

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended August 31, 2018

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Transition period from to
Commission File No. 1-11288

ACTUANT CORPORATION

(Exact name of Registrant as specified in its charter)

Wisconsin
(State or other jurisdiction of
incorporation or organization)

39-0168610
(I.R.S. Employer
Identification No.)

N86 W12500 WESTBROOK CROSSING
MENOMONEE FALLS, WISCONSIN 53051
Mailing address: P.O. Box 3241, Milwaukee, Wisconsin 53201
(Address of principal executive offices)

(262) 293-1500
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)

(Name of each exchange on
which registered)

Class A Common Stock, par value \$0.20 per share

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15d of the Act. Yes ☐ No ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definition of "accelerated filer," "large accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|-------------------------|--|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/> | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes ☐ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.): Yes ☐ No ☒

As of February 28, 2018, the end of the Registrant's second fiscal quarter, the aggregate market value of the shares of Common Stock (based upon the closing price on the New York Stock Exchange on February 28, 2018) held by non-affiliates of the Registrant was approximately \$1.37 billion.

There were 61,016,012 shares of the Registrant's Class A Common Stock outstanding as of September 30, 2018.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on January 22, 2019 are incorporated by reference into Part III hereof.

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Actuant Corporation provides free-of-charge access to our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments thereto, through our website, www.actuant.com, as soon as reasonably practical after such reports are electronically filed with the Securities and Exchange Commission.

FORWARD LOOKING STATEMENTS AND CAUTIONARY FACTORS

This annual report on Form 10-K contains certain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. The terms “may,” “should,” “could,” “anticipate,” “believe,” “estimate,” “expect,” “objective,” “plan,” “project” and similar expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to inherent risks and uncertainties that may cause actual results or events to differ materially from those contemplated by such forward-looking statements. In addition to the assumptions and other factors referred to specifically in connection with such statements, factors that may cause actual results or events to differ materially from those contemplated by such forward-looking statements include, without limitation, general economic uncertainty, market conditions in the industrial, oil & gas, energy, power generation, infrastructure, commercial construction, truck, automotive, specialty vehicle and agriculture industries, market acceptance of existing and new products, successful integration of acquisitions and related restructuring, operating margin risk due to competitive pricing and operating efficiencies, supply chain risk, material, labor, or overhead cost increases, foreign currency risk, interest rate risk, commodity risk, the impact of geopolitical activity, tariffs, litigation matters, impairment of goodwill or other intangible assets, the Company’s ability to access capital markets and other factors that may be referred to or noted in the Company’s reports filed with the Securities and Exchange Commission from time to time, including those described under “Item 1A. Risk Factors” of this annual report on Form 10-K. We disclaim any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or any other reason.

When used herein, the terms “Actuant,” “we,” “us,” “our,” and the “Company” refer to Actuant Corporation and its subsidiaries.

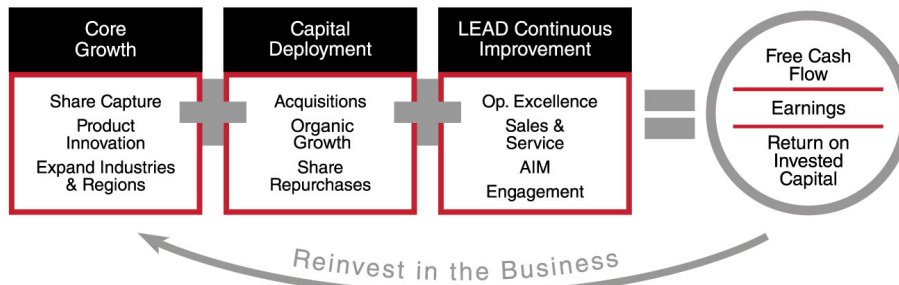
PART I

Item 1. Business

General

Actuant Corporation, headquartered in Menomonee Falls, Wisconsin, was incorporated in 1910. We are a global diversified company that designs, manufactures and distributes a broad range of industrial products and systems to various end markets. As part of our ongoing assessment of segment reporting, during the fourth quarter of fiscal 2018, the Company’s financial reporting segments were modified to reflect changes in the operating structure of the Company, with the combination of our tools and services businesses and all OEM-related businesses into two operating segments: Industrial Tools & Services and Engineered Components & Systems. All prior period disclosures have been adjusted to reflect the two reportable segments. The Industrial Tools & Services segment is primarily engaged in the design, manufacture and distribution of branded hydraulic and mechanical tools as well as providing services and tool rentals to the industrial, maintenance, infrastructure, oil & gas, energy and other markets. The Engineered Components & Systems segment provides highly engineered components for on-highway, off-highway, agriculture, energy, medical, construction and other vertical markets. Financial information related to the Company’s segments is included in Note 15, “Business Segment, Geographic and Customer Information” in the notes to the consolidated financial statements.

OUR BUSINESS MODEL



Our long-term goal is to grow diluted earnings per share faster than other multi-industry peers. We intend to leverage our strong market positions to generate organic core sales growth that exceeds end-market growth rates. Organic growth is accomplished through a combination of share capture, product innovation and market expansion into emerging industries and geographic regions. In addition to organic growth, strong cash flow generation is achieved by maximizing returns on assets and minimizing primary working capital needs. The cash flow that results from efficient asset management and improved profitability is used to fund internal growth opportunities, strategic acquisitions and common stock repurchases. We also focus on profit margin expansion and cash flow generation to achieve our financial objectives. Our LEAD (“Lean Enterprise Across Disciplines”) Business System utilizes continuous improvement techniques to reduce costs, improve efficiencies and drive operational excellence across all locations and functions worldwide, thereby expanding profit margins and improving the customer experience. Our LEAD efforts also support our core sales growth.

Our businesses provide an array of products and services across multiple end markets and geographies, which results in significant diversification. The long-term sales growth and profitability of our business is dependent not only on increased demand in end markets and the overall economic environment, but also on our ability to identify, consummate and integrate strategic acquisitions, develop and market innovative new products, expand our business activity geographically and continuously improve operational excellence. We remain focused on improving our financial position and flexibility by adjusting our cost structure to reflect changes in demand levels and by proactively managing working capital and cash flow generation.

Description of Business Segments

Industrial Tools & Services

The Industrial Tools & Services segment is a global supplier of both products and services to a broad array of end markets, including industrial, energy, mining and production automation markets. Our primary products include branded tools, highly engineered heavy lifting technology solutions, connectors for oil & gas and hydraulic torque wrenches. On the services side of the segment, we provide energy maintenance and manpower services to meet customer-specific needs and rental capabilities for certain of our products. Our branded tools and services are marketed primarily through the Enerpac, Hydratight, Larzep, Simplex, Biach, Equalizer and Mirage brand names.

Our Industrial Tools & Services segment includes high-force hydraulic and mechanical tools (cylinders, pumps, valves and specialty tools) which are designed to allow users to apply controlled force and motion to increase productivity, reduce labor costs and make work safer and easier to perform. These tools operate at very high pressures of approximately 5,000 to 12,000 pounds per square inch and are generally sold by a diverse group of industrial and specialty fluid power distributors to customers in various industries. Examples of industrial distributors include W.W. Grainger, MSC and Blackwoods.

Our products also include bolt tensioners, connectors for oil & gas and other miscellaneous products. With our products used in a wide variety of end markets, they are often deployed in harsh operating conditions, such as oil & gas production, machining and infrastructure maintenance and repair, where safety is a key differentiator. As a result, we hold ourselves to a world class safety standard to ensure both our employees and our customers are safe.

In addition to providing a comprehensive line of tools and other products, the Industrial Tools & Services segment sustains a services and rental network providing highly trained technicians to perform bolting, machining and joint integrity work for our customers. The segment delivers products and services through a localized infrastructure of product, rental and maintenance depots.

We will also focus on acquiring complementary businesses that provide product line and regional expansion opportunities, while leveraging existing and new distribution channels.

Engineered Components & Systems

The Engineered Components & Systems segment is a leading global designer, manufacturer and assembler of system critical position and motion control systems, high performance ropes, cables and umbilicals and other customized industrial components to various vehicle, construction, agricultural and other niche markets. The segment focuses on providing technical and highly engineered products, including actuation systems, mechanical power transmission products, engine air flow management systems, human to machine interface (“HMI”) solutions and other rugged electronic instrumentation. Products in the Engineered Components & Systems segment are primarily marketed directly to original equipment manufacturers (“OEMs”) and other diverse customers through a technical sales organization. Within this segment, engineering capabilities, technical service, price, quality and established customer relationships are key competitive advantages.

Approximately forty percent of the Engineered Components & Systems segment's revenue comes from our On-Highway product line (Power-Packer and Gits brands), with sales to the heavy duty truck, automotive and specialty vehicle markets. Products include hydraulic cab-tilt and latching systems which are sold to global heavy duty truck OEMs such as Volvo, Scania, Paccar-DAF, FAW and CNHTC, as well as automotive electro-hydraulic convertible top latching and actuation systems.

The automotive convertible top actuation systems are utilized on both retractable soft and hard top vehicles manufactured by OEMs such as Daimler, General Motors, Volkswagen and BMW. Our diesel engine air flow solutions, such as exhaust gas recirculation ("EGR") systems and air flow actuators, are used by diesel engine and turbocharger manufacturers to reduce emissions, improve fuel efficiency and increase horsepower. Primary end markets include heavy duty truck and equipment serving customers such as Caterpillar, Cummins, MAN, Honeywell and Borg Warner.

The Agriculture, Off-Highway and Other product line within the segment includes severe-duty electronic instrumentation (including displays and clusters, machine controls and sensors), HMI solutions and power transmission products (highly engineered power transmission components including drive shafts, torque limiters, gearboxes, torsional dampers and flexible shafts). These products are sold to a variety of niche markets including agricultural, lawn & turf, construction, forestry, industrial, aerospace, material handling and security. Representative customers include John Deere, Caterpillar, AGCO, MacDon, CNH, Stihl and MTD Products.

In addition, our Concrete Tensioning and Rope & Cable product lines provide customized solutions and products to our diverse customer base. Our Concrete Tensioning product line (chucks and wedges, stressing jacks and anchors) is used by concrete tensioning designers, fabricators and installers for residential and commercial construction and bridge, infrastructure and mining markets. We also develop highly-engineered rope, umbilical and cable solutions that maximize performance, safety, and efficiency for our customers in various markets including oil & gas, heavy marine, medical and aerospace defense. Until the fiscal 2018 divestiture of our Viking business, this segment also offered a comprehensive range of marine mooring equipment such as chains, anchors and fiber rope.

International Business

Our products and services are generally available globally, with our principal markets outside the United States being Europe and Asia. In fiscal 2018, we derived 43% of our net sales from the United States, 35% from Europe, 9% from Asia, 5% from the Middle East and 8% from other geographic areas. We have operations around the world and our geographic diversity allows us to draw on the skills of a global workforce, provides flexibility to our operations, allows us to drive economies of scale, provides revenue streams that may help offset economic trends that are specific to individual countries and offers us an opportunity to access new markets. Although international operations are subject to certain risks, we continue to believe that a global presence is key to maintaining strong relationships with many of our global customers. Financial information related to the Company's geographic footprint is included in Note 15, "Business Segment, Geographic and Customer Information" in the notes to the consolidated financial statements.

Product Development and Engineering

We conduct research and development activities to develop new products, enhance the functionality, effectiveness, ease of use and reliability of our existing products and expand the applications for our products. We believe that our engineering and research and development efforts have been and continue to be key drivers of our success in the marketplace. Our advanced design and engineering capabilities contribute to the development of innovative and highly engineered products, maintain our technological leadership in each segment and enhance our ability to provide customers with unique and customized solutions and products. We anticipate that we will continue to make significant expenditures for research and development as we seek to provide innovative products to maintain and improve our competitive position. Research and development costs are expensed as incurred and were \$26 million in fiscal 2018, an increase of 18% from \$22 million in fiscal 2017 and an increase of 41% from \$18 million in fiscal 2016. We also incur costs in connection with fulfilling custom orders and developing unique solutions for distinct customer needs, which are not included in these expense totals.

The Company holds numerous patents and trademarks; however, no individual patent or trademark is believed to be of such importance that its termination would have a material adverse effect on our business.

Competition

The markets for our products are highly competitive. We provide a diverse and broad range of industrial products and systems to numerous global end markets, many of which are highly fragmented. Although we face larger competitors in several served markets, some of our competition is comprised of smaller companies which may lack the global footprint or financial resources to serve global customers. We compete for business principally on the basis of customer service, product quality and availability, engineering, research and development expertise and price. In addition, we believe that our cost structure, strategic global sourcing capabilities and global distribution support our competitive position.

Manufacturing and Operations

While we do have extensive manufacturing capabilities including machining, stamping, injection molding and fabrication, our manufacturing consists primarily of light assembly of components we source from a network of global suppliers. We have implemented single piece flow processes in most of our manufacturing plants, which reduces inventory levels, lowers “re-work” costs and shortens lead times to customers. Components are built to our highly engineered specifications by a variety of suppliers, including those in low cost countries such as China, Turkey, India and Mexico. We have built strong relationships with our key suppliers and, while we single source certain of our components, in most cases there are several qualified alternative sources.

Raw Material Costs and Inflation

We source materials and components from a network of global suppliers. These items are typically available from multiple suppliers. Raw materials that go into the components we source, such as steel and plastic resin, are subject to price fluctuations and tariffs, which could have an impact on our results. While no meaningful measures of inflation specific to our products are available because we have significant operations in countries with diverse rates of inflation and currency rate movements, we have more than offset the impact of inflation in recent years with manufacturing efficiencies, cost reductions and annual pricing actions.

Order Backlogs and Seasonality

Our Industrial Tools & Services segment has a relatively short order-to-ship cycle, while our OEM-oriented Engineered Components & Systems segment has a longer cycle, and therefore typically has a larger backlog. We had order backlogs of \$197 million and \$195 million at August 31, 2018 and 2017, respectively. Substantially all orders are expected to be filled within twelve months. While we typically experience a stronger second half to our fiscal year, our consolidated sales are not subject to significant seasonal fluctuations.

Sales Percentages by Fiscal Quarter

| | 2018 | 2017 |
|----------------------------------|------|------|
| Quarter 1 (September - November) | 24% | 24% |
| Quarter 2 (December - February) | 23% | 24% |
| Quarter 3 (March - May) | 27% | 27% |
| Quarter 4 (June - August) | 26% | 25% |
| | 100% | 100% |

Employees

At August 31, 2018, we had approximately 5,300 employees. Our employees generally are not subject to collective bargaining agreements, with the exception of approximately 300 U.S. production employees and certain international employees covered by government mandated collective labor agreements. We believe we have a good working relationship with our employees globally.

Environmental Matters

Our operations, like those of most industrial businesses, are subject to federal, state, local and foreign laws and regulations relating to the protection of the environment, including those regulating discharges of hazardous materials into the air and water, the storage and disposal of such hazardous materials and the clean-up of soil and groundwater contamination. We believe that we are in material compliance with applicable environmental regulations. Compliance with these laws requires expenditures on an ongoing basis. However, environmental expenditures over the last three years have not been material. Soil and groundwater contamination has been identified at certain facilities that we operate or formerly owned or operated. We are also a party to certain state and local environmental matters, have provided environmental indemnifications for certain divested businesses and retain responsibility for certain potential environmental liabilities. For further information, see Note 16, “Commitments and Contingencies” in the notes to consolidated financial statements.

Executive Officers of the Registrant

The names, ages and positions of all of the executive officers of the Company as of October 15, 2018 are listed below.

| <u>Name</u> | <u>Age</u> | <u>Position</u> |
|----------------------|------------|--|
| Randal W. Baker | 55 | President and Chief Executive Officer |
| Rick T. Dillon | 47 | Executive Vice President and Chief Financial Officer |
| Fabrizio R. Rasetti | 52 | Executive Vice President—General Counsel and Secretary |
| Roger A. Roundhouse | 53 | Executive Vice President—Engineered Components & Systems Segment |
| J. Jeffrey Schmaling | 59 | Executive Vice President—Industrial Tools & Services Segment |
| Andre L. Williams | 59 | Executive Vice President—Global Human Resources |

Randal W. Baker, President, Chief Executive Officer. Mr. Baker was appointed President and Chief Executive Officer of the Company in March 2016. Prior to joining the Company, Mr. Baker held multiple roles during a six year tenure at Joy Global, including most recently as Chief Operating Officer. Prior to Joy Global, Mr. Baker was an executive with Case New Holland Inc., holding a variety of roles including President and CEO of its agricultural equipment business. Mr. Baker also held diverse leadership roles in marketing, sales, product development and engineering at Komatsu America Corporation, Ingersoll-Rand and Sandvik Corporation.

Rick T. Dillon, Executive Vice President and Chief Financial Officer, joined the Company in December 2016. Prior to joining the Company, Mr. Dillon served as Executive Vice President and Chief Financial Officer of Century Aluminum Co. Prior to that, Mr. Dillon served as Vice President-Finance Global Surface Mining Group and Vice President-Controller and Chief Accounting Officer of Joy Global Inc. from 2009 to 2014. Prior to Joy Global, Mr. Dillon served as Vice President-Business Planning and Analysis and Vice President-Controller and Chief Accounting Officer at Newell Brands, and Vice President-Controller and Chief Accounting Officer at Briggs & Stratton Corporation.

Fabrizio R. Rasetti, Executive Vice President—General Counsel and Secretary, joined Actuant in May 2018 from Boart Longyear where he held the position of Senior Vice President, General Counsel and Secretary since 2006. For the ten years prior he worked at SPX Corporation in roles of increasing responsibility including Segment General Counsel & Vice President, Business Development, Flow Segment. Earlier in his career he worked in private law practice.

Roger A. Roundhouse, Executive Vice President—Engineered Components & Systems segment. Mr. Roundhouse joined the Company in 2014, from General Cable, where he most recently held the position of Senior Vice President and General Manager Utility Products. Mr. Roundhouse brings extensive automotive, industrial and OEM knowledge, as well as over 20 years of experience with global operations and mergers & acquisitions.

J. Jeffrey Schmaling, Executive Vice President—Industrial Tools & Services segment joined Actuant in his current role in February 2018. Prior to Actuant he held the position of President, North America for Komatsu Mining Corporation (formerly Joy Global Inc.) since 2010. Prior to that, he served as Senior Director Dealer Development and Account Management at Case International Harvester, a Division of Fiat S.p.A. Earlier in his 30 plus year career he held various sales, marketing and product development roles.

Andre L. Williams, Executive Vice President—Global Human Resources. Mr. Williams joined the Company in January 2017 as Vice President Human Resources within our segments and was promoted to Executive Vice President—Global Human Resources in September 2017. Prior to joining the Company, Mr. Williams was the Vice President Human Resources for Global Sales & Marketing and Control Products & Solutions at Rockwell Automation. Prior to Rockwell Automation, Mr. Williams held Human Resource roles of increasing responsibility at Joy Global, Accenture, Best Buy, Beloit Corporation, Morton International and South African Breweries.

Item 1A. Risk Factors

The risks and uncertainties described below are those that we have identified as material, but are not the only risks and uncertainties facing the Company. If any of the events contemplated by the following risks actually occurs, our business, financial condition, or results of operations could be materially adversely affected. Additional risks and uncertainties not currently known to us or that we currently believe are immaterial also may adversely impact our business.

Deterioration of, or instability in, the domestic and international economy and challenging end market conditions could impact our ability to grow the business and adversely impact our financial condition, results of operations and cash flows.

Our businesses and operating results have been, and will continue to be, affected by domestic and international economic conditions. The level of demand for our products depends, in part, on general economic conditions in our served end markets. A substantial portion of our revenues is derived from customers in cyclical industries (vehicles, industrial, oil & gas, agriculture

and mining) that typically are adversely affected by downward economic cycles. As global economic uncertainty continues, our customers may experience deterioration of their businesses, which may delay or lengthen sales cycles. Beginning in fiscal 2016, we experienced challenging and inconsistent demand in several of our served markets, including oil & gas, mining, infrastructure, commercial and off-highway vehicles and agriculture markets. As a result of these and other factors, we implemented various restructuring initiatives aimed at reducing our cost structure and improving operational performance. While we have seen recovery in those end markets, we are still executing on restructuring initiatives previously announced. Further, we may implement additional restructuring initiatives in response to further market challenges to achieve additional efficiencies. Such initiatives could result in restructuring costs, including facility consolidations, workforce reductions and structural realignment. Although we expect that the related cost savings and realization of efficiencies will offset the restructuring related costs over time, we may not achieve the desired net benefits of these efforts (see Note 3, "Restructuring Charges" and "Business Update" within Item 7 for further discussion of our restructuring activities and future anticipated cost savings).

The integration of our three historic operating segments into two segments could negatively impact our business.

We have reorganized our operations, in the fourth quarter of fiscal 2018, into two new operating segments: the Industrial Tools & Services and the Engineered Components & Systems segments. The segment realignment may not yield expected benefits and also could result in unexpected negative impacts, including, without limitation, loss of key employees, integration difficulties, loss of key customers or other adverse effects.

Our growth strategy includes strategic acquisitions. We may not be able to consummate future acquisitions or successfully integrate them.

A significant portion of our growth has come from strategic acquisitions of businesses. We plan to continue making acquisitions to enhance our global market position and broaden our product offerings. Our ability to successfully execute acquisitions will be impacted by a number of factors, including the availability of financing on terms acceptable to us, our ability to identify acquisition candidates that meet our valuation parameters and increased competition for acquisitions. The process of integrating acquired businesses into our existing operations also may result in unforeseen operating difficulties and may require additional financial resources and attention from management that would otherwise be available for the ongoing development or expansion of our existing operations. Although we expect to successfully integrate any acquired businesses, we may not achieve the desired net benefit in the time-frame planned. Failure to effectively execute our acquisition strategy or successfully integrate the acquired businesses could have an adverse effect on our financial condition, results of operations, cash flows and liquidity.

We may not be able to realize planned benefits from acquired companies.

We may not be able to realize planned benefits from acquired companies. Achieving those benefits depends on the timely, efficient and successful execution of a number of post-acquisition events, including integrating the acquired business into the Company. Factors that could affect our ability to achieve these benefits include:

- difficulties in integrating and managing personnel, financial reporting and other systems used by the acquired businesses;
- the failure of acquired businesses to perform in accordance with our expectations;
- failure to achieve anticipated synergies between our business units and the business units of acquired businesses;
- the loss of customers of acquired businesses;
- the loss of key managers of acquired businesses;
- or
- other material adverse events in the acquired businesses.

If acquired businesses do not operate as we anticipate, it could materially impact our business, financial condition and results of operations. In addition, acquired businesses may operate in niche markets in which we have little or no experience. In such instances, we will be highly dependent on existing managers and employees to manage those businesses, and the loss of any key managers or employees of the acquired business could have a material adverse effect on our financial condition, results of operations, cash flows and liquidity.

The indemnification provisions of acquisition agreements may result in unexpected liabilities.

Certain acquisition agreements from past and current acquisitions require the former owners to indemnify us against certain liabilities related to the operation of each of their companies. In most of these agreements, the liability of the former owners is limited to specific warranties given in the agreement, as well as, in amount and duration and certain former owners may not be able to meet their indemnification responsibilities. These indemnification provisions may not fully protect us, and as a result we may face unexpected liabilities that adversely affect our profitability and financial position.

Our goodwill and other intangible assets represent a substantial amount of our total assets.

Our total assets reflect substantial intangible assets, primarily goodwill. At August 31, 2018, goodwill and other intangible assets totaled \$693 million, or 47% of our total assets. The goodwill results from acquisitions, representing the excess of the purchase price over the fair value of the net tangible and other identifiable intangible assets we have acquired. We assess annually whether there has been impairment in the value of our goodwill or indefinite-lived intangible assets. If future operating performance at one or more of our reporting units were to fall below current levels, we could be required to recognize a non-cash charge to operating earnings to impair the related goodwill or other intangible assets. We recognized \$34 million, \$16 million, and \$187 million in non-cash impairment charges in fiscal 2018, 2017 and 2016, respectively, related to the goodwill, intangible assets and long-lived assets of several of our businesses (see Note 6, "Goodwill, Intangible Assets and Long-Lived Assets" and "Critical Accounting Policies" for further discussion on goodwill, intangible asset and long-lived asset impairments). Any future goodwill or intangible asset impairments could negatively affect our financial condition and results of operations.

Divestitures and discontinued operations could negatively impact our business, and retained liabilities from businesses that we sell could adversely affect our financial results.

As part of our portfolio management process, we review our operations for businesses which may no longer be aligned with our strategic initiatives and long-term objectives. For example, over the past three years, we have divested our Sanlo product line and Viking business and currently are marketing our Cortland Fibron business for sale. We continue to review our portfolio and may pursue additional divestitures. Divestitures pose risks and challenges that could negatively impact our business, including required separation or carve-out activities and costs, disputes with buyers or potential impairment charges. We may also dispose of a business at a price or on terms that are less than we had previously anticipated. During the past three years, we have recognized charges related to divestitures and loss on product line divestiture of \$49 million, \$117 million and \$5 million in fiscal 2018, 2017 and 2016, respectively (see Note 5, "Divestiture Activities" for further discussion on divestiture activities and related charges). After reaching an agreement with a buyer for the disposition of a business, we are also subject to satisfaction of pre-closing conditions, as well as necessary regulatory and governmental approvals on acceptable terms, which may prevent us from completing a transaction. Dispositions may also involve continued financial involvement, as we may be required to retain responsibility for, or agree to indemnify buyers against contingent liabilities related to a businesses sold, such as lawsuits, tax liabilities, lease payments, product liability claims or environmental matters. Under these types of arrangements, performance by the divested businesses or other conditions outside of our control could affect future financial results.

If we do not realize the expected benefits or synergies of any divestiture transaction, our consolidated financial position, results of operations and cash flows could be negatively impacted. Any divestiture may result in a dilutive impact to our future earnings if we are unable to offset the dilutive impact from the loss of revenue associated with the divestiture, as well as significant write-offs, including those related to goodwill and other intangible assets, which could have a material adverse effect on our results of operations and financial condition.

If we fail to develop new products, or customers do not accept our new products, our business could be adversely affected.

Our ability to develop innovative new products can affect our competitive position and often requires the investment of significant resources. Difficulties or delays in research, development, production or commercialization of new products, or failure to gain market acceptance of new products and technologies, may reduce future sales and adversely affect our competitive position. Operational excellence processes including effective product sourcing, lean manufacturing, acquisition integration and leadership development, along with other continuous improvement activities, are utilized to improve our businesses. There can be no assurance that we will have sufficient resources to make such investments, that we will be able to make the technological advances necessary to maintain competitive advantages or that we can recover major research and development expenses. If we fail to make innovations, launch products with quality problems, experience development cost overruns, or the market does not accept our new products, then our financial condition, results of operations, cash flows and liquidity could be adversely affected.

Uncertainty over global tariffs, or the financial impact of tariffs, may negatively affect our results.

Recent changes in U.S. domestic and global tariff frameworks have increased our costs of producing goods and resulted in additional risks to our supply chain. More tariff changes also are possible. We have developed strategies to mitigate previously implemented and, in some cases, proposed tariff increases, but there is no assurance we will be able to continue to mitigate tariff increases in substantial part. Further, uncertainties about future tariff changes could result in mitigation actions that prove to be detrimental to our business.

Our indebtedness could harm our operating flexibility and competitive position.

We have incurred, and may in the future incur, significant indebtedness in connection with acquisitions and share repurchases. We have, and will continue to have, a substantial amount of debt which requires interest and principal payments. Our level of debt and the limitations imposed on us by our debt agreements could adversely affect our operating flexibility and put us at a competitive disadvantage.

Our ability to make scheduled principal and interest payments, refinance our indebtedness and satisfy our other debt and lease obligations will depend upon our future operating performance and credit market conditions, which could be adversely affected by factors beyond our control. In addition, there can be no assurance that future borrowings or equity financings will be available to us on favorable terms, or at all, for the payment or refinancing of our indebtedness. If we are unable to service our indebtedness, our business, financial condition and results of operations will be adversely affected.

The financial and other covenants in our debt agreements may adversely affect us.

Our senior credit agreement and our other debt agreement contain financial and other restrictive covenants. These covenants could adversely affect us by limiting our financial and operating flexibility as well as our ability to plan for and react to market conditions and to meet our capital needs. Our failure to comply with these covenants could result in events of default which, if not cured or waived, could result in us being required to repay indebtedness before its due date and we may not have the financial resources or be able to arrange alternative financing to do so. Borrowings under our senior credit facility are secured by most domestic personal property assets and are guaranteed by most of our domestic subsidiaries and by a pledge of the stock of most of our domestic and certain foreign subsidiaries. If borrowings under our senior credit facility were declared or became due and payable immediately as the result of an event of default and we were unable to repay or refinance those borrowings, the lenders could foreclose on the pledged assets and stock. Any event that requires us to repay any of our debt before it is due could require us to borrow additional amounts at unfavorable borrowing terms, cause a significant reduction in our liquidity and impair our ability to pay amounts due on our indebtedness. Moreover, if we are required to repay any of our debt before it becomes due, we may be unable to borrow additional amounts or otherwise obtain the cash necessary to repay that debt, when due, which could seriously harm our business.

Our businesses operate in highly competitive markets, so we may be forced to cut prices or incur additional costs.

Our businesses generally face substantial competition, domestically and internationally, in each of their respective markets. We may lose market share in certain businesses or be forced to reduce prices or incur increased costs to maintain existing business. We compete globally on the basis of product design, quality, availability, performance, customer service and price. The entry of a new, well-capitalized large company into one of our markets, or its acquisition of an existing competitor, could adversely impact our competitiveness due to the new entrant's greater financial or other resources. Present or future competitors may have greater financial, technical or other resources which could put us at a competitive disadvantage. In addition, some of our competitors may be willing to reduce prices and accept lower margins in order to compete with us.

Our international operations pose currency and other risks.

We continue to focus on penetrating global markets as part of our overall growth strategy and expect sales from and into foreign markets to continue to represent a significant portion of our revenue. Approximately 57% of our sales in fiscal 2018 were outside the United States. In addition, many of our manufacturing operations and suppliers are located outside the United States. Our international operations present special risks, primarily from currency exchange rate fluctuations, exposure to local economic and political conditions, export and import restrictions, controls on repatriation of cash and exposure to local political conditions. Changes in foreign currency exchange rates will continue to add volatility as over one-half of our sales are generated outside of the United States in currencies other than the U.S. dollar. In addition, United States tax reform has significantly changed how foreign operations are taxed in the United States. We are monitoring new regulations related to tax reform as they become available and continue to review how tax reform will impact our tax rate going forward. We earn a substantial portion of our income from international operations and therefore changes to United States international tax rules may have a material adverse effect on future results of operations or liquidity. To the extent that we expand our international presence, these risks may increase.

Geopolitical unrest and terrorist activities may cause the economic conditions in the U.S. or abroad to deteriorate, which could harm our business.

Terrorist attacks against targets in the U.S. or abroad, rumors or threats of war, other geopolitical activity or trade disruptions may impact our operations or cause general economic conditions in the U.S. and abroad to deteriorate. A prolonged economic slowdown or recession in the U.S. or in other areas of the world could reduce the demand for our products and, therefore, negatively affect our future sales. Any of these events could have a significant impact on our business, financial condition or results of operations.

Our significant reliance on third-party suppliers for components for the manufacture, assembly and sale of our products involves risks.

We rely on suppliers to secure component products and finished goods required for the manufacture and assembly of our products. A disruption in deliveries to or from key suppliers, or decreased availability of components or commodities, could have an adverse effect on our ability to meet our commitments to customers or increase our operating costs. Further, poor supplier quality or an insecure supply chain could adversely affect the reliability, performance and reputation of our products. Additionally, if demand for our products is less than we expect, we may experience excess inventories and be forced to incur additional charges and our profitability may suffer. Our business, competitive position, results of operations or financial condition could be negatively impacted if supply is insufficient for our operations, if we experience excess inventories or if we are unable to adjust our production schedules or our purchases from suppliers to reflect changes in customer demand and market fluctuations on a timely basis.

A material disruption at a significant manufacturing facility could adversely affect our ability to generate sales and meet customer demand.

Our financial performance could be adversely affected as a result of our inability to meet customer demand for our products in the event of a material disruption at one of our significant manufacturing facilities. Equipment failures, natural disasters, power outages, fires, explosions, terrorism, adverse weather conditions, labor disputes or other influences could create a material disruption. Interruptions to production could increase our cost of sales, harm our reputation and adversely affect our ability to attract or retain our customers. Our business continuity plans may not be sufficient to address disruptions attributable to such risks. Any interruption in production capability could require us to make substantial capital expenditures to remedy the situation, which could adversely affect our financial condition and results of operations.

Large or rapid increases in the costs of commodities and raw materials, including impact of tariffs, or substantial decreases in their availability could adversely affect our operations.

The primary raw materials that are used in our products include steel, plastic resin, brass, steel wire and rubber. Most of our suppliers are not currently parties to long-term contracts with us. Consequently, we are vulnerable to fluctuations in prices of such raw materials, including the impact of tariffs. Factors such as supply and demand, freight costs and transportation availability, inventory levels, the level of imports and general economic conditions may affect the prices of raw materials that we need. If we experience a significant increase in raw material prices, or if we are unable to pass along increases in raw material prices to our customers, our results of operations could be adversely affected. In addition, an increasing portion of our products are sourced from low cost regions. Changes in export laws, taxes, tariffs and disruptions in transportation routes could adversely impact our results of operations.

We are subject to a wide variety of laws and regulations that may change in ways that are detrimental to our competitiveness or results.

Our businesses are subject to regulation under a broad range of U.S. and foreign laws and regulations. There is no assurance that such laws, regulations and policies will not be changed in ways that will require us to modify our business models and objectives or affect our results by restricting existing activities and products, subjecting them to escalating costs or prohibiting them outright. Particular legislative, regulatory or other areas that may have an effect on our structure, operations, markets, sales, liquidity, tax rate or the results of our businesses include exports controls, anti-corruption law, competition law, data privacy regulations, currency controls and economic or political sanctions.

Costs and liabilities arising from legal proceedings, including from divested or discontinued businesses, could be material and adversely impact our financial results.

We are subject to a variety of legal and regulatory proceedings. We maintain insurance and have established reserves for these matters as appropriate and in accordance with applicable accounting standards and practices. Insurance coverage, to the extent it is available, may not cover all losses arising from such contingencies. Also, estimating legal reserves or possible losses involves significant judgment and may not reflect the full range of uncertainties and unpredictable outcomes inherent in litigation and investigations, and the actual losses arising from particular matters may exceed our current estimates and

adversely affect our results of operations. We also expect that additional legal proceedings and other contingencies will arise from time to time, and we cannot predict the magnitude and outcome of such additional matters. Moreover, we operate in jurisdictions where claims involving us may be adjudicated within legal systems that are less developed and less reliable than those of the U.S. or other more developed markets, and this can create additional uncertainty about the outcome of proceedings before courts or other governmental bodies in such markets.

Legal compliance risks could result in significant costs to our business or cause us to restrict current activities or curtail growth plans.

We and our representatives operate in industries, markets and jurisdictions in which we are exposed to inherent compliance risks and that are subject to significant scrutiny by regulators, governmental authorities and other persons. We continue to strengthen our risk management and compliance programs to mitigate such risks and operate in compliance with applicable laws, but the global and diverse nature of our operations, the complex and high-risk nature of some of our markets and the current enforcement environment mean that legal and compliance risks will continue to exist throughout our operations. The consequences of compliance risks could include enforcement actions or private litigation resulting in significant defense and investigation costs, fines and penalties, and a broad range of remedial actions, including potential restrictions on our operations and other adverse changes to our business plans. See Note 16, "Commitments and Contingencies" in the notes to the consolidated financial statements for additional information about compliance risks.

Health, Safety and Environmental laws and regulations may result in additional costs.

We are subject to federal, state, local and foreign laws and regulations governing public and worker health and safety. Violations of these laws could cause us to incur unanticipated liabilities that could harm our operating results. Pursuant to such laws, governmental authorities have required us to contribute to the cost of investigating or remediating certain matters at current or previously owned and operated sites. In addition, we provided environmental indemnities in connection with the sale of certain businesses and product lines. Liability as an owner or operator, or as an arranger for the treatment or disposal of hazardous substances, can be joint and several and can be imposed without regard to fault. There is a risk that costs relating to these matters could be greater than what we currently expect or exceed our insurance coverage, or that additional remediation and compliance obligations could arise which require us to make material expenditures. In particular, more stringent environmental laws, unanticipated remediation requirements or the discovery of previously unknown conditions could materially harm our financial condition and operating results. We are also required to comply with various environmental laws and maintain permits, some of which are subject to discretionary renewal from time to time, for many of our businesses, and our business operations could be restricted if we are unable to renew existing permits or to obtain any additional permits that we may require.

Our inability to attract, develop and retain qualified employees could have a material adverse impact on our operations.

Our ability to deliver financial results and drive growth and pursue competitive advantages in our business substantially depends on our ability to retain key employees and continually attract new talent to the business. If we experience losses of key employees, such as our Chief Executive Officer and Chief Financial Officer, or experience significant delays or difficulty in replacing them, our operations, competitive positions and financial results may be adversely affected. Competition for highly qualified personnel is intense and our competitors and others can be expected to attempt to hire our skilled employees from time to time. Additionally, we need qualified managers and skilled employees with technical and manufacturing industry experience to operate our businesses successfully. From time to time there may be shortages of skilled labor which may make it more difficult and expensive for us to attract and retain qualified employees or lead to increased labor costs.

Cyber security vulnerabilities, threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions, services and data.

Increased global cyber security vulnerabilities, threats, computer viruses and more sophisticated and targeted cyber-related attacks, as well as cyber security failures resulting from human error and technological errors, pose a risk to our systems, products and data as well as potentially to our employees', customers', partners', suppliers' and third-party service providers' data. We attempt to mitigate these risks by employing a number of measures, including employee training, monitoring and testing, and maintenance of protective systems and contingency plans, but we remain potentially vulnerable to additional known or unknown threats. There is no assurance the impact from such threats will not be material and it could result in security breaches, theft, lost or corrupted data, misappropriation of sensitive, confidential or personal data or information, loss of trade secrets and commercially valuable information, production downtimes and operational disruptions.

Our intellectual property portfolio may not prevent competitors from developing products and services similar to or duplicative to ours, and the value of our intellectual property may be negatively impacted by external dependencies.

Our patents, trademarks and other intellectual property may not prevent competitors from independently developing or selling products and services similar to or duplicative of ours or that our intellectual property portfolio will adequately deter misappropriation or improper use of our innovations and technology. In addition, additional steps we take to protect our intellectual property, including non-disclosure agreements, may not prevent the misappropriation of our business critical secrets and information. In such circumstances, our competitive position and the value of our brand may be negatively impacted.

Our competitors or other persons could assert that we have infringed their intellectual property rights.

We may be the target of enforcement of patents or other intellectual property rights by third parties. Regardless of the merit of such claims, responding to infringement claims can be expensive and time-consuming. If we are found to infringe any third-party rights, we could be required to pay substantial damages or we could be enjoined from offering some of our products and services.

Our customers and other business partner often require terms and conditions that expose us to significant risks and liabilities.

We operate in end-markets and industries in which our customers and business partners seek to contractually shift significant risks associated with their operations or projects to us. We continue to review and improve our commercial and contracting practices to manage the risks we are assuming, but we cannot assure that material liabilities will not arise from our contracts with our business partners. Also, as we impose more stringent contracting standards on our operations, we may experience market share losses or the reduction in growth opportunities.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of August 31, 2018, we operated the following facilities (square footage in thousands):

| | Number of Locations | | | Square Footage | | |
|---------------------------------|---------------------|------------------------------------|-------|----------------|--------|-------|
| | Manufacturing | Distribution / Sales / Admin | Total | Owned | Leased | Total |
| Industrial Tools & Services | 13 | 31 | 44 | 228 | 1,102 | 1,330 |
| Engineered Components & Systems | 17 | 6 | 23 | 823 | 1,013 | 1,836 |
| Corporate and other | 1 | 5 | 6 | 353 | 165 | 518 |
| | 31 | 42 | 73 | 1,404 | 2,280 | 3,684 |

We consider our facilities suitable and adequate for the purposes for which they are used and do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities. Our largest facilities are located in the United States, the United Kingdom, Turkey, China, the Netherlands, Mexico and Spain. We also maintain a presence in Australia, Azerbaijan, Brazil, Finland, France, Germany, Hungary, India, Italy, Japan, Kazakhstan, Norway, Singapore, South Africa, South Korea, Sweden and the United Arab Emirates. See Note 10, "Leases" in the notes to the consolidated financial statements for information regarding our lease commitments.

Item 3. Legal Proceedings

We are a party to various legal proceedings that have arisen in the normal course of business. These legal proceedings typically include claims for product liability, labor and employment, patent and breach of contract.

We have recorded reserves for estimated losses based on the specific circumstances of each case. Such reserves are recorded when it is probable that a loss has been incurred as of the balance sheet date and the amount of the loss can be reasonably estimated. In our opinion, the resolution of these contingencies is not likely to have a material adverse effect on our financial condition, results of operations or cash flows. For further information refer to Note 16, "Commitments and Contingencies" in the notes to consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

The Company's Class A common stock is traded on the New York Stock Exchange under the symbol ATU. As September 30, 2018, there were 1,215 shareholders of record of Actuant Corporation Class A common stock. The high and low closing prices of the common stock were as follows for the previous two fiscal years:

| <u>Fiscal Year</u> | <u>Period</u> | <u>High</u> | <u>Low</u> |
|--------------------|--|-------------|------------|
| 2018 | June 1, 2018 to August 31, 2018 | \$ 29.75 | \$ 23.55 |
| | March 1, 2018 to May 31, 2018 | 25.05 | 22.05 |
| | December 1, 2017 to February 28, 2018 | 27.50 | 22.50 |
| | September 1, 2017 to November 30, 2017 | 27.00 | 24.30 |
| 2017 | June 1, 2017 to August 31, 2017 | \$ 27.40 | \$ 22.25 |
| | March 1, 2017 to May 31, 2017 | 28.90 | 24.55 |
| | December 1, 2016 to February 28, 2017 | 29.30 | 21.60 |
| | September 1, 2016 to November 30, 2016 | 24.19 | 21.68 |

Dividends

In fiscal 2018, the Company declared a dividend of \$0.04 per common share payable on October 15, 2018 to shareholders of record on September 28, 2018. In fiscal 2017, the Company declared a dividend of \$0.04 per common share payable on October 16, 2017 to shareholders of record on September 29, 2017.

Share Repurchases

The Company's Board of Directors has authorized the repurchase of shares of the Company's common stock under publicly announced share repurchase programs. Since the inception of the initial share repurchase program in fiscal 2012, the Company has repurchased 20,439,434 shares of common stock for \$618 million. There were no share repurchases during the fiscal year ended August 31, 2018.

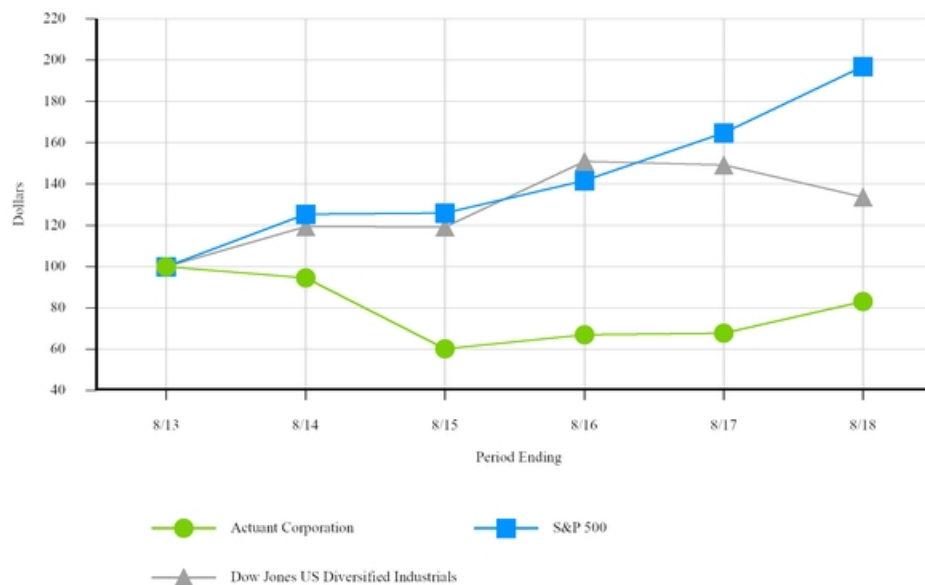
Securities Authorized for Issuance under Equity Compensation Plans

The information required by Item 201(d) of Regulation S-K is provided under Item 12, *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*, which is incorporated herein by reference.

Performance Graph:

The graph below compares the cumulative 5-year total return of Actuant Corporation's common stock with the cumulative total returns of the S&P 500 index and the Dow Jones US Diversified Industrials index. The graph tracks the performance of a \$100 investment in our common stock and in each of the indexes (assuming the reinvestment of all dividends) from August 31, 2013 to August 31, 2018.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN
Among Actuant Corporation, the S&P 500 Index, and the Dow Jones US Diversified Industrials
Index



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| | 8/13 | 8/14 | 8/15 | 8/16 | 8/17 | 8/18 |
|--------------------------------------|-----------|----------|----------|----------|----------|----------|
| Actuant Corporation | \$ 100.00 | \$ 94.53 | \$ 60.16 | \$ 67.02 | \$ 67.75 | \$ 83.10 |
| S&P 500 | 100.00 | 125.25 | 125.84 | 141.64 | 164.64 | 197.01 |
| Dow Jones US Diversified Industrials | 100.00 | 119.37 | 119.23 | 150.89 | 149.18 | 133.71 |

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Item 6. Selected Financial Data

The following selected historical financial data have been derived from the consolidated financial statements of the Company. The data should be read in conjunction with these financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

| | Year Ended August 31, | | | | | | | | | |
|--|--------------------------------------|--------|------|--------|------|--------|------|--------|------|--------|
| | 2018 | | 2017 | | 2016 | | 2015 | | 2014 | |
| | (in millions, except per share data) | | | | | | | | | |
| Statement of Earnings Data ⁽¹⁾⁽²⁾ : | | | | | | | | | | |
| Net sales | \$ | 1,183 | \$ | 1,096 | \$ | 1,149 | \$ | 1,249 | \$ | 1,400 |
| Gross profit | | 415 | | 380 | | 403 | | 462 | | 547 |
| Selling, administrative and engineering expenses | | 292 | | 278 | | 274 | | 300 | | 332 |
| Amortization of intangible assets | | 21 | | 20 | | 23 | | 24 | | 25 |
| Loss (gain) on product line divestiture | | — | | — | | 5 | | — | | (13) |
| Director & officer transition charges | | — | | 8 | | — | | — | | — |
| Restructuring charges | | 12 | | 7 | | 15 | | — | | — |
| Impairment & divestiture charges | | 73 | | 117 | | 187 | | 84 | | — |
| Operating profit (loss) | | 18 | | (50) | | (100) | | 54 | | 203 |
| (Loss) earnings from continuing operations | | (22) | | (66) | | (105) | | 20 | | 141 |
| | | | | | | | | | | |
| Diluted (loss) earnings per share from continuing operations | \$ | (0.36) | \$ | (1.11) | \$ | (1.78) | \$ | 0.32 | \$ | 1.95 |
| Cash dividends per share declared | \$ | 0.04 | \$ | 0.04 | \$ | 0.04 | \$ | 0.04 | \$ | 0.04 |
| | | | | | | | | | | |
| Diluted weighted average common shares | | 60,441 | | 59,436 | | 59,010 | | 62,055 | | 72,486 |
| | | | | | | | | | | |
| Balance Sheet Data (at end of period) ⁽²⁾ : | | | | | | | | | | |
| Cash | \$ | 250 | \$ | 230 | \$ | 180 | \$ | 169 | \$ | 109 |
| Assets | | 1,481 | | 1,517 | | 1,439 | | 1,637 | | 1,857 |
| Debt | | 533 | | 562 | | 580 | | 588 | | 390 |
| Net debt (debt less cash) | | 283 | | 332 | | 400 | | 419 | | 281 |

(1) Results are from continuing operations and exclude the financial results of previously divested businesses reported as discontinued operations (former Electrical segment) in fiscal 2014.

(2) We have completed various acquisitions that impact the comparability of the selected financial data. The results of operations for these acquisitions are included in our financial results for all periods subsequent to their acquisition date. The following table summarizes the acquisitions that were completed during the last five fiscal years (amounts in millions):

| Acquisition | Segment | Date Completed | Sales ^(a) | Purchase Price |
|--|---------------------------------|----------------|----------------------|----------------|
| Equalizer | Industrial Tools & Services | May 2018 | \$ 6 | 6 |
| Mirage Machines | Industrial Tools & Services | December 2017 | 12 | 17 |
| Pipeline and Process Services ^(b) | Industrial Tools & Services | March 2016 | 32 | 66 |
| Larzep, S.A. | Industrial Tools & Services | February 2016 | 8 | 16 |
| Hayes Industries, Ltd. | Engineered Components & Systems | May 2014 | 25 | 31 |

(a) Represents approximate annual sales at the time of the acquisition.

(b) Acquired the Middle East, Caspian and North Africa operations of Four Quest Energy Inc.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Background

As discussed in Item 1, "Business," during the fourth quarter of fiscal 2018, we realigned our Company's financial reporting segments to reflect changes in our go to market strategy, the operating structure and leadership of the Company, resulting in two reportable segments: Industrial Tools & Services ("IT&S") and Engineered Components & Systems ("EC&S"). The Industrial Tools & Services segment is primarily engaged in the design, manufacture and distribution of branded hydraulic and mechanical tools, as well as providing services and tool rental to the industrial, maintenance, infrastructure, oil & gas, energy and other markets. The Engineered Components & Systems segment provides highly engineered components on-highway, off-highway, agriculture, energy, medical, construction and other vertical markets. Financial information related to the Company's segments is included in Note 15, "Business Segment, Geographic and Customer Information" in the notes to the consolidated financial statements.

Business Update

Our businesses provide an array of products and services across multiple markets and geographies which results in significant diversification. Industrial Tools & Services and Engineered Components & Systems segments continue to benefit from improvements within the broad industrial landscape, mining, infrastructure, commercial and off-highway vehicle and agriculture markets. We expect continued growth, though at a moderated pace, in these markets in fiscal 2019. Reduced capital and maintenance spending in the oil & gas and energy markets in the form of project cancellations, deferrals and scope reductions were headwinds throughout much of fiscal 2018. However, we are expecting to see stabilization of the oil & gas and energy markets in fiscal 2019, which should result in modest improvement in maintenance spending. As a result, we expect consolidated fiscal 2019 core sales (sales growth excluding the impact of acquisitions, divestitures and changes in foreign currency exchange rates) growth of 3% to 5%, compared to a 6% core sales growth in fiscal 2018.

We remain focused on pursuing both organic and inorganic growth opportunities aligned with our strategic objectives. This includes the advancement of our commercial effectiveness initiatives along with new product development efforts. We also remain focused on our lean efforts across our manufacturing, assembly and service operations. Our Industrial Tools & Services segment is focused on accelerating global sales growth through geographic expansion, continuing emphasis on sales and marketing efforts, new product introductions and regional growth via second tier brands. In addition, we remain focused on redirecting sales, marketing and engineering resources to non-oil & gas vertical markets and providing new and existing customers with critical products, rentals, services and solutions in a dynamic energy environment. We expect IT&S segment year-over-year core sales growth of 3% to 5% in fiscal 2019. The EC&S segment is capitalizing on their served end market demand recovery, while also expanding content and engineering capabilities across customers and geographies, resulting in an expected 2% to 5% core sales growth in fiscal 2019.

We continue to analyze our businesses in line with our strategic objectives and are taking portfolio management and segment consolidation actions that are anticipated to improve the operational performance of the Company. During the second quarter of fiscal 2018, we completed the divestiture of our Viking business, thus exiting the offshore mooring business and substantially reducing our exposure to the upstream, offshore oil & gas market. The expected divestiture of our Cortland Fibron business in fiscal 2019 will further limit our exposure to the upstream oil & gas market. During fiscal 2018, we also completed the acquisition of Equalizer and Mirage, both niche providers of industrial and energy maintenance tools, to further strengthen our product and solutions offerings in the IT&S segment.

Across the Company, we are continuing the cost reduction programs initiated at the beginning of 2016. During fiscal 2018, 2017, and 2016 we incurred \$13 million, \$7 million and \$15 million of restructuring costs, respectively. These restructuring costs related primarily to facility consolidation, headcount reductions and operational improvement. We continue to execute on previously announced restructuring initiatives; however, we do not expect associated costs to be material to fiscal 2019 operating results.

Pre-tax cost savings realized from executing these restructuring initiatives totaled approximately \$27 million in fiscal 2018, 2017 and 2016 combined. Realized cost savings were comprised of \$9 million within the Industrial Tools & Services segment, \$15 million within the Engineered Components & Systems segment and \$3 million within Corporate. The Company anticipates realizing an incremental \$4 million to \$7 million in pre-tax cost savings in fiscal 2019 for all previously executed restructuring initiatives. Sixty percent of the anticipated future cost savings are expected to benefit the IT&S segment, another 30% are expected to benefit the EC&S segment and the remaining 10% are expected to benefit Corporate. The annual benefit of these gross cost savings may be impacted by a number of factors, including sales and production volume variances and annual bonus expense differential.

Historical Financial Data (in millions)

| | Year Ended August 31, | | | | | |
|--|-----------------------|-------|----------|-------|----------|-------|
| | 2018 | | 2017 | | 2016 | |
| Statements of Earnings Data: | | | | | | |
| Net sales | \$ 1,183 | 100 % | \$ 1,096 | 100 % | \$ 1,149 | 100 % |
| Cost of products sold | 767 | 65 % | 716 | 65 % | 746 | 65 % |
| Gross profit | 416 | 35 % | 380 | 35 % | 403 | 35 % |
| Selling, administrative and engineering expenses | 292 | 25 % | 278 | 25 % | 274 | 24 % |
| Amortization of intangible assets | 21 | 2 % | 20 | 2 % | 23 | 2 % |
| Loss on product line divestiture | — | 0 % | — | 0 % | 5 | 0 % |
| Director & officer transition charges | — | 0 % | 8 | 1 % | — | 0 % |
| Restructuring charges | 12 | 1 % | 7 | 1 % | 15 | 1 % |
| Impairment & divestiture charges | 73 | 6 % | 117 | 11 % | 187 | 16 % |
| Operating profit (loss) | 18 | 2 % | (50) | (5)% | (100) | (9)% |
| Financing costs, net | 31 | 3 % | 30 | 3 % | 29 | 3 % |
| Other (income) expense, net | (1) | 0 % | 3 | 0 % | 1 | 0 % |
| Loss before income tax expense (benefit) | (12) | (1)% | (83) | (8)% | (130) | (11)% |
| Income tax expense (benefit) | 9 | 1 % | (17) | (2)% | (25) | (2)% |
| Net loss | \$ (21) | (2)% | \$ (66) | (6)% | \$ (105) | (9)% |
| | | | | | | |
| Other Financial Data: | | | | | | |
| Depreciation | \$ 20 | | \$ 23 | | \$ 25 | |
| Capital expenditures | 21 | | 28 | | 20 | |

Fiscal 2018 compared to Fiscal 2017

Consolidated sales in fiscal 2018 were \$1.18 billion, 8% higher than the prior year sales of \$1.10 billion. Core sales were up \$65 million (6%), with solid core sales growth in both the Industrial Tools & Services and Engineered Components & Systems segments. Changes in foreign currency exchange rates favorably impacted sales comparisons by \$29 million, while the net impact from the Mirage and Equalizer acquisitions, net of the Viking divestiture, reduced core sales by \$7 million. In addition to changes in foreign currency exchange rates, acquisitions, divestitures and end market conditions, the comparability of results between periods is impacted by sales levels, product mix and the timing and amount of restructuring costs and related benefits. Gross profit margins remained consistent year-over-year as a result of a balanced sales mix and the realization of benefits from restructuring activities was offset by project overruns and production inefficiencies. Additionally, fiscal 2018 results included \$46 million of impairment and divestiture charges related to the anticipated sale of the Cortland Fibron business, impairment charges of \$24 million on our Precision Hayes International business and \$3 million of divestiture charges related to the sale of our Viking business, while fiscal 2017 results included \$8 million of director and officer transition charges as well as \$117 million of impairment and divestiture charges related to the then pending sale of Viking. Fiscal 2018 included an increase in our effective income tax rate compared to the prior year due to provisional tax charges for the U.S. Tax Reform, the non-recurrence of fiscal 2017 income tax planning benefits and the deductibility and timing related to impairment and divestiture charges in both comparable years.

Fiscal 2017 compared to Fiscal 2016

Consolidated sales in fiscal 2017 were \$1.10 billion, 5% lower than the prior year sales of \$1.15 billion. Core sales were down \$45 million (4%), as a result of flat core sales in the Engineered Components & Systems segment and an 8% core sales decrease in the Industrial Tools & Services segment due to challenging end market conditions. Changes in foreign currency exchange rates also unfavorably impacted sales comparisons by \$11 million, while fiscal 2016 net acquisitions and divestitures added \$3 million of sales. Gross profit margins remained consistent year-over-year as a result of a balanced sales mix and realization of benefits from restructuring activities which were offset by difficult market conditions in the oil & gas markets. Additionally, fiscal 2017 results included \$8 million of director and officer transition charges as well as impairment and divestiture charges related to the pending sale of the Viking business, while fiscal 2016 results included impairment charges related to the write-down of acquired goodwill, intangible assets and long-lived assets, which reduced operating profits.

Segment Results

Industrial Tools & Services Segment

The Industrial Tools & Services segment is a global supplier of branded hydraulic and mechanical tools to a broad array of end markets, including industrial, energy, mining and production automation markets. Its primary products include branded tools, highly engineered heavy lifting technology solutions, connectors for oil & gas, as well as hydraulic torque wrenches (Product product line). On the services side, we provide energy maintenance and manpower services to meet customer-specific needs and rental capabilities for certain of our products (Service & Rental product line). The following table sets forth the results of operations for the IT&S segment (in millions):

| | Year Ended August 31, | | |
|--------------------|-----------------------|--------|--------|
| | 2018 | 2017 | 2016 |
| Net Sales | \$ 591 | \$ 553 | \$ 588 |
| Operating Profit | 99 | 96 | 120 |
| Operating Profit % | 16.8% | 17.3% | 20.4% |

Fiscal 2018 compared to Fiscal 2017

Fiscal 2018 Industrial Tools & Services segment net sales increased by \$39 million (7%) from fiscal 2017 to \$591 million. Changes in foreign currency exchange rates favorably impacted sales comparisons by 2%, while the Mirage and Equalizer acquisitions increased net sales by 2%. The IT&S segment core sales increased \$16 million (3%) on a year-over-year basis. The core sales increase of 6% for the Product product line reflected broad based industrial tool demand across all major geographies and end markets and contributions from our commercial effectiveness and new product development efforts. This increase was offset by a core sales decrease of \$7 million (4%) in the Service & Rental product line as global maintenance activity levels declined from prior year. Operating profit margins decreased from 17.3% in fiscal 2017 to 16.8% in fiscal 2018, due to production inefficiencies and ongoing investments in commercial and engineering activities which were partially offset by the margin expansion impact of incremental volume. Restructuring charges were \$4 million and \$3 million in fiscal 2018 and 2017, respectively.

Fiscal 2017 compared to Fiscal 2016

Fiscal 2017 Industrial Tools & Services segment net sales decreased by \$36 million (6%) from fiscal 2016 to \$553 million. Excluding \$14 million (2%) of additional sales from fiscal 2016 acquisitions, Larzep and Pipeline and Process Services, and a negligible change in foreign currency exchange rates, fiscal 2017 core sales declined 8% on a year-over-year basis. Sales declined due to the impact of maintenance cancellations, deferrals and scope reductions in the Service & Rental product line, which was offset by a slight increase in industrial tool demand growth across major geographies and end markets. Operating profit margins were 17.3% in fiscal 2017 compared to 20.4% in fiscal 2016. Lower operating profit margin was a result of low labor and tool utilization rates associated with significantly lower volumes. Restructuring charges were \$3 million and \$4 million for fiscal 2017 and 2016, respectively.

Engineered Components & Systems Segment

The Engineered Components & Systems segment is a leading global designer, manufacturer and assembler of system critical position and motion control systems, high performance ropes, cables and umbilicals and other customized industrial components, to various vehicle, construction, agricultural, energy, medical and other niche markets. The segment focuses on providing technical and highly engineered products, including actuation systems, mechanical power transmission products, engine air flow management systems, HMI solutions, other rugged electronic instrumentation, concrete tensioning and rope and cable. Products in the EC&S segment are primarily marketed directly to OEMs and other diverse customers through our technical sales organization. The following table sets forth comparative results of operations for the EC&S segment (in millions):

| | Year Ended August 31, | | |
|-------------------------------|-----------------------|---------|---------|
| | 2018 | 2017 | 2016 |
| Net Sales | \$ 592 | \$ 543 | \$ 561 |
| Operating Loss ⁽¹⁾ | (52) | (113) | (191) |
| Operating Loss % | (8.8)% | (20.8)% | (34.0)% |

⁽¹⁾ Operating loss includes impairment and divestiture charges of \$73 million, \$117 million and \$187 million in fiscal 2018, 2017 and 2016, respectively.

Fiscal 2018 compared to Fiscal 2017

Fiscal 2018 Engineered Components & Systems segment net sales increased \$48 million (9%) to \$592 million versus the prior year. Excluding the 3% favorable impact of foreign currency rate changes and net \$16.0 million of sales from the Viking business we divested in fiscal 2018, core sales increased 9% in fiscal 2018. Core sales growth was broad-based in the Off-highway product line (12%), including increased agriculture, mining and forestry customer demand. The On-highway product line core sales increased 9% due to a stronger European truck market, which was partially offset by a decline in sales to the China truck market. The Rope & Cable Solutions product line experienced strong double-digit core sales growth (14%) due to higher medical demand and improving offshore oil & gas and seismic markets, whereas, the Concrete Tensioning product line experienced a 7% core sales decline from fiscal 2017 due to market share losses. Fiscal 2018 operating loss included impairment and divestiture charges of \$46 million related to the anticipated sale of our Cortland Fibron business, impairment charges of \$24 million related to our Precision-Hayes International business and divestiture charges of \$3 million related to the sale of our Viking business, while fiscal 2017 included impairment charges of \$117 million related to the then pending sale of the Viking business. Excluding the impairment and divestiture charges, the EC&S segment operating profit margin was 4.2% and 1.6% for fiscal 2018 and 2017, respectively, which is the result of higher volumes, the absence of prior year Viking losses and net benefits of prior period restructuring initiatives offset by production inefficiencies. Restructuring charges were \$4 million in both fiscal 2018 and 2017.

Fiscal 2017 compared to Fiscal 2016

Fiscal 2017 Engineered Components & Systems segment net sales decreased \$18 million (3%) to \$543 million versus the prior year. Excluding the 1% unfavorable impact of foreign currency rate changes and the negative 2% sales impact from the Viking business and Sanlo product line divestitures, core sales remained relatively constant year-over-year. The flat core sales was a result of robust sales to China's heavy-duty truck OEMs (On-highway product line) and core sales growth in the Concrete Tensioning product line due to improving domestic construction, offset by the decline in off-highway markets including agriculture and construction. In addition, the Rope and Cable Solutions product line experienced a decline due to decreased customer spending on upstream offshore oil & gas related demand and competitive pricing pressures. The operating loss in fiscal 2017 included impairment and divestiture charges of \$117 million related to the then pending sale of Viking, while fiscal 2016 results included impairment charges of \$187 million related to the write-down of acquired goodwill, intangible assets and long-lived assets for our Cortland, Viking and maximatecc businesses. In addition, a \$5 million loss on the Sanlo business divestiture recorded in fiscal 2016 reduced operating profits. Excluding the impairment and divestiture charges, the Engineered Components & Services operating profit margin was 1.6% and 2.0% for fiscal 2017 and 2016, respectively. In addition, restructuring costs to consolidate facilities and reduce headcount totaled \$4 million and \$10 million in fiscal 2017 and 2016, respectively.

Corporate

Since corporate expenses are considered to be for general corporate purposes, we do not allocate these expenses to our segments. Corporate expenses decreased \$4 million in fiscal 2018 to \$29 million compared to \$33 million in fiscal 2017 and \$29 million in fiscal 2016. The decrease in fiscal 2018 expenses was primarily due to the non-recurring director and officer transition charges of \$8 million in fiscal 2017, partially offset by increased restructuring charges of \$5 million related to executive leadership changes in fiscal 2018.

Financing Costs, Net

Net financing costs of \$31 million, \$30 million and \$29 million in fiscal 2018, 2017 and 2016, respectively, have slowly increased due to rising interest rates.

Income Tax Expense

The Company's income tax expense or benefit is impacted by a number of factors, including the amount of taxable earnings generated in foreign jurisdictions with tax rates that are lower than the U.S. federal statutory rate, permanent items, state tax rates, changes in tax laws, acquisitions and divestitures and the ability to utilize various tax credits and net operating loss carryforwards. The Company's global operations, acquisition activity and specific tax attributes provide opportunities for continuous global tax planning initiatives to maximize tax credits and deductions. Income tax expense also includes the impact of provision to tax return adjustments, changes in valuation allowances and reserve requirements for unrecognized tax benefits. Pre-tax earnings (loss), income tax expense (benefit) and effective income tax rate from continuing operations for the past three years were as follows:

| | Year Ended August 31, | | |
|--|-----------------------|-------------|--------------|
| | 2018 | 2017 | 2016 |
| Loss before income tax expense (benefit) | \$ (12,672) | \$ (82,691) | \$ (130,344) |
| Income tax expense (benefit) | 8,976 | (16,478) | (25,170) |
| Effective income tax rate | (70.8)% | 19.9% | 19.3% |

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the "Act"). The Act changes the U.S. corporate income tax system by reducing the corporate tax rate from 35% to 21% as of January 1, 2018 and significantly changing the taxation of foreign earnings by implementing a largely territorial system and imposing a minimum level of tax on low-taxed foreign earnings beginning in fiscal 2019. We recorded additional tax expense of approximately \$0.5 million in fiscal 2018, attributable to the net impact of the one-time transition tax on foreign earnings and the remeasurement of balance sheet items to account for the new legislation. This is our initial estimate of the tax effects related to the Act and we expect to finalize these amounts no later than the second quarter of fiscal 2019. See further discussion of the effects of the Act at Note 12, "Income Taxes" in the notes of the consolidated financial statements.

The comparability of pre-tax earnings (loss), income tax expense (benefit) and the related effective income tax rates are impacted by the Act as described below, along with impairment and other divestiture charges. Fiscal 2018 results included \$73 million (\$75 million after tax) of impairment and other divestiture charges, while fiscal 2017 and 2016 results included \$117 million (\$109 million after tax) and \$187 million (\$169 million after tax), respectively. Excluding the impairment and divestiture charges, the fiscal 2018 effective tax rate was 11.1% (tax expense), which increased from the fiscal 2017 effective tax rate of (24.4)% (tax benefit) due to fiscal 2017 tax planning initiatives resulting from certain business losses recognized for tax purposes from prior years for which no benefits were previously recognized.

Both the current and prior year income tax provisions were impacted by the mix of earnings in foreign jurisdictions with income tax rates different than the U.S. federal income tax rate and the amount of income tax benefits from global tax planning initiatives. The Company's earnings (loss) before income taxes, excluding impairment and other divestiture charges, included approximately 79% of earnings from foreign jurisdictions for fiscal 2018 compared to 63% in fiscal 2017. The impact of the newly lowered U.S. tax rate is not expected to be a significant overall rate driver due to the global mix of income. The fiscal 2018 tax provision included tax expense of approximately \$10 million for the reversal of deferred tax benefits recorded in fiscal 2017 related to the sale of the Viking business in the second quarter. In addition to the deferred tax benefits related to the Viking impairment, the fiscal 2017 tax benefits related to tax planning initiatives resulted in a \$15 million benefit, which is not expected to repeat in future periods due to certain tax attributes that are no longer available and subsequent changes in relevant tax law.

Divestiture Activities

At August 31, 2018, the Cortland Fibron business (Engineered Components & Systems segment) met the criteria for assets held for sale treatment. As a result, the Company recognized impairment and divestiture charges in fiscal 2018 of \$46 million, comprised of: (i) \$10 million charge representing the excess of the net book value of assets held for sale to the anticipated proceeds; (ii) non-cash impairment charge of \$35 million related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition and (iii) \$1 million of other divestiture charges. The write down of net assets generated an income tax benefit of \$1 million in fiscal 2018.

During fiscal 2017, the Company committed to a plan to sell the Viking business (Engineered Components & Systems segment) resulting in the Company's exit from the offshore mooring market and significantly limiting our exposure to upstream, offshore oil & gas markets. As a result, the Company recognized impairment and other divestiture charges in fiscal 2017 of \$117 million, comprised of: (i) \$16 million charge representing the excess of the net book value of assets held for sale to the anticipated proceeds; (ii) non-cash impairment charge of \$69 million related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition; (iii) \$29 million cash charge related to the operating lease buyout of certain rental assets and (iv) \$3 million of other divestiture charges. The write down of net assets generated an income tax benefit of \$8 million in fiscal 2017. On December 1, 2017, the Company completed the sale of the Viking business for net cash proceeds of \$9 million which resulted in an additional after-tax impairment and divestiture charge of \$12 million comprised of: (i) \$3 million of real estate lease exit charges related to retained facilities that became vacant as a result of the Viking divestiture; and (ii) \$9 million of associated discrete income tax expense.

The historic results of the Cortland Fibron and Viking businesses are not material to the consolidated financial results of the Company and are included in continuing operations. These two businesses had net sales of \$24 million, \$34 million and \$58 million for the years-ended August 31, 2018, 2017 and 2016, respectively. Refer to Note 5, "Divestiture Activities" in the notes of the consolidated financial statements for information regarding the carrying value of assets and liabilities held for sale as of August 31, 2018 and 2017.

Liquidity and Capital Resources

At August 31, 2018, cash and cash equivalents comprised of \$182 million of cash held by foreign subsidiaries and \$68 million held domestically. We periodically utilize income tax safe harbor provisions to make temporary short-term intercompany advances from our foreign subsidiaries to our U.S. parent. There were no temporary intercompany advances outstanding at August 31, 2018. We had \$5 million and \$54 million in temporary intercompany advances outstanding at August 31, 2017 and 2016, respectively. The following table summarizes the cash flow attributable to operating, investing and financing activities (in millions):

| | Year Ended August 31, | | |
|---|-----------------------|-------|--------|
| | 2018 | 2017 | 2016 |
| Net cash provided by operating activities | \$ 106 | \$ 88 | \$ 118 |
| Net cash used in investing activities | (63) | (28) | (83) |
| Net cash used in financing activities | (18) | (15) | (18) |
| Effect of exchange rate changes on cash | (4) | 4 | (5) |
| Net increase in cash and cash equivalents | \$ 21 | \$ 49 | \$ 11 |

Cash flow from operations was \$106 million in fiscal 2018, an increase of \$18 million from the prior year due primarily to higher cash earnings and reduced net cash tax payments. This cash flow from operations, along with \$16 million of proceeds from stock option exercises and \$9 million of proceeds from the sale of Viking, were more than enough to fund the \$28 million rental asset lease buyout from the Viking divestiture, \$23 million of business acquisitions, \$21 million of capital expenditures and \$30 million of principal repayments on our term loan.

Cash flow from operating activities in fiscal 2017 was \$88 million, a decrease of \$30 million from the prior year due primarily to lower cash earnings. These cash flows from operations were utilized to fund \$28 million of capital expenditures and \$19 million of principal repayments on our term loan.

Cash flow from operating activities in fiscal 2016 were \$118 million. Operating cash flows, \$7 million of proceeds from the sale leaseback of several facilities, \$10 million from the sale of Sanlo, were utilized to repurchase 712,955 shares of common stock (\$17 million), fund \$82 million of acquisitions and fund \$20 million of capital expenditures.

Primary Working Capital Management

We use primary working capital as a percentage of sales as a key metric for working capital efficiency. We define this metric as the sum of net accounts receivable and net inventory less accounts payable, divided by the past three months' sales annualized. The following table shows the components of our primary working capital (in millions):

| | August 31, 2018 | | August 31, 2017 | |
|-----------------------------|-----------------|-------|-----------------|-------|
| | \$ | PWC % | \$ | PWC % |
| Accounts receivable, net | \$ 188 | 16 % | \$ 190 | 17 % |
| Inventory, net | 156 | 13 % | 144 | 13 % |
| Accounts payable | (131) | (11)% | (133) | (12)% |
| Net primary working capital | \$ 213 | 18 % | \$ 201 | 18 % |

Total primary working capital was \$213 million at August 31, 2018 which increased compared to \$201 million at August 31, 2017. Excluding the \$3 million reduction in primary working capital due to changes in foreign currency exchange rates and net acquisition/divestiture activity, primary working capital increased \$15 million in the year, largely reflecting higher inventory levels to support increasing sales levels.

Liquidity

At August 31, 2018, we had \$250 million of cash and cash equivalents.

During the fourth quarter of fiscal 2018 and pursuant to the provision of the Senior Credit Facility, the Company reduced the borrowing capacity on the revolver from \$600 million to \$300 million. This reduction in borrowing capacity is expected to reduce the non-use fee on the average unused credit line under the revolver. The Company recorded a charge of \$1 million in the fourth quarter of fiscal 2018 to write-off deferred financing costs associated with the reduced borrowing capacity. Unused revolver capacity was \$299 million at August 31, 2018, of which \$256 million was available for borrowing.

Our Senior Credit Facility matures on May 8, 2020, which includes a \$300 million revolver, a \$300 million term loan and a \$450 million expansion option. Quarterly principal payments of \$4 million on the term loan commenced on June 30, 2016, increased to \$8 million per quarter on June 30, 2017 and extend through March 31, 2020, with the remaining principal due at maturity.

We believe that the reduced revolver, combined with our existing cash on hand and anticipated operating cash flows will be adequate to meet operating, debt service, acquisition and capital expenditure funding requirements in the foreseeable future.

Seasonality and Working Capital

Although there are modest seasonal factors within certain of our businesses, on a consolidated basis, we do not experience material changes in seasonal working capital or capital resource requirements. We meet working capital and capital expenditure requirements through a combination of cash on hand, operating cash flow and revolver availability under our Senior Credit Facility.

Our receivables are derived from a diverse customer base spread across a number of industries, with our largest single customer generating approximately 3% of fiscal 2018 net sales.

Capital Expenditures

The majority of our manufacturing activities consist of assembly operations. We believe that our capital expenditure requirements are not as extensive as other industrial companies given the nature of our operations. Capital expenditures were \$21 million, \$28 million and \$20 million in fiscal 2018, 2017 and 2016, respectively. Capital expenditures for fiscal 2019 are expected to be \$25-\$30 million, but could vary depending on business performance, growth opportunities and the amount of assets leased instead of purchased.

Commitments and Contingencies

Given our desire to allocate cash flow and revolver availability to fund growth initiatives, we have historically leased most of our operating equipment and facilities. We lease certain facilities, computers, equipment and vehicles under various operating lease agreements, generally over periods ranging from one to twenty years. Under most arrangements, we pay the property taxes, insurance, maintenance and expenses related to the leased property. Many of our leases include provisions that enable us to renew the leases based upon fair value rental rates on the date of expiration of the initial leases.

We are contingently liable for certain lease payments under leases within businesses we previously divested or spun-off. If any of these businesses do not fulfill their future lease payment obligations under the leases, we could be liable for such leases. As of August 31, 2018, the present value of future minimum lease payments, using a weighted average discount rate of 3.24%, on previously divested or spun-off businesses was as follows: \$2 million in each fiscal 2019, 2020 and 2021; \$1 million in both fiscal 2022 and 2023 and \$3 million in aggregate thereafter.

We had outstanding letters of credit totaling \$24 million and \$22 million at August 31, 2018 and 2017, respectively, the majority of which relate to commercial contracts and self-insured workers' compensation programs.

Contractual Obligations

The timing of payments due under our contractual commitments is as follows (in millions):

| | Payments Due | | | | | | |
|-------------------------------------|--------------|---------------|--------------|---------------|--------------|--------------|---------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | Thereafter | Total |
| Debt (short-term and long-term) | \$ 30 | \$ 218 | \$ — | \$ 288 | \$ — | \$ — | \$ 536 |
| Interest on long-term debt | 26 | 25 | 16 | 14 | — | — | 81 |
| Operating leases | 29 | 21 | 15 | 13 | 11 | 35 | 124 |
| Deferred acquisition purchase price | — | 2 | — | — | — | — | 2 |
| | <u>\$ 85</u> | <u>\$ 266</u> | <u>\$ 31</u> | <u>\$ 315</u> | <u>\$ 11</u> | <u>\$ 35</u> | <u>\$ 743</u> |

Interest on long-term debt assumes the current interest rate environment and revolver borrowings consistent with August 31, 2018 debt levels.

Our contractual obligations generally relate to amounts due under contracts with third party service providers. These contracts are primarily for real estate leases, information technology services and telecommunications services. Only those obligations that are not cancelable are included in the table.

We routinely issue purchase orders to numerous vendors for inventory and other supplies. These purchase orders are

generally cancelable with reasonable notice to the vendor, and are therefore, excluded from the table.

We have long-term obligations related to our deferred compensation, pension and postretirement plans that are excluded from this table and summarized in Note 11, “Employee Benefit Plans” in the notes to consolidated financial statements.

Our liability for unrecognized tax benefits was \$24 million at August 31, 2018, but is not included in the table of contractual obligations because the timing of the potential settlements of these uncertain tax positions cannot be reasonably estimated.

Critical Accounting Policies

We prepare our consolidated financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”). This requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. The following policies are considered by management to be the most critical in understanding judgments involved in the preparation of our consolidated financial statements and uncertainties that could impact our results of operations, financial position and cash flow.

Revenue recognition: We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectability of the sales price is reasonably assured. For product sales, delivery does not occur until the passage of title and risk of loss have transferred to the customer (generally when products are shipped). Revenue from service and rental contracts are recognized when the services are provided or ratably over the contract term. Revenue for highly custom product sales with a project duration greater than three months and exceeding a value of approximately \$0.5 million is generally recognized under the percentage-of-completion method utilizing efforts expended or cost-to-cost input measures. Revenues for long-term contracts that do not meet these criteria are recognized under the completed contract method once delivery has occurred and passage of title and risk of loss have transferred to the customer. We record allowances for discounts, product returns and customer incentives at the time of sale as a reduction to revenue provided such allowances can be reliably estimated based upon historical experience and known trends. We also offer warranty on our products and accrue for warranty claims at the time of sale based upon the length of the warranty period, historical warranty cost trends and any other related information.

Inventories: Inventories are stated at the lower of cost or market. Inventory cost is determined using the last-in, first-out (“LIFO”) method for a portion of U.S. owned inventory (approximately 17% and 18% of total inventories at August 31, 2018 and 2017, respectively). The first-in, first-out or average cost method is used for all other inventories. If the LIFO method were not used, inventory balances would be higher than amounts presented in the consolidated balance sheet by \$6 million and \$4 million at August 31, 2018 and 2017, respectively. We perform an analysis on historical sales usage of individual inventory items on hand and record a reserve to adjust inventory cost to market value. The inventory valuation assumptions used are based on historical experience. We believe that such estimates are made based on consistent and appropriate methods; however, actual results may differ from these estimates under different assumptions or conditions.

Goodwill and Long-lived Assets:

Goodwill Impairment Review and Estimates: The purchase price allocation for acquired businesses typically results in recording goodwill and other intangible assets, which are significant portions of our total assets. On an annual basis, or more frequently if triggering events occur, we compare the estimated fair values of our reporting units to their carrying values to determine if impairments exist. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded. The estimated fair value represents the amount we believe a reporting unit could be bought or sold for in a current transaction between willing parties on an arms-length basis.

In estimating the fair value of a reporting unit, we generally use a discounted cash flow model, which is dependent upon a number of assumptions including estimated future revenues and expenses, weighted average cost of capital, capital expenditures and other variables. The expected future revenue growth rates and operating profit margins are determined after taking into consideration our historical revenue growth rates and earning levels, our assessment of future market potential and our expectation of future business performance. Under the discounted cash flow approach, fair value is calculated as the sum of the projected discounted cash flows over a discrete seven year period plus an estimated terminal value.

Fiscal 2018 Impairment Charge: Our fourth quarter fiscal 2018 impairment review resulted in a review of the recoverability of the goodwill and long-lived assets of two reporting units (Cortland and Precision-Hayes).

Cortland Reporting Unit: The Cortland reporting unit recognized impairment charges in conjunction with Cortland Fibron’s held for sale classification, resulting in \$10 million impairment charge representing the excess of net book value of assets held for sale over anticipated proceeds. This impairment charge included \$4 million related to goodwill. Subsequent to this adjustment, there is \$31 million of remaining goodwill related to the Cortland reporting unit. See Note 5, “Divestiture Activities” in the notes to the consolidated financial statements for further discussion.

Precision-Hayes Reporting Unit: The Precision-Hayes International business (“Precision-Hayes”) primarily designs, manufactures and distributes concrete tensioning products. Changes in certain assumptions used in our annual goodwill impairment analysis, which are linked, in part, to recent market share losses, resulted in a fair value estimate of the reporting unit lower than its carrying value. As a result, we recognized a \$17 million impairment charge related to the goodwill of the Precision-Hayes business, which represented the entire goodwill balance of the reporting unit.

The annual impairment review of the remaining reporting units did not result in any reporting units having an estimated fair value that exceeded the carrying value (expressed as a percentage of the carrying value) by less than 30%.

Fiscal 2017 Year-End Impairment Test: Our annual fiscal 2017 impairment review resulted in one reporting unit (Cortland) having an estimated fair value that exceeded the carrying value (expressed as a percentage of the carrying value) by less than 30%. In fiscal 2017, we believed that the Cortland business would generate positive cash flow and earnings in the long-term. The financial projections utilized in the impairment review considered both historical results, challenging conditions in the global oil & gas markets and the strategic sales initiatives of the reporting unit. The financial results of this reporting unit are dependent on the realization of savings from restructuring actions and material cost reductions, the timing and level of recovery in the global oil & gas markets and our ability to retain and win new business in the medical and other non-oil & gas markets.

Fiscal 2016 Impairment Charge: During the second quarter of fiscal 2016, we determined that there were interim “triggering events” which required review of recoverability of goodwill and long-lived assets for three reporting units (Cortland, Viking and maximatecc).

Cortland and Viking Reporting Units: Continued unfavorable market conditions, including cuts in oil & gas capital spending, reduced exploration, drilling and commissioning activities as well as excess capacity for mooring rental assets, resulted in a 33% core sales decline in the second quarter of fiscal 2016 for Viking and Cortland, which comprise our Rope & Cable Solutions and Offshore Mooring product lines. As a result of lower projected sales and profits, we recognized a goodwill impairment charge of \$74 million.

Maximatecc Reporting Unit: The maximatecc reporting unit, including the legacy North American business and acquisitions of CrossControl (Europe) and Turotest (South America), manufactures severe-duty electronic instrumentation including displays and clusters, machine controls and sensors. These products are primarily marketed to industrial vehicle OEMs and system suppliers in a number of industries including industrial, material hauling, construction, agriculture, forestry, mining, utility, cargo, marine and rail. Weakness in off-highway vehicle and agricultural markets, coupled with challenging overall industrial fundamentals, reductions in OEM customer build rates and production schedules (in order to reduce inventory levels) and delayed production by certain European OEMs for new or updated design models, resulted in reduced sales and profitability of the maximatecc business. As a result of lower projected sales and profits, we recognized a \$46 million impairment charge related to goodwill of the maximatecc business.

Indefinite-lived intangibles (tradenames): Indefinite-lived intangible assets are also subject to annual impairment testing. On an annual basis or more frequently if a triggering event occurs, the fair value of indefinite lived assets, based on a relief of royalty valuation approach, are evaluated to determine if an impairment charge is required. We recognized impairment charges during the fourth quarter of fiscal 2018 to write-down the value of tradenames by \$7 million in relation to the Cortland Fibron held for sale treatment discussed in Note 5, "Divestiture Activities" in the notes to the consolidated financial statements. During fiscal 2016, we recognized impairment charges to write-down the value of tradenames by \$17 million, as the result of reduced sales projections and royalty rates, which reflected current and future profitability estimates.

The fiscal 2018 annual impairment review of the remaining indefinite-lived intangible assets did not result in any indefinite-lived assets having an estimated fair value that exceeded the carrying value (expressed as a percentage of the carrying value) by less than 30%.

A considerable amount of management judgment and assumptions is required in performing impairment tests, principally in determining the fair value of each reporting unit and the indefinite-lived intangible assets. While we believe our judgments and assumptions are reasonable, different assumptions could change the estimated fair values and, therefore, future additional impairment charges could be required. Weakening industry or economic trends, disruptions to our business, loss of significant customers, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in the use

of the assets or in entity structure and divestitures may adversely impact the assumptions used in the valuations and ultimately result in future impairment charges.

Long-lived assets (fixed assets and amortizable intangible assets): We also review long-lived assets for impairment when events or changes in business circumstances indicate the carrying amount of the assets may not be fully recoverable. If such indicators are present, we prepare an undiscounted operating cash flow analysis to determine if an impairment exists. If an impairment is determined to exist, any related impairment loss is calculated based on fair value.

Also in the fourth quarter of fiscal 2018, related to the held for sale treatment of our Cortland Fibron business, we recognized a \$46 million long-lived asset impairment, representing the excess of net book value of assets held for sale over anticipated proceeds which consisted of \$35 million related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition. See Note 5, "Divestiture Activities" in the notes to the consolidated financial statements for further discussion.

During the fourth quarter of fiscal 2018, the undiscounted operating cash flows of our Precision-Hayes business did not exceed their carrying value resulting in a long-lived asset impairment charge of \$6 million, consisting of charges of \$5 million and \$1 million on amortizable intangible assets and fixed assets (primarily machinery and equipment), respectively.

In the fourth quarter of fiscal 2017, related to the pending sale of our Viking business, we recognized an \$85 million long-lived asset impairment, representing the excess of the net book value of assets held for sale over the anticipated proceeds which includes \$69 million related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition. See Note 5, "Divestiture Activities" in the notes to the consolidated financial statements for further discussion.

In the second quarter of fiscal 2016, the undiscounted operating cash flows of our Viking business did not exceed their carrying value and therefore a \$52 million long-lived asset impairment was recognized, including \$28 million of amortizable intangible assets and \$24 million of fixed assets (primarily mooring rental assets).

A considerable amount of management judgment and assumptions is required in performing impairment tests, principally in determining the fair value of long-lived assets. While we believe our judgments and assumptions are reasonable, different assumptions could change the estimated fair values and, therefore, future additional impairment charges could be required. Weakening industry or economic trends, disruptions to our business, loss of significant customers, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in the use of the assets or in entity structure and divestitures may adversely impact the assumptions used in the valuations and ultimately result in future impairment charges.

Business Combinations and Purchase Accounting: We account for business combinations using the acquisition method of accounting, and accordingly, the assets and liabilities of the acquired business are recorded at their respective fair values. The excess of the purchase price over the estimated fair value is recorded as goodwill. Assigning fair market values to the assets acquired and liabilities assumed at the date of an acquisition requires knowledge of current market values and the values of assets in use, and often requires the application of judgment regarding estimates and assumptions. While the ultimate responsibility resides with management, for certain acquisitions we retain the services of certified valuation specialists to assist with assigning estimated values to certain acquired assets and assumed liabilities, including intangible assets and tangible long-lived assets. Acquired intangible assets, excluding goodwill, are valued using discounted cash flow methodology based on future cash flows specific to the type of intangible asset purchased. This methodology incorporates various estimates and assumptions, the most significant being projected revenue growth rates, profit margins and forecasted cash flows based on discount rates and terminal growth rates.

Employee Benefit Plans: We provide a variety of benefits to employees and former employees including, in some cases, pensions and postretirement health care. Plan assets and obligations are recorded based on an August 31 measurement date utilizing various actuarial assumptions such as discount rates, assumed rates of return on plan assets and health care cost trend rates. We determine the discount rate assumptions by referencing high-quality, long-term bond rates that are matched to the duration of our benefit obligations, with appropriate consideration of local market factors, participant demographics and benefit payment forecasts. At August 31, 2018 and 2017, the discount rates on domestic benefit plans were 4.05% and 3.60%, respectively. In estimating the expected return on plan assets, we consider historical returns, forward-looking considerations, inflation assumptions and the asset allocation strategy in investing such assets. Domestic benefit plan assets consist primarily of participating units in mutual funds, index funds and bond funds. The expected return on domestic benefit plan assets was 7.00% and 7.15% at August 31, 2018 and 2017, respectively. A 25 basis point change in the assumptions for the discount rate or expected return on plan assets would not materially change fiscal 2018 domestic benefit plan expense.

We review actuarial assumptions on an annual basis and make modifications based on current rates and trends, when appropriate. As required by GAAP, the effects of any modifications are recorded currently or amortized over future periods.

Based on information provided by independent actuaries and other relevant sources, we believe that the assumptions used are reasonable; however, changes in these assumptions could impact our financial position, results of operations or cash flow. See Note 11, "Employee Benefit Plans" in the notes to the consolidated financial statements for further discussion.

Income Taxes: Judgment is required to determine the annual effective income tax rate, deferred tax assets and liabilities, reserves for unrecognized tax benefits and any valuation allowances recorded against net deferred tax assets. Our effective income tax rate is based on annual income, statutory tax rates, tax planning opportunities available in the various jurisdictions in which we operate and other adjustments. Our annual effective income tax rate includes the impact of discrete income tax matters including adjustments to reserves for uncertain tax positions and the benefits of various income tax planning activities. Tax regulations require items to be included in our tax returns at different times than these same items reflected in our consolidated financial statements. As a result, the effective income tax rate in our consolidated financial statements differs from that reported in our tax returns. Some of these differences are permanent, such as expenses that are not tax deductible, while others are temporary differences, such as amortization and depreciation expenses.

Temporary differences create deferred tax assets and liabilities, which are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We establish valuation allowances for our deferred tax assets when the amount of expected future taxable income is not large enough to utilize the entire deduction or credit. Relevant factors in determining the realizability of deferred tax assets include future taxable income, the expected timing of the reversal of temporary differences, tax planning strategies and the expiration dates of the various tax attributes.

Use of Estimates: We record reserves, asset write-downs or allowances for customer rebates, returns and discounts, doubtful accounts, inventory, incurred but not reported medical claims, environmental matters, warranty claims, workers' compensation claims, product and non-product litigation, acquisition earn out obligations and incentive compensation. These reserves require the use of estimates and judgment. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. We believe that such estimates are made on a consistent basis and with appropriate assumptions and methods. However, actual results may differ from these estimates.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in foreign currency exchange rates and interest rates and, to a lesser extent, commodities. To reduce such risks, we selectively use financial instruments and other proactive management techniques. All hedging transactions are authorized and executed pursuant to clearly defined policies and procedures, which strictly prohibit the use of financial instruments for trading or speculative purposes. A discussion of our accounting policies for derivative financial instruments is included within Note 9, "Derivatives" in the notes to the consolidated financial statements.

Foreign Currency Risk—We maintain operations in the U.S. and various foreign countries. Our non-U.S. operations, the largest of which are located in Australia, the Netherlands, the United Kingdom, Mexico, United Arab Emirates and China, have foreign currency risk relating to receipts from customers, payments to suppliers and intercompany transactions denominated in foreign currencies. Under certain conditions, we enter into hedging transactions, primarily forward foreign currency swaps, that enable us to mitigate the potential adverse impact of foreign currency exchange rate risk (see Note 9, "Derivatives" in the notes to the consolidated financial statements for further information). We do not engage in trading or other speculative activities with these transactions, as established policies require that these hedging transactions relate to specific currency exposures.

The strengthening of the U.S. dollar can have an unfavorable impact on our results of operations and financial position as foreign denominated operating results are translated into U.S. dollars. To illustrate the potential impact of changes in foreign currency exchange rates on the translation of our results of operations, annual sales and operating profit were remeasured assuming a ten percent reduction in foreign exchange rates compared to the U.S. dollar. Under this assumption, annual sales and operating profit would have been \$58 million and less than \$1 million lower, respectively, for the twelve months ended August 31, 2018. This sensitivity analysis assumes that each exchange rate would change in the same direction relative to the U.S. dollar and excludes the potential effects that changes in foreign currency exchange rates may have on actual sales or price levels. Similarly, a ten percent decline in foreign currency exchange rates relative to the U.S. dollar on our August 31, 2018 financial position would result in a \$57 million reduction to equity (accumulated other comprehensive loss), as a result of non U.S. dollar denominated assets and liabilities being translated into U.S. dollars, our reporting currency.

Interest Rate Risk—We manage interest expense using a mixture of fixed-rate and variable-rate debt. A change in interest rates impacts the fair value of our 5.625% Senior Notes, but not our earnings or cash flow because the interest rate on such debt is fixed. Our variable-rate debt obligations consist primarily of revolver and term loan borrowings under our Senior Credit Facility. A ten percent increase in the average cost of our variable rate debt would have resulted in an approximate \$1 million increase in financing costs for the year-ended August 31, 2018.

Commodity Risk—We source a wide variety of materials and components from a network of global suppliers. While such materials are typically available from numerous suppliers, commodity raw materials, such as steel and plastic resin, are subject

to price fluctuations which could have a negative impact on our results. We strive to timely pass along such commodity price increases to customers to avoid profit margin erosion.

Item 8. Financial Statements and Supplementary Data

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All other schedules are omitted because they are not applicable, not required or because the required information is included in the consolidated financial statements or notes thereto.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Actuant Corporation:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Actuant Corporation and its subsidiaries as of August 31, 2018 and August 31, 2017, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the three years in the period ended August 31, 2018, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of August 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of August 31, 2018 and August 31, 2017, and the results of their operations and their cash flows for each of the three years in the period ended August 31, 2018 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 31, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting, appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, appearing under Item 9A, management has excluded Mirage and Equalizer from its assessment of internal control over financial reporting as of August 31, 2018 because it was acquired by the Company in a purchase business combination during 2018. We have also excluded Mirage and Equalizer from our audit of internal control over financial reporting. Mirage and Equalizer are wholly-owned subsidiaries whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent less than 2% and less than 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended August 31, 2018.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Milwaukee, Wisconsin
October 29, 2018

We have served as the Company's or its predecessor's auditor since 1997.

ACTUANT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

| | Year Ended August 31, | | |
|--|-----------------------|--------------|--------------|
| | 2018 | 2017 | 2016 |
| Net sales | \$ 1,182,611 | \$ 1,095,784 | \$ 1,149,410 |
| Cost of products sold | 767,351 | 716,067 | 746,013 |
| Gross profit | 415,260 | 379,717 | 403,397 |
| Selling, administrative and engineering expenses | 291,444 | 277,488 | 274,497 |
| Amortization of intangible assets | 20,565 | 20,474 | 22,943 |
| Loss on product line divestiture | — | — | 5,092 |
| Director & officer transition charges | — | 7,784 | — |
| Restructuring charges | 11,995 | 7,228 | 14,571 |
| Impairment & divestiture charges | 73,058 | 116,979 | 186,511 |
| Operating profit (loss) | 18,198 | (50,236) | (100,217) |
| Financing costs, net | 31,491 | 29,703 | 28,768 |
| Other (income) expense, net | (621) | 2,752 | 1,359 |
| Loss before income tax expense (benefit) | (12,672) | (82,691) | (130,344) |
| Income tax expense (benefit) | 8,976 | (16,478) | (25,170) |
| Net loss | \$ (21,648) | \$ (66,213) | \$ (105,174) |
| | | | |
| Loss per share | | | |
| Basic | \$ (0.36) | \$ (1.11) | \$ (1.78) |
| Diluted | \$ (0.36) | \$ (1.11) | \$ (1.78) |
| | | | |
| Weighted average common shares outstanding | | | |
| Basic | 60,441 | 59,436 | 59,010 |
| Diluted | 60,441 | 59,436 | 59,010 |

The accompanying notes are an integral part of these consolidated financial statements.

ACTUANT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

| | Year Ended August 31, | | |
|---|-----------------------|--------------------|---------------------|
| | 2018 | 2017 | 2016 |
| Net loss | \$ (21,648) | \$ (66,213) | \$ (105,174) |
| Other comprehensive income (loss), net of tax | | | |
| Foreign currency translation adjustments | 49,307 | 20,470 | (32,203) |
| Pension and other postretirement benefit plans | 3,709 | 4,092 | (6,003) |
| Cash flow hedges | — | — | 23 |
| Total other comprehensive income (loss), net of tax | 53,016 | 24,562 | (38,183) |
| Comprehensive income (loss) | <u>\$ 31,368</u> | <u>\$ (41,651)</u> | <u>\$ (143,357)</u> |

The accompanying notes are an integral part of these consolidated financial statements.

ACTUANT CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

| | August 31, | |
|--|--------------|--------------|
| | 2018 | 2017 |
| <u>ASSETS</u> | | |
| Current assets | | |
| Cash and cash equivalents | \$ 250,490 | \$ 229,571 |
| Accounts receivable, net | 187,749 | 190,206 |
| Inventories, net | 156,356 | 143,651 |
| Assets held for sale | 23,573 | 21,835 |
| Other current assets | 42,732 | 61,663 |
| Total current assets | 660,900 | 646,926 |
| Property, plant and equipment | | |
| Land, buildings and improvements | 47,468 | 43,737 |
| Machinery and equipment | 229,445 | 227,535 |
| Gross property, plant and equipment | 276,913 | 271,272 |
| Less: Accumulated depreciation | (186,693) | (176,751) |
| Property, plant and equipment, net | 90,220 | 94,521 |
| Goodwill | 512,412 | 530,081 |
| Other intangible assets, net | 181,037 | 220,489 |
| Other long-term assets | 36,769 | 24,938 |
| Total assets | \$ 1,481,338 | \$ 1,516,955 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | |
| Current liabilities | | |
| Trade accounts payable | \$ 130,838 | \$ 133,387 |
| Accrued compensation and benefits | 54,508 | 50,939 |
| Current maturities of debt | 30,000 | 30,000 |
| Income taxes payable | 4,091 | 6,080 |
| Liabilities held for sale | 44,225 | 101,083 |
| Other current liabilities | 67,299 | 57,445 |
| Total current liabilities | 330,961 | 378,934 |
| Long-term debt, net | 502,695 | 531,940 |
| Deferred income taxes | 21,933 | 29,859 |
| Pension and postretirement benefit liabilities | 14,869 | 19,862 |
| Other long-term liabilities | 52,168 | 55,821 |
| Total liabilities | 922,626 | 1,016,416 |
| Commitments and contingencies (Note 16) | | |
| Shareholders' equity | | |
| Class A common stock, \$0.20 par value per share, authorized 168,000,000 shares, issued 81,423,584 and 80,200,110 shares, respectively | 16,285 | 16,040 |
| Additional paid-in capital | 167,448 | 138,449 |
| Treasury stock, at cost, 20,439,434 shares | (617,731) | (617,731) |
| Retained earnings | 1,166,955 | 1,191,042 |
| Accumulated other comprehensive loss | (174,245) | (227,261) |
| Stock held in trust | (2,450) | (2,696) |
| Deferred compensation liability | 2,450 | 2,696 |
| Total shareholders' equity | 558,712 | 500,539 |
| Total liabilities and shareholders' equity | \$ 1,481,338 | \$ 1,516,955 |

The accompanying notes are an integral part of these consolidated financial statements.

ACTUANT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

| | Year Ended August 31, | | |
|--|-----------------------|-------------------|-------------------|
| | 2018 | 2017 | 2016 |
| Operating Activities | | | |
| Net loss | \$ (21,648) | \$ (66,213) | \$ (105,174) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | | |
| Non-cash items: | | | |
| Impairment & other divestiture charges, net of tax effect | 75,334 | 108,860 | 169,056 |
| Depreciation and amortization | 40,707 | 43,110 | 47,777 |
| Stock-based compensation expense | 14,457 | 16,733 | 10,442 |
| Benefit for deferred income taxes | (6,890) | (8,956) | (17,403) |
| Amortization of debt issuance costs | 2,399 | 1,657 | 1,652 |
| Other non-cash adjustments | 619 | 1,202 | (517) |
| Loss on disposal of business, net of tax benefit | — | — | (1,557) |
| Changes in components of working capital and other, excluding acquisitions and divestitures: | | | |
| Accounts receivable | (3,093) | (3,475) | 20,261 |
| Inventories | (18,704) | (11,277) | 10,202 |
| Trade accounts payable | 2,593 | 18,117 | (7,727) |
| Prepaid expenses and other assets | (10,625) | (5,367) | (3,291) |
| Income tax accounts | 16,785 | (10,646) | (7,916) |
| Accrued compensation and benefits | 4,827 | 3,752 | 3,912 |
| Other accrued liabilities | 9,332 | 1,002 | (2,020) |
| Cash provided by operating activities | 106,093 | 88,499 | 117,697 |
| Investing Activities | | | |
| Capital expenditures | (20,870) | (28,195) | (20,209) |
| Proceeds from sale of property, plant and equipment | 153 | 570 | 9,296 |
| Rental asset buyout for Viking divestiture | (27,718) | — | — |
| Proceeds from sale of business, net of transaction costs | 8,902 | — | 9,695 |
| Cash paid for business acquisitions, net of cash acquired | (23,218) | — | (81,916) |
| Cash used in investing activities | (62,751) | (27,625) | (83,134) |
| Financing Activities | | | |
| Net repayments on revolving credit facility | — | — | (210) |
| Principal repayments on term loan | (30,000) | (18,750) | (3,750) |
| Redemption of 5.625% senior notes | — | (500) | — |
| Purchase of treasury shares | — | — | (17,101) |
| Taxes paid related to the net share settlement of equity awards | (1,284) | (1,065) | (1,409) |
| Stock option exercises & other | 15,681 | 8,265 | 6,416 |
| Payment of deferred acquisition consideration | — | (742) | — |
| Cash dividend | (2,390) | (2,358) | (2,376) |
| Cash used in financing activities | (17,993) | (15,150) | (18,430) |
| Effect of exchange rate changes on cash | (4,430) | 4,243 | (5,375) |
| Net increase in cash and cash equivalents | 20,919 | 49,967 | 10,758 |
| Cash and cash equivalents - beginning of period | 229,571 | 179,604 | 168,846 |
| Cash and cash equivalents - end of period | <u>\$ 250,490</u> | <u>\$ 229,571</u> | <u>\$ 179,604</u> |

The accompanying notes are an integral part of these consolidated financial statements.

ACTUANT CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

| | Common Stock | | Additional Paid-in Capital | Treasury Stock | Retained Earnings | Accumulated Other Comprehensive Loss | Stock Held in Trust | Deferred Compensation Liability | Total Shareholders' Equity |
|---|------------------|------------------|----------------------------------|--------------------|----------------------|---|---------------------------|---------------------------------------|----------------------------------|
| | Issued Shares | Amount | | | | | | | |
| Balance at August 31, 2015 | 78,933 | \$ 15,787 | \$ 104,308 | \$(600,630) | \$1,367,176 | \$ (213,640) | \$ (4,292) | \$ 4,292 | \$ 673,001 |
| Net loss | — | — | — | — | (105,174) | — | — | — | (105,174) |
| Other comprehensive loss, net of tax | — | — | — | — | — | (38,183) | — | — | (38,183) |
| Stock contribution to employee benefit plans and other | 20 | 4 | 449 | — | — | — | — | — | 453 |
| Restricted stock awards | 235 | 47 | (47) | — | — | — | — | — | — |
| Cash dividend (\$0.04 per share) | — | — | — | — | (2,357) | — | — | — | (2,357) |
| Treasury stock repurchases | — | — | — | (17,101) | — | — | — | — | (17,101) |
| Stock based compensation expense | — | — | 10,442 | — | — | — | — | — | 10,442 |
| Stock option exercises | 175 | 35 | 3,529 | — | — | — | — | — | 3,564 |
| Tax effect of stock option exercises and restricted stock vesting | — | — | (3,943) | — | — | — | — | — | (3,943) |
| Stock issued to, acquired for and distributed from rabbi trust | 30 | 6 | 242 | — | — | — | 1,646 | (1,646) | 248 |
| Balance at August 31, 2016 | 79,393 | 15,879 | 114,980 | (617,731) | 1,259,645 | (251,823) | (2,646) | 2,646 | 520,950 |
| Net loss | — | — | — | — | (66,213) | — | — | — | (66,213) |
| Other comprehensive income, net of tax | — | — | — | — | — | 24,562 | — | — | 24,562 |
| Stock contribution to employee benefit plans and other | 17 | 3 | 890 | — | — | — | — | — | 893 |
| Restricted stock awards | 397 | 79 | (79) | — | — | — | — | — | — |
| Cash dividend (\$0.04 per share) | — | — | — | — | (2,390) | — | — | — | (2,390) |
| Stock based compensation expense | — | — | 16,733 | — | — | — | — | — | 16,733 |
| Stock option exercises | 374 | 75 | 7,687 | — | — | — | — | — | 7,762 |
| Tax effect of stock option exercises and restricted stock vesting | — | — | (2,042) | — | — | — | — | — | (2,042) |
| Stock issued to, acquired for and distributed from rabbi trust | 19 | 4 | 280 | — | — | — | (50) | 50 | 284 |
| Balance at August 31, 2017 | 80,200 | 16,040 | 138,449 | (617,731) | 1,191,042 | (227,261) | (2,696) | 2,696 | 500,539 |
| Net loss | — | — | — | — | (21,648) | — | — | — | (21,648) |
| Other comprehensive income, net of tax | — | — | — | — | — | 53,016 | — | — | 53,016 |
| Stock contribution to employee benefit plans and other | 20 | 4 | 535 | — | — | — | — | — | 539 |
| Restricted stock awards | 400 | 80 | (80) | — | — | — | — | — | — |
| Cash dividend (\$0.04 per share) | — | — | — | — | (2,439) | — | — | — | (2,439) |
| Stock based compensation expense | — | — | 14,457 | — | — | — | — | — | 14,457 |
| Stock option exercises | 780 | 156 | 14,984 | — | — | — | — | — | 15,140 |
| Tax effect related to net share settlement of equity awards | — | — | (1,281) | — | — | — | — | — | (1,281) |
| Stock issued to, acquired for and distributed from rabbi trust | 25 | 5 | 384 | — | — | — | 246 | (246) | 389 |
| Balance at August 31, 2018 | <u>81,424</u> | <u>\$ 16,285</u> | <u>\$ 167,448</u> | <u>\$(617,731)</u> | <u>\$1,166,955</u> | <u>\$ (174,245)</u> | <u>\$ (2,450)</u> | <u>\$ 2,450</u> | <u>\$ 558,712</u> |

The accompanying notes are an integral part of these consolidated financial statements.

ACTUANT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Nature of Operations: Actuant Corporation (“Actuant” or the “Company”) is a global manufacturer of a broad range of industrial products and systems, organized into two reportable segments. The Industrial Tools & Services segment is primarily engaged in the design, manufacture and distribution of branded hydraulic and mechanical tools and in providing joint integrity services and tool rental to the industrial, maintenance, infrastructure, oil & gas, energy and other markets. The Engineered Components & Systems segment provides highly engineered components for on-highway, off-highway, agriculture, energy, medical, construction and other vertical markets.

Consolidation and Presentation: The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. The results of companies acquired or disposed of during the year are included in the consolidated financial statements from the effective date of acquisition or until the date of divestiture. All intercompany balances, transactions and profits have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to current year presentation, as discussed in the New Accounting Pronouncements section.

As part of our ongoing assessment of segment reporting, during the fourth quarter of fiscal 2018, the Company’s financial reporting segments were modified to reflect changes in the operating structure of the Company, with the combination of our tools and services businesses and all OEM-related businesses into two operating segments: Industrial Tools & Services and Engineered Components & Systems. All prior period disclosures have been adjusted to reflect the two reportable segments.

Cash Equivalents: The Company considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents.

Inventories: Inventories are comprised of material, direct labor and manufacturing overhead, and are stated at the lower of cost or market. Inventory cost is determined using the last-in, first-out (“LIFO”) method for a portion of the U.S. owned inventory (16.8% and 18.0% of total inventories in 2018 and 2017, respectively). The first-in, first-out or average cost methods are used for all other inventories. If the LIFO method were not used, inventory balances would be higher than reported amounts in the consolidated balance sheets by \$6.0 million and \$3.9 million at August 31, 2018 and 2017, respectively.

The nature of the Company’s products is such that they generally have a very short production cycle. Consequently, the amount of work-in-process at any point in time is minimal. In addition, many parts or components are ultimately either sold individually or assembled with other parts making a distinction between raw materials and finished goods impractical to determine. Other locations maintain and manage their inventories using a job cost system where the distinction of categories of inventory by state of completion is also not available. As a result of these factors, it is neither practical nor cost effective to segregate the amounts of raw materials, work-in-process or finished goods inventories at the respective balance sheet dates, as segregation would only be possible as the result of physical inventories which are taken at dates different from the balance sheet dates.

Property, Plant and Equipment: Property, plant and equipment are stated at cost. Plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from ten to forty years for buildings and improvements and two to fifteen years for machinery and equipment. Equipment includes assets (joint integrity tools) which are rented to customers of our Industrial Tools & Services segment businesses. Leasehold improvements are amortized over the life of the related asset or the term of the lease, whichever is shorter. Depreciation expense was \$20 million, \$23 million and \$25 million for the years ended August 31, 2018, 2017 and 2016, respectively.

Goodwill and Other Intangible Assets: Other intangible assets with definite lives, consisting primarily of purchased customer relationships, patents, trademarks and non-compete agreements, are amortized over periods from one to twenty-five years. Goodwill and other intangible assets with indefinite lives are not subject to amortization, but are subject to annual impairment testing.

The Company’s goodwill is tested for impairment annually, during the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. The Company performs impairment reviews for its reporting units using a fair value method based on management’s judgments and assumptions. In estimating the fair value, the Company utilizes a discounted cash flow model, which is dependent on a number of assumptions including estimated future revenues and expenses, weighted average cost of capital, capital expenditures and other variables. The estimated fair value of the reporting unit is compared to the carrying amount of the reporting unit, including goodwill. If the carrying value of the reporting unit exceeds its fair value, an impairment loss is recorded and should not exceed the total amount of the goodwill allocated to the reporting unit. Indefinite lived intangible assets are also subject to an annual impairment test. On an annual

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired, the fair value of the indefinite lived intangible assets are evaluated by the Company to determine if an impairment charge is required. A considerable amount of management judgment is required in performing impairment tests, principally in determining the fair value of each reporting unit and the indefinite lived intangible assets.

Product Warranty Costs: The Company generally offers its customers a warranty on products sold, although warranty periods may vary by product type and application. The reserve for future warranty claims, which is recorded within the "Other current liabilities" line on the Consolidated Balance Sheets, is based on historical claim rates and current warranty cost experience. The following is a rollforward of the changes in product warranty reserves for fiscal years 2018 and 2017 (in thousands):

| | 2018 | 2017 |
|---|-----------------|-----------------|
| Beginning balance | \$ 6,616 | \$ 5,592 |
| Provision for warranties | 5,522 | 5,608 |
| Warranty payments and costs incurred | (7,263) | (4,714) |
| Acquisitions/divestitures | (376) | — |
| Impact of changes in foreign currency rates | (82) | 130 |
| Ending balance | <u>\$ 4,417</u> | <u>\$ 6,616</u> |

Revenue Recognition: The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectability of the sales price is reasonably assured. For product sales, delivery does not occur until the passage of title and risk of loss have transferred to the customer (generally when products are shipped). Revenue from services and rental contracts are recognized when the services are provided or ratably over the contract term. Revenue for highly custom product sales with a project duration greater than three months and exceeding a value of approximately \$0.5 million is generally recognized under the percentage-of-completion method utilizing efforts expended or cost-to-cost input measures. Revenues for long-term contracts that do not meet these criteria are recognized under the completed contract method once delivery has occurred and passage of title and risk of loss have transferred to the customer. Unearned revenue related to long-term customer contracts, which is recorded within the "Other current liabilities" line on the Consolidated Balance Sheets, was \$16.5 million and \$10.1 million at August 31, 2018 and 2017, respectively. Customer sales are recorded net of allowances for returns and discounts, which are recognized as a deduction from sales at the time of sale. The Company commits to one-time or on-going trade discounts and promotions with customers that require the Company to estimate and accrue the ultimate costs of such programs. The Company generally does not require collateral or other security for receivables and provides for an allowance for doubtful accounts based on historical experience and a review of its existing receivables. Accounts receivable are stated net of an allowance for doubtful accounts of \$5.4 million and \$11.2 million at August 31, 2018 and 2017, respectively.

Shipping and Handling Costs: The Company records costs associated with shipping its products in cost of products sold.

Research and Development Costs: Research and development costs consist primarily of an allocation of overall engineering and development resources and are expensed as incurred. Such costs incurred in the development of new products or significant improvements to existing products were \$25.9 million, \$21.9 million and \$18.3 million in fiscal 2018, 2017 and 2016, respectively. The Company also incurs significant costs in connection with fulfilling custom orders and developing solutions for unique customer needs which are not included in these research and development expense totals.

Other Income/Expense: Other income and expense primarily consists of net foreign currency exchange transaction gains of \$0.4 million in fiscal 2018 and losses of \$3.1 million and \$1.3 million in fiscal 2017 and 2016, respectively.

Financing Costs: Financing costs represent interest expense, financing fees and amortization of debt issuance costs, net of interest income. Interest income was \$1.2 million, \$1.2 million and \$1.7 million for fiscal 2018, 2017 and 2016, respectively.

Income Taxes: The provision for income taxes includes federal, state, local and non-U.S. taxes on income. Tax credits, primarily for non-U.S. earnings, are recognized as a reduction of the provision for income taxes in the year in which they are available for U.S. tax purposes. Deferred taxes are provided on temporary differences between assets and liabilities for financial and tax reporting purposes as measured by enacted tax rates expected to apply when temporary differences are settled or realized. Future tax benefits are recognized to the extent that realization of those benefits is considered to be more likely than not. A valuation allowance is established for deferred tax assets for which realization is not more likely than not of being realized. Prior to tax reform and through August 31, 2018, the Company has not provided for any residual U.S. income taxes on

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

unremitted earning of non-U.S. subsidiaries, as such, earnings are intended to be indefinitely reinvested. The Company is currently reviewing the impact of tax reform on the policy for unremitted earnings and considers our position to be a provisional estimate. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

Foreign Currency Translation: The financial statements of the Company's foreign operations are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and an appropriate weighted average exchange rate for each applicable period for revenues and expenses. Translation adjustments are reflected in the consolidated balance sheets and consolidated statements of shareholders' equity caption "Accumulated Other Comprehensive Loss."

Accumulated Other Comprehensive Loss: The following is a summary of the components included within accumulated other comprehensive loss (in thousands):

| | August 31, | |
|---|------------|------------|
| | 2018 | 2017 |
| Foreign currency translation adjustments | \$ 158,497 | \$ 207,804 |
| Pension and other postretirement benefit plans, net | 15,748 | 19,457 |
| Accumulated other comprehensive loss | \$ 174,245 | \$ 227,261 |

Use of Estimates: The Company has recorded reserves for customer rebates, returns and discounts, doubtful accounts, inventory, incurred but not reported medical claims, environmental matters, warranty claims, workers compensation claims, product and non-product litigation and incentive compensation. These reserves require the use of estimates and judgment. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The Company believes that such estimates are made with consistent and appropriate assumptions. Actual results may differ from these estimates.

New Accounting Pronouncements

In March 2016, the FASB issued ASU 2016-09, *Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which simplified several aspects of accounting for share-based payment transactions. The guidance required, among other items, that all excess tax deficiencies or benefits be recorded as income tax expense or benefit in the consolidated statement of operations and not in additional paid-in capital (shareholder's equity). This guidance was adopted on September 1, 2017 and the impact of adopting this guidance had the following effects:

- for the year-ended August 31, 2018, we recorded \$1.5 million in excess tax deficiency as an increase to our income tax expense. This requirement was applied prospectively;
- excess tax benefits are now presented as operating activities in the statement of cash flows, rather than as financing activities. The Company chose to apply this requirement retrospectively, and as a result, reclassified approximately \$0.6 million of excess tax benefits during the year-ended August 31, 2017 from financing activities to operating activities in the consolidated statement of cash flows;
- our computation of diluted earnings per share now excludes the excess tax benefits or deficiencies from the assumed proceeds available to repurchase shares. This requirement was applied prospectively.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09 and subsequent updates included in ASU 2016-10, ASU 2016-12, ASU 2017-13 and ASU 2017-14, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects to receive in exchange for the goods or services. It also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This guidance is effective for fiscal years beginning on or after December 15, 2017 (fiscal 2019 for the Company). The Company has completed its assessment of its various revenue streams to identify performance obligations under these ASUs and the key aspects of the standard that impact the Company's revenue recognition process. Based upon our assessment, the impact to allocation of contract revenue between various products and services and the timing of when those revenues are recognized is not materially significant. In conjunction with the evaluation, the Company has identified and implemented changes to its current accounting policies, business processes, systems and controls as necessary to support the new guidance. The guidance will be adopted by the Company beginning September 1, 2018 using the modified retrospective approach. As such, we will recognize the cumulative effect of the adoption, which is not material, as an adjustment to the opening balance of retained earnings.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

In March 2017, the FASB issued ASU 2017-07, *Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which changes how employers that sponsor defined benefit pension or other postretirement benefit plans present the net periodic benefit cost in the income statement. The new guidance requires the service cost component of net periodic benefit cost to be presented in the same income statement line items as other employee compensation costs arising from services rendered during the period. Other components of the net periodic benefit cost are to be stated separately from service cost and outside of operating income. This guidance is effective for fiscal years beginning after December 15, 2017 (fiscal 2019 for the Company) and interim periods within those annual periods. The amendment is to be applied retrospectively. Due to a majority of the Company's defined benefit pension or other postretirement benefit plans being frozen and the net periodic benefit pension cost not being significant, the adoption of this guidance will not have a material impact on the financial statements of the Company.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*, to address how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This guidance is effective for fiscal years beginning after December 15, 2017 (fiscal 2019 for the Company), including interim periods within those fiscal years. This update will require adoption on a retrospective basis unless it is impracticable to apply. The Company does not believe that this guidance will have a material impact on its presentation of the statement of cash flows.

In February 2016, the FASB issued ASU 2016-02, *Leases* (and subsequently ASU 2018-01), to increase transparency and comparability among organizations by recognizing all lease transactions (with terms in excess of 12 months) on the balance sheet as a lease liability and a right-of-use asset. This guidance is effective for fiscal years beginning after December 15, 2018 (fiscal 2020 for the Company), including interim periods within those fiscal years. Upon adoption, the lessee will apply the new standard retrospectively to all periods presented under a modified retrospective approach using a cumulative effect adjustment in the year of adoption. The Company is currently gathering, documenting and analyzing lease agreements subject to this ASU and anticipates material additions to the balance sheet (upon adoption) of right-of-use assets, offset by the associated liabilities, due to our routine use of operating leases over time.

In February 2018, the FASB issued ASU 2018-02, *Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allows companies to reclassify stranded income tax effects resulting from the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings in their consolidated financial statements. This guidance is effective for fiscal years beginning after December 15, 2018 (fiscal 2020 for the Company), including interim periods within those fiscal years. The Company is currently evaluating the impact of this new standard and whether we will elect to reclassify the stranded income taxes.

Note 2. Director & Officer Transition Charges

During the year-ended August 31, 2017, the Company recorded separation and transition charges of \$7.8 million in connection with the retirement of one director of the Company's Board of Directors and the transition of the Executive Vice President/Chief Financial Officer. The charges were mainly comprised of compensation expense for accelerated equity vesting, severance, outplacement, legal, signing bonus and relocation costs.

Note 3. Restructuring Charges

The Company has undertaken or committed to various restructuring initiatives including workforce reductions, leadership changes, plant consolidations to reduce manufacturing overhead, satellite office closures, the continued movement of production and product sourcing to low cost alternatives and the centralization and standardization of certain administrative functions. Total restructuring charges for these activities were \$12.8 million and \$7.2 million for the year-ended August 31, 2018 and 2017, respectively, and impacted all segments. Approximately \$0.9 million of the restructuring charges recognized for the year-ended August 31, 2018 were reported in the Consolidated Statements of Operations in "Cost of products sold," with the balance of the charges reported in "Restructuring charges." Liabilities for severance will generally be paid during the next twelve months, while future lease payments related to facilities vacated as a result of restructuring will be paid over the underlying remaining lease terms.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The following rollforwards summarize restructuring reserve activity by segment (in thousands):

| Year Ended August 31, 2018 | | | | |
|---|-----------------------------|---------------------------------|-----------|----------|
| | Industrial Tools & Services | Engineered Components & Systems | Corporate | Total |
| Balance as of August 31, 2017 | \$ 1,499 | \$ 4,108 | \$ 30 | \$ 5,637 |
| Restructuring charges | 4,286 | 3,713 | 4,845 | 12,844 |
| Cash payments | (3,375) | (4,652) | (2,357) | (10,384) |
| Other non-cash uses of reserve ⁽¹⁾ | (635) | (1,412) | (2,103) | (4,150) |
| Impact of changes in foreign currency rates | (88) | (165) | — | (253) |
| Balance as of August 31, 2018 | \$ 1,687 | \$ 1,592 | \$ 415 | \$ 3,694 |

⁽¹⁾ Majority of non-cash uses of reserve represents accelerated equity vesting with employee severance agreements.

| Year Ended August 31, 2017 | | | | |
|---|-----------------------------|---------------------------------|-----------|----------|
| | Industrial Tools & Services | Engineered Components & Systems | Corporate | Total |
| Balance as of August 31, 2016 | \$ 1,626 | \$ 4,601 | \$ 46 | \$ 6,273 |
| Restructuring charges | 2,652 | 4,465 | 111 | 7,228 |
| Cash payments | (2,568) | (4,858) | (83) | (7,509) |
| Other non-cash uses of reserve | (198) | (285) | (44) | (527) |
| Impact of changes in foreign currency rates | (13) | 185 | — | 172 |
| Balance as of August 31, 2017 | \$ 1,499 | \$ 4,108 | \$ 30 | \$ 5,637 |

Note 4. Acquisitions

The Company completed four business acquisitions during the last three years. These acquisitions resulted in the recognition of goodwill in the Company's consolidated financial statements because their purchase prices reflected the future earnings and cash flow potential of the acquired companies, as well as the complementary strategic fit and resulting synergies. The Company makes an initial allocation of the purchase price, at the date of acquisition, based upon the fair value of the acquired assets and assumed liabilities. The Company obtains this information during due diligence and through other sources. If additional information is obtained about these assets and liabilities within the measurement period (not to exceed one year from the date of acquisition), the Company will refine its estimates of fair value and adjust the purchase price allocation as appropriate.

Fiscal 2018 Acquisitions:

The Company acquired the stock and certain assets of Mirage Machines, Ltd. ("Mirage") on December 1, 2017 for a purchase price of \$17.4 million, net of cash acquired. This Industrial Tools & Service segment tuck-in acquisition is a provider of industrial and energy maintenance tools. The preliminary purchase price allocation resulted in \$9.9 million of goodwill (which is not deductible for tax purposes) and \$4.1 million of intangible assets, including \$2.3 million of indefinite lived tradenames and \$1.8 million of amortizable customer relationships.

The Company acquired the stock and certain assets of Equalizer International, Limited ("Equalizer") on May 11, 2018 for a purchase price of \$5.8 million, net of cash acquired. This Industrial Tools & Services segment tuck-in is a provider of industrial and energy maintenance tools, expanding our pipe and flange alignment offerings. The preliminary purchase price allocation resulted in \$2.6 million of goodwill (a portion of which is not deductible for tax purposes) and \$1.9 million of intangible assets, including \$0.8 million of indefinite lived tradenames and \$1.1 million of amortizable customer relationships.

The Company incurred acquisition transaction costs of \$1.1 million and \$0.7 million for the year ended August 31, 2018 and 2017, respectively (included in "Selling, administrative and engineering expenses" in the Consolidated Statement of Operations) related to these two acquisitions.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Net sales in fiscal 2018 for these two acquisitions were \$8.2 million. Because the net sales and earnings impact of both acquisitions are not material to the year-ended August 31, 2018, 2017 and 2016, the Company has not included the pro forma operating result disclosures otherwise required for acquisitions. The following table summarizes the combined estimated fair value of the assets acquired and the liabilities assumed for Mirage and Equalizer (in thousands):

| | Total |
|------------------------------------|--------------|
| Accounts receivable, net | \$ 2,324 |
| Inventories, net | 4,388 |
| Other current assets | 263 |
| Property, plant & equipment | 2,064 |
| Goodwill | 12,441 |
| Other intangibles | 6,049 |
| Trade accounts payable | (2,090) |
| Accrued compensation and benefits | (175) |
| Income taxes payable | (779) |
| Other current liabilities | (239) |
| Deferred income taxes | (1,028) |
| Cash paid for business acquisition | \$ 23,218 |

Fiscal 2016 Acquisitions:

The Company acquired the stock of Larzep, S.A. ("Larzep") on February 17, 2016 for a purchase price of \$15.9 million, net of cash acquired. This Industrial Tools & Services segment tuck-in acquisition is headquartered in Mallabia, Spain and is a supplier of hydraulic tools and solutions. The purchase price allocation resulted in \$9.7 million of goodwill (which is not deductible for tax purposes) and \$4.8 million of intangible assets, including \$3.6 million of amortizable customer relationships and \$1.2 million of indefinite-lived tradenames.

The Company also acquired the assets of the Middle East, Caspian and the North African business of FourQuest Energy Inc. ("Pipeline and Process Services") for \$65.5 million on March 30, 2016. This Industrial Tools & Services segment tuck-in acquisition was funded with existing cash and expands the geographic presence and service offerings of the segment, including pipeline pre-commissioning, engineering, chemical cleaning and leak testing. The purchase price resulted in \$37.4 million of goodwill (which is not deductible for tax purposes) and \$8.7 million of intangible assets, including \$8.0 million of amortizable customer relationships and \$0.7 million of amortizable non-compete agreements. During fiscal 2017, goodwill related to this acquisition increased by \$1.1 million as a result of adjustments to reflect the fair value of acquired accounts receivable and accounts payable.

Net sales in fiscal 2018, 2017 and 2016 for these two acquired businesses were \$44.7 million, \$32.8 million and \$19.1 million, respectively. The Company incurred acquisition transaction costs of \$2.1 million in fiscal 2016 (included in "Selling, administrative and engineering expenses" in the Consolidated Statement of Operations), related to these two acquisitions.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The following unaudited pro forma operating results give effect to these two acquisitions as though the transactions and related financing activities had occurred on September 1, 2015 (in thousands, except per share amounts).

| | 2016 |
|-------------------------------|--------------|
| Net Sales | |
| As reported | \$ 1,149,410 |
| Pro Forma | 1,175,304 |
| Net Loss | |
| As reported | \$ (105,174) |
| Pro Forma | (100,927) |
| Basic loss per share | |
| As reported | \$ (1.78) |
| Pro Forma | (1.71) |
| Diluted loss per share | |
| As reported | \$ (1.78) |
| Pro Forma | (1.71) |

Note 5. Divestiture Activities

At August 31, 2018, the Cortland Fibron business (Engineered Components & Systems segment) met the criteria for assets held for sale treatment. The Cortland Fibron business provides customized umbilical and tether solutions to the global oil & gas market. Since the Cortland Fibron business was classified as held for sale, the related assets and liabilities of the business to be sold are classified as assets/liabilities held for sale in the consolidated balance sheet as of August 31, 2018 and approximated the estimated fair value, less cost to sell. As a result, the Company recognized impairment and divestiture charges in fiscal 2018 of \$46.3 million, comprised of a: (i) \$10.5 million charge representing the excess of the net book value of assets held for sale to the anticipated proceeds; (ii) non-cash impairment charge of \$35.3 million related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition and (iii) \$0.5 million of other divestiture charges. These charges generated an income tax benefit of \$1.4 million in fiscal 2018.

During fiscal 2017, the Company committed on a plan to sell the Viking business (Engineered Components & Systems segment) resulting in the Company's exit from the offshore mooring market. As a result, the Company recognized impairment and divestiture charges in fiscal 2017 of \$117.0 million, comprised of a: (i) \$16.1 million charge representing the excess of the net book value of assets held for sale to the anticipated proceeds; (ii) non-cash impairment charge of \$69.0 million related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition; (iii) \$28.6 million cash charge related to the operating lease buyout of certain rental assets and (iv) \$3.3 million of other divestiture charges. The write down of net assets generated an income tax benefit of \$8.1 million in fiscal 2017. On December 1, 2017, the Company completed the sale of the Viking business for net cash proceeds of \$8.8 million, which resulted in an after-tax impairment and divestiture charge of \$12.4 million in fiscal 2018, comprised of real estate lease exit charges of \$3.0 million related to retained facilities that became vacant as a result of the Viking divestiture and approximately \$9.4 million of associated discrete income tax expense.

The following is a summary of the assets and liabilities held for sale (in thousands):

| | Cortland Fibron | Viking |
|---|------------------------|------------------------|
| | August 31, 2018 | August 31, 2017 |
| Accounts receivable, net | \$ 2,924 | \$ 2,426 |
| Inventories, net | 2,597 | 190 |
| Other current assets | 3,267 | 1,927 |
| Property, plant & equipment, net | 2,186 | 7,534 |
| Goodwill and other intangible assets, net | 12,464 | — |
| Other long-term assets | 135 | 9,758 |
| Assets held for sale | \$ 23,573 | \$ 21,835 |
| Trade accounts payable | \$ 3,915 | \$ 1,883 |
| Accrued compensation and benefits | 1,414 | — |
| Lease buyout accrual | — | 28,644 |
| Reserve for cumulative translation adjustment | 35,346 | 68,919 |
| Other current liabilities | 1,269 | 1,637 |
| Deferred income taxes | 2,281 | — |
| Liabilities held for sale | \$ 44,225 | \$ 101,083 |

The historic results of the Cortland Fibron and Viking businesses are not material to the consolidated financial results of the Company and are included in continuing operations. These two businesses had net sales of \$23.9 million, \$34.4 million and \$58.0 million for the year-ended August 31, 2018, 2017 and 2016, respectively. The Company's anticipated sale of Cortland Fibron and the Viking divestiture will substantially reduce our exposure to upstream oil & gas.

On August 25, 2016, the Company completed the divestiture of its Sanlo business (Engineered Components & Systems segment) for \$9.7 million in cash, net of transaction costs. This divestiture resulted in a \$5.1 million pre-tax loss, but a \$1.6 million gain, net of tax. The results of the Sanlo business (which had net sales of \$10.8 million in fiscal 2016) are not material to the consolidated financial results and are included in continuing operations.

Note 6. Goodwill, Intangible Assets and Long-Lived Assets

Changes in the gross carrying value of intangible assets and goodwill result from changes in foreign currency exchange rates, business acquisitions, divestitures and impairment charges. The changes in the carrying amount of goodwill for the years ended August 31, 2018 and 2017 are as follows (in thousands):

| | Industrial Tools & Services | Engineered Components & Systems | Total |
|---|--|--|-------------------|
| Balance as of August 31, 2016 | \$ 235,457 | \$ 283,819 | \$ 519,276 |
| Purchase accounting adjustments | 1,085 | — | 1,085 |
| Impact of changes in foreign currency rates | 2,165 | 7,555 | 9,720 |
| Balance as of August 31, 2017 | 238,707 | 291,374 | 530,081 |
| Business acquisitions | 12,441 | — | 12,441 |
| Impairment charge | — | (21,227) | (21,227) |
| Impact of changes in foreign currency rates | (2,443) | (4,940) | (7,383) |
| Reclassification of assets held for sale | — | (1,500) | (1,500) |
| Balance as of August 31, 2018 | \$ 248,705 | \$ 263,707 | \$ 512,412 |

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The gross carrying amount and accumulated amortization of the Company's intangible assets are as follows (in thousands):

| | Weighted Average Amortization Period (Year) | August 31, 2018 | | | August 31, 2017 | | |
|-------------------------------------|--|-----------------|-----------------------------|-------------------|-----------------|-----------------------------|-------------------|
| | | | | | | | |
| | | Gross | Accumulated Amortization | Net Book Value | Gross | Accumulated Amortization | Net Book Value |
| Amortizable intangible assets: | | | | | | | |
| Customer relationships | 15 | \$ 230,601 | \$ 147,451 | \$ 83,150 | \$ 263,498 | \$ 153,003 | \$ 110,495 |
| Patents | 11 | 30,355 | 25,327 | 5,028 | 30,401 | 24,027 | 6,374 |
| Trademarks and tradenames | 18 | 20,823 | 15,347 | 5,476 | 21,498 | 9,396 | 12,102 |
| Non-compete agreements & other | 3 | 5,946 | 5,816 | 130 | 6,672 | 6,234 | 438 |
| Indefinite lived intangible assets: | | | | | | | |
| Tradenames | N/A | 87,253 | — | 87,253 | 91,080 | — | 91,080 |
| | | \$ 374,978 | \$ 193,941 | \$ 181,037 | \$ 413,149 | \$ 192,660 | \$ 220,489 |

Amortization expense for future years is estimated to be: \$17.2 million in fiscal year 2019, \$16.6 million in fiscal 2020, \$15.7 million in fiscal 2021, \$13.7 million in fiscal 2022, \$10.6 million in fiscal 2023 and \$20.0 million in aggregate thereafter. The future amortization expense amounts represent estimates and may be impacted by future acquisitions, divestitures or changes in foreign currency exchange rates.

Fiscal 2018 Impairment Charge

During the fourth quarter of fiscal 2018, the Company recognized impairment charges related to the Cortland Fibron business (Engineered Components & Systems segment and a component of the Cortland reporting unit) in conjunction with meeting the classification assets of held for sale criteria. Accordingly, the Company recognized a \$10.5 million impairment charge, representing the excess of the net book value of assets held for sale over the anticipated proceeds. See Note 5, "Divestiture Activates" for further discussion of impairment and divestiture charges not related to long-lived assets for the Cortland Fibron business.

The Precision-Hayes International business (Engineered Components & Systems segment) primarily designs, manufactures, and distributes concrete tensioning products. Changes in certain assumptions used in our annual goodwill impairment analysis, which are linked, in part, to recent market share losses, resulted in a fair value estimate of the reporting unit lower than its carrying value. As a result, during the fourth quarter of fiscal 2018, the Company recognized a \$23.7 million impairment charge.

A summary of the fiscal 2018 impairment charge by reporting unit is as follows (in thousands):

| | Cortland | Precision-Hayes International | Total |
|------------------------------------|------------------|-------------------------------|------------------|
| Goodwill | \$ 3,770 | \$ 17,457 | \$ 21,227 |
| Indefinite lived intangible assets | 6,710 | — | 6,710 |
| Amortizable intangible assets | — | 5,076 | 5,076 |
| Fixed assets | — | 1,207 | 1,207 |
| | <u>\$ 10,480</u> | <u>\$ 23,740</u> | <u>\$ 34,220</u> |

Fiscal 2017 Impairment Charge:

In the fourth quarter of fiscal 2017, related to the then-pending sale of the Viking business, we recognized a \$16.1 million long-lived asset impairment, representing the excess of the net book value of assets held for sale over the anticipated proceeds. See Note 5, "Divestiture Activates" for further discussion of impairment and divestiture charges not related to long-lived assets for the Viking business.

Fiscal 2016 Impairment Charge

The prolonged unfavorable conditions in the global oil & gas markets, including additional cuts in projected capital spending by customers, reduced exploration, drilling and commissioning activities and excess capacity in the industry (given continued low oil & gas prices) were expected to have an adverse impact on the future financial results of the Cortland and

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Viking businesses. Accordingly, during fiscal 2016, the Company recognized a \$140.8 million impairment charge (as a result of lower projected future sales and profits) related to the Cortland and Viking businesses.

In addition, the maximatecc business manufactures severe-duty electronic instrumentation including displays and clusters, machine controls and sensors. During fiscal 2016, weakness in off-highway vehicle and agricultural markets, coupled with challenging overall industrial fundamentals, reductions in OEM customer build rates and production schedules (in order to reduce inventory levels) and delays in the start of production by certain European OEMs for new or updated design models resulted in reduced sales and profitability of the maximatecc business. As a result of lower projected sales and profits, the Company recognized a \$45.7 million impairment charge related to the goodwill and intangible assets of the maximatecc business in fiscal 2016.

A summary of the fiscal 2016 impairment charge by reporting unit is as follows (in thousands):

| | Cortland | Viking | maximatecc | Total |
|------------------------------------|------------------|-------------------|-------------------|-------------------|
| Goodwill | \$ 34,502 | \$ 39,099 | \$ 44,521 | \$ 118,122 |
| Indefinite lived intangible assets | 2,211 | 13,289 | 1,153 | 16,653 |
| Amortizable intangible assets | — | 27,952 | — | 27,952 |
| Fixed assets | — | 23,784 | — | 23,784 |
| | <u>\$ 36,713</u> | <u>\$ 104,124</u> | <u>\$ 45,674</u> | <u>\$ 186,511</u> |

Note 7. Debt

The following is a summary of the Company's long-term indebtedness (in thousands):

| | August 31, | |
|---|-------------------|-------------------|
| | 2018 | 2017 |
| Senior Credit Facility | | |
| Revolver | \$ — | \$ — |
| Term Loan | 247,500 | 277,500 |
| | <u>247,500</u> | <u>277,500</u> |
| 5.625% Senior Notes | <u>287,559</u> | <u>287,559</u> |
| Total Senior Indebtedness | 535,059 | 565,059 |
| Less: current maturities of long-term debt | (30,000) | (30,000) |
| Debt issuance costs | (2,364) | (3,119) |
| Total long-term debt, less current maturities | <u>\$ 502,695</u> | <u>\$ 531,940</u> |

The Company's Senior Credit Facility matures on May 8, 2020, provides a \$300 million revolver, a \$300 million term loan and a \$450 million expansion option, subject to certain conditions. Borrowings are subject to a pricing grid, which can result in increases or decreases to the borrowing spread, depending on the Company's leverage ratio, ranging from a spread of 1.00% to 2.25% in the case of loans bearing interest at LIBOR and from 0.00% to 1.25% in the case of loans bearing interest at the base rate. As of August 31, 2018, the borrowing spread on LIBOR based borrowings was 2.00% (aggregating to a 4.13% variable rate borrowing cost on the outstanding term loan balance). In addition, a non-use fee is payable quarterly on the average unused credit line under the revolver ranging from 0.15% to 0.35% per annum. As of August 31, 2018, the unused credit line under the revolver was \$298.8 million, of which \$255.7 million was available for borrowings. Quarterly term loan principal payments of \$3.8 million began on June 30, 2016, increased to \$7.5 million per quarter on June 30, 2017 and extend through March 31, 2020, with the remaining principal due at maturity. The Senior Credit Facility, which is secured by substantially all of the Company's domestic personal property assets, also contains customary limits and restrictions concerning investments, sales of assets, liens on assets, dividends and other payments. The two financial covenants included in the Senior Credit Facility agreement are a maximum leverage ratio of 3.75:1 and a minimum interest coverage ratio of 3.50:1. The Company was in compliance with all financial covenants at August 31, 2018.

During the fourth quarter of fiscal 2018 and pursuant to the provisions of the Senior Credit Facility, the Company reduced the borrowing capacity on the revolver from the previous \$600 million to \$300 million. This reduction in borrowing capacity is expected to reduce the non-use fee on the average unused credit line under the revolver. The Company recorded a charge of

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

\$0.8 million, recorded in "Financing costs, net" in the Consolidated Statement of Operations, in the fourth quarter of fiscal 2018 for the write-off of deferred financing costs associated with the reduced borrowing capacity.

On April 16, 2012, the Company issued \$300 million of 5.625% Senior Notes due 2022 (the "Senior Notes"). The Senior Notes require no principal installments prior to their June 15, 2022 maturity, require semiannual interest payments in December and June of each year and contain certain financial and non-financial covenants. The Senior Notes include a call feature that allows the Company to repurchase them anytime on or after June 15, 2017 at stated redemption prices (ranging from 100.0% to 102.8%), plus accrued and unpaid interest. The Company repurchased \$0.5 million of the Senior Notes during fiscal 2017.

The Company made cash interest payments of \$28.8 million, \$27.1 million and \$27.2 million in fiscal 2018, 2017 and 2016, respectively.

Note 8. Fair Value Measurements

The Company assesses the inputs used to measure the fair value of financial assets and liabilities using a three-tier hierarchy. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, foreign currency exchange rates, commodity rates and yield curves. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participants would use in pricing the asset or liability.

The fair value of the Company's cash and cash equivalents, accounts receivable, accounts payable and its variable rate long-term debt approximated book value at August 31, 2018 and 2017 due to their short-term nature and the fact that the interest rates approximated year-end market rates. Foreign currency exchange contracts are recorded at fair value. The fair value of the Company's foreign currency exchange contracts was a net asset of \$0.4 million at August 31, 2018 and a net liability of \$0.2 million at August 31, 2017. The fair value of the foreign currency exchange contracts was based on quoted inactive market prices and is therefore classified as Level 2 within the valuation hierarchy. The fair value of the Company's outstanding 5.625% Senior Notes was \$293.5 million and \$295.8 million at August 31, 2018 and 2017, respectively. The fair value of the Senior Notes was based on quoted inactive market prices and are therefore classified as Level 2 within the valuation hierarchy.

Note 9. Derivatives

All derivatives are recognized in the balance sheet at their estimated fair value. On the date the Company enters into a derivative contract, it designates the derivative as a hedge of a recognized asset or liability (fair value hedge) or a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). The Company does not enter into derivatives for speculative purposes. Changes in the value of fair value hedges and non-designated hedges are recorded in earnings along with the gain or loss on the hedged asset or liability, while changes in the value of cash flow hedges are recorded in accumulated other comprehensive loss, until earnings are affected by the variability of cash flows.

The Company is exposed to market risk for changes in foreign currency exchange rates due to the global nature of its operations. In order to manage this risk the Company has historically hedged portions of its forecasted inventory purchases and other cash flows that are denominated in non-functional currencies (cash flow hedges). However, there were no cash flow hedges outstanding at August 31, 2018 and 2017.

The Company also utilizes foreign currency exchange contracts to reduce the exchange rate risk associated with recognized non-functional currency balances. The effects of changes in exchange rates are reflected concurrently in earnings for both the fair value of the foreign currency exchange contracts and the related non-functional currency asset or liability. The U.S. dollar equivalent notional value of these short duration foreign currency exchange contracts (fair value hedges or non-designated hedges) was \$17.0 million and \$22.0 million, at August 31, 2018 and 2017, respectively. The fair value of outstanding foreign currency exchange contracts was an asset of \$0.4 million at August 31, 2018 and a liability of \$0.2 million at August 31, 2017. Net foreign currency gains (losses) (included in "Other (income) expense" in the Consolidated Statement of Operations) related to these derivative instruments are as follows (in thousands):

| | Year Ended August 31, | | |
|--------------------------------------|-----------------------|------------|------------|
| | 2018 | 2017 | 2016 |
| Foreign currency gains (losses), net | \$ 1,423 | \$ (2,962) | \$ (1,520) |

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Note 10. Leases

The Company leases certain facilities, computers, equipment and vehicles under various lease agreements generally over periods of one to twenty years. Under most arrangements, the Company pays the property taxes, insurance, maintenance and expenses related to the leased property. Many of the leases include provisions that enable the Company to renew the lease based upon fair value rental rates on the date of expiration of the initial lease.

As of August 31, 2018, future obligations under non-cancelable operating leases were as follows: \$29.4 million in fiscal 2019; \$20.6 million in fiscal 2020; \$15.3 million in fiscal 2021; \$13.1 million in fiscal 2022; \$10.8 million in fiscal 2023; and \$35.0 million in aggregate thereafter. Total rental expense under operating leases was \$34.9 million, \$37.4 million and \$37.6 million in fiscal 2018, 2017 and 2016, respectively.

As discussed in Note 16, "Commitments and Contingencies" the Company remains contingently liable for lease payments under leases of businesses that it previously divested or spun off.

Note 11. Employee Benefit Plans

U.S. Defined Benefit Pension Plans

All of the U.S. defined benefit pension plans are frozen, and as a result, plan participants no longer earn additional benefits. The following table provides detail of changes in the projected benefit obligations, the fair value of plan assets and the funded status of the Company's U.S. defined benefit pension plans as of the respective August 31 measurement date (in thousands):

| | 2018 | 2017 |
|--|------------|------------|
| Reconciliation of benefit obligations: | | |
| Benefit obligation at beginning of year | \$ 46,806 | \$ 50,409 |
| Interest cost | 1,633 | 1,690 |
| Actuarial gain | (2,330) | (1,997) |
| Benefits paid | (2,829) | (3,296) |
| Benefit obligation at end of year | \$ 43,280 | \$ 46,806 |
| Reconciliation of plan assets: | | |
| Fair value of plan assets at beginning of year | \$ 40,027 | \$ 39,489 |
| Actual return on plan assets | 2,938 | 3,599 |
| Company contributions | 108 | 235 |
| Benefits paid from plan assets | (2,829) | (3,296) |
| Fair value of plan assets at end of year | 40,244 | 40,027 |
| Funded status of the plans (underfunded) | \$ (3,036) | \$ (6,779) |

The following table provides detail on the Company's domestic net periodic benefit expense (income) (in thousands):

| | Year ended August 31, | | |
|---------------------------------------|-----------------------|----------|----------|
| | 2018 | 2017 | 2016 |
| Interest cost | \$ 1,633 | \$ 1,690 | \$ 1,970 |
| Expected return on assets | (2,668) | (2,867) | (2,997) |
| Amortization of actuarial loss | 1,127 | 1,141 | 837 |
| Net periodic benefit expense (income) | \$ 92 | \$ (36) | \$ (190) |

As of August 31, 2018 and 2017, \$13.2 million and \$16.0 million, respectively, of pension plan actuarial losses, which have not yet been recognized in net periodic benefit cost, were included in accumulated other comprehensive loss, net of income taxes. During fiscal 2019, \$0.8 million of these actuarial losses, net of tax, are expected to be recognized in net periodic benefit cost.

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Weighted-average assumptions used to determine U.S. pension plan obligations as of August 31 and weighted-average assumptions used to determine net periodic benefit cost for the years ended August 31 are as follows:

| | 2018 | 2017 | 2016 |
|---|-------|-------|-------|
| Assumptions for benefit obligations: | | | |
| Discount rate | 4.05% | 3.60% | 3.45% |
| Assumptions for net periodic benefit cost: | | | |
| Discount rate | 3.60% | 3.45% | 4.45% |
| Expected return on plan assets | 7.00% | 7.15% | 7.40% |

The Company employs a total return on investment approach for its pension plan assets whereby a mix of equity and fixed income investments are used to maximize the long-term return for plan assets, at a prudent level of risk. The investment portfolio contains a blend of equity and fixed income investments. Within the equity allocation, a blend of growth and value investments is maintained in a variety of market capitalizations and diversified between U.S. and non-U.S. stocks. Currently, the Company's targeted asset allocation as a percentage of total plan assets is approximately half in equity securities, with the remainder invested in fixed income securities and cash. Cash balances are maintained at levels adequate to meet near-term plan expenses and benefit payments. Investment risk is measured and monitored on an ongoing basis. At August 31, 2018, the Company's overall expected long-term rate of return for assets in U.S. pension plans was 5.75%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The target return is based on historical returns adjusted to reflect the current view of the long-term investment market.

The fair value of all U.S. pension plan assets is determined based on quoted market prices and therefore all plan assets are determined based on Level 1 inputs, except for fixed income securities which are valued based on Level 2 inputs, as defined in Note 8, "Fair Value Measurements." The U.S. pension plan investment allocations by asset category were as follows (in thousands):

| | Year Ended August 31, | | | |
|---------------------------|-----------------------|--------|-----------|--------|
| | 2018 | % | 2017 | % |
| Cash and cash equivalents | \$ 559 | 1.4% | \$ 395 | 1.0% |
| Fixed income securities: | | | | |
| Corporate bonds | 19,107 | 47.5 | 8,475 | 21.2 |
| Mutual funds | 814 | 2.0 | 3,139 | 7.8 |
| | 19,921 | 49.5 | 11,614 | 29.0 |
| Equity securities: | | | | |
| Mutual funds | 19,764 | 49.1 | 28,018 | 70.0 |
| Total plan assets | \$ 40,244 | 100.0% | \$ 40,027 | 100.0% |

Projected benefit payments from plan assets to participants in the Company's U.S. pension plans are \$3.0 million per year for each of the next five years and \$14.6 million in aggregate for the following five years. The Company does not anticipate making a material contribution to the U.S. pension plans in fiscal 2019.

Foreign Defined Benefit Pension Plans

The Company has ten foreign defined benefit pension plans which cover certain existing and former employees of businesses outside the U.S. Most of the participants in the foreign defined benefit pension plans are current employees and are earning additional benefits. The funded status of these plans is summarized as follows (in thousands):

| | August 31, | |
|--------------------------------------|------------|------------|
| | 2018 | 2017 |
| Benefit obligation | \$ 13,936 | \$ 14,645 |
| Fair value of plan assets | 7,938 | 7,950 |
| Funded status of plans (underfunded) | \$ (5,998) | \$ (6,695) |

Net periodic benefit cost for these foreign plans was \$0.7 million, \$1.0 million and \$0.7 million in fiscal 2018, 2017 and 2016, respectively. The weighted average discount rate utilized for determining the benefit obligation at August 31, 2018 and 2017 was 2.2% and 2.3%, respectively. The plan assets of these foreign pension plans consist primarily of participating units in

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fixed income and equity securities and insurance contracts. The Company's overall expected long-term rate of return on these investments is 4.4%. During fiscal 2019, the Company anticipates contributing \$0.3 million to these pension plans.

Projected benefit payments from plan assets to participants in the these foreign plans are \$0.3 million for both fiscal 2019 and fiscal 2020, \$0.4 million for fiscal 2021, \$0.5 million for fiscal 2022, \$0.4 million for fiscal 2023 and \$2.4 million in aggregate for the following five years.

Other Postretirement Health Benefit Plans

The Company provides other postretirement health benefits ("OPEB") to certain existing and former employees of domestic businesses it acquired, who were entitled to such benefits prior to acquisition. These unfunded plans had a benefit obligation of \$2.9 million and \$3.8 million at August 31, 2018 and 2017, respectively. These obligations are determined utilizing assumptions consistent with those used for our U.S. pension plans and a health care cost trend rate of 7.0%, trending downward to 5.0% by the year 2026, and remaining level thereafter. Net periodic benefit costs for other postretirement benefits was \$0.1 million and \$0.2 million for the year-ended August 31, 2018 and 2017, respectively and less than \$0.1 million for the year-ended August 31, 2016. Benefit payments from the plan are funded through participant contributions and Company contributions, which are projected to be \$0.2 million in fiscal 2019.

Defined Contribution Benefit Plans

The Company maintains a 401(k) plan for substantially all full time U.S. employees (the "401(k) Plan"). Under plan provisions, the Company can fund either cash or issue new shares of Class A common stock for its contributions. Amounts are allocated to accounts set aside for each employee's retirement. Employees generally may contribute up to 50% of their compensation to individual accounts within the 401(k) Plan. While contributions vary, the Company generally makes core contributions to employee accounts equal to 3% of each employee's eligible annual cash compensation, subject to IRS limitations. In addition, the Company matches approximately 25% of each employee's contribution up to 6% of the employee's eligible compensation. The Company also maintains a Restoration Plan that allows eligible highly compensated employees (as defined by the Internal Revenue Code) to receive a core contribution as if no IRS limits were in place. Company contributions to the Restoration Plan are made in the form of Actuant common stock and are contributed into each eligible participant's deferred compensation plan account. Expense recognized related to the 401(k) plan totaled \$4.7 million for both years ended August 31, 2018 and 2017 and \$4.4 million for the year ended August 31, 2016.

In addition to the 401(k) plan, the Company sponsors a non-qualified supplemental executive retirement plan ("the SERP Plan"). The SERP Plan is an unfunded defined contribution plan that covers certain current and former executive employees and has an annual contribution formula based on age and years of service (with Company contributions ranging from 3% to 6% of eligible wages). This unfunded plan had a \$1.7 million obligation at both August 31, 2018 and 2017, respectively. Expense recognized for the SERP Plan was \$0.3 million per year for fiscal 2018, 2017 and 2016.

Deferred Compensation Plan

The Company maintains a deferred compensation plan to allow eligible U.S. employees to defer receipt of current cash compensation in order to provide future savings benefits. Eligibility is limited to employees that earn compensation that exceeds certain pre-defined levels. Participants have the option to invest their deferrals in a fixed income investment, in Company common stock, or a combination of the two. The fixed income portion of the plan is unfunded, and therefore all compensation deferred under the plan is held by the Company and commingled with its general assets. Liabilities of \$20.1 million and \$20.9 million are included in the consolidated balance sheets at August 31, 2018 and 2017, respectively, to reflect the unfunded portion of the deferred compensation liability. The Company recorded expense in "Financing costs, net" of \$1.5 million, \$1.6 million and \$1.6 million for the years ended August 31, 2018, 2017 and 2016, respectively, for non-funded interest on participant deferrals in the fixed income investment option. Company common stock contributions to fund the plan are held in a rabbi trust, accounted for in a manner similar to treasury stock and are recorded at cost in "Stock held in trust" within shareholders' equity with the corresponding deferred compensation liability also recorded within shareholders' equity. Since no investment diversification is permitted within the trust, changes in fair value of Actuant common stock are not recognized.

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Note 12. Income Taxes

Income tax expense (benefit) is summarized as follows (in thousands):

| | Year ended August 31, | | |
|------------------------------|-----------------------|-------------|-------------|
| | 2018 | 2017 | 2016 |
| Currently payable: | | | |
| Federal | \$ 919 | \$ (14,769) | \$ 2,205 |
| Foreign | 12,532 | 15,665 | 11,838 |
| State | 120 | (850) | 912 |
| | 13,571 | 46 | 14,955 |
| Deferred: | | | |
| Federal | (7,837) | 603 | (12,470) |
| Foreign | 3,905 | (16,837) | (23,797) |
| State | (663) | (290) | (3,858) |
| | (4,595) | (16,524) | (40,125) |
| Income tax expense (benefit) | \$ 8,976 | \$ (16,478) | \$ (25,170) |

Income tax expense (benefit) from continuing operations recognized in the accompanying consolidated statements of operations differs from the amounts computed by applying the federal income tax rate to (loss) earnings from continuing operations before income tax expense. A reconciliation of income taxes at the federal statutory rate to the effective tax rate is summarized in the following table:

| | Year ended August 31, | | |
|--|-----------------------|--------|--------|
| | 2018 | 2017 | 2016 |
| Federal statutory rate ⁽¹⁾ | 25.7 % | 35.0 % | 35.0 % |
| State income taxes, net of Federal effect | 5.1 | 1.1 | 1.2 |
| Net effects of foreign tax rate differential and credits ⁽²⁾⁽⁸⁾ | 26.9 | (3.5) | 2.4 |
| Domestic manufacturing deduction | 3.9 | 0.6 | 0.3 |
| Foreign branch currency losses | 3.2 | (0.3) | 4.9 |
| Compensation adjustment ⁽³⁾ | (11.1) | — | — |
| Impairment and other divestiture charges ⁽⁴⁾ | (125.9) | (11.2) | (27.0) |
| Valuation allowance additions and releases ⁽⁵⁾ | (31.7) | (16.2) | (0.7) |
| Changes in liability for unrecognized tax benefits ⁽⁶⁾ | 51.7 | (3.7) | (0.9) |
| U.S. tax reform, net impact | (3.9) | — | — |
| Taxable liquidation of foreign subsidiaries ⁽⁷⁾ | (11.7) | 22.1 | — |
| Foreign non-deductible expenses ⁽⁸⁾ | (18.2) | (4.6) | (1.7) |
| Changes in tax rates ⁽⁸⁾ | 2.2 | (2.1) | 0.9 |
| Business divestitures | — | — | 3.9 |
| U.S. credits and adjustments ⁽⁸⁾ | 11.4 | 2.5 | 1.3 |
| Other items ⁽⁸⁾ | 1.6 | 0.2 | (0.3) |
| Effective income tax rate | (70.8)% | 19.9 % | 19.3 % |

⁽¹⁾ The Federal statutory rate is a blended rate which reflects 35% through December 31, 2017 and the lowered rate of 21% beginning on January 1, 2018 due to tax reform.

⁽²⁾ During fiscal 2018, the Company generated \$10.3 million of foreign tax credits, excluding the impact of tax reform and had a higher proportion of non-U.S. earnings.

⁽³⁾ The adoption of ASU 2016-09, Compensation-Stock Compensation resulted in the recognition of excess tax expense in the Company's provision for income taxes within the Consolidated Statement of Earnings rather than paid-in capital of \$1.5 million for the fiscal year 2018.

⁽⁴⁾ Fiscal 2018, 2017 and 2016 pretax (loss) earnings include \$73.1 million, \$117.0 million and \$186.5 million, respectively, in impairment and other divestiture charges related to goodwill, intangible assets, tangible assets and the cumulative effect of foreign currency rate changes of which \$45.1 million, \$69.0 million and \$118.5 million, respectively, are not deductible for income tax purposes.

⁽⁵⁾ Incremental valuation allowances of \$18.1 million, which excludes \$7.1 million of valuation allowances related to foreign tax credits that are categorized with tax reform and \$15.1 million were recorded in fiscal 2018 and 2017,

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respectively, due to uncertainty regarding utilization of foreign operating loss carryforwards, which were partially offset by a reduction of \$12.8 million and \$0.6 million of valuation allowances for fiscal 2018 and 2017, respectively.

⁽⁶⁾ The liability for unrecognized tax benefits decreased \$6.6 million in fiscal 2018 primarily due to settlements and lapsing of tax audit statutes.

⁽⁷⁾ During fiscal 2018 and 2017, the Company generated a net expense of \$1.5 million and a net benefit of \$14.9 million, the result of taxable liquidations of foreign subsidiaries.

⁽⁸⁾ Certain prior year amounts have been reclassified to conform to current year presentation.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted into law. The Act includes significant changes to the U.S. corporate income tax system which reduces the U.S. federal corporate income tax rate from 35.0% to 21.0% as of January 1, 2018; shifts to a modified territorial tax regime which requires companies to pay a transition tax on earnings of certain foreign subsidiaries that were previously deferred from U.S. income tax; and creates new taxes on certain foreign-sourced earnings. The decrease in the U.S. federal corporate income tax rate from 35.0% to 21.0% results in a blended statutory tax rate of 25.7% for the fiscal year ending August 31, 2018. The new taxes for certain foreign-sourced earnings under the Act are effective for the Company in fiscal 2019.

Income tax effects resulting from changes in tax laws are accounted for by the Company in the period in which the law is enacted and the effects are recorded as a component of income tax expense or benefit. As a result, the Company recorded provisional income tax expense resulting from the Act totaling \$0.5 million during the year ended August 31, 2018, which includes (i) a transition tax of \$5.3 million on the Company's total post-1986 earnings and profits ("E&P") which, prior to the Act, were previously deferred from U.S. income tax, (ii) a \$11.9 million decrease in income tax expense as a result of the re-measurement of the Company's deferred tax assets and liabilities to the new corporate tax rate of 21.0% and (iii) \$7.1 million in valuation allowances recorded against foreign tax credits as future utilization is now uncertain.

The Securities and Exchange Commission staff issued Staff Accounting Bulletin ("SAB") 118 to provide guidance on accounting for various effects of the Act that may be at different stages of completion. To the extent that a company's accounting for a certain income tax effect of the Act is incomplete, but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. The final impact may differ from these provisional amounts, possibly materially, due to, among other things, issuance of additional regulatory guidance, changes in interpretations and assumptions the Company has made, and actions the Company may take as a result of the Act. In accordance with SAB 118, the financial reporting impact of the Act will be completed no later than the second quarter of fiscal 2019. As of August 31, 2018, the tax effects related to the Act are provisional and represent the Company's best estimate. Amounts recorded are based in part on a reasonable estimate of the effects on its transition tax and existing deferred tax balances which are subject to change and modification. Provisional amounts recorded may change as a result of the following:

- The amount recorded for the transition tax liability is a provisional amount and based on current estimates of total post-1986 foreign E&P and the income tax pools for all foreign subsidiaries which will continue to be refined over the coming periods. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when the Company finalizes the calculation of post-1986 foreign E&P previously deferred from U.S. federal taxation and finalizes the amounts held in cash or other specified assets as of August 31, 2018. Further interpretations from U.S. federal and state governments and regulatory organizations may change the provisional tax liability or the accounting treatment of the provisional tax liability. It is anticipated that the amounts resulting from the transition tax will be fully offset by available foreign tax credits and will not result in future cash tax payments. In addition, there is a foreign tax credit carryforward on the balance sheet after the calculation of the transition tax liability. The Company is continuing to analyze the new provisions in order to determine future utilization of the credits and is anticipating further interpretive guidance in connection with the utilization of foreign tax credits going forward. As such, we are not yet able to reasonably estimate the future utilization of the foreign tax credits and have recorded a corresponding valuation allowance.
- The Company is still analyzing certain aspects of the Act and refining the estimate of the expected revaluation of its deferred tax balances. This can potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts. In addition, the Act provides for accelerated first year expensing of certain capital expenditures for which an estimate has been included in the estimated deferred balances for the year but will continue to be refined through the filing of the tax return. The Act also provides changes related to the limits of deduction for employee compensation. The Company is treating any future non-deductible compensation as impacting compensation expenses in the period incurred and will review further guidance and the related impact as provided through the second quarter of fiscal 2019.
- The Act also includes a provision designed to tax global intangible low taxed income (GILTI) and benefit foreign-derived intangible income (FDII) which will be effective in fiscal 2019. Under the provision, a U.S. shareholder is

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required to include in gross income the amount of its GILTI, which is generally the net income of its controlled foreign corporations in excess of a 10% return on depreciable tangible assets after identification of other income subject to non-deferral rules. Due to the complexity of the new GILTI tax rules and uncertainty of the application of the foreign tax credit rules in relation to GILTI and FDII, we are continuing to evaluate this provision of the Act, the application of ASC 740, and are considering available accounting policy alternatives to either record the U.S. income tax effect of future GILTI inclusions in the period in which they arise or establish deferred taxes with respect to the expected future tax liabilities associated with future GILTI inclusions. Our accounting policies depend, in part, on analyzing our global income to determine whether we expect a tax liability resulting from the application of this provision, and, if so, whether and when to record related current and deferred income taxes. Whether we intend to recognize deferred tax liabilities related to the GILTI provisions is dependent, in part, on our assessment of the Company's future operating structure. In addition, we are awaiting further interpretive guidance in connection with the computation of the GILTI tax. For these reasons, we are not yet able to reasonably estimate the effect of this provision of the Act. Therefore, we have not made any adjustments relating to potential GILTI tax in our consolidated financial statements and have not made a policy decision regarding our accounting for GILTI.

- Prior to the Act, our practice and intention was to reinvest the earnings in our non-U.S. subsidiaries outside of the U.S., and no U.S. deferred income taxes or foreign withholding taxes were recorded. The transition tax noted above will result in the previously untaxed foreign earnings being included in the federal and state fiscal 2018 taxable income. We are currently analyzing our global working capital requirements and the potential tax liabilities that would be incurred if the non-U.S. subsidiaries distribute cash to the U.S. parent, which may include withholding taxes, local country taxes and potential U.S. state taxation. Furthermore, the transition tax will close a majority of the outside basis differences in our foreign corporations and any remaining temporary difference will potentially have some interaction with the GILTI tax noted above. For these reasons, we are not yet able to reasonably estimate the effect of this provision of the Act and have not recorded any withholding or state tax liabilities, any deferred taxes attributable to GILTI (as noted above) or any deferred taxes attributable to our investment in our foreign subsidiaries.
- We are also currently analyzing certain additional provisions of the Act that come into effect in fiscal 2019 and will determine if and how these items would impact the effective tax rate in the year the income or expense occurs. These provisions include the Base Erosion Anti-Abuse Tax (BEAT), eliminating U.S. federal income taxes on dividends from foreign subsidiaries, the new provision that could limit the amount of deductible interest expense, and the limitations on the deductibility of certain executive compensation.

Temporary differences and carryforwards that gave rise to deferred tax assets and liabilities include the following items (in thousands):

| | August 31, | |
|--|-------------------|-------------|
| | 2018 | 2017 |
| Deferred income tax assets: | | |
| Operating loss and tax credit carryforwards | \$ 45,947 | \$ 41,985 |
| Compensation related liabilities | 10,450 | 17,319 |
| Postretirement benefits | 8,813 | 14,359 |
| Inventory | 2,081 | 2,958 |
| Book reserves and other items | 18,986 | 14,224 |
| Total deferred income tax assets | 86,277 | 90,845 |
| Valuation allowance | (35,076) | (22,671) |
| Net deferred income tax assets | 51,201 | 68,174 |
| Deferred income tax liabilities: | | |
| Depreciation and amortization | (48,148) | (77,548) |
| Other items | (633) | (1,910) |
| Deferred income tax liabilities | (48,781) | (79,458) |
| Net deferred income tax asset (liability) ⁽¹⁾ | \$ 2,420 | \$ (11,284) |

⁽¹⁾ The net deferred income tax liability is reflected on the balance sheet in two categories: an asset of \$24.3 million and \$18.6 million for fiscal 2018 and 2017, respectively, is included in other long-term assets and a liability of \$21.9 million and \$29.9 million for fiscal 2018 and 2017, respectively, is included in deferred income taxes.

The Company has \$60.8 million of state loss carryforwards, which are available to reduce future state tax liabilities. These state net operating loss carryforwards expire at various times through 2038. The Company also has \$125.9 million of

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

foreign loss carryforwards which are available to reduce certain future foreign tax liabilities. Approximately one-half of the foreign loss carryforwards are not subject to any expiration dates, while the other balances expire at various times through 2028. The valuation allowance represents a reserve for deferred tax assets, including loss carryforwards and foreign tax credits, for which utilization is uncertain.

Changes in the Company's gross liability for unrecognized tax benefits, excluding interest and penalties, are as follows (in thousands):

| | 2018 | 2017 | 2016 |
|--|------------------|------------------|------------------|
| Beginning balance | \$ 31,446 | \$ 29,174 | \$ 29,924 |
| Increases based on tax positions related to the current year | 2,599 | 6,057 | 1,050 |
| Increase for tax positions taken in a prior period | 359 | 297 | 475 |
| Decrease for tax positions taken in a prior period | (349) | (627) | — |
| Decrease due to lapse of statute of limitations | (9,163) | (4,008) | (1,027) |
| Decrease due to settlements | — | — | — |
| Changes in foreign currency exchange rates | (533) | 553 | (1,248) |
| Ending balance | <u>\$ 24,359</u> | <u>\$ 31,446</u> | <u>\$ 29,174</u> |

Substantially all of these unrecognized tax benefits, if recognized, would impact the effective income tax rate. As of August 31, 2018, 2017 and 2016, the Company recognized \$3.0 million, \$2.9 million and \$2.3 million, respectively for interest and penalties related to unrecognized tax benefits. The Company recognizes interest and penalties related to underpayment of income taxes as a component of income tax expense. With few exceptions, the Company is no longer subject to U.S. federal, state and foreign income tax examinations by tax authorities in major tax jurisdictions for years prior to fiscal 2008. The Company believes it is reasonably possible that the total amount of unrecognized tax benefits could decrease by up to \$3.4 million throughout fiscal 2019.

The Company's policy is to remit earnings from foreign subsidiaries only to the extent the remittance does not result in an incremental U.S. tax liability. The Company is reviewing the impact of tax reform on this policy and does not currently provide for the additional U.S. and foreign income taxes which would become payable upon remission of undistributed earnings of foreign subsidiaries. If all undistributed earnings were remitted, an additional income tax provision of \$2.2 million would have been necessary as of August 31, 2018.

(Loss) earnings before income taxes, are summarized as follows (in thousands):

| | Year Ended August 31, | | |
|----------|-----------------------|--------------------|---------------------|
| | 2018 | 2017 | 2016 |
| Domestic | \$ (11,325) | \$ 12,635 | \$ (19,182) |
| Foreign | (1,347) | (95,326) | (111,162) |
| | <u>\$ (12,672)</u> | <u>\$ (82,691)</u> | <u>\$ (130,344)</u> |

Both domestic and foreign pre-tax earnings are impacted by changes in operating earnings, acquisition and divestiture activities, restructuring charges and the related benefits, growth investments, debt levels and the impact of changes in foreign currency exchange rates. In fiscal 2018, domestic and foreign earnings included non-cash impairment and other divestiture costs of \$23.7 million and \$49.3 million, respectively. In fiscal 2017, domestic earnings included \$7.8 million of transition costs while foreign earnings included \$117.0 million of non-cash impairment and other divestiture charges. In fiscal 2016, domestic earnings included a non-cash impairment charge of \$49.0 million and a \$5.1 million loss on the Sanlo divestiture while foreign earnings included a \$137.5 million non-cash impairment charge. Approximately 79%, 63% and 53% of pre-tax earnings (excluding impairment and other divestiture charges) were generated in foreign jurisdictions with tax rates different than the U.S. federal income tax rate during fiscal 2018, 2017 and 2016, respectively.

Cash paid for income taxes, net of refunds, was a net refund of \$1.5 million during the year ended August 31, 2018 and a net payment of \$11.8 million and \$21.4 million during the years ended August 31, 2017 and 2016, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Note 13. Capital Stock and Share Repurchases

The authorized common stock of the Company as of August 31, 2018 consisted of 168,000,000 shares of Class A common stock, \$0.20 par value, of which 81,423,584 and 60,984,150 shares were issued and outstanding, respectively; 1,500,000 shares of Class B common stock, \$0.20 par value, none of which have been issued; and 160,000 shares of cumulative preferred stock, \$1.00 par value ("preferred stock"), none of which have been issued. Holders of both classes of the Company's common stock are entitled to dividends, as the Company's Board of Directors may declare out of funds legally available, subject to any contractual restrictions on the payment of dividends or other distributions on the common stock. If the Company were to issue any of its preferred stock, no dividends could be paid or set apart on shares of common stock, unless paid in common stock, until dividends on all of the issued and outstanding shares of preferred stock had been paid or set apart for payment and provision had been made for any mandatory sinking fund payments.

The Company's Board of Directors approved four separate authorizations (September 2011, March 2014, October 2014 and March 2015) to repurchase up to 7,000,000 shares each of the Company's outstanding common stock. At August 31, 2018, cumulative shares repurchased under these authorizations totaled 20,439,434, leaving 7,560,566 shares authorized for future buy backs.

Earnings Per Share

The following table sets forth the computation of basic and diluted loss per share (in thousands, except per share amounts):

| | Year Ended August 31, | | |
|--|-----------------------|-------------|--------------|
| | 2018 | 2017 | 2016 |
| Numerator: | | | |
| Net loss | \$ (21,648) | \$ (66,213) | \$ (105,174) |
| Denominator: | | | |
| Weighted average common shares outstanding - basic | 60,441 | 59,436 | 59,010 |
| Net effect of dilutive securities - stock based compensation plans | — | — | — |
| Weighted average common shares outstanding - diluted | 60,441 | 59,436 | 59,010 |
| Basic Loss Per Share: | \$ (0.36) | \$ (1.11) | \$ (1.78) |
| Diluted Loss Per Share: | \$ (0.36) | \$ (1.11) | \$ (1.78) |
| Anti-dilutive securities- stock based compensation plans (excluding from earnings per share calculation) (1) | 2,923 | 4,482 | 4,832 |

(1) As a result of the impairment and divestiture charges which caused a net loss in fiscal 2018, 2017 and 2016, shares from stock based compensation plans are excluded from the calculation of diluted loss per share, as the result would be anti-dilutive.

Note 14. Stock Plans

Share based awards may be granted to key employees and directors under the Actuant Corporation 2017 Omnibus Incentive Plan (the "Plan"). At August 31, 2018, 4,325,000 shares of Class A common stock were authorized for issuance under the Plan plus an additional 1,800,000 shares being registered to cover shares, if any, that become issuable, pursuant to the terms of the Plan, upon the expiration, cancellation or forfeiture of existing awards under our previously registered stock plans, of which 4,408,499 shares were available for future award grants. The Plan permits the Company to grant share-based awards, including stock options, restricted stock, restricted stock units and performance shares (the "Performance Shares") to employees and directors. Options generally have a maximum term of ten years, an exercise price equal to 100% of the fair market value of the Company's common stock at the date of grant and generally vest 50% after three years and 100% after five years. The Company's restricted stock grants prior to 2017 generally have similar vesting provisions as options while grants thereafter generally vests in equal installments over a three-year period. The Performance Shares include a three-year performance period, with vesting based 50% on achievement of an absolute free cash flow conversion target and 50% on the Company's total shareholder return ("TSR") relative to the S&P 600 SmallCap Industrial index. The provisions of share-based awards may vary by individual grant with respect to vesting period, dividend and voting rights, performance conditions and forfeitures.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

A summary of restricted stock and performance shares activity during fiscal2018 is as follows:

| | Number of Shares | Weighted-Average Fair Value at Grant Date (Per Share) |
|--------------------------------|---------------------|--|
| Outstanding on August 31, 2017 | 1,290,448 | \$24.95 |
| Granted | 525,541 | 26.20 |
| Forfeited | (197,771) | 25.05 |
| Vested | (464,481) | 25.60 |
| Outstanding on August 31, 2018 | 1,153,737 | \$25.25 |

A summary of stock option activity during fiscal2018 is as follows:

| | Shares | Weighted-Average Exercise Price (Per Share) | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value |
|----------------------------------|-----------|---|---|------------------------------|
| Outstanding on September 1, 2017 | 3,191,630 | \$ 24.40 | | |
| Granted | — | — | | |
| Exercised | (833,377) | 19.96 | | |
| Forfeited | (119,527) | 23.98 | | |
| Expired | (469,650) | 28.59 | | |
| Outstanding on August 31, 2018 | 1,769,076 | \$ 25.40 | 4.8 | \$ 7.9 million |
| Exercisable on August 31, 2018 | 1,285,352 | \$ 25.52 | 3.8 | \$ 5.9 million |

Intrinsic value is the difference between the market value of the stock at August 31, 2018 and the exercise price which is aggregated for all options outstanding and exercisable. A summary of the weighted-average grant-date fair value of options, total intrinsic value of options exercised, and cash receipts from options exercised is summarized below (in thousands, except per share amounts):

| | Year Ended August 31, | | |
|--|-----------------------|----------|---------|
| | 2018 | 2017 | 2016 |
| Weighted-average fair value of options granted (per share) | N/A | \$ 11.88 | \$ 8.63 |
| Intrinsic value of options exercised | \$ 5,284 | 2,208 | 989 |
| Cash receipts from exercise of options | 15,140 | 7,762 | 3,564 |

The Company generally records compensation expense over the vesting period for restricted stock awards based on the market value of Actuant common stock on the grant date and utilized an expected forfeiture rate of 10%, 11% and 13%, for fiscal years ended August 31, 2018, 2017 and 2016, respectively. The fair value of Performance Shares with market vesting conditions is determined utilizing a Monte Carlo simulation model. Stock based compensation expense is determined using a binomial pricing model for options. Assumptions used to determine the fair value of each option were based upon historical data and standard industry valuation practices and methodology. There were no options granted in fiscal 2018. The following weighted-average assumptions were used in each fiscal year 2017 and 2016:

| | Fiscal Year Ended August 31, | |
|--------------------------|------------------------------|-----------|
| | 2017 | 2016 |
| Dividend yield | 0.15 % | 0.19 % |
| Expected volatility | 38.12 % | 38.06 % |
| Risk-free rate of return | 2.42 % | 2.06 % |
| Expected forfeiture rate | 11 % | 13 % |
| Expected life | 7.4 years | 6.1 years |

As of August 31, 2018, there was \$19.1 million of total unrecognized compensation cost related to share-based awards, including stock options, restricted stock, restricted stock units and performance shares, which will be recognized over a weighted average period of 2.1 years. The total fair value of share-based awards that vested during the fiscal years ended August 31, 2018 and 2017 was \$14.3 million and \$16.1 million, respectively.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Note 15. Business Segment, Geographic and Customer Information

The Company is a global manufacturer of a broad range of industrial products and systems. During the fourth quarter of fiscal 2018, the Company's financial reporting segments were modified to reflect changes in the operating structure of the Company. The Company considered these changes as part of its ongoing assessment of segment reporting, and changed its operating and reportable segments to reflect two reportable segments: Industrial Tools & Services and Engineered Components & Systems. All prior period amounts and disclosures have been adjusted to reflect the current reportable segments.

The Industrial Tools & Services segment is primarily engaged in the design, manufacture and distribution of branded hydraulic and mechanical tools and in providing services and tool rental to the industrial, maintenance, infrastructure, oil & gas, energy and other markets. The Engineered Components & Systems segment provides highly engineered components for on-highway, off-highway agriculture, medical, concrete tensioning and other vertical markets. All of the aforementioned markets are supported through our various segment product lines outlined below.

The following tables summarize financial information by reportable segment and product line (in thousands):

| | Year Ended August 31, | | |
|--|-----------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 |
| Net Sales by Reportable Segment & Product Line: | | | |
| Industrial Tools & Services Segment: | | | |
| Product | \$ 439,405 | \$ 396,381 | \$ 400,780 |
| Service & Rental | 151,680 | 156,201 | 187,427 |
| | <u>591,085</u> | <u>552,582</u> | <u>588,207</u> |
| Engineered Components & Systems Segment: | | | |
| On-Highway | 248,083 | 215,831 | 209,575 |
| Agriculture, Off-Highway and Other | 215,487 | 190,604 | 187,287 |
| Rope & Cable Solutions | 76,011 | 65,169 | 73,813 |
| Concrete Tensioning | 49,198 | 52,889 | 50,491 |
| Off Shore Mooring | 2,747 | 18,709 | 40,037 |
| | <u>591,526</u> | <u>543,202</u> | <u>561,203</u> |
| | <u>\$ 1,182,611</u> | <u>\$ 1,095,784</u> | <u>\$ 1,149,410</u> |
| Operating Profit (Loss): | | | |
| Industrial Tools & Services | \$ 99,432 | \$ 95,825 | \$ 119,922 |
| Engineered Components & Systems ⁽¹⁾ | (51,982) | (113,030) | (190,654) |
| General Corporate | (29,252) | (33,031) | (29,485) |
| | <u>\$ 18,198</u> | <u>\$ (50,236)</u> | <u>\$ (100,217)</u> |
| Depreciation and Amortization: | | | |
| Industrial Tools & Services | \$ 15,301 | \$ 15,025 | \$ 15,173 |
| Engineered Components & Systems | 23,424 | 26,072 | 30,855 |
| General Corporate | 1,982 | 2,013 | 1,749 |
| | <u>\$ 40,707</u> | <u>\$ 43,110</u> | <u>\$ 47,777</u> |
| Capital Expenditures: | | | |
| Industrial Tools & Services | \$ 7,799 | \$ 8,614 | \$ 5,502 |
| Engineered Components & Systems | 11,653 | 16,884 | 12,397 |
| General Corporate | 1,418 | 2,697 | 2,310 |
| | <u>\$ 20,870</u> | <u>\$ 28,195</u> | <u>\$ 20,209</u> |

⁽¹⁾ Engineered Components & Systems segment operating loss includes impairment and divestiture charges of \$73.1 million, \$117.0 million and \$186.6 million in fiscal 2018, 2017 and 2016, respectively.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

| | August 31, | |
|---------------------------------|---------------------|---------------------|
| | 2018 | 2017 |
| Assets: | | |
| Industrial Tools & Services | \$ 589,932 | \$ 599,321 |
| Engineered Components & Systems | 657,370 | 713,083 |
| General Corporate | 234,036 | 204,551 |
| | <u>\$ 1,481,338</u> | <u>\$ 1,516,955</u> |

In addition to the impact of changes in foreign currency exchange rates, the comparability of segment and product line information is impacted by acquisition/divestiture activities, impairment and divestiture charges, restructuring costs and related benefits. Corporate assets, which are not allocated, principally represent cash and cash equivalents, capitalized debt issuance costs and deferred income taxes.

The following tables summarize net sales and long-lived assets (fixed assets and other long-term assets, excluding deferred tax assets and debt issuance costs) by geographic region (in thousands):

| | Year Ended August 31, | | |
|----------------------|-----------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 |
| Net Sales: | | | |
| United States | \$ 509,952 | \$ 480,801 | \$ 477,670 |
| Netherlands | 166,542 | 130,724 | 143,517 |
| United Kingdom | 87,182 | 84,106 | 115,183 |
| China | 64,031 | 68,373 | 47,312 |
| Sweden | 50,517 | 37,813 | 35,424 |
| United Arab Emirates | 43,707 | 39,974 | 55,906 |
| France | 40,351 | 39,563 | 42,780 |
| Australia | 28,510 | 38,924 | 62,779 |
| All other | 191,819 | 175,506 | 168,839 |
| | <u>\$ 1,182,611</u> | <u>\$ 1,095,784</u> | <u>\$ 1,149,410</u> |

| | August 31, | |
|---------------------------|-------------------|------------------|
| | 2018 | 2017 |
| Long-lived Assets: | | |
| United States | \$ 42,563 | \$ 36,254 |
| China | 14,909 | 16,332 |
| Netherlands | 12,200 | 9,134 |
| United Arab Emirates | 7,876 | 8,451 |
| United Kingdom | 4,076 | 5,467 |
| All other | 20,111 | 22,696 |
| | <u>\$ 101,735</u> | <u>\$ 98,334</u> |

The Company's largest customer accounted for less than 3% of sales in each of the last three fiscal years. Export sales from domestic operations were approximately 7% of total net sales in each of the periods presented. In fiscal 2018, sales of products contributed approximately 84% of consolidated net sales, with the remaining revenue generated from engineering and technical manpower services, rental contracts and other sources. We provide certain Industrial Tools & Services segment customers both products, services and rentals; however, since our systems do not allocate costs between these sales categories, it is neither practical nor cost effective to disaggregate cost of sales separately for product sales and rental and service revenue.

Note 16. Commitments and Contingencies

The Company had outstanding letters of credit of \$23.6 million and \$22.1 million at August 31, 2018 and 2017, respectively, the majority of which relate to commercial contracts and self-insured workers compensation programs.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The Company is a party to various legal proceedings that have arisen in the normal course of its business. These legal proceedings typically include product liability, environmental, labor, patent and other disputes. The Company has recorded reserves for loss contingencies based on the specific circumstances of each case. Such reserves are recorded when it is probable that a loss has been incurred and can be reasonably estimated. In the opinion of management, the resolution of these contingencies are not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company remains contingently liable for lease payments under leases of businesses that it previously divested or spun-off, in the event that such businesses are unable to fulfill their future lease payment obligations. The discounted present value of future minimum lease payments for these leases was \$11.0 million using a weighted average discount rate of 3.24% at August 31, 2018.

The Company has facilities in numerous geographic locations that are subject to a range of environmental laws and regulations. Environmental expenditures over the past three years have not been material. Management believes that such costs will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

In March 2018, the Company filed an Initial Notice of Voluntary Self-Disclosure ("VSD") with the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") regarding transactions related to otherwise authorized sales of tools and other products by certain of its foreign subsidiaries to two Iranian distributors totaling approximately \$0.5 million. While the Company undertook efforts to ensure that those sales were conducted entirely consistent with General License H under the Iranian Transaction and Sanctions Regulations, 31 C.F.R. Part 560, it is possible that certain limited transactions relating to the authorized sales in question fell outside the scope of General License H. The Company immediately determined to cease doing business in Iran and continues not to transact there. With the assistance of its external counsel, the Company undertook an investigation of those Iran-related transactions and, more generally, the adequacy and effectiveness of its procedures to ensure compliance with trade and export requirements. The investigation was completed in October 2018 and resulted in the filing of a final VSD with OFAC on October 26, 2018. The final VSD also included information about additional transactions by certain of the Company's Dutch subsidiaries, with a counterparty in Estonia that may have been in violation of E.O. 13685. Those transactions involved wire remittances totaling approximately \$3.2 million for sales of products and services that may have been diverted to the Crimea region of Ukraine. OFAC is currently reviewing the Company's disclosure to determine whether any violations of U.S. economic sanctions laws may have occurred and, if so, to determine the appropriate enforcement response. At this time, the Company cannot predict when OFAC will conclude its review of the VSD or the nature of its enforcement response.

Additionally, the Company has self-disclosed the sales to its Estonian customer to relevant authorities in the Netherlands as potentially violating applicable sanctions laws in that country and the European Union. The investigation by authorities in the Netherlands is ongoing and also may result in penalties. At this time, the Company cannot predict when the investigation will be completed or reasonably estimate what penalties, if any, will be assessed.

While there can be no assurance of the ultimate outcome of the above matters, the Company currently believes that there will be no material adverse effect on the Company's financial position, results of operations, or cash flows.

Note 17. Guarantor Subsidiaries

On April 16, 2012, Actuant Corporation (the "Parent") issued \$300.0 million of 5.625% Senior Notes, of which \$287.6 million remains outstanding as of August 31, 2018. All of our material domestic wholly owned subsidiaries (the "Guarantors") fully and unconditionally guarantee the 5.625% Senior Notes on a joint and several basis. There are no significant restrictions on the ability of the Guarantors to make distributions to the Parent.

Certain assets, liabilities and expenses have not been allocated to the Guarantors and non-Guarantors and therefore are included in the Parent column in the accompanying consolidating financial statements. These items are of a corporate or consolidated nature and include, but are not limited to, tax provisions and related assets and liabilities, certain employee benefit obligations, prepaid and accrued insurance and corporate indebtedness. Intercompany activity in the consolidating financial statements primarily includes loan activity, purchases and sales of goods or services, investments and dividends. Intercompany balances also reflect certain non-cash transactions including transfers of assets and liabilities between the Parent, Guarantor and non-Guarantor, allocation of non-cash expenses from the Parent to the Guarantors and non-Guarantors, non-cash intercompany dividends and the impact of foreign currency rate changes.

The following tables present the results of operations, financial position and cash flows of Actuant Corporation and its subsidiaries, the Guarantor and non-Guarantor entities, and the eliminations necessary to arrive at the information for the Company on a consolidated basis.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands)

| | Year Ended August 31, 2018 | | | | |
|--|----------------------------|-------------|----------------|--------------|--------------|
| | Parent | Guarantors | Non-Guarantors | Eliminations | Consolidated |
| Net sales | \$ 159,411 | \$ 371,890 | \$ 651,310 | \$ — | \$ 1,182,611 |
| Cost of products sold | 29,619 | 275,280 | 462,452 | — | 767,351 |
| Gross profit | 129,792 | 96,610 | 188,858 | — | 415,260 |
| Selling, administrative and engineering expenses | 81,194 | 72,688 | 137,562 | — | 291,444 |
| Amortization of intangible assets | 1,272 | 11,394 | 7,899 | — | 20,565 |
| Restructuring charges | 6,433 | 1,398 | 4,164 | — | 11,995 |
| Impairment & divestiture charges | 4,217 | 23,740 | 45,101 | — | 73,058 |
| Operating profit (loss) | 36,676 | (12,610) | (5,868) | — | 18,198 |
| Financing costs (income), net | 31,752 | 81 | (342) | — | 31,491 |
| Intercompany (income) expense, net | (17,042) | 26,596 | (9,554) | — | — |
| Intercompany dividends | — | (28,822) | — | 28,822 | — |
| Other (income) expense, net | (1,200) | 57 | 522 | — | (621) |
| Earnings (loss) before income tax (benefit) expense | 23,166 | (10,522) | 3,506 | (28,822) | (12,672) |
| Income tax (benefit) expense | (25,380) | 17,921 | 16,435 | — | 8,976 |
| Net earnings (loss) before equity in (loss) earnings of subsidiaries | 48,546 | (28,443) | (12,929) | (28,822) | (21,648) |
| Equity in (loss) earnings of subsidiaries | (70,194) | (15,652) | 2,103 | 83,743 | — |
| Net loss | (21,648) | (44,095) | (10,826) | 54,921 | (21,648) |
| Comprehensive income (loss) | \$ 31,368 | \$ (44,095) | \$ 40,800 | \$ 3,295 | \$ 31,368 |

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands)

| | Year Ended August 31, 2017 | | | | |
|--|----------------------------|-------------|----------------|--------------|--------------|
| | Parent | Guarantors | Non-Guarantors | Eliminations | Consolidated |
| Net sales | \$ 145,223 | \$ 355,989 | \$ 594,572 | \$ — | \$ 1,095,784 |
| Cost of products sold | 34,300 | 260,700 | 421,067 | — | 716,067 |
| Gross profit | 110,923 | 95,289 | 173,505 | — | 379,717 |
| Selling, administrative and engineering expenses | 74,996 | 69,826 | 132,666 | — | 277,488 |
| Amortization of intangible assets | 1,272 | 11,715 | 7,487 | — | 20,474 |
| Director & officer transition charges | 7,784 | — | — | — | 7,784 |
| Restructuring charges | 826 | 1,359 | 5,043 | — | 7,228 |
| Impairment & divestiture charges | — | — | 116,979 | — | 116,979 |
| Operating profit (loss) | 26,045 | 12,389 | (88,670) | — | (50,236) |
| Financing costs, net | 30,005 | 35 | (337) | — | 29,703 |
| Intercompany (income) expense, net | (22,941) | 22,066 | 875 | — | — |
| Intercompany dividends | 5,353 | (59,401) | (5,353) | 59,401 | — |
| Other expense (income), net | 2,690 | 87 | (25) | — | 2,752 |
| Earnings (loss) before income tax benefit | 10,938 | 49,602 | (83,830) | (59,401) | (82,691) |
| Income tax benefit | (782) | (14,574) | (1,122) | — | (16,478) |
| Net earnings (loss) before equity in (loss) earnings of subsidiaries | 11,720 | 64,176 | (82,708) | (59,401) | (66,213) |
| Equity in (loss) earnings of subsidiaries | (77,933) | (81,389) | 3,335 | 155,987 | — |
| Net loss | (66,213) | (17,213) | (79,373) | 96,586 | (66,213) |
| Comprehensive loss | \$ (41,651) | \$ (35,121) | \$ (39,942) | \$ 75,063 | \$ (41,651) |

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

CONDENSED CONSOLIDATING STATEMENTS OF EARNINGS AND COMPREHENSIVE LOSS
(in thousands)

| | Year Ended August 31, 2016 | | | | |
|--|----------------------------|--------------|----------------|--------------|--------------|
| | Parent | Guarantors | Non-Guarantors | Eliminations | Consolidated |
| Net sales | \$ 135,679 | \$ 361,209 | \$ 652,522 | \$ — | \$ 1,149,410 |
| Cost of products sold | 34,576 | 263,197 | 448,240 | — | 746,013 |
| Gross profit | 101,103 | 98,012 | 204,282 | — | 403,397 |
| Selling, administrative and engineering expenses | 69,677 | 69,382 | 135,438 | — | 274,497 |
| Amortization of intangible assets | 1,272 | 13,287 | 8,384 | — | 22,943 |
| Loss on product line divestiture | — | 5,092 | — | — | 5,092 |
| Restructuring charges | 2,426 | 3,455 | 8,690 | — | 14,571 |
| Impairment charges | — | 49,012 | 137,499 | — | 186,511 |
| Operating profit (loss) | 27,728 | (42,216) | (85,729) | — | (100,217) |
| Financing costs, net | 30,123 | — | (1,355) | — | 28,768 |
| Intercompany (income) expense, net | (20,445) | (9,999) | 30,444 | — | — |
| Intercompany dividends | — | — | (5,338) | 5,338 | — |
| Other expense, net | 914 | 54 | 391 | — | 1,359 |
| Earnings (loss) before income taxes | 17,136 | (32,271) | (109,871) | (5,338) | (130,344) |
| Income tax (benefit) expense | (8,729) | 519 | (17,046) | 86 | (25,170) |
| Net earnings (loss) before equity in (loss) earnings of subsidiaries | 25,865 | (32,790) | (92,825) | (5,424) | (105,174) |
| Equity in (loss) earnings of subsidiaries | (131,037) | (83,747) | 3,024 | 211,760 | — |
| Net loss | (105,174) | (116,537) | (89,801) | 206,336 | (105,174) |
| Comprehensive loss | \$ (143,357) | \$ (157,344) | \$ (83,802) | \$ 241,146 | \$ (143,357) |

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

| | August 31, 2018 | | | | |
|---|-----------------|--------------|----------------|----------------|--------------|
| | Parent | Guarantors | Non-Guarantors | Eliminations | Consolidated |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 67,649 | \$ — | \$ 182,841 | \$ — | \$ 250,490 |
| Accounts receivable, net | 19,969 | 54,822 | 112,958 | — | 187,749 |
| Inventories, net | 22,570 | 59,391 | 74,395 | — | 156,356 |
| Assets held for sale | — | — | 23,573 | — | 23,573 |
| Other current assets | 7,358 | 4,759 | 30,615 | — | 42,732 |
| Total current assets | 117,546 | 118,972 | 424,382 | — | 660,900 |
| Property, plant & equipment, net | 7,937 | 26,408 | 55,875 | — | 90,220 |
| Goodwill | 38,847 | 203,543 | 270,022 | — | 512,412 |
| Other intangible assets, net | 6,884 | 121,793 | 52,360 | — | 181,037 |
| Investment in subsidiaries | 1,836,954 | 1,211,781 | 789,917 | (3,838,652) | — |
| Intercompany receivables | — | 622,646 | 200,173 | (822,819) | — |
| Other long-term assets | 12,955 | 366 | 23,448 | — | 36,769 |
| Total assets | \$ 2,021,123 | \$ 2,305,509 | \$ 1,816,177 | \$ (4,661,471) | \$ 1,481,338 |
| LIABILITIES & SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities | | | | | |
| Trade accounts payable | \$ 15,890 | \$ 29,022 | \$ 85,926 | \$ — | \$ 130,838 |
| Accrued compensation and benefits | 22,171 | 9,804 | 22,533 | — | 54,508 |
| Current maturities of debt | 30,000 | — | — | — | 30,000 |
| Income taxes payable | — | — | 4,091 | — | 4,091 |
| Liabilities held for sale | — | — | 44,225 | — | 44,225 |
| Other current liabilities | 17,379 | 11,078 | 38,842 | — | 67,299 |
| Total current liabilities | 85,440 | 49,904 | 195,617 | — | 330,961 |
| Long-term debt | 502,695 | — | — | — | 502,695 |
| Deferred income taxes | 17,467 | — | 4,466 | — | 21,933 |
| Pension and post-retirement benefit liabilities | 7,765 | — | 7,104 | — | 14,869 |
| Other long-term liabilities | 45,483 | 359 | 6,326 | — | 52,168 |
| Intercompany payable | 803,561 | 19,258 | — | (822,819) | — |
| Shareholders' equity | 558,712 | 2,235,988 | 1,602,664 | (3,838,652) | 558,712 |
| Total liabilities and shareholders' equity | \$ 2,021,123 | \$ 2,305,509 | \$ 1,816,177 | \$ (4,661,471) | \$ 1,481,338 |

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

| | August 31, 2017 | | | | |
|---|-----------------|--------------|----------------|----------------|--------------|
| | Parent | Guarantors | Non-Guarantors | Eliminations | Consolidated |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 34,715 | \$ — | \$ 194,856 | \$ — | \$ 229,571 |
| Accounts receivable, net | 17,498 | 50,749 | 121,959 | — | 190,206 |
| Inventories, net | 23,308 | 48,492 | 71,851 | — | 143,651 |
| Assets held for sale | — | — | 21,835 | — | 21,835 |
| Other current assets | 23,576 | 3,619 | 34,468 | — | 61,663 |
| Total current assets | 99,097 | 102,860 | 444,969 | — | 646,926 |
| Property, plant & equipment, net | 7,049 | 26,130 | 61,342 | — | 94,521 |
| Goodwill | 38,847 | 200,499 | 290,735 | — | 530,081 |
| Other intangible assets, net | 8,156 | 138,042 | 74,291 | — | 220,489 |
| Investment in subsidiaries | 1,832,472 | 1,186,715 | 805,016 | (3,824,203) | — |
| Intercompany receivable | — | 589,193 | 205,183 | (794,376) | — |
| Other long-term assets | 8,377 | 812 | 15,749 | — | 24,938 |
| Total assets | \$ 1,993,998 | \$ 2,244,251 | \$ 1,897,285 | \$ (4,618,579) | \$ 1,516,955 |
| LIABILITIES & SHAREHOLDERS' EQUITY | | | | | |
| Current liabilities | | | | | |
| Trade accounts payable | \$ 15,412 | \$ 27,168 | \$ 90,807 | \$ — | \$ 133,387 |
| Accrued compensation and benefits | 19,082 | 7,672 | 24,185 | — | 50,939 |
| Current maturities of debt | 30,000 | — | — | — | 30,000 |
| Income taxes payable | 153 | — | 5,927 | — | 6,080 |
| Liabilities held for sale | — | — | 101,083 | — | 101,083 |
| Other current liabilities | 18,512 | 7,169 | 31,764 | — | 57,445 |
| Total current liabilities | 83,159 | 42,009 | 253,766 | — | 378,934 |
| Long-term debt | 531,940 | — | — | — | 531,940 |
| Deferred income taxes | 24,164 | — | 5,695 | — | 29,859 |
| Pension and post-retirement benefit liabilities | 12,540 | — | 7,322 | — | 19,862 |
| Other long-term liabilities | 48,692 | 352 | 6,777 | — | 55,821 |
| Intercompany payable | 792,964 | — | 1,412 | (794,376) | — |
| Shareholders' equity | 500,539 | 2,201,890 | 1,622,313 | (3,824,203) | 500,539 |
| Total liabilities and shareholders' equity | \$ 1,993,998 | \$ 2,244,251 | \$ 1,897,285 | \$ (4,618,579) | \$ 1,516,955 |

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

| | Year Ended August 31, 2018 | | | | |
|---|----------------------------|-------------|-------------------|--------------|-------------------|
| | Parent | Guarantors | Non-Guarantors | Eliminations | Consolidated |
| Operating Activities | | | | | |
| Net cash provided by operating activities | \$ 63,264 | \$ 27,673 | \$ 15,156 | \$ — | \$ 106,093 |
| Investing Activities | | | | | |
| Capital expenditures | (2,822) | (8,015) | (10,033) | — | (20,870) |
| Proceeds from sale of property, plant and equipment | — | 99 | 54 | — | 153 |
| Rental asset buyout for Viking divestiture | — | — | (27,718) | — | (27,718) |
| Proceeds from sale of businesses, net of transaction costs | 198 | — | 8,704 | — | 8,902 |
| Cash paid for business acquisitions, net of cash acquired | — | (1,732) | (21,486) | — | (23,218) |
| Intercompany investment | (11,754) | (1) | — | 11,755 | — |
| Cash used in investing activities | (14,378) | (9,649) | (50,479) | 11,755 | (62,751) |
| Financing Activities | | | | | |
| Principal repayment on term loan | (30,000) | — | — | — | (30,000) |
| Taxes paid related to the net share settlement of equity awards | (1,284) | — | — | — | (1,284) |
| Stock option exercises, related tax benefits and other | 15,681 | — | — | — | 15,681 |
| Cash dividend | (2,390) | — | — | — | (2,390) |
| Changes in receivables and payable to subsidiaries | 2,041 | (18,024) | 15,983 | — | — |
| Intercompany capital contribution | — | — | 11,755 | (11,755) | — |
| Cash (used in) provided by financing activities | (15,952) | (18,024) | 27,738 | (11,755) | (17,993) |
| Effect of exchange rate changes on cash | — | — | (4,430) | — | (4,430) |
| Net increase (decrease) in cash and cash equivalents | 32,934 | — | (12,015) | — | 20,919 |
| Cash and cash equivalents—beginning of period | 34,715 | — | 194,856 | — | 229,571 |
| Cash and cash equivalents—end of period | <u>\$ 67,649</u> | <u>\$ —</u> | <u>\$ 182,841</u> | <u>\$ —</u> | <u>\$ 250,490</u> |

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

| | Year Ended August 31, 2017 | | | | |
|---|----------------------------|-------------|-------------------|--------------|-------------------|
| | Parent | Guarantors | Non-Guarantors | Eliminations | Consolidated |
| Operating Activities | | | | | |
| Net cash provided by operating activities | \$ 99,241 | \$ 14,340 | \$ 39,672 | \$ (64,754) | \$ 88,499 |
| Investing Activities | | | | | |
| Capital expenditures | (3,391) | (9,265) | (15,539) | — | (28,195) |
| Proceeds from sale of property, plant and equipment | — | 207 | 363 | — | 570 |
| Intercompany investment | (6,900) | — | — | 6,900 | — |
| Cash used in investing activities | (10,291) | (9,058) | (15,176) | 6,900 | (27,625) |
| Financing Activities | | | | | |
| Principal repayment on term loan | (18,750) | — | — | — | (18,750) |
| Redemption on 5.625% Senior Notes | (500) | — | — | — | (500) |
| Taxes paid related to the net share settlement of equity awards | (1,065) | — | — | — | (1,065) |
| Stock option exercises, related tax benefits and other | 8,265 | — | — | — | 8,265 |
| Payment of deferred acquisition consideration | — | — | (742) | — | (742) |
| Cash dividend | (2,358) | (5,353) | (59,401) | 64,754 | (2,358) |
| Intercompany loan activity | (47,780) | — | 47,780 | — | — |
| Intercompany capital contributions | — | — | 6,900 | (6,900) | — |
| Cash used in financing activities | (62,188) | (5,353) | (5,463) | 57,854 | (15,150) |
| Effect of exchange rate changes on cash | — | — | 4,243 | — | 4,243 |
| Net increase (decrease) in cash and cash equivalents | 26,762 | (71) | 23,276 | — | 49,967 |
| Cash and cash equivalents—beginning of period | 7,953 | 71 | 171,580 | — | 179,604 |
| Cash and cash equivalents—end of period | <u>\$ 34,715</u> | <u>\$ —</u> | <u>\$ 194,856</u> | <u>\$ —</u> | <u>\$ 229,571</u> |

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

| | Year Ended August 31, 2016 | | | | |
|---|----------------------------|--------------|-------------------|--------------|-------------------|
| | Parent | Guarantors | Non-Guarantors | Eliminations | Consolidated |
| Operating Activities | | | | | |
| Net cash provided by (used in) operating activities | \$ 58,926 | \$ (1,953) | \$ 66,062 | \$ (5,338) | \$ 117,697 |
| Investing Activities | | | | | |
| Capital expenditures | (2,135) | (6,781) | (11,293) | — | (20,209) |
| Proceeds from sale of property, plant and equipment | 13 | 7,000 | 2,283 | — | 9,296 |
| Intercompany investment | (339) | (3,458) | — | 3,797 | — |
| Business acquisitions, net of cash acquired | — | — | (81,916) | — | (81,916) |
| Proceeds from sale of businesses, net of transaction costs | — | 9,695 | — | — | 9,695 |
| Cash (used in) provided by investing activities | (2,461) | 6,456 | (90,926) | 3,797 | (83,134) |
| Financing Activities | | | | | |
| Net repayments on revolving credit facility | — | — | (210) | — | (210) |
| Principal repayments on term loan | (3,750) | — | — | — | (3,750) |
| Purchase of treasury shares | (17,101) | — | — | — | (17,101) |
| Taxes paid related to the net share settlement of equity awards | (1,409) | — | — | — | (1,409) |
| Stock option exercises, related tax benefits and other | 6,416 | — | — | — | 6,416 |
| Cash dividend | (2,376) | (5,338) | — | 5,338 | (2,376) |
| Intercompany loan activity | (48,980) | — | 48,980 | — | — |
| Intercompany capital contributions | — | 339 | 3,458 | (3,797) | — |
| Cash (used in) provided by financing activities | (67,200) | (4,999) | 52,228 | 1,541 | (18,430) |
| Effect of exchange rate changes on cash | — | — | (5,375) | — | (5,375) |
| Net increase (decrease) in cash and cash equivalents | (10,735) | (496) | 21,989 | — | 10,758 |
| Cash and cash equivalents—beginning of period | 18,688 | 567 | 149,591 | — | 168,846 |
| Cash and cash equivalents—end of period | <u>\$ 7,953</u> | <u>\$ 71</u> | <u>\$ 171,580</u> | <u>\$ —</u> | <u>\$ 179,604</u> |

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Note 18. Quarterly Financial Data (Unaudited)

Quarterly financial data for fiscal 2018 and fiscal 2017 is as follows:

| Year Ended August 31, 2018 | | | | | |
|----------------------------|------------|------------|------------|------------|--------------|
| | First | Second | Third | Fourth | Total |
| Net sales | \$ 288,955 | \$ 275,165 | \$ 317,096 | \$ 301,395 | \$ 1,182,611 |
| Gross profit | 100,911 | 89,696 | 116,509 | 108,144 | 415,260 |
| Net earnings (loss) | 5,226 | (18,221) | 29,012 | (37,665) | (21,648) |
| Net earnings per share: | | | | | |
| Basic | \$ 0.09 | \$ (0.30) | \$ 0.48 | \$ (0.62) | \$ (0.36) |
| Diluted | \$ 0.09 | \$ (0.30) | \$ 0.48 | \$ (0.62) | \$ (0.36) |

| Year Ended August 31, 2017 | | | | | |
|--------------------------------|------------|------------|------------|------------|--------------|
| | First | Second | Third | Fourth | Total |
| Net sales | \$ 265,793 | \$ 258,869 | \$ 295,427 | \$ 275,695 | \$ 1,095,784 |
| Gross profit | 93,067 | 87,327 | 102,804 | 96,519 | 379,717 |
| Net earnings (loss) | 4,966 | 5,074 | 22,511 | (98,764) | (66,213) |
| Net earnings (loss) per share: | | | | | |
| Basic | \$ 0.08 | \$ 0.09 | \$ 0.38 | \$ (1.65) | \$ (1.11) |
| Diluted | \$ 0.08 | \$ 0.08 | \$ 0.37 | \$ (1.65) | \$ (1.11) |

The sum of the quarters may not equal the total of the respective year's earnings (loss) per share on either a basic or diluted basis due to changes in the weighted average shares outstanding during the year.

During the fourth quarter of fiscal 2018, the Company recognized impairment and divestiture charges of \$73.1 million (see Note 5, "Divestiture Activities" and Note 6, "Goodwill, Intangible Assets and Long-Lived Assets").

During the fourth quarter of fiscal 2017, the Company recognized impairment and divestiture charges of \$117.0 million (see Note 5, "Divestitures Activities" and Note 6, "Goodwill, Intangible Assets and Long-Lived Assets").

ACTUANT CORPORATION
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

| | | Additions | | Deductions | | | |
|---|--------------------------------------|-------------------------------------|-------------------------------|---|----------|--------------------------------|--|
| | Balance at Beginning of Period | Charged to Costs and Expenses | Acquisition/ (Divestiture) | Accounts Written Off Less Recoveries | Other | Balance at End of Period | |
| Allowance for losses—Trade accounts receivable | | | | | | | |
| August 31, 2018 | \$ 11,229 | \$ 1,389 | \$ 76 | \$ (6,856) | \$ (437) | \$ 5,401 | |
| August 31, 2017 | 7,762 | 3,112 | 1,452 | (1,422) | 325 | 11,229 | |
| August 31, 2016 | 3,970 | 2,274 | 3,090 | (1,580) | 8 | 7,762 | |
| Valuation allowance—Income taxes | | | | | | | |
| August 31, 2018 | \$ 22,671 | \$ 25,209 | \$ — | \$ (12,804) | \$ — | \$ 35,076 | |
| August 31, 2017 | 8,147 | 15,144 | — | (620) | — | 22,671 | |
| August 31, 2016 | 8,053 | 852 | — | (1,026) | 268 | 8,147 | |

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures*Disclosure Controls and Procedures*

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended ("the Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act, and that information is accumulated and communicated to the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the Company's management has concluded that, as of August 31, 2018, the Company's internal control over financial reporting was effective.

Management has excluded certain elements of acquired businesses, Mirage and Equalizer (collectively "the Acquired Businesses"), from its assessment of internal control over financial reporting as of August 31, 2018 because the businesses were acquired by the Company in a purchase business combination during fiscal 2018. Subsequent to the acquisition, certain elements of the Acquired Businesses' internal control over financial reporting and related processes were integrated into the Company existing systems and internal control over financial reporting. Those controls that were not integrated have been excluded from management's assessment of the effectiveness of internal control over financial reporting as of August 31, 2018. The Acquired Businesses are wholly-owned subsidiaries of the Company whose total assets and total revenues represent less than 2% and less than 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended August 31, 2018.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited the Company's effectiveness of internal controls over financial reporting as of August 31, 2018, as stated in their report which is included herein.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the fourth quarter of fiscal 2018 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors; Executive Officers and Corporate Governance

Information about the Company's directors is incorporated by reference from the "Election of Directors" section of the Company's Proxy Statement for its Annual Meeting of Shareholders to be held on January 22, 2019 (the "2019 Annual Meeting Proxy Statement"). Information about compliance with Section 16(a) of the Exchange Act is incorporated by reference from the "Other Information—Section 16(a) Beneficial Ownership Reporting Compliance" section in the Company's 2019 Annual Meeting Proxy Statement. Information about the Company's Audit Committee, including the members of the committee, and the Company's Audit Committee financial experts, is incorporated by reference from the "Election of Directors" and "Corporate Governance Matters" sections of the Company's 2019 Annual Meeting Proxy Statement. Information about the Company's executive officers required by this item is contained in the discussion entitled "Executive Officers of the Registrant" in Part I hereof.

The Company has adopted a code of ethics that applies to its senior executive team, including its Chief Executive Officer, Chief Financial Officer and Corporate Controller. The code of ethics is posted on the Company's website and is available free of charge at www.actuant.com. The Company intends to satisfy the requirements under Item 5.05 of Form 8-K regarding disclosure of amendments to, or waivers from, provisions of its code of ethics that apply to the Chief Executive Officer, Chief Financial Officer or Corporate Controller by posting such information on the Company's website.

Item 11. Executive Compensation

The information required by this item is incorporated by reference from the "Election of Directors," "Corporate Governance Matters" and the "Executive Compensation" sections (other than the subsection thereof entitled "Report of the Audit Committee") of the 2019 Annual Meeting Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated by reference from the "Certain Beneficial Owners" and "Executive Compensation—Equity Compensation Plan Information" sections of the 2019 Annual Meeting Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference from the "Certain Relationships and Related Party Transactions" section of the 2019 Annual Meeting Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference from the "Other Information—Independent Public Accountants" section of the 2019 Annual Meeting Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report:

1. *Consolidated Financial Statements*

See “Index to Consolidated Financial Statements” set forth in Item 8, “Financial Statements and Supplementary Data” for a list of financial statements filed as part of this report.

2. *Financial Statement Schedules*

See “Index to Financial Statement Schedule” set forth in Item 8, “Financial Statements and Supplementary Data.”

3. *Exhibits*

See “Index to Exhibits” beginning on page 74, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ACTUANT CORPORATION
(Registrant)

By: _____ /s/ RICK T. DILLON

Rick T. Dillon

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: October 29, 2018

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Randal W. Baker and Rick T. Dillon, and each of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this report, and to file the same, with all and any other regulatory authority, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.*

| <u>Signature</u> | <u>Title</u> |
|--|--|
| /s/ RANDAL W. BAKER Randal W. Baker | President and Chief Executive Officer, Director |
| /s/ ALFREDO ALTAVILLA Alfredo Altavilla | Director |
| /s/ J. PALMER CLARKSON J. Palmer Clarkson | Director |
| /s/ DANNY L. CUNNINGHAM Danny L. Cunningham | Director |
| /s/ E. JAMES FERLAND E. James Ferland | Director |
| /s/ RICHARD D. HOLDER Richard D. Holder | Director |
| /s/ ROBERT A. PETERSON Robert A. Peterson | Chairman of the Board of Directors |
| /s/ SIDNEY S. SIMMONS Sidney S. Simmons | Director |
| /s/ HOLLY A. VAN DEURSEN Holly A. Van Deursen | Director |
| /s/ RICK T. DILLON Rick T. Dillon | Executive Vice President and Chief Financial Officer (Principal Financial Officer) |
| /s/ BRYAN R. JOHNSON Bryan R. Johnson | Corporate Controller and Principal Accounting Officer |

* Each of the above signatures is affixed as of October 29, 2018.

ACTUANT CORPORATION
(the “Registrant”)
(Commission File No. 1-11288)
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED AUGUST 31, 2018
INDEX TO EXHIBITS

| Exhibit | Description | Incorporated Herein By Reference To | Filed Herewith | Furnished Herewith |
|----------------------------|--|--|---------------------------|---------------------------|
| 3.1 | <u>(a) Amended and Restated Articles of Incorporation</u> | Exhibit 4.9 to the Registrant's Form 10-Q for the quarter ended February 28, 2001 | | |
| | <u>(b) Amendment to Amended and Restated Articles of Incorporation</u> | Exhibit 3.1(b) of the Registrant's Form 10-K for the fiscal year ended August 31, 2003 | | |
| | <u>(c) Amendment to Amended and Restated Articles of Incorporation</u> | Exhibit 3.1 to the Registrant's Form 10-K for the fiscal year ended August 31, 2004 | | |
| | <u>(d) Amendment to Amended and Restated Articles of Incorporation</u> | Exhibit 3.1 to the Registrant's Form 8-K filed on July 18, 2006 | | |
| | <u>(e) Amendment of Amended and Restated Articles of Incorporation</u> | Exhibit 3.1 to the Registrant's Form 8-K filed on January 14, 2010 | | |
| <u>3.2</u> | Amended and Restated Bylaws, as amended | Exhibit 3.1 of the Registrant's Form 8-K filed on July 23, 2015 | | |
| <u>4.1</u> | Indenture dated April 16, 2012 by and among Actuant Corporation, the subsidiary guarantors named therein and U.S. Bank National Association as trustee relating to \$300 million Actuant Corporation 5 ⁵ / ₈ % Senior Notes due 2022 | Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on April 18, 2012 | | |
| <u>4.2</u> | Fifth Amended and Restated Credit Agreement dated May 8, 2015 among Actuant Corporation, the Lenders party thereto and JP Morgan Chase, N.A. as the agent | Exhibit 10.1 to the Registrant's Form 10-Q for the quarter ended May 31, 2015 | | |
| <u>4.3</u> | Amendment No. 1 to the Fifth Amended and Restated Credit Agreement dated June 20, 2017 among Actuant Corporation, the Lenders party thereto and JP Morgan Chase, N.A. as the agent | Exhibit 4.2(b) to the Registrant's Form 10-Q for the quarter ended May 31, 2017 | | |

| Exhibit | Description | Incorporated Herein By Reference To | Filed Herewith | Furnished Herewith |
|------------------------------|---|---|---------------------------|---------------------------|
| <u>10.1</u> | Outside Directors' Deferred Compensation Plan (conformed through the second amendment) | Exhibit 10.1 to the Registrant's Form 10-Q for the quarter ended November 30, 2014 | | |
| <u>10.2</u> | Actuant Corporation Deferred Compensation Plan (conformed through the fourth amendment) | Exhibit 10.2 to the Registrant's Form 10-Q for the quarter ended November 30, 2014 | | |
| <u>10.3</u> | Actuant Corporation 2010 Employee Stock Purchase Plan | Exhibit B to the Registrant's Definitive Proxy Statement, dated December 4, 2009 | | |
| <u>10.4</u> | (a) Actuant Corporation 2017 Omnibus Incentive Plan | Exhibit A to the Registrant's Definitive Proxy Statement dated December 5, 2016 | | |
| | <u>(b) First Amendment to the Actuant Corporation 2017 Omnibus Incentive Plan</u> | Exhibit A to the Registrant's Definitive Proxy Statement dated December 4, 2017 | | |
| <u>10.5</u> | Actuant Corporation 2009 Omnibus Incentive Plan, conformed through the Second Amendment thereto | Exhibit 99.1 to the Registrant's Form 8-K filed on January 17, 2013 | | |
| 10.6 | <u>(a) Amended and Restated Actuant Corporation 2001 Outside Directors' Stock Plan</u> | Exhibit A to the Registrant's Definitive Proxy Statement, dated December 5, 2005 | | |
| | <u>(b) First Amendment to the Amended and Restated Actuant Corporation 2001 Outside Directors' Stock Plan dated December 25, 2008</u> | Exhibit 10.10 to the Registrant's Form 10-Q for the quarter ended November 30, 2008 | | |
| <u>10.7</u> | Actuant Corporation Supplemental Executive Retirement Plan (conformed through the first amendment) | Exhibit 10.3 to the Registrant's Form 10-Q for the quarter ended November 30, 2014 | | |
| <u>10.8</u> | Form of Indemnification Agreement for Directors and Officers | Exhibit 10.1 to the Registrant's Form 8-K filed on August 2, 2018 | | |
| <u>10.9</u> | Form of Amended and Restated Actuant Corporation Change in Control Agreement | Exhibit 10.1 to the Registrant's Form 8-K filed on August 1, 2017 | | |
| <u>10.10</u> | Actuant Corporation Executive Officer Bonus Plan | Exhibit B to the Registrant's Definitive Proxy Statement dated December 3, 2012 | | |

| Exhibit | Description | Incorporated Herein By Reference To | Filed Herewith | Furnished Herewith |
|------------------------------|---|---|-------------------|--------------------|
| 10.11 | <u>(a) Form of NQSO Award (Director) under Actuant Corporation 2009 Omnibus Incentive Plan</u> | Exhibit 10.1(a) to the Registrant's Form 10-Q for the quarter ended February 28, 2014 | | |
| | <u>(b) Form of NQSO Award (Officer) under Actuant Corporation 2009 Omnibus Incentive Plan</u> | Exhibit 10.1(b) to the Registrant's Form 10-Q for the quarter ended February 28, 2014 | | |
| 10.12 | <u>(a) Form RSA Award (Director) under Actuant Corporation 2009 Omnibus Incentive Plan</u> | Exhibit 10.2(a) to the Registrant's Form 10-Q for the quarter ended February 28, 2014 | | |
| | <u>(b) Form of RSA Award (Officer) under Actuant Corporation 2009 Omnibus Incentive Plan</u> | Exhibit 10.2(b) to the Registrant's Form 10-Q for the quarter ended February 28, 2014 | | |
| 10.13 | <u>(a) Form of RSU Award (Director) under Actuant Corporation 2009 Omnibus Incentive Plan</u> | Exhibit 10.3(a) to the Registrant's Form 10-Q for the quarter ended February 28, 2014 | | |
| | <u>(b) Form of RSU Award (Officer) under Actuant Corporation 2009 Omnibus Incentive Plan</u> | Exhibit 10.3(b) to the Registrant's Form 10-Q for the quarter ended February 28, 2014 | | |
| <u>10.14</u> | (a) Form RSA Award (Director) under Actuant Corporation 2017 Omnibus Incentive Plan | | X | |
| 10.15 | <u>(a) Form of RSU Award (Director) under Actuant Corporation 2017 Omnibus Incentive Plan</u> | | X | |
| | <u>(b) Form of RSU Award (Officer) under Actuant Corporation 2017 Omnibus Incentive Plan</u> | | X | |
| 10.16 | <u>(a) Form of PSU Award - Total Shareholder Return (Officer) under Actuant Corporation 2017 Omnibus Incentive Plan</u> | | X | |
| | <u>(b) Form of PSU Award - Free Cash Flow (Officer) under Actuant Corporation 2017 Omnibus Incentive Plan</u> | | X | |

| Exhibit | Description | Incorporated Herein By Reference To | Filed Herewith | Furnished Herewith |
|------------------------------|---|---|---------------------------|---------------------------|
| <u>10.17</u> | Offer letter dated February 24, 2016 between Actuant Corporation and Randal W. Baker | Exhibit 10.1 to the Registrant's Form 8-K filed on March 1, 2016 | | |
| <u>10.18</u> | Separation and Release Agreement dated September 7, 2016 by and between Actuant Corporation and David (Mark) Sefcik | Exhibit 10.16 of the Registrant's Form 10-K for the fiscal year ended August 31, 2016 | | |
| <u>10.19</u> | Retirement Agreement by and between Actuant Corporation and Eugene E. Skogg | Exhibit 10.17 of the Registrant's Form 10-K for the fiscal year ended August 31, 2016 | | |
| <u>10.20</u> | Offer Letter by and between Actuant Corporation and Rick T. Dillon | Exhibit 10.1 to Registrant's Form 8-K filed on November 18, 2016 | | |
| <u>10.21</u> | Separation Agreement and Release by and between Actuant Corporation and Andrew G. Lampereur | Exhibit 10.4 to Registrant's Form 8-K filed on November 18, 2016 | | |
| <u>10.22</u> | Separation and Release Agreement dated October 9, 2017 by and between Actuant Corporation and Eugene E. Skogg | Exhibit 10.21 of the Registrant's Form 10-K for the fiscal year ended August 31, 2017 | | |
| <u>10.23</u> | Separation and Release Agreement dated October 6, 2017 by and between Actuant Corporation and Stephen J. Rennie | Exhibit 10.22 of the Registrant's Form 10-K for the fiscal year ended August 31, 2017 | | |
| <u>10.24</u> | Offer Letter by and between Actuant Corporation and Andre L. Williams dated September 11, 2017 | Exhibit 10.23 of the Registrant's Form 10-K for the fiscal year ended August 31, 2017 | | |
| <u>10.25</u> | Separation and Release Agreement dated October 26, 2017 by and between Actuant Corporation and Theodore C. Wozniak | Exhibit 10.24 of the Registrant's Form 10-K for the fiscal year ended August 31, 2017 | | |
| <u>10.26</u> | Agreement by and between Actuant Corporation and Southeastern Capital Management dated March 20, 2018 | Exhibit 10.1 of Registrant's Form 8-K filed on March 21, 2018 | | |
| <u>10.27</u> | Offer letter by and between Actuant Corporation and John Jeffery Schmalting dated January 18, 2018 | Exhibit 10.3 of the Registrant's Form 10-Q for the quarter ended February 28, 2018. | | |

| Exhibit | Description | Incorporated Herein By Reference To | Filed Herewith | Furnished Herewith |
|-----------------------|---|--|--------------------------------------|--------------------|
| 10.25 | Offer letter by and between Actuant Corporation and Fabrizio R. Rasetti dated April 12, 2018 | Exhibit 10.1 of the Registrant's Form 10-Q for the quarter ended May 31, 2018. | | |
| 14 | Code of Ethics Applicable to Senior Financial Executives | Exhibit 14 of the Registrant's Form 10-K for the fiscal year ended August 31, 2017 | | |
| 21 | Subsidiaries of the Registrant | | X | |
| 23 | Consent of PricewaterhouseCoopers LLP | | X | |
| 24 | Power of Attorney | | See signature page of this report | |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | X | |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | X | |
| 32.1 | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | X |
| 32.2 | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | X |
| 101 | The following materials from the Actuant Corporation Form 10-K for the year ended August 31, 2018 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income (Loss), (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements. | | X | |

**RESTRICTED STOCK AWARD (RSA) AGREEMENT
UNDER THE
ACTUANT CORPORATION 2017 OMNIBUS INCENTIVE PLAN
(Director Grant)**

This Restricted Stock Award Agreement (the “Agreement”) between Actuant Corporation and the Grantee is effective as of the date set forth in the Plan’s online administrative system. Actuant Corporation and the Grantee hereby agree as follows:

1. **Number of RSAs Awarded.** Actuant Corporation, a Wisconsin corporation (hereinafter called the “Company”) hereby grants to the Grantee as of the date set forth in the Plan’s online administrative system that number of shares of Common Stock of the Company set forth in the Plan’s online administrative system, subject to the restrictions set forth in Paragraph 4 of this Agreement (“RSAs Awarded”).
2. **Plan.** The RSAs Awarded are granted under and subject to the terms of the Actuant Corporation 2017 Omnibus Incentive Plan (herein called the “Plan”). In the event of any conflict between any provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall control. Terms defined in the Plan where used herein shall have the meanings as so defined. Grantee hereby acknowledges receipt of a copy of the Plan.
3. **Dividend Equivalents.** The Grantee shall not receive payments equivalent to dividends or other distributions with respect to shares of Common Stock underlying the RSAs Awarded during the Restricted Period.
4. **Restrictions.** Subject to the Grantee’s continued service as a member of the Board of Directors of the Company (a “Director”) and except as otherwise provided herein or in the Plan, the RSAs Awarded shall vest and become nonforfeitable only as set forth in the following table:

| <u>Months from Date of Grant</u> | <u>Vested Percentage of RSUs Awarded</u> |
|----------------------------------|--|
| After 11 Months | 100% |

The period of time during which the RSAs Awarded are not vested, and therefore are forfeitable, is referred to as the “Restricted Period”. If the Grantee’s service as a Director terminates during the Restricted Period, the RSAs Awarded shall be forfeited to the Company on the date of such termination of service, without any further obligations of the Company to the Grantee and all rights of the Grantee with respect to the RSAs Awarded shall terminate. Notwithstanding the foregoing, in the event that the Grantee’s service as a Director is terminated because of the Grantee’s death, the RSAs Awarded shall immediately become fully vested and nonforfeitable. Further, in the event that the Grantee terminates service as a Director because of disability, the Committee or its designee may, in its discretion, determine that the RSAs Awarded, or a portion thereof, shall immediately become fully vested and nonforfeitable.

5. **Custody.** The RSAs awarded may be credited to Grantee in book entry form and shall be held, in custody by the Company (or by a third-party trustee duly authorized by the Company) until the applicable restrictions have expired. If any certificates are issued for the RSAs Awarded or any of the Proceeds (as defined in Paragraph 7 of this Agreement) during the Restricted Period, such certificates shall bear an appropriate legend as determined by the Company referring to the applicable terms, conditions and restrictions and the Grantee shall deliver a signed, blank stock power to the Company relating thereto.

6. **Expiration of Restrictions on RSAs Awarded and Tax Withholding.** The restrictions described in Paragraph 4 of this Agreement shall expire with respect to the gross number of shares of Common Stock of the Company equal to the number of RSAs Awarded to the Grantee following the expiration of the Restricted Period, and in any event, no later than 2½ months after the end of the calendar year in which the Restricted Period expires. If withholding of taxes is not required, none will be taken. If withholding is required, in satisfaction of any withholding obligations under federal, state or local tax laws, the Company may (i) require the Grantee to pay to the Company in cash the entire amount or any portion of any taxes which the Company is required to withhold, or (ii) require the Grantee to authorize any properly authorized third-party to sell the number of shares of Common Stock that are the subject of the RSAs Awarded having a Fair Market Value equal to the sums required to be withheld, and to remit the proceeds thereof to the Company for payment of the taxes which the Company is required to withhold with respect to the RSAs Awarded. For purposes of administrative ease, the number of any shares of Common Stock sold may be rounded up or down to the nearest whole share. The Grantee shall be responsible for any taxes relating to the

RSAs Awarded and the surrender thereof not satisfied by the methods described above for the Company's satisfaction of its withholding obligations. Unless otherwise determined by the Company, the Grantee shall be entitled to elect, in accordance with procedures determined by the Company, the method of satisfying his or her withholding obligations, and, in the event no such election is properly made, the Company shall require the shares to be sold using the method described in (ii) above.

7. **Rights During Restricted Period.** The Grantee, during the Restricted Period, shall have the right to vote the shares of Common Stock that are the subject of the RSAs Awarded; but shall have no rights to receive any stock dividends, stock rights or other securities issued with respect to the RSAs Awarded (collectively, the "Proceeds"), which Proceeds shall inure solely to the benefit of the Company.

8. **No Promise of Continued Service as a Director.** Neither the Plan, nor this Agreement, nor the Award shall confer upon the Grantee any right to continue as a Director, nor shall they affect the right of the Company to terminate the Grantee's service to the Company at any time.

9. **Changes of Control.** If a Change in Control (as defined in the Plan) of the Company occurs when the Grantee is serving as a Director (but after the date of grant and before the end of the Restricted Period), any RSAs Awarded, which, by their terms, were not vested in full prior to the date of such Change in Control shall become immediately vested and nonforfeitable upon the Change in Control. The Restricted Period shall end on the date such vesting occurs.

10. **Notices.** Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee may be addressed to him/her at his/her address as it appears on the Company's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in the United States mail or sent via electronic means (fax or e-mail).

11. **Code Section 409A.** This Agreement is intended to comply with, or otherwise be exempt from, Code Section 409A. This Agreement shall be administered, interpreted, and construed in a manner consistent with Code Section 409A or an exemption therefrom. Should any provision of this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Code Section 409A, such provision shall be modified and given effect (retroactively if necessary), in the sole discretion of the Committee, and without the consent of the Grantee, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Code Section 409A. If any of the payments under this Agreement are subject to Code Section 409A and the Company determines that the Employee is a "specified employee" under Code Section 409A at the time of the Employee's separation from service, then each such payment will not be made or commence until the date which is the first day of the seventh month after the Employee's separation from service, and any payments that otherwise would have been paid during the first six months after the Employee's separation from service will be paid in a lump sum on the first day of the seventh month after the Employee's separation from service or upon the Employee's death, if earlier. Such deferral will be effected only to the extent required to avoid adverse tax treatment to the Employee under Code Section 409A.

12. **Transferability of Award.** Prior to the end of the Restricted Period described in Paragraph 4 of this Agreement, RSAs Awarded may not be transferred or encumbered by the Grantee, except by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order.

13. **Prohibition Against Pledge, Attachment, etc.** Except as otherwise herein provided, this Award and any rights and privileges pertaining thereto shall not be transferred, assigned, pledged or hypothecated by Grantee in any way, whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process.

14. **Wisconsin Contract.** This award has been granted in Wisconsin and shall be construed under the laws of that state.

Accepted as of the date of grant in accordance with, and subject to, the above terms and conditions of this Agreement and of the Plan document, a copy of which has been received by me.

«First_Name» «Last_Name» (the "Grantee")

**RESTRICTED STOCK UNIT (RSU) AGREEMENT
UNDER THE
ACTUANT CORPORATION 2017 OMNIBUS INCENTIVE PLAN
(Director Grant)**

This Restricted Stock Unit Agreement (the “Agreement”) between Actuant Corporation and the Grantee is effective as of the date set forth in the Plan’s online administrative system. Actuant Corporation and the Grantee hereby agree as follows:

1. **RSU Grant.** Actuant Corporation, a Wisconsin corporation (hereinafter called the “Company”), hereby grants to the Grantee as of the date set forth in the Plan’s online administrative system that number of Restricted Stock Units set forth in the Plan’s online administrative system, subject to the restrictions set forth below (“RSUs Awarded”). No stock certificates will be issued with respect to any RSUs Awarded until the date set forth in Paragraph 5, if applicable.
2. **Plan.** The RSUs Awarded are granted under and subject to the terms of the Actuant Corporation 2017 Omnibus Incentive Plan (herein called the “Plan”). In the event of any conflict between any provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall control. Terms defined in the Plan where used herein shall have the meanings as so defined. Grantee hereby acknowledges receipt of a copy of the Plan.
3. **Dividend Equivalents.** The Grantee shall not receive payments equivalent to dividends or other distributions with respect to shares of Common Stock underlying the RSUs Awarded.
4. **Restrictions.** Subject to the Grantee’s continued service as a member of the Board of Directors of the Company (a “Director”), and except as otherwise provided herein or in the Plan, the RSUs Awarded shall vest and become nonforfeitable only as set forth in the following table:

| <u>Years from Date of Grant</u> | <u>Vested Percentage of RSUs Awarded</u> |
|---------------------------------|--|
| After 11 Months | 100% |

The period of time during which the RSUs Awarded are forfeitable is referred to as the “Restricted Period”. If the Grantee’s service as a Director terminates during the Restricted Period, the unvested RSUs Awarded shall be forfeited to the Company on the date of such termination of service, without any further obligations of the Company to the Grantee and all rights of the Grantee with respect to the unvested RSUs Awarded shall terminate. Notwithstanding the foregoing, in the event that Grantee’s service as a Director shall cease because of Grantee’s death, the RSUs Awarded shall immediately become fully vested and nonforfeitable. Further, in the event that Grantee’s service as a Director shall cease because of disability, the Committee or its designee may, in its discretion, determine that the RSUs Awarded, or a portion thereof, shall become fully vested and nonforfeitable.

5. **Distribution of RSUs and Tax Withholding.** The gross number of shares of Common Stock of the Company equal to the number of RSUs Awarded to the Grantee will be distributed to the Grantee as soon as practicable following the expiration of the Restricted Period, and in any event, no later than 2½ months after the end of the calendar year in which the Restricted Period expires. Notwithstanding the foregoing, the distribution described in the previous sentence may occur after the applicable 2½ month period if the Company reasonably anticipates that making the payment by the end of the applicable 2½ month period would have violated Federal securities laws or other applicable law, in which case, the distribution shall be made as soon as reasonably practicable following the first date on which the Company anticipates or reasonably should anticipate that making the payment would not cause such violation. For the purposes of the previous sentence, a distribution that would cause inclusion in gross income or the application of any penalty provision or other provision of the Internal Revenue Code is not treated as a violation of applicable law. If withholding of taxes is not required, none will be taken. If withholding is required, in satisfaction of any withholding obligations under federal, state or local tax laws, the Company may (i) require the Grantee to pay to the Company in cash the entire amount or any portion of any taxes which the Company is required to withhold, or (ii) require the Grantee to authorize any properly authorized third-party to sell the number of shares of Common Stock underlying the RSUs Awarded having a Fair Market Value equal to the sums required to be withheld, and to remit the proceeds thereof to the Company for payment of the taxes which the Company is required to withhold with respect to the RSUs Awarded. For purposes of administrative ease, the number of shares of any Common Stock sold may be rounded up or down to the nearest whole share. The Grantee shall be responsible for any taxes relating to the RSUs Awarded (and the surrender thereof) not satisfied by the methods described above for the Company’s satisfaction of its withholding obligations. Unless otherwise determined by the Company, the Grantee shall be entitled to elect, in accordance

with procedures determined by the Company, the method of satisfying his or her withholding obligations, and, in the event no such election is properly made, the Company shall require the shares to be sold using the method described in (ii) above.

6. **No Rights as a Stockholder.** The Grantee shall have no rights as a stockholder of the Company in respect to the RSUs Awarded, including the right to vote and accrue dividends, unless and until the RSUs Awarded have vested, and certificates representing shares of Common Stock earned pursuant to this Award have been issued to the Grantee and properly recorded on the stock records of the Company.

7. **No Promise of Continued Service as a Director.** Neither the Plan, nor this Agreement, nor the Award shall confer upon the Grantee any right to continue as a Director, nor shall they affect the right of the Company to terminate the Grantee's service to the Company at any time.

8. **Changes of Control.** If a Change in Control (as defined in the Plan) of the Company occurs when the Grantee is serving as a Director (but after the date of grant and before the end of the Restricted Period), any RSUs Awarded, which, by their terms, were not vested in full prior to the date of such Change in Control shall become immediately vested and nonforfeitable upon the Change in Control. Any issuance of Common Stock pursuant to such determination will be made in accordance with the general payment and timing provisions of Paragraph 5.

9. **Notices.** Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee may be addressed to him/her at his/her address as it appears on the Company's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in the United States mail or sent via electronic means (fax or e-mail).

10. **Code Section 409A.** This Agreement is intended to comply with, or otherwise be exempt from, Code Section 409A. This Agreement shall be administered, interpreted, and construed in a manner consistent with Code Section 409A or an exemption therefrom. Should any provision of this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Code Section 409A, such provision shall be modified and given effect (retroactively if necessary), in the sole discretion of the Committee, and without the consent of the Grantee, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Code Section 409A. If any of the payments under this Agreement are subject to Code Section 409A and the Company determines that the Employee is a "specified employee" under Code Section 409A at the time of the Employee's separation from service, then each such payment will not be made or commence until the date which is the first day of the seventh month after the Employee's separation from service, and any payments that otherwise would have been paid during the first six months after the Employee's separation from service will be paid in a lump sum on the first day of the seventh month after the Employee's separation from service or upon the Employee's death, if earlier. Such deferral will be effected only to the extent required to avoid adverse tax treatment to the Employee under Code Section 409A.

11. **Transferability of Award.** Prior to distribution, RSUs Awarded may not be transferred or encumbered by the Grantee, except by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order.

12. **Prohibition Against Pledge, Attachment, etc.** Except as otherwise herein provided, this Award and any rights and privileges pertaining thereto shall not be transferred, assigned, pledged or hypothecated by Grantee in any way, whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process.

13. **Wisconsin Contract.** This award has been granted in Wisconsin and shall be construed under the laws of that state.

Accepted as of the date of grant in accordance with, and subject to, the above terms and conditions of this Agreement and of the Plan document, a copy of which has been received by me.

«First_Name» «Last_Name» (the "Grantee")

**RESTRICTED STOCK UNIT (RSU) AGREEMENT
UNDER THE
ACTUANT CORPORATION 2017 OMNIBUS INCENTIVE PLAN
(Officer Grant)**

This Restricted Stock Unit Agreement (the “Agreement”) between Actuant Corporation and the Grantee is effective as of the date set forth in the Plan’s online administrative system. Actuant Corporation and the Grantee hereby agree as follows:

1. **RSU Grant.** Actuant Corporation, a Wisconsin corporation (hereinafter called the “Company”), hereby grants to the Grantee as of the date set forth in the Plan’s online administrative system that number of Restricted Stock Units set forth in the Plan’s online administrative system, subject to the restrictions set forth below (“RSUs Awarded”). No stock certificates will be issued with respect to any RSUs Awarded until the date set forth in Paragraph 5, if applicable.
2. **Plan.** The RSUs Awarded are granted under and subject to the terms of the Actuant Corporation 2017 Omnibus Incentive Plan (herein called the “Plan”). In the event of any conflict between any provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall control. Terms defined in the Plan where used herein shall have the meanings as so defined. Grantee hereby acknowledges receipt of a copy of the Plan.
3. **Dividend Equivalents.** The Grantee shall not receive payments equivalent to dividends or other distributions with respect to shares of Common Stock underlying the RSUs Awarded.
4. **Restrictions.** Subject to the Grantee’s continued employment with the Company or an affiliate thereof, and except as otherwise provided herein or in the Plan, the RSUs Awarded shall vest and become nonforfeitable only as set forth in the following table:

| <u>Years from Date of Grant</u> | <u>Cumulative Vested Percentage of RSUs Awarded</u> |
|---------------------------------|---|
| After One Year | 33.3% |
| After Two Years | 66.6% |
| After Three Years | 100.0% |

The period of time during which the RSUs Awarded are forfeitable is referred to as the “Restricted Period”. If the Grantee’s employment with the Company or one of its subsidiaries terminates during the Restricted Period, the unvested RSUs Awarded shall be forfeited to the Company on the date of such termination, without any further obligations of the Company to the Grantee and all rights of the Grantee with respect to the unvested RSUs Awarded shall terminate. Notwithstanding the foregoing, in the event that Grantee’s employment with the Company shall cease because of Grantee’s death, the RSUs Awarded shall immediately become fully vested and nonforfeitable. Further, in the event that the employment of a Grantee ceases because of disability, the Committee or its designee may, in its discretion, determine that the RSUs Awarded, or a portion thereof, shall immediately become fully vested and nonforfeitable.

5. **Distribution of RSUs and Tax Withholding.** The gross number of shares of Common Stock of the Company equal to the number of RSUs Awarded to the Grantee will be distributed to the Grantee as soon as practicable following the expiration of the Restricted Period, and in any event, no later than 2½ months after the end of the calendar year in which the Restricted Period expires. Notwithstanding the foregoing, the distribution described in the previous sentence may occur after the applicable 2½ month period if the Company reasonably anticipates that making the payment by the end of the applicable 2½ month period would have violated Federal securities laws or other applicable law, in which case, the distribution shall be made as soon as reasonably practicable following the first date on which the Company anticipates or reasonably should anticipate that making the payment would not cause such violation. For the purposes of the previous sentence, a distribution that would cause inclusion in gross income or the application of any penalty provision or other provision of the Internal Revenue Code is not treated as a violation of applicable law. If withholding of taxes is not required, none will be taken. If withholding is required, in satisfaction of any withholding obligations under federal, state or local tax laws, the Company may (i) require the Grantee to pay to the Company in cash the entire amount or any portion of any taxes which the Company is required to withhold, (ii) require the Grantee to authorize any properly authorized third-party to sell the number of shares of Common Stock underlying the RSUs Awarded having a Fair Market Value equal to the sums required to be withheld, and to remit the proceeds thereof to the Company for payment of the taxes which the Company is required to withhold with respect to the RSUs Awarded, or (iii) reduce the number of shares of Common Stock

distributed to the Grantee by the number of shares of Common Stock underlying the RSUs awarded having Fair Market Value equal to the sums required to be withheld for the payment of the taxes which the Company is required to withhold with respect to the RSUs awarded. For purposes of administrative ease, the number of shares of any Common Stock sold or withheld may be rounded up or down to the nearest whole share. The Grantee shall be responsible for any taxes relating to the RSUs Awarded (and the surrender thereof) not satisfied by the methods described above for the Company's satisfaction of its withholding obligations. Unless otherwise determined by the Company, the Grantee shall be entitled to elect, in accordance with procedures determined by the Company, the method of satisfying his or her withholding obligations, and, in the event no such election is properly made, the Company shall require the shares to be withheld using the method described in (iii) above.

6. **No Rights as a Stockholder.** The Grantee shall have no rights as a stockholder of the Company in respect to the RSUs Awarded, including the right to vote and accrue dividends, unless and until the RSUs Awarded have vested, and certificates representing shares of Common Stock earned pursuant to this Award have been issued to the Grantee and properly recorded on the stock records of the Company.

7. **No Rights To Continued Employment.** Neither the Plan nor this Agreement nor the Award shall confer upon the Grantee any right with respect to continuance of employment by the Company, nor shall they interfere in any way with the right of the Company to terminate Grantee's employment at any time.

8. **Changes of Control.** If a Change in Control (as defined in the Plan) of the Company occurs when the Grantee is employed by the Company (but after the date of grant and before the end of the Restricted Period), any RSUs Awarded, which, by their terms, were not vested in full prior to the date of such Change in Control shall become immediately vested and nonforfeitable upon the Change in Control. Any issuance of Common Stock pursuant to such determination will be made in accordance with the general payment and timing provisions of Paragraph 5.

9. **Special Accelerated Vesting Rule for Corporate Executives.** RSUs Awarded to a corporate executive who (a) voluntarily terminates employment after eight years with the Company, (b) provides at least one year advance notice to the Committee of such termination and has such termination accepted by the Committee in its discretion, (c) in fact remains an employee for such period, (d) terminates his employment at the end of the agreed upon period, and (e) is age 60 or older as of or prior to the end of the notice period described in (b), shall become fully vested and nonforfeitable at the end of such one year period if the corporate executive remains an employee of the Company for the entire one year period (to the extent such RSUs have not otherwise previously become vested and nonforfeitable in accordance with Paragraph 4 or 8). For purposes of distribution pursuant to Paragraph 5, the Restricted Period of any RSUs that become vested and nonforfeitable pursuant to this Paragraph shall end at the end of the one year period described in the previous sentence (if the requirements of the previous sentence are met).

10. **Compensation Recovery.** This Award shall be subject to recovery by the Company under its Compensation Recoupment Policy or any similar policy the Company may adopt or amend from time to time.

11. **Code Section 409A.** This Agreement is intended to comply with, or otherwise be exempt from, Code Section 409A. This Agreement shall be administered, interpreted, and construed in a manner consistent with Code Section 409A or an exemption therefrom. Should any provision of this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Code Section 409A, such provision shall be modified and given effect (retroactively if necessary), in the sole discretion of the Committee, and without the consent of the Grantee, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Code Section 409A. If any of the payments under this Agreement are subject to Code Section 409A and the Company determines that the Employee is a "specified employee" under Code Section 409A at the time of the Employee's separation from service, then each such payment will not be made or commence until the date which is the first day of the seventh month after the Employee's separation from service, and any payments that otherwise would have been paid during the first six months after the Employee's separation from service will be paid in a lump sum on the first day of the seventh month after the Employee's separation from service or upon the Employee's death, if earlier. Such deferral will be effected only to the extent required to avoid adverse tax treatment to the Employee under Code Section 409A.

12. **Transferability of Award.** Prior to distribution, RSUs Awarded may not be transferred or encumbered by the Grantee, except by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order.

13. **Prohibition Against Pledge, Attachment, etc.** Except as otherwise herein provided, this Award and any rights and privileges pertaining thereto shall not be transferred, assigned, pledged or hypothecated by Grantee in any way, whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process.

14. **Notices.** Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee may be addressed to him/her at his/her address as it appears on

the Company's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in the United States mail or sent via electronic means (fax or e-mail).

15. **Wisconsin Contract.** This Award has been granted in Wisconsin and shall be construed under the laws of that state.

16. **Agreement Barring Unfair Activities.** As a condition of participating in the Plan pursuant to the terms of this Agreement, Grantee agrees to comply with the terms of the "Stock Award Agreement Barring Unfair Activities" attached to this Agreement as Appendix A. Grantee understands that Grantee's employment or continued employment with the Company is not contingent upon entering into this Agreement or participation in the Plan and Grantee has voluntarily elected to enter into this Agreement and participate in the Plan pursuant to the terms and conditions of this Agreement including, but not limited to, agreeing to the terms and conditions of the "Stock Award Agreement Barring Unfair Activities."

Accepted as of the date of grant in accordance with, and subject to, the above terms and conditions of this Agreement and of the Plan document, a copy of which has been received by me.

«First_Name» «Last_Name» (the "Grantee")

Appendix A

Stock Award Agreement Barring Unfair Activities

This Stock Award Agreement Barring Unfair Activities ("Agreement") is Appendix A to the Restricted Stock Unit Agreement under the Actuant Corporation 2017 Omnibus Incentive Plan (the "RSU Agreement") between Actuant Corporation, a Wisconsin corporation, and Grantee identified in the RSU Agreement.

WHEREAS, this Agreement relates to the participation of Grantee in the RSU Agreement by Actuant Corporation, a Wisconsin Corporation. Actuant Corporation, its divisions, subsidiaries and affiliates, and successors and assigns, are referred to collectively in this Agreement as the "Company."

WHEREAS, Grantee has been informed and Grantee understands that Grantee's employment or continued employment with the Company is not contingent on participation in the RSU Agreement and Grantee has voluntarily elected to participate in the RSU Agreement pursuant to the terms and conditions of the RSU Agreement including, but not limited to, agreeing to the terms and conditions of this Agreement; and

WHEREAS, by accepting the RSU Agreement, Grantee acknowledges that Grantee is bound by the terms of this Agreement and Grantee is hereby advised to consult with their own legal counsel; and

WHEREAS, during the course of employment, Grantee will learn confidential information regarding Company's customers, and/or will establish, maintain, and improve knowledge of or relationships or goodwill with Company's customers, and/or will learn Company's Trade Secrets or Confidential Information (as such terms are defined below). Company's Confidential Information, Trade Secrets, and customer relationships have been developed by Company at considerable expense over a number of years and but for Grantee's employment with Company, Grantee would not know Company's Trade Secrets and Confidential Information, and Grantee would not be able to create, improve, and maintain relationships with Company's customers.

NOW, THEREFORE, in consideration of the foregoing recitals, Grantee's participation in the RSU Agreement, and the promises and covenants set forth herein, and for other good and valuable consideration, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Incorporation or recitals. The above recitals are incorporated herein as part of the Agreement.
 2. Definitions. Unless otherwise defined herein, the capitalized terms set forth in this Agreement shall have the definitions as set forth in Attachment A. Attachment A is incorporated into and is part of this Agreement.
 3. Duty of Loyalty. Grantee acknowledges that Grantee is a key employee of the Company and owes the Company a fiduciary duty of loyalty. During employment with Company, Grantee shall owe Company an undivided duty of loyalty, and shall take no action adverse to that duty of loyalty. Grantee's duty of loyalty to Company includes but is not limited to a duty to promptly disclose to Company any information that might cause Company to take or refrain from taking any action, or which otherwise might cause Company to alter its behavior. Without limiting the generality of the foregoing, Grantee shall promptly notify Company at any time that Grantee decides to terminate employment with Company or enter into competition with Company, as Company may decide at such time to limit, suspend, or terminate Grantee's employment or access to Company's Confidential Information, Trade Secrets, and/or customer relationships. Grantee's privilege to access and use Company's computers, and to access and use Company's electronically stored information including Company's Confidential Information and Trade Secrets, are revoked the moment Grantee takes any action adverse to Grantee's duty of loyalty to Company.
 4. Nondisclosure of Third Party Confidential Information. During Grantee's employment with Company and after the Termination Date, Grantee shall not use or disclose Third Party Confidential Information for as long as the relevant third party has required Company to maintain its confidentiality, or for so long as required by applicable law, whichever period is longer.
 5. Non-disclosure of Trade Secrets. During employment and after the Termination Date, Grantee shall not use or disclose Company's Trade Secrets so long as they remain Trade Secrets. Nothing in this Agreement shall limit either Grantee's statutory or other duties not to use or disclose Company's Trade Secrets, or Company's remedies in the event Grantee uses or discloses Company's Trade Secrets.
 6. Obligations Not to Disclose or Use Confidential Information. Except as set forth herein or as expressly authorized in writing on behalf of Company, Grantee agrees that while Grantee is employed by Company and during the twelve (12)
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month period commencing at the Termination Date, Grantee will not use or disclose (except in discharging Grantee's job duties with Company) any Confidential Information, whether such Confidential Information is in Grantee's memory or it is set forth electronically, in writing or other form. This prohibition does not prohibit Grantee's disclosure of information after it ceases to meet the definition of "Confidential Information," or Grantee's use of general skills and know-how acquired during and prior to employment by Company, so long as such use does not involve the use or disclosure of Confidential Information; nor does this prohibition restrict Grantee from providing prospective employers with an employment history or description of Grantee's duties with Company, so long as Grantee does not use or disclose Confidential Information. Notwithstanding the foregoing, with respect to information which is subject to a law governing confidentiality or non-disclosure, Grantee shall keep such information confidential for so long as required by law, or for twelve (12) months, whichever period is longer. This Paragraph shall not preclude employees within the meaning of the National Labor Relations Act from exercising Section 7 rights they may have to communicate about working conditions. This Paragraph shall not bar Grantee from making disclosures to government entities to the extent required by applicable law or disclosures made in good faith pursuant to applicable "whistleblower" laws or regulations.

7. Return of Property; No Copying or Transfer of Documents. All equipment, books, records, papers, notes, catalogs, compilations of information, data bases, correspondence, recordings, stored data (including but not limited to data or files that exist on any personal computer or other electronic storage device), software, and any physical items, including copies and duplicates, that Grantee generates or develops or which come into Grantee's possession or control, which relate directly or indirectly to, or are a part of Company's (or its customers') business matters, whether of a public nature or not (collectively "Company Records"), shall be and remain the property of Company, and Grantee shall deliver all such materials and items, and any and all copies of them, to Company upon termination of employment. During employment or after Termination Date, Grantee will not copy, duplicate, or otherwise reproduce, or permit copying, duplicating, or reproduction of Company Records without the express written consent of Company, or, as a part of Grantee's duties performed hereunder for the benefit of Company. Grantee expressly covenants and warrants, upon termination of employment for any reason (or no reason), that Grantee shall promptly deliver to Company any and all originals and copies of Company Records in Grantee's possession, custody, or control, and that Grantee shall not make, retain, or transfer to any third party any copies thereof. In the event any Confidential Information or Trade Secrets are stored or otherwise kept in or on a computer hard drive or other storage device owned by or otherwise in the possession or control of Grantee (each individually an "Grantee Storage Device"), upon termination of employment Grantee will present every such Grantee Storage Device to Company for inspection and removal of all information regarding Company or its customers (including but not limited to Confidential Information or Trade Secrets) that is stored on the Grantee Storage Device. This Paragraph shall not bar Grantee from retaining Grantee's own payroll, retirement, insurance, tax, and other personnel documents related to Company.
 8. Covenants Barring Certain Unfair Activities. Grantee shall abide by such restrictions in Attachment B hereto. Attachment B is incorporated into and is part of this Agreement.
 9. Non-Solicitation of Certain Employees.
 - (a) Non-solicitation of Management Employees. For twelve (12) months following the Termination Date, Grantee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Management Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Management Employee has already ceased employment with Company.
 - (b) Non-solicitation of Key Employees. For twelve (12) months following the Termination Date, Grantee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Key Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Key Employee has already ceased employment with Company.
 - (c) Non-solicitation of Supervised Employees. For twelve (12) months following the Termination Date, Grantee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Supervised Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Supervised Employee has already ceased employment with Company.
 10. Proprietary Creations. All Proprietary Creations are the sole and exclusive property of the Company whether patentable or registrable or not, and Grantee assigns all of Grantee's rights, title, and interest in same to the Company. Further, all Proprietary Creations which are copyrightable shall be considered "work(s) made for hire" as that term is defined by U.S. Copyright Law. If for any reason a U.S. Court of competent jurisdiction determines such Proprietary
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Creations not to be works made for hire, Grantee will assign all rights, title, and interest in such works to the Company and, to the extent permitted by law, Grantee hereby assigns all of Grantee's rights, title, and interest in such Proprietary Creations to the Company. Grantee will promptly disclose all Proprietary Creations to the Company and, if requested to do so, provide the Company a written description or copy thereof. Grantee is not required to assign rights to any invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on Grantee's own time, unless (a) the invention relates (i) to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by Grantee for the Company.

Grantee has set out below a complete list of all inventions, if any, patented or unpatented, including the numbers of all patents and patent applications filed thereon, and a brief description of all unpatented inventions, which Grantee made prior to the date of Grantee signing this Agreement or any similar agreement with Company, and which are not to be included in this Agreement ("Reserved Inventions"). If any of the listed inventions related to Company research, product fields, processes or business procedures, then Grantee hereby assigns to Company any improvement made upon the listed items during Grantee's employment and during the period of one (1) year following the Termination Date. List of Reserved Inventions: (if none, leave blank)

11. Remedies. In addition to other remedies provided by law or equity, the Parties agree that in the event of any breach or threatened breach of this Agreement, Company may obtain interim or other injunctive relief, in addition to any other remedies available, without the need to post a bond. Grantee further agrees that any breach of this Agreement would result in irreparable harm to Company entitling Company to an injunction prohibiting further breaches of these Paragraphs. The Parties agree that in the event Grantee breaches this Agreement, Grantee shall pay the Company's reasonable attorney's fees and costs arising out of any litigation resulting from Grantee's breach.
 12. Assignment. Company may assign its rights under the Agreement to any assignee or successor. Such assignment shall not require the authorization of Grantee. Grantee may not assign or delegate Grantee's rights or obligations under this Agreement.
 13. Entire Agreement. This Agreement constitutes the entire agreement and understanding between Company and Grantee concerning the subject matter addressed herein and supersedes and extinguishes any and all other or previous discussions, agreements, or understandings between the Parties regarding the subject matter herein. Notwithstanding this Paragraph 13, this Agreement shall not serve to supersede or extinguish other agreements between Grantee and Company (and their subsidiary or affiliated companies and successors) containing similar provisions and restrictions where such agreements were entered into with Grantee as a term or condition of employment.
 14. Waiver. The waiver by any Party of the breach of any covenant or provision in this Agreement shall not operate or be construed as a waiver of any subsequent breach by any Party.
 15. Invalidity of any Provision. The provisions of this Agreement are severable, it being the intention of the Parties that should any provision hereof be invalid or unenforceable, such invalidity or unenforceability of any provision shall not affect the remaining provisions hereof, but the same shall remain in full force and effect to the fullest extent permitted by law as if such invalid or unenforceable provision were omitted. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, Company and Grantee agree that such provision is to be reformed to the extent necessary for the provision to be valid and enforceable to the fullest and broadest extent permitted by applicable law, without invalidating the remainder of this Agreement
 16. Applicable Law and Venue. The Parties agree that this Agreement shall be governed by and construed in accordance with the internal laws of the State of Wisconsin. Any dispute between the Parties arising out of or related to the terms of this Agreement shall be heard only by the Circuit Court of Waukesha County, Wisconsin, or by the United States District Court for the Eastern District of Wisconsin; and the Parties hereby consent to these courts as the exclusive venues for resolving any such disputes.
 17. Headings. Headings in this Agreement are for informational purposes only and shall not be used to construe the intent of this Agreement.
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18. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.
19. Reserved Rights. Nothing in this Agreement shall serve to limit or restrict Grantee's right to the following:
- (a) Immunity. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (i) is made (a) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.
 - (b) Use Of Trade Secret Information In Anti-Retaliation Lawsuit. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.
20. Reasonableness of Restrictions. GRANTEE HAS READ THIS AGREEMENT AND AGREES THAT THE RESTRICTIONS ON GRANTEE'S ACTIVITIES OUTLINED IN THIS AGREEMENT ARE REASONABLE AND NECESSARY TO PROTECT COMPANY'S LEGITIMATE BUSINESS INTERESTS, THAT THE CONSIDERATION PROVIDED BY COMPANY IS FAIR AND REASONABLE, AND FURTHER AGREES THAT GIVEN THE IMPORTANCE TO COMPANY OF ITS CONFIDENTIAL INFORMATION, TRADE SECRETS, AND CUSTOMER RELATIONSHIPS, THE POST-EMPLOYMENT RESTRICTIONS ON GRANTEE'S ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE. GRANTEE AGREES THAT THE GEOGRAPHIC RESTRICTIONS ON GRANTEE'S ACTIVITIES ARE REASONABLE.
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ATTACHMENT A

Definitions. When used in this Agreement, the following terms have the definition set forth below:

- (a) “Competing Product” means any product or service which is sold or provided in competition with a product or service produced, designed, sold or provided by Grantee, either individually or as part of a team, or by one or more employees or Company business units managed, supervised or directed by Grantee or receiving executive or management support from Grantee during the twelve (12) months immediately preceding the Termination Date.
 - (b) “Confidential Information” means information (to the extent it is not a Trade Secret), whether oral, written, recorded magnetically or electronically, or otherwise stored, and whether originated by the Grantee or otherwise coming into the possession or knowledge of the Grantee, which is possessed by or developed for Company, and which relates to Company’s existing or potential business, which information is not reasonably ascertainable by Company’s competitors or by the general public through lawful means, and which information Company treats as confidential, including but not limited to information regarding Company’s business affairs, RSU Agreements, strategies, products, finances, costs, margins, computer programs, research, customers, purchasing, marketing, and other information.
 - (c) “Current Pending Customer” means a person or entity concerning which Company is actively preparing a business proposal to a prospective customer of the Company as of the Termination Date, or for which Company has a pending proposal to provide goods or services as a Company to a prospect customer as of the Termination Date. However, the term “Current Pending Customer” is limited to persons or entities that Grantee interacts with on behalf of the Company or concerning which Grantee learns, creates or reviews Confidential Information or Trade Secrets on behalf of the Company in the three (3) month period immediately preceding the Grantee’s end of employment with the Company.
 - (d) “Key Employee” means any person who at the Termination Date is employed or engaged by Company, and with whom Grantee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date, and such person is in possession of Confidential Information and/or Trade Secrets.
 - (e) “Key Services” means services of the type performed by a Management Employee, Key Employee or Supervised Employee for the Company during the final twelve (12) months preceding the Termination Date, but shall not include clerical, menial, or manual labor.
 - (f) “Management Employee” means any person who at the Termination Date is employed or engaged by Company, and with whom Grantee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date and such person is a manager, officer, director, or executive of Company.
 - (g) “Proprietary Creations” means all inventions, discoveries, designs, improvements, creations, and works conceived, authored, or developed by Grantee, either individually or with others, any time during Grantee’s employment with the Company that: (1) relate to the Company’s current or contemplated business or activities; (2) relate to the Company’s actual or demonstrably anticipated research or development; (3) result from any work performed by Grantee for the Company; (4) involve the use of Company equipment, supplies, facilities, Confidential Information or Trade Secrets; (5) result from or are suggested by any work done by the Company or at the Company’s request, or any projects specifically assigned to Grantee; or (6) result from Grantee’s access to any Company memoranda, notes, records, drawings, sketches, models, maps, customer lists, research results, data, formulae, specifications, inventions, processes, equipment Confidential Information, Trade Secrets or other materials.
 - (h) “Referral Client” means a person or entity that does not directly purchase products or services from Company, but which has the ability to effectively specify or recommend the purchase of products or services from Company or its competitors to end customers. The term Referral Client is limited to persons or entities to or through which Grantee, one or more individuals or Company business units supervised, managed or directed by Grantee, markets or sells Company products or services during the twelve (12) month period immediately preceding the Termination Date. The term Referral Client is further restricted to persons or entities which have specified or recommended the purchase of in excess of fifty thousand dollars (US \$50,000) worth of products or services
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from Company which are actually purchased during the twelve (12) month period immediately preceding the Termination Date.

- (i) “Restricted Customer” means a customer of Company to which Grantee, or one or more individuals or Company business units supervised, managed, or directed by Grantee, sells or provides products or services on behalf of Company during the twelve (12) month period immediately preceding the Termination Date. The term Restricted Customer is limited to Company customers that purchase or receive in excess of fifty thousand dollars (US \$50,000) worth of products or services from Company during the twelve (12) month period immediately preceding the Termination Date.
 - (j) “Restricted Territory” means Territories in which, during the twelve (12) month period immediately preceding the Termination Date, Grantee, or one or more other Company employees or Company business units supervised, managed or directed by or receiving management or executive support from Grantee: (i) provides products or services on behalf of the Company; or (ii) sells or solicits the sale of products or services on behalf of the Company. Notwithstanding the foregoing, the term Restricted Territory is limited to Territories in which Company sells or provides in excess of one hundred thousand dollars (US \$100,000) in the aggregate worth of products or services in the twelve (12) month period immediately preceding the Termination Date.
 - (k) “Sales Territory” means Territories in which, during the twelve (12) month period immediately preceding the Termination Date, the Company: (i) sells products or services designed, developed, tested, or produced by Grantee (either individually or in collaboration with other Company employees) or by one or more other Company employees or business units managed or directed by or receiving executive or management support from Grantee; or (ii) provides products or services designed, developed, tested or produced by Grantee (either individually or in collaboration with other Company employees) or by one or more other Company employees or business units managed or directed by or receiving executive or management support from Grantee. Notwithstanding the foregoing, the term Sales Territory is limited to Territories in which Company sells or provides in excess of one hundred thousand dollars (US \$100,000) in the aggregate worth of products or services in the twelve (12) month period immediately preceding the Termination Date.
 - (l) “Services” means services of the type performed for Company by Grantee or one or more Company employees managed, supervised, or directed by Grantee during the final twelve (12) months preceding the Termination Date, but shall not include clerical, menial, or manual labor.
 - (m) “Strategic Customer” means a customer of Company that purchases or receives a product or service from Company during the twelve (12) month period immediately preceding the Termination Date, but is limited to customers concerning which Grantee learns, creates, or reviews Confidential Information or Trade Secrets on behalf of Company during the twelve (12) month period immediately preceding the Termination Date. The term Strategic Customer is limited to Company customers that purchase or receive in excess of fifty thousand dollars (US \$50,000) worth of products or services from Company during the twelve (12) month period immediately preceding the Termination Date.
 - (n) “Supervised Employee” means any person who at the Termination Date is employed or engaged by Company, and with whom Grantee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date, and such person was directly managed by or reported to Grantee during the last 12 months prior to the Termination Date.
 - (o) “Termination Date” means the last date that Grantee serves as an employee of the Company.
 - (p) “Third Party Confidential Information” means information received by Company from others that Company has an obligation to treat as confidential.
 - (q) “Trade Secret” means a Trade Secret as that term is defined under applicable state or federal law.
 - (r) “Territory” means a county within the United States of America, or a city, town or other municipality within a foreign nation.
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ATTACHMENT B

1. For twelve (12) months following the Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to a Restricted Customer or assist others in doing so.
2. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of providing, selling, or soliciting the sale of a Competing Product to a Restricted Customer or assist others in doing so.
3. For twelve (12) months following Termination Date, Grantee shall not encourage or cause a Restricted Customer to curtail, withdraw or cancel any business with Company or assist others in doing so.
4. For twelve (12) months following Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to a Strategic Customer or assist others in doing so.
5. For twelve (12) months following Termination Date, Grantee shall not perform Services as part of or in support of providing, selling or soliciting the sale of a Competing Product to a Strategic Customer or assist others in doing so.
6. For twelve (12) months following Termination Date, Grantee shall not encourage or cause a Strategic Customer to curtail, withdraw or cancel any business with Company or assist others in doing so.
7. For twelve (12) months following the Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to or through a Referral Client or assist others in doing so.
8. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of providing, selling or soliciting the sale of a Competing Product to or through a Referral Client or assist others in doing so.
9. For twelve (12) months following Termination Date, Grantee shall not encourage or cause a Referral Client to curtail, withdraw or cancel any business with Company or assist others in doing so.
10. For three (3) months following the Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to a Current Pending Customer or assist others in doing so.
11. For twelve (12) months following Termination Date, Grantee shall not accept a position or provide services to a competitor in any capacity in which it is reasonably likely that Grantee would inevitably use or disclose the Company's Confidential Information or Trade Secrets. This Paragraph shall not bar Grantee from performing clerical, menial or manual labor.
12. For twelve (12) months following Termination Date, Grantee shall not perform Services as part of or in support of the business of selling, providing or soliciting the sale of Competing Products in the Restricted Territory. This Paragraph shall not bar Grantee from performing clerical, menial or manual labor. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in sales, sales management, or served as an executive or officer of the Company.
13. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of developing, designing, testing, or producing Competing Products for sale in the Restricted Territory. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in product development design, testing, production, or served as an executive or officer of the Company.
14. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of the business of selling, providing or soliciting the sale of Competing Products in the Sales Territory. This Paragraph shall not bar Grantee from performing clerical, menial or manual labor. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in product development design, testing, production, or served as an executive or officer of the Company.
15. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of developing, designing, testing or producing Competing Products for sale in the Sales Territory. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in product development design, testing, production, or served as an executive or officer of the Company.

**PERFORMANCE SHARE AWARD AGREEMENT
UNDER THE
ACTUANT CORPORATION 2017 OMNIBUS INCENTIVE PLAN
(Officer Grant)**

This Performance Share Award Agreement (the “Agreement”) between Actuant Corporation and the Grantee is effective as of the date set forth in the Plan’s online administrative system. Actuant Corporation and the Grantee hereby agree as follows:

1 . **Performance Share Award Grant.** Actuant Corporation, a Wisconsin corporation (hereinafter called the “Company”), hereby grants to the Grantee an award of Performance Shares (the “Award”) under the Actuant Corporation 2017 Omnibus Incentive Plan (the “Plan”). The Award entitles the Grantee to payment in the form of shares of Common Stock following the attainment of certain Performance Objectives (as defined in Paragraph 4 below) and subject to satisfaction of certain employment requirements set forth below.

Performance Shares Awarded under this Agreement are forfeitable until they are both earned and vested in accordance with this Agreement. The period of time during which the Performance Shares Awarded are forfeitable (because they are not both earned and vested) is referred to as the “Restricted Period”. Performance Shares shall become vested if the Grantee remains continuously employed for the entire Performance Period set forth in the Plan’s online administrative system (at the conclusion of the current and two subsequent fiscal reporting years)(the “Performance Period”). A grant price of ____ was used to determine the number of Performance Awards granted related to the TSR performance award. A mark-up of ____ was used to reflect the discounted value of Actuant stock relative to the “Peer Companies,” defined in Paragraph 2, as of ____, the date of the grant. The date of grant of this Award, ____, and the target number of Performance Shares subject to this Award (the “Target Award”) are provided on the Plan’s online administrative system, but the actual number of shares of Common Stock to be issued under the Award will be determined as described below in this Agreement.

After the end of the Performance Period, the Compensation Committee of the Board of Directors of the Company (the “Committee”) will review the Performance Objectives and determine the actual numbers of shares of Common Stock which Grantee has earned under this Agreement. No stock certificates will be issued with respect to any Award of Performance Shares until the date set forth in Paragraph 6, if applicable.

The Performance Shares are granted under and are subject to the terms of the Plan and this Agreement. In the event of any conflict between any provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall control. Terms defined in the Plan where used herein shall have the meanings as so defined. Grantee hereby acknowledges receipt of a copy of the Plan.

2 . **Definition: Total Shareholder Return (TSR) Performance.** “TSR Performance” shall mean the change in the value of the Company’s Common Stock over the Performance Period relative to the change in value of common stock of the Company’s Peer Companies (as defined below) over the Performance Period. TSR Performance shall be determined by the Committee in its sole and complete discretion, consistent with Section 162(m) of the Code.

TSR Performance shall be based on a comparison of the difference in the trailing 20-day average closing stock price of the Company’s Common Stock as of the first and last business days of the Performance Period to the percentile of such difference in the stock prices for the Peer Companies as of the same dates and including the effect of any dividends actually paid as if the dividends were invested in the stock of the Company or the Peer Company, as the case may be on the date of payment, and proportionately adjusted for stock splits, reorganizations or similar transactions occurring during the Performance Period.

For this purpose, the “Peer Companies” are those entities reported in the S&P 600 SmallCap Industrials index as of the end of the Performance Period.

3 . **Dividend Equivalents.** The Grantee shall not receive payments equivalent to dividends or other distributions with respect to shares of Common Stock underlying the Performance Shares Awarded (except as set forth in Paragraph 7).

4 . **Attainment of Performance Objectives.** Subject to the Grantee’s continued employment with the Company or an affiliate thereof, and except as otherwise provided herein or in the Plan, through the end of the Performance Period, the earned Performance Shares will be determined, as of the close of the Performance Period, based on attainment of the Performance Objectives during the Performance Period as follows:

TSR Performance. The total Performance Shares earned will be a percentage of the Target Award based on the TSR Performance as follows:

| Performance Objective | Minimum | Target | Maximum |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| TSR Percentile Performance | 25 th Percentile | 50 th Percentile | 75 th Percentile |
| Performance Shares Earned | 50% | 100% | 150% |

The number of Performance Shares earned (as a percentage of the Target Award) with respect to performance levels above the minimum standard and below the maximum standard shall be determined by interpolation based on the schedules set forth above. No Performance Shares will be earned if the minimum standard is not met. In the event that the maximum performance objective is exceeded, the number of Performance Shares earned shall not exceed the maximum Performance Shares earned as shown in the table above.

Any unearned Performance Shares shall be forfeited to the Company, without any further obligations of the Company to the Grantee and all rights of the Grantee with respect to the unearned Performance Shares shall terminate.

5. **Termination of Employment.** Performance Shares shall become vested if the Grantee remains continuously employed with the Company (or an affiliate thereof) for the entire Performance Period. If before the end of the Performance Period, there is a termination of the Grantee's employment with the Company or an affiliate thereof:

- a. as a result of death
- b. as a result of total and permanent disability, as determined by the Committee in its sole and complete discretion, or
- c. with respect to a Grantee who has been employed by the Company for at least eight years, as a result of retirement on or after Grantee attaining age 60,

then Grantee shall vest in and be entitled to receive the issuance of a pro rata portion of the Award that would have otherwise been payable under Paragraph 4 at the end of the Performance Period (and based on the actual achievement of Performance Objectives for the entire Performance Period); such prorated portion to be based on the number of whole months that the Grantee was employed with the Company (or an affiliate thereof) during the Performance Period divided by the number of whole months in the Performance Period. For the avoidance of doubt, if, in the case of the events described in a., b., or c., above, the Performance Objectives are not met as of the end of the Performance Period, all Performance Shares shall be considered unearned and shall be forfeited to the Company, without any further obligations of the Company to the Grantee (and all rights of the Grantee with respect to the unearned Performance Shares Awarded shall terminate).

The issuance of Performance Shares pursuant to such prorated Award will be made at the end of the Performance Period (determined based on the actual achievement of the Performance Objectives for the entire Performance Period) and will be made in accordance with the general payment and timing provisions in Paragraph 6.

The portion of the Award not earned, vested and issued to the Grantee pursuant to this Agreement shall be deemed forfeited by the Grantee, unless otherwise determined by the Committee.

6. **Distribution of Shares and Tax Withholding.** Performance Shares that are both earned and vested pursuant to this Agreement will be distributed to the Grantee as soon as practicable following the conclusion of the Restricted Period, and in any event, no later than 2½ months after the end of the Restricted Period. Notwithstanding the foregoing, the distribution described in the previous sentence may occur after the applicable 2½ month period if the Company reasonably anticipates that making the payment by the end of the applicable 2½ month period would have violated Federal securities laws or other applicable law, in which case, the distribution shall be made as soon as reasonably practicable following the first date on which the Company anticipates or reasonably should anticipate that making the payment would not cause such violation. For the purposes of the previous sentence, a distribution that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not treated as a violation of applicable law. If withholding of taxes is not required, none will be taken. If withholding is required, in satisfaction of any withholding obligations under federal, state or local tax laws, the Company may: (i) require the Grantee to pay to the Company in cash the entire amount or any portion of any taxes which the Company is required to withhold, or (ii) require the Grantee to authorize any properly authorized third-party to sell the number of shares of Common Stock that are the subject of the Performance Shares awarded having a Fair Market Value equal to the sums required to be withheld, along with any related expenses, and to remit the proceeds thereof to the Company for payment of the taxes which the Company is required to withhold with respect to the Performance Shares awarded, or (iii) reduce the number of shares of Common Stock distributed to the Grantee by the number of shares of Common Stock underlying the Performance Shares awarded having Fair Market Value equal to the sums required to be withheld for the payment of the taxes which the Company is required to withhold with respect to the Performance Shares awarded. For purposes of administrative ease, the number of shares of Common Stock withheld or sold may be rounded up or down to the nearest whole share. The Grantee shall be responsible for any taxes relating to the Award not satisfied by the Company's satisfaction of its withholding obligations. Unless otherwise determined by the Company, the Grantee shall be entitled to elect, in accordance with procedures determined by the Company, the method of satisfying

his or her withholding obligations, and, in the event no such election is properly made, the Company shall require the shares to be withheld using the method described in (iii) above.

7. **No Rights as a Stockholder.** Without limiting the foregoing, including Paragraph 3, the Grantee shall have no rights as a stockholder of the Company in respect to the Award, including the right to vote or receive dividends, unless and until shares of Common Stock earned pursuant to the Award have been issued to Grantee, and recorded on the stock records of the Company.

8. **No Rights To Continued Employment.** Neither the Plan nor this Agreement nor the Award shall confer upon the Grantee any right with respect to continuance of employment by the Company, nor shall they interfere in any way with the right of the Company to terminate Grantee's employment at any time.

9. **Change in Control.** If a Change in Control (as defined in the Plan) of the Company occurs when the Grantee is employed by the Company (but after the date of grant and before the end of the Performance Period), all of the Performance Shares Awarded under this Agreement shall become immediately earned, vested and nonforfeitable upon the Change in Control. For purposes of determining the extent to which the Performance Objectives have been met, the amount earned shall be based upon the "Target" level of the Performance Objectives. In such an event, the Change in Control shall be considered the end of the Restricted Period and any issuance of Common Stock pursuant to such Change in Control will be made in accordance with the general payment and timing provisions of Paragraph 6.

10. **Special Rule for Certain Corporate Executives.** In the case of a corporate executive who (a) voluntarily terminates employment after eight years with the Company, (b) provides at least one year's advance notice to the Committee of such termination and has such termination accepted by the Committee, (c) in fact remains an employee for such period, (d) terminates his or her employment at the end of the agreed-upon period, and (e) will attain age 60 as of or before the end of the one year period described in (b), the Committee, in its complete discretion, may determine the treatment of the Award, including the extent to which the Performance Objectives will be deemed to have been satisfied and the Award deemed to be earned and vested in accordance with the general payment and timing provisions.

Any issuance of Performance Shares pursuant to such determination will be made in accordance with the general payment and timing provisions in Paragraph 6.

11. **Compensation Recovery.** This Award shall be subject to recovery by the Company under its Compensation Recoupment Policy or any similar policy the Company may adopt or amend from time to time.

12. **Code Section 409A.** This Agreement is intended to comply with, or otherwise be exempt from, Code Section 409A. This Agreement shall be administered, interpreted, and construed in a manner consistent with Code Section 409A or an exemption therefrom. Should any provision of this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Code Section 409A, such provision shall be modified and given effect (retroactively if necessary), in the sole discretion of the Committee, and without the consent of the Grantee, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Code Section 409A. If any of the payments under this Agreement are subject to Code Section 409A and the Company determines that the Employee is a "specified employee" under Code Section 409A at the time of the Employee's separation from service, then each such payment will not be made or commence until the date which is the first day of the seventh month after the Employee's separation from service, and any payments that otherwise would have been paid during the first six months after the Employee's separation from service will be paid in a lump sum on the first day of the seventh month after the Employee's separation from service or upon the Employee's death, if earlier. Such deferral will be effected only to the extent required to avoid adverse tax treatment to the Employee under Code Section 409A.

14. **Transferability of Award.** The Award and, prior to issuance, the Performance Shares may not be transferred or encumbered by the Grantee, except by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order.

15. **Prohibition Against Pledge, Attachment, etc.** Except as otherwise herein provided, this Award and any rights and privileges pertaining thereto shall not be transferred, assigned, pledged or hypothecated by Grantee in any way, whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process.

16. **Notices.** Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee may be addressed to him/her at his/her address as it appears on the Company's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in the United States mail or sent via electronic means (fax or e-mail).

17. **Agreement Barring Unfair Activities.** As a condition of participating in the Plan pursuant to the terms of this Agreement, Grantee agrees to comply with the terms of the "Stock Award Agreement Barring Unfair Activities" attached to this Agreement as Appendix A. Grantee understands that Grantee's employment or continued employment with the Company is not contingent upon entering into this Agreement or participation in the Plan and the Grantee has voluntarily elected to enter into this Agreement

and participate in the Plan pursuant to the terms and conditions of this Agreement including, but not limited to, agreeing to the terms and conditions of the “Stock Award Agreement Barring Unfair Activities.”

18. **Wisconsin Contract.** This Award has been granted in Wisconsin and shall be construed under the laws of that state.

Accepted as of the date of grant in accordance with, and subject to, the above terms and conditions of this Agreement and of the Plan document, a copy of which has been received by me.

«First_Name» «Last_Name» (the “Grantee”)

APPENDIX A

Stock Award Agreement Barring Unfair Activities

This Stock Award Agreement Barring Unfair Activities (“Agreement”) is Appendix A to the Performance Share Award Agreement under the Actuant Corporation 2017 Omnibus Incentive Plan (the “PSA Agreement”) between Actuant Corporation, a Wisconsin corporation, and Grantee identified in the PSA Agreement.

WHEREAS, this Agreement relates to the participation of Grantee in the PSA Agreement by Actuant Corporation, a Wisconsin Corporation. Actuant Corporation, its divisions, subsidiaries and affiliates, and successors and assigns, are referred to collectively in this Agreement as the “Company.”

WHEREAS, Grantee has been informed and Grantee understands that Grantee’s employment or continued employment with the Company is not contingent on participation in the PSA Agreement and Grantee has voluntarily elected to participate in the PSA Agreement pursuant to the terms and conditions of the PSA Agreement including, but not limited to, agreeing to the terms and conditions of this Agreement; and

WHEREAS, by accepting the PSA Agreement, Grantee acknowledges that Grantee is bound by the terms of this Agreement and Grantee is hereby advised to consult with their own legal counsel; and

WHEREAS, during the course of employment, Grantee will learn confidential information regarding Company’s customers, and/or will establish, maintain, and improve knowledge of or relationships or goodwill with Company’s customers, and/or will learn Company’s Trade Secrets or Confidential Information (as such terms are defined below). Company’s Confidential Information, Trade Secrets, and customer relationships have been developed by Company at considerable expense over a number of years and but for Grantee’s employment with Company, Grantee would not know Company’s Trade Secrets and Confidential Information, and Grantee would not be able to create, improve, and maintain relationships with Company’s customers.

NOW, THEREFORE, in consideration of the foregoing recitals, Grantee’s participation in the PSA Agreement, and the promises and covenants set forth herein, and for other good and valuable consideration, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Incorporation or recitals. The above recitals are incorporated herein as part of the Agreement.
 2. Definitions. Unless otherwise defined herein, the capitalized terms set forth in this Agreement shall have the definitions as set forth in Attachment A. Attachment A is incorporated into and is part of this Agreement.
 3. Duty of Loyalty. Grantee acknowledges that Grantee is a key employee of the Company and owes the Company a fiduciary duty of loyalty. During employment with Company, Grantee shall owe Company an undivided duty of loyalty, and shall take no action adverse to that duty of loyalty. Grantee’s duty of loyalty to Company includes but is not limited to a duty to promptly disclose to Company any information that might cause Company to take or refrain from taking any action, or which otherwise might cause Company to alter its behavior. Without limiting the generality of the foregoing, Grantee shall promptly notify Company at any time that Grantee decides to terminate employment with Company or enter into competition with Company, as Company may decide at such time to limit, suspend, or terminate Grantee’s employment or access to Company’s Confidential Information, Trade Secrets, and/or customer relationships. Grantee’s privilege to access and use Company’s computers, and to access and use Company’s electronically stored information including Company’s Confidential Information and Trade Secrets, are revoked the moment Grantee takes any action adverse to Grantee’s duty of loyalty to Company.
 4. Nondisclosure of Third Party Confidential Information. During Grantee’s employment with Company and after the Termination Date, Grantee shall not use or disclose Third Party Confidential Information for as long as the relevant third party has required Company to maintain its confidentiality, or for so long as required by applicable law, whichever period is longer.
 5. Non-disclosure of Trade Secrets. During employment and after the Termination Date, Grantee shall not use or disclose Company’s Trade Secrets so long as they remain Trade Secrets. Nothing in this Agreement shall limit either Grantee’s statutory or other duties not to use or disclose Company’s Trade Secrets, or Company’s remedies in the event Grantee uses or discloses Company’s Trade Secrets.
 6. Obligations Not to Disclose or Use Confidential Information. Except as set forth herein or as expressly authorized in writing on behalf of Company, Grantee agrees that while Grantee is employed by Company and during the twelve (12) month period commencing at the Termination Date, Grantee will not use or disclose (except in discharging Grantee’s job duties with Company) any Confidential Information, whether such Confidential Information is in Grantee’s memory or it is set forth electronically, in writing or other form. This prohibition does not prohibit Grantee’s disclosure of information after it ceases to meet the definition of “Confidential Information,” or Grantee’s use of general skills and know-how acquired during and prior to employment by Company, so long as such use does not
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involve the use or disclosure of Confidential Information; nor does this prohibition restrict Grantee from providing prospective employers with an employment history or description of Grantee's duties with Company, so long as Grantee does not use or disclose Confidential Information. Notwithstanding the foregoing, with respect to information which is subject to a law governing confidentiality or non-disclosure, Grantee shall keep such information confidential for so long as required by law, or for twelve (12) months, whichever period is longer. This Paragraph shall not preclude employees within the meaning of the National Labor Relations Act from exercising Section 7 rights they may have to communicate about working conditions. This Paragraph shall not bar Grantee from making disclosures to government entities to the extent required by applicable law or disclosures made in good faith pursuant to applicable "whistleblower" laws or regulations.

7. Return of Property; No Copying or Transfer of Documents. All equipment, books, records, papers, notes, catalogs, compilations of information, data bases, correspondence, recordings, stored data (including but not limited to data or files that exist on any personal computer or other electronic storage device), software, and any physical items, including copies and duplicates, that Grantee generates or develops or which come into Grantee's possession or control, which relate directly or indirectly to, or are a part of Company's (or its customers') business matters, whether of a public nature or not (collectively "Company Records"), shall be and remain the property of Company, and Grantee shall deliver all such materials and items, and any and all copies of them, to Company upon termination of employment. During employment or after Termination Date, Grantee will not copy, duplicate, or otherwise reproduce, or permit copying, duplicating, or reproduction of Company Records without the express written consent of Company, or, as a part of Grantee's duties performed hereunder for the benefit of Company. Grantee expressly covenants and warrants, upon termination of employment for any reason (or no reason), that Grantee shall promptly deliver to Company any and all originals and copies of Company Records in Grantee's possession, custody, or control, and that Grantee shall not make, retain, or transfer to any third party any copies thereof. In the event any Confidential Information or Trade Secrets are stored or otherwise kept in or on a computer hard drive or other storage device owned by or otherwise in the possession or control of Grantee (each individually an "Grantee Storage Device"), upon termination of employment Grantee will present every such Grantee Storage Device to Company for inspection and removal of all information regarding Company or its customers (including but not limited to Confidential Information or Trade Secrets) that is stored on the Grantee Storage Device. This Paragraph shall not bar Grantee from retaining Grantee's own payroll, retirement, insurance, tax, and other personnel documents related to Company.
 8. Covenants Barring Certain Unfair Activities. Grantee shall abide by such restrictions in Attachment B hereto. Attachment B is incorporated into and is part of this Agreement.
 9. Non-Solicitation of Certain Employees.
 - (a) Non-solicitation of Management Employees. For twelve (12) months following the Termination Date, Grantee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Management Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Management Employee has already ceased employment with Company.
 - (b) Non-solicitation of Key Employees. For twelve (12) months following the Termination Date, Grantee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Key Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Key Employee has already ceased employment with Company.
 - (c) Non-solicitation of Supervised Employees. For twelve (12) months following the Termination Date, Grantee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Supervised Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Supervised Employee has already ceased employment with Company.
 10. Proprietary Creations. All Proprietary Creations are the sole and exclusive property of the Company whether patentable or registrable or not, and Grantee assigns all of Grantee's rights, title, and interest in same to the Company. Further, all Proprietary Creations which are copyrightable shall be considered "work(s) made for hire" as that term is defined by U.S. Copyright Law. If for any reason a U.S. Court of competent jurisdiction determines such Proprietary Creations not to be works made for hire, Grantee will assign all rights, title, and interest in such works to the Company and, to the extent permitted by law, Grantee hereby assigns all of Grantee's rights, title, and interest in such Proprietary Creations to the Company. Grantee will promptly disclose all Proprietary Creations to the Company and, if requested to do so, provide the Company a written description or copy thereof. Grantee is not required to assign rights to any invention for which no equipment, supplies, facility, or trade secret information of the Company was
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used and which was developed entirely on Grantee's own time, unless (a) the invention relates (i) to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by Grantee for the Company.

Grantee has set out below a complete list of all inventions, if any, patented or unpatented, including the numbers of all patents and patent applications filed thereon, and a brief description of all unpatented inventions, which Grantee made prior to the date of Grantee signing this Agreement or any similar agreement with Company, and which are not to be included in this Agreement ("Reserved Inventions"). If any of the listed inventions related to Company research, product fields, processes or business procedures, then Grantee hereby assigns to Company any improvement made upon the listed items during Grantee's employment and during the period of one (1) year following the Termination Date. List of Reserved Inventions: (if none, leave blank)

11. Remedies. In addition to other remedies provided by law or equity, the Parties agree that in the event of any breach or threatened breach of this Agreement, Company may obtain interim or other injunctive relief, in addition to any other remedies available, without the need to post a bond. Grantee further agrees that any breach of this Agreement would result in irreparable harm to Company entitling Company to an injunction prohibiting further breaches of these Paragraphs. The Parties agree that in the event Grantee breaches this Agreement, Grantee shall pay the Company's reasonable attorney's fees and costs arising out of any litigation resulting from Grantee's breach.
 12. Assignment. Company may assign its rights under the Agreement to any assignee or successor. Such assignment shall not require the authorization of Grantee. Grantee may not assign or delegate Grantee's rights or obligations under this Agreement.
 13. Entire Agreement. This Agreement constitutes the entire agreement and understanding between Company and Grantee concerning the subject matter addressed herein and supersedes and extinguishes any and all other or previous discussions, agreements, or understandings between the Parties regarding the subject matter herein. Notwithstanding this Paragraph 13, this Agreement shall not serve to supersede or extinguish other agreements between Grantee and Company (and their subsidiary or affiliated companies and successors) containing similar provisions and restrictions where such agreements were entered into with Grantee as a term or condition of employment.
 14. Waiver. The waiver by any Party of the breach of any covenant or provision in this Agreement shall not operate or be construed as a waiver of any subsequent breach by any Party.
 15. Invalidity of any Provision. The provisions of this Agreement are severable, it being the intention of the Parties that should any provision hereof be invalid or unenforceable, such invalidity or unenforceability of any provision shall not affect the remaining provisions hereof, but the same shall remain in full force and effect to the fullest extent permitted by law as if such invalid or unenforceable provision were omitted. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, Company and Grantee agree that such provision is to be reformed to the extent necessary for the provision to be valid and enforceable to the fullest and broadest extent permitted by applicable law, without invalidating the remainder of this Agreement
 16. Applicable Law and Venue. The Parties agree that this Agreement shall be governed by and construed in accordance with the internal laws of the State of Wisconsin. Any dispute between the Parties arising out of or related to the terms of this Agreement shall be heard only by the Circuit Court of Waukesha County, Wisconsin, or by the United States District Court for the Eastern District of Wisconsin; and the Parties hereby consent to these courts as the exclusive venues for resolving any such disputes.
 17. Headings. Headings in this Agreement are for informational purposes only and shall not be used to construe the intent of this Agreement.
 18. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.
 19. Reserved Rights. Nothing in this Agreement shall serve to limit or restrict Grantee's right to the following:
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- (a) Immunity. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (i) is made (a) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.
- (b) Use Of Trade Secret Information In Anti-Retaliation Lawsuit. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

20. Reasonableness of Restrictions. GRANTEE HAS READ THIS AGREEMENT AND AGREES THAT THE RESTRICTIONS ON GRANTEE'S ACTIVITIES OUTLINED IN THIS AGREEMENT ARE REASONABLE AND NECESSARY TO PROTECT COMPANY'S LEGITIMATE BUSINESS INTERESTS, THAT THE CONSIDERATION PROVIDED BY COMPANY IS FAIR AND REASONABLE, AND FURTHER AGREES THAT GIVEN THE IMPORTANCE TO COMPANY OF ITS CONFIDENTIAL INFORMATION, TRADE SECRETS, AND CUSTOMER RELATIONSHIPS, THE POST-EMPLOYMENT RESTRICTIONS ON GRANTEE'S ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE. GRANTEE AGREES THAT THE GEOGRAPHIC RESTRICTIONS ON GRANTEE'S ACTIVITIES ARE REASONABLE.

ATTACHMENT A

Definitions. When used in this Agreement, the following terms have the definition set forth below:

- (a) “Competing Product” means any product or service which is sold or provided in competition with a product or service produced, designed, sold or provided by Grantee, either individually or as part of a team, or by one or more employees or Company business units managed, supervised or directed by Grantee or receiving executive or management support from Grantee during the twelve (12) months immediately preceding the Termination Date.
 - (b) “Confidential Information” means information (to the extent it is not a Trade Secret), whether oral, written, recorded magnetically or electronically, or otherwise stored, and whether originated by the Grantee or otherwise coming into the possession or knowledge of the Grantee, which is possessed by or developed for Company, and which relates to Company’s existing or potential business, which information is not reasonably ascertainable by Company’s competitors or by the general public through lawful means, and which information Company treats as confidential, including but not limited to information regarding Company’s business affairs, PSA Agreements, strategies, products, finances, costs, margins, computer programs, research, customers, purchasing, marketing, and other information.
 - (c) “Current Pending Customer” means a person or entity concerning which Company is actively preparing a business proposal to a prospective customer of the Company as of the Termination Date, or for which Company has a pending proposal to provide goods or services as a Company to a prospect customer as of the Termination Date. However, the term “Current Pending Customer” is limited to persons or entities that Grantee interacts with on behalf of the Company or concerning which Grantee learns, creates or reviews Confidential Information or Trade Secrets on behalf of the Company in the three (3) month period immediately preceding the Grantee’s end of employment with the Company.
 - (d) “Key Employee” means any person who at the Termination Date is employed or engaged by Company, and with whom Grantee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date, and such person is in possession of Confidential Information and/or Trade Secrets.
 - (e) “Key Services” means services of the type performed by a Management Employee, Key Employee or Supervised Employee for the Company during the final twelve (12) months preceding the Termination Date, but shall not include clerical, menial, or manual labor.
 - (f) “Management Employee” means any person who at the Termination Date is employed or engaged by Company, and with whom Grantee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date and such person is a manager, officer, director, or executive of Company.
 - (g) “Proprietary Creations” means all inventions, discoveries, designs, improvements, creations, and works conceived, authored, or developed by Grantee, either individually or with others, any time during Grantee’s employment with the Company that: (1) relate to the Company’s current or contemplated business or activities; (2) relate to the Company’s actual or demonstrably anticipated research or development; (3) result from any work performed by Grantee for the Company; (4) involve the use of Company equipment, supplies, facilities, Confidential Information or Trade Secrets; (5) result from or are suggested by any work done by the Company or at the Company’s request, or any projects specifically assigned to Grantee; or (6) result from Grantee’s access to any Company memoranda, notes, records, drawings, sketches, models, maps, customer lists, research results, data, formulae, specifications, inventions, processes, equipment Confidential Information, Trade Secrets or other materials.
 - (h) “Referral Client” means a person or entity that does not directly purchase products or services from Company, but which has the ability to effectively specify or recommend the purchase of products or services from Company or its competitors to end customers. The term Referral Client is limited to persons or entities to or through which Grantee, one or more individuals or Company business units supervised, managed or directed by Grantee, markets or sells Company products or services during the twelve (12) month period immediately preceding the Termination Date. The term Referral Client is further restricted to persons or entities which have specified or recommended the purchase of in excess of fifty thousand dollars (US \$50,000) worth of products or services
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from Company which are actually purchased during the twelve (12) month period immediately preceding the Termination Date.

- (i) “Restricted Customer” means a customer of Company to which Grantee, or one or more individuals or Company business units supervised, managed, or directed by Grantee, sells or provides products or services on behalf of Company during the twelve (12) month period immediately preceding the Termination Date. The term Restricted Customer is limited to Company customers that purchase or receive in excess of fifty thousand dollars (US \$50,000) worth of products or services from Company during the twelve (12) month period immediately preceding the Termination Date.
 - (j) “Restricted Territory” means Territories in which, during the twelve (12) month period immediately preceding the Termination Date, Grantee, or one or more other Company employees or Company business units supervised, managed or directed by or receiving management or executive support from Grantee: (i) provides products or services on behalf of the Company; or (ii) sells or solicits the sale of products or services on behalf of the Company. Notwithstanding the foregoing, the term Restricted Territory is limited to Territories in which Company sells or provides in excess of one hundred thousand dollars (US \$100,000) in the aggregate worth of products or services in the twelve (12) month period immediately preceding the Termination Date.
 - (k) “Sales Territory” means Territories in which, during the twelve (12) month period immediately preceding the Termination Date, the Company: (i) sells products or services designed, developed, tested, or produced by Grantee (either individually or in collaboration with other Company employees) or by one or more other Company employees or business units managed or directed by or receiving executive or management support from Grantee; or (ii) provides products or services designed, developed, tested or produced by Grantee (either individually or in collaboration with other Company employees) or by one or more other Company employees or business units managed or directed by or receiving executive or management support from Grantee. Notwithstanding the foregoing, the term Sales Territory is limited to Territories in which Company sells or provides in excess of one hundred thousand dollars (US \$100,000) in the aggregate worth of products or services in the twelve (12) month period immediately preceding the Termination Date.
 - (l) “Services” means services of the type performed for Company by Grantee or one or more Company employees managed, supervised, or directed by Grantee during the final twelve (12) months preceding the Termination Date, but shall not include clerical, menial, or manual labor.
 - (m) “Strategic Customer” means a customer of Company that purchases or receives a product or service from Company during the twelve (12) month period immediately preceding the Termination Date, but is limited to customers concerning which Grantee learns, creates, or reviews Confidential Information or Trade Secrets on behalf of Company during the twelve (12) month period immediately preceding the Termination Date. The term Strategic Customer is limited to Company customers that purchase or receive in excess of fifty thousand dollars (US \$50,000) worth of products or services from Company during the twelve (12) month period immediately preceding the Termination Date.
 - (n) “Supervised Employee” means any person who at the Termination Date is employed or engaged by Company, and with whom Grantee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date, and such person was directly managed by or reported to Grantee during the last 12 months prior to the Termination Date.
 - (o) “Termination Date” means the last date that Grantee serves as an employee of the Company.
 - (p) “Third Party Confidential Information” means information received by Company from others that Company has an obligation to treat as confidential.
 - (q) “Trade Secret” means a Trade Secret as that term is defined under applicable state or federal law.
 - (r) “Territory” means a county within the United States of America, or a city, town or other municipality within a foreign nation.
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ATTACHMENT B

1. For twelve (12) months following the Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to a Restricted Customer or assist others in doing so.
2. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of providing, selling, or soliciting the sale of a Competing Product to a Restricted Customer or assist others in doing so.
3. For twelve (12) months following Termination Date, Grantee shall not encourage or cause a Restricted Customer to curtail, withdraw or cancel any business with Company or assist others in doing so.
4. For twelve (12) months following Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to a Strategic Customer or assist others in doing so.
5. For twelve (12) months following Termination Date, Grantee shall not perform Services as part of or in support of providing, selling or soliciting the sale of a Competing Product to a Strategic Customer or assist others in doing so.
6. For twelve (12) months following Termination Date, Grantee shall not encourage or cause a Strategic Customer to curtail, withdraw or cancel any business with Company or assist others in doing so.
7. For twelve (12) months following the Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to or through a Referral Client or assist others in doing so.
8. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of providing, selling or soliciting the sale of a Competing Product to or through a Referral Client or assist others in doing so.
9. For twelve (12) months following Termination Date, Grantee shall not encourage or cause a Referral Client to curtail, withdraw or cancel any business with Company or assist others in doing so.
10. For three (3) months following the Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to a Current Pending Customer or assist others in doing so.
11. For twelve (12) months following Termination Date, Grantee shall not accept a position or provide services to a competitor in any capacity in which it is reasonably likely that Grantee would inevitably use or disclose the Company's Confidential Information or Trade Secrets. This Paragraph shall not bar Grantee from performing clerical, menial or manual labor.
12. For twelve (12) months following Termination Date, Grantee shall not perform Services as part of or in support of the business of selling, providing or soliciting the sale of Competing Products in the Restricted Territory. This Paragraph shall not bar Grantee from performing clerical, menial or manual labor. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in sales, sales management, or served as an executive or officer of the Company.
13. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of developing, designing, testing, or producing Competing Products for sale in the Restricted Territory. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in product development design, testing, production, or served as an executive or officer of the Company.
14. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of the business of selling, providing or soliciting the sale of Competing Products in the Sales Territory. This Paragraph shall not bar Grantee from performing clerical, menial or manual labor. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in product development design, testing, production, or served as an executive or officer of the Company.
15. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of developing, designing, testing or producing Competing Products for sale in the Sales Territory. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in product development design, testing, production, or served as an executive or officer of the Company.

**PERFORMANCE SHARE AWARD AGREEMENT
UNDER THE
ACTUANT CORPORATION 2017 OMNIBUS INCENTIVE PLAN
(Officer Grant)**

This Performance Share Award Agreement (the “Agreement”) between Actuant Corporation and the Grantee is effective as of the date set forth in the Plan’s online administrative system. Actuant Corporation and the Grantee hereby agree as follows:

1 . **Performance Share Award Grant.** Actuant Corporation, a Wisconsin corporation (hereinafter called the “Company”), hereby grants to the Grantee an award of Performance Shares (the “Award”) under the Actuant Corporation 2017 Omnibus Incentive Plan (the “Plan”). The Award entitles the Grantee to payment in the form of shares of Common Stock following the attainment of certain

Performance Objectives (as defined in Paragraph 4 below) and subject to satisfaction of certain employment requirements set forth below.

Performance Shares Awarded under this Agreement are forfeitable until they are both earned and vested in accordance with this Agreement. The period of time during which the Performance Shares Awarded are forfeitable (because they are not both earned and vested) is referred to as the “Restricted Period”. Performance Shares shall become vested if the Grantee remains continuously employed for the entire Performance Period set forth in the Plan’s online administrative system (at the conclusion of the current and two subsequent fiscal reporting years)(the “Performance Period”). _____, the closing stock price on the grant date of _____, was used to determine the number of Performance Awards granted related to this FCF performance award. The target number of Performance Shares subject to this Award (the “Target Award”) is provided on the Plan’s online administrative system, but the actual number of shares of Common Stock to be issued under the Award will be determined as described below in this Agreement.

After the end of the Performance Period, the Compensation Committee of the Board of Directors of the Company (the “Committee”) will review the Performance Objectives and determine the actual numbers of shares of Common Stock which Grantee has earned under this Agreement. No stock certificates will be issued with respect to any Award of Performance Shares until the date set forth in Paragraph 6, if applicable.

The Performance Shares are granted under and are subject to the terms of the Plan and this Agreement. In the event of any conflict between any provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall control. Terms defined in the Plan where used herein shall have the meanings as so defined. Grantee hereby acknowledges receipt of a copy of the Plan.

2. **Definition: Free Cash Flow Conversion.** Free Cash Flow Conversion (also referred to herein as “FCF Conversion”) is a measure of the ability of the Company to convert (in the same period) accrual-based accounting earnings that the business generates to actual cash that is available to: (1) deploy in business acquisitions, (2) reduce net debt (by increasing book cash or reducing actual gross debt), and (3) return to shareholders in the form of cash dividends or stock buybacks.

“Free Cash Flow Conversion” for the Performance Period shall mean the percentage equal to the Company’s free cash flow for a given period divided by net earnings for the same period, subject to adjustment for extraordinary items, non-operating items, discontinued operations, asset write-downs and impairments and other unusual and non-recurring items, currency fluctuations, financing activities, acquisitions and acquisition expenses, divestitures and divestiture expenses and the effects of tax or accounting changes.

All adjustments to and the calculation of Free Cash Flow Conversion shall be determined by the Committee in its sole and complete discretion, consistent with Section 162(m) of the Internal Revenue Code (the “Code”).

3 . **Dividend Equivalents.** The Grantee shall not receive payments equivalent to dividends or other distributions with respect to shares of Common Stock underlying the Performance Shares Awarded (except as set forth in Paragraph 7).

4 . **Attainment of Performance Objectives.** Subject to the Grantee’s continued employment with the Company or an affiliate thereof, and except as otherwise provided herein or in the Plan, through the end of the Performance Period, the earned Performance Shares will be determined, as of the close of the Performance Period, based on attainment of the Performance Objectives during the Performance Period as follows:

FCF Conversion. The total Performance Shares earned will be a percentage of the Target Award based on the FCF Conversion calculated by the Committee, as follows:

| Performance Objective | Minimum | Target | Maximum |
|---------------------------|---------|--------|---------|
| FCF Conversion | 100% | 115% | 140% |
| Performance Shares Earned | 50% | 100% | 150% |

The number of Performance Shares earned (as a percentage of the Target Award) with respect to performance levels above the minimum standard and below the maximum standard shall be determined by interpolation based on the schedules set forth above. No Performance Shares will be earned if the minimum standard is not met. In the event that the maximum performance objective is exceeded, the number of Performance Shares earned shall not exceed the maximum Performance Shares earned as shown in the table above.

Any unearned Performance Shares shall be forfeited to the Company, without any further obligations of the Company to the Grantee and all rights of the Grantee with respect to the unearned Performance Shares shall terminate.

5. **Termination of Employment.** Performance Shares shall become vested if the Grantee remains continuously employed with the Company (or an affiliate thereof) for the entire Performance Period. If before the end of the Performance Period, there is a termination of the Grantee's employment with the Company or an affiliate thereof:

- a. as a result of death
- b. as a result of total and permanent disability, as determined by the Committee in its sole and complete discretion, or
- c. with respect to a Grantee who has been employed by the Company for at least eight years, as a result of retirement on or after Grantee attaining age 60,

then Grantee shall vest in and be entitled to receive the issuance of a pro rata portion of the Award that would have otherwise been payable under Paragraph 4 at the end of the Performance Period (and based on the actual achievement of Performance Objectives for the entire Performance Period); such prorated portion to be based on the number of whole months that the Grantee was employed with the Company (or an affiliate thereof) during the Performance Period divided by the number of whole months in the Performance Period. For the avoidance of doubt, if, in the case of the events described in a., b., or c., above, the Performance Objectives are not met as of the end of the Performance Period, all Performance Shares shall be considered unearned and shall be forfeited to the Company, without any further obligations of the Company to the Grantee (and all rights of the Grantee with respect to the unearned Performance Shares Awarded shall terminate).

The issuance of Performance Shares pursuant to such prorated Award will be made at the end of the Performance Period (determined based on the actual achievement of the Performance Objectives for the entire Performance Period) and will be made in accordance with the general payment and timing provisions in Paragraph 6.

The portion of the Award not earned, vested and issued to the Grantee pursuant to this Agreement shall be deemed forfeited by the Grantee, unless otherwise determined by the Committee.

6. **Distribution of Shares and Tax Withholding.** Performance Shares that are both earned and vested pursuant to this Agreement will be distributed to the Grantee as soon as practicable following the conclusion of the Restricted Period, and in any event, no later than 2½ months after the end of the Restricted Period. Notwithstanding the foregoing, the distribution described in the previous sentence may occur after the applicable 2½ month period if the Company reasonably anticipates that making the payment by the end of the applicable 2½ month period would have violated Federal securities laws or other applicable law, in which case, the distribution shall be made as soon as reasonably practicable following the first date on which the Company anticipates or reasonably should anticipate that making the payment would not cause such violation. For the purposes of the previous sentence, a distribution that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not treated as a violation of applicable law. If withholding of taxes is not required, none will be taken. If withholding is required, in satisfaction of any withholding obligations under federal, state or local tax laws, the Company may: (i) require the Grantee to pay to the Company in cash the entire amount or any portion of any taxes which the Company is required to withhold, or (ii) require the Grantee to authorize any properly authorized third-party to sell the number of shares of Common Stock that are the subject of the Performance Shares awarded having a Fair Market Value equal to the sums required to be withheld, along with any related expenses, and to remit the proceeds thereof to the Company for payment of the taxes which the Company is required to withhold with respect to the Performance Shares awarded, or (iii) reduce the number of shares of Common Stock distributed to the Grantee by the number of shares of Common Stock underlying the Performance Shares awarded having Fair Market Value equal to the sums required to be withheld for the payment of the taxes which the Company is required to withhold with respect to the Performance Shares awarded. For purposes of administrative ease, the number of shares of Common Stock withheld or sold may be rounded up or down to the nearest whole share. The Grantee shall be responsible for any taxes relating to the Award not satisfied by the Company's satisfaction of its withholding obligations. Unless otherwise determined by the Company, the Grantee shall be entitled to elect, in accordance with procedures determined by the Company, the method of satisfying

his or her withholding obligations, and, in the event no such election is properly made, the Company shall require the shares to be withheld using the method described in (iii) above.

7. **No Rights as a Stockholder.** Without limiting the foregoing, including Paragraph 3, the Grantee shall have no rights as a stockholder of the Company in respect to the Award, including the right to vote or receive dividends, unless and until shares of Common Stock earned pursuant to the Award have been issued to Grantee, and recorded on the stock records of the Company.

8. **No Rights To Continued Employment.** Neither the Plan nor this Agreement nor the Award shall confer upon the Grantee any right with respect to continuance of employment by the Company, nor shall they interfere in any way with the right of the Company to terminate Grantee's employment at any time.

9. **Change in Control.** If a Change in Control (as defined in the Plan) of the Company occurs when the Grantee is employed by the Company (but after the date of grant and before the end of the Performance Period), all of the Performance Shares Awarded under this Agreement shall become immediately earned, vested and nonforfeitable upon the Change in Control. For purposes of determining the extent to which the Performance Objectives have been met, the amount earned shall be based upon the "Target" level of the Performance Objectives. In such an event, the Change in Control shall be considered the end of the Restricted Period and any issuance of Common Stock pursuant to such Change in Control will be made in accordance with the general payment and timing provisions of Paragraph 6.

10. **Special Rule for Certain Corporate Executives.** In the case of a corporate executive who (a) voluntarily terminates employment after eight years with the Company, (b) provides at least one year's advance notice to the Committee of such termination and has such termination accepted by the Committee, (c) in fact remains an employee for such period, (d) terminates his or her employment at the end of the agreed-upon period, and (e) will attain age 60 as of or before the end of the one year period described in (b), the Committee, in its complete discretion, may determine the treatment of the Award, including the extent to which the Performance Objectives will be deemed to have been satisfied and the Award deemed to be earned and vested in accordance with the general payment and timing provisions.

Any issuance of Performance Shares pursuant to such determination will be made in accordance with the general payment and timing provisions in Paragraph 6.

11. **Compensation Recovery.** This Award shall be subject to recovery by the Company under its Compensation Recoupment Policy or any similar policy the Company may adopt or amend from time to time.

12. **Code Section 409A.** This Agreement is intended to comply with, or otherwise be exempt from, Code Section 409A. This Agreement shall be administered, interpreted, and construed in a manner consistent with Code Section 409A or an exemption therefrom. Should any provision of this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Code Section 409A, such provision shall be modified and given effect (retroactively if necessary), in the sole discretion of the Committee, and without the consent of the Grantee, in such manner as the Committee determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Code Section 409A. If any of the payments under this Agreement are subject to Code Section 409A and the Company determines that the Employee is a "specified employee" under Code Section 409A at the time of the Employee's separation from service, then each such payment will not be made or commence until the date which is the first day of the seventh month after the Employee's separation from service, and any payments that otherwise would have been paid during the first six months after the Employee's separation from service will be paid in a lump sum on the first day of the seventh month after the Employee's separation from service or upon the Employee's death, if earlier. Such deferral will be effected only to the extent required to avoid adverse tax treatment to the Employee under Code Section 409A.

14. **Transferability of Award.** The Award and, prior to issuance, the Performance Shares may not be transferred or encumbered by the Grantee, except by will or the laws of descent and distribution, or pursuant to a qualified domestic relations order.

15. **Prohibition Against Pledge, Attachment, etc.** Except as otherwise herein provided, this Award and any rights and privileges pertaining thereto shall not be transferred, assigned, pledged or hypothecated by Grantee in any way, whether by operation of law or otherwise, and shall not be subject to execution, attachment or similar process.

16. **Notices.** Any notice to be given to the Company under the terms of this Agreement shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee may be addressed to him/her at his/her address as it appears on the Company's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope addressed as aforesaid, and deposited, postage prepaid, in the United States mail or sent via electronic means (fax or e-mail).

17. **Agreement Barring Unfair Activities.** As a condition of participating in the Plan pursuant to the terms of this Agreement, Grantee agrees to comply with the terms of the "Stock Award Agreement Barring Unfair Activities" attached to this Agreement as Appendix A. Grantee understands that Grantee's employment or continued employment with the Company is not contingent upon entering into this Agreement or participation in the Plan and the Grantee has voluntarily elected to enter into this Agreement

and participate in the Plan pursuant to the terms and conditions of this Agreement including, but not limited to, agreeing to the terms and conditions of the “Stock Award Agreement Barring Unfair Activities.”

18. **Wisconsin Contract.** This Award has been granted in Wisconsin and shall be construed under the laws of that state.

Accepted as of the date of grant in accordance with, and subject to, the above terms and conditions of this Agreement and of the Plan document, a copy of which has been received by me.

«First_Name» «Last_Name» (the “Grantee”)

APPENDIX A
Stock Award Agreement Barring Unfair Activities

This Stock Award Agreement Barring Unfair Activities (“Agreement”) is Appendix A to the Performance Share Award Agreement under the Actuant Corporation 2017 Omnibus Incentive Plan (the “PSA Agreement”) between Actuant Corporation, a Wisconsin corporation, and Grantee identified in the PSA Agreement.

WHEREAS, this Agreement relates to the participation of Grantee in the PSA Agreement by Actuant Corporation, a Wisconsin Corporation. Actuant Corporation, its divisions, subsidiaries and affiliates, and successors and assigns, are referred to collectively in this Agreement as the “Company.”

WHEREAS, Grantee has been informed and Grantee understands that Grantee’s employment or continued employment with the Company is not contingent on participation in the PSA Agreement and Grantee has voluntarily elected to participate in the PSA Agreement pursuant to the terms and conditions of the PSA Agreement including, but not limited to, agreeing to the terms and conditions of this Agreement; and

WHEREAS, by accepting the PSA Agreement, Grantee acknowledges that Grantee is bound by the terms of this Agreement and Grantee is hereby advised to consult with their own legal counsel; and

WHEREAS, during the course of employment, Grantee will learn confidential information regarding Company’s customers, and/or will establish, maintain, and improve knowledge of or relationships or goodwill with Company’s customers, and/or will learn Company’s Trade Secrets or Confidential Information (as such terms are defined below). Company’s Confidential Information, Trade Secrets, and customer relationships have been developed by Company at considerable expense over a number of years and but for Grantee’s employment with Company, Grantee would not know Company’s Trade Secrets and Confidential Information, and Grantee would not be able to create, improve, and maintain relationships with Company’s customers.

NOW, THEREFORE, in consideration of the foregoing recitals, Grantee’s participation in the PSA Agreement, and the promises and covenants set forth herein, and for other good and valuable consideration, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Incorporation or recitals. The above recitals are incorporated herein as part of the Agreement.
 2. Definitions. Unless otherwise defined herein, the capitalized terms set forth in this Agreement shall have the definitions as set forth in Attachment A. Attachment A is incorporated into and is part of this Agreement.
 3. Duty of Loyalty. Grantee acknowledges that Grantee is a key employee of the Company and owes the Company a fiduciary duty of loyalty. During employment with Company, Grantee shall owe Company an undivided duty of loyalty, and shall take no action adverse to that duty of loyalty. Grantee’s duty of loyalty to Company includes but is not limited to a duty to promptly disclose to Company any information that might cause Company to take or refrain from taking any action, or which otherwise might cause Company to alter its behavior. Without limiting the generality of the foregoing, Grantee shall promptly notify Company at any time that Grantee decides to terminate employment with Company or enter into competition with Company, as Company may decide at such time to limit, suspend, or terminate Grantee’s employment or access to Company’s Confidential Information, Trade Secrets, and/or customer relationships. Grantee’s privilege to access and use Company’s computers, and to access and use Company’s electronically stored information including Company’s Confidential Information and Trade Secrets, are revoked the moment Grantee takes any action adverse to Grantee’s duty of loyalty to Company.
 4. Nondisclosure of Third Party Confidential Information. During Grantee’s employment with Company and after the Termination Date, Grantee shall not use or disclose Third Party Confidential Information for as long as the relevant third party has required Company to maintain its confidentiality, or for so long as required by applicable law, whichever period is longer.
 5. Non-disclosure of Trade Secrets. During employment and after the Termination Date, Grantee shall not use or disclose Company’s Trade Secrets so long as they remain Trade Secrets. Nothing in this Agreement shall limit either Grantee’s statutory or other duties not to use or disclose Company’s Trade Secrets, or Company’s remedies in the event Grantee uses or discloses Company’s Trade Secrets.
 6. Obligations Not to Disclose or Use Confidential Information. Except as set forth herein or as expressly authorized in writing on behalf of Company, Grantee agrees that while Grantee is employed by Company and during the twelve (12) month period commencing at the Termination Date, Grantee will not use or disclose (except in discharging Grantee’s
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job duties with Company) any Confidential Information, whether such Confidential Information is in Grantee's memory or it is set forth electronically, in writing or other form. This prohibition does not prohibit Grantee's disclosure of information after it ceases to meet the definition of "Confidential Information," or Grantee's use of general skills and know-how acquired during and prior to employment by Company, so long as such use does not involve the use or disclosure of Confidential Information; nor does this prohibition restrict Grantee from providing prospective employers with an employment history or description of Grantee's duties with Company, so long as Grantee does not use or disclose Confidential Information. Notwithstanding the foregoing, with respect to information which is subject to a law governing confidentiality or non-disclosure, Grantee shall keep such information confidential for so long as required by law, or for twelve (12) months, whichever period is longer. This Paragraph shall not preclude employees within the meaning of the National Labor Relations Act from exercising Section 7 rights they may have to communicate about working conditions. This Paragraph shall not bar Grantee from making disclosures to government entities to the extent required by applicable law or disclosures made in good faith pursuant to applicable "whistleblower" laws or regulations.

7. Return of Property; No Copying or Transfer of Documents. All equipment, books, records, papers, notes, catalogs, compilations of information, data bases, correspondence, recordings, stored data (including but not limited to data or files that exist on any personal computer or other electronic storage device), software, and any physical items, including copies and duplicates, that Grantee generates or develops or which come into Grantee's possession or control, which relate directly or indirectly to, or are a part of Company's (or its customers') business matters, whether of a public nature or not (collectively "Company Records"), shall be and remain the property of Company, and Grantee shall deliver all such materials and items, and any and all copies of them, to Company upon termination of employment. During employment or after Termination Date, Grantee will not copy, duplicate, or otherwise reproduce, or permit copying, duplicating, or reproduction of Company Records without the express written consent of Company, or, as a part of Grantee's duties performed hereunder for the benefit of Company. Grantee expressly covenants and warrants, upon termination of employment for any reason (or no reason), that Grantee shall promptly deliver to Company any and all originals and copies of Company Records in Grantee's possession, custody, or control, and that Grantee shall not make, retain, or transfer to any third party any copies thereof. In the event any Confidential Information or Trade Secrets are stored or otherwise kept in or on a computer hard drive or other storage device owned by or otherwise in the possession or control of Grantee (each individually an "Grantee Storage Device"), upon termination of employment Grantee will present every such Grantee Storage Device to Company for inspection and removal of all information regarding Company or its customers (including but not limited to Confidential Information or Trade Secrets) that is stored on the Grantee Storage Device. This Paragraph shall not bar Grantee from retaining Grantee's own payroll, retirement, insurance, tax, and other personnel documents related to Company.
 8. Covenants Barring Certain Unfair Activities. Grantee shall abide by such restrictions in Attachment B hereto. Attachment B is incorporated into and is part of this Agreement.
 9. Non-Solicitation of Certain Employees.
 - (a) Non-solicitation of Management Employees. For twelve (12) months following the Termination Date, Grantee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Management Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Management Employee has already ceased employment with Company.
 - (b) Non-solicitation of Key Employees. For twelve (12) months following the Termination Date, Grantee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Key Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Key Employee has already ceased employment with Company.
 - (c) Non-solicitation of Supervised Employees. For twelve (12) months following the Termination Date, Grantee shall not, without the prior written consent of Company, encourage, cause, or solicit, or assist others in encouraging, causing, or soliciting, a Supervised Employee to terminate their employment with Company to provide Key Services in competition with Company, unless such Supervised Employee has already ceased employment with Company.
 10. Proprietary Creations. All Proprietary Creations are the sole and exclusive property of the Company whether patentable or registrable or not, and Grantee assigns all of Grantee's rights, title, and interest in same to the Company. Further, all Proprietary Creations which are copyrightable shall be considered "work(s) made for hire" as that term is defined by U.S. Copyright Law. If for any reason a U.S. Court of competent jurisdiction determines such Proprietary Creations not to be works made for hire, Grantee will assign all rights, title, and interest in such works to the Company
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and, to the extent permitted by law, Grantee hereby assigns all of Grantee's rights, title, and interest in such Proprietary Creations to the Company. Grantee will promptly disclose all Proprietary Creations to the Company and, if requested to do so, provide the Company a written description or copy thereof. Grantee is not required to assign rights to any invention for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on Grantee's own time, unless (a) the invention relates (i) to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by Grantee for the Company.

Grantee has set out below a complete list of all inventions, if any, patented or unpatented, including the numbers of all patents and patent applications filed thereon, and a brief description of all unpatented inventions, which Grantee made prior to the date of Grantee signing this Agreement or any similar agreement with Company, and which are not to be included in this Agreement ("Reserved Inventions"). If any of the listed inventions related to Company research, product fields, processes or business procedures, then Grantee hereby assigns to Company any improvement made upon the listed items during Grantee's employment and during the period of one (1) year following the Termination Date. List of Reserved Inventions: (if none, leave blank)

11. Remedies. In addition to other remedies provided by law or equity, the Parties agree that in the event of any breach or threatened breach of this Agreement, Company may obtain interim or other injunctive relief, in addition to any other remedies available, without the need to post a bond. Grantee further agrees that any breach of this Agreement would result in irreparable harm to Company entitling Company to an injunction prohibiting further breaches of these Paragraphs. The Parties agree that in the event Grantee breaches this Agreement, Grantee shall pay the Company's reasonable attorney's fees and costs arising out of any litigation resulting from Grantee's breach.
 12. Assignment. Company may assign its rights under the Agreement to any assignee or successor. Such assignment shall not require the authorization of Grantee. Grantee may not assign or delegate Grantee's rights or obligations under this Agreement.
 13. Entire Agreement. This Agreement constitutes the entire agreement and understanding between Company and Grantee concerning the subject matter addressed herein and supersedes and extinguishes any and all other or previous discussions, agreements, or understandings between the Parties regarding the subject matter herein. Notwithstanding this Paragraph 13, this Agreement shall not serve to supersede or extinguish other agreements between Grantee and Company (and their subsidiary or affiliated companies and successors) containing similar provisions and restrictions where such agreements were entered into with Grantee as a term or condition of employment.
 14. Waiver. The waiver by any Party of the breach of any covenant or provision in this Agreement shall not operate or be construed as a waiver of any subsequent breach by any Party.
 15. Invalidity of any Provision. The provisions of this Agreement are severable, it being the intention of the Parties that should any provision hereof be invalid or unenforceable, such invalidity or unenforceability of any provision shall not affect the remaining provisions hereof, but the same shall remain in full force and effect to the fullest extent permitted by law as if such invalid or unenforceable provision were omitted. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, Company and Grantee agree that such provision is to be reformed to the extent necessary for the provision to be valid and enforceable to the fullest and broadest extent permitted by applicable law, without invalidating the remainder of this Agreement.
 16. Applicable Law and Venue. The Parties agree that this Agreement shall be governed by and construed in accordance with the internal laws of the State of Wisconsin. Any dispute between the Parties arising out of or related to the terms of this Agreement shall be heard only by the Circuit Court of Waukesha County, Wisconsin, or by the United States District Court for the Eastern District of Wisconsin; and the Parties hereby consent to these courts as the exclusive venues for resolving any such disputes.
 17. Headings. Headings in this Agreement are for informational purposes only and shall not be used to construe the intent of this Agreement.
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18. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.
19. Reserved Rights. Nothing in this Agreement shall serve to limit or restrict Grantee's right to the following:
- (a) Immunity. An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (i) is made (a) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.
 - (b) Use Of Trade Secret Information In Anti-Retaliation Lawsuit. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.
20. Reasonableness of Restrictions. GRANTEE HAS READ THIS AGREEMENT AND AGREES THAT THE RESTRICTIONS ON GRANTEE'S ACTIVITIES OUTLINED IN THIS AGREEMENT ARE REASONABLE AND NECESSARY TO PROTECT COMPANY'S LEGITIMATE BUSINESS INTERESTS, THAT THE CONSIDERATION PROVIDED BY COMPANY IS FAIR AND REASONABLE, AND FURTHER AGREES THAT GIVEN THE IMPORTANCE TO COMPANY OF ITS CONFIDENTIAL INFORMATION, TRADE SECRETS, AND CUSTOMER RELATIONSHIPS, THE POST-EMPLOYMENT RESTRICTIONS ON GRANTEE'S ACTIVITIES ARE LIKEWISE FAIR AND REASONABLE. GRANTEE AGREES THAT THE GEOGRAPHIC RESTRICTIONS ON GRANTEE'S ACTIVITIES ARE REASONABLE.
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ATTACHMENT A

Definitions. When used in this Agreement, the following terms have the definition set forth below:

- (a) “Competing Product” means any product or service which is sold or provided in competition with a product or service produced, designed, sold or provided by Grantee, either individually or as part of a team, or by one or more employees or Company business units managed, supervised or directed by Grantee or receiving executive or management support from Grantee during the twelve (12) months immediately preceding the Termination Date.
 - (b) “Confidential Information” means information (to the extent it is not a Trade Secret), whether oral, written, recorded magnetically or electronically, or otherwise stored, and whether originated by the Grantee or otherwise coming into the possession or knowledge of the Grantee, which is possessed by or developed for Company, and which relates to Company’s existing or potential business, which information is not reasonably ascertainable by Company’s competitors or by the general public through lawful means, and which information Company treats as confidential, including but not limited to information regarding Company’s business affairs, PSA Agreements, strategies, products, finances, costs, margins, computer programs, research, customers, purchasing, marketing, and other information.
 - (c) “Current Pending Customer” means a person or entity concerning which Company is actively preparing a business proposal to a prospective customer of the Company as of the Termination Date, or for which Company has a pending proposal to provide goods or services as a Company to a prospect customer as of the Termination Date. However, the term “Current Pending Customer” is limited to persons or entities that Grantee interacts with on behalf of the Company or concerning which Grantee learns, creates or reviews Confidential Information or Trade Secrets on behalf of the Company in the three (3) month period immediately preceding the Grantee’s end of employment with the Company.
 - (d) “Key Employee” means any person who at the Termination Date is employed or engaged by Company, and with whom Grantee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date, and such person is in possession of Confidential Information and/or Trade Secrets.
 - (e) “Key Services” means services of the type performed by a Management Employee, Key Employee or Supervised Employee for the Company during the final twelve (12) months preceding the Termination Date, but shall not include clerical, menial, or manual labor.
 - (f) “Management Employee” means any person who at the Termination Date is employed or engaged by Company, and with whom Grantee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date and such person is a manager, officer, director, or executive of Company.
 - (g) “Proprietary Creations” means all inventions, discoveries, designs, improvements, creations, and works conceived, authored, or developed by Grantee, either individually or with others, any time during Grantee’s employment with the Company that: (1) relate to the Company’s current or contemplated business or activities; (2) relate to the Company’s actual or demonstrably anticipated research or development; (3) result from any work performed by Grantee for the Company; (4) involve the use of Company equipment, supplies, facilities, Confidential Information or Trade Secrets; (5) result from or are suggested by any work done by the Company or at the Company’s request, or any projects specifically assigned to Grantee; or (6) result from Grantee’s access to any Company memoranda, notes, records, drawings, sketches, models, maps, customer lists, research results, data, formulae, specifications, inventions, processes, equipment Confidential Information, Trade Secrets or other materials.
 - (h) “Referral Client” means a person or entity that does not directly purchase products or services from Company, but which has the ability to effectively specify or recommend the purchase of products or services from Company or its competitors to end customers. The term Referral Client is limited to persons or entities to or through which Grantee, one or more individuals or Company business units supervised, managed or directed by Grantee, markets or sells Company products or services during the twelve (12) month period immediately preceding the Termination Date. The term Referral Client is further restricted to persons or entities which have specified or recommended the purchase of in excess of fifty thousand dollars (US \$50,000) worth of products or services
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from Company which are actually purchased during the twelve (12) month period immediately preceding the Termination Date.

- (i) “Restricted Customer” means a customer of Company to which Grantee, or one or more individuals or Company business units supervised, managed, or directed by Grantee, sells or provides products or services on behalf of Company during the twelve (12) month period immediately preceding the Termination Date. The term Restricted Customer is limited to Company customers that purchase or receive in excess of fifty thousand dollars (US \$50,000) worth of products or services from Company during the twelve (12) month period immediately preceding the Termination Date.
 - (j) “Restricted Territory” means Territories in which, during the twelve (12) month period immediately preceding the Termination Date, Grantee, or one or more other Company employees or Company business units supervised, managed or directed by or receiving management or executive support from Grantee: (i) provides products or services on behalf of the Company; or (ii) sells or solicits the sale of products or services on behalf of the Company. Notwithstanding the foregoing, the term Restricted Territory is limited to Territories in which Company sells or provides in excess of one hundred thousand dollars (US \$100,000) in the aggregate worth of products or services in the twelve (12) month period immediately preceding the Termination Date.
 - (k) “Sales Territory” means Territories in which, during the twelve (12) month period immediately preceding the Termination Date, the Company: (i) sells products or services designed, developed, tested, or produced by Grantee (either individually or in collaboration with other Company employees) or by one or more other Company employees or business units managed or directed by or receiving executive or management support from Grantee; or (ii) provides products or services designed, developed, tested or produced by Grantee (either individually or in collaboration with other Company employees) or by one or more other Company employees or business units managed or directed by or receiving executive or management support from Grantee. Notwithstanding the foregoing, the term Sales Territory is limited to Territories in which Company sells or provides in excess of one hundred thousand dollars (US \$100,000) in the aggregate worth of products or services in the twelve (12) month period immediately preceding the Termination Date.
 - (l) “Services” means services of the type performed for Company by Grantee or one or more Company employees managed, supervised, or directed by Grantee during the final twelve (12) months preceding the Termination Date, but shall not include clerical, menial, or manual labor.
 - (m) “Strategic Customer” means a customer of Company that purchases or receives a product or service from Company during the twelve (12) month period immediately preceding the Termination Date, but is limited to customers concerning which Grantee learns, creates, or reviews Confidential Information or Trade Secrets on behalf of Company during the twelve (12) month period immediately preceding the Termination Date. The term Strategic Customer is limited to Company customers that purchase or receive in excess of fifty thousand dollars (US \$50,000) worth of products or services from Company during the twelve (12) month period immediately preceding the Termination Date.
 - (n) “Supervised Employee” means any person who at the Termination Date is employed or engaged by Company, and with whom Grantee has had material contact in the course of employment during the twelve (12) months immediately preceding the Termination Date, and such person was directly managed by or reported to Grantee during the last 12 months prior to the Termination Date.
 - (o) “Termination Date” means the last date that Grantee serves as an employee of the Company.
 - (p) “Third Party Confidential Information” means information received by Company from others that Company has an obligation to treat as confidential.
 - (q) “Trade Secret” means a Trade Secret as that term is defined under applicable state or federal law.
 - (r) “Territory” means a county within the United States of America, or a city, town or other municipality within a foreign nation.
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ATTACHMENT B

1. For twelve (12) months following the Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to a Restricted Customer or assist others in doing so.
2. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of providing, selling, or soliciting the sale of a Competing Product to a Restricted Customer or assist others in doing so.
3. For twelve (12) months following Termination Date, Grantee shall not encourage or cause a Restricted Customer to curtail, withdraw or cancel any business with Company or assist others in doing so.
4. For twelve (12) months following Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to a Strategic Customer or assist others in doing so.
5. For twelve (12) months following Termination Date, Grantee shall not perform Services as part of or in support of providing, selling or soliciting the sale of a Competing Product to a Strategic Customer or assist others in doing so.
6. For twelve (12) months following Termination Date, Grantee shall not encourage or cause a Strategic Customer to curtail, withdraw or cancel any business with Company or assist others in doing so.
7. For twelve (12) months following the Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to or through a Referral Client or assist others in doing so.
8. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of providing, selling or soliciting the sale of a Competing Product to or through a Referral Client or assist others in doing so.
9. For twelve (12) months following Termination Date, Grantee shall not encourage or cause a Referral Client to curtail, withdraw or cancel any business with Company or assist others in doing so.
10. For three (3) months following the Termination Date, Grantee shall not sell or solicit the sale of a Competing Product to a Current Pending Customer or assist others in doing so.
11. For twelve (12) months following Termination Date, Grantee shall not accept a position or provide services to a competitor in any capacity in which it is reasonably likely that Grantee would inevitably use or disclose the Company's Confidential Information or Trade Secrets. This Paragraph shall not bar Grantee from performing clerical, menial or manual labor.
12. For twelve (12) months following Termination Date, Grantee shall not perform Services as part of or in support of the business of selling, providing or soliciting the sale of Competing Products in the Restricted Territory. This Paragraph shall not bar Grantee from performing clerical, menial or manual labor. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in sales, sales management, or served as an executive or officer of the Company.
13. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of developing, designing, testing, or producing Competing Products for sale in the Restricted Territory. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in product development design, testing, production, or served as an executive or officer of the Company.
14. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of the business of selling, providing or soliciting the sale of Competing Products in the Sales Territory. This Paragraph shall not bar Grantee from performing clerical, menial or manual labor. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in product development design, testing, production, or served as an executive or officer of the Company.
15. For twelve (12) months following the Termination Date, Grantee shall not perform Services as part of or in support of developing, designing, testing or producing Competing Products for sale in the Sales Territory. This Paragraph shall apply to Grantee only if during the one (1) year period immediately preceding the Termination Date Grantee is involved in product development design, testing, production, or served as an executive or officer of the Company.

| NAME OF SUBSIDIARY: | STATE/COUNTRY OF INCORPORATION: |
|--|---------------------------------|
| Hydratight Angola Lda | Angola |
| Actuant Australia Pty. Ltd. | Australia |
| Actuant Energy Pty. Ltd. | Australia |
| Cortland Company Australia Pty. Ltd. | Australia |
| Hydratight (Asia Pacific) Pty. Ltd. | Australia |
| Hydratight Equipamentos Servicos e Industria Ltda. | Brazil |
| Power Packer do Brazil Ltda. | Brazil |
| Turotest Medidores Ltda. | Brazil |
| Actuant Canada Corporation | Canada |
| Actuant Changchun Co. Ltd. | China |
| Actuant China Industries Co. Ltd. | China |
| Actuant China Ltd. | China |
| Actuant Shanghai Trading Co. Ltd. | China |
| Actuant Cyprus Ltd | Cyprus |
| Actuant International Holdings, Inc. | Delaware |
| Actuant UK Holdings, LLC | Delaware |
| Cortland Company, Inc | Delaware |
| ATU Worldwide Holdings II LLC | Delaware |
| Hydratight Operations, Inc. | Delaware |
| Maxima Holding Company Inc. | Delaware |
| Maxima Holdings Europe, Inc | Delaware |
| Maxima Technologies & Systems, LLC. | Delaware |
| Power Packer North America, Inc. | Delaware |
| Precision-Hayes International Inc. | Delaware |
| Versa Technologies, Inc. | Delaware |
| Weasler Engineering, Inc | Delaware |
| CrossControl OY | Finland |
| Actuant Europe Holdings SAS | France |
| Actuant France SAS | France |
| Hydratight SAS | France |
| Yvel SAS | France |
| Actuant GmbH | Germany |
| Hydratight Injectaseal Deutschland GmbH | Germany |
| Actuant Global Sourcing, Ltd. | Hong Kong |
| Actuant International Services, Ltd. | Hong Kong |
| Mastervolt Asia Ltd. | Hong Kong |
| Actuant Hungary Holding Kft. | Hungary |
| Actuant Hungary Kft. | Hungary |
| ATU Hungary Holding Kft. | Hungary |
| Weasler Engineering Kft. | Hungary |
| Actuant India Pvt. Ltd. | India |
| Engineered Solutions LP | Indiana |
| Enerpac SpA | Italy |
| Enerpac Co. Ltd | Japan |
| AE Investments I Ltd. | Jersey |
| AE Investments II Ltd. | Jersey |

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| MT&S Europe, S.a.r.l. | Luxembourg |
| CrossControl Sdn. Bhd. | Malaysia |
| Actuant Mexico Holdings S. de R.L. de C.V. | Mexico |
| Instrumentos Stewart Warner de Mexico S.A. de C.V. | Mexico |
| Actuant Europe CV | Netherlands |
| Applied Power Europa BV | Netherlands |
| ATU Euro Finance BV | Netherlands |
| ATU Global Holdings CV | Netherlands |
| ATU Global Holdings II BV | Netherlands |
| BML Global Holdings CV | Netherlands |
| Enerpac BV | Netherlands |
| Enerpac Heavy Lifting Technology BV | Netherlands |
| Engineered Solutions Holdings CV | Netherlands |
| Hydratight BV | Netherlands |
| Power Packer Europa BV | Netherlands |
| Weasler Engineering BV | Netherlands |
| Actuant Investments, Inc. | Nevada |
| ATU M.E. Investments, LLC | Nevada |
| ATU Worldwide Holdings I Inc. | New York |
| BW Elliott Mfg. Co., LLC | New York |
| Hydratight Norge AS | Norway |
| Selantic AS | Norway |
| Venice Holdings AS | Norway |
| Venice Norge AS | Norway |
| Actuant Russia LLC | Russia |
| Actuant Asia Pte. Ltd. | Singapore |
| Enerpac Asia Pte. Ltd. | Singapore |
| Actuant Operations Singapore Pte Ltd. | Singapore |
| Venice (Singapore) Pte Ltd. | Singapore |
| Venice Holdings (Singapore) Pte Ltd. | Singapore |
| Enerpac Africa (Pty) Ltd. | South Africa |
| Actuant Korea Ltd. | South Korea |
| Actuant Middle East Holdings, S.L. | Spain |
| Enerpac Spain, S.L. | Spain |
| Larzep, S.A. | Spain |
| Maxima Spain Holdings, S.L. | Spain |
| Maxima Technologies, S.L. | Spain |
| Actuant Holdings AB | Sweden |
| Actuant Sweden HB | Sweden |
| CrossCo Investment AB | Sweden |
| CrossControl AB | Sweden |
| Enerpac Scandinavia AB | Sweden |
| Equalizer Flange Tool Innovation Co. Ltd. | Taiwan |
| Equalizer International Inc. | Texas |
| PSL Holdings, Inc. | Texas |
| Hydratight Ltd. | Trinidad |
| Ergun Hidrolik Sanayi VE Ticaret A.S. | Turkey |
| Actuant Acquisitions Ltd. | UK |
| Actuant Acquisitions Finance Ltd. | UK |
| Actuant Energy Ltd. | UK |

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|---|----------------------|
| Actuant Finance Ltd | UK |
| Actuant Global Financing Limited | UK |
| Actuant Ltd. | UK |
| Actuant International Ltd. | UK |
| Actuant Operations UK Ltd. | UK |
| AE Holdings Ltd. | UK |
| ATU Asia Holdings Ltd. | UK |
| ATU Investments Ltd | UK |
| BML PN Ltd | UK |
| CAM 1 Ltd | UK |
| Cortland Fibron BX Ltd. | UK |
| Cortland UK Holdings Ltd. | UK |
| D.L. Ricci Ltd. | UK |
| Equalizer Flange Integrity Systems Ltd. | UK |
| Equalizer International Ltd. | UK |
| HT Global Holdings Limited | UK |
| Hydratight Ltd. | UK |
| Hydratight Operations, Ltd. | UK |
| Mirage Machines Limited | UK |
| Venice Fundco Ltd. | UK |
| Venice Topco Ltd. | UK |
| Enerpac Middle East FZE | United Arab Emirates |
| Hydratight FZE | United Arab Emirates |

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-215592, 333-53704, 333-89068, 333-102523, 333-102524, 333-112008, 333-118811, 333-131186, 333-131187, 333-156734, 333-179007, 333-186146, 333-164304 and 333-164303) of Actuant Corporation of our report dated October 29, 2018 relating to the financial statements and financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Milwaukee, Wisconsin
October 29, 2018

CERTIFICATION

I, Randal W. Baker, certify that:

1. I have reviewed this annual report on Form 10-K of Actuant Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: October 29, 2018

/s/ Randal W. Baker

Randal W. Baker
President and Chief Executive Officer

CERTIFICATION

I, Rick T. Dillon, certify that:

1. I have reviewed this annual report on Form 10-K of Actuant Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: October 29, 2018

/s/ Rick T. Dillon

Rick T. Dillon
Executive Vice President and
Chief Financial Officer

WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. ss.1350, I, the undersigned President and Chief Executive Officer of Actuant Corporation (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the annual period ended August 31, 2018 (the "Report") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

Date: October 29, 2018

/s/ Randal W. Baker

Randal W. Baker

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Actuant Corporation and will be retained by Actuant Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-K and shall not be considered filed as part of the Form 10-K.

WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. ss.1350, I, the undersigned Executive Vice President and Chief Financial Officer of Actuant Corporation (the “Company”), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the annual period ended August 31, 2018 (the “Report”) fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the periods covered in the Report.

Date: October 29, 2018

/s/ Rick T. Dillon

Rick T. Dillon

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Actuant Corporation and will be retained by Actuant Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-K and shall not be considered filed as part of the Form 10-K.