

Demand in global industrial market drives Actuant's sales

Since its creation through a spinoff in 2000, Actuant Corp.'s revenue has grown to \$1.6 billion from \$482 million, a more than three-fold increase.

Sales and earnings growth has continued for the Butler-based producer of motion controls systems and branded tools, with the company recently reporting that fiscal third-quarter earnings increased due to strong demand from the global energy and truck markets that offset weakness in the recreational vehicle, retail and electrical markets.

Sales increased the most in the industrial segment, in part because of strong demand for products for the oil and gas and power generation markets, and for high-force hydraulic tools.

Chief executive officer Robert Arzbaeher recently answered questions about Actuant from The Business Journal's Rich Rovito.

1 What's driving business growth at Actuant at this time, and has the weak economy had a negative effect on any of your business segments?

"Actuant has a diverse business portfolio. While our North American consumer-focused businesses such as recreational vehicle, retail electrical and marine are experiencing challenges, we have a number of businesses performing very well. Our Enerpac business is benefiting from global infrastructure and industrial growth, our Hydratight business serves the robust oil and gas and power generation end markets while other businesses are taking advantage of growth in global truck and agriculture equipment production."

TAKE
5

5 QUESTIONS
5 ANSWERS
5 MINUTES



PHOTO PROVIDED

ROBERT ARZBAEHER
CEO, ACTUANT CORP.

2 Actuant recently consolidated its three plants in China to a single facility. What opportunities does the Chinese market present for Actuant?

"In August we opened a new facility in Taicang, China. This facility will serve as Actuant's main China campus, leveraging the operations infrastructure and back office functions to accelerate growth of our existing businesses in China, as well as provide a footprint for other Actuant businesses establishing a presence in China. For a number of years, we have had a strong sourcing operation in China and we believe the Taicang facility will allow us to further expand these capabilities to include assembly and manufacturing. While Enerpac has been in China since the mid-'80s via distributors, it's really been since 2000 that Actuant has been doing business in a wholly owned fashion. Today, we have approximately 500 employees in China, primarily in the greater Shanghai region."

3 What role did Actuant play helping China prepare for the Summer Olympics in Beijing?

"Actuant has been involved in a number of high-profile infrastructure projects in China over the years. These would include the Nantong sports stadium, numerous retractable roofs at swimming pavilions and the movement of the Shanghai Concert Hall. The crowning highlight was Enerpac's work on Beijing's National and Olympic Stadium, the 'Bird's Nest,' where we lowered into place the unique steel structure which was welded off-site and then brought together via a temporary support structure."

4 In May, Actuant named a woman, Holly Van Deursen, to its board of directors. What are your thoughts on diversification of corporate boards?

"Actuant has a long history of diversity on its board, back to 2000 when Kathleen Hempel, a former Fort Howard Corp. executive joined the board. Kathy retired from our board in January. Our objective with the board is to bring in members who can provide specific skills and industry knowledge to augment our existing board knowledge. With Holly's background at BP plc, we gained oil and gas industry experience, which is a critical market for Actuant going forward."

5 Why are acquisitions important to Actuant's growth and what do you look for when targeting a company?

"We believe it's important to augment our existing business profile with acquisitions in order to accelerate our growth. With tuck-in acquisitions, which can provide additional product lines, geographies or customers/end markets, we can accelerate that growth trajectory. We carefully consider the growth rate, margins and capital necessary to meet our required return on invested capital."