ENERPAC TOOL GROUP

Fiscal 2019
Fourth Quarter Earnings

September 26, 2019

Safe Harbor

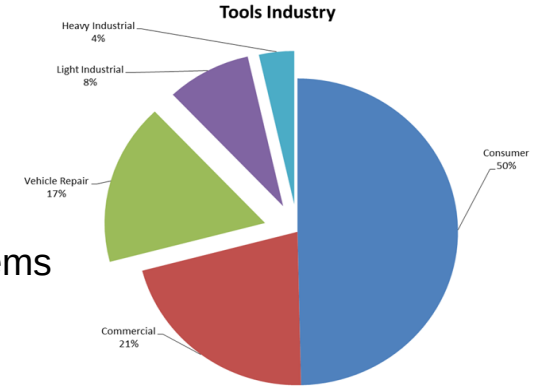
Statements in this presentation that are not historical are considered “forward-looking statements” and are subject to change based on various factors and uncertainties that may cause actual results to differ significantly from expectations. Those factors are contained in Actuant Corporation’s Securities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

All estimates of future performance are as of September 26, 2019. Actuant Corporation’s (doing business as Enerpac Tool Group) inclusion of these estimates or targets in the presentation is not an update, confirmation, affirmation or disavowal of the estimates or targets.

In this presentation certain non-GAAP financial measures may be used. Please see the supplemental financial schedules at the end of this presentation or accompanying the Q4 Fiscal 2019 earnings press release for a reconciliation to the appropriate GAAP measure.

Launch of the New Company

- New doing business as name and stock symbol *“EPAC” (ticker effective October 7, 2019)*
- Serving the Light and Heavy Industrial tool market - $8b
- We are a premium brand with a 110 years history of providing:
  - Highest precision and reliability
  - Innovation to solve the most difficult maintenance and assembly problems
  - With a focus on Safety
- Focused on four product families with:
  - 14 tools categories
  - Serving 13 vertical industries



General Industrial



Bolting Technology



Hydraulic Pumps



Lifting Systems



Enerpac Tool Group

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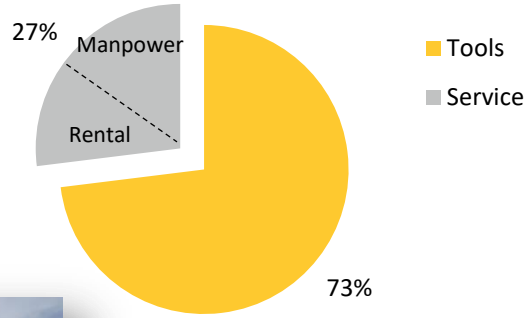
Sales Distribution





13 Manufacturing locations



2500+ Employees



2000+ Distributors
Over 4000 points of sale

Core Growth Above Market

- Well positioned for continued growth
- 80%+ of sales from high margin Tool & Rental
- New product development increasing toward 10%
- Commercial operations gaining share

Driving World-Class Operations and Service

- 13 plant locations positioned to serve local markets
- Lean manufacturing at all locations
- 2500+ engaged and dedicated employees

Disciplined Capital Deployment

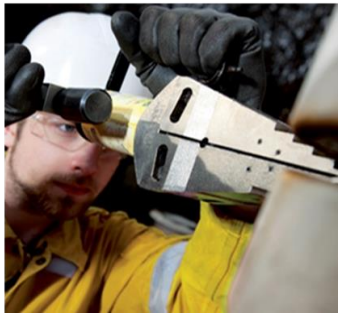
- Investments for growth
- Maintaining a strong balance sheet
- Strategic acquisitions within the tool sectors
- Returning capital to share holders – Share buybacks

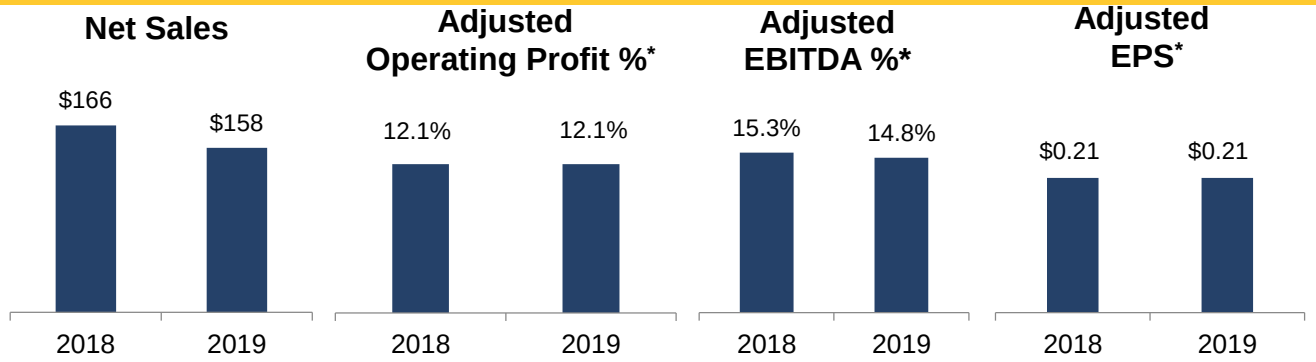
Q4 Results

Tools



Services





- Core sales decline of 3%; impact of strong US Dollar (2%)
  - Strategic exit of low margin service business in North America
  - Decelerating growth, particularly in Europe
  - Offset by solid medical sales growth
- Adjusted Operating Profit margin consistent with FY'18
- Adjusted EBITDA margin slightly lower on reduced volume
- Adjusted EPS consistent with Q4 FY'18
- Financial leverage at 1.7x and improved versus prior year 1.9x
- Allocated capital to repurchase approximately one million shares of common stock and prepay debt of ~$13.8 million

*Adjusted Operating Margin, EBITDA Margin and EPS excludes restructuring, impairment and other charges identified in the accompanying reconciliations to GAAP measures.

2019 Full Year Recap

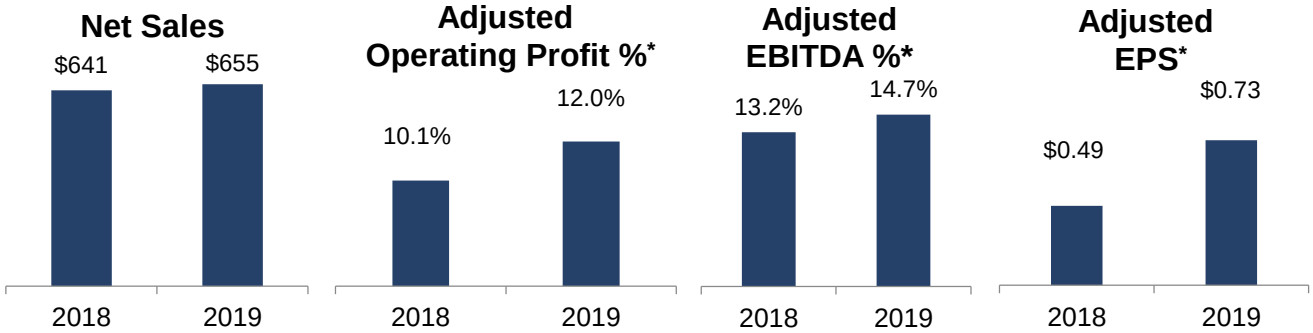
ENERPAC TOOL GROUP

Tools



Services





Solid full year results

- Core sales growth of 4%; impact of strong US Dollar (2%)
  - IT&S core growth of 5%
- Adjusted Operating Profit increased 21% with Adjusted Operating Profit Margin expansion of 190bps
- Adjusted EBITDA margin expansion of 150bps
- Adjusted EPS growth of 49% YOY
- Financial leverage at 1.7x and improved versus prior year of 1.9x

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Fourth Quarter 2019 Comparable Results

(US$ in millions except Diluted EPS)

	F' 2018	F' 2019	Change
Sales	$166	$158	-5%
Adjusted Operating Profit[1]	$20	$19	-5%
	12.1%	*12.1%*	*n/c*
Adjusted Diluted EPS[1]	$0.21	$0.21	0%

Adjusted Operating Profit

- Maintained operating margin % despite reduction in sales
  - Benefits from North American service restructuring offset by decreased volume
  - Decremental margins less than 12%
  - Includes $3.3 million of overhead costs previously allocated to EC&S segment

Sales

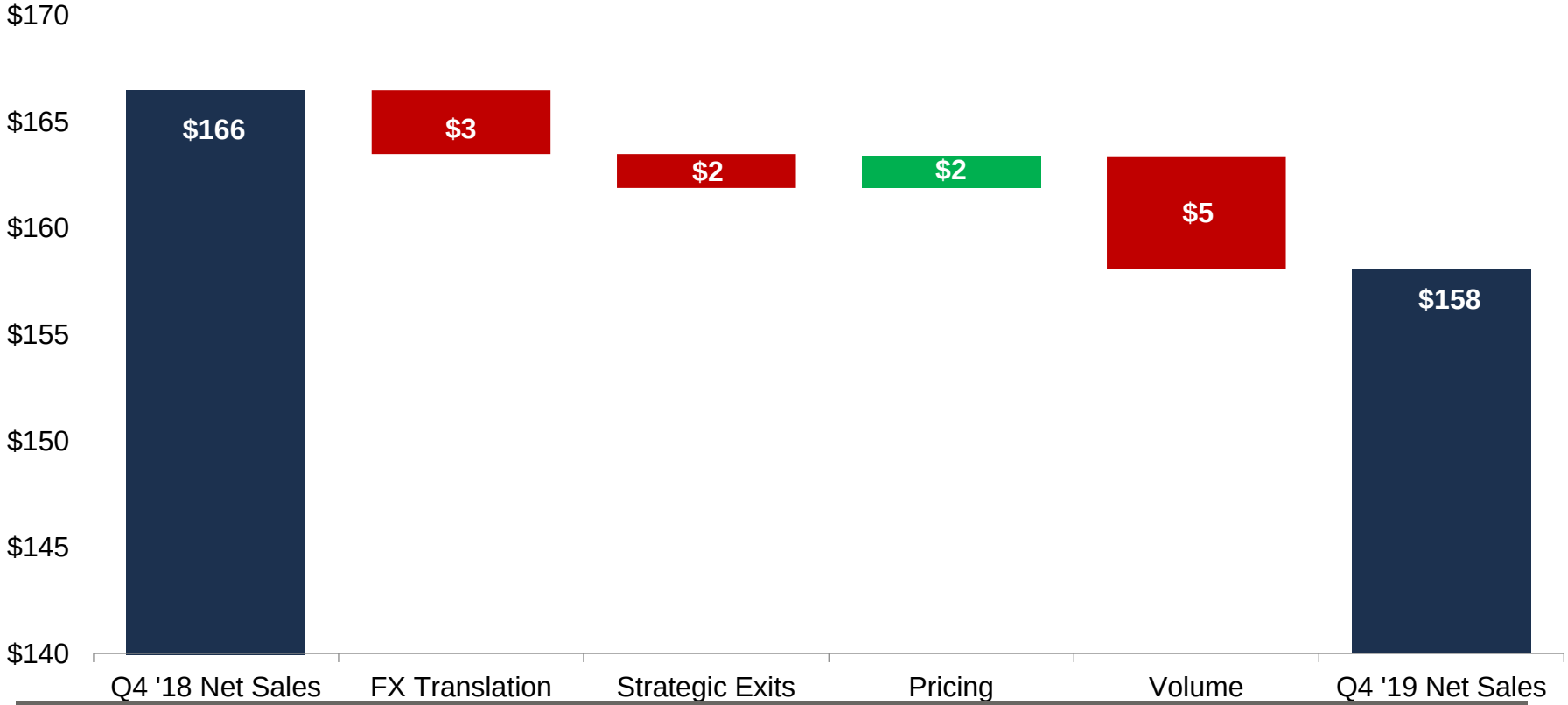
- Core sales decline of 3%
  - IT&S sales (4%)
    - Strategic exit from low margin service sales
    - Market deceleration, especially in Europe
    - North America and rest of world roughly flat ex service sales exits
  - Cortland +5%
    - Realized expected acceleration in medical sales growth
- New Product Development – 7 new products launched

Adjusted Diluted EPS

- EPS flat year over year
  - Adjusted Operating Profit as outlined above
  - Reduced interest expense due to debt reduction
  - Tax rate improvement versus prior year
    - Lower profits in Europe
    - Reduced GILTI tax
    - Planning actions

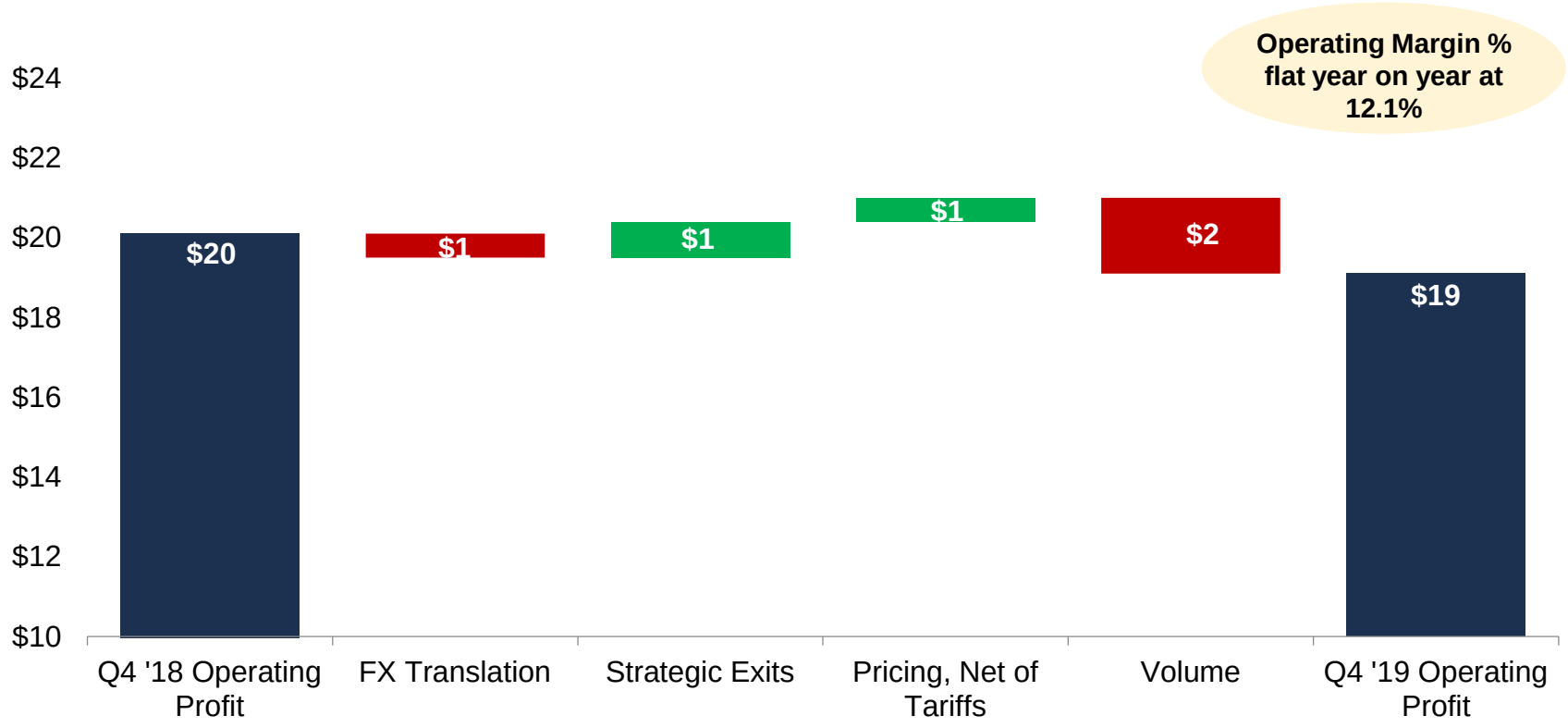
(1) Excluding restructuring, impairment and other specified charges. See the accompanying reconciliation tables.

Net Sales Waterfall



The stronger dollar, strategic exits and market deceleration drove lower sales. US and rest of world (ex Europe) were relatively flat – Europe down due to Brexit and geopolitical issues.

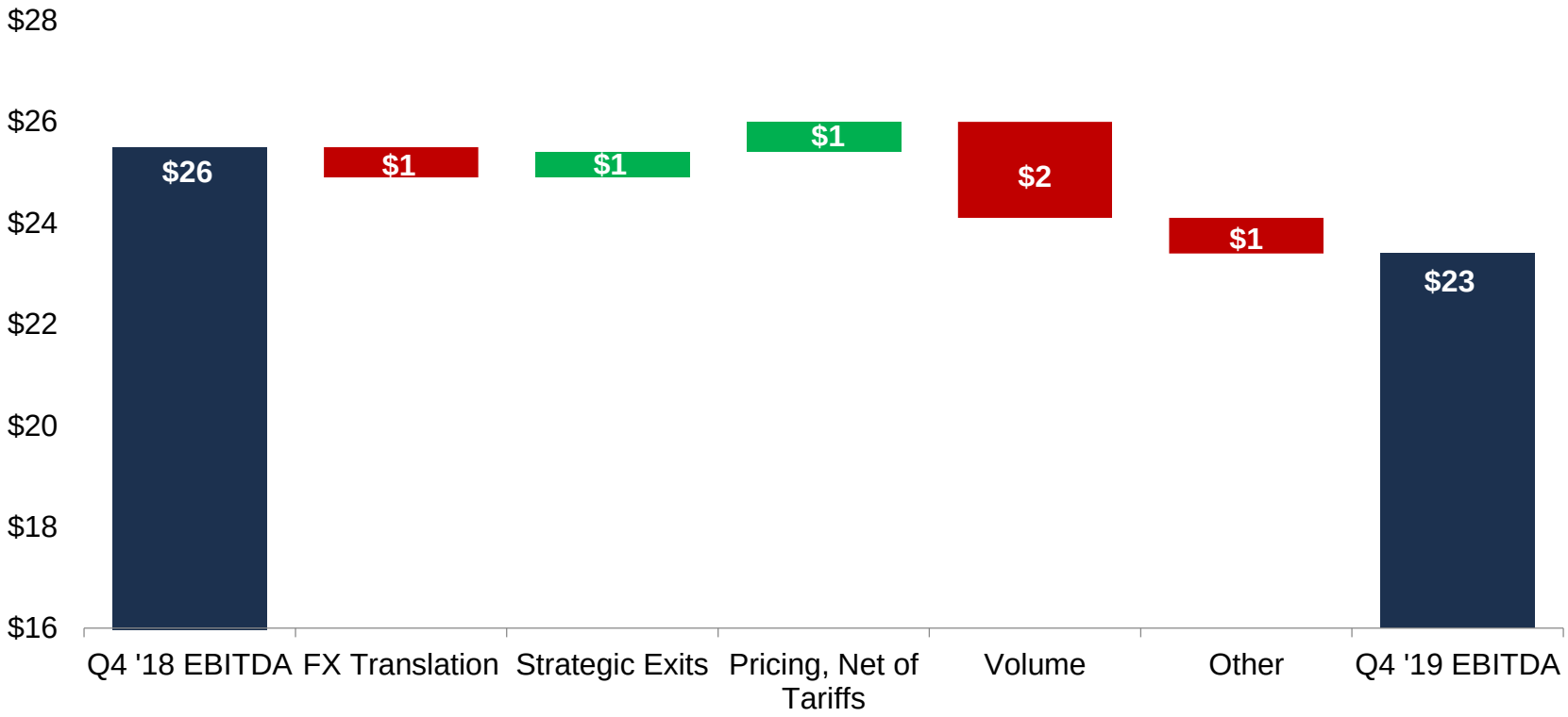
Adjusted Operating Profit Waterfall*



Strategic exits provided an immediate benefit which partially offset a portion of the impact from reduced volume. The price/cost/tariff net impact was slightly positive due to known future cost increases.

* Includes certain Non-GAAP financial measures. See the accompanying reconciliation tables for additional details.

Adjusted EBITDA Waterfalls*



Adjusted EBITDA benefited slightly from service restructuring offset by decreased volume year-over-year.

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Fourth Quarter 2019 Comparable Results

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Adjusted Diluted EPS

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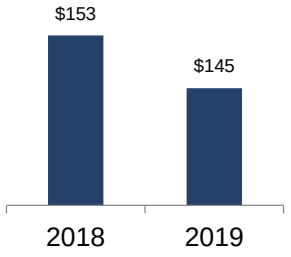
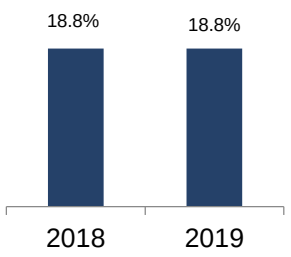
Industrial Tools & Services

Fourth Quarter FY'18 vs FY'19

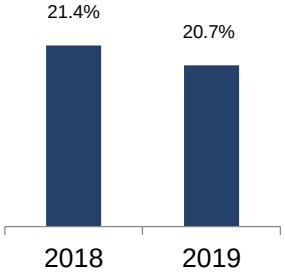
Net Sales



Adjusted Operating Profit %*



Adjusted EBITDA %*



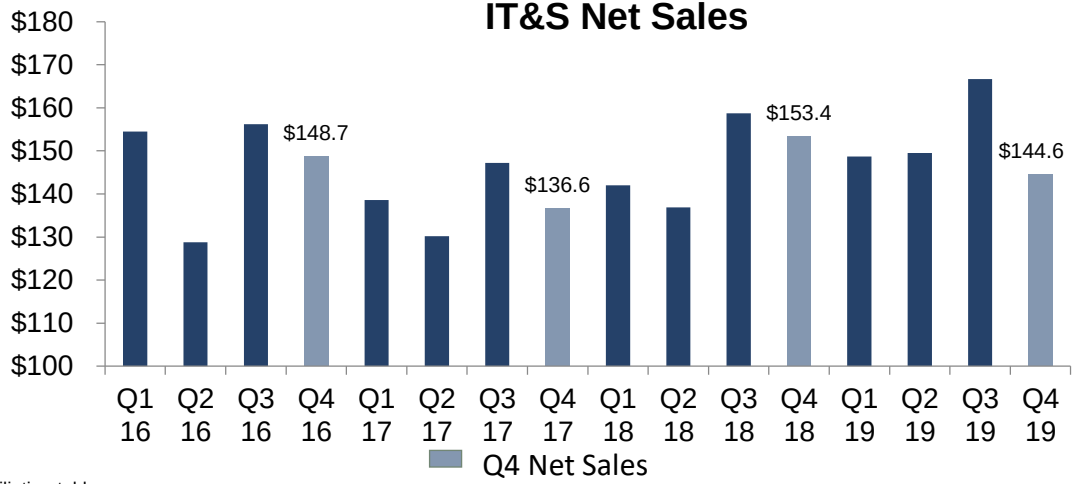
ENERPAC



Launched 7 new products in Q4

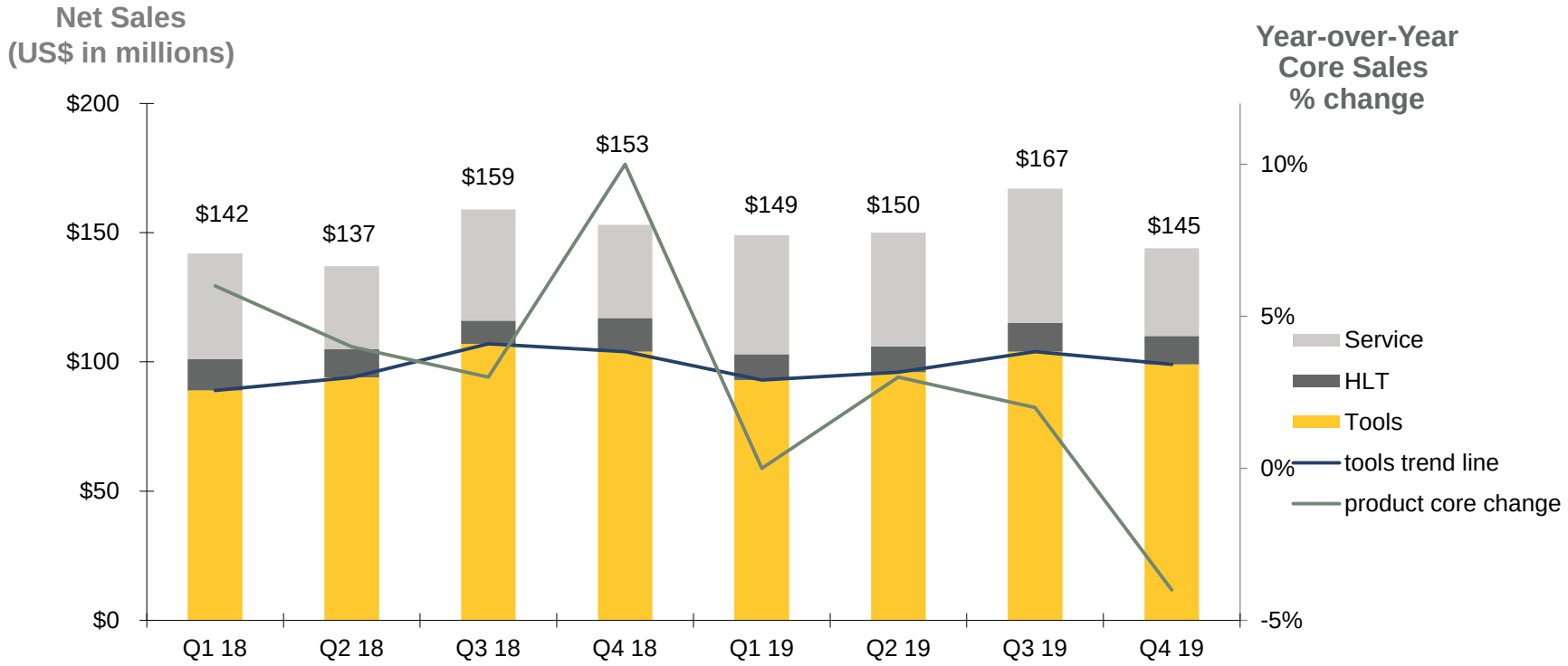
- Core sales decline resulted from strategic exit of unprofitable service sales in North America. Decelerating demand during the quarter resulted in flat sales in most regions except Europe where fall off was greater.
- Nearly 40 new product families launched in FY'19
- Adjusted Operating Profit % remained steady from restructuring benefit, product mix and incentive comp reduction

IT&S Net Sales



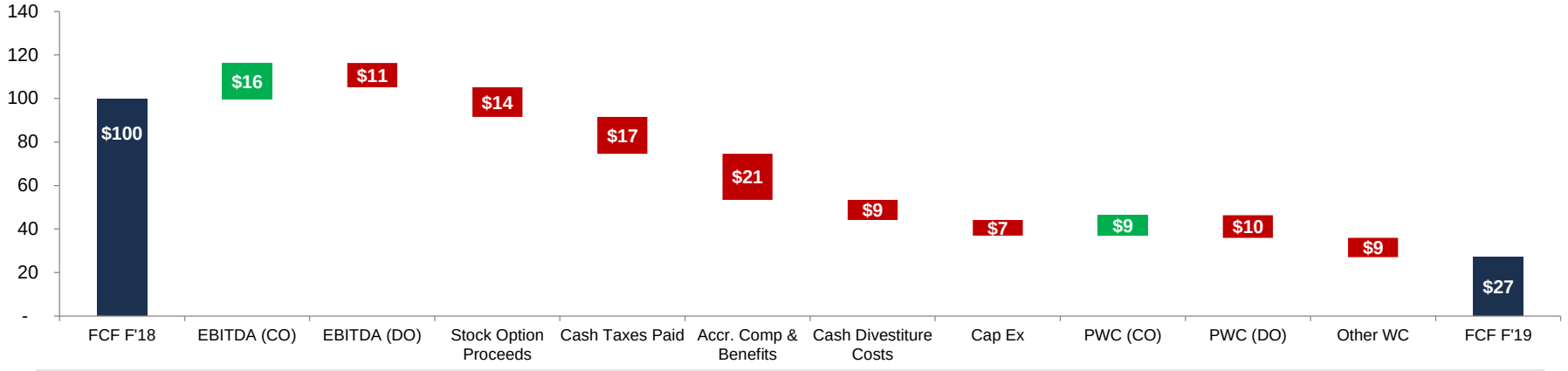
*Excludes restructuring, impairment and other specified charges. See the accompanying reconciliation tables.

IT&S Core Sales Trend



Product core sales declined in the quarter primarily driven by large custom HLT projects in fiscal 2018 that did not repeat in the current year.

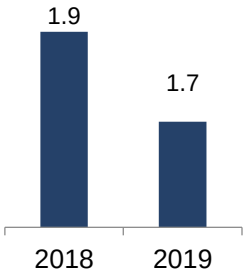
Free Cash Flow - Leverage Continues to Improve



Net Debt Reconciliation

Net Debt – May 31, 2019	$274
FX/Other	3
Purchase of Treasury Stock	22
Free Cash Flow	(50)
Net Debt – Aug 31, 2019	$249
Net Debt/Adjusted EBITDA [1]	1.7

Financial Leverage (Aug 31)

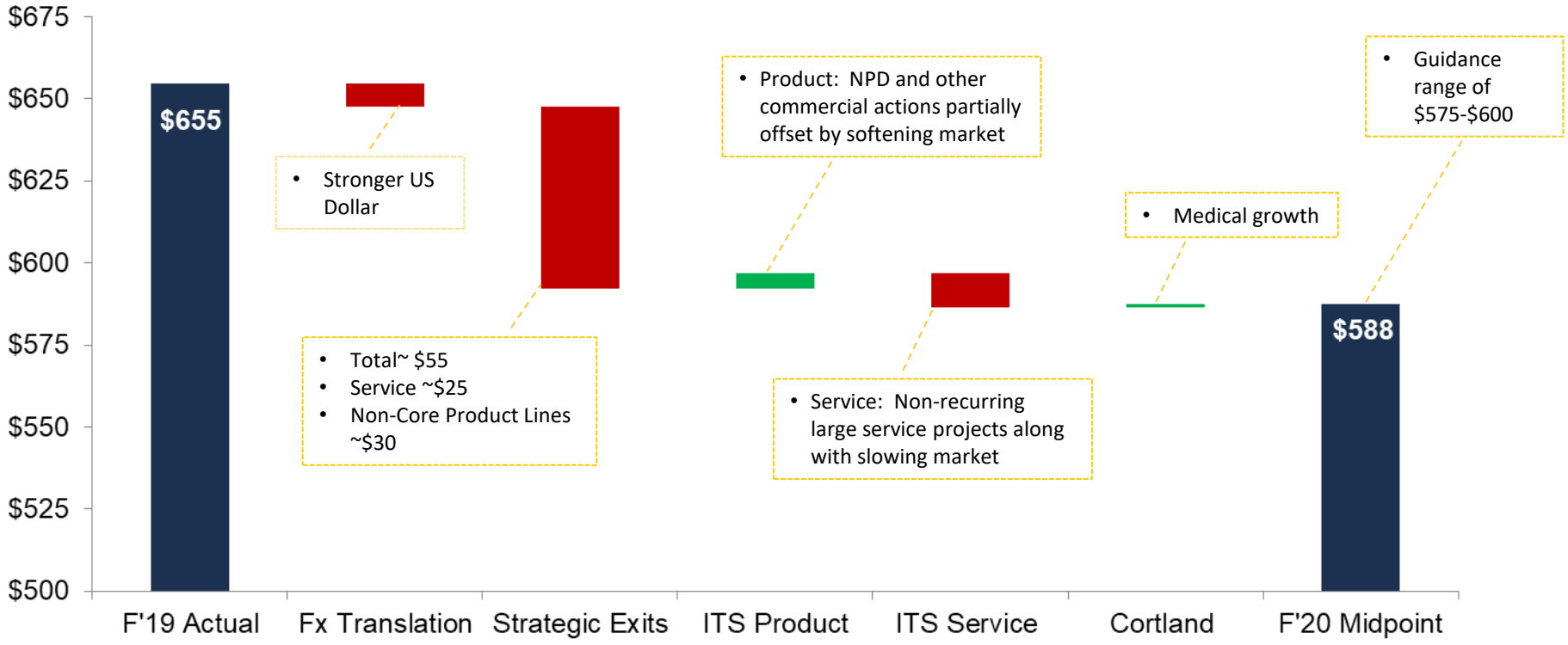


FY'20 FCF Guidance of $50-$75M assumes

- $10-$20M reduction in working capital
- Lower cash taxes and interest offset by cash restructuring and other divestiture charges
- Capex – approximately $10M

(1) Adjusted for noncash stock compensation expense and excludes impairment charge. Includes certain Non-GAAP financial measures. See the accompanying reconciliation tables for additional details.

Sales Waterfall - Guidance



Decrease in top line year-over-year due to strategic exits, foreign currency along with market softness partially offset by NPD and other commercial actions.

FY'20 EBITDA and EPS Assumptions

EBITDA Assumptions –

- *Actions taken to date and in FY'20 expected to result in EBITDA margin improvement of ~200bps in FY'20*
- EBITDA margin expansion from
  - Strategic exits – Improved profitability from our decision to exit $55 million of non-core service and product lines
  - EC&S corporate costs recovery – approximately $9 million from Transition Services Agreement which will begin at close
- Partially offset by
  - Increased incentive compensation and other costs
  - Reduced service profit margin – primarily large service projects not expected to repeat in FY'20
  - Cortland facility optimization project
    - As a result of certain product and market dynamics, made the decision to exit the cable business.
    - In conjunction with this exit, rationalizing a portion of the manufacturing footprint.
    - Expect this will result in future margin expansion but will be a cost this fiscal year

EPS Key Assumption

- For purposes of guidance, assumed all EC&S proceeds are used to pay down term loan following close of transaction

Macro Industry Dynamics

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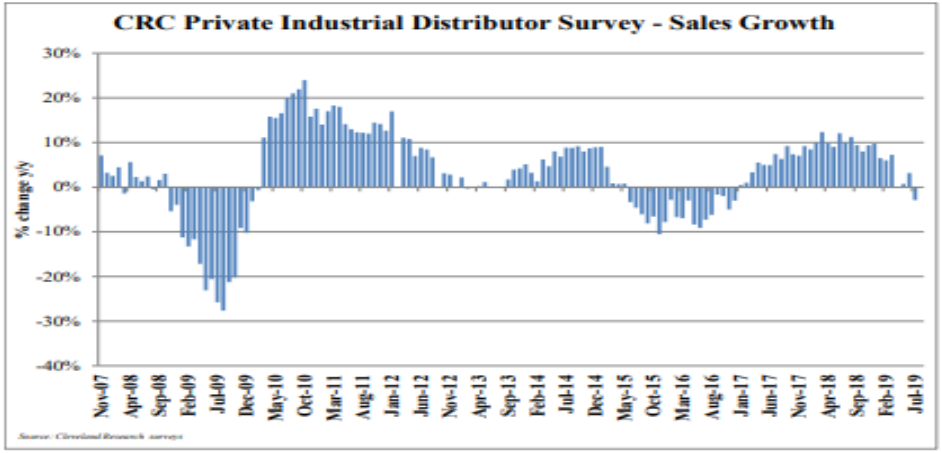
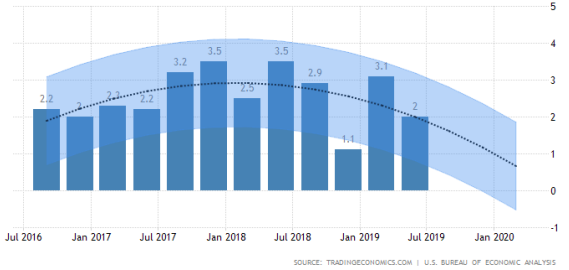
- General economic factors – Pre Recession growth rates, with inflationary concerns
  - Global GDP: US & Euro Area decline
  - PMI declining
  - Commodity prices increasing
- Industrial Tools & Services
  - Slowing activity in the major markets
  - Dealer inventory control
  - Conservative dealer sales forecast
  - O&G service: minimal growth

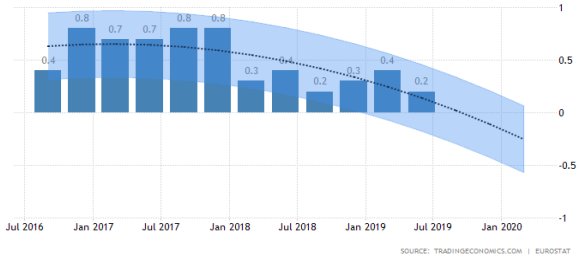


GDP Growth Rate

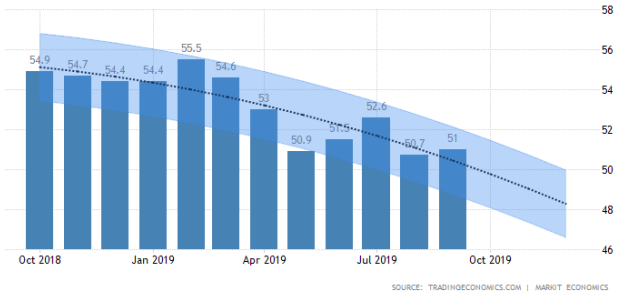
USA



Euro Area



US PMI



Fiscal 2020 Core Sales Expectations

Core Growth	*FY 2020*
Industrial Tools	*(1%) – 3%*
Service	*(9%) – (5%)*
Cortland	*0% – 4%*
Consolidated	*(3%) – 1%*

FY'20 core growth estimates exclude strategic exits in both product and service

- Industrial Tools & Services
  - Retail demand slower in major regions
  - Tools: new product contribution and commercial actions offset by modest market decline of 0-3%
  - Services: Non-recurring service projects; modest market decline
- Cortland Medical & Industrial
  - Strong medical sales growth +10 – 15%
  - Flat industrial rope sales and exiting cable business

Fiscal 2020 Guidance Summary

(US$ in millions except EPS)

	Full Year	
	2019	2020E
Net Sales	$655	$575-$600
Adj. EBITDA*	$96	$94-$104
Adj. Diluted EPS*	$0.73	$0.68-$0.81

	First Quarter	
	2019	2020E
Net Sales	$159	$135-$144
Adj. EBITDA*	$19	$17.5-$20.5
Adj. Diluted EPS*	$0.11	$0.08-$0.12

2020 guidance excludes restructuring, impairment & divestiture charges and other tax adjustments. 2020 guidance also excludes any future acquisitions, divestitures or stock repurchases not specially identified.

Assumptions

- Key FX rates – approximately $1.10/1€ and $1.22/1£
- Shares outstanding ~61 million
- Free cash flow $50-$75 million
- Tax rate ~ 20%

Expect consolidated full year core sales to be (3%) to 1% driven by NPD and other commercial actions along with medical growth offset by softness in the market.

* Includes certain Non-GAAP financial measures. See the accompanying reconciliation tables for additional details.

Q&A

Appendix

Fourth Quarter 2019 GAAP vs Non-GAAP Reconciliation

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	GAAP	Impairment & Divestiture Charges	Restructuring & Other Exit Charges	Tax Reform Charges	Adjusted
Sales	$158.3				$158.3
Operating Profit	$8.0	($6.2)	($4.8)	$0.0	$19.1
Income Taxes	$1.6	($1.9)	$1.4	$2.7	($0.6)
Net Income	($0.6)	($4.3)	($6.3)	($2.7)	$12.8
Effective tax rate	*153.1%*				
Diluted EPS	($0.01)	($0.07)	($0.10)	($0.05)	$0.21

Impairment & Divestiture Charges include:

- $4.3 million charge primarily related to the write-off of a customer list tied to the service business exited in the fourth quarter

Restructuring & Other Exit Charges include:

- $6.3 million charge primarily relates to the strategic exit of service offerings

Tax Reform Charges include:

- Income tax increase resulting from an adjustment to the original provision for US tax reform

Reconciliation of Non-GAAP Measures

(US$ in millions)

Adjusted EBITDA

	Q4 2019	Q4 2018
Net Earnings	($1)	$11
Net Financing Costs	$6	$8
Income Taxes	$2	$0
Depreciation & Amortization	$5	$5
Restructuring Charges	$5	$1
Impairment/Divestiture	$6	$0
Adjusted EBITDA	**$23**	**$26**

Free Cash Flow

	Full Year 2019	Full Year 2018
Cash From Operations	$54	$106
Capital Expenditures	($28)	($21)
Stock Option Proceeds	$1	$15
Other	$0	$0
Free Cash Flow	**$27**	**$100**

- The Enerpac Tool Group fiscal 2019 Q4 earnings release and full GAAP to non-GAAP reconciliation is available online at: https://www.enerpactoolgroup.com/investors/quarterly-results/

- All amounts throughout presentation are presented as US$ in millions, other than per share amounts or unless otherwise noted

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