

Wacker Neuson Group – Full Year 2023 Conference Call

Dr. Karl Tragl (CEO), Christoph Burkhard (CFO)
March 26, 2024



**Wacker Neuson
Group**

Nobody is perfect, but a team can be!



Overview Q4/23 // Fiscal year 2023¹

Q4/2023				Full year 2023			
Revenue	EBIT margin	NWC ratio	FCF	Revenue	EBIT margin	NWC ratio	FCF
€ 641.0 m	5.1%	33.9%	€ 16.0 m	€ 2,654.9 m	10.3%	32.8%	€ -24.9 m
(+4.8% yoy)	(py: 9.4%)	(py: 29.4%)	(py: € 19.6 m)	(+17.9% yoy)	(py: 9.0%)	(py: 31.9%)	(py: €-130.8 m) ²



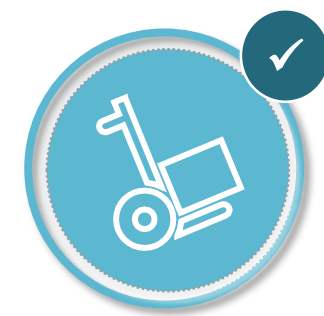
Revenue up 17.9% yoy, driven by the growth trend in the first half of 2023 followed by economic slowdown



After strong margin development in the first half of the year significant decrease in Q4 2023



Increase in the NWC ratio by the end of 2023 driven through economic slowdown

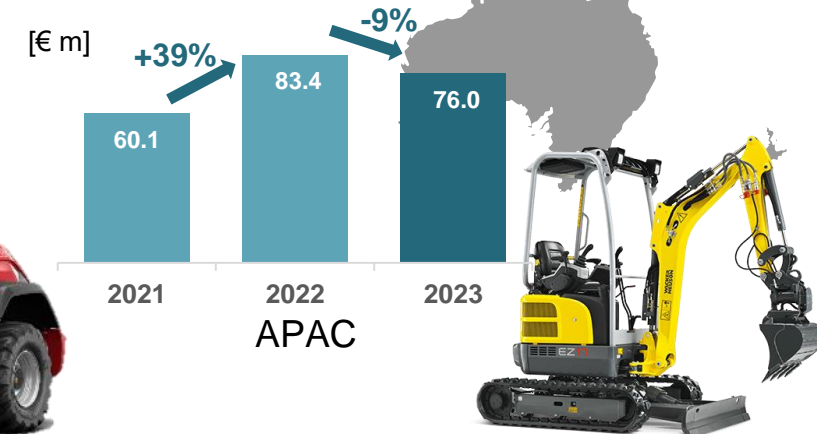
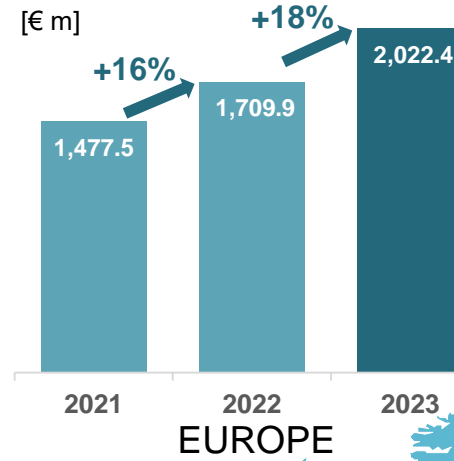
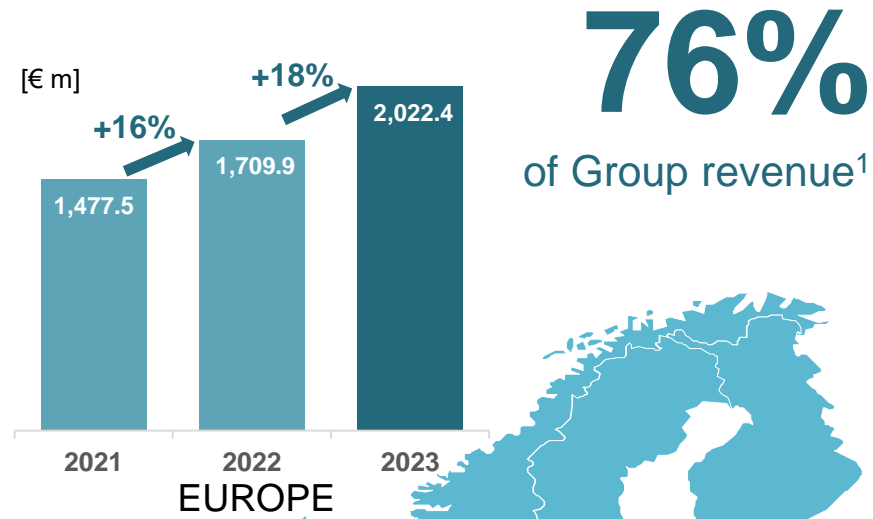
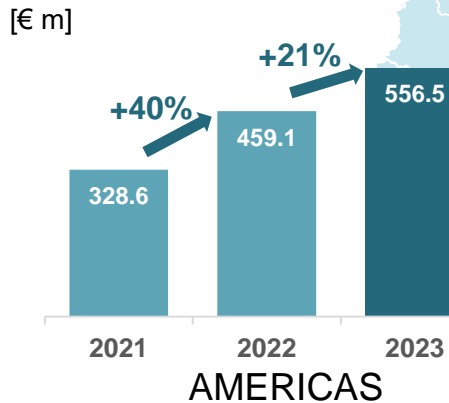


Only sporadically occurring supply chain bottlenecks

¹ Please note the rounding differences in the presentation.

² Free cash flow in FY 2022 before taking into account a fixed term deposit inflow of € 130 million.

Full year 2023: Europe and Americas with double-digit growth



¹ FY 2022: Americas 20%; Europe 76%; APAC 4%.

Free cash flow impacted by higher net working capital

-24.9

€ m

Free cash flow



56.7

%

Equity Ratio

365.8

€ m

Net financial debt¹



0.9

Net financial debt /
EBITDA²

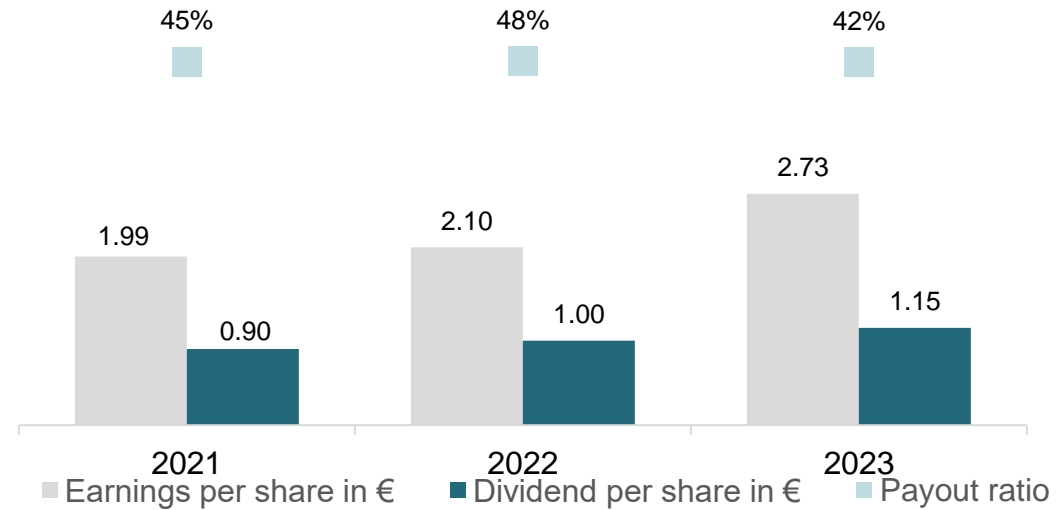
¹ Net financial debt = Non-current financial liabilities + Current liabilities to banks + Current portion of non-current liabilities - Cash and cash equivalents.

² Net financial debt/EBITDA (full year).

Continuity in paying attractive dividends



Dividend per share and payout ratio



- **Dividend policy** with focus on shareholders enjoying a steady appropriate share of the company's profit (40 to 60 percent of Group earnings per share)
- **Proposed payout per share of € 1.15** at the Annual General Meeting for the past fiscal year
- **Payout ratio of 42.1%** of the earnings per share
- **Dividend yield of 6.3%** based on XETRA closing price in 2023

Business Outlook



CECE¹

Business climate index for the European construction equipment sector **went down at the turn of the year 2023**

Transportation costs
pick up again



Order backlog

decreases due to economic downturn

Supply chain situation eased

CEMA¹

Business climate index for the European agricultural machinery sector remained **negative**, economic forecasts burden the developments

Guidance for 2024

- **Revenue** between € 2,400 and 2,600 million
- **EBIT margin** between 8.0% and 9.0%
- **Investments** around € 120 million²
- **Net working capital ratio** around 30%

¹ As of February 2024.

² 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.

Strategy 2030 Implementation



Financial calendar and contact

07 May 2024	Publication of Quarterly Statement Q1/2024, Earnings Call
13 May 2024	Berenberg Virtual Fireside Chat
15 May 2024	Annual General Meeting, Munich
16–17 May 2024	HAIB Stockpicker Summit 2024, Kitzbühel
06 June 2024	Warburg Highlights Conference, Hamburg
13 August 2024	Publication of Half-Year Report H1/2024 , Earnings Call
25 September 2024	Berenberg Goldman Sachs German Corporate Conference, Munich
14 November 2024	Publication of Nine-month Statement 9M/2024, Earnings call
November 2024	German Equity Forum, Frankfurt



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Contact

Wacker Neuson SE Investor Relations

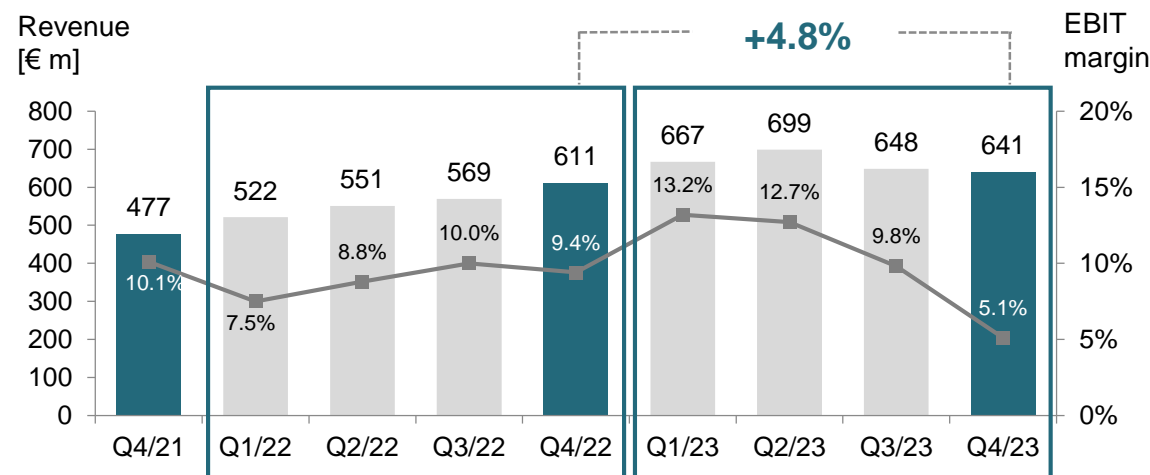
+49 - (0)89 - 354 02 – 1823
ir@wackerneuson.com

www.wackerneusongroup.com

Appendix

Challenging Q4/23 for the Wacker Neuson Group

Growth and profitability decrease due to economic slowdown



Profit and loss statement (excerpt)

€ m	Q4/23	Q4/22	Δ
Revenue	641.0	611.4	4.8%
Gross profit	139.8	144.3	-3.1%
<i>as a % of revenue</i>	21.8%	23.6%	-1.8PP
Operating costs¹	-107.0	-87.1	22.7%
<i>as a % of revenue</i>	-16.7%	-14.2%	-2.5PP
EBIT	32.8	57.2	-42.7%
<i>as a % of revenue</i>	5.1%	9.4%	-4.3PP
Financial result	-9.9	-9.2	7.6%
Taxes on income	-6.0	-7.0	-14.2%
Profit for the period	16.9	41.0	-58.8%
EPS (in €)	0.25	0.60	-58.3%

¹ Including other operating income / other operating expenses.

Comments on Q4/23

Revenue +4.8% yoy (adj. for FX effects : +5.8%)

- Economic slowdown in construction industry increasingly noticeable in the second half of 2023
- Weakening demand in agriculture is also observed

Gross profit -3.1% yoy (gross profit margin -1.8 PP)

- Lower production output could be compensated through cost decreases only to a certain extent (time lag)
- Productivity is burdened through sporadically occurring raw material bottlenecks and necessity of reworking of the products

EBIT -42.7% yoy (EBIT margin: -4.3 PP)

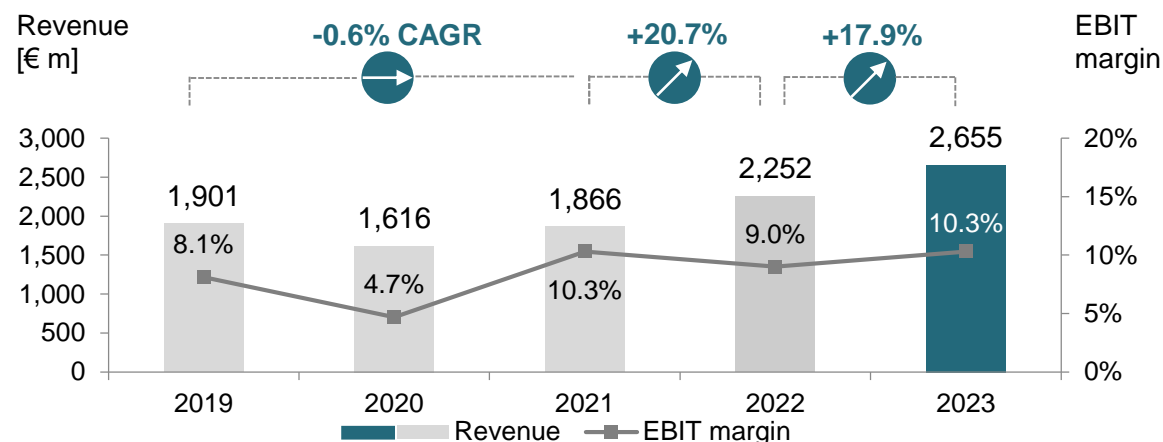
- Smaller margin comparatively to the previous year due to economic slowdown and lower production output

Earnings per share -58.3% yoy

- Financial result is impacted by higher interest rates and leverage
- Tax rate for Q4/23 at 26.1% comparable to previous quarters

Another successful year for the Wacker Neuson Group

Strong revenue growth, increased EBIT margin



Profit and loss statement (excerpt)

€ m	2023	2022	Δ
Revenue	2,654.9	2,252.4	17.9%
Gross profit	646.5	534.3	21.0%
<i>as a % of revenue</i>	24.4%	23.7%	0.7PP
Operating costs¹	-373.3	-332.5	12.3%
<i>as a % of revenue</i>	-14.1%	-14.8%	-0.7PP
EBIT	273.2	201.8	35.4%
<i>as a % of revenue</i>	10.3%	9.0%	1.3PP
Financial result	-18.5	-9.5	94.7%
Taxes on income	-68.8	-49.7	38.4%
Profit for the period	185.9	142.6	30.4%
EPS (in €)	2.73	2.10	30.0%

¹ Including other operating income / other operating expenses.

Comments on full year 2023

Revenue +17.9% yoy (adj. for FX effects : +19.1%)

- Double-digit growth despite economic slowdown, driven by Europe and North America markets
- Agriculture and construction outlook noticeably more pessimistic at year-end

Gross profit +21.0% yoy (gross profit margin +0.7 PP)

- Increase in revenue outweighs the increase in cost of sales due to consequent cost management, efficiency improvements in production as well as eased supply chain

EBIT +35.4% yoy (EBIT margin: +1.3 PP)

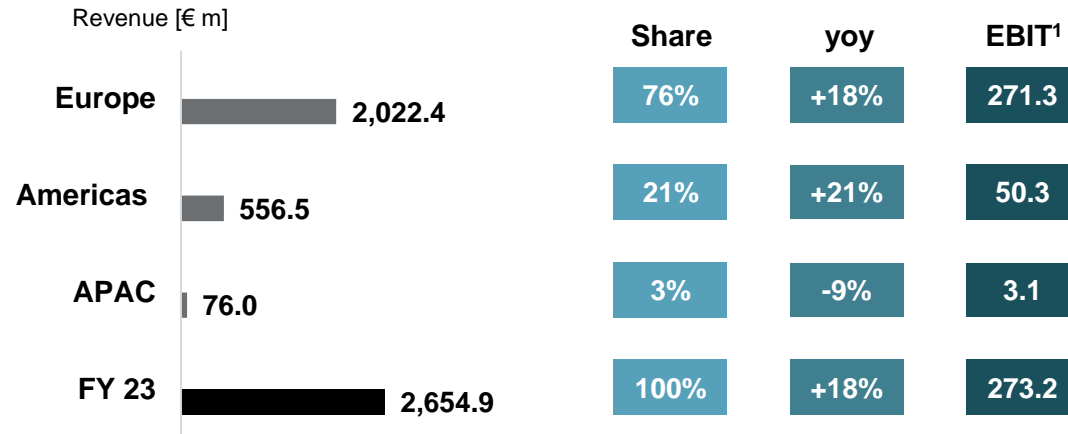
- More dynamic year-over-year growth in comparison to revenue growth
- No one-off effects in the second half of 2023 in comparison to the first half of 2023 (two one-off effects amounting to € 26.5 million)
- Operating costs (sum of the selling, R&D and administrative expenses) as a percentage of revenue decreased by 0.7 PP¹

Earnings per share +30.0% yoy

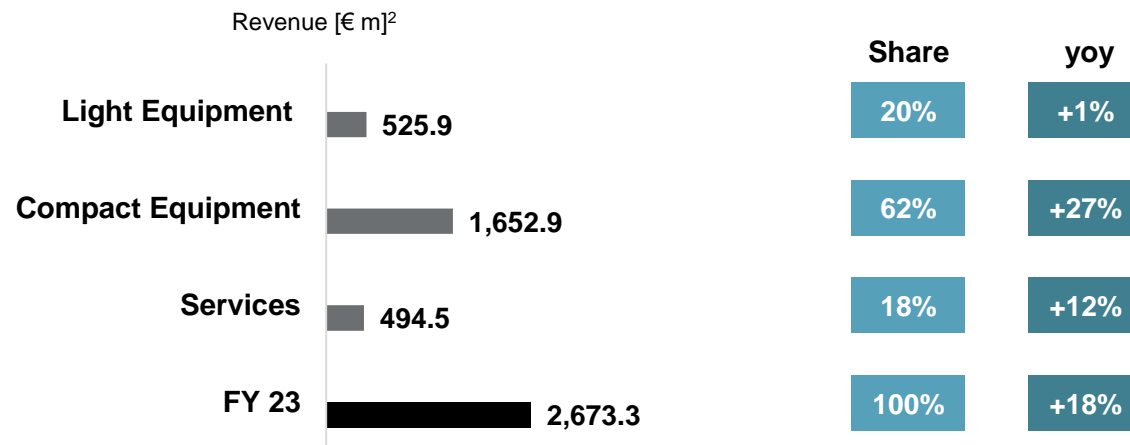
- Financial result is impacted by higher interest rates and leverage
- Tax rate for 2023 at 27.0% slightly above the previous year (2022: 25.8%)

Regions and business areas revenue and EBIT developments

Revenue growth driven by Europe and Americas segments



Business area compact equipment with biggest growth contribution



Comments on FY 2023

Revenue Europe (EMEA) +18.3% yoy (adj. for FX effects +18.4%)

- Solid double-digit revenue growth despite economic slowdown in the second half of 2023
- Weaker growth trends in all submarkets by year-end 2023
- Significant increase in incoming orders for excavators and wheel loaders in comparison to 2022
- Agricultural business as one of the strongest growth drivers (+46,5% yoy)

Revenue Americas +21,2% yoy (adj. for FX effects +25.2%)

- Double-digit growth in 2023, however significant growth slowdown in the second half of 2023
- EUR/USD exchange rate increases from 1.05 in 2022 to 1.08 in 2023 (average exchange rates)

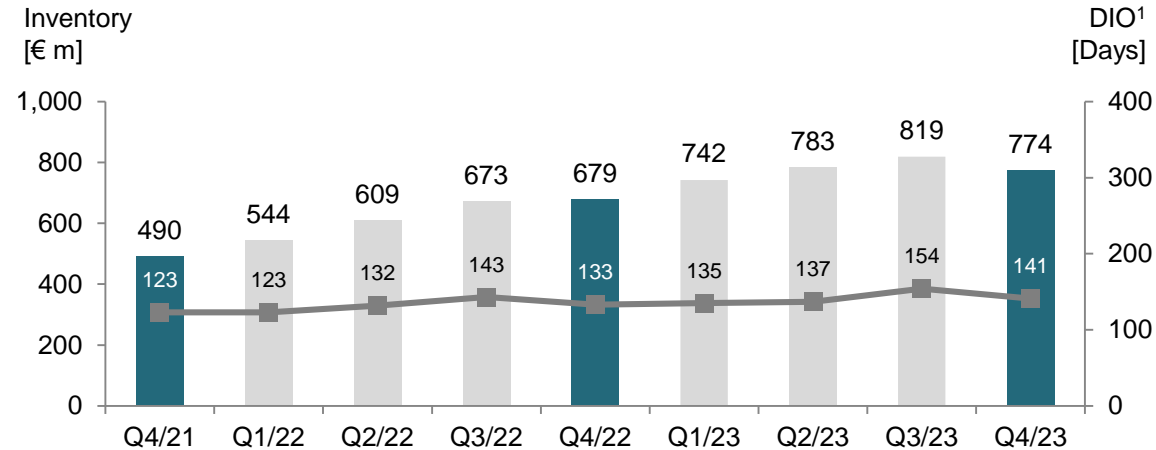
Revenue APAC -8,9% yoy (adj. for FX effects -2.2%)

- Revenue significantly decreases, Australia is still the strongest growth driver, however also with a downward trend
- Currency weakness against the euro continues (AUD/EUR, CNY/EUR)

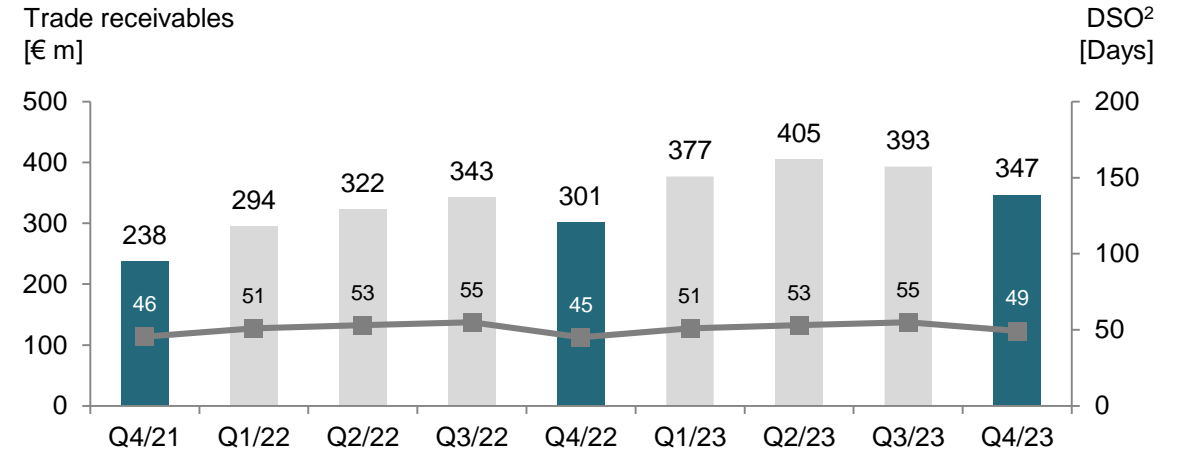
¹ EBIT for regions before consolidation. ² Revenue by business segment excluding cash discounts amounting to €18.4 million.

Sporadic supply chain bottlenecks driving inventories

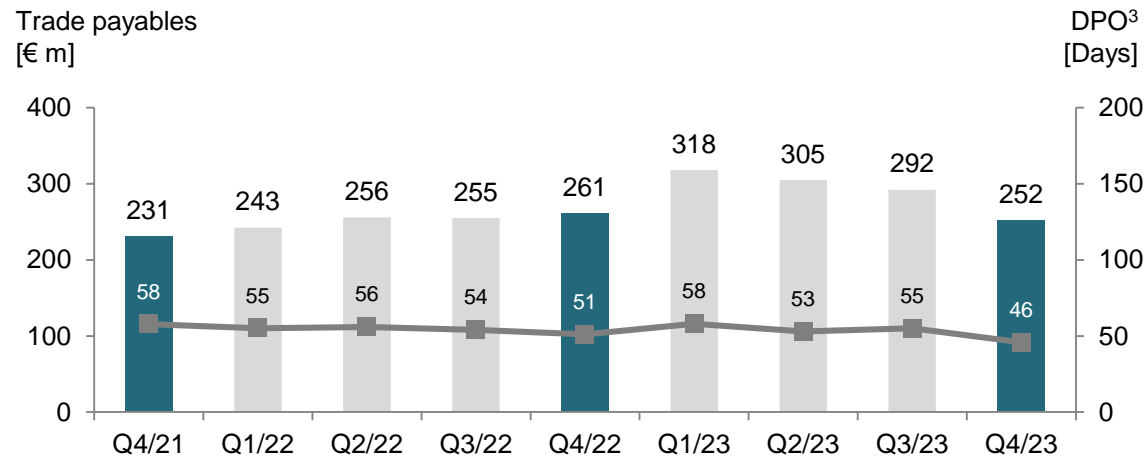
Inventories



Trade receivables



Trade payables



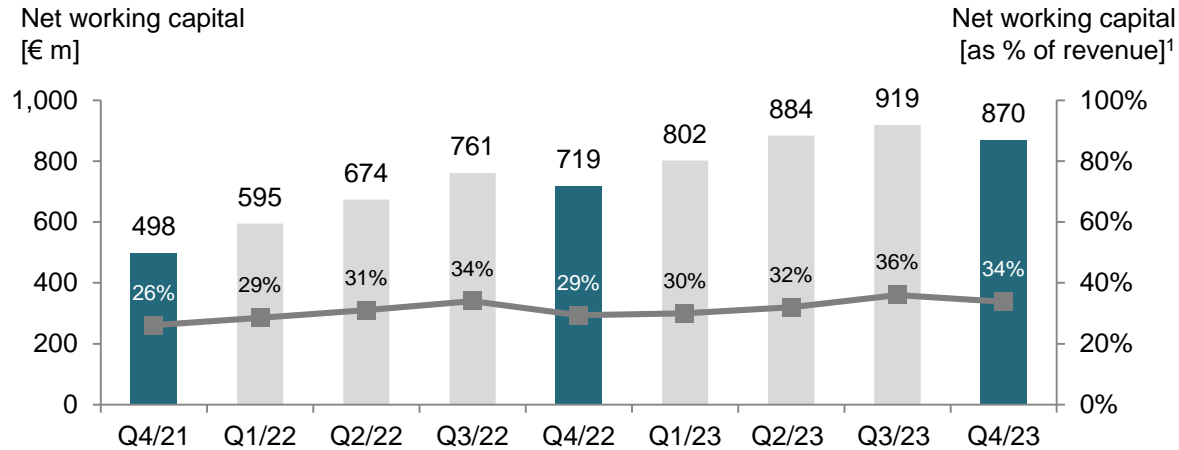
Comments

- Supply chains eased significantly comparatively to 2022, supply chain bottlenecks occur sporadically nevertheless
- Inventories continue to be impacted by economic slowdown (+14.1% yoy)
- Significant decrease in unfinished goods as per year-end (-55.7% yoy), but an increase in finished goods (+38.6% yoy)
- Trade payables decrease slightly (-3.8% yoy) due to lower purchasing volume of production plants
- Trade receivables increase in line with business expansion (+15.0% yoy)

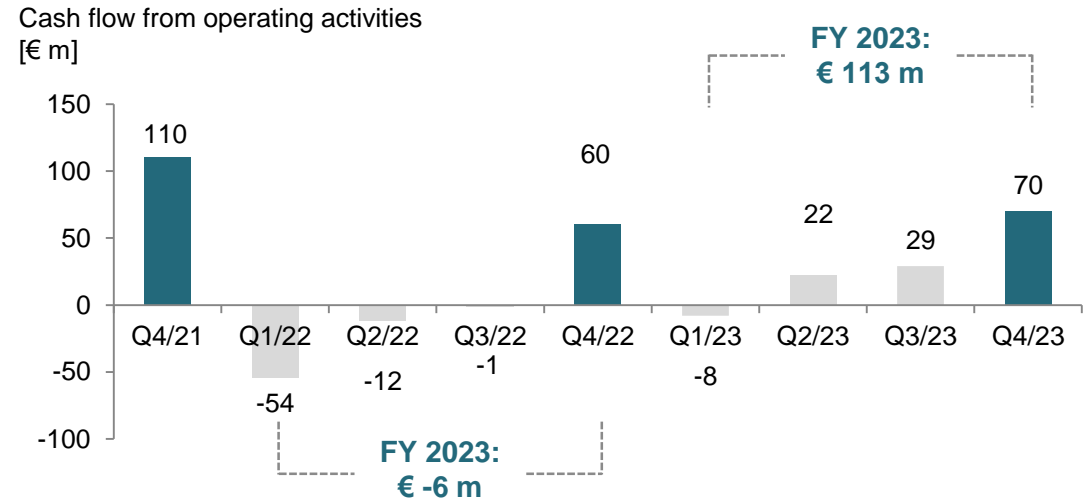
¹ Days inventory outstanding = (inventory/(cost of sales*4))*365 days. ² Days sales outstanding = (receivables/(revenue*4))*365 days. ³ Days payables outstanding = (payables/(cost of sales*4))*365 days.

NWC ratio impacted by economic slowdown

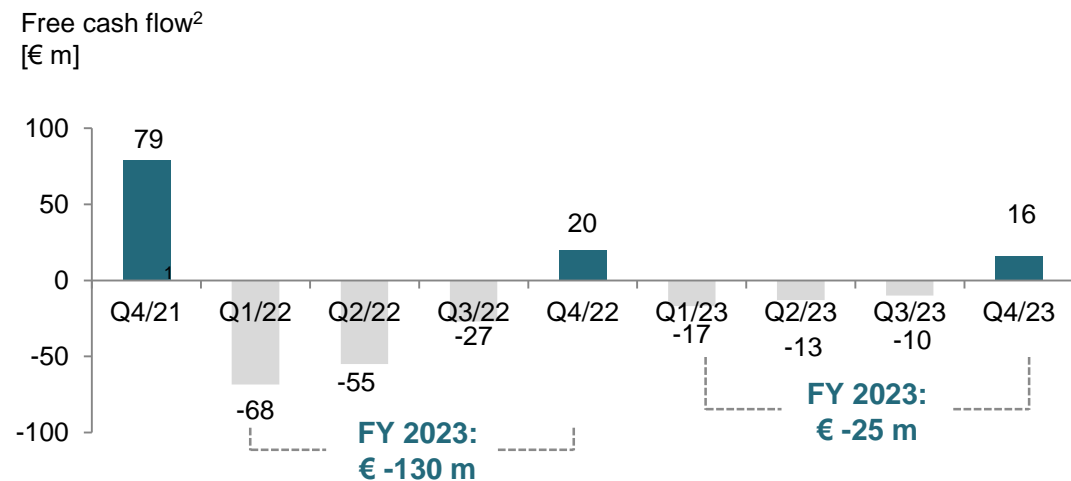
Net working capital



Operating cash flow



Free cash flow



Comments

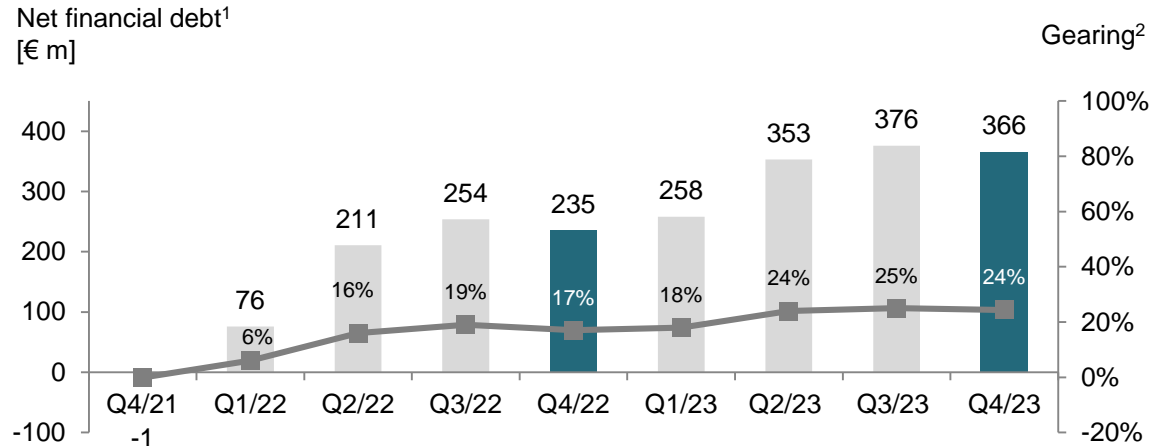
- Net working capital ratio above the strategic benchmark of $\leq 30\%$, influenced by economic slowdown
- 2023 investments³ amounted to € 163.5 million, in line with forecast
- Operating cash flow improved yoy and increased from € -6,4 million in 2022 to € 113,2 million in 2023
- Free cash flow is at € -24.9 million in 2023, impacted by the build-up of net working capital (2022: € -130.8 million before taking into account a fixed term deposit inflow of € 130 million)

¹ Net working capital as a % of annualized revenue for the quarter. ² Before outflows or inflows from time deposits

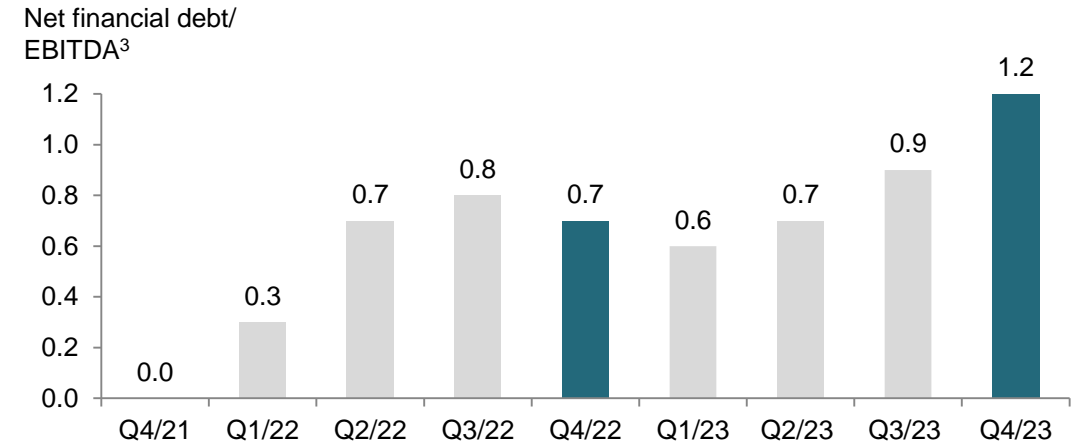
³ Investments in property, plant and equipment and intangible assets.

Robust financial structure with substantial equity ratio

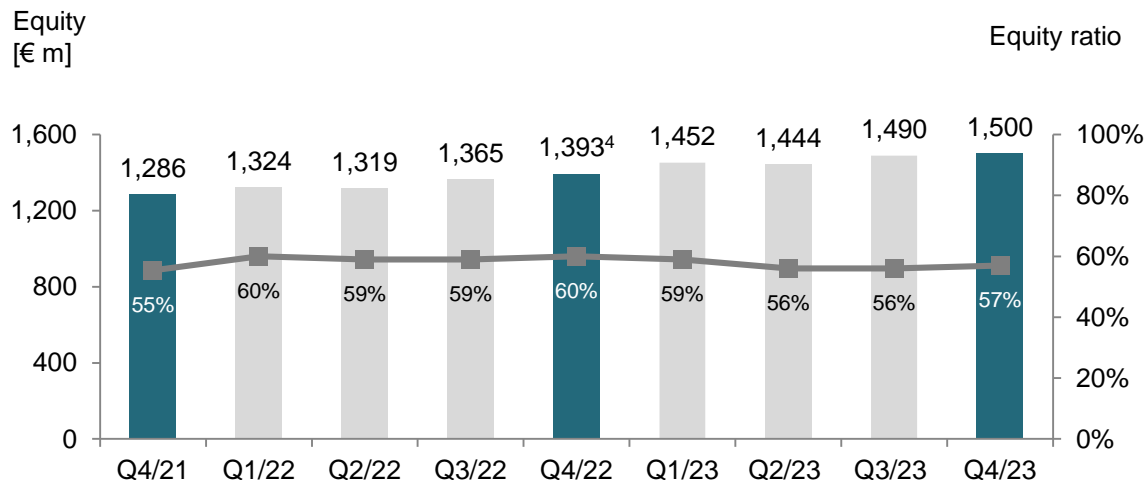
Net financial debt¹ and gearing²



Net financial debt/EBITDA³



Equity and equity ratio



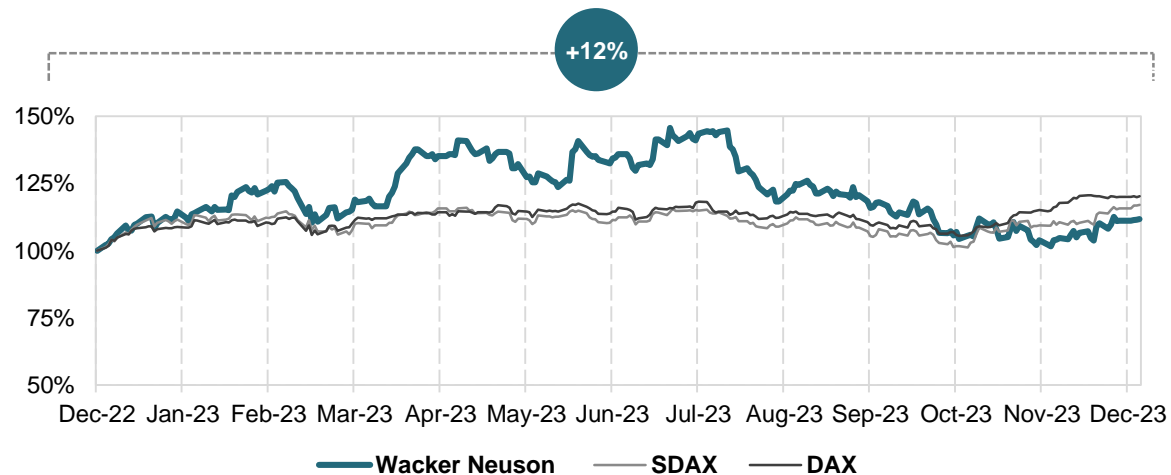
Comment

- Net financial debt¹ impacted by the build-up of net working capital
- Increase in borrowings from banks amounting to € 207.4 million (December 31, 2022: € 5.0 million) and promissory note loan reduction to € 157.6 million (December 31, 2022: € 257.2 million)
- Gearing² increased to 24.4% in comparison to year-end 2022
- Equity ratio decreased slightly to 56.7% in comparison to year-end 2022

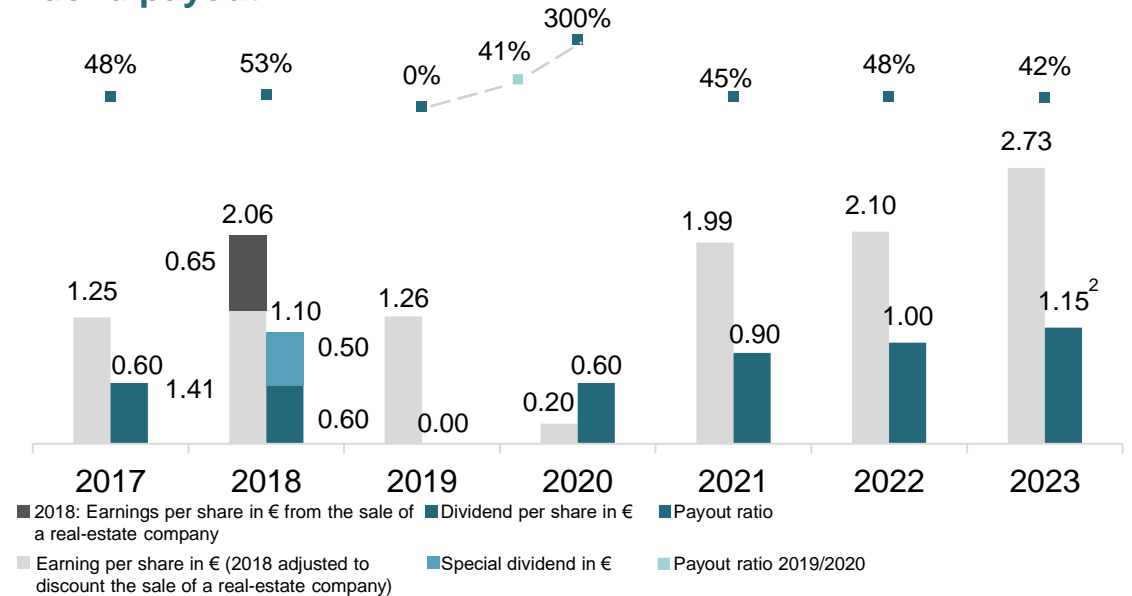
¹ Net financial debt = Non-current financial liabilities + Current liabilities to banks + Current portion of non-current liabilities - Cash and cash equivalents. ² Net financial debt/equity. ³ Net financial debt/annualized EBITDA for the quarter. ⁴ Correction of the previous year's value amounting to c. € -2 million.

The Wacker Neuson Share

Share price development vs. relevant indices¹



Dividend payout



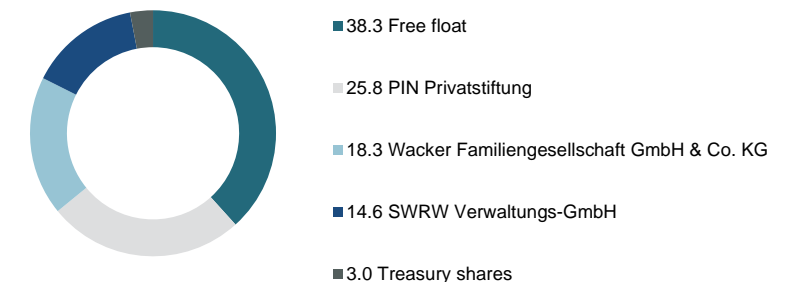
Key figures per share

in €	2023	2022
Earnings per share	2.73	2.10
Book value per share	21.38	19.81
Share price at end of period	18.26	16.34
Market capitalization (€ m)	1.280,8	1,146.1

Coverage³

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	28.50	Buy	Nov. 13, 2023
Berenberg	29.00	Buy	Nov. 17, 2023
Jefferies	19.00	Hold	Jan. 9, 2024
Warburg	20.00	Hold	Nov. 21, 2023
Metzler	19.00	Hold	Mar. 11, 2024
Kepler Cheuvreux	17.00	Sell	Nov. 9, 2023

Shareholder structure



Total shares: 70,140,000

¹ As of December 29, 2023; ² Proposal to AGM 2023; ³ As of March 11, 2024.