ENERPAC®
TOOL GROUP

Fiscal 2020
First Quarter Earnings

December 19, 2019

Forward-Looking Statements

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 December 19, 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 Q1 Fiscal 2020 earnings press release for a reconciliation to the appropriate GAAP measure.

A Global Leader in Industrial Tools and Services

110
YEARS OF HISTORY

Menomonee Falls, WI
HEADQUARTERS

~2,600
EMPLOYEES

100+
MANAGEMENT TEAM YEARS EXPERIENCE

90+
OF COUNTRIES PRODUCTS SOLD INTO

Global leader in high precision tools, controlled force products and solutions for precise heavy lifting

Products

Cylinders/Jacks, Pumps, Bolting tools, Presses, Pullers, Tools, Heavy Lifting Technology

Service and Rental

Bolting, machining and joint integrity

Extensive Global Distribution

2,500+ long-standing distribution relationships

4,000+ distributor locations

Diversified Customer Base

Specialty Dealers

National Distribution

Large OEMs

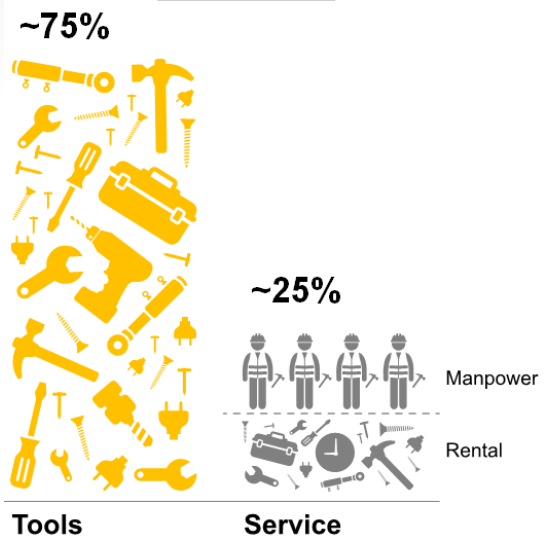
STRONG BRAND RECOGNITION

ENERPAC
Premium Industrial Tools
Heavy Lifting

hydratight
Service
Rental
Training

CORTLAND
Medical
Industrial Ropes

Revenue Mix



Executing on Our Strategy

Invest in Ourselves to Drive Organic Growth

- Continued NPD Growth

Disciplined M&A within Tool Space

- Active Pipeline

Reduce Debt and Maintain a Strong Balance Sheet

- Used Proceeds From ECS Divestiture to Pay Down Term Loan

Opportunistic Share Buybacks

- Incremental Share Repurchases in the Quarter

Goal of enhancing Enerpac's position as a premier industrial tools and services company and its commitment to sustainable shareholder value creation



Clear Value Creation Model – 5 Year Vision

ENERPAC TOOL GROUP

CORE GROWTH ABOVE MARKET

~5% CORE GROWTH CAGR OR

200-300bps CORE SALES GROWTH > MARKET

- Product innovation
- Expand industries and regions
- Commercial effectiveness & share capture
- Incremental growth through strategic M&A

DRIVING EFFICIENCY AND PROFITABILITY

~25% EBITDA MARGINS

- 35%-45% incremental margins
- Optimized manufacturing footprint
- Structural cost reduction
- Completion of service & product line restructuring exits
- Strategic sourcing
- Proprietary products

STRONG CASH FLOW GENERATION

+100% FCF CONVERSION = FUEL FOR GROWTH

- Margin expansion
- Low capital intensity (Capex ~2% of sales)
- Drive working capital velocity

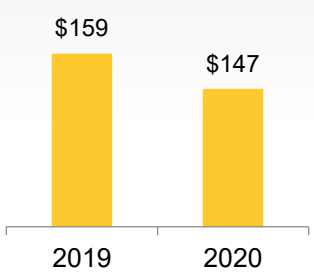
BEST-IN-CLASS RETURNS AND DISCIPLINED CAPITAL DEPLOYMENT

~20% RETURN ON INVESTED CAPITAL

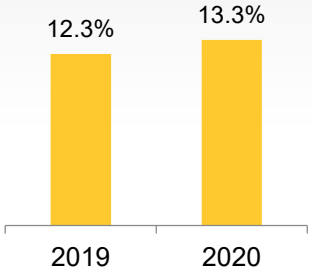
- Organic growth: products, services & people
- Strategic acquisitions
- Opportunistic share repurchases
- Debt reduction; maintain strong balance sheet
- Leverage target of 1.5x – 2.5x

First Quarter 2020 Comparable Results

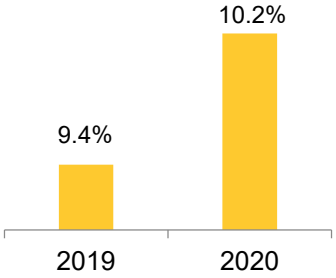
(US$ in millions except EPS)



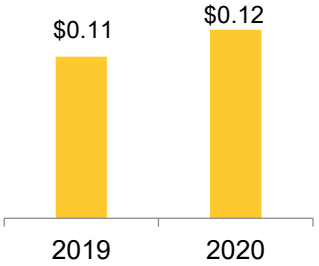
Net Sales*



Adjusted EBITDA %*



Adjusted Operating Profit %*



Adjusted Diluted EPS*

*Adjusted Operating Margin, EBITDA Margin and EPS excludes restructuring, impairment and other charges identified in the accompanying reconciliations to GAAP measures. In addition, see reconciliation of net sales to core sales in the appendix.

NET SALES*

- Core sales were flat
  - IT&S sales (1%)
    - General indicators of regional market softness
  - Cortland +12%
    - Continued growth of medical sales
- New Product Development (NPD) – 3 new products launched
  - NPD % of sales >10% for the quarter

ADJUSTED OPERATING PROFIT*

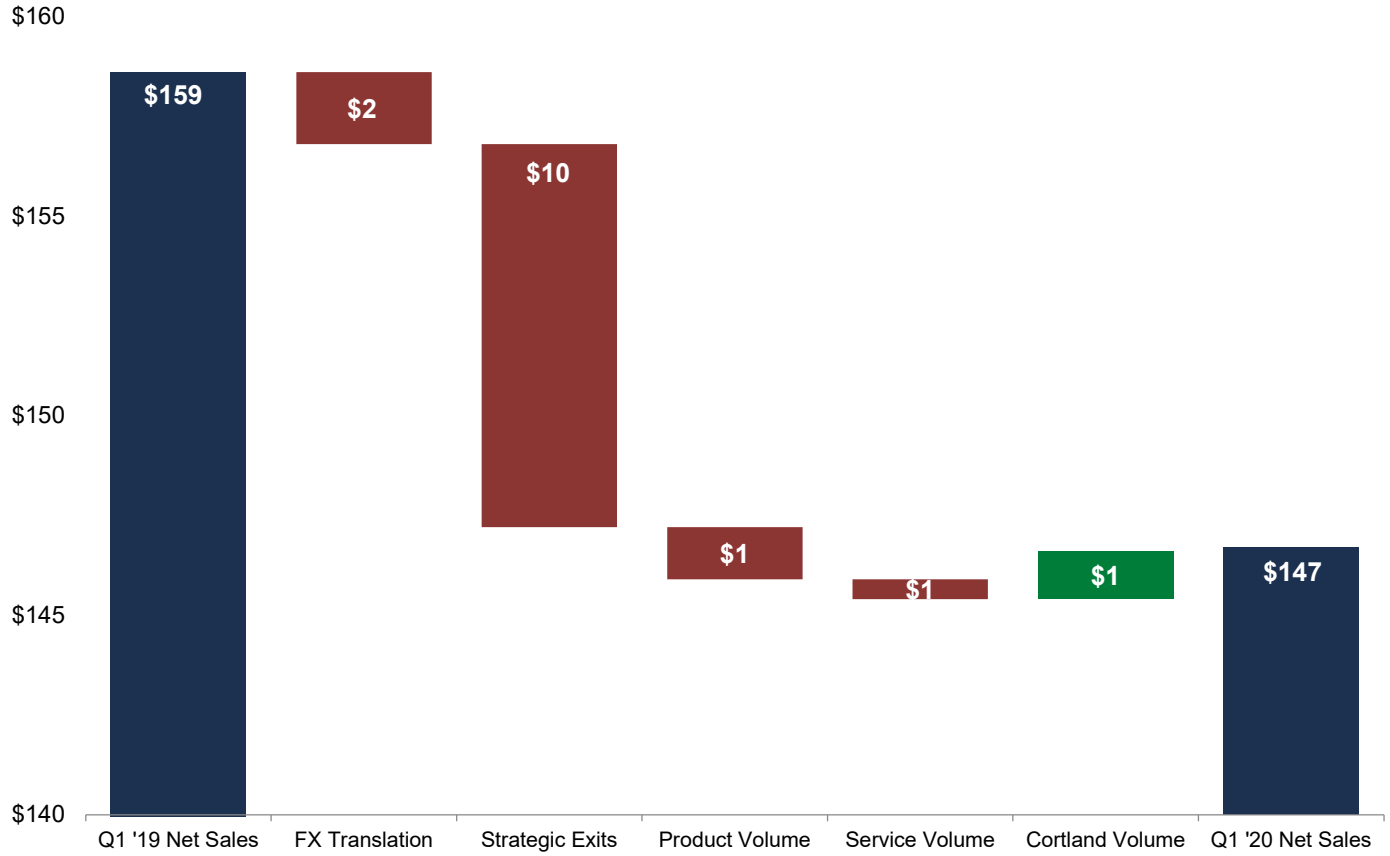
- Improved operating margin despite reduction in sales
  - Benefits from restructuring and planned strategic exits
  - Includes $3.0 million of overhead costs previously allocated to EC&S segment

ADJUSTED DILUTED EPS*

- EPS improvement year-over-year
  - Adjusted Operating Profit improvement
  - Reduced interest expense due to debt reduction
  - Tax rate improvement versus expectations
    - Planning actions
    - Adoption of new tax regulations
  - Share repurchases of ~840,000 shares

Net Sales Waterfall*

(US$ in millions)



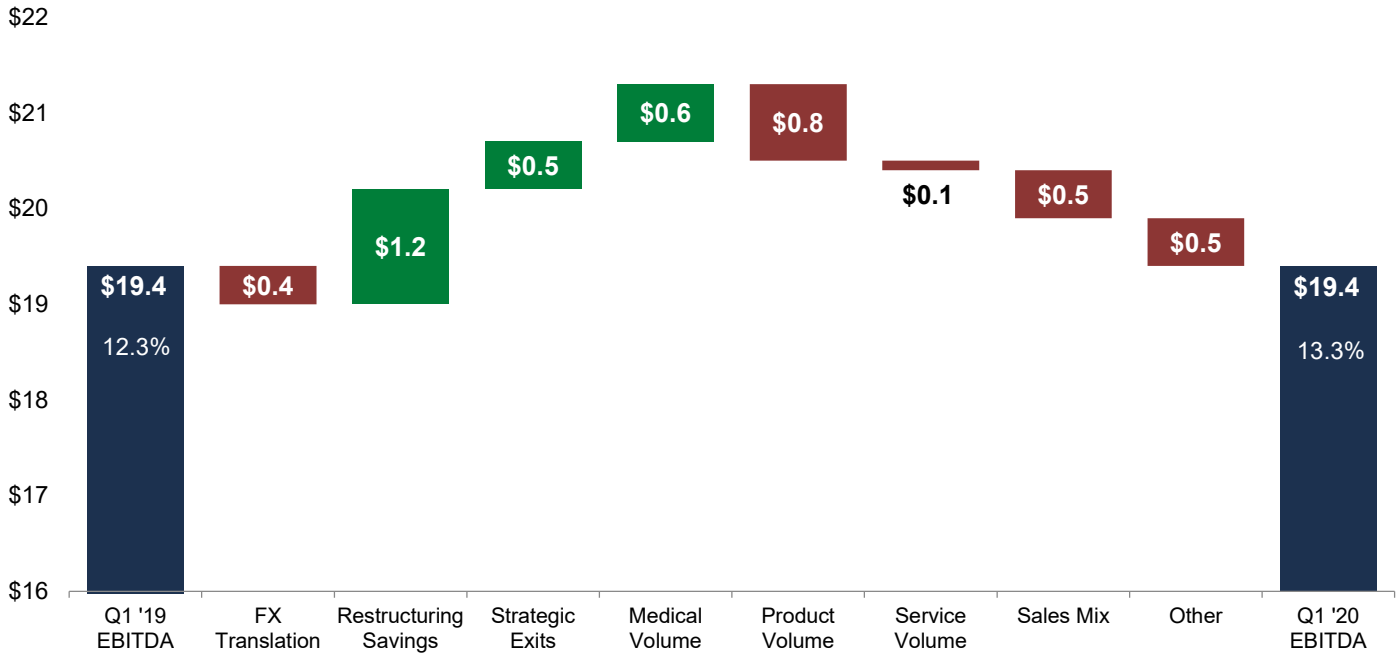
Planned strategic exits, the stronger dollar, and general market softness resulted in lower sales year-over-year

We saw stabilization in Europe and growth in Middle East service along with Cortland medical

* See the reconciliation of net sales to core sales in the appendix.

Adjusted EBITDA Waterfall*

(US$ in millions)



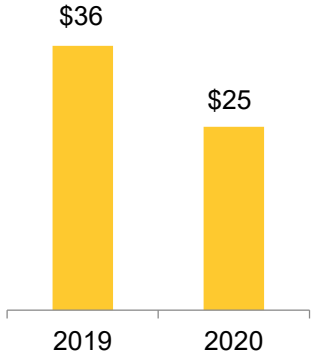
Adjusted EBITDA was flat year-over-year due to savings from restructuring and strategic exits offset by reduced volume and mix

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

Balance Sheet - Leverage Continues to Improve

(US$ in millions)

- Improvement in use of cash in Q1 fiscal 2020 vs Q1 fiscal 2019 (including 2 months of EC&S)
  - Lower working capital build
  - Lower incentive compensation payment
- Q1 cash balance $207 million
- EC&S proceeds used to pay off term loan
- Repurchased ~840,000 shares

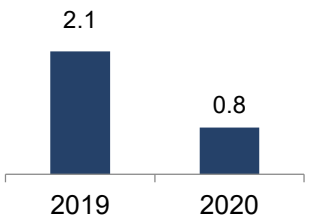


Q1 Free Cash Flow Use

Net Debt Reconciliation

Net Debt – Aug 31, 2019	$249
Divestiture Proceeds	(218)
Purchase of Treasury Stock	18
Fx/Other	5
Free Cash Flow	25
Net Debt – Nov 30, 2019	$79
Net Debt/Adjusted EBITDA (1)	0.8

Financial Leverage (Q1)



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.

Achieving EBITDA Margin Expansion – Next 5 Years

ENERPAC TOOL GROUP

Fiscal 2019 → Fiscal 2020 → Fiscal 2021-2024

Strategic Vision

EBITDA ~15%

EBITDA ~17%*

- EBITDA run rate of ~20% by end of fiscal 2020
- Restructuring
- Structural Cost Reduction

Restructuring Run Rate / Structural Cost Reduction

~325-425bps**

- Achieve run rate on already announced restructuring
- Eliminate ECS stranded costs
- Redundancy in segment vs corporate costs
- Reduced third party support costs

~$10M

Footprint Optimization

~150-200bps**

- Cortland plant consolidation
- Enerpac plant optimization

~$5M

Incremental Profit on Growth

~275-325bps**

- Profitability on incremental product sales from 35-45%
- Focus on value added service and rental
- Growth from market and NPD

EBITDA ~25%

- Based on actions taken in fiscal 2020-2024 anticipate an EBITDA run rate of ~25% by end of fiscal 2024

Actions to Date

Fiscal 2020 progression

EBITDA ~15%

+200bps*

+200bps**

- Complete Enerpac restructuring
- Eliminate EC&S stranded costs

+100bps**

- Cortland plant consolidation

EBITDA ~20%

- Annualized run rate by end of fiscal 2020

*midpoint of guidance

**estimated expansion opportunity

Industry Dynamics

- General economic factors
  - Moderate improvement in Composite PMI
  - Euro area remains the weakest
  - Trade issues creating volatility
- Industrial Tools & Services
  - Weaker demand vs. 2019 in line with expectations
  - Dealers constraining inventory
  - O&G service: minimal growth

Core Sales Expectations

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

PMI - USA



Business Climate Indicator - Euro Area



PMI – China



Guidance

Full Year Guidance for Fiscal 2020*

- Net sales of $575 to $600 million
- Adjusted EBITDA of $94 to $104 million
- Adjusted diluted EPS of $0.68 to $0.81
- Free cash flow of $50 to $75 million

Q2 Guidance for Fiscal 2020*

- Net sales of $133 to $140 million
- Adjusted EBITDA of $16.5 to $19.5 million
- Adjusted diluted EPS of $0.08 to $0.12

Assumptions

- Key FX rates – approximately $1.10/1€ and $1.22/1£
- Weighted average shares outstanding ~61 million
- ~20% annual effective tax rate

(US in millions except EPS)

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

	Second Quarter 2020E
Net Sales	$133-$140
Adj. EBITDA*	$16.5-$19.5
Adj. Diluted EPS*	$0.08-$0.12

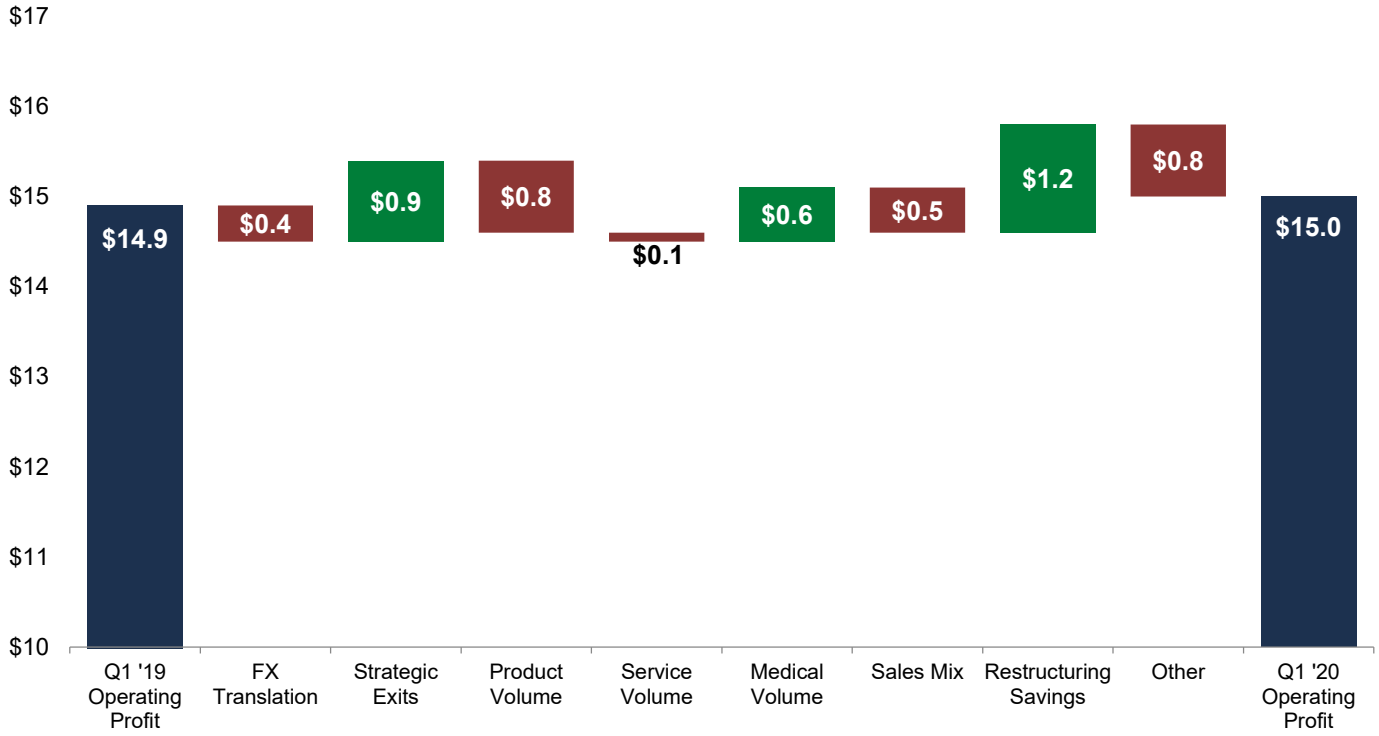
* FY2020 guidance excludes restructuring, impairment & divestiture charges, accelerated debt issuance costs and other tax adjustments. FY2020 guidance also excludes any future acquisitions, divestitures or stock repurchases not specially identified.

Q&A

Appendix

Adjusted Operating Profit Waterfall*

(US$ in millions)



Adjusted Operating Profit was flat year-over-year due to savings from restructuring and strategic exits offset by reduced volume and mix

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

First Quarter 2020 GAAP vs Non-GAAP Reconciliation

(US$ in millions except EPS)

	GAAP	Less: Net Impairment & Divestiture Gains	Less: Restructuring Charges	Less: Accelerated Debt Issuance Costs	Adjusted
Sales	$146.7				$146.7
Operating Profit	$14.4	$1.4	($2.0)	$0.0	$15.0
Interest Expense	$6.7	$0.0	$0.0	$0.6	$6.1
Income Taxes	$1.0	$0.3	($0.2)	($0.1)	$1.0
Net Income	$6.4	$1.1	($1.8)	($0.5)	$7.6
Effective tax rate	*13.0%*				
Diluted EPS	$0.11	$0.02	($0.02)	($0.01)	$0.12

Net Impairment & Divestiture Gains include:

- $1.4 million benefit related to the net impact of the divesture of product lines/businesses

Restructuring Charges include:

- $2.0 million charge primarily related to the restructuring plan announced in fiscal 2019 and facility consolidations

Accelerated Debt Issuance Costs include:

- $0.6 million charge related to the payoff of the term loan

Reconciliation of Non-GAAP Measures

(US$ in millions)

Adjusted EBITDA

	Q1 2020	Q1 2019
Net Earnings	$6	($16)
Net Financing Costs	$6	$7
Income Taxes	$1	$0
Depreciation & Amortization	$5	$5
Restructuring Charges	$2	$0
Impairment/Divestiture	($1)	$23
Adjusted EBITDA	$19	$19

Free Cash Flow

	Q1 2020	Q1 2019
Cash From Operations	$ (23)	$ (29)
Capital Expenditures	$ (5)	$ (8)
Other	$ 3	$ 1
Free Cash Flow	$ (25)	$ (36)

Core Sales

	Consolidated			IT&S Segment		
	Q1 2020	Q1 2019	% Change	Q1 2020	Q1 2019	% Change
Net Sales	$147	$159	-7%	$136	$149	-9%
Fx Impact	$0	($2)		$0	($2)	
Divested Businesses	($0)	($2)		($0)	($2)	
Strategic Exits	($5)	($13)		($5)	($13)	
Core Sales	$141	$142	0%	$130	$132	-1%

- The Enerpac Tool Group fiscal 2020 Q1 earnings release and full GAAP to non-GAAP reconciliation is available online at: https://www.enerpactoolgroup.com/investors/quarterly-results/

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