



Wacker Neuson Group – Full Year 2020 Conference Call

Kurt Helletzgruber (CEO & CFO)
March 25, 2021

Overview 2020

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Update Strategy 2022

02

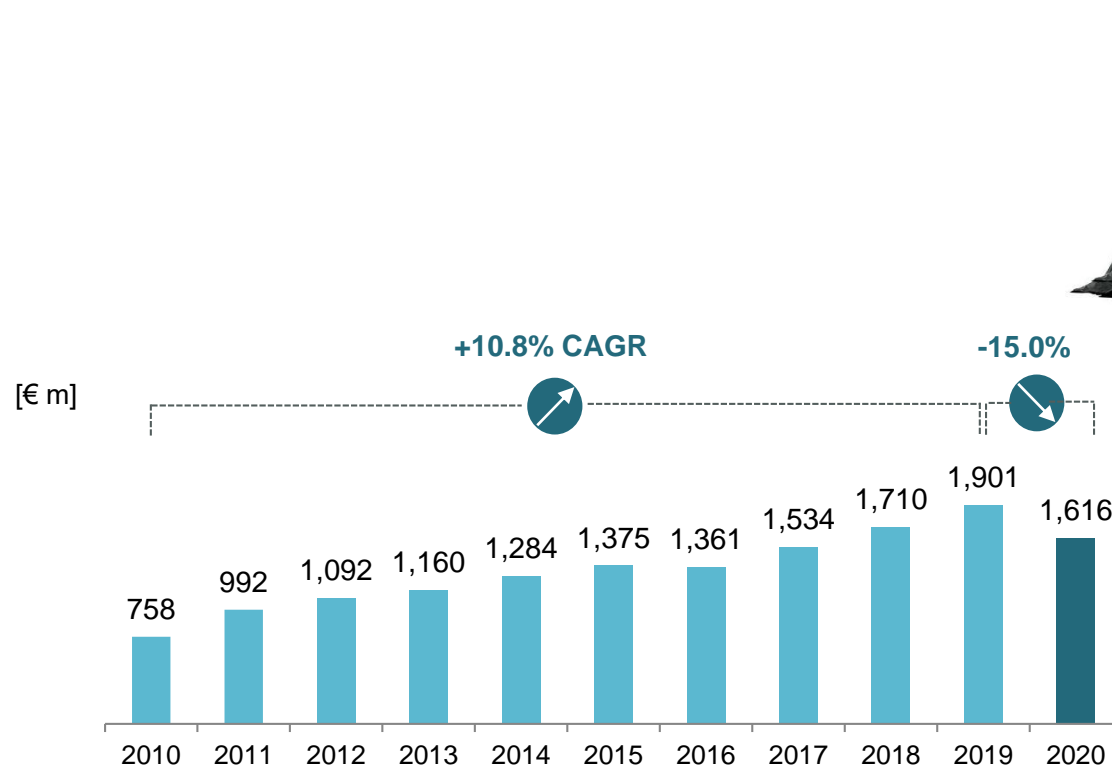
Outlook

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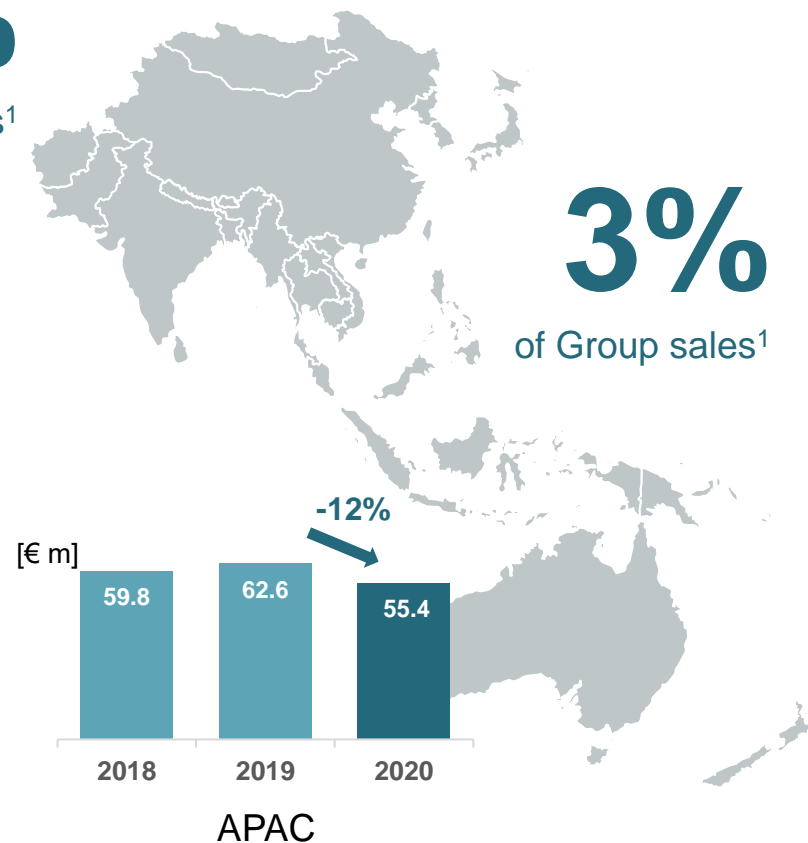
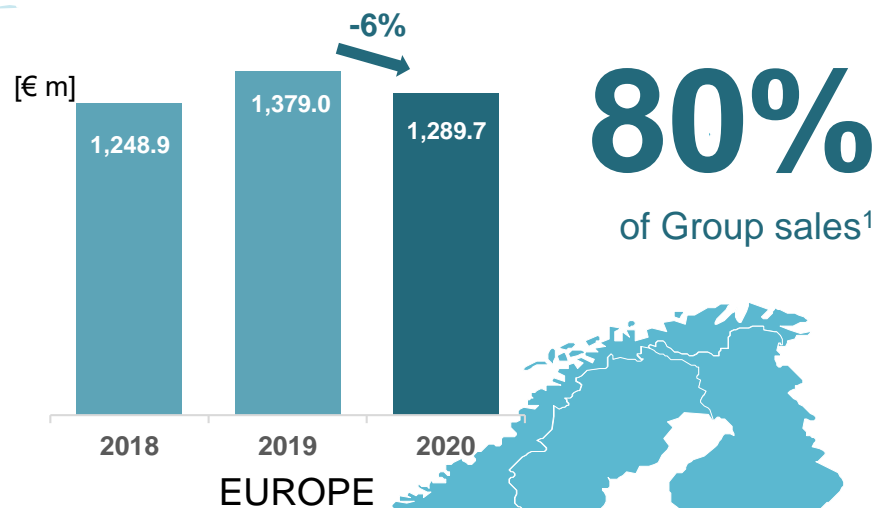
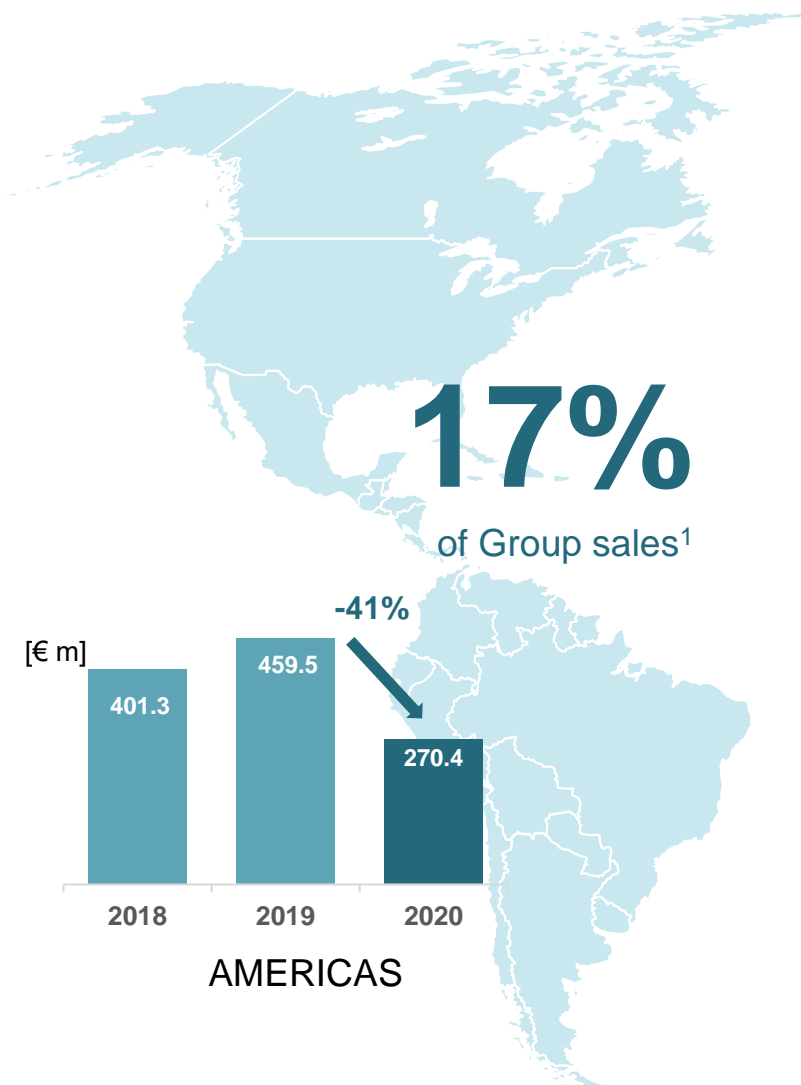
COVID-19 interrupts long-standing growth trend



Mixed picture across the regions



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Q4 & FY 2020 at a glance



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Q4/20		
Revenue	EBIT margin	FCF
€ 428m	0.5%	€ 150m
(-10.9% yoy)	(PY: 5.4%)	(PY: € 84m)

FY 20		
Revenue	EBIT margin	FCF
€ 1,616m	4.7%	€ 329m
(-15.0% yoy)	(PY: 8.1%)	(PY: € -116 m)



Sales significantly below PY, sharpest decline in the Americas



Lower sales volumes and impairments negatively impact EBIT



Sharp reduction in NWC leads to strong cash generation



Net debt at lowest level since 2011

Net debt at low level thanks to strong cash generation



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EUR **329m**

Free cash flow

EUR **138m**

Net financial debt



0.7

Net financial
debt/ EBITDA

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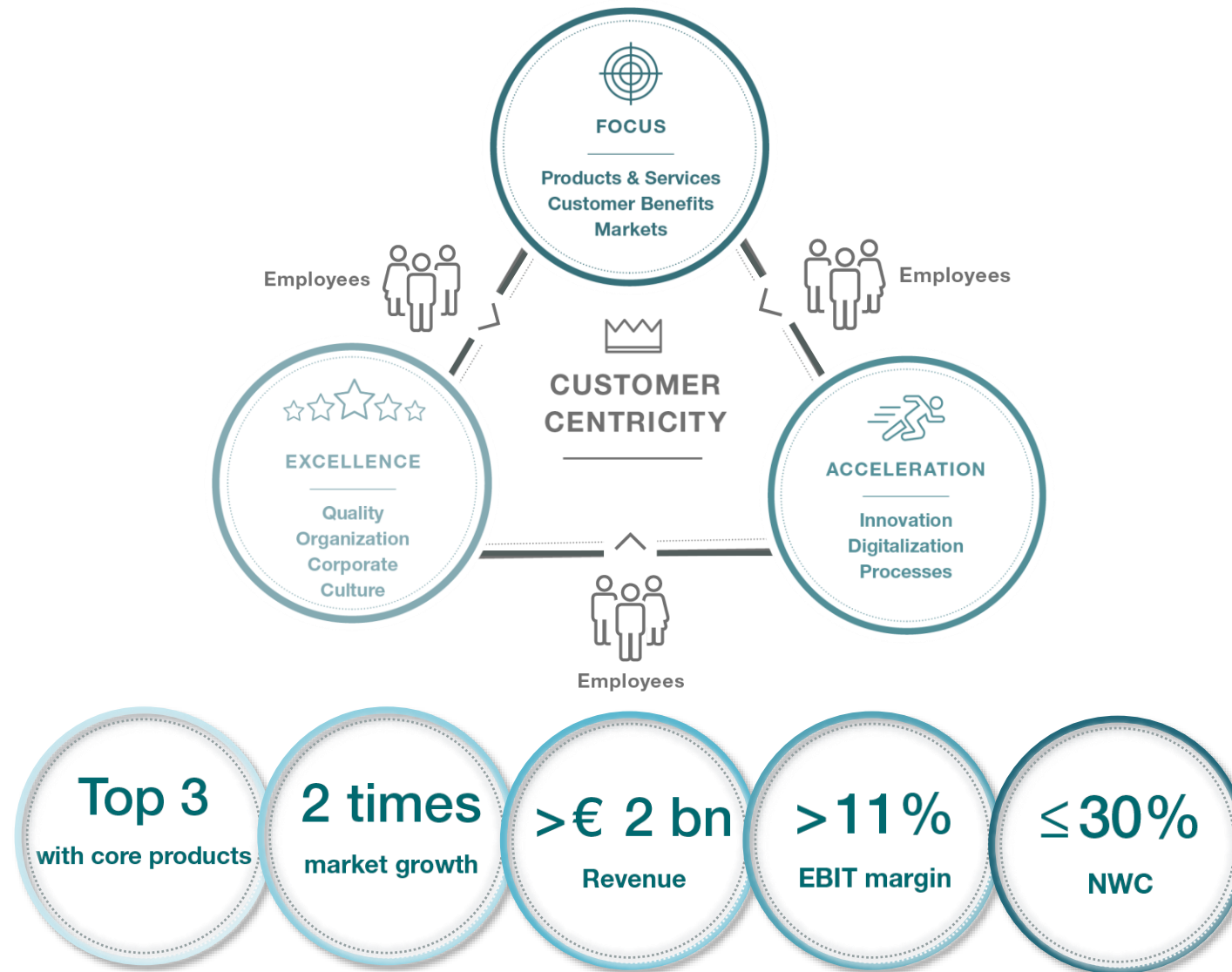
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Streamlining the organization

Number of production facilities reduced from ten to seven.
Adjustment of sales structures in South America and Scandinavia.
Consolidation of EU logistics at one location.



Focus on core competencies

Streamlining internal structures to
align value-adding activities more
closely with customer needs.



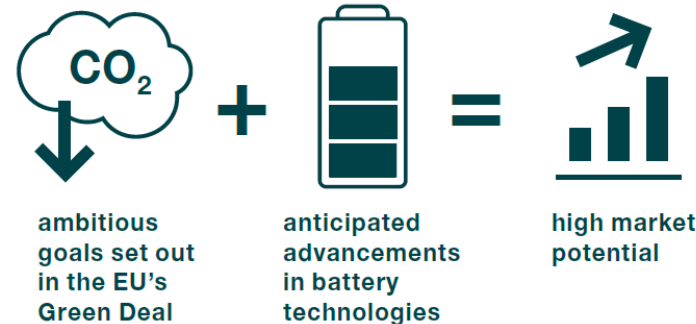
Customers intensively involved in the development of new products through

“Voice-of-Customer”

and

“Voice-of-Service” events.

Expansion of the
all-electric product portfolio.



“New Business”

New EquipZip service offering – Digital fleet-sharing solution for the US market **provides customers with 24/7 access** to rental equipment.

EUR **86.9m**
in forward-looking investments¹

Preparing the Group for further growth: Includes investments to expand production and logistics at the plants in Korbach and Pfullendorf.



4,689
participations¹ in **instructor-led
courses and training
sessions** despite COVID-19 thanks to
established structures for online training.

Organizational project

Xto1

Our roadmap for turning 5,500 employees across the globe into one cohesive, strong unit.

- Creating **clear responsibilities** for local and global tasks
- Defining and reasonably organizing **central interfaces**



**Satisfied
employees
81.0%**

of employees think that Wacker Neuson has been **flexible or very flexible** throughout the coronavirus pandemic.

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CECE

Business climate in the
construction sector
continues to improve.



CEMA

Sentiment in agricultural
sector in Europe has risen to
high levels.



Order backlog

Significantly above prior-year levels

Guidance

for 2021

- Revenue between € 1,700 and 1,800m
- EBIT margin between 8.0 and 9.5%
- Investments of around € 100 to 110m¹
- Net working capital as a % of revenue
to be stagnant or to improve slightly
relative to December 31, 2020

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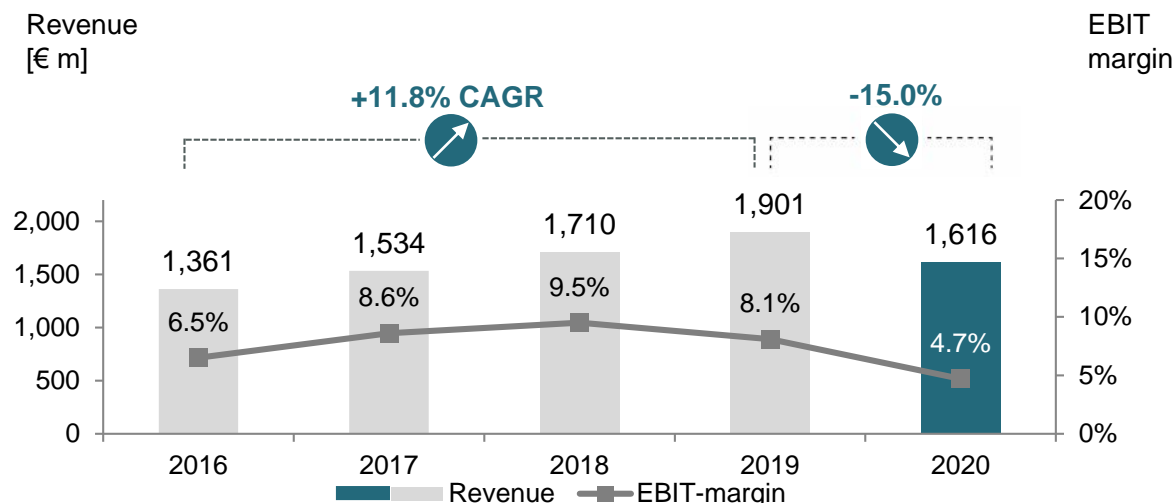
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Sales and profitability significantly below PY's levels



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COVID-19 interrupts growth trend



Income statement (condensed)

€ million	Q4/20	Q4/19	2020	2019
Revenue	428.0	480.3	1,615.5	1,901.1
Gross profit	97.4	107.2	400.3	474.9
<i>as a % of revenue</i>	22.8%	22.3%	24.8%	25.0%
Operating costs¹	-104.2	-87.9	-331.6	-337.5
<i>as a % of revenue</i>	-24.3%	-18.3%	-20.5%	-17.8%
EBIT	2.3	25.7	75.5	153.1
<i>as a % of revenue</i>	0.5%	5.4%	4.7%	8.1%
Financial result	-2.3	-4.0	-21.7	-15.6
Taxes on income	-19.7	-13.3	-39.7	-49.0
Profit for the period	-19.7	8.4	14.1	88.5
Earnings per share (€)	-0.28	0.12	0.20	1.26

Comments on FY 2020

Revenue -15.0% yoy (adj. for FX effects: -14.2%)

- COVID-19 had a strong impact on revenue; significant revenue losses in the Americas, development in Europe comparatively stable, agricultural business at previous year's levels
- Growth of services segment

Gross profit -15.7% yoy (gross profit margin -0.2 PP)

- Gross profit moves in parallel to revenue; cut in production programs, extended vacation periods to use up hours in flextime accounts, various short-time working models mitigate negative trend
- Impairment losses on assets
- Favorable product mix thanks to strong services segment

EBIT -50.7% yoy (EBIT margin: -3.4 PP)

- Negative effects primarily stem from allowances for doubtful receivables of € 33.3m and impairment of US goodwill of € 9.2m
- Restructuring expenses linked to program to reduce costs and increase efficiency amount to € 9.1m
- Operating costs adj. for allowances 11% below prior year²

Earnings per share -84.1% yoy

- Financial result significantly below prior year; negative FX effects (€ -7.2m yoy); less negative interest income (€ +1.6m yoy)
- Group tax rate at 73.8% (2019: 35.6%); negative FX effects and impairment losses are not tax deductible; write-offs or non-capitalization of deferred tax assets

FY 2020: Development by region and business segment



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Mixed picture across the regions

	Revenue [€ m]	Share	△	EBIT ¹
Europe	1,289.7	80%	-6%	129.1
Americas	270.4	17%	-41%	-63.7
Asia-Pacific	55.4	3%	-12%	-4.3
FY 2020	1,615.5	100%	-15%	75.5

Growth in services segment

	Revenue [€ m] ²	Share	△
Light equipment	351.8	22%	-28%
Compact equipment	878.9	54%	-17%
Services	399.0	24%	+4%
FY 2020	1,629.7	100%	-15%

Comments on FY 2020

Revenue Europe -6.5% (adj. for FX effects -6.2%)

- Mixed picture in European market: Growth in DACH-region (Wacker Neuson brand) thanks to particularly dense network of own stores and dealers
- Strong reluctance to invest among rental chains due to continued market uncertainty leads to significant revenue declines in France, Spain and Northern Europe
- Continued market share gains with dumpers in the UK despite weak demand from major rental chains
- Stable business with Kramer and Weidemann brands in the agricultural industry (-1.9% yoy)

Revenue Americas -41.2% (adj. for FX effects -39.1%)

- Strong reluctance to invest among dealers, key accounts and rental chains due to continued market uncertainty
- Streamlining of sales structures in South America: Sales activities in Brazil, Chile and Peru transferred to long-standing local partners
- Asset-backed securities (ABS) program with total value of USD 150m concluded with external partner in order to win new dealers

Revenue Asia-Pacific -11.5% (adj. for FX effects -9.3%)

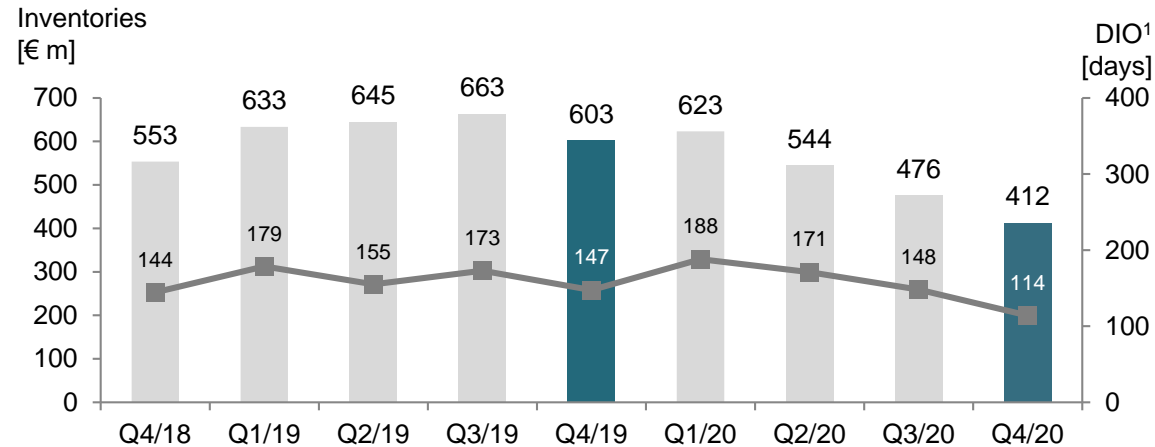
- Rapid improvement of the situation in China and Australia after Q1
- Continued severe impact on revenue in Southeast Asia

FY 2020: Significant reduction in net working capital

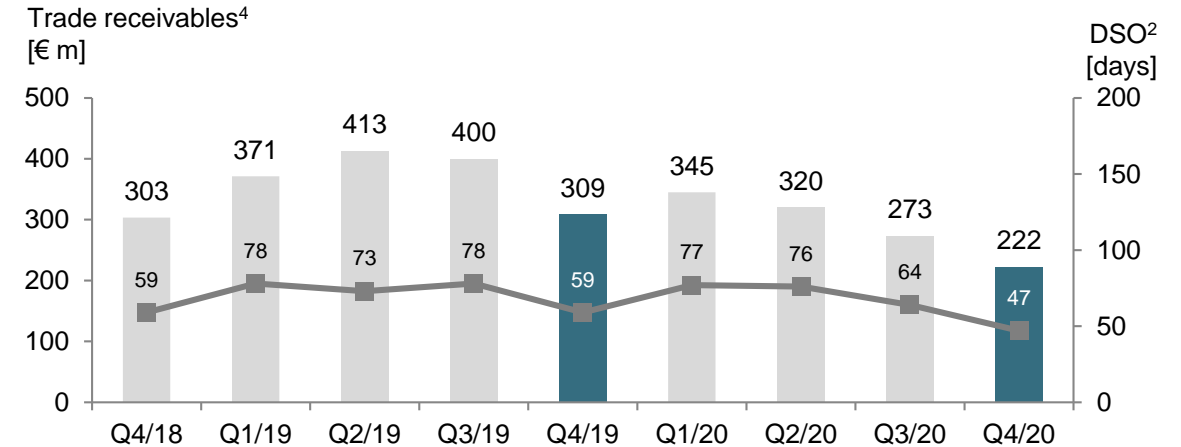


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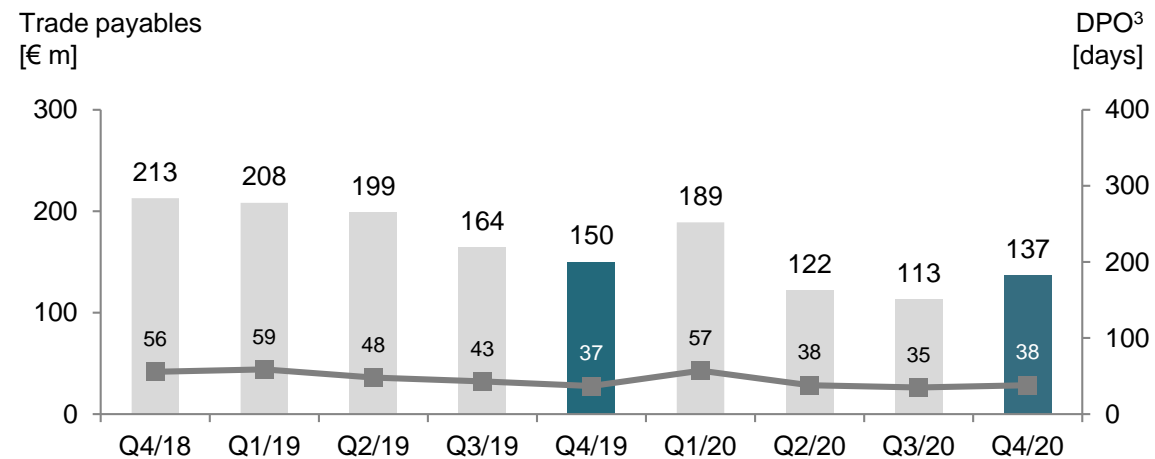
Inventories



Trade receivables



Trade payables



Comments

- Significant reduction in inventories due to marked cut-backs in production programs
 - Decrease in trade receivables yoy due to decreased business volume and transfer of US receivables into an ABS program (net effect of USD 37m)
 - Trade payables at a low level due to lower production volumes
- ➡ Net working capital significantly reduced (see next slide)

¹ Days inventory outstanding = (Inventories/cost of sales)/4*365 days; ² Days sales outstanding = (trade receivables/revenue)/4*365 days; ³ Days payables outstanding = (trade payables/cost of sales)/4*365 days.

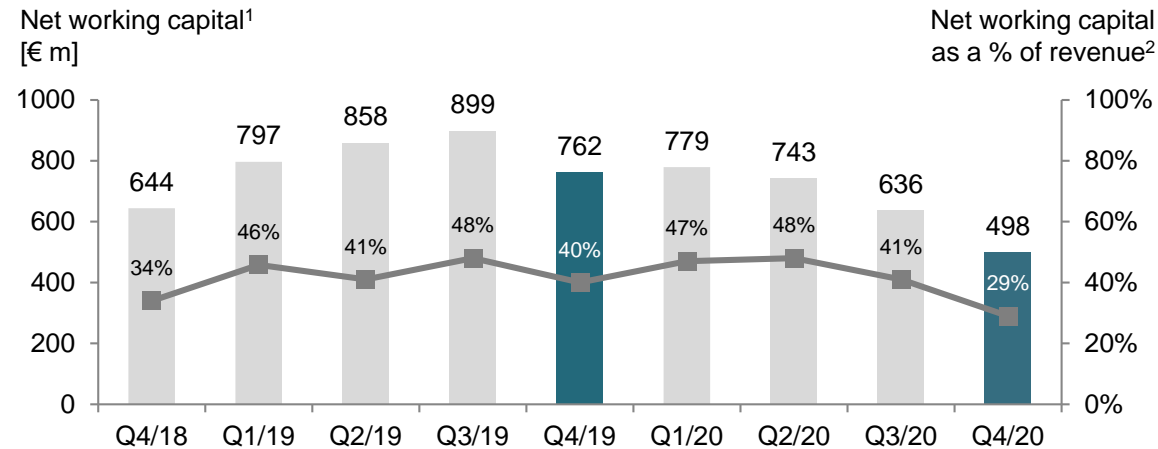
⁴ Due to a correction in connection with the reporting of (non-)current receivables, balance sheet values for Q4/2019 were adjusted retrospectively.

FY 2020: Free cash flow at record high



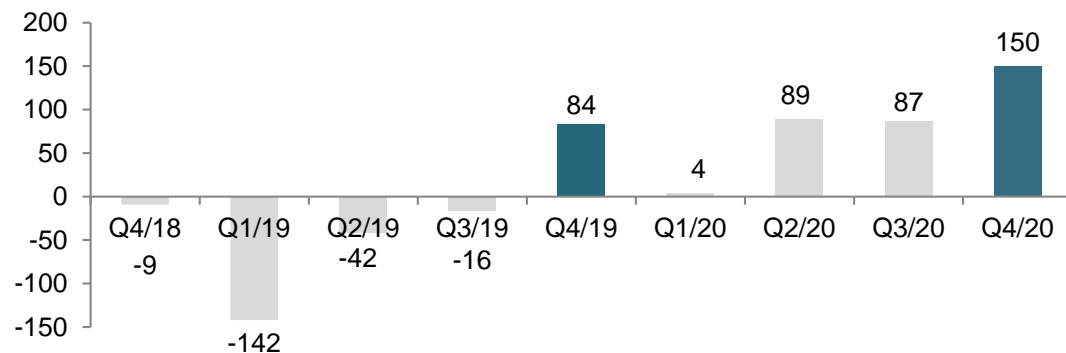
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Net working capital



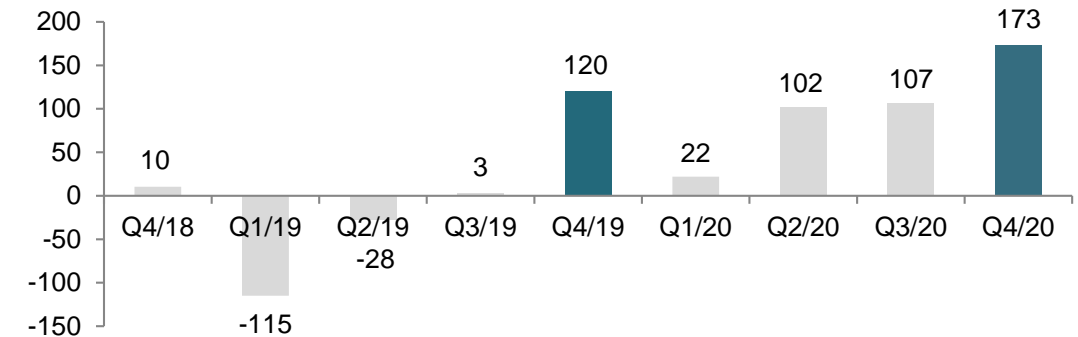
Free cash flow

Free cash flow
[€ m]



Cash flow from operating activities

Cash flow from operating
activities [€ m]



Comments

- Significant reduction in net working capital yoy due to the sharp drop in inventory and a reduction in trade receivables (see previous slide)
- Free cash flow at record high of € 329.0m (2019: € -115.7m)
- Investments³ total € 86.9m (2019: € 89.2m) and remain at prior-year level, underscoring the long-term growth strategy. Significant investments in the expansion of production and logistics at the European production sites in Korbach and Pfullendorf.

¹ Due to a correction in connection with the reporting of (non-)current receivables, balance sheet values for Q4/2019 were adjusted retrospectively.

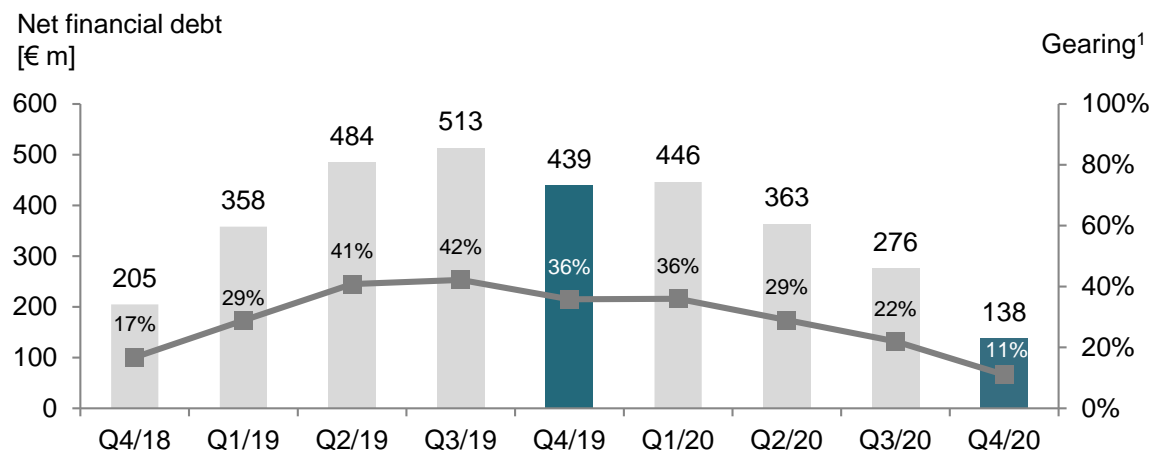
² Net Working Capital/annualized quarterly revenue. ³ Investments in property, plant and equipment and intangible assets.

Balance sheet structure

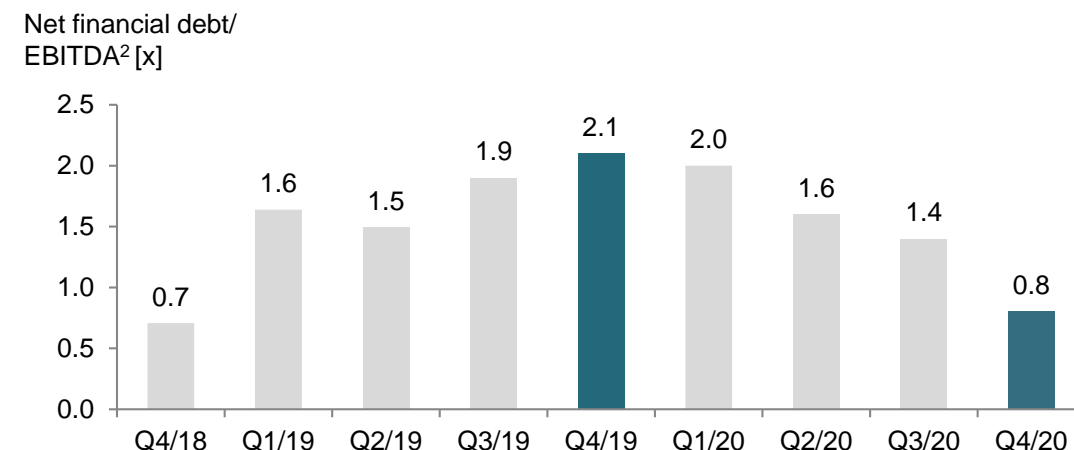


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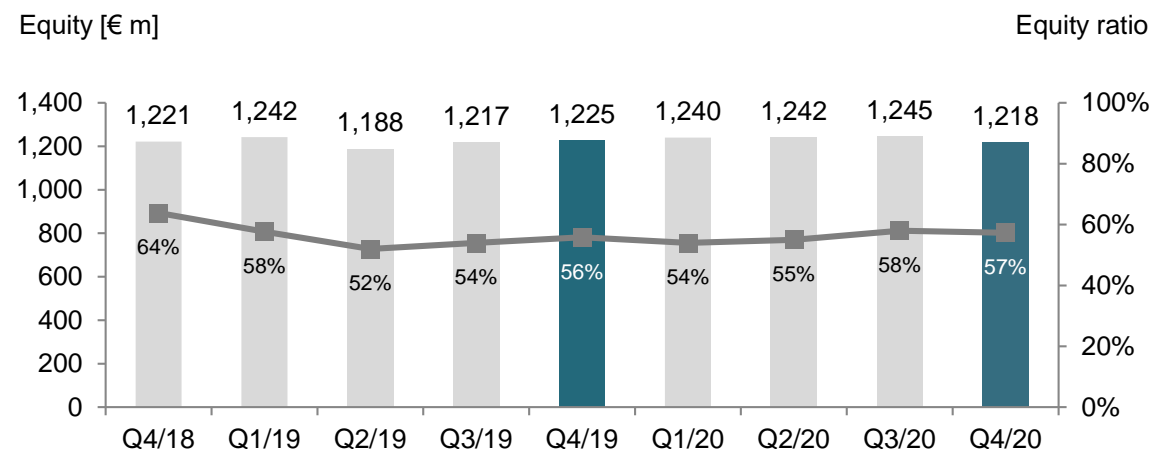
Net financial debt and gearing¹



Net financial debt/EBITDA (annualized)²



Equity and equity ratio



Comments

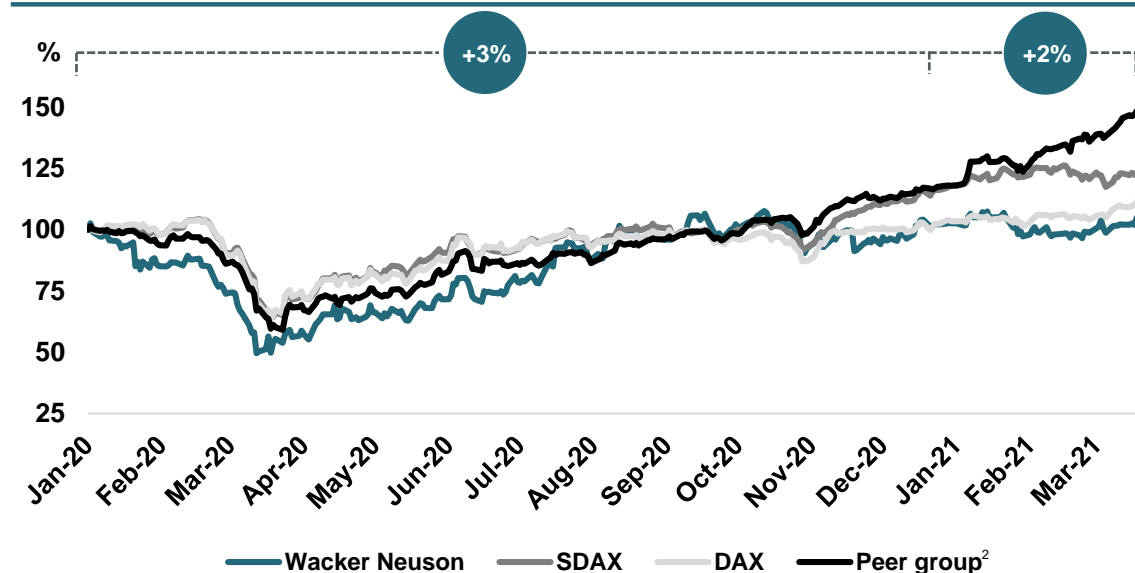
- Net financial debt reaches lowest point in nine years; gearing at 11.3%
- Ratio of net financial debt to EBITDA reaches target level of < 1
- Reduction in total debt; equity ratio increased to 57.3%
- Long-term financing: Promissory note (Schuldschein) of € 50m placed in Q3/20; short-term credit lines replaced
- Cash³ at end of FY 2020: € 283.1m (2019: € 46.3m)
- Dividend proposal: EUR 0.60 per share
- Share buy-back program for repurchasing up to 3.5% of share capital approved (start: Q2/21)

Share development

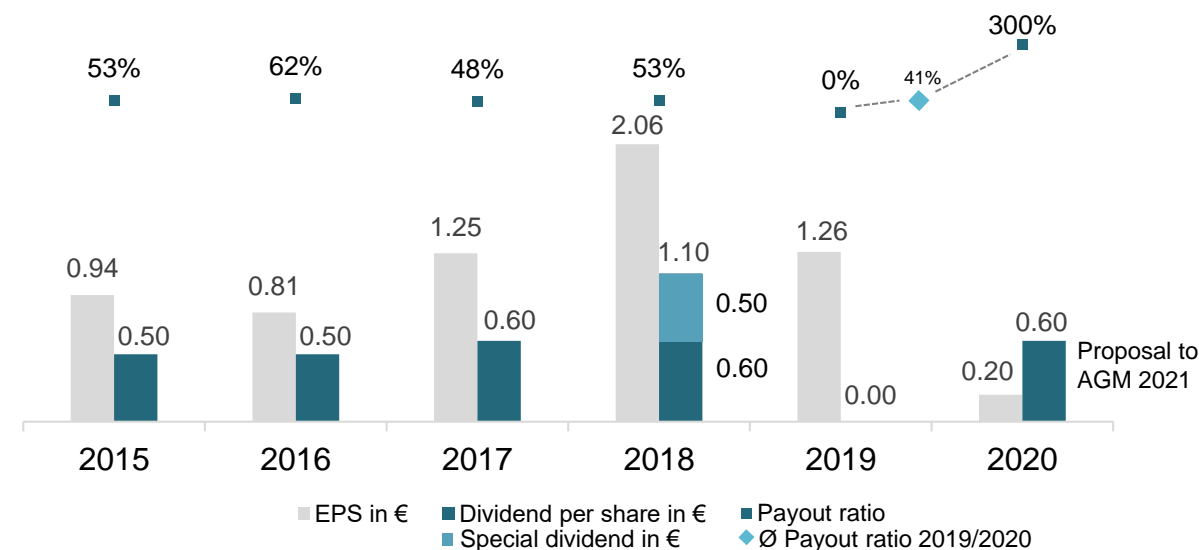


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The share in 2020/2021¹



Dividend payout



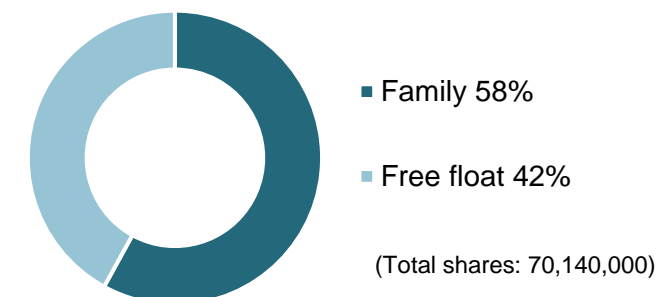
Key figures per share

in €	2020	2019
Earnings per share	0.20	1.26
Book value per share	17.37	17.47
Share price at end of period	17.51	17.05
Market capitalization (€ m)	1,228.2	1,195.9

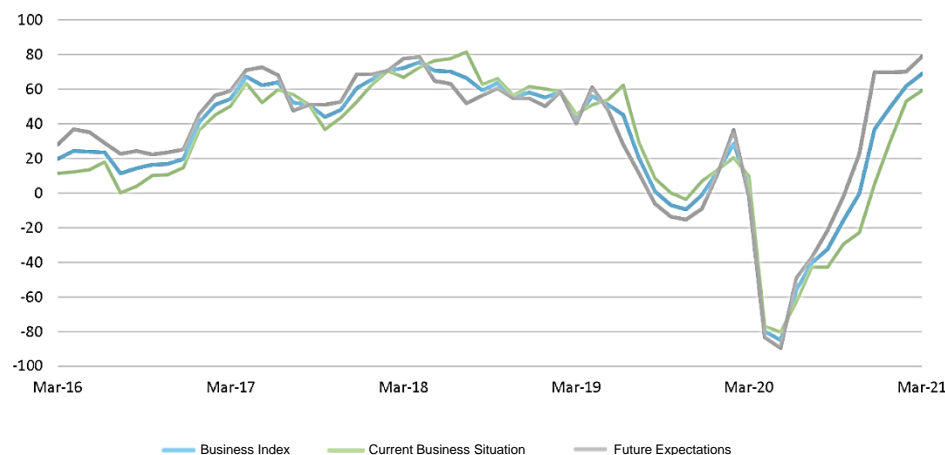
Coverage³

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	23.50	Buy	Nov 20, 2020
Metzler	22.50	Buy	Oct 14, 2020
Warburg	21.00	Buy	Jan 21, 2021
Jefferies	19.50	Buy	Nov 18, 2020
Berenberg	19.00	Buy	Nov 19, 2020
Montega	18.50	Hold	Feb 04, 2021
Bankhaus Lampe	18.00	Buy	Nov 19, 2020
Commerzbank	15.00	Hold	Nov 05, 2020
Kepler Cheuvreux	14.00	Reduce	Feb 23, 2021

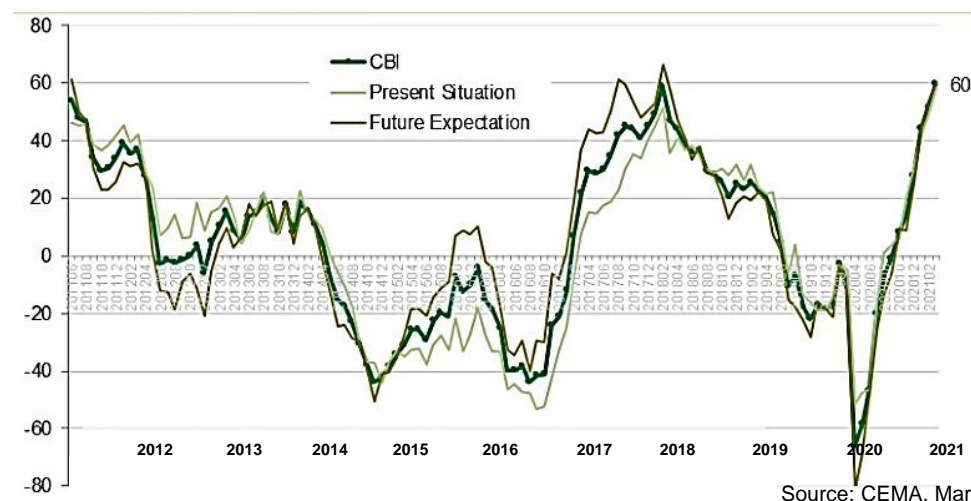
Shareholder structure



Construction: Continued upturn according to CECE



Agriculture: CEMA business barometer back to highs of 2017/18



Guidance for 2021

- According to CECE, the business climate **in the construction sector continued to improve.**
- **Sentiment in the agricultural sector** in Europe has risen to high levels after turning positive in October for the first time since mid-2019.
- **Wacker Neuson Group's order backlog is significantly above last year's levels**
- **However, uncertainties** regarding the COVID-19 pandemic remain
 - Ramifications of COVID-19 on further customer demand
 - Increased risk of supply chain disruptions
 - Significantly increased commodity prices (e.g. steel), as demand has picked up
 - Limited container capacity and sharp increase in freight rates
- **Guidance for 2021**
 - Revenue between € 1,700 and 1,800m
 - EBIT margin between 8.0 and 9.5%
 - Investments of around € 100 to 110m¹
 - Net working capital as a % of revenue to be stagnant or to improve slightly relative to December 31, 2020



March 25, 2021	Publication of the 2020 Annual Report, analysts' & investors' conference call
May 10, 2021	Publication of Q1 report 2021, analysts' & investors' conference call
May 26, 2021	Virtual Annual General Meeting, Munich
August 09, 2021	Publication of half-year report 2021, analysts' & investors' conference call
November 10, 2021	Publication of Q3 report 2021, analysts' & investors' conference call

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