



NEWS RELEASE

Terex Announces Third Quarter 2020 Results

10/27/2020

WESTPORT, Conn., Oct. 27, 2020 /PRNewswire/ -- Terex Corporation (NYSE: TEX) today announced a third quarter 2020 income from continuing operations of \$22.0 million, or \$0.31 per share, on net sales of \$765.6 million. In the third quarter of 2019, the reported income from continuing operations was \$52.4 million, or \$0.73 per share, on net sales of \$1.0 billion. This compares to income from continuing operations, as adjusted, of \$58.9 million or \$0.82 per share in the third quarter of 2019. The Glossary at the end of this press release contains further details regarding these non-GAAP measures.

John L. Garrison, Jr., Terex Corporation Chairman and CEO, commented, "Our ability to execute and safely serve customers during this uncertain time drove sequentially stronger financial performance. Our results demonstrate the progress we are making to align our cost structure with the current customer demand environment. We are strategically reducing spending and consolidating our company-wide footprint. These actions will enable us to maintain a competitive cost structure and position us for growth."

"Aerial Work Platforms (AWP) improved its operating performance delivering 3.0% operating margin reflecting the gradual sequential improvement in business activity. In addition, both Genie and Terex Utilities are seeing improved utilization levels of their equipment," said Mr. Garrison.

Mr. Garrison continued, "Materials Processing (MP) continued its strong performance by delivering a 12.9% operating margin. MP is a diversified and consistently strong performer, even in these challenging times, with team members intently focused on profitable growth and serving its customers globally."

"Terex's third quarter results demonstrate our ability to offset challenging macroeconomic conditions by focusing on levers within our control," said John D. Sheehan, Terex Corporation Senior Vice President and Chief Financial

Officer. "We mitigated these headwinds with disciplined cost and working capital management to generate \$54 million of positive free cash flow in the quarter. Our free cash flow performance reflects steady improvement in our businesses and strong execution," continued Mr. Sheehan.

Based on the Company's current expectations of the markets, overall revenue expectation for 2020 remains unchanged from our outlook communicated in July. Also, consistent with historical cash flow patterns, the fourth quarter of 2020 is expected to be the Company's strongest free cash flow quarter of the year, with net working capital continuing to be a source of cash.

"Finally, I am very proud with how our global team is managing through this challenging year. We are on the path to enter 2021 as an even stronger company," Mr. Garrison concluded.

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.

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

Conference Call

The Company has scheduled a conference call to review the financial results on Wednesday, October 28, 2020 at 8:30 a.m. ET. John L. Garrison, Jr., Terex Chairman and CEO, will host the call. A webcast of this call can be accessed at <https://investors.terex.com>. Participants are encouraged to access the call 15 minutes prior to the starting time. The call will also be archived in the Event Archive at <https://investors.terex.com>.

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," "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. 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 has been, and could be further, adversely impacted by an outbreak of a new strain of coronavirus ("COVID-19"); 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; changes affecting the availability of the London Interbank Offered Rate may have consequences on us that cannot yet reasonably be predicted; 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, 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 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 is a global manufacturer of aerial work platforms and materials processing machinery. The Company designs, builds and supports products used in construction, maintenance, manufacturing, energy, minerals and materials management applications. Terex's products are manufactured in North and South America, Europe, Australia and Asia and sold worldwide. The Company engages with customers through all stages of the product life cycle, from initial specification and financing to parts and service support. Terex uses its website (www.terex.com) to make information available to its investors and the market.

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TEREX CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(unaudited)

(in millions, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Net sales	\$ 765.6	\$ 1,024.6	\$ 2,289.7	\$ 3,468.1
	(619.3)	(815.0)	(1,899.6)	(2,748.9)
Cost of goods sold				
Gross profit	146.3	209.6	390.1	719.2
	(109.8)	(123.2)	(353.3)	(407.1)
Selling, general and administrative expenses				
Income (loss) from operations	36.5	86.4	36.8	312.1

Other income (expense)	0.8	1.9	2.5	5.4
Interest income	(15.8)	(22.0)	(50.0)	(69.6)
Interest expense	(0.6)	1.6	(0.1)	(2.9)
Other income (expense) – net				
Income (loss) from continuing operations before income taxes	<u>20.9</u>	<u>67.9</u>	<u>(10.8)</u>	<u>245.0</u>
	1.1	(15.5)	4.9	(53.8)
(Provision for) benefit from income taxes				
Income (loss) from continuing operations	<u>22.0</u>	<u>52.4</u>	<u>(5.9)</u>	<u>191.2</u>
	(0.1)	(10.1)	(1.3)	(151.8)
Income (loss) from discontinued operations – net of tax	<u>(16.1)</u>	<u>(20.9)</u>	<u>(21.1)</u>	<u>(9.5)</u>
Gain (loss) on disposition of discontinued operations- net of tax				
Net income (loss)	<u>\$ 5.8</u>	<u>\$ 21.4</u>	<u>\$ (28.3)</u>	<u>\$ 29.9</u>
Basic Earnings (loss) per Share:				
	<u>\$ 0.31</u>	<u>\$ 0.73</u>	<u>\$ (0.09)</u>	<u>\$ 2.69</u>
Income (loss) from continuing operations	—	(0.14)	(0.02)	(2.14)
Income (loss) from discontinued operations – net of tax	(0.23)	(0.29)	(0.30)	(0.13)
Gain (loss) on disposition of discontinued operations – net of tax				
Net income (loss)	<u>\$ 0.08</u>	<u>\$ 0.30</u>	<u>\$ (0.41)</u>	<u>\$ 0.42</u>
Diluted Earnings (loss) per Share:				
	<u>\$ 0.31</u>	<u>\$ 0.73</u>	<u>\$ (0.09)</u>	<u>\$ 2.66</u>
Income (loss) from continuing operations	—	(0.14)	(0.02)	(2.11)
Income (loss) from discontinued operations – net of tax	(0.23)	(0.29)	(0.30)	(0.13)
Gain (loss) on disposition of discontinued operations – net of tax				
Net income (loss)	<u>\$ 0.08</u>	<u>\$ 0.30</u>	<u>\$ (0.41)</u>	<u>\$ 0.42</u>
Weighted average number of shares outstanding in per share calculation				
	<u>69.3</u>	<u>71.3</u>	<u>69.7</u>	<u>71.0</u>
Basic	<u>69.5</u>	<u>71.8</u>	<u>69.7</u>	<u>71.8</u>
Diluted				

TEREX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

(unaudited)

(in millions, except par value)

	September 30, 2020	December 31, 2019
Assets		
Current assets		
	\$ 508.3	\$ 535.1
Cash and cash equivalents	1,252.8	1,484.6
Other current assets	1,761.1	2,019.7
Total current assets		
Non-current assets		
	401.7	389.4
Property, plant and equipment – net	752.4	786.5
Other non-current assets	1,154.1	1,175.9
Total non-current assets		
Total assets	\$ 2,915.2	\$ 3,195.6
Liabilities and Stockholders' Equity		
Current liabilities		
	\$ 7.5	\$ 6.9
Current portion of long-term debt	673.5	865.5
Other current liabilities	681.0	872.4
Total current liabilities		
Non-current liabilities		
	1,167.0	1,168.8
Long-term debt, less current portion	214.5	222.1
Other non-current liabilities	1,381.5	1,390.9
Total non-current liabilities		
Total liabilities	2,062.5	2,263.3
Total stockholders' equity	852.7	932.3
Total liabilities and stockholders' equity	\$ 2,915.2	\$ 3,195.6

TEREX CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

(in millions)

Nine Months Ended

September 30,

	2020	2019
Operating Activities		
Net income (loss)	\$ (28.3)	\$ 29.9
Depreciation and amortization	36.3	38.6
Changes in operating assets and liabilities and non-cash charges	80.9	9.9
Net cash provided by (used in) operating activities	88.9	78.4
Investing Activities		
Capital expenditures	(53.9)	(75.4)
Other investing activities, net	13.9	203.9
Net cash provided by (used in) investing activities	(40.0)	128.5
Financing Activities		
Net cash provided by (used in) financing activities	(80.8)	(85.5)
Effect of exchange rate changes on cash and cash equivalents	4.4	(18.0)
Net increase (decrease) in cash and cash equivalents	(27.5)	103.4
Cash and cash equivalents at beginning of period	540.1	372.1
Cash and cash equivalents at end of period	\$ 512.6	\$ 475.5

TEREX CORPORATION AND SUBSIDIARIES

SEGMENT RESULTS DISCLOSURE

(unaudited)

(in millions)

	Q3				Year to Date							
	2020		2019		2020		2019					
		% of		% of		% of		% of				
		Net Sales		Net Sales		Net Sales		Net Sales				
Consolidated												
Net sales	\$	765.6	\$	1,024.6	\$	2,289.7	\$	3,468.1				
Income (loss) from operations	\$	36.5	4.8%	\$	86.4	8.4%	\$	36.8	1.6%	\$	312.1	9.0%
AWP												
Net sales	\$	445.0	\$	628.2	\$	1,370.6	\$	2,226.5				
Income (loss) from operations	\$	13.3	3.0%	\$	45.9	7.3%	\$	2.4	0.2%	\$	191.8	8.6%
MP												
Net sales	\$	311.3	\$	382.7	\$	890.5	\$	1,224.1				
Income (loss) from operations	\$	40.3	12.9%	\$	58.4	15.3%	\$	88.7	10.0%	\$	183.2	15.0%
Corp and Other / Eliminations												
Net sales	\$	9.3	\$	13.7	\$	28.6	\$	17.5				
Loss from operations	\$	(17.1)	*	\$	(17.9)	*	\$	(54.3)	*	\$	(62.9)	*

* - 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, 2020, unless otherwise indicated.

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.

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
	2.2	(0.5)	1.7	0.02
Restructuring & Related	--	--	--	--

		2.2	(0.5)	1.7	0.02
Transformation		(0.7)	(0.1)	(0.8)	(0.01)
Deal Related		(0.6)	—	(0.6)	—
Other		—	4.5	4.5	0.06
Tax & Interim Period (3)					
As Adjusted (Non-GAAP)	\$	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

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
		12.6	(2.8)	9.8	0.14
Restructuring & Related		10.3	(1.9)	8.4	0.12
Transformation		(7.5)	0.2	(7.3)	(0.10)
Deal Related		(0.6)	—	(0.6)	(0.01)
Other		—	6.3	6.3	0.09
Tax & Interim Period (3)					
As Adjusted (Non-GAAP)	\$	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

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, 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 9/30/2020	Nine Months Ended 9/30/2020
Net cash provided by (used in) operating activities	\$ 76.6	\$ 88.9
Increase (decrease) in TFS assets	(16.1)	(38.2)
Capital expenditures, net of proceeds from sale of capital assets (1)	(6.1)	(38.0)
Free cash flow	\$ 54.4	\$ 12.7

(1) Includes \$4.4 million and \$13.4 million of proceeds from sale of capital assets within Proceeds (payments) from the disposition of discontinued operations in the Condensed Consolidated Statement of Cash Flows for the three and nine months ended September 30, 2020, respectively.

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