)
Other income (expense):		
Interest and investment income	**28**	24
Non-service related pension credit	**145**	253
Interest expense	**(201)**	(186)
Other income	**(28)**	91
Income before income taxes	**1,123**	(306)
Income tax expense	**258**	(71)
NET INCOME (LOSS)	$ **865**	$ (235)
BASIC EARNINGS (LOSS) PER SHARE (Note 1)	$ **0.19**	$ (0.05)
DILUTED EARNINGS (LOSS) PER SHARE (Note 1)	$ **0.19**	$ (0.05)
COMMON STOCK DIVIDENDS PAID	$ **0.22**	$ 0.22

Consolidated Balance Sheets

(in thousands and data is unaudited (see Notes))

ASSETS	March 31, 2019	April 1, 2018
CURRENT ASSETS		
Cash and cash equivalents	$ **5,465**	$ 5,132
Trade accounts receivable, less allowances	**16,345**	14,871
Inventories	**52,955**	45,096
Prepaid expenses and other current assets	**2,233**	1,727
TOTAL CURRENT ASSETS	**76,998**	66,826
PROPERTY, PLANT AND EQUIPMENT, net	**50,458**	49,223
OPERATING LEASE RIGHT OF USE ASSETS	**1,370**	-
OTHER ASSETS, net	**9,773**	16,703
TOTAL ASSETS	$ **138,599**	$ 132,752
LIABILITIES AND STOCKHOLDERS' EQUITY	**2019**	2018
CURRENT LIABILITIES		
Accounts and taxes payable & accrued expenses	$ **22,412**	$ 19,444
Current portion of long-term liabilities	**136**	134
Current portion of operating lease liabilities	**968**	
Current portion of long-term debt	**4,000**	-
TOTAL CURRENT LIABILITIES	**27,516**	19,578
LONG-TERM DEBT	**15,725**	13,867
LONG-TERM OPERATING LEASE LIABILITIES	**402**	
OTHER POSTRETIREMENT LIABILITIES (Notes 4 and 5)	**11,418**	9,731
DEFERRED INCOME TAXES (Note 4)	**4,182**	3,889
STOCKHOLDERS' EQUITY		
Preferred Stock	**530**	530
Class A Common Stock	**3,518**	3,500
Class B Convertible Common Stock	**1,425**	1,444
Additional paid-in capital	**15,912**	15,798
Retained earnings	**109,472**	112,960
Accumulated other comprehensive income (loss) (Note 4)	**(33,519)**	(30,555)
Treasury stock, at cost	**(17,982)**	(17,990)
TOTAL STOCKHOLDERS' EQUITY	**79,356**	85,687
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ **138,599**	$ 132,752

Consolidated Statements of Cash Flows

(in thousands and data is unaudited (see Notes))	Three Months ended Mar 31, 2019	Apr 1, 2018
Net income	$ 865	$ (235)
Depreciation and amortization	1,031	971
Pension and postretirement liabilities expense	75	10
Contributions to pension trust (Note 5)	-	(489)
Other net adjustments	(1,097)	(496)
Changes in operating assets and liabilities	(2,478)	2,684
NET CASH PROVIDED BY OPERATING ACTIVITIES	(1,604)	2,445
Net cash used in the purchase of assets	(1,494)	(665)
Proceeds from borrowings	1,166	(1,163)
Proceeds from stock option exercise and Treasury activity, net	-	-
Principal payments on debt and lease obligations	-	-
Dividends paid	(1,002)	(1,000)
DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(2,934)	(383)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF PERIOD	8,399	5,515
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	$ 5,465	$ 5,132

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 March 31, 2019 includes 3,126,230 of Class A shares and 1,426,270 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, 2018 and 2017, 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 2018 Annual Report for more details).

(5) In the first quarter of 2018, the Company made a voluntary pre-tax contribution of $0.49 million to its defined benefit pension plan. This payment increased the trust assets available for benefit payments (reducing "Other postretirement liabilities"), and did not impact the Statement 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 2018 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, 2018. 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 2018 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.

New Accounting Standard:

During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (ASC 842). ASC 842 requires lessees to recognize the assets and liabilities that arise from all leases that exceed twelve months in duration on the balance sheet, regardless if they are operating or financing type leases. A lessee shall recognize on the balance sheet a liability to make future lease payments (the lease liability) and a right-of-use asset representing the value of the right to use the asset for the remaining term of the lease agreement. ASC 842 is effective for annual periods beginning after December 15, 2018, including interim periods. The Company adopted ASC 842 effective January 1, 2019 using the optional transition method described in ASU No. 2018-11, 'Leases - Targeted Improvements', which was issued in July, 2018. Under the optional transition method, the Company recognized any cumulative impact of initially applying ASC 842 as an adjustment to the opening balance of retained earnings as of January 1, 2019.
Based on the guidance provided in ASC 842, the Company balance sheet at March 31, 2019 includes a total right-of-use asset value of $1,370, and current liabilities of $(968) and long-term liabilities of $(402) related to future lease payments. Leases at all of the Company's subsidiaries have been classified as operating leases. Therefore, all lease payments made with respect to outstanding leases are reported as lease expense. For the quarter ended March 31, 2019, total lease expenses of $299 were included in the calculation of operating income.

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: The 2019 first quarter charges for all uninsured litigation of every kind, were $25 thousand. Expenses for legal counsel, consultants, etc., in defending these various actions and claims for the quarter were approximately $14 thousand. Prior year's settlements and expenses, including amounts for self-insured asbestos cases, are disclosed in the 2018 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, one issue covered by insurance policies remains open as of this date and is fully disclosed in the 2018 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.