



Press release

Wacker Neuson Group reports double-digit growth in the third quarter – profitability under pressure

- **Double-digit rise in revenue to EUR 467.2 million (+12 percent)**
- **EBIT slightly below prior year at EUR 40.2 million (-4 percent)**
- **Guidance for the full year adjusted**

Munich, November 7, 2019 – The third quarter of 2019 saw the Wacker Neuson Group remain on the growth path set during the first half of the year. Revenue increased 12.4 percent relative to the prior-year period to reach EUR 467.2 million (Q3/18: EUR 415.8 million). This growth was fueled by significant gains in all three reporting regions. Group revenue for the first nine months of the year amounted to EUR 1,417.9 million, which is a rise of 14.3 percent relative to the previous year (9M/18: EUR 1,240.9 million).

Revenue for Europe, which accounts for almost three quarters of the total Group figure, rose 10.0 percent in the third quarter to reach EUR 337.6 million (Q3/18: EUR 307.0 million). Once again, the Group reported well above-average gains with wheel loaders and telehandlers for the agricultural sector. Revenue generated in this field by the Kramer and Weidemann Group brands increased 23.4 percent to EUR 72.8 million (Q3/18: EUR 59.0 million). In the construction sector, the Group reported particularly strong growth in Central Europe, Italy, Spain and England. “The fact that we are also currently securing double-digit gains in challenging markets such as England shows that we are able to win customers with our innovative drive and customer-centric service,” explains Martin Lehner, CEO of Wacker Neuson SE. Revenue in the Americas amounted to EUR 114.9 million, which is an increase of 17.6 percent (Q3/18: EUR 97.7 million). Adjusted for currency effects, this corresponds to a rise of 12.7 percent. Business with worksite technology, including generators and light towers, developed particularly well here. In addition, the Group reported a marked rise in sales of compact equipment imported from Europe. Revenue for Asia-Pacific, which is the smallest reporting region for the Group, amounted to EUR 14.7 million compared with EUR 11.1 million for the prior-year quarter.

Profitability down on previous year

At EUR 40.2 million, the Wacker Neuson Group reported a slight drop in profit before interest and tax (EBIT) relative to the third quarter of the previous year (Q3/18: EUR 41.8 million). The EBIT expressed as a percentage of revenue came to 8.6 percent (Q3/18: 10.1 percent). “In light of the current high levels of inventory and the increasingly challenging market environment, cutbacks to production programs at our plants were more extensive than originally planned. This led to a temporary drop in productivity,” continues Lehner. Furthermore, the expected increase in profitability in the US could not be realized within the planned timeline. Initial difficulties in rolling out new processes introduced as part of restructuring measures coupled with lower production output impacted developments here. The situation was further compounded by an unfavorable product and customer mix.



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Continued pressure on cash flow

Free cash flow for the first nine months of the year amounted to EUR -202.7 million and was thus clearly negative (9M/18: EUR 8.8 million). This is primarily attributable to the increase in net working capital. A rise in inventory relative to the end of 2018 coupled with an increase in trade receivables had a particularly strong impact here. Consequently, the Executive Board has stepped up measures to rapidly streamline inventory levels. Efforts here primarily focus on further cutbacks to production programs by the end of the year. In addition to this, the Group aims to intensify its collaboration with external financing partners to support financing solutions for dealers. In contrast to inventories and trade receivables, trade payables decreased markedly as demand for materials from suppliers dropped. This also had a negative impact on the development of net working capital.

Guidance for the full year adjusted

The Executive Board has adjusted its guidance for 2019 in light of the recent drop in profitability, further cutbacks to production programs to support inventory streamlining and delays in realizing the expected increase in profitability in the US. Whereas revenue is set at the upper end of the projected range of EUR 1,775 and EUR 1,850 million (previously: the upper half of this range), the EBIT margin is now set between 8.3 and 8.8 percent (previously: between 9.5 and 10.2 percent). At the close of the year, the Executive Board expects net working capital expressed as a percentage of revenue to be significantly higher than the prior year (previously: slightly higher than the prior year). Investments for the full year are forecast at around EUR 90 million (previously: around EUR 100 million).

Key indicators for the Wacker Neuson Group

Key figures in € million	Q3/19	Q3/18	Δ	9M/19	9M/18	Δ
Revenue	467.2	415.8	+12%	1,417.9	1,240.9	+14%
EBIT	40.2	41.8	-4%	124.7	120.4	+4%
EBIT margin	8.6%	10.1%	-1.5PP	8.8%	9.7%	-0.9PP
Profit for the period (adjusted) ¹	25.7	27.7	-7%	80.1	122.0 (76.2)	-34% (+5%)
Earnings per share in € (adjusted) ¹	0.37	0.39	-5%	1.14	1.74 (1.09)	-34% (+5%)
¹ Adjusted to discount an extraordinary earnings contribution of EUR 45.8 million after tax from the sale of a real estate company belonging to the Group in Q2/18.						

The Wacker Neuson Group's complete quarterly report is available at the following link:
<https://wackerneusongroup.com/en/investor-relations/financial-reports-presentations/2019>

Wacker Neuson Group press images are available at:
<https://wackerneusongroup.com/en/news-media/press-images>



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About Wacker Neuson Group

The Wacker Neuson Group is an international family of companies and a leading manufacturer of light and compact equipment with over 50 affiliates and 140 sales and service stations. The Group offers its customers a broad portfolio of products, a wide range of services and an efficient spare parts service. The product brands Wacker Neuson, Kramer and Weidemann belong to the Wacker Neuson Group. Wacker Neuson 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, energy and rail transport. In 2018, the Group achieved revenue of EUR 1.71 billion, employing more than 6,000 people worldwide. 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.