



Wacker Neuson Group – Q3/22 Conference Call

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November 10, 2022



Wacker Neuson
Group

Agenda

1. **Overview Q3/22 // 9M/22**
2. Outlook
3. Appendix

Overview Q3/22 // 9M/22

Q3/22		
Revenue	EBIT margin	FCF (before fixed-term investment) ¹
€ 569 m	10.0%	€ -27 m
(+23.2% yoy)	(PY: 9.7%)	(PY: € 52 m)

9M/22		
Revenue	EBIT margin	FCF (before fixed-term investment) ¹
€ 1,641 m	8.8%	€ -150 m
(+18.1% yoy)	(PY: 10.4%)	(PY: € 186 m)



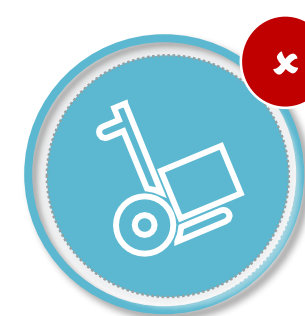
Continuing strong customer demand:
Revenue up 18% yoy, double-digit growth in all reporting regions



Inefficiencies due to repeatedly disrupted supply chains as well as continuously high input costs



Increase in inventories due to high number of unfinished machines and to ensure delivery capability; increase in NWC results in negative FCF



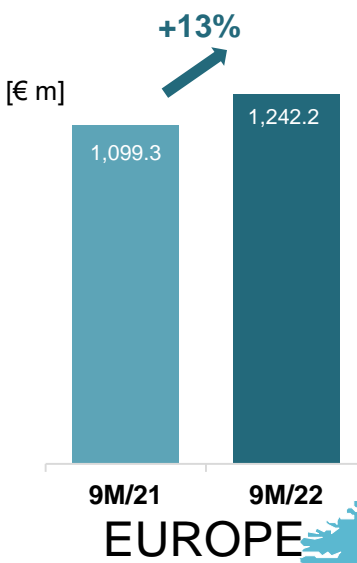
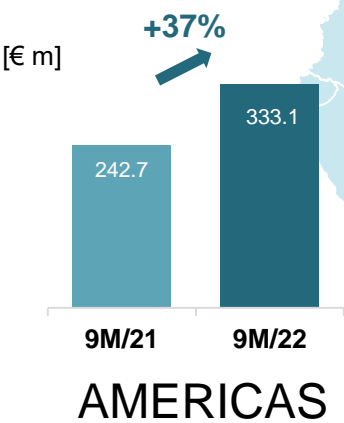
Supply chains and price dynamics in procurement market remain biggest challenges

¹ Free cash flow before outflows from fixed-term investments amounting to € 100 m in Q1/21 as well as inflows of € 30 m in Q1/22 and € 100 m in Q2/22.

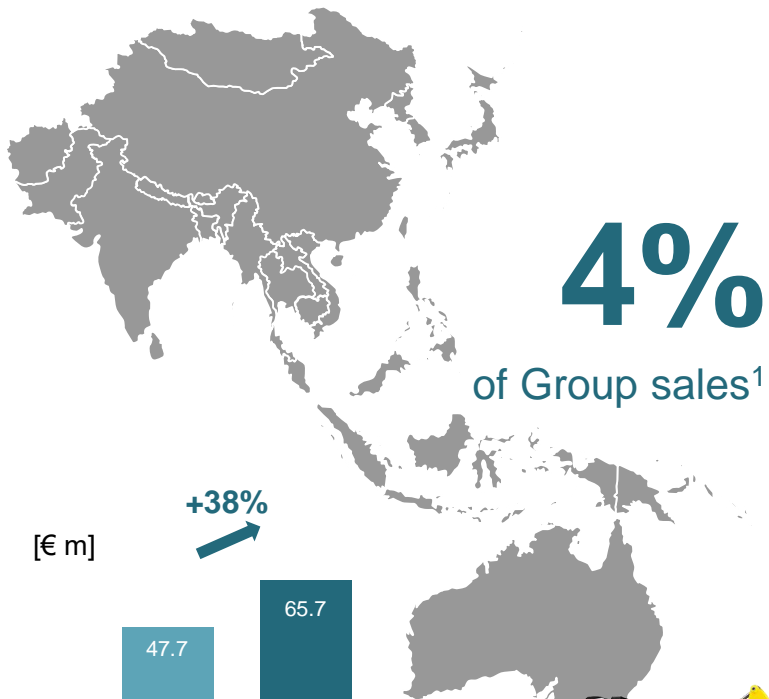
9M/22: Double-digit growth in all reporting regions



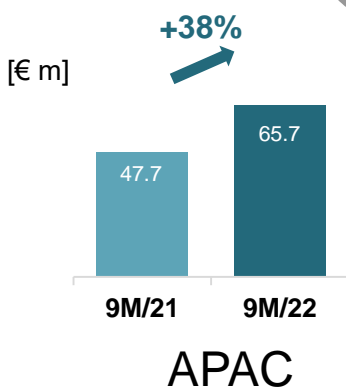
20%
of Group sales¹



76%
of Group sales¹



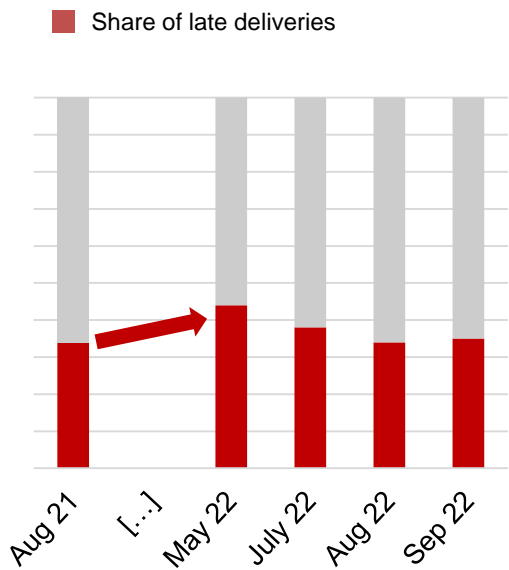
4%
of Group sales¹



¹ 9M/21: Americas 17%; Europe 79%; APAC 3%.

Slight improvements in the supply situation

Supply chain **disruptions** still a major challenge with many uncertainties regarding future development

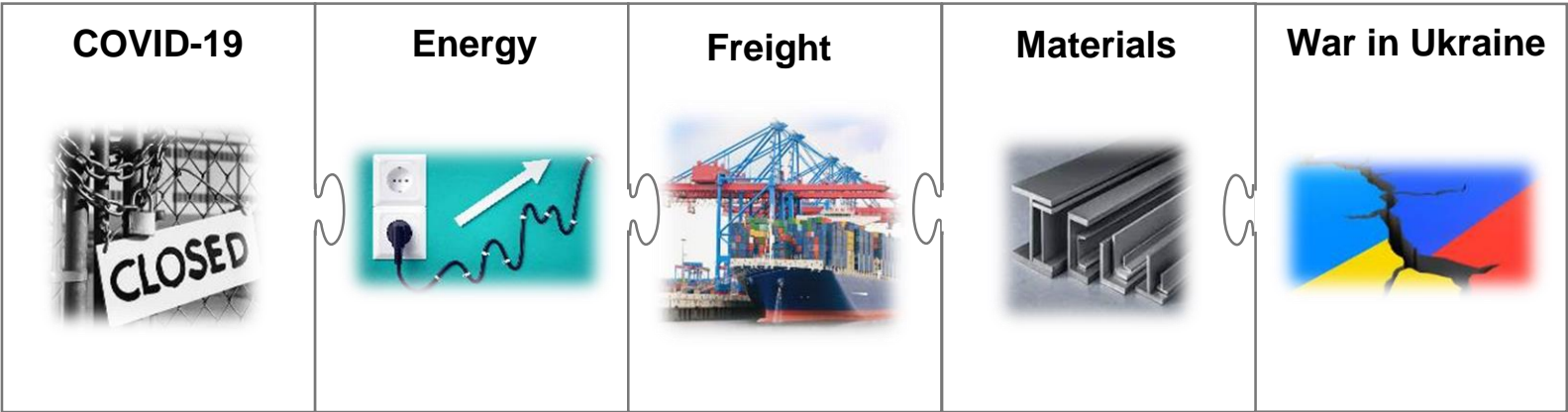
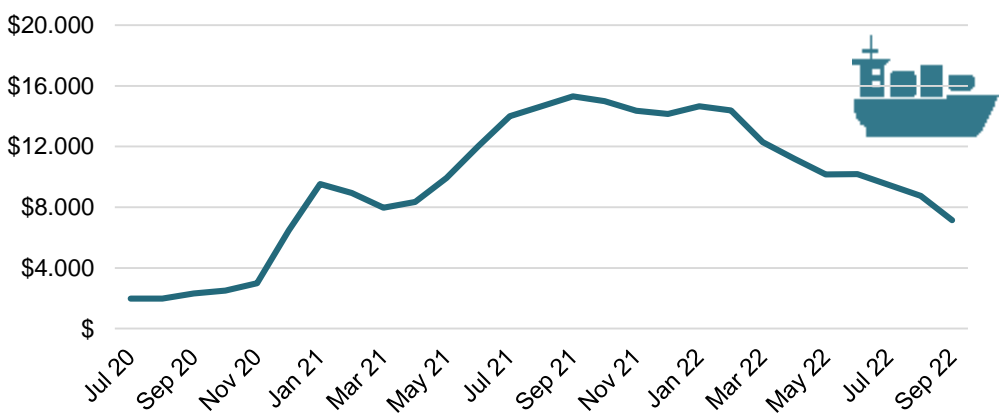


Container rates

improving, but still at high levels



Development of transport prices for sea freight (Shanghai to Rotterdam) for a 40ft dry container



Further effects of the war in **Ukraine**, the **energy crisis in Europe** and China's **Zero-Covid** approach hard to assess

Cash flow impacted by increase in net working capital

EUR **-150m**

Free cash flow¹



EUR **254m**

Net financial debt²



0.8

Net financial
debt/EBITDA³

¹ Free cash flow before inflows of € 130 m.

² Long-term borrowings + short-term borrowings from banks + current portion of long-term borrowings - liquid funds - fixed short-term financial investments.

³ Net financial debt/annualized EBITDA for the quarter.

Outlook



CEMA¹

CEMA business barometer for the European agricultural equipment continues its sideways movement at a positive level. **Current business** appears to remain **stable**.

Material, energy and shipping costs still at **very high levels**

Order backlog is well above average.

Against the backdrop of energy crisis in Europe, supply chain **disruptions** could further increase.

CECE¹

business barometer for the European construction equipment sector on a continued moderate downward path despite growing sales on the European market.



Earnings guidance for 2022 reiterated

- **Revenue** between € 1,900 and 2,100m
- **EBIT margin** between 9.0 and 10.0%
- **Investments** of approx. € 100m¹
- **Net working capital** as a percentage of revenue at 30 percent or lower

¹ As at October 2022. ² Investments in property, plant and equipment and intangible assets. The Group's own rental equipment, purchases of investments and investments in financial assets are not included.

Bauma 2022 – the largest trade fair in the world



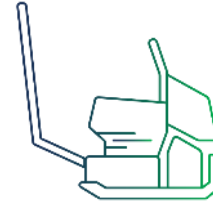
Battery One Alliance – accelerate the transition to emissions-free construction

Cross-manufacturer battery system

for construction sites



BOB14



The new brand will offer **batteries and chargers that can be used for battery-powered construction equipment** from multiple manufacturers

Customer benefits

- potential for synergies and cost savings
- simplified construction site logistics
 - advantages for contractors who promise lower CO2 emissions in tenders

BATTERYONE

Strong partners
on board

New logistics center in Mühlheim-Kärlich



Source: Dietz AG/OX.11 Agency for visualization and communications

“ The new logistics site will enable us to take our global spare parts supply to **a new level.** ”

Andrew Voigt, Managing Director Wacker Neuson Aftermarket & Services GmbH

European central location for future-proof spare parts supply

Construction work is expected to be completed in **2023**. **Commissioning** is planned for **2024** and there will be around **130 employees** working on site.



Building CO₂-neutral



Platinum certification of the German Sustainable Building Council expected

Financial calendar and contact

March 28, 2023

Publication of the annual report 2022, analysts' & investors' conference call

Disclaimer

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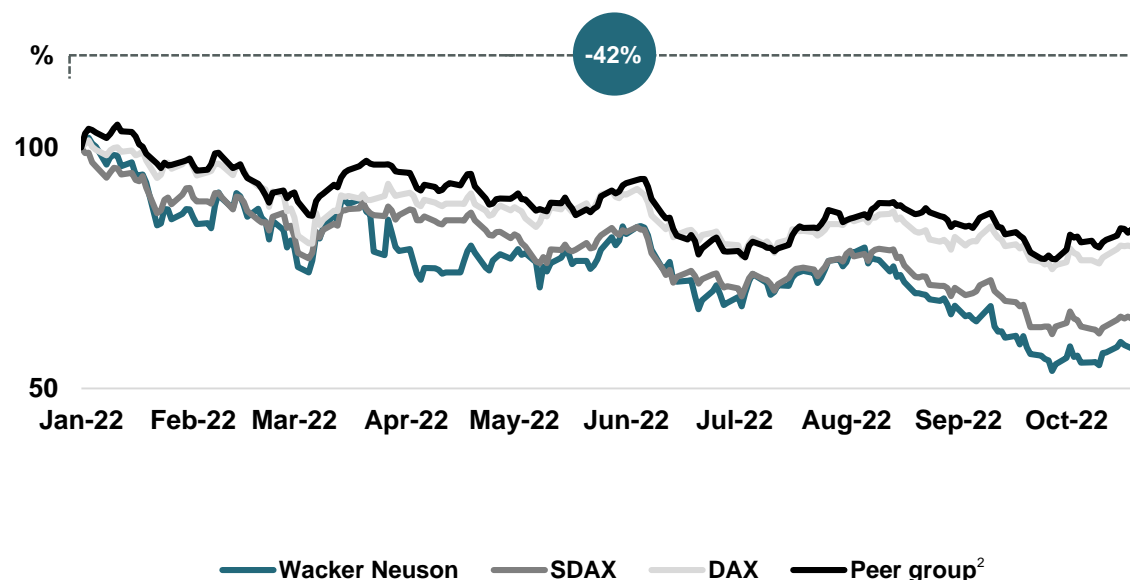
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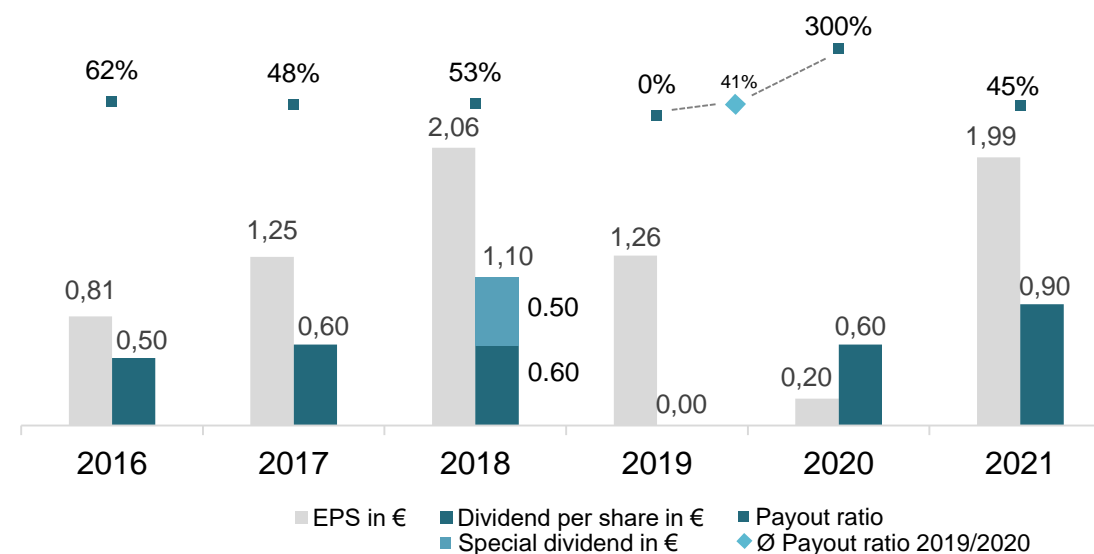
Appendix

Share development

The share in 2022¹



Dividend payout



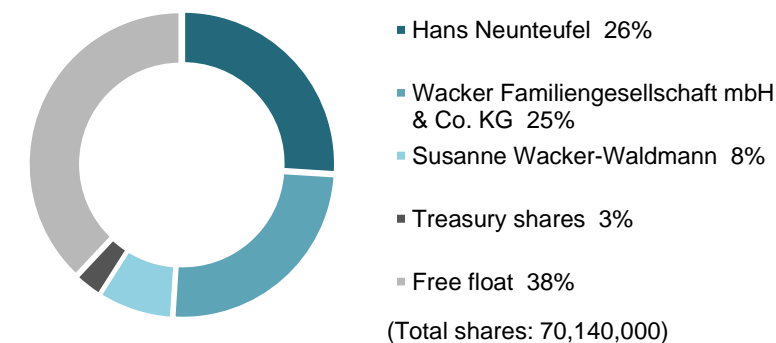
Key figures per share

in €	9M/22	9M/21
Earnings per share	1.49	1.46
Book value per share	19.45	17.96
Share price at end of period	13,47	25.08
Market capitalization (€ m)	944.8	1,759.1

Coverage³

Bank	TP (€)	Recom.	Date
Jefferies	31.00	Buy	Aug. 09, 2022
Hauck & Aufhäuser	30.00	Buy	Oct. 18, 2022
Warburg	29.00	Buy	Aug. 11, 2022
Berenberg	29.00	Buy	May 11, 2022
Metzler	25.00	Buy	Oct. 19, 2022
Kepler Cheuvreux	16.00	Reduce	Oct. 13, 2022

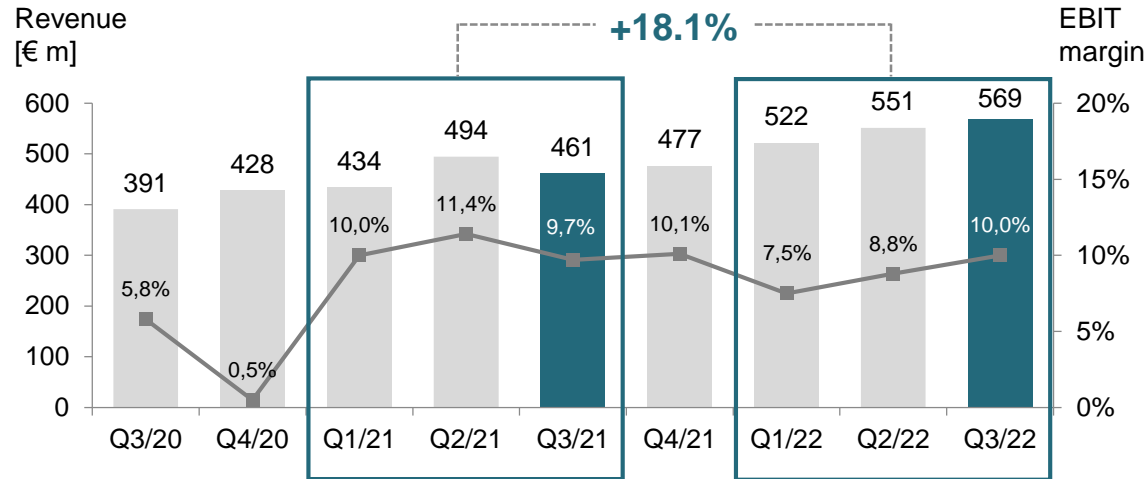
Shareholder structure⁴



¹ As at Oct. 23, 2022 ² Peer group: Agco, Ashtead, Atlas Copco, Bauer, Caterpillar, CNH Industrial, Deutz, DoosanBobcat, Hitachi, Husqvarna, John Deere, Komatsu, Kubota, Manitou, Sany, Takeuchi, United Rentals, Volvo. ³ As at Oct. 24, 2022. ⁴ As of May 5, 2022 based on the latest publications in accordance with WpHG reporting requirements

Revenue and earnings

Continued dynamic growth



Income statement (excerpt)

€ m	Q3/22	Q3/21	9M/22	9M/21
Revenue	568.5	461.4	1,641.0	1,389.7
Gross profit	139.4	119.2	390.0	370.0
<i>as a % of revenue</i>	24.5%	25.8%	23.8%	26.6%
Operating costs	-84.9	-76.2	-251.3	-230.0
<i>as a % of revenue</i>	-14.9%	-16.5%	-15.3%	-16.6%
EBIT	57.1	44.7	144.6	144.8
<i>as a % of revenue</i>	10.0%	9.7%	8.8%	10.4%
Financial result	-3.0	-1.4	-0.3	-4.5
Taxes on income	-18.6	-12.1	-42.7	-39.1
Profit for the period	35.5	31.2	101.6	101.2
EPS (in €)	0.52	0.45	1.49	1.46

Comments on 9M/22

Revenue +18.1% yoy (adj. for currency effects: +15.1%)

- Strong revenue development
- High demand from construction and agricultural industries sectors
- Positive development with double-digit growth across all reporting regions and business segments
- High demand in worksite technology and compact equipment, esp. skid steer loaders and telehandlers

Gross profit +5.4% yoy (gross profit margin -2.8 PP)

- Gross profit impacted by
 - high costs for materials, energy and transport
 - inefficiencies in production and rework as a result of overstretched and repeatedly disrupted supply chains
- Positive effect through sales price increases, but yet not able to fully compensate for negative effects; sales price increases can be implemented only with a time lag

EBIT -0.1% yoy (EBIT margin: -1.6 PP)

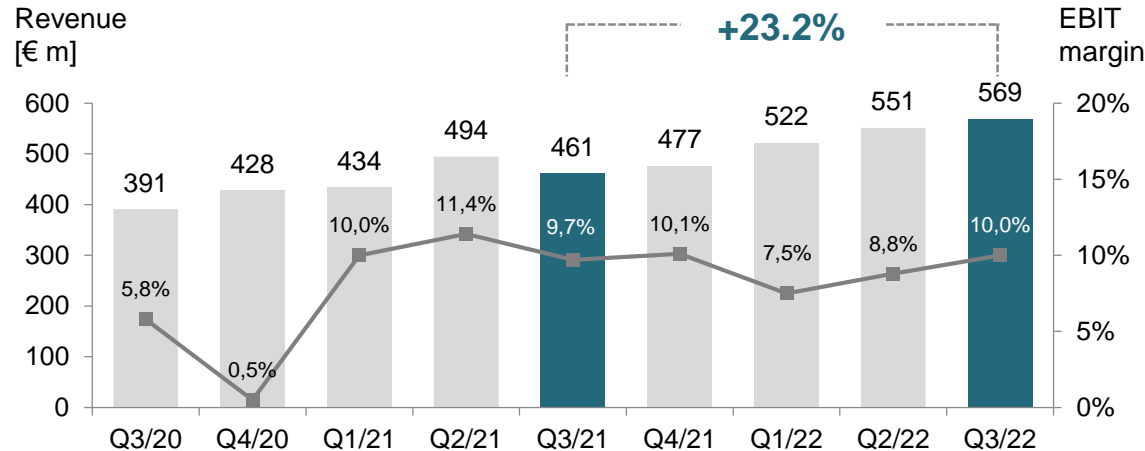
- Strong revenue growth
- Strict cost control with operating costs (total sales, R&D and administrative expenses) as a share of revenue further reduced (-1.3 PP yoy)
- Negative effects on gross profit cannot be fully compensated for by cost reduction

Earnings per share +2.1% yoy

- Financial result break-even due to positive FX effects overall
- Tax rate slightly higher than prior year at 29.6% (9M/21: 27.9%)

Revenue and earnings

Dynamic growth, improved profitability



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EPS (in €)	0.52	0.45	1.49	1.46

Comments on Q3/22

Revenue +23.2% yoy (adj. for currency effects: +18.8%)

- Continuing strong customer demand; increased revenue dynamics esp. towards end of quarter
- High demand from construction and agricultural sectors
- Positive development with double-digit growth across all reporting regions, growth in Americas and APAC above average

Gross profit +16.9% yoy (gross profit margin -1.3 PP)

- Decrease in gross profit margin due to change in customer mix
- Gross profit further impacted by
 - high costs for materials, energy and transport
 - inefficiencies in production and rework as a result of overstretched and repeatedly disrupted supply chains
- Positive effect through sales price increases, but yet not able to fully compensate for negative effects

EBIT +27.7% yoy (EBIT margin: +0.3 PP)

- Strong revenue growth
- Strict cost control with operating costs (total sales, R&D and administrative expenses) as a share of revenue further reduced (-1.6 PP yoy)
- Decrease in SG&A costs compensates for decline in gross profit margin

Earnings per share +15.6% yoy

- Financial result slightly negative due to negative FX-effects (CAD, AUD)
- Tax rate higher vs. prior year at 34,4% (Q3/21: 27,9%)

Business development by region and business segment

Double-digit growth in all reporting regions

	Revenue [€ m]	share	yoy	EBIT ¹
Europe	415,9	73%	+15%	55.0
Americas	130,3	23%	+55%	7.0
Asia-Pacific	22,3	4%	+50%	3.2
Q3/22	568,5	100%	+23%	57.1

Light equipment with relatively strongest growth

	Revenue [€ m] ²	share	yoy
Light equipment	143,9	25%	+46%
Compact equipment	317,7	56%	+23%
Services	111,0	19%	+3%
Q3/22	572,6	100%	+23%

Comments on Q3/22

Revenue Europe (EMEA) +14.8% yoy (adj. for FX effects +14.5%)

- First full-quarter contribution by newly acquired Enar-Group
- Double-digit growth rates in Germany, UK, France and Poland drive growth; strong growth also in some Northern, Eastern and Southern European countries
- High demand for compact equipment, especially wheel loaders and dumpers for the construction industry as well as tele handlers for agriculture
- Consistently strong performance of the agricultural equipment business (+32.1%)

Revenue Americas +54.6% yoy (adj. for FX effects +34.3%)

- Development in USA and Canada above average, high demand and strong order intake across all distribution channels
- Strong growth in worksite technology and compaction as well as in compact equipment, esp. compact track loaders and excavators

Revenue Asia-Pacific +49.7% yoy (adj. for FX effects +35.6%)

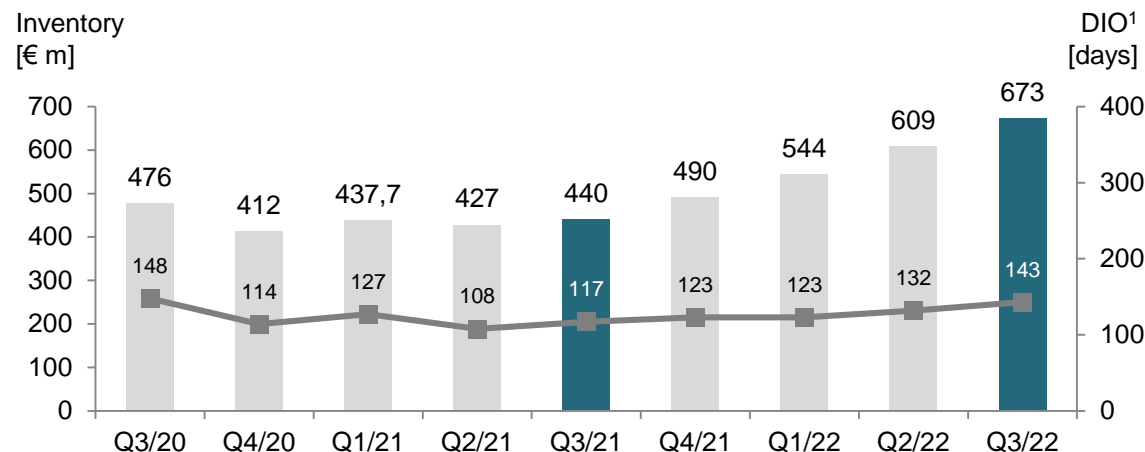
- Continuation of strong growth in Australia, particularly in excavators and rollers
- Market in China still weak

¹ EBIT for regions before consolidation, TOTAL after consolidation.

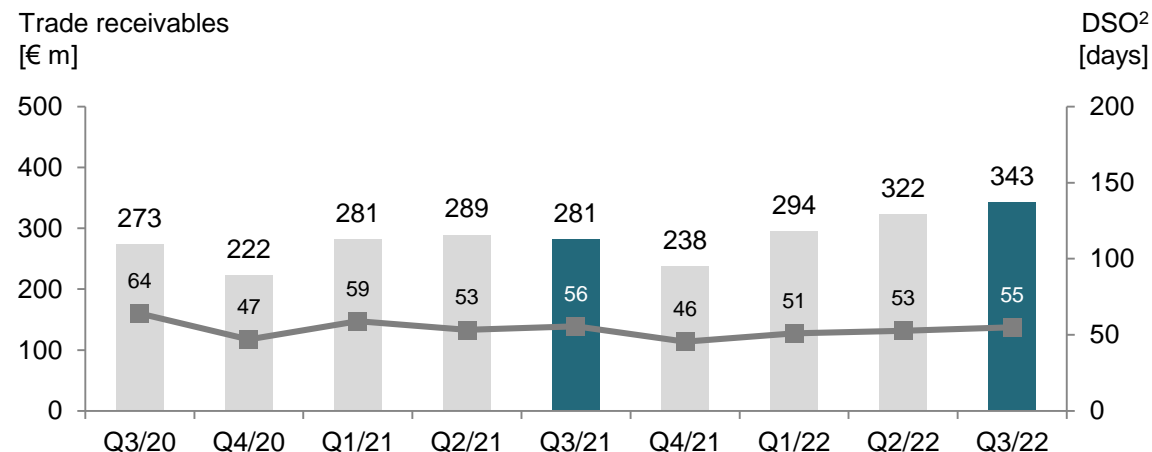
² Revenue by business segment before cash discounts.

Increase in inventory and receivables drive NWC

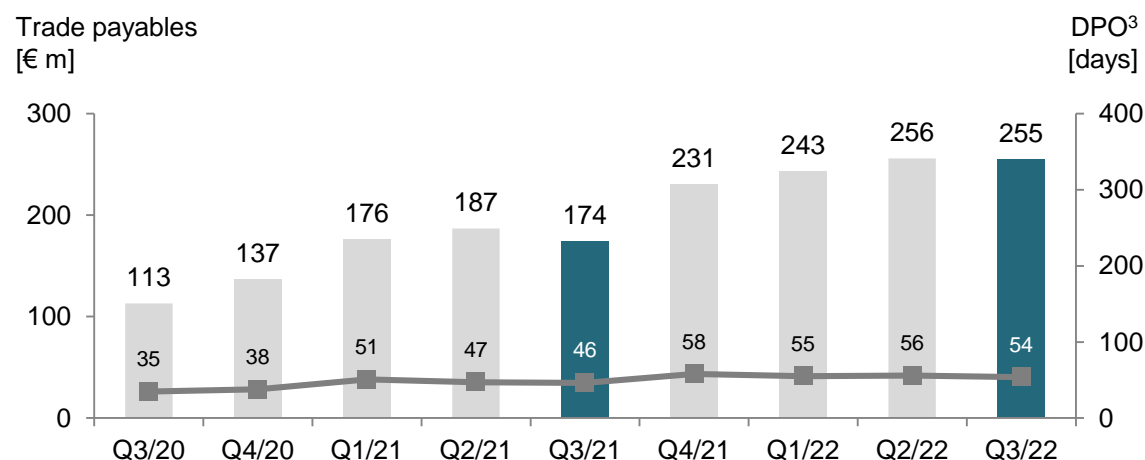
Inventories



Trade receivables



Trade payables



Comments

- Inventory of unfinished machines at a high level as a result of overstretched and repeatedly disrupted supply chains; higher inventory of materials and components to ensure shipments to customers
- Increase in trade receivables due to strong revenue dynamics in Q3, especially at the end of quarter
- Trade payables at a high level
- Net working capital ratio⁴ at 33.5%; securing delivery capability and focus on profitability

¹ Days inventory outstanding = (inventory/(cost of sales*4))*365 days.

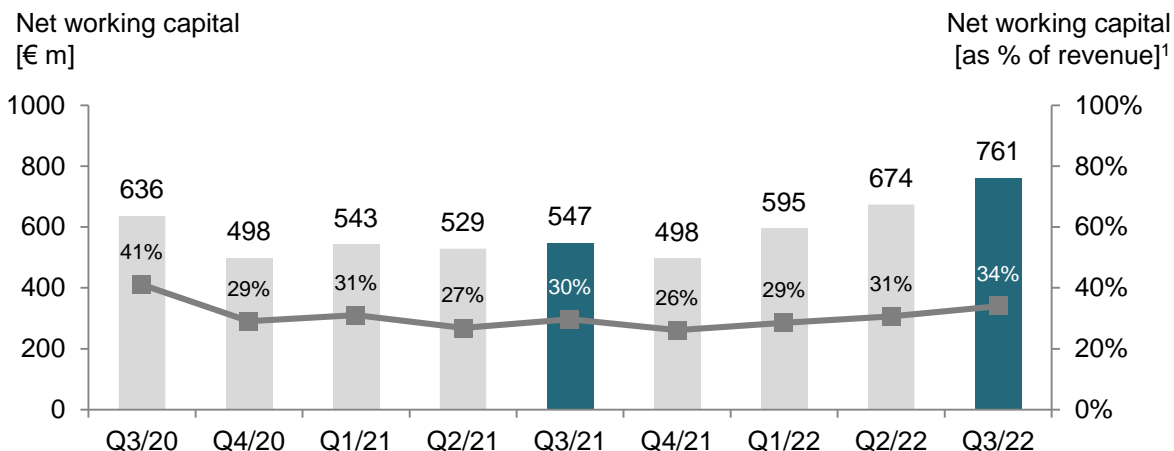
² Days sales outstanding = (receivables/(revenue*4))*365 days.

³ Days payables outstanding = (payables/(cost of sales*4))*365 days.

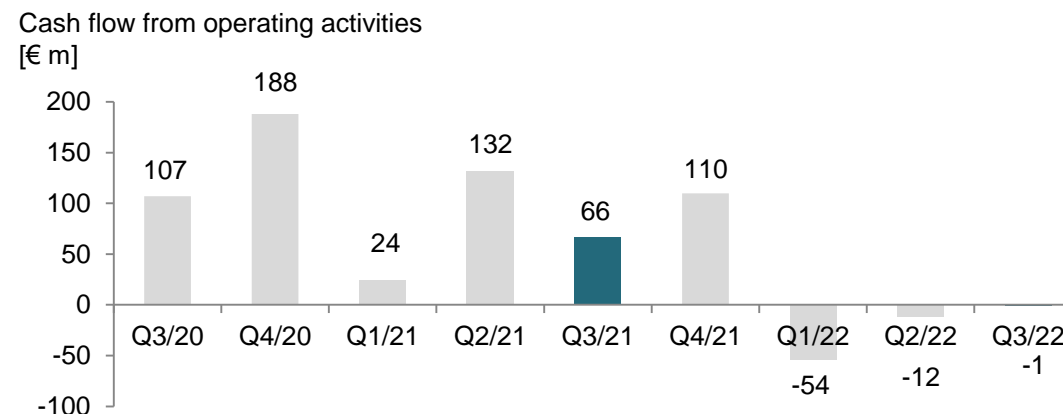
⁴ Net working capital as a % of annualized revenue for the quarter.

Cash flow impacted by increase in NWC

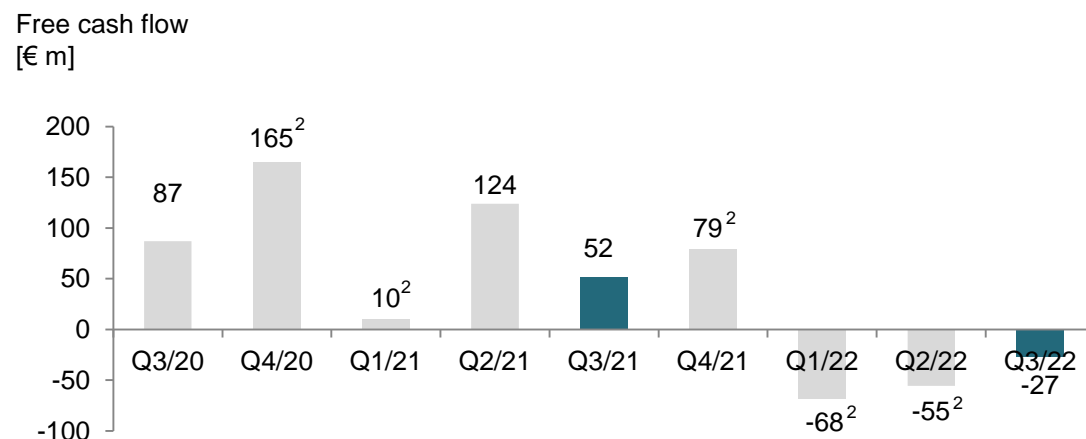
Net working capital



Cash flow from operating activities



Free cash flow



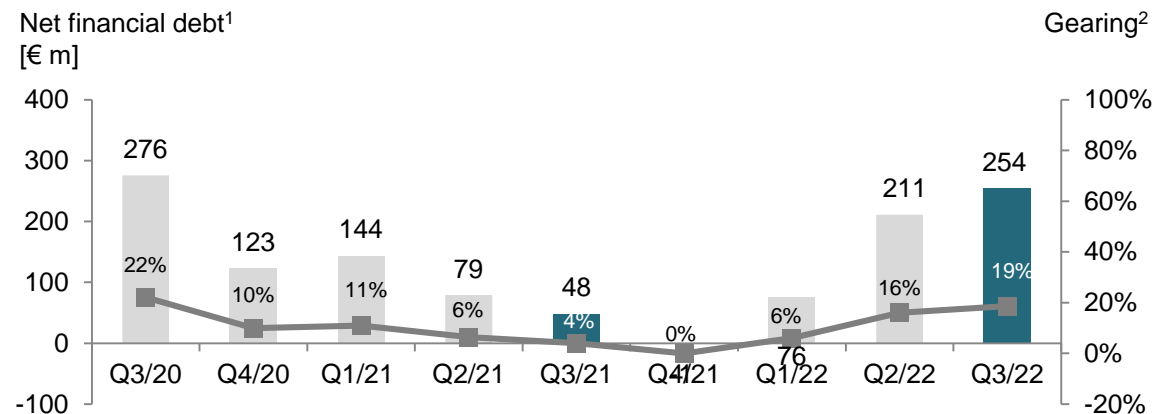
Comments

- Increase in NWC impacts cash flow development in the first nine months; free cash flow before fixed-term investment at € -150.4 m (9M/21: € 185.5 m); free cash flow (reported) at € -20.4 m (9M/21: € 85.5 m).
- Investments at € 68 m

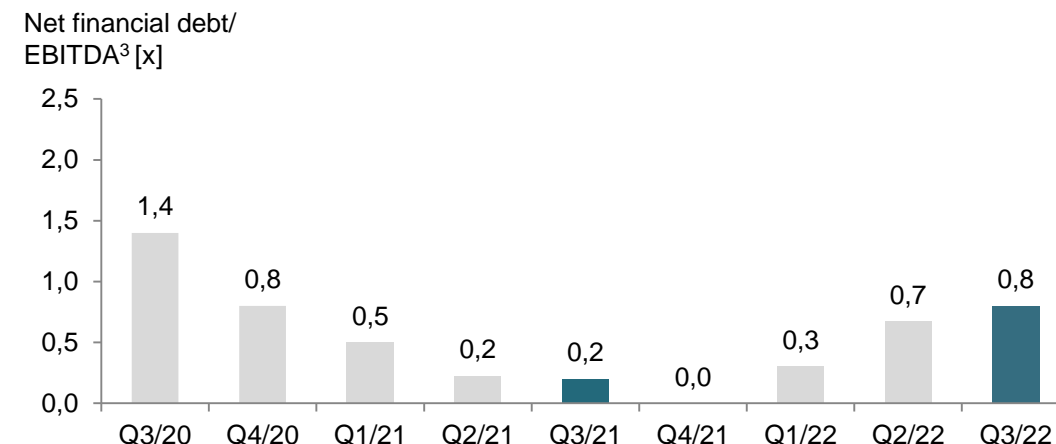
¹ Net working capital as a % of annualized revenue for the quarter. ² Before outflows from fixed-term investments amounting to € 15 m in Q4/20, € 100 m in Q1/21 and € 15 m in Q4/21 as well as inflows of € 30 m in Q1/22 and € 100 m in Q2/22.

Solid financing structure

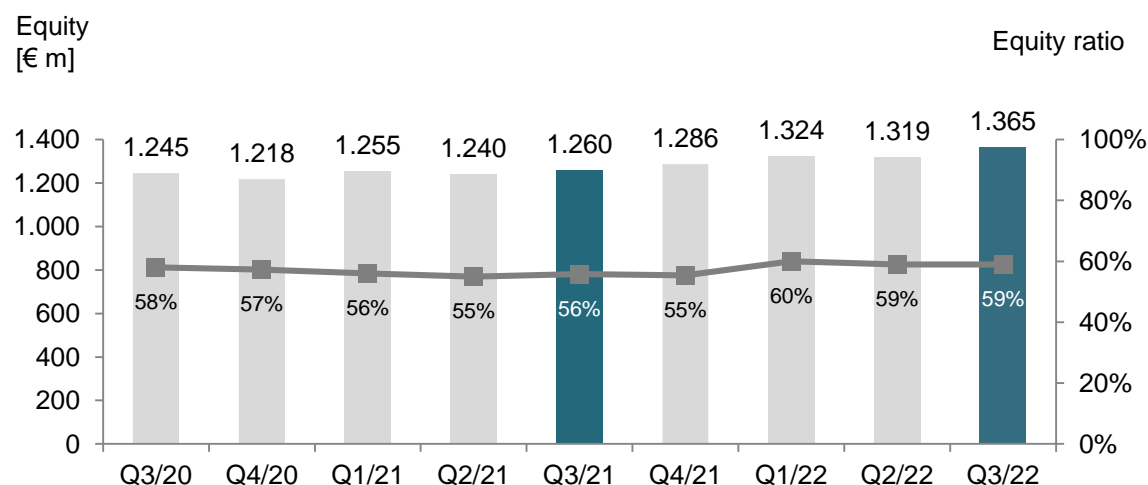
Net financial debt and gearing



Net financial debt/EBITDA³



Equity and equity ratio



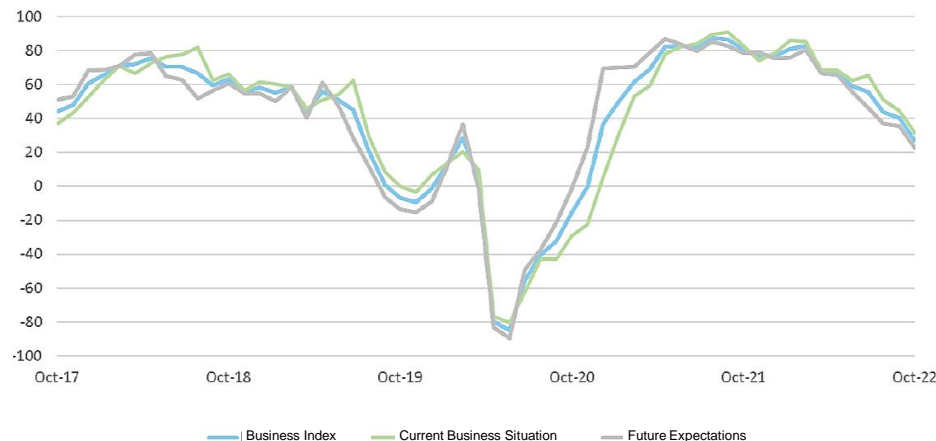
Comments

- Increase in net financial debt¹ due to net working capital build-up in the first nine months; gearing² at 19.0%

¹ 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. ² Net financial debt/equity. ³ Net financial debt/annualized EBITDA for the quarter.

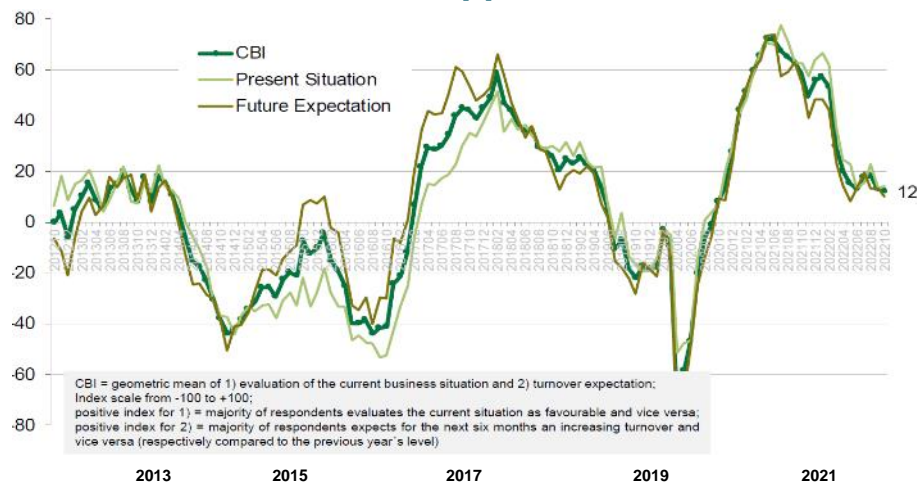
Outlook: Dynamic demand, overstretched supply chains

Construction: CECE business barometer with downward trend



Source: CECE (Committee for European Construction Equipment), Oct. 2022.

Agriculture: Current business appears to remain stable



Source: CEMA (European Agricultural Machinery Industry Association), Oct. 2022.

Outlook

- **CECE business barometer** for the European construction equipment sector **on a continued moderate downward path** despite still growing sales on the European market and renewed momentum for international markets.
- **CEMA business barometer** for the European agricultural equipment sector continues sideways movement at a positive level. Current business appears to remain stable, while growth expectations decreased slightly. Price increases and bottlenecks on the supplier side continue to challenge the industry, however some slight easing is observable.
- **Mood in important end markets** for Wacker Neuson Group remains highly positive; dynamic development of **order intake**; **order backlog** is well above average.
- **Macro risks remaining at high level:**
 - Supply chain disruptions could further increase in the short term
 - Material, energy and shipping costs continuously at high levels
 - Further implications of war in Ukraine, energy crisis in Europe and coronavirus measures in China not predictable
- **Earnings forecast for 2022 reiterated:**
 - **Revenue** between € 1,900 and 2,100 m
 - **EBIT margin** between 9.0% and 10.0%
 - **Investments** of approx. € 100 m¹
 - **Net working capital** as a percentage of revenue at 30 percent or lower

¹ Investments in property, plant and equipment and intangible assets. Investments in the Group's own rental equipment, purchases of investments and investments in financial assets are not included.