Wacker Neuson Group – Q1/22 Conference Call

Dr. Karl Tragl (CEO), Christoph Burkhard (CFO)
May 10, 2022

Agenda

1. **Overview Q1/22**
2. Outlook
3. Appendix

Overview Q1/22

Wacker Neuson Group

Q1/22		
Revenue	**EBIT margin**	**FCF** (before fixed-term investment)[1]
€ 522 m	**7.5%**	**€ -68 m**
(+20.2% yoy)	(PY: 10.0%)	(PY: € 10 m)

Revenue up 20% on PY, double-digit growth in all reporting regions

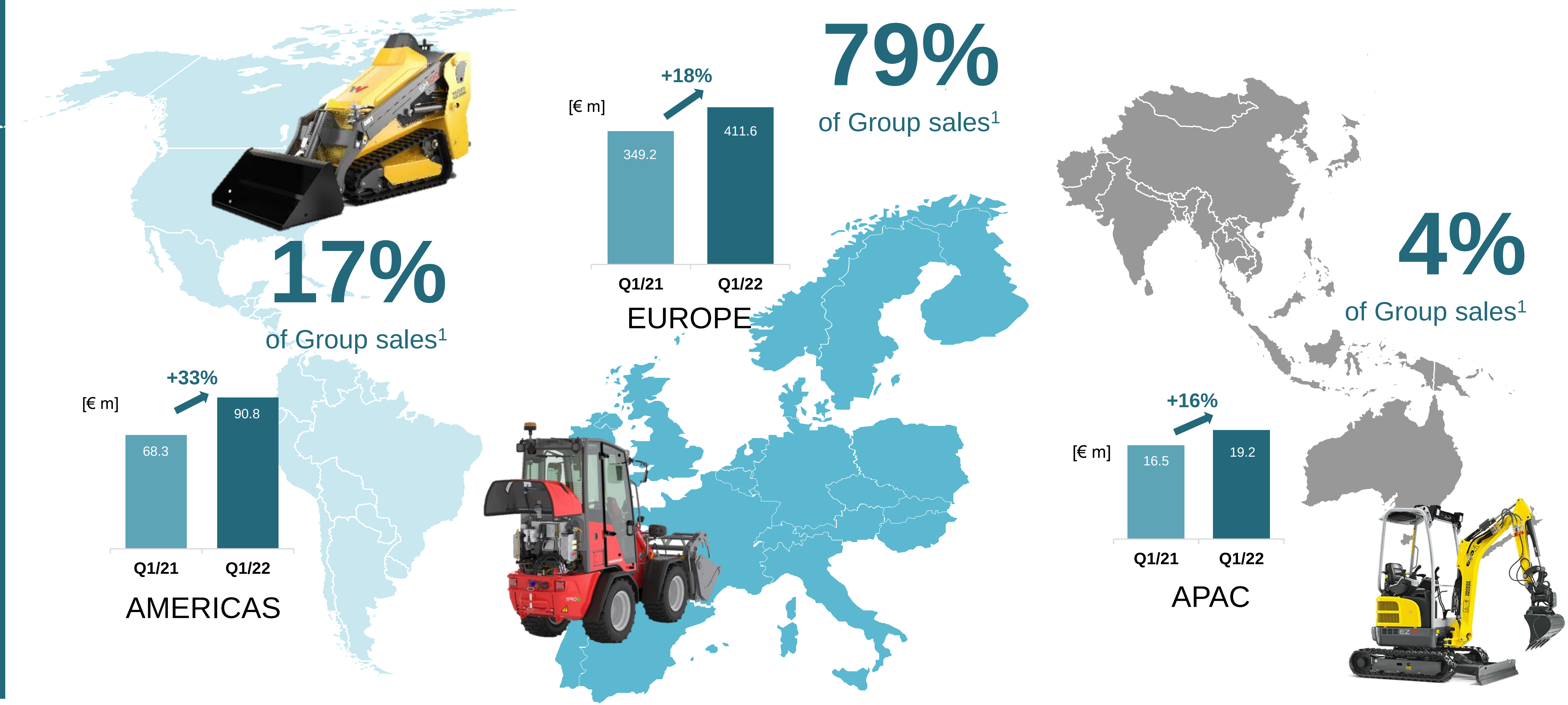
Inefficiencies due to repeatedly disrupted supply chains as well as the sharp rise in input costs impact profitability

NWC within the strategic target range of ≤ 30%; expected increase in NWC results in negative FCF

Supply chains and price dynamics in procurement market remain biggest challenges

[1] Free cash flow before inflows from fixed-term investments in the amount of € 30 m.

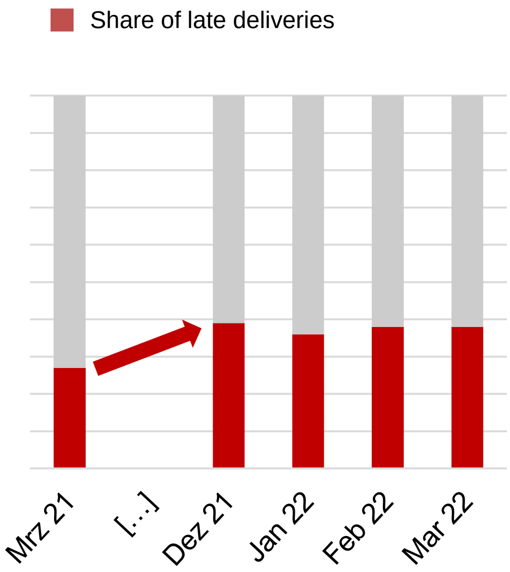
Q1/22: Double-digit growth in all reporting regions



[1] Q1/21: Americas 16%; Europe 80%; APAC 4%.

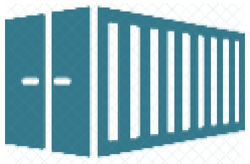
Supply chains remain biggest challenge

Supply chain **disruptions** could further increase in the short-term

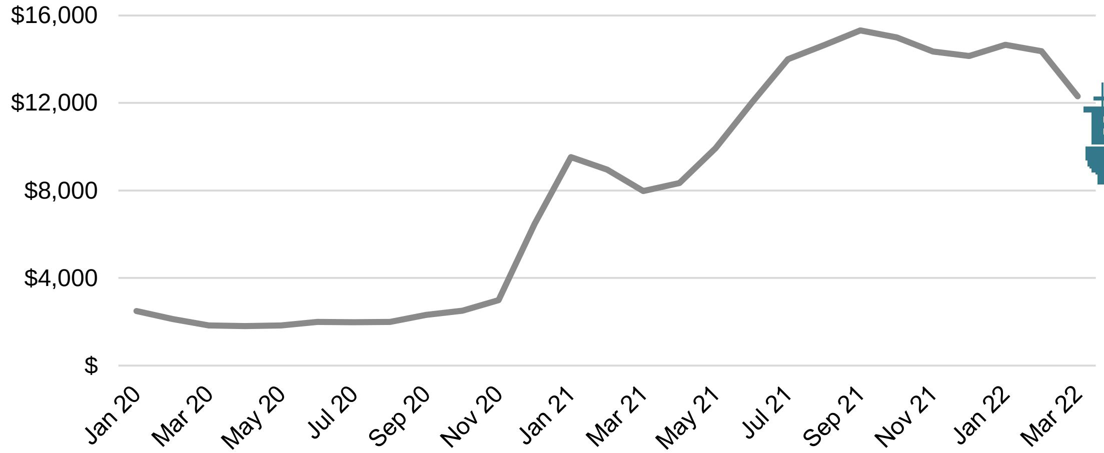


Container rates

on very high level



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

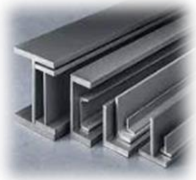


COVID-19

Energy

Freight

Material



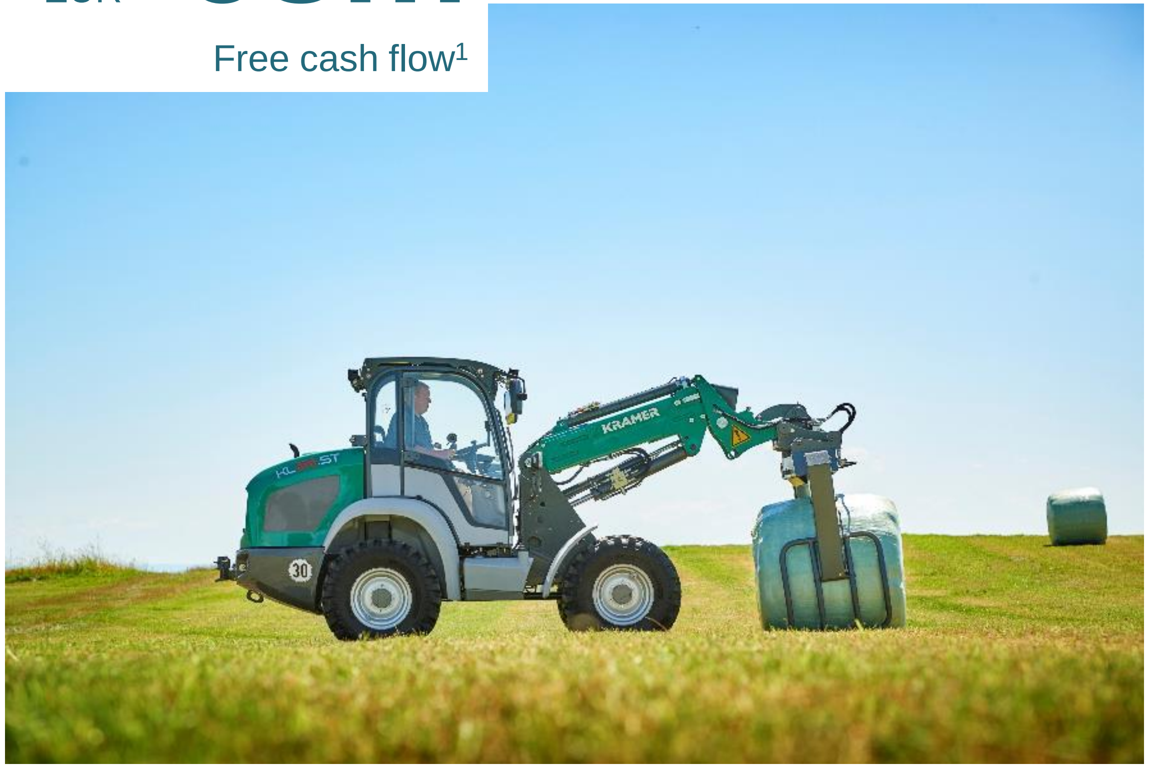
War in Ukraine

Further effects of war in Ukraine and COVID-19 measures in China not assessable

Cash flow impacted by expected increase in NWC

EUR **-68m**

Free cash flow[1]



EUR **76m**

Net financial debt[2]

0.3

Net financial debt/ EBITDA[3]

[1] Free cash flow before inflow from fixed-term investment in the amount of EUR 30m.
[2] 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.

Outlook

CEMA[2]

CEMA business barometer for the European agricultural equipment sector still in decline due to **rising prices** and **supply chain disruptions**.

Material, energy and shipping costs developing dynamically

CECE[2]

business barometer for the European construction equipment sector remains at a **high level** despite a **slight downturn in recent months.**

Order backlog

is well above average.

Supply chain disruptions could further increase in the short term.

Guidance for 2022 unchanged

- **Revenue** between € 1,900 and 2,100m
- **EBIT margin** between 9.0 and 10.5%
- **Investments** of approx. € 100m[1]
- **Net working capital** as a percentage of revenue at 30 percent or lower

The guidance for fiscal 2022 does not consider further implications of the war in Ukraine on the general economic climate or the health of global supply chains. Similarly, the impact of coronavirus containment measures in China is not reflected in the guidance.

[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. [2] As at April 2022

Financial calendar and contact

May 10, 2022	**Publication of Q1 report 2022, analysts‘ & investors‘ conference call**
June 3, 2022	Annual General Meeting (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**

Disclaimer

This presentation contains forward-looking statements which are based on the current estimates and assumptions by the corporate management of Wacker Neuson Group. 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 Group and its affiliated companies depend on a number of risks, uncertainties and other factors. Many of these factors, including, but not limited to, those described in disclosures, in particular in the risk report of the Company, are outside the Company's control and cannot be accurately estimated in advance, such as the future economic environment, the actions of competitors and others involved in the market-place or the legal and regulatory framework. If these risks or uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. Above and beyond legal requirements, the Company neither plans nor undertakes to update any forward-looking statements.

Contact

Wacker Neuson Group

Contact IR: +49 - (0)89 - 354 02 - 1261

ir@wackerneuson.com

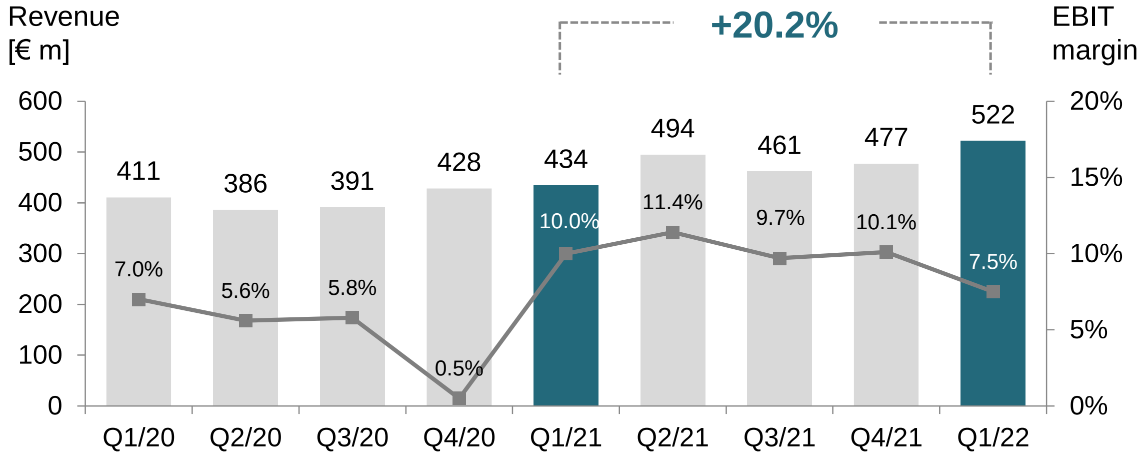
www.wackerneusongroup.com

Appendix

Revenue and earnings Q1/22

Wacker Neuson Group

Dynamic growth, profitability burdened



Income statement (excerpt)

€ m	Q1/22	Q1/21	Δ
Revenue	521.6	434.0	20.2%
Gross profit	119.8	118.5	1.1%
as a % of revenue	*23.0%*	*27.3%*	*-4.3PP*
Operating costs	-81.9	-77.3	6.0%
as a % of revenue	*-15.7%*	*-17.8%*	*-2.1PP*
EBIT	39.1	43.6	-10.3%
as a % of revenue	*7.5%*	*10.0%*	*-2.5PP*
Financial result	0.0	0.1	-100.0%
Taxes on income	-10.5	-14.6	-28.1%
Profit for the period	28.6	29.1	-1.7%
EPS (in €)	0.42	0.41	+2.4%

Comments

Revenue +20.2% yoy (adj. for currency effects: +18.4%)

- Double-digit growth in all reporting regions
- Positive development in construction and agricultural industries, business with key accounts in strong position

Gross profit +1.1% yoy (gross profit margin -4.3 PP)

- Impacted by
  - inefficiencies in production and rework as a result of overstretched and repeatedly disrupted supply chains
  - sharp rises in material, energy and transport costs
- Sale price increases unable to fully compensate for negative effects

EBIT -10.3% yoy (EBIT margin: -2.5 PP)

- Negative effects on gross profit cannot be fully compensated for
- Strong revenue growth with strict cost controls
- Operating costs (total sales, R&D and administrative expenses) as a share of revenue further reduced (-2.1 PP yoy)

Earnings per share +2.4% yoy

- Financial result balanced out
- Tax rate lower than prior year at 26.9% (Q1/21: 33.4%)

Business development by region and business segment

Wacker Neuson Group

Double-digit growth in all reporting regions

Revenue [€ m]		share	yoy	EBIT[1]
Europe	411.6	79%	+18%	37.0
Americas	90.8	17%	+33%	1.2
Asia-Pacific	19.2	4%	+16%	1.4
Q1/22	521.6	100%	+20%	39.1

Strongest growth in compact equipment segment

Revenue [€ m][2]		share	yoy
Light equipment	110.0	21%	+16%
Compact equipment	305.7	58%	+27%
Services	108.4	21%	+9%
Q1/22	524.1	100%	+20%

Comments

Revenue Europe (EMEA) +17.9% yoy (adj. for FX effects +17.6%)

- Double-digit growth rates in Germany, Austria, the UK, France, Poland and the Czech Republic drive growth
- Strong growth in excavators, wheel loaders and dumpers for the construction industry
- Positive development in Group’s own rental business
- Agricultural equipment business also well up on previous year (+32.2%)

Revenue Americas +32.9% yoy (adj. for FX effects +23.7%)

- Positive development in USA and Canada continues
- Strong growth in worksite technology products, including generators and light towers, as well as in excavators and compact track loaders
- Strong demand from key accounts

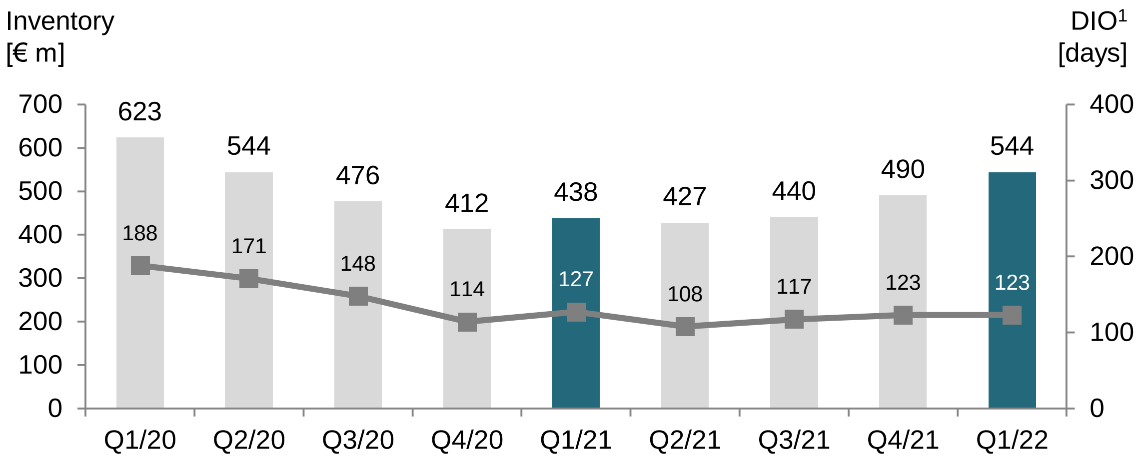
Revenue Asia-Pacific +16.4% yoy (adj. for FX effects +12.7%)

- Continuation of strong growth in Australia, particularly in excavators and rollers
- Market conditions remain challenging in China

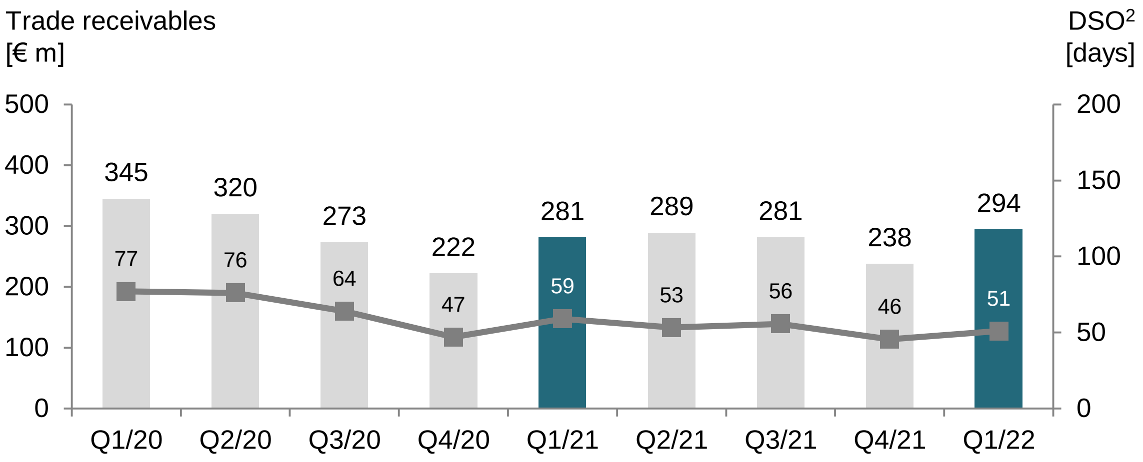
[1] EBIT for regions before consolidation.
[2] Revenue by business segment before cash discounts.

Increase in inventory and receivables drive NWC

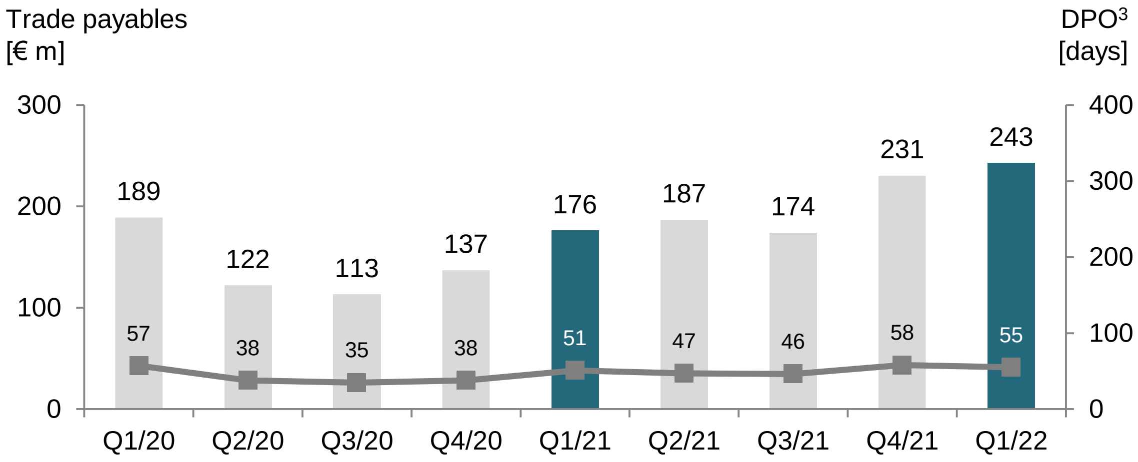
Inventories



Trade receivables



Trade payables



Comments

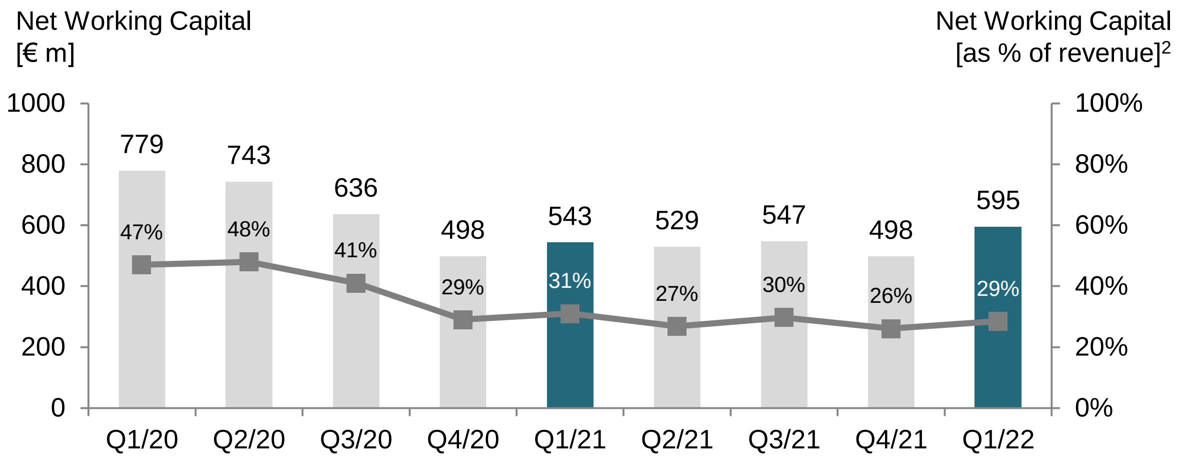
- Significantly higher inventory of unfinished machines, materials and components as a result of overstretched and repeatedly disrupted supply chains
- Trade receivables significantly higher than at the end of 2021 due to strong revenue growth
- Trade payables at a high level

➡ Net working capital ratio[4] within strategic target range of ≤ 30%

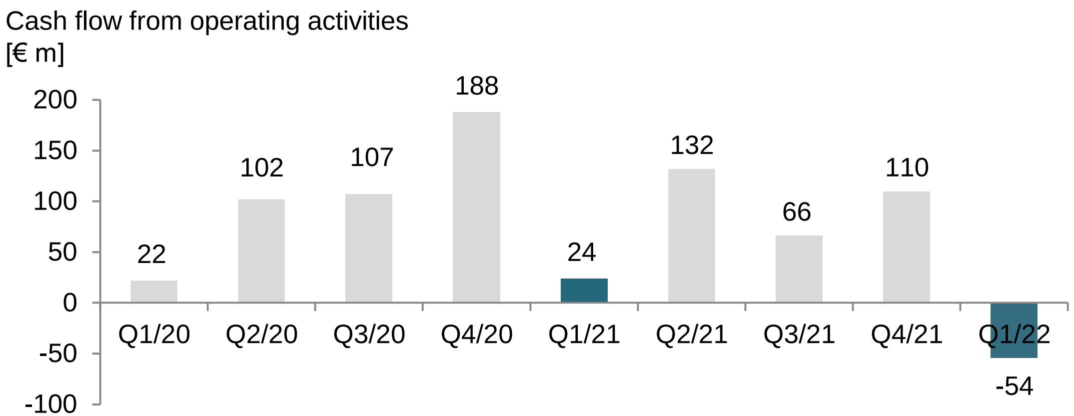
[1] Days inventory outstanding = (inventory/(cost of sales*4))*365 days;
[2] Days sales outstanding = (receivables/(revenue*4))*365 days;
[3] Days payables outstanding = (payables/(cost of sales*4))*365 days.
[4] Net working capital as a % of annualized revenue for the quarter.

Cash flow impacted by expected increase in NWC

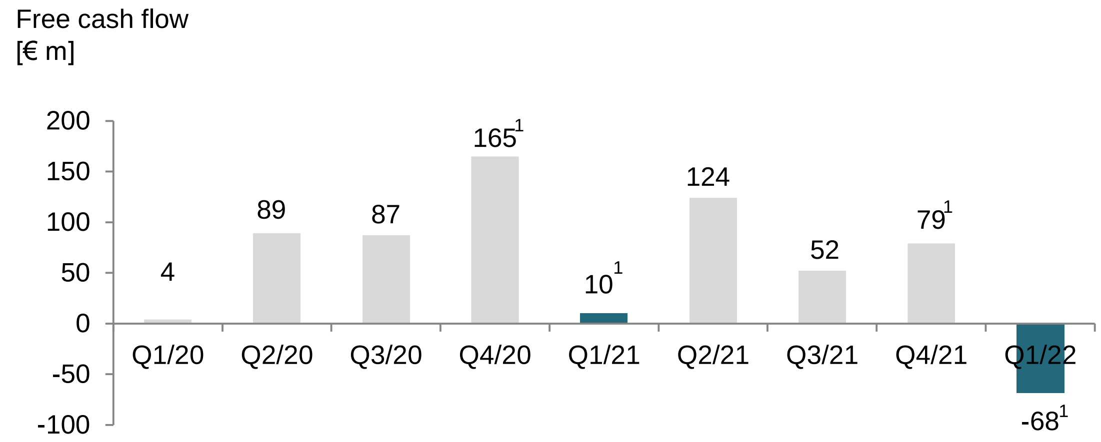
Net working capital



Cash flow from operating activities



Free cash flow



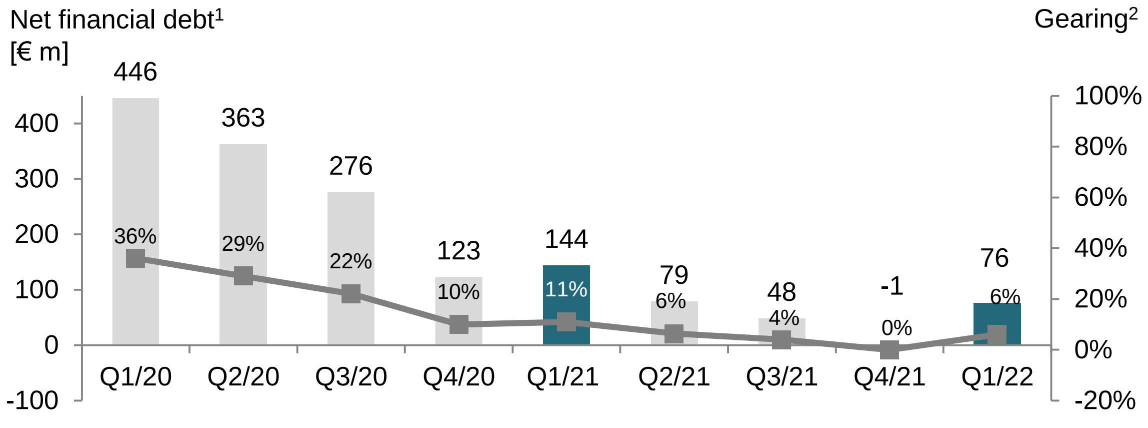
Comments

- Net working capital ratio within the strategic target range of ≤ 30% despite the significant build-up of inventory and rise in trade receivables relative to year-end
- Investments in the first quarter still behind schedule; cash flow from investment activities impacted by the discontinuation of a fixed-term investment (inflows of € 30 m; Q1/21: outflows of € 100 m)
- Expected increase in NWC impacts cash flow development in the first quarter; Free cash flow before above-mentioned fixed-term investment at € -68.4 m (Q1/21: € 9.8 m); free cash flow (reported) at € -38.4 m (Q1/21: € -90.2 million).

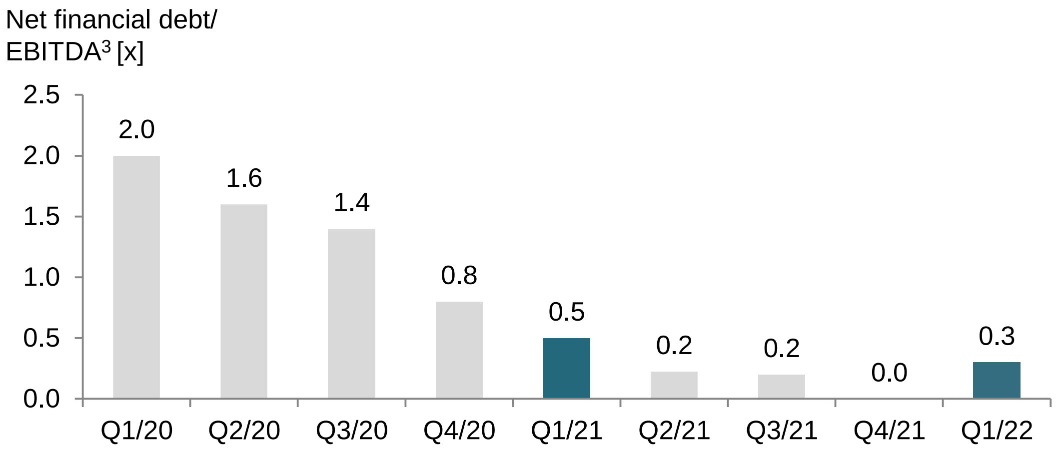
[1] Before outflows from fixed-term investments amounting to € 15 m in Q4/20, € 100 m in Q1/21 and € 15 m in Q4/21 as well as inflows of € 30 m in Q1/22. [2] Net working capital as a % of annualized revenue for the quarter.

Solid financing structure, further increase in equity ratio

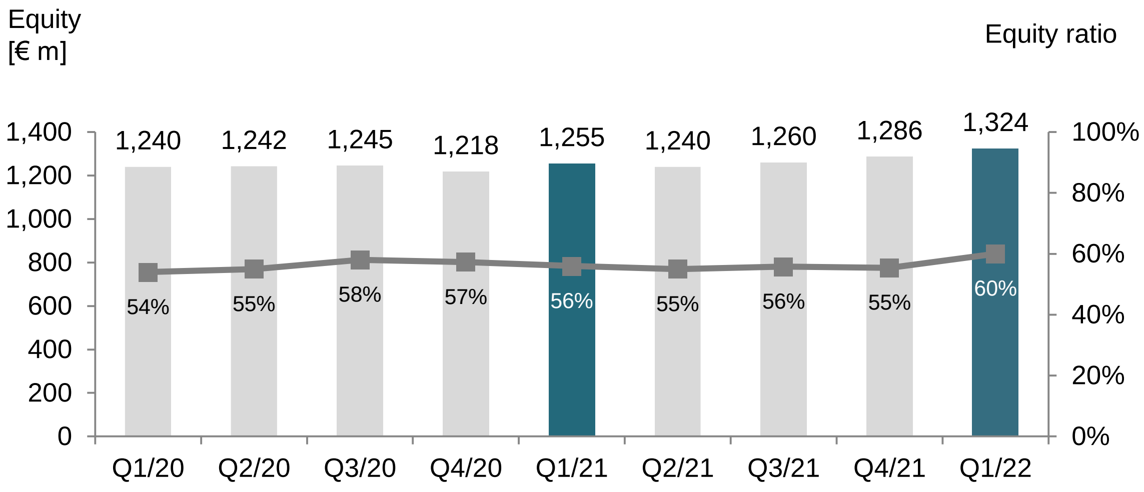
Net financial debt and gearing



Net financial debt/EBITDA[3]



Equity and equity ratio



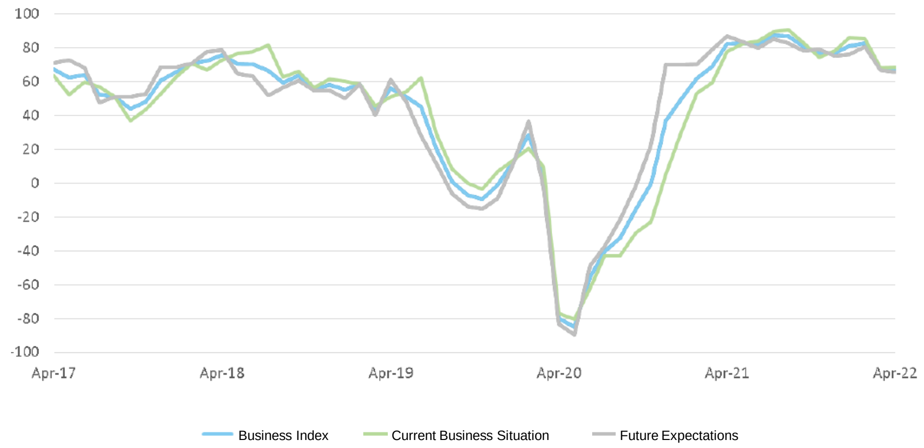
Comments

- Slight increase in net financial debt[1] due to negative cash flow development in the first quarter; gearing[2] still low at 5.7%
- Repayment of a euro promissory note (Schuldschein) in the amount of € 125 m as scheduled; early partial repayment of a USD promissory note in the amount of USD 40 m
- Equity ratio rises to 59.7%
- Dividend proposal for the AGM on June 3, 2022: € 0.90 per share (PY: € 0.60 per share)

[1] Long- and short-term borrowings + current portion of long-term borrowings - cash and cash equivalents - fixed term investments with terms of less than one year. [2] Net financial debt/equity. [3] Net financial debt/annualized EBITDA for the quarter.

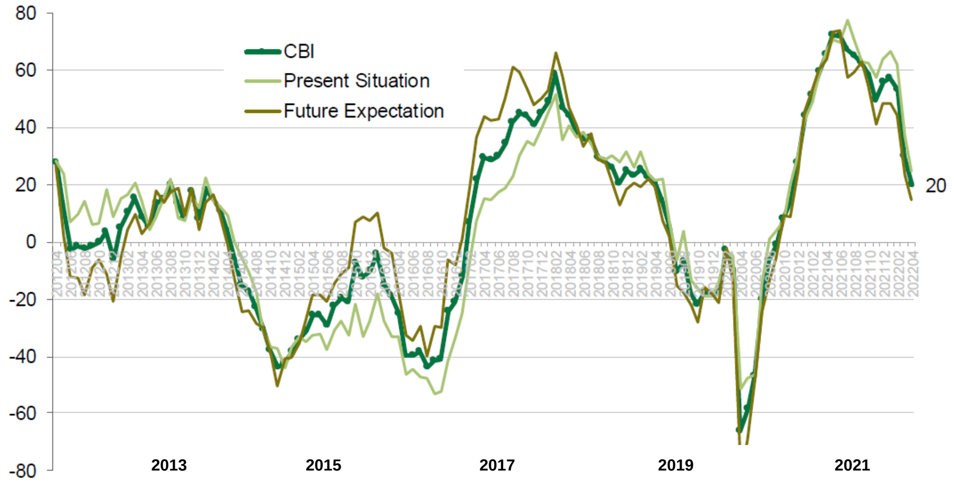
Outlook: Dynamic demand, overstretched supply chains

Construction: CECE business barometer remains at high level



Source: CECE (Committee for European Construction Equipment), April 2022.

Agriculture: CEMA business barometer recently on the decline



Source: CEMA (European Agricultural Machinery Industry Association), April 2022.

Outlook

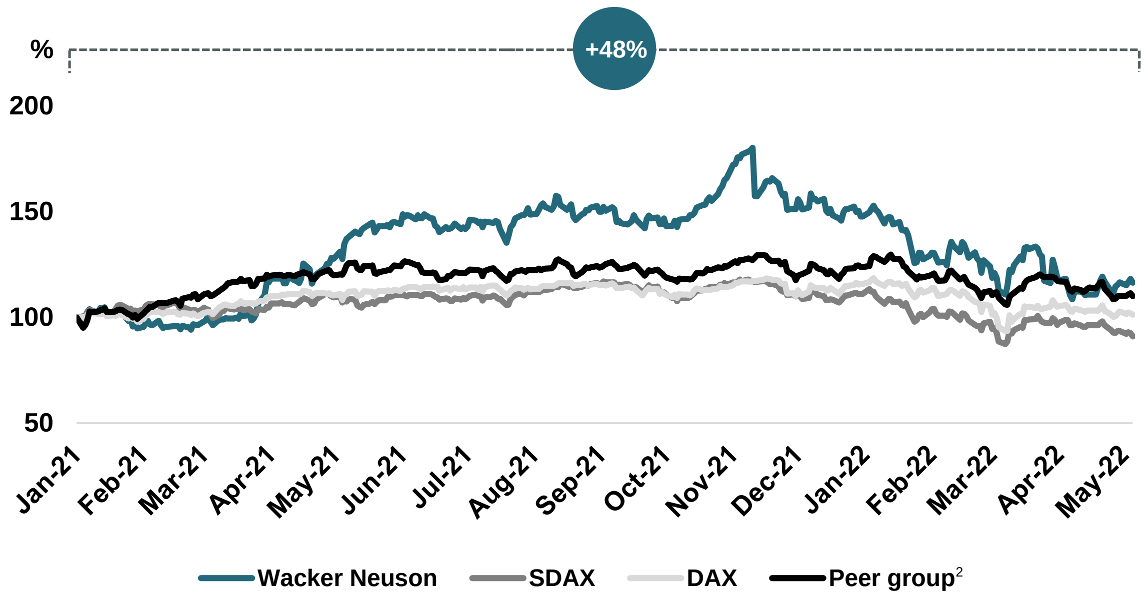
- **CECE business barometer** for the European construction equipment sector **at a high level** despite slight downturn in recent months
- **CEMA business barometer** for the European agricultural equipment sector still in decline due to **rising prices** and **supply chain disruptions**.
- **Mood in important end markets** for Wacker Neuson Group remains highly positive; dynamic development of **order intake** and **order backlog** is well above average.
- **Risk situation more pressing:**
  - Supply chain disruptions could further increase in the short-term
  - Material, energy and shipping costs developing dynamically
  - Further implications of war in Ukraine and coronavirus measures in China not predictable
- **Revenue and earnings forecast for 2022 unchanged**
  - **Revenue** between € 1,900 and 2,100 m
  - **EBIT margin** between 9.0% and 10.5%
  - **Investments** of approx. € 100 m[1]
  - **Net working capital** as a percentage of revenue at 30 percent or lower

The guidance for fiscal 2022 does not consider further implications of the war in Ukraine on the general economic climate or the health of global supply chains. Similarly, the impact of coronavirus containment measures in China is not reflected in the guidance.

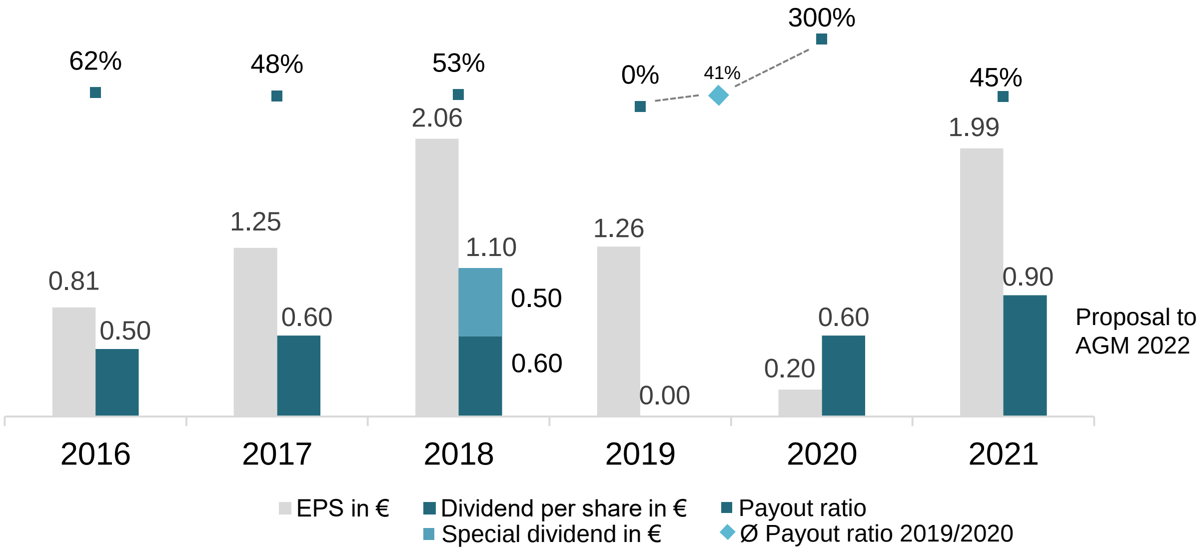
[1] Investments in property, plant and equipment and intangible assets. Investments in the Group's own rental equipment, purchases of investments and investments in financial assets are not included.

Share development

The share in 2021/2022[1]



Dividend payout



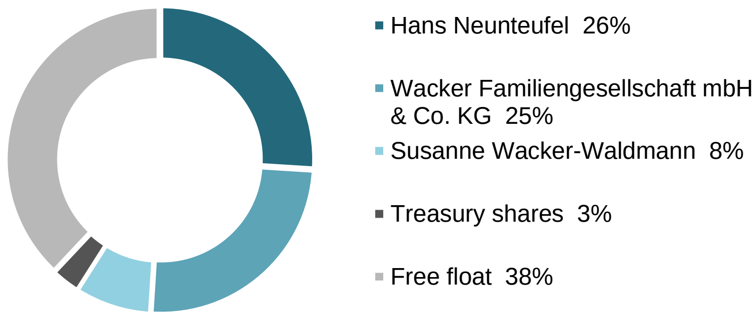
Key figures per share

in €	Q1/22	Q1/21
Earnings per share	0.42	0.41
Book value per share	18.88	17.90
Share price at end of period	20.32	20.40
Market capitalization (€ m)	1,425.2	1,430.9

Coverage[3]

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	33.00	Buy	Mar. 30, 2022
Montega	32.00	Hold	Oct. 26, 2021
Warburg	31.00	Buy	Mar. 31, 2022
Jefferies	31.00	Buy	Mar. 29, 2022
Commerzbank	29.00	Buy	Apr. 06, 2022
Berenberg	29.00	Buy	Oct. 21, 2022
Metzler	28.00	Buy	Mar. 30, 2022
Kepler Cheuvreux	16.00	Reduce	Apr. 13, 2022

Shareholder structure[4]



(Total shares: 70,140,000)

[1] As at May 5, 2022 [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 May 6, 2022. [4] As of May 5, 2022 based on the latest publications in accordance with WpHG reporting requirements