



## ***4<sup>th</sup> Quarter Earnings Conference Call***

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***May 27, 2021***

## **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 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," set forth in our Annual Report on Form 10-K for the fiscal quarter ended March 31, 2021, 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 May 26, 2021, which is located on our web site at [www.enersys.com](http://www.enersys.com).

# Sales & Earnings Grew Despite Unprecedented Challenges

- EPS of \$1.30, near top end of guidance
- Energy Systems saw customer delays in higher margin business from availability and higher input costs
- Motive Power and Specialty businesses are accelerating
- Operating Cashflow generation record of \$358M, leverage at 1.7x
- Post Covid demand surge

***All our businesses positioned to take advantage of tremendous market opportunities***

# Energy Systems

➔ Input cost pressures from tariffs, commodity prices & higher freight costs

- Telcos pursuing mid spectrum 5G build out facing shortages of electrical components and labor
- MSO's building own wireless networks
- Renewables continue to expand with legislative push
- Industrial / Utility business lines are seeing favorable trends for infrastructure
- Datacenter markets improving as COVID site restrictions are lifted
- Spectrum auctions big outlays may delay increased capex for 5G

***Order book is strong; need to manage supply chain & shortages***

# Motive Power

➔ OEMs struggled to meet increase in demand

- Backlog up 24+% yr/yr due to pent up demand, continued global recovery and re-openings.
  - April WITS data shows trailing 3 month forklift truck orders up 86% over prior year but OEM shipments have actually declined slightly in 2021
- Margin expansion due to sales of higher margin products and opex flexing
- We launched our NexSys® Ion this quarter with good initial acceptance
- Facing supply chain issues and inflation pressures countered with price increases
- Richmond now running smoothly; Hagen restructuring starting to pay off

***Fulfill growing demand while overcome supply issues and offset inflation***

**ONE SUPERIOR EXPERIENCE**  
**TWO ADVANCED TECHNOLOGIES**

**NexSys<sup>®</sup> iON**  
ADVANCED LITHIUM-ION TECHNOLOGY  
FOR MEDIUM- TO HEAVY-DUTY USE

**NexSys<sup>®</sup> PURE**  
ADVANCED THIN PLATE PURE LEAD (TPPL) TECHNOLOGY  
FOR LIGHT- TO MEDIUM-DUTY USE

# Specialty

➔ Transportation widespread demand, A&D another strong quarter

- Record Transportation orders up +47% year / year, OEM class 8 seeing strong recovery
  - Odyssey added big box retailers
- A&D strong execution on submarine, tactical vehicles and munitions; \$30 space contract wins
  - Future opportunities as key competitor reducing production coverage
- Added 2<sup>nd</sup> shift to TPPL line to support maxed out TPPL supply
  - Issues include staff retention, training and supervision and labor shortage

***Focus on growing production, resin supply issues and some inflation***

# **BESS + DC Fast Charge Station**

→ 285kWh prototype at EnerSys Technology Center

- Energy Storage and Fast Charging station constructed at the Technology Center
- System largely made from existing modules and technology
- 75 motive lithium modules were integrated to provide 285kWh of storage
- Full functionality has been demonstrated



# Our Strategy Remains Unchanged

→ From 2019 Investor Day messages

1. Accelerate higher margin Motive Power sales with NexSys®
2. Grow the Energy Systems product portfolio with fully integrated DC power systems and small cell 5G powering solutions
3. Increase Transportation market share by growing output of heavy truck and premium SLI with TPPL
4. Reduce waste through roll out of EnerSys Operating System
5. Introduce BESS + DC fast charge offerings

***EnerSys is working to address supply & cost pressures***



# 4<sup>th</sup> Quarter Fiscal 2021 Results

(\$ Millions)

	Q4 F'21	Q3 F'21	Q4 F'20
SALES	\$813.5	\$751.1	\$781.1
GROSS PROFIT	197.3 (24%)	189.3 (25%)	198.8 (25%)
OP EARNINGS \$	\$78.4	\$78.4	\$71.0
OP EARNINGS %	9.6%	10.4%	9.1%
EPS	\$1.30	\$1.27	\$1.11

Presented on an as adjusted basis.

# F'21 4<sup>th</sup> Qtr. YoY Sales

## By Line of Business & Region

(\$ Millions)

	F'21 Q4	F'20 Q4	Fav/(Unfav)		Volume	Price	M&A	Fx
			\$	%				
Energy Systems	\$349	\$315	\$34	11%	12%	-3%	-	2%
Motive Power	\$333	\$353	(\$20)	-6%	-8%	-1%	-	3%
Specialty	\$132	\$114	\$18	16%	16%	-2%	-	2%
<b>Total Net Sales</b>	<b>\$814</b>	<b>\$782</b>	<b>\$32</b>	<b>4%</b>	<b>4%</b>	<b>-2%</b>	<b>-</b>	<b>2%</b>

  

	F'21 Q4	F'20 Q4	Fav/(Unfav)		Volume	Price	M&A	Fx
			\$	%				
Americas	\$557	\$537	\$19	4%	6%	-2%	-	-
EMEA	\$203	\$199	\$4	2%	-3%	-3%	-	8%
Asia	\$55	\$46	\$9	19%	9%	0%	-	10%
<b>Total Net Sales</b>	<b>\$814</b>	<b>\$782</b>	<b>\$32</b>	<b>4%</b>	<b>4%</b>	<b>-2%</b>	<b>-</b>	<b>2%</b>

Rounding may cause minor differences.

Highlighted items are referenced in management presentation.

# F'21 4<sup>th</sup> Qtr. Sequential Sales By Line of Business & Region

(\$ Millions)

			Fav/(Unfav)	
	F'21 Q4	F'21 Q3	\$	%
Energy Systems	\$349	\$337	\$12	3%
Motive Power	\$333	\$304	\$28	9%
Specialty	\$132	\$109	\$23	21%
<b>Total Net Sales</b>	<b>\$814</b>	<b>\$751</b>	<b>\$62</b>	<b>8%</b>
[ 9% Organic, 0% Acquisitions, -1% Price, 0% Fx ]				
			Fav/(Unfav)	
	F'21 Q4	F'21 Q3	\$	%
Americas	\$557	\$499	\$57	12%
EMEA	\$203	\$194	\$9	5%
Asia	\$55	\$58	(\$4)	-7%
<b>Total Net Sales</b>	<b>\$814</b>	<b>\$751</b>	<b>\$62</b>	<b>8%</b>
[ 9% Organic, 0% Acquisitions, -1% Price, 0% Fx ]				

Rounding may cause minor differences.

Highlighted items are referenced in management presentation.

# F'21 4<sup>th</sup> Qtr. Operating Earnings by LoB

(\$ Millions)

Year Over Year	F'21 Q4	F'20 Q4	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>				
Energy Systems	\$9.1	\$13.0	(\$3.9)	-30%
	2.6%	4.1%		
Motive Power	51.9	44.6	\$7.2	16%
	15.6%	12.6%		
Specialty	17.4	13.3	\$4.0	30%
	13.2%	11.7%		
Total Operating Earnings	\$78.4	\$71.0	\$7.4	10%
As % Net Sales	9.6%	9.1%		
Sequential	F'21 Q4	F'21 Q3	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>				
Energy Systems	\$9.1	\$24.8	(\$15.7)	-63%
	2.6%	7.4%		
Motive Power	51.9	40.5	\$11.4	28%
	15.6%	13.3%		
Specialty	17.4	13.1	\$4.3	33%
	13.2%	11.9%		
Total Operating Earnings	\$78.4	\$78.4	(\$0.0)	0%
As % Net Sales	9.6%	10.4%		

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

Highlighted items are referenced in management presentation.

# F'21 4<sup>th</sup> Qtr. Net Earnings and EPS

(\$ Millions, Except Per Share Amounts)

	F'21 Q4	F'20 Q4	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>	\$78.4	\$71.0	\$7.4	10%
As % Net Sales	9.6%	9.1%		0.5 Pts.
<b>Book Tax Rate</b>	19%	18%		
<b>Net Earnings</b>	\$56.5	\$47.5	\$9.0	19%
As % Net Sales	6.9%	6.1%		0.8 Pts.
<b>EPS diluted</b>	\$1.30	\$1.11	\$0.19	17%
<b>Avg. Diluted Shares Outstanding</b> (Millions)	43.588	42.922	(.666)	-2%

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

Highlighted items are referenced in management presentation.

# F'21 Sales By Line of Business & Region

(\$ Millions)

	F'21	F'20	Fav/(Unfav)					
			\$	%	Volume	Price	M&A	Fx
<b>Energy Systems</b>	\$1,380	\$1,357	\$23	2%	0%	-1%	2%	1%
<b>Motive Power</b>	\$1,164	\$1,348	(\$184)	-14%	-14%	-1%	-	1%
<b>Specialty</b>	\$434	\$382	\$52	14%	8%	-1%	6%	1%
<b>Total Net Sales</b>	<u>\$2,978</u>	<u>\$3,088</u>	<u>(\$110)</u>	<u>-4%</u>	<u>-5%</u>	<u>-1%</u>	<u>2%</u>	<u>-</u>
<b>Americas</b>	\$2,027	\$2,082	(\$56)	-3%	-3%	-1%	2%	-1%
<b>EMEA</b>	\$727	\$787	(\$60)	-8%	-13%	-1%	2%	4%
<b>Asia</b>	\$224	\$218	\$6	3%	0%	0%	-	3%
<b>Total Net Sales</b>	<u>\$2,978</u>	<u>\$3,088</u>	<u>(\$110)</u>	<u>-4%</u>	<u>-5%</u>	<u>-1%</u>	<u>2%</u>	<u>-</u>

Rounding may cause minor differences.

# F'21 Net Earnings and EPS

(\$ Millions, Except Per Share Amounts)

	F'21	F'20	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>	\$284.2	\$287.3	(\$3.1)	-1%
As % Net Sales	9.5%	9.3%		(0.2)Pts.
<b>Book Tax Rate</b>	18%	18%		
<b>Net Earnings</b>	\$194.1	\$200.6	(\$6.5)	-3%
As % Net Sales	6.5%	6.5%		0.0 Pts.
<b>EPS diluted</b>	\$4.49	\$4.68	(\$0.19)	-4%
<b>Avg. Diluted Shares Outstanding</b>	43.224	42.897	(.328)	-1%
(Millions)				

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

Highlighted items are referenced in management presentation.

# Financial Position Highlights

(\$ Millions)

	Fiscal Year 2021	Fiscal Year 2020
Cash & Cash Equivalents	\$451.8	\$327.0
Net Debt (Gross Debt – Investments)	\$684.3	\$950.8
Net Cash from Operations YTD	\$358.4	\$253.4
Capital Expenditures YTD	\$70.0	\$101.4
Leverage Ratio (per US Credit Agreement)	1.7X	2.25X
Primary Working Capital as a % of Sales	24.5%	26.7%

 Highlighted items are referenced in management presentation.