



# First Quarter 2021 Earnings Call

April 27, 2021



# Forward Looking Statements and Non-GAAP Measures

## Forward Looking Statements

Certain statements contained herein may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements about expectations regarding our financial results, condition and outlook, anticipated end markets, near-term volume, continued opportunity for operational improvement, our ability to drive consistent and differentiated performance, the impact of our high quality portfolio of electrical solutions and utility solutions with strong brand value and best in class reliability, and anticipated effects of the COVID-19 pandemic and the responses thereto, including the pandemic's impact on general economic and market conditions, as well as on our business, customers, end markets, results of operations and financial condition and anticipated actions to be taken by management to sustain the Company during the economic uncertainty caused by the pandemic and related governmental and business actions, and our projected financial results set forth in "Summary & Outlook" above, as well as other statements that are not strictly historic in nature. In addition, all statements regarding anticipated growth, changes in operating results, market conditions and economic conditions are forward-looking, including those regarding the adverse impact of the COVID-19 pandemic on the Company's end markets. These statements may be identified by the use of forward-looking words or phrases such as "believe", "expect", "anticipate", "plan", "estimated", "target", "should", "could", "may", "subject to", "continues", "growing", "projected", "if", "potential", "will likely be", and similar words and phrases. Such forward-looking statements are based on our current expectations and involve numerous assumptions, known and unknown risks, uncertainties and other factors which may cause actual and future performance or the Company's achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to: The scope and duration of the COVID-19 pandemic and its impact on global economic systems, our employees, sites, operations, customers, and supply chain; the outcome of contingencies or costs compared to amounts provided for such contingencies, including those with respect to pension withdrawal liabilities; achieving sales levels to meet revenue expectations; unexpected costs or charges, certain of which may be outside the Company's control; the effects of tariffs and other trade actions taken by the U.S. and other countries; changes in demand for our products, as well as product sales prices and material costs; expected benefits of productivity improvements and cost reduction actions; effects of unfavorable foreign currency exchange rates; the impact of U.S. tax reform legislation; general economic and business conditions; the impact of and the ability to complete and integrate strategic acquisitions; the impact of certain divestitures; the ability to effectively develop and introduce new products, expand into new markets and deploy capital; and other factors described in our Securities and Exchange Commission filings, including the "Business", "Risk Factors", and "Quantitative and Qualitative Disclosures about Market Risk" Sections in the Annual Report on Form 10-K for the year ended December 31, 2020 and Quarterly Reports on Form 10-Q.

## Non-GAAP Measures

Certain terms used in this presentation, including "Net debt", "Free Cash Flow", "Organic net sales", "Organic growth", "Restructuring-related costs", "EBITDA", and certain "adjusted" measures, are defined under the section entitled "Non-GAAP Definitions." See Appendix for more information.



**1**

Demand continues to improve across markets

**2**

Adjusted operating profit and margins up versus prior year

**3**

Continue to actively manage cost structure

**4**

Raising 2021 adjusted EPS guidance

**\$1.08B**

**Sales**

*(Sales -1% | Organic -4%)*

- Utility T&D demand solid; strong orders driven by grid modernization trends
- Electrical markets picking up; orders turned positive in first quarter

**13.0%**

**Adj. OP Margin**

*(+30bps y/y)*

- Restructuring benefits and continued operating expense management
- Lower volumes and price | cost headwind

**\$1.72**

**Adj. Diluted EPS**

- Modest tailwinds from non-operating items

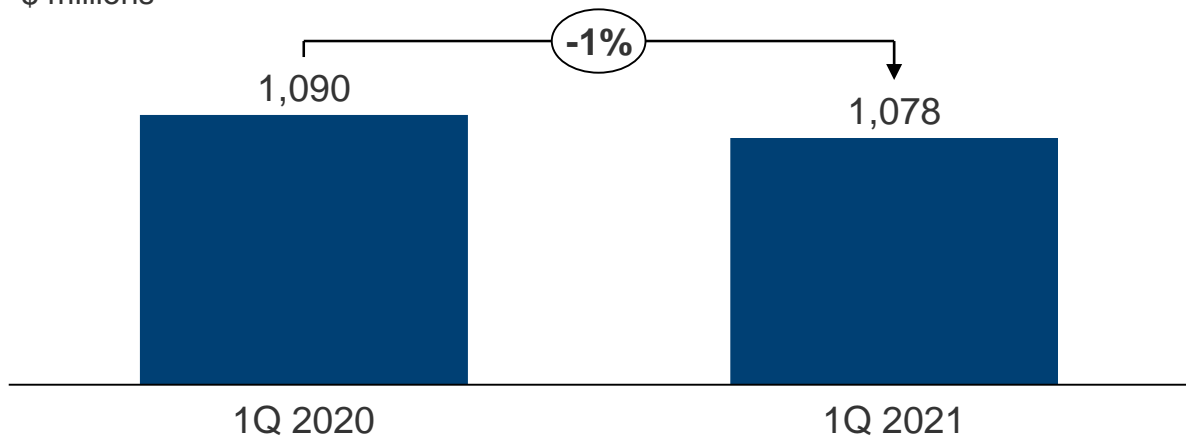
**\$39M**

**Free Cash Flow**

- Working capital investment to serve strengthening market demand
- Free cash flow generation consistent with full year expectations

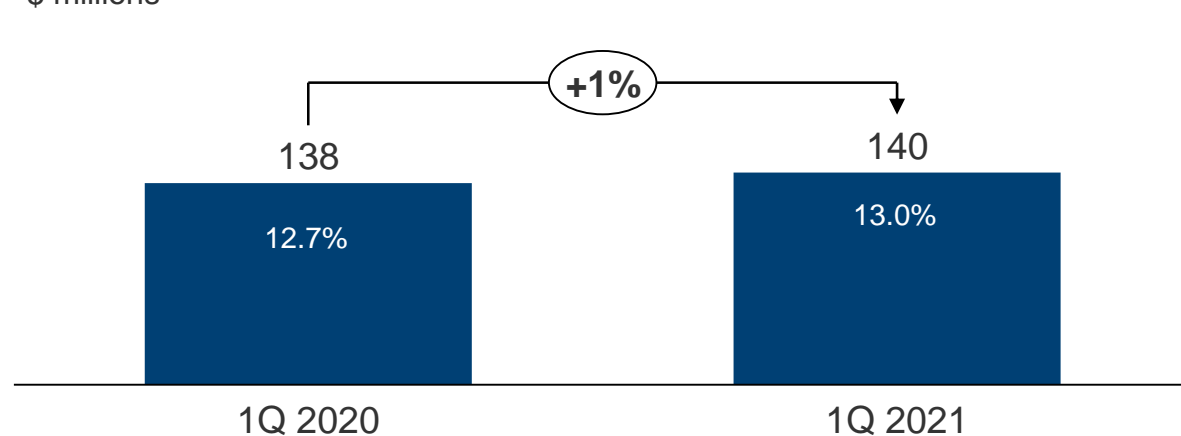
## NET SALES

\$ millions

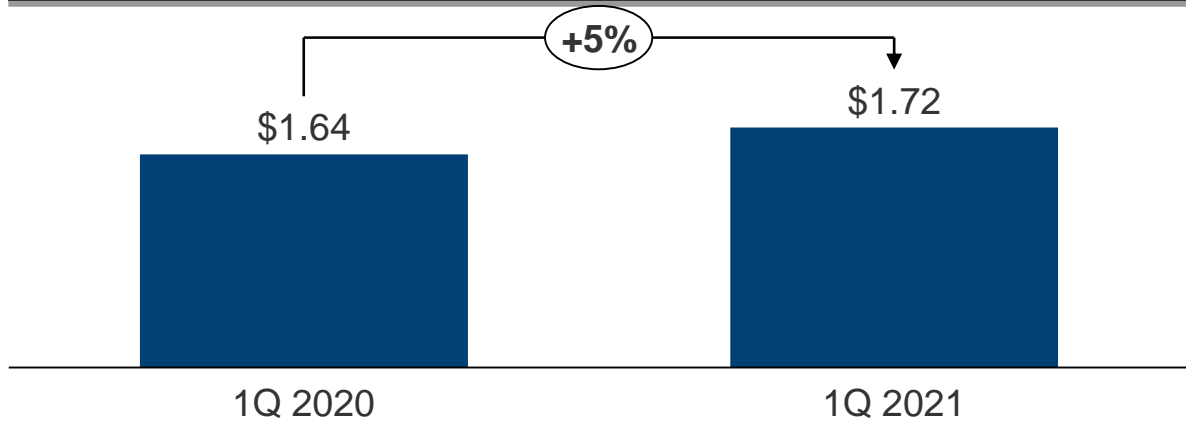


## ADJUSTED OPERATING PROFIT

\$ millions

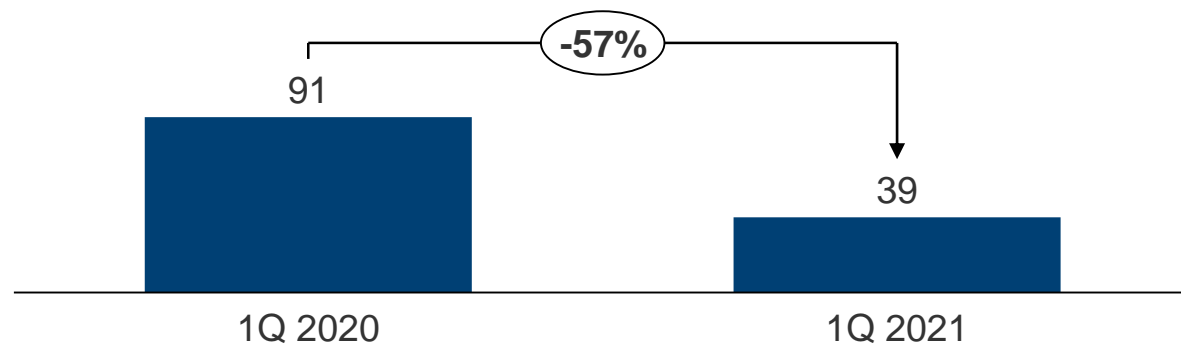


## ADJUSTED DILUTED EPS



## FREE CASH FLOW

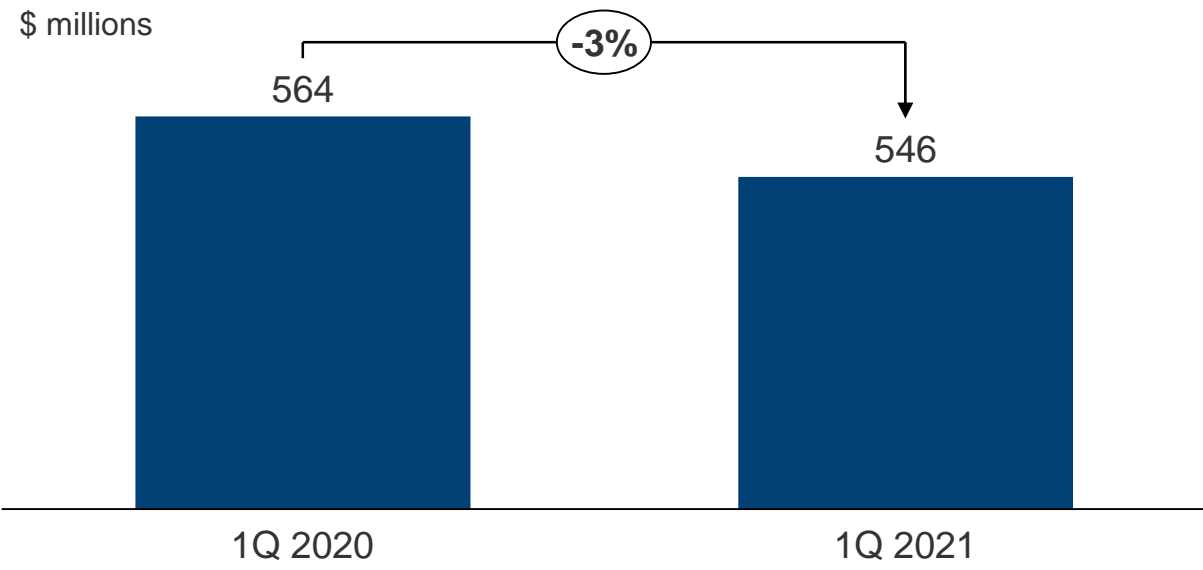
\$ millions



Continued Execution

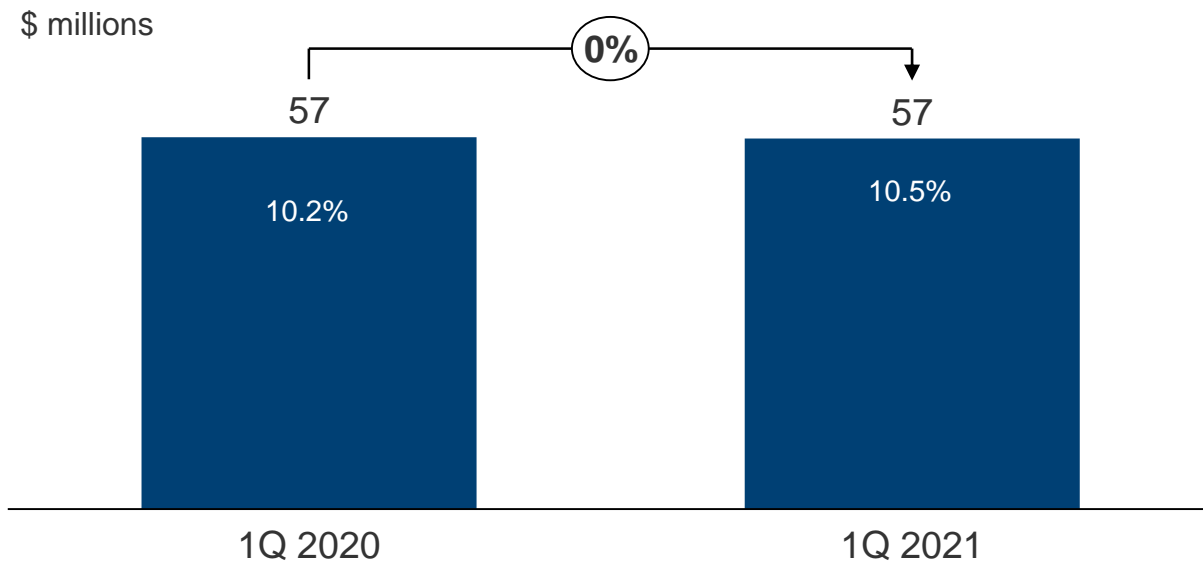
# 1Q 2021 Electrical Solutions Segment Results

## ELECTRICAL SOLUTIONS NET SALES



- Organic -4%; Acquisitions +1%
  - **Industrial:** Light verticals turning positive, Heavy verticals improving
  - **Non-residential:** remains soft, but stable
  - **Residential:** strong retail and digital commerce trends

## ELECTRICAL SOLUTIONS ADJ. OPERATING PROFIT



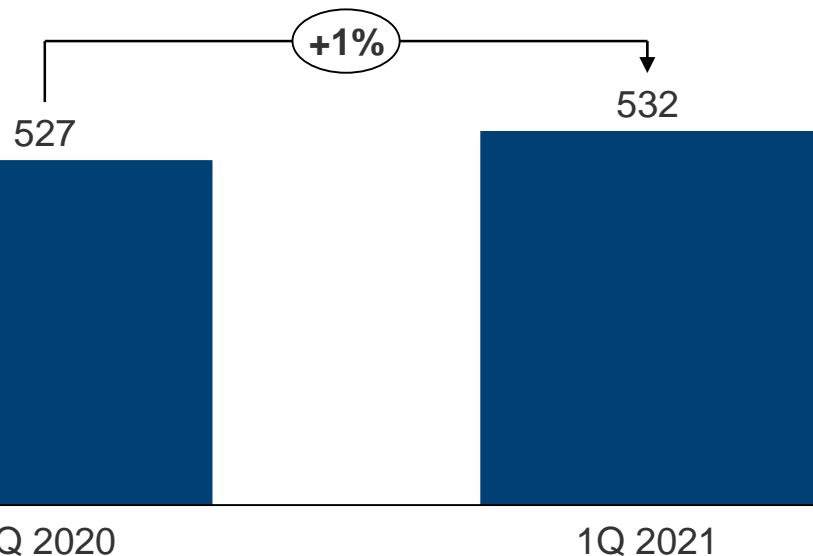
- Continued operating expense management
- Restructuring benefits
- Lower volumes
- Price | Cost headwind

**Markets Picking Up Steadily**

# 1Q 2021 Utility Solutions Segment Results

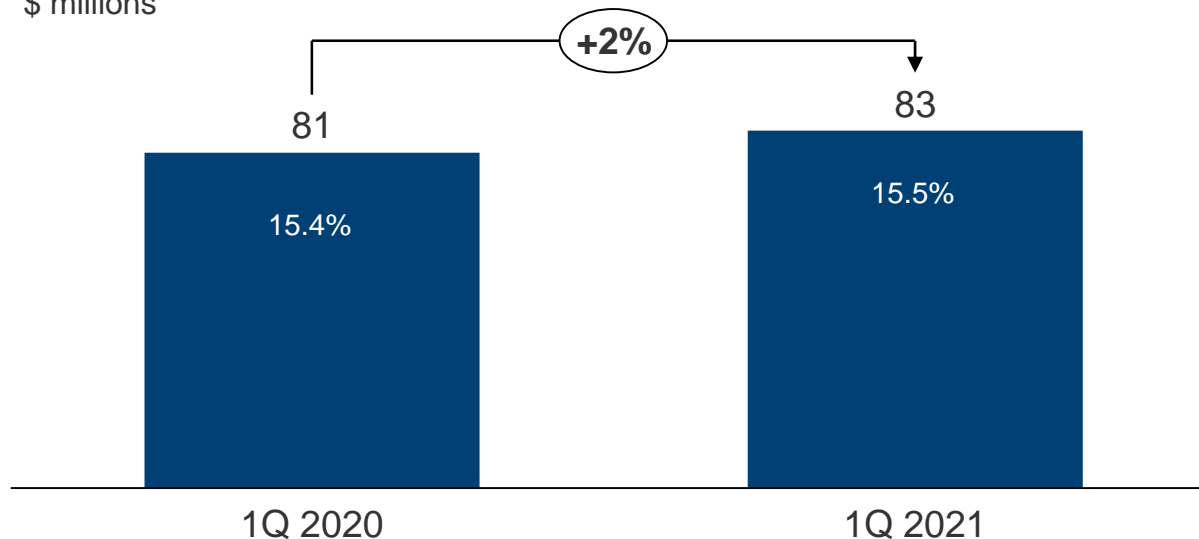
## UTILITY SOLUTIONS NET SALES

\$ millions



## UTILITY SOLUTIONS ADJ. OPERATING PROFIT

\$ millions



- Organic -4%; Acquisitions +5%
- T&D Components up 6%
  - **Electric T&D:** continued strong demand from grid modernization and renewables
  - **Gas Distribution:** demand recovering solidly
- Communications & Controls down 8%
  - **AMI/Meters:** project delays continue; orders up significantly

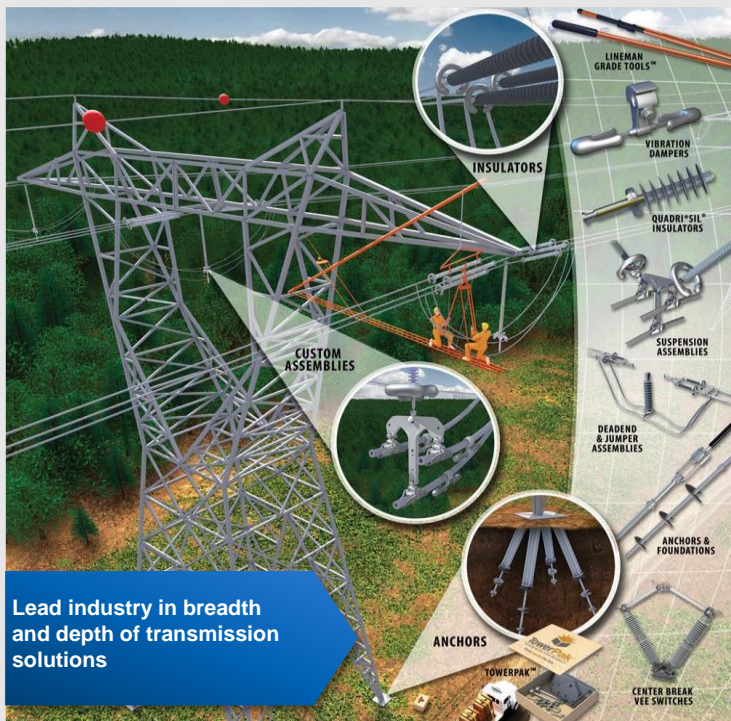
- Continued operating expense management
- Acquisition contribution
- Lower organic volumes
- Price | Cost headwind

**Broad-Based Double Digit Orders Growth**

# Growth Spotlight: Renewables

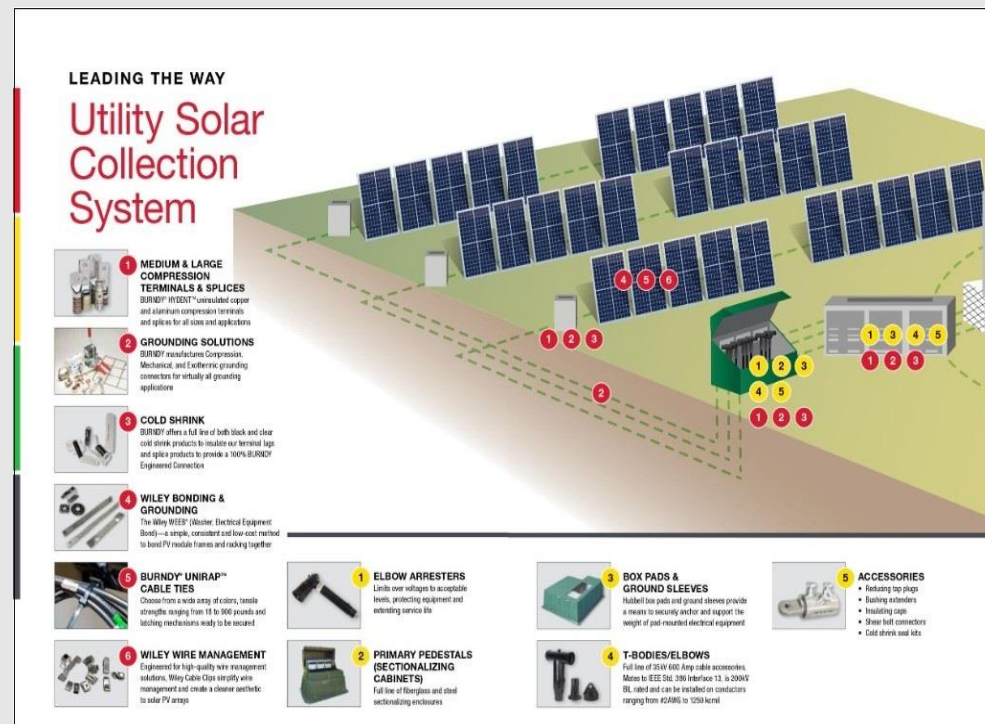
## UTILITY SOLUTIONS

- Leader in depth and breadth of electrical T&D components, comms and controls
- Strong Power Systems brand and market positions
- Integration of renewables requires new transmission miles
- Integration of renewables requires a more reliable, smarter distribution grid
- ~\$350M transmission sales



## ELECTRICAL SOLUTIONS

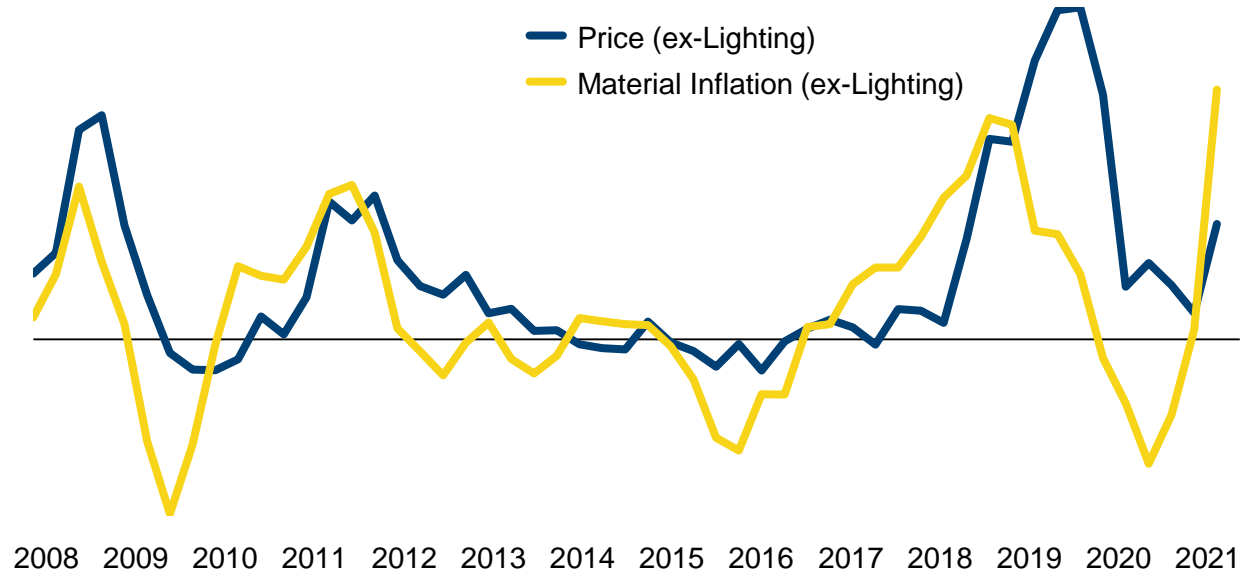
- Leader in depth and breadth of solar and wind “balance of system” components
- Strong Burndy brand and market positions
- Electrical segment unification enables Hubbell to go to market collectively
- Key recent wins on largest solar and wind farms in US
- ~\$50M solar and wind sales growing at DD CAGR



Leadership Positions in Electrical and Utility Driving Synergies



# Margin Spotlight: Price/Material

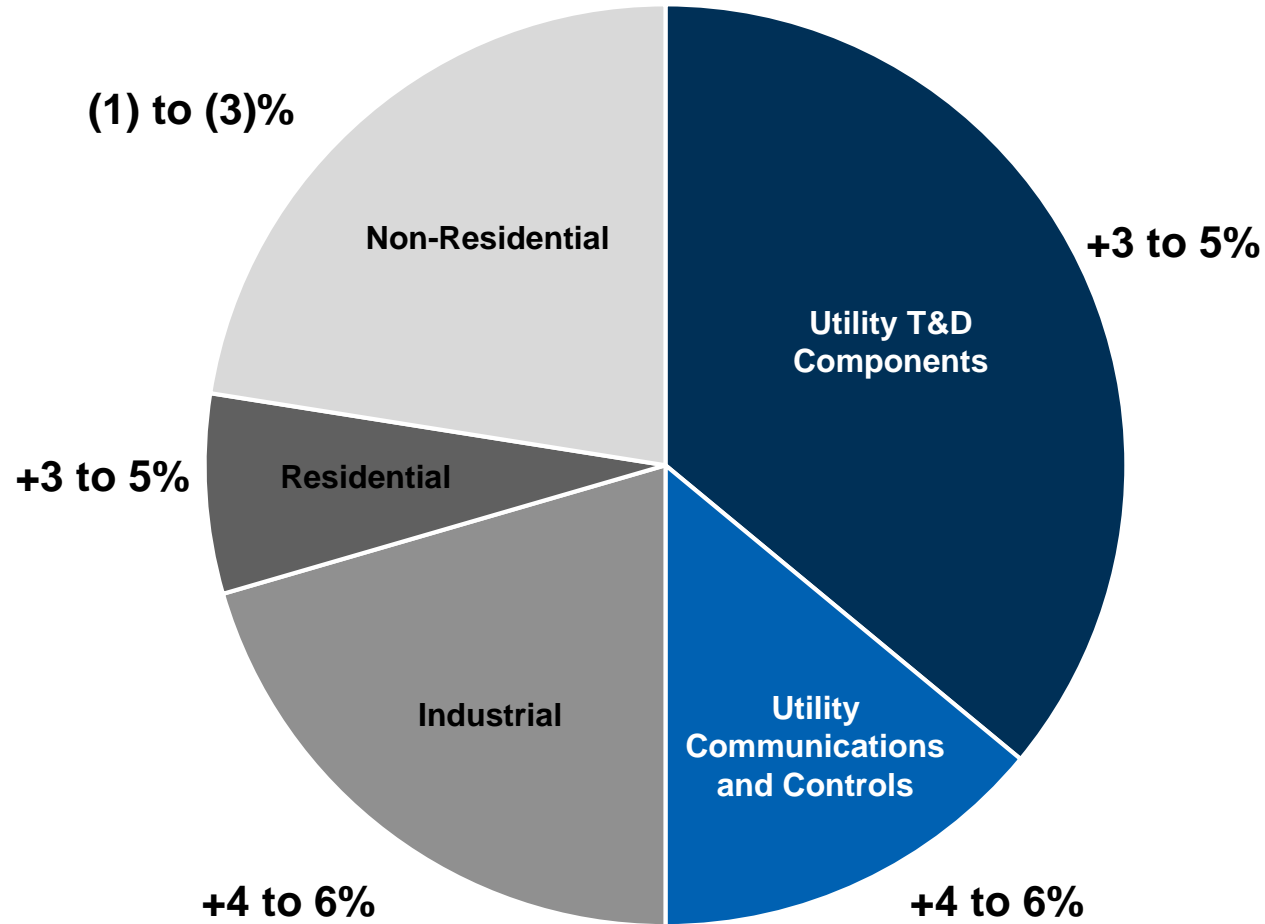


- Typical 1-2 quarter lag between material inflation and price realization
- Aggressive pricing already implemented with further actions to come
- Manage price/material to net positive through commodity cycles
- Strong brands and differentiated products command premium value

## 2021 END MARKETS

Electrical Solutions: Behind the Meter

Utility Solutions: In Front of the Meter



## 2021 HUBBELL OUTLOOK

**+8-10%**

**Sales Growth**

**+5-7% Organic (Vol + Price)**

**+3% Acquisitions**

**\$8.20 to  
\$8.60**

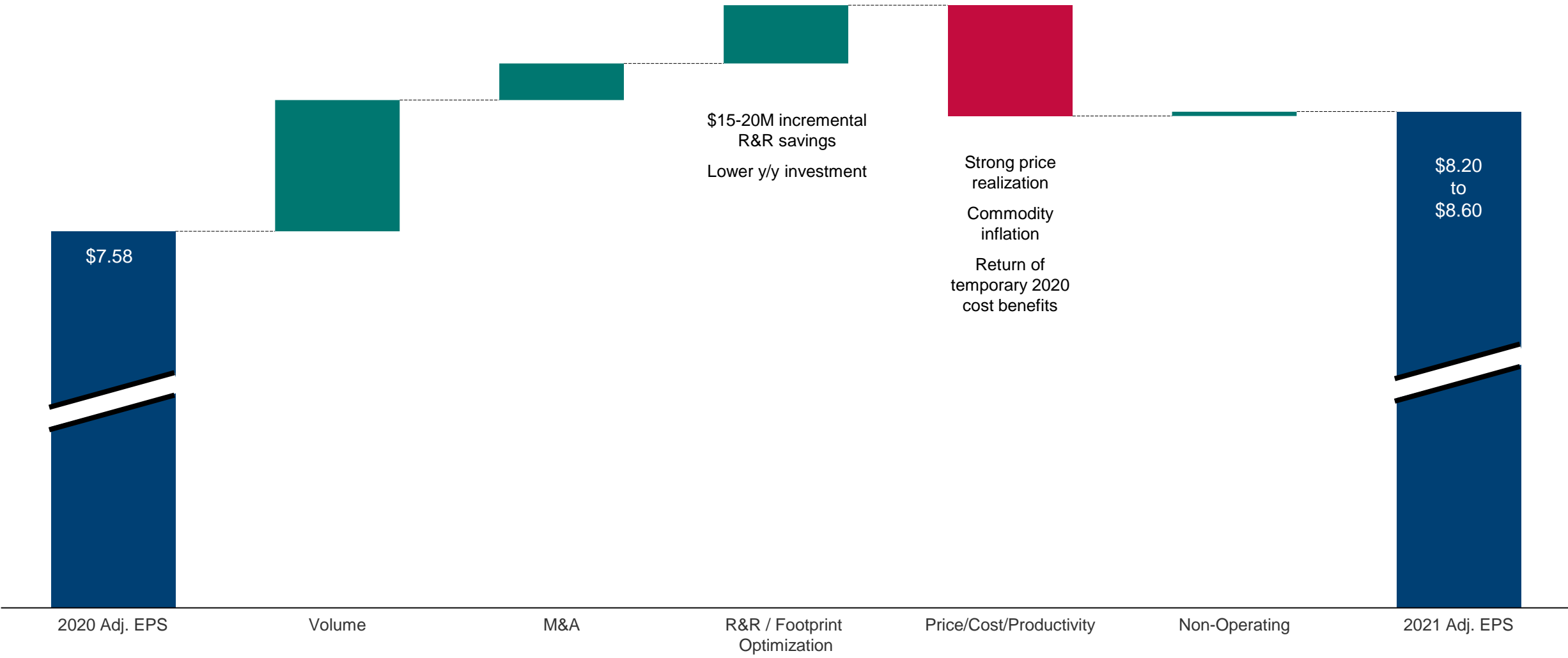
**Adjusted EPS**

**~110%**

**FCF Conversion  
on Adjusted Net Income**

**Confident in Continued Execution to Deliver on Commitments**

# 2021 Adjusted EPS Bridge



**Return to Growth While Continuing to Manage Cost**



# Appendix



References to "adjusted" operating measures exclude the impact of certain costs, gains or losses. Management believes these adjusted operating measures provide useful information regarding our underlying performance from period to period and an understanding of our results of operations without regard to items we do not consider a component of our core operating performance. Adjusted operating measures are non-GAAP measures, and include adjusted operating income, adjusted operating margin, adjusted net income, adjusted net income available to common shareholders, adjusted net income attributable to Hubbell, adjusted earnings per diluted share, and adjusted EBITDA. These non-GAAP measures exclude, where applicable:

- Amortization of all intangible assets associated with our business acquisitions, including inventory step-up amortization associated with those acquisitions. The intangible assets associated with our business acquisitions arise from the allocation of the purchase price using the acquisition method of accounting in accordance with Accounting Standards Codification 805, "Business Combinations." These assets consist primarily of customer relationships, developed technology, trademarks and tradenames, and patents, as reported in Note 6—Goodwill and Other Intangible Assets, under the heading "Total Definite-Lived Intangibles," within the Company's audited consolidated financial statements set forth in its Annual Report on Form 10-K for Fiscal Year Ended December 31, 2020. The Company excludes these non-cash expenses because we believe it (i) enhances management's and investors' ability to analyze underlying business performance, (ii) facilitates comparisons of our financial results over multiple periods, and (iii) provides more relevant comparisons of our results with the results of other companies as the amortization expense associated with these assets may fluctuate significantly from period to period based on the timing, size, nature, and number of acquisitions. Although we exclude amortization of these acquired intangible assets and inventory step-up from our non-GAAP results, we believe that it is important for investors to understand that revenue generated, in part, from such intangibles is included within revenue in determining adjusted net income attributable to Hubbell Incorporated.
- Income tax effects of the above adjustments which are calculated using the statutory tax rate, taking into consideration the nature of the item and the relevant taxing jurisdiction, unless otherwise noted

Adjusted EBITDA is a non-GAAP measure that excludes the items noted above and also excludes the Other income (expense), net, Interest expense, net, and Provision for income taxes captions of the Condensed Consolidated Statement of Income, as well as depreciation and amortization expense.

Net debt, defined as total debt less cash and investments, is a non-GAAP measure. Management believes that net debt to capital is a useful measure regarding Hubbell's financial leverage for evaluating the Company's ability to meet its funding needs.

Free cash flow is a non-GAAP measure and is defined as cash flow from operations less capital expenditures. Management believes that free cash flow provides useful information regarding Hubbell's ability to generate cash without reliance on external financing. In addition, management uses free cash flow to evaluate the resources available for investments in the business, strategic acquisitions and further strengthening the balance sheet.

Organic net sales, a non-GAAP measure, represent net sales according to U.S. GAAP, less net sales from acquisitions and divestitures during the first twelve months of ownership or divestiture, respectively, less the effect of fluctuations in net sales from foreign currency exchange. The period-over-period effect of fluctuations in net sales from foreign currency exchange is calculated as the difference between local currency net sales of the prior period translated at the current period exchange rate as compared to the same local currency net sales translated at the prior period exchange rate. We believe this measure provides management and investors with a more complete understanding of underlying operating results and trends of established, ongoing operations by excluding the effect of acquisitions, dispositions and foreign currency, as these activities can obscure underlying trends. When comparing net sales growth between periods excluding the effects of acquisitions, business dispositions and currency exchange rates, those effects are different when comparing results for different periods. For example, because net sales from acquisitions are considered inorganic from the date we complete an acquisition through the end of the first year following the acquisition, net sales from such acquisition are reflected as organic net sales thereafter

There are limitations to the use of non-GAAP measures. Non-GAAP measures do not present complete financial results. We compensate for this limitation by providing a reconciliation between our non-GAAP financial measures and the respective most directly comparable financial measure calculated and presented in accordance with GAAP. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These financial measures should not be considered in isolation from, as substitutes for, or alternative measures of, reported GAAP financial results, and should be viewed in conjunction with the most comparable GAAP financial measures and the provided reconciliations thereto. We believe, however, that these non-GAAP financial measures, when viewed together with our GAAP results and related reconciliations, provide a more complete understanding of our business. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety and not rely on any single financial measure.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## RECAST SEGMENT INFORMATION

As previously disclosed, beginning in the first quarter of 2021, the Company is reporting the results of its Gas Connectors and Accessories business as part of the Utility Solutions segment. This realignment has no impact on the Company's historical consolidated financial position, results of operations or cash flows. The historical segment information has been recast to conform to the new reporting structure. The recast financial information does not represent a restatement of previously issued financial statements.

Reconciliation of Adjusted Net Income to the most directly comparable GAAP measure (millions):

Hubbell Incorporated	Three Months Ended March 31,		
	2021	2020	Change
Net income attributable to Hubbell (GAAP measure)	\$ 77.7	\$ 75.0	4 %
Amortization of acquisition-related intangible assets	22.2	19.5	
Subtotal	\$ 99.9	\$ 94.5	
Income tax effects	5.5	4.9	
Adjusted Net Income	\$ 94.4	\$ 89.6	5 %

Reconciliation of Adjusted Earnings Per Diluted Share to the most directly comparable GAAP measure (millions, except per share amounts):

Hubbell Incorporated	Three Months Ended March 31,		
	2021	2020	Change
<b>Numerator:</b>			
Net income attributable to Hubbell	\$ 77.7	\$ 75.0	
Less: Earnings allocated to participating securities	(0.3)	(0.3)	
Net income available to common shareholders (GAAP measure) [a]	\$ 77.4	\$ 74.7	4 %
Adjusted Net Income	\$ 94.4	\$ 89.6	
Less: Earnings allocated to participating securities	(0.3)	(0.3)	
Adjusted net income available to common shareholders [b]	\$ 94.1	\$ 89.3	5 %
<b>Denominator:</b>			
Average number of common shares outstanding [c]	54.2	54.3	
Potential dilutive shares	0.5	0.3	
Average number of diluted shares outstanding [d]	54.7	54.6	
<b>Earnings per share (GAAP measure):</b>			
Basic [a] / [c]	\$ 1.43	\$ 1.38	
Diluted [a] / [d]	\$ 1.42	\$ 1.37	4 %
Adjusted Earnings Per Diluted Share [b] / [d]	\$ 1.72	\$ 1.64	5 %

Reconciliation of Adjusted Operating Margin to the most directly comparable GAAP measure (millions):

Hubbell Incorporated	Three Months Ended March 31,		
	2021	2020	Change
Net Sales [a]	\$ 1,078.4	\$ 1,090.3	(1)%
Operating Income \$			
GAAP measure [b]	\$ 117.6	\$ 118.8	(1)%
Amortization of acquisition-related intangible assets	22.2	19.5	
Adjusted Operating Income \$ [c]	\$ 139.8	\$ 138.3	1%
Operating Margin %			
GAAP measure [b] / [a]	10.9%	10.9%	— bps
Adjusted Operating Margin % [c] / [a]	13.0%	12.7%	+30 bps
<b>Electrical Solutions</b>	<b>Three Months Ended March 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>Change</b>
Net Sales [a]	\$ 546.2	\$ 563.7	(3)%
Operating Income \$			
GAAP measure [b]	\$ 53.0	\$ 52.5	1%
Amortization of acquisition-related intangible assets	4.2	4.8	
Adjusted Operating Income \$ [c]	\$ 57.2	\$ 57.3	—%
Operating Margin %			
GAAP measure [b] / [a]	9.7%	9.3%	+40 bps
Adjusted Operating Margin % [c] / [a]	10.5%	10.2%	+30 bps
<b>Utility Solutions</b>	<b>Three Months Ended March 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>Change</b>
Net Sales [a]	\$ 532.2	\$ 526.6	1%
Operating Income \$			
GAAP measure [b]	\$ 64.6	\$ 66.3	(3)%
Amortization of acquisition-related intangible assets	18.0	14.7	
Adjusted Operating Income \$ [c]	\$ 82.6	\$ 81.0	2%
Operating Margin %			
GAAP measure [b] / [a]	12.1%	12.6%	-50 bps
Adjusted Operating Margin % [c] / [a]	15.5%	15.4%	+10 bps

## Reconciliation of Organic Net Sales Growth to Net Sales Growth (millions):

### Hubbell Incorporated

	Three Months Ended March 31,			
	2021	Inc/(Dec)%	2020	Inc/(Dec)%
Net sales growth (GAAP measure)	\$ (11.9)	(1.1)	\$ 3.0	0.3
Impact of acquisitions	32.9	3.0	11.0	1.0
Impact of divestitures	—	—	(9.5)	(0.9)
Foreign currency exchange	1.0	0.1	(1.0)	—
Organic net sales growth (decline)	\$ (45.8)	(4.2)	\$ 2.5	0.2

### Electrical Solutions

	Three Months Ended March 31,			
	2021	Inc/(Dec)%	2020	Inc/(Dec)%
Net sales growth (GAAP measure)	\$ (17.5)	(3.1)	\$ (16.3)	(2.8)
Impact of acquisitions	5.7	1.0	3.5	0.6
Impact of divestitures	—	—	(9.5)	(1.6)
Foreign currency exchange	2.0	0.4	0.2	—
Organic net sales growth (decline)	\$ (25.2)	(4.5)	\$ (10.5)	(1.8)

### Utility Solutions

	Three Months Ended March 31,			
	2021	Inc/(Dec)%	2020	Inc/(Dec)%
Net sales growth (GAAP measure)	\$ 5.6	1.1	\$ 19.3	3.8
Impact of acquisitions	27.2	5.2	7.5	1.5
Impact of divestitures	—	—	—	—
Foreign currency exchange	(1.0)	(0.2)	(1.2)	(0.2)
Organic net sales growth (decline)	\$ (20.6)	(3.9)	\$ 13.0	2.5



Reconciliation of Free Cash Flow to the most directly comparable GAAP measure (millions):

Hubbell Incorporated	Three Months Ended March 31,	
	2021	2020
Net Cash Provided By Operating Activities (GAAP measure)	\$ 58.9	\$ 108.4
Capital Expenditures	(19.6)	(17.8)
Free Cash Flow	\$ 39.3	\$ 90.6

Reconciliation of Net Debt to the most directly comparable GAAP measure (millions):

Hubbell Incorporated	March 31, 2021	December 31, 2020
Total Debt	\$ 1,794.5	\$ 1,590.0
Total Hubbell Shareholders' Equity	2,082.7	2,070.0
Total Capital	\$ 3,877.2	\$ 3,660.0
Total Debt to Total Capital	46 %	43 %
Less: Cash and Investments	\$ 513.6	\$ 340.0
Net Debt	\$ 1,280.9	\$ 1,250.0
Net Debt to Total Capital	33 %	34 %