Wacker Neuson Group
Quarterly report Q1/2018

May 8, 2018, unaudited

Foreword

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Highlights

Revenue

- Revenue > +9% on previous year, growth in all regions, negative currency effects especially from EUR/USD exchange rate
- Deliveries delayed by bottlenecks on supplier side

Profitability

- EBIT +61% on previous year thanks to strict cost controls
- Increased material prices and limited material availability squeeze gross profit margin to prior-year level

Guidance for fiscal 2018 confirmed

Dear Ladies and Gentlemen,

Our company got off to a strong start in 2018 with revenue for the first quarter of the year increasing by over 9 percent. When adjusted for currency effects, which were largely unfavorable for us, revenue growth was even higher at 14 percent.

Business was fueled by continued strong construction activity in Europe and the success of our two brands for the agricultural sector. Demand in North America is high and the region is again having a positive impact on earnings. As such, we remained on the path to sustainable growth in earnings and saw Group EBIT increase 61 percent relative to the prior-year quarter.

In April, we presented many of our new products and innovations to customers and business partners at INTERMAT in Paris, which is this year's largest construction industry trade show. The mood across the industry is very positive. As things stand, we can thus confirm our guidance for fiscal 2018, which we announced in March. However, a degree of uncertainty surrounds the situation with suppliers and future exchange rate developments, especially with regard to the EUR/USD rate.

We would like to thank our shareholders and business partners for the trust they have shown in us.

The Executive Board team of Wacker Neuson SE

Key Figures

Q1/18

Revenue yoy	EBIT yoy	Adj. EBIT yoy
+9.5%	+60.8%	+41.1%
(€ 370.5m)	(margin: 6.2%)	(margin: 6.2%)
Op. CF	**FCF**	**EPS yoy**
€ -41m	€ -45m	+61.5%
(Q1/17: € -19m)	(Q1/17: € -26m)	(€ 0.21)

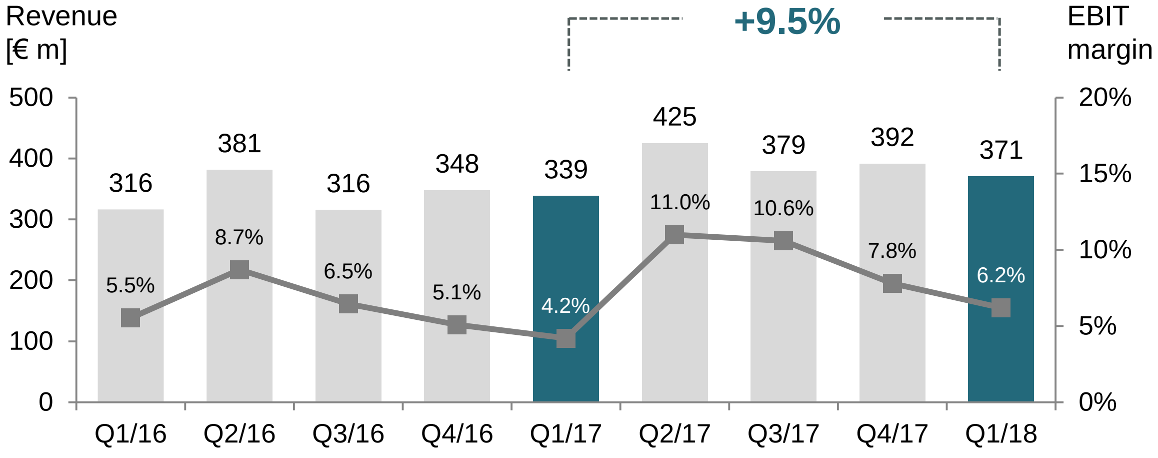
March 31, 2018

NWC[1]-ratio: 37.9%	DIO[2]: 150 days	Equity ratio: 65.8%
(-4.9PP yoy)	(-17 days yoy)	(-1.2PP yoy)

[1] Average net working capital for the quarter / annualized revenue for the quarter.
[2] Days inventory outstanding: (average inventory for the quarter / annualized cost of sales for the quarter)*365.

Revenue and earnings

Revenue and earnings significantly higher than in Q1/17



Income statement (excerpt)

[€ m]	Q1/18	Q1/17	Δ
Revenue	370.5	338.5	9.5%
Gross Profit	100.6	91.9	9.5%
as a % of revenue	*27.2%*	*27.1%*	*0.1PP*
SG&A incl. other income/expenses	-77.6	-77.6	0.0%
as a % of revenue	*-20.9%*	*-22.9%*	*2.0PP*
EBIT	23.0	14.3	60.8%
as a % of revenue	*6.2%*	*4.2%*	*2.0PP*
Adj. EBIT	23.0	16.3	41.1%
as a % of revenue	*6.2%*	*4.8%*	*1.4PP*
Profit for the period	14.6	9.3	57.0%
EPS (in €)	0.21	0.13	61.5%

Comments

Revenue +9.5%

- Strong demand in core markets Europe and North America, deliveries delayed by bottlenecks on supplier side
- Currency-adjusted revenue increased 14.2%

Gross profit margin at prior-year level (+0.1PP)

- Less favorable regional and product mix yoy
- Higher material prices, limited material availability

EBIT +60.8%

- Operating cost at prior-year level, percentage of revenue down by 2.0PP
- Adjustments: In Q1/18, no adjustments were made. A negative one-off effect in the amount of € 2.0m was reported in Q1/17.[1]

Earnings per share +61.5%

- Financial result: Negative FX effects (€ -1.6m), slight increase in interest income (€ +0.3m)
- Tax rate stable at 29.1% (Q1/17: 29.0%)

[1] Linked to changes to the Executive Board.

Business development by region and business segment

Growth mainly driven by Europe and North America

Revenue [€ m]		share	yoy	EBIT[1]
Europe	267.8	72%	+8%	36.2
Americas	91.7	25%	+13%	1.4
Asia-Pacific	11.0	3%	+16%	-0.7
Total Q1/18	370.5	100%	+9%	23.0

Strongest growth in the compact equipment segment

Revenue [€ m][2]		share	yoy
Light Equipment	103.2	27%	+5%
Compact Equipment	199.4	53%	+13%
Services	73.2	20%	+7%
Total Q1/18	370.5	100%	+9%

Comments

Revenue Europe +8% yoy (adj. for currency effects: +9%)

- Strong growth in particular in France, England, Poland, Austria and Benelux countries; recovery momentum continues in Southern Europe
- Revenue compact equipment for the agricultural sector +12%, alliance with John Deere developing as planned

Revenue Americas +13% yoy (adj. for currency effects: +29%)

- Double-digit growth in both North and South America
- Region again makes positive contribution to earnings
- Strong growth in worksite technology and compact equipment
- Intensified competitive pressures due to imports from the Eurozone becoming more expensive
- Rental chains show high level of investment activity

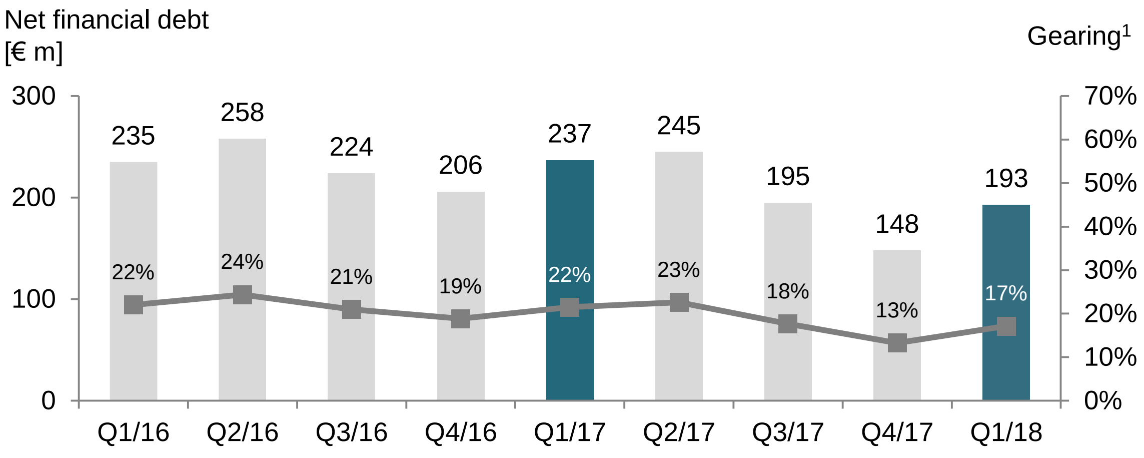
Revenue Asia-Pacific +16% yoy (adj. for currency effects: +26%)

- Strong growth reported for excavators in China
- Start of production at new plant in Pinghu (near Shanghai)
- Restructuring in Australia completed (provision for negative one-off effect from the sale of a building already recognized in Q4/17)

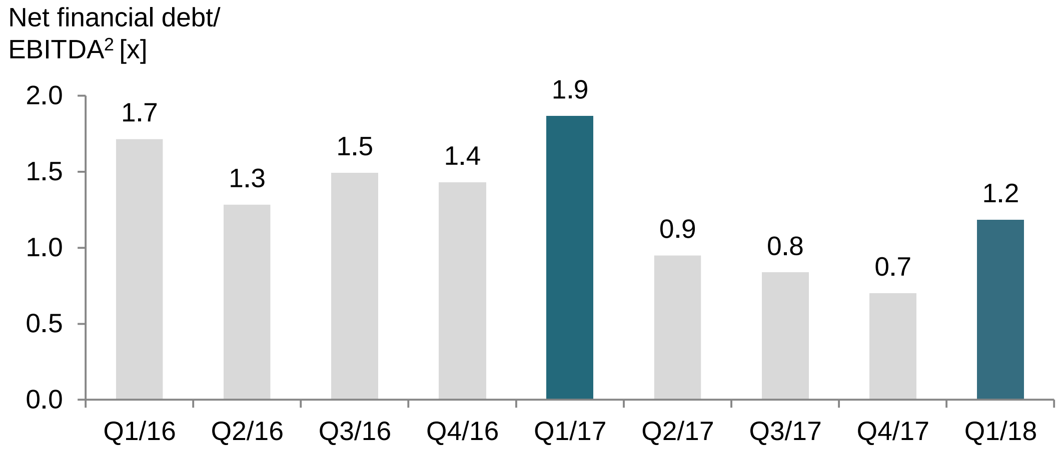
[1] EBIT for regions before consolidation.
[2] Revenue by business segment before cash discounts.

Sound balance sheet structure

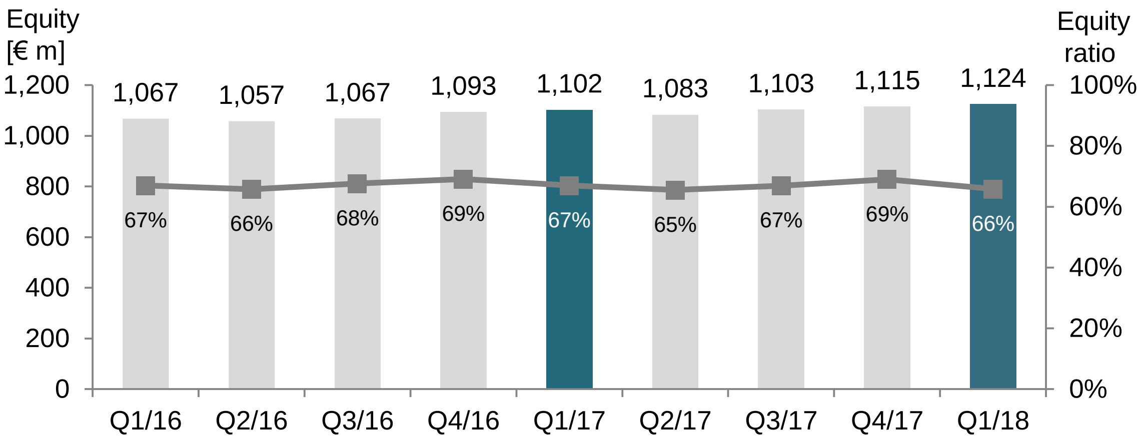
Gearing[1] further reduced yoy



Net financial debt/EBITDA[2] at low level



Stable equity ratio



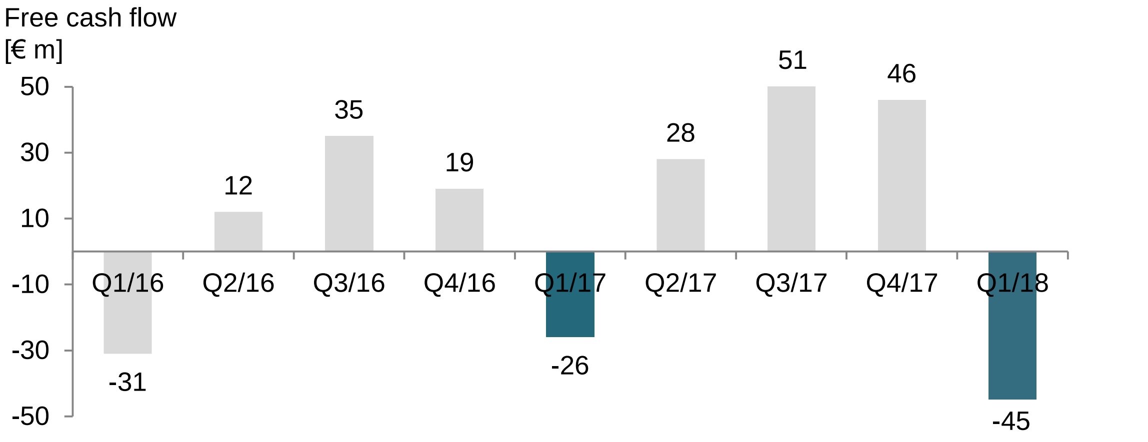
Comments

- At 17%, gearing[1] remains at a conservative level
- Net financial debt higher than at the close of the year due to seasonally higher net working capital
- Promissory note (Schuldschein) of USD 100m issued end of February 2018
- Short-term credit lines replaced with three medium-term credit lines

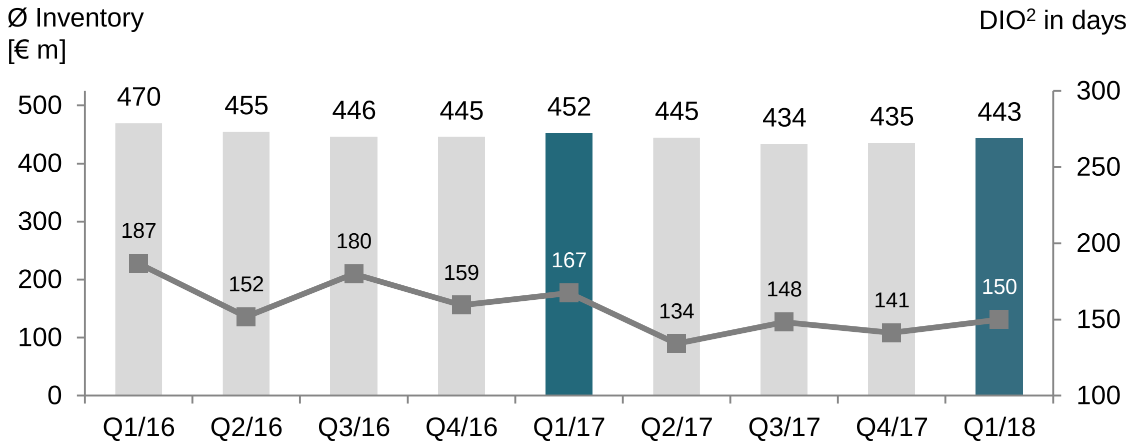
[1] Net financial debt / equity.
[2] Net financial debt/annualized EBITDA for the quarter.

Management of net working capital proving effective

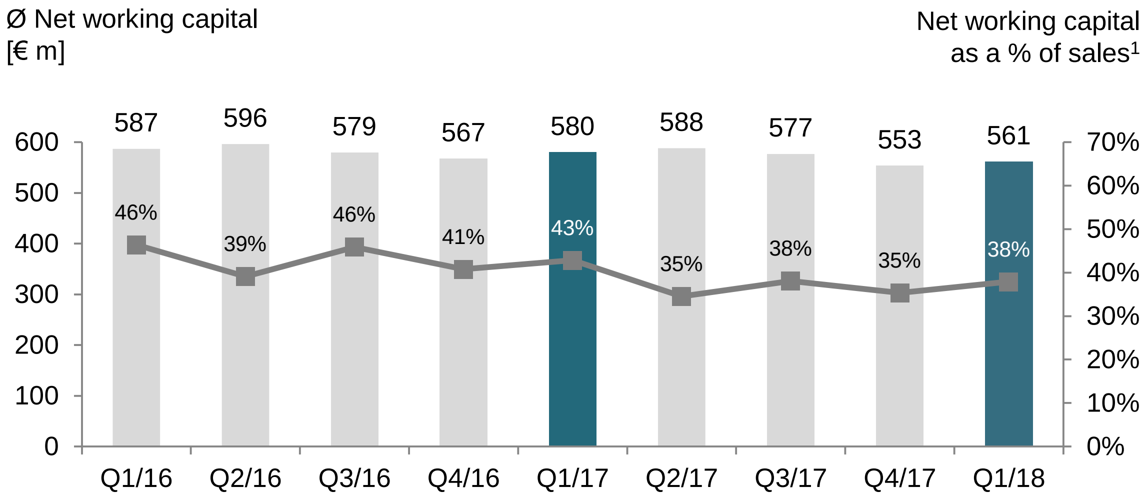
Free cash flow negative due to seasonality



Days inventory outstanding (DIO)[2] down 17 days yoy



Net working capital ratio[1] down 5PP yoy



Comments

- Cash flow from operating activities € -41.4m (Q1/17: € -19.1m) primarily due to an increase in net working capital € +52.4m (Q1/17: € +21.4m)
  - Seasonal increase in inventory in Q1
  - Delayed deliveries (due to bottlenecks on supplier side)
  - Increase in trade receivables due to higher business volume
- Drop in cash flow from investment activities (Q1/18: € -3.7m; Q1/17: € -6.9m) due to sale of building in Australia

[1] Average net working capital for the quarter / annualized revenue for the quarter.
[2] (Average inventory for the quarter / annualized cost of sales for the quarter)*365.

Highlights from operational activities

Zero emission products at the Wacker Neuson stand, INTERMAT 2018, Paris.

Asia: Excavator production starts on schedule in China

- Series production of mini excavators started in January; first machines successfully delivered to customers. Further models to be localized during the year.
- Integration of first products from Philippine plant: Series production of floor saws started in March, preparations for vibratory plate production underway

EMEA: Numerous new products launched, including:

- 3.5-ton excavator: increased productivity thanks to optimized drive technology
- Telescopic handlers in 3- to 6-ton class
- Light towers specifically for Europe, Middle East and Africa

EMEA: Broad zero emission range on show at INTERMAT

- First battery-powered mini excavator unveiled
  - Ideal for construction sites in enclosed spaces (e.g. tunnels, car parks)
  - Market launch planned for 2019
- First completely emission-free vibratory plate unveiled
- Full lineup for small, urban construction sites (significant noise reduction, zero emissions)

Progress with "Strategy 2022"

CUSTOMER-CENTRICITY

- Expansion of (direct) sales network to include Slovakia[1]
- Optimization and expansion of dealer structure in North America
- Progress with financing solutions for customers and distribution partners
- Expansion of rental portfolio to include more flexible solutions tailored to individual customer needs

ACCELERATION

- R&D focus: Alternative drive technologies, presentation of further zero emission products at INTERMAT in France (April 2018)
- Successful net working capital management, with optimized inventory structure in particular
- Improvements to processes and organizational structure in aftermarket proving effective

FOCUS

- Profitable business field: Aftermarket & services now an independent legal entity
- Initiatives to enhance delivery capabilities
- Internationalization: Successful launch of excavator production in China
- Targeted financing for further growth: promissory note in USD (Schuldschein), new medium-term credit lines

EXCELLENCE

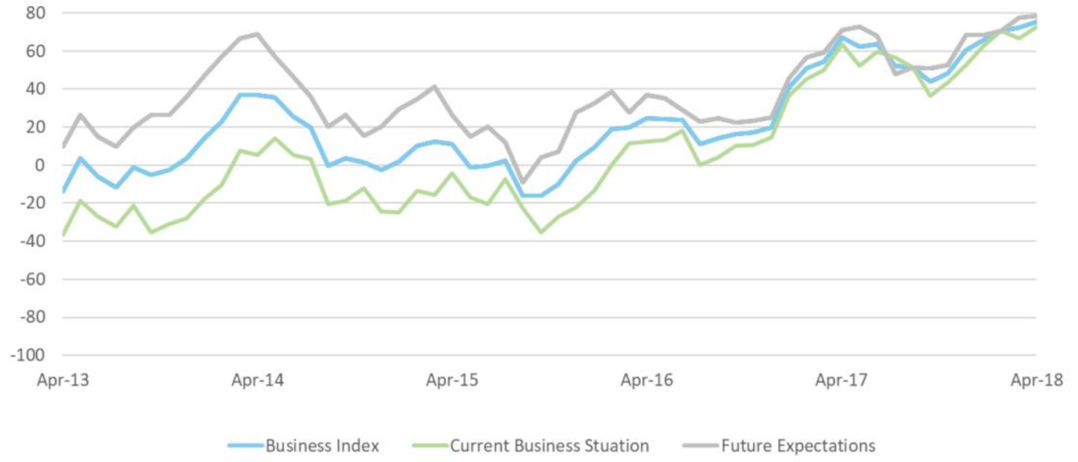
- Reduction in structure costs and optimization of value chain:
  - Integration of light equipment production from Manila (Philippines) into plant Pinghu (China) underway
  - Integration of Light equipment production from Norton Shores, (Michigan, USA) into plant Menomonee Falls (Wisconsin, USA) underway
- Employee development programs
- Training initiatives

[1] Countries with direct sales (120 Wacker Neuson sales and service stations): Germany, Austria, Switzerland, Poland, Czech Republic, Slovakia, Benelux countries, Denmark, Sweden.

Outlook for 2018

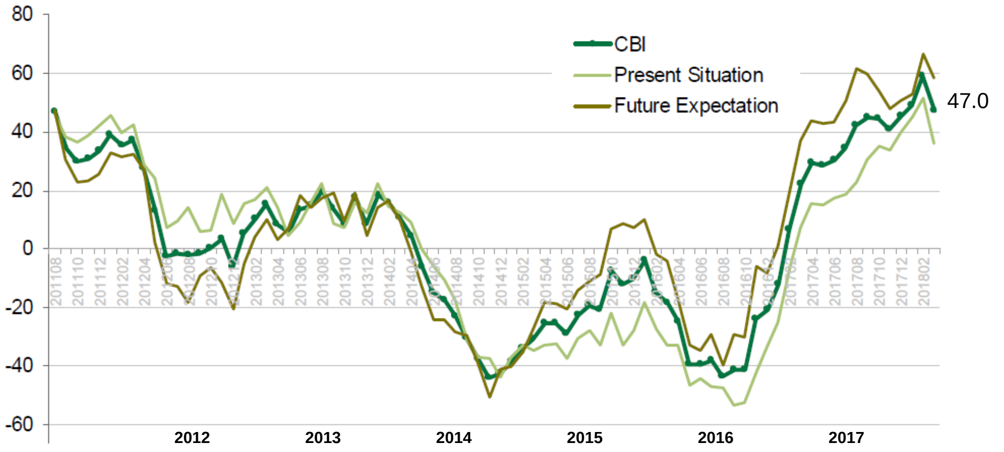
Wacker Neuson Group

Business index for the construction industry at a high level



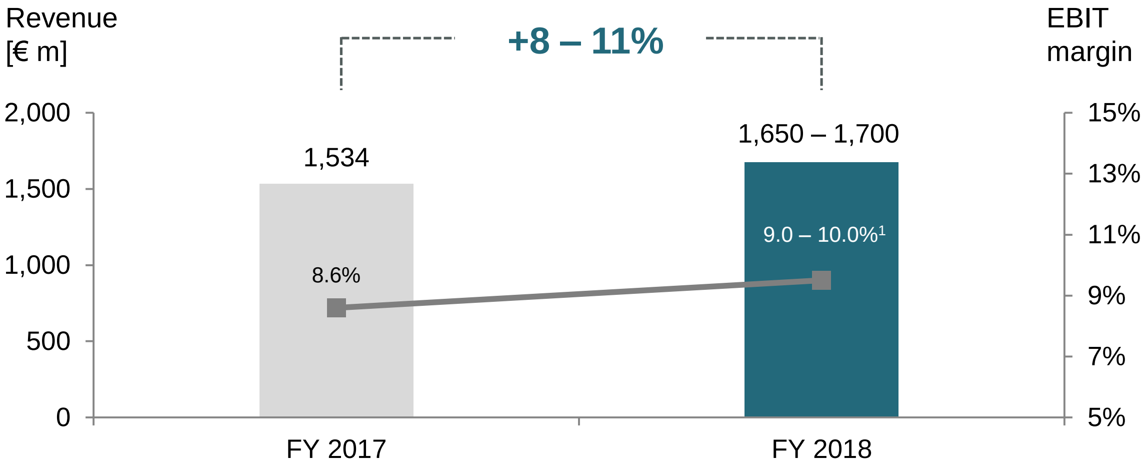
Source: CECE, April 2018.

Business index for the agricultural sector at a high level



Source: CEMA, March 2018.

Guidance for fiscal 2018 as a whole confirmed



Comments

- Business index in core industries at a high level
- Order intake higher than prior-year figure
- Mid-year price increase of 2% on average planned for July 2018
- Guidance for fiscal 2018 confirmed
- Special risks:
  - Delayed deliveries (suppliers having difficulties meeting orders)
  - Currency developments, especially EUR/USD (negative translation effects on revenue, negative transaction effects on earnings)

[1] Does not include potential one-off income from the sale of a property owned by the Group.

Consolidated Financial Statements

(unaudited)

Consolidated Income Statement

Wacker Neuson Group

IN € MILLION

	Q1/18	Q1/17	Δ
Revenue	370.5	338.5	**9.5%**
Cost of sales	-269.9	-246.6	9.4%
Gross profit	**100.6**	**91.9**	**9.5%**
Sales and service expenses	-51.9	-49.8	4.2%
Research and development expenses	-8.7	-9.2	-5.4%
General administrative expenses	-19.3	-20.6	-6.3%
Other income	2.4	2.2	9.1%
Other expenses	-0.1	-0.2	-50.0%
Profit before interest and tax (EBIT)	**23.0**	**14.3**	**60.8%**
Financial income	2.1	0.8	162.5%
Financial expenses	-4.5	-2.0	125.0%
Profit before tax (EBT)	**20.6**	**13.1**	**57.3%**
Taxes on income	-6.0	-3.8	57.9%
Profit for the period	**14.6**	**9.3**	**57.0%**
Of which are attributable to:			
Shareholders in the parent company	14.6	9.1	60.4%
Minority interests	0.0	0.2	-100.0%
	14.6	9.3	57.0%
Earnings per share in € (diluted and undiluted)	**0.21**	**0.13**	**61.5%**

Consolidated Balance Sheet

Wacker Neuson Group

IN € MILLION

	March 31, 2018	Dec. 31, 2017	March 31, 2017
Assets			
Property, plant and equipment	290.5	292.0	319.5
Property held as financial investment	26.6	26.8	20.9
Goodwill	237.1	237.4	238.5
Intangible assets	125.9	125.6	124.9
Deferred tax assets	44.4	40.5	43.8
Other non-current financial assets	34.3	29.9	28.2
Other non-current non-financial assets	6.4	4.9	2.6
Total non-current assets	**765.2**	**757.1**	**778.4**
Rental equipment[1]	**125.7**	119.5	119.3
Inventories	455.4	431.4	461.7
Trade recievables	273.1	235.1	240.9
Tax offsets	2.7	6.5	10.1
Other current financial assets	10.3	8.3	2.5
Other current non-financial assets	20.8	16.6	15.4
Cash and cach equivalents	47.5	27.3	14.0
Non-current assets held for sale	7.1	14.1	1.4
Total current assets	**942.6**	**858.8**	**865.3**
Total assets	**1,707.8**	**1,615.9**	**1,643.7**

IN € MILLION

	March 31, 2018	Dec. 31, 2017	March 31, 2017
Equity and liabilities			
Subscribed capital	70.1	70.1	70.1
Other reserves	576.5	582.3	612.0
Retained earnings	477.0	462.4	418.4
Equity attributable to shareholders in the parent company	1,123.6	1,114.8	1,100.5
Minority interests	0.0	0.0	1.0
Total equity	**1,123.6**	**1,114.8**	**1,101.5**
Long-term financial borrowings	236.0	155.0	154.9
Deferred tax liabilities	30.2	31.6	29.6
Long-term provisions	53.6	54.7	53.7
Total non-current liabilities	**319.8**	**241.3**	**238.2**
Trade payables	144.2	128.0	112.6
Short-term borrowings from banks	4.3	20.3	96.3
Current portion of long-term borrowings	0.0	0.0	0.0
Short-term provisions	17.2	16.9	15.8
Tax liabilities	2.2	1.0	0.8
Other short-term financial liablities	30.7	32.7	24.1
Other short-term non-financial liablities	65.8	60.9	54.4
Total current liablities	**264.4**	**259.8**	**304.0**
Total liabilities	**1,707.8**	**1,615.9**	**1,643.7**

[1] Rental equipment is recognized under current assets as of Q4/17 (previously recognized under property, plant and equipment). Values for the previous year have been adjusted accordingly.

Consolidated Cash Flow Statement

Wacker Neuson Group

IN € MILLION

	Q1/18	Q1/17	Δ
EBT	**20.6**	**13.1**	**57.3%**
Adjustments to reconcile profit before tax with gross cash flows[1]			
Depreciation and amortization of non-current assets	9.7	9.9	-2.0%
Unrealized foreign exchange gains/losses	1.9	0.2	850.0%
Financial result	2.4	1.2	100.0%
Gains from sale of intangable assets and property, plant and equipment	0.0	-0.3	-100.0%
Changes in rental equipment, net	-6.5	-12.5	-48.0%
Changes in misc. assets	-13.1	-6.2	111.3%
Changes in provisions	-0.6	0.2	-400.0%
Changes in misc. liabilities	4.3	2.9	48.3%
Gross cash flow	**18.7**	**8.5**	**120.0%**
Changes in inventories	-28.7	-19.1	50.3%
Changes in trade recivables	-40.3	-27.4	47.1%
Changes in trade payables	16.6	25.1	-33.9%
Changes in net working capital	**-52.4**	**-21.4**	**144.9%**
Cash flow from operating activities before income tax paid	-33.7	-12.9	161.2%
Income tax paid	-7.7	-6.2	24.2%
Cash flow from operating activities	**-41.4**	**-19.1**	**116.8%**
Purchase of property, plant and equipment	-7.2	-6.2	16.1%
Purchase of intangible assets	-4.0	-3.5	14.3%
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	7.5	2.8	167.9%
Cash flow from investment activities	**-3.7**	**-6.9**	**-46.4%**
Free cash flow	**-45.1**	**-26.0**	**73.5%**
Dividends	0.0	0.0	-
Cash receipts from short-term borrowings	0.0	44.2	-100.0%
Repayments from short-term borrowings	-14.4	-141.6	-89.8%
Cash receipts from long-term borrowings	81.4	124.9	-34.8%
Repayments from long-term borrowings	0.0	0.0	-
Interest paid	-2.2	-5.6	-60.7%
Interest received	0.8	0.5	60.0%
Cash flow from financial activities	**65.6**	**22.4**	**192.9%**
Change in cash and cash equivalents before exchange rate effects	20.5	-3.6	-669.4%
Effect of exchange rates on cash and cash equivalents	-0.3	0.0	-
Change in cash and cash equivalents	**20.2**	**-3.6**	**-661.1%**
Cash and cash equivalents at the beginning of the period	27.3	17.6	55.1%
Cash and cash equivalents at the end of period	**47.5**	**14.0**	**239.3%**

[1] Some items in the consolidated cash flow statement have been adapted compared to Q1/17. For further information on this, refer to item 30 in the Notes to the Consolidated Financial Statement in the 2017 Annual Report.

Consolidated Segmentation

Geographical segments

IN € MILLION

Q1	Europe 2018	Europe 2017	Americas 2018	Americas 2017	Asia-Pacific 2018	Asia-Pacific 2017	Consolidation 2018	Consolidation 2017	Group 2018	Group 2017
Total revenue[1]	524.9	480.9	207.1	199.9	27.4	12.1			759.4	692.9
Revenue third party	267.8	248.2	91.7	80.8	11.0	9.5			370.5	338.5
EBIT[1]	36.2	31.7	1.4	1.9	-0.7	-1.8	-13.9	-17.5	23.0	14.3
EBIT-margin[2] (%)	13.5	12.8	1.5	2.4	-6.4	-18.9			6.2	4.2

Business segments

IN € MILLION

Q1	2018	2017
Segment revenue third party		
Light equipment	103.2	98.4
Compact equipment	199.4	176.4
Services	73.2	68.7
	375.8	**343.5**
Less cash discounts	-5.3	-5.0
Total	**370.5**	**338.5**

[1] Before consolidation.
[2] EBIT margin on sales to third parties.

Financial calendar and contact

May 14, 2018	London roadshow
May 15, 2018	Zurich roadshow
May 16, 2018	Equity Forum (spring edition), Frankfurt
May 23, 2018	Berenberg Tarrytown Conference, New York
May 30, 2018	**Annual General Meeting, Munich**
June 6, 2018	DB Access Conference, Berlin
June 20, 2018	Paris roadshow
June 21, 2018	Warburg Highlights Conference, Hamburg
June 27, 2018	Milan roadshow
June 28, 2018	Lugano roadshow
August 7, 2018	**Publication of 2018 half-year report; analysts and investors call**

Disclaimer

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