



NEWS RELEASE

Terex Announces Fourth Quarter and Full Year 2018 Results and Provides 2019 Guidance

2/24/2019

- Q4 Sales up 16%
- Q4 Operating Profit up 14%, as adjusted up 30%
- Q4 EPS \$(0.42), as adjusted Q4 EPS \$0.51 - up 55%
- FY Sales up 18%, Backlog up 19%
- FY Operating Profit up 63%, as adjusted up 52%
- FY EPS \$1.45, as adjusted FY EPS \$2.71 - up 101%
- 2019 Guidance Highlights: Sales of ~\$4.7 billion, EPS improves to \$3.60-\$4.20

WESTPORT, Conn., Feb. 24, 2019 (GLOBE NEWSWIRE) -- Terex Corporation (NYSE: TEX) today announced fourth quarter 2018 loss from continuing operations of \$(30.6) million, or \$(0.42) per share, on net sales of \$1.2 billion. The fourth quarter and full year 2018 results include a one-time, non-cash charge of \$67 million related to the annuitization of its U.S. pension. In the fourth quarter of 2017, the reported loss from continuing operations was \$(31.7) million, or \$(0.38) per share, on net sales of \$1.1 billion. The fourth quarter and full year 2017 results included a one-time \$50.4 million charge associated with U.S. tax law changes. Income from continuing operations, as adjusted, for the fourth quarter of 2018 was \$37.7 million, or \$0.51 per share. This compares to income from continuing operations, as adjusted, of \$28.3 million or \$0.33 per share in the fourth quarter of 2017. The Glossary at the end of this press release contains further details regarding these non-GAAP measures.

For the full year 2018, Terex reported income from continuing operations of \$111.3 million, or \$1.45 per share, on net sales of \$5.1 billion compared with income from continuing operations of \$60.0 million, or \$0.63 per share, on net sales of \$4.4 billion for the full year 2017. Income from continuing operations, as adjusted, for the full year 2018 was \$208.6 million, or \$2.71 per share, compared with \$128.4 million, or \$1.35 per share for the full year 2017.

“Overall, our global team executed well in the fourth quarter, completing a strong year for Terex,” remarked John L. Garrison, Terex Chairman and CEO. “In 2018, we grew sales by 18%, improved operating margins, and significantly increased EPS. AWP grew sales 24% for the year and expanded operating margins by 200 basis points. MP had an excellent year, growing sales by 17% and increasing full year operating margin to 13.3%, up 160 basis points. Cranes continued to make operational improvements and returned to profitability on an adjusted basis in the fourth quarter.”

Mr. Garrison continued, “We continued to implement the Focus, Simplify and Execute to Win elements of our strategy and made significant progress in our Commercial Excellence, Lifecycle Solutions, and Strategic Sourcing priority areas. We also continued to follow our disciplined capital allocation strategy, investing to improve and grow our businesses, and returning capital to shareholders through higher dividends and by repurchasing approximately 14% of our outstanding shares in 2018.”

Mr. Garrison continued, “The sale of the Demag® Mobile Crane business and the decision to exit the mobile crane product lines manufactured at our Oklahoma City facility, will dramatically improve Terex’s operating results by Focusing the portfolio on our high performing businesses.”

Mr. Garrison concluded, “We entered 2019 with 29% higher backlog, on a comparable basis, with growth in AWP and MP, and we expect our global markets to remain strong. We will continue to execute our strategy to Focus and Simplify Terex while building capabilities in our Execute to Win priority areas, and will continue to follow our disciplined capital allocation strategy. As a result, we expect to significantly increase continuing operations EPS again in 2019, to between \$3.60 and \$4.20, excluding restructuring, transformation investments, and other unusual items, on net sales of approximately \$4.7 billion.”

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 add due to rounding.

Conference Call

The Company has scheduled a one hour conference call to review the financial results on Monday February 25th, 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 lifting and material processing products and services that deliver lifecycle solutions to maximize customer return on investment. The company reports in three business segments: Aerial Work Platforms, Cranes, 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) and its Facebook page (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 December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Net sales	\$ 1,233.1	\$ 1,063.6	\$ 5,125.0	\$ 4,363.4
Cost of goods sold	(1,009.3)	(859.6)	(4,158.2)	(3,547.4)
Gross profit	223.8	204.0	966.8	816.0
Selling, general and administrative expenses	(177.1)	(163.0)	(673.5)	(636.1)
Income (loss) from operations	46.7	41.0	293.3	179.9
Other income (expense)				
Interest income	1.8	1.7	8.9	6.9
Interest expense	(20.4)	(15.5)	(73.1)	(67.5)
Loss on early extinguishment of debt	—	—	(0.7)	(52.6)
Other income (expense) – net	(73.9)	(1.8)	(79.7)	45.3
Income (loss) from continuing operations before income taxes	(45.8)	25.4	148.7	112.0
(Provision for) benefit from income taxes	15.2	(57.1)	(37.4)	(52.0)
Income (loss) from continuing operations	(30.6)	(31.7)	111.3	60.0
Gain (loss) on disposition of discontinued operations- net of tax	(2.4)	5.0	2.4	68.7
Net income (loss)	<u>\$ (33.0)</u>	<u>\$ (26.7)</u>	<u>\$ 113.7</u>	<u>\$ 128.7</u>
Basic Earnings (Loss) per Share:				
Income (loss) from continuing operations	\$ (0.42)	\$ (0.38)	\$ 1.48	\$ 0.65
Gain (loss) on disposition of discontinued operations – net of tax	(0.03)	0.06	0.03	0.74
Net income (loss)	<u>\$ (0.45)</u>	<u>\$ (0.32)</u>	<u>\$ 1.51</u>	<u>\$ 1.39</u>
Diluted Earnings (Loss) per Share:				
Income (loss) from continuing operations	\$ (0.42)	\$ (0.38)	\$ 1.45	\$ 0.63
Gain (loss) on disposition of discontinued operations – net of tax	(0.03)	0.06	0.03	0.73
Net income (loss)	<u>\$ (0.45)</u>	<u>\$ (0.32)</u>	<u>\$ 1.48</u>	<u>\$ 1.36</u>
Weighted average number of shares outstanding in per share calculation				
Basic	<u>72.8</u>	<u>82.7</u>	<u>75.4</u>	<u>92.8</u>
Diluted	<u>72.8</u>	<u>82.7</u>	<u>76.9</u>	<u>94.9</u>

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

	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 368.0	\$ 626.5
Other current assets	2,055.0	1,756.5
Total current assets	2,423.0	2,383.0
Non-current assets		
Property, plant and equipment – net	345.6	311.0
Other non-current assets	717.3	768.5
Total non-current assets	1,062.9	1,079.5
Total assets	\$ 3,485.9	\$ 3,462.5
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable and current portion of long-term debt	\$ 4.7	\$ 5.2
Other current liabilities	1,210.0	1,030.3
Total current liabilities	1,214.7	1,035.5
Non-current liabilities		
Long-term debt, less current portion	1,214.7	979.6
Other non-current liabilities	195.5	224.9
Total non-current liabilities	1,410.2	1,204.5
Total liabilities	2,624.9	2,240.0
Total stockholders' equity	861.0	1,222.5
Total liabilities and stockholders' equity	\$ 3,485.9	\$ 3,462.5

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

	Year Ended December 31,	
	2018	2017
Operating Activities		
Net income (loss)	\$ 113.7	\$ 128.7
Depreciation and amortization	59.7	66.5
Changes in operating assets and liabilities and non-cash charges	(79.2)	(42.2)
Net cash provided by (used in) operating activities	94.2	153.0
Investing Activities		
Capital expenditures	(103.8)	(43.5)
Other investing activities, net	17.9	1,579.1
Net cash provided by (used in) investing activities	(85.9)	1,535.6
Financing Activities		
Net cash provided by (used in) financing activities	(244.9)	(1,606.5)
Effect of exchange rate changes on cash and cash equivalents	(21.4)	46.1
Net increase (decrease) in cash and cash equivalents	(258.0)	128.2
Cash and cash equivalents at beginning of period	630.1	501.9
Cash and cash equivalents at end of period	\$ 372.1	\$ 630.1

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

	Q4				Year to Date			
	2018		2017		2018		2017	
		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales
Consolidated Net sales	\$ 1,233.1		\$ 1,063.6		\$ 5,125.0		\$ 4,363.4	
Income from operations	\$ 46.7	3.8%	\$ 41.0	3.9%	\$ 293.3	5.7%	\$ 179.9	4.1%
AWP Net sales	\$ 535.5		\$ 449.4		\$ 2,559.7		\$ 2,071.5	
Income from operations	\$ 26.4	4.9%	\$ 30.3	6.7%	\$ 261.0	10.2%	\$ 170.3	8.2%
Cranes Net sales	\$ 364.5		\$ 324.4		\$ 1,315.0		\$ 1,194.0	
Income /(loss) from operations	\$ (9.2)	(2.5)%	\$ 2.7	0.8%	\$ (45.3)	(3.4)%	\$ (14.1)	(1.2)%
MP Net sales	\$ 339.5		\$ 283.0		\$ 1,256.8		\$ 1,072.5	
Income from operations	\$ 47.7	14.1%	\$ 35.6	12.6%	\$ 167.5	13.3%	\$ 125.1	11.7%
Corp and Other / Eliminations Net sales	\$ (6.4)		\$ 6.8		\$ (6.5)		\$ 25.4	
Loss from operations	\$ (18.2)	*	\$ (27.6)	*	\$ (89.9)	*	\$ (101.4)	*

* - 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 December 31, 2018, 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 such as the impact of the 2017 US tax law changes. 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.

Q4 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)	\$ (45.8)	15.2	(30.6)	\$ (0.42)
Restructuring & Related Transformation	8.0	(1.5)	6.5	0.09
Pension Annuitization	10.8	(1.7)	9.1	0.12
Other	67.0	(24.4)	42.6	0.59
Tax & Interim Period (3)	6.2	(0.2)	6.0	0.08
Diluted vs Basic Shares	—	4.1	4.1	0.06
As Adjusted (Non-GAAP)	—	—	—	(0.01)
	\$ 46.2	(8.5)	37.7	\$ 0.51

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

(2) Based on basic average shares outstanding of 72.8 million, except "As Adjusted (Non-GAAP)" which is based on diluted average shares outstanding of 74.0 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

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)	\$ 148.7	(37.4)	111.3	\$ 1.45
Restructuring & Related Transformation	14.7	(2.8)	11.9	0.16
Pension Annuitization	35.9	(5.7)	30.2	0.39
Extinguishment of Debt	67.0	(24.4)	42.6	0.55
Other	0.7	(0.1)	0.6	0.01
Tax Related (3)	1.1	0.6	1.7	0.02
As Adjusted (Non-GAAP)	—	10.3	10.3	0.13
	\$ 268.1	(59.5)	208.6	\$ 2.71

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

(2) Based on diluted average shares outstanding of 76.9 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

Q4 2017	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)	\$ 25.4	(57.1)	(31.7)	\$ (0.38)
Deal Related	7.2	(0.2)	7.0	0.08
Restructuring & Related Transformation	(7.8)	0.3	(7.5)	(0.09)
2017 Tax Act	9.8	(2.5)	7.3	0.09
Tax & Interim Period (3)	—	50.4	50.4	0.61
Diluted vs Basic Shares	—	2.8	2.8	0.03
As Adjusted (Non-GAAP)	\$ 34.6	(6.3)	28.3	\$ 0.33

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

(2) Based on basic weighted average shares outstanding of 82.7 million, except "As Adjusted (Non-GAAP)" which is based on diluted average shares outstanding of 85.0 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

YTD 2017	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)	\$ 112.0	(52.0)	60.0	\$ 0.63
Deal Related	(20.9)	(11.3)	(32.2)	(0.34)
Restructuring & Related Transformation	(12.2)	(0.5)	(12.7)	(0.13)
Extinguishment of Debt	45.2	(10.1)	35.1	0.37
Asset Impairment	53.1	(19.0)	34.1	0.36
2017 Tax Act	(1.6)	0.6	(1.0)	(0.01)
Tax Related (3)	—	50.4	50.4	0.53
As Adjusted (Non-GAAP)	\$ 175.6	(47.2)	128.4	\$ 1.35

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

(2) Based on diluted weighted average shares outstanding of 94.9 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