Wacker Neuson Group

Corporate News

Wacker Neuson Group continues to develop positively in the third quarter; revenue and earnings guidance raised

- **Revenue for the third quarter 18.1 percent above prior-year level**
- **EBIT almost doubles, EBIT margin reaches 9.7 percent (+3.9 PP yoy)**
- **Net working capital ratio within the strategic target corridor**
- **Free cash flow at EUR 52.0 million**
- **Order intake and order book at a high level**
- **Revenue and earnings guidance for the year as a whole raised**
- **Supply chains and rising input costs remain biggest challenges**

Munich, November 10, 2021 – The Wacker Neuson Group had a successful third quarter. Revenue increased 18.1 percent relative to the prior year to reach EUR 461.4 million (Q3/20: EUR 390.8 million). However, material shortages and the resulting interruptions to production curbed growth although the Group largely managed to avoid extended production shutdowns. Profit before interest and tax (EBIT) almost doubled at EUR 44.7 million (Q3/20: EUR 22.8 million). The EBIT margin amounted to 9.7 percent (Q3/20: 5.8 percent).

“The third quarter was a successful but also very difficult three months for us. Supply chain strains and repeated disruptions were major challenges for our teams, suppliers and business partners – and there are still no signs of easing. Our enormous efforts have paid off, however, and I would like to thank everyone who has contributed to this strong result,” summarizes Dr. Karl Tragl, CEO of the Wacker Neuson Group.

Group revenue for the first nine months of the year amounted to EUR 1,389.7 million, which is a rise of 17.0 percent (9M/20: EUR 1,187.5 million). EBIT increased to EUR 144.8 million and the EBIT margin is reported at 10.4 percent (9M/20: EUR 73.2 million; 6.2 percent).

Europe and the Americas report strongest growth rates

Business developed particularly dynamically in Europe and the Americas, where the Group reported clear double-digit Q3 gains respectively. In the Europe segment, which accounts for 79 percent of the Group total, revenue for the third quarter rose 16.8 percent to EUR 362.2 million (Q3/20: EUR 310.0 million). In the construction sector, the markets of Germany, Austria and Switzerland proved once again to be very robust. Business developed at an even faster pace in the UK and France, where the Group reported major double-digit gains in both markets. Revenue from compact equipment for the agricultural sector grew 23.2 percent (Q3/21: EUR 78.7 million; Q3/20: EUR 63.9 million).

Revenue for the Americas in the third quarter amounted to EUR 84.3 million. This corresponds to a rise of 27.9 percent (Q3/20: EUR 65.9 million). The Group benefitted here from a number of developments including a rebound in the worksite technology product business and significant gains with excavators and wheel loaders. Business in Canada developed particularly well with the Group already exceeding pre-crisis levels. By contrast, business in Asia-Pacific stagnated. Revenue here was on a par with the prior-year quarter at EUR 14.9 million. Although the positive H1 performance in Australia continued into Q3, a downturn in the excavator market in China impacted developments in the region.

Sharp rise in profitability; supply chains impact productivity
At EUR 44.7 million, EBIT nearly doubled relative to the previous year (Q3/20: EUR 22.8 million). This sharp increase was driven by a rise in sales volume flanked by cost control measures. The EBIT margin reached 9.7 percent and was clearly higher than the previous year but still below the level for the first half of 2021 (Q3/20: 5.8 percent; H1/21: 10.8 percent). A rise in prices for raw materials, components and shipping had an increasingly dampening effect over the course of the year. In addition, material shortages and the resulting production disruptions and rework efforts all had a negative impact on productivity.

Net working capital ratio within the strategic target corridor
The Group’s strategic goal is to sustainably reduce the net working capital ratio expressed as a percentage of revenue to 30 percent or lower. Following significant progress in recent quarters, the net working capital ratio was again within the target range at the close of the nine-month period (September 30, 2021: 29.7 percent; December 31, 2020: 29.1 percent; September 30, 2020: 40.7 percent). The reduction relative to the previous year was attributable to a rise in trade payables and a drop in inventory. Inventory levels of finished machines decreased sharply here. Conversely, levels of unfinished machines more than doubled since the start of the year as a result of overstretched and repeatedly interrupted supply chains.

Net financial debt falls again due to strong cash generation
Cash flow from operating activities amounted to EUR 66.4 million for the third quarter (Q3/20: EUR 107.2 million) with free cash flow at EUR 52.0 million (Q3/20: EUR 86.5 million). Consequently, net financial debt decreased further to reach EUR 48.3 million at the closing date (December 31, 2020: EUR 122.9 million; September 30, 2020: EUR 276.1 million).[1] Gearing is reported at 3.8 percent (December 31, 2020: 10.1 percent; September 30, 2020: 22.2 percent). Cash flow developments in the previous year were shaped by the sharp reduction in net working capital.

Order intake and order book at high levels, revenue and earnings guidance for the year as a whole raised
Order intake continued to develop at a dynamic pace in the third quarter. However, with material reserves depleted across the Group and its supply chains, the Executive Board expects increased production downtime in the fourth quarter. In addition to this, the ever-rising prices for raw materials, components and shipping will have a greater impact than in recent months. Taking into consideration the development of business to date, the prevailing conditions and the opportunities and risks facing the Wacker Neuson Group, the Executive Board has nevertheless recently raised its revenue and earnings guidance for 2021 as a whole. Revenue is now projected in the range between EUR 1,775 and 1,825 million, and the EBIT margin is expected to lie between 9.3 and 9.7 percent (previous guidance for revenue: EUR 1,750 to 1,800 million; previous guidance for the EBIT margin: 8.75 to 9.50 percent).

[1] Non-current financial liabilities + short-term borrowings from banks + current portion of long-term borrowings - liquid funds - fixed short-term investments.

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Key indicators for the Wacker Neuson Group

Key figures in € million	Q3/21	Q3/20	Delta	9M/21	9M/20	Delta
Revenue	461.4	390.8	+18.1%	1,389.7	1,187.5	+17.0%
EBIT	44.7	22.8	+96.1%	144.8	73.2	+97.8%
EBIT margin (as a %)	9.7	5.8	+3.9 PP	10.4	6.2	+4.2 PP
Profit for the period	31.2	11.1	+181.1%	101.2	33.8	+199.4%
Earnings per share in €	0.45	0.16	+181.3%	1.46	0.48	+204.2%
Free cash flow[1]	52.0	86.5	-39.9%	185.5	179.4	+3.4%

[1] Free cash flow before a fixed short-term investment in the amount of EUR 100 m.

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The complete quarterly report is available at the following link: www.wackerneusongroup.com/en/investor-relations/financial-reports-presentations/2021

For press images relating to the Wacker Neuson Group, please see:
https://wackerneusongroup.com/en/news-media/press-images

About the Wacker Neuson Group:
The Wacker Neuson Group is an international network of companies, employing around 5,500 people worldwide. In fiscal 2020, the Group achieved revenue of EUR 1.6 billion. As a leading manufacturer of light and compact equipment, the Group offers its customers a broad portfolio of products, a wide range of services and an efficient spare parts service. Wacker Neuson Group is the partner of choice among professional users in construction, gardening, landscaping and agriculture, as well as among municipal bodies and companies in industries such as recycling and rail transport. The product brands Wacker Neuson, Kramer and Weidemann belong to the Group. Wacker Neuson SE shares are listed on the regulated Prime Standard segment of the Frankfurt Stock Exchange (ISIN: DE000WACK012, WKN: WACK01) and are member of the SDAX.