



# Fiscal 2012 First Quarter Earnings Call

December 21, 2011

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ATU  
LISTED  
NYSE

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 December 21, 2011.

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 2012 earnings press release, or refer to the Investors section of Actuant’s website ([www.actuant.com](http://www.actuant.com)) for a reconciliation to the appropriate GAAP measure.

# First Quarter Highlights



- Great quarter with results solidly above guidance
- Exceeded prior peak sales, earnings and cash flow on TTM basis
- Core growth of 7% with double digit core growth in Industrial and Energy
- Year-over-year operating profit margin expansion of 150 basis points
- EPS from continuing operations increased 39% to \$0.50
- Repurchased one million shares of common stock for approximately \$20 million

# First Quarter Operating Results



(US\$ in millions except EPS)

	F' 2011	F' 2012	Change
Sales	\$318	\$393	23%
Operating Profit	\$42	\$57	38%
	13.1%	14.6%	150 bps
Adjusted EPS <sup>(1)</sup>	\$0.36	\$0.50	39%

Continuation of Strong Operating Track Record

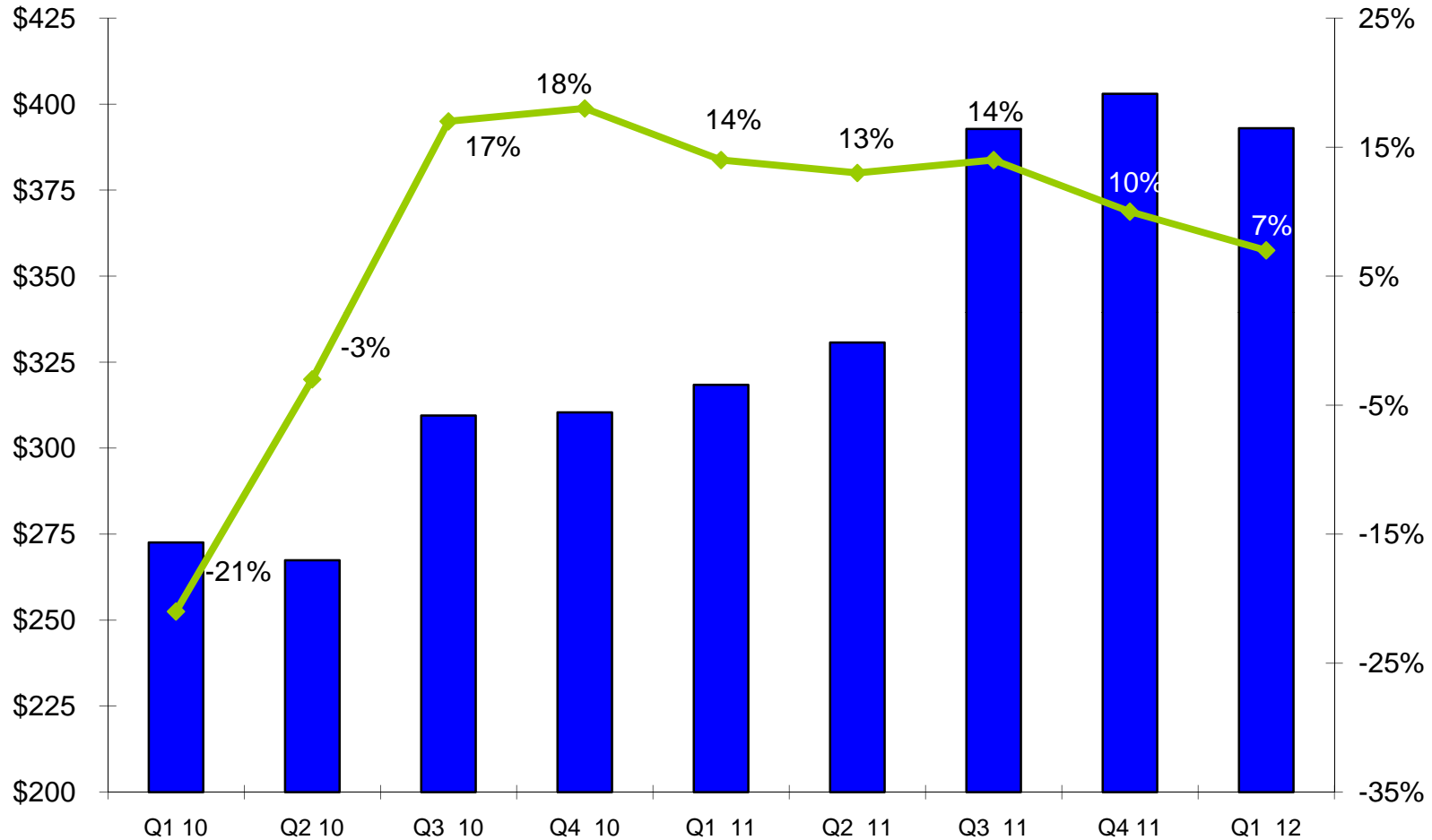
(1) From continuing operations

# Core Sales Growth



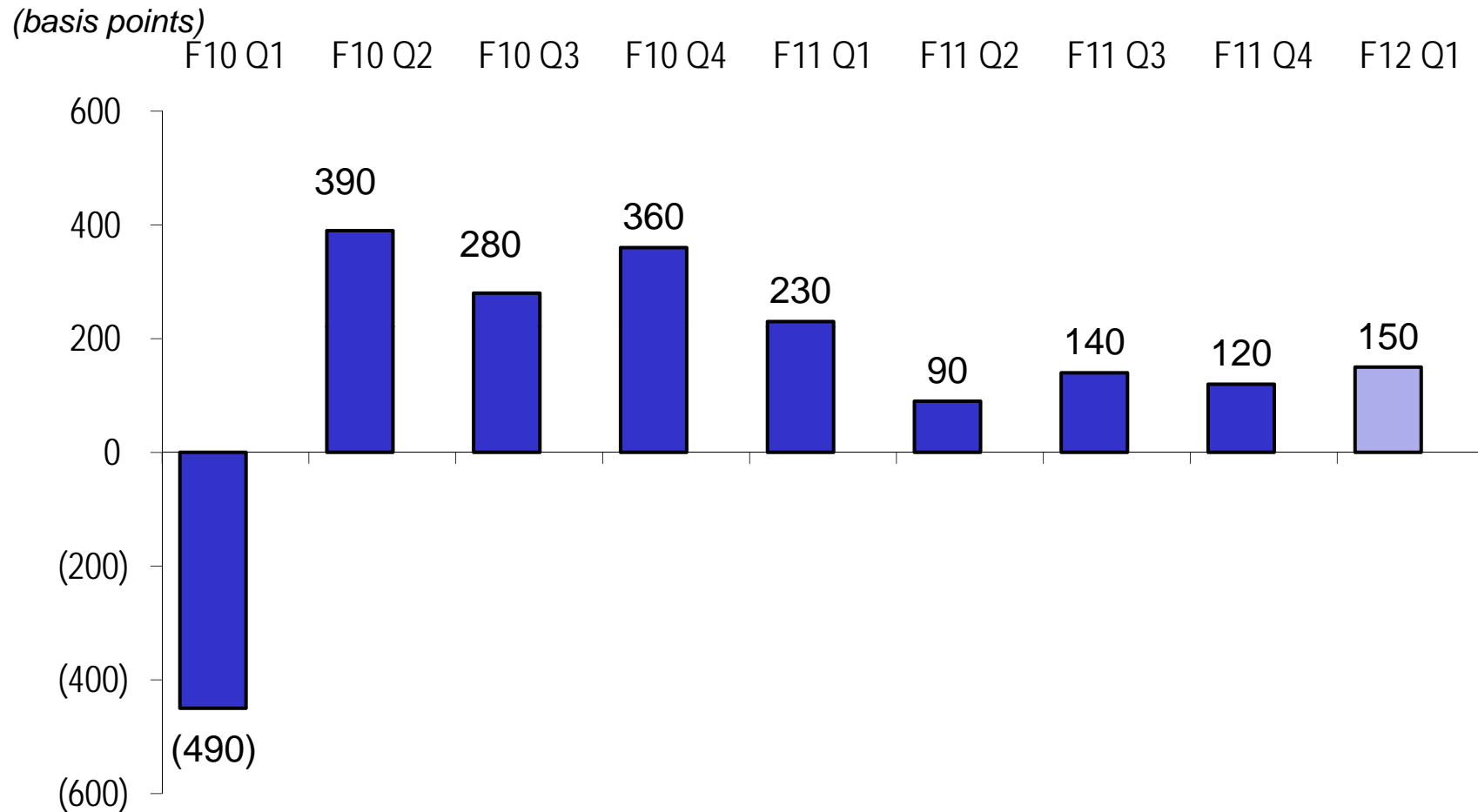
Sales (US\$ in millions)

Year-over-Year  
Core Sales Rate of Change



Despite More Difficult Comparisons, Solid Core Sales Growth Continues

# Operating Profit Margin Trend



Eight Consecutive Quarters of Year-Over-Year Improvement

6 *Operating profit margin excluding restructuring in fiscal 2010*

# Industrial Segment



- Broad based year-over-year core sales growth across essentially all geographies and markets
  - Vertical market and new product penetration
  - Strong IS quoting/orders
- Year-over-year operating margins expanded reflecting higher volumes; modestly favorable mix

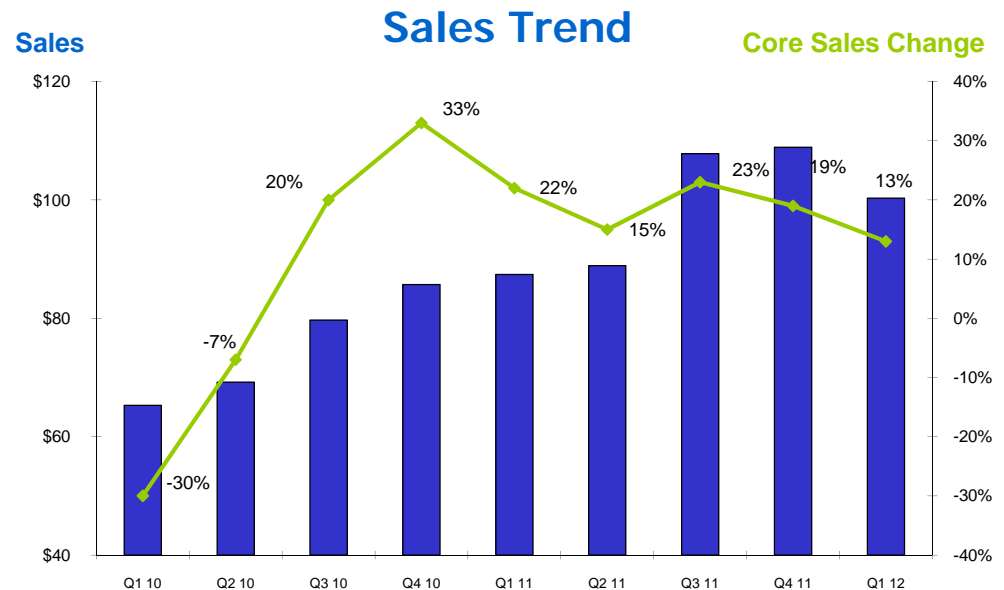
## Financial Snapshot

(US\$ in millions)

	1st Quarter		y-o-y change	4th Quarter	
	2012	2011		2011	sequential change
Sales	\$100	\$87	15%	\$109	-8%
Op Income	\$27.9	\$20.2	38%	\$28.6	-2%
Op Margin	27.9%	23.1%	480 bps	26.2%	170 bps

**ENERPAC**

**SIMPLEX**



# Energy Segment



- Solid growth across nearly all end markets and geographies, most notably North America
- Maintenance, capital projects and higher nuclear activity all contributed to the increase
- Modest margin decline due to mix

## Financial Snapshot

(US\$ in millions)

	1st Quarter			4th Quarter	
	2012	2011	y-o-y change	2011	sequential change
Sales	\$80	\$71	14%	\$83	-3%
Op Income	\$13.2	\$11.9	11%	\$17.2	-23%
Op Margin	16.4%	16.8%	(40) bps	20.7%	(430) bps

**CORTLAND**

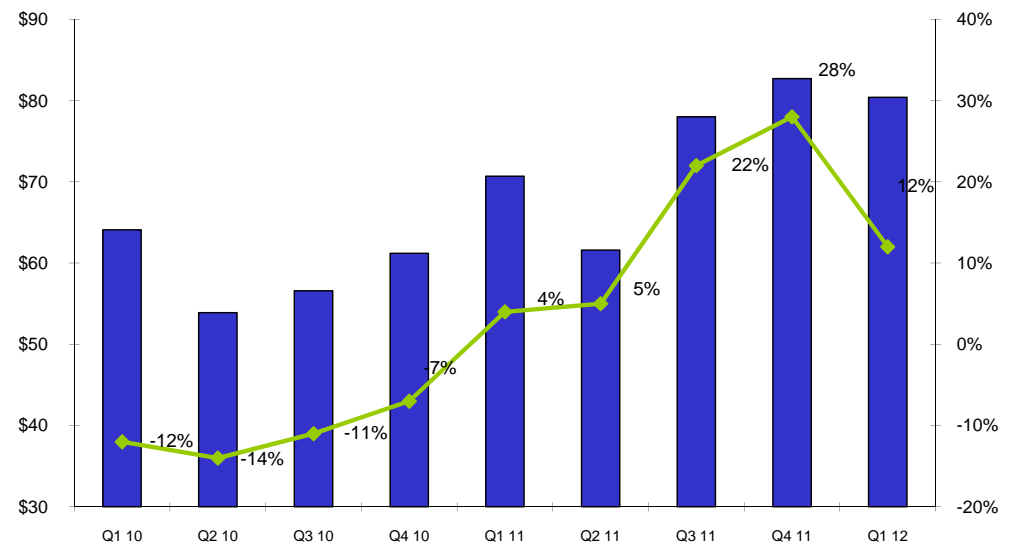
**hydratight**



Sales

Sales Trend

Core Sales Change





# Electrical Segment

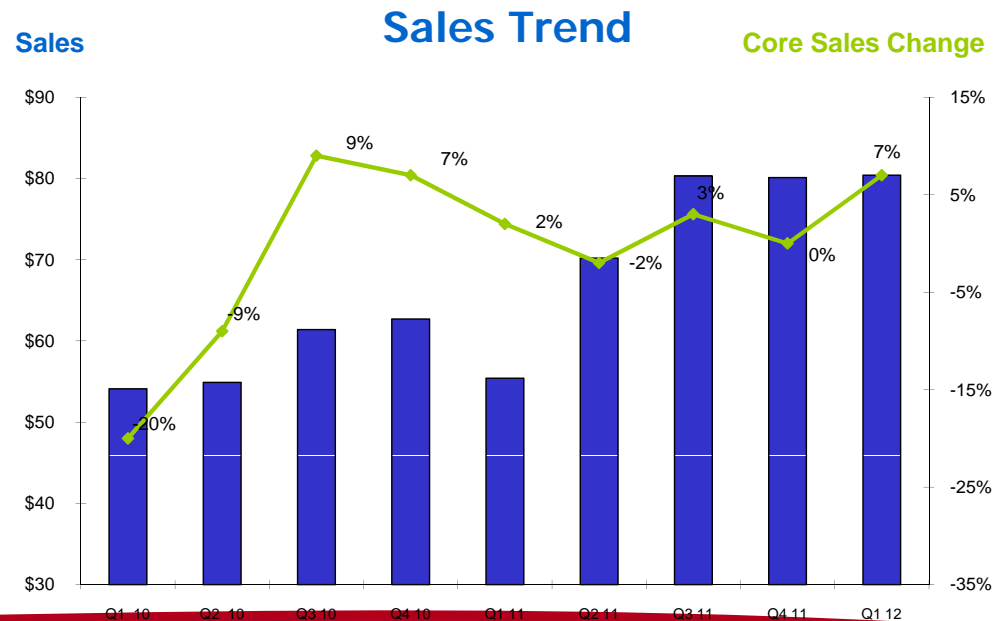


- 7% core growth due to pricing as well as higher retail, utility and industrial demand
- Solar sales benefited from strong UK demand
  - \$10M reduction in inverter finished goods inventory
- Unfavorable mix and plant closure costs reflected in margins – base NA margins up year-over-year

## Financial Snapshot

(US\$ in millions)

	1st Quarter		y-o-y change	4th Quarter	
	2012	2011		2011	sequential change
Sales	\$83	\$55	49%	\$80	3%
Op Income	\$5.0	\$3.8	32%	\$6.5	-23%
Op Margin	6.0%	6.8%	(80) bps	8.1%	(210) bps



# Engineered Solutions Segment

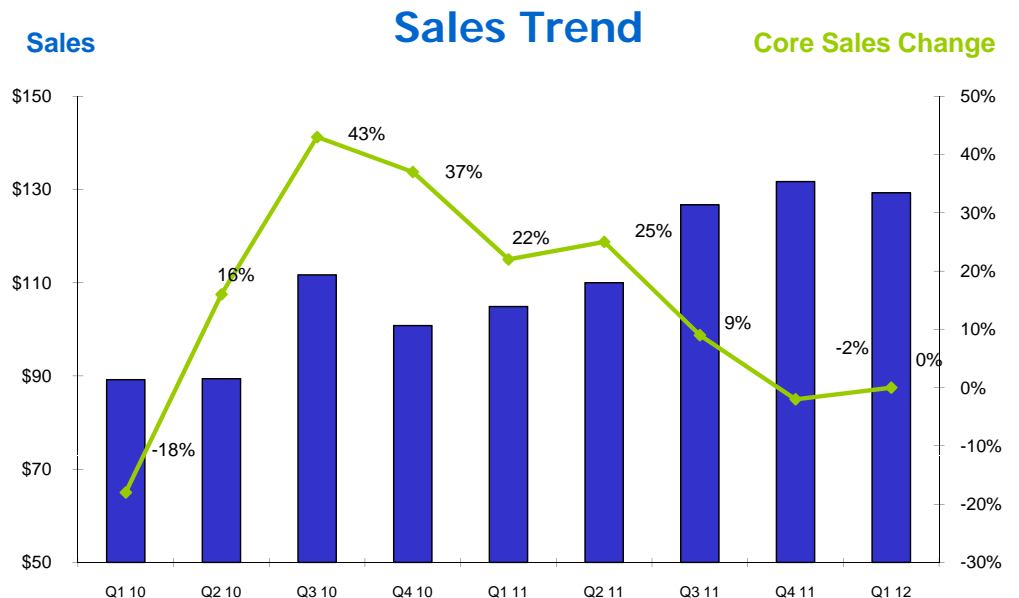


- Year-over-year core sales flat as strong truck & construction equipment sales was offset by lower automotive volumes
- Agriculture demand, especially OEM, remains robust
- Margins reflect favorable acquisition and underlying business mix

## Financial Snapshot

(US\$ in millions)

	1st Quarter		y-o-y change	4th Quarter	
	2012	2011		2011	sequential change
Sales	\$129	\$105	23%	\$132	-2%
Op Income	\$19.0	\$13.8	38%	\$16.4	16%
Op Margin	14.7%	13.2%	150 bps	12.5%	220 bps



# First Quarter Cash Flow / Net Debt



(US\$ in millions)

## Free Cash Flow

EBITDA	\$70
Capital Expenditures	(6)
PP&E Divested	6
Cash Interest	(3)
Cash Taxes	(10)
F'2011 Bonus Payments	(26)
Working Capital/Other	(6)
Free Cash Flow	<u>\$25</u>

## Net Debt Reconciliation

Net Debt - Aug 31, 2011	\$481
Stock Repurchases	20
Annual Dividend	3
Free Cash Flow	(25)
FX/Other	3
Net Debt - Nov 30, 2011	<u>\$482</u>
Net Debt/EBITDA <sup>(1)</sup>	1.8X
Debt / Capitalization	35%

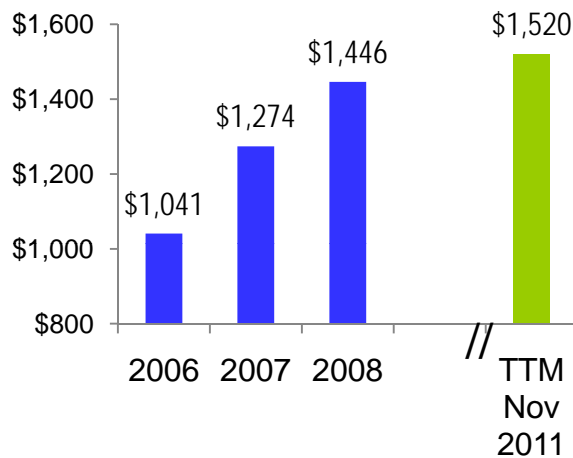
(1) Pro forma to include a full LTM of EBITDA for acquired businesses

**Strong Free Cash Flow Generation in Seasonally Weak Quarter**

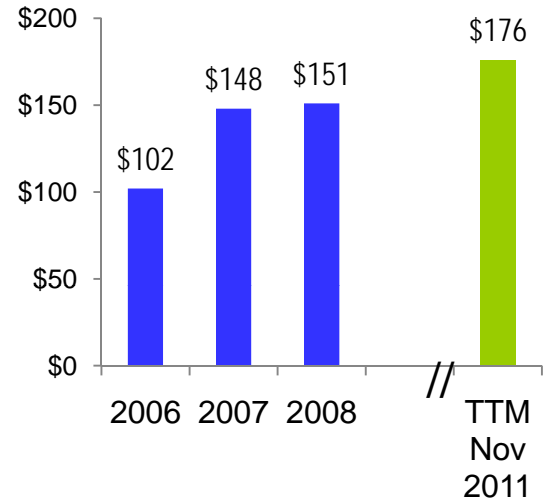
# Key Financial Metrics at New Highs



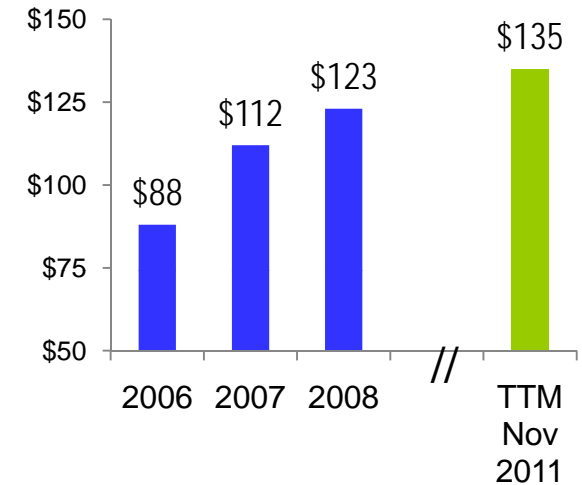
### Sales <sup>(1)</sup>



### Free Cash Flow <sup>(1)</sup>

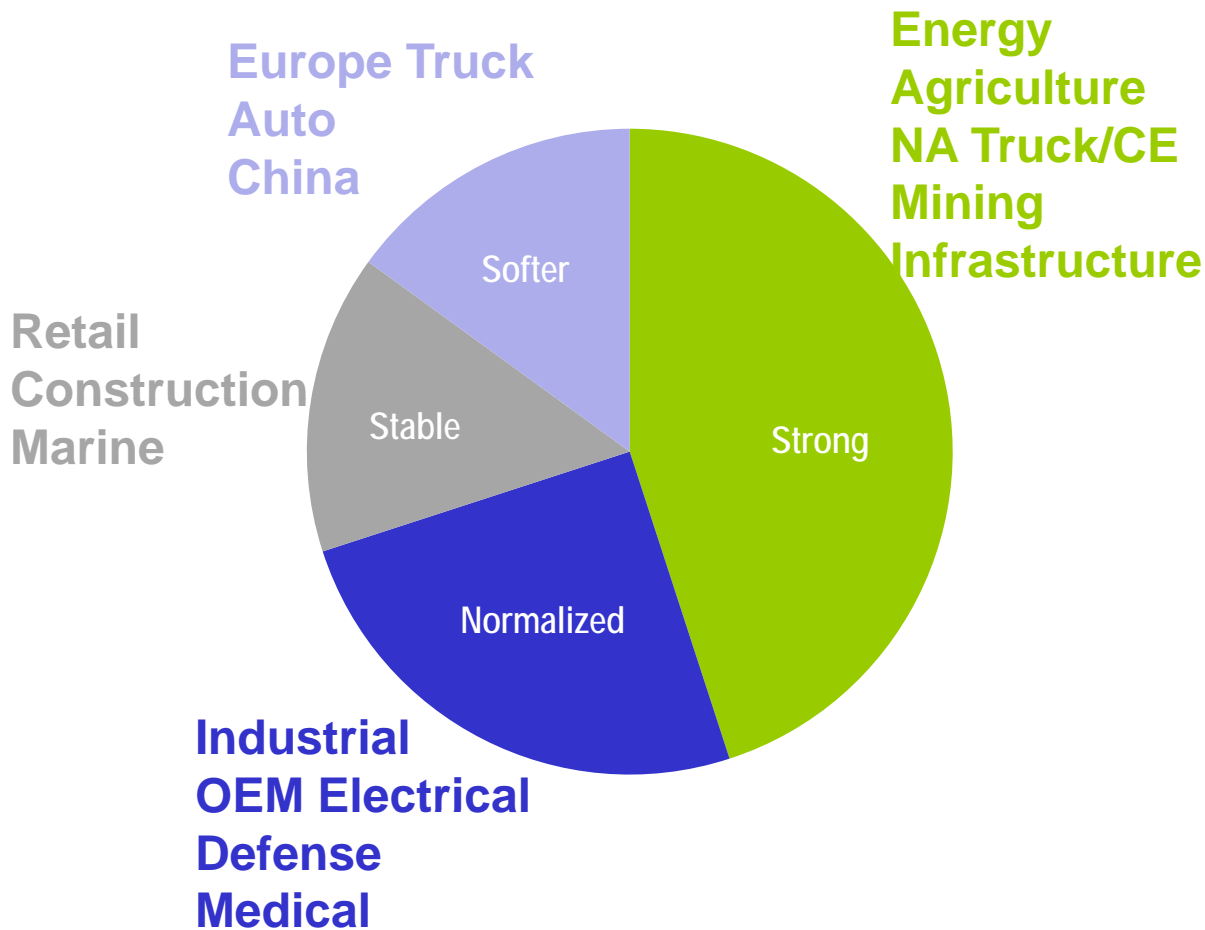


### Net Earnings <sup>(1)</sup>



Delivering Sales, Cash Flow and Earnings Higher than Past Peak Results

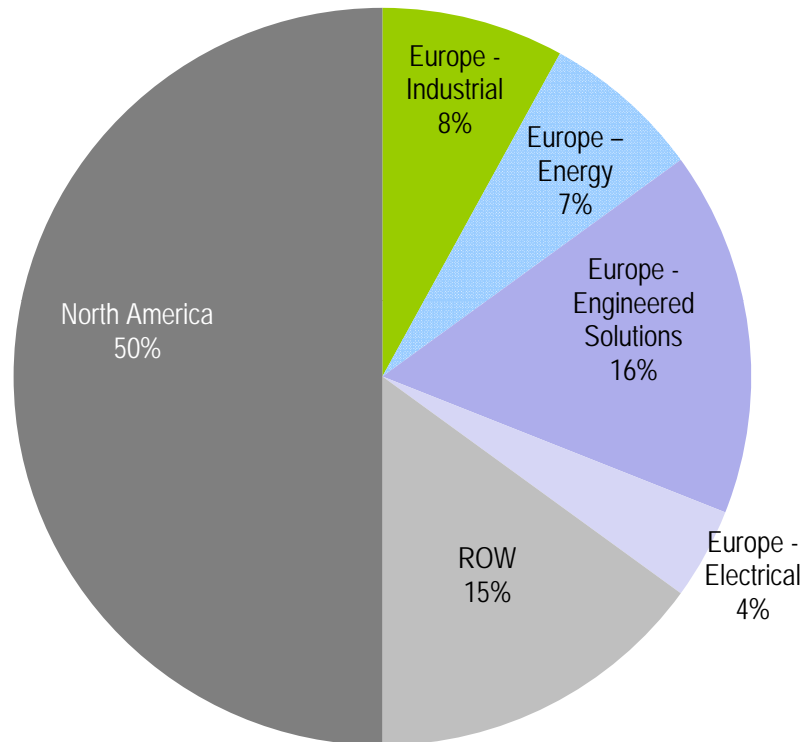
# Diversity of Revenue Drives Consistency



- Seeing impact of focused portfolio management activities / secular growth drivers
  - Majority of portfolio now in strong / normalized growth markets
- Growth + Innovation traction

Continuing to Expand Presence in Higher Growth Verticals

# Actuant's European Presence



- Industrial – Northern Europe / IS focused
- Energy
  - North Sea / Norway Exposure with maintenance services
  - Umbilical / Seismic – majority of related assets (e.g. ROV) exported to emerging markets
- Engineered Solutions
  - Automotive – nearly half of volumes exported to other markets
  - Estimated 20% of European trucks exported to emerging markets
- Electrical – solar and leisure marine

Exposure to European Industrial/Consumer Demand  
Approximates < 25% of Revenue

## Margin Execution Continues



- Eight consecutive quarters of margin expansion
- Gaining traction on Enerpac Integrated Solutions margins
- Price / cost management across the businesses
- Continuing to expand low cost country footprint
  - Electrical into Mexico
  - Turkey expansion
- Shared services, ERP and other back office activities

Momentum in Higher Margin Segments Also Bodes Well for Margin and Earnings Growth

## Organic

- Emerging Markets
- Energy Gorgon Expansion
- Enerpac IS Wins
- Megatrends

## Acquisition

- Funnel / Activity Solid
- Emerging Market Opportunities
- Remain Disciplined in Valuation

Energy Demand



Global Infrastructure



Food Requirements



Resources/Sustainability





# Demonstrated Track Record



## Results Benefitting From Portfolio Management and Strong Execution

	F' 2010				F' 2011				F' 2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Core Sales Growth	<b>-21%</b>	<b>-3%</b>	<b>+17%</b>	<b>+18%</b>	<b>+14%</b>	<b>+13%</b>	<b>+14%</b>	<b>+10%</b>	<b>+7%</b>
Op.Profit Margin Growth <sup>(1)</sup>	<b>(450)</b>	<b>+390</b>	<b>+280</b>	<b>+360</b>	<b>+230</b>	<b>+90</b>	<b>+140</b>	<b>+120</b>	<b>+150</b>
Diluted EPS Growth <sup>(2)</sup>	<b>-53%</b>	<b>+91%</b>	<b>+59%</b>	<b>+82%</b>	<b>+71%</b>	<b>+43%</b>	<b>+46%</b>	<b>+61%</b>	<b>+39%</b>

(1) Year-over-year basis point change from continuing operations, excluding fiscal 2010 restructuring charges.

(2) Year-over-year change from continuing operations, excluding fiscal 2010 restructuring charges and income tax adjustments.

# Fiscal 2012 Outlook



(US\$ in millions except EPS)

## Full Year Assumptions:

- Full year core sales growth of 5-8%
- Industrial +5 to 10%
- Energy +10 to 15%
- Electrical +1 to 5%
- Engineered Solutions down 3-6%
- Key FX assumptions – approximately \$1.35/1€ and \$1.55/1£
- Margin expansion of 75-100 basis points
- 23-24% effective tax rate
- Excludes future acquisitions, share repurchases

	Full Year		
	2011	2012E	Change
Sales	\$1,445	\$1,600-1,650	11 - 14%
Diluted EPS	\$1.68	\$1.85-2.05	10 - 22%

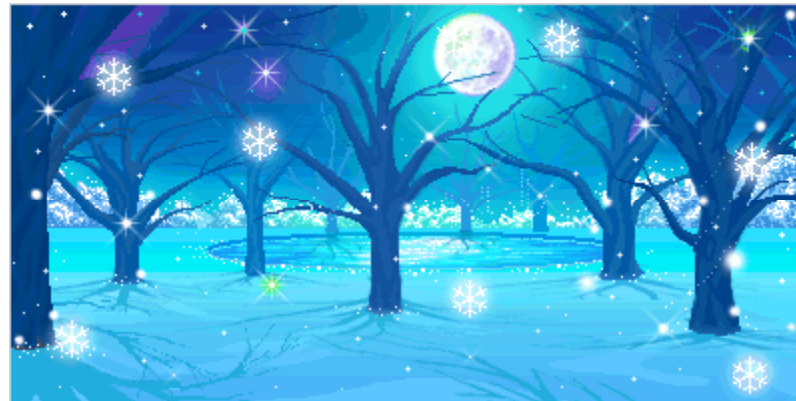
	2nd Quarter		
	2011	2012E	Change
Sales	\$331	\$360-370	9 - 12%
Diluted EPS	\$0.30	\$0.35-0.40	16 - 33%

2012 Free Cash Flow Forecast of \$160-170 Million



# Q & A

Future Key Dates: Second Quarter Fiscal 2012 Earnings – March 21, 2012



*Happy Holidays!*



# Appendix

# Reconciliation of Non-GAAP Measures

(US\$ in millions, except EPS)



## EBITDA

	Q1 2011	Q1 2012
Net Earnings	\$25.9	\$37.2
Net Financing Costs	\$7.5	\$8.2
Income Tax Expense	\$6.9	\$11.2
Depreciation & Amortization	\$12.2	\$13.6
Discontinued Operations	\$0.8	\$0.0
<b>Adjusted EBITDA</b>	<b>\$53.3</b>	<b>\$70.2</b>

## Free Cash Flow

	Q1 2011	Q1 2012
Cash From Operations	\$6.5	\$20.5
Capital Expenditures	(\$4.1)	(\$5.6)
PP&E Divestitures	\$0.0	\$5.9
Other	\$3.6	\$3.8
<b>Free Cash Flow</b>	<b>\$6.0</b>	<b>\$24.6</b>