



NEWS RELEASE

# Terex Reports First Quarter 2023 Results

5/1/2023

- Sales of \$1.2 billion increased 23% year-over-year, 27% on FX neutral basis
- Total backlog remained strong at \$4.1 billion
- Income from operations of \$148 million, up 98% year-over-year
- Operating profit margin of 12.0% improved 460bps year-over-year
- EPS of \$1.60 more than doubled year-over-year
- Raising full-year 2023 EPS outlook to a range of \$5.60 to \$6.00

NORWALK, Conn., May 1, 2023 /PRNewswire/ -- Terex Corporation (NYSE: TEX) today announced its results for the first quarter 2023.

## CEO Commentary

"We entered 2023 with significant momentum as we continued to successfully execute against our growth strategy amidst elevated macroeconomic volatility and lingering supply chain constraints," said Terex Chairman and Chief Executive Officer John L. Garrison, Jr. "I would like to thank our team members for their dedication to our Zero Harm safety culture and their efforts in serving our customers and dealers. We delivered strong first quarter results, with sales growing 23%, operating margin expansion of 460bps, and EPS more than doubling over the prior year. We are raising our full-year EPS outlook as a result of this impressive performance, strong demand for our products and a healthy backlog of \$4.1 billion."

"We also continued to invest in new technologies and products across our business, and are proud of our recent innovations that support sustainability and help reduce GHG emissions with electric and hybrid options for our customers. During the quarter we showcased our expanded portfolio of products and solutions at various trade

shows, highlighting how we help our customers operate their equipment safely and profitably, while also supporting their sustainability goals and lowering their total cost of ownership."

## First Quarter Operational and Financial Highlights

- Net sales of \$1.2 billion increased 23.3%, up from \$1.0 billion in the first quarter of 2022. The increase was primarily driven by higher volumes and demand for our products and improved price realization necessary to mitigate rising costs across all segments, which was partially offset by a \$42 million negative impact from changes in foreign exchange rates.
- Income from operations of \$147.7 million, or 12.0% of net sales improved from \$74.5 million, or 7.4% of net sales the prior year. The year-over-year increase of \$73.2 million was driven by incremental margin achieved on higher sales volume, price realization and favorable product mix, which was partially offset by cost increases and the negative impact of foreign exchange.
- Income from continuing operations was \$109.9 million, or \$1.60 per share, compared to \$52.3 million, or \$0.74 per share, in the first quarter of 2022. EPS was up 116.2% year-over-year.

## Business Segment Review

### Materials Processing

- Net sales of \$553.8 million were up 22.3% or \$101.1 million year-over-year, primarily due to strong demand for our products across multiple businesses and price realization necessary to mitigate rising costs. Excluding the impact of foreign exchange rates of approximately \$27 million, net sales increased 28.4% year-over-year.
- Income from operations increased to \$85.3 million or 15.4% of net sales, compared to \$64.5 million, or 14.2% of net sales, in the prior year. The increase was driven by incremental margin achieved on higher sales volumes and favorable product mix, which was partially offset by cost increases and the negative impact of foreign exchange.

### Aerial Work Platforms

- Net sales of \$685.9 million were up 24.4% or \$134.4 million year-over-year. The increase was primarily due to higher demand driven by fleet replacement, end-market growth and price realization necessary to mitigate rising costs. Excluding the impact of foreign exchange rates of approximately \$15 million, net sales increased 27.1% year-over-year.
- Income from operations increased to \$83.1 million or 12.1% of net sales, compared to \$32.5 million, or 5.9% of net sales in the prior year. The increase was driven by incremental margin on higher sales volume, cost reductions, favorable manufacturing efficiencies and mix, price realization to mitigate inflation and was partially offset by negative effects of foreign exchange rate changes.

## Strong Balance Sheet and Liquidity

- As of March 31, 2023, the Company had liquidity (cash and availability under our revolving line of credit) of \$677.2 million and net leverage of 1.0x.
- Terex deployed approximately \$30 million for capital expenditures and investments during the first quarter of 2023.
- During the three months ended March 31, 2023, Terex paid \$10.2 million in dividends, a 15% increase and executed \$3.2 million in share repurchases. In addition, the company repurchased \$14.3 million shares in April.

## CFO Commentary

Julie Beck, Senior Vice President and Chief Financial Officer, said "The Company has a strong balance sheet with low leverage and ample liquidity to support its growth initiatives. We are pleased with our improving sales and margin expansion trajectory, driven by strong demand and supported by our pricing actions and disciplined expense management. As a result, we are raising our full year sales, margin, EPS and free cash flow outlook ranges."

## 2023 Outlook

(in millions, except per share data)

Terex Outlook (1)	PREVIOUS Outlook	UPDATED Outlook
Net Sales	\$4,600 - \$4,800	\$4,800 - \$5,000
SG&A % to Sales	~10.5%	~10.7%
Operating Margin	10.0% - 10.4%	11.4% - 11.8%
Interest / Other Expense	~\$60	~\$60
Tax Rate	~21.0%	~21.0%
EPS	\$4.60 - \$5.00	\$5.60 - \$6.00
Share Count	~69	~69
Depreciation / Amortization	~\$50	~\$50
Free Cash Flow (2)	\$225 - \$275	~\$300 - \$350
Corp & Other OP	~(\$75)	~(\$80)

Segment Outlook (1)	PREVIOUS Outlook		UPDATED Outlook	
	Net Sales	Operating Margin	Net Sales	Operating Margin
Materials Processing	\$2,000 - \$2,100	~15.5%	\$2,100 - \$2,200	~15.8%
Aerial Work Platforms	\$2,600 - \$2,700	~9.0%	\$2,700 - \$2,800	~11.5%

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(1) Excludes the impact of future acquisitions, divestitures, restructuring and other unusual items  
(2) Capital expenditures: ~\$135 million

## 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 Tuesday, May 2, 2023 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 (the "Exchange Act") 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, 2022, 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:

- changes in the availability and price of certain materials and components, which may result in further supply chain disruptions;
- 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 and economic instability;
- a material disruption to one of our significant facilities;
- our business is sensitive to government spending;
- our industry is highly competitive and subject to pricing pressure;
- our ability to successfully implement our strategy and the actual results derived from such strategy;
- our ability to integrate acquired businesses;
- our consolidated financial results are reported in U.S. dollars while certain assets and other reported items are denominated in the currencies of other countries, creating currency exchange and translation risk;
- 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 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 ability to attract, develop, engage and retain team members;
- possible work stoppages and other labor matters;
- increased cybersecurity threats and more sophisticated computer crime;
- 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 environmental regulations could be costly and failure to meet environmental, social and governance ("ESG") expectations or standards or achieve our ESG goals could adversely impact our business;
- 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"); 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 impact on the environment 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 to parts and service support.

## Contact Information

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

	Three Months Ended March 31,	
	2023	2022
Net sales	\$ 1,235.7	\$ 1,002.5
Cost of goods sold	(957.0)	(816.7)

Gross profit	278.7	185.8
Selling, general and administrative expenses	(131.0)	(111.3)
Income (loss) from operations	147.7	74.5
Other income (expense)		
Interest income	2.0	0.6
Interest expense	(14.9)	(10.6)
Other income (expense) – net	(1.6)	(0.3)
Income (loss) from continuing operations before income taxes	133.2	64.2
(Provision for) benefit from income taxes	(23.3)	(11.9)
Income (loss) from continuing operations	109.9	52.3
Gain (loss) on disposition of discontinued operations- net of tax	2.7	(0.4)
Net income (loss)	\$ 112.6	\$ 51.9
Basic earnings (loss) per Share:		
Income (loss) from continuing operations	\$ 1.62	\$ 0.75
Gain (loss) on disposition of discontinued operations – net of tax	0.04	(0.01)
Net income (loss)	\$ 1.66	\$ 0.74
Diluted earnings (loss) per Share:		
Income (loss) from continuing operations	\$ 1.60	\$ 0.74
Gain (loss) on disposition of discontinued operations – net of tax	0.04	(0.01)
Net income (loss)	\$ 1.64	\$ 0.73
Weighted average number of shares outstanding in per share calculation		
Basic	67.7	69.8
Diluted	68.8	70.9

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

	March 31, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 254.2	\$ 304.1
Other current assets	1,836.2	1,657.9
Total current assets	2,090.4	1,962.0
Non-current assets		
Property, plant and equipment – net	478.9	465.6
Other non-current assets	711.9	690.5
Total non-current assets	1,190.8	1,156.1
Total assets	\$ 3,281.2	\$ 3,118.1
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 2.1	\$ 1.9
Other current liabilities	1,048.4	996.7
Total current liabilities	1,050.5	998.6
Non-current liabilities		
Long-term debt, less current portion	774.9	773.6
Other non-current liabilities	161.2	164.7
Total non-current liabilities	936.1	938.3
Total liabilities	1,986.6	1,936.9
Total stockholders' equity	1,294.6	1,181.2
Total liabilities and stockholders' equity	\$ 3,281.2	\$ 3,118.1

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

	Three Months Ended March 31,	
	2023	2022
Operating Activities		
Net income (loss)	\$ 112.6	\$ 51.9
Depreciation and amortization	12.1	11.7
Changes in operating assets and liabilities and non-cash charges	<u>(115.6)</u>	<u>(115.3)</u>
Net cash provided by (used in) operating activities	9.1	(51.7)
Investing Activities		
Capital expenditures	(20.3)	(20.1)
Other investing activities, net	<u>(9.4)</u>	<u>(3.1)</u>
Net cash provided by (used in) investing activities	(29.7)	(23.2)
Financing Activities		
Net cash provided by (used in) financing activities	<u>(31.7)</u>	<u>28.0</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2.4</u>	<u>(1.6)</u>
Net increase (decrease) in cash and cash equivalents	(49.9)	(48.5)
Cash and cash equivalents at beginning of period	<u>304.1</u>	<u>266.9</u>
Cash and cash equivalents at end of period	<u>\$ 254.2</u>	<u>\$ 218.4</u>

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

	Q1			
	2023		2022	
		% of Net Sales		% of Net Sales
<b>Consolidated</b>				
Net sales	\$ 1,235.7		\$ 1,002.5	
Income from operations	\$ 147.7	12.0 %	\$ 74.5	7.4 %
<b>MP</b>				
Net sales	\$ 553.8		\$ 452.7	
Income from operations	\$ 85.3	15.4 %	\$ 64.5	14.2 %
<b>AWP</b>				
Net sales	\$ 685.9		\$ 551.5	
Income from operations	\$ 83.1	12.1 %	\$ 32.5	5.9 %
<b>Corp and Other / Eliminations</b>				
Net sales	\$ (4.0)		\$ (1.7)	
Loss from operations	\$ (20.7) *		\$ (22.5) *	

\* 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 March 31, 2023, unless otherwise indicated.

### 2023 Outlook

The Company's 2023 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 2023 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 March 31, 2023	
Net cash provided by (used in) operating activities	\$	9.1
Capital expenditures, net of proceeds from sale of capital assets		(19.7)
Free cash flow (use)	\$	(10.6)

### 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:

	March 31, 2023
Inventories	\$1,083.2
Trade Receivables	630.1
Less: Trade Accounts Payables	(686.7)
Less: Customer Advances	(36.0)
Total Working Capital	\$990.6

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

3 months Sales		\$1,235.7
Number of quarters	x	4.0
Annualized Quarterly Sales		\$4,942.8
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.

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