



Q3'23 Financial Results

FEBRUARY 09, 2023

Forward Looking Statements

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 year ended March 31, 2022, 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 8, 2023, which is located on our website at www.enersys.com.



Business Update

DAVID SHAFFER, CHIEF EXECUTIVE OFFICER

Q3'23 Results

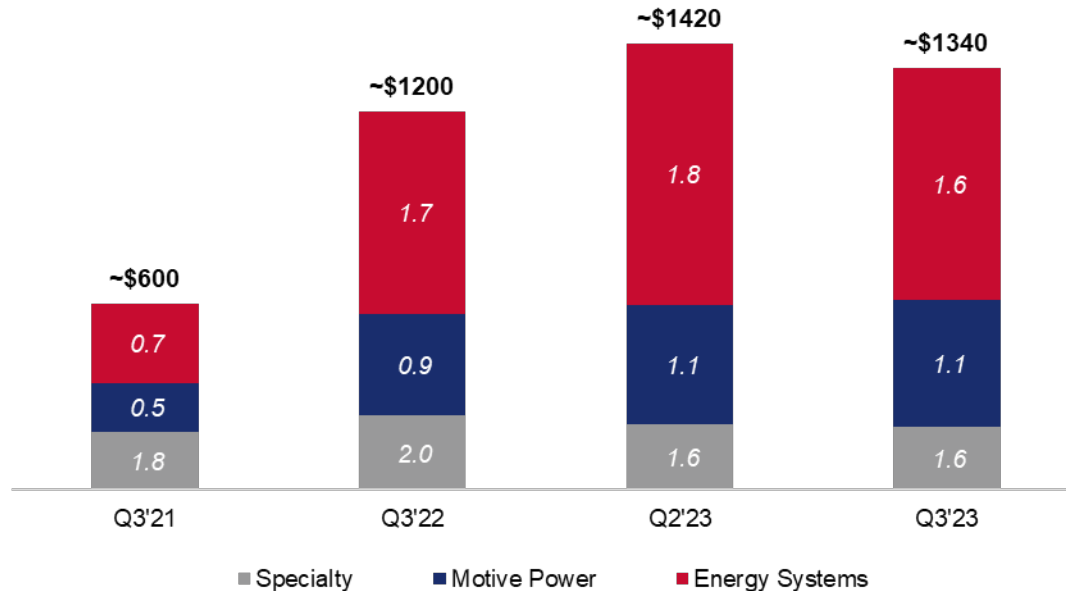
(\$ millions, except EPS)	Q3'23	Key Takeaways
Net Sales (Y / Y Growth)	\$920 9.0%	<ul style="list-style-type: none"> Record quarter net sales <ul style="list-style-type: none"> +13% y/y at Constant Currency¹ “CC” ~(\$35M) y/y FX pressure
Adj. Operating Earnings ¹ & % Margin	\$84.9 9.2%	<ul style="list-style-type: none"> \$1.3B backlog, +11% y/y, robust demand and order trends across all segments 23.1% adj. GM¹, +130 bps q/q, as price/mix benefit of \$0.65 /sh significantly outpaced cost of (\$0.25) /sh
Adj. EBITDA ¹ & % Margin	\$98.1 10.7%	<ul style="list-style-type: none"> Record quarter adjusted operating earnings¹, up 41% y/y Energy Systems AOE¹ \$27M +170%/y/y
Adj. Diluted EPS ¹	\$1.27	<ul style="list-style-type: none"> 2.3X net leverage¹, including .4X benefit from \$150M trade receivable securitization facility closed in Q3 Board appointed Tamara Morytko as a director effective December 7, 2022

1) Non-GAAP measure. Please refer to appendix for reconciliation.

Healthy Backlog Drives Long-Term Growth

ORDER GROWTH & MACRO CONDITIONS DRIVING STRONG BACKLOG

Backlog in USD \$M at CC¹



Backlog coverage ratio (backlog / net sales) by segment noted above

- **Energy Systems:** shipments from longer-term programs & seasonality slightly reducing Q3'23 backlog; backlog coverage >2x historic levels w/January book to bill >1.0
- **Motive Power:** continued strong order rates w/both y/y & q/q backlog growth; backlog coverage >2x historic levels
- **Specialty:** Trans backlog held constant & constrained by TPPL capacity; A&D backlog fluctuates due to project nature of business

Total backlog >2x historic levels w/orders stabilizing towards pre-COVID trends

growth driven by significant price/mix increases, program wins, organic volume, advance ordering, & supply chain constraints

Technology Advancements

POWERING THE FUTURE, EVERYWHERE FOR EVERYONE

Wireless Chargers: *Initial Orders Received*

Maintenance-free batteries and wireless charger solutions to be showcased at ProMat and LogiMAT



- Position assistance for autonomous vehicles
- Increases operational efficiencies through automation
- Enhanced safety capabilities such as foreign object detection
- Software management capabilities




Fast Charge & Storage

Upgraded on-site demo installed



- Near production-grade system at our Tech Center
- New bi-directional grid connection and OpenADR certification

Q3'23 Business Segment Performance

	Net Sales (\$ million)	Adj. OE ¹ Margin	Segment Overview
 <p>Energy Systems</p>	<p>\$434 +12.7% y/y</p>	<p>6.1% +350 bps y/y</p>	<ul style="list-style-type: none"> • \$737M backlog; +14% y/y, tailwind as supply chains improve • Q3 revenue growth driven by broadband and data center • Pricing actions materializing, richer sales mix anticipated • Significant improvement to Adj. Op Earnings¹ in the quarter
 <p>Motive Power</p>	<p>\$362 +6.6% y/y</p>	<p>13.0% +150 bps y/y</p>	<ul style="list-style-type: none"> • Strong backlog and demand trends • Maintenance-free 19% of revenue; up 140 bps y/y • \$16M net price/mix- cost recapture in Q3'23 • Demand driven by electrification and automation
 <p>Specialty</p>	<p>\$124 +4.1% y/y</p>	<p>9.1% -50 bps y/y</p>	<ul style="list-style-type: none"> • Continued pricing actions and improved mix driving revenue growth • Strong demand from Class 8 Truck OEMs continues • Q3'23 price/mix improvement offset volume adjusted cost increases • Focused on improving operational efficiency to ease TPPL capacity constraints

1) Non-GAAP measure. Please refer to appendix for reconciliation.

Our Sustainability Strategy

ENDED 2022 WITH KEY ACHIEVEMENTS WITHIN OUR STRATEGY



Appointed **Tamara Morytko** to Board of Directors, enhancing the depth of the Board and continuing our refreshment and succession planning initiatives at the board level



Released first TCFD report December 14, 2022, aligned with our commitment to achieve net zero Scope 1 emissions by 2040 & net zero Scope 2 emissions by 2050



Ranked #42 Technology Hardware company in **Newsweek's America's Most Responsible Companies 2023**

Focusing on What We Can Control

- 1 Pricing** – continue to execute pricing increases commensurate with cost increases
- 2 Operating Efficiencies** – reduce waste through EOS, including plant rationalization, productivity improvements & inventory reductions balanced w/strategic buffers
- 3 FX and Interest Rate Mitigation** – cash repatriation, FX swaps, asset securitization, reduced targeted leverage
- 4 Profitable Growth** – retain leading market position & grow share through expansion of technologically advanced products and increased TPPL capacity
- 5 Mitigate Supply Constraints** – onshore CMs, product redesign, dual source & buffer sourcing with strategic inventory

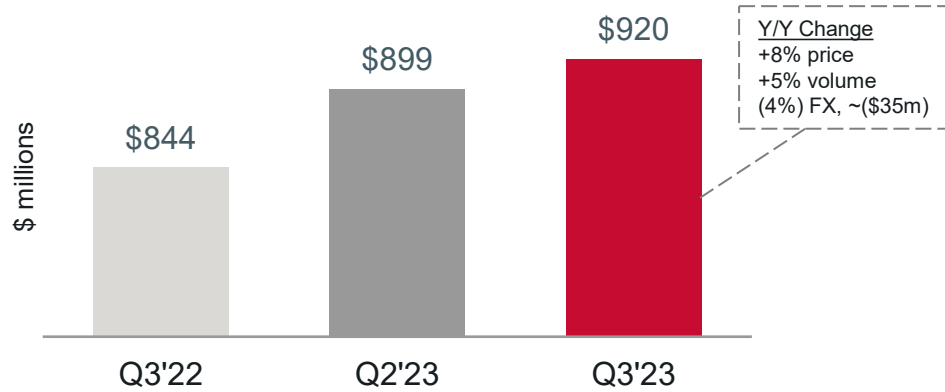


Finance Update

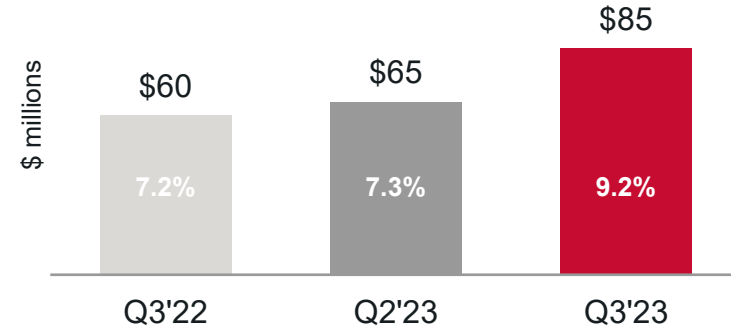
ANDI FUNK, CHIEF FINANCIAL OFFICER

Q3'23 Results

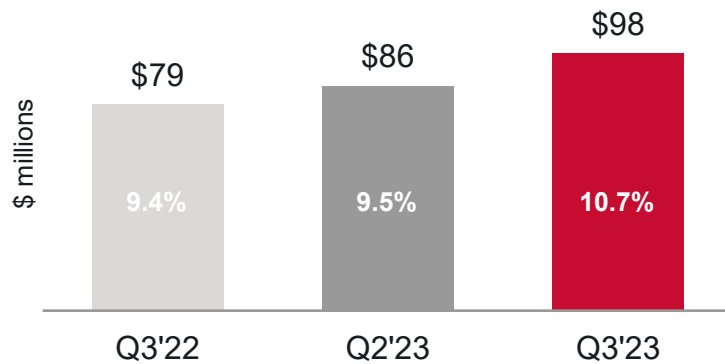
Net Sales



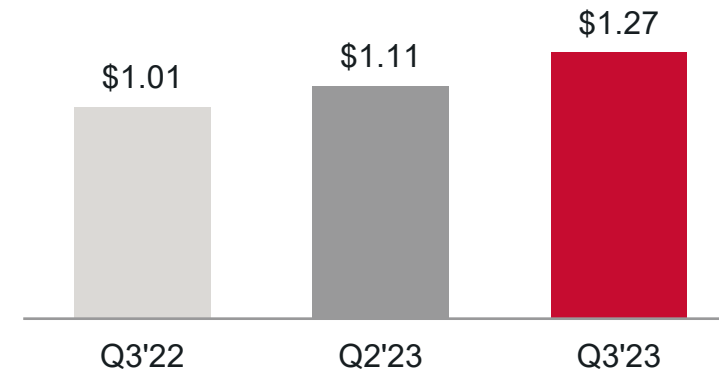
Adj Operating Earnings¹ & Margin



Adj EBITDA¹ & Margin




Adj Diluted EPS¹





1) Non-GAAP measure. Please refer to appendix for reconciliation.

Q3'23 Segment Financial Highlights

\$MILLIONS; % AND BPS Y/Y GROWTH

	Net Sales		Adj. Op Earnings ¹	Adj. OE ¹ Margin
 Energy Systems	\$434	Volume +8%	\$26.5 +169%	6.1% +350 bps
		Price +9%		
		FX (4%)		

		Reported +13%		
 Motive Power	\$362	Volume +3%	\$47.1 +21%	13.0% +150 bps
		Price +8%		
		FX (5%)		

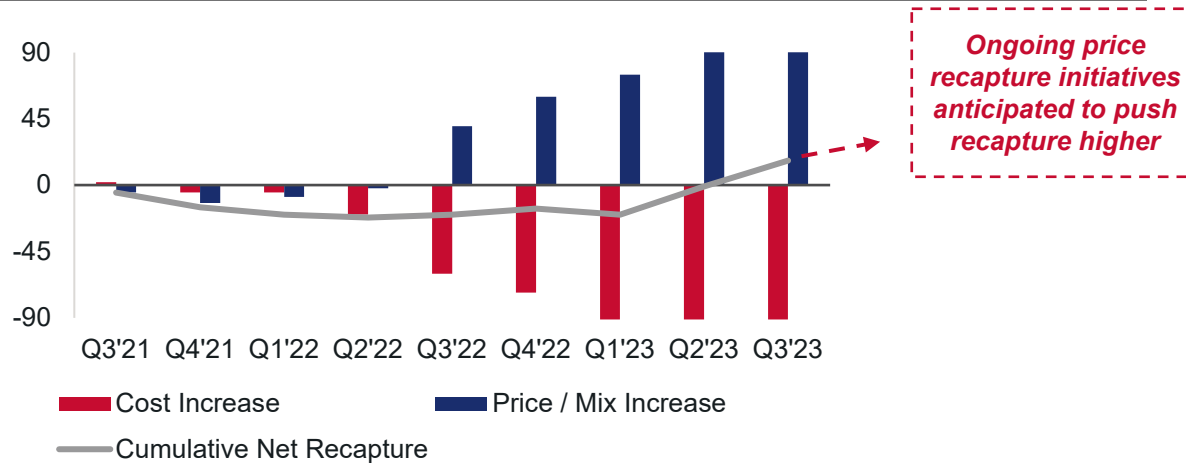
		Reported +7%		
 Specialty	\$124	Volume +1%	\$11.3 -2%	9.1% -50 bps
		Price +5%		
		FX (2%)		

		Reported +4%		

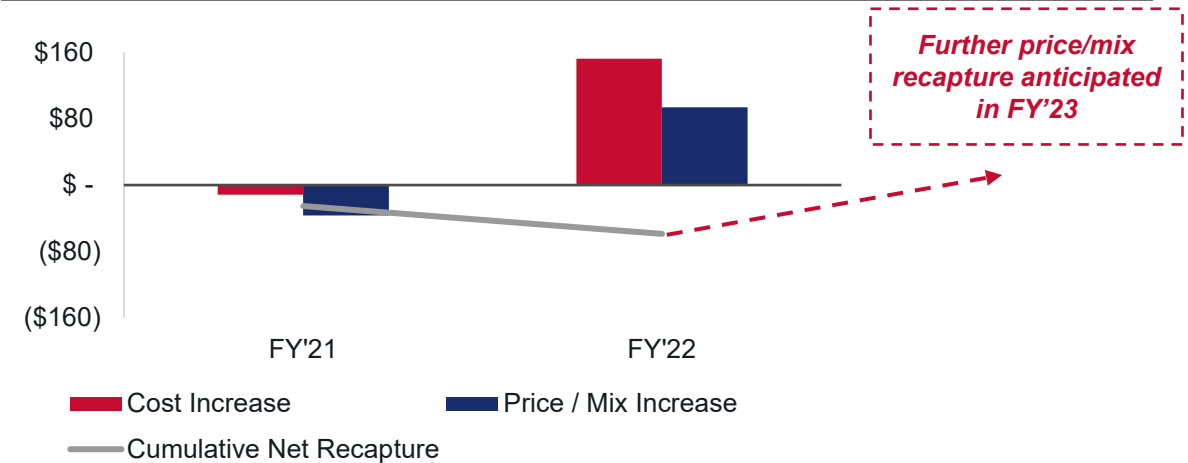
1) Non-GAAP measure. Please refer to appendix for reconciliation.

Price/Mix - Cost Recapture Gaining Traction

Price/Mix – Cost Recapture (q/q, \$ millions)



Price/Mix – Cost Recapture (y/y, \$ millions)



Ongoing Price/Mix – Cost Recapture Initiatives

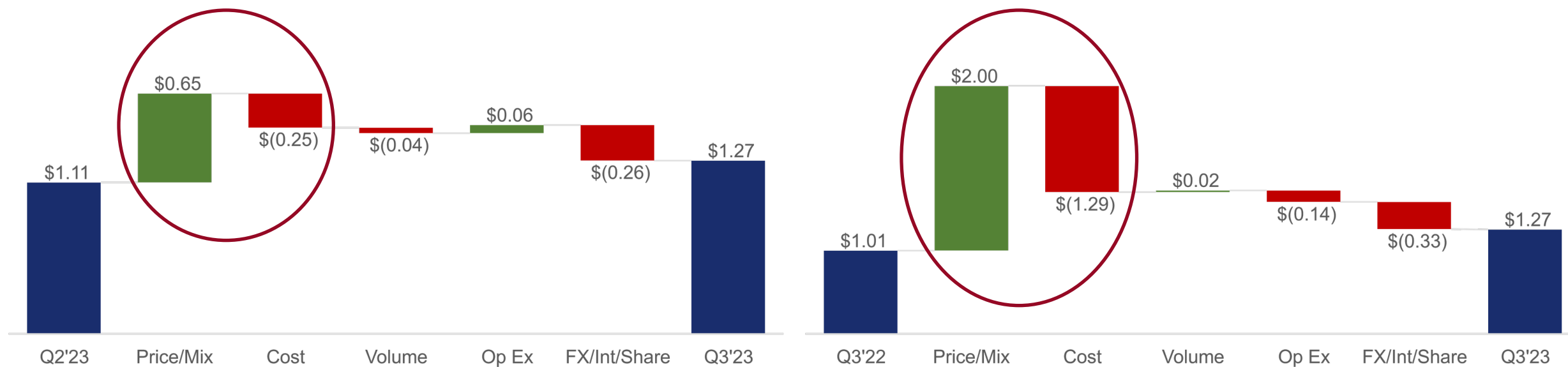
- Q3'23 price/mix of ~\$0.65 adj. EPS more than offset costs of ~\$0.25 adj. EPS
- Second consecutive quarter of significant price/mix-cost recapture
- Footprint optimization, EOS savings, and richer mix driven by maintenance-free conversion and supply chain improvements should enable future margin expansion opportunity

Q3'23 Segment Price/Mix Recapture Update

- Energy Systems second consecutive quarter of significant price/mix-cost recapture
- Motive Power continued tailwinds from maintenance-free conversions, commodity inflation continuing
- Specialty continued pricing actions and improved mix

Adj EPS¹ Bridge

Q3'23 SEQUENTIAL AND YEAR-OVER YEAR



Price/mix outpaced costs for second consecutive quarter

1) Non-GAAP measure. Please refer to appendix for reconciliation.

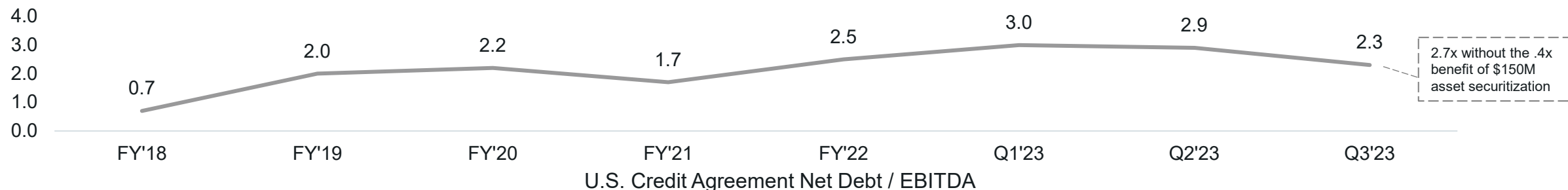
Disciplined & Balanced Capital Allocation

Capital Allocation Priorities	FY'18 – FY'22 (cumulative) \$ millions	FY'23 YTD \$ millions
1 Invest in Organic Growth (<i>CapEx</i>)	~\$390	~\$58
2 Strategic M&A <small>(Alpha Technologies and NorthStar Battery)</small>	~\$940	\$0
3 Return of Capital	~\$150 <i>dividends</i> ~\$370 <i>buybacks</i>	~\$21 <i>dividends</i> ~\$23 <i>buybacks</i>

Healthy Balance Sheet

- 2 – 3x target leverage
- ~\$300M cash and cash equivalents
 - Strong cash generation outpaced by strategic inventory increase, POC¹ yields cash in recessionary periods
- Ample flexibility to support business investment
- Committed to consistent dividends through cycles
- ~\$185M outstanding repurchase authorization

Historical Net Leverage



1) Primary Operating Capital (POC) was formerly referred to as Primary Working Capital (PWC) and is a non-GAAP measure. Please refer to appendix for definition.

Looking Ahead

	Guidance	Assumptions
EPS adj. diluted (Q4'23)	\$1.33 - \$1.43	<ul style="list-style-type: none"> • Volumes increase • Pricing/mix outpace costs • Significant FX/Int pressure broadly in line with Q3'23
CapEx (FY'23)	\$90M	<ul style="list-style-type: none"> • Continued capacity investments • Includes \$58M FY'23 YTD spend
<ul style="list-style-type: none"> • Continued strong customer demand in diverse end markets • Pricing actions outpacing persisting cost headwinds • Focused OpEx discipline and footprint optimization opportunities • Ongoing EOS execution and waste reduction • Poised for earnings and cash flow improvement when costs stabilize • Well prepared for the possibility of a downcycle 		

Note: EnerSys does not provide a quantitative reconciliation of the company's projected range for adjusted diluted earnings per share. Please see our latest company's Form 8-K which includes our press release dated February 8, 2023, for more details.



Appendix

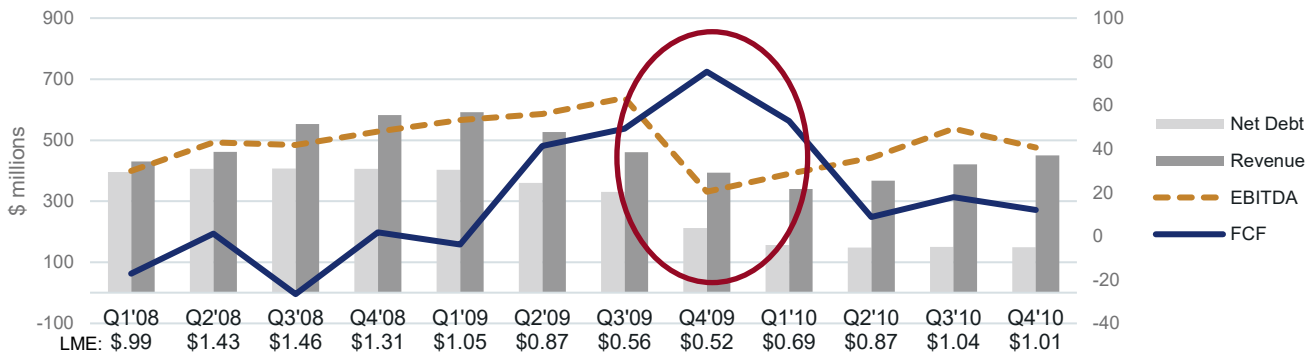
Recession Playbook

IMPACT & ACTIONS TO MITIGATE SLOWDOWN

Key Takeaways:

1. Slowdown not evident yet, but being vigilant
2. Company has deep history of disciplined cost management & cash generation in recessionary periods
3. MP revenue would be most exposed
4. A recession today would be different for ENS:
 - Anomalous inventory investment would normalize
 - Backlog and pent-up demand would delay/soften decline
 - Stable/lower costs would drive catch-up profit improvement
 - Supply chain normalization would offer mix benefit
 - LME had more room to fall and MP was a larger % of revenue in the 2009 recession
5. Significant POC¹ would be monetized (>.5X leverage opp)
6. **Leadership knows the playbook and is prepared to act**

2009 Recession Quarterly Impact on Cash Flow



1) Primary Operating Capital (POC) was formerly referred to as Primary Working Capital (PWC) and is a non-GAAP measure. Please refer to appendix for definition.



LoB Resilience

All	<ul style="list-style-type: none"> • Extensive backlog & pent-up demand buffers impact • Supply chain normalizing provides mix benefit • Stable inflation/lower commodity & freight costs enable price catch up
Energy Systems	<ul style="list-style-type: none"> • GDP-independent cycle (5G buildout, infrastructure, RDOF, grid resiliency spend, etc. continues)
Specialty	<ul style="list-style-type: none"> • Aged OTR truck base w/pent-up demand delays slowdown • Low Trans mkt share enables growth • A&D spend independent of GDP
Motive Power	<ul style="list-style-type: none"> • <i>Most exposed - trends with GDP</i> • <i>Bolstered by movements from increased automation & electrification of ICE forklifts</i>



Slow-Down Levers

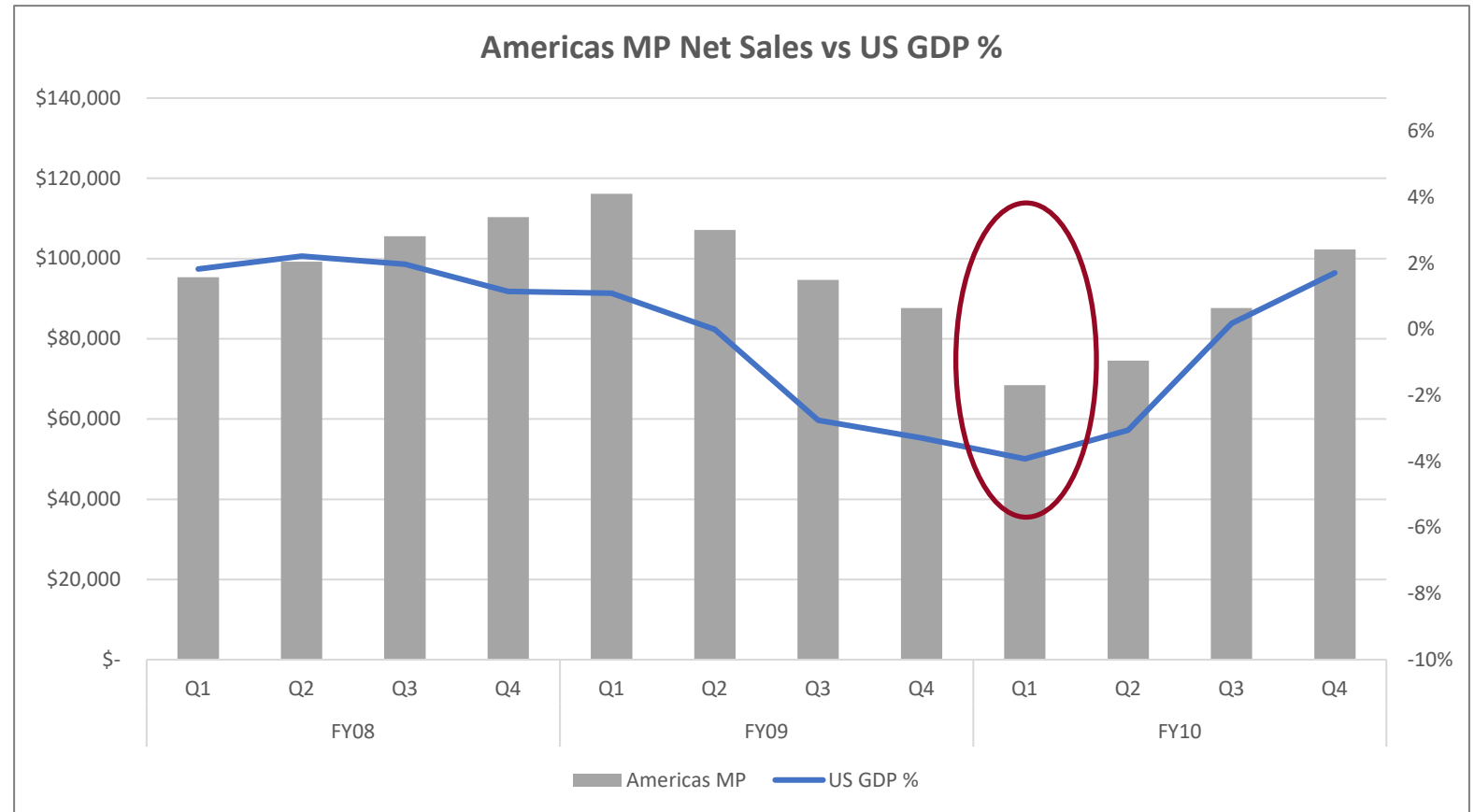
P&L:	Cash Flow:
✓ Lower MP revenue; ES/Spec minimally affected	✓ Higher margins
✓ Mix benefit from normalized supply chains (electronics)	✓ Lower CapEx
✓ Price-cost recapture catch up	✓ Inv / AR monetization
✓ Delayed price elasticity on lower costs	✓ Higher AP w/reduced supplier power
✓ Reduce OpEx	✓ Hagen closure, Ooltewah closure, additional footprint optimization opportunities
✓ <i>Historically rapid AOE recovery</i>	✓ <i>Significant Cash Inflow / Buy-Back Opportunity</i>

Motive Power

REVENUE HISTORICALLY TRENDS WITH GDP

Motive Power Strengths vs Prior Cycles:

- Bolstered by movements from increased automation & electrification of ICE forklifts
- Higher margin NexSys® maintenance-free solutions increasing as percentage of revenue mix
- Operating efficiencies
 - Richmond DC expanded to centralize inventory, improve lead times and better serve our customers
 - Ooltewah closure - \$8M annual savings starting 2H'23
 - Sales and order automation transformation
 - Hagen closure - \$20M annual savings starting FY'21



Inflation Reduction Act (IRA)

FUNDING ALLOCATIONS ALIGN WITH ENERSYS TECHNOLOGY

<p>Direct Financial Opportunities</p>	<p>Manufacturing tax credit for battery cells >=100Wh/L (Section 45X)</p>	<p>Potential Annual Tax credits Jan 2023 – Dec 2032</p>	<ul style="list-style-type: none"> • Lithium / TPPL / Other products in our product mix may qualify depending on energy density <ul style="list-style-type: none"> • Still pending clarity from US Treasury/IRS on various definitions/requirements on density and capacity • Public comment period ended Friday 11/4/2022 – Treasury/IRS sought input on variety of topics
<p>Market Growth Drivers</p>	<p>Incentive Tax Credits (ITC) – 30% credit on cost of solar + storage</p>	<p>Accelerates market demand for renewables</p>	<ul style="list-style-type: none"> • Energy Systems – Mojave/Outback Renewable Products
	<p>EV Tax Incentives</p>	<p>30% cost of commercial EVs/fleets \$7.5k per passenger vehicle</p>	<ul style="list-style-type: none"> • Specialty – Transportation Market • Motive Power – Forklifts¹ • Fast Charge and Storage <i>(grid infrastructure requires stored energy, EVs need reliable fast charge)</i>

Q3'23 Results

(\$ millions)

	Q3 F'22	Q2 F'23	Q3 F'23
NET SALES	\$844.0	\$899.4	\$920.2
Adj. GROSS PROFIT ¹	\$184.3 (22%)	\$196.4 (22%)	\$212.8 (23%)
Adj. OP EARNINGS ¹ \$	\$60.4	\$65.4	\$84.9
Adj. OP EARNINGS ¹ %	7.2%	7.3%	9.2%
Adj. EPS ¹	\$1.01	\$1.11	\$1.27

1) Non-GAAP measure. Please refer to appendix for reconciliation.

Q3'23 Net Sales by Segment & Region, Q/Q

(\$ millions, Except per Share Amounts)

			Fav/(Unfav)	
	Q2'23	Q3'23	\$	%
Energy Systems	\$437	\$434	(\$3)	-1%
Motive Power	\$338	\$362	\$24	7%
Specialty	\$124	\$124	(\$0)	0%
Total Net Sales	<u>\$899</u>	<u>\$920</u>	<u>\$20.8</u>	<u>2.3%</u>
			2% Price, 0% Organic, 0% Acquisitions, 0% Fx	
	Q2'23	Q3'23	Fav/(Unfav)	
			\$	%
Americas	\$661	\$665	\$4	1%
EMEA	\$178	\$199	\$21	12%
Asia	\$61	\$56	(\$5)	-8%
Total Net Sales	<u>\$899</u>	<u>\$920</u>	<u>\$20.8</u>	<u>2.3%</u>
			2% Price, 0% Organic, 0% Acquisitions, 0% Fx	

Note: Rounding may cause totals not to foot.

February 2023

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Q3'23 Net Sales by Segment & Region, Y/Y

(\$ millions)

	Q3'22	Q3'23	Fav/(Unfav)					
			\$	%	Volume	Price	M&A	Fx
Energy Systems	\$385	\$434	\$49	13%	8%	9%	-	-4%
Motive Power	\$340	\$362	\$22	7%	3%	8%	-	-5%
Specialty	\$119	\$124	\$5	4%	1%	5%	-	-2%
Total Net Sales	<u>\$844</u>	<u>\$920</u>	<u>\$76</u>	<u>9%</u>	<u>5%</u>	<u>8%</u>	<u>-</u>	<u>-4%</u>
	Q3'22	Q3'23	Fav/(Unfav)					
			\$	%	Volume	Price	M&A	Fx
Americas	\$578	\$665	\$87	15%	8%	9%	-	-1%
EMEA	\$203	\$199	(\$4)	-2%	1%	8%	-	-11%
Asia	\$63	\$56	(\$7)	-11%	-7%	4%	-	-9%
Total Net Sales	<u>\$844</u>	<u>\$920</u>	<u>\$76</u>	<u>9%</u>	<u>5%</u>	<u>8%</u>	<u>-</u>	<u>-4%</u>

Note: Rounding may cause totals not to foot.

February 2023

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Q3'23 Adj Operating Earnings¹ by Segment

(\$ millions)

Year Over Year	Q3'22	Q3'23	Fav/(Unfav)	
			\$	%
Adj. Operating Earnings¹				
Energy Systems	\$9.8 2.6%	\$26.5 6.1%	\$16.7	169%
Motive Power	\$39.0 11.5%	\$47.1 13.0%	\$8.1	21%
Specialty	\$11.5 9.6%	\$11.3 9.1%	(\$0.2)	-2%
Total Adj. Operating Earnings ¹	\$60.3	\$84.9	\$24.7	41%
As % Net Sales	7.2%	9.2%		
Sequential	Q2'23	Q3'23	Fav/(Unfav)	
			\$	%
Adj. Operating Earnings¹				
Energy Systems	\$16.4 3.8%	\$26.5 6.1%	\$10.1	62%
Motive Power	\$39.7 11.8%	\$47.1 13.0%	\$7.4	19%
Specialty	\$9.3 7.5%	\$11.3 9.1%	\$2.0	22%
Total Adj. Operating Earnings ¹	\$65.4	\$84.9	\$19.5	30%
As % Net Sales	7.3%	9.2%		

1) Non-GAAP measure. Please refer to appendix for reconciliation.

Note: Rounding may cause totals not to foot.

Q3'23 Adj Net Earnings¹ & Adj EPS¹

(\$ millions, except per share amounts)

	Q3'22	Q3'23	Fav/(Unfav)	
			\$	%
Adj. Operating Earnings¹	\$60.3	\$84.9	\$24.6	41%
As % Net Sales	7.2%	9.2%		2.0 Pts.
Book Tax Rate	17%	19%		
Adj. Net Earnings¹	\$43.0	\$52.3	\$9.3	22%
As % Net Sales	5.1%	5.7%		0.6 Pts.
Adj. Diluted EPS¹	\$1.01	\$1.27	\$0.26	25%
Avg. Diluted Shares Outstanding (Millions)	42.497	41.282	1.215	3%

1) Non-GAAP measure. Please refer to appendix for reconciliation.
Note: Rounding may cause totals not to foot.

Balance Sheet & Other Highlights

(\$ millions)

	FY'22	Q3'23 YTD
Cash & Cash Equivalents	\$402.5	\$298.1
Net Debt (Gross Debt – Investments)	\$1,018	\$974
Net Cash from Operations	(\$65.6)	\$135.8
Capital Expenditures	(\$74.0)	(\$57.5)
Leverage Ratio ¹ (per US Credit Agreement)	2.5X	2.3X
Primary Operating Capital ¹ as a % of Sales	28.7%	29.1%

1) Primary Operating Capital (POC) was formerly referred to as Primary Working Capital (PWC) and is a non-GAAP measure. See appendix for non-GAAP definition and reconciliation.

February 2023

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Non-GAAP Reconciliations

Non-GAAP Reconciliation

CONSTANT CURRENCY NET SALES

	Quarter ended (\$ millions)		Growth rate
	January 1, 2023	January 2, 2022	
Energy Systems reported net sales	\$ 434.3	\$ 385.2	12.7 %
Exchange rate effect	15.3		
Energy Systems constant currency net sales	<u>449.6</u>		16.7
Motive Power reported net sales	\$ 361.8	\$ 339.5	6.6 %
Exchange rate effect	17.4		
Motive Power constant currency net sales	<u>379.2</u>		11.7
Specialty reported net sales	\$ 124.1	\$ 119.3	4.1 %
Exchange rate effect	2.2		
Specialty constant currency net sales	<u>126.3</u>		5.9
Total reported net sales	\$ 920.2	\$ 844.0	9.0 %
Exchange rate effect	34.9		
Total constant currency net sales	<u>955.1</u>		13.2

We define non-GAAP constant currency net sales as total net sales excluding the effect of foreign exchange rate movements, and we use it to determine the constant currency growth rate on a year-on-year basis. Non-GAAP constant currency revenues are calculated by translating current period revenues using the prior comparative periods' actual exchange rates, rather than the actual exchange rates in effect during the current period. Constant currency net sales growth rate is calculated by determining the difference between current period non-GAAP constant currency net sales and current period reported net sales divided by prior period as reported net sales.

Non-GAAP Reconciliation

ADJUSTED OPERATING EARNINGS

	Quarter ended (S millions)			
	January 1, 2023			
	Energy Systems	Motive Power	Specialty	Total
Net Sales	\$ 434.3	\$ 361.8	\$ 124.1	\$ 920.2
Operating Earnings	\$ 20.5	\$ 47.1	\$ 10.9	\$ 78.5
Inventory adjustment relating to exit activities	(0.2)	(0.7)	—	(0.9)
Restructuring and other exit charges	0.2	0.6	—	0.8
Amortization of identified intangible assets from recent acquisitions	5.9	—	0.4	6.3
Other	0.1	0.1	—	0.2
Adjusted Operating Earnings	\$ 26.5	\$ 47.1	\$ 11.3	\$ 84.9

	Quarter ended (S millions)			
	January 2, 2022			
	Energy Systems	Motive Power	Specialty	Total
Net Sales	\$ 385.2	\$ 339.5	\$ 119.3	\$ 844.0
Operating Earnings	\$ 2.8	\$ 37.3	\$ 11.0	\$ 51.1
Inventory adjustment relating to exit activities	—	—	—	—
Restructuring and other exit charges	0.7	1.7	0.1	2.5
Amortization of identified intangible assets from recent acquisitions	5.9	—	0.4	6.3
Other	0.4	—	—	0.4
Adjusted Operating Earnings	\$ 9.8	\$ 39.0	\$ 11.5	\$ 60.3

Increase (Decrease) as a % from prior year quarter	Energy Systems	Motive Power	Specialty	Total
Net Sales	12.7 %	6.6 %	4.1 %	9.0 %
Operating Earnings	NM	25.8	(0.6)	53.5
Adjusted Operating Earnings	NM	20.6	(1.6)	40.6

NM = Not Meaningful

	Quarter ended (S millions)			
	October 2, 2022			
	Energy Systems	Motive Power	Specialty	Total
Net Sales	\$ 437.0	\$ 338.0	\$ 124.4	\$ 899.4
Operating Earnings	\$ 9.8	\$ 35.6	\$ 8.9	\$ 54.3
Inventory step up to fair value relating to recent acquisitions	—	—	—	—
Inventory adjustment relating to exit activities	—	1.5	—	1.5
Restructuring and other exit charges	0.8	2.5	—	3.3
Amortization of identified intangible assets from recent acquisitions	5.8	—	0.4	6.2
Other	—	0.1	—	0.1
Adjusted Operating Earnings	\$ 16.4	\$ 39.7	\$ 9.3	\$ 65.4

Non-GAAP Reconciliation

ADJUSTED EBITDA

	Quarter ended	
	(\$ millions)	
	January 1, 2023	January 2, 2022
Net Earnings	\$ 44.4	\$ 36.3
Depreciation	14.8	15.7
Amortization	7.8	8.3
Interest	17.5	9.7
Income Taxes	13.4	6.5
EBITDA	97.9	76.5
Non-GAAP adjustments	0.2	2.9
Adjusted EBITDA	\$ 98.1	\$ 79.4

The following table provides the non-GAAP adjustments shown in the reconciliation above:

	Quarter ended	
	(\$ millions)	
	January 1, 2023	January 2, 2022
Inventory adjustment relating to exit activities	\$ (0.9)	\$ 0.0
Restructuring and other exit charges	0.8	2.5
Other	0.4	0.4
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	(0.6)	—
Asset Securitization Transaction Fees	0.5	—
Cost of funding to terminate net investment hedges	—	—
Non-GAAP adjustments	\$ 0.2	\$ 2.9

	Quarter ended	
	(\$ millions)	
	October 2, 2022	
Net Earnings	\$ 34.5	
Depreciation	14.8	
Amortization	8.0	
Interest	15.4	
Income Taxes	5.8	
EBITDA	78.5	
Non-GAAP adjustments	7.2	
Adjusted EBITDA	\$ 85.7	

The following table provides the non-GAAP adjustments shown in the reconciliation above:

	Quarter ended	
	(\$ millions)	
	October 2, 2022	
Restructuring and other exit charges	\$ 4.8	
Other	1.1	
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	(0.1)	
Cost of funding to terminate net investment hedges	1.4	
Non-GAAP adjustments	\$ 7.2	

Non-GAAP Reconciliation

ADJUSTED DILUTED EPS

	Quarter ended	
	<i>(in millions, except share and per share amounts)</i>	
	January 1, 2023	January 2, 2022
Net Earnings reconciliation		
As reported Net Earnings	\$ 44.4	\$ 36.3
Non-GAAP adjustments:		
Inventory adjustment relating to exit activities	(0.9) ⁽¹⁾	— ⁽¹⁾
Restructuring and other exit charges	0.8 ⁽²⁾	2.5 ⁽²⁾
Amortization of identified intangible assets from recent acquisitions	6.3 ⁽³⁾	6.3 ⁽³⁾
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	(0.6)	—
Asset Securitization Transaction Fees	0.5	
Other	0.4	0.4
Income tax effect of above non-GAAP adjustments	1.4	(2.5)
Non-GAAP adjusted Net Earnings	\$ 52.3	\$ 43.0
Outstanding shares used in per share calculations		
Basic	40,835,636	41,905,815
Diluted	41,281,693	42,497,045
Non-GAAP adjusted Net Earnings per share:		
Basic	\$ 1.28	\$ 1.03
Diluted	\$ 1.27	\$ 1.01
Reported Net Earnings (Loss) per share:		
Basic	\$ 1.09	\$ 0.87
Diluted	\$ 1.08	\$ 0.85
Dividends per common share	\$ 0.175	\$ 0.175

Non-GAAP Reconciliation

ADJUSTED DILUTED EPS (CONTINUED)

	Quarter ended	
	<i>(\$ millions)</i>	
	January 1, 2023	January 2, 2022
	Pre-tax	Pre-tax
(1) Inventory adjustment relating to exit activities - Energy Systems	\$ (0.2)	\$ —
(1) Inventory adjustment relating to exit activities - Motive Power	(0.7)	—
(2) Restructuring and other exit charges - Energy Systems	0.2	0.7
(2) Restructuring and other exit charges - Motive Power	0.6	1.7
(2) Restructuring and other exit charges - Specialty	—	0.1
(3) Amortization of identified intangible assets from recent acquisitions - Energy Systems	5.9	5.9
(3) Amortization of identified intangible assets from recent acquisitions - Specialty	0.4	0.4
Total Non-GAAP adjustments	\$ 6.2	\$ 8.8

Non-GAAP Reconciliation

ADJUSTED DILUTED EPS (CONTINUED)

	Quarter ended	
	<i>(in millions, except share and per share amounts)</i>	
	October 2, 2022	October 3, 2021
Net Earnings reconciliation		
As reported Net Earnings	\$ 34.5	\$ 35.6
Non-GAAP adjustments:		
Restructuring and other exit charges	4.8 (1)	3.9 (1)
Amortization of identified intangible assets from recent acquisitions	6.2 (2)	6.4 (2)
Remeasurement of monetary assets included in other (income) expense relating to exit from Russia operations	(0.1)	—
Cost of funding to terminate net investment hedges	1.4	—
Financing fees related to debt modification	1.2	—
Other	1.1	1.4
Income tax effect of above non-GAAP adjustments	(3.5)	(3.8)
Non-GAAP adjusted Net Earnings	\$ 45.6	\$ 43.5
Outstanding shares used in per share calculations		
Basic	40,740,989	42,575,576
Diluted	41,167,622	43,255,832
Non-GAAP adjusted Net Earnings per share:		
Basic	\$ 1.12	\$ 1.02
Diluted	\$ 1.11	\$ 1.01
Reported Net Earnings (Loss) per share:		
Basic	\$ 0.85	\$ 0.84
Diluted	\$ 0.84	\$ 0.82
Dividends per common share	\$ 0.175	\$ 0.175

Non-GAAP Reconciliation

ADJUSTED DILUTED EPS (CONTINUED)

	Quarter ended			
	<i>(\$ millions)</i>			
	October 2, 2022		October 3, 2021	
	Pre-tax		Pre-tax	
(1) Inventory adjustment relating to exit activities - Motive Power	\$	1.5	\$	1.0
(1) Restructuring and other exit charges - Energy Systems		0.8		0.2
(1) Restructuring and other exit charges - Motive Power		2.5		2.7
(1) Restructuring and other exit charges - Specialty		—		—
(2) Amortization of identified intangible assets from recent acquisitions - Energy Systems		5.8		5.9
(2) Amortization of identified intangible assets from recent acquisitions - Specialty		0.4		0.5
Total Non-GAAP adjustments	\$	11.0	\$	10.3

Non-GAAP Reconciliation

LEVERAGE RATIO

The following table provides a reconciliation of net earnings to EBITDA (non-GAAP) and adjusted EBITDA (non-GAAP) per credit agreement for January 1, [2023](#) and January 2, 2022, in connection with the Third Amended Credit Facility:

	Last twelve months	
	January 1, 2023	January 2, 2022
	(in millions, except ratios)	
Net earnings as reported	\$ 137.9	\$ 149.7
Add back:		
Depreciation and amortization	92.6	96.2
Interest expense	53.9	37.1
Income tax expense	35.8	28.9
EBITDA (non GAAP)	\$ 320.2	\$ 311.9
Adjustments per credit agreement definitions ⁽¹⁾	59.8	52.7
Adjusted EBITDA (non-GAAP) per credit agreement ⁽¹⁾	\$ 380.0	\$ 364.6
Total net debt ⁽²⁾	\$ 858.9	\$ 891.7
Leverage ratios:		
Total net debt/credit adjusted EBITDA ratio	2.3 X	2.5 X

- (1) The \$59.8 million adjustment to EBITDA in LTM fiscal Q3 2023 primarily related to \$27.2 million of non-cash stock compensation, \$29.1 million of restructuring and other exit charges, impairment of indefinite-lived intangibles of \$2.1 million and swap termination fee of \$1.4M. The \$52.7 million adjustment to EBITDA in LTM Q3 fiscal 2022 primarily related to \$18.7 million of non-cash stock compensation, \$34.0 million of restructuring and other exit [charges](#).
- (2) Debt includes finance lease obligations and letters of credit and is net of all cash and cash equivalents, as defined in the Third Amended Credit Facility. In Q3 fiscal 2023, the amounts deducted in the calculation of net debt were all cash and cash equivalents of \$298.1 million, and in Q3 fiscal 2022, were \$397.1 million. Effective with the Third Amended Credit Facility, the maximum leverage ratio is 4.25x for the third quarter of fiscal 2023.

Non-GAAP Reconciliation

PRIMARY OPERATING CAPITAL

Primary Operating Capital

As part of managing the performance of our business, we monitor the level of primary operating capital, and its ratio to net sales. We define primary operating capital as accounts receivable, plus inventories, minus accounts payable. The resulting net amount is divided by the trailing three month net sales (annualized) to derive a primary operating capital percentage. We believe these three elements included in primary operating capital are most operationally driven, and this performance measure provides us with information about the asset intensity and operating efficiency of the business on a company-wide basis that management can monitor and analyze trends over time. Primary operating capital was \$1,071.7 million (yielding a primary operating capital percentage of 29.1%) at January 1, 2023, \$1,042.0 million (yielding a primary operating capital percentage of 28.7%) at March 31, 2022 and \$989.9 million at January 2, 2022 (yielding a primary operating capital percentage of 29.3%). The primary operating capital percentage of 29.1% at January 1, 2023 worsened by 40 basis points compared to March 31, 2022 and improved 20 basis points compared to January 2, 2022. The changes in the ratio are a result of the continued supply chain constraints and inflationary pressures across our business that have outweighed benefits received from the sale of \$150.0 million in accounts receivables through a Receivables Purchase Agreement (RPA) entered into during the third quarter of fiscal 2023.

Primary operating capital and primary operating capital percentages at January 1, 2023, March 31, 2022 and January 2, 2022 are computed as follows:

<i>(\$ in Millions)</i>	January 1, 2023	March 31, 2022	January 2, 2022
Accounts receivable, net	\$ 581.8	\$ 719.4	\$ 636.0
Inventory, net	835.2	715.7	671.4
Accounts payable	(345.3)	(393.1)	(317.5)
Total primary operating capital	\$ 1,071.7	\$ 1,042.0	\$ 989.9
Trailing 3 months net sales	\$ 920.2	\$ 907.0	\$ 844.0
Trailing 3 months net sales annualized	\$ 3,680.8	\$ 3,628.1	\$ 3,376.0
Primary operating capital as a % of annualized net sales	29.1 %	28.7 %	29.3 %

Non-GAAP Reconciliation

ADJUSTED GROSS PROFIT

	Quarter ended (\$ millions)		
	January 1, 2023	October 2, 2022	January 2, 2022
Net Sales	\$ 920.2	\$ 899.4	\$ 844.0
Gross Profit	\$ 213.6	\$ 194.9	\$ 184.3
Inventory adjustment relating to exit activities	(0.9)	1.5	—
Adjusted Gross Profit	\$ 212.8	\$ 196.4	\$ 184.3



Thank you.

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