



CJS Securities NDR, January 2022

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All estimates of future performance are as of December 21, 2021. Enerpac Tool Group’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 accompanying the Q1 Fiscal 2022 earnings press release for a reconciliation to the appropriate GAAP measure.

# Great Products, Services, Brands, and Team

**110**

YEARS OF  
HISTORY

**Menomonee  
Falls, WI**

HEADQUARTERS

**~2,100**

EMPLOYEES

**100+**

MANAGEMENT TEAM  
YEARS EXPERIENCE

**100+**

# OF COUNTRIES  
PRODUCTS SOLD  
INTO

**Global leader in high  
precision tools, controlled  
force products, and  
solutions for precise heavy  
lifting**

## Products

Cylinders/Jacks,  
Pumps, Bolting  
Tools, Presses,  
Pullers, Tools, Heavy  
Lifting Technology

## Service and Rental

Bolting,  
machining and  
joint integrity

## Extensive Global Distribution

**1,500+** long-standing  
distribution relationships

**3,500+** distributor  
locations

## Diversified Customer Base

Specialty Dealers

National  
Distribution

Large OEMs

**STRONG  
BRAND  
RECOGNITION**

**ENERPAC** 

Premium Industrial Tools  
Heavy Lifting

**hydratight**

Service  
Rental  
Training

**CORTLAND**

Medical  
Industrial Ropes

## Revenue Mix

**~75%**



**Tools**

**~25%**



**Service**

Manpower

Rental

# Wide Array of Durable and Reliable Products

## Bolting



## Cylinders



## Heavy Lift



## Presses



## Pumps



## Work Holding



## Pullers



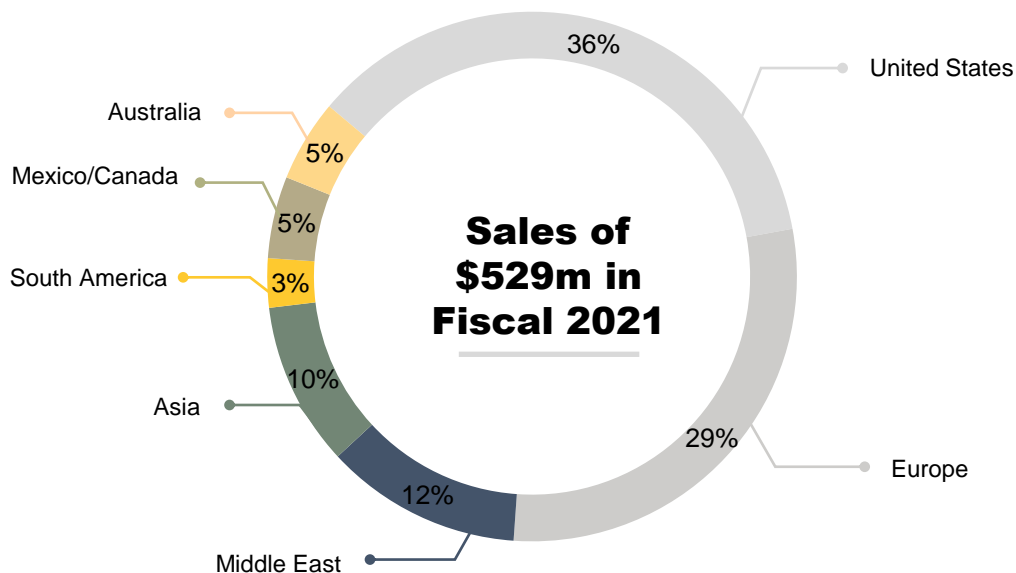
## Spreaders



## Cutters



**Enerpac Tools and Services benefit from having a diverse geographic customer base**



**Geographic diversification of sales reduces overall exposure to regional economic downturns**

**Opportunities for further geographic expansion**



# Extensive Global Distribution



**1,500+  
distributors**



**3,500+  
points of sale**



**100+  
countries**



## Global distribution network is a competitive advantage

- **Most robust distribution network in the competitive space**
- **Application experts with hands-on product demonstrations**
- **Local access to world-class tools quickly and conveniently**
- **Sale and rental of the right tools when & where customers need them**
- **Ability to support global customers in all regions**

- **Digital marketing channels are utilized to drive awareness, demand and sales for Enerpac products**
- Leveraging digital channels to generate awareness ensures Enerpac is easily found and is top-of-mind among industrial professionals
- Easy to use digital assets simplify product selection and generate demand and sale leads
- Sales leads are shared with distribution partners, or sales are captured immediately online via our e-commerce channel



# Growth Opportunities in Broad Vertical Markets

## 13 VERTICAL END MARKETS



Civil Construction



Power Gen/  
Wind



Oil & Gas



Off-Highway  
Vehicle Repair



Industrial MRO



On-Highway  
Vehicle Repair



Manufacturing  
and Machine  
Tools



Paper/Wood



Mining



Military



Aerospace

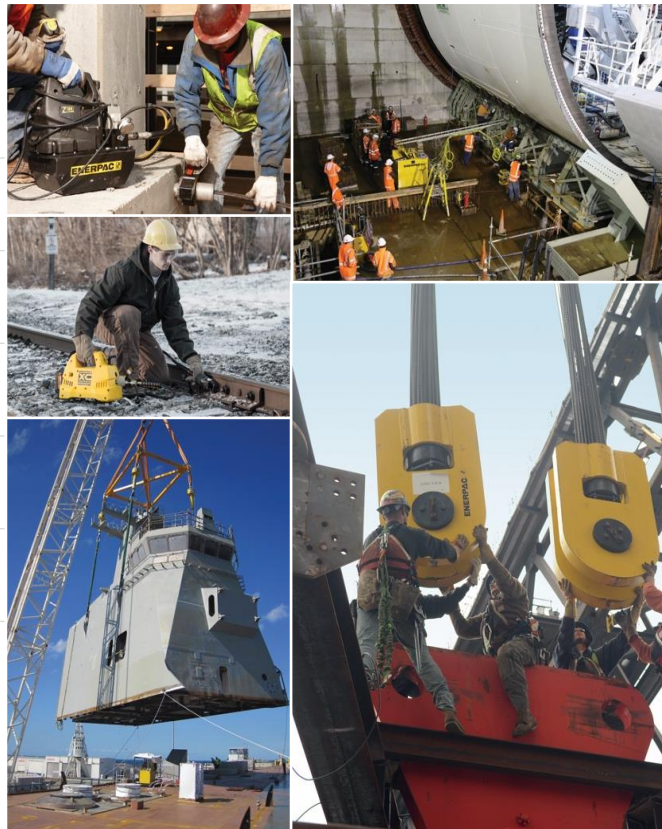


Steel & Metal

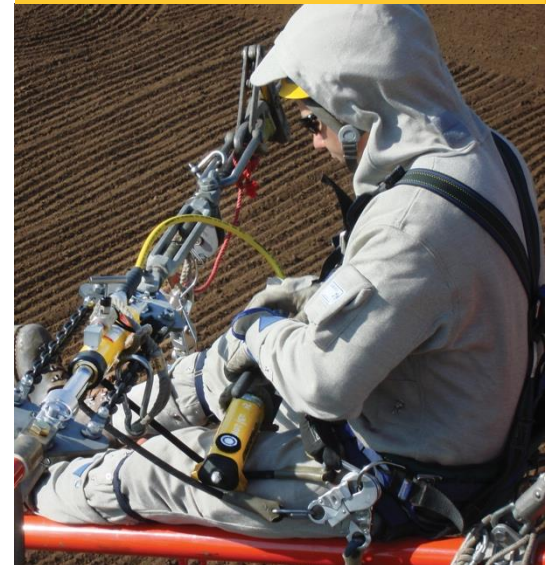


Rescue

Seeing favorable trends in several of our  
key end markets



**Large, fragmented vertical  
markets provide growth  
opportunities, both organic  
and inorganic**



**NEVER COMPROMISE**



## Infrastructure – Where We Participate

- Roads and Bridges
- Rail
- Commercial Construction
- Electrical Distribution
- Water
- Airports
- Port Facilities



## Premium Product Offering

- Known for precision, durability, and safety
- Strong brand recognition within lifting, pulling, positioning, and cutting
- Well positioned to take advantage of increased government infrastructure spend



Jack Up System



ZU Pump



Rail Stressor

# Select Vertical Market Opportunities



## Power Generation / Wind – Where We Participate

- Manufacturing
- Transport
- Installation
- Maintenance
- Decommissioning



## Premium Product Offering

- Known for precision, durability, and safety
- Strong brand recognition within lifting, positioning and torque and tension
- Well positioned to take advantage of increased focus on renewable energy



## NEW PRODUCT DEVELOPMENT

- Focusing on innovation through Centers of Excellence (CoE) and Vertical Market teams
- Bringing new products to market faster
- Improving utilization of resources between CoE's, supply chain, and regions to drive launch execution

## KEY OBJECTIVES OF ENERPAC NPD

- Create value for end users by simplifying the “job to be done,” leveraging deep VOC insight
- Develop and launch highly differentiated products with proprietary technology
- Create profitable incremental revenue streams that are complementary to existing offerings and leverage our channel
- Maintain and enhance Enerpac's leading position in the market



ZE2/ZW2 Electric Pump



RP70 Rail Stressor



Mini Gantry



Sync Grip Puller – 100T



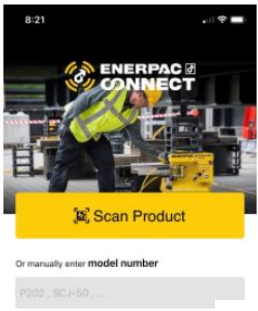
ZU Concrete



XLP Press

## Enerpac Connect™ - Launching Soon

- SmartID tags and Connect app are foundations for the future of Smart Tools, IoT data, and closer ‘connection’ with our customers
- Ultimately, opportunities to drive growth in digital future
- Initial foundation built, with additional features over time such as the following:



### “Smart” Tools

Tools working together as systems, e.g.,

- Synchronized lifting systems using independent pumps working together
- Torque wrench and pump identify each other, simplify job setup and control
- Pendant configurations change to suit job type, equipment type, etc.
- Built-in sensors, closed-loop control systems



### Connected Tools

Bluetooth and wireless technology built into certain tool types, connecting to Enerpac App:

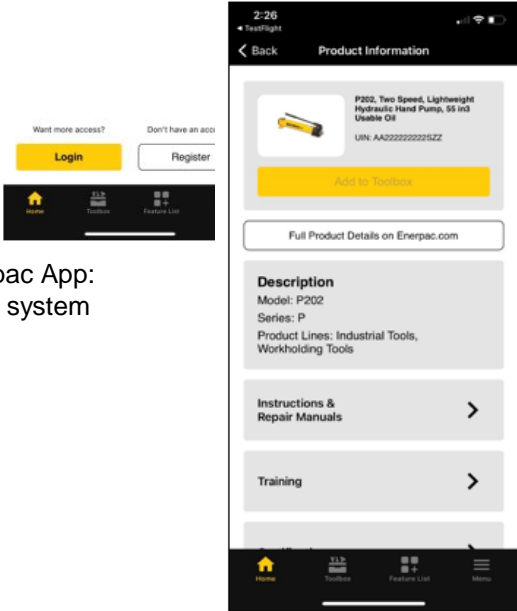
- Tool set-up/maintenance and configuration/calibration, e.g., synchronous lifting system
- Real-time wireless control, wireless pendants, pumps, etc.
- Tool location and identification



### Job Reporting

Recording job details, preparing and exporting reports

- Torques applied to specific joints
- Machining operations completed
- Time taken; consumables used
- Operator ID, qualifications





# Return on Invested Capital – Deploying Capital to Create Long-Term Sustainable Returns



**Invest in Ourselves to  
Drive Organic Growth**



**Disciplined M&A within  
Industrial Tools Space**



**Reduce Debt and Maintain  
a Strong Balance Sheet**



**Opportunistic Share  
Buybacks**

**Goal of enhancing Enerpac's  
position as a premier industrial  
tools and services company  
and its commitment to  
sustainable shareholder value  
creation**







## DISCIPLINED STRATEGY

- Commitment to pure-play industrial tools and services
- Targeting adjacent bolt-on and strategic acquisitions with high degree of complementarity
- Any target must meet our financial and operational criteria
- Margins in line with Enerpac line average

## DRIVING GROWTH THROUGH M&A

- Goal is to become larger, more meaningful provider in our space
- We target acquisitions to support the growth in verticals, provide technology opportunities, or expand geographic coverage which gives Enerpac a competitive advantage

## STRONG BALANCE SHEET

- Will maintain strong financial position
- Current liquidity gives us ample capacity between our cash on hand, existing credit facilities and access to debt markets

**Investing in strategic acquisitions through a disciplined process to capture new growth opportunities**







## Strong Business Model

built on well recognized brands, robust global distribution, and broad reach of end markets



## Pure-Play Industrial Tools Strategy

to drive core growth above market and expand margins



## Disciplined Capital Deployment

powered by strong balance sheet and free cash flow conversion



## Experienced Leadership Team

capable of executing to win



**BEST IN  
CLASS  
RETURNS**



# **Appendix**

# Why Enerpac Tool Group?

- Great products, services, and team
- Strong market position, global breadth and depth
- Heavy lifting of portfolio work is done, and Enerpac is now a pure-play industrial tools and services company
- Many business processes improved (NPD, marketing, digital, operations)
- Successfully navigated through the pandemic
- Strong balance sheet
- Poised for profitable growth





## Focus and Discipline

- Continue and accelerate our pure-play industrial tools strategy
- Capture organic opportunities for improvements in base business (both growth and margin)
- Look selectively at inorganic opportunities to complement our product and service portfolio, while maintaining appropriate discipline and commitment to strong returns
- Maintain a balanced capital allocation framework, always through the lens of the shareholder



## Culture and Execution

- Focus on frequent, open, and transparent communication within the organization
- Leverage existing operational metrics with consistent approach and framework
- Build deeper connection to end-user to drive innovation and create value
- Continue performance management journey, maintaining alignment with shareholders



## Cost Structure

- Simplify and flatten organization
- Pursue additional opportunities for overhead cost reduction and operational efficiencies
- Drive further simplification with an 80/20 lens





## **Overview**

- Supply chain and logistics continued to be a challenge in the quarter
- Announced additional pricing actions to offset on-going inflationary pressures
- Returned to our typical quarterly seasonality, which is anticipated to continue throughout the fiscal year
- While distributors have largely adjusted to safely operating in the COVID environment, variants have created some caution



## **IT&S Regional Core Sales**

- Americas growth: ~low 20%
- Asia Pacific growth: ~low double digits%
- Middle East growth: ~low single digits%
- Europe decline: ~mid single digits%



## Americas / Europe

- Solid year-over-year core growth in Americas
- Slight year-over-year core sales decline in Europe
- Strong service quarter in Americas related to specialty machining
- Key Verticals
  - Positive trends in Infrastructure, Power Generation and Rail
  - Infrastructure, Power Generation, Mining and Oil & Gas continue to be strong in Europe
  - Mining continues to be strong in Latin America
- Distribution
  - Experienced an increase in stocking orders in the quarter and drop ships have stabilized
  - Onsite visits are somewhat limited due to on-going COVID concerns and travel restrictions



## Asia Pacific

- Year-over-year core growth
- Region has started to see less COVID disruption; continuing to trend to a more positive outlook
- Key Verticals
  - Majority of verticals are stable to improving
  - Oil & gas activity was driven by oil prices and the expectation that energy demand will continue
  - Mining remained strong due to iron ore pricing

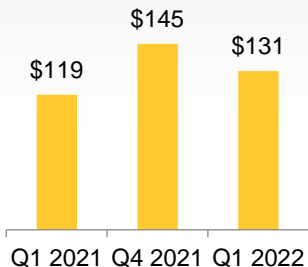


## **Middle East/North Africa/Caspian (MENAC)**

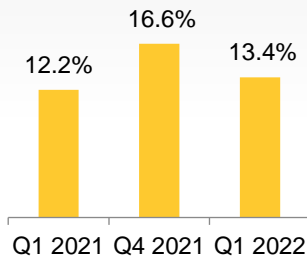
- Modest year-over-year core growth
- COVID related travel restrictions, which are changing on short notice, continue to affect labor availability and movement
- Experienced shut-down delays in the quarter resulting in push outs into Q2
- Continuing to see pick up in maintenance activity, planning for major shut-downs for early calendar 2022
- Key Verticals
  - Continue to diversify beyond Oil & Gas
  - Power Generation and Construction remain positive
  - Oil & Gas experiencing large investment commitments in the region

# First Quarter 2022 Comparable Results

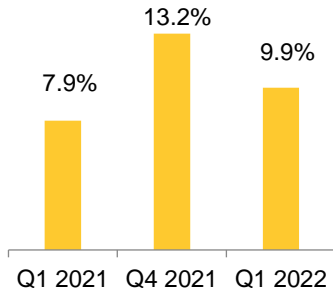
(US\$ in millions except EPS)



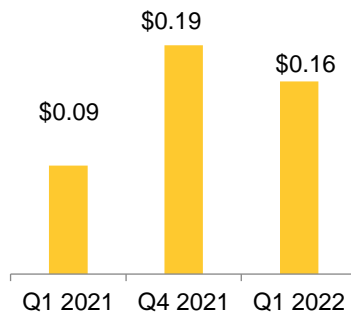
**Net Sales\***



**Adjusted EBITDA %\***



**Adjusted Operating Profit %\***



**Adjusted Diluted EPS\***

\*Adjusted Operating Margin, EBITDA Margin and EPS excludes restructuring, impairment and other charges identified in the accompanying reconciliations to GAAP measures. In addition, see reconciliation of net sales to core sales in the appendix.

## NET SALES

- Core sales growth of 9%
  - IT&S product sales 12%
  - Other product 32%
  - Service down low single digits
- Favorable impact of FX ~\$0.2M

## ADJUSTED EBITDA\*

- Incremental margins of ~26%, excluding the impact of currency

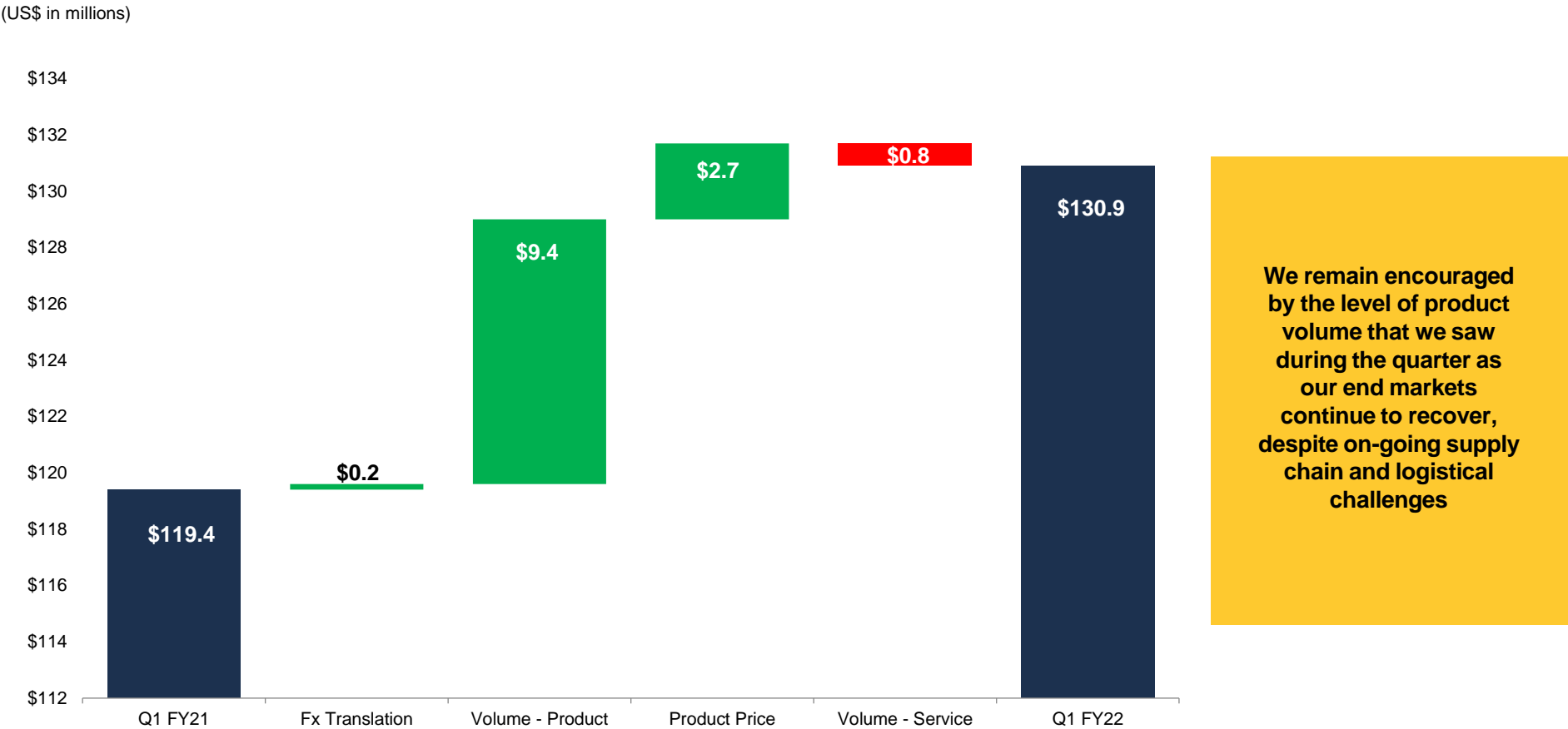
## ADJUSTED OPERATING PROFIT\*

- Year-over-year increase is due to increased product volume and the associated operating leverage generated in our manufacturing facilities partially offset by lower service margins due largely to regional mix

## ADJUSTED DILUTED EPS\*

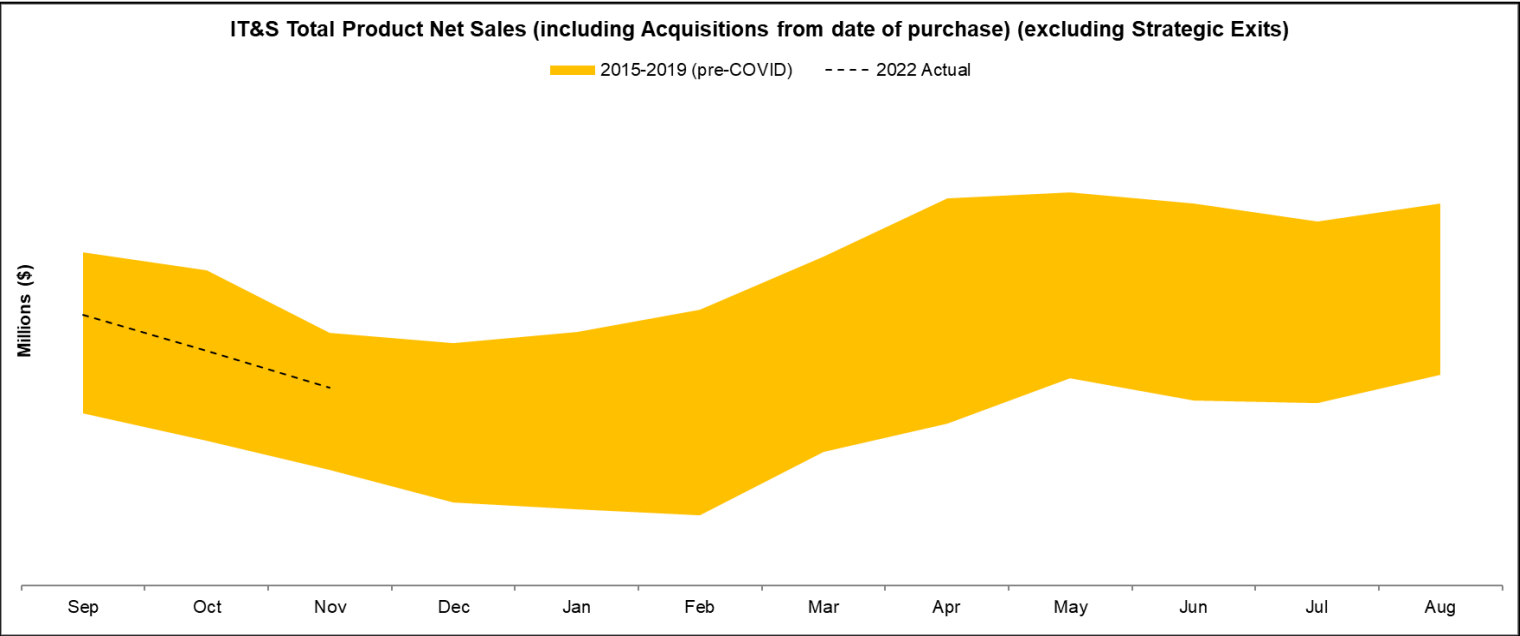
- Year-over-year increase is due to operating margin increase, interest savings and the lower effective tax rate
- Adjusted effective tax rate for the quarter ~15% vs ~31% in the prior year

# Q1 Net Sales Waterfall\*



\* See the reconciliation of net sales to core sales in the appendix.





**We returned to our normal seasonal trend in Q1. We expect that Q2 will be down sequentially, followed by sequential growth in the back half of the fiscal year.**

# Q1 Adjusted EBITDA Waterfall\*

(US\$ in millions)



Adjusted EBITDA benefited from higher product volume/mix and lower SG&A spend, partially offset by the year-over-year decrease in service volume and COVID related temporary cost savings put in place to offset reduced volume during the pandemic



## **Execution**

- Supply chain constraints, logistic challenges and material cost increases did not improve in the quarter
- Continue leveraging 2<sup>nd</sup> and 3<sup>rd</sup> supplier relationships to manage regional variation in supplier performance
- Working with national accounts and OEMs to get an extended view of expected demand
- Remain focused on controlling inventory levels in anticipation of longer lead times and Chinese New Year
- Supply chain and logistic challenges resulted in ~\$5-\$6 million of higher-than-normal backlog, consistent with Q4
- Expect supply and logistics challenges at least through the first half of fiscal 2022



## **Logistics & Commodity Costs**

- Freight and material costs continue to be elevated
- Announced additional pricing effective January 1 as inflationary pressures continued
- Expect margin compression until inflationary costs subside

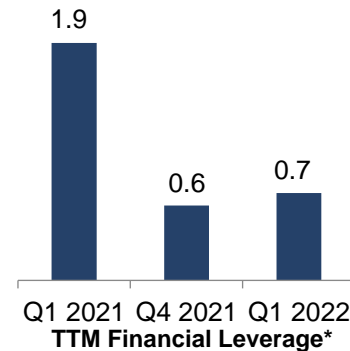
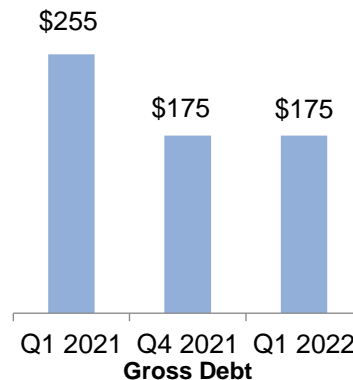
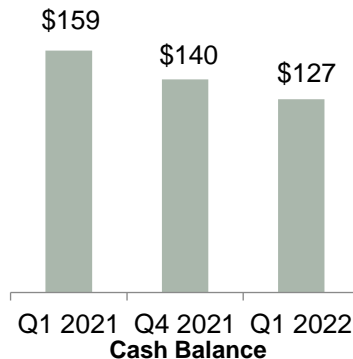
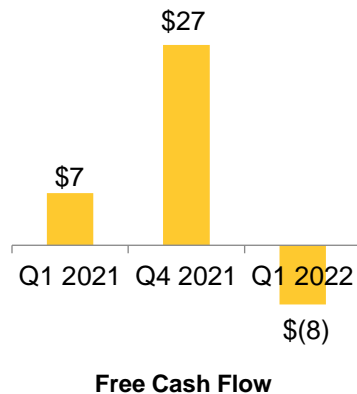


## **Operations**

- Except for a few puts and takes, On-Time Delivery remained stable since Q4 despite supply chain constraints
- Utilization continues to improve with higher volumes
- Quality levels remain high
- Labor availability has remained stable

# Liquidity – Positioned for Success

(US\$ in millions)



## Free Cash Flow (FCF)

- Proactively managing Primary Working Capital
  - Increase in AR since August due to timing of sales including final billings on several large projects
  - Increase in select inventory planned to get ahead of supply chain shortages, increased demand and Chinese New Year

## Leverage

- Well below target range of 1.5-2.5x

# Expectations for Fiscal 2022\*



## Reiterating our Fiscal 2022 Full Year Guidance\*:

- **Sales in the range of \$590 million to \$610 million**
- **Projected year-over-year core growth by category**
  - IT&S Product ~ mid teens%
  - IT&S Service ~ mid single digits%
  - Other ~ low 20% to high 30%
- **Incremental EBITDA margins of 35%-45% excluding the impact of currency**



## Fiscal 2022 Annual Modeling Assumptions:

- Tax Rate: ~20%-25%
- Depreciation/Amortization: ~\$20-\$22 million
- Interest Expense: ~\$4-\$5 million
- Capital Expenditures: ~\$12-\$15 million
- Cash Taxes: ~\$10-\$14 million
- 100% Free Cash Flow conversion
- Key FX rates :
  - \$1.16/1€
  - \$1.37/1£

We are cautious as we progress through fiscal 2022 but are closely monitoring headwinds and tailwinds.

Headwinds may include:

- Foreign currency
- Inflationary factors
- Potential supply chain/logistic disruptions
- COVID related shutdowns

Tailwinds may include:

- Infrastructure bill
- Stronger growth in areas that haven't fully recovered



**ENERPAC**  <sup>®</sup>

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**TOOL GROUP**