



NEWS RELEASE

# Terex Announces Third Quarter 2019 Results

10/30/2019

- Q3 Earnings per Share \$0.73, \$0.82 as adjusted
- Global Sales of \$1.0 billion, down 7% compared to Q3 2018
- Q3 Cash from Operating Activities of \$127 million, Free Cash Flow of \$104 million
- Improved Liquidity to \$1.1 billion

WESTPORT, Conn., Oct. 30, 2019 (GLOBE NEWSWIRE) -- Terex Corporation (NYSE: TEX) today announced third quarter 2019 income from continuing operations of \$52.4 million, or \$0.73 per share, on net sales of \$1.0 billion. In the third quarter of 2018, the reported income from continuing operations was \$69.2 million, or \$0.92 per share, on net sales of \$1.1 billion. Income from continuing operations, as adjusted, for the third quarter of 2019 was \$58.9 million, or \$0.82 per share. This compares to income from continuing operations, as adjusted, of \$80.8 million or \$1.08 per share in the third quarter of 2018. The Glossary at the end of this press release contains further details regarding these non-GAAP measures.

"It has become clear that we are in a softening environment for industrial equipment," stated John L. Garrison, Terex Chairman and CEO. "Demand in the major markets for Aerial Work Platforms (AWP) has declined, putting pressure on sales. We reduced AWP production in the third quarter and have made further reductions in the fourth quarter to align with the market, which is impacting margins. Materials Processing (MP) continued its strong performance in the quarter, however bookings and backlog levels are also pointing to weaker demand in their global markets."

"I was pleased with our cash generation performance in the third quarter, as we achieved \$104 million of free cash flow, representing a significant improvement compared to last year," continued Mr. Garrison. "As we enter a more challenging macro environment for industrial equipment we are intensely focused on generating cash and

maintaining a strong liquidity profile. We are well positioned, entering the fourth quarter with approximately \$1.1 billion in available liquidity.”

Mr. Garrison concluded, “Based on our year-to-date performance, and changes to the outlook for the balance of 2019, we now expect full year EPS to be between \$3.00 to \$3.20, excluding restructuring, transformation investments, and other unusual items, on net sales of approximately \$4.4 billion. As a result of our updated earnings outlook we are adjusting our full year free cash flow guidance to approximately \$110 million. Looking ahead to 2020, we are operationally planning for sales to be approximately 10% lower than 2019 due to the softening macro environment for industrial equipment.”

#### Non-GAAP Measures and Other Items

Results of operations reflect continuing operations. All per share amounts are on a fully diluted basis. A comprehensive review of the quarterly financial performance is contained in the presentation that will accompany the Company’s earnings conference call.

In this press release, Terex refers to various GAAP (U.S. generally accepted accounting principles) and non-GAAP financial measures. These non-GAAP measures may not be comparable to similarly titled measures being disclosed by other companies. Terex believes that this non-GAAP information is useful to understanding its operating results and the ongoing performance of its underlying businesses.

The Company provides guidance on a non-GAAP basis as the Company cannot predict with a reasonable degree of certainty the timing and magnitude of future charges that would be included in the reported GAAP results.

The Glossary at the end of this press release contains further details about this subject.

Total amounts in tables of this release may not calculate due to rounding.

#### Conference call

The Company has scheduled a one hour conference call to review the financial results on Thursday, October 31, 2019 at 8:30 a.m. ET. John L. Garrison, Chairman and CEO, will host the call. A simultaneous webcast of this call can be accessed at <https://investors.terex.com>. Participants are encouraged to access the call 10 minutes prior to the starting time. The call will also be archived in the Event Archive at <https://investors.terex.com>.

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## Forward-Looking Statements

This press release contains forward-looking information regarding future events or the Company's future financial performance based on the current expectations of Terex Corporation. In addition, when included in this press release, the words "may," "expects," "intends," "anticipates," "plans," "projects," "estimates" and the negatives thereof and analogous or similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statement is not forward-looking. The Company has based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance.

Because forward-looking statements involve risks and uncertainties, actual results could differ materially. Such risks and uncertainties, many of which are beyond the control of Terex, include among others: Our business is cyclical and weak general economic conditions affect the sales of our products and financial results; changes in import/export regulatory regimes and the escalation of global trade conflicts could continue to negatively impact sales of our products and our financial results; our financial results could be adversely impacted by the United Kingdom's departure from the European Union; our need to comply with restrictive covenants contained in our debt agreements; our ability to generate sufficient cash flow to service our debt obligations and operate our business; our ability to access the capital markets to raise funds and provide liquidity; our business is sensitive to government spending; our business is highly competitive and is affected by our cost structure, pricing, product initiatives and other actions taken by competitors; our retention of key management personnel; the financial condition of suppliers and customers, and their continued access to capital; exposure from providing financing and credit support for some of our customers; we may experience losses in excess of recorded reserves; we are dependent upon third-party suppliers, making us vulnerable to supply shortages and price increases; our business is global and subject to changes in exchange rates between currencies, commodity price changes, regional economic conditions and trade restrictions; our operations are subject to a number of potential risks that arise from operating a multinational business, including compliance with changing regulatory environments, the Foreign Corrupt Practices Act and other similar laws and political instability; a material disruption to one of our significant facilities; possible work stoppages and other labor matters; compliance with changing laws and regulations, particularly environmental and tax laws and regulations; litigation, product liability claims, intellectual property claims, class action lawsuits and other liabilities; our ability to comply with an injunction and related obligations

imposed by the United States Securities and Exchange Commission (“SEC”); disruption or breach in our information technology systems and storage of sensitive data; our ability to successfully implement our Execute to Win strategy; and other factors, risks and uncertainties that are more specifically set forth in our public filings with the SEC.

Actual events or the actual future results of Terex may differ materially from any forward-looking statement due to these and other risks, uncertainties and significant factors. The forward-looking statements speak only as of the date of this release. Terex expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement included in this release to reflect any changes in expectations with regard thereto or any changes in events, conditions, or circumstances on which any such statement is based.

### About Terex

Terex Corporation is a global manufacturer of aerial work platforms, materials processing and crane products and services that deliver lifecycle solutions to maximize customer return on investment. The Company reports in two business segments: Aerial Work Platforms and Materials Processing. Terex delivers lifecycle solutions to a broad range of industries, including the construction, infrastructure, manufacturing, shipping, transportation, refining, energy, utility, quarrying and mining industries. Terex offers financial products and services to assist in the acquisition of Terex equipment through Terex Financial Services. Terex uses its website ([www.terex.com](http://www.terex.com)) and its Facebook page ([www.facebook.com/TerexCorporation](http://www.facebook.com/TerexCorporation)) to make information available to its investors and the market.

TEREX CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
(unaudited)  
(in millions, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2019	2018	September 30, 2019	2018
Net sales	\$ 1,024.6	\$ 1,098.8	\$ 3,468.1	\$ 3,468.4
Cost of goods sold	(815.0)	(858.7)	(2,748.9)	(2,721.1)
Gross profit	209.6	240.1	719.2	747.3
Selling, general and administrative expenses	(123.2)	(135.9)	(407.1)	(416.4)
Income (loss) from operations	86.4	104.2	312.1	330.9
Other income (expense)				
Interest income	1.9	1.7	5.4	7.0
Interest expense	(22.0)	(18.4)	(69.6)	(52.5)
Other income (expense) – net	1.6	(3.7)	(2.9)	(4.1)
Income (loss) from continuing operations before income taxes	67.9	83.8	245.0	281.3
(Provision for) benefit from income taxes	(15.5)	(14.6)	(53.8)	(59.2)
Income (loss) from continuing operations	52.4	69.2	191.2	222.1
Income (loss) from discontinued operations – net of tax	(10.1)	(30.8)	(151.8)	(80.2)
Gain (loss) on disposition of discontinued operations- net of tax	(20.9)	0.2	(9.5)	4.8
Net income (loss)	\$ 21.4	\$ 38.6	\$ 29.9	\$ 146.7
Basic Earnings (Loss) per Share:				
Income (loss) from continuing operations	\$ 0.73	\$ 0.94	\$ 2.69	\$ 2.91
Income (loss) from discontinued operations – net of tax	(0.14)	(0.42)	(2.14)	(1.05)

Gain (loss) on disposition of discontinued operations – net of tax	(0.29	)	—	(0.13	)	0.06
Net income (loss)	\$0.30	)	\$0.52	\$0.42	)	\$1.92
Diluted Earnings (Loss) per Share:						
Income (loss) from continuing operations	\$0.73	)	\$0.92	\$2.66	)	\$2.85
Income (loss) from discontinued operations – net of tax	(0.14	)	(0.41	(2.11	)	(1.03
Gain (loss) on disposition of discontinued operations – net of tax	(0.29	)	—	(0.13	)	0.06
Net income (loss)	\$0.30	)	\$0.51	\$0.42	)	\$1.88
Weighted average number of shares outstanding in per share calculation						
Basic	71.3	)	73.7	71.0	)	76.3
Diluted	71.8	)	75.1	71.8	)	77.9

TEREX CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEET  
(unaudited)  
(in millions, except par value)

	September 30, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$470.6	\$339.5
Other current assets	1,548.1	1,624.0
Current assets held for sale	16.2	459.5
Total current assets	2,034.9	2,423.0
Non-current assets		
Property, plant and equipment – net	359.4	317.3
Other non-current assets	763.6	677.2
Non-current assets held for sale	2.8	68.4
Total non-current assets	1,125.8	1,062.9
Total assets	\$3,160.7	\$3,485.9
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable and current portion of long-term debt	\$9.0	\$4.1
Other current liabilities	905.3	1,031.1
Current liabilities held for sale	8.0	179.5
Total current liabilities	922.3	1,214.7
Non-current liabilities		
Long-term debt, less current portion	1,166.6	1,210.6
Other non-current liabilities	203.7	113.1
Non-current liabilities held for sale	1.8	86.5
Total non-current liabilities	1,372.1	1,410.2
Total liabilities	2,294.4	2,624.9
Total stockholders' equity	866.3	861.0
Total liabilities and stockholders' equity	\$3,160.7	\$3,485.9

TEREX CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(unaudited)  
(in millions)

Nine Months Ended

	September 30, 2019	2018	
Operating Activities			
Net income (loss)	\$ 29.9	\$ 146.7	
Depreciation and amortization	38.6	45.4	
Changes in operating assets and liabilities and non-cash charges	9.9	(211.7)	)
Net cash provided by (used in) operating activities	78.4	(19.6)	)
Investing Activities			
Capital expenditures	(75.4)	(63.2)	)
Other investing activities, net	203.9	17.2	
Net cash provided by (used in) investing activities	128.5	(46.0)	)
Financing Activities			
Net cash provided by (used in) financing activities	(85.5)	(218.4)	)
Effect of exchange rate changes on cash and cash equivalents	(18.0)	(16.6)	)
Net increase (decrease) in cash and cash equivalents	103.4	(300.6)	)
Cash and cash equivalents at beginning of period	372.1	630.1	
Cash and cash equivalents at end of period	\$ 475.5	\$ 329.5	

## TEREX CORPORATION AND SUBSIDIARIES

### SEGMENT RESULTS DISCLOSURE

(unaudited)

(in millions)

	Q3 2019		2018		Year to Date 2019		2018	
		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales
Consolidated								
Net sales	\$ 1,024.6		\$ 1,098.8		\$ 3,468.1		\$ 3,468.4	
Income from operations	\$ 86.4	8.4%	\$ 104.2	9.5%	\$ 312.1	9.0%	\$ 330.9	9.5%
AWP								
Net sales	\$ 628.2		\$ 729.4		\$ 2,226.5		\$ 2,319.2	
Income from operations	\$ 45.9	7.3%	\$ 81.6	11.2%	\$ 191.8	8.6%	\$ 263.4	11.4%
MP								
Net sales	\$ 338.6		\$ 313.6		\$ 1,050.0		\$ 964.7	
Income from operations	\$ 52.4	15.5%	\$ 41.4	13.2%	\$ 157.9	15.0%	\$ 125.6	13.0%
Corp and Other / Eliminations								
Net sales	\$ 57.8		\$ 55.8		\$ 191.6		\$ 184.5	
Loss from operations	\$ (11.9)	)*	\$ (18.8)	)*	\$ (37.6)	)*	\$ (58.1)	)*

\* - Not a meaningful percentage

## GLOSSARY

In an effort to provide investors with additional information regarding the Company's results, Terex refers to various GAAP (U.S. generally accepted accounting principles) and non-GAAP financial measures which management believes provides useful information to investors. These non-GAAP measures may not be comparable to similarly titled measures being disclosed by other companies. In addition, the Company believes that non-GAAP financial measures should be considered in addition to, and not in lieu of, GAAP financial measures. Terex believes that this non-GAAP information is useful to understanding its operating results and the ongoing performance of its underlying businesses. Management of Terex uses both GAAP and non-GAAP financial measures to establish

internal budgets and targets and to evaluate the Company's financial performance against such budgets and targets.

The amounts described below are unaudited, are reported in millions of U.S. dollars (except share data and percentages), and are as of or for the period ended September 30, 2019, unless otherwise indicated.

**2019 Outlook:** The Company's 2019 outlook for earnings per share and 2019 full year adjusted forecasted tax rate are non-GAAP financial measures because they exclude items such as restructuring and other related charges, transformation costs, the impact of the release of tax valuation allowances, gains and losses on divestitures and other unusual items. The Company is not able to reconcile these forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures without unreasonable efforts because the Company is unable to predict with a reasonable degree of certainty the exact timing and impact of such items. The unavailable information could have a significant impact on the Company's full-year 2019 GAAP financial results. Adjusted EPS provides guidance to investors about the Company's EPS expectations excluding restructuring and other charges that the Company does not believe is reflective of its ongoing operations.

After-tax gains or losses and per share amounts are calculated using pre-tax amounts, applying a tax rate based on jurisdictional rates to arrive at an after-tax amount. This number is divided by diluted weighted average shares outstanding to provide the impact on earnings per share. The Company highlights the impact of these items because when discussing earnings per share, the Company adjusts for items it believes are not reflective of ongoing operating activities in the periods. Restructuring and related charges are a recurring item as Terex's restructuring programs usually require more than one year to fully implement and the Company is continually seeking to take actions that could enhance its efficiency. Although recurring, these charges are subject to significant fluctuations from period to period due to varying levels of restructuring activity and the inherent imprecision in the estimates used to recognize the costs and taxes associated with severance and termination benefits in the countries in which the restructuring actions occur.

**Free Cash Flow** The Company calculates a non-GAAP measure of free cash flow. The Company defines free cash flow as Net cash provided by (used in) operating activities, plus (minus) increases (decreases) in Terex Financial Services finance receivables consisting of sales-type leases and commercial loans ("TFS Assets"), less Capital expenditures, plus the estimated level of net working capital in divested businesses at the closing date. The Company believes that this measure of free cash flow provides management and investors further useful information on cash generation or use in our primary operations. The following table reconciles Net cash provided by (used in) operating activities to free cash flow (in millions):

	Three Months Ended 9/30/2019		Nine Months Ended 9/30/2019	
Net cash provided by (used in) operating activities	\$ 126.7		\$ 78.4	
Increase (decrease) in TFS assets	(21.2)	)	(26.1)	)
Capital expenditures	(40.3)	)	(75.4)	)
Deal related net working capital adjustment	38.5		38.5	
Free cash flow	\$ 103.7		\$ 15.4	

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Q3 2019	Income (loss) from Continuing Operations before Taxes	(Provision for) benefit from Income Taxes (1)	Income (loss) from Continuing Operations	Earnings (loss) per share (2)
As Reported (GAAP)	\$ 67.9	(15.5)	) 52.4	\$ 0.73
Restructuring & Related Transformation	2.2	(0.5)	) 1.7	0.02
Deal Related	2.2	(0.5)	) 1.7	0.02
Other	(0.7)	) (0.1)	) (0.8)	) (0.01)
Tax & Interim Period (3)	(0.6)	) —	) (0.6)	) —
As Adjusted (Non-GAAP)	—	4.5	) 4.5	0.06
	\$ 71.0	(12.1)	) 58.9	\$ 0.82

(1) Tax effect on adjustments is calculated using the applicable jurisdictional blended tax rate

(2) Based on diluted average shares outstanding of 71.8 million

(3) Includes adjustments without related pre-tax amounts and the tax amount necessary to align quarterly tax expense (benefit) with the forecasted full year as adjusted effective tax rate

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YTD 2019	Income (loss) from Continuing Operations before Taxes	(Provision for) benefit from Income Taxes (1)	Income (loss) from Continuing Operations	Earnings (loss) per share (2)
As Reported (GAAP)	\$ 245.0	(53.8)	) 191.2	\$ 2.66
Restructuring & Related Transformation	12.6	(2.8)	) 9.8	0.14
Deal Related	10.3	(1.9)	) 8.4	0.12
Other	(7.5)	) 0.2	) (7.3)	) (0.10)
Tax & Interim Period (3)	(0.6)	) —	) (0.6)	) (0.01)
As Adjusted (Non-GAAP)	—	6.3	) 6.3	0.09
	\$ 259.8	(52.0)	) 207.8	\$ 2.90

(1) Tax effect on adjustments is calculated using the applicable jurisdictional blended tax rate

(2) Based on diluted average shares outstanding of 71.8 million

(3) Includes adjustments without related pre-tax amounts and the tax amount necessary to align quarterly tax expense (benefit) with the forecasted full year as adjusted effective tax rate

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Q3 2018	Income (loss) from Continuing Operations before Taxes	(Provision for) benefit from Income Taxes (1)	Income (loss) from Continuing Operations	Earnings (loss) per share (2)
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	Operations before Taxes	Income Taxes (1)	Operations	
As Reported (GAAP)	\$ 83.8	(14.6	) 69.2	\$ 0.92
Restructuring & Related Transformation	1.5	0.2	) 1.7	0.02
Other	8.7	(1.4	) 7.3	0.10
Tax & Interim Period (3)	3.4	(0.5	) 2.9	0.04
As Adjusted (Non-GAAP)	—	(0.3	) (0.3	) —
	\$ 97.4	(16.6	) 80.8	\$ 1.08

(1) Tax effect on adjustments is calculated using the applicable jurisdictional blended tax rate

(2) Based on diluted weighted average shares outstanding of 75.1 million

(3) Includes adjustments without related pre-tax amounts and the tax amount necessary to align quarterly tax expense (benefit) with the forecasted full year as adjusted effective tax rate

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YTD 2018	Income (loss) from Continuing Operations before Taxes	(Provision for) benefit from Income Taxes (1)	Income (loss) from Continuing Operations	Earnings (loss) per share (2)
As Reported (GAAP)	\$ 281.3	(59.2	) 222.1	\$ 2.85
Restructuring & Related Transformation	4.5	(0.6	) 3.9	0.05
Extinguishment of Debt	21.7	(3.7	) 18.0	0.23
Other	0.6	(0.1	) 0.5	0.01
Tax & Interim Period (3)	(5.0	) 0.9	(4.1	) (0.05
As Adjusted (Non-GAAP)	—	11.2	) 11.2	0.14
	\$ 303.1	(51.5	) 251.6	\$ 3.23

(1) Tax effect on adjustments is calculated using the applicable jurisdictional blended tax rate

(2) Based on diluted average shares outstanding of 77.9 million

(3) Includes adjustments without related pre-tax amounts and the tax amount necessary to align quarterly tax expense (benefit) with the forecasted full year as adjusted effective tax rate

Source: Terex Corporation