



# Corporate News

## **Wacker Neuson continues to grow significantly in third quarter of 2022 and increases profitability**

- **Revenues up 18.1% year-on-year in the first nine months despite continuing challenging environment**
- **EBIT margin of 8.8% noticeably improved compared with first half, but still down from prior year**
- **Net working capital remains at high level and impacted by supply chain issues**
- **Supply chains and price dynamics on the procurement market remain challenging**
- **Forecast for the full year 2022 confirmed**

Munich, 10 November 2022 - The Wacker Neuson Group, a leading manufacturer of light and compact equipment, continues to succeed in an unchanged challenging environment and posted significant growth in the third quarter. Group revenue for the first nine months of 2022 once again marked a record level at EUR 1,641.0 million, up 18.1 percent year-on-year (9M 2021: EUR 1,389.7 million). Adjusted for foreign exchange, the increase amounted to 15.1 percent. The earnings trend continued to be impacted by the general supply chain problems and high material, energy and logistics costs, while a changed customer mix in the third quarter also had a dampening effect. At EUR 144.6 million, earnings before interest and taxes (EBIT) were almost on a par with the previous year (9M 2021: EUR 144.8 million). At 8.8 percent, the EBIT margin declined accordingly (9M 2021: 10.4 percent), but again improved by 0.6 percentage points compared to the first half of the year (H1 2022: 8.2 percent; Q1 2022: 7.5 percent).

"Even though the challenges are steadily increasing over the course of this year, we have so far succeeded in continuing to grow strongly quarter by quarter and catch up in terms of profitability. Demand from our customers remains high, meaning that our order backlog continues to grow and now extends well into the second half of 2023," explains Dr. Karl Tragl, CEO of the Wacker Neuson Group. "From a business perspective, this exceptionally high level of visibility gives us additional planning certainty. "

### **Continued double-digit growth in all reporting regions**

In the Europe (EMEA) segment, revenue increased by 13.0 percent to EUR 1,242.2 million in the first nine months (9M 2021: EUR 1,099.3 million). Once again, in addition to the home market of Germany, it was primarily the major European construction machinery markets of the UK and France that characterized growth with double-digit growth rates. In addition, the latest acquisition, the Enar Group, successfully contributed a full quarter to growth in the region for the first time. Furthermore, growth was driven by high demand for compact equipment, particularly wheel loaders and dumpers for the construction industry and telescopic handlers for agriculture.

Revenue of the agricultural machinery brands, Kramer and Weidmann, also increased significantly accordingly, rising by 25.5 percent to EUR 318.0 million (9M 2021: EUR 253.4 million).



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In the Americas region, the positive trend from the first half of the year continued. Revenue developed extremely dynamically in the first nine months, increasing by 37.2 percent to EUR 333.1 million, also supported by the significant rise in the US dollar against the euro. Adjusted for foreign exchange, growth amounted to 22.9 percent. Within the region, there was a disproportionately good performance in the USA and Canada, characterized by high demand and strong order intake across all sales channels. There was also strong growth in construction site equipment and compact equipment, particularly skid steer loaders and excavators.

In the Asia-Pacific region, the increase in revenue was even higher at 37.7 percent to EUR 65.7 million. Adjusted for foreign exchange, the increase was also the most significant in a comparison of the regions, at 29.6 percent. Among the individual markets, Australia again showed strong growth. The Chinese market remained weak. However, production in China continues to represent an attractive export hub for the African and South American markets in particular, due to the prevailing cost structures.

## **Net working capital requirement continues to increase**

Net working capital amounted to EUR 760.7 million at the end of September 2022, significantly above the level at the end of 2021 (31 December 2021: EUR 497.6 million) and again substantially above the level of the previous quarter (30 June 2022: EUR 673.9 million). The net working capital ratio increased accordingly to 33.5 percent (31 December 2021: 26.1 percent; 30 June 2022: 30.6 percent). The increase is directly related to the increasing momentum of sales development, which gained further significant intensity particularly towards the end of the third quarter. This resulted in a disproportionate increase in receivables in relation to total revenue in the past quarter and thus in the net working capital ratio. Irrespective of this effect, however, there was still no improvement in the supply chain problem and thus in the level of work in progress in the past quarter.

"Our extremely high order backlog reflects both the continued high demand for our products and the robustness of our business model. It therefore remains our primary goal to be able to meet this demand in the best possible way, even in times of ongoing supply chain issues," explains Christoph Burkhard, CFO of the Wacker Neuson Group. "Our main focus remains on profitable growth. Accordingly, we have so far made a conscious decision not to reduce inventories in the short term so as not to jeopardize our growth opportunities. Nevertheless, we are working to reduce our net working capital by the end of the year."

As a result of the increased net working capital, free cash flow<sup>1</sup> - before effects from the reversal of a fixed-term deposit - decreased to EUR -150.4 million (9M 2021: EUR 185.5 million). Net financial debt<sup>2</sup> increased to EUR 254.4 million (31 December 2021: EUR -0.8 million).

## **Outlook for the full year confirmed**

Against the background of the business performance to date, the current business development in the fourth quarter and the high order backlog, the Executive Board confirms its forecast for the full year 2022. The Executive Board assesses the macroeconomic environment as unchanged difficult, particularly with regard to the supply chains. At the same time, the continuing high demand for the company's products and the resulting above-average order situation provide a relatively good starting



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position from the company's point of view, enabling it to position itself adequately even in the event of a

Key figures in € m	Q3/22	Q3/21	Delta	9M/22	9M/21	Delta
Revenue	568.5	461.4	+23.2%	1,641.0	1,389.7	+18.1%
EBIT	57.1	44.7	+27.7%	144.6	144.8	-0.1%
EBIT margin (in %)	10.0	9.7	+0.3PP	8.8	10.4	-1.6PP
Profit for the period	35.5	31.2	+13.8%	101.6	101.2	+0.4%
Earnings per share in €	0.52	0.45	+15.6%	1.49	1.46	+2.1%
Free cash flow <sup>1</sup>	-26.6	52.0	-151.2%	-151.2	185.5	-123.9%

<sup>1</sup> Free cash flow before outflows from fixed-term investments of EUR 100 million in Q1/21 and inflows of EUR 30 million in Q1/22 and EUR 100 million in Q2/22.

deterioration in the economic environment.

## Key figures for the Wacker Neuson Group

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The full quarterly statement of the Wacker Neuson Group is available at the following link:

[www.wackerneusongroup.com/investor-relations/finanzberichte-praesentationen/](http://www.wackerneusongroup.com/investor-relations/finanzberichte-praesentationen/)

Images of the Wacker Neuson Group are available at:

<https://wackerneusongroup.com/news-media/pressebilder>

### About the Wacker Neuson Group:

The Wacker Neuson Group is an international group of companies with around 6,000 employees. In fiscal 2021, revenue totaled EUR 1.87 billion. As a leading manufacturer of light and compact equipment, the Group offers its customers around the world a broad product portfolio, comprehensive service offerings and an efficient spare parts supply. The product range is aimed primarily at customers in the mainstream construction, gardening and landscaping, agriculture, municipalities and recycling sectors, as well as rail operators and industrial companies. The Group owns the Wacker Neuson, Kramer and Weidemann product brands. Wacker Neuson SE shares are traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange (ISIN: DE000WACK012, WKN: WACK01) and are listed on Deutsche Börse's SDAX index.