



Fiscal 2022 Third Quarter Earnings

June 28, 2022

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All estimates of future performance are as of June 28, 2022. 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 at the end of this presentation or accompanying the Q3 Fiscal 2022 earnings press release for a reconciliation to the appropriate GAAP measure.



ASCEND Transformation Program

- Key Initiatives
 - Accelerating organic growth go-to-market strategies
 - Improving operational excellence and production efficiency by utilizing a Lean approach
 - Driving greater efficiency and productivity in SG&A by better leveraging resources and technology to create a more efficient and agile organization
- Focused on driving accelerated growth and EBITDA
 - Utilizing an 80/20 approach to help drive organic growth and operational excellence
 - Identified meaningful opportunities to meet or exceed our 25% EBITDA margin target
 - Expect total incremental annualized adjusted EBITDA of \$40-50 million, with some initiatives taking longer to action than others
 - Run-rate expected to be achieved by Fiscal 2025
 - Expect to invest \$60-\$65 million over the program period*
- Working through detailed design stage with contributions from all levels of the organization
- Further information to be provided at Investor Day in the fall
- ASCEND is a transformation program, much more than a restructuring program





Share Repurchase Program

- Last quarter we announced that the Board approved a new share repurchase program of up to 10 million shares
- Repurchased nearly 1.8 million shares in the third quarter for total of \$36 million
- Reauthorization and intent to repurchase shares remains an important part of our balanced capital allocation framework
- Reflects Board's confidence in our strong financial position and cash generating abilities as we embark on our ASCEND program



Overview

- Strong top line, despite FX headwinds, driven by solid customer demand
- Actively managed on-going supply chain and logistics challenges
- Continued to take additional pricing actions to offset cost increases and preserve margin
- COVID challenges did impact the quarter but varied by region (primarily APAC)
- Crisis in Russia/Ukraine continued impacts included
 - Some dealer cautiousness
 - Ancillary challenges including further supply chain and logistics constraints, increased commodity costs, foreign currency headwinds and delayed maintenance as refineries continue to run to reduce dependency on Russian oil & gas in some regions



IT&S Regional Core Sales

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



Americas

- Another quarter of solid year-over-year core growth in the Americas
- Key Verticals
 - Oil & Gas was favorable due to higher oil prices and timing of turn around season
 - Industrial MRO demand was strong from our national distributors
 - Mining was positive in South America
- Distribution
 - Dealer sentiment varied within the region. There was some caution driven by inflationary pressures, while others were quite positive due to continued solid demand



Europe

- Year-over-year core sales decline in Europe primarily driven by a decrease in year-over-year service due to delayed maintenance work as refineries continue to operate to reduce dependence on Russian oil & gas. In addition, there was a large service project in Q3 of the prior year that did not repeat.
- Key Verticals
 - Infrastructure was positive driven by government spending
 - Military/Defense was favorable due to government spending related to the crisis in Ukraine
 - Wind was strong as a result of the focus on alternatives to Russian oil & gas
- Distribution
 - Dealer sentiment in much of Europe was generally favorable with some variation by region, with Eastern Europe more cautious due to the crisis in Ukraine



Asia Pacific

- Year-over-year core growth
- COVID impacted the quarter as a result of the China shutdowns, but we were able to manage through the situation
- Key Verticals
 - Mining was positive due to demand across the region for raw materials out of Australia
 - Oil & Gas activity driven by sustained growth in energy demand and commodity prices
 - Infrastructure driven by government spend on capital projects, particularly in China, Australia and Japan

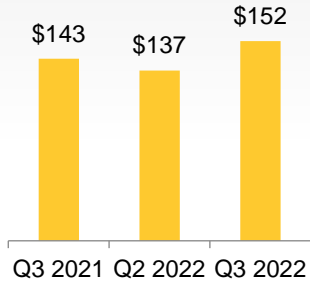


Middle East/North Africa/Caspian (MENAC)

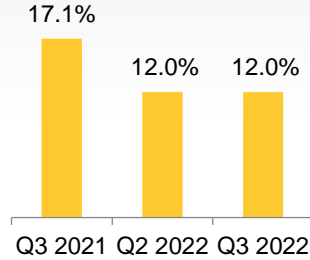
- Solid year-over-year core growth
- Maintenance work at certain sites continues to be pushed out to leverage high oil prices
- COVID-related travel restrictions are no longer in place
- Key Verticals
 - Oil & Gas activity is increasing including exploration and larger projects
 - Power Generation and Infrastructure continued to be strong in the quarter

Third Quarter 2022 Comparable Results

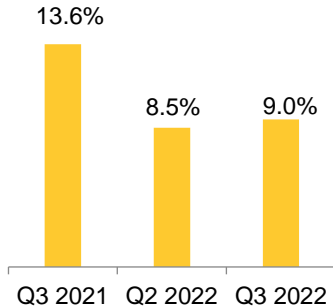
(US\$ in millions except EPS)



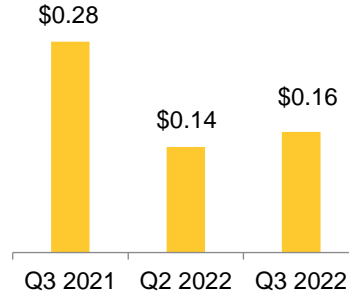
Net Sales*



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 10%
 - IT&S product sales 12%
 - Other product 18%
 - Service 1%
- Unfavorable impact of FX ~\$5M, reducing core sales by 4%

ADJUSTED EBITDA*

- Incremental margins of ~40%, excluding the impact of currency and the impact of the increased receivable reserve related to MENAC agent
- Adjusted EBITDA margin of 12.0%; the increased receivable reserve related to MENAC agent had an unfavorable impact of ~720 bps

ADJUSTED OPERATING PROFIT*

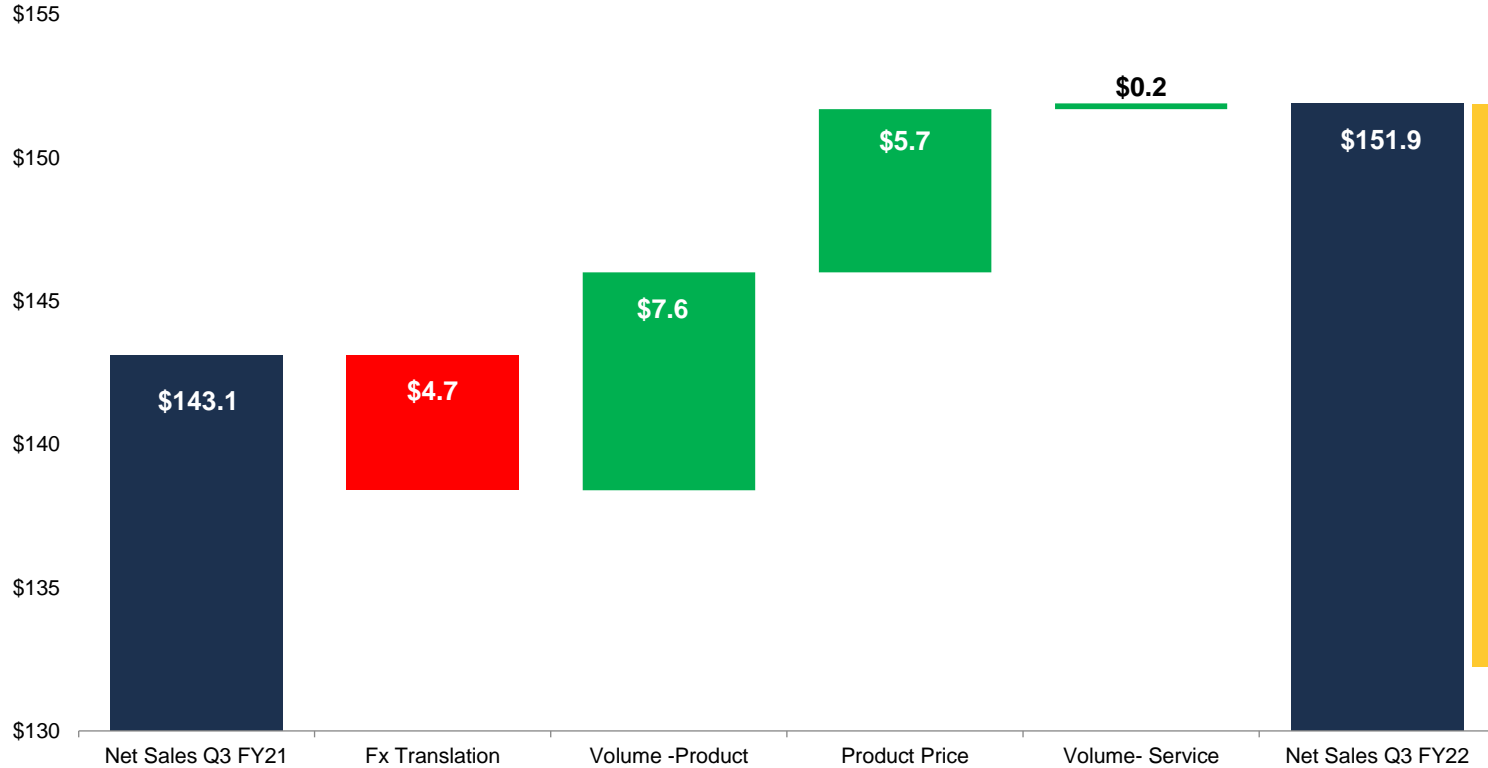
- Year-over-year decrease is primarily due to higher SG&A costs and an increase in receivable reserves related to MENAC agent, partially offset by increased product volume and mix/cost
- Adjusted Operating Profit margin of 9.0%; the increased receivable reserve related to MENAC agent had an unfavorable impact of ~720 bps

ADJUSTED DILUTED EPS*

- Year-over-year decrease is due to the decrease in operating margin and the higher effective tax rate
 - Impact of increase in receivable reserve related to MENAC agent of \$0.14 per share
- Adjusted effective tax rate for the quarter ~22% vs ~3% in the prior year

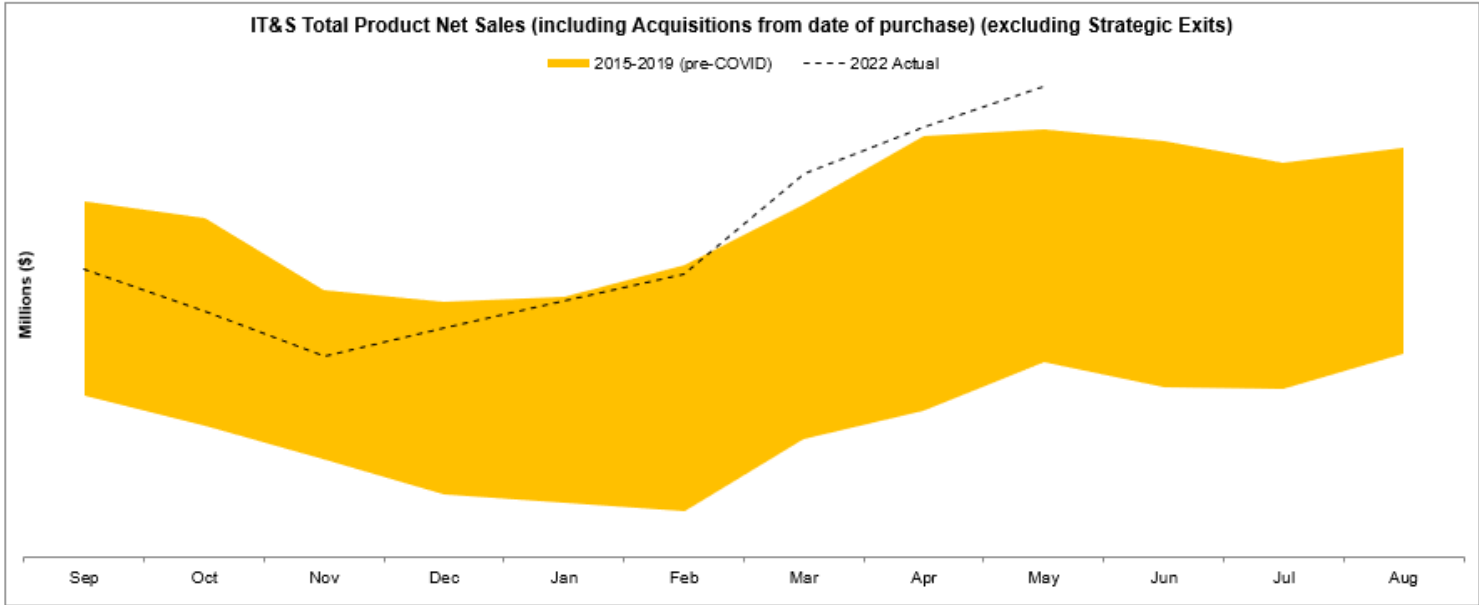
Net Sales Waterfall*

(US\$ in millions)



Product volume was the main driver of the year-over-year increase, driven by strong customer demand as our end markets continue to recover, despite on-going supply chain and logistical challenges and FX headwinds

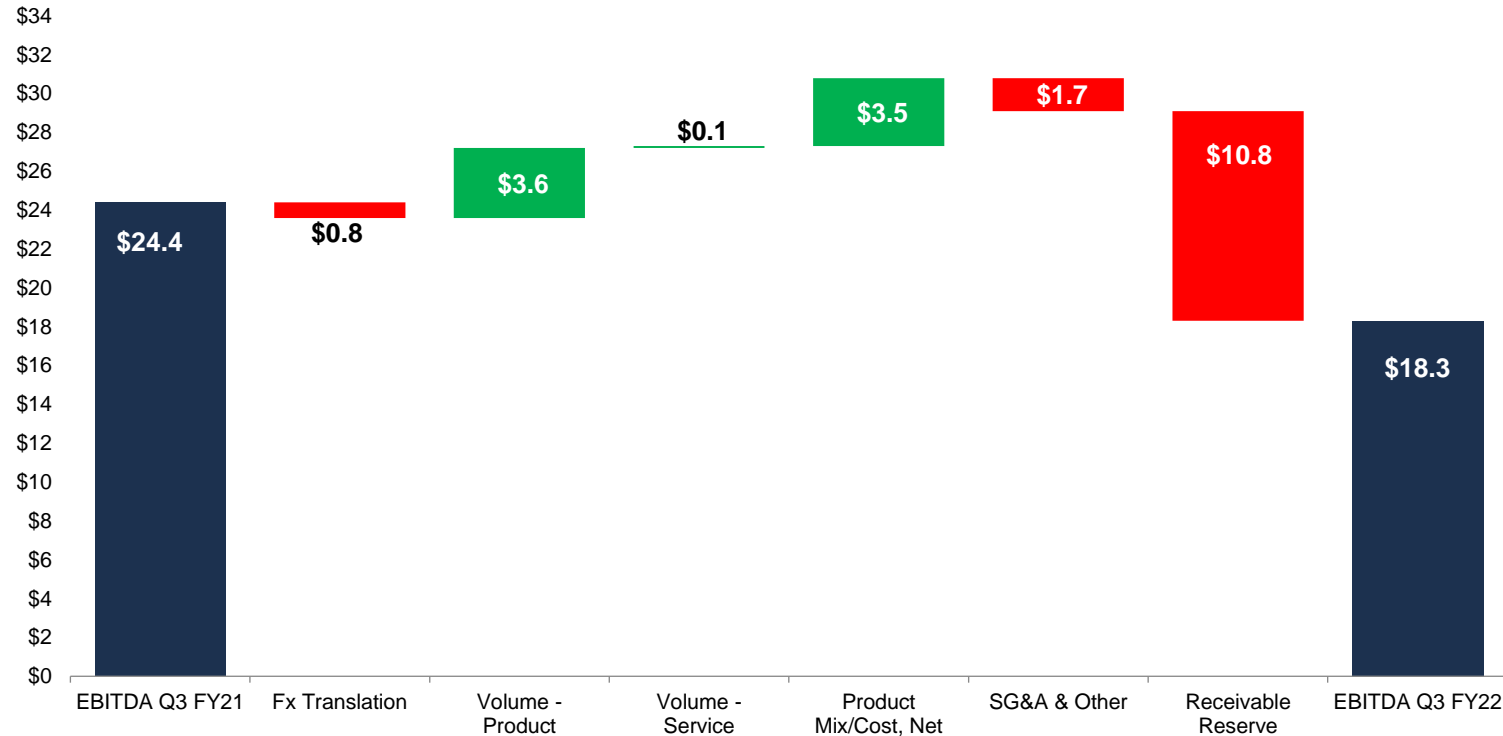
* See the reconciliation of net sales to core sales in the appendix.



Due to continued strong demand, we exceeded the peak IT&S product sales of the 5 years prior to COVID each month in the third quarter

Adjusted EBITDA Waterfall*

(US\$ in millions)



Adjusted EBITDA benefited from higher product volume and mix/cost, net (primarily pricing) offset by higher SG&A costs (primarily health insurance and T&E) and an increase in receivable reserves related to MENAC agent



Supply Chain

- Supply chain challenges continued during the third quarter and were compounded by Russia/Ukraine conflict
- COVID-related shutdowns in China impacted supplier on-time delivery
- Experiencing long lead times in the US, especially for castings, forgings and electrical components
- Suppliers still struggling with availability of components and labor
- Expect supply chain challenges through calendar 2022

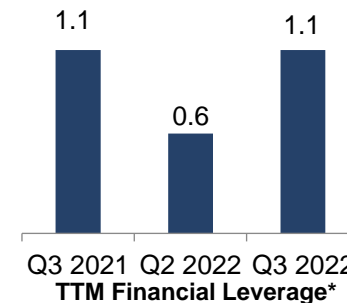
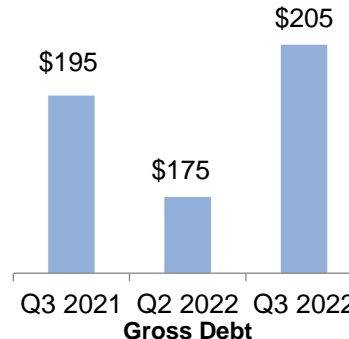
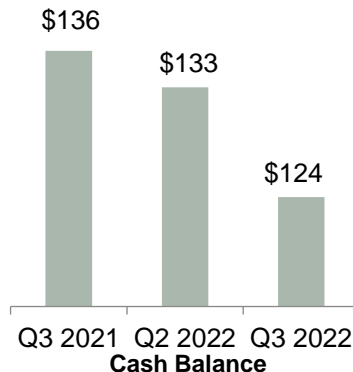
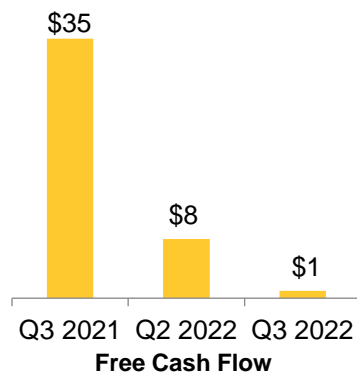


Logistics & Commodity Costs

- Logistic constraints and inflationary costs continued during the third quarter
- China COVID shutdowns created need to reroute shipments; ports have since reopened but remain congested
- Russia/Ukraine conflict continued to drive up logistics, processing and raw material costs
- Late in the quarter costs stabilized on many categories we purchase, yet remain elevated
- Took additional pricing actions to cover cost increases and will continue to monitor to preserve margin
- Expect to deliver 1-2% price realization in back half of fiscal year

Liquidity – Positioned for Success

(US\$ in millions)



Free Cash Flow (FCF)

- \$16M increase in accounts receivable due to strong sales in late Q3
- Inventory remained flat despite typical seasonal Q3 decrease due to increases in select inventory planned to get ahead of supply chain shortages, looming west coast union port strike, increased demand, and future logistics concerns
- Prior year included \$18M, net of transaction charges of proceeds from sale of China building

Leverage

- Remain well below target range of 1.5-2.5x
- Slight uptick due to cash used in share repurchase and lower EBITDA due to increased receivable reserves related to MENAC agent

Expectations for Fiscal 2022



Refining our Fiscal 2022 Full Year Guidance:

- **Net Sales in the range of \$560 million to \$570 million**
 - Refined range primarily due to FX headwinds
- **Projected year-over-year core growth by category**
 - IT&S Product ~ low teens%
 - IT&S Service ~ low single digits%
 - Other ~ low to mid 20%
- **Incremental adjusted EBITDA margins of 35%-45%, excluding the impact of currency and the incremental receivable reserve in Q3 related to MENAC agent**
 - Incremental margins calculated using FX adjusted Fiscal 2021 sales of ~\$515 million



Fiscal 2022 Annual Modeling Assumptions:

- Tax Rate: ~20%-25%
- Depreciation/Amortization: ~\$20-\$22 million
- Interest Expense: ~\$4-\$5 million
- Capital Expenditures: ~\$8-\$10 million
- Cash Taxes: ~\$8-\$12 million
- Approximately 100% Free Cash Flow conversion
- Key FX rates :
 - \$1.06/1€, previously \$1.09/1€
 - \$1.26/1£, previously \$1.30/1£

We continue to be cautious as we enter Q4 of fiscal 2022 but are closely monitoring headwinds and tailwinds.

Headwinds may include:

- Macroeconomic situation (recession)
- Inflationary factors
- Continued supply chain/logistic disruptions
- Strengthening of US Dollar
- Further deterioration due to Russia/Ukraine crisis
- COVID-related shutdowns

Tailwinds may include:

- Further recovery in oil & gas due to oil prices
- Infrastructure bill
- Weakening of US Dollar
- Stronger growth in areas that haven't fully recovered

Q&A

Appendix

Third Quarter 2022 GAAP vs Non-GAAP Reconciliation

(US\$ in millions except EPS)

	GAAP	Less					Adjusted
		Restructuring Charges	ASCEND Transformation Charges	Leadership Transition & Board Search Charges	Business Review Charges	Gain on Sale of Facility	
Sales	\$151.9						\$151.9
Operating Profit	\$6.6	(\$0.5)	(\$3.9)	(\$2.8)	(\$0.5)	\$0.6	\$13.7
Income Taxes	\$1.4	(\$0.2)	(\$0.8)	(\$0.3)	(\$0.2)	\$0.1	\$2.7
Net Income	\$4.1	(\$0.4)	(\$3.0)	(\$2.5)	(\$0.3)	\$0.5	\$9.8
<i>Effective tax rate</i>	25.3%						21.9%
Diluted EPS	\$0.07	(\$0.01)	(\$0.05)	(\$0.04)	(\$0.01)	\$0.01	\$0.16

Restructuring Charges include:

- \$0.5 million charge related to further actions to flatten and simplify the organizational structure

ASCEND Transformation Charges include:

- \$3.9 million charge related to ASCEND transformation initiatives

Leadership Transition & Board Search Charges include:

- \$2.8 million charge related to changes made within leadership and outside service fees

Business Review Charges include:

- \$0.5 million charge related to external support used for the deep dive business review

Gain on Sale of Facility, Net of Transaction Charges include:

- \$0.6 million related to the sale of a building as part of our footprint rationalization

Reconciliation of Non-GAAP Measures

(US\$ in millions)

Adjusted EBITDA

	Q3 2022	Q3 2021
Net Earnings	\$4	\$25
Net Financing Costs	\$1	\$1
Income Taxes	\$1	(\$4)
Depreciation & Amortization	\$5	\$5
Restructuring Charges	\$1	\$2
Gain on Sale of Facility, Net of Costs	(\$1)	(\$5)
Business Review	\$1	\$0
Leadership Transition & Board Search	\$3	\$1
ASCEND charges	\$4	\$0
Adjusted EBITDA	<u>\$18</u>	<u>\$24</u>

Free Cash Flow

	Q3 2022	Q3 2021
Cash From Operations	\$ 3	\$ 12
Capital Expenditures	\$ (2)	\$ (4)
Proceeds on Sale of PPE	\$ 1	\$ 22
Other	\$ -	\$ 5
Free Cash Flow	<u>\$ 1</u>	<u>\$ 35</u>

Core Sales

	Consolidated			IT&S Segment		
	Q3 2022	Q3 2021	% Change	Q3 2022	Q3 2021	% Change
Net Sales	\$152	\$143	6%	\$140	\$133	5%
Fx Impact	\$0	(\$5)		\$0	(\$5)	
Core Sales	<u>\$152</u>	<u>\$138</u>	10%	<u>\$140</u>	<u>\$128</u>	9%

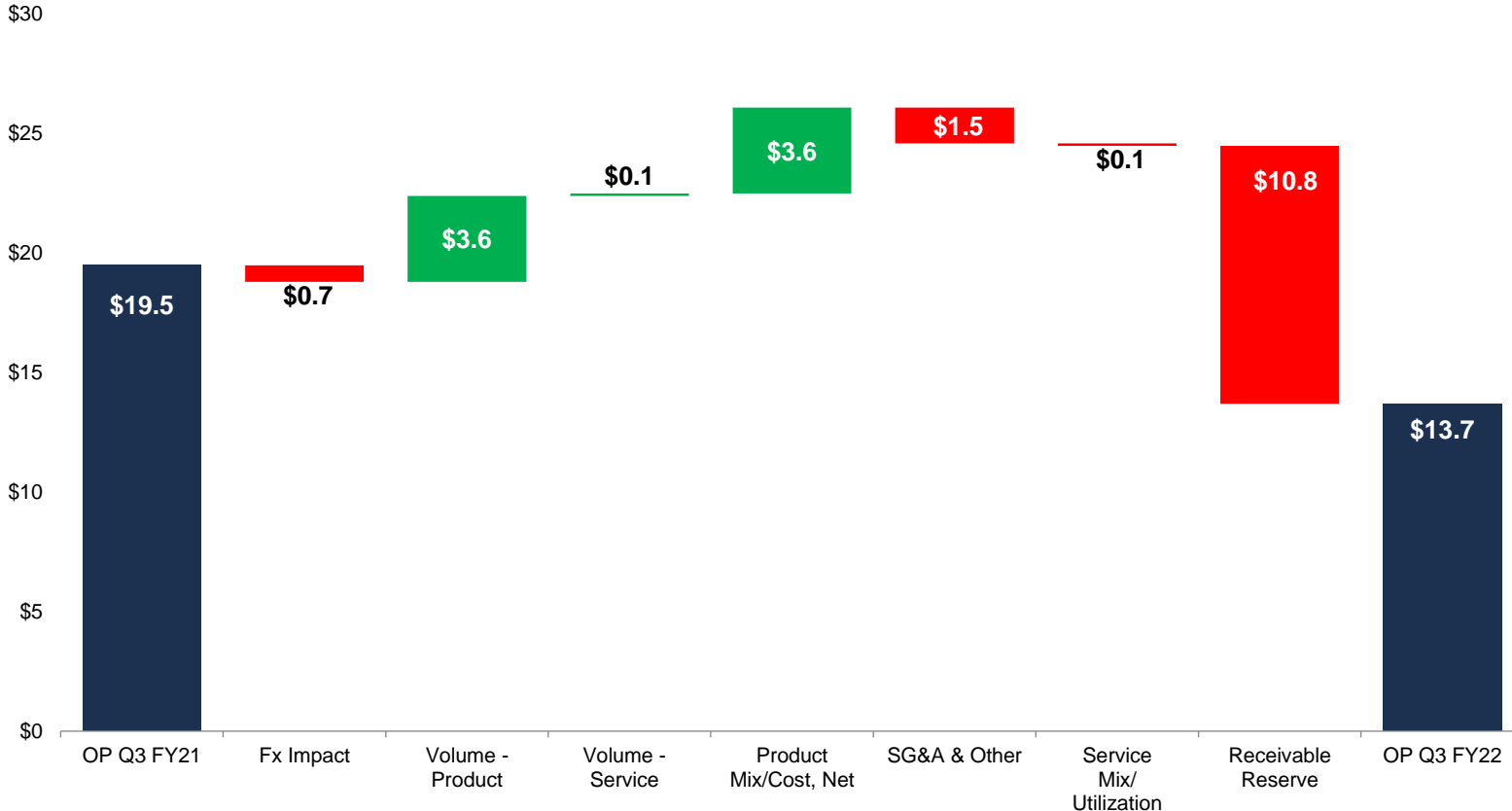
Incremental Margin

	Consolidated		
	Q3 2022	Q3 2021	% Change
Net Sales	\$152	\$143	
Fx Impact	\$0	(\$5)	
Net Sales adj for Fx	<u>\$152</u>	<u>\$138</u>	\$13
	Q3 2022	Q3 2021	% Change
Adjusted EBITDA	\$18	\$24	
Receivable Reserve	\$11	\$0	
Fx Impact	\$0	(\$1)	
Adjusted EBITDA adj for Fx	<u>\$29</u>	<u>\$25</u>	\$5
Incremental EBITDA (a)			40%
(a) Change in Fx adjusted EBITDA divided by Change in Fx adjusted Net Sales			

- The Enerpac Tool Group fiscal 2022 Q3 earnings release and full GAAP to non-GAAP reconciliation is available online at: <https://www.enerpactoolgroup.com/investors/quarterly-results/>
- The summation of individual components may not equal the total due to rounding

Adjusted Operating Profit Waterfall*

(US\$ in millions)



Adjusted Operating Profit benefited from higher product volume and mix/cost, net (primarily pricing) offset by higher SG&A costs (primarily health insurance and T&E) and an increase in receivable reserves related to MENAC agent

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