Annual Report 2015

Our story – our success.

Wacker Neuson
Group

Figures at a Glance 2015

WACKER NEUSON GROUP AT DECEMBER 31

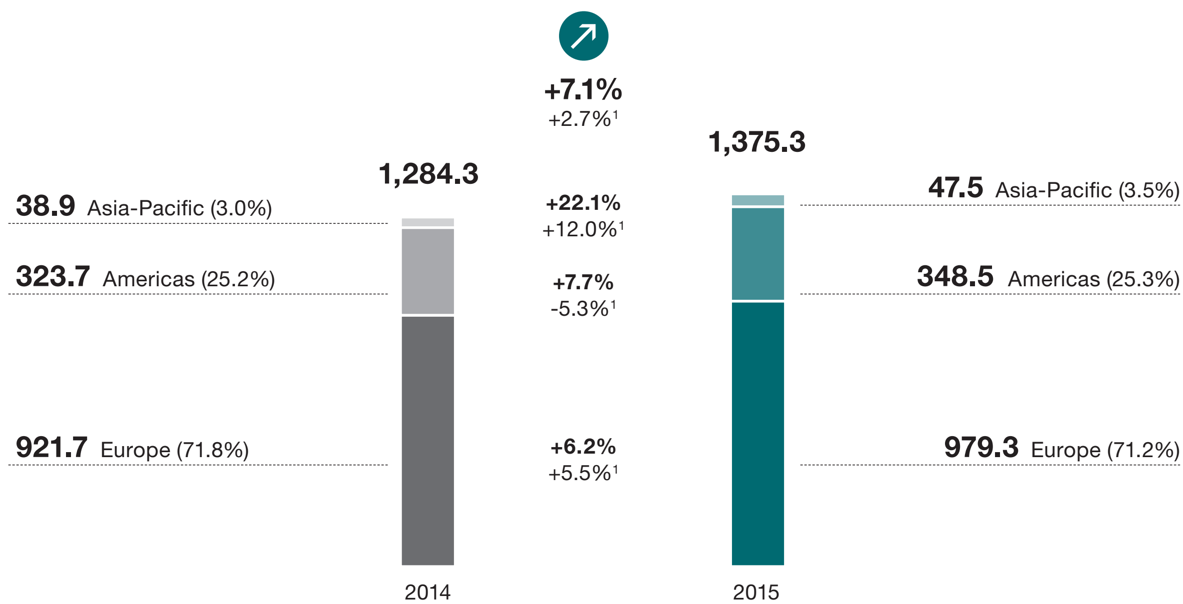
IN € MILLION

	2015	2014	Changes
Key figures			
Revenue	1,375.3	1,284.3	7.1%
EBITDA	171.3	196.3	-12.7%
Depreciation and amortization	67.7	60.1	12.6%
EBIT	103.6	136.2	-23.9%
EBT	97.5	130.1	-25.1%
Profit for the period	66.2	91.5	-27.7%
Number of employees	4,632	4,372	5.9%
R&D ratio (incl. capitalized expenses) as a %	3.2	3.2	0.0 PP
Share			
Earnings per share in €	0.94	1.3	-27.7%
Dividends per share in €	0.50[1]	0.50	0.0%
Key profit figures			
EBITDA margin as a %	12.5	15.3	-2.8 PP
EBIT margin as a %	7.5	10.6	-3.1 PP
Key figures from the balance sheet			
Non-current assets	850.7	814.1	4.5%
Current assets	701.4	633.5	10.7%
Equity before minority interests	1,064.1	1,011.7	5.2%
Gearing as a %	18.7	17.7	1.0 PP
Equity ratio before minority interests as a %	68.6	69.9	-1.3 PP
ROE as a %	6.4	9.4	-3.0 PP
Average working capital to revenue as a %	40.2	38.4	1.8 PP
Capital employed (average)	976.6	897.1	8.9%
ROCE II as a %	7.3	10.8	-3.5 PP
Cash flow			
Cash flow from operating activities	131.0	106.8	22.7%
Cash flow from investment activities	-113.2	-85.3	32.7%
Investments (property, plant and equipment and intangible assets)	118.4	90.3	31.1%
Cash flow from financing activities	-6.6	-23.0	-71.3%
Free cash flow	17.8	21.5	-17.2%

[1] Dividend proposal for the AGM on May 31, 2016.
All consolidated figures prepared according to IFRS. A nine-year overview of key indicators is provided at the end of this report.

Revenue Development by Region

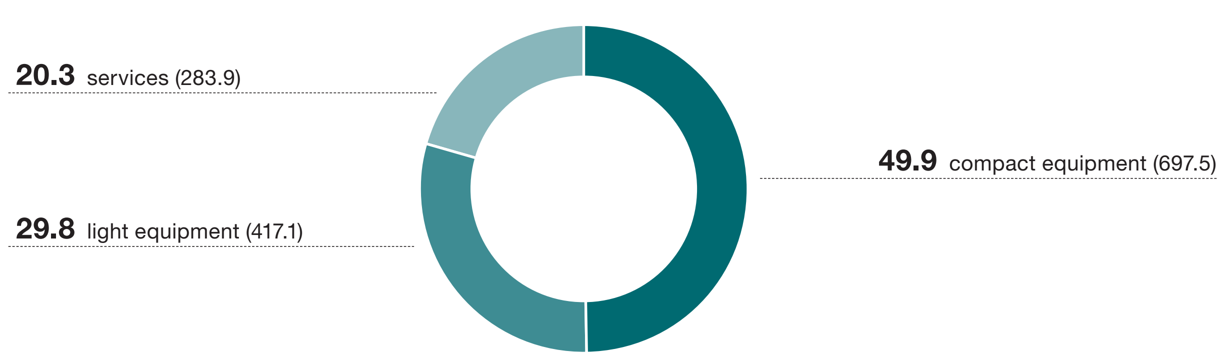
IN € MILLION (AS A % OF TOTAL REVENUE)



[1] Adjusted to discount currency effects.

Revenue Distribution by Business Segment

AS A % (IN € MILLION)



2015: Key Performance Indicators (KPI)

Revenue

€ 1.38 billion

(+7% on previous year)

Equity ratio (at Dec. 31, 2015)

69%

(Equity: € 1.1 billion)

EBITDA margin

12.5%

(-2.8 PP on previous year)

Return on equity (ROE)

6.4%

(-3.0 PP on previous year)

EBIT margin

7.5%

(-3.1 PP on previous year)

Gearing

18.7%

(+1.0 PP on previous year)

Net earnings per share

€ 0.94

(-28% on previous year)

Free cash flow

€ 17.8 million

(previous year: € 21.5 million)

Economic Value Added (EVA)

€ 1.1 million

(previous year: € 32.4 million)

Share price development (1/1–31/12/15)

-16%

(-€ 0.2 billion market capitalization[1])

[1] Market capitalization at Dec. 31, 2015: € 1.0 billion.

The Wacker Neuson Group

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 2015, the Wacker Neuson Group achieved revenue of EUR 1.38 billion and employed 4,600 people worldwide.

Content

To Our Shareholders

Dear Ladies and Gentlemen,

Fiscal 2015 was not an easy year – neither for our customers nor for the Wacker Neuson Group.

Business trends in 2015 mirrored volatility in the industries we serve with our products and services. In the first quarter of the year, we reported growth of 11 percent compared with the previous year, which was slightly above our target corridor for total revenue for the year. And in Q2, the pace of growth increased further to 16 percent. However, the situation then took a marked downward turn during the second half of the year, with Q3 revenue dipping just below the prior-year level. Our performance improved slightly in the fourth quarter, with revenue topping the prior-year figure by around three percent. Worsening economic conditions in many regions of the world had an unexpectedly strong impact on us over the second half of the year. As a result, we were forced to adjust our revenue and earnings forecast for the year downwards in October. Yet despite these trends, we were able to report record revenue of EUR 1.38 billion for 2015 (+7.1 percent).

In the following, I would like to summarize the key factors that impacted on our business: The oil and gas industry is currently facing an existential crisis, forcing many companies to cease operations. This is an important sector for us, especially in North America. The crisis is primarily due to a collapse in prices, for example for Brent crude, which has slumped to its lowest level in ten years. The continued downswing in the raw materials market is negatively impacting important countries for us such as Brazil, Chile, Russia, South Africa, Canada and Australia, where we primarily distribute light equipment products. In addition, the strong US dollar is squeezing exports of the products that we manufacture in the US, including generators, heaters and light towers. Our compact equipment segment was affected by the downturn in the European agricultural equipment sector. During the first half of the year, we were able to buck the trend and remain on a growth path. By the second half of 2015, however, our agricultural business with wheel loaders, telescopic handlers and tele wheel loaders deteriorated markedly. Prices for milk and other agricultural products are currently at a six-year low. This is dampening willingness to invest amongst agricultural landholders. The construction equipment industry is also suffering from continued low demand in France and Russia. Furthermore, many emerging economies are struggling with large currency losses vis-a-vis leading international currencies. As a result, the price of machines has become much less attractive for customers in these markets. This is particularly affecting markets in South America, Australia, South Africa and Canada.

> We are strengthening our position in core markets by intensifying our cross-selling activities and further expanding profitable lines of business.

These trends have left a significant mark on our earnings. Profit before interest and tax (EBIT) decreased by 24 percent relative to fiscal 2014, which was a very strong year in terms of earnings. The EBIT margin dropped to 7.5 percent. This was primarily due to crisis-hit markets, increased competition, a change in our regional and product mix relative to the previous year and negative

Cem Peksaglam
CEO

currency effects. It goes without saying that we are countering these negative trends wherever possible. For example, we are strengthening our position in core markets by intensifying our cross-selling activities and further expanding profitable lines of business. We are reorganizing the aftermarket business across the Group in order to develop revenue and – more importantly – earnings potential and to strengthen customer loyalty in the services sector. Our new online store and the expansion of our portfolio of financial services should boost sales further.

We are focusing more than ever on strict cost control, targeted cost optimization programs and process efficiency gains, and are already seeing positive results from procurement synergies, the optimization and control of logistics processes at Group level and targeted restructuring measures. In our factories, our concerted efforts to roll out lean management practices as well as to standardize and develop platforms are increasingly paying off. We are already reaping the initial benefits of our hard work here. In the medium term, we expect to achieve annual cost savings in the double digit million euros range.

Our strategy is geared towards achieving sustainable profitable growth. In line with our commitment to develop products in the regions, for the regions, we started building an assembly facility for mobile generators in Brazil in 2015. This facility will start serving the South American market from Q2 2016 on. We continued to update our product portfolio, launching numerous new developments and adapting products to regional market requirements. We were able to further strengthen our position as an innovation leader in the field of alternative drive technologies by launching more battery-powered machines as part of our zero-emissions range. These include track dumpers and electric wheel loaders.

With an equity ratio of 69 percent and gearing below 20 percent, our financial structure is solid.

I would like to turn to the current year now. The relatively weak growth in Q4 2015 continued into the first weeks of 2016. The agricultural and energy sectors are still distressed. This is something that is affecting us and there are no signs of the situation easing any time soon. In North America, we do not expect to see any growth impetus until the second half of the year at the earliest. This is due to the crisis in the oil and gas industry, which is also having a negative impact on the construction equipment sector. The widely announced significant cutbacks in investments in the US rental industry will also impact the first half of the year. In Europe, the picture for 2016 is more positive for the Group, at least in the construction sector. Current order intake for compact equipment is promising.

We have further modernized our product portfolio and tailored our offering even more to regional requirements through a host of new developments.

In light of these developments, some of which offset each other, we expect revenue in 2016 to amount to between EUR 1.40 and EUR 1.45 billion. The EBIT margin is expected to lie in the 7 to 8 percent range.

The world's largest construction industry tradeshow, bauma, will be held in Munich in April of this year. This event will be a key indicator as to how the industry will develop in 2016 and beyond. We will be showcasing a wealth of new product and service innovations for our customers and business partners here.

In a move that reflects our confidence in our earnings power and in the success of our corporate strategy, the Executive Board and the Supervisory Board will this year propose again a dividend of EUR 0.50 per share at the Annual General Meeting on May 31, 2016. The payout ratio thus amounts to 53 percent, compared with 38 percent for the 2014 fiscal year.

Finally, I would like to announce a development at Executive Board level. On April 1, 2016, Mr. Jan Willem Jongert will be joining our Executive Board. Mr. Jongert will be responsible for the Group's global sales, service, logistics and marketing activities. These are areas that I took over from our outgoing CSO in 2013. We look forward to continuing our global growth strategy with Mr. Jongert on board.

I would like to thank our shareholders for their continued trust in our company. The motto of this year's Annual Report is "Our story – our success.". This title reflects our gratitude towards our employees and our appreciation of their tireless work and dedication to ensuring that we achieve our vision and goals. The photos in the report were taken by our employees and members of their families as part of an in-house competition.

We look forward to your continued support!

Best regards,

Cem Peksaglam

Management

(from left to right)

Cem Peksaglam
CEO

Responsible for strategy, sales[1], logistics[1], service[1], marketing[1], investor relations, corporate communication, sustainability, compliance, HR, legal matters and real estate.

Martin Lehner
CTO
(Deputy CEO)

Responsible for procurement, production, technology and quality.

Günther C. Binder
CFO

Responsible for finance, audit and IT.

[1] From April 1, 2016, Jan Willem Jongert (CSO) will be responsible for these.

Reaching goals through a tradition of teamwork.

Please see → page 162 for image captions.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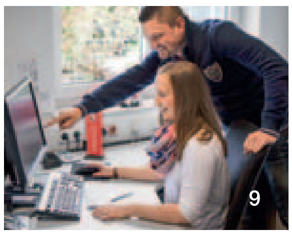
OUR mission is to develop and deliver the highest-quality products tailored to industries such as construction, gardening, landscaping and agriculture and to the needs of municipal services. Around the world, around 4,600 employees work hard every day to realize this mission. In a variety of roles, our people are distributed across Group headquarters in Munich, our 140-plus sales and service stations and our 50-plus affiliates, driving research and development, keeping production lines running smoothly and ensuring the best possible sales and logistics experience for our customers. They also train our customers in how to get the most out of their equipment or provide regular maintenance to keep it in peak condition. Our teams are second-to-none when it comes to providing speedy service for our customers. And our administrative functions provide efficient back-end support across the Group. Every day, in every department, we do whatever it takes to achieve our overarching goal: to become and remain the partner of choice for our customers worldwide.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At home the world over.

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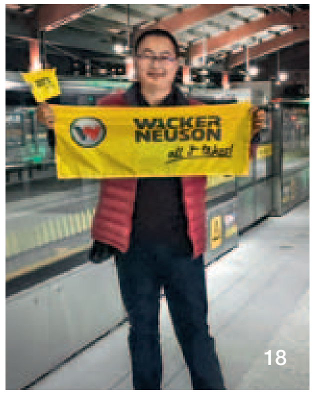

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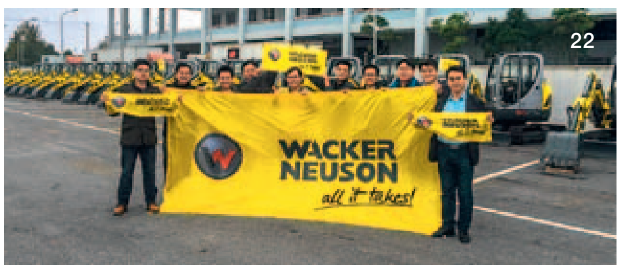

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WE are an international and multicultural company. The Wacker Neuson Group workforce embraces many different cultures and nationalities and is truly multilingual. We are represented in 156 countries, so we can truly say that we are at home the world over. Further expanding our international reach is one of our strategic priorities. Our long-term plan is to establish an even broader global footprint and position ourselves as a major player in all of our markets. We have identified huge potential in the emerging markets, especially China, Southeast Asia, Africa and South America. No matter where they are based or what language they speak, our people are all united by our common mission: we place the customer at the heart of everything we do and develop excellent products that are tailored to individual – and local – requirements.

The perfect fit for every job.

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OUR wide and diverse portfolio of equipment ensures that our customers always have the right machine for every task and deployment scenario. Our ultimate goal is to make work easier, more efficient and more comfortable for our customers. From electric breakers through wheel loaders to 14-ton excavators, and from construction sites through factories to farms, delivering value to our customers is always our number one priority. With our wide-ranging portfolio and our three brands – Wacker Neuson, Kramer and Weidemann – we provide the perfect fit for every customer requirement, and impress our customers every day with the innovative, reliable and durable design of our equipment. Our service offering is just as comprehensive, ranging from financing through maintenance and servicing to used-equipment trade-ins – all geared to ensuring consistently high product quality and performance.


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Enriching company culture through diversity.

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WE embrace diversity. We have made it a cornerstone of our corporate culture, which is why we employ people from all cultural backgrounds and age groups, and make every effort to achieve a gender balance in the workplace. We welcome different outlooks and perspectives and draw on the knowledge and skills of long-serving employees. Where possible, we support mixed-gender teams, especially when it comes to international cooperation. We are convinced that diversity is a key instrument in enriching corporate culture. That is why we are determined to support diversity even more effectively while systematically respecting our code of conduct worldwide as a matter of priority. This will give us the peace of mind of knowing that all our employees are taking responsibility for their own exemplary conduct and living the same company codex – whether in Asia, Europe or America.

Quality and innovation – taking pride in our work.

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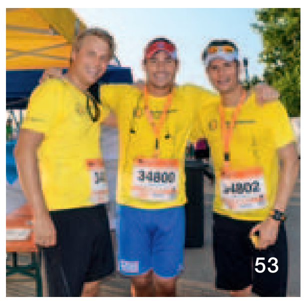

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WE take pride in our technical achievements and the diversity of our product portfolio. Our commitment to excellence and our passion for what we do drives us to constantly improve the products we deliver to our customers worldwide. Our motivation stems from the pleasure we take in our work, and by the special company spirit we have come to treasure. We are proud to be part of this excellent organization, which is why we all pull together to achieve our goals. This sense of pride is not just confined to the workplace, either. A variety of events – including family days, summer and holiday parties, skiing trips, golf tournaments and company fun runs – help to bring the Wacker Neuson “family” closer together and foster a strong team spirit. We have learned that quality and innovation thrive best in a happy and harmonious workplace.

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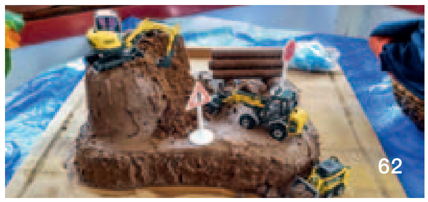
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Thinking of tomorrow – today.

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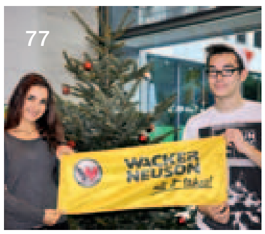

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WE think ahead – in everything we do and everything we plan. Indeed, this has always been the key to the Wacker Neuson Group's success. We are already thinking about the future of our company, including about who is going to take over the management and decision-making reins in the coming years. Given current demographic trends, the timely recruitment and development of young talent is set to become a key success factor moving forward. We offer a wide range of practical training courses and combined study/training programs across engineering, mechanical, commercial and skilled trades. We offer programs to attract high-potential trainees to our company, and we upskill our employees through a wide range of internal skills management and lifelong learning programs. We also organize an annual Girls' Day to inspire more young women and girls to choose a technical career.

The right work/life balance.

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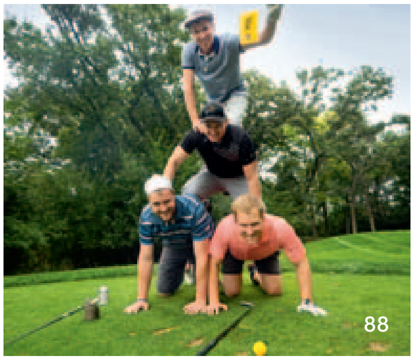
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WE live our corporate culture every day, which also means stepping up to our responsibilities. These include engaging with each other, looking out for each other, and showing concern for each other's health and well-being. It is important to find the right balance between work that adds value to the company and leisure time that adds value to our quality of life; between pushing ourselves to perform and taking the time to relax. That is why the company offers programs to promote health, prevent stress, encourage a balanced diet and improve fitness. We help our employees reconcile work with their family commitments by offering home office work models and childcare services. Organizing company leisure activities also contributes to a better work/life balance for our employees and increases employee satisfaction. In addition, we take our social responsibilities seriously, supporting people in need around the world through local assistance projects and donations.

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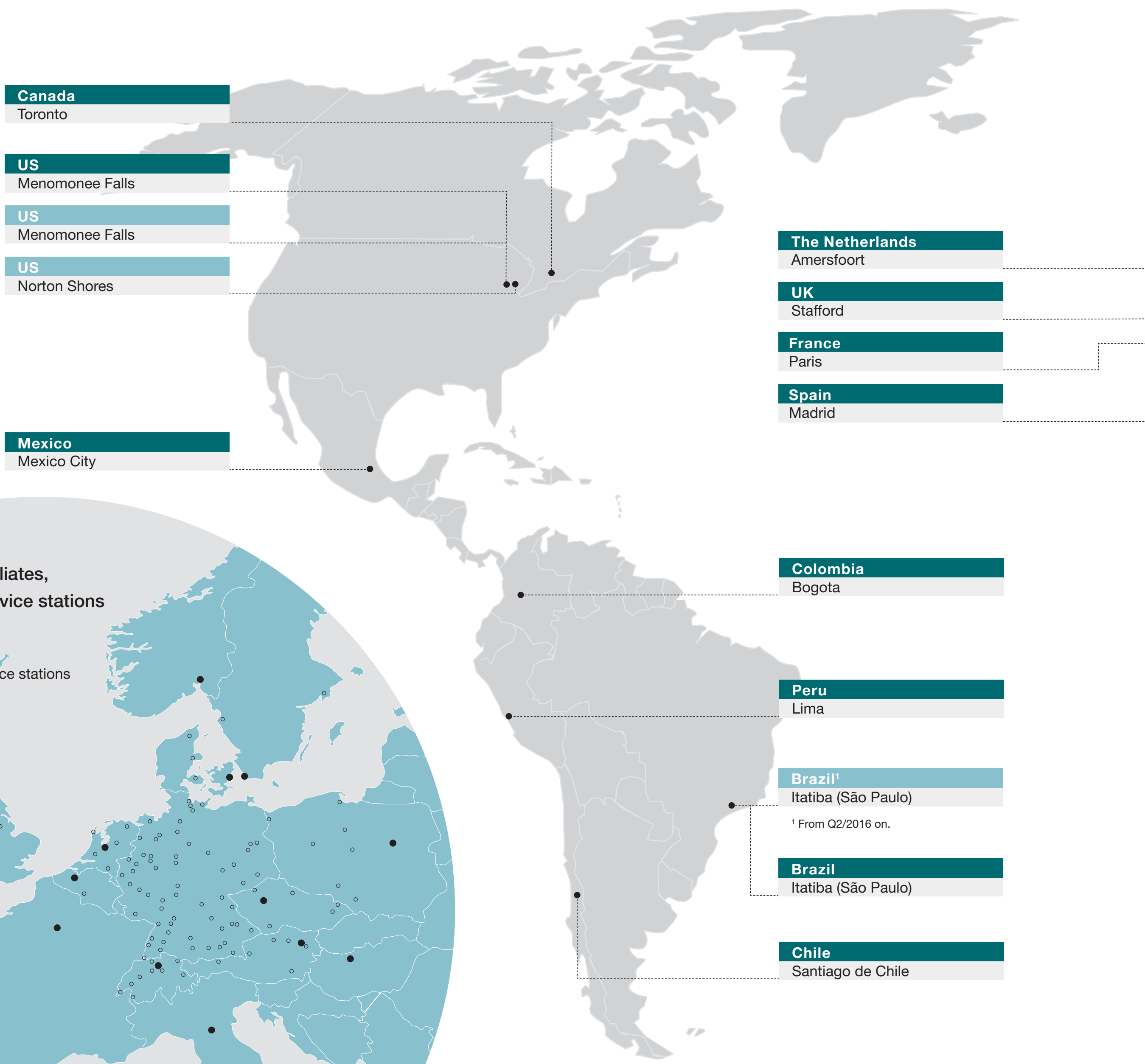
WE are one company. A global and diverse community. Every employee is an important part of the big picture. Because every single person gives their all to the company every single day. Working as a team, we are united in our commitment to constantly evolve and improve so we can serve our customers even better.

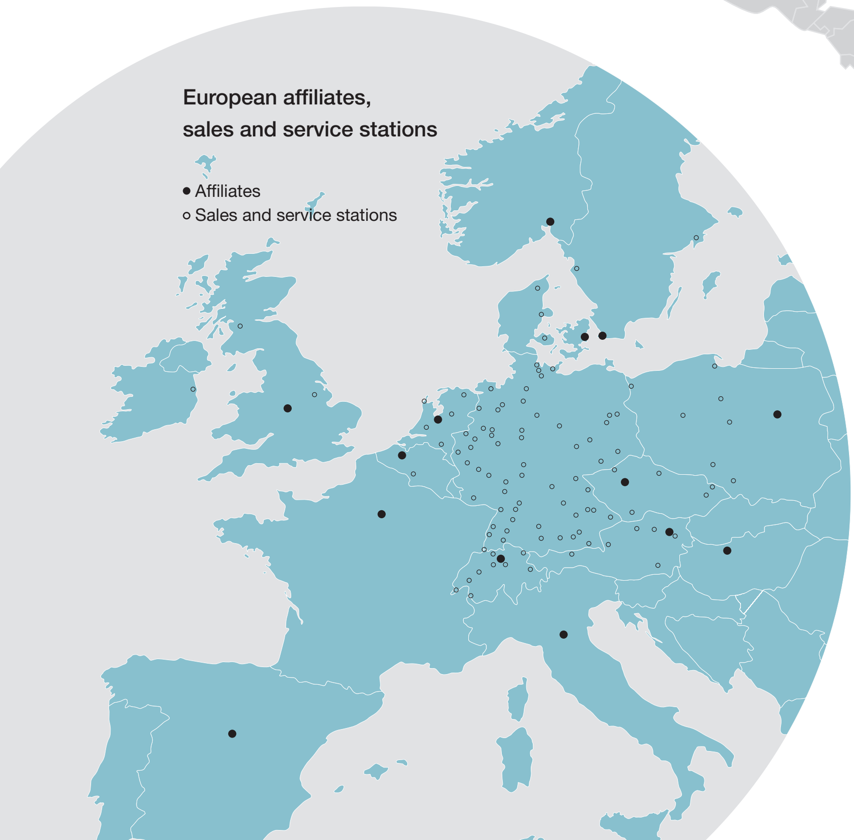

WACKER NEUSON
all it takes!
kramerALLRAD

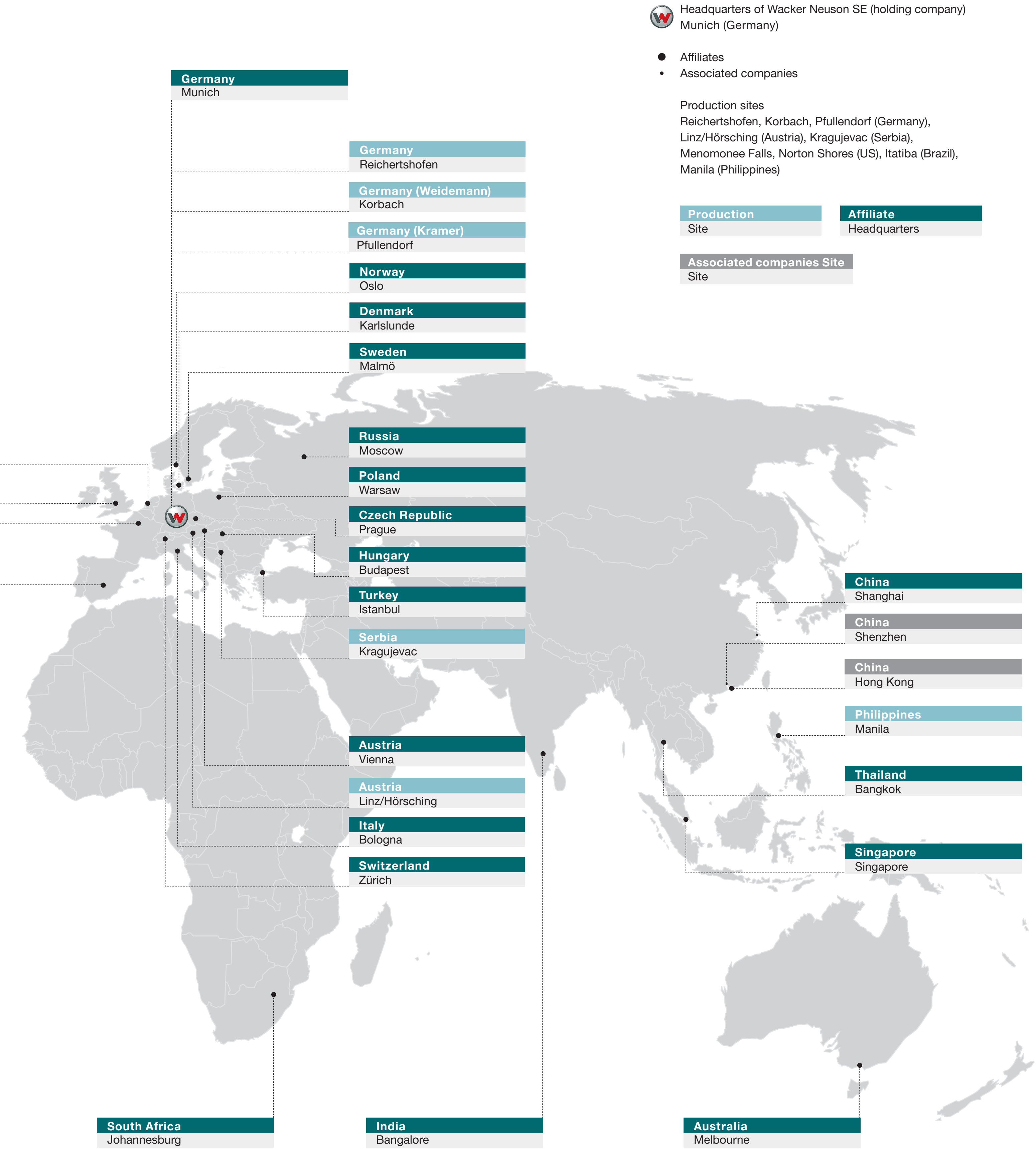

KRAMER
WACKER NEUSON
all it takes!

The Wacker Neuson Group: Around the World

Global distribution via affiliates plus own stations and partners for sales and services.






Headquarters of Wacker Neuson SE (holding company)
Munich (Germany)
Affiliates
Associated companies
Production sites
Reichertshofen, Korbach, Pfullendorf (Germany),
Linz/Hörsching (Austria), Kragujevac (Serbia),
Menomonee Falls, Norton Shores (US), Itatiba (Brazil),
Manila (Philippines)
Production
Site
Affiliate
Headquarters
Associated companies Site
Site
Germany
Munich
Germany
Reichertshofen
Germany (Weidemann)
Korbach
Germany (Kramer)
Pfullendorf
Norway
Oslo
Denmark
Karlslunde
Sweden
Malmö
Russia
Moscow
Poland
Warsaw
Czech Republic
Prague
Hungary
Budapest
Turkey
Istanbul
Serbia
Kragujevac
Austria
Vienna
Austria
Linz/Hörsching
Italy
Bologna
Switzerland
Zürich
China
Shanghai
China
Shenzhen
China
Hong Kong
Philippines
Manila
Thailand
Bangkok
Singapore
Singapore
South Africa
Johannesburg
India
Bangalore
Australia
Melbourne

Our Product Philosophy: Process Know-How

The Wacker Neuson Group is the ideal one-stop provider of light and compact equipment guaranteed to optimize our customers' construction processes. The Group is a market leader in many product areas.

LIGHT EQUIPMENT

Selection

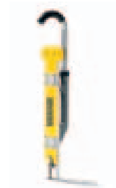
CONCRETE TECHNOLOGY


Internal vibrators


External vibrators


Converters


Trowels


Rebar technology

COMPACTION

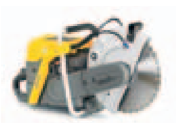

Rammers


Vibratory plates


Remote control compaction equipment


Rollers

WORKSITE TECHNOLOGY


Cut-off saws

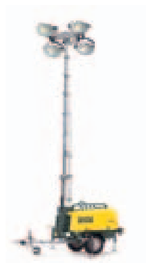

Gasoline breakers


Floor saws


Electric breakers


Pumps


Generators


Lighting systems


Hydronic heaters

The technical glossary contains more detailed information on exact areas of deployment → page 156

COMPACT EQUIPMENT

Selection

EXCAVATORS


Compact excavators


Zero-tail excavators


Mobile excavators

DUMPERS


Track dumpers


Four-wheel dumpers


Four-wheel dumpers with cabs

SKID STEER LOADERS


Skid steer loaders


Skid steer loaders


Track skid steer loaders

WHEEL LOADERS


All-wheel-drive wheel loaders


All-wheel-drive tele wheel loaders


Articulated wheel loaders


Hoftrac® models and wheel loaders for the agricultural industry


All-wheel-drive wheel loaders for the agricultural industry

TELESCOPIC HANDLERS


Compact telescopic handlers


Telescopic handlers


Telescopic handlers for the agricultural industry


Telescopic handlers for the agricultural industry

SERVICES

USED EQUIPMENT[1]

PARTS EXCHANGE

REPAIR & MAINTENANCE[1]

RENTAL SERVICE[1]

FINANCING

[1] In selected countries

Our Share in 2015

The German stock market performed well overall in 2015 despite large fluctuations on the currency markets. With a drop in value of around 16 percent, the Wacker Neuson share lagged behind both its German benchmark indexes and its peer group.

Share and index information

Shares in Wacker Neuson SE have been traded in the regulated Prime Standard segment of the Frankfurt Stock Exchange since 2007 and they are listed in the SDAX index. In addition, Wacker Neuson has been included in the “DAXplus Family” index since 2010. This index comprises around 120 German and international companies from the Frankfurt Stock Exchange’s Prime Standard segment. For a company to be included in the DAXplus Family Index, the founders must hold at least 25 percent of the voting rights, or sit on the Executive or Supervisory Board and hold at least five percent of the voting rights. The weighting in this index is based on market capitalization of the free float.

Stock market trends in 2015

Like the previous year, 2015 was a year of extremely volatile activity on the international stock markets. Apart from the general economic indicators, this was mainly due to the monetary policy pursued by the leading central banks, concerns about the future growth of the Chinese economy, geopolitical flash points such as Russia and Syria and the ongoing decline in oil and raw material prices.

The German stock market performed well overall despite pronounced fluctuations on the currency markets. The announcement of a new bond buying program by the European Central Bank (ECB) in January caused markets to rally for more than three months. During this time, Germany’s main share index, the DAX, reach a new all-time high of 12,375 points on April 10. Shortly after that, however negative factors prevailed for several months, resulting in a significant downward trend on the DAX right through until October. A renewed turnaround came with the ECB’s announcement that it might once more extend its expansionary monetary policy to the end of the year. Then in December, the long-awaited raising of interest rates by the US Federal Reserve dampened the market’s mood. Despite all of this, the DAX still managed to finish the year up 9.6 percent. The year went much better for the SDAX index, which closed the year with an increase of 26.6 percent. This performance by the German indexes left other major stock markets in the shade. In the USA, the S&P 500 index finished 2015 more or less on par with the previous year. On the CSI 300 leading index in China, gains of more than 50 percent were almost completely wiped out again in the second half of the year.

The Wacker Neuson share

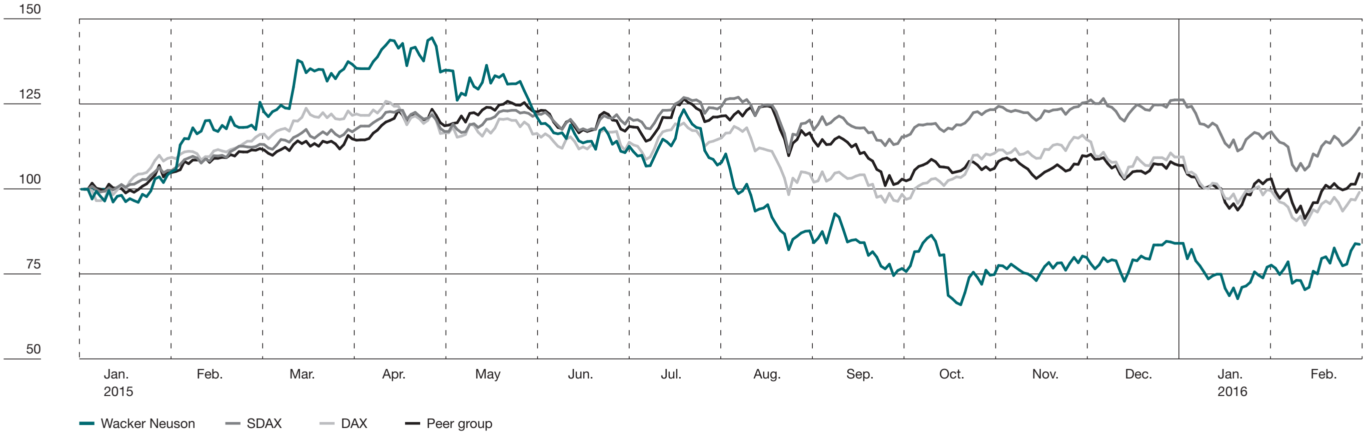
From the company’s perspective, 2015 was a disappointing year for the Wacker Neuson share, with the stock suffering a drop of around 16 percent overall. After starting the year at EUR 16.96, the share significantly outperformed the German benchmark indexes and its peer group in the first five months of 2015. The share reached its high for the year on April 27 at EUR 24.60. However, pessimistic interim reports and profit warnings from numerous key competitors in the construction equipment sector triggered a downward spiral towards the end of May that continued into October. It then became necessary to adjust the company’s forecast for the year, causing the share to briefly slide further. By the end of the year, however, the Wacker Neuson share managed to recover from its 2015 low of EUR 11.12 recorded on October 20. On December 30, it closed the year at EUR 14.23. By March 1, 2016, the share price amounted to EUR 14.17, which corresponds to an decrease of around 0.4 percent since the start of the year and a market capitalization of EUR 993.9 million.

Performance of construction and construction supplier shares

The chart below shows how the Wacker Neuson share performed in relation to its peer group as a whole since the start of 2015. The index includes French companies Manitou, a telescopic handler manufacturer, and Haulotte, a lifting equipment specialist; Austrian crane and hydraulic lifting systems manufacturer Palfinger; the American construction equipment manufacturers Caterpillar and Terex; North European rental companies Ramirent and Cramo; Swedish industrial

SHARE PRICE TRENDS JAN. 1, 2015 – MAR. 1, 2016

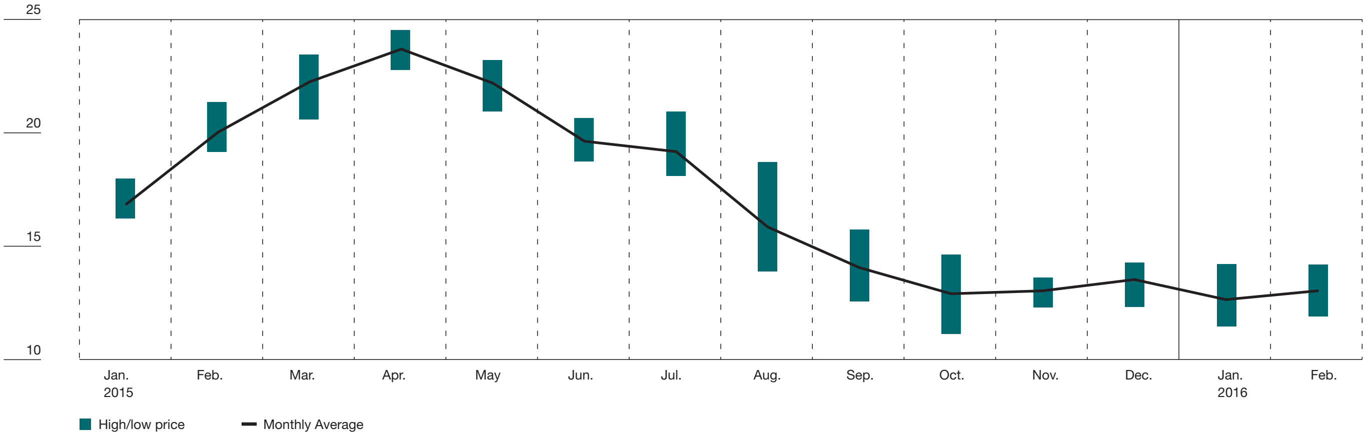
AS A %



Peer group: Manitou, Haulotte, Palfinger, Caterpillar, Terex, Ramirent, Cramo, Atlas Copco, Bauer, Deutz.

MONTHLY HIGHS, LOWS AND AVERAGES FOR WACKER NEUSON SHARE JAN. 1, 2015 – MAR. 1, 2016

IN €



KEY INDICATORS FOR THE WACKER NEUSON SHARE

IN €

	2015	2014
High	24.60	18.00
Low	11.12	11.49
Average	17.76	14.84
Year-end	14.23	16.96
Average daily trading volume in shares[1]	82,408	46,340
Earnings per share[2]	0.94	1.30
Book value per share[2]	15.17	14.42
Dividend payment proposed	0.50[3]	0.50
Payout ratio as a %	53.0[3]	38.3
Market capitalization at year-end in € million	998.1	1,189.2

[1] On XETRA.
[2] 70,140,000 shares.
[3] Dividend payment to be proposed at the AGM on May 31, 2016.

SHARE FACTS AT A GLANCE

ISIN / WKN	DE000WACK012 / WACK01
Trading symbol	WAC
Sector	Industrial
Reuters / Bloomberg	WACGn.DE/WAC GR
Stock category	Individual no-par value nominal shares
Share capital	EUR 70,140,000
Number of authorized shares	70,140,000
Stock exchange segment	Regulated market (Prime Standard), Frankfurt Stock Exchange
Indices	SDAX, DAXplus Family, CDAX, GEX, Classic All Shares
IPO	May 15, 2007
Designated sponsor	Deutsche Bank

company Atlas Copco; and German companies Bauer, specialist in underground construction, and Deutz for engines targeted also at the construction equipment industry. The Wacker Neuson share significantly outperformed its peer group up until mid-May. The tables were turned, however, in the second half of the year. While other companies likewise reported declining revenues and profits, the Wacker Neuson share fared much worse than the market in general and its peer group specifically.

General meeting and dividends

The Annual General Meeting of Wacker Neuson SE took place in Munich on May 27, 2015. Just under 240 shareholders with 57,899,614 voting rights were represented. Based on a share capital of 70,140,000 shares, this corresponded to 82.6 percent of shareholders.

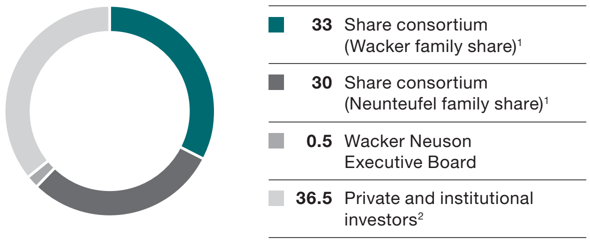
The AGM approved the proposal to pay out a dividend of EUR 0.50 per share for 2014 (previous year: EUR 0.40). This represented a total payout of EUR 35.1 million. The distribution ratio thus panned out at around 38.3 percent based on 2014 Group profit for the year of EUR 91.5 million. This was in line with the long-term dividend policy pursued by the Supervisory Board and the Executive Board, which defines a minimum distribution of 30 percent of Group profit.

At the AGM for fiscal 2015 on May 31, 2016, the Executive Board and the Supervisory Board will propose a dividend of EUR 0.50 for 2015. This would correspond to a payout ratio of around 53.0 percent based on 2015 Group profit for the year of EUR 66.2 million.

Ownership structure

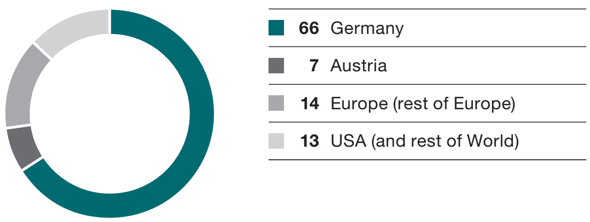
As of the closing date, December 31, 2015, 63.1 percent of the share capital was held by a consortium made up of the Wacker and Neunteufel families (for information regarding the consortium and pool agreement, see →page 93). The Executive Board of Wacker Neuson SE held a further 0.5 percent of the share capital. The remaining shares are held by private and institutional investors. To the best of the company's knowledge, the majority of its shares (free float) – 66 percent – are held by German investors.

SHAREHOLDER STRUCTURE
AS A %



As of December 31, 2015.
Differences attributable to rounding. Share capital/number of shares: 70.14 million.
[1] See information on consortium and pool agreement (p. 93).
[2] Including shares held by the Wacker and Neunteufel families outside of the consortium.

GEOGRAPHIC DISTRIBUTION OF PRIVATE AND INSTITUTIONAL INVESTORS (FREE FLOAT)
AS A %



As of December 31, 2015.
Differences attributable to rounding. Share capital/number of shares: 70.14 million.

Strong relationships – proactive communication

Maintaining good relationships and regular contact with private shareholders, institutional investors, analysts and other stakeholders is essential to give market players the information they need to realistically assess and evaluate the Wacker Neuson share and its development. To ensure this, the Executive Board and the Investor Relations team again actively briefed capital market players at the AGM and, above all, at various investor conferences and roadshows in Germany and abroad during 2015. Communications focused on giving analysts and investors detailed insights into the Group's markets, business, strategic aims and developments in these areas.

A wealth of information is also available on the website →www.wackerneusongroup.com under Investor Relations. This includes annual and quarterly reports, press releases and ad-hoc announcements, plus recent presentations. The latest share evaluations from analysts are also posted on the website.

ANALYST RECOMMENDATIONS

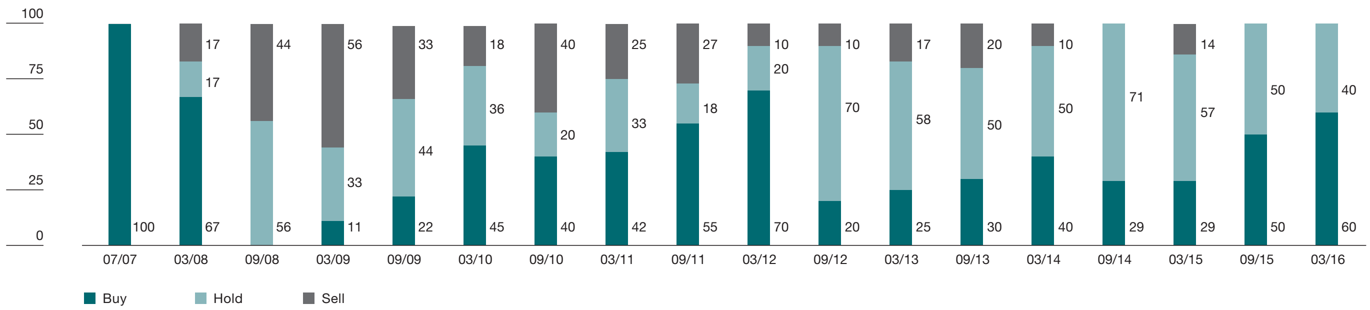
NAME OF BANK

	Target price in €	Buy	Hold	Sell	Date
Exane BNP Paribas	€ 17.00	■			Dec. 1, 15
Bankhaus Lampe	€ 16.00	■			Nov. 13, 15
Steubing	€ 14.50	■			Oct. 21, 15
Deutsche Bank	€ 12.00		■		Oct. 15, 15
Kepler Cheuvreux	€ 12.00		■		Nov. 12, 15
Mean target price	**€ 14.30**				

As of March 1, 2016.

HISTORIC OVERVIEW OF ANALYST RECOMMENDATIONS

AS A %



The Group's stakeholders are increasingly interested in Wacker Neuson's approach to sustainable business practices. Accordingly, the first Group-wide sustainability report was published in 2015. You can learn more about the Group's activities in this area in the Sustainability section on →page 75 of this annual report.

Analyst recommendations

Five analysts regularly evaluate the Wacker Neuson share. Commerzbank, M.M. Warburg and HSBC Trinkaus & Burkhardt AG discontinued their coverage during the year under review. Steubing began covering the share at the start of 2015. As at the March 1, 2016 cut-off date, 60 percent of the analysts were recommending "buy" for the Wacker Neuson share. The mean target price was EUR 14.30 and the recommendations ranged from EUR 12.00 to EUR 17.00.

According to the analysts, the Wacker Neuson Group faced the following opportunities and risks at the start of 2016:

Opportunities

- Innovation and market leadership in light and compact equipment
- Global trend towards more compact, fuel-efficient equipment
- Sales synergies for compact equipment through existing international sales network
- Strategic alliances with market leaders
- Diversification of product portfolio into various sectors
- Sound balance sheet and financial headroom

Risks

- Dependence on global economic cycles
- Strong dollar devaluing exports from the USA
- Difficulty in forecasting future market developments
- Heightened pressure from competitors, especially on price
- Limited presence in emerging markets
- Higher demands imposed by emissions legislation and other regulations

Report by the Supervisory Board

Dear Ladies and Gentlemen,

Following a strong start to the year over the first six months of 2015, market conditions deteriorated in the second half of the year. Despite this downturn, we were able to report annual revenue of EUR 1.4 billion, which is a new record high for our company. We would like to thank our people for helping us achieve this result. Their dedication and willingness to assume responsibility was a great support to company management.

Hans Neunteufel
Chairman of the Supervisory Board

Cooperation between the Supervisory Board and Executive Board

In the period under review, the Supervisory Board performed the tasks assigned to it by law and by the Articles of Incorporation and verified that the company was governed soundly by the Executive Board. Furthermore, the Supervisory Board regularly advised the Executive Board on the management of the company and supervised management activities. It maintained continuous dialog with the Executive Board regarding business development and corporate strategy and was directly involved in all major decisions regarding the company.

In the run-up to and during its meetings, the Supervisory Board was brought up to date on business developments, changes in assets, earnings and financials, fundamental issues regarding company planning, company strategy and other key measures by means of written and verbal reports from the Executive Board. The reports to the Supervisory Board were discussed in depth during Supervisory Board meetings amongst Supervisory Board members and with the Executive Board.

Members of the Executive Board regularly took part in Supervisory Board meetings. When necessary, the Supervisory Board and committees also convened without the Executive Board. Once again, all Supervisory Board members attended more than half of the Supervisory Board Meetings in fiscal 2015.

Furthermore, the Executive Board provided the Supervisory Board with regular, comprehensive and timely information between meetings about current business trends as well as special or urgent projects. This information was made available in writing and also in person. Where necessary, the Executive Board requested approval from the Supervisory Board for suggested courses of action. Together with the Executive Board, the Supervisory Board discussed and examined in detail proposals that required Supervisory Board ratification. The Supervisory Board voted on resolutions of this kind during scheduled meetings and in writing.

In addition, the Executive Board presented the Supervisory Board with monthly reports on key financial and economic figures. The Chairman of the Supervisory Board maintained regular contact with the Executive Board, ensuring a continuous flow of information on the current business and financial situation of the Group and its members and on major business events. In many instances, this information was actively presented to the Chairman of the Supervisory Board by the Executive Board, or the CEO in particular.

Main topics of Supervisory Board meetings in fiscal 2015

Nine plenary Supervisory Board meetings were held in fiscal 2015. The Presiding Committee met nine times and the Audit Committee met on four occasions. In one case, the Supervisory Board voted by means of a written resolution.

The Supervisory Board was regularly involved in the day-to-day business of the Wacker Neuson Group and planning activities at executive level. Discussions focused in particular on the global economic situation and its impact on the business performance and organizational structures of the company and of the Group. Particular emphasis was placed on the analysis and discussion of Wacker Neuson's financial situation as well as the development of revenue, costs and earnings. During the relevant meetings, any questions from the Supervisory Board that arose in connection with the regular written and verbal reports were answered in full by the Executive Board. In addition to these regular reports, the Supervisory Board concentrated its advice and auditing activities on the following matters in particular during its meetings:

During its meeting on February 24, 2015, the Supervisory Board focused on the first preliminary figures for the previous fiscal year and the declaration of compliance with the German Corporate Governance Code. Other items on the agenda included logistics and an assessment of the Supervisory Board efficiency audit.

At the Supervisory Board meeting to approve the financial statements on March 11, 2015 and following appropriate preparations by the Audit Committee, the Supervisory Board focused on examining the Annual Financial Statements, the Consolidated Financial Statements, the Combined Management Report of Wacker Neuson SE and the Wacker Neuson Group, as well as related party disclosures for fiscal 2014. In its session immediately before the Supervisory Board meeting, the Audit Committee discussed these documents in detail with the Executive Board, raising numerous questions with the auditing company representative present at the meeting, and discussing these issues at length. This was done in addition to the Supervisory Board's regular examinations as part of its own preparation for the meeting to approve the financial statements. The Annual and Consolidated Financial Statements along with the Combined Management Report and the appropriation of net profit suggested by the Executive Board were approved. The Supervisory Board also ratified the AGM agenda and the Supervisory Board report. The meeting additionally focused on the Supervisory Board's nominations for the four shareholder representatives to be elected during the AGM and Executive Board matters.

On May 7, 2015, the Supervisory Board discussed the business situation and strategy of the Kramer-Werke GmbH affiliate as well as an update to the rules of procedure for the Supervisory Board. The interim report for the first quarter and the reporting process for the Supervisory Board were also discussed in this meeting.

During the AGM, all four incumbent shareholder representatives were elected for a further term of office. The constituent meeting of the Supervisory Board was held on May 27, 2015, shortly after the AGM. During this meeting, the Chairman of the Supervisory Board was elected together with the Deputy Chairman, the committees and the respective committee chairpersons.

The meeting held on July 31, 2015 focused on the forthcoming publication of the half-year report for 2015 as well as the business situation and the strategy of production companies in Reichertshofen (Germany) and Kragujevac (Serbia). Developments relating to OEM collaboration were also discussed. The Supervisory Board additionally defined targets for female representation in the Executive Board and Supervisory Board in line with legal regulations. In addition, the Supervisory Board agreed to exercise certain balance sheet exemptions for various affiliates and thus invoked the company's obligation to carry the associated loss.

At an extraordinary meeting held on September 17, 2015, Executive Board matters were discussed.

The Supervisory Board focused exclusively on discussing the corporate strategy with the Executive Board on October 14, 2015.

The meeting held on November 10, 2015, primarily focused on the current business situation and the publication of the pending quarterly report. Reports on international sales, the status of OEM collaborations and Group-wide IT projects were also made. A number of Executive Board matters were also discussed.

During its meeting on December 9, 2015, the Supervisory Board examined the Executive Board's business plan for fiscal 2016. Supervisory Board members not only assessed the plan, but also discussed the associated opportunities and risks in detail with the Executive Board against the backdrop of the unpredictable global economic climate. The submission of the updated declaration of compliance with the German Corporate Governance Code was also on the agenda.

The Supervisory Board examined each of the Executive Board's monthly reports. During numerous meetings, it also addressed in detail various possible acquisition and collaboration projects aimed at expanding the product portfolio of the Group, for example, and further developing the Group's general sales strategy.

Work performed by the Supervisory Board committees in fiscal 2015

The two Supervisory Board committees (the Presiding and Audit Committees) also continued their work during the period under review, thus helping the entire Supervisory Board to work more efficiently. The members and chairpersons of both committees are listed in the corporate governance report. The chairpersons of the committees reported on the work performed by the committees during the Supervisory Board's plenary meetings.

At a meeting on March 11, 2015, the Supervisory Board Audit Committee prepared the Supervisory Board's resolution on the adoption of the Annual Financial Statements and the Consolidated Financial

Statements for the year ending December 31, 2014. The Committee also discussed the independence and appointment of an auditor, and submitted a recommendation in that regard to the Supervisory Board plenary meeting. The Supervisory Board, in turn, followed this recommendation and proposed the same auditor at the AGM. The internal audit reports relating to the previous fiscal year were also on the agenda. At the meetings held on May 7, July 31 and November 10, 2015, the Audit Committee primarily dealt with the publication of the pending quarterly financial reports. It additionally focused on the work performed by the internal audit department and issues relating to compliance. Furthermore, the committee looked at various matters relating to controlling and risk management.

In nine meetings held on January 30, February 24, June 19, July 2, July 7, July 28, October 29, December 9 and December 21 in 2015, the Presiding Committee placed its main focus on Executive Board matters and prepared corresponding resolutions for the Supervisory Board.

Changes in the composition of the executive bodies

Mr. Jan Willem Jongert was appointed as an additional member of the Executive Board. In his new role as Chief Sales Officer (CSO), Mr. Jongert will be responsible for the global sales, service, logistics and marketing activities of the Wacker Neuson Group effective April 1, 2016. Mr. Cem Peksaglam took on these responsibilities from the outgoing CSO in addition to his own mandates as CEO at the start of 2013. Alongside his tasks as CEO, Mr. Peksaglam will remain responsible for strategy, mergers & acquisitions, HR, legal, compliance, real estate, investor relations, corporate communication and sustainability.

During the AGM on May 27, 2015, all four incumbent shareholder representatives were reappointed to the Supervisory Board for a further term. The two existing employee representatives were also reappointed to the Supervisory Board for a further term by the SE Works Council. In the constituent meeting of the Supervisory Board, Mr. Hans Neunteufel was elected Chairman of the Supervisory Board and Mr. Ralph Wacker was named Deputy Chairman. All previous members were also reappointed to the Presiding Committee with Mr. Hans Neunteufel as Chairman. Mr. Kurt Helletzgruber was again appointed Chairman of the Audit Committee. Prof. Dr. Matthias Schüppen replaced Mr. Neunteufel as one of the ordinary members of this committee.

Risk assessment and compliance

The Supervisory Board is satisfied that the company's internal control system and risk management system meet the requirements of Section 91 (2) of the German Stock Corporation Law (AktG), that insurable risks are sufficiently insured and that operational, financial and contractual risks are subject to suitable controls through approval procedures and organizational processes. A detailed risk reporting system is in place throughout the Group and it is regularly maintained and further developed. The internal control system and the risk management system were also examined by the duly appointed auditing company, which confirmed that the Executive Board had met the requirements outlined under Section 91 (2) AktG and established a suitable early warning system capable of monitoring and identifying developments that could pose a threat to the company's continued existence as a going concern. During Supervisory Board meetings and personal conversations, the Executive Board informed the Supervisory Board of the current risk situation. The Supervisory and Executive Boards discussed all areas deemed to be risks during these sessions. In addition, the Audit Committee addressed compliance issues.

Corporate governance

Both the Supervisory Board and the Executive Board are aware that sound corporate governance is essential to protect shareholder interests and secure the company's long-term success. The Supervisory Board continuously monitored the further development of the German Corporate Governance Code and kept up to date with the capital market and corporate legislative framework. The Executive Board and Supervisory Board issued the updated declaration of compliance with the German Corporate Governance Code pursuant to Section 161 AktG during the period under review on February 24, 2015 and again on December 9, 2015. The entire declaration is permanently available on the company's website and is also included in the declaration on corporate governance pursuant to Section 289a of the German Commercial Code (HGB) which can be found online and in the annual report.

Annual and Consolidated Financial Statements for 2015

At the AGM on May 27, 2015, the auditing company Ernst & Young GmbH, Stuttgart, was appointed auditor for the company and Group for fiscal 2015. The Chairman of the Audit Committee engaged the company in writing with the task of auditing the accounting procedures. Before the Supervisory Board made its proposal to the AGM, the auditing company confirmed its independence in writing to the Chairman of the Audit Committee.

The Annual Financial Statements for the year ending December 31, 2015 were prepared by the Executive Board in accordance with the German Commercial Code (HGB). The Consolidated Financial Statements for the year ending December 31, 2015 were prepared by the Executive Board in line with the International Financial Reporting Standards (IFRS) as adopted in the EU and in supplementary compliance with Section 315a HGB. The auditing company Ernst & Young GmbH, Stuttgart, audited both sets of statements along with the books and approved them without qualification.

Each member of the Supervisory Board received the audit documents for appraisal. Together with the Audit Committee, the entire Supervisory Board undertook a thorough examination of the Annual Financial Statements as well as the Consolidated Financial Statements, the Combined Management Report and the related party disclosures in conjunction with the audit reports. The documents were discussed at the Audit Committee meeting on March 10, 2016 and at the Supervisory Board plenary meeting of the same date, with the Executive Board and in the presence of the auditor, who reported the main findings of their audit and answered questions from Supervisory Board members. After its own close examination of the documents, the Supervisory Board raised no objections and endorses the results of the audit report. The Supervisory Board also approves the Combined (Group) Management Report and, in particular, the forecast regarding the company's further development.

The final examination by the Supervisory Board revealed no grounds for objections. The Supervisory Board therefore endorsed the Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report prepared by the Executive Board for the year ending December 31, 2015 on March 10, 2016. The 2015 Annual Financial Statements have thus been duly approved. The Supervisory Board also examined the Executive Board's suggested appropriation of profit for fiscal 2015. It did not raise any objections and thus gives it its unqualified consent.

Examination of the Executive Board report regarding relations with related entities (related party disclosures)

The Executive Board prepared a report on related party disclosures for fiscal 2015. This report contains in particular a declaration by the Executive Board about the legal transactions undertaken by Wacker Neuson SE. The Executive Board states that – to the best of its knowledge and based on the information known to the Executive Board at the time the transactions were entered into – appropriate compensation was received in respect of all transactions outlined in the related party disclosures report. Auditing company Ernst & Young GmbH, Stuttgart, examined the related party disclosures report and issued the following auditor's opinion:

"Based on our professional examination and evaluation, we confirm that

1. the factual statements contained in the report are correct, and
2. the performance provided by the company in respect of the transactions listed in the report was not unreasonably high."

The Audit Committee and the entire Supervisory Board received the Executive Board's report on related party disclosures in a timely manner. The contents of the report and the assessment thereof by the auditors were read and understood by these bodies, and both documents and their results were examined and discussed with the Executive Board and the auditors. The Supervisory Board endorses the auditor's assessment of the related party disclosures report. Based on the final results of the discussions and its own examination of the related party disclosures, the Supervisory Board regards the Executive Board's conclusions to be true and accurate and has no objection to the closing statement by the Executive Board.

The management and all employees of the Wacker Neuson Group showed great personal dedication over the past fiscal year, making a valuable contribution to the company's continued positive development. The Supervisory Board would like to thank all employees and the Executive Board for their commitment and performance – both on a day-to-day basis and under exceptional circumstances.

Munich, March 10, 2016

Supervisory Board

Hans Neunteufel
Chairman of the Supervisory Board

Corporate Governance Declaration and Report

Corporate governance takes high priority at the Wacker Neuson Group. Our Executive and Supervisory Boards see it as their responsibility to comply with the principles of responsible, professional and transparent corporate governance, as stipulated in the German Corporate Governance Code. Our dealings and actions are geared towards securing the company's long-term success and increasing its value. Embedded throughout the company, our mission statement is thus an integral part of all of our business practices.

Declaration on corporate governance

In the following statement, the Executive Board reports on the company's corporate governance policies and practices – also for the Supervisory Board. It therefore complies with Section 289a (1) of the German Commercial Code (HGB) and Section 3.10 of the German Corporate Governance Code.

1. Declaration of compliance pursuant to Section 161 AktG

The Executive Board and the Supervisory Board of Wacker Neuson SE consider the German Corporate Governance Code as an important body of regulations. Both executive bodies feel compelled to comply with its principles of responsible, professional and transparent corporate governance. They have therefore thoroughly examined the recommendations of the German Corporate Governance Code and issued the following declaration of compliance on December 9, 2015.

Declaration of compliance with the German Corporate Governance Code in accordance with Section 161 AktG (German Stock Corporation Act)

The German Corporate Governance Code contains recommendations and proposals for managing and monitoring German listed companies in relation to shareholders and the Annual General Meeting (AGM), the Executive Board and the Supervisory Board, transparency, accounting and auditing. The German Stock Corporation Act requires the Executive Board and the Supervisory Board of listed companies to disclose each year the recommendations of the German Corporate Governance Code which the company has not followed or is not following, and to explain the reasons for noncompliance ("comply or explain").

The Executive Board and the Supervisory Board identify with the duty as outlined in the German Corporate Governance Code to uphold the principles of a social market economy and maintain the substance of the company as a going concern and its ability to generate value in a sustainable fashion (company interest) and to further promote responsible and transparent management and governance of the company.

In accordance with Section 161 AktG, the Executive Board and the Supervisory Board of Wacker Neuson SE hereby declare that since the submission of the most recent declaration of compliance of February 24, 2015, the company has complied with the recommendations issued by the German Corporate Governance Code Commission published by the German Federal Ministry of Justice (BMJ) in the official section of the Federal Gazette as amended on June 24, 2014 and/or as amended on May 5, 2015 (as of the effective dates) and continues to comply with the recommendations of the Code as amended on May 5, 2015, with the exceptions listed and explained in more detail below:

1. Section 3.8 (3) of the German Corporate Governance Code: The company's directors' and officers' (D&O) liability insurance policy for its Supervisory Board has been concluded without a deductible. The company is of the opinion that a deductible would not improve the sense of motivation and responsibility with which the Supervisory Board members perform their duties. D&O insurance safeguards the company against substantial internal risks and – only as a secondary function – protects the assets of members of its executive bodies. Hence it is the company's intention to refrain from implementing a deductible on Supervisory Board members until further notice.

2. Section 4.2.2 (2) of the German Corporate Governance Code: When setting the overall remuneration payable to individual members of the Executive Board, the Supervisory Board respects legal requirements and further ensures, in particular, that such remuneration is commensurate with each member's responsibilities and performance, as well as with the situation of the

company, and that it does not exceed customary remuneration levels unless there are compelling grounds to do so.

Section 4.2.2 (2) sent. 3 of the German Corporate Governance Code also recommends that the Supervisory Board set the remuneration of the Executive Board in relation to the remuneration of senior executives and staff in general, also over time. The Supervisory Board is responsible for defining how senior executives are to be distinguished from staff in general. Compliance with this guideline, in the view of the Executive Board and the Supervisory Board, is not necessary at present to provide a concrete corridor for reasonable Executive Board remuneration levels. However, the Supervisory Board is closely monitoring developments in this area and will re-examine the possibility of complying with this recommendation at a later point in time.

3. Section 4.2.3 (6) of the German Corporate Governance Code: The AGM is not informed separately about the main terms of and changes to the remuneration system for Executive Board members as this information is already disclosed in the Group Management Report, which is available to all shareholders.

4. Sections 4.2.4, 4.2.5, 5.4.6 (3) and 7.1.3 of the German Corporate Governance Code: The AGM has decided not to publish the income of each individual Executive Board member in the notes to the Annual and Consolidated Financial Statements. In line with this, the remuneration report and the corporate governance report do not include an individualized report on the remuneration of the Executive Board. Nor do they contain specific information about share-based incentive systems for the Executive Board (which the company does not have in any case). For this reason, this information is not presented in the model tables recommended in Section 4.2.5 (3) of the German Corporate Governance Code.

   Similarly, the remuneration of individual Supervisory Board members is not published. Remuneration is clearly regulated in the company's Articles of Incorporation. The Executive Board and Supervisory Board are of the view that these Articles coupled with other mandatory legal disclosures provide investors and the public with sufficient information in this area.

5. Section 5.3.3 of the German Corporate Governance Code: The Supervisory Board has not formed a nomination committee. The size of the Supervisory Board (four shareholder representatives) and the shareholder structure do not warrant a dedicated committee for proposing the shareholders' Supervisory Board candidates.

6. Section 5.4.1 of the German Corporate Governance Code: When submitting its election proposals to the Annual General Meeting regarding the election of the shareholder representatives, the Supervisory Board takes into account the statutory requirements and recommendations of the German Corporate Governance Code in relation to the personal requirements to be met by Supervisory Board members.

   Here the focus is placed – irrespective of nationality and gender – on the specialist and personal competence of potential candidates, paying special attention to the company-specific situation. Within the scope of evaluating competence, the Supervisory Board also factors in the company's international involvement, potential conflicts of interest, the number of independent members of the Supervisory Board, the age limit stipulated for members of the Supervisory Board and the principle of diversity.

   The Supervisory Board declines to set a limit on the term of office as it is of the view, given the business context of a family-run enterprise, that continuity is the main priority. Besides, provisions in place stipulating the maximum age effectively limit the term of office assuming members join the Board at the usual age.

   In the Supervisory Board's view, it is still not necessary to specify concrete aims for its composition, which means that the Supervisory Board's goals and progress in achieving those goals – with the exception of satisfying legal requirements arising from the German law governing Equal Participation of Women and Men in Management Positions ("women's quota") – are not published in the corporate governance report either.

7. Sections 5.4.2 and 5.3.2 of the German Corporate Governance Code: The following situation is noted, which is also described in the Group Management Report: A pool agreement is in place between some of the shareholders of the Wacker and Neunteufel families. The parties to this pool agreement collectively hold about 63 percent of the shares of Wacker Neuson SE and can thus jointly (but not individually, i.e. individual members of the pool agreement acting in isolation) control the company. In accordance with the provisions of the pool agreement, each party to the pool agreement must exercise its right to vote and submit proposals at the Annual General Meeting such that two Supervisory Board members nominated as shareholders' representatives by the Wacker family and two by the Neunteufel family are always elected.

   The shareholders' Supervisory Board members thus elected are, however, not bound in any way to the directions of individual, several or all of the parties to the pool agreement and any and all decisions they make within the Supervisory Board are made exclusively in the company's interests. Even though these shareholders' Supervisory Board members always enjoy the special trust of the parties to the pool agreement appointing them, they are not, in the Supervisory Board's view, in any personal or business relationship with a controlling shareholder, which could lead to a fundamental conflict of interest. In the view of the Supervisory

Board, the shareholder representatives in the Supervisory Board, including the Chairman of the Audit Committee, are therefore to be considered independent. The Supervisory Board is thus composed of a sufficient (in its opinion) number of independent members. Given the ongoing legal uncertainty surrounding interpretation of the term “independence”, the company nonetheless declares non-conformance as a precautionary measure.

8. Section 5.4.3. sent. 3 of the German Corporate Governance Code: So that the Supervisory Board can continue to vote impartially for its chairperson, the proposed candidates will not be announced in advance.

9. Section 5.4.6 (2) sent. 2 of the German Corporate Governance Code: Along with a fixed remuneration, the Supervisory Board members shall be paid a variable remuneration which depends exclusively on the success of the relevant fiscal year. The Executive Board and the Supervisory Board are of the view that the current remuneration regulation is still appropriate and reflects the Supervisory Board’s tasks and functions and therefore are refraining from proposing a change at the Annual General Meeting.

10. Section 6.3 sent. 1 of the German Corporate Governance Code: Share ownership by individual members of the executive bodies exceeding one percent of shares issued by the company has not been and will not be stated in the corporate governance report. The Executive and Supervisory Boards are of the view that protecting personal and family privacy takes priority here.

Munich, December 9, 2015

Wacker Neuson SE
Executive Board and Supervisory Board

The above declaration has been made permanently available to shareholders on the Wacker Neuson SE company website → www.wackerneusongroup.com under Investor Relations/Corporate Governance. It is updated as required, at least once a year. Previous declarations of compliance are stored for reference purposes on our website for a period of at least five years. Further details on corporate governance are presented in the following corporate governance report.

2. Corporate governance report

This corporate governance report outlines the role of the Executive Board and the Supervisory Board as well as the composition and role of the committees.

Wacker Neuson SE is a European company (Societas Europaea) incorporated under German law. Upon foundation of the company, shareholders chose the dual management system common under the German stock corporation law, comprising two executive bodies, the Executive and the Supervisory Board, each vested with different spheres of competence. The two bodies work closely together on a basis of mutual trust and are committed to increasing the company’s long-term value.

Executive Board

The Executive Board represents the company towards third parties and manages its business in accordance with legal regulations, the Articles of Incorporation and the rules of procedure for the Executive Board. The Executive Board currently comprises three members. It is responsible for managing the company and represents it both legally and otherwise. The Executive Board functions on the basis of joint accountability. In other words, all members of the Board are jointly responsible for all areas of company management.

The Executive Board plans the company’s strategic direction in collaboration with the Supervisory Board and ensures it is appropriately executed. It is also responsible for establishing the company and Group’s business plans for the coming year and beyond as well as preparing legally required reports such as Annual Financial Statements, Consolidated Financial Statements and interim reports. In addition, the Executive Board also ensures that a suitable risk management and control system is in place and that regular, prompt and extensive reports are presented to the Supervisory Board regarding all issues relating to strategy, company planning, business developments, the risk situation, risk management and compliance activities that are relevant to the company and the Group.

Cooperation and areas of responsibilities within the Executive Board are governed by the rules of procedure for the Executive Board. These focus not only on the lines of responsibility vested in individual Executive Board members, but also on the issues entrusted to the Executive Board as a whole, resolutions (quorum requirements in particular) and the rights and obligations of the chairperson of the Executive Board (CEO). Executive Board meetings are held regularly and are convened by the CEO or at the request of an Executive Board member. The Executive Board generally reaches decisions based on a simple majority of votes cast unless other legal provisions apply. If an equal number of votes are cast, the chairperson has the casting vote.

The CEO steers and coordinates the entire Executive Board and represents the company and Group vis-à-vis the public, in particular when dealing with the authorities, trade associations and publishing houses.

Mr. Cem Peksaglam is CEO of Wacker Neuson SE, the parent company of the Group. Mr. Martin Lehner is Deputy CEO. Further details on individual members of the Executive Board, in particular their areas of responsibility within the Executive Board, are disclosed in the Notes to the Consolidated Financial Statements in Section 30 “Executive bodies” (Wacker Neuson Annual Report 2015).

Measures and transactions of fundamental importance must be approved by the Supervisory Board as set down in the rules of procedure for the Executive Board and/or the Articles of Incorporation. They are also communicated to shareholders and the capital market in a timely manner, thus ensuring that decision-making processes remain transparent – also throughout the year – and capital market players are kept sufficiently up to date.

Supervisory Board

The Supervisory Board advises the Executive Board in key decisions, monitors its activities, appoints members and relieves them of their duties. The Supervisory Board has six members. In accordance with the agreement on employee representation in the Wacker Neuson SE Supervisory Board and the German One-Third Participation Act (Drittelbeteiligungsgesetz), four of these are shareholder representatives and two are employee representatives. Taking the company-specific situation into consideration, the composition of the Supervisory Board reflects the company’s international footprint, the need to avoid conflicts of interest, the number of independent Supervisory Board members in line with the German Corporate Governance Code, the age limit applicable to Supervisory Board members and the benefits of diversity.

The terms of office of all Supervisory Board members run until the close of the AGM that tables a resolution to formally approve the actions taken by the company in fiscal 2019. Their terms may be no longer than six years. Further details on individual members of the Supervisory Board are disclosed in the Notes to the Consolidated Financial Statements in Section 30, “Executive bodies” (Wacker Neuson Annual Report 2015).

The principles of cooperation within the Supervisory Board are governed by the rules of procedure for the Supervisory Board. These rules reflect the recommendations of the German Corporate Governance Code and – as an integral part of the monitoring and control process – provide for clear and transparent procedures and structures as well as regular efficiency checks on Supervisory Board work. The Supervisory Board reaches decisions based on a simple majority of votes cast unless other legal provisions apply. In the event of a tie, the resolution or nomination proposal shall be deemed rejected; the chairperson shall not have the casting vote. The chairperson of the Supervisory Board convenes and oversees Supervisory Board meetings and generally coordinates the activities of the Supervisory Board and its committees.

The Supervisory Board defines the Executive Board’s information and reporting duties in detail. The core areas of collaboration between the Executive and Supervisory Boards as well as specific details on the Supervisory Board’s activities and committees are disclosed in the report by the Supervisory Board.

Composition and role of committees

In contrast to the Executive Board, the Supervisory Board forms two committees, the Presiding and the Audit Committee.

The responsibilities of the Presiding Committee include in particular submitting proposals for Executive Board member appointments, terminations and mandate extensions, for Executive Board remuneration and remuneration scales, and for preparing measures to conclude, amend or terminate contracts with Executive Board members. The Presiding Committee members are Mr. Hans Neunteufel, Prof. Dr. Matthias Schüppen and Ralph Wacker. Mr. Hans Neunteufel is Chairman of the Presiding Committee.

The Audit Committee maintains close contact with the auditors. It appoints the auditors to review the Annual and Consolidated Financial Statements, identifies the focal points of the audit and receives the reports. Furthermore, the Audit Committee negotiates the fee with the auditor, assesses their independence and additional services provided by the auditor and submits a voting proposal with regard to the auditor to the Supervisory Board for the AGM. It prepares the Supervisory Board discussions and resolutions required to approve the Annual and Consolidated Financial Statements and to review the Executive Board’s report on related third-party disclosures. It supports and monitors the Executive Board in particular regarding accounting process issues, the internal control system, risk management system, internal auditing system and compliance. The Audit Committee members are Mr. Kurt Helletzgruber, Prof. Dr. Matthias Schüppen, Mr. Ralph Wacker and Elvis Schwarzmair. Mr. Kurt Helletzgruber is Chairman of the Audit Committee. As an independent financial expert, he fulfills the requirements set out in Sections 100 (5) and 107 (4) of the AktG.

The respective committee chairpersons provide the Supervisory Board with regular and timely information about the committees' activities. The committees also reach decisions with a simple majority of votes cast. In the event of a tie, the resolution or nomination proposal shall be deemed rejected; the respective chairpersons shall not have the casting vote.

Further details on the activities of the Supervisory Board and its committees can be found in the current Supervisory Board report (Wacker Neuson Group Annual Report 2015).

Shareholders and the AGM

Shareholders exercise their rights, including voting rights, at the AGM. All shares in Wacker Neuson SE provide shareholders with full voting rights and are registered by name. Each share entitles its holder to one vote. The AGM agenda plus the reports and documents required for the AGM are published in good time – also on the company's website, where they can be easily viewed by shareholders.

The AGM this year will take place on May 31, 2016 in Munich. The Executive Board makes it easier for shareholders to exercise their voting rights at the AGM by offering the opportunity to delegate binding voting instructions to proxies named by the company. Shareholders can also do this during the AGM. Information on how to vote by proxy will additionally be included in the invitation to the AGM meeting. These named proxies are also available at the AGM to shareholders present at the AGM. Furthermore, it is possible to delegate voting rights to financial institutions, shareholder associations and other third parties.

Accounting and auditing

The Consolidated Financial Statements of Wacker Neuson SE are prepared in line with the International Financial Reporting Standards (IFRS). The Annual Financial Statements and the Combined Management Report of Wacker Neuson SE and its Group are prepared in accordance with the German Commercial Code (HGB).

The Supervisory Board proposes the election of the auditor at the AGM, based on a recommendation from the Audit Committee. Prior to making its proposal, the Supervisory Board obtains a certificate of independence from the auditor in question.

The Chairman of the Audit Committee asked the auditor to immediately report all significant findings or incidents identified during the audit and relating in the broadest sense to Supervisory Board duties if these findings or incidents could not be directly resolved.

Risk management

Responsible handling of risks facing the Group and the company is, as always, a crucial part of sound corporate governance. The Executive Board and the Supervisory Board therefore continually monitor the Wacker Neuson Group's risk management system and internal control system along with the accompanying reporting mechanisms.

Specific details on risk management within the Wacker Neuson Group are disclosed in the risk report in the Combined Management Report (Wacker Neuson Annual Report 2015). This also includes a report on the control system and risk management system in relation to the accounting process.

Transparency

Regular, active dialog with our shareholders and other stakeholders is one of the cornerstones of our corporate governance policy. We provide shareholders, financial analysts, shareholder associations and the media with information about business trends and significant changes within the company promptly, regularly and with the greatest possible transparency. We are fully committed to a policy of active and honest communication.

As stipulated by the German Securities Trading Act (WpHG) and the German Corporate Governance Code, we provide information on our company's business development and financial situation four times a year. This takes the form of one annual report and three quarterly reports. The Supervisory Board and the Audit Committee discuss these reports with the Executive Board prior to their publication. In addition, the Executive Board answers shareholders' questions at the AGM. We also use our website as a way of keeping our stakeholders up to date. All press and ad-hoc releases, financial reports and our financial calendar detailing important events throughout the year are permanently available and up to date on →www.wackerneusongroup.com under Investor Relations. Interested parties can join our distribution list to receive regular updates.

Director's dealings and significant voting interests

In order to ensure compliance with the German Securities Trading Act (WpHG), Wacker Neuson SE publishes reports on directors' dealings pursuant to Section 15a WpHG. We use these reports to provide immediate information about securities transactions with regard to Wacker Neuson shares made by members of the Executive or Supervisory Boards as well as by natural and legal persons closely related to members of these bodies. This information is also disclosed on the company's website → www.wackerneusongroup.com under Investor Relations/Corporate Governance. Also under Investor Relations/IR News, we immediately publish information from shareholders regarding the purchase or sale of significant voting rights in line with Section 21 WpHG and the holding of financial and other instruments in line with Sections 25 and 25a WpHG.

Shares owned by the Executive Board and the Supervisory Board

The total number of Wacker Neuson SE shares held by all members of the Executive Board and Supervisory Board on December 31, 2015 was more than 1 percent of all shares issued by the company. Directly or indirectly, the Executive Board holds around 0.5 percent (348,379 shares) and the Supervisory Board around 36.4 percent (25,531,888 shares) of issued shares.

Remuneration report in the corporate governance Report

We report on the remuneration system applicable to the Executive Board in our Combined Management Report under the "Remuneration framework" section. The AGM approved a resolution not to publish remuneration details for individual Executive Board members in the interest of their privacy.

The overall remuneration of the Executive Board and the Supervisory Board is disclosed in the above-mentioned section and in the Notes to the Consolidated Financial Statements in section 31 "Related party disclosures" (Wacker Neuson Annual Report 2015).

Declaration regarding fixed targets for the proportion of women at management level

The German law governing Equal Participation of Women and Men in Management Positions in the private and public sector came into force in Germany on May 1, 2015. Under this law, listed companies such as Wacker Neuson SE that are not subject to full co-determination in accordance with the German co-determination act (Mitbestimmungsgesetz), the co-determination act for companies active in the mining, iron and steel industries (Montan-Mitbestimmungsgesetz), or the co-determination supplementary act (Mitbestimmungsergänzungsgesetz) are obliged to set quotas for women in the Supervisory Board, Executive Board or the two management lines below the Executive Board. The Executive Board and the Supervisory Board have examined this issue in great detail.

When selecting and appointing members of the Executive Board, the Supervisory Board focuses on the qualifications and personal skills of potential men and women candidates, paying special attention to the company-specific situation. In this context, gender does not play a major role in the decision-making process. There are currently no women on the Wacker Neuson SE Executive Board (current percentage: 0 percent). In view of the company's success in recent years, the Supervisory Board places great value on stability and continuity among management ranks and does not wish to be tied by the need to meet quotas for female representation, so it remains free to prioritize qualifications and personal skills as mentioned above. As such, the Supervisory Board has decided to refrain from setting a target percentage for female representation on the Executive Board that would see the number of women rise from the present level by June 30, 2017 (target percentage: 0 percent).

Equally, the Supervisory Board is focused on the qualifications and personal skills of potential men and women candidates when selecting and appointing members of the Supervisory Board, paying special attention to the company-specific situation (petition rights and voting obligations of key shareholder groups governed by a pool agreement). In this context, gender also does not play a major role in the decision-making process. There are currently no women on the Wacker Neuson SE Supervisory Board (current percentage: 0 percent). This year, all members of the Supervisory Board were voted in – or reappointed in the case of employee representatives – for a further five-year term. As a result, the Supervisory Board has decided to refrain from setting a target percentage for female representation on the Supervisory Board that would see the number of women rise from the present level by June 30, 2017 (target percentage: 0 percent).

The Executive Board has defined the following targets for the proportion of women appointed to managerial positions at Wacker Neuson SE, which it intends to achieve by June 30, 2017. These targets refer to staff who are directly employed by the company Wacker Neuson SE. The target percentage for line one below the Executive Board is 23 percent (currently 23 percent) and the target for line two below the Executive Board is 20 percent (currently 50 percent).

3. Corporate governance best practices

Compliance – principles of sound business and financial governance
Moving beyond the guidelines and recommendations of the German Corporate Governance Code, the Wacker Neuson SE Executive Board is committed to conducting its business worldwide in a lawful manner, along socially and ethically responsible lines. Which is why we have developed a Group-wide strategic mission statement that informs the conduct of each and every individual in the Group – from the Executive Board through management to employees. This mission frames the way we do business for shareholders, customers, business partners, the general public and our employees alike.

Values such as integrity, openness, honesty and respect for other people and our surroundings inspire every one of us to succeed, excel and embrace sustainable business practices. Our corporate values can be viewed online at the following link: → www.wackerneusongroup.com/en/sustainability/responsible-employer/corporate-values/

Wacker Neuson has appointed a Chief Compliance Officer. This person serves as a contact point and advisor for compliance issues and is responsible for implementing a compliance management system geared towards the specific requirements of the Wacker Neuson Group. In this context, we defined the "Principles of our company ethics" – a mission statement outlining our commitment to integrity and to systematic compliance with statutory and regulatory requirements. This statement is available to the public at the following link: → www.wackerneusongroup.com/en/the-group/compliance/

Our principles are equally important to us. They help us establish long-term business relationships built on a foundation of mutual trust at every step of the value chain. Our commitment here is set down in our code of conduct for suppliers at → www.wackerneusongroup.com/en/the-group/compliance/code-of-conduct-for-suppliers/

Corporate Social Responsibility (CSR)
Through the sustainability management system implemented in 2013, the Wacker Neuson Group is expressing its commitment to balance business interests with a sense of responsibility towards the environment and society as a whole. This professional sustainability strategy means that the Wacker Neuson Group can assess the effects of its value adding processes on the environment and take action to maximize resource conservation. Reducing costs associated with energy consumption and obtaining certification for sites in the European Union in accordance with DIN EN ISO 50001 and DIN EN ISO 14001 are also important aspects of the sustainability strategy. The company additionally reports on its activities in a sustainability report, which it publishes on a regular basis. The strategy is steered and implemented centrally by a Corporate Sustainability Officer and Sustainability Team. Details on sustainability management at the Wacker Neuson Group are available to the public at the following link: → www.wackerneusongroup.com/en/sustainability/

The Wacker Neuson Group aims to continue developing innovative, value-adding products and services to the same high levels of quality and reliability, while implementing sustainable and environmentally sound production and work processes. This goal is set out in the Group's "CSR Mission Statement", which can be found at: → www.wackerneusongroup.com/en/the-group/mission-strategy/

Munich, March 10, 2016

Wacker Neuson SE

The Executive Board

Cem Peksaglam
(CEO)

Günther C. Binder

Martin Lehner
(Deputy CEO)

This declaration on corporate governance is permanently available to shareholders on the Wacker Neuson SE website at → www.wackerneusongroup.com under Investor Relations/Corporate Governance. The declaration of compliance will be revised annually. Previous declarations of compliance are stored for reference purposes on our website for a period of at least five years.

Combined Management Report

The graphics below are provided for information purposes only. Market statistics and page references have not been audited and are therefore not part of the Combined Management Report. Accounting methods, key indicators and financial terms are defined in the glossaries at the end of this annual report. Whereas figures in this Combined Management Report add up precisely to the totals provided, percentages are given as precise values. This may lead to slight discrepancies relative to the values provided in the Notes to the Consolidated Financial Statements.

Combined Management Report of Wacker Neuson SE and its Group for Fiscal 2015

Unless otherwise stated, the information contained in this Management Report refers to the Wacker Neuson Group. The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU, in addition to the provisions of the German Commercial Code (HGB) set forth in section 315a (1).

The Annual Financial Statements of Wacker Neuson SE (which is structured as a holding company) have been prepared in accordance with the provisions of the HGB and the German Stock Corporation Act (AktG). The Management Report of Wacker Neuson SE is included in this Group Management Report in line with section 315 (3) of the HGB; further details are disclosed in the section "Profit, financials and assets of Wacker Neuson SE (condensed version according to HGB)". → page 64 **The risks and opportunities facing Wacker Neuson SE cannot be differentiated from those facing the Group.**

The Wacker Neuson Group

The Wacker Neuson Group is an international manufacturer of light and compact equipment. The company offers its customers a broad and deep portfolio of products, a wide range of services and an efficient, global spare parts service. The Group's manufacturing activities are distributed across three sites in Germany, one in Austria, two sites in the US and one in the Philippines. Wacker Neuson also manufactures components in Serbia. Products are distributed globally via affiliates, Wacker Neuson sales and service stations and an extensive network of sales partners.

Wacker Neuson is the partner of choice among customers across a variety of sectors, including construction, gardening, landscaping and agriculture, as well as among municipal bodies and industrial companies in the recycling, energy and rail sectors.

Segment reporting is divided into three regions – Europe, the Americas and Asia-Pacific.

Revenue is also reported according to the three strategic business segments of light equipment, compact equipment and services.

BUSINESS SEGMENTS

Light equipment	Compact equipment	Services
▪ Concrete technology ▪ Compaction ▪ Worksite technology	▪ Track excavators, mobile excavators ▪ Wheel loaders ▪ Telescopic handlers ▪ Skid steer loaders ▪ Four-wheel and track dumpers	▪ Repair, maintenance, spare parts ▪ Rental in selected European markets ▪ Used equipment ▪ Leasing, financing, hire-purchase ▪ Wacker Neuson Academy

GROUP BRANDS

Wacker Neuson Group — Umbrella brand

Wacker Neuson | Kramer | Kramer | Weidemann — Product brands

Construction industry, gardening and landscaping firms, municipal bodies, recycling, railroad/track construction, rescue services, etc.

Agriculture, tree nurseries, horse breeders etc.

TARGET INDUSTRIES

	Light equipment	Compact equipment
Agriculture		■
Renovation/redevelopment	■	■
Services	■	■
Infrastructure (highway and bridge construction)	■	■
Gardening and landscaping	■	■
Cargo handling/port logistics		■
Residential construction	■	■
Demolition	■	■
Maintenance/repairs	■	■
Industrial companies/recycling	■	■
Mining	■	■
Oil and gas (energy sector)	■	
Events	■	■
Municipal services/building yards	■	■

Brands

Wacker Neuson Group is the organization's umbrella brand, used for all Group-wide communications. The Group distributes its products and services under the three separate brands Wacker Neuson, Kramer and Weidemann. The broadest portfolio, light and compact equipment, is distributed worldwide under the Wacker Neuson brand. Under the Kramer brand, all-wheel drive wheel loaders, tele wheel loaders and telescopic handlers are distributed via an extensive dealer network. The Weidemann brand is a by-word for longstanding expertise and experience in the agricultural sector. The company uses an international specialist dealer network to distribute its compact, articulated Hoftracs®, wheel loaders, tele wheel loaders and telescopic handlers.

Organizational and legal structure

Wacker Neuson SE is a European company (Societas Europaea) with its headquarters in Munich. It is registered in the German Register of Companies (Handelsregister) at the Munich Magistrate's Court under HRB 177839. The company's shares have been listed since May 2007.

The Consolidated Financial Statements of Wacker Neuson SE are prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU. Fifty-four companies, including the holding company, are fully consolidated in these statements.

Wacker Neuson SE operates as a management holding company with a central management structure. It directly or indirectly holds the shares in its affiliates, which are mainly sales offices.

The Executive Board of the holding company is responsible for managing the Group. Wacker Neuson SE also houses various Group functions. Regional presidents each have full responsibility for their designated sales region and report directly to the Group's Executive Board – as do the executive bodies of the manufacturing affiliates and logistics.

Please refer to the section entitled "General information on accounting standards" in the Notes for detailed information on the legal structure. → page 115

Corporate governance and value management

As a centralized function, the controlling department of the holding company is responsible for the Group's internal controlling instruments. It steers and monitors deviations between "as is" and "to

PERFORMANCE INDICATORS (5-YEAR PERIOD)

AS A %

	2015	2014	2013	2012	2011
Revenue in € million	1,375.3	1,284.3	1,159.5	1,091.7	991.6
EBITDA margin	12.5	15.3	13.2	13.0	16.4
EBIT margin	7.5	10.6	8.2	7.8	12.5 (11.4)[1]
Average working capital/revenue	40.2	38.4	39.2	37.9	32.2
Average capital employed/revenue	71.0	69.9	74.1	72.7	65.3
ROCE II	7.3	10.8	7.7	7.6	12.5[1]
Equity ratio (before minority interests)	68.6	69.9	70.7	68.0	74.2
Gearing	18.7	17.7	18.9	23.4	10.0
Free cash flow in € million	17.8	21.5	55.2	-86.3	-61.9

[1] Adjusted for write-ups on intangible assets in 2011 (brand) (EUR 10.8 m).

be" figures, primarily based on the development of revenue and profit reported by affiliates, as well as preparing key performance indicators at Group level for the Executive Board. The controlling instruments are adapted where necessary in the process to reflect developments both within and beyond company walls.

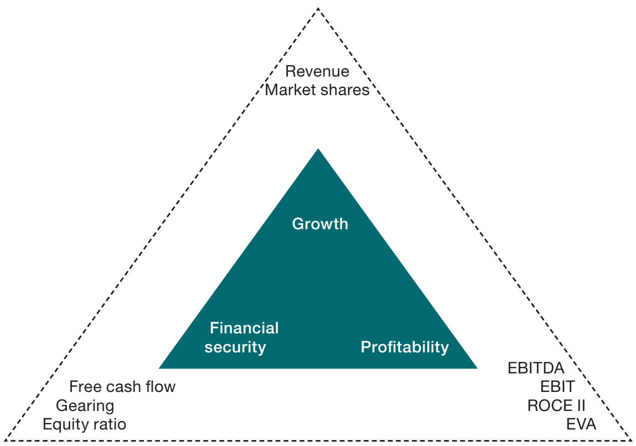
Important decisions on projects initiated by the company in response to changing market and customer requirements are made by management committees. These committees include members of the Executive Board and senior employees at first and second management levels.

Company management focuses on growth, profitability and financial stability. The overarching aim here is to create a lasting increase in company value. The company has invested heavily over the past few years to achieve these goals. Its most important key performance benchmarks and targets are revenue, profit before interest, tax, depreciation and amortization (EBITDA) and profit before interest and tax (EBIT) – each in absolute terms and as a percentage of revenue.

The company also governs its dividend payment policy, financing structure and return on capital employed. It uses two indicators for this purpose: working capital and return on capital employed after tax (ROCE II). The results are used to determine the economic value added (EVA). Equity ratio is also used as an indicator of balance sheet performance. The treasury department controls financing by monitoring net financial debt and gearing. Free cash flow is also an important indicator of the company's ability to finance itself.

The table above shows a year-on-year comparison of how these key indicators have developed. The terms are explained in the financial glossary. → page 158

PERFORMANCE INDICATORS AT A GLANCE



In addition to these financial performance indicators, key leading indicators for operational business trends are regularly monitored and analyzed. Important indicators for the construction business include future investment plans in the construction equipment and construction materials industries, the development of production volumes and market shares, the number of building permits issued, and the development of real estate prices.

Operative leading indicators for the European agricultural industry include the rate of mechanization among landholdings, trends in agricultural technology and the development of milk, food and animal feed prices.

The Group uses these indicators to respond early to global economic developments and dynamically adapt its course accordingly.

General background

Overall economic trends

- Stable development in Europe and the US
- Economic weakness in emerging markets
- Strong US dollar hampers exports to the US

According to estimates made by the International Monetary Fund (IMF), world gross domestic product (GDP) grew by 3.1 percent in 2015 and was thus slightly weaker than the previous year. Economic growth in industrialized countries was again stable after a growth of 1.9 percent. In emerging economies, however, the pace of growth slowed for the fifth year in a row (increase of just +4.0 percent).

Economic recovery in the eurozone in 2015 continued to be bolstered by the European Central Bank's (ECB) ongoing expansionary monetary policy. Recovery here continued at a modest rate, with economic output growing by 1.5 percent. The manufacturing industry benefitted from low oil and procurement prices.

In 2015, Germany again proved to be a stabilizing factor for the European economy, reporting growth of 1.5 percent, which is only marginally weaker than the prior year. Consumer spending rose as a result of positive labor market trends and rising wages. In contrast, investment levels were modest in numerous key export markets in light of a slowdown in economic growth. Positive economic impetus came from Spain in particular, where GDP grew by 3.2 percent. Italy was the last major European economy to leave the recession, reporting a 0.8-percent rise in economic output. In addition to the continued high debt levels in a number of southern European countries, the high numbers of refugees travelling to Western Europe during the third quarter is an additional source of uncertainty. EU member states have not yet reached a joint consensus on how to deal with this issue.

After an unexpectedly weak start to 2015, the US economy followed a much more stable path throughout the year, achieving a solid growth rate of 2.5 percent overall. Key growth factors here included favorable financing options and an unemployment rate significantly lower than the previous year. A number of sectors benefitted from this, especially the US housing market. The drastic drop in oil prices, however, meant that investments from companies in the oil and gas sector almost completely dried up.

China, Russia and Brazil were all key contributors to the slowdown in growth in emerging countries. This is the fifth year in a row that the pace of growth has slowed here. In China, economic growth totaled 6.9 percent in 2015. This is the first time since 2009 that the country has missed its target of 7 percent. The structural reforms initiated by the government negatively impacted key sectors of the economy such as the construction industry, the manufacturing sector and international trade. Expansionary measures such as tax incentives, interest rate reductions and increased government spending have not yet had the desired effect. Russia continues to suffer from the economic sanctions imposed in connection with the Ukraine conflict and the ongoing devaluation of the ruble. The sharp drop in the key export commodities oil and gas also left its mark on the Russian economy, which contracted by 3.7 percent. Brazil was also pushed into recession by falling raw material prices and depreciation in the local currency. The country's economic output fell by 3.8 percent[1].

REAL GDP CHANGE FROM PREVIOUS YEAR
AS A %

	2015	2014
World	3.1	3.4
Eurozone	1.5	0.9
Germany	1.5	1.6
USA	2.5	2.4
South America	-0.3	1.3
China	6.9	7.3
Russia	-3.7	0.6
Middle East and North Africa	2.5	2.8
South Africa	1.3	1.5

Source: IMF, January 2016.

Currency trends

The euro has been losing value against the US dollar since mid-2014. This trend continued during the year under review. While the ECB continues its expansionary monetary policy, the US Federal Reserve raised interest rates at the end of 2015 – a long-awaited move that helped strengthen the US dollar further. Export-oriented companies in the US felt the impact of this move as their goods became more expensive on international markets and their competitive position weakened. The euro also dropped in value against key international currencies such as the Swiss franc, the yen and the British pound. In contrast, the currencies of distressed emerging economies such as Russia and above all Brazil weakened against the euro.

[1] IWF, World Economic Outlook, Update January 2016.

PERFORMANCE OF KEY CURRENCIES AGAINST THE EURO (END OF YEAR RATES)

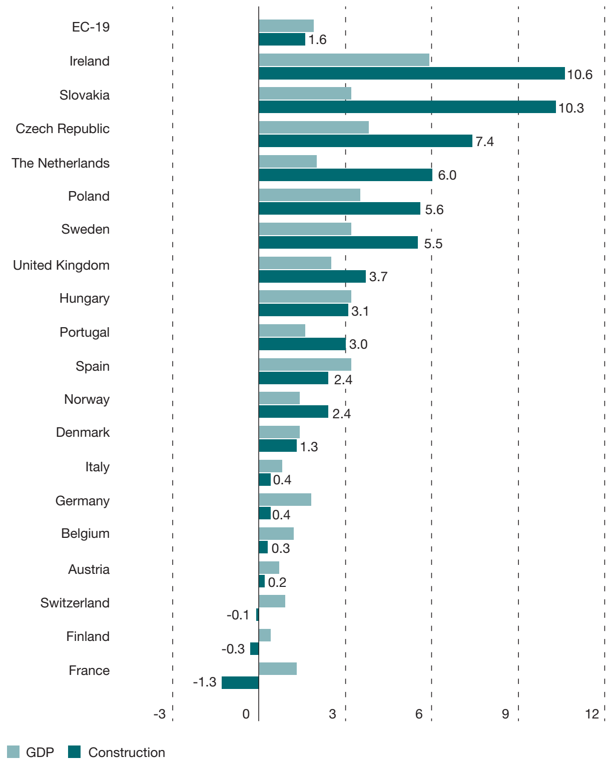
1 EURO EQUALS

	2015	2014	Change as a %
US dollar (USD)	1.0887	1.2141	-10.3
Swiss franc (CHF)	1.0835	1.2024	-9.9
British pound (GBP)	0.7340	0.7789	-5.8
Japanese yen (JPY)1	131.07	145.23	-9.8
Australian dollar (AUD)	1.4897	1.4829	0.5
Brazilian real (BRL)	4.3117	3.2207	33.9
Chinese yuan (CNY)	7.0608	7.5358	-6.3
Indian rupee (INR)	72.0215	76.719	-6.1
Canadian dollar (CAD)	1.5116	1.4063	7.5
Russian ruble (RUB)	80.6736	72.337	11.5
South African rand (ZAR)	16.9530	14.0353	20.8

Source: Notes to the Consolidated Financial Statements, p. 120.

CONSTRUCTION AND ECONOMIC GROWTH (EUROPE) 2015

AS A %



Source: Euroconstruct, December 2015.

Overview of construction and agricultural industries

- Slump in oil and gas industry
- Weak demand in emerging economies
- Crisis in European agricultural technology sector

Developments in the global construction industry have a significant impact on the development of the Wacker Neuson Group. In 2015, the picture in the industry was varied: Residential construction developed positively, fueled by favorable financing options and strong demand in many European countries and North America. At the same time, however, non-residential construction was negatively impacted by falling raw material prices, especially in the second half of the year. This brought construction activity in the North American oil and gas sector almost to a standstill throughout the course of the year. Other markets that are heavily dependent on raw material extraction such as South America, South Africa and Australia also showed weaknesses.

This difficult environment was reflected in global sales of construction equipment, which slumped by more than ten percent in 2015 according to Off-Highway Research estimates, falling to the lowest level since the economic and financial crisis of 2008 and 2009[1]. In Europe, the Committee for European Construction Equipment (CECE) reported a marked drop in revenue from the third quarter on after what had been a very good first half of the year. Taking the year as a whole, southern European markets continued on their upwards trajectory while western and northern Europe stagnated at a comparatively high level. In contrast, Russia and France continued to perform weakly[2].

In China, suppliers continue to face major structural problems. Inventories of relatively new equipment accrued over the past few years are now dampening demand for new equipment and the market is struggling with significant excess capacities, especially when it comes to heavy equipment. A decline in orders from local governments for infrastructure projects and reluctance to invest in real estate in China depressed demand for heavy equipment. More restrictive lending policies than in recent years are also a frequent cause of difficulties in financing construction projects and new equipment purchases. According to Off-Highway Research, sales of construction equipment in China have collapsed by around 70 percent since 2011[1].

Weak overall economic performance, falling raw material prices and the significant depreciation of some local currencies dampened willingness to invest among customers in South American markets. However, the weakness of the euro put export-oriented manufacturers in Europe in a stronger competitive position than suppliers who operate in dollars.

[1] Off-Highway Research, January 2016.
[2] CECE, Quarterly Economic Bulletin, December 2015.

Weak year for European agricultural equipment manufacturers
In the agricultural sector, economic assessments – and thus willingness to invest – are closely linked to input and commodity price trends, political developments and the general competitive situation. The financial situation on agricultural holdings is influenced by a range of factors, including income (which itself is determined by variables such as harvests) and the cost of energy, fertilizer, feed and leasing agreements.

As landholders' earnings continued to be squeezed by low agricultural prices, 2015 proved an exceptionally weak year for the European agricultural technology sector. According to estimates from the European umbrella association of the agricultural machinery industry (CEMA), revenue in markets such as Germany, France and the UK fell by 10 to 15 percent. Spain was the only country to buck this negative trend, reporting a plus of six percent[1]. Business was dampened by landholders' reluctance to invest and also by ongoing political developments such as the sanctions imposed against Russia as a result of the Ukraine conflict. As a result, dealer inventory levels (for new and used equipment) increased markedly[1].

General legal framework

- Protection of users and the environment
- Continued implementation of new technological requirements
- Preparations for Euro 5 emissions regulation

As a global supplier of light and compact equipment, the Wacker Neuson Group has to observe numerous national and international statutory guidelines governing environmental and user protection. Above all, these include provisions regulating exhaust gas emissions and ergonomics as well as noise and vibration-induced impact.

The company's product portfolio is reviewed and, if necessary, adapted on an ongoing basis to ensure compliance with new requirements and harmonized standards and norms. The aim is always to integrate new regulations as promptly as possible in processes and products.

Emission standards for light and compact equipment
Statutory exhaust emission regulations have a major impact on the sale of compact equipment. As of 2012, the TIER IV interim and TIER IV final emissions regulations are effective in the US (mandated by the Environmental Protection Agency, EPA). In Europe, stages 3b and 4 of Directive 97/68/EC are in force. These emission stages apply to diesel engines in non-road mobile machinery – in other words, construction equipment, forklifts and agricultural machines. The specific compliance dates vary depending on engine power and individual market requirements. Key components such as engines, cooling systems and exhaust gas treatment systems have to be modified. The majority of the Wacker Neuson, Kramer and Weidemann compact equipment portfolio is already equipped with the corresponding diesel engines.

A new stage of exhaust emission legislation for non-road mobile machinery commenced in September 2014 with the European Commission's final draft of the Euro 5 stage of its emission standards. For the first time, this includes power categories under 19 kW and over 560 kW. The new count and weight limits for particles are also even lower than the strict US standards already in place and will probably necessitate widespread usage of closed diesel particulate filter systems. These new limits are expected to apply to machinery brought into circulation from January 1, 2019 (power class < 56 kW and >= 130 kW) and January 1, 2020 (power class >= 56 kW and < 130 kW). At just 18 months, the transition period is also set to be substantially shorter than for stages 3b and 4. This represents a major challenge for all manufacturers and their suppliers.

Complying with the new regulations will entail significant outlay. On the one hand, a large part of the construction equipment portfolio will now be subject to European exhaust emission legislation for the first time. And on the other, integrating diesel particulate filters will require new developments for many machines.

In addition to exhaust emission legislation, the Group also made efforts to comply with new product standards in other areas during 2015.

Directive 2014/95/EU governs the disclosure of non-financial and diversity information. Within the framework of this legislation, listed companies headquartered in the European Union will be obliged to report on environmental, social and employee-related issues and provide information on the observance of human rights, diversity in supervisory, management and control committees as well as corruption and bribery as of the fiscal year starting January 1, 2017. The Wacker Neuson Group started to take action on this back in 2014 with the publication of its first, regular sustainability report. The "Sustainability" section of this management report has been expanded correspondingly. The Group will continue to do this in future management reports in line with amendments to the guidelines governing the inclusion of sustainability indicators in management reports as set down in German accounting standard DRS 20 (Rechnungslegungsstandard DRS 20).

In light of European Directive 2012/27/EU on energy efficiency and the resulting amendment to Germany's law governing the supply of energy (Energiedienstleistungsgesetz), the company is also facing new obligations to make its internal processes more energy efficient. From 2014 on, the Group started implementing different

[1] CEMA, November 2015.

energy management systems and had them successfully certified in line with DIN EN ISO 50001 in order to meet the obligation to implement energy management systems or have external energy audits performed by December 5, 2015.

Beyond that, the Group is not aware of any other legislative changes that had a significant impact on its business activities.

Competitive position

- Fragmented competitive landscape
- Differentiation through high product and service quality as well as a broad product offering and innovations
- Market position further strengthened

The global construction equipment market, which is the Wacker Neuson Group's competitive landscape, is very heterogeneous at both country and product level. The majority of the Group's competitors focus either on light equipment or heavy equipment (machines weighing over 15 tons), or a combination of compact and heavy equipment.

The Wacker Neuson Group's combination of light and compact equipment is one of the main factors that sets it apart from the competition. The Group's machines are aimed at professional users. The compact equipment segment, which comprises particularly versatile, efficient machines weighing up to 15 tons, grew significantly through the merger between Wacker Construction Equipment AG and the Neuson Kramer Group in 2007. It has since been possible to offer a much broader portfolio of products via the Group's highly efficient, international sales and distribution network.

In the light equipment segment, the Group faces a variety of competitors, including Ammann, Atlas Copco, Bomag, Dynapac, Mikasa, Multiquip and Weber. In the compact equipment segment, Wacker Neuson also competes with specialist manufacturers and global companies such as Bobcat (Doosan), Kubota, Takeuchi, Yanmar, Manitou and JCB. Some international heavy equipment manufacturers such as Komatsu, Liebherr, Case, New Holland, Terex or Volvo CE also offer compact equipment and are therefore part of the competitive landscape.

Since the acquisition of Weidemann GmbH in fiscal 2005, the Wacker Neuson Group has also expanded its presence in the agricultural machinery sector. Weidemann-branded articulated wheel loaders and telescopic handlers enjoy a leading position in the Central European agricultural market. Kramer has also been building upon its dedicated sales network for the distribution of its all-wheel drive machines in the agricultural sector. In this sector, the Group competes with companies such as Schaeffer, Thaler, Manitou and JCB.

Strategic alliances

Strategic alliances play a key role for the Wacker Neuson Group, enabling it to open up new sales channels or make targeted additions to its product portfolio.

Caterpillar

Wacker Neuson and Caterpillar Inc. (Peoria, USA) entered a long-term strategic alliance in 2010. Wacker Neuson develops and manufactures mini excavators with a total weight of up to 3 tons exclusively for Caterpillar. Caterpillar distributes these machines globally under its own brand via its sales network, with the exception of Japan.

Wirtgen/Hamm

Wacker Neuson formed another strategic alliance with the Wirtgen Group in 2015. Hamm AG, a Wirtgen Group member, manufactures tandem rollers in the 1.8- to 4.5-ton category and compactors weighing up to 12 tons in line with technical and design specifications developed by Wacker Neuson. This long-term cooperation will close gaps in the Wacker Neuson product portfolio, enabling the Group to round off its offering in the soil and asphalt compaction segment. The Group will gradually expand distribution of the rollers produced by Hamm via the global Wacker Neuson sales network.

Claas

Since 2005, Group member Kramer-Werke GmbH has been developing and manufacturing powerful, versatile telescopic handlers for the German company CLAAS, a global leader in agricultural machinery. These are distributed worldwide by CLAAS under the CLAAS SCORPION brand. In June 2015, the two partners reached a mutual agreement to terminate their partnership as of 2018. From this time on, the two partners will be operating independently in telescopic handler markets. Customers are assured the long-term availability of services and spare parts for CLAAS machines manufactured by Kramer even after the collaboration has ended.

Leading global manufacturer

The Group's strong market position is built mainly on outstanding product and service quality as well as a diverse product portfolio, all backed by comprehensive product development and manufacturing know-how and an efficient sales and service network. Many of the Group's products have established excellent market positions across the globe. However, there are few official statistics available for market segmentation, making it difficult for the Group to provide a concrete overview of market shares, especially in the case of light equipment.

End customers, dealers and professional rental companies select the manufacturer that offers the most appealing overall package consisting of innovative products, a strong brand, simple and efficient logistics and all-in service with a sound price/performance ratio across the entire product lifecycle. Customers generally prefer a single point of contact to the manufacturer, since this greatly simplifies processing and administration. The Wacker Neuson Group responds to this requirement by offering its broad portfolio of light and compact equipment to the customer as a one-stop shop.

Changes in the competitive landscape

The key trends in the competitive landscape observed in previous years continued in fiscal 2015:

1. Market players responding to intensified competition with consolidations, mergers, acquisitions and alliances

The most important transaction here involved US construction equipment group Terex and Finnish crane manufacturer Konecranes. The two companies announced plans to merge in August 2015. According to official sources, the merger will make Konecranes Terex the global market leader in lifting systems and material handling. The aim of the merger for both partners is to strengthen their competitive position and fend off increased competition from emerging markets. The merger is set to be completed in the first half of 2016. Back in February, Terex also announced a strategic sales agreement with Chinese construction equipment manufacturer Lonking. This agreement will focus on India and other Southeast Asian markets. Yanmar acquired a 70-percent share in Spanish generator manufacturer Himoinsa. In addition, Italian manufacturer Venieri will manufacture wheel loaders in the 4.1- to 4.4-ton category for Yanmar in future. Hitachi and Mecalac also announced an OEM agreement that will see Mecalac produce three articulated wheel loader models ranging in weight from 4.9 to 5.4 tons for Hitachi. Atlas Copco has also been active with a number of acquisitions in 2015. There has also been a lot of activity in the rental segment again. Many transactions have taken place here, in particular in the US and Europe. As in 2014, French rental chain Loxam made several acquisitions.

2. Asian suppliers pressing forward with global expansion

Competitors in Asia proved very active in 2015, especially in the US. Kobelco, a leading Japanese manufacturer of excavators and cranes, built a new facility in South Carolina (US) in 2015. The plant will produce 1,800 units of a 20-ton excavator annually from the first quarter of 2016 on. Japanese firm Kubota is currently building a much larger plant in Georgia. From 2017, the company will be manufacturing up to 50,000 RTV-series utility vehicles per year at the site. Polish construction equipment manufacturer Dressta, which is a member of the Chinese Liugong Group, founded an affiliate in the US in order to develop markets there more successfully. Korean conglomerate Doosan opened an innovation center in the Czech Republic for small excavators and wheel loaders in the 1- to 3-ton segment.

3. Establishing production capacities in emerging markets

In May 2015, Komatsu opened a new production facility for excavators in Chennai, India. The plant has capacity for 2,500 units with the option of increasing production to 3,000 units. US agricultural machinery manufacturer AGCO started production at a new plant in Changzhou, China, in September. The company has now invested over USD 300 million in its production infrastructure in China. Furthermore, CLAAS has invested EUR 120 million in expanding its production capacity in Russia.

4. Response to overall drop in demand

In response to a significant slowdown in demand across the industry during the course of the year, numerous big-name companies – including Caterpillar, John Deere, Cummins and Atlas Copco – announced extensive redundancy measures in 2015. A number of companies reduced production capacities, in some cases quite significantly. This led to plant closures and/or mergers. Many competitors revised their revenue and profit forecasts for 2015 downwards.

Some of the changes to the competitive landscape described above also had an impact on the Wacker Neuson Group, with the effect of increasing pressure on prices and, in some cases, creating new, powerful competitors.

Stronger market position despite difficult conditions

Taking the revenue developments of listed competitors as an indicator of performance, the Wacker Neuson Group was able to strengthen its market share both nationally and internationally in 2015. This was aided by the Group's strong position in the comparatively robust markets of Europe and the US. The Group benefits from its innovative strength and flexibility, excellent product and service quality, reliable spare parts business, streamlined business processes, strong financial position and independence, especially in difficult economic periods. Its established global sales network and increasing presence in markets other than construction and agriculture also offer growth potential for the coming years.

Business trends

- New record revenue in 2015
- Growth strongest in the compact equipment segment
- Regional and product mix impact earnings

General statement on business performance

Business developed positively for the Group in 2015, fueled primarily by a strong first half of the year. Revenue increased 7.1 percent to a record high of EUR 1,375.3 million (2014: EUR 1,284.3 million). Adjusted to discount currency effects, this corresponds to an increase of 2.7 percent.

Positive trends in the US and in European countries such as Germany, Austria, Switzerland, the Czech Republic, Italy, Norway, Sweden and the UK were a key factor driving this rise in revenue. The Group reported significant revenue gains from a low base level in Asia-Pacific.

Compact equipment sales rose in all regions. This positive development shows that the measures implemented by the Group to increase penetration in core markets are having an effect. As a result of the Group's strategy to increasingly distribute compact equipment via its global sales and distribution network for light equipment, revenue in the compact equipment segment rose at an above-average rate.

The challenging market conditions impacted earnings. The Wacker Neuson Group's EBITDA margin[1] for the year as a whole totaled 12.5 percent and was thus 2.8 percentage points lower than the previous year (2014: 15.3 percent). The EBIT margin[2] decreased from 10.6 to 7.5 percent.

	Forecast March 2015	Adjusted forecast: October 2015	Achieved 2015	Medium-term goal
Revenue	€ 1.40 to 1.45 bn	€ 1.35 to 1.40 bn	€ 1.38 bn	CAGR[1] +>10%
EBIT margin	9.5 to 10.5%	7.0 to 8.0%	7.5%	>9%

[1] CAGR = Compound Annual Growth Rate

Comparison between actual and projected performance
In March 2015, the Executive Board forecast that Group revenue for the year as a whole would rise to between EUR 1.40 and 1.45 billion. The EBIT margin was expected to lie between 9.5 and 10.5 percent. During the first half of the year, revenue grew 13.9 percent, whereby the second quarter developed at a stronger pace relative to the previous year than the first quarter. After the first six months of 2015, EBIT amounted to 9.3 percent of revenue. The third quarter of 2015 was characterized by an unexpectedly sharp drop in market demand, especially in the European agricultural equipment sector. Demand for construction equipment in the raw material and energy sectors also slumped in North and South America. In Europe, the extremely weak market conditions in France and Russia worsened further. In response to these developments, the Executive Board revised its revenue forecast downwards in October to between EUR 1.35 and 1.40 billion with an EBIT margin of between 7.0 and 8.0 percent. The Group successfully achieved these revised targets.

Healthy financials and assets
The Wacker Neuson Group's financials and assets remain strong, with a high equity ratio (before minority interests) of around 68.6 percent and gearing of 18.7 percent (2014: 17.7 percent).

Changes to the Supervisory Board and the Executive Board
The terms of all four shareholder representatives on the Supervisory Board ended with the close of the 2015 Annual General Meeting. The existing members of the Supervisory Board, Kurt Helletzgruber, Johann Neunteufel, Dr. Matthias Schüppen and Ralph Wacker, were re-appointed for a further term. Prior to this, the two existing employee representatives, Elvis Schwarzmair and Hans Haßlach, were also re-appointed for a further term on the Supervisory Board by resolution of the SE Works Council. Johann Neunteufel is the chairman of the Supervisory Board and Ralph Wacker was appointed deputy chairman. In February 2016, the Group announced that Jan Willem Jongert would be joining the Executive Board, effective April 1, 2016 (for further details, see the supplementary report). →page 98

Consolidation of research and production activities in the light equipment segment (Europe)
The Group is planning to relocate its research and development activities for light equipment from its current location in Munich to the Reichertshofen plant to the north of Munich. This move will intensify collaboration between the Group's technical departments and production areas and open the way for greater synergies.

New assembly site in Brazil
In 2015, the Group started building an assembly facility for mobile generators in Itatiba, São Paulo. The site will produce mobile generators for the South American market from Q2 2016 on.

Expansion of aftermarket business
The Wacker Neuson Group aims to realign the organizational structure of its aftermarket area at Group level in order to leverage potential in the spare parts, attachments and accessories business. To this end, the Group is currently building a central warehouse for spare parts, accessories and attachments in Nuremberg (Germany). The new site will go on stream in the second quarter of 2016.

[1] EBITDA margin = EBITDA/revenue.
[2] EBIT margin = EBIT/revenue.

Launch of Wacker Neuson e-commerce store
Web portals have become increasingly important in recent years, especially in the spare parts and accessories business. It is therefore crucial for companies to have an effective online presence. The Group launched its first e-commerce store in 2015 in the UK. This website provides business customers and sales partners with 24-hour access to the entire portfolio of Wacker Neuson brand products. The online store is now being gradually rolled out to Germany and other countries. Other Group brands will also be incorporated.

Expanding customer financing options
Wacker Neuson Group customers in all industries are increasingly making use of financing options from specialist providers to maintain liquidity despite large investments. Today, a high percentage of all new machine sales in the compact equipment and light equipment segments are financed by third parties. To provide customers with more information on financing options, the Wacker Neuson Group entered a global collaboration with De Lage Landen (DLL) in July 2013. DLL is a specialist provider of financing solutions for equipment manufacturers, dealers and distributors. Customers in Germany and other countries receive tailored financing solutions from DLL under the Wacker Neuson Finance, Weidemann Finance and Kramer Finance brands. The Group also works closely with other financing partners under the umbrella of the Wacker Neuson Finance brand. In 2015, the Group strengthened its collaboration with Great America Financial Services and Northpoint in the North American market. This move successfully expands the Group's dealer inventory financing offering. In 2014, the Wacker Neuson Group signed an international partnership agreement with BNP Paribas Leasing.

Changes to company organization and structure
Please refer to the Notes to the Consolidated Financial Statements for information on changes to the Group's participating interests that have had an impact on the consolidation structure.

Profit, financials and assets

The report on profit, financials and assets covers a total of 54 consolidated Group companies (2014: 49) including the holding company, Wacker Neuson SE.

Profit

- Revenue grows despite difficult market climate
- Crises in key markets
- Currency again has a major impact
- Measures to improve profitability implemented

The Wacker Neuson Group reported a rise in revenue in 2015 despite difficult market conditions. Group revenue rose by 7.1 percent to a new record high of EUR 1,375.3 million (2014: EUR 1,284.3 million). Adjusted to discount currency effects, this corresponds to a rise of 2.7 percent. Revenue thus lay within the revised forecast corridor published in October 2015 (between EUR 1.35 and 1.40 billion). → FIG. 1

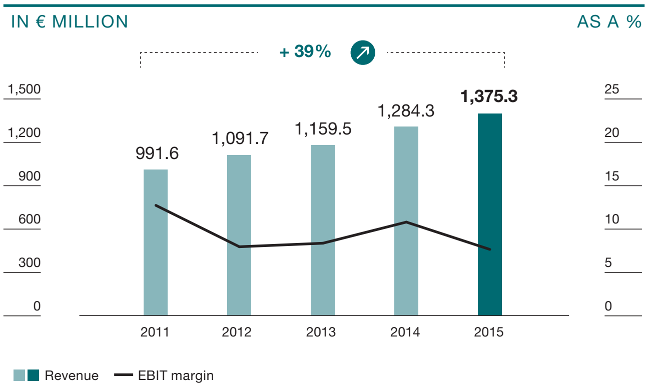
Profit developments
In contrast to positive revenue trends, EBIT for 2015 decreased by 23.9 percent to EUR 103.6 million. This corresponds to an EBIT margin of 7.5 percent (2014: EUR 136.2 million; 10.6 percent).

Manufacturing costs rose 9.7 percent to EUR 990.8 million (2014: EUR 903.0 million) due to a rise in production volumes.

Gross profit for 2015 amounted to EUR 384.5 million (2014: EUR 381.3 million). The gross profit margin decreased to 28.0 percent (2014: 29.7 percent). This reflects strong growth in the compact

FIG. 1 Record-breaking revenue

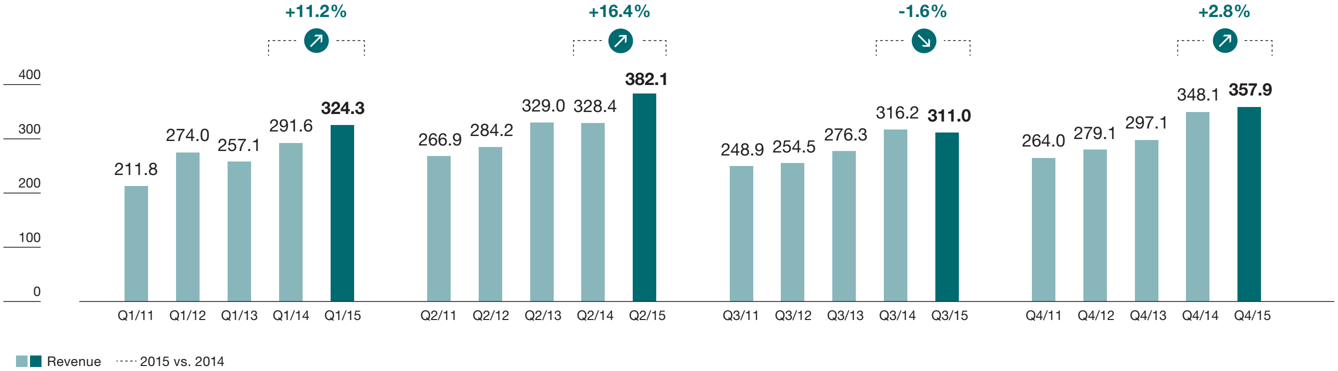
DEVELOPMENT OF REVENUE AND EBIT MARGIN 2011 TO 2015



Group revenue for 2015 rose 7.1 percent to a new record high of EUR 1,375.3 million. In just four years, the Group has thus seen revenue increase by 39 percent. This positive development across the Group confirms that the company's strategy is on the right path. The EBIT margin of 7.5 percent meets the revised profit forecast for 2015.

QUARTER-ON-QUARTER COMPARISON: REVENUE 2011 TO 2015

IN € MILLION



equipment sector (+15.1 percent), which involves comparatively higher manufacturing costs than the light equipment sector.

Total sales, general and administrative (SG&A) expenses and research and development (R&D) expenses grew by 10.8 percent to EUR 291.3 million (2014: EUR 262.9 million). The cost-to-revenue ratio increased to 21.2 percent (2014: 20.5 percent).

At EUR 186.7 million, sales expenses were 9.4 percent higher than the previous year (2014: EUR 170.6 million). This is due to the expansion of global sales activities.

In the year under review, investment in research and development recognized in the consolidated income statement rose 16.7 percent to EUR 33.6 million (2014: EUR 28.8 million). The company increased investments in new product development to secure its long-term success. The company also had to invest heavily in development to ensure compliance with new, global regulations governing product operation, in particular standards relating to environmental protection and operator safety. A total of EUR 11.0 million in development costs was capitalized by all manufacturing companies in 2015. This is slightly lower than the prior-year figure (2014: EUR 12.5 million). The research and development ratio, including capitalized expenditure, remained stable at 3.2 percent (2014: 3.2 percent), a healthy figure for maintaining the Group's leading innovative position in many different areas.

General administrative costs rose to EUR 71.0 million (2014: EUR 63.6 million). At 5.2 percent, the administrative cost ratio remained at almost the same level as the previous year (2014: 5.0 percent).

Other operating income rose to EUR 28.0 million (2014: EUR 25.5 million). This was primarily due to an increase in currency gains.

At EUR 17.6 million, other operating expenses rose at a significantly higher rate as a result of exchange rate losses (2014: EUR 7.7 million).

In contrast to revenue, earnings before interest, tax, depreciation and amortization (EBITDA) fell 12.7 percent from EUR 196.3 million to EUR 171.3 million. The EBITDA margin amounted to 12.5 percent (2014: 15.3 percent).

Write-downs in 2015 totaled EUR 67.7 million (2014: EUR 60.1 million).

Earnings before interest and tax (EBIT) decreased 23.9 percent to EUR 103.6 million. This corresponds to an EBIT margin of 7.5 percent (2014: EUR 136.2 million; 10.6 percent) and is therefore within the range that the Group forecast in October.

The financial result amounted to EUR -6.1 million (2014: EUR -6.1 million). For further information on the financial result, refer to the "Financial position" section → page 54 and under item 5 in the Notes to the Consolidated Financial Statements. → page 125

Profit before tax (EBT) decreased to EUR 97.5 million (2014: EUR 130.1 million). Tax expenditure amounted to EUR 30.9 million (2014: EUR 38.0 million). The tax rate increased to 31.6 percent (2014: 29.2 percent).

Group profit amounted to EUR 66.2 million (2014: EUR 91.5 million). This corresponds to a decrease of 27.7 percent. Net return on revenue thus contracted to 4.8 percent (2014: 7.1 percent).

QUARTER-ON-QUARTER COMPARISON OF REVENUE AND EARNINGS FOR 2014 AND 2015

	Q1	Q1 vs. Q4 prev. year	Q2	Q2 vs. Q1	Q3	Q3 vs. Q2	Q4	Q4 vs. Q3	Total year
2014 revenue in € million	291.6	-1.9%	328.4	12.6%	316.2	-3.7%	348.1	10.1%	1,284.3
2015 revenue in € million	324.3	-6.8%	382.1	17.8%	311.0	-18.6%	357.9	15.1%	1,375.3
Change compared to previous year as a %	11.2		16.4		-1.6		2.8		7.1
EBIT margin 2014 as a %	7.6		12.6		12.7		9.4		10.6
EBIT margin 2015 as a %	9.8		8.9		5.0		6.3		7.5

70.14 million ordinary shares were in circulation at all times during the fiscal year. This resulted in earnings per share (diluted and undiluted) of EUR 0.94 (2014: EUR 1.30).

Negative factors impact earnings
In fiscal 2015, profit figures were affected by a number of different factors:

- The worsening of crises in emerging markets in which Wacker Neuson primarily distributes its light equipment portfolio, in particular South America and Russia.
- Falling demand and increased price pressure in countries that are dependent on raw material prices, in particular Canada, Chile, Australia, South Africa and Russia.
- A marked drop in revenue in France – a key market for the Group that is currently in a state of economic emergency.
- A sharp drop in investments in agricultural machines, particularly in the second half of the year, caused by lower incomes and a continued downturn in the mood among landholders.
- Increased price pressure in competitive markets.

These effects resulted in a change in the regional and product mix and, as such, had a negative impact on profit levels in the individual segments. The situation was further compounded by the following factors:

- Fewer currency gains than in the previous year. Currency developments in the previous year resulted in exceptionally high currency gains. These were posted under "Other income and expenses". At EUR 10.4 million, the balance here was significantly lower than the previous year (2014: EUR 17.8 million).

Measures to improve profitability in the long term
The Group implemented the following measures in response to the change in dynamics:

- Targeted expansion of profitable business fields
- Reorganization of procurement: Centralizing global procurement activities to bundle procurement requirements on an ongoing basis and identify procurement potential
- Critical assessment and, where appropriate, postponement of investments
- Critical assessment of all new hires
- Targeted decrease in inventory since Q4
- Optimization of production processes through the consistent implementation of lean management practices
- Increase in market penetration through cross selling and diversification
- Continued international expansion
- Development of competitive products (especially for emerging markets) and new technologies (such as alternative drive technologies)

Quarterly developments
The table above shows quarterly revenue and profit for 2015 and 2014. Revenue for the first quarter of 2015 increased by 11.2 percent on the previous year. Revenue for Q2 was 16.4 percent higher than the prior-year figure. This pace of growth slowed markedly during the summer months. The third quarter was 1.6 percent lower than the prior-year figure and the fourth quarter increased just 2.8 percent relative to the previous year. The company's performance in the fourth quarter is described in more detail under "Developments in Q4 2015". → page 63

Financial position

- Investments secure long-term growth prospects
- Positive free cash flow
- Positive economic value added (EVA)

Principles and targets of financial management

At the Wacker Neuson Group, financial management encompasses the planning, management and controlling of all measures related to the sourcing (financing) and utilization (investment) of funds. The main focus is on ensuring and maintaining liquidity in the form of sufficient credit lines or liquid funds. Financial management also aims to optimize the company's risk/return ratio or profitability (return on equity and on assets) while ensuring conformity with the company's general risk policy (general, investment and financing risks). The Group draws on set balance sheet ratios and key indicators to manage its financing needs. The most important indicators here are net financial debt – resulting from current net financial liabilities and non-current financial liabilities – and the equity ratio.

The company's aim is to fund day-to-day operations with cash flow from operating activities. Surplus funds are invested in safe, highly liquid instruments where they earn the prevailing interest rates.

The Wacker Neuson Group uses standard derivative financial instruments such as foreign exchange forward contracts and interest rate swaps or caps to minimize risks.

In 2012, Wacker Neuson SE placed Schuldschein loan agreements with cooperative, savings and private banks. These loan agreements were used to convert short-term borrowings into long-term borrowings, thus optimizing capital structure.

KEY FINANCIAL INSTRUMENTS AS AT DECEMBER 31, 2015

	Amount in € million	Due	Interest rate as a %
Schuldschein loan agreement (Tranche I)	89.9	2017	3.00
Schuldschein loan agreement (Tranche II)	29.9	2019	3.66
Borrowings from banks	104.2	n/a	variable

Ensuring payment flow through liquidity management

The main objective of liquidity management is to ensure that the Wacker Neuson Group has sufficient funds to meet payment obligations as they arise. To this end, the Group maintains cash pools in which most of its companies are incorporated. The participants can draw on the positive cash pool balances provided by Wacker Neuson SE up to individually fixed, fair market limits. Interest accrues on deposits and withdrawals effected by participants in keeping with the market conditions prevailing in the respective currency and company.

Positive free cash flow

As planned, the Wacker Neuson Group financed day-to-day operations with cash flow from operating activities during the year under review. At the close of the year, cash flow amounted to EUR 131.0 million (2014: EUR 106.8 million). Cash flow from operating activities was reduced due to an increase in inventories resulting from a greater volume of business (investments in working capital).

Cash flow from investment activities, which only covers investments that have been paid, amounted to EUR -113.2 million within the framework of planned investments realized (2014: EUR -85.3 million).

STATEMENT OF FREE CASH FLOW CHANGES

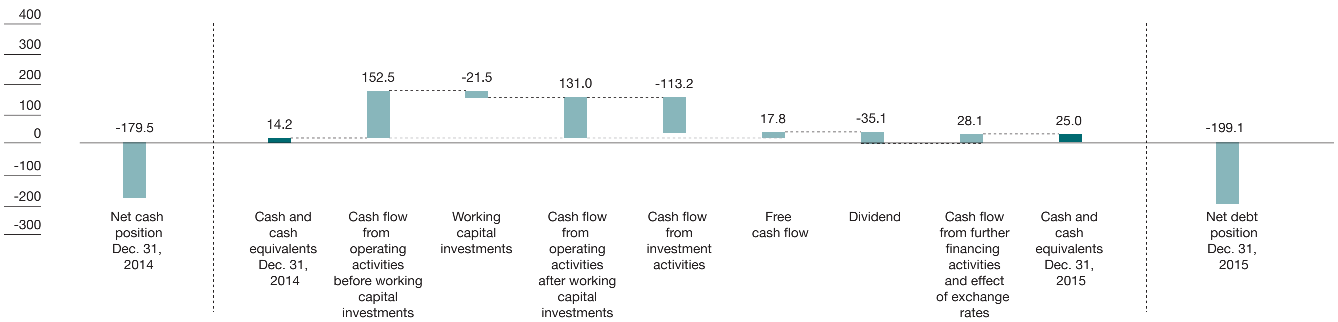
IN € K

	2015	2014	2013	2012	2011
Cash flow from operating activities	**130,999**	**106,760**	**131,066**	**13,602**	**43,581**
Purchase of property, plant and equipment	-100,659	-73,816	-71,793	-93,944	-104,494
Purchase of intangible assets	-17,736	-16,457	-14,968	-10,085	-9,511
Proceeds from the sale of property, plant and equipment, intangible assets and non-current assets held for sale	4,983	4,976	10,887	4,156	8,526
Change in consolidation structure	227	0	0	0	0
Cash flow from investment activities	**-113,185**	**-85,297**	**-75,874**	**-99,873**	**-105,479**
Free cash flow	**17,814**	**21,463**	**55,192**	**-86,271**	**-61,898**

FIG. 2 Comfortable liquidity situation despite high investments

CHANGE IN CASH AND CASH EQUIVALENTS 2015

IN € MILLION



As planned, the Wacker Neuson Group financed day-to-day operations in 2015 with strong cash flow from operating activities. After investments in working capital, cash flow from operating activities amounted to EUR 131.0 million (2014: EUR 106.8 million). Despite the rise in investments relative to the previous year, the Group reported positive free cash flow of EUR 17.8 million (2014: EUR 21.5 million). The dividend payout to shareholders amounted to EUR 35.1 million. At EUR 25.0 million, the liquidity situation remained comfortable as at December 31, 2015. Net financial debt increased to EUR 199.1 million (2014: EUR 179.5 million).

Cash flow from financing activities came to EUR -6.6 million (2014: EUR -23.0 million). The company made a dividend payout of EUR 35.1 million in 2015, which is higher than the previous year's payout (2014: EUR 28.1 million).

At the closing date, 57.3 percent of liabilities were current and 42.7 percent non-current.

Free cash flow corresponds to cash flow from operating activities plus cash flow from investment activities[1]. Free cash flow was again positive in 2015. Despite the rise in investments relative to the previous year, free cash flow amounted to EUR 17.8 million (2014: EUR 21.5 million).

Comfortable liquidity situation

The Wacker Neuson Group was able to meet liquidity needs in 2015 through a combination of existing liquid assets and credit lines extended by banks. At the closing date, only 40 percent of these bilateral credit lines had been drawn. The slight increase in net debt did not have a noticeable impact on the Group's credit line structure. For further details on the terms and interest conditions of credit lines, please refer to item 19 in the Notes to the Consolidated Financial Statements. → page 137

At the close of the fiscal year, net financial debt expressed as a ratio of EBITDA amounted to 1.2[2] (2014: 0.9).

The Group had liquid funds to the value of EUR 25.0 million (2014: EUR 14.2 million) at year-end. In the main, liquid funds are held only by companies that cannot participate in the cash pool system for legal reasons. → FIG. 2

Refinancing developments

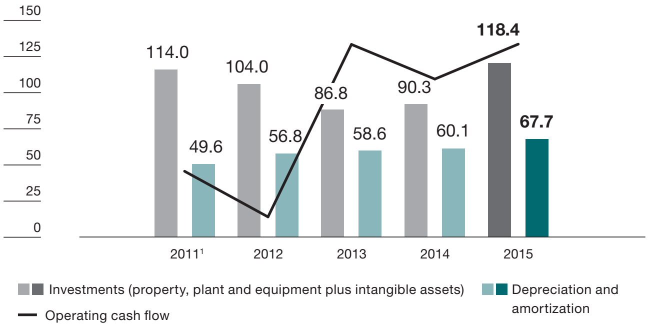
The Wacker Neuson Group benefits from its outstanding credit rating, which is also acknowledged by the banks. The Deutsche Bundesbank again confirmed that Wacker Neuson SE was eligible for credit in 2015.

[1] If available, including changes to the consolidation structure and plus amounts accruing from the issue of new shares including the costs of raising capital.
[2] Note on calculation: 199.1/171.3 = 1.16.

FIG. 3 Cash flow and investments

INVESTMENTS, WRITE-DOWNS AND CASH FLOW FROM OPERATING ACTIVITIES 2011 TO 2015

IN € MILLION



[1] 2011 depreciation: adjusted to reflect write-ups on intangible assets in the amount of EUR 10.8 million.

In 2015, the company invested a total of EUR 118.4 million (EUR 100.7 million excluding intangible assets). This exceeds the 2014 figure by EUR 26.8 million. Write-downs rose to EUR 67.7 million (2014: EUR 60.1 million). Investments thus exceeded write-downs by a factor of 1.7. Free cash flow was positive at EUR 17.8 million.

The company aims to maintain its independence, directly sourcing its own diverse refinancing lines on the market.

Substantial investments for future growth

The Wacker Neuson Group again made substantial investments in future growth during fiscal 2015. In the period under review, the Group invested EUR 118.4 million (2014: EUR 90.3 million), EUR 17.7 million of which was channeled into intangible assets (including capitalization of research and development activities, software, etc.). This exceeded the amount originally planned (around EUR 95 million). This additional spend was caused by the Group expanding its sales network more than originally planned, especially in Asia-Pacific. In Melbourne, Australia, for example, a new, larger headquarters was built in order to further drive expansion, in particular of the Group's compact equipment business. The Group also invested more heavily in its own rental fleet and pool of used equipment for resale. Further investments were channeled into the Group's facilities in Austria, Brazil, Germany and the US.

The Wacker Neuson Group invested a total of EUR 79.1 million in the expansion of its sales activities and its own rental fleet (for Central Europe). This accounted for 66.8 percent of total investments.

Renewal/maintenance activities and other investments accounted for 18.2 percent – in other words EUR 21.6 million – of the investment total.

The investment (property, plant and equipment plus intangible assets) to depreciation factor amounted to 1.7 (2014: 1.5). → FIG. 3

INVESTMENTS 2015

AS A % OF TOTAL INVESTMENT

66.8	Expansion of sales and rental Central Europe
18.2	Renewal/maintenance and other investments
15.0	Intangible assets

Differences attributable to rounding.

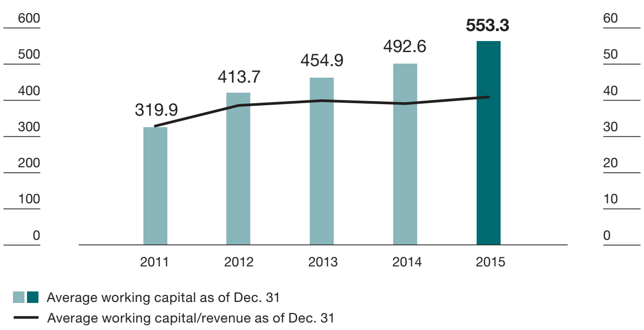
Working capital developments

The Group has made targeted investments in inventory. This is due on the one hand to the complexity of product parts and versions necessitated by emissions legislation and, on the other, by the need to enhance delivery capabilities across global markets. This led to an increase in working capital by the end of Q3 2015. At December 31, 2015, average working capital (average capital held in current assets) amounted to EUR 553.3 million. This corresponds to a

FIG. 4 Working capital developments

AVERAGE WORKING CAPITAL 2011–2015

IN € MILLION | AS A %



The Wacker Neuson Group aims to keep working capital as low as possible. However, average working capital increased along with revenue. The ratio of average working capital to revenue thus rose to 40.2 percent in 2015 (2014: 38.4 percent). This meant the ratio slightly exceeded the planned range. During Q4, the Group reduced inventory by 7.6 percent as planned, bringing it down from the high level at the close of the third quarter.

12.3-percent increase on the previous year's figure of EUR 492.6 million. The ratio of working capital to revenue came to 40.2 percent (2014: 38.4 percent). Working capital amounted to EUR 574.5 million at the closing date (2014: EUR 532.2 million). This represents an increase of 7.9 percent on the closing figure from the previous year. If the working capital reported at the closing date is compared with annual revenue calculated on the basis of Q4 2015, the working-capital-to-revenue ratio decreased slightly to 40.1[1] percent. → FIG. 4

The Group increased inventory by 11.9 percent in 2015 to EUR 474.6 million (2014: EUR 424.0 million). Trade receivables climbed 3.9 percent to EUR 180.0 million (2014: EUR 173.3 million) due to the rise in revenue. In certain cases, particularly outside of Central European markets, the Wacker Neuson Group provides customers with longer payment terms in line with standard industry practices. Trade payables increased by 22.9 percent to EUR 80.1 million (2014: EUR 65.2 million).

Return on capital employed 2015

At EUR 976.6 million, average capital employed – in other words, the book value of all assets used for operational purposes – increased by 8.9 percent on the previous year as a result of the rise in revenue (2014: EUR 897.1 million).

CALCULATION OF AVERAGE WORKING CAPITAL

IN € K

	2015	2014	2013	2012	2011
Inventory	474,560	424,036	333,812	360,121	274,492
+ Trade receivables	180,035	173,317	163,953	147,838	158,358
- Trade payables	80,132	65,187	44,702	51,143	62,362
Working capital	574,463	532,166	453,063	456,816	370,488
Average working capital = (opening inventory + closing inventory)/2	553,315	492,615	454,939	413,652	319,874
Average working capital to revenue ratio	**40.2%**	**38.4%**	**39.2%**	**37.9%**	**32.3%**

[1] Note on calculation: 574.5/(357.9*4) = 40.1 percent.

The indicators presented here are also described in more detail in the "Corporate governance and value management" section (see "The Wacker Neuson Group"). → page 43 They are calculated as follows on the basis of the figures reported in the Consolidated Financial Statements and the Notes:

CALCULATING ROCE I AND II

IN € K

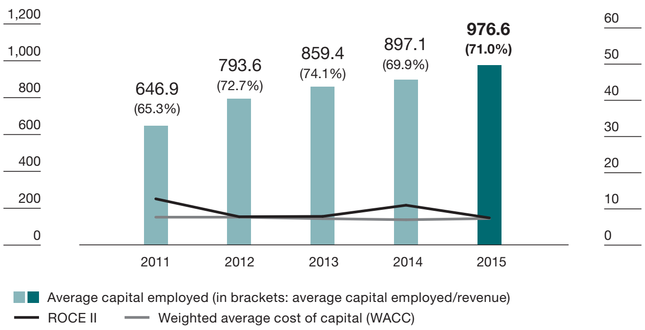
	2015	2014	2013	2012	2011
EBIT	103,647	136,201	94,748	84,899	123,750
EBIT (adjusted)[1]	103,647	136,201	94,748	85,649	112,951
Tax ratio acc. to income statement[1] as a %	31.64	29.21	30.04	29.44	28.48
NOPLAT[1, 2] = EBIT – (EBIT x tax rate)	**70,853**	**96,417**	**66,286**	**60,434**	**80,783**
Non-current assets	**850,748**	**814,067**	**792,047**	**790,208**	**742,132**
Goodwill	-238,282	-237,290	-236,259	-236,603	-237,509
Brands	-64,838	-64,838	-64,838	-64,838	-64,838
Other investments	0	0	0	0	-2,000
Loans	-14	-24	-25	-181	-310
Investment securities	-1,566	-1,557	-2,206	-3,449	-3,626
Present value (finance lease obligations) of non-current assets	0	0	0	0	0
Non-current liabilities					
Deferred taxes	-33,537	-33,187	-33,124	-33,475	-30,006
Non-current assets used in business	**512,510**	**477,171**	**455,595**	**451,662**	**403,843**
Current assets	**701,425**	**633,500**	**530,360**	**554,597**	**471,207**
Cash and cash equivalents	-25,019	-14,200	-15,533	-18,867	-16,890
Currency hedges	0	126	-4	0	-466
Interest rate swap	0	0	0	0	-6
Trade payables	-80,132	-65,187	-44,702	-51,143	-62,362
Short-term provisions	-13,132	-12,827	-12,948	-12,804	-15,151
Current tax payable	-3,210	-1,357	-310	-1,834	-1,967
Other current liabilities	-80,822	-75,712	-59,759	-55,438	-57,102
Net working capital	**499,111**	**464,343**	**397,104**	**414,511**	**317,263**
Capital employed (non-current assets used in business + net working capital)	**1,011,622**	**941,514**	**852,699**	**866,173**	**721,106**
Average capital employed	**976,568**	**897,107**	**859,436**	**793,640**	**646,947**
Average capital employed as a % of revenue	71.0	69.9	74.1	72.7	65.3
ROCE I (return on capital employed before tax) as a % (EBIT/average capital employed)	**10.61**	**15.18**	**11.02**	**10.79**	**17.46**
ROCE II (return on capital employed after tax) as a % (NOPLAT/average capital employed)	**7.26**	**10.75**	**7.71**	**7.61**	**12.49**

[1] 2011 EBIT was reported before one-off write-ups on intangible assets in the amount of EUR 10.8 million. 2012 EBIT was reported before one-off write-downs on intangible assets in the amount of EUR 0.8 million The tax ratio was adjusted in each case.
[2] NOPLAT: Net Operating Profit Less Adjusted Taxes.

FIG. 5 Return on capital employed (ROCE)

CAPITAL EMPLOYED, ROCE II AND WACC 2011–2015

IN € MILLION | AS A %



As a result of revenue growth, capital employed also increased. The ratio of capital employed to revenue amounted to 71.0 percent (2014: 69.9 percent). The EBIT generated in 2015 was compared with the capital invested: Return on capital employed after tax (ROCE II) came to 7.3 percent and was thus below the prior-year figure of 10.8 percent. This ROCE II figure was above the weighted average cost of capital (WACC), which came to 7.1 percent. Overall, the Group thus produced positive economic value added (EVA) in the amount of EUR 1.1 million (2014: EUR 32.4 million).

Return on capital employed (ROCE I) decreased from the prior-year figure of 15.2 percent to 10.6 percent. ROCE II totaled 7.3 percent (2014: 10.8 percent). → FIG. 5

Positive economic value added

The Wacker Neuson Group also includes the key indicator weighted average cost of capital (WACC) in its financial reporting.

A company is producing value for its investors if return on capital employed (ROCE) exceeds WACC. For shareholders and lenders, WACC indicates the return they might expect on the funds or capital they have provided. It also gives a company a good indication of the level of return it needs to generate on prospective investments.

BASIS FOR CALCULATING (WACC[1])

	2015	2014	2013	2012	2011
Risk-free return (r_f) as a %	1.50	2.00	2.75	2.50	2.75
Market risk premium (MRP) as a %	6.00	6.00	6.00	6.00	5.50
Leverage beta (β_L)	1.172	1.040	1.037	1.094	1.001
Average interest-bearing liabilities, € K	264,856	264,354	288,061	219,921	108,149
Interest expense (D x r_D), € K	7,313	8,096	7,971	7,731	4,525
Cost of debt (r_D) as a %	**2.76**	**3.06**	**2.77**	**3.52**	**4.18**
Group tax rate (s) as a %	31.64	29.21	30.04	29.72	28.16
Share price at closing date (k) €	14.23	16.96	11.49	10.35	9.55
Number of shares (n) in thousands	70,140	70,140	70,140	70,140	70,140
Market capitalization (E), € K	998,092	1,189,224	805,558	725,949	669,837
Cost of equity (r_E) as a %	**8.53**	**8.24**	**8.97**	**9.06**	**8.26**
Percentage of financing that is equity [E/(E+D)] as a %	79.03	81.81	73.66	76.75	86.10
Percentage of financing that is debt [D/(E+D)] as a %	20.97	18.19	26.34	23.25	13.90
Weighted average cost of capital (WACC) as a %	**7.14**	**7.14**	**7.12**	**7.53**	**7.53**

[1] WACC: (percentage of financing that is equity x cost of equity) + (percentage of financing on average that is debt x cost of debt) x (1 – tax rate).
WACC = (rf+MRP*ßL)*E/(E+D)+rD*(1-s)*D/(E+D).
WACC stands for weighted average cost of capital. It is calculated as the mean value of equity and debt costs, whereby tax benefits are to be deducted from the cost of debt.
Here, equity is taken at market value at the closing date.
In 2012, the calculation of WACC was adjusted. For the first time, the average interest-bearing liabilities were calculated precisely for each month.
The previous year's figures have been adjusted in line with this new calculation.

CALCULATION OF THE ECONOMIC VALUE ADDED (EVA)

	2015	2014	2013	2012	2011
ROCE II as a %	7.26	10.75	7.71	7.62	12.49
WACC as a %	7.14	7.14	7.12	7.53	7.53
ROCE II - WACC as a %	0.12	3.61	0.59	0.09	4.96
Average capital employed in € m	976.6	897.1	859.4	793.6	646.9
EVA in € m	**1.1**	**32.4**	**5.1**	**0.7**	**32.1**

The company produced positive economic value added in 2015. At 7.3 percent (2014: 10.8 percent), ROCE II (return on capital employed after tax) exceeded WACC, which had increased to 7.1 percent (2014: 7.1 percent).

Economic value added (EVA) is calculated by multiplying the difference between ROCE II and WACC by the mean capital invested. This figure thus represents the net amount of economic profit obtained from capital employed and shows how much value a company has gained or lost in a specific year. Following the positive EVA result of EUR 32.4 million for the previous year, economic added value amounted to EUR 1.1 million in the year under review.

Assets

- Solid balance sheet structure underpins further growth
- High equity ratio compared with industry peers
- Low gearing

The balance sheet total rose 7.2 percent during the fiscal year to EUR 1,552.2 million (2014: EUR 1,447.6 million).

Return on assets (ROA) after tax and before minority interests decreased to 4.4 percent (2014: 6.7 percent). ROA expresses the ratio between profit/loss for the period before minority interests and the average balance sheet total.

Assets rose to EUR 798.9 million (2014: EUR 761.3 million).

At December 31, 2015, goodwill amounted to EUR 238.3 million (2014: EUR 237.3 million). At EUR 123.7 million, intangible assets were above the previous year's level (2014: EUR 117.1 million).

Due to an increase in production volumes and the company's efforts to secure its delivery capabilities, the value of finished products in 2015 grew from EUR 296.6 million to EUR 356.7 million. Current assets amounted to EUR 701.4 million (2014: EUR 633.5 million).

Strong return on equity plus high equity ratio

Profit for the period increased equity before minority interests to EUR 1,064.1 million (2014: EUR 1,011.7 million). The equity ratio before minority interests amounted to 68.6 percent (2014: 69.9 percent). It thus remains at a relatively high level for the industry. The company's share capital remained unchanged at EUR 70.14 million.

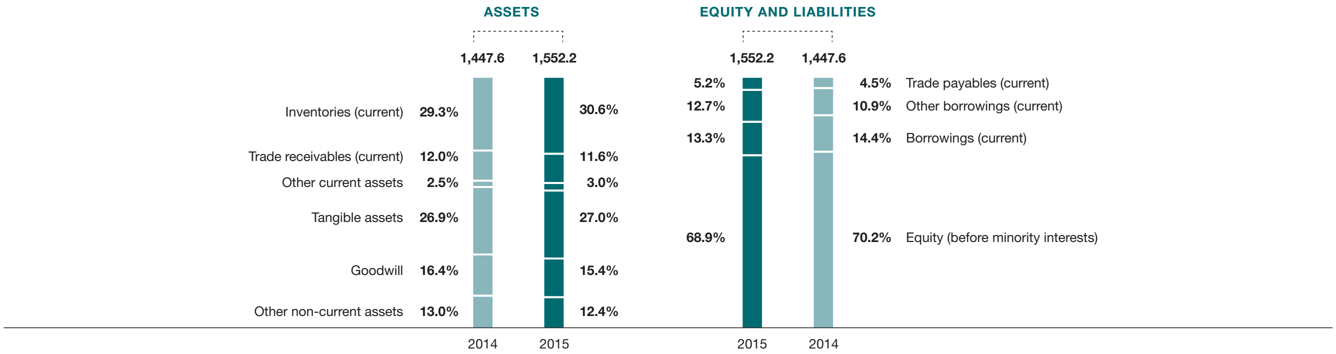
CALCULATING ROE

IN € K

	2015	2014	2013	2012	2011
Profit/loss after minority interests	66,161	91,512	61,167	54,881[1]	77,732[2]
Equity before minority interests	1,064,109	1,011,749	935,481	914,658	901,064
Average equity before minority interests	1,037,928	973,615	925,070	907,861	865,841
ROE as a % (profit/loss after minority interests/ average equity before minority interests)	**6.37**	**9.40**	**6.61**	**6.05**	**8.98**

[1] 2012 figures are reported before one-off write-downs on intangible assets in the amount of EUR 0.8 million.
[2] 2011 figures are reported before one-off write-ups on intangible assets in the amount of EUR 10.8 million including the associated deferred tax liabilities in the amount of EUR 2.7 million.

BALANCE SHEET STRUCTURE
IN € MILLION



Differences attributable to rounding.

Bolstered by profit figures after minority interests, return on equity (ROE) amounted to 6.4 percent for fiscal 2015 (2014: 9.4 percent).

Non-current liabilities decreased slightly by 1.4 percent to EUR 206.1 million (2014: EUR 209.1 million). Long-term borrowings fell slightly to EUR 124.4 million (2014: EUR 126.6 million). At EUR 48.1 million, long-term provisions were lower than the previous year's figure (2014: EUR 49.4 million). Deferred tax liabilities remained virtually unchanged at EUR 33.5 million (2014: EUR 33.2 million).

Total current liabilities rose to EUR 277.0 million (2014: EUR 222.2 million). This is mainly due to an increase in trade payables, short-term borrowings from banks and other short-term borrowings. Trade payables increased to EUR 80.1 million (2014: EUR 65.2 million). Short-term borrowings increased to EUR 99.7 million (2014: EUR 67.1 million). This figure also includes the current portion of long-term borrowings.

Net financial debt at December 31, 2015, amounted to EUR 199.1 million (2014: EUR 179.5 million). Gearing[1] increased slightly from 17.7 percent at the start of the year to 18.7 percent at the closing date. The company's financing structure thus remains very strong for the industry. Please refer to item 29 in the Notes ("Risk management/Capital management") for further information on calculating net financial debt. → page 148

Financial structure

Please refer to the "Financial liabilities" section, item 19 in the Notes to the Consolidated Financial Statements, for information on the financial structure, financial covenants and the terms of covenants.
→ page 137

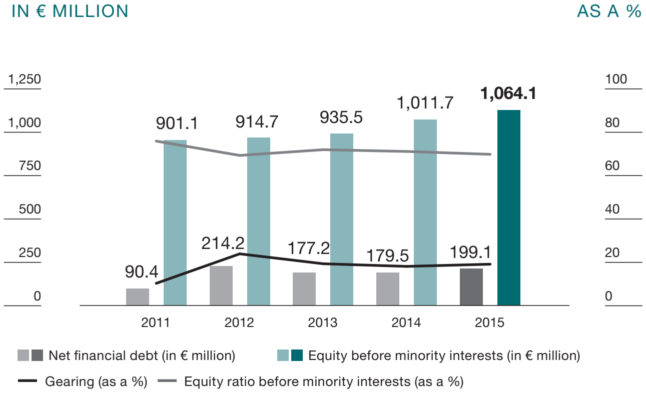
NET FINANCIAL POSITION
IN € K

	2015	2014	2013	2012	2011
Long-term borrowings	-124,415	-126,593	-130,594	-134,807	-15,261
Short-term borrowings	-99,308	-66,682	-61,698	-97,853	-91,654
Current portion of long-term borrowings	-375	-441	-428	-437	-421
Cash and cash equivalents	25,019	14,200	15,533	18,868	16,890
Total net financial position	**-199,079**	**-179,516**	**-177,187**	**-214,229**	**-90,446**

[1] Gearing = net financial debt/equity before minority interests.

FIG. 6 Healthy assets and finances

BALANCE SHEET RATIOS 2011 TO 2015



The Wacker Neuson Group is in a healthy financial position, with a high equity ratio of 68.6 percent (2014: 69.9 percent) and gearing of around 18.7 percent (2014: 17.7 percent). Net financial debt totaled EUR 199.1 million in 2015 (2014: EUR 179.5 million). The Group has only drawn on 40 percent of its credit lines and thus has sufficient financial headroom.

Off-balance-sheet assets and financial instruments

In addition to the assets shown in the consolidated balance sheet, the Group also makes customary use of assets that cannot be recognized in the balance sheet. These generally refer to leased, let or rented assets (operating leases). Please refer to the "Other financial liabilities" section, item 24 in the Notes to the Consolidated Financial Statements. → page 142

The Wacker Neuson Group utilizes off-balance-sheet financial instruments, such as the sale of receivables, to a limited extent only. In connection with the sale of receivables, customers are offered financing models, in part interest-subsidized (with a negative impact on revenue), which can also be reported as factoring in the wider context. However, these schemes are only used to contribute to financing sales and are not a major source of funding for the Wacker Neuson Group.

Judgments and estimates

During the past fiscal year, no voting rights were exercised and no balance sheet disclosures made which, if exercised or disclosed differently, would have had a material effect on the net assets, financials and profits of the company.

Information about the use of estimates, assumptions and judgments made – especially in connection with the valuation of tangible and intangible assets and goodwill – with regard to doubtful debts, pension liabilities, provisions, contingencies and information about tax expenses is presented in the Notes to the Consolidated Financial Statements.

General overview of economic situation

The Group reported record revenue in 2015. Profit was negatively impacted by a change in the regional and product mix as well as regional crises in key markets for the Group and major currency shifts. With an equity ratio before minority interests of 68.6 percent and gearing of 18.7 percent, the Group's financials and assets remain strong for the industry. At the close of 2015, the Group was again in a healthy financial position. In light of the secure liquidity situation and the fact that the Group has still not drawn on 60 percent of its credit lines, the Group will be able to meet all of its financial obligations in the current year. In line with its strategy, the Group is committed to further growth – at an international level in particular – and increasing its presence in core markets. → FIG. 6

Developments in Q4 2015

Group revenue for the fourth quarter of 2015 rose 2.8 percent to EUR 357.9 million (Q4 2014: EUR 348.1 million). Adjusted to discount currency effects, this corresponds to a decrease of 0.8 percent.

Gross profit amounted to EUR 90.6 million (Q4 2014: EUR 98.8 million). The gross profit margin decreased to 25.3 percent (Q4 2014: 28.4 percent). Earnings before interest and tax (EBIT) decreased 31.5 percent to EUR 22.4 million. This corresponds to an EBIT margin of 6.3 percent (Q4 2014: EUR 32.7 million; 9.4 percent). Group profit amounted to EUR 12.4 million (Q4 2014: EUR 22.5 million). This corresponds to a decrease of 44.9 percent. Net return on revenue thus contracted to 3.5 percent (Q4 2014: 6.5 percent).

Regional trends

In Europe, Q4 revenue increased 7.0 percent to EUR 248.6 million (Q4 2014: EUR 232.4 million); adjusted to discount currency effects, this is a rise of 6.1 percent. Profit before interest and tax (EBIT) totaled EUR 17.8 million and was thus below the same figure for the prior-year period despite the rise in revenue (Q4 2014: EUR 18.0 million). This is due to a change in the product and country mix and weaker demand in key European markets, including Russia, France and the agricultural sector.

Revenue for the fourth quarter in the Americas fell 8.8 percent relative to the previous year to EUR 94.4 million (Q4 2014: EUR 103.5 million). Adjusted to discount currency effects, this corresponds to a decrease of 16.7 percent. Profit before interest and tax (EBIT) fell to EUR -3.0 million (Q4 2014: EUR 7.3 million).

In the Asia-Pacific region, revenue increased 22.1 percent relative to the previous year from EUR 12.2 million to EUR 14.9 million. Adjusted to discount currency effects, revenue grew by 11.9 percent. Segment earnings before interest and tax (EBIT) amounted to EUR -1.9 million (2014: EUR 0.2 million).

For further information, refer to the section “Segment reporting by region”. → page 67

Segment reporting by business segment

Light equipment revenue before cash discounts decreased 14.4 percent in the fourth quarter to EUR 96.7 million (Q4 2014: EUR 113.0 million). When adjusted by currency effects, revenue fell 19.2 percent.

Compact equipment revenue before cash discounts increased to EUR 190.9 million. This is a 16.0-percent rise on the previous year’s figure of EUR 164.6 million. Adjusted by currency effects, this corresponds to an increase of 13.2 percent. Revenue generated by agricultural equipment fell 8.8 percent in Q4 2015 to EUR 52.1 million (Q4 2014: EUR 57.1 million).

Revenue before cash discounts in the services segment grew by 3.4 percent to EUR 76.9 million in the fourth quarter (Q4 2014: EUR 74.4 million). When adjusted to discount currency effects, revenue grew by 0.4 percent.

For further information, refer to the section “Segment reporting by business segment”. → page 69

DEVELOPMENT IN Q4
IN € MILLION

	Q4 2015	Q4 2014	Change
Indicator			
Revenue	357.9	348.1	2.8%
Gross profit	90.6	98.8	-8.3%
Gross profit margin (as a %)	25.3	28.4	-3.1 PP
EBIT	22.4	32.7	-31.5%
EBIT margin (as a %)	6.3	9.4	-3.1 PP
Profit for the period	12.4	22.5	-44.9%
EPS (in €)	0.18	0.32	-44.9%
Revenue according to region			
Europe	248.6	232.4	7.0%
Americas	94.4	103.5	-8.8%
Asia-Pacific	14.9	12.2	22.1%
EBIT according to region			
Europe	17.8	18.0	-1.1%
Americas	-3.0	7.3	–
Asia-Pacific	-1.9	0.2	–
Revenue according to business segment[1]			
Light equipment	96.7	113.0	-14.4%
Compact equipment	190.9	164.6	16.0%
Services	76.9	74.4	3.4%
Cash flow			
Changes in working capital	-45.5	-6.2	>100%
Cash flow from operating activities	78.2	30.2	>100%
Cash flow from investment activities	-32.0	-12.9	>100%
Investments (property, plant and equipment and intangible assets)	34.8	16.7	>100%
Free cash flow	46.2	17.3	>100%
Cash flow from financing activities	-40.2	-20.8	93.3%

[1] Consolidated revenue before cash discounts.

Free cash flow

Despite the increase in investments, the Group was able to increase free cash flow to EUR 46.2 million in the fourth quarter (Q4 2014: EUR 17.3 million). This was achieved by significantly decreasing inventory.

Profit, financials and assets of Wacker Neuson SE (condensed version according to HGB)

The Annual Financial Statements of Wacker Neuson SE have been prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Law (Aktiengesetz). For the 2015 fiscal year, the Management Report of Wacker Neuson SE has been combined with the Group Management Report.

The Annual Financial Statements describe the results of business activities conducted by Wacker Neuson SE during fiscal 2015. Here it should be noted that the company has been operating as a management and holding company since fiscal 2011.

The corporate purpose of Wacker Neuson SE is holding and managing shares in companies that are directly or indirectly involved in the development, manufacture and sale of machines, equipment, tools and processes – particularly for the construction and agricultural industries – as well as the provision of all associated services.

The central Group functions based in Munich remain at Wacker Neuson SE together with Group-wide and/or non-transferrable contractual relationships and other legal relationships, receivables and liabilities. The holding is responsible for strategic functions of Group management. The Group Executive Board plus the following central Group-wide departments are with the holding company: Group controlling, Group accounting, Group treasury, legal (including patent management), internal auditing, compliance, real estate, strategy, mergers and acquisitions, investor relations, sustainability, corporate communication, corporate IT, corporate marketing, corporate aftermarket and corporate human resources. The company employed 52 people on average in fiscal 2015.

In its capacity as a management and functional holding, the company also delivers administrative, financial, commercial and technical services for the holding entities in return for a fee under the terms and conditions customary in the market. Some of these service contracts are reciprocal agreements.

The income statement is prepared in the “cost-of-sales” format.

INCOME STATEMENT FOR WACKER NEUSON SE (CONDENSED VERSION)

IN € K

	2015	2014
Revenue	0	0
Cost of sales	0	0
Gross profit	**0**	**0**
Sales expenses	0	0
General and administrative expenses	-29,445	-27,958
Other income	39,968	36,091
Other expenses	-10,349	-2,764
Dividends	69,174	25,374
Income from profit transfer agreement	23,901	26,651
EBIT	**93,249**	**57,394**
Interest and similar income	10,497	6,541
Write-downs on financial assets	-4,950	-5,510
Interest and similar expenses	-8,455	-6,293
Expenses from losses absorbed	0	0
Profit before tax (EBT)	**90,341**	**52,132**
Taxes on income and earnings	-9,962	-11,816
Other taxes	-291	-118
Net profit/loss	**80,088**	**40,198**
Profit/loss carried forward	24,468	19,340
Withdrawal from/allocation to other revenue reserves	0	0
Retained earnings	**104,556**	**59,538**

General and administrative expenses amounted to EUR 29.4 million in fiscal 2015 (2014: EUR 28.0 million). Other income came to EUR 40.0 million. This includes remuneration for services rendered within the Group. In 2014, other income was posted at EUR 36.1 million.

The dividend payment made by Wacker Neuson SE to its shareholders is dependent on the performance of its holding entities and the profit that they yield. In 2015, Wacker Neuson SE received EUR 69.2 million in dividends (2014: EUR 25.4 million). This increase is due to higher dividend amounts being paid in 2015 and the fact that several companies also paid dividends for the first time in 2015.

On April 4, 2012, Wacker Neuson SE concluded a profit transfer agreement with Weidemann GmbH, based in Diemelsee-Flechtdorf, Germany.

Income from shareholdings in companies (dividends plus income from the profit transfer agreement) thus amounted to EUR 93.1 million (2014: EUR 52.0 million).

Wacker Neuson SE realized profit before interest and tax (EBIT) of EUR 93.2 million (2014: EUR 57.4 million).

Profit before tax (EBT) came to EUR 90.3 million (2014: EUR 52.1 million). After tax, this resulted in profit for the period of EUR 80.1 million (2014: EUR 40.2 million).

Assets and financials

Group software licenses, primarily for the ERP (Enterprise Resource Planning) system as well as for the operating systems and office applications deployed across the Group are capitalized at Wacker Neuson SE. The holding company provides Group members with these licenses in return for a fee. At December 31, 2015, Wacker Neuson SE reported intangible assets of EUR 10.1 million for licenses and similar rights (2014: EUR 6.7 million).

The property held by Wacker Neuson SE refers to the site of the Group headquarters in Milbertshofen, Munich (Germany). Wacker Neuson SE reported property, plant and equipment in the amount of EUR 33.8 million at December 31, 2015 (2014: EUR 35.6 million).

The financial assets reported by Wacker Neuson SE refer to its holdings in all Group members within and beyond Germany and to loans to associated companies. At December 31, 2015, financial assets amounted to EUR 736.3 million (2014: EUR 724.4 million). The slight increase resulted from capital increases of EUR 15.4 million (2014: EUR 7.7 million), a reduction in capital of EUR 0.1 million (2014: EUR 12.1 million), the sale of shares in the amount of EUR 0.4 million and an impairment loss in line with Section 253 (3) sent. 3 HGB in the amount of EUR 4.9 million (2014: EUR 5.5 million). The EUR 2.0 million increase in loans to associated companies (2014: EUR 0 million) stems from medium-term loans.

Total assets attributable to Wacker Neuson SE amounted to EUR 780.2 million at the closing date (2014: EUR 766.7 million).

Wacker Neuson SE does not hold any inventory.

Trade receivables due from customers and sales partners within Germany and beyond also accrue almost entirely to the operational companies. Receivables from affiliated companies rose to EUR 323.7 million (2014: EUR 255.5 million). Wacker Neuson SE receivables are mainly related to its shareholdings in Group members, in particular resulting from cash pool borrowings.

Wacker Neuson SE reported liquid funds of EUR 71.6 million at December 31, 2015 (2014: EUR 6.2 million).

Total current assets amounted to EUR 396.7 million at the closing date (2014: EUR 262.9 million). The balance sheet total came to EUR 1,177.8 million (2014: EUR 1,030.0 million).

BALANCE SHEET OF WACKER NEUSON SE (CONDENSED VERSION)

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Intangible assets	10,145	6,697
of which: licenses for industrial property rights and similar	10,145	6,643
of which: payments on account	0	54
Property, plant and equipment	33,805	35,627
of which: land, land titles and buildings on third-party land	32,525	33,785
of which: machinery and equipment	0	0
of which: office and other equipment	1,244	1,574
of which: payments on account/assets under construction	35	268
Financial assets	736,260	724,394
of which: shareholdings in affiliated companies	733,558	723,642
of which: loans to affiliated companies	2,702	750
of which: other loans	0	2
Assets	**780,209**	**766,718**
Trade receivables	0	4
Receivables from affiliated companies	323,716	255,483
Other assets	1,367	1,182
Liquid funds	71,577	6,184
Current assets	**396,660**	**262,853**
Deferred items	**907**	**416**
Balance sheet total (assets)	**1,177,776**	**1,029,987**
Equity	**841,474**	**796,455**
of which: subscribed capital	70,140	70,140
of which: capital reserves	583,999	583,999
of which: revenue reserves	82,778	82,778
of which: retained earnings	104,557	59,538
Special tax-free reserves	**35**	**44**
Other provisions	**19,580**	**18,082**
Liabilities	**316,673**	**215,395**
Borrowings from banks	132,856	63,477
Trade payables	1,017	570
Payables to affiliated companies	57,297	28,161
Other liabilities	125,503	123,187
Deferred items	**14**	**11**
Balance sheet total (liabilities)	**1,177,776**	**1,029,987**

DIVIDEND TRENDS (THE FIGURES SHOWN RELATE TO THE FISCAL YEAR IN WHICH THE DIVIDEND WAS REALIZED)

	2015[1]	2014	2013	2012	2011
Total payout (€ m)	35.07	35.07	28.06	21.04	35.07
Payout ratio (as a %)	53.0	38.3	45.9	38.9	40.9
Eligible shares (in m)	70.14	70.14	70.14	70.14	70.14
Dividend per share (in €)	0.50	0.50	0.40	0.30	0.50

[1] Dividend proposal for the AGM on May 31, 2016.

At December 31, 2015, the company's equity amounted to EUR 841.5 million (2014: EUR 796.5 million). Wacker Neuson SE's share capital remained stable at EUR 70.14 million. It is divided into 70,140,000 individual no-par-value nominal shares.

Other provisions amounted to EUR 19.6 million (2014: EUR 18.1 million).

Wacker Neuson SE has significant external financial liabilities as a result of the cash pool and other financing agreements with Group companies. These liabilities are managed by the holding's corporate treasury department, which is the central instance responsible for securing and managing liquidity across the Group. Borrowings from banks increased to EUR 132.9 million (2014: EUR 63.5 million). This increase stems primarily from short-term credit that the Wacker Neuson SE took out in foreign currencies and extended to affiliate companies. External loans taken out by Wacker Neuson SE are extended to affiliates at prevailing market conditions.

Payables to associated companies include fixed-term, intercompany loans and current liabilities from the cash pool. At the closing date, payables to affiliated companies amounted to EUR 57.3 million (2014: EUR 28.2 million).

Other liabilities amounted to EUR 125.5 million (2014: EUR 123.2 million) and include the Schuldschein loan that the company raised in 2012.

In summary, company management feels that Wacker Neuson SE's financial position remains strong.

Dividend proposal

The Executive Board and Supervisory Board of Wacker Neuson SE will propose a dividend of EUR 0.50 per eligible share (2015: EUR 0.50) at the AGM on May 31, 2016 (based on a total of 70.14 million eligible shares). In total, therefore, the company will be paying out EUR 35.1 million (2014: EUR 35.1 million). The distribution ratio pans out at around 53.0 percent (2014: 38.3 percent) based on Group profit for the year in the amount of EUR 66.2 million (2014: 91.5 million).

The auditing company Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, Germany, has audited the Annual Financial Statements of Wacker Neuson SE in full and approved them without qualification. The audited report will be published in the electronic Federal Gazette. It can also be downloaded from →www.wackerneusongroup.com under Investor Relations/Financial reports.

Forecast of Wacker Neuson SE

Wacker Neuson SE believes that it will continue to receive sufficient income from its participating interests in the future for it to make appropriate dividend payments to its shareholders.

Statement from the Executive Board pursuant to Section 312 AktG

The following declaration concludes the Executive Board report regarding relations with related entities:

"Our company received appropriate compensation in respect of all transactions entered into with associated companies. These transactions did not put the company at a disadvantage. No measures were taken during the year under review that would have required reporting. This assessment is based on the circumstances known to us at the time of transactions subject to reporting."

The Executive Board

Segment reporting by region

- Europe continues to build on strong growth
- Growth in the US compensates for tangible drop in demand in Canada and South America
- Asia-Pacific revenue grows strongest in percentage terms

With its broad product and service portfolio, the Wacker Neuson Group not only supplies construction companies, but also dealers, rental organizations and importers across the globe.

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

The Wacker Neuson Group is happy to report that it again increased revenue across all core markets 2015. The results for the business segments show that the Group's strategy of increasingly distributing compact equipment via its expanding global sales network is taking effect.

Europe

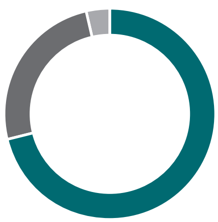
Revenue growth in core market Europe
The Europe region accounts for the lion's share of Group revenue at 71.2 percent (2014: 71.8 percent). Group revenue for the period increased by 6.2 percent to EUR 979.3 million (2014: EUR 921.7 million). When adjusted to discount currency effects, revenue grew by 5.5 percent. Once again, Germany achieved the strongest sales in the Europe region last fiscal year. Business on the German market in 2015 benefited from ongoing construction and infrastructure maintenance projects on the one hand and from the revival in residential construction on the other. New product launches and an enhanced service offering also strengthened the Group's position in the German market.

In the rest of Europe, revenue development varied from region to region. The Group increased its revenue in nearly all major markets, especially in the UK. Southern European countries like Spain and Italy also saw a return to growth, as did Turkey. Scandinavian countries developed positively, in particular Sweden and Norway. In contrast, Denmark, France and Russia reported a drop in revenue.

The fact that the Wacker Neuson Group was able to further increase its revenue in Europe in some highly competitive markets clearly shows that its product portfolio is targeted at growth segments and that its European sales strategies – including diversification into other industries outside of the highly cyclical construction sector – have yielded positive results. Revenue growth in Europe was also fueled by rising demand across various other industries, including the gardening, landscaping and industrial sectors.

Profit before interest, tax, depreciation and amortization (EBITDA) decreased to EUR 177.4 million (2014: EUR 183.9 million). Profit before interest and tax (EBIT) fell to EUR 112.7 million (2014: EUR 124.2 million). In Europe, decreased demand for agricultural equipment together with the crisis in the French market, the situation in Russia (economic sanctions, fall in value of the ruble) and the weakened currency in South Africa all contributed negatively to earnings in this region.

SALES BY REGION
AS A % (2014)



71.2	Europe (71.8)
25.3	Americas (25.2)
3.5	Asia-Pacific (3.0)

Americas

Mixed picture across the region
In 2015, revenue in the Americas region rose 7.7 percent relative to the previous year to EUR 348.5 million (2014: EUR 323.7 million).

The average euro/dollar exchange rate in 2015 was EUR 1 to USD 1.11 (2014: EUR 1 to USD 1.32). Adjusted to discount currency effects, revenue in the region decreased by 5.3 percent.

[1] Including South Africa, Turkey and Russia. The Wacker Neuson Group includes these countries in its Europe segment even though – geographically speaking – they are located outside of the region.

At 25.3 percent, the region's share of total revenue was slightly higher than the previous year's level (2014: 25.2 percent).

As in previous years, the US accounted for the lion's share of Group revenue in this region. The dollar's relatively strong position had a negative impact on exports of products manufactured in the Group's US plants. Exports to Canada, South America and Europe suffered particularly as a result. Current uncertainties in South America had an impact on demand in these markets. However, the Group continues to view these countries as promising growth markets.

As anticipated, rental firms in the US invested in new equipment and machines (depending on the age of their existing fleets). Wacker Neuson dealers also reported increased product sales.

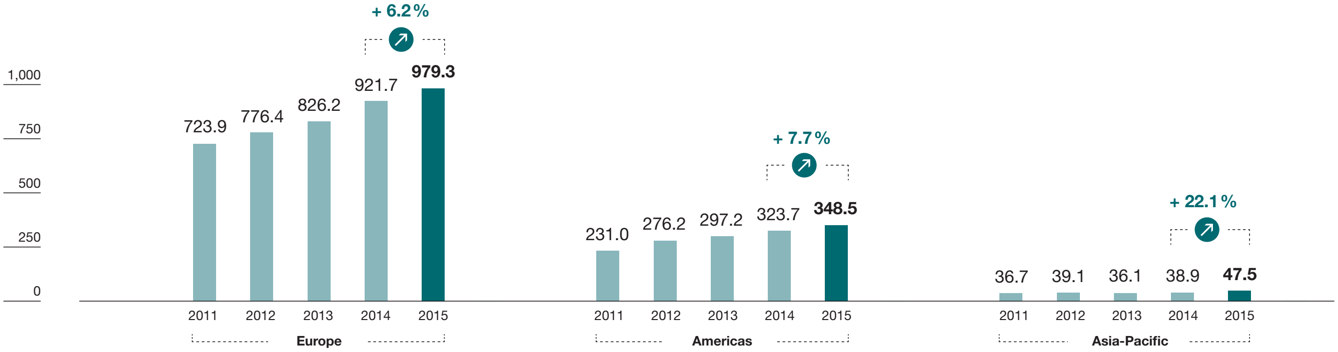
EBITDA fell to EUR 14.0 million (2014: EUR 31.5 million). EBIT fell from EUR 24.1 million in the previous year to EUR 4.4 million. In the Americas, revenue in the light equipment segment in particular developed below expectations. This was due to the crises in South America as well as falling demand in the oil and gas industries in North America. Both of these factors had a negative impact on profit.

The Group is gradually expanding its dealer network in North and South America to ensure it has the reach to distribute both its light and compact equipment offerings over as wide an area as possible here. The relocation of skid steer loader production from the Austrian town of Hörsching (near Linz) to Milwaukee (Wisconsin) was an important step that will help drive future growth in the region. North America is the largest market for skid steer loaders globally.

The Group's strategy to distribute compact equipment in North and South America has had a positive impact on revenue in the region for some years now. Demand for the Wacker Neuson compact offering was particularly high in the US.

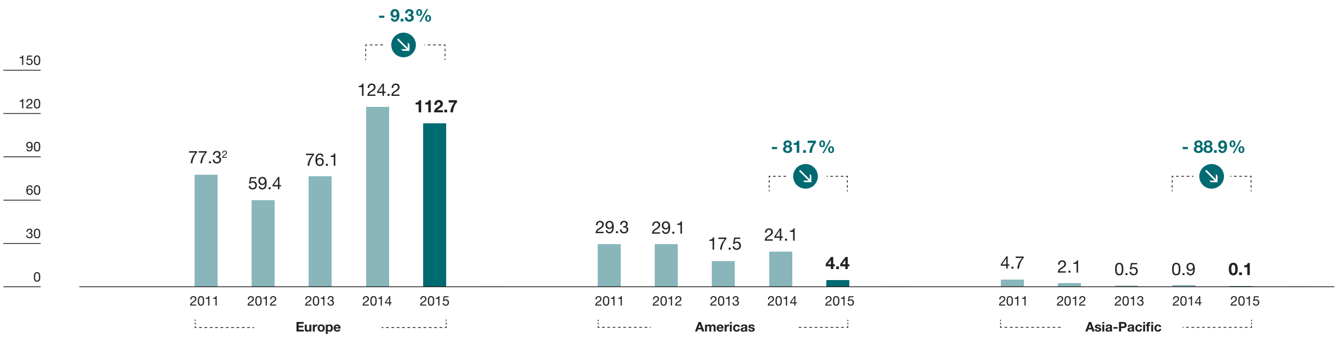
SALES BY REGION 2011 TO 2015

IN € MILLION



EBIT BY REGION 2011 TO 2015[1]

IN € MILLION



[1] Segment reporting was adjusted in 2015 due to further developments in internal reporting. Intrasegment business transactions were previously reported under EBIT for the individual segments. Now they are listed in the Consolidation column. Figures for 2013 and 2014 have been adjusted according; figures for 2011 and 2012 remain unchanged.

[2] Adjustment for reversal of brand impairment in the amount of EUR 10.8 million.

Asia-Pacific

Double-digit growth in revenue
In the Asia-Pacific region, revenue increased 22.1 percent from EUR 38.9 million in the previous year to EUR 47.5 million; adjusted to discount currency effects, this represents a rise of 12.0 percent. The region's share of total revenue was 3.5 percent (2014: 3.0 percent).

While revenue in Asian countries developed positively with double-digit growth, demand was subdued in Australia and New Zealand. This was due in particular to a stressed mining sector, which meant that customers and rental chains adopted a cautious approach to investment in machinery. Group revenue was also affected by the overall strained economic situation in the region.

EBITDA fell to EUR 1.0 million (2014: EUR 1.7 million). EBIT amounted to EUR 0.1 million (2014: EUR 0.9 million). In this region, the crisis in the Australian raw materials sector – which has been ongoing for many years now – had a negative impact on results. The situation was further exacerbated by one-off effects relating to the reorganization of production sites in the Philippines.

Growing strategic importance of emerging markets
Emerging economies such as China and India are still at the early stages of infrastructural and industrial development. In recent years, these countries primarily required heavy equipment for example, to build road and rail networks as well as tunnels, power plants and pipelines. These product categories are currently suffering from falling investments in Asia, in particular in China. In contrast, demand for repair and maintenance work on infrastructures is growing, especially in megacities. This trend is bolstering sales of Group products.

China and Southeast Asia are key future markets for the Group – notwithstanding short-term uncertainties surrounding economic growth and currency developments. In order to expand its product portfolio and secure a stronger competitive position, the Group started to introduce light equipment products tailored to local market dynamics in 2012. The bulk of these products are made in the region, for the region. The Group has also launched compact equipment in Asia, primarily in China.

In 2015, the Wacker Neuson Group's revenue from emerging markets[1] was around 4 percent higher than the previous year. The region's share of total revenue in 2015 thus fell slightly to 11.6 percent (2014: 12.0 percent).

[1] The term "emerging markets" refers to 35 countries according to the Dow Jones definition: Argentina, Bahrain, Brazil, Bulgaria, Chile, China, Colombia, Czech Republic, Egypt, Estonia, Hungary, India, Indonesia, Jordan, Kuwait, Latvia, Lithuania, Malaysia, Mauritius, Mexico, Morocco, Oman, Pakistan, Peru, Philippines, Poland, Qatar, Romania, Russia, Slovakia, South Africa, Sri Lanka, Thailand, Turkey, United Arab Emirates.

Segment reporting by business segment

- Difficult market conditions for light equipment
- Growth strongest in the compact equipment segment
- Services segment is important complement to the new equipment business

REVENUE BY BUSINESS SEGMENTS
IN € MILLION

	Dec. 31, 2015	Dec. 31, 2014	Change as a %
Light equipment	417.1	422.3	-1.2
Compact equipment	697.5	606.0	15.1
Services	283.9	273.0	4.0
Less cash discounts	-23.2	-16.9	37.2
= Total revenue	**1,375.3**	**1,284.3**	**7.1**

REVENUE BY BUSINESS SEGMENT[1]
AS A % (2014)

29.8	Light equipment (32.4)
49.9	Compact equipment (46.6)
20.3	Services (21.0)

[1] Consolidated revenue before discounts; differences attributable to rounding.

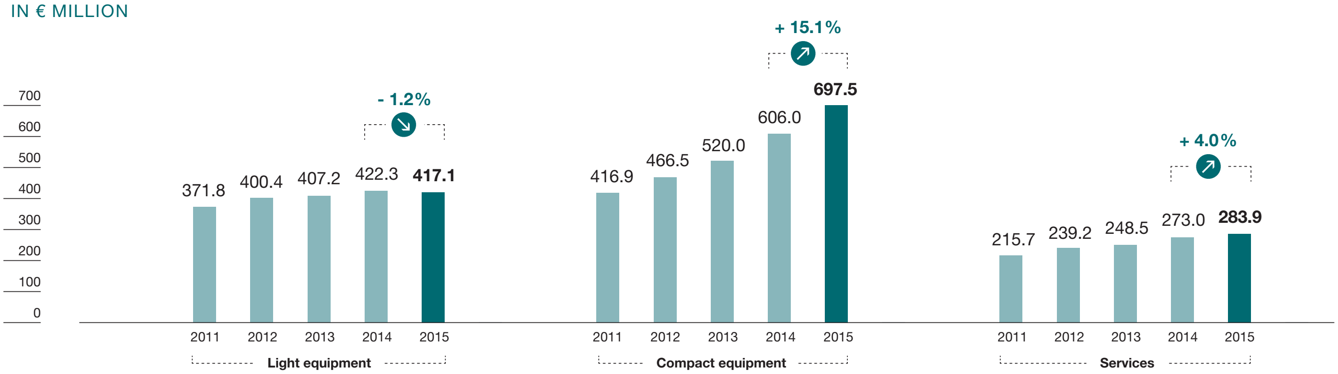
Light equipment

Light equipment revenue impacted by drop in oil prices and crisis in emerging markets
The light equipment business segment covers the Wacker Neuson Group's activities within the strategic business fields of concrete technology, compaction and worksite technology. Production is synchronized with demand and delivery times are short. Orders are usually delivered within a few days. The Group therefore does not report any detailed information on the order situation.

Wacker Neuson Group' products complement each other perfectly and so customers often deploy several items of equipment simulta-

DEVELOPMENT BY BUSINESS SEGMENT 2011 TO 2015

IN € MILLION



neously. The Group is committed to making high-quality equipment that excels under what are usually harsh conditions. This commitment has enabled the Group to secure its leading market position, particularly in Europe and the US.

In the first half of 2015, demand was significantly higher than the prior-year period. However, demand in the second half of the year was impacted by the abrupt downturn in the oil and gas sector, which especially affected sales in North America. The segment also suffered from crises in emerging markets. Light equipment revenue before cash discounts for the year as a whole thus decreased 1.2 percent to EUR 417.1 million (2014: EUR 422.3 million). Currency effects played a bigger role here than with compact equipment as the light equipment segment has always had a more international customer base. Adjusted to discount currency effects, revenue fell by 9.0 percent. The segment's share of total revenue amounted to 29.8 percent (2014: 32.4 percent).

The Group launched numerous product innovations and new models in the light equipment segment. These are described in more detail in the "Research and development" section. → page 72

Product strategy for emerging markets

The Group is establishing a range of light equipment products tailored to the Asian market (M series). These products are robust and built to the high quality standards of the Wacker Neuson Group.

Compact equipment

Strong revenue growth in the compact equipment segment

The compact equipment business segment covers compact machinery targeted at the construction and agricultural industries, gardening, landscaping and industrial firms as well as recycling companies and municipal bodies. The portfolio includes excavators, wheel loaders, skid steer loaders and telescopic handlers as well as wheel and track dumpers weighing up to 15 tons. The Group also offers attachments and accessories for products in this segment. It is targeting its compact equipment portfolio at more and more markets outside of Europe.

The trend toward compact, versatile machines in industries outside of the construction sector is gathering momentum. At the same time, Group measures to increase market penetration and distribute its offering via its existing sales network fueled revenue growth in almost all countries where the Group distributes compact equipment. The Group produces the machinery in Austria and Germany. Skid steer loaders are produced in the US.

Compact equipment revenue before cash discounts increased to EUR 697.5 million. This is a 15.1-percent rise on the previous year's figure of EUR 606.0 million. Adjusted to discount currency effects, revenue grew by 13.3 percent. This segment's share of total revenue thus increased to 49.9 percent (2014: 46.6 percent).

Monthly order intake is a reliable indicator of demand for the Group's compact equipment offering. It enables the Group to plan production and capacity utilization for its production sites in the coming months. Group customers continue to place orders at short notice, however. As such, forecasts are restricted to a period of around three to four months. It is therefore crucial that these short-term orders are delivered as quickly as possible.

At December 31, 2015, accumulated order intake for compact equipment was around 3 percent higher than in the previous year (including orders for internal deliveries). The order backlog at the close of the year remained more or less at the same level as the previous year.

The Wacker Neuson Group develops technical innovations to continually expand and improve its product portfolio. These are described in more detail in the "Research and development" section. → page 72

Slight drop in revenue in the agricultural sector
Revenue generated by agricultural equipment narrowed by 1.7 percent in 2015 to EUR 192.7 million (2014: EUR 196.1 million). This slight decrease is primarily due to a weak second half of the year. The fact that this decrease is much smaller than figures reported by other companies is down to the proactive go-to-market strategies deployed by the Weidemann and Kramer brands. In 2015, agricultural compact equipment accounted for 13.8 percent of total Group revenue (2014: 15.1 percent).

At the closing date, the order backlog for agricultural compact equipment was lower than in the previous year. The prospects for agriculture are not bright at present after years of major investment in machine pools. However, global competition in the agricultural market continues to rise and this means that landholders will at least have to make medium-term investments in order to raise the efficiency of their operations.

The Group continued to successfully use financing programs for compact equipment, which were provided for customers by third parties. For further details, refer to → page 51.

Services

Segment growth in synch with new equipment sales
The Wacker Neuson Group places great importance on customer proximity as well as intensive, individual support. The Group therefore complements new equipment sales with an extensive range of services. The services segment covers the business fields of repair and spare parts, used equipment, financing, telematics and rental in Central Europe. Its growth is flanking the rise in new machine sales. The Wacker Neuson Group is also strengthening its international spare parts business as part of its strategy to expand into new markets.

In 2015, the Wacker Neuson Group increased its revenue before cash discounts in the services segment by 4.0 percent to EUR 283.9 million (2013: EUR 273.0 million). Adjusted to discount currency effects, this corresponds to a rise of 0.3 percent. This segment's share of total revenue thus fell slightly to 20.3 percent (2014: 21.1 percent).

Services resonate strongly among customers
The Group's customer-centric strategy in the traditional repair and spare parts business again yielded results in 2015. In countries with direct sales channels, the Wacker Neuson Group implemented measures aimed at reducing lead times for repairs, improved equipment pickup and delivery service from and to construction sites, and intensified training for service staff.

To round off its service offering, the Group has introduced the Wacker Neuson Used concept, which allows customers to trade in their used equipment. Wacker Neuson reconditions these used machines and professionally markets them in the used equipment market. The online sales platform →www.used.wackerneuson.com is very popular among customers.

The Wacker Neuson rental fleet offering in Central Europe gives customers additional flexibility. When the order situation is healthy, the machines can be made available on the spot. Again in 2015, Wacker Neuson sales and service stations responded with great flexibility to customer requirements, making rental equipment available at short notice wherever it was needed.

RESEARCH AND DEVELOPMENT[1]

	2015	2014	2013	2012	2011
R&D costs (€ m)	33.6	28.8	25.7	26.8	21.9
R&D share (as a %)	2.4	2.2	2.2	2.5	2.2
Capitalized expenses (€ m)	11.0	12.5	10.0	7.4	9.1
R&D costs (incl. capitalized expenses) in € m	44.6	41.3	35.7	34.2	31.0
R&D share (incl. capitalized expenses) (as a %)	3.2	3.2	3.1	3.1	3.1
Share of employees working in R&D (as a %)	rd. 8	rd. 8	rd. 8	rd. 8	rd. 8

[1] Previous years adapted to current booking basis.

Other factors that impacted on results

Research and development

- Research and development activities secure leading position
- Focus on user safety
- Implementation of measures to make products and services more environmentally friendly

Group research and development (R&D) is geared towards the needs of the market and customers, taking national and international regulations into account.

Coordination through cross-factory innovation team

The Group's R&D departments are responsible for the development of new products and the ongoing evolution of existing models. The Group develops products at the following locations: light equipment products are developed in Munich (Germany), Menomonee Falls (USA), Norton Shores (USA) and Manila (Philippines); compact equipment is developed at our sites in Pfullendorf, Flechtdorf/Korbach (Germany) and Hörsching (Austria). With the relocation of skid steer loader production to Menomonee Falls (USA) in 2014, the development team for this product group is now located in Menomonee Falls. In the future, the Group plans to concentrate more of its product development and manufacturing activities within the main sales markets for these products. This will help the Group tailor its development, delivery and service performance to the specific requirements of its global customers.

Expert committees at various locations are drawing up and implementing uniform processes and Group standards together with the Corporate Technology, Standardization & Design central coordination team, which is also responsible for the technology roadmap and global product design.

Focus on product safety

Based on a number of its products, the Group is positioned as a global technology leader. In 2015, development was aimed in particular at extending the Group's pioneering position in product safety, operator safety and environmental protection. Light equipment should be easy to operate and present no risk or hazard to the operator. For example, it should have a reduced level of hand-arm vibrations and its combustion engine should produce lower emissions.

Measures to make products and services more environmentally friendly

Looking beyond functional design, development work also focuses heavily on user ergonomics. Group engineers are working on new drive concepts like electric and battery-powered drives, and on ways to improve energy efficiency and standardize the components of different models and product groups. They are also working on new platforms for reducing components and costs.

The industry – therefore also the Wacker Neuson Group – is currently focusing a significant portion of development resources on compliance with stricter legislation, especially in the area of emissions. That is why, in addition to developing new products, the Group will continue to focus R&D efforts on complying with – and exceeding – stricter environmental regulations governing combustion engine emissions. Components such as engines, cooling systems and exhaust gas treatment systems have yet to be modified. For further information on new exhaust emissions regulations, please refer to the "General legal framework" section. → page 47

The Group regards eco-efficiency as a key means of producing products that are even more environmentally sound and safe. The company is also making progress in developing eco-efficient services. Telematics, for example, enables users and machines to communicate automatically. It automatically records operating hours and consumption data, ensuring maintenance is carried out in good time. All of which enables the machines to be used in as efficient and environmentally friendly a way as possible.

Product development in tune with regional customer demand
The requirements placed on products, whether in terms of equipment, drive or emissions (noise, exhaust gas, etc.), vary hugely from region to region. In regulated markets like Central Europe and North America, emissions thresholds are set down in legislation. The Wacker Neuson Group therefore pays close attention to local customer needs when developing its products. The development departments around the world are working on concepts that will enable the Group to provide discerning customers with the premium products they expect, and more price-sensitive customers with products suited to their needs.

Staff profile
The Group employs around 4,600 people (excluding temporary staff) worldwide. Around 8 percent of employees work in research and development. The R&D payroll mainly consists of mechanical and electrical engineers, technical engineers and other skilled workers. The Group provides suitable ongoing training for these employees to help them master their demanding jobs.

New products and innovations in 2015
2015 was a strong year for new product innovations in the Group. Various basic models were developed for the global market. These can be equipped with numerous options and variants to meet country-specific requirements.

New products added to zero-emissions range
Towards the end of 2014, the Group launched the world's first battery-powered rammers equipped with electric motors for emissions-free operation. Demand for these products proved relatively strong in 2015. In fact, the entire zero-emissions range from Wacker Neuson is being very well received by the market. Further sales increases were recorded for the dual power mini excavator, the WL20e electric wheel loader, the DT10e electric track dumper and battery-powered rammers. All of these products were also rolled out to new markets. Although, the zero-emissions range is still in its early days, the Wacker Neuson Group strongly believes that these environmentally friendly machines will become the preferred choice over combustion engine products in many applications in the long term.

New innovative products improve user safety and comfort
The highlights among the new products launched in 2015 include the new 6- to 10-ton excavators, which went into series production in September last year. The four new track and mobile excavators deliver higher performance while consuming less fuel. They are equipped with a range of features including innovative kinematics and a bucket rotation angle of more than 200 degrees. Fuel consumption is an important factor for business owners.

Towards the end of 2015, the Group added five new models to its high-performance reversible vibratory plates range. The DPU80 and DPU110 models, available as walk-behind or remote control options, together with the new walk-behind DPU90 plate complete Wacker Neuson's range in the heavyweight category. None of the Group's competitors can offer this much choice in the large plate segment. Wacker Neuson's range now includes ten large plate models with currently the lowest levels of hand-arm vibrations in the walk-behind plate segment. Three of the plates can be operated by remote control and thus provide users with complete protection from vibrations, noise, dust and exhaust emissions. Wacker Neuson's infrared remote control system received Euro Test certification in 2015, underscoring its outstanding levels of operator safety.

The Wacker Neuson Group's strategic alliance with the Wirtgen Group in the area of soil and asphalt compaction rollers has proved successful. Wirtgen has been producing 15 tandem roller models for Wacker Neuson since the start of 2015. These will initially be sold in Germany, Austria and Switzerland, followed by the rest of Europe, North America and Australia. By the end of 2015, this cooperation had been extended to compactors weighing up to 12 tons, marketing of which will begin in 2016.

Also new in concrete technology equipment are the high frequency internal vibrators of the IE and IEC series. These new models follow on from the previous IRFU and IREN series. Built with strong performance, robustness and ease of use in mind, the new machines also deliver an attractive price/performance ratio. 2015 also saw the introduction of the modular internal vibrator system for the HMS series.

New four-wheel dumper models have been introduced in the 6- to 10-ton category. Performance, safety and comfort were key priorities in the development process. The low-maintenance, hydrostatic four-wheel drive and pivoting articulation ensure excellent maneuverability and traction on any the terrain. A range of skip options mean that the dumpers can be adapted to multiple applications in a wide range of industries.

The Kramer-branded 8-series wheel loader and tele wheel loader models have been completely redesigned. The torque has been increased by up to 17 percent compared to predecessor engines and fuel consumption is considerably lower. The introduction of the 5-series has brought wheel loader and tele wheel loader models to the market which stand out for their compact size, ease of operation and maneuverability.

Kramer unveiled its first electric loader at the Agritechnica 2015 show. The new fully electric four-wheel-drive wheel loader caught the attention of professionals at the show. Thanks to the loader's zero-emissions technology, the company was able to put on a full demo directly inside the hall. Kramer also presented a new tele wheel loader model, which rounds off its product portfolio in the lower segment, as well as a new telescopic handler with a payload of 2.7 tons.

The Weidemann brand presented two new LP wheel loaders rated for emissions category IIIB with state-of-the-art engine technology in the 4- to 6-ton category. The new electronic engine control system also makes the machines more dynamic to use, as the engines respond faster to pressure on the gas pedal. In addition to this enhanced engine technology, a new concept for the driver's cab has also been developed.

In 2014, Weidemann unveiled the epsPlus option, a hydraulic protective roof that can be raised or lowered from the driver's seat. This feature solves the problem of low clearance heights and makes work on farms considerably easier. epsPlus is an effective solution that delivers considerable time savings and greater safety levels. Weidemann was awarded the silver medal for innovation for this technology at the 2014 Eurotier trade show.

With the start of series production of the articulated electric drive 1160 eHoftrac® in March 2015, Weidemann underlined its innovative prowess as well as its commitment to abolishing emissions and protecting the environment. From late November 2014 on, Weidemann started presenting the new, innovative agricultural loader to the public at numerous trade shows and events as part of an extensive publicity tour. Thus far, the noise-free, zero-CO_2-emissions 1160 eHoftrac® has been awarded the 2014 EIMA Innovation Prize (Italy), the Equitana 2015 Innovation Prize (Germany) and the Innovation Prize at the 2015 AGRA trade show (Bulgaria).

Awards underscore innovation leadership
Wacker Neuson was awarded the gold medal for innovation for its 803 dual power mini excavator at the INTERMAT construction trade show in France. In addition to its integrated diesel engine, the 803 can be connected to an electrohydraulic drive unit (HPU8) for zero-emissions operation. The battery-powered rammers came top in the most sustainable product of the year category at the 2015 European Rental Awards. They also received the Green Award at the Matexpo trade show in Belgium.

The WL20e electric wheel loader and the 1160 eHoftrac® were awarded a gold medal at the 2015 demopark open-air exhibition in Eisenach. The 803 dual power excavator also received a gold medal in the Green Innovation category at the Plantworx trade fair in the UK. These awards show that zero-emissions products from the Wacker Neuson Group are becoming increasingly important and that awareness of them is rising across the industry and media.

Research and development underpin long-term success
R&D is a core element of Wacker Neuson's overall success.

In fiscal 2015, the Group filed 20 new patents and utility models around the world (2014: 30). 45 patents and utility models were granted (2014: 30). In total, the Wacker Neuson Group owns over 383 patents and utility models worldwide. At EUR 33.6 million, research and development costs for 2015 were significantly higher than in the previous year (2014: EUR 28.8 million). During the period under review, the Group also capitalized costs in the amount of EUR 11.0 million (2014: EUR 12.5 million). The relative R&D ratio (R&D share of total revenue including capitalized expenditure) remained unchanged at 3.2 percent (2014: 3.2 percent).

The Group only procures third-party services for R&D projects in exceptional cases. However, it does work closely with national and international universities and renowned research institutes. This gives the Wacker Neuson Group access to the latest scientific insights in its areas of research.

Production and logistics

- Relocation of product groups reflects the principle of "in the region, for the region"
- Lean management activities in plants
- Creation of competence centers

The Group currently has eight production facilities across the globe. It manufactures light equipment at Reichertshofen (Germany), Menomonee Falls and Norton Shores (both US) and Manila (Philippines). In the second quarter of 2016, mobile generator production will also start up in Itatiba, São Paulo, Brazil.

Cross-deliveries to the logistics centers from the different regional production facilities provide a certain degree of natural currency hedging.

The Wacker Neuson Group manufactures compact equipment at factories in Pfullendorf and Korbach (both in Germany) and in Hörsching (Austria). The relocation of skid steer loader production at the start of 2015 from Hörsching to Menomonee Falls in the US marks a continuation of efforts to expand the Group's international network of production sites. This will be the first time that the Group has manufactured compact equipment outside of Europe. The move aligns perfectly with the Group's strategic principle of developing and producing products 'in the region, for the region'. North America is by far the largest and most important regional market for skid steer loaders worldwide.

The Wacker Neuson Group's plant in Kragujevac (Serbia) supplies compact equipment production sites with premanufactured steel components. This optimizes production processes and enables the Group to channel its own in-depth expertise in steelwork into innovations at an early stage of development.

In 2015, the corporate production & material management department was created. The new unit is responsible for coordinating Group-wide projects aimed at standardizing and optimizing global production sites and leveraging synergies. Smart production is a core focus of the department's work here, in other words the digitization, networking and optimization of the entire value adding process.

The lean approach: continuous improvements to production and logistics processes
Over the last three years, extensive lean management activities have been implemented at several sites. The objective is to align all activities that are key to adding value, thus ensuring that unnecessary activities can be effectively identified and avoided. The ongoing review and improvement process focuses on meeting customer requirements in terms of availability, individualized solutions, quality and pricing.

Optimizing and standardizing processes enables the company to maintain and build on its competitive position as it moves forward. In 2015, the Wacker Neuson Group implemented numerous measures to optimize and standardize production and logistics processes. These included investments in a strong machine pool and the Group-wide reorganization of production structures, material flows and the corresponding intralogistics processes. The Wacker Neuson Group will continue to focus on standardization over the coming years.

New concepts for reducing delivery times
The Wacker Neuson Group relies on premanufactured parts that have their own complex supply chains before they get to the Group. This especially applies to the manufacture of compact equipment. The Group made concerted efforts to reduce lead times in 2015 in order to improve delivery times. To further improve production processes, the Group developed new, forward-looking solutions with its business partners and suppliers in 2015.

The delivery timeframe for Wacker Neuson's light equipment offering is less dependent on supplier markets thanks to a high degree of vertical integration. In 2015, lead times for this segment remained between 24 and 48 hours for most products. The majority of compact equipment was delivered within one (for standard models) to three months of order placement.

Smooth logistics
For distribution logistics, the focus in 2015 was on further optimizing and standardizing the processes at each of the Group's locations. A customer-centric approach ensures improved product availability and faster delivery times. The global portfolio of service providers (ocean freight carriers/general freight forwarders and courier, express consignment and parcel delivery service providers) has been further optimized in close collaboration with procurement.

The realignment of the Group-wide supply chain strategy focused initially on Europe. The plan in the second quarter of 2016 is to make all compact equipment spare parts available at a single location to deliver the best possible service to customers.

The corporate logistics department was created in 2015 to oversee the Group-wide optimization of planning processes (planning, ordering) between sales, logistics and the plants. The department is also responsible for monitoring and planning stock levels.

Sustainability

- Employee competition generates a wealth of new ideas
- Publication of first sustainability report
- Widening of reporting boundaries in management systems and audits

Sustainability as part of a responsible approach to business
As a global player, the Wacker Neuson Group takes its responsibility to all its stakeholders as well as to society and the environment very seriously.

With around 4,600 employees and eight production sites, the Group's business activities have an impact around the world. Climate change and dwindling resources are changing conditions across the globe. As a result, manufacturers are having to comply with stricter legislation governing energy efficiency and the environment.

In 2014, the Group committed to its own energy and environment policy. As a manufacturer, the Wacker Neuson Group strives to play a leading role in the areas of ecology, society, economy, and safety.

THE SUSTAINABILITY SYMBOL OF THE WACKER NEUSON GROUP

The Group has identified the following priorities:

- Ecology (actively protecting the environment)
  - Environmentally friendly products and solutions for customers
  - Energy- and resource-efficient processes in production, sales, logistics and administration
  - Achieving energy and cost savings by using less electricity and heating (energy use control), with the aim of reducing energy costs as a proportion of total costs
- Society (corporate social responsibility)
  - Intensive dialog with customers/stakeholders and involving them in the product development process
  - Building a reputation as an attractive employer
  - Responsible interaction between colleagues
  - Regular involvement in social projects (corporate citizenship)
- Economy (sustainable business practices)
  - Sustainable value chain
  - Reducing operating costs for customers through energy-efficient products (ECO and zero-emissions products)
  - Legal compliance and anti-corruption
  - Integration of management systems (quality, energy, environment)
- Safety (sustainable working conditions)
  - Ensuring the highest occupational safety standards
  - Operator safety and protection for customers and users
  - Maintaining quality across all processes

Publication of first sustainability report

The Group published its first Group-wide sustainability report in 2015. A central reporting system was set up to this end. It will be optimized and expanded on an ongoing basis. The Group also analyzed the results of a widely distributed survey of stakeholders. The key topics identified were incorporated into the Group's sustainability strategy (materiality). The Group compiled its first sustainability report in line with the international standards of the Global Reporting Initiative (GRI-G4). It was reviewed and verified by an independent third party and by the GRI. The Group intends to publish the report on a regular basis. It can be downloaded here
→ http://wackerneusongroup.com/en/sustainability/downloads/

Process innovation management

In 2015, the Group asked all of its employees to submit concrete ideas for more sustainable products, services and processes relating to their own fields of work and beyond. A total of 320 entries were submitted to this in-house competition. All ideas were evaluated, categorized and – where expedient – recommended for implementation in the relevant departments.

Energy and environment management systems

The majority of the Wacker Neuson Group's production locations have already been certified to DIN EN ISO 9001 (quality management). Building on this experience, the Group has been introducing environment and energy management systems (ISO standard DIN EN ISO 14001and DIN EN ISO 50001) since 2014.

Measures to reduce impact on the environment

In 2014, management systems for energy and the environment were rolled out at the Pfullendorf production site and at Group headquarters in Munich. This was followed in 2015 by the sites in Korbach, Reichertshofen and Hörsching as well as eight sales and service stations in Austria. The energy and environment management systems are now in use at 13 Group locations. The effectiveness of the new systems was reviewed and verified by an external body. The systems have already helped to achieve energy savings. They are set to be introduced in the US, at the German sales and service stations and at the European logistics center in Karlsfeld in the course of 2016.

Minimizing impact on the environment

The Group strives to incorporate environmental measures at every step of the value chain. It deploys a range of innovative technologies to achieve this objective, such as water heating systems powered by renewable energy, intelligent lighting, heat recovery in spraying and ventilation facilities, biological wastewater treatment and flue gas recovery from boilers. The Group's carefully designed waste and disposal management system is another measure that helps to conserve natural resources.

An important element of the Group's environmental policy is to raise employees' awareness of measures to save energy and water and reduce waste. Internal training and information events were organized to urge employees to take responsibility for their energy use and environmental impact.

Energy consumption

Wacker Neuson has an ongoing commitment to increasing its energy efficiency and reducing its energy costs.

In 2015, the Group consumed 46,598,743.2 kWh[1] of energy – a 14.1-percent rise on the previous year (2014: 40,844,624 kWh). The increase stems from higher production output on the one hand and the expansion of the Hörsching production site on the other.

ENERGY CONSUMPTION ACCORDING TO ENERGY CARRIER[1]

IN KWH

	2015	2014	Change as a %
Fuel	8,157,348.4	7,009,525.4	16.4
Electricity	19,031,926.0	16,832,151.0	13.1
Natural gas	17,366,262.8	15,218,727.4	14.1
Fuel oil	720,056.0	563,940.0	27.7
District heating	1,323,150.0	1,220,280.0	8.4
Total	**46,598,743.2**	**40,844,623.8**	**14.1**

Greenhouse gas emissions

In 2015, the sites for which figures were reported emitted 14,195.1 tons of CO_2. This corresponds to a 12.5-percent increase on the previous year (2014: 12,617.3 tons of CO_2). Direct emissions accounted for 41.5 percent and indirect emissions for 58.5 percent of total CO_2 emissions.

The direct emissions calculation includes emissions from production processes, testing, spraying, administration and the vehicle fleet as well as fossil fuels consumed on site. In all, 5,891.9 tons of CO_2 were emitted, corresponding to a 15.3-percent increase on the previous year. The rise is attributable to the Group's higher production output and to the increased use of cars from the vehicle fleet.

Indirect emissions include all emissions resulting from electricity and district heating that the Group purchased from external sources. These were calculated with an emissions factor for the power mix (Germany/Austria) and for district heating. Total indirect emissions amounted to 8,303.2 tons of CO_2. This corresponds to a rise of 10.6 percent relative to the previous year due to increased demand for electricity at the production sites.

CO_2 EMISSIONS[1]

IN TONS

	2015	2014	Change as a %
Direct CO_2 emissions	5,891.9	5,108.1	15.3
Indirect CO_2 emissions	8,303.2	7,509.2	10.6
Total	**14,195.1**	**12,617.3**	**12.5**

Sustainable products and customer satisfaction

A number of ECO products have already been launched to positive feedback from customers. The Group will continue to make targeted efforts to expand these product developments, all of which focus on reducing environmental impact and maximizing energy efficiency (see "Research and development" section). The Group measures energy consumption, greenhouse gas emissions, water use, ease of maintenance and suitability for recycling across a product's entire lifecycle to give customers an idea of consumption levels and associated costs. For a product to be part of the ECO range, it must also deliver demonstrably lower noise, dust and exhaust emissions values than competitor products.

Moving forward, the company aims to regularly measure its carbon footprint and the carbon footprints of individual products (ECO products). This will help it plan and reduce CO_2 emissions in a more targeted way.

Sustainable working conditions

The shortage of skilled workers and demographic trends mean that companies have to develop innovative strategies to attract and retain highly qualified staff. Measures here include increased training and tailored, lifelong learning programs, age-appropriate working conditions that safeguard employee health, and flexible work concepts. Professional and personal development is tailored to the needs of each individual. Health, performance and learning are top priorities in every in every initiative here.

The range of employee programs includes technical and business trainee schemes, seminars for the development of management skills, programs for international and interdisciplinary exchanges, qualifications to adapt and maintain skills, and transition assistance programs. In addition, the Wacker Neuson Academies offer a

[1] The energy consumption indicators refer to the German and Austrian production sites, as well as Group headquarters and its test area.

wide variety of courses for employees as well as external partners, customers and dealers. The Group also provides training centers in Germany, the US and China (for more details, see the "Human resources" section). → page 80

Occupational health and safety

Ensuring safety in the workplace is a top priority for the Wacker Neuson Group. Nevertheless, in 2015 there were 61 accidents at work or during work-related travel that resulted in a period of absence of longer than one day (2014: 93). The injury rate was 3.8 injuries per 200,000 hours worked (2014: 4.9 injuries per 200,000 hours worked). The Group is pleased to report that there were no work-related fatalities in 2015 (nor in 2014). In 2015, as in 2014, there were no suspected cases of occupational illnesses that would require notifying a trade association[1]. At 3.4 percent, the sickness rate in 2015 was slightly lower than in the previous year (2014: 3.5 percent)[2].

Tenure and turnover

The average duration of employment is around ten years. The rate of employee turnover was 9.8 percent in 2015 and was thus slightly lower than in the previous year (2014: 10.1 percent). This figure includes all departures (including resignations and retirements) proportional to the average total workforce[2].

Diversity

Equal opportunities in the workplace is an important objective of the Group's corporate policy. In 2015, male employees made up 83.3 percent of the Wacker Neuson Group's workforce. Female employees accounted for 16.7 percent, which is in line with industry norms in the mechanical engineering sector. Around 7.6 percent of female staff hold managerial positions, representing 11.9 percent of all management staff[2].

The Group remains convinced that mixed teams benefit the company culture in many different ways. The Executive Board has defined the following targets for the proportion of women appointed to managerial positions, which it hopes to achieve by June 30, 2017. These targets refer to staff who are directly employed by the company Wacker Neuson SE. The target percentage for the first management level below the Executive Board is 23 percent (currently 23 percent) and the target for the second management level below the Executive Board is 20 percent (currently 50 percent).

During the year under review, both the Executive Board and the Supervisory Board of Wacker Neuson SE were composed solely of men.

Appointment of local executives

The appointment of local executives is an important factor in light of the Group's international growth. In 2015, 84.4 percent of Group executives in strategic leadership positions were from the same country as their area of responsibility or the country where they were employed (2014: 94.9 percent).

People with disabilities

The number of employees with disabilities is recorded to improve internal and external awareness surrounding the integration of disadvantaged groups. At 2.0 percent, the proportion of employees with serious disabilities in 2015 was slightly higher than in the previous year (2014: 1.8 percent)[2].

Preventing corruption and bribery

The Group has introduced a code of conduct for employees setting out the principles of company ethics and the conduct expected in the workplace. It has been published in eleven languages. Managers and employees around the world also receive training on compliance issues, which includes anti-corruption policies and procedures. In 2015, 546 employees underwent this training (2014: 835).

A reporting system (Tell-it) has been made available and publicized on the corporate website. This line of communication gives employees and third parties (customers, suppliers, banks, etc.) the opportunity to provide information and report instances of non-compliance or irregularities. → www.bkms-system.net/wackerneuson

Respect for human rights

A code of conduct for suppliers was drawn up in 2015. It contains provisions on human rights, occupational health and safety, child labor, forced labor and anti-corruption measures. Social, environmental and energy efficiency aspects were also added to the decision matrix for supplier audits and potential supplier certification. Where weaknesses are identified, a binding action plan to rectify them is a prerequisite for a (further) business relationship with our Group.

[1] The indicators refer to the German and Austrian production sites, as well as Group headquarters and its test area.
[2] Based on 83 percent of all employees.

Supplier audit findings
In 2015, 170 of the Group's audited potential and existing suppliers in Europe, North and South America and Asia-Pacific were screened using environmental and labor practices criteria. This screening did not find any cases of child labor, young workers exposed to hazardous working conditions or forced or compulsory labor. Particular attention was paid to suppliers from the Asia-Pacific region in this regard.

Donations and social engagement
Donations are defined as voluntary contributions to external organizations and social institutions where nothing is asked for or expected in return. Financial and material donations are focused on social and humanitarian causes, especially healthcare and education for children, young people and disadvantaged groups. In 2015, the total worldwide donations budget for the Group was EUR 78,300 (2014: EUR 91,000). Beneficiaries included the DKMS (German Bone Marrow Donation Center), the SOS Children's Villages Association and many other small regional organizations and projects.

Employees are also encouraged to get involved in social and community projects (corporate volunteering). The company responds quickly and unbureaucratically to emergencies and disasters. Targeted sponsorship is another form of social engagement for our company.

Procurement and quality

- Procurement organization leverages synergies
- Focus on supplier management and qualification
- Natural hedging reduces currency risks

Global networking across procurement and the supply chain
The Wacker Neuson Group is active in all parts of the world. In line with corporate strategy, products are increasingly being developed and manufactured in the regions where they are primarily marketed to best meet the requirements of customers.

Under manufacturing costs, the cost of materials and third-party services constitute the largest cost factors for the Group. To manufacture its products, the Wacker Neuson Group requires various components and raw materials – particularly steel, aluminum and copper. The Group also requires structural steel components and precast parts as well as engines, electrical/electronic components and hydraulic and chassis components.

Globalization is still the predominant trend in procurement. This is closely linked to the huge improvement in quality of bought-in parts sourced from countries beyond Central Europe and North America. Choosing the right procurement markets is thus becoming an increasingly important success factor in securing the Wacker Neuson Group's competitive position. The best suppliers are systematically included in the global supply network.

Reorganization of global procurement structure
For some time now, the Group has been operating a lead buyer concept at its compact equipment production locations in Hörsching (Austria), Pfullendorf and Korbach (both Germany). Consolidating the procurement of identical or similar parts in this way has enabled the Group to negotiate more attractive purchasing terms in recent years by submitting joint tenders and coordinating supplier selection.

To leverage further synergies in procurement and involve all Group sites around the world, a new central function for procurement and quality was created in 2013. Procurement and quality organization tasks and processes were reorganized under uniform management. Global teams specializing in particular commodities were set up in 2014. The buyers and supplier quality engineers are now responsible for procuring specific product groups not only in their own region but for all of the Group's locations worldwide.

The focus here remains on the consolidation of purchasing volumes, the reduction of supplier numbers and the reduction of prices for parts and services.

In 2015, a new value engineering department was added to the procurement organization. Its main tasks include value analysis projects (parallel to the product development process), best practice calculations (to monitor cost targets during the product development phase and check component prices) and cost optimization (in supplier production processes).

Sustainable supplier management
The Group has further optimized production processes in recent years by maintaining close ties with key suppliers and incorporating them into production planning processes at an early stage.

While developing its global supply chains, however, it identified potential areas for improvement, which it is addressing through qualification and by selectively expanding its supplier audits.

Dedicated employees accompany and help suppliers evolve along the entire pathway from initial nomination through to series production. The focus here is very much on prevention, ensuring that supplier mistakes do not occur in the first place. As a result, only suppliers who meet the requisite quality, time and cost requirements will be considered for future projects. There will also be increased focus on sustainability in the supply chain.

The code of conduct for suppliers came into effect in 2015. It is available on the website at the following link →www.wackerneusongroup.com/en/the-group/compliance/code-of-conduct-for-suppliers/.

An escalation model has been introduced to achieve sustainable zero-defects performance in the Group's supplier base. Suppliers who deliver defective parts on multiple occasions are "escalated" in a multi-step model. If no improvement becomes apparent despite the escalation and intensive on-site assistance, these suppliers will not be considered for future projects or else will be disqualified.

Reacting to price fluctuations in procurement markets

Raw material prices dropped further in 2015, reaching multi-year lows in some cases. In particular, the cost of steel and plastic components fell significantly. Other components, however, like the new generation of diesel engines with new downstream exhaust gas treatment systems for regulated markets have become markedly more expensive.

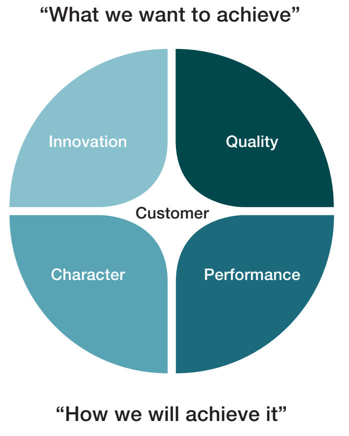
On the currency markets, fluctuations in the exchange rate of the euro made some goods from China and the US dollar zone more expensive. The Wacker Neuson Group relies on natural hedging to reduce some currency risks. In some cases, the negative effects of currency fluctuations were absorbed through negotiations.

Human resources

- Selective new hires
- Focus on development of management skills
- Implementation of measures derived from global employee survey

Wacker Neuson Group employees play a key role in the company's successful growth and performance. Identifying and fostering employee skills and expertise is therefore a cornerstone of the HR strategy. Fairness, respect and trust are the core principles that define how employees cooperate and interact with each other.

FIG. 7 The Wacker Neuson Group's value wheel



The customer is at the heart of the value wheel. Innovation and quality are an integral part of the corporate identity. Customers experience these values directly through products and services. Looking within company walls, performance and character are defining values for both employees and the organization as a whole. These values help make up the DNA of employees and management teams. They steer success and shape the way business is done both within and beyond the company.

NUMBER OF EMPLOYEES (GROUP)[1] AS OF DECEMBER 31

2015	2014	2013	2012	2011	2010	2009	2008
4,632	4,372	4,157	4,096[2]	3,514	3,142	3,059	3,665

[1] Number of full-time jobs (FTE).
[2] Newly consolidated employees as of December 31, 2012: 245.

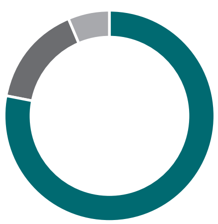
Selective new hires

The Group increased headcount in specific areas in all regions as a result of its strong growth.

At December 31, 2015, the Group employed a total of 4,632 people (2014: 4,372). This figure is calculated by converting the number of people employed into full-time equivalents. It does not include temporary staff.

3,622 (78.2 percent) of all employees were based in Europe at the balance sheet date (2014: 3,357). 719 were employed in the Americas region (2014: 745), with 291 in the Asia-Pacific region (2014: 270). Personnel costs amounted to EUR 288.8 million (2014: EUR 254.3 million).

HEADCOUNT BY REGION
AS A %



78.2	Europe
15.5	Americas
6.3	Asia-Pacific

Additional programs for skills management and lifelong learning

Skills management

Qualified professional training gives young people a good start to their working lives. In 2015, the Group provided training for 197 (2014: 181) young people in industrial, technical or business posts at the production sites and the German sales and service stations. The Group also provided opportunities within the framework of practical training programs flanked by studies at technical or vocational colleges. The Group's training philosophy centers on providing experience in a wide range of disciplines and areas of the company, assigning a high degree of personal responsibility and ensuring intensive, one-to-one trainee support via qualified contact partners. The student training quota for Wacker Neuson Group production sites over the last fiscal year was 5.1 percent (2014: 5.0 percent). In 2015, 48 trainees completed their training (2014: 35), with 47 of these offered positions in the Group (2014: 35). This corresponds to a take-up rate of 97.9 percent (2014: 100 percent). A number of award-winners testify to the high quality of training available within the Group, including one trainee at Kramer-Werke who was judged to be one of the best trainees of the year by the Chamber of Industry and Commerce for Baden-Württemberg, and two trainees based in Munich who won the young talent award from the German Engineering Federation (VDMA).

The Wacker Neuson Group also gave more young people their first interesting insights into the world of work by increasing the number of internships and student trainee positions. It also assigned challenging thesis topics to foster qualified graduates.

EMPLOYEES BY SECTOR
AS A %

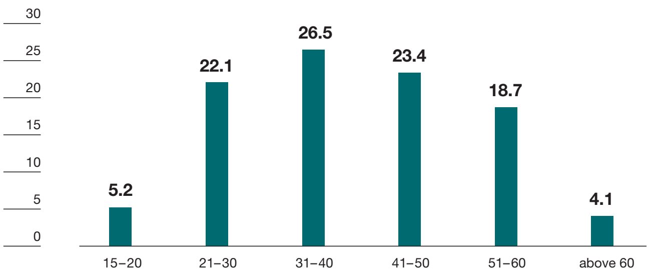
38.5	Production
41.4	Sales and service
11.7	Administration
8.4	Research and development

"Train And Grow – T.A.G." trainee program

In 2015, the Group introduced a technical and sales-oriented trainee program for students doing a Master's in business administration or a technical discipline. The program is set to become a cornerstone of the Group's talent recruitment system. The first ten participants are gaining experience in a variety of departments at different locations, spending (at least) two months in a foreign affiliate and actively collaborating in Group projects. The program is flanked by training opportunities designed to develop the participants' early professional and personal skills. The international and modular program takes 24 months to complete, after which participants are expected to be ready to take up a skilled and/or management position within the Group.

AGE STRUCTURE[1]

NUMBER OF EMPLOYEES AS A %



[1] Based on 83 percent of all employees (2014: 83 percent).

Lifelong learning

The Wacker Neuson Group has always placed great importance on ongoing employee development and continues to do so. In 2015, internal and Group-wide training and lifelong learning measures focused on developing the professional and personal skills of managers alongside specialized training in priority areas like lean management.

INTRAMove

The INTRAMove exchange program was established a few years ago to improve the internal flow of communication within the Group. The aim for the Group is to foster global networking and improve knowledge transfer. In 2015, employees from a wide range of departments had the opportunity to take part in this program and experience working at different locations in Switzerland, the UK, the US and China.

Lean management and Kaizen training

In 2015, cross-location training started as part of the roll-out of the internal lean management system ZERO (minimiZe, wastE, eveRywhere, tOgether). Training, ranging from basic (lean management, Kaizen and fundamentals of ZERO) to expert level, is aimed primarily at production employees, trainees and technical staff in Germany and Austria. These lifelong learning measures will be continued in 2016 and stepped up at all hierarchy levels across the Group.

PerspACTIVE young manager program

The PerspACTIVE program has also been up and running for a number of years. It has become an invaluable tool for developing specialist management skills in all departments of the Group. In 2015, a new group of participants drawn from different disciplines and locations started the program. Bringing the participants together in this way helps to foster a common management culture.

Leadership excellence program (LEP)

The LEP was established in cooperation with the Technical University of Munich's TUM School of Management. Two sessions of this four-module program for senior management levels got underway in 2015. The first topic covered was "Organization in Change", which gave participants the opportunity to upskill in the increasingly important area of change management. The 40 participants learned among other things about the key factors of successful change management, challenges in change management and communication of change projects. Later on in the program, the participants will complete the modules "Result & Business Orientation", "Strategy & Leadership" and "Innovation & Knowledge Management".

Development drives for management were introduced parallel to this at the production sites. Modular management training programs were implemented in a number of locations, including Pfullendorf and Korbach. The aim of these sessions was for participants to examine their own managerial roles in detail and move towards a uniform management culture. The training will be provided at further production sites in 2016.

Staff development costs increased to EUR 1.8 million in fiscal 2015 (2014: EUR 1.7 million).

HUMAN RESOURCES FIGURES[1]

	Dec. 31, 2015	Dec. 31, 2014
Part-time employees as a %	4.2	3.4
Number of trainees	197	181
Quota of trainees as a %	5.1	5.0
Expenses for personnel development in € m[2]	1.8	1.7
Average age in years	39.5	39.5
Number of men (proportion as a %)	3,218 (83.3)	3,018 (83.6)
Number of women (proportion as a %)	646 (16.7)	593 (16.4)
Number of years with the company	9.5	9.7
Fluctuation as a %	9.8	10.1
Sickness rate as a %	3.4	3.5

[1] Based on 83 percent of all employees (2014: 83 percent).
[2] Based on all employees.

Implementation of measures derived from employee survey
The findings of the global employee survey carried out in 2014 were discussed in detail in team workshops across the Group in 2015. The aim here was to identify measures and lay the groundwork for their implementation. The resulting measures include annual health checks and regular cross-location (online) meetings to improve the flow of information between countries. In 2016, more of these measures will be efficiently and systematically implemented to ensure ongoing employee satisfaction.

Voluntary benefits
The Group again offered employees in Germany numerous voluntary benefits in 2015, including an employer-funded company pension plan, healthcare schemes and a bonus plan for employees who work at the company for a certain number of years.

Sales, customers and marketing

- Successful marketing via existing and new sales networks
- Strong resonance at industry trade fairs

One of the most important synergies resulting from the merger of Wacker Construction Equipment AG and Neuson Kramer Baumaschinen AG in 2007 is the ability to market the entire product portfolio through existing and new distribution channels. In 2015, this again resulted in a significant rise in demand for compact equipment.

Strong resonance at industry trade fairs
At the start of the year, Wacker Neuson presented its portfolio of products and services at the construction equipment trade show in Lucerne, one of the most important industry events in Switzerland. Professional users saw the first unveiling of the new tandem rollers developed in cooperation with HAMM AG. At World of Concrete in Las Vegas, US, Wacker Neuson showcased its expertise in concrete technology. The trowel challenge in particular drew large numbers of interested spectators to the Wacker Neuson stand.

In March, the Wacker Neuson Group had a very successful outing at Mawev, Austria's most important construction equipment show which is held every three years.

In April, the Group showcased the Wacker Neuson and Kramer brands at INTERMAT in Paris. Due to the market downturn in France in 2015, the visitor turnout here was fairly low.

In May, Wacker Neuson took part in the CTT show in Moscow. This event also proved successful, with a number of preliminary negotiations conducted and new dealers acquired.

In June, the M&T Expo event took place in Brazil. As one of the most important trade shows in South America, this was an excellent opportunity to raise brand awareness and meet local dealers and customers.

June also saw two trade events take place in Germany: Tiefbau Live and demopark. The Wacker Neuson Group had very successful outings at both shows, with the product test areas proving especially popular with visitors.

In November, Wacker Neuson presented its compact equipment to professional users in India for the first time. The products were launched at Excon, India's largest construction equipment trade show held in Bangalore (location of the Indian affiliate). As well as raising awareness of the Wacker Neuson brand, the first sales of excavators and dumpers were registered at what proved to be a highly successful event.

Weidemann and Kramer also presented their products at numerous agricultural trade shows in Europe. The highlight in 2015 was Agritechnica in Hanover, the world's largest trade show for agricultural machinery and an event that attracts hundreds of thousands of international visitors. The two Group brands presented their agricultural loaders on a joint stand. The focus was placed on the zero-emissions machines from Weidemann (eHoftrac®) and Kramer (electric loader). Visitors could watch live demos of both wheel loaders in the hall.

Expansion of global sales network

The Wacker Neuson Group's corporate culture enables the Group to create a decentralized organization that reacts with greater speed and less bureaucracy to the needs of sales partners and customers. Sales structures are aligned with local market dynamics and different channels are used to market Group products, spare parts and services, for example direct sales channels, dealer networks, importers or retail chains. In most markets, the Wacker Neuson Group works with independent dealers. In some cases, local sales affiliates support and advise major customers and dealers in these countries. In 2015, Wacker Neuson established new affiliates in Peru and Columbia to step up its activities in South America and achieve more growth in this market. The headquarters in China was relocated from Hong Kong to Shanghai for greater proximity to Chinese dealers and customers. Several new Wacker Neuson dealers were also acquired in China. There was similar success in Southern and Southeast Asia, with new dealers brought on board and existing structures consolidated in Vietnam, Indonesia, the Philippines, Thailand, Myanmar, India, Sri Lanka and Malaysia. In Australia, the sales network for small- and mid-size light equipment was significantly expanded to ensure wider availability in the coastal regions. In Africa, sales structures were mainly expanded in the export territory, i.e. in countries in the north of the continent.

Sales channels

The Wacker Neuson Group uses both direct sales channels with its own sales and service stations (Central Europe) and dealers and rental firms (worldwide) to distribute its products. Products manufactured by the Group are also distributed throughout the world by the OEM partners Caterpillar and CLAAS.

Diverse customer base

Diversification is becoming an increasingly important part of sales with a view to spreading economic risks and achieving further growth. The Group's customer base in 2015 again included construction companies (public and private enterprises), gardening and landscaping firms, rental firms, the agricultural sector, municipal bodies, the energy sector (oil and gas), the mining sector and companies involved in cargo handling and recycling. The Group generated around 10 percent of worldwide revenue during the past fiscal year with its ten largest accounts (2014: 9 percent). This does not include sales made within the framework of strategic partnerships. The Group is not dependent on individual customers to any significant degree.

Individualized solutions and customer-centric strategy

During the period under review, the sales and service team focused on customer acquisition, promotional measures and attractive financing models via external service providers. The Wacker Neuson Group also offered customers individualized product and service solutions tailored to their needs and held various specialist seminars around the world. These were targeted at the internal sales and service team as well as at dealers, customers and employees. Participants had the opportunity to find out more about the extensive product and service offering and the economic benefits that the machines add to customer processes.

Risk report

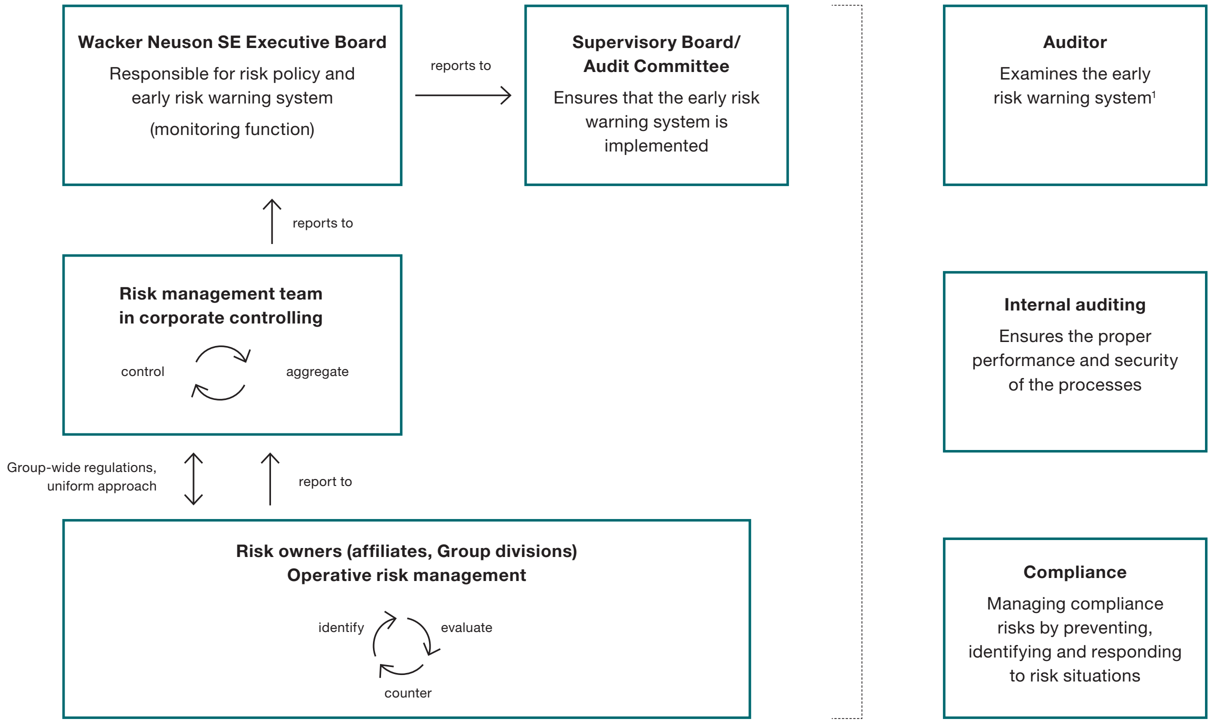
As Wacker Neuson SE is largely affiliated with the companies of the Wacker Neuson Group through its direct and indirect shareholdings in Wacker Neuson Group members, the risk situation facing Wacker Neuson SE is mainly determined by the risk situation facing the Wacker Neuson Group. The statements on the overall risk situation for the Group made by the Executive Board therefore also summarize the risk situation facing Wacker Neuson SE.

Presentation of the internal control and risk management system including information in accordance with Section 315 (2) No. 5 and Section 289 (5) of the German Commercial Code (HGB) plus an explanatory report from the Executive Board

Risk reporting requires that the company outline its risk management goals and methods in the Management Report. Furthermore, the key steps involved in the internal control system and the risk management system in relation to the (consolidated) accounting process must be described in detail pursuant to Section 315 (2) No. 5 and Section 289 (5) of the HGB. Since the internal control system is an integral part of the overall risk management system, the Executive Board has decided to present both together. These disclosures are also explained in more detail, including in relation to the accounting process.

Directive 2014/95/EU governs the disclosure of non-financial and diversity information. Within the framework of this legislation, companies are obliged to report on environmental, social and employee-related issues and provide information on the observance of human rights, diversity in supervisory, management and control committees as well as corruption and bribery. All such possible risks which are of material significance for the Wacker Neuson Group, its business partners and relevant third parties are disclosed in the following risk report.

FIG. 8 Control and risk management



[1] According to Section 317 (4) HGB: In a listed stock corporation, the audit should evaluate whether the Executive Board has met the obligations set down in Section 91 (2) of the AktG to a suitable degree, and whether the resulting monitoring system is capable of fulfilling its role.

Risk management system

The Group-wide risk management system serves as an early-warning safety net that identifies, assesses and appropriately communicates risks and enables the Group to implement corresponding counteractive measures in good time. This calls for the reliable identification, evaluation and monitoring of all risks that may prevent this goal from being achieved. In fiscal 2015, the Wacker Neuson Group continued to implement its risk management system as a key steering tool for business decisions and processes. Risk calculation is based on a rolling 12-month period to the balance sheet date. This system covers planning for each of the core business segments and comprehensive Group reports on all affiliates (which are regularly analyzed, discussed, evaluated and submitted to all decision-makers). The risk management system also covers process definitions for all business segments and Group auditing. → FIG. 8, page 85

The risk management handbook outlines the Group's risk policy in terms of defining, assessing and quantifying potential risks, and the nature and procedures of the risk management system. It also assigns roles and responsibilities for identifying, analyzing, monitoring and communicating risks. This allows the Group to derive suitable measures to actively counteract known risks. Every risk management system has certain limitations, however. The Group makes every effort to rule out incorrectly applied control mechanisms or similar irregularities. Nevertheless, the control processes deployed in the Group and described in detail in this report do not provide an absolute guarantee or warranty that all risks are always correctly identified and recorded in full and in good time.

RISK CATEGORIZATION

RISK CLASS

	Risk exposure[1]
To be monitored	€ 50,000 to 125,000
Major	€ 125,000 and above

[1] Risk exposure = (probability in percent) x impact.
Risk classes used when identified at individual company level.

The risk reporting system lists and describes each individual risk identified in the Group's business segments. The situation is examined every quarter and newly identified risks added if necessary. To this end, the corporate controlling department of Wacker Neuson SE consults the departments at Group headquarters and at the affiliates. Following completeness and plausibility checks, the data gathered is aggregated and made available to management, for example the Executive Board and the Supervisory Board.

The Group's comprehensive risk management system includes systematic financial risk management. Group guidelines and policies have been defined for certain activities such as dealing with foreign currency risks, interest rate risks and credit risks, the use of derivative and other financial instruments and the use of liquidity surpluses. The risks are then assessed using both quantitative and qualitative methods that are uniform throughout the Group, allowing comparison across the various business segments. Please refer to the Notes to the Consolidated Financial Statements for further information on the risk management system (item 29). → page 148

Key features of internal control and risk management systems in relation to accounting plus related disclosures

According to the law outlining modernization of German accounting rules, the internal control system covers the basic principles, processes and measures required to ensure effective, efficient, due and proper performance of accounting processes in compliance with the relevant legal guidelines. This also includes the internal auditing system, to the extent that it relates to accounting. As part of the risk management system, the internal control system – similar to the auditing system – draws on appropriate control and monitoring processes for accounting. This refers in particular to items on the balance sheet recognizing the Group's risk hedging positions.

The Wacker Neuson Group's internal control and risk management systems in relation to accounting can be described as follows:

- The entities responsible for accounting are clearly defined at the level of Wacker Neuson SE and its affiliates. Responsibility has been vested in the corporate accounting, corporate controlling, auditing and treasury departments. Ultimate responsibility lies with the Executive Board. Within accounting, there is a clear differentiation between booking and auditing financial data.
- Employees involved in accounting are qualified to the highest standards.
- The Group has suitable systems and processes in place for planning, reporting, controlling and risk management, and implements these across the Group. Reports due on a quarterly or monthly basis, financial accounting reports included, enable the Group to respond quickly to unexpected negative developments.
- The Group-wide procedural guidelines set down in the accounting and treasury manual are accessible at all times to all Group employees. Other regulations such as the rating guide and list of processes subject to second sign-off also apply. These guidelines guarantee uniform handling of similar scenarios throughout the entire Group. They are updated as required and aligned with new circumstances and requirements.

- Proven standard software supports accounting functions, and all systems deployed are secured against unauthorized access by third parties.
- Effective controls (including second sign-off and analytical checks) are in place for accounting-related processes (payment runs, for example).
- Accounting processes are regularly checked by internal auditing.
- Various internal bodies, such as the auditing department or the Audit Committee of the Supervisory Board, regularly review and rate the effectiveness of the internal control and risk management systems in relation to accounting processes.

The aim of the internal control and risk management systems in relation to accounting is to ensure that all Group dealings and circumstances are disclosed, calculated and categorized correctly on the balance sheet, and correctly represented in the accounting system. This enables the Group to avoid errors or at least identify them in good time.

Efficient control processes are built on a framework comprising suitably qualified employees, appropriate tools and software, a clearly defined management, control and monitoring structure plus internal regulations and guidelines. Clearly defined areas of responsibility plus a range of controls and checks as described in detail above (in particular second sign-off and regular plausibility checks) ensure that accounting processes are executed correctly and with due care and attention.

This framework ensures that business transactions are captured, processed and documented in the accounting systems of the company and Group in compliance with commercial law and other statutory regulations, international accounting standards, the Articles of Incorporation and internal Group guidelines, and that these figures are rapidly and correctly recognized in the accounts. The Group's risk management strategy enables the Group to identify risks at an early stage, respond appropriately and communicate them in a timely manner. At the same time, it ensures that assets and liabilities are correctly evaluated and disclosed in the Annual and Consolidated Financial Statements. This provides Group stakeholders with reliable, meaningful and timely information.

Where possible and economically viable, insurance policies are in place to cover insurable risks.

Risks

This section outlines all key risks that have been identified for the Group and that could influence the Wacker Neuson Group's assets, financials and earnings, and/or its reputation or that of individual subsidiaries, as things stand.

Information is provided on risk probability and risk exposure to evaluate the risks posed.

RISK PROBABILITY

CATEGORY	Risk probability as a %
Low	> 0 to 5
Medium	5 to 20
High	20 to 50
Very high	50 to 99

RISK EXPOSURE

CATEGORY	Value of anticipated damages
Low	Limited effects, < € 1 million EBIT risk
Medium	Some effects, > € 1–2 million EBIT risk
High	Significant effects, > € 2–10 million EBIT risk
Very high	Damaging effects, > € 10 million EBIT risk

Individual risks with a risk exposure of > 5 percent of Group EBIT (Group EBIT 2015: EUR 103.6 million) are considered the largest individual risks at Group level:

GREATEST INDIVIDUAL RISKS

RISK CLASS	Risk probability	Change relative to previous year
Currency devaluation	High	Increased
Increased competition	High	Increased
Drop in demand for construction equipment	High	Increased

According to the company's calculations, there are no individual risks with a risk exposure in excess of 20 percent of Group EBIT.

To aid understanding and better explain the effects, individual risks are assigned to the following categories:

RISKS ACCORDING TO CATEGORY

	Risk probability	Risk exposure	Change compared to previous year
Financial risks			
Loss of receivables	Medium	High	→
Currency devaluation	High	Very high	↗
Economic performance risks			
Delivery delays (supplier or production)	High	High	→
Price increases in supplied parts or raw materials	High	Medium	→
Stricter technical regulations and standards	High	High	→
Legal risks			
Legal proceedings	High	Medium	→
Other risks			
Process risks	High	Medium	→
Other risks	High	Medium	→
Loss of knowledge/fluctuation	High	Medium	→
Environment or industry risks			
Economic risks	Medium	Medium	→
Loss of key customers	Medium	Medium	→
Increased competitive situation	High	Very high	↗
Drop in demand for construction equipment	High	Very high	↗

↗ Worse → Unchanged ↘ Better
For reasons of materiality, this table does not include individual risks with low risk exposure.

Environment and industry risks (risks related to the overall economic situation, the industry, locations and countries as well as risks related to expansion into new markets, the launch of new products, acquisitions and the integration of new companies, and investment risks)
At around 51 percent, environment and industry risks account for the largest share of overall risks (2014: 51 percent). Risk exposure in this category has increased compared to the previous year. The reasons for this include heightened competitive pressure, worsening geopolitical conditions, weaker development in emerging markets and subdued willingness to invest across the oil and gas industry.

The Wacker Neuson Group is dependent on the general economic climate and international construction industry trends. The affiliates Weidemann GmbH and Kramer-Werke GmbH are dependent on developments in agriculture and other industries. The international nature of its business means the Group is also exposed to a variety of political and economic risks.

In the fourth quarter of 2015, there were increased signs of a downturn in the global economy. The slowdown of growth in China and the related turbulence on the financial markets poses a risk for the global economy. The conflicts in the Middle East and the spread of international terrorism could impact the economy both in the affected regions and beyond. The ongoing hostility between Ukraine and Russia and the resulting economic sanctions imposed by the EU and the USA against Russia remain a risk factor.

The decline in raw materials prices could further weaken the economies reliant on these exports and in particular further dampen investment from the oil and gas industry, one of the sectors in which Wacker Neuson operates. Low oil prices could also negatively impact the prospects and future growth of the global economy and dampen demand for industrial goods across all sectors.

The already low rates of growth in emerging markets could be slowed further by the raising of key interest rates in the US. Weak South American currencies are holding the entire region back and pose a significant risk to any improvement in the sluggish economic situation.

The refugee crisis will continue to be an issue for the European Union in 2016. The countries affected could struggle to cope, endangering the stability of the entire continent. A re-emergence of the debt crisis poses an additional risk. The current debt situation in a number of European countries may lead to the delay or cancelation of government-financed construction and infrastructure projects.

Although forecasts for the construction industry in 2016 and 2017 for the core markets of Europe and the US are positive, there is still a risk that some markets could be affected by an economic downturn.

In the agricultural sector, unfavorable prices for food (in particular milk), feed and fertilizer in 2015 as well as a highly saturated market resulted in significantly lower demand for agricultural machinery compared to the previous year. There is a risk that this drop in demand could continue in 2016.

Falling demand in the construction and agricultural industries could impact revenue and profit levels at the Wacker Neuson Group. The Group is countering these risks by diversifying its products and services across industries and regions. Its commitment to increasing its presence in established markets, expanding into targeted new markets and launching new products should offset any fluctuations in demand at country and industry level. The Group regularly monitors key leading indicators in order to implement appropriate countermeasures in good time.

The Wacker Neuson Group is active in highly cyclical and volatile markets. In addition, demand is subject to seasonal fluctuations, which can have an impact on revenue trends during the year. As a result, the Group uses flexible work and production models in its organization to absorb any fluctuations in capacity utilization.

Unfavorable market dynamics in core markets could have a disproportionately high impact on Group earnings. The Group is countering this risk with proactive, flexible go-to-market strategies executed through a variety of clearly differentiated sales channels in these countries.

The Wacker Neuson Group faces tough international competition. In 2015, the competitive market situation was more intense than during the previous year. However, the Group is maintaining its price strategy, which is accepted by its customers. The Group is countering the potential risk of losing market share as a result of this pricing policy by offering customers attractive financing solutions through third parties and further strengthening its spare parts and service offerings (total cost of ownership approach).

The Group has also identified a risk resulting from variations in customer structure from one country to another. Within an individual country, the loss of a major customer (due to insolvency or market consolidation, for instance) could have a serious impact on demand for products and services from the affiliate concerned. The Group is countering this risk by proactively maintaining strong customer relationships, making new acquisitions and diversifying its customer base.

The Wacker Neuson Group uses direct and indirect distribution channels to sell its products. Its business success therefore depends to some extent on the performance of external sales partners, who can also impact on brand reputation, customer satisfaction and future buying behavior. The Group supports its sales partners through intensive support and market-specific training to ensure that its brands and products are suitably positioned in the relevant markets (dealer qualification).

The Group has secured its strategic alliances with Caterpillar (Peoria, USA) and Hamm (Tirschenreuth, Germany) with long-term contracts. The Group is countering the risk of these OEM[1] alliances being terminated through close collaboration, regular contact and the ongoing improvement of processes. The OEM agreement between Kramer-Werke GmbH, a member of the Wacker Neuson Group, and the Claas Group (headquartered in Harsewinkel, Germany) in the area of large agricultural telescopic handlers will be terminated on December 31, 2017. This could result in revenue and profit losses if it does not prove possible to sell the same volume of units as previously via the Group's own distribution channels. The Group will counter this risk by becoming more proactive in the corresponding markets itself.

Demand on the international market is becoming increasingly concentrated, partly due to mergers and acquisitions among the Group's customer base. There is also the possibility of customers being taken over by financial investors. These types of developments can have a positive or negative impact on Wacker Neuson Group sales and revenue, neither of which can be accurately predicted at this stage. The Wacker Neuson Group is countering this risk through transparent yet flexible terms and conditions geared towards bolstering the overall market position of its customers.

Financial risks (risks associated with financial instruments, exchange rate and interest fluctuations, and financing)

Financial risks account for 26 percent of overall risk to the Group. This is an increase on the previous year's figure of 24 percent. The Group's planning processes are based on forecasts made by currency experts. Deviations do occur, however, and so the Group regularly adapts its plans to reflect these changes.

The increase in financial risk relative to the previous year primarily stems from the risk of currencies in some emerging markets falling sharply against the Group's production currencies (EUR/USD). This devaluation is significantly diminishing the value of revenue and profit from these countries when they are translated into the Group's consolidated financial statements, which are drawn up in euro. The increasing strength of the US dollar, in particular against the currencies of South America, Canada and the eurozone, could also negatively impact the export value of products manufactured in the USA. The Group is countering these risks by continually monitoring the currencies in question. In some cases, the Group is countering the prospect of unfavorable currency developments by agreeing production currency prices with customers on conclusion of a business deal. Its international production sites also allow the Group to counter currency effects to a certain extent (natural hedging).

Liabilities in foreign currencies have also increased relative to the previous year. If the exchange rates related to these liabilities develop unfavorably for the Group, in particular with regard to the US dollar, this could have a negative impact on the value of liabilities (expressed in euros). The Group is monitoring this risk closely within the framework of its treasury management activities and, where necessary, is implementing appropriate countermeasures to hedge against these foreign currency items in the balance sheet.

[1] OEM: Original Equipment Manufacturer.

Due to the Wacker Neuson Group's global business activities and the resulting tax obligations in various countries, there is a risk of profit shifting occurring, depending on how income develops in the different regions. This may lead to an unfavorable Group tax rate. There is also a risk of changes to tax laws and related conditions in individual countries.

Please refer to the Notes to the Consolidated Financial Statements for further information on financial risks (items 22 and 29). → pages 141 and 148

Performance-related risks (risks associated with procurement, production and R&D)

At around 15 percent, performance-related risks account for the third largest share of overall risks (2014: 18 percent).

The Group requires raw materials to manufacture its products – particularly steel, aluminum, copper and crude oil. It also uses delivered components. In addition, the Group relies on raw materials and delivered components being free of defects and meeting the relevant specifications and quality standards. Defects in premanufactured parts could result in quality complaints by Wacker Neuson Group customers on the one hand and slow production on the other, which may ultimately delay product deliveries. These scenarios could damage the Group's brand and corporate image and potentially result in contractual penalties and claims for damages. The Group is countering this risk by preemptively qualifying a range of key indicators for its important suppliers, rating the quality, timescale and cost of services they provide. These key suppliers are supported on site by qualified Wacker Neuson Group personnel at every step of the business relationship, from initial nomination through prototyping to series production. The Group focuses on ensuring short lead times so that it can react to fluctuations in demand. In order to reduce the risk associated with suppliers yet further, a code of conduct for suppliers was introduced in 2015. The aim for the Group here is to ensure a sustainable supply chain and prevent the risk of reputational damage as a result of supplier shortcomings.

Loss of a supplier (due to insolvency, for instance) could also impact the Group's ability to deliver and therefore threaten individual sales targets. The Wacker Neuson Group is minimizing these risks by defining commodity strategies to ensure that the loss of a supplier will only affect individual commodities and not an entire production facility. It is also developing close relationships with suppliers and concluding special standard agreements that secure its partners' delivery capabilities to a certain extent.

Increases in the prices of raw materials, in particular for steel but also for other components, caused by a rise in demand, speculation on the raw materials markets and exchange rate fluctuations could push up manufacturing costs for the Wacker Neuson Group. The Group is countering this risk by developing a more flexible global procurement strategy and concluding longer-term contracts. The Group is maintaining regular contact with business partners and suppliers to jointly develop forward-looking solutions.

The Wacker Neuson Group depends on developing new products and bringing these to market in good time. Compliance with ever stricter national and international laws and directives and factoring these into product development is essential. New regulations regarding noise emissions, environmental and user protection, for example, could result in higher costs for the Group. If these new regulations are not implemented on an ongoing basis, the Group's competitive position and growth opportunities may be impaired in the short term. The Group's R&D department therefore continuously works to develop new products and maintain and enhance its existing portfolio, always aligning its activities with market demands and observing applicable regulations, laws and directives.

Legal risks (risks related to pending legal proceedings, patent and trademark law and tax law)

If the Group were no longer able to protect its intellectual property sufficiently, this would impair its competitive ability. The Group is reducing this risk through focused patent and intellectual property management. Market-leading products are increasingly being copied – in particular by manufacturers in emerging markets – and this could reduce sales. The Wacker Neuson Group is minimizing this risk by systematically enforcing its intellectual property rights, while also expanding its international sales and service network. The Group minimizes the risk of disputes with third parties over intellectual property rights through extensive prior investigations and research.

Warranties and product liability claims can result in claims for damages and injunctions. The Wacker Neuson Group is minimizing this risk by taking the greatest of care in the development and manufacture of its products on the one hand and, on the other, by drafting contracts carefully and ensuring they are properly enforced.

There is a risk that corrupt or fraudulent activities by employees of the Wacker Neuson Group could inflict financial damage on the Group or harm its image. The Wacker Neuson Group has set out transparent compliance rules in its code of conduct for employees and has made a reporting system available to employees and business partners to prevent unfair behavior or uncover any such behavior in good time.

No legal proceedings are currently underway or pending that might have a significant impact on the Wacker Neuson Group's financial situation. The Wacker Neuson Group has concluded insurance policies worldwide to protect against significant liability risks arising from potential damages attributable to the Group.

Other risks (risks in the areas of HR, strategy, processes, IT and environment)

The success of the Wacker Neuson Group is due in large part to the skill and motivation of its employees. The loss of highly qualified people in key positions could impact negatively on the Group's growth plan. The Group is countering this risk by offering employees incentives to commit themselves to the company, for example attractive remuneration and long-term personal development opportunities. In order to pursue its ambitious expansion strategy, the Group needs to hire qualified staff, in particular mechanical and electrical engineers. However, as the labor market stands, it may not be possible for the Group to meet or fully meet its need for staff in these areas. The Group is countering this risk with dedicated recruitment efforts, both in Germany and abroad. It also offers attractive remuneration schemes and interesting work opportunities promising a high degree of personal responsibility.

The company uses IT in numerous areas. Failure of these systems could negatively impact on production and the flow of goods, resulting in loss of revenue. The Group is countering this risk through IT backup strategies. It is pursuing a strict project management policy to counter risks that can occur during the roll-out of global IT systems and to prevent additional costs.

There is also a risk that increasingly strict environmental legislation could entail additional costs at the production facilities or fines as a result of non-compliance. The Wacker Neuson Group is countering this risk by constantly monitoring the legal regulations and ensuring full compliance. It also took the step of introducing a central energy and environment management system in 2014.

The Wacker Neuson Group continues to expand its business segments as well as its sales and service network in line with the Group growth strategy. This involves investments, which may not necessarily be recouped. Unforeseeable risks can also arise within individual projects and delay execution. The Group is countering these risks by adapting its execution timing to current market dynamics, carefully examining all planned investments and possible risks, pursuing a lean project management policy and maintaining a high equity ratio.

The Group is also exposed to risks in connection with its ongoing international expansion activities. If the Group's medium- to long-term expansion plans do not pan out as anticipated, or if sales and revenue plans cannot be realized due, for example, to lower-than-anticipated demand for Group products in certain countries, there is a risk that long-term growth strategies may have to be changed or downscaled. The Group counters this risk by setting up specialized teams of market developers, by regularly evaluating the success of its measures, and by applying high quality standards for market analysis and development.

The Wacker Neuson Group also considers and carefully assesses alliances and acquisitions as a means of gaining market share and expanding its product portfolio. However, there is still a risk that the alliance or acquisition will fail to produce the expected outcome and that their integration into the Group's business operations will cause problems. Failure to evaluate risks accurately when acquiring another company or entering into a partnership may have a negative impact on Group business development and growth prospects.

Summary of risk situation facing the Group (assessment of risk situation by management)

Viewed as a percentage of overall risks, the main risks lie in the environment and industry, financial and performance-related categories. Together, these three categories represent around 90 percent of total risk (2014: 91 percent).

FIG. 9 Opportunities: Long-term trends create growth opportunities

- Infrastructural needs in emerging markets
- Expansion and modernization of road and rail networks worldwide
- Trend towards multifunctional compact equipment for transporting material in the industrial sector
- Consequences of climate change and greater emphasis on environmental protection

- Increasing global demand for food and fodder due to population growth
- Structural shift towards fewer, larger holdings (especially in Europe) with greater demand for mechanization
- Increasing industrialization/automation of agricultural operations, even in emerging economies

DISTRIBUTION OF RISK ACCORDING TO CATEGORY

AS A %

	Percentage share of total risk
Environment and industry risks	51
Financial risks[1]	24
Performance-related risks	15
Other risks	8
Legal risks	2

[1] The financial risks (risk associated with financial instruments, exchange rate and interest fluctuations, and financing) are explained in the Notes to the Consolidated Financial Statements (items 22 and 29).

Based on the Group's assessment of the risk situation facing it, the overall risk faced in 2015 was 22 percent higher than in the previous year. The main reasons for this increase are the significant heightening of financial risks – in particular, the risk of currencies in some emerging markets falling against the Group's production currencies (EUR/USD) – as well as the added exposure to environment and industry risks. The latter risks result mainly from the increased uncertainty regarding the future development of agriculture in Europe, the oil and gas industry in North America, continued economic growth in some emerging countries – in particular Brazil, Russia and China – as well as developments in the trouble spots of the Middle East. The main risks are listed in this risk report.

The Wacker Neuson Group is not currently aware of any other significant risks to it. Furthermore, it has not identified any individual or collective risks to its continued existence as a going concern that might negatively affect the Group in the foreseeable future.

The risk profile of the Wacker Neuson Group is not analyzed or evaluated by an external body such as a rating agency.

Opportunity management system

Opportunities relate to internal and external developments that could have a positive impact on the Group. The direct responsibility for identifying and managing opportunities in a timely manner is vested in committees rather than specific individuals. These committees also make decisions on innovation projects initiated by the Group in response to changing market and customer requirements. The committees include high-ranking decision-makers from across the Group, including members of the Executive Board, affiliate managers and the heads of the central functions. The Wacker Neuson Group's decision-making process focuses on opportunities while at the same time taking the associated risks into account. Selected potential opportunities for the Wacker Neuson Group are outlined in the overview → FIG. 9 and described in more detail in the section "Opportunities for future development". → page 101

Information in accordance with Section 315 (4) HGB and Section 289 (4) HGB plus an explanatory report from the Executive Board in accordance with Section 176 (1) Sentence 1 AktG

According to Section 315 (4) of the HGB, listed companies must disclose information on the composition of capital, shareholders' rights and restrictions, participating interests and corporate bodies that may be relevant for takeovers in the Group Management Report. The same information must also be disclosed in the Management Report, pursuant to Section 289 (4) of the HGB. Furthermore, according to Section 176 (1) Sentence 1 of the German Stock Corporation Act (AktG), the Executive Board must submit a report containing this information to the AGM. The following contains a summary of the information pursuant to Section 315 (4) and Section 289 (4) HGB as well as the corresponding explanatory comments pursuant to Section 176 (1) Sentence 1 AktG.

Composition of subscribed capital

At December 31, 2015, the company's share capital amounted to EUR 70,140,000.00, divided into 70,140,000 individual no-par-value nominal shares, each representing a proportionate amount of the share capital of EUR 1.00 according to Section 3 (2) of the Articles of Incorporation of Wacker Neuson SE. There is only one type of share; all shares are vested with the same rights and obligations as outlined in detail in particular under Sections 12, 53a, 188 ff. and 186 of the AktG. The provisions of AktG apply to Wacker Neuson SE in accordance with Section 9 (1) c) ii) and Section 10 of Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European company (SE) (SE Regulation), unless otherwise specified in the SE Regulation.

Restrictions affecting voting rights or the transfer of shares

Information on the pool agreement

There is a pool agreement between some of the shareholders and companies attributable to the Wacker family ("Wacker shareholders") on the one hand, and shareholders and companies of the Neunteufel family on the other ("Neunteufel shareholders"). Prior to each AGM of Wacker Neuson SE, the pool members decide how to exercise voting and petition rights in the meeting. Each pool member undertakes to exercise their voting and petition rights in the AGM in line with the pool's decisions, or to have these rights exercised in this manner. If the pool does not reach a decision with regard to a resolution on the allocation of annual profits, adoption of the annual financial statements by the AGM, approval of Executive and Supervisory Board members' actions, appointment of the auditor, upholding minority interests and compulsory changes to the Articles of Incorporation as a result of changes to legislation or jurisdiction, the pool members have the right to freely exercise their voting rights. In all other cases, the pool members must vote to reject the proposal. Two members of the Supervisory Board are appointed by the Neunteufel shareholders in the pool, and two by the Wacker shareholders in the pool.

Shares can be transferred without restriction to spouses, registered partners, pool members' children, children adopted when they were minors by pool members, siblings, foundations set up by pool members that are either charitable foundations or in which the beneficiaries and the controlling members of the management board satisfy the aforementioned criteria, and companies where the direct or indirect shareholders also satisfy the aforementioned criteria. If shares are transferred to any such persons, they must join the pool agreement. If shares are transferred to third parties, either for a fee or free of charge, the other pool members have the right to acquire these shares. If the shares are to be sold to third parties off the stock exchange, all of the other pool members have a preferential purchase right. If a pool member intends to transfer shares in such a way that more than 50 percent of voting rights in Wacker Neuson SE would be held by third parties who do not satisfy the criteria defining those individuals to whom transfers can be freely made, the remaining pool members have the right to also sell their shares. If a pool member is excluded from the pool for good reason, the other pool members have a right to acquire the shares or a preferential purchase right. This also applies if a pool member ceases to qualify as a pool member.

Information on the partnership agreement of Wacker Familiengesellschaft mbH & Co. KG

Some of the Wacker shareholders hold part of their shares via Wacker Familiengesellschaft mbH & Co. KG, which in turn also holds shares via Wacker-Werke GmbH & Co. KG . Economic ownership of the shares is attributed to the Wacker shareholders.

The pool agreement has precedence over the regulations of the partnership agreement as long as Wacker Familiengesellschaft mbH & Co. KG is party to the above pool agreement. A partners' meeting is held prior to every AGM of Wacker Neuson SE. In this meeting, the Wacker shareholders define how they will vote and exercise their petitioning rights. Votes in the AGM are to be cast in line with the pool's decisions. Two of the Wacker shareholders have the right to propose one member of the Supervisory Board each to the shareholders, this member is then to be elected by the remainder.

Only the acquisition and preferential purchase rights in the pool agreement apply to Wacker shareholders who are party to the pool agreement. In the case of a sale by a Wacker shareholder who is not a pool member, acquisition and preferential purchase rights apply if shares are sold to third parties who do not fulfill the criteria defining those individuals to whom shares can be freely transferred set forth in the above-mentioned pool agreement. If a Wacker shareholder exits the company as a result of a termination, the remaining pool members have a preferential purchase right to buy the shares for a period of two years from the date this shareholder exits the company. In addition, the partners' meeting can resolve that the exiting Wacker shareholder does not receive compensation in cash but in the form of the shares to which they are financially entitled. Every Wacker shareholder exiting the company can request compensation in the form of the shares to which they are financially entitled.

Pool agreement between Mr. Martin Lehner and Neunteufel shareholders

Martin Lehner and one of the Neunteufel shareholders have a pool agreement. Under the terms of this agreement, the Neunteufel shareholder exercises the voting rights in the company for all of Martin Lehner's shares acquired as part of the merger between the company and Neuson Kramer Baumaschinen AG (now Wacker Neuson Beteiligungs GmbH). The Neunteufel shareholder is not bound by any instructions and will always exercise these voting rights in the same way as for the shares that they themselves hold. The Neunteufel shareholder has a preferential purchase right to these shares in the event of a transfer to parties other than the Neunteufel shareholder.

The Executive Board is not otherwise aware of any restrictions affecting voting rights or the transfer of shares.

Direct or indirect participating interests in equity that exceed ten percent of voting rights

Under the German Securities Trading Act (WpHG), every shareholder of a listed company is obliged to inform the German Financial Services Supervisory Authority and the company in question, in this case Wacker Neuson SE, of the percentage of their voting rights as soon as these holdings reach, exceed or fall below certain thresholds. These thresholds are 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent.

The Executive Board has been informed of the following direct or indirect participating interests in the share capital that exceed 10 percent of voting rights:

NAME/COMPANY	Direct/indirect participating interests that exceed 10 percent of voting rights
Wacker Familiengesellschaft mbH & Co. KG, Munich, Germany	Indirect
Wacker-Werke GmbH & Co. KG, Reichertshofen, Germany	Direct and indirect
Interwac Holding AG, Volketswil, Switzerland	Indirect
VGC Invest GmbH, Herrsching, Germany	Indirect
Dr. h. c. Christian Wacker, Germany[1]	Indirect
Dr. Ulrich Wacker, Germany	Indirect
Andreas Wacker, Germany	Indirect
Barbara von Schoeler, Germany	Indirect
Petra Martin, Germany	Indirect
Dr. Andrea Steinle, Germany	Indirect
Ralph Wacker, Germany	Indirect
Susanne Wacker-Waldmann, Germany	Indirect
Benedikt von Schoeler, Germany	Indirect
Jennifer von Schoeler, Germany	Indirect
Leonard von Schoeler, Germany	Indirect
Vicky Schlagböhmer, Germany	Indirect
Christiane Wacker, Germany	Indirect
Georg Wacker, Germany	Indirect
Baufortschritt-Ingenieurgesellschaft mbH, Munich, Germany	Indirect
PIN Privatstiftung, Linz, Austria	Indirect
NEUSON Industries GmbH, Leonding, Austria	Indirect
Johann Neunteufel, Austria	Indirect
NEUSON Ecotec GmbH, Haid bei Ansfelden, Austria	Direct and indirect
Martin Lehner, Austria	Indirect

[1] Passed away during the year under review.

The voting rights held by the above-mentioned shareholders correspond to around 63.1 percent of share capital. The shareholders are bound to exercise these voting rights under the terms of a pool agreement (see "Restrictions affecting voting rights or the transfer of shares" → page 93). The above information is based on notifications pursuant to Section 21 of the WpHG that Wacker Neuson SE has received and published since 2007, which was the year the company went public. The disclosures are explained in detail in the Notes to the Annual Financial Statements of Wacker Neuson SE under the section "Notifications and disclosures of changes to voting interests pursuant to Section 21 (1) or (1a) WpHG". The Executive Board is not aware of any other direct or indirect participations in the company's share capital that exceed 10 percent of voting rights.

Bearers of shares with extraordinary rights that grant the holders controlling powers

There are no shares with extraordinary rights that grant the holders controlling powers.

Type of control of voting rights if employees hold participating interests and if they do not directly exercise their controlling rights

The company's employees can exercise the controlling rights vested in them through their shares directly, as is the case for other shareholders, according to statutory provisions and the Articles of Incorporation.

Statutory provisions and provisions of the Articles of Incorporation regarding the appointment and dismissal of members of the Executive Board and changes to the Articles of Incorporation

Members of the Executive Board are appointed and dismissed according to Sections 84 and 85 AktG. The Executive Board of Wacker Neuson SE must have at least two board members according to Section 6 (1) of the Articles of Incorporation of Wacker Neuson SE. The Supervisory Board otherwise determines the number of Executive Board members (Section 6 (2) Sentence 1 of the Articles of Incorporation). The Supervisory Board is also responsible for appointing and dismissing Executive Board members; a simple majority of votes cast suffices for these decisions.

Executive Board members shall be appointed for a maximum term of six years (Section 9 (1) and Section 39 (2) and Section 46 of the SE Regulation, Sections 84 and 85 AktG and Section 6 (2) Sentence 1 of the Articles of Incorporation). The Supervisory Board can appoint a Chairman of the Executive Board, a Deputy Chairman of the Executive Board and a Spokesperson for the Executive Board (Section 6 (2) Sentence 2 of the Articles of Incorporation). Currently, a CEO and Deputy CEO have been appointed.

Sections 179 ff. AktG must be observed in the event of changes to the Articles of Incorporation. The AGM passes a resolution to approve changes to the Articles of Incorporation (Sections 119 (1) No. 5 and 179 (1) AktG). Under the charter of a European company (Societas Europaea or SE) such as Wacker Neuson SE, all decisions affecting the Articles of Incorporation must be approved with a majority of at least two thirds of the votes cast, unless the legislation of the state where the SE is based mandates or allows a larger majority to apply (Section 59 (1) of the SE Regulation). Each member state is free, however, to rule that a simple majority of votes cast suffices, provided at least half of the subscribed capital is represented (Section 59 (2) of the SE Regulation). German legislation has instituted this option in Section 51 (1) of the law governing implementation of the SE in Germany (SE-Ausführungsgesetz). This does not apply to changes relating to the object/purpose of the company or relocation of the company's headquarters. Similarly, it does not apply to instances where the law mandates that the votes cast must represent a higher percentage of the subscribed capital (Section 51 (2) of the SE-Ausführungsgesetz). Accordingly, Section 21 (1) of the Articles of Incorporation states that unless otherwise stipulated by law, changes to the Articles of Incorporation require a two-thirds majority of the votes cast or – if at least half of the share capital is represented – a simple majority of votes cast.

The Supervisory Board is entitled to approve changes to the Articles of Incorporation that are merely a matter of wording (Section 179 (1) Sentence 2 AktG, Section 15 of the Articles of Incorporation).

The Executive Board's powers, in particular with regard to the possibility of issuing or buying back shares

Treasury shares

By a resolution passed at the AGM on May 22, 2012, the Executive Board is authorized, subject to the prior approval of the Supervisory Board, to acquire 7,014,000 treasury shares via the stock exchange by May 21, 2017. This acquisition may also be performed by one of the Group members on or for its or their account by third parties. In so doing, the shares acquired as a result of this authorization together with other shares in the company that it has already acquired and still holds must not at any time total more than ten percent of the existing share capital. Shares must not be purchased for the purpose of trading company shares on the stock exchange.

The compensation paid by the company per registered share (without incidental acquisition costs) may not be more than 10 percent higher or lower than the arithmetic average of the closing prices for shares in the company in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last five stock market days prior to the date on which the undertaking to acquire the shares was entered into. The authorization can be exercised in whole or in parts, in the latter case also on multiple occasions.

The Executive Board may also redeem the treasury shares still to be acquired without a renewed resolution to be passed by the AGM with the permission of the Supervisory Board. The authorization can be exercised in whole or in parts, in the latter case also on multiple occasions. The redemption is performed such that the share capital is not changed, but that the proportion the other shares represent in the share capital is increased in accordance with Section 8 (3) AktG (Section 237 (3) No. 3 AktG). The Executive Board is authorized to change the number of shares in the Articles of Incorporation accordingly.

The Executive Board is authorized, subject to the approval of the Supervisory Board, to use shares in the company that were acquired as a result of the above authorization as (partial) compensation in the execution of mergers or to acquire companies, participating interests in companies or parts of companies. The acquired treasury shares may also be sold to Executive Board members and to members of the executive bodies and employees of associated companies. If shares are to be sold to members of the Executive Board within the framework of an executive profit-share model, the Supervisory Board will determine the details when deciding on the overall remuneration for Executive Board members. In addition, the Executive Board is authorized, subject to the approval of the Supervisory Board, to sell the treasury shares still to be acquired at a price that is not substantially lower than the stock market price on the date of the sale. The price at which shares in the company can be sold must not be more than five percent lower than the arithmetic average of the closing prices of shares in the company in XETRA trading (or a comparable successor system) at the Frankfurt Stock Exchange on the last five trading days prior to the date of the general sale. In this case, the number of the shares to be sold together with the new shares that were issued after this authorization was issued subject to the exclusion of subscription rights in accordance with Section 186 (3) Sentence 4 AktG, and together with treasury shares already sold, must not exceed ten percent of the company's share capital which exists on the date the resolution passed at the AGM came into effect. The authorization to redeem/sell shares can be availed of in full or in several partial amounts. The shareholders' subscription rights to treasury shares in the company are excluded to the extent that these shares are redeemed or sold according to the above authorizations.

Authorized Capital 2012

According to Section 3 (3) of the Articles of Incorporation, the Executive Board is authorized to increase the company's share capital by May 21, 2017, subject to the approval of the Supervisory Board, by issuing new, registered shares against cash contributions, in full or in partial amounts, on one or several occasions, however at the most by a maximum of EUR 17,535,000 (2012 Authorized Capital).

However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude shareholder subscription rights:

- in the case of fractional amounts resulting from the subscription ratio;
- in the case of capital increases resulting from the granting of shares in exchange for contributions in kind for the purpose of acquiring companies, parts of companies or participating interests in companies or other assets (even if alongside the shares, part of the purchase price is paid out in cash) or as part of amalgamations or mergers;
- in the case of capital increases resulting from the granting of shares in exchange for cash contributions, provided that the issue price of the new shares is not significantly below the stock market price of the company's shares listed at the time when the issue price is finally determined in accordance with Section 203 (1) and (2) in conjunction with Section 186 (3) Sentence 4 AktG and that the total number of shares issued subject to the exclusion of subscription rights does not exceed ten percent of the share capital neither on the date on which this authorization takes effect nor on the date this authorization is exercised. This limit of ten percent shall also include shares which are sold, issued or due to be issued subject to the exclusion of subscription rights during the term of this authorization up until the point in time when it is exercised by virtue of other authorizations in direct or corresponding application of Section 186 (3) Sentence 4 AktG.

In all other respects, the Executive Board shall decide in consultation with the Supervisory Board on the nature of share rights, including the issue amount, and other conditions relating to issuance of shares.

The authorized capital provisions described above reflect the practices typical of listed businesses similar to Wacker Neuson. They are not intended to obstruct takeover bids.

Key company agreements that are subject to a change of control clause following a takeover bid and the resulting impact

A long-term cooperation agreement with the company Caterpillar covering the production of mini excavators includes a provision that allows Caterpillar to terminate the agreement under certain conditions should a competitor to Caterpillar acquire a direct or indirect share in the company in excess of 25 percent or a share in excess of 15 percent combined with a seat on the company's Supervisory Board. The list of competitors is specified in detail in the agreement.

The Schuldschein loan agreements with terms between five and seven years placed by Wacker Neuson SE in February 2012 give the respective creditors termination options if third parties acquire at least 50 percent of voting rights in the company.

Compensation agreements between the company and the members of the Executive Board or its employees for the event of a takeover bid

There is no such agreement.

Concluding remark

During the period under review, the Executive Board had no reason to address issues concerning a takeover, or engage with disclosure details stipulated under the German Takeover Directive Implementation Act (Übernahmerichtlinie-Umsetzungsgesetz). The Executive Board therefore does not see the need to add further details to the information provided above.

Declaration on corporate governance according to Section 289a HGB

On March 10, 2016, the Executive Board of Wacker Neuson SE issued a Corporate Governance Declaration pursuant to Section 289a of the German Commercial Code (HGB). This is available at the Wacker Neuson SE website at → www.wackerneusongroup.com/en/investor-relations/corporate-governance/declaration-about-corporate-governance/

Remuneration framework

Information on the Executive Board

According to the German Executive Board Remuneration Disclosure Act (Vorstandsvergütungs-Offenlegungsgesetz), listed companies must disclose individualized information on the Executive Board's remuneration in the Notes to the Annual and Consolidated Financial Statements, broken down into performance-related and non-performance related components as well as long-term incentives. The Act stipulates that information may be withheld if the AGM resolves this with a majority of 75 percent of votes cast. This type of resolution can be passed for a maximum period of five years. The company has availed of this option for fiscal years 2011 to 2015 inclusive, by way of a resolution passed at the AGM on May 26, 2011.

The Executive Board's remuneration is defined by the entire Supervisory Board and reviewed at regular intervals. Defining the structure and amount of the remuneration is based on the company's size and economic position as well as the tasks and performance of the members of the Executive Board.

The Executive Board's remuneration comprises:

- A fixed annual basic salary
- A variable annual salary
- Transitional pay, compensation upon an early exit
- Remuneration in the case of accident, illness or death
- Non-cash remuneration and other additional remuneration
- A pension commitment

The individual remuneration components are as follows:

- The annual fixed salary is paid in equal monthly installments.
- The variable salary is based on average consolidated earnings after taxes for the previous three fiscal years (with transitional provisions), as reported in the approved Consolidated Financial Statements for the respective fiscal years, as well as on the return on capital employed as reported in the Consolidated Financial Statements. The Group's performance may also be taken into consideration, as reflected in both the success with which revenue goals are achieved and the size of the EBIT margin. An upper threshold for the variable remuneration has been agreed for all Executive Board members.
- The proportion of the variable remuneration within the overall remuneration package differs in each individual case and ranges from 54 to 69 percent for 100-percent achievement of targets.
- If the Executive Board members' employment contract is terminated prematurely, but not for good cause, the members of the Executive Board each receive compensation in the amount of their average discounted annual remuneration for the remainder of the contractual period including their variable remuneration, up to a maximum of two annual remunerations.

If the contract is terminated after the age of 55 and prior to the member reaching the age of 60, the members of the Executive Board may claim transitional payments.

- If they are temporarily prevented from working through no fault of their own, members of the Executive Board continue to receive their fixed annual salary and bonus for a limited period. In the event of death, widows and dependent children receive corresponding payments for a limited period. This does not affect widow's and orphan's pensions under the pension commitment.
- The non-cash remuneration and other remuneration includes a subsidy for health insurance, premiums for life insurance in favor of the Executive Board members, premiums for accident insurance, the use of a company car, etc.
- Under the pension commitment, the members of the Executive Board receive an old-age pension for life upon reaching the age of 60 unless the employment relationship with the company was terminated for good cause that is the fault of the Executive Board member. In addition, an invalidity pension is paid in the event of disability or professional incapacity, and a widow's and orphan's pension is paid in the event of death. Other remuneration may have to be offset against these amounts payable.

Total remuneration for the Executive Board

Total remuneration for the Executive Board in the fiscal year amounted to EUR 3.2 million (2014: EUR 3.2 million). Total remuneration for the Supervisory Board for the same period amounted to EUR 0.5 million (2014: EUR 0.6 million). At the AGM on May 26, 2011, a resolution was passed to refrain from itemizing this information in accordance with Section 285 (1) No. 9a sentences 5 to 8 in conjunction with Section 314 (2) sentence 2 HGB in conjunction with Section 315a (1) HGB.

Information on the Supervisory Board

The remuneration structure for the members of the Supervisory Board is set down in Section 14 of the Articles of Incorporation. It was last amended at the AGM in May 2012. In line with this provision, the fixed remuneration for each individual member of the Supervisory Board amounts to EUR 30,000. The Chairman of the Supervisory Board receives twice this amount, and his/her Deputy receives 1.5 times the fixed remuneration. Members of committees receive an additional fixed remuneration, with the Chairman of each committee receiving twice the regular committee remuneration. The members of the Supervisory Board also receive a fixed allowance for each Supervisory Board meeting in which they participate. In addition, members of the Supervisory Board are reimbursed for their out-of-pocket expenses and any VAT that may be due on their remuneration and out-of-pocket expenses. The individual Supervisory Board members shall also be paid a variable remuneration.

This variable remuneration is based on the consolidated earnings after taxes. It is capped at 0.75 times their respective fixed remuneration. It is calculated in line with the company's approved Consolidated Financial Statements taking Section 113 (3) of the AktG into account.

Supplementary report

In February 2016, it was announced that Jan Willem Jongert had been appointed as an additional member to the Executive Board of Wacker Neuson SE, effective April 1, 2016. In his new role as Chief Sales Officer (CSO), Mr. Jongert will be responsible for the global sales, service, logistics and marketing activities of the Wacker Neuson Group. At the start of 2013, Cem Peksaglam took on the responsibilities of the outgoing CSO in addition to his own mandate as Chairman of the Executive Board (CEO). Alongside his tasks as CEO, Mr. Peksaglam will remain responsible for strategy, HR, legal, compliance, real estate, investor relations, corporate communication and sustainability. The Executive Board of Wacker Neuson SE now has four members following the addition of Mr. Jongert. Martin Lehner (member responsible for R&D, procurement, production and quality) and Günther Binder (member responsible for finance and IT) will retain their previous areas of responsibility.

There have been no other events since the reporting date that could have a significant impact on the Group's or the SE's earnings, financials and assets.

Opportunities and outlook

Overall economic outlook

- Global economy to remain on growth path
- Economic risks outweigh opportunities
- Possibility of turnaround in emerging countries

Rising uncertainty surrounding economic growth

According to the International Monetary Fund (IMF), the global economy is set to grow at a moderate pace in 2016. Experts anticipate a 3.4-percent increase here. However, the global economy is still expected to face a number of major challenges. These include the transformation process underway in the Chinese economy, the plunge in oil prices, stagnation in many of the emerging countries reliant on raw material exports and the USA's gradual jettisoning of its highly expansionary monetary policy. As such, the forecast for 2016 comes with a number of significant uncertainties.

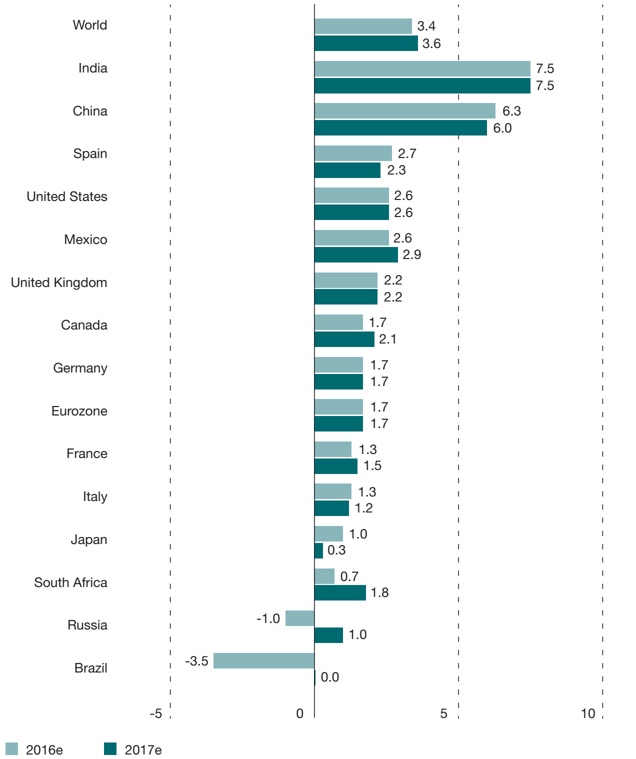
The eurozone's recovery is set to remain modest in 2016 with a GDP growth forecast of 1.7 percent. Continued favorable financing conditions and increased consumer spending (fueled by a number of factors including low oil prices) should more than compensate for weaker demand for exports. Nevertheless, the high debt levels of Southern European countries and the ongoing refugee crisis remain uncertainties that could subdue overall willingness to invest.

The IMF predicts marginally higher GDP growth of 1.7 percent for Germany in 2016. This makes Germany one of the few countries with a forecast that has been revised slightly upwards.

The growth prospects of the US are likely to hinge on how well its economy copes with the possible further appreciation of the US dollar, which is already making US-manufactured goods less competitive internationally. Raw material prices are expected to remain at a low level, which will curtail extraction and mining activity. The IMF's current prediction is for GDP growth of 2.6 percent in 2016.

GLOBAL GDP GROWTH 2016E TO 2017E

AS A %



Source: IWF, World Economic Outlook, Update January 2016.

The fortunes of emerging economies are set to turn in 2016, with the IMF forecasting 4.3-percent growth for these countries. The slowdown in the Chinese economy is expected to continue, with growth set at 6.3 percent[1]. Negative spillover effects on other countries in the region cannot be ruled out.

[1] IWF, World Economic Outlook, Update January 2016.

Outlook for construction and agricultural industries

- Sideways trend in demand for construction equipment
- Investment decisions postponed in the agricultural technology industry
- bauma 2016 – the world's largest construction equipment show – to be a telling indicator

2016 looks set to be a positive year for the construction sector in the key European markets for the Wacker Neuson Group. The Committee for European Construction Equipment (CECE) anticipates that construction investment in Europe will increase by 2 percent, with most of the growth coming from the residential sector[1]. In Germany, the Central Association of German Construction (ZDB) expects to see a revival in both residential and public sector construction, which should lead to growth of 3 percent[2].

While the mood in the US housing market is likely to remain positive in 2016, growth prospects in the North American construction market remain uncertain, not least on account of the situation in Canada[3].

Off-Highway Research forecasts a 3.9-percent growth in sales for the global industry in 2016, which corresponds to 760,000 units. Most of this growth is set to come from the high-volume European markets and the US. The Indian market is likely to account for the highest growth in percentage terms, according to Off-Highway Research. The Middle East, France and Eastern Europe are all expected to see increased demand[4].

Long-term market trends remain unchanged

Strong demand for infrastructure investment will continue to provide major opportunities for global construction equipment manufacturers in the long-term.

In Europe, construction investment over the coming years will be focused on road, rail and transport networks and on telecommunications. Other priorities include general renovation and modernization projects and measures to protect the environment and limit climate change. Residential construction investments should continue to rise, fueled by low interest rates. Greater demand will also be generated by the rising number of migrants requiring accommodation in many European countries. Transport infrastructure will continue to be a key area for the European Fund for Strategic Investments (EFSI), which was established by the EU last year to stimulate growth and employment. Through mobilization of private capital, initial funds of EUR 21 billion should result in overall investment in strategic projects of at least EUR 315 billion by 2017[5].

Emerging markets are also set to invest huge sums in infrastructure projects over the coming years, notably in the construction and expansion of roads, airports, rail networks, utility services (energy, waste and water), schools, universities, hospitals and telecommunication networks, as well as in the exploitation of raw materials. In 2014, the five major emerging economies of Brazil, Russia, India, China and South Africa (BRICS) founded a joint development bank and monetary union with the aim of driving forward key strategic infrastructure projects as quickly as possible. European construction equipment manufacturers with a strong position in these markets are set to benefit from these measures. Once the major infrastructure projects are complete, demand for investments in maintenance and expansion work will rise.

Established markets are expected to grow at a high level. In the US, rental companies have increased penetration in recent years and already account for around 50 percent of the overall construction equipment market. Rental companies and construction equipment dealers are broadening their market bases and now serve a range of different industries in addition to the construction sector. In 2016, it is unlikely that US rental companies will continue to invest as heavily as they did in 2015. This is due to ongoing uncertainties, stemming in particular from the crisis in the mining, oil and gas industries.

The business climate in the German construction industry became more subdued in January. The outlook was more positive, however, in the area of public sector structural engineering.

European agricultural technology sector expected to stabilize

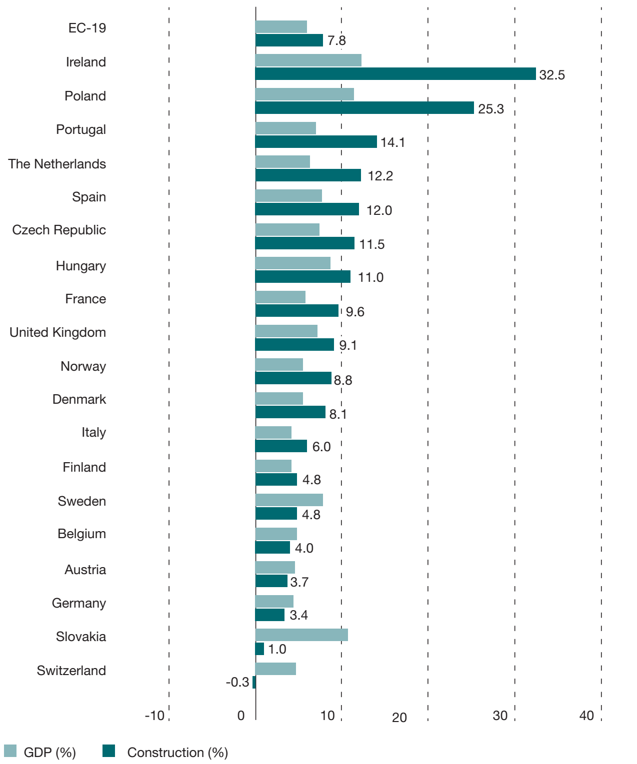
Following a disappointing year for the agricultural machinery sector in 2015, the European umbrella association for the agricultural machinery industry (CEMA) expects the European agricultural technology market to stabilize in 2016. Spain, the UK and Italy are expected to be key drivers here[6]. The prospects are much less positive for the German market, where willingness to invest reached a new all-time low at the end of 2015 according to the barometer for agricultural activity issued by the Association of German Farmers (DBV). This is due in particular to the continued surplus of many

[1] CECE, Quarterly Economic Bulletin, December 2015.
[2] Federation for the German construction industry (ZDB), January 2016.
[3] HousingEconomies.com, December 2015.
[4] Off-Highway Research, January 2016.
[5] EU Commission, January 2016.
[6] CEMA, November 2015.

agricultural commodities, which is exerting considerable pressure on agricultural prices[1]. From a global perspective, the mood in the industry is also subdued. According to the business climate index published by the Agrievolution Economic Committee, only just over one third of the agricultural machinery manufacturers surveyed expected to see increased demand in the first few months of 2016[2].

However, universal trends – such as the world's growing population and the resulting increase in demand for foodstuffs – should continue to have a positive effect on the agricultural equipment sector in the medium and long term. The basic need for modern machines, in particular to work agricultural holdings efficiently, will continue to increase. Falling market prices for agricultural commodities could increase pressure to raise efficiency levels further. In its Agricultural Outlook 2015, the OECD projects that, in real terms, prices will decrease over the next ten years[3].

CUMULATED CONSTRUCTION AND ECONOMIC GROWTH (EUROPE): 2016E–2018E (3 YEARS)



Source: Euroconstruct, December 2015.

Opportunities for future development

- Strategies for further profitable growth
- Internationalization, diversification, synergies
- Slight rise in revenue expected for 2016

Strategic roadmap for the Wacker Neuson Group
Global trends in the construction and agricultural industries will lead to greater global demand for compact and light equipment. The biggest growth drivers for the Group will be as follows:

- By 2050, the world's population will have grown from 6 billion to around 9 billion, with the greatest increases in Asia and Africa.
- In Asia in particular, greater purchasing power and rising demand from new groups of consumers will lead to increased investment in construction and housing.
- By the year 2025, around two thirds of the world's population will be living in cities. Megacities in developing and emerging countries with populations of over 10 million will be facing the greatest challenges in terms of construction, housing and infrastructure.
- Data extrapolated by the International Energy Agency (IEA) indicates an increase in demand for primary energy of around 50 percent, accompanied by a corresponding increase in CO_2 emissions.

These trends present huge opportunities for the Wacker Neuson Group → FIG. 10, page 102, enabling it to build on its leading technical expertise in many areas and expand its business in both industrialized and emerging markets.

The Wacker Neuson Group's strategy is geared towards lasting, profitable growth → FIG. 13, page 106. As part of its 2012 strategic business planning process, management set out its targets for the next five years. This involved detailing basic strategies and concrete measures for defined focus areas.

[1] German farmer's association (DBV), January 2016.
[2] Agrievolution Economic Committee, October 2015.
[3] OECD, Agricultural Outlook 2015.

FIG. 10 Trends driving product sales

Global trends in the construction industry

- Infrastructural needs in emerging markets
- Consequences of climate change and greater emphasis on environmental protection
- Expansion of telecommunication networks (including broadband)
- Expansion and modernization of road and rail networks worldwide
- Reconstruction (renovation, modernization)
- Greater demand for residential developments, partly driven by urbanization
- Recovery of commercial and residential construction sectors

Global trends in agriculture and other sectors

- Increasing global demand for food and fodder due to population growth
- Structural shift towards fewer, larger holdings (especially in Europe) with greater demand for mechanization
- Increasing industrialization/automation of agricultural operations, including in emerging economies
- Trend towards multifunctional compact equipment for transporting material in the industrial sector
- Rising demand for efficient products in the energy sector (e.g. for oil and gas production)

Further internationalization
In the long term, the company intends to expand its international reach and establish a strong position in all construction and agriculture markets where it has a presence. Emerging markets offer major growth opportunities for the Wacker Neuson Group. Currently, these economies account for 12 percent of total revenue. The long-term aim is to increase the share of revenue from markets outside of Europe to around 40 percent (2015: 29 percent). The Group has identified major opportunities above all in emerging markets such as China, Southeast Asia, Africa and South America. The Wacker Neuson Group's broad product portfolio will allow it to gain an even greater foothold in these markets. The Group aims to increase its presence here by launching more products and services tailored to market and customer needs in these regions in both the light and compact equipment segments. To support these efforts, the sales and service network will also be expanded. This broader international reach will help offset fluctuations in individual regions and industries.

Further growth in established markets
The Group's strong financial position and market reach provide it with a good foundation for further growth in the core markets of Europe and North America. Expanding its leading position in quality and innovation is one of the key pillars in the Group's strategy here. The Group will therefore continue to invest in research and development with the aim of further expanding its portfolio and reinforcing its position as a technology leader.

The Wacker Neuson Group's strategy focuses on greater penetration of the European and American markets over the coming years. By focusing more on user processes and market requirements, the Group aims to align sales in both of its core markets even more closely with customer needs and priorities. In the Americas region, it will also focus on expanding the dealer network for light and compact equipment.

Sales synergies and greater diversification
Active cross-selling across different segments allows the Wacker Neuson Group to continue leveraging global sales synergies. The Group's sales affiliates will offer specific industries an

FIG. 11 **Pillars of the GIPI corporate strategy**

1. Growth

We aim for **profitable growth** and **healthy return** on capital employed. We do not believe in revenue growth at any cost.

2. Internationalization

We want to establish our company as a **global** player with a strong position in our target markets. To achieve this, we employ qualified people whose diverse cultural backgrounds are an invaluable asset to our company.

3. Professionalization

We strive for **excellence** in everything we do.

4. Integration

Our company is the result of mergers between **various family-run enterprises** each with a unique **corporate culture.** We have set down our own values in writing and live by them. We actively integrate all of our companies into the Group and will continue to do so in the future.

even more tailored product portfolio in order to serve other markets outside the cyclical construction industry. Customers in gardening and landscaping, agriculture and other branches of industry already contribute significantly to revenue alongside construction. Targeted diversification and cross-segment synergies will help to stabilize the Group in a volatile climate.

Partnerships and acquisitions

The Wacker Neuson Group has formed strategic alliances with market leaders to drive further growth potential. With a view to enhancing the Group's product portfolio and expanding its international footprint, the Group is planning further partnerships and acquisitions in the medium to long term.

Planned changes to company structure, strategy and targets

The Wacker Neuson Group is pursuing a long-term growth strategy, which will be implemented systematically. Short- to medium-term objectives and measures will be adapted as needed to changing dynamics in order to ensure focused execution.

The regular Global Leader Summit attended by representatives of all global Group companies is a strategic platform for sharing information and international experience and for working on future projects. No major changes need to be made to the 2012 GIPI (Growth, Internationalization, Professionalization, Integration) strategy → FIG. 11 or to targets defined in line with this strategy.

New processes and technologies

The Wacker Neuson Group is planning to optimize quality management across the Group in 2016. The new procurement structure will enable additional supplier qualification and leverage further purchasing synergies.

Lean management is becoming an increasingly important topic. Extensive activities are underway at a number of sites and will be standardized across the Group. The Group also aims to further standardize its technology and reporting processes. When it comes to innovations, the Group will keep its focus firmly on meeting market requirements, whether developing new, alternative drive technologies or optimizing user protection, comfort and efficiency levels.

On the compliance front, the Group is implementing preventive measures and raising awareness of compliance guidelines worldwide as part of efforts to expand its global compliance management. These activities are aimed at both staff and business partners. Dedicated training sessions will also help to anchor the guidelines in Group culture.

New products and services

It is becoming increasingly important for manufacturers to tailor products to the needs of customers in local markets. The Wacker Neuson Group therefore focuses its international marketing activities on customers' regional requirements. Both on its website and in its brochures and sales activities, marketing is now directed at specific target groups, for example in railroad/track construction and in the underground, gardening and landscaping sectors. The Group will be aligning these activities even more closely with its target groups in 2016.

Over the coming years, the Wacker Neuson Group will be looking to enter more emerging markets in which it does not currently have a foothold. To boost its presence, the Group has launched the M series product line, tailored specifically to the requirements of these markets – with more such products to follow.

The Group's development activities are geared towards creating more efficient, environmentally sound machines with low or zero emissions. The ECO range of products, launched in 2013, together with the ECO seal (ECO = ECOlogy and ECOnomy) further reflects Wacker Neuson's commitment here.

In the services segment, the Group plans to expand in line with market needs, especially in the spare parts business. The current pool of spare parts suppliers will be consolidated in favor of strategic partners. In the future, all spare parts will be marketed under the "Wacker Neuson Genuine Parts" brand, and the packaging will be adapted to the new Group-wide design.

As the Group expands into new markets, it also needs to offer its customers financing solutions. With this in mind, the Wacker Neuson Group is intensifying its collaboration with partners and will be offering a wider portfolio of financing options in 2016.

The Wacker Neuson Academy near Munich offers specialized training courses as well as global sales and service training concepts, both for Group sales and service staff and for employees from sales partner organizations. Due to the positive feedback received, the Group plans to increase the number of courses over the coming years.

The Group's decision to expand Kramer-branded products in the agricultural sector is intended to increase sales of all-wheel drive wheel loaders and telescopic handlers. For the Weidemann brand, the focus will be on expanding outside of Central Europe.

Forecast

Moderate revenue growth expected in 2016

Strong revenue growth over the last five years is confirmation that the Wacker Neuson Group is on the right strategic course. The Group expects further growth in 2016 and the following years.

OVERVIEW

	2016e	2017e
Revenue	€ 1.40 to 1.45 bn	Further growth
EBIT margin	7.0% to 8.0%	Better
Investments	approx. € 100 m	Adapted to market developments

The relatively weak growth reported in the fourth quarter of 2015 continued in January 2016. Many of the Wacker Neuson Group's target markets, including the agriculture and energy sectors, are experiencing stagnation, which has significantly squeezed demand for the Group's products. Order intake for compact equipment is promising, however, provided this remains sustainable in 2016.

The Executive Board predicts overall revenue for fiscal 2016 of between EUR 1.40 and 1.45 billion, which corresponds to growth of 2 to 5 percent (2015: EUR 1.38 billion). The EBIT margin is expected to lie between 7.0 and 8.0 percent (2015: 7.5 percent).

Segment trends

Single-digit growth is expected in the core markets of Europe and the USA, while a double-digit figure is predicted in Asia-Pacific.

The core market Europe, which includes France and Southern European countries, should develop positively for the Group – at least in the construction sector. The same applies to the Middle East and Eastern Europe (with the exception of Russia).

South America is expected to remain stagnant. While demand is increasing in certain countries, activity in the largest market of Brazil is likely to remain weak.

FIG. 12 Growth strategies in established and emerging markets

Growth strategy for established markets

- Product development tailored to target groups
- Defend and expand market position
- Proactive cross-selling
- Further market penetration
- Diversify across target markets
- Expand services business
- Strengthen position as innovation leader
- Strategic alliances

Expansion strategy for emerging markets

- Products tailored to local markets
- Local procurement and production
- Expand local/regional presence
- Financing solutions
- Broad sales footprint, expansion of dealer network
- Local management
- Targeted acquisitions and alliances

The US will help fuel growth, especially in the second half of the year. In this market, the Group is dependent on demand from the oil and gas industry, the decline of which is also affecting sales of light equipment. When offsetting effects are taken into consideration, however, the Group expects to see a sideways trend in the Americas region in 2016.

Further growth is predicted in Africa and Asia. Sales of the recently introduced compact equipment range are expected to grow strongly in China, for example. In Australia, the ongoing crisis in the mining industry will result in just a moderate increase in sales relative to the previous year.

Negative effects are expected from the European agricultural technology sector, initially during the first half of the year. The Group's other sales markets, with the exception of the energy sector, should offset at least some of these effects, however.

The Group predicts further growth through 2016 for all three business segments (light equipment, compact equipment and services). Compact equipment is expected to continue developing at a dynamic pace, fueled primarily by increased international sales and existing strategic alliances. As the services segment continues to grow in line with the rise in sales, the Group expects its share of revenue to remain at more or less the same level.

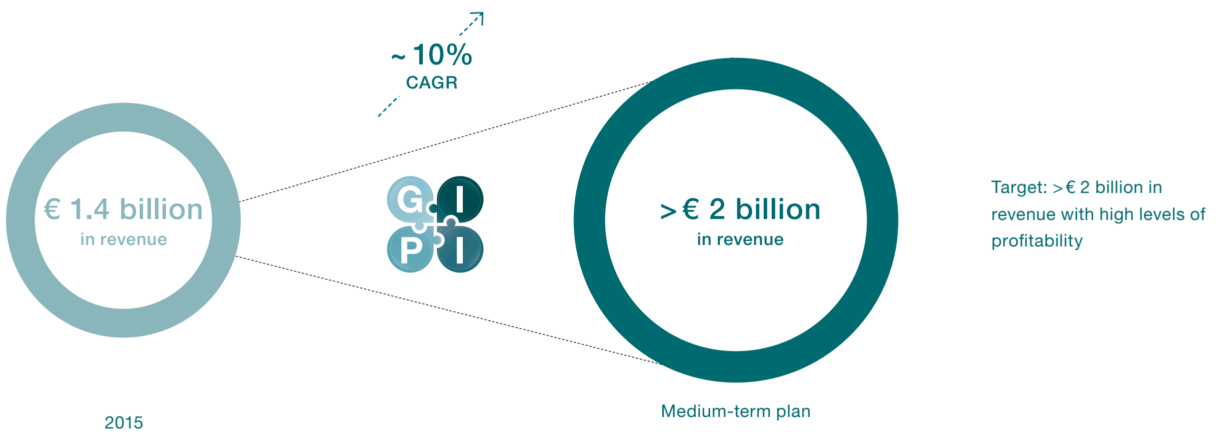
The Group is planning a number of measures to drive future growth in the light equipment segment:

- Innovative, user-friendly products that meet the strictest environmental standards will be launched in the core markets of Europe and North America
- The range of light equipment tailored to specific market needs will be further expanded in selected emerging countries
- More products will be included in the collaboration with the Wirtgen Group and gradually rolled out to markets around the globe
- A more extensive portfolio will be offered to key accounts (cross-selling)
- The Group will expand to more industries beyond the construction, oil and gas sectors
- The portfolio of financing services will be expanded and also extended to products in the light equipment segment

Planned financing options, future investments and cost trends
The Wacker Neuson Group intends to continue investing in profitable projects and driving growth across all regions and business segments. For fiscal 2016, the Group has earmarked around EUR 100 million in total for investments (2015: EUR 118 million).

As in previous years, the Wacker Neuson Group is again expecting positive free cash flow for 2016, with cash flow from operating activities exceeding cash flow from investment activities.

FIG. 13 Medium-term target: maintain profitable growth



The Group aims to maintain its balance sheet structure with a comparatively high equity ratio. Equity ratio currently amounts to around 69 percent, net financial debt is relatively low, and the Group's financial situation is correspondingly healthy. The Group aims to leverage these strong financials and assets to help drive a robust level of growth over the coming years.

Outlook through 2017

From its current standpoint, the Wacker Neuson Group predicts continued revenue growth for fiscal 2017 and also aims to increase profitability.

Summary forecast

The Wacker Neuson Group expects business to develop positively in fiscal 2016 and 2017.

The global trend towards infrastructure expansion and improvement offers opportunities for the Group's business model. At international level, investments will continue to be made in road, rail and telecommunication networks as well as in the modernization of buildings, fueling demand for compact and light equipment. The Group is keeping pace with this by expanding its international presence and developing competitive products and services.

The overall economic outlook for 2016 and the following years is positive, in particular in the Wacker Neuson Group's core markets.

It is important that the Group's shareholders continue to share in its success. The company therefore aims to maintain its sound dividend policy and make annual dividend payments to shareholders provided its projections are accurate.

Munich, March 10, 2016

Wacker Neuson SE, Munich, Germany

The Executive Board

Cem Peksaglam
(CEO)

Günther C. Binder

Martin Lehner
(Deputy CEO)

Consolidated Financial Statements

Consolidated Income Statement

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € K

	Notes	Jan. 1 – Dec. 31, 2015	Jan. 1 – Dec. 31, 2014
Revenue	(1)	1,375,330	1,284,262
Cost of sales		-990,838	-903,003
Gross profit		**384,492**	**381,259**
Sales and service expenses		-186,726	-170,553
Research and development expenses		-33,589	-28,772
General administrative expenses		-70,969	-63,574
Other income	(2)	27,999	25,491
Other expenses	(4)	-17,560	-7,650
Profit before interest and tax (EBIT)		**103,647**	**136,201**
Financial income	(5a)	1,782	2,729
Financial expenses	(5b)	-7,912	-8,789
Profit before tax (EBT)		**97,517**	**130,141**
Taxes on income	(6)	-30,855	-38,020
Profit for the year		**66,662**	**92,121**
Of which are attributable to:			
Shareholders in the parent company		66,161	91,512
Minority interests		501	609
		66,662	92,121
Earnings per share in euros (diluted and undiluted)	**(7)**	**0.94**	**1.30**

Consolidated Statement of Comprehensive Income

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € K

	Notes	Jan. 1 – Dec. 31, 2015	Jan. 1 – Dec. 31, 2014
Profit for the year		**66,662**	**92,121**
Other income			
Income to be recognized in the income statement for subsequent periods:			
Exchange differences		20,273	20,166
Income to be recognized in the income statement for subsequent periods		**20,273**	**20,166**
Income not to be recognized in the income statement for subsequent periods:			
Actuarial gains/losses from pension obligations	(17)	1,860	-10,345
Effect of taxes on income		-481	2,991
Income not to be recognized in the income statement for subsequent periods		**1,379**	**-7,354**
Other comprehensive income after tax		**21,652**	**12,812**
Total comprehensive income after tax		**88,314**	**104,933**
Of which are attributable to:			
Shareholders in the parent company		87,813	104,324
Minority interests		501	609
		88,314	**104,933**

Consolidated Balance Sheet

BALANCE AT DECEMBER 31

IN € K

	Notes	Dec. 31, 2015	Dec. 31, 2014
Assets			
Property, plant and equipment	(8)	419,326	388,907
Property held as financial investment	(9)	17,615	17,998
Goodwill	(10a)	238,282	237,290
Intangible assets	(10b)	123,713	117,095
Deferred tax assets	(6)	39,126	35,018
Other non-current financial assets	(11)	10,784	16,170
Other non-current non-financial assets	(11)	1,902	1,589
Total non-current assets		**850,748**	**814,067**
Inventories	(12)	474,560	424,036
Trade receivables	(13)	180,035	173,317
Tax offsets	(6)	4,597	2,834
Other current financial assets	(14)	2,763	5,071
Other current non-financial assets	(14)	14,451	14,042
Cash and cash equivalents	(15)	25,019	14,200
Total current assets		**701,425**	**633,500**
Total assets		**1,552,173**	**1,447,567**
Equity and liabilities			
Subscribed capital	(16)	70,140	70,140
Other reserves	(16)	611,060	589,408
Net profit/loss	(16)	382,909	352,201
Equity attributable to shareholders in the parent company		**1,064,109**	**1,011,749**
Minority interests		**4,975**	**4,474**
Total equity		**1,069,084**	**1,016,223**
Long-term financial borrowings	(19)	124,415	126,593
Deferred tax liabilities	(6)	33,537	33,187
Long-term provisions	(17) (18)	48,158	49,358
Total non-current liabilities		**206,110**	**209,138**
Trade payables	(20)	80,132	65,187
Short-term borrowings from banks	(19)	99,308	66,682
Current portion of long-term borrowings	(19)	375	441
Short-term provisions	(18)	13,132	12,827
Tax liabilities		3,210	1,357
Other short-term financial liabilities	(21)	27,704	25,347
Other short-term non-financial liabilities	(21)	53,118	50,365
Total current liabilities		**276,979**	**222,206**
Total liabilities		**1,552,173**	**1,447,567**

Consolidated Statement of Change in Equity

BALANCE AT DECEMBER 31

IN € K

	Subscribed capital	Capital reserves	Exchange differences	Other neutral changes	Net profit/ loss	Equity attributable to shareholders in the parent company	Minority interests	Total equity
Notes	(16)	(16)	(16)	(16)	(16)			
Balance at January 1, 2014	**70,140**	**618,661**	**-33,888**	**-8,177**	**288,745**	**935,481**	**3,865**	**939,346**
Profit for the year	0	0	0	0	91,512	91,512	609	92,121
Other income	0	0	20,166	-7,354	0	12,812	0	12,812
Total comprehensive income	**0**	**0**	**20,166**	**-7,354**	**91,512**	**104,324**	**609**	**104,933**
Change in consolidation structure	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	-28,056	-28,056	0	-28,056
Balance at December 31, 2014	**70,140**	**618,661**	**-13,722**	**-15,531**	**352,201**	**1,011,749**	**4,474**	**1,016,223**
Profit for the year	0	0	0	0	66,161	66,161	501	66,662
Other income	0	0	20,273	1,379	0	21,652	0	21,652
Total comprehensive income	**0**	**0**	**20,273**	**1,379**	**66,161**	**87,813**	**501**	**88,314**
Change in consolidation structure	0	0	0	0	-383	-383	0	-383
Dividends	0	0	0	0	-35,070	-35,070	0	-35,070
Balance at December 31, 2015	**70,140**	**618,661**	**6,551**	**-14,152**	**382,909**	**1,064,109**	**4,975**	**1,069,084**

Consolidated Cash Flow Statement

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

IN € K

	Notes	Jan. 1 – Dec. 31, 2015	Jan. 1 – Dec. 31, 2014
EBT		**97,517**	**130,141**
Adjustments to reconcile profit before tax with gross cash flows:			
Depreciation and amortization		67,672	60,142
Other non-cash income/expenditure		-5,808	-5,871
Gains/losses from sale of intangible assets and property, plant and equipment		-1,323	-721
Book value from the disposal of rental equipment		19,791	21,600
Actuarial losses from pension obligations		1,379	-7,354
Financial result	(5)	6,130	6,060
Changes in misc. assets		6,914	-14,899
Changes in provisions		-1,449	9,078
Changes in misc. liabilities		6,007	6,376
Interest paid		-7,614	-8,674
Income tax paid		-38,422	-32,825
Interest received		1,736	2,707
Gross cash flow		**152,530**	**165,760**
Changes in inventories		-32,879	-75,579
Changes in trade receivables		-1,649	-1,966
Changes in trade payables		12,997	18,545
Changes in working capital		**-21,531**	**-59,000**
Cash flow from operating activities		**130,999**	**106,760**
Purchase of property, plant and equipment	(8)	-100,659	-73,816
Purchase of intangible assets	(10)	-17,736	-16,457
Proceeds from the sale of property, plant and equipment, intangible assets and non-current assets held for sale		4,983	4,976
Change in consolidation structure		**227**	**0**
Cash flow from investment activities		**-113,185**	**-85,297**
Free cash flow [1]		**17,814**	**21,463**
Dividends	(16)	-35,070	-28,056
Cash receipts from short-term/long-term borrowings		30,683	9,045
Repayments from short-term/long-term borrowings		-2,159	-3,914
Payment of finance lease liabilities		-85	-100
Cash flow from financing activities		**-6,631**	**-23,025**
Change in cash and cash equivalents		**11,183**	**-1,562**
Effect of exchange rates on cash and cash equivalents		-364	229
Change in cash and cash equivalents		**10,819**	**-1,333**
Cash and cash equivalents at beginning of period	**(15)**	**14,200**	**15,533**
Cash and cash equivalents at end of period	**(15)**	**25,019**	**14,200**

[1] Free cash flow = cash flow from operating activities + cash flow from investment activities.

Consolidated Segmentation

FOR THE PERIOD FROM JANUARY 1 THROUGH DECEMBER 31

SEGMENTATION (GEOGRAPHICAL SEGMENTS)

IN € K

	Europe	Americas	Asia-Pacific	Consolidation	Group
2015					
Segment revenue					
Total sales	1,651,829	871,315	87,486		2,610,630
Less intrasegment sales	-547,480	-478,072	-20,099		-1,045,651
	1,104,349	393,243	67,387		1,564,979
Intersegment sales	-125,058	-44,698	-19,893		-189,649
Total	**979,291**	**348,545**	**47,494**		**1,375,330**
EBIT	**112,669**	**4,412**	**120**	**-13,554**	**103,647**
Write-downs	**64,774**	**9,602**	**921**	**-7,625**	**67,672**
EBITDA[1]	**177,443**	**14,014**	**1,041**	**-21,179**	**171,319**

	Europe	America	Asia-Pacific	Consolidation	Group
2014					
Segment revenue					
Total sales	1,535,248	798,817	56,515		2,390,580
Less intrasegment sales	-507,596	-428,293	-2,894		-938,783
	1,027,652	370,524	53,621		1,451,797
Intersegment sales	-105,934	-46,851	-14,750		-167,535
Total	**921,718**	**323,673**	**38,871**		**1,284,262**
EBIT	**124,244**	**24,050**	**930**	**-13,023**	**136,201**
Write-downs	**59,677**	**7,413**	**807**	**-7,756**	**60,141**
EBITDA[1]	**183,921**	**31,463**	**1,737**	**-20,779**	**196,342**

[1] See Note 27: Segmentation.

SEGMENTATION (BUSINESS SEGMENTS)

IN € K

	2015	2014
Segment revenue from external customers		
Light equipment	417,091	422,282
Compact equipment	697,523	605,959
Services	283,941	272,963
	1,398,555	1,301,204
Less cash discounts	-23,225	-16,942
Total	**1,375,330**	**1,284,262**

Geographical areas

REVENUE ACCORDING TO COMPANY LOCATION

IN € K

	2015	2014
Germany	520,445	502,271
USA	269,914	229,515
Other	584,971	552,476
Wacker Neuson overall	**1,375,330**	**1,284,262**

NON-CURRENT ASSETS ACCORDING TO COMPANY LOCATION

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Germany	269,578	279,751
Austria	355,901	340,812
Other	175,359	142,316
Wacker Neuson overall	**800,838**	**762,879**

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

Notes to the Consolidated Financial Statements

General information on the company

Wacker Neuson SE (referred to as the company in the following) is a listed European stock corporation (Societas Europaea or SE) headquartered in Munich (Germany). It is entered in the Register of Companies at the Munich Local Court under HRB 177839.

Wacker Neuson shares have been listed since May 2007 on the regulated Prime Standard segment of the German stock exchange in Frankfurt. The company has been listed in the SDAX since September 2007.

General information on accounting standards

The following Consolidated Financial Statements for fiscal 2015 were prepared in accordance with the International Accounting Standards (IAS) as approved and published by the International Accounting Standards Board (IASB) and the International Financial Reporting Standards (IFRS) as interpreted by the IFRS Interpretation Committee (IFRS IC) as adopted by the EU, and in supplementary compliance with the provisions set forth in Section 315a (1) of the German Commercial Code (HGB). All valid and binding standards for fiscal 2015 have been applied.

The Consolidated Financial Statements comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, as well as the Notes to the Consolidated Financial Statements. In addition, a Group Management Report, which was combined with the Management Report of the company, was prepared in accordance with Section 315a HGB. The Consolidated Financial Statements are prepared using the acquisition cost method. The income statement is prepared in the "cost-of-sales" format. The Consolidated Financial Statements have been prepared in euros (EUR). All figures are presented in thousand euros (€ K or EUR K), rounded to the nearest thousand, unless otherwise stated.

Wacker Neuson SE's fiscal year corresponds to the calendar year. The Consolidated Financial Statements for fiscal 2015 (which include prior-year figures) were approved for publication by the Executive Board on March 10, 2016.

Changes in accounting under IFRS

Standards and interpretations applied for the first time in the fiscal year under review

The following standards, amendments to standards and interpretations are mandatory as of January 1, 2015.

Name	Description	Mandatory as of[1]
IFRIC 21	Levies	June 17, 2014
	Improvements to IFRS (2011 – 2013)	January 1, 2015

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

The standards applicable for the first time in the fiscal year under review did not have any significant impact on the accounting and valuation methods used by the Group.

Standards and interpretations that have been published but not yet applied

The following financial reporting standards have been published but have not yet come into force, which is why there is no obligation to apply them yet. Should these financial reporting standards be endorsed by the European Union, earlier voluntary adoption would be feasible. At present, the Group aims to apply these standards from the date on which they take effect.

Name	Description	Mandatory as of[1]
EU endorsement received to date of release for publication		
IAS 19	Defined benefit plans: employee contributions	February, 1, 2015
	Improvements to IFRS (2010 – 2012)	February 1, 2015[2]
IFRS 11	Acquisition of an interest in a joint operation	January 1, 2016
	Disclosure initiative (amendments to IAS 1)	January 1, 2016
	Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
	Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
IAS 27	Equity method in separate financial statements	January 1, 2016
	Improvements to IFRS (2012 – 2014)	January 1, 2016
EU endorsement outstanding		
IFRS 9	Financial instruments (recognition, classification and measurement) and hedging relationships	January 1, 2018
IFRS 15	Revenue from contracts with customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
	Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
	Sales or contributions of assets between an investor and its associate/joint venture (amendments to IFRS 10 and IAS 28)	–[3]

[1] For fiscal years that start on or after this date. Initial application in line with EU law or already endorsed by EU law.
[2] Amendments to IFRS 2 and IFRS 3 are included, despite these standards first being used in fiscal years that begin on or after February 1, 2015. These are to be applied to transactions that take place on or after July 1, 2014.
[3] On December 17, 2015, the IASB decided to delay the initial application date of these amended standards indefinitely.

First-time application of the above-mentioned standards and interpretations is unlikely to substantially change the current accounting and valuation methods of the Group, with the exception of the following amendments:

- IFRS 15: Revenue from Contracts with Customers, was published by the IASB in May 2014 and specifies when and how revenue from customers should be recognized. IFRS 15 provides a principles-based five-step model to be applied to all contracts with customers. According to the new standard, the amount of revenue to be recognized on transfer of control corresponds to the consideration to which the company will be entitled to in exchange for the goods or services that will be transferred to the customer. IFRS 15 replaces IAS 11, Construction Contracts, and IAS 18, Revenue, as well as the related interpretations. In July 2015, the IASB resolved to postpone the first time application of this standard to fiscal years starting on or after January 1, 2018. The company is currently evaluating the potential impact of IFRS 15 on the Consolidated Financial Statements and will determine the date of its initial application as well as the transition method.
- On publication of the final version of IFRS 9, Financial Instruments, in July 2014, the IASB completed its comprehensive project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces a new three-step classification model for financial assets. The categorization results from the dependence of the contractual cash flows and from the business model within which the instrument is held. Another key introduction in IFRS 9 is the fair value option for financial liabilities. For these liabilities, changes in fair value attributable to changes in the default risk of the liability are to be recognized in other comprehensive income. The company is currently evaluating the impact IFRS 9 will have on the Consolidated Financial Statements.
- On January 13, 2016, the IASB published the final IFRS 16 standard, “Leases”. The resulting changes mainly affect the lessee and result in the requirement that all leases and associated rights and responsibilities must be reported in the lessee’s balance sheet. The precise impact this will have on the company’s situation are still to be determined.

Closing date

The closing date for all affiliates included in the Consolidated Financial Statements is December 31 of the respective year. The accounting period valid for the current statements is January 1, 2015 through December 31, 2015.

Consolidation structure → see fig. page 117

In addition to the parent company, Wacker Neuson SE, the Consolidated Financial Statements as at December 31, 2015 include the following affiliates controlled by the Group. The Group is deemed to control a company if it carries the risks associated with that company along with the rights to fluctuating returns on its shareholding in the company, and also if it can use its power of control over the company to influence these returns. Control is exercised through the following shareholdings:

CONSOLIDATION STRUCTURE

	Company name	City	Type of company[1]	Country	Wacker Neuson SE shareholding as a % direct	Wacker Neuson SE shareholding as a % indirect	Equity in € K	Segment
	Germany							
1	Wacker Neuson Produktion GmbH & Co. KG	Munich	PXX	Germany	100		50,510	Europe
2	Wacker Neuson PGM Verwaltungs GmbH	Munich	Other	Germany		100	30	Europe
3	Wacker Neuson Vertrieb Deutschland GmbH & Co. KG	Munich	SXX	Germany	100		76,230	Europe
4	Wacker Neuson SGM Verwaltungs GmbH	Munich	Other	Germany		100	30	Europe
5	Wacker Neuson Vertrieb Europa GmbH & Co. KG	Munich	Logistics	Germany	100		33,327	Europe
6	Wacker Neuson SEM Verwaltungs GmbH	Munich	Other	Germany		100	29	Europe
7	Weidemann GmbH	Diemelsee-Flechtdorf	PXX	Germany	100		40,495	Europe
8	Kramer-Werke GmbH	Pfullendorf	PXX	Germany		95	120,484	Europe
9	PADEM Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gutmadingen KG	Düsseldorf	Other	Germany		90	42	Europe
10	Wacker Neuson Grundbesitz GmbH & Co. KG	Pfullendorf	Other	Germany		95	7,120	Europe
11	Wacker Neuson Grundbesitz Verwaltungs GmbH	Pfullendorf	Other	Germany		95	24	Europe
12	Wacker Neuson Immobilien GmbH	Überlingen	Other	Germany		95	3,160	Europe
	Rest of Europe							
13	Wacker Neuson ApS	Karlslunde	SXX	Denmark	100		1,457	Europe
14	Wacker Neuson S.A.S.	Brie-Comte-Robert (near Paris)	SXX	France	100		5,401	Europe
15	Wacker Neuson Ltd.	Stafford (near Birmingham)	SXX	UK	100		15,073	Europe
16	Wacker Neuson srl con socio unico	San Giorgio di Piano (near Bologna)	SXX	Italy	100		453	Europe
17	Wacker Neuson B.V.	Amersfoort	SXX	Netherlands	100		3,003	Europe
18	Wacker Neuson AS	Hagan (near Oslo)	SXX	Norway	100		3,619	Europe
19	Wacker Neuson Beteiligungs GmbH	Hörsching (near Linz)	Holding	Austria	100		139,344	Europe
20	Wacker Neuson Linz GmbH	Hörsching (near Linz)	PXX	Austria		100	129,703	Europe
21	Wacker Neuson Rhymney Ltd.	Tredegar	Other	UK		100	941	Europe
22	Wacker Neuson Kragujevac d.o.o.	Kragujevac	PXX	Serbia		100	1,201	Europe
23	Wacker Neuson Lapovo d.o.o.	Lapovo	Other	Serbia		100	1,413	Europe
24	Wacker Neuson GmbH	Vienna	SXX	Austria	100		16,008	Europe
25	Wacker Neuson Sp. z.o.o.	Jawczyce (near Warsaw)	SXX	Poland	100		7,888	Europe
26	Wacker Neuson GmbH	Moscow	SXX	Russia	100		3,089	Europe
27	Wacker Neuson AB	Södra Sandby (near Malmö)	SXX	Sweden	100		3,746	Europe
28	Drillfix AG	Volketswil (near Zürich)	Other	Switzerland	100		253	Europe

[1] SXX = Sales location / PXX = Production location / Other = Generally refers to real estate companies or general partners (Komplementär) in KG companies.

CONSOLIDATION STRUCTURE

	Company name	City	Type of company[1]	Country	Wacker Neuson SE shareholding as a % direct	indirect	Equity in € K	Segment
29	Wacker Neuson AG	Volketswil (near Zürich)	SXX	Switzerland	100		33,484	Europe
30	Wacker Neuson, S.A.	Torrejón de Ardoz (near Madrid)	SXX	Spain	100		4,491	Europe
31	Wacker Neuson (Pty) Ltd.	Florida (near Johannesburg)	SXX	South Africa	100		6,295	Europe
32	Wacker Neuson s.r.o.	Prague	SXX	Czech Republic	100		5,246	Europe
33	Wacker Neuson Makina Limited Şirketi	Küçükbakkalköy (near Istanbul)	SXX	Turkey	100		7,438	Europe
34	Wacker Neuson Kft.	Törökbálint (near Budapest)	SXX	Hungary	100		919	Europe
	Americas							
35	Wacker Neuson Máquinas Ltda.	Jundiaí (near São Paulo)	SXX	Brazil	100		3,912	Americas
36	Wacker Neuson Ltda.	Huechuraba (near Santiago)	SXX	Chile	100		7,403	Americas
37	Wacker Neuson Ltd.	Mississauga (near Toronto)	SXX	Canada	100		4,351	Americas
38	Wacker Neuson S.A. de C.V.	Mexico City	SXX	Mexico	100		3,380	Americas
39	Wacker Neuson Corporation	Menomonee Falls[1]	Holding	USA	100		116,198	Americas
40	Wacker Neuson Logistics Americas LLC	Menomonee Falls[1]	Logistics	USA		100	70,660	Americas
41	Wacker Neuson Production Americas LLC	Menomonee Falls[1]	PXX	USA		100	71,724	Americas
42	Wacker Neuson Sales Americas LLC	Menomonee Falls[1]	SXX	USA		100	29,023	Americas
43	Wacker Neuson Bogotá S.A.S.	Bogotá	SXX	Colombia	100		1,029	Americas
44	Wacker Neuson Lima S.A.C.	Lima	SXX	Peru	99	1	1,507	Americas
	Asia-Pacific							
45	Wacker Neuson Pty Ltd.	Springvale (near Melbourne)	SXX	Australia	100		13,878	Asia-Pacific
46	Wacker Neuson Limited	Hong Kong	SXX	Hong Kong	100		4,021	Asia-Pacific
47	Wacker Neuson Machinery Trading (Shenzhen) Ltd. Co.	Shenzhen	SXX	China		100	0	Asia-Pacific
48	Wacker Neuson Shanghai Ltd.	Shanghai	SXX	China	100		2,537	Asia-Pacific
49	Wacker Neuson (Singapore) PTE. LTD	Singapore	SXX	Singapur	100		1,972	Asia-Pacific
50	Wacker Neuson Equipment Private Ltd.	Bangalore	SXX	India	100		1,116	Asia-Pacific
51	Wacker Neuson Manila, Inc.	Dasmariñas (near Manila)	PXX	Philippines	100		9,152	Asia-Pacific
52	Wacker Neuson Holding Limited	Samutprakarn (near Bangkok)	Holding	Thailand	100		44	Asia-Pacific
53	Wacker Neuson Limited	Samutprakarn (near Bangkok)	SXX	Thailand		100	815	Asia-Pacific

[1] SXX = Sales location / PXX = Production location / Other = Generally refers to real estate companies or general partners (Komplementär) in KG companies.
[2] Near Milwaukee.

The following companies were included in the consolidation structure for the first time in fiscal 2015. They were not previously included due to their limited significance.

Company name	Country	Share as a % (direct)	Share as a % (indirect)	Segment
Wacker Neuson Bogotá S.A.S.	Colombia	100	0	Americas
Wacker Neuson Lima S.A.C.	Peru	99	1	Americas
Wacker Neuson Shanghai Ltd.	China	100	0	Asia-Pacific
Wacker Neuson (Singapore) PTE. LTD	Singapore	100	0	Asia-Pacific
Wacker Neuson Holding Limited	Thailand	100	0	Asia-Pacific

No significant acquisitions or disposals were made in fiscal 2015.

The Group does not hold any investments in associate companies or joint ventures that are recognized at equity on the balance sheet.

Consolidation principles

The Consolidated Financial Statements are based on the annual financial statements of the domestic and foreign companies included in the Group, which were prepared in accordance with IFRS to the year ending December 31, 2015. The annual financial statements of these companies were prepared according to the uniform accounting and valuation methods applied by the Group.

Equity was consolidated according to the acquisition method. For the first consolidation of subsidiaries, all identifiable assets, liabilities and contingent liabilities of the acquired companies are recognized at fair value.

During initial consolidation of acquired companies that constitute a business, positive balances remain after reevaluation of all hidden assets and liabilities. These are capitalized as goodwill resulting from equity consolidation and are subject to an annual impairment test. To carry out the impairment test, this goodwill is allocated to the cash-generating units of the Group likely to benefit from the merger.

Receivables and payables as well as purchases and sales between consolidated Group affiliates have been eliminated. Group inventories and fixed assets are adjusted to reflect intra-Group profits and losses.

Consolidation transactions affecting income and consolidation transactions that do not affect income are subject to deferred tax.

Exchange differences

Transactions carried out in foreign currencies are recognized at the exchange rate applicable at the time of the transaction. Nominal assets and liabilities in foreign currencies are converted at the exchange rate effective at the balance sheet date. The resulting exchange differences are recognized in the income statement.

The annual financial statements of consolidated Group members that are prepared in foreign currencies have been translated into euros according to the concept of the functional currency. The functional currency is taken to refer to the relevant national currency, with the exception of the Philippines (US dollar) and Hungary (euro). Thus, assets and liabilities are translated at the spot rates of exchange effective at the balance sheet date, whereas income and expenses are translated at the average annual rates of exchange, provided that the exchange rates did not fluctuate strongly during the period under review.

Exchange differences arising from the application of different exchange rates for the balance sheet and income statement are recorded as a separate item of equity so they have no impact on the financial result. Exchange differences resulting from the translation of foreign affiliates into the Group's currency are recognized in other income and are also recorded as a separate item of equity with no impact on the financial result.

The exchange rates of the main currencies relevant to the Group are as follows:

1 euro equals		2015	2014	2015	2014
		Annual average rates		Rates at balance sheet date[1]	
Australia	AUD	1.4782	1.4723	1.4897	1.4829
Brazil	BRL	3.7047	3.1056	4.3117	3.2207
Chile	CLP	726.5256	756.946	773.4900	737.1700
China	CNY	6.9750	8.1543	7.0608	7.5358
Denmark	DKK	7.4587	7.4547	7.4626	7.4453
UK	GBP	0.7259	0.8031	0.7340	0.7789
Hong Kong	HKD	8.6021	10.2465	8.4376	9.4170
India	INR	71.2122	80.711	72.0215	76.7190
Japan	JPY	134.3270	140.5025	131.0700	145.2300
Canada	CAD	1.4194	1.4636	1.5116	1.4063
Colombia	COP	3047.754	2649.768	3457.400	2890.070
Mexico	MXN	17.6168	17.6454	18.9145	17.8679
Norway	NOK	8.9537	8.3967	9.6030	9.0420
Peru	PEN	3.5302	3.7589	3.7083	3.6270
Philippines	USD	1.1096	1.3211	1.0887	1.2141
Poland	PLN	4.1849	4.1939	4.2639	4.2732
Russia	RUB	68.1572	51.9326	80.6736	72.3370
Sweden	SEK	9.3526	9.1205	9.1895	9.3930
Switzerland	CHF	1.0680	1.2127	1.0835	1.2024
Serbia	RSD	120.6467	117.4236	121.5140	121.4150
Singapore	SGD	1.5259	1.6773	1.5417	1.6058
South Africa	ZAR	14.1856	14.3406	16.9530	14.0353
Thailand	THB	38.0446	42.9878	39.2480	39.9100
Czech Republic	CZK	27.2776	27.5513	27.0230	27.7350
Turkey	TRY	3.0265	2.8942	3.1765	2.8320
USA	USD	1.1096	1.3211	1.0887	1.2141

[1] Rates at the balance sheet date: rates on the last working day of the year.

Accounting and valuation methods

Realization of revenue, income and expenses

In the case of contracts for the sale of goods, profits are realized when the goods are delivered (passing of risk), whereas profits arising from the provision of services are realized on completion of the work. In the case of short- and long-term service contracts, such as hire-purchase, profits are realized on a pro-rata, straight-line basis over the duration of the service agreement. Operating expenses are recognized in profit or loss when the service has been rendered, or at the date the costs are incurred. Interest income is accrued based on the outstanding principal of the loan and the applicable interest rate.

Determining fair value

The Group identifies certain financial instruments (derivatives and securities) and recognizes them at fair value at every closing date in line with applicable guidelines. The fair value of financial instruments is also reported. Refer to item 25 “Additional information on financial instruments” in these Notes for additional information on fair value.

Fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes that the business transaction takes place

- on the principle market for the asset or liability or,
- in the absence of a principle market, on the most advantageous market for the asset or liability.

The Group must have access to the principle market or the most advantageous market.

The fair value of an asset or liability is measured on the basis of assumptions that market participants would use to agree on a price that is in their best economic interests.

The Group uses appropriate evaluation techniques that provide sufficient data for measuring fair value. These processes must give the highest priority to observable inputs and the lowest priority to non-observable inputs. All assets and liabilities to be measured at fair value or recognized in the financial statements are categorized into the following fair value hierarchies based on the lowest level input that is significant overall to the measurements.

- Level 1: Prices quoted in active markets (not adjusted)
- Level 2: Evaluation processes incorporating key lowest level inputs that are observable either directly or indirectly on the market for the asset or liability
- Level 3: Evaluation processes incorporating key lowest level inputs that are not observable on the market

The categorizations are checked at the end of each reporting period.

Property, plant and equipment

Property, plant and equipment is recognized in accordance with IAS 16. Property, plant and equipment is valued at acquisition costs or manufacturing costs less accumulated linear depreciation and accumulated impairment. Property, plant and equipment is derecognized on disposal or when it is withdrawn from use.

Financing costs are capitalized provided there is a qualified underlying asset.

Investment properties

Land and buildings held for the purpose of generating rental revenue are disclosed at net book value. Straight-line depreciation occurs using the pro rata temporis method.

Intangible assets

Intangible assets with a limited useful life are capitalized at acquisition cost or manufacturing cost less accumulated depreciation and accumulated impairment and amortized on a straight-line basis depending on their projected useful life.

Intangible assets with an unlimited useful life are not subject to scheduled amortization but are tested for impairment at least once a year.

Financing costs are capitalized provided there is a qualified underlying asset.

Leases

When the Group is the lessor

Leasing transactions regarding tangible assets in which the Group as the lessor transfers all material risks and rewards from the use of the leased object to the lessee are treated as finance leases according to IAS 17. In such cases, the lessee recognizes the leased object as an asset in the balance sheet and it is therefore not entered in the Group balance sheet. Leasing transactions regarding tangible assets and investment properties in which the Group as the lessor does not transfer all material risks and rewards are treated as operating leases according to IAS 17.

When the Group is the lessee

Leasing transactions regarding tangible assets in which the Group as the lessee bears all material risks and rewards from the use of the leased object are treated as finance leases according to IAS 17. In such cases, the lessee recognizes the leased object as an asset in the balance sheet and the payment obligation of future lease installments is disclosed as a liability item. Treatment as a finance lease leads to a depreciation expense determined by the useful life of the leased object and to a finance expense in the income statement.

All other leasing contracts are classified as operating leases. In such cases, the leasing installments or the rental payments are distributed on a straight-line basis over the duration of the leasing contract and shown directly as an expense in the income statement.

Inventories

Inventories of work in process and finished products, as well as raw materials and supplies, are valued at their acquisition or manufacturing cost, in accordance with IAS 2. To the extent that acquisition and manufacturing costs of inventories are above fair value, they are written down to the lowest net realizable value at the balance sheet date. The net realizable value corresponds to the estimated realizable sales price under normal business conditions less estimated manufacturing and sales costs. If the net realizable value of formerly written-down inventories has increased, corresponding write-ups will be made.

In determining acquisition costs, incidental acquisition costs are added and rebates on purchase prices are deducted. Manufacturing costs include all expenses that are allocable either directly or indirectly to the manufacturing process.

Acquisition and manufacturing costs for inventories were, for the main part, determined on the basis of the FIFO method; in other words, on the assumption that those assets that were acquired first will be consumed first. The moving average cost procedure is also used to simplify valuation.

Financial instruments and hedging transactions

Non-derivative financial instruments

Non-derivative financial instruments as disclosed on the assets side of the balance sheet comprise marketable securities and receivables. Marketable securities are measured at fair value and recognized under “Available-for-sale financial instruments”. Receivables are allocated to the “loans and receivables” category. Non-current receivables are discounted at standard interest rates and recognized at amortized cost. Due to their short-term nature, trade receivables and other receivables are recognized at their nominal values less allowance for doubtful accounts based on the probable default risk. Assets are recognized in the balance sheet for the first time when a Group company becomes party to a contract. Financial assets are recognized as of the day of performance. Assets are derecognized upon transfer of ownership or expiration of contractual rights to cash flows.

The carrying amounts of assets valued at amortized cost are verified if there is any indication that the book value exceeds the useful value or the net realizable value (impairment test). Should the book value exceed the net realizable value, the asset is written down.

Credit balances with financial institutions are recognized at their nominal values. The Group's non-derivative financial liabilities comprise trade payables, borrowings from banks and other financial liabilities. All non-derivative financial liabilities are initially recognized at fair value less the directly attributable transaction costs. In subsequent years, they are measured at amortized cost using the effective interest method.

Derivative financial instruments

The Wacker Neuson Group utilized standard financial instruments such as foreign exchange forward contracts, FX forwards and interest rate caps exclusively to minimize risks. These kinds of financial instruments are organized centrally and always have a corresponding underlying transaction.

Derivative financial instruments are recognized at fair value when the contract is entered into and also when the contract is subsequently reevaluated at the respective closing date. The fair values are calculated based on market information available on the closing date and with the help of recognized actuarial principles.

Derivative financial instruments are allocated to the assets or liabilities held for trading and designated at fair value through profit or loss when first recognized and also in subsequent fiscal years. Profits and losses realized through fair value fluctuations are immediately recognized.

Research and development

Research expenses are recognized in the consolidated income statement in the period in which they are incurred.

Development costs are capitalized, providing the criteria as set forth in IAS 38.57 ff. onwards are fulfilled.

Trade receivables and other assets

Other non-financial assets are principally recognized at their nominal values. Allowances are recognized for the full amount for those other current assets for which there is a high probability of default.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, checks and demand deposits. They belong to the category “loans and receivables” and have maturities of three months or less. Cash and cash equivalents are converted to the nominal value in euro. In the case of liquid funds, this corresponds to the fair value.

Government subsidies

Government subsidies are only recognized if there is reasonable assurance that the relevant criteria are fulfilled and the funding will be approved. Subsidies are recognized by reducing the book value of the asset. The subsidy is then recognized as income through a reduced write-down value over the duration of the depreciable asset's useful life.

Pensions and similar obligations

Provisions for pensions and similar obligations under defined benefit plans are recognized following the projected unit credit method, taking into consideration future adjustments in remuneration payments and in pensions in compliance with IAS 19. Reevaluations, primarily including actuarial gains and losses, are directly recognized in the balance sheet and allocated to equity via other income in the period in which they occur. Reevaluations may not be moved to the income statement in subsequent periods.

Unvested past service costs are recognized in profit or loss at the earlier of the following points in time:

- The time at which the adjustment or curtailment of the plan takes effect
- The time at which the Group recognizes any costs related to the restructuring

Net interest is determined by applying the discount rate to the balance of the defined benefit plan. The Group recognizes the following amendments to defined benefit plans in the income statement depending on the functional scope:

- Service costs, including current service costs, unvested past service costs
- Profits and losses from plan curtailments and extraordinary plan payments
- Net tax expense or income

Pension obligations in Germany are calculated using the demographic tables for 2005 G developed by Prof. Klaus Heubeck. Pension obligations abroad are calculated using accounting principles and parameters specific to the corresponding country.

Service costs for vested rights to future pension payments result from the changes in the present value of the obligation. The interest portion of the increase in pension provisions is disclosed under financial results. Payments under defined contribution benefit plans are recognized directly as an expense.

Other provisions
Other provisions are recognized in accordance with IAS 37 when the Group has a present legal or constructive obligation as a result of a past event, which will probably result in an outflow of resources with economic benefits, and when a reliable estimate of the amount can be made. Other provisions are made for all recognizable obligations. Valuation is based on estimations of the expected settlement amount on due consideration of all business circumstances. Provisions that are only due after one year and for which the payment amounts and due dates can be reliably estimated are measured at discounted present value. Provisions for warranties are calculated on the basis of historical values, warranty lifetimes and product volumes.

Other provisions are set up for all recognizable risks as well as for all contingent liabilities in the amount of the probable occurrence.

Deferred tax expense
Deferred and current tax is calculated in line with IAS 12.

Deferred tax assets and liabilities are recognized for temporary differences between carrying amounts and corresponding tax bases, for consolidation transactions recognized in the income statement and for tax loss carry-forwards.

Deferred tax assets on tax loss carry-forwards are only recognized if the associated reductions in tax are also likely to arise in the next five years (maximum) and if they will be applicable in subsequent periods. Deferred tax was recognized for loss carry-forwards in the year under review.

Deferred tax is calculated at the tax rate of the company in question valid or approved at the balance sheet date, which is likely to be valid when the reversal effects will probably enter into effect.

Changes to deferred tax in the balance sheet result in deferred tax expense or income. If any movements that necessitate a change in deferred tax are charged directly to equity, the resulting change to deferred tax is also recognized directly in equity.

Material discretionary decisions, estimates and assumptions

In preparing the 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. The following significant estimates and assumptions, together with the uncertainties associated with the accounting and valuation methods applied, are crucial in understanding the underlying risks of the financial report and the impact these estimates, assumptions and uncertainties could have on the Consolidated Financial Statements:

The value of goodwill and assets with an unlimited useful life (at least one impairment test per year)
The Group carries out an impairment test on goodwill, intangible assets of unlimited useful life and capitalized development costs once a year or more often if there is indication that an asset has been impaired. This involves making estimates regarding the forecast and discounting of future cash flows. In fiscal 2015, no reasons were identified that would indicate impairment. For more information on calculating impairment, the assumptions indicating impairment and the sensitivity of these assumptions, please refer to item 10 “Intangible assets” in these Notes.

Indications for tangible and intangible asset and development costs impairment (specific to events or circumstances)
At each closing date, the Group determines whether there are any grounds to assume that the book value of a tangible asset or an item under other intangible assets has been impaired. In fiscal

2015, the Group identified grounds for a significant impairment of intangible assets. Refer to item 10 “Intangible assets” in these Notes for more detailed information.

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 reduced if the estimates regarding scheduled tax income and the tax benefits realizable through available tax strategies are lowered, or should changes to current tax legislation restrict the timeframe or feasibility of future tax benefits. Refer to item 6 “Taxes on income” in these Notes for more detailed information.

Employee benefits
Pensions and similar obligations are calculated in accordance with actuarial valuations. These valuations are based on a number of factors including statistical values in order to anticipate future events. These factors include actuarial assumptions such as the discount rate, expected salary increases and mortality rates. These actuarial assumptions can deviate considerably from the actual obligations as a result of changed market and economic conditions, resulting in a change in the associated future commitment.

For more detailed information on this and issues relating to sensitivity, please refer to item 17 “Provisions for pensions and similar obligations” in these Notes.

Legal risks
Legal risks result from legal action against Wacker Neuson SE or individual Group members. The outcome of these disputes could have a substantial impact on Group assets, financials and earnings. Company management regularly analyses the current information available about these cases and builds provisions to cover probable obligations. Assessments are performed by internal and external lawyers. When reaching a decision on the need to recognize provisions, company management takes sufficient account of the probability of an unfavorable outcome and takes due care to estimate the amount of the obligation sufficiently reliably. For more information, please refer to item 24, “Other financial liabilities” in these Notes.

Explanatory comments on the income statement

1 – Revenue

With respect to the presentation and composition of revenue by geographic regions and by business segments, please refer to the section on segment reporting.

2 – Other income

Other income includes income from the offsetting of non-cash benefits.

IN € K

	2015	2014
Proceeds from sale of property, plant and equipment	2,707	2,232
Currency gains	17,886	14,748
Rental income on investment properties	1,534	1,904
Carry-forwards	995	611
Recovery of receivables written off	244	110
Insurance reimbursements	294	2,269
Gains on foreign-exchange forward contracts	27	0
Income from the sale of scrap	890	522
Other income	3,422	3,095
Total	**27,999**	**25,491**

3 – Personnel expenses

Personnel expenses are composed as follows:

IN € K

	2015	2014
Wages and salaries	231,880	205,144
Social security contributions	51,208	44,396
Expenses for pensions	5,689	4,733
Total	**288,777**	**254,273**

The expenses for pensions include the expense for pension benefits without the interest portion of the additions to provisions for pensions, which is recognized under financial results.

The expenses for wages and salaries include redundancy payments to the following extent:

IN € K	2015	2014
Redundancy payments	2,058	2,526

EUR K 530 (previous year: EUR K 451) of which was accrued to provisions for redundancy payments.

The average number of employees broken down according to fields of activity is as follows for the period under review:

	2015	2014
Production	1,806	1,654
Sales and service	1,910	1,783
Research and development	374	350
Administration	504	466
Total	**4,594**	**4,253**

4 – Other operating expenses

IN € K	2015	2014
Exchange losses	15,895	5,541
Losses on the disposal of property, plant and equipment	1,384	1,511
Other expenses	281	598
Total	**17,560**	**7,650**

5 – Financial result

a) Financial income

IN € K	2015	2014
Interest and similar income	1,736	2,685
Income on disposals of financial assets	45	37
Unrealized gains	1	7
Total	**1,782**	**2,729**

b) Financial expense

IN € K	2015	2014
Interest and similar expense	-7,907	-8,774
Expenses on disposals of financial assets	0	-15
Unrealized losses	-5	0
Total	**-7,912**	**-8,789**

Interest and similar income was netted against interest payments and similar expenses in the amount of EUR K 860 during the period under review. No amounts were netted in the previous year.

6 – Taxes on income

Expense for taxes on income is composed as follows:

IN € K	2015	2014
Current tax expense	36,373	41,028
Deferred tax expense	-5,518	-3,008
Total	**30,855**	**38,020**

Actual taxes included adjustments in the amount of EUR K 653 (previous year: EUR K 79) which represent income for previous fiscal years.

Reconciliation of calculated tax to actual tax expense:

IN € K	2015	2014
EBT	97,517	130,141
Tax at the applicable rate: 28.67% (previous year: 28.82%)	27,958	37,507
Variance in Group tax rates	-1,909	-3,209
Taxes from or for prior periods	1,689	-79
Tax effects of non-deductible expenses and tax-exempt income	2,492	2,930
Tax rate changes	-466	745
Other	1,091	126
Total	**30,855**	**38,020**

In contrast to the previous year, information about the effects of changes to tax rates is disclosed as a separate line. In the previous year, EUR K 745 was disclosed under Variance in Group tax rates. The previous year's figures were correspondingly adjusted.

Taxes on income are calculated by applying the Group's uniform tax rate of 28.67 percent (previous year: 28.82 percent) to the profit before tax.

The tax assessment for the current year is based on a corporate income tax rate of 15.83 percent, which includes a solidarity surcharge of 5.5 percent. Trade tax is set at a uniform 3.5 percent.

Deferred tax assets and liabilities are allocated to the following balance sheet items:

IN € K

	2015 Deferred tax assets	2015 Deferred tax liabilities	2014 Deferred tax assets	2014 Deferred tax liabilities
Recognition and valuation differences: intangible assets	0	31,016	0	29,695
Valuation differences: tangible assets	15,389	15,792	13,405	15,133
Valuation differences: inventories	20,153	624	18,301	629
Valuation differences: receivables	651	0	747	0
Valuation differences: provisions for pensions	7,181	0	8,046	0
Valuation differences: liabilities	782	0	777	0
Loss carry-forwards	4,107	0	1,986	0
Other	5,658	900	5,071	1,045
Total	**53,921**	**48,332**	**48,333**	**46,502**
Net	**-14,795**	**-14,795**	**-13,315**	**-13,315**
Balance sheet item	**39,126**	**33,537**	**35,018**	**33,187**

Deferred tax recognized in the consolidated balance sheet arises from deferred tax recognized in the balance sheets of individual Group companies. Deferred tax assets and liabilities were netted at the level of the individual company as appropriate.

Unused tax loss carry-forwards for which no deferred tax receivable was recognized in the balance sheet amount to EUR K 21,607 (previous year: EUR K 15,117).

With respect to deferred tax assets, EUR K 4,113 (previous year: EUR K 2,393) are allocable to individual companies which incurred losses in the current or prior reporting period. The reason for the capitalization lies in the improved earnings situation in subsequent years. The deferred tax expense as a result of a drop in deferred tax receivables amounts to EUR K 230 (previous year: EUR K 2,306).

Deferred taxes from pension obligations in the amount of EUR K 5,757 (previous year: EUR K 6,238) were recognized directly in equity. All other deferred tax was recognized in the income statement.

Deferred taxes on undistributed profits of affiliates were recognized only if distribution is planned. The amount available for distribution is EUR K 196,582 (previous year: EUR K 201,413).

7 – Earnings per share

	2015	2014
Earnings of the current year attributable to shareholders in € K	66,161	91,512
Weighted average number of shares outstanding during current period	70,140	70,140
Undiluted earnings per share in €	**0.94**	**1.30**
Diluted earnings per share in €	**0.94**	**1.30**

According to IAS 33, earnings per share are calculated by dividing the total profit/loss for the year attributable to Wacker Neuson SE shareholders by the weighted average number of shares issued.

Explanatory comments on the balance sheet

8 – Property, plant and equipment

IN € K

	Land and buildings	Machinery and equipment	Office and other equipment	Payments on account/ Assets under construction	Total
Acquisition costs					
Balance at January 1, 2015	310,843	264,851	89,029	8,087	672,810
Exchange rate differences	3,923	10,782	1,418	-106	16,017
Change in consolidation structure	144	0	310	0	454
Additions	19,662	65,356	9,853	5,788	100,659
Disposals	-2,650	-47,468	-7,607	0	-57,725
Transfers	4,783	1,721	87	-6,799	-208
Balance at December 31, 2015	**336,705**	**295,242**	**93,090**	**6,970**	**732,007**
Accumulated depreciation					
Balance at January 1, 2015	85,581	135,966	62,356	0	283,903
Exchange rate differences	1,778	6,344	1,050	0	9,172
Change in consolidation structure	8	0	26	0	34
Additions	7,819	38,370	8,645	0	54,834
Disposals	-1,209	-27,460	-6,593	0	-35,262
Transfers	0	0	0	0	0
Balance at December 31, 2015	**93,977**	**153,220**	**65,484**	**0**	**312,681**
Book value at December 31, 2014	**225,262**	**128,885**	**26,673**	**8,087**	**388,907**
Book value at December 31, 2015	**242,728**	**142,022**	**27,606**	**6,970**	**419,326**
Useful life in years	1–50	1–15	1–20		

	Land and buildings	Machinery and equipment	Office and other equipment	Payments on account/ Assets under construction	Total
Acquisition costs					
Balance at January 1, 2014	305,109	261,806	90,881	2,388	660,184
Exchange rate differences	4,178	6,242	1,471	-286	11,605
Change in consolidation structure	0	0	0	0	0
Additions	4,449	55,617	6,946	6,804	73,816
Disposals	-3,043	-59,477	-10,264	-11	-72,795
Transfers	150	663	-5	-808	0
Balance at December 31, 2014	**310,843**	**264,851**	**89,029**	**8,087**	**672,810**
Accumulated depreciation					
Balance at January 1, 2014	77,830	133,958	62,012	0	273,800
Exchange rate differences	1,887	4,575	967	0	7,429
Change in consolidation structure	0	0	0	0	0
Additions	7,396	34,774	8,392	0	50,562
Disposals	-1,534	-37,348	-9,006	0	-47,888
Transfers	2	7	-9	0	0
Balance at December 31, 2014	**85,581**	**135,966**	**62,356**	**0**	**283,903**
Book value at December 31, 2013	**227,279**	**127,848**	**28,869**	**2,388**	**386,384**
Book value at December 31, 2014	**225,262**	**128,885**	**26,673**	**8,087**	**388,907**
Useful life in years	1–50	1–15	1–20		

Amounts recognized for land and buildings as well as for office and other equipment include the book values of finance lease contracts. For further information on this, please refer to item 24 “Other financial liabilities” in these Notes. Machinery and equipment includes rental equipment.

Total write-downs and impairment on property, plant and equipment, investment property and intangible assets reported in the Group income statement amounted to EUR K 67,672 (previous year: EUR K 60,142). EUR K 48,670 of this is attributable to manufacturing costs (previous year: EUR K 42,223), EUR K 6,244 to selling expenses (previous year: EUR K 6,435), EUR K 1,878 to research and development costs (previous year: EUR K 1,571) and EUR K 10,880 to general administrative costs (previous year: EUR K 9,913).

A lien at the book value of EUR K 9,451 (previous year: EUR K 9,451) is included in land and buildings, with the equivalent value of the open credit amounting to EUR K 1,667 (previous year: EUR K 3,300).

9 – Investment properties

The table below shows the development of investment properties held during the years 2014 and 2015:

IN € K	2015	2014
Acquisition costs		
Balance at January 1	29,550	29,536
Exchange rate differences	158	170
Additions	0	0
Disposals	0	-156
Transfers	-25	0
Balance at December 31	**29,683**	**29,550**
Accumulated depreciation		
Balance at January 1	11,552	11,060
Exchange rate differences	3	2
Additions	513	511
Disposals	0	-21
Balance at December 31	**12,068**	**11,552**
Book value on January 1	**17,998**	**18,476**
Book value on December 31	**17,615**	**17,998**

The profit derived from investment properties is shown in the table below:

IN € K	2015	2014
Rental income	1,534	1,904
Depreciation and amortization	-513	-511
Other expenses	-220	-178
Total	**801**	**1,215**

Depreciation and amortization is allocated to the European segment.

Investment properties include the land and buildings listed below, which have all been rented to third parties or are intended to be

PROPERTY	Book value in € K	Fair value in € K	Calculation method	Depreciation method	Useful life
Germany	14,864	23,400			
Dortmund	107	170	Discounted cash flow	linear	33 years
Gutmadingen	708	5,250	Survey/German income approach	linear	33 years
Überlingen	14,049	17,980	Survey/German income approach	linear	25–50 years
UK	2,616	2,616	Estate agent pricing	linear	50 years
Spain	135	135	Survey/German income approach	linear	50 years

rented to third parties. The reported depreciation methods and useful lives only affect the buildings listed.

The evaluation methods applied are listed in the table above. The fair value (measurement of fair value at hierarchy level 2) of the property in the UK was determined by comparing against local market pricing, which involved asking local real estate agents about the square meter pricing of properties comparable in terms of location, transport infrastructure and amenities/substance.

The key, non-observable input parameters used to evaluate investment properties are as follows (measurement of fair value at hierarchy level 3):

The fair values of properties were determined by surveyors using the German income approach and discounted cash flow methods. These evaluations are based on standard land values, standard market rents, estimated running costs and estimated residual useful lives.

10 – Intangible assets

a) Goodwill

Goodwill developed as follows:

IN € K

	2015	2014
As at January 1	237,290	236,259
Foreign currency fluctuations	992	1,031
As at December 31	**238,282**	**237,290**

b) Other intangible assets

→ see fig. page 130

The expected residual useful lives and residual book values of other intangible assets are as follows:

IN € K

	Book value on Dec. 31, 2015	Book value on Dec. 31, 2014	Useful life
Brands	64,838	64,838	indefinite
Customer base	878	1,305	2–8 years
Software development	6,460	2,767	1–8 years
Total	**72,176**	**68,910**	

Furthermore, other intangible assets include EUR K 22,000 for the brand name “Weidemann” resulting from the acquisition of Weidemann GmbH in 2005. Due to the strong market position of Weidemann GmbH, the brand name and trademark are considered to have an indefinite useful life.

EUR K 42,838 was recognized for the brand name in connection with the merger with the Neuson Kramer Group. This is also considered to have an indefinite useful life due to the company’s strong market position. Wacker Neuson SE does not own the “Neuson” logo. This is owned by the PIN Private Trust (PIN Privatstiftung), which is part of the group founded by the Chairman of the Supervisory Board, Johann Neunteufel. Subject to certain guidelines, however, the company has an exclusive, irrevocable and unlimited license to use this brand in conjunction with the name “Wacker”.

Intangible assets created internally refer to capitalized development costs.

In fiscal 2015, an impairment test on intangible assets created internally prompted by a change in market conditions indicated grounds for an impairment in the amount of EUR K 763. The impairment was recognized in the income statement under cost of sales and was allocated to the Americas segment.

The intangible assets in progress relate primarily to development costs for projects not yet completed at the closing date.

c) Impairment of goodwill and intangible assets with an unlimited useful life

The goodwill and indefinite-lived “Weidemann” and “Neuson” brands obtained through mergers are allocated for impairment testing to the following cash-generating units within the Americas or Europe segments:

- Weidemann GmbH (Germany)
- Wacker Neuson Production Americas LLC (subgroup/USA)
- Wacker Neuson Beteiligungs GmbH (subgroup/Austria)

OTHER INTANGIBLE ASSETS

IN € K

	Licenses and similar rights	Other intangible assets	Internally produced intangible assets	Intangible assets under development	Total
Acquisition costs					
Balance at January 1, 2015	30,090	76,891	47,618	2,894	157,493
Exchange rate differences	1,341	598	1,767	84	3,790
Additions	2,310	4,185	11,031	210	17,736
Disposals	-701	-1,591	-281	-689	-3,262
Transfers	0	233	0	0	233
Balance at December 31, 2015	**33,040**	**80,316**	**60,135**	**2,499**	**175,990**
Accumulated depreciation					
Balance at January 1, 2015	18,172	7,981	14,245	0	40,398
Exchange rate differences	885	486	457	0	1,828
Additions	3,616	1,247	6,699	0	11,562
Disposals	-409	-1,591	-274	0	-2,274
Transfers	-17	17	0	0	0
Impairment	0	0	763	0	763
Balance at December 31, 2015	**22,247**	**8,140**	**21,890**	**0**	**52,277**
Book value at December 31, 2014	**11,918**	**68,910**	**33,373**	**2,894**	**117,095**
Book value at December 31, 2015	**10,793**	**72,176**	**38,245**	**2,499**	**123,713**
Useful life in years	3–8	1–8	5–6		

	Licenses and similar rights	Other intangible assets	Internally produced intangible assets	Intangible assets under development	Total
Acquisition costs					
Balance at January 1, 2014 (adjusted)	27,334	77,160	33,881	3,668	142,043
Exchange rate differences	1,411	618	1,642	98	3,769
Additions	1,849	2,294	11,338	975	16,456
Disposals	-775	-3,491	-406	-103	-4,775
Transfers	271	310	1,163	-1,744	0
Balance at December 31, 2014 (adjusted)	**30,090**	**76,891**	**47,618**	**2,894**	**157,493**
Accumulated depreciation					
Balance at January 1, 2014 (adjusted)	14,726	9,908	8,904	0	33,538
Exchange rate differences	896	482	375	0	1,753
Additions	3,107	915	5,047	0	9,069
Disposals	-557	-3,323	-82	0	-3,962
Transfers	0	-1	1	0	0
Balance at December 31, 2014 (adjusted)	**18,172**	**7,981**	**14,245**	**0**	**40,398**
Book value at December 31, 2013	**12,608**	**67,252**	**24,977**	**3,668**	**108,505**
Book value at December 31, 2014 (adjusted)	**11,918**	**68,910**	**33,373**	**2,894**	**117,095**
Useful life in years	3–8	1–7	5–6		

The pro-rata book values break down as follows:

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Wacker Neuson Production Americas LLC (subgroup/USA)		
Book value of goodwill	9,604	8,612
Weidemann GmbH		
Book value of goodwill	24,232	24,232
Book value of the indefinite-lived brand	22,000	22,000
Wacker Neuson Beteiligungs GmbH (subgroup/Austria)		
Book value of goodwill	204,446	204,446
Book value of the indefinite-lived brand	42,838	42,838
Book value of goodwill	**238,282**	**237,290**
Book value of the indefinite-lived brand	**64,838**	**64,838**

With the exception of the year when they were first recognized in the balance sheet, the carrying amounts of goodwill and indefinite-lived brands are verified during the annual impairment test or subjected to an additional impairment test if there are indications of asset impairment. For this purpose, the book value is compared with the "fair value less cost to sell". The "fair value less cost to sell" is determined using the discounted cash flow method (measurement of fair value at hierarchy level 3). Future cash flows are discounted to the respective balance sheet date. Value is impaired if "fair value less cost to sell" is lower than the book value. No indications of value impairments have been identified in the current fiscal year.

The calculation of "fair value less cost to sell" is based on assumptions, which in turn are dependent on the following uncertain estimates:

- Free cash flow
- Discount rates
- Price increases for raw materials and supplies
- Underlying growth rates for cash-flow predictions outside of the budget period

Free cash flow: Free cash flow is calculated based on a detailed planning phase from 2016 to 2022. Growth rates are determined for the first two budget years (up to 2017) based on market conditions. Adjustments were made based on distribution plans. When performing the goodwill impairment test, it is assumed that the entire distributable cash flow is paid out each fiscal year. Distributable cash flow refers to free cash flow after interest payments, tax effects from borrowings and changes in borrowings. Care is taken to ensure that the cash flow distribution does not reduce the share capital. For the period from 2018 to 2022, management anticipates results and growth rates that more strongly align with past values. Various scenarios with annual EBIT growth of between 5 and 10 percent from 2018 to 2022 were created for the three cash-generating units Weidemann GmbH, Wacker Neuson Production Americas LLC (subgroup/USA) and Wacker Neuson Beteiligungs GmbH (subgroup/Austria). A negative scenario with EBIT growth of just 2 percent as of 2018 was also calculated for the three cash-generating units. In addition to EBIT growth, upper EBIT limits were also defined as restricting criteria for the cash-generating units. None of the scenarios resulted in impairment.

Discount rates: These reflect the management's assessment of the risks associated with cash-generating units. It includes a risk-free and risk-weighted rate. A weighted average cost of capital (WACC) after tax at a uniform rate of 8.28 percent (previous year: 9.07 percent) was applied.

Price increases of raw materials: Actual past price fluctuations are used as indicators for estimating future price developments.

Growth rate estimates: Management and affiliates estimate growth rates based on local market dynamics. A growth rate of 2 percent has been projected for perpetual annuity (previous year: 1 percent).

Sensitivity of assumptions: These calculations did not reveal a need to recognize impairment for any of the cash-generating units even if no growth rate had been applied in perpetual annuity or if WACC had been set 1 percent higher.

11 – Other non-current assets

Other non-current assets are composed of the following components:

IN € K	Dec. 31, 2015	Dec. 31, 2014
Non-current trade receivables	7,349	13,022
Investment securities	1,566	1,557
Loans	14	24
Misc. other non-current financial assets	1,855	1,567
Other non-current financial assets	**10,784**	**16,170**
Other non-current non-financial assets	**1,902**	**1,589**
Total	**12,686**	**17,759**

Non-current trade receivables largely resulted from sales promotion activities in the US. Delivered products are subject to retention of title.

12 – Inventories

IN € K	Dec. 31, 2015	Dec. 31, 2014
Raw materials and supplies	97,148	109,290
Works in progress	20,727	18,143
Finished goods	356,685	296,603
Total	**474,560**	**424,036**

Finished goods increased primarily as a result of the complexity in the number of product parts and versions required under emissions legislation and Group efforts to ensure flexible delivery capabilities.

An expense of EUR K 930,331 (previous year: EUR K 851,137) was recorded under acquisition and manufacturing costs for inventories for the fiscal year.

Raw materials and supplies, work in process and finished products were valued at their acquisition or manufacturing cost or at the lowest net realizable value. The associated valuation allowances increased by EUR K 3,538 compared to the previous year (previous year: EUR K 736).

Similar to 2014, no inventories were pledged as collateral for liabilities during the period under review.

13 – Trade receivables

Trade receivables have the following components:

IN € K	Dec. 31, 2015	Dec. 31, 2014
Trade receivables at nominal value	189,982	181,909
Less allowance for doubtful accounts	-9,947	-8,592
Total	**180,035**	**173,317**

At December 31, 2015, trade receivables in the amount of EUR K 86,110 (previous year: EUR K 62,289) were neither overdue nor written down.

Trade receivables in the amount of EUR K 83,638 (previous year: EUR K 100,406) were written down. The write-down amounted to EUR K 9,947 at the closing date (previous year: EUR K 8,592).

As of December 31, 2015, trade receivables that were overdue but not written down could be broken down as follows:

IN € K	Dec. 31, 2015	Dec. 31, 2014
Overdue but not written down <30 days	5,851	7,024
Overdue but not written down 30–90 days	3,022	2,270
Overdue but not written down >90 days	1,414	1,328
Total	**10,287**	**10,622**

Allowances for doubtful accounts developed as follows:

IN € K	2015	2014
Balance at January 1	8,592	7,344
Exchange rate differences	-65	90
Additions	3,241	2,610
Amount used for write-offs	-1,405	-974
Reversals	-416	-478
Balance at December 31	**9,947**	**8,592**

The Group regards the concentration of risk with regard to trade receivables as low since a large number of its customers are distributed across different countries, specialize in different industries and operate on largely unconnected markets. Regular credit checks verify the financial standing of customers. Allowances for doubtful accounts are made where necessary.

The fair value is a reasonable approximation of the book value since all receivables are due within less than one year.

14 – Other current assets

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Receivables from customers	608	331
Interest receivables	37	63
Misc. other current financial assets	2,118	4,677
Other current financial assets	**2,763**	**5,071**
Sales tax	6,891	7,869
Advance payments	6,389	5,109
Advances to employees	221	192
Misc. other current non-financial assets	950	872
Other current non-financial assets	**14,451**	**14,042**
Total	**17,214**	**19,113**

The fair value of remaining current financial assets is a reasonable approximation of the book value since all items have a maturity of less than one year.

15 – Cash and cash equivalents

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Petty cash	22,102	12,257
Bank balances	2,787	1,808
Cash deposits	130	135
Total	**25,019**	**14,200**

Daily cash balances held with banks bear interest at variable interest rates. Depending on the company's liquidity requirements, surplus cash and cash equivalents are set up as short-term, term accounts running from one day to three months. The term accounts yielded interest at the agreed prevailing rates.

Positive bank balances in the amount of EUR K 89,496 (including cash pool current account balances) (previous year: EUR K 20,795) were netted against cash pool current account liabilities amounting to EUR K 67,394 (previous year: EUR K 8,538), as a netting (offset) option was agreed with the cash pool bank. Current account balances at December 31, 2015, after netting, amounted to EUR K 22,102 (previous year: EUR K 12,257).

16 – Total equity

As in the previous year, subscribed capital amounted to EUR K 70,140 and is divided into 70,140,000 individual no-par-value registered shares, each representing a proportionate amount of the share capital of EUR 1.00. The share capital was fully paid in at the closing date of the Consolidated Financial Statements.

Other reserves are as follows:

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Capital reserves	618,661	618,661
Exchange rate differences	6,551	-13,722
Other changes without effect	-14,152	-15,531
Total	**611,060**	**589,408**

The capital reserves primarily result from share premiums in connection with the IPO and the merger with Wacker Neuson Beteiligungs GmbH (formerly Neuson Kramer Baumaschinen AG).

The reserve for exchange differences includes gains and losses from translating the annual financial statements of consolidated affiliates that are prepared in foreign currencies according to the concept of the functional currency and that have no impact on the financial result. The large change compared to the previous year is mainly due to the movement of the USD. → see page 120

Other neutral changes include reserves for the recognition of gains and losses from reevaluations of pensions and similar obligations, primarily actuarial gains and losses.

The company did not hold any treasury shares at December 31, 2015, nor at any point during the 2015 fiscal year or the previous year.

In 2015, the Group paid out EUR K 35,070 in dividends (EUR 0.50 per share). In 2014, the Group paid out EUR K 28,056 in dividends (EUR 0.40 per share). In 2016, the dividend payout proposal for fiscal 2015 amounts to EUR K 35,070 (EUR 0.50 per share). Proposed dividend payouts for no-par-value shares that require AGM approval were not recognized as a liability at December 31. Refer to the statement of changes in equity for further details on equity.

Authorized Capital 2012

On May 22, 2012 at the AGM, the Executive Board was authorized to increase the company's share capital by May 21, 2017, subject to the approval of the Supervisory Board, by issuing up to 17,535,000 new, registered shares against cash contributions and/or contributions in kind, in full or in partial amounts, on one or several occasions, however at the most by a maximum of EUR 17,535,000.00 (Authorized Capital 2012).

Rights, preferential rights or restrictions on shares

There are pool agreements between some shareholders and companies of the Wacker family on the one hand, and companies and shareholders of the Neunteufel family on the other, which essentially regulate the exercise of voting and petition rights at the AGM and restrict the transfer of shares. A pool agreement also exists between a shareholder of the Neunteufel family and Mr. Martin Lehner that permits the Neunteufel family shareholder to exercise the voting rights attributable to Mr. Martin Lehner's shares. For detailed information, please refer to the Management Report "Restrictions affecting voting rights or the transfer of shares".

17 – Provisions for pensions and similar obligations

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Provisions for pension obligations	43,580	44,840
Provisions for other obligations to employees	38	433
Total	**43,618**	**45,273**

Within the Group, there are different types of retirement benefit schemes worldwide for old age and surviving dependents' pensions. Most of the schemes provide for the payment of fixed lump-sum amounts. The others are defined retirement plans with a pension paid from retirement until death. The amounts to be paid are based on the respective employee's ranking (both with respect to salary as well as hierarchy) as well as their years of service to the company.

At the parent company, pension commitments due to enter into effect as of retirement age also exist vis-à-vis Executive Board members as well as former executives and Executive Board members.

For the remaining domestic and foreign companies, the schemes partly provide for a lump-sum payment which is based on the salary at retirement age multiplied by a factor based on years of service with the company, and partly for pension payments from retirement until death based on earnings for employees who fulfill the time-of-service requirements, which differ from country to country.

The defined benefit plans are partly financed by liability insurance. There are also pension commitments that are not financed by liability insurance or funds, where the Group pledges to make future payments when the pension payouts are due. This primarily refers to pension commitments governed by the legal framework of individual countries (adjustments to pensions, for example).

Foreign affiliates also have defined contribution plans. In such cases, the individual company makes contributions to the respective pension insurance schemes either because of legal requirements or contracted agreements. There is no further obligation for the company beyond these payments. The periodic contributions are recognized as an expense under profit before interest and tax (EBIT) in the respective year.

The actuarial valuation is essentially based on the following assumptions:

		2015	2014
Actuarial assumptions[1]			
Discount rate	as a %	2.52	2.08
Salary trends	as a %	0.17	0.35
Pension trends	as a %	1.82	1.81
Retirement age	in years	64	64

[1] Weighted average of the individual benefit schemes.

Pension obligations are distributed as follows:

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Fair value of pension obligations, funded	24,463	25,205
Fair value of plan assets	-9,372	-9,419
Shortfall in pension obligations, funded	**15,091**	**15,786**
Fair value of pension obligations, not funded	28,527	29,487
Shortfall in all pension obligations	**43,618**	**45,273**
Pension obligations	**43,618**	**45,273**

The changes in the present value of pension obligations and of plan assets are as follows:

IN € K

	2015	2014
Changes in the present value of pension obligations		
Balance at January 1	54,692	43,629
Current service costs	936	704
Interest expense	1,109	1,511
New valuations:		
Actuarial gains/losses		
- from changes to demographic assumptions	154	97
- from changes to financial assumptions	-1,904	8,680
Experience adjustments	-259	1,357
Changes in exchange rate	426	408
Paid benefits	-2,164	-1,664
Past service cost	0	-30
Balance at December 31	**52,990**	**54,692**

IN € K

	2015	2014
Changes in fair value of plan assets		
Balance at January 1	9,419	8,014
Interest income	200	312
Changes in exchange rate	8	15
New valuations:		
Experience adjustments	-149	-212
Employer's contributions	33	1,416
Payouts	-139	-126
Balance at December 31	**9,372**	**9,419**

Plan assets include pension liability insurance for German life insurance schemes where future payments are pledged in favor of the entitled recipient. Pension liability insurance schemes are not listed on an active market. The fair value of plan assets communicated by the life insurance company amounts to EUR K 9,372 (previous year: EUR K 9,419).

The average term of a defined benefit obligation was 15.2 years at the close of the reporting period (previous year: 15.7 years).

The investment strategy for plan assets is designed to achieve a sufficient return on investment in connection with contributions with a view to managing the financing risk from pension obligations appropriately. The actual contributions may differ from the investment strategy as a result of changing economic conditions.

Pension expenses are as follows:

IN € K

	2015	2014
Current service costs	936	704
Interest expense for pension obligations	1,109	1,511
Net interest	-200	-312
Past service cost	0	-30
Total pension expense from defined benefit schemes	**1,845**	**1,873**
Total pension expense from defined contribution schemes	**779**	**653**
Total contributions to statutory pension insurance schemes	**16,079**	**15,128**
Total pension expense	**18,703**	**17,654**

Interest expense ensuing from pension obligations is recognized in the financial result. The remaining pension expense is part of personnel costs shown in the appropriate functional line of the income statement.

The valuation date for the current value of plan assets and the present value of obligations is December 31 for each year. The base value for the calculation of unaccrued interest concerning pension obligations is the present value of obligations as of January 1. The base value for the anticipated return on plan assets is the current value as per January 1. Transfers during the year are accounted for on a pro-rata basis.

The contributions expected to be made to German plan assets in 2016 amount to EUR K 1,402 (previous year: EUR K 1,413).

The following overview shows the projected pension pay-outs for the next five years:

IN € K

Due in 2016	2,097
Due in 2017	2,167
Due in 2018	2,159
Due in 2019	2,131
Due in 2020	2,277

The following overview shows the sensitivity of key actuarial assumptions:

IN € K

	as a %	Sensitivity	Increase in valuation parameters	Decrease in valuation parameters
Discount rate	2.52	+/- 1.00%	-6,819	8,639
Salary trends	0.17	+/- 0.50%	152	-139
Pension trends	1.82	+/- 0.50%	3,358	-3,037

The sensitivity analysis shows how the value of pension obligations would develop if the individual actuarial assumptions changed. The sensitivity is only determined following the projected unit credit method. This involves determining and displaying the impact of a change to individual actuarial assumptions, while all other assumptions remain unchanged.

The following risks arise for the Group from pension commitments:

- A reduction in the discount rate results in a rise in pension obligations.
- An increase in life expectancy results in a rise in pension obligations.

The following table shows the effects of a one percentage point increase or reduction in healthcare costs:

IN € K

	Additions	Reversals
2015		
Effect on the present value of pension obligations	277	-226
2014		
Effect on the present value of pension obligations	294	-230

The present value of obligations as well as pension pay-outs and reevaluations are distributed as follows across pension obligations and healthcare contributions:

IN € K

	2015	2014
Provisions for pensions recorded in the balance sheet		
Pension obligations	41,933	43,739
Healthcare	1,685	1,534
Total	**43,618**	**45,273**
Pension expenses listed under EBIT		
Pension obligations	921	646
Healthcare	15	28
Total	**936**	**674**
New valuations		
Pension obligations	-1,817	10,428
Healthcare	-43	-83
Total	**-1,860**	**10,345**

18 – Other provisions

The provisions are as follows:

IN € K

	Balance Jan. 1, 2015	Currency	Utilization	Additions	Reversals	Balance Dec. 31, 2015
Provisions						
Warranties	9,597	103	-3,112	4,092	-348	10,332
Obligations towards employees	5,590	-30	-1,317	2,190	-188	6,245
Professional fees	238	-3	-196	205	-20	224
Litigation costs	195	3	-96	110	0	212
Other provisions	1,292	83	-1,292	659	-83	659
Total	**16,912**	**156**	**-6,013**	**7,256**	**-639**	**17,672**

	Balance Jan. 1, 2014	Currency	Utilization	Additions	Reversals	Balance Dec. 31, 2014
Provisions						
Warranties	8,312	100	-2,004	3,803	-614	9,597
Obligations towards employees	6,338	17	-2,486	1,977	-256	5,590
Professional fees	464	2	-439	227	-16	238
Litigation costs	351	2	-67	121	-212	195
Other provisions	1,366	125	-1,366	1,292	-125	1,292
Total	**16,831**	**246**	**-6,362**	**7,420**	**-1,223**	**16,912**

The due dates of the above provisions are distributed as follows:

IN € K

	Short-term (<1 year)	Long-term (>1 year)	Balance Dec. 31, 2015
Provisions			
Warranties	9,504	828	10,332
Obligations towards employees	2,583	3,662	6,245
Professional fees	224	0	224
Litigation costs	188	24	212
Other provisions	633	26	659
Total	**13,132**	**4,540**	**17,672**

	Short-term (<1 year)	Long-term (>1 year)	Balance Dec. 31, 2014
Provisions			
Warranties	8,841	756	9,597
Obligations towards employees	2,396	3,194	5,590
Professional fees	238	0	238
Litigation costs	131	64	195
Other provisions	1,221	71	1,292
Total	**12,827**	**4,085**	**16,912**

Company obligations from employee work accounts are offset against securities classified as assets, which are created in order to secure these claims. Obligations from work accounts amount to EUR K 3,806 (previous year: EUR K 3,058). The cost of acquiring the securities amounts to EUR K 3,408 (previous year: EUR K 2,809) and the fair value at December 31, 2015 was EUR K 3,806 (previous year: EUR K 3,058), of which EUR K 3,806 is offset (previous year: EUR K 3,058).

19 – Financial liabilities

Financial liabilities comprise the amounts recognized under the balance sheet items “Long-term financial borrowings” EUR K 124,415 (previous year: EUR K 126,593); “Short-term borrowings from banks” EUR K 99,308 (previous year: EUR K 66,682); and “Current portion of long-term borrowings” EUR K 375 (previous year: EUR K 441).

The book values of financial liabilities developed as follows:

IN € K

	Dec. 31, 2015	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	104,198	99,677	4,521	0
Schuldschein loan agreements	119,827	0	119,827	0
Liabilities from finance leases	73	6	67	0
Total	**224,098**	**99,683**	**124,415**	**0**

	Dec. 31, 2014	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	73,907	67,029	6,878	0
Schuldschein loan agreements	119,715	0	119,715	0
Liabilities from finance leases	94	94	0	0
Total	**193,716**	**67,123**	**126,593**	**0**

The following table shows the remaining contractual periods of the financial liabilities at December 31, 2015 together with the estimated interest payments. These are undiscounted gross amounts which include the estimated interest payments.

IN € K

	Dec. 31, 2015	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	104,488	99,861	4,627	0
Schuldschein loan agreements	129,616	3,797	125,819	0
Liabilities from finance leases	85	10	75	0
Total	**234,189**	**103,668**	**130,521**	**0**

	Dec. 31, 2014	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	74,496	67,327	7,169	0
Schuldschein loan agreements	133,301	3,797	129,504	0
Liabilities from finance leases	100	100	0	0
Total	**207,897**	**71,224**	**136,673**	**0**

Borrowings from banks

Borrowings from banks include the following items:

BORROWINGS FROM BANKS

	Dec. 31, 2015 in € K	Interest rate as a percentage	Interest rate type	Due dates
Long-term loan	3,209	6.00	fixed	> 1 year in annuities by 2017
Money market loans in SEK	8,219	0.80	fixed	< 1 year
Money market loans in GBP	6,855	1.34	fixed	< 1 year
Money market loans in PLN	6,704	2.40	fixed	< 1 year
Money market loans in HKD	6,002	1.49	fixed	< 1 year
Money market loans in CZK	4,270	0.60	fixed	< 1 year
Money market loans in CHF	2,769	0.00	fixed	< 1 year
Money market loans in NOK	2,649	2.00	fixed	< 1 year
Money market loans in ZAR	386	8.40	fixed	< 1 year
Money market loans in EUR	262	0.30	fixed	< 1 year
Subtotal on fixed interest rate loans	**41,325**			
Loan to purchase a tract of land	1,667	6 mo. Euribor + 1.85	variable	January 1, 2016
Money market loans in EUR	34	Euribor + (0.10-0.99)	fixed/ variable	< 1 year
Money market loans in USD	60,903	(0.28-1.50)	fixed/ variable	< 1 year
Loans in Brazilian reals	269	11.10	variable	< 1 year
Subtotal on variable interest rate loans	**62,873**			
Total	**104,198**			

	Dec. 31, 2014 in € K	Interest rate as a percentage	Interest rate type	Due dates
Long-term loan	3,556	6	fixed	> 1 year in annuities by 2017
Money market loans in SEK	7,988	0.75	fixed	< 1 year
Money market loans in PLN	7,976	3.72	fixed	< 1 year
Money market loans in HKD	7,436	0.9	fixed	< 1 year
Money market loans in NOK	2,768	2.05	fixed	< 1 year
Subtotal on fixed interest rate loans	**29,724**			
Loan to purchase a tract of land	3,333	6 mo. Euribor + 1.85	variable	January 1, 2016
Money market loans in EUR	1,437	0.1 – 3.9	variable	< 1 year
Money market loans in EUR	28,392	Euribor + (0.10 – 0.99)	variable	< 1 year
Money market loans in USD	8,914	Libor + (0.10 – 0.99)	variable	< 1 year
Money market loans in USD	5	0.1 – 3.9	variable	< 1 year
Loans in Brazilian reals	1,373	11.1	variable	< 1 year
Loans in Brazilian reals	336	11.1	variable	> 1 year
Loans in Chilean pesos	393	7.52	variable	< 1 year
Subtotal on variable interest rate loans	**44,183**			
Total	**73,907**			

Refer to item 29 “Risk management” in these Notes for information on the sensitivity of interest risks associated with variable-interest borrowings.

The following table lists the credit lines that have been confirmed but were not utilized by Wacker Neuson SE:

IN € K

	2015
First credit line EUR/USD (EUR Euribor + 0.85% / USD SWAP rate (currently 0.66%) + 0.85%)	24,191
Second credit line EUR/USD (3 mo. Euribor + 0.67% / USD 1.38%)	40,553
Third credit line USD	19,388
Fourth credit line EUR	47,120
Fifth credit line EUR	983
Sixth credit line EUR	9,671
Seventh credit line EUR	34,999
Eighth credit line EUR	6,246
Ninth credit line EUR	19,978
Tenth credit line EUR	10,000
Eleventh credit line EUR	23,230
Twelfth credit line BRL	2,279
Thirteenth credit line TRY	104
Fourteenth credit line BRL	1,621
Fifteenth credit line EUR	300
Sixteenth credit line RSD	25
Seventeenth credit line CLP	2,327
Eighteenth credit line JPY	763
Nineteenth credit line EUR	15,000
Twentieth credit line EUR	20,000
Twenty-first credit line EUR	10,000
Twenty-second credit line EUR	20,000
Twenty-third credit line EUR	1,629
Twenty-fourth credit line ZAR	29
Total	**305,436**

	2014
First credit line EUR/USD (Euribor + 0.85%)	27,376
Second credit line EUR/USD (3 mo. Euribor +0.80%/USD Libor +1%)	36,236
Third credit line USD	14,203
Fourth credit line USD	11,549
Fifth credit line EUR	636
Sixth credit line EUR	33,750
Seventh credit line EUR	34,936
Eighth credit line EUR	25,000
Ninth credit line EUR	10,000
Tenth credit line EUR	538
Eleventh credit line EUR	20,160
Twelfth credit line BRL	1,956
Thirteenth credit line TRY	122
Fourteenth credit line BRL	1,922
Fifteenth credit line EUR	300
Sixteenth credit line RSD	86
Seventeenth credit line CLP	2,371
Eighteenth credit line JPY	689
Nineteenth credit line EUR	10,000
Total	**231,830**

The book values of borrowings from banks with variable and fixed interest rates were reported in the following currencies (equivalent in EUR):

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Euro	5,172	36,718
USD (USA)	60,903	8,919
SEK (Sweden)	8,219	7,988
GBP (UK)	6,855	0
PLN (Poland)	6,704	7,976
HKD (Hong Kong)	6,002	7,436
CZK (Czech Republic)	4,270	0
CHF (Switzerland)	2,769	0
NOK (Norway)	2,649	2,768
ZAR (South Africa)	386	0
BRL (Brazil)	269	1,709
CLP (Chile)	0	393
Total	**104,198**	**73,907**

The fair value for the Schuldschein loan agreement amounted to EUR K 125,635 at December 31, 2015 (previous year: EUR K 127,126) (measurement of fair value at hierarchy level 3). All other fair values of financial liabilities largely correspond to the book values.

Schuldschein loan agreement

In the previous year, two tranches of a Schuldschein loan agreement were issued:

IN € K

	Dec. 31, 2015 Repayment amount	Dec. 31, 2015 Transaction fees	Dec. 31, 2015 Total nominal value	Dec. 31, 2015 Interest rate as a %	Due date
Schuldschein loan agreement – Tranche I	90,000	105	89,895	3.00	February 2017
Schuldschein loan agreement – Tranche II	30,000	68	29,932	3.66	February 2019
Total	**120,000**	**173**	**119,827**		

Liquid funds payable from the Schuldschein loan agreement refer to annual interest through 2017 on the first tranche amounting to EUR 2.7 million and a repayment in the amount of EUR 90 million to be made on February 27, 2017. For the second tranche, annual interest payments in the amount of EUR 1.1 million are to be made through 2019 and a repayment in the amount of EUR 30 million is due on February 27, 2019.

Financial covenants

Financial covenants exist for the following financial instrument of Wacker Neuson SE:

Schuldschein loan agreement

The Schuldschein loan agreement is subject to financial covenants customary in the market, for example, cross default, negative pledge and change of control clauses. A minimum Group equity ratio[1] of 30 percent has been agreed as a binding financial covenant. The covenants were observed in the fiscal year under review.

20 – Trade payables

As of December 31, 2015, trade payables (at book value) were broken down as follows:

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Trade payables	**80,132**	**65,187**
Book value due < 30 days	66,579	53,062
Book value due 30–90 days	13,204	11,708
Book value due > 90 days	349	417

Interest does not accrue on trade payables.

[1] Group equity ratio. Ratio of equity before minority interests to total capital.

21 – Other current liabilities

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Other accruals/deferrals	23,919	22,305
Liabilities to customers	2,003	1,318
Misc. other current financial liabilities	1,782	1,598
Derivatives	0	126
Other current financial liabilities	**27,704**	**25,347**
Personnel accruals/deferrals	21,281	20,846
Tax accruals/deferrals and tax liabilities	19,803	19,468
Sales tax liabilities	8,347	7,612
Advance payments received	2,273	1,119
Other	1,414	1,320
Other current non-financial liabilities	**53,118**	**50,365**
Total	**80,822**	**75,712**

The other accruals mainly consist of outstanding invoices.

The fair values of current financial liabilities are reasonable approximations of the book values.

22 – Derivative financial instruments

Derivative financial instruments not treated according to hedge accounting criteria

The derivatives concluded to economically hedge future foreign-exchange transactions (underlying transaction) and to hedge interest rates do not satisfy formal hedge accounting criteria and are therefore classified as “financial assets held for trading” and recognized at fair value through profit or loss. The nominal amounts and fair values of derivative financial instruments (interest rate caps and foreign exchange forward contracts) are recognized as follows as at December 31, 2015 and December 31, 2014:

IN € K

	Dec. 31, 2015 Nominal value	Dec. 31, 2015 Market value	Dec. 31, 2014 Nominal value	Dec. 31, 2014 Market value
Assets				
Interest hedges	10,000	0	10,000	0
Total	**10,000**	**0**	**10,000**	**0**
Liabilities				
Currency hedges	0	0	11,442	126
Total	**0**	**0**	**11,442**	**126**

Refer to item 25 “Additional information on financial instruments” in these Notes for information regarding net profits and losses from these financial instruments.

IN € K

	Up to 1 year	1 to 5 years	Over 5 years
Assets			
Interest hedges	10,000	0	0
Total	**10,000**	**0**	**0**

There is no significant exposure to credit risks since all derivative contracts were entered into with banks that have a top credit rating.

Other information

23 – Contingent liabilities

Contingent liabilities, on the one hand, represent possible obligations that may be incurred depending on the outcome of a future event or events which are of an uncertain nature and not wholly within the control of the company. On the other hand, contingent liabilities represent present obligations for which payment is not probable or the amount of the obligation cannot be determined with sufficient reliability.

The Group has undersigned the following guarantees:

IN € K	Dec. 31, 2015	Dec. 31, 2014
Guarantees	1,268	1,477

Furthermore, the Group is liable to the amount of EUR 4.1 million (previous year: EUR 4.1 million) in connection with a contract with the city of Munich to develop a property.

24 – Other financial liabilities

a) Obligations for equipment rental and service

The terms of the obligations for rental equipment and service contracts are as follows:

IN € K	Dec. 31, 2015	Dec. 31, 2014
Obligations due within 1 year	13,435	13,663
Obligations due in 1 to 5 years	24,114	19,195
Obligations due in more than 5 years	6,908	7,975
Total	**44,457**	**40,834**

These include the following obligations for rental and service contracts that cannot be terminated with a term of one year or less in the amount of EUR K 11,030, with a term of between one and five years in the amount of EUR K 21,900 and with a term of over five years in the amount of EUR K 6,908.

b) Lease obligations

Finance lease obligations

When the Group is the lessee

The following table lists the net book values of the relevant assets at the closing date:

IN € K	Dec. 31, 2015	Dec. 31, 2014
Office and other equipment	81	0
Buildings	0	607
Total	**81**	**607**

The real estate lease contract from the previous year concerned the leasing of a self-occupied administration building by the Hungarian affiliate Wacker Neuson Kft., which ran until 2015.

2015

IN € K	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	26	59	0	85
Less discount	-4	-8	0	-12
Present value	**22**	**51**	**0**	**73**
Discount rate	2.08 -16.00%			

2014

IN € K	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	100	0	0	100
Less discount	-6	0	0	-6
Present value	**94**	**0**	**0**	**94**
Discount rate	5.95%			

Operating leases

When the Group is the lessee
To the extent that a Group entity acts as a lessee, the lease payments are recognized as an expense over the term of the lease on a straight-line basis. This essentially refers to leased vehicles, computer hardware and other office equipment.

Outstanding commitments for future minimum lease payments under operating leases that cannot be terminated can be seen in the following table:

2015
IN € K

	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	4,738	8,551	50	13,339

2014
IN € K

	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	3,269	6,139	0	9,408

In 2015, EUR K 4,958 (previous year: EUR K 4,522) was expensed from operating lease agreements.

When the Group is the lessor
The Group has concluded lease agreements with its customers for the commercial rental of its equipment. These agreements can be terminated at any time and as such it is not possible to specify minimum lease payments. During the period under review, indirect lease payments amounting to EUR K 1,268 (previous year: EUR K 1,178) were recorded as income.

c) Obligations resulting from investment decisions/ takeback and purchase commitment obligations

Financial obligations ensuing from construction and investment projects amounting to EUR K 2,430 (previous year: EUR K 4,177) and from takeback obligations amounting to EUR K 38,990 (previous year: EUR K 27,008) have been recognized. The main reason for this increase was the strong demand for short-term inventory financing among our dealers in the US and Canada, prompting the company to support financing partners with takeback obligations so they could make sufficient limits available.

In addition, unconditional purchase commitments amounting to EUR K 169,416 (previous year: EUR K 160,338) also exist.

d) Legal proceedings and court cases
In the course of its normal activities, the company is exposed to judicial and extrajudicial proceedings from time to time. The outcome of these proceedings often depends on an uncertain future event and cannot be predicted with certainty. As at December 31, 2015, the Group is involved in a number of individual cases with insignificant outcomes. In addition to these, however, the Group is also involved in a significant case that could result in a payment by the Group of up to EUR K 503. Since the legal department regards it as unlikely that this action will be successful, the Group has not recognized a provision for an obligation resulting from this lawsuit in these Consolidated Financial Statements.

25 – Additional information on financial instruments

The book and fair values of financial assets and liabilities are presented in the following table. It also shows how the individual items are categorized.

IN € K

	2015 Fair value	2015 Book value	Initial disclosure	Held for trading	Held for sale	Hedges	Loans and receivables	Held to maturity	Leases and others (book value)
			IAS 39 classification (book value)						
			Measured at fair value recognized in the income statement		Measured at fair value with changes recognized in equity		At residual book value		
Assets									
Other non-current financial assets	10,784	10,784	0	0	1,554	0	9,230	0	0
Trade receivables	180,035	180,035	0	0	0	0	180,035	0	0
Other current financial assets	2,763	2,763	0	0	0	0	2,763	0	0
Cash and cash equivalents	25,019	25,019	0	0	0	0	24,889	0	130

IN € K

	2015 Fair value	2015 Book value	Initial disclosure	Held for trading	At residual book value	Hedges	Leases and others (book value)
			IAS 39 classification (book value)				
			Measured at fair value recognized in the income statement		At amortized cost	Measured at fair value with changes recognized in equity	
Liabilities							
Long-term financial borrowings	130,223	124,415	0	0	124,415	0	0
Trade payables	80,132	80,132	0	0	80,132	0	0
Short-term borrowings from banks	99,308	99,308	0	0	99,308	0	0
Current portion of long-term borrowings	375	375	0	0	369	0	6
Other short-term financial borrowings	27,704	27,704	0	0	27,704	0	0

IN € K

	2014 Fair value	2014 Book value	Initial disclosure	Held for trading	Held for sale	Hedges	Loans and receivables	Held to maturity	Leases and others (book value)
			IAS 39 classification (book value)						
			Measured at fair value recognized in the income statement		Measured at fair value with changes recognized in equity		At residual book value		
Assets									
Other non-current financial assets	16,170	16,170	0	0	1,554	0	14,616	0	0
Trade receivables	173,317	173,317	0	0	0	0	173,317	0	0
Other current financial assets	5,071	5,071	0	0	0	0	5,071	0	0
Cash and cash equivalents	14,200	14,200	0	0	0	0	14,065	0	135

IN € K

	2014 Fair value	2014 Book value	Initial disclosure	Held for trading	At residual book value	Hedges	Leases and others (book value)
			IAS 39 classification (book value)				
			Measured at fair value recognized in the income statement		At amortized cost	Measured at fair value with changes recognized in equity	
Liabilities							
Long-term borrowings	134,004	126,593	0	0	126,593	0	0
Trade payables	65,187	65,187	0	0	65,187	0	0
Short-term borrowings from banks	66,682	66,682	0	0	66,682	0	0
Current portion of long-term borrowings	441	441	0	0	347	0	94
Other short-term financial borrowings	25,347	25,347	0	126	25,221	0	0

The following table shows the net profits and losses from financial instruments based on valuation categories. It does not include any effects on income resulting from finance leases as these are not allocated to any valuation categories defined in IAS 39. Similarly, interest and dividends have not been recognized on the net profits and losses from financial instruments.

IN € K	Dec. 31, 2015	Dec. 31, 2014
Loans and receivables	-3,171	-2,828
Financial liabilities measured at amortized cost	1,865	9,306

Net gain/loss in the category "loans and receivables" results from allowances for doubtful accounts on trade receivables.

The gains and losses from adjustments to the fair value of derivatives that do not meet hedge accounting criteria are included in the category of "assets held for trading".

Total interest income (EUR K 95; previous year: EUR K 873) and total interest expense (EUR K 5,946; previous year: EUR K 6,073) was recognized for financial assets and liabilities (calculated using the effective interest method) that were not valued at fair value through profit or loss.

Financial instruments in the form of foreign currency trade receivables and payables are valued at the relevant spot rates applicable on the balance sheet dates. This resulted in proceeds to the value of EUR K 3,871 (previous year: expense of EUR K 2,124), which are reported in the cost of sales.

The table below shows the financial instruments subsequently valued at fair value. Refer to the section on accounting and valuation methods for information on how fair value is categorized (into hierarchical levels) in accordance with IFRS 13.

The methods and assumptions used to determine the fair values were as follows:

IN € K	Level 1	Level 2	Level 3	Dec. 31, 2015
Financial assets categorized "measured at fair value recognized in the income statement"				
Non-hedged derivatives	0	0	0	0
Financial assets categorized "measured at fair value not recognized in the income statement"				
Securities	1,554	0	0	1,554
Financial liabilities categorized "measured at fair value recognized in the income statement"				
Non-hedged derivatives	0	0	0	0

IN € K	Level 1	Level 2	Level 3	Dec. 31, 2014
Financial assets categorized "measured at fair value recognized in the income statement"				
Non-hedged derivatives	0	0	0	0
Financial assets categorized "measured at fair value not recognized in the income statement"				
Securities	1,554	0	0	1,554
Financial liabilities categorized "measured at fair value recognized in the income statement"				
Non-hedged derivatives	0	126	0	126

Long-term fixed and variable rate receivables/borrowings are evaluated by the Group based on parameters including interest rates, country-specific risk factors, the creditworthiness of individual customers and the risk characteristics of the financed project. Based on this evaluation, allowances for doubtful accounts are made to account for the expected losses from these receivables.

As of December 31, 2015, the book values of these receivables, less allowances for doubtful accounts, corresponded approximately to their calculated fair values.

The fair value of financial assets available for sale is derived from quoted prices on active markets.

The Group concludes derivative financial instruments with various counterparties, principally financial institutions with a high credit rating. Derivatives valued by applying an evaluation process with input parameters observable on the market primarily include forward exchange contracts. The most frequently used evaluation methods include forward price models using present value calculations. The models incorporate various inputs including the credit standing of the business partner, spot exchange rates, futures rates and forward exchange rates.

The fair values of the Group's interest-bearing loans are determined using the discounted cash flow method. The discount rate used reflects the borrowing rate of the issuer at the close of the period under review. The Group's own risk of non-performance was classified as low at December 31.

26 – Events since the balance sheet date

Mr. Jan Willem Jongert (51) will be joining the Executive Board as of April 1, 2016. He will be responsible for the global sales, service, logistics and marketing activities of the Group.

There have been no further events since the reporting date that could have a significant impact on the Group's profit, financials and assets.

27 – Segmentation

Division and determination of operating segments

The internal organizational structure and management structure as well as the internal reports to the Executive Board and Supervisory Board, which are based on geographical segments, form the basis for determining the operating segments of the company. For information regarding geographical segmentation of affiliates, please refer to the section on consolidation structure (see the general information on accounting standards/consolidation structure). According to this structure, the affiliates are geographically grouped into regional markets (Europe, Americas and Asia-Pacific). Turkey, Russia and South Africa are included in the Europe segment. Reporting is also carried out internally according to business segments. This exclusively deals with revenue. Company management will therefore continue to focus on geographical segments. In the period under review, no segmentation changes were made.

Products and services of operating segments

The products and services offered by the geographical operating segments can be divided into light equipment, compact equipment and services.

The light equipment business segment covers the manufacture and sale of light equipment in the three business fields of concrete technology, compaction and worksite technology.

The compact equipment business segment covers the manufacture and sale of compact equipment.

The services business segment houses the company's activities in the spare parts, maintenance and used equipment business fields.

Segment valuation methods

Segment reporting has been adjusted in line with the continued development of the internal reporting system. Intrasegment business transactions were previously reported under EBIT for the individual segments. Now they are listed in the Consolidation column. Non-current assets will be reported according to key countries in the future.

Segment valuation methods are based on the valuation methods used in internal reporting. Internal reporting is carried out exclusively in line with the valid IFRS standards as applicable.

Transactions between the individual Group segments are based on prices that also apply to third-party transactions.

Reporting format

Segment reporting is presented in the Notes to the Consolidated Financial Statements on → page 113 of this financial report.

Segment revenue and segment earnings, expressed as EBIT, are derived from internal reporting. Figures from the individual companies are added together to reach this EBIT figure. EBITDA is also disclosed as a profit indicator. As the holding company, Wacker Neuson SE is allocated to the Europe segment. Expenses for the corporate services it provides are allocated in full to the individual regional reportable segments.

The consolidation column reflects the eliminated transactions affecting income that took place between operating segments. This primarily refers to the consolidation of intercompany profits and losses from the sale of goods.

Revenue from external customers, categorized according to products and services, are recognized at company level. In addition, revenue and non-current assets are reported according to key countries. No individual customer accounted for more than 10 percent of Group revenue.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

28 – Cash flow statement

The cash flow statement is prepared in accordance with IAS 7. The cash flow statement reports cash flows resulting from operating activities, from investing activities as well as from financing activities. Insofar as changes in cash and cash equivalents are due to foreign exchange rate fluctuations, these are reported separately. The determination of cash flow from operating activities was derived using the indirect method.

Current liquid funds comprise cash and cash equivalents that are as reported on the balance sheet. Short-term borrowings from banks in the Group cash pool were offset against cash and cash equivalents.

Please refer to item 15 in these Notes to see the breakdown of current liquid funds.

Non-cash operating expenses and income as well as gains or losses on the sale of property, plant and equipment have been eliminated from the cash flow from operating activities.

The item “Book value from the disposal of rental equipment” recognized in the cash flow from operating activities includes the book values of rental equipment formerly recognized under fixed assets and reclassified on sale of the equipment as current assets.

Cash flow from investment activities comprises the cash outlay for intangible assets and property, plant and equipment.

Cash flow from financing activities contains payments received from and made to shareholders. It also contains payments resulting from borrowing and repayment of debt.

29 – Risk management

Capital management

The main aim of the Group’s capital management policy is to maintain a high equity ratio to support business activities.

The Group actively controls and modifies its capital structure in line with changing market dynamics. The goal of the capital management policy is to secure the Group’s business and investment activities in the long term. To maintain a suitable capital structure, the Group can propose changes to dividend payments to shareholders or issue new shares. As of December 31, 2015 and December 31, 2014, no changes were made to objectives, guidelines or procedures within the framework of the capital structure control policy. The Group monitors its capital using net financial debt resulting from current net financial liabilities and non-current financial liabilities as an indicator.

The minimum capital requirements for equity stipulated under German stock legislation have been fulfilled. Equity is subject to an external minimum capital requirement of 30 percent under the terms of a Schuldschein loan agreement. For further information, please refer to item 19 “Financial liabilities” in these Notes.

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Current financial liabilities	99,683	67,123
Short-term financial liabilities	99,308	66,682
Current portion of long-term financial liabilities	375	441
Non-current financial liabilities (without provisions)	124,415	126,593
Total equity before minority interests	1,064,109	1,011,749
Total capitalization	**1,288,207**	**1,205,465**

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Current net financial liabilities	**74,664**	**52,923**
Short-term liabilities	99,683	67,123
plus liquid funds	-25,019	-14,200
Net financial debt	**199,079**	**179,516**
Current net financial liabilities	74,664	52,923
plus non-current financial liabilities	124,415	126,593

Financial risk factors

Due to the global scope of its operations, the Group is exposed to various financial risks, including foreign currency risks, credit risks, liquidity risks and interest rate risks. The comprehensive risk management policy of the Group is focused on the unpredictability of developments in financial markets and aims to minimize any potential negative impact on the Group's financial position. It is the general policy of the company to reduce these risks through systematic financial management. The Group employs selective derivative financial instruments to hedge against certain risks.

The Group finance department is responsible for risk management in accordance with the rules and guidelines approved by the Executive Board. It identifies, evaluates and hedges against financial risks in close cooperation with the operating units of the Group. The Executive Board sets guidelines for risk management as well as fixed policies for specific areas of risk. These include dealing with foreign currency risks, interest rate risks and credit risks.

The guidelines also specify how derivative and other financial instruments and liquidity surpluses are to be used.

Currency risks

Currency risks arise from expected future transactions, assets and liabilities reported in the balance sheet, as well as from net investments in a currency that diverges from the functional currency. Exchange risks are naturally hedged by offsetting receivables against payables in a given currency.

If the USD/EUR exchange rate increased or decreased by 5 percent, changes in the financial assets and liabilities reported in the balance sheet in US dollars would have the following impact on profit before tax and equity:

	2015	2014
USD currency trends as a %	+5.00/-5.00	+5.00/-5.00
Impact on profit before tax (EBT) in € K	1,275/-1,088	-4,446/4,742
Impact on equity in € K	1,275/-1,088	-4,446/4,742

Group profit was hardly affected by significant exchange rate fluctuations relevant to the international flow of goods due to natural currency hedging, in particular with regard to the euro/US dollar. In 2015, the average EUR/USD exchange rate was EUR 1 to USD 1.11 (previous year: EUR 1 to USD 1.32).

The Group is also subject to currency risks from individual transactions resulting from purchases and sales executed by a Group member in a currency other than the functional currency.

Credit risks

The Group is not exposed to any material credit risks (default risks). Contracts for derivative financial instruments and financial transactions are concluded only with financial institutions with a high credit rating in order to keep the risk of default by the contracting party as low as possible. The book value of financial assets recognized in the Consolidated Financial Statements represents the maximum default risk. For further information on the book value of financial assets, please refer to item 25 "Additional information on financial instruments" in these Notes.

Continued weakness on construction and financial markets in some countries may present certain Group customers with financial difficulties, possibly culminating in insolvency. This would lead to a rise in accounts receivable and a subsequent increased risk of default. The Group is counteracting the risk of changes in individual customers' payment patterns through its active accounts receivable management policy, partner "health checks" and tools such as credit hedging.

Interest rate risks

Interest rate risks are caused by market fluctuations in interest rates. On the one hand, they impact the amount of interest payments for which the Group is liable. On the other hand, they influence the fair value of financial instruments.

The Group hedges some of its cash flow against interest rate risks arising from borrowings with variable interest rates primarily by means of interest rate swaps (payer swaps), which, taking the prevailing economic climate into consideration, convert the variable interest rate positions into positions with fixed interest rates.

The following balance sheet items include variable-interest cash and cash equivalents and liabilities which are subject to interest rate risks.

IN € K

	Dec. 31, 2015	Dec. 31, 2014
Cash and cash equivalents	25,019	14,200
Long-term borrowings	124,415	126,593
Short-term borrowings	99,308	66,682
Current portion of long-term borrowings	375	441
	249,117	**207,916**

The following table shows how changes in interest rates that could be reasonably expected would impact the Group's earnings before tax based on the impact this would have on variable interest rate loans and balances.

The effects on Group earnings before tax also reflect the impact on equity.

IN € K

	2015	2014
Increase in interest rates of 0.2%	-405	-132
Decrease in interest rates of 0.2%	405	132

The fixed-interest Schuldschein loan agreement was not included when calculating the impact on earnings. For more information, see item 19 "Financial liabilities" in these Notes.

The calculation method for the impact on earnings was changed in the year under review. Prior-year figures have been adjusted. Relative to the previous method of calculation, the number of items under comparison has been increased.

Liquidity risks

Liquidity risks involve the availability of funds needed to meet payment obligations on time. The company is assured a supply of liquid funds at all times by the lines of credit it is not currently using. Liquidity is managed by the Group's treasury department via a Group-wide cash pool system. Refer to item 19 "Financial liabilities" in these Notes for further information, also on existing credit lines and financial covenants.

30 – Executive bodies

Executive Board

In the year under review, the Executive Board comprised the following three members:

- Cem Peksaglam, CEO, responsible for Group strategy, sales (incl. service, rental, training and logistics), Group marketing, investor relations and corporate communication, compliance, HR, legal matters, real estate and sustainability.
- Martin Lehner, Deputy CEO, responsible for technology, plants, research and development, procurement and quality management.
- Günther Binder, responsible for finance, controlling, Group auditing and IT.

The members of the Executive Board do not have any additional Supervisory Board positions or seats on comparable supervisory committees for German or foreign commercial companies outside of the Wacker Neuson Group.

Supervisory Board

The following members are members of the Supervisory Board of Wacker Neuson SE or were members of the Supervisory Board during the year under review:

- Johann Neunteufel, engineer, Chairman of the PIN Private Trust (PIN Privatstiftung), in Linz, Austria, Chairman of the Supervisory Board
- Hans Haßlach, Chairman of the Kramer-Werke GmbH Works Council, Deputy Chairman of the Group Works Council, Deputy Chairman of the SE Works Council, Uhldingen- Mühlhofen, Germany
- Kurt Helletzgruber, businessman, member of the board of the PIN Private Trust (PIN Privatstiftung), Linz, Austria
- Prof. Dr. Matthias Schüppen, attorney at law, auditor, tax adviser and partner at the GRAF KANITZ, SCHÜPPEN & PARTNER law firm, Stuttgart, Germany
- Elvis Schwarzmair, Chairman of the Reichertshofen Works Council and Chairman of the Group Works Council and the SE Works Council, Rohrbach, Germany
- Ralph Wacker, civil engineer and managing partner of wacker+mattner GmbH, Munich, Germany, Deputy Chairman of the Supervisory Board

In accordance with the Articles of Incorporation, the terms of office of the Supervisory Board members listed above will run until the close of the AGM that tables a resolution to formally approve the actions taken by Wacker Neuson SE in fiscal 2015. The terms may be no longer than six years.

The following members of the Supervisory Board have additional supervisory board positions or seats on comparable supervisory committees for German or foreign commercial companies:

- Johann Neunteufel
  Chairman of the Supervisory Board of Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft, Linz, Austria
- Kurt Helletzgruber
  Member of the Supervisory Board of HTI High Tech Industries AG, St. Marien bei Neuhofen, Austria (until August 20, 2015)
- Prof. Dr. Matthias Schüppen
  Chairman of the Supervisory Board of ACCERA AG, Mannheim, Germany

For information on the remuneration of the Executive Board and Supervisory Board, as well as remuneration of former Board members, please refer to item 31 “Related party disclosures” in these Notes.

31 – Related party disclosures

In the case of the Group, IAS 24 defines a related party necessitating disclosures as 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 the pension fund.

Key trade relations with related parties were as follows during the period under review:

IN € K

	Current receivables Dec. 31, 2015	Current payables Dec. 31, 2015	Expenses for business transactions 2015	Income for business transactions 2015
Relations with shareholders	207	151	588	1,299
Relations with sister companies	21	13	724	336
Relations with non-consolidated companies	0	0	0	0
Pension fund	0	0	0	0
Total	**228**	**164**	**1,312**	**1,635**

IN € K

	Current receivables Dec. 31, 2014	Current payables Dec. 31, 2014	Expenses for business transactions 2014	Income for business transactions 2014
Relations with shareholders	244	157	754	931
Relations with sister companies	31	23	784	201
Relations with non-consolidated companies	4,238	202	140	2,608
Pension fund	0	21	0	0
Total	**4,513**	**403**	**1,678**	**3,740**

Relations with shareholders resulted mainly from goods and services traded with a shareholder. The goods and services delivered to the shareholder were valued at EUR K 1,016 (previous year: EUR K 838). These were counterbalanced with goods and services received from the shareholder to the value of EUR K 586 (previous year: EUR K 754). The goods and services were traded under the terms customary in the market, as agreed with third parties.

Relations with sister companies and entities over which shareholders have control or significant influence resulted mainly from deliveries and rental arrangements between affiliates and entities over which shareholders have control or significant influence.

Relations with non-consolidated companies resulted from goods and services traded between the parent company and companies that are not included in the consolidation structure although the parent company has a shareholding in these entities (see general information on accounting standards/consolidation structure). In the prior fiscal year, the pension fund was matched solely with a provision for voluntary support and pension benefits for employees.

Total remuneration for the Executive Board in the fiscal year amounted to EUR 3,152 million (previous year: EUR 3,240 million). Total remuneration for the Supervisory Board amounted to EUR K 498 (previous year: EUR K 562). At the AGM on May 26, 2011, a resolution was passed to refrain from itemizing this information in accordance with Section 285 (1) No. 9a sentence 5 to 8 in conjunction with Section 314 (2) sentence 2 HGB in conjunction with Section 315a (1) HGB. At the closing date, short-term payables to the Executive Board in the amount of EUR K 1,350 were outstanding (previous year: EUR K 1,466).

Retirement commitments were agreed upon for members of the Executive Board. The value of pension obligations at the end of the accounting period totaled EUR K 4,363 (previous year: EUR K 4,147). The increase in value (allocation) amounted to EUR K 216 (previous year: allocation of EUR K 1,826). The value of pension obligations is based on pension obligations before netting with plan assets and before any possible actuarial gains or losses that have not yet been recognized. For more detailed information, please refer to item 17 "Provisions for pensions and similar obligations" in these Notes.

Due to respective agreements, pension agreements have also been concluded with former members of the Executive Board. The value of these pension obligations at the end of the accounting period came to EUR K 27,230 (previous year: EUR K 28,707). In the period under review, EUR K 844 (previous year: EUR K 666) was paid to former Executive Board members.

32 – Auditor's fee

The fee for the auditor and associated companies is disclosed as an expense in fiscal 2015 and is broken down as follows:

IN € K

	2015	2015	2014	2014
	Auditor and associated companies	Of which auditor	Auditor and associated companies	Of which auditor
Auditing services	850	345	777	266
Other approval and assessment services	128	89	256	108
Tax consultation services	412	383	329	289
Other services	154	120	107	40

33 – Declaration regarding the German Corporate Governance Code

The Executive Board and Supervisory Board have issued a declaration stating which recommendations of the Government Commission on the German Corporate Governance Code have been and are being adopted. The declaration can be downloaded at any time from the Group website at →www.wackerneusongroup.com.

34 – Availing of exemption provisions according to Section 264 (3) and/or Section 264b HGB

The following fully consolidated domestic affiliates avail of the exemptions set down in Section 264 (3) HGB and/or Section 264b HGB for fiscal 2015:

Company name	City
Kramer-Werke GmbH	Pfullendorf
Wacker Neuson Grundbesitz GmbH & Co. KG	Pfullendorf
Wacker Neuson Produktion GmbH & Co. KG	Munich
Wacker Neuson Vertrieb Deutschland GmbH & Co. KG	Munich
Wacker Neuson Vertrieb Europa GmbH & Co. KG	Munich
Weidemann GmbH	Diemelsee-Flechtdorf
Wacker Neuson Immobilien GmbH	Überlingen

Munich, March 10, 2016

Wacker Neuson SE

The Executive Board

Cem Peksaglam
(CEO)

Günther C. Binder

Martin Lehner
(Deputy CEO)

Responsibility Statement by Management

"To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, financials and earnings of the Wacker Neuson Group, and the Combined Management Report includes a fair review of the development and performance of the business and the position of the Wacker Neuson Group and Wacker Neuson SE, together with a description of the principal opportunities and risks associated with the expected development of the Wacker Neuson Group and Wacker Neuson SE."

Munich, March 10, 2016

Wacker Neuson SE, Munich

The Executive Board

Cem Peksaglam
(CEO)

Günther C. Binder

Martin Lehner
(Deputy CEO)

Unqualified Auditor's Opinion

The following auditor's opinion is based on the Consolidated Financial Statements and Combined Management Report of the Wacker Neuson Group:

"We have audited the Consolidated Financial Statements prepared by Wacker Neuson SE, Munich, Germany, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and the Notes to the Consolidated Financial Statements, together with the Group Management Report, which is combined with the Management Report of the Company, for the reporting period from January 1 through December 31, 2015. The preparation of the Consolidated Financial Statements and the Group Management Report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a paragraph 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the Consolidated Financial Statements and on the Group Management Report based on our audit.

We have conducted our audit of the Consolidated Financial Statements in accordance with Section 317 HGB and generally accepted German standards for the audit of financial statements promulgated by the "Institut der Wirtschaftsprüfer" (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the Consolidated Financial Statements in accordance with the applicable financial reporting framework and in the Group Management Report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statements and the Group Management Report are examined primarily on a sample test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Group Management Report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion and based on the findings of our audit, the consolidated financial statements comply with those IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group Management Report is consistent with the Consolidated Financial Statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Munich, March 10, 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Keller	von Wachter
Wirtschaftsprüfer	Wirtschaftsprüfer
(Public Auditor)	(Public Auditor)

Technical Glossary

C

Compact equipment
One of the Group's strategic business segments. Compact equipment covers machinery weighing up to 15 tons, particularly wheel loaders and telescopic wheel loaders, skid-steer loaders, four-wheel and track dumpers, telescopic handlers as well as mobile and compact excavators.

Compaction
One of the Group's business fields in the light equipment segment. Equipment in this field is used for compacting soil and asphalt during the construction of trenches, roads, paths, foundations and industrial buildings. It includes products such as rammers, vibratory plates and rollers.

Concrete technology
One of the Group's business fields in the light equipment segment. The equipment is used to compact concrete when laying concrete walls, ceilings and floors and includes internal and external vibrators as well as trowels for applying a smooth finish to concrete surfaces.

D

dual power
This dual drive system for compact excavators enables conventional diesel-powered excavators to be operated in zero-emissions mode simply by connecting an external electro-hydraulic unit to the excavator's undercarriage.

Dumpers
Track- or wheel-based machines in the compact equipment segment primarily used for transporting backfill material.

E

ECO
Seal awarded by Wacker Neuson to products that are particularly environmentally friendly (ECOlogy) and cost efficient (ECOnomy).

F

Floor saws
Hand-guided saws equipped with a diamond blade. Like cut-off saws, they are mainly used for demolition work.

H

Heavy equipment
Large construction machinery which Wacker Neuson defines as having a total weight of over 15 tons. Typically transported to construction sites for specific projects and operated by specially trained employees.

Hoftrac®
Compact wheel loaders made primarily for stable/barn and yard work in the agricultural sector. Their compact footprint makes them highly maneuverable and ideal for indoor work. Hoftrac® loaders are significantly narrower and more compact than conventional wheel loaders and have a smaller turning radius.

Hydronic heaters
Mobile heating equipment to thaw frozen ground, heat buildings and cure concrete at sub-zero conditions, making construction work less dependent on weather conditions (for example in regions with long winters such as Canada, Alaska, Russia and Scandinavia).

I

Internal vibrators
Used for concrete compaction, mainly on construction sites. These vibrators comprise eccentric weights driven by an electrical motor, which are encased in a water-tight steel tube so that they can be submerged in fresh concrete.

L

Light equipment
One of the Group's strategic business segments. It covers predominantly hand-held, remote control or ride-on equipment weighing up to 3 tons in the strategic business fields of concrete technology, compaction and worksite technology.

R

Rebar technology
Part of the concrete technology business field. Rebar tiers are used to knot together the steel bars that reinforce concrete. These devices can tie up to 1,000 knots an hour.

Rammers
First developed in the 1930s by Wacker Neuson, this pioneering product is used in soil and asphalt compaction, particularly in small spaces and narrow trenches.

S

Skid steer loaders
Small loaders with four wheel drive steering or rubber tracks. They offer excellent maneuverability thanks to their skid steering system. They can also be equipped with a wide range of attachments, making them a flexible option for a wide range of jobs.

T

Telescopic handlers
Like wheel loaders, these compact machines are ideal for the construction and agricultural sectors. Telescopic handlers, however, feature a detached cabin and support very high lifting heights despite their compact dimensions. The telescopic arm on the tail provides these machines with a strong lever effect.

Telescopic wheel loaders
Telescopic wheel loaders feature a telescopic arm, which gives them a greater range and lifting height. Operators are seated in a central position with a clear view of their surroundings. The telescopic boom is positioned directly in front of the cabin.

Trowels
Trowels are used to smooth concrete surfaces, in particular freshly poured concrete, for example, in industrial buildings.

V

Vibratory plate
Soil and asphalt compaction devices, mainly used to precompact foundation soil and compact paving stones. They travel forwards and backwards, and can also be equipped with remote control technology.

W

Wheel loaders
Articulated and all-wheel drive wheel loaders are extreme versatile machines. Thanks to a broad range of attachments and technologies, they are the perfect choice for a host of jobs, including transporting and stacking material.

Worksite technology
One of the Group's business fields in the light equipment segment. Products in this business field include generators and lighting equipment for construction site activities as well as equipment used to break or cut asphalt such as cut-off saws, floor saws and breakers.

Z

Zero-tail excavators
The housing of zero-tail excavators does not protrude over the tracks when the superstructure rotates (360°). Zero-tail excavators can be used directly next to walls as they will not cause any damage when rotating.

Financial Glossary

C

Capital employed
Invested capital: Capital employed represents the interest-bearing capital tied up in and required by the Group to function. It is equal to the Group's operating assets less the amount of non-interest bearing available capital.
Capital employed = non-interest-bearing assets less non-interest-bearing liabilities, less goodwill and less brand value.

Cash flow
Refers to a company's ability to finance itself, calculated by the excess of cash revenues over cash outlays in a given period of time (not including non-cash expenses/income).

Cash flow from financing activities
Cash balance resulting from changes to financial liabilities, the issue of shares, cash inflow from disposal of treasury shares/cash outflow from the acquisition of treasury shares and dividend payments.

Cash flow from investment activities
Cash balance resulting from the acquisition of financial, tangible or intangible assets and the disposal of financial, tangible or intangible assets.

Cash flow from operating activities
Cash flow generated from operating activities.

Corporate governance
Sound and responsible management and control of a company with the aim of creating long-term value.

CSR
Corporate social responsibility (CSR) refers to a company's voluntary contribution to sustainable development above and beyond the minimum legal requirements (compliance). Acting as a good corporate citizen, the company explains how it is taking a responsible approach to business (markets), to the environment, to its employees and to communication with key stakeholders.

D

Deferred taxes
Differences between the tax base and the carrying amounts in the IFRS accounts in order to disclose tax expense and tax entitlement (actual and deferred) according to IFRS.

Derivatives
Financial instruments, such as futures and options, that derive their value from the value of other financial instruments or an underlying asset.

Discounted cash flow (DCF) method
Valuation method used to estimate the market value by discounting a company's future cash flows to their present value.

E

Earnings per share (EPS)
EPS is defined as net Group profit for the year divided by the number of shares.

EBIT (margin)
The earnings before interest and taxes (EBIT) margin is the ratio of EBIT to revenue.

EBITDA (margin)
Earnings before interest, taxes, depreciation and amortization (EBITDA) indicate a company's operational profitability. The EBITDA margin is the ratio of EBITDA to revenue.

EBT
Earnings before taxes (EBT).

Economic Value Added (EVA)
Indicates whether company value has increased.
EVA = ROCE II less WACC, multiplied by average capital employed.
The company is producing value if ROCE II exceeds WACC.

Equity ratio
Ratio of equity before minority interests to total capital; indicates the financial stability of a company.

F

Free cash flow
Free cash flow refers to the amount of cash readily available to a company.

G

Gearing
Net financial debt as a percentage of equity before minority interests.

Goodwill
When a company purchases another company for a price that is higher than the fair value (book value) of all assets and liabilities, the difference is recorded as goodwill.

Gross profit margin
A measure of operational efficiency, expressing the relationship between gross profit and sales revenue or the percentage by which sales exceed cost of sales.

H

Hedge
Provides protection against risks arising from unfavorable exchange rate fluctuations and changes to raw materials and other prices.

I

IFRS (IAS)
International Financial Reporting Standards. Internationally recognized and applied accounting standards devised by the International Accounting Standards Board (IASB) in an effort to harmonize accounting standards and principles worldwide.

Impairment test
Intangible assets are subject to an annual impairment test. This involves comparing the book value with the fair value less costs to sell. The fair value less costs to sell is calculated using the discounted cash flow method. Future cash flows are discounted to the respective reporting date. The asset is deemed impaired if the fair value less costs to sell is lower than the carry value.

K

Key performance indicators (KPI)
KPIs are used to define company targets and measure the extent to which a company is achieving its goals.

N

NOPLAT
Net operating profit less adjusted taxes (NOPLAT) refers to earnings before interest and taxes (EBIT) minus adjusted taxes. NOPLAT shows the annual profit a company would achieve if it were financed purely from equity.
NOPLAT = EBIT less (EBIT x Group tax ratio)

P

Peer group
Companies active in the same or similar branch or industry.

R

Return on assets after tax and before minority interests (ROA)
The ratio between profit for the period before minority interests and the average balance sheet total.

ROCE I (return on capital employed)
ROCE I indicates the efficiency and profit generating ability of capital expenditure (before tax) within a company.
ROCE I = EBIT ratio to average capital employed as a %

ROCE II (return on capital employed)
ROCE II shows how much return a company realizes on the capital it invests after tax.
ROCE II = NOPLAT in relation to average capital employed as a %

Return on equity (ROE)
The indicator measures the return a company is getting on its equity. It shows the relation between profit for the period (after tax and after minority interests) and equity employed before minority interests.
ROE = Profit for the period (after tax and after minority interests) in relation to average equity before minority interests as a %

Return on sales (ROS)
The ratio between profit for the period after minority interests and revenue.

S

Schuldschein loan agreement
Schuldschein loan agreements (“Schuldscheindarlehen”) are bilateral loan agreements unique to the German market. They represent a source of capital market financing similar to bond or syndicated loan financing for issuers with long-term funding needs. Schuldschein loan agreements are typically senior unsecured instruments that pay a fixed or a variable coupon. Unlike bonds, Schuldschein loans are not securities but bilateral, unregistered, (usually) unrated and unlisted loan agreements sold directly to institutional investors. Schuldschein loans are not exchange traded.

Swap
An agreement between two parties to exchange cash flows at a future point in time. The agreement also defines how the payments are calculated and when they are to be made.

W

Weighted average cost of capital (WACC)
Indicates the minimum return on capital employed. It is calculated as the weighted average cost of equity and debt, whereby tax benefits are deducted from the cost of debt. Here, equity is taken at market value at the closing date and not at the balance sheet value. The cost of equity is based on the risk-free return plus a company-specific market risk premium. This corresponds to the difference between the risk-free return and the overall market return depending on the leverage beta.

The long-term conditions under which the Wacker Neuson Group can borrow funds are used to define debt costs. For shareholders and lenders, WACC indicates the return they might expect on the funds or capital they have provided. It also gives a company a good indication of the type of return it needs to generate on prospective investments. A company is producing value for its investors if return on capital employed (ROCE) exceeds WACC.
WACC = (percentage of financing that is equity x cost of equity) + (percentage of financing on average that is debt x cost of debt) x (1 – tax rate).
Equity costs = basic interest rate (risk-free return) + market risk premium x leverage ß

Working capital
The difference between a company's current (i.e. within a year) liquid assets and current liabilities. It is thus the part of current assets that is not reserved to meet short-term borrowings and can therefore be used in procurement, production and sales processes.
Working capital = Total inventory plus trade receivables minus trade payables.

Working capital to revenue
Return on capital employed to generate revenue.
(Average) working capital to revenue = (average) working capital divided by revenue.
The average is calculated by adding the opening and closing balances, and dividing this figure by two.

Write-down
Scheduled or one-off write-downs indicating the impairment of an asset. The impairment test in fiscal 2009 resulted in the write-down of goodwill attributable to the Neuson Kramer subgroup in the amount of EUR K 89,540 and a write-down in the amount of EUR K 10,798 attributable to the Neuson brand – a constituent part of the Wacker Neuson name (total impairment losses of EUR 100.3 million). This one-off, non-cash write-down was reflected in the in-come statement. The portion of the write-down attributable to brand impairment was reversed in fiscal 2011. → write-up

Write-up
This involves making an upward adjustment to the carrying value of an asset. If the impairment test reveals that the reasons for the write-down of an asset in a previous accounting period no longer prevail, IAS 36 provides for the reversal of impairment up to the maximum amount of the historic cost under other intangible assets (brands, technologies, customer pool). This reversal is recognized in the income statement. IAS 36 specifically prohibits the reversal of impairment losses for goodwill.

Photo Credits

Pages 6-7:
Reaching goals through a tradition of teamwork.

1. Back row, from left: Marko Jeremic, Milan Kostadinovic, Savo Cmiljanovic, Sladjan Vojinovic, Nikola Radevic, Nikola Tonic, Dragan Todorovic, Nikola Panovic, Stevan Senovic, Danilo Vujovic, Milovije Dacic
   Middle row, from left: Darko Radenkovic, Milan Djordjevic, Darko Staletovic, Nemanja Perovanovic, Stevan Ljubic, Zoran Radic, Darko Zecevic
   Front row, from left: Milan Petrovic, Sava Simic, Vesna Milanovic, Slobodan Korac, Katarina Nedeljkovic, Natasa Djordjevic, Dragica Ljujic, Slavica Tomic, Ivan Stojiljkovic, Sladjana Stojanovic, Ljubisa Stankovic, Nedeljko Bastajin, Milena Nikolic, Kragujevac
2. From left: Alexander Greschner, Stefan Rolniczak, Munich
3. From left: Wieger Bransz, Lambert Berends, Lars Maris, Amersfoort
4. Back row, from left: Luke Sevcik, Adam Kennedy, Pablo Castanado, Thomas Binkowski, Joe Collins, Aron Csont, John Evers, Jonathan Snyder, Bryan Birdwell
   Middle row, from left: Jayson Grainger, Brian Grose, Mike Vice, Anthony Wyatt, Jason Hamilton, Kevin Brumgard, Robert Kimball, Jose Castro, Craig Cameron, Phil Campbell
   Front row, from left: Migel Hernandez, Efren Munoz, Lucio Rodriguez, Justin Scherer, Adam Dhoogie, Nate Dhoogie, Ethan Uhl, Jesse Long, Barry McBride, Rogelio Garcia, Milwaukee
5. Production site, Linz
6. From left: Dalibor Rajic, Milan Djordjevic, Kragujevac
7. Maurice Voyé, Korbach
8. From left: Samuel Ramirez, Alto Weiskopf, Tobias Berning, Sebastian Heilmann, Manuel Meyer, Michael Pum, Matthias Becker, Christopher Helmreich, Victoria Atzlinger, Reichertshofen
9. From left: Maren Kurpiers, Michael Maron, Korbach
10. Detailed image of scooter, Ralf Müther, Münster
11. Becky Andrzejak, Milwaukee
12. Back, from left: Harald Friem, Holger Hahn
    Front, from left: Jens Peters, Frank Heselhaus
    Not pictured: Steffen Jurks (drone operator), Wesel

Pages 8-9:
At home the world over.

13. Luisa Frank, Happy Buddha in Đà Lạt, Vietnam
14. Robert Hanslmeier, Shanghai
15. Luisa Frank, Ha Long bay in Vietnam
16. Milan Djordjevic, Kragujevac
17. Back row, from left: Rahul Dawra, Chanasmawala Murtaza, Pradip Chandole, Praveen Pandey, Dattu Deshmukh, Amit Anand, Hassan Manzoorul
    Front row, from left: Dilip Birla, Punit Bhagat, Shivinder Maan, Monish Kakkar, Wolfgang Henzinger, Senarat Jayasekera, Jayesh Vishwasrao, Excon Bangalore
18. Bill Xu, Shanghai
19. Anika Thiele, Empire State Building, New York
20. Back, from left: Thabang Mabaso, Lindelani Thusi, Anthony Mabuza, Nathaniel Bopape, Vusi Buthelezi, Ephraim Matlala, Norman Siwela, Etienne De Lange, Simon Mdluli, Eddie Owen, Frans Bopape, Jacques Van Niekerk, Mpho Nengobela
    Front, from left: Solomon Mabunda, Eugene Brown, Johannesburg
21. Back, from left: Dong Wang, Peng Li, Shangwu Liu, Dick Teng, Owen Xu, Lei Zuo, Jerry Guo, Wenjian Zhou
    Kneeling at front: Jian Wang, Shanghai
22. From left: Colin Liu, Morris Liu, Lin Jinhua, Wang Jinyan, Wicks Zhan, Tom Li, Leo Chu, Darren Xue, Gao Yanhao, Zhao Xianfeng, Shanghai

Pages 10-11:
The perfect fit for every job.

23. DW 100 (photo taken by Stuart McGinlay), Stafford
24. Weidemann 1160 eHoftrac, Copenhagen Zoo
25. From left: Lubomír Mana, Zdeněk Hodek, Roman Husek, Miroslav Johanes, Ondřej Jaromiš, Kamil Subota, Pavel Kohout, Petr Lukavský, Jana Uxová, Zdeněk Franěk, Václav Szkibik, Romana Havířová, Miroslav Trsťan, Libor Mandát, Prague
26. WL32 wheel loader in front of the White House, Washington DC
27. From left: Kelvin Ma, Sunmy Yang, Eric Liu, Shanghai
28. From left: Marc White, Drew Shuster, Jason Festerling, Milwaukee
29. Back row, from left: Erwin Krivdic, Sevludin Rahmani, Branislav Lazendic, Mladen Kovacevic, Drazen Cvijic, Romir Sulmani
    Middle row, from left: Vladislav Klaric, Andreas Haas, Pero Djukanovic, Harald Ginthenreiter, Andreas Mayerhofer, Wilhelm Baumgartner, Roman Vrbanjic
    Kneeling at front: Sasa Blesic, Linz
30. From left: Paolo De Chirico, Manuel Weißenberger, Stefan Klinglmüller, Christoph Prammer, Alexandra Mayr, Linz
31. From left: Luis Ochoa, Alejandro Noriega, Mario Zamudio, Denisse Reséndiz, David Valdez, Ana Ruiz, Paulina Gonzalez, Raul Ortiz, Daniel Jasso, Yanpol Rodriguez, Irais Perez, Margarita Soria, Mexico City
32. Anthony Megal, Milwaukee
33. From left: Marc Bader, Kevin Corti, Markus Eichstädt, Erik Matyschik, Thomas Werkmeister, Patrick Bürkle, Singen
34. Product delivery, Linz
35. 1404 track excavator being transported by cable to the Zugspitze mountain, Garmisch-Partenkirchen
36. Back row, from left: Michael Edyvean, Troy Murphy, Dean Nasato
    Front row, from left: Scott Ferguson, Nathalie Lalancette, Toronto
37. Kramer wheel loader at work, Eiffel Tower, Paris

Pages 12-13:
Enriching company culture through diversity.

38. From left: Yvonne Hellwig, Bettine Krug, Kerstin Bauer, Marina Brzovic, Munich
39. Back row, from left: Craig Cameron, Migel Hernandez, Adam Dhoogie, Lucio Rodriguez, Jayson Grainger, Barry McBride, Anthony Wyatt, Thomas Binkowski, Phil Campbell, Rogelio Garcia
    Kneeling at front: Jonathan Snyder, Milwaukee
40. From left: Petrus Anak James Timpal, Derrick Tee, Kam Wai Siong, Max Tan, Supandi Ahmed, Mohamed Hafiz, Gavin Goh, Singapore
41. Norman Siwela, Johannesburg
42. Foreground, from left: Laura Haas, Julia Fischer, Sophia Schmitz, Pia Vogel, Wacker Neuson company fun run 2015, Munich

43. From left: Eliana De Paula Campos, Raquel De Campos Camargo, Marcia Nogueira Dalla Dea, Sheila Regina Barbosa De Lima, Jessica Barbosa Marinho, Carla Pereira Gozo, Amanda Leticia Dias, Janaina Aparecida Oliveira, Susete Thomaze Giaccone, Jundiaí
44. From left: Irina Li-Schröder, Alexander Jägemann, Manuel Meyer, Michael Franke, Svenja Kirsch, Weidemann Korbach holiday party
45. Back, from left: Edward Ericson Del Busso, Vanilde Aparecida Sartorelli Basso, Susete Thomaze Giaccone, Amanda Leticia Dias, Jessica Barbosa Marinho, Celso Roberto Sartorelli, Sheila Regina Barbosa De Lima, Janaina Aparecida Oliveira, Eliana De Paula Campos, Raquel De Campos Camargo, Marcia Nogueira Dalla Dea, Carla Pereira Gozo, Mario Vinicius Acosta Neves, Luis Fernando De Biazzi, Thiago Lopes Pinto, Juliano Dos Santos, Vilmar Gomes Pereira
Front, from left: Daniel Milanez Egydio Da Silva, Leandro Germano De Moraes
In wheel loader: Claudemir Da Silva, Jundiaí
46. From left: Elizabeth Dowling, Irina Li-Schröder, Julia Steuber, Tobias Strasen, Michael Franke, Svenja Kirsch, Raphael Eckhoff, Maurice Voyé, Manuel Meyer, Sven Rahn, Nora Schürmann, Weidemann Korbach holiday party
47. Back, from left: Luke Sevcik, Becky Coggins
Front, from left: John Dotto, Sherry Benson, Vince Hunt, Mary Vallone, Marlea Papenfuss, Fred Paul, Milwaukee
48. Vince Hunt, Milwaukee

Pages 14-15:
Quality and innovation – taking pride in our work.

49. Luca Leni Kind, Korbach
50. From left: Vesna Milanovic, Slavica Tomic, Dragica Ljujic, Natasa Djordjevic, Sladjana Stojanovic, Slavica Petrovic, Katarina Nedeljkovic, Milena Nikolic, Kragujevac
51. From left: Justin Bergh, Sharon Booysen, Johannesburg
52. From left: Vincent and Valentin Groß, Munich
53. From left: Philipp Max Kräft, Markus Einsele, Nikolai Feldenkirchen, Wacker Neuson company fun run 2015, Munich
54. Ralf Müther, Münster
55. Denise Möstl, production site showroom, Linz
56. Svenja Groß, Munich
57. Shadows of Kramer trainees, Pfullendorf
58. Carrie Megal, Milwaukee
59. Back, from left: Lester Koh, Derrick Tee, Mohamed Hafiz
Front, from left: Petrus Anak James Timpal, Kam Wai Siong, Max Tan, Supandi Ahmed, Gavin Goh, Singapore
60. Back, from left: Denise Möstl, Dieter Farthofer, Georg Trillsam
Front, from left: Peter Hartl, Stefan Höretseder, Patrick Eichenauer, Simon Wallner, Nina Engertsberger, Linz
61. From left: Ralf von der Heide, Andreas Balter, Christian Grewe, Claudia Raf, Agnes Ozog, Damian Sromenk, Manuel Diekfelder, Roman Dobler, Hagen
62. Birthday cake made by Margit Kohn, Vienna
63. From left: Maximilian Mayerhofer, Eric Gruber, Robert Bula, Michael Wiegleb, Klaus Kilian, Reinhard Kern, Gökhan Kaynar, Thomas Anno, Klaus Sommer, Wolfgang Lehmann, Georg Landsmann, Arco Brieger, Steve Odebrecht
In go-cart: Christfried Schreier, Unterschleißheim
64. Wacker Neuson Minion, Milwaukee

Pages 16-17:
Thinking of tomorrow – today.

65. From left: Moritz Lüdecke, Marco Thum, Vincent Nischan, Fabian Horlacher, Tobias Lutz, Thomas Saub, Michael Roth, Viviane Armbruster, Katja Boos, Christopher Thews, Kai Wesle, Diana Beck, Tobias Häusler, Florian Bleicher, Lukas Reimann, Thorsten Weh, Pascal Strobel, Pfullendorf
66. Valentin Groß, Munich
67. From left: Pierre Hagn, Philipp Max Kräft, Christina Gerasimow, Nikolai Feldenkirchen, Markus Einsele, Josef Huber, Dasio Gonzalez, Svenja Groß, Branko Barnjak, Rita Pitter, Dennis Vietze, Selma Vajraca, Cuong Vu, Munich
68. Back row, from left: Marcel Schiemers, Julian Götz, Moritz Lüdecke, Lukas Reimann, Thorsten Weh, Michael Roth
Middle row, from left: Florian Bleicher, Tobias Häusler, Florian Steppacher, Pascal Strobel, Florian Thum
Front row, from left: Viviane Armbruster, Sophia Fischer, Diana Beck, Bianca Krugger, Sarah Blezinger, Pfullendorf
69. From left: Yunhan Li, Carol Liu, Shanghai
70. From left: Trista and Bradley Bergh, Johannesburg
71. From left: Wenjie Wu, Connie Wang, Shanghai
72. From left: Anning and Henry Yong, Shanghai
73. From left: Yibin and Ryan Chen, Shanghai
74. From left: Michael Pum, Christopher Helmreich, Tobias Berning, Sebastian Heilmann, Samuel Ramirez, Matthias Becker, Alto Weiskopf, Manuel Meyer, Victoria Atzlinger, Reichertshofen
75. Mirjana Pavlovic's baby, Kragujevac
76. Jameson Coggins, Milwaukee
77. From left: Tamara Göschka, Markus Nowotny, Munich
78. From left: Steffen Wicha, Franziska Damm, Thomas Fürmetz, Nico Wirtz, Peter Altmann, Fabian Nagel, Heidemarie Aicher, Oliver Wargalla, Munich
79. From left: David and Diana Schwarzmair, Reichertshofen family day

Pages 18-19:
The right work/life balance.

80. Wacker Neuson company fun run 2015, Munich
81. Back, from left: Rita Pitter, Svenja Groß, Christian Raab
Front, from left: Christof Riebel, Katrin Neuffer, Robert Hanslmeier, Munich
82. From left: Scott Zantow, Amy Bayer, Keith Herr, Milwaukee
83. Team building at European sales conference, Linz
84. From left: Tamara Göschka, Nadja Butka, Eleonora Nguyen, Markus Nowotny, Nicole Dengler, Reichertshofen
85. From left: Rodolfo Sosa, Yennyfer Pollock, Herlinde Schock, Fatima Spredemann, Chris Orzal, Germantown
86. Anika Thiele, Empire State Building, New York
87. From left: Carola Schwarzbauer, Thomas Iglsböck, Hashem Rahsepar-Hashemi, Margareta Wagner, Linz
88. Bottom to top: Wolfgang Jacobsen, Matthew Schoen, Stuart Swanson, Kyle Schlimbach, Milwaukee
89. Donation to SOS Children's Villages charity by Victor Vidal in Quilpué, Chile
90. From left: Jon Lubner, Pranav Deshpande, Eric Westin, Casey Rollins, Matthew Schoen, Carly Hanson, Nick Lien, Tim Wagar, Milwaukee
91. From left: Patricio Alarcon, Ricardo Araya, Francisco Lazo, Santiago de Chile
92. Thammy Lang, Johannesburg

DISCLAIMER
These photos show employees, often with Wacker Neuson Group products in unusual settings that do not correspond to the typical application scenarios. Some of these photos may have been post-edited. We do not recommend that readers imitate these photos or the settings depicted in them.

9-Year Comparison

IN € MILLION

	2015	2014	2013	2012	2011	2010
Revenue	1,375.3	1,284.3	1,159.5	1,091.7	991.6	757.9
Revenue Europe	979.3	921.7	826.2	776.4	723.9	558.6
Revenue Americas	348.5	323.7	297.2	276.2	231.0	168.1
Revenue Asia-Pacific	47.5	38.9	36.1	39.1	36.7	31.2
EBITDA	171.3	196.3	153.4	141.7	162.6	77.8
Depreciation and amortization	-67.7	-60.1	-58.6	-56.8	-38.8	-41.1
Of which one-off impairment write-ups/write-downs from impairment	–	–	–	-0.8	10.8	–
EBIT	103.6	136.2	94.7	84.9	123.8 (113.0)[7]	36.7
EBT	97.5	130.1	88.0	77.8	120.3 (109.5)[7]	32.7
Profit after minority interests	66.2	91.5	61.2	54.1	85.8 (77.7)[7]	23.9
Number of employees	4,632	4,372	4,157	4,096	3,514	3,142
R&D ratio (incl. capitalized expenses) as a %	3.2	3.2	3.1	3.1	3.1	3.3
Share						
Earnings per share in €	0.94	1.30	0.87	0.77	1.22	0.34
Dividend per share in €	0.50[5]	0.50	0.40	0.30	0.50	0.17
Book value at Dec. 31 in €	15.17	14.42	13.34	13.04	12.84	11.84
Closing price at Dec. 31 in €	14.23	16.96	11.49	10.35	9.55	13.00
Market capitalization at Dec. 31	998.1	1,189.2	805.6	725.9	669.8	911.8
Key profit figures						
Gross profit margin as a %[6]	28.0	29.7	30.4	30.4	32.6	31.6
EBITDA margin as a %	12.5	15.3	13.2	13.0	16.4	10.3
EBIT margin as a %	7.5	10.6	8.2	7.8	12.5 (11.4)[7]	4.8
Net return on sales (ROS) as a %	4.8	7.1	5.3	5.0	8.7	3.2
Key figures from the balance sheet						
Balance sheet total	1,552.2	1,447.6	1,322.4	1,344.8	1,214.3	1,030.2
Return on assets (ROA) as a %	4,4	6.7	4.6	4.3	7.0	2.5
Equity before minority interests	1,064.1	1,011.7	935.5	914.7	901.1	830.6
Equity ratio before minority interests as a %	68.6	69.9	70.7	68.0	74.3	80.6
Return on equity (ROE) as a %[7]	6.4	9.4	6.6	6.1	9.0	3.0
Net financial debt	199.1	179.5	177.2	214.2	90.4	13.7
Net financial debt/EBITDA	1.2	0.9	1.2	1.5	0.6	0.2
Gearing as a %	18.7	17.7	18.9	23.4	10.0	1.7
Working capital	574.5	532.2	453.1	456.8	370.5	269.3
Average working capital as a % of revenue	40.2	38.4	39.2	37.9	32.2	32.1
Capital employed	1,011.6	941.5	852.7	866.2	721.1	572.8
ROCE I as a %	10.6	15.2	11.0	10.8	17.5[7]	6.9
ROCE II as a %	7.3	10.8	7.7	7.6	12.5[7]	5.2
Weighted average cost of capital (WACC)	7.1	7.1	7.1	7.5	7.5	7.9
Economic value added (EVA)	1.1	32.4	5.1	0.7	32.1	-14.1
Cash flow						
Cash flow from operating activities	131.0	106.8	131.1	13.6	43.6	44.9
Cash flow from investment activities	-113.2	-85.3	-75.9	-99.9	-105.5	-85.2
Investments	118.4	90.3	86.8	104.0	114.0	85.0
Cash flow from financing activities	-6.6	-23.0	-57.4	88.8	42.6	-10.3
Free cash flow	17.8	21.5	55.2	-86.3	-61.9	-38.8

[1] Pro-forma Group revenue amounted to EUR 979.5 million (Neuson Kramer Baumaschinen AG consolidated for the first time on October 1, 2007).
[2] Adjusted to reflect restructuring costs (EUR 9.6 million).
[3] Adjusted to reflect restructuring costs (EUR 9.6 million) and write-downs on intangible assets in the amount of EUR 100.3 million.
[4] Including deferred taxes in the amount of EUR -2.7 million (in conjunction with write-downs on brand value – intangible assets).
[5] Dividend proposal for the AGM on May 31, 2016.
[6] Since 2010, expenses for service technicians are reported in the income statement under cost of sales (instead of sales and service expenses).
[7] Adjusted for impairment write-ups/write-downs from impairment.
[8] On a pro-forma basis 2007 (revenue: EUR 979.5 million; profit (after minority interests): EUR 72.8 million; balance sheet date Dec. 31, 2007).
[9] The item “Interest received” has been transferred from cash flow from investment activities to cash flow from operating activities.

2009	2008	2007
597.0	870.3	742.1[1]
465.7	676.2	520.7
103.1	166.9	196.1
28.2	27.2	25.3
27.2 (36.7)[2]	100.9	117.0
-140.3	-43.0	-38.1
-100.3	–	–
-113.1 (-3.2)[3]	58.0	78.9
-115.5 (-5.6)[3]	55.7	78.2
-110.1 (-2.9)[3,4]	37.4	54.1
3,059	3,665	3,659
4.0	3.0	2.9
-1.57	0.53	1.10
0.00	0.19	0.50
11.25	12.96	12.98
8.20	6.19	14.62
575.1	434.2	1,025.40
30.8	33.7	38.1
4.6(6.2)[2]	11.6	15.8
-18.9 (-0.5)[3]	6.7	10.6
-18.4 (-2.1)[4,7]	4.4	7.3
971.7	1,178.6	1,214.5
-1.1[4,7]	3.2	7.5
789.0	909.1	910.4
81.2	77.1	75.0
-1.5	4.2	8.2[8]
-24.9	59.0	-43.1
-0.9	0.6	-0.4
-3.2	6.5	-4.7
217.9	303.9	271.5
43.7	33.1	29.0
489.8	588.1	486.7
-2.4[7]	10.8	23.1[8]
-1.9[7]	7.4	15.8[8]
8.1	7.6	–
-54.1	-1.3	24.3
138.3	38.1[9]	55.0
-38.1	-16.4[9]	-141.8
43.4	101.8	84.0
-53.0	-21.9	96.4
100.6	23.4	62.1

Publishing Details/ Financial Calendar

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Financial Calendar

March 15, 2016	Publication of annual report 2015
	Press conference on financial results, Munich
May 12, 2016	Publication of first-quarter report 2016
May 31, 2016	AGM, Munich
August 4, 2016	Publication of half-year report 2016
November 10, 2016	Publication of nine-month report 2016

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