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# Wacker Neuson Group

## Quarterly report Q1/21

May 10, 2021, unaudited

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Q1/21		
Revenue	EBIT margin	FCF <small>(before fixed-term inv.)<sup>1</sup></small>
€ 434 m	10.0%	€ 10 m
<small>(+5.6% yoy)</small>	<small>(PY: 7.0%)</small>	<small>(PY: € 4 m)</small>



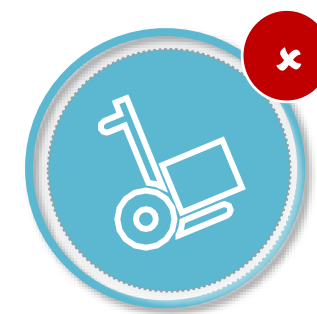
**Back on growth path, dynamic trends in order intake**



**Marked rise in profitability thanks to reduced cost base and increased productivity**

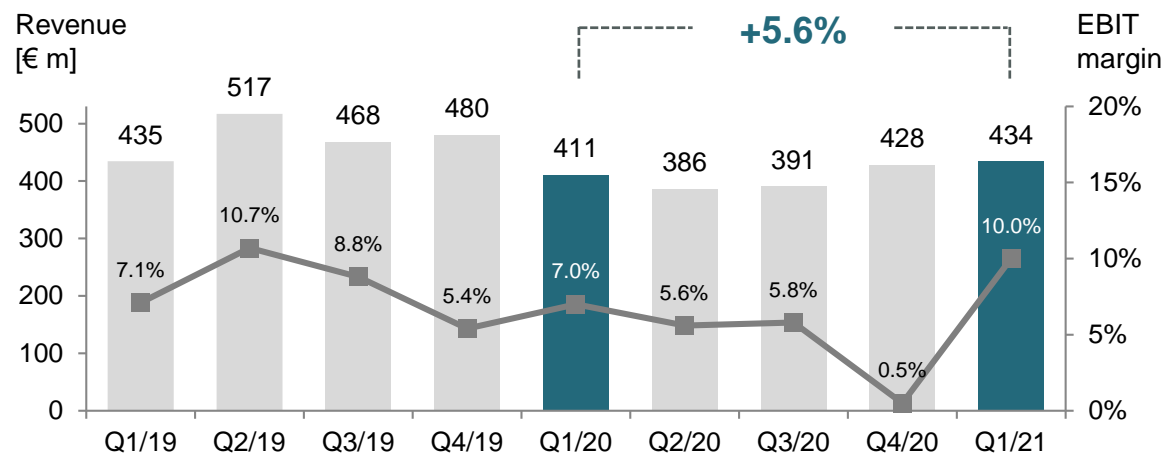


**NWC ratio as a percentage of revenue close to target figure, FCF<sup>1</sup> positive**



**Significant uncertainties related to supply chains**

## Q1/21: Marked increase in profitability



## Income statement (excerpt)

€ million	Q1/21	Q1/20	Δ
<b>Revenue</b>	434.0	410.8	5.6%
<b>Gross profit</b>	118.5	109.1	8.6%
<i>as a % of revenue</i>	27.3%	26.6%	+0.7PP
<b>Operating costs</b>	-77.3	-82.6	-6.4%
<i>as a % of revenue</i>	-17.8%	-20.1%	-2.3PP
<b>EBIT</b>	43.6	28.9	50.9%
<i>as a % of revenue</i>	10.0%	7.0%	+3.0PP
Financial result	0.1	-12.2	-
Taxes on income	-14.6	-6.3	>100%
<b>Profit for the period</b>	29.1	10.4	>100%
<b>Earnings per share (€)</b>	0.41	0.15	>100%

## Comments

### Revenue +5.6% yoy (adj. for currency effects: +7.4%)

- Positive development in target markets: Europe reports strong growth; Americas below previous year but business picked up markedly towards the end of the first quarter; revenue in Asia more than doubled following marked slump in previous year
- Services segment grew at above-average rate

### Gross profit +8.6% yoy (gross profit margin +0.7 PP)

- Product mix remains favorable thanks to strong services segment, in particular increased sales from rental fleet
- Improved productivity at production plants

### EBIT +50.9% yoy (EBIT margin: +3.0 PP)

- Operating costs below previous year, reduction in fixed costs (in particular lower personnel costs, travel expenses and marketing costs)
- Profit in previous year negatively affected by restructuring costs

### Earnings per share more than doubled

- Financial result almost balanced out due to positive currency effects (significantly impacted by currency effects in prev. year)
- Tax rate at 33.4% (Q1/20: 37.7%): Impacted in previous year by negative currency effects (could not be recognized as operating expenses) and reversal / non-recognition of deferred tax assets

# Business development by region and business segment

## Growth driven by Europe and Asia-Pacific

	Revenue [€ m]	Share	yoy	EBIT <sup>1</sup>
Europe	349.2	80%	+7%	40.6
Americas	68.3	16%	-11%	6.3
Asia-Pacific	16.5	4%	+120%	1.3
<b>Total Q1/21</b>	<b>434.0</b>	<b>100%</b>	<b>+6%</b>	<b>43.6</b>

## Services segment continues to grow above par

	Revenue [€ m] <sup>2</sup>	Share	yoy
Light Equipment	94.9	22%	-1%
Compact Equipment	241.6	55%	+6%
Services	99.4	23%	+10%
<b>Total Q1/21</b>	<b>435.9</b>	<b>100%</b>	<b>+5%</b>

## Comments

### Revenue Europe +7.0% yoy (adj. for currency effects: +7.8%)

- Dynamic development in DACH, Eastern Europe, UK and Benelux (Wacker Neuson brand); positive development in particular with excavators, dumpers and compaction equipment
- Above-par gains in services business (aftermarket, rental equipment sales)
- Business with compact equipment for the agricultural sector down 9.0% due to pull-forward effects in the previous year related to the transition to the EU Stage V emissions standard

### Revenue Americas -11.2% yoy (adj. for currency effects: -4.3%)

- After a cautious start to the year, business improved markedly towards the end of the first quarter, positive development with compact equipment
- Sharp rise in profitability due – among other things – to a much lower cost base

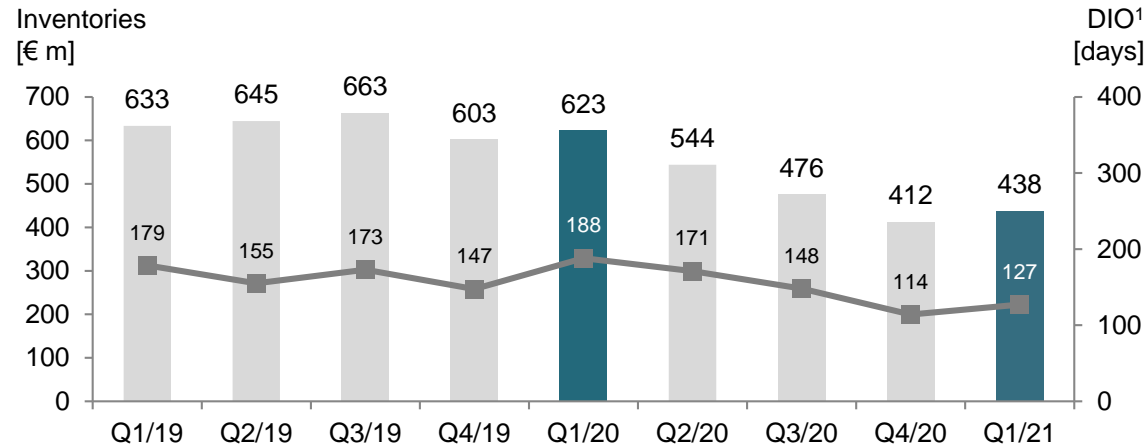
### Revenue Asia-Pacific +120.0% yoy (adj. for currency effects +112.0%)

- Exceptionally positive performance in Australia/New Zealand due to expansion of dealer network and a product portfolio tailored to local needs; growth driven by major orders for compaction equipment, excavators and dumpers
- Strong sales of excavators in China, previous year heavily impacted by extensive shutdowns

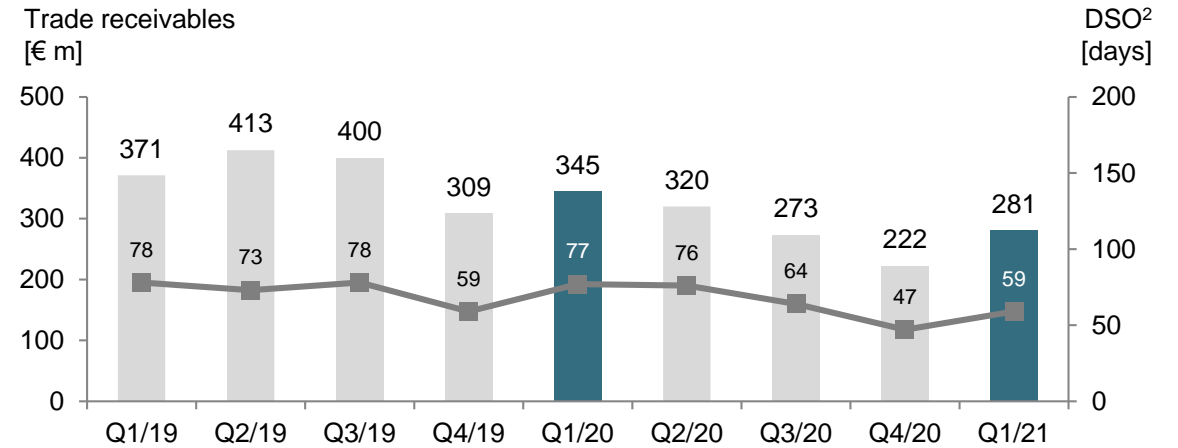
# Net working capital ratio close to target figure at 31%



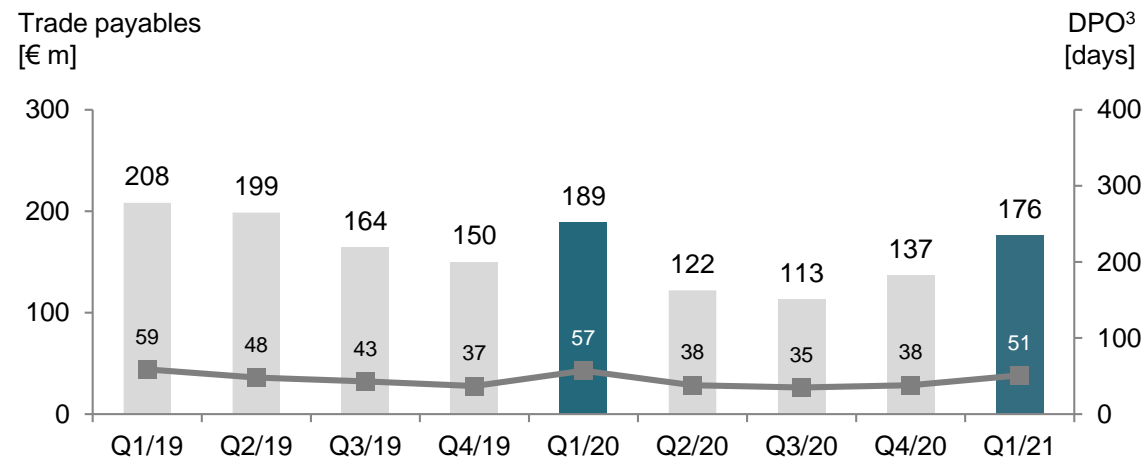
## Inventories



## Trade receivables



## Trade payables



## Comments

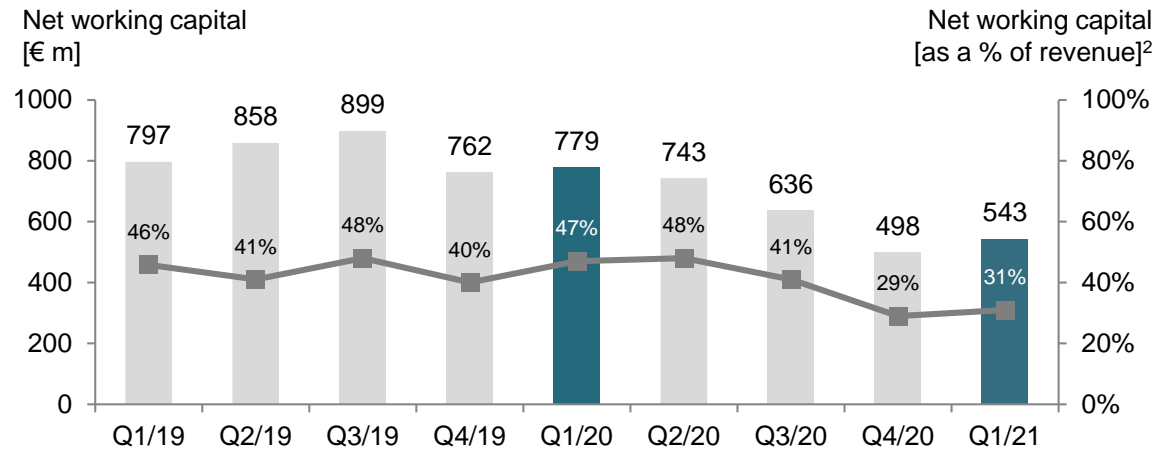
- Slight seasonal rise in inventory in light of high order book but still well below prior-year figure
- Dynamic business trends towards the end of the first quarter prompt temporary rise in receivables; however, the figure remains significantly lower than the previous year
- Trade payables markedly higher than figure at end of 2020 due to increase in production volumes

➔ NWC ratio close to strategic target at 31% (see next slide)

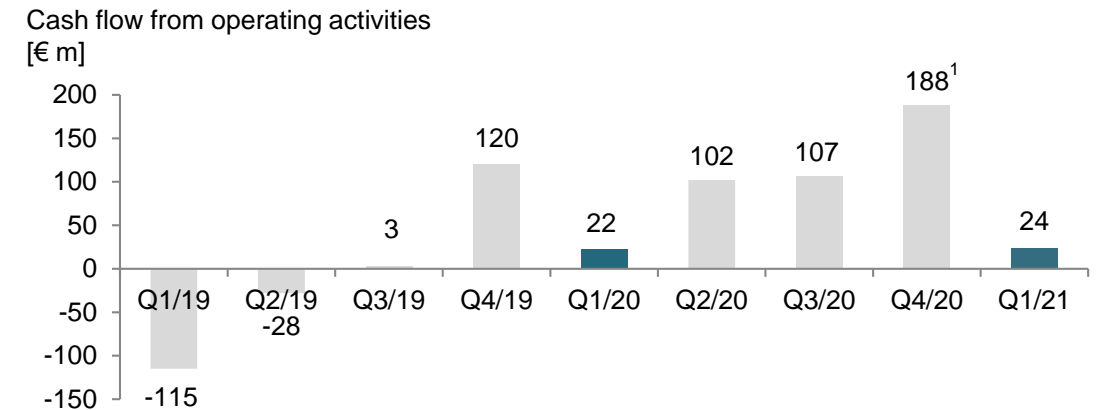
# Free cash flow (before fixed-term investment)<sup>1</sup> positive



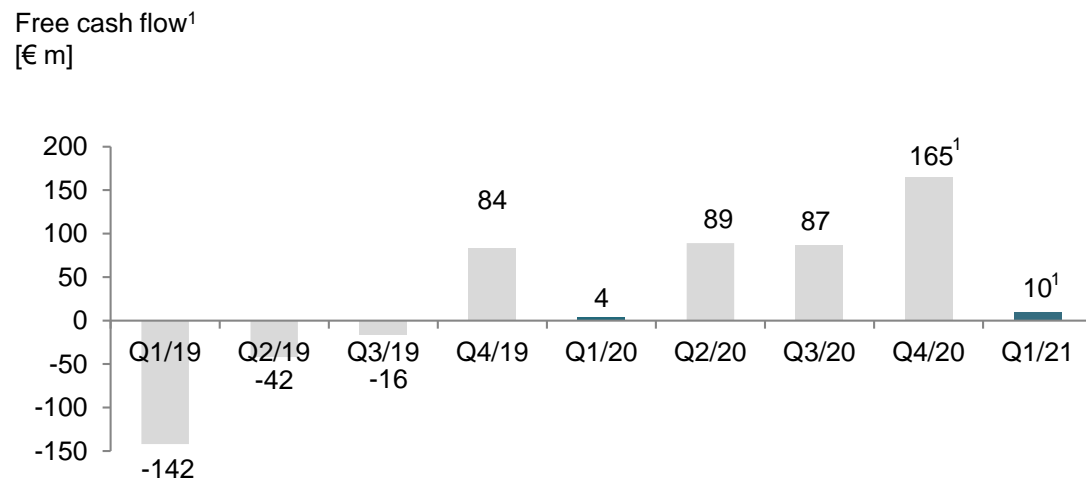
## Net working capital



## Cash flow from operating activities



## Free cash flow



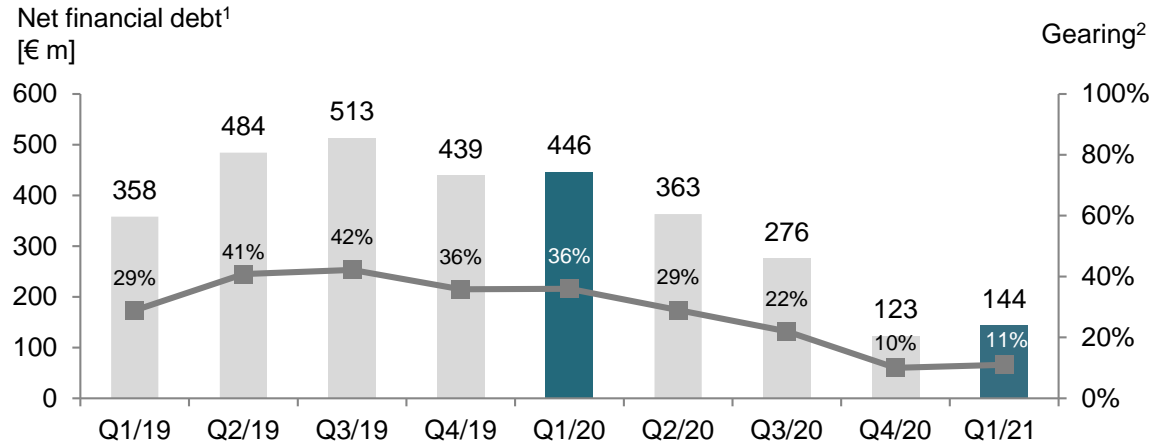
## Comments

- At 31%, the net working capital ratio<sup>2</sup> is significantly lower than the prior-year level and within reach of the strategic target set at ≤ 30%
- Cash flow from operating activities positively affected by increase in profitability; in contrast, (absolute) net working capital rose slightly relative to the end of 2020
- Investments in Q1 below plan; cash flow from investment activities impacted by fixed-term financial investment of EUR 100 m
- Free cash flow before the above-mentioned fixed-term investment amounts to EUR 9.8 m; free cash flow (reported) at EUR -90.2 m (Q1/20: EUR 4.3 m)

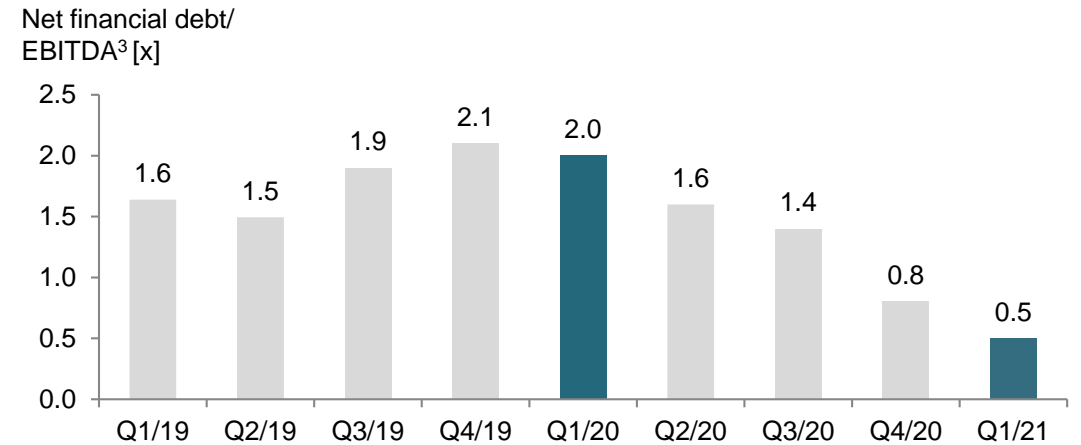
# Strong financial structure



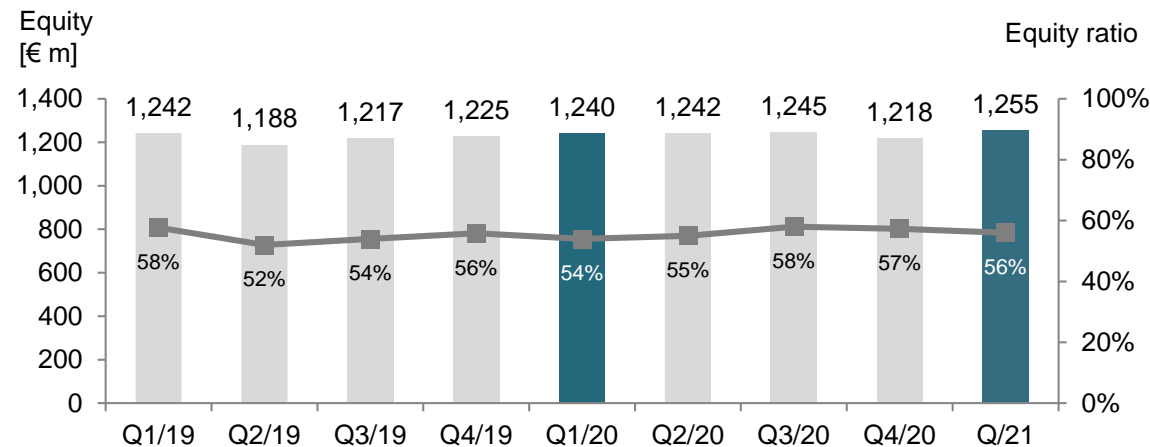
## Net financial debt and gearing



## Net financial debt/EBITDA<sup>3</sup>



## Equity and equity ratio

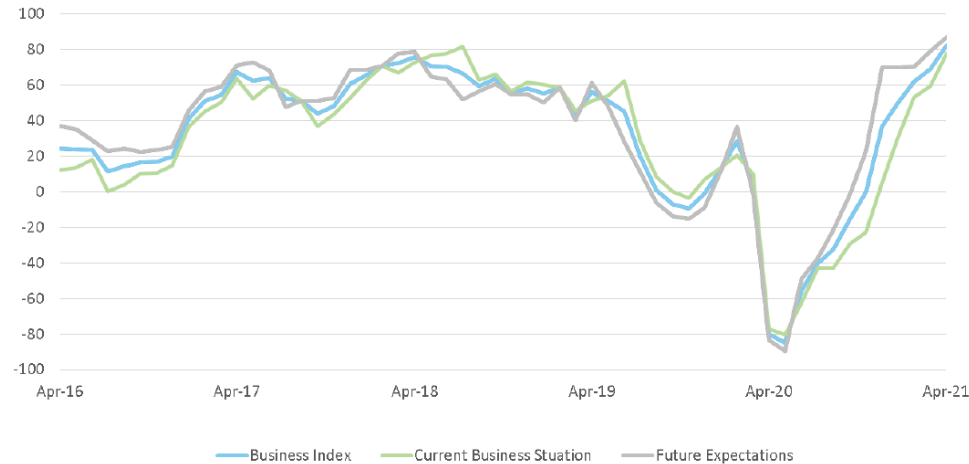


## Comments

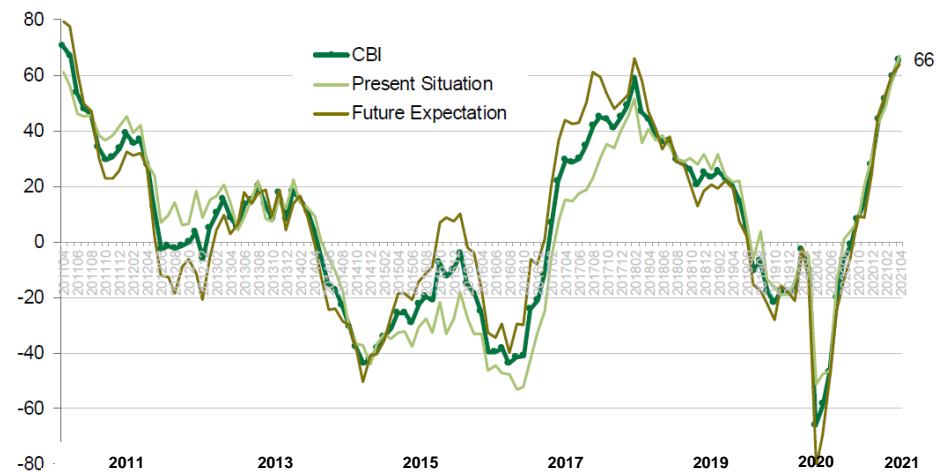
- Net financial debt<sup>1</sup> remains at low level; gearing<sup>2</sup> at 11%
- At 0.5, net financial debt/EBITDA<sup>3</sup> is at a very low level
- Dividend proposal for the AGM on May 26, 2021: EUR 0.60 per share (previous year: Dividend suspended)
- Share buyback program: Within the framework of the share buyback program initiated in April 2021, up to 2,454,900 treasury shares (3.5 percent of share capital) may be repurchased for a maximum total purchase price of EUR 53 m.

# Guidance unchanged

## Construction industry: CECE business barometer at all-time high



## Agricultural industry: Upturn continues according to CEMA



## Outlook

- **CECE business barometer** for the European construction sector reaches new all-time high
- **Rapid upturn in CEMA business index** for the European agricultural sector continues
- **Mood in key target markets** for the Wacker Neuson Group currently very positive
- Dynamic development of **order intake, order backlog** at a high level
- **Significant uncertainties related to global supply chains**; German Mechanical and Plant Engineering Association (VDMA) describes the supply chain situation as “problematic”
- **Guidance for fiscal 2021 unchanged**
  - Revenue between EUR 1,700 m and EUR 1,800 m
  - EBIT margin between 8.0% and 9.5%
  - Investments between EUR 100 m and EUR 110 m<sup>1</sup>
  - Net working capital as a percentage of revenue stagnating / slightly lower than previous year (baseline for comparison: year-end 2020)



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# Consolidated Financial Statements

(unaudited)

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# Consolidated Income Statement



IN € MILLION	Q1/21	Q1/20
Revenue	434.0	410.8
Cost of sales	-315.5	-301.7
<b>Gross profit</b>	<b>118.5</b>	<b>109.1</b>
Sales and service expenses	-47.1	-55.4
Research and development expenses	-12.4	-9.5
General administrative expenses	-17.8	-17.7
Other income	2.7	2.8
Other expenses	-0.3	-0.4
Financial income	2.7	7.9
Financial expenses	-2.6	-20.1
<b>Profit before tax (EBT)</b>	<b>43.7</b>	<b>16.7</b>
Taxes on income	-14.6	-6.3
<b>Profit for the period</b>	<b>29.1</b>	<b>10.4</b>
<b>Earnings per share in € (diluted and undiluted)</b>	<b>0.41</b>	<b>0.15</b>

Publication of the 2020 half-year report gave rise to a retrospective adjustment to the 'taxes on income' line for Q1/20. A weighted average income tax rate was applied to spread the effects of one-off items over the fiscal year as a whole. For further information on this, refer to page 26 in the 2020 half-year report.

# Consolidated Balance Sheet



Wacker Neuson  
Group

IN € MILLION				IN € MILLION			
	March 31, 2021	Dec. 31, 2020	March 31, 2020		March 31, 2021	Dec. 31, 2020	March 31, 2020
<b>Assets</b>				<b>Equity and liabilities</b>			
Property, plant and equipment	389,2	391,6	400,9	Subscribed capital	70,1	70,1	70,1
Property held as financial investment	25,9	26,2	25,2	Other reserves	570,3	562,2	587,9
Goodwill	228,6	228,6	238,0	Net profit/loss	614,9	585,8	582,1
Other intangible assets	180,7	178,9	172,3	<b>Equity</b>	<b>1.255,3</b>	<b>1.218,1</b>	<b>1.240,1</b>
Investments	7,0	6,8	11,7	Long-term financial borrowings	291,5	411,6	373,8
Deferred tax assets	27,9	29,4	45,9	Long-term lease liabilities	52,6	57,1	67,3
Non-current financial assets	109,3	109,7	123,8	Deferred tax liabilities	44,0	43,9	40,0
Other non-current non-financial assets	0,1	–	0,1	Provisions for pensions and similar obligations	61,7	64,8	58,5
<b>Total non-current assets</b>	<b>968,7</b>	<b>971,2</b>	<b>1.017,9</b>	Long-term provisions	10,1	9,8	8,2
				Long-term contract liabilities	5,5	5,0	3,9
Rental equipment	162,1	159,5	169,6	<b>Total non-current liabilities</b>	<b>465,4</b>	<b>592,2</b>	<b>551,7</b>
Inventories	437,7	412,2	622,9	Trade payables	176,2	137,1	188,5
Trade receivables	281,2	222,4	344,5	Short-term liabilities to financial institutions	137,2	9,2	155,5
Tax offsets	11,8	12,2	6,2	Current portion of long-term borrowings	0,9	0,2	0,8
Other current financial assets	154,9	45,5	27,0	Short-term lease liabilities	24,3	25,7	25,7
Other current non-financial assets	19,4	16,5	21,6	Short-term provisions	18,7	19,0	16,6
Cash and cash equivalents	186,0	283,1	84,0	Short-term contract liabilities	4,9	5,1	4,7
Non-current assets held for sale	3,3	4,2	0,1	Income tax liabilities	43,8	32,8	17,8
<b>Total current assets</b>	<b>1.256,4</b>	<b>1.155,6</b>	<b>1.275,9</b>	Other current financial liabilities	37,2	38,5	34,1
				Other current non-financial liabilities	61,2	48,9	58,3
<b>Total assets</b>	<b>2.225,1</b>	<b>2.126,8</b>	<b>2.293,8</b>	<b>Total current liabilities</b>	<b>504,4</b>	<b>316,5</b>	<b>502,0</b>
				<b>Total liabilities</b>	<b>2.225,1</b>	<b>2.126,8</b>	<b>2.293,8</b>

# Consolidated Cash Flow Statement (1)



IN € MILLION

	Q1/21	Q1/20
<b>EBT</b>	<b>43.7</b>	<b>16.7</b>
<i>Adjustments to reconcile profit before tax with gross cash flows</i>		
Depreciation, amortization and impairment of non-current assets	17.6	16.9
Unrealized foreign exchange gains/losses	-4.5	5.3
Financial result	-0.1	12.2
Gains from the sale of intangible assets and property, plant and equipment	-0.6	0.1
Changes in rental equipment, net	-3.6	-3.7
Changes in misc. assets	-4.6	-33.9
Changes in provisions	-1.4	-1.0
Changes in misc. liabilities	15.4	0.6
<b>Gross cash flow</b>	<b>61.9</b>	<b>13.2</b>
Changes in inventories	-18.9	-24.9
Changes in trade receivables	-56.3	10.7
Changes in trade payables	38.0	38.3
<b>Changes in net working capital</b>	<b>-37.2</b>	<b>24.1</b>
Cash flow from operating activities before income tax paid	24.7	37.3
Income tax paid	-1.2	-14.9
<b>Cash flow from operating activities</b>	<b>23.5</b>	<b>22.4</b>

# Consolidated Cash Flow Statement (2)



IN € MILLION

	Q1/21	Q1/20
<b>Cash flow from operating activities</b>	<b>23.5</b>	<b>22.4</b>
Purchase of property, plant and equipment	-8.4	-7.7
Purchase of intangible assets	-6.9	-10.6
Cash outflow from financial investments	-100.0	–
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	1.6	0.2
<b>Cash flow from investment activities</b>	<b>-113.7</b>	<b>-18.1</b>
<b>Free cash flow</b>	<b>-90.2</b>	<b>4.3</b>
Cash receipts from short-term borrowings	–	65.0
Repayments from short-term borrowings	-0.4	-22.0
Repayments from lease liabilities	-6.0	-5.9
Interest paid	-3.3	-3.6
Interest received	–	0.4
<b>Cash flow from financial activities</b>	<b>-9.7</b>	<b>33.9</b>
Change in cash and cash equivalents before effect of exchange rates	-99.9	38.2
Effect of exchange rates on cash and cash equivalents	2.8	-0.5
<b>Change in cash and cash equivalents</b>	<b>-97.1</b>	<b>37.7</b>
Cash and cash equivalents at the beginning of the period	283.1	46.3
<b>Cash and cash equivalents at the end of period</b>	<b>186.0</b>	<b>84.0</b>

# Consolidated Segmentation



## Geographical segments

IN € MILLION

	Europe		Americas		Asia-Pacific		Consolidation		Group	
	Q1/21	Q1/20	Q1/21	Q1/20	Q1/21	Q1/20	Q1/21	Q1/20	Q1/21	Q1/20
Total revenue	570.6	574.7	82.2	129.4	22.3	10.3			675.1	714.4
Revenue from external customers	349.2	326.4	68.3	76.9	16.5	7.5			434.0	410.8
EBIT <sup>1</sup>	40.6	49.1	6.3	-5.2	1.3	-1.4	-4.6	-13.6	43.6	28.9

## Business segments

IN € MILLION

	Q1/21	Q1/20
Segment revenue from external customers		
Light equipment	94.9	96.2
Compact equipment	241.6	227.4
Services	99.4	90.4
	435.9	414.0
Less cash discounts	-1.9	-3.2
Total	434.0	410.8



<b>May 10, 2021</b>	<b>Publication of Q1 report 2021, analysts' &amp; investors' conference call</b>
<b>May 26, 2021</b>	<b>Virtual Annual General Meeting, Munich</b>
<b>August 09, 2021</b>	<b>Publication of half-year report 2021, analysts' &amp; investors' conference call</b>
<b>November 10, 2021</b>	<b>Publication of Q3 report 2021, analysts' &amp; investors' conference call</b>

## 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.

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