Wacker Neuson Group

Press release

2014 a record year for the Wacker Neuson Group

(Munich, March 16, 2015) International light and compact equipment manufacturer Wacker Neuson Group achieved record results for 2014 across most key performance indicators. The Group met its increased profit and the revenue forecast. The Wacker Neuson Group plans to continue the successful expansion strategy in 2015.

Revenue rises to EUR 1.28 billion

Despite challenging market conditions, the Wacker Neuson Group reported a rise in revenue and profits for 2014. Group revenue increased 11 percent to a new record high of EUR 1.28 billion (2013: EUR 1.16 billion) and was thus in line with the company's forecast (EUR 1.25 to 1.30 billion). Adjusted by currency effects, this corresponds to a growth of 12 percent.

Business in Central Europe and North America was comparatively robust. However, South America developed weaker than expected. “The fact that our business in Europe grew by 12 percent despite regional weaknesses shows that our strategy is delivering,” explains Cem Peksaglam, CEO of Wacker Neuson SE. “In North America, a vigorous economy and the expansion of our dealer network helped drive growth in the region.” Revenue for the Americas grew by 9 percent (11 percent when adjusted by currency effects), while revenue in the Asia-Pacific region increased by 8 percent (also 11 percent when adjusted by currency effects). All regions thus achieved double-digit growth relative to the previous year in local currencies.

Breaking business down by segment, compact equipment was again the growth driver (share of total Group revenue: 47 percent), reporting a 17-percent increase on the previous year. “Broadening the reach of our compact equipment within Europe and beyond is paying dividends. We are gaining many new users in the agricultural and construction sectors. Companies in the gardening and landscaping sectors as well as municipal bodies and other industries are also investing in compact, powerful machines which increase the efficiency of their operations,” explains Peksaglam. The light equipment segment (revenue share: 32 percent) reported 4-percent growth relative to the previous year (6 percent when adjusted by currency effects). Revenue in the services segment – which includes service and spare parts – increased by 10 percent (revenue share: 21 percent).

Improved profitability

Profit before interest, tax, depreciation and amortization (EBITDA) at the Wacker Neuson Group amounted to EUR 196 million, a rise of 28 percent compared with the previous year. The EBITDA margin was thus 15.3 percent (2013: EUR 153 million; 13.2 percent). Profit before interest and tax (EBIT) increased 43 percent to EUR 136 million. The EBIT margin was up at 10.6 percent (2013: EUR 95 million; 8.2 percent). The Group achieved its profit forecast, which it had raised in November (EBITDA margin: 14.5 to 15.5 percent; EBIT margin: 10.0 to 11.0 percent). Net profit for the period came to EUR 92 million (2013: EUR 61 million). Net earnings per share grew 49 percent to EUR 1.30 (2013: EUR 0.87) – a record high for the Group. This increase in profitability is due to the Group's progress in the execution of its strategy, a favorable regional and product mix across the light and compact equipment segments and savings from ongoing cost and process optimization measures across the Group.

Appropriation of net profit
The Executive Board and Supervisory Board aim to share the Group's successes from 2014 with shareholders and will therefore recommend a dividend payout of EUR 0.50 per share at the upcoming AGM on May 27, 2015 (2013: EUR 0.40; 2012: EUR 0.30). This represents a distribution ratio of approximately 39 percent on consolidated earnings, which is in line with the Group's long-term dividend policy.

Implementing growth strategies – further internationalization
In line with its principle of developing and manufacturing products "in the region, for the region", the Group relocated production of skid steer loaders from the Austrian plant in Hörsching to an existing plant near Milwaukee (Wisconsin, USA) at the end of 2014. This move will enable the Group to increase its focus on the North American market, which is by far the largest for this product group. "We want to grow fastest outside of Europe and have identified enormous potential here. Our long-term goal is to increase the revenue we generate outside of Europe from the current level of 29 percent to around 40 percent. Of course, this does not mean that we will be neglecting the European market. We still see many opportunities for expanding our business here too," continues Peksaglam. To increase sales and distribution of light and compact equipment in emerging markets such as South America and Asia, the Group established new sales affiliates in Peru, Colombia and China in 2014.

Benchmark innovations
Over the past year, the Group has strengthened its pioneering position in product and operator safety and environmental protection. The latest zero-emissions highlights include battery-powered rammers, electric wheel loaders and dual power excavators. The Group's efforts here were recognized in a number of recent industry awards. The AS50 battery-powered rammer, for example, received the "bi-GaLaBau Green Award in Gold" in Nuremberg at GaLaBau, the international trade show for the gardening and landscaping industry. The dual power excavator was awarded the MTP gold medal at the Intermasz trade show in the Polish city of Poznań – an award that recognizes particularly innovative products. The dual power excavator also received the Gold Innovation Prize at Intermat 2015, the international trade show for construction equipment and building technology.

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Positive outlook for 2015

The Group plans to continue its expansion strategy and is optimistic for 2015 – despite challenging conditions in diverse markets such as Russia, Chile and Brazil. “The outlook for Central Europe and North America is promising. As long as 2015 does not bring any further economic, financial or currency-related crises, we expect to grow between 9 and 13 percent in revenue to amount between EUR 1.40 and 1.45 billion,” states Peksaglam. “If market expectations regarding the pause in growth in the agricultural business materialize in 2015, we will compensate for this in other segments.” The Group’s EBIT margin is expected to be between 9.5 and 10.5 percent in 2015. The Wacker Neuson Group has earmarked a total of around EUR 95 million for investments during the course of fiscal 2015 (2014: EUR 90 million).

Table: Revenue and earnings

Key figures in € million	Q4/14	Q4/13	Change	FY/14	FY/13	Change
Revenue	348	297	17%	1,284	1,160	11%
EBITDA	48	42	14%	196	153	28%
EBITDA margin as a %	13.9	14.3	-0.4 PP	15.3	13.2	2.1 PP
EBIT	33	28	18%	136	95	43%
EBIT margin as a %	9.4	9.4	0.0 PP	10.6	8.2	2.4 PP

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The Wacker Neuson Group is an international family of companies and a leading manufacturer of light and compact equipment with over 40 affiliates and 140 sales and service stations. The Group offers its customers a broad and deep portfolio of products, a wide range of services and an efficient, global spare parts service. The product brands Wacker Neuson, Kramer and Weidemann belong to the Wacker Neuson Group. Wacker Neuson is the partner of choice among professional users in construction, gardening, landscaping and agriculture, as well as among municipal bodies and companies in industries such as recycling and energy. In 2014, the Group achieved revenue of EUR 1.28 billion, employing around 4,400 people worldwide.