



Wacker Neuson SE – H1/18 Conference Call

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August 7, 2018



H1/18

Overview

Financials

Outlook

Q2/18		
Revenue yoy	EBIT yoy	Adj. EBIT yoy
+7% (€ 455m)	+18% (margin: 12.1%)	+13% (margin: 12.1%)
Op. CF	FCF	EPS
€ 6m (Q2/17: € 33m)	€ 57m (Q2/17: € 28m)	€ 1.13 (Q2/17: € 0.47)

H1/18		
Revenue yoy	EBIT yoy	Adj. EBIT yoy
+8% (€ 825m)	+28% (margin: 9.5%)	+20% (margin: 9.5%)
Op. CF	FCF	EPS
€ -35m (H1/17: € 14m)	€ 12m (H1/17: € 2m)	€ 1.34 (H1/17: € 0.60)

June 30, 2018		
NWC¹-ratio: 34.2% (-0.2PP yoy)	DIO²: 130 days (+1 day yoy)	Equity ratio: 65.3% (-0.2PP yoy)



CUSTOMER CENTRICITY

- Ongoing optimization and expansion of dealer structure in North America
- Progress with financing solutions for customers and distribution partners
- Listening to the market at “Voice of the Customer” events
- Expansion of rental portfolio to include more flexible solutions tailored to individual customer needs



ACCELERATION

- Streamlined internal supply chain: Integration of logistics functions into European production for light equipment successfully completed
- Reorganization of procurement
- Net working capital management: Software to manage stocks more successfully has been rolled out in most parts of the Group
- Investment in seed fund for industry 4.0 startups



FOCUS

- Digitalization: New telematics solution, digital maintenance and repair services
- Internationalization: Meeting demand in China with locally manufactured excavators and light equipment
- Agriculture: Partnership with John Deere is developing well
- Reduction of vertical integration in production sites is underway



EXCELLENCE

- Reduction in structure costs and optimization of value chain:
 - Integration of light equipment production from Manila (Philippines) into plant Pinghu (China) is progressing
 - Integration of light equipment production from Norton Shores (Michigan, USA) into plant Menomonee Falls (Wisconsin, USA) is almost complete
- Processes to avoid old stock have been installed
- Roll-out of global Used Portal is underway



Demonstration of digital maintenance solutions at the "Wacker Neuson Universe" 2018, Linz, Austria.

China: Ramp-up of excavator and light equipment production

- Series production of mini excavators in the 1.7-ton class started in January; models in the 5- to 7-ton class will be localized in Q4/18
- Integration of products from the Philippine plant: Series production of floor saws and vibratory plates started successfully (closure of the Philippine plant planned for end of 2018)

Numerous new products presented in Q2/18

- New 9-ton WL95 wheel loader unveiled for the first time, available in Q4/18
- Dual view dumpers (6 to 10 tons) presented to dealers and end customers at Wacker Neuson Universe (available in Q4/18 exclusively in UK, available to the rest of Europe in 2019)
- Expansion of zero emission line: Wheel dumper and mini excavator (available in 2019), vibratory plate (available in Q4/18)

Wacker Neuson Universe attracts dealers and end customers

- > 3000 visitors exploring production facilities, latest (zero emission) machines, service options and virtual reality capabilities
- New telematics solution, digital maintenance and repair services presented to the public



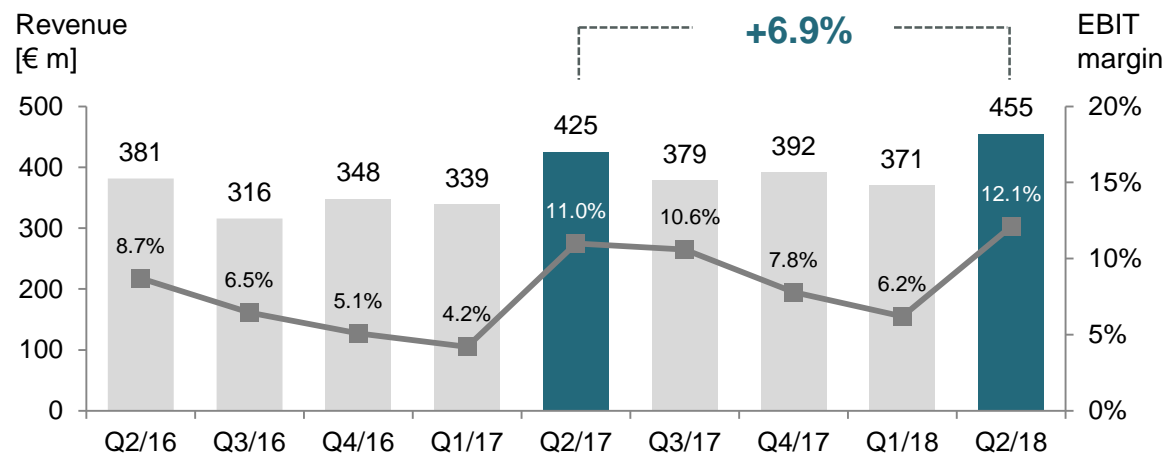
H1/18

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Q2/18: Revenue and EBIT grow significantly



Income statement (excerpt), H1/18

[€ m]	Q2/18	Q2/17	H1/18	H1/17
Revenue	454.6	425.2	825.1	763.7
Gross Profit	132.6	122.5	233.2	214.4
<i>as a % of revenue</i>	29.2%	28.8%	28.3%	28.1%
Op. costs incl. other income/expenses	-77.4	-75.8	-155.0	-153.4
<i>as a % of revenue</i>	-17.0%	-17.8%	-18.8%	-20.1%
EBIT	55.2	46.7	78.2	61.0
<i>as a % of revenue</i>	12.1%	11.0%	9.5%	8.0%
Adj. EBIT	55.2	48.7	78.2	65.0
<i>as a % of revenue</i>	12.1%	11.5%	9.5%	8.5%
Income from sale of a real estate company	54.8	0.0	54.8	0.0
Profit for the period	79.5	33.4	94.1	42.7
EPS (in €)	1.13	0.47	1.34	0.60

Comments on H1/18

Revenue +8.0%

- Strong demand in core markets of Europe and North America, bottlenecks on the supply side remain challenging
- Currency-adjusted revenue increased 11.9%

Gross profit margin slightly above prior-year level (+0.2PP)

- Increased revenue and positive development of business with flexible rental solutions
- Higher material prices, limited material availability and restructuring efforts burden profitability

EBIT +28.2%

- Strict cost control, ongoing improvements to internal processes
- In the previous year, one-off effects from impairment losses on old inventory and reorganization initiatives negatively impacted EBIT in the amount of EUR 4.0 million

Earnings per share +123.3%

- One-off earnings in the amount of € 54.8m from the sale of a real-estate company held by the Group
- Financial result € -1.8m yoy due to a rise in interest expenses (€ 1.2m) and increased negative FX effects (€ 0.6m)

Business development by region and business segment

H1/18: Growth mainly driven by Europe and North America

	Revenue [€ m]	share	yoy	EBIT ¹
Europe	599.2	73%	+7.8%	86.7
Americas	201.8	24%	+9.2%	2.0
Asia-Pacific	24.1	3%	+3.9%	-2.2
Total H1/18	825.1	100%	+8.0%	78.2

H1/18: Strong growth in the compact equipment segment

	Revenue [€ m] ²	share	yoy
Light Equipment	230.1	27%	+3.0%
Compact Equipment	450.0	54%	+11.2%
Services	159.6	19%	+8.1%
Total H1/18	825.1	100%	+8.0%

Comments on H1/18

Revenue Europe +7.8% yoy (adj. for FX effects: +8.9%)

- Strong growth, particularly in France, England, Poland, Austria and Benelux countries
- Recovery momentum continues in Southern Europe
- Revenue with compact equipment for the agricultural sector +11.5%, partnership with John Deere developing well
- Problems with material availability on supply side slow down sales

Revenue Americas +9.2% yoy (adj. for FX effects: +20.9%)

- Demand from rental chains remained strong in the second quarter
- Strong growth in worksite technology and compact equipment
- Intensified competitive pressures due to imports from the Eurozone becoming more expensive
- Bottlenecks among suppliers, increased steel prices and ongoing restructuring measures burden profitability

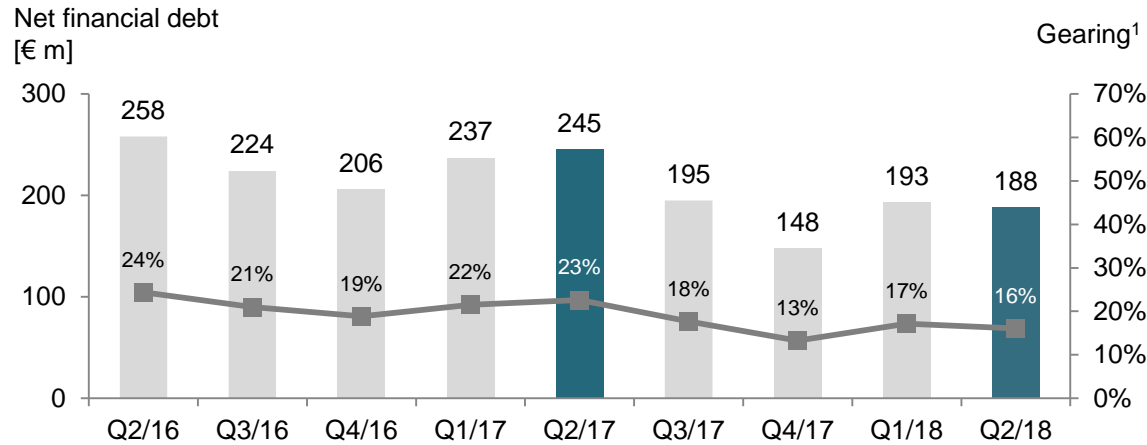
Revenue Asia-Pacific +3.9% yoy (adj. for FX effects: +10.8%)

- Ramp-up of production at new plant in Pinghu (near Shanghai) is progressing, integration of light equipment is underway
- Positive business developments in Australia after restructuring had been completed

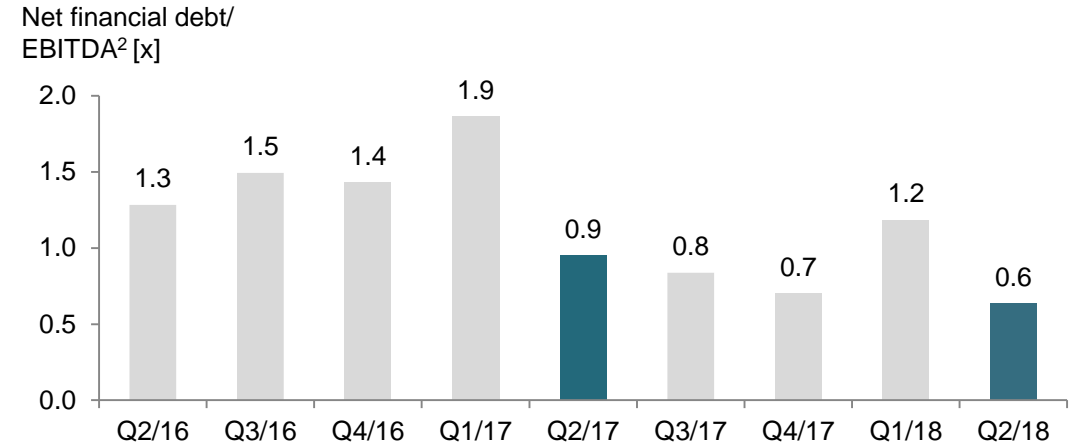
Sound balance sheet structure



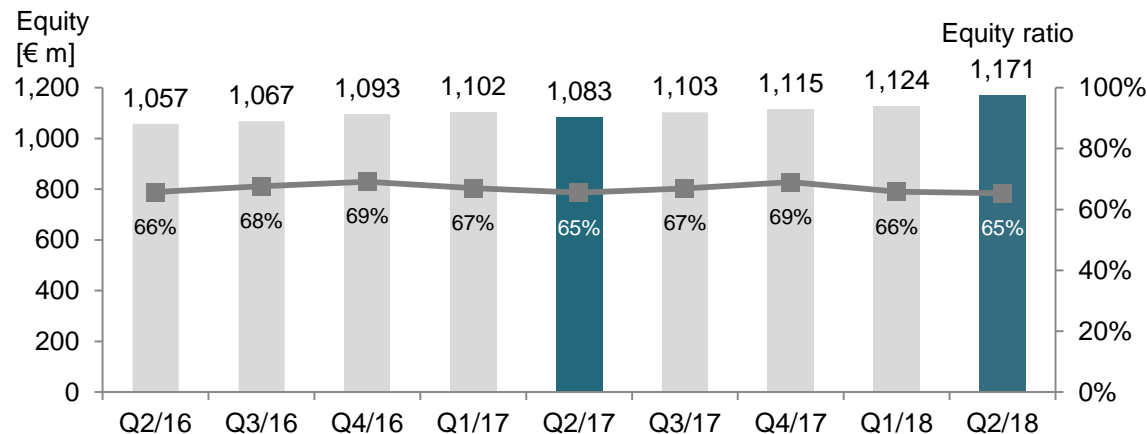
Gearing¹ further reduced yoy



Net financial debt/EBITDA² at low level



Stable equity ratio



Comments

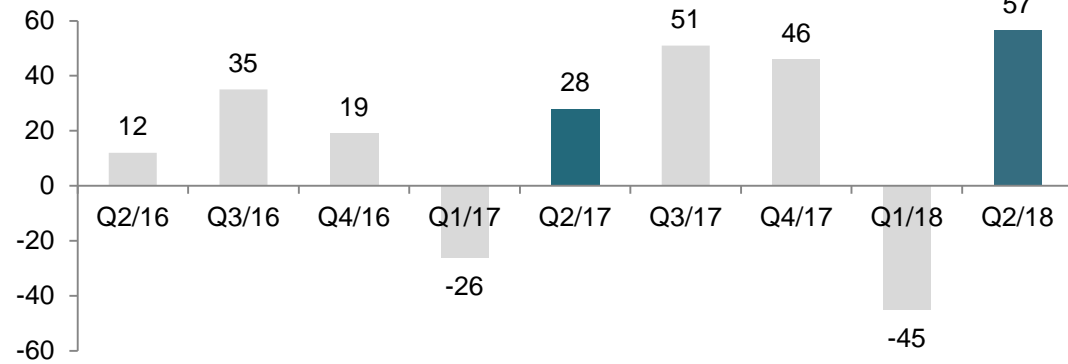
- At 16%, gearing¹ remains at a conservative level
- Net financial debt/EBITDA at a low level due to increased profitability
- Healthy financial standing provides an ideal basis for winning market shares and ensuring profitable growth

Supply chain challenges burden inventory and cash flow



Free cash flow impacted by sale of real estate company

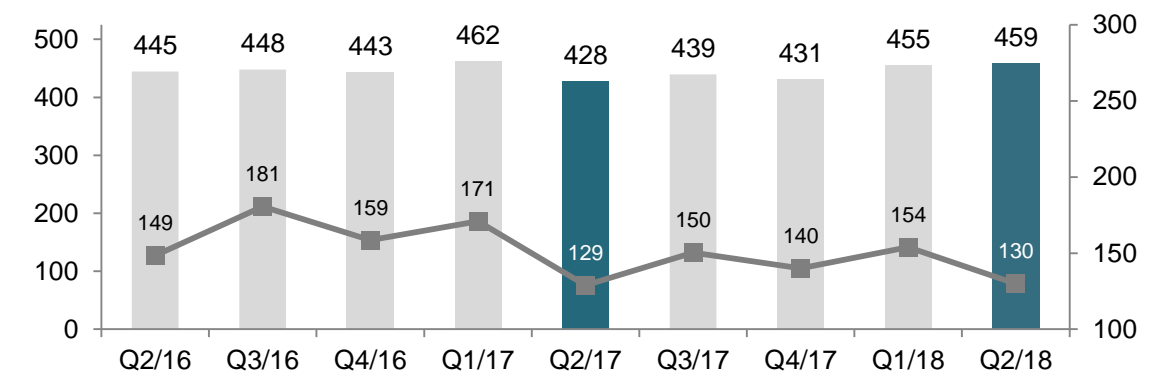
Free cash flow [€ m]



Rise in inventory due to bottlenecks on supply side

Inventory [€ m]

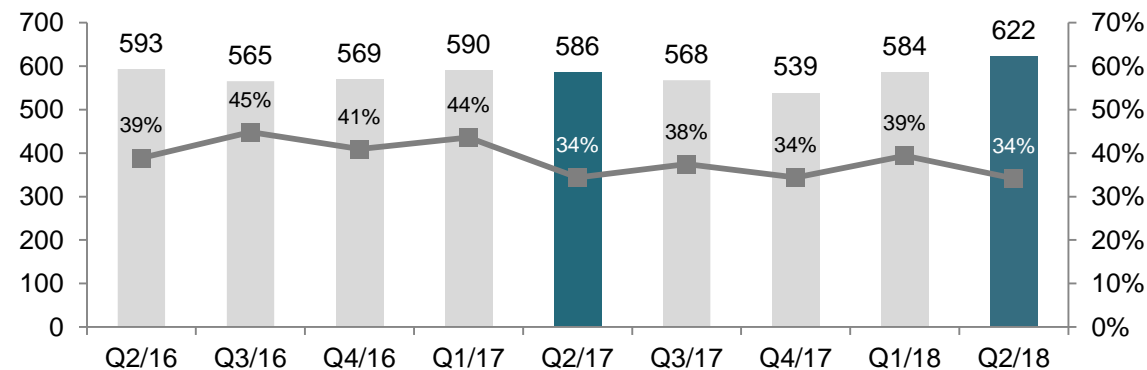
DIO² in days



Net working capital ratio¹ stable yoy

Net working capital [€ m]

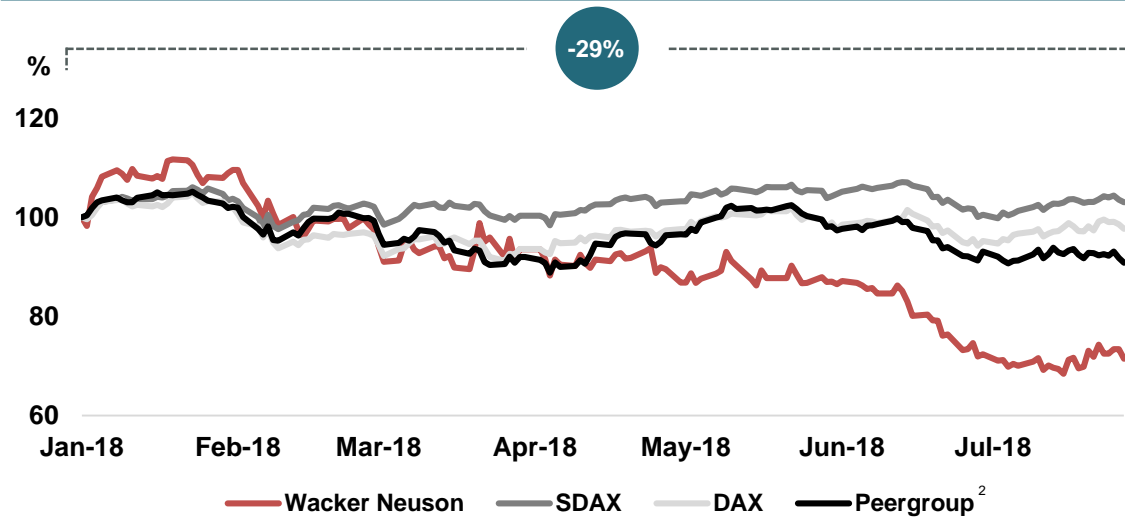
Net working capital as a % of sales¹



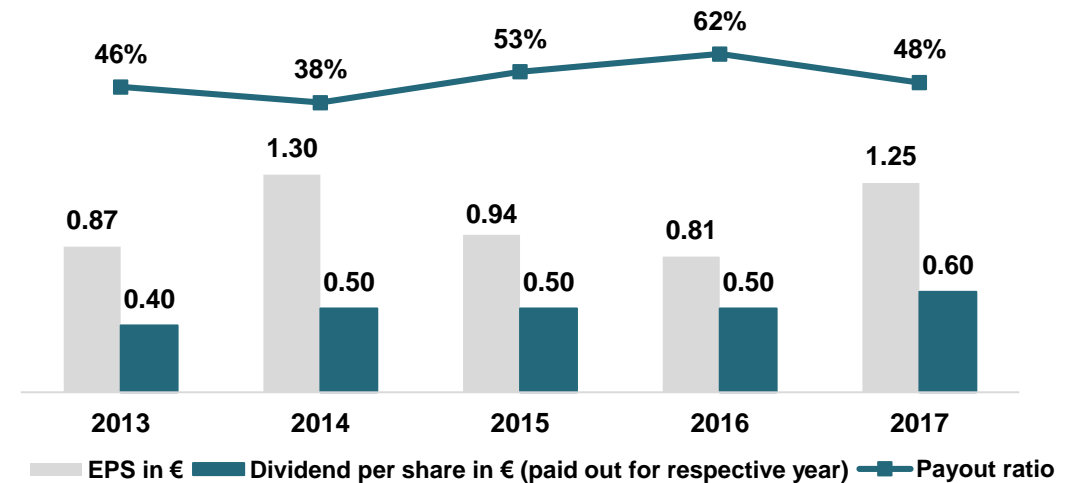
Comments on H1/18

- Cash flow from operating activities: € -35.3m (H1/17: € 14.2m), primarily due to an increase in net working capital of € +81.8m (H1/17: € +37.0m)
 - Rise in inventory due to bottlenecks on supply side, machines could not be completed and shipped to customers
 - Increased trade receivables due to high volume of invoiced orders, in particular during the last month of Q2/18
- Free cash flow of € 11.5m (H1/17: € 1.7m) includes proceeds from the sale of a real estate company held by the Group in the amount of € 60m in Q2/18

Our share in 2018¹



Stable dividend policy (40 – 50% payout ratio)



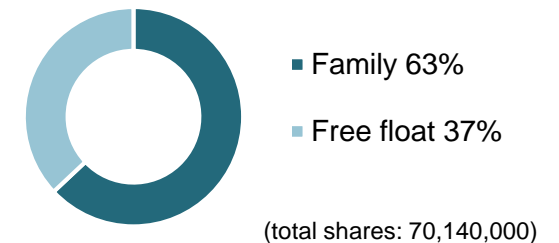
Key figures per share

in €	H1/18	H1/17
Earnings per share	1.34	0.60
Share price end of period	21.76	21.23
Book value per share	16.70	15.43
Market capitalization (€ m)	1,526.2	1,489.1

Coverage³

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	40.00	Buy	Jun 26, 18
Lampe	33.00	Buy	Aug 07, 18
Metzler	32.00	Buy	May 09, 18
Berenberg	31.00	Hold	May 08, 18
Warburg	29.00	Hold	Jun 26, 18
Equinet	27.20	Hold	Aug 03, 18
Kepler Cheuvreux	26.00	Hold	Aug 07, 18

Shareholder structure





H1/18

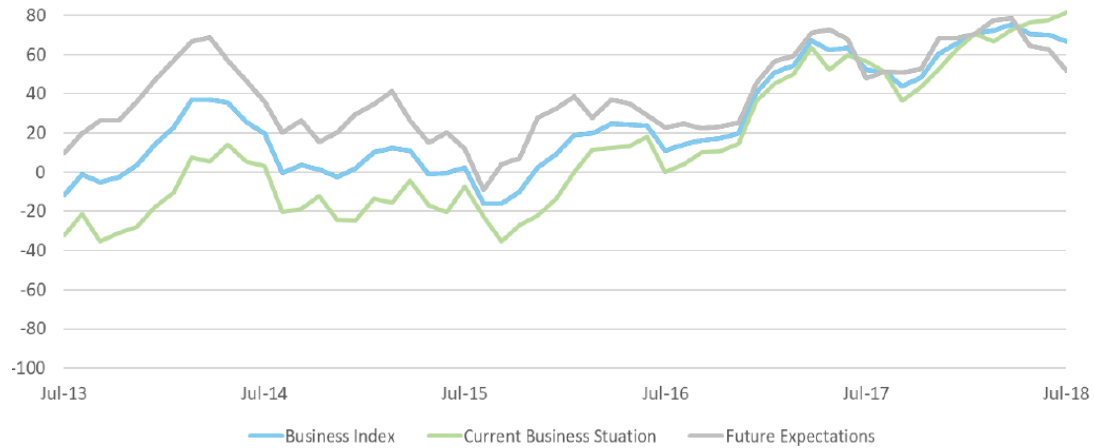
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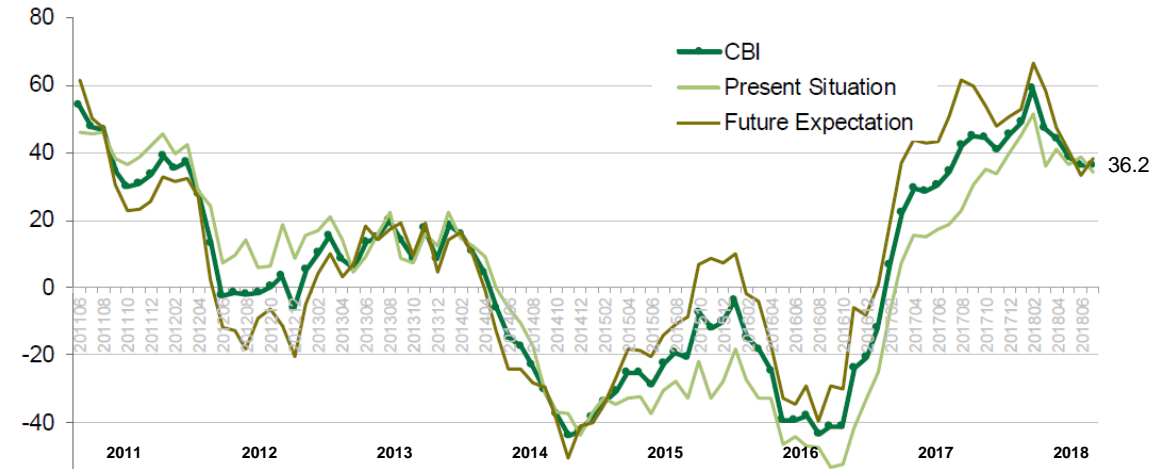
Outlook for fiscal 2018

Construction: Manufacturers' expectations have cooled slightly



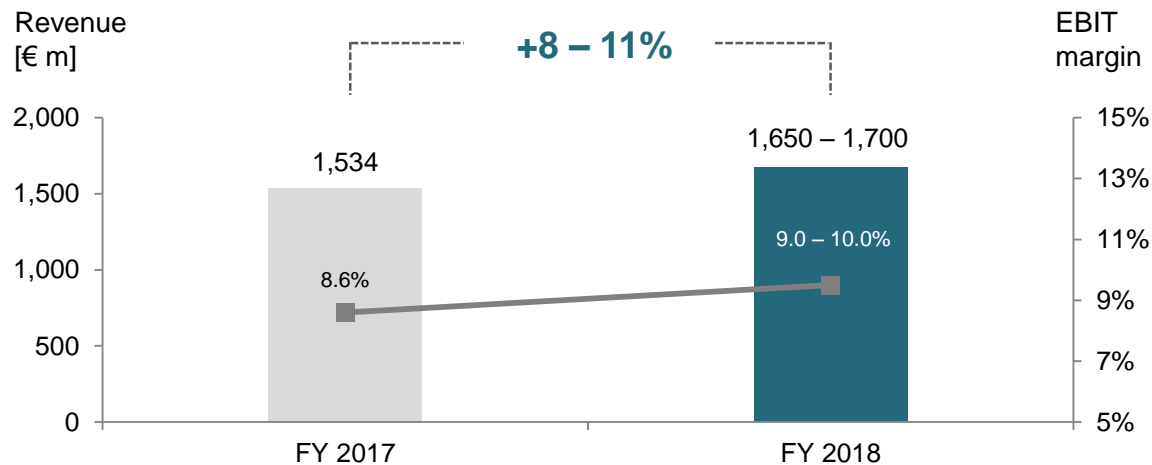
Source: CECE, July 2018.

Ag: Business index has deteriorated from a high level



Source: CEMA, July 2018.

Guidance for fiscal 2018 confirmed



Comments

- Order development further positive
- Mid-year price increase of 2% on average effective since July 2018
- Special risks:
 - Delayed deliveries (suppliers having difficulties meeting orders) and further uncertainties caused by force majeure (flooding in Japan, strike at sub-supplier)
 - Currency developments, especially EUR/USD



August 7, 2018	Publication of 2018 half-year report; analysts and investors call
September 24, 2018	Baader Investment Conference, Munich
September 25, 2018	Berenberg and Goldman Sachs Seventh German Corporate Conference, Munich
November 8, 2018	Publication of Q3 report; analysts and investors call
November 12, 2018	Roadshow Frankfurt/Main
November 15, 2018	HSBC Luxembourg Day, Luxembourg
November 16, 2018	Roadshow, Cologne / Düsseldorf
December 4, 2018	Berenberg European Corporate Conference, Pennyhill (UK)
December 6, 2018	Family Office Capital Day, Vienna

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