



**Wacker Neuson
Group**



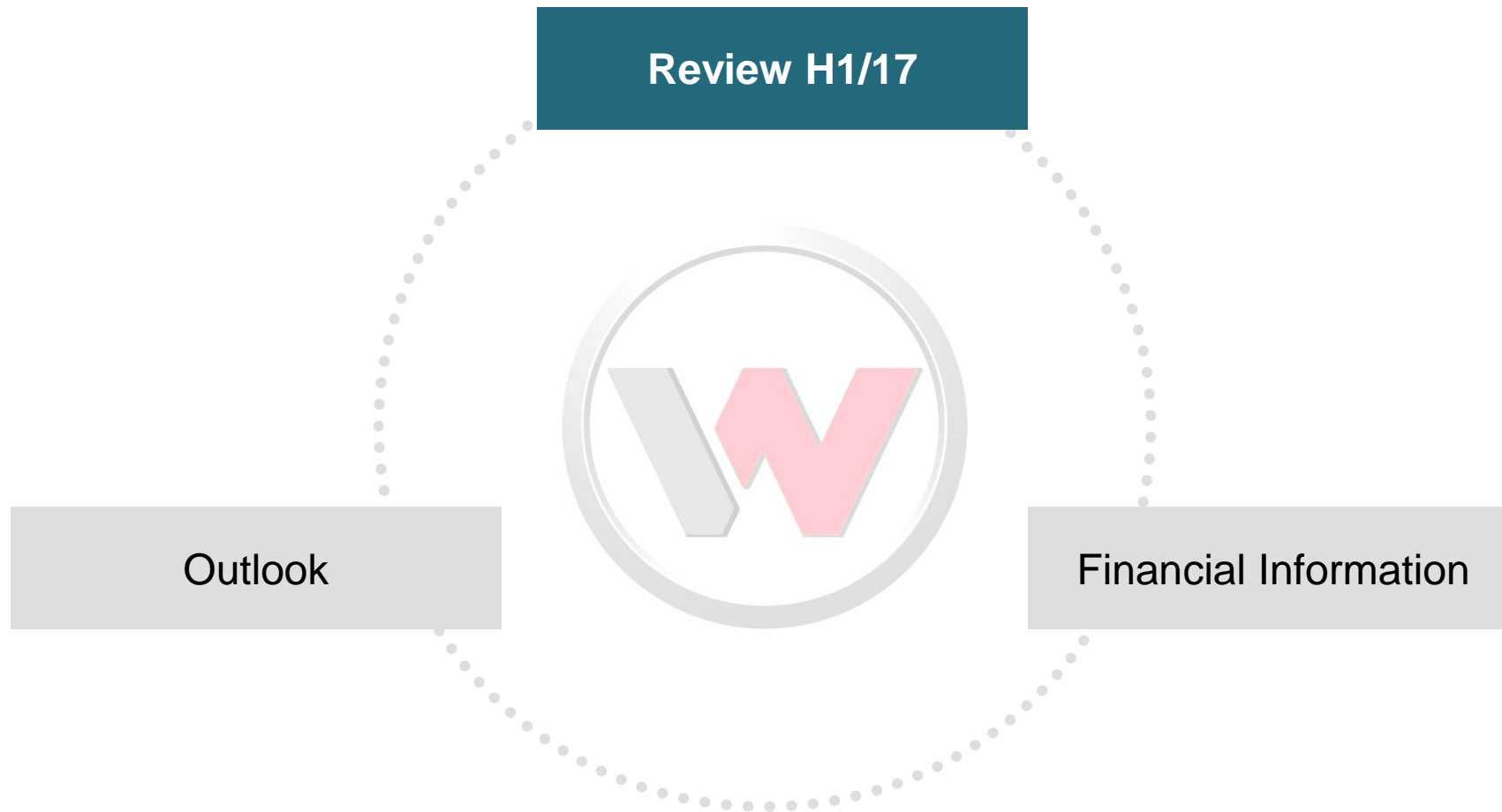
Wacker Neuson SE Analyst and Investor Conference Call – Results H1 and Q2/17

Cem Peksaglam (CEO), Wilfried Trepels (CFO)

August 8, 2017



Agenda





Key figures

Q2/17

Revenue

+11%

(425.2 m€)

EBIT

+41%

(margin: 11.0%, +2.3 PP)

Op. CF

+34%

(56.1 m€)

EPS

+31%

(0.42 €)

H1/17

Revenue

+9%

(763.7m€)

EBIT

+20%

(margin: 8.0%, +0.7 PP)

Op. CF

+61%

(57.7 m€)

EPS

+15%

(0.55 €)

June 30, 2017

NWC¹ ratio: 34%

(-4.5 PP yoy)

DIO²: 130 days

(-19 days yoy)

Equity ratio: 65%

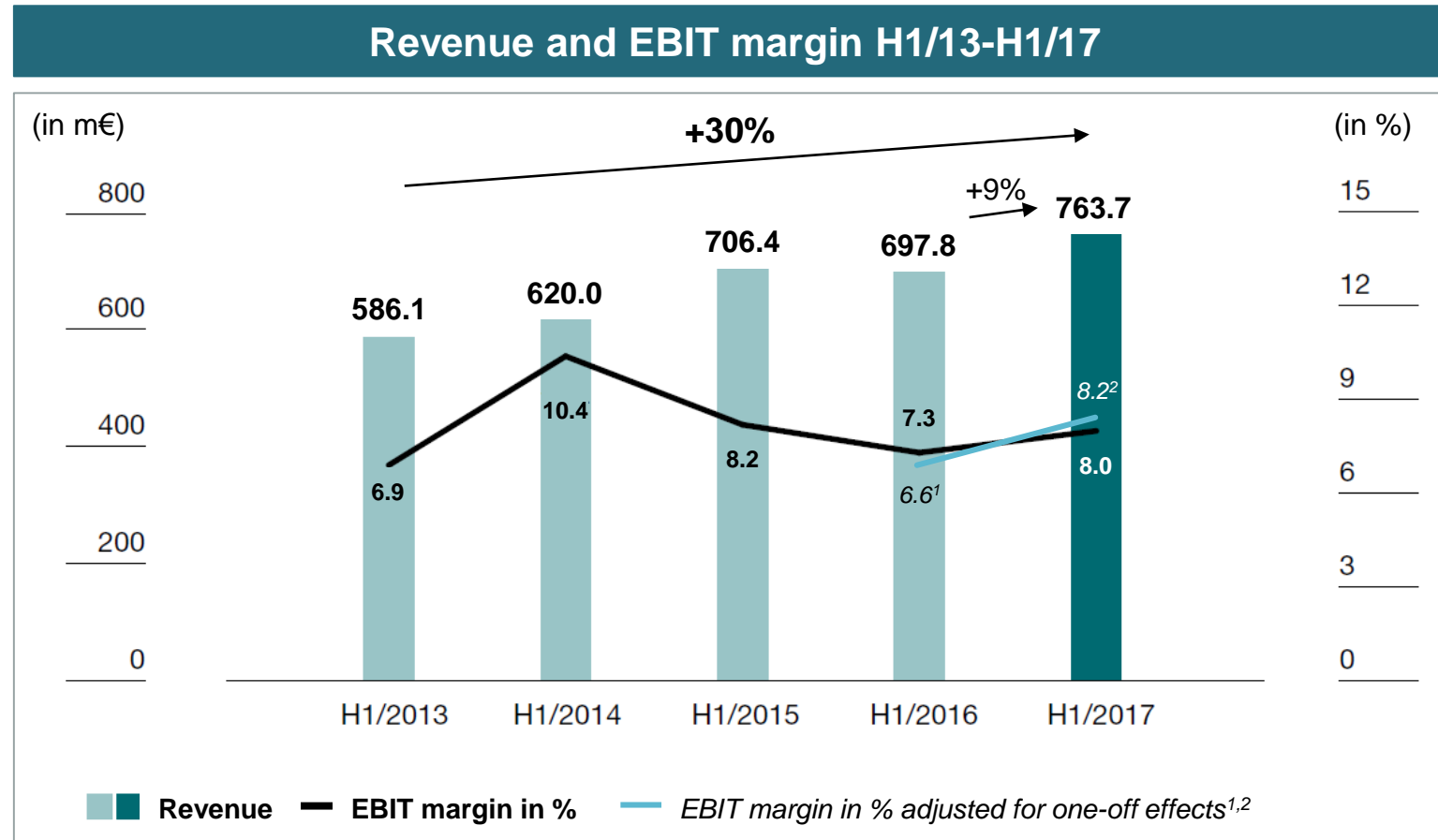
(+0.0 PP yoy)

¹ Net Working Capital

² Days Inventory Outstanding



Revenue (half year comparison 2013-2017)



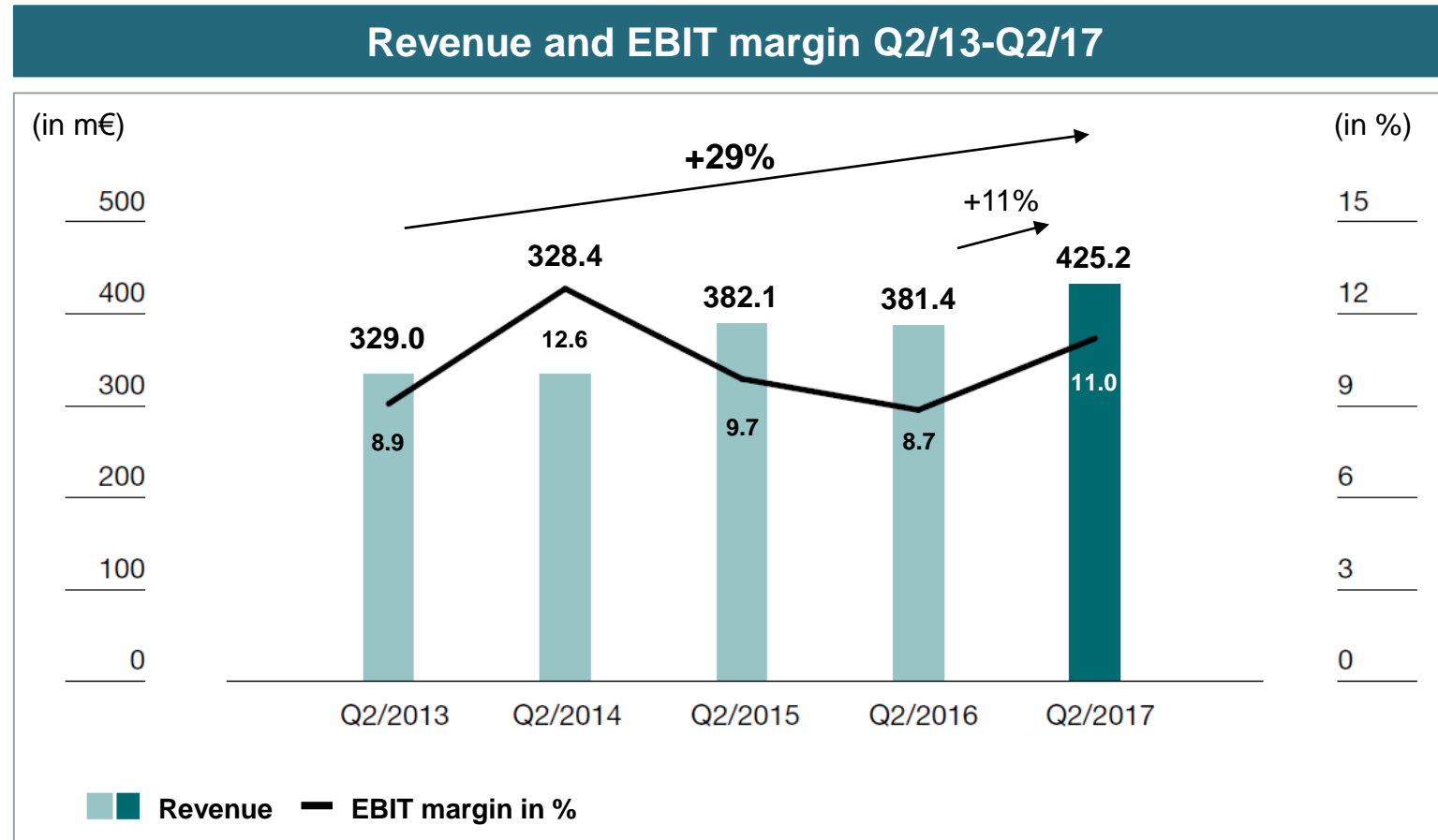
Record revenue in H1/17, profitability increasing

Note: Currency effects resulting from the evaluation of receivables and payables in foreign currencies and from the evaluation of cash and cash equivalents are recognized in the financial result as of 2017 (previously recognized under cost of sales as well as other income and/or other expenses). 2014 to 2016 have been adjusted accordingly.

¹ Adjusted for positive one-off in Q1/16: change of the evaluation method for inventories in the context of intercompany profit elimination.

² Adjusted for negative one-off in Q1/17: increased expenses for the Executive Board.

Revenue (Q2 comparison 2013-2017)

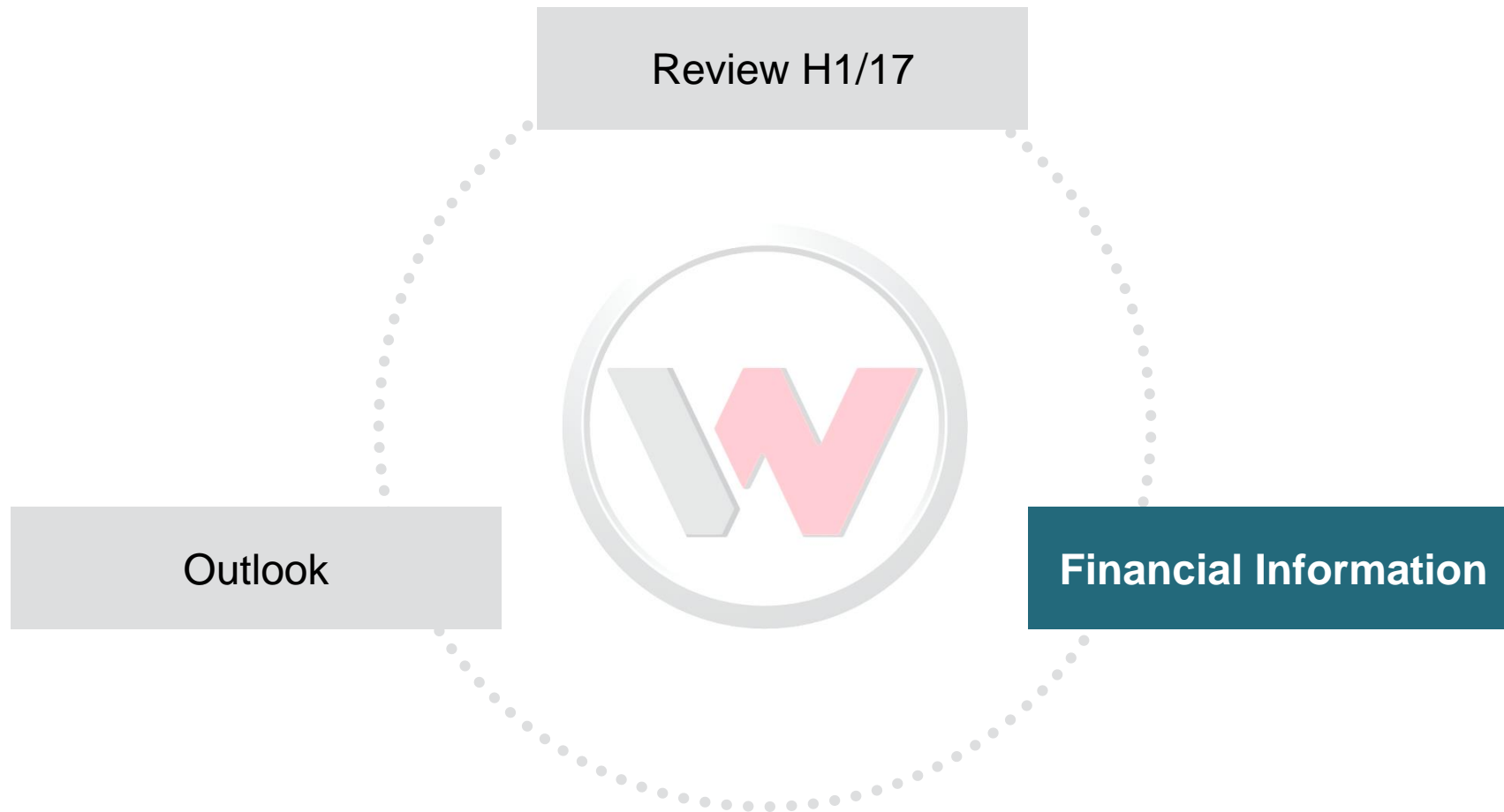


Best quarter in history, double digit EBIT margin

Note: Currency effects resulting from the evaluation of receivables and payables in foreign currencies and from the evaluation of cash and cash equivalents are recognized in the financial result as of 2017 (previously recognized under cost of sales as well as other income and/or other expenses). 2014 to 2016 have been adjusted accordingly.



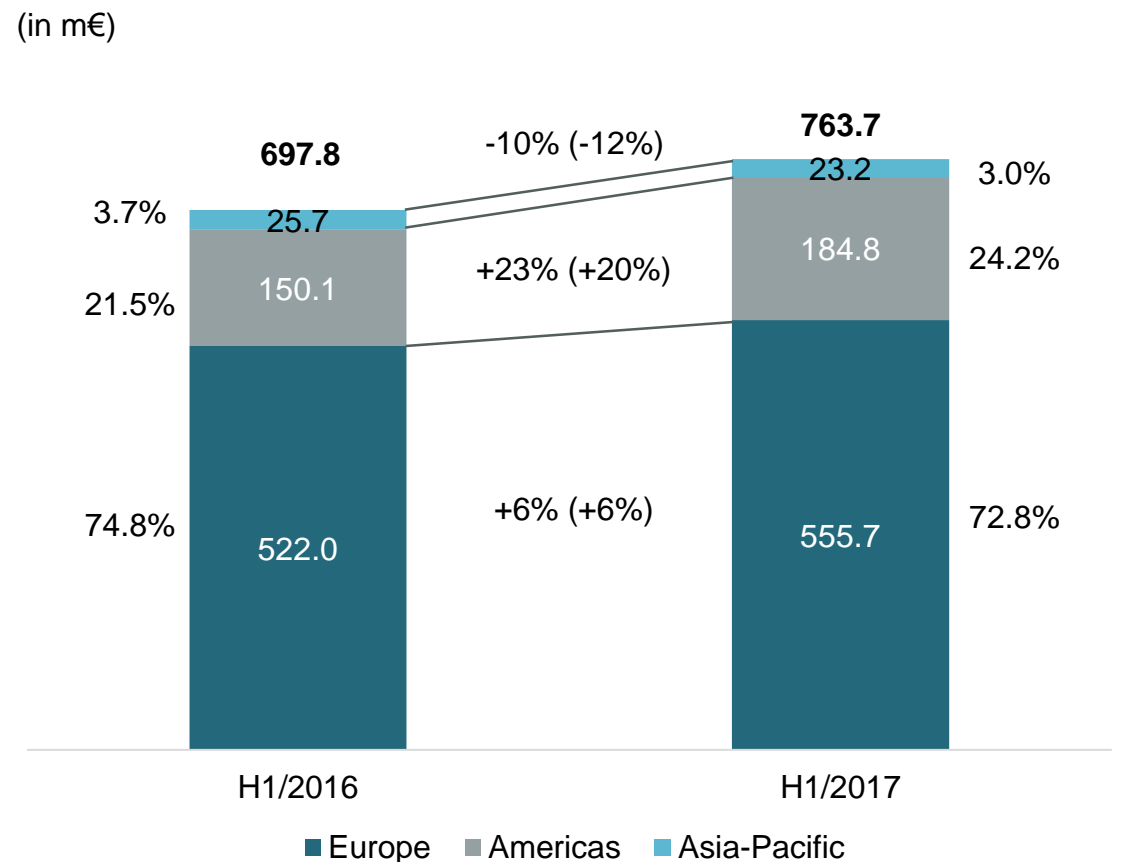
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Business performance – Revenue and EBIT¹ by region H1/17

Revenue by region^{2,3}



¹ EBIT before consolidation; ² In brackets: adjusted for currency effects; ³ Nominal, after cash discounts

Europe

- Strong growth especially in Germany, Austria, France, Scandinavia, Italy, Eastern Europe (despite of Turkey)
- Upbeat mood in the European agricultural sector
- EBIT of 71.0 m€ → EBIT margin of 12.8% (H1/16: 10.3%)

Americas

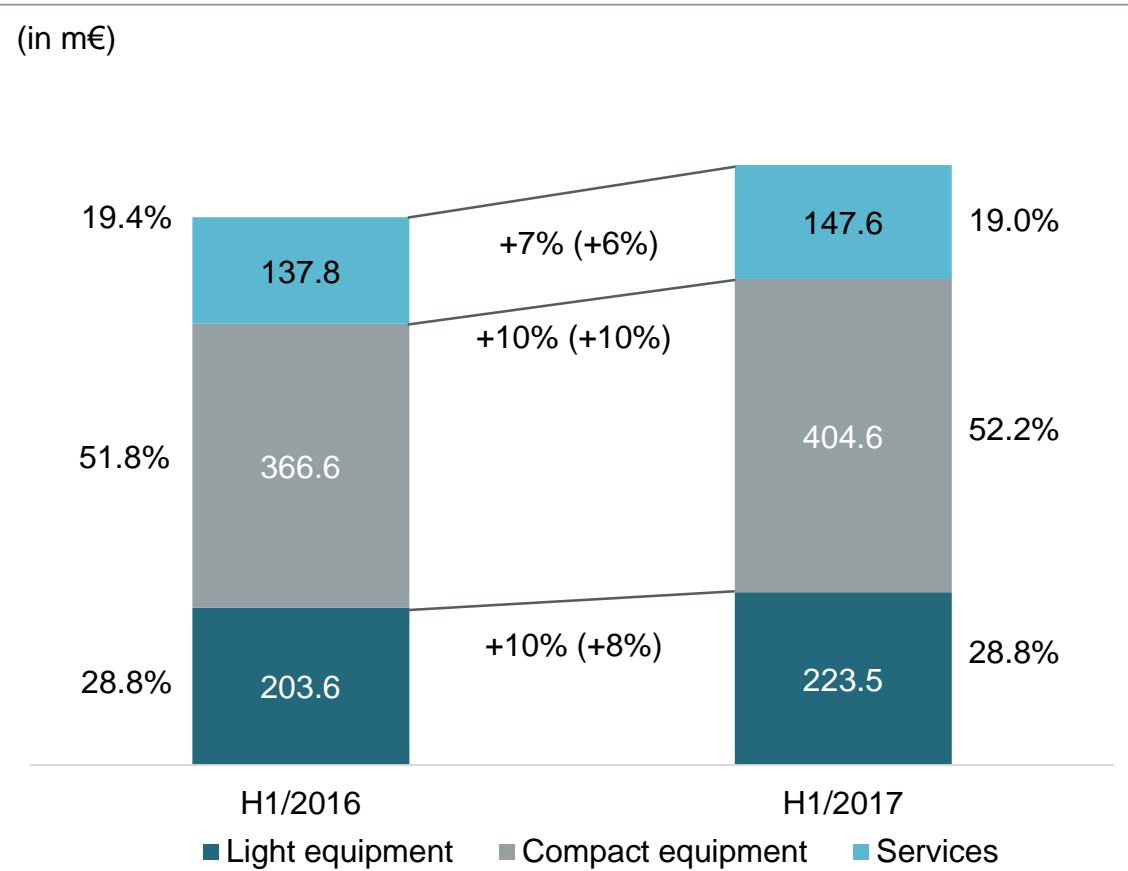
- Contribution to revenue and earnings from skid steer loaders manufactured in the US, strong development of other compact equipment and worksite technology
- Latin America revenue growing double digit
- EBIT of 1.6 m€ → EBIT margin of 0.9% (H1/16: 0.1%), negatively affected in Q2/17 inventory value adjustments

Asia-Pacific

- Positive one-off effect in China Q1/16: dealers stocking up on compact equipment, but Q2 +65% in sales: growth in Australia/New Zealand
- EBIT of -2.9 m€ → EBIT margin of -12.5% (H1/16: -6.2%): costs related to new organization (facility of CE in China) and risk assessment of account receivable

Business performance – Revenue by business segment H1/17

Revenue by business segment^{1, 2}



¹ In brackets: adjusted for currency effects; ² Nominal, before cash discounts

Light equipment

- Back on growth track (revenue +10% yoy) after weak 2016
- Strong business with compaction equipment and worksite technology
- Upturn in investments in key markets for light equipment such as Canada, Latin America and Australia
- Still difficult market environment in oil & gas

Compact equipment (incl. OEM)

- Positive development in agriculture business (Kramer and Weidemann)
- Further internationalization of compact equipment
- Contribution to revenue and earnings from skid steer loaders USA

Services

- Central logistics project (bundling spare parts for compact machines), improvement program in progress
- Success: Customer orientated service portfolio ("All it takes", one-stop-shop)



Development of revenue and profitability Q2/17

Income statement (extract) and number of employees

| (in m€) | Q2/17 | Q2/16 | Change in % |
|--|--------------------|--------------------|----------------------|
| Revenue | 425.2 | 381.4 | 11.5 |
| Gross profit <i>(as a % of revenue)</i> | 122.4 (28.8) | 108.0 (28.3) | 13.3 (0.5 PP) |
| Sales and Service exp. | 50.6 | 50.6 | 0.0 |
| R&D expenses | 9.6 | 9.6 | 0.0 |
| General admin. exp. | 17.8 | 17.7 | 0.6 |
| Operating expenses <i>(as a % of revenue)</i> | 78.0 (18.3) | 77.9 (20.4) | 0.1 (-2.1 PP) |
| Other Income and Expenses | 2.4 | 3.1 | -22.5 |
| EBIT <i>(as a % of revenue)</i> | 46.8 (11.0) | 33.2 (8.7) | 41.0 (2.3 PP) |
| Financial result | -5.9 | -1.5 | 293.3 |
| Taxes on income | 11.1 | 8.9 | 24.7 |
| Net profit¹ | 29.8 | 22.8 | 30.7 |
| Net profit ² per share in € | 0.42 | 0.32 | 31.3 |
| | | | |
| Employees³ | 4,891 | 4,682 | 4.5 |

¹ before minority interests, ² after minority interests ³ w/o temporary staff

Note: Currency effects resulting from the evaluation of receivables and payables in foreign currencies and from the evaluation of cash and cash equivalents are recognized in the financial result as of 2017 (previously recognized under cost of sales as well as other income and/or other expenses). 2014 to 2016 have been adjusted accordingly.

- **Gross Profit**
 - Volume effect: +12.4 m€ → Capacity utilization improved at production sites
 - Margin effect: +2.0 m€ → Europe's smaller share of revenue and a change in the product mix (impacted by sales of "old" stock) had a slight dampening effect
- **SG&A:** constant at PY's level, operating expenses as percentage of sales -2.1 PP yoy
- **Other Income & Expenses:** -0.7 m€ vs. Q2/16 (decreased income from divestments of properties)
- **EBIT:** highest EBIT in absolute terms for a single quarter, margin improved by 2.3 PP yoy
- **Financial result:** Change of -4.4 m€, negative impact by FX-effects
- **Tax rate:** 27.1% (Q2/16: 28.1%), increasing share of profits in countries with lower tax rates



Development of revenue and profitability H1/17

Income statement (extract) and number of employees

| (in m€) | H1/17 | H1/16 | Change in % |
|--|---------------------|---------------------|----------------------|
| Revenue | 763.7 | 697.8 | 9.4 |
| Gross profit (<i>as a % of revenue</i>) | 214.4 (28.1) | 195.0 (27.9) | 9.9 (0.2 PP) |
| Sales and Service exp. | 100.4 | 96.6 | 3.9 |
| R&D expenses | 18.8 | 18.4 | 2.2 |
| General admin. exp. | 38.4 | 33.9 | 13.3 |
| Operating expenses (<i>as a % of revenue</i>) | 157.6 (20.6) | 148.9 (21.3) | 5.8 (-0.7 PP) |
| Other Income and Expenses | 4.2 | 4.6 | -8.7 |
| EBIT (<i>as a % of revenue</i>) | 61.0 (8.0) | 50.7 (7.3) | 20.3 (0.7 PP) |
| Financial result | -7.1 | -3.3 | 115.2 |
| Taxes on income | 14.8 | 13.4 | 11.3 |
| Net profit¹ | 39.1 | 34.0 | 14.8 |
| Net profit ² per share in € | 0.55 | 0.48 | 14.6 |
| | | | |
| Employees ³ | 4,891 | 4,682 | 4.5 |

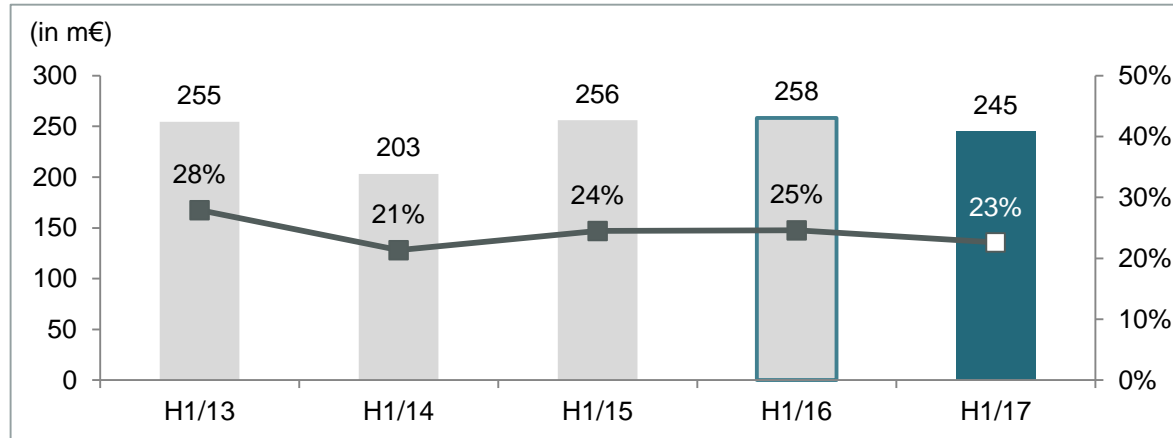
¹ before minority interests, ² after minority interests ³ w/o temporary staff

Note: Currency effects resulting from the evaluation of receivables and payables in foreign currencies and from the evaluation of cash and cash equivalents are recognized in the financial result as of 2017 (previously recognized under cost of sales as well as other income and/or other expenses). 2014 to 2016 have been adjusted accordingly.

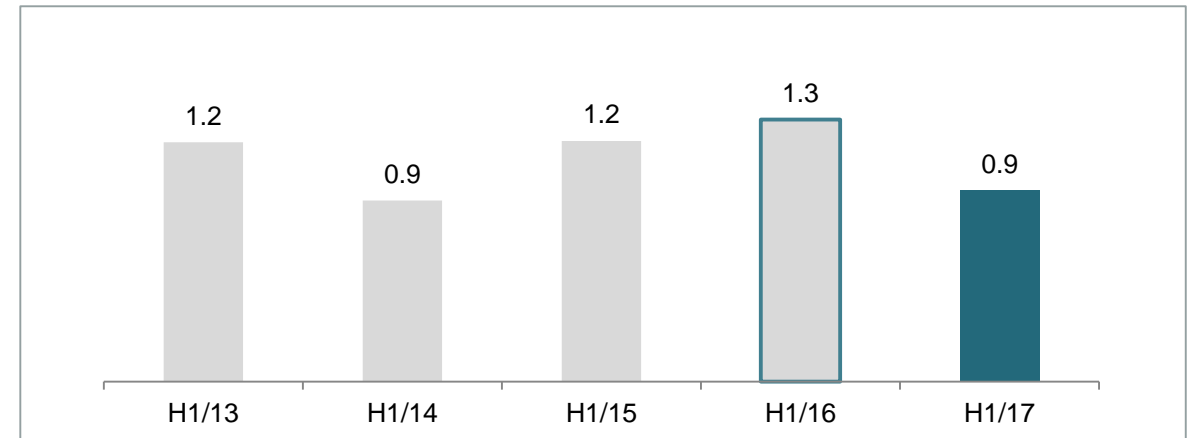
- **Gross Profit**
 - Volume effect: +18.4 m€ → Capacity utilization improved at production sites in H1/17
 - Margin effect: +0.9 m€ → Europe's smaller share of revenue and a change in the product mix (impacted by sales of old stock) had a dampening effect
- **One-off effects** on EBIT in Q1/17 and Q1/16
 - negative in Q1/17: increased expenses for the Executive Board
 - positive in Q1/16: change in the evaluation method for inventories
 - *adj. EBIT margin H1/17: 8.2% (H1/16: 6.6%)*
- **Other Income & Expenses:** -0.4 m€ vs. H1/16 (decreased income from divestments of properties)
- **Financial result:** Change of -3.8 m€, negative impact by FX-effects (-4.3 m€) and reduced interest (+0.6 m€)
- **Tax rate:** 27.5% (H1/16: 28.1%), increasing share of profits in countries with lower tax rates

Key figures from balance sheet – excellent credit standing

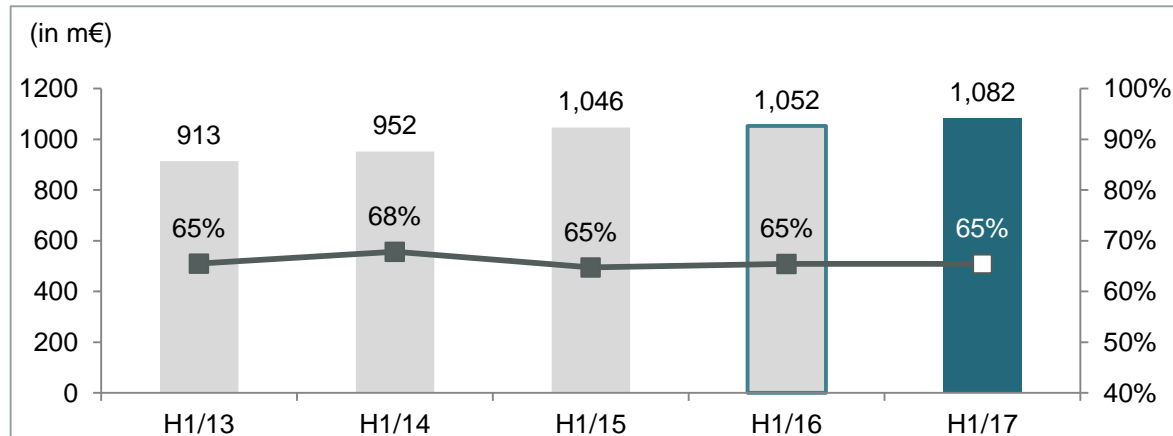
Net financial debt and gearing¹



Net financial debt/EBITDA²



Equity (before minority interests)



H1/17

- Net financial debt -5% yoy (gearing¹ of 23% below PY's level)
- Quotient of Net financial debt/EBITDA² on low level
- Equity increased slightly by 3% yoy to 1,082 m€ vs. H1/16
- Equity ratio stable at 65%

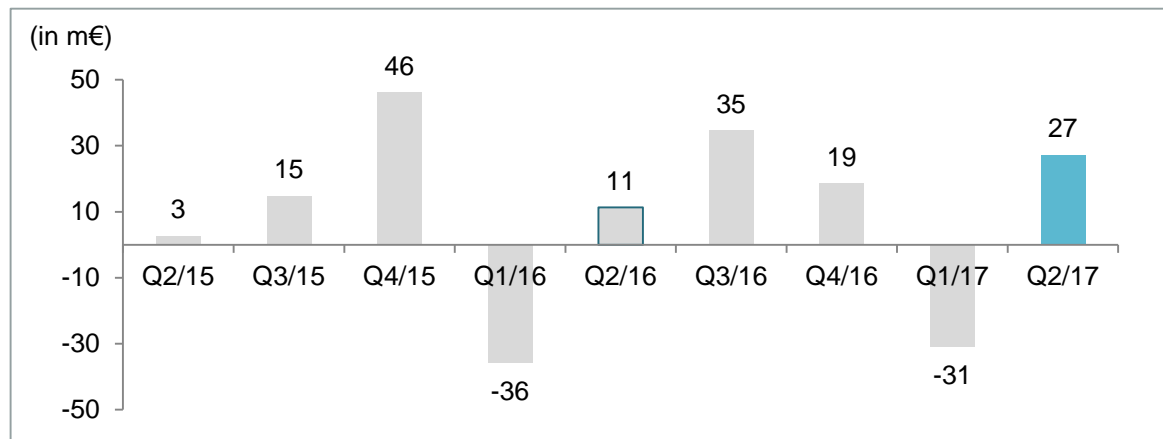
2017

February: Refinance of Schuldschein loan from 2012 (90 m€), securing funds in the total amount of 125 m€ (5Y, low coupon of 0.69% p.a.)

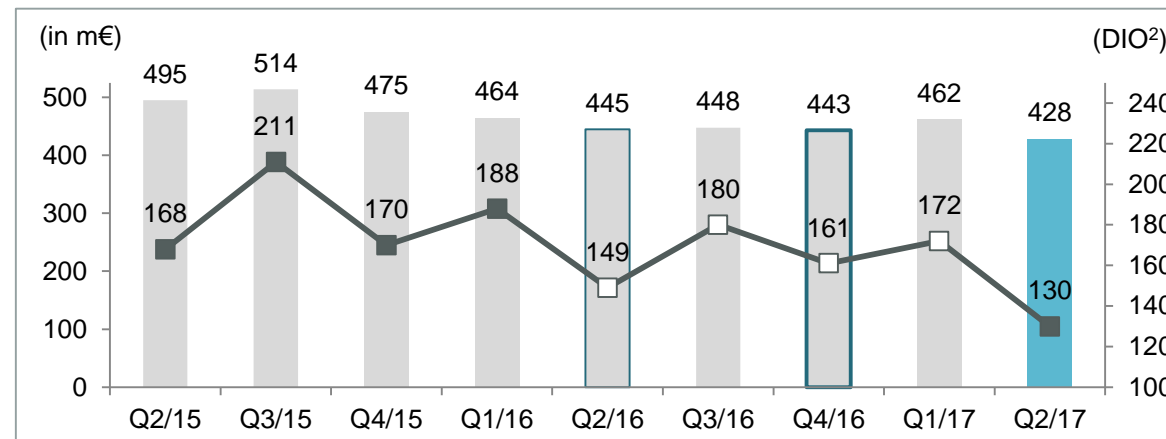


Business performance: Increase of Free Cash Flow, reduction of inventory

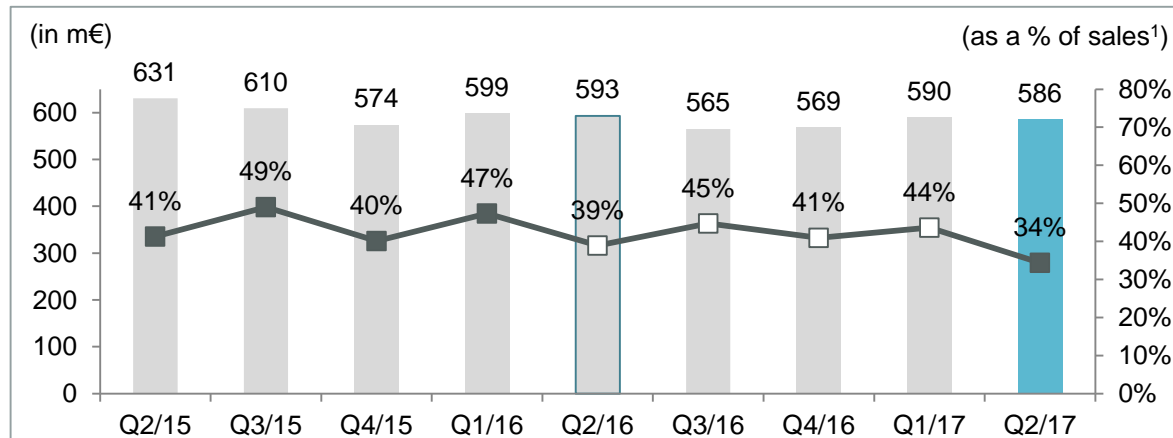
Free Cash Flow



Inventories



Net Working Capital



H1/17

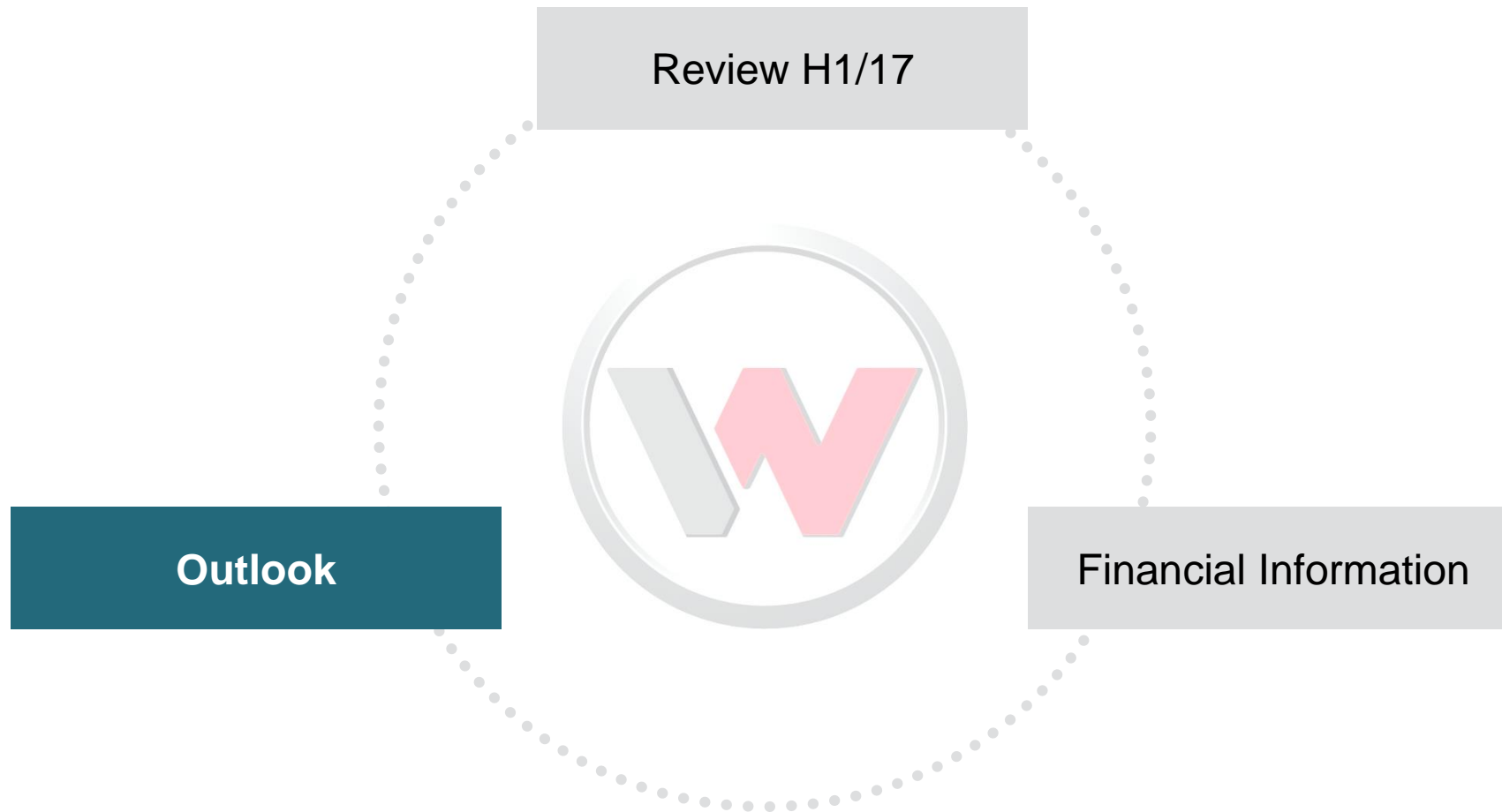
- Operating Cash Flow +61% yoy to 58 m€ (H1/16: 36 m€)
- CapEx increased by 6% yoy to 67 m€ (H1/16: 63 m€)
- Free Cash Flow improved 20.0 m€ to -4.0 m€ in H1 (H1/16: -24 m€) and more than doubled in Q2 to 27 m€ (Q2/16: 11 m€)
- Decrease of inventories yoy by -3.8% and significant reduction of DIO² by 19 days yoy and 31 days compared to Q4/16
- Net Working Capital ratio decreased significantly 5 PP yoy

¹ calculation: net working capital reported at closing date/annualized revenue of last quarter;

² days inventory outstanding: (avg. inventory of last two months of reported period/annualized cost of sales) * 365



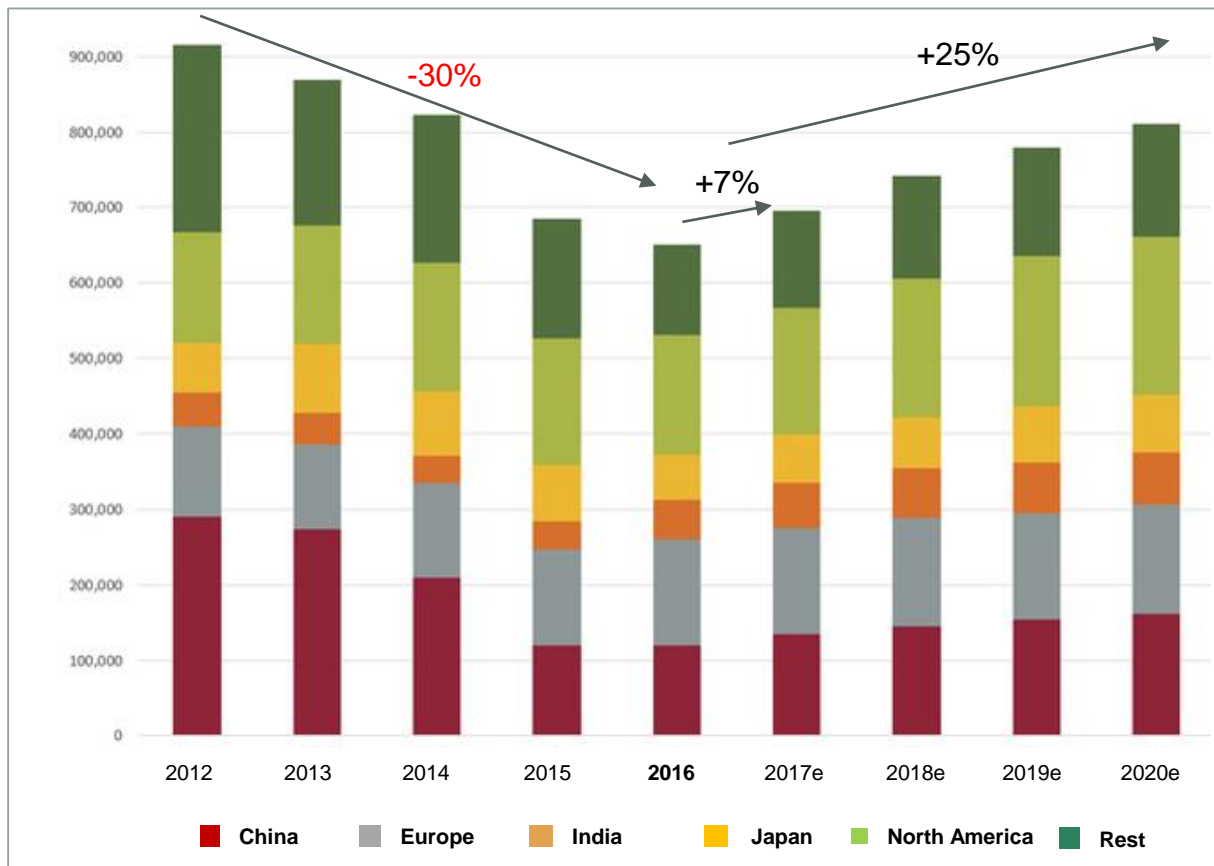
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Global sales of construction machinery back on growth path

2016–2020 machinery sales CAGR: 5,7%



Source: Off-Highway Research, March 2017

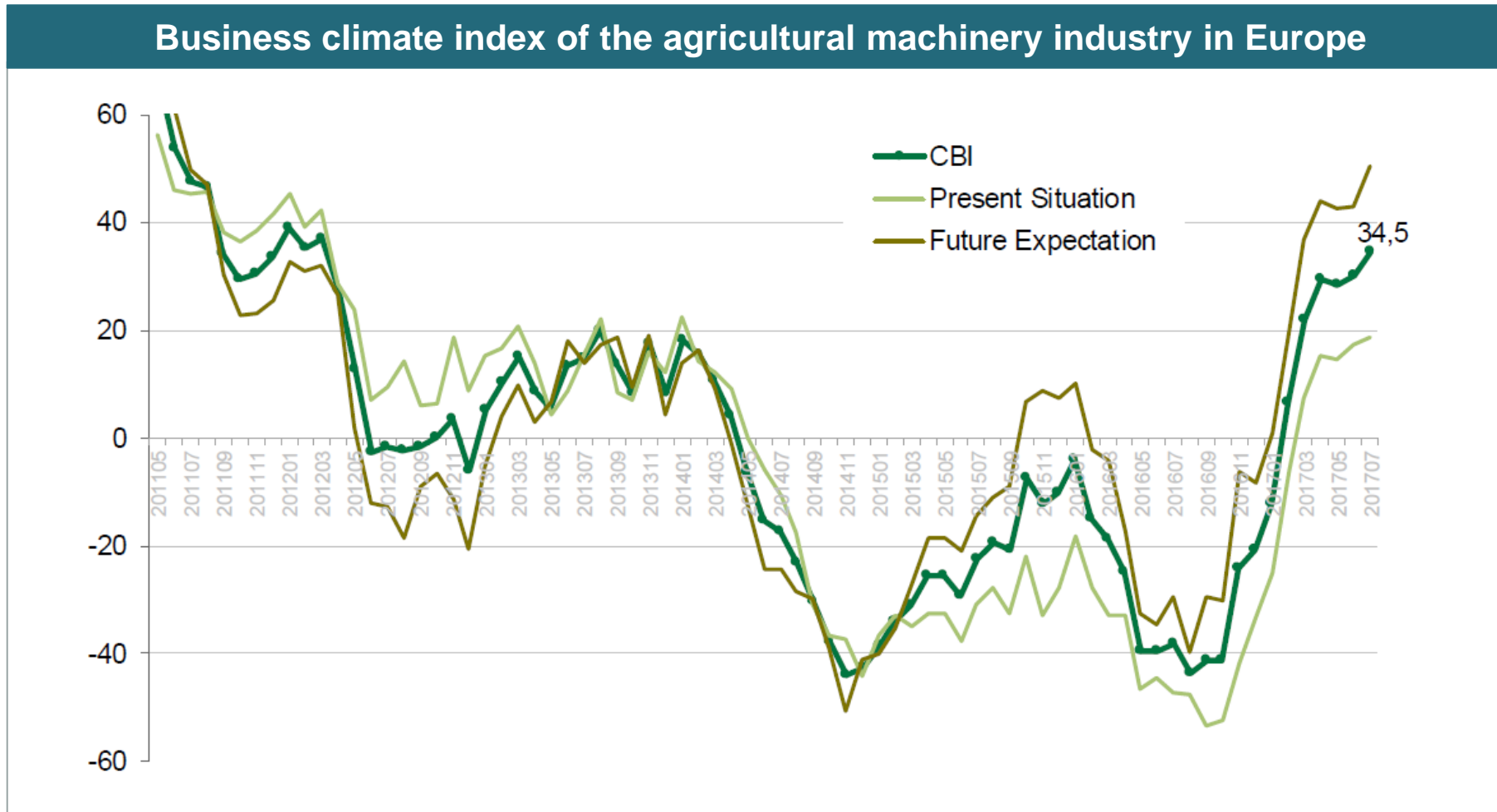
Wacker Neuson's expectations

- Europe and Americas main growth drivers
 - Europe: strong business in the construction sector, upbeat mood in the agricultural sector
 - North America: stronger revenue from skid steer loaders, no more one-off effects expected
 - Latin America: bottomed out → Growth driver: New product lines (generators, compact equipment)
- Asia-Pacific: Environment is recovering, strong growth market in mid term, growth of Australian business

Compared to CE sales (WN Group) 2012–2016: +38%



Recovery in the European agricultural business continues



CBI = geometric mean of 1) evaluation of the current business situation and 2) turnover expectation, scale from -100 to +100

Source: CEMA Business Barometer, July 2017



Strategic alliances and partnerships – ongoing internationalization

PRODUCTS

OEM (global)



HAMM produces for Wacker Neuson

OEM (South America)



Randon produces for Wacker Neuson

OEM (global)¹



Wacker Neuson produces for Caterpillar¹

MARKETS

Distribution partnership (EMENA & CIS²)



Kramer (green line) via JD's sales network

Distribution partnership (Korea)



Wacker Neuson via Everdigm's sales network

Distribution partnership (Japan)



Weidemann via ISEKI's sales network

¹ Not in Japan; alliance will end starting May 2018 in phases.

² Commonwealth of Independent States.



Strategic alliance with John Deere in EMENA and CIS¹

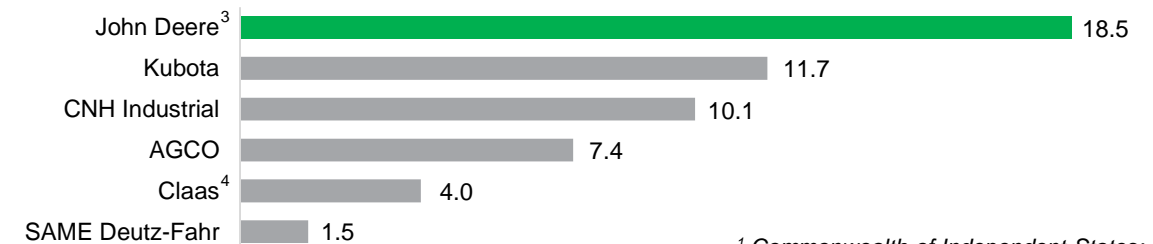
Kramer's full range of material handling equipment for the agriculture industry



- Cooperation covers entire agricultural portfolio including wheel loaders, telescopic wheel loaders and tele handlers
- John Deere defined Kramer as preferred supplier
- John Deere dealers realize the commercialization and sales via their vast network
- Strengthening the global footprint of Kramer, as all machines will be sold under the Kramer brand (green-line)
- Initially focusing on Europe, expansion to CIS, Middle East and North Africa planned



John Deere: Market leader within agricultural machinery²



¹ Commonwealth of Independent States;

² revenue of FY 2016 in USD bn, agricultural sector only; source: annual reports;

³ FY ending October 31, 2016; ⁴ FY ending September 30, 2016

Setting the base for further growth in China and Asia

New plant – Start of production planned for 2018



Located in Pinghu, 30 km from Shanghai city border



July 2017

- Plot of 130,000qm, 33,000 qm for modern production, offices and logistic facilities
- Sustainability in focus: geothermal energy and solar panels
- Building on local/regional presence → Demand for repair and maintenance work on infrastructure is growing, especially in megacities
- Starting with the production of compact excavators for China and the region



Changed forecast for 2017

| Financial forecast (FC) 2017e | | | | |
|--|------|-----------------------------|----------------------------------|------------------------|
| | 2016 | Prev. FC 2017e ¹ | New FC 2017e ¹ | Mid term |
| Revenue in bn€ | 1.36 | 1.40 – 1.45 | 1.45 – 1.50 | >2.0 |
| EBIT margin as a % (operational) | 6.5 | 7.5 – 8.5 ² | Mid of 7.5 – 8.5 ² | >9.0 |
| Net Working Capital as a % of revenue | 42 | <40 | <40 | <40 |
| CapEx in m€ | 107 | 120 | 120 | Depending on growth |
| Free Cash Flow in m€ | 29 | Improved | Improved | Improved |

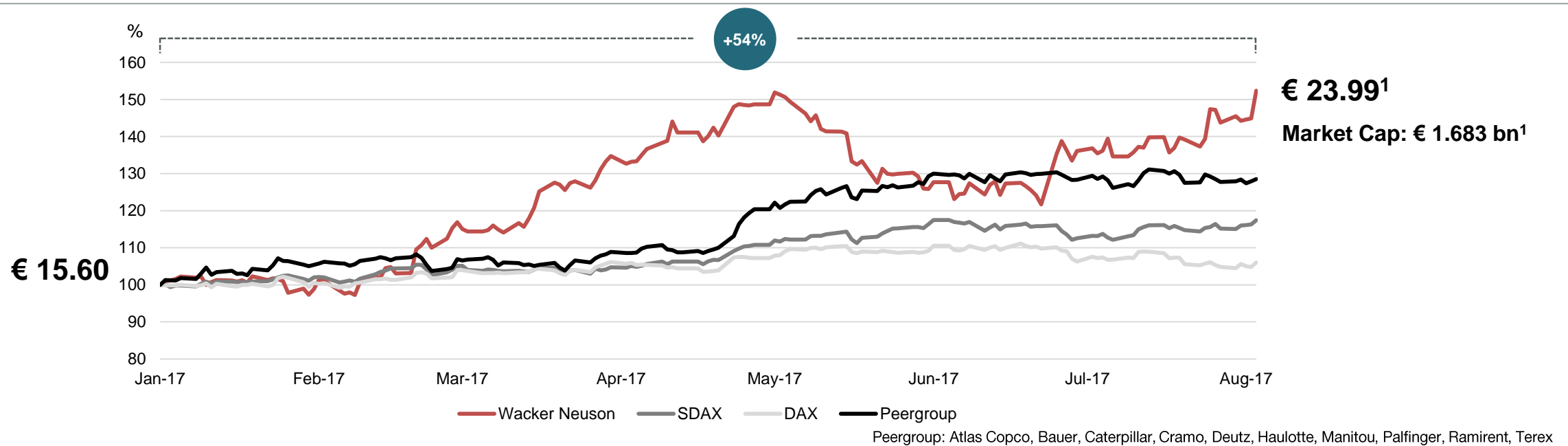
¹ Assumed there is no significant deterioration of political, economic or industry-specific environment during the course of the year.

² Excl. one-off earnings (by end of 2017) from a potential transaction of a real estate company held by the Group.



Share price

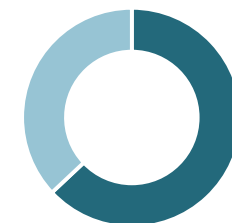
Performance of share price since January 1, 2017



| in € | Q3/11 | H1/16 | H1/17 |
|-------------------------------|-------|-------|---------|
| Earnings per share | 0.39 | 0.48 | 0.55 |
| Share price end of period | 8.51 | 13.93 | 21.23 |
| Book value per share | 12.45 | 15.00 | 15.43 |
| Market capitalization (in m€) | 596.9 | 977.1 | 1,489.1 |

| | |
|---------------------|---|
| ISIN / WK | DE000WACK012 / WACK01 |
| Reuters / Bloomberg | WACGn.DE / WAC GR |
| Indices | SDAX, DAXplus family, CDAX, GEX, Classic All Shares |
| Share | Prime All Share |
| Total shares | 70,140,000 |

Shareholder structure



- Family 63%
- Free float 37%



Financial calendar and IR contact

Financial Calendar

| | |
|------------------------------------|--|
| August 8, 2017 | Publication of half-year report 2017; Analyst Conference Call |
| September 18, 2017 | Baader Investment Conference 2017, Munich |
| September 20, 2017 | German Corporate Conference 2017 (Berenberg / Goldman Sachs), Munich |
| November 9, 2017 | Publication of nine-month report 2017; Analyst Conference Call |
| November 29, 2017 | Equity Forum, Frankfurt |
| Numerous roadshows and conferences | |

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