

March 23, 2022



Enerpac Tool Group Announces Initiatives to Enhance Shareholder Value

Launches ASCEND Program to Drive Transformation Across the Business

Board of Directors Authorizes the repurchase of up to 10 million shares of the company's common stock

MILWAUKEE--(BUSINESS WIRE)-- Enerpac Tool Group Corp. (NYSE: EPAC) (“Enerpac” or the “Company”) today announced that its Board of Directors and management team are taking actions intended to enhance shareholder returns, including the launch of ASCEND, a new transformation program focused on driving accelerated earnings growth and efficiency across the business. In addition to the transformation, the Company also announced today the authorization of a 10 million share repurchase program.

Paul Sternlieb, Enerpac Tool Group’s President and CEO, said, “This is an important and exciting time for Enerpac Tool Group. Our second quarter financial results announced today demonstrate the underlying strength of our focused industrial tools and services portfolio. While we are still operating in a challenging macroenvironment, we are now taking decisive actions to position the business for its next phase of growth and shareholder value creation.”

Executing ASCEND Transformation Program to Drive Growth and Efficiency

“Over the last several months, we have conducted a deep dive holistic review of our business that confirmed we have many exciting opportunities to accelerate our organic growth and margin expansion by improving how we go to market, innovate, buy materials, manufacture product, and serve our customers. Through ASCEND, we will focus on simplifying our business utilizing 80/20 processes and Lean methodologies to become even closer to our end customers, optimize our manufacturing footprint, and establish a more efficient organizational structure,” continued Mr. Sternlieb.

As part of ASCEND, the Company will focus on the following key initiatives:

- **Accelerating organic growth go-to-market strategies** including improved commercial effectiveness, vertical market-specific commercial and product strategies, channel optimization through its 80/20 approach, strategic pricing optimization, and selective innovation to meet broader and emerging market demands.
- **Improving operational excellence and production efficiency by utilizing a Lean approach.** The Company will also continue to simplify its business by further optimizing its footprint, accelerating global strategic sourcing and indirect spend optimization, and rationalizing SKUs in line with its 80/20 approach.
- **Driving greater efficiency and productivity in SG&A by better leveraging resources to create a more efficient and agile organization.** The Company intends to optimize G&A through consolidation and additional shared services implementation. In addition, the Company intends to strengthen its salesforce effectiveness by enhancing sales and channel coverage, while flattening its structure to move closer to customers. Moreover, the Company will also look to further simplify and rationalize its

legal entity structure.

With elements of the program intended to drive both organic growth and margin improvement, the initial phase of ASCEND will focus more on driving greater efficiencies and reducing operating costs. The Company expects that it will deliver an incremental \$40-\$50 million of annual adjusted EBITDA from the execution of ASCEND, with the full run rate of adjusted EBITDA expected to be reflected in its results as it exits fiscal 2024 and fully incorporated into its fiscal 2025 projections. Enerpac anticipates investing approximately \$60-\$65 million over the next 30 months to support the ASCEND initiatives.

In addition to the ASCEND program, Enerpac will continue to focus on several key organic growth initiatives including enhanced new product development; digital and IOT enablement in its products, services, and go-to-market strategy; and stronger regional growth strategies in developing markets. The Company also expects to pursue a disciplined M&A strategy while continuing its focus on the pure-play industrial tools and services market.

“We expect to align incentives to achieve our targeted results, with the goals of driving increased performance, including higher growth and ROIC, and achieving greater than our previous 25% EBITDA margin target, all of which we expect will deliver improved shareholder returns. As we embark on this journey, we will be taking bold and necessary steps to deliver consistent top and bottom-line results in line with other best-in-class industrial companies,” said Mr. Sternlieb.

Returning Capital to Shareholders

The Company also announced that its Board has authorized a new share repurchase program, under which it will buy back up to 10 million shares of its common stock. The shares may be purchased through open market trading from time to time, privately negotiated transactions, and through 10b5-1 trading plans and will be subject to customary internal approval. The Company had paused its previous repurchase authorization in May 2020 due to the uncertainty surrounding the COVID-19 pandemic.

Mr. Sternlieb continued, “The Board’s decision to authorize a new share repurchase program and our intent to repurchase shares remains an important aspect of our balanced capital allocation strategy. This program reflects our Board’s confidence in Enerpac Tool Group’s strong financial position and the underlying solid cash generating abilities of our business as we execute the ASCEND transformation program. We expect that our available cash, existing credit facilities and access to capital markets will also support a disciplined M&A strategy as we continue to identify complementary additions to the Enerpac Tool Group portfolio.”

The timing, volume, and nature of share repurchases will be dependent on market conditions, applicable securities laws, and other factors. No assurance can be given that any particular amount of common stock will be repurchased. All or part of the repurchases may be implemented under a Rule 10b5-1 trading plan, which would allow repurchases under pre-set terms at times when the Company might otherwise be prevented from doing so under insider trading laws or because of self-imposed blackout periods. The Company’s repurchase program can be extended, shortened, or canceled by the Board of Directors at any time.

Fiscal Second Quarter Earnings Report

Energac Tool Group also issued a separate press release announcing earnings for the second quarter ended February 28, 2022, which can be viewed on its Investor Relations page at <https://ir.energactoolgroup.com/>.

Safe Harbor Statement

Certain of the above comments represent forward-looking statements made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Management cautions that these statements are based on current estimates of future performance and are highly dependent upon a variety of factors, which could cause actual results to differ from these estimates. Among other risks and uncertainties, Energac Tool Group's results are subject to risks and uncertainties arising from general economic conditions, supply chain risk, material and labor cost increases, the COVID-19 pandemic, including the impact of the pandemic or related government responses on the Company's business, the businesses of the Company's customers and vendors, and employee mobility, and whether site-specific health and safety concerns related to COVID-19 might require operations to be halted for some period of time, volatile oil pricing, variation in demand from customers, the impact of geopolitical activity on the economy, including the invasion of Ukraine by Russia and international sanctions imposed in response thereto, continued market acceptance of the Company's new product introductions, the successful integration of acquisitions, the impact of restructurings, the ability of the Company to achieve its plans or objectives related to the ASCEND program, including any assumptions underlying its calculation of expected incremental EBITDA, operating margin risk due to competitive pricing and operating efficiencies, tax law changes, foreign currency fluctuations and interest rate risk. See the Company's Form 10-K for the fiscal year ended August 31, 2021 filed with the Securities and Exchange Commission for further information regarding risk factors. Energac Tool Group disclaims any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or any other reason.

About Energac Tool Group

Energac Tool Group is a premier industrial tools and services company serving a broad and diverse set of customers in more than 100 countries. The Company's businesses are global leaders in high pressure hydraulic tools, controlled force products and solutions for precise positioning of heavy loads that help customers safely and reliably tackle some of the most challenging jobs around the world. The Company was founded in 1910 and is headquartered in Menomonee Falls, Wisconsin. Energac Tool Group common stock trades on the NYSE under the symbol EPAC. For further information on Energac Tool Group and its businesses, visit the Company's website at www.energactoolgroup.com.

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20220323005089/en/>

Bobbi Belstner
Senior Director of Investor Relations & Strategy
262.293.1912

Source: Energac Tool Group

