



Fourth Quarter 2019 Earnings Conference Call

February 4, 2020

Forward Looking Statements



Certain statements contained in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be identified by the use of forward-looking words or phrases such as "outlook", "expected", "projected", "scheduled", "could", "believe", "anticipated", "target", "should", "on track" and others, and include statements regarding our expectations for 2020 financial performance and end market conditions including the anticipated net sales growth or change in operating results; projected operating results; expectations of acquisitions fully offsetting divestitures; restructuring and related activities; and expected free cash flow for 2020. Such forward-looking statements involve numerous assumptions, known and unknown risks, uncertainties and other factors which may cause actual and future performance or achievements of the Company to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Such factors include, among others: the effects of tariffs and other trade actions taken by the U.S. and other countries; the impact of U.S. tax reform legislation; the impact of and the ability to complete strategic acquisitions and integrate acquired companies; the impact of certain divestitures, including the sale of the Haefely business; achieving sales levels to fulfill revenue expectations; unexpected costs or charges, certain of which may be outside the control of the Company; changes in material costs; the level of price increases or discounts; restructuring and cost reduction actions; pension expense; general economic and business conditions; foreign exchange rates; international trade policy; and competition. For additional information identifying factors that may cause actual results to vary materially from those stated in the forward-looking statements, refer to our most recent 10-K for the year ended December 31, 2018 and subsequent SEC filings that are filed with the SEC and are also available at www.hubbell.com.



- Strong Free Cash Flow above prior targets⁽²⁾
- Deployed cash to attractive bolt-on acquisitions
- Solid utility T&D performance; soft Electrical end markets
- Effective price|cost management driving margin expansion
- Accelerated restructuring investment generating productivity
- Initiating 2020 guidance

Continued strong execution

⁽²⁾ Refer to the appendix for calculation of Free Cash Flow.



- Net sales of \$1.1 billion
 - Organic (3%), net M&A (1%)
- Operating margin 12.3%; adjusted operating margin 14.0%⁽¹⁾
- Diluted EPS of \$1.85; adjusted diluted EPS of \$1.91⁽¹⁾
- Free Cash Flow of \$185 million⁽²⁾

⁽¹⁾ Refer to the appendix for reconciliations of non-GAAP measures.

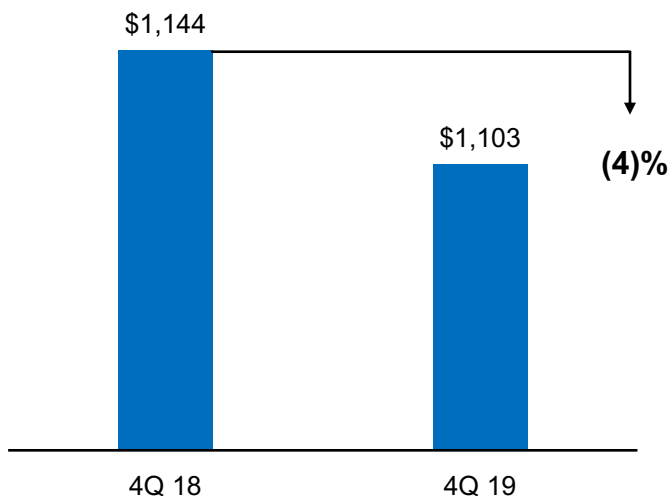
⁽²⁾ Refer to the appendix for calculation of Free Cash Flow.

4Q 2019 Sales Performance












(\$Millions)

Net Sales



End Markets

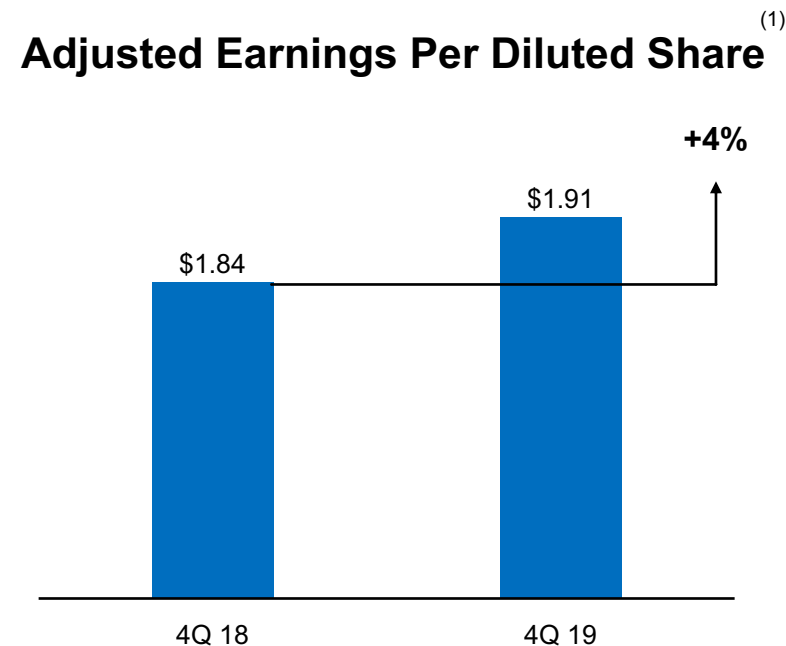
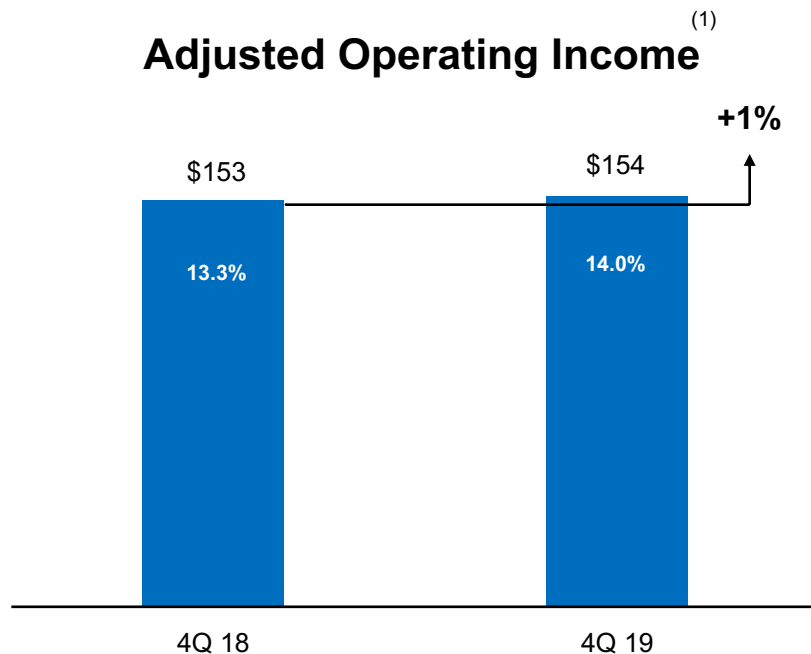
Non-residential	 	<ul style="list-style-type: none"> • New construction • Renovation and relight
Industrial	 	<ul style="list-style-type: none"> • Light • Heavy
Oil and Gas	 	<ul style="list-style-type: none"> • Oil • Gas
Electrical T&D	 	<ul style="list-style-type: none"> • Distribution • Transmission
Residential		<ul style="list-style-type: none"> • Single family

Organic (3%)

4Q 2019 Operating Income and Diluted EPS



(\$Millions except per share amounts)



- Price|cost positive
- Discrete tariff exclusion benefit
- Lower volumes
- Higher investment in restructuring

- Modest adjusted OP growth
- Lower effective tax rate
- Lower interest expense

Expanding margins while investing for future productivity

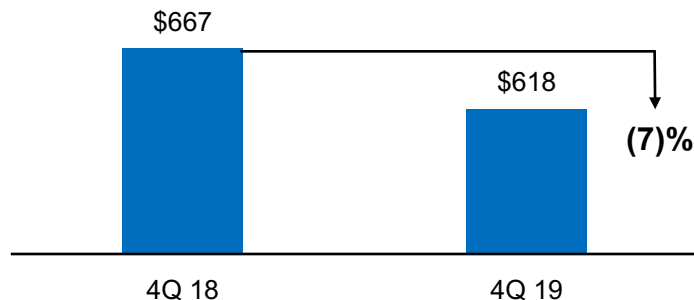
⁽¹⁾ Refer to the appendix for reconciliations of non-GAAP measures.

4Q 2019 Electrical Segment Results

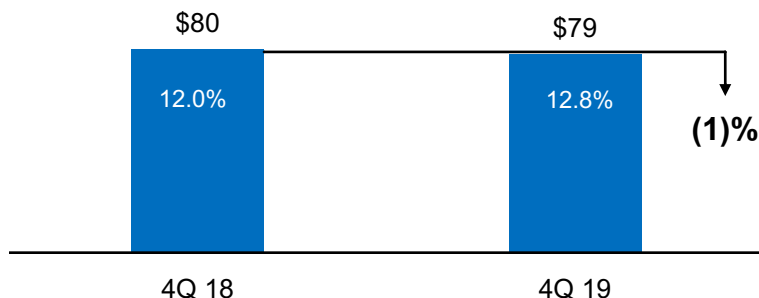


(\$Millions)

Net Sales



Adjusted Operating Income⁽¹⁾



Sales

- Organic (6%), Divestiture (<2%)
- Strong price realization
- C&I lighting, industrial and oil weak

Performance

- Lower volumes
- Higher investment in restructuring
- Price|cost positive
- Discrete tariff exclusion benefit

Expanding margins despite soft markets and continued R&R investment

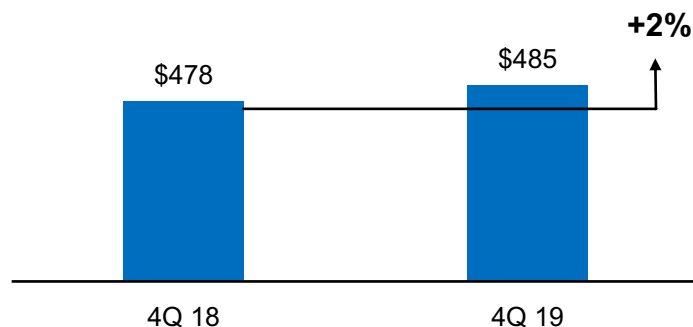
⁽¹⁾ Refer to the appendix for reconciliations of non-GAAP measures.

4Q 2019 Power Segment Results

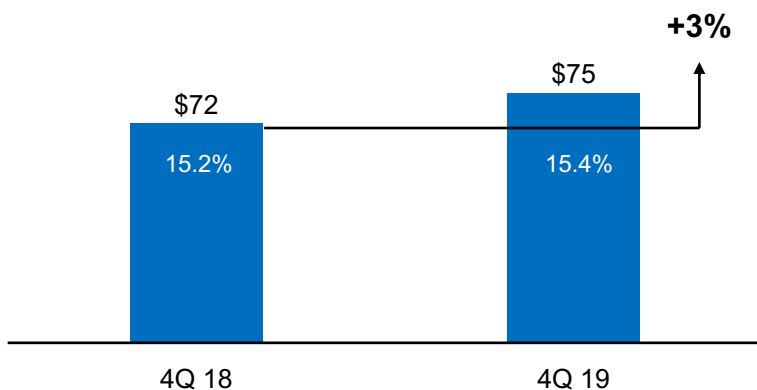


(\$Millions)

Net Sales



Adjusted Operating Income⁽¹⁾



Sales

- Organic +2%
- Legacy Power +MSD and Aclara -MSD
- Strong utility T&D markets and performance
- Difficult Aclara comparisons

Performance

- Price|cost positive
- Higher investment in restructuring

Strong performance continues

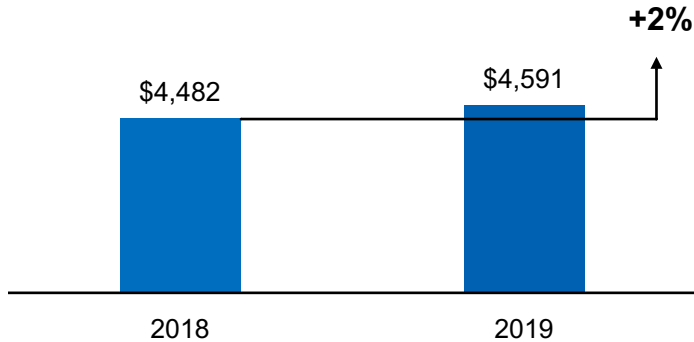
⁽¹⁾ Refer to the appendix for reconciliations of non-GAAP measures.

Full Year 2019 Results

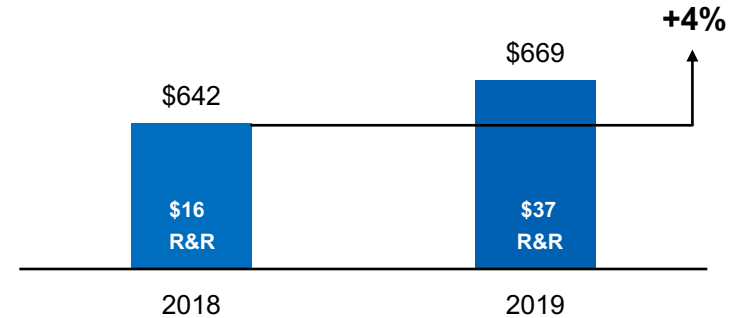


(\$Millions and per share)

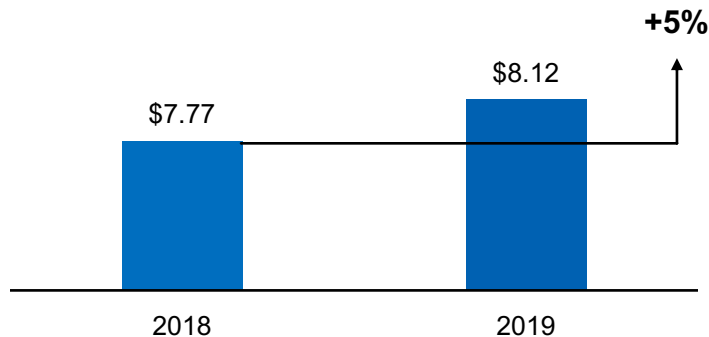
Net Sales



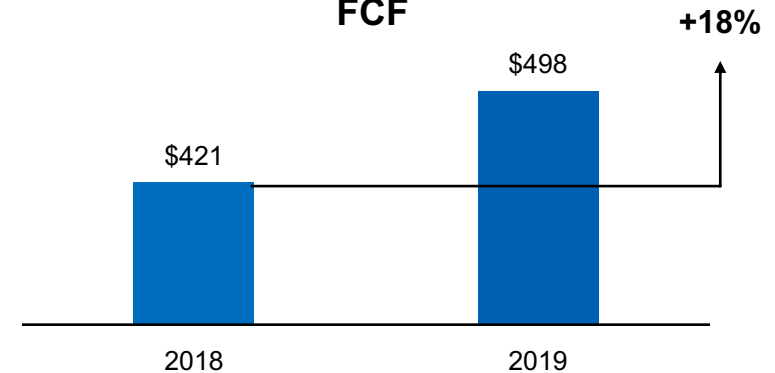
Adj Operating Profit⁽¹⁾



Adj EPS⁽¹⁾



FCF⁽²⁾



Strong execution despite mixed markets and higher R&R investment

⁽¹⁾ Refer to the appendix for reconciliations of non-GAAP measures.

⁽²⁾ Refer to the appendix for calculation of Free Cash Flow.

Cantega Technologies

- Grid asset protection solutions for electric utilities (primarily substations)
 - Strong growth profile and market position in attractive niche
- ~\$20 million in annual sales



Connector Products

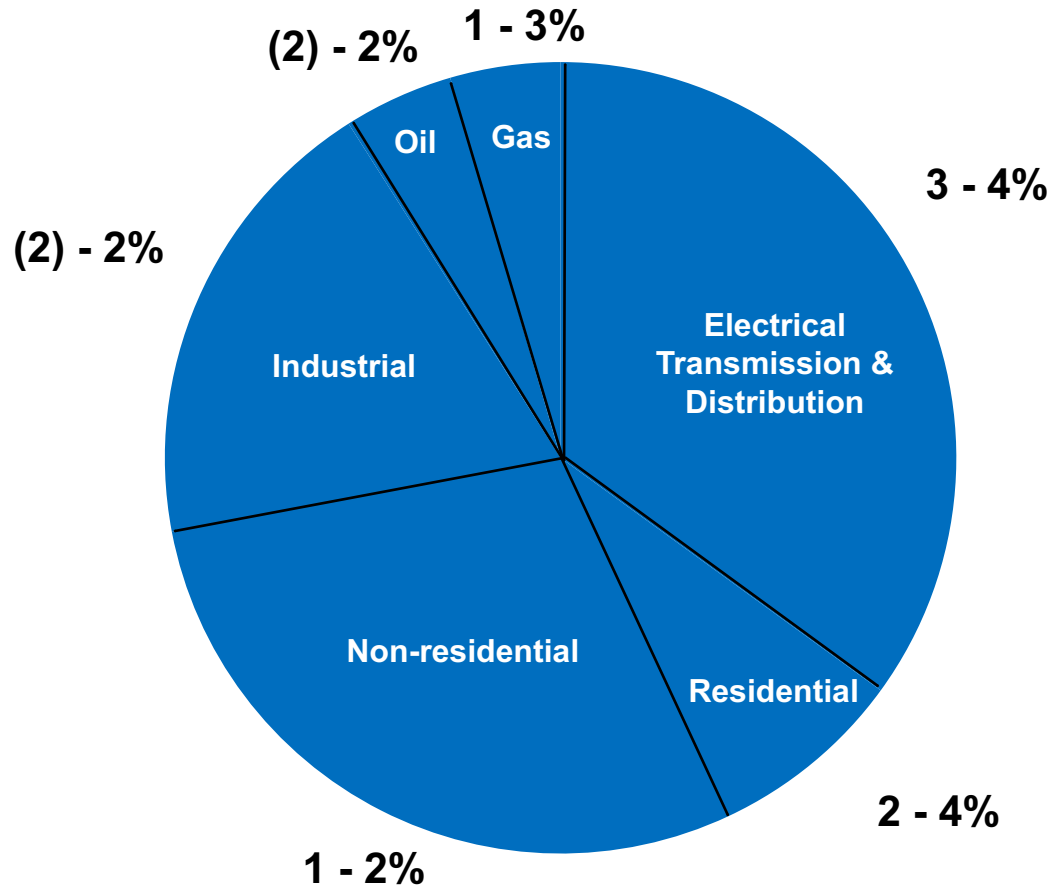
- Electrical connectors and accessories for electric utilities and mass transit systems
 - Strong growth profile and market position in attractive niche
- \$10-15 million in annual sales



Invested ~\$65M in Attractive, High Margin Bolt-On Acquisitions



Estimated %
Hubbell Sales



End markets expected to contribute 1 - 3% in total



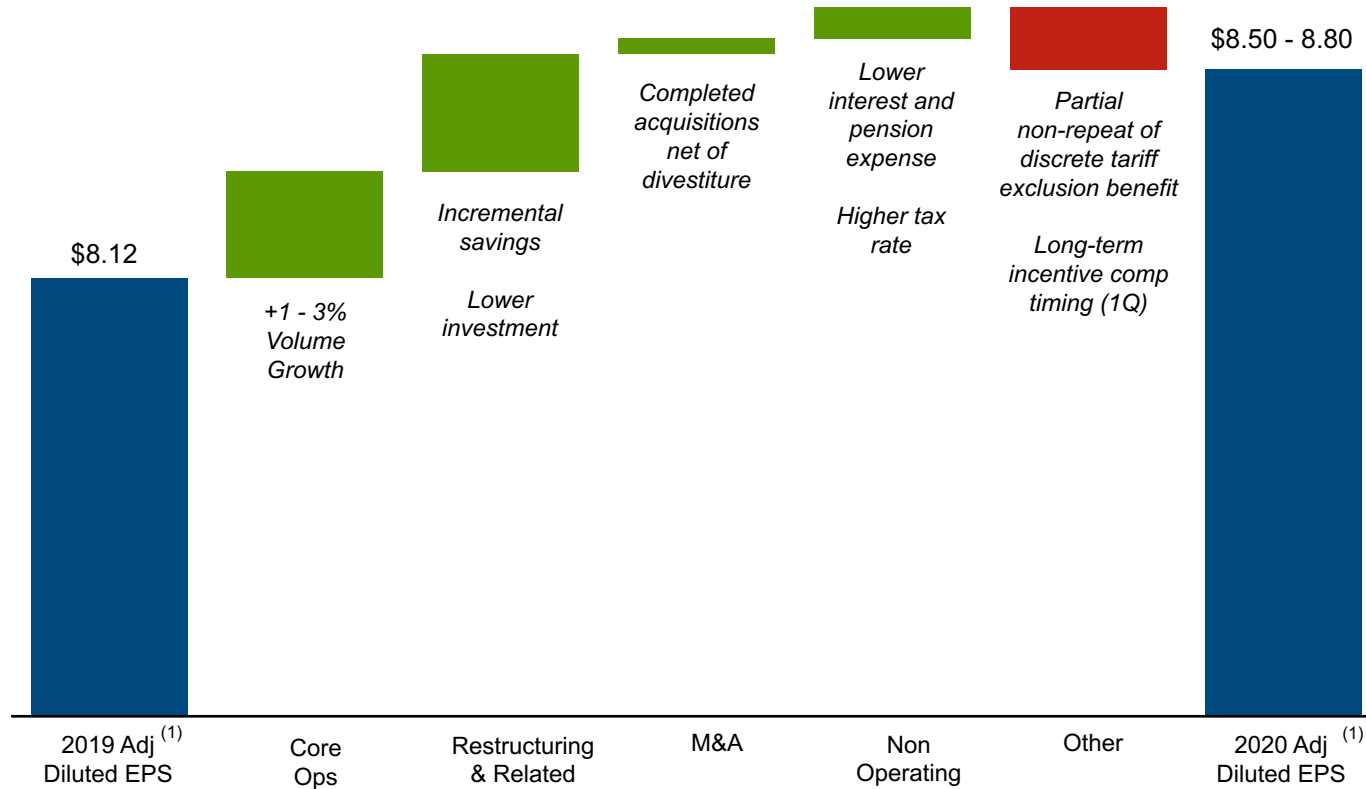
- Expect net sales growth of approximately 1 - 3%
 - Modest end market growth
 - Completed acquisitions fully offsets divestiture

- Expect Adjusted Diluted EPS of \$8.50 - \$8.80⁽¹⁾
 - Includes ~\$0.40 of restructuring and related investment

- Expect Free Cash Flow at ~110% of adjusted net income^(1,2)

⁽¹⁾ Refer to the appendix for reconciliations of non-GAAP measures.

⁽²⁾ Refer to the appendix for calculation of Free Cash Flow.



Strong fundamental earnings growth on modest volumes

⁽¹⁾ Refer to the appendix for reconciliations of non-GAAP measures.



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Appendix



(1) 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 include adjusted operating income, adjusted operating margin, adjusted net income, adjusted net income available to common shareholders, and adjusted earnings per diluted share, which exclude, where applicable:

- Effective as of the first quarter of 2019, amortization of acquisition-related intangible assets associated with all of our business acquisitions, including inventory step-up amortization associated with those acquisitions,
- Adjusted operating measures in 2018 also excluded Aclara transaction costs, which includes professional services and other fees that were incurred in connection with the acquisition of Aclara,
- The effects of the net charge in 2019 to recognize certain additional liabilities associated with the Company's participation and withdrawal from a multi-employer pension plan,
- A gain recognized in the third quarter of 2019 from the disposition of a business,
- An investment loss recognized in the third quarter of 2019 and reported within Other income (expense), net in the Condensed Consolidated Statement of Income,

Each of these adjusted operating measures are non-GAAP measures. Management uses the adjusted measures when assessing the performance of the business. Reconciliations of each of these non-GAAP measures to the most directly comparable GAAP measure can be found in the following tables, and on the Investor Relations subpage of our website at www.hubbell.com.

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.

Appendix



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

Hubbell Incorporated	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Net Sales [a]	\$ 1,103.3	\$ 1,144.1	(4)%	\$ 4,591.0	\$ 4,481.7	2%
Operating Income \$						
GAAP measure [b]	\$ 135.9	\$ 136.6	(1)%	\$ 596.6	\$ 556.9	7%
Amortization of acquisition-related intangible assets	18.3	15.8		72.1	75.9	
Aclara transaction costs	—	0.2		—	9.5	
Adjusted Operating Income \$ [c]	<u>\$ 154.2</u>	<u>\$ 152.6</u>	1%	<u>\$ 668.7</u>	<u>\$ 642.3</u>	4%
Operating Margin %						
GAAP measure [b] / [a]	12.3%	11.9%	+40 bps	13.0%	12.4%	+60 bps
Adjusted Operating Margin % [c] / [a]	14.0%	13.3%	+70 bps	14.6%	14.3%	+30 bps

Electrical segment	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Net Sales [a]	\$ 618.0	\$ 666.6	(7)%	\$ 2,625.7	\$ 2,660.6	(1)%
Operating Income \$						
GAAP measure [b]	\$ 73.3	\$ 74.3	(1)%	\$ 320.1	\$ 320.8	—%
Amortization of acquisition-related intangible assets	6.1	5.9		23.1	23.9	
Adjusted Operating Income \$ [c]	<u>\$ 79.4</u>	<u>\$ 80.2</u>	(1)%	<u>\$ 343.2</u>	<u>\$ 344.7</u>	—%
Operating Margin %						
GAAP measure [b] / [a]	11.9%	11.1%	+80 bps	12.2%	12.1%	+10 bps
Adjusted Operating Margin % [c] / [a]	12.8%	12.0%	+80 bps	13.1%	13.0%	+10 bps

Power segment	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Net Sales [a]	\$ 485.3	\$ 477.5	2%	\$ 1,965.3	\$ 1,821.1	8%
Operating Income \$						
GAAP measure [b]	\$ 62.6	\$ 62.3	1%	\$ 276.5	\$ 236.1	17%
Amortization of acquisition-related intangible assets	12.2	9.9		49.0	52.0	
Aclara transaction costs	—	0.2		—	9.5	
Adjusted Operating Income \$ [c]	<u>\$ 74.8</u>	<u>\$ 72.4</u>	3%	<u>\$ 325.5</u>	<u>\$ 297.6</u>	9%
Operating Margin %						
GAAP measure [b] / [a]	12.9%	13.0%	-10 bps	14.1%	13.0%	+110 bps
Adjusted Operating Margin % [c] / [a]	15.4%	15.2%	+20 bps	16.6%	16.3%	+30 bps



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

Hubbell Incorporated	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Net income attributable to Hubbell (GAAP measure)	\$ 101.9	\$ 88.0	16%	\$ 400.9	\$ 360.2	11%
Amortization of acquisition-related intangible assets, net of tax	13.7	11.9		53.9	57.5	
Gain on disposition of business, net of tax	—	—		(20.5)	—	
Multi-employer pension expense (income), net of tax	(10.7)	—		6.4	—	
Loss on investment, net of tax	—	—		5.0	—	
Aclara transaction costs, net of tax	—	0.6		—	10.3	
Adjusted Net Income	\$ 104.9	\$ 100.5	4%	\$ 445.7	\$ 428.0	4%

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

Hubbell Incorporated	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	Change	2019	2018	Change
Numerator:						
Net income attributable to Hubbell	\$ 101.9	\$ 88.0		\$ 400.9	\$ 360.2	
Less: Earnings allocated to participating securities	(0.3)	(0.3)		(1.5)	(1.3)	
Net income available to common shareholders (GAAP measure) [a]	\$ 101.6	\$ 87.7	16%	\$ 399.4	\$ 358.9	11%
Adjusted Net Income	\$ 104.9	\$ 100.5		\$ 445.7	\$ 428.0	
Less: Earnings allocated to participating securities	(0.3)	(0.3)		(1.7)	(1.5)	
Adjusted net income available to common shareholders [b]	\$ 104.6	\$ 100.2	4%	\$ 444.0	\$ 426.5	4%
Denominator:						
Average number of common shares outstanding [c]	54.3	54.5		54.4	54.6	
Potential dilutive shares	0.4	0.2		0.3	0.3	
Average number of diluted shares outstanding [d]	54.7	54.7		54.7	54.9	
Earnings per share (GAAP measure):						
Basic [a] / [c]	\$ 1.87	\$ 1.61		\$ 7.35	\$ 6.57	
Diluted [a] / [d]	\$ 1.85	\$ 1.60	16%	\$ 7.31	\$ 6.54	12%
Adjusted Earnings Per Diluted Share [b] / [d]	\$ 1.91	\$ 1.84	4%	\$ 8.12	\$ 7.77	5%



(2) 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.

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

Hubbell Incorporated	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Net Cash Provided By Operating Activities (GAAP measure)	\$ 206.5	\$ 177.9	\$ 591.6	\$ 517.1
Capital Expenditures	(21.3)	(25.5)	(93.9)	(96.2)
Free Cash Flow	<u>\$ 185.2</u>	<u>\$ 152.4</u>	<u>\$ 497.7</u>	<u>\$ 420.9</u>