



# Corporate News

## Wacker Neuson Group posts double-digit percentage growth in first nine months despite economic slowdown

- Group revenue up 22.7 percent in the first nine months to EUR 2,013.9 million
- EBIT again shows disproportionate growth of 66.3 percent to EUR 240.4 million
- EBIT margin after nine months at 11.9 percent; EBIT margin in Q3 declines as expected to 9.8 percent
- Revenue and earnings guidance reaffirmed against background of solid order backlog

**Munich, 9 November 2023** - The Wacker Neuson Group, a leading manufacturer of light and compact equipment, remains on course for growth despite increasing signs of a general economic slowdown. Against the backdrop of renewed double-digit growth in revenue and earnings and a solid order backlog, the company is reiterating its revenue and earnings forecast for the full year.

Group revenue in the first nine months increased by 22.7 percent year-on-year to EUR 2,013.9 million (9M 2022: EUR 1,641.0 million). At EUR 240.4 million, earnings before interest and taxes (EBIT) again showed disproportionate growth of 66.3 percent (9M 2022: EUR 144.6 million). The EBIT margin amounted to 11.9 percent (9M 2022: 8.8 percent). Looking at the third quarter separately, the EBIT margin declined in line with expectations to 9.8 percent (Q3 2022: 10.0 percent). The decline in EBIT margin over the course of the year, which is in line with expectations, is mainly attributable to the extraordinary earnings effects already published in the first two quarters of 2023 from the disposal of non-current assets no longer required for operations (around EUR 15 million) and the sale of intangible assets (around EUR 11 million), as well as the emerging economic slowdown.

"Following exceptional revenue and earnings growth in the previous fiscal year and also in the first half of the year, the economic slowdown we anticipated is now materializing in a weakening of demand," explains Dr. Karl Tragl, CEO of the Wacker Neuson Group. "As it is currently impossible to estimate the duration and depth of the slowdown, it presents a particular challenge to adapt our production, purchasing and sales to the rapidly changing market conditions."

### All sales regions impacted by weaker environment

As in previous quarters, the core markets in Europe and North America were characterized by significant double-digit growth, although this was accompanied by a slowdown in momentum. In the Europe (EMEA) region, revenue increased by 21.2 percent to EUR 1,506.1 million (9M 2022: EUR 1,242.2 million). Overall, the third quarter saw a noticeable cooling of the pace of growth in all submarkets in the region compared to previous quarters. On the product side, demand continued, particularly for wheel loaders and telehandlers. Momentum also weakened in the attractive market for compact equipment for the agricultural sector under the Kramer and Weidemann brands. However, overall revenue in the Agriculture segment continued to rise significantly by 51.4 percent to EUR 481.5 million (9M 2022: EUR 318.0 million).

The Americas region continued to show increased growth momentum compared to the European markets over the first nine months. Revenue in the region rose by 34.2 percent to EUR 447.1 million



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(9M 2022: EUR 333.1 million). Although growth thus remained well into double digits, this sales region also showed weaker development momentum in the third quarter. The decline of the US dollar against the euro had an additional dampening effect in the third quarter. Nevertheless, demand in the North American market remains good across all sales channels, particularly for construction site equipment and excavators.

In the Asia-Pacific region, revenue declined by 7.6 percent to EUR 60.7 million in the first nine months (9M 2022: EUR 65.7 million). This mainly accounts for the markets of China and Southeast Asia. In the Australian market, which showed a strong development in demand in the first half of the year, the economic environment also had a dampening effect in the course of the third quarter. Exchange rate effects also continued to make a significant contribution to the decline in revenue in the third quarter. Adjusted for foreign exchange, the revenue of the region was almost level with the previous year.

### **Net working capital impacted by economic environment**

The deterioration in the general economic environment was also reflected in a noticeable change in order patterns across the Wacker Neuson Group's customer and dealer network during the third quarter. Although the number of unfinished machines was significantly reduced as a result of the improved supply chain situation, the change in demand patterns caused the number of finished machines to rise sharply in the short term. On balance, this effect led to a further increase in working capital. As a result, the net working capital ratio increased to 35.5 percent and was above the target range of around 30 percent at the end of the third quarter (30 September 2022: 33.5 percent). To counteract this effect, adjustments were already made in production during the third quarter, which will have a reducing effect on net working capital from the fourth quarter onwards, with the ratio expected to be around 32 percent by the end of the year.

### **Cash flow further improved overall**

Overall, cash flow continued to improve compared to the previous year, although the increase in net working capital had a negative impact compared to the first half of the year. At EUR 276.0 million, gross cash flow was 31.6 percent higher than in the previous year (9M 2022: EUR 209.8 million). Free cash flow improved noticeably year-on-year to EUR -40.9 million (9M 2022: EUR -150.4 million, before effects from the reversal of a fixed-term deposit in the first half of 2022), but decreased slightly compared to the first half of the year (H1 2023: EUR -30.5 million). Net financial debt increased further compared with year-end 2022 to EUR 375.8 million (31 December 2022: EUR 234.5 million). Free cash and cash equivalents amounted to EUR 28.4 million at the reporting date (31 December 2022: EUR 53.7 million).

Against the background of a still solid order backlog, the Executive Board therefore confirms the guidance for revenue and earnings development in the current fiscal year.



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Key figures in EUR million	9M/2023	9M/2022	Δ	Q3/2023	Q3/2022	Δ
Revenue	2,013.9	1,641.0	22.7%	648.0	568.5	14.0%
EBIT	240.4	144.6	66.3%	63.7	57.1	11.6%
EBIT margin (in %)	11.9	8.8	+3.1PP	9.8	10.0	-0.2PP
Result for the period	169.0	101.6	66.3%	43.0	35.5	21.1%
Earnings per share in EUR	2.48	1.49	66.4%	0.63	0.52	21.2%
Free cash flow <sup>1</sup>	-40.9	-150.4	-72.8%	-10.4	-26.6	-60.9%

<sup>1</sup> Before taking into account inflows of EUR 130.0 million from the reversal of a time deposit in FY 2022.

## Key figures for the Wacker Neuson Group

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

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

Images of the Wacker Neuson Group are available at:

<https://wackerneusongroup.com/konzern/pressemeldungen>

### 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



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Standard) of the Frankfurt Stock Exchange (ISIN: DE000WACK012, WKN: WACK01) and are listed on Deutsche Börse's SDAX index.