



Wacker Neuson Group – H1/2024 Earnings Call & Webcast

Dr. Karl Tragl (CEO), Christoph Burkhard (CFO)
August 13, 2024



**Wacker Neuson
Group**

Overview H1/2024 // Q2/2024¹

H1/2024				Q2/2024			
Revenue	EBIT margin	NWC ratio ²	FCF	Revenue	EBIT margin	NWC ratio ²	FCF ¹
€ 1,204.8 m	7.0%	37.0%	€ 4.5 m	€ 611.7 m	7.7%	37.0%	€ 29.6 m
(-11.8% YoY)	(py: 12.9%)	(py: 31.6%)	(py: € -30.5 m)	(-12.5% YoY)	(py: 12.7%)	(py: 31.6%)	(py: € -13.4 m)



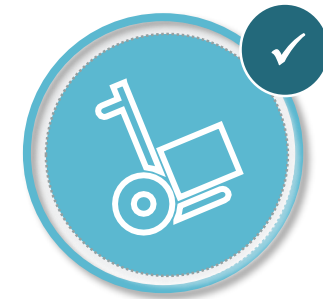
Revenue -11.8% compared to H1/2023, persistently weak demand



EBIT margin increases in Q2/2024 by 1.5PP compared to Q1/2024 (6.2%), but lower profitability YoY due to decreased revenue and reduced plant capacity utilization



Despite inventory reduction in H1/2024 NWC ratio² still high on June 30, 2024; mainly driven by lower trade payables



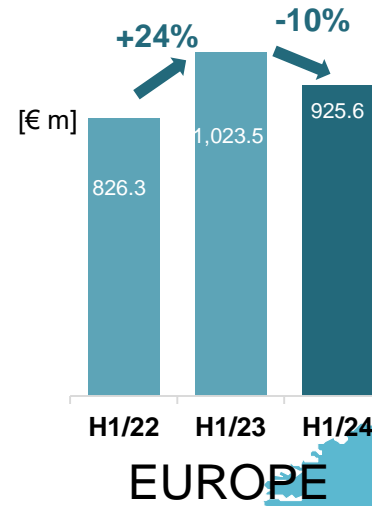
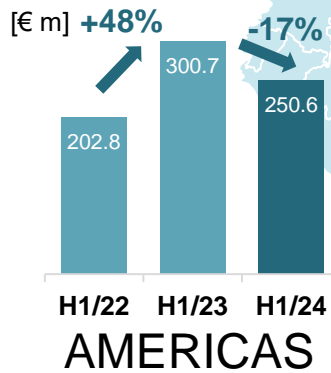
Supply chain more relaxed than in the previous year, but economic outlook still uncertain

¹ Please note the rounding differences in the presentation. ² Net Working Capital in % of the annualized revenue.

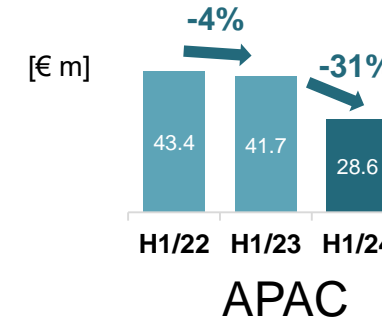
Persistently low demand in all regions



21%
of Group sales¹



77%
of Group sales¹

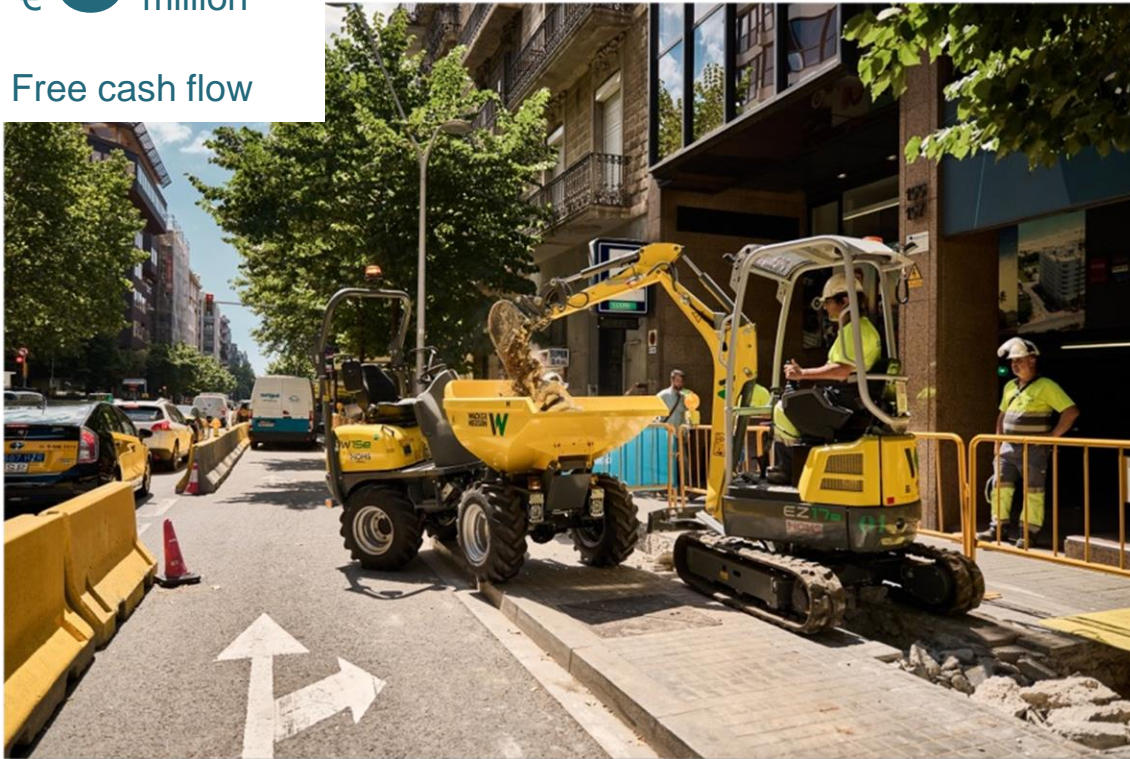


¹ H1/2023: Americas 22%; Europe 75%; APAC 3%.

Inventory reduction leads to positive free cash flow in H1/2024

€ **5** million

Free cash flow



€ **466** million

Net financial debt¹






1.3

Net financial debt /
EBITDA²

¹ Net financial debt = Non-current financial liabilities + Current liabilities to banks
+ Current portion of non-current liabilities - Cash and cash equivalents.
² Net financial debt/ annualized EBITDA for the quarter.

Our measures to be fit for 2025

Actions for earnings improvement and addressing current market dynamics

Focus	Measures	Initial Results
Costs 	<ul style="list-style-type: none"> • Adjustment of production output • Lower personnel expenses: <ul style="list-style-type: none"> • Reduction of temporary workforce in the plants • Short-time working and similar adjustment measures (e.g. qualification programs) • Job cuts, e.g. through volunteer programs • Further cost savings from other operating expenses, i.e. planned spending for IT, energy, marketing and travel 	<ul style="list-style-type: none"> • Ongoing Gross profit margin improvement, +2.2 PP since Q4/2023 • Reduction of workforce by 485 employees or 7% since year-end 2023 • Despite lower revenues SG&A ratio already declined from 16.7 percent to 16.3 percent in Q2 2024 (before one-off effects)
Sales 	<ul style="list-style-type: none"> • Launch of sales initiatives • Expansion of the Rental business and rental equipment sale • Growth in Spare parts & Services business • Promotion of financing programs for dealers and end customers • Additional revenue potential with new products (i.e DV125) 	<ul style="list-style-type: none"> • Revenue Services +3% (including Rental business) compared to H1/2023
NWC / Free Cashflow 	<ul style="list-style-type: none"> • Increased sales of finished goods from inventory • Deliveries and supply chains adjusted while safeguarding strategic components (i.e. engines, hydraulics) 	<ul style="list-style-type: none"> • Inventory reduction amounting to € 48.2 million in H1/2024 (H1/2023: inventory build-up) • Positive free cash flow amounting to € 4.5 million in H1/2024 (improvement of € 35 million vs. H1/2023)

In total earnings contribution of more than € 40 million for 2024

OUR VISION

Our innovative solutions drive technological change.

OUR PURPOSE

We make a strong contribution to sustainable construction and agriculture.

OUR MISSION

We make our customers more productive than anyone else in the market.

STRATEGIC PERSPECTIVES

> 11 %
EBIT MARGIN






€ 4 billion
REVENUE

≤ 30 %
NWC

STRATEGIC LEVERS

- 1 Light Equipment Market Leadership
- 2 zero emission Solution
- 3 Time to market and innovation
- 4 Americas Growth Strategy
- 5 Asia and Low-regulated Markets
- 6 Digitalization and Automation
- 7 Cost, Operations and Footprint Optimization
- 8 Aftermarket and Services
- 9 Sustainability Actions
- 10 Best Company to work for

OUR LEADERSHIP PRINCIPLES

-  "We assume responsibility."
-  "We believe in mutual respect."
-  "We continue to develop."
-  "We act as coaches."
-  "We celebrate success."

OUR VALUES











Reliability Safety Efficiency Sustainability

OUR BUSINESS OBJECTIVE

Machines and solutions for construction and agriculture

Action items per strategic lever ensure strategy execution

Wacker Neuson Group Strategic Levers 2030

		2023		2024		2025		2026	...
1) Light Equipment Market Leadership		Introduction of new rollers and plates ✓		Introduction of new rammers ✓		Battery One implementation		Reach light equipment market share target, especially for plates & rammers	
2) zero emission Solutions		zero emission telehandler market introduction ✓		Ecosystem (incl. Customer days, battery check, Apps, etc.) as sales boost ✓		Further expansion in North America		zero emission portfolio extension in the most promising segments	
3) Time to Market and Innovation		Introduction of various test & validating facilitates ✓		Introduction of innovative & efficient flagship models, e.g. Kramer Premium Wheel Loader & Telehandler ✓		Measures for reduced time to market in pre-development and project management implemented		Continued product initiatives & innovations	
4) Americas Growth Strategy		Mini skid steer product range expansion ✓		Milestones sales channel mix and product cost reductions ✓		Ramp-up John Deere excavator from Linz factory		Ramp-up John Deere excavator from US factory	
5) Asia and Low-regulated Markets Growth		Ramp-up mini excavator production for low-regulated export markets and introduction of global Enar products from China ✓		Introduction Mini Skid Steer Loader for low-regulated export markets ✓		Supply of mini excavator from China for global export markets, including Europe		Further ramp-up of Compact Machinery for export markets	
6) Digitalization and Automation		Various new features for ePartner, the digital order platform for dealers introduced and milestones in channel shift reached ✓		S/4HANA implementation as enabler for digitalization ✓		WNG owned telematic back-end solution launched as a basis for further growth with digital products			
7) Cost, Operations and Footprint Optimization		New Serbia steel plant lays basis for optimal in-house supply of steel components ✓		Cost down measures to take effect, resulting from structured cost down projects ✓		Cost down measures to take effect, resulting from structured cost down projects		Plants to reach optimal capacity level in terms of unit-output and cost position	
8) Aftermarket and Services		Completion of building & construction of warehouse technology for the new spare parts hub in Mülheim-Kärlich ✓		Go-live of European aftermarket operations from new hub in Mülheim-Kärlich to increase spare parts turnover ✓		Execution of the attachment Strategy to increase take rate and turnover		Extended Americas aftermarket operations implemented to support growth	
9) Sustainability Actions		>40% CO2 reduction vs. 2019* and installation of photovoltaic-systems ✓		CSRD-readiness & definition of further sustainability targets ✓		Reduced CO2 emission by 50% compared to 2019*			
10) Best Company to work for		Signing of collective agreement as well as of the charter of diversity as basis for employer attractiveness ✓				Execution of HR- and people-strategy, including measures with regards to employer branding, employee benefits, diversity and other measures according to HR Roadmaps			

Milestones in the implementation of the Strategy 2030

Strategic Levers 2030

Digitalization and Automation

SAP S/4 HANA went live on May 12, 2024:

- Successful transition of all systems
- Increased use of the central database structure planned for further **digitalization opportunities**



M&A

Focus on transactions to support core business optimization:

- **TorqueWerk GmbH:** Integration of the TorqueWerk-components in the LE portfolio to increase the efficiency of the machines (thus realizing cost savings in the components and peripherals)
- **Weidemann Nederland B.V.:** Optimized market development in the Netherlands, as one of the important sales markets, and gaining additional channels into agriculture
- **Axor Mietservice GmbH:** Enabling business expansion with German track construction customers



Aftermarket & Services

Opening of the new logistics centre in Mülheim-Kärlich:

- Area of 55,000 square meters offers sufficient space for around 100,000 different spare parts for light and compact equipment
- Location between Frankfurt am Main and Cologne/Bonn airports enables optimal connections to international transport networks



Business outlook

Order books decrease further



CECE¹

business climate index for the European construction equipment
no stabilization of order intake in sight

High trade policy uncertainty



CEMA¹

Business climate index for the European agricultural machinery sector remains negative, recessive environment

Guidance for 2024:

- Revenue between € 2,300 and 2,400 million
- EBIT margin between 6.0% and 7.0%
- Investments around € 100 million²
- Net working capital ratio around 34%

¹ As of July 2024.

² Investments in property, plant and equipment and intangible assets. Investments in the Group's own rental portfolio, equity investments and financial assets are not included.

Nobody is perfect, but a team can be!



Financial calendar and contact

25 September 2024

Berenberg Goldman Sachs German Corporate Conference, Munich

14 November 2024

Publication of Nine-month Statement 9M/2024, Earnings call

November 2024

German Equity Forum, Frankfurt



Disclaimer

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Contact

Wacker Neuson SE Investor Relations

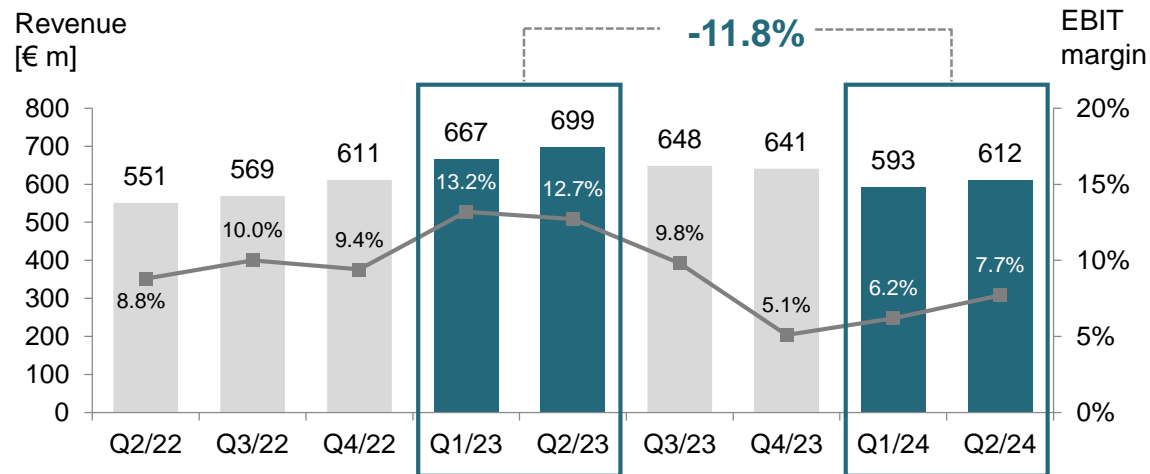
+49 - (0)89 - 354 02 – 1823
ir@wackerneuson.com

www.wackerneusongroup.com

Appendix

Revenue and profitability – H1/2024

Declining growth and profitability, strained market



Profit and loss statement (excerpt)

€ m	H1/24	H1/23	Δ
Revenue	1,204.8	1,365.9	-11.8%
Gross profit	285.7	344.6	-17.1%
<i>as a % of revenue</i>	<i>23.7%</i>	<i>25.2%</i>	<i>-1.5PP</i>
Operating costs¹	-201.9	-167.9	20.3%
<i>as a % of revenue</i>	<i>-16.8%</i>	<i>-12.3%</i>	<i>-4.5PP</i>
EBIT	83.8	176.7	-52.6%
<i>as a % of revenue</i>	<i>7.0%</i>	<i>12.9%</i>	<i>-5.9PP</i>
Financial result	-8.7	-3.8	>100.0%
Taxes on income	-20.4	-46.9	-56.5%
Profit for the period	54.7	126.0	-56.6%
EPS (in €)	0.80	1.85	-56.8%

¹ Including other operating income / other operating expenses.

Comments on H1/2024

Revenue -11.8% YoY (adj. for FX effects -11.7%)

- Persistently weak demand in the construction and agriculture industries
- Decreasing order intake, current order book covers less than one quarter

Gross profit -17.1% YoY (Gross profit margin -1.5 PP)

- Market demand decrease only partially offset through cost reduction in production
- Gross profit margin in H1/2024 decreases YoY, driven by volume effects and underutilization costs

EBIT -52.6% YoY (EBIT margin: -5.9 PP)

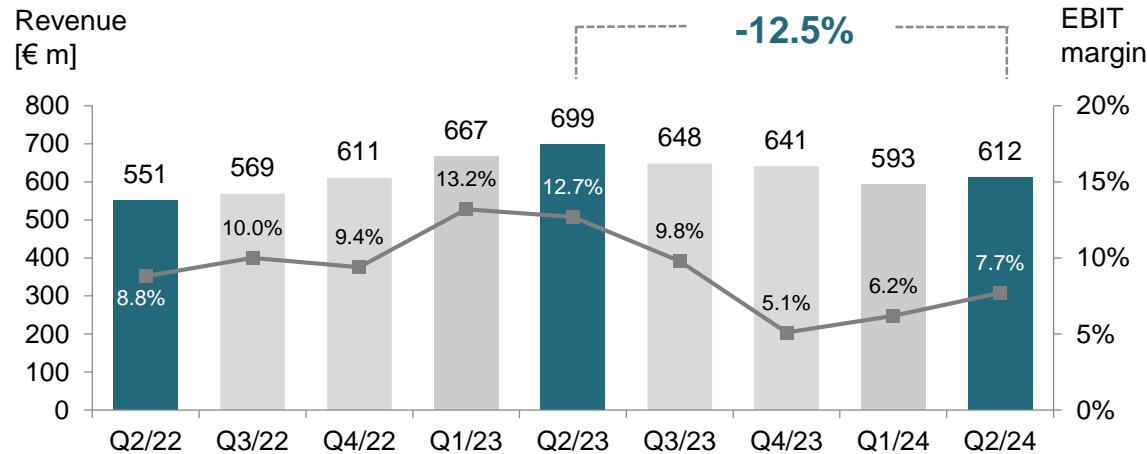
- EBIT margin in H1/2024 mainly impacted by lower gross profit margin
- Operating costs increase as a result of increased personnel expenses and a one-off effect in H1/2024 (onboarding of Mülheim-Kärlich)
- Other operating income amounting to € 26.5 million is included in H1/2023 (responsible for additional +1.9 PP in the EBIT margin)

Earnings per share -56.8% YoY

- Financial result driven by interest result of € -9.9 million (H1/2023: € -4.3 million), higher interest expenses due to higher net financial debt
- Tax rate of 27.2% comparable to previous year (H1/2023: 27.1%)

Revenue and profitability – Q2/2024

Persistently low demand, but profitability increases QoQ



Profit and loss statement (excerpt)

€ m	Q2/24	Q2/23	Δ
Revenue	611.7	698.7	-12.5%
Gross profit	146.9	177.3	-17.1%
<i>as a % of revenue</i>	<i>24.0%</i>	<i>25.4%</i>	<i>-1.4PP</i>
Operating costs¹	-100.0	-88.4	13.1%
<i>as a % of revenue</i>	<i>-16.3%</i>	<i>-12.7%</i>	<i>-3.6PP</i>
EBIT	46.9	88.9	-47.2%
<i>as a % of revenue</i>	<i>7.7%</i>	<i>12.7%</i>	<i>-5.0PP</i>
Financial result	-3.7	-1.2	>100.0%
Taxes on income	-11.7	-24.1	-51.5%
Profit for the period	31.4	63.6	-50.6%
EPS (in €)	0.46	0.94	-51.1%

¹ Including other operating income / other operating expenses.

Comments on Q2/2024

Revenue -12.5% YoY (adj. for FX effects: -11.7%)

- Weak demand persists longer than anticipated at the beginning of the year
- Agriculture also affected by the weak economy

Gross profit -17.1% YoY (gross profit margin -1.4 PP)

- Market demand decrease only partially offset through cost reduction in production

EBIT -47.2% YoY (EBIT margin: -5.0 PP)

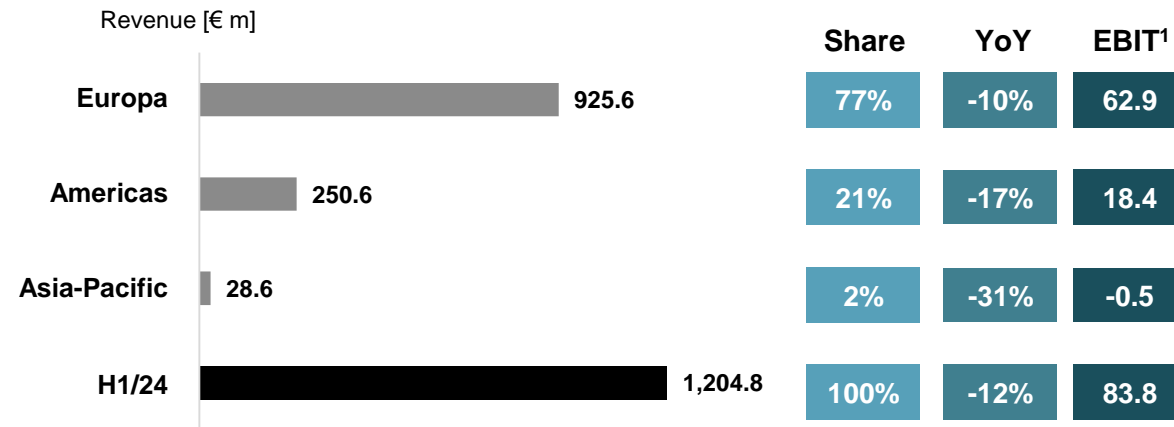
- EBIT margin decreases YoY, mainly because of volume effects and underutilization costs
- Other operating income amounting to € 11.0 million contributed +1.6 PP to the EBIT margin in Q2 2023

Earnings per share -51.1% YoY

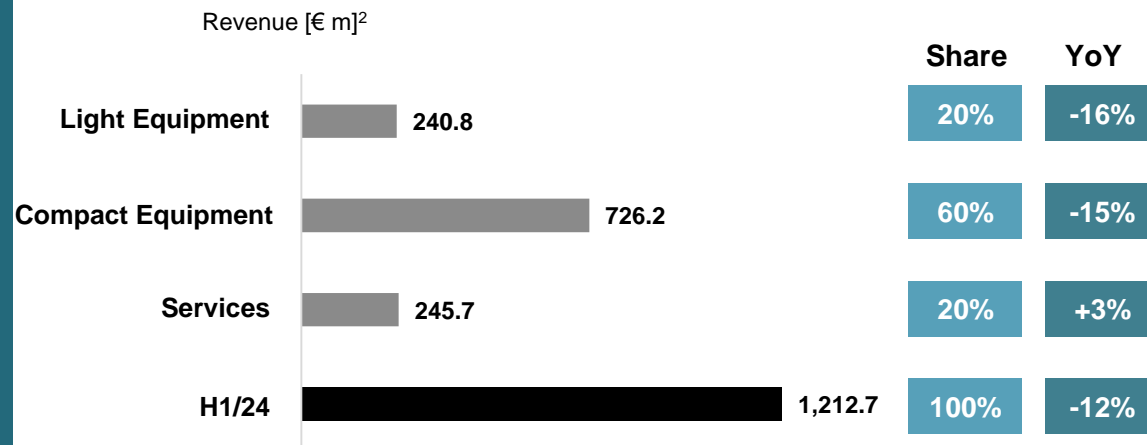
- Financial result driven by higher interest expenses YoY
- Tax rate of 27.1% lower than in the previous year (Q2/2023: 27.5%)

Development of regions and business areas

All regions affected by persistent weak market demand



Positive development of the services business segment



¹ EBIT for regions before consolidation amounting to € 3.0 million (H1/2023: € -34.3 million);

² Revenue incl. cash discounts amounting to € 7.9 million (H1/2023: € 9.0 million).

Comments on H1/2024

Revenue Europe (EMEA) -9.6% YoY (adj. for FX effects -9.6%)

- Revenue decrease in Germany
- Demand increase in France, Spain and Portugal
- Mixed market developments in Eastern and Northern European markets
- Agricultural business also declined in H1/2024 (-6.1% YoY)

Revenue Americas -16.7% YoY (adj. for FX effects -16.7%)

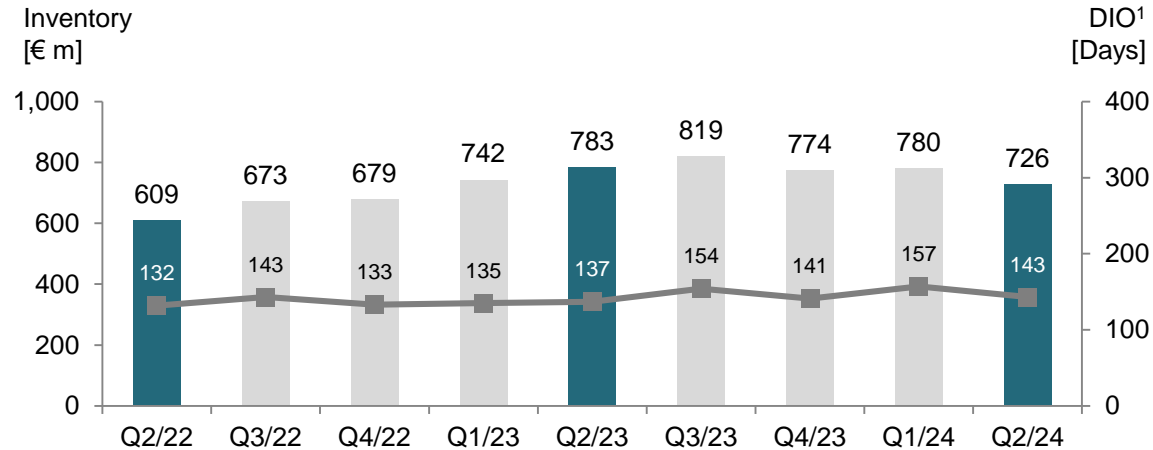
- Declining customer demand in the USA and Canada, demand in Mexico slightly above the previous year's level
- Negative market trend, comparable to the rest of the world

Revenue Asia-Pacific -31.4% YoY (adj. for FX effects -29.5%)

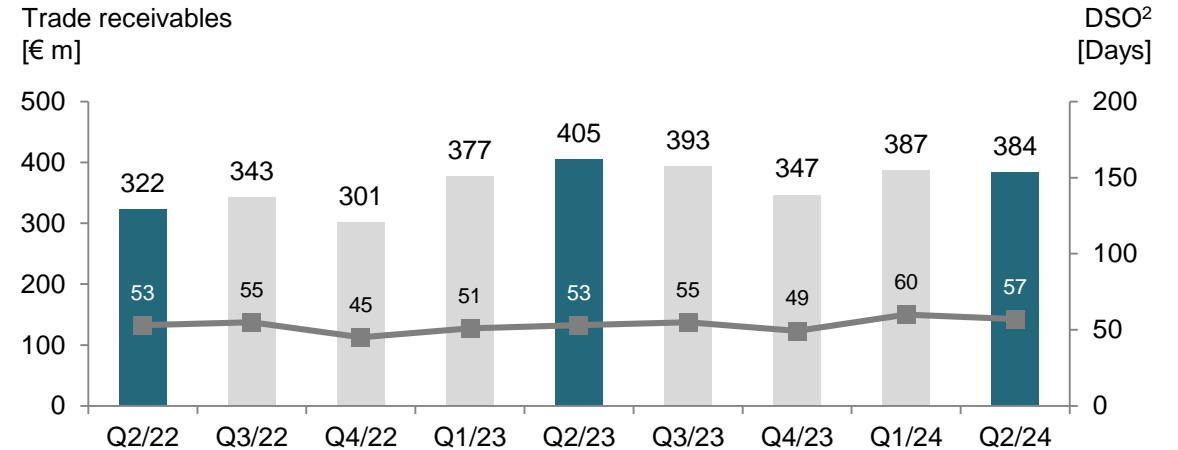
- Revenue decrease driven by significantly weaker demand in Australia and China
- Product demand in Southeast Asia increases

Successful inventory reduction in Q2 2024

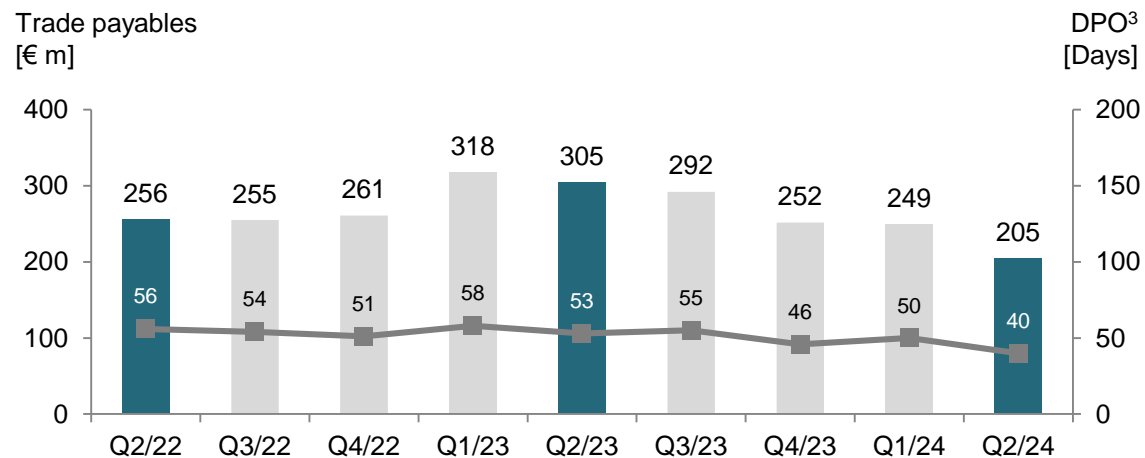
Inventories



Trade receivables



Trade payables



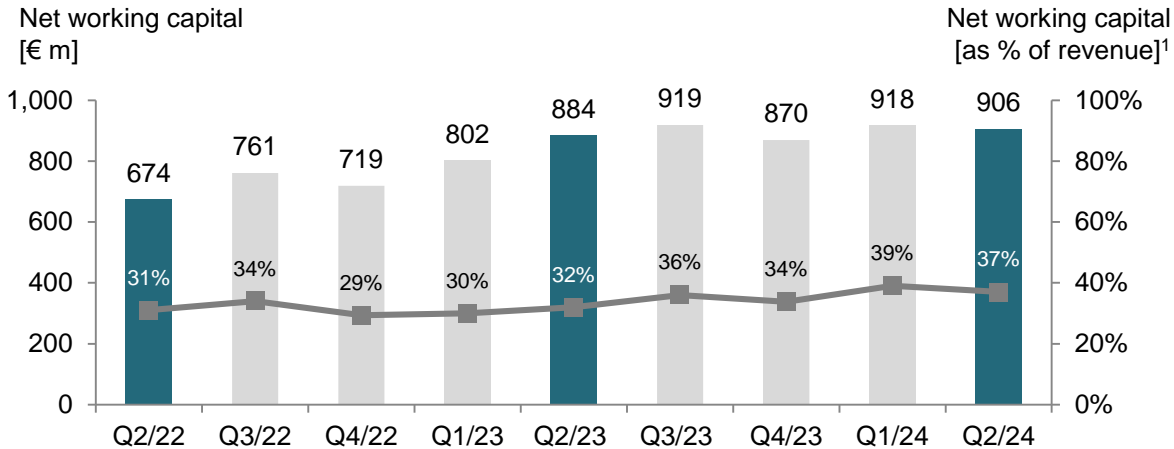
Comments

- **Inventories** reduced by 6.2% since year-end 2023, driven by reduction in raw materials (-13.2%) and finished goods (-4.5%)
- **Trade receivables** increase by 10.8% compared to December 31, 2023, partially because of utilization of longer payment terms
- **Trade payables** decrease compared to December 31, 2023 due to lower purchasing volume of production plants

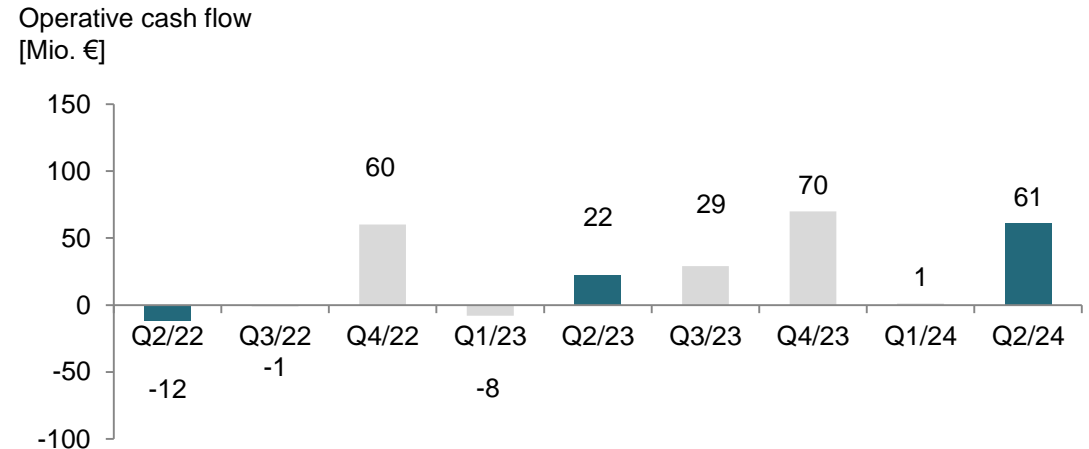
¹ Days inventory outstanding (ann.) = (inventory/(cost of sales*4))*365 days. ² Days sales outstanding (ann.) = (receivables/(revenue*4))*365 days. ³ Days payables outstanding (ann.) = (payables/(cost of sales*4))*365 days.

NWC ratio decreases, driven through inventory reduction

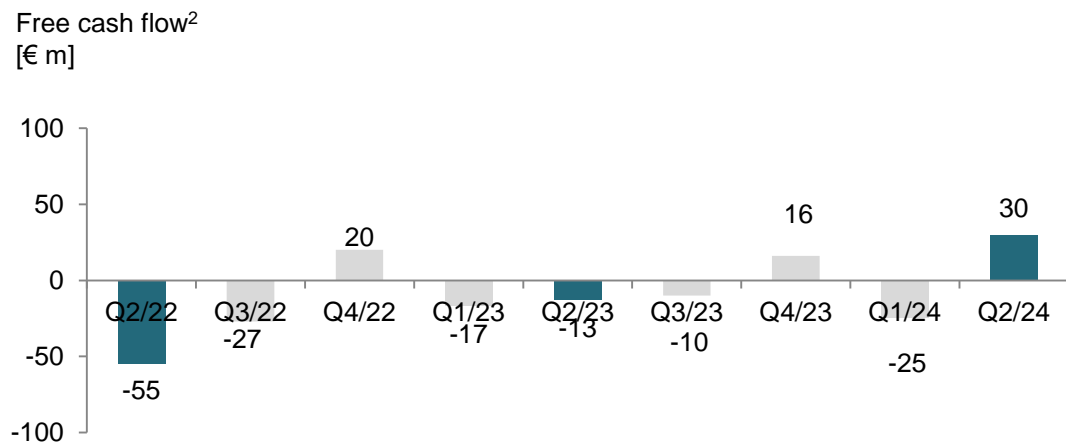
Net Working Capital



Operative cash flow



Free cash flow



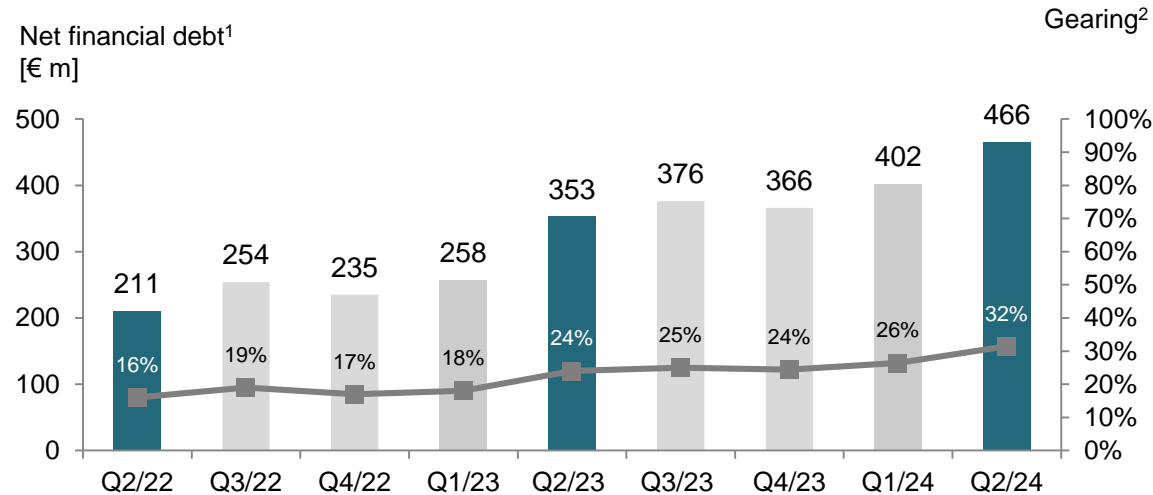
Comments

- Annualized **net working capital ratio** of 37.0% still elevated, mainly due to lower trade payables
- Operative cash flow** amounting to € 62.7 million in H1/2024 (H1/2023: € 14.6 million), driven by inventory reduction in H1/2024 (inventory increase in H1/2023)
- Investments** amounting to € 48.3 million in H1/2024 (-30.2% YoY), thereof € 27.5 million in property, plant and equipment and € 20.8 million in intangible assets
- Free cash flow** positive in H1/2024 and above the previous year, as a result of the higher operative cash flow

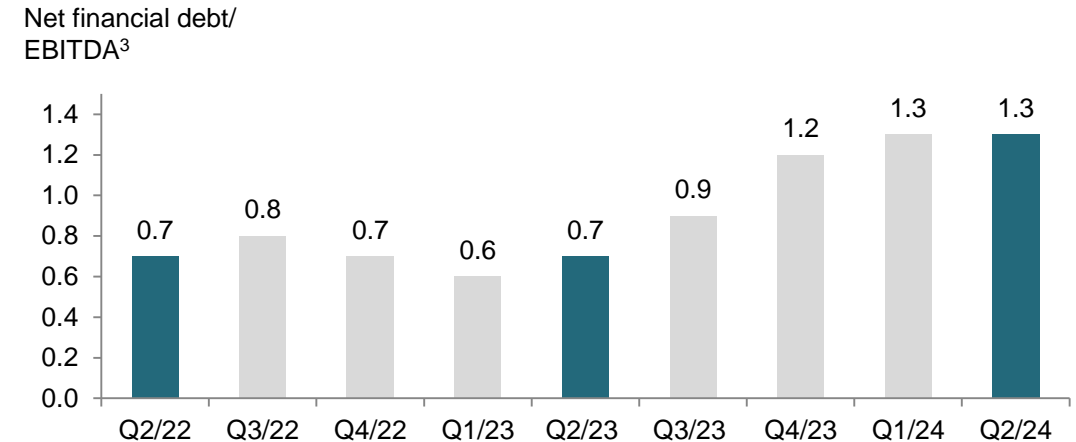
¹ Net working capital as a % of annualized revenue for the quarter. ² Before outflows or inflows from time deposits

Still robust financial structure with slightly lower equity

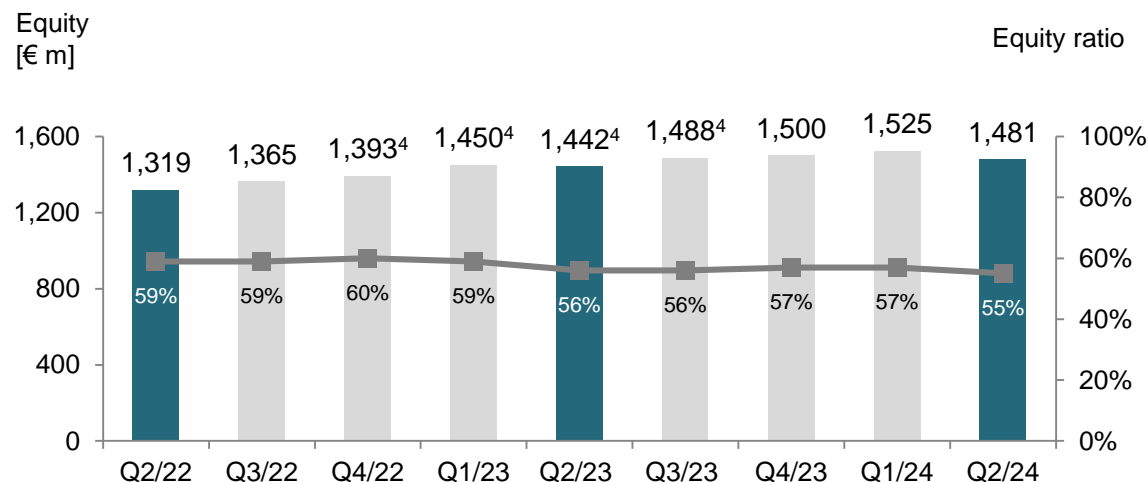
Net financial debt¹ and gearing²



Net financial debt/EBITDA³



Equity and equity ratio



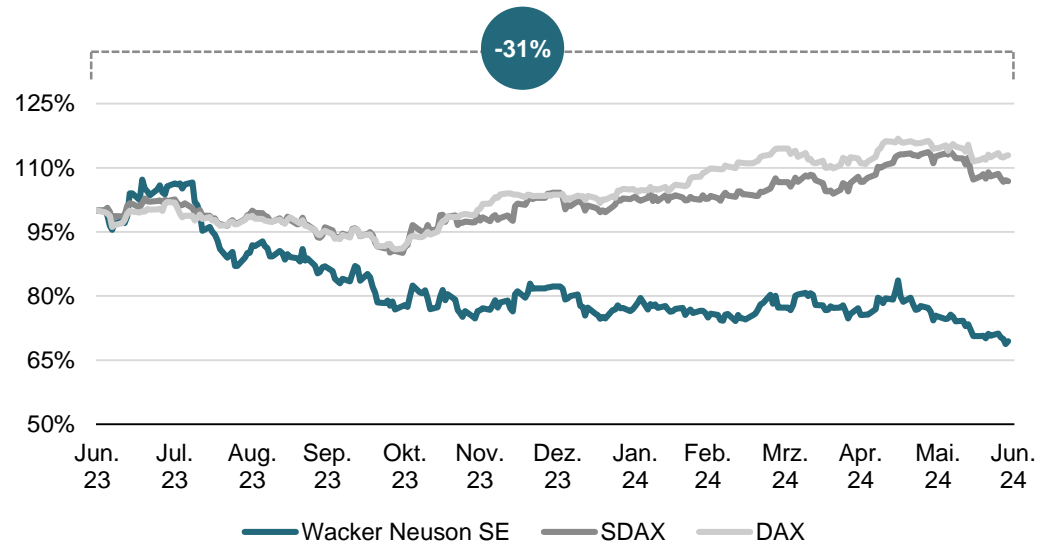
Kommentar

- Higher **net financial debt**¹ (+27.3%) since the year-end 2023, mainly due to increased utilization of money market credit lines and issue of a new promissory note (€ +100.0 million) – partially offset by repayment of an old promissory note (€ -70.0 million)
- Equity** slightly decreased since the year-end 2023 (-1.2%) due to dividend payout and partially offsetting net income, **equity ratio** slightly lower by the end of Q2/2024 as well
- Gearing**² increased by 9 PP since the year-end 2023 due to higher net financial debt and lower equity

¹ Net financial debt = Non-current financial liabilities + Current liabilities to banks + Current portion of non-current liabilities - Cash and cash equivalents. ² Net financial debt/equity. ³ Net financial debt/annualized EBITDA for the quarter. ⁴ Correction amounting to c. € -2 million.

The Wacker Neuson SE share

Share price development vs. relevant indices¹



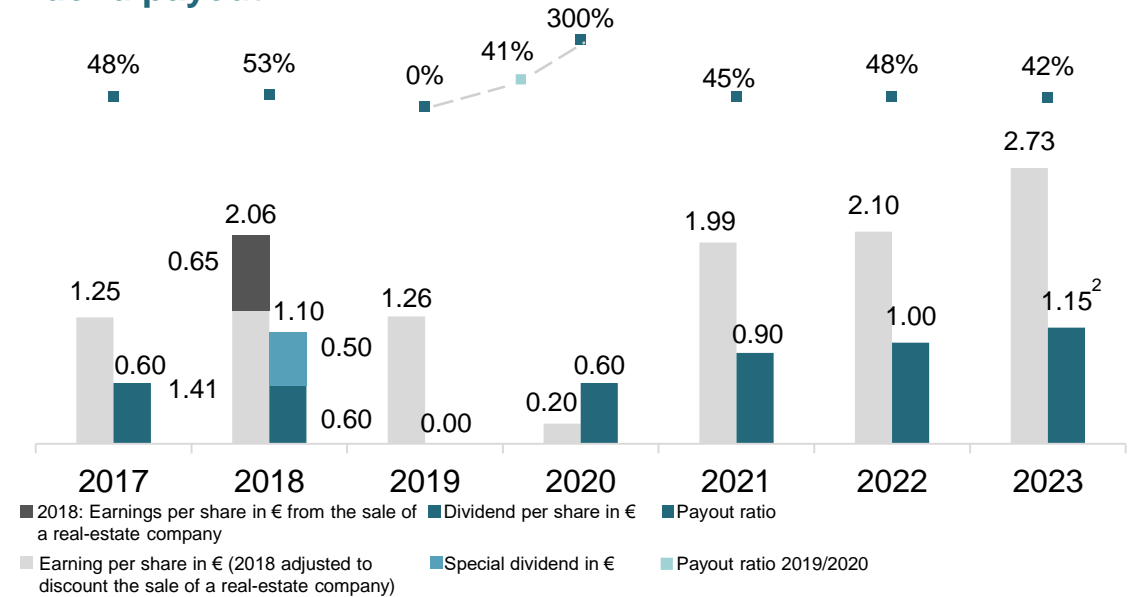
Key figures per share

in €	31.12.23	31.12.22
Earnings per share	2.73	2.10
Book value per share	21.38	19.85
Share price at end of period	18.26	16.34
Market capitalization (€ m)	1,280.8	1,146.1

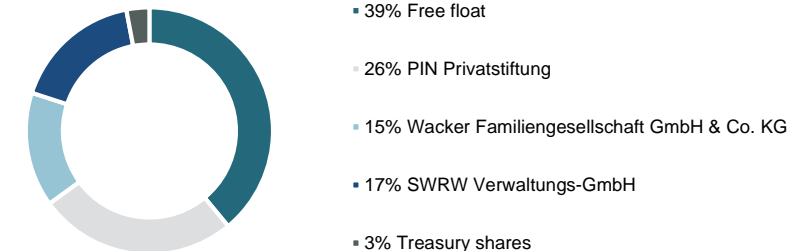
Coverage²

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	22.00	Buy	Jul. 18, 2024
Jefferies	19.00	Hold	Jul. 17, 2024
Warburg	21.00	Hold	Jul. 18, 2024
Metzler	15.50	Hold	Jul. 18, 2024
Kepler Cheuvreux	14.00	Reduce	Jul. 17, 2024

Dividend payout



Shareholder structure²



Total shares: 70,140,000

¹ As of July 1, 2024; ² As of July 18, 2024.