Wacker Neuson Group – Q3/20 Conference Call

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November 5, 2020

Agenda

Overview	01
Financials	02
Outlook	03

Q3 & 9M/2020 at a glance

Q3/20			9M/20		
Revenue	EBIT margin	FCF	Revenue	EBIT margin	FCF
€ 391m	5.8%	€ 87m	€ 1,188m	6.2%	€ 179m
(-16.5% yoy)	(PY: 8.8%)	(PY: € -16 m)	(-16.4% yoy)	(PY: 9.0%)	(PY: € -200 m)

Sales significantly below PY, Americas dropping by 39% (fx-adj.)

Profitability much lower than planned due to lower sales volume

Sharp reduction in NWC leads to strong cash generation

CEP[1] in full progress: Further steps in restructuring the Group's sales organization taken

[1] Cost reduction and efficiency enhancement program.

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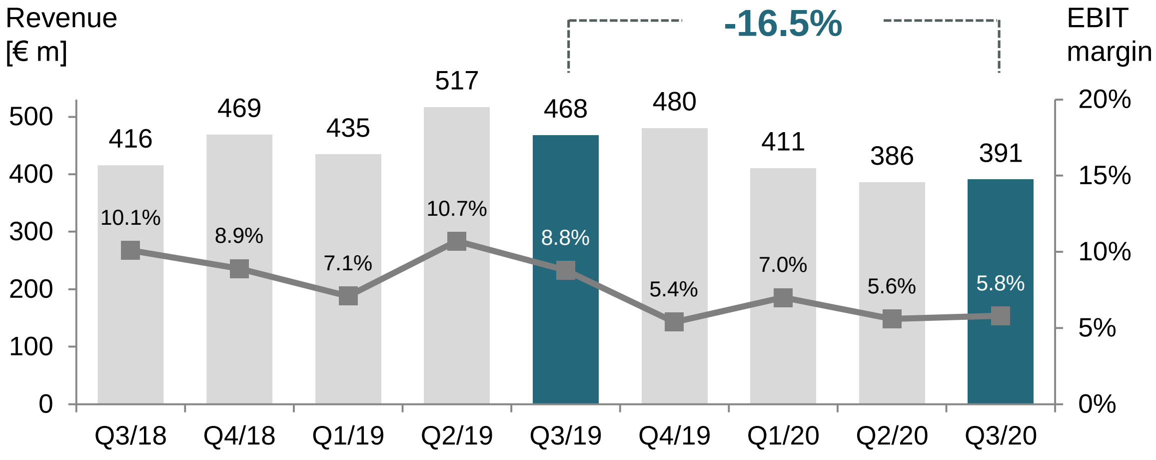
Revenue and earnings Q3/20

Q3/20: Drop in revenue related to coronavirus crisis



Income statement (excerpt)

€ million	Q3/20	Q3/19	9M/20	9M/19
Revenue	390.8	468.2	1,187.5	1,420.8
Gross profit	98.0	118.9	302.9	367.7
as a % of revenue	*25.1%*	*25.4%*	*25.5%*	*25.9%*
Operating costs[1]	-77.0	-80.6	-227.4	-249.6
as a % of revenue	*-19.7%*	*-17.2%*	*-19.1%*	*-17.6%*
EBIT	22.8	41.2	73.2	127.4
as a % of revenue	*5.8%*	*8.8%*	*6.2%*	*9.0%*
Financial result	-5.6	-5.2	-19.4	-11.6
Taxes on income	-6.1	-10.3	-20.0	-35.7
Profit for the period	11.1	25.7	33.8	80.1
Earnings per share (€)	0.16	0.37	0.48	1.14

Q3/20: Comments

Revenue -16.5% yoy (adj. for FX effects: -15.0%)

- Single-digit revenue decline in Europe; significant double-digit drop in the Americas; Asia reports slight growth
- Services segment clearly above prior year; H1 growth continues

Gross profit -17.6% yoy (gross profit margin -0.3 PP)

- Capacity utilization at production plants due to low sales volumes and significant inventory reduction below prior year's levels
- Favorable product mix driven by strong services segment, fueled in particular by higher sales of rental equipment (rent-to-sell)

EBIT -44.7% yoy (EBIT margin: -3.0PP)

- Operating costs significantly below prior year; conversely bad debt allowances amounted to € 7.5 m (attributable to the Americas in particular); short-time work models cut back significantly relative to Q2/20
- Restructuring expenses linked to the cost reduction and efficiency enhancement program: € 1.7 m; EBIT before restructuring costs: € 24.5 m (margin: 6.3%)

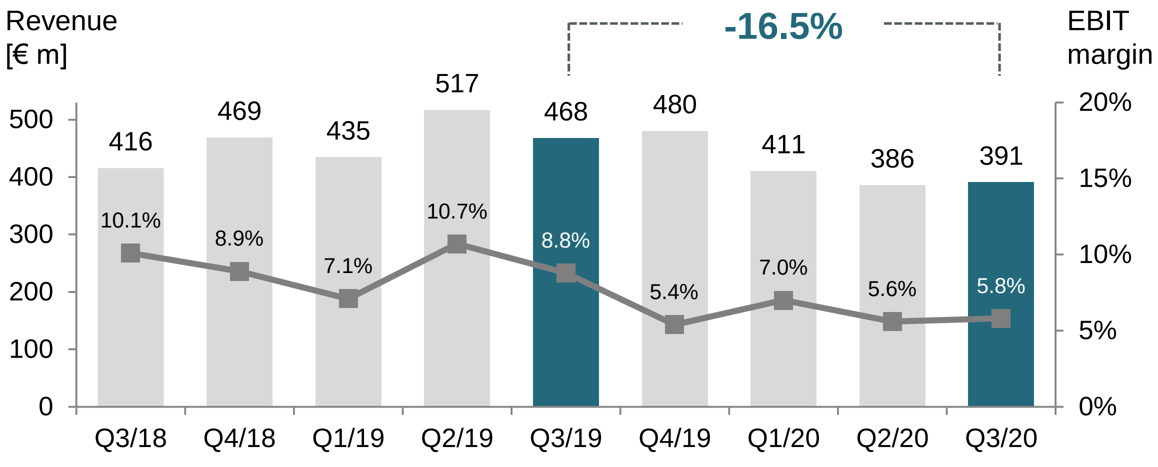
Earnings per share -56.8% yoy

- Financial result slightly below prior year; negative FX effects (€ -1.1 m yoy); in contrast less negative interest income (€ +0.7 m yoy)
- Tax rate at 35.5% (Q3/19: 28.6%); mainly due to losses reported by affiliates for which no deferred taxes could be capitalized; existing deferred tax assets were partly written down

[1] Excl. other income/expenses.

Revenue and earnings 9M/20

9M/20: Sales decline related to coronavirus crisis



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9M/20: Comments

Revenue -16.4% yoy (adj. for FX effects: -16.0%)

- Sales decline related to Covid-19, most severe impact in Americas, central Europe had a balancing effect, Ag business for the Group -3% yoy
- Services segment shows positive development (+7% yoy)

Gross profit -17.6% yoy (gross profit margin -0.4 PP)

- Lower volumes burden gross profit; measures to soften impact of Covid-19: cut in production programs, additional company holidays, various models of short-time work
- Favorable product mix thanks to strong services segment

EBIT -42.5% yoy (EBIT margin: -2.8PP)

- Operating costs significantly below prior year
- Bad debt allowances amounted to € 12.1 m (attributable to the Americas in particular) and impairment on US goodwill to € 9.3 m
- Restructuring expenses linked to the cost reduction and efficiency enhancement program sum up to € 3.8 m
- EBIT before impairment on US goodwill (€ 9.3 m) and restructuring costs from CEP (€ 3.8 m) at € 86.3 m (margin of 7.3%)

Earnings per share -57.9% yoy

- Financial result significantly below prior year; negative FX effects (€ -8.5 m yoy); less negative interest income (€ +0.7 m yoy)
- Tax rate at 37.2% (Q3/19: 30.8%); Aforementioned negative FX effects and impairment loss are not tax deductible; write-offs or non-capitalization of deferred tax assets

[1] Excl. other income/expenses.

Business development by region and business segment

Q3/20: Significant decline in sales in Americas

	Revenue [€ m]	Share	yoy	EBIT[1]
Europe	310.0	79%	-8%	27.1
Americas	65.9	17%	-43%	-12.3
Asia-Pacific	14.9	4%	+1%	-0.9
Total Q3/20	390.8	100%	-17%	22.8

Q3/20: Services segment remains on growth path

	Revenue [€ m][2]	Share	yoy
Light equipment	87.8	22%	-31%
Compact equipment	199.6	51%	-20%
Services	106.6	27%	+9%
Total Q3/20	394.0	100%	-17%

Q3/20: Comments

Revenue Europe -8.2% yoy (adj. for FX effects: -7.7%)

- Stable development in DACH region (Wacker Neuson brand), fueled in particular by gains in the services segment
- Growth in UK despite weak demand from major rental chains, continued market share gains with dumpers
- Double-digit decline in revenue in Scandinavia, Southern Europe and France
- Business with compact equipment for agriculture below prior year (revenue -12.2% yoy)

Revenue Americas -43.1% yoy (adj. for FX effects: -38.8%)

- Willingness to invest remains very low among dealers, key accounts and rental chains due to market uncertainty
- Order intake again above prior year; US plant started to gradually ramp up at the end of Q3/20

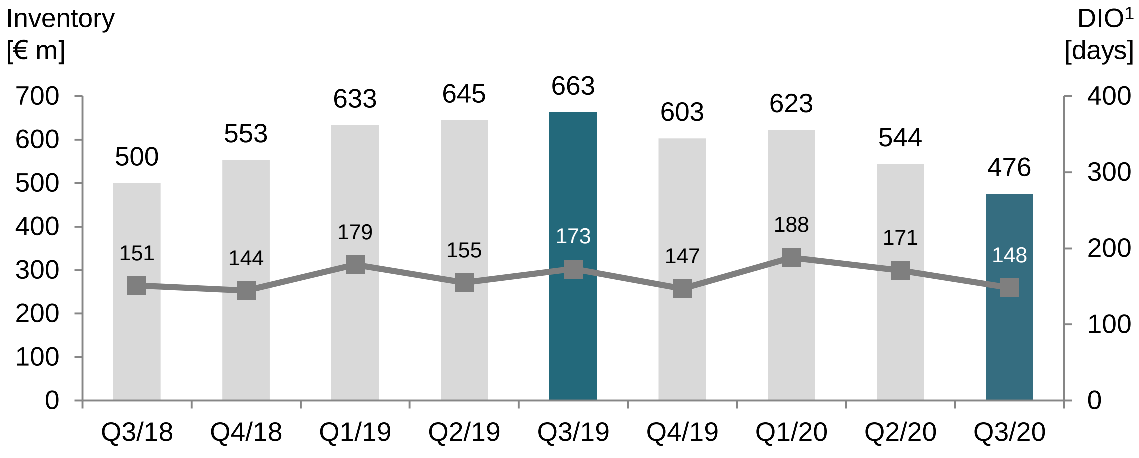
Revenue Asia-Pacific +1.4% yoy (adj. for FX effects: +4.3%)

- Significant double-digit growth in China, demand for excavators and light equipment develops positively
- Single-digit growth in Australia/New Zealand despite challenging market conditions
- Revenue in Southeast Asia almost halved due to severe impact of the coronavirus pandemic

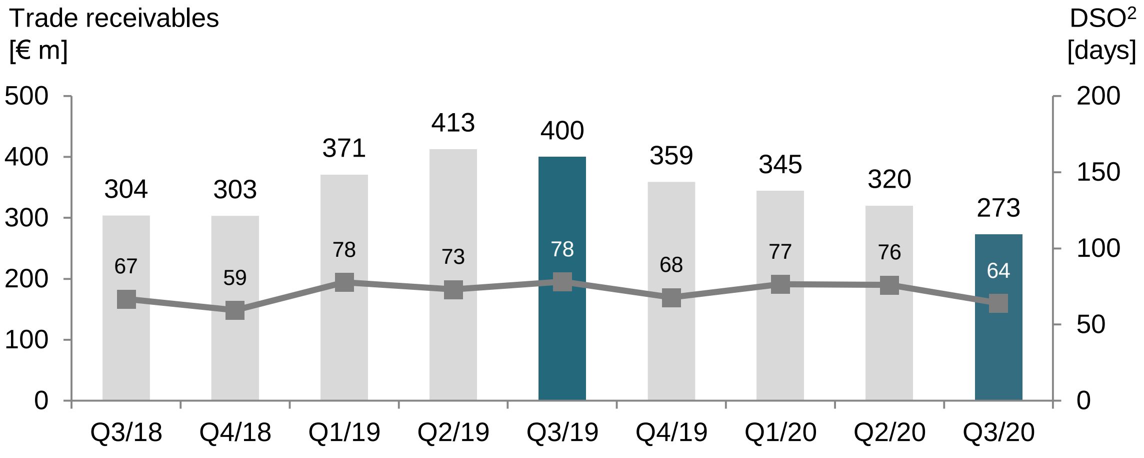
[1] EBIT for regions before consolidation.
[2] Revenue by business segment before cash discounts.

Further decrease in net working capital

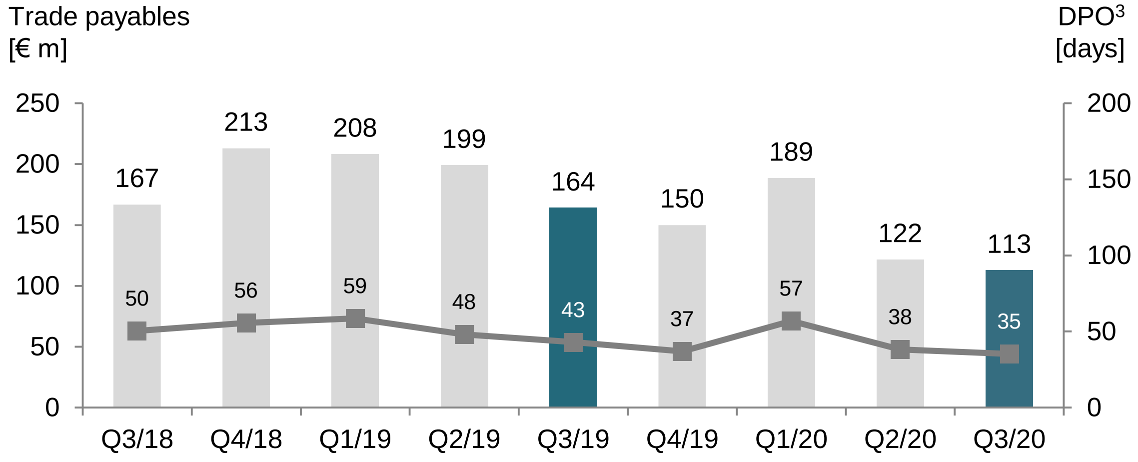
Inventory



Trade receivables



Trade payables



Comments

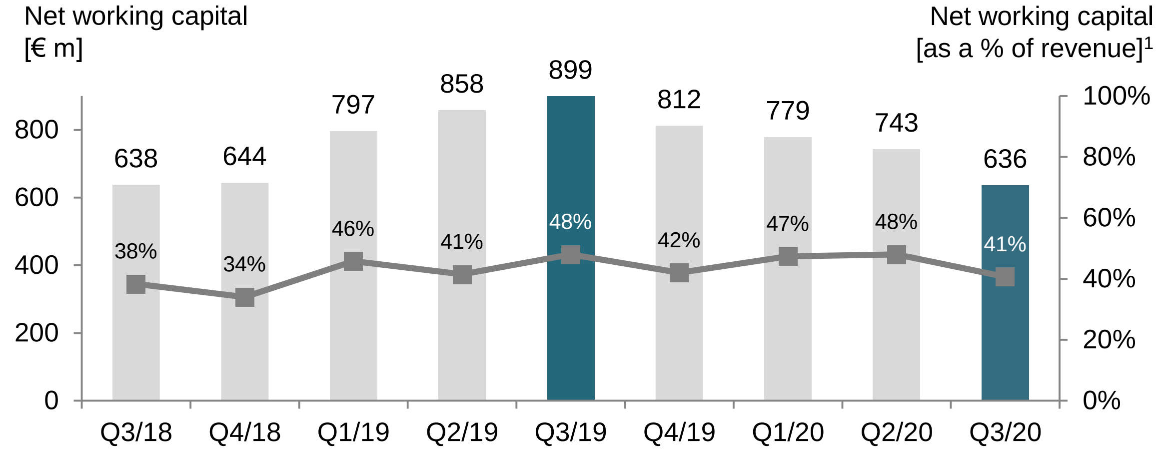
- Further reduction of inventory levels; marked cut-back in production programs in response to the Covid-19 pandemic; further reduction in inventory planned by end of Q4; medium-term target: 25% of sales
- Receivables continue to decrease; high levels in previous year partly due to strong revenue growth especially during the first half of the year
- Trade payables at a low level, impacted by capacity reductions

➡ Reduction of net working capital continues (see next slide)

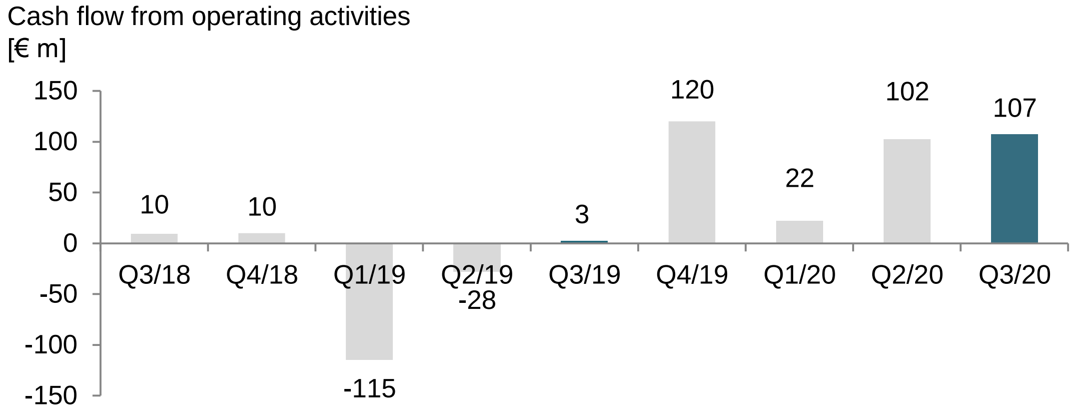
[1] Days inventory outstanding = (inventory/(cost of sales*4))*365 days; [2] Days sales outstanding = (receivables/(revenue*4))*365 days; [3] Days payables outstanding = (payables/(cost of sales*4))*365 days.

Free cash flow in Q3 at € 87 million

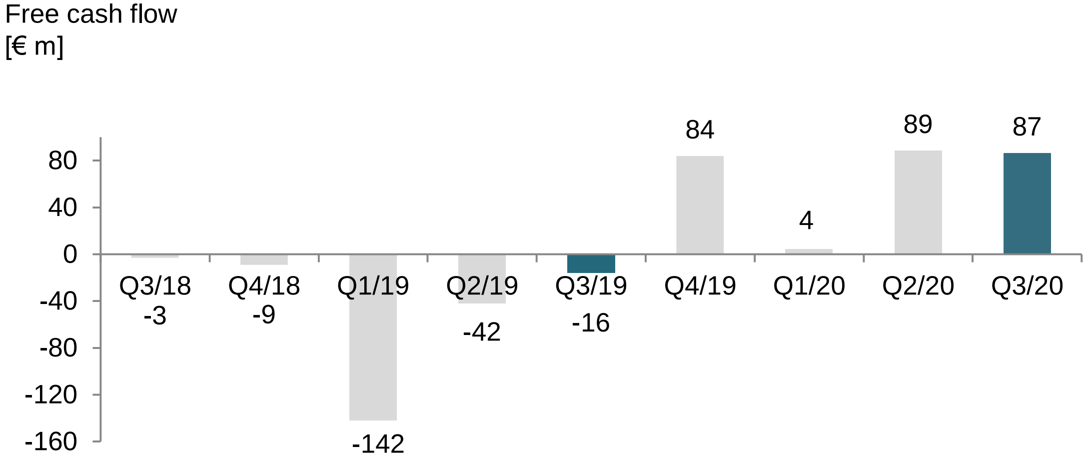
Net working capital



Cash flow from operating activities



Free cash flow



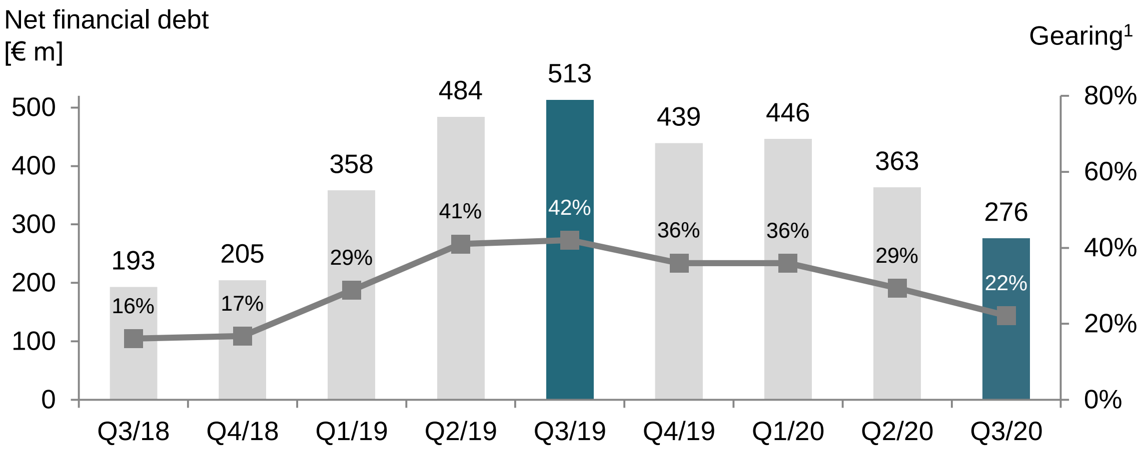
Comments

- Reduction of net working capital continues (€ -106.7 m vs. Q2/20); at 40.7%, net working capital as a percentage of revenue[1] significantly below the previous year (48.0%) despite reduced business volume
- By contrast, miscellaneous liabilities (related to deferred VAT liabilities and social security contributions from Q2/20) developed less favorably
- Cash flow from investment activities amounted to € -20.7 m for Q3/20 and € -52.6 m for 9M/20 (Q3/19: € -18.0 m; 9M/19: € -59.5 m)
- Free cash flow amounted to € 86.5 m for Q3/20 and € 179.4 m for 9M/20 (Q3/19: € -15.5 m; 9M/19: € -200.0 m)

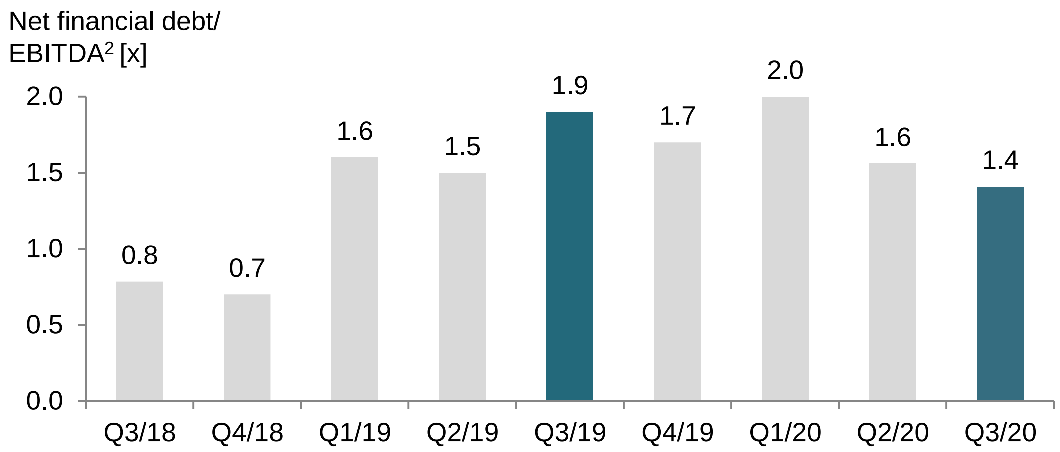
[1] Net working capital/annualized revenue for the quarter.

Reduction in gearing, liquidity secured

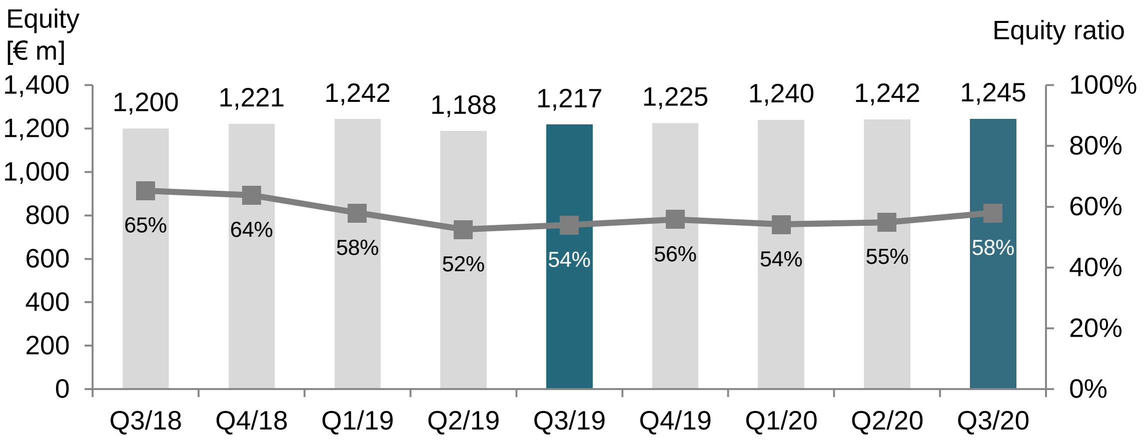
Net financial debt and gearing[1]



Net financial debt/EBITDA[2]



Equity and equity ratio



Comments

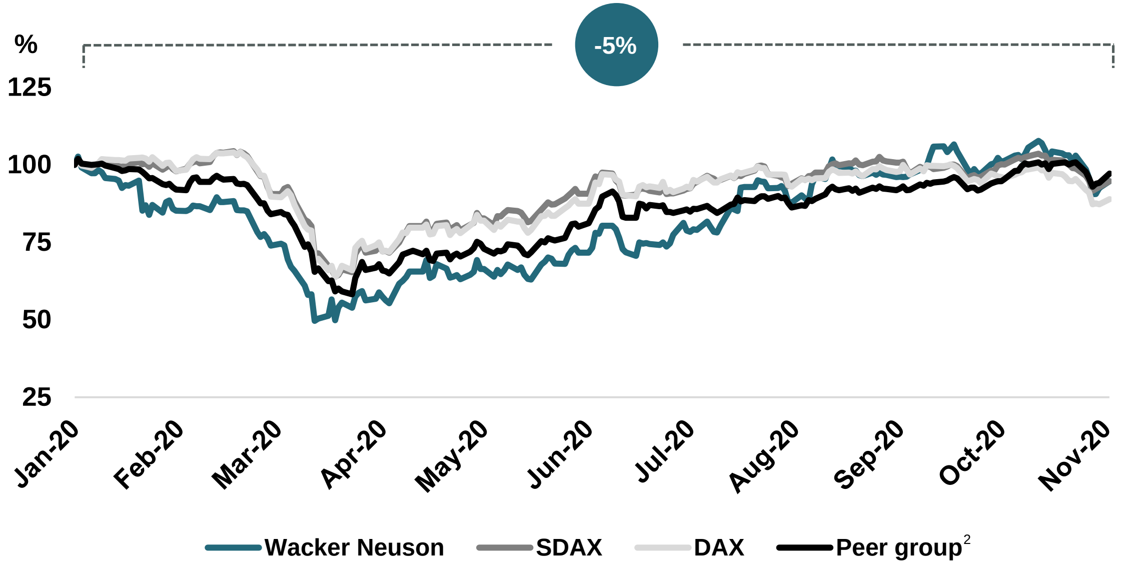
- Accelerated reduction in net financial debt; gearing close to target of below 20%
- Ratio of net financial debt to EBITDA still above planned level due to low profitability
- Reduction in total debt; equity ratio increases to 58 percent
- Long-term financing: placement of a promissory note (Schuldscheindarlehen) in the amount of € 50 m in August 2020; short-term credit lines replaced

➔ Cash[3] at end of Q3/20: € 161.8 m (previous year: € 23.5 m)

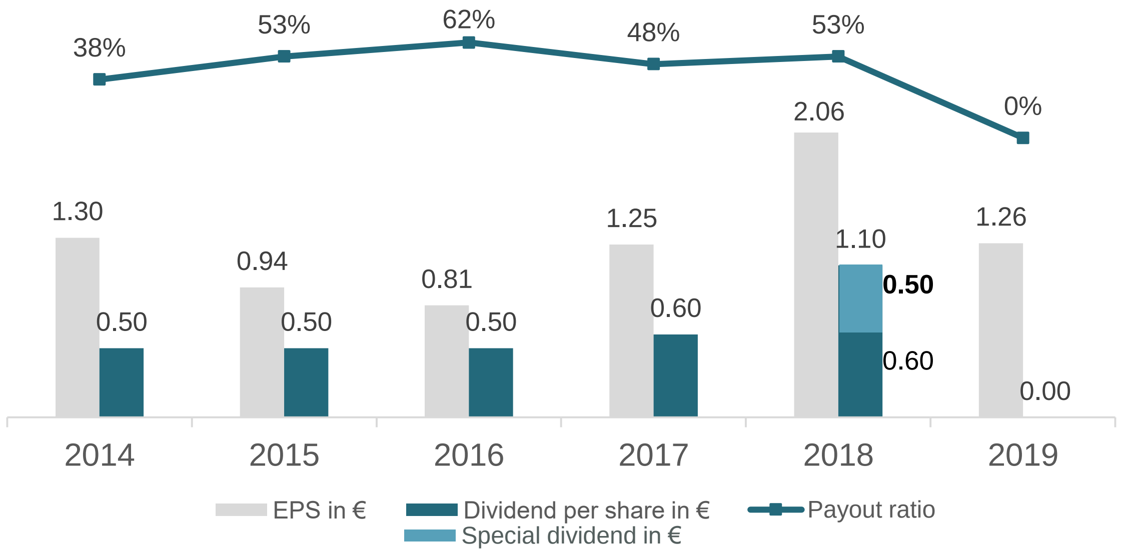
[1] Net financial debt/equity.
[2] Net financial debt/annualized EBITDA for the quarter. [3] Incl. cash equivalents.

Share development

The share in 2020[1]



Covid-19: Suspension of dividend payment



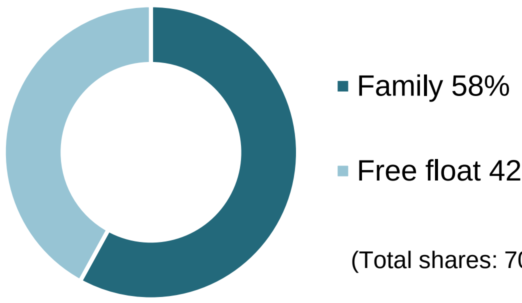
Key figures per share

in €	9M/20	9M/19
Earnings per share	0.48	1.14
Book value per share	17.75	17.35
Share price at end of period	17.44	16.00
Market capitalization (€ m)	1,223.2	1,122.2

Coverage[1]

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	23.50	Buy	Oct. 09, 2020
Metzler	22.50	Buy	Oct. 14, 2020
Warburg	20.00	Buy	Aug. 06, 2020
Jefferies	19.50	Buy	Aug. 06, 2020
Berenberg	19.00	Buy	Aug. 21, 2020
Bankhaus Lampe	18.00	Buy	Oct. 30, 2020
Commerzbank	15.00	Hold	Oct. 13, 2020
Kepler Cheuvreux	11.00	Reduce	Aug. 05, 2020

Shareholder structure



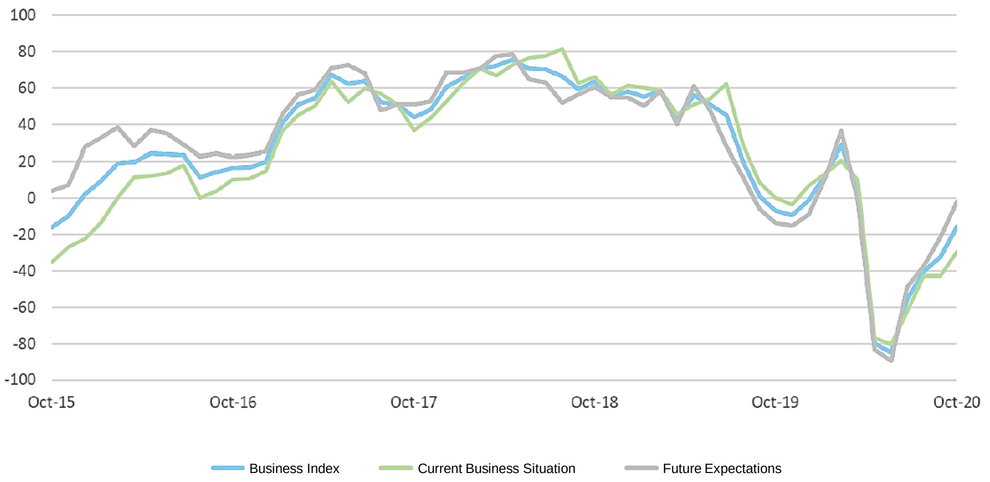
(Total shares: 70,140,000)

[1] As at Nov. 2, 2020 [2] Peer group: Ashtead, Atlas Copco, Bauer, Caterpillar, Deutz, DoosanBobcat, Haulotte, Husqvarna, John Deere, Komatsu, Manitou, Palfinger, Terex, United Rentals, Volvo.

Agenda

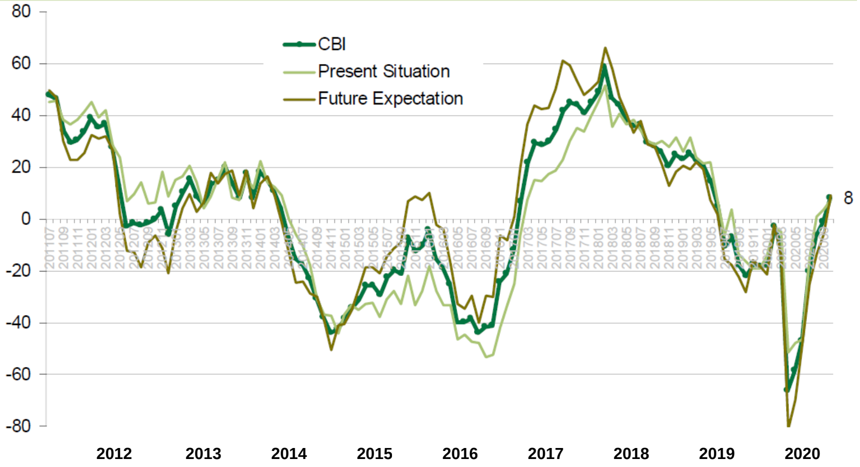
2020 – Outlook

Business index for construction



Source: CECE, October 2020.

Business index for agriculture



Source: CEMA, October 2020.

Guidance for fiscal 2020

- **Mood in the construction sector** continues to recover according to CECE; revenue in Europe declining at a slower rate than in previous months
- **Mood in the agricultural sector** back to positive for the first time since mid-2019 according to the CEMA barometer; the ratings for lawn, garden and municipal as well as livestock equipment remain negative however
- **High degree of uncertainty** due to renewed global rise in infection rates and tighter government restrictions
- **Due to existing uncertainties it is still not feasible to quantify revenue and earnings guidance published on August 5**
  - Revenue and EBIT margin expected considerably lower than the prior-year figures
  - Continued reduction of net working capital until end of year, albeit at a slower pace than in the previous months (previously: net working capital significantly lower than the prior-year figure)
  - Investments of around € 80 m planned
- **Corona pandemic is expected to continue to have a major impact into fiscal 2021**
- **Group expects to achieve Strategy 2022 goals one to two years later than planned**
  - Revenue > EUR 2 bn
  - EBIT margin > 11%
  - NWC ratio ≤ 30%

Financial calendar and contact

November 5, 2020	**Publication of nine-month report 2020, investors & analysts call**
November 9, 2020	eRoadshow Jefferies, France & Switzerland
November 12, 2020	eRoadshow Metzler, Germany
November 25, 2020	eRoadshow Hauck & Aufhäuser, London
January 13, 2021	eConference Oddo BHF Forum
March 25, 2021	**Publication of the annual report 2020, analysts‘ & investors‘ conference call**
	Numerous other roadshows and conferences

Disclaimer

This report contains forward-looking statements which are based on current estimates and assumptions made by corporate management at Wacker Neuson SE. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Wacker Neuson SE and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from forward-looking statements. Many of these factors are outside the Company's control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and market players. The Company neither plans nor undertakes to update any forward-looking statements.

Contact

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