

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, 2019

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:

<u>Title of each class</u>	<u>Ticker Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Class A common stock, \$0.20 par value per share	EPAC	NYSE

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 every Interactive Data File required to be submitted 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 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.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	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, 2019, 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, 2019) held by non-affiliates of the Registrant was approximately \$1.50 billion.

There were 60,536,922 shares of the Registrant's Class A Common Stock outstanding as of September 30, 2019.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement for the Annual Meeting of Shareholders to be held on January 28, 2020 are incorporated by reference into Part III hereof.

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Actuant Corporation, doing business as "Enerpac Tool Group", 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.enerpac toolgroup.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 and automotive industries, market acceptance of existing and new products, successful integration of acquisitions, divestitures 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, doing business as Enerpac Tool Group, is a premier industrial tools and services company serving a broad and diverse set of customers in more than 90 countries. The Company is a global leader in the engineering and manufacturing of high pressure hydraulic tools, controlled force products and solutions for precise positioning of heavy loads that help customers safely and reliably tackle some of the most challenging jobs around the world. The Company was founded in 1910 and is headquartered in Menomonee Falls, Wisconsin.

During the fourth quarter of fiscal 2019, the Company’s financial reporting segments were modified to reflect changes in our reporting structure as a result of entering into a Securities Purchase Agreement (“SPA”) to sell the remaining businesses within our legacy Engineered Components & Systems segment exclusive of Cortland U.S. The Company now has three operating segments; Industrial Tools & Services (“IT&S”), Other, and Engineered Components and Systems (“EC&S”). The IT&S segment remains unchanged from our previous segment structure and represents the only reportable segment. All prior period disclosures have been adjusted to reflect the one reportable segment. The IT&S reportable 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 Other operating segment is comprised of Cortland U.S., along with the Viking business which was divested on the first day of the second quarter of fiscal 2018. These two operating segments represent continuing operations within our consolidated financial statements. The EC&S segment, after the change in reporting structure, represents the businesses currently subject to the SPA with an anticipated closure date in the fourth calendar quarter of 2019, as well as the Cortland Fibron and Precision Hayes International (“PHI”) businesses which were divested in fiscal 2019. As the pending divestiture of the remaining businesses within the EC&S segment in combination with the divestiture of Cortland Fibron and PHI represent a strategic shift in our operations, the EC&S segment consists entirely of businesses that are considered discontinued operations. All prior period financial statements have been adjusted to reflect this change. Financial information related to the Company’s reportable segment 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 our peers. We intend to leverage our strong brand, our market positions, and our dealer and distribution networks 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, we also focus on profit margin expansion by utilizing continuous improvement techniques to drive productivity and lower costs and by enacting routine pricing initiatives to offset commodity and tariff increases. Finally, cash flow generation is critical to achieving our financial

and long-term strategic objectives. 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, improved profitability and loyal customers is used to fund internal growth opportunities, strategic acquisitions and opportunistic common stock repurchases.

Description of Business Segments

Industrial Tools & Services Reportable Segment

The IT&S 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 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 primarily marketed primarily through the Enerpac, Hydratight, Larzep and Simplex brand names.

Our IT&S 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. Our products also include bolt tensioners and other miscellaneous products. These tools operate at very high pressures of approximately 5,000 to 12,000 pounds per square inch. 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 IT&S 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 primarily through our world-class, global network of distributors, as well as, direct sales to OEM's and select end users. Examples of industrial distributors include W.W. Grainger, MSC and Blackwoods.

Other Operating Segment

In light of the disposition of the Viking business during fiscal 2018, the remaining operations of the Other operating segment are those of our Cortland U.S. business, which primarily designs and manufactures high performance synthetic ropes and biomedical assemblies. The Other operating segment does not meet the quantitative or qualitative thresholds to be considered a reportable segment. Therefore, the results are not disclosed separately as would be required if considered a reportable segment and as the business is not closely related to the IT&S segment, results are not aggregated to be included in the results of the IT&S reportable segment. Certain information related to the Other operating segment will be disclosed within [Note 15, "Business Segment, Geographic, and Customer Information"](#) in order to comply with US GAAP requirements to reconcile certain required disclosures to the Consolidated Financial Statements.

Acquisitions and Divestitures

For a summary of recent acquisition and divestiture transactions impacting continuing operations, see footnote 2 to the table included in [Item 6 Financial Data](#), as well as [Note 4, "Acquisitions"](#) and [Note 5, "Divestiture Activities"](#) in the notes to the consolidated financial statements.

International Business

The products and services for our continuing operations are generally available globally, with our principal markets outside the United States being Europe and Asia. In fiscal 2019, we derived 38% of our net sales from continuing operations from the United States, 20% from Europe, 13% from the Middle East, 12% from Asia and 17% from other geographic areas. We have operations around the world that 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 of our continuing operations 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 and to enhance the functionality, effectiveness, ease of use and reliability of our existing 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 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 new innovative tools and services to grow our market share. Research and development ("R&D") costs are expensed as incurred. For continuing operations, R&D costs were \$9.3 million in fiscal 2019, an increase of 7% from \$8.7 million in fiscal 2018 and an increase of 5% from \$8.9 million in fiscal 2017. We target 10% of consolidated sales annually to be from new product development as a result of our research and development activities.

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 services 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, along with research and development expertise. 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 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 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 and India. 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, aluminum 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 pricing actions. In addition, several of our products have components from China subject to tariffs, however, to date we have been able to offset the majority of additional costs from tariffs through price increases to portions of our customer base. Furthermore, some of our components not sourced in China but for products manufactured in China are subject to Chinese tariffs. We have activities underway to mitigate these additional costs through identification of local Chinese suppliers.

Order Backlogs and Seasonality

Our operating segments that make up continuing operations have a relatively short order-to-ship cycle. We had order backlogs from continuing operations of \$42 million and \$51 million at August 31, 2019 and 2018, 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.

Percentages of Sales from Continuing Operations by Fiscal Quarter

	2019	2018
Quarter 1 (September - November)	24%	24%
Quarter 2 (December - February)	24%	23%
Quarter 3 (March - May)	27%	27%
Quarter 4 (June - August)	25%	26%
	100%	100%

Employees

At August 31, 2019, we had approximately 4,700 employees, of which approximately 40% are expected to transition out of the Company as part of the EC&S divestiture. 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.

Executive Officers of the Registrant

The names, ages and positions of all of the executive officers of the Company as of October 15, 2019 are listed below.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Randal W. Baker	56	President and Chief Executive Officer
Rick T. Dillon	48	Executive Vice President and Chief Financial Officer
Fabrizio R. Rasetti	53	Executive Vice President—General Counsel, Secretary and Global Human Resources
Roger A. Roundhouse	54	Executive Vice President—Engineered Components & Systems Segment
J. Jeffrey Schmaling	60	Executive Vice President—Industrial Tools & Services Segment
Barbara G. Bolens	58	Executive Vice President—Chief Strategy Officer

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, Secretary and Global Human Resources, 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. Upon completion of the EC&S divestiture, Mr. Roundhouse will be transitioning out of the Company.

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.

Barbara G. Bolens, Executive Vice President—Chief Strategy Officer, joined the Company in August 2018 as Vice President of Investor Relations and Corporate Strategy and was appointed Executive Vice President—Chief Strategy Officer in October 2019. Prior to joining the Company, Ms. Bolens spent over six years at Komatsu Mining Corporation (formerly Joy Global Inc.) as its VP and Treasurer. Prior to Komatsu, she held financial leadership positions of progressive responsibility at several other multinational corporations as well as early career leadership roles in sales and marketing.

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 are derived from customers in cyclical industries (industrial and oil & gas) 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 and infrastructure 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).

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.

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

In connection with the execution of our strategy to become a pure-play industrial tools and services company, we have or are in the process of executing several divestitures, including the anticipated divestiture of the remaining businesses within the EC&S segment by the end of calendar 2019. These 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.

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 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. Further, with respect to the EC&S divestiture, we are required to perform certain transition services which, based on the uncertainty of the time period for which we will perform them, may inhibit our ability to timely execute the necessary actions to reduce our corporate cost structure to a level appropriate to the size of our remaining operations.

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 and profits 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.

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 industrial tools 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, 2019, goodwill and other intangible assets totaled \$313 million, or 28% 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. With respect to continuing operations, we recognized \$22 million in non-cash impairment charges in fiscal 2019 related to the goodwill and intangible 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.

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

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 and implemented strategies thus far to mitigate previously implemented and, in some cases, proposed tariff increases, but there is no assurance we will be able to continue to mitigate prolonged tariffs. 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 or other strategic growth initiatives. 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 materially adversely affect our business, financial condition and liquidity.

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 and customer service. Present or future competitors in our markets 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 60% of our net sales from continuing operations in fiscal2019 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 and controls on repatriation of cash. Changes in foreign currency exchange rates will continue to add volatility as over one-third of our sales from continuing operations 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. Therefore we continue to review how to transform our organizational structure in response. We earn a substantial portion of our income from international operations and therefore changes to where income is generated may have a material adverse effect on our liquidity and results of operations. 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 cause general economic conditions in the U.S. or abroad to deteriorate. The occurrence of any of these events could result in a prolonged economic slowdown or recession in the U.S. or in other areas and 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 result in increased costs that we cannot recover.

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 regulations, taxes, tariffs and disruptions in transportation routes from regions that we source commodities and raw materials 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 export and import controls, anti-corruption law, competition law, data privacy regulations, currency controls and economic or political sanctions.

Costs and liabilities arising from legal proceedings 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. An attack 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. 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 financial or operational impact from such threats will not be material.

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, further 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 current products and services.

Our customers and other business partners 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, 2019, we owned or leased the following facilities (square footage in thousands):

	Number of Locations			Square Footage		
	Manufacturing	Distribution / Sales / Admin	Total	Owned	Leased	Total
Industrial Tools & Services	14	34	48	147	1,103	1,250
Engineered Components & Systems*	11	4	15	335	854	1,189
Corporate and Other	5	6	11	353	385	738
	30	44	74	835	2,342	3,177

* These owned locations are currently classified as "Assets from discontinued operations" on our Consolidated Balance Sheet and we anticipate divesting these facilities prior to the end of calendar 2019. The leases associated with these facilities will be assumed or bought out by the buyer of the EC&S segment.

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 associated with our continuing operations are located in the United States, China, the United Kingdom, the Netherlands and Spain. We also maintain a presence in Australia, Azerbaijan, Brazil, Germany, India, Italy, Japan, Kazakhstan, Singapore, South Africa, South Korea 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 product liability, breaches of contract, employment, personal injury and other disputes.

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 the 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 EPAC. As September 30, 2019, there were 1,193 shareholders of record of the Company's Class A common stock.

Dividends

In fiscal 2019, the Company declared a dividend of \$0.04 per common share payable on October 14, 2019 to shareholders of record on September 27, 2019. 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.

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 21,455,568 shares of common stock for \$640 million. The following table summarizes share repurchases during the fourth quarter of fiscal 2019, all of which were purchased under publicly announced share repurchase programs.

Period	Shares Repurchased	Average Price Paid per Share	Maximum Number of Shares That May Yet Be Purchased Under the Program
June 1 to June 30, 2019	—	\$ —	7,560,566
July 1 to July 31, 2019	426,935	22.79	7,133,631
August 1 to August 31, 2019	589,199	21.59	6,544,432
	1,016,134	\$ 22.09	

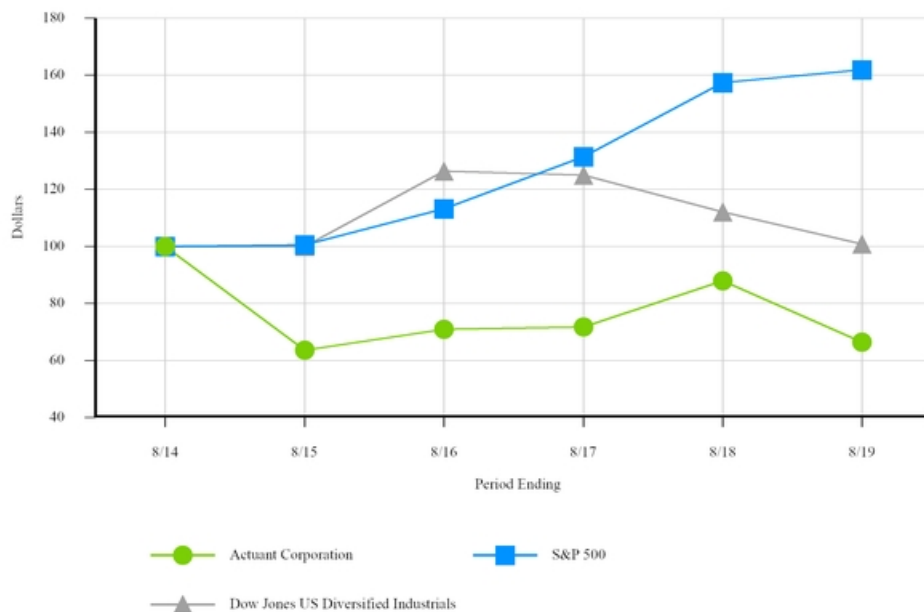
Securities Authorized for Issuance under Equity Compensation Plans

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 the Company's Class A 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 Class A common stock and in each of the indexes (assuming the reinvestment of all dividends) from August 31, 2014 to August 31, 2019.

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



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	8/14	8/15	8/16	8/17	8/18	8/19
Actuant Corporation	\$ 100.00	\$ 63.64	\$ 70.90	\$ 71.68	\$ 87.91	\$ 66.39
S&P 500	100.00	100.48	113.09	131.45	157.30	161.89
Dow Jones US Diversified Industrials	100.00	99.88	126.40	124.97	112.01	100.78

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,									
	2019		2018		2017		2016		2015	
	(in millions, except per share data)									
Statement of Operations Data ⁽¹⁾⁽²⁾ :										
Net sales	\$	655	\$	641	\$	617	\$	687	\$	737
Gross profit		293		283		261		291		330
Selling, administrative and engineering expenses		209		210		208		203		222
Amortization of intangible assets		9		9		9		11		12
Director & officer transition charges		—		—		8		—		—
Restructuring charges		4		11		3		9		—
Impairment & divestiture charges		23		3		117		130		64
Operating profit (loss)		48		50		(84)		(62)		32
Earnings (loss) from continuing operations		8		5		(95)		(62)		9
Diluted earnings (loss) per share from continuing operations	\$	0.13	\$	0.08	\$	(1.60)	\$	(1.05)	\$	0.15
Cash dividends per share declared	\$	0.04	\$	0.04	\$	0.04	\$	0.04	\$	0.04
Diluted weighted average common shares		61,607		61,028		59,436		59,010		62,055
Balance Sheet Data (at end of period) ⁽²⁾ :										
Cash	\$	211	\$	250	\$	230	\$	180	\$	169
Assets		1,124		1,485		1,517		1,439		1,637
Debt		460		533		562		580		588
Net debt (debt less cash)		249		283		332		400		419

(1) Results are from continuing operations and exclude the financial results of businesses classified as "Assets from discontinued operations" and "Liabilities from discontinued operations" on the Consolidated Balance Sheets and of previously divested businesses reported as discontinued operations.

(2) We have completed various acquisitions and divestitures that impact the comparability of the selected financial data specifically related to earnings (loss) from continuing operations. The results of operations for these acquisitions and divestitures are included in our financial results for all periods subsequent to their acquisition or prior to their divestiture date. The following tables summarize the acquisitions and divestitures 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

(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.

Divestiture	Segment	Date Completed	Sales (a)	Proceeds from Sale
Viking Business	Other	December 2017	\$ 19	\$ 9

(a) Represents annual sales in fiscal year prior to divestiture.

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 2019, we realigned our Company's financial reporting segments to reflect changes in our strategy related to the strategic disposition of the businesses comprising the EC&S segment. Therefore, we currently have only one reportable segment, IT&S. This 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. Financial information related to the Company's reportable segment 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. The IT&S segment continues to have exposure within the broad industrial landscape, mining and infrastructure markets. Due to economic uncertainties driven by geopolitical uncertainties, such as China tariffs and Brexit, we expect deceleration in demand for the majority of fiscal 2020. As a result, we expect consolidated fiscal 2020 adjusted core sales (sales growth excluding the impact of acquisitions, divestitures, strategic exits of non-profitable product and service lines and changes in foreign currency exchange rates) growth of (3%) to 1%.

We remain focused on pursuing both organic and acquisition-related 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 IT&S segment is focused on accelerating global sales growth through new product introductions, a continued emphasis on sales and marketing efforts, and regional growth via second tier brands. In addition, we remain focused on reducing our concentration in the oil & gas vertical markets by growing sales of critical products, rentals, and services with new and existing customers in other attractive vertical markets including power generation, rescue, and mining. We expect IT&S segment year-over-year adjusted core sales growth of (3%) to 1% in fiscal 2020.

On January 24, 2019, the Company announced its intent to divest the remaining businesses within the EC&S segment to pursue an overall strategy as a pure-play industrial tools and services company and on July 9, 2019, entered into a SPA to sell these businesses at a sales price of approximately \$214.5 million. We expect the divestiture will close in the fourth calendar quarter of 2019. We plan to use the divestiture proceeds to continue to execute our capital allocation strategy through debt reduction, share repurchases and strategic acquisition opportunities.

On March 21, 2019, we announced a new restructuring plan focused on i) the integration of the Enerpac and Hydratight businesses (IT&S segment), ii) the strategic exit of certain commodity type services in our North America Services operation (IT&S segment), and iii) driving efficiencies within the overall corporate structure. Total restructuring charges associated with the new restructuring plan were \$4 million in fiscal 2019 related primarily to headcount reductions and facility consolidations (predominantly related to the exit of certain non-profitable North America Service operations). Pre-tax cost savings realized from the fiscal 2019 announced restructuring plan totaled approximately \$1 million benefiting the IT&S segment. The Company expects to achieve a total of \$12-\$15 million of annual savings with total restructuring costs of \$15-\$20 million and we anticipate completing the majority of these actions within fiscal 2020. The annual benefit of these gross cost savings may be impacted by a number of factors, including sales and production volume variances and annual incentive compensation differentials.

Total restructuring charges associated with previously announced restructuring initiatives, related to continuing operations, were \$11 million and \$3 million in fiscal 2018 and 2017, respectively. These restructuring costs related primarily to facility consolidations, headcount reductions and operational improvements throughout fiscal 2016 - 2018. Pre-tax cost savings, related to continuing operations, realized from executing the prior restructuring plans totaled approximately \$25 million through fiscal 2019. Realized cost savings were comprised of \$13 million within the IT&S segment, \$8 million within the other operating segments and \$3 million within Corporate.

Historical Financial Data (in millions)

	Year Ended August 31,					
	2019		2018		2017	
Statements of Earnings Data: ⁽¹⁾						
Net sales	\$ 655	100 %	\$ 641	100 %	\$ 617	100 %
Cost of products sold	362	55 %	358	56 %	356	58 %
Gross profit	293	45 %	283	44 %	261	42 %
Selling, administrative and engineering expenses	209	32 %	210	33 %	208	34 %
Amortization of intangible assets	9	1 %	9	1 %	9	1 %
Director & officer transition charges	—	0 %	—	0 %	8	1 %
Restructuring charges	4	1 %	11	2 %	3	0 %
Impairment & divestiture charges	23	4 %	3	0 %	117	19 %
Operating profit	48	7 %	50	8 %	(84)	(14)%
Financing costs, net	28	4 %	31	5 %	29	5 %
Other expense, net	1	0 %	—	0 %	4	1 %
Earnings (loss) before income tax expense (benefit)	19	3 %	19	3 %	(117)	(19)%
Income tax expense (benefit)	11	2 %	14	2 %	(23)	(4)%
Net earnings (loss) from continuing operations	8	1 %	5	1 %	(94)	(15)%
(Loss) earnings from discontinued operations, net of income taxes	(257)	(39)%	(26)	(4)%	29	5 %
Net loss	\$ (249)	(38)%	\$ (21)	(3)%	\$ (66)	(11)%

Other Financial Data: ⁽¹⁾

Depreciation	\$ 11	\$ 11	\$ 14
Capital expenditures	15	11	17

⁽¹⁾ Results are from continuing operations and exclude the financial results of businesses classified as "Assets from discontinued operations" and "Liabilities from discontinued operations" on the Consolidated Balance Sheets and of previously divested businesses reported as discontinued operations.

Fiscal 2019 compared to Fiscal 2018

Consolidated sales from continuing operations in fiscal 2019 were \$655 million, 2% higher than the prior year sales of \$641 million. Core sales increased 4% due to solid core sales growth in the IT&S segment (5%). Changes in foreign currency exchange rates unfavorably impacted sales comparisons by 2%. Gross profit margins remained relatively consistent year-over-year. We benefited from our strategic exit of highly customized heavy lifting projects which provided lower gross profit margins, offset from higher service & rental sales which provide lower gross profit margins. Operating profit was lower in fiscal 2019 as compared to fiscal 2018 as a result of increased impairment and divestiture charges. In fiscal 2019, we incurred \$14 million of goodwill impairment charges associated with triggering events impacting Cortland U.S., \$6 million of impairment & divestiture charges associated with the impairment of a customer relationship intangible in connection with the strategic exit of certain North America service offerings and \$3 million of trade name impairment & divestiture charges associated with a re-branding strategy which will ultimately eliminate the use of certain secondary brands within the IT&S segment that were previously determined to be indefinite lived. In fiscal 2018, we incurred \$3 million of impairment & divestiture charges associated with the divestiture of our Viking business. Financing costs also decreased in fiscal 2019 as a result of the execution of our capital allocation strategy to utilize cash to reduce our debt by \$73 million over the course of fiscal 2019 in addition to reduced interest costs on our new Senior Credit Facility. Our income tax expense also decreased in fiscal 2019 as discussed in further detail within the Income Tax Expense section below.

Fiscal 2018 compared to Fiscal 2017

Consolidated sales from continuing operations in fiscal 2018 were \$641 million, 4% higher than the prior year sales of \$617 million. Core sales were up \$18 million (3%), as a result of a 3% core sales increase in the IT&S segment. Changes in foreign currency exchange rates also favorably impacted sales comparisons by \$14 million, while the net impact from the Mirage and Equalizer acquisitions, net of the Viking divestiture, reduced core sales by \$7 million. Gross profit margins increased from 42% in fiscal 2017 to 44% in fiscal 2018 as a result of a higher net sales and the realization of benefits from restructuring activities which were offset by project overruns and production inefficiencies. Additionally, fiscal 2018 results included \$3 million of impairment & 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 U.S. tax reform act enacted in December 2017, 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.

Segment Results

Industrial Tools & Services Segment

The IT&S segment is a global supplier of branded hydraulic and mechanical tools and services 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,		
	2019	2018	2017
Net Sales	\$ 610	\$ 591	\$ 553
Operating Profit	101	99	96
Operating Profit %	16.6%	16.8%	17.3%

Fiscal 2019 compared to Fiscal 2018

Fiscal 2019 IT&S segment net sales increased by \$19 million (3%) from fiscal 2018 to \$610 million. Changes in foreign currency exchange rates unfavorably impacted sales comparisons by 3%, while the Mirage and Equalizer acquisitions increased net sales by 1%. The IT&S segment core sales increased \$28 million (5%) on a year-over-year basis. Flat core sales for the Product product line reflected changing macroeconomic environments over the course of our fiscal year as strong growth in our core sales over the first three quarters of the fiscal year outweighed the strategic focus to exit heavy lifting technology projects which historically were at low margins, whereas the fourth quarter saw decelerating demand globally which was most reflected in our European operations. The core sales increase of 19% in the Service & Rental product line was the result of higher global maintenance activity levels as compared to the prior year, predominantly in our Middle East operations. Operating profit margins decreased from 16.8% in fiscal 2018 to 16.6% in fiscal 2019 primarily due to additional impairment & divestiture charges in fiscal 2019 as compared to 2018 (impairment & divestiture charges of \$9 million related to tradename and customer relationship intangible impairments in 2019 with no impairment & divestiture charges in fiscal 2018) and sales mix, specifically the increased revenues from Middle East service & rental which have lower gross profit margins than our product sales, partially offset by increased margins in our product sales as a result of our strategic focus to exit heavy lifting technology projects which historically were at low margins. Restructuring charges were \$4 million in both fiscal 2019 and 2018.

Fiscal 2018 compared to Fiscal 2017

Fiscal 2018 IT&S 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 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 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.

Corporate

Corporate consists of selling and administrative costs and expenses including executive, legal, finance, and technology that are not allocated to the segments based on their nature, as well as corporate costs previously allocated to the EC&S segment that must be excluded from discontinued operations based on their nature. Corporate expenses were \$42 million in fiscal 2019 compared to \$44 million in fiscal 2018. A decrease in annual incentive amounts and restructuring charges of \$5 million in fiscal 2018 (no restructuring costs in fiscal 2019) partially offset by increased outsourced consulting fees resulted in a \$2 million year-over-year cost reduction. Non-recurring director and officer transition charges of \$8 million in fiscal 2017 were the primary reason for the \$7 million decrease in fiscal 2018 from \$50 million in fiscal 2017.

Financing Costs, Net

Net financing costs were \$28 million, \$31 million and \$29 million in fiscal 2019, 2018 and 2017, respectively. Fiscal 2019 net financing costs decreased primarily from fiscal 2018 as a result of the \$73 million of term loan principal payments made throughout fiscal 2019 and lower interest rates resulting from our March 2019 Senior Credit Facility refinancing. Fiscal 2018 net financing costs increased from fiscal 2017 resulting from increases in interest rates on our variable rate debt.

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 different 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 (in thousands):

	Year Ended August 31,		
	2019	2018	2017
Earnings (loss) from continuing operations before income tax expense (benefit)	\$ 18,724	\$ 19,196	\$ (117,889)
Income tax expense (benefit)	10,657	14,450	(22,614)
Effective income tax rate	56.9%	75.3%	19.2%

The comparability of pre-tax earnings (loss), income tax expense (benefit) and the related effective income tax rates are impacted by impairment and other divestiture charges as well as the Tax Cuts and Jobs Act (the "Act"), which was enacted on December 22, 2017. Fiscal 2019 results included \$23 million of impairment and divestiture charges, while fiscal 2018 and 2017 results included \$3 million and \$117 million, respectively. A substantial portion of these charges do not result in tax benefits. The fiscal 2019 tax provision included tax benefits of \$2 million related to legislative changes and additional guidance related to the Act. The fiscal 2018 tax provision included net tax expense of approximately \$6 million related to the revaluation of U.S. deferred taxes as a result of the Act and the establishment of valuation allowances against foreign tax credit carryforwards and net deferred tax assets of various jurisdictions.

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 income tax benefits from global tax planning initiatives. The Company's earnings (loss) before income taxes from continuing operations, excluding impairment and other divestiture charges, included approximately 80% of earnings from foreign jurisdictions for fiscal 2019 compared to 76% in fiscal 2018.

which results in an effective tax rate that is higher than the current U.S. statutory tax rate of 21%. Excluding the impairment and divestiture charges, the fiscal 2019 effective tax rate was 30.2%, which increased from the fiscal 2018 effective tax rate of 22.8% due to one-time tax benefits related to the Act in fiscal 2018 that will not repeat in future periods.

Items Impacting Comparability

On December 1, 2017, the Company completed the sale of the Viking business which had net sales from continuing operations of \$3 million and \$19 million for the years ended August 31, 2018 and 2017, respectively.

In fiscal 2018, the Company acquired the stock and certain assets of Mirage Machines, Ltd. ("Mirage") and the stock of Equalizer International, Limited ("Equalizer"). The acquired businesses generated combined net sales of \$14 million and \$9 million for the years ended August 31, 2019 and 2018, respectively.

Liquidity and Capital Resources

At August 31, 2019, cash and cash equivalents were \$211 million, comprised of \$163 million of cash held by foreign subsidiaries and \$48 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, 2019 and 2018. We had \$5 million in temporary intercompany advances outstanding at August 31, 2017. The following table summarizes the cash flow attributable to operating, investing and financing activities (in millions):

	Year Ended August 31,		
	2019	2018	2017
Net cash provided by operating activities	\$ 54	\$ 106	\$ 89
Net cash provided by (used in) investing activities	11	(63)	(28)
Net cash used in financing activities	(100)	(18)	(15)
Effect of exchange rate changes on cash	(5)	(4)	4
Net (decrease) increase in cash and cash equivalents	\$ (40)	\$ 21	\$ 50

Cash flow provided by operations was \$54 million in fiscal 2019, a decrease of \$52 million from the prior year due primarily to higher cash taxes paid, higher incentive compensation payouts in fiscal 2019 from 2018 results, a change in the timing of our 401(k) plan Company match funding and additional cash usage associated with divestiture costs. We utilized the cash flow from operations, along with \$36 million of cash from the sale of our PHI and Cortland Fibron businesses and excess cash on hand, for \$73 million of principal payments on our outstanding term loan (\$43 million more than our required commitment as of August 31, 2018), \$27 million of capital expenditures and to repurchase approximately 1 million shares of our outstanding common stock for approximately \$22 million.

Cash flow from operations in fiscal 2018 was \$106 million, an increase of \$18 million from the prior year due to higher cash earnings and reduced net cash tax payments. We utilized the cash flow from operations to fund \$23 million of business acquisitions, \$21 million of capital expenditures, and \$30 million of principal repayments on our term loan. In addition, in order to facilitate the sale of our Viking business, we used cash of approximately \$27 million to buy out leases of rental assets.

On March 29, 2019, the Company refinanced its Senior Credit Facility, which is comprised of a \$400 million revolving line of credit and a \$200 million term loan (see [Note 7, "Debt"](#) in the notes to the consolidated financial statements for further details of the new Senior Credit Facility). The unused credit line and amount available for borrowing under the revolver was \$399 million at August 31, 2019.

The \$200 million term loan is required to be repaid in principal installments of \$1.25 million per quarter beginning on August 31, 2019, increasing to \$2.5 million per quarter beginning on May 31, 2020, increasing to \$3.75 million per quarter beginning on May 31, 2021, and increasing to \$5 million per quarter beginning on May 31, 2022, with the remaining balance due at maturity (March 29, 2024).

Borrowings under the Senior Credit Facility bear interest based on LIBOR or a base rate, with interest rate spreads above LIBOR or the base rate being subject to adjustments based on the Company's net leverage ratio, ranging from 1.125% to 2.00% in the case of loans bearing interest at LIBOR and from 0.125% to 1.00% in the case of loans bearing interest at the base rate. In addition, a non-use fee is payable quarterly on the average unused revolving credit facility ranging from 0.15% to 0.30% per annum, based on the Company's net leverage ratio.

The agreement governing the Senior Credit Facility contains customary limits and restrictions concerning investments, sales of assets, liens on assets and dividends and includes two financial covenants—a maximum net leverage ratio of 3.75:1.00

and a minimum interest coverage ratio of 3.50:1.00, in each case subject to adjustment in connection with certain transactions, including reduction of the minimum interest coverage ratio to 3.00:1.00 for any fiscal quarter ending within 12 months after the sale of the principal businesses comprising the EC&S segment and an increase to the leverage ratio from 3.75:1.00 to 4.25: 1.00 during the four fiscal quarters after a significant acquisition.

Subsequent to the refinancing of the Senior Credit Facility, in addition to the required term loan principal payment of \$1 million, the Company utilized excess cash to prepay a total of \$24 million, reducing the remaining principal due to \$175 million at August 31, 2019.

We believe that the 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 for the foreseeable future.

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, 2019		August 31, 2018	
	\$	PWC %	\$	PWC %
Accounts receivable, net	\$ 126	20 %	\$ 123	19 %
Inventory, net	77	12 %	72	11 %
Accounts payable	(77)	(12)%	(70)	(11)%
Net primary working capital	\$ 126	20 %	\$ 125	19 %

Total primary working capital was \$126 million at August 31, 2019 which stayed relatively consistent with the \$125 million at August 31, 2018. Primary working capital increased slightly due to increased accounts receivable as a result of significant sales growth in the Middle East which has longer payment terms, increased inventory levels resulting from lower fourth quarter fiscal 2019 sales due to recent decelerating demand, offset by an increase in accounts payable as we continue to work with our supply chain to extend payment terms to be commensurate with those of our customers.

Our accounts receivable are derived from a diverse customer base spread across a number of industries, with our largest single customer generating approximately 3% of fiscal 2019 net sales from continuing operations.

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 associated with continuing operations were \$15 million, \$11 million and \$17 million in fiscal 2019, 2018 and 2017, respectively. Capital expenditures for fiscal 2020 are expected to be \$10-\$12 million, but could vary depending on business performance, changes in foreign currency exchange rates, 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 a lease, we could be liable for such obligations. As of August 31, 2019, the present value of future minimum lease payments, using a weighted average discount rate of 1.89%, on previously divested or spun-off businesses was as follows: \$2 million in each fiscal year for fiscal 2020 through 2024 and less than \$1 million in aggregate thereafter.

We had outstanding letters of credit totaling \$18 million and \$24 million at August 31, 2019 and 2018, 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						Total
	2020	2021	2022	2023	2024	Thereafter	
Debt (short-term and long-term)	\$ 8	\$ 12	\$ 305	\$ 20	\$ 118	\$ —	\$ 463
Interest on long-term debt	22	22	19	4	3	—	70
Operating leases*	23	19	16	10	7	35	110
	<u>\$ 53</u>	<u>\$ 53</u>	<u>\$ 340</u>	<u>\$ 34</u>	<u>\$ 128</u>	<u>\$ 35</u>	<u>\$ 643</u>

*Table includes contractual obligations associated with leases of the EC&S segment held for sale as of August 31, 2019. Certain leases are currently in the name of Actuant Corporation or operating subsidiaries that will not be divested, and we are working proactively with the buyer to transfer leases into the name of a subsidiary to be divested or to buy out the lease with reimbursement of the cost from the buyer.

Interest on long-term debt assumes the current interest rate environment and revolver borrowings consistent with August 31, 2019 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.

As part of our global sourcing strategy, we have entered into agreements with certain suppliers that require the supplier to maintain minimum levels of inventory to support certain products for which we require a short lead time to fulfill customer orders. We have the ability to notify the supplier that they no longer need to maintain the minimum level of inventory should we discontinue manufacture of a product during the contract period, however, we must purchase the remaining minimum inventory levels the supplier was required to maintain within a defined period of time. As these contracts allow for us to terminate with appropriate notice so long as we utilize the remaining inventory on hand at the supplier and there are no overall minimum volumes in these contracts other than what the supplier is required to maintain on hand at any given point in time, these contracts are excluded from the table above.

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 the consolidated financial statements.

Our liability for unrecognized tax benefits was \$24 million at August 31, 2019, 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 Estimates

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 estimates 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.

Inventories: Inventory cost is determined using the last-in, first-out ("LIFO") method for a portion of U.S. owned inventory (approximately 48% and 41% of total inventories at August 31, 2019 and 2018, respectively). If the LIFO method were not used, inventory balances would be higher than amounts presented in the consolidated balance sheet by \$10 million and \$5 million at August 31, 2019 and 2018, 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: A considerable amount of management judgment is required in performing the 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, impairment charges could be required. Significant negative industry or economic trends, disruptions to the Company's business, loss of significant customers, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in 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.

In estimating the fair value of a reporting unit, we generally use a discounted cash flow model, which calculates fair value as the sum of the projected discounted cash flows over a discrete seven-year period plus an estimated terminal value. Significant assumptions include forecasted revenues, operating profit margins, and discount rates applied to the future cash flows based on the respective reporting unit's estimated weighted average cost of capital. In certain circumstances, we also review a market approach in which a trading multiple is applied to either forecasted EBITDA (earnings before interest, income taxes, depreciation and amortization) or anticipated proceeds of the reporting unit to arrive at the estimated fair value. 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.

Fiscal 2019 Impairment Charges: As a result of a triggering event in fiscal 2019, we recorded a \$14 million goodwill impairment charge associated with the Cortland U.S. reporting unit. See [Note 6, "Goodwill, Intangible Assets, and Long-Lived Assets"](#) in the notes to the consolidated financial statements for further discussion.

In addition, as a result of the EC&S reporting unit being held for sale as of August 31, 2019, we recorded a \$210 million impairment charge representing the excess of the net book value of the net assets of the reporting unit as compared to the anticipated proceeds less costs to sell which is recorded within "(Loss) earnings from discontinued operations" within the Consolidated Statements of Operations.

The annual review of the reporting units representing continuing operations 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 2018 Impairment Charges: 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 PHI) for which the results of those assessments below are included in the results of discontinued operations.

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. The impairment charge is recorded within "(Loss) earnings from discontinued operations" within the Consolidated Statements of Operations. See [Note 5, "Divestiture Activities"](#) in the notes to the consolidated financial statements for further discussion.

PHI Reporting Unit: The PHI business 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 PHI business, which represented the entire goodwill balance of the reporting unit. The impairment charge is recorded within "(Loss) earnings from discontinued operations" within the Consolidated Statements of Operations. See [Note 5, "Divestiture Activities"](#) in the notes to the consolidated financial statements for further discussion.

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%, however the test did not result in the need to record an impairment charge.

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 an impairment charge of \$3 million in the fourth quarter of fiscal 2019 as a result of our determination that two secondary tradenames which were previously assumed to have an indefinite life would be phased out over the next 12-15 months and be re-branded with the Enerpac tradename.

The fiscal 2019 annual impairment review of the remaining indefinite-lived intangible assets (that represented components of continuing operations) 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%.

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 (impairment charge recorded as a component of "(Loss) earnings from discontinued operations" within the Consolidated Statements of Operations).

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. 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 that the carrying amount of the assets may not be fully recoverable. If such indicators are present, we perform undiscounted operating cash flow analyses to determine if impairment exists. If impairment is determined to exist, any related impairment loss is calculated based on fair value.

In the fourth quarter of fiscal 2019, in connection with our North America service restructuring within the IT&S segment, we identified one customer relationship intangible asset associated with the component of the service business we intend to exit. As a result of our assessment, for which the primary assumption is the anticipated revenues associated with those customers, we determined that the fair value of the intangible asset was less than its carrying value, and therefore, recorded a \$6 million impairment charge. See [Note 6, "Goodwill, Intangible Assets, and Long-Lived Assets"](#) in the notes to the consolidated financial statements for further discussion.

Also in the fourth quarter of fiscal 2019, in connection with the held-for-sale treatment of the remaining businesses within the EC&S segment, we recognized a \$54 million impairment charge related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition of those businesses which is recorded in "(Loss) earnings from discontinued operations" within the Consolidated Statements of Operations. See [Note 5, "Divestiture Activities"](#) in the notes to the consolidated financial statements for further discussion.

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 i) \$35 million related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition; ii) \$10 million representing the excess of the net book value of assets held for sale to the anticipated proceeds and iii) \$1 million of other divestiture charges. These charges are recorded as a component of "(Loss) earnings from discontinued operations" within the Consolidated Statements of Operations. 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 PHI business did not exceed the carrying value of the net assets of the business, resulting in a long-lived asset impairment charge of \$6 million (recorded as a component of "(Loss) earnings from discontinued operations" on the Consolidated Statements of Operations), consisting of charges of \$5 million and \$1 million on amortizable intangible assets and fixed assets (primarily machinery and equipment), respectively. See [Note 5, "Divestiture Activities"](#) in the notes to the consolidated financial statements for further discussion.

In the fourth quarter of fiscal 2017, related to the pending sale of our Viking business, we recognized a \$85 million long-lived asset impairment, representing the excess of the net book value of assets held for sale over the anticipated proceeds which included \$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.

Significant management judgment 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: Business combinations are accounted for 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, 2019 and 2018, the discount rates on domestic benefit plans were 2.90% and 4.05%, 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 5.75% and 7% for the fiscal years ended August 31, 2019 and 2018, respectively. A 25 basis point change in the assumptions for the discount rate or expected return on plan assets would not have materially changed the fiscal 2019 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.

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 the Netherlands (and other countries whose functional currency is the Euro), the United Kingdom, Australia, the 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 would have been \$26 million lower and operating profit would have been \$3 million higher for the twelve months ended August 31, 2019. 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, 2019 financial position would result in a \$35 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, 2019.

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 (the “Company”) as of August 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive (loss) income, changes in shareholders’ equity and cash flows for each of the three years in the period ended August 31, 2019, 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, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended August 31, 2019 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, 2019, 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.

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.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment - Cortland U.S. Reporting Unit

As described in Notes 1 and 6 to the consolidated financial statements, the Company's consolidated goodwill balance was \$260.4 million as of August 31, 2019, and the goodwill associated with the Other segment was \$17.5 million, which includes the Cortland U.S. reporting unit. Management tests goodwill for impairment annually, during the fourth quarter, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. If the carrying value of a reporting unit exceeds its fair value, an impairment loss is recorded. In estimating fair value, management utilizes a discounted cash flow model, which is dependent on a number of assumptions including forecasted revenues, operating profit margins, and the weighted average costs of capital.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Cortland U.S. reporting unit is a critical audit matter are there was significant judgment by management when developing the fair value measurement of the reporting unit. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions, including the forecasted revenues, operating profit margins, and weighted average costs of capital. In addition, the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained from these procedures.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Company's reporting unit. These procedures also included, among others, testing management's process for developing the fair value estimate; evaluating the appropriateness of the discounted cash flow model; testing the completeness, accuracy, and relevance of underlying data used in the model; and evaluating the reasonableness of significant assumptions used by management, including the forecasted revenues, operating profit margins, and weighted average costs of capital. Evaluating management's assumptions related to the forecasted revenues and operating profit margins involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model, and certain significant assumptions, including the weighted average cost of capital.

/s/ PricewaterhouseCoopers LLP

Milwaukee, Wisconsin
October 28, 2019

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

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

	Year Ended August 31,		
	2019	2018	2017
Net sales			
Product	478,946	489,623	460,390
Service & rental	175,812	151,680	156,201
Total net sales	654,758	641,303	616,591
Cost of products sold			
Product	247,771	264,878	261,888
Service & rental	114,335	93,141	94,333
Total cost of products sold	362,106	358,019	356,221
Gross profit	292,652	283,284	260,370
Selling, administrative and engineering expenses	209,231	210,256	208,128
Amortization of intangible assets	8,922	9,280	9,097
Director & officer transition charges	—	—	7,784
Restructuring charges	4,156	10,555	3,234
Impairment & divestiture charges	22,827	2,987	116,979
Operating profit (loss)	47,516	50,206	(84,852)
Financing costs, net	28,163	30,872	29,221
Other expense, net	629	138	3,816
Earnings (loss) before income tax expense (benefit)	18,724	19,196	(117,889)
Income tax expense (benefit)	10,657	14,450	(22,614)
Net earnings (loss) from continuing operations	8,067	4,746	(95,275)
(Loss) earnings from discontinued operations, net of income taxes	(257,212)	(26,394)	29,062
Net loss	(249,145)	(21,648)	(66,213)
Earnings (loss) per share from continuing operations			
Basic	\$ 0.13	\$ 0.08	\$ (1.60)
Diluted	\$ 0.13	\$ 0.08	\$ (1.60)
(Loss) earnings per share from discontinued operations			
Basic	(4.21)	(0.44)	0.49
Diluted	(4.18)	(0.43)	0.49
Loss per share			
Basic	(4.07)	(0.36)	(1.11)
Diluted	(4.04)	(0.35)	(1.11)
Weighted average common shares outstanding			
Basic	61,151	60,441	59,436
Diluted	61,607	61,028	59,436

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

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

	Twelve Months Ended August 31,		
	2019	2018	2017
Net loss	\$ (249,145)	\$ (21,648)	\$ (66,213)
Other comprehensive income, net of tax			
Foreign currency translation adjustments	(27,527)	49,307	20,470
Foreign currency translation due to divested business	34,909	—	—
Pension and other postretirement benefit plans	(4,809)	3,709	4,092
Total other comprehensive income, net of tax	2,573	53,016	24,562
Comprehensive (loss) income	<u>\$ (246,572)</u>	<u>\$ 31,368</u>	<u>\$ (41,651)</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,	
	2019	2018
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 211,151	\$ 250,490
Accounts receivable, net	125,883	123,261
Inventories, net	77,187	72,020
Assets from discontinued operations	285,578	568,933
Other current assets	30,526	32,529
Total current assets	730,325	1,047,233
Property, plant and equipment, net	56,729	54,974
Goodwill	260,415	280,132
Other intangible assets, net	52,375	71,657
Other long-term assets	24,430	31,221
Total assets	\$ 1,124,274	\$ 1,485,217
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities		
Trade accounts payable	\$ 76,914	\$ 69,584
Accrued compensation and benefits	26,421	35,992
Current maturities of debt	7,500	30,000
Income taxes payable	4,838	4,091
Liabilities from discontinued operations	143,763	160,573
Other current liabilities	40,965	53,768
Total current liabilities	300,401	354,008
Long-term debt, net	452,945	502,695
Deferred income taxes	1,564	3,947
Pension and postretirement benefit liabilities	20,213	13,957
Other long-term liabilities	47,972	51,898
Total liabilities	823,095	926,505
Commitments and contingencies (Note 16)		
Shareholders' equity		
Class A common stock, \$0.20 par value per share, authorized 168,000,000 shares, issued 81,920,679 and 81,423,584 shares, respectively	16,384	16,285
Additional paid-in capital	181,213	167,448
Treasury stock, at cost, 21,455,568 and 20,439,434 shares, respectively	(640,212)	(617,731)
Retained earnings	915,466	1,166,955
Accumulated other comprehensive loss	(171,672)	(174,245)
Stock held in trust	(3,070)	(2,450)
Deferred compensation liability	3,070	2,450
Total shareholders' equity	301,179	558,712
Total liabilities and shareholders' equity	\$ 1,124,274	\$ 1,485,217

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,		
	2019	2018	2017
Operating Activities			
Net loss	\$ (249,145)	\$ (21,648)	\$ (66,213)
Less: Net (loss) earnings from discontinued operations	(257,212)	(26,394)	29,062
Net earnings (loss) from continuing operations	8,067	4,746	(95,275)
Adjustments to reconcile net earnings to net cash provided by operating activities - continuing operations:			
Impairment & divestiture charges, net of tax effect	20,930	12,385	108,860
Depreciation and amortization	20,217	20,405	22,925
Stock-based compensation expense	10,882	11,333	14,939
Provision (benefit) for deferred income taxes	3,955	5,588	(8,706)
Amortization of debt issuance costs	1,200	2,399	1,657
Other non-cash adjustments	405	285	505
Changes in components of working capital and other, excluding acquisitions and divestitures:			
Accounts receivable	(4,993)	(7,462)	11,230
Inventories	(7,760)	(1,142)	(4,502)
Trade accounts payable	6,858	(1,872)	3,128
Prepaid expenses and other assets	5,269	(3,868)	(5,026)
Income tax accounts	(913)	17,354	(5,085)
Accrued compensation and benefits	(8,368)	1,609	283
Other accrued liabilities	(14,846)	10,156	3,159
Cash provided by operating activities - continuing operations	40,903	71,916	48,092
Cash provided by operating activities - discontinued operations	12,942	34,177	40,407
Cash provided by operating activities	53,845	106,093	88,499
Investing Activities			
Capital expenditures	(14,923)	(11,021)	(17,238)
Proceeds from sale of property, plant and equipment	1,462	104	448
Rental asset buyout for Viking divestiture	—	(27,718)	—
Proceeds from sale of business, net of transaction costs	—	8,902	—
Cash paid for business acquisitions, net of cash acquired	—	(23,218)	—
Cash used in investing activities - continuing operations	(13,461)	(52,951)	(16,790)
Cash provided by (used in) investing activities - discontinued operations	24,507	(9,800)	(10,835)
Cash provided by (used in) investing activities	11,046	(62,751)	(27,625)
Financing Activities			
Payment for redemption of term loan	(200,000)	—	—
Proceeds from issuance of term loan	200,000	—	—
Principal repayments on term loan	(72,500)	(30,000)	(18,750)
Redemption of 5.625% senior notes	—	—	(500)
Purchase of treasury shares	(22,481)	—	—
Taxes paid related to the net share settlement of equity awards	(1,872)	(1,284)	(1,065)
Stock option exercises & other	1,900	15,681	8,265
Payment of cash dividend	(2,439)	(2,390)	(2,358)
Payment of debt issuance costs	(2,125)	—	—
Cash used in financing activities - continuing operations	(99,517)	(17,993)	(14,408)
Cash used in financing activities - discontinued operations	—	—	(742)
Cash used in financing activities	(99,517)	(17,993)	(15,150)
Effect of exchange rate changes on cash	(4,713)	(4,430)	4,243
Net (decrease) increase in cash and cash equivalents	(39,339)	20,919	49,967
Cash and cash equivalents - beginning of period	250,490	229,571	179,604
Cash and cash equivalents - end of period	<u>\$ 211,151</u>	<u>\$ 250,490</u>	<u>\$ 229,571</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, 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	81,424	16,285	167,448	(617,731)	1,166,955	(174,245)	(2,450)	2,450	558,712
Net loss	—	—	—	—	(249,145)	—	—	—	(249,145)
Other comprehensive income, net of tax	—	—	—	—	—	2,573	—	—	2,573
Stock contribution to employee benefit plans and other	20	4	492	—	—	—	—	—	496
Restricted stock awards	375	75	(75)	—	—	—	—	—	—
Cash dividend (\$0.04 per share)	—	—	—	—	(2,419)	—	—	—	(2,419)
Treasury stock repurchases	—	—	—	(22,481)	—	—	—	—	(22,481)
Stock based compensation expense	—	—	13,318	—	—	—	—	—	13,318
Stock option exercises	65	13	1,391	—	—	—	—	—	1,404
Tax effect related to net share settlement of equity awards	—	—	(1,872)	—	—	—	—	—	(1,872)
Stock issued to, acquired for and distributed from rabbi trust	35	7	511	—	—	—	(620)	620	518
Adoption of accounting standard (Note 1)	—	—	—	—	75	—	—	—	75
Balance at August 31, 2019	81,919	\$ 16,384	\$ 181,213	\$(640,212)	\$ 915,466	\$ (171,672)	\$ (3,070)	\$ 3,070	\$ 301,179

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, doing business as Enerpac Tool Group ("Actuant" or the "Company"), is a global manufacturer of a broad range of industrial products and solutions, organized into three operating segments. The Industrial Tools & Services segment ("IT&S"), the Company's only reportable 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.

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.

During the fourth quarter of fiscal 2019, the Company's financial reporting segments were modified to reflect changes in our reporting structure as a result of entering into a Securities Purchase Agreement ("SPA") to sell the remaining businesses within our legacy Engineered Components & Systems segment exclusive of Cortland U.S. The Company now has three operating segments; Industrial Tools & Services ("IT&S"), Other, and Engineered Components and Systems ("EC&S"). The IT&S segment remains unchanged from our previous segment structure and represents the only reportable segment. All prior period disclosures have been adjusted to reflect the one reportable segment. The IT&S reportable 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 Other operating segment is comprised of Cortland U.S., along with the Viking business which was divested on the first day of the second quarter of fiscal 2018. These two operating segments represent continuing operations within our consolidated financial statements. The EC&S segment, after the change in reporting structure, represents the businesses currently subject to the SPA with an anticipated closure date in the fourth calendar quarter of 2019, as well as the Cortland Fibron and Precision Hayes International ("PHI") businesses which were divested in fiscal 2019. As the pending divestiture of the remaining businesses within the EC&S segment in combination with the divestiture of Cortland Fibron and PHI represent a strategic shift in our operations, the results of operations for the EC&S segment are classified in "(Loss) earnings from discontinued operations" within the Consolidated Statements of Operations for all periods presented. In addition, the Consolidated Balance Sheets have been recast such that the assets and liabilities of the EC&S segment are classified as "Assets from discontinued operations" and "Liabilities from discontinued operations", respectively, for both periods presented. Furthermore, all disclosures within these footnotes to the financial statements have also been recast to coincide with our updated segmentation.

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 (47.9% and 40.7% of total inventories in 2019 and 2018, 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 \$10.3 million and \$5.4 million at August 31, 2019 and 2018, 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. Certain 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 IT&S segment. Leasehold improvements are amortized over the life of the related asset or the term of the lease, whichever is shorter. Depreciation expense was \$11.3 million, \$11.1 million and \$13.8 million for the years ended August

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

31, 2019, 2018 and 2017, respectively. The following is a summary of the Company's components of property, plant and equipment (in thousands):

	August 31, 2019	August 31, 2018
Land, buildings and improvements	\$ 29,661	\$ 30,296
Machinery and equipment	140,083	131,716
Gross property, plant and equipment	169,744	162,012
Less: Accumulated depreciation	(113,015)	(107,038)
Property, plant and equipment, net	<u>\$ 56,729</u>	<u>\$ 54,974</u>

Goodwill and Other Intangible Assets: Goodwill and other intangible assets with indefinite lives are not subject to amortization, but are subject to annual impairment testing. 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.

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, most significantly forecasted revenues and operating profit margins, and the weighted average cost of capital. 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 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 an assurance 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 2019 and 2018 (in thousands):

	2019	2018
Beginning balance	\$ 931	\$ 1,353
Provision for warranties	1,326	962
Warranty payments and costs incurred	(1,077)	(1,388)
Impact of changes in foreign currency rates	(35)	4
Ending balance	<u>\$ 1,145</u>	<u>\$ 931</u>

Revenue from Contracts with Customers: The Company recognizes revenue when it satisfies a performance obligation in a contract by transferring control of a distinct good or service to a customer. A contract's transaction price is allocated to each distinct performance obligation and revenue is measured based on the consideration that the Company expects to be entitled to in exchange for the goods or services transferred. When contracts include multiple products or services to be delivered to the customer, the consideration for each element is generally allocated on the standalone transaction prices of the separate performance obligations, using the adjusted market assessment approach.

Under normal circumstances, the Company invoices the customer once transfer of control has occurred and has a right to payment. The typical payment terms vary based on the customer and the types of goods and services in the contract. The period of time between invoicing and when payment is due is not significant, as our standard payment terms are less than one year. Amounts billed and due from customers are classified as receivables on the balance sheet.

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

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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 \$5.1 million and \$5.0 million at August 31, 2019 and 2018, respectively.

Taxes Collected: Taxes collected by the Company from a customer concurrent with revenue-producing activities are excluded from "Net sales" within the Consolidated Statements of Operations.

Shipping and Handling Costs: The Company records costs associated with shipping its products after control over a product has transferred to a customer and are accounted for as fulfillment costs. These costs are reported in the Consolidated Statements of Operations 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 \$9.3 million, \$8.7 million and \$8.9 million in fiscal 2019, 2018 and 2017, 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 losses of \$0.2 million and \$3.6 million in fiscal 2019 and 2017, respectively, with a gain of less than \$0.1 million in fiscal 2018.

Financing Costs: Financing costs represent interest expense, financing fees and amortization of debt issuance costs, net of interest income. Interest income was \$0.7 million for fiscal 2019 and \$1.2 million for both fiscal 2018 and 2017.

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. The Company has not provided for any residual U.S. income taxes on unremitted earnings of non-U.S. subsidiaries, as such earnings are intended to be indefinitely reinvested. 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 within the Consolidated Statements of Operations. 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,	
	2019	2018
Foreign currency translation adjustments	\$ 151,115	\$ 158,497
Pension and other postretirement benefit plans, net of tax	20,557	15,748
Accumulated other comprehensive loss	\$ 171,672	\$ 174,245

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The Company regularly evaluates the estimates and assumptions related to the allowance for doubtful accounts, inventory valuation, warranty reserves, fair value of stock-based awards, goodwill, intangible and long-lived asset valuations, employee benefit plan liabilities, over time revenue recognition, income tax liabilities, deferred tax assets and related valuation allowances, uncertain tax positions, restructuring reserves, and litigation and other loss contingencies. Actual results could differ materially and adversely from those estimates and assumptions, and such results could materially affect the Company's consolidated net income, financial position, or cash flows.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

With the divestiture of the EC&S segment the Company now meets the threshold requirements of Regulation S-X 5-03(1) to breakout sales and cost of sales by various categories on the Statements of Operations. The Company manages the profitability of its product and service & rental categories on a combined basis given the complexity of the business model. This model includes providing integrated product and service solutions resulting in facilities that generate revenues from both product and service & rental categories, which also have significant indirect and facility overhead costs included in cost of sales. As such, significant judgment and estimates are required to disaggregate product and service & rental cost of sales including allocating indirect and facility overhead costs between cost of product sales and the cost of service & rental sales. Changes in these judgments and estimates could materially change the allocation of the indirect and facility overhead costs to the different sales categories and the resulting ratio of cost of sales to net sales by category. Because the sales mix heavily favors the product category, a change in the mix of cost of sales between the sales categories would have a more significant impact on the ratio of cost of sales to net sales for the service & rental category. In addition, due to the recent changes in our business model, which includes the integration of the Enerpac and Hydratight businesses within the IT&S segment, the decision to exit certain non-strategic businesses and product lines, and the restructuring actions taken by the Company, the historical ratios of cost of sales to net sales by category may not be indicative of future ratios of cost of sales to net sales by category.

Subsequent Events: Subsequent to August 31, 2019, the Company divested certain assets and liabilities of two non-core product lines for cash proceeds of \$8.5 million.

New Accounting Pronouncements

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 (collectively referred to as Accounting Standards Codification 606 “ASC 606”), 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 was adopted by the Company on September 1, 2018 using the modified retrospective method and was applied to contracts that were not completed or substantially complete as of September 1, 2018. Results for the reporting period beginning after September 1, 2018 are presented under ASC 606, while prior year amounts have not been adjusted and continue to be reported in accordance with the Company’s historical accounting policy in accordance with ASC 605 *Revenue Recognition*. The Company reported a net increase to opening retained earnings of \$0.1 million on September 1, 2018 as a result of the cumulative impact of adopting ASC 606. See [Note 2, “Revenue from Contracts with Customers.”](#) for further discussion of the adoption of ASC 606.

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 was adopted by the Company on September 1, 2018. Due to a majority of the Company’s defined benefit pension and other postretirement benefit plans being frozen and the net periodic benefit pension cost not being significant, the adoption of this guidance did not have a material impact on the financial statements of the Company. However, prior year amounts have been retrospectively adjusted to reflect this change in accounting principle.

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 was adopted on September 1, 2018. The adoption did not have an impact on the financial statements of the Company.

In February 2016, the FASB issued ASU 2016-02, *Leases* (and subsequently ASU 2018-01 and ASU 2019-01) to increase transparency and comparability among organizations by recognizing all lease transactions 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 including interim periods within those fiscal years. The Company will adopt this standard in the first quarter of fiscal year ending November 30, 2019 (fiscal 2020) using a modified retrospective approach and through implementing selected third-party lease software utilized as a central repository for all leases. We will make certain elections including the package of practical expedients allowing us to not reassess whether any expired or existing contracts contain leases, the lease classification for any expired or

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

existing leases, and initial direct costs for any existing leases. In addition, we will elect not to recognize right of use ("ROU") assets or lease liabilities for leases containing terms of 12 months or less, and the Company will elect to not separate lease components from non-lease components for all asset classes. As of September 1, 2019, the Company anticipates additions to the balance sheet of right-of-use assets, offset by the associated liabilities, of approximately \$55 million to \$65 million. We do not expect adoption to have a significant impact on our consolidated statements of operations or consolidated statements of cash flows. The Company is finalizing its accounting policies, controls, processes, and disclosures that will change as a result of adopting the new standard.

In addition, as a result of sale leaseback transactions in previous years for which gains were deferred which under the new standard would have been recognized, the Company will record an increase to retained earnings of \$0.2 million in the first quarter of fiscal 2020 which represents the recognition of these previously deferred gains.

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 will adopt the guidance in the first quarter of fiscal 2020 which will result in an increase to retained earnings with an offsetting increase in accumulated other comprehensive loss of \$3.5 million.

Note 2. Revenue from Contracts with Customers

Nature of Goods and Services

The Company generates its revenue under two principal activities, which are discussed below:

Product Sales: Sales of tools, heavy-lifting solutions, and rope and cable solutions are recorded when control is transferred to the customer (i.e. performance obligation has been satisfied). For the majority of the Company's product sales, revenue is recognized at a point in time when control of the product is transferred to the customer, which generally occurs when the product is shipped from the Company to the customer. Due to the highly customized nature and limited alternative use of certain products, for which the Company has an enforceable right of reimbursement for performance completed to date, revenue is recognized over time. We consider the input measure (efforts-expended or cost-to-cost) or output measure as a fair measure of progress for the recognition of over time revenue associated with these custom products. For a majority of the Company's custom products, machine hours and labor hours (efforts-expended measurement) are used as a measure of progress.

Service & Rental Sales: Service contracts consist of providing highly trained technicians to perform bolting, technical services, machining and joint integrity work for our customers. These revenues are recognized over time as our customers simultaneously receive and consume the benefits provided by the Company. We consider the input measure (efforts-expended or cost-to-cost) or output measure as a fair measure of progress for the recognition of over time revenue associated with service contracts. For a majority of the Company's service contracts, labor hours (efforts-expended measurement) is used as the measure of progress when it is determined to be a better depiction of the transfer of control to the customer due to the timing and pattern of labor hours incurred. Revenue from rental contracts (less than a year and non-customized products) is generally recognized ratably over the contract term, depicting the customer's consumption of the benefit related to the rental equipment.

Disaggregated Revenue and Performance Obligations

The Company disaggregates revenue from contracts with customers by reportable segment and product line and by the timing of when goods and services are transferred. See [Note 15, "Business Segment, Geographic and Customer Information"](#) for information regarding our revenue disaggregation by reportable segment and product line.

The following table presents information regarding revenues disaggregated by the timing of when goods and services are transferred for the fiscal year ended August 31, 2019 (in thousands):

Revenues recognized at point in time	\$	453,427
Revenues recognized over time		201,331
Total	\$	654,758

Contract Balances

The Company's contract assets and liabilities are as follows (in thousands):

	August 31,	
	2019	2018
Receivables, which are included in accounts receivable, net	\$ 125,883	\$ 123,261
Contract assets, which are included in other current assets	3,747	6,367
Contract liabilities, which are included in other current liabilities	3,707	12,937

Receivables: The Company performs its obligations under a contract with a customer by transferring goods or services in exchange for consideration from the customer. The Company typically invoices its customers as soon as control of an asset is transferred and a receivable for the Company is established.

Contract Assets: Contract assets relate to the Company's rights to consideration for work completed but not billed as of the reporting date on contracts with customers. The contract assets are transferred to receivables when the rights become unconditional. The Company has contract assets on contracts that are generally long-term and have revenues that are recognized over time. The decrease in this balance from August 31, 2018 to August 31, 2019 is a result of our strategic exit of certain low profit margin, heavy lifting solution work that was still in progress as of August 31, 2018.

Contract Liabilities: As of August 31, 2019, the Company had certain contracts where there were unsatisfied performance obligations and the Company had received cash consideration from customers before the performance obligations were satisfied. The majority of these contracts relate to long-term customer contracts (project durations of greater than three months) and are recognized over time. The Company estimates that the \$3.7 million will be recognized in net sales from satisfying those performance obligations within the next twelve months with an immaterial amount recognized in periods thereafter. The decrease in the balance from August 31, 2018 to August 31, 2019 was a result of several large contracts that were in their early stages at August 31, 2018 where similar volumes of orders with prepayment terms were not in our backlog at August 31, 2019.

Significant Judgments

Timing of Performance Obligations Satisfied at a Point in Time: The Company evaluates when the customer obtains control of the product based on shipping terms, as control will transfer, depending upon such terms, at different points between the Company's manufacturing facility or warehouse and the customer's location. The Company considers control to have transferred upon shipment or delivery because (i) the Company has a present right to payment at that time; (ii) the legal title has been transferred to the customer; (iii) the Company has transferred physical possession of the product to the customer; and (iv) the customer has significant risks and rewards of ownership of the product.

Variable Consideration: The Company estimates whether it will be subject to variable consideration under the terms of the contract and includes its estimate of variable consideration in the transaction price based on the expected value method when it is deemed probable of being realized based on historical experience and trends. Types of variable consideration may include rebates, incentives and discounts, among others, which are recorded as a reduction to net sales at the time when control of a performance obligation is transferred to the customer.

Practical Expedients & Exemptions: The Company elected to expense the incremental cost to obtaining a contract when the amortization period for such contracts would be one year or less. The Company does not disclose the value of unperformed obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which it recognizes revenue at the amount to which it has the right to invoice for services performed.

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. Liabilities for severance will generally be paid within twelve months, while future lease payments related to facilities vacated as a result of restructuring will be paid over the underlying remaining lease terms. During fiscal 2019, the Company announced a new restructuring plan focused on i) the integration of the Enerpac and Hydratight businesses (IT&S segment), ii) the strategic exit of certain commodity type services in our North America Services operations (IT&S segment) and iii) driving efficiencies within the overall corporate structure. Total restructuring charges associated with this new restructuring plan were \$4.2 million for the year ended August 31, 2019, with no additional charges associated with the previously announced restructuring initiatives.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Total restructuring charges associated with previously announced restructuring initiatives were \$11.4 million for the year-ended August 31, 2018 with approximately \$0.9 million of the restructuring charges recognized for the year ended August 31, 2018 being reported in the Consolidated Statements of Operations in "Cost of products sold," with the balance of the charges reported in "Restructuring charges." The year ended August 31, 2018 included \$2.6 million of restructuring expenses related to Cortland U.S. and Viking. Restructuring reserves for Cortland U.S. and Viking (Other Segment) were \$0.9 million and \$1.9 million for the year ended August 31, 2019 and 2018, respectively.

The following rollforwards summarize restructuring reserve activity for the IT&S reportable segment and corporate (in thousands):

	Year Ended August 31, 2018		
	Industrial Tools & Services	Corporate	Total
Balance as of August 31, 2017	\$ 1,499	\$ 232	\$ 1,731
Restructuring charges	4,286	4,524	8,810
Cash payments	(3,375)	(2,483)	(5,858)
Other non-cash uses of reserve ⁽¹⁾	(635)	(2,227)	(2,862)
Impact of changes in foreign currency rates	(88)	—	(88)
Balance as of August 31, 2018	\$ 1,687	\$ 46	\$ 1,733

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

	Year Ended August 31, 2019		
	Industrial Tools & Services	Corporate	Total
Balance as of August 31, 2018	\$ 1,687	\$ 46	\$ 1,733
Restructuring charges	4,161	—	4,161
Cash payments	(2,954)	(46)	(3,000)
Other non-cash uses/reclasses of reserve	54	—	54
Impact of changes in foreign currency rates	(36)	—	(36)
Balance as of August 31, 2019	\$ 2,912	\$ —	\$ 2,912

Note 4. Acquisitions

During fiscal 2018, the Company completed two acquisitions which 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.

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 IT&S segment tuck-in acquisition is a provider of industrial and energy maintenance tools, expanding our pipe and flange alignment offerings. The final purchase price allocation resulted in \$10.3 million of goodwill (which is not deductible for tax purposes) and \$4.1 million of intangible assets. The intangible assets were comprised of \$2.3 million of indefinite-lived tradenames and \$1.8 million of amortizable customer relationships.

The Company acquired the stock of Equalizer International, Limited ("Equalizer") on May 11, 2018 for a purchase price of \$5.8 million, net of cash acquired. This IT&S segment tuck-in acquisition is a provider of industrial and energy maintenance tools, expanding our pipe and flange alignment offerings. The final purchase price allocation resulted in \$2.4 million of goodwill (a portion of which is not deductible for tax purposes) and \$2.1 million of intangible assets. The intangible assets were comprised of \$0.8 million of indefinite lived tradenames and \$1.3 million of amortizable customer relationships and patents.

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

The acquired businesses generated combined net sales of \$14.1 million and \$9.4 million for the year ended August 31, 2019 and 2018, respectively. The acquisitions individually and in the aggregate do not meet the significance tests to require pro forma financial information otherwise required for acquisitions.

Note 5. Divestiture Activities

On July 9, 2019, as part of our overall strategy to become a pure-play industrial tools and services company, the Company entered into a SPA to divest the remaining businesses within the EC&S segment at a purchase price of approximately \$214.5 million (which includes approximately \$3.0 million to be paid in four quarterly installments after closing). At August 31, 2019, the EC&S segment met the criteria for assets held for sale treatment. As a result, the Company recognized impairment & divestiture charges in fiscal 2019 of \$264.5 million which consisted of \$210.0 million representing the excess net book value of the net assets over the anticipated sales proceeds less costs to sell and \$54.5 million representing the recognition in earnings of the cumulative effect of foreign currency exchange losses previously recorded in equity since acquisition.

On December 31, 2018, the Company completed the sale of the PHI business for \$23.6 million cash, net of final transaction costs, working capital adjustments, accelerated vesting of equity compensation, retention bonuses and other adjustments. The Company recorded \$9.5 million of impairment & divestiture charges during the fiscal year representing the excess of the net book value of the assets held for sale less the anticipated proceeds, less costs to sell. During the fourth quarter of fiscal 2018, the Company recognized impairment & divestiture charges of \$23.7 million relating to the excess of net book value of assets over anticipated proceeds which consisted of i) \$17.5 million related to goodwill, ii) \$5.0 million related to amortizable intangible assets and iii) \$1.2 million related to fixed asset impairment.

The Company also completed the sale of the Cortland Fibron business on December 19, 2018 for \$12.5 million in cash. The Company recognized \$1.7 million of impairment & divestiture charges in fiscal 2019 representing the excess net book value of the net assets less the proceeds from sale, net of transaction costs. Additionally, due to the business meeting the criteria for asset held for sale treatment at August 31, 2018, the Company recognized impairment & divestiture charges in fiscal 2018 of \$46.3 million which consisted of i) \$35.3 million related to the recognition in earnings of the cumulative effect of foreign currency rate changes since acquisition; ii) \$10.5 million representing the excess of the net book value of assets held for sale to the anticipated proceeds and iii) \$0.5 million of other divestiture charges.

As the aforementioned divestitures were a part of our strategic shift to become a pure-play industrial tools and services company, the results of their operations (including the stated impairment & divestiture charges) are recorded as a component of "(Loss) earnings from discontinued operations" in the Consolidated Statements of Operations for all periods presented. In addition, their assets and liabilities are recorded as "Assets from discontinued operations" and "Liabilities from discontinued operations", respectively, within the Consolidated Balance Sheets for each period presented.

The following is a summary of the assets and liabilities of discontinued operations (in thousands):

	August 31,	
	2019	2018
Accounts receivable, net	\$ 52,802	\$ 67,412
Inventories, net	76,825	86,933
Other current assets	8,058	13,467
Property, plant & equipment, net	32,172	37,432
Goodwill	16,862	233,779
Other intangible assets, net	93,314	120,344
Other long-term assets	5,545	9,566
Assets of discontinued operations	\$ 285,578	\$ 568,933
Trade accounts payable	\$ 43,628	\$ 65,169
Accrued compensation and benefits	12,101	19,930
Reserve for cumulative translation adjustment	54,469	35,346
Other current liabilities	12,101	14,800
Deferred income taxes	20,029	24,145
Pension and postretirement benefit liabilities	1,344	912
Other long-term liabilities	91	271
Liabilities of discontinued operations	\$ 143,763	\$ 160,573

The following represents the detail of "(Loss) earnings from discontinued operations, net of income taxes" within the Consolidated Statements of Operations (in thousands):

	Year Ended August 31,		
	2019	2018	2017
Net sales	\$ 459,144	\$ 541,308	\$ 479,193
Cost of products sold	344,563	409,332	359,846
Gross profit	114,581	131,976	119,347
Selling, administrative and engineering expenses	68,339	81,188	69,360
Amortization of intangible assets	5,666	11,285	11,377
Restructuring charges	1,779	1,440	3,994
Impairment & divestiture charges*	286,175	70,071	—
Operating (loss) profit	(247,378)	(32,008)	34,616
Financing costs, net	124	619	482
Other expense (income), net	1,922	(759)	(1,064)
Loss (earnings) before income tax expense (benefit)	(249,424)	(31,868)	35,198
Income tax expense (benefit)	7,788	(5,474)	6,136
Net (loss) earnings from discontinued operations	<u>\$ (257,212)</u>	<u>\$ (26,394)</u>	<u>\$ 29,062</u>

*In addition to the impairment & divestiture charges discussed above, the Company also incurred approximately \$10.5 million of divestiture charges in fiscal 2019 related to the anticipated divestiture of EC&S.

On December 1, 2017, the Company completed the sale of the Viking business (Other Segment) for net cash proceeds of \$8.8 million, which resulted in an after-tax impairment & 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. In the fourth quarter of fiscal 2017, related to the then pending sale of our Viking business, we recognized impairment & divestiture charges of \$117.0 million which consisted of (i) a \$16.1 million charge representing the excess of the net book value of assets held for sale to the anticipated proceeds; (ii) a 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) a \$28.6 million cash charge related to the operating lease buyout of certain rental assets and (iv) a \$3.3 million of other divestiture charges.

The historical results of the Viking business (which had net sales of \$2.7 million in the year ended August 31, 2018) are not material to the consolidated financial results.

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

Changes in the gross carrying value of goodwill and intangible assets 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, 2019 and 2018 by operating segment are as follows (in thousands):

	Industrial Tools & Services	Other	Total
Balance as of August 31, 2017	\$ 238,707	\$ 33,712	\$ 272,419
Business acquisitions	12,441	—	12,441
Impact of changes in foreign currency rates	(2,443)	(2,285)	(4,728)
Balance as of August 31, 2018	248,705	31,427	280,132
Purchase accounting adjustments	253	—	253
Impairment charge	—	(13,678)	(13,678)
Impact of changes in foreign currency rates	(6,085)	(207)	(6,292)
Balance as of August 31, 2019	\$ 242,873	\$ 17,542	\$ 260,415

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The changes in the carrying amount of goodwill included within "Assets from discontinued operations" on the Consolidated Balance Sheets for the years ended August 31, 2019 and 2018 are as follows (in thousands):

Balance as of August 31, 2017	\$	257,662
Impairment charge		(21,227)
Impact of changes in foreign currency rates		(2,655)
Balance as of August 31, 2018		233,780
Impairment charge		(209,489)
Impact of changes in foreign currency rates		(7,429)
Balance as of August 31, 2019	\$	16,862

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

	Weighted Average Amortization Period (Year)	August 31, 2019			August 31, 2018		
		Gross	Accumulated Amortization	Net Book Value	Gross	Accumulated Amortization	Net Book Value
Amortizable intangible assets:							
Customer relationships	14	\$ 126,229	\$ 96,817	\$ 29,412	\$ 128,561	\$ 84,029	\$ 44,532
Patents	12	13,227	12,276	951	13,324	11,915	1,409
Trademarks and tradenames	16	4,513	2,921	1,592	4,275	2,826	1,449
Non-compete agreements & other	3	4,835	4,835	—	4,942	4,813	129
Indefinite lived intangible assets:							
Tradenames	N/A	20,420	—	20,420	24,138	—	24,138
		\$ 169,224	\$ 116,849	\$ 52,375	\$ 175,240	\$ 103,583	\$ 71,657

The Company estimates that amortization expense for future years is estimated to be \$7.6 million in fiscal year 2020, \$6.7 million in fiscal 2021, \$5.9 million in fiscal 2022, \$4.4 million in fiscal 2023, \$2.7 million in fiscal 2024 and \$4.7 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, among other causes.

Fiscal 2019 Impairment Charges

During fiscal 2019, within the Other segment, the Company recognized a \$13.7 million Goodwill impairment charge related to Cortland U.S. in conjunction with triggering events identified during the fiscal year.

In the fourth quarter of fiscal 2019, the Company's branding strategy was revised such that two secondary tradenames previously considered to have indefinite lives are to be phased out and re-branded within 12-15 months. As such, the Company recorded an impairment & divestiture charge of \$2.6 million based on the estimated remaining fair value of the respective tradenames. In addition, based on restructuring actions taken in the fourth quarter related to the North America Services operations, the Company concluded that the fair value of a customer relationship intangible was less than the current net book value, and therefore, a \$6.2 million impairment & divestiture charge was recorded. The tradename and customer relationships impairments both related to assets within the IT&S segment.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Note 7. Debt

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

	August 31,	
	2019	2018
Previous Senior Credit Facility		
Revolver	\$ —	\$ —
Term Loan	—	247,500
Total Previous Senior Credit Facility	—	247,500
New Senior Credit Facility		
Revolver	—	—
Term Loan	175,000	—
Total New Senior Credit Facility	175,000	—
5.625% Senior Notes	287,559	287,559
Total Senior Indebtedness	462,559	535,059
Less: Current maturities of long-term debt	(7,500)	(30,000)
Debt issuance costs	(2,114)	(2,364)
Total long-term debt, less current maturities	\$ 452,945	\$ 502,695

Senior Credit Facility

Prior to the refinancing of the Company's Senior Credit Facility on March 29, 2019, the Company's previous Senior Credit Facility matured on May 8, 2020, and provided a \$300 million revolver, a \$300 million term loan and a \$450 million expansion option, subject to certain conditions. Borrowings were subject to a pricing grid, which could 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. In addition, a non-use fee was payable quarterly on the average unused credit line under the revolver ranging from 0.15% to 0.35% per annum.

On March 29, 2019, the Company refinanced its Senior Credit Facility resulting in a new \$600 million Senior Credit Facility, comprised of a \$400 million revolving line of credit and a \$200 million term loan. The new facility, which matures in March 2024, includes a reduction in pricing and expands the revolving credit facility from \$300 million to \$400 million. Borrowings under the new Senior Credit Facility bear interest based on LIBOR or a base rate, with interest rate spreads above LIBOR or the base rate being subject to adjustments based on the Company's net leverage ratio, ranging from 1.125% to 2.00% in the case of loans bearing interest at LIBOR and from 1.25% to 1.00% in the case of loans bearing interest at the base rate. In addition, a non-use fee is payable quarterly in the average unused revolving credit facility ranging from 0.15% to 0.30% per annum, based on the Company's net leverage ratio. Quarterly term loan principal payments of \$1.25 million began on August 31, 2019, will escalate to \$5.0 million by May 31, 2022, with the remaining principal due at maturity. During fiscal 2019 and in line with its capital allocation strategy, the Company electively prepaid \$23.8 million against the remaining principal balance of the term loan subsequent to the refinancing.

The new Senior Credit Facility contains financial covenants that are consistent with the prior facility, with enhancements that improve overall liquidity, and provides the option for future expansion through a \$300 million accordion on the revolver. The two financial covenants included are a maximum leverage ratio of 3.75:1 and a minimum interest coverage ratio of 3.50:1. For each covenant, certain transactions lead to adjustments to the underlying ratio, including a reduction of the minimum interest coverage ratio from 3.5 to 3.0 for any fiscal quarter ending within twelve months after the sale of the EC&S segment and an increase to the leverage ratio from 3.75 to 4.25 during the four fiscal quarters after a significant acquisition.

Borrowings under the credit agreement are secured by substantially all personal property assets of the Company and its domestic subsidiary guarantors and certain equity interests owned by the foreign law pledgors. In preparation for the divestiture of the EC&S segment, the Company needed to transfer certain assets between guarantor and non-guarantor entities. While this action was contemplated in the new Senior Credit Facility, the Company did not timely notify the lenders of these transactions, and as such, the Company was not in technical compliance with this restrictive covenant at August 31, 2019. However, the Company subsequently obtained the necessary waivers from the lenders to be in compliance as of the date of this report. The Company was in compliance with all financial covenants at August 31, 2019.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

As of August 31, 2019, the variable borrowing rate on the outstanding term loan balance was 3.50% and the unused credit line and amount available for borrowing under the revolver was \$398.8 million.

Senior Notes

On April 16, 2012, the Company issued \$300 million of 5.625% Senior Notes due 2022 (the “Senior Notes”) of which \$287.6 million remain outstanding. 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 currently at 100.9% and reducing to 100.0% on June 15, 2020, 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 \$26.3 million, \$28.8 million and \$27.1 million in fiscal 2019, 2018 and 2017, respectively.

As of August 31, 2019, future debt maturities for each of the next five fiscal years were as follows (in thousands):

Fiscal Year	Term Loan	Senior Notes	Total
2020	\$ 7,500	\$ —	\$ 7,500
2021	12,500	—	12,500
2022	17,500	287,559	305,059
2023	20,000	—	20,000
2024	117,500	—	117,500
	<u>\$ 175,000</u>	<u>\$ 287,559</u>	<u>\$ 462,559</u>

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 unadjusted 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 an asset or liability.

The fair value of the Company’s cash and cash equivalents, accounts receivable, accounts payable and variable rate long-term debt approximated book value at both August 31, 2019 and 2018 due to their short-term nature and the fact that the interest rates approximated 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 less than \$0.1 million at August 31, 2019 and a net asset of \$0.4 million at August 31, 2018. 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 Senior Notes was \$291.5 million and \$293.5 million at August 31, 2019 and 2018, 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.

As discussed in [Note 6, “Goodwill, Intangible Assets and Long-Lived Assets”](#), the Company recorded impairment on indefinite-lived tradenames and customer relationships in the fourth quarter of fiscal 2019. The fair value of the tradenames and customer relationships were determined utilizing generally accepted valuation techniques, specifically, forecasting future revenues and/or using a market royalty rate. These valuations represent Level 3 assets measured at fair value on a nonrecurring basis.

Note 9. Derivatives

All derivatives are recognized in the balance sheet at their estimated fair value. The Company does not enter into derivatives for speculative purposes. Changes in the value of derivatives (not designated as hedges) are recorded in earnings along with the gain or loss on the hedged asset or liability, while changes in the value of derivatives designated as 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 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. These derivative gains and losses offset foreign currency gains and losses from the related

revaluation of non-functional currency assets and liabilities (amounts included in "Other expense" in the Consolidated Statements of Operations). The U.S. dollar equivalent notional value of these short duration foreign currency exchange contracts (cash flow hedges or non-designated hedges) was \$13.3 million and \$11.9 million at August 31, 2019 and 2018, respectively. The fair value of outstanding foreign currency exchange contracts was an asset of less than \$0.1 million at August 31, 2019 and an asset of \$0.4 million at August 31, 2018. Net foreign currency (losses) gains (included in "Other expense" in the Consolidated Statements of Operations) related to these derivative instruments are as follows (in thousands):

	Year Ended August 31,		
	2019	2018	2017
Foreign Currency (losses) gains	\$ (292)	\$ 249	\$ (3,113)

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, 2019, future obligations under non-cancelable operating leases associated with continuing operations were as follows: \$15.8 million in fiscal 2020; \$12.3 million in fiscal 2021; \$10.1 million in fiscal 2022; \$6.9 million in fiscal 2023; \$5.2 million in fiscal 2024; and \$21.6 million in aggregate thereafter. Total rental expense under operating leases was \$26.5 million, \$24.3 million and \$27.6 million in fiscal 2019, 2018 and 2017, 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. Further, the Company continues to work with the buyer in the pending divestiture of the EC&S segment and the respective lessors of certain assets leased within those businesses (but in the name of Actuant Corporation or a retained subsidiary) to either transfer the lease to the name of the buyer or buyout existing leases.

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):

	2019	2018
Reconciliation of benefit obligations:		
Benefit obligation at beginning of year	\$ 43,280	\$ 46,806
Interest cost	1,694	1,633
Actuarial loss/(gain)	5,339	(2,330)
Benefits paid	(2,913)	(2,829)
Benefit obligation at end of year	\$ 47,400	\$ 43,280
Reconciliation of plan assets:		
Fair value of plan assets at beginning of year	\$ 40,244	\$ 40,027
Actual return on plan assets	2,972	2,938
Company contributions	108	108
Benefits paid from plan assets	(2,912)	(2,829)
Fair value of plan assets at end of year	40,412	40,244
Funded status of the plans (underfunded)	\$ (6,988)	\$ (3,036)

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Year ended August 31,		
	2019	2018	2017
Interest cost	\$ 1,694	\$ 1,633	\$ 1,690
Expected return on assets	(2,208)	(2,668)	(2,867)
Amortization of actuarial loss	990	1,127	1,141
Net periodic benefit expense (income)	\$ 476	\$ 92	\$ (36)

As of August 31, 2019 and 2018, \$16.1 million and \$13.2 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 2020, \$1.2 million of these actuarial losses, net of tax, are expected to be recognized in net periodic benefit cost.

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:

	2019	2018	2017
Assumptions for benefit obligations:			
Discount rate	2.90%	4.05%	3.60%
Assumptions for net periodic benefit cost:			
Discount rate	4.05%	3.60%	3.45%
Expected return on plan assets	5.75%	7.00%	7.15%

Prior to fiscal 2019, the Company focused on employing a total-return-on-investment approach for its pension plan assets whereby a mix of equity and fixed income investments were used to maximize the long-term return for plan assets, at prudent levels of risk. During fiscal 2019, the Company made a strategic decision to shift the focus to an objective to achieve an asset and liability duration match so that interim fluctuations in funded status should be limited by increasing the correlation between assets and liabilities. As such, the plan assets are invested to maintain funded ratios over the long term, while managing the risk that funded ratios fall meaningfully below 100%. At this time, the plan portfolio is significantly invested in duration-matched fixed income securities, which aligns to the plan's asset investment mix of 70% fixed income securities and 30% equity securities. 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, 2019, the Company's overall expected long-term rate of return for assets in U.S. pension plans was 4.60%. 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,			
	2019	%	2018	%
Cash and cash equivalents	\$ 304	0.8%	\$ 559	1.4%
Fixed income securities:				
Corporate bonds	5,127	12.7	19,107	47.5
Mutual funds	23,206	57.4	814	2.0
	28,333	70.1	19,921	49.5
Equity securities:				
Mutual funds	11,775	29.1	19,764	49.1
Total plan assets	\$ 40,412	100.0%	\$ 40,244	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 \$14.5 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 2020.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Foreign Defined Benefit Pension Plans

The Company has eight 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 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 foreign defined benefit pension plans as of the respective August 31 measurement date (in thousands):

	2019	2018
Reconciliation of benefit obligations:		
Benefit obligation at beginning of year	\$ 13,056	\$ 13,423
Employer Service Costs	450	440
Interest cost	257	278
Actuarial loss/(gain)	2,594	(337)
Benefits paid	(421)	(555)
Plan amendments	89	—
Curtailments	(107)	—
Currency impact	(815)	(193)
Benefit obligation at end of year	\$ 15,103	\$ 13,056
Reconciliation of plan assets:		
Fair value of plan assets at beginning of year	\$ 7,902	\$ 7,904
Actual return on plan assets	752	32
Company contributions	374	588
Benefits paid from plan assets	(421)	(555)
Currency impact	(489)	(67)
Fair value of plan assets at end of year	8,118	7,902
Funded status of the plans (underfunded)	\$ (6,985)	\$ (5,154)

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

	Year ended August 31,		
	2019	2018	2017
Employer service costs	\$ 450	\$ 440	\$ 413
Interest cost	257	278	239
Expected return on assets	(345)	(366)	(379)
Amortization of net prior service credit	(65)	(69)	(61)
Amortization of net loss	263	306	438
(Income) or cost of special events	(56)	18	268
Net periodic benefit expense	\$ 504	\$ 607	\$ 918

The weighted average discount rate utilized for determining the benefit obligation at August 31, 2019 and 2018 was 1.1% and 2.0%, respectively. The plan assets of these foreign pension plans consist primarily of participating units in fixed income and equity securities and insurance contracts. The Company's overall expected long-term rate of return on these investments is 4.2%. During fiscal 2020, the Company anticipates contributing \$0.3 million to these pension plans.

Projected benefit payments to participants in the these foreign plans are \$0.2 million for fiscal 2020, \$0.3 million for fiscal 2021, \$0.4 million for fiscal 2022, \$0.3 million for both fiscal 2023 and fiscal 2024 and \$1.9 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 \$3.1 million and \$2.9 million at August 31, 2019 and 2018, respectively. These obligations are determined

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

utilizing assumptions consistent with those used for our U.S. pension plans and a health care cost trend rate of 5.8%, trending downward to 5.0% by the year 2026, and remaining level thereafter. Net periodic benefit costs for other postretirement benefits was income of \$0.1 million for the year-ended August 31, 2019 and expense of \$0.1 million and \$0.2 million for the year-ended August 31, 2018 and 2017, respectively. Benefit payments from the plan are funded through participant contributions and Company contributions, which are projected to be \$0.2 million in fiscal 2020.

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, prior to fiscal 2019, the Company generally made core contributions to employee accounts equal to 3% of each employee’s eligible annual cash compensation, subject to IRS limitations. In addition, the Company matched 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 were made in the form of its Class A common stock and contributed into each eligible participant’s deferred compensation plan account. Effective September 1, 2018, the Company changed the method of employer contributions. The Company’s match contribution is \$0.50 for every \$1 contributed by employees, up to 8% of the employees’ eligible pay. These match contributions are made on every payroll run, meaning the contribution is immediately 100% vested. In addition, the Company may make an annual, discretionary contribution of up to 3% of employees’ eligible pay to employees employed as of end of the plan year. The discretionary contribution has a three year vesting period. The Company elected not to provide a discretionary contribution for the year ended August 31, 2019. Expense recognized related to the 401(k) plan totaled \$2.7 million, \$3.1 million and \$3.2 million for the year ended August 31, 2019, 2018 and 2017, respectively.

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 \$1.6 million and \$1.7 million obligation at August 31, 2019 and 2018, respectively. Expense recognized for the SERP Plan was \$0.4 million for fiscal 2019 and \$0.3 million for both 2018 and 2017.

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 \$18.4 million and \$20.1 million are included in the consolidated balance sheets at August 31, 2019 and 2018, respectively, to reflect the unfunded portion of the deferred compensation liability. The Company recorded expense in “Financing costs, net” of \$1.4 million, \$1.5 million and \$1.6 million for the years ended August 31, 2019, 2018 and 2017, 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 on the Consolidated Balance Sheets with the corresponding deferred compensation liability also recorded within shareholders’ equity on the Consolidated Balance Sheets. Since no investment diversification is permitted within the trust, changes in fair value of Actuant common stock are not recognized.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Note 12. Income Taxes

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

	Year ended August 31,		
	2019	2018	2017
Currently payable:			
Federal	\$ (2,040)	\$ 291	\$ (22,002)
Foreign	9,370	9,223	11,239
State	1,347	358	(675)
	8,677	9,872	(11,438)
Deferred:			
Federal	(400)	(1,143)	3,278
Foreign	2,172	5,807	(14,406)
State	208	(86)	(48)
	1,980	4,578	(11,176)
Income tax expense (benefit)	\$ 10,657	\$ 14,450	\$ (22,614)

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 earnings (loss) 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,		
	2019	2018	2017
Federal statutory rate	21.0 %	25.7 %	35.0 %
State income taxes, net of Federal effect	(4.0)	(0.5)	0.6
Net effects of foreign tax rate differential and credits ⁽¹⁾	11.3	(12.2)	(5.4)
Domestic manufacturing deduction	—	(1.3)	0.2
Foreign branch currency losses	—	(2.1)	(0.2)
Compensation adjustment	4.4	7.0	—
Impairment and divestiture charges ⁽²⁾	19.3	39.1	(7.9)
Valuation allowance additions and releases ⁽³⁾	3.9	20.3	(12.3)
Changes in liability for unrecognized tax benefits	4.1	(34.1)	(2.6)
U.S. tax reform, net impact ⁽⁴⁾	(31.1)	2.4	—
Taxable liquidation of foreign subsidiaries ⁽⁵⁾	—	7.7	15.5
Foreign non-deductible expenses	16.2	12.0	(2.1)
Changes in tax rates	1.7	(1.4)	(1.5)
R&D credit, audits and adjustments	4.8	15.3	1.0
Other items	5.3	(2.6)	(1.1)
Effective income tax rate	56.9 %	75.3 %	19.2 %

⁽¹⁾ The Company generated \$0.7 million, \$10.2 million and \$4.2 million of foreign tax credits, excluding the impact of tax reform for fiscal 2019, 2018 and 2017, respectively.

⁽²⁾ Fiscal 2019, 2018 and 2017 pretax earnings (loss) include \$22.8 million, \$3.0 million and \$117.0 million, respectively, in impairment & divestiture charges related to goodwill, intangible assets, tangible assets and the cumulative effect of foreign currency rate changes of which \$14.0 million, \$0.7 million and \$69.0 million, respectively, are not deductible for income tax purposes.

⁽³⁾ Incremental valuation allowances of \$1.7 million and \$20.4 million were recorded in fiscal 2019 and 2018, respectively, due to uncertainty regarding utilization of foreign operating loss carryforwards, which were partially offset by a reduction of \$2.9 million and \$11.8 million of valuation allowances for fiscal 2019 and 2018, respectively. These amounts exclude valuation allowances related to foreign tax credits that are categorized with tax reform.

⁽⁴⁾ During fiscal 2019, legislative changes and additional guidance related to the Act resulted in tax benefit of \$5.8 million related to the fiscal 2018 tax year.

⁽⁵⁾ 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.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	August 31,	
	2019	2018
Deferred income tax assets:		
Operating loss and tax credit carryforwards	\$ 88,198	\$ 38,414
Compensation related liabilities	7,752	8,821
Postretirement benefits	9,289	8,659
Inventory	629	520
Book reserves and other items	11,465	17,499
Total deferred income tax assets	117,333	73,913
Valuation allowance	(73,255)	(32,426)
Net deferred income tax assets	44,078	41,487
Deferred income tax liabilities:		
Depreciation and amortization	(26,248)	(23,517)
Other items	(862)	(611)
Deferred income tax liabilities	(27,110)	(24,128)
Net deferred income tax asset ⁽¹⁾	\$ 16,968	\$ 17,359

⁽¹⁾ The net deferred income tax asset is reflected on the balance sheet in two categories: an asset of \$18.4 million and \$21.3 million for fiscal 2019 and 2018, respectively, is included in "Other long-term assets" and a liability of \$1.6 million and \$3.9 million for fiscal 2019 and 2018, respectively, is included in "Deferred income taxes".

The Company has \$68.8 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 2039. The Company also has \$85.3 million of 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 2029. 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):

	2019	2018	2017
Beginning balance	\$ 24,359	\$ 31,446	\$ 29,174
Increases based on tax positions related to the current year	2,169	2,599	6,057
Increase for tax positions taken in a prior period	1,422	359	297
Decrease for tax positions taken in a prior period	—	(349)	(627)
Decrease due to lapse of statute of limitations	(3,212)	(9,163)	(4,008)
Decrease due to settlements	(324)	—	—
Changes in foreign currency exchange rates	(247)	(533)	553
Ending balance	\$ 24,167	\$ 24,359	\$ 31,446

Substantially all of these unrecognized tax benefits, if recognized, would impact the effective income tax rate. As of August 31, 2019, 2018 and 2017, the Company recognized \$3.7 million, \$3.0 million and \$2.9 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 2009. The Company believes it is reasonably possible that the total amount of unrecognized tax benefits could decrease by up to \$2.4 million throughout fiscal 2020.

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 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 \$5.4 million would have been necessary as of August 31, 2019.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Earnings (loss) before income taxes from continuing operations, are summarized as follows (in thousands):

	Year Ended August 31,		
	2019	2018	2017
Domestic	\$ (715)	\$ 5,337	\$ (10,023)
Foreign	19,439	13,859	(107,866)
	<u>\$ 18,724</u>	<u>\$ 19,196</u>	<u>\$ (117,889)</u>

Both domestic and foreign pre-tax earnings from continuing operations 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 2019, domestic and foreign earnings included non-cash impairment and other divestiture costs of \$9.0 million and \$13.8 million, respectively. In fiscal 2018, foreign earnings included \$3.0 million of non-cash impairment & divestiture charges. In fiscal 2017, domestic earnings included \$7.8 million of director and officer transition charges and foreign earnings included \$117.0 million of non-cash impairment & divestiture charges. Approximately 70% - 80% of pre-tax earnings from continuing operations (excluding impairment & divestiture charges) were generated in foreign jurisdictions with tax rates different than the U.S. federal income tax rate.

Cash paid for income taxes, net of refunds, totaled \$15.4 million, \$1.5 million (refund) and \$11.8 million during the years ended August 31, 2019, 2018 and 2017, respectively.

Note 13. Capital Stock and Share Repurchases

The authorized common stock of the Company as of August 31, 2019 consisted of 168,000,000 shares of Class A common stock, \$0.20 par value, of which 81,920,679 and 60,465,111 shares were issued and outstanding, respectively; 1,500,000 shares of Class B common stock, \$0.20 par value, none of which are outstanding; 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. During the year ended August 31, 2019, the Company repurchased 1,016,134 shares for \$22.5 million. At August 31, 2019, cumulative shares repurchased under these authorizations totaled 21,455,568, leaving 6,544,432 shares authorized for future buy backs.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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,		
	2019	2018	2017
Numerator:			
Net earnings (loss) from continuing operations	\$ 8,067	\$ 4,746	\$ (95,275)
Net (loss) earnings from discontinued operations	(257,212)	(26,394)	29,062
Net loss	(249,145)	(21,648)	(66,213)
Denominator:			
Weighted average common shares outstanding - basic	61,151	60,441	59,436
Net effect of dilutive securities - stock based compensation plans	456	587	—
Weighted average common shares outstanding - diluted	61,607	61,028	59,436
Earnings (loss) per common share from continuing operations:			
Basic	\$ 0.13	\$ 0.08	\$ (1.60)
Diluted	\$ 0.13	\$ 0.08	\$ (1.60)
(Loss) earnings per common share from discontinued operations:			
Basic	\$ (4.21)	\$ (0.44)	\$ 0.49
Diluted	\$ (4.18)	\$ (0.43)	\$ 0.49
Loss per common share:			
Basic	\$ (4.07)	\$ (0.36)	\$ (1.11)
Diluted	\$ (4.04)	\$ (0.35)	\$ (1.11)
Anti-dilutive securities- stock based compensation plans (excluding from earnings per share calculation) ⁽¹⁾			
	1,239	1,477	4,482

⁽¹⁾ As a result of the impairment and divestiture charges which caused a net loss from continuing operations in fiscal 2017, 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, 2019, 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 3,212,656 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 vest 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 fiscal 2019 is as follows:

	Number of Shares	Weighted-Average Fair Value at Grant Date (Per Share)
Outstanding on August 31, 2018	1,153,737	\$25.25
Granted	705,602	22.75
Forfeited	(117,899)	24.24
Vested	(460,614)	25.49
Outstanding on August 31, 2019	1,280,826	\$23.87

A summary of stock option activity during fiscal 2019 is as follows:

	Shares	Weighted-Average Exercise Price (Per Share)	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding on September 1, 2018	1,769,076	\$ 25.40		
Granted	—	—		
Exercised	(84,277)	19.72		
Forfeited	(19,566)	24.44		
Expired	(58,690)	20.77		
Outstanding on August 31, 2019	1,606,543	\$ 25.88	4.1	\$ 0.5 million
Exercisable on August 31, 2019	1,298,308	\$ 26.01	3.5	\$ 0.5 million

Intrinsic value is the difference between the market value of the stock at August 31, 2019 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,		
	2019	2018	2017
Weighted-average fair value of options granted (per share)	N/A	N/A	\$ 11.88
Intrinsic value of options exercised	\$ 429	\$ 5,284	2,208
Cash receipts from exercise of options	1,404	15,140	7,762

The Company generally records compensation expense over the vesting period for restricted stock awards based on the market value of the Company's Class A common stock on the grant date and utilized an expected forfeiture rate of 10%, 10% and 11%, for fiscal years ended August 31, 2019, 2018 and 2017, 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 both fiscal 2019 and 2018. The following weighted-average assumptions were used in fiscal year 2017:

	Fiscal Year Ended August 31, 2017
Dividend yield	0.15 %
Expected volatility	38.12 %
Risk-free rate of return	2.42 %
Expected forfeiture rate	11 %
Expected life	7.4 years

As of August 31, 2019, there was \$18.9 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 1.9 years. The total fair value of share-based awards that vested during the fiscal years ended August 31, 2019 and 2018 was \$11.9 million and \$14.3 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 solutions. The IT&S reportable 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 Other segment is included for purposes of reconciliation of the respective balances below to the consolidated financial statements. All operations within the EC&S operating segment are considered discontinued operations and are therefore excluded from all disclosures herein.

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

	Year Ended August 31,		
	2019	2018	2017
Net Sales by Reportable Segment & Product Line			
Industrial Tools & Services Segment			
Product	\$ 433,703	\$ 439,405	\$ 396,381
Service & Rental	175,812	151,680	156,201
	<u>609,515</u>	<u>591,085</u>	<u>552,582</u>
Other Operating Segment	45,243	50,218	64,009
	<u>\$ 654,758</u>	<u>\$ 641,303</u>	<u>\$ 616,591</u>
Operating Profit (Loss)			
Industrial Tools & Services	\$ 101,411	\$ 99,432	\$ 95,825
Other Operating Segment	(11,821)	(5,690)	(130,396)
General Corporate	(42,076)	(43,536)	(50,281)
	<u>\$ 47,516</u>	<u>\$ 50,206</u>	<u>\$ (84,852)</u>
Depreciation and Amortization:			
Industrial Tools & Services	\$ 14,762	\$ 15,301	\$ 15,025
Other Operating Segment	3,408	3,122	5,886
General Corporate	2,047	1,982	2,014
	<u>\$ 20,217</u>	<u>\$ 20,405</u>	<u>\$ 22,925</u>
Capital Expenditures:			
Industrial Tools & Services	\$ 9,945	\$ 7,799	\$ 8,614
Other Operating Segment	3,917	1,295	5,411
General Corporate	1,061	1,927	3,213
	<u>\$ 14,923</u>	<u>\$ 11,021</u>	<u>\$ 17,238</u>

	August 31,	
	2019	2018
Assets:*		
Industrial Tools & Services	\$ 553,615	\$ 589,926
Other Operating Segment	54,484	76,506
General Corporate	230,597	249,852
	<u>\$ 838,696</u>	<u>\$ 916,284</u>

*Excludes "Assets from discontinued operations" as of August 31, 2019 and 2018, respectively.

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.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

The following tables summarize net sales and property, plant and equipment by geographic region (in thousands):

	Year Ended August 31,		
	2019	2018	2017
Net Sales:			
United States	\$ 249,644	\$ 236,036	\$ 230,513
United Kingdom	30,127	35,388	42,875
Kazakhstan	30,081	19,814	22,989
Germany	26,445	30,643	27,611
Australia	25,749	30,796	36,076
Saudi Arabia	21,625	20,749	22,089
Brazil	18,779	17,900	15,456
Canada	18,686	20,172	17,458
China	18,548	19,239	18,323
All other	215,074	210,566	183,201
	<u>\$ 654,758</u>	<u>\$ 641,303</u>	<u>\$ 616,591</u>

	August 31,	
	2019	2018
Property, Plant and Equipment, net:		
United States	\$ 21,047	\$ 17,040
China	12,179	13,442
UAE	8,734	7,876
United Kingdom	2,983	3,663
Brazil	2,851	2,923
Netherlands	2,720	3,530
Kazakhstan	2,635	3,056
All other	3,580	3,444
	<u>\$ 56,729</u>	<u>\$ 54,974</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 7.4%, 7.9% and 6.0% of total net sales from continuing operations in fiscal 2019, 2018 and 2017, respectively.

Note 16. Commitments and Contingencies

The Company had outstanding letters of credit of \$18.2 million and \$23.6 million at August 31, 2019 and 2018, respectively, the majority of which relate to commercial contracts and self-insured workers' compensation programs.

As part of the Company's global sourcing strategy, we have entered into agreements with certain suppliers that require the supplier to maintain minimum levels of inventory to support certain products for which we require a short lead time to fulfill customer orders. We have the ability to notify the supplier that they no longer need maintain the minimum level of inventory should we discontinue manufacture of a product during the contract period, however, we must purchase the remaining minimum inventory levels the supplier was required to maintain within a defined period of time.

The Company is a party to various legal proceedings that have arisen in the normal course of business. These legal proceedings typically include product liability, breaches of contract, employment, personal injury 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 a loss has been incurred and can be reasonably estimated. In the opinion of management, resolution of these contingencies is 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

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

value of future minimum lease payments for these leases at August 31, 2019 was \$9.1 million using a weighted average discount rate of 1.9%.

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

As previously disclosed, in October 2018, the Company filed a 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 totaling approximately \$0.5 million by certain of its foreign subsidiaries to two Iranian distributors. It is possible that certain limited transactions relating to the authorized sales fell outside the scope of General License H under the Iranian Transaction and Sanctions Regulations, 31 C.F.R. Part 560. The 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, as certain sales of products and services may have been diverted to the Crimea region of Ukraine. OFAC is currently reviewing the Company's disclosures 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

As discussed in [Note 7, "Debt"](#) 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, 2019. Certain 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 the subsidiaries that do not guarantee the 5.625% Senior Notes (the "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 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 the Parent, the Guarantors and the non-Guarantors and the eliminations necessary to arrive at the information for the Company on a consolidated basis. As a result of the refinancing of the Senior Credit Facility in March 2019, certain domestic subsidiaries that were previously Guarantors of the Senior Notes are now non-Guarantors. As such, prior period financial information has been recast to reflect the current Parent, Guarantor, and non-Guarantor structure.

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Year Ended August 31, 2019				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	\$ 167,009	\$ 70,621	\$ 417,128	\$ —	\$ 654,758
Cost of products sold	46,220	44,007	271,879	—	362,106
Gross profit	120,789	26,614	145,249	—	292,652
Selling, administrative and engineering expenses	85,399	20,095	103,737	—	209,231
Amortization of intangible assets	1,272	2,600	5,050	—	8,922
Restructuring charges	562	1,402	2,192	—	4,156
Impairment & divestiture charges	—	6,243	16,584	—	22,827
Operating profit (loss)	33,556	(3,726)	17,686	—	47,516
Financing costs (income), net	28,716	—	(553)	—	28,163
Intercompany (income) expense, net	(15,020)	21,573	70,086	(76,639)	—
Intercompany dividends	(447,637)	(39,208)	—	486,845	—
Other (income) expense, net	(435)	1	1,063	—	629
Earnings (loss) before income tax (benefit) expense	467,932	13,908	(52,910)	(410,206)	18,724
Income tax (benefit) expense	(5,113)	(2,395)	18,165	—	10,657
Earnings (loss) from continuing operations	473,045	16,303	(71,075)	(410,206)	8,067
Loss from discontinued operations	(3,148)	(93,730)	(83,695)	(76,639)	(257,212)
Net earnings (loss) before equity in loss of subsidiaries	469,897	(77,427)	(154,770)	(486,845)	(249,145)
Equity in loss of subsidiaries	(719,042)	(28,354)	11,064	736,332	—
Net loss	(249,145)	(105,781)	(143,706)	249,487	(249,145)
Comprehensive loss	\$ (246,572)	\$ (105,781)	\$ (137,292)	\$ 243,073	\$ (246,572)

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Year Ended August 31, 2018				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	\$ 159,411	\$ 65,128	\$ 416,764	\$ —	\$ 641,303
Cost of products sold	29,811	41,674	286,534	—	358,019
Gross profit	129,600	23,454	130,230	—	283,284
Selling, administrative and engineering expenses	81,028	22,540	106,688	—	210,256
Amortization of intangible assets	1,272	2,892	5,116	—	9,280
Restructuring charges	6,109	661	3,785	—	10,555
Impairment & divestiture charges (benefit)	4,217	—	(1,230)	—	2,987
Operating profit (loss)	36,974	(2,639)	15,871	—	50,206
Financing costs (income), net	31,752	—	(880)	—	30,872
Intercompany (income) expense, net	(17,087)	16,276	(46,961)	47,772	—
Intercompany dividends	—	(28,822)	—	28,822	—
Other (income) expense, net	(826)	18	946	—	138
Earnings before income tax (benefit) expense	23,135	9,889	62,766	(76,594)	19,196
Income tax (benefit) expense	(35,134)	21,689	27,895	—	14,450
Earnings (loss) from continuing operations	58,269	(11,800)	34,871	(76,594)	4,746
(Loss) earnings from discontinued operations	(5,951)	9,342	(77,557)	47,772	(26,394)
Net earnings (loss) before equity in (loss) earnings of subsidiaries	52,318	(2,458)	(42,686)	(28,822)	(21,648)
Equity in (loss) earnings of subsidiaries	(73,966)	(54,385)	613	127,738	—
Net loss	(21,648)	(56,843)	(42,073)	98,916	(21,648)
Comprehensive income (loss)	\$ 31,368	\$ (56,843)	\$ 9,555	\$ 47,288	\$ 31,368

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Year Ended August 31, 2017				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Net sales	\$ 145,222	\$ 74,008	\$ 397,361	\$ —	\$ 616,591
Cost of products sold	35,244	45,994	274,983	—	356,221
Gross profit	109,978	28,014	122,378	—	260,370
Selling, administrative and engineering expenses	76,816	24,958	106,354	—	208,128
Amortization of intangible assets	1,272	2,892	4,933	—	9,097
Director & officer transition charges	7,784	—	—	—	7,784
Restructuring charges	634	19	2,581	—	3,234
Impairment & divestiture charges	—	—	116,979	—	116,979
Operating profit (loss)	23,472	145	(108,469)	—	(84,852)
Financing costs (income), net	30,005	—	(784)	—	29,221
Intercompany (income) expense, net	(23,302)	84,562	(67,796)	6,536	—
Intercompany dividends	—	(231,689)	(5,623)	237,312	—
Other expense (income), net	3,303	(26)	539	—	3,816
Earnings (loss) before income tax (benefit) expense	13,466	147,298	(34,805)	(243,848)	(117,889)
Income tax (benefit) expense	(4,623)	(18,477)	486	—	(22,614)
Net earnings (loss) from continuing operations	18,089	165,775	(35,291)	(243,848)	(95,275)
Net (loss) earnings from discontinued operations	(6,362)	9,791	19,097	6,536	29,062
Net earnings (loss) before equity in (loss) earnings of subsidiaries	11,727	175,566	(16,194)	(237,312)	(66,213)
Equity in (loss) earnings of subsidiaries	(77,940)	(67,668)	316	145,292	—
Net (loss) earnings	(66,213)	107,898	(15,878)	(92,020)	(66,213)
Comprehensive (loss) income	\$ (41,651)	\$ 90,011	\$ 43,818	\$ (133,829)	\$ (41,651)

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

CONDENSED CONSOLIDATING BALANCE SHEETS
(in thousands)

	August 31, 2019				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 47,581	\$ —	\$ 163,570	\$ —	\$ 211,151
Accounts receivable, net	20,322	11,358	94,203	—	125,883
Inventories, net	26,737	6,566	43,884	—	77,187
Assets from discontinued operations	295	145,239	140,044	—	285,578
Other current assets	12,116	1,797	16,613	—	30,526
Total current assets	107,051	164,960	458,314	—	730,325
Property, plant & equipment, net	8,515	5,193	43,021	—	56,729
Goodwill	38,847	57,342	164,226	—	260,415
Other intangibles, net	5,611	8,451	38,313	—	52,375
Investment in subsidiaries	1,323,587	912,297	417,022	(2,652,906)	—
Intercompany receivable	—	—	979,889	(979,889)	—
Other long-term assets	27,510	(13,424)	10,344	—	24,430
Total assets	\$ 1,511,121	\$ 1,134,819	\$ 2,111,129	\$ (3,632,795)	\$ 1,124,274
LIABILITIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	\$ 23,678	\$ 3,231	\$ 50,005	\$ —	\$ 76,914
Accrued compensation and benefits	11,495	1,657	13,269	—	26,421
Current maturities of debt	7,500	—	—	—	7,500
Income taxes payable	—	—	4,838	—	4,838
Liabilities from discontinued operations	1,217	29,292	113,254	—	143,763
Other current liabilities	17,556	2,388	21,021	—	40,965
Total current liabilities	61,446	36,568	202,387	—	300,401
Long-term debt	452,945	—	—	—	452,945
Deferred income taxes	(4)	—	1,568	—	1,564
Pension and post-retirement benefit liabilities	12,005	—	8,208	—	20,213
Other long-term liabilities	44,621	114	3,237	—	47,972
Intercompany payable	638,929	340,960	—	(979,889)	—
Shareholders' equity	301,179	757,177	1,895,729	(2,652,906)	301,179
Total liabilities and shareholders' equity	\$ 1,511,121	\$ 1,134,819	\$ 2,111,129	\$ (3,632,795)	\$ 1,124,274

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	\$ 67,945	\$ —	\$ 182,545	\$ —	\$ 250,490
Accounts receivable, net	19,969	15,634	87,658	—	123,261
Inventories, net	22,646	5,121	44,253	—	72,020
Assets from discontinued operations	(1,144)	255,676	314,401	—	568,933
Other current assets	6,953	2,421	23,155	—	32,529
Total current assets	116,369	278,852	652,012	—	1,047,233
Property, plant & equipment, net	7,634	4,481	42,859	—	54,974
Goodwill	38,847	57,342	183,943	—	280,132
Other intangible assets, net	6,884	17,294	47,479	—	71,657
Investment in subsidiaries	1,836,879	918,050	301,782	(3,056,711)	—
Intercompany receivables	—	—	937,259	(937,259)	—
Other long-term assets	14,972	50	16,199	—	31,221
Total assets	\$ 2,021,585	\$ 1,276,069	\$ 2,181,533	\$ (3,993,970)	\$ 1,485,217
LIABILITIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Trade accounts payable	\$ 16,091	\$ 2,646	\$ 50,847	\$ —	\$ 69,584
Accrued compensation and benefits	19,643	1,774	14,575	—	35,992
Current maturities of debt	30,000	—	—	—	30,000
Income taxes payable	—	—	4,091	—	4,091
Liabilities from discontinued operations	17,839	20,384	122,350	—	160,573
Other current liabilities	17,380	6,017	30,371	—	53,768
Total current liabilities	100,953	30,821	222,234	—	354,008
Long-term debt	502,695	—	—	—	502,695
Deferred income taxes	2,415	—	1,532	—	3,947
Pension and post-retirement benefit liabilities	7,765	—	6,192	—	13,957
Other long-term liabilities	45,483	265	6,150	—	51,898
Intercompany payable	803,562	133,697	—	(937,259)	—
Shareholders' equity	558,712	1,111,286	1,945,425	(3,056,711)	558,712
Total liabilities and shareholders' equity	\$ 2,021,585	\$ 1,276,069	\$ 2,181,533	\$ (3,993,970)	\$ 1,485,217

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended August 31, 2019				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating Activities					
Cash provided by (used in) operating activities - continuing operations	\$ 182,274	\$ 107,127	\$ (6,856)	\$ (241,642)	\$ 40,903
Cash (used in) provided by operating activities - discontinued operations	(163,135)	147,274	136,264	(107,461)	12,942
Cash provided by operating activities	19,139	254,401	129,408	(349,103)	53,845
Investing Activities					
Capital expenditures	(2,292)	(2,042)	(10,589)	—	(14,923)
Proceeds from sale of property, plant and equipment	2	—	1,460	—	1,462
Intercompany investment	47,104	—	(49,366)	2,262	—
Cash provided by (used in) investing activities - continuing operations	44,814	(2,042)	(58,495)	2,262	(13,461)
Cash provided by (used in) investing activities - discontinued operations	21,039	(3,288)	30,988	(24,232)	24,507
Cash provided by (used in) investing activities	65,853	(5,330)	(27,507)	(21,970)	11,046
Financing Activities					
Payment for redemption of term loan	(200,000)	—	—	—	(200,000)
Proceeds from issuance of term loan	200,000	—	—	—	200,000
Principal Repayments on term loan	(72,500)	—	—	—	(72,500)
Purchase of treasury shares	(22,481)	—	—	—	(22,481)
Taxes paid related to the net share settlement of equity awards	(1,872)	—	—	—	(1,872)
Stock option exercises, related tax benefits and other	1,900	—	—	—	1,900
Cash dividends	(2,439)	—	—	—	(2,439)
Payment of debt issuance costs	(2,125)	—	—	—	(2,125)
Intercompany dividends paid	—	(30,465)	(85,941)	116,406	—
Intercompany loan activity	(5,839)	—	(21,894)	27,733	—
Intercompany capital contribution	—	(42,539)	(80,880)	123,419	—
Cash used in financing activities - continuing operations	(105,356)	(73,004)	(188,715)	267,558	(99,517)
Cash (used in) provided by financing activities - discontinued operations	—	(176,067)	72,552	103,515	—
Cash used in financing activities	(105,356)	(249,071)	(116,163)	371,073	(99,517)
Effect of exchange rate changes on cash	—	—	(4,713)	—	(4,713)
Net decrease in cash and cash equivalents	(20,364)	—	(18,975)	—	(39,339)
Cash and cash equivalents—beginning of period	67,945	—	182,545	—	250,490
Cash and cash equivalents—end of period	\$ 47,581	\$ —	\$ 163,570	\$ —	\$ 211,151

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					
Cash provided by operating activities - continuing operations	\$ 66,416	\$ 11,374	\$ 60,866	\$ (66,740)	\$ 71,916
Cash provided by operating activities - discontinued operations	(3,123)	13,399	23,944	(43)	34,177
Cash provided by operating activities	63,293	24,773	84,810	(66,783)	106,093
Investing Activities					
Capital expenditures	(2,822)	(2,320)	(5,879)	—	(11,021)
Proceeds from sale of property, plant and equipment	—	—	104	—	104
Intercompany investment	(11,754)	—	—	11,754	—
Rental asset buyout for Viking divestiture	—	—	(27,718)	—	(27,718)
Proceeds from sale of business, net of transaction costs	198	—	8,704	—	8,902
Cash paid for business acquisitions, net of cash acquired	—	(1,732)	(21,486)	—	(23,218)
Cash provided by (used in) investing activities - continuing operations	(14,378)	(4,052)	(46,275)	11,754	(52,951)
Cash provided by (used in) investing activities - discontinued operations	—	(2,664)	(7,137)	1	(9,800)
Cash used in investing activities	(14,378)	(6,716)	(53,412)	11,755	(62,751)
Financing Activities					
Principal repayments 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 dividends	(2,390)	—	—	—	(2,390)
Intercompany dividends paid	—	—	(28,822)	28,822	—
Intercompany loan activity	2,041	(18,057)	105,386	(89,370)	—
Intercompany capital contribution	—	—	100	(100)	—
Cash used in financing activities - continuing operations	(15,952)	(18,057)	76,664	(60,648)	(17,993)
Cash used in financing activities - discontinued operations	—	—	(115,676)	115,676	—
Cash used in financing activities	(15,952)	(18,057)	(39,012)	55,028	(17,993)
Effect of exchange rate changes on cash	—	—	(4,430)	—	(4,430)
Net decrease in cash and cash equivalents	32,963	—	(12,044)	—	20,919
Cash and cash equivalents—beginning of period	34,982	—	194,589	\$ —	229,571
Cash and cash equivalents—end of period	<u>\$ 67,945</u>	<u>\$ —</u>	<u>\$ 182,545</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					
Cash provided by operating activities - continuing operations	\$ 112,557	\$ (93,067)	\$ (201,903)	\$ 230,505	\$ 48,092
Cash provided by operating activities - discontinued operations	(23,697)	14,820	42,748	6,536	40,407
Cash provided by operating activities	88,860	(78,247)	(159,155)	237,041	88,499
Investing Activities					
Capital expenditures	(2,697)	(1,824)	(12,717)	—	(17,238)
Proceeds from sale of property, plant and equipment	—	—	448	—	448
Intercompany investment	2,882	78,154	(26,600)	(54,436)	—
Cash provided by (used in) investing activities - continuing operations	185	76,330	(38,869)	(54,436)	(16,790)
Cash provided by (used in) investing activities - discontinued operations	—	(3,436)	(7,399)	—	(10,835)
Cash used in investing activities	185	72,894	(46,268)	(54,436)	(27,625)
Financing Activities					
Principal Repayments on term loan	(18,750)	—	—	—	(18,750)
Redemption of 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
Cash dividends	(2,358)	—	—	—	(2,358)
Intercompany dividends paid	—	—	231,688	(231,688)	—
Intercompany loan activity	(47,780)	—	47,780	—	—
Intercompany capital contribution	—	—	(54,436)	54,436	—
Cash used in financing activities - continuing operations	(62,188)	—	225,032	(177,252)	(14,408)
Cash used in financing activities - discontinued operations	—	5,353	(742)	(5,353)	(742)
Cash used in financing activities	(62,188)	5,353	224,290	(182,605)	(15,150)
Effect of exchange rate changes on cash	—	—	4,243	—	4,243
Net decrease in cash and cash equivalents	26,857	—	23,110	—	49,967
Cash and cash equivalents—beginning of period	8,125	\$ —	171,479	—	179,604
Cash and cash equivalents—end of period	<u>\$ 34,982</u>	<u>\$ —</u>	<u>\$ 194,589</u>	<u>\$ —</u>	<u>\$ 229,571</u>

ACTUANT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

Note 18. 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 19. Quarterly Financial Data (Unaudited)

Quarterly financial data for fiscal 2019 and fiscal 2018 is as follows:

	Year to date August 31, 2019				
	First	Second	Third	Fourth	Total
Net sales	\$ 158,551	\$ 159,788	\$ 178,095	\$ 158,324	\$ 654,758
Gross profit	70,312	71,316	81,954	69,070	292,652
Net (loss) earnings from continuing operations	(16,423)	765	26,858	(3,133)	8,067
Net (loss) earnings per share from continuing operations:					
Basic	\$ (0.27)	\$ 0.01	\$ 0.44	\$ (0.05)	\$ 0.13
Diluted	\$ (0.27)	\$ 0.01	\$ 0.43	\$ (0.05)	\$ 0.13

	Year to date August 31, 2018				
	First	Second	Third	Fourth	Total
Net sales	\$ 155,767	\$ 148,601	\$ 170,466	\$ 166,469	\$ 641,303
Gross profit	68,704	62,216	79,003	73,361	283,284
Net (loss) earnings from continuing operations	(2,841)	(21,568)	17,827	11,328	4,746
Net (loss) earnings per share from continuing operations :					
Basic	\$ (0.05)	\$ (0.36)	\$ 0.29	\$ 0.19	\$ 0.08
Diluted	\$ (0.05)	\$ (0.36)	\$ 0.29	\$ 0.18	\$ 0.08

The total of the individual quarters may not equal the annual or year-to-date total due to rounding.

During the year ended August 31, 2019, the Company recognized impairment and divestiture charges of \$22.8 million of which \$23.5 million was recorded in the first quarter, \$6.1 million in the second quarter, a benefit of \$13.0 million in the third quarter and a charge of \$6.2 million in the fourth quarter (see [Note 6, "Goodwill, Intangible Assets and Long-Lived Assets"](#)).

During the second quarter of fiscal 2018, the Company recognized impairment and divestiture charges of \$3.0 million (see [Note 5, "Divestiture Activities"](#)).

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

		Additions		Deductions		
	Balance at Beginning of Period	Charged to Costs and Expenses (Income)	Acquisition/ (Divestiture)	Accounts Written Off Less Recoveries	Other	Balance at End of Period
Allowance for losses—Trade accounts receivable						
August 31, 2019	\$ 4,958	\$ 1,114	\$ —	\$ (833)	\$ (98)	\$ 5,141
August 31, 2018	10,488	(1,732)	76	(3,571)	(303)	4,958
August 31, 2017	6,936	3,792	883	(1,187)	64	10,488
Valuation allowance—Income taxes						
August 31, 2019	\$ 32,426	\$ 43,693	\$ —	\$ (2,864)	\$ —	\$ 73,255
August 31, 2018	16,758	27,504	—	(11,836)	—	32,426
August 31, 2017	2,487	14,874	—	(603)	—	16,758

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, 2019, the Company's internal control over financial reporting was effective.

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, 2019, 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 2019 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 28, 2020 (the "2020 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 2020 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 2020 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.enerpactoolgroup.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 2020 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 2020 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 2020 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 2020 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.

Item 16. Form 10-K Summary

None.

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 28, 2019

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	Chairman of the Board of Directors
/s/ RICHARD D. HOLDER _____ Richard D. Holder	Director
/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	Vice President of Finance and Principal Accounting Officer

* Each of the above signatures is affixed as of October 28, 2019.

ACTUANT CORPORATION
(the “Registrant”)
(Commission File No. 1-11288)
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED AUGUST 31, 2019
INDEX TO EXHIBITS

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith	Furnished Herewith
<u>2.1</u>	Securities Purchase Agreement, dated as of July 8, 2019, by and between Actuant Corporation, BRWS Parent LLC, Actuant France SAS and Actuant Holdings AB.	Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on July 9, 2019		
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>	Description of Registered Securities		X	

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith	Furnished Herewith
<u>10.1</u>	Senior Credit Facility Agreement, dated March 29, 2019, between Actuant Corporation, the foreign subsidiary borrowers party thereto, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Wells Fargo Bank, National Association, Bank of America, N.A., SunTrustBank, and PNC Bank, National Association, as Co-Syndication Agents and BMO Harris Bank, N.A., as Documentation Agent.	Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on April 2, 2019		
<u>10.2*</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>10.3*</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>10.4*</u>	Actuant Corporation 2010 Employee Stock Purchase Plan	Exhibit B to the Registrant's Definitive Proxy Statement, dated December 4, 2009		
<u>10.5*</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>10.6*</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		
10.7*	<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>10.8*</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>10.9*</u>	Actuant Corporation Senior Officer Severance Plan	Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 31, 2019		
<u>10.10*</u>	Form of Indemnification Agreement for Directors and Officers	Exhibit 10.1 to the Registrant's Form 8-K filed on August 2, 2018		

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith	Furnished Herewith
<u>10.11*</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>10.12*</u>	Actuant Corporation Executive Officer Bonus Plan	Exhibit B to the Registrant's Definitive Proxy Statement dated December 3, 2012		
10.13	<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		
10.14	<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		
10.15	<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>10.16*</u>	(a) Form RSA Award (Director) under Actuant Corporation 2017 Omnibus Incentive Plan	Exhibit 10.14 to the Registrant's Form 10-K for the fiscal year ended August 31, 2018		
10.17	<u>(a) Form of RSU Award (Director) under Actuant Corporation 2017 Omnibus Incentive Plan*</u>	Exhibit 10.15(a) to the Registrant's Form 10-K for the fiscal year ended August 31, 2018		
	<u>(b) Form of RSU Award (Officer) under Actuant Corporation 2017 Omnibus Incentive Plan*</u>	Exhibit 10.15(b) to the Registrant's Form 10-K for the fiscal year ended August 31, 2018		
10.18	<u>(a) Form of PSU Award - Total Shareholder Return (Officer) under Actuant Corporation 2017 Omnibus Incentive Plan*</u>	Exhibit 10.16(a) to the Registrant's Form 10-K for the fiscal year ended August 31, 2018		
	<u>(b) Form of PSU Award - Free Cash Flow (Officer) under Actuant Corporation 2017 Omnibus Incentive Plan*</u>	Exhibit 10.16(b) to the Registrant's Form 10-K for the fiscal year ended August 31, 2018		
<u>10.19*</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		

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith	Furnished Herewith
<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>	Offer Letter by and between Actuant Corporation and André 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>10.22*</u>	Offer letter by and between Actuant Corporation and John Jeffery Schmaling dated January 18, 2018	Exhibit 10.3 of the Registrant's Form 10-Q for the quarter ended February 28, 2018.		
<u>10.23*</u>	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.		
<u>10.24*</u>	Retention Incentives Agreement, dated as of April 11, 2019, between Actuant Corporation and Roger A. Roundhouse	Exhibit 10.2 of the Registrant's Form 10-Q for the quarter ended May 31, 2019		
<u>10.25*</u>	Retirement Agreement and Release dated as of July 17, 2019 between Actuant Corporation and André L. Williams	Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on July 22, 2019		
<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>14</u>	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		
<u>21</u>	Subsidiaries of the Registrant		X	
<u>23</u>	Consent of PricewaterhouseCoopers LLP		X	
<u>24</u>	Power of Attorney		See signature page of this report	
<u>31.1</u>	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X	
<u>31.2</u>	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002		X	
<u>32.1</u>	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			X

Exhibit	Description	Incorporated Herein By Reference To	Filed Herewith	Furnished Herewith
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, 2019 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	

* Management contract or compensatory plan or arrangement.

Description of Registered Securities

Actuant Corporation (the “Company”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which is its Class A Common Stock, \$.20 par value (“Class A Common”). Shares of the Class A Common are listed for trading on the New York Stock Exchange (the “NYSE”) under the symbol “ATU”.

The following is a summary of selected provisions of the Company’s Restated Articles of Incorporation, as amended (the “Articles”), its Amended and Restated Bylaws, as amended (the “Bylaws”), and of the Wisconsin Business Corporation Law (the “WBCL”). This summary is not complete and is subject to, and qualified in its entirety by reference to, the Articles and the Bylaws, which have been filed as exhibits to the Company’s most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, and the WBCL.

The authorized capital stock of the Company as of August 31, 2019 consisted of 168,000,000 shares of Class A Common of which 60,465,111 shares were issued and outstanding and 21,455,568 were held as treasury shares; 1,500,000 shares of Class B Common Stock, \$.20 par value (“Class B Common”), none of which were issued and outstanding; and 160,000 shares of Cumulative Preferred Stock, \$1.00 par value (“Preferred Stock”), none of which have been issued. Class A Common and Class B Common are collectively referred to herein as “Common Stock.” Although no shares of Preferred Stock or Class B Common are outstanding, and all previously outstanding shares of Class B Common were converted into shares of Class A Common many years ago, the Company’s Board of Directors is authorized to issue shares of Preferred Stock or Class B Common without any action on the part of the Company’s shareholders, except to the extent that shareholder approval is required under the applicable rules of the NYSE. Accordingly, this summary includes a discussion of the Preferred Stock and Class B Common because the rights of holders of shares of Class A Common would be affected if shares of Preferred Stock and Class B Common were to be issued.

Preferred Stock

The Preferred Stock may be issued in one or more series providing for such designations, preferences, relative rights, dividend rates, voting, liquidation, redemption, and conversion rights, and such other terms and conditions as the Company’s Board of Directors may determine and which shall be stated in the resolution providing for the designation and issue of such series, subject to the limitations described below, without further approval by holders of Common Stock. If any shares of Class B Common were outstanding, any voting rights conferred on holders of Preferred Stock would be limited, with respect to the election of directors, to the power to vote together with holders of Class A Common in electing a “maximum minority” of the Board of Directors, as described under “-Common Stock” below.

If the Company issues any shares of Preferred Stock, the Company would be permitted to pay dividends or make other distributions upon the Common Stock (except for distributions payable in shares of Common Stock) only after paying or setting apart funds for payment of current dividends and any accrued but unpaid dividends upon the outstanding shares of Preferred Stock, at the rate or rates designated for each series of outstanding Preferred Stock. Dividends on the Preferred Stock are cumulative, so that if at any time the full amount of all dividends accrued on the Preferred Stock is not paid, the deficiency must be paid before any dividends or other distributions are paid or set apart on the Common Stock, other than dividends or distributions paid in Common Stock.

In the event of voluntary or involuntary liquidation of the Company, the holders of any outstanding Preferred Stock would be entitled to receive all accrued dividends on the Preferred Stock and the liquidation amount specified for each series of Preferred Stock before any amount may be distributed to holders of the Common Stock. Under the Articles, each series of preferred stock will, with respect to dividend rights and rights on liquidation, rank prior in right of payment to the Common Stock and on a parity in right of payment with each other series of Preferred Stock.

Under the Articles, all shares of Preferred Stock shall be identical except as to the following relative rights and preferences, as to which the Company’s Board of Directors may establish variations between different series not inconsistent with other provisions in the Articles: (i) the dividend rate, (ii) the price at and terms and conditions on which shares may be redeemed, (iii) the amount payable upon shares in the event of voluntary or involuntary liquidation, (iv) sinking fund provisions for the redemption or purchase of shares, (v) the terms and conditions on which shares may be converted into Common Stock, if the shares of any series are issued with the privilege of conversion and (vi) voting rights, if any, subject to the provisions regarding voting rights summarized herein.

Common Stock

The rights and preferences of shares of Class A Common and Class B Common are identical, except as to voting power with respect to the election of directors and conversion rights.

On all matters other than the election of directors, the holders of Class A Common and Class B Common possess equal voting power of one vote per share, voting as a single class of stock, unless otherwise required by the WBCL. In the election of the Company's Board of Directors, the holders of Class A Common, voting together as a single class with the holders of any Preferred Stock which has voting power, are entitled to elect a "maximum minority" of the number of directors to be elected. As a result of the "maximum minority" provision, the holders of the Class B Common, voting as a separate class, are entitled to elect the balance of the directors, constituting a "minimum majority" of the number of directors to be elected. If an even number of directors is to be elected, the holders of Class B Common will be entitled to elect two more directors than the holders of Class A Common and any Preferred Stock having voting power; if the number of directors to be elected is an odd number, the holders of Class B Common will be entitled to elect one more director than the holders of Class A Common and any Preferred Stock having voting power. In the event there are no shares of Class B Common outstanding, holders of Class A Common, together with holders of any Preferred Stock having voting power, shall elect all of the directors to be elected. A director, once elected and duly qualified, may be removed only by the requisite affirmative vote of the holders of that class of stock by which such director was elected.

Holders of shares of Class A common stock and Class B common stock are ratably entitled to such dividends as the Company's Board of Directors may declare out of funds legally available therefore, except as described below in the case of stock dividends. If the Company were to issue any shares of Preferred Stock, no dividends could be paid or set apart for payment on shares of Common Stock, unless paid in Common Stock, until full cumulative dividends accrued on all of the issued and outstanding shares of Preferred Stock had been paid or set apart for payment. Stock dividends on shares of Class A Common may be paid only in shares of Class A Common and stock dividends on shares of Class B Common may be paid only in shares of Class B Common.

In the event that the Company issues any shares of Class B Common, any holder of shares of Class B Common may convert any or all of those shares into Class A Common on a share-for-share basis. If the Company issues any shares of Class B Common and the number of outstanding shares of Class B Common is reduced to less than 500,000 shares, adjusted to reflect any stock splits, stock dividends or similar transactions, all of the outstanding shares of Class B Common would be automatically converted into shares of Class A Common on a share-for-share basis. Holders of shares of Class A Common do not have any conversion rights.

In the event of the Company's dissolution or liquidation, the holders of shares of Class A Common and of shares of Class B Common would be entitled to share ratably in all of assets remaining after payment of the Company's liabilities and satisfaction of the rights of any series of Preferred Stock that may be outstanding. There are no redemption or sinking fund provisions with respect to the Common Stock.

Under the WBCL, when the Company receives the consideration for which its Board of Directors authorized the issuance of shares, the shares issued for that consideration are fully paid and nonassessable. Former Section 180.0622(2)(b) of the WBCL imposed personal liability on shareholders of Wisconsin corporations for debts owed to employees for services performed, but not exceeding six months service in any one case. Pursuant to 2005 Wisconsin Act 474, Section 180.0622(2)(b) of the WBCL was repealed effective June 14, 2006 and is not applicable to obligations incurred by the Company on or after such date.

General

The Articles provide that the affirmative vote of two-thirds of all shares entitled to vote thereon (and/or of each class which shall be entitled to vote thereon as a class) is required in order to constitute shareholder approval or adoption of a merger, consolidation, or liquidation of the Company, sale, lease, exchange or other disposition of all or substantially all of its assets, amendment of the Articles or the Bylaws, or removal of a director.

The Company's directors are currently elected to serve one-year terms. As permitted by the WBCL, the Articles provide that the Bylaws (which may be amended by the Company's Board of Directors or by the shareholders) may provide for the division of the Company's Board of Directors into two or three classes of directors and for the terms and manner of election not inconsistent with the applicable provisions of the WBCL. If the Bylaws were amended to so classify the Board of Directors and any shares of Class B Common were outstanding, each class of directors will contain as nearly as possible an equal number of directors elected by the holders of shares of Class A Common and any outstanding Preferred Stock, voting as a single class, and will also contain as nearly as possible an equal number of directors elected by holders of Class B Common, subject to the right of the holders of the shares of Class B Common to elect the minimum majority of the Board of Directors as described above.

Holders of capital stock of the Company do not have preemptive or other subscription rights to purchase or subscribe for unissued stock or other securities of the Company.

Certain statutory provisions

Wisconsin law, under which the Company is incorporated, contains certain provisions that may be important when considering the rights of holders of shares of Class A Common. The description set forth below is intended as a summary only. For complete information, please review the applicable provisions of the WBCL.

These provisions of the WBCL, the ability to issue additional shares of Common Stock and Preferred Stock without further shareholder approval (except as required under applicable rules of the NYSE), and certain other provisions of the Articles and Bylaws (discussed above) could have the effect, among others, of discouraging take-over proposals for the Company, delaying or preventing a change in control, or impeding a business combination between the Company and any of its major shareholders.

Business combination statute

Sections 180.1140 to 180.1144 of the WBCL regulate a broad range of business combinations between a resident domestic corporation and an “interested stockholder.” A “business combination” is defined to include any of the following transactions:

- a merger or share exchange,
- a sale, lease, exchange, mortgage, pledge, transfer or other disposition of assets equal to 5% or more of the aggregate market value of the stock or assets of the corporation or 10% of its earning power or income,
- the issuance or transfer of stock or rights to purchase stock with a market value equal to 5% or more of the outstanding stock,
- the adoption of a plan of liquidation or dissolution,
- any reclassification of securities or recapitalization of the resident domestic corporation, or any other transaction, if the effect is to increase the proportionate share of its securities owned by the interested stockholder, and
- receipt by an interested stockholder of the benefit of a loan, advance, guarantee, pledge or other financial assistance provided by or through the corporation or its subsidiary, unless the benefit is received proportionately by all shareholders.

A “resident domestic corporation” is defined to mean a Wisconsin corporation that has a class of voting stock that is registered or traded on a national securities exchange or that is registered under Section 12(g) of the Exchange Act and that, as of the relevant date, satisfies any of the following: (i) its principal offices are located in Wisconsin, (ii) it has significant business operations located in Wisconsin, (iii) more than 10% of the holders of record of its shares are residents of Wisconsin or (iv) more than 10% of its shares are held of record by residents of Wisconsin. As of August 31, 2019, the Company would be a resident domestic corporation for purposes of these statutory provisions.

An “interested stockholder” is defined to mean a person who beneficially owns, directly or indirectly, at least 10% of the voting power of the outstanding voting stock of a corporation or who is an affiliate or associate of the corporation and beneficially owned at least 10% of the voting power of the then outstanding voting stock within the prior three years.

Under this law, the Company cannot engage in a business combination with an interested stockholder for a period of three years following the date such person becomes an interested stockholder, unless the Company’s Board of Directors approved the business combination or the acquisition of the stock that resulted in the person becoming an interested stockholder before the acquisition. The Company may engage in a business combination with an interested stockholder after the expiration of the three-year period with respect to that interested stockholder only if one or more of the following conditions is satisfied: (i) the Company’s Board of Directors approved the acquisition of the stock before the date on which the interested stockholder acquired the shares, (ii) the business combination is approved by a majority of the Company’s outstanding voting stock not beneficially owned by the interested stockholder or (iii) the consideration to be received by the Company’s shareholders meets certain fair price requirements of the statute with respect to form and amount.

Fair price statute

The WBCL also provides, in Sections 180.1130 to 180.1133, that certain mergers, share exchanges or sales, leases, exchanges or other dispositions of assets in a transaction involving a “significant shareholder” and a resident domestic corporation, such as the Company, require a supermajority vote of shareholders in addition to any approval otherwise required, unless shareholders receive a fair price for their shares that satisfies a statutory formula. A “significant shareholder” for this

purpose is defined as a person or group who beneficially owns, directly or indirectly, 10% or more of the voting stock of the Company, or is an affiliate of the Company and beneficially owned, directly or indirectly, 10% or more of the voting stock of the Company within the prior two years. Any business combination to which the statute applies must be approved by 80% of the voting power of the Company's stock and at least two-thirds of the voting power of the Company's stock not beneficially held by the significant shareholder who is party to the relevant transaction or any of its affiliates or associates, in each case voting together as a single group, unless:

(a) the aggregate value of the per share consideration is equal to the highest of:

- the highest per share price paid for any shares of Common Stock of the Company by the significant shareholder in the transaction in which it became a significant shareholder or within two years before the date of the business combination,
- the market value per share of the Company's shares on the date of commencement of any tender offer by the significant shareholder, the date on which the person became a significant shareholder or the date of the first public announcement of the proposed business combination, whichever is highest, or
- the highest preferential amount per share in a liquidation or dissolution to which holders of the shares would be entitled, and

(b) the significant shareholder offers either cash or the same form of consideration used by the significant shareholder to acquire the largest number of shares it acquired.

Section 180.1132(2)(c) of the WBCL permits a corporation to elect to not be governed by Sections 180.1130 to 180.1134 (Section 180.1134 is described below) upon the amendment to its articles of incorporation to so provide if such amendment is approved by specified supermajority votes of the shareholders. The Articles include no such provision.

Defensive action restrictions

Section 180.1134 of the WBCL provides that, in addition to the vote otherwise required by law or the articles of incorporation of a resident domestic corporation, the approval of the holders of a majority of the shares entitled to vote on the proposal is required before the corporation can take certain action while a takeover offer is being made or after a takeover offer has been publicly announced and before it is concluded. This statute requires shareholder approval for the corporation to do either of the following: (i) acquire more than 5% of its outstanding voting shares at a price above the market price from any individual or organization that owns more than 3% of the outstanding voting shares and has held such shares for less than two years, unless a similar offer is made to acquire all voting shares and all securities which may be converted into voting shares or (ii) sell or option assets of the corporation which amount to 10% or more of the market value of the corporation, unless the corporation has at least three directors who are not officers or employees and a majority of the directors who are not officers or employees vote not to have this provision apply to the corporation.

Control share voting restrictions

Under Section 180.1150 of the WBCL, unless otherwise provided in the articles of incorporation or otherwise specified by the corporation's board of directors, the voting power of shares of a resident domestic corporation held by any person, or group of persons acting together, including shares issuable upon conversion of convertible securities or upon exercise of options or warrants, in excess of 20% of the voting power in the election of directors is limited (in voting on any matter) to 10% of the full voting power of those shares. This restriction does not apply to shares acquired directly from the resident domestic corporation, shares acquired before April 22, 1986, shares acquired in certain specified transactions, or shares acquired in a transaction in which the corporation's shareholders have approved restoration of the full voting power of the otherwise restricted shares. In addition, this restriction does not apply if the corporation's articles of incorporation include a provision that the restriction of this statute will not apply or its board of directors adopt a resolution specifying that the restriction does not apply. The Articles include no such provision.

Constituency or stakeholder provision

Under Section 180.0827 of the WBCL, in discharging his or her duties as a director or officer and in determining what he or she believes to be in our best interests, a director or officer may, in addition to considering the effects of any action on shareholders, consider the effects of the action on employees, suppliers, customers, the communities in which we operate and any other factors that the director or officer considers pertinent.

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
Engineered Components and Systems, LLC	Delaware
Engineered Components and Systems II, LLC	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
EC&S Holdings Hong Kong 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
Actuant Holdings Kazakhstan LLP	Kazakhstan
Actuant JV Kazakhstan LLP	Kazakhstan
Hydratight Operating Company Kazakhstan LLP	Kazakhstan
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
Enerpac AS	Norway
Selantic AS	Norway
Venice Holdings AS	Norway
Venice Norge AS	Norway
Hydratight Arabia Limited	Saudi Arabia
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
Engineered Components and Systems Holding Spain SL	Spain
Larzep, S.A.	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
Engineered Components and Systems Holdings Alfa AB	Sweden
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
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 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 (No. 333-215592, 333-53704, 333-89068, 333-102523, 333-102524, 333-112008, 33-118811, 333-131186, 333-131187, 333-156734, 333-179007, 333-186146, 333-164304, and 333-164303) of Actuant Corporation of our report dated October 28, 2019 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 28, 2019

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 28, 2019

/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 28, 2019

/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, 2019 (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 28, 2019

/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, 2019 (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 28, 2019

/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.