



# **ENERPAC**

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## **TOOL GROUP**

**Q1 FY2024 Earnings**

December 20, 2023

# Forward-Looking Statements and Non-GAAP Measures

Statements made in this presentation that are not historical are forward-looking statements made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. The terms “outlook,” “guidance,” “may,” “should,” “could,” “anticipate,” “believe,” “estimate,” “expect,” “objective,” “plan,” “project” and similar expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to inherent risks and uncertainties that may cause actual results or events to differ materially from those contemplated by such forward-looking statements. Risks and uncertainties, that may cause actual results or events to differ materially from those contemplated by such forward-looking statements include, without limitation, general economic uncertainty, market conditions in the industrial, oil & gas, energy, power generation, infrastructure, commercial construction, truck and automotive industries, the impact of geopolitical activity, including the invasion of Ukraine by Russia and international sanctions imposed in response thereto, as well as the armed conflict involving Hamas and Israel, the ability of the Company to achieve its plans or objectives related to its growth strategy, market acceptance of existing and new products, market acceptance of price increases, successful integration of acquisitions, the impact of dispositions and restructurings, the ability of the Company to continue to achieve its objectives related to the ASCEND program, including any assumptions underlying its calculation of expected incremental operating profit or program investment, operating margin risk due to competitive pricing and operating efficiencies, supply chain risk, risks related to reliance on independent agents and distributors for the distribution and service of products, material, labor, or overhead cost increases, tax law changes, foreign currency risk, interest rate risk, commodity risk, tariffs, litigation matters, impairment of goodwill or other intangible assets, the Company’s ability to access capital markets and other risks and uncertainties that may be referred to or noted in the Company’s reports filed with the Securities and Exchange Commission from time to time, including those described in the Company’s Form 10-K for the fiscal year ended August 31, 2023 and most recent report on Form 10-Q. Enerpac 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. All estimates of future performance are as of December 19, 2023.

This presentation also contains financial measures that are not measures presented in conformity with GAAP. These non-GAAP measures include organic sales, EBITDA from continuing operations, adjusted EBITDA from continuing operations, adjusted earnings from continuing operations, adjusted diluted earnings per share from continuing operations, adjusted operating profit from continuing operations, segment adjusted operating profit and adjusted EBITDA, adjusted SG&A, free cash flow and net debt. The supplemental financial schedules appended at the end of this presentation include reconciliations of these non-GAAP measures to the most comparable GAAP measure. Enerpac Tool Group acknowledges that there are many items that impact a company’s reported results and the adjustments reflected in these non-GAAP measures are not intended to present all items that may have impacted these results. In addition, these non-GAAP measures are not necessarily comparable to similarly titled measures used by other companies.

# Solid Start to Fiscal 2024

(\$ in millions)

	1Q23	1Q24	YoY Change
<b>Net Sales</b>	<b>\$139</b>	<b>\$142</b>	<b>+1.9%</b>
<b>Organic Growth*</b>	<b>+12.6%</b>	<b>+5.5%</b>	<b>-</b>
<b>Adjusted EBITDA**</b>	<b>\$27</b>	<b>\$35</b>	<b>+31.1%</b>
<b>Adj. EBITDA Margin</b>	<b>19.1%</b>	<b>24.6%</b>	<b>+550 bps</b>

\*Organic revenue growth excludes the impact of foreign exchange rates, acquisitions, and dispositions.

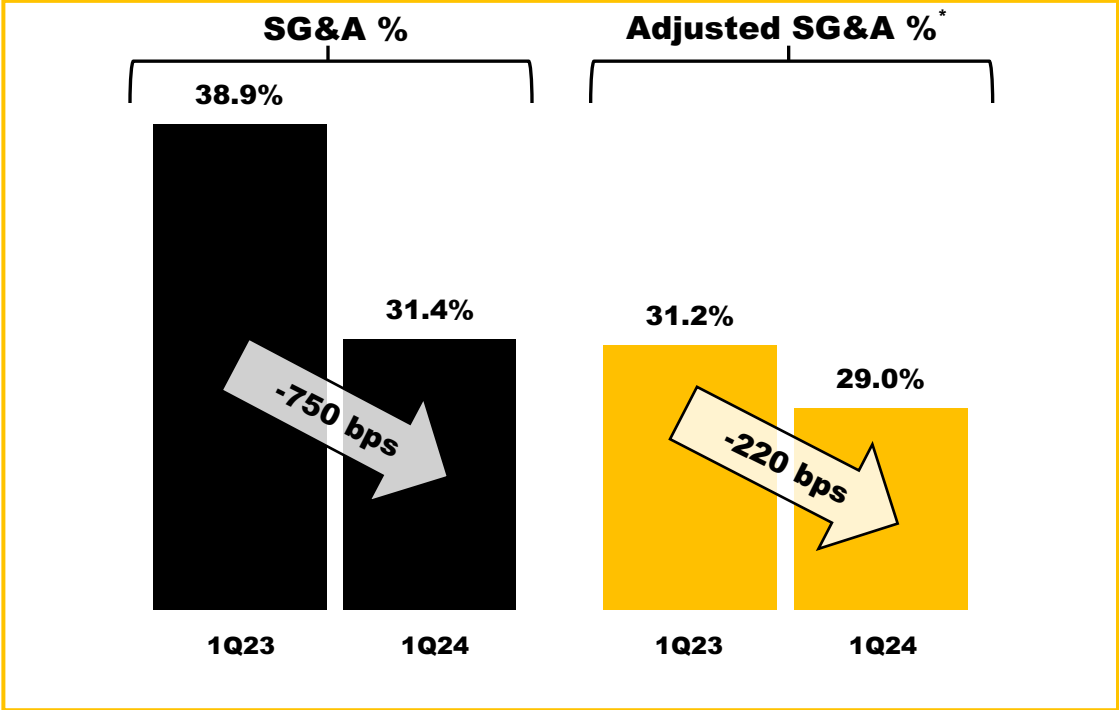
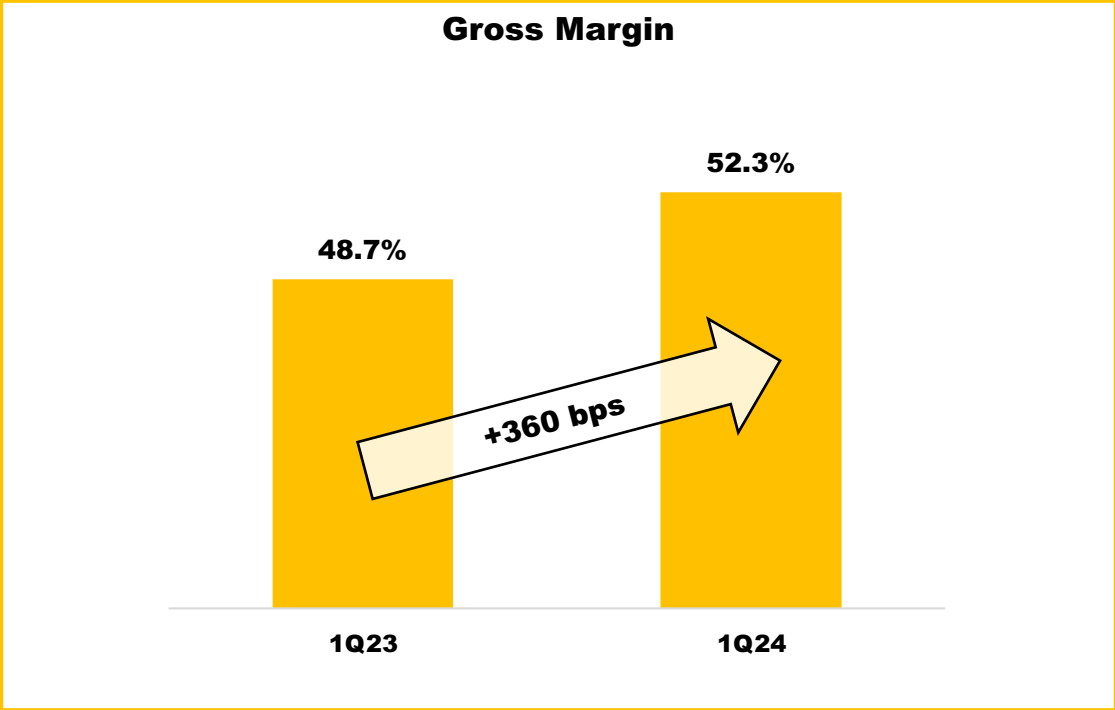
\*\*Adjusted EBITDA excludes restructuring and other charges identified in the accompanying reconciliations to GAAP measures. The Enerpac Tool Group fiscal 2024 Q1 earnings release and full GAAP to non-GAAP reconciliation is available online at <https://ir.enerpactoolgroup.com/>.



# Solid Organic Growth Against Strong 1Q23 Comparisons\*

	1Q23	1Q24
<b>Industrial Tools &amp; Service (IT&amp;S)</b>	<b>11.4%</b>	<b>5.8%</b>
<b>IT&amp;S Product</b>	<b>14.0%</b>	<b>4.5%</b>
<b>IT&amp;S Service</b>	<b>3.4%</b>	<b>10.1%</b>
<b>Other**</b>	<b>26.0%</b>	<b>-2.4%</b>
<b>Energpac Tool Group</b>	<b>12.6%</b>	<b>5.5%</b>

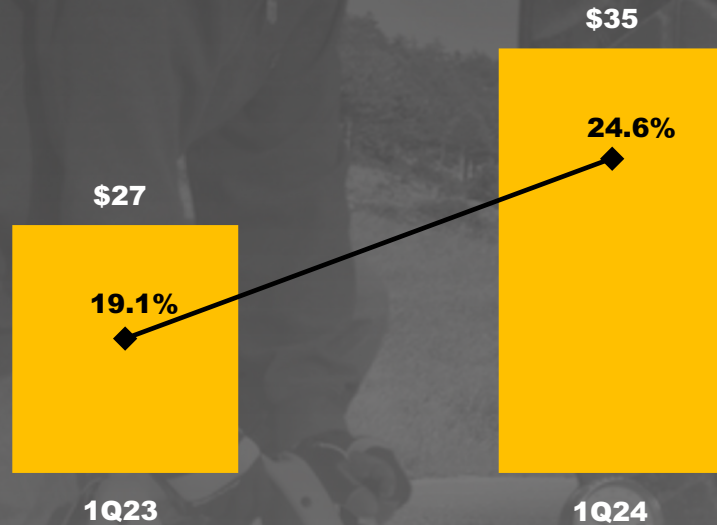
# Driving Continued Operational and SG&A Efficiency and Productivity



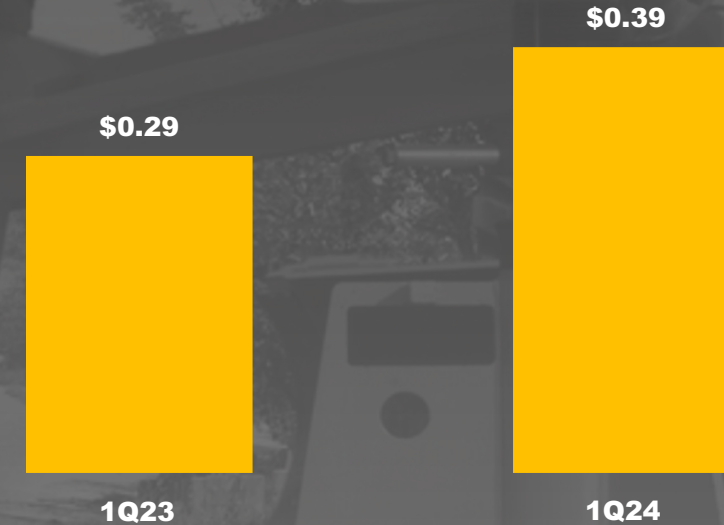
# Continued Strong Profitability Growth and Margin Improvement

(\$ in millions, except per share)

Adjusted EBITDA and Margin\*



Adjusted Diluted EPS\*

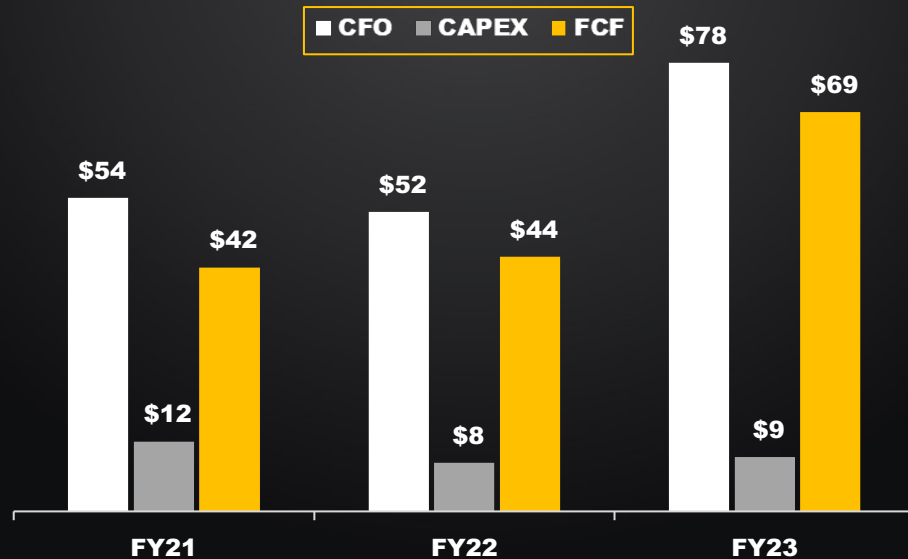


# Strong Liquidity & Balance Sheet

(\$ in millions)

Cash & Equivalents	\$148
Revolver Capacity (Undrawn)	\$352
Total Liquidity	\$500
Total Debt	\$245
Net Debt/Adj. EBITDA*	0.9x

## Asset-Light Model Enables Strong FCF\*\*



# Balanced Capital Allocation Strategy



## Invest in Ourselves

Investments in Digital, Product Innovation, R&D, Operational Excellence Improvements



## Disciplined M&A



## Maintain Our Strong Balance Sheet







Target Leverage of 1.5x – 2.5x



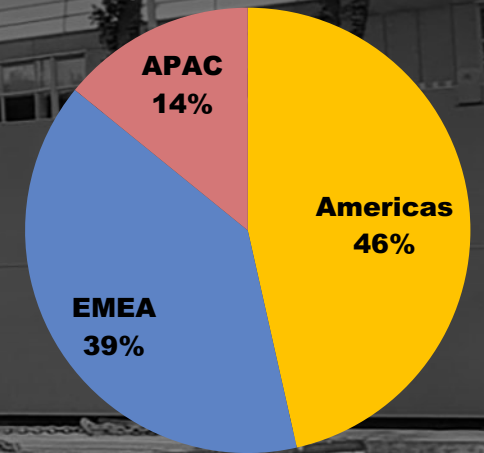
## Opportunistically Returning Capital to Shareholders

~3M shares remaining on current 10M share repurchase authorization

# IT&S Organic Growth by Region\*

Region	1Q23	1Q24
EMEA	 +HSD%	 +HSD%
Americas	 +High Teens%	 +MSD%
APAC	 +LSD%	 +LSD%

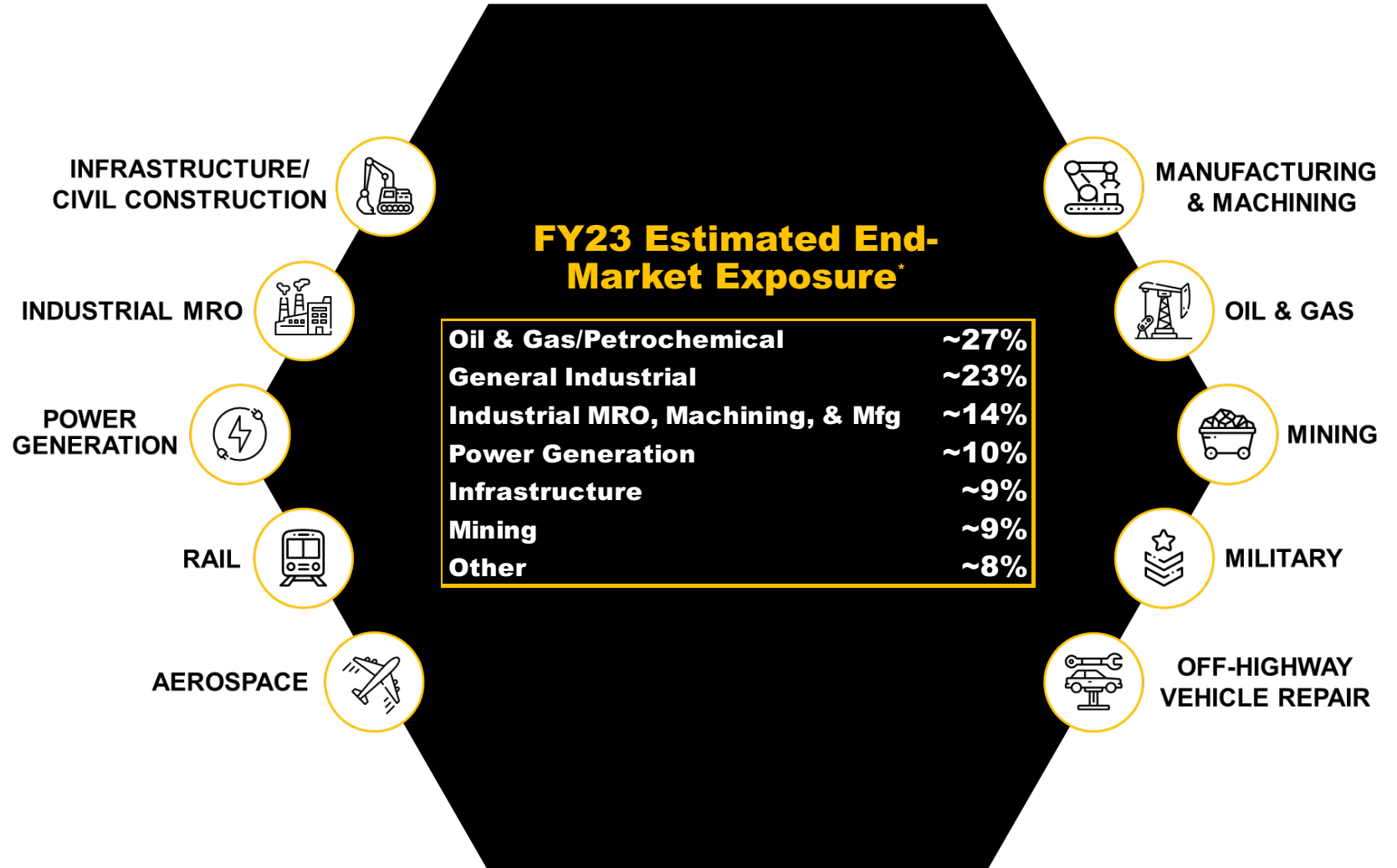
FY23 IT&S Regional Sales





# Serving Broad Array of Vertical End Markets

Large, Fragmented Vertical Markets Provide Growth Opportunities and Diversification for Enerpac



# Innovation Driving Growth and Differentiation

## SC-Series



- Compact
- Lightweight
- Precise

## Enerpac CONNECT



- Product Details
- Firmware Updates
- Service Records

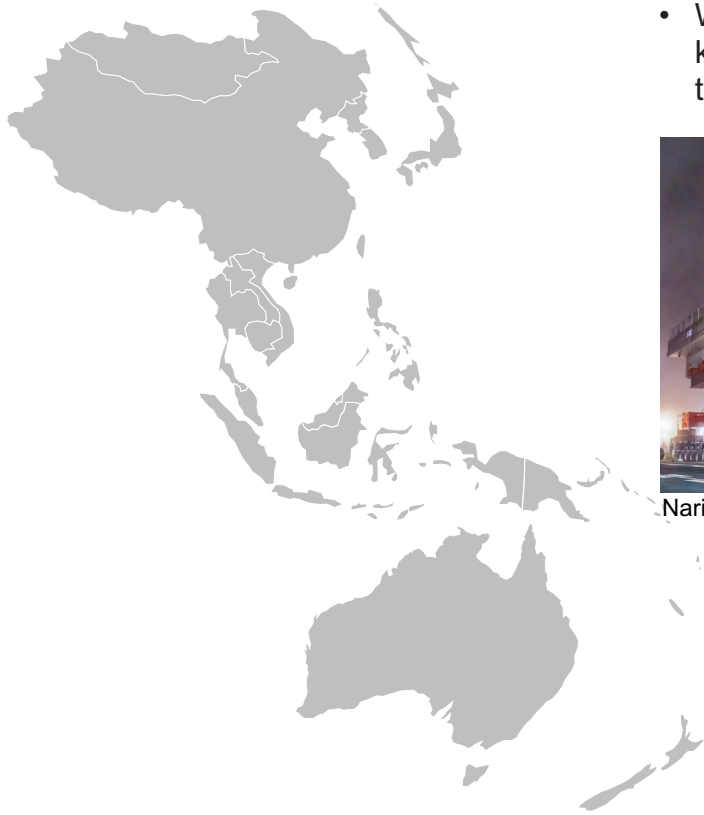
## XC2-Series



- High Capacity
- Extended Run Time
- Increased Oil Capacity

***SC and XC2 round out the best-in-class cordless pump portfolio, and offer clear advantages for MRO, Rail, and Wind applications***

# Executing Expansion Strategy in APAC



## Infrastructure

- Well positioned to support key infrastructure projects throughout the region



Narita Airport - Japan



West Gate - Australia



## Second Brand Strategy

- Signed multiple new distributors in region
- New commercial managers hired in Southeast Asia



## ENERPAC<sup>®</sup> ACADEMY



- Leveraging Enerpac Academy in Singapore to train new distributors & end users
- General hydraulic tool sales & service training
- Larzep product sales & repair
- Bolting Joint Integrity training

# Q&A





# Appendix

# Affirming FY24 Guidance

## Key Assumptions:

- Targeting to outperform industry and gain market share
- No broad-based global recession

Depreciation & Amortization	~\$13-\$15M
Interest Expense	~\$14-\$16M
Adjusted Tax Rate	~20-25%
Cash Taxes	~\$22-\$24M
Capex	~\$12-\$17M
ASCEND Costs	~\$10-\$15M*
Key FX Rates	\$1.10/1€, \$1.25/1£



NET SALES

**\$590 - \$605M**

CORE GROWTH OF ~2-4%



ADJ. EBITDA

**\$142 - \$152M**



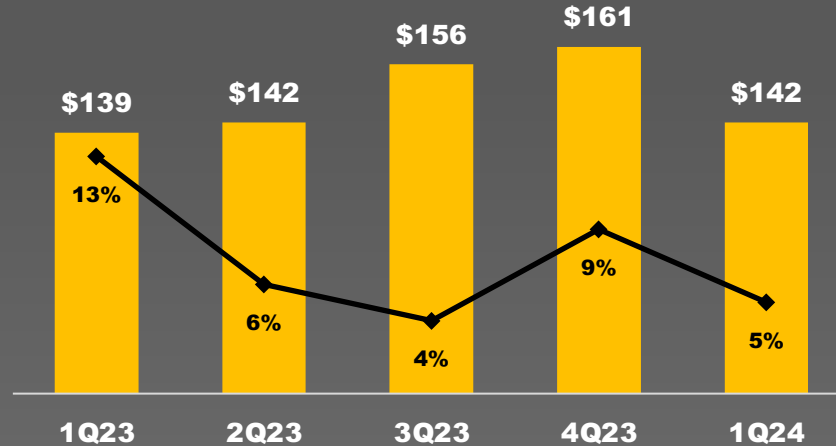
FREE CASH FLOW

**\$60 - \$70M**

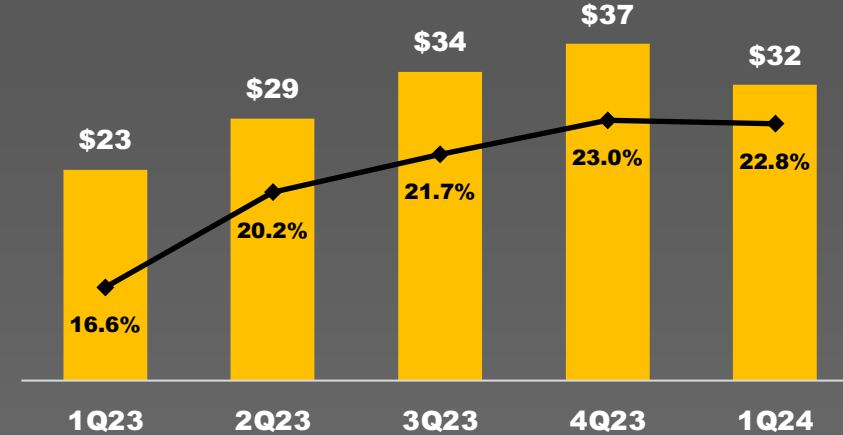
# Quarterly Results

(\$ in millions, except per share)

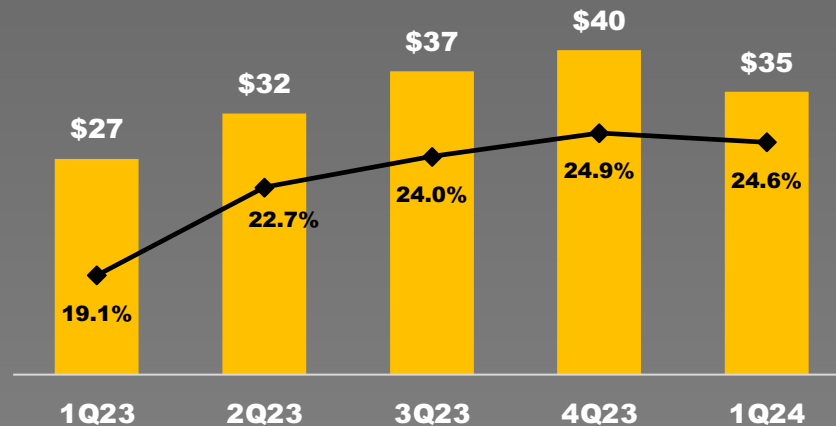
### Net Sales & YoY Organic Growth\*



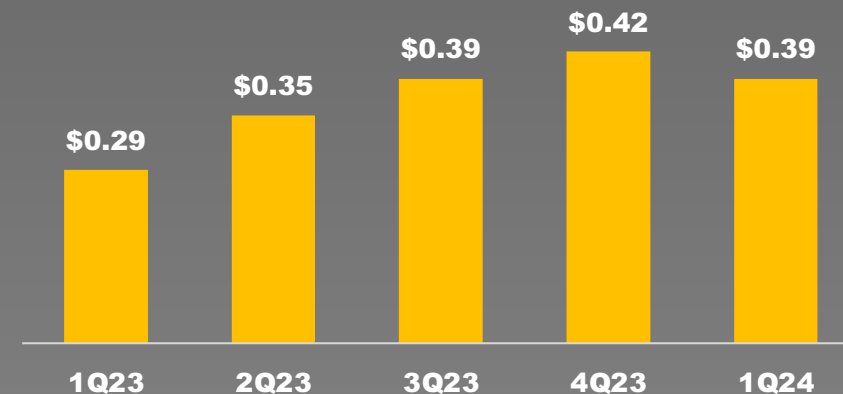
### Adjusted Operating Profit and Margin\*



### Adjusted EBITDA and Margin\*



### Adjusted Diluted EPS\*



\*Adjusted Operating Profit, EBITDA and Diluted EPS exclude restructuring and other charges identified in the accompanying reconciliations to GAAP measures. The Enerpac Tool Group fiscal 2024 Q1 earnings release and full GAAP to non-GAAP reconciliation is available online at <https://ir.enerpactoolgroup.com/>. Organic revenue growth excludes the impact of foreign exchange rates, acquisitions, and dispositions.

# Reconciliation of Non-GAAP Measures

(US\$ in millions)

## Consolidated Organic Sales<sup>(3)</sup> by Quarter

### Q1 FY23

	Q1 FY23	Q1 FY22	% Change
Net Sales	\$139	\$131	6.5%
Fx Impact	-	(7)	
Total	\$139	\$124	12.6%

### Q2 FY23

	Q2 FY23	Q2 FY22	% Change
Net Sales	\$142	\$137	3.9%
Fx Impact	-	(3)	
Total	\$142	\$133	6.4%

### Q3 FY23

	Q3 FY23	Q3 FY22	% Change
Net Sales	\$156	\$152	2.9%
Fx Impact	-	(2)	
Divestiture	-	0	
Total	\$156	\$150	4.3%

### Q4 FY23

	Q4 FY23	Q4 FY22	% Change
Net Sales	\$161	\$152	5.8%
Fx Impact	-	1	
Divestiture	-	(6)	
Total	\$160	\$148	8.8%

### Q1 FY24

	Q1 FY24	Q1 FY23	% Change
Net Sales	\$142	\$139	1.9%
Fx Impact	-	2	
Divestiture	-	(7)	
Total	\$142	\$135	5.5%

## Q1 FY24 Organic Sales<sup>(3)</sup> by Product

### IT&S Segment Organic Sales

	Q1 FY24	Q1 FY23	% Change
Net Sales	\$137	\$127	7.6%
Fx Impact	-	2	
Total	\$137	\$130	5.8%

### IT&S Product Organic Sales

	Q1 FY24	Q1 FY23	% Change
Net Sales	\$105	\$99	6.1%
Fx Impact	-	1	
Total	\$105	\$100	4.5%

### IT&S Service Organic Sales

	Q1 FY24	Q1 FY23	% Change
Net Sales	\$32	\$28	13.2%
Fx Impact	-	1	
Total	\$32	\$29	10.1%

### Other Segment Organic Sales

	Q1 FY24	Q1 FY23	% Change
Net Sales	\$5	\$12	-59.2%
Fx Impact	-	-	
Divestiture	-	(7)	
Total	\$5	\$5	-2.4%

## Q1 FY23 Organic Sales<sup>(3)</sup> by Product

### IT&S Segment Organic Sales

	Q1 FY23	Q1 FY22	% Change
Net Sales	\$127	\$121	4.9%
Fx Impact	-	(7)	
Total	\$127	\$114	11.4%

### IT&S Product Organic Sales

	Q1 FY23	Q1 FY22	% Change
Net Sales	\$99	\$92	7.1%
Fx Impact	-	(6)	
Total	\$99	\$87	14.0%

### IT&S Service Organic Sales

	Q1 FY23	Q1 FY22	% Change
Net Sales	\$28	\$29	-2.0%
Fx Impact	-	(2)	
Total	\$28	\$27	3.4%

### Other Segment Organic Sales

	Q1 FY23	Q1 FY22	% Change
Net Sales	\$12	\$10	26.0%
Fx Impact	-	-	
Total	\$12	\$10	26.0%



# Reconciliation of Non-GAAP Measures

(US\$ in millions, except per share)

Net Sales					
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Enerpac Tool Group	139	142	156	161	142

Adjusted Operating Profit					
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Operating profit	12	14	25	32	29
Impairment & divestiture (benefit) charges	-	-	-	(6)	-
Restructuring charges (1)	1	3	2	1	2
Leadership transition charges	0	0	0	0	-
M&A charges	-	0	0	1	-
ASCEND transformation program charges	9	11	6	9	1
Adjusted operating profit	\$ 23	\$ 29	\$ 34	\$ 37	\$ 32
Adjusted operating profit %	16.6%	20.2%	21.7%	23.0%	22.8%

EBITDA <sup>(2)</sup>					
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Net earnings from continuing operations	6	7	17	23	18
Financing costs, net	3	3	3	3	4
Income tax expense	2	3	5	5	6
Depreciation & amortization	4	4	4	4	3
EBITDA	\$ 16	\$ 17	\$ 29	\$ 35	\$ 31

Adjusted EBITDA <sup>(2)</sup>					
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
EBITDA	16	17	29	35	31
Impairment & divestiture (benefit) charges	-	-	-	(6)	0
Restructuring charges (1)	1	3	2	1	2
Leadership transition charges	0	0	0	0	-
M&A charges	-	0	0	1	-
ASCEND transformation program charges	9	11	6	9	1
Adjusted EBITDA	\$ 27	\$ 32	\$ 37	\$ 40	\$ 35
Adjusted EBITDA %	19.1%	22.7%	24.0%	24.9%	24.6%

Adjusted Diluted Earnings per share from Continuing Operations <sup>(4)</sup>					
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Net Earnings	0.13	0.08	0.22	0.40	0.32
Earnings (loss) from Discontinued Operations, net of income tax	0.02	(0.05)	(0.08)	(0.02)	(0.01)
Net Earnings from Continuing Operations	0.11	0.12	0.30	0.41	0.33
Impairment & divestiture (benefit) charges, net of tax effect	-	-	-	(0.11)	-
Restructuring charges (1), net of tax effect	0.02	0.05	0.03	0.01	0.04
Leadership transition charges, net of tax effect	0.01	0.00	0.00	0.00	-
M&A charges, net of tax effect	-	0.00	0.00	0.01	-
ASCEND transformation program charges, net of tax effect	0.15	0.17	0.06	0.10	0.02
Accelerated debt issuance costs, net of tax effect	0.01	-	-	-	-
Other income tax expense	-	0.00	-	-	-
Adjusted Diluted Earnings per share from Continuing Operations	0.29	0.35	0.39	0.42	0.39

Adjusted Net Earnings from Continuing Operations <sup>(4)</sup>					
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Net Earnings	7	4	12	22	18
Earnings (loss) from Discontinued Operations, net of income tax	1	(3)	(5)	(1)	(1)
Net Earnings from Continuing Operations	6	7	17	23	18
Impairment & divestiture (benefit) charges	-	-	-	(6)	-
Restructuring charges (1)	1	3	2	1	2
Leadership transition charges	-	-	-	-	-
M&A charges	-	-	-	1	-
ASCEND transformation program charges	9	11	6	9	1
Accelerated debt issuance costs	-	-	-	-	-
Net tax effect of reconciling items above	(1)	(2)	(3)	(4)	-
Other income tax expense	-	-	-	-	-
Adjusted Net Earnings from Continuing Operations	17	20	22	23	22

Free Cash Flow					
	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Cash provided by (used in) operating activities	18	(8)	17	51	(7)
Capital expenditures	(3)	(2)	(3)	(1)	(2)
Free Cash Flow	15	(10)	14	50	(8)

# Reconciliation of Non-GAAP Measures

(US\$ in millions)

## Adjusted Selling, general and administrative expenses

	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24
Selling, general and administrative expenses	\$ 54	\$ 55	\$ 51	\$ 52	\$ 45
Selling, general and administrative expenses %	38.9%	38.8%	32.7%	32.3%	31.4%
Selling, general and administrative expenses					
SG&A Restructuring charges (1)	(1)	(3)	(2)	(1)	(2)
Leadership transition charges	-	-	-	-	-
M&A charges	-	-	-	(1)	-
SG&A ASCEND transformation program charges	(9)	(11)	(6)	(8)	(1)
Adjusted Selling, general and administrative expenses	\$ 43	\$ 40	\$ 43	\$ 42	\$ 41
Adjusted Selling, general and administrative expenses %	31.2%	28.5%	27.5%	26.0%	29.0%

## Fiscal 2024 Guidance

	Fiscal 2024	
	Low	High
<b>Reconciliation of Continued Operations GAAP Operating Profit</b>		
<b>To Adjusted EBITDA <sup>(5)</sup></b>		
GAAP Operating profit	\$ 113	\$ 130
ASCEND transformation program charges	10	7
Restructuring charges	5	3
Adjusted operating profit	\$ 128	\$ 140
Other expense, net	(1)	(1)
Depreciation & amortization	15	13
Adjusted EBITDA	\$ 142	\$ 152
<b>Reconciliation of GAAP Cash Flow From Operations to Free Cash Flow</b>		
Cash provided by operating activities	\$ 72	\$ 87
Capital expenditures	(12)	(17)
Free Cash Flow Guidance	\$ 60	\$ 70

# Reconciliation of Non-GAAP Measures

(1) Approximately \$0.6 million of the Q4 fiscal 2023 restructuring charges were recorded in cost of products sold.

(2) EBITDA represents net earnings from continuing operations before financing costs, net, income tax expense, and depreciation & amortization. Neither EBITDA nor adjusted EBITDA are calculated based upon generally accepted accounting principles ("GAAP"). The amounts included in the EBITDA and adjusted EBITDA calculation, however, are derived from amounts included in the Condensed Consolidated Statements of Earnings. EBITDA and adjusted EBITDA should not be considered as alternatives to net earnings, operating profit or operating cash flows. The Company has presented EBITDA and adjusted EBITDA because it regularly reviews these performance measures. In addition, EBITDA and adjusted EBITDA are used by many of our investors and lenders, and are presented as a convenience to them. The EBITDA and adjusted EBITDA measures presented may not always be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

(3) Organic Sales (formerly referred to as "core sales") is defined as sales excluding the impact to foreign currency changes and the impact from recent acquisitions and divestitures to net sales

(4) Adjusted earnings from continuing operations and adjusted diluted earnings per share represent net earnings and diluted earnings per share per the Condensed Consolidated Statements of Earnings net of charges or credits for items to be highlighted for comparability purposes. These measures are not calculated based upon GAAP and should not be considered as an alternative to net earnings or diluted earnings per share or as an indicator of the Company's operating performance. However, this presentation is important to investors for understanding the operating results of the current portfolio of Enerpac Tool Group companies.

(5) Management does not provide guidance on GAAP financial measures as we are unable to predict and estimate with certainty items such as potential impairments, refinancing costs, business divestiture gains/losses, discrete tax adjustments, or other items impacting GAAP financial metrics. As a result, we have included above only those items about which we are aware and are reasonably likely to occur during the guidance period covered.

*For all reconciliations of GAAP measures to Non-GAAP measures, the summation of the individual components may not equal the total due to rounding. With respect to the earnings per share reconciliations the impact of share dilution on the calculation of the net earnings or loss per share and discontinued operations per share may result in the summation of these components not equaling the total earnings per share from continuing operations.*