

Actuant

Fiscal 2018 Second Quarter Earnings

March 21, 2018

hydratight

CORTLAND

ENERPAC

SIMPLEX

LARZEP

PRECISION-HAYES INTERNATIONAL

milwaukee Cylinder

Weasler

POWER-PACKER

maximatecc

eliott manufacturing

GITS MFG. CO.

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 March 21, 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, and accompanying the Q2 Fiscal 2018 earnings press release which can be found on the Actuant website (www.actuant.com) for a reconciliation to the appropriate GAAP measure.

Second Quarter 2018 Highlights



- Consolidated sales at the top of the range at \$275 million with 3% core sales growth
 - Strong industrial tools and on/off highway equipment demand
 - Energy maintenance activity remains sluggish
- Adjusted diluted EPS (excluding one-time items) of \$0.13, in middle of guidance range
- Restructuring activities remain on track
- Adjusting full year fiscal 2018 financial results guidance
- Completed Viking divestiture and Mirage acquisition on December 1, improving long term shareholder value

Second Quarter One Time Items

(US\$ in millions except EPS)

	GAAP	Remove Tax Reform Impact	Remove Equity Comp Impact	Remove Impairment and Divestiture Charges	Remove Restructuring Charges	Adjusted
Sales	\$275.2					\$275.2
Earnings before Taxes	\$1.6			\$3.0	\$4.3	\$8.9
Income Taxes	\$19.8	\$8.4	\$1.3	\$9.4	(\$0.5)	\$1.2
Net (Loss) Income	(\$18.2)	\$8.4	\$1.3	\$12.4	\$3.8	\$7.7
<i>Effective tax rate</i>						14%
Diluted EPS	(\$0.30)	\$0.14	\$0.02	\$0.21	\$0.06	\$0.13

The impacts from Tax Reform should be considered provisional and may be subject to further adjustment.

Second Quarter Comparable Results

(US\$ in millions except EPS)

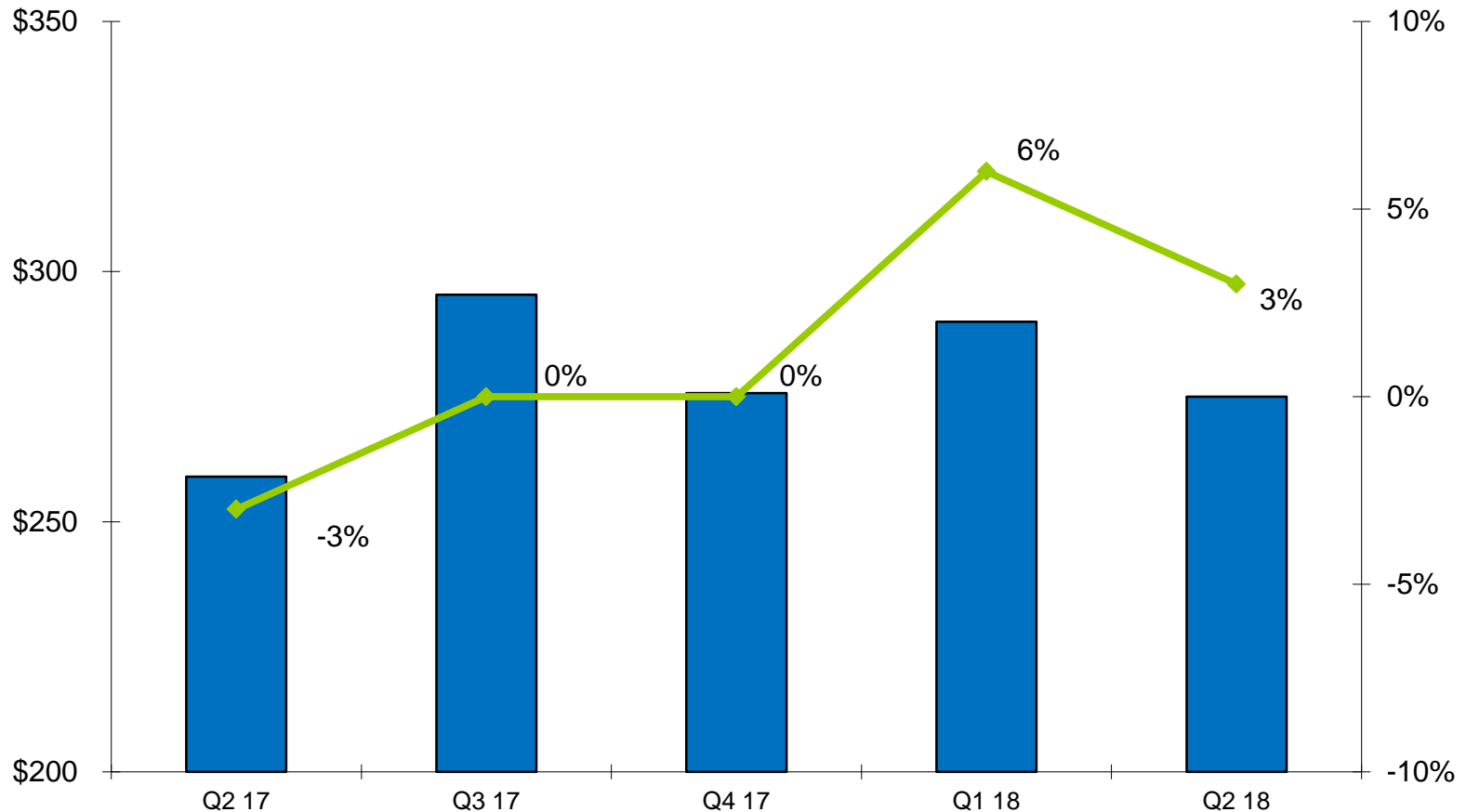
	<u>F' 2017</u>	<u>F' 2018</u>	<u>Change</u>
Sales	\$259	\$275	6%
Adjusted Op Profit	\$15 5.9%	\$17 6.1%	10% 20 bps
Adjusted Diluted EPS	\$0.11	\$0.13	18%

Excluding restructuring, divestiture & impairment and one-time tax items as applicable in both periods.

Core Sales Trend

Sales (US\$ in millions)

Year-over-Year
Core Sales

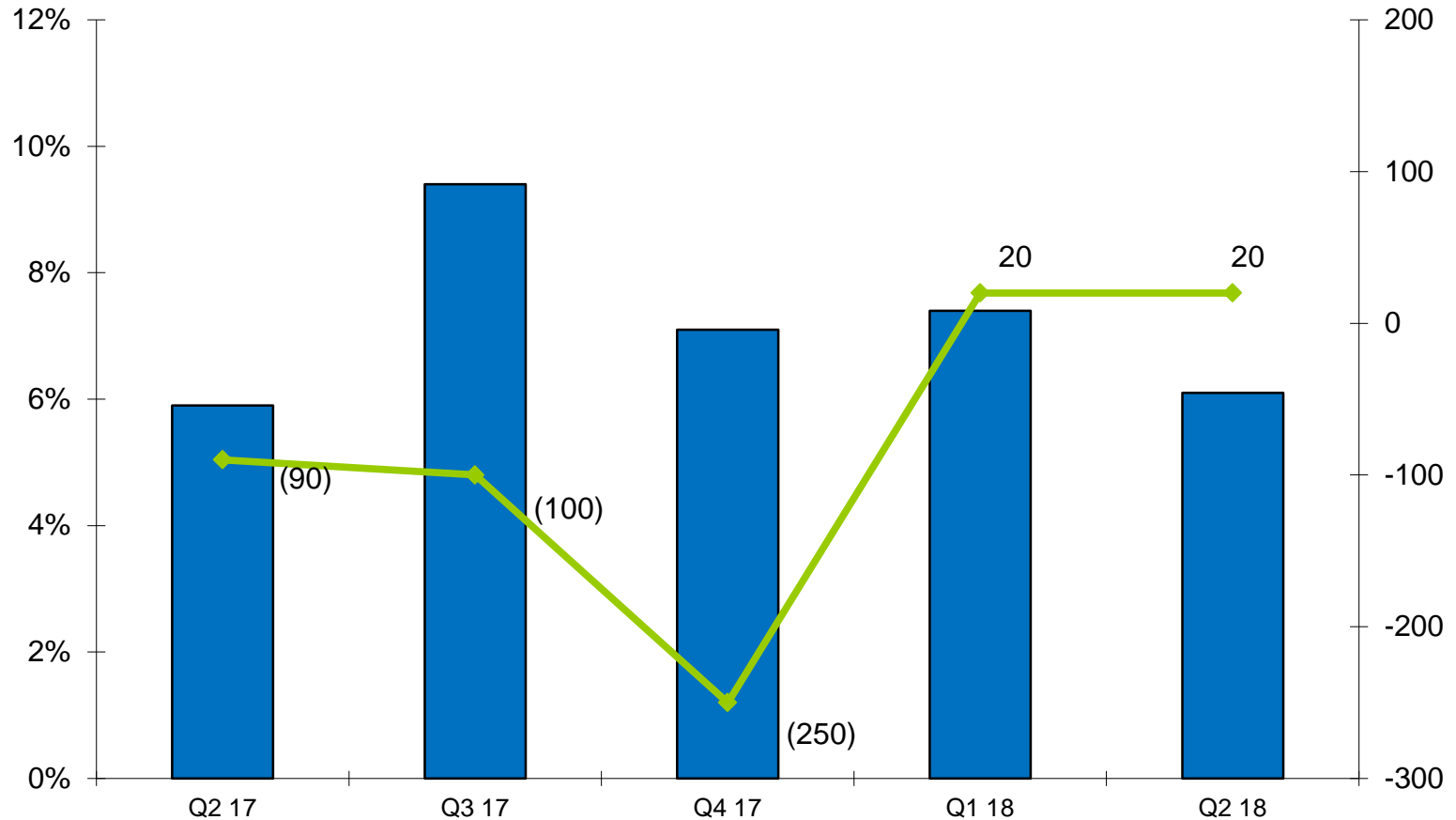


Double digit year-over-year growth in industrial tools (Industrial) and off-highway equipment (Engineered Solutions); energy maintenance (Energy) remains challenged

Adjusted Operating Profit Margin Trend (1)

Margin %

Year-Over-Year
Basis Point Change



Consolidated margins improved modestly

(1) Excluding impairment and divestiture, restructuring and other one time tax items.

Industrial Segment

- Core sales rate of change in industrial tools remained solid on end market demand and outgrowth from commercial efforts
- Heavy Lifting Technology and concrete tensioning offset tool gains with mid teens core sales declines
- Despite overall higher volumes and favorable mix, margin decline due to project losses at HLT, concrete tensioning volume/inefficiencies, growth investments and inflation

Financial Snapshot

(US\$ in millions)

	2nd Quarter		y-o-y change
	2018	2017	
Sales	\$99	\$92	8%
Adj Op Income ⁽¹⁾	\$18.5	\$19.0	-3%
Adj Op Margin ⁽¹⁾	18.7%	20.8%	(210) bps

(1) Excludes restructuring charges of \$1.7 and \$0.7 in fiscal 2018 and 2017, respectively

ENERPAC 

LARZEP

SIMPLEX

milwaukee
Cylinder

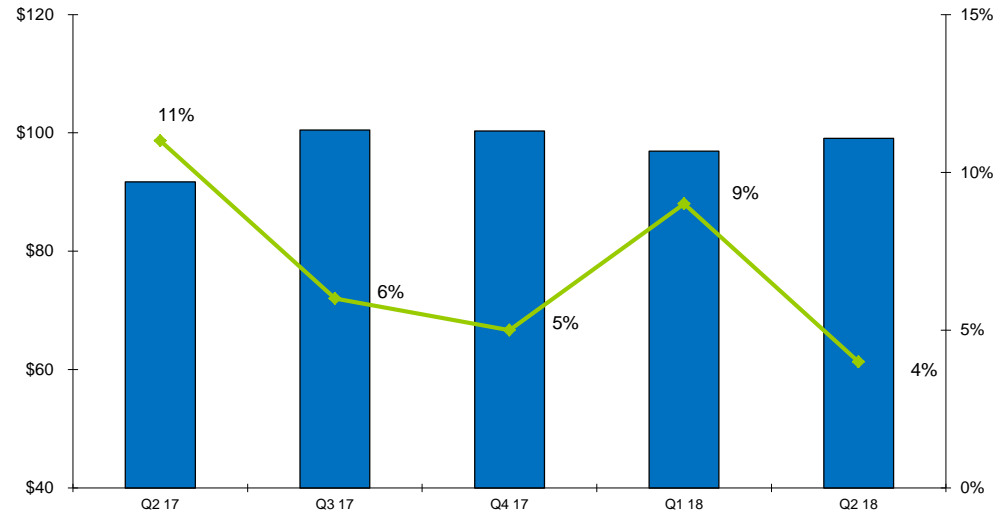
**PRECISION-HAYES
INTERNATIONAL**



Sales

Sales Trend

Core Sales



Energy Segment

- Core sales rate of change sequentially improved
 - Hydratight continues to see delayed / deferred maintenance but modestly “less worse”
 - Upstream/offshore oil & gas activity and medical products demand improved for rope/umbilicals
- Margins impacted by lower maintenance volumes, more than offset by absence of Viking losses

hydratight

CORTLAND



Financial Snapshot

(US\$ in millions)

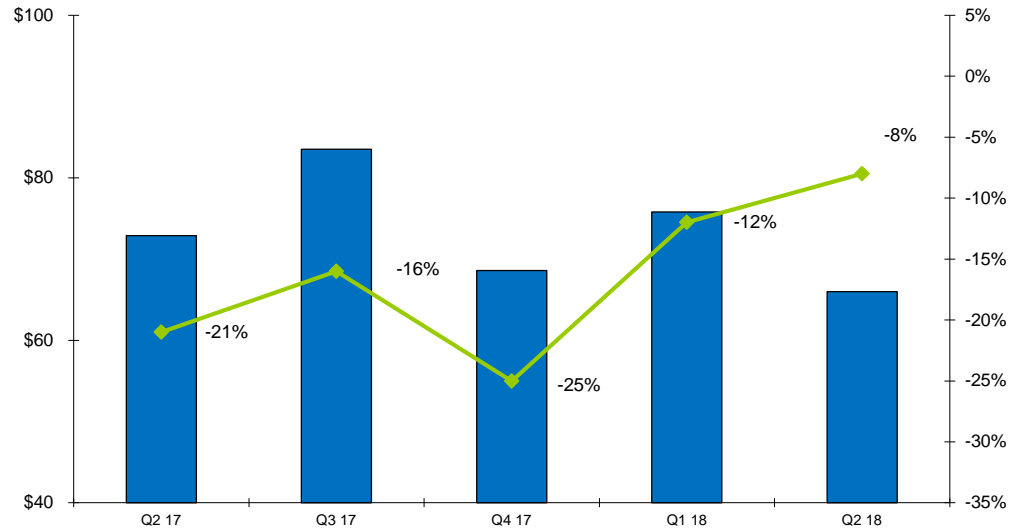
	2nd Quarter		y-o-y change
	2018	2017	
Sales	\$66	\$73	-9%
Adj Op Income ⁽¹⁾	\$0.7	(\$0.7)	215%
Adj Op Margin ⁽¹⁾	1.1%	-0.9%	200 bps

(1) 2018 excludes restructuring charges of \$2.3 and \$3.0 in impairment & divestiture charges

Sales

Sales Trend

Core Sales



Engineered Solutions Segment

- Higher customer production rates across off-highway equipment including agriculture, construction, forestry, etc. despite tougher comps
- Continued growth in heavy-duty truck as Europe increase more than offset the anticipated China build decline
- Margin decline inclusive of warranty costs, unfavorable sales mix and material & wage inflation

Financial Snapshot

(US\$ in millions)

	2nd Quarter		y-o-y change
	2018	2017	
Sales	\$110	\$94	17%
Adj Op Income ⁽¹⁾	\$2.4	\$3.3	-27%
Adj Op Margin ⁽¹⁾	2.2%	3.5%	(130) bps

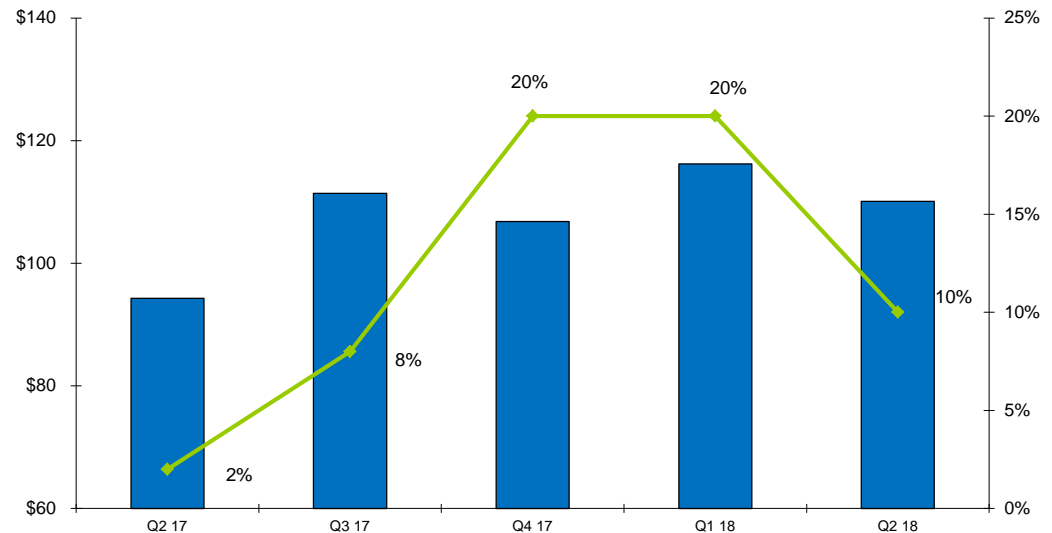
(1) Excludes restructuring charges of \$0.2 and \$1.5 in fiscal 2018 and 2017, respectively.



Sales

Sales Trend

Core Sales



Second Quarter Cash Flow / Net Debt

(US\$ in millions)

Free Cash Flow

Adjusted EBITDA	\$27
Capital Expenditures	(5)
Cash Interest	(11)
Cash Taxes	(2)
Working Capital/Other	(8)
Free Cash Flow	<u>\$1</u>

Net Debt Reconciliation

Net Debt - Nov 30, 2017	\$390
Viking Divestiture	(9)
Mirage Acquisition	17
FX/Other	(3)
Free Cash Flow	<u>(1)</u>
Net Debt - Feb 28, 2018	<u>\$394</u>
Net Debt/EBITDA ⁽¹⁾	3.0

(1) Proforma EBITDA adjusted for acquisitions/divestitures and excluding restructuring and impairment & divestiture charges.

Seasonal Earnings and Working Capital Build Impact Cash Flow

New Product Launches and Other Awards



New series of double acting cylinders

Low height telescopic cylinders



Cable cutter range expansion for uses from 5 up to 43 tons

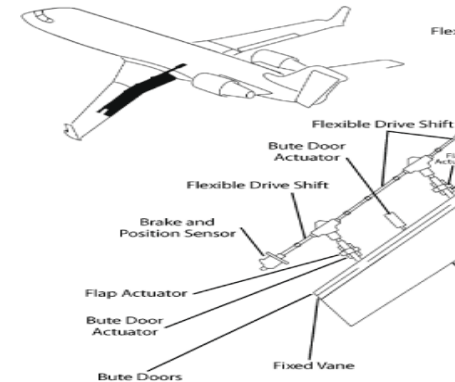


New Auto PTO coupler For the Ag industry



New Flexible Shaft Applications

Aerospace

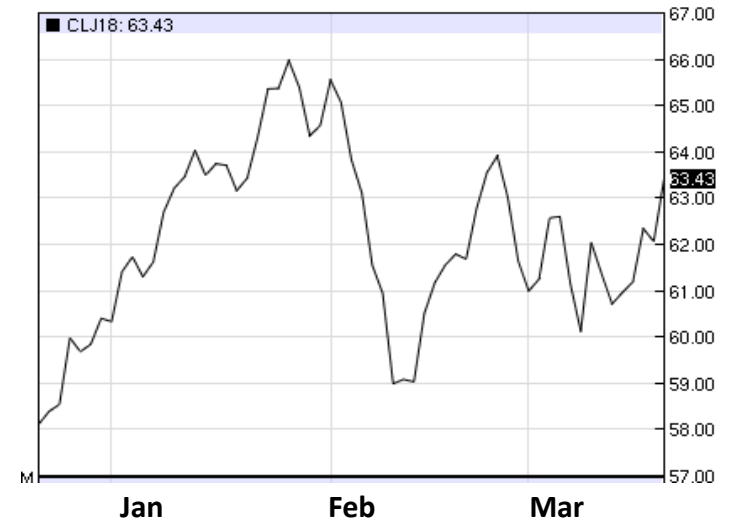


Industrial



Macro Industry Dynamics

- Oil & Gas
 - Stable crude prices, supply demand in balance
 - Cash constrained customers continue MRO/op ex spending deferrals / cuts
 - Quoting activity improving in offshore cap ex driven markets
- Off-Highway Mobile Equipment
 - Continued improvement in build rates as end demand and inventory re-stocking by customers improves across end markets (agriculture, construction, mining, forestry, other off-highway)
- General Industrial
 - General industrial activity remains solid globally, distributor optimism continues, good sell-through demand
- On-Highway
 - China on-highway truck builds down year-over-year as anticipated
 - Europe registrations remain positive and build levels continue modest growth



Fiscal 2018 Core Sales Expectations – Fine Tuning

Core Growth	2017	2018 (current guidance)	2018 1H Actual	2018 2H Estimate
Industrial	5%	3% - 5%	+6%	+LSD
Energy	(23)%	(4)% - Flat	-10%	+LSD
Engineered Solutions	6%	4% - 6%	+15%	+LSD
Consolidated	(4)%	2% - 4%	+4%	+LSD

- **Industrial**

Growth in tools but more difficult comps as year progresses; HLT and concrete sales declines

- **Energy**

- Maintenance
- Upstream/cap ex

Modest growth in late back half from low levels

Demand improving from a very low base; non-energy rope/cable up modestly

- **Engineered Solutions**

- Europe/ROW Truck
- Agriculture / Off-highway

China truck decline in 30% range in back half as anticipated; Europe remains resilient

Good end demand; more difficult comparisons

Fiscal 2018 Guidance Summary

(US\$ in millions except EPS)

Full Year

	2017	2018E
Sales	\$1,096	\$1,140 - 1,160
EBITDA	\$122	\$138 - 145
Diluted EPS	\$0.83	\$1.00 - 1.10

Third Quarter

	2017	2018E
Sales	\$295	\$300 - 310
EBITDA	\$37	\$40 - 44
Diluted EPS	\$0.32	\$0.33 - 0.38

All periods exclude restructuring, impairment and divestiture charges, director & officer transition charges and one time tax adjustments, where applicable. See supplemental press release schedules.

Assumptions - Full Year:

- Full year core sales up 2% to 4%
- Viking excluded after Q1, Mirage included Q2-4
- Key FX rates – approximately \$1.20/1€ and \$1.35/1£.
- ~5-10% effective tax rate
- Shares outstanding ~61 million
- Free cash flow ~\$70-75 million

Assumptions – Third Quarter:

- Core sales +1% to +3%
- ~MSD% effective tax rate

Questions & Answers

Future Key Dates: Third Quarter Fiscal 2018 Earnings – June 20, 2018

Appendix

Reconciliation of Non-GAAP Measures

(US\$ in millions)

Adjusted EBITDA

	Q2 2018	Q2 2017
Net Earnings	(\$18)	\$5
Net Financing Costs	\$8	\$7
Income Taxes	\$20	\$0
Depreciation & Amortization	\$10	\$11
Restructuring Charges	\$4	\$2
Impairment & Divestiture Charges	\$3	\$0
Adjusted EBITDA	\$27	\$25

Free Cash Flow

	Q2 2018	Q2 2017
Cash (Used in) From Operations	(\$2)	\$2
Capital Expenditures	(\$5)	(\$10)
Sale of PP&E	\$0	\$0
Other	\$8	\$5
Free Cash Flow	\$1	(\$3)