



INDUSTRIAL TOOLS & SERVICES	ENGINEERED COMPONENTS & SYSTEMS
ENERPAC 	CORTLAND 
EQUALIZER INTERNATIONAL	CROSSCONTROL
hydratight 	 elliott manufacturing
LARZEP HYDRAULIC	GITS MFG. CO.
SIMPLEX	maximatecc 
MIRAGE	POWER-PACKER
	 PRECISION-HAYES INTERNATIONAL
	 Weasler ®

Fiscal 2019 First Quarter Earnings

December 20, 2018

ATU
LISTED
NYSE

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’s Securities and Exchange Commission filings.

All estimates of future performance are as of December 20, 2018. Actuant’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 Q1 Fiscal 2019 earnings press release for a reconciliation to the appropriate GAAP measure.

Q1 Fiscal 2019 – Progress on our Strategic Objectives

Tools



Core Growth Above Market

- Continued core growth in both segments via share expansion and improved product vitality
- Launch process for products introduced in Q4 underway

Services



Driving World-Class Operations and Service

- Good progression on QCDS
- Operational improvement driving margin expansion
- Integration of Energac and Hydratight businesses

Components



Disciplined Capital Deployment

- Investments in organic growth yielding results
- Strategic acquisitions – actively sourcing bolt-on and/or larger acquisitions in Tools space

Portfolio Management

- Conducted further work on portfolio review resulting in several actions
- Moved US Cortland and Precision-Hayes to Held for Sale. Fibron UK business sold

Solid Execution Drives Continued Momentum in Q1

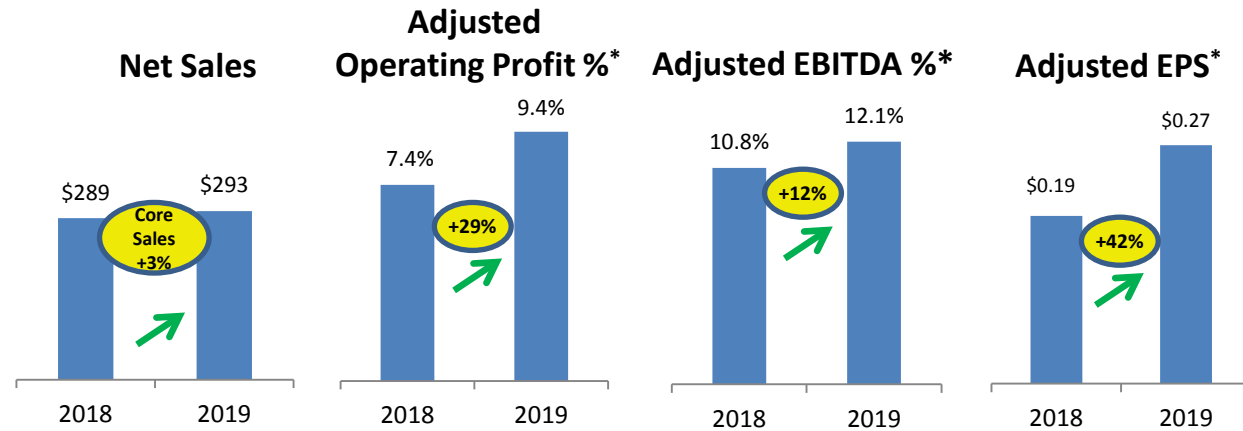
Tools



Services



Components



Solid results in Q1

- Core sales growth of 3%
 - IT&S core growth of 4%
 - EC&S core growth of 2%
 - Impact of strong US Dollar -2%
- Adjusted Operating Profit increased 29% with Adjusted Operating Profit Margin expansion of 200 bps
- Adjusted EBITDA Margin expansion of 130bps
- Adjusted EPS growth of 42% YOY
- Further reduction in financial leverage

Portfolio Repositioning - Two Categories

Highly cyclical
Underperforming
No pathway to fix/improve
No strategic fit

Viking divestiture
Fibron – Divested 12/19

Limit upstream/offshore
oil & gas exposure

Lacks scale/size
Cyclical
Long term strategic fit uncertain
Can be improved

Represents ~\$100M in
revenue

Cortland (remaining)
Precision-Hayes

Held for Sale

Opportunistic timing –
not urgent

Deploy capital to grow higher margin Tools business

First Quarter 2019 GAAP vs Non-GAAP Reconciliation

(US\$ in millions except EPS)

	GAAP	Impairment & Divestiture Charges	Restructuring & Other Costs	Adjusted
Sales	\$293.0			\$293.0
Operating (Loss) Profit	(\$9.3)	(\$36.4)	(\$0.4)	\$27.5
Income Taxes	(\$0.1)	\$2.6	\$0.1	
Net (Loss) Income	(\$17.5)	(\$33.8)	(\$0.3)	\$16.7
<i>Effective tax rate</i>	<i>0.4%</i>			<i>13.7%</i>
Diluted EPS	(\$0.29)	\$0.55	(\$0.01)	\$0.27

Impairment & divestiture and other charges include:

- \$34 million net of tax of non-cash charges related to the write down of the assets of Cortland and Precision Hayes to their estimated net realizable value
 - \$14 million of the charge is to recognize the cumulative translation adjustments from currency since the date of the acquisition
 - Corporate development costs associated with our portfolio management actions
- Restructuring associated with previously announced actions

First Quarter 2019 Comparable Results ⁽¹⁾

(US\$ in millions except Diluted EPS)

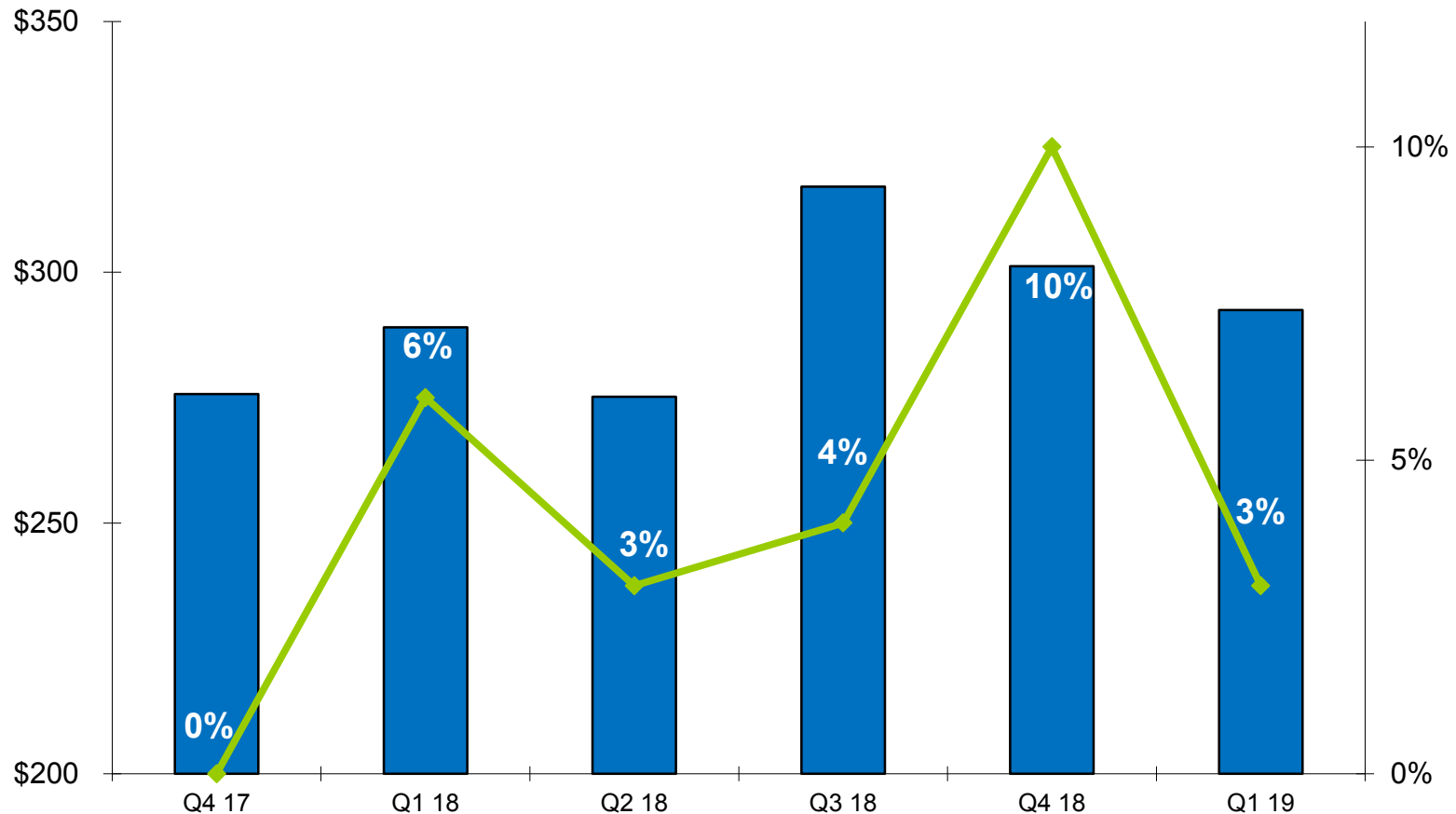
	<u>F' 2018</u>	<u>F' 2019</u>	<u>Change</u>
Sales	\$289	\$293	1%
Adjusted Operating Profit	\$21 7.4%	\$28 9.4%	29% +200 bps
Adjusted Diluted EPS	\$0.19	\$0.27	42%

(1) Excluding restructuring, impairment & divestiture charges

Core Sales Trend

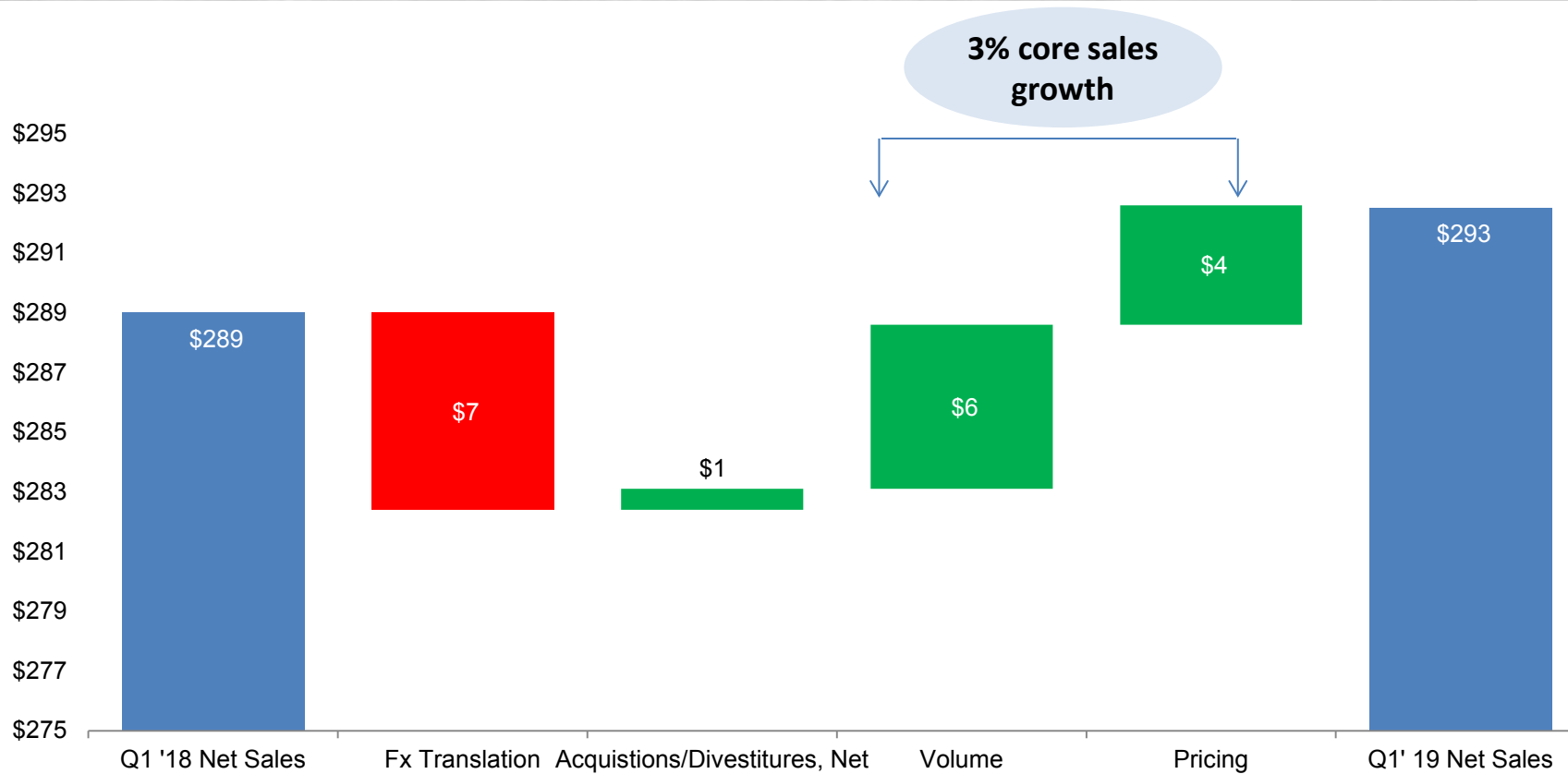
Net Sales
(US\$ in millions)

Year-over-Year
Core Sales



Continued positive core growth despite strong Q1 '18 comparables. Double-digit growth in IT&S Americas and Asia regions and EC&S Americas.

Net Sales Waterfall



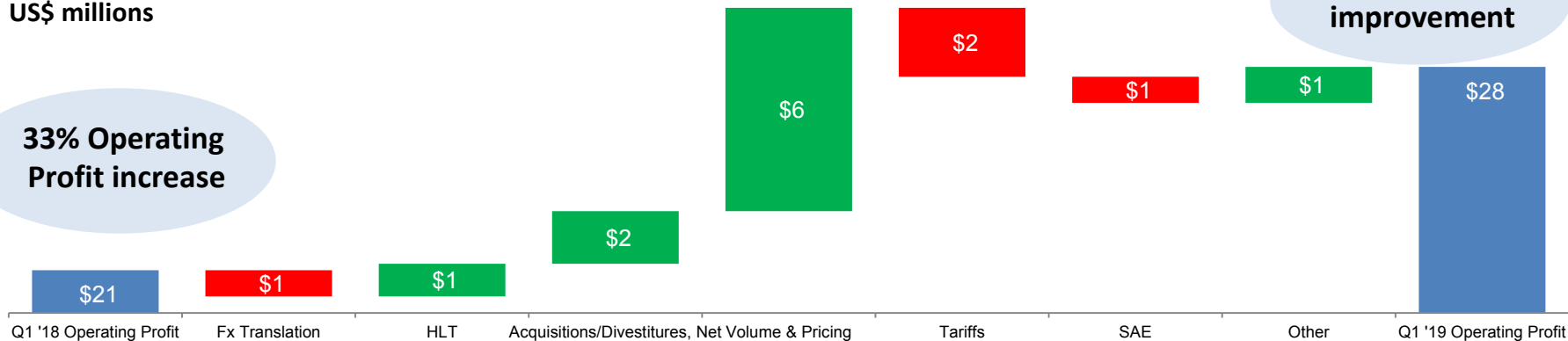
Positive impact from commercially driven volume, pricing and acquisitions/divestitures increases partially offset by the effect of the stronger US\$

Adjusted Operating Profit and EBITDA Waterfalls*

Adjusted Operating Profit

US\$ millions

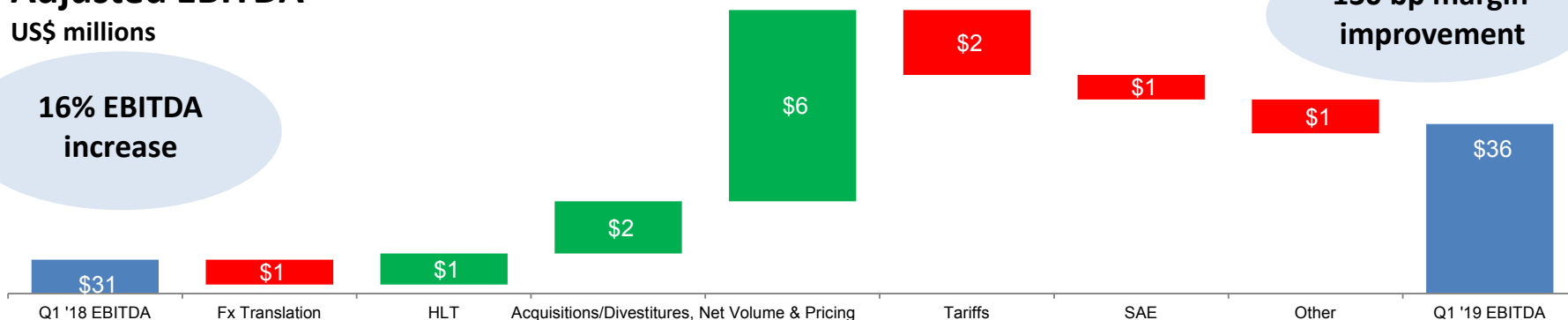
33% Operating Profit increase



Adjusted EBITDA

US\$ millions

16% EBITDA increase

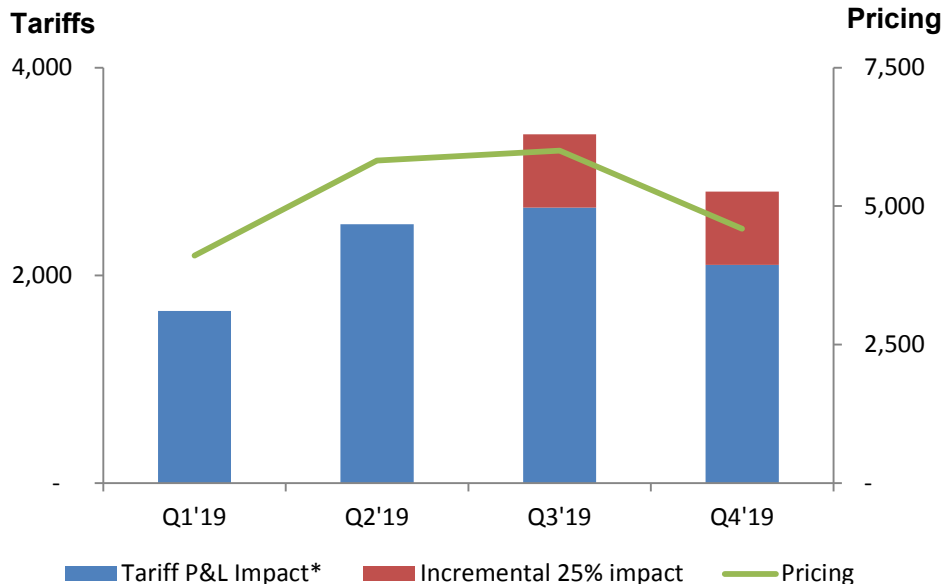


Flow through on incremental sales, acquisitions/divestitures, and the elimination of one-time items drove the profit improvement. The impact of new tariffs began to impact profitability in Q1 '19 with full impact felt beginning in Q2 '19

* Includes certain Non-GAAP financial measures. See the company's Q1 2019 earnings release for additional details and reconciliations.

Tariffs/Pricing

- Managing headwinds from Section 301 tariffs that went into effect on September 24th at 10%
- Pricing actions taken to date cover normal inflation and commodity price increases. Incremental 10% erodes our ability to absorb future price and inflation increases
- Pursuing incremental pricing beginning January 1 in EC&S. IT&S continuing to have price discussions following Sept 1 price increase
- If increase to 25% is enacted March 1, 2019, we will need to pursue additional price increases and/or surcharges

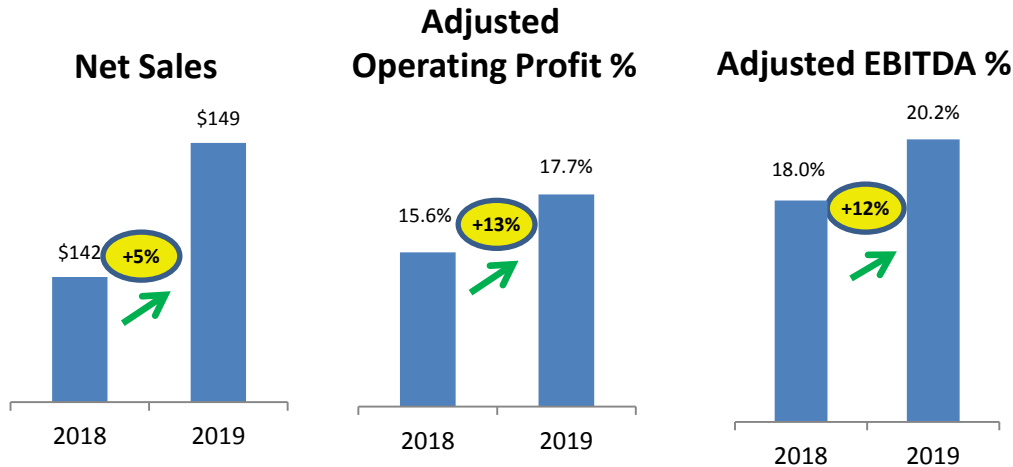


*Includes all section 232 and 301 tariffs

- Q1 Impact**
- IT&S –
 - Faster procure-to-pay and order-to-cash cycles
 - Resulted in closely matched price realization and tariff/inflation cost flow through.
 - EC&S –
 - Longer supply chain and production cycles
 - Resulted in \$2M positive price realization while majority of incremental tariff/inflation cost impacts are in inventory
 - Will be more closely matched beginning in Q2

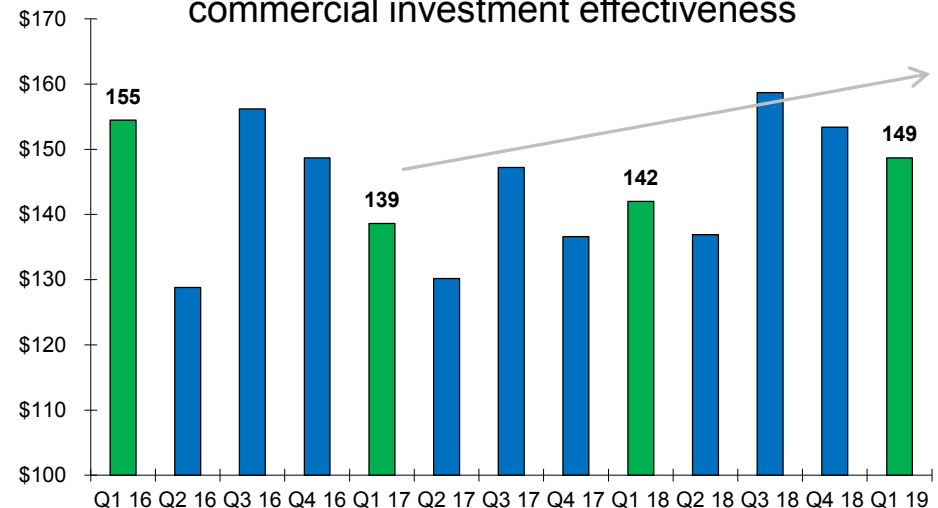
Industrial Tools & Services

First quarter FY'18 vs FY'19



- Double-digit growth in Tools/Enerpac product sales in the Americas and SE Asia/Australia as a result of improved commercial processes and continued favorable business activity
- Continuing to integrate Mirage and Equalizer throughout all regions to drive incremental sales. Enerpac and Hydratight integration continues.
- Solid adjusted operating and EBITDA margin improvement from standard Heavy Lift product offering and incremental profitability on increased volume

Improving Q1 sales trend demonstrates commercial investment effectiveness

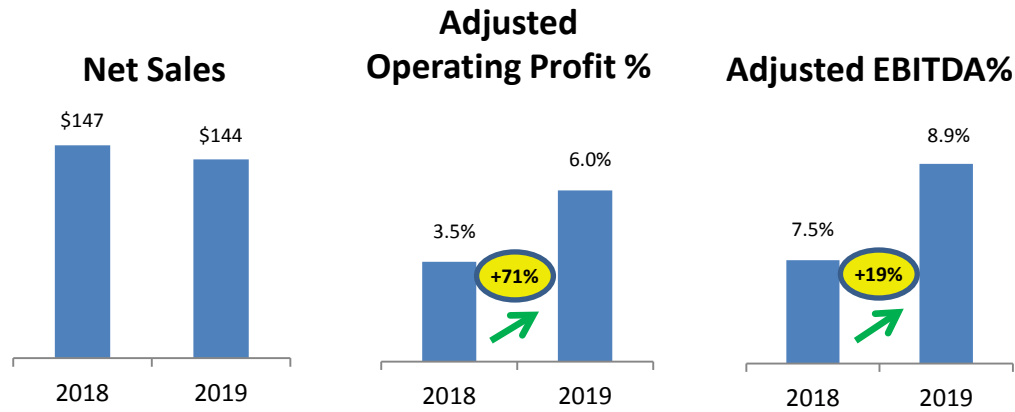


Q1 Net Sales

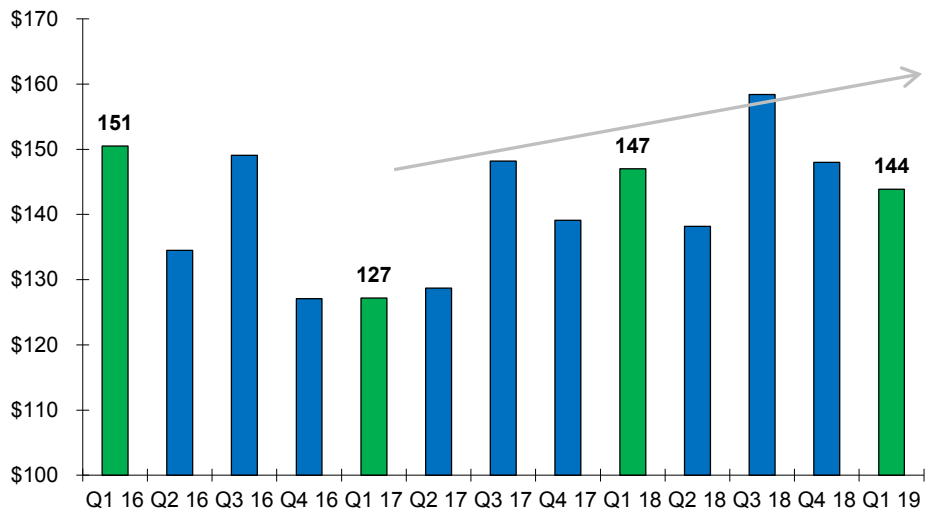
*Adjusted EBITDA excludes restructuring, impairment and other non-recurring charges

Engineered Components & Systems

First quarter FY'18 vs FY'19

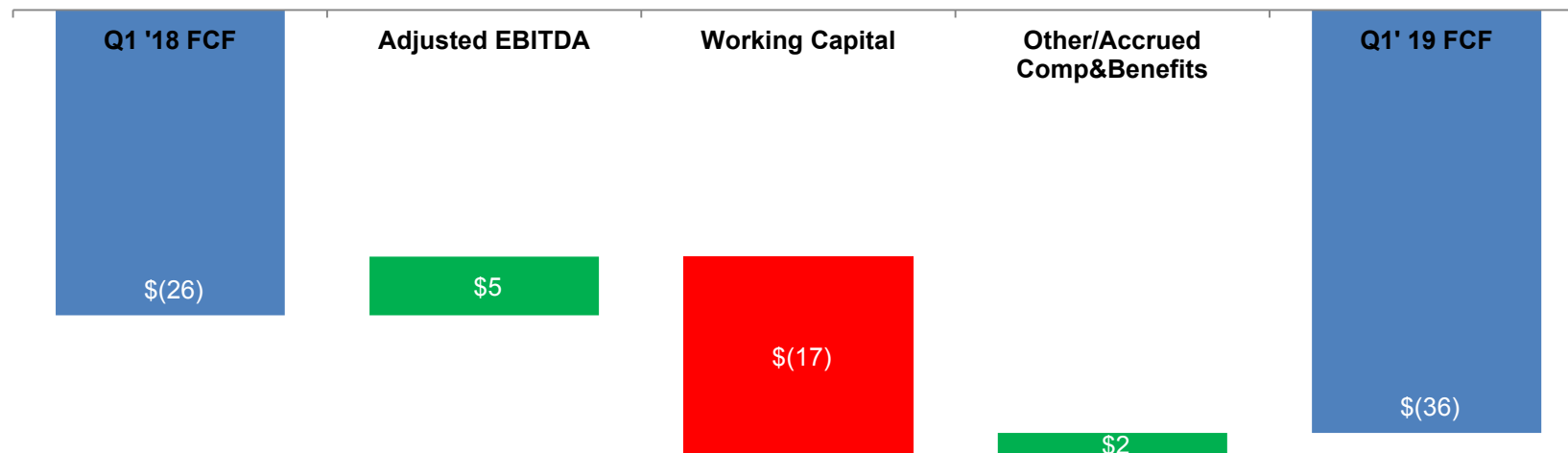


- Core sales increased by 2% but was offset by the strong dollar as well as the prior year divestiture of Viking.
- Core sales growth driven by increased demand in automotive, off-highway vehicle and concrete tensioning markets, new platform wins now in production and pricing. As expected, China truck partially offset growth.
- Profit margin increase driven by improved operational effectiveness, recent pricing actions and favorable product mix



*Adjusted EBITDA excludes restructuring, impairment and other non-recurring charges

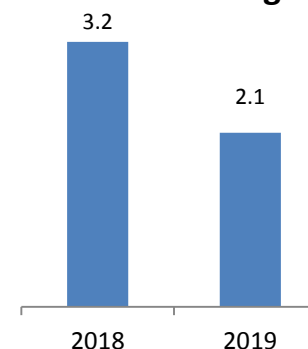
Cash Flow as Expected - Leverage Continues to Improve



Net Debt Reconciliation

Net Debt - Aug 31, 2018	\$282
FX/Other	4
Free Cash Flow	36
Net Debt - Nov 31, 2018	<u>\$322</u>
Net Debt/EBITDA ⁽¹⁾	2.1

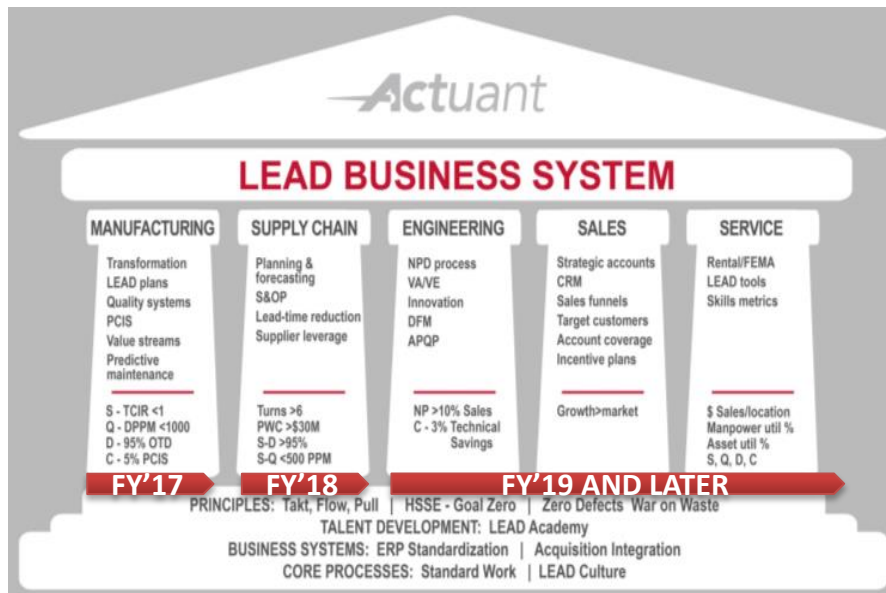
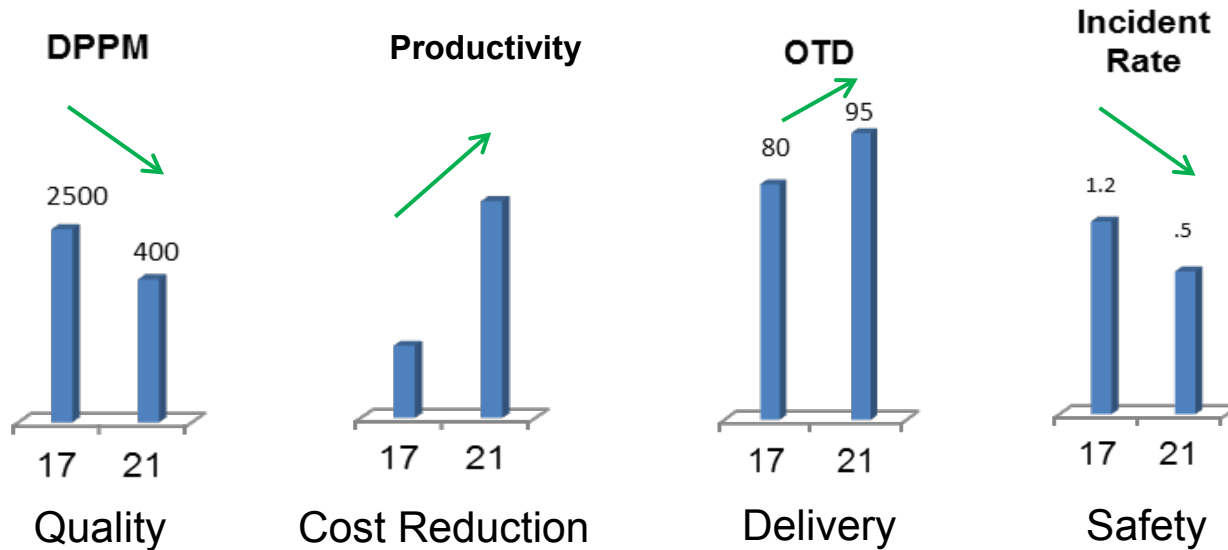
Financial Leverage



Reduction in leverage provides flexibility

Cash flow results were as expected in quarter with solid operating profit being offset by some working capital build partially resulting from prebuying ahead of tariffs
Net leverage improved significantly over Q1 '18 to 2.1X

Lean Operations



Progress toward lean operations

Significant improvement in defect rate and customer quality.

Cost controls and improvement plans driving results.

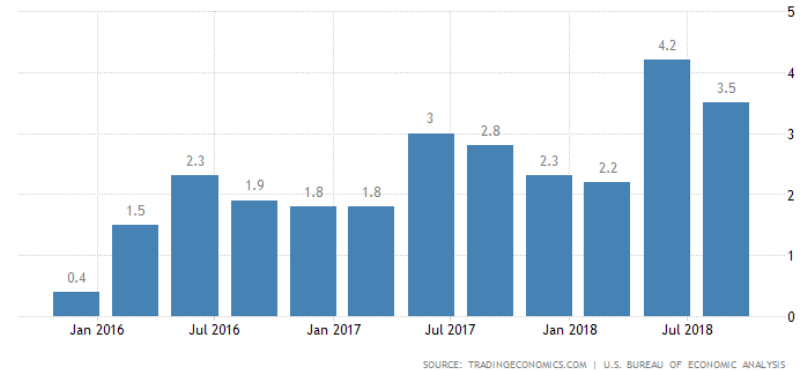
On time delivery approaching 95%

Safety culture in all locations

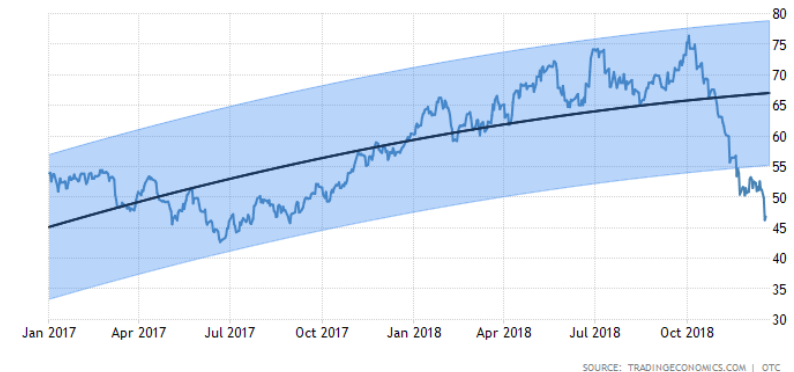
Macro Industry Dynamics

- General economic factors – tempered growth rates, with inflationary concerns
 - Global GDP expansion slowing
 - Commodity prices declining
- Industrial Tools & Services
 - Positive activity continues in tool sales, distributor optimism, retail demand
 - Maintenance projects continuing
- Off-Highway Mobile Equipment
 - 2019 stable demand: Agriculture and Construction Equipment
 - Mining continued growth
- On-Highway
 - China on-highway truck stabilized at lower industry volumes
 - European truck sales stable – projecting modest slowdown

United States GDP Growth Rate



Crude oil



Fiscal 2019 Core Sales Expectations

Core Growth	2019 (guide)	2019 Q1 <i>Actual</i>	2019 Q2	2019 2H
Industrial Tools & Services (IT&S)	3 – 5%	4%	MSD	MSD
Engineered Components & Systems (EC&S)	2 – 5%	2%	LSD	MSD
Consolidated	3 – 5%	3%	MSD	MSD

- Industrial Tools & Services
 - Tools: Continued positive growth and retail activity
 - Market growth plus NPD and pricing
 - Services: Stabilized and improving maintenance spending
- Engineered Components & Systems
 - On-Highway: China stabilizes – in back half
 - Europe Truck moderating
 - Off-highway: Continued good dynamics

LSD = low single digit, MSD = mid single digit, DD = double digit

Fiscal 2019 Guidance Summary

(US\$ in millions except EPS)

	Full Year	
	2018	2019E
Net Sales	\$1,183	\$1,150 - 1,190
EBITDA	\$145	\$155 - 165
Diluted EPS	\$1.09	\$1.09 - 1.20

	Second Quarter	
	2018	2019E
Net Sales	\$275	\$268 - 278
EBITDA	\$27	\$28 - 32
Diluted EPS	\$0.13	\$0.15-0.20

2018 excludes restructuring, impairment & divestiture charges and other tax adjustments. 2019 guidance excludes restructuring charges and any future acquisitions, divestitures or stock repurchases not specially identified.

Assumptions - Full Year:

Updated

- Net sales guidance reflects impact of stronger dollar and Fibron divestiture
- Key FX rates – approximately \$1.13/1€ and \$1.28/1£

Unchanged

- Full year core sales +3% to +5%
- EPS of \$1.09 – 1.20
- ~20% effective tax rate
- Shares outstanding ~62 million
- Free cash flow ~\$80 – 85 million

Second Quarter Guidance:

- Core sales +3% to +5%
- Net sales impact of ~\$(15) million from FX and Fibron divestiture
- ~25% effective tax rate

Expecting continued moderate growth across core markets
Driving incremental profitability in line with targets



Q & A

Appendix

Reconciliation of Non-GAAP Measures

(US\$ in millions)

EBITDA

	Q1 2019	Q1 2018
Net Earnings	(\$17)	\$5
Net Financing Costs	\$7	\$7
Income Taxes	\$0	\$2
Depreciation & Amortization	\$9	\$10
Restructuring Charges	\$1	\$7
Impairment/Divestiture	\$36	\$0
Adjusted EBITDA	\$36	\$31

Free Cash Flow

	Q1 2019	Q1 2018
Cash From Operations	(\$29)	(\$20)
Capital Expenditures	(\$8)	(\$8)
Sale of PP&E	\$0	\$0
Other	\$1	\$2
Free Cash Flow	(\$36)	(\$26)