



Press release

Wacker Neuson reports substantial increase in revenue and profitability

Munich, August 7, 2018

- Revenue at record high
- Marked improvement in profit before interest and tax
- Bottlenecks among suppliers and currency developments have dampening effect
- One-off earnings from the sale of a real-estate company
- Guidance for fiscal 2018 as a whole confirmed

New record revenue

The Wacker Neuson Group reported a marked rise in revenue and earnings during the first six months of 2018. Revenue for the first half of 2018 rose 8 percent to a new record high of EUR 825 million (H1/17: EUR 764 million). Adjusted for currency effects, this corresponds to an increase of 12 percent. Revenue growth was driven primarily by continued high levels of demand in the construction market and strong performance in the European agricultural sector. Bottlenecks among some suppliers prevented machines from being completed for customer orders and this had a dampening effect. Furthermore, unfavorable currency developments, in particular the US dollar's weakness against the euro, resulted in negative translation effects.

Growth across all regions

In Europe, which is the Group's largest sales market, revenue for the first half of 2018 rose 8 percent to EUR 599 million (H1/17: EUR 556 million). This region's share of Group revenue remained unchanged at 73 percent. "Our strong performance in this region was fueled by a buoyant construction market, positive development of our Kramer and Weidemann brands in the agricultural sector and growth in our services segment, which includes our maintenance and spare parts business," explains Martin Lehner, CEO of Wacker Neuson SE.

Revenue for the Americas region rose 9 percent to EUR 202 million (H1/17: EUR 185 million). The weak US dollar had a particularly strong impact in this region. When adjusted for currency effects, revenue rose 21 percent. A high level of investment activity among rental chains in North America and strong sales of compact equipment had a positive effect on business. "Our skid steer loaders manufactured in the US are key products in our compact equipment portfolio, helping us to win more market shares in the region with other products such as excavators and dumpers," adds Lehner.

Revenue in Asia-Pacific rose 4 percent to EUR 24 million (H1/17: EUR 23 million). The strong euro also squeezed growth figures here. Adjusted for currency effects, revenue rose 11 percent.



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Significant rise in profitability

Profit before interest and tax (EBIT) grew by a substantial 28 percent to reach EUR 78 million in the first half year (H1/17: EUR 61 million). This corresponds to an EBIT margin of 9.5 percent (H1/17: 8.0 percent). The rise in revenue coupled with strict cost control measures and improvements to internal processes had a positive impact here. Increased material prices had a dampening effect, as did material bottlenecks among suppliers, which disrupted workflows at production facilities. Productivity was also affected by ongoing restructuring initiatives across US production plants and the start of production at the new factory in Pinghu, China.

One-off earnings from the sale of a real-estate company held by the Group

In June 2018, Wacker Neuson SE sold a real-estate company with an industrial property in Munich-Milbertshofen. The property was no longer required following the construction of a new R&D center for light equipment in Reichertshofen. The sale generated profit before tax of EUR 54.8 million. This aligns with the expectations communicated by the Group in February 2017.

Guidance for 2018 confirmed

"Due to the current healthy situation on international construction and agricultural markets, our most important target markets are intact and our order books are well filled," continues Martin Lehner. The company has confirmed its guidance for fiscal 2018 and expects revenue to rise by 8 to 11 percent to reach between EUR 1.65 and EUR 1.70 billion (2017: EUR 1.53 billion). The target corridor for the EBIT margin remains at 9.0 to 10.0 percent. Uncertainties remain regarding the challenging situation with suppliers and future exchange rate developments, especially in relation to the US dollar.

Table: Revenue and earnings

Key figures in € million	H1/18	H1/17	Change
Revenue	825.1	763.7	+8%
EBIT (adjusted) ¹	78.2 (78.2)	61.0 (65.0)	+28% (+20%)
EBIT margin (adjusted) ¹	9.5% (9.5%)	8.0% (8.5%)	+1.5 PP (+1.0 PP)
Profit for the period	94.1	42.7	+120%
Earnings per share in €	1.34	0.60	+123%

¹ Adjusted in H1/17 to reflect negative one-off effects from value impairments of old inventory and reorganization initiatives.

The half-year report is available at:

<http://wackerneusongroup.com/en/investor-relations/financial-reports-presentations/>.



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About Wacker Neuson

The Wacker Neuson Group is an international family of companies and a leading manufacturer of light and compact equipment with over 50 affiliates and 140 sales and service stations. The Group offers its customers a broad portfolio of products, a wide range of services and an efficient spare parts service. The product brands Wacker Neuson, Kramer and Weidemann belong to the Wacker Neuson Group. Wacker Neuson is the partner of choice among professional users in construction, gardening, landscaping and agriculture, as well as among municipal bodies and companies in industries such as recycling, energy and rail transport. In 2017, the Group achieved revenue of EUR 1.53 billion, employing more than 5,500 people worldwide. www.wackerneusongroup.com