ENERPAC®
TOOL GROUP

Fiscal 2020
Fourth Quarter Earnings

September 30, 2020

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 Enerpac Tool Group’s Securities and Exchange Commission filings.

All estimates of future performance are as of September 30, 2020. Enerpac Tool Group’s inclusion of these estimates or targets in the presentation is not an update, confirmation, affirmation or disavowal of the estimates or targets.

In this presentation certain non-GAAP financial measures may be used. Please see the supplemental financial schedules at the end of this presentation or accompanying the Q4 Fiscal 2020 earnings press release for a reconciliation to the appropriate GAAP measure.

COVID-19 – Executing on Key Priorities

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Employee Safety is #1 Concern

- Plants are operating with additional safety measures in place
- Non-production personnel have started to return to the office with some still working from home
- Travel is slowly returning to customer/project sites

Cost Control Measures

- Temporary/COVID-19 related measures generating ~$9M in savings in fourth quarter
- Permanent cost measures – actions announced in March 2019 and 2020 accelerated to eliminate ~$33 million of structural and redundant costs post EC&S divestiture (as announced in the third quarter)
- Enerpac footprint rationalization in process

Employee Engagement

- Weekly global safety briefings
- Bi-weekly global communications
- Continue to support the communities in which we live

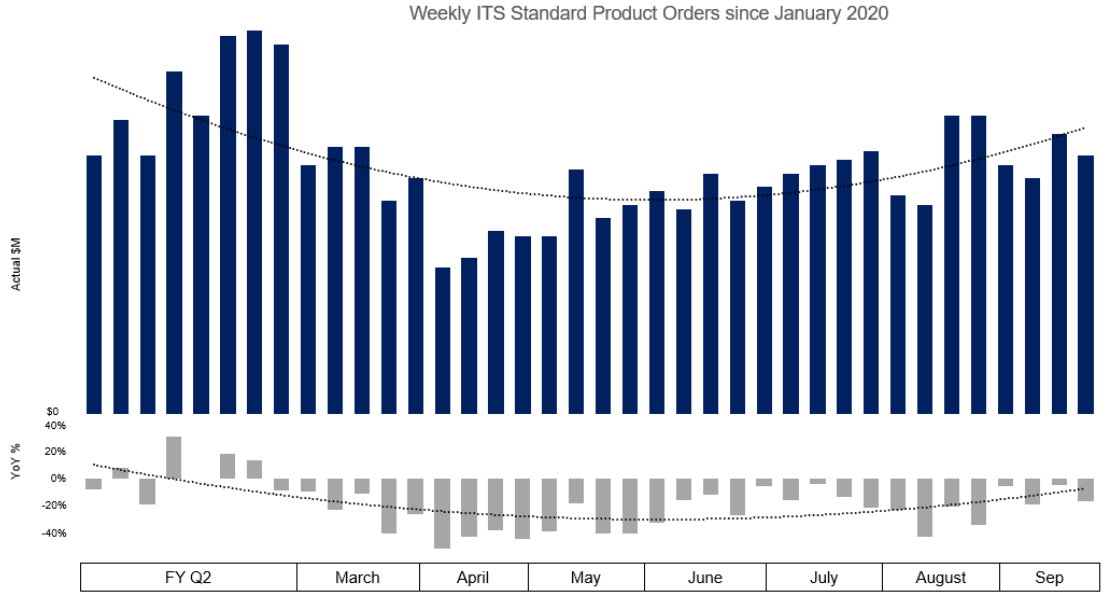
Operational Preparedness

- Will follow guidelines from local governments related to maintaining safe work environments
- Preserving our ability to capitalize on a market recovery

Market Update

Product Order Rates

- Overall order rates improved in Q4 but continued to be volatile with August 2019 being a tough comparable, with IT&S product core sales declines improving sequentially to 20% from 36% in Q3



Top Graph - IT&S standard product orders in actual dollars; demonstrates that order dollars are trending positively.

Bottom graph - The year-over-year % change of IT&S standard product orders.

Services

- Spending on maintenance and tools has been very conservative but starting to see service projects pick up

Fourth Quarter 2020 Summary

Financials

- Sales: $111M
- Adjusted EPS: $0.02
- Core sales decline of 27% (Product down 23% and Service down 45%)
- Free Cash Flow: $10M of cash compared to $50M in the comparable prior year period
- Leverage of 1.8x
- Temporary cost actions provided ~ $9M in benefits in the quarter
- Adjusted EBITDA decremental margins of 28%, an improvement over our target range of 35-45%

Regional Core Sales Declines

- Europe: ~mid teens%
- Americas: ~mid 20%
- Asia Pacific: ~low 30%
- Middle East: ~high 30%

Strategy Progress

Invest in Ourselves - Organic Growth

- New Product Development
  - Q4
    - 6 new product families
    - New products as a percent of product sales +10%
  - Full year
    - 22 new product families and over 370 new tools
    - +10% of product sales from new products
- Commercial effectiveness
  - Ensuring strong coverage for both our distributors and customers
  - Focusing commercial and marketing support on virtual training, e-commerce and digital marketing



M&A

- Continues to be an important part of the strategy but waiting for market conditions to stabilize



Regional/Vertical Markets – IT&S Products

Americas / Europe

- Sequential month on month improvement as the quarter progressed with Europe's recovery ahead of the Americas
- Solid quarter for our HLT sales especially in Europe
- Significant marketing activity focused on both retail and wholesale campaigns
- Key Verticals
  - Positive trends continued in Power Generation (Wind/Nuclear), Construction, Rail and Aero (non-commercial)
  - During the quarter, continued to be challenged in O&G and Infrastructure
  - Late Q4/early Q1 - emerging signs of activity in Mining (copper and iron ore)
- Distribution
  - Distributors shifted focus to PPE and other inventory that sold well during the pandemic to generate cash flow
  - Difference in rate of recovery among distributor types
  - Drop ship activity remains high while distributors are working off inventories and waiting for more clarity in a recovery. We believe inventory levels are low and we see some willingness to selectively take on stocking packages
  - Normal year end motivation for distributors to take on inventory did not take place (volume/marketing) which drove a portion of the sales shortfall

Asia Pacific

- Excluding China, the region was impacted by trend of easing/tightening of restrictions due to COVID-19 infection levels. Expect improving trends in upcoming months as travel restrictions are eased
- China continues to improve with sales near prior year levels

Service and Operations

Service

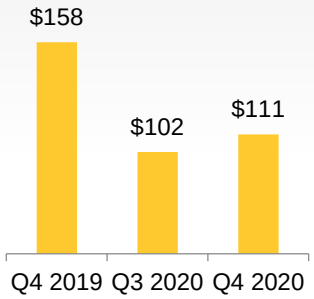
- Service continued to be challenged during the quarter with projects put on hold or pushed out into Q1
- Generally a slow quarter in the Middle East due to summer heat but COVID-19 contributed to further challenges with borders closed
- Europe saw sequential improvement from Q3 but continued to be down vs prior year
- We have begun to see some restarts of jobs put on hold due to COVID-19 as well as emergent work to spend budgets before the end of the calendar year

Operations

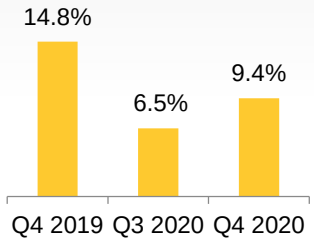
- Safety performance continues to be world class and we ended fiscal 2020 with the majority of our sites at zero harm
- Our teams around the world did a great job managing variable spend to match lower demand
- We saw meaningful reductions in inventory levels while continuing to meet our customers' lead time demands

Fourth Quarter 2020 Comparable Results

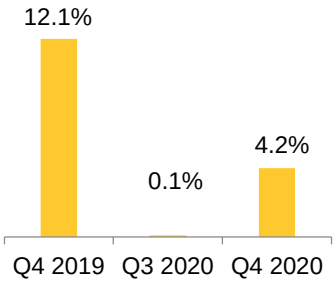
(US$ in millions except EPS)



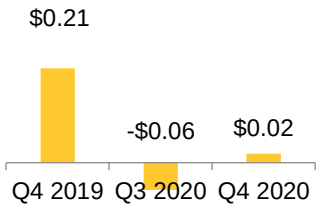
Net Sales*



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 decreased 27% - product -23% and service -45%
  - IT&S product sales -20%
    - Heavily impacted by COVID-19 pandemic
    - Rate of decrease improved from -36% in Q3
  - Other product -39%
- New Product Development (NPD) – 6 new products families launched
  - NPD % of product sales >10% for the 4th consecutive quarter
- Strategic exits ~$9M
- HTL acquisition ~$2M

ADJUSTED EBITDA*

- Decremental margins of ~28%

ADJUSTED OPERATING PROFIT*

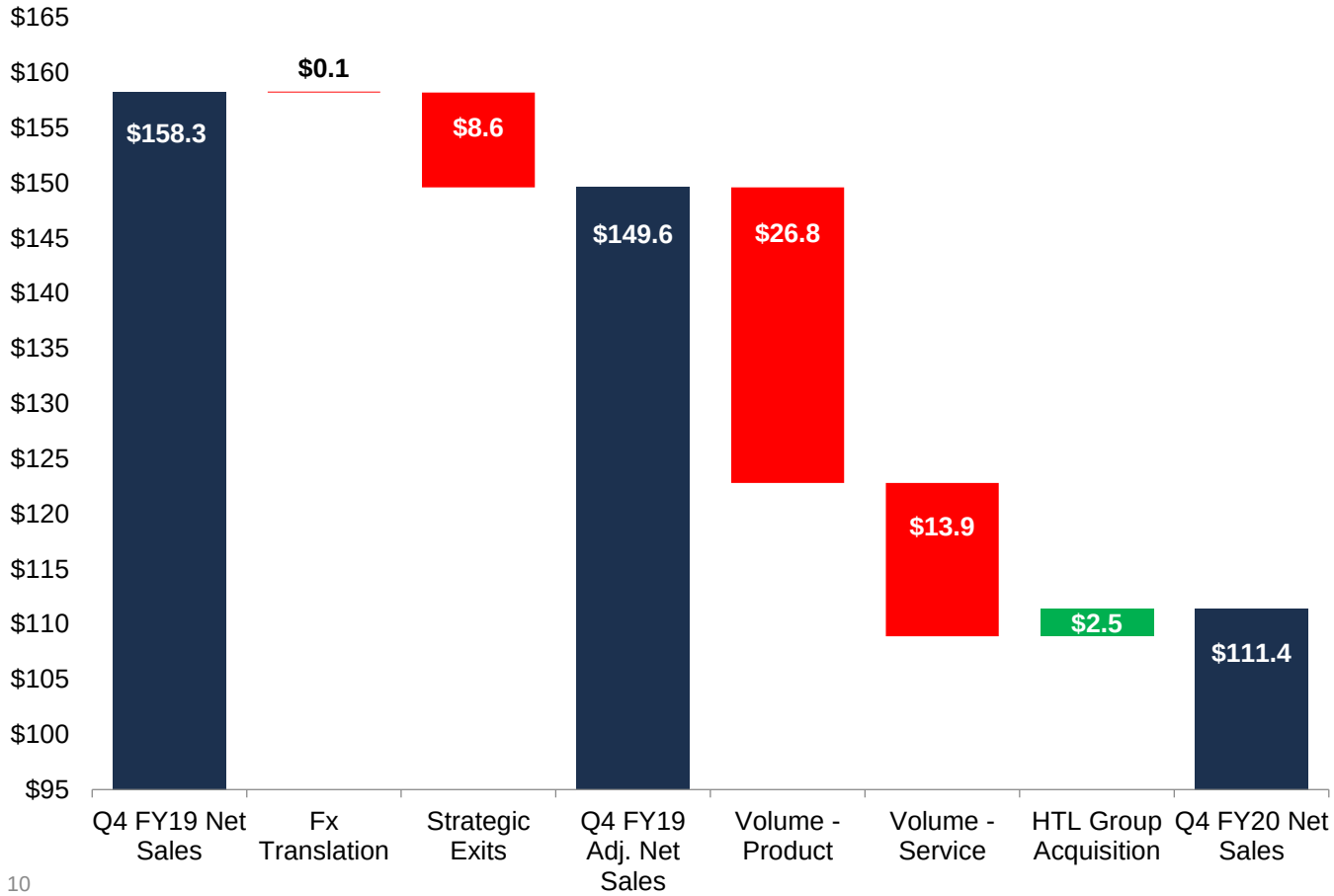
- Year-over-year decline due to significantly reduced volume

ADJUSTED DILUTED EPS*

- Year-over-year decline as the result of significantly reduced volume due to COVID-19

Net Sales Waterfall*

(US$ in millions)

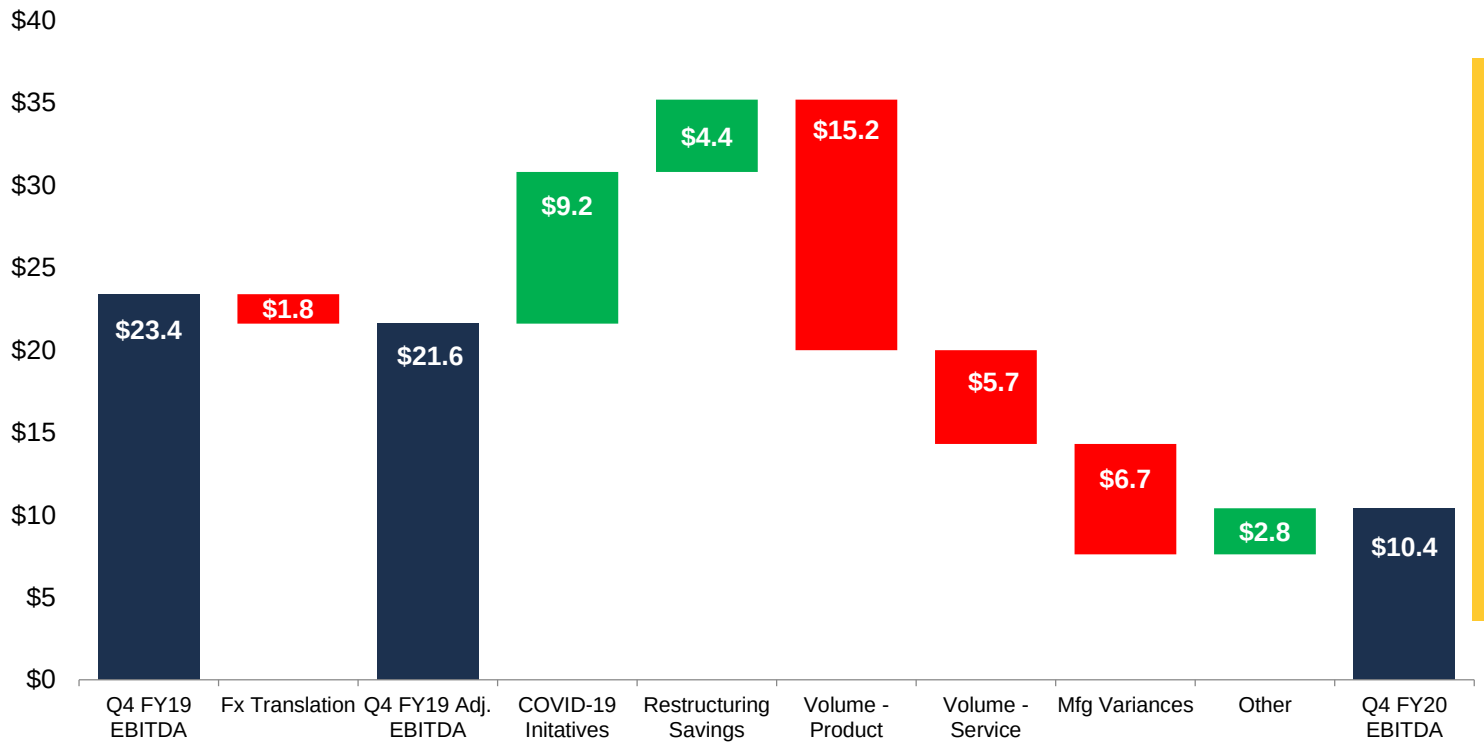


Planned strategic exits, the impact of the COVID-19 pandemic, and the sharp drop in Oil & Gas prices resulted in lower sales year-over-year

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

Adjusted EBITDA Waterfall*

(US$ in millions)

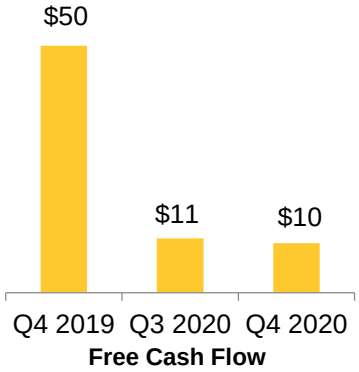


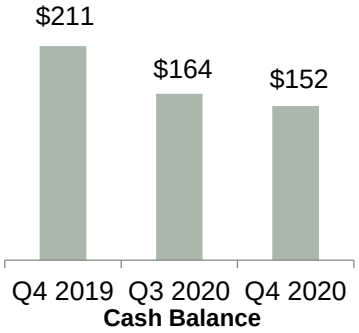
Adjusted EBITDA decreased year-over-year primarily due to COVID-19 product/ service volume decreases, partially offset by restructuring and other cost savings initiatives resulting in decremental EBITDA margins of 28%, an improvement over our target range of 35-45%

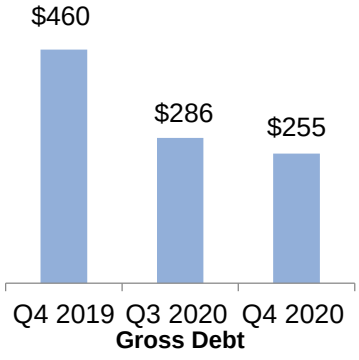
* Includes certain Non-GAAP financial measures. See the accompanying reconciliation tables for additional details.

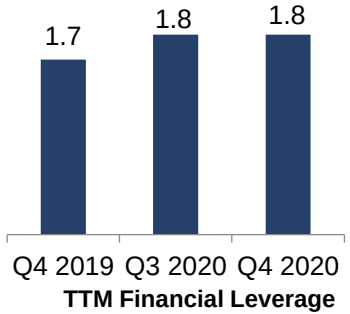
Liquidity – Positioning for Success

(US$ in millions)









Cash Preservation

- Significantly reduced Working Capital in the quarter
- Proactively managing Receivables and Inventory
- Interest payment of ~$8M in Q4

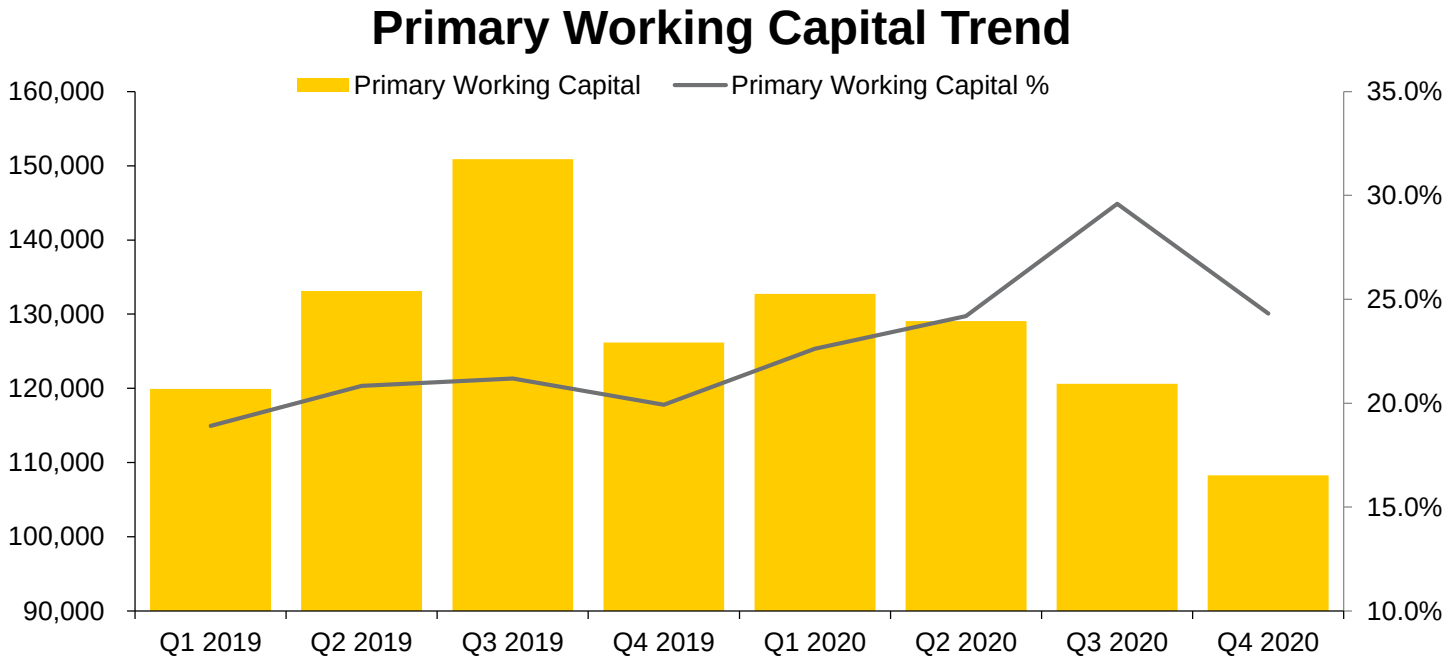
Capital Allocation

- Q1 - $18 million in share buybacks
- Q2 - $33 million acquisition of HTL
- Q3 - $10 million in share buybacks
- Q4 - $32 million in debt reduction

Capital Structure

- Completed redemption of senior notes on June 15, 2020
  - Funded by drawing on revolving credit facility
  - Annual interest expense savings over $10 million at current rates
- Debt covenants
  - Proforma interest coverage ratio 7.5x on forward interest expense
  - Leverage at 1.8X
  - Extended the 3.00x minimum interest coverage through fiscal 2021

Primary Working Capital



- Primary working capital improved by $17M quarter-over-quarter
- Proactively managed inventory and receivables
- Compared to May 31, 2020:
  - AR decreased $12M
  - Inventory decreased $13M
  - Offset by $8M decrease in AP

Thoughts on Fiscal 2021

- Slow market recovery with typical seasonality in first half of fiscal 2021 with potential for growth in the second half of the fiscal year
- Continued cost management to deliver comparable decremental margins - may need additional cost actions if recovery is slower than expected as short-term cost actions no longer benefit P&L
- Invest in long-term growth through new product development and commercial effectiveness
- Manage liquidity and maintain strong balance sheet

Near-term Industrial Production Estimates (Annualized q/q %) *

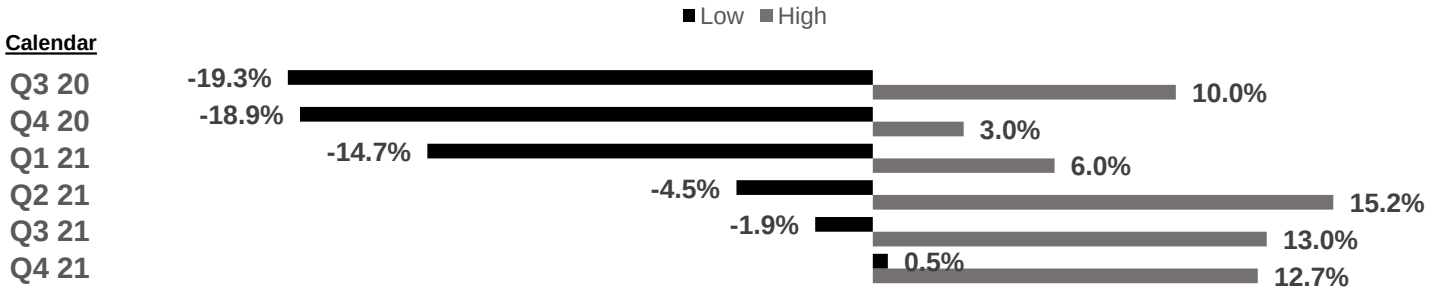


Chart shows high and low estimates of industrial production from certain economists. Continues to be a wide disparity of what the near future looks like

Due to continued uncertainty and lack of forward visibility into market conditions, Enerpac Tool Group is not providing fiscal 2021 guidance at this time

*Source: Bloomberg. Data used includes estimates updated on or after 06/12/2020.

Capital Allocation Priorities Remain Unchanged

Reduce Debt and Maintain a Strong Balance Sheet

Invest in Ourselves to Drive Organic Growth

Opportunistic Share Buybacks

Disciplined M&A within Tool Space

- Given the volatility in the market, our current capital allocation priorities are focused on maintaining a strong balance sheet and financial flexibility
- Investing in ourselves is a key priority
- We have suspended share repurchases until we have greater clarity
- We will continue to cultivate our M&A pipeline to act opportunistically when markets stabilize

Thank you to employees for all the hard work and dedication during these challenging times

Q&A

Appendix

Fiscal 2021 Annual Modeling Assumptions

- Tax Rate: ~25%
- Depreciation/Amortization: ~$20-24 million
- Interest Expense: ~$6-8 million
- Capital Expenditures: ~$10-15 million
- Cash Taxes: ~$6-9 million



EBITDA Margin Expansion – Controlling What We Can Control

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Fiscal 2019 → Fiscal 2020 → Fiscal 2021-2024+ (assuming normal conditions)

Strategic Vision

EBITDA ~15%

~200-300bps*

- ✓ Enerpac/Hydratight Consolidation

Structural Cost Reduction

~200-300bps*

- ✓ Eliminate EC&S stranded costs — ~$3M
- ✓ 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 structural actions taken and when markets return to growth, positioned to generate EBITDA margins of 25% or better.

Impacted by COVID-19

Actions to Date

Cost structure progression in Fiscal 2020

$15M

- ✓ Enerpac/Hydratight restructuring

$13M

- ✓ Eliminate redundancies
- ✓ Eliminate EC&S stranded costs

$5M

- ✓ Cortland plant consolidation

$33M Structural Cost Out

- ✓ Operational structure positioned for growth

*based on 2019 Adjusted Revenue and EBITDA

Fourth Quarter 2020 GAAP vs Non-GAAP Reconciliation

(US$ in millions except EPS)

		Less				
	GAAP	Impairment & Divestiture Charges	Restructuring Charges	Accelerated Debt Issuance Costs	Pension Curtailment Benefit	Adjusted
Sales	$111.4					$111.4
Operating Profit	$3.2	($0.4)	($1.0)	$0.0	$0.0	$4.6
Interest Expense	$3.3	$0.0	$0.0	$1.0	$0.0	$2.3
Other Income	($1.2)	$0.0	$0.0	$0.0	($0.8)	($0.4)
Income Taxes	$0.9	($0.2)	($0.2)	($0.2)	$0.2	$1.4
Net Income	$0.2	($0.2)	($0.8)	($0.8)	$0.6	$1.4
Effective tax rate	*82.7%*					
Diluted EPS	$0.00	$0.00	($0.01)	($0.01)	$0.01	$0.02

Impairment & Divestiture Charges include:

- $0.4 million charge related to the impact of the divesture of product lines/businesses

Restructuring Charges include:

- $1.0 million charge primarily related to structural cost actions

Accelerated Debt Issuance Costs include:

- $1.0 million charge related to the early redemption of the Senior Notes

Pension Curtailment Benefit:

- $0.8 million benefit related to a foreign pension plan

Reconciliation of Non-GAAP Measures

(US$ in millions)

Adjusted EBITDA

	Q4 2020	Q4 2019
Net Earnings	$0	($3)
Net Financing Costs	$3	$7
Income Taxes	$1	$2
Depreciation & Amortization	$5	$5
Restructuring Charges	$1	$5
Impairment/Divestiture	$0	$9
Pension curltailment	($1)	$0
Adjusted EBITDA	$10	$23

Free Cash Flow

	Full Year 2020	Full Year 2019
Cash From Operations	$ (3)	$ 54
Capital Expenditures	$ (13)	$ (27)
Other	$ 3	$ -
Free Cash Flow	$ (13)	$ 27

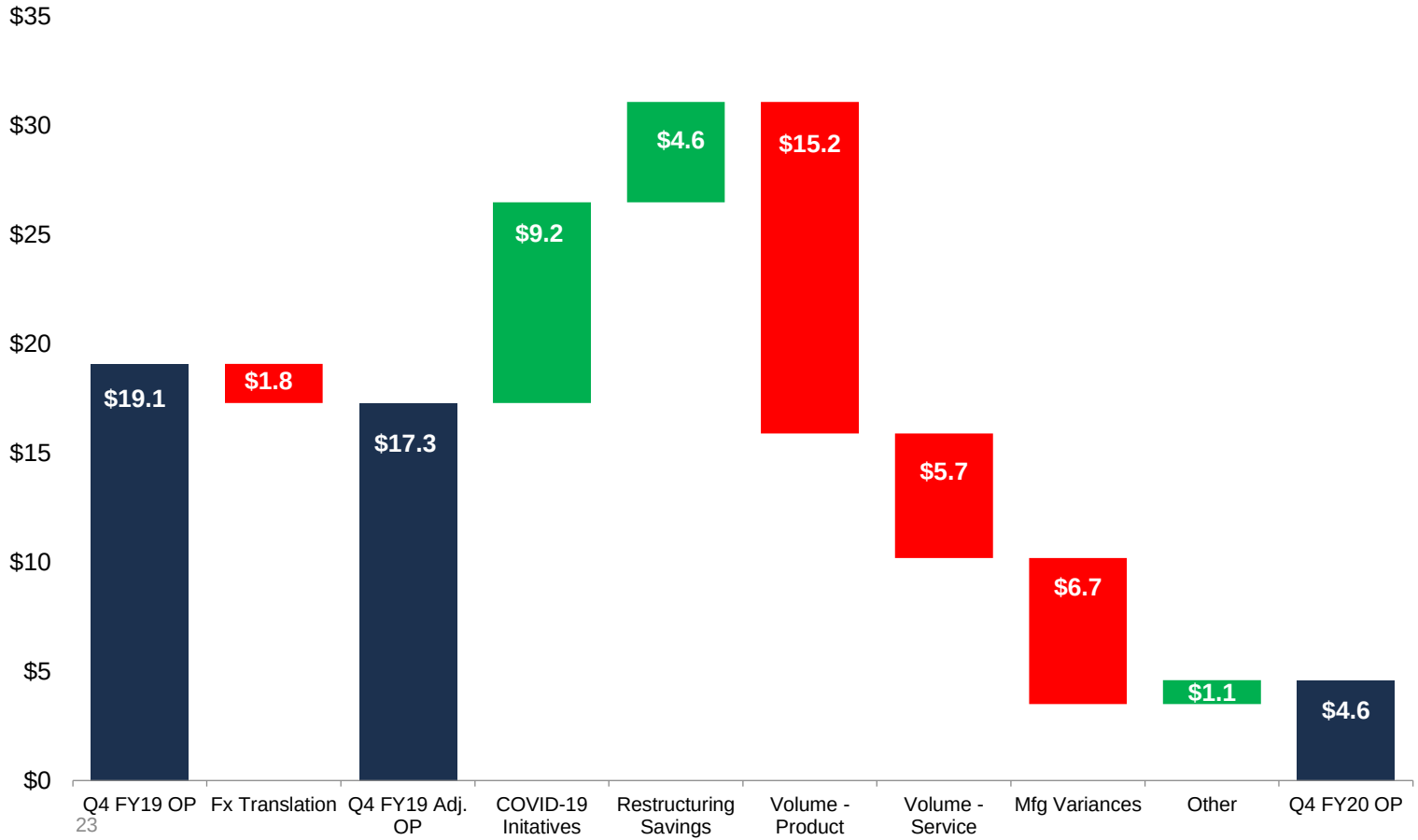
Core Sales

	Consolidated			IT&S Segment		
	Q4 2020	Q4 2019	% Change	Q4 2020	Q4 2019	% Change
Net Sales	$111	$158	-30%	$103	$145	-29%
Fx Impact	$0	$0		$0	$0	
Acquisition	($2)	$0		($2)	$0	
Strategic Exits	$0	($9)		$0	($9)	
Core Sales	$109	$149	-27%	$100	$136	-26%

- The Enerpac Tool Group fiscal 2020 Q4 earnings release and full GAAP to non-GAAP reconciliation is available online at: https://www.enerpactoolgroup.com/investors/quarterly-results/

Adjusted Operating Profit Waterfall*

(US$ in millions)



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