



# EnerSys to Acquire Alpha Group

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

29 October 2018

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 integrate acquired businesses, 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/quarterly report, as applicable, on Form 10-K/10-Q respectively, filed with the SEC, along with other unforeseen risks. Nothing that we say today should be interpreted as an update to the information or guidance that we provided in our most recent investor call, our most recent quarterly/annual report, as applicable, on Form 10-Q/10-K respectively, filed with the SEC, and our current reports filed with the SEC on Form 8-K since such quarterly/annual report.

# 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

<p><b>Structure &amp; Consideration</b></p>	<ul style="list-style-type: none"> <li>• EnerSys to acquire Alpha Group (“Alpha”) from its founders in a cash and stock transaction</li> <li>• \$750mm<sup>1</sup> total consideration, or 11x LTM EBITDA pre-synergies (8x including run-rate synergies<sup>2</sup>)             <ul style="list-style-type: none"> <li>— \$650mm in cash consideration, funded with existing cash and credit facilities and new debt</li> <li>— \$100mm in stock consideration, issued to Fred Kaiser, founder of Alpha</li> </ul> </li> </ul>
<p><b>Management</b></p>	<ul style="list-style-type: none"> <li>• Drew Zogby to lead the division as President, post transaction</li> <li>• Key Alpha management to remain with the business on retention plans</li> </ul>
<p><b>Expected Transaction Benefits</b></p>	<ul style="list-style-type: none"> <li>• Accelerates revenue growth, and establishes additional platform for long-term growth</li> <li>• Combined LTM revenue of over \$3.2 billion and adjusted EBITDA of ~\$422 mm<sup>2</sup>, or ~13% margin</li> <li>• Over \$25mm of identified run-rate cost and revenue synergies</li> <li>• Transaction immediately accretive to earnings in FY 2019 (before one-time acquisition costs)</li> </ul>
<p><b>Timing and Closing Conditions</b></p>	<ul style="list-style-type: none"> <li>• Completion subject to antitrust clearances and other customary conditions</li> <li>• Closing expected by year end</li> </ul>

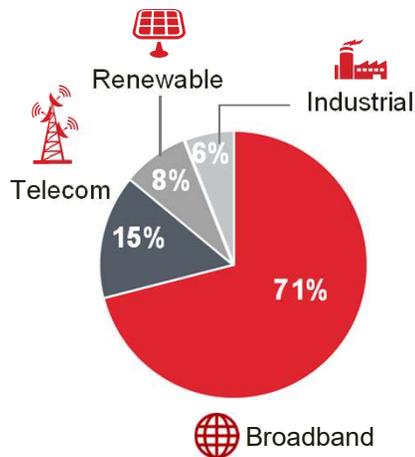
1. Total consideration subject to regular working capital adjustments  
 2. Includes full run-rate synergies of over \$25mm

# Alpha at a Glance

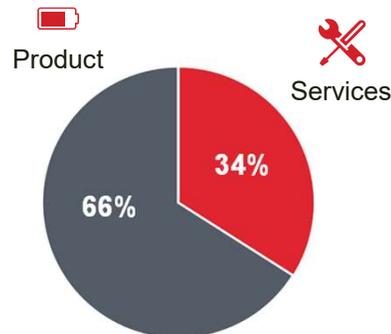
## Alpha's Value Proposition

- 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

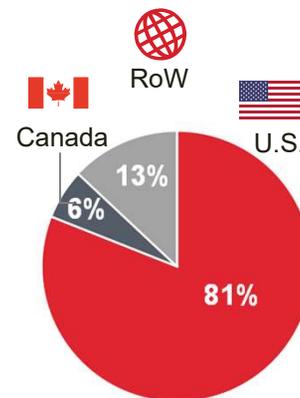
### Revenue by Segment<sup>1</sup>



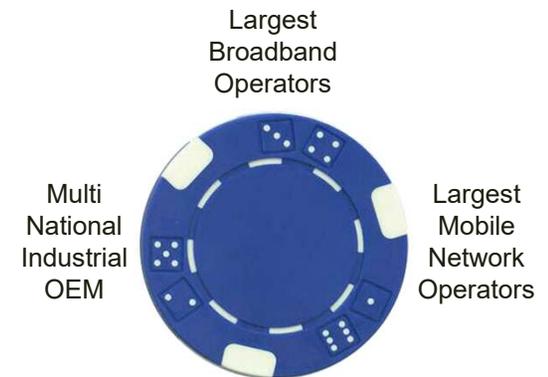
### Revenue by Solution<sup>1</sup>



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



### Blue Chip Customers



## Key Financial Highlights

**\$591mm**  
LTM Jun-2018  
Revenue

**11%**  
LTM Jun-2018 Adj.  
EBITDA Margin

**20%**  
Jun-17 to Jun-18  
LTM Revenue Growth

**1,000+**  
Customers

**>100**  
Countries  
Sold Into

<sup>1</sup> Displays breakdown for FY2017.

# 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 December 31, 2017, Includes Product and Service Revenue.

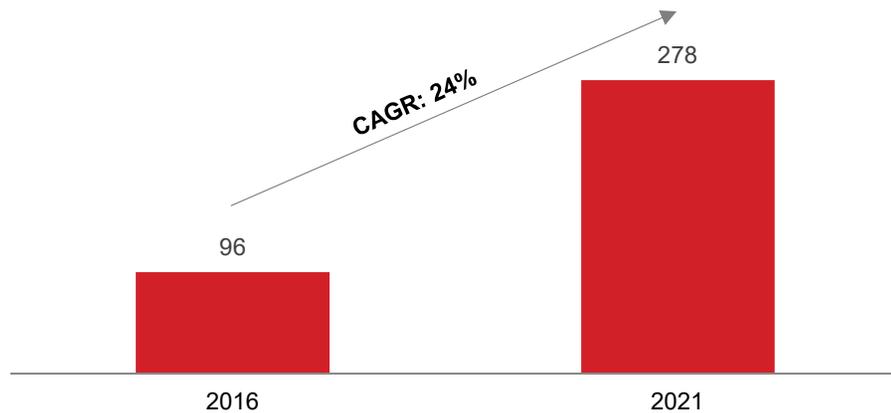
# Alpha Benefits from Favorable End Markets

Applications, Data & Speed

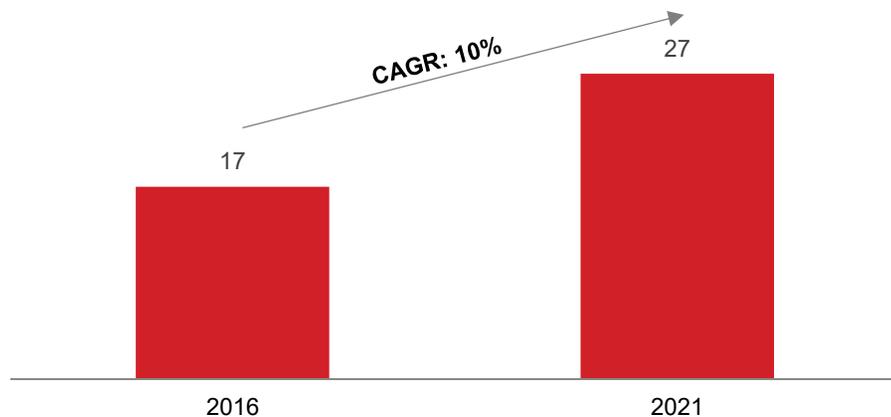
Drive

Changes in Infrastructure

Global IP Traffic (Exabytes per Month)



Billions of Connected Devices



- Headend and Outside Plant infrastructure upgrades to support DOCSIS3.1 expected to take 5+ years and require billions in spending
- FTTx will continue to grow at a 14% CAGR through 2027 for a total market size of \$37BN
- Small cells expected to reach >5mm by 2021
- Global 5G rollout expected to last until 2040 for a cumulative spend of \$225bn

**All Initiatives that Require More Power Solutions & Services**

# 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>LTM Net Revenues<sup>1</sup></b>	\$2,630mm	\$591mm
<b>Adjusted LTM EBITDA / Margin<sup>1</sup></b>	\$330mm / 13%	\$67mm / 11% (\$92mm, 16% incl. synergies <sup>2</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>	~9,600	~1,300

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

<sup>1</sup> LTM figures are as of 30-Jun-2018

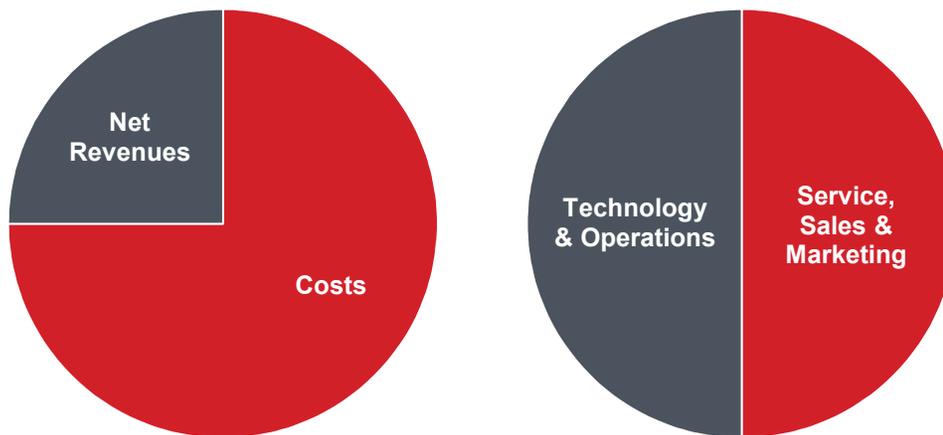
<sup>2</sup> Includes full run-rate synergies of over \$25mm

# Attractive Synergy Opportunity

## FYE-March

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

### Approximate Synergy Breakdown by Type



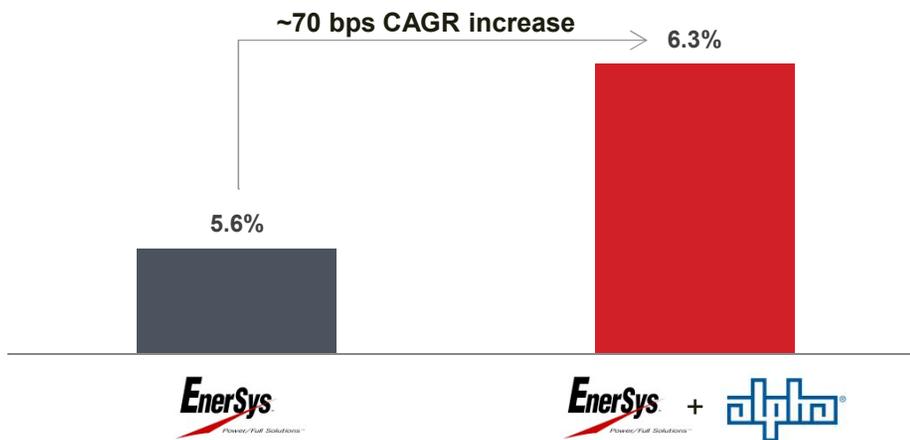
### Key Elements of Integration

- 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

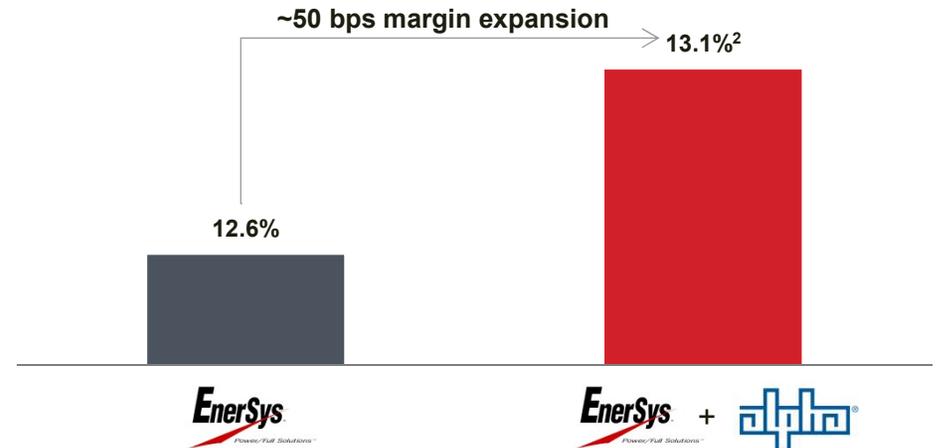
**Builds on EnerSys' Existing \$25mm Annual Savings Programs**

# Pro Forma Financial Impact

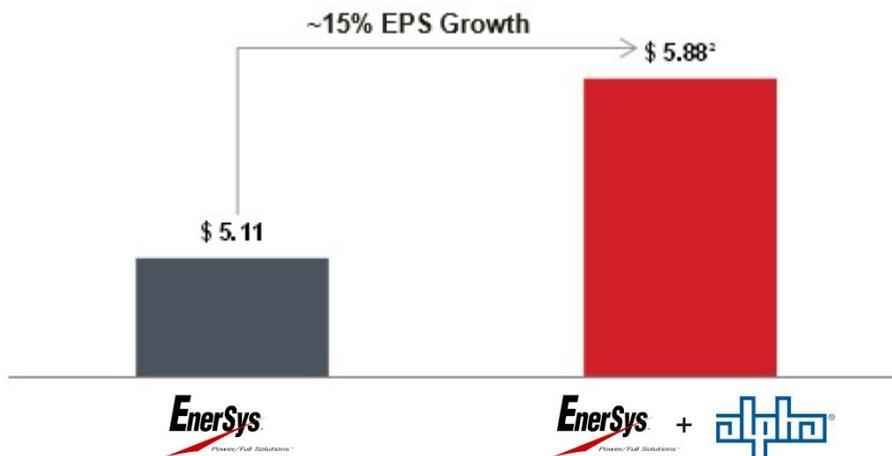
FY 2016-18A Revenue CAGR



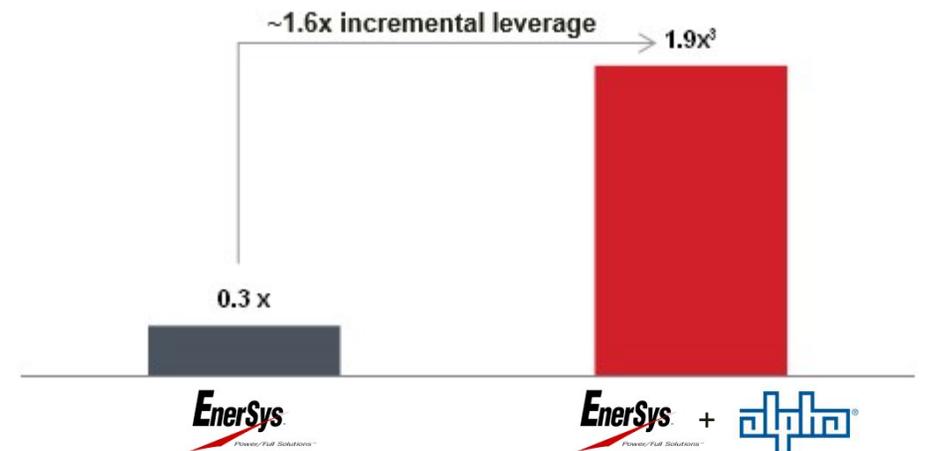
LTM EBITDA Margin



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



Net Debt / LTM EBITDA



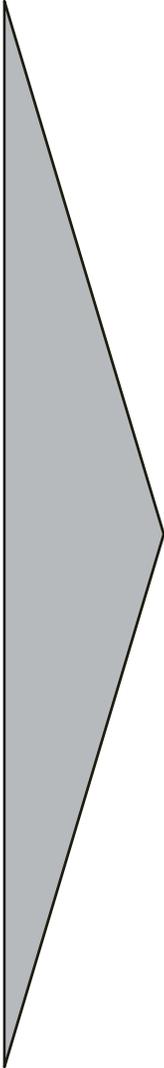
<sup>1</sup> Per IBES median estimates

<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**