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# Wacker Neuson Group

## Quarterly report Q1/21

May 10, 2021, unaudited

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Q1/21		
Revenue	EBIT margin	FCF <small>(before fixed-term inv.)<sup>1</sup></small>
€ 434 m	10.0%	€ 10 m
<small>(+5.6% yoy)</small>	<small>(PY: 7.0%)</small>	<small>(PY: € 4 m)</small>



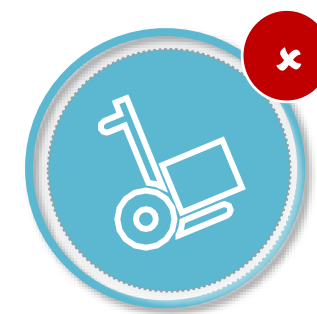
**Back on growth path, dynamic trends in order intake**



**Marked rise in profitability thanks to reduced cost base and increased productivity**

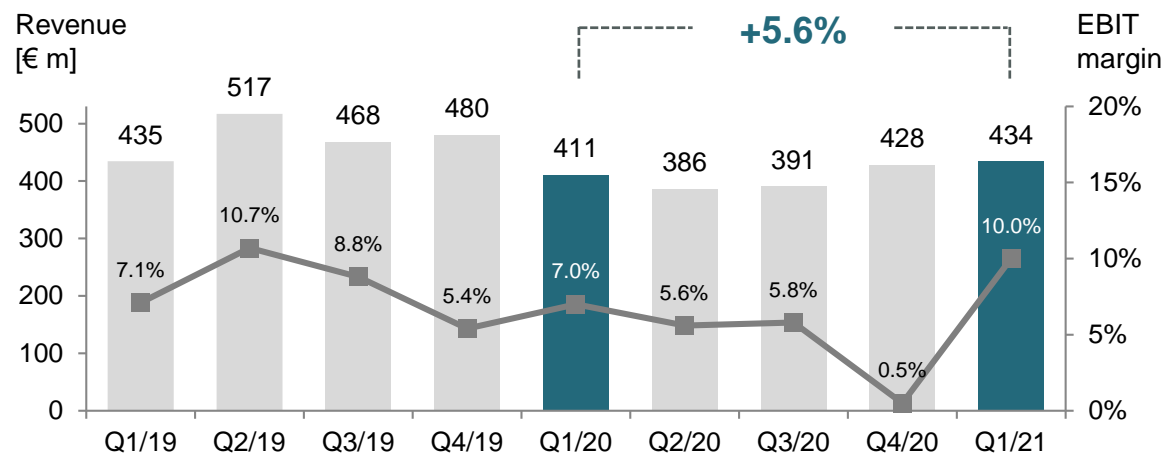


**NWC ratio as a percentage of revenue close to target figure, FCF<sup>1</sup> positive**



**Significant uncertainties related to supply chains**

## Q1/21: Marked increase in profitability



## Income statement (excerpt)

€ million	Q1/21	Q1/20	Δ
<b>Revenue</b>	434.0	410.8	5.6%
<b>Gross profit</b>	118.5	109.1	8.6%
<i>as a % of revenue</i>	27.3%	26.6%	+0.7PP
<b>Operating costs</b>	-77.3	-82.6	-6.4%
<i>as a % of revenue</i>	-17.8%	-20.1%	-2.3PP
<b>EBIT</b>	43.6	28.9	50.9%
<i>as a % of revenue</i>	10.0%	7.0%	+3.0PP
Financial result	0.1	-12.2	-
Taxes on income	-14.6	-6.3	>100%
<b>Profit for the period</b>	29.1	10.4	>100%
<b>Earnings per share (€)</b>	0.41	0.15	>100%

## Comments

### Revenue +5.6% yoy (adj. for currency effects: +7.4%)

- Positive development in target markets: Europe reports strong growth; Americas below previous year but business picked up markedly towards the end of the first quarter; revenue in Asia more than doubled following marked slump in previous year
- Services segment grew at above-average rate

### Gross profit +8.6% yoy (gross profit margin +0.7 PP)

- Product mix remains favorable thanks to strong services segment, in particular increased sales from rental fleet
- Improved productivity at production plants

### EBIT +50.9% yoy (EBIT margin: +3.0 PP)

- Operating costs below previous year, reduction in fixed costs (in particular lower personnel costs, travel expenses and marketing costs)
- Profit in previous year negatively affected by restructuring costs

### Earnings per share more than doubled

- Financial result almost balanced out due to positive currency effects (significantly impacted by currency effects in prev. year)
- Tax rate at 33.4% (Q1/20: 37.7%): Impacted in previous year by negative currency effects (could not be recognized as operating expenses) and reversal / non-recognition of deferred tax assets

# Business development by region and business segment

## Growth driven by Europe and Asia-Pacific

	Revenue [€ m]	Share	yoy	EBIT <sup>1</sup>
Europe	349.2	80%	+7%	40.6
Americas	68.3	16%	-11%	6.3
Asia-Pacific	16.5	4%	+120%	1.3
<b>Total Q1/21</b>	<b>434.0</b>	<b>100%</b>	<b>+6%</b>	<b>43.6</b>

## Services segment continues to grow above par

	Revenue [€ m] <sup>2</sup>	Share	yoy
Light Equipment	94.9	22%	-1%
Compact Equipment	241.6	55%	+6%
Services	99.4	23%	+10%
<b>Total Q1/21</b>	<b>435.9</b>	<b>100%</b>	<b>+5%</b>

## Comments

### Revenue Europe +7.0% yoy (adj. for currency effects: +7.8%)

- Dynamic development in DACH, Eastern Europe, UK and Benelux (Wacker Neuson brand); positive development in particular with excavators, dumpers and compaction equipment
- Above-par gains in services business (aftermarket, rental equipment sales)
- Business with compact equipment for the agricultural sector down 9.0% due to pull-forward effects in the previous year related to the transition to the EU Stage V emissions standard

### Revenue Americas -11.2% yoy (adj. for currency effects: -4.3%)

- After a cautious start to the year, business improved markedly towards the end of the first quarter, positive development with compact equipment
- Sharp rise in profitability due – among other things – to a much lower cost base

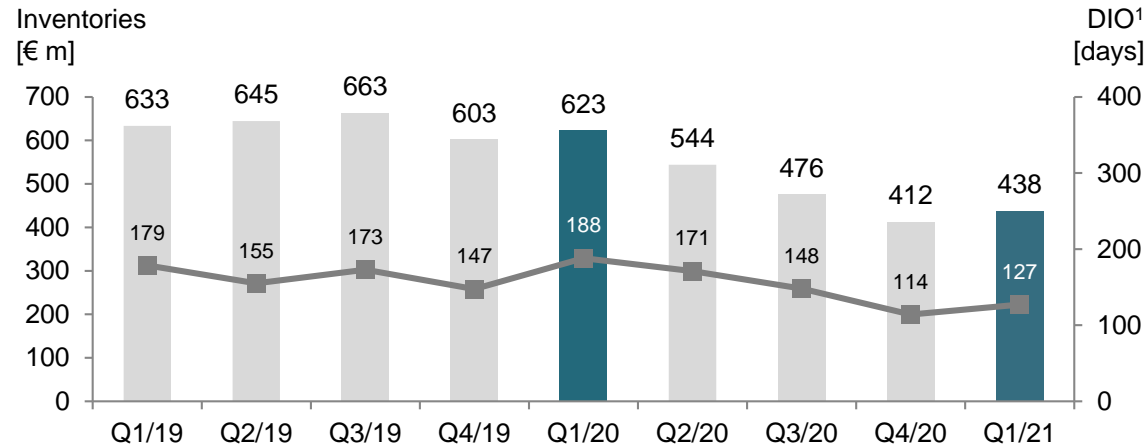
### Revenue Asia-Pacific +120.0% yoy (adj. for currency effects +112.0%)

- Exceptionally positive performance in Australia/New Zealand due to expansion of dealer network and a product portfolio tailored to local needs; growth driven by major orders for compaction equipment, excavators and dumpers
- Strong sales of excavators in China, previous year heavily impacted by extensive shutdowns

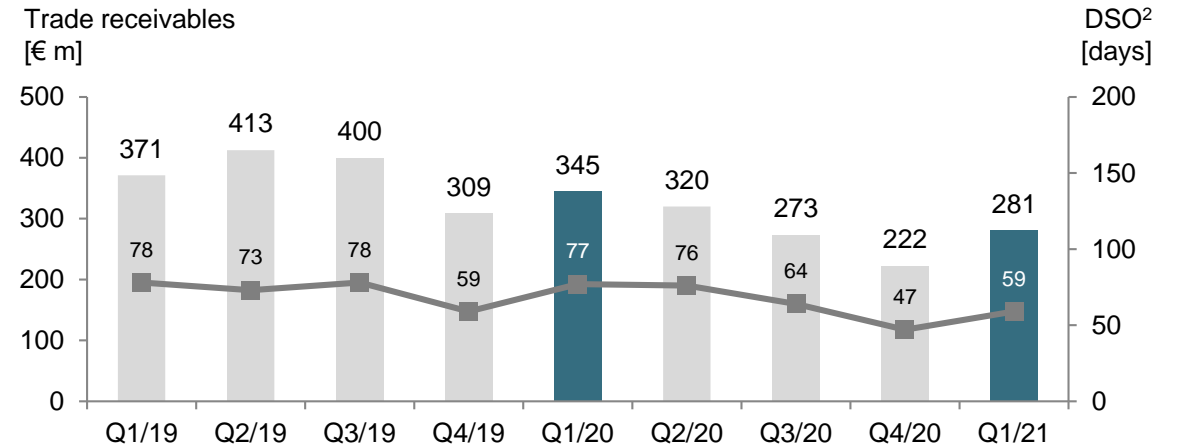
# Net working capital ratio close to target figure at 31%



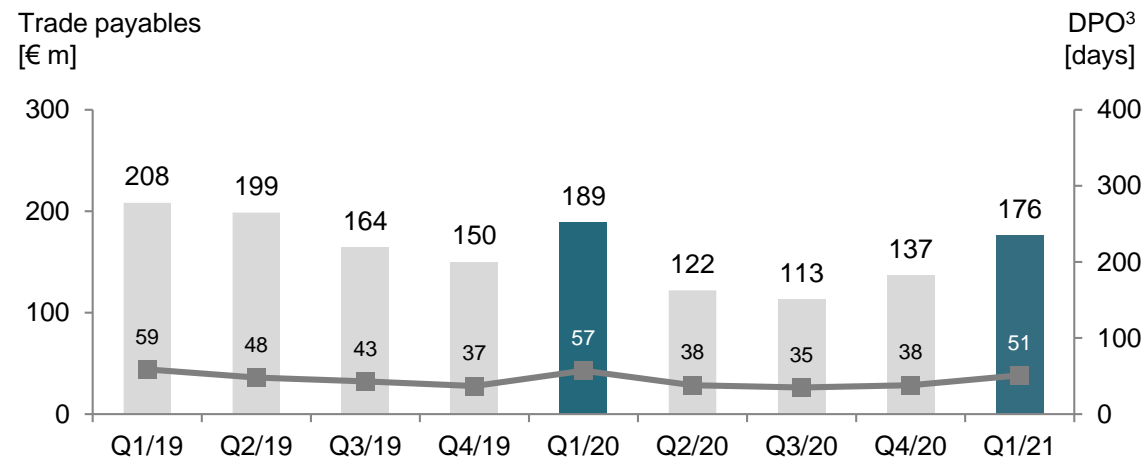
## Inventories



## Trade receivables



## Trade payables



## Comments

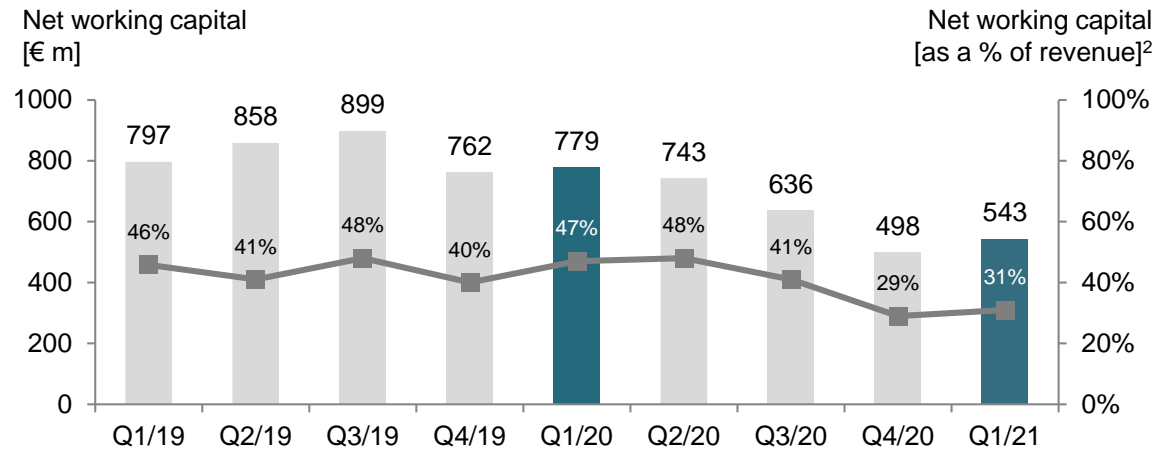
- Slight seasonal rise in inventory in light of high order book but still well below prior-year figure
- Dynamic business trends towards the end of the first quarter prompt temporary rise in receivables; however, the figure remains significantly lower than the previous year
- Trade payables markedly higher than figure at end of 2020 due to increase in production volumes

➔ NWC ratio close to strategic target at 31% (see next slide)

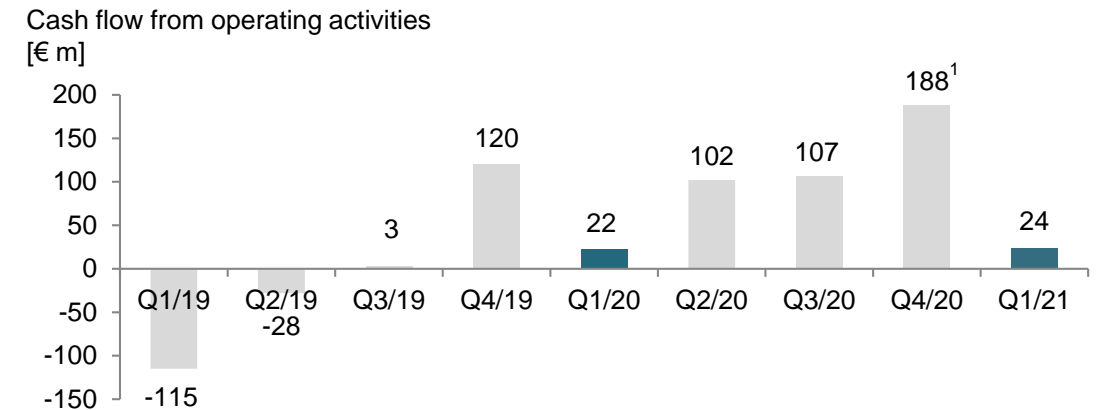
# Free cash flow (before fixed-term investment)<sup>1</sup> positive



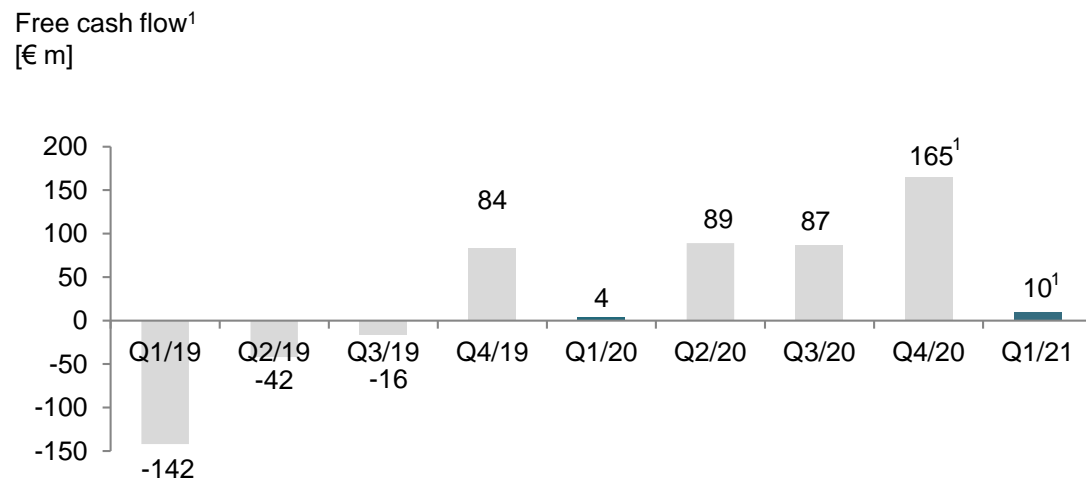
## Net working capital



## Cash flow from operating activities



## Free cash flow



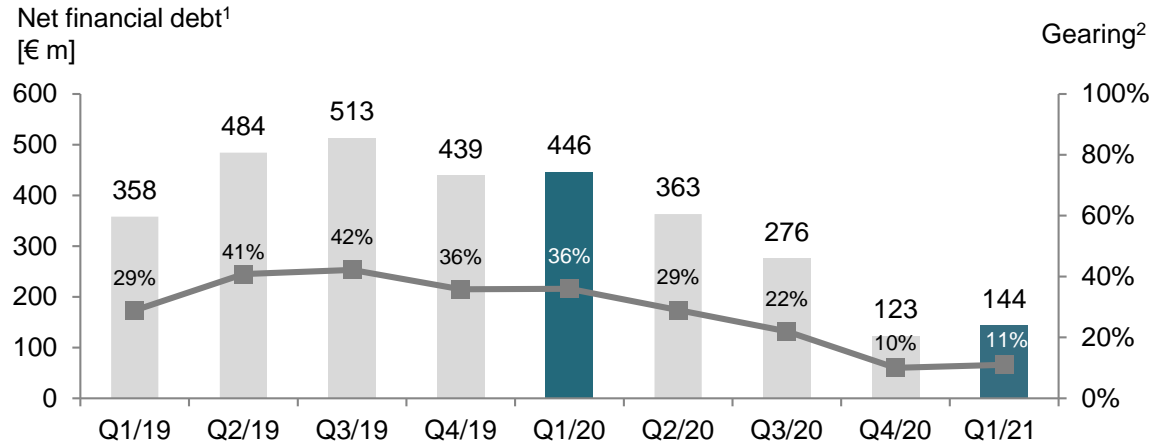
## Comments

- At 31%, the net working capital ratio<sup>2</sup> is significantly lower than the prior-year level and within reach of the strategic target set at ≤ 30%
- Cash flow from operating activities positively affected by increase in profitability; in contrast, (absolute) net working capital rose slightly relative to the end of 2020
- Investments in Q1 below plan; cash flow from investment activities impacted by fixed-term financial investment of EUR 100 m
- Free cash flow before the above-mentioned fixed-term investment amounts to EUR 9.8 m; free cash flow (reported) at EUR -90.2 m (Q1/20: EUR 4.3 m)

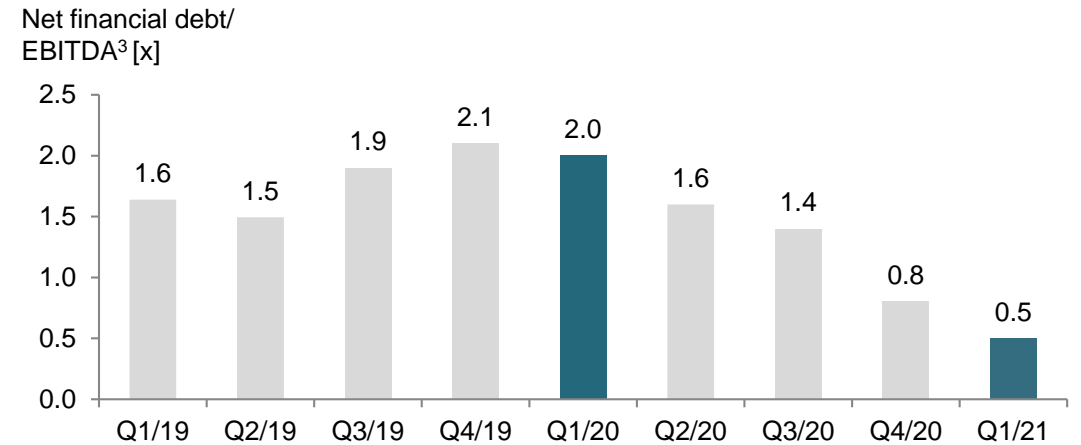
# Strong financial structure



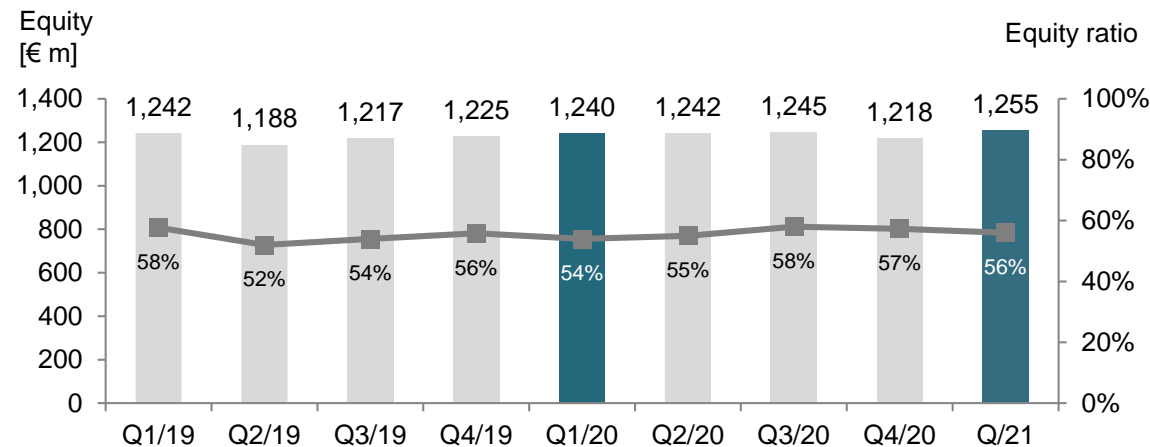
## Net financial debt and gearing



## Net financial debt/EBITDA<sup>3</sup>



## Equity and equity ratio

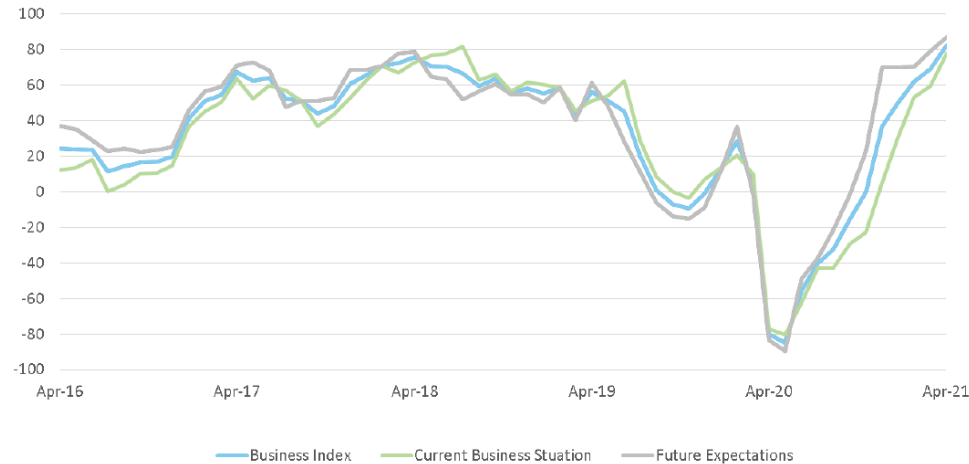


## Comments

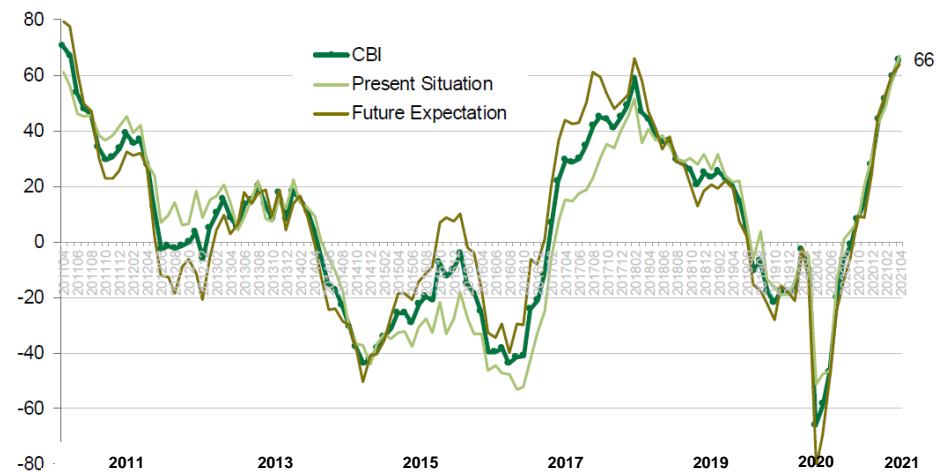
- Net financial debt<sup>1</sup> remains at low level; gearing<sup>2</sup> at 11%
- At 0.5, net financial debt/EBITDA<sup>3</sup> is at a very low level
- Dividend proposal for the AGM on May 26, 2021: EUR 0.60 per share (previous year: Dividend suspended)
- Share buyback program: Within the framework of the share buyback program initiated in April 2021, up to 2,454,900 treasury shares (3.5 percent of share capital) may be repurchased for a maximum total purchase price of EUR 53 m.

# Guidance unchanged

## Construction industry: CECE business barometer at all-time high



## Agricultural industry: Upturn continues according to CEMA



## Outlook

- **CECE business barometer** for the European construction sector reaches new all-time high
- **Rapid upturn in CEMA business index** for the European agricultural sector continues
- **Mood in key target markets** for the Wacker Neuson Group currently very positive
- Dynamic development of **order intake, order backlog** at a high level
- **Significant uncertainties related to global supply chains**; German Mechanical and Plant Engineering Association (VDMA) describes the supply chain situation as “problematic”
- **Guidance for fiscal 2021 unchanged**
  - Revenue between EUR 1,700 m and EUR 1,800 m
  - EBIT margin between 8.0% and 9.5%
  - Investments between EUR 100 m and EUR 110 m<sup>1</sup>
  - Net working capital as a percentage of revenue stagnating / slightly lower than previous year (baseline for comparison: year-end 2020)



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# Consolidated Financial Statements

(unaudited)

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# Consolidated Income Statement



IN € MILLION	Q1/21	Q1/20
Revenue	434.0	410.8
Cost of sales	-315.5	-301.7
<b>Gross profit</b>	<b>118.5</b>	<b>109.1</b>
Sales and service expenses	-47.1	-55.4
Research and development expenses	-12.4	-9.5
General administrative expenses	-17.8	-17.7
Other income	2.7	2.8
Other expenses	-0.3	-0.4
Financial income	2.7	7.9
Financial expenses	-2.6	-20.1
<b>Profit before tax (EBT)</b>	<b>43.7</b>	<b>16.7</b>
Taxes on income	-14.6	-6.3
<b>Profit for the period</b>	<b>29.1</b>	<b>10.4</b>
<b>Earnings per share in € (diluted and undiluted)</b>	<b>0.41</b>	<b>0.15</b>

Publication of the 2020 half-year report gave rise to a retrospective adjustment to the 'taxes on income' line for Q1/20. A weighted average income tax rate was applied to spread the effects of one-off items over the fiscal year as a whole. For further information on this, refer to page 26 in the 2020 half-year report.

# Consolidated Balance Sheet



Wacker Neuson  
Group

IN € MILLION				IN € MILLION			
	March 31, 2021	Dec. 31, 2020	March 31, 2020		March 31, 2021	Dec. 31, 2020	March 31, 2020
<b>Assets</b>				<b>Equity and liabilities</b>			
Property, plant and equipment	389,2	391,6	400,9	Subscribed capital	70,1	70,1	70,1
Property held as financial investment	25,9	26,2	25,2	Other reserves	570,3	562,2	587,9
Goodwill	228,6	228,6	238,0	Net profit/loss	614,9	585,8	582,1
Other intangible assets	180,7	178,9	172,3	<b>Equity</b>	<b>1.255,3</b>	<b>1.218,1</b>	<b>1.240,1</b>
Investments	7,0	6,8	11,7	Long-term financial borrowings	291,5	411,6	373,8
Deferred tax assets	27,9	29,4	45,9	Long-term lease liabilities	52,6	57,1	67,3
Non-current financial assets	109,3	109,7	123,8	Deferred tax liabilities	44,0	43,9	40,0
Other non-current non-financial assets	0,1	–	0,1	Provisions for pensions and similar obligations	61,7	64,8	58,5
<b>Total non-current assets</b>	<b>968,7</b>	<b>971,2</b>	<b>1.017,9</b>	Long-term provisions	10,1	9,8	8,2
				Long-term contract liabilities	5,5	5,0	3,9
Rental equipment	162,1	159,5	169,6	<b>Total non-current liabilities</b>	<b>465,4</b>	<b>592,2</b>	<b>551,7</b>
Inventories	437,7	412,2	622,9	Trade payables	176,2	137,1	188,5
Trade receivables	281,2	222,4	344,5	Short-term liabilities to financial institutions	137,2	9,2	155,5
Tax offsets	11,8	12,2	6,2	Current portion of long-term borrowings	0,9	0,2	0,8
Other current financial assets	154,9	45,5	27,0	Short-term lease liabilities	24,3	25,7	25,7
Other current non-financial assets	19,4	16,5	21,6	Short-term provisions	18,7	19,0	16,6
Cash and cash equivalents	186,0	283,1	84,0	Short-term contract liabilities	4,9	5,1	4,7
Non-current assets held for sale	3,3	4,2	0,1	Income tax liabilities	43,8	32,8	17,8
<b>Total current assets</b>	<b>1.256,4</b>	<b>1.155,6</b>	<b>1.275,9</b>	Other current financial liabilities	37,2	38,5	34,1
				Other current non-financial liabilities	61,2	48,9	58,3
<b>Total assets</b>	<b>2.225,1</b>	<b>2.126,8</b>	<b>2.293,8</b>	<b>Total current liabilities</b>	<b>504,4</b>	<b>316,5</b>	<b>502,0</b>
				<b>Total liabilities</b>	<b>2.225,1</b>	<b>2.126,8</b>	<b>2.293,8</b>

# Consolidated Cash Flow Statement (1)



IN € MILLION

	Q1/21	Q1/20
<b>EBT</b>	<b>43.7</b>	<b>16.7</b>
<i>Adjustments to reconcile profit before tax with gross cash flows</i>		
Depreciation, amortization and impairment of non-current assets	17.6	16.9
Unrealized foreign exchange gains/losses	-4.5	5.3
Financial result	-0.1	12.2
Gains from the sale of intangible assets and property, plant and equipment	-0.6	0.1
Changes in rental equipment, net	-3.6	-3.7
Changes in misc. assets	-4.6	-33.9
Changes in provisions	-1.4	-1.0
Changes in misc. liabilities	15.4	0.6
<b>Gross cash flow</b>	<b>61.9</b>	<b>13.2</b>
Changes in inventories	-18.9	-24.9
Changes in trade receivables	-56.3	10.7
Changes in trade payables	38.0	38.3
<b>Changes in net working capital</b>	<b>-37.2</b>	<b>24.1</b>
Cash flow from operating activities before income tax paid	24.7	37.3
Income tax paid	-1.2	-14.9
<b>Cash flow from operating activities</b>	<b>23.5</b>	<b>22.4</b>

# Consolidated Cash Flow Statement (2)



IN € MILLION

	Q1/21	Q1/20
<b>Cash flow from operating activities</b>	<b>23.5</b>	<b>22.4</b>
Purchase of property, plant and equipment	-8.4	-7.7
Purchase of intangible assets	-6.9	-10.6
Cash outflow from financial investments	-100.0	–
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	1.6	0.2
<b>Cash flow from investment activities</b>	<b>-113.7</b>	<b>-18.1</b>
<b>Free cash flow</b>	<b>-90.2</b>	<b>4.3</b>
Cash receipts from short-term borrowings	–	65.0
Repayments from short-term borrowings	-0.4	-22.0
Repayments from lease liabilities	-6.0	-5.9
Interest paid	-3.3	-3.6
Interest received	–	0.4
<b>Cash flow from financial activities</b>	<b>-9.7</b>	<b>33.9</b>
Change in cash and cash equivalents before effect of exchange rates	-99.9	38.2
Effect of exchange rates on cash and cash equivalents	2.8	-0.5
<b>Change in cash and cash equivalents</b>	<b>-97.1</b>	<b>37.7</b>
Cash and cash equivalents at the beginning of the period	283.1	46.3
<b>Cash and cash equivalents at the end of period</b>	<b>186.0</b>	<b>84.0</b>

## Geographical segments

IN € MILLION

	Europe		Americas		Asia-Pacific		Consolidation		Group	
	Q1/21	Q1/20	Q1/21	Q1/20	Q1/21	Q1/20	Q1/21	Q1/20	Q1/21	Q1/20
Total revenue	570.6	574.7	82.2	129.4	22.3	10.3			675.1	714.4
Revenue from external customers	349.2	326.4	68.3	76.9	16.5	7.5			434.0	410.8
EBIT <sup>1</sup>	40.6	49.1	6.3	-5.2	1.3	-1.4	-4.6	-13.6	43.6	28.9

## Business segments

IN € MILLION

	Q1/21	Q1/20
Segment revenue from external customers		
Light equipment	94.9	96.2
Compact equipment	241.6	227.4
Services	99.4	90.4
	435.9	414.0
Less cash discounts	-1.9	-3.2
Total	434.0	410.8



<b>May 10, 2021</b>	<b>Publication of Q1 report 2021, analysts' &amp; investors' conference call</b>
<b>May 26, 2021</b>	<b>Virtual Annual General Meeting, Munich</b>
<b>August 09, 2021</b>	<b>Publication of half-year report 2021, analysts' &amp; investors' conference call</b>
<b>November 10, 2021</b>	<b>Publication of Q3 report 2021, analysts' &amp; investors' conference call</b>

## Disclaimer

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