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# Wacker Neuson Group

## Quarterly report Q1/22

May 10, 2022, unaudited

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| Q1/22  |  |   |
|--|--|---|
| <b>Revenue</b><br><b>€ 522 m</b><br>(+20.2% yoy) | <b>EBIT margin</b><br><b>7.5%</b><br>(PY: 10.0%) | <b>FCF</b><br>(before fixed-term investment) <sup>1</sup><br><b>€ -68 m</b><br>(PY: € 10 m) |



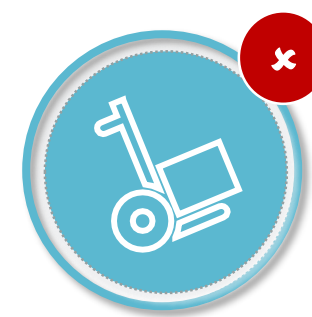
Revenue up 20% on PY, double-digit growth in all reporting regions



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

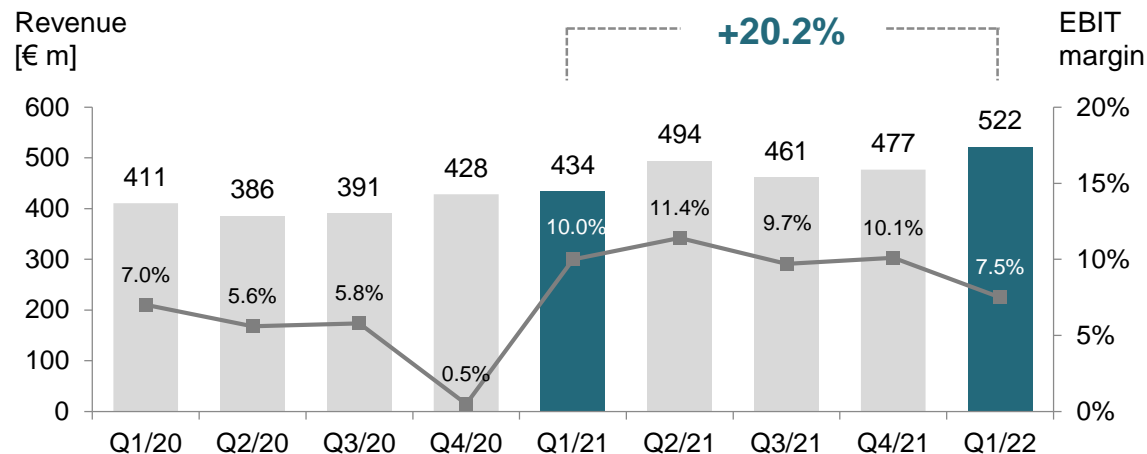


Supply chains and price dynamics in procurement market remain biggest challenges

<sup>1</sup> Free cash flow before inflows from fixed-term investments in the amount of € 30 m.

# Revenue and earnings Q1/22

## Dynamic growth, profitability burdened



## Income statement (excerpt)

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

## Double-digit growth in all reporting regions

|              | Revenue [€ m] | share | yoy  | EBIT <sup>1</sup> |
|--------------|---------------|-------|------|-------------------|
| 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] <sup>2</sup> | 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%)

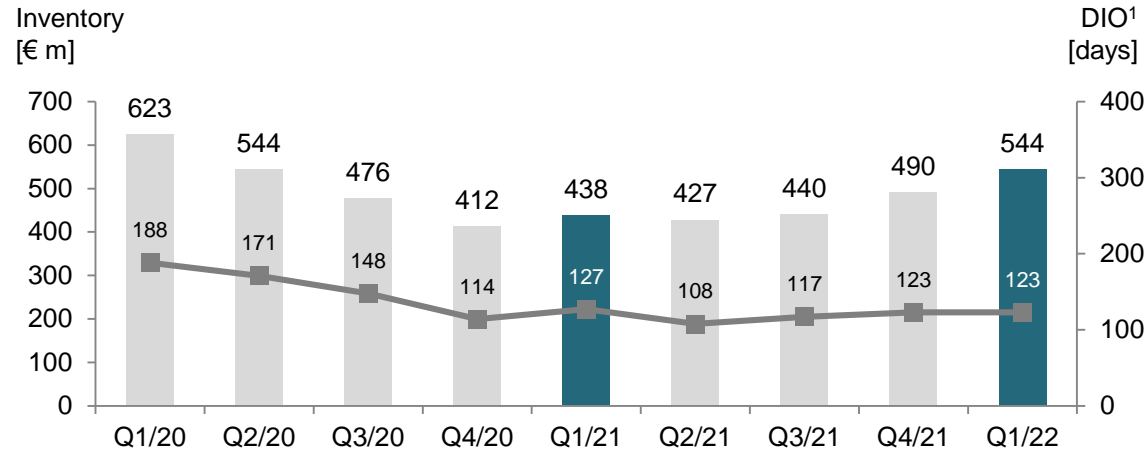
- Continuation of strong growth in Australia, particularly in excavators and rollers
- Market conditions remain challenging in China

<sup>1</sup> EBIT for regions before consolidation.

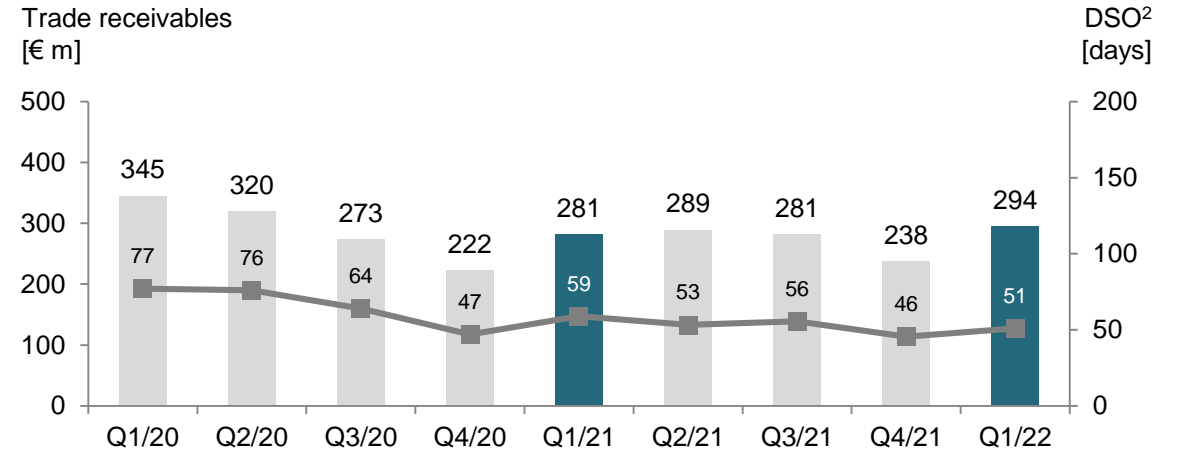
<sup>2</sup> Revenue by business segment before cash discounts.

# Increase in inventory and receivables drive NWC

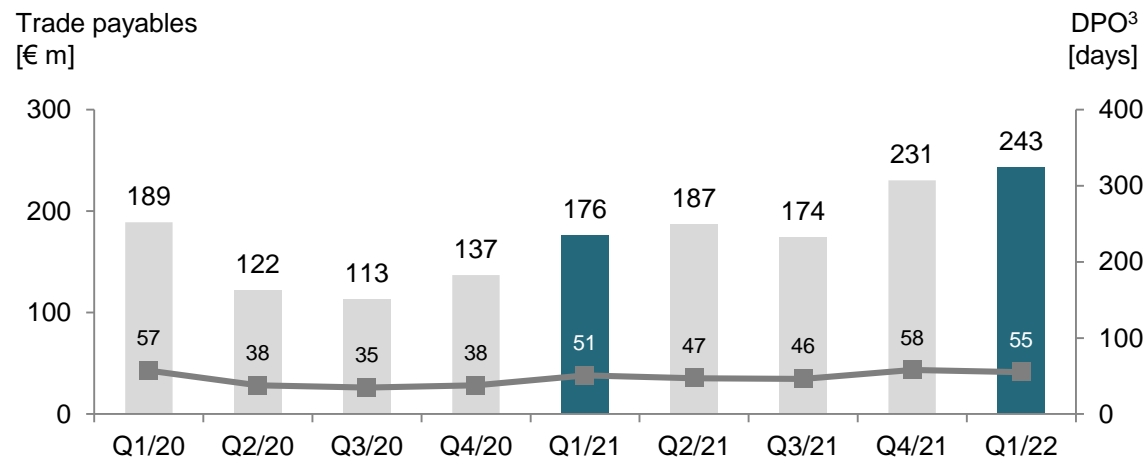
## Inventories



## 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<sup>4</sup> within strategic target range of ≤ 30%

<sup>1</sup> Days inventory outstanding = (inventory/(cost of sales\*4))\*365 days;

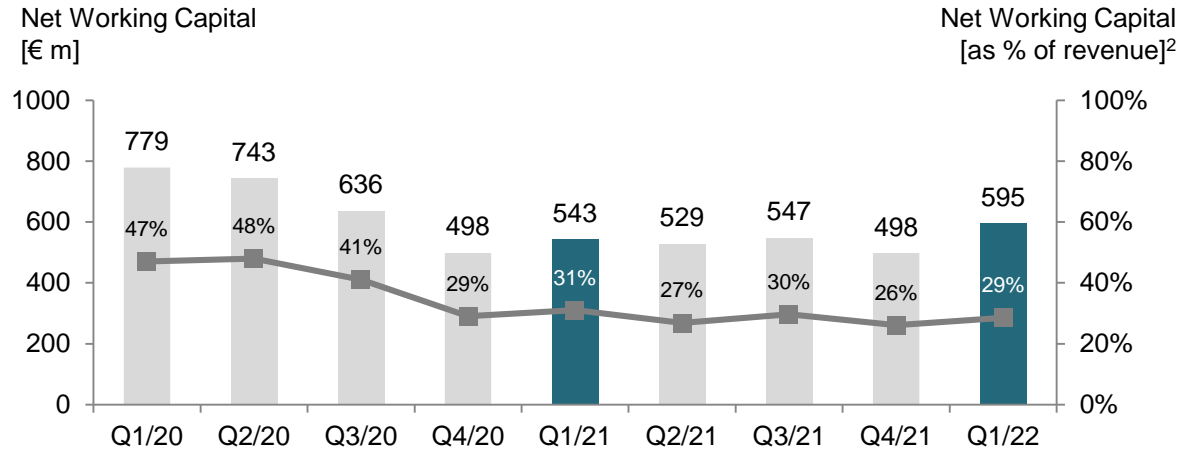
<sup>2</sup> Days sales outstanding = (receivables/(revenue\*4))\*365 days;

<sup>3</sup> Days payables outstanding = (payables/(cost of sales\*4))\*365 days.

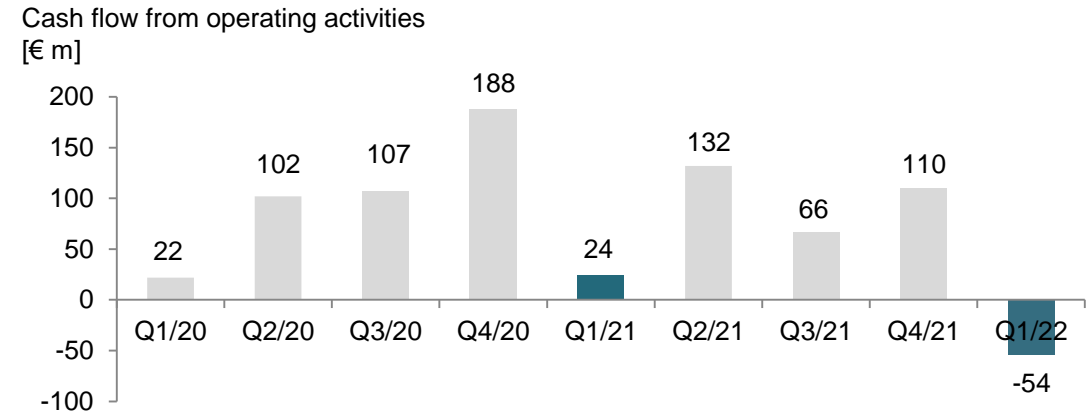
<sup>4</sup> Net working capital as a % of annualized revenue for the quarter.

# Cash flow impacted by expected increase in NWC

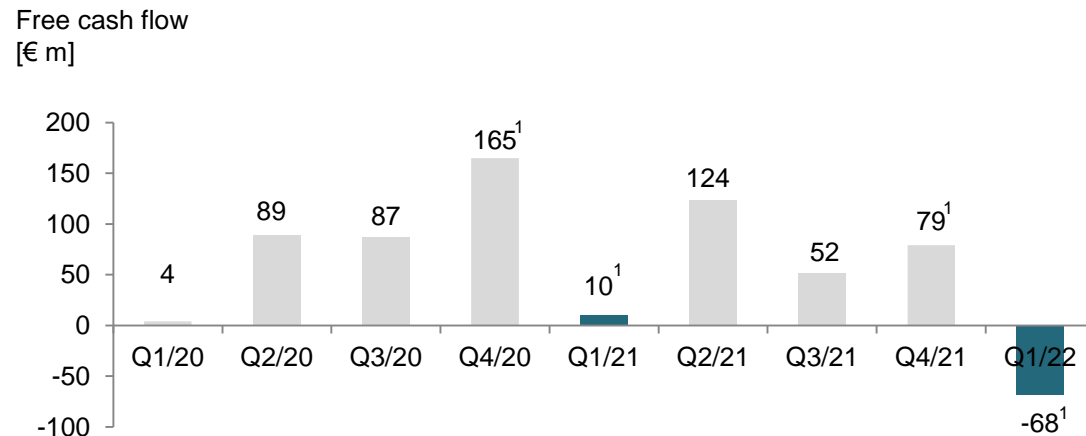
## Net working capital



## Cash flow from operating activities



## Free cash flow



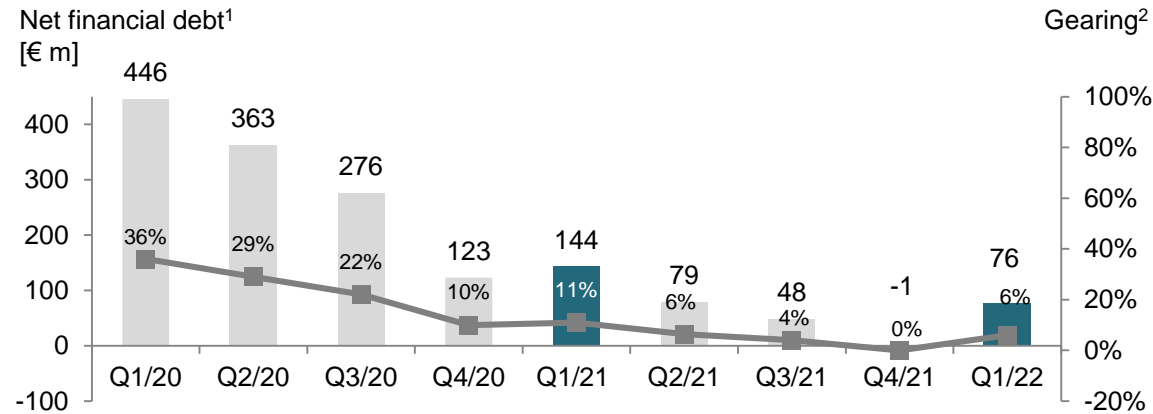
## Comments

- Net working capital ratio within the strategic target range of  $\leq 30\%$  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).

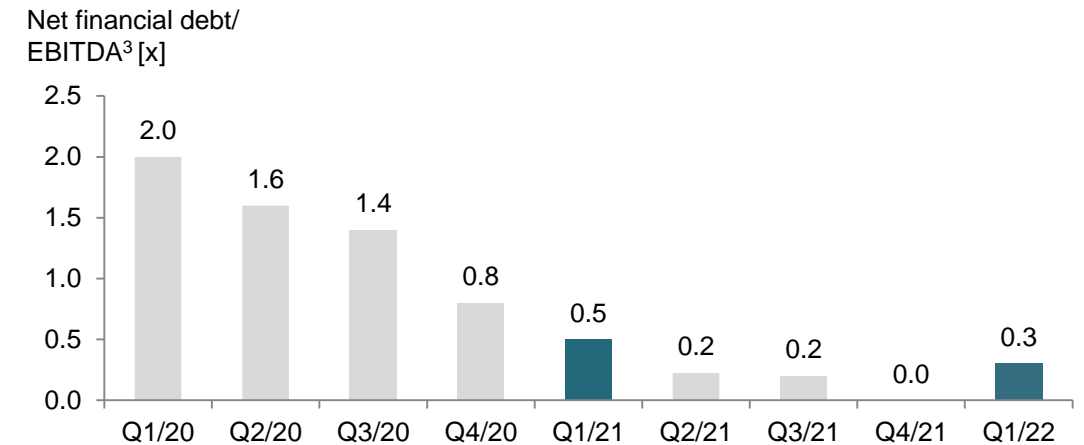
<sup>1</sup> Before outflows from fixed-term investments amounting to € 15 m in Q4/20, € 100 m in Q1/21 and € 15 m in Q4/21 as well as inflows of € 30 m in Q1/22. <sup>2</sup> Net working capital as a % of annualized revenue for the quarter.

# Solid financing structure, further increase in equity ratio

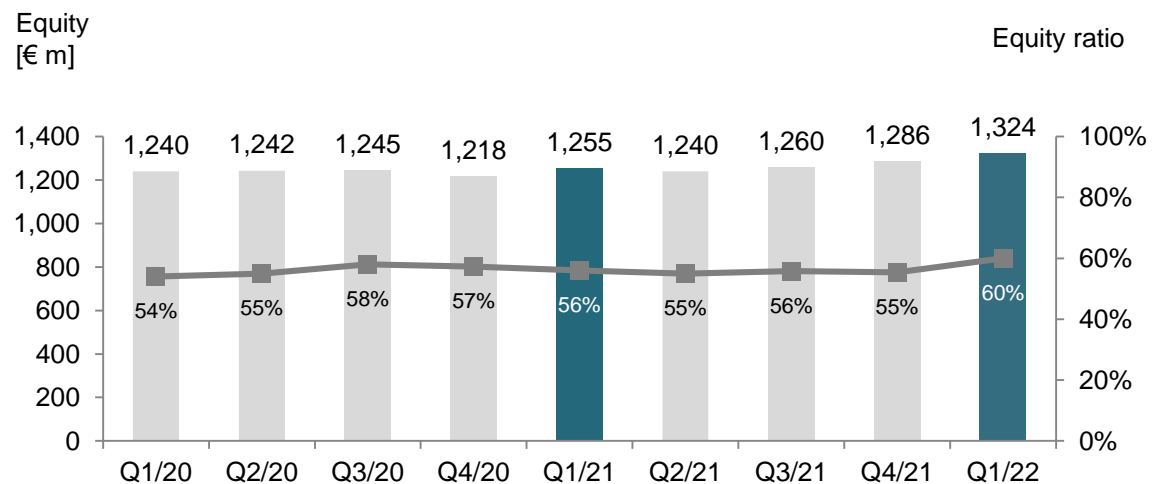
## Net financial debt and gearing



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



## Equity and equity ratio



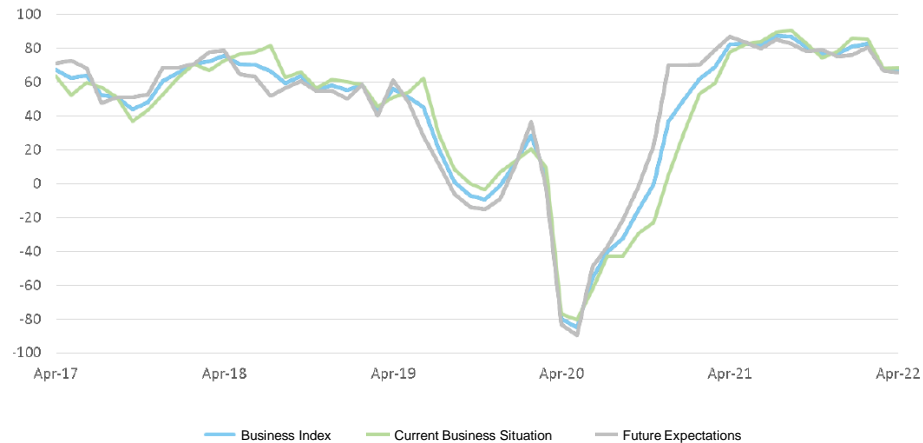
## Comments

- Slight increase in net financial debt<sup>1</sup> due to negative cash flow development in the first quarter; gearing<sup>2</sup> 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)

<sup>1</sup> 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. <sup>2</sup> Net financial debt/equity. <sup>3</sup> Net financial debt/annualized EBITDA for the quarter.

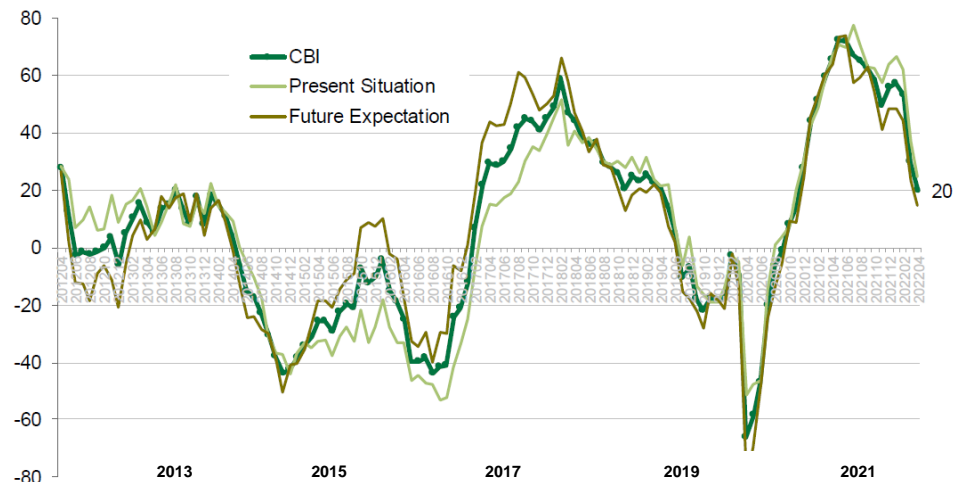
# Outlook: Dynamic demand, overstretched supply chains

## 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<sup>1</sup>
  - **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.

<sup>1</sup> 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.



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# Consolidated Financial Statements

(unaudited)

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# Consolidated Income Statement

| IN € MILLION   | Q1/22        | Q1/21        |
|--|--------------|--------------|
| Revenue  | 521.6        | 434.0        |
| Cost of sales  | -401.8       | -315.5       |
| <b>Gross profit</b>                                    | <b>119.8</b> | <b>118.5</b> |
| Sales and service expenses                             | -50.8        | -47.1        |
| Research and development expenses                      | -12.7        | -12.4        |
| General administrative expenses                        | -18.4        | -17.8        |
| Other income   | 2.3          | 2.7          |
| Other expenses   | -1.1         | -0.3         |
| Financial income                                       | 4.5          | 2.7          |
| Financial expenses                                     | -4.5         | -2.6         |
| <b>Earnings before tax (EBT)</b>                       | <b>39.1</b>  | <b>43.7</b>  |
| Taxes on income  | -10.5        | -14.6        |
| <b>Profit for the period</b>                           | <b>28.6</b>  | <b>29.1</b>  |
| <b>Earnings per share in € (diluted and undiluted)</b> | <b>0.42</b>  | <b>0.41</b>  |

# Consolidated Balance Sheet

| IN € MILLION                           | March 31, 2022 | Dec. 31, 2021  | March 31, 2021 | IN € MILLION                                     | March 31, 2022 | Dec. 31, 2021  | March 31, 2021 |
|--|----------------|----------------|----------------|--|----------------|----------------|----------------|
| <b>Assets</b>                          |                |                |                | <b>Equity and liabilities</b>                    |                |                |                |
| Property, plant and equipment          | 392.5          | 393.9          | 389.2          | Subscribed capital                               | 70.1           | 70.1           | 70.1           |
| Property held as financial investment  | 24.1           | 24.2           | 25.9           | Other reserves                                   | 596.5          | 587.1          | 570.3          |
| Goodwill                               | 228.6          | 228.6          | 228.6          | Net profit/loss                                  | 710.6          | 682.0          | 614.9          |
| Other intangible assets                | 190.7          | 188.6          | 180.7          | Treasury shares                                  | -53.0          | -53.0          | 0.0            |
| Investments                            | 3.8            | 3.8            | 7.0            | <b>Equity</b>                                    | <b>1,324.2</b> | <b>1,286.2</b> | <b>1,255.3</b> |
| Deferred tax assets                    | 25.8           | 29.4           | 27.9           | Long-term financial borrowings                   | 212.3          | 295.1          | 291.5          |
| Non-current financial assets           | 20.6           | 19.0           | 109.3          | Long-term lease liabilities                      | 45.3           | 50.4           | 52.6           |
| Other non-current non-financial assets | 0.0            | 0.0            | 0.1            | Deferred tax liabilities                         | 50.7           | 49.8           | 44.0           |
| <b>Total non-current assets</b>        | <b>886.1</b>   | <b>887.5</b>   | <b>968.7</b>   | Provisions for pensions and similar obligations  | 47.6           | 54.6           | 61.7           |
|  |                |                |                | Long-term provisions                             | 9.6            | 10.0           | 10.1           |
| Rental equipment                       | 187.4          | 191.6          | 162.1          | Long-term contract liabilities                   | 7.6            | 6.8            | 5.5            |
| Inventories                            | 543.8          | 490.2          | 437.7          | <b>Total non-current liabilities</b>             | <b>373.1</b>   | <b>466.7</b>   | <b>465.4</b>   |
| Trade receivables                      | 294.1          | 237.9          | 281.2          | Trade payables                                   | 242.6          | 230.5          | 176.2          |
| Tax offsets                            | 26.0           | 15.1           | 11.8           | Short-term liabilities to financial institutions | 77.7           | 138.7          | 137.2          |
| Other current financial assets         | 128.0          | 158.4          | 154.9          | Current portion of long-term borrowings          | 0.8            | 0.9            | 0.9            |
| Other current non-financial assets     | 28.9           | 23.5           | 19.4           | Short-term lease liabilities                     | 21.4           | 22.2           | 24.3           |
| Cash and cash equivalents              | 114.7          | 305.5          | 186.0          | Short-term provisions                            | 21.5           | 20.5           | 18.7           |
| Non-current assets held for sale       | 9.0            | 11.1           | 3.3            | Short-term contract liabilities                  | 4.8            | 5.5            | 4.9            |
| <b>Total current assets</b>            | <b>1,331.9</b> | <b>1,433.3</b> | <b>1,256.4</b> | Income tax liabilities                           | 18.1           | 22.8           | 43.8           |
|  |                |                |                | Other current financial liabilities              | 61.4           | 74.6           | 37.2           |
| <b>Total assets</b>                    | <b>2,218.0</b> | <b>2,320.8</b> | <b>2,225.1</b> | Other current non-financial liabilities          | 72.4           | 52.2           | 61.2           |
|  |                |                |                | <b>Total current liabilities</b>                 | <b>520.7</b>   | <b>567.9</b>   | <b>504.4</b>   |
|  |                |                |                | <b>Total liabilities</b>                         | <b>2,218.0</b> | <b>2,320.8</b> | <b>2,225.1</b> |

# Consolidated Cash Flow Statement (1)

| IN € MILLION   | Q1/22        | Q1/21        |
|--|--------------|--------------|
| <b>EBT</b>   | <b>39.1</b>  | <b>43.7</b>  |
| <b><i>Adjustments to reconcile profit before tax with gross cash flows</i></b> |              |              |
| Depreciation, amortization and impairment of non-current assets                | 17.1         | 17.6         |
| Unrealized foreign exchange gains/losses                                       | 2.3          | -4.5         |
| Financial result   | 0.0          | -0.1         |
| Gains from the sale of intangible assets and property, plant and equipment     | -0.1         | -0.6         |
| Changes in rental equipment, net   | 4.5          | -3.6         |
| Changes in misc. assets  | -5.7         | -4.6         |
| Changes in provisions  | -2.0         | -1.4         |
| Changes in misc. liabilities   | 4.7          | 15.4         |
| <b>Gross cash flow</b>   | <b>59.9</b>  | <b>61.9</b>  |
| Changes in inventories   | -49.4        | -18.9        |
| Changes in trade receivables   | -54.2        | -56.3        |
| Changes in trade payables  | 11.3         | 38.0         |
| <b>Changes in net working capital</b>  | <b>-92.3</b> | <b>-37.2</b> |
| Cash flow from operating activities before income tax paid                     | -32.4        | 24.7         |
| Income tax paid  | -21.7        | -1.2         |
| <b>Cash flow from operating activities</b>                                     | <b>-54.1</b> | <b>23.5</b>  |

# Consolidated Cash Flow Statement (2)

IN € MILLION

|   | Q1/22         | Q1/21         |
|---|---------------|---------------|
| <b>Cash flow from operating activities</b>  | <b>-54.1</b>  | <b>23.5</b>   |
| Purchase of property, plant and equipment   | -9.8          | -8.4          |
| Purchase of intangible assets   | -6.8          | -6.9          |
| Purchase of investments   | 0.0           | 0.0           |
| Proceeds of investments   | 0.0           | 0.0           |
| Cash inflow from financial investments  | 0.0           | 0.0           |
| Cash outflow from financial investments   | 30.0          | -100.0        |
| Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale | 0.2           | 1.6           |
| Proceeds from disposals from the consolidation group  | 2.1           | 0.0           |
| <b>Cash flow from investment activities</b>   | <b>15.7</b>   | <b>-113.7</b> |
| <b>Free cash flow</b>   | <b>-38.4</b>  | <b>-90.2</b>  |
| Dividends   | 0.0           | 0.0           |
| Cash receipts from short-term borrowings  | 17.7          | 0.0           |
| Repayments from short-term borrowings   | -125.0        | -0.4          |
| Cash receipts from long-term borrowings   | 0.0           | 0.0           |
| Repayments from long-term borrowings  | -35.6         | 0.0           |
| Repayments from lease liabilities   | -6.2          | -6.0          |
| Interest paid   | -3.0          | -3.3          |
| Interest received   | 0.1           | 0.0           |
| <b>Cash flow from financial activities</b>  | <b>-152.0</b> | <b>-9.7</b>   |
| Change in cash and cash equivalents before effect of exchange rates                                 | -190.4        | -99.9         |
| Effect of exchange rates on cash and cash equivalents   | -0.4          | 2.8           |
| Change in consolidation group   | 0.0           | 0.0           |
| <b>Change in cash and cash equivalents</b>  | <b>-190.8</b> | <b>-97.1</b>  |
| Cash and cash equivalents at the beginning of the period  | 305.5         | 283.1         |
| <b>Cash and cash equivalents at the end of period</b>   | <b>114.7</b>  | <b>186.0</b>  |

# Consolidated Segmentation

## Geographical segments

IN € MILLION

|                                 | Europe |       | Americas |       | Asia-Pacific |       | Consolidation |       | Group |       |
|---------------------------------|--------|-------|----------|-------|--------------|-------|---------------|-------|-------|-------|
|                                 | Q1/22  | Q1/21 | Q1/22    | Q1/21 | Q1/22        | Q1/21 | Q1/22         | Q1/21 | Q1/22 | Q1/21 |
| Total revenue                   | 650.7  | 570.6 | 105.5    | 82.2  | 27.8         | 22.3  |               |       | 784.0 | 675.1 |
| Revenue from external customers | 411.6  | 349.2 | 90.8     | 68.3  | 19.2         | 16.5  |               |       | 521.6 | 434.0 |
| EBIT <sup>1</sup>               | 37.0   | 45.9  | 1.2      | 1.9   | 1.4          | 0.4   | -0.5          | -4.6  | 39.1  | 43.6  |

<sup>1</sup> EBIT for regions before consolidation.

## Business segments

IN € MILLION

|   | Q1/22 | Q1/21 |
|---|-------|-------|
| Segment revenue from external customers |       |       |
| Light equipment                         | 110.0 | 94.9  |
| Compact equipment                       | 305.7 | 241.6 |
| Services                                | 108.4 | 99.4  |
|   | 524.1 | 435.9 |
| Less cash discounts                     | -2.5  | -1.9  |
| Total                                   | 521.6 | 434.0 |

# Financial calendar and contact

|                          |  |
|--------------------------|--|
| <b>May 10, 2022</b>      | <b>Publication of Q1 report 2022, analysts' &amp; investors' conference call</b> |
| June 3, 2022             | Annual General Meeting (virtual)   |
| August 9, 2022           | Publication of half-year report 2022, analysts' & investors' conference call     |
| <b>November 10, 2022</b> | <b>Publication of Q3 report 2022, analysts' &amp; investors' conference call</b> |

## 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.

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## Contact

### Wacker Neuson Group

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

[ir@wackerneuson.com](mailto:ir@wackerneuson.com)

[www.wackerneusongroup.com](http://www.wackerneusongroup.com)