

ENERPAC

RAISING THE BAR

ENERPAC 
TOOL GROUP



**“WE WORKED TO
DRIVE CULTURAL
CHANGE ACROSS
THE COMPANY**

centered on our core values of safety, teamwork, integrity, agility, and ownership. With a new management team and a new mission, we are laying the foundation to become a leading technology and solutions provider. In short, at Enerpac Tool Group we are Raising the Bar.”

- PAUL STERNLIEB, PRESIDENT & CEO

CORPORATE PROFILE

Energac Tool Group Corp. is a premier industrial tools, services, technology, and solutions provider serving a broad and diverse set of customers in more than 100 countries. Energac Tool Group'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.



\$571M
FY22
Revenue

\$83M
FY22
Adj. EBITDA*

11.0%
FY22 Core
Sales Growth

~1.4B
Market Cap**

~2200
Global
Employees

110+
Years of
History

~1000
Distributors

100+
Countries
Served

GLOBAL LEADER IN INDUSTRIAL TOOLS & SERVICES

PRODUCTS

Cylinders/jacks, pumps, bolting tools, presses, pullers, tools, Heavy Lifting Technology (HLT)

DIVERSIFIED CUSTOMER BASE

Specialty dealers
National distribution
Large OEMs

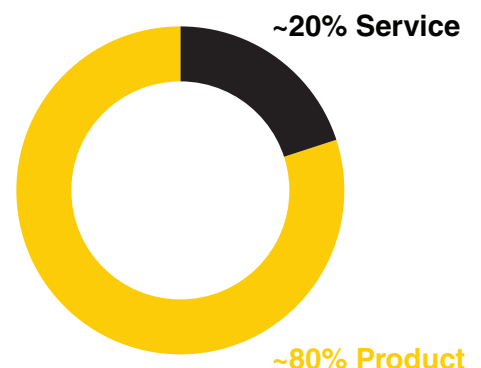
SERVICE AND RENTAL

Bolting, machining, joint integrity, leak sealing and calibration

EXTENSIVE GLOBAL DISTRIBUTION

~1,000 long-standing distribution relationships

FY22 REVENUE MIX

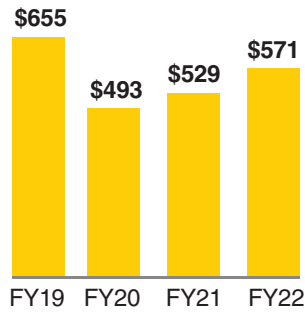


*Includes \$13.2M charge for increase in MENAC accounts receivable reserve
**As of November 15, 2022

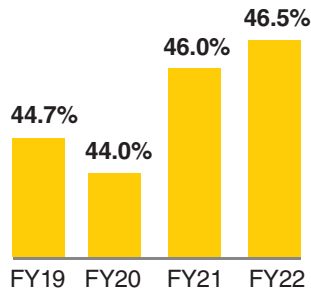
STRONG FINANCIAL POSITION

We delivered strong financial results in FY22, with a steady rebound from the COVID-19 setback, strong margin improvement, and robust free cash flow.

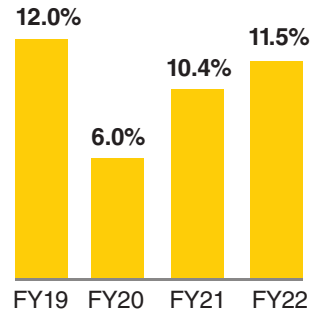
NET SALES (\$M)



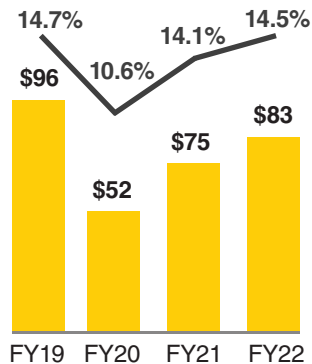
GROSS PROFIT MARGIN



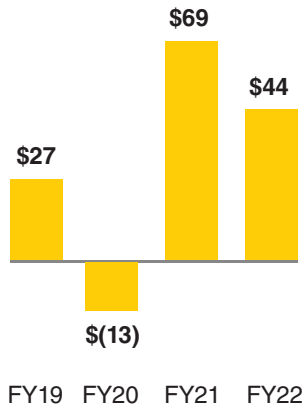
ADJ. OPERATING PROFIT MARGIN



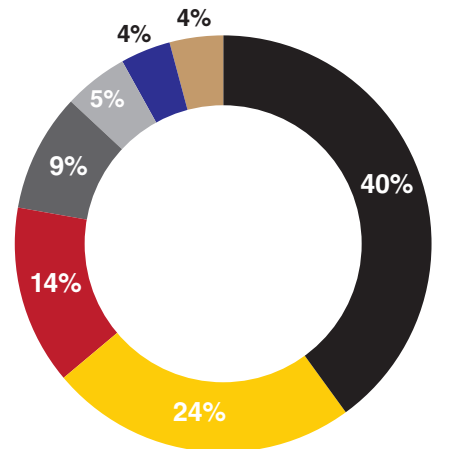
ADJ. EBITDA (\$M) AND MARGIN



FREE CASH FLOW (\$M)



REVENUE BY REGION



- United States
- Australia
- Europe
- S. America
- Middle East
- Mexico/Canada
- Asia

RAISING THE BAR

With a new management team, new mission, new plan, and new goals, Enerpac Tool Group is taking action to ensure an exciting future for our customers, shareholders, and employees.

NEW TEAM NEW MISSION NEW PLAN NEW GOALS

- Premier industrial solutions provider serving a broad and diverse set of customers globally
- Defined organic growth strategy focused on maximizing shareholder value and capitalizing on global macro trends
- Transformation plan to elevate performance, create resiliency, and manage through cycles – already yielding results
- Strong balance sheet with a disciplined capital allocation plan
- New leadership team positioned to achieve long-term targets

OUR MISSION

WE MAKE
COMPLEX,
OFTEN **HAZARDOUS** JOBS
POSSIBLE **SAFELY** AND
EFFICIENTLY

OUR VALUES

SAFETY
INTEGRITY
OWNERSHIP
TEAMWORK
AGILITY

STRATEGIC PILLARS

HARD TO DO
TARGET MARKET
LEADERSHIP
SIMPLIFIED AND
STANDARDIZED
PROCESSES AND
OPERATIONS

FY22 ACCOMPLISHMENTS



Integrated **new** management team



Flattened organizational structure leading to **more visibility** of global operations



Added **new talent** at multiple levels in the organization



Defined our new mission, strategy, and **refreshed financial targets**



Holistic review of business resulted in **launch of ASCEND** transformation plan



Initiated a new share repurchase program, including \$75M repurchased in FY22



Managed through COVID-19, supply chain, logistics, Ukraine crisis, FX, and inflationary challenges

ASCEND TRANSFORMATION PROGRAM

After completing a holistic, deep-dive review of our business, we launched our ASCEND transformation program in FY22, focused on driving substantive performance improvement across the company.



**ACCELERATE
ORGANIC GROWTH**
GO-TO-MARKET
STRATEGIES



**IMPROVE
OPERATIONAL
EXCELLENCE**
AND PRODUCTION
EFFICIENCY



**DRIVE GREATER
EFFICIENCY &
PRODUCTIVITY**
IN SG&A

POWERFUL IMPACT ON OUR EBITDA PERFORMANCE

On Track to Deliver:

~\$40-50M
Adjusted EBITDA
impact by FY25

~\$12-18M
Impact in FY23

~\$15-25M
Additional impact
in FY24

EBITDA
Contribution



~50-60%
Cost
Initiatives*

~40-50%
Sales
Growth**

ASCEND

NEW STRATEGY FOCUSED ON RESULTS

With FY22 financial performance demonstrating strong results across the board, Enerpac Tool Group is well-positioned for growth and value creation.



New team brings a **FRESH PERSPECTIVE** with a new level of rigor and accountability



COMMITTED TO OUR MISSION and stated values



BROADENING OUR APERTURE beyond just a pure-play industrial tools and services provider



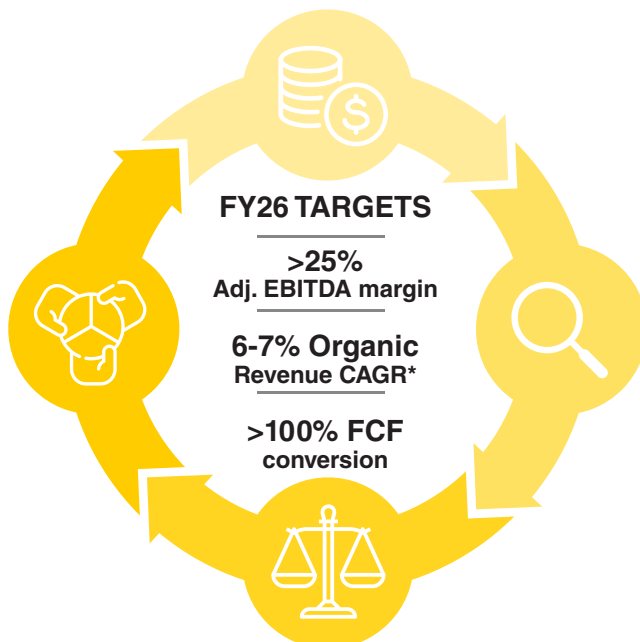
ASCEND transformation program is laying the groundwork for future **PROFITABLE GROWTH** that will deliver our new financial targets



Investing in our **FOCUSED GROWTH STRATEGY** that was developed based on a bottom up, data-driven analysis

A DURABLE BUSINESS MODEL FOR FUTURE GROWTH

We are confident in our business model, strategy, and enthusiastic about our new goals and financial framework.



Resilient, cash-generative business model



Continued focus on margin improvement



Balanced capital allocation strategy



Proven ability to maintain balance sheet strength

*Based on FY22 FX-adjusted revenue of \$550M

ENERPAC TOOL GROUP OFFERS STRONG INVESTMENT POTENTIAL

Already delivering exceptionally high gross margins, we believe there's a pathway to continue to grow, improve our gross and EBITDA margins, and provide even greater returns.

01

LEADING SOLUTIONS PROVIDER

with a broad portfolio of products and services and deep customer relationships

02

HIGH GROSS MARGIN PROFILE

with a pathway to expanded EBITDA margin growth

03

ENHANCED ORGANIC GROWTH STRATEGY

targeting market leadership in key verticals and wider geographic expansion supported by ASCEND transformation plan

04

STRONG BALANCE SHEET

to support both organic and inorganic growth while maintaining a balanced approach to capital allocation

05

UPDATED FINANCIAL GOALS

that reflect management's belief in a winning strategy

CEO LETTER

Paul Sternlieb
President and Chief Executive Officer

Dear Fellow Shareholders:

Enerpac Tool Group is a premier industrial solutions provider, serving a broad and diverse set of customers globally. In FY22, we established a new mission: we make complex and often hazardous jobs possible, safely and efficiently, for our customers. In addition, we defined our new strategic pillars, which are the lenses through which we make any key decisions or investments in the company. The first strategic pillar is that we do things that are hard to do. Our technology, our products, and our services are highly differentiated and not easily replicated. Second, we're driving for target market leadership in the key end market verticals in which we're focused. And third, we are focused on simplified and standardized processes in everything we do.



FY22 marked a new beginning for Enerpac Tool Group. We assembled and built a strong new management team, developed and launched our ASCEND transformation program and our new growth strategy, and moved with speed and determination to begin implementation across the business. We worked to drive cultural change across the company, centered on our core values of safety, teamwork, integrity, agility, and ownership. With a new management team and a new mission, we are laying the foundation to become a leading technology and solutions provider. In short, at Enerpac Tool Group we are Raising the Bar.

STRONG FISCAL YEAR 2022 FINANCIAL RESULTS

While FY22 presented its challenges, including COVID-19, continued supply chain and logistics disruptions, the Ukraine crisis, and additional inflationary and foreign exchange headwinds, our team worked hard to manage through these issues. Like many companies, we were affected greatly by COVID-19 in FY20 and FY21; however, I'm pleased to say we were able to deliver a strong rebound in FY22. The improvement came in driving both top-line growth and margin improvement, including operating and adjusted EBITDA margins.

Our FY22 financial results demonstrated strong performance across the board. We achieved core sales growth of 11%, driven by pricing and product volume growth. We also improved Adjusted EBITDA margins to 14.5% (with a record high 20.1%

11%
FY22 Core
Sales Growth

14.5%
FY22 Adj.
EBITDA Margin

in the fourth quarter*). Diluted earnings per share (EPS) from continuing operations was \$0.33. Adjusted diluted EPS from continuing operations reached \$0.81. So, as we exited FY22, we established a solid foundation for further growth and margin expansion.

HEALTHY BALANCE SHEET AND DISCIPLINED CAPITAL ALLOCATION

Our strong financial results enabled us to deliver solid free cash-flow generation of \$44 million in FY22. We also finished the year with a low net-debt leverage ratio of 0.9 times and strong liquidity. As we continue to focus on our balanced capital allocation framework and disciplined deployment of capital, we undertook reinvestments in growth initiatives and efficiency improvements, many identified through our ASCEND program. We also allocated capital to shareholder returns through dividends and share buybacks, including a new share repurchase program authorized by our Board in FY22. We completed \$75 million in share repurchases within the fiscal year, representing approximately 3.8 million shares out of the 10 million shares authorized.

CAPITAL DEPLOYMENT PRIORITIES



**Organic Growth
Investments**



**Maintain Strong
Balance Sheet**



**Return Capital
to Shareholders**



**Disciplined M&A
Process**

A YEAR OF CHANGE

FY22 was a year of significant change for Enerpac Tool Group. Over the course of the year, we completed several key accomplishments. First, we flattened the organization structure to create more visibility of global operations, and we added new talent aligned with our strategic needs at multiple levels in the organization. We also established a new and accomplished management team comprised of experienced executives with deep Enerpac and industry experience, as well as those new to the business who bring fresh outside perspectives, skills, and capabilities. This team is intently focused on maximizing shareholder value, and we have built a new plan and strategy for our company. We also completed a holistic deep-dive review of the business and wasted no time in launching ASCEND, our transformation program. In short, we did exactly what we said we would do.



**NEW
TEAM**



**NEW
MISSION**



**NEW
PLAN**



**NEW
GOALS**

ASCEND TRANSFORMATION PROGRAM

Our ASCEND transformation program is focused on driving substantive performance improvement across the company. The program is designed around three core elements: 1) accelerating organic growth, with key, go-to-market strategies that we are executing on now or in the near-term, 2) continuing to improve our operational excellence and our production efficiency, and 3) driving greater efficiency and productivity in our back office and SG&A, which still presents a significant opportunity for Enerpac.

We made good progress in FY22, but we still have many more opportunities ahead of us. We have designed ASCEND around an incredibly rigorous process that we are utilizing to give order to literally hundreds of initiatives, built into our funnel across all functions and all regions of our company. And we continue to refresh that funnel and add new ideas as we solicit and receive suggestions from many employees across the company. We have employed a full-time program management office approach to coordinate the program globally. Our senior leadership team actively owns these initiatives, driving the results and making them sustainable.



As we implement ASCEND, we are incorporating key principles of 80/20 to help us simplify our business. We are applying this to products, customers, channels, and our supply chain. An 80/20 framework is relatively new for Enerpac Tool Group, but our company is very well suited to benefit from it due to the complexity of our product line-ups, our channel, and our supply chain. We view this as a great opportunity for us to simplify the business, streamline what we do and how we do it, and make it easier for us to serve our customers and for our customers to do business with us. I strongly believe ASCEND and our 80/20 approach will be a continuing source of competitive advantage for our company.

LOOKING AHEAD

As we look into FY23 and beyond, we are excited about the future for our company. Enerpac is poised to benefit from several favorable macro trends including aging infrastructure and the need for new and replacement projects across the globe, the increasing focus on renewable energy and sustainability, and the continued shift to digital. With the significant aging infrastructure across the globe, this presents a clear need for significant investment, and governments in particular are committing to support this in meaningful ways. Enerpac is already actively present in these markets, serving customers and well positioned to help them get complex and difficult jobs done safely and efficiently. And in the renewable energy space we see an increasing focus on ESG, increasing demands for energy around the world, and a drive towards clean energy. Again, Enerpac is well positioned to provide customers solutions in these areas, and we are growing our presence to support this—particularly in the wind sector. Finally, the increasing shift to digital supports our growth strategy not only around product connectivity and Internet-of-Things but also around more automation. This will ultimately help our customers get the job done more quickly and more safely.

To capitalize on these macro trends, we have built an updated growth strategy that is centered around four key themes. First, we are focused on driving expansion in targeted vertical markets. These include infrastructure, wind, rail, and industrial MRO (maintenance, repair, and overhaul). Second, we are investing in our digital transformation, with a focus on digital connectivity for our products as well as investments in digital marketing for demand generation.



Third, we have redefined our customer-driven innovation program, focused on fewer, bigger, and more impactful new products, along with shortening our development cycle to improve our time-to-market. Finally, we are driving to expand our business in Asia Pacific through targeted vertical market growth, improved commercial effectiveness, continued business simplification, and driving our second brand strategy in the region.

Alongside our organic growth strategy, we have built a robust M&A program and pipeline. Core to this is a disciplined M&A framework and a consistent set of financial criteria to evaluate opportunities. We are focused on acquisitions that will help us advance our mission including expansion in our key vertical markets. Most importantly, we see M&A as a key vehicle to help us accelerate our journey to becoming an overall solutions provider to our customers in our target vertical markets.

We have established our new long-term financial framework, with a robust 6 to 7% organic revenue CAGR over the next four years, achieving greater than 25% adjusted EBITDA in FY26 (including achieving 25% adjusted EBITDA in FY25), and delivering solid cash generation and free-cash flow conversion greater than 100% toward the tail end of our four-year outlook, as we continue to invest in ASCEND in the next two to three years.

We are well positioned to manage through uncertain times, given the diversity of our end markets coupled with our strong balance sheet and healthy cash generation. In addition, with our ASCEND transformation program well underway, we have a portfolio of self-help initiatives at the ready. With the success we enjoyed in FY22 and the progress we made on ASCEND, we remain confident that we will deliver strong growth and financial results in FY23 and beyond.

Our commitment to strong ESG principles underpins all our operations. We focus on minimizing waste wherever possible, and we incorporate sustainability into both our operations and how we design and build our products. This includes work to reduce our greenhouse gas (GHG) emissions through deliberate changes to our processes and equipment. Moreover, we remain committed to doing right by our stakeholders, and we have incorporated a keen focus on Diversity, Equity, and Inclusion (DE&I) in all key aspects of our business. I'm proud of the work we are doing on building our connections to the communities in which we work and live. Through our Enerpac Lifts Up program, we seek to give back through a combination of employee service hours and monetary contributions to local non-profit organizations.

RAISING THE BAR

So, in summary: we have a new team, a new mission, a new plan, and new goals. We have built and are implementing a focused organic growth strategy that capitalizes on global macro trends to maximize shareholder value. We are broadening our aperture, looking beyond the traditional tool lens and are focused on becoming a better solution provider to our customers. Our ASCEND transformation program—which is already yielding results—is designed to help us elevate performance, create resiliency, and manage through cycles. And we have maintained a strong balance sheet and continue to employ a disciplined capital allocation plan.



**RAISING
THE BAR** ↑

Enerpac Tool Group is a truly wonderful company with exceptionally strong brands, enviable market positions, strong products and technology, an extensive channel network, a diversified customer base, global breadth and depth of coverage, and a team of highly skilled and committed people. Our company has a very bright future and – with our new team, new mission, new plan, and new goals – we are Raising the Bar.

* * *

I would like to close by expressing my thanks to our Board of Directors and you, our Shareholders, for your continued support and the confidence you have shown in our new direction as we transform Enerpac Tool Group. Most importantly, I would like to extend my deepest gratitude to all our employees around the world for their dedication and commitment to our company and to serving our customers every day.

Sincerely,

A handwritten signature in black ink that reads "Paul Sternlieb". The signature is written in a cursive, flowing style.

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

CORPORATE INFORMATION

Company leadership and contact information

INDEPENDENT DIRECTORS

Alfredo Altavilla

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

Judy L. Altmaier

Former President, Exmark Manufacturing Co.

J. Palmer Clarkson

Former 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

President and CEO of HZO, Inc.

Lynn C. Minella

Former EVP and CHRO of Johnson Controls International plc

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

Anthony P. Colucci

Executive Vice President, Chief Financial Officer

James P. Denis

Executive Vice President, General Counsel, Corporate Secretary & Chief Compliance Counsel

Markus Limberger

Executive Vice President, Operations

Benjamin J. Topercer

Executive Vice President, Chief Human Resource Officer

Scott M. Vuchetich

Executive Vice President, Marketing and President, Americas

CORPORATE OFFICE

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Menomonee Falls, Wisconsin 53051

EXCHANGE

New York Stock Exchange
Ticker Symbol: EPAC

TRANSFER AGENT

EQ Shareowner Services
PO Box 64874
St. Paul, MN 55164
800.468.9716

INDEPENDENT ACCOUNTANT

Ernst & Young
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Milwaukee, WI 53202

INVESTOR RELATIONS

Financial analysts & investors
should direct inquiries to:

Bobbi Belstner
Senior Director of Investor Relations & Strategy
investor.relations@enerpac.com

This Annual Report contains certain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. The terms "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. In addition to the assumptions and other factors referred to specifically in connection with such statements, factors that may cause actual results or events to differ materially from those contemplated by such forward-looking statements include, without limitation, the economic impact of the COVID-19 pandemic and other 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, 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 achieve its plans or objectives related to the ASCEND program, including any assumptions underlying its calculation of expected incremental EBITDA or program investment, operating margin risk due to competitive pricing and operating efficiencies, supply chain risk, 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 factors 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 under "Item 1A. Risk Factors" of the Form 10-K for the fiscal year ended August 31, 2022 included in this Annual Report. We disclaim 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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