

Wacker Neuson Group – Full Year 2021 Conference Call

Dr. Karl Tragl (CEO), Christoph Burkhard (CFO)
March 29, 2022



Wacker Neuson
Group

Agenda

1. **Overview 2021**
2. Acquisition of Enar Group
3. Outlook
4. Appendix

Nobody is perfect, but a team can be!



Q4 and FY 2021 at a glance

Q4/21		
Revenue	EBIT margin	FCF (before fixed-term inv.) ¹
€ 477m	10.1%	€ 79m
(+11.3% yoy)	(PY: 0.5%)	(PY: € 165m)

FY 21		
Revenue	EBIT margin	FCF (before fixed-term inv.) ¹
€ 1,866m	10.3%	€ 264m
(+15.5% yoy)	(PY: 4.7%)	(PY: € 344m)



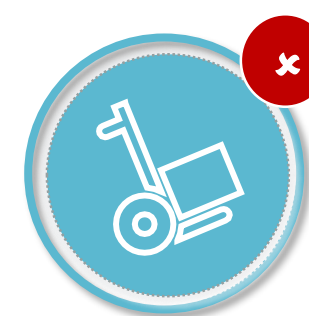
Sales 16% above previous year, massive supply chain disruptions prevent stronger growth



Profitability shaped by positive volume effect and strict cost control; Supply chains impact productivity



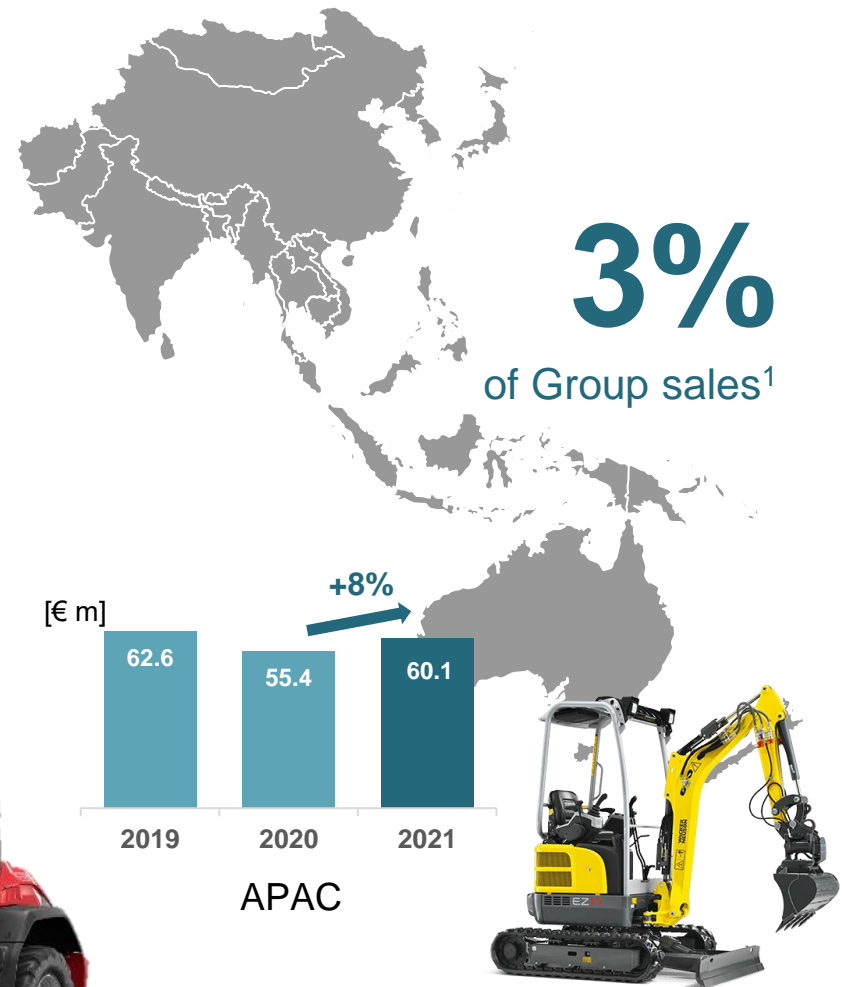
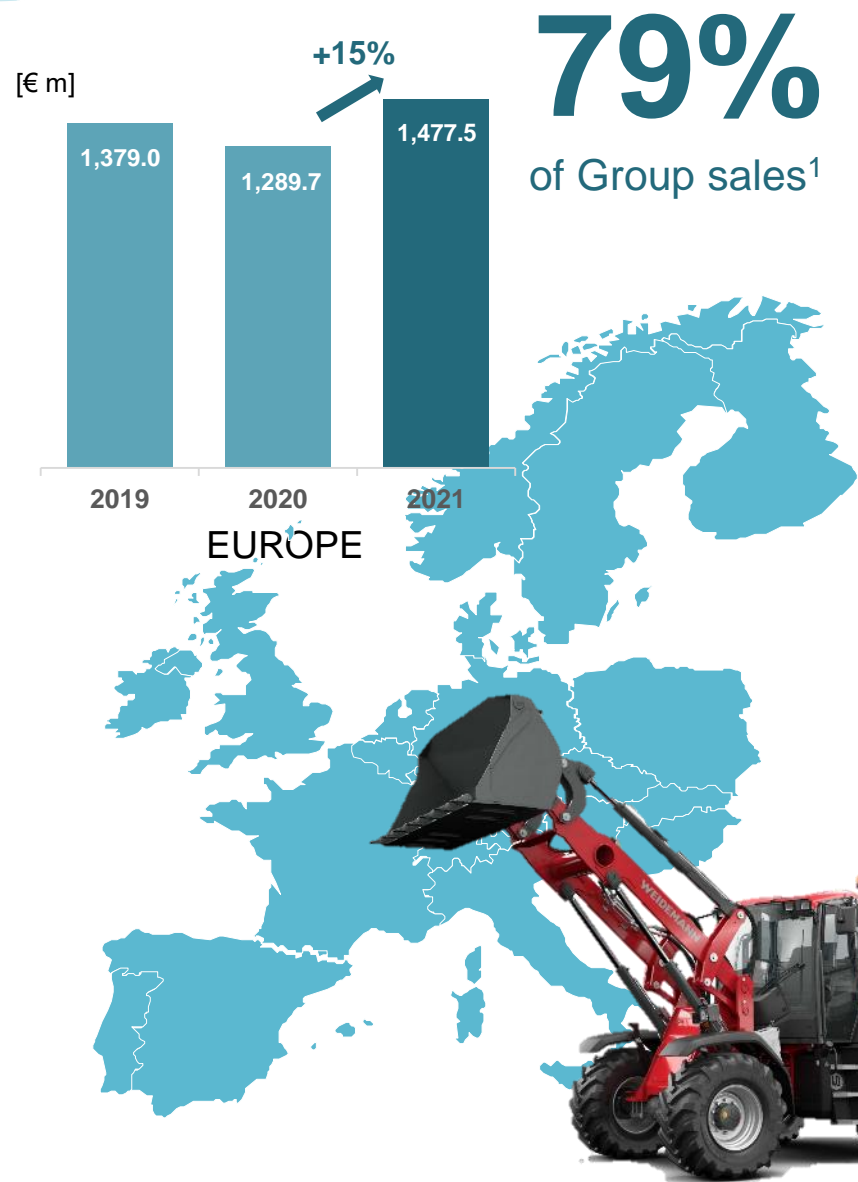
Strong cash generation, NWC ratio within the strategic target range of ≤ 30%; positive net cash position



Supply chains and pricing dynamics remain biggest challenges

¹ Free cash flow before fixed-term financial investments in the amount of EUR 115m for FY 2021, thereof EUR 15m in Q4. (FY 2020: EUR 15m)

Europe exceeding pre-crisis levels of 2019

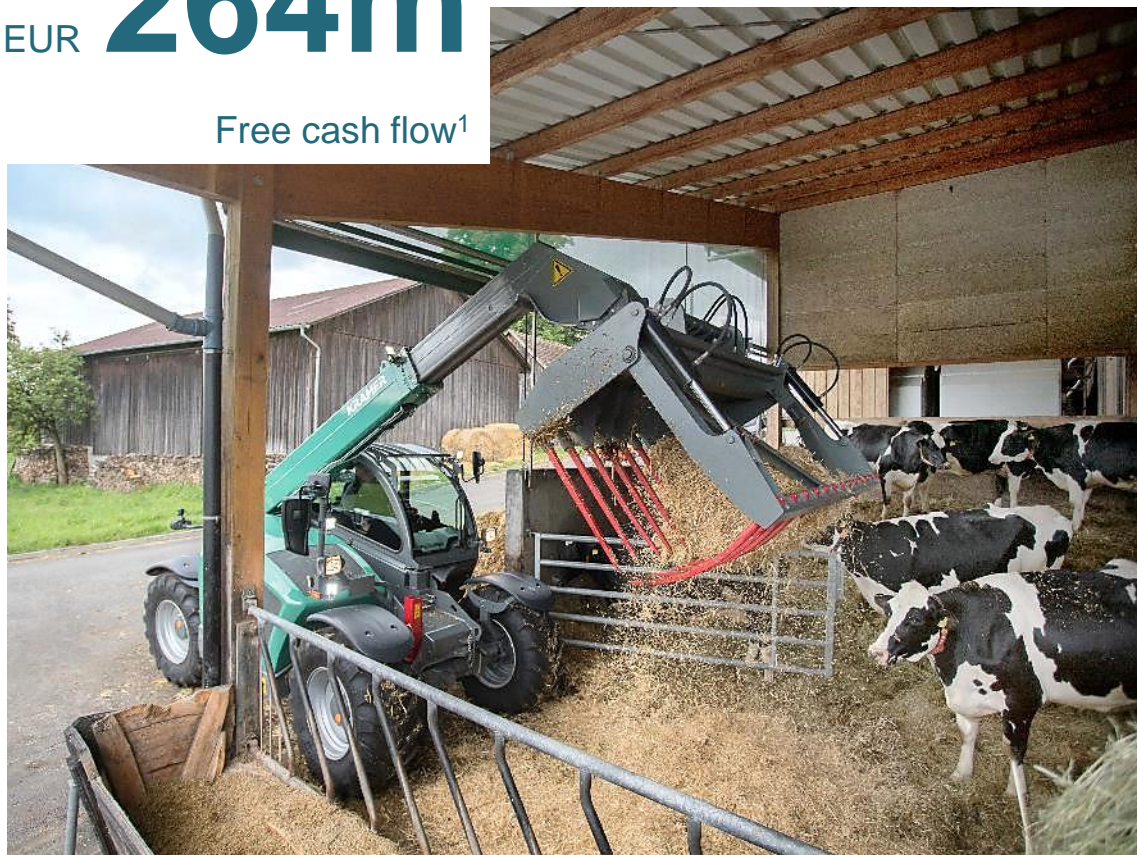


¹ FY 2020: Americas 17%; Europe 80%; APAC 3%.

Strong cash generation leads to positive net cash position

EUR **264m**

Free cash flow¹



EUR **0.8m**

Net cash position²



0.0

Net financial
debt/ EBITDA³

¹ Free cash flow before fixed-term investment in the amount of EUR 115m.

² Net cash position = -Net financial debt = -(Long-term borrowings + short-term borrowings from banks + current portion of long-term borrowings - liquid funds - fixed short-term financial investments)

³ Net financial debt/annualized EBITDA for the quarter.

Share buyback program completed

On November 19, 2021, Wacker Neuson SE completed the acquisition of treasury shares, which had begun on April 1, 2021.

Total number of shares repurchased
(pieces):

2,124,655

Volume (Euro):

52,999,971.94

Proportion of share capital (percent):

3.0

The treasury shares will be primarily used by way of consideration in connection with the acquisition of companies or to implement participation programs for Group employees and Executive Board members.

total purchase price¹ of

EUR 53 m



2,124,655 shares
(= 3.0 percent of the Company's share capital)

¹ Excluding incidental acquisition costs.

With the acquisition of Enar, we further strengthen our market position in concrete technology.



By intensifying market penetration with
two complementary brands, ...

... opening up additional **customer segments ...**

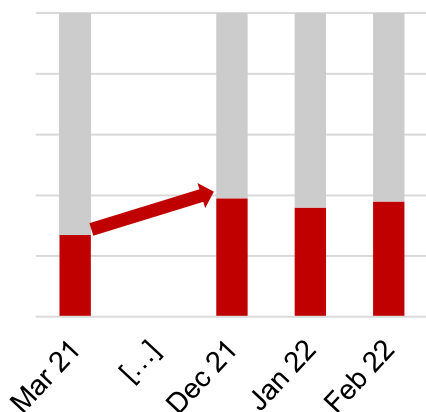
... and addressing the market with
different sales channels ...

... we accelerate our business in an attractive **growth market.**

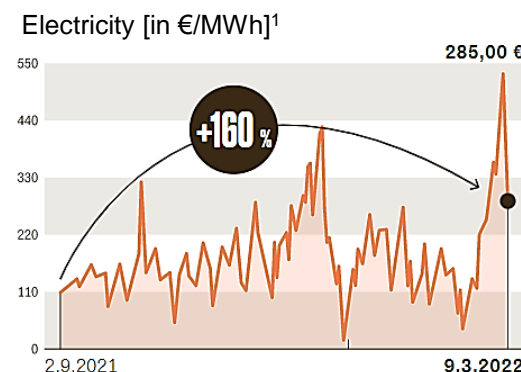
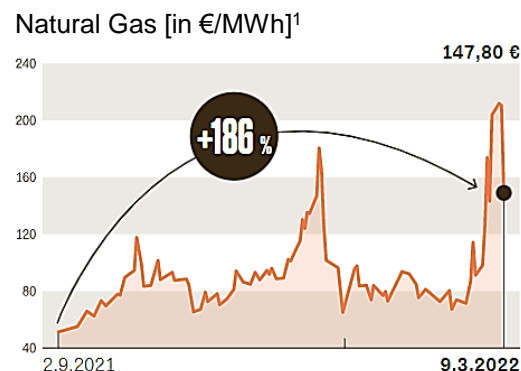
Supply chains and pricing dynamics remain biggest challenges

Serious supply chain **disruptions** persist.

■ Rising share of late deliveries

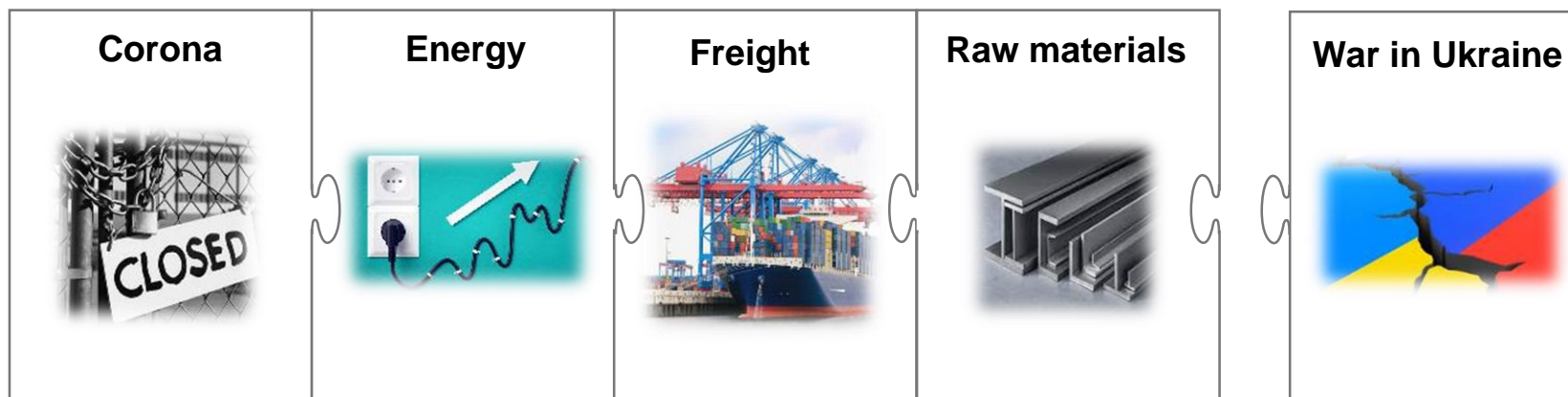
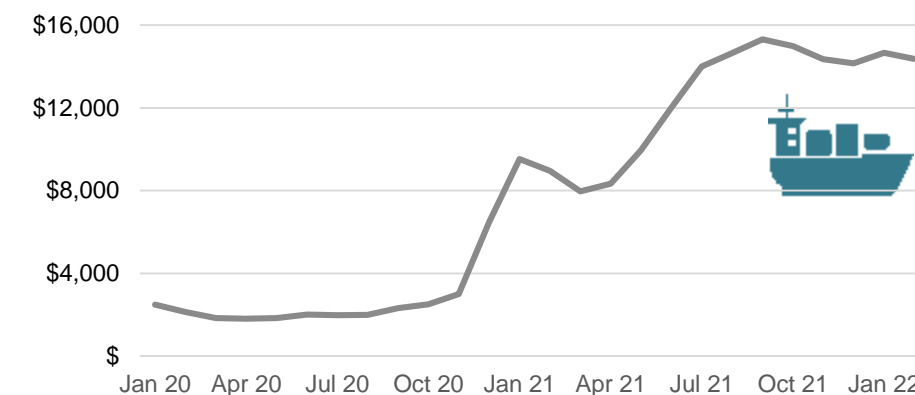


Energy prices are skyrocketing¹



Container rates on record high

Development of transport prices for sea freight (Shanghai to Rotterdam) for a 40ft dry container



Impact of **war in Ukraine** on the state of global supply chains currently not predictable

¹ Source: Handelsblatt/Bloomberg; Netherlands TTF Natural Gas Forward 1 Month / Phelix Baseload Day-Ahead EEX Trading

Outlook



CECE

As expected, climate index saw a **drop in March** amid the geopolitical situation. **Sales** on the European market are **unaffected** up to now, and remain on a growth trajectory.

Impact of
war in Ukraine
on macroeconomic environment or
the global supply chains currently not
predictable

According to **CEMA**

the consequences of the Russian war against Ukraine seem to harm the industry more on the already constrained supplier side than on the market side. With order stocks at record levels, the industry representatives forecast a **+5% increase in turnover for 2022**.



Order backlog
significantly above
average levels

Supply chains
and pricing dynamics
remain biggest challenge

Guidance for 2022

- Revenue between € 1,900 and 2,100m
- EBIT margin between 9.0% and 10.5%
- Investments in the amount of around € 100m¹
- Net working capital as a % of revenue less than or equal to 30 percent

The guidance for fiscal 2022 does not include the effects of war in Ukraine on macroeconomic developments or the global supply chains, as these cannot be accurately predicted at the present time.

¹ Investments in property, plant and equipment and intangible assets. The Group's own rental equipment, purchases of investments and investments in financial assets are not included.

Financial calendar and contact

March 29, 2022	Publication of the annual report 2021, analysts' & investors' conference call
May 10, 2022	Publication of Q1 report 2022, analysts' & investors' conference call
June 3, 2022	Annual General Meeting, Munich (virtual)
August 9, 2022	Publication of half-year report 2022, analysts' & investors' conference call
November 10, 2022	Publication of Q3 report 2022, analysts' & investors' conference call

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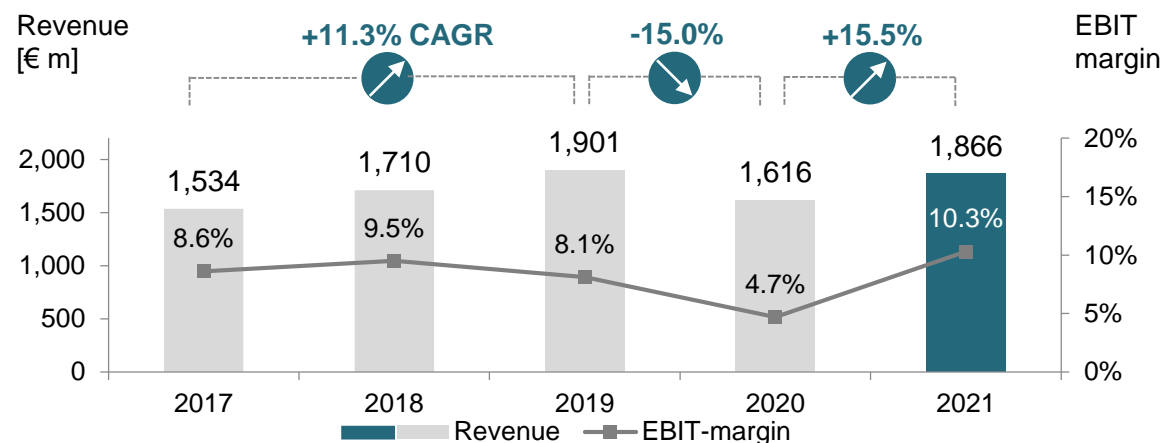
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Appendix

Sales and profitability well on track

Improved profitability, revenue only slightly below pre-crisis level



Income statement (excerpt)

€ m	Q4/21	Q4/20	2021	2020
Revenue	476.5	428.0	1,866.2	1,615.5
Gross profit	113.5	97.4	483.5	400.3
<i>as a % of revenue</i>	23.8%	22.8%	25.9%	24.8%
Operating costs	-68.9	-104.3	-298.9	-331.6
<i>as a % of revenue</i>	-14.5	-24.4%	-16.0	-20.5%
EBIT	48.2	2.3	193.0	75.5
<i>as a % of revenue</i>	10.1%	0.5%	10.3%	4.7%
Financial result	-1.1	-2.3	-5.6	-21.7
Taxes on income	-10.4	-19.7	-49.5	-39.7
Profit for the period	36.7	-19.7	137.9	14.1
EPS (in €)	0.53	-0.28	1.99	0.20

Comments on FY 21

Revenue +15.5% yoy (adj. for currency effects: +15.8%)

- Group revenue only slightly below pre-crisis level (-1.8% vs. FY 2019)
- Positive trends in Europe and the Americas in particular
- Dynamic growth in both construction and agriculture
- Overstretched and repeatedly disrupted supply chains dampen growth

Gross profit +20.8% yoy (gross profit margin +1.1 PP)

- Positive volume effect relative to previous year with improved cost recovery at plants
- Over the course of the year, gross margin increasingly affected by sharp rises in material, component and shipping costs, as well as by the impact on productivity of production disruptions and rework efforts

EBIT climbed 155.6% (EBIT margin: +5.6 PP)

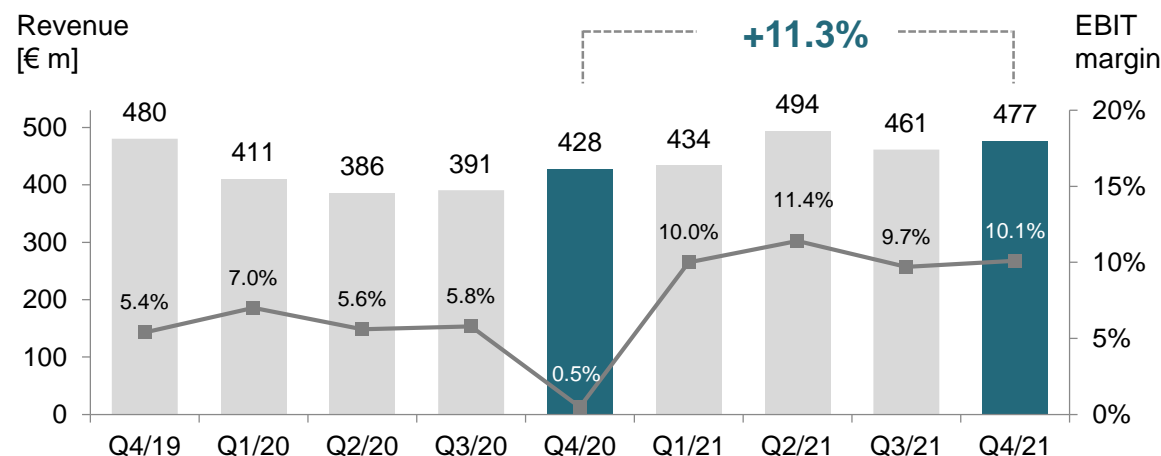
- Strong revenue growth with strict cost controls
- Operating costs (total selling, R&D and administrative expenses) expressed as a percentage of revenue improved by 4.5 PP yoy; previous year impacted by bad debt allowances (EUR -33.3m), in fiscal 2021 positive effect of EUR +13.5m from value adjustments to receivables

Earnings per share improved significantly

- At EUR -5.6m, the financial result improved markedly (prev. year heavily impacted by negative currency effects)
- Tax rate at 26.4%; PY impacted by reversal / nonrecognition of deferred tax assets (among other factors).

Sales and profitability well on track

Improved profitability, revenue only slightly below pre-crisis level



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Profit for the period	36.7	-19.7	137.9	14.1
EPS (in €)	0.53	-0.28	1.99	0.20

Comments on Q4/21

Revenue +11.3% yoy (adj. for currency effects: +9.8%)

- Growth in both construction and agriculture
- Accelerated growth in the Americas, declines in Asia-Pacific
- Asia-Pacific: Increasingly challenging market environment with significant price pressure in China, among other things based on overcapacities of local competitors and the slowdown of the Chinese construction equipment market
- Overstretched and repeatedly disrupted supply chains dampen growth

Gross profit +16.5% yoy (gross profit margin +1.0 PP)

- Q4 gross profit as anticipated below the figures for the first three quarters
- Over the course of the year, gross margin increasingly affected by sharp rises in material, component and shipping costs, as well as by the impact on productivity of production disruptions and rework efforts

EBIT significantly above prior year levels (EBIT margin: +9.6 PP)

- Strong revenue growth with strict cost controls
- Previous year impacted by value adjustments in connection with allowances for doubtful receivables and additional impairment losses on assets as well as restructuring costs

Solid earnings per share

- Low tax rate at 22.1 percent due to capitalization of deferred tax assets in light of improved business prospects compared to end of FY 2020

FY 2021: Development by region and business segment

Growth driven by Europe and Americas

	Revenue [€ m]	share	yoy	EBIT ¹
Europe	1,477.5	79%	+15%	175.9
Americas	328.6	18%	+22%	20.6
Asia-Pacific	60.1	3%	+8%	2.8
FY 2021	1,866.2	100%	+16%	193.0

Compact equipment and services above pre-crisis levels

	Revenue [€ m] ²	share	yoy
Light Equipment	399.1	21%	+13%
Compact Equipment	1,063.0	57%	+21%
Services	415.2	22%	+4%
FY 2021	1,866.2	100%	+16%

Comments on FY 2021

Revenue Europe +14.6% yoy (adj. for currency effects: +14.6%)

- Solid growth momentum in domestic markets of Germany and Austria despite strong baseline from 2020
- Positive business development in the UK, driven in part by strong demand for compact equipment
- Sharp recovery with double-digit growth in the majority of countries in Southern, Eastern and Northern Europe
- Double-digit growth in business with Kramer- and Weidemann-branded compact equipment for the agricultural sector (+14.5% yoy despite strong baseline from 2020)

Revenue Americas +21.5% yoy (adj. for currency effects: +23.8%)

- Renewed demand for worksite technology and compaction products as well as significant gains in compact equipment, especially excavators and dumpers
- Strong growth in Canada with revenue already higher than pre-crisis level

Revenue Asia-Pacific +8.5% yoy (adj. for currency effects +4.3%)

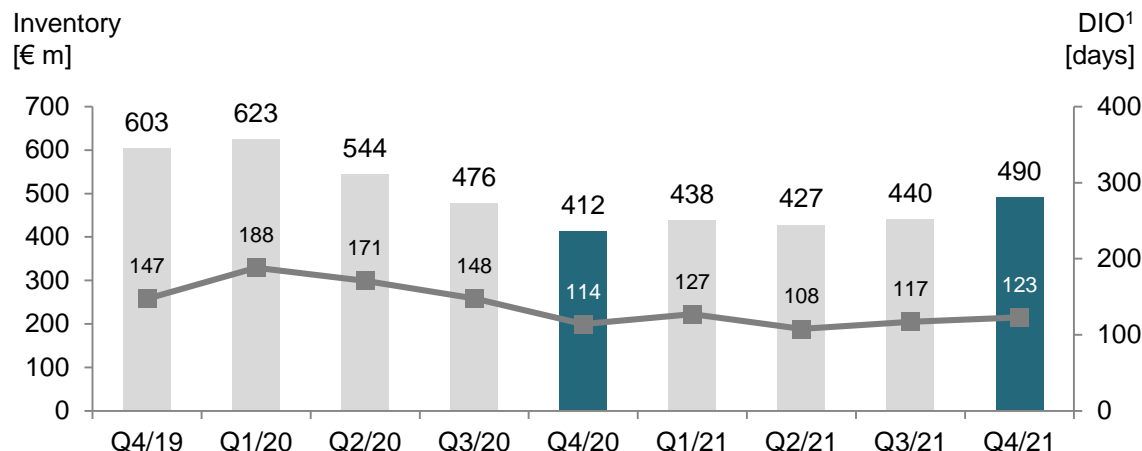
- Growth driven by positive business developments in Australia: Sales increase in the double-digit percentage range relative to the pre-crisis year of 2019, fueled by expansion of dealer network, increased focus on independent rental firms and product portfolio tailored to local needs
- China: Increasingly challenging market dynamics (shrinking excavator market combined with overcapacities among domestic manufacturers)

¹ EBIT for regions before consolidation.

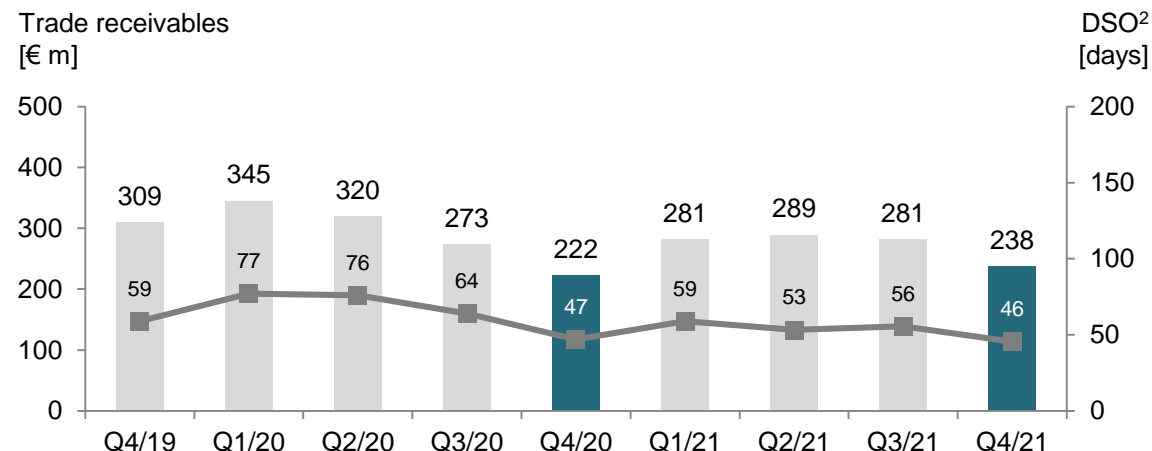
² Revenue by business segment before cash discounts.

FY 2021: Net working capital well in target range of $\leq 30\%$

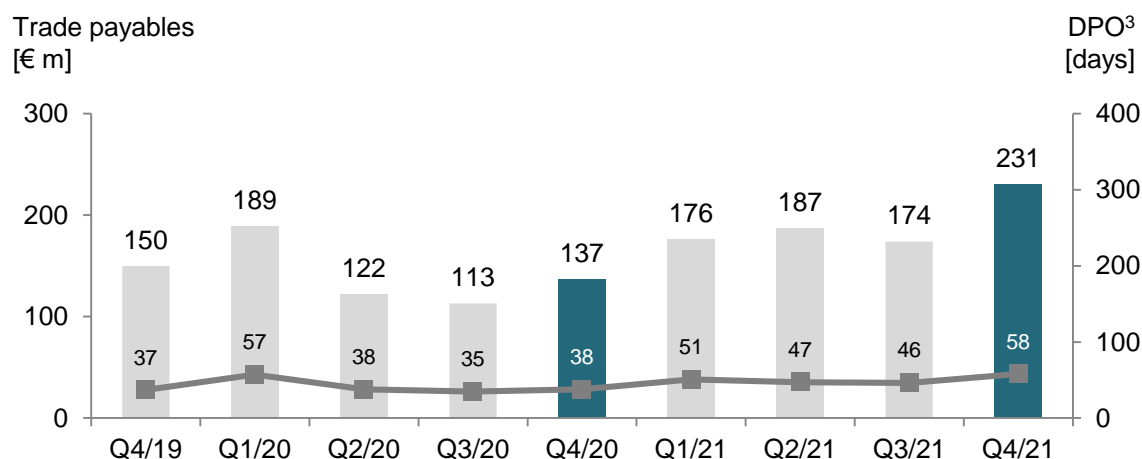
Inventories



Trade receivables



Trade payables



Comments

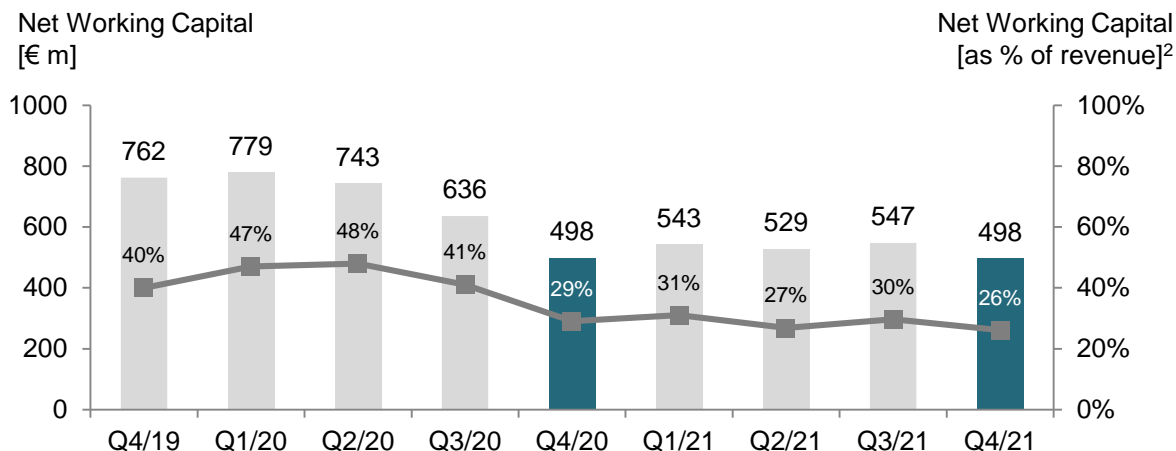
- Inventory levels of machines, raw materials and supplies above previous year:
 - Levels of unfinished machines more than doubled since the start of the year as a result of overstretched and repeatedly disrupted supply chains
 - In contrast: sharp decrease of finished machines on stock
- Trade payables rose significantly since the start of the year due to a rise in production volumes

➡ At 26.1%, the NWC⁴ ratio is well within the target range

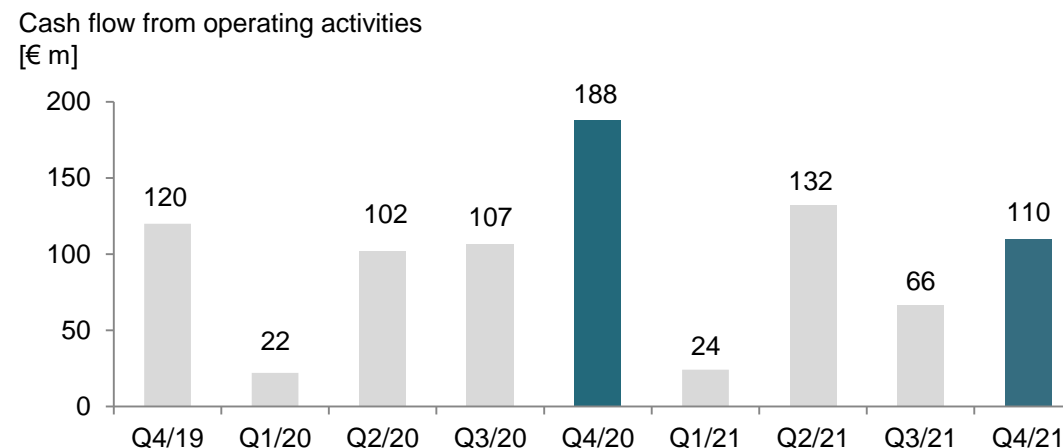
¹ Days inventory outstanding = (inventory/(cost of sales*4))*365 days; ² Days sales outstanding = (receivables/(revenue*4))*365 days;
³ Days payables outstanding = (payables/(cost of sales*4))*365 days. ⁴ Net working capital as a % of annualized revenue for the quarter.

FY 2021: Strong cash generation

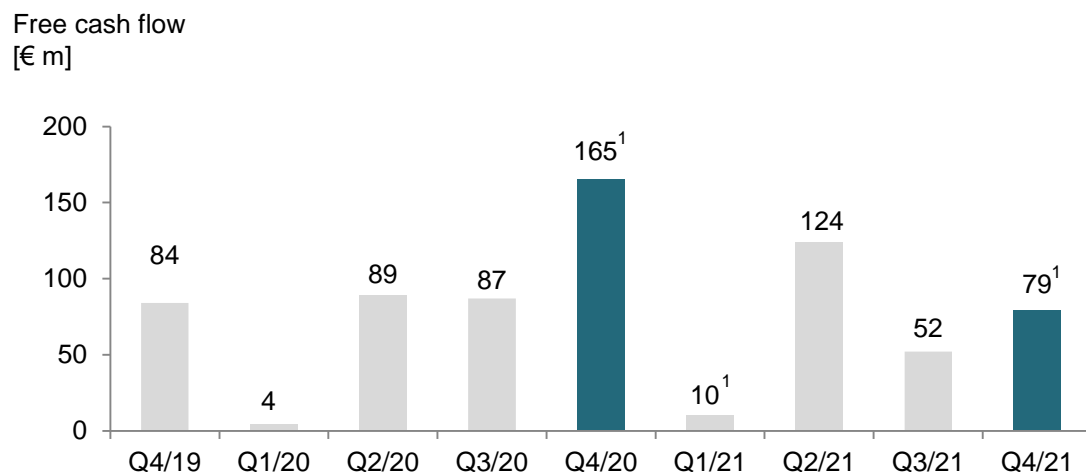
Net Working Capital



Cash flow from operating activities



Free cash flow



Comments

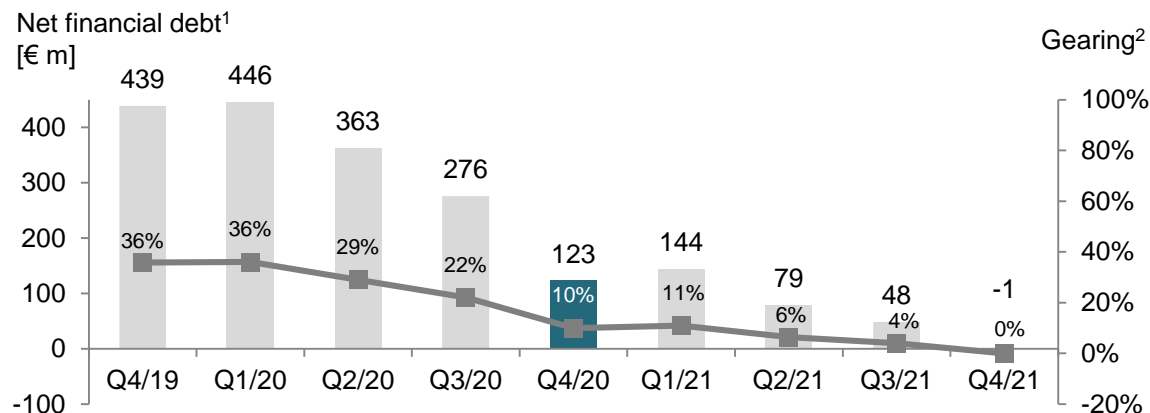
- At 26.1%, the NWC ratio² remains within the target range despite high numbers of unfinished machines
- Positive development of cash flow from operating activities shaped by increased profitability and a reduction in non-current financial assets, mainly resulting from the pre-term receipt of receivables (prev. year marked by sharp reduction in NWC)
- Investments³ below plan with positive effect on free cash flow
- Free cash flow¹ at EUR 264.1m (prev. year: EUR 344.0m)

¹ Before fixed-term investment in the amount of EUR 15 m in Q4/20, EUR 100 m in Q1/21 and EUR 15 m in Q4/21.

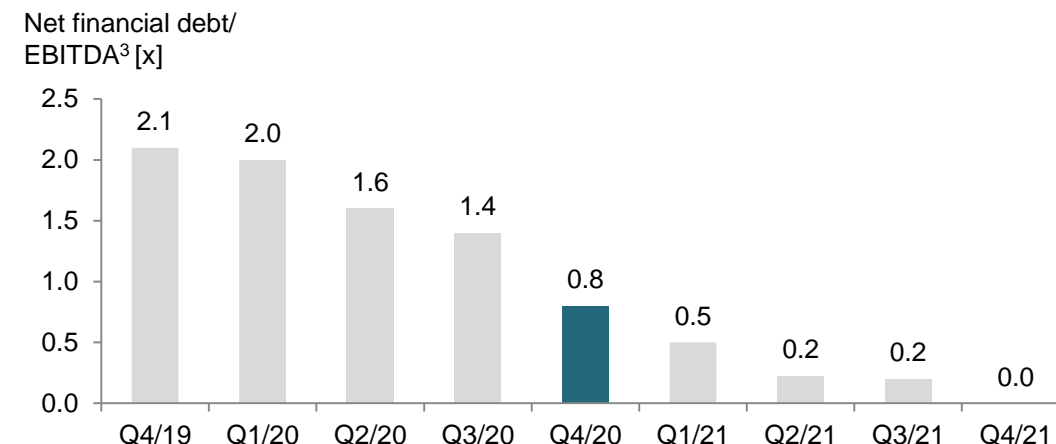
² Net working capital as a % of annualized revenue for the quarter. ³ Investments in property, plant and equipment and intangible assets.

Strong financial structure – positive net financial position

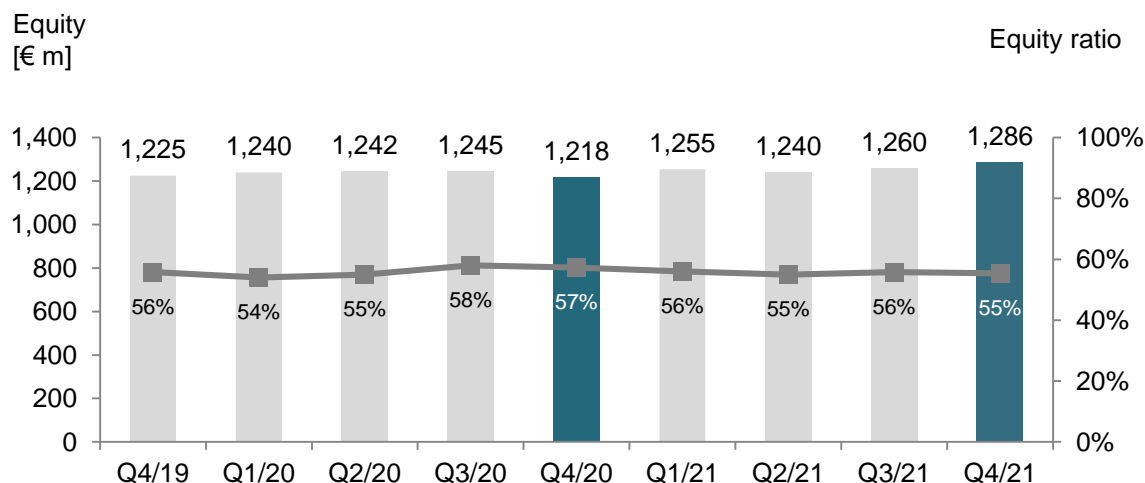
Net financial debt¹ and gearing



Net financial debt/EBITDA³



Equity and equity ratio



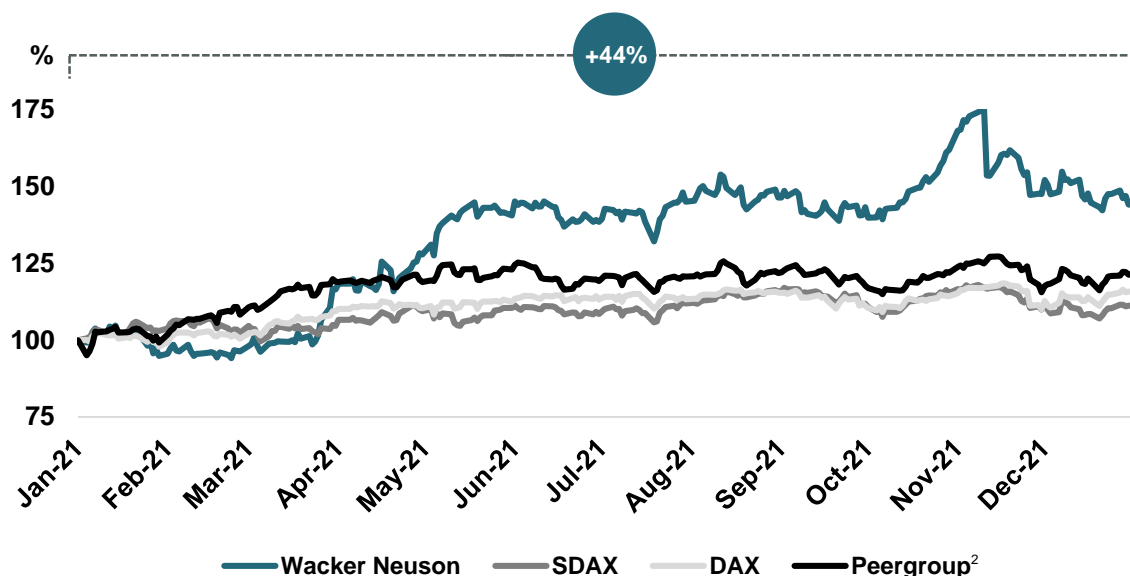
Comments

- Positive cash flow development leads to net financial position > 0; gearing² at -0.1%
- 2,124,655 treasury shares (3.0 percent of share capital) were repurchased for a total of EUR 53.0m by November 19 within the framework of the share buyback program initiated in April 2021
- Cash and cash equivalents incl. fixed, short-term investments with a term of less than one year: EUR 435.5 m
- The Group is in a strong position to actively shape the technological shift in the industry and make key investments in future growth.

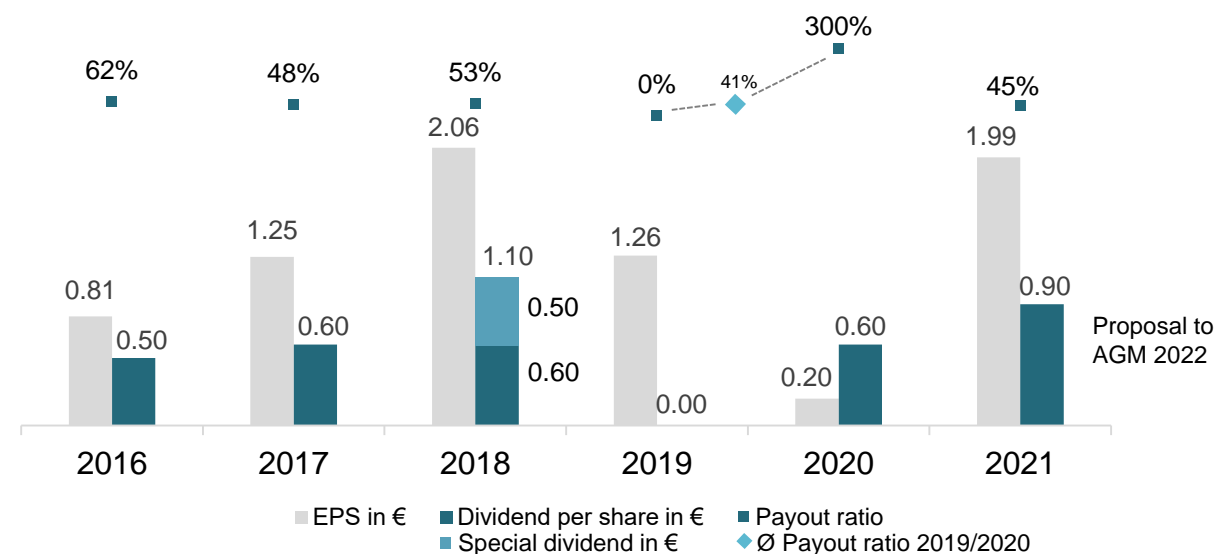
¹ Non-current financial liabilities + short-term borrowings from banks + current portion of long-term borrowings - liquid funds - fixed short-term investments. ² Net financial debt/equity. ³ Net financial debt/annualized EBITDA for the quarter.

Share development

The share in 2021¹



Dividend payout



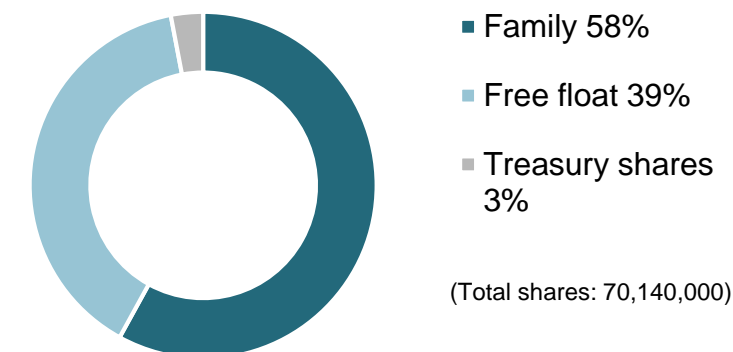
Key figures per share

in €	2021	2020
Earnings per share	1.99	0.20
Book value per share	18.91	17.37
Share price at end of period	25.24	17.51
Market capitalization (€ m)	1,770.3	1,228.2

Coverage³

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	33.00	Buy	Feb. 10, 2022
Montega	32.00	Hold	Oct. 26, 2021
Warburg	32.00	Buy	Feb. 10, 2022
Berenberg	32.00	Buy	Feb. 11, 2022
Jefferies	31.00	Buy	Feb. 21, 2022
Metzler	28.00	Buy	Mar. 18, 2022
Kepler Cheuvreux	21.00	Reduce	Mar. 28, 2022

Shareholder structure



¹ As at Dec. 31, 2021 ² Peer group: Agco, Ashtead, Atlas Copco, Bauer, Caterpillar, CNH Industrial, Deutz, DoosanBobcat, Hitachi, Husqvarna, John Deere, Komatsu, Kubota, Manitou, Sany, Takeuchi, United Rentals, Volvo. ³ As at March 28, 2022.