UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 10, 2020

STEEL PARTNERS HOLDINGS L.P.

(Exact name of registrant as specified in its charter)

Delaware	001-35493	13-3727655
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

590 Madison Avenue, 32nd Floor, New York, New York	10022
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 520-2300

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbols	Name of each exchange on which registered
Common Units, $0 par	SPLP	New York Stock Exchange
6.0% Series A Preferred Units	SPLP-PRA	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On August 10, 2020, Steel Partners Holdings L.P., a Delaware limited partnership (the "Company"), issued a press release announcing its financial results for the quarter and six months ended June 30, 2020 and other financial information, and announcing the Company's release of a 2020 Mid-Year Update Letter from its Executive Chairman on August 10, 2020. A copy of the press release is being furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information in this Item 2.02, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in this Current Report, including the exhibit, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any incorporation by reference language in any such filing, unless the Company expressly sets forth in such future filing that such information is to be considered "filed" or incorporated by reference therein.

Item 7.01 Regulation FD Disclosure.

As indicated above, on August 10, 2020, the Company published a 2020 Mid-Year Update Letter, which is posted under the "Investor Relations" section of its website (www.steelpartners.com). A copy of the letter is being furnished as Exhibit 99.2 hereto.

The information in this Item 7.01, including Exhibit 99.2 attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of such section. The information in this Current Report, including the exhibit, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any incorporation by reference language in any such filing, unless the Company expressly sets forth in such future filing that such information is to be considered "filed" or incorporated by reference therein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Exhibits
99.1	Press release dated August 10, 2020
99.2	2020 Mid-Year Update Letter dated August 10, 2020

SIGNATURES

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

August 10, 2020

STEEL PARTNERS HOLDINGS L.P.

By: Steel Partners Holdings GP Inc.
Its General Partner

By: /s/ Douglas B. Woodworth
Douglas B. Woodworth
Chief Financial Officer

Exhibits

Exhibit No.	Exhibits
99.1	Press release dated August 10, 2020
99.2	2020 Mid-Year Update Letter dated August 10, 2020

EXHIBIT 99.1

Steel Partners Holdings Reports Second Quarter 2020 Financial Results

Second Quarter 2020 Highlights

- Revenue totaled $295.4 million, a decrease of 23.4%
- Net loss from continuing operations was $0.4 million
- Net loss attributable to common unitholders was $1.9 million, or $0.07 per common unit
- Adjusted EBITDA* decreased to $38.9 million; Adjusted EBITDA margin* was 13.2%
- Net cash provided by operating activities from continuing operations was $93.8 million
- Adjusted free cash flow* totaled $92.4 million
- Total debt was $365.0 million; net debt* totaled $475.9 million

First Half 2020 Highlights

- Revenue totaled $643.3 million, a decrease of 13.2%
- Net loss from continuing operations was $36.9 million
- Net loss attributable to common unitholders was $63.6 million, or $2.55 per common unit
- Adjusted EBITDA* decreased to $75.9 million; Adjusted EBITDA margin* was 11.8%
- Net cash provided by operating activities from continuing operations was $259.9 million
- Adjusted free cash flow* totaled $95.2 million

NEW YORK, N.Y., August 10, 2020 - Steel Partners Holdings L.P. (NYSE: SPLP), a diversified global holding company, today announced operating results for the second quarter and six months ended June 30, 2020. We encourage investors to read our 2020 Mid-Year Update Letter, which is posted under the "Investor Relations" section of our website (www.steelpartners.com).

Q2 2020	Q2 2019	($ in thousands)	H1 2020	H1 2019
$295,437	$385,715	Revenue	$643,337	$741,528
(417)	23,952	Net (loss) income from continuing operations	(36,876)	43,714
(1,868)	21,063	Net (loss) income attributable to common unitholders	(63,605)	36,741
38,941	51,280	Adjusted EBITDA*	75,862	93,202
13.2%	13.3%	Adjusted EBITDA margin*	11.8%	12.6%
4,041	9,753	Purchases of property, plant and equipment	11,035	16,410
92,427	14,252	Adjusted free cash flow*	95,222	27,218

* See reconciliations to the nearest GAAP measure included in the financial tables. See "Note Regarding Use of Non-GAAP Financial Measurements" below for the definition of these non-GAAP measures.

The spread of the COVID-19 outbreak has caused significant disruptions in the U.S. and global economies. The Company continues to evaluate the global risks and the slowdown in business activity related to COVID-19, including the potential impacts on its employees, customers, suppliers, and financial results. As the situation surrounding COVID-19 remains fluid, it is expected to continue having a negative impact to the Company, however, it is difficult to predict the duration of the pandemic and its continued impact on the Company's business, operations, financial condition, and cash flows. As the COVID-19 pandemic progressed, the Company initiated cost reduction actions, including the waiver of management and board fees, hiring freezes, employee furloughs, staffing and force reductions, salary reductions, bonus payment deferrals, and 401(k) match suspension to help mitigate the financial impact of the COVID-19 pandemic. The Company also froze all discretionary spend, implemented strict approvals for capital expenditures, and is aggressively managing working capital. The Company continues to evaluate further actions as circumstances warrant.

The COVID-19 pandemic has adversely affected our consolidated financial results for the first six months of 2020. We anticipate COVID-19 may continue to have an adverse impact on our business through the third quarter and potentially beyond. While the Company developed and implemented, and continues to develop and implement, health and safety protocols, business continuity plans, and crisis management protocols in an effort to try to mitigate the negative impact of COVID-19 to its employees and business, the severity of the impact of the COVID-19 pandemic on the Company's business in the remaining quarters of 2020 and beyond will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic, governmental

actions that have been taken, or may be taken in the future, in response to the pandemic, and the extent and severity of the impact on the Company's customers and suppliers, all of which are uncertain and cannot be predicted.

"Our top priorities are the health and safety of our employees and fulfilling customer commitments," said Warren Lichtenstein, Executive Chairman of Steel Partners. "Throughout the COVID-19 pandemic and economic slowdown, our teams have remained flexible, positive and focused."

"The pandemic had significant adverse impacts across each of our segments; however, as we exited the second quarter, overall demand in our Diversified Industrial segment has returned to near pre-crisis levels. Our Energy business continues to generate positive operating results, despite the significant headwinds from the decline in energy prices and storage issues. And, WebBank's results for June showed year-over-year improvement, despite the loan performance deterioration associated with the pandemic during the second quarter. We remain confident that the actions we have taken to control expenses and maintain liquidity will position our business to withstand a potentially prolonged economic downturn."

Results of Operations

Comparison of the Three and Six Months Ended June 30, 2020 and 2019

(in thousands)	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2020	**2019**	**2020**	**2019**
Revenue	$ 295,437	$ 385,715	$ 643,337	$ 741,528
Cost of goods sold	195,199	252,548	416,278	491,015
Selling, general and administrative expenses	74,936	97,430	151,600	179,753
Asset impairment charges	—	190	617	190
Interest expense	7,722	10,272	16,037	20,477
Realized and unrealized losses (gains) on securities, net	8,482	(36,377)	26,484	(38,486)
All other expenses, net	15,728	15,784	44,332	29,328
Total costs and expenses	302,067	339,847	655,348	682,277
(Loss) income from continuing operations before income taxes and equity method investments	(6,630)	45,868	(12,011)	59,251
Income tax (benefit) provision	(1,320)	14,798	(4,749)	17,800
(Income) loss of associated companies, net of taxes	(4,893)	7,118	29,614	(2,263)
Net (loss) income from continuing operations	$ (417)	$ 23,952	$ (36,876)	$ 43,714

Revenue

Revenue for the three months ended June 30, 2020 decreased $90.3 million, or 23.4%, as compared to the same period last year, due to lower sales volume across all the operating segments, primarily due to the impact of COVID-19.

Revenue for the six months ended June 30, 2020 decreased $98.2 million, or 13.2%, as compared to the same period last year. The decrease was primarily driven by the Diversified Industrial and Energy segments due to the impact of COVID-19 during the second quarter of 2020.

Cost of Goods Sold

Cost of goods sold for the three months ended June 30, 2020 decreased $57.3 million, or 22.7%, as compared to the same period last year, due to decreases in the Diversified Industrial and Energy segments. The decreases in the Diversified Industrial and Energy segments in the three months ended June 30, 2020 were primarily due to the lower sales volume discussed above, and the Company's cost reduction efforts to offset the impact of COVID-19.

Cost of goods sold for the six months ended June 30, 2020 decreased $74.7 million, or 15.2%, as compared to the same period last year, due to decreases in the Diversified Industrial and Energy segments. The decreases in the Diversified Industrial and Energy segments in the six months ended June 30, 2020 were primarily due to the lower sales volume discussed above, and the Company's cost reduction efforts to offset the impact of COVID-19.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") for the three months ended June 30, 2020 decreased $22.5 million, or 23.1%, as compared to the same period last year. The decrease was primarily due to lower sales volume and cost reduction initiatives from all the segments, partially offset by an environmental reserve charge of $14.0 million in the Diversified Industrial segment related to a legacy, non-operating site. There was also a $12.5 million expense associated with a legal settlement in the Corporate segment during the 2019 period.

SG&A for the six months ended June 30, 2020 decreased $28.2 million, or 15.7%, as compared to the same period last year, primarily due to the lower sales volume and cost reduction initiatives from all the segments, partially offset by the environmental reserve charge in the Diversified Industrial segment noted above. There was also an expense associated with a legal settlement in the Corporate segment during the 2019 period as noted above.

Asset Impairment Charges

As a result of COVID-19 related declines in our youth sports business within the Energy segment, intangible assets of $0.6 million, primarily customer relationships, were fully impaired during the first quarter of 2020.

Interest Expense

Interest expense for the three months ended June 30, 2020 decreased $2.6 million, or 24.8%, as compared to the same period last year. The lower interest expense for the three months ended June 30, 2020 was primarily due to lower interest rates during the second quarter of 2020, partially offset by higher borrowing levels.

Interest expense for the six months ended June 30, 2020 decreased $4.4 million, or 21.7%, as compared to the same period last year. The lower interest expense for the six months ended June 30, 2020 was primarily due to lower interest rates during the first half of 2020, partially offset by higher borrowing levels.

Realized and Unrealized Losses (Gains) on Securities, Net

The Company recorded losses of $8.5 million for the three months ended June 30, 2020, as compared to gains of $36.4 million in the same period of 2019 and losses of $26.5 million for the six months ended June 30, 2020, as compared to gains of $38.5 million in 2019. The change in realized and unrealized losses (gains) on securities was primarily due to a realized loss on the sale of securities in the 2020 period, as well as mark-to-market adjustments on the Company's portfolio of securities in both periods.

All Other Expenses, Net

All other expenses were relatively flat for the three months ended June 30, 2020, as compared to the same period of 2019. Higher provision for loan losses were offset by lower finance interest expense and higher investment income, as compared to the prior period.

All other expenses increased $15.0 million for the six months ended June 30, 2020, as compared to the same period of 2019. Higher provision for loan losses were partially offset by lower finance interest expense and higher investment income, as compared to the prior period.

Income Tax (Benefit) Provision

The Company recorded an income tax benefit of $1.3 million and income tax provision of $14.8 million for the three months ended June 30, 2020 and 2019, respectively, and an income tax benefit of $4.7 million and income tax provision of $17.8 million for the six months ended June 30, 2020 and 2019, respectively. As a limited partnership, we are generally not responsible for federal and state income taxes, and our profits and losses are passed directly to our limited partners for inclusion in their respective income tax returns. Provision has been made for federal, state, local, or foreign income taxes on the results of operations generated by our consolidated subsidiaries that are taxable entities. The difference between the effective tax rate and statutory federal rate of 21% is principally due to partnership losses for which no tax benefit is recognized, as well as changes in certain deferred tax valuation allowances and various other permanent differences.

(Income) Loss of Associated Companies, Net of Taxes

The Company recorded income from associated companies, net of taxes of $4.9 million and a loss from associated companies, net of taxes of $29.6 million for the three and six months ended June 30, 2020, respectively, as compared to a loss of $7.1 million and income of $2.3 million in the same periods of 2019.

Purchases of Property, Plant and Equipment (Capital Expenditures)

Capital expenditures for the second quarter of 2020 totaled $4.0 million, or 1.4% of net sales, compared to $9.8 million, or 2.5% of net sales, in the second quarter of 2019. For the six months ended June 30, 2020, capital expenditures were $11.0 million, or 1.7% of net sales, compared to $16.4 million, or 2.2% of net sales, for the six months ended June 30, 2019.

Additional Non-GAAP Financial Measures

Adjusted EBITDA for the second quarter of 2020 was $38.9 million versus $51.3 million for the same period in 2019. The Adjusted EBITDA margin decreased to 13.2% in the quarter from 13.3% in the second quarter of 2019 primarily due to lower volumes stemming from the impact of COVID-19. Adjusted free cash flow was $92.4 million for the second quarter of 2020 versus $14.3 million for the same period in 2019.

For the six months ended June 30, 2020, Adjusted EBITDA and Adjusted EBITDA margin were $75.9 million and 11.8%, respectively, compared to $93.2 million and 12.6% for the same period in 2019. For the six months ended June 30, 2020, adjusted free cash flow was $95.2 million versus $27.2 million for the same period in 2019.

Liquidity and Capital Resources

As of June 30, 2020, the Company had $231.5 million in available liquidity under its senior credit agreement, as well as $56.5 million in cash and cash equivalents, excluding WebBank cash, and approximately $214.9 million in marketable securities and long-term investments.

As of June 30, 2020, consolidated debt was $365.0 million, an increase of approximately $27.0 million compared to December 31, 2019. As of June 30, 2020, net debt totaled $475.9 million, a decrease of approximately $61.0 million compared to December 31, 2019. Total leverage (as defined in the Company's senior credit agreement) was 2.83x as of June 30, 2020 versus 3.17x as of December 31, 2019.

About Steel Partners Holdings L.P.

Steel Partners Holdings L.P. (www.steelpartners.com) is a diversified global holding company that owns and operates businesses and has significant interests in various companies, including diversified industrial products, energy, defense, supply chain management and logistics, direct marketing, banking, and youth sports.

Forward-Looking Statements

This press release contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that reflect SPLP's current expectations and projections about its future results, performance, prospects, and opportunities. SPLP identifies these forward-looking statements by using words such as "may," "should," "expect," "hope," "anticipate," "believe," "intend," "plan," "estimate," "will," and similar expressions. These forward-looking statements are based on information currently available to the Company and are subject to risks, uncertainties, and other factors that could cause its actual results, performance, prospects, or opportunities in 2020 and beyond to differ materially from those expressed in, or implied by, these forward-looking statements. These factors include, without limitation, the impact of COVID-19 on business activity generally and on the Company's financial condition and operations, including whether facilities considered to be essential retain that designation, the continued decline of crude oil prices, customers' acceptance of our new and existing products, our ability to deploy our capital in a manner that maximizes unitholder value, the ability to consolidate and manage the Company's newly acquired businesses, the potential fluctuation in the Company's operating results, the Company's ongoing cash flow requirements for defined benefit pension plans, the cost of compliance with extensive federal and state regulatory requirements and any potential liability thereunder, the Company's need for additional financing and the terms and conditions of any financing that is consummated, the ability to identify suitable acquisition candidates or investment opportunities for our core businesses, the impact of losses in the Company's investment portfolio, the effect of fluctuations in interest rates and the phase-out of LIBOR, our ability to protect the Company's intellectual property rights, the Company's ability to manage risks inherent to conducting business internationally, the outcome of litigation or other legal

proceedings in which we are involved from time to time, a significant disruption in, or breach in security of, our technology systems, labor disputes and the ability to recruit and retain experienced personnel, general economic conditions, fluctuations in demand for our products and services, the inability to realize the benefits of net operating losses of our affiliates and subsidiaries, the possible volatility of our common or preferred unit trading prices, and other risks detailed from time to time in filings we make with the U.S. Securities and Exchange Commission ("SEC"). These statements involve significant risks and uncertainties, and no assurance can be given that the actual results will be consistent with these forward-looking statements. Investors should read carefully the factors described in the "Risk Factors" section of the Company's filings with the SEC, including the Company's Form 10-K for the year ended December 31, 2019 and Form 10-Q for each of the 2020 quarterly periods, for information regarding risk factors that could affect the Company's results. Any forward-looking statement made in this press release speaks only as of the date hereof. Except as otherwise required by law, SPLP undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances, or any other reason.

Investor contact: Steel Partners Holdings L.P.
Jennifer Golembeske, 212-520-2300
jgolembeske@steelpartners.com

(Financial Tables Follow)

Consolidated Balance Sheets (unaudited)

(in thousands, except common and units)	June 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 107,083	$ 139,467
Marketable securities	155	220
Trade and other receivables - net of allowance for doubtful accounts of $3,232 and $2,512, respectively	163,486	175,043
Receivables from related parties	2,875	2,221
Loans receivable, including loans held for sale of $71,378 and $225,013, respectively, net	321,987	546,908
Inventories, net	143,923	151,641
Prepaid expenses and other current assets	32,172	33,689
Assets of discontinued operations	—	41,012
Total current assets	771,681	1,090,201
Long-term loans receivable, net	2,250,656	196,145
Goodwill	151,931	149,626
Other intangible assets, net	148,643	158,593
Deferred tax assets	94,552	88,645
Other non-current assets	45,000	70,616
Property, plant and equipment, net	238,109	250,225
Operating lease right-of-use assets	31,756	34,324
Long-term investments	214,719	275,836
Assets of discontinued operations	—	18,143
Total Assets	$ 3,947,047	$ 2,332,354
LIABILITIES AND CAPITAL		
Current liabilities:		
Accounts payable	$ 107,936	$ 85,817
Accrued liabilities	72,739	114,941
Deposits	362,286	615,495
Payables to related parties	687	481
Short-term debt	357	1,800
Current portion of long-term debt	14,035	14,208
Current portion of preferred unit liability	—	39,782
Other current liabilities	88,806	42,041
Liabilities of discontinued operations	—	21,256
Total current liabilities	646,846	935,821
Long-term deposits	95,717	139,222
Long-term debt	350,653	322,081
Other borrowings	2,032,236	—
Preferred unit liability	145,544	144,247
Accrued pension liabilities	183,230	183,228
Deferred tax liabilities	—	2,497
Long-term operating lease liabilities	24,649	26,458
Other non-current liabilities	38,883	14,556
Liabilities of discontinued operations	—	87,825
Total Liabilities	3,517,758	1,855,935
Commitments and Contingencies		
Capital:		
Partners' capital common units: 24,929,253 and 25,023,128 issued and outstanding (after deducting 12,647,864 and 12,647,864 units held in treasury, at cost of $198,781 and $198,781), respectively	600,578	664,035
Accumulated other comprehensive loss	(175,504)	(191,422)
Total Partners' Capital	425,074	472,613
Noncontrolling interests in consolidated entities	4,215	3,806
Total Capital	429,289	476,419
Total Liabilities and Capital	$ 3,947,047	$ 2,332,354

Consolidated Statements of Operations (unaudited)

(in thousands, except common units and per common unit data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue:				
Diversified industrial net sales	$ 252,172	$ 300,049	$ 514,472	$ 580,970
Energy net revenue	14,302	43,532	52,904	82,518
Financial services revenue	28,963	42,134	75,961	78,040
Total revenue	295,437	385,715	643,337	741,528
Costs and expenses:				
Cost of goods sold	195,199	252,548	416,278	491,015
Selling, general and administrative expenses	74,936	97,430	151,600	179,753
Asset impairment charges	—	190	617	190
Finance interest expense	3,475	4,201	6,909	8,125
Provision for loan losses	14,253	12,715	40,390	21,185
Interest expense	7,722	10,272	16,037	20,477
Realized and unrealized losses (gains) on securities, net	8,482	(36,377)	26,484	(38,486)
Other (income) expense, net	(2,000)	(1,132)	(2,967)	18
Total costs and expenses	302,067	339,847	655,348	682,277
(Loss) income from continuing operations before income taxes and equity method investments	(6,630)	45,868	(12,011)	59,251
Income tax (benefit) provision	(1,320)	14,798	(4,749)	17,800
(Income) loss of associated companies, net of taxes	(4,893)	7,118	29,614	(2,263)
Net (loss) income from continuing operations	(417)	23,952	(36,876)	43,714
Discontinued operations				
Loss from discontinued operations, net of taxes	(280)	(2,918)	(2,581)	(7,058)
Net loss on deconsolidation of discontinued operations	(980)	—	(23,827)	—
Loss from discontinued operations, net of taxes	(1,260)	(2,918)	(26,408)	(7,058)
Net (loss) income	(1,677)	21,034	(63,284)	36,656
Net (income) loss attributable to noncontrolling interests in consolidated entities (continuing operations)	(191)	29	(321)	85
Net (loss) income attributable to common unitholders	$ (1,868)	$ 21,063	$ (63,605)	$ 36,741
Net (loss) income per common unit - basic				
Net (loss) income from continuing operations	$ (0.02)	$ 0.96	$ (1.49)	$ 1.75
Net loss from discontinued operations	(0.05)	(0.12)	(1.06)	(0.28)
Net (loss) income attributable to common unitholders	$ (0.07)	$ 0.84	$ (2.55)	$ 1.47
Net (loss) income per common unit - diluted				
Net (loss) income from continuing operations	$ (0.02)	$ 0.69	$ (1.49)	$ 1.27
Net loss from discontinued operations	(0.05)	(0.08)	(1.06)	(0.18)
Net (loss) income attributable to common unitholders	$ (0.07)	$ 0.61	$ (2.55)	$ 1.09
Weighted-average number of common units outstanding - basic	24,958,026	24,982,728	24,989,440	24,915,446
Weighted-average number of common units outstanding - diluted	24,958,026	39,138,599	24,989,440	39,158,510

Supplemental Balance Sheet Data (June 30, 2020 unaudited)

(in thousands, except common and preferred units)	**June 30, 2020**	**December 31, 2019**
Cash and cash equivalents	$ 107,083	$ 139,467
WebBank cash and cash equivalents	50,583	125,047
Cash and cash equivalents, excluding WebBank	$ 56,500	$ 14,420
Common units outstanding	24,929,253	25,023,128
Preferred units outstanding	6,422,128	7,927,288

Supplemental Non-GAAP Disclosures (unaudited)

Adjusted EBITDA Reconciliation:

(in thousands)	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2020	**2019**	**2020**	**2019**
Net (loss) income from continuing operations	$ (417)	$ 23,952	$ (36,876)	$ 43,714
Income tax (benefit) provision	(1,320)	14,798	(4,749)	17,800
(Loss) income from continuing operations before income taxes	(1,737)	38,750	(41,625)	61,514
Add (Deduct):				
(Income) loss of associated companies, net of taxes	(4,893)	7,118	29,614	(2,263)
Realized and unrealized losses (gains) on securities, net	8,482	(36,377)	26,484	(38,486)
Interest expense	7,722	10,272	16,037	20,477
Depreciation	11,133	10,990	22,086	21,956
Amortization	5,112	5,438	10,394	10,703
Non-cash asset impairment charges	—	190	617	190
Non-cash pension expense	623	1,980	1,175	3,949
Non-cash equity-based compensation	50	227	256	391
Other items, net	12,449	12,692	10,824	14,771
Adjusted EBITDA	$ 38,941	$ 51,280	$ 75,862	$ 93,202
Total revenue	$ 295,437	$ 385,715	$ 643,337	$ 741,528
Adjusted EBITDA margin	13.2 %	13.3 %	11.8 %	12.6 %

Net Debt Reconciliation:

(in thousands)	**June 30, 2020**	**December 31, 2019**
Total debt	$ 365,045	$ 338,089
Loan guarantee liability	53,464	—
Accrued pension liabilities	183,230	183,228
Preferred unit liability, including current portion	145,544	184,029
Cash and cash equivalents, excluding WebBank	(56,500)	(14,420)
Marketable securities	(155)	(220)
Long-term investments	(214,719)	(275,836)
Net debt	$ 475,909	$ 414,870

Adjusted Free Cash Flow Reconciliation:

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net cash provided by operating activities of continuing operations	$ 93,846	$ 15,764	$ 259,892	$ 53,700
Purchases of property, plant and equipment	(4,041)	(9,753)	(11,035)	(16,410)
Net increase (decrease) in loans held for sale	2,622	8,241	(153,635)	(10,072)
Adjusted free cash flow	$ 92,427	$ 14,252	$ 95,222	$ 27,218

Segment Results (unaudited)

(in thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenue:				
Diversified industrial	$ 252,172	$ 300,049	$ 514,472	$ 580,970
Energy	14,302	43,532	52,904	82,518
Financial services	28,963	42,134	75,961	78,040
Total revenue	$ 295,437	$ 385,715	$ 643,337	$ 741,528
Income (loss) from continuing operations before interest expense and income taxes:				
Diversified industrial	$ 13,162	$ 15,606	$ 28,036	$ 30,651
Energy	(5,352)	329	(5,150)	(1,426)
Financial services	(815)	14,344	3,191	27,576
Corporate and other	(1,010)	18,743	(51,665)	25,190
Income (loss) from continuing operations before interest expense and income taxes	5,985	49,022	(25,588)	81,991
Interest expense	7,722	10,272	16,037	20,477
Income tax (benefit) provision	(1,320)	14,798	(4,749)	17,800
Net (loss) income from continuing operations	$ (417)	$ 23,952	$ (36,876)	$ 43,714
(Income) loss of associated companies, net of taxes:				
Corporate and other	$ (4,893)	$ 7,118	$ 29,614	$ (2,263)
Total	$ (4,893)	$ 7,118	$ 29,614	$ (2,263)
Segment depreciation and amortization:				
Diversified industrial	$ 12,383	$ 11,868	$ 24,650	$ 23,522
Energy	3,731	4,420	7,487	8,865
Financial services	92	101	263	199
Corporate and other	39	39	80	73
Total depreciation and amortization	$ 16,245	$ 16,428	$ 32,480	$ 32,659
Segment Adjusted EBITDA:				
Diversified industrial	$ 39,194	$ 30,657	$ 66,447	$ 60,216
Energy	(1,820)	5,052	2,703	7,497
Financial services	(373)	14,376	3,801	27,701
Corporate and other	1,940	1,195	2,911	(2,212)
Total Adjusted EBITDA	$ 38,941	$ 51,280	$ 75,862	$ 93,202

For the six months ended June 30, 2020, the Company changed the methods used to measure reported segment income or loss by allocating additional expenses from the Corporate and Other segment to the Diversified Industrial, Energy, and Financial Services segments. In addition, the Company recast all 2019 financial information associated with API Group Limited and certain of its affiliates, which were deconsolidated during the first quarter of 2020 and previously included in the Diversified Industrial segment, to discontinued operations. The 2019 financial information has been recast to reflect these changes on a comparable basis.

Note Regarding Use of Non-GAAP Financial Measurements

The financial data contained in this press release includes certain non-GAAP financial measurements as defined by the SEC, including "Adjusted EBITDA," "Net Debt," and "Adjusted Free Cash Flow." The Company is presenting these non-GAAP financial measurements because it believes that these measures provide useful information to investors about the Company's business and its financial condition. The Company defines Adjusted EBITDA as net income or loss from continuing operations before the effects of income or loss from investments in associated companies and other investments held at fair value, interest expense, taxes, depreciation and amortization, non-cash pension expense or income, and realized and unrealized gains or losses on investments, and excludes certain non-recurring and non-cash items. The Company defines Net Debt as the sum of total debt, loan guarantee liability, accrued pension liabilities and preferred unit liability, less the sum of cash and cash equivalents (excluding those used in WebBank's banking operations), marketable securities and long-term investments. The Company defines Adjusted Free Cash Flow as net cash provided by or used in operating activities of continuing operations less the sum of purchases of property, plant and equipment, and net increases or decreases in loans held for sale. The Company believes these measures are useful to investors because they are measures used by the Company's Board of Directors and management to evaluate its ongoing business, including in internal management reporting, budgeting, and forecasting processes, in comparing operating results across the business, as internal profitability measures, as components in assessing liquidity and evaluating the ability and the desirability of making capital expenditures and significant acquisitions, and as elements in determining executive compensation.

However, the measures are not measures of financial performance under generally accepted accounting principles in the U.S. ("U.S. GAAP"), and the items excluded from these measures are significant components in understanding and assessing financial performance. Therefore, these non-GAAP financial measurements should not be considered substitutes for net income or loss, total debt, or cash flows from operating, investing, or financing activities. Because Adjusted EBITDA is calculated before recurring cash charges, including realized losses on investments, interest expense, and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a measure of discretionary cash available to invest in the growth of the business. There are a number of material limitations to the use of Adjusted EBITDA as an analytical tool, including the following:

- Adjusted EBITDA does not reflect the Company's tax provision or the cash requirements to pay its taxes;
- Adjusted EBITDA does not reflect income or loss from the Company's investments in associated companies and other investments held at fair value;
- Adjusted EBITDA does not reflect the Company's interest expense;
- Although depreciation and amortization are non-cash expenses in the period recorded, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect the cash requirements for such replacement;
- Adjusted EBITDA does not reflect the Company's net realized and unrealized gains and losses on its investments;
- Adjusted EBITDA does not include the Company's discontinued operations;
- Adjusted EBITDA does not include non-cash charges for pension expense and equity-based compensation;
- Adjusted EBITDA does not include amounts related to noncontrolling interests in consolidated entities; and
- Adjusted EBITDA does not include certain other non-recurring and non-cash items.

In addition, Net Debt assumes the Company's cash and cash equivalents (excluding those used in WebBank's banking operations), marketable securities and long-term investments are immediately convertible in cash and can be used to reduce outstanding debt without restriction at their recorded fair value, while Adjusted Free Cash Flow excludes net increases or decreases in loans held for sale, which can vary significantly from period-to-period since these loans are typically sold after origination and thus represent a significant component in WebBank's operating cash flow requirements.

The Company compensates for these limitations by relying primarily on its U.S. GAAP financial measures and using these measures only as supplemental information. The Company believes that consideration of Adjusted EBITDA, Net Debt, and Adjusted Free Cash Flow, together with a careful review of its U.S. GAAP financial measures, is a well-informed method of analyzing SPLP. Because Adjusted EBITDA, Net Debt, and Adjusted Free Cash Flow are not measurements determined in accordance with U.S. GAAP and are susceptible to varying calculations, Adjusted EBITDA, Net Debt, and Adjusted Free Cash Flow, as presented, may not be comparable to other similarly titled measures of other companies.

EXHIBIT 99.2

August 10, 2020

To the Stakeholders of Steel Partners Holdings L.P.:

When I wrote to you earlier this year, we outlined our strategic plan to sell underperforming businesses and excess real estate, pay down debt, utilize our net operating losses (NOLs), continue to manage our pension assets and liabilities, and buy back common units. At that time, I said that the “implementation and execution of the plan will take two to three years, barring a worldwide economic slowdown or worsening of the effects of the coronavirus.” As you all know, the world has shifted dramatically since I wrote that in February, and we now battle both a global pandemic and a historic economic crisis.

We took swift actions to ensure our employees’ health and safety by implementing increased sanitation measures, social distancing, and health monitoring. Our COVID-19 Task Force meets regularly to share best practices, create risk mitigation plans, and resource guides to safeguard our employees.

We are following the CDC guidelines, and we have transitioned critical salaried and sales employees successfully to work remotely during the COVID-19 crisis, including our entire corporate office staff. We are successfully connecting and collaborating with each other using Microsoft Teams, Zoom, and other apps while remaining physically apart. At this point, we are highly proficient at working remotely, and we are in the process of negotiating our leases, as we do not know when or even if we will return to a traditional office setting. I want to thank all our employees for remaining flexible and adapting to the new normal, and I also want to thank our Board of Directors for leading by example and working so diligently during this difficult time.

We took aggressive action to manage our businesses to mitigate the negative effects of COVID-19 on our financial results. On March 18, our Board of Directors unanimously approved the deferral and subsequent waiver of all Board and Management fees through the second quarter of 2020. We also initiated cost reduction actions, including employee furloughs, staffing reductions, and salary reductions of up to 35% for all salaried employees, 401(k) match suspension, and bonus payment deferrals. We froze all discretionary spending and aggressively managed working capital. In addition, in March 2020, the Company borrowed

approximately $140 million under its senior credit facility as a part of a comprehensive precautionary approach to increase the Company’s cash and liquidity position and maximize our financial flexibility. And, due to the uncertainty of the global markets, we made the decision to pay the quarterly dividend on the Series A Preferred Units in-kind.

We had a number of divestitures stall due to the pandemic as the buyers reduced their bids to unacceptable levels, lost financing, or were unable to do the necessary diligence because of quarantine requirements. However, we did sell excess real estate for $5.0 million, and we were able to reduce the debt outstanding related to API, our former subsidiary, by approximately $10.4 million through asset sales.

Within shared services, we streamlined departments as part of our Continuous Improvement Plan. We significantly reduced our audit fees, as well as our indirect spend on consultants. We reduced our Supply Chain, Business & Information Systems, Mergers & Acquisition teams, and other corporate functions by 33% (26 people) and transferred some of the responsibilities back to the business units. We expect to achieve a 34% reduction in total corporate spend during 2020. Bill Fejes, our Chief Operating Officer, left the Company, and Gordon Walker and I assumed his direct reports. We continue to review our corporate shared services for future efficiency gains, and we anticipate further cost reductions and automation over the next few quarters.

We are also evaluating changes within the sales and marketing departments of all our business units. The way we engage with customers and how both our customers and we go to market has shifted with the pandemic and is providing new opportunities to connect virtually while also reducing travel, entertainment, and other expenses.

At our US operations, between furloughs and reductions, our headcount has decreased by approximately 20% from 2,968 to 2,395 between January 1 and June 30. As the profitability of our businesses has increased from the April and May lows, we have rolled back the salary reductions that were put in place in March.

The first half of this year has been challenging, but also has been full of opportunities. With 453 employees currently working remotely, we are looking at tasks and communication differently. We are now much more team and project-oriented versus functional silos. In this new structure, we are evaluating our people, processes, procedures, and policies and asking ourselves where we can do things differently.

As part of our SteelGrow program, we always look at candidates within our organization that we can promote before hiring from the outside. Over the last few months, we have seven new leaders across our 13 operating companies, with four of these leaders being promoted from within. Steel Connect also has two new leaders in place for both its business units. We strive to build a diverse workforce and leadership team that can “grow from within” as current leaders retire and exit.

In April, we decided to split the Power Solutions Group back into two distinct companies to reduce overhead and increase accountability. Tim Croal, CEO of the Power Solutions Group, retired after six years with Steel Partners, which led to the promotion of Karim Alhusseini to President of SL Power Electronics and the hiring of Shawn Smith as President of MTE Corporation.

John Ashe transitioned to Chief Executive Officer of IWCO Direct in May. He had most recently been at Lucas Milhaupt as President & CEO. With John’s departure from Lucas Milhaupt, Rich Ballenger was promoted to President. Also, in June, Fawaz Khalil joined ModusLink as President, replacing John Whitenack.

Other management changes include Tom Rimel, being promoted to President of Dunmore, replacing Matt Sullivan. Martin Brown was promoted to President of Steel Sports, replacing Mark Cole, who is remaining in an advisory role. Joining Steel Partners are Cliff Gilbert, who joined Kasco as President in June, and Lisa Presutti, who joined HandyTube as President in July.

COMMITMENT TO FIGHT RACIAL INJUSTICE

We at Steel Partners believe Black Lives Matter. We do not condone any form of discrimination and will not tolerate any action or communication that is counter to our company values. As stated in our policies, “All Steel Partners employees have the right to work in an environment free from all forms of discrimination and harassment.”

We recognize that we have work to do. To drive change and accountability across the organization, we are creating the Steel Partners Diversity & Inclusion Council. We hope to create a space for reflection, action, and engagement to advance equality. As we embrace our core values of Teamwork, Respect, Integrity, and Commitment, we will do our part to listen, learn, and act.

We understand that racism and injustice are complex issues and that we cannot tackle these issues alone. We look forward to having conversations with our Black and minority employees about how we can provide better support to people of color and continue to make Steel Partners a place where everyone feels included.

FINANCIALS

Revenue for the second quarter ended on June 30, 2020 decreased to $295.4 million, compared to $385.7 million for the same period in 2019. Loss from continuing operations for the second quarter was $0.4 million, compared to income of $24 million for the same period in 2019. Net loss attributable to the Company's common unitholders for the second quarter ended on June 30, 2020 was $1.9 million, or a loss of $0.07 per diluted common unit, compared to net income of $21.1 million, or $0.61 per diluted common unit, for the same period in 2019.

Revenue for the six months ended June 30, 2020 decreased to $643.3 million, compared to $741.5 million for the same period in 2019. Loss from continuing operations for the six months ended June 30, 2020 was $36.9 million, compared to income of $43.7 million for the same period in 2019. Net loss attributable to the Company's common unitholders for the six months ended June 30, 2020 was $63.6 million, or a loss of $2.55 per diluted common unit, compared to net income of $36.7 million, or $1.09 per diluted common unit, for the same period in 2019.

Steel Partners generated $38.9 million and $75.9 million adjusted EBITDA for the three and six months ended June 30, 2020, respectively, as compared to $51.3 million and $93.2 million for the same periods in 2019, respectively.

As of June 30, 2020, consolidated senior debt, including our loan guarantee liability, was $418.5 million, an increase of approximately $80.4 million compared to December 31, 2019. In February, we redeemed 1.6 million preferred units for $40.4 million.

As of June 30, 2020, the Company's pension deficit is unchanged from December 31, 2019 at $183.2 million. For 2020, we have deferred the pension contributions until January 2021, as allowed under the CARES Act.

The Company had $231.5 million in available liquidity under its senior credit agreement, as well as $56.5 million in cash and cash equivalents, excluding WebBank cash, and approximately $214.9 million in marketable securities and long-term investments.

Our senior debt net leverage (senior net debt divided by Trailing Twelve Months (TTM) adjusted EBITDA) was 0.80x as of June 30, 2020 versus 0.24x as of December 31, 2019. Our total net leverage ratio (senior net debt plus our pension and preferred unit liabilities divided by TTM adjusted EBITDA) was 2.60x as of June 30, 2020 versus 2.07x as of December 31, 2019.

The book value of our units was $17.05 on June 30, 2020, compared to $18.89 as of December 31, 2019.

Our Q2 financial results, although down significantly, were still positive as a result of the aggressive actions that we implemented to offset the negative effects of the pandemic and economic downturn.

MARKETABLE SECURITIES & LONG-TERM INVESTMENTS

Steel Connect, Inc. (NASDAQ: STCN), www.steelconnectinc.com, provides services through its two wholly-owned subsidiaries, IWCO Direct and ModusLink. Steel Connect has a year-end of July 31 and will be reporting results in October 2020.

I am the Executive Chairman and Interim Chief Executive Officer of Steel Connect, and Doug Woodworth is the Chief Financial Officer of Steel Connect.

Steel Partners has three investments in Steel Connect. We have convertible notes totaling $14.9 million. We also have preferred stock, which can be converted into common stock, with a cost basis of $35.0 million. And, we have common stock valued at $10.9 million. Our ownership in Steel Connect is 48.9% on an as if converted basis, for a total value of $43.6 million.

> **IWCO Direct**, www.iwco.com, is a wholly-owned subsidiary of Steel Connect and a leading provider of data-driven marketing solutions that help clients drive response across all marketing channels to create new and more loyal customers. It is one of the largest direct mail production providers in North America, with a full range of services including strategy, creative, and production for multichannel marketing campaigns, along with one of the industry’s most sophisticated postal logistics strategies for direct mail.
>
> John Ashe joined IWCO Direct as CEO in May 2020 after the resignation of longtime CEO Jim Andersen. John was the mentor for our inaugural cohort

of our SteelGrow Leadership Development Program, and he has continued to develop and mentor subsequent leadership teams throughout Steel Partners. Before joining IWCO Direct, John served as President and Chief Executive Officer of Lucas Milhaupt since 2018. He was previously Senior Vice President and General Manager at OMG and held leadership roles there from 1992 to 2018. To further strengthen IWCO Direct's leadership team, there have been numerous changes to the senior management team, and a major reorganization of people and processes has begun.

IWCO Direct moved quickly when COVID-19 struck the industry in mid-March. Employee health and safety was our top priority. As an essential business, all IWCO Direct facilities remain operational, with all customer requirements being met. Q3 profit margin increased despite the downturn as a result of aggressive cost actions and working capital management measures, including reduced production hours, salary reduction, and two staffing reductions. All customer requirements are being met with on-time delivery over 99%. IWCO Direct is focused on short-term and long-range strategies that grow market share, drive sales, enhance results, and achieve optimal performance.

ModusLink, www.moduslink.com, is a wholly-owned subsidiary of Steel Connect and provides supply chain and eCommerce solutions to help customers across a diverse range of industries, including consumer electronics, telecommunications, computing & storage, software & content, consumer packaged goods, medical devices, retail & luxury, and connected devices.

Fawaz Khalil joined ModusLink in June 2020 as President & CEO. Fawaz had most recently been a Lean Management consultant, and he had previously been President & CEO at Halco Lighting Technologies and President at Filtration Group. His process-driven leadership will help ModusLink continue to deliver value to all stakeholders.

During the pandemic, ModusLink increased both revenue and profitability driven by increased demand for our customers' products in the computing markets along with cost reduction measures focused on cash management and liquidity.

Aerojet Rocketdyne Holdings, Inc. (NYSE: AJRD), www.rocket.com, manufactures aerospace and defense systems and has a real estate business. At the

end of the second quarter, our investment in Aerojet Rocketdyne Holdings was worth $156.6 million.

I am Executive Chairman, and we have been invested in Aerojet Rocketdyne for 20 years. Eileen Drake is Chief Executive Officer and President of Aerojet Rocketdyne, responsible for defining the company's vision, guiding the strategic business plan, and building relationships with customers and stakeholders.

Overall, Aerojet Rocketdyne had a positive second quarter and strong first half of the year. Sales were up 6% year over year, primarily driven by growth in defense programs, including GMLRS and MRBM. Margins in the quarter were a solid 14.9%, reflecting a continued focus on strong program performance. The backlog has once again reached an all-time high – $6.8 billion at quarter-end. Included in the backlog was the NASA contract modification award received in May to produce an additional 18 RS-25 engines in support of deep space exploration missions. Free cash flow of $131.5 million was excellent in the quarter, bringing year-to-date free cash generation to $111.4 million, compared with $24.3 million in the first six months of 2019. Aerojet Rocketdyne ended the second quarter with over $1 billion in cash.

The safety protocols that were put in place during the first quarter to combat the potential disruptive impact of COVID-19 continue. The majority of its non-touch employees still work remotely, and they continue to enforce various safety protocols for those employees who are on site.

Aviat Networks, Inc. (NASDAQ: AVNW), www.aviatnetworks.com, is a leading expert in networking solutions. Aviat is headquartered in Austin, TX, with operations throughout the world. In addition to microwave networking hardware and software solutions, Aviat provides a comprehensive suite of localized professional and support services. As of June 30, 2020, our investment in Aviat was worth $12.2 million.

Pete Smith joined Aviat as President and Chief Executive Officer in January 2020. He leads the advancement of the financial and operational performance, while strategically navigating through a rapidly evolving industry. Since joining, he has made significant leadership changes while putting his fingerprints on the business.

Aviat Networks has a June 30 year-end and will report results accordingly. For the third quarter, revenue was up 13.6%, gross margins grew by 570 basis points, and Adjusted EBITDA improved by $4 million compared to the fiscal 2019 third

quarter. The balance sheet remains strong, and the cash position improved over $1 million sequentially and by $7.3 million since the fiscal year began. Overall, when you look at the progress throughout the full fiscal year, with everything the business has faced, including contractor/manufacturer issues, management changes, and the COVID-19 pandemic, they are pleased with the results and market position. There are a lot of changes underway now and more to come that should open new revenue streams and drive profitability, which in turn, should lead to increased shareholder value.

BUSINESS UNIT UPDATES

Our business units have largely returned to pre-pandemic levels of revenue and profitability except for a few: JPS, Steel Energy, WebBank, and Steel Sports. Almost all our business units have all been deemed essential businesses, and the focus remains on protecting the health of our employees and ensuring uninterrupted delivery to our customers, as well as maintaining and increasing profitability.

DIVERSIFIED INDUSTRIAL SEGMENT

Dunmore, www.dunmore.com, is a developer and manufacturer of performance coated, laminated, metalized film, and other thin materials. Dunmore generates revenue in a variety of markets, including aerospace, product identification, labels, imaging materials, solar, building materials, and specialty packaging.

Tom Rimel was promoted to President of Dunmore International in January. Prior to that, Tom had been Chief Operating Officer at Dunmore. Tom has been with Dunmore since 1998.

Economic conditions from the COVID-19 pandemic brought significant changes to product demand and the product mix, requiring some shifts in both near term strategy and the cost structure of the business. Lower demand in the aerospace market was offset with furloughs, cost reductions, and staffing reductions, which allowed the business to remain profitable during the first half of the year and improve year over year. Dunmore is driving new products and new initiatives in aerospace, insulation, and antimicrobial coated products to accelerate revenue growth to offset revenue reductions in some of its core markets.

HandyTube, www.handytube.com, is a premium manufacturer of seamless tubing used in aerospace & defense, medical, oil & gas, and industrial markets for the flow of gas, steam, and liquid in harsh environments.

Lisa Presutti joined HandyTube as President in July 2020. Lisa was most recently at IDEX Corporation, where she was General Manager at their Aegis Flow Technologies business. She has extensive experience in maximizing revenue and profitability while driving customer satisfaction. We are excited to have her expertise and leadership.

HandyTube continues to perform well and win business from competitors with improved year over year revenue and profitability. Lower commercial aerospace volumes were offset with additional wins in chemical processing and instrumentation, space exploration, and alternative energy markets.

Indiana Tube, www.indianatube.com, is a premium manufacturer specializing in welded, low carbon, and HSLA steel tube.

Ron Hawkins is the President of Indiana Tube. Ron has been with the company in leadership roles since 2006. He has done a great job leading the company through the pandemic and economic crisis.

Through the COVID-19 pandemic, Indiana Tube has taken actions to offset the decline in automotive, agricultural, and oil & gas market segments. The management team did a great job of leading the company through the auto industry shut down by implementing furloughs and staffing reductions to remain profitable. We are expanding our opportunities across market segments and have taken substantial proactive steps to build a solid foundation to sustain another downturn and remain cash positive.

JPS, www.jpscm.com, is a leading manufacturer of high strength composite reinforcement fabrics used for industrial applications, including woven quartz. Our advanced composite fabrics are used in applications that range from vehicle armor to aircraft interiors, circuit boards, and surfboards.

Gary Wallace is the President of JPS. Gary has been with JPS for over 40 years. His leadership and industry knowledge are unmatched.

The current state of the automotive and aerospace markets is having a detrimental effect on our 2020 financial performance. In response, we have continued working

with our customers to develop new products and enhance the products we currently produce. Despite the decline in revenue, JPS has continued to remain profitable through aggressive cash management and cost controls, including salary & staffing reductions, and furloughs.

Kasco, www.kasco.com, is the industry leader in cutting blades and service to the meat and wood processing, retail, and institutional food industries. Our cutting-edge products include band saw blades, meat grinder plates & knives, and cutlery. We also offer a vast array of butcher supplies, seasonings, replacement parts, and repair services to grocers, food service management, and meat, seafood, deli, and bakery departments.

Cliff Gilbert joined Kasco as President in June 2020. Cliff was most recently the Vice President of Integration at Altra Industrial Motion. He has an extensive background in business development and an outstanding track record in driving operational efficiency.

During the COVID-19 pandemic, the food retail & grocery market industry surged as much of the economy sheltered in place. Kasco, along with our retail customers, stepped up to meet the demand. The successful field restructuring and realignment of the US mobile and distribution services in 2019 have provided an increase in revenue and numerous cost-saving measures leading to historic profitability levels.

Lucas Milhaupt, www.lucasmilhaupt.com, is a global leader in brazing. Since 1942, Lucas Milhaupt has developed innovative metal joining solutions to improve process efficiencies, quality, and safety for industrial original equipment manufacturers. We serve the aerospace, automotive, power generation, electronics, medical device & component manufacturing, and the HVAC & refrigeration markets.

Rich Ballenger was recently promoted to President of Lucas Milhaupt when John Ashe was appointed Chief Executive Officer of IWCO Direct. Rich was most recently Vice President & General Manager, and he was previously with MTE as Vice President of Sales & Engineering. John also continues to serve as Chairman of Lucas Milhaupt to ensure a smooth transition.

As COVID-19 struck, we implemented aggressive cost-saving measures to offset the slowdown, which has allowed us to maintain our historical levels of profitability. We are investing in application engineering to build on our strength

of solving customer pain better than any competitor in the market and continuing our focus on improving our customers' experience.

MTE, www.mtecorp.com, designs, manufactures, and supplies power quality electromagnetic products primarily for the medical, HVAC, industrial, semiconductor, oil & gas, and agriculture industries. The company's products are used to protect equipment from power surges, bring harmonics into compliance, and improve the efficiency of variable speed motor drives.

Shawn Smith joined MTE as President in April after most recently being Vice President at Ametek responsible for the Test & Measurement Business Units. He has extensive experience in sales, marketing, and business development. Shawn succeeds Tim Croal, who retired after six years of service as GM and President of the Power Supply Group.

COVID-19 has had a detrimental impact on MTE's operational and financial performance. During Q2, its operating plants were forced by local authorities to temporarily close. In addition, demand from its oil & gas end markets dropped significantly. Despite these operational and commercial issues, management has been able to remain cash positive through extensive cost controls and cash management countermeasures. MTE is focused on improving its labor capacity and productivity in the second half of 2020 to meet the build-up of backlog from its medical customers.

MTI, www.slmti.com, is a manufacturer and developer of precision, high-performance electric motors, drives, and controllers in addition to precision winding components. We are a preeminent supplier of high-spec, mission-critical motors in the aerospace & defense markets. We are a category leader in the space and commercial markets.

Dave Ruppel has been the President of MTI since 2017. Dave has many years of experience in both operational excellence and strategy deployment.

MTI has remained ahead of plan in revenue and profits despite the pandemic and economic slowdown. We have differentiated ourselves through the crisis with strong planning and execution, and as a result, are positioned for growth. The foundational work of improving talent, footprint consolidation, and sales integration efforts are paying off. We were able to offset the reduced demand in commercial aerospace with increased demand in the defense business. Profitability has increased year over year.

OMG, www.omginc.com, is a leading US manufacturer and global supplier of specialty fasteners, adhesives, tools, and related products for the commercial and residential construction markets. These products are sold through three main channels; private label, home centers, and lumberyards.

An employee of OMG for 35 years, Hubert McGovern has been President since 2003. Under his leadership, OMG has built its culture on safety, respect, continuous improvement, collaboration, and communication.

In its FastenMaster business, OMG has benefited from increased demand at home improvement centers; however, this tailwind was partially offset by the impact COVID-19 had on the demand for roofing products. Management implemented several cost-saving, cash protection, and working capital initiatives that produced record profitability.

SL Power Electronics, www.slpower.com, is a global leader in the design, manufacturing, and marketing of differentiated internal and external AC/DC and DC/DC power conversion solutions for highly demanding medical, test & measurement, lighting, and industrial applications.

Karim Alhusseini was promoted to President of SL Power in April. Karim joined SLPE in 2015 and previously served as its Vice President & General Manager. Karim succeeds Tim Croal, who retired after six years of service as GM and President of the Power Supply Group.

SL Power Electronics remained profitable despite temporary plant shutdowns due to COVID-19 in China and Mexico during the first half of 2020. Demand has been very strong, particularly from SLPE’s medical end-market. The company is laser-focused on operational execution to work through its historically high backlog and continued development of its innovative solutions.

FINANCIAL SERVICES SEGMENT

WebBank, www.webbank.com, is an FDIC insured, state-chartered industrial bank headquartered in Salt Lake City, Utah. WebBank offers a wide variety of products either directly to our consumer customers via savings accounts and time deposits, or through our strategic partnerships, providing niche financing solutions to businesses and consumers.

Kelly Barnett is the President of WebBank. Kelly joined WebBank in 2006 and became President in 2011. He has over 26 years of financial accounting and management experience.

The first six months of the year were mixed due to the COVID-19 pandemic and economic slowdown. We increased loan loss reserves based upon expected loan performance deterioration associated with the COVID-19 pandemic. In Q2, we began rapidly processing Payroll Protection Program (PPP) loans, and we completed approximately $2.1 billion of PPP loans with our partners. We were profitable for the six months ended June 2020. Going forward, there is a substantial amount of activity onboarding new partners and launching new products. Our net worth is about $175 million, and our capital ratio is very strong.

ENERGY & SPORTS SEGMENT was brought to a virtual standstill with the onset of the pandemic and economic crisis. Energy continues to deliver positive results despite the significant headwinds. Sports was able to get back on the field and is now operating in all regions.

Steel Energy is a portfolio of energy companies providing well servicing rigs for workover & completion, well logging & pump-down perforating, and well testing & flow-back operations in the Bakken and Permian basins.

Stewart Peterson has been the President of Steel Energy since 2016 and has been with the company since it acquired Black Hawk Energy Services in 2013. He has over 45 years of experience in the oil & gas industry. Stewart and his leadership team have built a very strong culture of safety and quality that starts with its people. The people of Steel Energy are the focus and will continue to be the key differentiator from their competition.

COVID-19 has severely disrupted the oil & gas industry. With closed economies, stay-at-home orders, and the devastating impact on commercial airlines, the demand for oil fell off a cliff in mid-March and into April and May with storage issues. Steel Energy reacted quickly and stripped out its variable costs and restructured to meet the low demand. Steel Energy's rig production dropped significantly from Q1 production levels, but through management's action, it has remained cash positive. As the oil industry stabilized in June and economies re-opened, Steel Energy has been able to ramp up as quickly as it ramped down. Steel Energy's speed to market is beating the competition and has provided new business.

Steel Sports, www.steelsports.com, is a social impact organization dedicated to helping kids thrive by teaching life lessons and building character and leadership through youth sports. Through the Steel Sports Coaching System, we aim to be the gold standard in youth sports and teach our core values of Teamwork, Respect, Integrity, and Commitment.

Martin Brown was promoted to President in June of 2020. He joined Steel Sports as the National Club Director of Operations in April 2018. He succeeded Mark Cole, who has moved to an advisory role to continue to develop the Steel Sports Coaching System. The restructuring has started, and the company has moved to a product-based operation with more emphasis on central controls.

COVID-19 has had a material impact on Steel Sports. Due to the seasonality of the organization, we effectively lost one-fourth of revenue. We made the difficult decision to furlough every employee on March 20 and effectively ran close to a zero payroll until June 15. During that time, we went into cash conservation mode by reducing fixed costs and renegotiating contracts. The staff of the restructured business is now fully on board, and we are now operating programming in each of our regions as states have re-opened.

LOOKING AHEAD

I want to thank all our stakeholders, including but not limited to our employees, suppliers, and customers, for their hard work and sacrifice. As almost all our businesses were considered essential, our employees have continued to show up every day and focused on delivering quality products and services to our customers during a very difficult time. Their grit and perseverance have not gone unnoticed, and our entire management team is grateful. To celebrate, we recently concluded our Thanks and Gratitude (TAG) program where employees thanked each other. It was inspiring to read the notes and provided a great opportunity to show our appreciation for each other.

Ultimately, Steel Partners is a purpose-driven organization that positively impacts kids and helps them thrive through our Steel Sports organization. By developing kids with a growth mindset, grit, and character, we are developing the next generation of Steel Partners employees.

As our college students around the country are faced with another school year of remote learning due to the pandemic, many are looking at alternatives to help them gain practical knowledge until they can return to a more traditional college experience. We also have many recent graduates that are entering a challenging job market with unprecedented unemployment. Steel Partners is now offering internships throughout the school year, as well as entry-level positions, to help fill the void for these kids, and we are prioritizing the children of our stakeholders. By providing mentorship and experience, we will continue to build our Steel Partners alumni organization. If you or someone you know are interested, please message steelgrow@steelpartners.com.

As we look forward to the second half of 2020, we certainly do not have a crystal ball to predict the future. However, our strategy has not changed. We will continue to take aggressive actions to increase our margins. We are exploring all options, including the sale or merger of individual business units, excess real estate, and assets. Our goal is to continue to reduce costs, increase profits & return on invested capital, pay down debt, look for opportunistic tuck-in acquisitions, and lastly to buy back LP units when we have the financial resources and liquidity.

We are disappointed in the low unit price, and we hope that the actions we are taking will be properly reflected in the unit price over the long term. There is always room for improvement, and we continue to look for ways to get better every day.

We wish everyone health and wellness during these difficult times, and we are optimistic about the future.

Respectfully,

Warren Lichtenstein
Executive Chairman