



“Powering the **Future**  
**Everywhere** for **Everyone.**”

JUNE 2019

At EnerSys, we pursue perfection to  
deliver Power to innovate and inspire.

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Power delivered simply, safely  
and sustainably.

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Power that creates superior  
value for our customers and  
shareholders.

We are proud to be **EnerSys**.



## Forward-Looking Information

This presentation includes forward-looking statements and/or information, which are based on the Company's current expectations and assumptions, and are subject to a number of risks and uncertainties that could cause actual results to materially differ from those anticipated. Such risks include, among others, risks associated with competitive actions, technology development and implementation, intellectual property infringement, failure to execute acquisition strategy, penetration of existing markets, expansion into new markets, hiring and retaining high quality management and key employees and general economic conditions including the risks described in the Company's most recent annual report on Form 10-K dated and filed with the SEC on May 29, 2019 along with other unforeseen risks. The statements in this presentation and accompanying commentary are made as of the date of this presentation, even if subsequently made available by the Company on its website or otherwise. The Company does not undertake any obligation to update or revise these statements to reflect events or circumstances occurring after the date of this presentation.

# **EnerSys Acquires Alpha Group**

*A Compelling Combination, Providing a Full  
Suite of Power Solutions*

# A Uniquely Compelling Acquisition

- ▶ North American leader in commercial-grade energy solutions for the broadband, telecom, and industrial markets, with strongly recognized brands

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- ▶ Provides immediate material market share to attractive secular megatrends AND establishes an additional long-term growth platform

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- ▶ Enables EnerSys to become the sole fully-integrated power and energy storage solution provider

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- ▶ Complementary financial profile – accretive to near term growth and margins

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- ▶ Compelling value creation through more than \$25mm of annual run-rate synergies

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- ▶ Immediately accretive to earnings; EnerSys retains strong balance sheet

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# Key Transaction Terms

## Structure & Consideration

- EnerSys acquires Alpha Group (“Alpha”) from its founders in a cash and stock transaction
- \$750mm<sup>1</sup> total consideration, or 11x LTM EBITDA pre-synergies (8x including run-rate synergies<sup>2</sup>)
  - \$650mm in cash consideration, funded with existing cash and credit facilities and new debt
  - \$100mm in stock consideration, issued to Fred Kaiser, founder of Alpha

## Management

- Drew Zogby to lead the division as President, post transaction
- Key Alpha management to remain with the business on retention plans

## Expected Transaction Benefits

- Accelerates revenue growth, and establishes additional platform for long-term growth
- Combined LTM revenue of over \$3.2 billion and adjusted EBITDA of ~\$422 mm<sup>2</sup>, or ~13% margin
- Over \$25mm of identified run-rate cost and revenue synergies
- Transaction immediately accretive to earnings (before one-time acquisition costs)

<sup>1.</sup> Total consideration subject to regular working capital adjustments

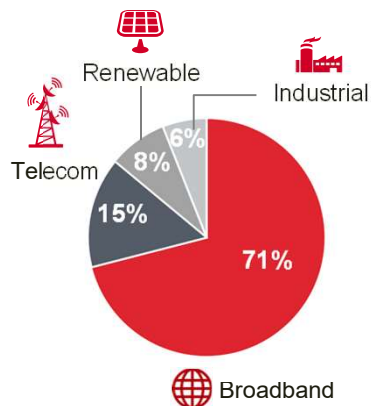
<sup>2.</sup> Includes full run-rate synergies of over \$25mm

# Alpha at a Glance

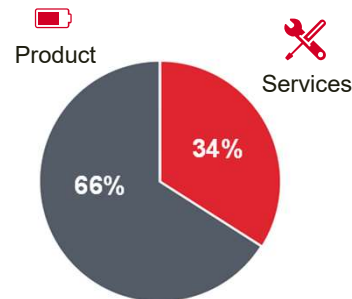
## Alpha's Value Proposition

- Provider of highly integrated power solutions and services to Broadband, Telecom, Renewable and Industrial customers
- Industry leading reputation and brand with end-to-end power solutions
- U.S. market leader with global blue-chip customer base across diverse, global and growing end markets
- Consistent growth, profitability and cash flow generation

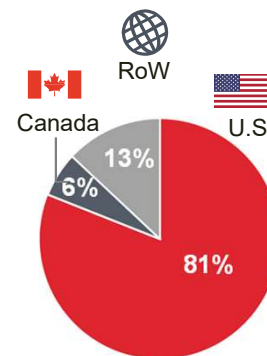
### Revenue by Segment<sup>1</sup>



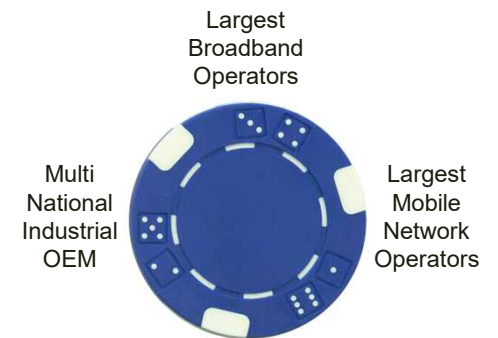
### Revenue by Solution<sup>1</sup>



### Revenue by Geography<sup>1</sup>



### Blue Chip Customers



## Key Financial Highlights

**\$636mm**  
FY19 Revenue

**12%**  
FY19 Adj.  
EBITDA Margin

**15%**  
FY18 to FY19  
Revenue Growth

**1,000+**  
Customers

**>100**  
Countries  
Sold Into

<sup>1</sup> Displays breakdown for FY2019.



## Strong Position in Broadband and Telecom



### Broadband (71% of Revenue)<sup>1</sup>

- Serving Broadband and Internet Providers Globally
- Providing products and services to support Outside Plant, Facility and Fiber Network Equipment



### Telecom (15% of Revenue)<sup>1</sup>

- Serving all major Telecommunication providers Nationwide in the U.S.
- Supporting Line Power, Central Offices, Small Cell and Base Station Power needs



### Renewable (8% of Revenue)<sup>1</sup>

- Serving residential and non-residential renewable energy providers
- Supporting energy production, storage, engineered systems and management



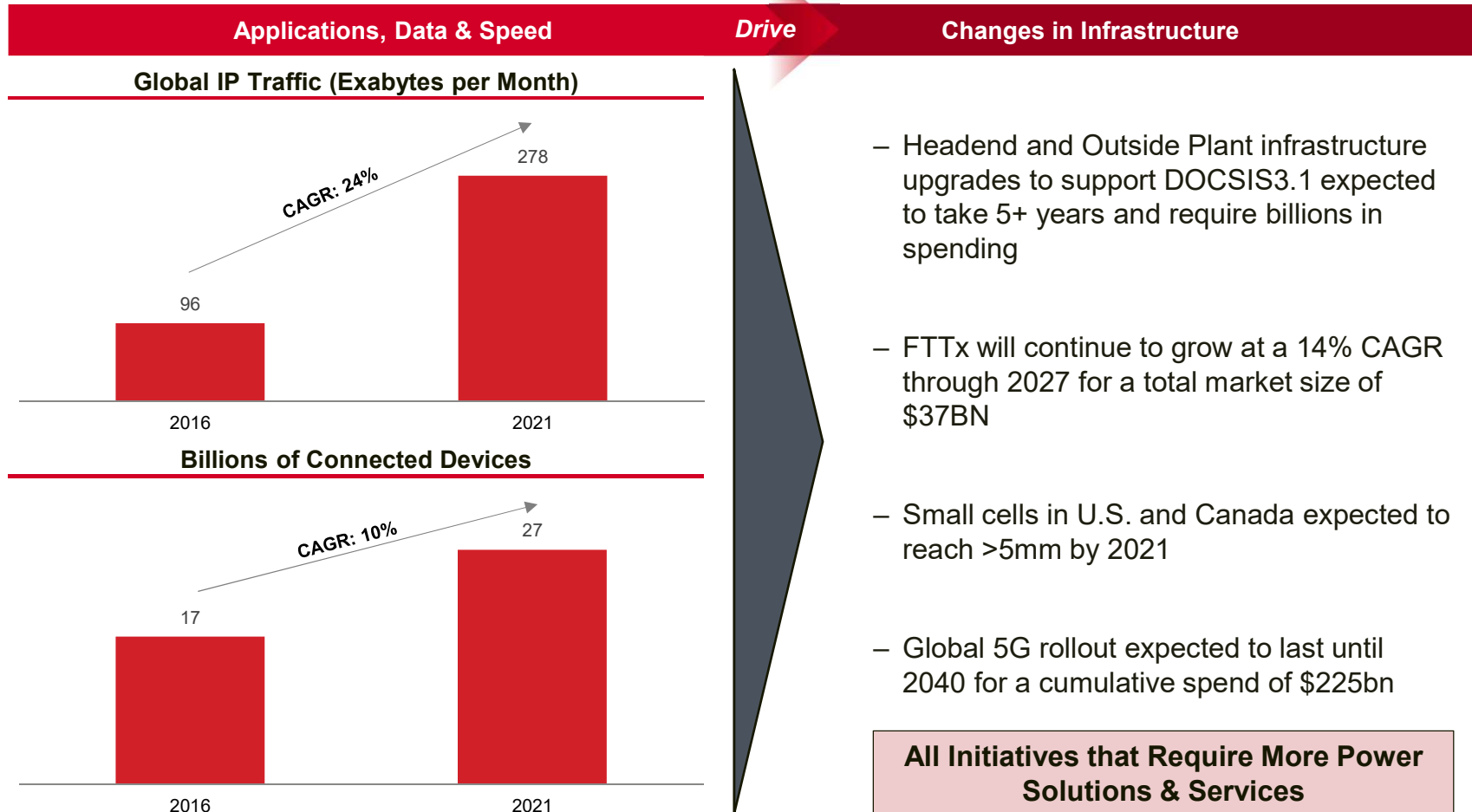
### Industrial (6% of Revenue)<sup>1</sup>

- Serving indoor and outdoor private and public industrial customers
- Providing key backup solutions for Smart City and Internet-of-Things enabled infrastructure



<sup>1</sup> As of FY19, Includes Product and Service Revenue.

# Alpha Benefits from Favorable End Markets



• Source: Cisco, Small Cell Forum, Future Market Insights, Morgan Stanley Research, Fiber Broadband Association



# Two Highly Complementary Businesses



<b>Mission</b>	<ul style="list-style-type: none"> <li>Powering the Future – Everywhere for Everyone</li> <li>The global leader in stored energy solutions for industry</li> </ul>	<ul style="list-style-type: none"> <li>Keep the world working by delivering solutions that meet today's and future power challenges</li> </ul>
<b>FY 2019</b>	\$2,647mm	\$636mm
<b>Adjusted LTM EBITDA / Margin</b>	\$328mm / 12%	\$78mm / 12% (\$101mm, 16% incl. synergies <sup>1</sup> )
<b>Distinctive Capabilities</b>	Advanced lead-acid battery capabilities, global manufacturing capabilities, global services and support capabilities	Platform designs for inverters, rectifiers and gateway devices
<b>Key End Markets</b>	Industrial Forklifts, Telecom, UPS, Fleet, Medical, Utility, Transportation, Government, Aerospace, Defense and other	Broadband, Telecom & Wireless, Renewable Energy, Industrial
<b>Customers</b>	Diversified dealers / OEMs End users	Broadband operators and wireless tower and small cell operators
<b>Employees</b>	~9,700	~1,400

**Two highly complementary platforms poised for synergy and growth acceleration**

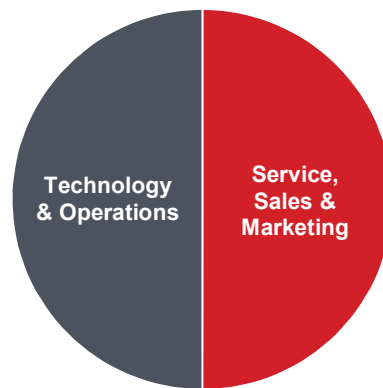
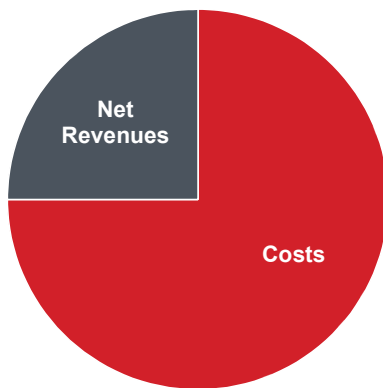
<sup>1</sup> Includes full run-rate synergies of over \$25mm

# Attractive Synergy Opportunity

FYE-March

**Estimated Annual Run-rate Synergies of \$25mm+ by 2021+**

## Approximate Synergy Breakdown by Type



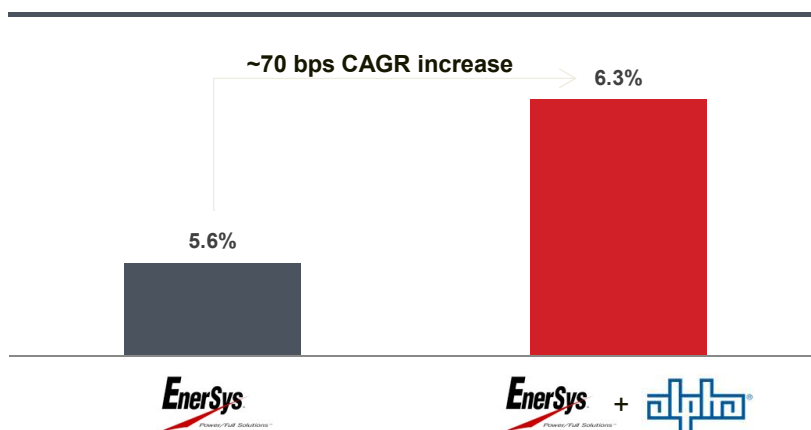
## Key Elements of Integration

- Alpha management fully-retained
- EnerSys has significant expertise in successfully integrating acquisitions
- Management teams have been cooperating in developing joint plan for a smooth integration
- Revenue synergies to consist of incremental sales from integrated DC solutions and improvement of salesforce productivity
- Cost synergies to be achieved by eliminating redundancies and increasing manufacturing scale
- 100% of run-rate synergies to be achieved within two years of close

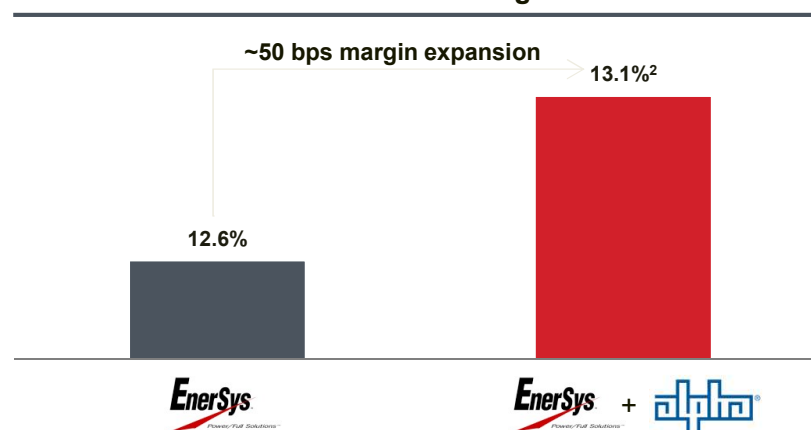
**Builds on EnerSys' Existing \$25mm Annual Savings Programs**

# Pro Forma Financial Impact

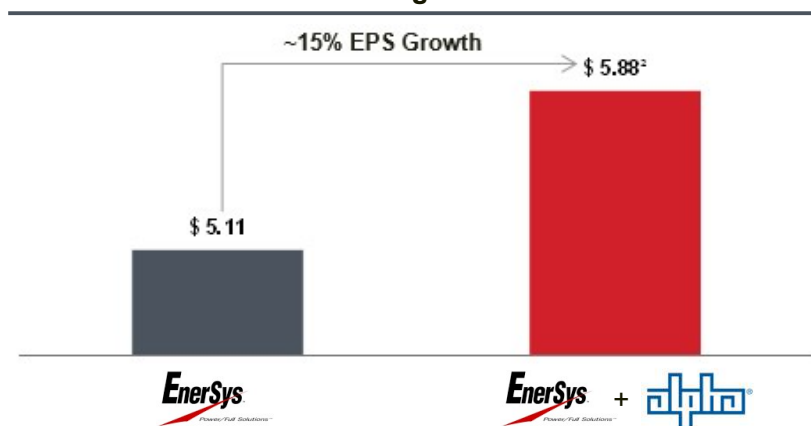
FY 2016-18A Revenue CAGR



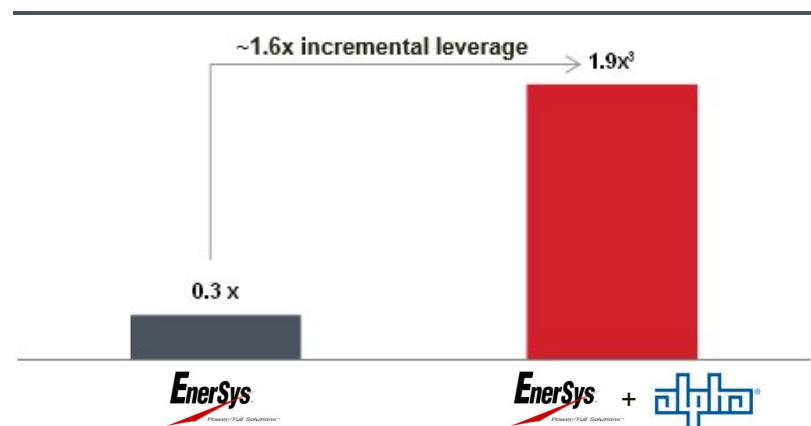
LTM EBITDA Margin



2019E Earnings Per Share<sup>1</sup>



Net Debt / LTM EBITDA



<sup>1</sup> Per IBES median estimates

<sup>2</sup> Includes full run-rate synergies

<sup>3</sup> Includes 50% run-rate synergies

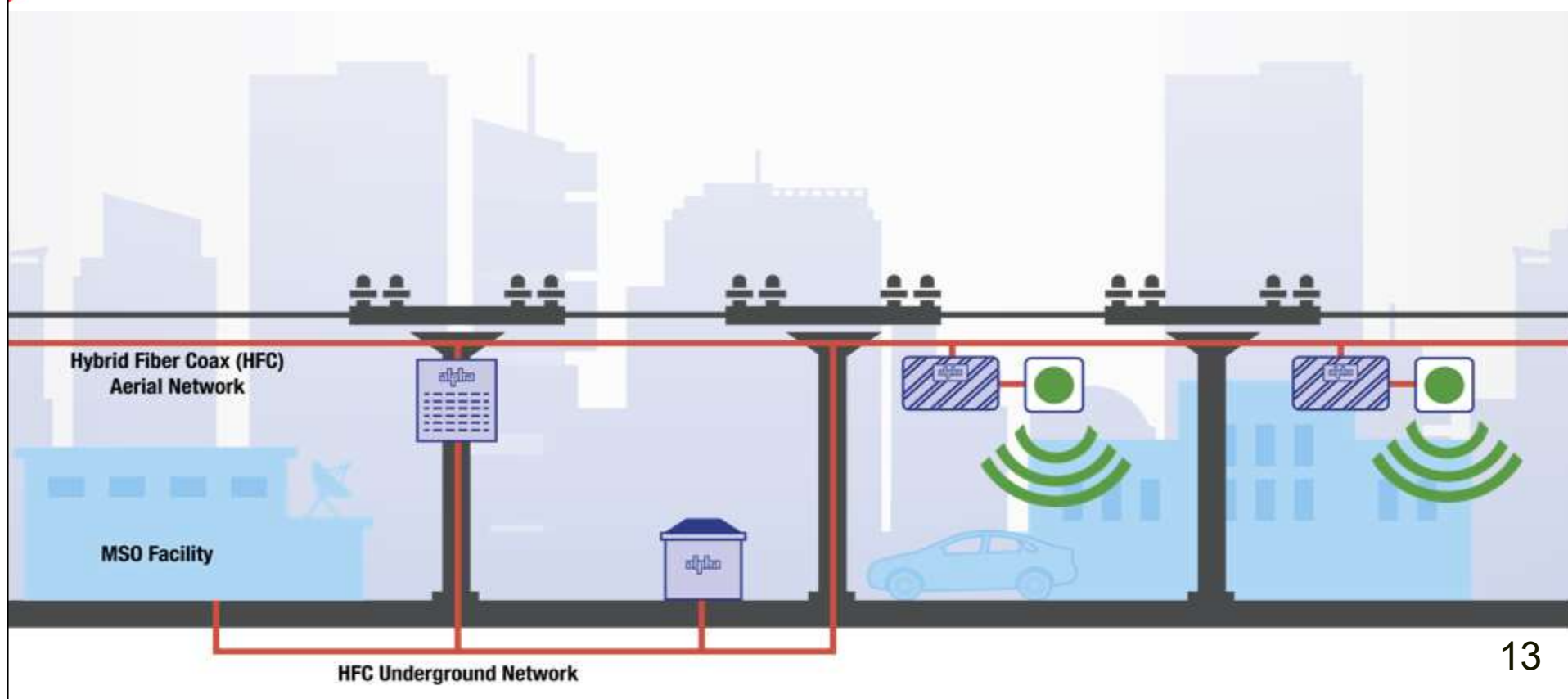
# Summary of Transaction Benefits

- ▶ North American leader in commercial-grade energy solutions for the broadband, telecom, and industrial markets, with strongly recognized brands
- ▶ Provides immediate material market share to attractive secular megatrends AND establishes an additional long-term growth platform
- ▶ Enables EnerSys to become the sole fully-integrated power and energy storage solution provider
- ▶ Complementary financial profile – accretive to near term growth and margins
- ▶ Compelling value creation through more than \$25mm of annual run-rate synergies
- ▶ Immediately accretive to earnings; EnerSys retains strong balance sheet

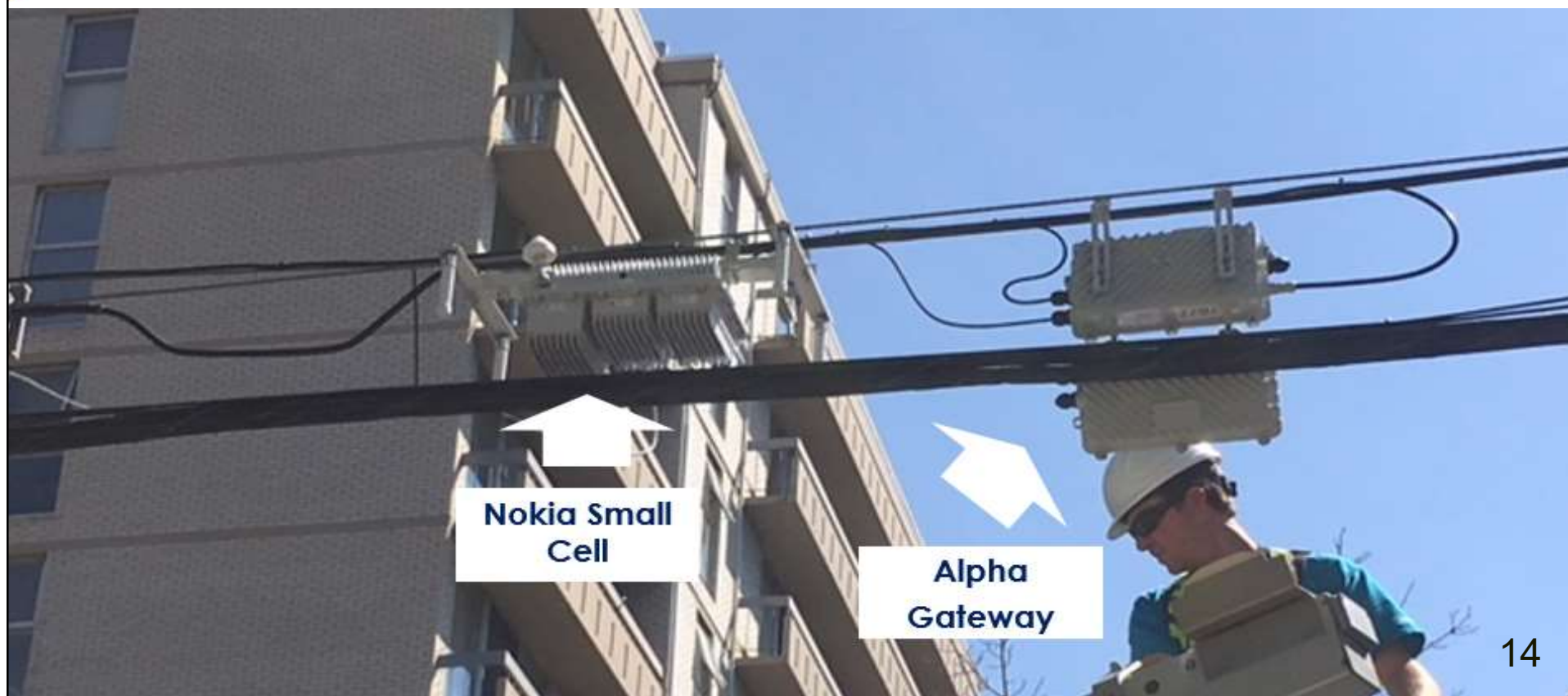


**A uniquely  
attractive  
platform for  
growth for  
ENS**

## Small Cells Powered Over HFC Network

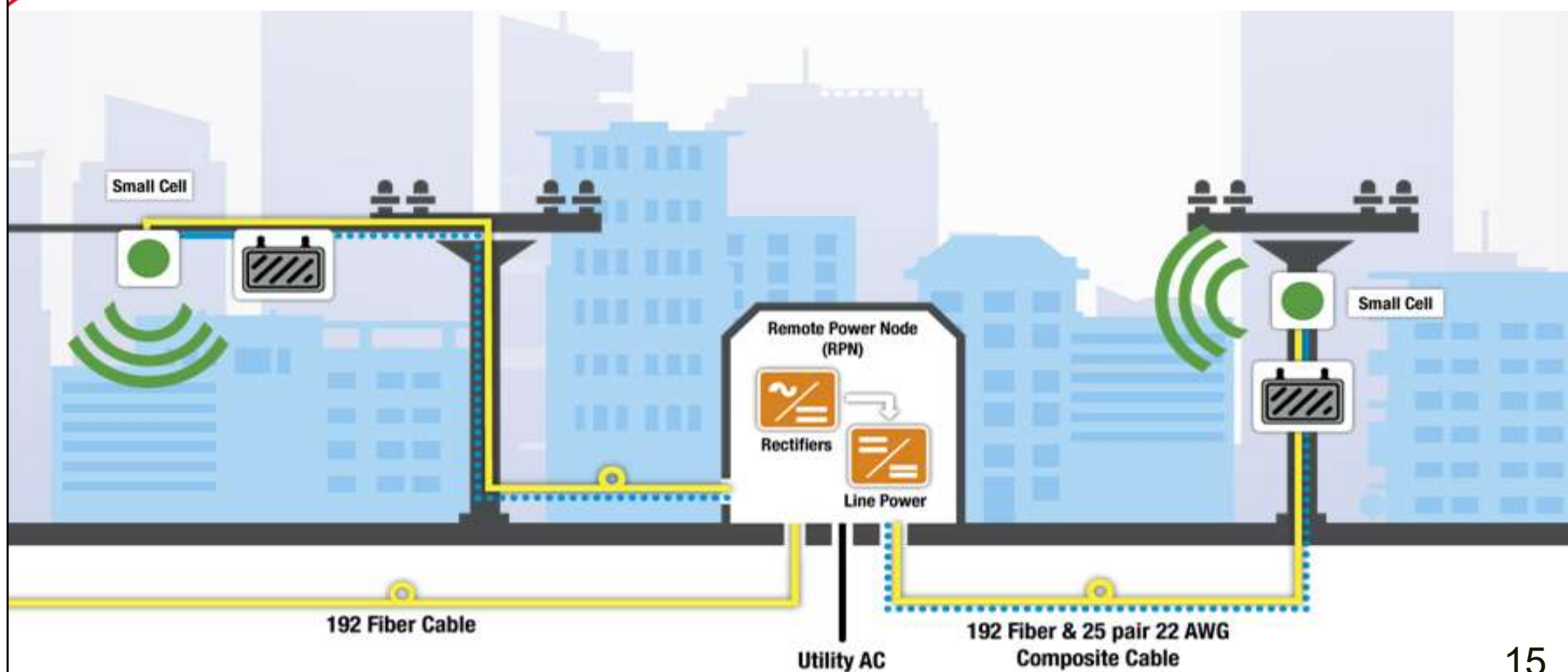


# Gateway Powered Over HFC Network

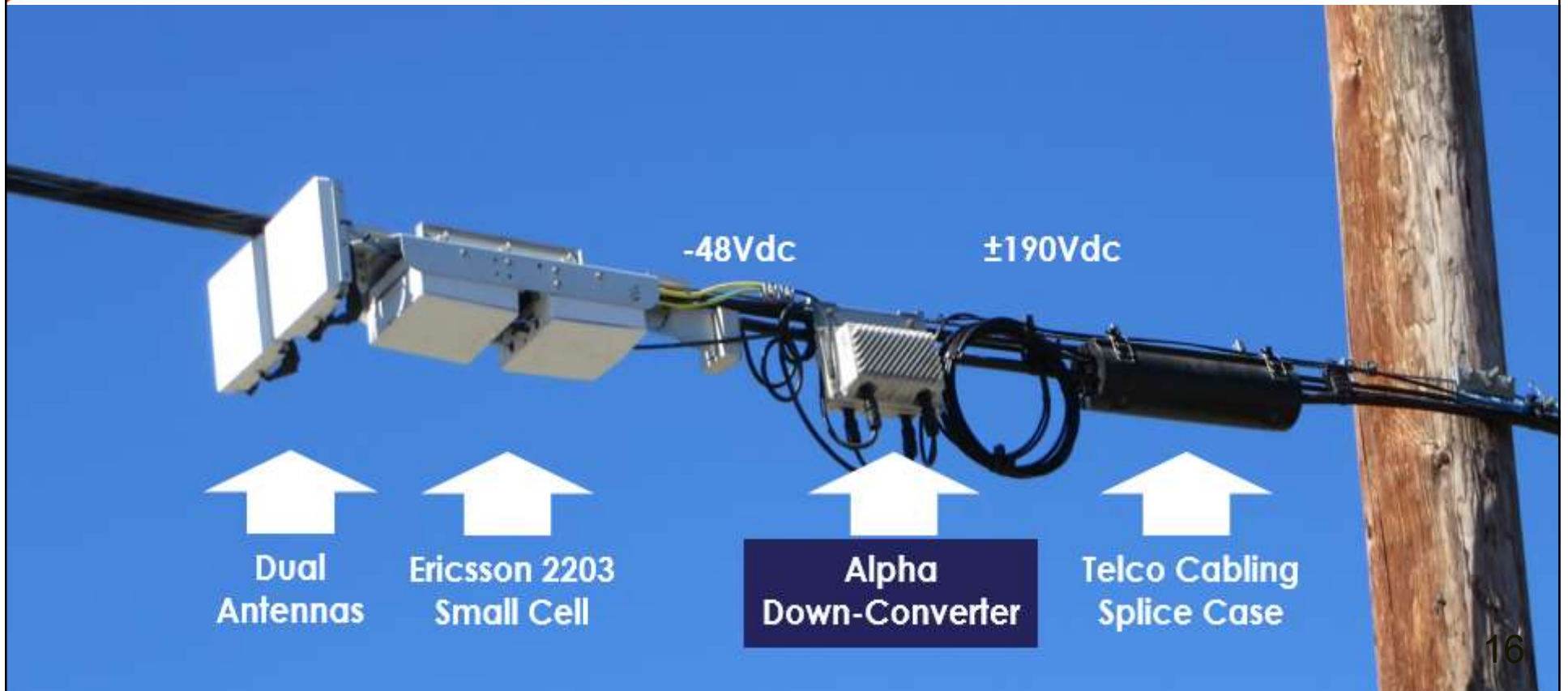


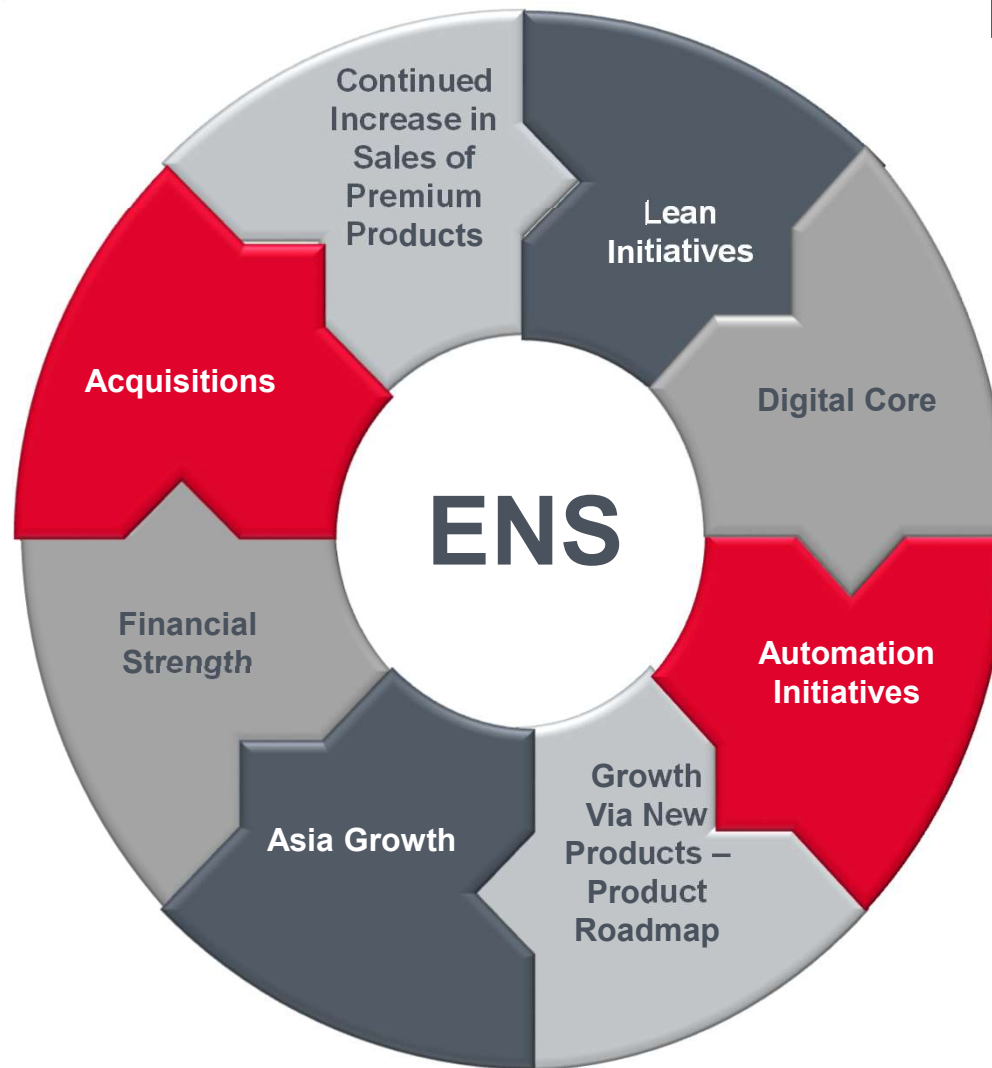


# Small Cells Powered Over Twisted Pair



## Small Cells Powered Over Twisted Pair





**Keys to our  
future  
growth and  
earnings  
expansion**



Power/Full Solutions

## The Global Leader in stored energy solutions for industrial applications

- Markets: Reserve Power, Motive Power, Aerospace & Defense
- Sales: \$2.8 billion in fiscal year 2019
- Global leader: 19% market share in CY 2017
- Customers: Over 10,000 in more than 100 countries
- Global manufacturing facilities
- Employees: 11,100 worldwide
- Sustainability: 99% recycle rate on Lead-Acid batteries

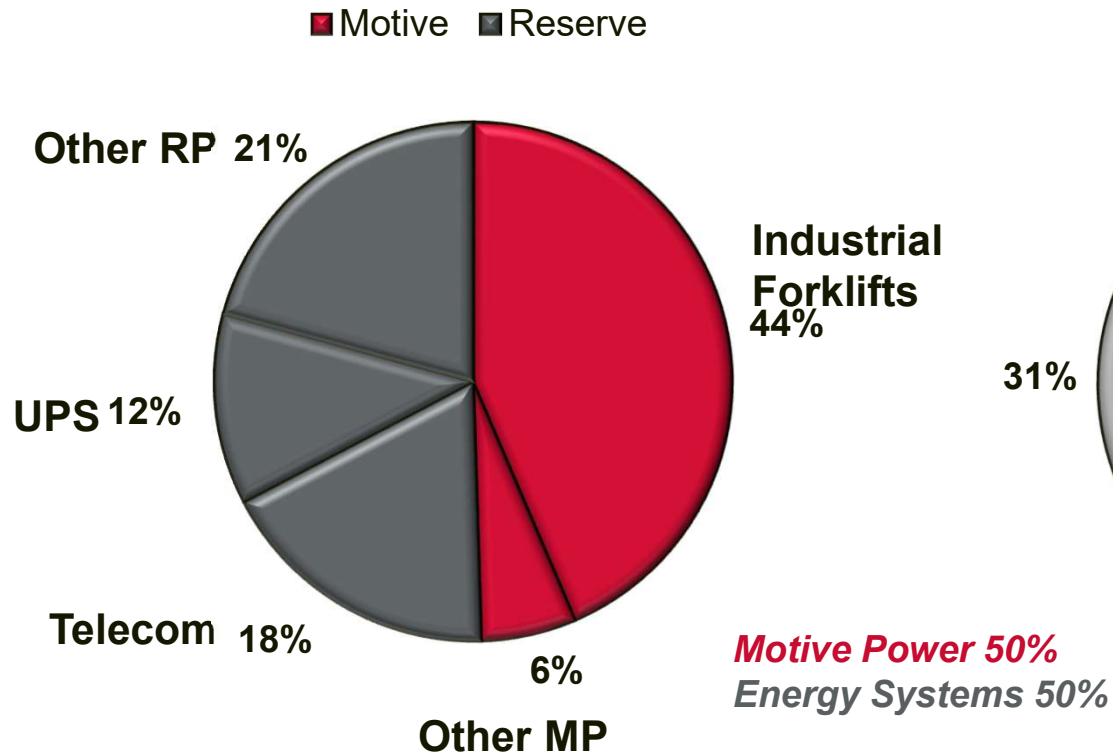
Source: BCI, Eurobat industry reports and management estimates based on the markets where EnerSys participates. Market size and share are for batteries and chargers only. It excludes the aerospace & defense and cabinet enclosures markets (each estimated at \$1 to \$2 billion).



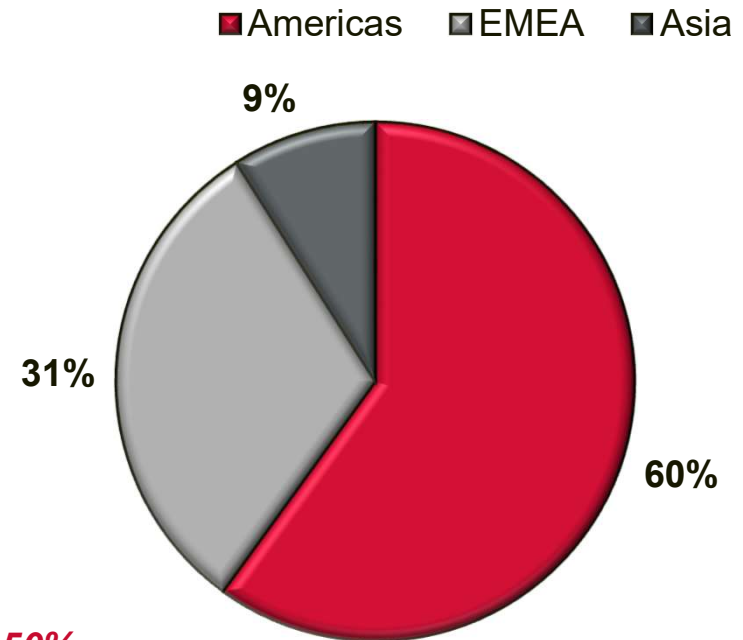
# Diversified Business Model Reduces Cyclicalty

**FY19 Net Sales of \$2.8 Billion**

## END MARKETS DIVERSIFICATION



## GEOGRAPHIC DIVERSIFICATION



Note: Other reserve power includes aerospace & defense, cabinet enclosures, utilities, emergency lighting, security systems and specialty products. Other motive power is primarily ground handling and mining equipment.

## Motive Power – Power on the move Electric forklift trucks



- Low maintenance battery
- Longer topping up intervals (4/8/13/20 weeks)



- More power, longer lifetime
- Ideal for very heavy duty applications
- Opportunity charges\*



- TPPL (thin plate pure lead) technology
- Extra fast charges
- Opportunity charges\*

\*Charging when convenient: shift change, lunch breaks, down time versus consistent 6 hour charge.



## EnerSys at ProMat 2019

- Historic level of customer attendance
- Maintenance-free was main topic



## Reserve Power - Mission-critical power on standby



### Datacenters

- Cloud
- IT Systems
- Banking & Finance
- Process Industries
- Healthcare



### Industrial UPS\*

- Oil & Gas
- Switchgear
- Distribution Substations
- Industrial Substations
- Process Industries
- Railways & Metros
- Air Transport



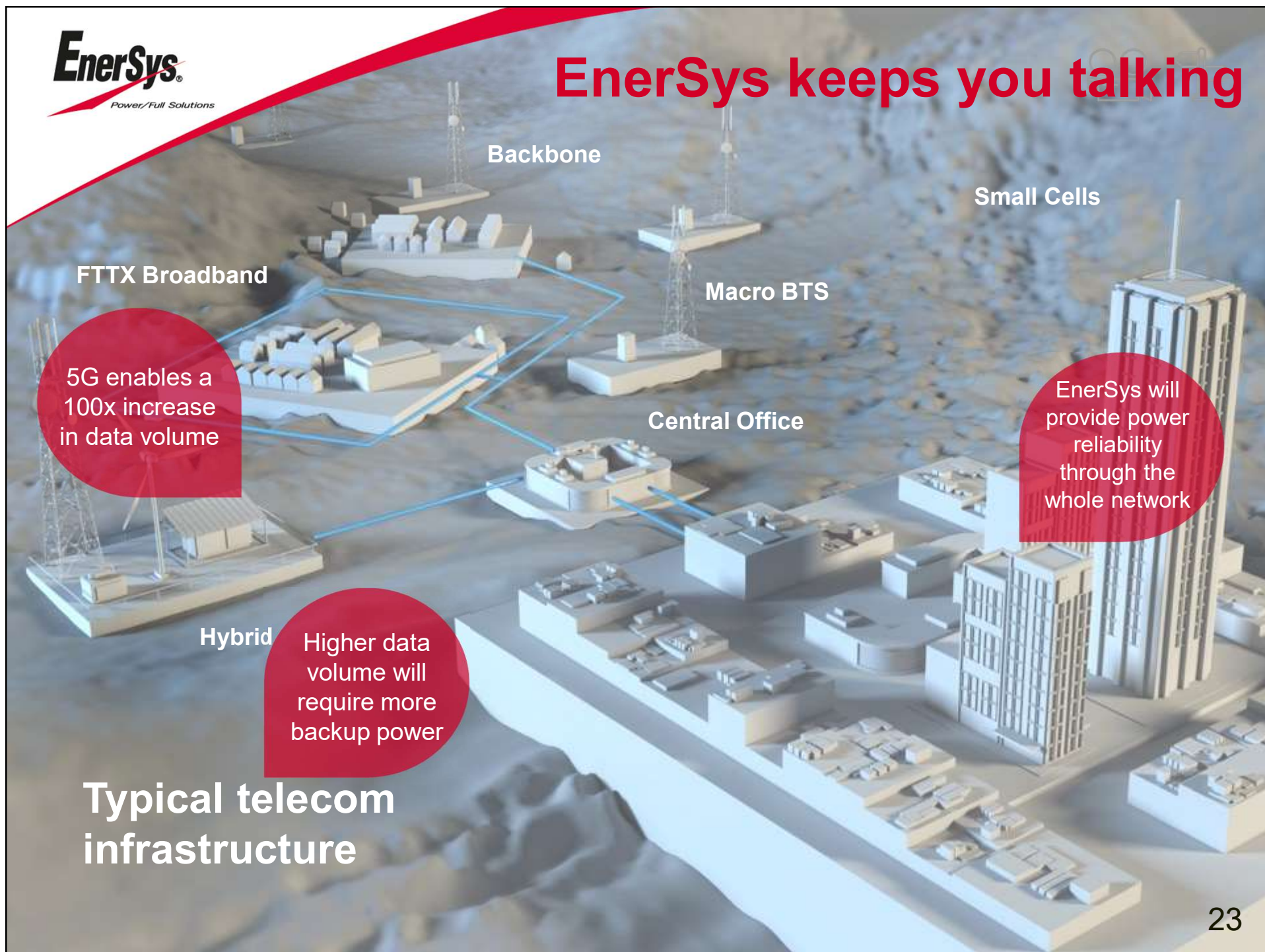
### Standard UPS\*

- Datacenters
- Power Quality
- IT Systems
- Banking & Finance
- Process Industries
- Healthcare

\*UPS: Uninterrupted Power Supply



# EnerSys keeps you talking



## Reserve Power – Key segments



### Telecom

EnerSys provides optimized solutions to reduce your energy consumption and promote the longest battery life.



### Fleet/Vehicles

Today's vehicles are loaded with more electronics.

EnerSys' battery:

- Ability to keep up with changes
- Lasts twice as long
- Handles vibrations much better

US Market – \$1 B, ENS opportunity \$300M  
EMEA Market - \$0.5+B, ENS opportunity \$150M

## Aerospace & Defense - Lines of business



### Air: Civil and military aviation

- Lead-Acid & Ni-Cd technologies, OEM, MOD and aftermarket



### Land: Storage and management

- Thin Plate Pure Lead (TPPL) technology and management systems
- OEM and replacement
- Dominant supplier



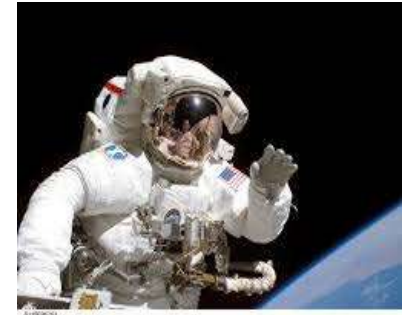
### Sea: Submarine batteries

- Flooded Lead Acid, TPPL, OEM and replacement
- Next generation product development
- Dominant Supplier

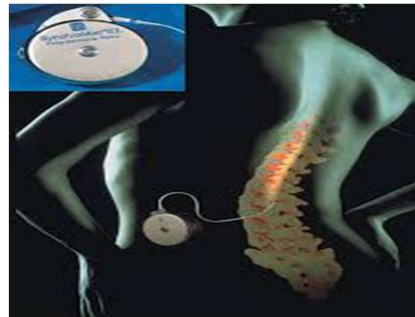


# Lithium ion Applications

## Space



## Medical



## Defense



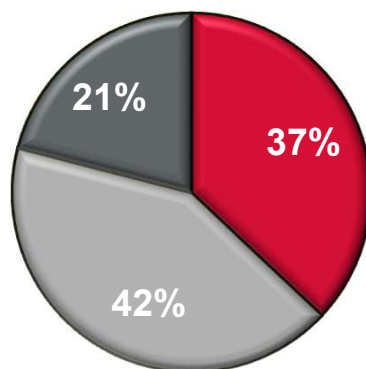


# Global Industrial Lead Acid Battery Market

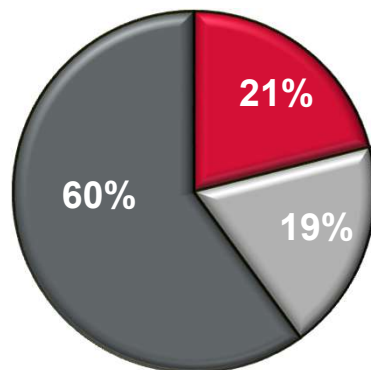
\$10.8 Billion CY 2017

## GEOGRAPHIC

■ Americas ■ EMEA ■ Asia

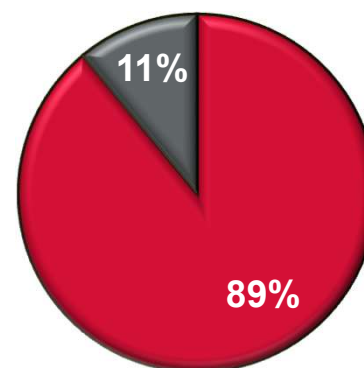


■ Americas ■ EMEA ■ Asia

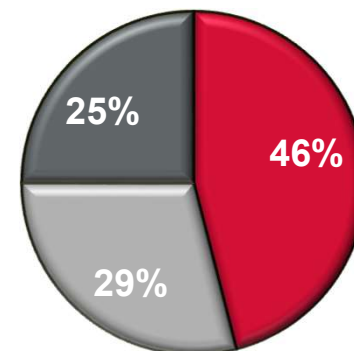


## END MARKETS

■ Industrial Forklifts ■ Other



■ Telecom ■ UPS ■ Other



**MOTIVE**  
\$3.8 Billion

**RESERVE**  
\$7.0 Billion

Note: Market size includes only the markets where EnerSys participates. Market size includes only batteries and chargers. It excludes the aerospace & defense and cabinet enclosures markets (each estimated at \$1 to \$2 billion) and service revenue.

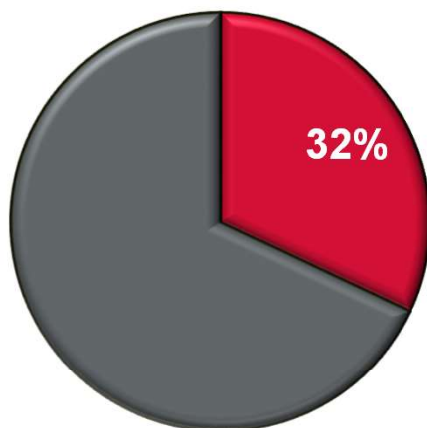
# Leading Market Positions

## #1 Worldwide Market Share 19%

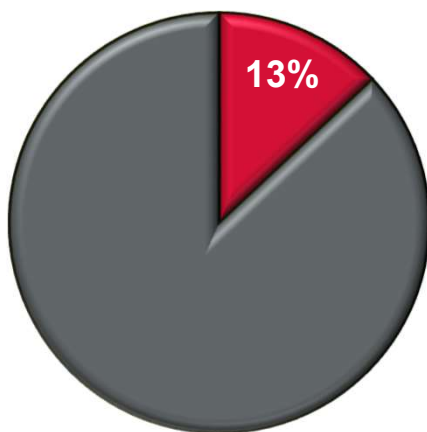
**MOTIVE**  
\$3.8 Billion

**RESERVE**  
\$7.0 Billion

**EnerSys #1**



**EnerSys #1**



**Motive - Major Competitors**

Exide	East Penn
Hoppecke	Crown Batteries

**Reserve - Major Competitors**

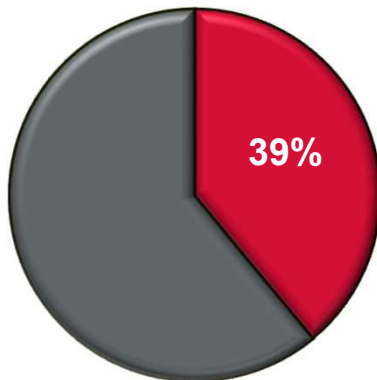
Exide	Saft
GS Yuasa	East Penn
Northstar	New Power
Narada	C&D
Coslight	Amara Raja
Exide Industries (India)	

Source: BCI, Eurobat industry reports and management estimates based on the markets where EnerSys participates. Market size and share are for batteries and chargers only. It excludes the aerospace & defense and cabinet enclosures markets (each estimated at \$1 to \$2 billion).

# Regional Market Share

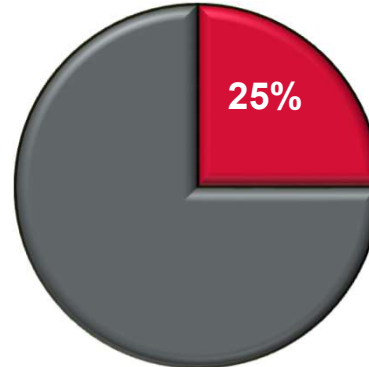
**AMERICAS**  
**\$2.9 Billion**

**EnerSys #1**



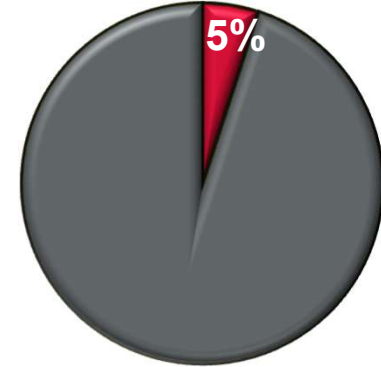
**EMEA**  
**\$2.9 Billion**

**EnerSys #1**



**ASIA**  
**\$5.0 Billion**

**EnerSys #5**



## Major Competitors

Exide  
East Penn  
Northstar  
C&D  
Crown  
New Power

Exide  
Hoppecke  
Fiamm Reserve Power  
Northstar

Coslight  
Narada  
China Shoto  
Leoch  
Vision  
Zibo

CHINA

GS Yuasa → JAPAN

Exide Industries  
Amara Raja

INDIA

# Trends expanding energy storage needs



## Backup Power Systems

- Regulation requiring renewable energy storage



## Electric Grid

- Electric grid infrastructure having trouble keeping up with ever increasing demand



## Datacenters

- Data usage increases Streaming/Facetime/Videos
- UPS architectural change to faster backup – Premium Product



## Vehicles

Trucks | Buses | Fire Engines | Police Cruisers

- Commercial fleet heavier electric loads – Truck, Emergency Response, Refrigeration, APU

# Targeted opportunities

Expand Addressable  
Market by 50%



Current Market



Future Market

Energy  
Storage  
Systems  
\$1B

Commercial  
Trucks \$2B

A&D  
\$1B

China MP  
Share \$1B



# Lean initiatives



**Relentless  
elimination  
of waste**



**Enterprise  
transformation**



**Harmonize  
factories  
worldwide**



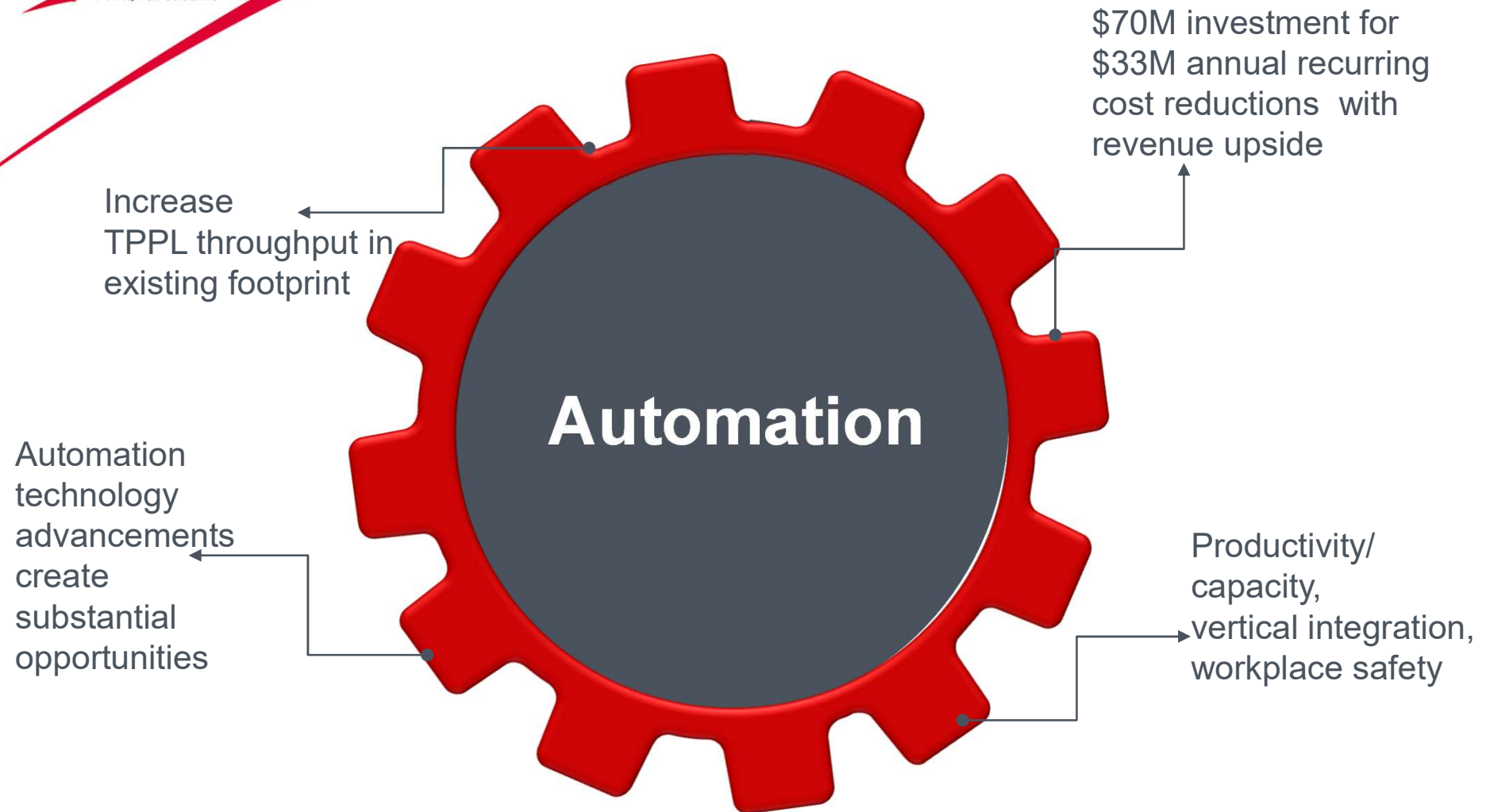
**Consultant  
support**



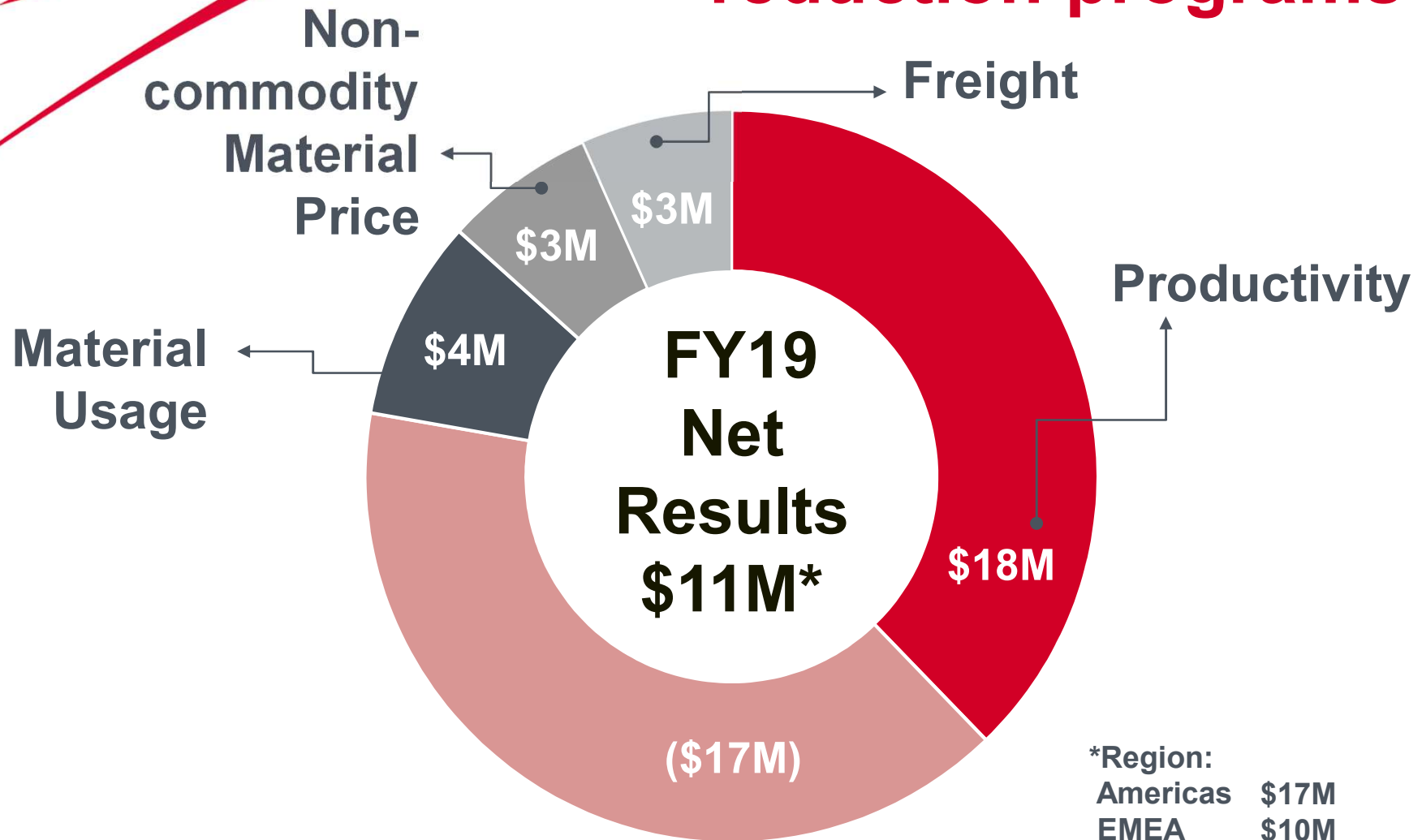
**Software  
enhancements**



# Automation initiatives



# Annual recurring cost reduction programs



\*Region:  
Americas \$17M  
EMEA \$10M  
Asia \$ 1M

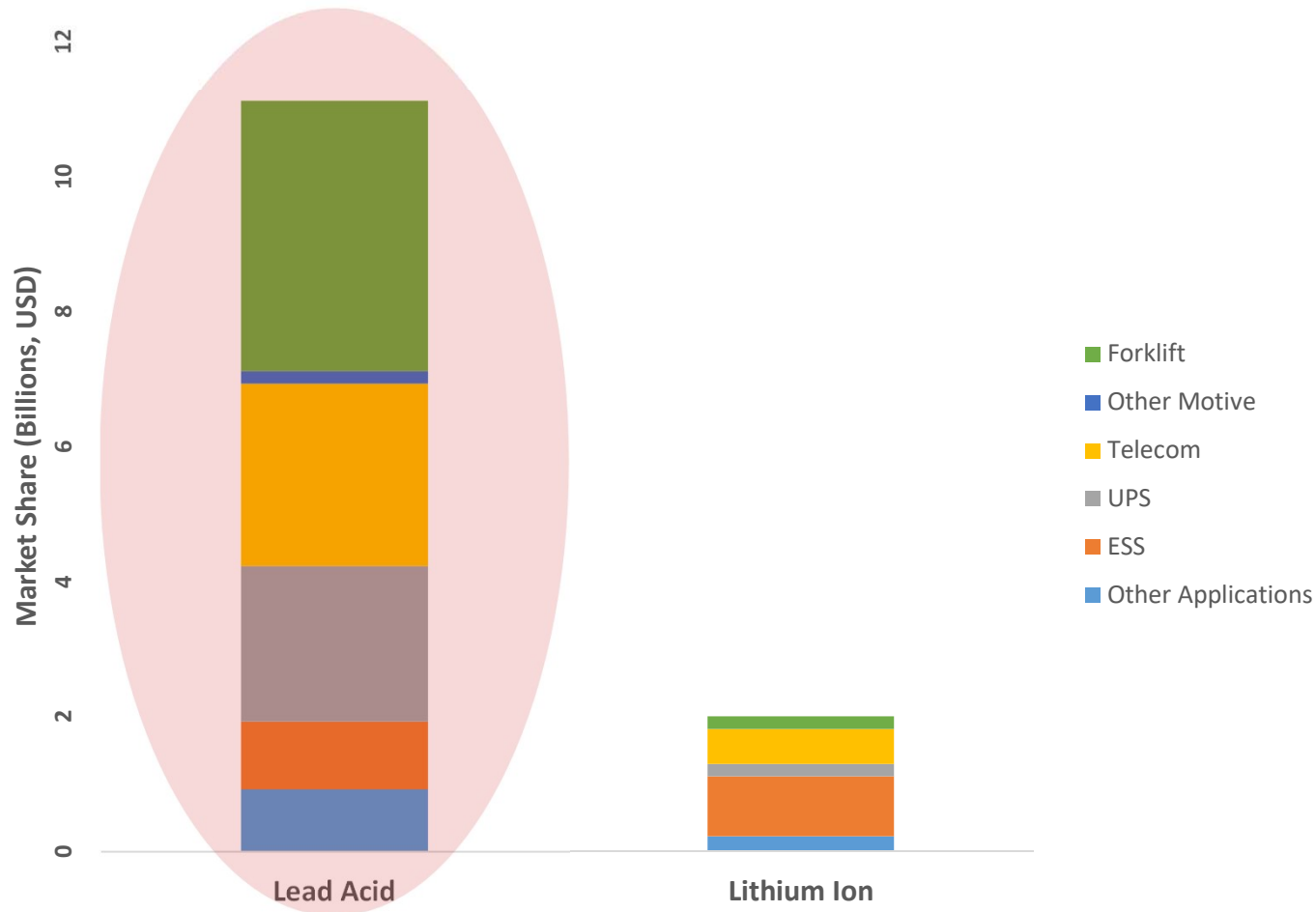
\*Above Gross Savings of \$28M excludes offsetting negative variances for China Mfg. (\$6.0M), Americas Motive Power Mfg. (\$4.0M), Direct Labor (\$4.0M), Other (\$3.0M)

# Product roadmap overview

- Continued advancement of lead technologies
- Expand lithium from A&D into broader Industrial markets
- Enhancing product portfolio for new markets including Energy Storage Systems (ESS)
- Larger emphasis on system engineering and modular kit development



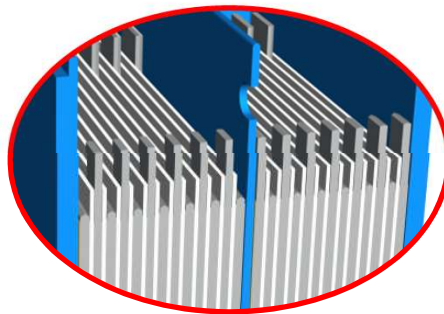
# Industrial Battery Market 2016



Worldwide Secondary Battery Market in 2015 was \$65B – Lead Acid had 90% Market Share, but Lithium had 10 Year CAGR at 22%

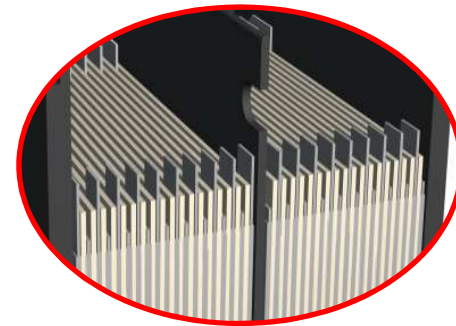
Source: Avicenne Energy 2016

## What is Thin Plate Pure Lead (TPPL)?



**Traditional**

- 13 Plates per Section
- 0.5m<sup>2</sup>
- 550Wpc

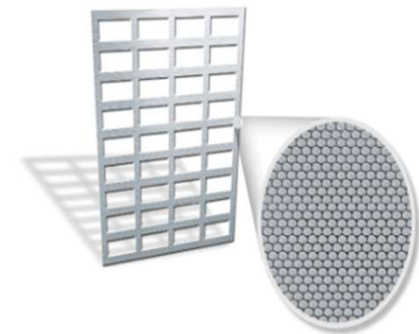


**TPPL**

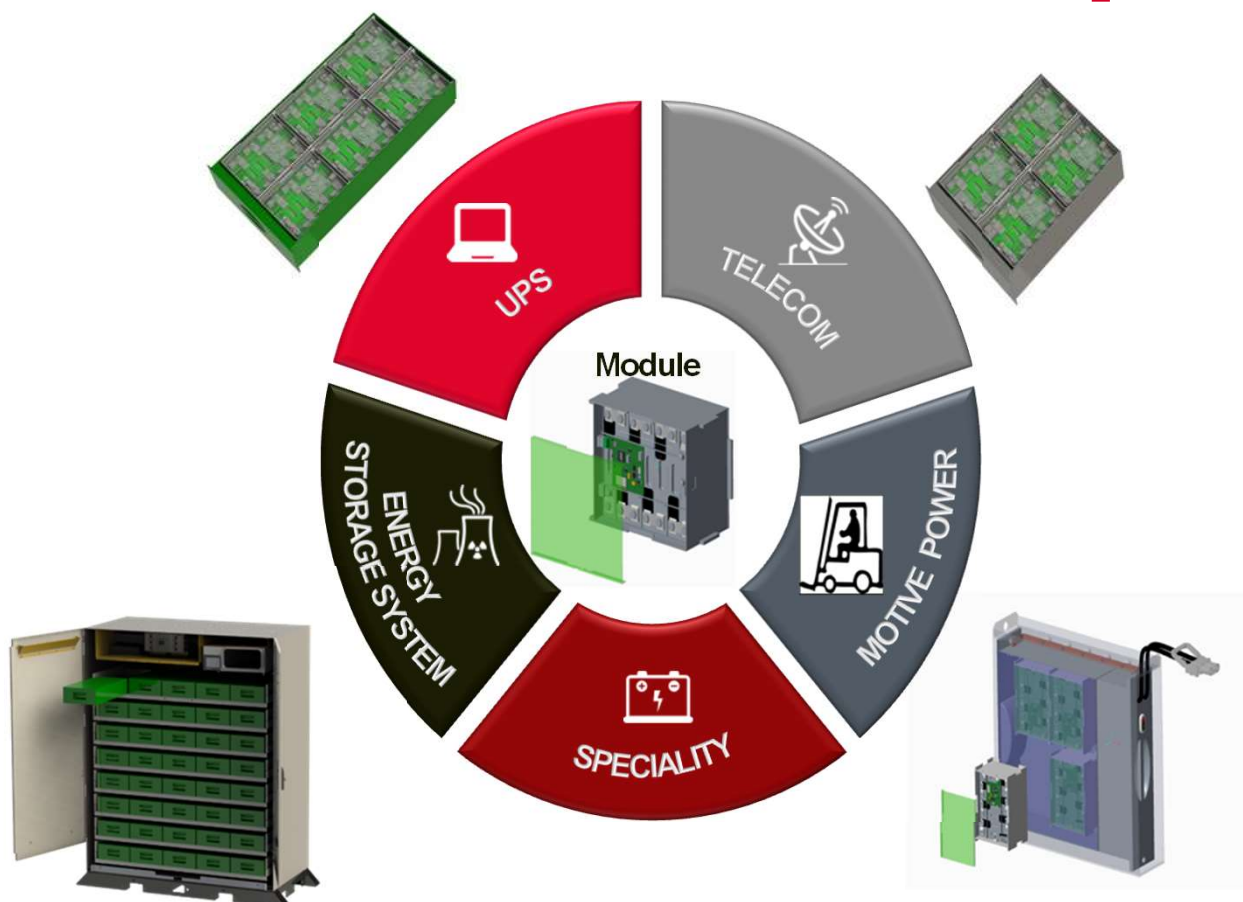
- 21 Plates per Section
- 0.8m<sup>2</sup>
- 706Wpc

## TPPL – Pure Lead Crystallography

- Thinner grids allow for a higher energy density within the same footprint
- Very fine grain structure makes the grid far more resistant to corrosion
- Promotes surface area reaction
- Dramatically lowers resistance



# Solutions **Modular Concept**





# ESS 100KW/400KWh System

## Next Generation TPPL

If the application requires

- Limited to daily partial cycling (peak shaving, demand charges)
- Space is somewhat confined
- No maintenance
- Restrictions (e.g. fire code)
- Remote monitoring



Parameter	Value
Price (USD/Wh/L)	1.13
Cycle Life (80% BoL with 80% DoD)	800
Relative Price	52%
TCO (Cents/Wh/L/Cycle)	0.14



# ESS 100KW/400KWh System

## Li-Ion System

If the application requires

- Significant cycling (PV, demand charges, high load profile)
- Space is very confined
- No maintenance
- No restrictions (e.g. fire code)
- Remote monitoring



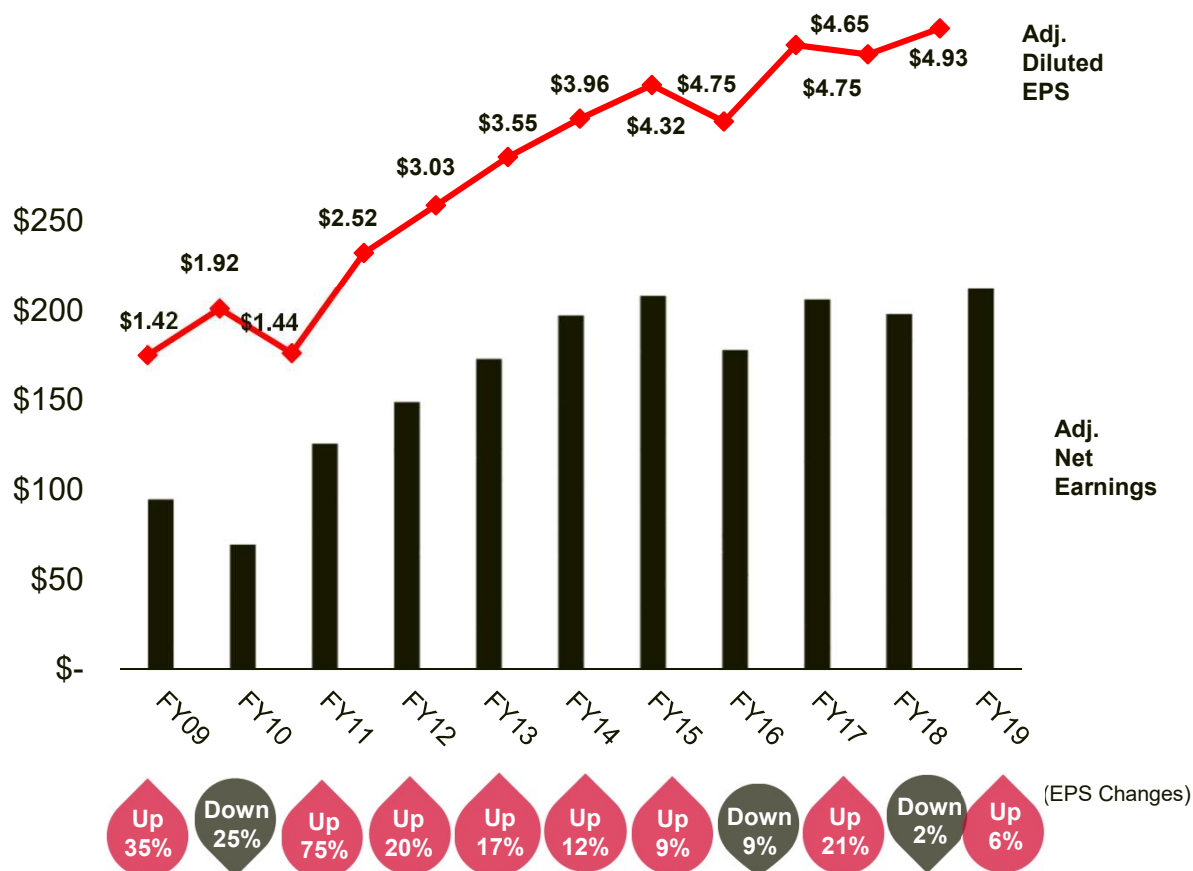
Parameter	Value
Price (USD/Wh/L)	2.56
Cycle Life (80% BoL @ 100% DoD)	6000
Relative Price	118%
TCO (Cents/Wh/L/Cycle)	0.04

# Historical earnings improvements

Adj. Net Earnings / Diluted EPS (\$ in Millions, except per share information)

## Earnings drivers

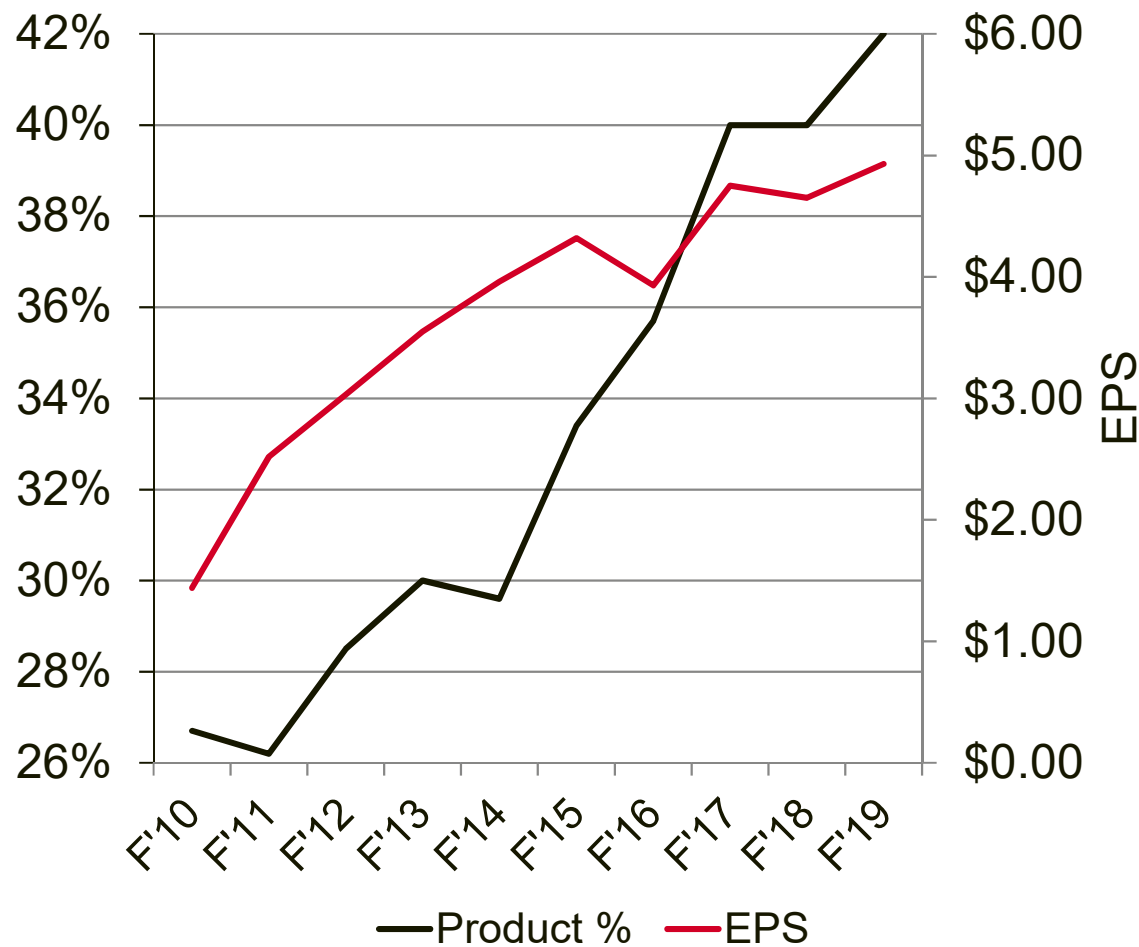
- Increased sales mix of premium products
- Restructuring cost savings
- Market leadership



Note - Adjusted earnings results exclude highlighted items.  
FY19 includes Alpha.

## Increasing premium products mix

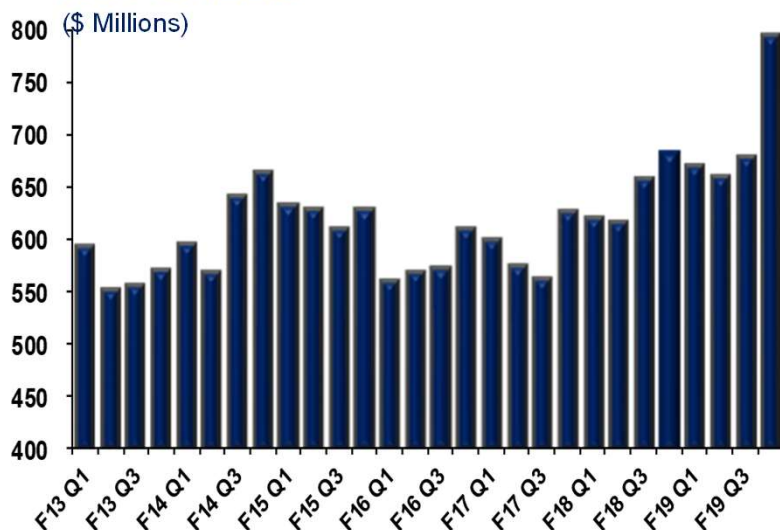
- Thin Plate Pure Lead – Telecom, UPS, A&D, Motive Power
- Premium Motive Power - Ironclad
- Modular Chargers
- Battery Management Systems
- Lithium – A&D



Note - Adjusted earnings results exclude highlighted items.  
FY19 includes Alpha.

# Net sales & gross profit margin

## NET SALES

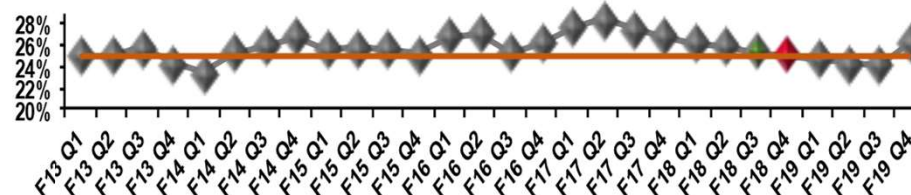


### Notes:

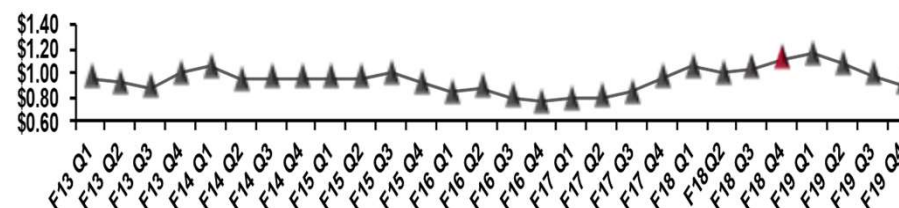
- LME and Euro are set to our P&L basis.
- \$ amounts are in average actual rates

\* F19 includes Alpha

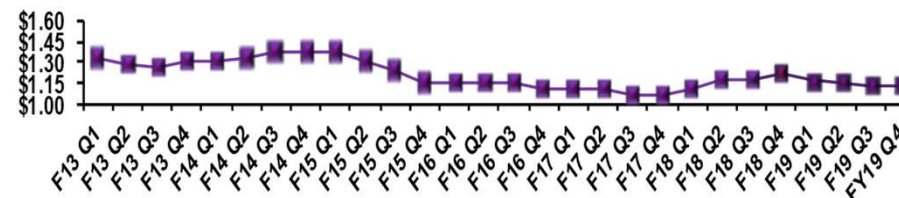
## ACTUAL GP %



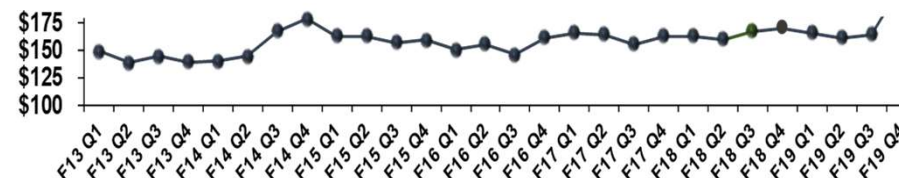
## LME



## EURO



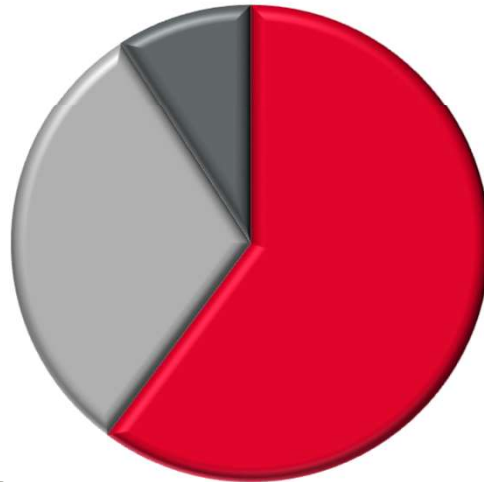
## GP \$



# Driving long term operating earnings balance

Revenue FY 2019

- Americas
- EMEA
- Asia

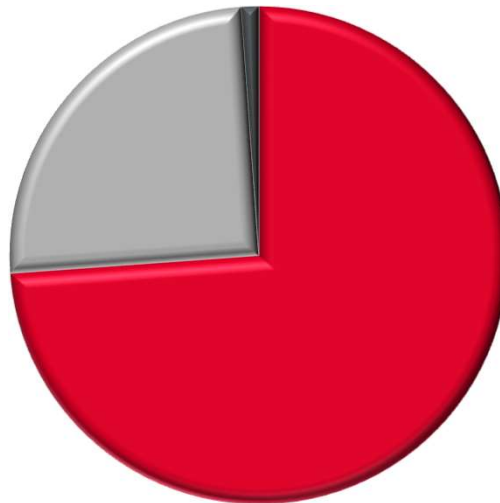


Revenue FY 2021

\$ 2.8 →

- ~ 4 % Organic CAGR
- Improved regional balance
- M&A TBD

Op Earnings FY 2019



\$ 0.3 →

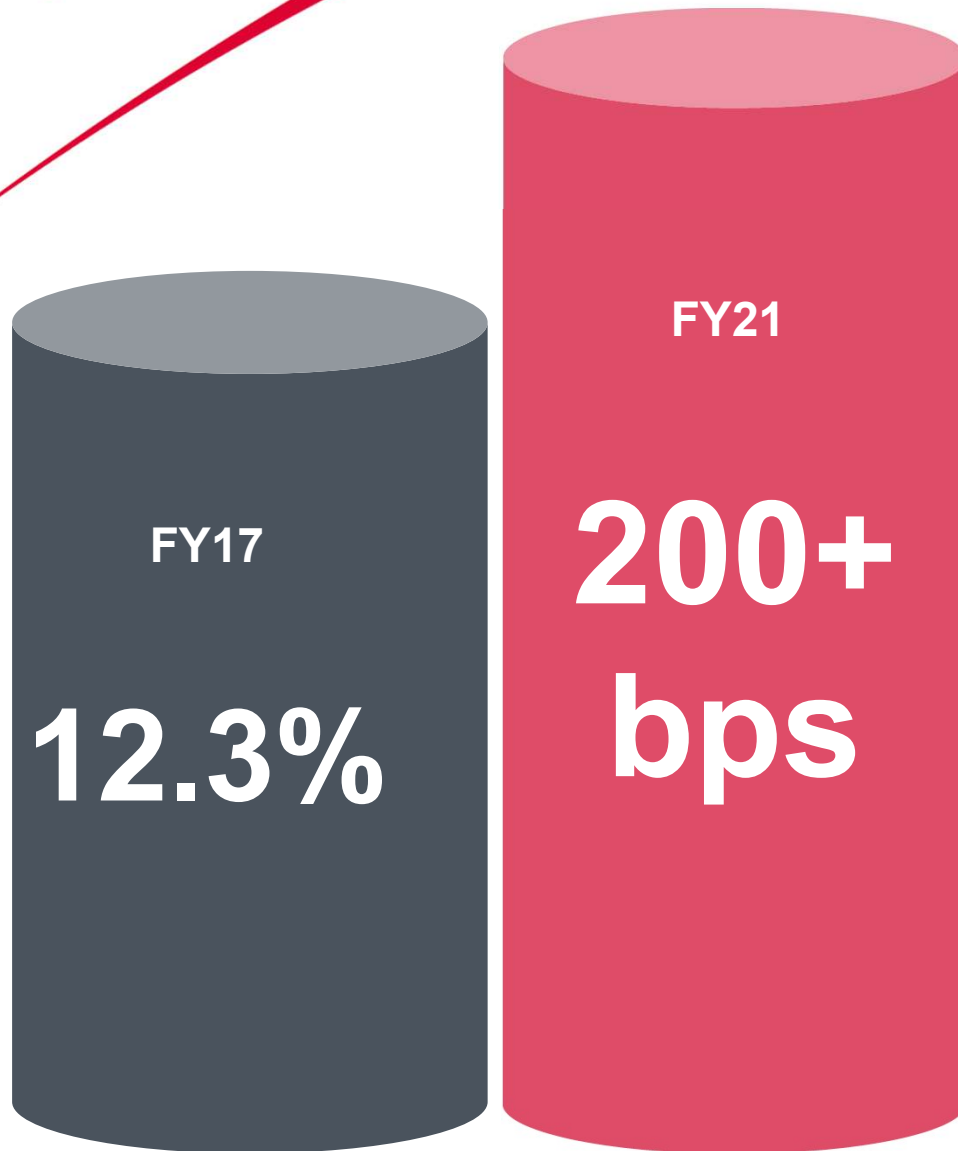
- 8-10 % Organic CAGR
- ~ 200 bps improvement

(\$ Billions)

Note: Adjusted operating earnings results exclude highlighted items.



## Operating margin expansion



- Organic Growth
- Premium Mix
- Lean Initiatives
- New Products

Note: Adjusted operating earnings results exclude highlighted items.