Wacker Neuson SE – Q3/18 Conference Call

Martin Lehner (CEO), Wilfried Trepels (CFO)

November 8, 2018

Agenda

Q3/18

Overview

Financials

Outlook

Key figures

Q3/18

Revenue yoy	EBIT yoy	Adj. EBIT yoy
+10%	+3%	-4%
(€ 416 m)	(margin: 9.9%)	(margin: 9.9%)
Op. CF	**FCF**	**EPS**
€ 10 m	€ -3 m	€ 0.39
(Q3/17: € 61 m)	(Q3/17: € 51 m)	(Q3/17: € 0.41)

9M/18

Revenue yoy	EBIT yoy	Adj. EBIT yoy
+9%	+18%	+11%
(€ 1,241 m)	(margin: 9.6%)	(margin: 9.6%)
Op. CF	**FCF**	**EPS**
€ -26 m	€ 9 m	€ 1.73
(9M/17: € 75 m)	(9M/17: € 53 m)	(9M/17: € 1.01)

September 30, 2018

NWC[1] ratio: 38.6%	DIO[2]: 152 days	Equity ratio: 65.6%
(+1.1 PP yoy)	(+2 days yoy)	(-1.2 PP yoy)

[1] Net working capital / annualized revenue for the quarter.
[2] Days inventory outstanding = (inventory / annualized cost of sales for the quarter)*365 days.

Strategy 2022 – Progress in Q3/18

CUSTOMER CENTRICITY

- Expansion of dealer network in China
- Strategic partnership with Deutsche Leasing in China concluded

ACCELERATION

- Streamlining the internal value chain
  - Integration of European logistics function into the European light equipment production plant complete
  - Closure of US logistics company and transfer of its logistics function to the US sales company in preparation for Q1/19
- Reorganization of procurement completed

FOCUS

- OEM partnership with John Deere covering mini and compact excavators concluded
- Closure and sale of plant in Norton Shores, MI, US
- Closure of plant in Manila, Philippines

EXCELLENCE

- Dual view dumpers production ramps up => UK market launch in Q4
- Wacker Neuson is a founding partner of the *Construction Equipment Forum*, which aims to connect companies in the global value chain

Agenda

Q3/18

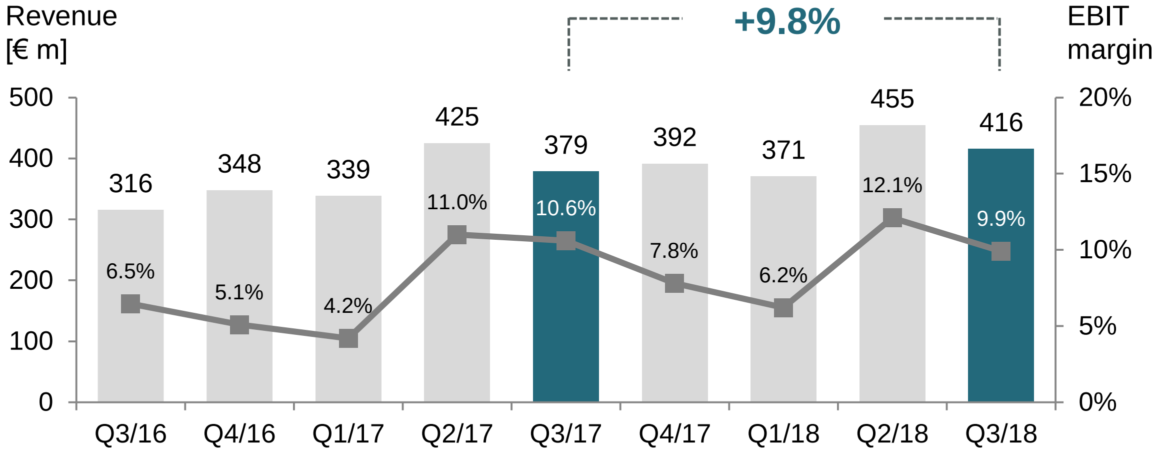
Overview

Financials

Outlook

Revenue and earnings

Q3/18: Revenue continues to grow



Income statement (condensed)

€ m	Q3/18	Q3/17	9M/18	9M/17
Revenue	415.8	378.7	1,240.9	1,142.4
Gross profit	117.4	111.9	350.6	326.3
as a % of revenue	*28.2%*	*29.5%*	*28.3%*	*28.6%*
Op. costs incl. other income/expenses	-76.3	-71.9	-231.3	-225.3
as a % of revenue	*-18.4%*	*-19.0%*	*-18.6%*	*-19.7%*
EBIT	41.1	40.0	119.3	101.0
as a % of revenue	*9.9%*	*10.6%*	*9.6%*	*8.8%*
Adj. EBIT[1]	41.1	42.6	119.3	107.6
as a % of revenue	*9.9%*	*11.2%*	*9.6%*	*9.4%*
Profit for the period	27.1	28.3	121.2	71.0
EPS (in €)	0.39	0.41	1.73	1.01

Q3/18: Comments

Revenue +9.8% yoy (adj. for FX effects: +10.4%)

- Continued high demand in core markets of Europe and North America
- Limited material availability had a negative impact

Gross profit +4.9% yoy (gross profit margin -1.3 PP)

- Limited material availability impacted productivity at production plants
- Plant closures in the US and Philippines and the associated relocation of production lines dampened productivity further

EBIT +2.8% yoy (EBIT margin: -0.7 PP)

- Operating costs increased by 6.1%; their share of revenue decreased by 0.6 PP
- A 9.1% rise in selling expenses caused by higher business volume and increased personnel expenses had a negative impact

Earnings per share -4.9% yoy

- Financial result below the previous year at € -2.6 m: Negative FX effects (€ -2.4 m yoy), in particular due to the devaluation of currencies in several emerging economies, slight increase in interest income (€ +0.2 m yoy)
- Tax rate increased slightly to 29.6% (Q3/17: 28.5%)

[1] Expenses for one-off effects and restructuring measures in the amount of € 2.6 m (9M/17: € 6.6 m) were recognized in Q3/17. Adj. EBIT reflects these effects.

Business development by region and business segment

Q3/18: Growth in all regions

Revenue [€ m]		share	yoy	EBIT[1]
Europe	307.0	74%	+10%	47.2
Americas	97.7	23%	+11%	-3.6
Asia-Pacific	11.1	3%	+10%	-1.3
Total Q3/18	415.8	100%	+10%	41.1

Q3/18: Rapid growth in the compact equipment segment

Revenue [€ m][2]		share	yoy
Light Equipment	108.4	25%	+6%
Compact equipment	223.8	53%	+14%
Services	91.8	22%	+6%
Total Q3/18	415.8	100%	+10%

Q3/18: Comments

Revenue Europe +9.5% yoy (adj. for FX effects: +10.3%)

- Strong momentum in particular in England (marked growth with excavators and dumpers) as well as in France, Poland and Austria; recovery momentum continued in Southern Europe
- Revenue from compact equipment for the agricultural sector +21% on previous year, signing of new John Deere dealers

Revenue Americas +10.6% yoy (adj. for FX effects: +10.1%)

- Strong growth in worksite technology (esp. generators and light towers)
- Skid steer loaders proved to be a key product and sales driver for other compact equipment
- Rental chains show high level of investment activity
- Downturn in business in South America due to political uncertainties

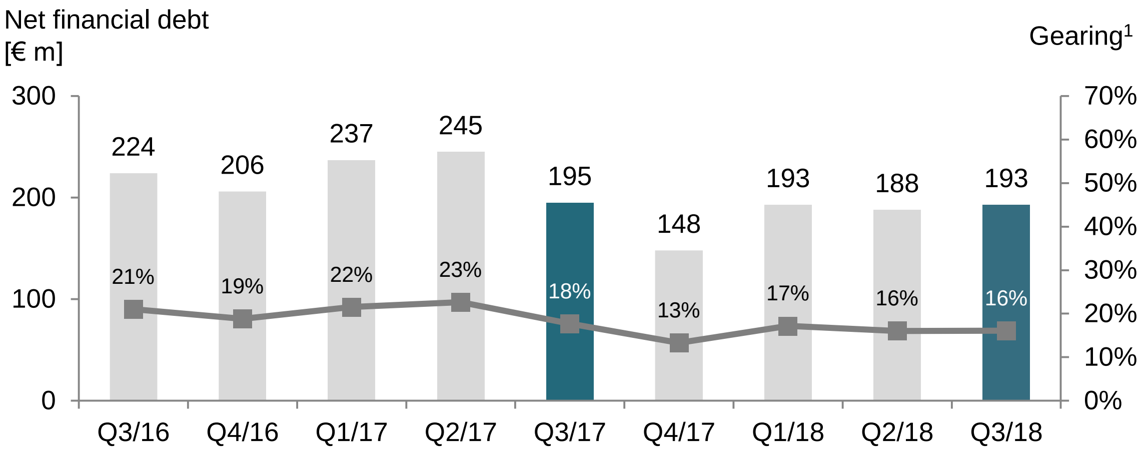
Revenue Asia-Pacific +9.9% yoy (adj. for FX effects: +14.9%)

- Positive development in particular with excavators in China
- Production at new plant in Pinghu (near Shanghai) started according to plan

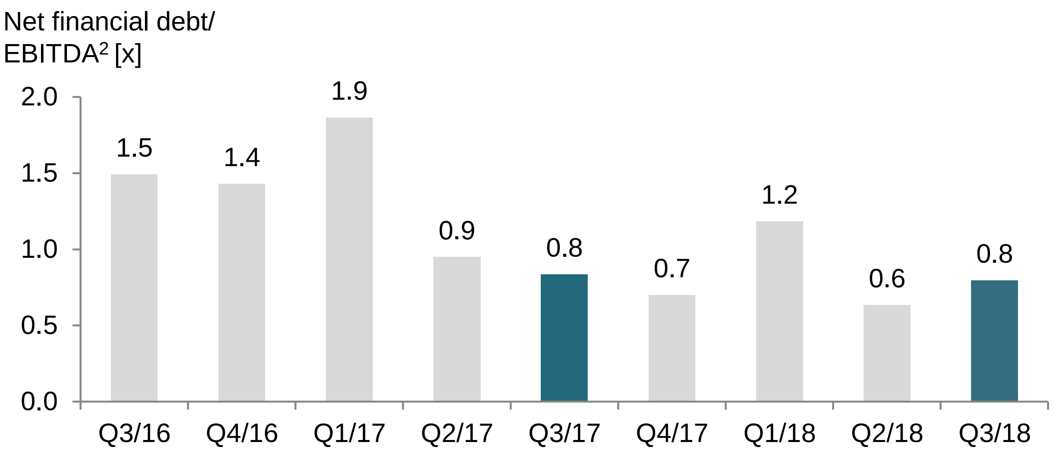
[1] EBIT for regions before consolidation.
[2] Revenue by business segment before cash discounts.

Sound balance sheet structure

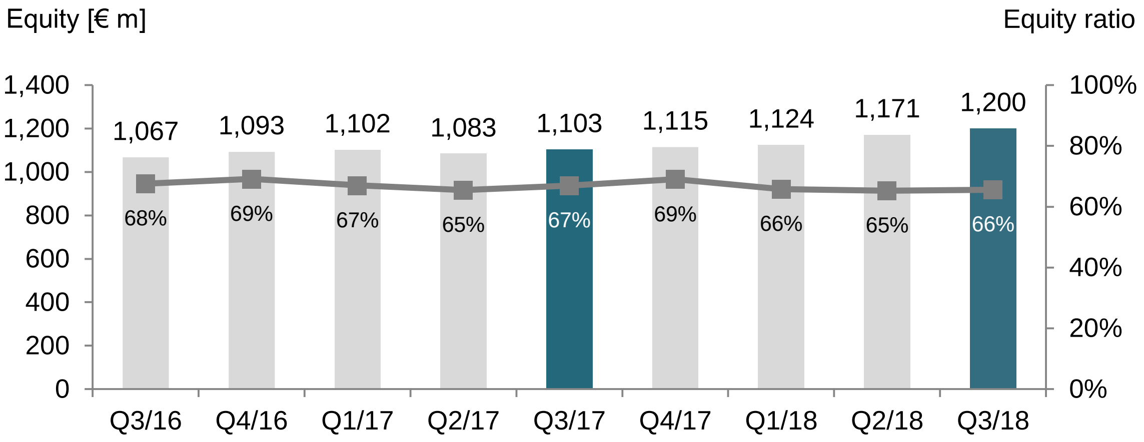
Gearing[1] further reduced yoy



Net financial debt/EBITDA[2] at low level



Stable equity ratio



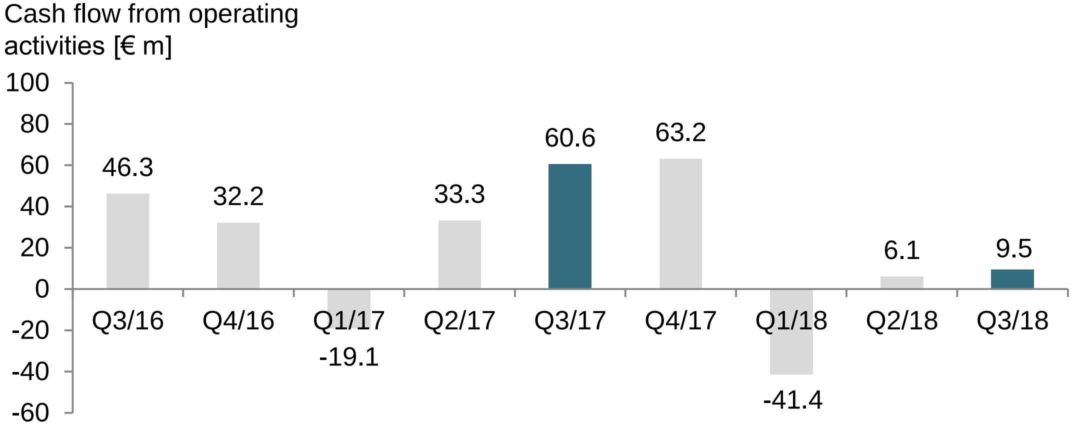
Comments

- At 16%, gearing[1] remains at a conservative level
- Net financial debt/EBITDA remains at a low rate
- Healthy financing structure provides framework for winning market shares and driving further profitable growth

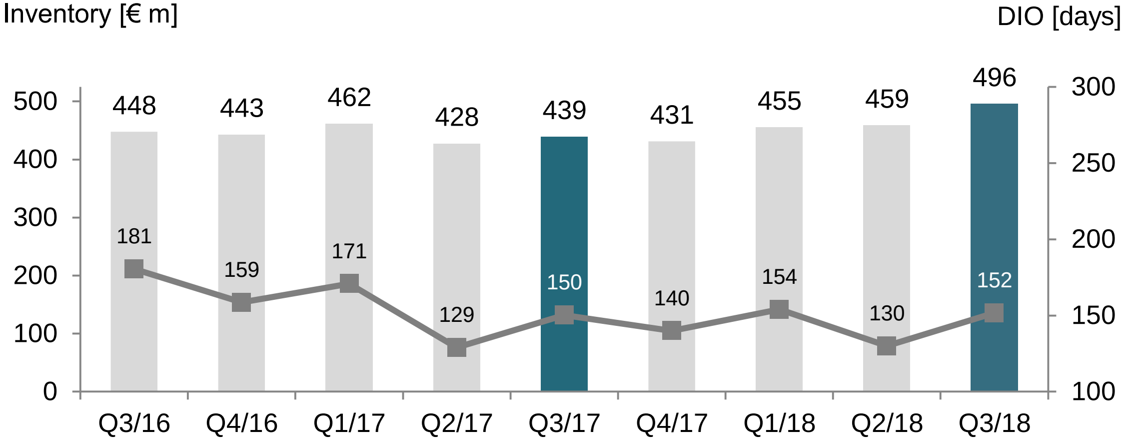
[1] Net financial debt/equity.
[2] Net financial debt/annualized EBITDA for the quarter.

Bottlenecks in supply chain continued to have dampening effect

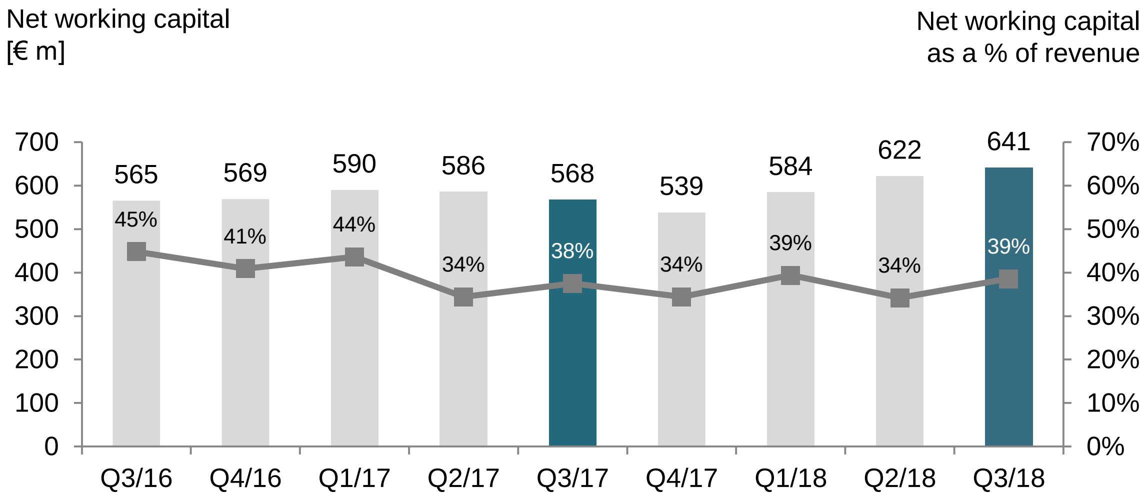
Negative impact on cash flow from operating activities



Days inventory outstanding (DIO) slightly higher at 152 days



Net working capital ratio 1 PP above prior-year level



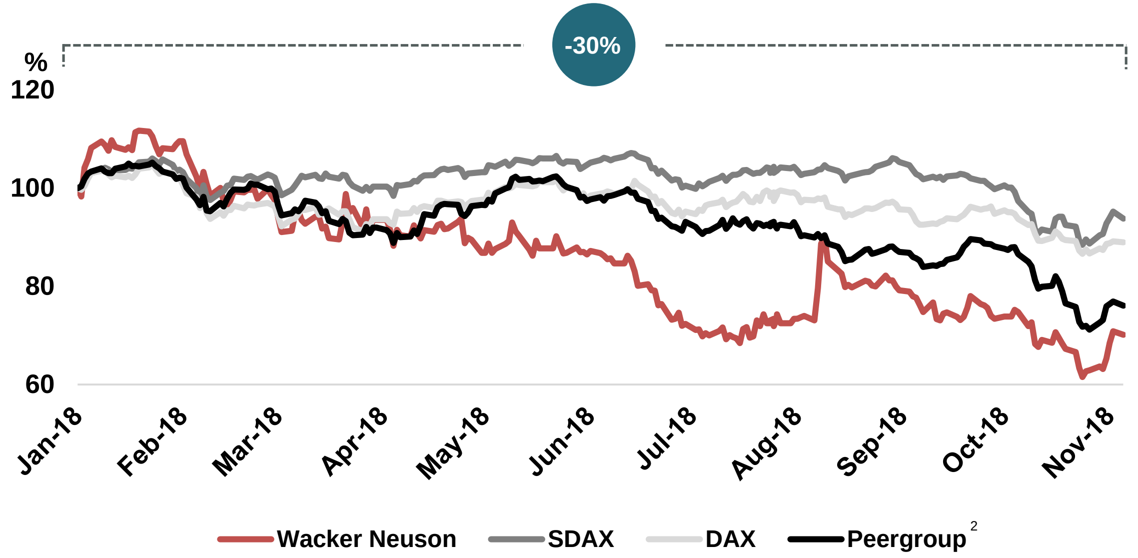
9M/18: Comments

- At € -25.8 m, cash flow from operating activities after nine months is negative (9M/17: € 74.8 m); causes for this are:
  - Increased net working capital (€ -100.0 m; 9M/17: € -26.6 m):
    - Increased number of unfinished machines due to delivery delays caused by bottlenecks in the supply chain, stocking up on pre-buy engines, more conservative inventory strategy for raw materials and supplies
    - Increase in trade receivables due to higher business volume and strong revenue in September
  - Increased investments in the Group's flexible rental business, expansion of the dealer network in the US and the resulting rise in financing solutions
- Free cash flow[1] at € 8.8 m after nine months (9M/17: € 52.7 m)

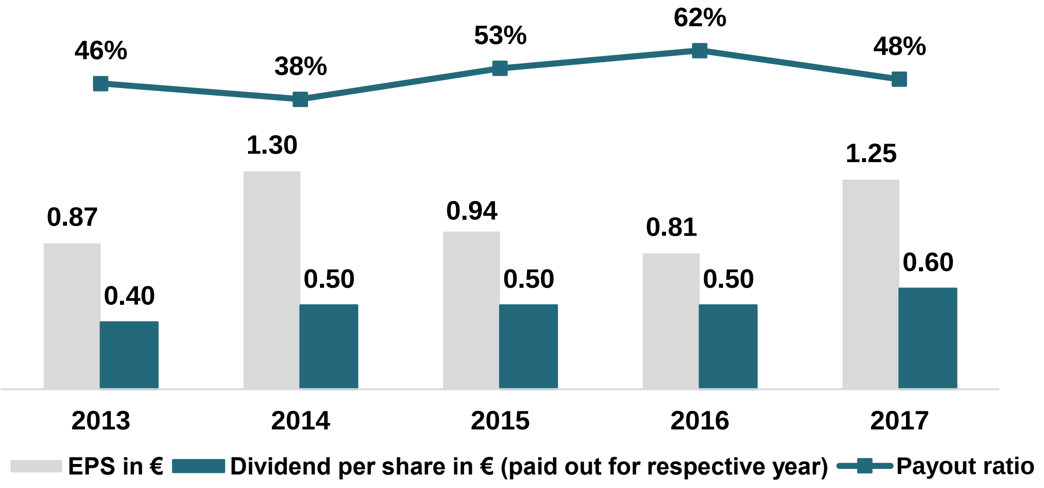
[1] Includes one-off proceeds of € 60.0 m from the sale of a real-estate company owned by the Group in Q2/18.

Share development

The share in 2018[1]



Stable dividend policy (40 – 50% payout ratio)



Key figures per share

in €	Q3/18	Q3/17
Earnings per share	0.39	0.41
Share price end of period	22.08	28.07
Book value per share	17.11	15.72
Market capitalization (€ m)	1,548.7	1,968.8

Coverage[3]

Bank	TP (€)	Recom.	Date
Hauck & Aufhäuser	40.00	Buy	Nov 08, 18
Lampe	33.00	Buy	Nov 08, 18
Metzler	32.00	Buy	May 09, 18
Berenberg	31.00	Buy	Sep 17, 18
Warburg	26.10	Hold	Nov 08, 18
Equinet	24.10	Neutral	Nov 02, 18
Kepler Cheuvreux	23.00	Hold	Nov 08, 18

Shareholder structure

Family 63%

Free float 37%

(total shares: 70,140,000)

[1] As at Nov. 5, 2018. [2] Peergroup: Atlas Copco, Bauer, Caterpillar, Cramo, Deutz, Haulotte, Manitou, Palfinger, Ramirent, Terex. [3] As at Nov. 8, 2018

Agenda

Q3/18

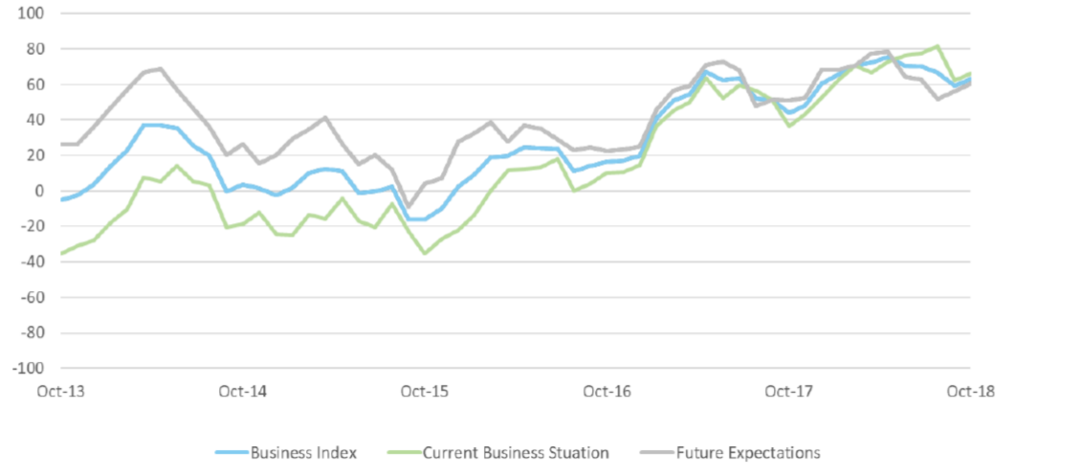
Overview

Financials

Outlook

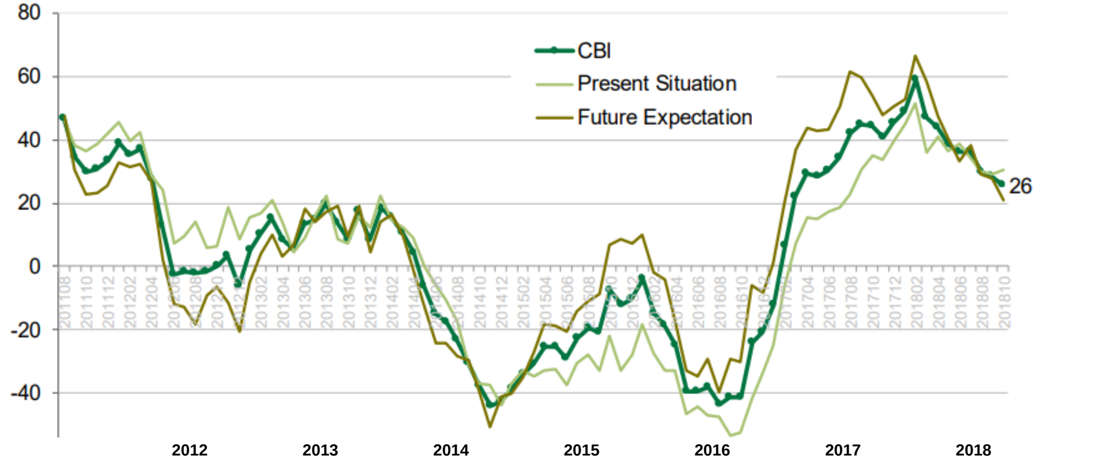
Outlook for 2018

Business index for construction has recently improved again



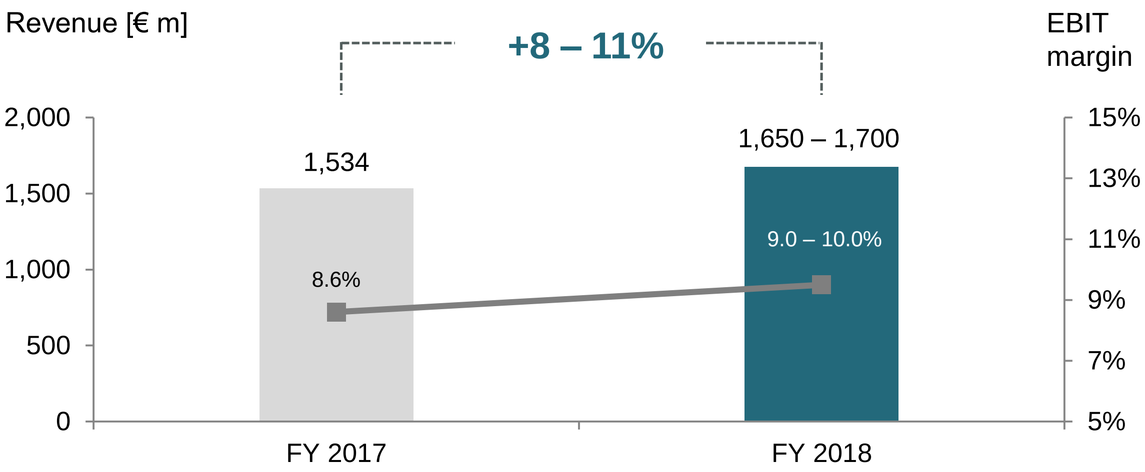
Source: CECE, October 2018.

Business index for the ag sector continues its downward trend



Source: CEMA, October 2018.

Revenue and earnings guidance for 2018 confirmed



Comments

- Business index (CECE) for the construction industry picks up again in October after four months in decline
- Expectations in the agricultural sector have cooled significantly according to CEMA
- Order intake for compact equipment remains at a high level
- Revenue and earnings guidance for full-year 2018 confirmed; net working capital as a percentage of revenues expected to be slightly higher than in the previous year
- Continued risk of delayed deliveries due to bottlenecks in the supply chain

Financial calendar and contact

November 8, 2018	**Publication of nine-month report 2018**
November 12, 2018	Roadshow, Frankfurt
November 15, 2018	HSBC Luxembourg Day, Luxembourg
November 16, 2018	Roadshow, Cologne/Düsseldorf
December 4, 2018	Berenberg European Corporate Conference, Pennyhill (UK)
December 6, 2018	Family Office Capital Day, Vienna
January 10/11, 2019	ODDO BHF Forum, Lyon
January 22, 2019	Kepler Cheuvreux German Corporate Conference, Frankfurt
March 14, 2019	**Publication of the 2018 Annual Report**

Disclaimer

Cautionary note regarding forward-looking statements

The information contained in this document has not been independently verified and no representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this information or opinions contained herein.

Certain statements contained in this document may be statements of future expectations and other forward looking statements that are based on management's current view and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

None of Wacker Neuson SE or any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its content or otherwise arising in connection with this document.

This document does not constitute an offer or invitation to purchase or subscribe for any securities and neither it nor any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

Contact

Wacker Neuson SE

IR Contact: +49 - (0)89 - 354 02 - 427

ir@wackerneuson.com

www.wackerneusongroup.com