

# Fourth Quarter 2022 Earnings Call

January 31, 2023



# Forward Looking Statements and Non-GAAP Measures

## Forward Looking Statements

Certain statements contained herein may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements about expectations regarding our financial results, condition and outlook, anticipated end markets, near-term volume, our ability to continue delivering differentiated results for our shareholders in 2023 and beyond, and all statements, including our projected financial results, set forth in the “Summary & Outlook” section of our earnings press release, as well as other statements that are not strictly historic in nature. In addition, all statements regarding anticipated growth, changes in operating results, market conditions and economic conditions are forward-looking. These statements may be identified by the use of forward-looking words or phrases such as “believe”, “expect”, “anticipate”, “plan”, “estimated”, “target”, “should”, “could”, “may”, “subject to”, “continues”, “growing”, “projected”, “if”, “potential”, “will”, “will likely be”, and similar words and phrases. Such forward-looking statements are based on our current expectations and involve numerous assumptions, known and unknown risks, uncertainties and other factors which may cause actual and future performance or the Company’s achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: business conditions, geopolitical conditions and changes in general economic conditions, such as economic slowdowns, inflation, higher interest rates, recessions, higher energy costs; our ability to offset increases in material and non-material costs through price recovery and volume growth; effects of unfavorable foreign currency exchange rates and the potential use of hedging instruments to hedge the exposure to fluctuating rates of foreign currency exchange on inventory purchases; the lingering impact of the COVID-19 pandemic, including ongoing supply chain issues; the outcome of contingencies or costs compared to amounts provided for such contingencies, including those with respect to pension withdrawal liabilities; achieving sales levels to meet revenue expectations; unexpected costs or charges, certain of which may be outside the Company’s control; the effects of trade tariffs, import quotas and other trade restrictions or actions taken by the U.S., U.K., and other countries, including changes in U.S. trade policies; failure to achieve projected levels of efficiencies, cost savings and cost reduction measures, including those expected as a result of our lean initiatives and strategic sourcing plans; regulatory issues, changes in tax laws including multijurisdictional implementation of the Organisation for Economic Co-operation and Development’s comprehensive base erosion and profit shifting plan, or changes in geographic profit mix affecting tax rates and availability of tax incentives; general economic and business conditions as well as inflationary trends; the impact of and the ability to complete and integrate strategic acquisitions; the impact of certain divestitures, including the consummation and timing of, and the benefits and costs of, the sale of the Commercial and Industrial Lighting business to GE Current; the ability to effectively develop and introduce new products, expand into new markets and deploy capital; and other factors described in our Securities and Exchange Commission filings, including the “Business”, “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Forward-Looking Statements” and “Quantitative and Qualitative Disclosures about Market Risk” sections in the Annual Report on Form 10-K for the year ended December 31, 2021 and Quarterly Reports on Form 10-Q.

## Non-GAAP Measures

Certain terms used in this presentation, including “Net debt”, “Free Cash Flow”, “Organic net sales”, “Organic net sales growth”, “Restructuring-related costs”, “EBITDA”, and certain “adjusted” measures, are defined under the section entitled “Non-GAAP Definitions.” See Appendix, our press releases and SEC filings for more information.



**1**

Strong fourth quarter and full year operating performance

**2**

Attractive markets underpinned by grid modernization and electrification

**3**

Consistent execution driving favorable Price | Cost | Productivity

**4**

2023 outlook initiated; portfolio fundamentally well positioned for continued growth

**\$1.22B**

**Sales**

*(Organic +10%)*

- Strong price realization driving double digit organic growth
- Utility Solutions demand strong; orders continue to outpace shipment levels

**16.0%**

**Adj. OP Margin**

*(+210bps y/y)*

- Significant y/y margin expansion driven by favorable Price | Cost | Productivity
- Raw material cost inflation easing; general inflationary and supply chain headwinds persist

**\$2.60**

**Adj. Diluted EPS**

*(+26% y/y)*

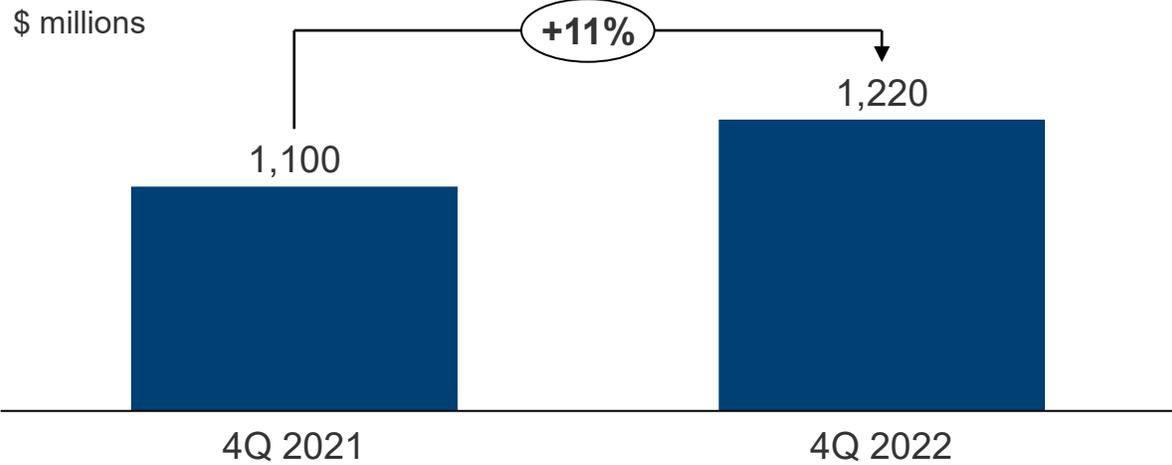
- Significant operating profit growth
- Higher y/y tax rate; lower share count from deployment of C&I lighting proceeds

**\$180M**

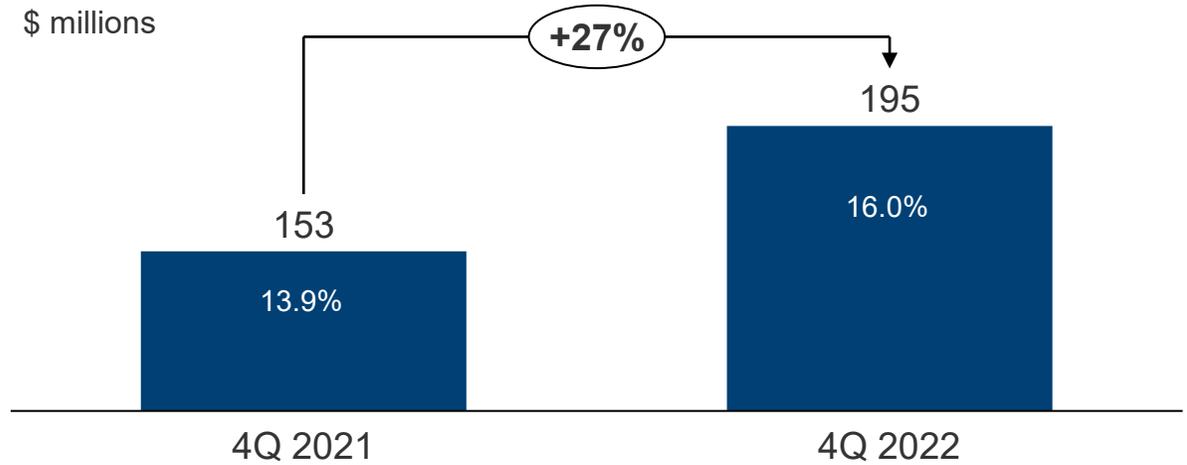
**Free Cash Flow**

- Invested in high return CapEx to expand capacity and optimize footprint

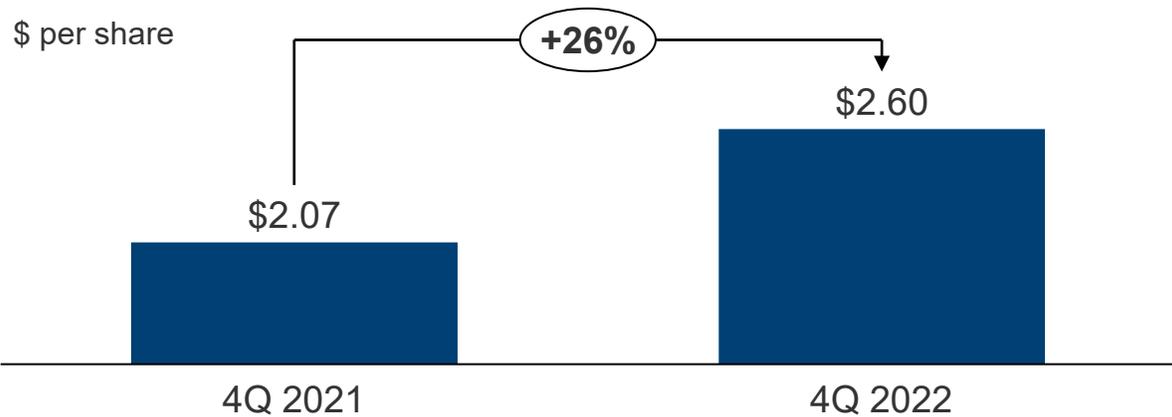
## NET SALES



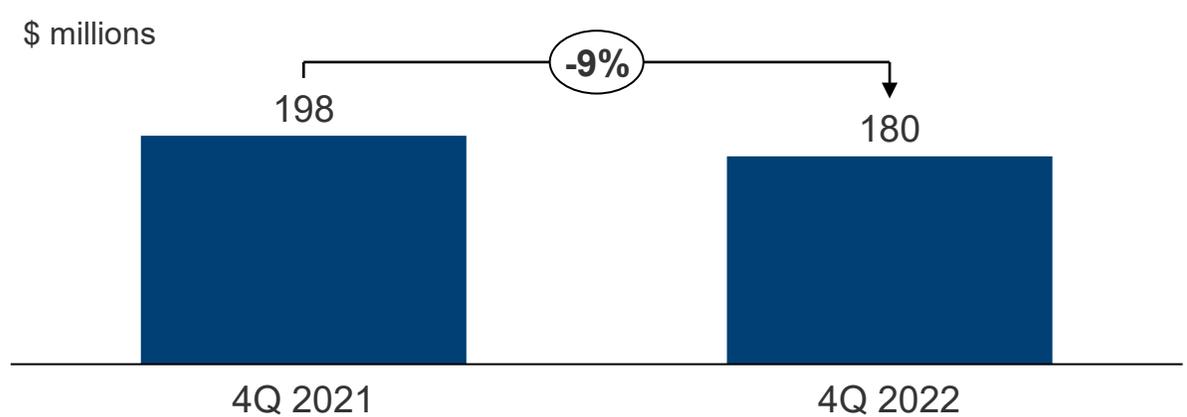
## ADJUSTED OPERATING PROFIT



## ADJUSTED DILUTED EPS



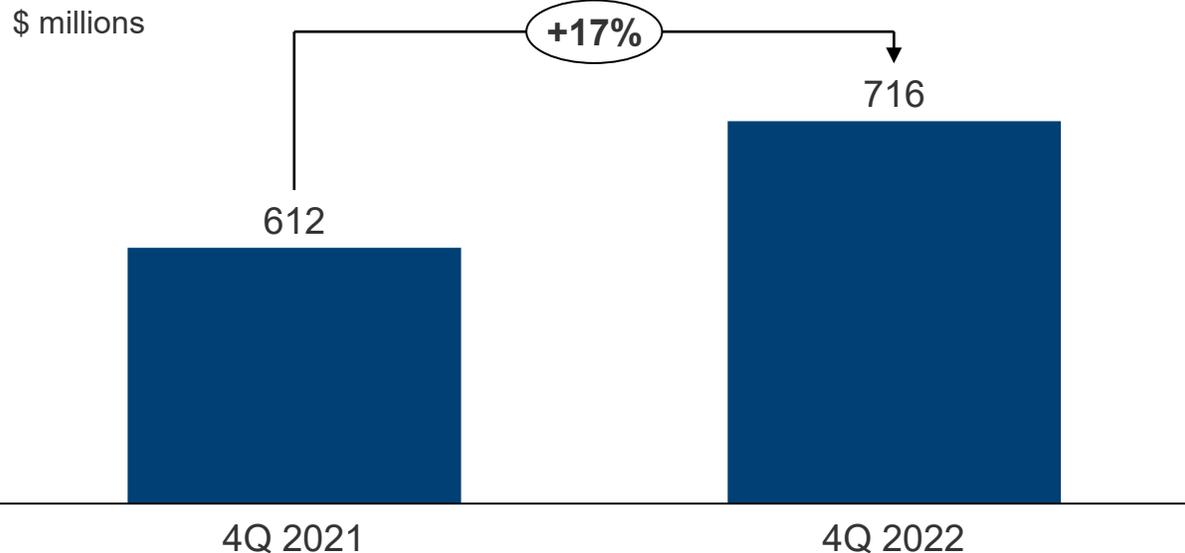
## FREE CASH FLOW



**Strong finish to 2022**

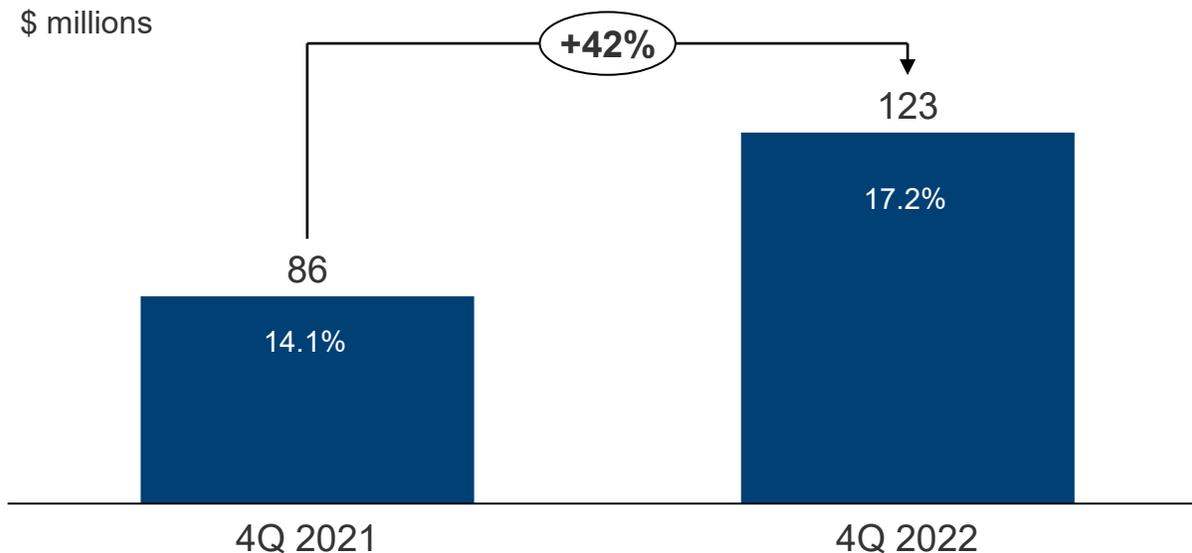
# 4Q 2022 Hubbell Utility Solutions (HUS) Segment Results

## UTILITY SOLUTIONS NET SALES



- Organic +17%; Acquisitions +1%; Foreign exchange (<1%)
- T&D Components up 27%
  - Continued broad-based strength across verticals, markets and customers
  - Grid modernization and electrification driving investment in critical infrastructure
  - Leading quality and service levels supporting continued price traction
- Communications & Controls down 10%
  - 4Q impacted by chip supply and commercial resolution

## UTILITY SOLUTIONS ADJ. OPERATING PROFIT

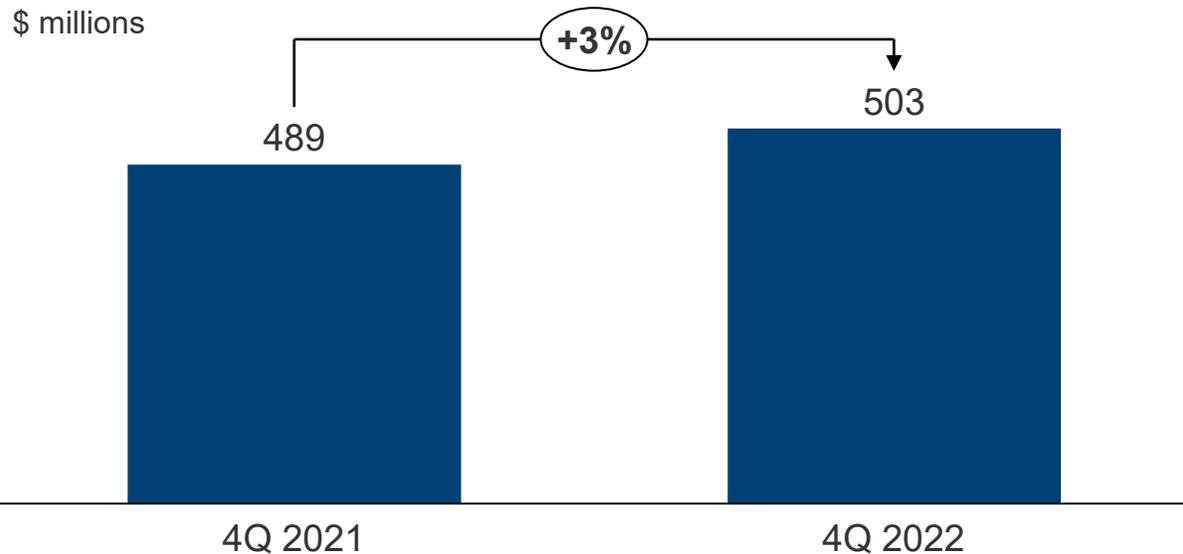


- Positive Price | Material funding investments
- Volume growth
- Inflationary headwinds

**Uniquely positioned and executing effectively in highly attractive markets**

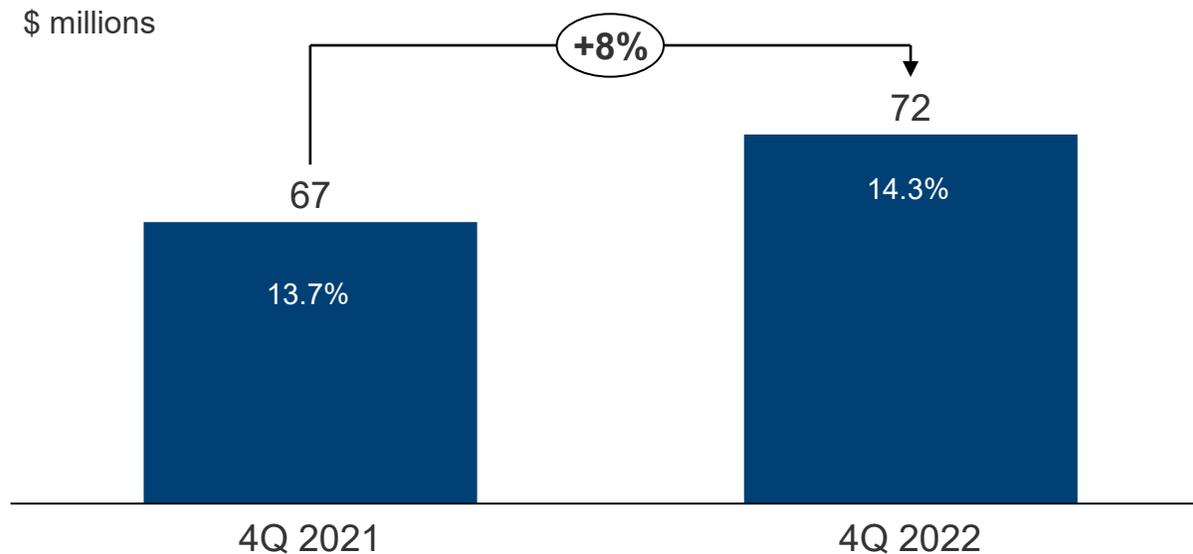
# 4Q 2022 Hubbell Electrical Solutions (HES) Segment Results

## ELECTRICAL SOLUTIONS NET SALES



- Organic +1%; Acquisitions +3%; Foreign exchange (1%)
  - Solid price realization
  - Executing in strategic verticals w/ strength in datacenter, renewables and comms
  - Residential sales down significantly
  - Customer inventory management

## ELECTRICAL SOLUTIONS ADJ. OPERATING PROFIT

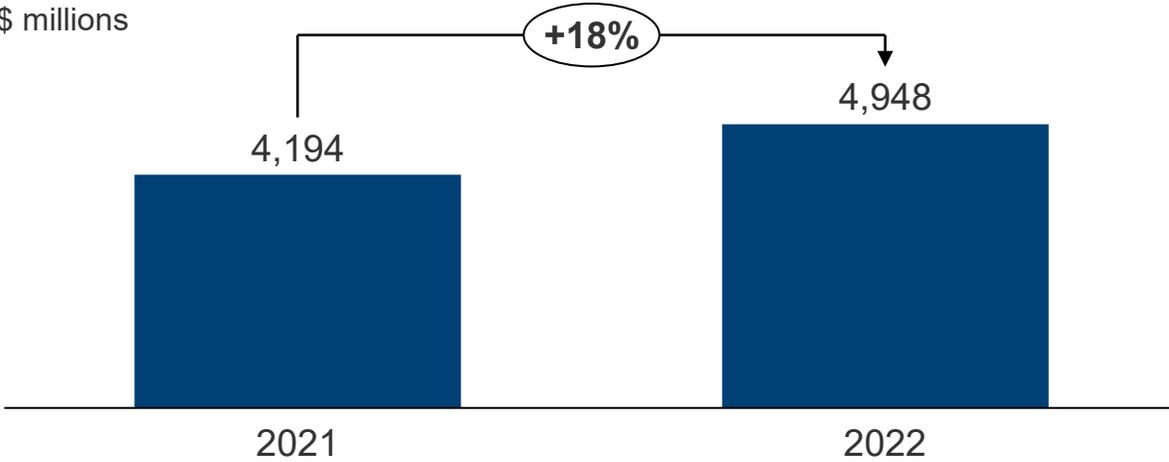


- Price | Material positive
- Lower volumes
- Inflationary headwinds

**Solid execution despite softer volumes**

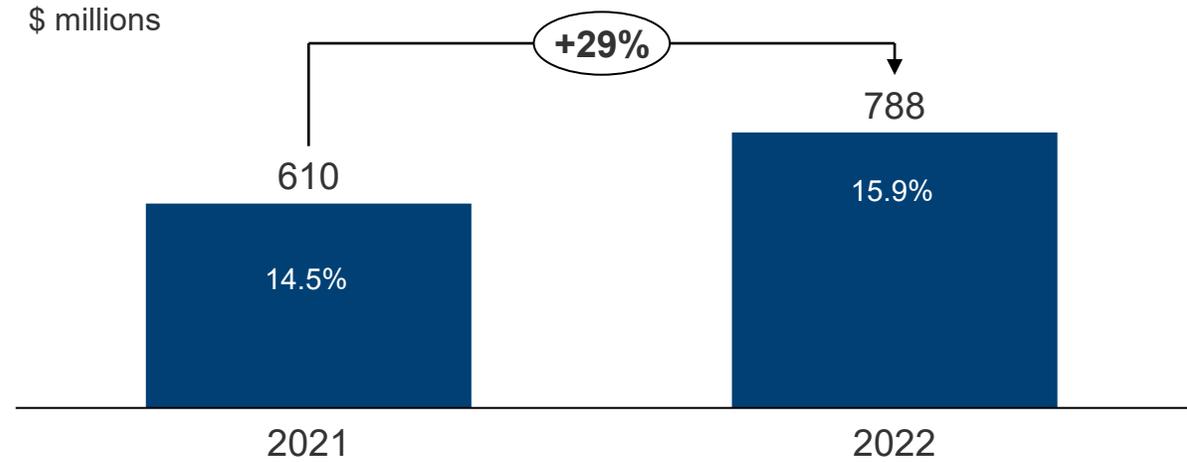
## NET SALES

\$ millions



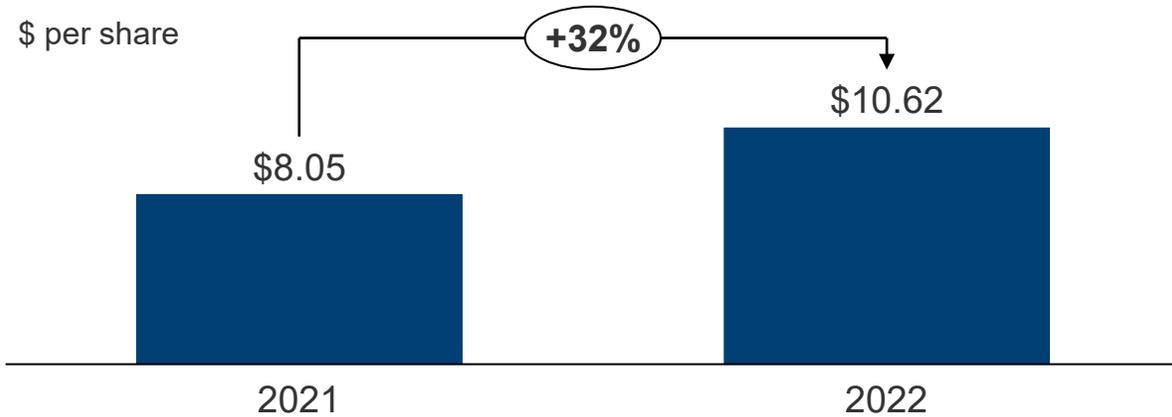
## ADJUSTED OPERATING PROFIT

\$ millions



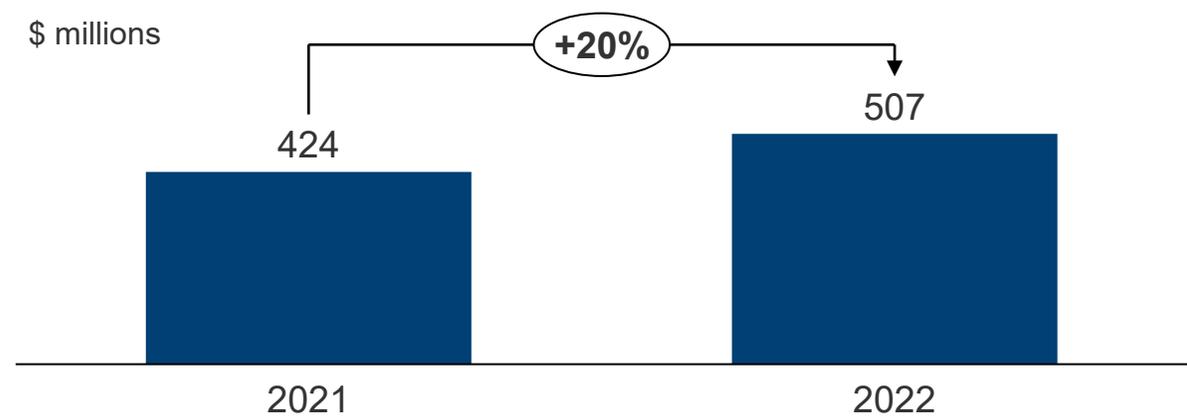
## ADJUSTED DILUTED EPS

\$ per share

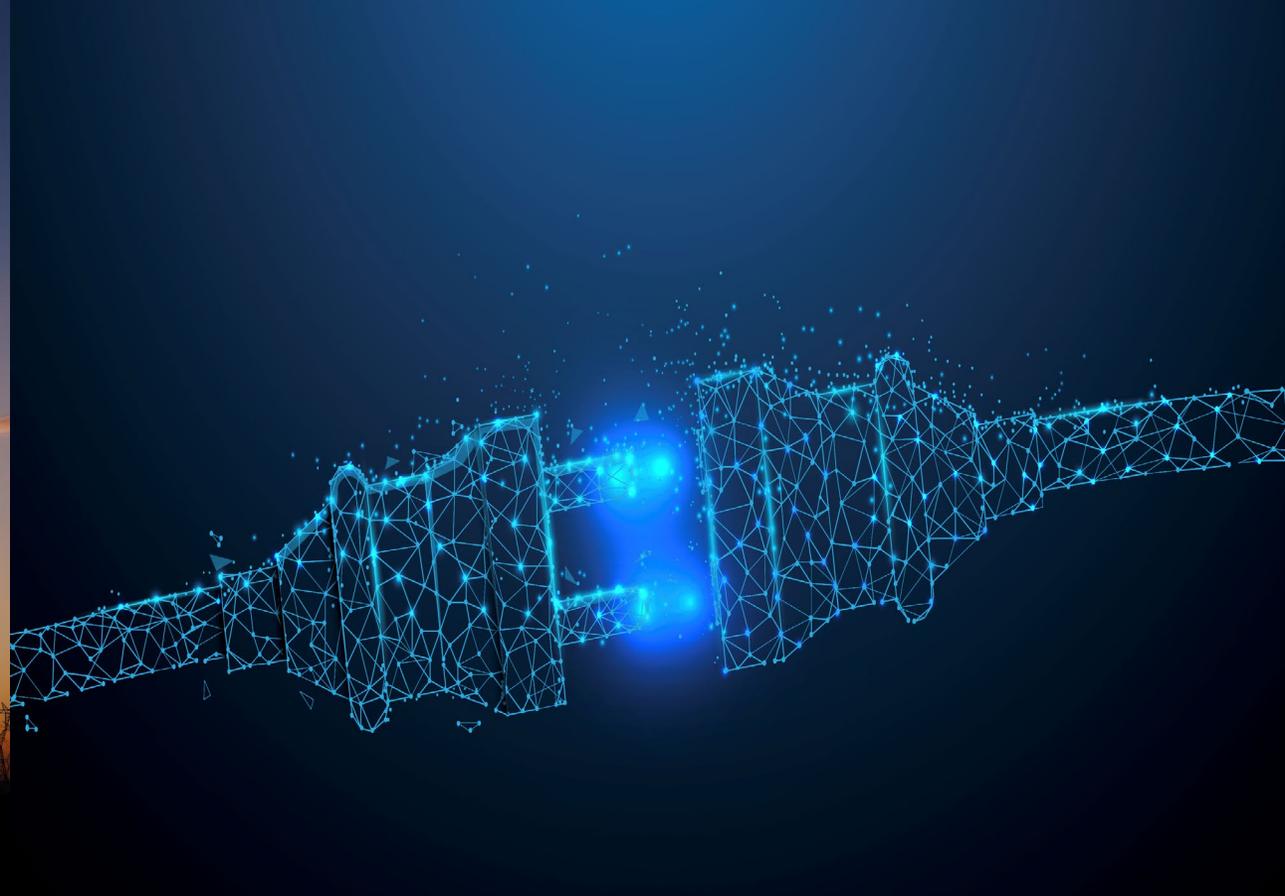


## FREE CASH FLOW

\$ millions



**Consistent, differentiated operating performance throughout 2022**



## 2023 Outlook



## HUBBELL UTILITY SOLUTIONS (HUS)

- Secular grid modernization and electrification trends intact
- Anticipate broad-based growth across electric/water/gas/telcom and components/communications/controls
- Highly visible backlog
- Infrastructure legislation further supports utility investment needs

### Infrastructure Investment and Jobs Act (IIJA) illustrative potential impact

**\$15-20B total addressable Utility T&D funding**



*Small percentage of project cost related to Utility T&D components*



*Leading positions, quality and service levels in critical applications w/ high cost of failure*

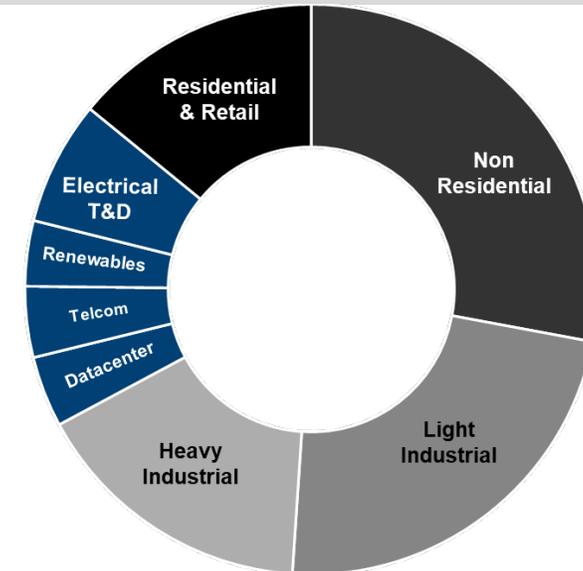


**\$150 – \$200M revenue opportunity over 3-5 years**  
*+1-2 pts incremental annual growth opportunity for HUS*

**Anticipate MSD+ organic growth in 2023**

## HUBBELL ELECTRICAL SOLUTIONS (HES)

- ~20% of portfolio recession resilient (*T&D, renewables, datacenter, comms*)
- Continued execution on vertical market strategy
- Industrial/non-res markets solid, but dependent on uncertain macro
- Expect residential markets to remain challenging



**Anticipate LSD organic growth in 2023**

**Anticipate 4-6% organic growth in 2023**

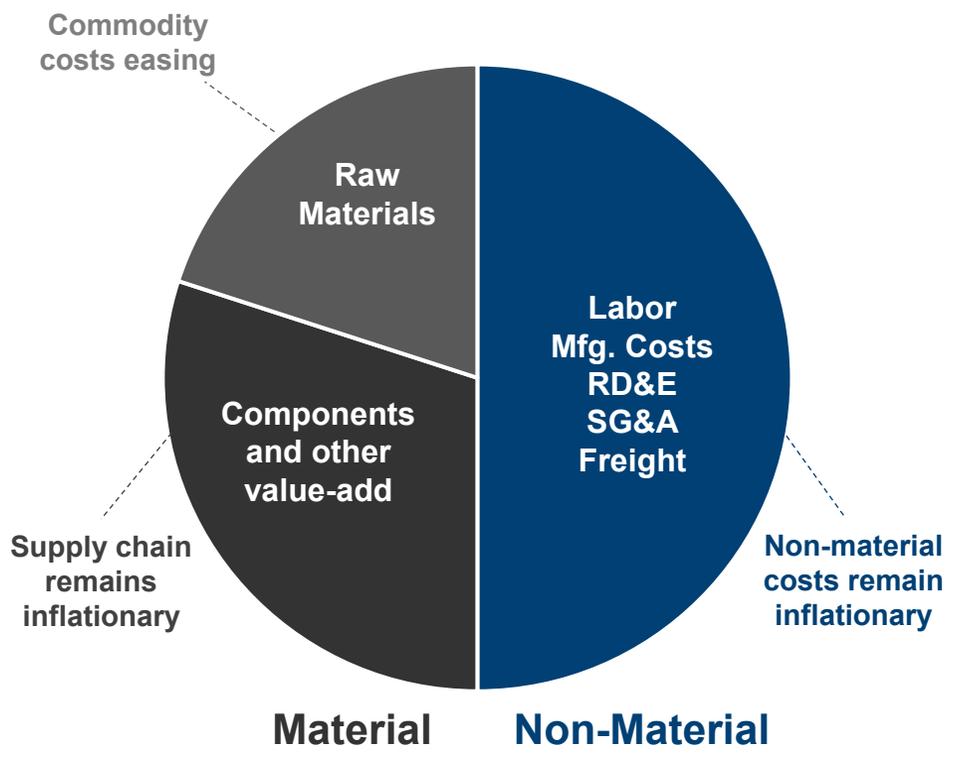
# Price | Cost | Productivity

## PRICE

### Well positioned to manage

- Low cost of ownership w/ high cost of failure
- Strong utility demand and tight capacity
- Leading quality and service levels

## COST



## PRODUCTIVITY

### Supply chains stabilizing

- Factory inefficiencies
- Material availability
- Automation and footprint optimization

← **Managing Price | Material to net positive** →

← **Inflation continuing to outstrip productivity** →

**Anticipate ~\$50M net Price | Cost | Productivity tailwind in 2023**

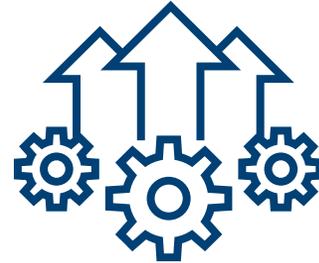
# Investments



## PRODUCTIVITY

*Continued investment supporting Electrical segment unification*

- ✓ Optimize manufacturing footprint
- ✓ Optimize distribution network
- ✓ Regionalized supply chain
- ✓ **3 year average payback**



## CAPACITY

*Expanding capacity to serve strong multi-year Utility T&D demand*

- ✓ Facility expansion
- ✓ Automation | production equipment
- ✓ Supply chain resiliency
- ✓ **>30% IRR on expansion projects**



## INNOVATION

*Accelerating organic growth through strategic innovation*

- ✓ Carryover NPD and NPX investment
- ✓ New projects in strategic verticals
- ✓ Grid modernization and electrification
- ✓ **Contributing 0.5% above markets**

**\$15-20M R&R investment**  
*(flat y/y)*

**~\$150M total CapEx**  
**~\$15M incremental OpEx**

**~\$10M incremental innovation investment**

**Reinvesting half of P | C | P tailwind to drive long-term profitable growth for customers and shareholders**

# 2023 Outlook

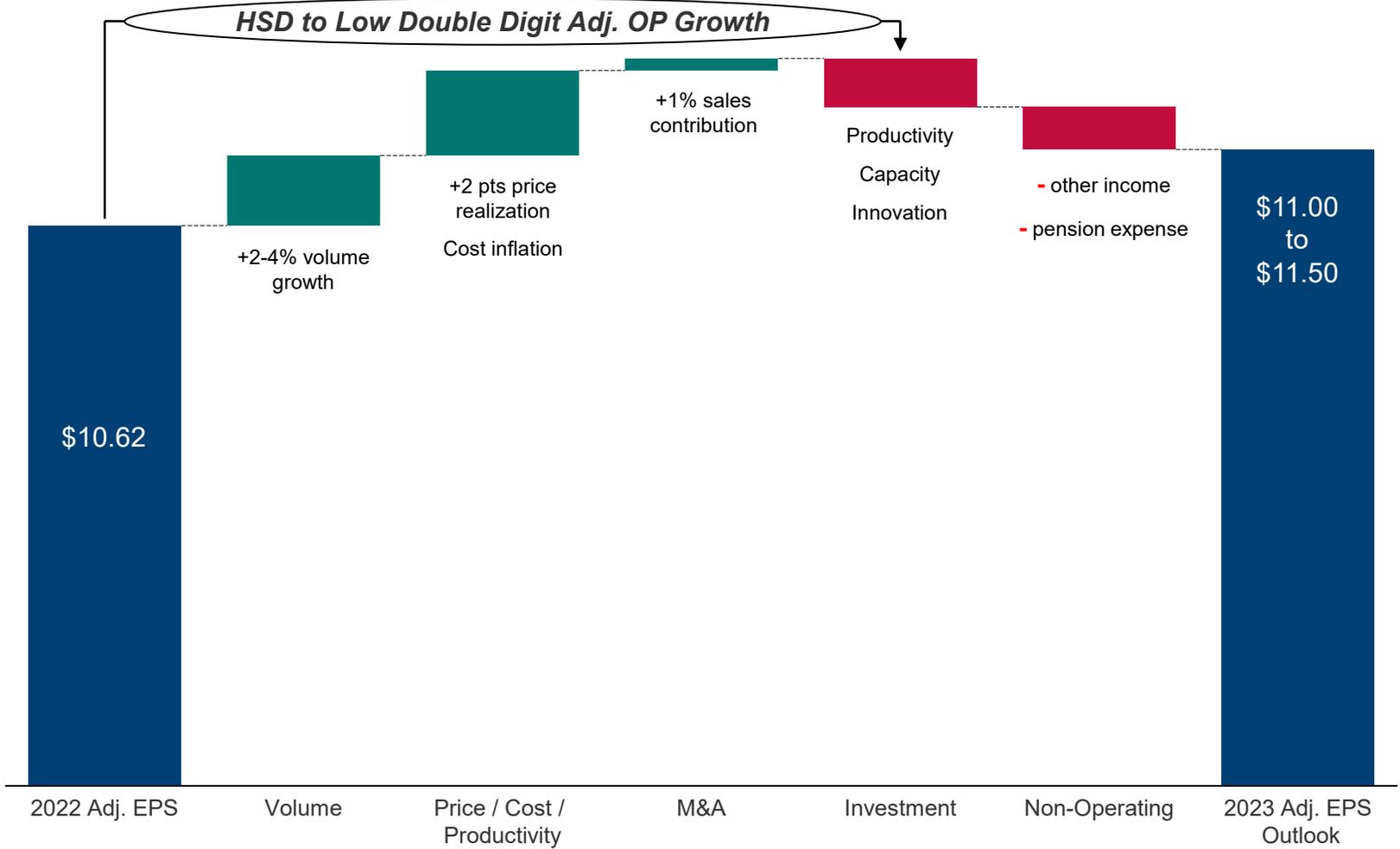
## 2023 HUBBELL OUTLOOK

**+5-7%**  
**Total Sales Growth y/y**  
*+4-6% Organic*  
*+1% Acquisitions*

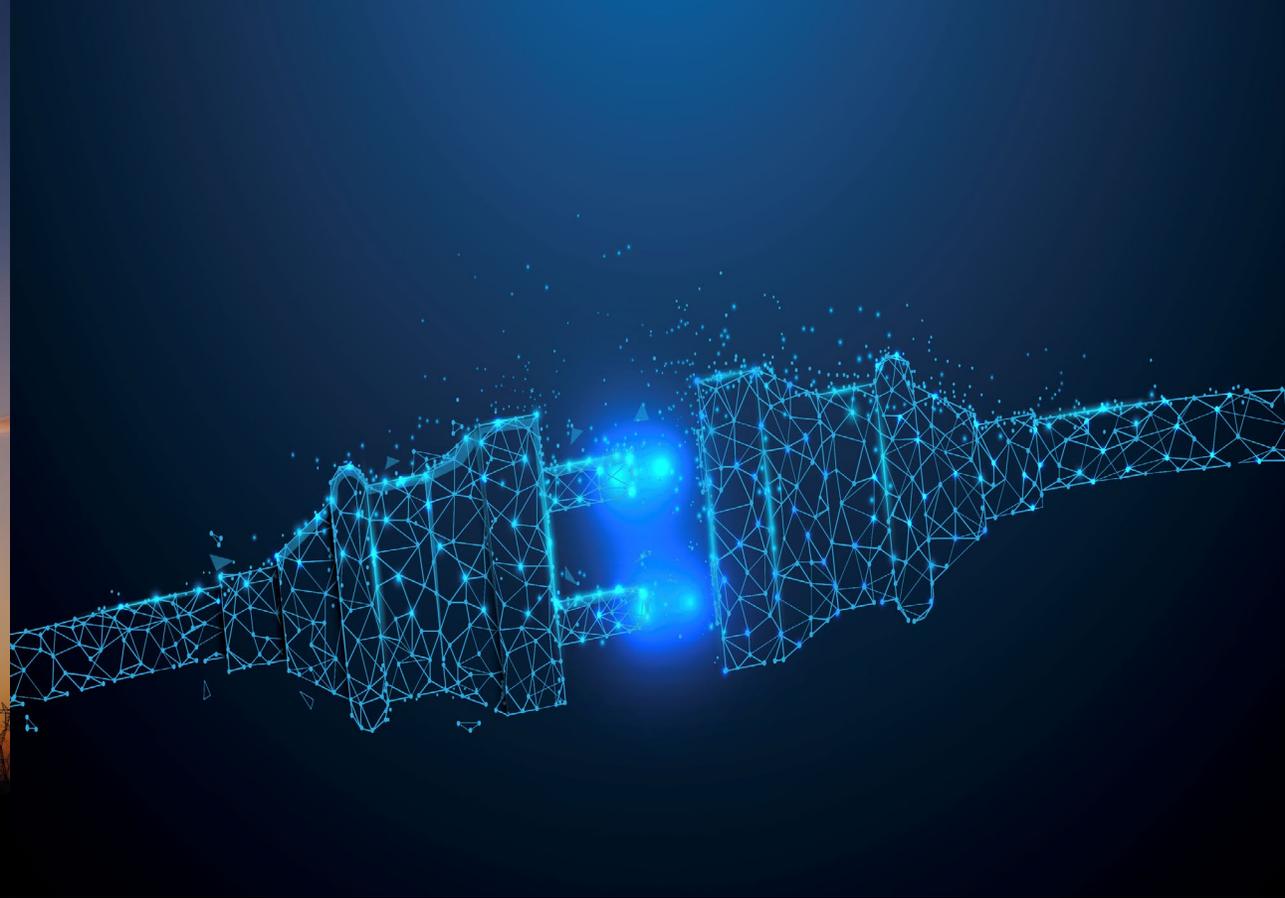
**\$11.00 to \$11.50**  
**Adjusted EPS**

**90-95%**  
**Free Cash Flow conversion on Adj. Net Income**

## 2023 EPS BRIDGE



**Anticipate strong operational performance**



# Appendix



References to "adjusted" operating measures exclude the impact of certain costs, gains or losses. Management believes these adjusted operating measures provide useful information regarding our underlying performance from period to period and an understanding of our results of operations without regard to items we do not consider a component of our core operating performance. Adjusted operating measures are non-GAAP measures, and include adjusted operating income, adjusted operating margin, adjusted net income from continuing operations, adjusted net income from continuing operations available to common shareholders, adjusted earnings per diluted share from continuing operations, and adjusted EBITDA. These non-GAAP measures exclude, where applicable:

- Amortization of all intangible assets associated with our business acquisitions, including inventory step-up amortization associated with those acquisitions. The intangible assets associated with our business acquisitions arise from the allocation of the purchase price using the acquisition method of accounting in accordance with Accounting Standards Codification 805, "Business Combinations." These assets consist primarily of customer relationships, developed technology, trademarks and tradenames, and patents, as reported in Note 7—Goodwill and Other Intangible Assets, under the heading "Total Definite-Lived Intangibles," within the Company's audited consolidated financial statements set forth in its Annual Report on Form 10-K for Fiscal Year Ended December 31, 2021. The Company excludes these non-cash expenses because we believe it (i) enhances management's and investors' ability to analyze underlying business performance, (ii) facilitates comparisons of our financial results over multiple periods, and (iii) provides more relevant comparisons of our results with the results of other companies as the amortization expense associated with these assets may fluctuate significantly from period to period based on the timing, size, nature, and number of acquisitions. Although we exclude amortization of these acquired intangible assets and inventory step-up from our non-GAAP results, we believe that it is important for investors to understand that revenue generated, in part, from such intangibles is included within revenue in determining adjusted net income attributable to Hubbell Incorporated.
- Pension charges including settlement charges in 2022.
- Losses recognized in the second quarter of 2021 from the early extinguishment of long-term debt and the disposition of a business. The Company excludes these losses because we believe it enhances management's and investors' ability to analyze underlying business performance and facilitates comparisons of our financial results over multiple periods.
- Income tax effects of the above adjustments which are calculated using the statutory tax rate, taking into consideration the nature of the item and the relevant taxing jurisdiction, unless otherwise noted.

Adjusted EBITDA is a non-GAAP measure that excludes the items noted above and also excludes the Other income (expense), net, Interest expense, net, and Provision for income taxes captions of the Condensed Consolidated Statement of Income, as well as depreciation and amortization expense.

Net debt (defined as total debt less cash and investments) to total capital is a non-GAAP measure that we believe is a useful measure for evaluating the Company's financial leverage and the ability to meet its funding needs.

Free cash flow is a non-GAAP measure that we believe provides useful information regarding the Company's ability to generate cash without reliance on external financing. In addition, management uses free cash flow to evaluate the resources available for investments in the business, strategic acquisitions and further strengthening the balance sheet.

In connection with our restructuring and related actions we have incurred restructuring costs as defined by U.S. GAAP, which are primarily severance and employee benefits, asset impairments, accelerated depreciation, as well as facility closure, contract termination and certain pension costs that are directly related to restructuring actions. We also incur restructuring-related costs, which are costs associated with our business transformation initiatives, including the consolidation of back-office functions and streamlining our processes, and certain other costs and gains associated with restructuring actions. We refer to these costs on a combined basis as "restructuring and related costs", which is a non-GAAP measure.

Organic net sales growth, a non-GAAP measure, represents net sales growth according to U.S. GAAP, less net sales from acquisitions and divestitures during the first twelve months of ownership or divestiture, respectively, less the effect of fluctuations in net sales from foreign currency exchange. The period-over-period effect of fluctuations in net sales from foreign currency exchange is calculated as the difference between local currency net sales of the prior period translated at the current period exchange rate as compared to the same local currency net sales translated at the prior period exchange rate. We believe this measure provides management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and foreign currency, as these activities can obscure underlying trends. When comparing net sales growth between periods excluding the effects of acquisitions, business dispositions and currency exchange rates, those effects are different when comparing results for different periods. For example, because net sales from acquisitions are considered inorganic from the date we complete an acquisition through the end of the first year following the acquisition, net sales from such acquisition are reflected as organic net sales thereafter.

There are limitations to the use of non-GAAP measures. Non-GAAP measures do not present complete financial results. We compensate for this limitation by providing a reconciliation between our non-GAAP financial measures and the respective most directly comparable financial measure calculated and presented in accordance with GAAP. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These financial measures should not be considered in isolation from, as substitutes for, or alternative measures of, reported GAAP financial results, and should be viewed in conjunction with the most comparable GAAP financial measures and the provided reconciliations thereto. We believe, however, that these non-GAAP financial measures, when viewed together with our GAAP results and related reconciliations, provide a more complete understanding of our business. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety and not rely on any single financial measure.

Reconciliations of each of these non-GAAP measures to the most directly comparable GAAP measure can be found in the tables below. A reconciliation of projected full year 2023 free cash flow conversion and adjusted net income to the most comparable GAAP measures is not available without unreasonable efforts.

Reconciliation of Adjusted Net Income From Continuing Operations to the most directly comparable GAAP measure (millions):

| Hubbell Incorporated   | Three Months Ended December 31, |          |        | Twelve Months Ended December 31, |          |        |
|--|---------------------------------|----------|--------|----------------------------------|----------|--------|
|  | 2022                            | 2021     | Change | 2022                             | 2021     | Change |
| Net income from continuing operations attributable to Hubbell (GAAP measure) | \$ 122.9                        | \$ 99.5  | 24 %   | \$ 511.3                         | \$ 365.0 | 40 %   |
| Amortization of acquisition-related intangible assets                        | 22.9                            | 18.8     |        | 78.6                             | 77.7     |        |
| Loss on disposition of business  | —                               | —        |        | —                                | 6.9      |        |
| Loss on extinguishment of debt   | —                               | —        |        | —                                | 16.8     |        |
| Pension charge   | 1.1                             | —        |        | 7.0                              | —        |        |
| Total pre-tax adjustments to net income                                      | \$ 24.0                         | \$ 18.8  |        | \$ 85.6                          | \$ 101.4 |        |
| Income tax effects   | 6.0                             | 4.7      |        | 21.4                             | 24.7     |        |
| Adjusted net income from continuing operations                               | \$ 140.9                        | \$ 113.6 | 24 %   | \$ 575.5                         | \$ 441.7 | 30 %   |

Reconciliation of Adjusted Earnings Per Diluted Share From Continuing Operations to the most directly comparable GAAP measure (millions, except per share amounts):

| Hubbell Incorporated  | Three Months Ended December 31, |          |        | Twelve Months Ended December 31, |          |        |
|---|---------------------------------|----------|--------|----------------------------------|----------|--------|
|   | 2022                            | 2021     | Change | 2022                             | 2021     | Change |
| <b>Numerator:</b>   |                                 |          |        |                                  |          |        |
| Net income from continuing operations attributable to Hubbell (GAAP measure)              | \$ 122.9                        | \$ 99.5  |        | \$ 511.3                         | \$ 365.0 |        |
| Less: Earnings allocated to participating securities                                      | (0.3)                           | (0.3)    |        | (1.3)                            | (1.1)    |        |
| Net income from continuing operations available to common shareholders (GAAP measure) [a] | \$ 122.6                        | \$ 99.2  | 24 %   | \$ 510.0                         | \$ 363.9 | 40 %   |
| Adjusted net income from continuing operations  | \$ 140.9                        | \$ 113.6 |        | \$ 575.5                         | \$ 441.7 |        |
| Less: Earnings allocated to participating securities                                      | (0.3)                           | (0.3)    |        | (1.5)                            | (1.4)    |        |
| Adjusted net income from continuing operations available to common shareholders [b]       | \$ 140.6                        | \$ 113.3 | 24 %   | \$ 574.0                         | \$ 440.3 | 30 %   |
| <b>Denominator:</b>   |                                 |          |        |                                  |          |        |
| Average number of common shares outstanding [c]   | 53.6                            | 54.4     |        | 53.7                             | 54.3     |        |
| Potential dilutive shares   | 0.4                             | 0.4      |        | 0.4                              | 0.4      |        |
| Average number of diluted shares outstanding [d]  | 54.0                            | 54.8     |        | 54.1                             | 54.7     |        |
| <b>Earnings per share from continuing operations (GAAP measure):</b>                      |                                 |          |        |                                  |          |        |
| Basic [a] / [c]   | \$ 2.29                         | \$ 1.82  |        | \$ 9.49                          | \$ 6.70  |        |
| Diluted [a] / [d]   | \$ 2.27                         | \$ 1.81  | 25 %   | \$ 9.43                          | \$ 6.66  | 42 %   |
| Adjusted earnings per diluted share from continuing operations [b] / [d]                  | \$ 2.60                         | \$ 2.07  | 26 %   | \$ 10.62                         | \$ 8.05  | 32 %   |



Reconciliation of Organic Net Sales Growth to Net Sales Growth (millions and percentage):

| Hubbell Incorporated                        | Three Months Ended December 31, |            |          |            | Twelve Months Ended December 31, |            |          |            |
|---|---------------------------------|------------|----------|------------|----------------------------------|------------|----------|------------|
|   | 2022                            | Inc/(Dec)% | 2021     | Inc/(Dec)% | 2022                             | Inc/(Dec)% | 2021     | Inc/(Dec)% |
| Net sales growth (GAAP measure)             | \$ 119.5                        | 10.9       | \$ 183.0 | 20.0       | \$ 753.8                         | 18.0       | \$ 511.6 | 13.9       |
| Impact of acquisitions                      | 21.3                            | 1.9        | 35.4     | 3.9        | 41.8                             | 1.0        | 144.6    | 3.9        |
| Impact of divestitures                      | —                               | —          | (2.9)    | (0.3)      | (4.0)                            | (0.1)      | (5.7)    | (0.2)      |
| Foreign currency exchange                   | (6.3)                           | (0.5)      | 1.2      | 0.1        | (16.3)                           | (0.4)      | 16.5     | 0.5        |
| Organic net sales growth (non-GAAP measure) | \$ 104.5                        | 9.5        | \$ 149.3 | 16.3       | \$ 732.3                         | 17.5       | \$ 356.2 | 9.7        |

| Utility Solutions                           | Three Months Ended December 31, |            |         |            | Twelve Months Ended December 31, |            |          |            |
|---|---------------------------------|------------|---------|------------|----------------------------------|------------|----------|------------|
|   | 2022                            | Inc/(Dec)% | 2021    | Inc/(Dec)% | 2022                             | Inc/(Dec)% | 2021     | Inc/(Dec)% |
| Net sales growth (GAAP measure)             | \$ 104.7                        | 17.1       | \$ 96.4 | 18.7       | \$ 536.7                         | 23.0       | \$ 255.0 | 12.3       |
| Impact of acquisitions                      | 5.1                             | 0.8        | 32.6    | 6.3        | 10.0                             | 0.4        | 123.3    | 5.9        |
| Impact of divestitures                      | —                               | —          | (2.9)   | (0.5)      | (4.0)                            | (0.2)      | (5.7)    | (0.2)      |
| Foreign currency exchange                   | (1.8)                           | (0.3)      | —       | —          | (3.6)                            | (0.1)      | 2.9      | 0.1        |
| Organic net sales growth (non-GAAP measure) | \$ 101.4                        | 16.6       | \$ 66.7 | 12.9       | \$ 534.3                         | 22.9       | \$ 134.5 | 6.5        |

| Electrical Solutions                        | Three Months Ended December 31, |            |         |            | Twelve Months Ended December 31, |            |          |            |
|---|---------------------------------|------------|---------|------------|----------------------------------|------------|----------|------------|
|   | 2022                            | Inc/(Dec)% | 2021    | Inc/(Dec)% | 2022                             | Inc/(Dec)% | 2021     | Inc/(Dec)% |
| Net sales growth (GAAP measure)             | \$ 14.8                         | 3.0        | \$ 86.6 | 21.5       | \$ 217.1                         | 11.7       | \$ 256.6 | 16.0       |
| Impact of acquisitions                      | 16.2                            | 3.3        | 2.8     | 0.7        | 31.8                             | 1.7        | 21.3     | 1.3        |
| Impact of divestitures                      | —                               | —          | —       | —          | —                                | —          | —        | —          |
| Foreign currency exchange                   | (4.5)                           | (0.9)      | 1.2     | 0.2        | (12.7)                           | (0.6)      | 13.6     | 0.9        |
| Organic net sales growth (non-GAAP measure) | \$ 3.1                          | 0.6        | \$ 82.6 | 20.6       | \$ 198.0                         | 10.6       | \$ 221.7 | 13.8       |

Reconciliation of Free Cash Flow to the most directly comparable GAAP measure (millions):

|   | Three Months Ended December 31, |          | Twelve Months Ended December 31, |          |
|---|---------------------------------|----------|----------------------------------|----------|
|   | 2022                            | 2021     | 2022                             | 2021     |
| Net cash provided by operating activities from continuing operations (GAAP measure) | \$ 242.4                        | \$ 225.5 | \$ 636.2                         | \$ 513.7 |
| Less: Capital expenditures  | (62.1)                          | (27.4)   | (129.3)                          | (90.2)   |
| Free cash flow (non-GAAP measure)   | \$ 180.3                        | \$ 198.1 | \$ 506.9                         | \$ 423.5 |

Reconciliation of Net Debt to the most directly comparable GAAP measure (millions):

| Hubbell Incorporated                         | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Total Debt (GAAP measure)                    | \$ 1,442.6        | \$ 1,445.2        |
| Total Hubbell Shareholders' Equity           | 2,360.9           | 2,229.8           |
| Total Capital                                | \$ 3,803.5        | \$ 3,675.0        |
| Total Debt to Total Capital (GAAP measure)   | 38 %              | 39 %              |
| Less: Cash and Investments                   | 520.7             | 364.7             |
| Net Debt (non-GAAP measure)                  | \$ 921.9          | \$ 1,080.5        |
| Net Debt to Total Capital (non-GAAP measure) | 24 %              | 29 %              |