



Wacker Neuson
Group



Wacker Neuson SE – Q1/18 Conference Call

Martin Lehner (CEO), Wilfried Trepels (CFO)
May 8, 2018

Q1/18

Overview

Financials

Outlook

Q1/18		
Revenue yoy	EBIT yoy	Adj. EBIT yoy
+9.5%	+60.8%	+41.1%
(€ 370.5m)	(margin: 6.2%)	(margin: 6.2%)
Op. CF	FCF	EPS yoy
€ -41m	€ -45m	+61.5%
(Q1/17: € -19m)	(Q1/17: € -26m)	(€ 0.21)

March 31, 2018		
NWC¹-ratio: 37.9%	DIO²: 150 days	Equity ratio: 65.8%
(-4.9PP yoy)	(-17 days yoy)	(-1.2PP yoy)

Progress with “Strategy 2022”



Wacker Neuson
Group



CUSTOMER-CENTRICITY

- Expansion of (direct) sales network to include Slovakia¹
- Optimization and expansion of dealer structure in North America
- Progress with financing solutions for customers and distribution partners
- Expansion of rental portfolio to include more flexible solutions tailored to individual customer needs



ACCELERATION

- R&D focus: Alternative drive technologies, presentation of further zero emission products at INTERMAT in France (April 2018)
- Successful net working capital management, with optimized inventory structure in particular
- Improvements to processes and organizational structure in aftermarket proving effective



FOCUS

- Profitable business field: Aftermarket & services now an independent legal entity
- Initiatives to enhance delivery capabilities
- Internationalization: Successful launch of excavator production in China
- Targeted financing for further growth: promissory note in USD (Schuldschein), new medium-term credit lines



EXCELLENCE

- Reduction in structure costs and optimization of value chain:
 - Integration of light equipment production from Manila (Philippines) into plant Pinghu (China) underway
 - Integration of Light equipment production from Norton Shores, (Michigan, USA) into plant Menomonee Falls (Wisconsin, USA) underway
- Employee development programs
- Training initiatives

Highlights from operational activities



Wacker Neuson
Group



Zero emission products at the Wacker Neuson stand, INTERMAT 2018, Paris.

Asia: Excavator production starts on schedule in China

- Series production of mini excavators started in January; first machines successfully delivered to customers. Further models to be localized during the year.
- Integration of first products from Philippine plant: Series production of floor saws started in March, preparations for vibratory plate production underway

EMEA: Numerous new products launched, including:

- 3.5-ton excavator: increased productivity thanks to optimized drive technology
- Telescopic handlers in 3- to 6-ton class
- Light towers specifically for Europe, Middle East and Africa

EMEA: Broad zero emission range on show at INTERMAT

- First battery-powered mini excavator unveiled
 - Ideal for construction sites in enclosed spaces (e.g. tunnels, car parks)
 - Market launch planned for 2019
- First completely emission-free vibratory plate unveiled
- Full lineup for small, urban construction sites (significant noise reduction, zero emissions)

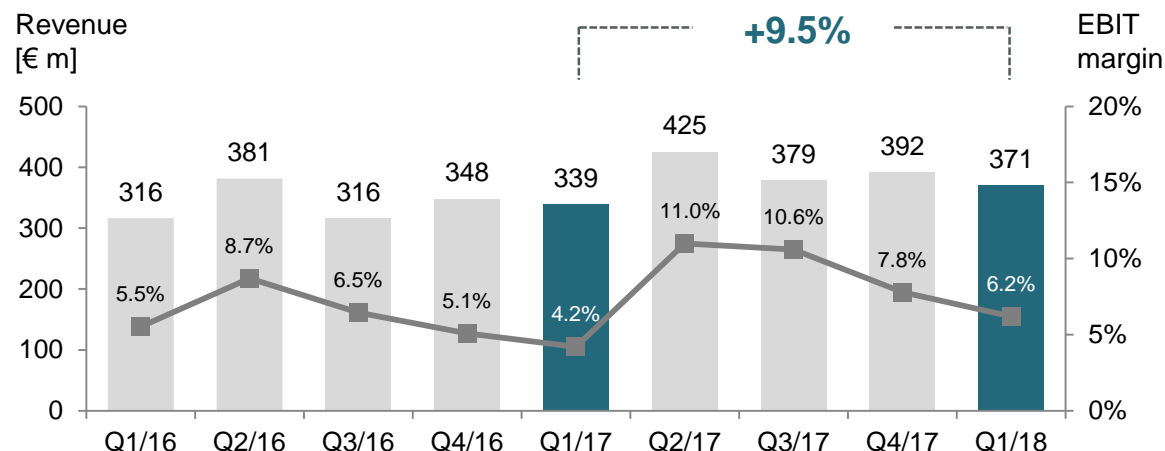
Q1/18

Overview

Financials

Outlook

Revenue and earnings significantly higher than in Q1/17



Income statement (excerpt)

[€ m]	Q1/18	Q1/17	Δ
Revenue	370.5	338.5	9.5%
Gross Profit	100.6	91.9	9.5%
<i>as a % of revenue</i>	27.2%	27.1%	0.1PP
SG&A incl. other income/expenses	-77.6	-77.6	0.0%
<i>as a % of revenue</i>	-20.9%	-22.9%	2.0PP
EBIT	23.0	14.3	60.8%
<i>as a % of revenue</i>	6.2%	4.2%	2.0PP
Adj. EBIT	23.0	16.3	41.1%
<i>as a % of revenue</i>	6.2%	4.8%	1.4PP
Profit for the period	14.6	9.3	57.0%
EPS (in €)	0.21	0.13	61.5%

Comments

Revenue +9.5%

- Strong demand in core markets Europe and North America, deliveries delayed by bottlenecks on supplier side
- Currency-adjusted revenue increased 14.2%

Gross profit margin at prior-year level (+0.1PP)

- Less favorable regional and product mix yoy
- Higher material prices, limited material availability

EBIT +60.8%

- Operating cost at prior-year level, percentage of revenue down by 2.0PP
- Adjustments: In Q1/18, no adjustments were made. A negative one-off effect in the amount of € 2.0m was reported in Q1/17.¹

Earnings per share +61.5%

- Financial result: Negative FX effects (€ -1.6m), slight increase in interest income (€ +0.3m)
- Tax rate stable at 29.1% (Q1/17: 29.0%)

Business development by region and business segment



Wacker Neuson
Group

Growth mainly driven by Europe and North America

	Revenue [€ m]	share	yoy	EBIT ¹
Europe	267.8	72%	+8%	36.2
Americas	91.7	25%	+13%	1.4
Asia-Pacific	11.0	3%	+16%	-0.7
Total Q1/18	370.5	100%	+9%	23.0

Strongest growth in the compact equipment segment

	Revenue [€ m] ²	share	yoy
Light Equipment	103.2	27%	+5%
Compact Equipment	199.4	53%	+13%
Services	73.2	20%	+7%
Total Q1/18	370.5	100%	+9%

Comments

Revenue Europe +8% yoy (adj. for currency effects: +9%)

- Strong growth in particular in France, England, Poland, Austria and Benelux countries; recovery momentum continues in Southern Europe
- Revenue compact equipment for the agricultural sector +12%, alliance with John Deere developing as planned

Revenue Americas +13% yoy (adj. for currency effects: +29%)

- Double-digit growth in both North and South America
- Region again makes positive contribution to earnings
- Strong growth in worksite technology and compact equipment
- Intensified competitive pressures due to imports from the Eurozone becoming more expensive
- Rental chains show high level of investment activity

Revenue Asia-Pacific +16% yoy (adj. for currency effects: +26%)

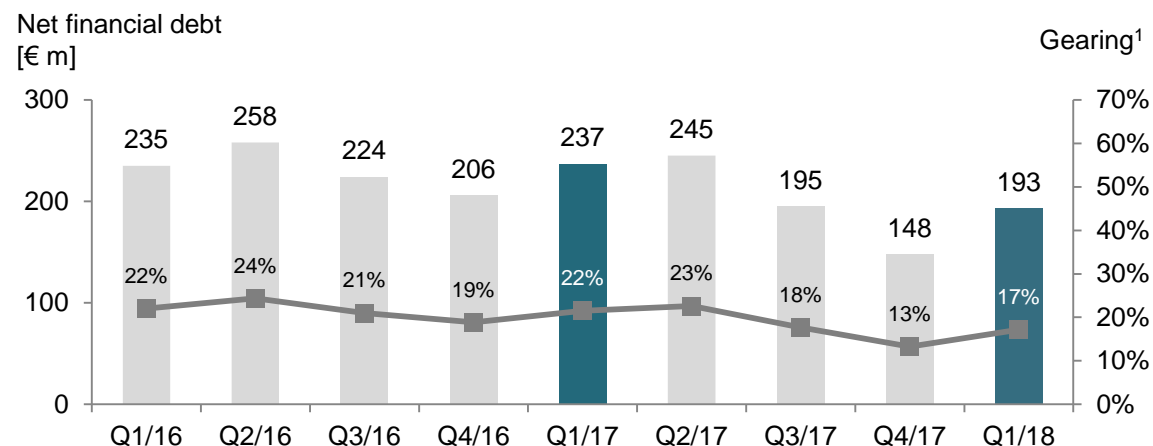
- Strong growth reported for excavators in China
- Start of production at new plant in Pinghu (near Shanghai)
- Restructuring in Australia completed (provision for negative one-off effect from the sale of a building already recognized in Q4/17)

Sound balance sheet structure

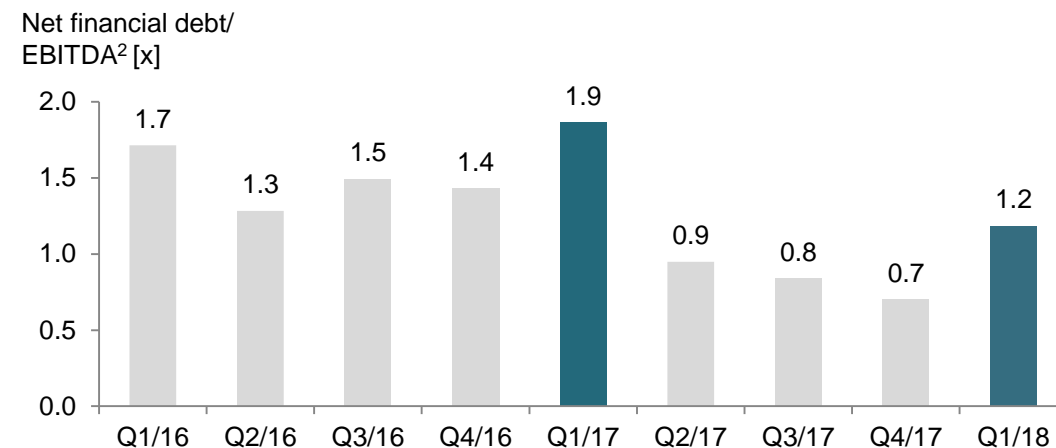


Wacker Neuson
Group

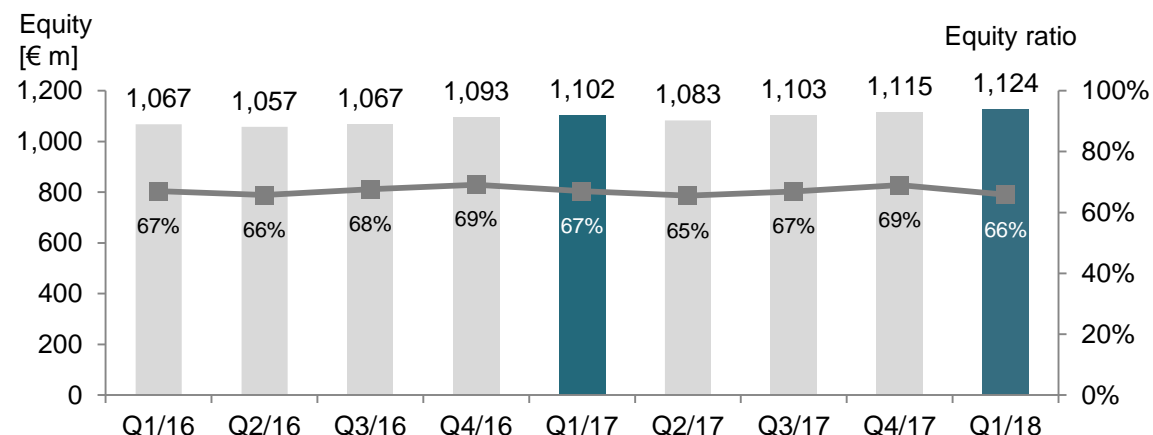
Gearing¹ further reduced yoy



Net financial debt/EBITDA² at low level



Stable equity ratio



Comments

- At 17%, gearing¹ remains at a conservative level
- Net financial debt higher than at the close of the year due to seasonally higher net working capital
- Promissory note (Schuldschein) of USD 100m issued end of February 2018
- Short-term credit lines replaced with three medium-term credit lines

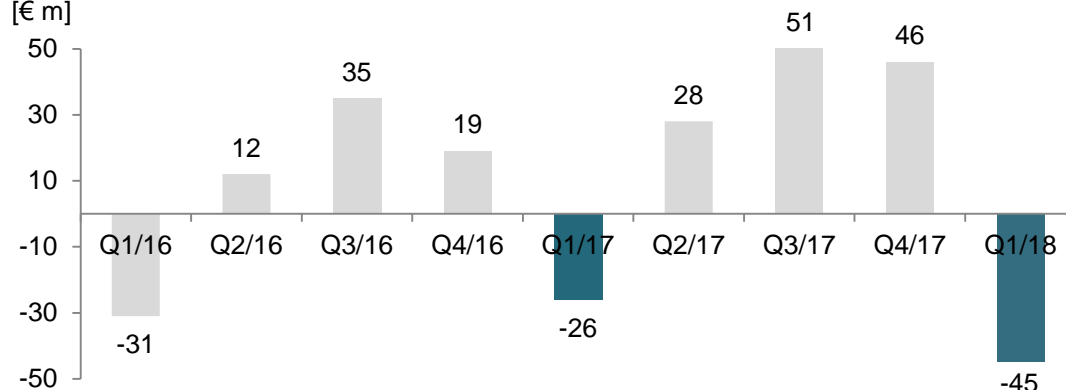
Management of net working capital proving effective



Wacker Neuson
Group

Free cash flow negative due to seasonality

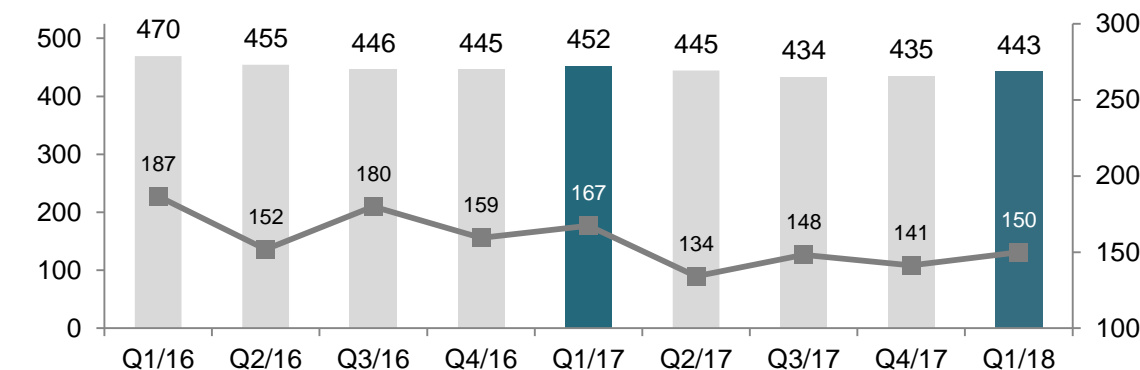
Free cash flow
[€ m]



Days inventory outstanding (DIO)² down 17 days yoy

Ø Inventory
[€ m]

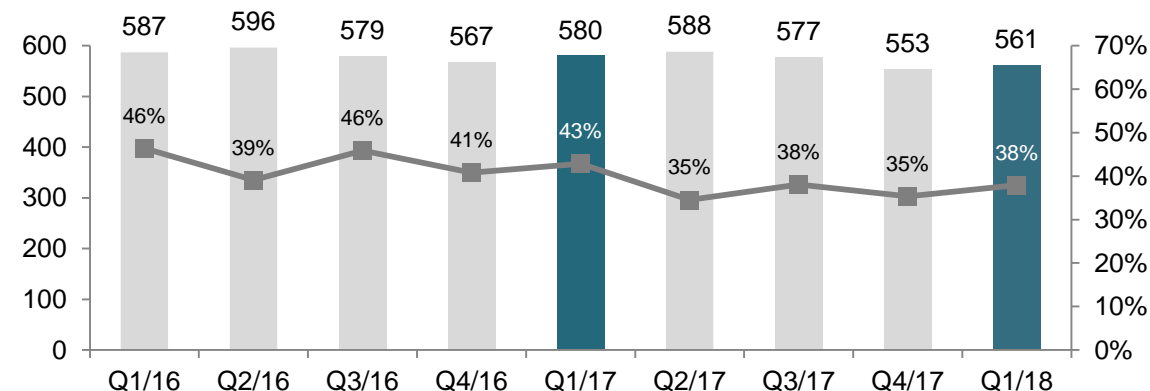
DIO² in days



Net working capital ratio¹ down 5PP yoy

Ø Net working capital
[€ m]

Net working capital
as a % of sales¹

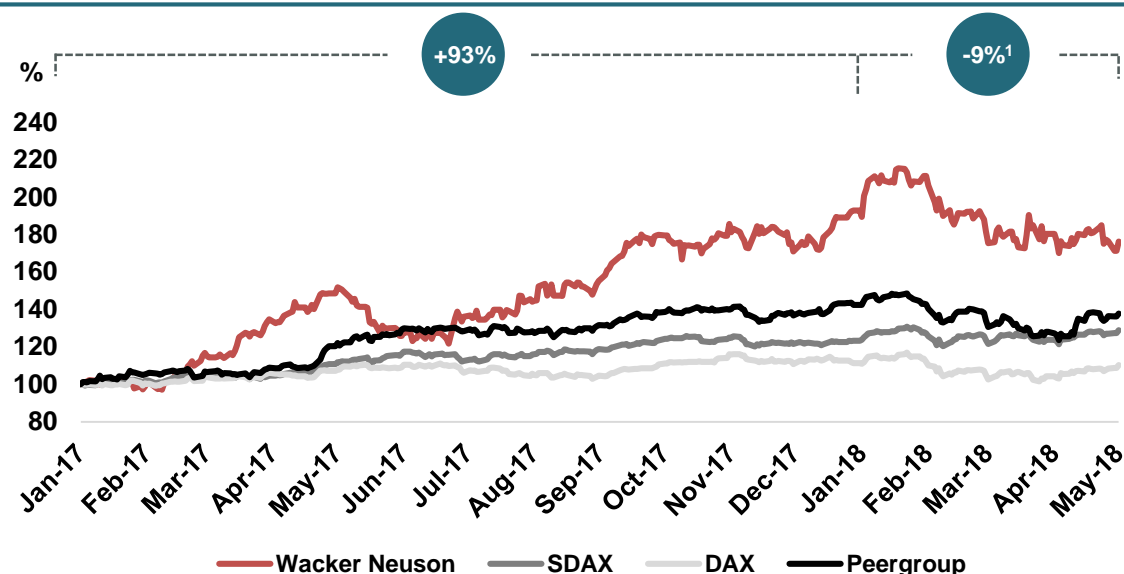


Comments

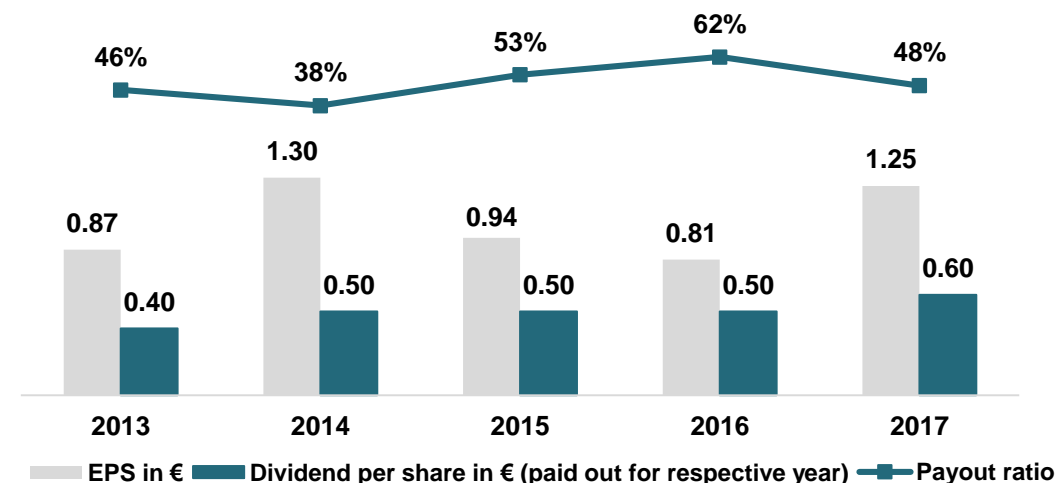
- Cash flow from operating activities € -41.4m (Q1/17: € -19.1m) primarily due to an increase in net working capital € +52.4m (Q1/17: € +21.4m)
 - Seasonal increase in inventory in Q1
 - Delayed deliveries (due to bottlenecks on supplier side)
 - Increase in trade receivables due to higher business volume
- Drop in cash flow from investment activities (Q1/18: € -3.7m; Q1/17: € -6.9m) due to sale of building in Australia

Share & Dividend proposal to AGM

Our share in 2017 & 2018



Stable dividend policy (40 – 50% payout ratio)³



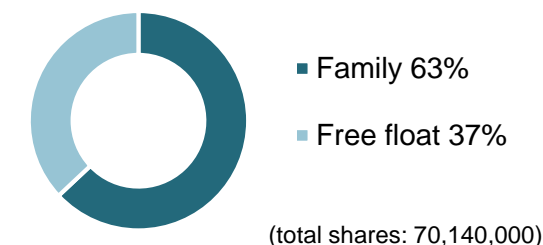
Key figures per share

in €	Q1/18	Q1/17
Earnings per share	0.21	0.13
Share price end of period	28.14	21.02
Book value per share	16.02	15.69
Market capitalization (€ m)	1,973.7	1,474.3

Coverage

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	40.00	Buy	Apr 30, 18
Metzler	32.00	Buy	Mar 20, 18
Lampe	33.00	Hold	May 08, 18
Berenberg	31.00	Hold	Mar 23, 18
Warburg	28.00	Hold	Mar 09, 18
Equinet	27.20	Hold	Nov 24, 17
Kepler Cheuvreux	27.00	Hold	May 08, 18

Shareholder structure



Q1/18

Overview

Financials

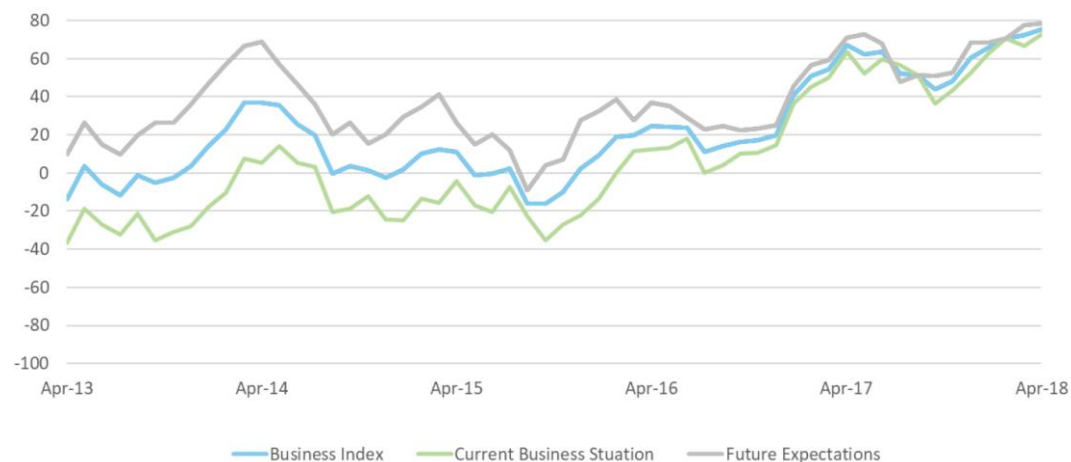
Outlook

Outlook for 2018

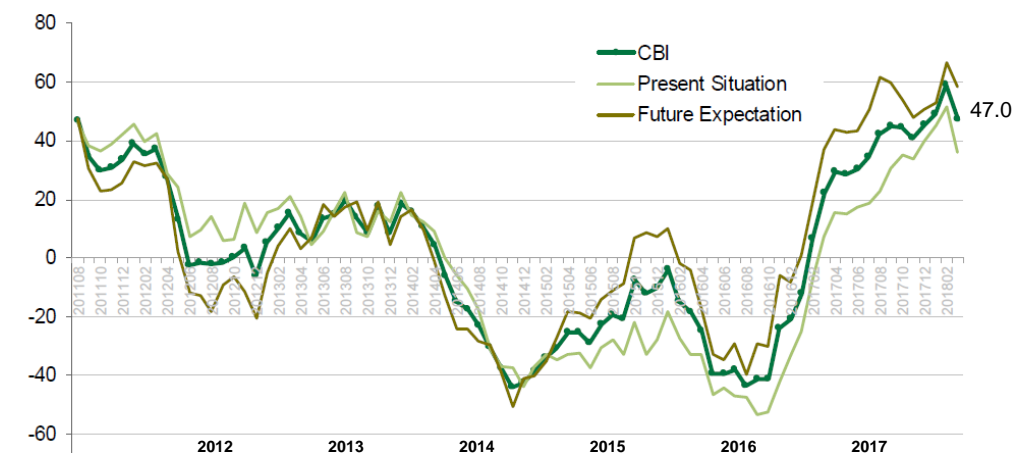


Wacker Neuson
Group

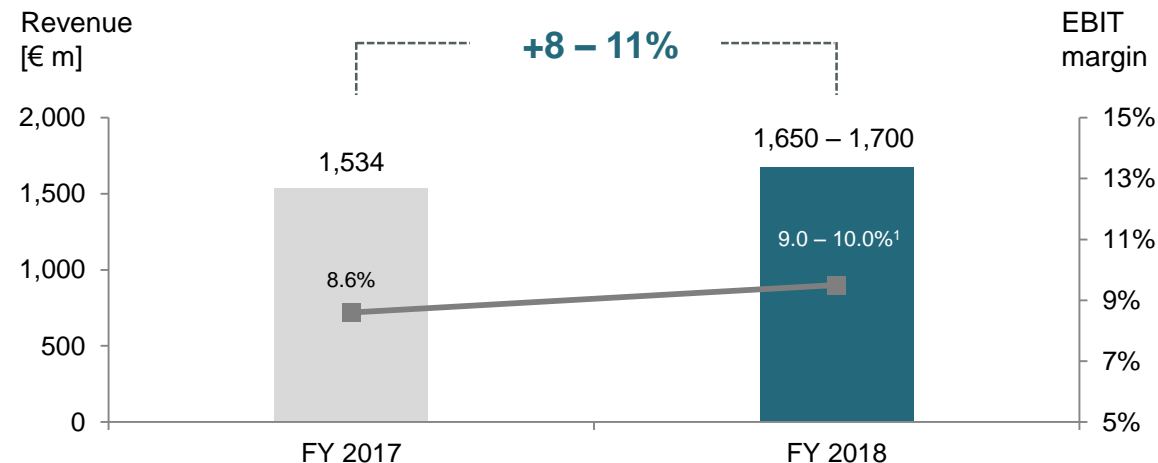
Business index for the construction industry at a high level



Business index for the agricultural sector at a high level



Guidance for fiscal 2018 as a whole confirmed



Comments

- Business index in core industries at a high level
- Order intake higher than prior-year figure
- Mid-year price increase of 2% on average planned for July 2018
- Guidance for fiscal 2018 confirmed
- Special risks:
 - Delayed deliveries (suppliers having difficulties meeting orders)
 - Currency developments, especially EUR/USD (negative translation effects on revenue, negative transaction effects on earnings)



May 14, 2018	London roadshow
May 15, 2018	Zurich roadshow
May 16, 2018	Equity Forum (spring edition), Frankfurt
May 23, 2018	Berenberg Tarrytown Conference, New York
May 30, 2018	Annual General Meeting, Munich
June 6, 2018	DB Access Conference, Berlin
June 20, 2018	Paris roadshow
June 21, 2018	Warburg Highlights Conference, Hamburg
June 27, 2018	Milan roadshow
June 28, 2018	Lugano roadshow
August 7, 2018	Publication of 2018 half-year report; analysts and investors call

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.

All rights reserved. Valid May 2018. Wacker Neuson SE accepts no liability for the accuracy and completeness of information provided in this brochure. Reprint only with the written approval of Wacker Neuson SE in Munich, Germany. The German version shall govern in all instances.

Contact

Wacker Neuson SE

IR Contact: +49 - (0)89 - 354 02 - 173

ir@wackerneuson.com

www.wackerneusongroup.com