



## ***3<sup>rd</sup> Quarter Earnings Conference Call***

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***February 6, 2020***

## **David M. Shaffer**

Director, President and Chief Executive Officer

## **Michael J. Schmidtlein**

Executive Vice President and Chief Financial Officer

### ***Forward-Looking Information***

As a reminder, we will be presenting certain forward-looking statements on this call that are based on Management's current expectations and views regarding future events and operating performance and are subject to uncertainties and changes in circumstances. Our actual results may differ materially from the forward-looking statements for a number of reasons. Our forward-looking statements are applicable only as of the date of this presentation. For a list of the factors which could affect our future results, including our earnings estimates, see forward-looking statements included in "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended December 29, 2019, which was filed with the U.S. Securities and Exchange Commission.

In addition, we will also be presenting certain non-GAAP financial measures. For an explanation of the differences between the comparable GAAP financial information and the non-GAAP information, please see our company's Form 8-K which includes our press release dated February 5<sup>th</sup>, 2020, which is located on our web site at [www.enersys.com](http://www.enersys.com).

# Updates

- **Richmond, KY Fire**
- **NorthStar Battery**

# High-Speed Production Line



Highly automated and digitized. Throughput per operator increased over nine-fold.

# 3<sup>rd</sup> Quarter Fiscal 2020 Results

(\$ Millions)

	Total Company	Alpha	NorthStar	Legacy ENS
NET SALES	\$763.7	\$135.3	\$28.1	\$600.3
GROSS PROFIT \$	189.1	36.6	4.7	147.8
OP EARNINGS \$	63.7	11.9	(0.6)	52.4
OP EARNINGS %	8.3%	8.8%	2.1%	8.7%
EPS	\$1.04	\$0.11	(\$0.05)	\$0.98

Presented on an as adjusted basis. See appendix at end of presentation for more detailed information.

# Key Markets Update

## Motive:

### Americas

- Sales (8)% YoY Q3
- TYD TPPL sales have more than doubled YoY

### EMEA

- Traditional flooded OEM orders softening
- TPPL demand continues to accelerate

### Asia

- China slowing due to geopolitical trade climate
- SE Asia & Australia steady

## Energy Systems:

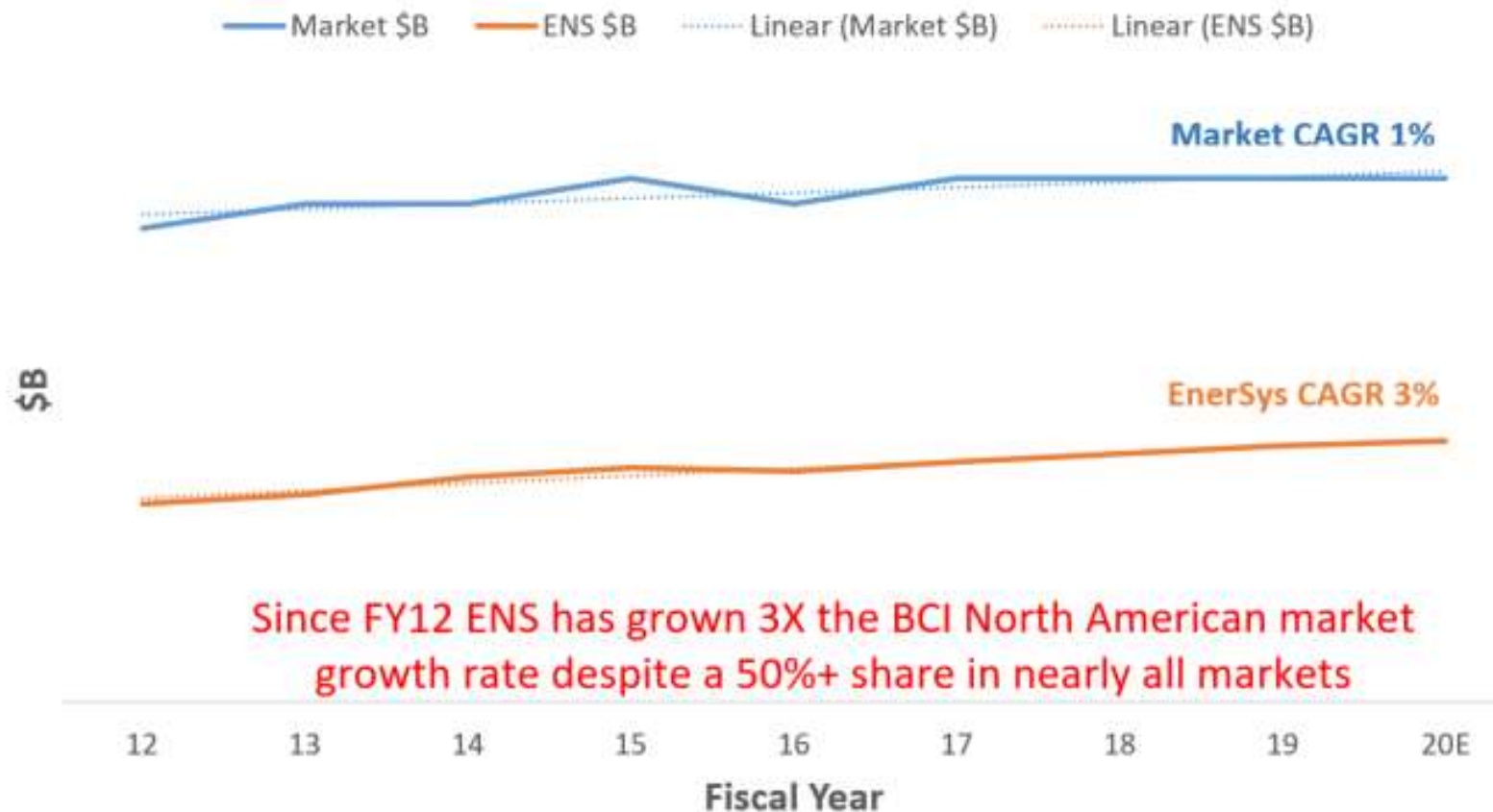
Telecom spend slowed pending high-speed 5G network investment

## Aerospace:

Secured several design in contracts for munitions, this will double our business by the end of 2022



# Industrial Lead-Acid Market in North America



Source: Battery Council International Trade

Slow steady market growth, with EnerSys growing at three times the market rate, providing cash generation for acquisitions and new product development for diversification.

# EnerSys Product Portfolio for 5G

5G small cell powering and data backhaul



5G DC Power and Power Conversion



5G Ruggedized Outdoor Enclosures



5G Back Up Power, TPPL or Lithium Ion



5G small cell location, powering, enclosures, back haul and back up will take many forms, EnerSys has the breadth of solutions to cover varying requirements.



# Complete Turnkey Solutions for 5G



## QUICK FACTS



**OVER 40**  
FACTORY SERVICE LOCATIONS



**OVER 200**  
SERVICE VEHICLES



**OVER 200**  
TRAINED SERVICE PERSONNEL

EnerSys is uniquely positioned to provide a *single source* solution for fiber connectivity, enclosures, small cell power, power conversion, power distribution and energy storage backup, with a nationwide EF&I organization to turnkey and maintain the project.

# Strategic Initiatives

## TPPL Capacity: \$600M+ increase over next two years

- NorthStar acquisition - accelerates TPPL capacity growth at lower cost/risk
  - Integration underway
  - \$40M+ annual synergies
- High-Speed Line on track; operational Q1 FY21 at NorthStar operations

## New Products

- TPPL 12V carbon additive motive battery launched in EMEA
- Significant progress on Lithium-Ion programs development

# F'20 3<sup>rd</sup> Qtr. YOY Sales

## By Region & Line Of Business

(\$ Millions)

	F'20 Q3	F'19 Q3	Fav/(Unfav)		Volume	Price	M&A	Fx
			\$	%				
Americas	\$503	\$402	\$101	25%	-4%	-2%	32%	-1%
EMEA	\$202	\$218	(\$16)	-7%	-9%	-	4%	-2%
Asia	\$58	\$60	(\$2)	-3%	-	-2%	-	-1%
<b>Total Net Sales</b>	<b>\$764</b>	<b>\$680</b>	<b>\$84</b>	<b>12%</b>	<b>-5%</b>	<b>-2%</b>	<b>20%</b>	<b>-1%</b>
Motive Power	\$316	\$351	(\$35)	-10%	-8%	-1%	-	-1%
Reserve Power	\$448	\$329	\$119	36%	-2%	-2%	41%	-1%
<b>Total Net Sales</b>	<b>\$764</b>	<b>\$680</b>	<b>\$84</b>	<b>12%</b>	<b>-5%</b>	<b>-2%</b>	<b>20%</b>	<b>-1%</b>

Rounding may cause minor differences.

Highlighted items are referenced in management presentation.

# F'20 3<sup>rd</sup> Qtr. Sequential Sales By Region & Line Of Business

(\$ Millions)

	F'20 Q3	F'20 Q2	Fav/(Unfav)	
			\$	%
Americas	\$503	\$525	(\$22)	-4%
EMEA	\$202	\$183	\$19	11%
Asia	\$58	\$54	\$4	7%
<b>Total Net Sales</b>	<u>\$764</u>	<u>\$762</u>	<u>\$2</u>	<u>-</u>
			<div>-3% Organic, 3% Acquisitions</div> <div>0% Price, 0% Fx</div>	
Motive Power	\$316	\$335	(\$20)	-6%
Reserve Power	\$448	\$427	\$21	5%
<b>Total Net Sales</b>	<u>\$764</u>	<u>\$762</u>	<u>\$2</u>	<u>-</u>

Rounding may cause minor differences.

Highlighted items are referenced in management presentation.

# F'20 3<sup>rd</sup> Qtr. Operating Earnings by Region

(\$ Millions)

Year Over Year	F'20 Q3	F'19 Q3	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>				
Americas	\$49.7 9.9%	\$49.8 12.4%	(\$0.1)	–
EMEA	13.4 6.6%	17.1 7.9%	(3.7)	-22%
Asia	0.6 1.1%	0.7 1.0%	(0.1)	-14%
Total Operating Earnings	\$63.7	\$67.5	(\$3.8)	-6%
As % Net Sales	8.3%	9.9%		
Sequential	F'20 Q3	F'20 Q2	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>				
Americas	\$49.7 9.9%	\$62.0 11.8%	(\$12.3)	-20%
EMEA	13.4 6.6%	13.3 7.3%	0.1	1%
Asia	0.6 1.1%	(0.4) -0.8%	1.0	NM
Total Operating Earnings	\$63.7	\$74.9	(\$11.2)	-15%
As % Net Sales	8.3%	9.8%		

Rounding may cause minor differences. Presented on an as adjusted basis.

Highlighted items are referenced in management presentation.

# F'20 3<sup>rd</sup> Qtr. Net Earnings and EPS

(\$ Millions, Except Per Share Amounts)

	F'20 Q3	F'19 Q3	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>	\$63.7	\$67.5	(\$3.8)	-6%
As % Net Sales	8.3%	9.9%		(1.6)Pts.
<b>Book Tax Rate</b>	16%	17%		
<b>Net Earnings</b>	\$44.5	\$50.4	(\$5.9)	-12%
As % Net Sales	5.8%	7.4%		(1.6)Pts.
<b>EPS diluted</b>	<b>\$1.04</b>	<b>\$1.17</b>	<b>(\$0.13)</b>	<b>-11%</b>
<b>Avg. Diluted Shares Outstanding</b> (Millions)	<b>42.839</b>	<b>43.103</b>	<b>.264</b>	<b>1%</b>

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Highlighted items are referenced in management presentation.



# F'20 YTD Sales By Region & Line Of Business

(\$ Millions)

	F'20	F'19	Fav/(Unfav)		Volume	Price	M&A	Fx
			\$	%				
<b>Americas</b>	\$1,545	\$1,183	\$362	31%	-3%	-1%	36%	-1%
<b>EMEA</b>	\$588	\$632	(\$44)	-7%	-4%	-4%	2%	-1%
<b>Asia</b>	\$173	\$196	(\$23)	-12%	-9%	-	-	-3%
<b>Total Net Sales</b>	<u>\$2,306</u>	<u>\$2,011</u>	<u>\$295</u>	<u>15%</u>	<u>-4%</u>	<u>-1%</u>	<u>22%</u>	<u>-2%</u>
<b>Motive Power</b>	\$995	\$1,045	(\$49)	-5%	-2%	-1%	-	-2%
<b>Reserve Power</b>	\$1,311	\$967	\$344	36%	-7%	-1%	45%	-1%
<b>Total Net Sales</b>	<u>\$2,306</u>	<u>\$2,011</u>	<u>\$295</u>	<u>15%</u>	<u>-4%</u>	<u>-1%</u>	<u>22%</u>	<u>-2%</u>

Note - Rounding may cause minor differences. Presented on an as adjusted basis.

# F'20 YTD Net Earnings and EPS

(\$ Millions, Except Per Share Amounts)

			Fav/(Unfav)	
	F'20	F'19	\$	%
<b>Operating Earnings - As Adjusted</b>	\$216.3	\$202.4	\$13.9	7%
As % Net Sales	9.4%	10.1%		(0.7)Pts.
<b>Book Tax Rate</b>	18%	18%	—	—
<b>Net Earnings - As Adjusted</b>	\$153.1	\$150.0	\$3.1	2%
As % Net Sales	6.6%	7.5%		(0.9)Pts.
<b>EPS diluted - As Adjusted</b>	\$3.57	\$3.50	\$0.07	2%
<b>Avg. Diluted Shares Outstanding</b>	42.888	42.817	(.071)	—
(Millions)				

Note - Rounding may cause minor differences. Presented on an as adjusted basis.

# Financial Position Highlights

(\$ Millions)

	Third Qtr Fiscal Year 2020	Full Fiscal Year 2019
Cash & Cash Equivalents	\$272.5	\$299.2
Net Debt (Gross Debt – Investments)	\$994.7	\$841.2
Net Cash from Operations YTD	\$175.8	\$197.9
Capital Expenditures YTD	\$60.9	\$70.4
Leverage Ratio (per US Credit Agreement)	2.5X	2.0X
Primary Working Capital as a % of Sales	28.1%	26.2%

 Highlighted items are referenced in management presentation.

# Third Quarter Fiscal 2020 Results

(\$ Millions, Except Per Share Information)

	Total Company	Alpha	NorthStar	Legacy ENS
NET SALES	\$763.7	\$135.3	\$28.1	\$600.3
COST OF SALES	574.6	98.8	23.4	452.5
GROSS PROFIT	189.1	36.6	4.7	147.8
OP EXPENSES	125.4	24.6	5.3	95.4
OP EARNINGS	63.7	11.9	(0.6)	52.4
INTEREST & OTHER	10.5	4.5	1.9	4.1
EARNINGS BEFORE TAX	53.2	7.4	(2.4)	48.2
TAX	8.7	1.6	(0.4)	7.6
NON-CONTROLLING INTEREST	—	—	—	—
ADJUSTED NET EARNINGS	44.5	5.9	(2.0)	40.7
EPS	\$1.04	\$0.11	(\$0.05)	\$0.98

Presented on an as adjusted basis.

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February 6, 2020

Appendix - 1

