
Wacker Neuson Group

Quarterly report Q1 2024

7 May 2024, unaudited

Overview Q1 2024¹

Q1 2024			
Revenue	EBIT margin	NWC ratio ³	FCF
€ 593.1 m	6.2%	38.7%	€ -25.1 m
(-11.1% YoY)	(py: 13.2%) ²	(py: 30.0%)	(py: € -17.1 m)



Revenue down 11.1% compared to Q1 2023, driven by economic slowdown, especially weaker demand in the USA and Canada



EBIT margin increased compared to Q4 2023, continuous improvement over the course of 2024 expected



Increase in the NWC ratio compared to Q4 2023 (33.9%)³, driven through slightly increased trade receivables as well as decreased revenue

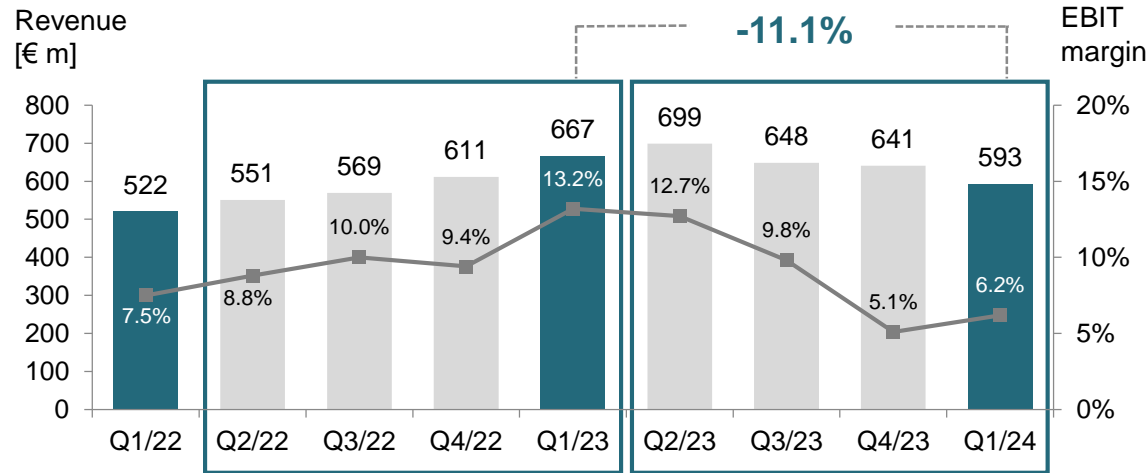


Supply chain significantly more relaxed than in the previous year

¹ Please note the rounding differences in the presentation. ² Previous year's value includes a one-off effect amounting to € 15.5 million (property sale). ³ Net Working Capital in % of the annualized revenue.

Revenue and profitability – Q1 2024

Growth and profitability decrease due to economic slowdown



Profit and loss statement (excerpt)

€ m	Q1/24	Q1/23	Δ
Revenue	593.1	667.2	-11.1%
Gross profit	138.8	167.3	-17.0%
<i>as a % of revenue</i>	23.4%	25.1%	-1.7PP
Operating costs¹	-101.9	-79.5	28.2%
<i>as a % of revenue</i>	-17.2%	-11.9%	-5.3PP
EBIT	36.9	87.8	-58.0%
<i>as a % of revenue</i>	6.2%	13.2%	-7.0PP
Financial result	-4.9	-2.6	88.5%
Taxes on income	-8.7	-22.8	-61.8%
Profit for the period	23.3	62.4	-62.7%
EPS (in €)	0.34	0.92	-63.0%

¹ Including other operating income / other operating expenses.

Comments on Q1 2024

Revenue -11.1% YoY (adj. for FX effects : -10.9%)

- Economic slowdown in construction industry still highly noticeable in Q1 2024
- Persistent weakening demand in agriculture

Gross profit -17.0 YoY (gross profit margin -1.7 PP)

- Higher gross profit margin than in Q4 2023 (21.8%) after cost reduction measures in production come into effect
- Lower production output could be compensated through cost decreases only to a certain extent (time lag)

EBIT -58.0% YoY (EBIT margin: -7.0 PP)

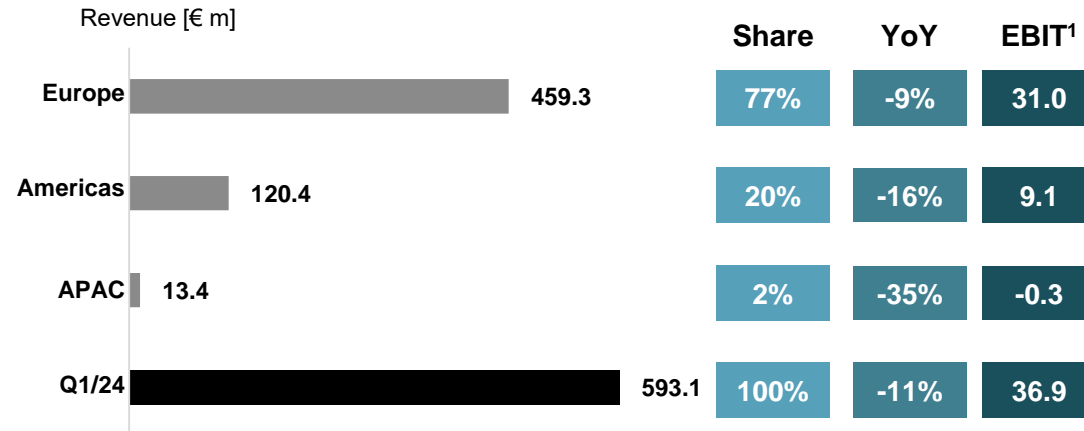
- EBIT margin influenced by a higher operating costs to revenue ratio
- Operating costs in Q1 2023 include a positive one-off effect amounting to € 15.5 million (property sale), excluding this one-off effect the percentage increase in the operating costs amounts to +7.3% compared to Q1 2023

Earnings per share -63.0% YoY

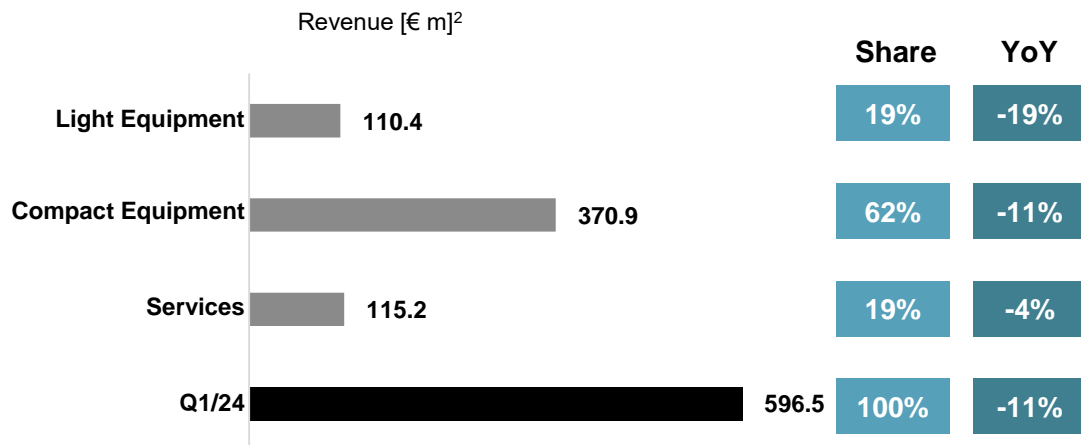
- Financial result impacted by higher interest rates and increased gearing
- Tax rate for Q1 2024 at 27.2% comparable to previous year (27.0%)

Development of regions and business areas

All regions are influenced by economic slowdown



Business area compact equipment with biggest share of revenue



Comments on Q1 2024

Revenue Europe (EMEA) -8.9% YoY (adj. for FX effects -8.9%)

- Light one-digit revenue decrease due to persistent economic slowdown
- Noticeably weaker growth trends in all submarkets, however positive demand developments in some markets (ex. Austria)
- Agricultural business growth rate slows down (+3.3% YoY)

Revenue Americas -15.6% YoY (adj. for FX effects -14.9%)

- Double-digit revenue decrease due to overstocking of the dealers
- EUR/USD exchange rate increases compared to Q1 2023 (average quarter exchange rates)

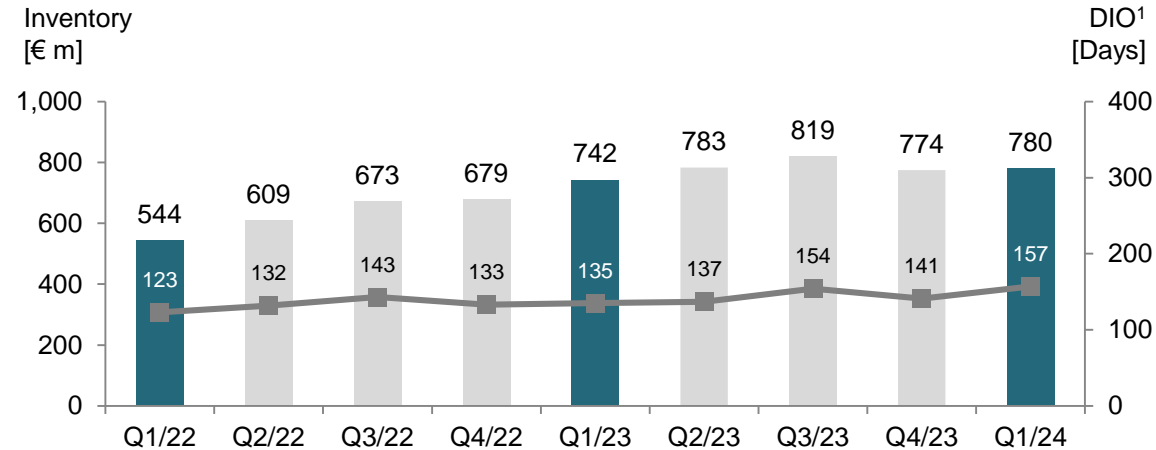
Revenue APAC -35.0% YoY (adj. for FX effects -31.6%)

- Revenue significantly decreases, Australian market also under pressure
- Currency weakness against the euro continues

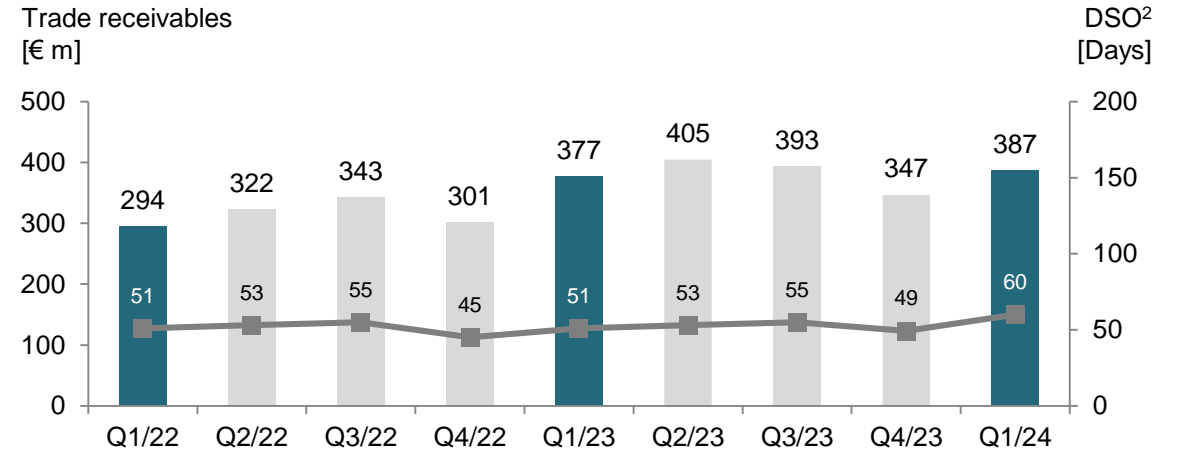
¹ EBIT for regions before consolidation. ² Revenue by business segment including cash discounts amounting to €3.4 million.

Supply chain more relaxed, but increase in trade receivables

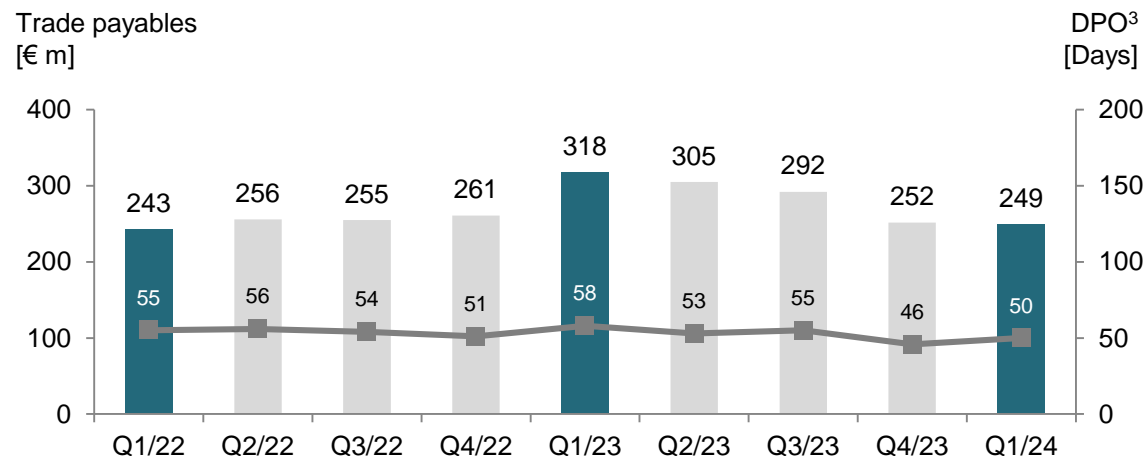
Inventories



Trade receivables



Trade payables



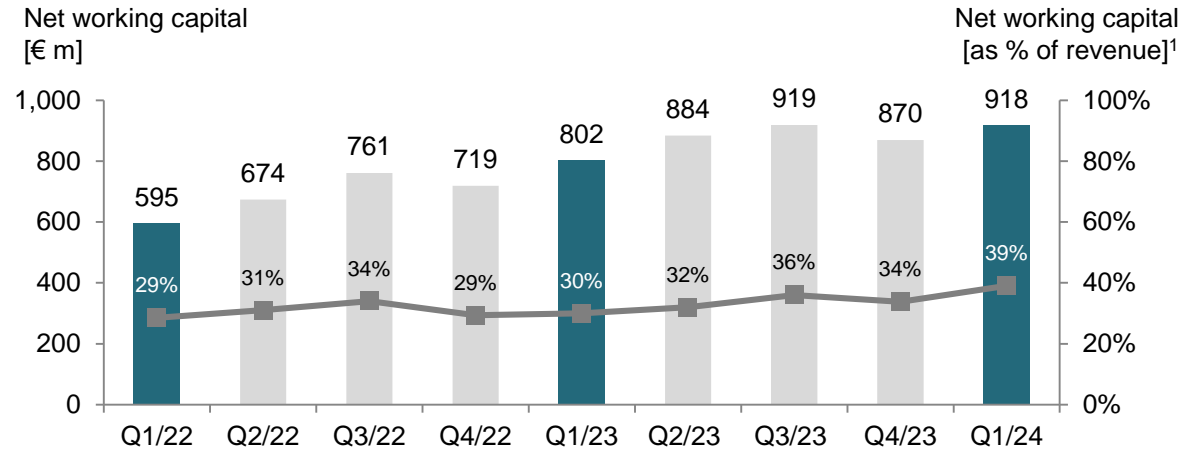
Comments

- Slight increase in **inventories** since the 2023 year-end (+0.7%): increase in work in progress goods (+13.4% compared to year-end 2023) as well as in finished goods (+1.7% compared to year-end 2023)
- **Trade receivables** increase by 11.5% compared to December 31, 2023 due to seasonality
- **Trade payables** at a comparable level to that at the year-end 2023
- **DIO, DSO and DPO** (annualized values) influenced by lower revenue in Q1 2024 compared to previous quarter

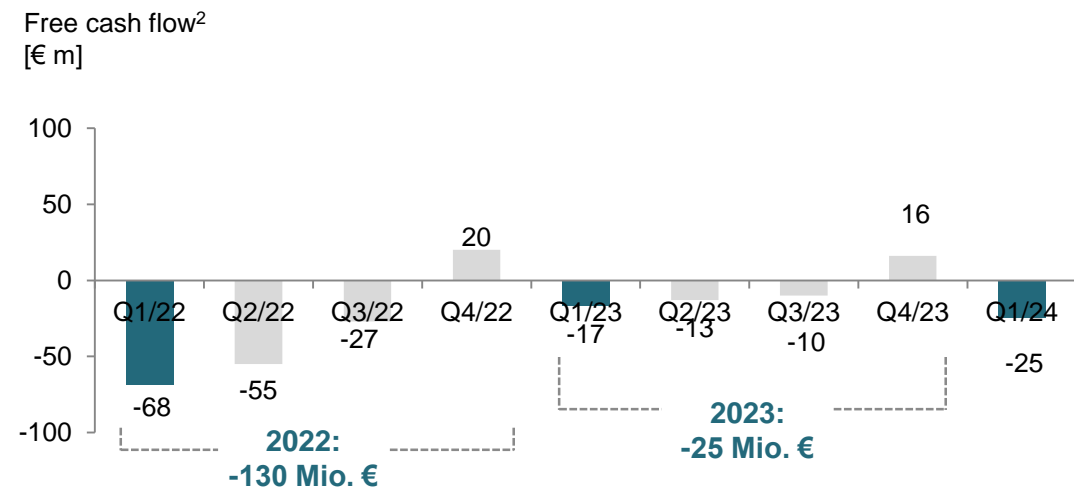
¹ Days inventory outstanding = (inventory/(cost of sales*4))*365 days. ² Days sales outstanding = (receivables/(revenue*4))*365 days. ³ Days payables outstanding = (payables/(cost of sales*4))*365 days.

NWC ratio remains characterized by high inventories

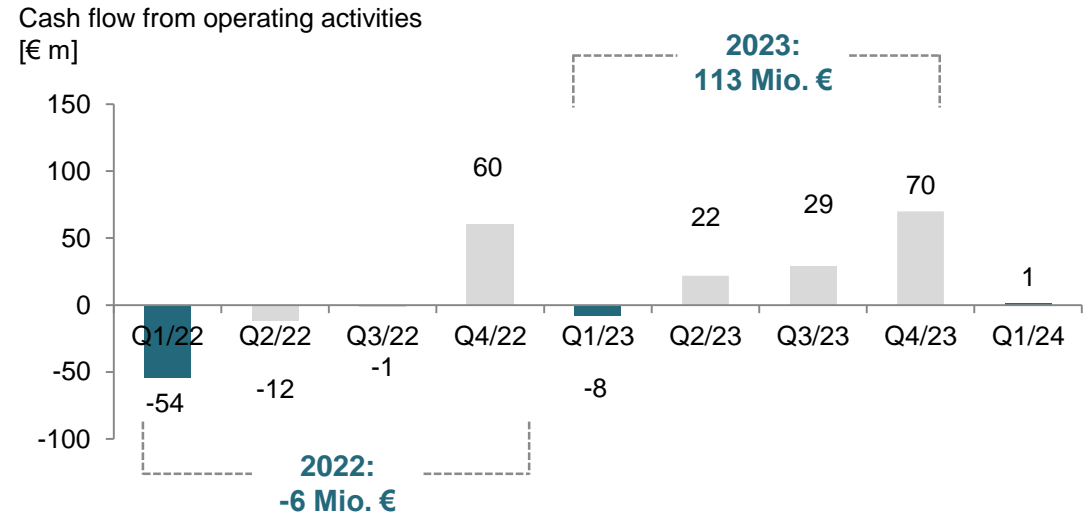
Net working capital



Free cash flow



Operating cash flow



Comments

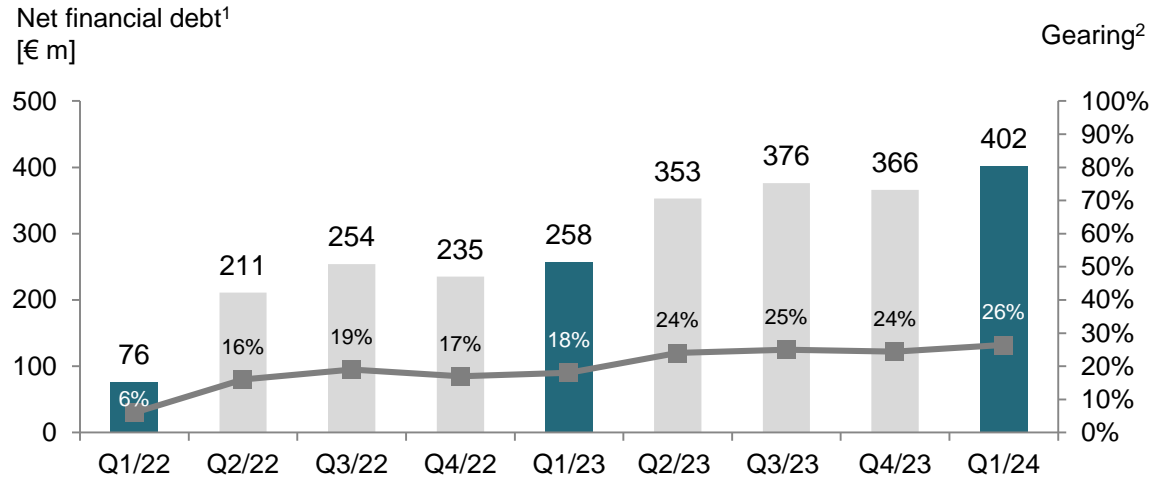
- Increase in the annualized **net working capital ratio** compared to Q4 2023 due to a slight increase in trade receivables as well as inventories and lower revenue (above the strategic benchmark of ≤ 30%)
- YoY increase in **operating cash flow** amounting to € +9 million, driven by lower net working capital payouts
- **Investments**³ amounted to € 24.2 million (€ 14.9 million in property, plant and equipment and € 9.3 million in intangible assets)
- **Free cash flow** decrease to € -25.1 million, remains impacted by NWC

¹ Net working capital as a % of annualized revenue for the quarter. ² Before outflows or inflows from time deposits

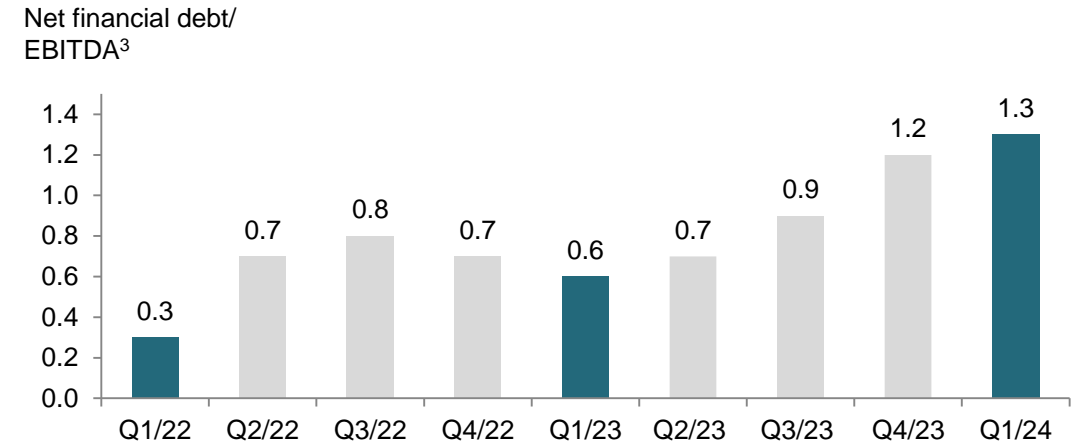
³ Investments in property, plant and equipment and intangible assets.

Still robust financial structure with substantial equity ratio

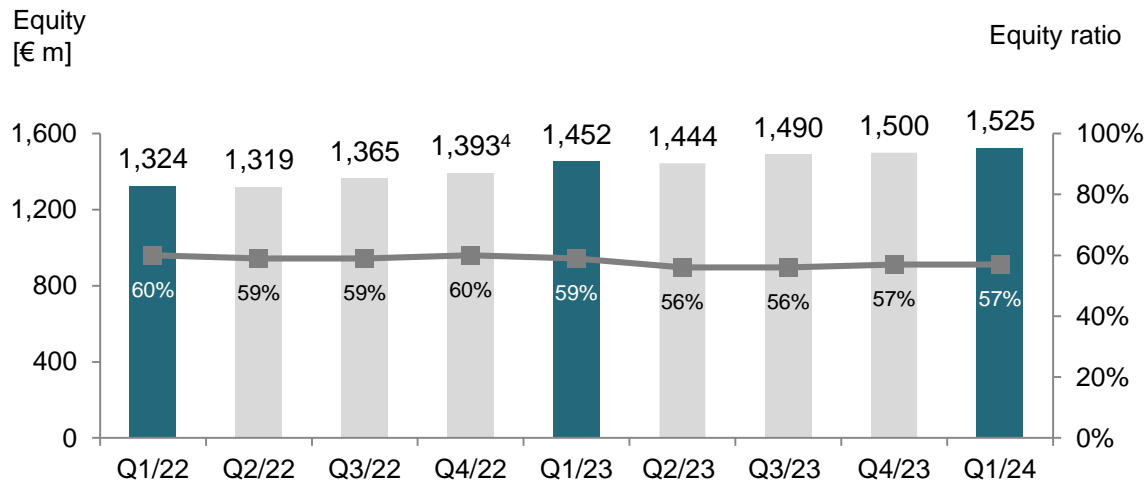
Net financial debt¹ and gearing²



Net financial debt/EBITDA³



Equity and equity ratio



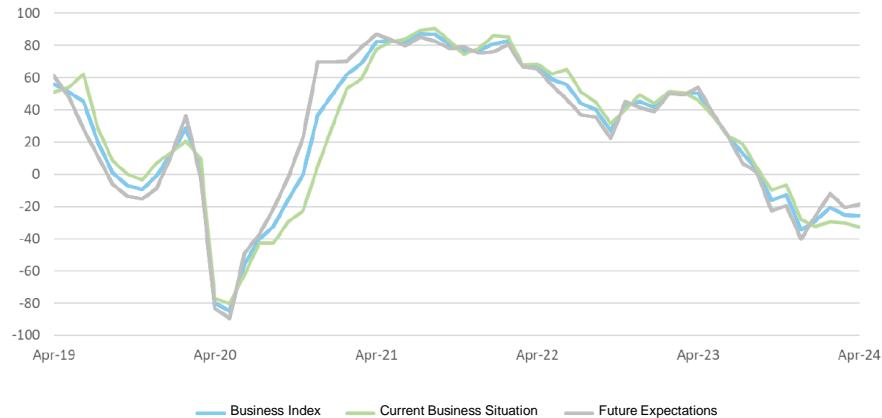
Comments

- Increased **net financial debt**¹ (+9.8%) compared to year-end 2023 reflects further use of the credit lines in Q1 2024 (net effect from repayments and cash inflows amounting to € +36 million) and slightly declining cash and cash equivalents
- Slight increase in **equity** compared to year-end 2023 (+1.7%), but also increase in **gearing**² amounting to 2 PP due to increased net financial debt
- Equity ratio** nearly unchanged compared to year-end 2023
- Dividend proposal** to the Annual General Meeting on May 15, 2024: € 1.15 per share (PY: € 1.00 per share)

¹ Net financial debt = Non-current financial liabilities + Current liabilities to banks + Current portion of non-current liabilities - Cash and cash equivalents. ² Net financial debt/equity. ³ Net financial debt/annualized EBITDA for the quarter. ⁴ Correction of the previous year's value amounting to c. € -2 million.

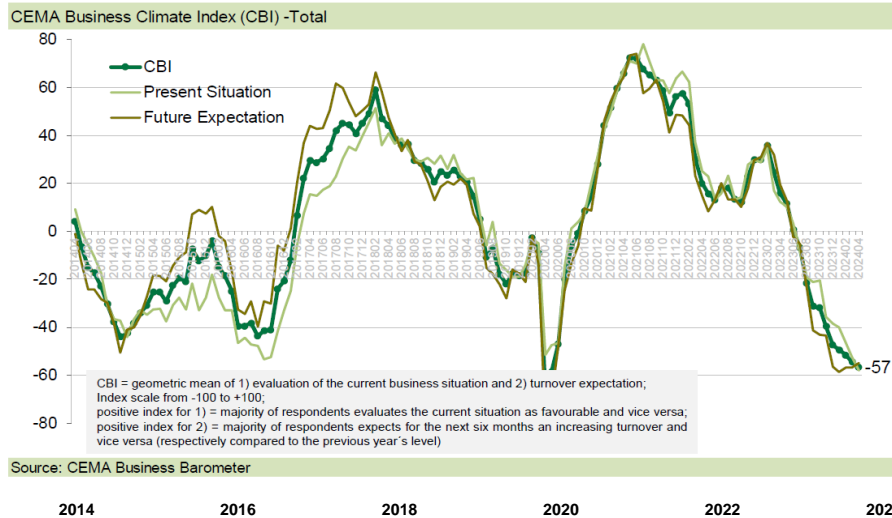
Industry barometers indicate a weak start of 2024

Construction: CECE business climate index moved sideways



Source: CECE (Committee for European Construction Equipment), April 2024.

Agriculture: CEMA business climate index decreases further



Source: CEMA (European Agricultural Machinery Industry Association), April 2024.

Outlook

- **Sideways movement of the business climate index**, negative market expectations, sales on the European market still going down significantly
- **Business climate index decreases further** and reaches -57 points and is, therefore, in **recession**, expected turnover to decline in the coming six months expected
- **Business cycle risks for H2 2024:**
 - Significantly higher dealer stocks
 - Increased interest rate environment stirs up recession trends
 - Challenging economic and geopolitical environment
- **Revenue and earnings forecast for 2024 reaffirmed:**
 - **Revenue** between 2,400 and 2,600 million euros
 - **EBIT margin** between 8.0% and 9.0%
 - **Investments** of around € 120 million¹
 - **Net working capital as a percentage of turnover** around 30%

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

Consolidated Financial Statements

(unaudited)

Consolidated income statement

IN € MILLION	Q1/24	Q1/23
Revenue	593.1	667.2
Cost of sales	-454.3	-499.9
Gross profit	138.8	167.3
Sales and service expenses	-64.0	-60.4
Research and development expenses	-16.4	-14.8
General administrative expenses	-23.9	-22.7
Other income	2.7	18.7
Other expenses	-0.3	-0.3
Earnings before interest and tax (EBIT)	36.9	87.8
Financial income	10.4	11.1
Financial expenses	-15.3	-13.7
Earnings before tax (EBT)	32.0	85.2
Taxes on income	-8.7	-22.8
Profit for the period	23.3	62.4
Earnings per share in € (diluted and undiluted)	0.34	0.92

Consolidated balance sheet

IN € MILLION	March 31, 2024	Dec. 31, 2023	March 31, 2023	IN € MILLION	March 31, 2024	Dec. 31, 2023	March 31, 2023
Assets				Equity and liabilities			
Property, plant and equipment	580.6	581.8	463.5	Subscribed capital	70.1	70.1	70.1
Property held as financial investment	27.5	27.8	25.8	Other reserves	604.7	603.2	608.6
Goodwill	232.5	232.5	232.5	Net profit/loss*	902.8	879.4	823.9
Other intangible assets	221.4	219.1	213.5	Treasury shares	-53.0	-53.0	-53.0
Investments accounted for using the equity method*	5.0	0.0	0.7	Equity	1,524.6	1,499.7	1,449.6
Other Investments	3.9	4.0	4.5	Non-current financial borrowings	91.4	97.3	169.4
Deferred tax assets	55.4	54.9	32.3	Non-current lease liabilities	83.7	88.4	50.2
Non-current financial assets	22.3	24.3	26.7	Deferred tax liabilities	62.8	63.2	61.3
Rental equipment	265.7	260.9	214.7	Provisions for pensions and similar obligations	38.4	40.0	36.5
Total non-current assets	1,414.3	1,405.3	1,214.2	Non-current provisions	15.1	14.0	8.7
Inventories	780.2	774.4	742.4	Non-current contract liabilities*	17.3	16.1	13.1
Trade receivables	386.5	346.6	377.4	Total non-current liabilities	308.7	319.0	339.2
Tax offsets	10.8	9.8	24.0	Trade payables	249.2	251.5	317.9
Other current financial assets	41.7	44.2	38.6	Current liabilities to financial institutions	336.5	296.1	123.4
Other current non-financial assets	33.4	36.8	31.3	Current portion of non-current borrowings	0.2	0.2	0.3
Cash and cash equivalents	26.2	27.8	35.1	Current lease liabilities	28.0	29.7	21.5
Non-current assets held for sale	0.0	0.0	0.0	Current provisions	26.2	26.2	21.1
Total current assets	1,278.8	1,239.6	1,248.8	Current contract liabilities*	11.2	10.0	7.3
Total assets	2,693.1	2,644.9	2,463.0	Income tax liabilities	28.5	33.9	19.8
				Other current financial liabilities	93.3	106.9	85.8
				Other current non-financial liabilities	86.7	71.7	77.1
				Total current liabilities	859.8	826.2	674.2
				Total liabilities	2,693.1	2,644.9	2,463.0

* As a result of changes in reporting due to a new Consolidated Balance Sheet item for Investments accounted for using the equity method as well as an error correction in connection with the revenue recognition of extended warranty obligations, the Consolidated Balance Sheet has been adjusted compared to the previous year. Refer to "Changes in accounting under IFRS" of the Annual Report 2023 for more information.

Consolidated cash flow statement (1)

IN € MILLION

	Q1/24	Q1/23
EBT	32.0	85.2
Depreciation, amortization and impairment of non-current assets	23.3	19.3
Unrealized foreign exchange gains/losses	2.2	0.4
Financial result	4.9	2.6
Gains from the sale of intangible assets and property, plant and equipment	0.0	-15.7
Changes in rental equipment, net	-7.8	-8.6
Changes in misc. assets	8.3	-14.6
Changes in provisions	0.7	-0.6
Changes in misc. liabilities	-0.7	22.9
Gross cash flow	62.9	90.9
Changes in inventories	-3.0	-68.4
Changes in trade receivables	-40.0	-77.8
Changes in trade payables	-2.8	57.5
Changes in net working capital	-45.8	-88.7
Cash flow from operating activities before income tax paid	17.1	2.2
Income tax paid	-15.9	-10.0
Cash flow from operating activities	1.2	-7.8

Consolidated cash flow statement (2)

IN € MILLION

	Q1/24	Q1/23
Cash flow from operating activities	1.2	-7.8
Purchase of property, plant and equipment	-14.9	-25.0
Purchase of intangible assets	-9.3	-8.6
Cash outflows for investments accounted for using the equity method and other investments	-2.5	-0.5
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	0.4	24.8
Cash flow from investment activities	-26.3	-9.3
Free cash flow	-25.1	-17.1
Cash receipts from current borrowings	161.2	53.3
Repayments from current borrowings	-125.0	-48.9
Repayments from non-current borrowings	-0.2	0.0
Repayments from lease liabilities	-6.5	-5.4
Interest paid	-5.3	-2.6
Interest received	0.7	1.0
Cash flow from financial activities	24.9	-2.6
Change in cash and cash equivalents before effect of exchange rates and changes in consolidation group	-0.2	-19.7
Effect of exchange rates on cash and cash equivalents	-1.4	1.1
Change in cash and cash equivalents	-1.6	-18.6
Cash and cash equivalents at the beginning of the period	27.8	53.7
Cash and cash equivalents at the end of period	26.2	35.1

Group segment reporting

Geographical segments

IN € MILLION

	Europe		Americas		Asia-Pacific		Consolidation		Group	
	Q1/24	Q1/23	Q1/24	Q1/23	Q1/24	Q1/23	Q1/24	Q1/23	Q1/24	Q1/23
Total revenue	727.3	854.0	136.0	168.0	18.9	29.9	0.0	0.0	882.2	1,051.9
Revenue from external customers	459.3	504.0	120.4	142.6	13.4	20.6	0.0	0.0	593.1	667.2
EBIT ¹	31.0	85.9	9.1	18.3	-0.3	1.4	-2.9	-17.8	36.9	87.8

¹ EBIT of regions before consolidation

Business areas

IN € MILLION

	Q1/24	Q1/23
Segment revenue from external customers		
Light equipment	110.4	135.6
Compact equipment	370.9	416.1
Services	115.2	119.7
	596.5	671.4
Less cash discounts	-3.4	-4.2
Total	593.1	667.2

Financial calendar and contact

15 May 2024	Annual General Meeting, Munich
16–17 May 2024	HAIB Stockpicker Summit 2024, Kitzbühel
06 June 2024	Warburg Highlights Conference, Hamburg
13 August 2024	Publication of Half-Year Report H1/2024 , Earnings Call
25 September 2024	Berenberg Goldman Sachs German Corporate Conference, Munich
14 November 2024	Publication of Nine-month Statement 9M/2024, Earnings call
25–26 November 2024	German Equity Forum, Frankfurt



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