Wacker Neuson Group

H1/2024
Half-year Report

Figures at a glance

APRIL 1 THROUGH JUNE 30 AND JANUARY 1 THROUGH JUNE 30

IN € MILLION

	Q2/24	Q2/23	Δ	H1/24	H1/23	Δ
Key figures						
Revenue	611.7	698.7	-13%	1,204.8	1,365.9	-12%
by region						
Europe	466.3	519.5	-10%	925.6	1,023.5	-10%
Americas	130.2	158.1	-18%	250.6	300.7	-17%
Asia-Pacific	15.2	21.1	-28%	28.6	41.7	-31%
by business segment[1]						
Light equipment	130.4	150.9	-14%	240.8	286.5	-16%
Compact equipment	355.3	434.7	-18%	726.2	850.8	-15%
Services	130.5	117.9	11%	245.7	237.6	3%
EBITDA	86.6	123.7	-30%	162.0	243.6	-33%
Depreciation and amortization	39.7	34.8	14%	78.2	66.9	17%
EBIT	46.9	88.9	-47%	83.8	176.7	-53%
EBT	43.1	87.7	-51%	75.1	172.9	-57%
Profit for the period	31.4	63.6	-51%	54.7	126.0	-57%
R&D ratio (incl. capitalized expenses) as a %	3.8	3.3	0.5PP	3.9	3.3	0.6PP
Earnings per share in €	0.46	0.94	-51%	0.80	1.85	-57%
Key profit figures						
Gross profit margin as a %	24.0	25.4	-1.4PP	23.7	25.2	-1.5PP
EBITDA margin as a %	14.2	17.7	-3.6PP	13.4	17.8	-4.4PP
EBIT margin as a %	7.7	12.7	-5.1PP	7.0	12.9	-5,9PP
EBT margin as a %	7.0	12.6	-5.5PP	6.2	12.7	-6.5PP
Cash flow						
Cash flow from operating activities	61.5	22.4	>100%	62.7	14.6	>100%
Cash flow from investment activities	-31.9	-35.8	11%	-58.2	-45.1	29%
Investments (property, plant and equipment, intangible assets)	24.1	35.6	-32%	48.3	69.2	-30%
Free cash flow	29.6	-13.4	-	4.5	-30.5	-
Cash flow from financing activities	-26.8	10.2	-	-1.9	7.6	-

	Jun. 30, 2024	Dec. 31, 2023	Δ	Jun. 30, 2024	Jun. 30, 2023	Δ
Key figures from the balance sheet						
Equity[2]	1,481.1	1,499.7	-1%	1,481.1	1,442.1	3%
Equity ratio as a %	55.1	56.7	-1.6PP	55.1	55.4	-0.3PP
Net financial debt	466.1	365.8	27%	466.1	352.9	32%
Gearing as a %	31.5	24.4	7.1PP	31.5	24.4	7.1PP
Net working capital	905.5	869.5	4%	905.5	883.6	2%
Net working capital as a % of annualized revenue for the quarter	37.0	32.8	4.2PP	37.0	31.6	5.4PP
Number of employees[3]	6,253	6,579	-5%	6,253	6,608	-5%

1 Consolidated revenue before cash discounts.

2 Due to an error correction in connection with revenue recognition, the equity was adjusted compared to the previous year. Further information on this can be found in the “Changes in accounting in accordance with IFRS” in the 2023 annual report.

3 By number of jobs, the number of employees was converted to full-time equivalents. Excluding temporary employees.

All consolidated figures prepared according to IFRS. To improve readability, the figures in this report have been rounded to the nearest EUR million. Percentage changes refer to these rounded amounts.

Content

Definitions and calculation methods of key figures and other terms used are described in more detail in the Annual Report 2022 starting on page 151.
In some cases, due to rounding differences, the totals of individual values may not exactly match the totals given. Similarly, the addition of percentages may not add up exactly to 100.0 percent. There may also be minor discrepancies between the figures in the Notes and those in the Management Report.

Felix Bietenbeck
Chief Operations Officer (COO)
Chief Technology Officer (CTO)

Dr. Karl Tragl
Chief Executive Officer (CEO)

Christoph Burkhard
Chief Financial Officer (CFO)

Alexander Greschner
Chief Sales Officer (CSO)

Dear Ladies and Gentlemen,

Now that we have passed the half-way mark of 2024, this is a good time not only to take stock, but also to look as far and best we can to the future and predict what the next six months may hold for our industry and for our company. As we already mentioned at the start of the year, 2024 is a year of consolidation. At this point in the summer, therefore, we have to reaffirm that the overall market situation remains weak. The situation in our industries has not changed since the start of the year, with order intake on the low side and dealers facing high inventory levels.

The first half-year results of the Wacker Neuson Group reflect the current market situation. Our revenue for the period was EUR 1,204.8 million, representing a reduction of 11.8 percent compared with the previous year (H1/2023: EUR 1,365.9 million). Earnings before interest and taxes (EBIT) at EUR 83.8 million were 52.6 percent lower than the prior-year figure (H1/2023: EUR 176.7 million). The EBIT margin in the first half of the year therefore amounted to 7.0 percent (H1/2023: 12.9 percent). At 7.7 percent, the EBIT margin in the second quarter increased by 1.5 percentage points relative to the previous quarter. A positive free cash flow was achieved by the end of the first half of the year, due in part to inventory streamlining measures. Overall, however, cuts to production output and the implementation of cost-saving actions were not sufficient to fully compensate for the weak market situation.

On the operational side, we achieved further milestones in the first six months of the year as planned. In June, we opened our new spare parts warehouse in Mülheim-Kärlich. This will help us significantly improve the logistics and availability of spare parts, among other things thanks to an automated small parts storage facility with over 30 robots. The warehouse in Mülheim-Kärlich is the global hub for spare parts supplies supporting the Group’s three core brands: Wacker Neuson, Kramer and Weidemann. It will allow us to supply the spare parts required by our customers with greater speed and efficiency, thus further improving equipment uptime and customer satisfaction.

Our zero emission portfolio already encompasses a broad range of products and is becoming increasingly popular with our customers. Over the next few years, a new mobility hub is set to emerge at what is one of Germany’s largest and most complex building sites – right in the heart of Munich at the central railway stations. This project includes a new main hall (concourse) and structural works for a new underground (U-Bahn) line. The contractor, which is carrying out a large part of the works underground, is relying almost exclusively on electric compact and light equipment of the Wacker Neuson Group. This project highlights yet again the advantages of working with zero emission products. Since no direct emissions are produced on site, there is no need for expensive and complicated ventilation systems for the workers. A further plus point is that noise emissions are reduced to a minimum.

Going forward, we will continue to dynamically build on the momentum of these successes and operational milestones – despite the dampened outlook for the second half of the year. Important market indicators for the construction and agricultural industries, such as the business barometers of CECE and CEMA, are still forecasting subdued growth. This means that this period of weak demand will last longer than we had initially anticipated. Against this backdrop, we revised our guidance for the entire fiscal year on July 17, 2024. For the fiscal year 2024, we now expect revenue of between EUR 2,300 and 2,400 million (previously: EUR 2,400 and 2,600 million), accompanied by an EBIT margin of between 6.0 and 7.0 percent (previously: 8.0 to 9.0 percent). Investments for the full year are now expected to amount to around EUR 100 million (previously: EUR 120 million). Our target for the net working capital ratio at year-end is approximately 34 percent (previously: approx. 30 percent).

We will make good use of the coming months to streamline our cost structures and become more agile for the future. In the past, we have proven our ability to successfully overcome such challenges and always support our customers with reliable solutions in the long term. This is all made possible, of course, by our committed team of employees, and we would like to take this opportunity to thank them warmly for their hard work and dedication. We also thank our shareholders, customers and business partners for their trust and loyalty.

Best regards,

The Executive Board Team of Wacker Neuson SE

Interim Group Management Report

Unless otherwise specified, the information contained in this half-year report refers to Wacker Neuson SE and the Wacker Neuson Group (referred to hereafter as the "Wacker Neuson Group" or the "Group").

General Background

Overall economic trends

The International Monetary Fund (IMF) rates the current economic situation as resilient given that a global recession and stagflation have so far been avoided. As in the previous year, the global economy is expected to grow in 2024. At present, this is mainly being driven by the US economy, with a more moderate rate of growth being experienced in the eurozone. The IMF also notes that global trading partners could be affected unless (state) support is provided to the Chinese real estate sector. Positive and negative indicators for the growth of the global economy are broadly balanced at present according to the IMF. Even though overall inflation as a global average is converging toward target levels, core inflation in some countries (driven for example by labor market pressures) is more persistent than expected and this is limiting the avenues open to central banks for policy easing. An intensification and/or expansion of the war in Ukraine or the conflict in Israel/Gaza could also result in further price spikes and additional geoeconomic fragmentation. At the same time, however, some of the negative risks could be offset in the short term by fiscal incentives of governments and in the medium to long term by boosting productivity with new technologies like artificial intelligence.[1]

The IMF is expecting global economic growth of 3.2 percent in 2024 (2023: 3.2 percent). The IMF's current forecast has therefore been revised up by 0.1 percentage points relative to the start of the year. For the industrialized countries of the eurozone, the IMF predicts growth of 0.8 percent (2023: 0.4 percent). Although this represents a rise compared to the previous year, it remains lower than the global average. The expected growth rate for Germany in 2024 is 0.2 percent following the contraction of the economy in the previous year (2023: -0.3 percent). For the United Kingdom, growth is projected at 0.5 percent in 2024 (2023: 0.1 percent). Growth in the US market is set to increase to 2.7 percent according to the IMF (2023: 2.5 percent). In the emerging and developing countries, the IMF is projecting growth relative to the previous year of 4.2 percent (2023: 4.3 percent), driven by the Middle East, Central Asia and Sub-Saharan Africa.[2]

In contrast to the IMF, the World Bank expects the global economy to grow by a lower rate of 2.6 percent in the current fiscal year. The expected performance therefore lags behind the historical growth rates of the pre-COVID-19 pandemic years. According to the World Bank, a growth rate of 4.0 percent (2023: 4.2 percent) is expected for the emerging and developing countries in 2024, which is higher than the global average. Particularly strong performance is expected in India with 6.6 percent, Bangladesh with 5.6 percent, Indonesia with 5.0 percent and China with 4.8 percent. According to the World Bank, lower energy prices compared to the previous year and an easing of supply chain pressures will also stabilize the global economic climate. Interest rates are expected to stay high for the foreseeable future, however, due to persistent core inflation. The World Bank forecasts a fall in global inflation to 3.5 percent in 2024 and 2.9 percent in 2025. Most of the central banks in advanced economies are, however, only taking a very cautious approach to policy easing for the time being due to persistent inflationary pressure in the services sector and the latent geopolitical risks. Even though attacks on freight vessels in the Red Sea and the partly climate-related shipping disruptions in the Panama Canal have not yet resulted in long-term impacts on global supply chains, the ongoing tensions and the increasing division of the world into separate trading blocs pose continued risks to raw material prices, freight rates and supply networks. According to the World Bank, global trade experienced its weakest performance since 50 years in 2023. Given that 2024 is the year of parliamentary elections in countries which together account for around 60 percent of global GDP, international trade policy uncertainty in connection with the upcoming elections has reached an unusually high level relative to previous years. The World Bank also points to a growing need to decarbonize the economy and increase green investments given that current measures around the world fall short of net-zero targets.[3]

Construction industry overview

In its economic update for the construction equipment industry, the building materials sector and the engineering sector in June 2024, the German Engineering Federation (Verband Deutscher Maschinen- und Anlagenbau e.V. – VDMA) concludes that the global industry has now clearly entered a period of a downturn. Global revenue in Q1 2024 fell by 8 percent, with regional developments varying widely. Whereas Europe recorded a decline of 24 percent, the North American market remained stable (0 percent) and China achieved growth of 8 percent. The monthly order intake data of members was at least 20 percent down on the prior-year figures for every month since the start of the year according to the VDMA, and the buffers in order books have been eroded by now. With the outlook in the residential sector remaining subdued in many markets coupled with the young age of the global fleet, a recovery appears unlikely for the time being.[4]

The Committee for European Construction Equipment (CECE) concluded in its Q1 2024 report that the soft landing assumed at the start of the year for the current year was too optimistic and that a turnaround was not likely for the second quarter either. Sales in the three largest markets of Germany, France and the United Kingdom declined by 26 percent, 26 percent and 39 percent respectively in Q1 2024 relative to the prior-year period. The light equipment, earthmoving equipment and compact earthmoving categories were singled out as each experienced a fall in sales of over 25 percent. The smallest decline was recorded in the concrete machinery category with 6 percent.[5]

[1] Source: IMF, April 2024, World Economic Outlook, Executive Summary, pp. xvi-xvii
[2] Source: IMF, April 2024, World Economic Outlook, Chapter 1 – Global Prospects and Policies, pp. 1-42
[3] Source: World Bank, April 2024, Global Economic Prospects, Chapter 1 – Global Outlook, pp. 3-50
[4] Source: VDMA, June 2024, Economic Situation – Construction Equipment and Building Material Machinery,
[5] Source: Committee for European Construction Equipment (CECE), May 2024, Quarterly Economic Bulletin

Whereas the CECE business barometer indicated a recovery in the first two months of 2024, this had already given way to a downturn by March. Following a sideways trend in April and two further months of decline in May and June, the barometer reached its lowest level since July 2020 at the end of the first half of 2024. Utilization of production capacity in June was lower than 70 percent at four out of the ten companies surveyed, against the backdrop of a continuously lower order intake compared to the previous year. One third of the survey participants indicated at the end of H1 that they foresee further lay-offs of temporary workers over the next six months. Whereas only 12 percent of the surveyed companies stated in January that full-time employees would also be laid off, this figure had already increased to 16 percent in June. The continuously gauged expectations for the subsequent six months also remained negative. In the three largest European markets, around one quarter of the companies surveyed at the end of the first half of the year each expected to see a decline of over 10 percent in the second half of 2024. In North America and China, on the other hand, only 11 percent and 15 percent respectively of the survey participants foresaw a downturn on this scale. Meanwhile, 32 percent of those surveyed in North America at the end of June and 29 percent in India anticipated a return to growth in H2 (compared to 13 percent in Germany).[1]

The market research institute Off-Highway Research anticipates a decline in global sales figures for construction equipment of 8 percent this year, following a decline of 7 percent in the previous year and of 6 percent in 2022. This reduction over the previous three years must, however, be viewed in the context of the extraordinarily high volume of sales recorded in 2021. The current trend points towards a return to normal market conditions. The market is expected to have to wait until after 2025 for further growth and until the end of the decade for a return to the sales performance of 2021 as part of the normal market cycle. The forecast for China in 2024 is a decline of 4 percent, with the market in that country still characterized by a collapse in prices and the increasing risk of default in the real estate sector. Europe is expected to decline by 6 percent this year and North America by 10 percent relative to the previous year. According to the institute, infrastructure investments are the main market driver at present, with key interest rates and geopolitical developments set to additionally shape market dynamics in the medium term.[2]

Agricultural industry overview

The business barometer published by the European umbrella association for the agricultural machinery industry (CEMA) has been on a negative trend since the start of the year. At the beginning of the current fiscal year, two thirds of participating companies expected to see a drop in revenue in the first half of 2024. The barometer opened the year at -50 points in January (range is -100 to 100 points). This negative mood persisted in February (-52 points). It was only in relation to order intake that the survey participants had a positive outlook in the following months. After reaching -55 points in March, the business barometer fell even further in April to -57 points. Dealer inventories at this point reached their highest level since the peak year of 2019. According to CEMA, a positive trend was then discernible in May when the revenue and order intake of the surveyed members reached more stable levels. At 3.7 months, however, order books reached its lowest level of the past three years. The barometer increased in May to -51 points, indicating either a recovery or a trend reversal. In June, however, the business barometer began to slide again. According to CEMA, this means that the economic situation has not yet bottomed out. At -56 points, the barometer at the end of the first half of 2024 languished at the same low level as June 2020, when the mood was strongly influenced by the outbreak of the COVID-19 pandemic. Since the assessment of the current business situation and the outlook for the next six months are viewed negatively by a majority of the survey participants, the barometer indicators from these sectors have been pointing toward a recession since the start of 2024 according to CEMA.[3]

[1] Source: Committee for European Construction Equipment (CECE), CECE Business Barometer January-June 2024

[2] Source: Off-Highway Research, April 2024, Global Construction Equipment Markets

[3] Source: CEMA, CEMA Business Barometer January-June 2024

Business trends

New products

In the compact equipment segment, the Wacker Neuson Group expanded its Dual View range of dumpers in the first half of 2024. The latest product introduced by Group brand Wacker Neuson is the DV125. With a payload of up to 12,500 kilograms, it is the largest model in the range so far and is suitable for handling large volumes of material. The dumper's spec includes skip and tilt monitoring, skip guards, hill-hold function, laminated safety glass and many more safety features. The compact design and the Dual View operating concept with an operating console that can be rotated through 180° ensure that the operator has better visibility when driving, maneuvering, loading and unloading – a particularly useful advantage when working in tight spaces.

The Group brand Kramer also added to its product range in the first half of the year with a new generation of wheel loaders and telescopic handlers. Their tipping loads range from 3,650 to 4,250 kilograms. The new models have a drive system that offers four driving modes (Power, Eco, Road, CSD/low-speed control). Regardless of the task, therefore, the operator can choose the setting that makes their work as efficient and fuel-saving as possible. The cabin was also re-designed with two full-access entry and exit points on each side. In addition, the Smart Attach quick-hitch system is a standard feature. With Smart Attach, attachments with a hydraulic function can be coupled and uncoupled without leaving the cab thanks to automatic connection to the hydraulic circuit.

In the area of soil and concrete compaction, a new generation of battery-powered rammers was introduced. New features include active cooling for optimum temperature management and battery stand-by mode for easier start-up.

Finally, the zero emission product portfolio has been expanded with the introduction of a new high-performance battery-powered vibratory plate featuring DireX – the direct drive developed by the Wacker Neuson Group.

Strategy 2030: Update

In the previous year, the Wacker Neuson Group unveiled its new Strategy 2030. The perspective is that Group revenue will grow to EUR 4 billion by 2030. In parallel, the EBIT margin is supposed to remain stable in the coming years at over 11 percent. The targeted net working capital ratio of less than 30 percent strikes the right balance between operational resilience, taking into account difficult global supply chains, and generating free cash flow for sustainable growth.

In order to structure the individual steps in the implementation of the new corporate strategy, Strategy 2030 is based on ten strategic levers. These describe milestones of the growth prospects resulting from the market position, the innovative product portfolio, regional expansion opportunities, digitalization and efficiency gains, but also from aspects of sustainability and the retention and further development of employees. Several measures to implement the corporate strategy were also taken in the first half of 2024.

"HOUSE OF STRATEGY" AS THE FRAMEWORK FOR STRATEGY 2030

The above-mentioned product innovations from the first half of 2024 support in particular the growth levers “Light Equipment Market Leadership” (building on leading market position in soil and concrete compaction), “Time to Market and Innovation” (improving reliability in terms of time-to-market, cost efficiency and innovation performance) and “zero emission Solution” (building on pioneering position in development of zero emission light and compact equipment).

Another measure, in this case supporting the “Digitalization and Automation” strategic lever, is the introduction of SAP S/4 HANA. After more than two years of preparation and the involvement at various times of around 1,000 employees in the different test phases, SAP S/4 HANA went live, on schedule, in May 2024. The migration of all systems was seamless and operating activities continued without interruption.

Progress was also made in relation to the “Aftermarket and Services” strategic lever with the opening of the new Wacker Neuson Group logistics center in Mülheim-Kärlich in June 2024. The location near Koblenz lies between the airports of Frankfurt am Main and Cologne/Bonn, making it optimally connected to international transport networks. In the future, the distribution warehouse measuring 55,000 square meters will store around 100,000 different spare parts for light and compact equipment. The Mülheim-Kärlich facility will therefore serve as the hub for the global supply of spare parts for the three core brands of the Wacker Neuson Group. The new collaboration with Open-S Alliance and Clean System for excavator quick-hitch systems also supports the “Aftermarket and Services” strategic lever. Cooperating with two established companies in the field of attachments should further enhance efficiency and flexibility on building sites. The Wacker Neuson Group is participating in the MiC 4.0 working group on software standards for attachments.

M&A

Execution of the Wacker Neuson Group’s M&A strategy currently focuses on transactions that will support its core business as effectively as possible.

The first successful transaction of the year was the participation in Aachen-based start-up TorqueWerk GmbH. After signing the deal at the start of 2024, the Wacker Neuson Group now holds a 45.5 percent stake in the share capital and over 49 percent of the voting rights. A technology integration and cooperation project was successfully initiated involving the development of electric motor modular systems in order to integrate TorqueWerk GmbH components into the Wacker Neuson Group’s light equipment product portfolio to enhance machine efficiency.

In May 2024, the dealer Weidemann Nederland B.V. was fully acquired. This acquisition opens up additional sales channels in the agricultural sector and serves the further development of the sales market in the Netherlands. In addition, the transaction expanded the service offering for end customers in the municipal, parks, industry and agriculture sectors.

On June 10, 2024, a deal to acquire Axor Mietservice GmbH was signed. The acquisition was finalized after the closing date with effect from the start of the third quarter of 2024. Wacker Neuson Vertrieb Deutschland GmbH & Co. KG has acquired 100 percent of the shares in Axor’s German subsidiary. As well as strengthening its presence in the region, the Wacker Neuson Group is also looking to expand its business in the rail track construction sector. Following completion of the transaction, the company will operate under the name Wacker Neuson Railway GmbH. It will focus on the rental and servicing of equipment for rail track construction and on expanding this business across Germany with a view to strengthening the Group’s position in the market.

Issuing of promissory note (Schuldschein)

In June 2024, the Wacker Neuson Group successfully placed its fifth promissory note (Schuldschein) to date. The fixed interest rate is 3.94 percent and the term of the loan is three years. The promissory note (Schuldschein) was marketed to institutional investors. Most of the demand came from German cooperative and savings banks as well as European private banks, with repeat investment in many cases. Due to the order book being several times oversubscribed, the volume of the promissory note (Schuldschein) issued by the Group holding company Wacker Neuson SE was increased from the initial target of EUR 75.0 million to EUR 100.0 million.

2024 Annual General Meeting

Wacker Neuson SE held its Annual General Meeting on May 15, 2024, which as in the previous year was conducted as an in-person event in Munich. The attendance rate was 78.2 percent of the share capital (previous year: 82.4 percent). All resolutions were passed in line with the proposals.

The dividend proposed by the Executive Board and Supervisory Board in the amount of EUR 1.15 per share for fiscal 2023 was approved by shareholders.

As well as the resolution on the dividend, the required majorities were also obtained for the annual votes on the approval of Executive and Supervisory Board members’ actions, the appointment of the auditor (Hamburg-headquartered audit, tax and advisory firm Forvis Mazars GmbH & Co. KG, Munich office) as well as the approval of the remuneration report. In addition, resolutions were passed with the required majority on two amendments to the Articles of Incorporation. These concerned the details to be entered in the share register and the Chairperson of the Annual General Meeting.

Profit, financials and assets

Profit

Revenue development

In the first half of 2024, the Wacker Neuson Group achieved revenue in the total amount of EUR 1,204.8 million, a figure that was 11.8 percent lower than in the previous year (H1/2023: EUR 1,365.9 million). Adjusted for currency effects, revenue fell by 11.7 percent. Following the slower pace of growth in the second half of the previous year, the Wacker Neuson Group started 2024 on a weaker footing. In the second quarter of 2024, revenue of EUR 611.7 million marked an improvement on the prior-quarter figure (Q1/2024: EUR 593.1 million). Compared to the second quarter of the previous year (Q2/2023: EUR 698.7 million), revenue declined by 12.5 percent.

The drop in revenue in the current fiscal year was primarily attributable to volume trends. Lower demand for the products of the Wacker Neuson Group (in particular new equipment for the construction industry) resulted in high inventory levels at dealers. From the start of the year, this led to a monthly order intake with a value lower than the respective monthly revenue targets. The book-to-bill ratio (order intake relative to revenue) remained unchanged at a level lower than 1. Orders were down in the Americas reporting region in particular, but the order intake was also lower than in the previous year in Europe and Asia-Pacific. The Group order book accordingly continued to decrease until the end of the first half of the year until reaching less than three months. It was on the other hand possible to maintain the product price level established at the start of the year despite the dampened market climate. There was a stronger focus on the customer financing programs supported by the Wacker Neuson Group.

Demand was noticeably lower for excavators in particular in all reporting regions in the first half of 2024 compared to the previous year. Sales of wheel loaders were also down in Europe. In the Americas region, demand for construction site technology was also weaker. On a positive note, there was an uptick in demand for dumpers and telescopic handlers in both Europe and the Americas. The spare parts and service business also grew across all regions relative to the previous year, although this went hand in hand with the lower demand for new products. Demand for Wacker Neuson Group rental equipment also increased.

Revenue from the zero emission portfolio of electric light and compact equipment grew in the first half of 2024 compared to the previous year. Due to a declining order intake, however, the order book for these products has also been decreasing since the start of the year.

Development of cost of sales

Cost of sales decreased at a slower pace than revenue in the first half of 2024, falling 10.0 percent to EUR 919.1 million (H1/2023: EUR 1,021.3 million). Gross profit was EUR 285.7 million and thus 17.1 percent lower than the prior-year figure (H1/2023: EUR 344.6 million). The gross profit margin amounted to 23.7 percent and was thus 1.5 percentage points lower than in the previous year (H1/2023: 25.2 percent). In the second quarter of 2024, cost of sales amounted to EUR 464.8 million (Q2/2023: EUR 521.4 million) and the gross profit margin was 24.0 percent (Q2/2023: 25.4 percent).

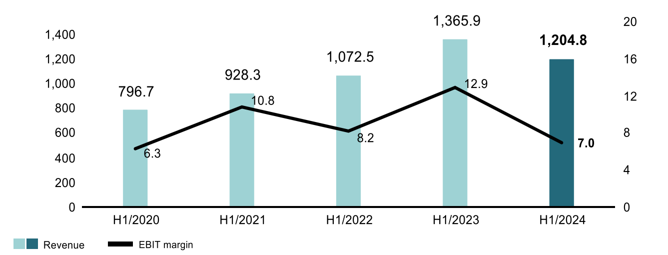
The development of cost of sales in the first six months of the current fiscal year was primarily shaped on the one hand by negative volume effects (especially in the above-mentioned product categories of excavators, wheel loaders and construction site technology) which could not be fully offset by positive margin effects (e.g. lower cost of materials compared to the previous year). On the other hand, all production plants experienced under-covered plant costs due to weak demand and despite the lower production output since the start of the year. Even though cuts in personnel and material expenses had already been achieved in production from the fourth quarter of the previous year, this was not enough to fully compensate for the drop-off in demand in the first half of 2024.

Development of operating costs

While cost of sales is directly linked to sales volumes reported, operating costs (SG&A) have a less variable character. In the first half of the year, total sales, general and administrative and research and development expenses grew by 3.8 percent to reach EUR 207.2 million (H1/2023: EUR 199.7 million). Their share of revenue increased by 2.6 percentage points to 17.2 percent (H1/2023: 14.6 percent).

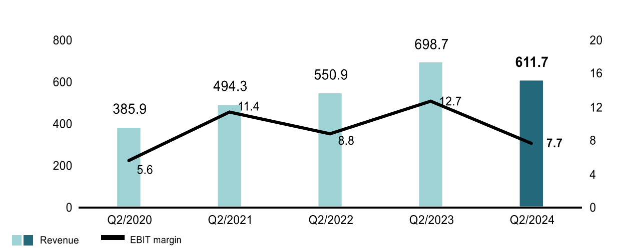
DEVELOPMENT OF REVENUE AND EBIT MARGIN 1ST HALF-YEAR 2020-2024

IN € MILLION IN %



DEVELOPMENT OF REVENUE AND EBIT MARGIN 2ND QUARTER 2020-2024

IN € MILLION IN %



Individual cost items developed as follows in the first half of 2024:

Compared to the previous year, sales and service expenses increased by 6.7 percent to EUR 129.8 million (H1/2023: EUR 121.6 million). This was primarily attributable to the higher number of sales and service employees in combination with the higher salary level arising from the previous year's collective agreement. Logistics costs also increased due to temporary duplication during the ramp-up of the new spare parts warehouse in Mülheim-Kärlich. This cost increase was not compensated by lower marketing, travel and event costs, which had decreased relative to the previous year. Expressed as a percentage of revenue, sales and service costs increased by 1.9 percentage points to 10.8 percent (H1/2023: 8.9 percent).

Research and development costs decreased by 1.9 percent relative to the previous year to EUR 31.0 million (H1/2023: EUR 31.6 million). Capitalized R&D expenses increased to EUR 16.1 million (H1/2023: EUR 13.7 million). The R&D ratio (R&D expenses incl. capitalized expenses as a percentage of revenue) at 3.9 percent was above the level of the previous year, mainly due to the lower revenue figure (H1/2023: 3.3 percent).

General administrative costs at EUR 46.4 million were 0.2 percent lower than in the previous year (H1/2023: EUR 46.5 million). Higher IT expenses in connection with the introduction of SAP S/4 HANA were offset among other things by lower energy costs. Expressed as a percentage of revenue, administrative expenses increased by 0.5 percentage points to 3.9 percent (H1/2023: 3.4 percent).

Sales, general and administrative expenses and research and development expenses totaled EUR 102.9 million in the second quarter of 2024 (Q2/2023: EUR 101.8 million).

Compared to the previous year, the balance from the other operating income and expenses items decreased by 83.3 percent to EUR 5.3 million (H1/2023: EUR 31.8 million). This decrease was primarily due to the prior-year figure which was influenced by one-off effects related to the sale of assets no longer required for future operations in the amount of EUR 15.5 million (sale of property in Karlsfeld) in the first quarter of 2023 and the profit from the sale of design and technical know-how (in the context of the strategic alliance with John Deere) in the amount of EUR 11.0 million in the second quarter of 2023. In the second quarter of 2024, the balance from the other operating income and expenses items amounted to EUR 2.9 million (Q2/2023: EUR 13.4 million).

Depreciation in the first quarter of 2024 totaled EUR 78.2 million and was thus 16.9 percent higher than in the previous year (H1/2023: EUR 66.9 million). Of this figure, EUR 31.1 million referred to depreciation on the Group's own rental equipment, which was higher than in the previous year (H1/2023: EUR 26.2 million). Depreciation on property, plant and equipment and intangible assets increased to EUR 47.1 million (H1/2023: EUR 40.7 million). Depreciation in the second quarter of 2024 totaled EUR 39.7 million (Q2/2023: EUR 34.8 million).

Development of EBIT, financial result and profit for the period

Earnings before interest and taxes (EBIT) reached EUR 83.8 million in the first half of 2024, a figure which was 52.6 percent lower than in the previous year (H1/2023: EUR 176.7 million). The EBIT margin thus decreased by 5.9 percentage points to 7.0 percent (H1/2023: 12.9 percent). The lower EBIT margin was primarily attributable to the decline in the gross profit due to volume trends. In addition, the above-mentioned positive impact on earnings in the amount of EUR 26.5 million in the first half of 2023 added a further 1.9 percentage points to the EBIT margin.

Looking at the second quarter of 2024 separately, the EBIT figure at EUR 46.9 million was also 47.2 percent down on the previous year (Q2/2023: EUR 88.9 million). The EBIT margin was at 7.7 percent and, therefore, higher than the EBIT margin of the first quarter (Q1/2024: 6.2 percent), but 5.0 percentage points lower than in the same period in the previous year (Q2/2023: 12.7 percent). The profit from the sale of design and technical know-how in the amount of EUR 11.0 million contributed an additional 1.6 percentage points to the EBIT margin in the second quarter of 2023.

The financial result in the first half of 2024 amounted to EUR -8.6 million (H1/2023: EUR -3.8 million). This figure includes a net effect of exchange rates in the amount of EUR 0.8 million (H1/2023: EUR 0.0 million) and income from associates accounted for using the equity method in the amount of EUR -0.1 million (H1/2023: EUR 0.0 million). Interest income amounted to EUR -9.9 million due to the higher net financial debt (H1/2023: EUR -4.3 million). The financial result of the second quarter of 2024 amounted to EUR -3.7 million (Q2/2023: EUR -1.2 million).

Earnings before taxes (EBT) in the first half of 2024 amounted to EUR 75.1 million (H1/2023: EUR 172.9 million). In the second quarter of 2024, EBT amounted to EUR 43.1 million compared to EUR 87.7 million in the previous year.

Tax expense in the reporting period was EUR 20.4 million (H1/2023: EUR 46.9 million). This corresponds to a tax rate of 27.2 percent (H1/2023: 27.1 percent). In the second quarter of 2024, tax expense amounted to EUR 11.7 million (Q2/2023: EUR 24.1 million), corresponding to a tax rate of 27.1 percent (Q2/2023: 27.5 percent).

The profit for the first half of 2024 amounted to EUR 54.7 million (H1/2023: EUR 126.0 million). This corresponds to earnings per share of EUR 0.80, based on 68,015,345 ordinary shares (H1/2023: EUR 1.85 based on 68,015,345 ordinary shares). The profit for the second quarter of 2024 was EUR 31.4 million (Q2/2023: EUR 63.6 million). This corresponds to earnings per share of EUR 0.46, based on 68,015,345 ordinary shares (Q2/2023: EUR 0.94 based on 68,015,345 ordinary shares).

Financial Position

Net financial debt

Net financial debt[1] increased as a result of financing the net working capital, which remained high, and reached EUR 466.1 million on June 30, 2024 (December 31, 2023: EUR 365.8 million). Gearing[2] rose correspondingly to 31.5 percent (December 31, 2023: 24.4 percent).

The Wacker Neuson Group benefits from its very good credit rating, which is also acknowledged by banks. Last in 2023, Deutsche Bundesbank again confirmed that Wacker Neuson SE was eligible for credit. One of the company's aims is to maintain its independence, directly sourcing its own, diversified refinancing lines on the market.

NET FINANCIAL DEBT

IN € MILLION

	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Non-current financial borrowings	190.8	97.3	103.2
Current borrowings from banks	305.0	296.1	283.2
Current portion of non-current borrowings	0.2	0.2	0.2
Cash and cash equivalents	29.9	27.8	33.7
Total net financial position	**466.1**	**365.8**	**352.9**
Gearing as a %	31.5	24.4	24.3

Cash flow from operating activities

Gross cash flow (cash flow from operating activities before changes in net working capital) at EUR 120.0 million was 40.1 percent lower in the first half of 2024 compared to the previous year due above all to the lower EBT figure (H1/2023: EUR 200.2 million). The figure for the second quarter of 2024 at EUR 57.1 million was 47.8 percent lower than in the previous year (Q2/2023: EUR 109.3 million).

After changes in net working capital and after taxes on income were paid, cash flow from operating activities at EUR 62.7 million was higher in the first half of 2024 than in the previous year (H1/2023: EUR 14.6 million). This improvement was primarily attributable to the reduction in inventories in the reporting period, which was in contrast to the increase in inventories of the previous year. In the second quarter of 2024, cash flow from operating activities amounted to EUR 61.5 million (Q2/2023: EUR 22.4 million).

Cash flow from investing activities

At EUR -58.2 million, cash flow from investment activities in the first six months of 2024 was lower than in the previous year (H1/2023: EUR -45.1 million). Compared to the previous year, this figure included lower proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale in the amount of EUR 0.8 million (H1/2023: EUR 25.2 million). Investments in the first half of 2024 totaled EUR 48.3 million. This figure was thus 30.2 percent lower than in the previous year (H1/2023: EUR 69.2 million). This was primarily attributable to the 49.4 percent lower investments in property, plant and equipment in the amount of EUR 27.5 million (H1/2023: EUR 54.3 million). In the previous year, a large proportion of the investments in property, plant and equipment were directed toward the expansion of the European production network. Investments in intangible assets at EUR 20.8 million were on the other hand 39.6 percent higher than in the previous year (H1/2023: EUR 14.9 million). In the second quarter of 2024, cash flow from investment activities amounted to EUR -31.9 million (Q2/2023: EUR -35.8 million).

Free cash flow

At EUR 4.5 million, free cash flow for the first half of 2024 was higher than in the previous year (H1/2023: EUR -30.5 million), and the second quarter of 2024 figure of EUR 29.6 million was likewise higher than in the prior-year period (Q2/2023: EUR -13.4 million). The higher and positive free cash flow was primarily attributable to the higher cash flow from operating activities as a result of the inventory reduction in the reporting period.

Cash flow from financing activities

Cash flow from financing activities in the first half of 2024 amounted to EUR -1.9 million and was therefore lower than in the previous year (H1/2023: EUR 7.6 million). This was attributable to both the higher dividend payout of EUR -78.2 million (EUR 1.15 per eligible share for fiscal 2023) compared to EUR -68.0 million in the previous year (EUR 1.00 per eligible share for fiscal 2022) as well as paid interest amounting to EUR -12.6 million (H1/2023: EUR -6.7 million). As in the previous year, the balance from cash inflows from current borrowings and non-current borrowings in the respective amounts of EUR 195.0 million and 100.0 million (H1/2023: EUR 139.6 million and 0.0 million) and repayments from current borrowings in the amount of EUR -195.0 million (H1/2023: EUR -48.9 million) was positive. In June 2024, a new promissory note (Schuldschein) was issued in the nominal amount of EUR 100.0 million. In the second quarter of 2024, cash flow from financing activities amounted to EUR -26.8 million (Q2/2023: EUR 10.2 million).

[1] Net financial debt = non-current and current financial liabilities + current portion of non-current liabilities – cash and cash equivalents – fixed term investments with terms of less than one year. The definition of net financial debt as applied by the Wacker Neuson Group does not include lease liabilities in accordance with IFRS 16.

[2] Gearing = net financial debt/equity.

FINANCIAL POSITION
IN € MILLION

	Q2/24	Q2/23	H1/24	H1/23
Cash flow from operating activities	61.5	22.4	62.7	14.6
Cash flow from investment activities	-31.9	-35.8	-58.2	-45.1
Free cash flow	**29.6**	**-13.4**	**4.5**	**-30.5**
Cash flow from financial activities	-26.8	10.2	-1.9	7.6
Effect of exchange rates on cash and cash equivalents	0.5	1.8	-0.9	2.9
Change in consolidation group	0,4	–	0,4	–
Change in cash and cash equivalents	**3.7**	**-1.4**	**2.1**	**-20.0**
Cash and cash equivalents at beginning of period	26.2	35.1	27.8	53.7
Cash and cash equivalents at end of period	**29.9**	**33.7**	**29.9**	**33.7**

Assets

Non-current assets
As of June 30, 2024, non-current assets amounted to EUR 1,455.4 million, a total that was 3.6 percent higher than the equivalent figure as of December 31, 2023 (EUR 1,405.3 million). The rise was primarily attributable to the increase in property, plant and equipment to EUR 612.2 million (December 31, 2023: EUR 581.8 million). This increase was primarily due to the lease in connection with the spare parts warehouse in Mülheim-Kärlich which was opened in June. Rental equipment also increased in value since the start of the year by 3.3 percent to EUR 269.4 million (December 31, 2023: EUR 260.9 million). Investments accounted for using the equity method increased in particular due to the acquisition of a holding in TorqueWerk GmbH to reach EUR 4.9 million (December 31, 2023: EUR 0.0 million).

Current assets
Current assets amounted to EUR 1,233.8 million at the end of the first half of 2024. This was thus 0.5 percent lower than the figure at December 31, 2023 (EUR 1,239.6 million). Whereas inventories decreased by EUR 48.2 million or 6.2 percent to EUR 726.2 million (December 31, 2023: EUR 774.4 million), trade receivables increased by EUR 37.3 million or 10.8 percent to EUR 383.9 million (December 31, 2023: EUR 346.6 million). Cash and cash equivalents increased in the same period by EUR 2.1 million or 7.6 percent to EUR 29.9 million (December 31, 2023: EUR 27.8 million). This was primarily attributable to the positive balance from free cash flow and cash flow from financing activities in the first half of 2024 (see "Financial position" section on the previous page).

Non-current liabilities
Non-current liabilities as of June 30, 2024 amounted to EUR 431.5 million, an increase of 35.3 percent compared to the equivalent figure as of December 31, 2023 (EUR 319.0 million). This was primarily attributable to the issue of a new promissory note (Schuldschein) in the nominal amount of EUR 100.0 million in June 2024, which also increased the non-current financial liabilities to EUR 190.8 million (December 31, 2023: EUR 97.3 million). Non-current leasing liabilities increased in line with the increased right-of-use assets on the assets side of the balance sheet to EUR 109.1 million (December 31, 2023: EUR 88.4 million).

Current liabilities
Current liabilities decreased at the end of the first half of 2024 by 6.0 percent to EUR 776.6 million (December 31, 2023: EUR 826.2 million). This was mainly attributable to the reduction in trade payables by EUR 46.9 million or 18.6 percent to EUR 204.6 million (December 31, 2023: EUR 251.5 million). This is due to a lower purchasing volume of the Wacker Neuson Group's plants in the first half of the current fiscal year (see "Net working capital" section on the following page).

Balance sheet total and equity
Due to the increase in property, plant and equipment (and the corresponding increase in non-current liabilities), the balance sheet total at the close of the first half of the year at EUR 2,689.2 million was 1.7 percent higher than the equivalent figure as of December 31, 2023 (EUR 2,644.9 million). Equity decreased in the first half of 2024 by 1.2 percent to EUR 1,481.1 million (December 31, 2023: EUR 1,499.7 million). This was primarily attributable to the dividend payout of EUR -78.2 million and opposing this the profit for the period of EUR 54.7 million. The equity ratio as of June 30, 2024 fell correspondingly to 55.1 percent (December 31, 2023: 56.7 percent).

Off-balance-sheet assets and financing instruments
In addition to the assets shown in the consolidated balance sheet, the Group also makes limited use of assets not recognized in the balance sheet. This generally refers to leased assets that are not capitalized in the balance sheet of the lessee due to the short-term nature of the lease or the low carrying amount as per IFRS 16. In connection with the ABS program, certain receivables are completely derecognized in line with IFRS 9 and only recognized to the extent of the company's continuing involvement in the financial asset.

Net working capital

The Group's strategic goal is to reduce the net working capital ratio expressed as a percentage of revenue[1] to 30 percent or lower and maintain that level over time.

Due to falling demand in the first half of 2024 and the associated reduction in production output of the Wacker Neuson Group's plants, net working capital as of June 30, 2024 increased by EUR 36.0 million or 4.1 percent to EUR 905.5 million (December 31, 2023: EUR 869.5 million). The net working capital ratio as of June 30, 2024 based on the annualized revenue of the second quarter of 2024 amounted to 37.0 percent. The comparable figure as of June 30, 2023 based on the annualized revenue of the second quarter of 2023 was 31.6 percent. The net working capital ratio as of December 31, 2023 calculated on the basis of the total revenue for the fiscal year 2023 amounted to 32.8 percent.

The individual components of the net working capital developed as follows in the first half of 2024:

Due to the drop in orders in the first half of 2024, which was attributable to the high inventory levels of dealers, the production output of the plants was reduced such that the inventories of the Wacker Neuson Group decreased by 6.2 percent to EUR 726.2 million (December 31, 2023: EUR 774.4 million). This drop was mainly due to lower inventories of raw materials as well as of finished goods compared to the end of 2023. Days inventory outstanding based on the annualized cost of sales for the preceding quarter was 143 days on June 30, 2024 (June 30, 2023: 137 days).[2] Days inventory outstanding as of December 31, 2023 calculated on the basis of the total cost of sales in the fiscal year 2023 was 141 days.

Trade receivables increased in the first half of 2024 by 10.8 percent to EUR 383.9 million (December 31, 2023: EUR 346.6 million). This was due to utilization of longer payment terms, among other things. Days sales outstanding based on the annualized revenue for the preceding quarter amounted to 57 days as of June 30, 2024 (June 30, 2023: 53 days).[3] Days sales outstanding calculated on the basis of the total revenue for 2023 was 48 days as of December 31, 2023.

Due to the lower purchasing volume of the plants and the decrease in production output, trade payables fell by 18.6 percent at the end of the first half of 2024 to EUR 204.6 million (December 31, 2023: EUR 251.5 million). Days payable outstanding based on the annualized cost of sales for the preceding quarter as of June 30, 2024 was 40 days (June 30, 2023: 53 days).[4] Days payable outstanding calculated on the basis of the total cost of sales for fiscal 2023 as of December 31, 2023 was 46 days.

NET WORKING CAPITAL

IN € MILLION

	Jun. 30, 2024	Dec. 31, 2023	Changes	Jun. 30, 2023	Changes
Inventory	726.2	774.4	-6.2%	783.1	-7.3%
+ Trade receivables	383.9	346.6	10.8%	405.0	-5.2%
- Trade payables	204.6	251.5	-18.6%	304.5	-32.8%
Net working capital	905.5	869.5	4.1%	883.6	2.5%
Net working capital / annualized quarterly revenue	**37.0%**	**32.8%**	**4.2PP**	**31.6%**	**5.4PP**

[1] During the year, figure is based on annualized revenue for the preceding quarter (*4).
[2] Days inventory outstanding = (inventory at the interim reporting date / annualized cost of sales for the preceding quarter)*365 days.
[3] Days sales outstanding = (trade receivables at the interim reporting date / annualized revenue for the preceding quarter)*365 days.
[4] Days payable outstanding = (trade payables at the interim reporting date / annualized cost of sales for the preceding quarter)*365 days.

Segment reporting – regional developments

The Wacker Neuson Group supports customers across the globe with its broad product and service portfolio.

Segment reporting provides an overview of business developments according to region (Europe (EMEA)[1], Americas and Asia-Pacific). The Group also breaks revenue down according to business segment (light equipment, compact equipment and services).

Europe (EMEA)[1]

Europe is by far the most important market for the Wacker Neuson Group. 76.8 percent of revenue was realized here in the first half of 2024 (H1/2023: 74.9 percent). At EUR 925.6 million, revenue decreased 9.6 percent relative to the previous year (H1/2023: EUR 1,023.5 million). In the second quarter of 2024, revenue in the region amounted to EUR 466.3 million (Q2/2023: EUR 519.5 million) – a decline of 10.2 percent compared to the prior-year quarter.

When adjusted for currency effects, revenue in the first half of the year declined by 9.6 percent and by 10.2 percent in the second quarter.

In addition to the Group's home market of Germany, the development of revenue was primarily shaped by the large European construction equipment market of France. Whereas revenue in Germany was down compared to the previous year, the corresponding figure for France was positive. The United Kingdom market was more cautious by contrast. It was a mixed picture for market demand in the Eastern and Northern European countries. In Southern Europe, demand was positive in Spain and Portugal and negative in Italy.

Earnings before interest and taxes (EBIT)[2] in the region amounted to EUR 62.9 million in the first half of the year. This corresponds to a 63.4 percent decrease relative to the previous year (H1/2023: EUR 171.9 million). Even though cost-saving measures were implemented and production output was scaled back, this was not enough to fully offset the downturn in demand due to the weak market climate (see "Profit" section). In the second quarter, EBIT decreased 62.9 percent to EUR 31.9 million (Q2/2023: EUR 86.0 million).

Americas

Revenue in the Americas region fell 16.7 percent in the first half of the year to EUR 250.6 million (H1/2023: EUR 300.7 million). The region's share of total revenue decreased accordingly to 20.8 percent (H1/2023: 22.0 percent). In the second quarter, revenue fell 17.6 percent to EUR 130.2 million (Q2/2023: EUR 158.1 million).

When adjusted for currency effects, the revenue in the first half of the year declined by 16.7 percent and by 18.3 percent in the second quarter.

Demand in the North American market developed on a similarly negative path as the European market. Weaker end-customer demand was noticeable at both Wacker Neuson authorized dealers as well as independent dealers and key accounts, which resulted in full warehouses. In addition to the US, the Canadian market especially experienced a decline in demand. The Mexican market recorded a higher level of demand than in the previous year.

EBIT for the first half of the year in the Americas amounted to EUR 18.4 million (H1/2023: EUR 36.5 million), representing a decline of 49.6 percent. In the second quarter, EBIT decreased 48.9 percent to EUR 9.3 million (Q2/2023: EUR 18.2 million).

REVENUE DISTRIBUTION BY REGION H1/2024
IN % (H1/2023)

REGIONAL DEVELOPMENTS IN REVENUE AND EBIT
IN € MILLION

	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	Europe[1]		Americas		Asia-Pacific		Consolidation		Group	
H1										
Revenue	925.6	1,023.5	250.6	300.7	28.6	41.7			1,204.8	1,365.9
EBIT[2]	62.9	171.9	18.4	36.5	-0.5	2.6	3.0	-34.3	83.8	176.7
Q2										
Revenue	466.3	519.5	130.2	158.1	15.2	21.1			611.7	698.7
EBIT[2]	31.9	86.0	9.3	18.2	-0.2	1.2	5.9	-16.5	46.9	88.9

[1] Including Turkey, Africa and the Middle East. The Enar Group is fully included in the Europe segment.
[2] EBIT for Europe, the Americas and Asia-Pacific before consolidation.

Asia-Pacific

Revenue for the first half of 2024 in Asia-Pacific also shrank, falling by 31.4 percent to EUR 28.6 million (H1/2023: EUR 41.7 million). The region's share of total revenue therefore decreased to 2.4 percent (H1/2023: 3.1 percent). In the second quarter of 2024, revenue in the region fell 28.0 percent to EUR 15.2 million (Q2/2023: EUR 21.1 million).

When adjusted for currency effects, revenue in the first half of the year declined by 29.5 percent and by 27.5 percent in the second quarter.

The development in the region was comparable to the rest of the world in the first half of 2024. The region's performance was primarily shaped by the fall in demand in the Australian market, which had previously recorded double-digit growth rates. The other markets in the region, China and Southeast Asia, contributed significantly less overall to revenue than the Australian market. Revenue was also down in China in the first half of 2024. Unlike Australia and China, demand for products increased in Southeast Asia.

EBIT in the Asia-Pacific reporting region amounted to EUR -0.5 million in the first half of 2024 (H1/2023: EUR 2.6 million). In the second quarter of 2024, EBIT fell to EUR -0.2 million (Q2/2023: EUR 1.2 million).

Effects of consolidation

In the first half of 2024, the consolidation effect amounted to EUR 3.0 million (H1/2023: EUR -34.3 million) and EUR 5.8 million in the second quarter of 2024 (Q2/2023: EUR -16.5 million). The positive effect was primarily attributable to the scaled-back production output and the stronger sales of finished machines from inventories compared to the previous year.

Segment reporting by business segment

Light equipment

The light equipment business segment covers the Wacker Neuson Group's activities within the strategic business fields of concrete technology, compaction and worksite technology.

In the first half of 2024, revenue[1] fell 16.0 percent to EUR 240.8 million (H1/2023: EUR 286.5 million). The segment's share of total revenue decreased slightly to 19.9 percent (H1/2023: 20.8 percent). In the second quarter, the revenue decreased by 13.6 percent to EUR 130.4 million (Q2/2023: EUR 150.9 million).

Adjusted for currency effects, this corresponds to a decrease of 15.6 percent in the first half of 2024 and 13.7 percent in the second quarter of 2024.

Lower demand was recorded for the Group's soil compaction technology products. There was also less demand in the areas of concrete compaction and worksite technology.

REVENUE DISTRIBUTION BY BUSINESS SEGMENT[1] H1/2024
IN % (H1/2023)

[1] Consolidated revenue before cash discounts.

REVENUE BY BUSINESS SEGMENT
IN € MILLION

	Q2/2024	Q2/2023	Change	H1/2024	H1/2023	Change
Segment revenue from external customers						
Light equipment	130.4	150.9	-13.6%	240.8	286.5	-16.0%
Compact equipment	355.3	434.7	-18.3%	726.2	850.8	-14.6%
Services	130.5	117.9	10.7%	245.7	237.6	3.4%
	616.2	**703.5**	**-12.4%**	**1,212.7**	**1,374.9**	**-11.8%**
Less cash discounts	-4.5	-4.8	-6.3%	-7.9	-9.0	-12.2%
Total	**611.7**	**698.7**	**-12.5%**	**1,204.8**	**1,365.9**	**-11.8%**

[1] Revenue of light equipment, compact equipment and services segments before cash discounts.

Compact Equipment

The compact equipment business segment covers compact equipment weighing up to 15 tons targeted at the construction and agricultural industries, gardening, landscaping, manufacturing and recycling companies as well as municipal bodies. The portfolio includes excavators, wheel loaders, telescopic wheel loaders, skid steer loaders and telescopic handlers, as well as wheel and track dumpers and backhoe loaders. Financing options for customers remain an important success factor in the compact equipment segment. The Wacker Neuson Group is continually extending its international reach and collaborates with independent financing partners.

Against the background of ongoing weak demand in the construction and agricultural industries, revenue in the compact equipment segment fell 14.6 percent in the first half of the year to EUR 726.2 million (H1/2023: EUR 850.8 million). The compact equipment segment's share of total revenue in the reporting period was 59.9 percent (H1/2023: 61.9 percent). In the second quarter of 2024, segment revenue fell 18.3 percent relative to the previous year to reach EUR 355.3 million (Q2/2023: EUR 434.7 million).

Adjusted for currency effects, this corresponds to a decrease of 14.6 percent in the first half of 2024 and 18.3 percent in the second quarter of 2024.

In the construction industry, demand for excavators in particular was lower in the first half of 2024 than in the previous year. Sales of wheel loaders also decreased. Worldwide demand for dumpers increased relative to the previous year, however, especially in North America. There was also a slight uptick in demand for telescopic handlers in Europe and North America compared to the previous year.

According to business barometers from the agricultural industry, there are still no short-term indications of a turnaround in the agricultural equipment business (see “General background” section). The Wacker Neuson Group was also impacted by this in the first half of 2024, especially in the three core markets of Germany, the UK and France. Following a slight increase in agricultural equipment revenue in the first quarter of 2024, a decline was recorded in the second quarter, which resulted in a general downturn in business in the first half of 2024. Revenue amounted to EUR 296.0 million (H1/2023: EUR 315.1 million), corresponding to a decrease of 6.1 percent. Agricultural equipment's share of total revenue increased to 24.6 percent (H1/2023: 23.1 percent).

Services

The Wacker Neuson Group complements new equipment sales with an extensive range of services to support its products. The services segment covers the business fields of repair, service and spare parts, used equipment, financing, telematics solutions, e-business and flexible rental solutions in some European markets. The services segment also encompasses limited sales of third-party equipment, including for example the resale of trade-ins.

Demand for rental equipment and spare parts continued its positive development in the first half of 2024. The maintenance and repair services business also recorded good growth in the first six months of the year.

Revenue for the services segment increased in the first half of 2024 by 3.4 percent to EUR 245.7 million (H1/2023: EUR 237.6 million). The services segment's share of total revenue increased to 20.3 percent (H1/2023: 17.3 percent) This was primarily due to the decline in the light and compact equipment segments. In the second quarter, revenue from the services segment increased by 10.7 percent relative to the previous year to reach EUR 130.5 million (Q2/2023: EUR 117.9 million).

Adjusted for currency effects, this corresponds to an increase of 3.2 percent in the first half of 2024 and 10.4 percent in the second quarter of 2024.

Other factors that impacted on results

Human Resources (HR)

The headcount figure (excluding temporary staff) as of June 30, 2024 was 6,253. This represents a decrease of 5.0 percent compared to the end of fiscal 2023 (December 31, 2023: 6,579). The number of temporary workers decreased in the same period by 46.0 percent to 187 (December 31, 2023: 346). This corresponds to a ratio (number of temporary workers/total workforce including temporary workers) of 2.9 percent (December 31, 2023: 5.0 percent). The lower headcount in the first half of 2024 was mainly due to a reduction in the number of employees in production. The headcount figures in this Management Report are calculated by converting the number of people employed into full-time equivalents.

Risks and opportunities report

The assessment of the risk exposure for the rest of fiscal 2024 has been adjusted after the first half of 2024 relative to the opportunities and risks as at the end of 2023 outlined in the 2023 Annual Report. The overall risk (value of anticipated damages) at the end of the first half of the year was 23 percent lower than the corresponding figure for the end of December 2023. This drop was primarily attributable to the partial inclusion of operational risks in the financial planning for the second half of 2024.

The biggest changes have occurred in the following risk categories compared with the situation at the close of 2023:

- Operational risks -30 percent
- IT-related risks -40 percent

Operational risks

In the framework of the updated financial planning for the second half of the year (see “Opportunities and outlook” section), the risk exposure related to operational risks decreased in total by 30 percent. Cost deficit-related risks decreased due to their inclusion in the updated financial planning. Material availability and material price risks were also lower.

IT-related risks

Following the successful implementation and go-live of SAP S/4 HANA in May 2024, the risk arising from system failures in connection with the introduction of this software decreased by 100 percent. The value of anticipated damages in the IT-related risks category decreased accordingly by 40 percent.

Other risks to which there were no substantial changes during the period under review are described in the 2023 Annual Report on pages 60 to 64. Company management is not currently aware of any other significant risks to the Group. According to the company’s calculations, there are no individual risks with a value of anticipated damages in excess of 10 percent of the projected Group EBIT.

Business opportunities are described on page 64 of the 2023 Annual Report.

Opportunities and outlook

Guidance for fiscal 2024

Against the ongoing backdrop of weak demand in the construction and agricultural equipment markets, which is still characterized by high inventory levels at dealers, and given that the economic outlook remains uncertain, the Wacker Neuson Group revised its business forecast for fiscal 2024 in July of the current year. According to forward-looking industry barometers, there can be no expectation of a short-term recovery in revenue or order intake.

In line with this, the Executive Board now expects fiscal 2024 revenue to lie between EUR 2,300 and 2,400 million (previously: EUR 2,400 and 2,600 million) with an EBIT margin of 6.0 to 7.0 percent (previously: 8.0 to 9.0 percent). Investments for the full year are now forecast at around EUR 100 million (previously: EUR 120 million). The revised end-of-year target for the net working capital ratio is in the region of around 34 percent (previously: around 30 percent).

The revised forecast reflects the Group’s business performance in the first half of 2024 while also taking into consideration any changes to the economic backdrop in the remainder of the year.

München, August 1, 2024

Wacker Neuson SE, Munich

The Executive Board

Dr. Karl Tragl Chief Executive Officer (CEO) Chairman of the Executive Board	Felix Bietenbeck Chief Operations Officer (COO) Chief Technology Officer (CTO)
Christoph Burkhard Chief Financial Officer (CFO)	Alexander Greschner Chief Sales Officer (CSO)

Consolidated Income Statement

JANUARY 1 THROUGH JUNE 30

IN € MILLION	Q2/24	Q2/23	H1/24	H1/23
Revenue	611.7	698.7	1,204.8	1,365.9
Cost of sales	-464.8	-521.4	-919.1	-1,021.3
Gross profit	**146.9**	**177.3**	**285.7**	**344.6**
Sales and service expenses	-65.8	-61.2	-129.8	-121.6
Research and development expenses	-14.6	-16.8	-31.0	-31.6
General administrative expenses	-22.5	-23.8	-46.4	-46.5
Other income	4.2	14.3	6.9	33.0
Other expenses	-1.3	-0.9	-1.6	-1.2
Earnings before interest and tax (EBIT)	**46.9**	**88.9**	**83.8**	**176.7**
Result from investments accounted for using the equity method**	-0.1	–	-0.1	–
Financial income	9.5	7.7	19.9	18.8
Financial expenses	-13.2	-8.9	-28.5	-22.6
Earnings before tax (EBT)	**43.1**	**87.7**	**75.1**	**172.9**
Taxes on income	-11.7	-24.1	-20.4	-46.9
Profit for the period	**31.4**	**63.6**	**54.7**	**126.0**
Of which are attributable to:				
Shareholders in the parent company	31.4	63.6	54.7	126.0
Earnings per share in € (diluted and undiluted)*	**0.46**	**0.94**	**0.80**	**1.85**

* Refer to the information in the Selected Explanatory Notes.
** As a result of changes in reporting due to a new Consolidated Income Statement item “Result from investments accounted for using the equity method”, the Consolidated Income Statement has been adjusted compared to the previous year. Refer to “Changes in accounting under IFRS” in the Annual Report 2023 for more information.

Consolidated Statement of Comprehensive Income

JANUARY 1 THROUGH JUNE 30

IN € MILLION	Q2/24	Q2/23	H1/24	H1/23
Profit for the period	**31.4**	**63.6**	**54.7**	**126.0**
Other income				
Income to be recognized in the income statement for subsequent periods				
Exchange differences	2.5	-0.9	3.8	-4.4
Cash flow hedges	0.3	-2.2	-0.3	-4.1
Effect of taxes on income	0.1	–	0.1	–
Income to be recognized in the income statement for subsequent periods	**2.9**	**-3.1**	**3.6**	**-8.5**
Income not to be recognized in the income statement for subsequent periods				
Actuarial gains/losses from pension obligations	0.8	–	1.9	–
Effect of taxes on income	-0.3	–	-0.6	–
Income not to be recognized in the income statement for subsequent periods	**0.5**	**–**	**1.3**	**–**
Other comprehensive income after tax	**3.4**	**-3.1**	**4.9**	**-8.5**
Total comprehensive income after tax	**34.8**	**60.5**	**59.6**	**117.5**
Of which are attributable to:				
Shareholders in the parent company	34.8	60.5	59.6	117.5

Consolidated Balance Sheet

AS AT JUNE 30

IN € MILLION	Jun. 30, 2024	Dec. 31, 2023	Jun. 30, 2023
Assets			
Property, plant and equipment	612.2	581.8	516.0
Property held as financial investment	27.4	27.8	29.6
Goodwill	237.5	232.5	232.5
Other intangible assets	225.5	219.1	212.6
Investments accounted for using the equity method*	4.9	–	0.7
Other Investments	3.9	4.0	3.8
Deferred tax assets	53.3	54.9	31.6
Non-current financial assets	21.3	24.3	22.7
Rental equipment	269.4	260.9	235.2
Total non-current assets	**1,455.4**	**1,405.3**	**1,284.7**
Inventories	726.2	774.4	783.1
Trade receivables	383.9	346.6	405.0
Tax assets	10.6	9.8	14.9
Other current financial assets	46.4	44.2	40.8
Other current non-financial assets	36.8	36.8	41.5
Cash and cash equivalents	29.9	27.8	33.7
Total current assets	**1,233.8**	**1,239.6**	**1,319.0**
Total assets	**2,689.2**	**2,644.9**	**2,603.7**
Equity and liabilities			
Subscribed capital	70.1	70.1	70.1
Other reserves	608.1	603.2	605.5
Net profit/loss*	855.9	879.4	819.5
Treasury shares	-53.0	-53.0	-53.0
Equity	**1,481.1**	**1,499.7**	**1,442.1**
Non-current financial borrowings	190.8	97.3	103.2
Non-current lease liabilities	109.1	88.4	80.7
Deferred tax liabilities	63.2	63.2	61.3
Provisions for pensions and similar obligations	36.9	40.0	36.1
Non-current provisions	13.9	14.0	9.7
Non-current contract liabilities*	17.6	16.1	13.4
Total non-current liabilities	**431.5**	**319.0**	**304.4**
Trade payables	204.6	251.5	304.5
Current liabilities to financial institutions	305.0	296.1	283.2
Current portion of non-current borrowings	0.2	0.2	0.2
Current lease liabilities	32.3	29.7	27.5
Current provisions	25.1	26.2	22.9
Current contract liabilities*	12.1	10.0	8.7
Income tax liabilities	24.6	33.9	27.0
Other current financial liabilities	97.9	106.9	103.5
Other current non-financial liabilities	74.8	71.7	79.7
Total current liabilities	**776.6**	**826.2**	**857.2**
Total liabilities	**2,689.2**	**2,644.9**	**2,603.7**

* As a result of changes in reporting due to a new Consolidated Balance Sheet item for Investments accounted for using the equity method as well as an error correction in connection with the revenue recognition of extended warranty obligations, the Consolidated Balance Sheet has been adjusted compared to the previous year. Refer to “Changes in accounting under IFRS” in the Annual Report 2023 for more information.

Consolidated Statement of Changes in Equity

AS AT JUNE 30

IN € MILLION

	Subscri-bed capital	Capital reserves	Exchange diffe-rences	Other neutral changes	Net profit/loss*	Treasury shares	Equity at-tributable to share-holders in the parent company
Balance at January 1, 2023	**70.1**	**618.7**	**6.3**	**-11.0**	**761.5**	**-53.0**	**1,392.6**
Profit for the period	–	–	–	–	126.0	–	126.0
Other income	–	–	-4.4	-4.1	–	–	-8.5
Total comprehensive income	**–**	**–**	**-4.4**	**-4.1**	**126.0**	**–**	**117.5**
Dividends	–	–	–	–	-68.0	–	-68.0
Balance at June 30, 2023	**70.1**	**618.7**	**1.9**	**-15.1**	**819.5**	**-53.0**	**1,442.1**
Balance at January 1, 2024	**70.1**	**618.7**	**2.8**	**-18.3**	**879.4**	**-53.0**	**1,499.7**
Profit for the period	–	–	–	–	54.7	–	54.7
Other income	–	–	3.8	1.1		–	4.9
Total comprehensive income	**–**	**–**	**3.8**	**1.1**	**54.7**	**–**	**59.6**
Dividends	–	–	–	–	-78.2	–	-78.2
Balance at June 30, 2024	**70.1**	**618.7**	**6.6**	**-17.2**	**855.9**	**-53.0**	**1,481.1**

* Due to an error correction in connection with the revenue recognition of extended warranty obligations, “Net profit/loss” was adjusted as of January 1, 2022. For more information, please refer to “Changes in accounting under IFRS” in the Annual Report 2023.

Consolidated Cash Flow Statement

JANUARY 1 THROUGH JUNE 30

IN € MILLION	Q2/24	Q2/23	H1/24	H1/23
EBT	**43.1**	**87.7**	**75.1**	**172.9**
Adjustments to reconcile profit before tax with gross cash flows				
Depreciation, amortization and impairment of non-current assets	23.8	21.4	47.1	40.7
Unrealized foreign exchange gains/losses	-1.0	-2.3	1.2	-1.9
Financial result	3.8	1.2	8.7	3.8
Gains from the sale of intangible assets and property, plant and equipment	0.2	–	0.2	-15.7
Changes in rental equipment, net	-2.9	-18.9	-10.7	-27.5
Changes in misc. assets	-6.4	-8.6	1.9	-23.2
Changes in provisions	-2.7	2.3	-2.0	1.7
Changes in misc. liabilities	-0.8	26.5	-1.5	49.4
Gross cash flow	**57.1**	**109.3**	**120.0**	**200.2**
Changes in inventories	58.6	-40.2	55.6	-108.6
Changes in trade receivables	4.4	-27.0	-35.6	-104.8
Changes in trade payables	-45.4	-12.7	-48.2	44.8
Changes in net working capital	**17.6**	**-79.9**	**-28.2**	**-168.6**
Cash flow from operating activities before income tax paid	**74.7**	**29.4**	**91.8**	**31.6**
Income tax paid	-13.2	-7.0	-29.1	-17.0
Cash flow from operating activities	**61.5**	**22.4**	**62.7**	**14.6**
Purchase of property, plant and equipment	-12.6	-29.3	-27.5	-54.3
Purchase of intangible assets	-11.5	-6.3	-20.8	-14.9
Cash outflows for investments accounted for using the equity method and other investments	–	–	-2.5	-0.5
Cash outflows for additions to the consolidation structure	-8.2	–	-8.2	–
Cash outflows for loans to investments accounted for using the equity method	–	-0.6	–	-0.6
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	0.4	0.4	0.8	25.2
Cash flow from investment activities	**-31.9**	**-35.8**	**-58.2**	**-45.1**
Free cash flow	**29.6**	**-13.4**	**4.5**	**-30.5**
Dividends	-78.2	-68.0	-78.2	-68.0
Cash receipts from current borrowings	33.8	86.3	195.0	139.6
Repayments from current borrowings	-70.0	–	-195.0	-48.9
Cash receipts from non-current borrowings	100.0	–	100.0	–
Repayments from non-current borrowings	-0.3	–	-0.5	–
Repayments from lease liabilities	-5.7	-4.7	-12.2	-10.1
Interest paid	-7.3	-4.1	-12.6	-6.7
Interest received	0.9	0.7	1.6	1.7
Cash flow from financial activities	**-26.8**	**10.2**	**-1.9**	**7.6**
Change in cash and cash equivalents before effect of exchange rates and changes in consolidation group	**2.8**	**-3.2**	**2.6**	**-22.9**
Effect of exchange rates on cash and cash equivalents	0.5	1.8	-0.9	2.9
Change in consolidation group	0.4	–	0.4	–
Change in cash and cash equivalents	**3.7**	**-1.4**	**2.1**	**-20.0**
Cash and cash equivalents at the beginning of the period	**26.2**	**35.1**	**27.8**	**53.7**
Cash and cash equivalents at the end of period	**29.9**	**33.7**	**29.9**	**33.7**

Consolidated Segmentation

JANUARY 1 THROUGH JUNE 30

Consolidated Segmentation is part of the notes to the Consolidated Financial Statements.

SEGMENTATION (GEOGRAPHICAL SEGMENTS)

IN € MILLION

	Europe	Americas	Asia-Pacific	Consoli-dation	Group
H1/24					
Segment revenue					
Total revenue	1,431.5	279.1	40.4		1,751.0
Less intrasegment sales	-442.8	-22.6	-7.0		-472.4
	988.7	256.5	33.4		1,278.6
Intersegment sales	-63.1	-5.9	-4.8		-73.8
Revenue from external customers	**925.6**	**250.6**	**28.6**		**1,204.8**
EBIT	**62.9**	**18.4**	**-0.5**	**3.0**	**83.8**

	Europe	Americas	Asia-Pacific	Consoli-dation	Group
H1/23					
Segment revenue					
Total revenue	1,709.5	354.1	64.0		2,127.6
Less intrasegment sales	-573.7	-34.5	-14.2		-622.4
	1,135.8	319.6	49.8		1,505.2
Intersegment sales	-112.3	-18.9	-8.1		-139.3
Revenue from external customers	**1,023.5**	**300.7**	**41.7**		**1,365.9**
EBIT	**171.9**	**36.5**	**2.6**	**-34.3**	**176.7**

The consolidation effect recognized and not assigned to the segments mainly comprises the elimination of interim profit on inventories and rental equipment.

SEGMENTATION (BUSINESS SEGMENTS)

IN € MILLION

	H1/24	H1/23
Segment revenue from external customers		
Light equipment	240.8	286.5
Compact equipment	726.2	850.8
Services	245.7	237.6
	1,212.7	1,374.9
Less cash discounts	-7.9	-9.0
Total	**1,204.8**	**1,365.9**

Geographical areas

REVENUE ACCORDING TO COMPANY LOCATION

IN € MILLION

	H1/24	H1/23
Germany	576.6	652.7
USA	194.3	218.5
Austria	72.9	78.2
Other	361.0	416.5
Total	**1,204.8**	**1,365.9**

NON-CURRENT ASSETS ACCORDING TO COMPANY LOCATION

IN € MILLION

	H1/24	H1/23
Germany	656.6	576.9
Austria	443.1	412.9
USA	44.6	39.3
Other	227.6	196.7
Total	**1,372.0**	**1,225.9**

The non-current assets reported here include property, plant and equipment, investment properties, goodwill, other intangible assets, rental equipment and other non-current assets that are not classified as financial instruments.

Selected Explanatory Notes to the Condensed Interim Financial Statements for H1/2024

Accounting principles

The condensed Wacker Neuson SE Interim Consolidated Financial Statements as of June 30, 2024 were prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations as valid on January 1, 2024, and adopted in the EU. The statements adhere to International Accounting Standard (IAS) 34 for condensed statements.

All interim financial statements of the domestic and foreign companies included in the consolidated statements were prepared according to the standardized Wacker Neuson SE accounting principles and valuation methods.

As an information instrument, this interim report builds on the Consolidated Financial Statements. We therefore refer to the Notes to the Consolidated Financial Statements of December 31, 2023. The comments there also apply to the quarterly and half-year statements for fiscal 2024, unless explicitly stated otherwise.

The general accounting principles, valuation methods and estimates used for the fiscal 2023 consolidated statements have also been applied to these interim financial statements.

The condensed Consolidated Financial Statements were approved for publication by way of a resolution passed by the Executive Board on August 1, 2024.

The interim financial report was not reviewed by an auditor.

Standards to be applied for the first time in the fiscal year

The following standards, amendments to standards and interpretations are mandatory as of January 1, 2024:

Name	Description	Mandatory[1]
EU endorsement issued by the date of release for publication		
IFRS 16	Amendments to IFRS 16, Leases: Lease Liability in a Sale and Leaseback	Jan. 1, 2024
IAS 1	Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Credit Conditions	Jan. 1, 2024
IAS 7 / IFRS 7	Amendments to IAS 7, Cash Flow Statement and IFRS 7, Financial Instruments: Disclosures in the Notes regarding Supplier Finance Arrangements	Jan. 1, 2024

[1] For fiscal years that start on or after this date. Initial application in line with EU law.

Initial application of the amendments to the IFRS standards above did not have a material impact on the accounting and valuation methods used by the Group.

Standards and interpretations that have been published but not yet applied

The following accounting standards have been published but have not yet come into force, which is why there is no obligation to apply them yet. Should these accounting standards be endorsed by the European Union, it would, at the company's discretion, be generally possible to adopt them at an earlier date. At present, the Group aims to apply these standards as of the date on which they come into force.

Name	Description	Mandatory[1]
EU endorsement still outstanding		
IAS 21	Amendments to IAS 21, Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	Jan. 1, 2025
IFRS 9/ IFRS 7	Changes to the Classification and Measurement of Financial Instruments	Jan. 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	Jan. 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	Jan. 1, 2027

[1] For fiscal years that start on or after this date. Initial application in line with EU law.

With regard to amendments published in the previous year, we refer to the Notes to the Consolidated Financial Statements of December 31, 2023.

In May 2024, the IASB published amendments to IFRS 9 and IFRS 7. The changes relate to certain issues that were identified in connection with the classification and measurement of financial instruments. Also in May, the IASB published the new IFRS 18 standard which covers the requirements for the disclosure of information and their relevance in the financial statements. IFRS 19 is another newly published standard. It sets out reduced disclosure requirements which an eligible company may use instead of the disclosure requirements in the other IFRS accounting standards.

The Group will engage with the changes outlined above in a timely manner.

Material discretionary decisions, estimates and assumptions

In preparing the Interim Consolidated Financial Statements, it has been necessary to make estimates and assumptions which may influence the carrying amounts of assets and liabilities, income and expenses as well as contingent liabilities as recognized on the balance sheet. The circumstances giving rise to estimates, discretionary decisions and assumptions remain unchanged from those underlying the Consolidated Financial Statements for fiscal 2023. We therefore refer here to the 2023 Annual Report, page 98 ff. The following nonetheless provides details of selected discretionary decisions, estimates and assumptions:

(a) Material discretionary decisions

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, they are measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a high degree of judgment on the part of management is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair values of financial instruments.

The fair value of pension funds "measured at fair value through other comprehensive income" is derived from quoted prices on active markets. The investments in pension funds are reported in the "Non-current financial assets" balance sheet line.

The Group has minority shareholdings in the form of non-listed shares, which are allocated to level 3 of the fair value hierarchy. Level 3 involves a valuation technique for which the lowest-level input that is significant to the fair value measurement as a whole is not observable on the market.

The fair values in level 3 were determined using the discounted cash flow method. The valuation requires internal management to make certain assumptions regarding inputs to the model, including forecast cash flows, the discount rate, the default risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in internal management's estimate of fair value for these non-listed equity investments.

(b) Estimates and assumptions

Changes in accounting estimates

There have been no adjustments to accounting estimates so far in fiscal 2024.

Taxes on income and earnings

At each closing date, the Group determines whether the probability of future tax benefits is sufficient to justify deferred tax assets. The recognized deferred tax assets may be lower if the estimates regarding scheduled taxable income and the tax benefits realizable through available tax strategies are reduced, or should changes to current tax legislation restrict the time frame or feasibility of future tax benefits. There were no indications for reassessment of the feasibility of future tax benefits for the recognition of deferred tax assets.

Value of goodwill and assets with an indefinite useful life (at least one impairment test per year)

At least once per year, the Group carries out an impairment test on the book values of goodwill or intangible assets of indefinite useful life. This is carried out at the end of the fiscal year as a rule, or several times within the year if there is any indication that an asset has been impaired. The Group's impairment test for goodwill and intangible assets of indefinite useful life is based on calculations of the recoverable amount. Please refer to the Notes to the Consolidated Financial Statements of December 31, 2023 for the corresponding assumptions used to determine the recoverable amount for the various cash-generating units.

The sensitivity analysis in the Notes to the Consolidated Financial Statements of December 31, 2023 already indicated that only small changes to certain assumptions would result in an impairment for the cash-generating unit the Enar Group (subgroup/Spain). In addition, the general global downturn in the construction and agriculture industries as well as the ongoing economic uncertainty have led to a decline in demand for light equipment and concrete technology. As a result, an impairment test was carried out on June 30, 2024 for the cash-generating unit the Enar Group (sub-group/Spain) (see "Impairment test of cash-generating unit the Enar Group (sub-group/Spain)" section).

For all other intangible assets, no indications for the need to perform an impairment test during the year were identified.

ECL allowances for financial assets

The Group uses a provision matrix to calculate estimated credit losses (ECLs) for selected financial assets. These financial assets mainly comprise:

- Trade receivables
- Receivables (extended payment terms) from dealers
- Receivables from prepaid volume bonuses
- Receivables from finance leases as a lessor

The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by criteria such as geography, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The provision matrix is based on the Group's historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (such as gross domestic product) are expected to deteriorate over the next year, potentially resulting in an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The analysis undertaken did not result in any material changes for H1/2024.

Legal changes to company structure

On January 1, 2024, a share was acquired in TorqueWerk GmbH amounting to 45.5 percent of the share capital. The company with headquarters in Aachen was included in the Group using the equity method on this date with a book value of the investment amounting to EUR 3.3 million. The corporate purpose of the company is the development, manufacture, licensing and sale of electric drive systems.

On May 1, 2024, the Group acquired 100 percent of the shares and voting rights in Weidemann Nederland B.V. with headquarters in Swifterbant, the Netherlands. Weidemann Nederland B.V. distributes Weidemann-branded products in the Dutch market.

In accordance with the requirements of IFRS 3.B64, we indicate that the details required and disclosed below regarding the above-mentioned business combination are provided on a provisional basis. The accounting for the business combination will thus be adapted in the remaining months of fiscal 2024. The reasons are as follows:

- The purchase price allocation (PPA), which is required to determine and allocate the purchase price to the acquired assets and liabilities, has not yet been completed. Since the PPA has not yet been finalized, detailed information on the fair value of the consideration transferred and the acquired assets and liabilities is not yet available.
- The 2023 annual financial statements of the target company are still at the preparation stage. The target company cannot provide the required data and detailed information without the finalized annual financial statements. This concerns in particular the exact amounts of the assets acquired and the liabilities incurred as well as their fair values.

From May to June 2024, Weidemann Nederland B.V. contributed revenue of EUR 2.1 million and its share of the profit for the period was EUR 0.5 million. If the acquisition had taken place on January 1, 2024, the revenue figure would have amounted to EUR 1,210.9 million and the profit for the first six months of 2024 would have been EUR 55.4 million.

The consideration to be transferred includes cash in the amount of EUR 4.8 million and a contingent consideration in the amount of EUR 1.9 million. Of this sum, EUR 1.0 million and EUR 0.9 million are to be initially retained as collateral and recognized under other current financial liabilities. The sums will be paid out no later than 18 and 36 months respectively after the acquisition date, provided no claims are asserted.

To date, costs of EUR 0.1 million were incurred in connection with this business combination. These costs have been included under general administrative expenses.

The following is a summary of the provisional amounts recognized for key assets acquired and liabilities incurred at the acquisition date:

IN € MILLION	May 1, 2024
Property, plant and equipment	0.2
Inventories	1.1
Trade receivables	0.6
Tax assets	0.2
Other current non-financial assets	0.1
Cash and cash equivalents	0.4
Trade payables	0.4
Other current financial borrowings	0.1
Other current non-financial liabilities	0.3

Trade receivables comprise gross amounts of EUR 0.6 million, of which EUR 0.00 was assessed as unlikely to be recoverable at the acquisition date.

The provisional goodwill recognized as part of the acquisition is not deductible for tax purposes and is calculated as follows:

IN € MILLION	May 1, 2024
Transferred consideration	6.8
Fair value of acquired net assets	1.8
Goodwill	**5.0**

The goodwill is mainly derived from the strengthening of the business position in the Netherlands.

Otherwise, there were no further changes to the consolidation structure.

Seasonal fluctuations

Revenue in the construction and agricultural industries is dependent on many seasonal factors. The annual analysis of the distribution of consolidated revenue over the year clearly shows that seasonal fluctuations can have an impact on Group business.

Viewed as a percentage, the quarterly distribution of consolidated revenue from fiscal 2021 through 2023 was as follows:

AS A %	2023	2022	2021
Q1	25	23	23
Q2	26	24	26
Q3	24	25	25
Q4	25	27	26

Impairment test of the cash-generating unit the Enar Group (sub-group/Spain)

The Group used the fair value less cost to sell, which exceeded the book value, in order to determine the recoverable amount of the cash-generating unit the Enar Group (sub-group/Spain). In order to reflect the drop in demand for the corresponding product group, the cash flow forecasts were updated and a WACC in the amount of 11.2 percent (December 31, 2023: 11.3 percent) was used. All other assumptions remained unchanged with respect to the assumptions set out in the Notes to the Consolidated Financial Statements of December 31, 2023. As a result of the updated analysis, no impairment was determined for the cash-generating unit the Enar Group (sub-group/Spain), to which goodwill in the amount of EUR 3.9 million (December 31, 2023: EUR 3.9 million) is allocated.

In relation to the determination of the fair value less cost to sell of the cash-generating unit the Enar Group (sub-group/Spain), there are no material changes to the sensitivity information disclosed in the Notes to the Consolidated Financial Statements of December 31, 2023.

Earnings per share

In accordance with International Accounting Standard (IAS) 33, earnings per share are calculated by dividing the consolidated earnings by the average number of shares. There was no share dilution effect in the period under review. A share buyback program began in April 2021 and was successfully concluded in November 2021. There have been no further share buybacks since that date. In the comparative periods shown below, earnings per share were calculated on the basis of an average number of shares in circulation of 68,015,345.

IN € MILLION

	2024	2023
Q2		
Quarterly earnings attributable to shareholders in € million	31.4	63.6
Weighted average number of ordinary shares in circulation during the period in thousands	68,015	68,015
Earnings per share in €	0.46	0.94
H1		
Quarterly earnings attributable to shareholders in € million	54.7	126.0
Weighted average number of ordinary shares in circulation during the period in thousands	68,015	68,015
Earnings per share in €	0.80	1.85

Information on taxes on income

The Group falls within the scope of the global minimum tax rate rules ("Pillar 2"). The global minimum tax rate rules came into force in Germany with effect from December 28, 2023 in the form of the Minimum Tax Act (Mindeststeuergesetz – MinStG). Since Wacker Neuson SE (ultimate parent company) is headquartered in Germany, the MinStG applies to the Group since January 1, 2024.

Based on previous analysis and calculations, the Group expects that it will be able to make the greatest possible use of the temporary reliefs that are available for the phasing-in period (known as safe harbors). In the jurisdiction(s) where this is not the case, the calculation as of June 30, 2024 resulted in a minimum tax expense of around EUR 0.2 million, which is recognized in the Consolidated Financial Statements under current taxes.

The Group uses the exemption for the recognition and disclosure of information on deferred tax assets and liabilities in connection with taxes on income arising from the global minimum tax rate as provided for in the amendments to IAS 12 published in May 2023 and adopted by the EU on November 8, 2023.

Information on financial instruments

The book values and fair values of financial assets and liabilities are presented in the following table:

IN € MILLION

	Jun. 30, 2024 Fair value	Jun. 30, 2024 Book value
Assets		
Investments accounted for using the equity method	4.9	4.9
Other Investments	3.9	3.9
Non-current financial assets	21.3	21.3
Trade receivables	383.9	383.9
Other current financial assets	46.4	46.4
Cash and cash equivalents	29.9	29.9
Liabilities		
Non-curent financial borrowings	187.5	190.8
Trade payables	204.6	204.6
Current liabilities to financial institutions	304.8	305.0
Current portion of non-current borrowings	0.2	0.2
Other current financial liabilities	97.9	97.9

Upon initial recognition, the Group can elect to irrevocably classify equity investments it holds in other companies as equity instruments measured at fair value through other comprehensive income if they meet the definition of equity under IAS 32, Financial Instruments: Presentation, and are not held for trading.

- Investments in pension funds: The Group holds investments in pension funds in the amount of EUR 1.4 million (December 31, 2023: EUR 1.4 million) to secure the pension entitlements of former Executive Board members. These are not defined as plan assets in accordance with IAS 19 and are not netted against provisions for pensions. The pension fund investments are reported under "Non-current financial assets". Their fair value is calculated using prices listed on active markets for identical financial assets (level 1 evaluation). Investments in pension funds are measured at fair value through other comprehensive income.

- Minority shareholding in Austria: The Group holds shares in an unlisted company in the amount of EUR 3.9 million (December 31, 2023: EUR 4.0 million), which invests specifically in innovative start-ups. The aim of this investment is to give the Group access to new technologies. The minority shareholding in Austria is recognized under the "Other investments" item. The minority shareholding is measured at fair value recognized in the income statement.

Information about revenue

The following table shows revenue generated by the Group from contracts with customers and other revenue sources according to product group and site:

IN € MILLION

	H1/24	H1/23
Geographical segments		
Europe	925.6	1,023.5
Americas	250.6	300.7
Asia-Pacific	28.6	41.7
Total revenue	**1,204.8**	**1,365.9**
Business segments		
Light equipment	240.8	286.5
Compact equipment	726.2	850.8
Services	245.7	237.6
Less cash discounts	-7.9	-9.0
Total revenue	**1,204.8**	**1,365.9**
Source of revenue:		
Revenue generated from contracts with customers	1,101.7	1,271.4
Other revenue	103.1	94.5
Total revenue	**1,204.8**	**1,365.9**

Other revenue mainly includes revenue from flexible rental solutions for equipment and accessories in accordance with IFRS 16 as well as revenue from dealer and customer financing in accordance with IFRS 9. Revenue in the Services segment includes revenue from flexible rental solutions for equipment and accessories in the amount of EUR 101.5 million (H1/2023: EUR 93.8 million). The rental period is generally short term, averaging approximately 19 days. Approximately EUR 1.6 million from dealer and customer financing was recognized for the first half of 2024 (H1/2023: EUR 0.7 million).

Related party disclosures

For the Group, "related parties" within the meaning of IAS 24: Related Party Disclosures generally refers to shareholders, entities over which shareholders have control or significant influence (sister companies), non-consolidated companies, members of the Executive Board, members of the Supervisory Board and a pension fund. The type and scope of transactions conducted with related parties are comparable to the previous year. Please refer to the 2023 Annual Report for more information.

Important events

The following important events occurred during the period under review:

- The Annual General Meeting of Wacker Neuson SE took place on May 15, 2024 with the shareholders and their proxies in attendance.
- The dividend proposed by the Executive Board and Supervisory Board in the amount of EUR 1.15 per share for fiscal 2023 was approved by shareholders. EUR 78.2 million was thus distributed to the shareholders.
- Non-current financial liabilities amounted to EUR 190.8 million as at June 30, 2024 (December 31, 2023: EUR 97.3 million). As of December 31, 2023, the Group recognized promissory notes (Schuldschein) in the amount of EUR 86.8 million under non-current financial liabilities. Due to the term involved (maturing in March 2025), USD 7.5 million was reclassified to current financial liabilities in fiscal 2024. In addition, a promissory note (Schuldschein) in the amount of EUR 70.0 million was repaid as scheduled in May 2024. This was reported under current liabilities to financial institutions as of December 31, 2023. In addition, a new promissory note (Schuldschein) in the amount of EUR 100.0 million was placed in June 2024.
- The asset-backed securities transactions (ABS program) developed as follows in 2024:

IN € MILLION

	June 30, 2024	December 31, 2023
Transferred assets		
End of contractual terms in year	2024	2024
Contractual maximum volume in USD million	200.0	200.0
Sold receivables volume on balance sheet date	164.9	156.6
Range of sold receivables volume in year under review	164.9	156.6
Entitlements/obligations from receivables management	–	–
Continuing involvement		
Maximum credit risk (before credit insurance)	29.5	28.0
Total carrying amount of transferred receivables	164.9	156.6
Book value of assets still carried	29.5	28.0
Book value of associated liability	29.5	28.0
Fair value of the financial guarantee	0.7	0.6

Please refer to page 8 ff. in the Interim Group Management Report of June 30, 2024 for further information and explanatory comments on events that could have a substantial impact on profit, financials and assets.

Events since the interim statements

On July 1, 2024, the Group acquired 100 percent of the shares in Axor Mietservice GmbH. The name of the company will be changed to “Wacker Neuson Rail GmbH” as part of the acquisition process. The company with headquarters in Monheim, Germany, will be fully included in the Consolidated Financial Statements in the future. The corporate purpose of the company is the rental and sale of construction equipment.

There have been no further events since the end of the reporting period that could have a significant impact on the future business development of the Wacker Neuson Group.

München, August 1, 2024

Wacker Neuson SE, Munich

The Executive Board

Dr. Karl Tragl Chief Executive Officer (CEO) Chairman of the Executive Board	Felix Bietenbeck Chief Operations Officer (COO) Chief Technology Officer (CTO)
Christoph Burkhard Chief Financial Officer (CFO)	Alexander Greschner Chief Sales Officer (CSO)

Responsibility statement by the management

“To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management review of the Group gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.”

München, August 1, 2024

Wacker Neuson SE, Munich

The Executive Board

Dr. Karl Tragl Chief Executive Officer (CEO)	Felix Bietenbeck Chief Operations Officer (COO) Chief Technology Officer (CTO)
Christoph Burkhard Chief Financial Officer (CFO)	Alexander Greschner Chief Sales Officer (CSO)

Publishing Details/Financial Calendar

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Financial Calendar 2024

September 25	Berenberg/Goldman Sachs German Corporate Conference, Munich
November 14	**Publication of nine-month report 2024**
November	Deutsches Eigenkapitalforum (capital market conference), Frankfurt am Main

Disclaimer

This report contains forward-looking statements which are based on current estimates and assumptions made by corporate management at Wacker Neuson SE. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Future performance and the results actually achieved by Wacker Neuson SE and its affiliated companies depend on a number of risks, uncertainties and other factors. Many of the factors described in publications, in particular, but not limited to, the Company's risk report, are outside the Company's control and cannot be forecast with a high degree of reliability. These include the future economic environment, the actions of competitors and market players, as well as future legal or regulatory frameworks. Should these risks or uncertainties be realized or if the assumptions made based on these statements turn out to be inaccurate, actual results may differ significantly from the results explicitly or implicitly provided in these statements. The company neither plans nor undertakes to update any forward-looking statements beyond legal requirements.

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