

Actuant Corporation

2016 Investor Day

October 6, 2016
Grand Hyatt, NYC

Actuant ATU LISTED NYSE

Safe Harbor

Statements in this presentation that are not historical are considered “forward-looking statements” and are subject to change based on various factors and uncertainties that may cause actual results to differ significantly from expectations. Those factors are contained in Actuant’s Securities and Exchange Commission filings.

All estimates of future performance are as of September 28, 2016. Actuant’s inclusion of these estimates or targets in the presentation is not an update, confirmation, affirmation or disavowal of the estimates or targets.

In this presentation certain non-GAAP financial measures may be used. Please see the supplemental slides at the end of the Q4 earnings deck, or the Q4 earnings release contained within the Investors section of Actuant’s website (www.actuant.com) for a reconciliation to the appropriate GAAP measure.

Agenda

Time	Activity	Participants	Detail
10:00am	Kick-Off Introductions	Bauer	Welcome / Format
10:15-noon	Various Topics	Baker Multiple Lampereur	Vision / Strategy Segment Strategy Summaries Business Model / Capital Allocation
Noon-12:30	Break / Buffet Lunch		
12:30-12:55	Table 1 Rotation		Q&A
1:00-1:25	Table 2 Rotation		Q&A
1:30-1:55	Table 3 Rotation		Q&A
2:00-2:25	Table 4 Rotation		Q&A
2:30-3:00	Summary / Wrap-Up Q&A	Baker / All	Wrap- Up / Final Q&A

Actuant Q&A Table Attendees

Rotational Table Assignments Provided to Each Attendee (with name badge)

Industrial
Steve Rennie
Randy Baker

Energy
Ken Bockhorst
Karen Bauer

Engineered Solutions
Roger Roundhouse
Gene Skogg

Corporate/M&A
Andy Lampereur
Ted Wozniak



Actuant Five Year Vision

Randy Baker

Actuant

My Process

- Assessed each of the businesses and visited 22 of our major facilities
- Met and evaluated leaders across the company
- Held customer and distributor meetings – oil & gas, industrial, construction, nuclear, manufacturing and aerospace
- Collaborated to develop more focused, concise and actionable strategic plans for each segment
- Overlaid those segment strategic plans with a robust review of macro growth markets, capital allocation priorities and key capabilities



- Developed a cohesive, inspirational vision
- Prioritized investments and tactics to execute on strategies, addressing the improvement areas
- Modified incentive compensation plans to align to vision and goals – core sales growth, quality of earnings, cash flow

Summary Observations

Working Well

- Robust financial systems & measures; working capital management, cash flow discipline
- Many instances of strong customer relationships & intimacy; leading brands
- Leadership – good mix of seasoned institutional knowledge and newer fresh ideas
- Culture that wants to win

Working to Improve

- Sales growth which outpaces end markets
- Commercial effectiveness; focus on the “mission critical”; under-invested in marketing/sales/engineering
- Product development –speed to market
- Regional coverage
- Lean operating structure and process
- Acquisition selection, diligence and integration

In a Nutshell

What Will Change

- Establish Actuant as both an employer and acquirer of choice
- Institute world-class commercial effectiveness and share capture
- Accelerate organic growth in attractive niche markets
- Lean culture – Actuant LEAD System
- We will grow and win

What Will Not

- ROIC fundamentals
- Diverse portfolio of businesses with ongoing portfolio management
- Capital allocation
  - Tuck-in acquisitions
  - Dividend philosophy
  - Opportunistic share repurchases

Our Vision

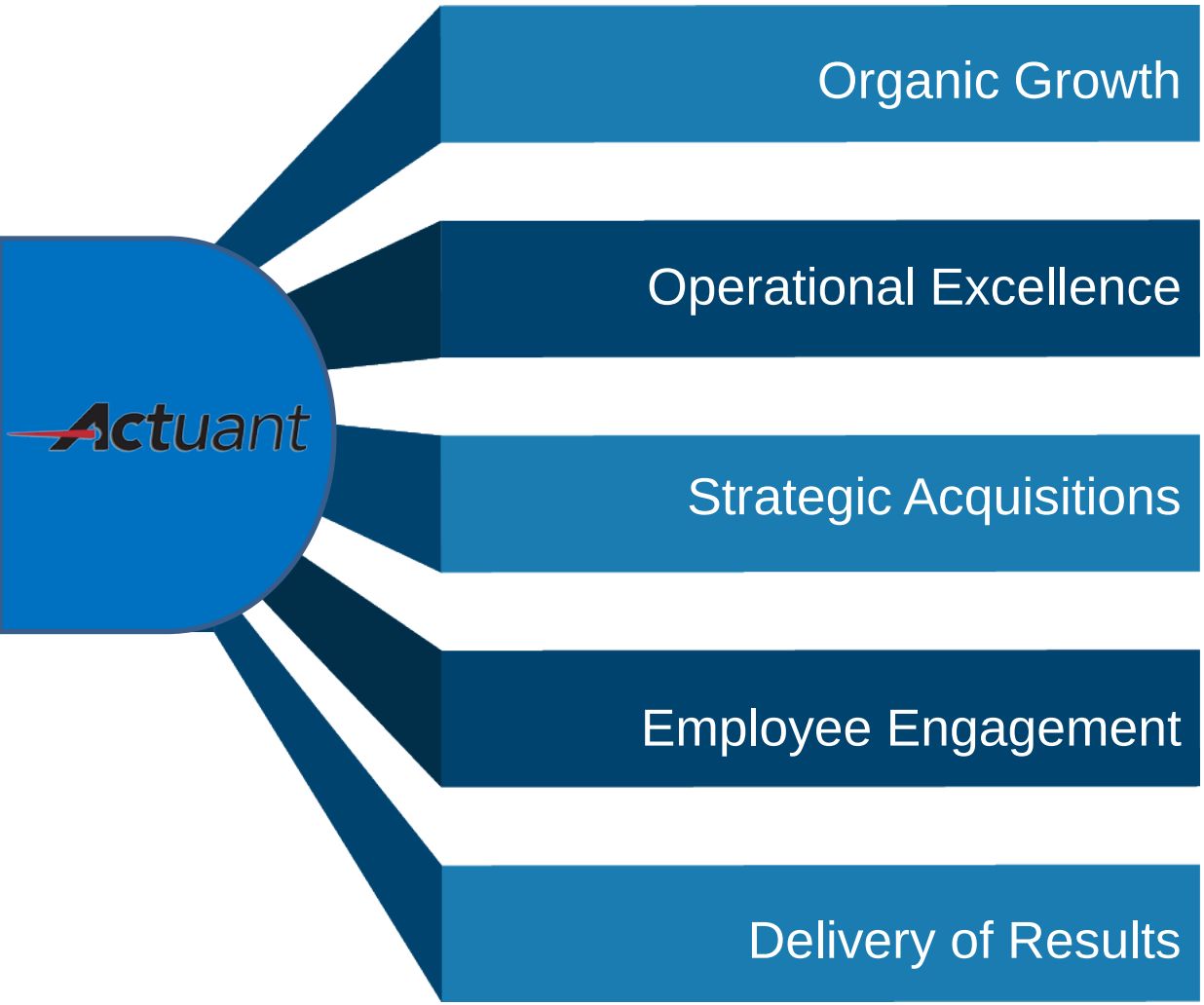
Providing customers with the mission critical tools, systems and services that enable safe, and productive solutions, while earning superior returns for Actuant shareholders.

Building a superior business through……

.. Creative new products
… Opening new markets and regions
…. Actuant's "LEAD" system
….. Highest quality service and products
……. Customer focused commercial teams
…….. Successful strategic acquisitions
…… Engaged employees



Actuant Pathway to Growth



Expand industries and regions
Commercial effectiveness and share capture
Product innovation

Drive Lean principles
***Goal Zero* safety**
Optimized cost position

Expand product lines
Increase global coverage
Acquire complementary services

Performance culture
Build core competencies
Reward success

Reliable growth
Meet commitments
Superior shareholder returns

Our Company and Organization



Baker - CEO



Lampereur-CFO



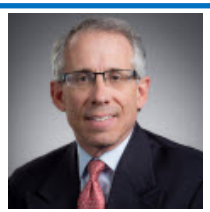
Bockhorst-Energy



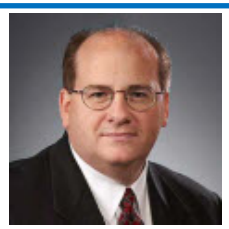
Skogg-HR



Rennie-Industrial



Wozniak-Corp Development



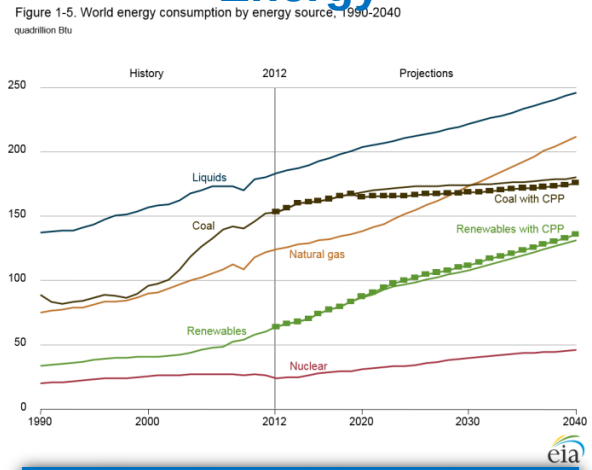
Roundhouse-ES

- Leadership changes to enhance speed/decision making
- Streamline organizational effectiveness
- Continue to assess/upgrade commercial talent
- Operational excellence
- Driving a performance culture

New to role

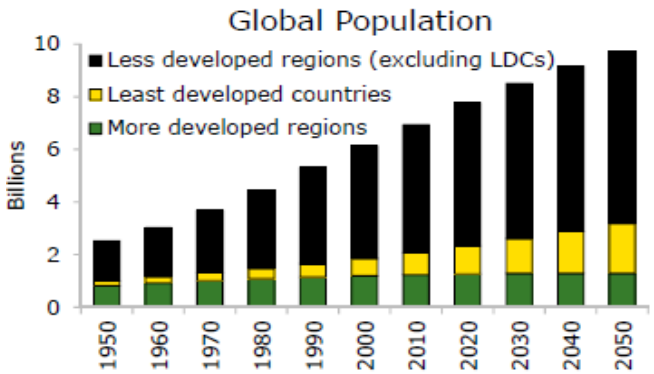
Economic Environment – Slow Growth

Energy



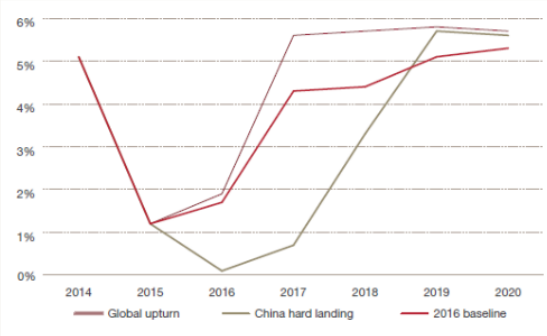
- Broad based demand growth
  - Oil
  - Gas
  - Nuclear
  - Renewables
  - Coal
- Investment focused on highest growth geographic regions
- Well positioned across energy verticals including nuclear maintenance and decommissioning

On & Off-Highway



- Long term positive drivers
  - Global population growth
  - Higher incomes
  - Urbanization
- Shorter term challenges
  - Excessive new/used inventories
  - Commodity/mining activity
  - Lower farm income

Infrastructure



Global infrastructure spending growth 2014-2020
Source: Oxford Economics

- General industrial activity
- Globalization
- Safety – mission critical solutions
- Secondary and tertiary impact of global oil weakness
- Increased maintenance complexity

Actuant's Growth Macro's

Criteria

- Attractive financial metrics including EBITA ROIC returns
- System critical, where safety and productivity are paramount
- Maintenance repair operations (MRO) / service / aftermarket content
- Sizable total market scale
- Niche/specialist avenues that minimize competition
- Cyclically balanced
- Organic and M&A growth opportunities

Market / Industry Focus



Energy

- System critical services
- Mid/down stream emphasis
- O&G, renewables, nuclear, hydroelectric & petrochemical



Infrastructure

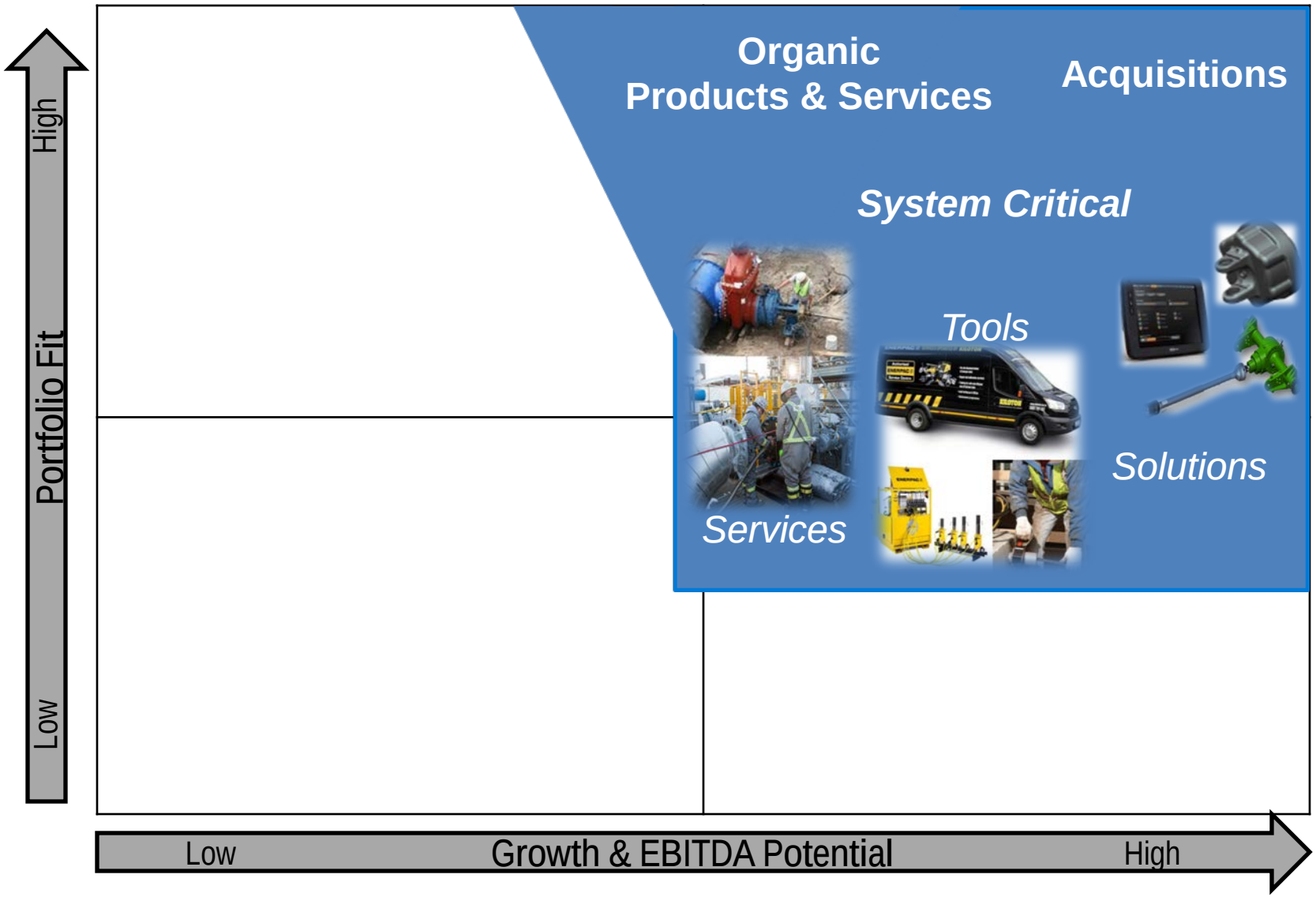
- General industrial manufacturing
- Transportation development
- Maintenance repair operations (MRO)



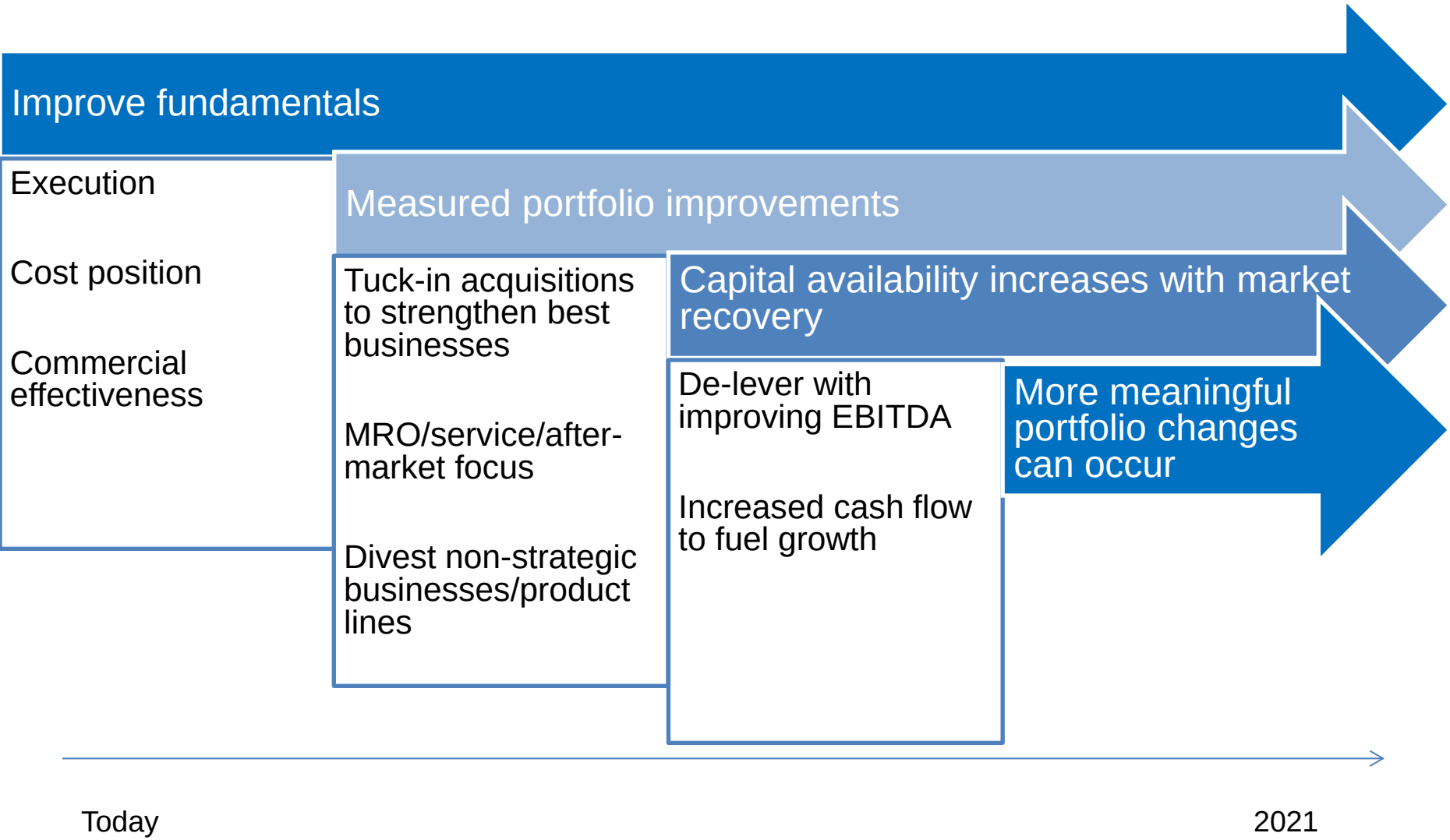
On and Off Highway

- System critical solutions
- Motion, actuation and control
- Ag, construction equip, truck & auto

Strategic Investment Zone – Core and Acquisition

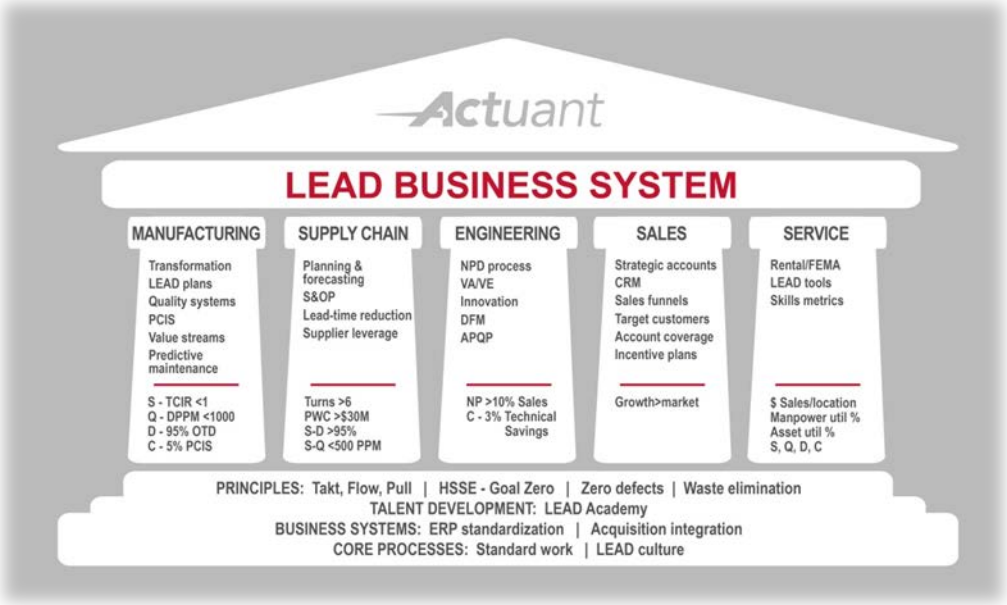


Portfolio Management



Reinvigorate Lean Operations

- Goal Zero - culture and performance
- Best in class customer service - quality and delivery
- Consistent productivity gains
- Superior cost performance
- Driving the optimal global footprint





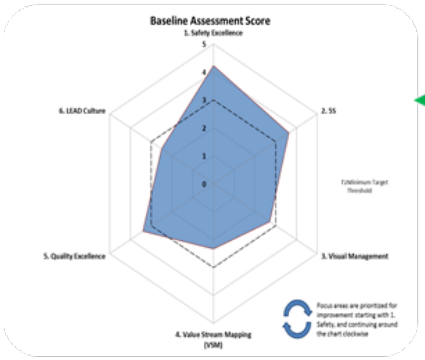
GOAL ZERO

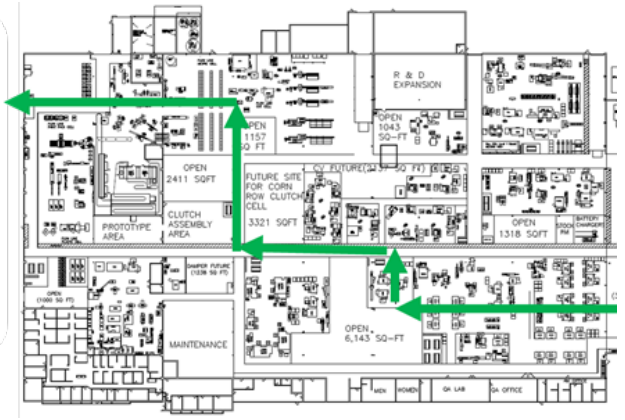
Performance Objectives → Going Beyond $30 Million Savings

Manufacturing Lean Transformation

- Manufacturing sites – 32 progressing to Lean excellence
- Instill principles and utilize proven processes & tools
- Lean culture company wide
- Clear and measurable results
  - Safety
  - Quality
  - Delivery
  - Cost

Baseline Assessments & Value Streams





Plant - Transformations



Footprint Optimization Accelerated

Strategy

- Develop larger scale facilities
- Leverage technical competencies and resources
- Significant cost advantage
- Attract higher talent



Systematic Approach Over Five Years

- Create competency centers
  - Manufacturing – assembly and machining
  - Service/Rental (customer driven requirements)
- Establish acquisition integration rules

Organization and Talent Strategy

- Develop and upgrade talent
  - Sales force effectiveness
  - Engineering & marketing talent
  - Entry level talent pipeline in sales, operations, engineering
- Incentives aligned with strategy
- Reinvigorate LEAD as foundation of culture
  - 5,000 trained employees September 29, 2016
- Employee engagement
  - Performance culture
  - Accountability & results

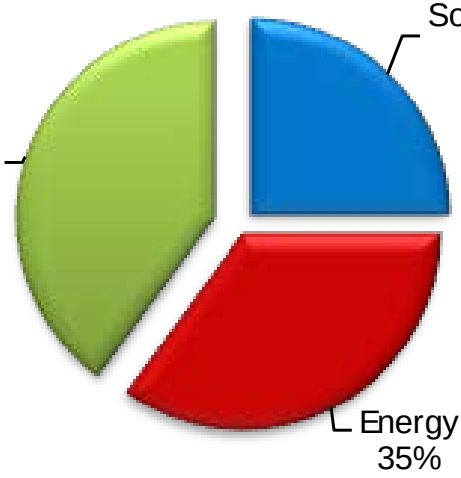




Actuant Goals

Core Sales Growth > Market	Base Margin Expansion	+100% FCF Conversion	FCF= Acquisition Capital
Grow organic revenue above rate of end markets	Expanding EBITDA % - investment in best businesses and LEAD	Consistently delivering free cash flow in excess of net earnings	Annual deployment of free cash flow in strategic tuck-in acquisitions

2021 Target Revenue Composition



Highest margin segment
Excellent growth potential
Widest industry coverage

System critical solutions
Consistent growth
Modest working capital needs
Wide industry potential

Repair and maintenance focus
High and stable margins
Downstream focus
Geographic expansion

High Performing Business and Growth Potential

Actuant 5 Year Growth Plan



Core growth above market

- Expand industries and regions
- Commercial effectiveness & share capture
- Product innovation



Driving world-class operations and service

- Full deployment of Actuant LEAD systems
- Goal Zero – safety
- Optimized cost position



Disciplined capital deployment

- Organic growth: products, services & people
- Strategic acquisitions
- Opportunistic share repurchases



Best-in-class shareholder returns

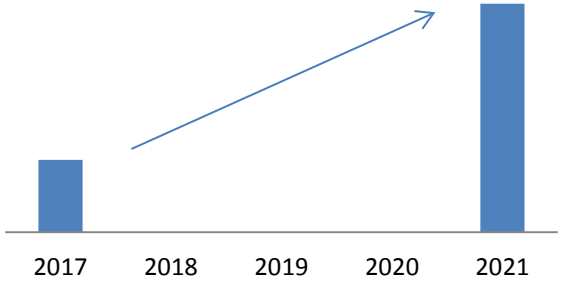
- Base business margin expansion
- 100%+ free cash flow conversion
- Targeting 15-20% Five-Year EPS CAGR

10% Total Sales CAGR with Core Sales Growth > Market

$750+ Million FCF = Acquisition Capital

2021 EBITDA Objective ~$350 to 375 Million

EPS Growth 15-20% CAGR



Actuant Investment Case



Diversified industrial growth company with a portfolio of market-leading brands providing mission critical customer solutions



LEAD is the foundation of Actuant's culture and will drive operational excellence and growth



Effective deployment of industry leading cash generation in strategic and financially disciplined M&A



Highly experienced and energized leadership team



Industrial

Steve Rennie

Actuant

Industrial Growth Plan



Product/Service Range Expansion

- Expand tool and bolting portfolio
- Second-tier brand to take share



Regional Penetration

- APAC & EMEA – strengthen our product and channel position including through acquisitions



Improving Channel Effectiveness

- Protect the premium channel (and brand)
- Develop and expand capabilities



Expanding Served Industries

- Focus on attractive markets

Regional Penetration

Asia-Pacific Share Growth

- Primary focus areas:
  - North Asia
  - Southeast Asia
  - China – lowest price point
- Expanded sales coverage
- Acquisitions and joint venture agreements
  - Ready-made distribution channel
  - New channel for Enerpac premium tools
- Opportunities for product extensions and second-tire brand





Grow Asia-Pac from Less Than 10% to Over 20% of Enerpac Revenue Base

Second-Tier Brand

Trends

- Active shoppers with focus on price
- Expanding market segment
- Increased cost sensitivity with market downturn
- Purchasing practices require multiple quotes
- Shift to national distribution
- Increase in mid-tier suppliers

Execution

Products
- Product / component rationalization
- Product differentiation

Channel – specific to each region
- Americas
- EMEA
- APAC

SIMPLEX



LARZEP



Protect Premium Brand

Product Range Expansion

Expand tools offering
- Cutters & pullers
- Additional products

Expand bolting portfolio
- Tensioners, pneumatic torque wrench & electric torque wrenches Gen II

Integration of “smart” technology
- Pumps, bolting, tools

Integrated Solutions
- Wheeled gantries & trailers
- “Smart” products

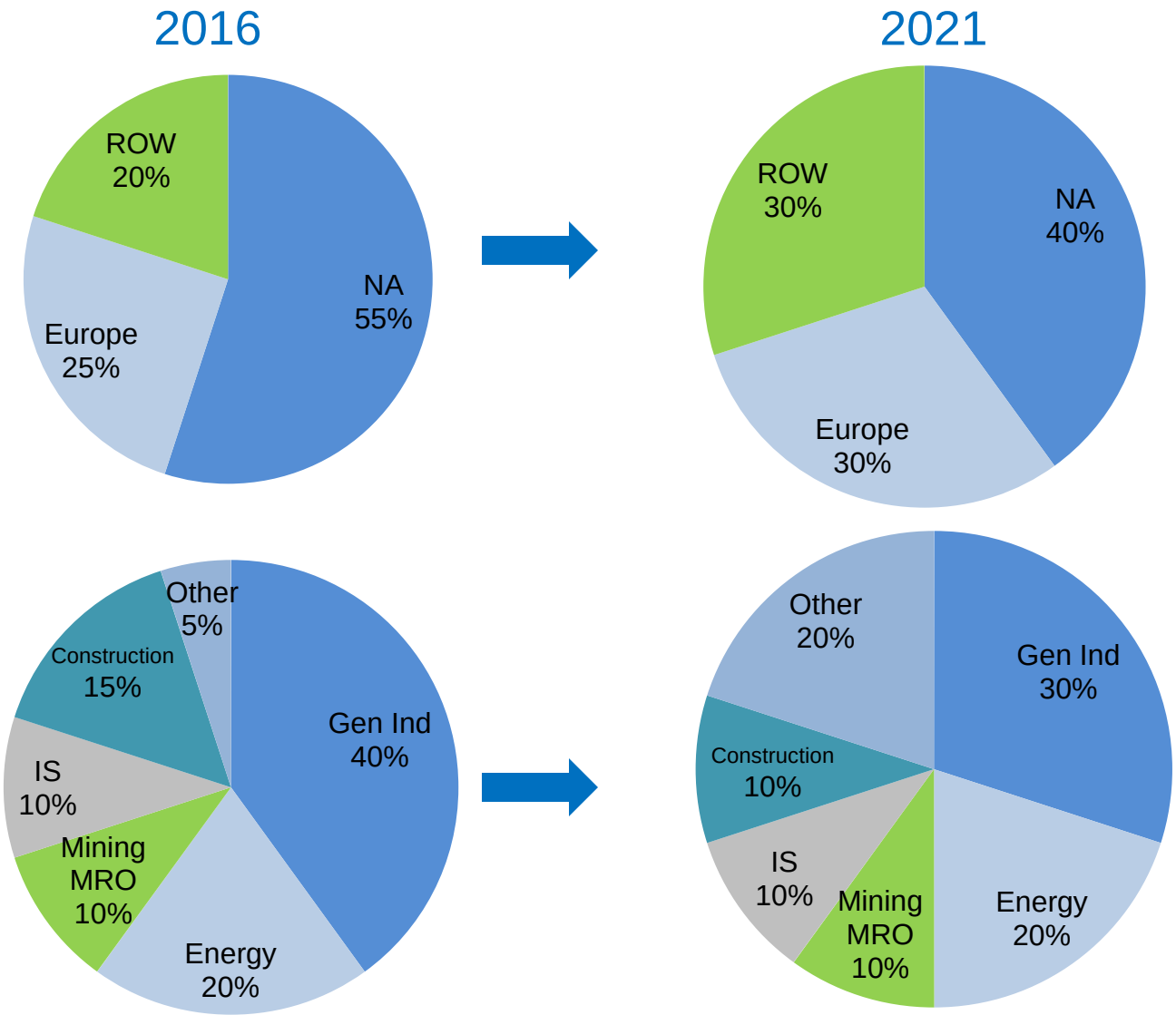
Precision Hayes
- Encapsulation products
- Anchor offerings
- Cutters







Industrial Summary



- Expand sales above market, world-class EBITDA margins
- Global market penetration
- Organic and acquisition growth opportunities



Engineered Solutions

Roger Roundhouse

Actuant

Engineered Solutions Growth Plan



Expanding Served Industries

- Aerospace
- Medical



Regional Penetration

- EMEA agriculture
- NA off-highway human machine interface (HMI) displays
- Truck emerging markets



Commercial & Channel Effectiveness

- Indispensable customer partnership
- Mission critical systems
- Design and application subject matter experts



Product/Service Range Expansion

- Electric actuation
- Micro-hydraulics
- Clutch and gear mechanisms

Commercial & Channel Effectiveness

- Reorganization of commercial operations
  - Regional accountability
  - Technical sales staff - subject matter engineering experts with design and application expertise
  - Clearly defined growth laneways – expanded served industries
  - Cross-sell large customers
  - Small customer focus (high mix/high margin)
- Streamline channels
  - OEM – both large & small
  - Aftermarket penetration
  - Portfolio simplification – e.g. Sanlo divestiture

Customer Examples













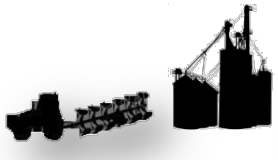






Subject Matter Experts

Product/Service Range Expansion



Agriculture

Reliability & Productivity for Food – Feed – Fuel – Fiber





Precision Farming



Moisture/Crop Sensors

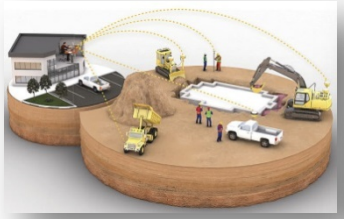


Sustainable Agronomics
("Do more with less": Soil, water, fertilizer)



Infrastructure

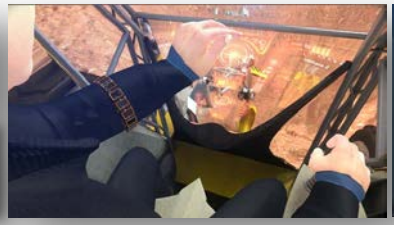
Jobsite Efficiency, Safety, Security and Productivity



Connected Sites



Safety
Sensing & Vision



Visibility
& Ergonomics

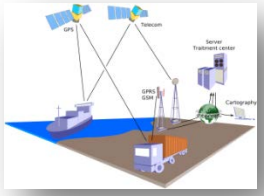


Augmented Information



Transportation & Material Handling

Emissions Control, Fuel Efficiency



Fleet Management System



Advanced Valve & Sensing for Engines



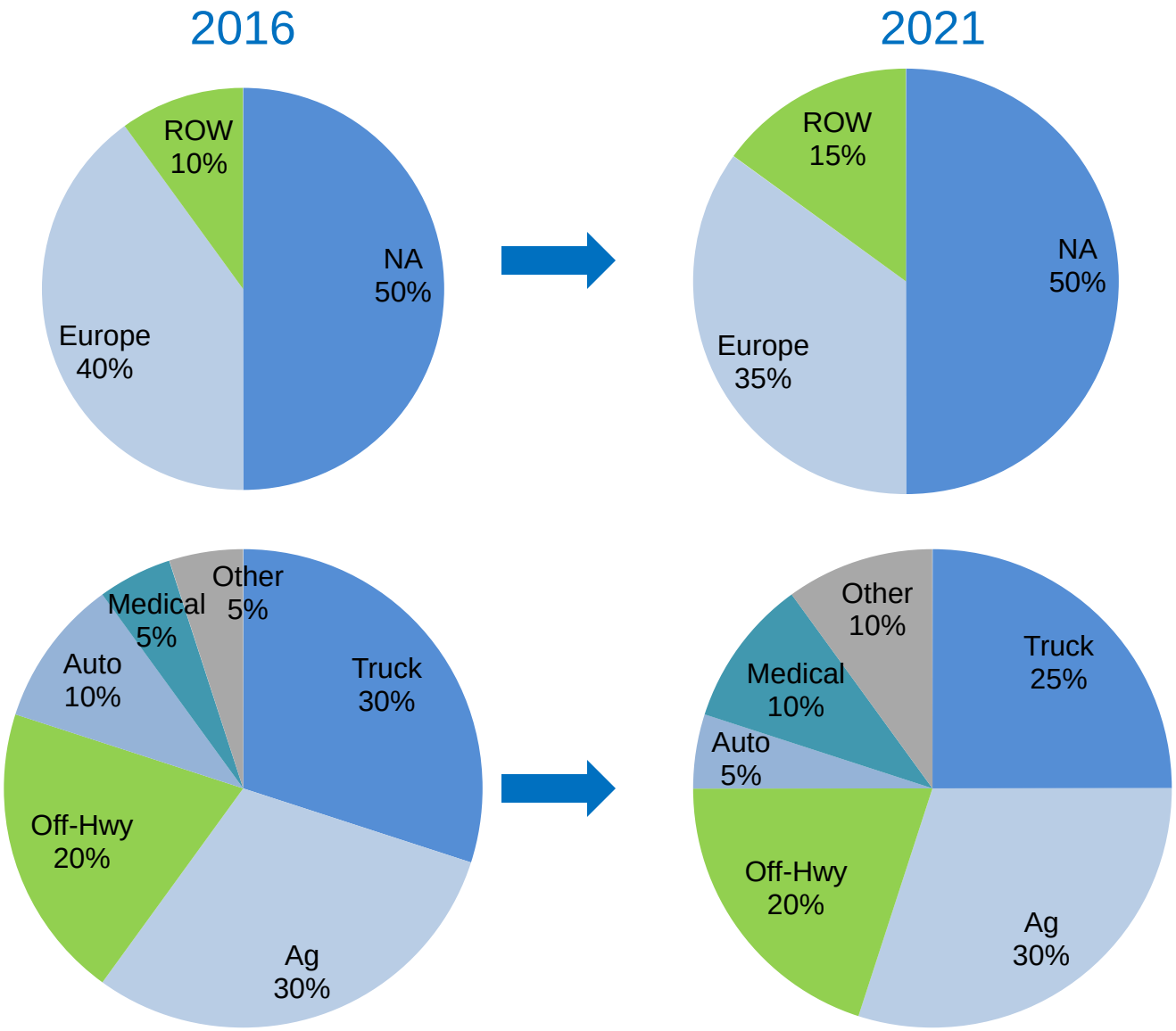
Autonomous vehicles



Hybrid Trucks

Leveraging Technology Trends

Engineered Solutions Summary



- EBITDA margins improved to double digits
- Mission critical OEM system solutions for safety
- Organic and acquisition growth opportunities



Energy

Ken Bockhorst

Actuant

Energy Growth Plan



Product/Service Range Expansion

- Integrity assurance and verification
- Specialty services
- Heavy lifting and testing services



Regional Penetration

- Focus on high growth energy regions (Middle East, Africa, Caspian, SE Asia, Mexico)
- Op-ex sector and downstream market share



Expanding Served Industries

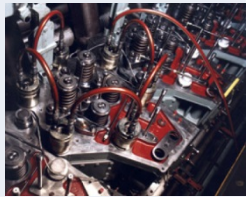
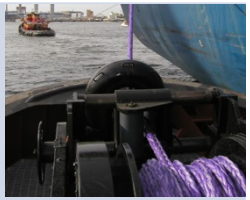
- Medical - leverage core competency in high performance fibers
- Power Gen - grow nuclear and wind market product sales
- Aerospace - leverage Sweeney brand to expand product sales



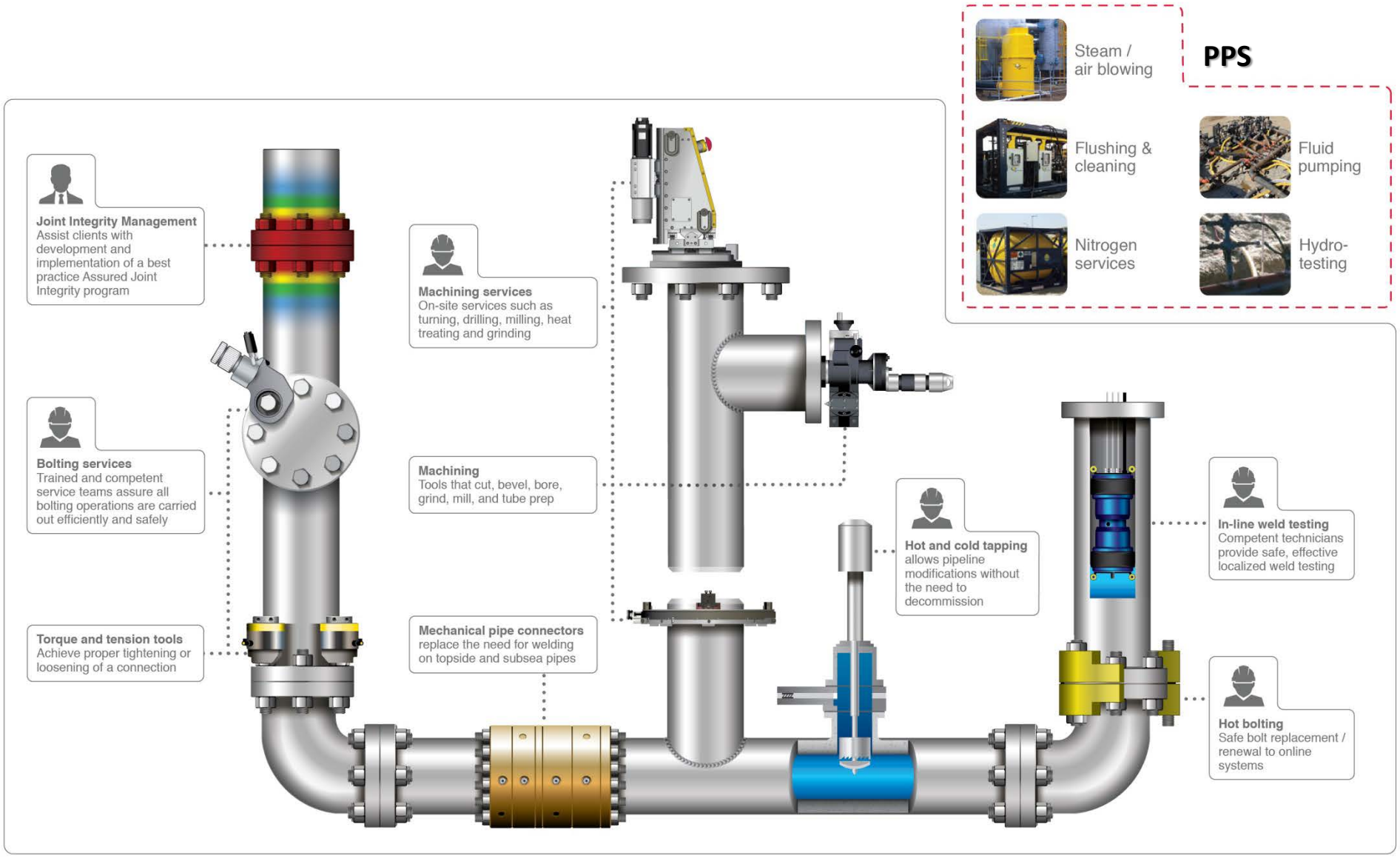
Driving World-class Operations and Service

- Reinforce common safety culture across segment
- Continuous improvement in asset/manpower management, quality, and delivery

Expanding Served Industries

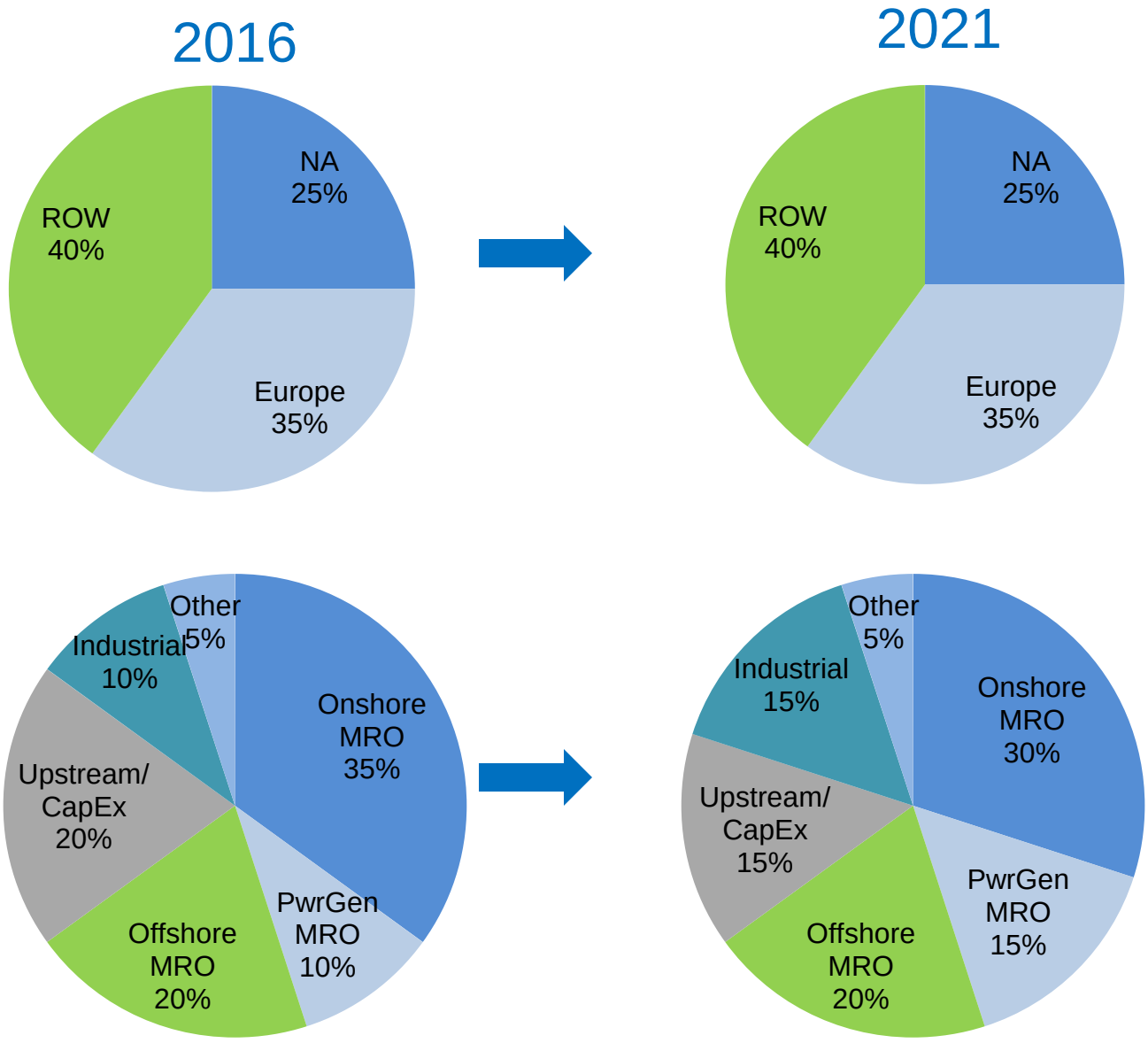
Medical	Leverage core competency in synthetic fibers to develop products for medical devices and surgical procedures – device actuators, ACL loops	
Aerospace	Specialty tethers customized for electrical/optical signal, power and strength needs of aerospace and aerostat sectors; Tooling to meet torque maintenance requirements of aircraft and aero-derivative engines	
Mining	High performance synthetic slings and rope solutions to replace steel/wire ropes Portable milling, boring and other machining /specialty products and services	
Industrial	Bolting and machining products for general industrial markets Tower guy cables; utility winch lines	
Marine	Tug, salvage, mooring and other lines for commercial marine industry	

Product/Service Range Expansion



Continue to Bundle Specialty Services and Niche Products

Energy Summary



- Growth above market, 20% EBITDA margins
- Globalize differentiated MRO activities
- Organic and acquisition growth opportunities



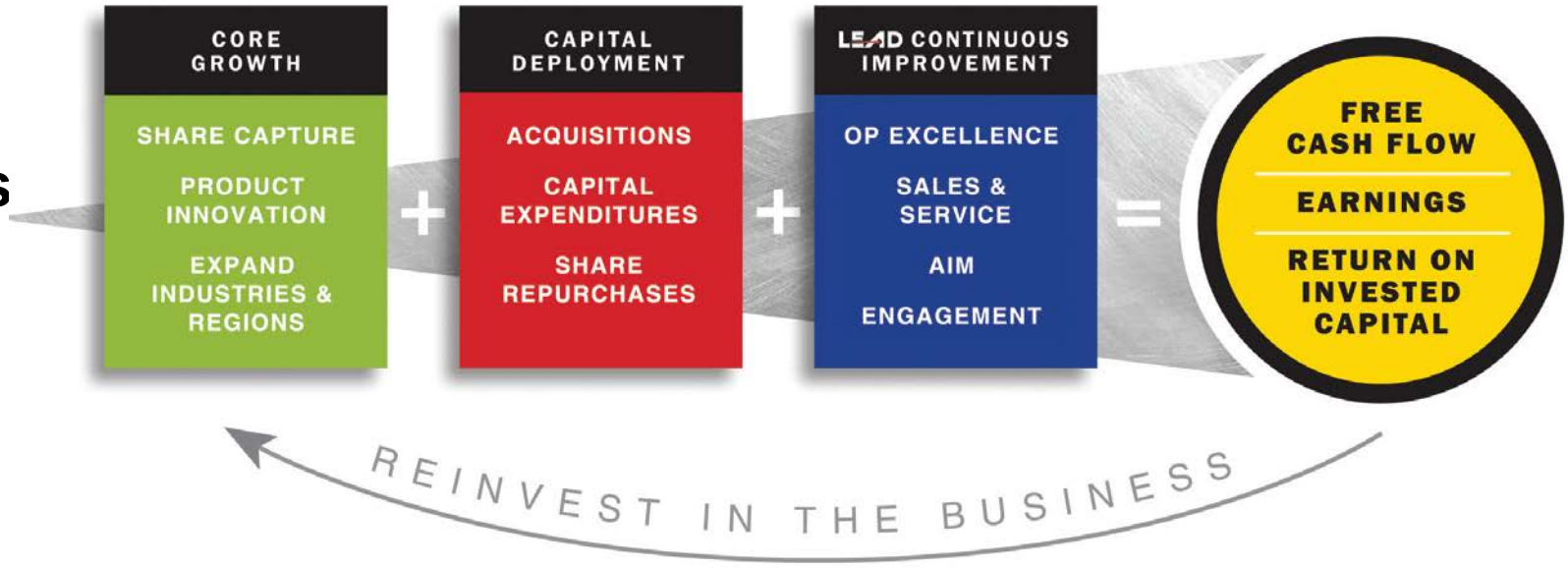
Financial Summary

Andy Lampereur

Actuant

Actuant Business Model

Business Model



Long-Term Metrics

Core Sales Growth > Market	FCF= Acquisition Capital	Base Margin Expansion	+100% FCF Conversion
Grow organic revenue above rate of end markets	Annual deployment of free cash flow in strategic tuck-in acquisitions	Expanding EBITDA % - investment in best businesses and LEAD	Consistently delivering free cash flow in excess of net earnings

Fiscal 2017 Guidance Summary

(US$ in millions except EPS)

	F' 2016	F' 2017E
Sales	$1,149	$1,075 - 1,125
EBITDA	$152	$145 - 160
Diluted EPS	$1.22	$1.00 - 1.20
Free Cash Flow	$112	$85 - 95

2016 excludes impairment, restructuring and divestiture net gain. 2017 guidance excludes restructuring and any future acquisitions, divestitures or stock repurchases.

2017 EPS Guidance Bridge

	EPS	Description
2016 EPS	$1.22	
FX	($0.02) -($0.03)	Predominately GP Pound
Higher income tax rate	($0.12) -($0.16)	~4% → ~15% effective tax rate
Restructuring benefits	$0.04 - $0.06	Year-over-year savings
Acquisitions/Divestitures	$0.05 - $0.07	Half year Larzep/PPS net of Sanlo
Base businesses	($0.17) - $0.04	Core sales (2) to (6)%
2017 EPS Guidance	$1.00 - $1.20	

2016 excludes impairment, restructuring and divestiture net gain.
2017 guidance excludes restructuring and any future acquisitions, divestitures or stock repurchases.

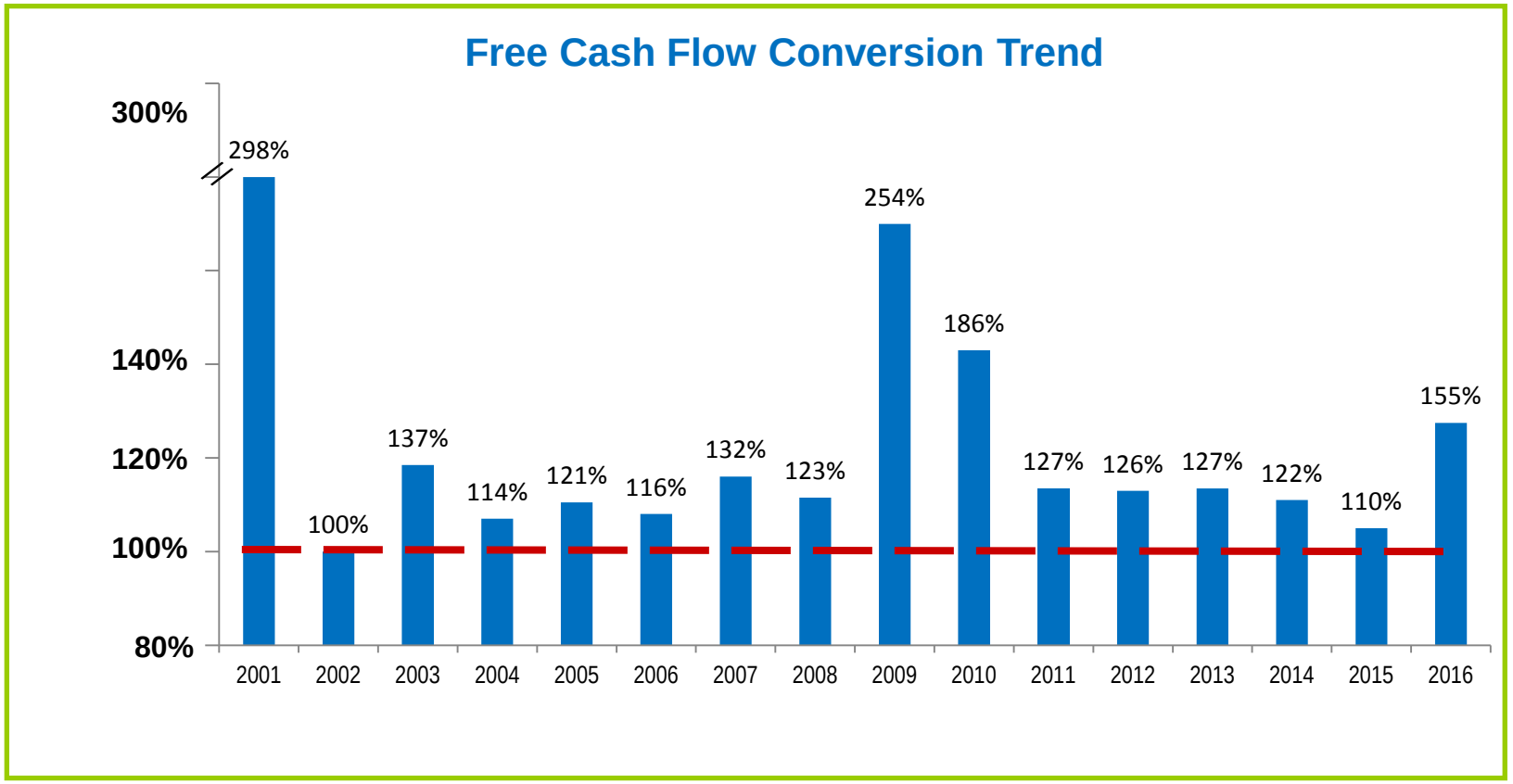
Fiscal 2017 Core Sales Expectations

Core Growth	2016	2017(est)	*2017 1H*	*2017 2H*
Industrial	(10)%	Flat to +3%	*-LSD*	*+LSD*
Energy	(2)%	(12) - (15)%	*-DD*	*-LSD*
Engineered Solutions	(6)%	(2) to +1%	*-MSD*	*+LSD*
Consolidated	(6)%	(2) - (6)%	*-MSD*	*Flat*

Difficult Core Sales Comparisons in the First Half, Improving Sequentially in the Back Half

LSD = low single digit, MSD = mid single digit, DD= double digit

16th Consecutive Year of 100%+ Conversion



Provides Fuel for Growth

Capital Allocation

- Capital deployment strategies:
  - Deploy substantially all free cash flow in strategic, tuck-in acquisitions
  - Net debt/EBITDA leverage comfort zone maintained in the 1.5-2.5x range (currently 2.5x)
- Capital allocation priorities:
  - Growth
    - Organic
    - Acquisitions
  - Share repurchases
  - Dividend – no change

Robust Cash Flow and Capital Structure Provides Strategic Flexibility

Strategic Plan 5 Year Goals

- Core sales growth “above market” through:
  - Share capture
  - New markets and geographies
  - New product introductions
- Market rebound off of currently depressed “industrial recession” rates
- Sales synergies from strategic tuck-in acquisitions

10% Total Sales CAGR with Core Sales Growth > Market

Grow organic revenue above rate of end markets

Targeting 10% Total Sales Growth CAGR

Strategic Plan 5 Year Goals

- EBITDA, EPS and cash flow growth through margin expansion
  - Leveraging sales volume growth on fixed overhead base
  - Approximately $50 million of benefit from current restructuring program and future actions, including LEAD reinvigoration
  - Cost synergies from strategic tuck-in acquisitions that make the best businesses better

Base Margin Expansion
Expanding EBITDA % - investment in best businesses and LEAD

Targeting 100 BPS of Annual Margin Improvement

Strategic Plan 5 Year Goals

- Disciplined, ROIC-focused capital deployment of free cash flow
  - Free cash flow conversion of net earnings over 100%
  - 1.5-2.5X net debt to EBITDA leverage zone
  - Adequate cash flow and borrowing capacity to fund organic and acquisition growth
- Primary capital deployment focus is M&A with opportunistic stock repurchases

+100% FCF Conversion

Consistently delivering free cash flow in excess of net earnings

$750+ Million FCF= Acquisition Capital

Annual deployment of free cash flow in strategic tuck-in acquisitions

Five Year Capital Deployment Capacity of $750-1,000 Million with Free Cash Flow and Borrowings

Strategic Plan 5 Year Goals - Summary

Goals

- Organic growth above market
- Annual margin expansion
- Free cash flow > net earnings
- 1.5-2.5X net debt/EBITDA
- Double digit EPS growth

Outcome

- Total sales growth CAGR ~10%
- EBITDA growth CAGR +15%
- Robust free cash flow growth and conversion
- 15-20% annual EPS growth
- Value creation for shareholders

Session 1

12:30 – 12:55

Session 2

1:00 – 1:25

Session 3

1:30 – 1:55

Session 4

2:00 – 2:25

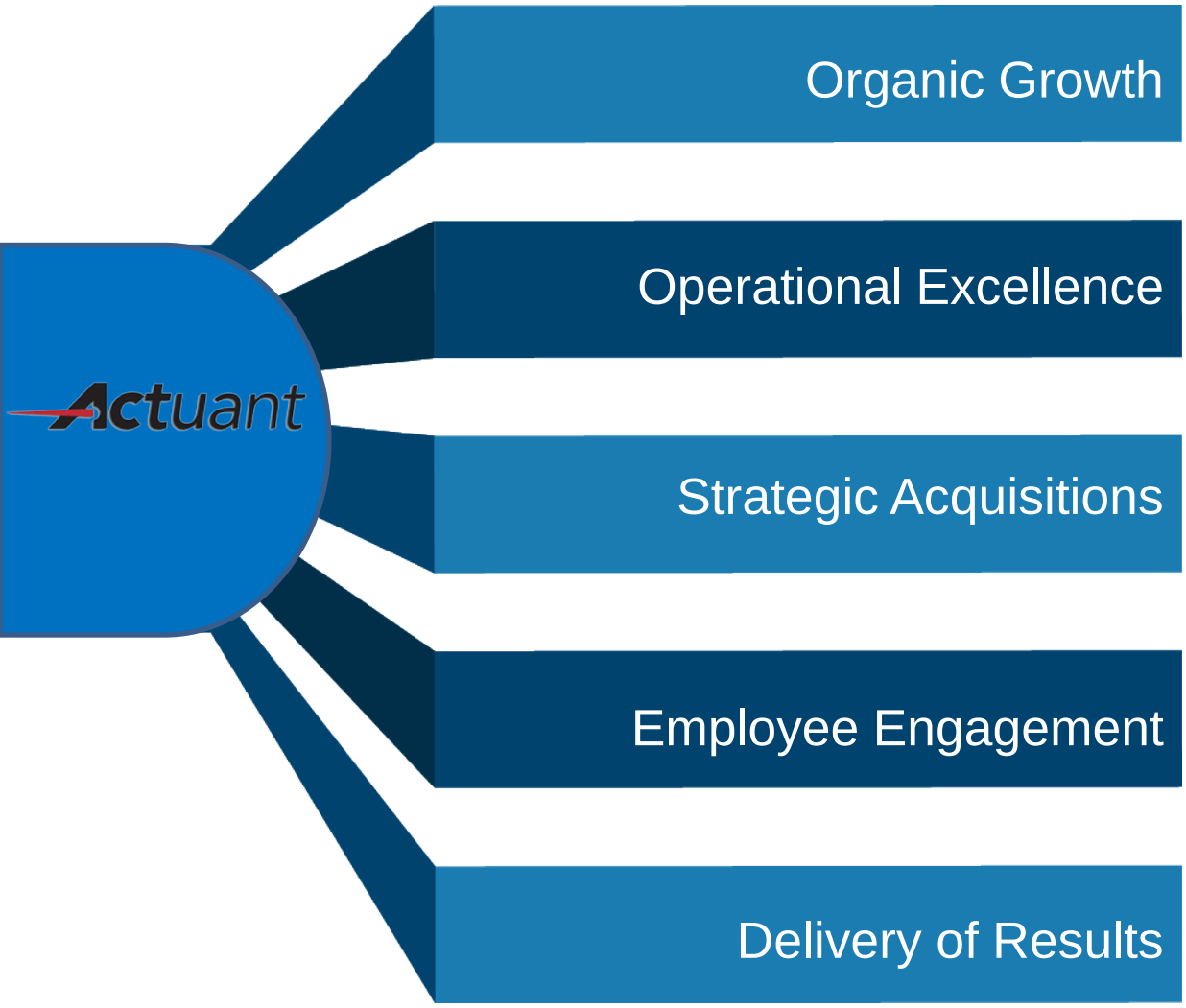


Wrap-Up

Randy Baker

Actuant

Actuant Pathway to Growth



Expand industries and regions
Commercial effectiveness and share capture
Product innovation

Drive Lean principles
***Goal Zero* safety**
Optimized cost position

Expand product lines
Increase global coverage
Acquire complementary services

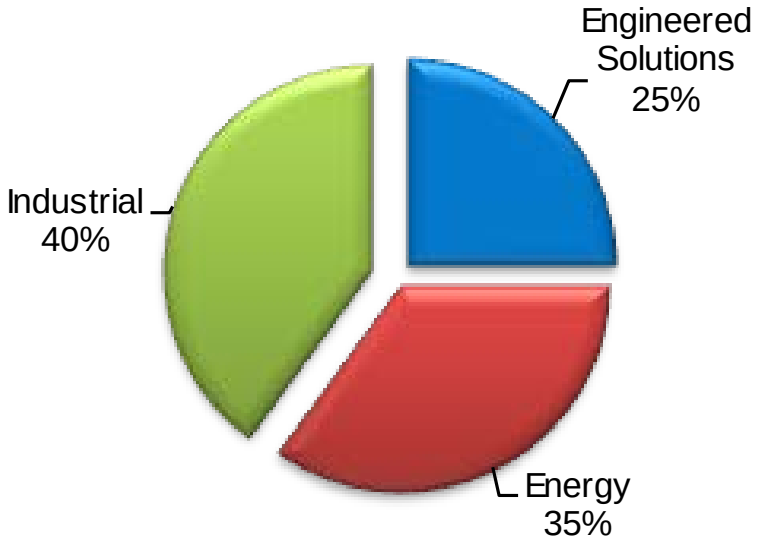
Performance culture
Build core competencies
Reward success

Reliable growth
Meet commitments
Superior shareholder returns

Actuant Goals

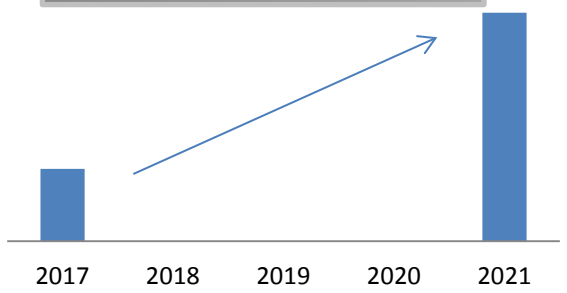
10% Total Sales CAGR with Core Sales Growth > Market	Base Margin Expansion	+100% FCF Conversion	$750+ Million FCF= Acquisition Capital
Grow organic revenue above rate of end markets	Expanding EBITDA % - investment in best businesses and LEAD	Consistently delivering free cash flow in excess of net earnings	Annual deployment of free cash flow on strategic tuck-in acquisitions

2021 Target Revenue Composition



2021 EBITDA Objective ~$350 to 375 Million

EPS Growth 15-20% CAGR



High Performing Business and Growth Potential

Actuant Investment Case



Diversified industrial growth company with a portfolio of market-leading brands providing mission critical customer solutions



LEAD is the foundation of Actuant's culture and will drive operational excellence and growth



Effective deployment of industry leading cash generation in strategic and financially disciplined M&A



Highly experienced and energized leadership team

Appendix

Free Cash Flow / Cash Flow Conversion

(US$ in millions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total EBITDA (1)	$87	$84	$90	$106	$145	$181	$228	$260	$171	$185	$244	$283	$267	$246	$191	$152
Cash Interest	(47)	(30)	(20)	(12)	(15)	(23)	(28)	(35)	(36)	(27)	(26)	(26)	(21)	(21)	(25)	(27)
Cash Taxes	(9)	(14)	(18)	(21)	(16)	(28)	(36)	(48)	(20)	(7)	(23)	(55)	(44)	(53)	(28)	(21)
Capital Expenditures	(5)	(7)	(13)	(11)	(15)	(20)	(31)	(44)	(21)	(20)	(23)	(23)	(23)	(40)	(23)	(20)
PWC/Other	24	(8)	8	(6)	(14)	(8)	15	18	56	14	(14)	17	26	32	(2)	28
Free Cash Flow	**$50**	**$25**	**$47**	**$56**	**$85**	**$102**	**$148**	**$151**	**$150**	**$145**	**$158**	**$196**	**$205**	**$164**	**$113**	**$112**
Net Earnings (1)	$17	$25	$34	$49	$70	$88	$112	$123	$59	$78	$124	$155	$162	$134	$103	$73
Free Cash Flow Conversion	298%	100%	137%	114%	121%	116%	132%	123%	254%	186%	127%	126%	127%	122%	110%	155%

(1) Excluding special items - excludes restructuring and impairment charges, discontinued operations,divestiture gains/losses debt extinguishment charges and non-recurring income tax gains.

GAAP/Non-GAAP Reconciliations

(US$ in millions)

EBITDA

	2016	2015
Net (Loss) Earnings	($105)	$20
Net Financing Costs	$29	$28
Income Tax (Benefit) Expense	($25)	$6
Depreciation & Amortization	$48	$53
Impairment Charges	$187	$84
Restructuring Charges	$15	$0
Divestiture	$5	$0
Adjusted EBITDA	**$152**	**$191**

EPS

	2016	2015
Net (Loss) Earnings Per Share	($1.78)	$0.32
Impairment Charges	$2.86	$1.33
Restructuring Charges	$0.17	$0.00
Divestiture	($0.03)	$0.00
Adjusted EPS	**$1.22**	**$1.65**