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Wacker Neuson Group posts further strong revenue growth in 2022

- **Group revenue up 20.7 percent in adverse environment to EUR 2,252.4 million**
- **EBIT rises disproportionately due to higher procurement costs by 4.6 percent to EUR 201.8 million; EBIT margin of 9.0 percent in line with expectations**
- **Net working capital ratio rises to 31.9 percent against the backdrop of supply chain issues**
- **Significant growth with rising EBIT margin planned for 2023**

Munich, March 28, 2023 - The Wacker Neuson Group continued to grow in fiscal 2022. Despite the outbreak of the war in Ukraine and the resulting increase in pressure on the economic environment over the course of the year, the Group was able to continue on its growth path. Revenue once again increased significantly year-on-year by 20.7 percent to EUR 2,252.4 million (2021: EUR 1,866.2 million).

"Against the backdrop of generally difficult conditions, we can be very satisfied with our business performance in 2022," explains Dr. Karl Tragl, Chairman of the Executive Board and CEO of the Wacker Neuson Group. "A significant rise in inflation, driven by rising material prices, increasing personnel costs and rising energy costs, combined with ongoing problems in supply chains and the imponderables surrounding the Ukraine war have placed numerous obstacles in the way of our day-to-day business, which we have successfully overcome. Important strategic projects, such as the integration of the Enar Group, the significant expansion of our production capacities and a new factory construction in Serbia, were consistently driven forward by us in 2022 and secure the future viability and success of our Group."

Revenue in the Europe (EMEA) region increased to EUR 1,709.9 million, representing growth of 15.7 percent (2021: EUR 1,477.5 million). Revenues were thus once again at a record level. In addition to the home market of Germany, the main revenue drivers included the major construction machinery markets of France and the UK. The latter again showed high demand for the innovative dual-view dumper. However, the Eastern European countries and most of the Northern European countries also recorded double-digit growth. The markets of Southern Europe did not perform as strongly on average, but still showed a pleasing overall trend, having grown disproportionately in the previous year in the aftermath of the first waves of the pandemic. Business with compact equipment for the agricultural sector under the Kramer and Weidemann brands remained dynamic. After the products of the two manufacturers had already been in high demand in the previous year, revenue rose again by 30.9 percent to EUR 456.0 million (2021: EUR 348.4 million).

In the Americas region, revenue in 2022 increased particularly significantly by 39.7 percent to EUR 459.1 million (2021: EUR 328.6 million), almost returning to their pre-COVID 19 pandemic level of around EUR 460 million. Demand in the North American market developed positively across all sales channels, driven by high end-customer demand for new equipment and rental machines. As part of the diversification of the sales strategy, Wacker Neuson was able to attract additional authorized dealers in North America in 2022. Once again, business in Canada developed particularly well.

The Asia-Pacific region also developed dynamically, contributing a total of EUR 83.4 million to Group revenue with growth of 38.8 percent (2021: EUR 60.1 million). As in the previous year, growth in the region was largely driven by business development in Australia. Here, the dealer network was



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expanded, the focus on independent rental companies sharpened, and the product portfolio adapted to local needs.

Profitability slightly weakened due to higher procurement costs

The Wacker Neuson Group also grew its earnings over the past fiscal year. Earnings before interest and tax (EBIT) rose by 4.6 percent to EUR 201.8 million (2021: EUR 193.0 million). The EBIT margin declined slightly to 9.0 percent (2021: 10.3 percent). The reason for the disproportionately low increase in earnings was mainly due to higher procurement costs. The company adjusted selling prices several times in the past fiscal year and introduced flexible pricing models. However, the resulting increases in selling prices only partially offset the rise in production costs. In addition, the price protection of older orders from the order backlog reduced profitability. In the previous year 2021, earnings were also positively impacted by a special effect of EUR +13.5 million from the reversal of allowances on receivables.

Supply chain situation impacts net working capital ratio

Following the significant reduction in previous years, the net working capital ratio increased to 31.9 percent (2021: 26.7 percent), thus exceeding the strategic target of up to 30 percent. In absolute terms, net working capital amounted to EUR 718.9 million, 44.5 percent higher than in the previous year (December 31, 2021: EUR 497.6 million). This development is mainly due to increased inventory levels as a result of ongoing supply chain issues, which were further exacerbated by the Ukraine war. In the second half of 2022, the company began implementing measures to reduce inventory levels. For one thing, the inventory of raw materials and components was again slightly reduced. For another, the finishing processes for the completion of unfinished machines were further optimized.

"We have started the new fiscal year with a continued high order backlog and good demand. Against the backdrop of ongoing supply chain issues, ensuring our ability to deliver to our customers remains a key objective in 2023," clarifies Christoph Burkhard, CFO of the Wacker Neuson Group. "At the same time, effective working capital management is a main topic on our agenda in light of the numerous macroeconomic challenges."

Cash flow development impacted by increased working capital requirements

At EUR 276.4 million, gross cash flow was significantly below the level of the previous year (2021: EUR 375.2 million). This was mainly due to two special effects that had a positive impact on gross cash flow in the 2021 financial year and no longer had an effect in 2022: firstly, the decrease in non-current financial assets at that time due to the sale of non-current receivables in connection with the divestment of a minority interest in the USA (inflows of EUR 49.1 million). Furthermore, gross cash flow in the previous year benefited from early payment receipts of non-current receivables amounting to EUR 67.9 million.

After investments in net working capital, cash flow from operating activities decreased to EUR -6.4 million in 2022, significantly below the level of the previous year (2021: EUR 331.7 million). This is mainly related to the increased inventory levels described above. Free cash flow also decreased significantly accordingly to EUR -0.8 million (2021: EUR 149.1 million). Cash and cash equivalents amounted to EUR 53.7 million as of December 31, 2022 (December 31, 2021: EUR 305.5 million).



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Further growth with increasing profitability expected for 2023

Against the backdrop of numerous imponderables relating to the economic and geopolitical environment in 2023, the Executive Board sees an increased risk of sudden and significant changes to the economic environment. At the same time, the Executive Board continues to assess the fundamental outlook for the Wacker Neuson Group as positive. A record order backlog and continued high demand for light and compact equipment for the construction and agricultural sectors provide a good basis for the company to maintain solid operational development despite adverse conditions. Accordingly, the Executive Board anticipates revenue of between EUR 2,300 million and EUR 2,500 million in fiscal 2023, corresponding to growth rates of 2 to 11 percent compared with fiscal 2022. EBIT margin is expected to be in the range of 9.5 to 10.5 percent. This includes an exceptional earnings effect in the lower double-digit million euro range from the sale of non-current assets no longer required for operations, which was completed in January 2023 and, according to original planning, was formerly expected to be completed in 2022.

Key figures for the Wacker Neuson Group

Key figures in € million	2022	2021	Delta
Revenue	2,252.4	1,866.2	+21%
EBIT	201.8	193.0	+5%
EBIT margin (in %)	9.0	10.3	-1.3PP
Result for the period	137.8	137.9	0%
Earnings per share in €	2.10	1.99	+6%
Free cash flow ¹	1.3	149.1	-99%

¹ Before taking into account outflows in time deposits of EUR 115.0 million in fiscal 2021 and inflows of EUR 130.0 million in fiscal 2022.

Dividend proposal to the Annual General Meeting

Wacker Neuson SE is committed to attractive shareholder remuneration with the aim of ensuring that shareholders continuously and appropriately participate in Group profits. The company's dividend policy envisages a distribution per share of between 40 and 60 percent of earnings per share. The Executive Board and Supervisory Board will propose to the Annual General Meeting to be held on May 26, 2023, a dividend payment of EUR 1.00 (2021: EUR 0.90) per dividend-bearing share.

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The complete Wacker Neuson Group Annual Report for fiscal 2022 is available at:

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

Images of the Wacker Neuson Group are available at:

<https://wackerneusongroup.com/en/group/press-and-news>

About the Wacker Neuson Group:

The Wacker Neuson Group is an international group of companies with around 6,300 employees. In fiscal 2022, revenue totaled EUR 2.25 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 primarily aimed at customers in the main construction, gardening and landscaping, agricultural, municipal and recycling sectors, as well as rail operators and industrial companies. The Group owns the Wacker Neuson, Kramer and Weidemann product brands as well as Enar. 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.