

LIFT UP]

2021
ANNUAL
REPORT



ENERPAC 
TOOL GROUP



“WE OPERATE WITH STRONG MARKET POSITIONS

and improving financial results coupled with a healthy balance sheet, and we are building on this foundation to deliver differentiated performance in the next phase of our journey.”

- PAUL STERNLIEB, PRESIDENT & CEO

ENERPAC TOOL GROUP

is a global leader in high-precision tools, controlled force products and solutions for precise heavy lifting.



Products

Cylinders/jacks, pumps, bolting tools, presses, pullers, tools, and heavy lifting technology



Service and Rental

Bolting, machining and joint integrity



Extensive Global Distribution

1,500+ long-standing distribution relationships
3,500+ distributor locations



Diversified Customer Base

Customers include specialty dealers, national distribution, and large OEM's

110
Years of history

100+
Countries sold into

100+
Years of leadership team experience

~2,100
Employees

VERTICAL MARKETS



Civil Construction



Industrial MRO



Aerospace



Power Gen. & Renewables



Manufacturing Tools



Oil & Gas



Steel & Metal



Off-Highway Vehicle Repair



On-Highway Vehicle Repair



Mining



Rescue



Military



Paper/Wood

STRONG BRAND RECOGNITION

ENERPAC 

Premium Industrial Tools | Heavy Lifting

hydratight

Service | Rental | Training

CORTLAND

Medical | Industrial Ropes

INNOVATION

FY 2021 New Products

We believe it takes advanced technical expertise and ingenuity to develop the industry's most trusted solutions. It all starts with a thorough understanding of our customer needs, the environments they work in and the ideas of tomorrow that help get jobs done safer, faster, and easier. Our relentless pursuit to deliver the highest standard of excellence means never compromising on quality.



HMT Series Interchangeable Hydraulic Torque Wrenches make it possible to enhance your bolting inventory in a cost-effective way—and without compromising on quality.



ZE2 & ZW2-Series Electric Pumps are the ideal solution for workholding and shop applications that require reliable performance, productive flow rates, quiet operation, and low-cost maintenance.



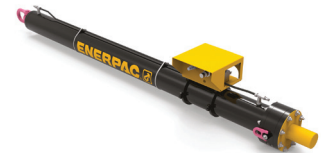
Upgraded RC-Trio Series Hydraulic Cylinders include a new 'Trio' bearing system for enhanced durability, and a new hybrid spring-return system for fast retraction and greater productivity.



Portable Safe T™ Torque Checker provides simple and accurate measurement of torque output within +/-1% in order to fasten bolts accurately the first time.



Split-Flow Manifolds are for complex and large construction projects, eliminate manual intervention, provide warnings, and deliver accuracy of up to 1mm across all lifting points.



Line Stop Actuators offer a safe and reliable choice for pipeline maintenance, including easier plugging, and offer longer-term durability along with industry-standard features.



ML40 Mini-Lift Gantry has built-in synchronization and safety features so all an operator needs for nearly any 40-ton lifting job is a standard power supply and basic training.



Turbine Engine Digital Turning Tool provides an advanced and simple solution for rotating turbine engines during borescope inspections.



RP70 Rail Stressor is designed for railway maintenance engineers to be able to stress, weld, repair and service railways, and can be carried and assembled by one person.

NEVER COMPROMISE.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our local and global responsibility

PROMOTING ENVIRONMENTAL SUSTAINABILITY

Striving to run efficient operations that minimize our impact on the environment, all of our facilities, including manufacturing operations, and 2,100 employees embrace continuous improvement as part of our culture of pursuing efficiencies and delivering cost-effective products for our customers.

We are committed to safeguarding natural resources and protecting the environment as part of our daily responsibilities and operations. Our commitment to compliance, conservation, good citizenship and continuous improvement fosters a culture of environmental excellence and responsibility throughout our business.



COMMUNITY GIVING

Our company is committed to being a positive contributor to and enhance the quality of life of the communities where our employees work and live. Our *Enerpac Lifts Up Community Giving Program* goals are as follows:



Ensure that each Enerpac Tool Group location supports at least one community project or organization.



Increase employee awareness and participation in local and national volunteer opportunities.



Encourage employee giving and support their contributions through a company participation bonus for each site.

DIVERSITY, EQUITY & INCLUSION

Our Diversity, Equity and Inclusion initiatives aim to implement actions that support diversity through the full employee life-cycle, including recruiting, DEI-focused talent development, company-wide initiatives focused on equitable inclusion, and benchmarking and reporting our progress. We know that aligning resources in these key areas will drive change faster. Our top priorities are:

Establish a Culture of Belonging
where all employees can thrive

Improve Our Recruiting Practices
to attract more diverse employees

Support Education for Disadvantaged Groups
in our communities

DELIVERING LONG-TERM GROWTH

Sustainable business model

built on well-recognized brands, robust global distribution and broad reach of end markets

Clear strategy

to drive core growth above market and expand margins

Disciplined capital deployment

powered by strong balance sheet and free cash flow conversion

Experienced leadership team

capable of executing to win



**DELIVERING
LONG-TERM
GROWTH**

DEPLOYING CAPITAL



Invest in ourselves to drive organic growth



Reduce debt and maintain a strong balance sheet



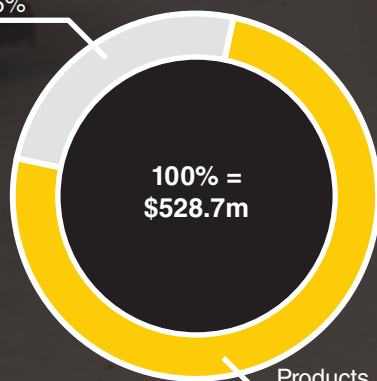
Execute selective, disciplined M&A within tool space



Conduct opportunistic share buybacks

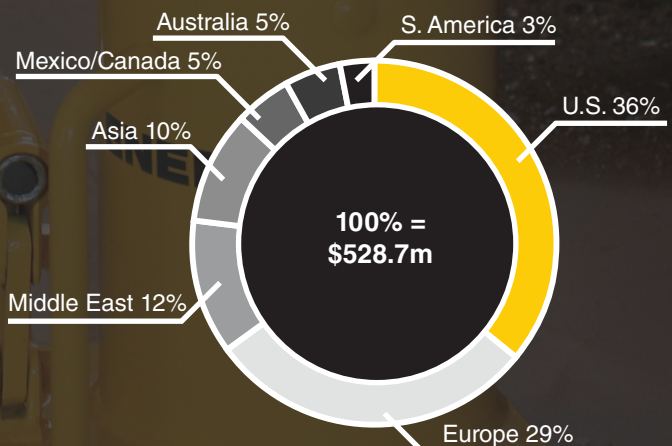
2021 REVENUE BY CATEGORY

Services (Manpower/Rental) ~25%



Products ~75%

2021 REVENUE BY GEOGRAPHY



CEO LETTER

Paul Sternlieb

President and Chief Executive Officer



Dear Shareholders:

Enerpac 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 several 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. We operate with strong market positions and improving financial results coupled with a healthy balance sheet, and we are building on this foundation to deliver differentiated performance in the next phase of our journey.

I am delighted to have the opportunity to lead Enerpac Tool Group. My background and experience corresponds well with our objectives of driving growth in sales and profit margins, delivering sustainable benefits through operational excellence, and effectively allocating capital, while creating value for our customers and our shareholders. Over the course of my career, I have had the privilege of leading several world-class, global industrial and manufacturing organizations. As I make my way around our business, I have been very impressed by Enerpac's strong market position, global breadth, rich history, and outstanding reputation with our customers. We enjoy an excellent foundation built on a broad portfolio of leading products and services, with a team that is ready to meet tomorrow's challenges. We have many exciting opportunities ahead to deliver further shareholder value, such as our commercial growth initiatives, new product developments, digital and IoT innovations, and further improvements in productivity and efficiency. Moreover, with much of the heavy lifting of our portfolio repositioning now complete, Enerpac is a pure-play industrial tools and services company that is poised for growth.

Fiscal Year 2021 Financial Results

The company achieved net sales of \$529 million, 7% higher than the prior year sales, despite the continued challenges posed by the global pandemic. I am encouraged by the strong growth that we saw in the Americas and Europe, especially in the second half of our fiscal year. However, there were still portions of our business, particularly in our Middle East and Asia Pacific regions, that remained challenged by reduced demand conditions due to pandemic-related lockdowns and the lingering economic effects of the pandemic throughout the year. As we exited the fiscal year, our sales were also modestly impacted by the supply chain challenges impacting the broader global market. Our sourcing and

REVENUE
GROWTH
7%

procurement teams continue to work through these challenges to mitigate the impact they could have on our ongoing results.

**SECOND-HALF
ADJUSTED
INCREMENTAL
EBITDA MARGIN**

46%

Operating profit from continuing operations was \$51 million or roughly 10% of net sales, an increase of \$27 million or 53% compared to the prior year. The improved profitability was driven from the increased sales volume, a 200 basis point gross profit improvement from higher absorption of our overhead costs and improved product and service mix, and lower selling, general and administrative expenses. Consistent with sales, our second half profitability improved significantly as the economic effects of the global pandemic subsided in our larger regions and resulted in incremental adjusted EBITDA margins of roughly 46%, excluding the impact of currency, exceeding the high end of our targeted range.

Consolidated net income and diluted EPS from continuing operations for Fiscal 2021 were \$40.2 million and \$0.67, respectively, compared to net income and diluted EPS from continuing operations of \$5.6 million and \$0.09, respectively, in Fiscal 2020.

We generated over \$69 million of free cash flow in Fiscal 2021, and our free cash flow conversion for the year was well in excess of 100%. We paid down \$80 million in debt largely from the cash flows generated in the fiscal year and ended the year with \$140 million in cash on hand. Our debt leverage (defined as net debt divided by adjusted EBITDA) was at 0.6 times down from 1.8 in the prior year. We expect our leverage to further improve as we continue to have year-over-year growth and lapse our COVID-impacted quarters from our trailing twelve-month EBITDA.

182%
**FREE CASH
FLOW
CONVERSION**

A Vision for an Exciting Future

As I joined the company, I have taken the opportunity to meet with many key stakeholders to learn about our history, our current performance, and our future potential. Our long-term goal is to create shareholder value and best-in-class returns through growth of our core businesses, driving efficiency and profitability, generating strong cash flow, and being disciplined in the deployment of our capital. As we work towards that goal, we are also currently updating our strategy and underlying initiatives that will enable us to consistently deliver on those objectives, and we look forward to sharing our perspectives with you in the coming months. With that said, there are several overarching objectives that I believe are important to the long-term success of Enerpac:

- Maintain a relentless focus on a strong safety culture and operating environment;
- Continue and accelerate our pure-play tools strategy, and further enhance Enerpac's leading position in the market by executing thoughtful and impactful growth initiatives and innovation programs;
- Pursue additional opportunities for overhead cost reduction and operational productivity that allow us to be more nimble, responsive, and efficient;
- Explore selective acquisition opportunities to complement our product and service portfolio, while maintaining appropriate discipline and commitment to strong returns;
- Maintain a balanced capital allocation framework, always through the lens of the shareholder;
- Continue to focus on sustainable operational improvements and margin expansion;

- Drive further simplification in our business to remove unnecessary complexity and enable us to better serve our customers; and
- Further enhance our culture through the application of more standard business processes, a deeper connection with our end users, and our continued focus on Diversity, Equity, and Inclusion (“DE&I”).

These objectives will form the foundation for our strategy and the work we undertake to deliver on that strategy.

One step that we successfully completed in Fiscal 2021 in line with these objectives was the consolidation of our Morpeth and Cramlington sites in the UK, establishing our world-class center of excellence for Enerpac’s torque and tension business. Leveraging our recent acquisition of HTL Group, the re-imagined Cramlington site is now home to Enerpac’s global engineering and manufacturing activities that are responsible for the continued development of our line of industry-leading torque and tension tools used across multiple vertical markets such as power generation, wind, oil and gas, and general industrial applications. Our investments in state-of-the-art manufacturing capabilities and the latest tools to help our team innovate will enable us continue to provide our customers with the very highest quality tools and know-how to help them work safer and smarter in their toughest applications.



Site consolidation and investing in manufacturing capabilities make our Cramlington, UK facility a Center of Excellence for our torque and tension products.

Positive Prospects for the Long-Term

At Enerpac we serve customers across a robust mix of end markets, geographies, and applications, many of which we believe are situated for long-term growth and investment. Markets such as civil construction, industrial MRO, aerospace, power generation and renewables, and steel are already seeing favorable macro-trends that we believe will provide beneficial tailwinds to Enerpac. In addition, Enerpac is well positioned to take advantage of increased infrastructure spending. We actively participate in many aspects of infrastructure applications including roads and bridges, rail, commercial construction, electrical distribution, water, airports, and port facilities.

Add to that our competitive advantages of an extensive global distribution network with over 1,500 long-standing distribution relationships, application experts with the ability to provide extensive product information and demonstrations to our customers, global reach to support our customers’ needs for tools and services, and sales and rental capabilities in all major markets served, and we believe we have a very bright future.

One way we’ll be expanding our long-term capabilities in the coming months will be with our new and much larger Enerpac Tool Center in Deer Park, Texas. The 52,000 square foot facility will have capacity to house extensive rental inventory and host hands-on trainings for both Enerpac and Hydratight customers. It will also include a torque calibration lab and a product showroom. The facility will serve as a model for future Enerpac Tool Centers around the globe.

Positioned to Achieve Differentiated Performance

Energpac Tool Group has significant potential based on a strong foundation for profitable growth. We have a dedicated team of 2,100 employees who share a clear vision and are engaged in solving our customers' problems every day. Having successfully navigated through the global pandemic, we remain steadfastly focused on continuing to invest in highly differentiated new product developments, building deeper connections with our customers, and leveraging digital technologies to help reach and support new customers. In addition, our current liquidity provides us with ample capacity between our cash on hand, existing credit facilities, and access to debt markets to invest appropriately for organic and inorganic growth.

Moreover, we have continued building on our DE&I efforts across Energpac to ensure that we create a stronger company where everyone on the team feels a true sense of belonging. Over the past year we have significantly enhanced our focus on DE&I and have incorporated several DE&I-related objectives into our core strategy, including: (i) a focus on our culture to ensure all feel they belong, (ii) broadening our recruiting efforts to reach, attract and retain more diverse employees, and (iii) supporting education for disadvantaged groups in our communities.



Our first employee resource group, Women of Energpac is committed to empowering and supporting women employees to develop professionally in their careers.

In Fiscal 2021, Energpac achieved several significant accomplishments, none of which would have been possible without the strong efforts of our dedicated employees around the world. I would like to thank our team for these results and for their commitment to serving our customers, especially in light of the challenges presented by the global pandemic.

In addition, I would like to thank the Board of Directors for this opportunity, and Energpac Tool Group's former President and CEO, Randy Baker, for his support in helping to ensure a very smooth leadership transition. Randy's work in transforming the company has set us on the right path of a pure-play industrial tools and services company. This is a very exciting time to be part of the Energpac Tool Group, and I am looking forward to the next steps in our journey together, which I believe will be truly energizing and rewarding.

Sincerely,

Paul Sternlieb
President and Chief Executive Officer
Energpac Tool Group Corp.

CORPORATE INFORMATION

Company Leadership

INDEPENDENT DIRECTORS

Alfredo Altavilla

Executive Chairman of Italia Trasporto Aereo, S.p.A.

Judy L. Altmaier

Former President, Exmark Manufacturing Co.

J. Palmer Clarkson

President and CEO, Bridgestone HosePower, LLC

Danny L. Cunningham

Former Chief Risk Officer and Retired Partner of Deloitte & Touche, LLP

E. James Ferland

Former Chairman and CEO of Babcock & Wilcox Enterprises, Inc.

Richard D. Holder

CEO of HZO, Inc.

Sidney S. Simmons, II

Founder and Principal at Simmons Law

EXECUTIVE OFFICERS

Paul E. Sternlieb

President and Chief Executive Officer

Barbara G. Bolens

Executive Vice President, Chief Strategy Officer

Rick T. Dillon

Executive Vice President, Chief Financial Officer

CORPORATE OFFICE

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Menomonee Falls, Wisconsin 53051

EXCHANGE

New York Stock Exchange
Ticker Symbol: EPAC

TRANSFER AGENT

Equiniti
Shareowner Services
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St. Paul, MN 55164
800.468.9716

INDEPENDENT ACCOUNTANT

Ernst & Young
833 East Michigan St.
Milwaukee, WI 53202

INVESTOR RELATIONS

Financial analysts & investors
should direct inquiries to:

Bobbi Belstner
Senior Director of Investor Relations & Strategy
bobbi.belstner@enerpac.com

Certain comments in this Annual Report 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, Enerpac 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, continued market acceptance of the Company's new product introductions, the successful integration of acquisitions, the impact of restructurings, 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. 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.



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