



***1<sup>st</sup> Quarter Earnings Conference Call***

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***August 8, 2019***

## **David M. Shaffer**

Director, President and Chief Executive Officer

## **Michael J. Schmidlein**

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 June 30, 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 August 7<sup>th</sup>, 2019, which is located on our web site at [www.enersys.com](http://www.enersys.com).

# 1<sup>st</sup> Quarter Fiscal 2019 Results

(\$ Millions)

	w/Alpha Q1 F'20	Legacy ENS Q1 F'20	Legacy ENS Q1 F'19
<b>SALES</b>	<b>\$780.2</b>	<b>\$629.1</b>	<b>\$670.9</b>
<b>GROSS PROFIT \$</b>	<b>\$201.5</b>	<b>\$159.3</b>	<b>\$165.9</b>
<b>OP EARNINGS \$</b>	<b>\$77.7</b>	<b>\$60.6</b>	<b>\$68.2</b>
<b>OP EARNINGS %</b>	<b>10.0%</b>	<b>9.6%</b>	<b>10.2%</b>
<b>EPS</b>	<b>\$1.30</b>	<b>\$1.10</b>	<b>\$1.17</b>

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

# Global Business Review

## GLOBAL

- TPPL demand strong globally but capacity constrained
- Telecom spending disrupted pending 5G investment

## AMERICAS

- Motive Power demand strong, especially TPPL; Order backlog up over 30% YoY
- TPPL orders grew over 200% in Q1 YoY
- U.S. Reserve Power large broadband customer holding capex

## EMEA

- Motive Power TPPL fueled market share gain
- Motive Power orders softening from OEMs

## ASIA

- Motive Power in China slowing due to trade climate

## AEROSPACE & DEFENSE

- Added several key experts; Several important contracts in final stages

# Strategic Initiatives

- **Alpha acquisition update**
  - Accelerated EnerSys / Alpha alignment to develop modular DC power system
  - Integrating EnerSys / Alpha lithium-ion programs
  - Annual synergies on track to exceed \$25 million
- **TPPL capacity expansion over three years via Lean and capex spend of over \$100 million, increases TPPL capacity by over \$500 million**
- **Continue commercialization of Bi-Polar battery technology**

# Operational Excellence Initiatives

- **To improve Motive Power Americas deliveries - approved increased costs from loaned batteries, expedited freight and overtime**
- **TPPL production capacity output increased via Lean program 10% vs. prior year**
- **TPPL High-Speed-Line passed all final acceptance testing**
  - **Expect line installation by late this fiscal year**

# **EnerSys Investor Day**

**Date: Wednesday, October 2, 2019**

**Location: New York Stock Exchange (NYSE)**

**Time: 9:00 A.M. EST**

# F'20 1<sup>st</sup> Qtr. YOY Sales By Region & Line Of Business

(\$ Millions)

	F'20 Q1	F'19 Q1	Fav/(Unfav)					
			\$	%	Volume	Price	M&A	Fx
<b>Americas</b>	\$517	\$393	\$124	32%	-6%	-	39%	-1%
<b>EMEA</b>	\$203	\$210	(\$7)	-4%	3%	-2%	-	-5%
<b>Asia</b>	\$60	\$68	(\$8)	-12%	-8%	-	-	-4%
<b>Total Net Sales</b>	\$780	\$671	\$109	16%	-3%	-1%	22%	-2%
<b>Motive Power</b>	\$344	\$347	(\$3)	-1%	3%	-2%	-	-2%
<b>Reserve Power</b>	\$436	\$324	\$112	35%	-10%	-	47%	-2%
<b>Total Net Sales</b>	\$780	\$671	\$109	16%	-3%	-1%	22%	-2%

Rounding may cause minor differences.

Highlighted items are referenced in management presentation.

# F'20 1<sup>st</sup> Qtr. Sequential Sales By Region & Line Of Business

(\$ Millions)

	F'20 Q1	F'19 Q4	Fav/(Unfav)	
			\$	%
<b>Americas</b>	\$517	\$508	\$9	2%
<b>EMEA</b>	\$203	\$228	(\$25)	-11%
<b>Asia</b>	\$60	\$61	(\$1)	-1%
<b>Total Net Sales</b>	<u>\$780</u>	<u>\$797</u>	<u>(\$17)</u>	<u>-2%</u>
				-4% Organic, 2% Acquisitions 0% Price, 0% Fx
<b>Motive Power</b>	\$344	\$347	(\$3)	-1%
<b>Reserve Power</b>	\$436	\$449	(\$14)	-3%
<b>Total Net Sales</b>	<u>\$780</u>	<u>\$797</u>	<u>(\$17)</u>	<u>-2%</u>

Rounding may cause minor differences.

Highlighted items are referenced in management presentation.

# F'20 1<sup>st</sup> Qtr. Operating Earnings by Region

(\$ Millions)

Year Over Year	F'20 Q1	F'19 Q1	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>				
Americas	\$61.4 11.9%	\$49.5 12.6%	\$11.9	24%
EMEA	15.7 7.7%	17.2 8.2%	(1.5)	-9%
Asia	0.6 1.1%	1.5 2.2%	(0.9)	-57%
Total Operating Earnings	\$77.7	\$68.2	\$9.5	14%
As % Net Sales	10.0%	10.2%		

Sequential	F'20 Q1	F'19 Q4	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>				
Americas	\$61.4 11.9%	\$61.2 12.1%	\$0.2	—
EMEA	15.7 7.7%	23.3 10.2%	(7.6)	-33%
Asia	0.6 1.1%	(1.3) -2.1%	1.9	NA
Total Operating Earnings	\$77.7	\$83.2	(\$5.5)	-7%
As % Net Sales	10.0%	10.4%		

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

Highlighted items are referenced in management presentation.

# F'20 1<sup>st</sup> Qtr. Net Earnings and EPS

(\$ Millions, Except Per Share Amounts)

	F'20 Q1	F'19 Q1	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>	\$77.7	\$68.2	\$9.5	14%
As % Net Sales	10.0%	10.2%		(0.2)Pts.
<b>Book Tax Rate</b>	18%	19%		
<b>Net Earnings</b>	\$55.9	\$49.7	\$6.2	13%
As % Net Sales	7.2%	7.4%		(0.2)Pts.
<b>EPS diluted</b>	\$1.30	\$1.17	\$0.13	11%
<b>Avg. Diluted Shares Outstanding</b> (Millions)	43.118	42.574	(.544)	-1%

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

Highlighted items are referenced in management presentation.

# Financial Position Highlights

(\$ Millions)

	First Qtr Fiscal Year 2020	Full Fiscal Year 2019
Cash & Cash Equivalents	\$262.1	\$299.2
Net Debt (Gross Debt – Investments)	\$866.0	\$841.2
Net Cash from Operations YTD	\$30.4	\$197.9
Capital Expenditures	\$17.3	\$70.4
Leverage Ratio (per US Credit Agreement)	2.0X	2.0X
Primary Working Capital as a % of Sales	26.9%	26.2%

# Information Metrics

(Legacy ENS Only)

	Q1 FY20	FY 2019	FY 2018
Premium Products % of Net Sales	42%	42%	40%
LME Lead Average	\$0.92	\$1.03	\$1.04
Net Cost Reduction Savings *	\$1M	\$11M	\$25M
System Costs in P&L (SAP, Salesforce, HRIS)	\$3M	\$11M	\$8M
Engineering Costs YoY	\$1M	\$7M	\$8M

- Premium product percentage of sales continues to rise

\* FY'19 gross cost reduction savings of \$28M minus variances, freight, etc. of \$17M

# First Quarter Fiscal 2020 Results

(\$ Millions, Except Per Share Information)

	Total Company	Alpha	Legacy ENS
NET SALES	\$780.2	\$151.1	\$629.1
COST OF SALES	578.7	108.9	469.8
GROSS PROFIT	201.5	42.2	159.3
OP EXPENSES	123.7	25.0	98.7
OP EARNINGS	77.7	17.2	60.6
INTEREST & OTHER	9.8	4.5	5.3
EARNINGS BEFORE TAX	68.0	12.7	55.3
TAX	12.1	2.7	9.4
NON-CONTROLLING INTEREST	—	—	—
ADJUSTED NET EARNINGS	55.9	10.0	45.9
EPS	\$1.30	\$0.20	\$1.10

Alpha amortization is excluded. Presented on an as adjusted basis.