Wacker Neuson Group
Quarterly report Q3/21

November 10, 2021, unaudited

Key messages Q3 & 9M/21

Wacker Neuson Group

Q3/21			9M/21		
Revenue	EBIT margin	FCF	Revenue	EBIT margin	FCF (before fixed-term inv.)[1]
€ 461 m	9.7%	€ 52 m	€ 1,390 m	10.4%	€ 186 m
(+18.1% yoy)	(PY: 5.8%)	(PY: € 87 m)	(+17.0% yoy)	(PY: 6.2%)	(PY: € 179 m)

Q3 revenue 18% above previous year, massive supply chain disruptions prevent stronger growth

Profitability shaped by positive volume effects and systematic cost control measures; Supply chains impact productivity

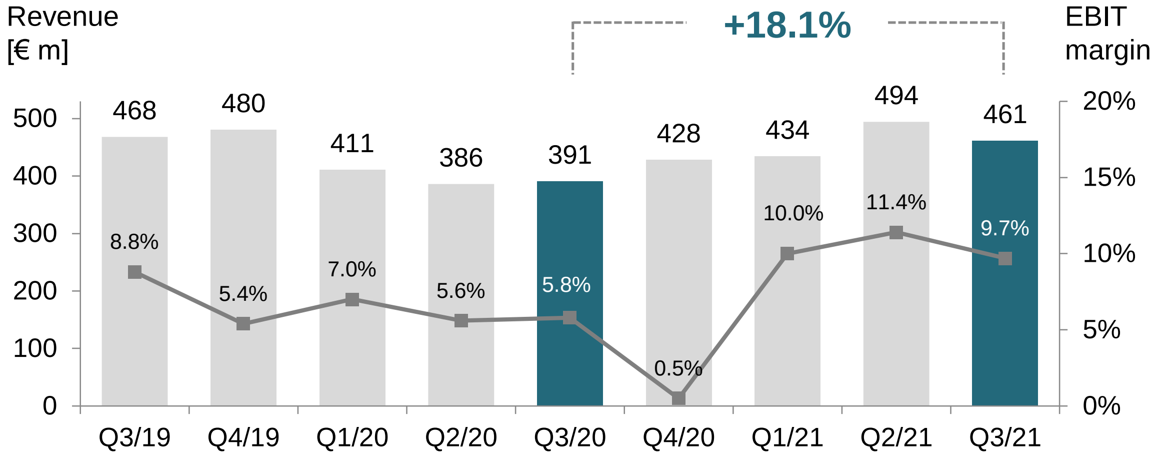
Strong cash generation, NWC ratio within the strategic target range of ≤ 30%

Supply chains and increased prices for materials, components and shipping remain the biggest challenges

[1] Free cash flow before fixed-term financial investments in the amount of EUR 100 m.

Revenue and earnings Q3/21

Improved profitability, revenue only slightly below pre-crisis level



Income statement (excerpt)

€ m	Q3/21	Q3/20	9M/21	9M/20
Revenue	461.4	390.8	1,389.7	1,187.5
Gross profit	119.2	98.0	370.0	302.9
as a % of revenue	*25.8%*	*25.1%*	*26.6%*	*25.5%*
Operating costs	-76.2	-76.9	-230.0	-227.3
as a % of revenue	*-16.5%*	*-19.7%*	*-16.6%*	*-19.1%*
EBIT	44.7	22.8	144.8	73.2
as a % of revenue	*9.7%*	*5.8%*	*10.4%*	*6.2%*
Financial result	-1.4	-5.6	-4.5	-19.4
Taxes on income	-12.1	-6.1	-39.1	-20.0
Profit for the period	31.2	11.1	101.2	33.8
EPS (in €)	0.45	0.16	1.46	0.48

Comments Q3/21

Revenue +18.1% yoy (adj. for currency effects: +17.5%)

- Positive trends in Europe and the Americas in particular
- Group revenue only slightly below pre-crisis level (-1.5% vs. Q3/19)
- Growth in construction and agriculture

Gross profit +21.6% yoy (gross profit margin +0.7 PP)

- Positive volume effect relative to previous year with improved cost recovery at plants
- In contrast, production downtime and rework resulting from supply chain strains and repeated disruptions as well as increased prices for raw material, components and shipping pushed the margin below the H1 figure

EBIT almost doubled (EBIT margin: +3.9 PP)

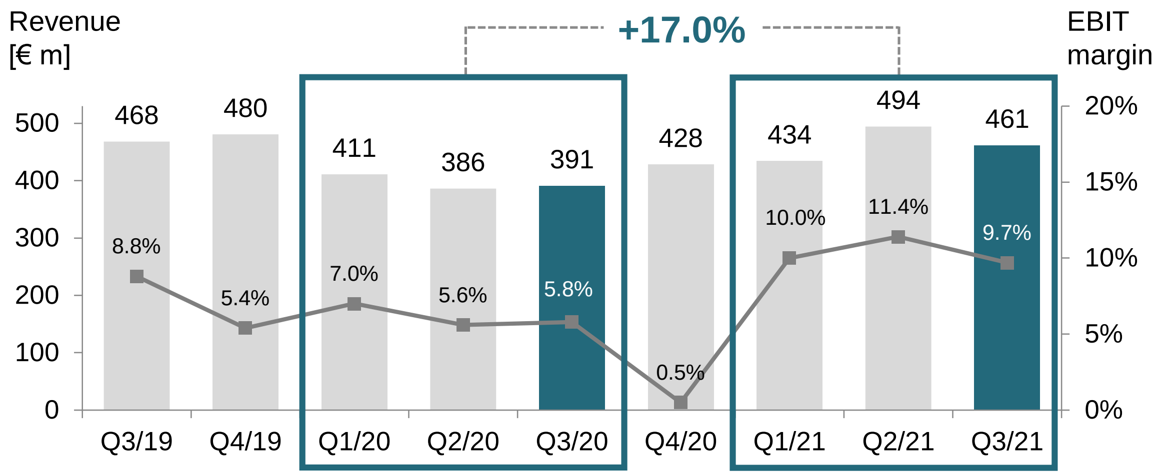
- Strong revenue growth with strict cost controls
- Operating costs (total selling, R&D and administrative expenses) expressed as a percentage of revenue amounted to -3.2 PP yoy; previous year impacted by bad debt allowances (EUR 7.5 m) and restructuring costs (EUR 1.7 m)

Earnings per share almost tripled

- At EUR -1.4 m, the financial result improved markedly (prev. year heavily impacted by currency effects)
- At 27.9%, the tax ratio aligns with the target value (Q3/20: 35.5%)

Revenue and earnings 9M/21

Improved profitability, revenue only slightly below pre-crisis level



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as a % of revenue	*-16.5%*	*-19.7%*	*-16.6%*	*-19.1%*
EBIT	44.7	22.8	144.8	73.2
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Comments 9M/21

Revenue +17.0% yoy (adj. for currency effects: +17.9%)

- Group revenue only slightly below pre-crisis level (-2.2% vs. 9M/19)
- Europe and Asia already above pre-crisis levels (Europe +6.7% vs. 9M/19; Asia-Pacific +9.4% vs. 9M/19); Americas region still significantly below pre-crisis level following restructuring (-30.1% vs. 9M/19)
- Growth in construction and agriculture

Gross profit +22.2% yoy (gross profit margin +1.1 PP)

- Positive volume effect relative to previous year with improved cost recovery at plants
- In contrast, production downtime and rework resulting from supply chain strains and repeated disruptions as well as increased prices for raw material, components and shipping burdened earnings development

EBIT almost doubled (EBIT margin: +4.2 PP)

- Strong revenue growth with parallel cost controls
- Operating costs as a percentage of revenue at -2.5 PP yoy; prev. year impacted by bad debt allowances (EUR 12.1 m) and restructuring costs (EUR 3.8 m)
- Previous year impacted by goodwill impairment (EUR 9.3 m)

Earnings per share more than tripled

- At EUR -4.5 m, the financial result improved markedly (prev. year significantly impacted by currency effects)
- At 27.9%, the tax ratio aligns with target value (9M/20: 37.2%)

Business development by region and business segment

Q3/21: Growth driven by Europe and Americas

Revenue [€ m]

	Revenue [€ m]	share	yoy	EBIT[1]
Europe	362.2	79%	+17%	44,3
Americas	84.3	18%	+28%	2,6
Asia-Pacific	14.9	3%	+0%	0,4
Total Q3/21	461.4	100%	+18%	44,7

Q3/21: Compact equipment and services above pre-crisis levels

Revenue [€ m][2]

	Revenue [€ m][2]	share	yoy
Light Equipment	98.3	21%	+12%
Compact Equipment	258.4	56%	+29%
Services	108.0	23%	+1%
Total Q3/21	464.7	100%	+18%

Comments Q3/21

Revenue Europe +16.8% yoy (adj. for currency effects: +16.6%)

- Dynamic trends in UK, France, Southern and Eastern Europe; Germany, Austria and Switzerland grow from strong baseline for comparison in prev. year; pos. trends continue in Northern Europe on completion of sales restructuring
- Business with Kramer- and Weidemann-branded compact equipment for the agricultural sector +23.2% yoy

Revenue Americas +27.9% yoy (adj. for currency effects: +26.9%)

- Strong growth in the Americas but the region remained below 2019 levels after completed restructuring
- Worksite technology, excavators and wheel loaders developed particularly positively
- Strong growth in Canada with revenue already higher than pre-crisis level

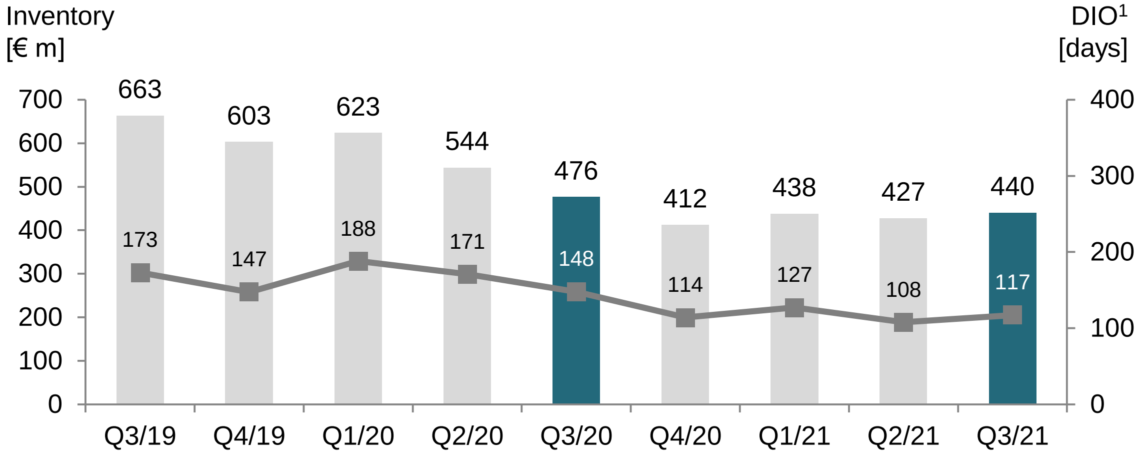
Revenue Asia-Pacific +0.0% yoy (adj. for currency effects +3.0%)

- Australia continued to develop exceptionally positively: Significant double-digit growth continued in Q3 fueled by expansion of dealer network, increased focus on rental companies and a product portfolio tailored to local needs; excavators, telescopic handlers and dumpers developed particularly well
- China: Challenging market dynamics (shrinking excavator market combined with high production capacities among domestic manufacturers) lead to drop in Q3 revenue

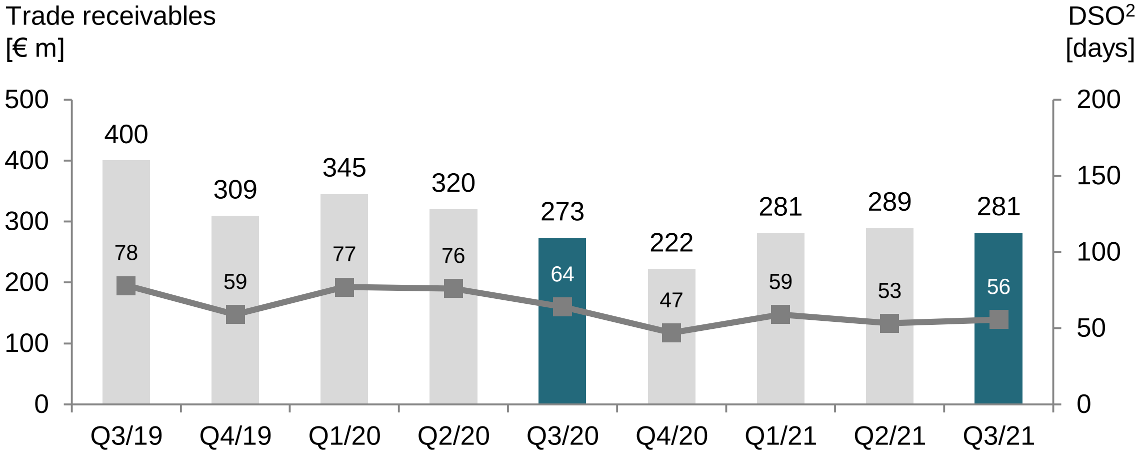
[1] EBIT for regions before consolidation.
[2] Revenue by business segment before cash discounts.

Net working capital in target range of ≤ 30%

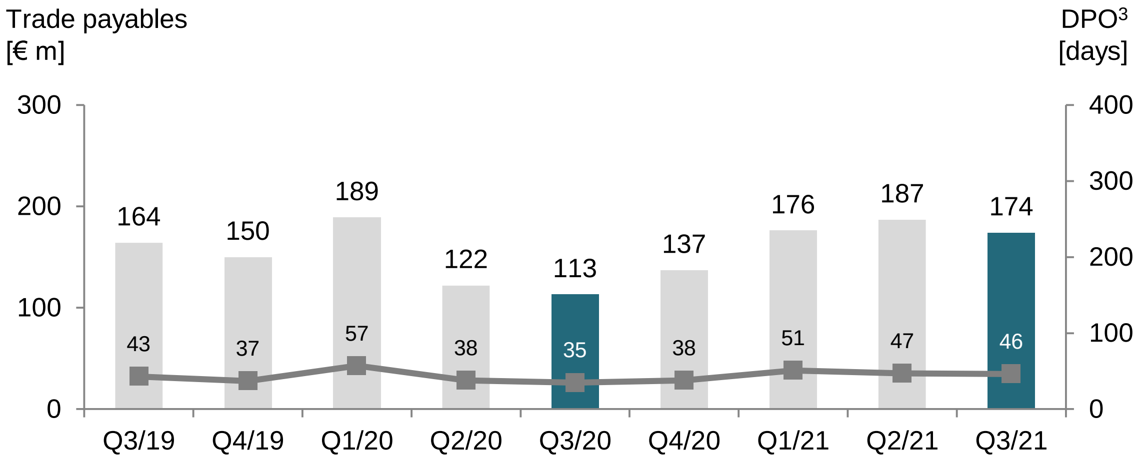
Inventories



Trade receivables



Trade payables



Comments

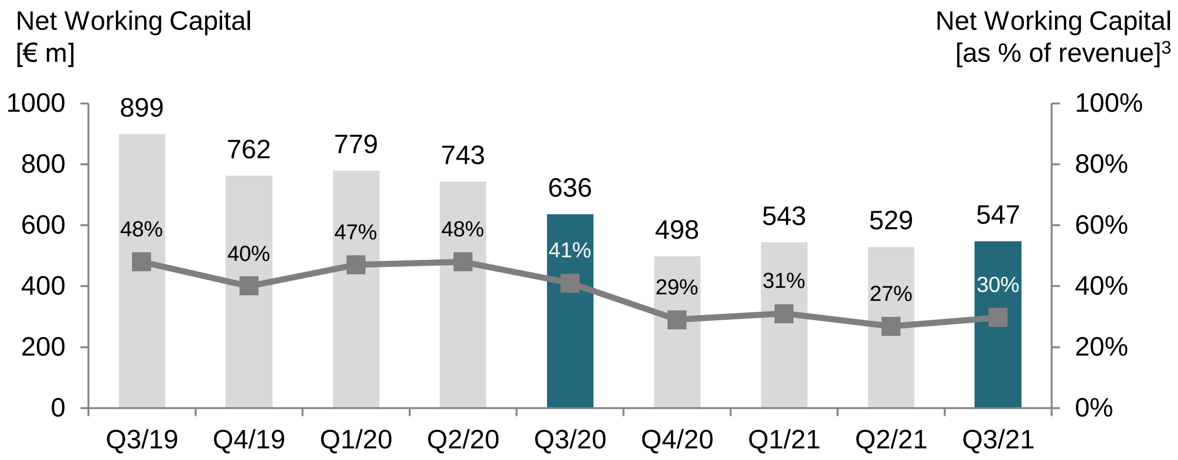
- Inventory below previous year: Numbers of finished machines fell due to strong market demand; in contrast, numbers of unfinished machines and components increased significantly due to overstretched and repeatedly disrupted supply chains
- Trade receivables and payables rose significantly since the start of the year due to a rise in revenue and production volumes

➡ At 29.7%, the NWC[4] ratio is within the target range

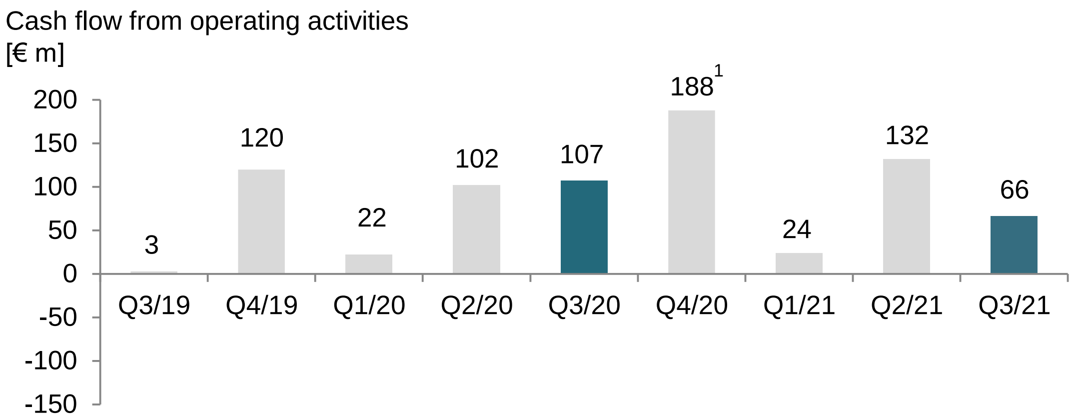
[1] Days inventory outstanding = (inventory/(cost of sales*4))*365 days; [2] Days sales outstanding = (receivables/(revenue*4))*365 days;
[3] Days payables outstanding = (payables/(cost of sales*4))*365 days. [4] Net working capital as a % of annualized revenue for the quarter.

Strong cash generation

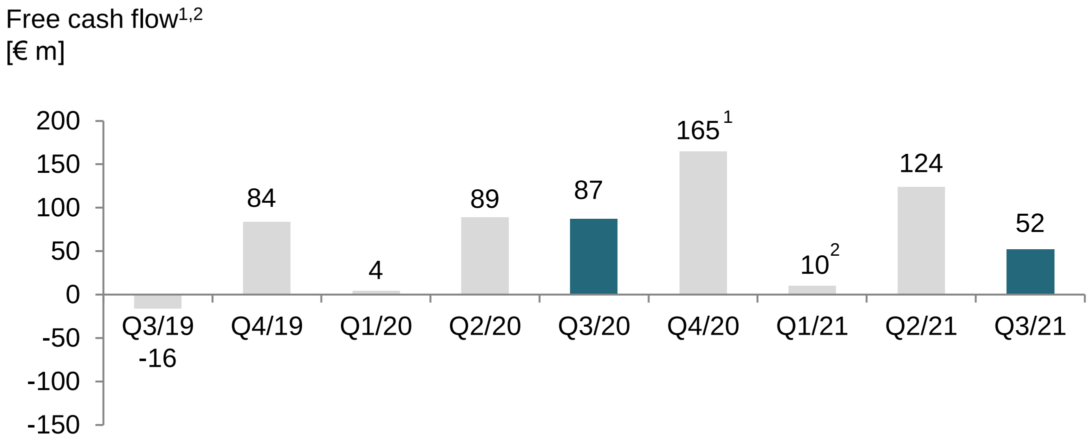
Net working capital



Cash flow from operating activities



Free cash flow



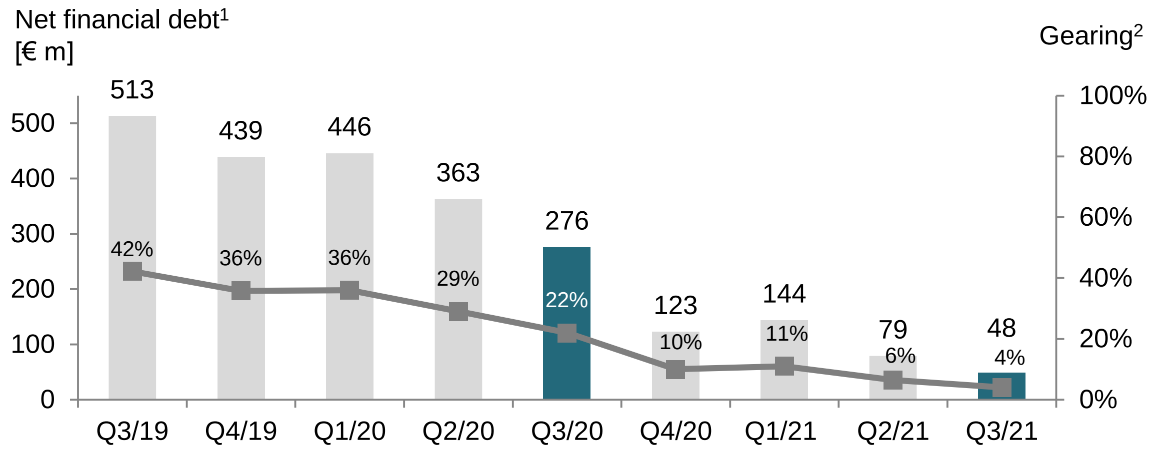
Comments

- At 29.7%, the NWC ratio[3] remains within the target range despite higher numbers of unfinished machines and components
- Positive development of cash flow from operating activities shaped by increased profitability and a fall in non-current financial assets (prev. year marked by sharp reduction in NWC)
- Investments still below planned target with positive effect on free cash flow
- Free cash flow[2] at EUR 186 m after nine months (prev. year: EUR 179 m)

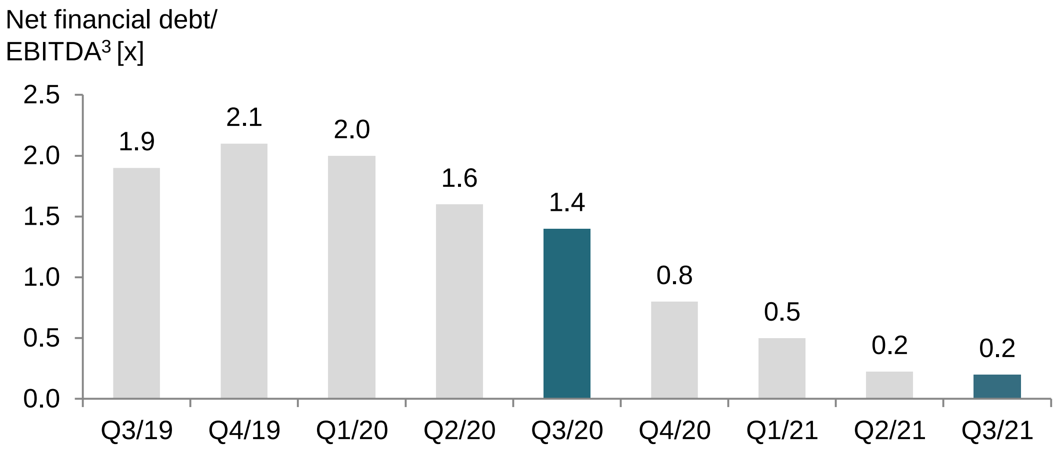
[1] Before fixed-term investment in the amount of EUR 15 m in Q4/20. [2] Before fixed-term investment in the amount of EUR 100 m in Q1/21. [3] Net working capital as a % of annualized revenue for the quarter.

Strong financial structure

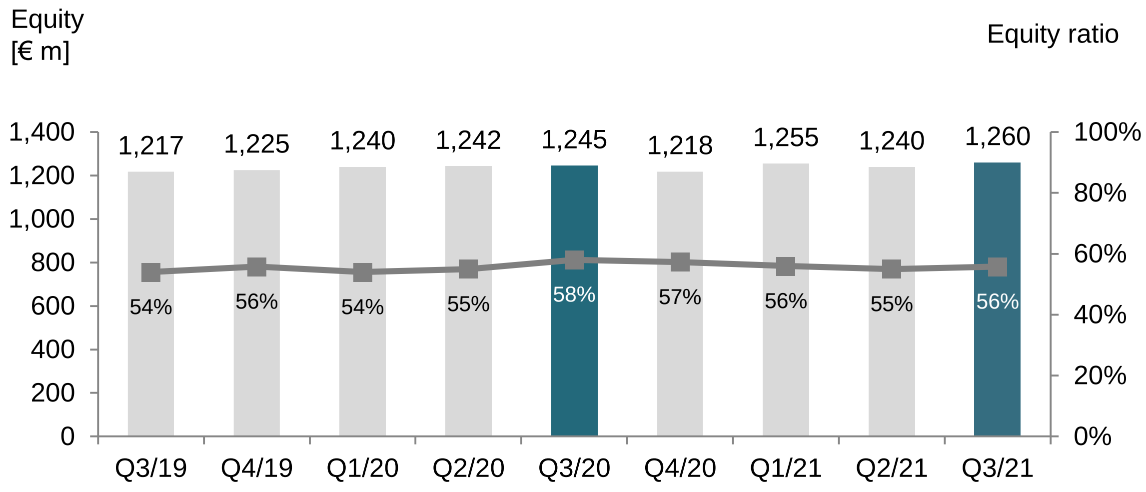
Net financial debt and gearing[1]



Net financial debt/EBITDA[3]



Equity and equity ratio



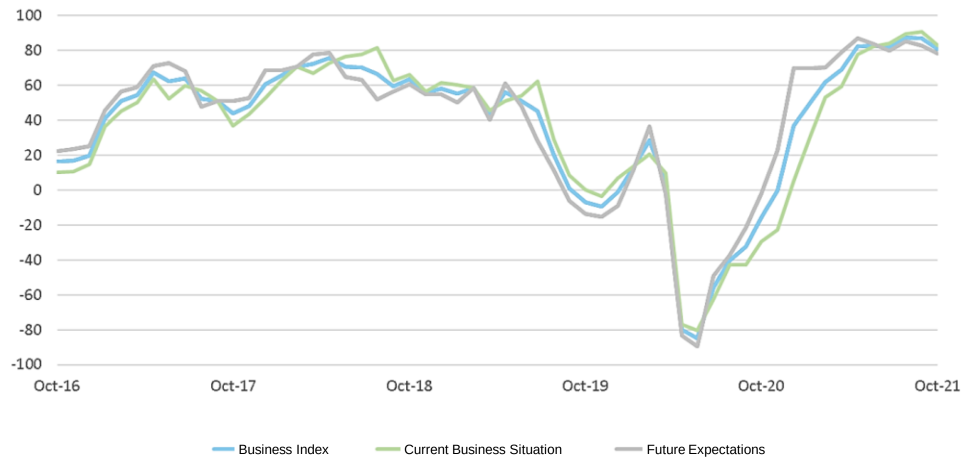
Comments

- Net financial debt[1] continues to fall due to positive cash flow developments; gearing[2] at 3.8%
- 1,529,300 treasury shares (2.2 percent of share capital) were repurchased for a total of EUR 36.57 m by the end of September as part of the share buyback program initiated in April 2021. Within the framework of the program, up to 2,454,900 treasury shares (3.5% of share capital) may be repurchased for a maximum total purchase price of EUR 53 m.
- Cash and cash equivalents incl. fixed, short-term investments with a term of less than one year: EUR 382.2 m
- The Group is in a strong position to actively shape the technological shift in the industry and make key investments in future growth.

[1] Non-current financial liabilities + short-term borrowings from banks + current portion of long-term borrowings - liquid funds - fixed short-term investments. [2] Net financial debt/equity. [3] Net financial debt/annualized EBITDA for the quarter.

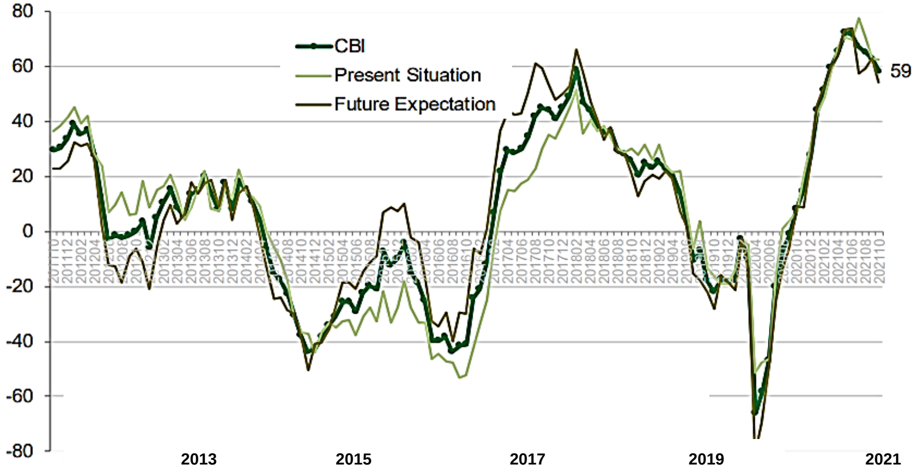
Outlook: Dynamic demand, overstretched supply chains

Construction: CECE business barometer recently down slightly



Source: CECE (Committee for European Construction Equipment), October 2021.

Agriculture: CEMA business barometer recently down slightly



Source: CEMA (European umbrella association for the agricultural machinery industry), October 2021.

Outlook

- **CECE business barometer** for the European construction equipment sector remains at an **exceptionally high level despite a slight drop in October.**
- **CEMA business barometer** for the European agricultural sector has decreased slightly due to supply chain problems but still remains at a high level.
- **Mood in key target markets for** the Wacker Neuson Group remains very positive; dynamic trends in **order intake; order book** significantly higher than average.
- **Overstretched** and repeatedly **disrupted supply chains** remain the biggest challenge; no easing in sight. According to the German Engineering Federation (VDMA), 81% of engineering companies are experiencing noticeable or severe disruptions to their supply chains; prices for shipping containers at a record high.
- **Guidance for fiscal 2021 raised**
  - **Revenue** between € 1,775 and 1,825m (previously: between € 1,750 and 1,800m)
  - **EBIT margin** between 9.3 and 9.7% (previously: between 8.75 and 9.50%)
  - **Investments** in the amount of around € 90m[1] (previously: between € 100 and 110m)
  - **Net working capital** as a % of revenue **to be stagnant or to improve slightly** relative to December 31, 2020 (30.8%)

[1] Investments (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

Wacker Neuson Group

IN € MILLION

	Q3/21	Q3/20	9M/21	9M/20
Revenue	461.4	390.8	1,389.7	1,187.5
Cost of sales	-342.2	-292.8	-1,019.7	-884.6
Gross profit	**119.2**	**98.0**	**370.0**	**302.9**
Sales and service expenses	-45.8	-53.8	-139.6	-155.3
Research and development expenses	-9.8	-7.6	-33.8	-23.9
General administrative expenses	-20.6	-15.5	-56.6	-48.1
Other income	2.0	2.5	7.8	9.0
Other expenses	-0.3	-0.8	-3.0	-11.4
Profit before interest and tax (EBIT)	**44.7**	**22.8**	**144.8**	**73.2**
Financial income	0.0	1.8	2.0	8.8
Financial expenses	-1.4	-7.4	-6.5	-28.2
Profit before tax (EBT)	**43.3**	**17.2**	**140.3**	**53.8**
Taxes on income	-12.1	-6.1	-39.1	-20.0
Profit for the period	**31.2**	**11.1**	**101.2**	**33.8**
Earnings per share in € (diluted and undiluted)1	**0.45**	**0.16**	**1.46**	**0.48**

Consolidated Balance Sheet

Wacker Neuson Group

IN € MILLION

	September 30, 2021	Dec. 31, 2020	September 30, 2020
Assets			
Property, plant and equipment	380.4	391.6	391.9
Property held as financial investment	24.4	26.2	24.9
Goodwill	228.7	228.6	228.7
Other intangible assets	185.9	178.9	179.7
Investments	3.0	6.8	6.8
Deferred tax assets	29.1	29.4	40.7
Non-current financial assets	36.9	109.7	137.1
Other non-current non-financial assets	–	–	0.1
Total non-current assets	**888.4**	**971.2**	**1,009.9**
Rental equipment	**191.3**	159.5	165.3
Inventories	440.0	412.2	475.8
Trade receivables	281.4	222.4	273.3
Tax offsets	11.0	12.2	12.2
Other current financial assets	151.4	45.5	22.0
Other current non-financial assets	23.2	16.5	21.2
Cash and cash equivalents	267.2	283.1	161.8
Non-current assets held for sale	1.8	4.2	3.5
Total current assets	**1,367.3**	**1,155.6**	**1,135.1**
Total assets	**2,255.7**	**2,126.8**	**2,145.0**

IN € MILLION

	September 30, 2021	Dec. 31, 2020	September 30, 2020
Equity and liabilities			
Subscribed capital	70.1	70.1	70.1
Other reserves	579.2	562.2	569.3
Net profit/loss	645.6	585.8	605.5
Treasury shares	-35.2	–	–
Equity	**1,259.7**	**1,218.1**	**1,244.9**
Long-term financial borrowings	292.1	411.6	416.7
Long-term lease liabilities	44.9	57.1	59.7
Deferred tax liabilities	47.7	43.9	41.7
Provisions for pensions and similar obligations	57.8	64.8	61.9
Long-term provisions	10.6	9.8	8.9
Long-term contract liabilities	6.9	5.0	5.2
Total non-current liabilities	**460.0**	**592.2**	**594.1**
Trade payables	174.0	137.1	112.8
Short-term liabilities to financial institutions	137.5	9.2	20.8
Current portion of long-term borrowings	0.9	0.2	0.4
Short-term lease liabilities	22.3	25.7	25.7
Short-term provisions	4.6	19.0	3.6
Short-term contract liabilities	19.3	5.1	19.1
Income tax liabilities	43.1	32.8	28.7
Other current financial liabilities	74.6	38.5	34.4
Other current non-financial liabilities	59.7	48.9	60.5
Total current liabilities	**536.0**	**316.5**	**306.0**
Total liabilities	**2,255.7**	**2,126.8**	**2,145.0**

Consolidated Cash Flow Statement (1)

Wacker Neuson Group

IN € MILLION

	Q3/21	Q3/20	9M/21	9M/20
EBT	**43.3**	**17.2**	**140.3**	**53.8**
Adjustments to reconcile profit before tax with gross cash flows				
Depreciation, amortization and impairment of non-current assets	16.7	16.4	56.3	60.0
Unrealized foreign exchange gains/losses	1.5	4.0	0.8	6.8
Financial result	1.4	5.6	4.5	19.4
Gains from the sale of intangible assets and property, plant and equipment	0.2	0.3	-0.7	-0.8
Changes in rental equipment, net	-12.4	6.7	-31.9	-0.2
Changes in misc. assets	20.7	-12.4	64.2	-49.1
Changes in provisions	0.5	2.7	-2.4	1.6
Changes in misc. liabilities	10.7	-19.1	54.6	3.8
Gross cash flow	**82.6**	**21.4**	**285.7**	**95.3**
Changes in inventories	-9.8	61.2	-19.6	113.5
Changes in trade receivables	8.2	41.3	-55.9	75.3
Changes in trade payables	-13.9	-8.1	35.6	-36.3
Changes in net working capital	**-15.5**	**94.4**	**-39.9**	**152.5**
Cash flow from operating activities before income tax paid	67.1	115.8	245.8	247.8
Income tax paid	-0.7	-8.6	-24.1	-15.8
Cash flow from operating activities	**66.4**	**107.2**	**221.7**	**232.0**

Consolidated Cash Flow Statement (2)

Wacker Neuson Group

IN € MILLION

	Q3/21	Q3/20	9M/21	9M/20
Cash flow from operating activities	**66.4**	**107.2**	**221.7**	**232.0**
Purchase of property, plant and equipment	-7.6	-11.8	-23.5	-28.0
Purchase of intangible assets	-8.2	-9.0	-26.8	-28.9
Purchase of investments	–	-0.6	–	-0.6
Proceeds of investments	–	–	8.6	–
Cash inflow from financial investments	–	–	–	–
Cash outflow from financial investments	–	–	-100.0	–
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	1.4	0.7	5.5	4.9
Cash flow from investment activities	**-14.4**	**-20.7**	**-136.2**	**-52.6**
Free cash flow	**52.0**	**86.5**	**85.5**	**179.4**
Dividends	–	–	-41.7	–
Cash outflow from share buyback program	-16.0	–	-35.2	–
Cash receipts from short-term borrowings	–	-33.4	–	30.0
Repayments from short-term borrowings	-0.4	-100.2	-0.8	-120.3
Cash receipts from long-term borrowings	–	50.0	–	50.0
Repayments from long-term borrowings	–	–	–	–
Repayments from lease liabilities	-5.2	-5.3	-17.5	-16.9
Interest paid	-3.0	-3.3	-9.0	-10.9
Interest received	0.3	0.4	0.6	1.1
Cash flow from financial activities	**-24.3**	**-91.8**	**-103.6**	**-67.0**
Change in cash and cash equivalents before effect of exchange rates	27.7	-5.3	-18.1	112.4
Effect of exchange rates on cash and cash equivalents	0.7	3.9	2.2	3.1
Change in consolidation group	–	–	–	–
Change in cash and cash equivalents	**28.4**	**-1.4**	**-15.9**	**115.5**
Cash and cash equivalents at the beginning of the period	238.8	163.2	283.1	46.3
Cash and cash equivalents at the end of period	**267.2**	**161.8**	**267.2**	**161.8**

Consolidated Segmentation

Geographical segments

IN € MILLION

Q3	Europe		Americas		Asia-Pacific		Consolidation		Group	
	Q3/21	**Q3/20**	**Q3/21**	**Q3/20**	**Q3/21**	**Q3/20**	**Q3/21**	**Q3/20**	**Q3/21**	**Q3/20**
Total revenue	581.3	471.1	96.1	85.2	22.1	18.9			699.5	575.2
Revenue from external customers	362.2	310.0	84.3	65.9	14.9	14.9			461.4	390.8
EBIT[1]	44.3	27.1	2.6	-12.3	0.4	-0.9	-2.6	8.9	44.7	22.8

9M	Europe		Americas		Asia-Pacific		Consolidation		Group	
	9M/21	**9M/20**	**9M/21**	**9M/20**	**9M/21**	**9M/20**	**9M/21**	**9M/20**	**9M/21**	**9M/20**
Total revenue	1,765.8	1,496.5	280.9	295.2	67.5	47.5			2,114.2	1,839.2
Revenue from external customers	1,099.3	941.4	242.7	209.3	47.7	36.8			1,389.7	1,187.5
EBIT[1]	143.1	108.4	9.9	-33.5	2.6	-3.7	-10.8	2.0	144.8	73.2

[1] EBIT for regions before consolidation..

Business segments

IN € MILLION

	Q3/21	**Q3/20**	**9M/21**	**9M/20**
Segment revenue from external customers				
Light equipment	98.3	87.8	299.2	264.0
Compact equipment	258.4	199.6	788.3	639.5
Services	108.0	106.6	310.5	294.0
	464.7	394.0	1,398.0	1,197.5
Less cash discounts	-3.3	-3.2	-8.3	-10.0
Total	461.4	390.8	1,389.7	1,187.5

Financial calendar and contact

November 10, 2021	**Publication of Q3 report 2021, analysts‘ & investors‘ conference call**
November 15, 2021	eRoadshow Warburg, Germany & Switzerland
November 19, 2021	eRoadshow Metzler, Paris & Romandy
November 26, 2021	eRoadshow Jefferies, UK
March 29, 2022	**Publication of the annual report 2021, analysts‘ & investors‘ conference call**

Disclaimer

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