

Actuant

hydratight

CORTLAND

VIKING
SeaTech

ENERPAC

SIMPLEX

LARZEP

PRECISION-HAYES
INTERNATIONAL

milwaukee
Cylinder

Weasler[®]

POWER-PACKER

maximatecc•

eliott manufacturing

GITS MFG. CO.

Fiscal 2017 First Quarter Earnings

December 21, 2016

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All estimates of future performance are as of December 21, 2016. 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, accompanying the Q1 Fiscal 2017 earnings press release, or refer to the Investors section of Actuant’s website (www.actuant.com) for a reconciliation to the appropriate GAAP measure.

First Quarter 2017 Highlights



- Met commitment for sales and earnings guidance for the quarter, excluding restructuring and transition charges
- 14% core sales decline in line with expectations with difficult energy comparisons and weak but stable end markets
- Diluted EPS (excluding restructuring and transition charges) of \$0.20 exceeded guidance, in part due to a lower income tax rate
- Good cash flow quarter
- Reiterated fiscal 2017 sales, EBITDA and cash flow guidance, raised EPS for lower effective tax rate

First Quarter 2017 Results

(US\$ in millions except diluted EPS)

	<u>GAAP</u>	<u>Transition Charges</u>	<u>Restructuring Charges</u>	<u>Adjusted</u>
Sales	\$266	\$0	\$0	\$266
Operating Profit	\$8	\$8	\$3	\$19
Net Income	\$5	\$5	\$2	\$12
Diluted EPS	\$0.08	\$0.08	\$0.04	\$0.20

First Quarter Comparable Results

(US\$ in millions except Diluted EPS)

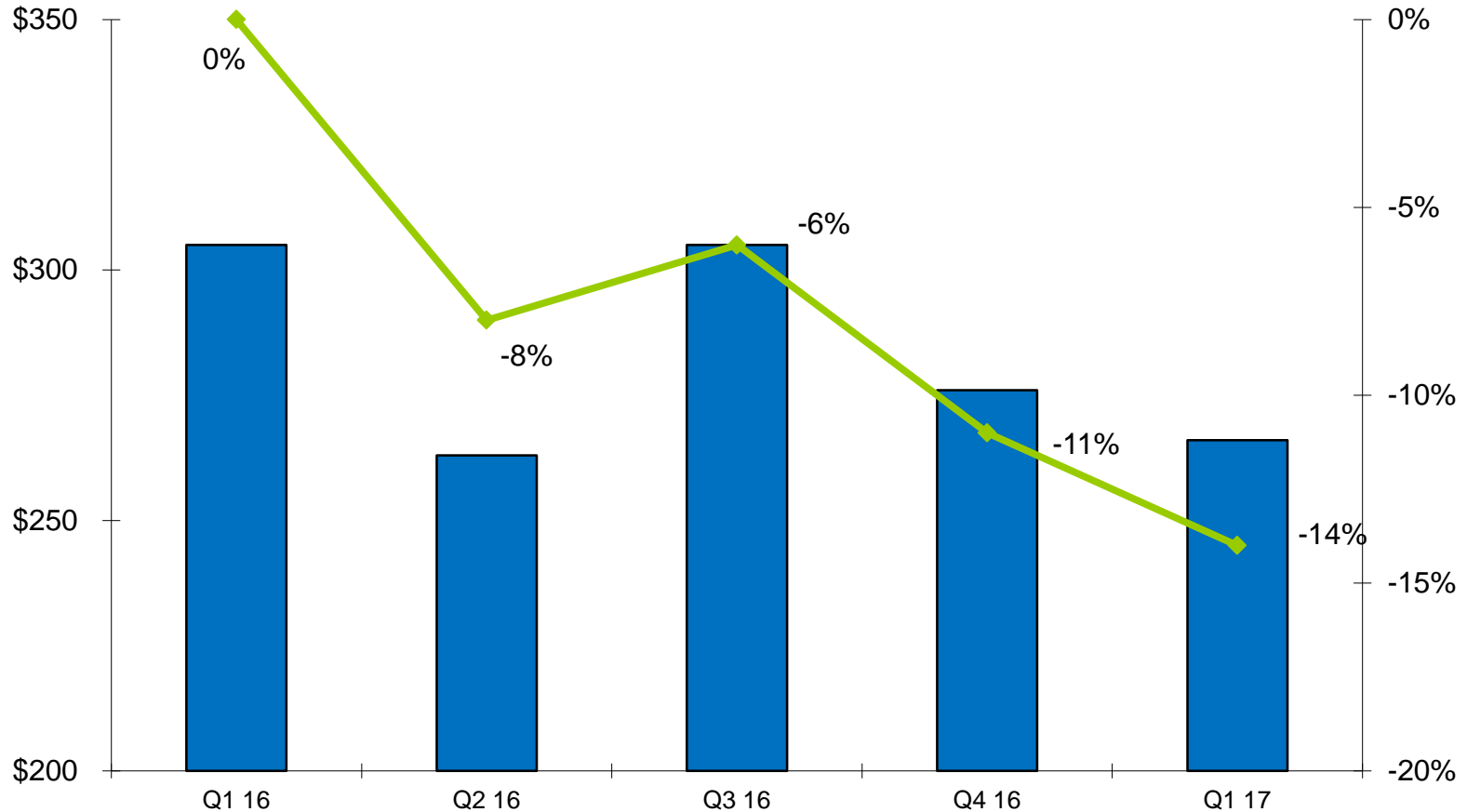
	<u>F' 2016</u>	<u>F' 2017</u>	<u>Change</u>
Sales	\$305	\$266	-13%
Adjusted Op Profit	\$30 9.8%	\$19 7.2%	-35% (260) bps
Adjusted Diluted EPS	\$0.31	\$0.20	-35%

Excluding restructuring charges in both periods, and \$7.8 million of director & officer transition costs in Q1 2017.

Core Sales Trend

Sales (US\$ in millions)

Year-over-Year
Core Sales Rate of Change

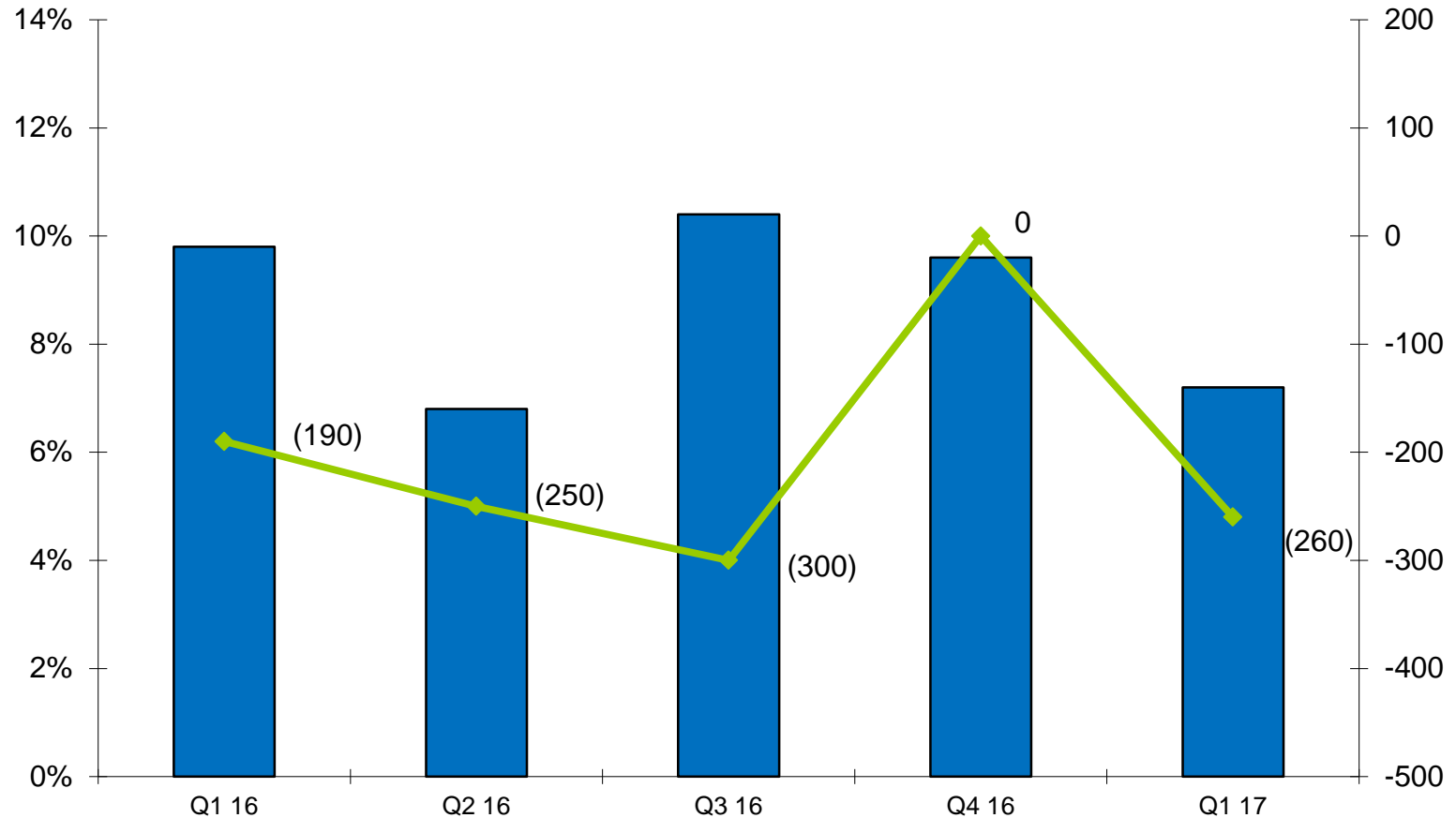


Core Sales Reflects Difficult Energy Maintenance Comparisons, Weak Upstream Oil & Gas and Off-Highway Destocking

Operating Profit Margin Trend (1)

Margin %

Year-Over-Year
Basis Point Change



Margins Impacted by Volume and Unfavorable Sales Mix

(1) Excluding impairments, restructuring and transition charges

Industrial Segment

- Core sales rate of change trend reflects stable demand and easier comparisons in Industrial tools across geographic regions
- Integrated Solutions core sales remain lumpy
- Decremental margins in line with expectations given lower volumes and unfavorable mix

Financial Snapshot

(US\$ in millions)

	1st Quarter		y-o-y change
	2017	2016	
Sales	\$87	\$89	-2%
Adj Op Income ⁽¹⁾	\$19.5	\$21.3	-8%
Adj Op Margin ⁽¹⁾	22.3%	23.9%	(160) bps

(1) Excludes restructuring charges of \$0.7 in both periods

ENERPAC 

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milwaukee
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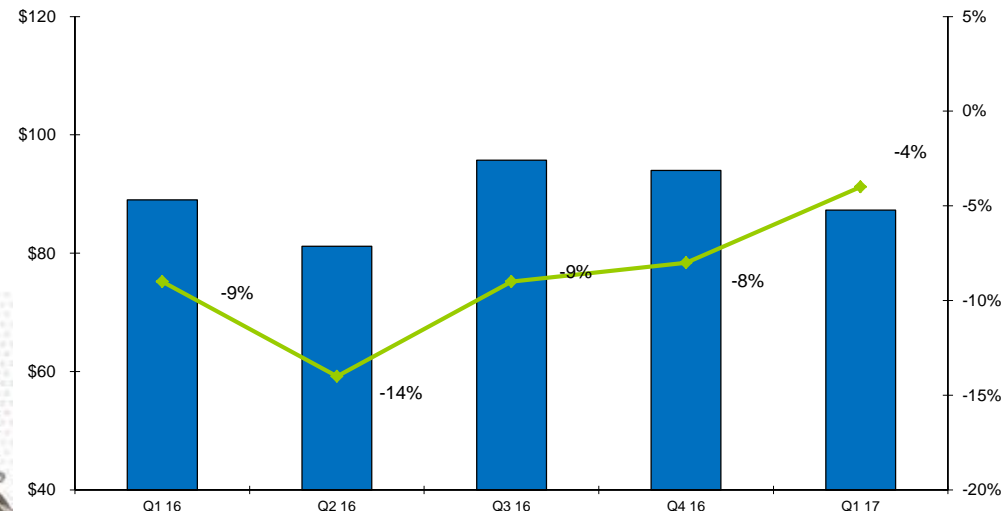
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Sales

Sales Trend

Core Sales Change



Energy Segment

- Difficult comparisons across the segment, in line with expectations
 - Prior year included large Middle East refinery turnaround job in Hydratight. Maintenance activity remains lumpy
 - Cortland rope and cable declines in upstream oil & gas markets, modest growth in non-energy markets
 - Low activity and pricing at Viking
- Margins impacted by lower volumes and unfavorable mix

Financial Snapshot

(US\$ in millions)

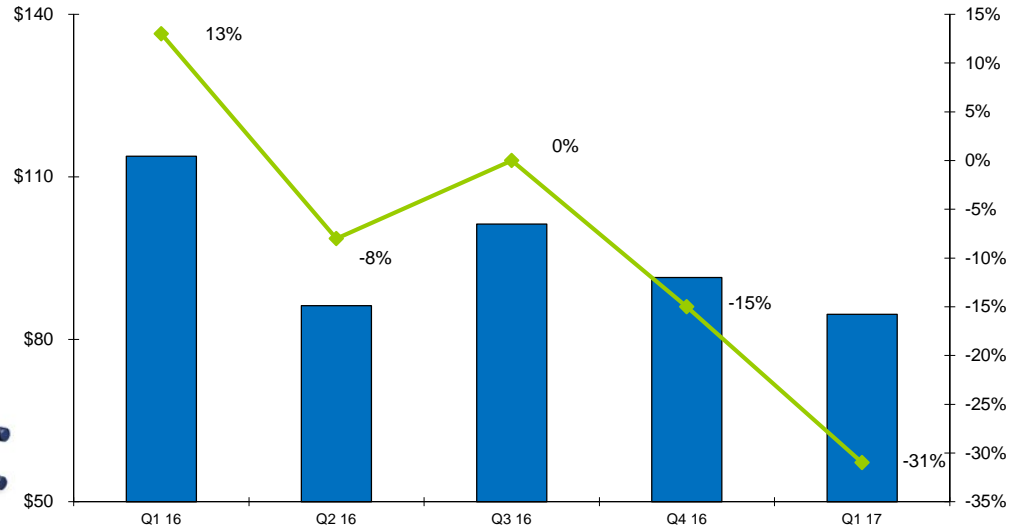
	1st Quarter		y-o-y change
	2017	2016	
Sales	\$85	\$114	-26%
Adj Op Income ⁽¹⁾	\$3.3	\$12.1	-73%
Adj Op Margin ⁽¹⁾	3.9%	10.7%	(680) bps

(1) Excludes restructuring charges of \$0.1 and \$2.0 in 2017 and 2016, respectively

Sales

Sales Trend

Core Sales Change



Engineered Solutions Segment

- Growth in heavy duty truck, most notably China
- Sales to the agriculture, construction equipment and other off-highway vehicle markets reflect both weak end demand and continued OEM destocking efforts
- Margins reflect underabsorption due to lower production levels and unfavorable sales mix

Financial Snapshot

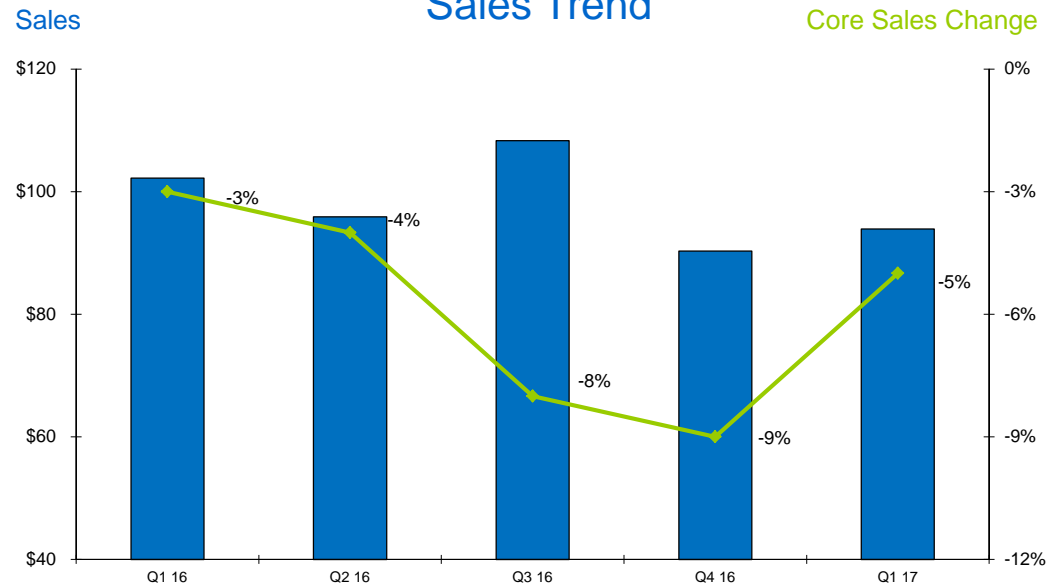
(US\$ in millions)

	1st Quarter		y-o-y change
	2017	2016	
Sales	\$94	\$102	-8%
Adj Op Income ⁽¹⁾	\$2.8	\$4.9	-43%
Adj Op Margin ⁽¹⁾	3.0%	4.8%	(180) bps

(1) Excludes restructuring charges of \$2.1 and \$1.4 in 2017 and 2016, respectively



Sales Trend



First Quarter Cash Flow / Net Debt

(US\$ in millions)

Free Cash Flow

Adjusted EBITDA	\$31
Capital Expenditures	(5)
Cash Interest	(2)
Cash Taxes	(2)
Working Capital/Other	<u>(14)</u>
Free Cash Flow	<u><u>\$8</u></u>

Net Debt Reconciliation

Net Debt - Aug 31, 2016	\$401
Dividend	2
FX/Other	5
Free Cash Flow	<u>(8)</u>
Net Debt - Nov 30, 2016	<u><u>\$400</u></u>
Net Debt/EBITDA ⁽¹⁾	2.7

(1) Excluding restructuring, impairment charges, transition costs and divestiture loss in accordance with credit agreement leverage calculation

Free Cash Flow Pacing On Track

Industrial Growth Strategy - Progress

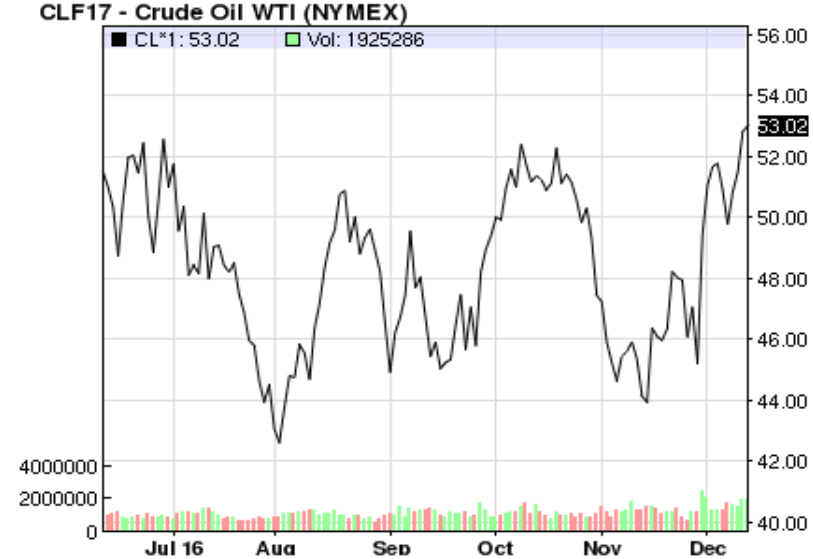
- Product range expansion including 2nd tier brands
 - Simplex – Americas
 - Larzep – Europe
- Regional penetration
- Channel effectiveness
- Industry expansion



Priority Focus on Organic Growth in High Margin Industrial Segment

Macro Industry Dynamics







- Oil & Gas
 - Prices benefitting from OPEC and non-OPEC production cuts
 - Need consistency
 - Offshore cap ex sluggish, maintenance lumpy
- Off-Highway Mobile Equipment
 - Ag comparisons get easier
 - Inventory destocking at OEM/Dealers (ag, construction, mining, forestry, other off-highway)
- General Industrial
 - Easier comparisons, mining activity & metals pricing, and general optimism. Yet no firm green shoots apparent
- On-Highway
 - China on-highway truck benefitting from regulation changes, Europe registrations moderating



Industry Drivers Remain Tepid but Stable; No Solid Catalyst for Upturn

Fiscal 2017 Core Sales Expectations - Unchanged

Core Growth	2016	2017 _(est)	2017 1H	2017 2H
Industrial	(10)%	Flat to +3%	-LSD	+LSD
Energy	(2)%	(12) - (15)%	-DD	-LSD
Engineered Solutions	(6)%	(2) to +1%	-MSD	+LSD
Consolidated	(6)%	(2) - (6)%	-MSD	Flat

- **Industrial**  Stabilized; easier comparisons
- **Energy**
 - Maintenance  Lumpy demand, very difficult “big project” comps
 - Upstream/cap ex  Sequentially stable activity
- **Engineered Solutions**
 - Europe/ROW Truck  China truck robust, Europe moderating
 - Agriculture  Nearing end of destocking, stabilizing farm income at low levels
 - Off-highway  High inventories; yet approaching equilibrium in some markets

Fiscal 2017 Guidance Summary

(US\$ in millions except EPS)

	Full Year	
	2016	2017E
Sales	\$1,149	\$1,075 - 1,125
EBITDA	\$152	\$145 - 160
Diluted EPS	\$1.22	\$1.10 - 1.30

	Second Quarter	
	2016	2017E
Sales	\$263	\$250 - 260
EBITDA	\$30	\$23 - 27
Diluted EPS	\$0.21	\$0.08 - 0.13

2016 excludes impairment, restructuring charges and divestiture net gain. 2017 guidance excludes restructuring and transition charges, and any future acquisitions, divestitures or stock repurchases.

Assumptions - Full Year:

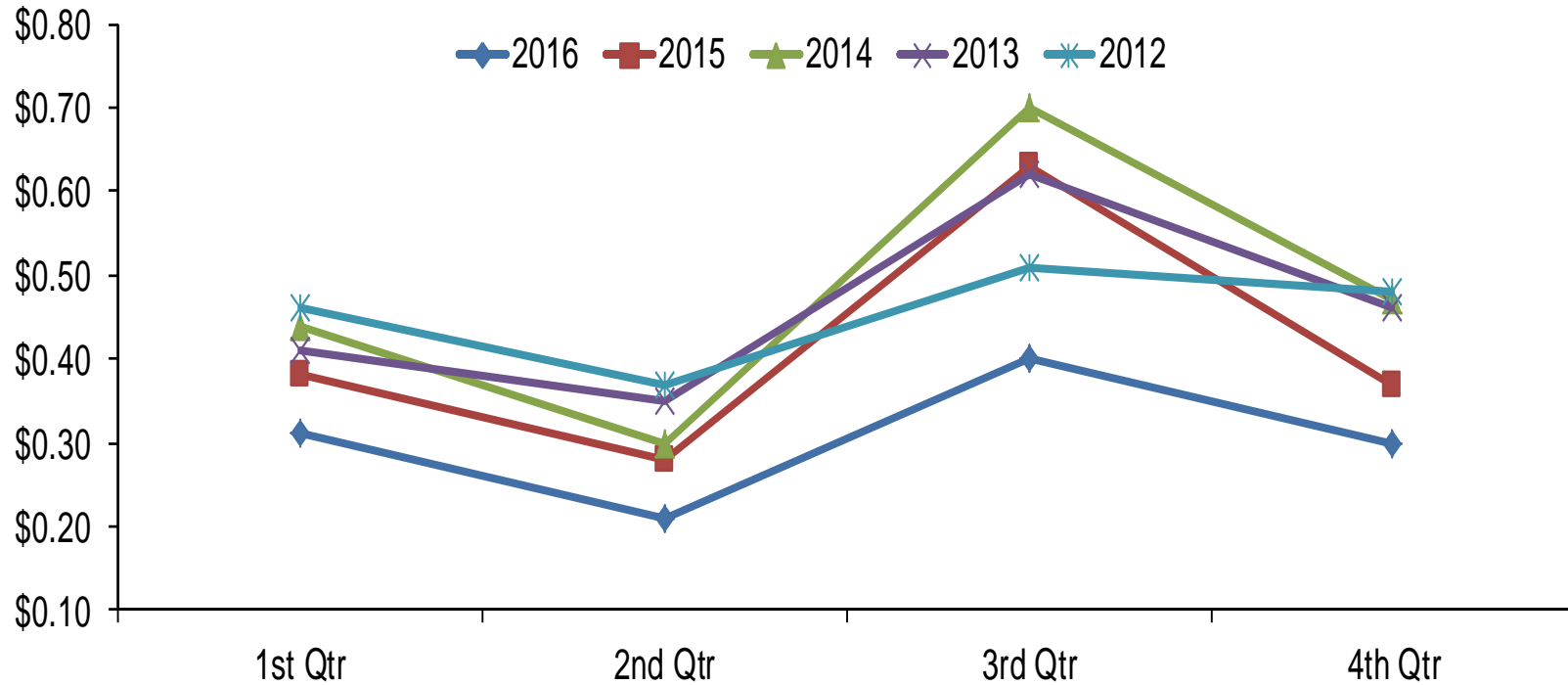
- Full year core sales decline of 2-6%
- Key FX rates – approximately ~\$1.05/1€ and ~\$1.25/1£.
- ~Low/Mid single digit effective tax rate
- Shares outstanding ~60 million
- Free cash flow ~\$85-95 million

Assumptions – Second Quarter:

- Core sales decline of 4-6%
- ~5%-10% effective tax rate

**Full Year Outlook Unchanged Except for Lower Effective Tax Rate
Benefit to EPS**

Quarterly Diluted Earnings Per Share – Five Year Trend



	Q1	Q2	Q3	Q4
2012	0.46	0.37	0.51	0.48
2013	0.41	0.35	0.62	0.46
2014	0.44	0.30	0.70	0.47
2015	0.38	0.28	0.63	0.37
2016	0.31	0.21	0.40	0.30

Diluted earnings per share excluding impairment, divestiture, restructuring, debt financing and income tax adjustments and discontinued operations, as applicable

Second Fiscal Quarter is the Seasonally Weakest

Q & A

Future Key Dates:

- Second Quarter Fiscal 2017 Earnings – March 22, 2017



Appendix

Reconciliation of Non-GAAP Measures

(US\$ in millions)

EBITDA

Free Cash Flow

	Q1 2017	Q1 2016		Q1 2017	Q1 2016
Net Earnings	\$5	\$16	Cash From Operations	\$12	\$21
Net Financing Costs	\$7	\$7	Capital Expenditures	(\$5)	(\$6)
Income Taxes	(\$3)	\$2	Sale of PP&E	\$0	\$1
Depreciation & Amortization	\$11	\$13	Other	\$1	\$1
Restructuring Charges	\$3	\$4	Free Cash Flow	\$8	\$17
Transition Charges	\$8	\$0			
Adjusted EBITDA	\$31	\$42			