



Wacker Neuson Group – Q1/20 Conference Call

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May 7, 2020



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Q1/20	
Revenue yoy	EBIT yoy
-5.6%	-6.8%
(€ 411 m)	(margin: 7.0%)
Op. CF	FCF
€ 22 m	€ 4 m
(Q1/19: € -115 m)	(Q1/19: € -142 m)

March 31, 2020

NWC ratio¹: 47.4%

(+1.7 PP yoy)

DIO²: 188 days

(+9 days yoy)

Equity ratio: 54.0%

(-3.7 PP yoy)



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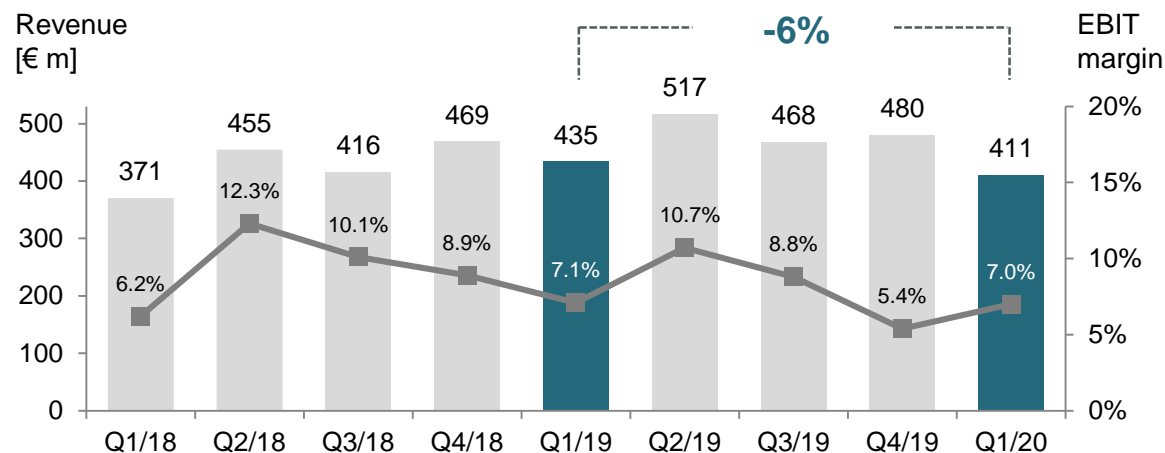
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Q1/20: COVID-19 pandemic leads to drop in revenue



Income statement (excerpt)

€ million	Q1/20	Q1/19	Δ
Revenue	410.8	435.4	-5.6%
Gross profit	109.1	111.7	-2.3%
<i>as a % of revenue</i>	26.6%	25.7%	+0.9 PP
Operating costs excl. other income/expenses	-82.6	-82.9	-0.4%
<i>as a % of revenue</i>	-20.1%	-19.0%	-1.1 PP
EBIT	28.9	31.0	-6.8%
<i>as a % of revenue</i>	7.0%	7.1%	-0.1 PP
Financial result	-12.2	-1.1	>1000%
Taxes on income	-10.8	-9.1	18.7%
Profit for the period	5.9	20.8	-71.6%
Earnings per share (€)	0.08	0.30	-73.3%

Q1/20: Comments

Revenue -5.6% yoy (adj. for FX effects: -6.1%)

- Growth in Europe; Americas and Asia-Pacific significantly below prior year
- Services segment above prior year, rental and service business develop positively
- Sustained above-average growth for compact equipment targeted at the agricultural sector (+18% yoy)

Gross profit -2.3% yoy (gross profit margin +0.9 PP)

- Improved productivity in production facilities
- Favorable product mix thanks to strong services segment

EBIT -6.8% yoy (EBIT margin: -0.1 PP)

- Strict cost control measures: Operating costs 2.7% below prior year (does not include restructuring costs under program to cut costs and improve efficiency (CEP) in the amount of € 1.9 million)
- EBIT before restructuring costs from CEP: € 30.8 million (\triangle margin of 7.5%)

Earnings per share -73.3% yoy

- Financial result clearly negative: FX effects (€ -10.7 million yoy) primarily attributable to valuation effects related to a sharp decline in the value of several currencies
- Tax rate at 64.7% (Q1/19: 30.4%): Aforementioned negative FX effects cannot be recognized as operating expense, reversal or non-capitalization of deferred tax assets, tax rate adjusted for these effects: 31.1%

Business development by region and business segment

Q1/20: Growth in Europe, revenue losses in NA and China

	Revenue [€ m]	Share	yoy	EBIT ¹
Europe	326.4	79%	+3%	49.1
Americas	76.9	19%	-27%	-5.2
Asia-Pacific	7.5	2%	-44%	-1.4
Total Q1/20	410.8	100%	-6%	28.9

Q1/20: Growth in services segment

	Revenue [€ m] ²	Share	yoy
Light equipment	96.2	23%	-12%
Compact equipment	227.4	55%	-7%
Services	90.4	22%	+9%
Total Q1/20	414.0	100%	-6%

Q1/20: Comments

Revenue Europe +3.1% yoy (adj. for FX effects: +2.8%)

- Demand for Weidemann- and Kramer-branded compact equipment for agriculture remained strong (revenue +18% yoy)
- Sustained significant double-digit growth with dumpers, strong demand for Dual View models
- DACH region develops positively; in contrast, significant revenue losses in various regions including Southern Europe, Poland, France and the UK as a result of the COVID-19 pandemic
- Several key accounts postpone orders, including rental chains

Revenue Americas -27.0% yoy (adj. for FX effects: -28.3%)

- Decline in investment activity among dealers due to current uncertainty
- Several key accounts postpone orders, including rental chains

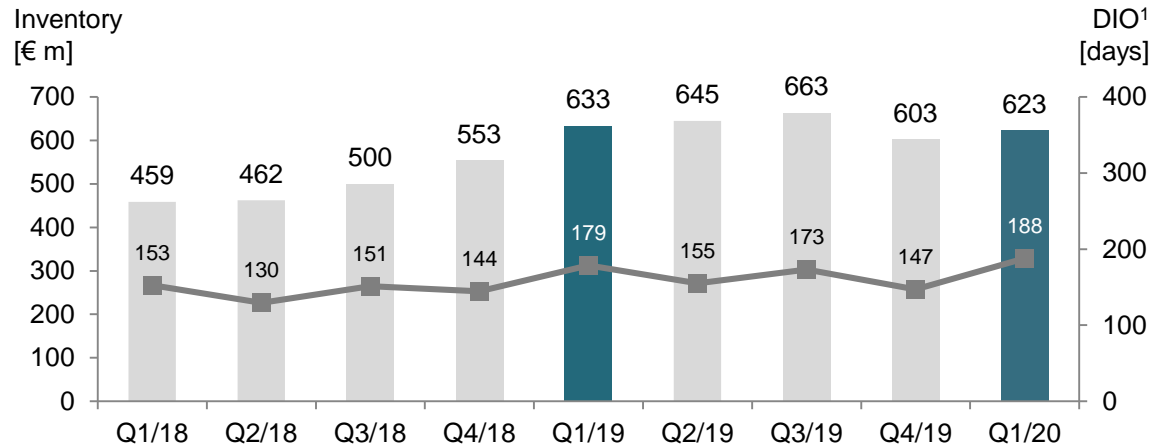
Revenue Asia-Pacific -44.0% yoy (adj. for FX effects: -42.5%)

- Chinese production facility and Chinese dealer organization brought to a temporary standstill due to the rapid spread of the COVID-19 virus
- Situation eases leading to a gradual ramp-up in March

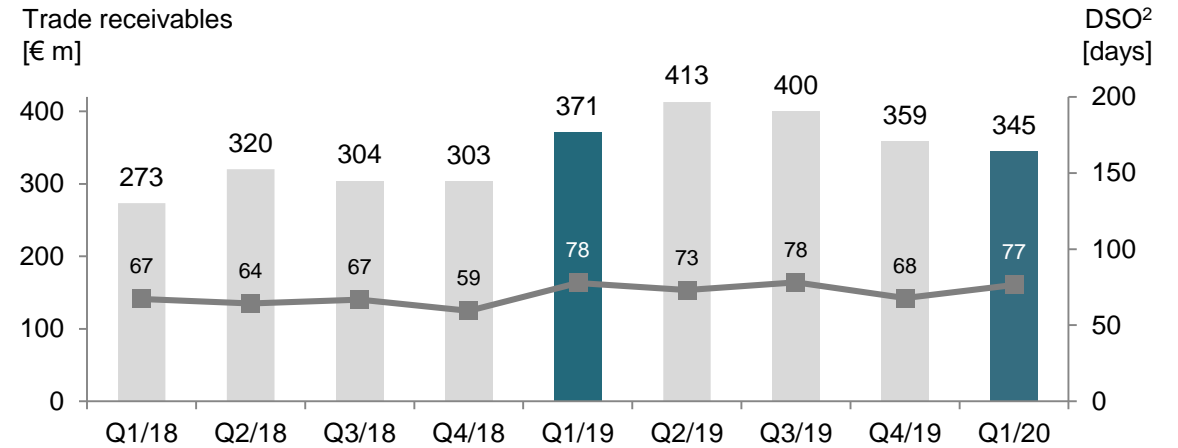
Decrease in net working capital



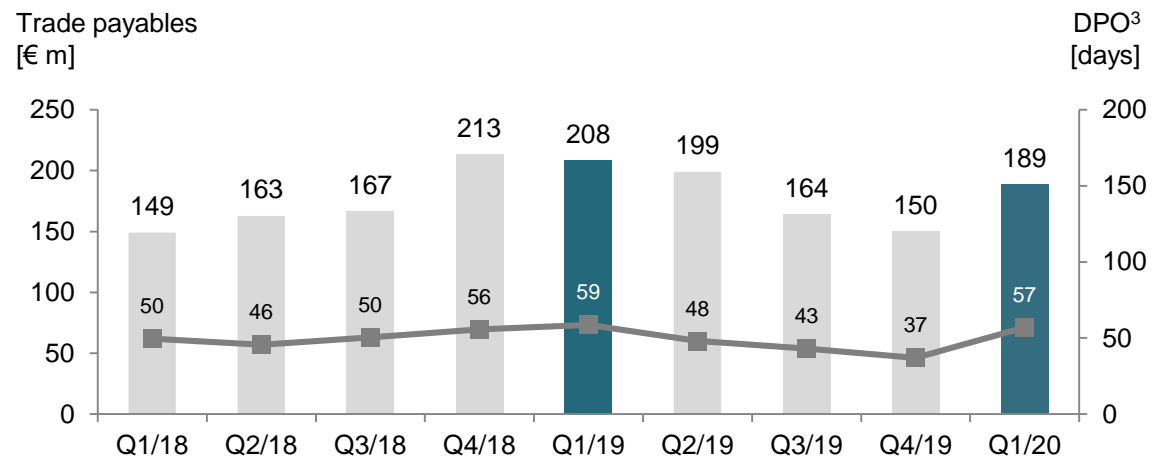
Inventory



Trade receivables



Trade payables



Comments

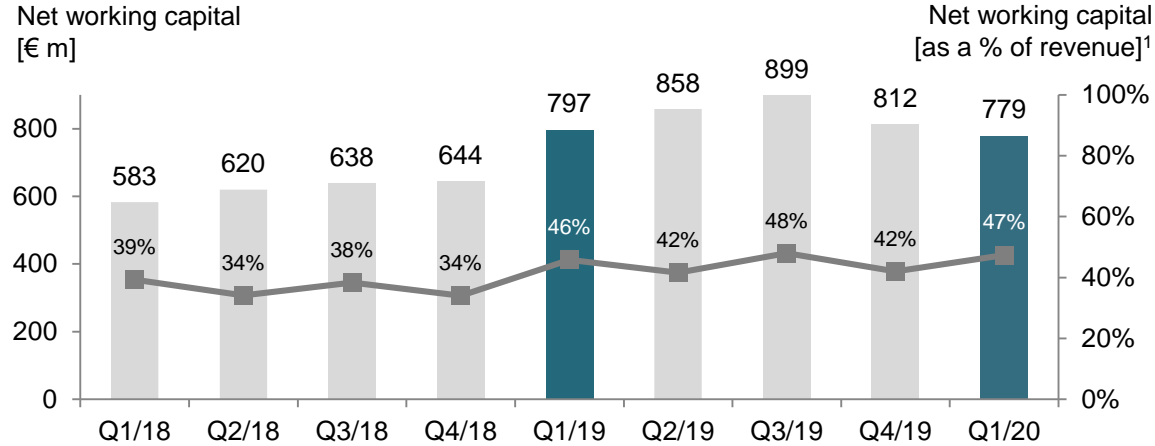
- Slight increase in inventory relative to the year-end due to a drop in revenue; marked cut-back in production programs in response to the COVID-19 pandemic; Group aims to reduce inventory by end of year
- Trade receivables continue to decrease; high levels in previous year partly due to strong revenue growth especially during the first half of the year
- Trade payables higher than year-end levels, Q3/19 and Q4/19 impacted by capacity reductions

➔ Reduction of net working capital continues (see next slide)

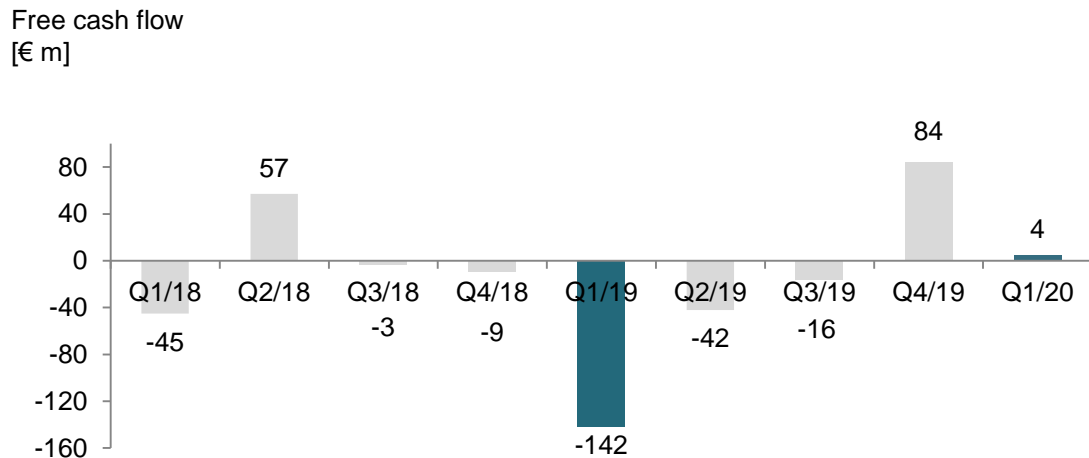
Free cash flow slightly positive



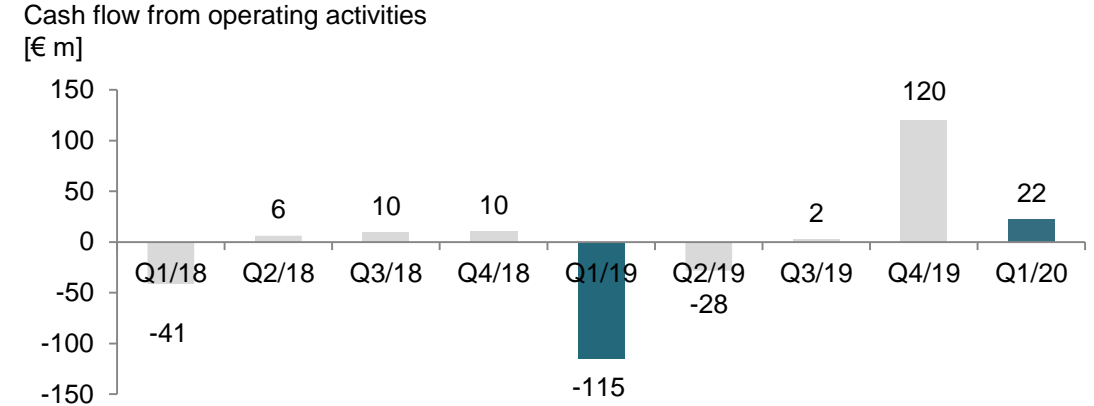
Net working capital



Free cash flow



Cash flow from operating activities



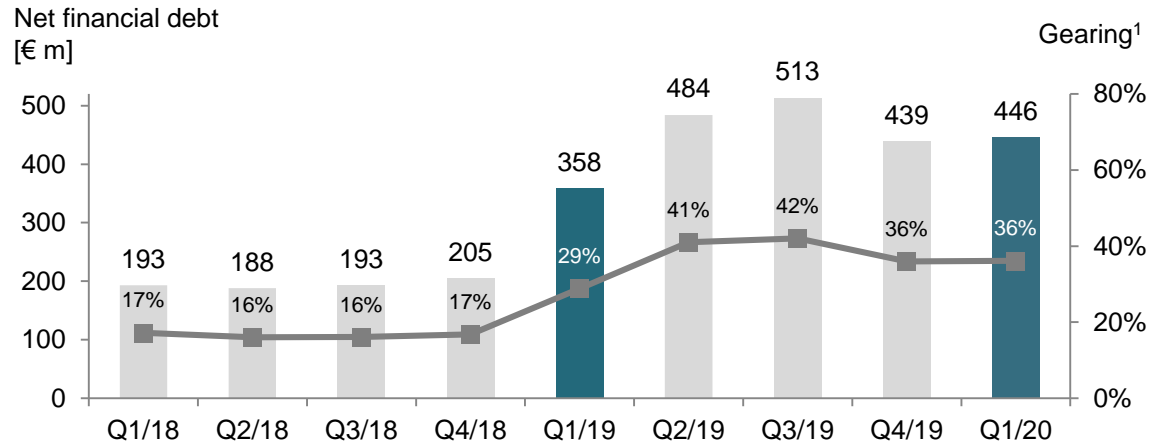
Comments

- Reduction of net working capital continues (€ -33 m relative to Q4/19); net working capital as a percentage of revenue slightly above the previous year due to reduced business volume, +5 PP relative to Q4/19
- Positive free cash flow, normalization of inventory levels and further reduction in trade receivables expected over the coming months

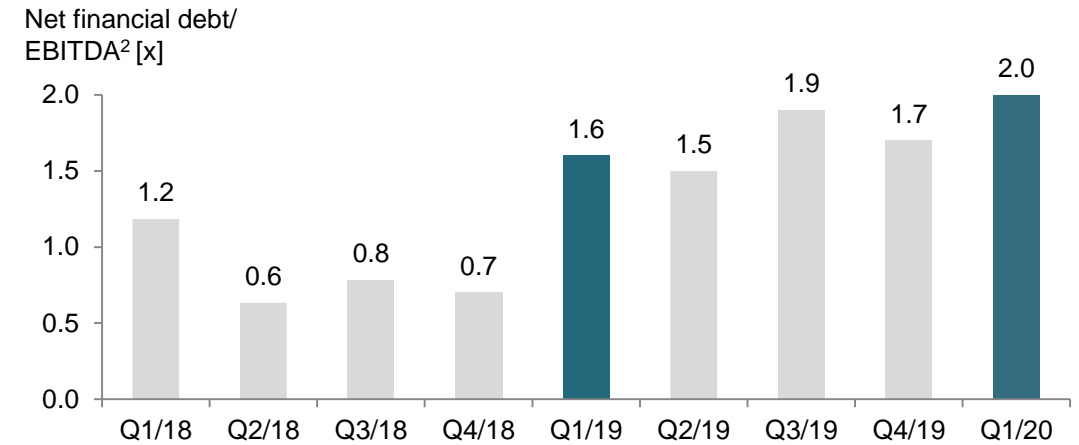
Gearing above prior year, liquidity secured



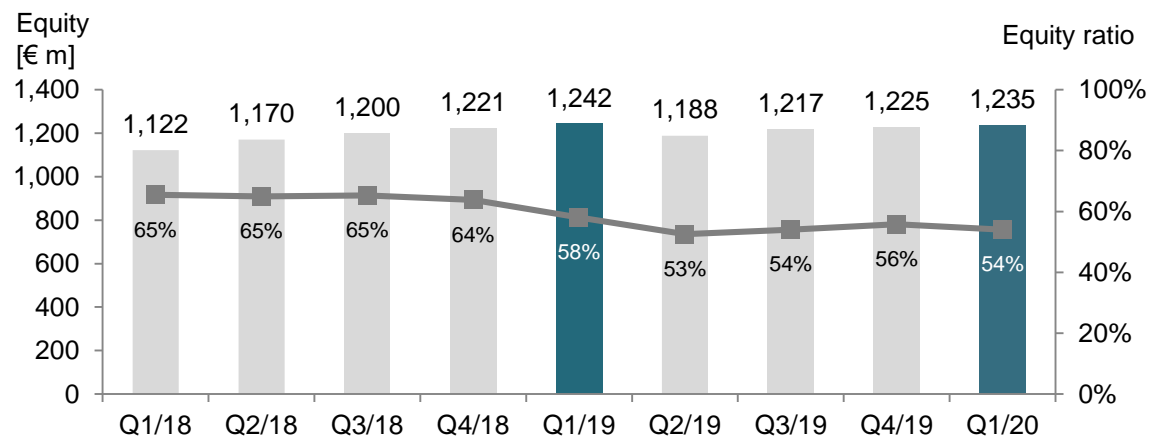
Net financial debt and gearing¹



Net financial debt/EBITDA²



Equity and equity ratio



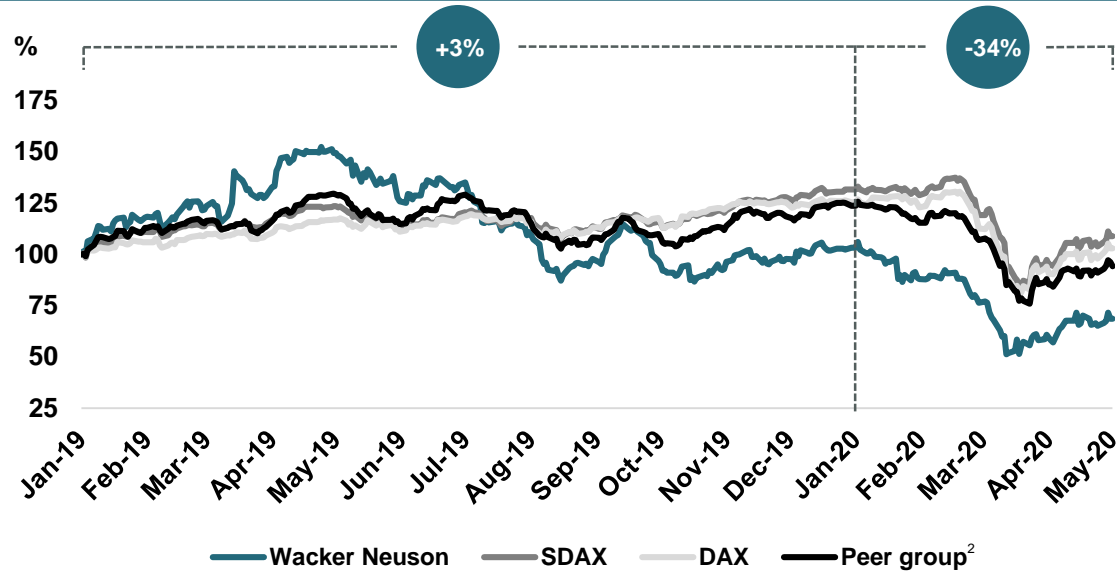
Comments

- Slight rise in net financial debt since the start of the year, planned reduction through targeted decrease in net working capital over the year
- Ratio of net financial debt to EBITDA increased due to a rise in gearing relative to Q1/19
- Liquidity secured through existing credit lines
- Proposal to the Annual General Meeting: Suspension of dividend for fiscal 2019 to further strengthen financial stability

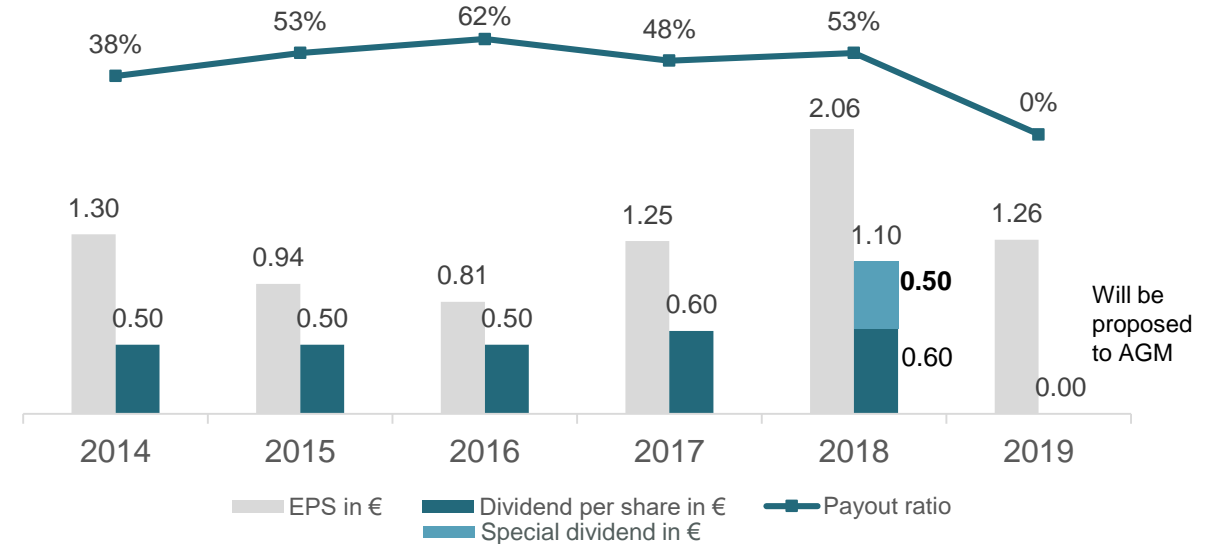
Share Development



The share in 2019/2020¹



COVID-19: Suspension of dividend payment proposed



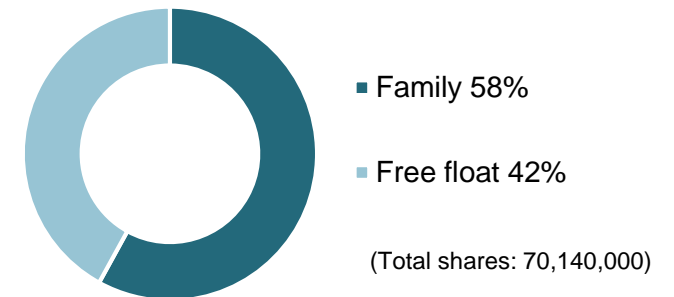
Key figures per share

in €	Q1/20	Q1/19
Earnings per share	0.08	0.30
Book value per share	17.62	17.71
Share price at end of period	10.04	21.20
Market capitalization (€ m)	704.2	1,487.0

Coverage³

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	22.00	Buy	Apr 14, 2020
Jefferies	21.00	Buy	Apr 21, 2020
Warburg	17.20	Buy	Apr 23, 2020
Bankhaus Lampe	13.00	Buy	Apr 30, 2020
Berenberg	12.50	Buy	Apr 22, 2020
Metzler	13.00	Buy	Apr 08, 2020
Commerzbank	10.00	Hold	Apr 22, 2020
Kepler Cheuvreux	8.00	Reduce	Apr 22, 2020

Shareholder structure





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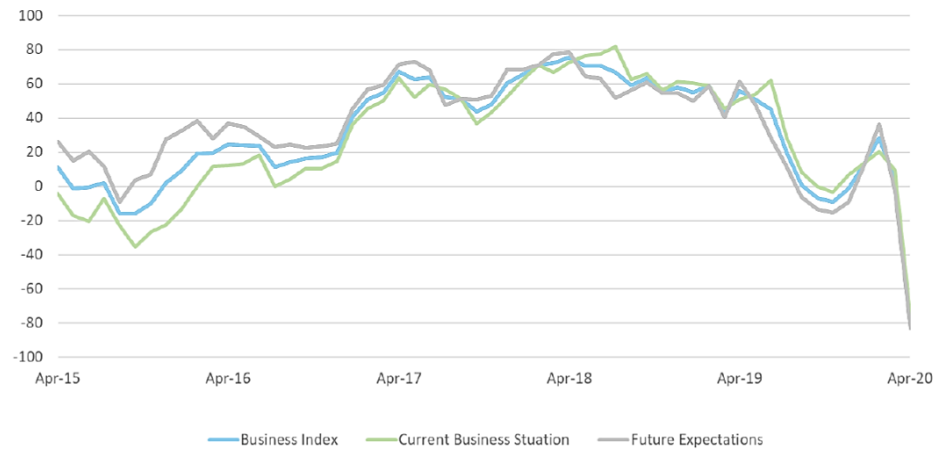
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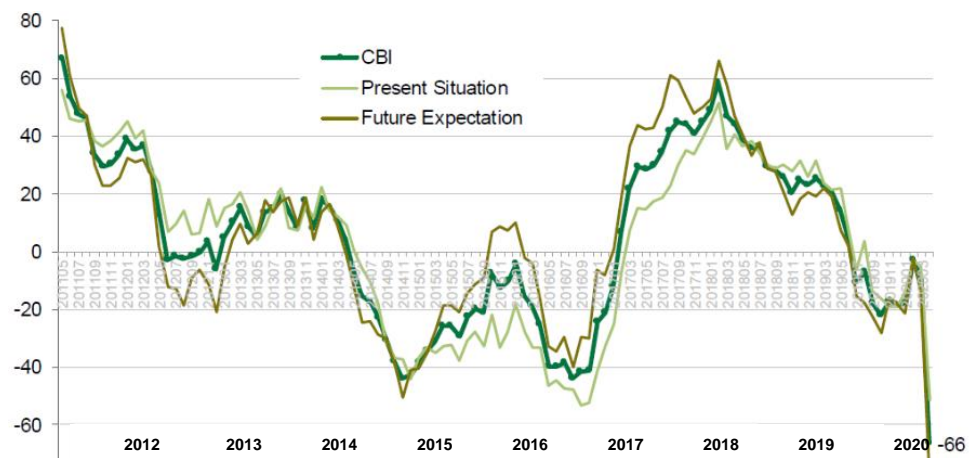
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Business index for construction



Source: CECE, April 2020.

Business index for agriculture



Source: CEMA, April 2020.

Guidance for fiscal 2020 withdrawn

- **Mood in the construction sector** at an all-time low according to the CECE business index
- **Mood in the agricultural sector** at its lowest point since the 2008/2009 financial crisis according to the CEMA business index
- **Major uncertainty** regarding the further spread of the coronavirus and the extent of safety measures imposed by governments; operational and financial risks have increased significantly
- **April 21, 2020: Guidance for fiscal 2020 withdrawn**
 - The economic situation deteriorated significantly towards the end of Q1/20; revenue and order intake significantly below prior-year levels in first half of April
 - Currently not possible to predict how the coronavirus pandemic will effect customer demand, robustness of global supply chains and the Group's production output
 - ➡ Production programs have been cut back, vacation-related shutdowns at production plants have been brought forward and various short-time work models have been implemented
- **Original guidance, published on March 16, 2020:**
 - Revenue between € 1,700 and € 1,900 m
 - EBIT margin between 6.5 and 8.5%,
 - Investments of € 80 m to € 100 m,
 - Net working capital as a % of revenue to remain unchanged or be slightly below the previous year



May 7, 2020	Publication of Q1 report 2020, investors & analysts call
May 11, 2020	Metzler eRoadshow, Germany
May 27, 2020	Berenberg eRoadshow, Spain
June 16, 2020	Commerzbank eRoadshow, Zurich
June 17, 2020	Jefferies eRoadshow, Milan/Lugano
June 23, 2020	Hauck & Aufhäuser eRoadshow, London
June 30, 2020	Virtual Annual General Meeting 2020, Munich
August 5, 2020	Publication of half-year report 2020, investors & analysts call
August 18, 2020	Bankhaus Lampe German Conference, Baden-Baden
November 5, 2020	Publication of nine-month report 2020, investors & analysts call

Disclaimer

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