
Wacker Neuson Group

Quarterly report Q1/23

9 May 2023, unaudited

Overview Q1/23

Q1/23			
Revenue	EBIT margin	NWC ratio	FCF ¹
€ 667 m	13.2%	30.0%	€ -17 m
(+27.9% yoy)	(PY: 7.5%)	(PY: 28.5%)	(PY: € -68 m)



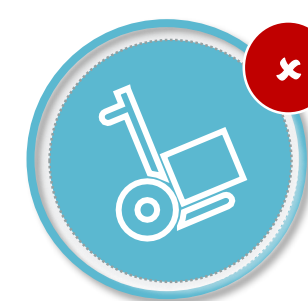
Revenue up 28% yoy, high growth in Q1 as customer demand remains strong



Price increases take effect, positive one-time effect with significant impact on Q1



NWC ratio in Q1 within strat. target range ($\leq 30\%$), but inventories still decisive for high NWC ratio

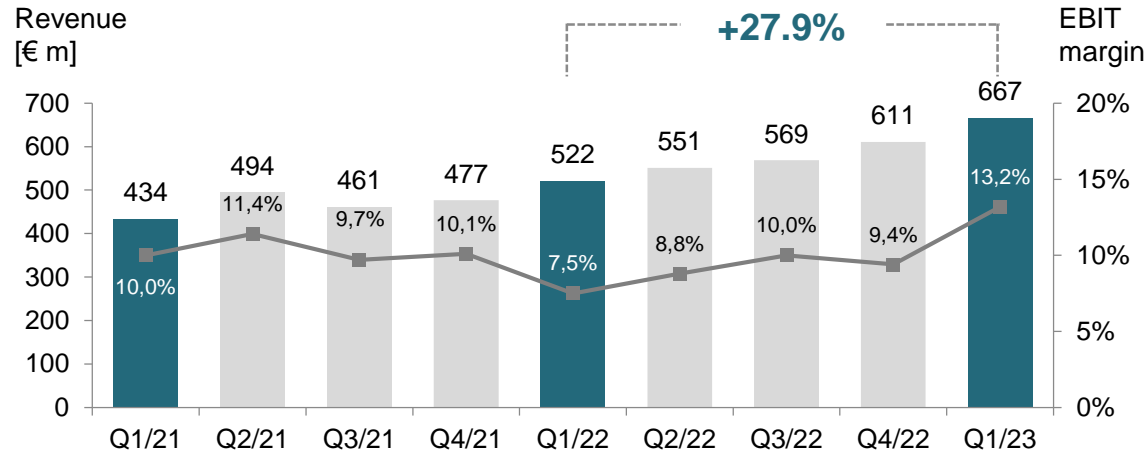


Slight easing of supply chains, still challenging environment; increased price sensitivity on customer side

¹ Free cash flow before taking into account inflows from fixed-term investments of €30 million in the first quarter of 2022.

Revenue and earnings Q1/23

Continued high growth, above-average profitability



Profit and loss account (extract)

m €	Q1/23	Q1/22	Δ
Revenue	667.2	521.6	27.9%
Gross profit	167.3	119.8	39.6%
<i>as a % of revenue</i>	25.1%	23.0%	2.1PP
Operating costs	-97.9	-81.9	19.5%
<i>as a % of revenue</i>	-14.7%	-15.7%	1.0PP
EBIT	87.8	39.1	124.6%
<i>as a % of revenue</i>	13.2%	7.5%	5.7PP
Financial result	-2.6	0.0	
Taxes on income	-22.8	-10.5	-117.1%
Profit for the period	62.4	28.6	118.2%
EPS (€)	0.92	0.42	119.0%

Comments

Revenue +27.9% yoy (adj. for currency effects: +27.5%)

- Significant double-digit growth driven by Europe and North America
- Continued stable development in construction and agriculture

Gross profit +39.6% yoy (gross profit margin +2.1 PP)

- Gross margin benefits significantly from effects of price adjustments in 2022, which will be reflected in Q1 2023
- Old contracts with lower margins are becoming fewer

EBIT +124.6% yoy (EBIT margin: +5.7 PP)

- Significantly disproportionate growth compared to already strong increase in revenue
- Positive special effect from property sale (+2.3 margin pp)
- Share of operating costs (total sales, R&D and administrative expenses) in revenue further reduced (-1.0 PP yoy)

Earnings per share +119.0% yoy

- Financial result marked by higher interest rates
- Tax rate at 26.8% slightly below previous year (Q1/22: 26.9%)

Development of the regions and business areas

Americas and Europe remain strong revenue drivers

Revenue [€ m]	Share	yoy	EBIT ¹
Europe 504,0	76%	+22%	85,9
Americas 142,6	21%	+57%	18,3
APAC 20,6	3%	+7%	1,4
Total Q1/23 667,2	100%	+28%	87,8

Compact equipment business segment with biggest growth

Revenue [€ m] ²	Share	yoy
Light equipment 135,6	20%	+23%
Compact equipment 416,1	62%	+36%
Services 119,7	18%	+10%
Total Q1/23 671,4	100%	+28%

Comments

Revenue Europe (EMEA) +22.4% yoy (adj. for FX effects +22.9%)

- Double-digit growth rates in DACH, the UK, France, Poland and the Czech Republic continue to support growth
- Finland and Italy with doubled revenue
- Continued strong growth in excavators, wheel loaders and dumpers
- Unchanged high growth in agricultural machinery business (+44.3%)

Americas revenue +57.0% yoy (adj. for FX effects +22.9%)

- Another very satisfactory development in the USA and Canada
- Development of the US dollar has a dampening effect
- Continued high demand for construction site equipment, including generators, light towers and pumps, as well as for excavators and compaction equipment
- Continued strong demand from key accounts

Asia-Pacific revenue +7.3% yoy (adj. for FX effects +22.9%)

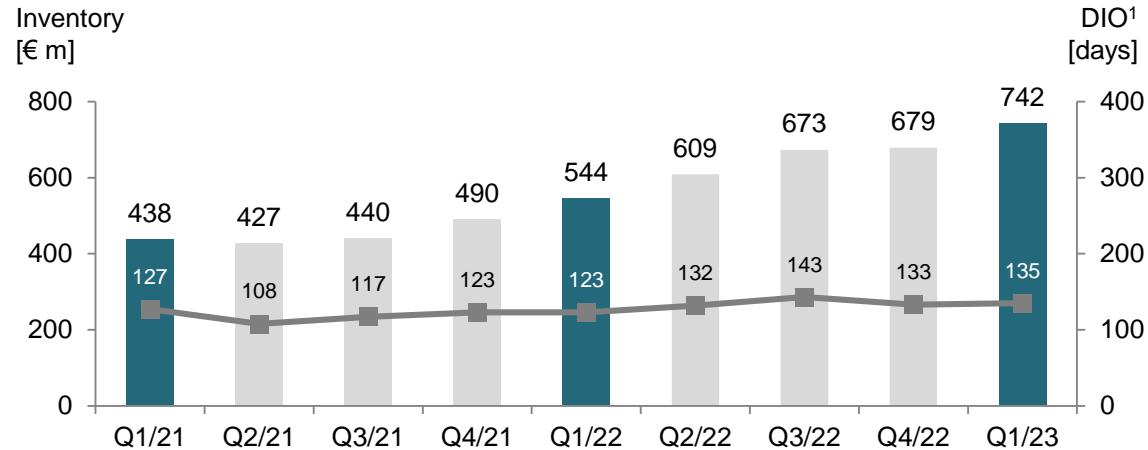
- Australia and also India again with double-digit growth, with strong demand for excavators and dumpers
- Market-related decline in revenue in China dampening overall development of the region

¹ EBIT of the regions before consolidation.

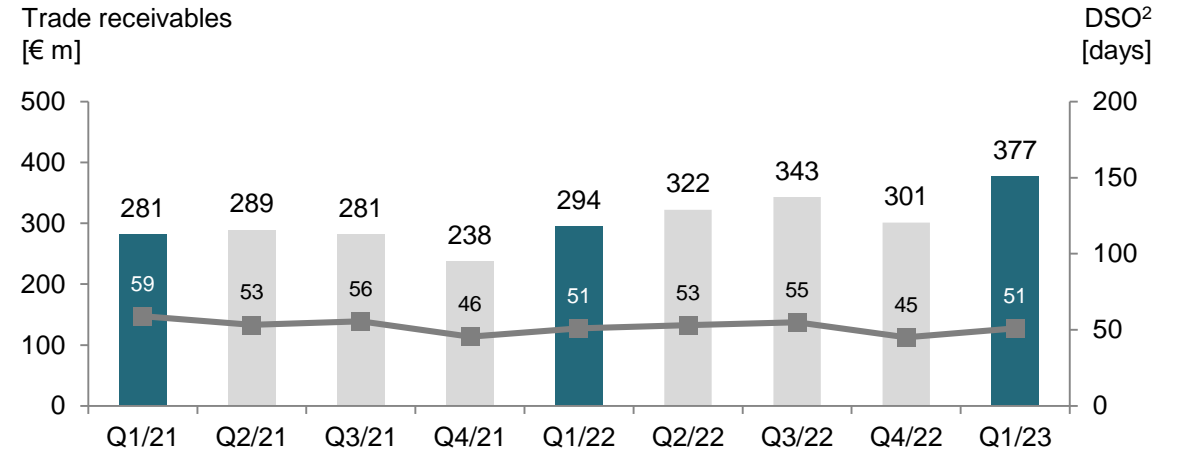
² Revenue per business unit before cash discounts.

Supply chain situation slightly improved, inventories still increased

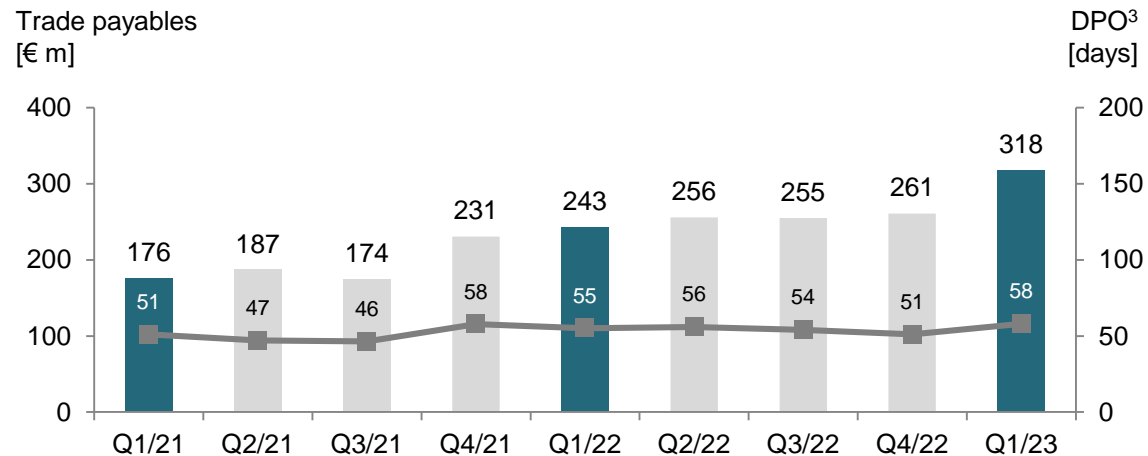
Inventories



Trade receivables



Trade payables



Comments

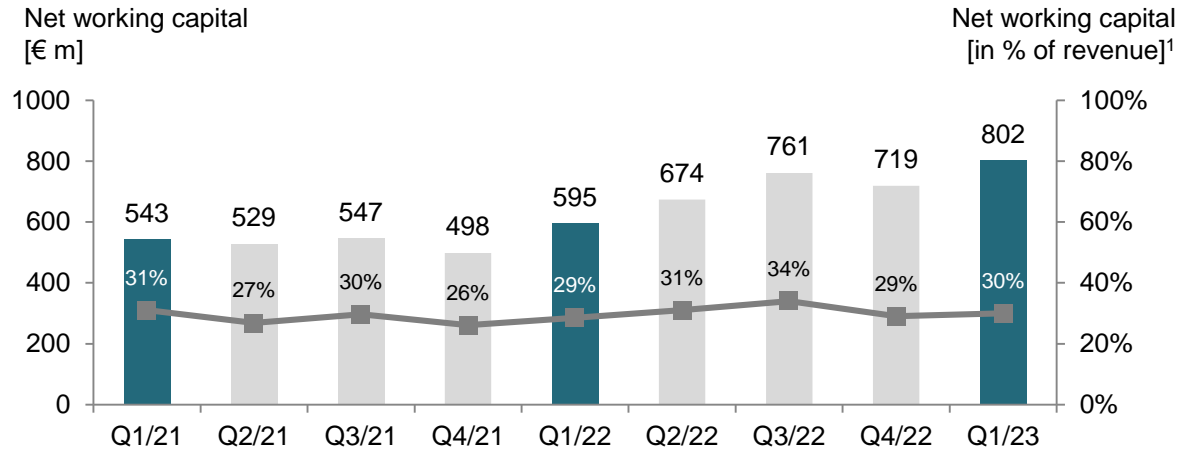
- Supply chain situation slightly improved but still challenging
- Continued increased need for stockpiling to ensure growth
- Unfinished machinery inventory volatile but overall below highs again
- Increase in trade receivables in relation to increase in revenue

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

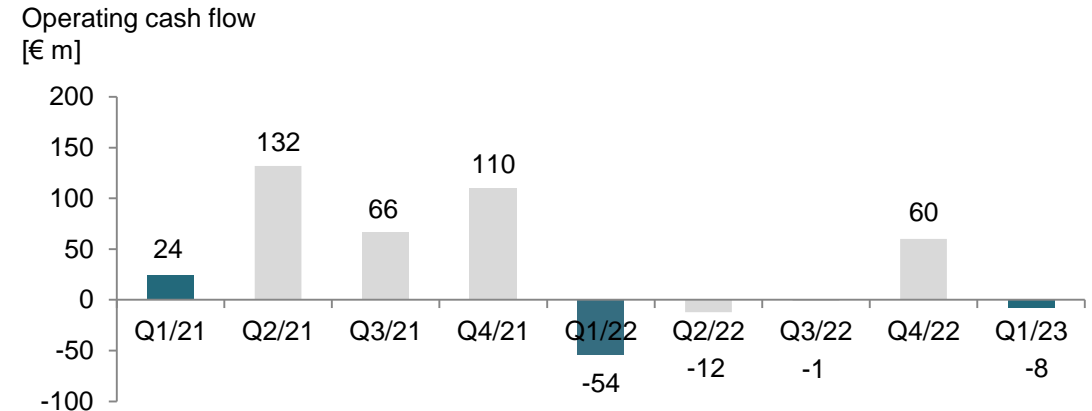
⁴ Net working capital as a % of annualised quarterly revenue.

NWC ratio in the strategic target range

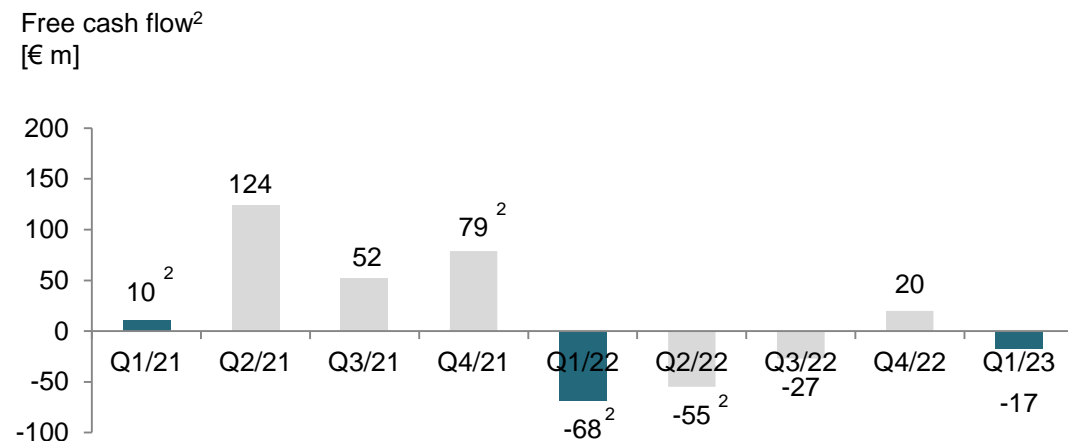
Net working capital



Operating cash flow



Free cash flow



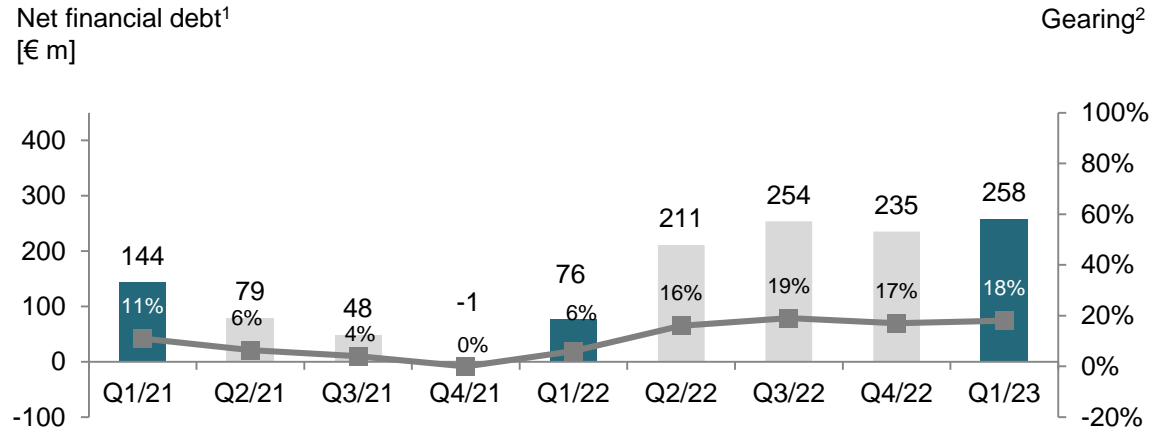
Comments

- Net working capital ratio within strategic target range of $\leq 30\%$.
- Capital expenditure of EUR 33.6 million at the end of Q1 on target
- Operating cash flow of -7.8 million euros noticeably improved compared to Q1 2022, driven in particular by profitability improvement
- Free cash flow (adjusted for release of fixed-term deposits in Q1 2022) also noticeably improved at EUR -17.1 million

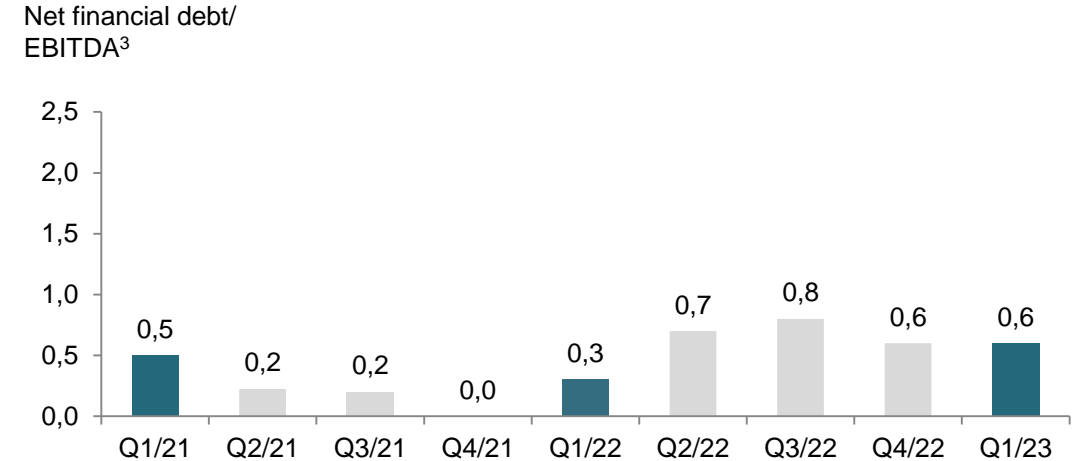
¹ Net working capital as a % of annualized quarterly revenue. ² Before taking into account outflows in fixed-term investments of €100m in Q1/21, €15m in Q4/21 and inflows of €30m in Q1/22.

Unchanged solid financial structure, equity ratio remains high

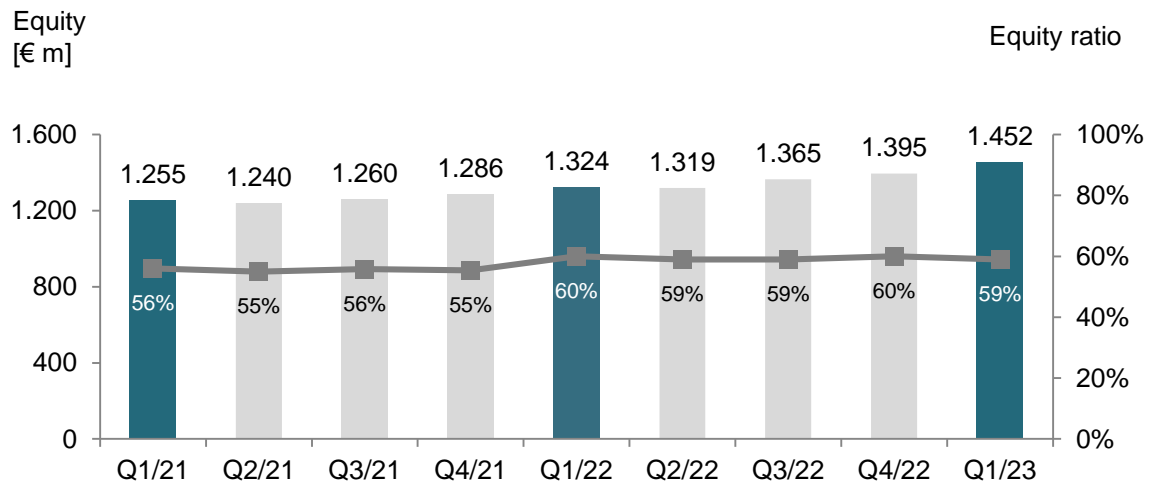
Net financial debt and gearing



Net financial debt/EBITDA³



Equity and equity ratio



Comments

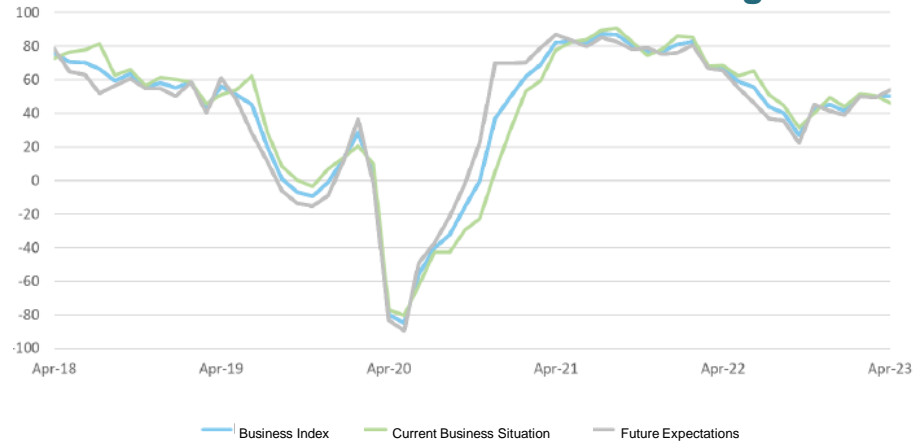
- Net financial debt¹ still characterized by high inventory levels
- Gearing² at solid level of 17.8%
- Net financial debt to EBITDA to be classified as conservative at 0.6
- Equity ratio almost unchanged at 58.9% high
- Dividend proposal to the Annual General Meeting on May 26, 2023: EUR 1.00 per share (PY: EUR 0.90 per share)

¹ Non-current financial liabilities + current liabilities to banks + current portion of current liabilities - liquid funds - fresh fixed-term deposits. ² Net financial debt/equity. ³ Net financial debt/annualised EBITDA for the quarter.

Outlook 2023 confirmed

Construction:

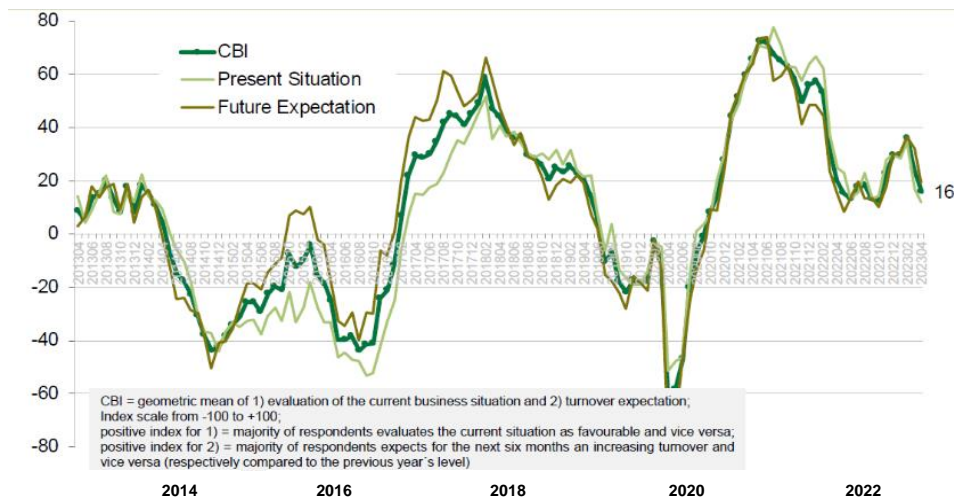
CECE Business Climate Index with continued good sentiment



Source: CECE (Committee for European Construction Equipment), April 2023.

Agriculture:

CEMA Business Climate Index tends sideways at a good level



Source: CEMA (European Agricultural Machinery Industry Association), April 2023.

Outlook

- **CECE Business Climate Index** for the European Construction Equipment Industry **remains positive, European market continues to grow**
- **CEMA Business Climate Index** for the European agricultural machinery sector **tends sideways at a good level, economic forecasts increasingly curb growth momentum**
- **Economic risks remain for the second half of the year:**
 - Supply chain situation slightly improved, but logistical bottlenecks still prevail; still challenging
 - Elevated interest rate environment fuels recessionary tendencies
 - Banking sector and real estate markets have lost stability
 - Difficult environment for numerous industries
 - Further course of the Ukraine war cannot be assessed
- **Revenue and earnings forecast for 2023 reaffirmed**
 - **Revenue** between 2,300 and 2,500 million euros
 - **EBIT margin** between 9.5% and 10.5
 - **Investments** of around 120 million euros ¹
 - **Net working capital as a percentage of turnover** around 30 per cent

¹ Investments in property, plant and equipment and intangible assets. Investments in the Group's own rental portfolio, participations and financial assets are not included.

Consolidated Financial Statements

(unaudited)

Consolidated income statement

IN € MILLION	Q1/23	Q1/22
Revenues	667.2	521.6
Cost of sales	-499.9	-401.8
Gross profit from sales	167.3	119.8
Sales and service expenses	-60.4	-50.8
Research and development expenses	-14.8	-12.7
General administrative expenses	-22.7	-18.4
Other income	18.7	2.3
Other expenses	-0.3	-1.1
Earnings before interest and tax (EBIT)	87.8	39.1
Financial income*	11.1	12.2
Financial expenses*	-13.7	-12.2
Earnings before tax (EBT)	85.2	39.1
Taxes on income	-22.8	-10.5
Profit for the period	62.4	28.6
Earnings per share in € (diluted and undiluted)	0.92	0.42

* Currency gains and losses are reported gross in financial income and financial expenses (previously: reported net). Prior-year figures have been adjusted accordingly. Please also refer to Note 5 "Financial result" of the Annual Report 2022.

Consolidated balance sheet

IN € MILLION

	March 31, 2023	Dec. 31, 2022	March 31, 2022
Assets			
Property, plant and equipment	463.5	452.8	392.5
Property held as financial investment	25.8	26.0	24.1
Goodwill	232.5	232.5	228.6
Other intangible assets	213.5	211.0	190.7
Investments	5.2	4.7	3.8
Deferred tax assets	32.3	35.9	25.8
Non-current financial assets	26.7	13.5	20.6
Rental equipment	214.7	206.3	187.4
Total non-current assets	1,214.2	1,182.7	1,073.5
Inventories	742.4	678.9	543.8
Trade receivables	377.4	301.3	294.1
Tax offsets	24.0	25.7	26.0
Other current financial assets	38.6	41.3	128.0
Other current non-financial assets	31.3	31.4	28.9
Cash and cash equivalents	35.1	53.7	114.7
Non-current assets held for sale	0.0	8.9	9.0
Total current assets	1,248.8	1,141.2	1,144.5
Total assets	2,463.0	2,323.9	2,218.0

IN € MILLION

	March 31, 2023	Dec. 31, 2022	March 31, 2022
Equity and liabilities			
Subscribed capital	70.1	70.1	70.1
Other reserves	608.6	614.0	596.5
Net profit/loss	825.8	763.4	710.6
Treasury shares	-53.0	-53.0	-53.0
Equity	1,451.5	1,394.5	1,324.2
Long-term financial borrowings	169.4	169.5	212.3
Long-term lease liabilities	50.2	54.6	45.3
Deferred tax liabilities	61.3	61.6	50.7
Provisions for pensions and similar obligations	36.5	37.6	47.6
Long-term provisions	8.7	8.7	9.6
Long-term contract liabilities	11.5	10.2	7.6
Total non-current liabilities	337.6	342.2	373.1
Trade payables	317.9	261.3	242.6
Short-term liabilities to financial institutions	123.4	117.9	77.7
Current portion of long-term liabilities	0.3	0.8	0.8
Short-term lease liabilities	21.5	22.6	21.4
Short-term provisions	21.1	20.9	21.5
Short-term contract liabilities	7.0	7.2	4.8
Income tax liabilities	19.8	12.0	18.1
Other current financial liabilities	85.8	85.3	61.4
Other current non-financial liabilities	77.1	59.2	72.4
Total current liabilities	673.9	587.2	520.7
Total liabilities	2,463.0	2,323.9	2,218.0

Consolidated cash flow statement (1)

IN € MILLION

	Q1/23	Q1/22
EBT	85.2	39.1
<i>Adjustments to reconcile profit before tax with gross cash flows</i>		
Depreciation, amortisation and impairment of non-current assets	19.3	17.1
Unrealised foreign exchange gains/losses	0.4	2.3
Financial result	2.6	0.0
Gains from the sale of intangible assets and property, plant and equipment	-15.7	-0.1
Change in the rental equipment, net	-8.6	4.5
Change in misc. assets	-14.6	-5.7
Change in provisions	-0.6	-2.0
Change in misc. liabilities	22.9	4.7
Gross cash flow	90.9	59.9
Changes in inventories	-68.4	-49.4
Changes in trade receivables	-77.8	-54.2
Changes in trade payables	57.5	11.3
Changes in net working capital	-88.7	-92.3
Cash flow from operating activities before income tax paid	2.2	-32.4
Income tax paid	-10.0	-21.7
Cash flow from operating activities	-7.8	-54.1

Consolidated cash flow statement (2)

IN € MILLION

	Q1/23	Q1/22
Cash flow from operating activities	-7.8	-54.1
Purchase of property, plant and equipment	-25.0	-9.8
Purchase of intangible assets	-8.6	-6.8
Purchase of investments	-0.5	0.0
Cash inflow from financial investments	0.0	30.0
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	24.8	0.2
Proceeds from disposals from the consolidation group	0.0	2.1
Cash flow from investing activities	-9.3	15.7
Free cash flow	-17.1	-38.4
Cash receipts from short-term borrowings	53.3	17.7
Repayments from short-term borrowings	-48.9	-125.0
Repayments from long-term borrowings	0.0	-35.6
Repayments from lease liabilities	-5.4	-6.2
Interest paid	-2.6	-3.0
Interest received	1.0	0.1
Cash flow from financial activities	-2.6	-152.0
Change in cash and cash equivalents before effect of exchange rates	-19.7	-190.4
Effect of exchange rates on cash and cash equivalents	1.1	-0.4
Change in cash and cash equivalents	-18.6	-190.8
Cash and cash equivalents at the beginning of the period	53.7	305.5
Cash and cash equivalents at the end of the period	35.1	114.7

Group segment reporting

Geographical segments

IN € MILLION

	Europe		Americas		Asia-Pacific		Consolidation		Group	
	Q1/23	Q1/22	Q1/23	Q1/22	Q1/23	Q1/22	Q1/23	Q1/22	Q1/23	Q1/22
Total revenue	854.0	650.7	168.0	105.5	29.9	27.8			1,051.9	784.0
Revenue with third parties	504.0	411.6	142.6	90.8	20.6	19.2			667.2	521.6
EBIT ¹	85.9	37.0	18.3	1.2	1.4	1.4	-17.8	-0.5	87.8	39.1

¹ EBIT of the regions before consolidation.

Business areas

IN € MILLION

	Q1/23	Q1/22
Revenue with third parties		
Light equipment	135.6	110.0
Compact equipment	416.1	305.7
Services	119.7	108.4
	671.4	524.1
Less cash discounts	-4.2	-2.5
Total	667.2	521.6

Financial calendar and contact

May 9, 2023	Publication of Quarterly report Q1/2023
May 26, 2023	Annual General Meeting 2023 (Munich)
August 8, 2023	Publication of half-year report H1/2023
November 9, 2023	Publication of nine-month report 9M/2023

Disclaimer

This report contains forward-looking statements based on current assumptions and estimates made by the management of the Wacker Neuson Group. Forward-looking statements are identified by the use of words such as expect, intend, plan, anticipate, assume, believe, estimate and similar formulations. These statements are not to be understood as guarantees that these expectations will prove to be correct. Future developments and the results actually achieved by the Wacker Neuson Group and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Various of these factors are beyond the company's control and cannot be precisely predicted, such as the future economic environment and the behavior of competitors and other market participants. There are no plans to update the forward-looking statements, nor does the company assume any separate obligation to do so.

All rights reserved. Valid May 2023. The Wacker Neuson Group assumes no liability for the correctness and completeness of the data listed in this presentation. Reprinting only with the written permission of the Wacker Neuson Group, Munich.

Contact

Wacker Neuson Group

Contact IR: +49 - (0)89 - 354 02 - 427

ir@wackerneuson.com

www.wackerneusongroup.com