

Actuant

Fiscal 2017 Third Quarter Earnings

June 21, 2017

The image displays three vertical blue panels, each representing a different business segment of Actuant. Each panel features a circular image at the top and several company logos below. The first panel (Industrial) shows two workers in yellow safety gear and includes logos for hydratight, CORTLAND, and VIKING SeaTech. The second panel (Infrastructure) shows a bridge over water and includes logos for ENERPAC, SIMPLEX, LARZEP, PRECISION-HAYES INTERNATIONAL, and milwaukee Cylinder. The third panel (Agriculture) shows a green tractor in a field and includes logos for Weasler, POWER-PACKER, maximatecc, e Elliott manufacturing, and 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 June 21, 2017. 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 or accompanying the Q3 Fiscal 2017 earnings press release for a reconciliation to the appropriate GAAP measure.

Third Quarter 2017 Highlights



- Disappointing results in the quarter driven by very weak energy market dynamics
- Adjusted diluted EPS (excluding restructuring charges and one-time tax benefit) of \$0.32, below guidance range as previously communicated
- Consolidated core sales flat year-over-year
 - Energy: three phase action plan
 - Industrial: improving core growth and strategy progress
 - Engineered Solutions: highest level of core sales growth in three years
- Good cash flow, net debt leverage ratio reduced
- Adjusting fiscal 2017 sales, EPS and cash flow guidance ranges

Third Quarter Comparable Results

(US\$ in millions except Diluted EPS)

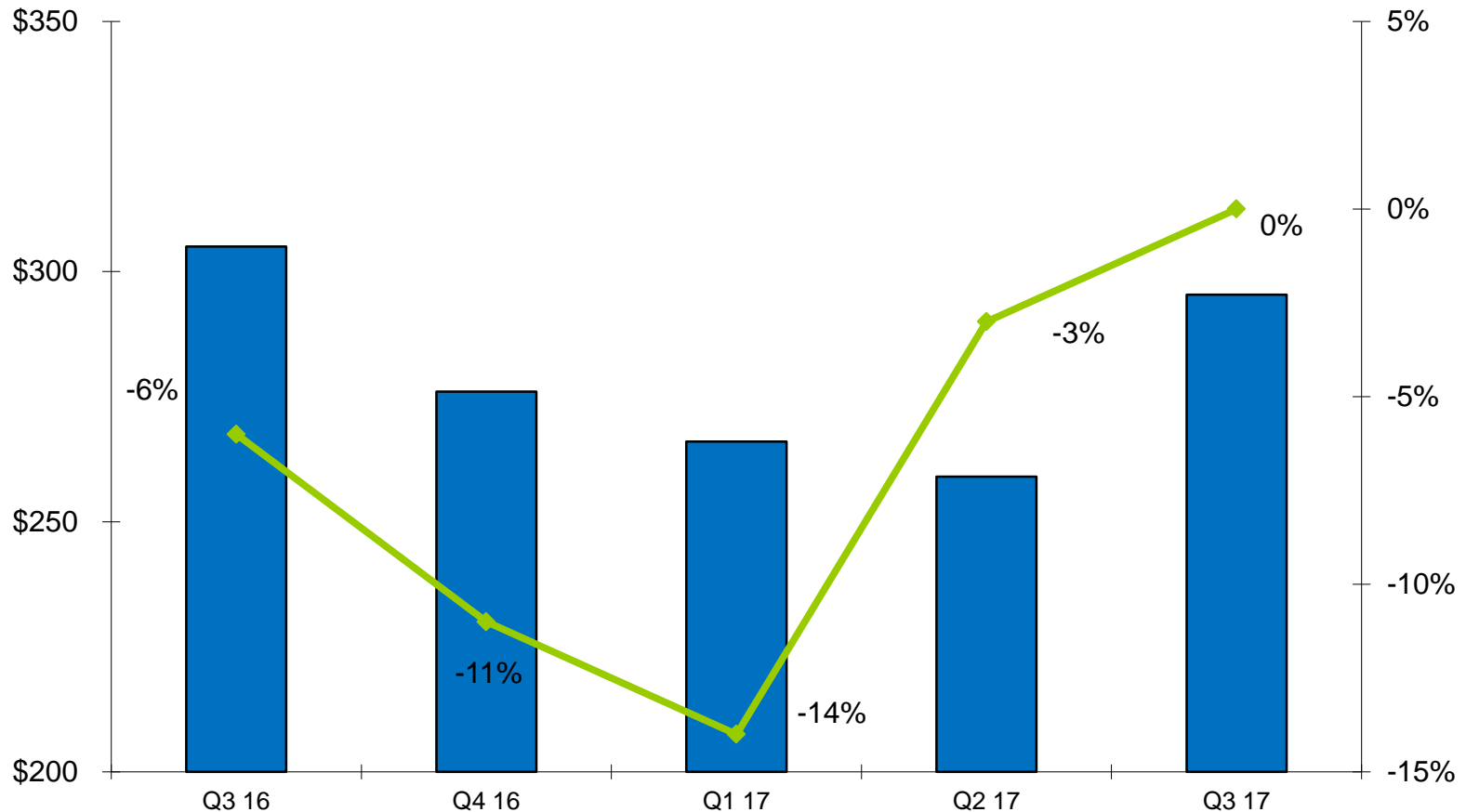
	<u>F' 2016</u>	<u>F' 2017</u>	<u>Change</u>
Sales	\$305	\$295	-3%
Adjusted Op Profit	\$32 10.4%	\$28 9.4%	-13% (100) bps
Adjusted Diluted EPS	\$0.40	\$0.32	-20%

Excluding restructuring charges of \$0.4 and \$3.5 in the third quarter of fiscal 2017 and 2016, respectively. Also excludes \$3.2 million in third quarter 2017 income tax gains.

Core Sales Trend

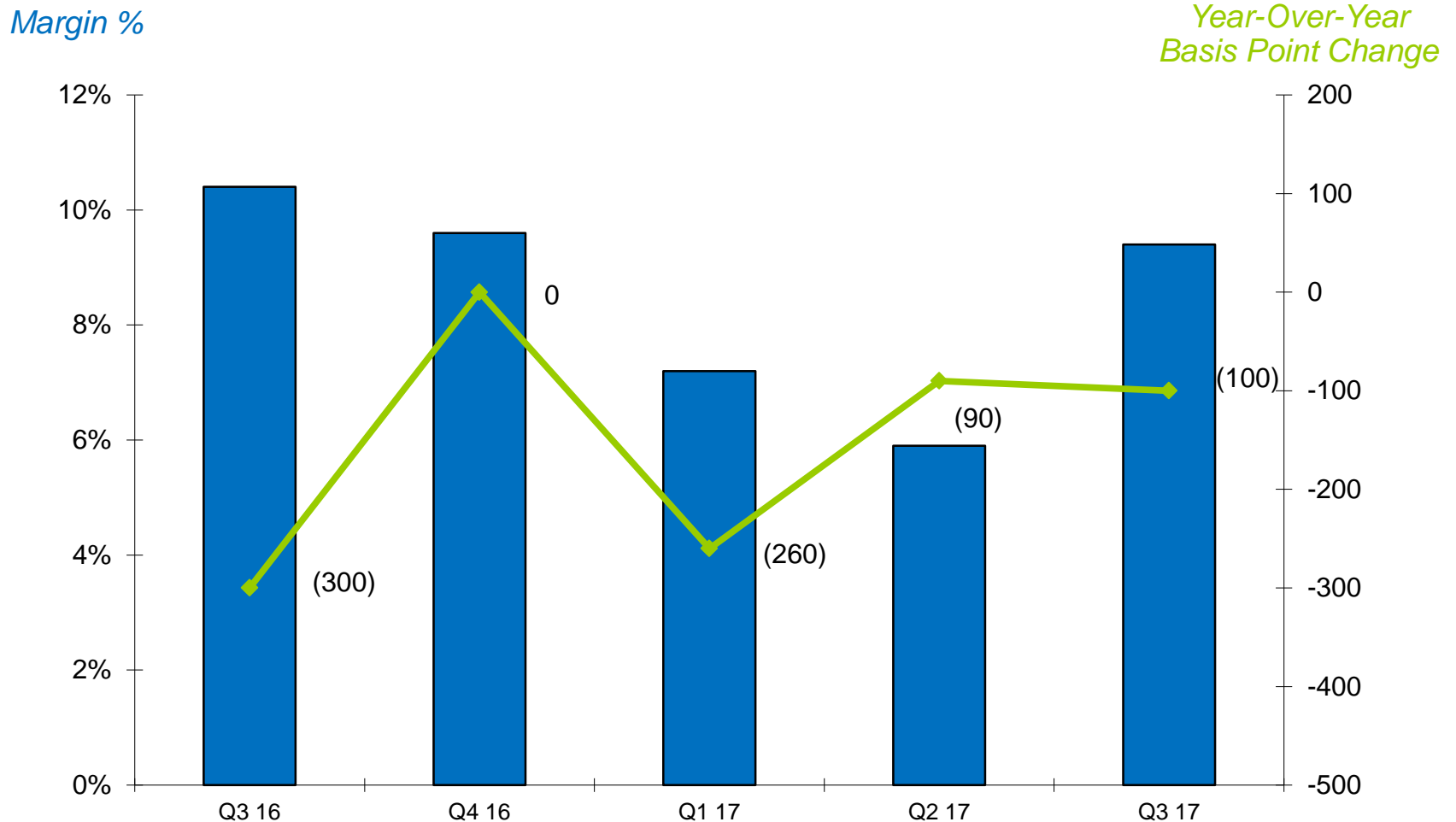
Sales (US\$ in millions)

Year-over-Year
Core Sales



Strong year-over-year growth in Industrial and Engineered Solutions, Energy comparisons and market conditions remain difficult

Adjusted Operating Profit Margin Trend (1)



Margins impacted by unfavorable sales mix and lower energy volumes

(1) Excluding impairments, restructuring and transition charges

Industrial Segment

- Core sales rate of change trend reflects improved end market demand and targeted commercial efforts
- Heavy Lifting Technologies and concrete tensioning related core sales were about flat
- Margins reflect expected incrementals on product mix, partially offset by about 80 bps of operating inefficiencies associated with facility consolidations

Financial Snapshot

(US\$ in millions)

	3rd Quarter		y-o-y change
	2017	2016	
Sales	\$101	\$96	5%
Adj Op Income ⁽¹⁾	\$24.0	\$22.5	7%
Adj Op Margin ⁽¹⁾	23.9%	23.5%	40 bps

(1) Excludes restructuring charges of \$0.3 and \$0.8 in 2017 and 2016, respectively.

ENERPAC 

LARZEP

SIMPLEX

milwaukee
Cylinder

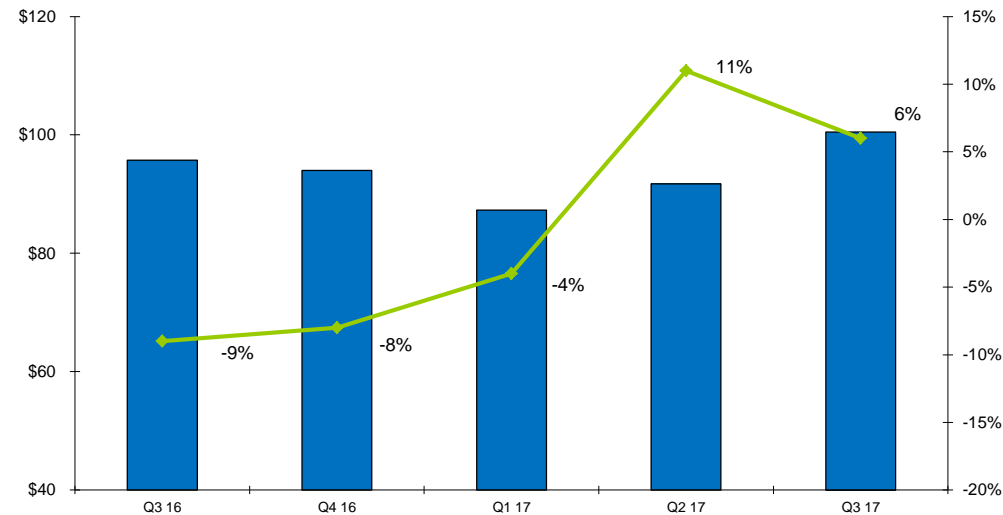
**PRECISION-HAYES
INTERNATIONAL**



Sales

Sales Trend

Core Sales



Energy Segment

- Prolonged oil & gas downturn impacting both upstream and maintenance customer spending
- Hydratight difficult comparisons and progressively lower / delayed / deferred maintenance activity
- Easier comparisons in Cortland with growth in non-energy markets
- Low activity and pricing at Viking
- Margins impacted by lower volumes, unfavorable mix and low labor and rental tool utilization



Financial Snapshot

(US\$ in millions)

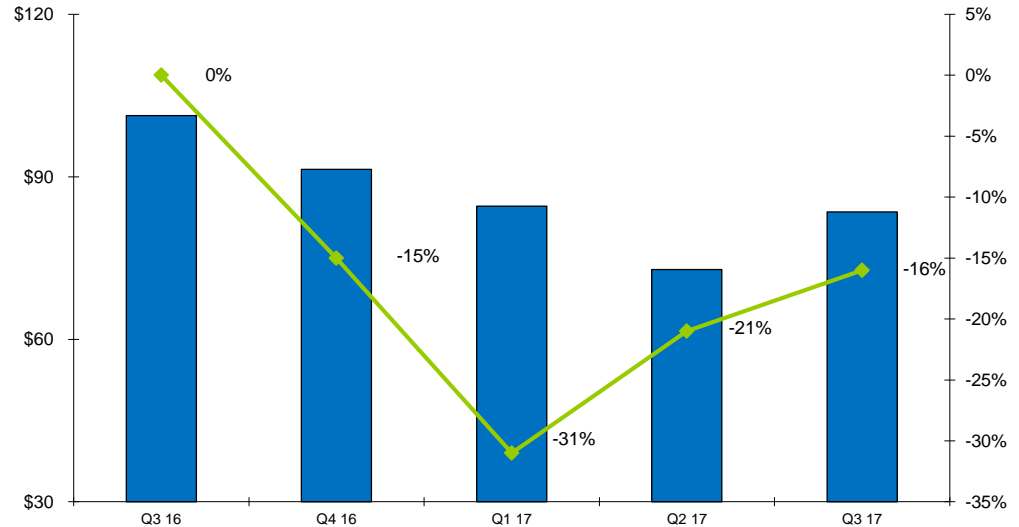
	3rd Quarter		y-o-y change
	2017	2016	
Sales	\$83	\$101	-18%
Adj Op Income ⁽¹⁾	\$0.9	\$12.4	-93%
Adj Op Margin ⁽¹⁾	1.1%	12.3%	(1120) bps

(1) Excludes restructuring charges of \$1.6 in 2016.

Sales

Sales Trend

Core Sales



Engineered Solutions Segment

- Improvements across nearly all served end markets and regions
- Higher customer production rates of agriculture and other off-highway equipment
- Continued robust growth in heavy-duty truck, largely China
- Strong margin improvement reflects both higher volume and benefit of cost reduction actions

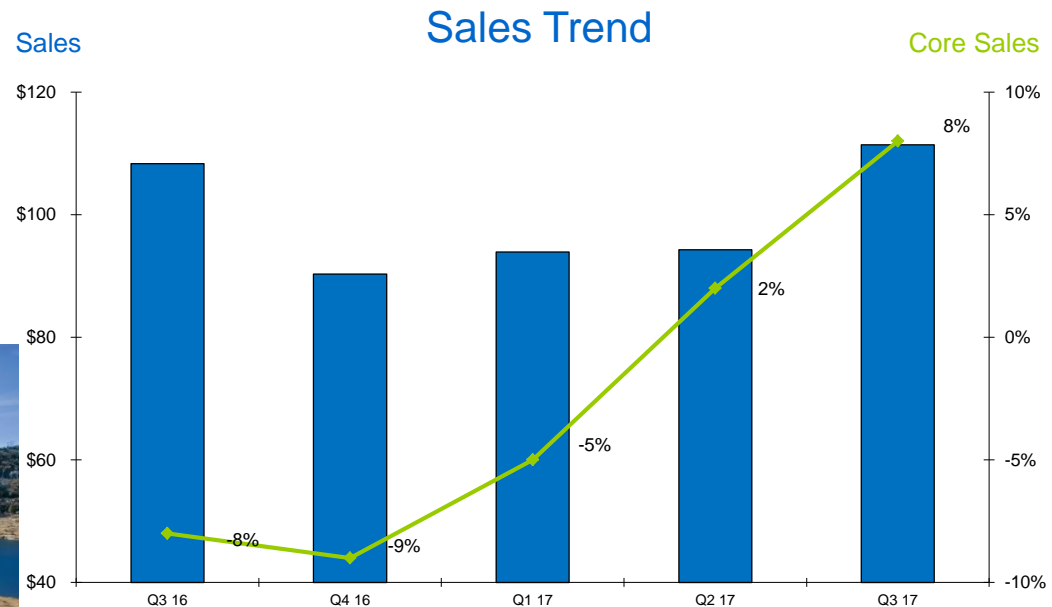
Financial Snapshot

(US\$ in millions)

3rd Quarter

	2017	2016	y-o-y change
Sales	\$111	\$108	3%
Adj Op Income ⁽¹⁾	\$8.2	\$4.8	71%
Adj Op Margin ⁽¹⁾	7.3%	4.4%	290 bps

(1) Excludes restructuring charges of \$0.1 and \$1.1 in 2017 and 2016, respectively.



Third Quarter Cash Flow / Net Debt

(US\$ in millions)

Free Cash Flow

EBITDA	\$37
Capital Expenditures	(8)
Cash Interest	(3)
Cash Taxes	(7)
Working Capital/Other	11
Free Cash Flow	<u><u>\$30</u></u>

Net Debt Reconciliation

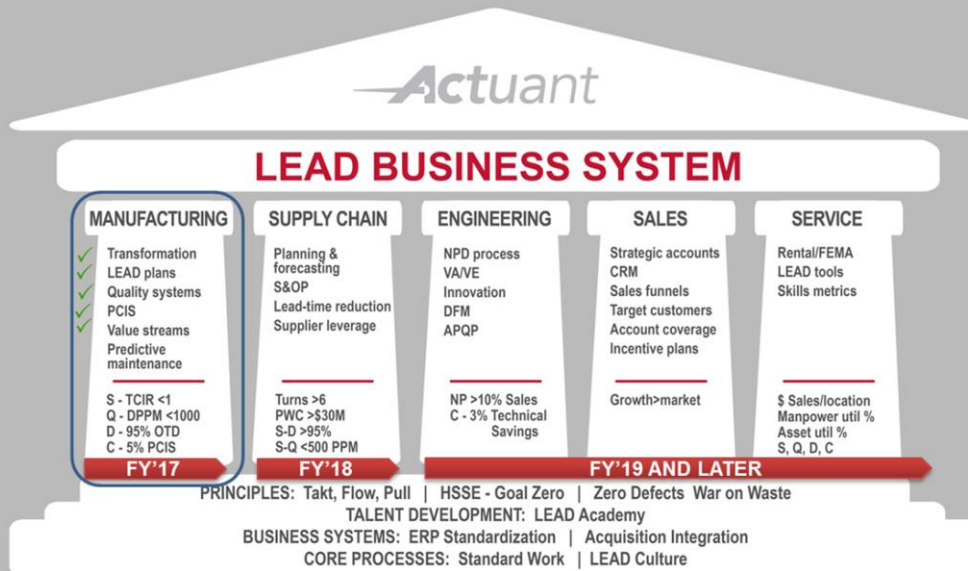
Net Debt - Feb 28, 2017	\$401
FX/Other	(1)
Free Cash Flow	<u>(30)</u>
Net Debt - May 31, 2017	<u><u>\$370</u></u>
Net Debt/EBITDA ⁽¹⁾	2.8

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

Good working capital management, modest decline in net debt leverage

Manufacturing Strategy Update – *LEAN Transformation*

- 32 plants → 3 phase process
- Lean training – 190+ employees
- Multiple Lean transformations in 2017
- All plants completed in 2018
- Quality, Cost, Delivery & Safety improving



Commercial Strategy Update

- Enhanced coverage
 - Regions, Industries, and Distributors
- Increased new product development. Multiple product launches anticipated in fourth quarter 2017
- Demonstrated results in nearly every region and product line
- Share growth and core sales expansion

ENERPAC 

LARZEP

SIMPLEX

POWER-PACKER

 **Weasler**®

GITS MFG. CO.


elicit manufacturing

CROSSCONTROL

maximatecc•

Targeting core growth beyond market conditions

Macro Industry Dynamics

- Oil & Gas

- Stubbornly low oil prices with no apparent catalyst for improvement
- Cash constrained customers moving more toward maintenance spend reductions after exhausting capital spending cuts

- Off-Highway Mobile Equipment

- Steady improvement in build rates as inventory reduction efforts end and end markets show modest improvements off low base (agriculture, construction, mining, forestry, other off-highway)

- General Industrial

- Easier comparisons, distributor optimism, sell through demand (limited stocking impact)

- On-Highway

- China on-highway truck strong but beginning to level out, Europe registrations flattish

CLQ17 - Crude Oil WTI (NYMEX)



Slow but steady improvement across most industry drivers

Current Environment / Core Sales Trends

Core Growth	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4 E
Industrial	(9)%	(14)%	(9)%	(8)%	(4)%	11%	6%	5 - 7%
Energy	13%	(8)%	0%	(15)%	(31)%	(21)%	(14)%	(21)-(23)%
Engineered Solutions	(3)%	(4)%	(8)%	(9)%	(5)%	2%	8%	10 - 12%
Consolidated	0%	(8)%	(6)%	(11)%	(14)%	(3)%	0%	(1)-(3)%

- **Industrial** 

End demand, commercial effectiveness efforts

- **Energy**

- Maintenance 

Progressively reduced/limited MRO scopes

- Upstream/cap ex 

Sequentially stable / low activity

- **Engineered Solutions**

- Europe/ROW Truck 

China truck robust but flattening, Europe flattish

- Agriculture 

End of destocking, stabilizing farm income at low levels

- Off-highway 

End of destocking; potential infrastructure spend providing optimism

Fiscal 2017 Guidance Summary

(US\$ in millions except EPS)

	Full Year	
	2016	2017E
Sales	\$1,149	\$1,080 - 1,090
EBITDA	\$152	\$120 - 125
Diluted EPS	\$1.22	\$0.82 - 0.87

	Fourth Quarter	
	2016	2017E
Sales	\$276	\$260 - 270
EBITDA	\$38	\$27 - 32
Diluted EPS	\$0.30	\$0.18 - 0.23

Assumptions - Full Year:

- Full year core sales decline of 3-4%
- Key FX rates – approximately ~\$1.10/1€ and ~\$1.30/1£.
- ~Flat to LSD effective tax rate
- Shares outstanding ~60 million
- Free cash flow ~\$65-70 million

Assumptions – Fourth Quarter:

- Core sales down LSD
- ~Flat to LSD effective tax rate

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

Full year outlook lowered on challenged energy markets and unfavorable business mix

Actuant Investor Day – Save the Date

Annual Actuant Investor Day Thursday October 5, 2017 - NYC

- 10:00am – 3:00pm at the NY Hilton Midtown
- Working buffet lunch
- Executive Leadership Team all participating
- Simultaneous small group meeting format allowing in depth Q&A (Format does not allow for webcasting, we apologize for any inconvenience. Slide deck and video will be posted on actuant.com after the event.)



Q & A

Future Key Dates:

- Fourth Quarter Fiscal 2017 Earnings – September 27, 2017
- Actuant Investor Day – NYC – October 5, 2017

Appendix

Reconciliation of Non-GAAP Measures

(US\$ in millions)

EBITDA

Free Cash Flow

	Q3 2017	Q3 2016		Q3 2017	Q3 2016
Net Earnings	\$22	\$21	Cash From Operations	\$37	\$46
Net Financing Costs	\$8	\$7	Capital Expenditures	(\$8)	(\$4)
Income Taxes	(\$4)	(\$1)	Sale of PP&E	\$0	\$4
Depreciation & Amortization	\$11	\$11	Other	\$1	\$3
Restructuring Charges	\$0	\$4	Free Cash Flow	\$30	\$49
Impairment Charges	\$0	\$0			
Adjusted EBITDA	\$37	\$42			