



Third Quarter 2019 Earnings Conference Call

October 29, 2019

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", "on track" and others, and include statements regarding our expectations for 2019 financial performance and end market conditions including the anticipated growth or change in operating results; projected operating results; restructuring and related activities; and expected footprint consolidation initiatives. 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 T&D performance; mixed Electrical end markets
- Effective price|cost management driving margin expansion
- Free Cash Flow tracking above prior expectations
- Footprint optimization and productivity initiatives ramping up
- Divested Haefely high voltage test business
- Tightening 2019 full year EPS expectations

Strong execution in a mixed market environment



- Net sales of \$1.20 billion
 - Organic growth +3%, Divestiture -1%
- Operating margin 14.4%; adjusted operating margin 15.8%⁽¹⁾
 - Price|cost positive
 - Footprint optimization investment
- Diluted EPS of \$2.38; adjusted diluted EPS of \$2.34⁽¹⁾
- Free Cash Flow of \$151 million⁽²⁾

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

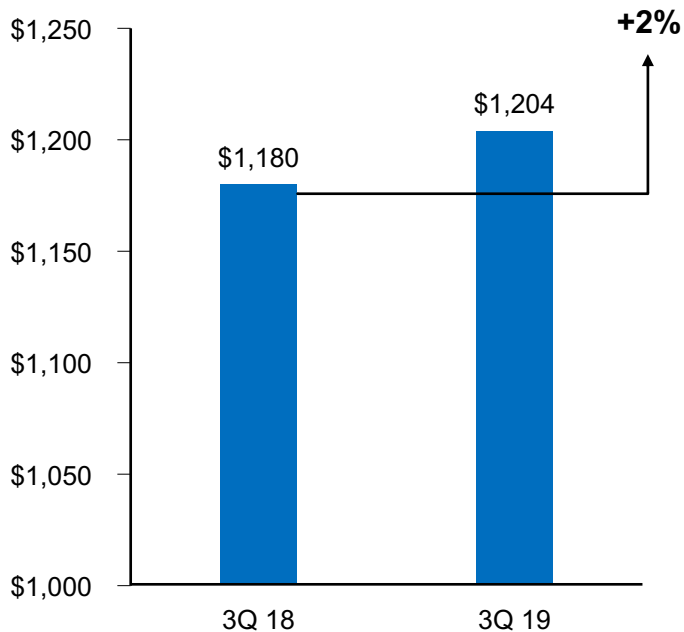
⁽²⁾ Refer to the appendix for calculation of Free Cash Flow.

3Q 2019 Sales Performance












(\$Millions)

Net Sales



End Markets

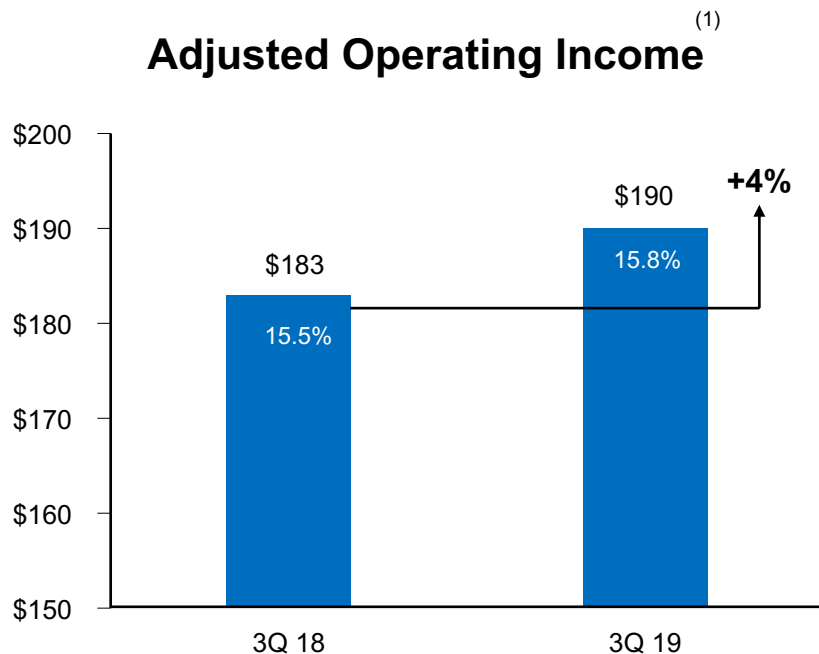
Non-residential	 	<ul style="list-style-type: none"> • New construction • Renovation and relight
Industrial	 	<ul style="list-style-type: none"> • Light • Heavy
Oil and Gas	 	<ul style="list-style-type: none"> • Oil • Gas
Electrical T&D	 	<ul style="list-style-type: none"> • Distribution • Transmission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

Organic +3%; strong pricing performance

3Q 2019 Operating Income and Diluted EPS



(\$Millions except per share amounts)



- Price|cost positive
- Footprint optimization investment

- Solid adjusted OP growth
- Higher effective tax rate (~\$0.10 headwind)

Expanding margins while investing for the future

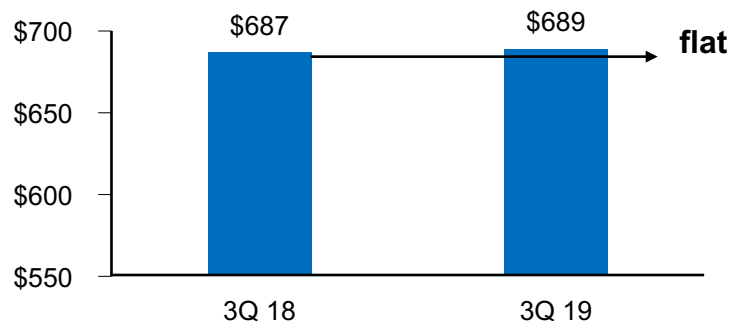
⁽¹⁾ Refer to the appendix for reconciliations of non-GAAP measures.

3Q 2019 Electrical Segment Results



(\$Millions)

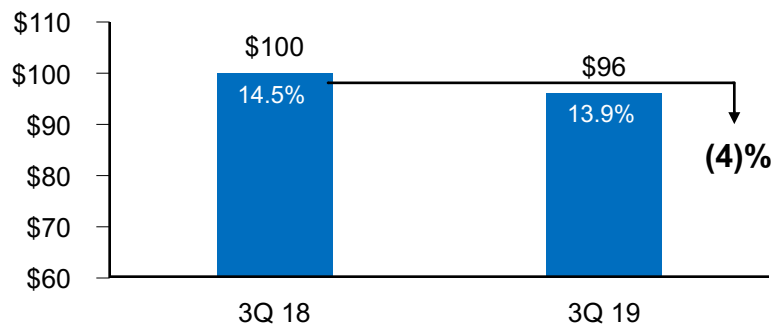
Net Sales



Sales

- Organic +1%, Divestiture -1%
- Strong price realization
- Gas and non-residential construction solid
- Lighting nat'l accts weak; industrial softening

Adjusted Operating Income ⁽¹⁾



Performance

- Lower volumes
- Footprint optimization investment
- Divestiture impact
- Price|cost positive

Mixed end markets; continued execution and R&R focus

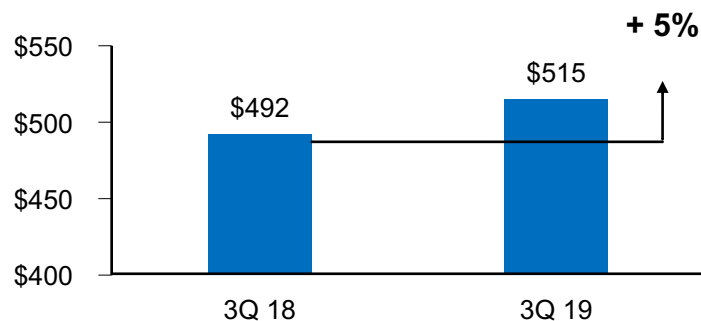
⁽¹⁾ Refer to the appendix for reconciliations of non-GAAP measures.

3Q 2019 Power Segment Results



(\$Millions)

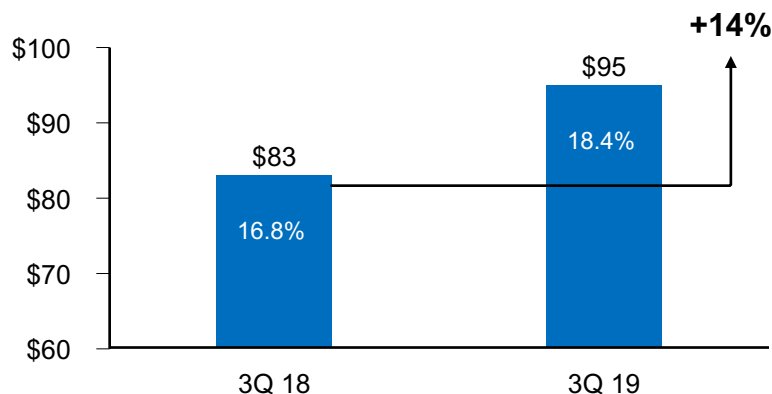
Net Sales



Sales

- Organic +5%
- Legacy Power +HSD and Aclara flat
- Strong T&D markets and performance

Adjusted Operating Income



Performance

- Strong volume growth
- Price|cost positive

Strong performance; strategic execution paying off

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



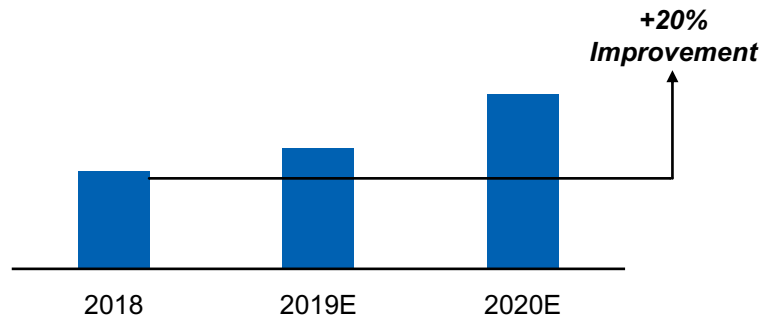
Footprint Optimization

- Working 10 projects and >500K sq. feet in 2019
 - Consolidating high cost and sub-scale facilities
 - Utilizing existing capacity in low cost areas
 - Maintaining quality, reliability, and service
- Continue to expect ~\$0.40 FY19 R&R investment
 - Projects under budget with limited disruption
 - Taking incremental productivity actions in 4Q

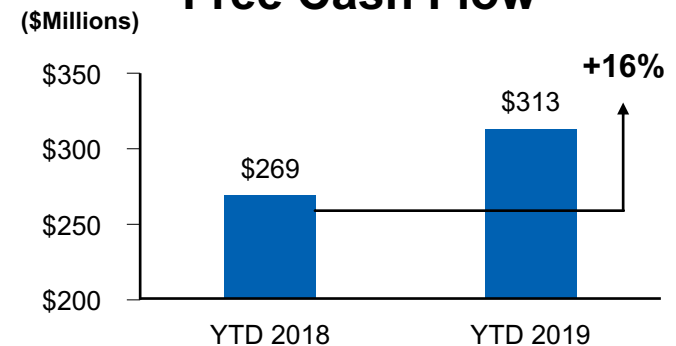
Free Cash Flow

- Strong YTD performance
 - Higher net income
 - Working capital improvement
- FY19 FCF conversion >100% adj. net income^(1,2)

Sales per Sq. Foot



Free Cash Flow⁽²⁾



Operating discipline driving Free Cash Flow generation

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

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

Divestiture

- Divested Haefely in 3Q
- Reported in Electrical
- High voltage test business
 - Highly cyclical, non-core business with lower margins and return profile

~\$40 Million
Annual Sales

HSD Adjusted
OP margin

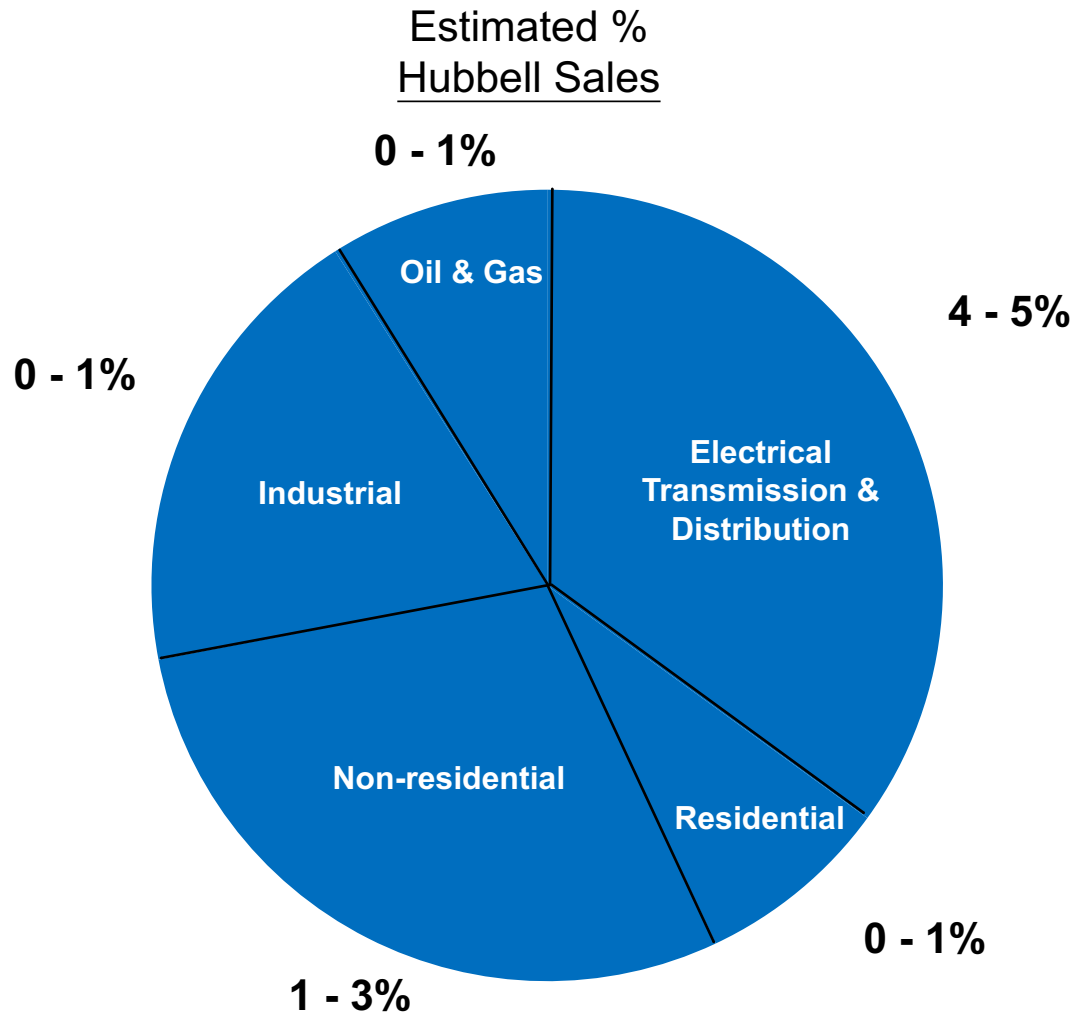
Acquisition

- Signed an acquisition expected to close in 4Q
- Reported in Power
- Power grid asset protection solutions
 - Strong growth profile and leading position in attractive market niche

~\$20 Million
Annual Sales

High Teens
EBITDA margin

Active portfolio management creating shareholder value



End markets expected to contribute ~2% in total



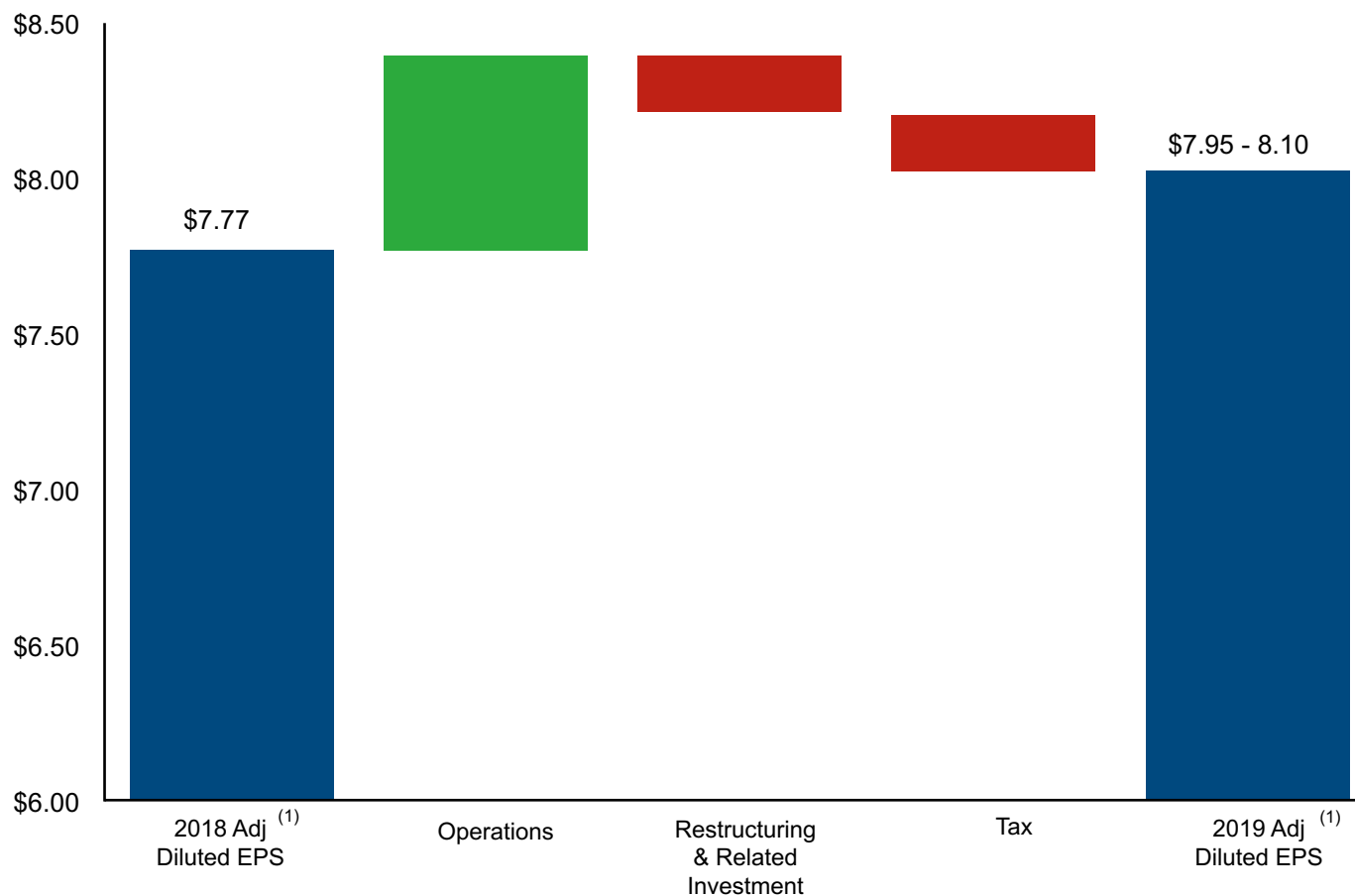
- Expect net sales growth of approximately 3.0% - 3.5%
 - Modest end markets and strong price realization
 - Acquisitions net of divestitures add ~1%
 - Foreign exchange subtracts <1%

- Tighten Adjusted Diluted EPS to \$7.95 - \$8.10⁽¹⁾
 - Includes ~\$0.40 of restructuring and related investment

- Raise Free Cash Flow to >100% 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 while streamlining the company

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



Third Quarter 2019 Earnings Conference Call

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 effective tax rate, 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,
- Adjusted operating measures also exclude charges recognized in the second quarter of 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,
- Adjusted effective tax rate also excludes the tax effect of the gain on the sale of a business and the tax effects of other adjustments described above.

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.

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

Hubbell Incorporated	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
Net Sales [a]	\$ 1,204.0	\$ 1,179.7	2%	\$ 3,487.7	\$ 3,337.6	4%
Operating Income \$						
GAAP measure [b]	\$ 172.9	\$ 163.8	6%	\$ 460.7	\$ 420.3	10%
Amortization of acquisition-related intangible assets	17.5	18.7		53.8	60.2	
Aclara transaction costs	—	0.3		—	9.3	
Adjusted Operating Income \$ [c]	<u>\$ 190.4</u>	<u>\$ 182.8</u>	4%	<u>\$ 514.5</u>	<u>\$ 489.8</u>	5%
Operating Margin %						
GAAP measure [b] / [a]	14.4%	13.9%	+50 bps	13.2%	12.6%	+60 bps
Adjusted Operating Margin % [c] / [a]	15.8%	15.5%	+30 bps	14.8%	14.7%	+10 bps
Electrical segment	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
Net Sales [a]	\$ 689.3	\$ 687.4	— %	\$ 2,007.7	\$ 1,994.1	1 %
Operating Income \$						
GAAP measure [b]	\$ 90.2	\$ 94.0	(4)%	\$ 246.8	\$ 246.5	— %
Amortization of acquisition-related intangible assets	5.6	5.9		17.0	17.9	
Adjusted Operating Income \$ [c]	<u>\$ 95.8</u>	<u>\$ 99.9</u>	(4)%	<u>\$ 263.8</u>	<u>\$ 264.4</u>	— %
Operating Margin %						
GAAP measure [b] / [a]	13.1%	13.7%	-60 bps	12.3%	12.4%	-10 bps
Adjusted Operating Margin % [c] / [a]	13.9%	14.5%	-60 bps	13.1%	13.3%	-20 bps
Power segment	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
Net Sales [a]	\$ 514.7	\$ 492.3	5%	\$ 1,480.0	\$ 1,343.5	10%
Operating Income \$						
GAAP measure [b]	\$ 82.7	\$ 69.8	18%	\$ 213.9	\$ 173.8	23%
Amortization of acquisition-related intangible assets	11.9	12.8		36.8	42.3	
Aclara transaction costs	—	0.3		—	9.3	
Adjusted Operating Income \$ [c]	<u>\$ 94.6</u>	<u>\$ 82.9</u>	14%	<u>\$ 250.7</u>	<u>\$ 225.4</u>	11%
Operating Margin %						
GAAP measure [b] / [a]	16.1%	14.2%	+190 bps	14.5%	12.9%	+160 bps
Adjusted Operating Margin % [c] / [a]	18.4%	16.8%	+160 bps	16.9%	16.8%	+10 bps



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

Hubbell Incorporated	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
Net income attributable to Hubbell (GAAP measure)	\$ 130.7	\$ 113.6	15 %	\$ 299.0	\$ 272.2	10%
Amortization of acquisition-related intangible assets, net of tax	13.1	14.3		40.2	45.7	
Gain on disposition of business, net of tax	(20.5)	—		(20.5)	—	
Multi-employer pension charge, net of tax	—	—		17.1	—	
Loss on investment, net of tax	5.0	—		5.0	—	
Aclara transaction costs, net of tax	—	0.9		—	9.7	
Adjusted Net Income	\$ 128.3	\$ 128.8	— %	\$ 340.8	\$ 327.6	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 September 30,			Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
Numerator:						
Net income attributable to Hubbell	\$ 130.7	\$ 113.6		\$ 299.0	\$ 272.2	
Less: Earnings allocated to participating securities	(0.5)	(0.4)		(1.2)	(1.0)	
Net income available to common shareholders (GAAP measure) [a]	\$ 130.2	\$ 113.2	15 %	\$ 297.8	\$ 271.2	10%
Adjusted Net Income	\$ 128.3	\$ 128.8		\$ 340.8	\$ 327.6	
Less: Earnings allocated to participating securities	(0.5)	(0.4)		(1.3)	(1.1)	
Adjusted net income available to common shareholders [b]	\$ 127.8	\$ 128.4	— %	\$ 339.5	\$ 326.5	4%
Denominator:						
Average number of common shares outstanding [c]	54.3	54.6		54.4	54.7	
Potential dilutive shares	0.3	0.3		0.3	0.3	
Average number of diluted shares outstanding [d]	54.6	54.9		54.7	55.0	
Earnings per share (GAAP measure):						
Basic [a] / [c]	\$ 2.40	\$ 2.07		\$ 5.48	\$ 4.96	
Diluted [a] / [d]	\$ 2.38	\$ 2.06	16 %	\$ 5.45	\$ 4.93	11%
Adjusted Earnings Per Diluted Share [b] / [d]	\$ 2.34	\$ 2.34	— %	\$ 6.21	\$ 5.94	5%



Reconciliation of Adjusted Tax Rate:

Hubbell Incorporated	Three Months Ended September 30,	
	2019	2018
Effective Tax Rate (GAAP measure)	21.1 %	19.5%
Gain on sale of business	2.4 %	—%
Other Adjustments	(0.5)%	0.6%
Adjusted Effective Tax Rate	23.0 %	20.1%

(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 and Adjusted Free Cash Flow to the most directly comparable GAAP measure (millions):

Hubbell Incorporated	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Cash Provided By Operating Activities (GAAP measure)	\$ 175.5	\$ 186.9	\$ 385.1	\$ 339.2
Capital Expenditures	(24.9)	(23.2)	(72.6)	(70.7)
Free Cash Flow	\$ 150.6	\$ 163.7	\$ 312.5	\$ 268.5