



Wacker Neuson Group – Full Year 2022 Conference Call

Dr. Karl Tragl (CEO), Christoph Burkhard (CFO)
March 28, 2023



**Wacker Neuson
Group**

Nobody is perfect, but a team can be!



Overview Q4/22 // Fiscal year 2022

Q4/22		
Revenue	EBIT margin	FCF (pre fixed term deposits) ¹
€ 611 m (+28.3% vs. 2021)	9.4% (2021: 10.1%)	€ 20 m (2021: € 79 m)

2022		
Revenue	EBIT margin	FCF (pre fixed term deposits) ¹
€ 2,252 m (+20.7% vs 2021)	9.0% (2021: 10.3%)	€ -131 m (2021: € 264 m)



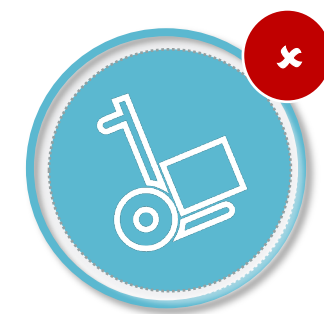
Sales up 21% year-on-year; order backlogs at record levels and high customer demand, supply chain issues dampen growth



Reworking and inflation weigh on margins, Price increases progressively effective since H2



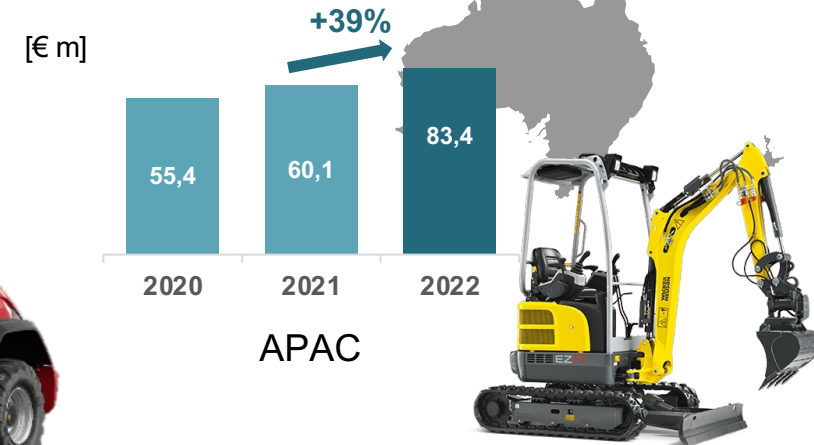
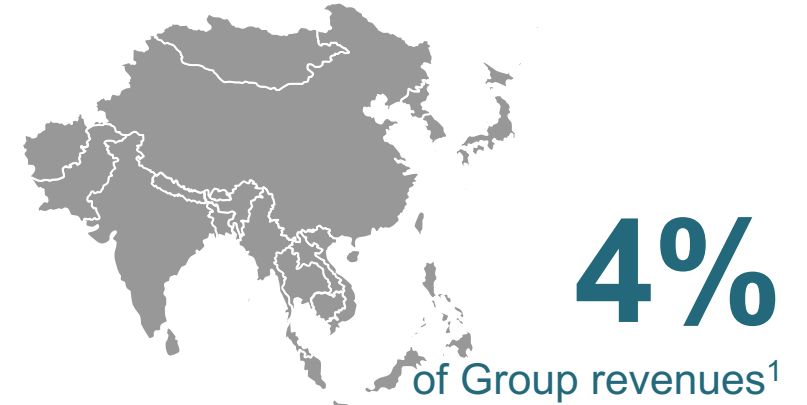
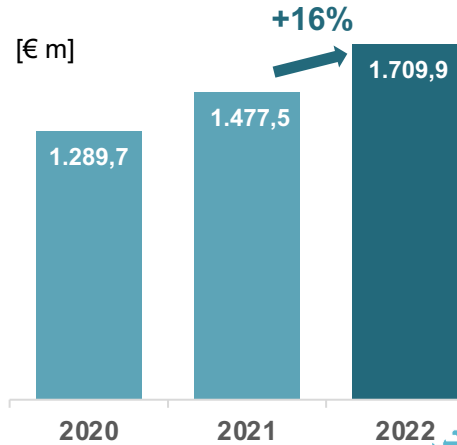
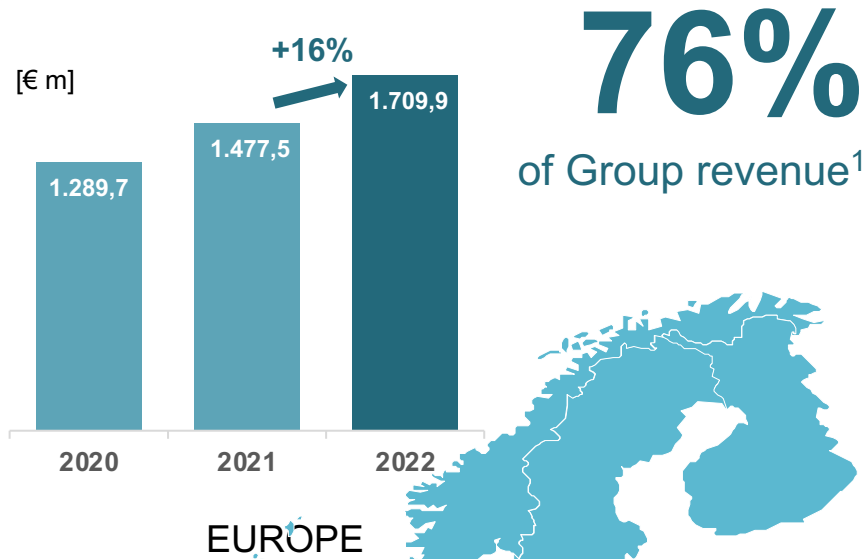
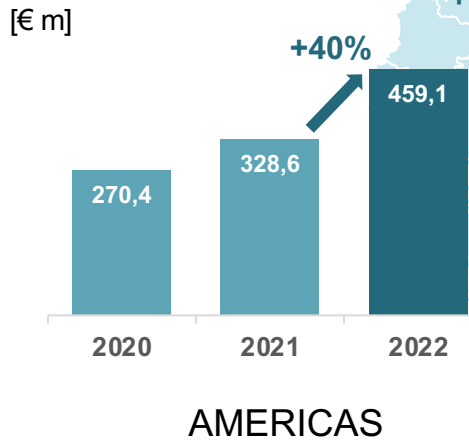
High inventory levels burden FCF and NWC ratio → slightly above strategic target range of ≤ 30%; net financial position burdened



Supply chains and price dynamics on the procurement market still challenging

¹ Free cash flow before taking into account a fixed term deposit of EUR 130 m in FY 2022 (FY 2021: EUR 115 m, of which EUR 15 m in Q4).

Double-digit revenue growth again in all regions



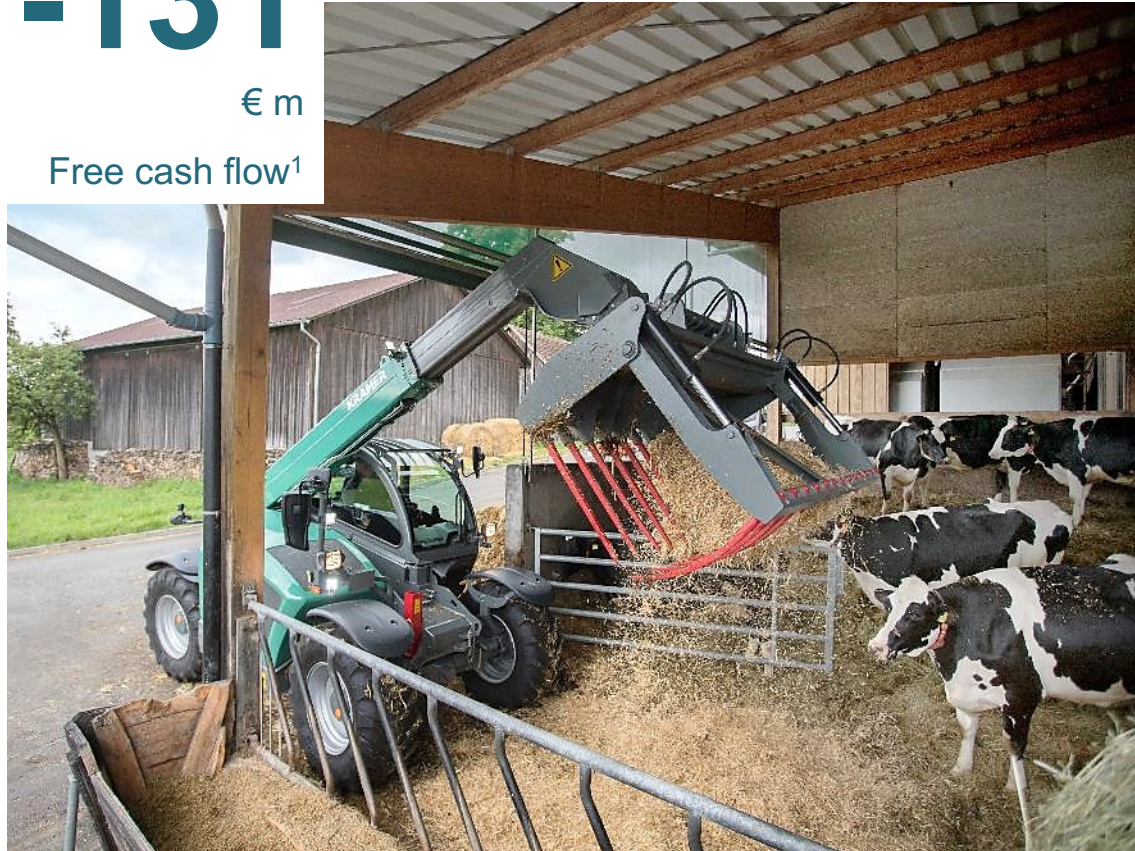
¹ FY 2021: Americas 18%; Europe 79%; APAC 3%.

Net financial position burdened by inventories

-131

€ m

Free cash flow¹



-234,5

€ m

Net financial position²



0.6

Net financial debt /
EBITDA³

¹ Before taking into account cash inflows from financial investments of EUR 130 m.

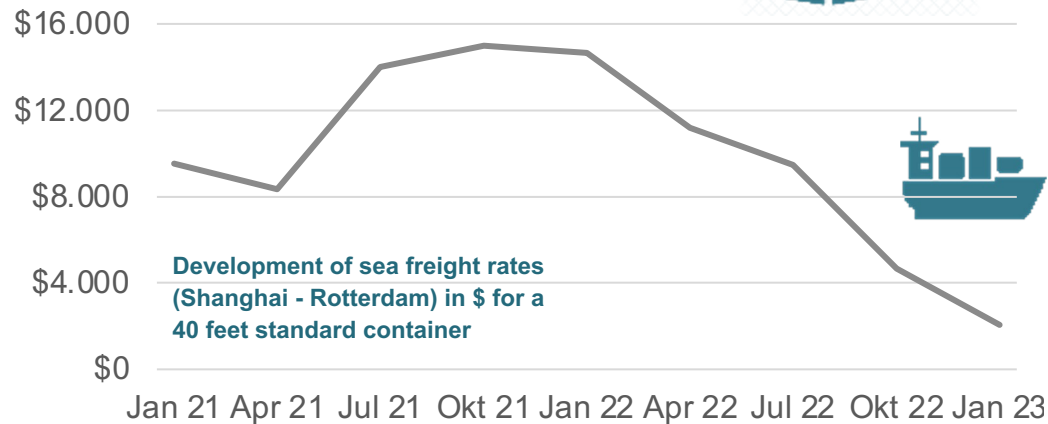
² Net financial position = - Net financial debt = -(Non-current financial liabilities + Current liabilities to banks + Current portion of non-current liabilities - Cash and cash equivalents - Current fixed term deposits)

³ Net financial debt/annualized EBITDA for the quarter.

Supply chains remain a major challenge

Container rates

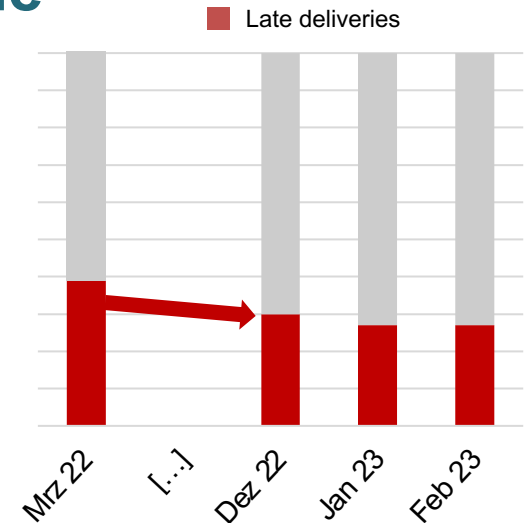
down significantly



Interruptions in the supply chain remain!

Nevertheless, positive trend is emerging.

Effect of China Re-Opening in 2023 remains to be seen!



<p>Corona / China</p>	<p>Sea freight</p>	<p>Semiconductors & Granules</p>	<p>Steel</p>	<p>Ukraine war</p>
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Ukraine war continues to weigh on supply chains; situation remains difficult

Outlook



Ukraine war
remains a key issue for economic environment, supply chains and energy prices

According to **CEMA²**

Order backlog presumably at maximum. The companies surveyed are increasingly able to fill their orders. Production duration at all-time high.



Order backlog
remains at record level

According to **CECE²**

Business climate for the European construction industry remains robust in February despite the geopolitical situation. Sales on the European market recovering, further slight growth expected in the short/medium term.

Supply chains
and price dynamics on the **procurement market**
remain major challenges

Guidance for 2023

- | | |
|---------------|-------------------------------|
| ▪ Revenue | EUR 2,300 to 2,500 m |
| ▪ EBIT margin | 9.5% to 10.5% |
| ▪ Capex | around EUR 120 m ¹ |
| ▪ NWC ratio | around 30 % |

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

² As of 02/23.

Financial calendar and contact

March 28, 2023	Annual Report 2022
May 9, 2023	Q1 Report 2023
May 26, 2023	Annual General Meeting 2023 (Munich, Germany)
August 8, 2023	H1 Report 2023
November 9, 2023	9M Report 2023

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Contact

Wacker Neuson SE Investor Relations

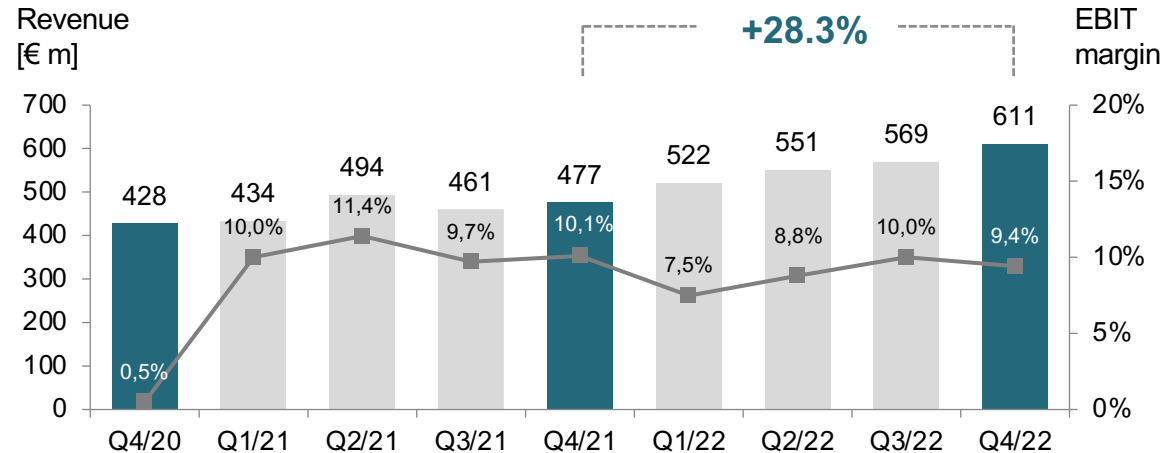
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Appendix

Wacker Neuson Group on profitable growth path

Increasing revenue growth over course of year



Income statement (excerpt)

€ m	Q4/22	Q4/21	2022	2021
Revenue	611.4	476.5	2,252.4	1,866.2
Gross profit	144.3	113.5	534.3	483.5
<i>as a % of revenue</i>	23.6%	23.8%	23.7%	25.9%
Operating costs	-100.9	-68.9	-352.2	-298.9
<i>as a % of revenue</i>	-16.5	-14.5%	-16.4	-16.0%
EBIT	57.2	48.2	201.8	193.0
<i>as a % of revenue</i>	9.4%	10.1%	9.0%	10.3%
Financial result	-9.2	-1.1	-9.5	-5.6
Taxes on income	-7.0	-10.4	-49.7	-49.5
Profit for the period	41.0	36.7	142.6	137.9
EPS (in €)	0.60	0.53	2.10	1.99

Comments on Q4/22

Revenue +28.3% yoy (adj. for currency effects: +26.6%)

- Continued growth in construction and agriculture market segment
- Price increases materialize in increased revenue growth
- Supply chain issues and material cost inflation remain challenging

Gross profit +27.1% yoy (gross profit margin -0.2 PP)

- Gross profit in Q4 increased due to higher revenues, but margin still slightly below 2021 level
- Price increases became increasingly effective during the course of the year

EBIT well above prior year level (EBIT margin: -0.7 PP)

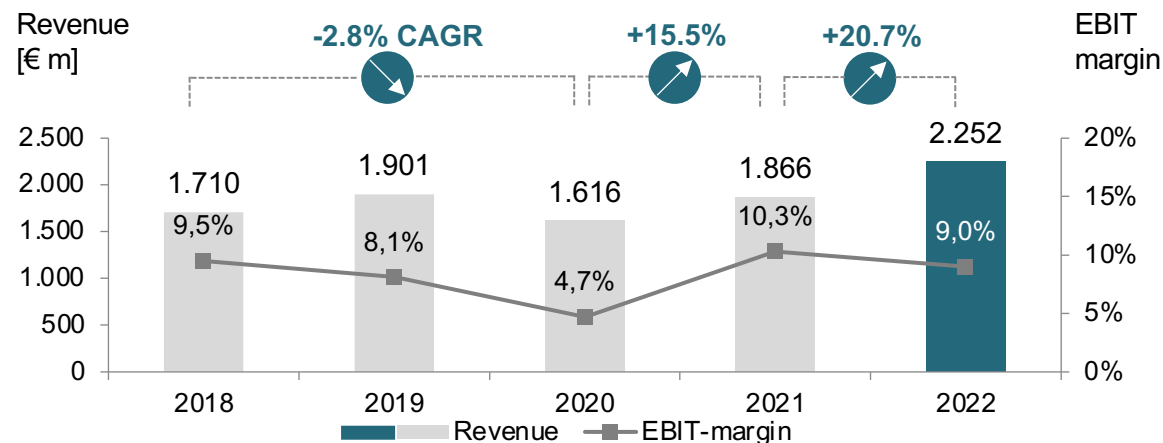
- Rising input costs from personnel burden margin in Q4
- Positive trend over the year as counter-measures materialize (improved reworking process, surcharges, ...)

Solid earnings per share

- At EUR -9.5m, financial result lower mainly due to FX effects in 2021
- Tax rate for 2022 at 25.8%, slightly below 2021 (26.4%)

Wacker Neuson Group on profitable growth path

Revenue above pre-crisis level, increased profit, but lower margin



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Comments on FY 22

Revenue +20.7% yoy (adj. for currency effects: +17.8%)

- Group revenue well above pre-crisis level (+18.5% vs. FY 2019)
- Trend stays positive in all sales regions
- Dynamic growth in construction and agriculture market segment
- Supply chain issues and material cost inflation remain challenging

Gross profit +10.5% yoy (gross profit margin -2.2 PP)

- Affected by higher material prices
- Price increases in newer contracts improve margins over course of year

EBIT climbed 4.6% (EBIT margin: -1.3 PP)

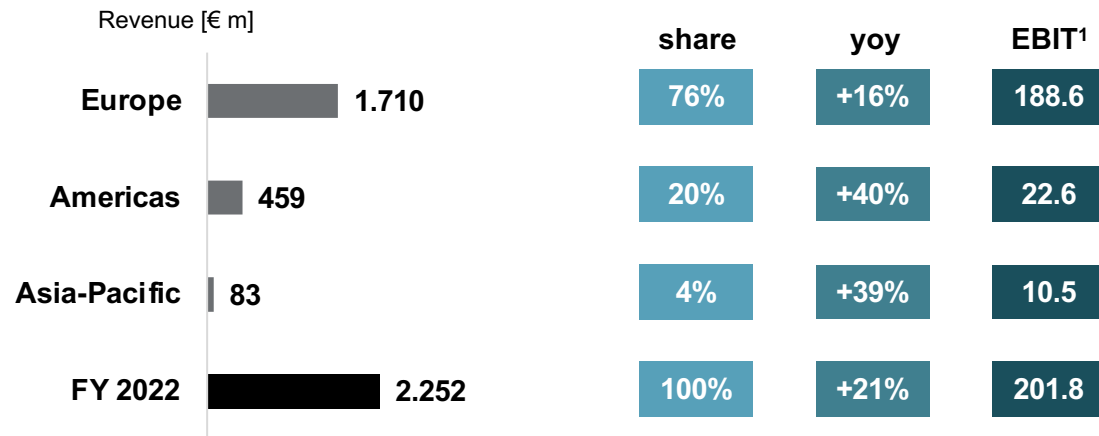
- Rising input costs from personnel over course of year
- Positive trend over the year as counter-measures materialize (improved reworking process, surcharges, ...)
- In fiscal 2021: positive one-off effect of EUR +13.5m from value adjustments to receivables

Earnings per share improved

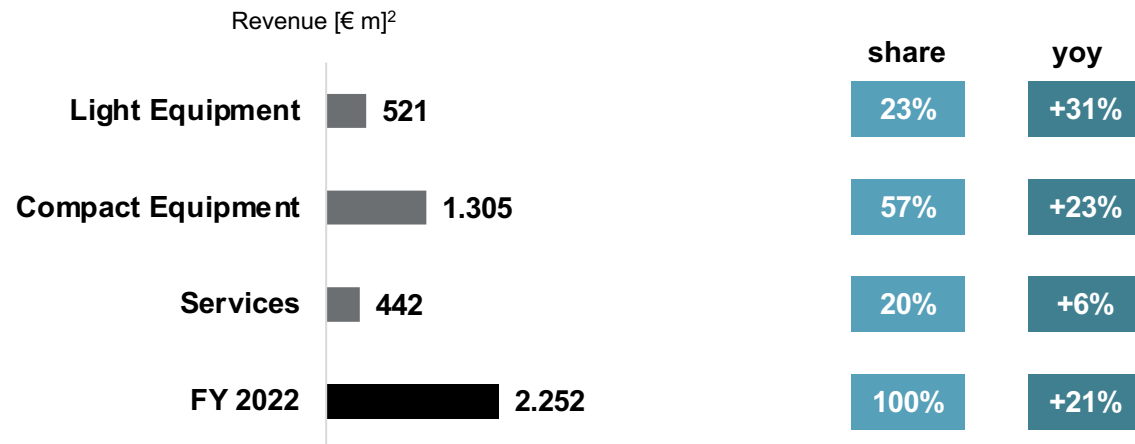
- At EUR -9.5m, financial result lower mainly due to FX effects in 2021
- Tax rate for 2022 at 25.8%, slightly below 2021 (26.4%)

All regions and business segments contribute to growth and profit

Again double-digit growth across all sales regions



Light and Compact equipment continue to receive high demand



Comments on FY 2022

Revenue Europe +15.7% yoy (adj. for currency effects: +15.6%)

- Solid growth of European core markets despite economic headwinds and Ukraine war; Germany performing very well again
- Construction machinery markets France and UK continue driving growth
- Eastern European countries and majority of Northern European countries with double-digit growth
- Kramer- and Weidemann-branded compact equipment for the agricultural sector very strong again (+30.9% yoy despite strong baseline from 2021)

Revenue Americas +39.7% yoy (adj. for currency effects: +25.5%)

- Demand developed positively across all sales channels
- Additional authorized dealers attracted; again strong growth in Canada

Revenue Asia-Pacific +38.8% yoy (adj. for currency effects +32.3%)

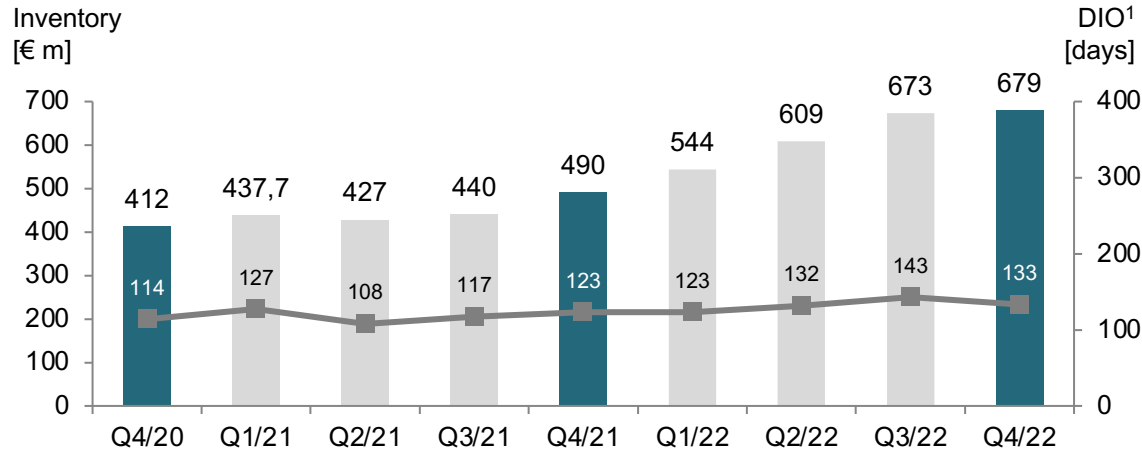
- Growth driven again by positive business development in Australia: expansion of dealer network; focus on independent rental companies increased; product portfolio adapted further to local needs
- China: still difficult market environment with high price pressure and a declining construction machinery market
- Southeast Asian countries and India developing increasingly well

¹ EBIT for regions before consolidation.

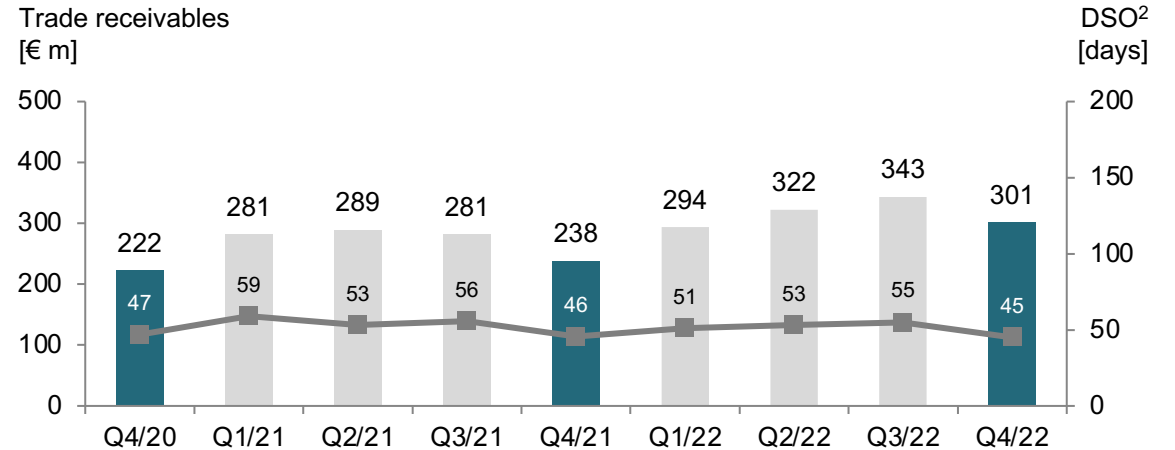
² Revenue by business segment before cash discounts.

Net working capital slightly above target range of $\leq 30\%$

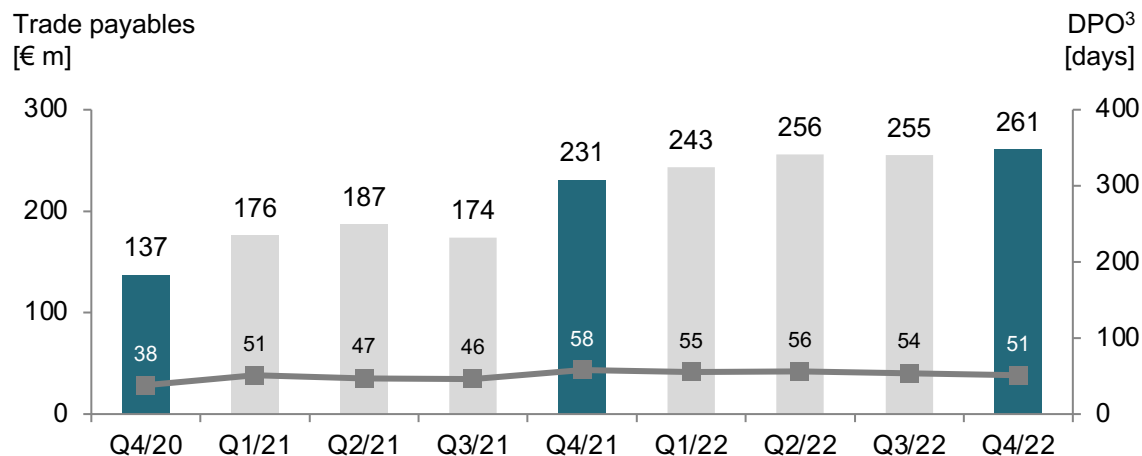
Inventories



Trade receivables



Trade payables



Comments

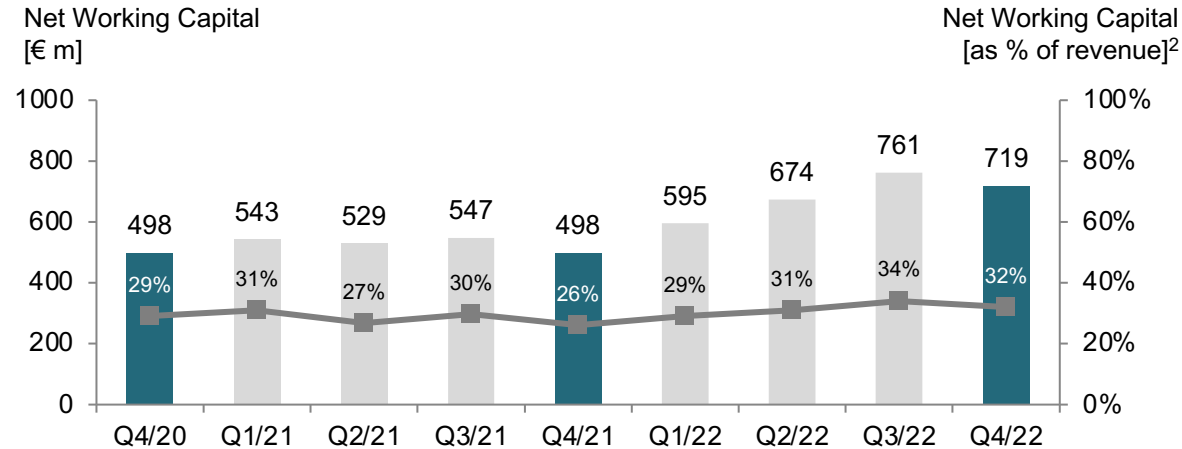
- Inventory levels of machines, raw materials and supplies increased
 - Levels of unfinished machines significantly higher, but substantial reduction over course of year signals positive trend
 - Continuous improvement of reworking process in H2/2022
 - Higher inventories (raw material, supplies) are key to stay on growth track in light of supply chain issues
- Trade payables rise to similar extent as revenues

➡ At 31.9%, the NWC⁴ ratio is slightly above target range

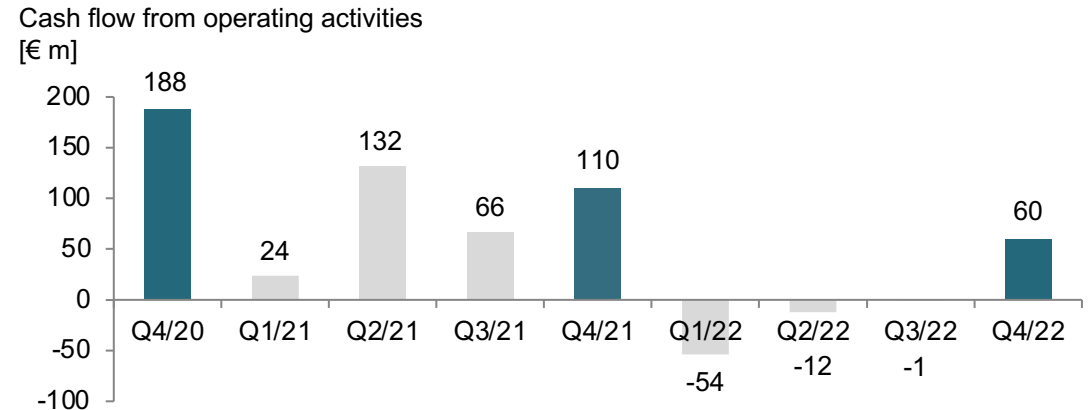
¹ Days inventory outstanding = (inventory/(cost of sales*4))*365 days; ² Days sales outstanding = (receivables/(revenue*4))*365 days; ³ Days payables outstanding = (payables/(cost of sales*4))*365 days. ⁴ Net working capital as a % of annualized revenue for the quarter.

Increase in working capital temporarily burdens cash flow

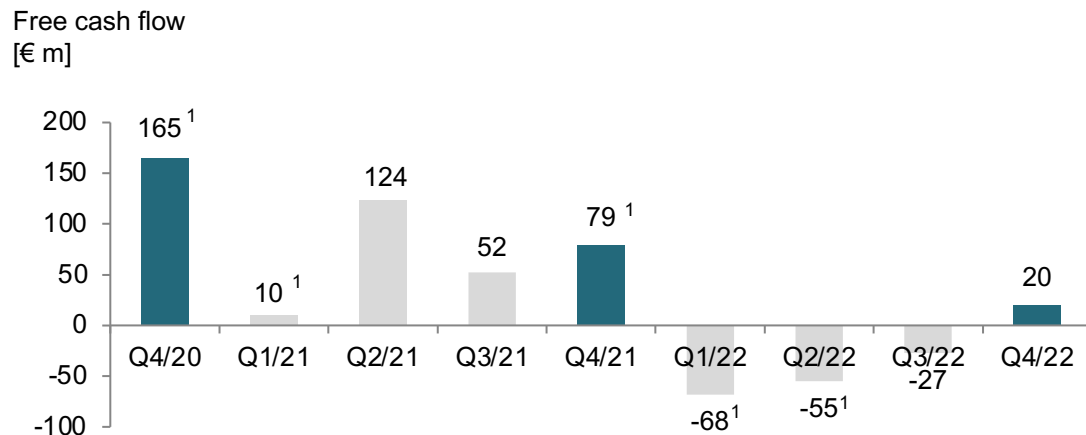
Net Working Capital



Cash flow from operating activities



Free cash flow



Comments

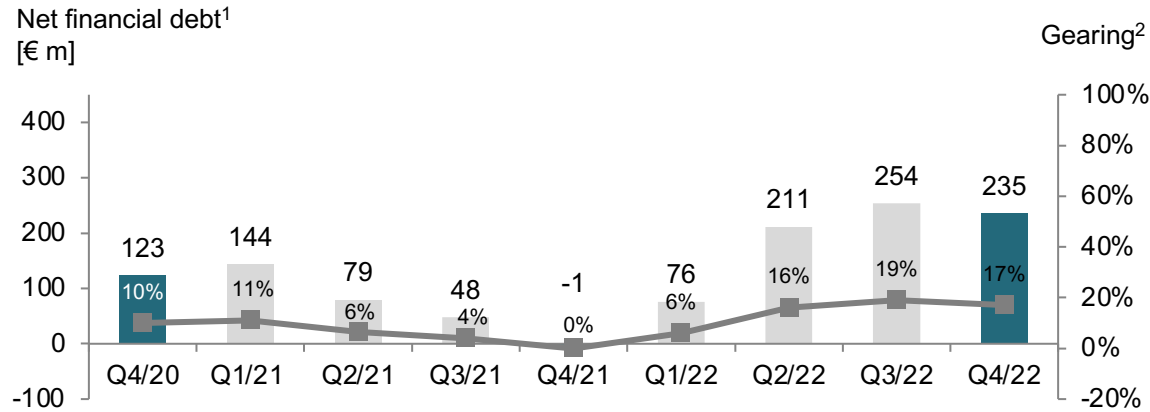
- NWC ratio² of 31.9% due to higher working capital against the background of supply chain issues and higher number of unfinished machines
- 2021 cash flow benefited from early repayments of non-current receivables amounting to EUR 67.9 m
- Investments³ of EUR 103.8 m significantly above previous year due to significantly higher investment into property, plant and equipment
- Free cash flow of EUR -0.8 m (excl. inflows from fixed-term deposit of EUR 130.0 m: EUR -130.8 m)

¹ Before outflows from fixed-term investments amounting to € 15 m in Q4/20, € 100 m in Q1/21 and € 15 m in Q4/21 as well as inflows of € 30 m in Q1/22 and € 100 m in Q2/22.

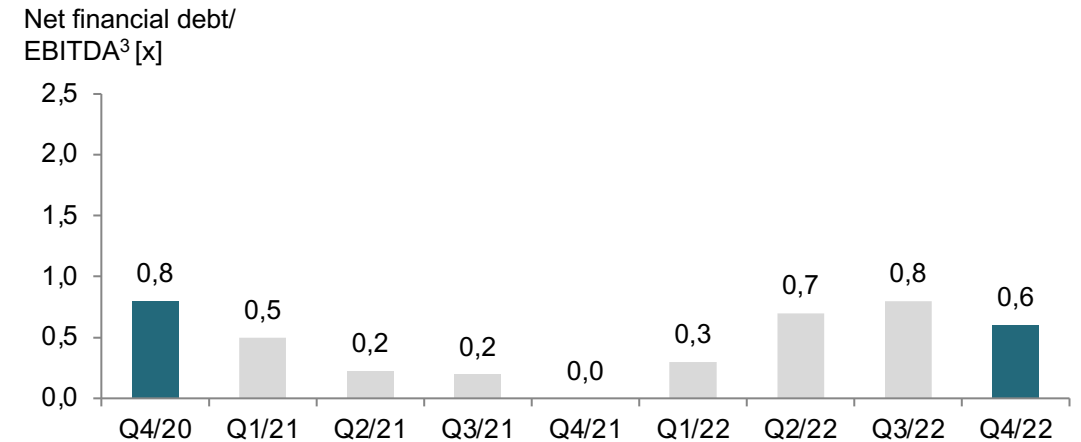
² Net working capital as a % of annualized revenue for the quarter. ³ Investments in property, plant and equipment and intangible assets.

Net financial position burdened by increase in working capital

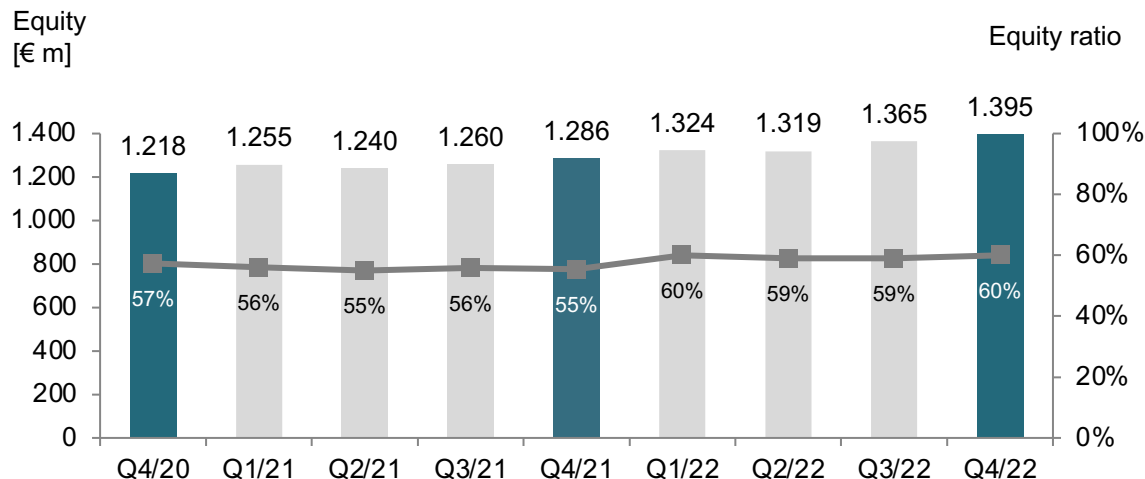
Net financial debt and gearing¹



Net financial debt/EBITDA³



Equity and equity ratio



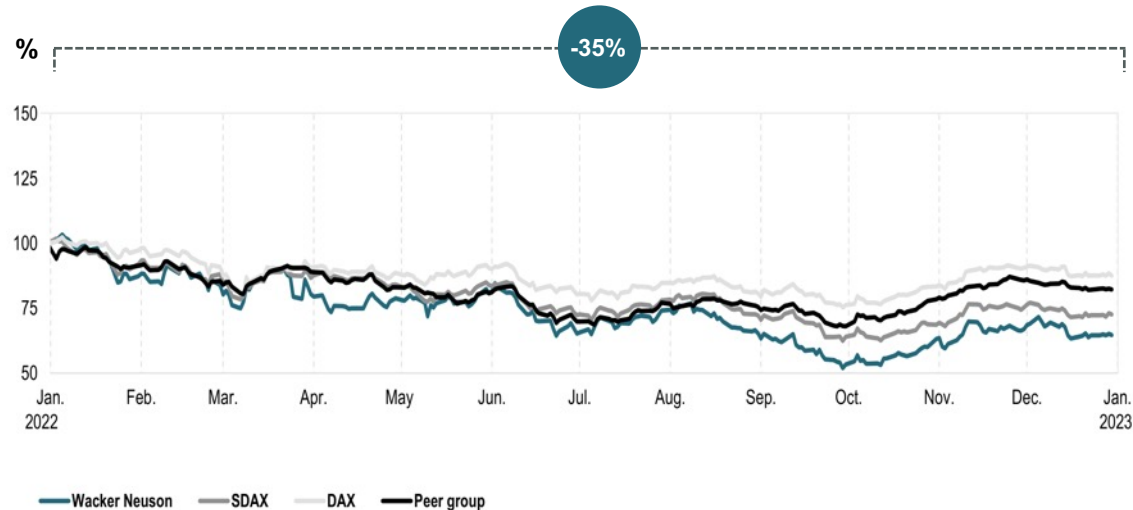
Comments

- Increase of net debt to EUR 235 m due to higher working capital needs
- NWC decrease since Q3 (peak of EUR 254 m) signals trend reversal and shows counter-measures start to work
- Gearing of 16.8% still within reasonable limits due to overall strong financial fundamentals
- Equity ratio increased to 60.0%; highest level since 2018
- Cash and cash equivalents decreased to EUR 53.7 m, also due to early repayment of USD 40 m of the USD promissory note

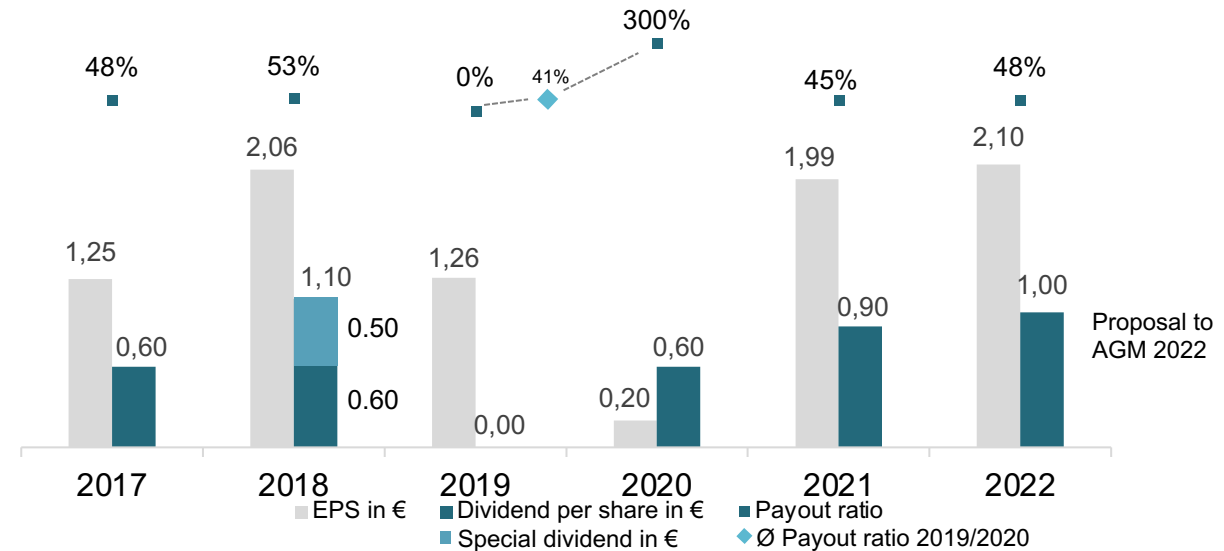
¹ Non-current financial liabilities + short-term borrowings from banks + current portion of long-term borrowings - liquid funds - fixed short-term investments. ² Net financial debt/equity. ³ Net financial debt/annualized EBITDA for the quarter.

Share price development and dividend

The share in 2022^{1,2}



Dividend payout



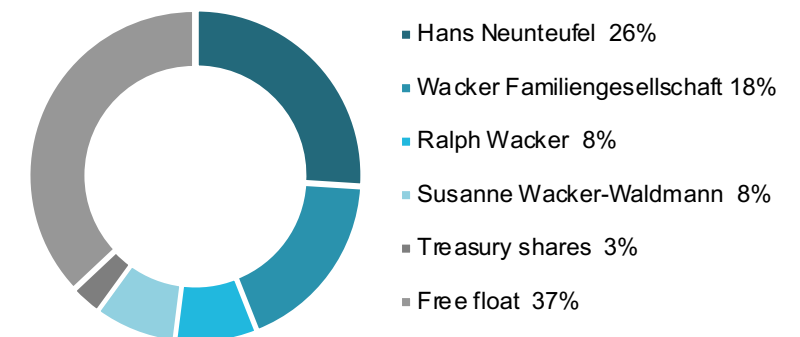
Key figures per share

in €	2022	2021
Earnings per share	2.10	1.99
Book value per share	19.81	18.91
Share price at end of period	16.34	25.24
Market capitalization (€ m)	1,146.1	1,770.3

Coverage³

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	30.00	Buy	Feb. 15, 2023
Berenberg	27.00	Buy	Feb. 16, 2023
Jefferies	26.00	Buy	Feb. 06, 2023
Warburg	25.00	Buy	Dec. 13, 2022
Metzler	25.00	Buy	Feb. 06, 2023
Kepler Cheuvreux	16.00	Reduce	Feb. 16, 2023

Shareholder structure



(Total shares: 70,140,000)

¹ As at Dec. 31, 2022 ² Peer group: Agco, Ashtead, Atlas Copco, Bauer, Caterpillar, CNH Industrial, Deutz, DoosanBobcat, Hitachi, Husqvarna, John Deere, Komatsu, Kubota, Manitou, Sany, Takeuchi, United Rentals, Volvo. ³ As at March 1, 2023.