



NEWS RELEASE

# Terex Reports Third Quarter 2022 Results

10/27/2022

- Sales of \$1.1 billion increased 13% year-over-year, 21% on FX neutral basis
- Total backlog grew 33% year-over-year to \$3.9 billion
- Income from operations of \$121 million, up 63% year-over-year
- Operating profit margin of 10.8% improved 330 bps year-over-year
- EPS of \$1.20, up 79% year-over-year
- Raising full-year 2022 EPS outlook to a range of \$4.00 to \$4.20

NORWALK, Conn., Oct. 27, 2022 /PRNewswire/ -- Terex Corporation (NYSE: TEX) today announced its results for the third quarter 2022.

## CEO Commentary

"We are pleased with our strong financial performance in the quarter as a result of continued progress on our strategy and the relentless focus of our team members to deliver our products and solutions to customers and dealers," said Terex Chairman and Chief Executive Officer John L. Garrison, Jr. "We grew sales 21% when adjusting for FX rates and ended the quarter with total backlog of \$3.9 billion, an increase of 33% year-over-year and a clear indication of the strength of demand from our customers."

"We remain focused on executing our multi-year growth plan and continue to invest in new technologies and products across our businesses. In our Materials Processing segment we expanded the capabilities of our growing environmental business with the recent acquisition of ZenRobotics, allowing us to deploy robot technologies that pick, sort and recycle waste material. In addition, our Genie team continued to execute their product electrification plans with the introduction of a new lithium-ion battery option for the line of GS E-Drive slab scissor lifts. We are proud of our execution this quarter despite continued global supply chain disruptions, significant inflationary

pressures and foreign exchange rate volatility. Following the strong performance in the third quarter, we are raising our full year EPS outlook to a range of \$4.00 to \$4.20. Our globally recognized brands, industry-leading and innovative new products, backlog, and strong balance sheet position us well to successfully navigate the near-term macro challenges and deliver long-term value."

## Third Quarter Operational and Financial Highlights

- Net sales of \$1.1 billion in the third quarter of 2022 increased 12.7%, compared to \$1.0 billion in the third quarter of 2021. The increase was primarily due to improved price realization necessary to mitigate rising costs across all segments and healthy demand for our products which was partially offset by a 7.9% negative impact from changes in foreign exchange rates.
- Income from operations of \$120.8 million, or 10.8% of net sales in the third quarter of 2022, improved from \$74.2 million, or 7.5% of net sales, in the prior year. The year-over-year increase of \$46.6 million was driven by price realization, favorable mix and incremental margin achieved on higher sales volume, which more than offset cost increases and the negative impact of foreign exchange rates during the quarter. Price / cost dynamics improved sequentially, increasing operating margins by 120 bps from the second quarter of 2022.
- Income from continuing operations in the third quarter of 2022 was \$81.8 million, or \$1.20 per share, up 79.1% compared to \$47.5 million, or \$0.67 per share, in the third quarter of 2021.
- Return on invested capital of 19.0% significantly exceeded our cost of capital as we continued to invest in the business and return cash to shareholders through dividends and share repurchases.

## Business Segment Review

### Materials Processing

- Net sales were \$457.9 million for the third quarter of 2022, up 9.4% or \$39.2 million year-over-year, primarily due to price realization necessary to mitigate rising costs and healthy demand for our products across multiple businesses. Excluding the impact of foreign exchange rates of approximately \$43 million, net sales increased 19.6% year-over-year.
- Income from operations increased to \$66.8 million for the third quarter of 2022, or 14.6% of net sales, compared to \$57.1 million, or 13.6% of net sales, in the prior year. The \$9.7 million increase was driven by price realization, favorable mix and incremental margin on higher sales volume and partially offset by significant inflationary pressures and the negative effects of foreign exchange rate changes.

### Aerial Work Platforms

- Net sales were \$662.6 million for the third quarter of 2022, up 15.7% or \$90.1 million year-over-year. Excluding the impact of foreign exchange rates of approximately \$35 million, net sales increased 21.9% year-

over-year. The increase was primarily due to price realization necessary to mitigate rising costs and higher demand driven by fleet replacement and end-market growth for aerial work platforms. Utility product growth was strong in North America.

- Income from operations increased to \$63.5 million for the third quarter of 2022, or 9.6% of net sales, compared to \$34.9 million, or 6.1% of net sales in the prior year. The \$28.6 million increase was driven by price realization, favorable mix and incremental margin on higher sales volume and was partially offset by increased costs, as well as the negative effects of foreign exchange rate changes.
- Income from operations increased 81.9% year-over-year and margins were up sequentially from the second quarter of 2022 by 190 basis points. This sequential improvement was the result of strong execution on strict cost management and pricing actions to mitigate inflationary cost pressures.

## Disciplined Capital Allocation

- As of September 30, 2022, the Company had liquidity (cash and availability under our revolving line of credit) of \$658.0 million.
- Working capital of \$895.7 million was 20.0% of trailing three month annualized net sales and reflects higher inventory levels as a result of supply chain disruptions.
- For the year-to-date period, Terex deployed \$128.9 million for capital expenditures and growth investments.
- Year-to-date, Terex has executed \$92.0 million in share repurchases and paid \$26.8 million in dividends.

## CFO Commentary

Julie Beck, Senior Vice President and Chief Financial Officer, said "We are proud that our strong balance sheet has allowed us to return approximately \$120 million of cash to shareholders year-to-date. Our teams continue to execute on our multi-year growth plan, driving sales and expanding margins through disciplined pricing and expense management. As a result, we are raising our full year sales, margin and EPS guidance ranges."

## 2022 Outlook

(in millions, except per share data)

Terex Outlook (1)	PREVIOUS Outlook	UPDATED Outlook
Net Sales	\$4,100 - \$4,300	~\$4,300
SG&A % to Sales	~10.6%	~10.6%
Operating Margin	9.1% - 9.6%	~9.5%
Interest / Other Expense	~\$50	~\$50
Tax Rate	~20.0%	~20.0%
EPS	\$3.80 - \$4.20	\$4.00 - \$4.20
Share Count	~70.0	~69.5
Depreciation / Amortization	~\$50	~\$50
Free Cash Flow (2)	\$150 - \$200	~\$125
Corp & Other OP (3)	~(\$80)	~(\$73)

Segment Outlook (1)	PREVIOUS Outlook		UPDATED Outlook	
	Net Sales	Operating Margin	Net Sales	Operating Margin
Materials Processing	\$1,800 - \$1,900	14.8% - 15.3%	~\$1,900	15.0% - 15.3%
Aerial Work Platforms	\$2,300 - \$2,400	8.0% - 8.5%	~\$2,400	~8.0%

(1) Excludes the impact of future acquisitions, divestitures, restructuring and other unusual items

(2) CapEx ~\$120 million

(3) 2022 Outlook for Corporate & Other Net Sales of ~\$0 million

## FX Commentary

- Strong price execution ~10% and volume growth ~7% offset by FX (~6%)
- FX translation impact on EPS is unfavorable (\$0.05) vs previous outlook
- Unfavorably impacting free cash flow

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

## Conference call

The Company has scheduled a conference call to review the financial results on Friday, October 28, 2022 beginning at 8:30 a.m. ET. John L. Garrison, Jr., Chairman and CEO, and Julie Beck, Senior Vice President and Chief Financial Officer, 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>.

## Forward-Looking Statements

Certain information in this press release includes forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995) regarding future events or our future financial performance that involve certain contingencies and uncertainties, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2021, and subsequent reports we file with the U.S. Securities and Exchange Commission from time to time, in the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Contingencies and Uncertainties." In addition, when included in this press release the words "may," "expects," "should," "intends," "anticipates," "believes," "plans," "projects," "estimates," "will" 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. We have based these forward-looking statements on current expectations and projections about future events. These statements are not guarantees of future performance. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. Such risks and uncertainties, many of which are beyond our control, include, among others:

- our business has been, and could be further, adversely impacted by global health pandemics such as the outbreak of a new strain of coronavirus;
- our business is highly competitive and is affected by our cost structure, pricing, product initiatives and other actions taken by competitors;
- we are dependent upon third-party suppliers, making us vulnerable to supply shortages and price increases;
- consolidation within our customer base and suppliers;
- our operations are subject to a number of potential risks that arise from operating a multinational business, including compliance with changing regulatory environments and political instability;
- a material disruption to one of our significant facilities;
- our business is sensitive to government spending;
- our ability to integrate acquired businesses;
- our business is affected by the cyclical nature of markets we serve;
- 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;
- the financial condition of suppliers and customers, and their continued access to capital;
- exposure from providing credit support for some of our customers;
- we may experience losses in excess of recorded reserves;
- our business is global and subject to changes in exchange rates between currencies, commodity price changes, regional economic conditions and trade relations;

- our ability to attract and retain key management personnel and skilled labor;
- possible work stoppages and other labor matters;
- changes in import/export regulatory regimes, imposition of tariffs, escalation of global trade conflicts and unfairly traded imports, particularly from China, could continue to negatively impact our business;
- compliance with changing laws and regulations, particularly environmental and tax laws and regulations;
- litigation, product liability claims and other liabilities;
- our compliance with the United States ("U.S.") Foreign Corrupt Practices Act and similar worldwide anti-corruption laws;
- increased regulatory focus on privacy and data security issues and expanding laws;
- our ability to comply with an injunction and related obligations imposed by the U.S. Securities and Exchange Commission ("SEC");
- our ability to successfully implement our strategy;
- disruption or breach in our information technology systems and storage of sensitive data; and
- other factors.

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

## About Terex

Terex Corporation is a global manufacturer of materials processing machinery and aerial work platforms. We design, build and support products used in construction, maintenance, manufacturing, energy, recycling, minerals and materials management applications. Certain Terex products and solutions enable customers to reduce their environmental impact including electric and hybrid offerings that deliver quiet and emission-free performance, products that support renewable energy, and products that aid in the recovery of useful materials from various types of waste. Our products are manufactured in North America, Europe, Australia and Asia and sold worldwide. We engage with customers through all stages of the product life cycle, from initial specification and financing to parts and service support.

## Contact Information

Paretosh Misra

Head of Investor Relations

Phone: 203-604-3977

Email: [paretosh.misra@terex.com](mailto:paretosh.misra@terex.com)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Net sales	\$ 1,120.5	\$ 993.8	\$ 3,200.1	\$ 2,896.7
Cost of goods sold	(883.4)	(815.3)	(2,564.3)	(2,311.2)
Gross profit	237.1	178.5	635.8	585.5
Selling, general and administrative expenses	(116.3)	(104.3)	(336.6)	(327.3)
Income (loss) from operations	120.8	74.2	299.2	258.2
Other income (expense)				
Interest income	1.1	0.6	2.1	2.9
Interest expense	(13.5)	(12.3)	(35.8)	(40.6)
Loss on early extinguishment of debt	—	—	(0.1)	(27.7)
Other income (expense) – net	(1.0)	(1.1)	(4.6)	2.7
Income (loss) from continuing operations before income taxes	107.4	61.4	260.8	195.5
(Provision for) benefit from income taxes	(25.6)	(13.9)	(52.6)	(36.0)
Income (loss) from continuing operations	81.8	47.5	208.2	159.5
Gain (loss) on disposition of discontinued operations- net of tax	—	0.6	(0.4)	2.6
Net income (loss)	<u>\$ 81.8</u>	<u>\$ 48.1</u>	<u>\$ 207.8</u>	<u>\$ 162.1</u>
Basic earnings (loss) per Share:				
Income (loss) from continuing operations	\$ 1.21	\$ 0.68	\$ 3.03	\$ 2.29
Gain (loss) on disposition of discontinued operations – net of tax	—	0.01	(0.01)	0.04
Net income (loss)	<u>\$ 1.21</u>	<u>\$ 0.69</u>	<u>\$ 3.02</u>	<u>\$ 2.33</u>
Diluted earnings (loss) per Share:				
Income (loss) from continuing operations	\$ 1.20	\$ 0.67	\$ 2.99	\$ 2.25
Gain (loss) on disposition of discontinued operations – net of tax	—	0.01	—	0.04
Net income (loss)	<u>\$ 1.20</u>	<u>\$ 0.68</u>	<u>\$ 2.99</u>	<u>\$ 2.29</u>
Weighted average number of shares outstanding in per share calculation				
Basic	<u>67.8</u>	<u>69.8</u>	<u>68.8</u>	<u>69.7</u>
Diluted	<u>68.4</u>	<u>70.9</u>	<u>69.6</u>	<u>70.8</u>

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

	September 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	\$ 231.7	\$ 266.9
Other current assets	1,635.3	1,500.9
Total current assets	<u>1,867.0</u>	<u>1,767.8</u>
Non-current assets		
Property, plant and equipment – net	450.4	429.6
Other non-current assets	659.1	666.1
Total non-current assets	<u>1,109.5</u>	<u>1,095.7</u>
Total assets	<u>\$ 2,976.5</u>	<u>\$ 2,863.5</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 1.9	\$ 5.6
Other current liabilities	950.8	904.3
Total current liabilities	<u>952.7</u>	<u>909.9</u>
Non-current liabilities		
Long-term debt, less current portion	824.6	668.5
Other non-current liabilities	164.5	175.5
Total non-current liabilities	<u>989.1</u>	<u>844.0</u>

Total liabilities	1,941.8	1,753.9
Total stockholders' equity	1,034.7	1,109.6
Total liabilities and stockholders' equity	<u>\$ 2,976.5</u>	<u>\$ 2,863.5</u>

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

	Nine Months Ended September 30,	
	2022	2021
<b>Operating Activities</b>		
Net income (loss)	\$ 207.8	\$ 162.1
Depreciation and amortization	35.1	37.9
Changes in operating assets and liabilities and non-cash charges	(138.7)	124.1
Net cash provided by (used in) operating activities	104.2	324.1
<b>Investing Activities</b>		
Capital expenditures	(78.8)	(31.7)
Other investing activities, net	(45.6)	(41.7)
Net cash provided by (used in) investing activities	(124.4)	(73.4)
<b>Financing Activities</b>		
Net cash provided by (used in) financing activities	13.3	(348.7)
Effect of exchange rate changes on cash and cash equivalents	(28.3)	(13.9)
Net increase (decrease) in cash and cash equivalents	(35.2)	(111.9)
Cash and cash equivalents at beginning of period	266.9	670.1
Cash and cash equivalents at end of period	<u>\$ 231.7</u>	<u>\$ 558.2</u>

**TEREX CORPORATION AND SUBSIDIARIES**  
**SEGMENT RESULTS DISCLOSURE**  
(unaudited)  
(in millions)

	Q3				Year to Date			
	2022		2021		2022		2021	
		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales
<b>Consolidated</b>								
Net sales	\$ 1,120.5		\$ 993.8		\$ 3,200.1		\$ 2,896.7	
Income from operations	\$ 120.8	10.8 %	\$ 74.2	7.5 %	\$ 299.2	9.3 %	\$ 258.2	8.9 %
<b>MP</b>								
Net sales	\$ 457.9		\$ 418.7		\$ 1,391.3		\$ 1,237.7	
Income from operations	\$ 66.8	14.6 %	\$ 57.1	13.6 %	\$ 210.8	15.2 %	\$ 178.3	14.4 %
<b>AWP</b>								
Net sales	\$ 662.6		\$ 572.5		\$ 1,811.8		\$ 1,644.4	
Income from operations	\$ 63.5	9.6 %	\$ 34.9	6.1 %	\$ 142.2	7.8 %	\$ 126.7	7.7 %

Corp and Other / Eliminations										
Net sales	\$	0.0	*	\$	2.6	*	\$	(3.0)	\$	14.6
Loss from operations	\$	(9.5)	*	\$	(17.8)	*	\$	(53.8)	\$	(46.8)
* Not a meaningful percentage										

## GLOSSARY

### Non-GAAP Measures Definitions

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, 2022, unless otherwise indicated.

### 2022 Outlook

The Company's 2022 outlook for earnings per share is a non-GAAP financial measure because it excludes the impact of potential future acquisitions, divestitures, restructuring, and other unusual items. The Company is not able to reconcile this forward-looking non-GAAP financial measure to its 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 2022 GAAP financial results. This forward looking information provides guidance to investors about the Company's EPS expectations excluding unusual items that the Company does not believe is reflective of its ongoing operations.

### 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 less Capital expenditures, net of proceeds from sale of capital assets. 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 September 30, 2022	Nine Months Ended September 30, 2022
Net cash provided by (used in) operating activities	\$ 84.9	\$ 104.2
Capital expenditures, net of proceeds from sale of capital assets	(31.7)	(78.6)
Free cash flow (use)	<u>\$ 53.2</u>	<u>\$ 25.6</u>

### Working Capital

Working Capital is calculated using the Condensed Consolidated Balance Sheet amounts for Trade receivables (net of allowance) plus Inventories, less Trade accounts payable and Customer advances. The Company views excessive working capital as an inefficient use of resources, and seeks to minimize the level of investment without adversely impacting the ongoing operations of the business. For the periods below, working capital was:

	September 30, 2022
Inventories	\$981.2
Trade Receivables	531.1
Less: Trade Accounts Payables	(589.4)
Less: Customer Advances	(27.2)
Total Working Capital	<u>\$895.7</u>

Trailing Three Months Annualized Net Sales is calculated using the net sales for the quarter multiplied by four.

3 months Sales		\$1,120.5
Number of quarters	x	4.0
Annualized Quarterly Sales		<u>\$4,482.0</u>
WC % of Annualized Quarterly Sales		20.0 %

The ratio is calculated by dividing working capital by trailing three months annualized net sales. The Company believes this measures its resource use efficiency.

### Performance Measures Definitions

We use the following operational metrics in monitoring the performance of our business. We believe the operational metrics are useful to investors and other users of our financial information in assessing the performance of our segments.

## Backlog and Total Backlog

We define backlog as firm orders that are expected to be filled within one year and total backlog as firm orders that are expected to be filled, including orders that are expected to be filled beyond one year. Although there can be no assurance that all such backlog and total backlog orders will be filled within that time. Our backlog orders and total backlog orders represent primarily new equipment orders. Parts orders are generally filled on an as ordered basis.

Our management views backlog and total backlog as one of many indicators of the performance of our business. Because many variables can cause changes in backlog and total backlog and these changes may or may not be of any significance, we consequently view backlog and total backlog as an important, but not necessarily determinative, indicator of future results.

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	Q3 2021			Q3 2022			% Change		
	< 12 Months	> 12 Months	Total Backlog	< 12 Months	> 12 Months	Total Backlog	< 12 Months	> 12 Months	Total Backlog
MP	\$1,020	\$42	\$1,062	\$980	\$233	\$1,213	(4 %)	455 %	14 %
AWP	\$1,705	\$190	\$1,895	\$2,276	\$444	\$2,720	33 %	134 %	44 %
Total	\$2,725	\$232	\$2,957	\$3,256	\$677	\$3,933	19 %	192 %	33 %

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