Wacker Neuson Group

# Corporate News

## Wacker Neuson Group remains on growth track in first half of 2023

- **Group revenue up 27.4 percent in first half of the year to EUR 1,365.9 million**
- **EBIT more than doubled to EUR 176.7 million and EBIT margin rising to 12.9 percent**
- **Full-year forecast already raised with publication of preliminary figures for the first half of the year**

**Munich, August 8, 2023** - The Wacker Neuson Group, a leading manufacturer of light and compact equipment, once again posted dynamic growth in the first half of fiscal 2023. As a result, the company raised its full-year guidance when it published its preliminary figures for the first half of the year on July 13.

Compared to the first half of the previous year, Group revenue increased by 27.4 percent to EUR 1,365.9 million (H1 2022: EUR 1,072.5 million). Earnings before interest and taxes (EBIT) were 101.9 percent higher than in the previous year at EUR 176.7 million (H1 2022: EUR 87.5 million). The increase in profitability compared to the same period of the previous year is attributable to the adjustment of selling prices to reflect increases in the cost of materials and to the flexibilization of pricing models. However, selective material bottlenecks and the resulting need for rework on the machines produced continue to impact productivity at the plants. As already published, a sale of fixed assets no longer required for operations completed in January resulted in an extraordinary positive earnings effect of around 15 million euros. At 12.9 percent, EBIT margin was significantly above the previous year (H1 2022: 8.2 percent).

"We continued to develop positively in the second quarter despite the ongoing tense environment. This underlines the fact that we are increasingly succeeding in coping with the numerous challenges we face," explains Dr. Karl Tragl, CEO of the Wacker Neuson Group. "Against the backdrop of this positive development, we raised our full-year guidance in mid-July. Nevertheless, we remain cautious for the second half of the year in order to be able to respond to a potential economic slowdown at any time."

### Growth driven by high demand in Europe and North America

Continued strong demand, particularly in the core markets of Europe and North America, contributed to the significant revenue growth in the first half of the year. In the Europe (EMEA) region, revenue grew by 23.9 percent to EUR 1,023.5 million (H1 2022: EUR 826.3 million). In addition to the home market of Germany, revenue growth was also driven by the large European construction machinery market of France. In addition, many Eastern European and Northern European countries also recorded double-digit growth rates. After a weaker development in Southern Europe last year, there was a noticeable increase in demand here in the first half of 2023. By contrast, the market in the United Kingdom, which was still characterized by double-digit growth rates in 2022, showed restrained development. On the product side, demand remained high, particularly for wheel loaders and telehandlers. Demand for compact equipment for the agricultural sector under the Kramer and Weidemann brands also remained high. Revenue in the Agriculture segment again rose significantly by 51.9 percent to EUR 315.1 million (H1/2022: EUR 207.4 million).

The positive trend also continued in the Americas region. Revenue in the region grew by 48.3 percent to EUR 300.7 million (H1 2022: EUR 202.8 million). Demand in the North American market continued to develop very positively across all sales channels. End customer demand for new equipment and rental machines was high, both among Wacker Neuson's authorized dealers as well as independent dealers and key accounts. As part of its continued diversification of its sales strategy, Wacker Neuson continued to attract additional authorized dealers in North America in the first half of 2023. In addition to the US, the Canadian market also continued to record significant growth. The Mexican market also showed encouraging development, with growth rates well into double digits.

Revenue in the Asia-Pacific region declined slightly in the first half of the year, falling by 3.9 percent to EUR 41.7 million. In detail, the development in the region in the first half of 2023 was clearly ambivalent. As in previous quarters, the Australian market showed clear double-digit growth rates. The company's strategy of systematically expanding the dealer network and adapting the product portfolio to local needs continues to be successful here. However, the other markets in the region as well as China and Southeast Asia, which in total contribute significantly less revenue than the Australian market, declined in the first half of 2023. The Group is increasingly selling the machines produced at the Chinese plant in less regulated export markets such as Africa and South America, for example, which is why the production location in China continues to prove very advantageous at Group level.

**Supply chain situation improved compared with 2022, but still challenging in some areas**

At 31.6 percent, the net working capital ratio at the end of the first half was above the target range of around 30 percent (June 30, 2022: 30.6 percent). The supply chain problems continue to manifest themselves in increased inventories of work in progress and higher stock levels. Overall, the situation has eased noticeably compared to 2022. However, occasional delays in the delivery of production-relevant parts continue to cause delays in production and remain a challenge. In absolute terms, net working capital amounted to EUR 883.6 million, an increase of 31.1 percent compared to the previous year (June 30, 2022: EUR 673.9 million, December 31, 2022: EUR 718.9 million).

**Cash flow significantly improved**

Against the backdrop of the positive business performance, gross cash flow also improved by 63.7 percent year-on-year to EUR 200.2 million (H1 2022: EUR 122.3 million). At EUR -30.5 million, free cash flow was also significantly higher than in the previous year (H1 2022: EUR -123.8 million, before effects from the reversal of a fixed-term deposit in the first half of 2022). At EUR 352.9 million, net financial debt showed a significant increase compared with year-end 2022 (H1 2022: EUR 234.5 million). Free cash and cash equivalents amounted to EUR 33.7 million at the reporting date (Dec. 31, 2022: EUR 53.7 million).

**Guidance raised with publication of preliminary figures**

The Wacker Neuson Group started the first half of the year with robust order intake in all reporting regions, which weakened towards the end of the period under review. The order backlog remains at a high level. The biggest challenge in the second half of the year is the global macroeconomic situation. A large proportion of market participants and the majority of economic forecasts are predicting an economic slowdown or even recession in the second half of the year. The guidance revised by the

# Corporate News

Executive Board on July 13 reflects the positive business development in the first half of the year and at the same time takes into account a possible economic slowdown in the further course of the year. Accordingly, the Executive Board now anticipates revenue of between EUR 2,500 and 2,700 million (previous guidance: EUR 2,300 to 2,500 million) and an EBIT margin of between 10.0 and 11.0 percent (previous guidance: 9.5 to 10.5 percent). This includes an exceptional earnings effect of around 15 million euros from the sale of non-current assets no longer required for operations. Investments in property, plant and equipment and intangible assets is now forecast at around EUR 140 million in fiscal 2023 (previous guidance: around EUR 120 million). With regard to the net working capital ratio (net working capital as a percentage of revenue), the Executive Board continues to assume a figure of around 30 percent.

**Key figures for the Wacker Neuson Group**

| **Key figures in € million** | **H1/2023** | **H1/2022** | ∆ | **Q2/2023** | **Q2/2022** | ∆ |
|---|---|---|---|---|---|---|
| Sales | 1,365.9 | 1,072.5 | 27.4% | 698.7 | 550.9 | 26.8% |
| EBIT | 176.7 | 87.5 | 101.9% | 88.9 | 48.4 | 83.7% |
| EBIT margin (in %) | 12.9 | 8.2 | +4.7PP | 12.7 | 8.8 | +3.9PP |
| Result for the period | 126.0 | 66.1 | 90.6% | 63.6 | 37.5 | 69.6% |
| Earnings per share in € | 1.85 | 0.97 | 90.7% | 0.94 | 0.55 | 70.9% |
| Free cash flow[1] | -30.5 | -123.8 | -75.4% | -13.4 | -55.4 | -75.8% |

[1] Before taking into account inflows of EUR 130.0 million from the reversal of a time deposit in FY 2022.

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