



# Actuant Annual Investor Day

Hilton New York

October 4, 2011



ATU  
LISTED  
NYSE

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All estimates of future performance are as of September 28, 2011. 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 slides at the end of this presentation or visit the Investors section of Actuant’s website ([www.actuant.com](http://www.actuant.com)) for a reconciliation to the appropriate GAAP measure.

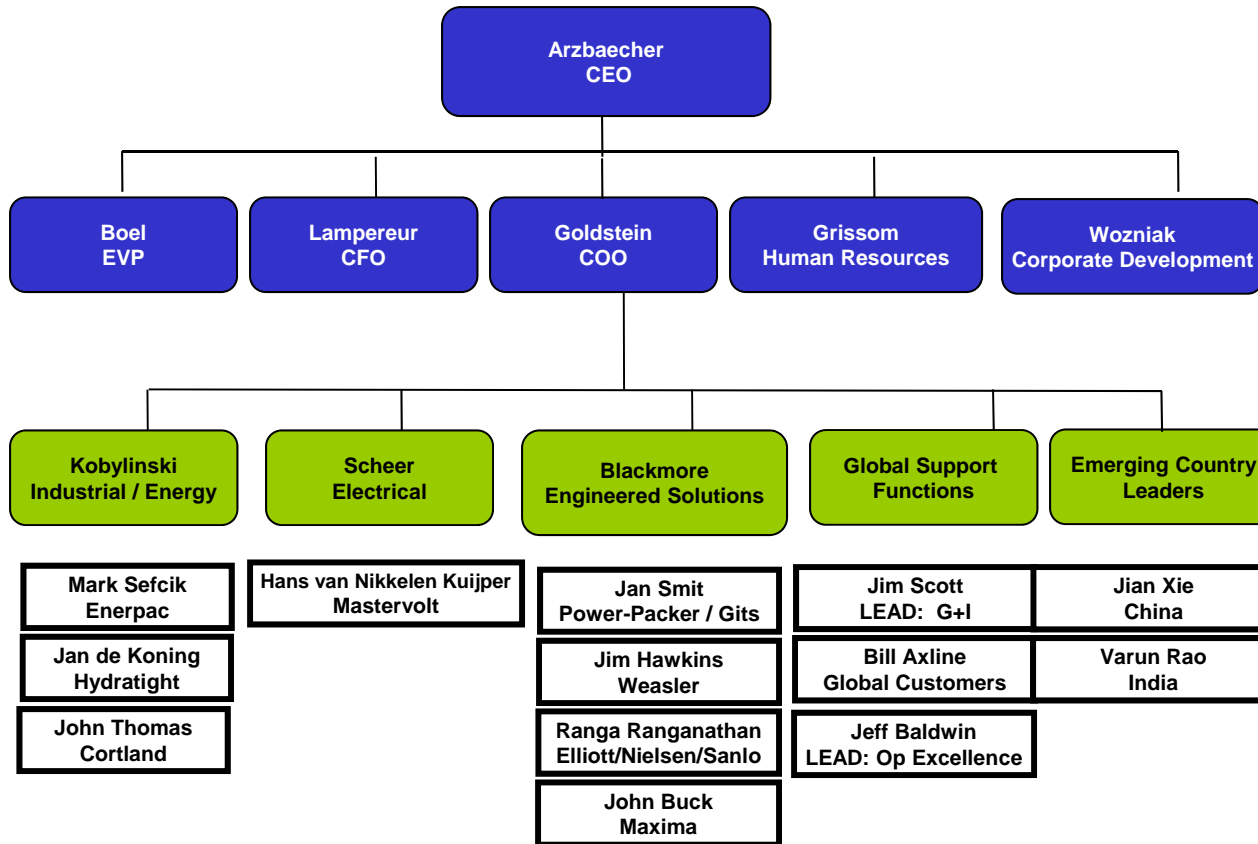
## Format / Agenda



10:00-10:45	Welcome / Agenda / Format Opening Remarks	K. Bauer M. Goldstein
10:45-11:15	Panel Discussion	Segment Leaders T. Wozniak
11:15-12:00	Session 1	
12:00-1:00	Buffet Lunch / Session 2	
1:00-1:45	Session 3	
1:45-2:30	Session 4	
2:30-3:00	Closing Remarks Final Q&A	A. Lampereur B. Arzbaeher All

Welcome Investors, Analysts and Guests!

# Leadership Introductions



- Entire Leadership Team ("LT") in NYC for quarterly meeting held Monday
- Organizational Changes in Past Year:
  - David Scheer – EVP, Electrical Segment
  - Bill Axline – EVP, Global Customer Relationships
  - John Buck – Maxima Leader
  - Varun Rao – India Leader
  - Jim Hawkins, Weasler Leader
  - Hans van Nikkelen Kuijper – Mastervolt Leader

## Rotational Table Assignments Provided to Each Attendee (with name badge)

### Industrial

Brian Kobylinski

Mark Sefcik

### Electrical

David Scheer

Bill Axline

Bob Arzbaecher

### Energy

John Thomas

Jan de Koning

Andy Lampereur

### Engineered Solutions

Bill Blackmore

Jan Smit

Mark Goldstein

Remaining Management Team will Observe but Not  
Formally Participate

Mark Goldstein- COO

## Building On Our Track Record of Predictability and Strong Financial Performance

- Robust free cash flow - \$158 million representing 127% conversion of net earnings
- Generated 56% increase in EPS from continuing operations to \$1.68
- Significantly improved operating margins – up 150 basis points year-over-year (excluding prior year restructuring)
- Portfolio management – completed sale of European Electrical; strategically invested in energy and agriculture with Mastervolt and Weasler
- Robust core growth of 13%, with 25% increase in emerging market revenues
- Significant progress on Growth + Innovation cultural transformation

## Competencies - Expanding from the Core

### 2003-2008 Expansion:

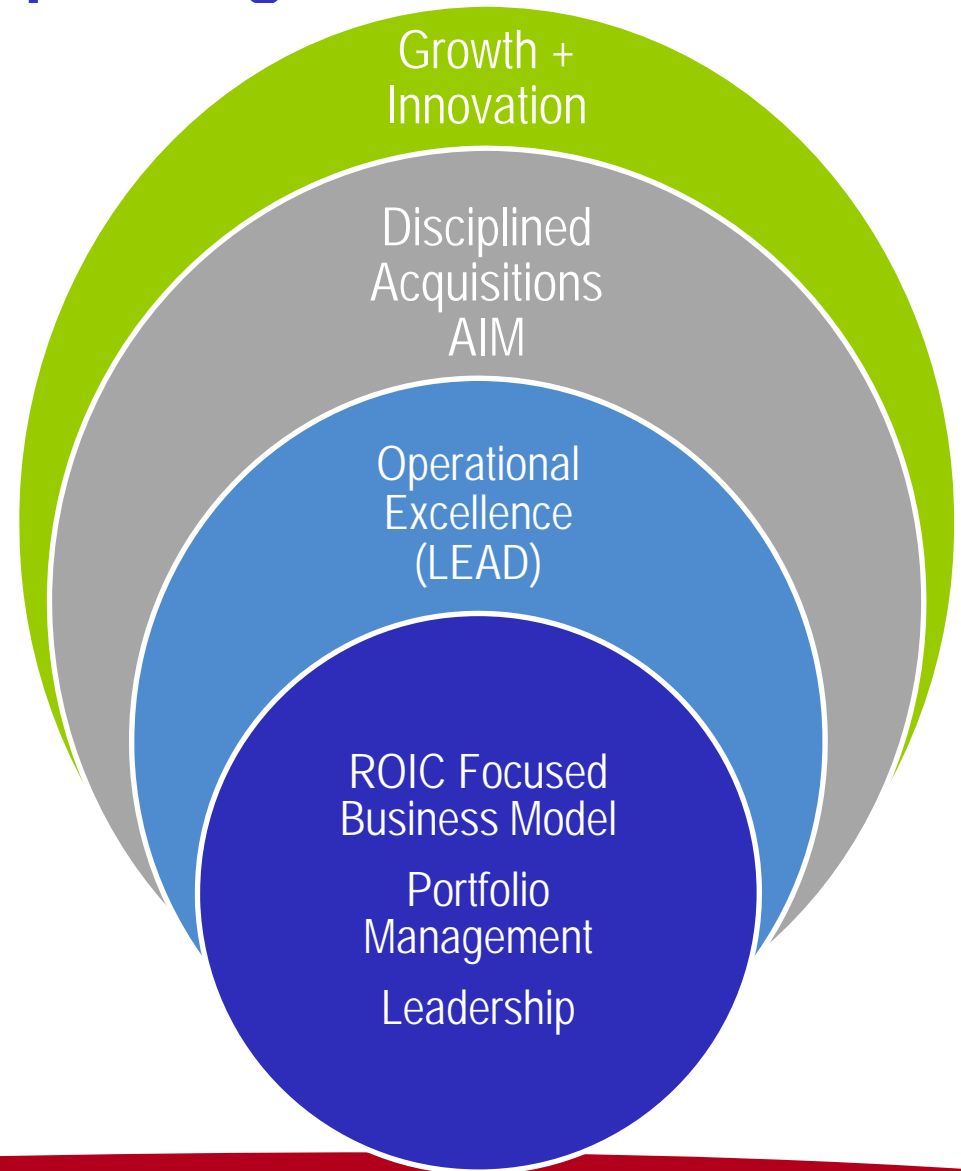
- Triple sales and profits. Acquired nearly 25 businesses.
- LEAD / AIM processes for continuous improvement.
- Scalable management structure and talent upgrades.

### 2009 – 2010 Great Recession:

- Significant cost structure rightsizing – standardized and simplified.
- Launch of Growth + Innovation – investment in future core growth.

### 2011 and beyond -- Sustainable Growth:

- Focus on most attractive markets and customer segments.
- Innovation to support core growth.

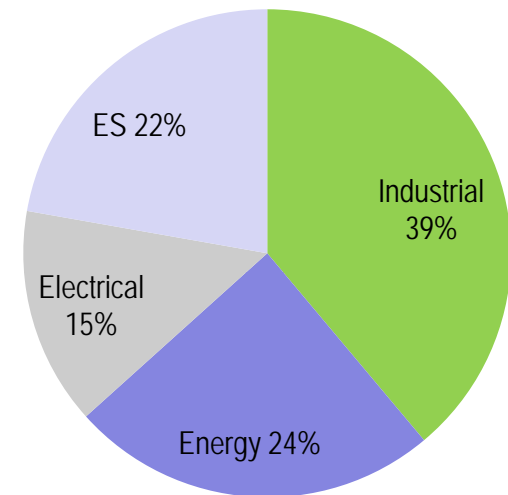


## G+I - We've Invested in Growth



- Commitment and execution related to increased investments
  - 90 positions added to drive Growth + Innovation
  - \$14 million product development / market research / pressure test spend
- More than 16 pressure tests executed or in process across Actuant
- Segment growth councils formed and operating
- Metrics and processes developed and rolled out
- Strategic plans developed with broader focus on G+I

**Total G+I Related Headcount Additions**



*"Pressure Test – accelerated, narrow market testing of a product or service concept to determine commercialization prospects"*

# Excited About Our Growth Prospects



## Key Trends

### Energy Demand

- Global power generation and oil & gas maintenance
- New installations
- Demanding technology & methods (deep water, oil sands, natural gas)
- Alternative energy (nuclear, wind, solar)

### Global Infrastructure

- Emerging market build-out
- Transportation
- Bridges, tunnels
- Rail
- Construction equipment

### Food Requirements

- Population growth
- Affluence / protein diets
- Biofuels
- Agriculture equipment
- Efficient seeding technology

### Natural Resources / Sustainability

- Mining / resources
- Emission reduction solutions
- Renewables (solar, wind)
- Energy efficiency

## Key Products / Technology

- Joint Integrity solutions
- Nuclear maintenance tools
- Pipeline connectors
- Heavy lift rope / slings
- Seismic exploration cables

- Integrated solutions – heavy lift technologies
- Hydraulic cylinders
- Concrete tensioning
- Truck cab-tilt & latch

- Instrumentation & controls
- PTO drivelines
- Flexible shafts

- Solar inverters
- EGR and other air flow
- Mining safety & productivity
- High efficiency transformers

# Emerging Market Focus



## All Segments Increased Emerging Market Sales in 2011

- Duplicating successful China structure in India - consolidated facilities and India Country Leader
  - Heavy-duty truck launch in late 2012
  - Multiple businesses expanding in India
- Continued China penetration
  - Enerpac Integrated Solutions, Energy, Maxima
- Middle East & Brazil energy / infrastructure expansion
- Early penetration in Africa
  - Enerpac infrastructure opportunities
  - Energy sales up 250%



**Total Emerging Markets Grew 25% in 2011 – Double ATU Consolidated Core Growth of 13%**

# Continue to Pursue Attractive Acquisitions



## Maintaining our Disciplined Approach to Acquisitions

### Acquisition Criteria

Niche exposure to faster growing end markets

Cost and sales synergies

Leadership in niche market

Strong management teams

Attractive EBITA ROIC returns

- Acquisitions remain a primary component of our business model
- Robust pipeline of potential acquisition opportunities
- Multiples are toward upper end of historical average but not as high as prior peak in 2007/2008
- Ample free cash flow and capital for acquisitions
- Target leverage range – 1.5-2.5X net Debt/EBITDA

## In Summary...



- Excited about the content and participants today
- Hope you take away the following messages:
  - Well positioned to build our growth capabilities
  - Secular growth trends provide a broad array of opportunity
  - Strong talent and depth in organization
  - Embedded culture of continuous improvement
  - Cash flow / capital deployment to deliver shareholder value

Consistent Strategy and Strong Execution Drive Results

### Addressing Two Often Asked Investor Questions

- How do you source, evaluate and integrate acquisitions?
  - Brian Kobylinski
  - Bill Blackmore
  - Bill Axline
  - Ted Wozniak
- How is the deployment of Growth + Innovation going within the segments?
  - Brian Kobylinski
  - Bill Blackmore
  - David Scheer

## Table 1 – Industrial Segment



Brian Kobylinski – EVP Industrial / Energy

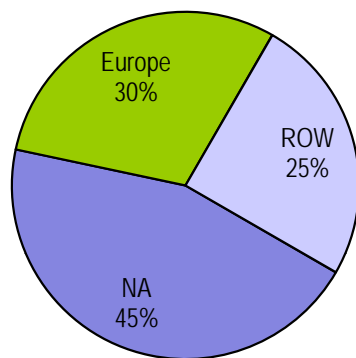
Mark Sefcik – Enerpac Leader

# Industrial Segment Snapshot

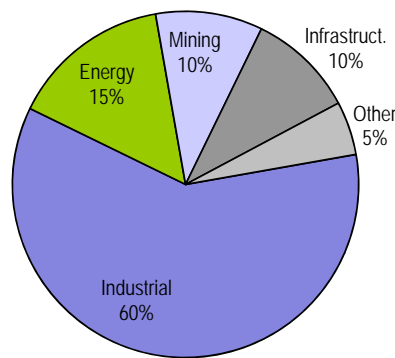


Sales \$395M – 26% & 39% of ATU Revenue & EBITDA

## Sales By Geography



## Sales By Market

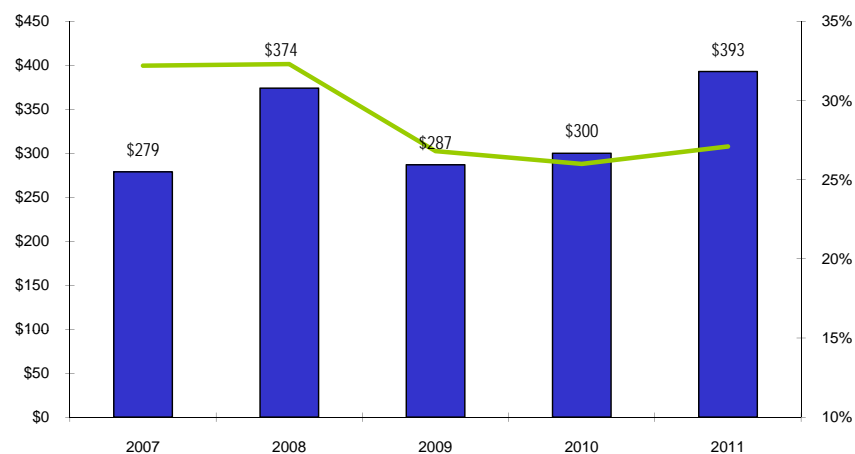


## Financial Performance

Sales

(US \$ in millions)

EBITDA % <sup>(1)</sup>



(1) Excluding 2009/2010 restructuring charges

## 2011 Highlights

- Strong recovery from recession
- New product launch success
- Integrated Solutions ("IS") activity
- Vertical market strategy accomplishments
- Emerging market penetration

## 2012 Priorities

- Continue IS momentum
- Further emerging market penetration
- Expand reach in targeted verticals
- Accelerate product innovation
- Acquisitions

# New Product Development



- Examples include:
  - RC cylinder
  - Steel hand pump

- New battery powered pump pressure tested and near launch



- Addressing safety and productivity in mining, other verticals





- Globalization
- Key account relationships
- Expanding technical competencies
- Core product sale pull-through
- Continues to position Enerpac as premium brand
- Improving margins

# Vertical Market Focused



- Targeting markets possessing stronger than average growth prospects
- Working with distributors to gain valuable voice of the end users
- Leveraging customer's focus on safety and productivity
- Accelerating new product development activities

EFFICIENT, COST  
EFFECTIVE, SAFE  
SOLUTIONS FOR  
THE MINING  
INDUSTRY



Jan de Koning – Hydratight Leader

John Thomas – Cortland Leader

Andy Lampereur - CFO

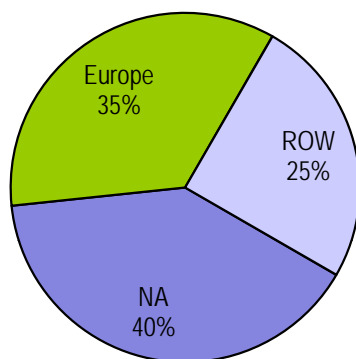
# Energy Segment Snapshot



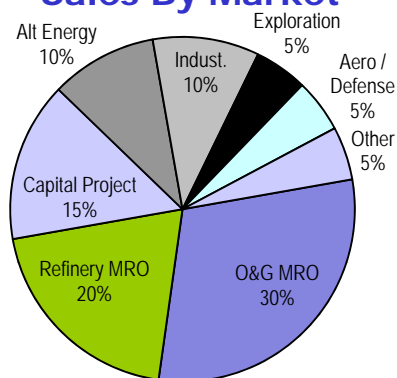
**Sales \$295M – 19% & 23% of ATU Revenue & EBITDA**

## Financial Performance

### Sales By Geography



### Sales By Market



### Sales

(US \$ in millions)

EBITDA % <sup>(1)</sup>



(1) Excluding 2009/2010 restructuring charges

## 2011 Highlights

- Late cycle sales and margin recovery
- Continued globalization and emerging market expansion
- New product launches
- Capitalizing on acquisition synergies – Selantic and Biach

## 2012 Priorities

- Solutions sell – leverage technical know-how
- Accelerate vertical niche market penetration (natural gas, subsea, wind, nuclear)
- Cross-selling of capabilities - both within and across segments
- New product development acceleration
- Acquisitions

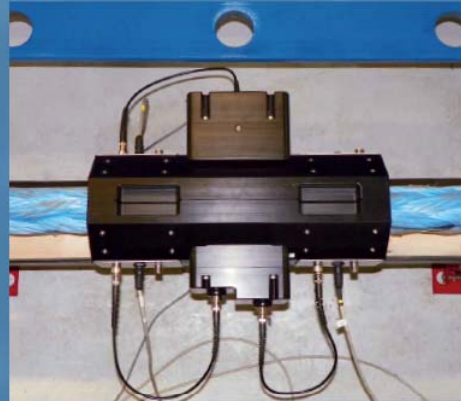
# New Product Introductions



FACILITATING  
INDUSTRY  
CHANGES  
THROUGH NEW  
TECHNOLOGIES



EXPANDING  
PRODUCT RANGES  
& ADAPTING  
EXISTING  
PRODUCTS TO  
NEW MARKETS



- Consumer feedback accelerates modification of existing products for new markets
- Products and test mechanisms to support conversion of wire rope to synthetics

- Expanding natural gas opportunities
- Customer looking to joint integrity industry leader for design and technical competency

### Gorgon Natural Gas Project



MAJOR & GROWING  
MULTI-YEAR  
NATURAL GAS  
PROJECT

JOINT INTEGRITY,  
ENGINEERING,  
SOFTWARE,  
TRAINING AND  
TECHNICAL  
EXPERTISE



## Joint Integrity

GLOBALIZATION  
AND EMERGING  
MARKET  
EXPANSION



SAFE, LEAK-FREE  
ENVIRONMENTS  
WITH PEOPLE,  
PROCESSES AND  
PRODUCTS

- Continue to leverage safety and environmental focus
- Driving legislation and technical requirements

David Scheer – EVP, Electrical

Bill Axline – EVP, Global Customer Relationships  
(Mastervolt Integration Leader)

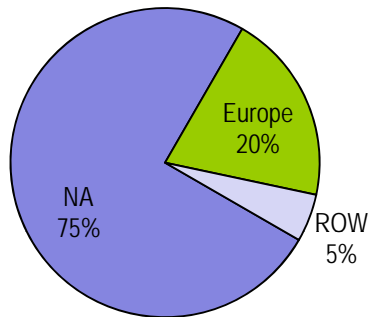
Bob Arzbaecher - CEO

# Electrical Segment Snapshot

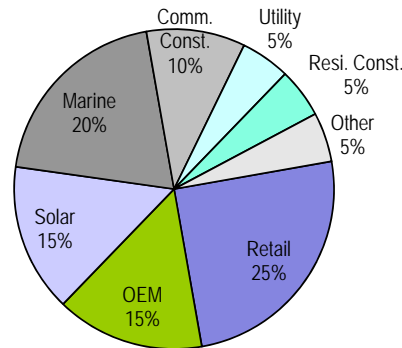


Sales \$300M \* – 20% & 10% of ATU  
Revenue & EBITDA

## Sales By Geography



## Sales By Market



\*Pro forma for full year of Mastervolt Acquisition

## Financial Performance

Sales

(US \$ in millions)

EBITDA % <sup>(1)</sup>



(1) Excluding 2009/2010 restructuring and impairment charges

## 2011 Highlights

- Portfolio repositioning into higher growth markets (European Electrical divestiture / acquisition of Mastervolt)
- Created global marine platform
- New product development focus
- Pricing / cost coverage
- Added new leadership

## 2012 Priorities

- Capitalize on global marine capabilities
- Execute on solar inverter growth strategies
- Del City share expansion and web capabilities
- New product launches

# Execute Solar Growth Strategy



- Focus on the core competencies
  - Residential and small commercial applications
  - Key European countries
- New product technology (e.g. transformerless) launches

## Renewable Energy

SOLAR CORE  
MARKET  
PENETRATION



NEW MARKETS  
AND PRODUCT  
RANGES



## Leisure Marine

GLOBALIZATION OF  
PRODUCT LINES



CROSS-SELLING  
MARINCO AND  
MASTERVOLT  
PRODUCT LINES

- Early wins support strategy
  - Beneteau-Marinco shore power
  - Land 'n Sea-Mastervolt power electronics
  - West Marine-Mastervolt battery chargers
- Focus on system solutions

## New Products



EASY ELECTRICAL  
LOCKING (EEL)  
SHORE POWER  
SYSTEM

- Significant voice of the consumer input
- Features include lighting, ease of alignment and locking mechanism

- Success with alternative channels including high margin internet
- Focus on additional products and site enhancements

## Channel Development

DIRECT SALES  
WITH DEL CITY  
INTERNET  
CHANNEL



## Table 4 – Engineered Solutions



Bill Blackmore – EVP, Engineered Solutions

Jan Smit – Power-Packer Leader

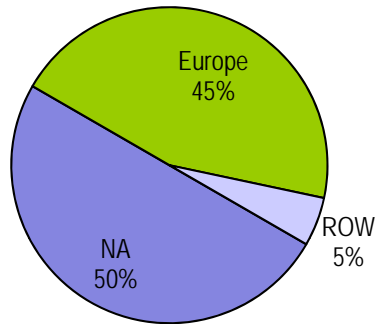
Mark Goldstein - COO

# Engineered Solutions - Snapshot

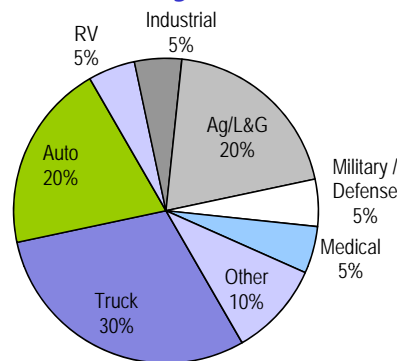


Sales \$540M \* – 35% & 28% of ATU  
Revenue & EBITDA

## Sales By Geography



## Sales By Market



\*Pro forma for full year of Weasler Acquisition

## Financial Performance

Sales

(US \$ in millions)

EBITDA % <sup>(1)</sup>



(1) Excluding 2009/2010 restructuring and impairment charges

## 2011 Highlights

- Strong end market rebound
- Margin improvement leveraging volumes and cost initiatives
- Weasler acquisition - diversification of end market exposures
- Emerging market penetration

## 2012 Priorities

- Weasler integration, expansion of European opportunities
- New product development
- Successfully launch India truck platforms
- CAT off-highway opportunities

# Secular Growth Market :Agriculture



- Weasler European market expansion – both OEM and aftermarket
- Advanced seeding technologies - cost saving for farmers



DRIVERS:  
POPULATION  
GROWTH, PROTEIN  
DIETS, BIO-FUEL



ADVANCED  
SEEDER  
TECHNOLOGIES

EUROPEAN  
EXPANSION:  
MARKET 2X N.A.



## Emerging Markets

INDIA / CHINA  
EXPANSION – TATA,  
VOLVO & OTHERS



OEM EXPANSIONS  
IN BRAZIL: DAF,  
CAT & OTHERS

- Global customers expanding into higher growth emerging markets
- Leveraging relationships to sell existing and customized products

## New Products



- New pump technology saves fuel, eases installation and reduces noise



ECO-PUMP  
TECHNOLOGY:  
EFFICIENT,  
ENVIRONMENTAL,  
COMPACT

- Customizing Gits airflow technologies extending to off-highway and SCR applications

AIR FLOW  
TECHNOLOGIES  
FOR OFF-HIGHWAY  
MARKETS





## Closing Remarks

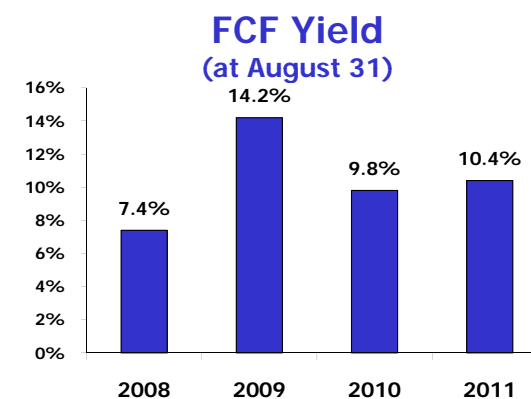
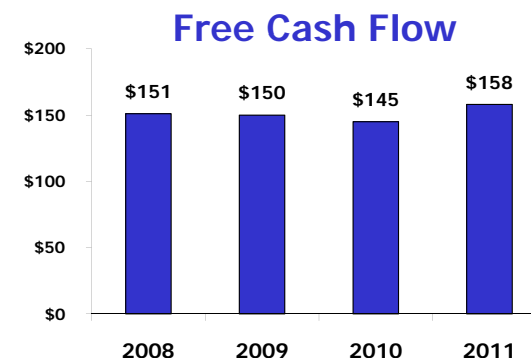
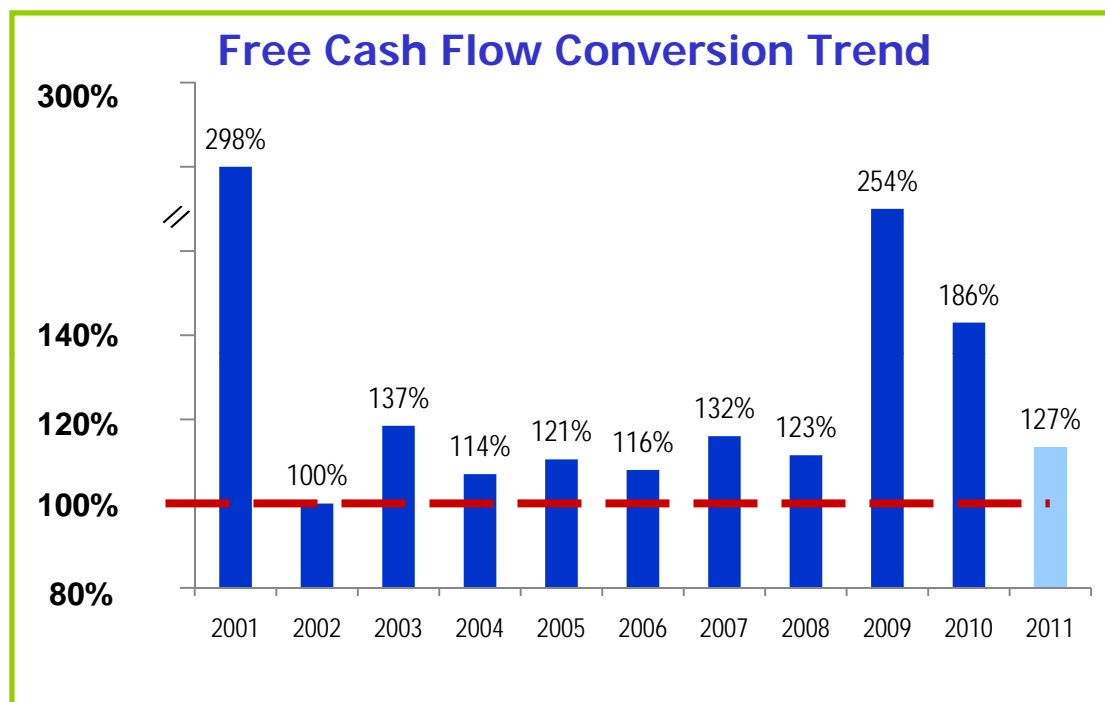
Andy Lampereur – CFO

Bob Arzbaeher - CEO

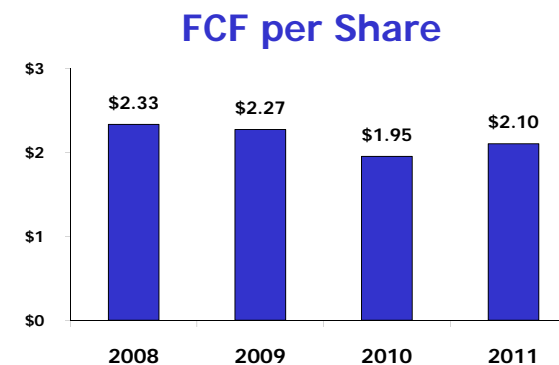


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# Consistency of Cash Flow Generation



11 Consecutive Years of FCF  
Conversion > 100%



FCF Yield – Cash Flow/Market Cap  
FCF/Share – FCF / FD Weighted Average Shares Outstanding

# Capital Structure as of August 31, 2011



(US \$ in millions)

## Capital Structure

Capital Structure Detail	08/31/2011
\$600M Revolver	\$57
Term Loan	100
6.875% Senior Notes (due 2017)	250
2.0% Convertible Bonds	118
Cash	(44)
<b>Net Debt</b>	<b>\$481</b>
 Total Shareholder' Equity	 919
<b>Total Capitalization</b>	<b>\$1,400</b>
 Net Debt / Capitalization	 34%
Net Debt / Pro forma EBITDA	1.8X

## Debt Maturities

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Beyond</u>	<u>Total</u>
\$600M Bank Revolver	-	-	-	57	\$ 57
Bank Term Loan	3	8	10	80	100
6 7/8% Senior Notes	-	-	-	250	250
Convertible Bonds <sup>(1)</sup>	-	-	-	118	118
<b>Gross Debt</b>	<b>\$3</b>	<b>\$8</b>	<b>\$10</b>	<b>\$505</b>	<b>\$525</b>

**Solidly Within Leverage Comfort Zone; Ample Capacity to Fund Growth**

# Stock Repurchase Program



- Authorized up to seven million shares, or 10% of ATU Class A common stock
- Provides flexibility
  - Market dislocations in valuation
  - Equity compensation dilution
- Does not change primary capital deployment priorities of acquisition and organic growth investments
- Committed to maintaining leverage at 1.5-2.5X Net Debt/EBITDA

Shareholder Valuation Creation Opportunity

## Balancing Growth and Cost



	F' 2010	F' 2011	Change
Sales	\$1,161	\$1,445	25%
<i>Core Growth</i>	<i>2%</i>	<i>13%</i>	
EBITDA <sup>(1)</sup>	\$185	\$244	32%
<i>Margins</i>	<i>15.9%</i>	<i>16.9%</i>	<i>100 bps</i>
EPS <sup>(1)</sup>	\$1.08	\$1.68	56%
Headcount <sup>(2)</sup>	5,393	5,562	3%

Continuing to Invest in Growth + Innovation while “Leaning”  
Operations and Back Office

(1) Continuing operations, excluding prior year restructuring and tax items.

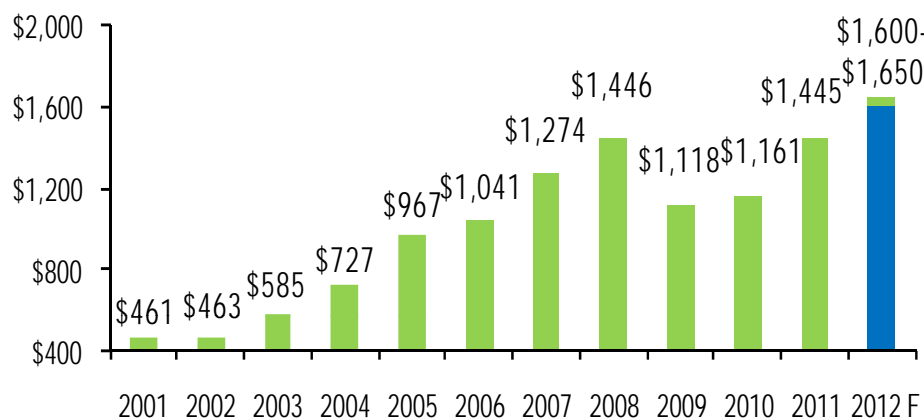
(2) Excluding fiscal 2011 acquisitions; including temporary labor.

# Track Record of Consistent Growth



(\$ in millions except per share data. Fiscal years ended August 31)

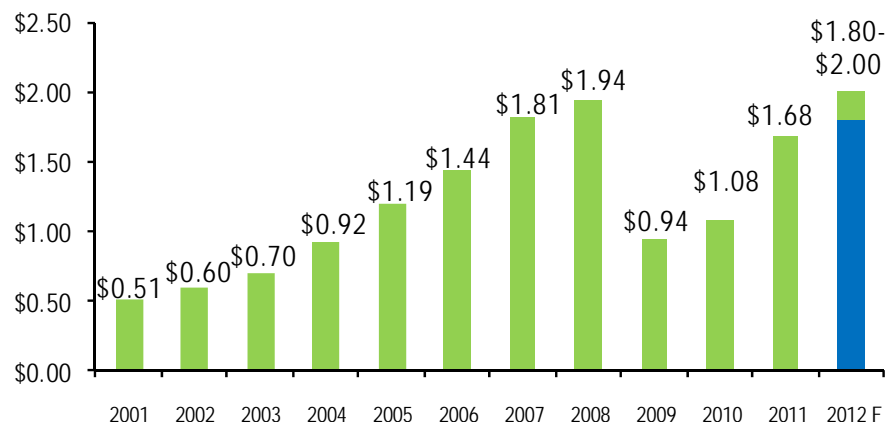
## Sales



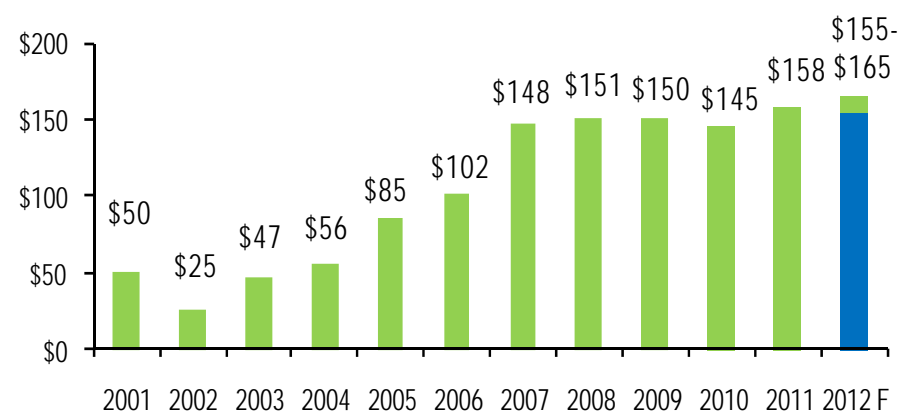
## EBITDA



## EPS



## Free Cash Flow



## Demonstrated Track Record of Profitable Growth

(2006-2011 reflect discontinued operations for European Electrical; 2012 Guidance as of September 28, 2011)

40 Note: EBITDA, EPS and FCF exclude discontinued operations, cumulative effect of changes in accounting, extraordinary charges, refinancing/debt extinguishment, net gains on business divestitures, tax gains and other special items. EBITDA and EPS also exclude impairment and restructuring charges.

## Frequently Asked Questions



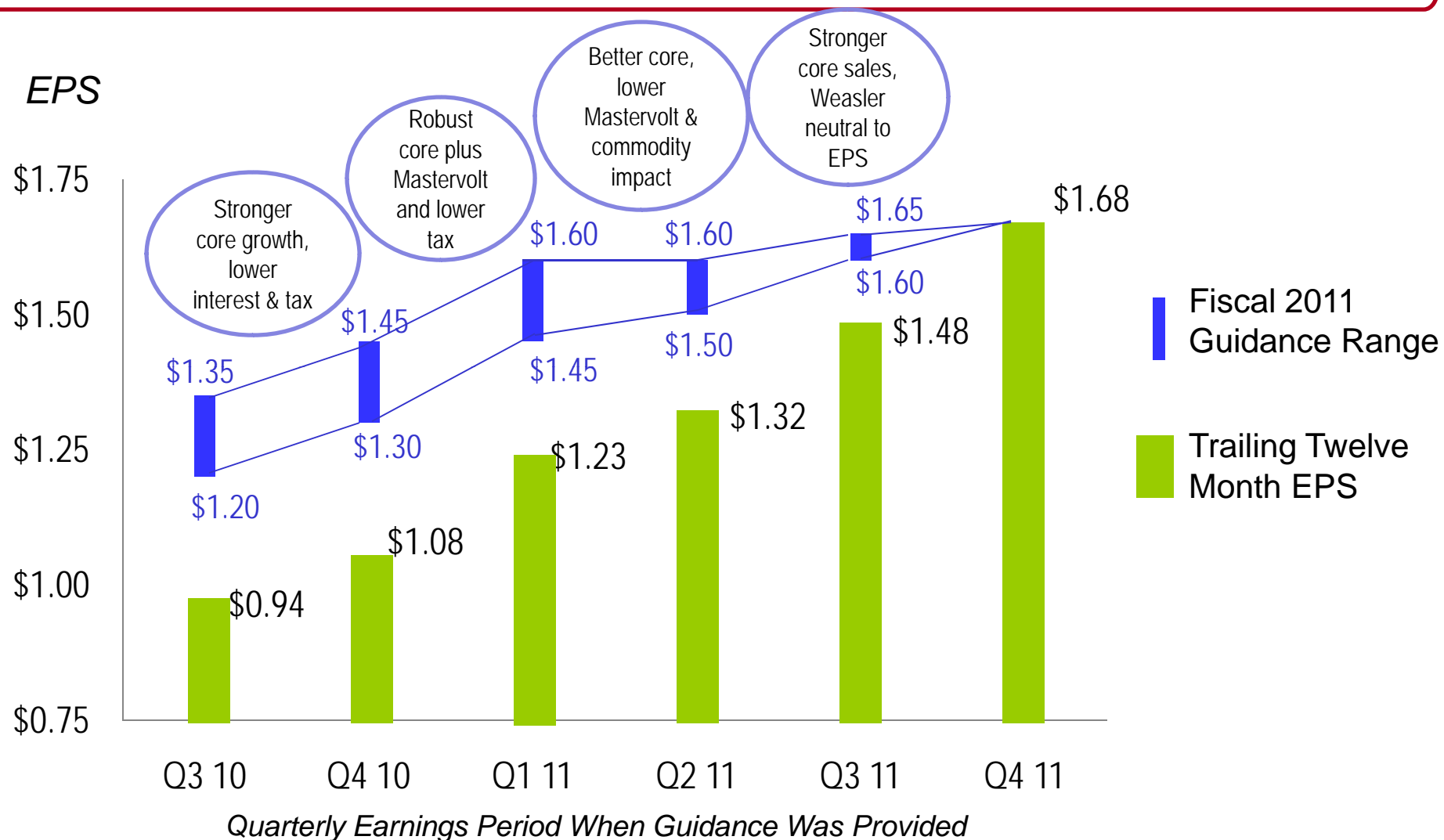
- Help me understand your European exposure - where & what specifically by segment?
- How do you get comfortable with your 2012 guidance in light of market uncertainty?
- What are the upside opportunities and downside challenges to your 2012 guidance?
- If we experience a double dip recession, how might the impact to ATU be different than 2009?
- Why is ATU a good investment?

## Portion of Actuant's 35% European Exposure Consumed in Other Markets

- Engineered Solutions – 45% Europe
  - Automotive – nearly half of volumes exported to other markets
  - Estimated 20% of European trucks exported to emerging markets
- Energy – 35% Europe
  - North Sea / Norway Exposure with maintenance services
  - Umbilical / Seismic – majority of related assets (e.g. ROV) exported to emerging markets
- Industrial – 30%
  - Larger proportion of Integrated Solutions activity in Europe market (not government funded)
- Electrical – 20% - solar and leisure marine

**Believe Exposure to True European Industrial/Consumer Demand Approximates < 25% of Revenue**

# Fiscal 2011 Guidance Progression



Demonstrated Track Record of Predictability and Improvement

## What Are The Upsides?

- Balance sheet capacity – acquisitions, stock repurchases & other growth investments
- Growth + Innovation successes
- Better than expected end market growth trends – momentum
- Accretion from share repurchases

## What Could Present Challenges?

- Double dip recession
  - Financial impact
  - Momentum from Growth + Innovation cultural transition
- Execution

We Are Agile and Well Prepared

### **While Potential for Double Dip Exists, Actuant is in Much Better Shape than 2009**

- Lower leverage, no near term maturities and ample revolver capacity
- \$40 million of permanent cost taken out completed
- No/limited inventory correction – most notably in vehicle markets
- Portfolio management
  - Broader Energy exposure
  - European Electrical divestiture / acquisition of Mastervolt
  - Weasler addition (40% aftermarket)
- Launch of Growth + Innovation initiative
- Limited downside in markets that have not yet recovered (e.g. Electrical)

## Why Invest in Actuant

- Proven management team
- Cash flow / ROIC business model
- Clear strategy and goals
- Mega trends provide a broad array of opportunities
- Positioned to deliver profitable, sustainable growth & shareholder value

# Questions ?



# Supplemental Financial Schedules



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# Reconciliation of Non-GAAP Measures

(US\$ in millions except EPS)



## Net Earnings Excluding Special Items

	2010	2011
Net earnings	\$24	\$111
Net of Tax Adjustments		
Discontinued Operations	42	13
Debt Extinguishment Costs		
Restructuring Charge	12	
Impairment Charges		
Tax Adjustments	1	
<b>NET EARNINGS EXCLUDING SPECIAL ITEMS</b>	<b>\$79</b>	<b>\$124</b>

## Diluted EPS Excluding Special Items

	2010	2011
Diluted Earnings per Share (EPS)	\$ 0.35	\$ 1.50
Net of Tax Adjustments:		
Discontinued Operations	0.56	0.18
Restructuring Charge	0.16	
Tax Adjustment	0.01	
<b>DILUTED EPS EXCLUDING SPECIAL ITEMS</b>	<b>\$ 1.08</b>	<b>\$ 1.68</b>

## EBITDA

	2010	2011
Net Earnings	\$24	\$111
Net Financing Costs	32	32
Income Tax Expense	19	35
Depreciation & Amortization	47	53
Discontinued Operations	46	13
EBITDA	\$168	\$244
Adjustments To EBITDA:		
Restructuring Charge	17	
<b>ADJUSTED EBITDA</b>	<b>\$185</b>	<b>\$244</b>

## Cash Flow

	2010	2011
Adjusted EBITDA	\$185	\$244
Cash Interest	(27)	(26)
Cash Taxes	(7)	(23)
Capital Expenditures	(20)	(23)
PWC/Other	14	(14)
<b>Free Cash Flow</b>	<b>\$145</b>	<b>\$158</b>
Net Earnings Ex. Special Items	\$78	\$124
<b>Free Cash Flow Conversion</b>	<b>186%</b>	<b>127%</b>

# Free Cash Flow / Cash Flow Conversion



(US\$ in millions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total EBITDA	\$87	\$84	\$90	\$106	\$145	\$181	\$228	\$260	\$171	\$185	\$244
Cash Interest	(47)	(30)	(20)	(12)	(15)	(23)	(28)	(35)	(36)	(27)	(26)
Cash Taxes	(9)	(14)	(18)	(21)	(16)	(28)	(36)	(48)	(20)	(7)	(23)
Capital Expenditures	(5)	(7)	(13)	(11)	(15)	(20)	(31)	(44)	(21)	(20)	(23)
PWC/Other	24	(8)	8	(6)	(14)	(8)	15	18	56	14	(14)
<b>Free Cash Flow</b>	<b>\$50</b>	<b>\$25</b>	<b>\$47</b>	<b>\$56</b>	<b>\$85</b>	<b>\$102</b>	<b>\$148</b>	<b>\$151</b>	<b>\$150</b>	<b>\$145</b>	<b>\$158</b>
Net Earnings (1)	\$17	\$25	\$34	\$49	\$70	\$88	\$112	\$123	\$59	\$78	\$124
<b>Free Cash Flow Conversion</b>	<b>298%</b>	<b>100%</b>	<b>137%</b>	<b>114%</b>	<b>121%</b>	<b>116%</b>	<b>132%</b>	<b>123%</b>	<b>254%</b>	<b>186%</b>	<b>127%</b>

(1) Net earnings excluding special items - excludes restructuring and impairment charges, discontinued operations, debt extinguishment charges and non-recurring income tax gains.