ENGINE CAPITAL DELIVERS LETTER TO TEAM, INC. BOARD OF DIRECTORS

Believes Team is Deeply Undervalued and That There are Opportunities within the Board's Control to Increase Shareholder Value

Urges the Board to Immediately Take the Following Steps to Put the Company Back on the Right Path Towards Shareholder Value Creation:

- Form a Cost-Cutting Committee and hire a nationally-recognized consulting firm to assist in focusing on cost reductions at Team

- Form a CEO Search Committee to find a strong operator to lead Team

- Improve the Company's corporate governance starting with Board refreshment

If Company Unwilling to Follow These Steps, Engine Then Calls on the Board to Review Strategic Alternatives to Maximize Shareholder Value

NEW YORK, Sept. 12, 2017 /PRNewswire/ -- Engine Capital LP (together with its affiliates, "Engine"), a significant shareholder of Team, Inc. ("Company") (NYSE: TISI), today announced that it has delivered a letter to the Company's Board of Directors.

The full text of Engine's letter follows:

September 12, 2017

Louis A. Waters
Chairman of the Board
Team, Inc.
13131 Dairy Ashford, Suite 600
Sugar Land, TX 77478

cc: Board of Directors

Dear Mr. Waters:

As you know from our August 23, 2017 letter, Engine Capital LP, together with its affiliates ("Engine" or "we"), has become a significant shareholder of Team, Inc. ("Team", "TISI" or the "Company"). Team represents a significant investment for Engine. We invested in Team because of the strength of its franchise, its reputation as a leading inspection and mechanical services company, our belief that the Company is deeply undervalued, and the fact that there are opportunities readily within the control of the Board to significantly increase shareholder value.

While we were pleased to hear from you that the Board is working on a series of initiatives to increase shareholder value and has hired legal and financial advisors as part of that process, we were disappointed by your apparent unwillingness to meet with us at this point to further discuss our recommendations and engage in a constructive dialogue. Given the urgency of the situation at Team, we feel it is best to share our thoughts publicly at this time. We hope this public letter will elicit feedback from other stakeholders, including shareholders and the analyst community.

For context, Engine is a value-oriented investment firm launched in July 2013. Since its launch, Engine has negotiated board representation at 11 public companies and added 20 highly-qualified new board members to these companies. Engine and its principals have significant experience investing in industrial service and engineering and construction ("E&C") companies including: (1) board representations at Hill International, a Philadelphia-based project management firm and MYR Group, a Chicago-based specialty contractor serving the electrical infrastructure market; (2) being an active shareholder of Michael Baker Corporation until its sale to DC Capital Partners; (3) being part of the team that took Primoris Services Corporation public; and (4) current and former investments in companies in the space including KBR, Quanta Services, Matrix Service Company, Mistras Group, Aecom, Aecon and URS Corporation.

We have followed Team and the industry for a number of years and have met or talked with CEO Ted Owen and CFO Greg Boane a number of times, including an in-person visit at Team's headquarters. As part of our due diligence, we have also had an opportunity to discuss Team and its prospects with competitors, customers and former employees. These discussions have led us to the conclusion that Team is a quality asset that is currently undermanaged and under-earning.

We are writing to you because we believe the status-quo at Team is untenable, and the Board needs to take decisive actions to avoid further shareholder value deterioration. While we recognize the industry is experiencing headwinds, Team's performance is unacceptable and is significantly underperforming other companies in the space like Mistras Group, Inc. and Stronghold Specialty, Ltd. In other words, many of Team's problems are self-inflicted. More specifically, since Mr. Owen became CEO on December 1, 2014, TISI stock has lost a staggering 69% of its value versus a gain of 18% for Mistras and a gain of 19% for the Russell 2000. This shareholder value destruction is directly attributable to the Company's poor operating performance and capital allocation during Mr. Owen's tenure. From an operating performance perspective, LTM EBITDA margins at Team are 5% compared to 10% at Mistras and double digit at Stronghold[1]. From a capital allocation perspective, we believe management has overpaid for two acquisitions, Qualspec and Furmanite[2]. Despite paying a combined $540 million for these two companies, Team's enterprise value has decreased from $900 million on July 6, 2015, immediately prior to the Qualspec's acquisition, to a current enterprise value of around $740 million.

Many of the Company's problems appear to originate from management's inability to integrate the acquisitions and the subsequent ballooning of costs. On its most recent earnings call, Mr. Owen admitted having limited visibility across its North American network given the ERP systems implementation. We question why the management team and the Board would acquire two businesses and only then put an ERP in place, instead of first putting an ERP system in place and then considering acquisitions. The Company simply didn't have the systems in place to absorb and integrate the acquisitions. For example, corporate overhead costs have increased from approximately 3.2% of sales before the acquisitions to approximately 5.3% of sales[3] instead of going down because of the benefits of scale. And yet despite this lack of visibility and worsening industry conditions, Mr. Owen has continued to promote a $200 million EBITDA number to Wall Street. We suspect these unrealistic and rosy expectations have caused management to be too slow to adjust to a new reality and right-size the Company's cost structure accordingly which, in turn, has led to a recent costly and dilutive convertible offering.

[1] From Quanta Services conference call on 7/21/17

[2] We recognize that Furmanite's purchase was in TISI shares

[3] Figure is based on first half 2017 statistics

Despite this situation, we believe the Board can rapidly improve the situation, restore confidence in the Company and put the Company on the right path by implementing the three steps we highlight below.

(1) <u>Immediately form a cost-cutting committee and hire a nationally-recognized consulting firm reporting to the committee with a particular focus on cost reductions</u>

Given Team's current financial situation and the debt covenants that need to be achieved in the not too distant future, we believe it is imperative for the Company to immediately hire a nationally-recognized cost-cutting consulting firm to assist Mr. Boane and the rest of the management team. We are concerned Mr. Boane's team may not have all the tools and bandwidth necessary to right-size the Company's cost structure. The recently announced $30 million cost savings is inadequate. At a number of companies we have been involved, boards have hired firms like Alvarez & Marsal, AT Kearney or Alix Partners. We understand that you have hired Alvarez & Marsal to help with the ERP implementation making them the obvious choice to help with a broader cost-cutting effort. In a matter of weeks, these firms could assess opportunities across the Company. They typically bring in large teams of experts and provide significant support to the CFO. Management teams sometimes wonder what these consultants can do that they can't. And yet, from our experiences, by the time the consultants are done implementing the cost savings, management will admit that they could never have done it on their own. One recent example of a company in our portfolio with this experience is Hill International. In a recent press release on August 21, 2017, the company announced it has been working with Alvarez & Marsal to reduce its cost structure and estimates annualized savings of approximately 8% of its cost structure. This figure is far greater than what management had been able to achieve on its own. We believe there are significant opportunities to reduce overhead, close money-losing or overlapping locations, lower costs of supplies and reduce capex at Team. This effort must start immediately given the need to comply with future covenants and to start generating cash flow to reduce the Company's leverage – we don't have the luxury to wait until the ERP implementation is done. We believe it is important for these consultants to report directly to a specific committee of the Board to give them maximum flexibility.

(2) <u>Immediately form a search committee to find the next leader of Team</u>

We hope it is as obvious to you as it is to your shareholders that it is time for Mr. Owen to step aside and to immediately commence a search for a new CEO. Besides the fact that Mr. Owen has overseen massive value destruction through poor management and poor capital allocation, he is not the right leader for an operational turnaround. The best chance for a successful turnaround at Team lies with having a strong operator at the helm, not a CEO with a financial background like Mr. Owen. If Mr. Owen had a stronger operational background, we question whether he would have undertaken two large acquisitions without first having the necessary systems and ERP in place to integrate them.

(3) <u>Improve corporate governance and immediately start a process to refresh the Board</u>

While most of the blame falls on Mr. Owen, the Board certainly played a role and should be held accountable. The Board approved the transactions in which the Company overpaid for two businesses that the Company was wholly unprepared to integrate. The Board has been too slow to replace Mr. Owen. The Board has overseen Team's failed strategy. We believe the Board should follow best practices and immediately start the process of de-staggering itself. Additionally, it should start a refresh process with shareholder input and recruit two new directors with strong operational backgrounds to assist the turnaround and the new CEO.

If the Board acts upon the above recommendations, we believe the potential for value creation is enormous. In this environment, given its scale, we believe Team's margin should be between 9 and 11%. In the table below, we highlight the stock value under different assumptions[4].

	Low	Medium	High
PF Revenue	1,200	1,200	1,200
Adj. EBITDA Margin	9.0%	10.0%	11.0%
Adj. EBITDA	108	120	132
Multiple	8.0	8.5	9.0
Enterprise Value	864	1,020	1,188
Net Debt	365	135	135
Equity Value	499	885	1,053
Shares Outstanding	30	41	41
Share Price	**16.6**	**21.8**	**25.9**
Upside (from $12.65)	*31%*	*72%*	*105%*

Another interesting point of reference is the recent acquisition of Stronghold by Quanta Services. Including the earn-out provision, Stronghold was acquired at an approximately 1x revenue multiple and approximately 10x EBITDA multiple. Applying that same revenue multiple would yield a stock price of around $27 per share for TISI. These numbers highlight the inherent value of Team.

If the Board is not willing to make the changes we are recommending, we believe it should immediately start a process to explore strategic alternatives. As you know, a challenging maximum total leverage ratio covenant will take effect on March 31, 2018. If the Company violates this covenant, the banks may force the Company to repay its debt, forcing Team to raise more expensive debt (as it was just forced to do recently when it raised the converts). This would further impair equity value. In other words, the Board must immediately implement our recommendations to have a fighting chance to make its covenants or it must sell the Company.

In conclusion, we believe there is a significant opportunity to increase shareholder value at Team, but the Board needs to act expeditiously. We reiterate our prior request to meet as soon as possible to discuss the opportunities and concerns we have set forth in this letter. On behalf of Engine, we look forward to working constructively with the Board and intend to closely monitor the developments at the Company. We must, however, reserve our rights to take whatever actions in the future we believe may be required to protect the best interests of shareholders.

Very truly yours,

Arnaud Ajdler
Managing Partner

Brad Favreau
Managing Director

Brad Favreau

[4] For the medium and high scenarios, we have assumed that the convertible debt converts into equity