



Corporate News

Dynamic start to 2022 for the Wacker Neuson Group

- **Q1 revenue 20 percent up on previous year, double-digit growth across all reporting regions**
- **EBIT margin 7.5%; -2.5 PP yoy; Inefficiencies as a result of repeated disruptions to supply chains and sharp rises in input costs impact profitability**
- **Guidance remains unchanged: Revenue between EUR 1,900 and 2,100 million expected, EBIT margin set between 9.0 and 10.5 percent**
- **Supply chains and price dynamics in procurement market remain biggest challenges**
- **Net working capital ratio within strategic target corridor**

Munich, May 10, 2022 – Leading light and compact equipment manufacturer the Wacker Neuson Group has made a successful start to 2022. Group revenue for the first quarter amounted to EUR 521.6 million, which is a rise of 20.2 percent relative to the previous year (Q1/21: EUR 434.0 million). Adjusted for currency effects, this corresponds to an increase of 18.4 percent. Profitability was impacted, however, by inefficiencies caused by continued supply chain strains and sharp rises in input costs: Earnings before interest and tax (EBIT) fell 10.3 percent to EUR 39.1 million (Q1/21: EUR 43.6 million). The EBIT margin amounted to 7.5 percent, which represents a decline of 250 basis points (Q1/21: 10.0 percent).

“Despite continued supply chain challenges, our teams succeeded once again in meeting dynamic demand for our products and delivered another quarter of strong growth. At the same time, the coronavirus pandemic and continued supply chain disruptions are still impacting operating workflows and resulting in rework. Along with the high cost of materials and rising energy prices, these factors are putting our gross margin under pressure,” explains Dr. Karl Tragl, Chairman of the Executive Board and CEO of the Wacker Neuson Group.

Double-digit growth across all reporting regions

Revenue for Europe (EMEA) for the first quarter rose 17.9 percent relative to the previous year to reach EUR 411.6 million (Q1/21: EUR 349.2 million). Double-digit growth rates made Germany, Austria, the UK, France, Poland and the Czech Republic the key growth drivers. The Group benefited from strong demand for excavators, wheel loaders and dumpers for the construction industry. Wacker Neuson’s own rental business also developed on a positive trajectory. Q1 2022 also saw a significant upturn in business with agricultural customers of Group brands Kramer and Weidemann compared with the previous year, with an increase of 32.2 percent recorded (Q1/22: EUR 105.5 million; Q1/21: EUR 79.8 million).

In the Americas, positive trends in the US and Canada maintained momentum. Revenue in the first quarter grew at an above-average rate of 32.9 percent to reach EUR 90.8 million, driven in part by strong demand from key accounts (Q1/21: EUR 68.3 million). Adjusted for currency effects, the rate of increase amounted to 23.7 percent. There was particularly strong growth in excavators and compact track loaders as well as in worksite technology products including generators and light towers.

In Asia-Pacific, revenue increased relative to the previous year by 16.4 percent to EUR 19.2 million (Q1/21: EUR 16.5 million). The upturn amounted to 12.7 percent when adjusted for currency effects. There was sustained strong growth in Australia, particularly in excavators and rollers, but the Group continued to face a challenging market environment in China.



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Inefficiencies and sharp rises in input costs impact profitability

With the EBIT margin at 7.5 percent, profitability for the first quarter was 2.5 percentage points lower than the previous year (Q1/21: 10.0 percent). Repeated interruptions to machine production and the rework effort required as a result of overstretched and continually disrupted supply chains had negative impacts on costs and plant productivity. Higher procurement expenses for materials and energy combined with sharp rises in shipping costs all placed additional pressure on the gross margin. Sale price increases and a further reduction in sales, research and development, and administrative expenses as a share of revenue (-2.1 PP yoy) could not fully compensate for the negative effects on gross profit.

Net working capital ratio within strategic target corridor, absolute increase in NWC results in negative free cash flow

At 28.5 percent, the net working capital ratio at the end of the first quarter was within the strategic target corridor of less than or equal to 30 percent (March 31, 2021: 31.3 percent; Dec. 31, 2021: 26.1 percent).¹ Net working capital amounted to EUR 595.3 million at the close of the first quarter and was thus above the value for the previous year (March 31, 2021: EUR 542.7 million). A build-up of inventory, including in particular unfinished machines along with materials and components, plus a rise in receivables fueled by dynamic business developments resulted in a rise in net working capital relative to the close of the year (Dec. 31, 2021: EUR 497.6 million).

The free cash flow (before effects from the discontinuation of a fixed-term investment) thus amounted to EUR -68.4 million (Q1/21: EUR 9.8 million).² Net financial debt³ increased relative to the close of the year to EUR 76.1 million (Dec. 31, 2021: EUR -0.8 million).

Guidance for 2022 remains unchanged: Revenue between EUR 1,900 and 2,100 million expected, EBIT margin set between 9.0 and 10.5 percent

The Executive Board's fiscal 2022 revenue prediction remains unchanged in the EUR 1,900 to EUR 2,100 million corridor. The EBIT margin is expected to lie between 9.0 and 10.5 percent. Relative to the previous year, it is unlikely that the company will be able to fully compensate for inefficiencies in production and logistics as a result of overstretched and repeatedly disrupted supply chains plus sharp rises in material, shipping and energy costs. Furthermore, the Executive Board sees a risk that disruptions to supply chains could increase further in the short term.

The guidance for fiscal 2022 does not consider the further implications of the war in Ukraine on the general economic climate or the health of global supply chains. Similarly, the impact of coronavirus containment measures in China is not reflected in the guidance.

¹ Net working capital as a percentage of annualized revenue for the quarter.

² Before outflows into fixed-term investments amounting to EUR 100 million in Q1/21 as well as inflows in the amount of EUR 30 million in Q1/22.

³ Net financial debt = long- and short-term borrowings + current portion of long-term borrowings - cash and cash equivalents - fixed-term investments with terms of less than one year. The definition of net financial debt as applied by the Wacker Neuson Group does not include lease liabilities in accordance with IFRS 16.



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Key indicators for the Wacker Neuson Group

Key figures in € m	Q1/22	Q1/21	Delta
Revenue	521.6	434.0	+20%
EBIT	39.1	43.6	-10%
EBIT margin (as a %)	7.5	10.0	-2.5 PP
Profit for the period	28.6	29.1	-1.7%
Earnings per share in €	0.42	0.41	+2.4%
Free cash flow ¹	-68.4	9.8	>-100%

¹ Free cash flow before outflows into fixed-term investments amounting to EUR 100 million in Q1/21 as well as inflows in the amount of EUR 30 million in Q1/22.

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The complete Q1/2022 quarterly report is available at the following link:

<https://wackerneusongroup.com/en/investor-relations/financial-reports-presentations>

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 6,000 people worldwide. In fiscal 2021, the Group achieved revenue of EUR 1.87 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 the SDAX index of the German stock exchange.