

# First Quarter 2024 Earnings Call

April 30, 2024



# 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, the Company's solid start in 2024, first quarter results positioning the Company to achieve its reaffirmed 2024 outlook, utility growth, effectively navigating near-term telcom market weakness, stronger Electrical Solutions growth and margin expansion, strong T&D markets for the balance of the year, and other anticipated end market conditions, near-term volume, grid automation, carryover of prior year investments, continued channel inventory management, and all statements, including our projected financial results, set forth in the "Summary & Outlook" section in our earnings press release, or in the "Reaffirming 2024 Outlook" section in this presentation, 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. These statements may be identified by the use of forward-looking words or phrases such as "believe", "expect", "anticipate", "intend", "depend", "plan", "estimated", "predict", "target", "should", "could", "may", "subject to", "continues", "growing", "prospective", "forecast", "projected", "purport", "might", "if", "contemplate", "potential", "pending", "target", "goals", "scheduled", "will", "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: business conditions, geopolitical conditions (including the wars in Ukraine and the Middle East, as well as trade tensions with China) and changes in general economic conditions in particular industries, markets or geographic regions, and ongoing softness in the residential markets of Electrical Solutions, as well as the potential for a significant economic slowdown, continued inflation, stagflation or recession, higher interest rates, and higher energy costs; our ability to offset increases in material and non-material costs through price recovery and volume growth; effects of unfavorable foreign currency exchange rates and the potential use of hedging instruments to hedge the exposure to fluctuating rates of foreign currency exchange on inventory purchases; 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 trade tariffs, import quotas and other trade restrictions or actions taken by the United States, United Kingdom, and other countries, including changes in U.S. trade policies; failure to achieve projected levels of efficiencies, cost savings and cost reduction measures, including those expected as a result of our lean initiatives and strategic sourcing plans, regulatory issues, changes in tax laws including multijurisdictional implementation of the Organisation for Economic Co-operation and Development's comprehensive base erosion and profit shifting plan, or changes in geographic profit mix affecting tax rates and availability of tax incentives; the impact of and ability to fully manage and integrate acquired businesses, including the recent acquisitions of EI Electronics LLC, Indústria Eletromecânica Balestro Ltda.; and Northern Star Holdings, Inc. (the Systems Control business), as well as the failure to realize expected synergies and benefits anticipated when we make an acquisition due to potential adverse reactions or changes to business or employee relationships resulting from completion of the transaction, competitive responses to the transaction, the possibility that the anticipated benefits of the transaction are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the acquired business, diversion of management's attention from ongoing business operations and opportunities, and litigation relating to the transaction; the impact of certain divestitures, including the benefits and costs of the sale of the residential lighting business; 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", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Forward-Looking Statements" and "Quantitative and Qualitative Disclosures about Market Risk" sections in the Annual Report on Form 10-K for the year ended December 31, 2023 and Quarterly Reports on Form 10-Q.

## Non-GAAP Measures

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



**1**

Strong Electrical Solutions organic growth and margin expansion

**2**

Utility growth driven by acquisitions and grid automation; telcom markets weak

**3**

Price | Cost | Productivity positive

**4**

Reaffirm 2024 outlook



# Customer Spotlight: Hubbell Utility Connect Conference

## Background

- HUS customer conference in April 2024
- >400 utility customers across electric, water and gas
- Solutions Center showcase
- Customer training and collaborative problem solving
- Market and technology insights

## Key Takeaways

- Customers planning for robust, multi-year T&D investment cycle
- Electrification requires more transmission and substation infrastructure
- Datacenter and AI-driven load growth impact is significant, but early innings
- Continued investment in capacity and service critical



Partnering with utility customers to provide solutions to emerging grid modernization challenges

**\$1.40B**

**Sales**

*(Organic +2%, Net M&A +6%)*

- Organic growth driven by price realization
- Electrical and industrial markets strong; Utility T&D end demand solid; telecom weak

**19.7%**

**Adj. OP Margin**

*(-100bps y/y)*

- Telcom-driven volume declines in utility enclosures business
- Higher y/y investment in long-term growth and productivity initiatives
- Favorable Price | Cost | Productivity

**\$3.60**

**Adj. Diluted EPS**

*(flat y/y)*

- Solid adjusted operating profit growth
- Higher y/y interest expense

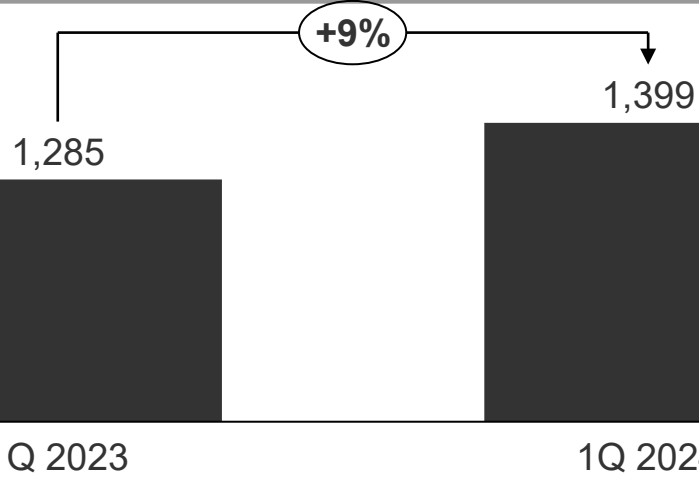
**\$52M**

**Free Cash Flow**

- Higher y/y CapEx investment
- On track to deliver full year outlook of ~\$800 million

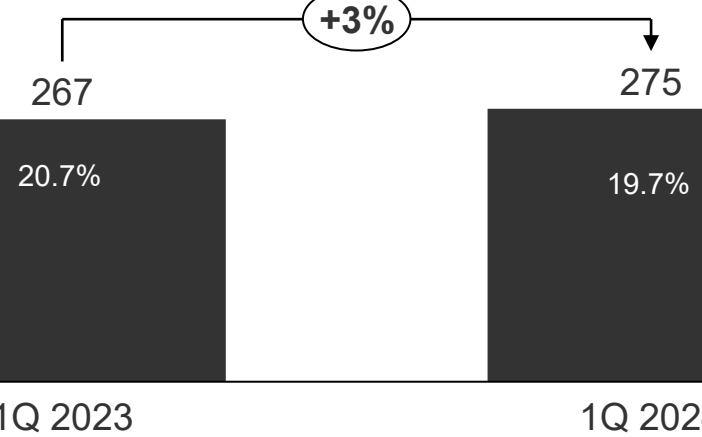
## NET SALES

\$ millions



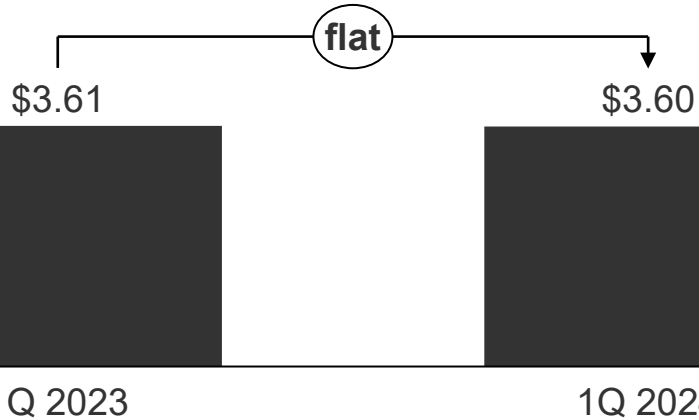
## ADJUSTED OPERATING PROFIT

\$ millions



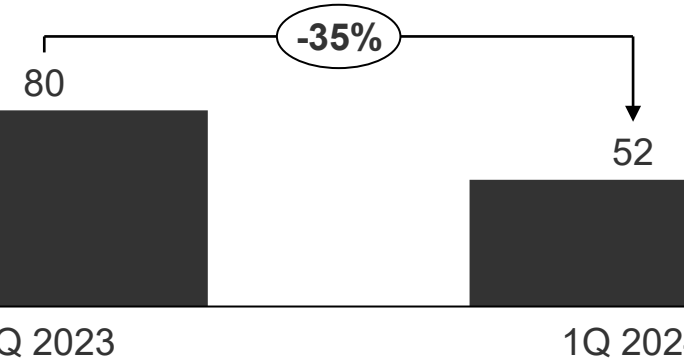
## ADJUSTED DILUTED EPS

\$ per share



## FREE CASH FLOW

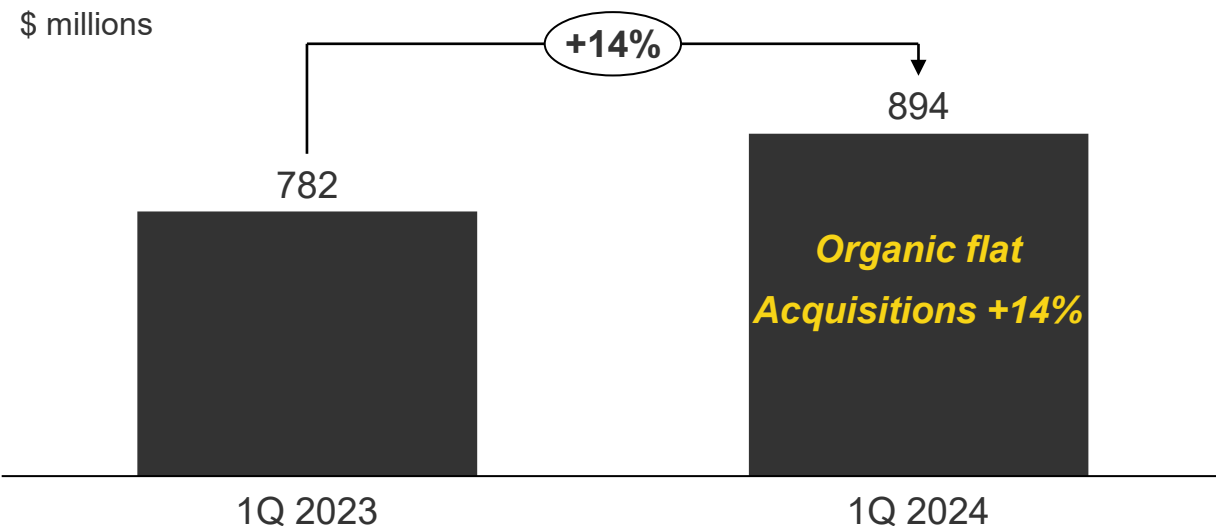
\$ millions



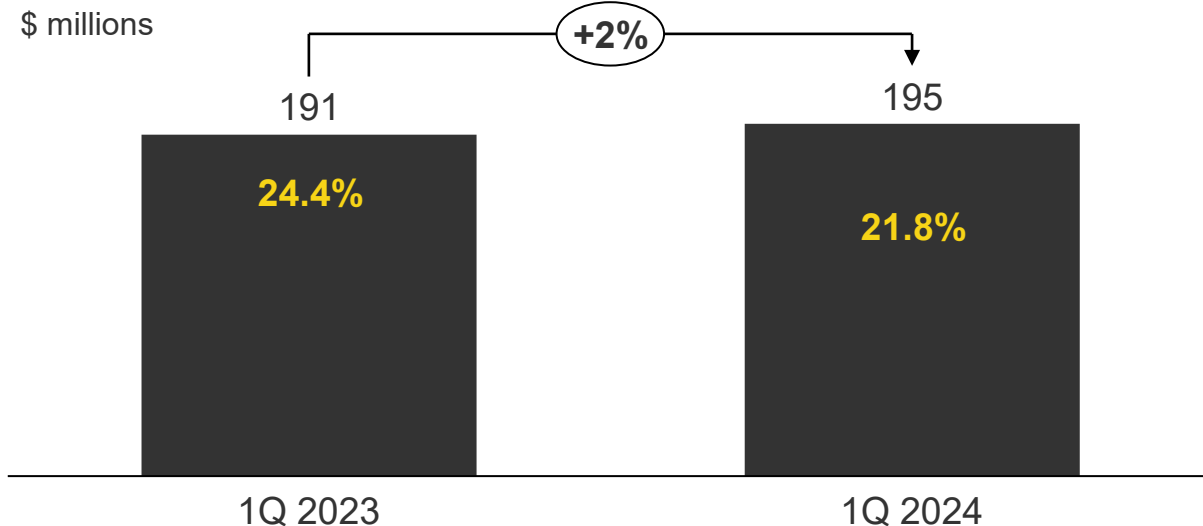
**Solid operating results versus strong prior year comparison**

# 1Q 2024 Hubbell Utility Solutions (HUS) Segment Results

## UTILITY SOLUTIONS NET SALES



## UTILITY SOLUTIONS ADJ. OPERATING PROFIT



### Grid Infrastructure +9% (organic -8%)

- Solid price realization and utility end market demand
- Transmission up double digits
- Continued inventory normalization in Distribution as anticipated
- Telcom markets weak (*down ~40%*)

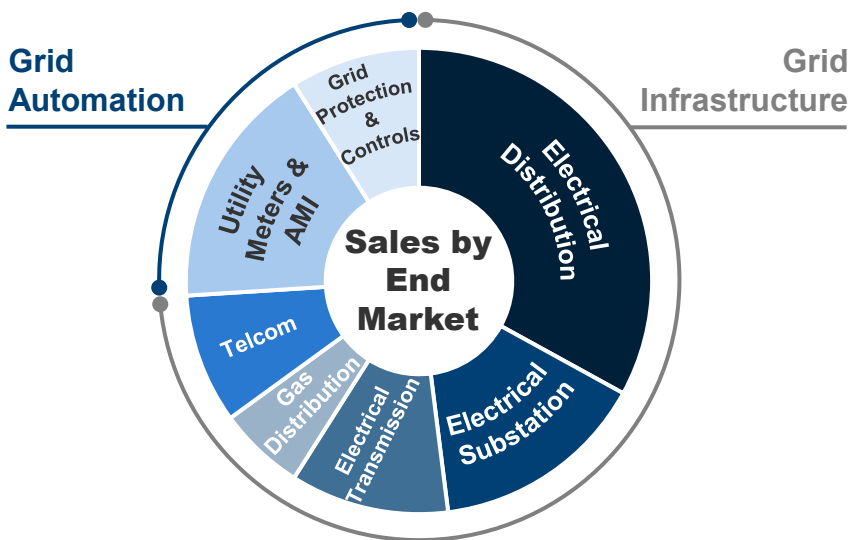
### Grid Automation +28% (organic +22%)

- Continued AMI/meters backlog conversion
- Double digit growth in grid protection & controls

- Enclosures volume declines driven by telcom (*~150bps impact*)
- Investments for long-term growth and productivity
- Acquisitions
- Mix
- Price | Cost | Productivity positive

**Solid performance in core utility T&D markets**

# Utility Solutions End Market Considerations



	1Q Trends	2Q Considerations	2H Considerations
<b>DISTRIBUTION</b>	Solid demand Inventory normalization	Solid demand Sequential improvement	Solid demand Easing y/y comparisons
<b>TRANSMISSION &amp; SUBSTATION</b>	Strong demand	Strong demand	Strong demand Capacity improvement
<b>TELCOM</b>	Weak	Similar to 1Q	Planning conservatively Easing y/y comparisons
<b>METERS &amp; AMI</b>	Strong growth on backlog conversion	Strong growth on backlog conversion	Solid demand Challenging y/y comps
<b>GRID PROTECTION &amp; CONTROLS</b>	Strong demand	Strong demand	Strong demand

## Key Takeaways

- Confident in continued price traction across utility end markets
- Strong visibility in transmission, substation and grid protection and controls markets
- 2H y/y comparisons ease in Utility Distribution and get more challenging in Meters & AMI
- ***Seasonality and end market demand support full year outlook***

Continue to anticipate HUS full year 2024 organic growth of +4-5%





# Reaffirming 2024 Outlook

### Markets

- Electrical markets off to strong start
- Utility T&D end markets solid
- Channel inventory mostly normalized
- Telecom weaker than anticipated

### Operations

- Strong price traction
- Driving productivity to offset inflation
- Increased restructuring investment
- Service and capacity improvement

**Reaffirming  
2024 Outlook**

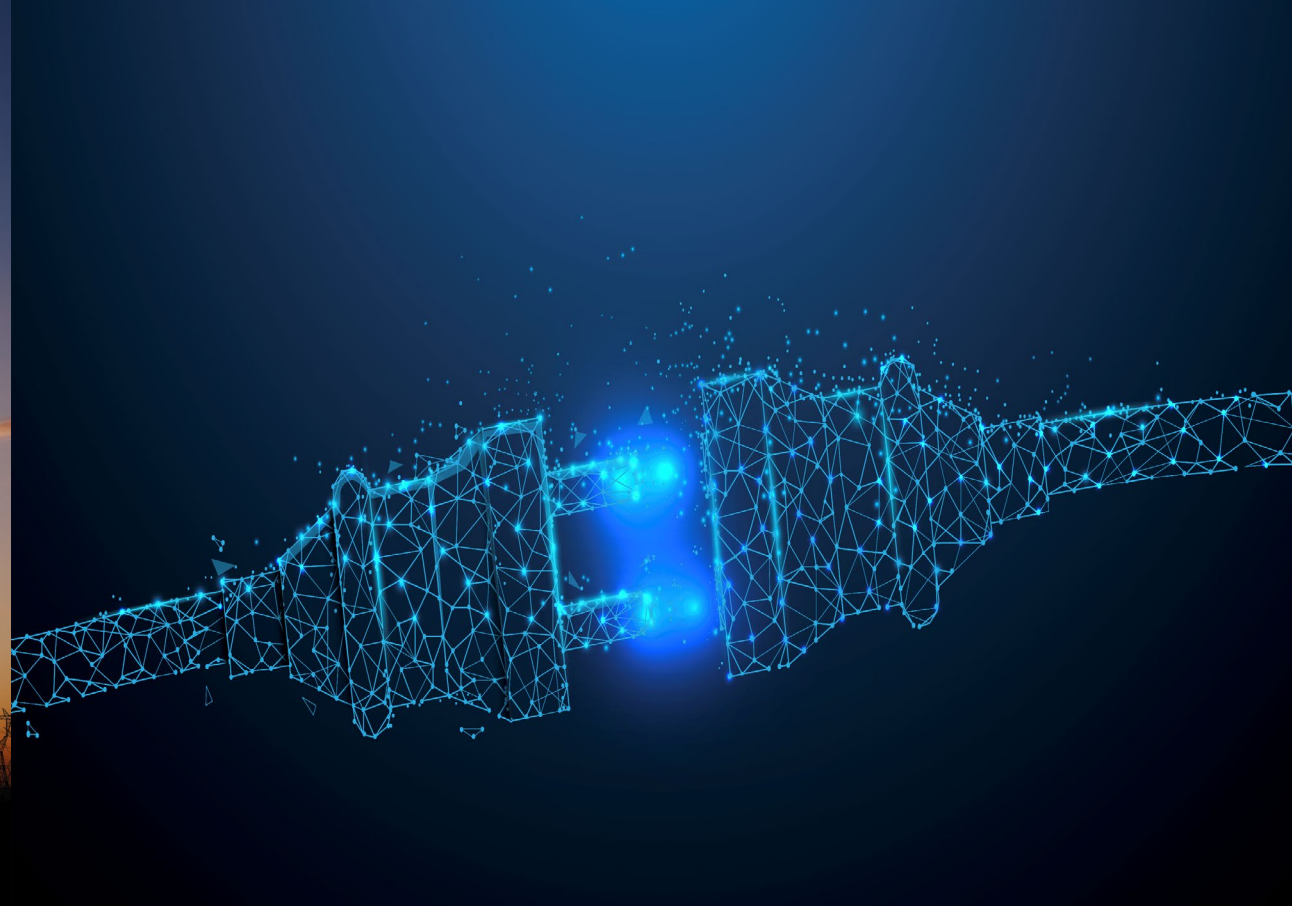


**+8-10%**  
**Total Sales Growth y/y**  
(+3-5% Organic; +5% Net M&A)

**\$16.00-\$16.50**  
**Adjusted EPS**

**\$800M**  
**Free Cash Flow**

**Solid start to 2024; on track to achieve ~10% adjusted Operating Profit growth at midpoint**



# 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 attributed to Hubbell Incorporated, adjusted net income available to common shareholders, 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 7—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, 2023. 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.
- Transaction, integration, and separation costs associated with our business acquisitions and divestitures. The effects that acquisitions and divestitures may have on our results fluctuate significantly based on the timing, size, and number of transactions, and therefore results in significant volatility in the costs to complete transactions and integrate or separate the businesses. The size of acquisition and divestiture actions taken by the Company in the fourth quarter of 2023 has resulted in a significant increase in these costs, as a result we believe excluding costs, relating to these fourth quarter transactions provides useful and more comparative information to investors to better assess our operating performance.
- Gains or losses from the disposition of a business. The Company excludes these gains or losses because we believe it enhances management's and investors' ability to analyze underlying business performance and facilitates comparisons of our financial results over multiple periods. In the first quarter of 2024 the Company recognized a \$5.3 million pre-tax loss on the disposition of the residential lighting business.
- The income tax effect directly related to the disposition of the residential lighting business. In the first quarter of 2024 the Company recognized \$6.8 million of income tax expense on the sale of the residential lighting business, primarily driven by differences between book and tax basis in goodwill.
- 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) to total capital is a non-GAAP measure that we believe is a useful measure for evaluating the Company's financial leverage and the ability to meet its funding needs.

Free cash flow is a non-GAAP measure that we believe provides useful information regarding the Company'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.

In connection with our restructuring and related actions, we have incurred restructuring costs as defined by U.S. GAAP, which are primarily severance and employee benefits, asset impairments, accelerated depreciation, as well as facility closure, contract termination and certain pension costs that are directly related to restructuring actions. We also incur restructuring-related costs, which are costs associated with our business transformation initiatives, including the consolidation of back-office functions and streamlining our processes, and certain other costs and gains associated with restructuring actions. We refer to these costs on a combined basis as "restructuring and related costs", which is a non-GAAP measure.

Organic net sales, a non-GAAP measure, represents 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.

Reconciliations of each of these non-GAAP measures to the most directly comparable GAAP measure can be found in the tables below. When we provide our expectations for organic net sales, adjusted effective tax rate, adjusted diluted EPS and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected net sales, effective tax rate, diluted EPS and net cash flows provided by operating activities) generally is not available without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, certain financing costs, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

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

Hubbell Incorporated	Three Months Ended March 31,		
	2024	2023	Change
Net income attributable to Hubbell (GAAP measure)	\$ 147.8	\$ 181.9	(19) %
Amortization of acquisition-related intangible assets	39.4	17.8	
Transaction, integration & separation costs	7.3	—	
Loss on disposition of business	5.3	—	
Subtotal	\$ 199.8	\$ 199.7	
Income tax effects	4.6	4.4	
Adjusted net income	\$ 195.2	\$ 195.3	— %

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,		
	2024	2023	Change
<b>Numerator:</b>			
Net income attributable to Hubbell (GAAP measure)	\$ 147.8	\$ 181.9	
Less: Earnings allocated to participating securities	(0.3)	(0.4)	
Net income available to common shareholders (GAAP measure) [a]	\$ 147.5	\$ 181.5	(19)%
Adjusted net income	\$ 195.2	\$ 195.3	
Less: Earnings allocated to participating securities	(0.4)	(0.5)	
Adjusted net income available to common shareholders [b]	\$ 194.8	\$ 194.8	— %
<b>Denominator:</b>			
Average number of common shares outstanding [c]	53.7	53.6	
Potential dilutive shares	0.3	0.3	
Average number of diluted shares outstanding [d]	54.0	53.9	
<b>Earnings per share (GAAP measure):</b>			
Basic [a] / [c]	\$ 2.75	\$ 3.39	
Diluted [a] / [d]	\$ 2.73	\$ 3.37	(19)%
Adjusted earnings per diluted share [b] / [d]	\$ 3.60	\$ 3.61	— %





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

### Hubbell Incorporated

	Three Months Ended March 31,			
	2024	Inc/(Dec)%	2023	Inc/(Dec)%
Net sales growth (GAAP measure)	\$ 113.7	8.8	\$ 129.3	11.2
Impact of acquisitions	108.5	8.4	20.7	1.8
Impact of divestitures	(28.1)	(2.2)	—	—
Foreign currency exchange	3.2	0.3	(4.7)	(0.4)
Organic net sales growth (non-GAAP measure)	\$ 30.1	2.3	\$ 113.3	9.8

### Utility Solutions

	Three Months Ended March 31,			
	2024	Inc/(Dec)%	2023	Inc/(Dec)%
Net sales growth (GAAP measure)	\$ 112.4	14.4	\$ 129.8	19.9
Impact of acquisitions	108.5	13.9	5.6	0.9
Impact of divestitures	—	—	—	—
Foreign currency exchange	1.3	0.2	(1.7)	(0.3)
Organic net sales growth (non-GAAP measure)	\$ 2.6	0.3	\$ 125.9	19.3

### Electrical Solutions

	Three Months Ended March 31,			
	2024	Inc/(Dec)%	2023	Inc/(Dec)%
Net sales growth (GAAP measure)	\$ 1.3	0.3	\$ (0.5)	(0.1)
Impact of acquisitions	—	—	15.1	3.0
Impact of divestitures	(28.1)	(5.6)	—	—
Foreign currency exchange	1.9	0.4	(3.0)	(0.6)
Organic net sales growth (decline) (non-GAAP measure)	\$ 27.5	5.5	\$ (12.6)	(2.5)

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

Hubbell Incorporated	March 31, 2024	December 31, 2023
Total Debt (GAAP measure)	\$ 2,115.4	\$ 2,140.6
Total Hubbell Shareholders' Equity	2,930.4	2,877.0
Total Capital	\$ 5,045.8	\$ 5,017.6
Total Debt to Total Capital (GAAP measure)	42 %	43 %
Less: Cash and Investments	\$ 475.6	\$ 424.5
Net Debt (non-GAAP measure)	\$ 1,639.8	\$ 1,716.1
Net Debt to Total Capital (non-GAAP measure)	32 %	34 %

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

Hubbell Incorporated	Three Months Ended March 31,	
	2024	2023
Net cash provided by operating activities (GAAP measure)	\$ 92.2	\$ 113.7
Less: Capital expenditures	(40.3)	(33.4)
Free cash flow (non-GAAP measure)	\$ 51.9	\$ 80.3