



## ***2<sup>nd</sup> Quarter Earnings Conference Call***

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***November 7, 2019***

## **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 September 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 November 6<sup>th</sup>, 2019, which is located on our web site at [www.enersys.com](http://www.enersys.com).

# Updates

- **NorthStar Acquisition**
- **Richmond, KY Fire**
- **Investor Day** <https://investor.enersys.com/events-presentations>

# 2<sup>nd</sup> Quarter Fiscal 2020 Results

(\$ Millions)

	w/Alpha Q2 F'20	Legacy ENS Q2 F'20	Legacy ENS Q2 F'19
<b>SALES</b>	<b>\$762.1</b>	<b>\$616.1</b>	<b>\$660.5</b>
<b>GROSS PROFIT \$</b>	<b>\$197.3</b>	<b>\$153.6</b>	<b>\$160.9</b>
<b>OP EARNINGS \$</b>	<b>\$74.9</b>	<b>\$56.5</b>	<b>\$66.6</b>
<b>OP EARNINGS %</b>	<b>9.8%</b>	<b>9.2%</b>	<b>10.1%</b>
<b>EPS</b>	<b>\$1.23</b>	<b>\$1.01</b>	<b>\$1.17</b>

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

# Key Markets Update

## Motive:

- |                 |  |
|-----------------|--|
| <b>Global</b>   | <ul style="list-style-type: none"><li>• TPPL capacity constrained; NorthStar to accelerate growth</li></ul>                          |
| <b>Americas</b> | <ul style="list-style-type: none"><li>• Sales +12% YoY Q2</li><li>• TPPL orders +130% YoY H1</li></ul>                               |
| <b>EMEA</b>     | <ul style="list-style-type: none"><li>• OEM orders softening; tough YOY comp</li><li>• TPPL demand continues to accelerate</li></ul> |
| <b>China</b>    | <ul style="list-style-type: none"><li>• Slowing due to geopolitical trade climate</li></ul>  |

## Energy Systems:

Telecom spend disrupted pending high-speed networks investment, including 5G

## Aerospace:

Achieved critical mass with tremendous growth potential

# Strategic Initiatives

## Alpha Acquisition

- Synergies \$25M in FY20, \$35M in FY21 – ahead of plan
- Continued pause on capex by one large broadband customer masking benefits

## 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 2<sup>nd</sup> Qtr. YOY Sales By Region & Line Of Business

(\$ Millions)

	F'20 Q2	F'19 Q2	Fav/(Unfav)		Volume	Price	M&A	Fx
			\$	%				
Americas	\$525	\$389	\$136	35%	-1%	-1%	38%	-1%
EMEA	\$183	\$204	(\$21)	-10%	-4%	-1%	-	-5%
Asia	\$54	\$68	(\$13)	-20%	-17%	-	-	-3%
<b>Total Net Sales</b>	<b>\$762</b>	<b>\$660</b>	<b>\$102</b>	<b>15%</b>	<b>-4%</b>	<b>-1%</b>	<b>22%</b>	<b>-2%</b>
<b>Motive Power</b>	<b>\$335</b>	<b>\$347</b>	<b>(\$12)</b>	<b>-3%</b>	<b>-</b>	<b>-1%</b>	<b>-</b>	<b>-2%</b>
<b>Reserve Power</b>	<b>\$427</b>	<b>\$313</b>	<b>\$113</b>	<b>36%</b>	<b>-7%</b>	<b>-1%</b>	<b>46%</b>	<b>-2%</b>
<b>Total Net Sales</b>	<b>\$762</b>	<b>\$660</b>	<b>\$102</b>	<b>15%</b>	<b>-4%</b>	<b>-1%</b>	<b>22%</b>	<b>-2%</b>

Rounding may cause minor differences.

Highlighted items are referenced in management presentation.

# F'20 2<sup>nd</sup> Qtr. Sequential Sales By Region & Line Of Business

(\$ Millions)

			Fav/(Unfav)	
	F'20 Q2	F'20 Q1	\$	%
Americas	\$525	\$517	\$8	2%
EMEA	\$183	\$203	(\$20)	-10%
Asia	\$54	\$60	(\$6)	-9%
<b>Total Net Sales</b>	<u>\$762</u>	<u>\$780</u>	<u>(\$18)</u>	<u>-2%</u>
			[-1% Organic, 0% Acquisitions 0% Price, -1% Fx]	
Motive Power	\$335	\$344	(\$9)	-3%
Reserve Power	\$427	\$436	(\$9)	-2%
<b>Total Net Sales</b>	<u>\$762</u>	<u>\$780</u>	<u>(\$18)</u>	<u>-2%</u>

Rounding may cause minor differences.

Highlighted items are referenced in management presentation.



# F'20 2<sup>nd</sup> Qtr. Operating Earnings by Region

(\$ Millions)

Year Over Year	F'20 Q2	F'19 Q2	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>				
Americas	\$62.0 11.8%	\$50.5 13.0%	\$11.5	23%
EMEA	13.3 7.3%	13.8 6.8%	(0.5)	-4%
Asia	(0.4) -0.8%	2.3 3.5%	(2.7)	-117%
Total Operating Earnings	\$74.9	\$66.6	\$8.2	12%
As % Net Sales	9.8%	10.1%		

Sequential	F'20 Q2	F'20 Q1	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>				
Americas	\$62.0 11.8%	\$61.4 11.9%	\$0.6	1%
EMEA	13.3 7.3%	15.7 7.7%	(2.4)	-15%
Asia	(0.4) -0.8%	0.6 1.1%	(1.0)	-166%
Total Operating Earnings	\$74.9	\$77.7	(\$2.8)	-4%
As % Net Sales	9.8%	10.0%		

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

 Highlighted items are referenced in management presentation.

# F'20 2<sup>nd</sup> Qtr. Net Earnings and EPS

(\$ Millions, Except Per Share Amounts)

	F'20 Q2	F'19 Q2	Fav/(Unfav)	
			\$	%
<b>Operating Earnings</b>	\$74.9	\$66.6	\$8.2	12%
As % Net Sales	9.8%	10.1%		(0.3)Pts.
<b>Book Tax Rate</b>	18%	19%		
<b>Net Earnings</b>	\$52.7	\$49.9	\$2.8	6%
As % Net Sales	6.9%	7.6%		(0.7)Pts.
<b>EPS diluted</b>	\$1.23	\$1.17	\$0.06	5%
<b>Avg. Diluted Shares Outstanding</b> (Millions)	42.708	42.774	.066	-

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

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
			\$	%				
Americas	\$1,042	\$781	\$261	33%	-3%	-1%	38%	-1%
EMEA	\$386	\$414	(\$28)	-7%	-1%	-1%	-	-5%
Asia	\$114	\$136	(\$21)	-16%	-12%	-	-	-4%
<b>Total Net Sales</b>	<b>\$1,542</b>	<b>\$1,331</b>	<b>\$211</b>	<b>16%</b>	<b>-3%</b>	<b>-1%</b>	<b>22%</b>	<b>-2%</b>
<b>Motive Power</b>	<b>\$680</b>	<b>\$694</b>	<b>(\$14)</b>	<b>-2%</b>	<b>2%</b>	<b>-1%</b>	<b>-</b>	<b>-3%</b>
<b>Reserve Power</b>	<b>\$863</b>	<b>\$637</b>	<b>\$225</b>	<b>35%</b>	<b>-9%</b>	<b>-1%</b>	<b>47%</b>	<b>-2%</b>
<b>Total Net Sales</b>	<b>\$1,542</b>	<b>\$1,331</b>	<b>\$211</b>	<b>16%</b>	<b>-3%</b>	<b>-1%</b>	<b>22%</b>	<b>-2%</b>

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

# F'20 YTD Net Earnings and EPS

(\$ Millions, Except Per Share Amounts)

	F'20	F'19	Fav/(Unfav)	
			\$	%
<b>Operating Earnings - As Adjusted</b>	\$152.6	\$134.8	\$17.8	13%
As % Net Sales	9.9%	10.1%		(0.2)Pts.
<b>Book Tax Rate</b>	18%	19%	—	—
<b>Net Earnings - As Adjusted</b>	\$108.6	\$99.1	\$9.5	10%
As % Net Sales	7.0%	7.4%		(0.4)Pts.
<b>EPS diluted - As Adjusted</b>	\$2.53	\$2.33	\$0.20	9%
<b>Avg. Diluted Shares Outstanding</b>	42.913	42.674	(.239)	-1%
(Millions)				

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

# Financial Position Highlights

(\$ Millions)

	Second Qtr Fiscal Year 2020	Full Fiscal Year 2019
Cash & Cash Equivalents	\$424.8	\$299.2
Net Debt (Gross Debt – Investments)	\$858.2	\$841.2
Net Cash from Operations YTD	\$105.1	\$197.9
Capital Expenditures YTD	\$43.4	\$70.4
Leverage Ratio (per US Credit Agreement)	2.1X	2.0X
Primary Working Capital as a % of Sales	26.7%	26.2%

# Second Quarter Fiscal 2020 Results

(\$ Millions, Except Per Share Information)

	Total Company	Alpha	Legacy ENS
NET SALES	\$762.1	\$146.0	\$616.1
COST OF SALES	564.8	102.3	462.5
GROSS PROFIT	197.3	43.7	153.6
OP EXPENSES	122.4	25.3	97.1
OP EARNINGS	74.9	18.4	56.5
INTEREST & OTHER	10.3	4.5	5.8
EARNINGS BEFORE TAX	64.6	13.9	50.7
TAX	11.9	2.9	9.0
NON-CONTROLLING INTEREST	—	—	—
ADJUSTED NET EARNINGS	52.7	11.0	41.7
EPS	\$1.23	\$0.23	\$1.01

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