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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 31, 2019
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File No. 1-11288

ACTUANT CORPORATION
(Exact name of registrant as specified in its charter)

Wisconsin	**39-0168610**
(State of incorporation)	**(I.R.S. Employer Id. No.)**

N86 W12500 WESTBROOK CROSSING
MENOMONEE FALLS, WISCONSIN 53051
Mailing address: P. O. Box 3241, Milwaukee, Wisconsin 53201
(Address of principal executive offices)
(262) 293-1500
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.20 par value per share	**ATU**	**NYSE**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definition of "accelerated filer," "large accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
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. Yes ☐ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ☐ No ☒

The number of shares outstanding of the registrant's Class A Common Stock as of June 24, 2019 was 61,457,831.

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FORWARD LOOKING STATEMENTS AND CAUTIONARY FACTORS

This quarterly report on Form 10-Q contains certain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements include statements regarding expected financial results and other planned events, including, but not limited to, anticipated liquidity, anticipated restructuring costs and related savings, anticipated future charges and capital expenditures. Words such as "may," "should," "could," "anticipate," "believe," "estimate," "expect," "plan," "project" and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual future events or results may differ materially from these statements. We disclaim any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or any other reason.

The following is a list of factors, among others, that could cause actual results to differ materially from the forward-looking statements:

- deterioration of, or instability in, the domestic and international economy;
- challenging conditions in our various end markets, such as the industrial, oil & gas, energy and on and off highway markets;
- integrating our historic three segment structure into two new operating segments;
- competition in the markets we serve;
- failure to develop new products and market acceptance of existing and new products;
- a material disruption at a significant manufacturing facility;
- operating margin risk due to competitive pricing, operating inefficiencies, production levels and increases in the costs of commodities and raw materials;
- uncertainty over global tariffs, or the financial impact of tariffs;
- our international operations present special risks, including currency exchange rate fluctuations and export and import restrictions;
- regulatory and legal developments, including changes to United States taxation rules;
- our ability to successfully identify, consummate and integrate acquisitions and realize anticipated benefits/results from acquired companies as part of our portfolio management process;
- the effects of divestitures and/or discontinued operations, including retained liabilities from, or indemnification obligations with respect to, businesses that we sell;

- uncertainty with respect to the consummation of announced divestiture plans, including the terms and timing of any such transactions;
- the potential for a non-cash asset impairment charge, if the operating performance for our businesses were to fall significantly below current levels or impairment of goodwill and other intangible assets as they represent a substantial amount of our total assets;
- our ability to execute restructuring actions and the realization of anticipated cost savings;
- a significant failure in information technology (IT) infrastructure, such as unauthorized access to financial and other sensitive data or cybersecurity threats;
- heavy reliance on suppliers for components used in the manufacture and sale of our products;
- litigation, including product liability and warranty claims;
- our ability to attract, develop, and retain qualified employees;
- inadequate intellectual property protection or if our products are deemed to infringe on the intellectual property of others;
- our ability to comply with the covenants in our debt agreements and fluctuations in interest rates; and
- numerous other matters including those of a political, economic, business, competitive and regulatory nature contained from time to time in U.S. Securities and Exchange Commission ("SEC") filings, including, but not limited to, those factors listed in the "Risk Factors" section within Item 1A of Part I of the Form 10-K filed with the SEC on October 29, 2018.

When used herein, the terms “Actuant,” “we,” “us,” “our” and the “Company” refer to Actuant Corporation and its subsidiaries. Actuant Corporation provides free-of-charge access to its Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments thereto, through its website, www.actuant.com, as soon as reasonably practical after such reports are electronically filed with the SEC.

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PART I—FINANCIAL INFORMATION

Item 1—Financial Statements

ACTUANT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2019	2018	2019	2018
Net sales	$ 295,266	$ 317,096	$ 859,704	$ 881,216
Cost of products sold	183,365	200,587	545,309	574,100
Gross profit	111,901	116,509	314,395	307,116
Selling, administrative and engineering expenses	69,612	77,463	213,548	220,228
Amortization of intangible assets	4,411	5,184	12,131	15,483
Restructuring charges	1,115	1,170	1,578	11,249
Impairment & divestiture charges (benefit)	(10,597)	—	32,741	2,987
Operating profit	47,360	32,692	54,397	57,169
Financing costs, net	7,255	7,756	21,703	22,874
Other expense (income), net	378	(81)	1,946	830
Earnings before income tax expense (benefit)	39,727	25,017	30,748	33,465
Income tax expense (benefit)	7,309	(3,995)	13,029	17,448
Net earnings	$ 32,418	$ 29,012	$ 17,719	$ 16,017
Earnings per share				
Basic	$ 0.53	$ 0.48	$ 0.29	$ 0.27
Diluted	$ 0.52	$ 0.48	$ 0.29	$ 0.26
Weighted average common shares outstanding				
Basic	61,422	60,683	61,232	60,291
Diluted	61,840	61,064	61,701	60,850

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACTUANT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2019	**2018**	**2019**	**2018**
Net earnings	$ 32,418	$ 29,012	$ 17,719	$ 16,017
Other comprehensive income, net of tax				
Foreign currency translation adjustments	(14,000)	(21,295)	(14,744)	(5,160)
Foreign currency translation due to divested business	—	—	34,910	67,645
Pension and other postretirement benefit plans	200	342	527	596
Total other comprehensive (loss) income, net of tax	(13,800)	(20,953)	20,693	63,081
Comprehensive income	$ 18,618	$ 8,059	$ 38,412	$ 79,098

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACTUANT CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)
(Unaudited)

	May 31, 2019	August 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 201,334	$ 250,490
Accounts receivable, net	202,808	187,749
Inventories, net	167,592	156,356
Assets held for sale	—	23,573
Other current assets	44,475	42,732
Total current assets	616,209	660,900
Property, plant and equipment, net	89,973	90,220
Goodwill	491,499	512,412
Other intangibles, net	158,182	181,037
Other long-term assets	37,293	36,769
Total assets	$ 1,393,156	$ 1,481,338
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Current liabilities		
Trade accounts payable	$ 126,145	$ 130,838
Accrued compensation and benefits	39,929	54,508
Current maturities of debt	6,250	30,000
Income taxes payable	8,762	4,091
Liabilities held for sale	—	44,225
Other current liabilities	52,477	67,299
Total current liabilities	233,563	330,961
Long-term debt, net	468,984	502,695
Deferred income taxes	21,101	21,933
Pension and postretirement benefit liabilities	14,275	14,869
Other long-term liabilities	47,809	52,168
Total liabilities	785,732	922,626
Commitments and contingencies (Note 14)		
Shareholders’ equity		
Class A common stock, $0.20 par value per share, authorized 168,000,000 shares, issued 81,879,004 and 81,423,584 shares, respectively	16,374	16,285
Additional paid-in capital	177,584	167,448
Treasury stock, at cost, 20,439,434 shares	(617,731)	(617,731)
Retained earnings	1,184,749	1,166,955
Accumulated other comprehensive loss	(153,552)	(174,245)
Stock held in trust	(3,075)	(2,450)
Deferred compensation liability	3,075	2,450
Total shareholders’ equity	607,424	558,712
Total liabilities and shareholders’ equity	$ 1,393,156	$ 1,481,338

The accompanying notes are an integral part of these condensed consolidated financial statements.

ACTUANT CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended May 31,	
	2019	**2018**
Operating Activities		
Net earnings	$ 17,719	$ 16,017
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Impairment & divestiture charges, net of tax effect	29,362	12,385
Depreciation and amortization	25,604	30,800
Stock-based compensation expense	10,253	11,951
Benefit for deferred income taxes	(2,129)	(10,579)
Amortization of debt issuance costs	884	1,239
Other non-cash adjustments	262	347
Changes in components of working capital and other, excluding acquisitions and divestitures		
Accounts receivable	(25,043)	(21,456)
Inventories	(22,662)	(22,590)
Trade accounts payable	(1,367)	5,162
Prepaid expenses and other assets	(4,029)	(13,692)
Income tax accounts	4,412	25,989
Accrued compensation and benefits	(13,817)	(2,181)
Other accrued liabilities	(18,258)	2,197
Cash provided by operating activities	1,191	35,589
Investing Activities		
Capital expenditures	(23,719)	(18,716)
Proceeds from sale of property, plant and equipment	1,349	148
Rental asset buyout for Viking divestiture	—	(27,718)
Proceeds from sale of business, net of transaction costs	36,159	8,780
Cash paid for business acquisitions, net of cash acquired	—	(22,326)
Cash provided by (used in) investing activities	13,789	(59,832)
Financing Activities		
Principal repayments on term loan	(57,500)	(22,500)
Payment for redemption of term loan	(200,000)	—
Proceeds from issuance of term loan	200,000	—
Payment of debt issuance costs	(2,125)	—
Stock option exercises and other	1,352	10,435
Taxes paid related to the net share settlement of equity awards	(1,811)	(1,279)
Cash dividend	(2,439)	(2,390)
Cash used in financing activities	(62,523)	(15,734)
Effect of exchange rate changes on cash	(1,613)	(104)
Net decrease in cash and cash equivalents	(49,156)	(40,081)
Cash and cash equivalents - beginning of period	250,490	229,571
Cash and cash equivalents - end of period	$ 201,334	$ 189,490

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation

General

The accompanying unaudited condensed consolidated financial statements of Actuant Corporation ("Actuant," or the "Company") have been prepared in accordance with United States generally accepted accounting principles ("GAAP") for interim financial reporting and with the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The condensed consolidated balance sheet data as of August 31, 2018 was derived from the Company's audited financial statements, but does not include all disclosures required by GAAP. For additional information, including the Company's significant accounting policies, refer to the consolidated financial statements and related footnotes in the Company's fiscal 2018 Annual Report on Form 10-K.

In the opinion of management, all adjustments considered necessary for a fair statement of financial results have been made. Such adjustments consist of only those of a normal recurring nature. Operating results for the three and nine months ended May 31, 2019are not necessarily indicative of the results that may be expected for the entire fiscal year ending August 31, 2019.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09,*Revenue from Contracts with Customers*. Under ASU 2014-09 and subsequent updates included in ASU 2016-10, ASU 2016-12, ASU 2017-13 and ASU 2017-14 (collectively referred to as Accounting Standards Codification 606 "ASC 606"), an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects to receive in exchange for the goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This guidance was adopted by the Company on September 1, 2018 using the modified retrospective method and was applied to contracts that were not completed or substantially complete as of September 1, 2018. Results for the reporting period beginning after September 1, 2018 are presented under ASC 606, while prior year amounts have not been adjusted and continue to be reported in accordance with the Company's historical accounting policy in accordance with ASC 605 *Revenue Recognition*. The Company reported a net increase to opening retained earnings of $0.1 million on September 1, 2018 as a result of the cumulative impact of adopting ASC 606. SeeNote 2, "Revenue Recognition," for further discussion of the adoption of ASC 606.

In March 2017, the FASB issued ASU 2017-07,*Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,* which changes how employers that sponsor defined benefit pension or other postretirement benefit plans present the net periodic benefit cost in the income statement. The new guidance requires the service cost component of net periodic benefit cost to be presented in the same income statement line items as other employee compensation costs arising from services rendered during the period. Other components of the net periodic benefit cost are to be stated separately from service cost and outside of operating income. This guidance was adopted by the Company on September 1, 2018. Due to a majority of the Company's defined benefit pension and other postretirement benefit plans being frozen and the net periodic benefit pension cost not being significant, the adoption of this guidance did not have a material impact on the financial statements of the Company. However, prior year amounts have been retrospectively adjusted to reflect this change in accounting principle.

In August 2016, the FASB issued ASU 2016-15,*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*, to address how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This guidance was adopted on September 1, 2018. The adoption did not have an impact on the financial statements of the Company.

In February 2016, the FASB issued ASU 2016-02, *Leases* (and subsequently ASU 2018-01 and ASU 2019-01) to increase transparency and comparability among organizations by recognizing all lease transactions (with terms in excess of 12 months) on the balance sheet as a lease liability and a right-of-use asset. This guidance is effective for fiscal years beginning after December 15, 2018 (fiscal 2020 beginning September 1, 2019 for the Company), including interim periods within those fiscal years. Upon adoption, certain qualitative and quantitative disclosures are required along with modified retrospective recognition and measurement of impacted leases. The Company anticipates material additions to the balance sheet (upon adoption) of right-of-use assets, offset by the associated liabilities, due to our routine use of operating leases. Currently, the Company's implementation team is analyzing and uploading lease data into the selected third party lease software solution and performing configuration testing within the test environment. The software will be a central repository for active leases and provide the necessary information in order to comply with the standard. The team is also re-assessing and amending current processes and controls in order to comply with the standard, and finalizing our selection of practical expedients associated with the standard. In line with its implementation plan, the Company expects all configuration and testing of the lease software and the majority of the lease data entry to be finalized shortly allowing for a "go-live" of the software in July 2019.

In February 2018, the FASB issued ASU 2018-02, *Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,* which allows companies to reclassify stranded income tax effects resulting from the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings in their consolidated financial statements. This guidance is effective for fiscal years beginning after December 15, 2018 (fiscal 2020 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact of this new standard and whether we will elect to reclassify the stranded income taxes.

Accumulated Other Comprehensive Loss

The following is a summary of the Company's accumulated other comprehensive loss (in thousands):

	May 31, 2019	August 31, 2018
Foreign currency translation adjustments	$ 138,331	$ 158,497
Pension and other postretirement benefit plans, net of tax	15,221	15,748
Accumulated other comprehensive loss	$ 153,552	$ 174,245

Property Plant and Equipment

The following is a summary of the Company's components of property, plant and equipment (in thousands):

	May 31, 2019	August 31, 2018
Land, buildings and improvements	$ 42,772	$ 47,468
Machinery and equipment	235,993	229,445
Gross property, plant and equipment	278,765	276,913
Less: Accumulated depreciation	(188,792)	(186,693)
Property, plant and equipment, net	$ 89,973	$ 90,220

Note 2. Revenue Recognition

Significant Accounting Policies

The Company recognizes revenue when it satisfies a performance obligation in a contract by transferring control of a distinct good or service to a customer. A contract's transaction price is allocated to each distinct performance obligation and revenue is measured based on the consideration that the Company expects to be entitled to in exchange for the goods or services transferred. When contracts include multiple products or services to be delivered to the customer, the consideration for each element is generally allocated on the standalone transaction prices of the separate performance obligations, using the adjusted market assessment approach.

Under normal circumstances, the Company invoices the customer once transfer of control has occurred and has a right to payment. The typical payment terms vary based on the customer and the types of goods and services in the contract. The period of time between invoicing and when payment is due is not significant, as our standard payment terms are less than one year. Amounts billed and due from customers are classified as receivables on the balance sheet.

Taxes Collected: Taxes collected by the Company from a customer concurrent with revenue-producing activities are excluded from revenue.

Shipping and Handling Costs: The Company records costs associated with shipping its products after control over a product has transferred to a customer and are accounted for as fulfillment costs. These costs are reported in the Condensed Consolidated Statements of Earnings in "Cost of products sold."

Nature of Goods and Services

The Company generates its revenue under two principal activities, which are discussed below:

Product Sales: Sales of tools, components and systems are recorded when control is transferred to the customer (i.e. performance obligation has been satisfied). For the majority of the Company's product sales, revenue is recognized at a point in time when control of the product is transferred to the customer, which generally occurs when the product is shipped from the Company to the customer. Due to the highly customized nature and limited alternative use of certain products, for which the Company has an enforceable right of reimbursement for performance completed to date, revenue is recognized over time. We consider the input measure (efforts-expended or cost-to-cost) or output measure as a fair measure of progress for the recognition of over time revenue associated with these custom products. For a majority of the Company's custom products, machine hours and labor hours (efforts-expended measurement) are used as a measure of progress.

Service & Rental Sales: Service contracts consist of providing highly trained technicians to perform bolting, technical services, machining and joint integrity work for our customers. These revenues are recognized over time as our customers simultaneously receive and consume the benefits provided by the Company. We consider the input measure (efforts-expended or cost-to-cost) or output measure as a fair measure of progress for the recognition of over time revenue associated with service contracts. For a majority of the Company's service contracts, labor hours (efforts-expended measurement) is used as the measure of progress when it is determined to be a better depiction of the transfer of control to the customer due to the timing and pattern of labor hours incurred. Revenue from rental contracts (less than a year and non-customized products) is generally recognized ratably over the contract term, depicting the customer's consumption of the benefit related to the rental equipment. The majority of the Company's service and rental sales are generated by its Industrial Tools & Services ("IT&S") segment, with a limited number of service sales within the Engineered Components & Systems ("EC&S") segment.

Disaggregated Revenue and Performance Obligations

The Company disaggregates revenue from contracts with customers by reportable segment and product line and by the timing of when goods and services are transferred.

The following table presents information regarding our revenue disaggregation by reportable segment and product line (in thousands):

	Three Months Ended May 31,	Nine Months Ended May 31,
Net Sales by Reportable Product Line & Segment:	**2019**	**2019**
Industrial Tools & Services		
Product	$ 115,067	$ 323,420
Service & Rental	51,665	141,488
	166,732	464,908
Engineered Components & Systems [1]		
On-Highway	$ 59,378	$ 174,982
Agriculture, Off-Highway and Other	57,793	164,125
Rope & Cable Solutions	11,363	38,915
Concrete Tensioning	—	16,774
	128,534	394,796
Total	$ 295,266	$ 859,704

[1] The majority of the EC&S segment revenues are product sales, with an immaterial number of service sales.

The following table presents information regarding revenues disaggregated by the timing of when goods and services are transferred is as follows (in thousands):

	Three Months Ended May 31,	Nine Months Ended May 31,
	2019	**2019**
Revenues recognized at point in time	$ 234,346	$ 696,347
Revenues recognized over time	60,920	163,357
Total	$ 295,266	$ 859,704

Contract Balances

The Company's contract assets and liabilities are as follows (in thousands):

	May 31, 2019	August 31, 2018
Receivables, which are included in accounts receivable, net	$ 202,808	$ 187,749
Contract assets, which are included in other current assets	6,134	6,367
Contract liabilities, which are included in other current liabilities	8,227	16,484

Receivables: The Company performs its obligations under a contract with a customer by transferring goods or services in exchange for consideration from the customer. The Company typically invoices its customers as soon as control of an asset is transferred and a receivable for the Company is established.

Contract Assets: Contract assets relate to the Company's rights to consideration for work completed but not billed as of the reporting date on contracts with customers. The contract assets are transferred to receivables when the rights become unconditional. The Company has contract assets on contracts that are generally long-term and have revenues that are recognized over time.

Contract Liabilities: As of May 31, 2019, the Company had certain contracts where there were unsatisfied performance obligations and the Company had received cash consideration from customers before the performance obligations were satisfied. The majority of these contracts relate to long-term customer contracts (project durations of greater than three months) and are recognized over time. The Company estimates that $8.1 million will be recognized from satisfying those performance obligations within the next twelve months with an immaterial amount recognized in periods thereafter.

Significant Judgments

Timing of Performance Obligations Satisfied at a Point in Time: The Company evaluates when the customer obtains control of the product based on shipping terms, as control will transfer, depending upon such terms, at different points between the Company's manufacturing facility or warehouse and the customer's location. The Company considers control to have transferred upon shipment or delivery because (i) the Company has a present right to payment at that time; (ii) the legal title has been transferred to the customer; (iii) the Company has transferred physical possession of the product to the customer; and (iv) the customer has significant risks and rewards of ownership of the product.

Variable Consideration: The Company estimates whether it will be subject to variable consideration under the terms of the contract and includes its estimate of variable consideration in the transaction price based on the expected value method when it is deemed probable of being realized based on historical experience and trends. Types of variable consideration may include rebates, incentives and discounts, among others, which are recorded as a reduction to net sales at the time when control of a performance obligation is transferred to the customer.

Practical Expedients & Exemptions: The Company elected to expense the incremental cost to obtaining a contract for when the amortization period for such contracts would be one year or less. The Company does not disclose the value of unperformed obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which it recognizes revenue at the amount to which it has the right to invoice for services performed.

Note 3. Restructuring Charges

The Company has undertaken or committed to various restructuring initiatives including workforce reductions; leadership changes; plant consolidations to reduce manufacturing overhead; satellite office closures; the continued movement of production and product sourcing to low cost alternatives; and the centralization and standardization of certain administrative functions. Liabilities for severance will generally be paid within twelve months, while future lease payments related to facilities vacated as a result of restructuring will be paid over the underlying remaining lease terms. During the three months ended May 31, 2019, the Company announced a new restructuring plan focused on the integration of the Enerpac and Hydratight businesses (IT&S segment) as well as driving efficiencies within the overall corporate structure. Total restructuring charges associated with this new restructuring plan were $1.1 million in the three months ended May 31, 2019, with no additional charges associated with the previously announced restructuring initiatives. Total restructuring charges associated with previously announced restructuring initiatives were $1.2 million in the three months ended May 31, 2018. Restructuring charges totaled $1.6 million and $12.1 million for the nine months ended May 31,2019 and 2018, respectively, with approximately $0.9 million of the restructuring charges recognized in the nine months ended May 31, 2018 being reported in the Condensed Consolidated Statements of Earnings in "Cost of products sold," with the balance of the charges reported in "Restructuring charges."

The following rollforwards summarize restructuring reserve activity by segment (in thousands):

	Nine Months Ended May 31, 2019			
	Industrial Tools & Services	Engineered Components & Systems	Corporate	Total
Balance as of August 31, 2018	$ 1,687	$ 1,592	$ 415	$ 3,694
Restructuring charges	1,136	442	—	1,578
Cash payments	(1,379)	(1,140)	(46)	(2,565)
Other non-cash uses/reclasses of reserve	(7)	368	(369)	(8)
Impact of changes in foreign currency rates	(28)	(58)	—	(86)
Balance as of May 31, 2019	$ 1,409	$ 1,204	$ —	$ 2,613

	Nine Months Ended May 31, 2018			
	Industrial Tools & Services	Engineered Components & Systems	Corporate	Total
Balance as of August 31, 2017	$ 1,499	$ 4,108	$ 30	$ 5,637
Restructuring charges	3,480	3,783	4,836	12,099
Cash payments	(2,578)	(3,799)	(2,160)	(8,537)
Other non-cash uses of reserve	(616)	(1,382)	(2,093) [1]	(4,091)
Impact of changes in foreign currency rates	(79)	(95)	—	(174)
Balance as of May 31, 2018	$ 1,706	$ 2,615	$ 613	$ 4,934

[1] Majority of non-cash uses of reserve represents accelerated equity vesting in connection with employee severance agreements.

In June 2019, the Company announced a new restructuring plan focused on reducing costs and driving efficiencies within the EC&S segment. We expect to incur $2.0 million of costs in the fourth quarter associated with these actions and achieve approximately $3.0 million of annual savings.

Note 4. Acquisitions

During fiscal 2018, the Company completed two acquisitions which resulted in the recognition of goodwill in the Company's condensed consolidated financial statements because their purchase prices reflected the future earnings and cash flow potential of the acquired companies, as well as the complementary strategic fit and resulting synergies. The Company makes an initial allocation of the purchase price, at the date of acquisition, based upon the fair value of the acquired assets and assumed liabilities. The Company obtains this information during due diligence and through other sources. If additional information is obtained about these assets and liabilities within the measurement period (not to exceed one year from the date of acquisition), the Company will refine its estimates of fair value and adjust the purchase price allocation as appropriate.

The Company acquired the stock and certain assets of Mirage Machines, Ltd. ("Mirage") on December 1, 2017 for a purchase price of $17.4 million, net of cash acquired. This IT&S segment tuck-in acquisition is a provider of industrial and energy maintenance tools. The final purchase price allocation resulted in $10.3 million of goodwill (which is not deductible for tax purposes) and $4.1 million of intangible assets. The intangible assets were comprised of $2.3 million of indefinite lived tradenames and $1.8 million of amortizable customer relationships.

The Company acquired the stock of Equalizer International, Limited ("Equalizer") on May 11, 2018 for a purchase price of $5.8 million, net of cash acquired. This IT&S segment tuck-in acquisition is a provider of industrial and energy maintenance tools, expanding our pipe and flange alignment offerings. The final purchase price allocation resulted in $2.4 million of goodwill (a portion of which is not deductible for tax purposes) and $2.1 million of intangible assets. The intangible assets were comprised of $0.8 million of indefinite lived tradenames and $1.3 million of amortizable customer relationships and patents.

The Company incurred acquisition transaction costs of $0.3 million and $0.7 million in the three and nine months ended May 31, 2018, respectively, (included in "Selling, administrative and engineering expenses" in the Condensed Consolidated Statements of Earnings) related to these acquisitions.

The acquired businesses generated combined net sales of $3.4 million and $10.3 million for the three and nine months ended May 31, 2019, respectively. Combined net sales for the three and nine months ended May 31, 2018 were $3.1 million and $5.1 million, respectively. Because the net sales and earnings impact of both acquired businesses are not material to the three and nine months ended May 31, 2019 and 2018, the Company has not included the pro forma operating result disclosures otherwise required for acquisitions.

Note 5. Divestiture Activities

During the fourth quarter of fiscal 2018, the Cortland Fibron business (EC&S segment) met the criteria for assets held for sale treatment. The Company completed the sale of the Cortland Fibron business on December 19, 2018 for $12.5 million in cash.

The following is a summary of the assets and liabilities held for sale for the Cortland Fibron business (in thousands):

		August 31, 2018
Accounts receivable, net	$	2,924
Inventories, net		2,597
Other current assets		3,267
Property, plant & equipment, net		2,186
Goodwill and other intangible assets, net		12,464
Other long-term assets		135
Assets held for sale	$	23,573
Trade accounts payable	$	3,915
Accrued compensation and benefits		1,414
Reserve for cumulative translation adjustment		35,346
Other current liabilities		1,269
Deferred income taxes		2,281
Other long-term liabilities		—
Liabilities held for sale	$	44,225

During the first quarter of fiscal 2019, the Company determined that the Precision Hayes business (EC&S segment) was a non-core asset, did not align with the strategic objectives of the Company and, as a result, the Company committed to a plan to sell this business. The Company completed the sale of the Precision Hayes business on December 31, 2018 for $23.6 million cash net of final transaction costs, working capital adjustments, accelerated vesting of equity compensation, retention bonuses and other adjustments which were recognized in the second quarter of fiscal 2019.

The historical results of the Precision Hayes and Cortland Fibron businesses are not material to the condensed consolidated financial results of the Company and are included in continuing operations. The Precision Hayes and Cortland Fibron businesses had combined net sales of $21.7 million in the three months ended May 31, 2018 and $24.2 million and $55.1 million in the nine months ended May 31, 2019 and 2018, respectively. We could incur immaterial additional divestiture charges relative to the final settlement of net asset disposal groups for the Precision Hayes divestiture.

In addition to the above, in the first quarter of fiscal 2019 we identified the Cortland U.S business (EC&S segment as a non-core asset and concluded it met the criteria to be recorded as held for sale. We engaged a third party mergers and acquisitions adviser to assist with valuation and marketing efforts in order to identify potential buyers of the Cortland U.S. business. However, after a robust marketing campaign to divest the business, the Company has decided to retain the business and continue to execute its strategy to provide industrial rope to a wider variety of customers through the Company's other channels and to invest and grow in Cortland's medical component business, thereby maximizing shareholder value. Therefore, as of May 31, 2019, we no longer consider the Cortland U.S. business to meet the criteria to be classified as held for sale. All depreciation and amortization that was not recorded while the business was classified as held for sale was subsequently recorded in the three months ended May 31, 2019, and the assets and liabilities have now been restored to their original condensed consolidated balance sheet classifications at their historical net book values as of May 31, 2019. As a result of the restoration of assets and liabilities to their net book value, we recorded a benefit of $13.0 million in the three months ended May 31, 2019 related to the restoration of the cumulative effect of foreign currency rate changes since acquisition that had been recorded as impairment & divestiture charges in previous periods in fiscal 2019.

On January 24, 2019, the Company announced its intention to focus solely on its IT&S segment, and as a result, initiated a process to potentially divest the remaining EC&S segment (exclusive of the Cortland U.S. businesses). The divestiture process continues, but the Company concluded that the remaining EC&S segment did not meet the criteria to be classified as held for sale as of May 31, 2019. The Company performed various impairment assessments as of May 31, 2019 contemplating the current status to divest the remaining EC&S segment and also considering results of operations and estimated future cash flows of the business as held for future use. Based on those assessments, no impairment charges were recorded in the three months ended May 31, 2019. Material non-cash impairment charges reflecting a write down of the remaining EC&S segment net assets to their net realizable value could be recorded in future periods. The Company intends to comment on, or provide updates regarding, these matters (including the status of the divestiture or size of impairment) only when it determines that further disclosure is appropriate or required.

In the three months ended May 31, 2019, the Company recognized an impairment & divestiture benefit of$10.6 million, comprised of: (i) a $13.0 million benefit related to the Cortland U.S. business representing the restoration of the cumulative effect of

foreign currency rate changes since acquisition that had been recorded as impairment & divestiture charges in previous periods in fiscal 2019 and (ii) $2.4 million of other divestiture charges (of which $0.8 million related to retention bonuses) related to the divestiture of the remaining EC&S segment. These charges generated an income tax benefit of $0.6 million in the three months ended May 31, 2019. For the nine months ended May 31, 2019, the Company has recognized $32.7 million of impairment & divestiture charges, comprised of: (i) a $24.6 million charge representing the excess of the net book value of assets held for sale to the proceeds; (ii) a non-cash impairment charge of $0.6 million related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition and (iii) $7.5 million of other divestiture charges. These charges generated an income tax benefit of $3.4 million for the nine months ended May 31, 2019.

On December 1, 2017, the Company completed the sale of the Viking business for net cash proceeds of $8.8 million, which resulted in an after-tax impairment & divestiture charge of $12.4 million in the second quarter of fiscal 2018, comprised of real estate lease exit charges of $3.0 million related to retained facilities that became vacant as a result of the Viking divestiture and approximately $9.4 million of associated discrete income tax expense. The historical results of the Viking business (which had net sales of $2.7 million in the nine months ended May 31, 2018) are not material to the condensed consolidated financial results and are included in continuing operations.

As part of our portfolio management process, we routinely review our businesses with respect to our strategic initiatives and long-term objectives and are taking actions that are anticipated to improve the operational performance of the Company. The aforementioned divestitures and any potential future divestitures pose risks and challenges that could negatively impact our business, including required separation or carve-out activities and costs, disputes with buyers or potential impairment charges.

Note 6. Goodwill, Intangible Assets and Long-Lived Assets

Changes in the gross carrying value of goodwill and intangible assets can result from changes in foreign currency exchange rates, business acquisitions, divestitures or impairment charges. The changes in the carrying amount of goodwill for the nine months ended May 31, 2019 are as follows (in thousands):

	Industrial Tools & Services	Engineered Components & Systems	Total
Balance as of August 31, 2018	$ 248,705	$ 263,707	$ 512,412
Purchase accounting adjustments	253	—	253
Impairment charges	—	(13,678)	(13,678)
Impact of changes in foreign currency rates	(3,239)	(4,249)	(7,488)
Balance as of May 31, 2019	$ 245,719	$ 245,780	$ 491,499

The gross carrying value and accumulated amortization of the Company's other intangible assets are as follows (in thousands):

		May 31, 2019			August 31, 2018		
	Weighted Average Amortization Period (Years)	Gross Carrying Value	Accumulated Amortization	Net Book Value	Gross Carrying Value	Accumulated Amortization	Net Book Value
Amortizable intangible assets:							
Customer relationships	15	$ 217,539	$ 149,742	$ 67,797	$ 230,601	$ 147,451	$ 83,150
Patents	11	25,097	23,371	1,726	30,355	25,327	5,028
Trademarks and tradenames	14	7,254	5,284	1,970	20,823	15,347	5,476
Other intangibles	3	5,571	5,571	—	5,946	5,816	130
Indefinite lived intangible assets:							
Tradenames	N/A	86,689	—	86,689	87,253	—	87,253
		$ 342,150	$ 183,968	$ 158,182	$ 374,978	$ 193,941	$ 181,037

The Company estimates that amortization expense will be $3.8 million for the remaining three months of fiscal 2019. Amortization expense for future years is estimated to be: $14.9 million in fiscal 2020, $14.1 million in fiscal 2021, $12.5 million in fiscal 2022, $9.6 million in fiscal 2023, $6.9 million in fiscal 2024 and $9.6 million cumulatively thereafter. The future amortization expense amounts represent estimates and may be impacted by future acquisitions, divestitures or changes in foreign currency exchange rates, among other causes.

Fiscal 2019 Impairment Charges

During the nine month period ended May 31, 2019, within the EC&S segment, the Company recognized impairment charges related to the Precision Hayes and Cortland U.S. businesses in conjunction with meeting the criteria for assets classified as held for sale which resulted in a change in our current estimated fair value. Also, the Company recognized an additional impairment charge related to the Cortland Fibron business based on a change in the anticipated sales proceeds. Accordingly, we recognized $24.6 million of impairment charges for the nine months ended May 31, 2019. The Company did not record any impairment charges associated with goodwill, intangible assets, and long-lived assets during the three month period ended May 31, 2019. See Note 5, "Divestiture Activities," for further discussion of impairment & divestiture charges.

A summary of impairment charges by reporting unit for thenine months ended May 31, 2019is as follows (in thousands):

	Cortland [(1)]	Precision Hayes	Total
Goodwill	$ 13,709	$ —	$ 13,709
Amortizable intangible assets	—	8,264	8,264
Assets held for sale	1,477	—	1,477
Fixed assets	—	1,230	1,230
Total	$ 15,185	$ 9,494	$ 24,679

[(1)] The Cortland reporting unit is representative of the Cortland U.S. and Cortland Fibron businesses. The goodwill impairment charge related to the Cortland U.S. business for the six months ended February 28, 2019 and the assets held for sale impairment charge related to Cortland Fibron for the three months ended November 30, 2019.

Note 7. Product Warranty Costs

The Company generally offers its customers an assurance warranty on products sold, although warranty periods vary by product type and application. The reserve for future warranty claims, which is recorded within the "Other current liabilities" line on the Condensed Consolidated Balance Sheets, is based on historical claim rates and current warranty cost experience. The following is a rollforward of the product warranty reserves for the nine months ended May 31,2019 and 2018, respectively (in thousands):

	Nine Months Ended May 31,	
	2019	2018
Beginning balance	$ 4,417	$ 6,616
Provision for warranties	3,427	4,213
Warranty payments and costs incurred	(3,630)	(5,604)
Warranty activity for divested businesses	(34)	—
Impact of changes in foreign currency rates	(54)	95
Ending balance	$ 4,126	$ 5,320

Note 8. Debt

The following is a summary of the Company’s long-term indebtedness (in thousands):

	May 31, 2019	August 31, 2018
Previous Senior Credit Facility		
Revolver	$ —	$ —
Term Loan	—	247,500
Total Previous Senior Credit Facility	—	247,500
New Senior Credit Facility		
Revolver	—	—
Term Loan	190,000	—
Total New Senior Credit Facility	190,000	—
5.625% Senior Notes	287,559	287,559
Total Senior Indebtedness	477,559	535,059
Less: Current maturities of long-term debt	(6,250)	(30,000)
Debt issuance costs	(2,325)	(2,364)
Total long-term debt, less current maturities	$ 468,984	$ 502,695

Senior Credit Facility

Prior to the refinancing of the Company's Senior Credit Facility on March 29, 2019, the Company’s previous Senior Credit Facility matured on May 8, 2020 and provided a $300 million revolver, a $300 million term loan and a $450 million expansion option, subject to certain conditions. Borrowings were subject to a pricing grid, which could result in increases or decreases to the borrowing spread, depending on the Company’s leverage ratio, ranging from a spread of 1.00% to 2.25% in the case of loans bearing interest at LIBOR and from 0.00% to 1.25% in the case of loans bearing interest at the base rate. In addition, a non-use fee was payable quarterly on the average unused credit line under the revolver ranging from 0.15% to 0.35% per annum.

On March 29, 2019, the Company refinanced its Senior Credit Facility resulting in a new $600 million Senior Credit Facility, comprised of a $400 million revolving line of credit and a $200 million term loan. The new facility, which matures in March 2024, includes a reduction in pricing, bears an initial interest rate of LIBOR +1.62%, and expands the revolving credit facility from $300 million to $400 million. Quarterly term loan principal payments of $1.25 million begin on August 31, 2019, escalating to $5.0 million by May 31, 2022, with the remaining principal due at maturity. During the three months ended May 31, 2019 and in line with its capital allocation strategy, the Company electively prepaid $10 million against the remaining principal balance of the term loan.

The new credit facility contains financial covenants that are consistent with the prior facility, with enhancements that improve overall liquidity, and provides the option for future expansion through a $300 million accordion on the revolver. The two financial covenants included are a maximum leverage ratio of 3.75:1 and a minimum interest coverage ratio of 3.5:1. For each covenant, certain transactions lead to adjustments to the underlying ratio, including a reduction of the minimum interest coverage ratio from 3.5 to 3.0 for any fiscal quarter ending within twelve months after the sale of the remaining EC&S business and an increase to the leverage ratio from 3.75 to 4.25 during the four fiscal quarters after a significant acquisition.

The Company was in compliance with all financial covenants at May 31, 2019. Borrowings under the credit agreement are secured by substantially all personal property assets of the Company and its domestic subsidiary guarantors and certain equity interests owned by the foreign law pledgors.

As of May 31, 2019, the variable borrowing rate on the outstanding term loan balance was 4.07% and the unused credit line and amount available for borrowing under the revolver was $398.8 million.

Senior Notes

On April 16, 2012, the Company issued $300 million of 5.625% Senior Notes due 2022 (the “Senior Notes”), of which $287.6 million remains outstanding. The Senior Notes require no principal installments prior to their June 15, 2022 maturity, require semiannual interest payments in December and June of each year and contain certain financial and non-financial covenants. The Senior Notes include a call feature that allows the Company to repurchase them anytime on or after June 15, 2017 at stated redemption prices (currently ranging from 100.00% to 101.88%), plus accrued and unpaid interest. The Company was in compliance with all the terms of the Senior Notes at May 31, 2019.

Note 9. Fair Value Measurement

The Company assesses the inputs used to measure the fair value of financial assets and liabilities using a three-tier hierarchy. Level 1 inputs include unadjusted quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, foreign currency exchange rates, commodity rates and yield curves. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participation would use in pricing an asset or liability.

The fair value of the Company's cash and cash equivalents, accounts receivable, accounts payable and variable rate long-term debt approximated book value at both May 31, 2019 and August 31, 2018 due to their short-term nature and the fact that the interest rates approximated market rates. Foreign currency exchange contracts are recorded at fair value. The fair value of the Company's foreign currency exchange contracts was a net asset of $0.1 million and $0.4 million at May 31, 2019 and August 31, 2018, respectively. The fair value of the foreign currency exchange contracts was based on quoted inactive market prices and is therefore classified as Level 2 within the valuation hierarchy. The fair value of the Company's outstanding Senior Notes was $290.1 million and $293.5 million at May 31, 2019 and August 31, 2018, respectively. The fair value of the Senior Notes was based on quoted inactive market prices and is therefore classified as Level 2 within the valuation hierarchy.

Note 10. Derivatives

All derivatives are recognized in the balance sheet at their estimated fair value. On the date the Company enters into a derivative contract, it designates the derivative as a hedge of a recognized asset or liability (fair value hedge) or a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). The Company does not enter into derivatives for speculative purposes. Changes in the value of fair value hedges and non-designated hedges are recorded in earnings along with the gain or loss on the hedged asset or liability, while changes in the value of cash flow hedges are recorded in accumulated other comprehensive loss, until earnings are affected by the variability of cash flows.

The Company is exposed to market risk for changes in foreign currency exchange rates due to the global nature of its operations. In order to manage this risk, the Company utilizes foreign currency exchange contracts to reduce the exchange rate risk associated with recognized non-functional currency balances. The effects of changes in exchange rates are reflected concurrently in earnings for both the fair value of the foreign currency exchange contracts and the related non-functional currency asset or liability. These derivative gains and losses offset foreign currency gains and losses from the related revaluation of non-functional currency assets and liabilities (amounts included in other (income) expense in the Condensed Consolidated Statements of Earnings). The U.S. dollar equivalent notional value of these short duration foreign currency exchange contracts (fair value hedges or non-designated hedges) was $21.5 million and $17.0 million at May 31, 2019 and August 31, 2018, respectively. The fair value of outstanding foreign currency exchange contracts was a net asset of $0.1 million and $0.4 million at May 31, 2019 and August 31, 2018, respectively. Net foreign currency gain (loss) related to these derivative instruments were as follows (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2019	2018	2019	2018
Foreign currency (loss) gain, net	$ (90)	$ 524	$ 577	$ 664

Note 11. Earnings per Share and Shareholders' Equity

The Company's Board of Directors authorized the repurchase of shares of the Company's common stock under publicly announced share repurchase programs. Since the inception of the initial share repurchase program in fiscal 2012, the Company has repurchased 20,439,434 shares of common stock for$617.7 million. As of May 31, 2019, the maximum number of shares that may yet be purchased under the programs is 7,560,566 shares. There were no share repurchases in thethree and nine months ended May 31, 2019.

The reconciliation between basic and diluted earnings per share is as follows (in thousands, except per share amounts):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2019	2018	2019	2018
Numerator:				
Net earnings	$ 32,418	$ 29,012	$ 17,719	$ 16,017
Denominator:				
Weighted average common shares outstanding - basic	61,422	60,683	61,232	60,291
Net effect of dilutive securities - stock based compensation plans	418	381	469	559
Weighted average common shares outstanding - diluted	61,840	61,064	61,701	60,850
Basic earnings per share	$ 0.53	$ 0.48	$ 0.29	$ 0.27
Diluted earnings per share	$ 0.52	$ 0.48	$ 0.29	$ 0.26
Anti-dilutive securities from stock based compensation plans (excluded from earnings per share calculation)	987	1,788	1,164	2,338

The following table illustrates the changes in the balances of each component of shareholders' equity for the three months ended May 31, 2019 (in thousands):

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Stock Held in Trust	Deferred Compensation Liability	Total Shareholders' Equity
	Issued Shares	Amount							
Balance at February 28, 2019	81,832	$ 16,364	$ 174,418	$ (617,731)	$ 1,152,331	$ (139,752)	$ (2,989)	$ 2,989	$ 585,630
Net earnings	—	—	—	—	32,418	—	—	—	32,418
Other comprehensive loss, net of tax	—	—	—	—	—	(13,800)	—	—	(13,800)
Stock contribution to employee benefit plans and other	5	1	114	—	—	—	—	—	115
Restricted stock awards	28	6	(6)	—	—	—	—	—	—
Cash dividend ($0.04 per share)	—	—	—	—	—	—	—	—	—
Stock based compensation expense	—	—	3,091	—	—	—	—	—	3,091
Stock option exercises	10	2	204	—	—	—	—	—	206
Tax effect of stock option exercises and restricted stock vesting	—	—	(322)	—	—	—	—	—	(322)
Stock issued to, acquired for and distributed from rabbi trust	5	1	85	—	—	—	(86)	86	86
Balance at May 31, 2019	81,880	$ 16,374	$ 177,584	$ (617,731)	$ 1,184,749	$ (153,552)	$ (3,075)	$ 3,075	$ 607,424

The following table illustrates the changes in the balances of each component of shareholders' equity for the three months ended May 31, 2018 (in thousands):

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Stock Held in Trust	Deferred Compensation Liability	Total Shareholders' Equity
	Issued Shares	Amount							
Balance at February 28, 2018	81,088	$ 16,218	$ 155,974	$ (617,731)	$ 1,178,047	$ (143,227)	$ (2,848)	$ 2,848	$ 589,281
Net earnings	—	—	—	—	29,012	—	—	—	29,012
Other comprehensive loss, net of tax	—	—	—	—	—	(20,953)	254	(254)	(20,953)
Stock contribution to employee benefit plans and other	5	1	129	—	—	—	—	—	130
Restricted stock awards	43	8	(8)	—	—	—	—	—	—
Cash dividend ($0.04 per share)	—	—	—	—	—	—	—	—	—
Stock based compensation expense	—	—	3,659	—	—	—	—	—	3,659
Stock option exercises	—	—	—	—	—	—	—	—	—
Tax effect of stock option exercises and restricted stock vesting	—	—	(171)	—	—	—	—	—	(171)
Stock issued to, acquired for and distributed from rabbi trust	—	—	70	—	—	—	—	—	70
Balance at May 31, 2018	81,136	$ 16,227	$ 159,653	$ (617,731)	$ 1,207,059	$ (164,180)	$ (2,594)	$ 2,594	$ 601,028

The following table illustrates the changes in the balances of each component of shareholders' equity for the nine months ended May 31, 2019 (in thousands):

	Common Stock								
	Issued Shares	Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Stock Held in Trust	Deferred Compensation Liability	Total Shareholders' Equity
Balance at August 31, 2018	81,424	$ 16,285	$ 167,448	$ (617,731)	$ 1,166,955	$ (174,245)	$ (2,450)	$ 2,450	$ 558,712
Net earnings	—	—	—	—	17,719	—	—	—	17,719
Other comprehensive income, net of tax	—	—	—	—	—	20,693	—	—	20,693
Stock contribution to employee benefit plans and other	15	3	356	—	—	—	—	—	359
Restricted stock awards	366	71	(71)	—	—	—	—	—	—
Cash dividend ($0.04 per share)	—	—	—	—	—	—	—	—	—
Stock based compensation expense	—	—	10,253	—	—	—	—	—	10,253
Stock option exercises	45	9	984	—	—	—	—	—	993
Tax effect related to net share settlement of equity awards	—	—	(1,811)	—	—	—	—	—	(1,811)
Stock issued to, acquired for and distributed from rabbi trust	30	6	425	—	—	—	(625)	625	431
Adoption of accounting standard	—	—	—	—	75	—	—	—	75
Balance at May 31, 2019	81,880	$ 16,374	$ 177,584	$ (617,731)	$ 1,184,749	$ (153,552)	$ (3,075)	$ 3,075	$ 607,424

The following table illustrates the changes in the balances of each component of shareholders' equity for the nine months ended May 31, 2018 (in thousands):

	Common Stock								
	Issued Shares	Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Stock Held in Trust	Deferred Compensation Liability	Total Shareholders' Equity
Balance at August 31, 2017	80,200	$ 16,040	$ 138,449	$ (617,731)	$ 1,191,042	$ (227,261)	$ (2,696)	$ 2,696	$ 500,539
Net earnings	—	—	—	—	16,017	—	—	—	16,017
Other comprehensive income, net of tax	—	—	—	—	—	63,081	254	(254)	63,081
Stock contribution to employee benefit plans and other	15	3	393	—	—	—	—	—	396
Restricted stock awards	395	79	(79)	—	—	—	—	—	—
Cash dividend ($0.04 per share)	—	—	—	—	—	—	—	—	—
Stock based compensation expense	—	—	11,951	—	—	—	—	—	11,951
Stock option exercises	506	101	9,938	—	—	—	—	—	10,039
Tax effect related to net share settlement of equity awards	—	—	(1,279)	—	—	—	—	—	(1,279)
Stock issued to, acquired for and distributed from rabbi trust	20	4	280	—	—	—	(152)	152	284
Adoption of accounting standard	—	—	—	—		—	—	—	—
Balance at May 31, 2018	81,136	$ 16,227	$ 159,653	$ (617,731)	$ 1,207,059	$ (164,180)	$ (2,594)	$ 2,594	$ 601,028

Note 12. Income Taxes

The Company's income tax expense (benefit) is impacted by a number of factors, including the amount of taxable earnings generated in foreign jurisdictions with tax rates that are different than the U.S. federal statutory rate, permanent items, state tax rates and the ability to utilize various tax credits and net operating loss carryforwards. The Company's global operations, acquisition activity and specific tax attributes provide opportunities for continuous global tax planning initiatives to maximize tax credits and deductions. Comparative earnings before income taxes, income tax expense (benefit) and effective income tax rates are as follows (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2019	2018	2019	2018
Earnings before income taxes	$ 39,727	$ 25,017	$ 30,748	$ 33,465
Income tax expense (benefit)	7,309	(3,995)	13,029	17,448
Effective income tax rate	18.4 %	(16.0)%	42.4 %	52.1 %

The Company’s income tax expense and effective tax rate for thethree and nine months ended May 31, 2019were impacted by the Tax Cuts and Jobs Act (the “Act”), which was enacted into law on December 22, 2017. The Act includes significant changes to the U.S. corporate income tax system which reduces the U.S. federal corporate income tax rate from 35% to 21% as of January 1, 2018; shifts to a modified territorial tax regime which requires companies to pay a transition tax on earnings of certain foreign subsidiaries that were previously deferred from U.S. income tax; and creates new minimum taxes on certain foreign-sourced earnings that were previously deferred from U.S. federal tax. New provisions under the Act are effective for the Company for fiscal 2019 and include the Global Intangible Low-Taxed Income (“GILTI”) provision, the Foreign-Derived Intangible Income (“FDII”) benefit, the Base Erosion Anti-Abuse Tax (“BEAT”), the limitation on interest expense deductions and certain executive compensation, and the elimination of U.S. tax on dividends received from certain foreign subsidiaries.

The comparability of earnings before income taxes, income tax expense (benefit) and the related effective income tax rates are impacted by the Act as described above, along with impairment & divestiture charges. Results included impairment & divestiture (benefit) charges of $(10.6) million and $32.7 million ($(11.2) million and $29.4 million after tax, respectively) for the three and nine months ended May 31, 2019 and impairment & divestiture charges of $3.0 million ($12.4 million after tax) for the nine months ended May 31, 2018. Excluding the impairment & divestiture charges, the effective tax rate for the three and nine months ended May 31, 2019 was 10.9% and 25.8%, respectively. Excluding the impairment & divestiture charges, the effective tax rate for the three and nine months ended May 31, 2018 was (16.0)% and 22.1%, respectively. The income tax benefit without impairment & divestiture charges for the three months ended May 31, 2018 is significantly impacted by $13.0 million of provisional benefits associated with Act recorded in the third quarter which was partially offset with adjustments in the prior quarters of fiscal 2018, due in part, to changes to the Act during the year which results in a rate for the nine months ended May 31, 2019 and 2018 that is comparable. Additionally, both the current and prior year effective income tax rates were impacted by the proportion of earnings in foreign jurisdictions with income tax rates different than the U.S. federal income tax rate. The Company's estimated full-year fiscal 2019 and 2018 earnings before income taxes include approximately 70% of earnings from foreign jurisdictions which resulted in an effective tax rate of3.0% to 4.0% higher than the current U.S. statutory rate of 21%.

Note 13. Segment Information

The Company is a global manufacturer of a broad range of industrial products and systems. The IT&S segment is primarily engaged in the design, manufacture and distribution of branded hydraulic and mechanical tools and in providing services and tool rental to the industrial, maintenance, infrastructure, oil & gas, energy and other markets. The EC&S segment provides highly engineered components for on-highway, off-highway, agriculture, medical, concrete tensioning (divested December 31, 2018) and other vertical markets. All of the aforementioned markets are supported through our various segment product lines outlined below.

The following tables summarize financial information by reportable segment and product line (in thousands):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2019	2018	2019	2018
Net Sales by Reportable Product Line & Segment				
Industrial Tools & Services				
Product	$ 115,067	$ 115,722	$ 323,420	$ 322,143
Service & Rental	51,665	43,013	141,488	115,570
	166,732	158,735	464,908	437,713
Engineered Components & Systems				
On-Highway	59,378	66,556	174,982	190,735
Agriculture, Off-Highway and Other	57,793	58,386	164,125	160,497
Rope & Cable Solutions	11,363	20,436	38,915	53,924
Concrete Tensioning	—	12,983	16,774	35,601
Off Shore Mooring	—	—	—	2,746
	128,534	158,361	394,796	443,503
	$ 295,266	$ 317,096	$ 859,704	$ 881,216
Operating Profit (Loss)				
Industrial Tools & Services	$ 34,877	$ 31,658	$ 87,797	$ 71,458
Engineered Components & Systems [1]	19,556	9,641	(10,147)	9,228
General Corporate	(7,073)	(8,607)	(23,253)	(23,517)
	$ 47,360	$ 32,692	$ 54,397	$ 57,169

[1] EC&S segment operating loss includes impairment & divestiture (benefit) charges of $(10.6) million for the three months ended May 31, 2019 and $32.7 million for the nine months ended May 31, 2018.

	May 31, 2019	August 31, 2018
Assets:		
Industrial Tools & Services	$ 609,690	$ 589,932
Engineered Components & Systems	588,756	657,370
General Corporate	194,710	234,036
	$ 1,393,156	$ 1,481,338

In addition to the impact of foreign currency exchange rate changes, the comparability of segment and product line information is impacted by acquisition/divestiture activities, impairment & divestiture charges, restructuring costs and related benefits. Corporate assets, which are not allocated, principally represent cash and cash equivalents, capitalized debt issuance costs and deferred income taxes.

Note 14. Commitments and Contingencies

The Company had outstanding letters of credit of $17.5 million and $23.6 million at May 31, 2019 and August 31, 2018, respectively, the majority of which relate to commercial contracts and self-insured workers' compensation programs.

The Company is a party to various legal proceedings that have arisen in the normal course of business. These legal proceedings typically include product liability, breaches of contract, employment, personal injury and other disputes. The Company has recorded reserves for loss contingencies based on the specific circumstances of each case. Such reserves are recorded when it is probable a loss has been incurred and can be reasonably estimated. In the opinion of management, resolution of these contingencies is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company remains contingently liable for lease payments under leases of businesses that it previously divested or spun-off in the event that such businesses are unable to fulfill their future lease payment obligations. The discounted present value of future minimum lease payments for these leases at May 31, 2019 was $9.6 million using a weighted average discount rate of 2.43%.

The Company has facilities in numerous geographic locations that are subject to environmental laws and regulations. Environmental expenditures over the past two years have not been material. Management believes that such costs will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

As previously disclosed in the Annual Report on Form 10-K for the year ended August 31, 2018, in October 2018, the Company filed a voluntary self-disclosure ("VSD") with the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") regarding transactions related to otherwise authorized sales of tools and other products totaling approximately $0.5 million by certain of its foreign subsidiaries to two Iranian distributors. It is possible that certain limited transactions relating to the authorized sales fell outside the scope of General License H under the Iranian Transaction and Sanctions Regulations, 31 C.F.R. Part 560. The VSD also included information about additional transactions by certain of the Company's Dutch subsidiaries with a counterparty in Estonia that may have been in violation of E.O. 13685, as certain sales of products and services may have been diverted to the Crimea region of Ukraine. OFAC is currently reviewing the Company's disclosures to determine whether any violations of U.S. economic sanctions laws may have occurred and, if so, to determine the appropriate enforcement response. At this time, the Company cannot predict when OFAC will conclude its review of the VSD or the nature of its enforcement response.

Additionally, the Company has self-disclosed the sales to its Estonian customer to relevant authorities in the Netherlands as potentially violating applicable sanctions laws in that country and the European Union. The investigation by authorities in the Netherlands is ongoing and also may result in penalties. At this time, the Company cannot predict when the investigation will be completed or reasonably estimate what penalties, if any, will be assessed.

While there can be no assurance of the ultimate outcome of the above matters, the Company currently believes that there will be no material adverse effect on the Company's financial position, results of operations or cash flows.

Note 15. Guarantor Subsidiaries

As discussed in Note 8, "Debt" on April 16, 2012, Actuant Corporation (the "Parent") issued $300.0 million of 5.625% Senior Notes, of which $287.6 million remains outstanding as of May 31, 2019. Certain material, domestic wholly owned subsidiaries (the "Guarantors") fully and unconditionally guarantee the 5.625% Senior Notes on a joint and several basis. There are no significant restrictions on the ability of the Guarantors to make distributions to the Parent.

Certain assets, liabilities and expenses have not been allocated to the Guarantors and the subsidiaries that do not guarantee the 5.625% Senior Notes (the "non-Guarantors") and therefore are included in the Parent column in the accompanying condensed consolidating financial statements. These items are of a corporate or consolidated nature and include, but are not limited to, tax provisions and related assets and liabilities, certain employee benefit obligations, prepaid and accrued insurance and corporate indebtedness. Intercompany activity primarily includes loan activity, purchases and sales of goods or services, investments and dividends. Intercompany balances also reflect certain non-cash transactions including transfers of assets and liabilities between the Parent, Guarantor and non-Guarantor, allocation of non-cash expenses from the Parent to the Guarantors and non-Guarantors, non-cash intercompany dividends and the impact of foreign currency rate changes.

The following tables present the results of operations, financial position and cash flows of the Parent, the Guarantors and the non-Guarantors and the eliminations necessary to arrive at the information for the Company on a consolidated basis. As a result of the refinancing of the Senior Credit Facility in March 2019, certain domestic subsidiaries that were previously Guarantors of the Senior Notes are now non-Guarantors. As such, prior period financial information has been recast to reflect the current Parent, Guarantor, and non-Guarantor structure.

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended May 31, 2019				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	$ 42,915	$ 67,493	$ 184,858	$ —	$ 295,266
Cost of products sold	11,238	45,853	126,274	—	183,365
Gross profit	31,677	21,640	58,584	—	111,901
Selling, administrative and engineering expenses	20,766	11,823	37,023	—	69,612
Amortization of intangible assets	318	1,532	2,561	—	4,411
Restructuring charges	574	205	336	—	1,115
Impairment & divestiture charges (benefit)	—	876	(11,473)	—	(10,597)
Operating profit	10,019	7,204	30,137	—	47,360
Financing costs, net	7,221	—	34	—	7,255
Intercompany (income) expense, net	(2,627)	5,711	(3,084)	—	—
Intercompany dividends	(74,593)	(39,208)	—	113,801	—
Other (income) expense, net	(52)	(14)	444	—	378
Earnings before income tax expense	80,070	40,715	32,743	(113,801)	39,727
Income tax expense	2,067	1,304	3,938	—	7,309
Net earnings before equity in (loss) earnings of subsidiaries	78,003	39,411	28,805	(113,801)	32,418
Equity in (loss) earnings of subsidiaries	(45,585)	19,556	6,080	19,949	—
Net earnings	$ 32,418	$ 58,967	$ 34,885	$ (93,852)	$ 32,418
Comprehensive income	$ 18,618	$ 58,967	$ 21,141	$ (80,108)	$ 18,618

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands)

	Three Months Ended May 31, 2018				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	$ 41,851	$ 67,677	$ 207,568	$ —	$ 317,096
Cost of products sold	6,394	46,823	147,370	—	200,587
Gross profit	35,457	20,854	60,198	—	116,509
Selling, administrative and engineering expenses	22,373	12,276	42,814	—	77,463
Amortization of intangible assets	318	1,582	3,284	—	5,184
Restructuring charges	661	215	294	—	1,170
Operating profit	12,105	6,781	13,806	—	32,692
Financing costs (income), net	7,847	—	(91)	—	7,756
Intercompany (income) expense, net	(2,123)	9,272	(7,149)	—	—
Other (income) expense, net	(144)	(25)	88	—	(81)
Earnings (loss) before income tax (benefit) expense	6,525	(2,466)	20,958	—	25,017
Income tax (benefit) expense	(11,354)	(193)	7,552	—	(3,995)
Net earnings (loss) before equity in earnings (loss) of subsidiaries	17,879	(2,273)	13,406	—	29,012
Equity in earnings (loss) of subsidiaries	11,133	(1,253)	638	(10,518)	—
Net earnings (loss)	$ 29,012	$ (3,526)	$ 14,044	$ (10,518)	$ 29,012
Comprehensive income (loss)	$ 8,059	$ (3,527)	$ (7,523)	$ 11,050	$ 8,059

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands)

	Nine Months Ended May 31, 2019				
	Parent	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Consolidated**
Net sales	$ 124,295	$ 189,752	$ 545,657	$ —	$ 859,704
Cost of products sold	31,096	133,547	380,666	—	545,309
Gross profit	93,199	56,205	164,991	—	314,395
Selling, administrative and engineering expenses	64,346	35,888	113,314	—	213,548
Amortization of intangible assets	954	4,596	6,581	—	12,131
Restructuring charges	574	112	892	—	1,578
Impairment & divestiture (benefit) charges	(904)	1,783	31,862	—	32,741
Operating profit	28,229	13,826	12,342	—	54,397
Financing costs (income), net	22,047	—	(344)	—	21,703
Intercompany (income) expense, net	(12,797)	20,168	(7,371)	—	—
Intercompany dividends	(320,841)	(39,208)	—	360,049	—
Other (income) expense, net	(433)	(20)	2,399	—	1,946
Earnings before income tax (benefit) expense	340,253	32,886	17,658	(360,049)	30,748
Income tax (benefit) expense	(218)	289	12,958	—	13,029
Net earnings before equity in (loss) earnings of subsidiaries	340,471	32,597	4,700	(360,049)	17,719
Equity in (loss) earnings of subsidiaries	(322,752)	9,150	8,901	304,701	—
Net earnings	$ 17,719	$ 41,747	$ 13,601	$ (55,348)	$ 17,719
Comprehensive income	$ 38,412	$ 41,747	$ 34,432	$ (76,179)	$ 38,412

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CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(in thousands)

	Nine Months Ended May 31, 2018				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	$ 113,780	$ 180,385	$ 587,051	$ —	$ 881,216
Cost of products sold	19,205	129,964	424,931	—	574,100
Gross profit	94,575	50,421	162,120	—	307,116
Selling, administrative and engineering expenses	60,009	36,863	123,356	—	220,228
Amortization of intangible assets	954	4,746	9,783	—	15,483
Restructuring charges	6,211	634	4,404		11,249
Impairment & divestiture charges (benefit)	4,217	—	(1,230)	—	2,987
Operating profit	23,184	8,178	25,807	—	57,169
Financing costs (income), net	23,247	—	(373)	—	22,874
Intercompany (income) expense, net	(11,987)	16,179	(4,192)	—	—
Other expense, net	56	49	725	—	830
Earnings (loss) before income tax (benefit) expense	11,868	(8,050)	29,647	—	33,465
Income tax (benefit) expense	(1,028)	(1,087)	19,563	—	17,448
Net earnings (loss) before equity in earnings (loss) of subsidiaries	12,896	(6,963)	10,084	—	16,017
Equity in earnings (loss) of subsidiaries	3,121	(13,286)	(1,550)	11,715	—
Net earnings (loss)	$ 16,017	$ (20,249)	$ 8,534	$ 11,715	$ 16,017
Comprehensive income (loss)	$ 79,098	$ (20,250)	$ 73,445	$ (53,195)	$ 79,098

CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

	May 31, 2019				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ 7,453	$ —	$ 193,881	$ —	$ 201,334
Accounts receivable, net	19,675	39,103	144,030	—	202,808
Inventories, net	28,842	40,665	98,085	—	167,592
Other current assets	11,006	2,506	30,963	—	44,475
Total current assets	66,976	82,274	466,959	—	616,209
Property, plant & equipment, net	7,557	16,286	66,130	—	89,973
Goodwill	38,847	178,097	274,555	—	491,499
Other intangibles, net	5,929	84,155	68,098	—	158,182
Investment in subsidiaries	1,630,936	1,028,078	374,724	(3,033,738)	—
Intercompany receivable	—	—	929,356	(929,356)	—
Other long-term assets	14,610	300	22,383	—	37,293
Total assets	$ 1,764,855	$ 1,389,190	$ 2,202,205	$ (3,963,094)	$ 1,393,156
LIABILITIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	16,185	12,902	97,058	—	126,145
Accrued compensation and benefits	12,642	3,260	24,027	—	39,929
Current maturities of debt	6,250	—	—	—	6,250
Income taxes payable	1,013	—	7,749	—	8,762
Other current liabilities	18,786	4,493	29,198	—	52,477
Total current liabilities	54,876	20,655	158,032	—	233,563
Long-term debt	468,984	—	—	—	468,984
Deferred income taxes	2,533	13,360	5,208	—	21,101
Pension and post-retirement benefit liabilities	7,330	—	6,945	—	14,275
Other long-term liabilities	43,394	256	4,159	—	47,809
Intercompany payable	580,314	349,042	—	(929,356)	—
Shareholders’ equity	607,424	1,005,877	2,027,861	(3,033,738)	607,424
Total liabilities and shareholders’ equity	$ 1,764,855	$ 1,389,190	$ 2,202,205	$ (3,963,094)	$ 1,393,156

CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

	August 31, 2018				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	$ 67,945	$ —	$ 182,545	$ —	$ 250,490
Accounts receivable, net	19,969	37,787	129,993	—	187,749
Inventories, net	22,646	35,840	97,870	—	156,356
Assets held for sale	—	—	23,573	—	23,573
Other current assets	7,359	2,542	32,831	—	42,732
Total current assets	117,919	76,169	466,812	—	660,900
Property, plant & equipment, net	7,937	14,635	67,648	—	90,220
Goodwill	38,847	178,097	295,468	—	512,412
Other intangible assets, net	6,884	88,752	85,401	—	181,037
Investment in subsidiaries	1,836,879	918,050	301,782	(3,056,711)	—
Intercompany receivables	—	—	937,259	(937,259)	—
Other long-term assets	12,955	366	23,448	—	36,769
Total assets	$ 2,021,421	$ 1,276,069	$ 2,177,818	$ (3,993,970)	$ 1,481,338
LIABILITIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	$ 16,186	$ 16,496	$ 98,156	$ —	$ 130,838
Accrued compensation and benefits	22,171	5,930	26,407	—	54,508
Current maturities of debt	30,000	—	—	—	30,000
Income taxes payable	—	—	4,091	—	4,091
Liabilities held for sale	—	—	44,225	—	44,225
Other current liabilities	17,380	8,361	41,558	—	67,299
Total current liabilities	85,737	30,787	214,437	—	330,961
Long-term debt	502,695	—	—	—	502,695
Deferred income taxes	17,467	—	4,466	—	21,933
Pension and post-retirement benefit liabilities	7,765	—	7,104	—	14,869
Other long-term liabilities	45,483	299	6,386	—	52,168
Intercompany payable	803,562	133,697	—	(937,259)	—
Shareholders' equity	558,712	1,111,286	1,945,425	(3,056,711)	558,712
Total liabilities and shareholders' equity	$ 2,021,421	$ 1,276,069	$ 2,177,818	$ (3,993,970)	$ 1,481,338

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended May 31, 2019				
	Parent	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Consolidated**
Operating Activities					
Net cash (used in) provided by operating activities	$ (48,125)	$ 239,969	$ 169,396	$ (360,049)	$ 1,191
Investing Activities					
Capital expenditures	(1,314)	(4,614)	(17,791)	—	(23,719)
Proceeds from sale of property, plant and equipment	8	42	1,299	—	1,349
Intercompany investment	49,185	—	—	(49,185)	—
Proceeds from sale of business, net of transaction costs	23,611	—	12,548	—	36,159
Cash provided by (used in) investing activities	71,490	(4,572)	(3,944)	(49,185)	13,789
Financing Activities					
Principal repayments on term loan	(57,500)	—	—	—	(57,500)
Payment for redemption of term loan	(200,000)	—	—	—	(200,000)
Proceeds from issuance of term loan	200,000	—	—	—	200,000
Payment of debt issuance costs	(2,125)	—	—	—	(2,125)
Stock option exercises, related tax benefits and other	1,352	—	—	—	1,352
Taxes paid related to the net share settlement of equity awards	(1,811)	—	—	—	(1,811)
Cash dividends	(2,439)	(261,978)	(98,071)	360,049	(2,439)
Intercompany loan activity	(21,334)	26,581	(5,247)	—	—
Intercompany capital contribution	—	—	(49,185)	49,185	—
Cash used in financing activities	(83,857)	(235,397)	(152,503)	409,234	(62,523)
Effect of exchange rate changes on cash	—	—	(1,613)	—	(1,613)
Net (decrease) increase in cash and cash equivalents	(60,492)	—	11,336	—	(49,156)
Cash and cash equivalents—beginning of period	67,945	—	182,545	—	250,490
Cash and cash equivalents—end of period	$ 7,453	$ —	$ 193,881	$ —	$ 201,334

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended May 31, 2018				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating Activities					
Net cash provided by operating activities	$ 25,851	$ 5,587	$ 4,151	$ —	$ 35,589
Investing Activities					
Capital expenditures	(2,455)	(3,944)	(12,317)	—	(18,716)
Proceeds from sale of property, plant and equipment	—	89	59	—	148
Rental asset buyout for Viking divestiture	—	—	(27,718)	—	(27,718)
Proceeds from sale of business, net of transaction costs	198	—	8,582	—	8,780
Cash paid for business acquisitions, net of cash acquired	—	(1,732)	(20,594)	—	(22,326)
Intercompany investment	(100)	—	—	100	—
Cash used in investing activities	(2,357)	(5,587)	(51,988)	100	(59,832)
Financing Activities					
Principal repayments on term loan	(22,500)	—	—	—	(22,500)
Stock option exercises, related tax benefits and other	10,435	—	—	—	10,435
Taxes paid related to the net share settlement of equity awards	(1,279)	—	—	—	(1,279)
Cash dividends	(2,390)	—	—	—	(2,390)
Intercompany loan activity	(5,954)	—	5,954	—	—
Intercompany capital contribution	—	—	100	(100)	—
Cash (used in) provided by financing activities	(21,688)	—	6,054	(100)	(15,734)
Effect of exchange rate changes on cash	—	—	(104)	—	(104)
Net increase (decrease) in cash and cash equivalents	1,806	—	(41,887)	—	(40,081)
Cash and cash equivalents—beginning of period	34,982	—	194,589	—	229,571
Cash and cash equivalents—end of period	$ 36,788	$ —	$ 152,702	$ —	$ 189,490

Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations

Actuant Corporation, headquartered in Menomonee Falls, Wisconsin, was incorporated in 1910. We are a global diversified company that designs, manufactures and distributes a broad range of industrial products and systems to various end markets. The Company is organized into two reportable segments: Industrial Tools & Services ("IT&S") and Engineered Components & Systems ("EC&S"). The IT&S segment is primarily engaged in the design, manufacture and distribution of branded hydraulic and mechanical tools, as well as, providing services and tool rentals to the industrial, maintenance, infrastructure, oil & gas, energy and other markets. The EC&S segment provides highly engineered components for on-highway, off-highway, agriculture, energy, medical, construction and other vertical markets. Financial information related to the Company's segments is included in Note 13, "Segment Information" in the notes to the condensed consolidated financial statements.

Our businesses provide an array of products and services across multiple markets and geographies, which results in significant diversification. IT&S has benefited from strong service activity in the Middle East and other energy markets compiled with substantial growth in its premier tools product sales in North America. EC&S platform wins over the last twelve to twenty four months is partially offsetting continued weakness in the Chinese *On-Highway* market, expected short term declines in the North American agriculture markets due to the abnormally wet and cooler planting season and the North American hydraulic fracturing (fracking) market, and a moderating, yet stable, European truck market. In the fourth quarter, we expect continued growth for IT&S, though at a moderated pace and, due to the headwinds noted above, a decline in fourth quarter sales relative to the comparable prior year period for EC&S. We expect IT&S and EC&S segment year-over-year core sales growth (decline) (sales growth excluding the impact of acquisitions, divestitures and changes in foreign currency exchange rates) of 6% to 7% and (2%) to (3%), respectively, in fiscal 2019. As a result, we expect consolidated fiscal 2019 core sales growth of 2% to 3% for the full fiscal year, compared to a 6% core sales growth in fiscal 2018.

We remain focused on pursuing both organic and inorganic growth opportunities aligned with our strategic objectives. The organic opportunities include the advancement of our commercial effectiveness initiatives along with new product development efforts. We also remain focused on our lean efforts across our manufacturing, assembly and service operations, to improve our operational efficiency. Our IT&S segment is focused on accelerating global sales growth through geographic expansion, continuing emphasis on sales and marketing efforts, new product introductions and regional growth via second-tier brands. In addition, we remain focused on redirecting sales, marketing and engineering resources to non-oil & gas vertical markets and providing new and existing customers with critical products, rentals, services and solutions in a dynamic energy environment.

As part of our portfolio management process, we routinely review our businesses with respect to our strategic initiatives and long-term objectives and are taking actions that are anticipated to improve the operational performance of the Company. For example, the divestiture of the Precision Hayes business represents our exit of the *Concrete Tensioning* product line and allows us to redirect resources to other core product lines. On January 24, 2019, the Company announced its intent to divest the remaining EC&S segment to pursue a strategy as a pure-play industrial tools and services company; the divestiture process is ongoing. Divestitures pose risks and challenges that could negatively impact our business, including required separation or carve-out activities and costs, disputes with buyers or potential impairment charges.

On March 21, 2019, we announced a new restructuring plan focused on the integration of the Enerpac and Hydratight businesses (IT&S segment), as well as, driving efficiencies within the overall corporate structure. During the three months ended May 31, 2019, we incurred $1.1 million of restructuring costs related primarily to headcount reductions and facility consolidations. We expect to achieve $12-$15 million of annual savings with total restructuring costs of $15-$20 million and anticipate completing these actions within 12-15 months. The annual benefit of these gross cost savings may be impacted by a number of factors, including sales and production volume variances and annual incentive compensation differentials.

Total restructuring charges associated with the new restructuring plan were $1.1 million in the three months ended May 31, 2019. Total restructuring charges associated with previously announced restructuring initiatives were $1.2 million in the three months ended May 31, 2018 and$0.5 million and $12.1 million in the nine months ended May 31, 2019 and 2018, respectively. These restructuring costs related primarily to facility consolidations, headcount reductions and operational improvements. Pre-tax cost savings realized from executing the previously announced restructuring plans totaled approximately $33 million in fiscals 2016, 2017 and 2018, and the first three quarters of fiscal 2019 combined. Realized cost savings were comprised of $13 million within the IT&S segment, $17 million within the EC&S segment and $3 million within Corporate. The Company anticipates realizing minimal incremental pre-tax cost savings for all previously executed restructuring initiatives and an incremental pre-tax cost savings of approximately $2 million annually associated with the actions taken in the third quarter of fiscal 2019 associated with our new restructuring plan benefiting the IT&S segment.

In June 2019, the Company announced a new restructuring plan focused on reducing costs and driving efficiencies within the EC&S segment. We expect to incur $2 million of costs in the fourth quarter associated with these actions and achieve approximately $3 million of annual savings.

Given our global geographic footprint, changes in foreign currency exchange rates could have a significant impact on our financial results, financial position and cash flow. Changes in foreign currency exchange rates will continue to add volatility as over one-half of our sales are generated outside of the United States in currencies other than the U.S. dollar. The weakening of the U.S. dollar favorably impacts our sales, cash flow and earnings given the translation of our international results into U.S. dollars. This also results in lower costs for certain international operations, which incur costs or purchase components in U.S. dollars, and increases the dollar value of assets (including cash) and liabilities of our international operations. A strengthening of the U.S. dollar has the opposite effect on our sales, cash flow, earnings and financial position.

Results of Operations

The following table sets forth our results of operations (in millions, except per share amounts):

	Three Months Ended May 31,				Nine Months Ended May 31,			
	2019		2018		2019		2018	
Net sales	$ 295	100 %	$ 317	100 %	$ 860	100%	$ 881	100%
Cost of products sold	183	62 %	200	63 %	545	63%	574	65%
Gross profit	112	38 %	117	37 %	315	37%	307	35%
Selling, administrative and engineering expenses	70	24 %	78	25 %	214	25%	221	25%
Amortization of intangible assets	4	1 %	5	2 %	12	1%	15	2%
Restructuring charges	1	— %	1	— %	2	—%	11	1%
Impairment & divestiture charges (benefit)	(10)	(3)%	—	— %	33	4%	3	1%
Operating profit	47	16 %	33	10 %	54	6%	57	6%
Financing costs, net	7	2 %	8	3 %	21	2%	23	3%
Other expense, net	—	— %	—	— %	2	—%	1	—%
Earnings before income tax expense (benefit)	40	14 %	25	8 %	31	4%	33	4%
Income tax expense (benefit)	8	3 %	(4)	(1)%	13	2%	17	2%
Net earnings	$ 32	11 %	$ 29	9 %	$ 18	2%	$ 16	2%
Diluted earnings per share	$ 0.52		$ 0.48		$ 0.29		$ 0.26	

Consolidated net sales for the third quarter of fiscal 2019 were $295 million, a decrease of $22 million (7%) from the prior year. For the three months ended May 31, 2019, foreign currency exchange rates unfavorably impacted net sales by 4% and a net 6% reduction to net sales from acquisitions and divestitures resulted in a core sales increase of 3%. The consolidated net sales decrease for the three months ended May 31, 2019 compared to the prior year from acquisitions and divestitures was the result of the current year divestitures of our Precision Hayes and Cortland Fibron businesses. The increase in core sales was a result of increased sales in the both the *Product* and *Service & Rental* product lines within the IT&S segment, most significantly in the *Service & Rental* product line. Gross profit margins increased slightly to 38% in the third quarter of fiscal 2019 compared to 37% in the prior year period due to favorable sales mix, price realization net of tariff and commodity cost increases, the non-recurrence of cost overruns associated with the heavy lifting product offering and to a lesser extent the realization of benefits from restructuring activities. The three months ended May 31, 2019 included a net benefit from impairment & divestiture charges of $10 million, primarily related to the reversal of the Cortland U.S. business as held for sale. As a result, operating profit margins increased to 16% for the three months ended May 31, 2019 from 10% for the three months ended May 31, 2018.

Consolidated net sales for the nine months ended May 31, 2019 decreased $21 million (2%) to $860 million compared to the prior year. Changes in foreign currency exchange rates unfavorably impacted net sales by 3% and the net impact from acquisitions and divestitures reduced net sales by 3%, for the nine months ended May 31, 2019. As a result, core sales increased 4% year-to-date compared to prior year. The decrease in consolidated net sales from acquisitions and divestitures for the nine months was the result of the recent divestitures of our Precision Hayes and Cortland Fibron businesses. The core sales increase was driven from strong growth in our IT&S segment, offset by slower demand in the *On-Highway* product line within the EC&S segment. Gross profit margins increased slightly to 37% for the nine months ended May 31, 2019 compared to 35% in the prior year period due to favorable sales mix, price realization net of tariff and commodity cost increases, the non-recurrence of cost overruns associated with the heavy lifting product offering, and to a lesser extent the realization of benefits from restructuring activities. The nine months ended May 31, 2019 included impairment & divestiture charges of $33 million, largely related to impairment charges on the sale of our Precision Hayes and Cortland Fibron businesses (as described in Note 5, "Divestiture Activities"), and $2 million of restructuring charges, while the nine months ended May 31, 2018 included both restructuring charges of $12 million primarily related to leadership changes and $3

million of impairment charges for the Viking divestiture. As a result, operating profit margins stayed flat at 6% for the nine months ended May 31, 2019 and 2018.

Segment Results

Industrial Tools & Services Segment

The IT&S segment is a global supplier of branded hydraulic and mechanical tools to a broad array of end markets, including industrial, energy, mining and production automation markets. Its primary products include branded tools, highly engineered heavy lifting technology solutions, connectors for oil & gas, as well as, hydraulic torque wrenches (*Product* product line). On the services side, the segment provides energy maintenance and manpower services to meet customer-specific needs and rental capabilities for some of our products (*Service & Rental* product line). The following table sets forth the results of operations for the IT&S segment (in millions):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2019	2018	2019	2018
Net sales	$ 167	$ 159	$ 465	$ 438
Operating profit	35	32	88	71
Operating profit %	20.9 %	19.9 %	18.9 %	16.3 %

The IT&S segment third quarter fiscal 2019 net sales were $167 million, an increase of $8 million (5%) from the prior year, while net sales for the nine months ended May 31, 2019 were $465 million, an increase of $27 million (6%) from the prior year. Changes in foreign currency exchange rates unfavorably impacted net sales by 4% and 3% for the three and nine month periods, respectively, while the Mirage and Equalizer acquisitions increased net sales by 1% for both the three and nine months ended May 31, 2019. IT&S segment core sales increased $12 million (8%) and $34 million (8%) compared to the prior year for the three and nine months ended May 31, 2019, respectively. The core sales increase of $10 million (23%) and $29 million (26%) compared to the prior year for the three and nine months ended May 31, 2019, respectively, in the *Service & Rental* product line was the result of continued strength in the North Sea and Middle East markets. Core sales within the *Product* product line increased $2 million (2%) and $5 million (1%) compared to the prior year for the three and nine months ended May 31, 2019, respectively. The increase in core sales was largely in the Americas region, offset partially by lower sales in Europe resulting from our decision to focus on standard product (versus higher dollar but lower gross profit customized product) in our heavy lifting product offering.

The increases in operating profit for the three and nine months ended May 31, 2019 were the result of incremental gross profit on higher sales volumes, the elimination of prior year discrete charges associated with heavy lifting projects, pricing benefits net of increased tariff and commodity costs and $2 million lower restructuring charges compared to the prior year.

Engineered Components & Systems Segment

The EC&S segment is a leading global designer, manufacturer and assembler of system critical position and motion control systems, high performance ropes, cables and umbilicals and other customized industrial components, to various vehicle, construction, agricultural, energy, medical and other niche markets. The segment focuses on providing technical and highly engineered products, including actuation systems, mechanical power transmission products, engine air flow management systems, human to machine interface solutions, other rugged electronic instrumentation, concrete tensioning (divested December 31, 2018) and rope and cable. Products in the EC&S segment are primarily marketed directly to OEMs and other diverse customers through our technical sales organization. The following table sets forth comparative results of operations for the EC&S segment (in millions):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2019	2018	2019	2018
Net sales	$ 129	$ 158	$ 395	$ 444
Operating profit (loss)	20	10	(10)	9
Operating profit (loss) %	15.2 %	6.1 %	(2.6)%	2.1 %

The EC&S segment third quarter fiscal 2019 net sales decreased $29 million (19%), to $129 million, versus the prior year, and net sales for the nine months ended May 31, 2019 decreased $49 million (11%), to $395 million, compared to the prior year. Changes in foreign currency rates unfavorably impacted net sales by3% for the both the three and nine months ended May 31, 2019. The divestitures of Precision Hayes and Cortland Fibron in fiscal 2019 decreased net sales by 14% and 8% for the three and nine months ended May 31, 2019, respectively, compared to fiscal 2018. Excluding changes in foreign currency rates and divestiture activity, EC&S segment core sales decreased 2% for the three months ended May 31, 2019 compared to the prior year and remained flat for the nine months ended May 31, 2019 compared to the prior year. Core sales growth of 2% and 5% for the three and nine months ended May 31, 2019, respectively, in the *Off-Highway* product line was driven by healthy demand, ramp up of new platform wins and price increases initiated in the second half of fiscal 2018, offset in the third quarter due to a weak North American agricultural market as a result of weather related issues impacting the planting season. The *On-Highway* product line core sales decreased 6% and 4% for the three and nine months ended May 31, 2019, respectively, due to weakened demand in the China truck market, weakening demand specifically in the three months ended May 31, 2019 in the North American hydraulic fracturing (fracking) market, and moderately slower though stabilizing demand in the European truck market. Core sales decreased 3% and 8% in the *Rope & Cable Solutions* product line for the three and nine months ended May 31, 2019, respectively, due to slower demand in the oil and gas markets, offset partially by improved medical sales. The divestiture of Precision Hayes in the second quarter of fiscal 2019 represents our exit of the *Concrete Tensioning* product line.

Operating profit of $20 million for the three months ended May 31, 2019, included the impact from the reversal of the Cortland U.S. business from held for sale resulting in a benefit of $13 million, offset by $2 million of EC&S divestiture charges. Excluding the aforementioned reversal and charges, the EC&S segment operating profit margin was 7% for the three months ended May 31, 2019. Operating loss of $10 million for the nine months ended May 31, 2019 included impairment & divestiture charges of $33 million, largely related to impairment charges on the sale of our Precision Hayes and Cortland Fibron businesses, as well as, the anticipated divestiture of our remaining EC&S businesses. Excluding the aforementioned impairment & divestiture charges, the EC&S segment operating profit margin was 6% for the nine months ended May 31, 2019. Operating profit of $9 million for the nine months ended May 31, 2018 included $3 million of impairment & divestiture charges related to the sale of Viking. Excluding these impairment & divestiture charges, the EC&S segment operating profit margin was 4% for the nine months ended May 31, 2018. The year-over-year improvement in operating margins was due to the benefit of price realization, savings from prior period restructuring initiatives and operating efficiencies, and a reduction in incentive compensation. Restructuring charges were $0.4 million and $3.8 million for the nine months ended May 31, 2019 and 2018, respectively.

Corporate

Corporate expenses decreased by $2 million for the three months ended May 31, 2019 and remained flat for the nine month period. The decrease in the three months ended May 31, 2019 relates to decreased medical expenses and annual incentive amounts. The stability in the nine months ended May 31, 2019 is the result of increased stock compensation and consulting expenses offset by decreased annual incentive amounts and restructuring charges of $5 million for executive leadership changes in fiscal 2018.

Financing Costs, net

Net financing costs were $7.3 million and $7.8 million for the three months ended May 31, 2019 and 2018, respectively. For the nine months ended May 31, 2019 and 2018, net financing costs were $22 million and $23 million, respectively.

Income Tax Expense

The Company's global operations, acquisition activity and specific tax attributes provide opportunities for continuous global tax planning initiatives to maximize tax credits and deductions. Comparative earnings before income taxes, income tax expense (benefit) and effective income tax rates are as follows (in millions):

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2019	2018	2019	2018
Earnings before income taxes	$ 40	$ 25	$ 31	$ 33
Income tax expense (benefit)	7	(4)	13	17
Effective income tax rate	18.4%	(16.0)%	42.4%	52.1%

The comparability of earnings before income taxes, income tax expense (benefit) and the related effective income tax rates are impacted by the Act as previously discussed in Note 12, "Income Taxes", along with impairment & divestiture charges. Results included impairment & divestiture charges of $(11) million and $33 million ($(11) million and $29 million after tax, respectively) for the three and nine months ended May 31, 2019 and impairment & divestiture charges of $3 million ($12 million after tax) for the nine months ended May 31, 2018. Excluding the impairment & divestiture charges, the effective tax rate for the three and nine months ended May 31, 2019 was 10.9% and 25.8%, respectively. Excluding the impairment & divestiture charges, the effective tax

rate for the three and nine months ended May 31, 2018 was(16.0)% and 22.1%, respectively. The income tax benefit without impairment & divestiture charges for the three months ended May 31, 2018 is significantly impacted by $13 million of provisional benefits associated with Act in the third quarter which was partially offset with adjustments in the prior quarters of fiscal 2018, due in part, to changes to the Act during the year which results in a rate for the nine months ended May 31, 2019 and 2018 that is comparable. Additionally, both the current and prior year effective income tax rates were impacted by the proportion of earnings in foreign jurisdictions with income tax rates different than the U.S. federal income tax rate. The Company's estimated full-year fiscal 2019 and 2018 earnings before income taxes include approximately 70% of earnings from foreign jurisdictions which resulted in an effective tax rate of 3% to 4% higher than the current U.S. statutory rate of21%.

Cash Flows and Liquidity

At May 31, 2019, we had $201 million of cash and cash equivalents. Cash and cash equivalents included $192 million of cash held by our foreign subsidiaries and$9 million held domestically. The following table summarizes our cash flows provided by (used in) operating, investing and financing activities (in millions):

	Nine Months Ended May 31,	
	2019	2018
Net cash provided by operating activities	$ 1	$ 36
Net cash provided by (used in) investing activities	14	(60)
Net cash used in financing activities	(63)	(16)
Effect of exchange rates on cash	(1)	—
Net decrease in cash and cash equivalents	$ (49)	$ (40)

Cash flows provided by operating activities were $1 million for the nine months ended May 31, 2019. Net cash provided by operating activities decreased $35 million as compared to the prior year primarily due to increases in primary working capital, the non-recurring of a prior year tax refund of approximately $17 million, and increased year-over-year annual incentive pay-out. Net cash provided (used in) investing activities increased $74 million as a result of divestiture proceeds offset by higher capital expenditures in fiscal 2019, compared to cash used for acquisitions and lease buyouts related to the Viking divestiture partially offset by proceeds from divestitures in fiscal 2018.

Net cash used in financing activities was $63 million for the nine months ended May 31, 2019 compared to $16 million for the nine months ended May 31, 2018. The increase in cash used in financing activities was primarily due to principal repayments on the term loan of $58 million and approximately $9 million lower year-over-year cash received as a result of stock option exercises. Existing cash balances funded the $24 million of capital expenditures, $58 million of principal loan repayments and the $2 million annual cash dividend.

On March 29, 2019, the Company refinanced its Senior Credit Facility, which is comprised of a $400 million revolving line of credit and a $200 million term loan (see Note 8, "Debt" to the Condensed Consolidated Financial Statements for further details of the new Senior Credit Facility). The unused credit line and amount available for borrowing under the revolver was $398.8 million.

During the three months ended May 31, 2019, the Company utilized excess cash to prepay a total of $10 million of the term loan, reducing the remaining principal due to $190 million.

We believe that the revolver, combined with our existing cash on hand and anticipated operating cash flows, will be adequate to meet operating, debt service, acquisition and capital expenditure funding requirements for the foreseeable future.

Primary Working Capital Management

We use primary working capital as a percentage of sales (PWC %) as a key metric of working capital management. We define this metric as the sum of net accounts receivable and net inventory less accounts payable, divided by the past three months sales annualized. The following table shows a comparison of primary working capital (in millions):

	May 31, 2019	PWC%	August 31, 2018	PWC%
Accounts receivable, net	$ 203	17 %	$ 188	16 %
Inventory, net	168	14 %	156	13 %
Accounts payable	(126)	(11)%	(131)	(11)%
Net primary working capital	$ 245	20 %	$ 213	18 %

Commitments and Contingencies

We have operations in numerous geographic locations that are subject to a range of environmental laws and regulations. Environmental expenditures over the past two years have not been material and we believe that such costs will not have a material adverse effect on our financial position, results of operations or cash flows.

We are contingently liable for certain lease payments under leases within businesses we previously divested or spun-off. If any of these businesses do not fulfill their future lease payment obligations under a lease, we could be liable for such obligations. As of May 31, 2019, the present value of future minimum lease payments, using a weighted average discount rate of 2.43%, on previously divested or spun-off businesses was $10 million.

We had outstanding letters of credit totaling $18 million and $24 million at May 31, 2019 and August 31, 2018, respectively, the majority of which relate to commercial contracts and self-insured workers' compensation programs.

We are also subject to certain contingencies with respect to legal proceedings and regulatory matters which are described in Note 14, "Commitments and Contingencies" in the notes to the condensed consolidated financial statements. In the opinion of management, there will be no material adverse effect on the Company's results of operations, financial position or cash flows.

Contractual Obligations

Our contractual obligations have not materially changed in fiscal 2019 and are discussed in Part 1, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” under the heading “Contractual Obligations” in our Annual Report on Form 10-K for the year ended August 31, 2018.

Critical Accounting Policies

The following policies are considered by management to be the most critical in understanding judgments involved in the preparation of our condensed consolidated financial statements and uncertainties that could impact our results of operations, financial position and cash flow. For information about more of the Company’s policies, methodology and assumptions related to critical accounting policies refer to the Critical Accounting Policies in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in the Annual Report on Form 10-K for the year ended August 31, 2018.

Goodwill and Long-lived Assets:

Goodwill Impairment Review and Estimates:

A considerable amount of management judgment and assumptions are required in performing the impairment tests, principally in determining the fair value of each reporting unit and the indefinite lived intangible assets. While we believe our judgments and assumptions are reasonable, different assumptions could change the estimated fair values and, therefore, impairment charges could be required. Significant negative industry or economic trends, disruptions to the Company's business, loss of significant customers, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets or in entity structure and divestitures may adversely impact the assumptions used in the valuations and ultimately result in future impairment charges.

In estimating the fair value of a reporting unit, we generally use a discounted cash flow model, which calculates fair value as the sum of the projected discounted cash flows over a discrete seven year period plus an estimated terminal value. In certain circumstances, we also review a market approach in which a trading multiple is applied to either forecasted EBITDA (earnings before interest, income taxes, depreciation and amortization) or anticipated proceeds of the reporting unit to arrive at the estimated fair value. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded. The estimated fair value represents the amount we believe a reporting unit could be bought or sold for in a current transaction between willing parties on an arms-length basis.

Fiscal 2019 Impairment Charge:

During the second quarter of fiscal 2019, the Cortland U.S. business assets classified as held for sale required additional impairment to recognize the business at its current estimated fair value less cost to sell. Also, in conjunction with the January 24, 2019 announcement of the potential divestiture of the remaining EC&S segment, interim “triggering events” occurred which required review of recoverability of goodwill and long-lived assets for the EC&S segment. See Note 5, “Divestiture Activities” in the notes to the condensed consolidated financial statements for further discussion.

During the first quarter of fiscal 2019, interim “triggering events” required review of recoverability of goodwill and long-lived assets for two reporting units (Precision Hayes and Cortland) in conjunction with the Precision Hayes and Cortland businesses meeting the assets held for sale treatment. See Note 5, “Divestiture Activities” in the notes to the condensed consolidated financial statements for further discussion.

EC&S Segment: Changes in certain assumptions used in our annual goodwill impairment analysis, which are linked, in part, to the announcement of the Company's intent to divest the EC&S segment, required reassessment of whether the fair value of Goodwill was greater than the carrying value as of the quarters ended February 28, 2019 and May 31, 2019, respectively. Our assessments in both quarters resulted in a fair value estimate of the EC&S segment above its carrying value. As a result, impairment charges related to EC&S goodwill were not determined necessary given our assessment indicated recoverability of the EC&S business supporting no indications of goodwill impairment.

Cortland Reporting Unit: A change in the estimate for Cortland Fibron anticipated proceeds combined with the Cortland U.S. business held for sale treatment as of November 30, 2018 and February 28, 2019 resulted in a combined $15 million impairment charge representing the excess net book value of assets held for sale over anticipated proceeds. The year-to-date impairment charge included $14 million related to goodwill. Subsequent to these impairment charges, there is $17 million remaining goodwill related to the Cortland reporting unit.

Precision Hayes Reporting Unit: The Precision Hayes reporting unit recognized impairment charges in conjunction with Precision Hayes's held for sale classification, resulting in a $9 million impairment charge representing the excess net book value of assets held for sale over then anticipated proceeds. There was no impairment charge related to goodwill.

Fiscal 2018 Impairment Charge:

Our fourth quarter fiscal 2018 impairment review resulted in a review of the recoverability of the goodwill and long-lived assets of two reporting units (Precision Hayes and Cortland).

Precision Hayes Reporting Unit: Changes in certain assumptions used in our annual goodwill impairment analysis, which are linked, in part, to recent market share losses, resulted in a fair value estimate of the Precision Hayes reporting unit lower than its carrying value during the fourth quarter of fiscal 2018. As a result, we recognized a $17 million impairment charge related to the goodwill of the Precision Hayes business, which represented the entire goodwill balance of the reporting unit.

Cortland Reporting Unit: The Cortland reporting unit recognized impairment charges in conjunction with Cortland Fibron's held for sale classification, resulting in a $10 million impairment charge representing the excess of net book value of assets held for sale over anticipated proceeds. This impairment charge included $4 million related to goodwill.

Indefinite-lived intangibles (tradenames):

Indefinite-lived intangible assets are also subject to annual impairment testing. On an annual basis or more frequently if a triggering event occurs, the fair value of indefinite lived assets, based on a relief of royalty valuation approach, are evaluated to determine if an impairment charge is required. We recognized impairment charges during the fourth quarter of fiscal 2018 to write-down the value of tradenames by $7 million in relation to the Cortland Fibron held for sale treatment.

Long-lived Assets (fixed assets and amortizable intangible assets):

We also review long-lived assets for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. If such indicators are present, we perform undiscounted operating cash flow analyses to determine if impairment exists. If impairment is determined to exist, any related impairment loss is calculated based on fair value.

Fiscal 2019 Impairment Charge: During the second and third quarter of fiscal 2019, the undiscounted operating cash flows of the remaining EC&S asset group exceeded its carrying value suggesting there to be no indication of impairment of long-lived assets within the remaining EC&S segment.

During the first quarter of fiscal 2019, related to the held for sale treatment of our Precision Hayes business, we recognized a $9 million long-lived asset impairment consisting of $8 million and $1 million on amortizable intangible assets and fixed assets (primarily machinery and equipment), respectively, representing the excess net book value of assets held for sale over anticipated proceeds.

In relation to the held for sale treatment of our Cortland businesses, we recognized $13 million of non-cash impairment charges, which related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition in previous periods in fiscal 2019. As a result of the reversal of the Cortland U.S. business as held for sale as of May 31, 2019, the Company reversed the $13 million charge taken in previous periods in fiscal 2019.

Fiscal 2018 Impairment Charge: During the fourth quarter of fiscal 2018, the undiscounted operating cash flows of the Precision Hayes business did not exceed its carrying value resulting in a long-lived asset impairment charge of $6 million, consisting of $5 million and $1 million on amortizable intangible assets and fixed assets (primarily machinery and equipment), respectively. Also in the fourth quarter of fiscal 2018 and related to the held for sale treatment of our Cortland Fibron business, we recognized a $46 million long-lived asset impairment, representing the excess of net book value of assets held for sale over anticipated proceeds, which consisted of $35 million related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition.

Refer to the Critical Accounting Policies in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Annual Report on Form 10-K for the year ended August 31, 2018 for information about more of the Company's policies, methodology and assumptions related to critical accounting policies.

Item 3 – Quantitative and Qualitative Disclosures about Market Risk

The diverse nature of our business activities necessitates the management of various financial and market risks, including those related to changes in interest rates, foreign currency exchange rates and commodity costs.

Interest Rate Risk: We manage interest expense using a mixture of fixed-rate and variable-rate debt. A change in interest rates impacts the fair value of our 5.625% Senior Notes, but not our earnings or cash flow, because the interest rate on such debt is fixed. Our variable-rate debt obligations consist primarily of revolver and term loan borrowings under our Senior Credit Facility. A ten percent increase in the average cost of our variable rate debt would result in a corresponding $0.2 million and $0.8 million increase in financing costs for the three and nine months ended May 31, 2019, respectively.

Foreign Currency Risk: We maintain operations in the U.S. and various foreign countries. Our more significant non-U.S. operations are located in Australia, the Netherlands, the United Kingdom, Mexico, United Arab Emirates and China, and have foreign currency risk relating to receipts from customers, payments to suppliers and intercompany transactions denominated in foreign currencies. Under certain conditions, we enter into hedging transactions (primarily foreign currency exchange contracts) that enable us to mitigate the potential adverse impact of foreign currency exchange rate risk (see Note 10, "Derivatives" for further information). We do not engage in trading or other speculative activities with these transactions, as established policies require that these hedging transactions relate to specific currency exposures.

The strengthening of the U.S. dollar against most currencies can have an unfavorable impact on our results of operations and financial position as foreign denominated operating results are translated into U.S. dollars. To illustrate the potential impact of changes in foreign currency exchange rates on the translation of our results of operations, quarterly sales and operating profit were remeasured assuming a ten percent decrease in all foreign exchange rates compared with the U.S. dollar. Using this assumption, quarterly sales would have been lower by $13 million and operating profit would have been lower by $3 million, respectively, for the three months ended May 31, 2019. This sensitivity analysis assumes that each exchange rate would change in the same direction relative to the U.S. dollar and excludes the potential effects that changes in foreign currency exchange rates may have on sales levels or local currency prices. Similarly, a ten percent decline in foreign currency exchange rates versus the U.S. dollar would result in a $53 million reduction to equity (accumulated other comprehensive loss) as of May 31, 2019, as a result of non U.S. dollar denominated assets and liabilities being translated into U.S. dollars, our reporting currency.

C*ommodity Cost Risk:* We source a wide variety of materials and components from a network of global suppliers. While such materials are typically available from numerous suppliers, commodity raw materials, such as steel and plastic resin, are subject to price fluctuations, which could have a negative impact on our results. We strive to pass along such commodity price increases to customers to avoid profit margin erosion.

Item 4 – Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of our senior management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on this evaluation, our chief executive officer and chief financial officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the information relating to the Company, including consolidated subsidiaries, required to be disclosed in our Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). There have been no changes in our internal control over financial reporting that occurred during the quarter ended May 31, 2019 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

The Company's Board of Directors has authorized the repurchase of shares of the Company’s common stock under publicly announced share repurchase programs. Since the inception of the initial share repurchase program in fiscal 2012, the Company has repurchased 20,439,434 shares of common stock for$618 million. As of May 31, 2019, the maximum number of shares that may yet be purchased under the programs is 7,560,566 shares. There were no share repurchases in the three and nine months ended May 31, 2019.

Item 6 – Exhibits

(a) Exhibits

See “Index to Exhibits” on page 41, which is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	ACTUANT CORPORATION
	(Registrant)
Date: June 28, 2019	By: /S/ BRYAN R. JOHNSON
	Bryan R. Johnson
	Corporate Controller and Principal Accounting Officer

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ACTUANT CORPORATION
(the “Registrant”)
(Commission File No. 1-11288)

QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MAY 31, 2019
INDEX TO EXHIBITS

Exhibit	Description	Filed Herewith	Furnished Herewith
10.1	Senior Credit Facility Agreement, dated March 29, 2019, between Actuant Corporation, the foreign subsidiary borrowers party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, National Association, Bank of America, N.A., SunTrust Bank, and PNC Bank, National Association, as Co-Syndication Agents and BMO Harris Bank, N.A., as Documentation Agent (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on April 2, 2019 (File no. 001-11288))		
10.2	Retention Incentives Agreement, dated as of April 11, 2019, between Actuant Corporation and Roger A. Roundhouse [(1)]	X	
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X	
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X	
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
101	The following materials from the Actuant Corporation Form 10-Q for the three and nine months ended May 31, 2019 formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Statements of Earnings, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows and (v) the Notes to the Condensed Consolidated Financial Statements.	X	

(1) Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K

Exhibit 10.2

Pursuant to Item 601(b)(10)(iv) of Regulation S-K, certain identified information has been excluded from this exhibit because it is both not material and would likely cause competitive harm to the registrant if publicly disclosed.

April 11, 2019

Re: Retention Incentives Agreement ("Agreement")

Dear Roger:

Actuant Corporation (the "Company" or "Actuant") is considering strategic alternatives with respect to its EC&S segment. It is possible the evaluation of such alternatives could result in a sale of all or substantially all of the EC&S segment (the "Potential Sale") [FOOTNOTE REDACTED]. For this purpose, the "EC&S segment" shall consist of those business units identified for sale as part of "Project Brewers". In order to give you an incentive to remain at your job and to work diligently to support the evaluation of strategic alternatives, the Company is offering you retention incentives, subject to the terms of this Agreement.

1. Conditional One-Time Grant

The Retention Incentives (as defined below) are one-time benefits that are being extended to you in the event the evaluation of strategic alternatives results in a Potential Sale. They are in addition to your other compensation arrangements, except as otherwise described herein.

2. Duration

If you sign and accept this Agreement, the term of this Agreement will begin on the date noted above ("Effective Date") and expire upon the earlier of (a) eighteen (18) months from the Effective Date or (b) the termination of a Potential Sale, either when the closing of the Potential Sale occurs (the "Completion Date") or the Company cancels or chooses not to pursue or to abandon a Potential Sale (the "Cancellation Date").

3. Retention Incentives

Your potential Retention Incentives will have several components, as follows:

a) Cash Retention Bonus -- You will be eligible for a Cash Retention Bonus of up to Four Hundred Sixty-Five Thousand dollars ($465,000) (described in Sections 3(a)(1) and 3(a)(2), below) subject to the terms of this Agreement. The Cash Retention Bonus will vest and be earned by you based on the achievement of certain vesting events in relation to a Potential Sale, as follows:

   1) *Multiplier Eligible Presentation Bonus* - You will earn one-hundred thirty-nine thousand five hundred dollars ($139,500) once management presentations have been completed and second-round bids from potential buyers have been received for a Potential Sale (completion of both requirements shall be referred to as the "Multiplier Eligible Presentation Bonus Vesting Date"). If the requirements described in the previous sentence are not met prior to the expiration of this Agreement, or if you do not meet the Continuous Employment requirement as of the Multiplier Eligible Presentation Bonus Vesting Date, the Multiplier Eligible Presentation Bonus shall not vest. If earned and vested, your Multiplier Eligible Presentation Bonus will be paid to you within twenty (20) days after the Multiplier Eligible Presentation Bonus Vesting Date in conjunction with a regularly scheduled payroll date for your location.
   2) *Multiplier Eligible Completion Bonus* - You will also earn three-hundred twenty-five thousand five hundred dollars ($325,500) on the Completion Date (the "Multiplier Eligible Completion Bonus Vesting Date"). If a Potential Sale is not completed prior to the expiration of this Agreement, or if you do not meet the Continuous Employment requirement as of the Multiplier Eligible Completion Bonus Vesting Date, the Multiplier Eligible Completion Bonus shall not be paid. If earned and vested, your Multiplier Eligible Completion Bonus will be paid to you on, or within, twenty (20) days after the Completion Date.

b) Cash Retention Bonus Multiplier - To allow you to share in the success of a Potential Sale, the Multiplier Eligible Presentation Bonus and the Multiplier Eligible Completion Bonus could be increased to up to (and capped at) twice the amount reflected in Sections 3(a)(1) and 3(a)(2), above, if the cash purchase price paid to the Company (i.e., consideration exclusive of assumed liabilities and other consideration provided by the buyer for the Potential Sale) exceeds [REDACTED] times the Proforma Sale EBITDA for the EC&S segment of [REDACTED].

This "Cash Bonus Retention Multiplier" will be calculated on a linear basis in accordance with the following example, which uses a theoretical Multiplier Eligible Presentation Bonus and the Multiplier Eligible Completion Bonus total of $200,000 for illustrative purposes only:

Proforma Sale EBITDA Multiple Achieved	Cash Retention Bonus Multiplier	Additional Cash Retention Bonus Payout	Total Cash Retention Bonus Amount
[REDACTED]	1.0	0 X $200,000 = $0	$200,000 + $0 = $200,000
[REDACTED]	1.5	0.5 X $200,000 = $100,000	$200,000 + $100,000 = $300,000
[REDACTED]	2.0	1.0 X $200,000 = $200,000	$200,000 + $200,000 = $400,000

For clarity, the Cash Retention Bonus Multiplier, will be earned and vested only upon the closing of a Potential Sale (i.e., on the Completion Date), and only if the Continuous Employment requirement has been met as of such Completion Date. If earned and vested, the Cash Bonus Retention Multiplier will be paid on, or within, twenty (20) days after the Completion Date.

If a Potential Sale is not completed prior to the expiration of this Agreement, the Cash Bonus Retention Multiplier shall not be paid.

c) Accelerated Vesting of Equity Grants - You also will be eligible for accelerated vesting of all unvested Restricted Stock Units ("RSUs"), Performance Stock Units ("PSUs") (at target), and Actuant stock options that have been granted to you and are outstanding as of the Completion Date. The condition for accelerated vesting of these unvested equity grants is the closing of a Potential Sale and, accordingly, the vesting date for this benefit is the Completion Date. If a Potential Sale is not completed prior to the expiration of this Agreement, or if you do not meet the Continuous Employment requirement as of the Completion Date, the vesting described in this paragraph will not occur, and your RSUs, PSUs, and stock options will become vested only in accordance with the terms of your existing RSU, PSU, and stock option agreements.

d) Enhanced Bonus
-

(i) *Completion Date on or before August 31, 2019* -- If a Potential Sale is completed on or before August 31, 2019, you will receive an enhanced bonus instead of your regular bonus under the corporate bonus plan ("Enhanced Bonus") for the fiscal year ending August 31, 2019. The amount of the Enhanced Bonus will be twice the highest annual bonus payout you received for the three (3) full fiscal years preceding the Completion Date. If you receive an Enhanced Bonus you will not be eligible for an annual bonus on the terms of the corporate bonus plan currently applicable to you for the 2019 fiscal year. If a Potential Sale is not completed on or before August 31, 2019, or if you do not meet the Continuous Employment requirement as of the Completion Date, no Enhanced Bonus will be payable to you (but you will remain eligible for an annual bonus on the terms of the corporate bonus plan currently applicable to you). If vested, the Enhanced Bonus will be paid on, or within, twenty (20) days after the Completion Date.

(ii) *Completion Date after August 31, 2019* -- If a Potential Sale is completed after August 31, 2019 (and before the expiration of this Agreement), you will receive an Enhanced Bonus. The amount of the Enhanced Bonus will be the amount by which (A) exceeds (B), where (A) is twice the highest annual bonus payout you received under the annual corporate bonus plan for the three (3) full fiscal years preceding the Completion Date and (B) is the actual bonus you received under the corporate bonus plan for the fiscal year ending August 31, 2019. If an Enhanced Bonus is received under this paragraph, you will remain eligible for an annual bonus under the annual corporate bonus plan for the fiscal year ending August 31,

2020, subject to the terms and conditions of the annual corporate bonus plan. If a Potential Sale is not completed before the expiration of this Agreement, or if you do not meet the Continuous Employment requirement as of the Completion Date, no Enhanced Bonus will be payable to you. If vested, the Enhanced Bonus will be paid on, or within, twenty (20) days after the Completion Date.

e) Severance - If a Potential Sale is completed prior to the expiration of this Agreement and one of the following occurs: (1) you are involuntarily terminated (other than for Cause) by the Company within the period beginning six (6) months prior to the Completion Date, (2) you are involuntarily terminated (other than for Cause) by the Company within the 24 months after the Completion Date, or (3) you terminate your employment with the Company for Good Reason within 24 months after the Completion Date, then the Company will provide you the following Severance benefits:

A) a lump sum equal to twice your base salary in effect as of the Effective Date;

B) the Company, at the Company's cost, shall continue to provide you with the welfare benefits and other perquisites you were receiving at the time of the Completion Date for a period of two years following your termination of employment. For purposes hereof, perquisites will include your right to lease a car or a car allowance, as the case may be. The amount of expenses eligible for reimbursement, or in-kind perquisites provided, during a taxable year may not affect the expenses eligible for reimbursement, or in-kind perquisites to be provided, in any other taxable year. Any reimbursement of an eligible expense must be made on or before the last day of your taxable year following the taxable year in which the expense was incurred. This right to reimbursement or in-kind perquisites may not be subject to liquidation or exchange for another benefit

Together (A) and (B) are the "Severance Benefit". Your involuntary termination excludes the termination of your employment due to your resignation (for any reason other than for Good Reason) or the termination of your employment due to Cause (both as defined below). The Severance Benefit is not payable if your termination is due to death or Disability. The Severance Benefit is not triggered by a termination of employment due to your acceptance of employment with the Successor (as defined in Section 4(f)), but may still be payable if payable under Section 5(b)(i) or Section 5(b)(iv). If a Potential Sale is not completed, no Severance Benefit will be payable to you. Notwithstanding anything herein to the contrary, no amount is payable to you under this Section 3(e) unless you also execute a release of claims in favor of the Company, its affiliates and their respective officers and directors in a form provided by the Company (the "Release") and such Release becomes effective and irrevocable within fifty-five (55) days after your termination (or, in the event of a Severance Benefit payable pursuant to Section 3(e)(1), within fifty-five (55) days after the Completion Date)(this period is the "Release Execution Period"). If the Severance Benefit is payable and was triggered pursuant to Section 3(e)(1), the portion of the Severance Benefit described in Section 3(e)(A) will be paid in a single lump sum payment as of or within the sixty (60) days after the Completion Date (provided that, if the Release Execution Period begins in one taxable year and ends in another taxable year, payment shall not be made until the beginning of the second taxable year). If the Severance Benefit is payable and was triggered pursuant to Section 3(e)(2) or Section 3(e)(3), the portion of the Severance Benefit described in Section 3(e)(A) will be paid in a single lump sum payment within the sixty (60) days after your termination (provided that, if the Release Execution Period begins in one taxable year and ends in another taxable year, payment shall not be made until the beginning of the second taxable year).

f) Legal Representation - If the buyer is a private equity group or financial sponsor, the Company will engage counsel with expertise in negotiating compensation and employment terms on behalf of executives in comparable circumstances. Such counsel will be distinct from counsel representing the Company for a Potential Sale and will represent the key transferring employees as a group. The Company will pay for all reasonable fees and costs incurred in the group representation. Reimbursement of the legal fees shall occur no later than twenty (20) days following the Completion Date (and in no event later than the last day of your taxable year following the taxable year in which the expense was incurred). The amount of expenses eligible for reimbursement during a taxable year may not affect the expenses eligible for reimbursement in any other taxable year. This right to reimbursement is not subject to liquidation or exchange for another benefit.

4. Eligibility Criteria and Definitions

a) Your eligibility to receive the Retention Incentives set out in Section 3, above, is subject to the following conditions:

(i) Acceptance of this Agreement - To be eligible for the Retention Incentives, you must sign this Agreement below, as well as Appendix A (the Agreement Barring Certain Unfair Activities), and return it to Romita Bhagwani at N86 W12500 Westbrook Crossing, Menomonee Falls, Wisconsin 53051. By signing below you agree to be bound by the terms of this Agreement. By signing this Agreement you agree that the opportunity to earn the compensation set forth in Section 3 is consideration for your agreement to the Appendix A (the Agreement Barring Certain Unfair Activities), and its attachments. If you do not wish to accept, you do not need to do anything.

(ii) Waiver of Your Change in Control Agreement - Subject to Section 5(a)(ii), this document shall be considered an amendment to and complete replacement of the Change in Control Agreement effective August 7, 2017 between you and the Company ("CIC Agreement"). The benefits in Section 3 of this Agreement are conditioned on your waiver of your rights under the CIC Agreement. You agree that upon the completion of a Potential Sale the benefits provided under this Agreement will be in lieu of all benefits available to you under the CIC Agreement.

b) "Continuous Employment" means that you must remain continuously employed by the Company through each vesting date to receive the corresponding component of the Retention Incentives. If you: (i) resign (other than for "Good Reason," as defined below) before a vesting date; or (ii) are terminated for "Cause" (as defined below) at any time before a vesting date, you will forfeit all components of the Retention Incentives not earned and vested as of that time. In such an event, you will not, however, be required to repay any component of the Retention Incentives you received prior to the forfeiture of the remaining incentives. If you are involuntarily terminated (other than for Cause), if you terminate voluntarily for Good Reason, or if your employment terminates as a result of your death or Disability, this Continuous Employment condition will be waived and deemed satisfied for purposes of Sections 3(a), 3(b), 3(c), 3(d) and 3(f). "Disability" means a condition entitling you to receive benefits under the Company's long term disability plan, policy or arrangement. If no such plan, policy or arrangement is then maintained by the Company and applicable to you, "Disability" will mean your inability to perform your duties under this Agreement due to a mental or physical condition that can be expected to result in death or that can be expected to last (or has already lasted) for a continuous period of ninety (90) days or more, or for 180 days in any 360 consecutive days period.

c) "Good Reason" means, without your prior written consent: (i) a material, adverse change in your title, authority or duties, (ii) a material reduction in your base salary or target annual bonus opportunity from those in effect as of the Effective Date of this Agreement, or (iii) your relocation to an office more than forty (40) miles from your current place of employment, (iv) a material reduction in the total aggregate value of the fringe benefits received by you from those in effect as of the Effective Date of this Agreement. Notwithstanding the foregoing, if you are offered a Comparable Position (as defined in Section 4(e), below), and you turn down that offer, the term "Good Reason" shall mean only the events described in Sections 4(c)(ii) or 4(c)(iii). However, none of the foregoing events or conditions will constitute Good Reason unless: (A) you provide the Company's General Counsel with written objection to the event or condition within thirty (30) days following the initial existence of the condition, (B) the Company does not reverse or otherwise cure the event or condition within fifteen (15) days of receiving that written objection, and (C) you resign within thirty (30) days following the expiration of that cure period.

d) "Cause" means: (i) conviction, or a plea of guilty or no contest, of a felony; (ii) conviction, or a plea of guilty or no contest, of a crime involving dishonesty, disloyalty or fraud; (iii) reporting to work under the influence of alcohol; (iv) the use of illegal drugs (whether or not at the workplace); (v) conviction, or a plea of guilty or no contest, of conduct in conjunction with your employment duties which could reasonably be expected to, or which does, cause the Company or any of its affiliates public disgrace or disrepute or economic harm; (vi) repeated failure to perform duties as reasonably directed by the Board or Chief Executive Officer (or the person to whom you directly report); (vii) gross negligence or willful misconduct with respect to the Company; (viii) obtaining any personal profit not thoroughly disclosed to and approved in writing by the Board or Chief Executive Officer in connection with any transaction entered into by, or on behalf of, the Company or its affiliates; (ix) violation of any of the terms of the Company's or any of its affiliates' established policies which is not cured to the Board's reasonable satisfaction within twenty (20) working days after you receive written notice thereof; or (x) any other material breach of this Agreement by you which is not cured to the Board's reasonable satisfaction within twenty (20) working days after you receive written notice thereof.

e) "Comparable Position" means employment with the Successor that includes: (i) substantially similar base salary and bonus opportunity as you have with Actuant immediately prior to the Completion Date, (ii) a location or

headquarters where you are normally expected to provide services no more than forty (40) miles from your current place of employment, and (iii) severance protection that is substantially similar to the severance protection provided for in Sections 3(e)(2) and 3(e)(3) of this Agreement. For this purpose, if this Agreement is assumed by the Successor (whether by Agreement or by operation of law), the requirement of Section 4(e)(ii) is presumed to have been met.

f) "Successor" means the purchaser of the EC&S segment in the event a Potential Sale occurs.

5. Cancellation of Sale; Expiration of Agreement; Obligations of Successor

(a) Cancellation of Potential Sale; Expiration of Agreement.

(i) The Company reserves the right, in its absolute discretion, to cancel, suspend or abandon the pursuit of a Potential Sale. If the Company cancels, suspends or abandons the pursuit of a Potential Sale, or if you terminate employment with the Company without triggering a severance payment in accordance with Section 3(e), this Agreement shall terminate and you will no longer be eligible for any components of the Retention Incentives not earned and vested as of the Cancellation Date. The termination of the pursuit of a Potential Sale or your termination of employment will not affect your entitlement to any components of the Retention Bonus earned and vested by, or paid to you prior to the Cancellation Date, and you will not be required to return or repay any such amounts (except to the extent of the application of the Clawback Policy as described in Section 7).

(ii) **In the event that this Agreement expires during your employment with the Company because either: (A) eighteen (18) months have passed from the Effective Date without the occurrence of a Potential Sale, or (B) a Cancellation Date occurs, this Agreement shall cease to apply and the** CIC Agreement shall be reinstated in full force and effect. For the avoidance of doubt, if any payment is made (or due to be made) under this Agreement, other than a payment described in Section 3(a)(1), the CIC Agreement shall not be subject to reinstatement hereunder.

(iii) In the event that a Change in Control (as defined in the CIC Agreement) occurs prior to the expiration of this Agreement, **this Agreement shall cease to apply and the** CIC Agreement shall be reinstated in full force and effect. Notwithstanding the foregoing sentence, if the sale of the EC&S segment is the primary cause of the Change in Control, then this Agreement shall apply (and the CIC Agreement shall not be reinstated). For the avoidance of doubt, if any payment is made (or due to be made) under this Agreement, other than a payment described in Section 3(a)(1), the CIC Agreement shall not be subject to reinstatement hereunder.

(iv) In no event shall these provisions be interpreted to provide for the payment of benefits under both this Agreement and the CIC Agreement (other than a payment described in Section 3(a)(1) of this Agreement prior to the expiration of this Agreement).

(b) Treatment of this Agreement in the Event of a Potential Sale. If a Potential Sale occurs prior to or as of the expiration of this Agreement, the following provisions shall govern the continuation or termination of this Agreement:

(i) If both of the following occur: (A) a Potential Sale occurs, and (B) you accept a Comparable Position, then, unless this Agreement is assumed by the Successor (either by assignment or by operation of law), it shall terminate upon the Completion Date, subject to the obligation of the Company to make applicable payments under Sections 3(a), (b), (c), (d), and (f) (but only to the extent a payment obligation has been triggered under such Section prior to or as of the Completion Date). If, instead, this Agreement is assumed by the Successor (either by assignment or by operation of law), it shall remain in force and effect for twenty-four (24) months following the Completion Date (or, if earlier, until your termination of employment that does not trigger a payment obligation under Section 3(e) of this Agreement, as modified as follows) and the term "Successor" shall replace the term "Company" for purposes of Sections 3(e)(2) and 3(e)(3) (and the successor shall have the obligation to pay any Severance under this Agreement, if any). For the avoidance of doubt, under the circumstances described in this Section 5(b)(i) the following limitations and provisions shall apply: (W) Section 3(e)(1) shall not be applicable, (X) Sections 3(e)(2) and 3(e)(3) shall not be triggered by your termination of employment with Actuant, and (Y) the CIC Agreement shall not be reinstated.

(ii) If both of the following occur: (A) a Potential Sale occurs and (B) you are offered a Comparable Position but you do not accept the Comparable Position, then this Agreement shall terminate upon the Completion Date, subject to the obligation of Actuant to make applicable payments under Sections 3(a), (b), (c), (d), and (f) (but only to the extent a payment obligation has been triggered under such Section prior to or as of the Completion Date). For the avoidance of doubt, the Company shall not be obligated to make any payment pursuant to Section 3(e) and the CIC Agreement shall not be reinstated under the circumstances described in this Section 5(b)(ii).

(iii) If all three of the following occur: (A) a Potential Sale occurs, (B) you are not offered a Comparable Position, and (C) you do not accept employment with the Successor, then Section 3(e) of this Agreement shall remain in force and effect for twenty-four (24) months following the Completion Date (or, if earlier, until your termination of employment that does not trigger a payment obligation under Section 3(e) of this Agreement). For the avoidance of doubt, the CIC Agreement shall not be reinstated under the circumstances described in this Section 5(b)(iii).

(iv) If all three of the following occur: (A) a Potential Sale occurs, (B) you are not offered a Comparable Position, and (C) you accept employment with the Successor, then this Agreement shall remain in force and effect for twenty-four (24) months following the Completion Date (or, if earlier, until your termination of employment that does not trigger a payment obligation under Section 3(e) of this Agreement, modified as follows) and the term "Successor" shall replace the term "Company" for purposes of Sections 3(e)(2) and 3(e)(3). For the avoidance of doubt, under the circumstances described in this Section 5(b)(iv) the following limitations shall apply: (W) Section 3(e)(1) shall not be applicable, (X) Sections 3(e)(2) and 3(e)(3) shall not be triggered by your termination of employment with Actuant, (Y) the CIC Agreement shall not be reinstated, and (Z) if a payment obligation is triggered under Section 3(e), Actuant, not the Successor, shall be obligated to make such payments.

(c) Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement. Without limiting the foregoing, the obligations set forth in Appendix A shall not be extinguished by reason of the expiration, assumption, or termination of this Agreement.

6. No Change in Your Employment Status or Terms

This Agreement is not a guarantee of your continued employment. Nor does it change your employment status with the Company, including, for example, your status as an employee-at-will (if applicable). This Agreement also does not amend or modify the terms of any of the Company's compensation, perquisite or benefit plans applicable to you, except as expressly provided in this Agreement.

7. Clawback Policy

The Retention Incentives are subject to the terms of the Company's Clawback Policy, as amended or replaced from time to time, to the extent the Retention Incentives constitute "Incentive Compensations" under the Clawback Policy. The Clawback Policy outlines circumstances in which the Company will be entitled to take action to clawback the Retention Incentives, including by requiring you to repay some or all of the Retention Incentives.

8. Taxes

(a) The Company is not responsible for any duties or taxes that are, or may become, payable on the Retention Incentives, except for payroll taxes or other taxes imposed on the Company or its affiliates in its capacity as your employer. The Company may make any withholding or payment that it is required to make by law (if any) in connection with the Retention Incentives. Any amount paid will be subject to tax. You should seek your own tax advice to understand the potential tax implications of this Agreement.

(b) Excise Tax Adjustment.

(1) Subject to the provisions of this Section 8(b), in the event it is determined that all or any part of the benefits payable to you under this Agreement or any other payments or benefits payable to you under any other agreement with, or plan or policy of, the Company (the "Total Payments") will, as determined by the Company, be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code

of 1986, as amended (the "Code") and the regulations thereunder (or any similar tax that may hereafter be imposed), then such payment shall be either: (i) provided to you in full, or (ii) provided to you to such lesser extent as would result in no portion of such payment being subject to such Excise Tax, whichever of the foregoing amounts, when taking into account such Excise Tax, results in the receipt by you of the greatest amount of the payment, notwithstanding that all or some portion of such payment may be taxable under such Excise Tax. In determining whether payments under this Agreement will be subject to the Excise Tax, the Company will take into account the value of your agreement to refrain from certain activities as expressed in Appendix A and its Attachments A and B, but only to the extent allowed by law (as interpreted by the Company's tax and/or legal counsel). To the extent such payment needs to be reduced pursuant to the preceding sentence, reductions shall come from taxable amounts before non-taxable amounts and beginning with the payments otherwise scheduled to occur soonest. You agree to cooperate fully with the Company to determine the benefits applicable under this Section 8(b). Prior to the closing of the Potential Sale, the Company will provide to you a summary of the final calculations required for purposes of determining the applicability of the Excise Tax Adjustment under this section 8(c). Such summary shall be provided in a reasonable time frame prior to the closing of the Potential Sale, as determined by the Company taking into account the Company's need to keep such information confidential, the Company's need to negotiate with the purchaser on related matters, and the Company's need to meet the requirements of any an applicable purchase agreement.

(2) For purposes of determining whether any of the Total Payments will be subject to the Excise Tax, and the amounts of such Excise Tax, the following shall apply:

(i) Any payments or benefits received or to be received by you in connection with a Change in Control (as defined under Code Section 280G) or your termination of employment (whether pursuant to the terms of this Agreement or any other plan, policy, arrangement or agreement with the Company, or with any person whose actions result in a Change in Control (as defined under Code section 280G) or any person affiliated with the Company or such persons) shall be treated as "parachute payments" within the meaning of Code Section 280G(b)(2), and all "excess parachute payments" within the meaning of Code Section 280G(b)(1) shall be treated as subject to the Excise Tax, unless in the opinion of the Company such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Code Section 280G(b)(4) in excess of the base amount within the meaning of Code Section 280G(b)(3), or are otherwise not subject to the Excise Tax.

(ii) The value of any noncash benefits or any deferred payment or benefit shall be determined in accordance with the principles of Code Sections 280G(d)(3) and (4).

(c) Code Section 409A and Payment Timing. The following additional rules shall apply to payments under this Agreement:

(i) Notwithstanding anything to the contrary set forth in this Section 8 or elsewhere in this Agreement, any payments made: (A) within 2-½ months of the end of the Company's taxable year containing the date of your involuntary (or Good Reason) termination or vesting date, as applicable, or (B) within 2-½ months of your taxable year containing the date of your involuntary (or Good Reason) termination or vesting date, as applicable, shall be exempt from Code Section 409A. Payments subject to subparagraphs (A) or (B) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Section 409A of the Code and the regulations thereunder.

(ii) To the extent payments under this Agreement are not exempt from Section 409A under subparagraph (i) above, any payments made in the first 6 months following your termination of employment that are equal to or less than the lesser of the amounts described in Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and (2) shall be exempt from Section 409A. Payments subject to this subparagraph (ii) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Code Section 409A and the regulations thereunder.

(iii) To the extent payments under this Agreement are not exempt from Section 409A under subparagraphs (i) or (ii) above, any payments made equal to or less than the applicable dollar amount under Code Section 402(g)(1)(B) for the year of severance from employment shall be exempt from Section 409A in accordance with Treasury Regulation Section 1.409A-1(b)(9)(v)(D). Payments subject to this subparagraph (iii) shall be treated and shall be deemed to be an entitlement to a separate payment within the meaning of Section 409A of the Code and the regulations thereunder.

(iv) To the extent payments under this Agreement are not exempt from Code Section 409A under subparagraphs (i), (ii), or (iii) above, and to the extent you are a "specified employee" (as defined below), amounts payable to you due to your severance from employment (as defined below) shall begin no sooner than six months after your severance from employment (other than for Death); provided, however, that any payments not made during the six (6) month period described in this subsection due to the 6-month delay period required under Treasury Regulation Section 1.409A-3(i)(2) shall be made in a single lump sum as soon as administratively practicable after the expiration of such six (6) month period, and the balance of all other payments required under this Agreement shall be made as otherwise scheduled in this Agreement.

(v) For purposes of this Section 8, any reference to severance of employment or termination of employment shall mean a "separation from service" as defined in Treasury Regulation section 1.409A-1(h). For purposes of this Agreement, the term "specified employee" shall have the meaning set forth in Treasury Regulation Section 1.409A-1(i).

9. Entire Agreement

This Agreement, including Appendix A, and its Attachments A and B, contain the entire agreement and understanding of the parties relating to the Retention Incentives and supersedes all prior and contemporaneous discussions, agreements and understandings of every nature relating to the Retention Incentives. Without limiting the foregoing, this agreement shall not supersede or extinguish your RSU, PSU, and stock option agreements with Actuant. This Agreement may not be changed or modified, except by an agreement in writing signed by you and the Company.

10. Disputes Relating to the Interpretation of this Agreement

Any disputes relating to the administration of this Agreement will be resolved by the Company using its reasonable discretion, including, without limitation, any disagreements about the determination or correctness of Proforma Sale EBITDA, the calculation of the Cash Retention Bonus Multiplier, or the determination of any other benefit extended under this Agreement. The decision of the Company on any disputes arising under the Agreement, including (but not limited to) questions of construction, interpretation and administration shall be final, conclusive and binding on all persons having an interest in or under the Agreement. The previous sentence shall not foreclose the possibility of legal action on the basis that the discretion exercised by the Company was not reasonable.

11. Governing Law; Headings; Amendment

This Agreement shall be governed by and construed in accordance with the internal laws of the State of Wisconsin, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

[The remainder of this page is intentionally blank.]

If you accept the terms of this Agreement, please sign below in the space provided.

Sincerely,

/s/ Randal W. Baker

Randy Baker

I agree to the above Retention Bonus Agreement terms.

Signature: /s/ Roger Roundhouse Dated: April 12, 2019
Roger Roundhouse

APPENDIX A
Agreement Barring Certain Unfair Activities

This Agreement Barring Certain Unfair Activities (" Agreement") is Appendix A to the Project Brewers Retention Incentives Agreement (the " Retention Agreement") between Actuant Corporation, a Wisconsin corporation, and Roger Roundhouse (the "Employee").

WHEREAS, this Agreement relates to the participation of Employee in the Retention Agreement offered by Actuant Corporation, a Wisconsin Corporation. Actuant Corporation, its divisions, subsidiaries and affiliates, and successors and assigns, are referred to collectively in this Agreement as the "Company."

WHEREAS, Employee has been informed and Employee understands that Employee's employment or continued employment with the Company is not contingent on participation in the Retention Agreement and Employee has voluntarily elected to participate in the Retention Agreement pursuant to the terms and conditions of the Retention Agreement including, but not limited to, agreeing to the terms and conditions of this Agreement; and

WHEREAS, by accepting the Retention Agreement, Employee acknowledges that Employee is bound by the terms of this Agreement and Employee is hereby advised to consult with his own legal counsel; and

WHEREAS, Employee has served in various high level and executive capacities with the Company including most recently as its Executive Vice President, Engineered Solutions;

WHEREAS, during the course of employment, Employee has learned or will learn confidential information regarding Company's customers, and/or has established or will establish, maintain, and improve knowledge of or relationships or goodwill with Company's customers, and/or has learned and will learn Company's Trade Secrets or Confidential Information (as such terms are defined below). Company's Confidential Information, Trade Secrets, and customer relationships have been developed by Company at considerable expense over a number of years and but for Employee's employment with Company, Employee would not know Company's Trade Secrets and Confidential Information, and Employee would not be able to create, improve, and maintain relationships with Company's customers.

NOW, THEREFORE, in consideration of the foregoing recitals, Employee's participation in the Retention Agreement and the promises set forth therein, and the promises and covenants set forth herein, and for other good and valuable consideration, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Incorporation or recitals. The parties represent and warrant that the above recitals are true and accurate and are incorporated herein as part of the Agreement.

2. Definitions. Unless otherwise defined herein, the capitalized terms set forth in this Agreement shall have the definitions as set forth in Attachment A. Attachment A is incorporated into and is part of this Agreement.

3. Duty of Loyalty. Employee acknowledges that Employee is a key employee of the Company and owes the Company a fiduciary duty of loyalty. During employment with Company, Employee shall owe Company an undivided duty of loyalty, and shall take no action adverse to that duty of loyalty. Employee's duty of loyalty to Company includes but is not limited to a duty to promptly disclose to Company any information that might cause Company to take or refrain from taking any action, or which otherwise might cause Company to alter its behavior. Without limiting the generality of the foregoing, Employee shall promptly notify Company at any time that Employee decides to terminate employment with Company or enter into competition with Company, as Company may decide at such time to limit, suspend, or terminate Employee's employment or access to Company's Confidential Information, Trade Secrets, and/or customer relationships. Employee's privilege to access and use Company's computers, and to access and use Company's electronically stored information including Company's Confidential Information and Trade Secrets, are revoked the moment Employee takes any action adverse to Employee's duty of loyalty to Company.

4. Nondisclosure of Third Party Confidential Information. During Employee's employment with Company and after the Termination Date, Employee shall not use or disclose Third Party Confidential Information for as long as the relevant third party has required Company to maintain its confidentiality, or for so long as required by applicable law, whichever period is longer.

5. Non-disclosure of Trade Secrets. During employment and after the Termination Date, Employee shall not use or disclose Company's Trade Secrets so long as they remain Trade Secrets, except on behalf of and at the direction of the Company as part of Employee's duties for the Company. Nothing in this Agreement shall limit either Employee's statutory or other duties not to use or disclose Company's Trade Secrets, or Company's remedies in the event Employee uses or discloses Company's Trade Secrets.

6. Obligations Not to Disclose or Use Confidential Information . Except as set forth herein or as expressly authorized in writing on behalf of Company, Employee agrees that while Employee is employed by Company and during the two (2) year period commencing at the Termination Date, Employee will not use or disclose (except in discharging Employee's job duties with Company) any Confidential Information, whether such Confidential Information is in Employee's memory or it is set forth electronically, in writing or other form. This prohibition does not prohibit Employee's disclosure of information after it ceases to meet the definition of "Confidential Information," or Employee's use of general skills and know-how acquired during and prior to employment by Company, so long as such use does not involve the use or disclosure of Confidential Information; nor does this prohibition restrict Employee from providing prospective employers with an employment history or description of Employee's duties with Company, so long as Employee does not use or disclose Confidential Information. Notwithstanding the foregoing, with respect to information which is subject to a law governing confidentiality or non-disclosure, Employee shall keep such information confidential for so long as required by law, or for two (2) years, whichever period is longer. This Paragraph shall not preclude employees within the meaning of the National Labor Relations Act from exercising Section 7 rights they may have to communicate about working conditions. This Paragraph shall not bar Employee from making disclosures to government entities to the extent required by applicable law or disclosures made in good faith pursuant to applicable "whistleblower" laws or regulations or disclosures to government agencies within the scope of their jurisdiction.

7. Return of Property; No Copying or Transfer of Documents . All equipment, books, records, papers, notes, catalogs, compilations of information, data bases, correspondence, recordings, stored data (including but not limited to data or files that exist on any personal computer or other electronic storage device), software, and any physical items, including copies and duplicates, that Employee generates or develops or which come into Employee's possession or control, which relate directly or indirectly to, or are a part of Company's (or its customers') business matters, whether of a public nature or not (collectively "Company Records"), shall be and remain the property of Company, and Employee shall deliver all such materials and items, and any and all copies of them, to Company upon termination of employment. During employment or after Termination Date, Employee will not copy, duplicate, or otherwise reproduce, or permit copying, duplicating, or reproduction of Company Records without the express written consent of Company, or, as a part of Employee's duties performed hereunder for the benefit of Company. Employee expressly covenants and warrants, upon termination of employment for any reason (or no reason), that Employee shall promptly deliver to Company any and all originals and copies of Company Records in Employee's possession, custody, or control, and that Employee shall not make, retain, or transfer to any third party any copies thereof. In the event any Confidential Information or Trade Secrets are stored or otherwise kept in or on a computer hard drive or other storage device owned by or otherwise in the possession or control of Employee (each individually an "Employee Storage Device"), upon termination of employment Employee will present every such Employee Storage Device to Company for inspection and removal of all information regarding Company or its customers (including but not limited to Confidential Information or Trade Secrets) that is stored on the Employee Storage Device. This Paragraph shall not bar Employee from retaining Employee's own payroll, retirement, insurance, tax, and other personnel documents related to Company.

8. Covenants Barring Certain Unfair Activities . Employee shall abide by such restrictions in Attachment B hereto. Attachment B is incorporated into and is part of this Agreement.

9. Non-Solicitation of Certain Employees.

(a) Non-solicitation of Management Employees. For twelve (12) months following the Termination Date, Employee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Management Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Management Employee has already ceased employment with Company.

(b) Non-solicitation of Key Employees. For twelve (12) months following the Termination Date, Employee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Key Employee to terminate their employment

with Company to provide Key Services in competition with Company, unless such Key Employee has already ceased employment with Company.

(c) Non-solicitation of Supervised Employees. For twelve (12) months following the Termination Date, Employee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Supervised Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Supervised Employee has already ceased employment with Company.

The foregoing restrictions (in this Section 9) will not apply to the hire of an applicant who was directed by a general advertisement to a position in which the applicant will provide Key Services in competition with the Company.

10. Proprietary Creations. All Proprietary Creations are the sole and exclusive property of the Company whether patentable or registrable or not, and Employee assigns all of Employee's rights, title, and interest in same to the Company. Further, all Proprietary Creations which are copyrightable shall be considered "work(s) made for hire" as that term is defined by U.S. Copyright Law. If for any reason a U.S. Court of competent jurisdiction determines such Proprietary Creations not to be works made for hire, Employee will assign all rights, title, and interest in such works to the Company and, to the extent permitted by law, Employee hereby assigns all of Employee's rights, title, and interest in such Proprietary Creations to the Company. Employee will promptly disclose all Proprietary Creations to the Company and, if requested to do so, provide the Company a written description or copy thereof. Employee is not required to assign rights to any invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on Employee's own time, unless (a) the invention relates (i) to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by Employee for the Company.

11. Remedies. In addition to other remedies provided by law or equity, the Parties agree that in the event of any breach or threatened breach of this Agreement, Company may obtain interim or other injunctive relief, in addition to any other remedies available, without the need to post a bond. Employee further agrees that any breach of this Agreement would result in irreparable harm to Company entitling Company to an injunction prohibiting further breaches of these Paragraphs. The Parties agree that in the event Employee breaches this Agreement, Employee shall pay the Company's reasonable attorney's fees and costs arising out of any litigation resulting from Employee's breach.

12. Assignment and Third Party Beneficiary. Employee acknowledges and agrees that Company may assign its rights under the Agreement to any assignee or successor, including but not limited to a "Successor" (as defined in Section 4(f)) of the Retention Agreement). Such assignment shall not require the authorization of Employee. Employee may not assign or delegate Employee's rights or obligations under this Agreement. Employee also acknowledges and agrees that any successor, including Successor, is a third-party beneficiary of this Agreement with equal rights to enforce the terms and conditions set forth herein. Notwithstanding this Section 12 or any other provision in this Agreement, neither the employee's employment with Company nor Employee's subsequent employment with Successor shall serve as a violation of any of the terms in this Agreement.

13. Entire Agreement. This Agreement constitutes the entire agreement and understanding between Company and Employee concerning the subject matter addressed herein and supersedes and extinguishes any and all other or previous discussions, agreements, or understandings between the Parties regarding the subject matter herein. Without limiting the foregoing, this Agreement shall not supersede or extinguish the RSU, PSU, and stock option agreements between Actuant and the Employee, and the provision thereof that address the subject matter addressed herein. Notwithstanding this Paragraph 13, this Agreement shall not serve to supersede or extinguish other agreements between Employee and Company (and their subsidiary or affiliated companies and successors) containing similar provisions and restrictions where such agreements were entered into with Employee as a term or condition of employment.

14. Waiver. The waiver by any Party of the breach of any covenant or provision in this Agreement shall not operate or be construed as a waiver of any subsequent breach by any Party.

15. Invalidity of any Provision. The provisions of this Agreement are severable, it being the intention of the Parties that should any provision hereof be invalid or unenforceable, such invalidity or unenforceability of

any provision shall not affect the remaining provisions hereof, but the same shall remain in full force and effect to the fullest extent permitted by law as if such invalid or unenforceable provision were omitted. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, Company and Employee agree that such provision is to be reformed to the extent necessary for the provision to be valid and enforceable to the fullest and broadest extent permitted by applicable law, without invalidating the remainder of this Agreement.

16. Applicable Law and Venue. The Parties agree that this Agreement shall be governed by and construed in accordance with the internal laws of the State of Wisconsin. Any dispute between the Parties arising out of or related to the terms of this Agreement shall be heard only by the Circuit Court of Waukesha County, Wisconsin, or by the United States District Court for the Eastern District of Wisconsin; and the Parties hereby consent to these courts as the exclusive venues for resolving any such disputes.

17. Headings. Headings in this Agreement are for informational purposes only and shall not be used to construe the intent of this Agreement.

18. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

19. Reserved Rights. Nothing in this Agreement shall serve to limit or restrict Employee's right to the following:
    (a) Immunity. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (i) is made (a) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.
    (b) Use Of Trade Secret Information In Anti-Retaliation Lawsuit. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

20. Reasonableness of Restrictions. EMPLOYEE HAS READ THIS AGREEMENT AND AGREES THAT THE RESTRICTIONS ON EMPLOYEE'S ACTIVITIES OUTLINED IN THIS AGREEMENT ARE REASONABLE AND NECESSARY TO PROTECT COMPANY'S LEGITIMATE BUSINESS INTERESTS, THAT THE CONSIDERATION PROVIDED BY COMPANY IS FAIR AND REASONABLE, AND FURTHER AGREES THAT GIVEN THE IMPORTANCE TO COMPANY OF ITS CONFIDENTIAL INFORMATION, TRADE SECRETS, AND CUSTOMER RELATIONSHIPS, THE POST-EMPLOYMENT RESTRICTIONS ON EMPLOYEE'S ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE. EMPLOYEE AGREES THAT THE GEOGRAPHIC RESTRICTIONS ON EMPLOYEE'S ACTIVITIES ARE REASONABLE.

I agree to the above terms.

Signature: /s/ Roger Roundhouse ________ Dated: April 12, 2019
Roger Roundhouse

ATTACHMENT A

Definitions. When used in this Agreement, the following terms have the definition set forth below:

(a) "Competing Product" means any product or service which is sold or provided in competition with a product or service produced, designed, sold or provided by Employee, either individually or as part of a team, or by one or more employees or Company business units managed, supervised or directed by Employee or receiving executive or management support from Employee during the twelve (12) months immediately preceding the Termination Date.

(b) "Confidential Information" means information (to the extent it is not a Trade Secret), whether oral, written, recorded magnetically or electronically, or otherwise stored, and whether originated by the Employee or otherwise coming into the possession or knowledge of the Employee, which is possessed by or developed for Company, and which relates to Company's existing or potential business, which information is not reasonably ascertainable by Company's competitors or by the general public through lawful means, and which information Company treats as confidential, including but not limited to information regarding Company's business affairs, agreements, strategies, products, finances, costs, margins, computer programs, research, customers, purchasing, marketing, and other information.

(c) "Current Pending Customer" means a person or entity concerning which Company is actively preparing a business proposal to a prospective customer of the Company as of the Termination Date, or for which Company has a pending proposal to provide goods or services as a Company to a prospect customer as of the Termination Date. However, the term "Current Pending Customer" is limited to persons or entities that Employee interacts with on behalf of the Company or concerning which Employee learns, creates or reviews Confidential Information or Trade Secrets on behalf of the Company in the three (3) month period immediately preceding the Employee's end of employment with the Company.

(d) "Key Employee" means any person who at the Termination Date is employed or engaged by Company, and with whom Employee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date, and such person is in possession of Confidential Information and/or Trade Secrets.

(e) "Key Services" means services of the type performed by a Management Employee, Key Employee or Supervised Employee for the Company during the final twelve (12) months preceding the Termination Date, but shall not include clerical, menial, or manual labor.

(f) "Management Employee" means any person who at the Termination Date is employed or engaged by Company, and with whom Employee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date and such person is a manager, officer, director, or executive of Company.

(g) "Proprietary Creations" means all inventions, discoveries, designs, improvements, creations, and works conceived, authored, or developed by Employee, either individually or with others, any time during Employee's employment with the Company that: (1) relate to the Company's current or contemplated business or activities; (2) relate to the Company's actual or demonstrably anticipated research or development; (3) result from any work performed by Employee for the Company; (4) involve the use of Company equipment, supplies, facilities, Confidential Information or Trade Secrets; (5) result from or are suggested by any work done by the Company or at the Company's request, or any projects specifically assigned to Employee; or (6) result from Employee's access to any Company memoranda, notes, records, drawings, sketches, models, maps, customer lists, research results, data, formulae, specifications, inventions, processes, equipment Confidential Information, Trade Secrets or other materials.

(h) "Referral Client" means a person or entity that does not directly purchase products or services from Company, but which has the ability to effectively specify or recommend the purchase of products or services from Company or its competitors to end customers. The term Referral Client is limited to persons or entities to or through which Employee, one or more individuals or Company business units supervised, managed or directed by Employee, markets or sells Company products or services during the twelve (12) month period immediately preceding the Termination Date. The term Referral Client is further restricted to persons or entities which have specified or recommended the purchase of in excess of fifty thousand dollars (US $50,000) worth of products or services from Company which are actually purchased during the twelve (12) month period immediately preceding the Termination Date.

(i) "Restricted Customer" means a customer of Company to which Employee, or one or more

individuals or Company business units supervised, managed, or directed by Employee, sells or provides products or services on behalf of Company during the twelve (12) month period immediately preceding the Termination Date. The term Restricted Customer is limited to Company customers that purchase or receive in excess of fifty thousand dollars (US $50,000) worth of products or services from Company during the twelve (12) month period immediately preceding the Termination Date.

(j) "Restricted Territory" means Territories in which, during the twelve (12) month period immediately preceding the Termination Date, Employee, or one or more other Company employees or Company business units supervised, managed or directed by or receiving management or executive support from Employee: (i) provides products or services on behalf of the Company; or (ii) sells or solicits the sale of products or services on behalf of the Company. Notwithstanding the foregoing, the term Restricted Territory is limited to Territories in which Company sells or provides in excess of one hundred thousand dollars (US $100,000) in the aggregate worth of products or services in the twelve (12) month period immediately preceding the Termination Date.

(k) "Sales Territory" means Territories in which, during the twelve (12) month period immediately preceding the Termination Date, the Company: (i) sells products or services designed, developed, tested, or produced by Employee (either individually or in collaboration with other Company employees) or by one or more other Company employees or business units managed or directed by or receiving executive or management support from Employee; or (ii) provides products or services designed, developed, tested or produced by Employee (either individually or in collaboration with other Company employees) or by one or more other Company employees or business units managed or directed by or receiving executive or management support from Employee. Notwithstanding the foregoing, the term Sales Territory is limited to Territories in which Company sells or provides in excess of one hundred thousand dollars (US $100,000) in the aggregate worth of products or services in the twelve (12) month period immediately preceding the Termination Date.

(l) "Services" means services of the type performed for Company by Employee or one or more Company employees managed, supervised, or directed by Employee during the final twelve (12) months preceding the Termination Date, but shall not include clerical, menial, or manual labor.

(m) "Strategic Customer" means a customer of Company that purchases or receives a product or service from Company during the twelve (12) month period immediately preceding the Termination Date, but is limited to customers concerning which Employee learns, creates, or reviews Confidential Information or Trade Secrets on behalf of Company during the twelve (12) month period immediately preceding the Termination Date. The term Strategic Customer is limited to Company customers that purchase or receive in excess of fifty thousand dollars (US $50,000) worth of products or services from Company during the twelve (12) month period immediately preceding the Termination Date.

(n) "Supervised Employee" means any person who at the Termination Date is employed or engaged by Company, and with whom Employee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date, and such person was directly managed by or reported to Employee during the last 12 months prior to the Termination Date.

(o) "Termination Date" means the last date that Employee serves as an employee of the Company.

(p) "Third Party Confidential Information" means information received by Company from others that Company has an obligation to treat as confidential.

(q) "Trade Secret" means a Trade Secret as that term is defined under applicable state or federal law.

(r) "Territory" means a municipality within the United States of America, or within a foreign nation.

ATTACHMENT B

1. For twenty-four (24) months following the Termination Date, Employee shall not sell or solicit the sale of a Competing Product to a Restricted Customer or assist others in doing so.
2. For twenty-four (24) months following the Termination Date, Employee shall not perform Services as part of or in support of providing, selling, or soliciting the sale of a Competing Product to a Restricted Customer or assist others in doing so.
3. For twenty-four (24) months following Termination Date, Employee shall not encourage or cause a Restricted Customer to curtail, withdraw or cancel any business with Company or assist others in doing so.
4. For twenty-four (24) months following Termination Date, Employee shall not sell or solicit the sale of a Competing Product to a Strategic Customer or assist others in doing so.
5. For twenty-four (24) months following Termination Date, Employee shall not perform Services as part of or in support of providing, selling or soliciting the sale of a Competing Product to a Strategic Customer or assist others in doing so.
6. For twenty-four (24) months following Termination Date, Employee shall not encourage or cause a Strategic Customer to curtail, withdraw or cancel any business with Company or assist others in doing so.
7. For twenty-four (24) months following the Termination Date, Employee shall not sell or solicit the sale of a Competing Product to or through a Referral Client or assist others in doing so.
8. For twenty-four (24) months following the Termination Date, Employee shall not perform Services as part of or in support of providing, selling or soliciting the sale of a Competing Product to or through a Referral Client or assist others in doing so.
9. For twenty-four (24) months following Termination Date, Employee shall not encourage or cause a Referral Client to curtail, withdraw or cancel any business with Company or assist others in doing so.
10. For twenty-four (24) following the Termination Date, Employee shall not sell or solicit the sale of a Competing Product to a Current Pending Customer or assist others in doing so.
11. For twenty-four (24) months following Termination Date, Employee shall not perform Services as part of or in support of the business of selling, providing or soliciting the sale of Competing Products in the Restricted Territory. This Paragraph shall not bar Employee from performing clerical, menial or manual labor. This Paragraph shall apply to Employee only if during the one (1) year period immediately preceding the Termination Date Employee is involved in sales, sales management, or served as an executive or officer of the Company.
12. For twenty-four (24) months following the Termination Date, Employee shall not perform Services as part of or in support of developing, designing, testing, or producing Competing Products for sale in the Restricted Territory. This Paragraph shall apply to Employee only if during the one (1) year period immediately preceding the Termination Date Employee is involved in product development design, testing, production, or served as an executive or officer of the Company.
13. For twenty-four (24) months following the Termination Date, Employee shall not perform Services as part of or in support of the business of selling, providing or soliciting the sale of Competing Products in the Sales Territory. This Paragraph shall not bar Employee from performing clerical, menial or manual labor. This Paragraph shall apply to Employee only if during the one (1) year period immediately preceding the Termination Date Employee is involved in product development design, testing, production, or served as an executive or officer of the Company.
14. For twenty-four (24) months following the Termination Date, Employee shall not perform Services as part of or in support of developing, designing, testing or producing Competing Products for sale in the Sales Territory. This Paragraph shall apply to Employee only if during the one (1) year period immediately preceding the Termination Date Employee is involved in product development design, testing, production, or served as an executive or officer of the Company.

Exhibit 31.1

CERTIFICATION

I, Randal W. Baker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Actuant Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting

Date: June 28, 2019

/s/ Randal W. Baker

Randal W. Baker Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION

I, Rick T. Dillon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Actuant Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: June 28, 2019

/s/ Rick T. Dillon

Rick T. Dillon

Executive Vice President and Chief Financial Officer

Exhibit 32.1

WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. ss.1350, I, the undersigned Chief Executive Officer and President of Actuant Corporation (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended May 31, 2019 (the “Report”) fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

Date: June 28, 2019

/s/ Randal W. Baker

Randal W. Baker

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Actuant Corporation and will be retained by Actuant Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

Exhibit 32.2

WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. ss.1350, I, the undersigned Executive Vice President and Chief Financial Officer of Actuant Corporation (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarterly period ended May 31, 2019 (the “Report”) fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

Date: June 28, 2019

/s/ Rick T. Dillon

Rick T. Dillon

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Actuant Corporation and will be retained by Actuant Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.