



EnerSys Reports Fourth Quarter and Fiscal Year 2011 Results

May 31, 2011

READING, Pa., May 31, 2011 /PRNewswire via COMTEX/ --

EnerSys (NYSE: ENS) the global leader in stored energy solutions for industrial applications, announced today results for its fourth quarter of fiscal 2011, which ended on March 31, 2011.

Net earnings for the fourth quarter of fiscal 2011 were \$30.1 million, or \$0.59 per diluted share, including an unfavorable highlighted \$0.16 per share impact from \$1.3 million, \$1.6 million pre-tax, charge for restructuring plans, \$5.3 million, \$8.2 million pre-tax, for charges related to the refinancing of our prior credit facility as discussed below, \$0.4 million, \$0.6 million pre-tax, for costs associated with a secondary offering of the Company's common stock held by certain of our stockholders and \$0.9 million, \$1.2 million pre-tax, for fees related to acquisition activities.

The net earnings of \$0.59 per diluted share, which includes the highlighted items, compares to diluted net earnings per share of \$0.36 for the fourth quarter of fiscal 2010, which included an unfavorable highlighted impact of \$0.09 per share from the \$4.2 million, \$6.2 million pre-tax, charge for restructuring plans.

Excluding these highlighted items, adjusted net earnings per diluted share for the fourth quarter of fiscal 2011, on a non-GAAP basis, was \$0.75, which exceeded the guidance of \$0.68 to \$0.72 per diluted share given by the Company on February 9, 2011, largely from higher sales volume and lower effective income tax rates. The lower tax rates were primarily due to changes in the mix of earnings among tax jurisdictions. These earnings compare to the prior year fourth quarter adjusted net earnings of \$0.45 per diluted share. Please refer to the section included herein under the heading "Reconciliation of Non-GAAP Financial Measures" for a discussion of the Company's use of non-GAAP adjusted financial information.

Net sales for the fourth quarter of fiscal 2011 were \$548.0 million, an increase of 22% from the prior year fourth quarter net sales of \$450.5 million and an 8% sequential quarterly increase from the third quarter of fiscal 2011's net sales of \$508.6 million. The 22% increase was the result of a 16% increase in organic volume, 2% increase due to pricing, 3% increase from foreign currency translation impact and 1% increase from acquisitions. Approximately one half of the sequential revenue increase of \$39.4 million in the fourth quarter was due primarily to organic volume growth.

The Company's operating results for its business segments for the fourth quarters of fiscal 2011 and 2010 are as follows:

	Quarter ended	
	(\$ Millions)	
	March 31, 2011	March 31, 2010
Net sales by segment		
Europe	\$ 258.0	\$ 208.2
Americas	245.2	206.4
Asia	44.8	35.9
Total net sales	<u>\$ 548.0</u>	<u>\$ 450.5</u>
Operating earnings		
Europe	\$ 21.1	\$ 7.7
Americas	34.0	25.3
Asia	1.2	4.2
Restructuring charges-Europe	(1.6)	(6.2)
Acquisition activity expense -Europe	(0.6)	-
Acquisition activity expense-Americas	(0.6)	-
Total operating earnings	<u>\$ 53.5</u>	<u>\$ 31.0</u>

Net earnings for the twelve months of fiscal 2011 were \$113.4 million, or \$2.27 per diluted share, and included the unfavorable impact from highlighted charges of \$0.25 per share. Highlighted charges include \$5.4 million, \$6.8 million pre-tax, for restructuring plans, \$5.3 million, \$8.2 million pre-tax, for charges from the refinancing activities as discussed below, \$0.4 million, \$0.6 million pre-tax, of costs associated with a secondary offering of the Company's common stock held by certain of our stockholders and \$1.9 million, \$2.5 million pre-tax, for expenses related to acquisition activities.

Net earnings for the twelve months of fiscal 2010 were \$62.3 million, or \$1.28 per diluted share, and included the unfavorable impact from highlighted items of \$0.16 per share from \$9.6 million, \$13.9 million pre-tax, charge for the restructuring plans and \$1.4 million, \$2.0 million pre-tax, for expenses related to acquisition activities. These unfavorable items were partially offset by the \$2.9 million (tax-free) bargain purchase gain arising from the

Oerlikon acquisition.

Adjusted net earnings per diluted share for the twelve months of fiscal 2011, on a non-GAAP basis, was \$2.52 and compares to \$1.44 per diluted share for the comparable period of fiscal 2010. Please refer to the section included herein under the heading "Reconciliation of Non-GAAP Financial Measures" for a discussion of the Company's use of non-GAAP adjusted financial information.

Net sales for the twelve months of fiscal 2011 were \$1,964.4 million, an increase of 24% from the net sales of \$1,579.4 million in the comparable period of fiscal 2010. The 24% increase was the result of an 18% increase in organic volume, 4% increase due to pricing, 4% increase from acquisitions, partially offset by a 2% decrease from foreign currency translation impact.

The Company's operating results for its business segments for the twelve months of fiscal years 2011 and 2010 are as follows:

	Fiscal year ended	
	(\$ Millions)	
	March 31,	March 31,
	2011	2010
Net sales by segment		
Europe	\$ 890.3	\$ 742.0
Americas	896.6	700.3
Asia	177.5	137.1
Total net sales	\$ 1,964.4	\$ 1,579.4
Operating earnings		
Europe	\$ 57.0	\$ 18.4
Americas	125.6	88.4
Asia	10.5	20.5
Restructuring charges-Europe	(6.8)	(13.2)
Bargain purchase gain-Europe	-	2.9
Restructuring charges-Americas	-	(0.7)
Acquisition activity expense-Europe	(1.4)	(0.7)
Acquisition activity expense-Americas	(1.1)	(1.3)
Total operating earnings	\$ 183.8	\$ 114.3

During the fourth quarter of fiscal 2011, the Company refinanced its 2008 senior secured credit facility comprising a \$225 million Term A Loan and a \$125 million revolving credit facility with a new \$350 million senior secured credit facility. The new facility is a five-year revolver, maturing on March 31, 2016. On the closing date, the Company utilized an initial draw of \$100 million along with cash on hand to repay and extinguish the Term A Loan.

"We are pleased with our previously reported full year earnings of \$2.52 per diluted share on an as adjusted basis," stated John D. Craig, chairman, president and chief executive officer of EnerSys. "Our adjusted operating earnings as a percent of sales met our 10% target for the third consecutive quarter in spite of increases in commodity costs and our ongoing Asian market development expenses. Orders and backlog continue to trend positively and we expect continued strong operating results in our first quarter of fiscal 2012."

Mr. Craig added, "We maintain our previously announced guidance for our first quarter of fiscal 2012 for adjusted net earnings per diluted share of \$0.66 and \$0.70, which excludes the expected charge of \$0.05 from our ongoing restructuring programs and acquisition expenses."

Reconciliation of Non-GAAP Financial Measures

This press release contains financial information determined by methods other than in accordance with U.S. Generally Accepted Accounting Principles, "GAAP". EnerSys' management uses the non-GAAP measure "adjusted net earnings" in their analysis of the Company's performance. This measure, as used by EnerSys in past quarters and years, adjusts net earnings determined in accordance with GAAP to reflect changes in financial results associated with the Company's restructuring initiatives and other highlighted charges and income items. Management believes the presentation of this financial measure reflecting these non-GAAP adjustments provides important supplemental information in evaluating the operating results of the Company as distinct from results that include items that are not indicative of ongoing operating results; in particular, those charges that the Company incurs as a result of restructuring activities and those charges and credits that are not directly related to operating unit performance. Because these charges are not incurred as a result of ongoing operations or are incurred as a result of a potential acquisition, they are not a helpful measure of the performance of our underlying business. This non-GAAP disclosure has limitations as an analytical tool, should not be viewed as a substitute for net earnings determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies. Management believes that this non-GAAP supplemental information will be helpful in understanding the Company's ongoing operating results. This supplemental presentation should not be construed as an inference that the Company's future results will be unaffected by similar adjustments to net earnings determined in accordance with GAAP.

Included below is a reconciliation of non-GAAP adjusted financial measures to reported amounts. Non-GAAP adjusted net earnings are calculated excluding restructuring and other highlighted charges and credits. The following tables provide additional information regarding certain non-GAAP measures:

	Quarter ended	
	March 31, 2011	March 31, 2010
<i>(in millions, except share and per share amounts)</i>		
Net earnings reconciliation		
As reported net earnings	\$ 30.1	\$ 17.8
Non-GAAP adjustments, net of tax:		
Restructuring charge-Europe	1.3 (1)	4.2 (1)
Refinancing related charges	5.3 (3)	-
Secondary offering fees	0.4 (4)	-
Acquisition activity expense-Europe	0.5 (5)	-
Acquisition activity expense-Americas	0.4 (5)	-
Non-GAAP adjusted net earnings	<u>\$ 38.0</u>	<u>\$ 22.0</u>

Outstanding shares used in per share calculations

Basic	<u>49,999,565</u>	<u>48,342,392</u>
Diluted	<u>50,655,912</u>	<u>49,201,668</u>

Non-GAAP adjusted net earnings per share:

Basic	<u>\$ 0.76</u>	<u>\$ 0.45</u>
Diluted	<u>\$ 0.75</u>	<u>\$ 0.45</u>

Reported net earnings per share:

Basic	<u>\$ 0.60</u>	<u>\$ 0.37</u>
Diluted	<u>\$ 0.59</u>	<u>\$ 0.36</u>

	Fiscal year ended	
	March 31, 2011	March 31, 2010
<i>(in millions, except share and per share amounts)</i>		
Net earnings reconciliation		
As reported net earnings	\$ 113.4	\$ 62.3
Non-GAAP adjustments, net of tax:		
Restructuring charge-Europe	5.4 (1)	9.1 (1)
Bargain purchase gain-Europe	-	(2.9) (2)
Restructuring charge-Americas	-	0.5 (1)
Refinancing related charges	5.3 (3)	-
Secondary offering fees	0.4 (4)	-
Acquisition activity expense-Europe	1.1 (5)	0.5 (5)
Acquisition activity expense-Americas	0.8 (5)	0.9 (5)
Non-GAAP adjusted net earnings	<u>\$ 126.4</u>	<u>\$ 70.4</u>

Outstanding shares used in per share calculations

Basic	<u>49,376,132</u>	<u>48,122,207</u>
Diluted	<u>50,044,246</u>	<u>48,834,095</u>

Non-GAAP adjusted net earnings per share:

Basic	<u>\$ 2.56</u>	<u>\$ 1.46</u>
Diluted	<u>\$ 2.52</u>	<u>\$ 1.44</u>

Reported net earnings per share:

Basic	<u>\$ 2.30</u>	<u>\$ 1.29</u>
Diluted	<u>\$ 2.27</u>	<u>\$ 1.28</u>

- (1) Resulting from pre-tax restructuring charges in Europe of approximately \$1.6 million in the fourth quarter of fiscal 2011 and approximately \$6.2 million in the fourth quarter of fiscal 2010, respectively, and approximately \$6.8 million for the twelve months of fiscal 2011 and approximately \$13.2 million for the twelve months of fiscal 2010. Pre-tax restructuring charges in Americas were approximately \$0.7 million for the twelve months of fiscal 2010.
- (2) Resulting from a tax-free bargain purchase gain arising out of the Oerlikon Battery acquisition.
- (3) Resulting from pre-tax charges of \$8.2 million in the fourth quarter of fiscal 2011 related to the refinancing of amounts borrowed under the Company's prior senior secured credit facility. These charges comprise \$2.3 million write-off of deferred finance fees and \$5.9 million of losses recognized on discontinued hedge accounting for interest rate swap agreements.
- (4) Resulting from pre-tax charges of \$0.6 million in the fourth quarter of fiscal 2011 related to the secondary stock offering.
- (5) Resulting from pre-tax charges for acquisition activity expense of approximately \$0.6 million in Europe and \$0.6 million in Americas in the fourth quarter of fiscal 2011. Pre-tax charges for acquisition activity expense were approximately \$1.4 million in Europe and \$1.1 million in Americas for the twelve months of fiscal 2011 and \$0.7 million in Europe and \$1.3 million in Americas in the twelve months of fiscal 2010.

Summary of Earnings (Unaudited)
(In millions, except share and per share data)

	Quarter ended	
	March 31, 2011	March 31, 2010
Net sales	\$ 548.0	\$ 450.5
Gross profit	124.6	96.5
Operating expenses	69.5	59.3
Restructuring charges	1.6	6.2
Operating earnings	53.5	31.0
Earnings before income taxes	39.4	24.8
Net earnings	<u>\$ 30.1</u>	<u>\$ 17.8</u>

Net earnings per common share:

Basic	<u>\$ 0.60</u>	<u>\$ 0.37</u>
Diluted	<u>\$ 0.59</u>	<u>\$ 0.36</u>

Weighted average shares outstanding:

Basic	<u>49,999,565</u>	<u>48,342,392</u>
Diluted	<u>50,655,912</u>	<u>49,201,668</u>

	Fiscal year ended	
	March 31, 2011	March 31, 2010
Net sales	\$ 1,964.4	\$ 1,579.4
Gross profit	449.8	360.9
Operating expenses	259.2	235.6
Restructuring charges	6.8	13.9
Bargain purchase gain	-	(2.9)
Operating earnings	183.8	114.3
Earnings before income taxes	151.4	87.3
Net earnings	<u>\$ 113.4</u>	<u>\$ 62.3</u>

Net earnings per common share:

Basic	<u>\$ 2.30</u>	<u>\$ 1.29</u>
Diluted	<u>\$ 2.27</u>	<u>\$ 1.28</u>

Weighted average shares outstanding:

Basic	<u>49,376,132</u>	<u>48,122,207</u>
Diluted	<u>50,044,246</u>	<u>48,834,095</u>

EnerSys will host a conference call to discuss the Company's fourth quarter and fiscal year 2011 financial results and provide an overview of the business. The call will conclude with a question and answer session.

The call, scheduled for Thursday, June 2, at 10:30 a.m. Eastern Time, will be hosted by John D. Craig, Chairman, President & Chief Executive Officer and Michael J. Schmidlein, Senior Vice President Finance and Chief Financial Officer.

The call will also be Webcast on EnerSys' website. There will be a free download of a compatible media player on the Company's web site at <http://www.enersys.com>.

The conference call information is:

Date: Thursday, June 2, 2011
Time: 10:30 a.m. Eastern Time
Via Internet: <http://www.enersys.com>
Domestic Dial-In Number: 866-383-8108
International Dial-In Number: 617-597-5343
Passcode: 63274249

A replay of the conference call will be available from 1:30 p.m. on June 2, 2011 through midnight on June 30, 2011.

The replay information is:

Via Internet: <http://www.enersys.com>
Domestic Replay Number: 888-286-8010
International Replay Number: 617-801-6888
Passcode: 52434589

EDITOR'S NOTE: EnerSys, the world leader in stored energy solutions for industrial applications, manufactures and distributes reserve power and motive power batteries, chargers, power equipment, and battery accessories to customers worldwide. Motive power batteries are utilized in electric fork trucks and other commercial electric powered vehicles. Reserve power batteries are used in the telecommunications and utility industries, uninterruptible power supplies, and numerous applications requiring standby power. The Company also provides aftermarket and customer support services to its customers from over 100 countries through its sales and manufacturing locations around the world under the direction of its Americas, Europe and Asia regional headquarters.

More information regarding EnerSys can be found at www.enersys.com.

Caution Concerning Forward-Looking Statements

This press release, and oral statements made regarding the subjects of this release, contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, or the Reform Act, which may include, but are not limited to, statements regarding EnerSys' earnings estimates, plans, objectives, expectations and intentions and other statements contained in this press release that are not historical facts, including statements identified by words such as "believe," "plan," "seek," "expect," "intend," "estimate," "anticipate," "will," and similar expressions. All statements addressing operating performance, events, or developments that EnerSys expects or anticipates will occur in the future, including statements relating to sales growth, earnings or earnings per share growth, and market share, as well as statements expressing optimism or pessimism about future operating results, are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are based on management's current views and assumptions regarding future events and operating performance, and are inherently subject to significant business, economic, and competitive uncertainties and contingencies and changes in circumstances, many of which are beyond the Company's control. The statements in this press release are made as of the date of this press release, even if subsequently made available by EnerSys on its website or otherwise. EnerSys does not undertake any obligation to update or revise these statements to reflect events or circumstances occurring after the date of this press release.

Although EnerSys does not make forward-looking statements unless it believes it has a reasonable basis for doing so, EnerSys cannot guarantee their accuracy. The foregoing factors, among others, could cause actual results to differ materially from those described in these forward-looking statements. For a list of other factors which could affect EnerSys' results, including earnings estimates, see EnerSys' filings with the Securities and Exchange Commission, including "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," including "Forward-Looking Statements," set forth in EnerSys' Annual Report on Form 10-K for the fiscal year ended March 31, 2011. No undue reliance should be placed on any forward-looking statements.

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