
Wacker Neuson Group Quarterly Statement Q3/23

November 9, 2023, unaudited

Overview 9M/2023 // Q3/2023

9M/2023				Q3/2023			
Revenue	EBIT margin	NWC ratio	FCF	Revenue	EBIT margin	NWC ratio	FCF
EUR 2,014 m (+22.7% yoy)	11.9% (py: 8.8%)	35.5% (py: 33.5%)	EUR -41 m (py: EUR-150 m)	EUR 648 m (+14.0% yoy)	9.8% (py: 10.0%)	35.5 % (py: 33.5%)	EUR -10 m (py: EUR -27 m)



Revenue still significantly above previous year; FY 2023 well covered by order backlog



Margin remains strong, decline in Q3 in line with economic expectations



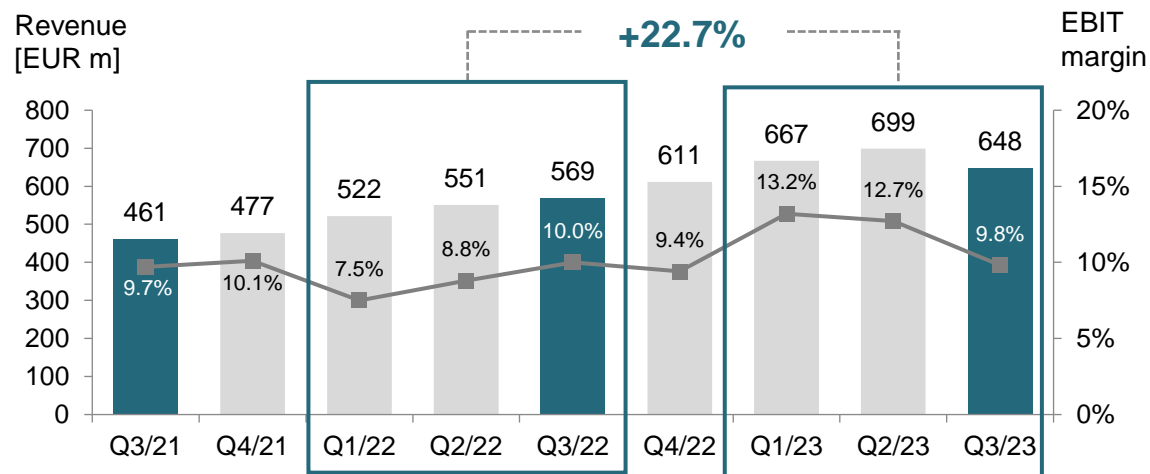
NWC ratio, characterized by economic slowdown, above strategic target range ($\leq 30\%$)



Supply chain situation significantly improved compared to 2022, but still challenging in some areas

Revenue and earnings

Growth and profitability well into double digits as a percentage



Income statement (excerpt)

EUR m	9M/23	9M/22	Δ
Revenue	2,013.9	1,641.0	22.7%
Gross profit	506.7	390.0	29.9%
<i>in % of revenue</i>	<i>25.2%</i>	<i>23.8%</i>	<i>1.4PP</i>
Operating costs	-263.9	-251.3	5.0%
<i>in % of revenue</i>	<i>-13.1%</i>	<i>-15.3%</i>	<i>2.2PP</i>
EBIT	240.4	144.6	66.3%
<i>in % of revenue</i>	<i>11.9%</i>	<i>8.8%</i>	<i>-3.1PP</i>
Financial result	-8.6	-0.3	>100%
Income taxes	-62.8	-42.7	47.1%
Result for the period	169.0	101.6	66.3%
Earnings per share (€)	2.48	1.49	66.4%

Comment 9M/2023

Revenue +22.7% yoy (adjusted for foreign exchange: +24.1%)

- Significant double-digit growth overall, economic slowdown increasingly perceptible quarter-on-quarter
- Demand from the agricultural sector still more stable in comparison to demand from construction industry

Gross profit +29.9% yoy (gross profit margin +1.4 PP)

- Increased profitability by adjusting sales prices to material cost increases and making pricing models more flexible
- Productivity, however, burdened by occasional material bottlenecks and need for rework

EBIT +66.3% yoy (EBIT margin: +3.1 PP)

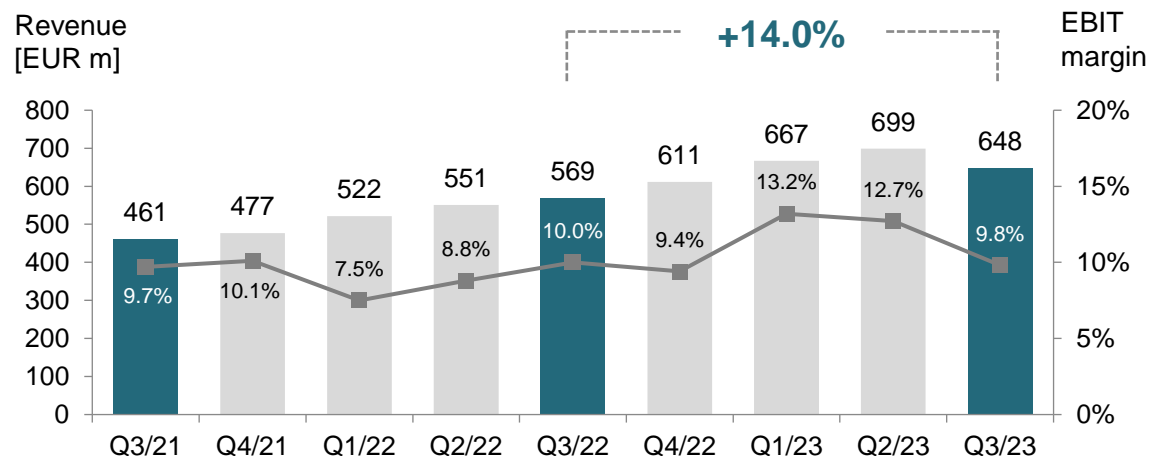
- Good profitability combined with one-off effects
- Effect from disposal of real estate (+0.7 margin PP)
- Effect from sale of intangible assets (+0.5 margin PP)

Earnings per share +66.4% yoy

- Financial result noticeably impacted by further rise in interest rates
- Tax rate of 27.1% slightly below previous year (9M/22: 29.6%)

Revenue and earnings

Growth and profitability weakened due to economic conditions



Income statement (excerpt)

EUR m	Q3/23	Q3/22	Δ
Revenue	648.0	568.5	14.0%
Gross profit	162.1	139.4	16.3%
<i>in % of revenue</i>	25.0%	24.5%	0.5PP
Operating costs	-101.3	-84.9	19.3%
<i>in % of revenue</i>	-15.6%	-14.9%	-0.7PP
EBIT	63.7	57.1	11.6%
<i>in % of revenue</i>	9.8%	10.0%	-0.2PP
Financial result	-4.8	-3.0	60.0%
Income taxes	-15.9	-18.6	-14.5%
Result for the period	43.0	35.5	21.1%
Earnings per share (€)	0.63	0.52	21.2%

Comment Q3/2023

Revenue +14.0% yoy (adjusted for foreign exchange: +16.9%)

- Growth still in double digits despite economic slowdown, driven by Europe and North America
- Sentiment in construction and agriculture noticeably dampened

Gross profit +16.3% yoy (gross profit margin +0.5 PP)

- Slightly disproportionately lower increase in cost of sales against the backdrop of consistent cost management
- In addition, price adjustments compared with previous year still effective

EBIT +11.6% yoy (EBIT margin: -0.2 PP)

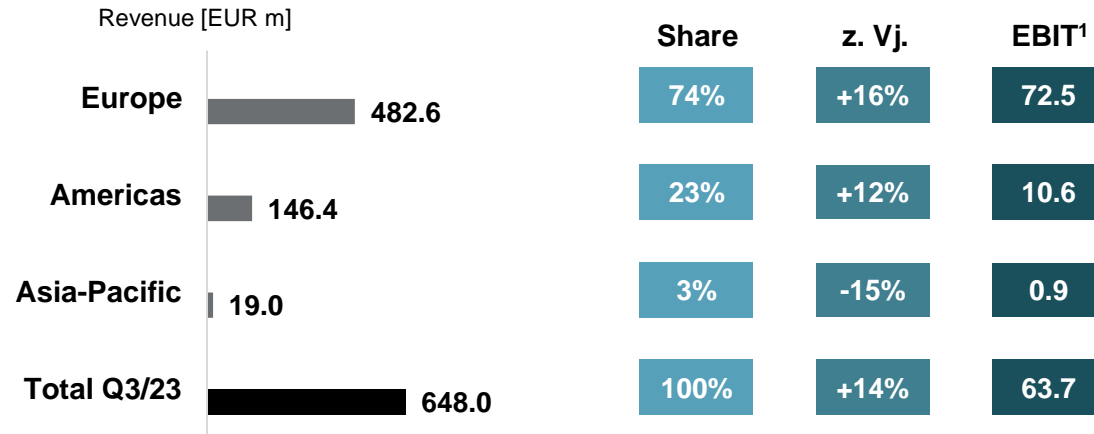
- Also double-digit growth, but slightly less than proportionate compared to revenue
- No one-off effects in contrast to H1
- Share of operating costs (sum of selling, R&D and administrative costs) slightly increasing (-0.7 PP yoy)

Earnings per share +21.2% yoy

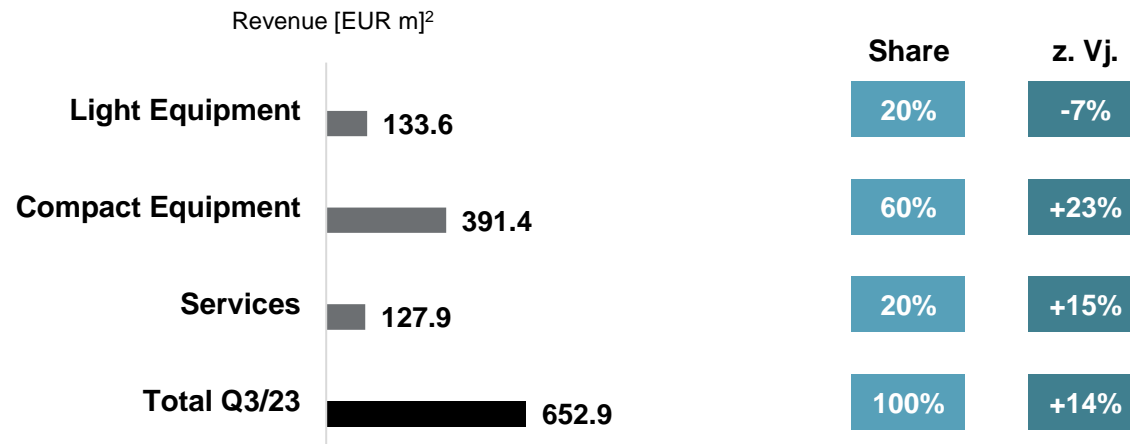
- Financial result still impacted by higher interest rates
- Tax rate of 27.0% significantly below previous year (Q3/22: 34.4%)

Development of the regions and business areas

Americas and Europe remain strong sales drivers



Compact Equipment Business Area with Largest Growth



¹ EBIT of the regions before consolidation.

² Sales per business area incl. cash discounts.

Comment Q3/2023

Revenue Europe (EMEA) +16.0% yoy (+16.6% adjusted for foreign exchange)

- Overall still good double-digit revenue growth
- At the same time, noticeably weaker growth momentum in all submarkets of the region
- Wheel loaders and telehandlers remain the most sought-after products
- Agricultural machinery business remains significant growth driver (+51.4%)

Revenue Americas +12.4% yoy (+21.6% adjusted for foreign exchange)

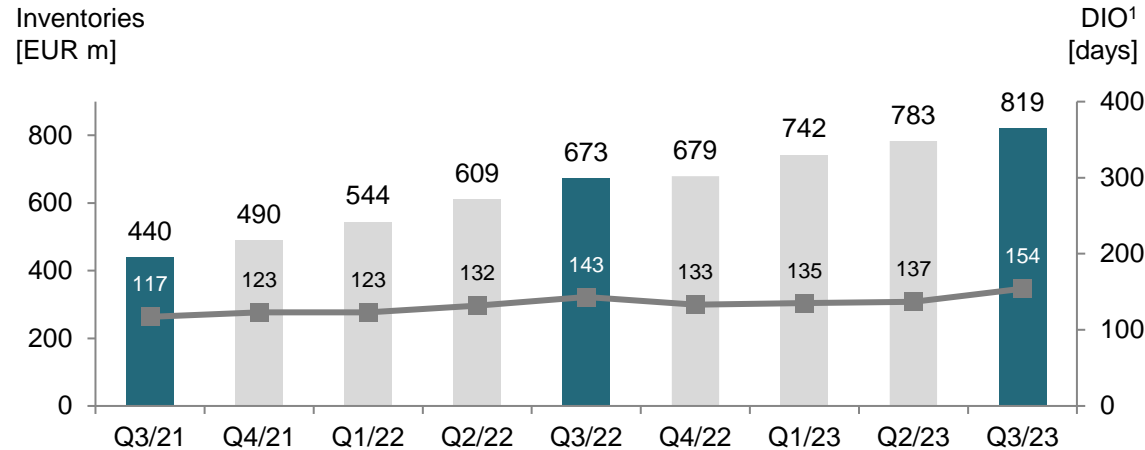
- Growth still in double digits, but weaker compared to previous quarters
- US dollar weakening against the euro
- Construction site equipment and excavators still in high demand

Revenue Asia-Pacific -14.8% yoy (-3.6% adjusted for foreign exchange)

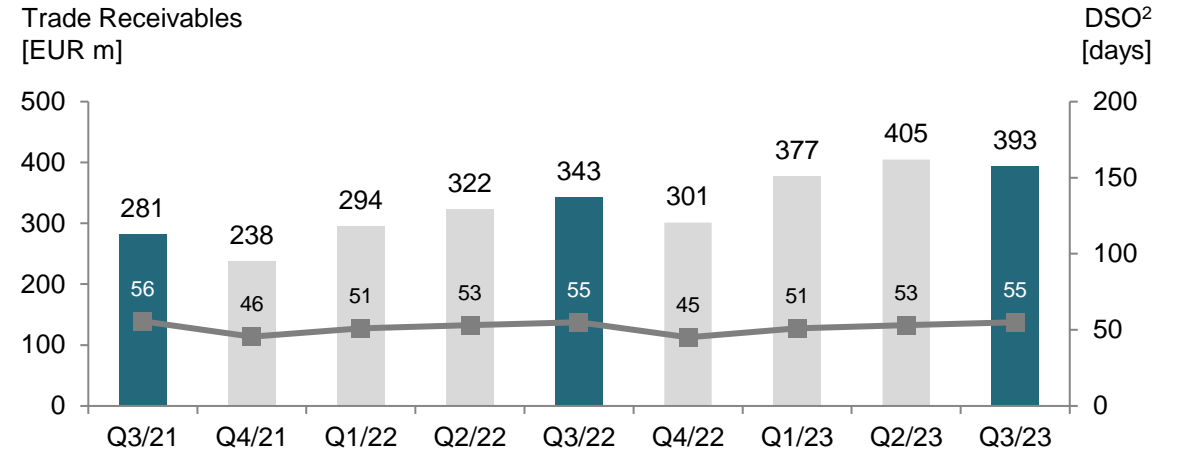
- Significant decline in revenue, Australia still most dynamic but also with downward trend
- Excavators and dumpers with most demand overall
- Continued currency weakness against the euro

Supply chain situation significantly improved, inventories increased

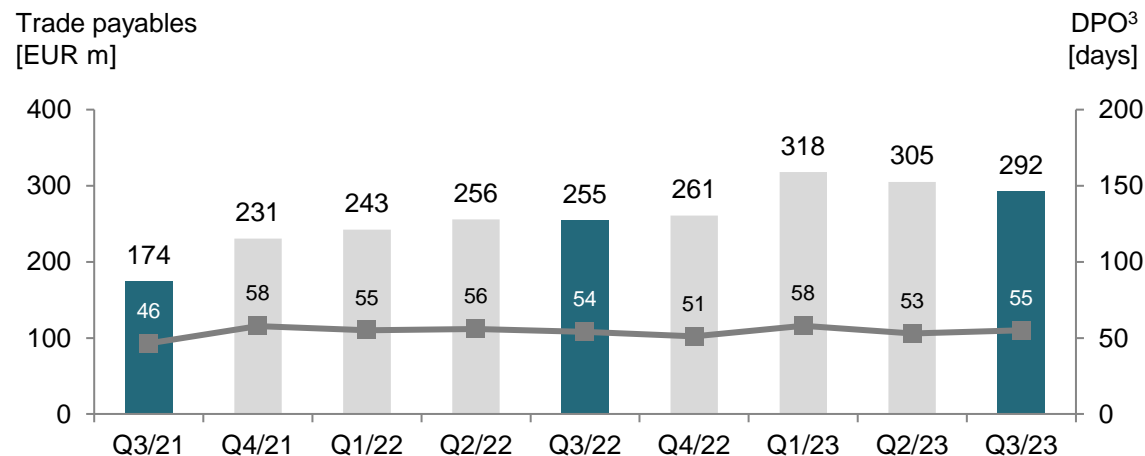
Inventories



Trade receivables



Trade payables



Comment

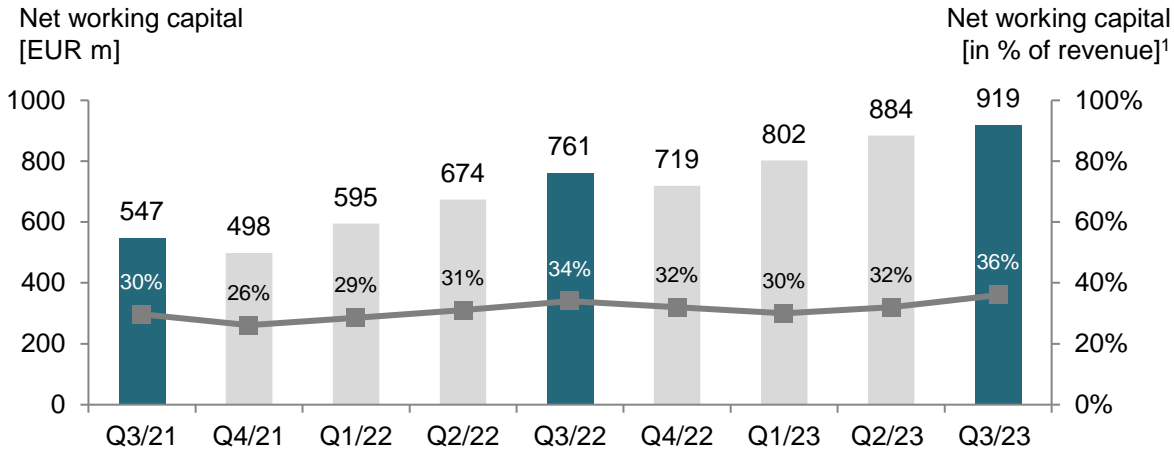
- Supply chain situation significantly improved compared to 2022, but still challenging in some areas
- Inventories impacted by economic slowdown
- Work in progress at end of Q3 down significantly compared with end of Q2, but increase in finished goods
- Trade accounts receivable and payable slightly reduced

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

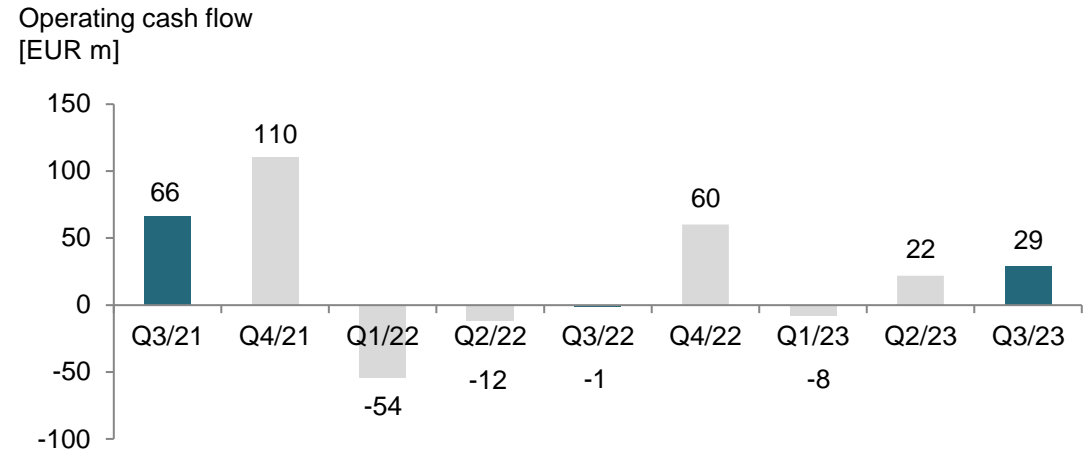
² Days sales outstanding = (receivables/(sales*4))*365 days;

NWC ratio impacted by economic slowdown

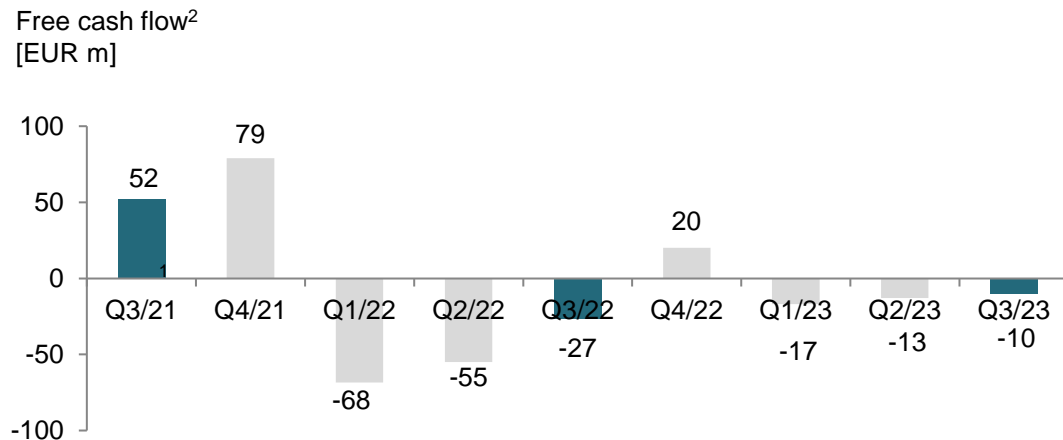
Net working capital



Operating cash flow



Free cash flow



Comment

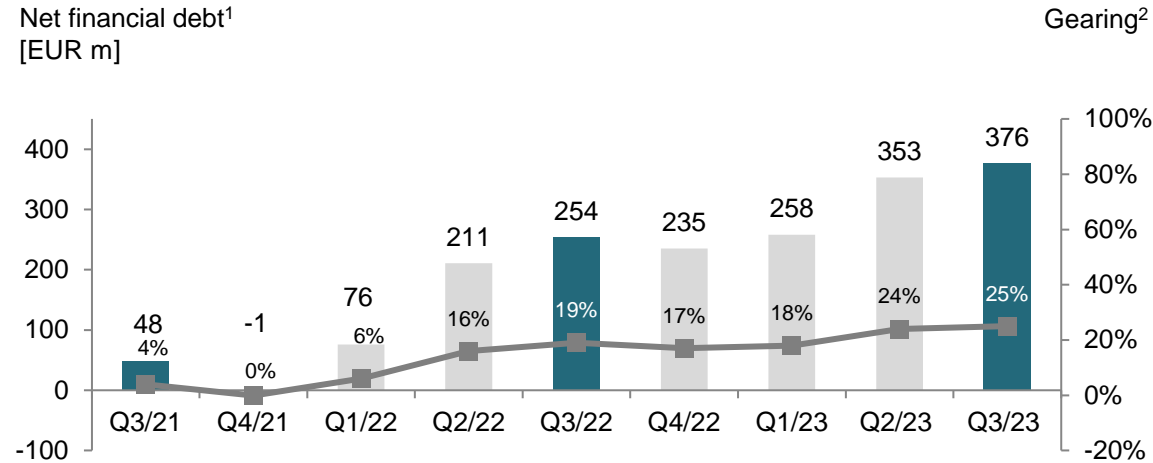
- Net working capital ratio characterized by economic slowdown above strategic target range of $\leq 30\%$.
- Capital expenditures of EUR 38.4 million in Q3 / EUR 107.6 million in 9M in line with forecast
- At EUR 28.5 million, operating cash flow continues to follow a positive positive trend over the course of the year
- Free cash flow also on upward trend at EUR -10.4 million, although noticeably impacted by NWC increase

¹ Net working capital as a % of annualized quarterly revenue.

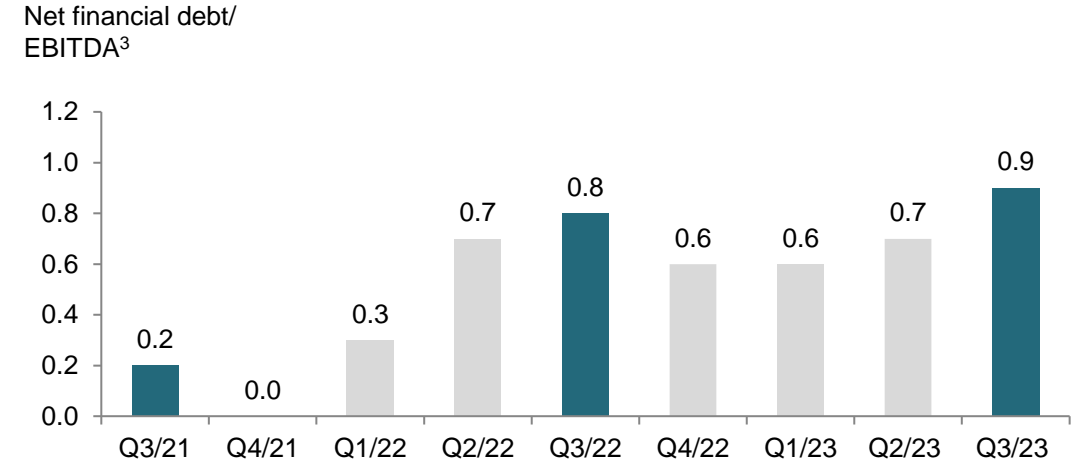
² Before taking into account outflows in or inflows from time deposits.

Continued solid financial structure with high equity ratio

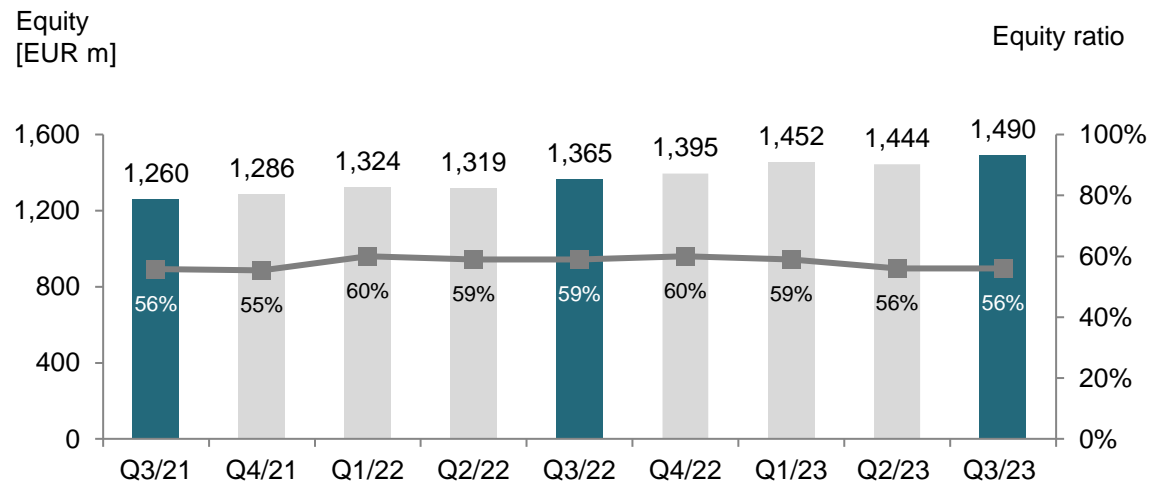
Net financial debt and gearing



Net financial debt/EBITDA³



Equity and equity ratio



Comment

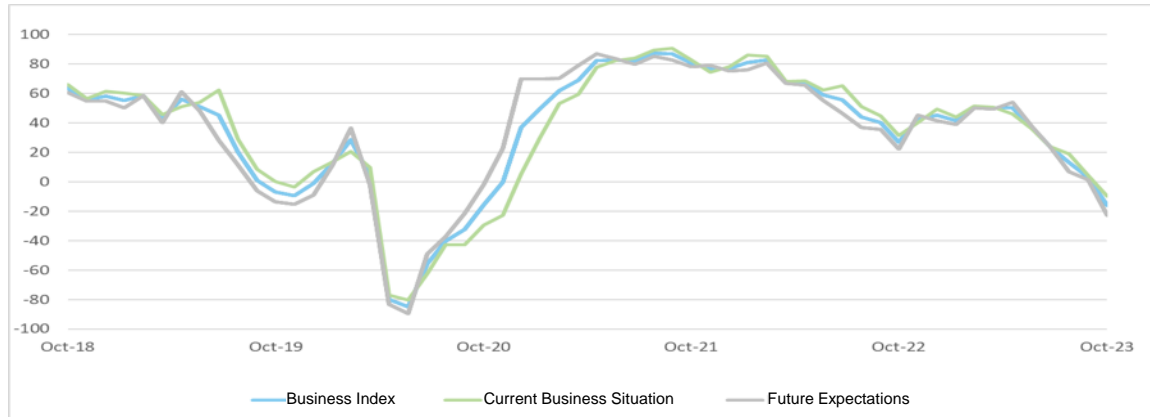
- Net financial debt¹ influenced by increased inventories (especially finished goods with reduction in work in progress)
- Increase in long-term credit lines to EUR 450 million as of 10/2023
- Gearing² slightly increased to 25%
- Net financial debt to EBITDA at 0.9 despite increase to be assessed as conservative
- Equity ratio slightly down at 56%

¹ Non-current financial liabilities + current liabilities to banks + current portion of current liabilities - cash and cash equivalents - current time deposits.

² Net financial debt/equity. ³ Net financial debt/annualized EBITDA for the quarter.

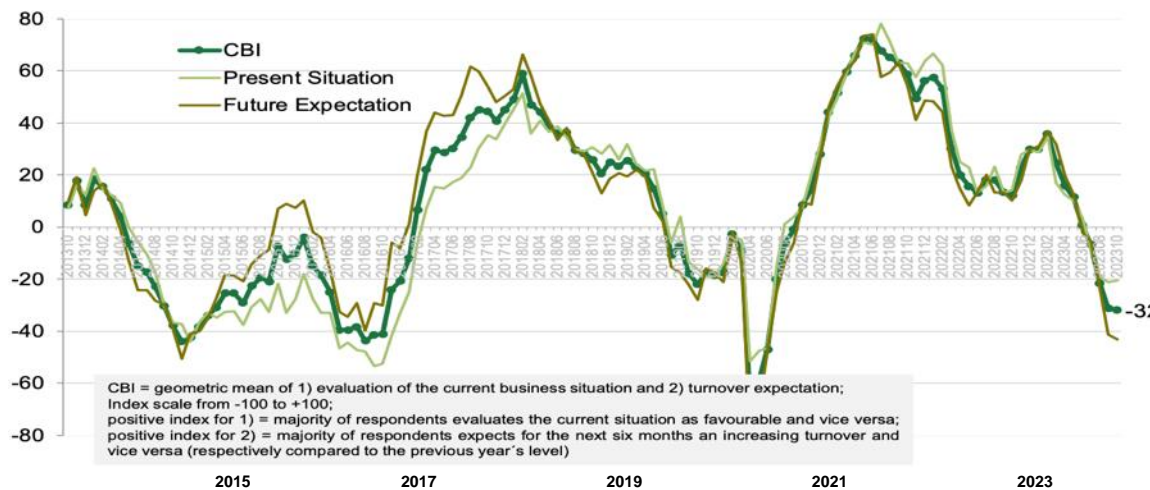
Revenue and earnings forecast for full year 2023 reaffirmed

Construction industry: Significant decline in CECE business climate index continues



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

Agriculture: CEMA business climate index also declines sharply



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

Outlook

- **Significant decline in CECE business climate index continues for seventh consecutive month, order intake from European markets still significantly weaker than a year ago - order intake from international markets also under pressure.**
- **CEMA Business Climate Index for the European agricultural machinery sector negative after further decline.**
- **Economic risks materialize in the second half of the year:**
 - Macroeconomic news conveys increasingly gloomy outlook for numerous industries
 - Increased interest rate environment with declining inflation causes significant rise in real interest rates
 - Higher interest rates challenging economy in general and construction sector in particular
- **Guidance for 2023**
 - **Revenue** between EUR 2,500 and 2,700 million reaffirmed
 - **EBIT margin** between 10.0% and 11.0% reaffirmed
 - **Investments of around EUR 140 million¹** reaffirmed
 - **Net working capital ratio** at around 32 percent given the current economic environment

¹ 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.

Consolidated Financial Statements

(unaudited)

Consolidated income statement

IN € MILLION	Q3/23	Q3/22	9M/23	9M/22
Revenue	648.0	568.5	2,013.9	1,641.0
Cost of sales	-485.9	-429.1	-1,507.2	-1,251.0
Gross profit	162.1	139.4	506.7	390.0
Distribution costs	-61.0	-54.3	-182.6	-158.6
Research and development costs	-16.1	-12.0	-47.7	-36.5
General administrative expenses	-24.2	-18.6	-70.7	-56.2
Other operating income	4.1	3.3	37.1	8.1
Other operating expenses	-1.2	-0.7	-2.4	-2.2
Operating result (EBIT)	63.7	57.1	240.4	144.6
Financial income ¹	6.6	10.5	25.4	34.4
Financial expenses ¹	-11.4	-13.5	-34.0	-34.7
Earnings before taxes (EBT)	58.9	54.1	231.8	144.3
Income taxes	-15.9	-18.6	-62.8	-42.7
Result for the period	43.0	35.5	169.0	101.6
Earnings per share in € (diluted and basic)	0.63	0.52	2.48	1.49

¹ Foreign exchange gains/losses since end of 2022 reported gross (previously: netted). Prior-year figures adjusted accordingly.

Consolidated balance sheet

IN € MILLION	30.09.2023	31.12.2022	30.09.2022
Assets			
Property, plant and equipment	531.2	452.8	427.2
Investment property	29.5	26.0	23.9
Goodwill	232.5	232.5	231.5
Other intangible assets	213.8	211.0	208.8
Shareholdings	4.2	4.7	5.1
Deferred tax assets	33.1	35.9	24.8
Non-current financial assets	20.5	13.5	12.1
Other non-current non-financial assets	0.0	0.0	0.5
Rental portfolio	254.0	206.3	204.0
Total non-current assets	1,318.8	1,182.7	933.9
Inventories	818.6	678.9	673.1
Trade receivables	392.6	301.3	342.9
Tax refund claims	15.3	25.7	34.5
Other current financial assets	43.0	41.3	36.2
Other current non-financial assets	42.1	31.4	34.9
Cash and cash equivalents	28.4	53.7	35.6
Non-current assets held for sale	0.0	8.9	9.0
Total current assets	1,340.0	1,141.2	1,370.2
Total assets	2,658.8	2,323.9	2,304.1

IN € MILLION	30.09.2023	31.12.2022	30.09.2022
Liabilities			
Subscribed capital	70.1	70.1	70.1
Other reserves	608.0	614.0	625.0
Unappropriated profit	864.4	763.4	722.4
Own shares	-53.0	-53.0	-53.0
Equity	1,489.5	1,394.5	1,364.5
Non-current financial liabilities	104.3	169.5	218.1
Non-current lease liabilities	75.3	54.6	45.0
Deferred tax liabilities	61.7	61.6	61.6
Accrued pension and similar obligations	35.8	37.6	31.3
Non-current provisions	10.1	8.7	9.4
Long-term contract liabilities	15.4	10.2	9.0
Total non-current liabilities	302.6	342.2	374.4
Trade accounts payable	292.0	261.3	255.3
Current liabilities to financial institutions	299.7	117.9	71.1
Current portion of non-current liabilities	0.2	0.8	0.8
Current lease liabilities	26.5	22.6	21.7
Current provisions	23.8	20.9	22.2
Current contract liabilities	7.6	7.2	4.6
Income tax liabilities	27.8	12.0	30.2
Other current financial liabilities	112.3	85.3	91.9
Other current non-financial liabilities	76.8	59.2	67.4
Total current liabilities	866.7	587.2	565.2
Total liabilities	2,658.8	2,323.9	2,304.1

Consolidated Cash Flow Statement (1)

IN € MILLION

	Q3/23	Q3/22	9M/23	9M/22
Earnings before taxes	58.9	54.1	231.8	144.3
<i>Adjustments to reconcile profit before tax to gross cash flow</i>				
Depreciation, amortization and impairment losses on non-current assets	22.9	18.2	63.6	52.7
Unrealized foreign exchange losses/gains	-2.1	-5.1	-4.0	3.3
Financial result	4.8	3.0	8.6	0.3
Gain on sale of property, plant and equipment and intangible assets	0.1	0.2	-15.6	0.1
Change in rental portfolio, net	-19.3	-6.2	-46.8	-9.5
Change in other assets	1.0	4.1	-22.2	-7.5
Change in provisions	0.7	-1.0	2.4	-2.3
Change in other liabilities	8.8	20.2	58.2	28.4
Gross cash flow	75.8	87.5	276.0	209.8
Change in inventories	-30.3	-58.2	-138.9	-154.9
Change in trade receivables	13.7	-18.2	-91.1	-91.4
Change in trade accounts payable	-14.2	-1.9	30.6	16.9
Change in net working capital	-30.8	-78.3	-199.4	-229.4
Cash flow from operating activities before income taxes paid	45.0	9.2	76.6	-19.6
Income taxes paid	-16.5	-9.7	-33.5	-46.6
Cash flow from operating activities	28.5	-0.5	43.1	-66.2

Consolidated Cash Flow Statement (2)

IN € MILLION

	Q3/23	Q3/22	9M/23	9M/22
Cash flow from operating activities	28.5	-0.5	43.1	-66.2
Investments in property, plant and equipment	-31.4	-20.4	-85.7	-46.0
Investments in intangible assets	-7.0	-6.8	-21.9	-22.0
Investments in participations	-0.1	-0.7	-0.6	-20.7
Payments for loans to at-equity investment	-0.5	0.0	-1.1	0.0
Cash inflows from financial investments	0.0	0.0	0.0	130.0
Cash outflows due to financial investments	0.0	0.0	0.0	0.0
Proceeds from disposals of property, plant and equipment, intangible assets and non-current assets held for sale	0.1	1.7	25.3	2.3
Proceeds from disposals from the scope of consolidation	0.0	0.1	0.0	2.2
Cash flow from investing activities	-38.9	-26.1	-84.0	45.8
Free cash flow	-10.4	-26.6	-40.9	-20.4
Dividend	0.0	0.0	-68.0	-61.2
Payments from share buyback program	0.0	0.0	0.0	0.0
Inflows from short-term loans	65.6	0.3	205.2	0.6
Repayments of short-term loans	-50.0	-0.9	-98.9	-125.9
Inflows from long-term loans	0.0	0.0	0.0	0.0
Repayment of long-term loans	0.0	0.0	0.0	-35.6
Payment from lease liabilities	-6.5	-5.8	-16.6	-16.6
Interest paid	-4.6	-3.4	-11.3	-8.4
Interest received	1.4	0.2	3.1	0.5
Cash flow from financing activities	5.9	-9.6	13.5	-246.6
Change in cash and cash equivalents before foreign currency effects and changes in scope of consolidation	-4.5	-36.2	-27.4	-267.0
Foreign currency effect on cash and cash equivalents	-0.8	-0.3	2.1	-3.7
Change in scope of consolidation	0.0	0.0	0.0	0.8
Change in cash and cash equivalents	-5.3	-36.5	-25.3	-269.9
Cash and cash equivalents at the beginning of the period	33.7	72.1	53.7	305.5
Cash and cash equivalents at the end of the period	28.4	35.6	28.4	35.6

Group segment reporting

Geographical segments

IN € MILLION

Q3	Europe		Americas		Asia Pacific		Consolidation		Group	
	Q3/23	Q3/22	Q3/23	Q3/22	Q3/23	Q3/22	Q3/23	Q3/22	Q3/23	Q3/22
Total revenue	805.0	680.8	171.4	150.3	26.2	40.6			1,002.6	871.7
Revenue with third parties	482.6	415.9	146.4	130.3	19.0	22.3			648.0	568.5
EBIT ¹	72.5	55.0	10.6	7.0	0.9	3.2	-20.3	-8.1	63.7	57.1

9M	Europe		Americas		Asia Pacific		Consolidation		Group	
	9M/23	9M/22	9M/23	9M/22	9M/23	9M/22	9M/23	9M/22	9M/23	9M/22
Total revenue	2,514.5	1,982.7	525.5	384.8	90.2	104.9			3,130.2	2,472.4
Revenue with third parties	1,506.1	1,242.2	447.1	333.1	60.7	65.7			2,013.9	1,641.0
EBIT ¹	244.4	136.6	47.1	13.0	3.5	6.9	-54.6	-11.9	240.4	144.6

¹ EBIT of the regions before consolidation.

Business divisions

IN € MILLION

	Q3/23	Q3/22	9M/23	9M/22
Revenue with third parties				
Light equipment	133.6	143.9	420.1	386.8
Compact equipment	391.4	317.7	1,242.2	936.5
Services	127.9	111.0	365.5	327.9
	652.9	572.6	2,027.8	1,651.2
Less cash discounts	-4.9	-4.1	-13.9	-10.2
Total	648.0	568.5	2,013.9	1,641.0

Financial calendar and contact

26 March 2024	Publication of Annual Report with Annual/Consolidated Financial Statements 2023, Earnings Call
07 May 2024	Publication of Quarterly Statement Q1/2024, Earnings Call
15 May 2024	Annual General Meeting, Munich
13 August 2024	Publication of Half-Year Report H1/2024 , Earnings Call
14 November 2024	Publication of Quarterly Statement 9M/2024, Earnings Call

Disclaimer

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