Wacker Neuson Group
Quarterly report Q3/22

November 10, 2022, unaudited

Overview Q3/22 // 9M/22

Wacker Neuson Group

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

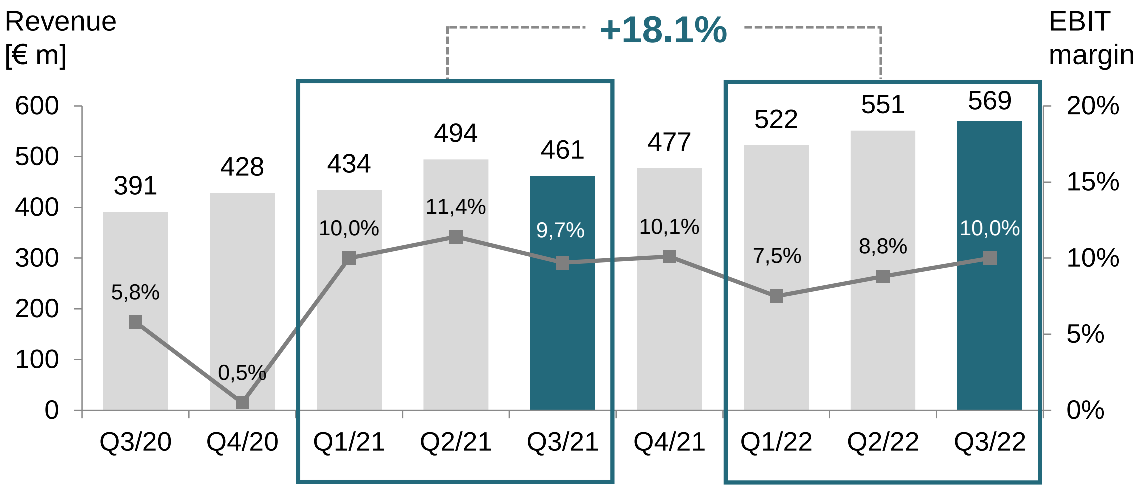
Increase in inventories due to high number of unfinished machines and to ensure delivery capability; increase in NWC results in negative FCF

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.

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
as a % of revenue	*24.5%*	*25.8%*	*23.8%*	*26.6%*
Operating costs	-84.9	-76.2	-251.3	-230.0
as a % of revenue	*-14.9%*	*-16.5%*	*-15.3%*	*-16.6%*
EBIT	57.1	44.7	144.6	144.8
as a % of revenue	*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)

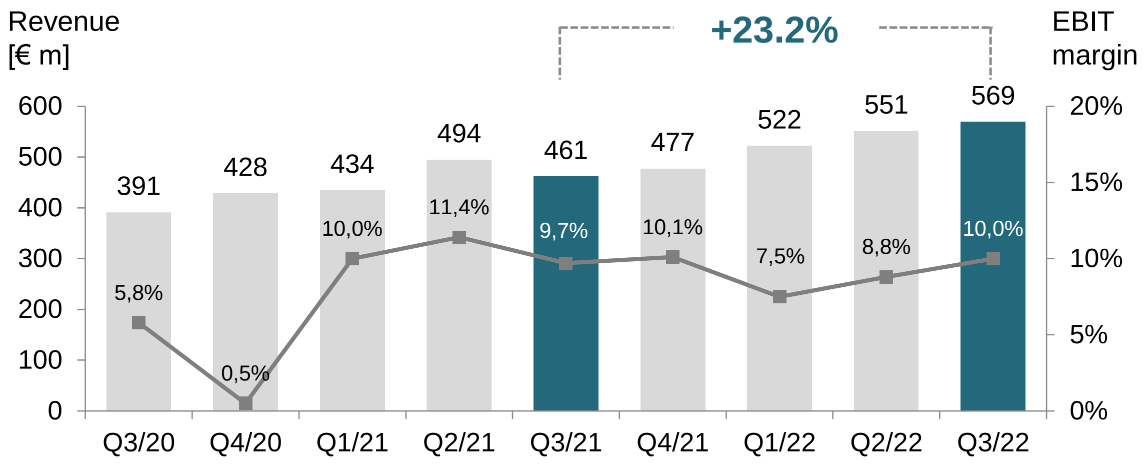
- Strong revenue growth
- Strict cost control with operating costs (total sales, R&D and administrative expenses) as a share of revenue further reduced (-1.3 PP yoy)
- Negative effects on gross profit cannot be fully compensated for by cost reduction

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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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

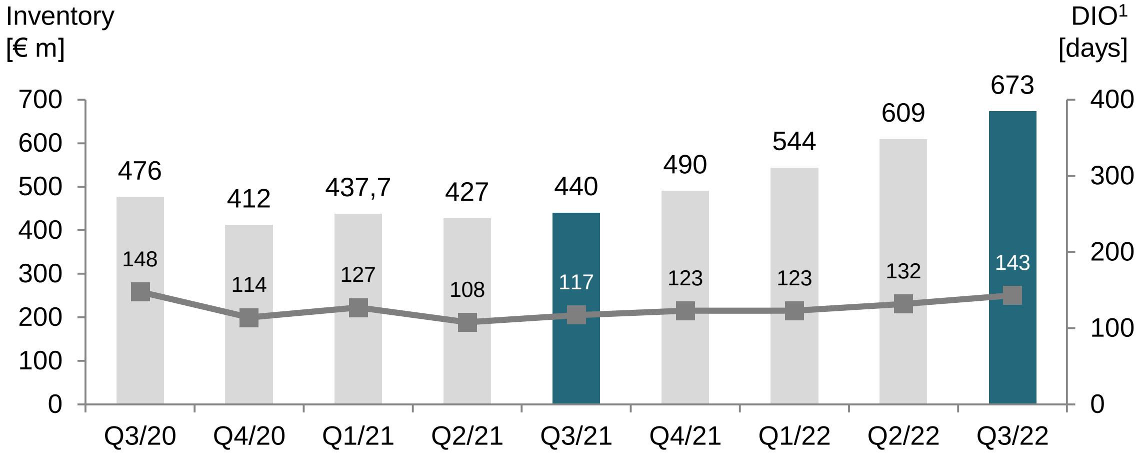
Revenue Asia-Pacific +49.7% yoy (adj. for FX effects +35.6%)

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

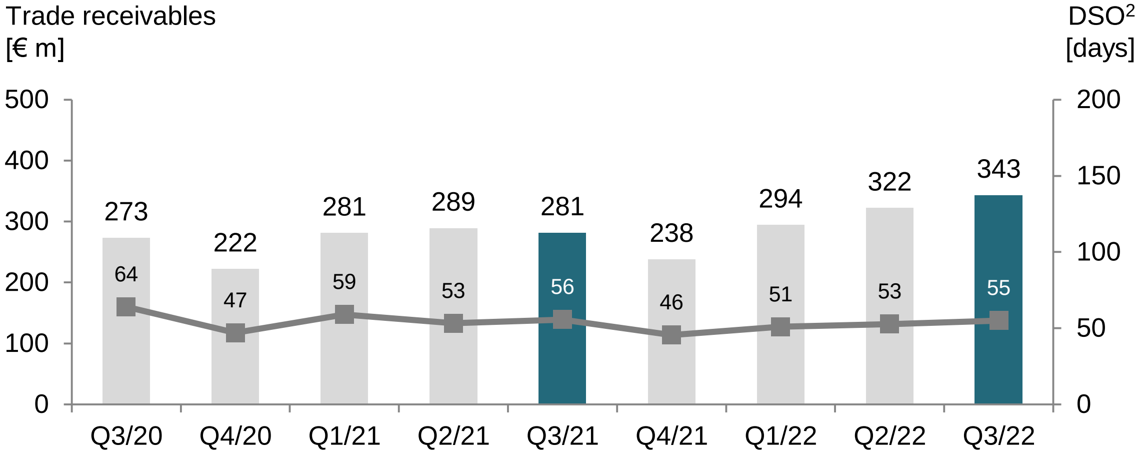
[1] EBIT for regions before consolidation, TOTAL after consolidation.
[2] Revenue by business segment before cash discounts.

Increase in inventory and receivables drive NWC

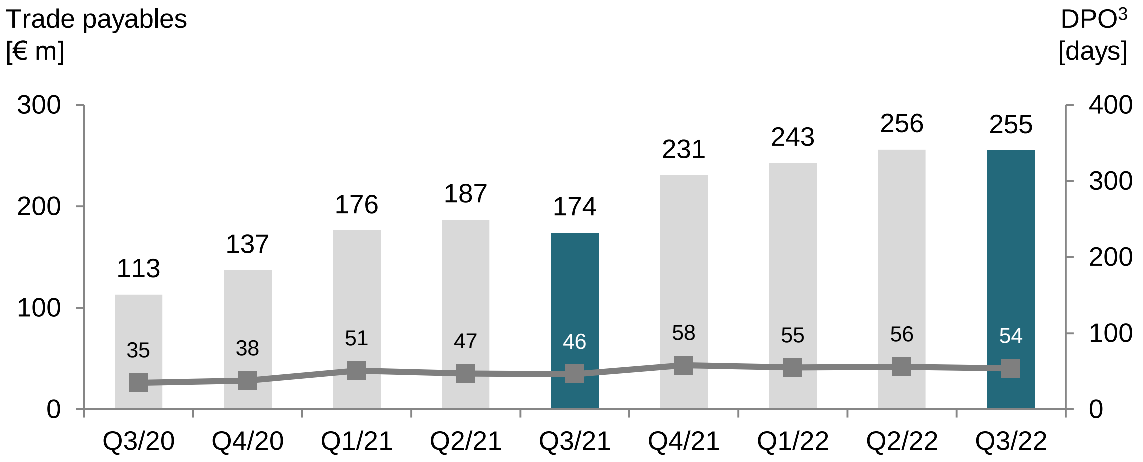
Inventories



Trade receivables



Trade payables



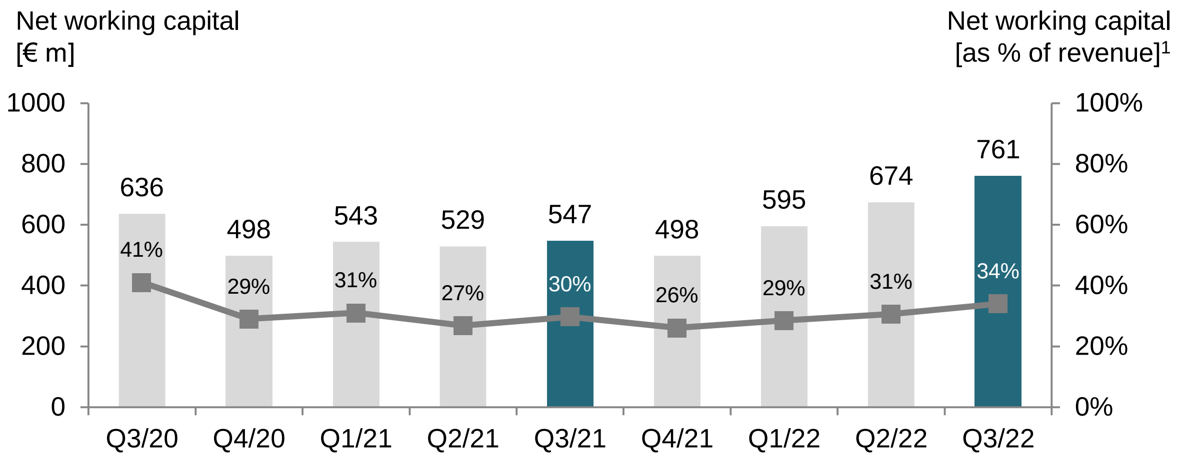
Comments

- 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 ratio[4] at 33.5%; securing delivery capability and focus on profitability

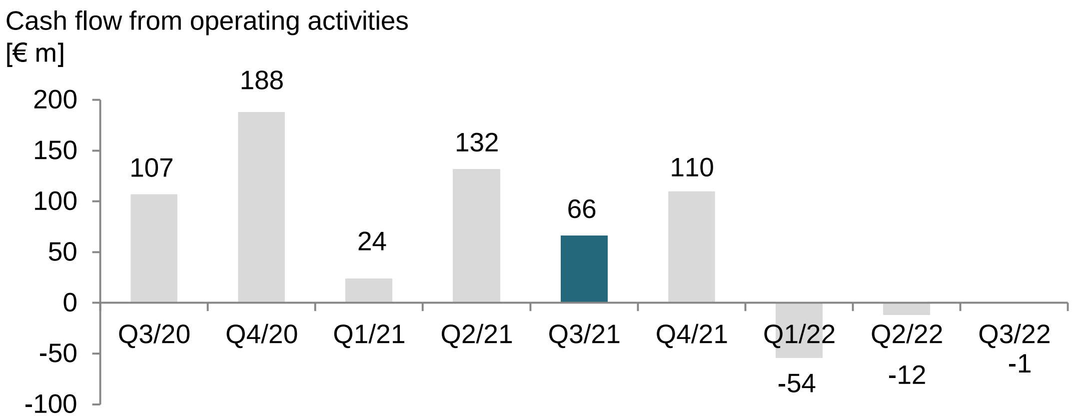
[1] Days inventory outstanding = (inventory/(cost of sales*4))*365 days.
[2] Days sales outstanding = (receivables/(revenue*4))*365 days.
[3] Days payables outstanding = (payables/(cost of sales*4))*365 days.
[4] Net working capital as a % of annualized revenue for the quarter.

Cash flow impacted by increase in NWC

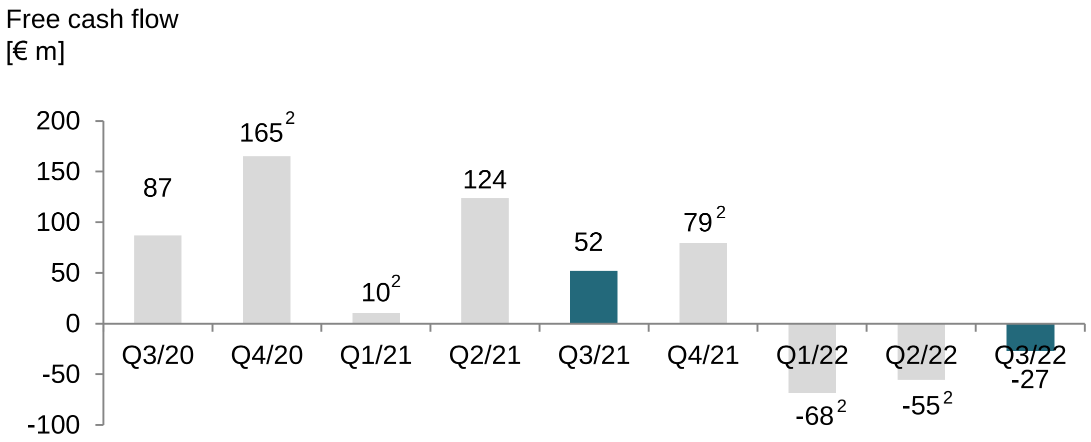
Net working capital



Cash flow from operating activities



Free cash flow



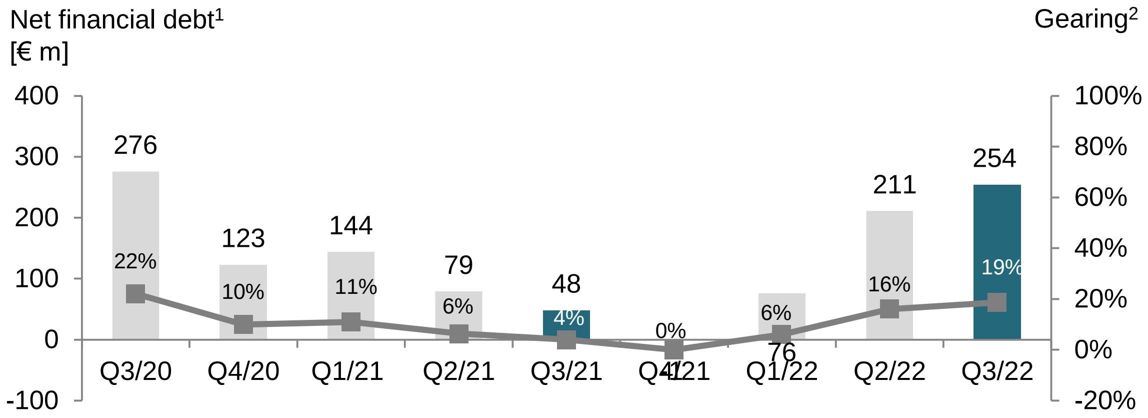
Comments

- 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

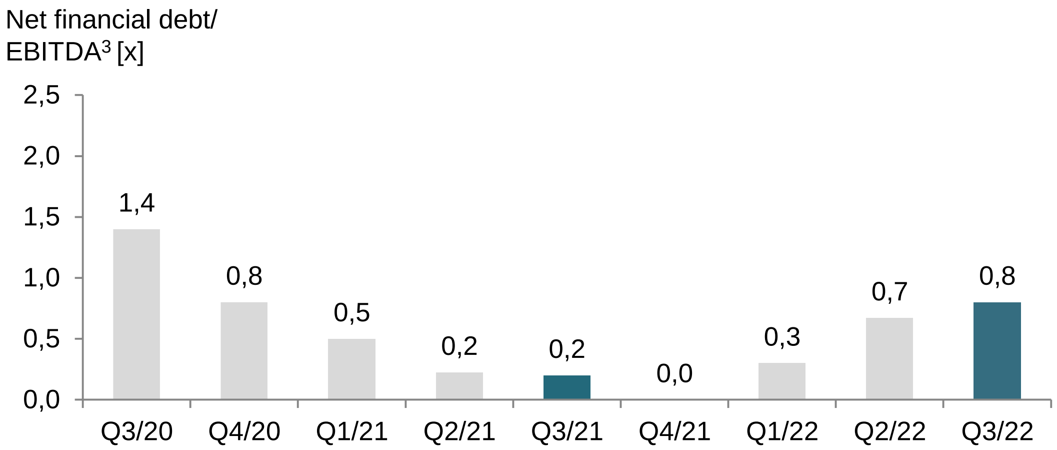
[1] Net working capital as a % of annualized revenue for the quarter. [2] Before outflows from fixed-term investments amounting to € 15 m in Q4/20, € 100 m in Q1/21 and € 15 m in Q4/21 as well as inflows of € 30 m in Q1/22 and € 100 m in Q2/22.

Solid financing structure

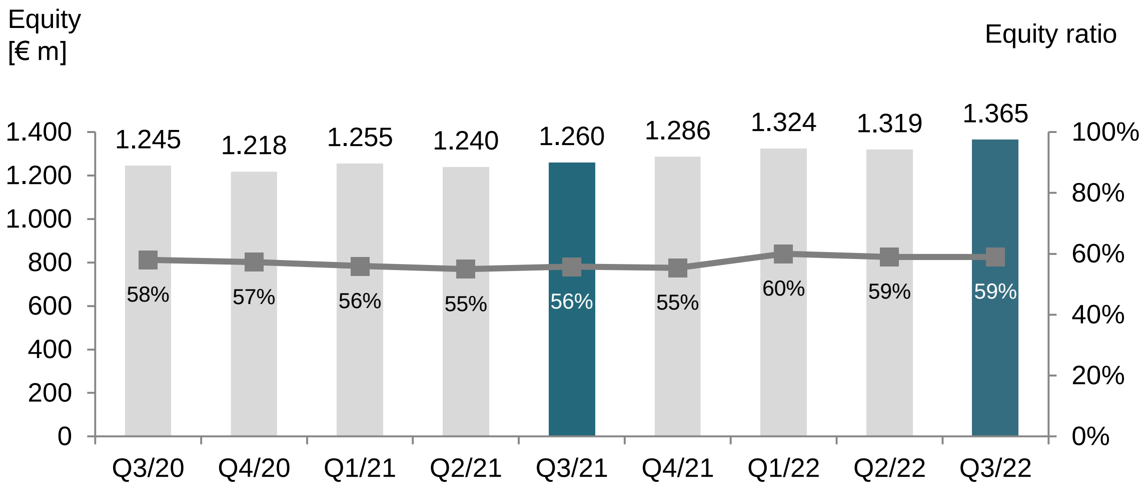
Net financial debt and gearing



Net financial debt/EBITDA[3]



Equity and equity ratio



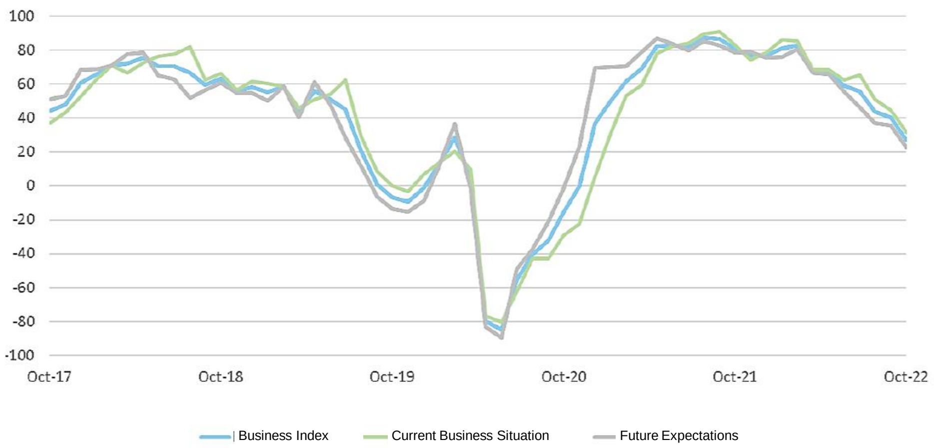
Comments

- Increase in net financial debt[1] due to net working capital build-up in the first nine months; gearing[2] 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.

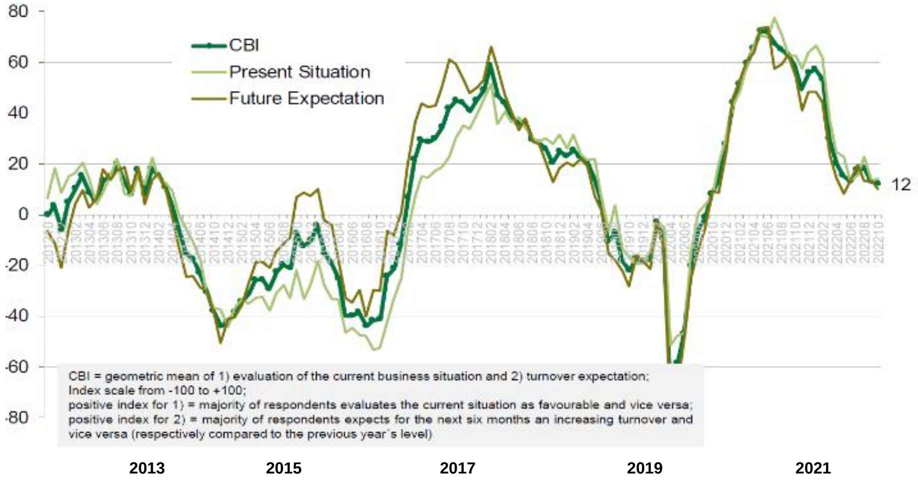
Outlook: Dynamic demand, overstretched supply chains

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 m[1]
  - **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.

Consolidated Financial Statements

(unaudited)

Consolidated Income Statement

IN € MILLION

	Q3/22	Q3/21	9M/22	9M/21
Revenue	568.5	461.4	1,641.0	1,389.7
Cost of sales	-429.1	-342.2	-1,251.0	-1,019.7
Gross profit	**139.4**	**119.2**	**390.0**	**370.0**
Sales and service expenses	-54.3	-45.8	-158.6	-139.6
Research and development expenses	-12.0	-9.8	-36.5	-33.8
General administrative expenses	-18.6	-20.6	-56.2	-56.6
Other income	3.3	2.0	8.1	7.8
Other expenses	-0.7	-0.3	-2.2	-3.0
Earnings before interest and tax (EBIT)	**57.1**	**44.7**	**144.6**	**144.8**
Financial income	-4.9	0.0	7.0	2.0
Financial expenses	1.9	-1.4	-7.3	-6.5
Earnings before tax (EBT)	**54.1**	**43.3**	**144.3**	**140.3**
Taxes on income	-18.6	-12.1	-42.7	-39.1
Profit for the period	**35.5**	**31.2**	**101.6**	**101.2**
Earnings per share in € (diluted and undiluted)	**0.52**	**0.45**	**1.49**	**1.46**

Consolidated Balance Sheet

Wacker Neuson Group

IN € MILLION

	Sept. 30, 2022	Dec. 31, 2021	Sept. 30, 2021
Assets			
Property, plant and equipment	427.2	393.9	380.4
Property held as financial investment	23.9	24.2	24.4
Goodwill	231.5	228.6	228.7
Other intangible assets	208.8	188.6	185.9
Investments	5.1	3.8	3.0
Deferred tax assets	24.8	29.4	29.1
Non-current financial assets	12.1	19.0	36.9
Other non-current non-financial assets	0.5	0.0	0.0
Total non-current assets	**933.9**	**887.5**	**888.4**
Rental equipment	**204.0**	191.6	191.3
Inventories	673.1	490.2	440.0
Trade receivables	342.9	237.9	281.4
Tax offsets	34.5	15.1	11.0
Other current financial assets	36.2	158.4	151.4
Other current non-financial assets	34.9	23.5	23.2
Cash and cash equivalents	35.6	305.5	267.2
Non-current assets held for sale	9.0	11.1	1.8
Total current assets	**1,370.2**	**1,433.3**	**1,367.3**
Total assets	**2,304.1**	**2,320.8**	**2,255.7**

IN € MILLION

	Sept. 30, 2022	Dec. 31, 2021	Sept. 30, 2021
Equity and liabilities			
Subscribed capital	70.1	70.1	70.1
Other reserves	625.0	587.1	579.2
Net profit/loss	722.4	682.0	645.6
Treasury shares	-53.0	-53.0	-35.2
Equity	**1,364.5**	**1,286.2**	**1,259.7**
Long-term financial borrowings	218.1	295.1	292.1
Long-term lease liabilities	45.0	50.4	44.9
Deferred tax liabilities	61.6	49.8	47.7
Provisions for pensions and similar obligations	31.3	54.6	57.8
Long-term provisions	9.4	10.0	10.6
Long-term contract liabilities	9.0	6.8	6.9
Total non-current liabilities	**374.4**	**466.7**	**460.0**
Trade payables	255.3	230.5	174.0
Short-term liabilities to financial institutions	71.1	138.7	137.5
Current portion of long-term borrowings	0.8	0.9	0.9
Short-term lease liabilities	21.7	22.2	22.3
Short-term provisions	22.2	20.5	19.3
Short-term contract liabilities	4.6	5.5	4.6
Income tax liabilities	30.2	22.8	43.1
Other current financial liabilities	91.9	74.6	74.6
Other current non-financial liabilities	67.4	52.2	59.7
Total current liabilities	**565.2**	**567.9**	**536.0**
Total liabilities	**2,304.1**	**2,320.8**	**2,255.7**

Consolidated Cash Flow Statement (1)

Wacker Neuson Group

IN € MILLION

	Q3/22	Q3/21	9M/22	9M/21
EBT	**54.1**	**43.3**	**144.3**	**140.3**
Adjustments to reconcile profit before tax with gross cash flows				
Depreciation, amortization and impairment of non-current assets	18.2	16.7	52.7	56.3
Unrealized foreign exchange gains/losses	-5.1	1.5	3.3	0.8
Financial result	3.0	1.4	0.3	4.5
Gains from the sale of intangible assets and property, plant and equipment	0.2	0.2	0.1	-0.7
Changes in rental equipment, net	-6.2	-12.4	-9.5	-31.9
Changes in misc. assets	4.1	20.7	-7.5	64.2
Changes in provisions	-1.0	0.5	-2.3	-2.4
Changes in misc. liabilities	20.2	10.7	28.4	54.6
Gross cash flow	**87.5**	**82.6**	**209.8**	**285.7**
Changes in inventories	-58.2	-9.8	-154.9	-19.6
Changes in trade receivables	-18.2	8.2	-91.4	-55.9
Changes in trade payables	-1.9	-13.9	16.9	35.6
Changes in net working capital	**-78.3**	**-15.5**	**-229.4**	**-39.9**
Cash flow from operating activities before income tax paid	9.2	67.1	-19.6	245.8
Income tax paid	-9.7	-0.7	-46.6	-24.1
Cash flow from operating activities	**-0.5**	**66.4**	**-66.2**	**221.7**

Consolidated Cash Flow Statement (2)

Wacker Neuson Group

IN € MILLION

	Q3/22	Q3/21	9M/22	9M/21
Cash flow from operating activities	**-0.5**	**66.4**	**-66.2**	**221.7**
Purchase of property, plant and equipment	-20.4	-7.6	-46.0	-23.5
Purchase of intangible assets	-6.8	-8.2	-22.0	-26.8
Purchase of investments	-0.7	0.0	-20.7	0.0
Proceeds of investments	0.0	0.0	0.0	8.6
Cash inflow from financial investments	0.0	0.0	130.0	0.0
Cash outflow from financial investments	0.0	0.0	0.0	-100.0
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	1.7	1.4	2.3	5.5
Proceeds from disposals from the consolidation group	0.1	0.0	2.2	0.0
Cash flow from investment activities	**-26.1**	**-14.4**	**45.8**	**-136.2**
Free cash flow	**-26.6**	**52.0**	**-20.4**	**85.5**
Dividends	0.0	0.0	-61.2	-41.7
Cash outflow from share buyback program	0.0	-16.0	0.0	-35.2
Cash receipts from short-term borrowings	0.3	0.0	0.6	0.0
Repayments from short-term borrowings	-0.9	-0.4	-125.9	-0.8
Cash receipts from long-term borrowings	0.0	0.0	0.0	0.0
Repayments from long-term borrowings	0.0	0.0	-35.6	0.0
Repayments from lease liabilities	-5.8	-5.2	-16.6	-17.5
Interest paid	-3.4	-3.0	-8.4	-9.0
Interest received	0.2	0.3	0.5	0.6
Cash flow from financial activities	**-9.6**	**-24.3**	**-246.6**	**-103.6**
Change in cash and cash equivalents before effect of exchange rates and changes in consolidation group	-36.2	27.7	-267.0	-18.1
Effect of exchange rates on cash and cash equivalents	-0.3	0.7	-3.7	2.2
Change in consolidation group	0.0	0.0	0.8	0.0
Change in cash and cash equivalents	**-36.5**	**28.4**	**-269.9**	**-15.9**
Cash and cash equivalents at the beginning of the period	72.1	238.8	305.5	283.1
Cash and cash equivalents at the end of period	**35.6**	**267.2**	**35.6**	**267.2**

Consolidated Segmentation

Wacker Neuson Group

Geographical segments

IN € MILLION

Q3	Europe		Americas		Asia-Pacific		Consolidation		Group	
	Q3/22	Q3/21	Q3/22	Q3/21	Q3/22	Q3/21	Q3/22	Q3/21	Q3/22	Q3/21
Total revenue	680.8	581.3	150.3	96.1	40.6	22.1	0.0	0.0	871.7	699.5
Revenue from external customers	415.9	362.2	130.3	84.3	22.3	14.9	0.0	0.0	568.5	461.4
EBIT[1]	55.0	44.3	7.0	2.6	3.2	0.4	-8.1	-2.6	57.1	44.7

9M	Europe		Americas		Asia-Pacific		Consolidation		Group	
	9M/22	9M/21	9M/22	9M/21	9M/22	9M/21	9M/22	9M/21	9M/22	9M/21
Total revenue	1,982.7	1,765.8	384.8	280.9	104.9	67.5			2,472.4	2,114.2
Revenue from external customers	1,242.2	1,099.3	333.1	242.7	65.7	47.7			1,641.0	1,389.7
EBIT[1]	136.6	143.1	13.0	9.9	6.9	2.6	-11.9	-10.8	144.6	144.8

[1] EBIT for regions before consolidation..

Business segments

IN € MILLION

	Q3/22	Q3/21	9M/22	9M/21
Segment revenue from external customers				
Light equipment	143.9	98.3	386.8	299.2
Compact equipment	317.7	258.4	936.5	788.3
Services	111.0	108.0	327.9	310.5
	572.6	464.7	1,651.2	1,398.0
Less cash discounts	-4.1	-3.3	-10.2	-8.3
Total	568.5	461.4	1,641.0	1,389.7

Financial calendar and contact

March 28, 2023	**Publication of the annual report 2022, analysts' & investors' conference call**

Disclaimer

This presentation contains forward-looking statements which are based on the current estimates and assumptions by the corporate management of Wacker Neuson SE. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in any way guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Wacker Neuson SE and its affiliated companies depend on a number of risks, uncertainties and other factors. Many of these factors, including, but not limited to, those described in disclosures, in particular in the risk report of the Company, are outside the Company's control and cannot be accurately estimated in advance, such as the future economic environment, the actions of competitors and others involved in the market-place or the legal and regulatory framework. If these risks or uncertainties materialize, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. Above and beyond legal requirements, the Company neither plans nor undertakes to update any forward-looking statements.

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