growth
+ profitability
= added value

Annual Report 2011

WACKER NEUSON

Figures at a glance 2011

Wacker Neuson Group at December 31

in € million	2011	2010	Changes
Key figures			
Revenue	991.6	757.9	+30.8%
EBITDA	162.6	77.8	+109.0%
Depreciation and amortization	38.8 (49.6)[4]	41.1	-5.6%
EBIT	123.8[1]	36.7	+237.3%
EBT	120.3[1]	32.7	+267.8%
Profit for the period	85.8[1]	23.9	+259.0%
Number of employees	3,514	3,142	+11.8%
Share			
Earnings per share in €	1.22	0.34	+258.8%
Dividends per share in €	0.50[2]	0.17	+194.1%
Key profit figures			
Gross profit as a %[3]	32.6	31.6	+1.0 PP
EBITDA margin as a %	16.4	10.3	+6.1 PP
EBIT margin as a %	12.5[1]	4.8	+7.7 PP
Key figures from the balance sheet			
Non-current assets	742.1	673.9	+10.1%
Current assets	471.2	356.3	+32.2%
Equity before minority interests	905.0	830.6	+9.0%
Net financial debt	90.4	13.7	+559.9%
Total liabilities	305.4	197.3	+54.8%
Equity ratio before minority interests as a %	74.6	80.6	-6.0 PP
Working capital	370.5	269.3	+37.6%
ROCE I as a %	17.5[4]	6.9	+10.6 PP
ROCE II as a %	12.5[4]	5.2	+7.3 PP
Capital employed (average)	646.6	531.3	+21.7%
ROE as a %	9.0	3.0	+6.0 PP
Cash flow			
Cash flow from operating activities	43.6	44.9	-3.0%
Cash flow from investing activities	-105.5	-85.2	+23.8%
Investments (property, plant and equipment and intangible assets)	114.0	85.0	+34.1%
Cash flow from financing activities	42.6	-10.3	–
Free cash flow	-61.9	-38.8	+59.5%

[1] Includes reversal of brand impairment in 2011 in the amount of EUR 10.8 million (for more information, see “Earnings”, p. 51).
[2] Dividend proposal for the AGM on May 22, 2012.
[3] Since 2011, expenses for service technicians are reported in the income statement under cost of sales (instead of sales and service expenses). The gross profit margin for 2010 has been adjusted accordingly.
[4] 2011 figure adjusted for reversal of impairment in the amount of EUR 10.8 million (p. 51).
All consolidated figures prepared according to IFRS. A seven-year overview of key indicators is provided at the end of this report.

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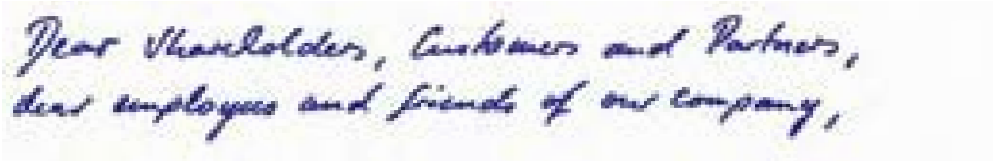
About Wacker Neuson

The Wacker Neuson Group is a leading manufacturer of light and compact equipment with over 40 affiliates and more than 140 sales and service stations across the globe. The Group's roots date back to 1848. Products manufactured by the company are branded Wacker Neuson. In Europe, the Group also distributes compact equipment under the brand names Kramer Allrad and Weidemann (agricultural machinery). With over 300 product categories and a global spare parts service, Wacker Neuson is the partner of choice among professional users in a wide range of industries including the construction, gardening, landscaping and agriculture sectors, as well as among municipal bodies and companies in the industrial, recycling and energy sectors.

Cem Peksaglam, CEO

"Essentially, high growth rates combined with high profitability creates unique added value, which we will be building on as we move forward."



On September 1 last year, I assumed the position of Chief Executive Officer of the Wacker Neuson Group. Thus, for the first time, I have the honor of writing an introduction foreword to the annual report. Even before joining Wacker Neuson, I was convinced that this company had everything it takes to play an even more defining role, both in mature markets and in the relatively new terrain of the emerging economies. A quick glance at our current figures confirms my conviction: 2011 was an exceptionally positive year for Wacker Neuson.

Some of you may be wondering how we arrived at the title for this year's report **"growth + profitability = added value"**. In a nutshell – this formula condenses Wacker Neuson's strengths down into a simple equation.

During the course of 2011, many investors and journalists asked me what impact the financial and debt crisis was having on our business. Of course they were all skeptical when I replied that we were optimistic and expected to see little or no dent in our books over the year. In effect, 2011 was a record-breaking year and the most successful in the company's history.

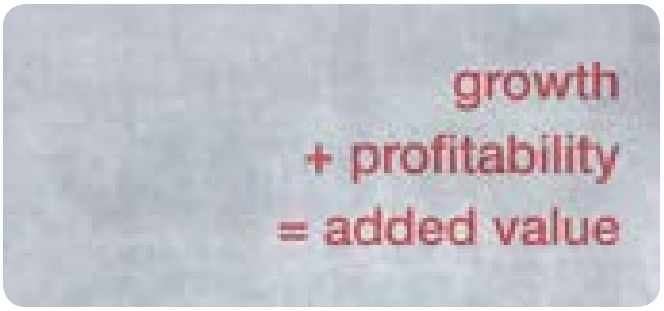
With revenue **growth** of 31 percent relative to last year's figure, we have almost reached our 2012 billion-euro target at EUR 992 million. Even more impressive is the speed with which we pulled out of the crisis. Relative to the low point recorded during the crisis in 2009, revenue has since jumped 66 percent in just two years.

This growth was powered by the entire Group. In other words, all regions and business segments experienced double-digit rises in revenue. From a geographic perspective, the Americas region was a particularly strong driver, reporting a 37 percent increase on the prior-year figure. Compact equipment was the most dynamic segment, expanding 52 percent over the course of the year to now contribute 42 percent to total Group revenue. Agricultural machinery accounts for a rising share of the compact revenue mix. Customers upped their investments in powerful, versatile Weidemann-branded agricultural equipment to increase productivity and efficiency around the farm. Our compact business is also bolstered by two strategic alliances. Since 2005, we have been producing telescopic handlers for the global agricultural machinery manufacturer Claas. These handlers are successfully distributed worldwide by Claas under its own brand name. In addition, since mid-2011, we have been producing compact excavators with a total weight of up to three tons for the world's largest construction equipment manufacturer Caterpillar. Similar to Claas, Caterpillar distributes these machines under its own brand name.

Light equipment fueled 37 percent of our revenue. Particularly in North America, demand for utility products – especially generators and light towers – developed very positively. Purchased in 2006, North American specialist Ground Heaters has proven an excellent addition to our integrated portfolio.

The services segment, which rounds off our equipment offering with a diverse and constantly expanding range of deliverables, currently makes up around 22 percent of Group revenue.

Despite all these positive results, I would like to point out that we are not motivated by growth for growth's sake. More to the point, we are aiming for profitable growth and earnings based on a sustainable business model. Something we also achieved last year thanks to our highly efficient organizational structures and the innovative strengths of our products. At 16.4 percent, our EBITDA margin was at an all-time high. We managed to more than triple earnings per share. And – even more importantly – the return on capital employed, after tax (ROCE II), rose to 12.5 percent, thus making a healthy contribution to shareholder value in excess of the weighted average cost of capital (WACC). It is this robust level of **profitability** that sets us most clearly apart from most of our peers.



Essentially, high growth rates combined with high profitability creates unique **added value,** which we will be building on as we move forward.

I would like to take this opportunity to warmly thank you, our shareholders, for your trust. Many of you have been with us for many years and continued to believe in Wacker Neuson even through times of crisis. We would like to acknowledge your faith through an attractive dividend payment. The Supervisory Board and Executive Board will therefore propose a dividend payout of EUR 0.50 per share at the upcoming AGM on May 22, 2012. This corresponds to a payout ratio of 41 percent based on Group profit for the year.

2011 was also a year packed with change. Having obtained shareholder approval at last year's AGM, we converted our company into a holding organization. This has created a clear and uniform management and organization structure across the Group, promoting transparency and ease of comparison. In 2011, we also started to roll out a Group-wide standardized enterprise resource planning system with a view to further optimizing internal processes. We expect tangible efficiency gains during the current fiscal year as a result of the new SAP platform.

Other highlights in fiscal 2011 included the opening of our new Group headquarters and state-of-the-art research and development center for light equipment in Munich. During the opening celebrations, we availed of the opportunity to talk in person with many of our investors and with analysts, customers and representatives of the press. We also welcomed 600 of our employees to a celebratory opening event.

And I am already looking forward to a similar event in 2012. On completion of construction work at our new compact equipment factory in Hörsching, near Linz in Austria, we can expect excavators, dumpers and skid steer loaders to roll off the production line at the end of May. The new plant will mean that all of our factories for compact equipment were built within the last six years. Not only are all of these facilities thus equipped with the latest production and process technologies, they also offer sufficient headroom and flexibility to accommodate our growth plans over the coming years.

The products we manufacture at our eight plants worldwide embody our collective innovative strengths. During the past fiscal year, over half of our product revenue was generated with equipment that is less than five years old, underscoring the speed with which we innovate and rejuvenate our portfolio. Industry awards provide further testament to our innovative strength. At last year's Agritechnica exhibition for agricultural machinery, for instance, our Vertical Lift System® for telescopic handlers, which we developed in collaboration with our strategic partner Claas, outperformed competition from over 300 other entries to receive a silver medal. The new driver assistance system enables the telescopic arm to be lowered almost vertically, thus keeping the compact handler extremely stable even under heavy loads. This unique feature from Wacker Neuson adds true value in the field, even helping to save lives in critical situations. Our DPU 130 vibratory plate for soil compaction won the German Industry Innovation Award, The World's First Innovation Award® in February 2012. The most powerful vibratory plate in the world, the DPU 130 has resulted in qualifiable and quantifiable safety, performance and cost efficiency gains in the construction industry. Wacker Neuson is the only company to offer an innovative, next-generation plate in this class. But it wasn't just our products that lined up to receive awards. United Rentals, one of the largest North American rental companies, selected us from among many renowned suppliers for its "Supplier of the Year 2011" award. We are proud and honored to receive this prize as a tribute to the excellent service and support we deliver to our customers.

Our biggest success factor, however, is down to our first-rate employees and managers. They embody our corporate values – innovation, quality, character and performance – living these values on a daily basis so we can realize our mission of becoming the **partner of choice for our customers the world over.** And so I would also like to take this opportunity to thank our employees on behalf of the entire Executive Board for their exceptional passion, commitment and determination to take us closer to our vision every day. I look forward to working with all of our employees as we actively propel our company ahead on the path to success.

Our 2011 strategic business plan sets out a detailed blueprint for that success. Senior management has defined our targets for the coming years. We will expand our leadership position in Europe, capitalizing in particular on the interesting growth opportunities we see beyond Central Europe. We are also aiming for greater resilience to cyclical swings within the

construction industry – without compromising our focus on this strategic segment. To achieve this, we will diversify our products and invest in new sales channels and target markets. This includes expanding our international presence and offering of agricultural equipment targeted at work on the land, in farmyards and in stables. In addition, we will strengthen our leading position for light equipment and capitalize on synergies by selling compact equipment through our existing sales and service network. Emerging markets hold a host of opportunities for Wacker Neuson. At present, they account for only 13 percent of Group revenue but our light equipment is well positioned in the premium segment in Asia, for instance. To meet local needs on a broader base, we will be launching a series of products developed specifically for these markets. This series will be unveiled to a wide audience in November at bauma China 2012 in Shanghai.

To ensure a secure footing for our future growth plans, we successfully placed our first Schuldschein loan to the value of EUR 120 million at attractive conditions in February of the current fiscal year. This will initially replace short-term credit lines and give us financial security to realize our future growth plans.

These and various other measures and actions are geared towards building long-term, sustainable success. We are optimistic about 2012, aiming to comfortably cross the one billion euro mark with revenue in the region of EUR 1.1 billion and an EBITDA margin in excess of 15 percent.

Together with our employees, we will master the challenges that 2012 presents, reaffirming our status as a reliable and trustworthy partner for customers, shareholders, business partners and friends of the company.

I hope you enjoy reading our 2011 annual report.

Best wishes

Cem Peksağlam

Richard Mayer

Responsible for the light equipment business segment.

Martin Lehner
Deputy CEO

Responsible for the compact equipment business segment.

Cem Peksaglam
CEO

Responsible for Investor Relations, Legal Matters, Human Resources, Group Auditing, Corporate Real Estate and Quality Management.

Werner Schwind

Responsible for sales, rental, logistics, service, marketing and training.

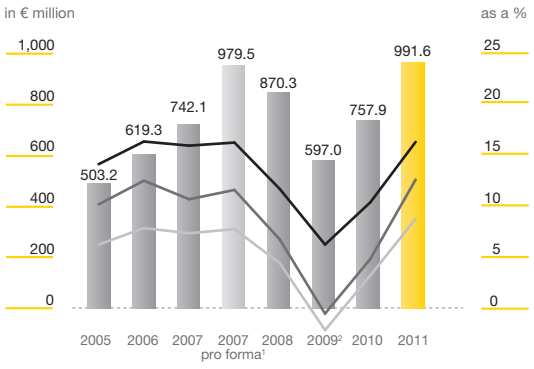
Günther C. Binder

Responsible for finance and IT.

Facts and figures at a glance

Record revenue and earnings

Revenue and margins from 2005 to 2011



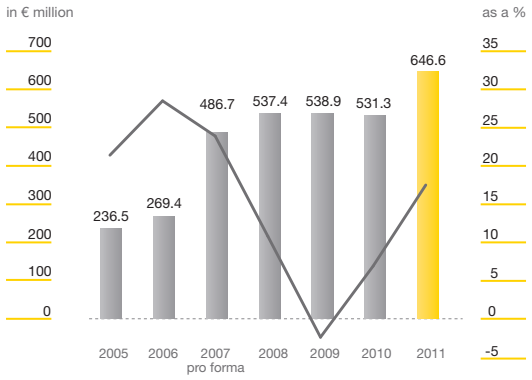
In 2011, Wacker Neuson reported revenue of EUR 991.6 million, 30.8 percent up on the previous year. At 16.4 percent, the high EBITDA margin reflects a healthy rise in profitability. In fact, 2011 was the most successful year in the company's history, with revenue exceeding the 2007 pre-crisis figure of EUR 979.5 million (pro-forma revenue following the merger). Wacker Neuson intends to continue this growth in 2012. → p. 50

[1] Pro-forma figure: Situation if Neuson Kramer subgroup had been consolidated in full in fiscal 2007 (consolidation as of October 1, 2007). Revenue reported in 2007: EUR 742.1 million.
[2] 2009 profit margins adjusted for goodwill impairment and restructuring costs.

Revenue — EBITDA margin — EBIT margin — Net earnings margin

Increased Return on Capital Employed (ROCE)

Capital employed and ROCE I from 2005 to 2011

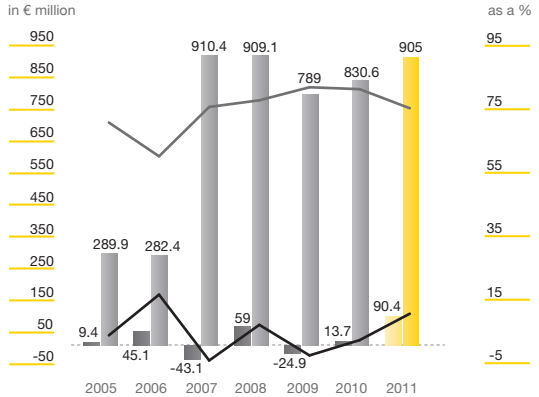


The Return on Capital Employed (ROCE) compares EBIT with capital invested in a company during a fiscal year. This indicates whether a company is generating value from its total capital. In 2011, Wacker Neuson achieved a return of 17.5 percent (ROCE I) or 12.5 percent after tax (ROCE II). This shows that the company is generating healthy profits and using its assets efficiently. The ROCE II figure was significantly higher than the weighted average cost of capital (WACC), which came to 7.48 percent, highlighting the fact that – overall – the Group produced value in 2011. → p. 52

Average capital employed — ROCE I

Strong financial and assets position

Key figures from the balance sheet from 2005 to 2011



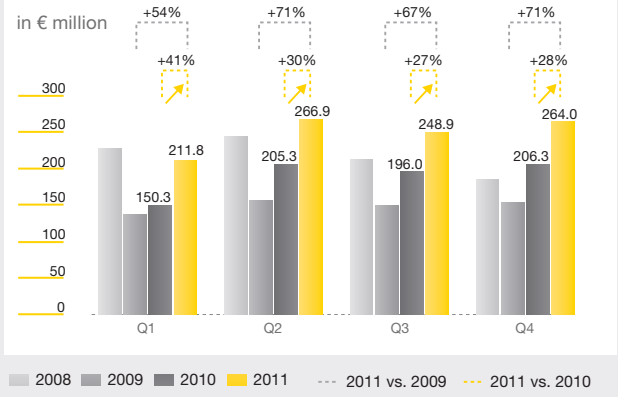
Wacker Neuson has a high equity ratio of around 75 percent and with low gearing of just 10 percent, the Group is in a strong financial position. In 2011, Wacker Neuson increased its net financial debt as planned to ensure that available funds are efficiently channeled into growth opportunities. The Group continued to draw on less than half of its credit lines and thus has plenty of headroom. The company's first-class credit rating was underscored once again by the capital market when it placed a Schuldschein loan in February 2012. → p. 54

Equity before minority interests in € million — Net financial debt in € million
Gearing as a % — Equity ratio before minority interests as a %

Development of business segments

More Information → p. 66

Quarterly revenue trends

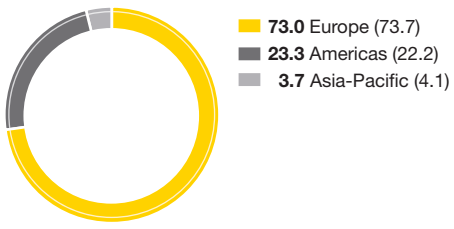


Demand for Wacker Neuson products and services remained strong in 2011. The company was able to report a clear rise in quarterly revenue compared with the previous year's figures and exceeded its own forecast for the year.

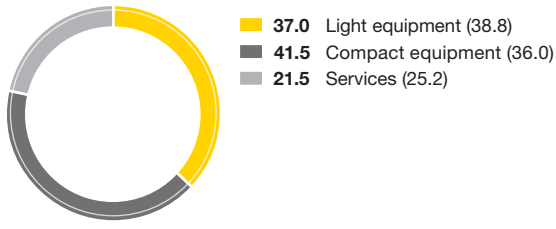
More Information → p. 47

Revenue according to segment reporting

Sales by region
as a % (previous year)



Revenue by business segment[1]
as a % (previous year)



[1] Consolidated revenue before discounts.

More Information → p. 64

More Information → p. 66

Our product philosophy: Process know-how

Wacker Neuson 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
(Over 250 product groups)

Concrete technology

Internal vibrators

Convertors

Trowels

Rebar technology

Soil and asphalt compaction

Rammers

Vibratory plates

Remote control compaction equipment

Rollers

Demolition

Cut-off saws

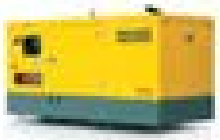
Gasoline breakers

Floor saws

Electric breakers

Utility

Pumps


Generators

Lighting systems

Hydronic surface heaters

The technical glossary on p. 146 contains more detailed information on exact areas of deployment.

Compact equipment
(Over 40 product groups)

Excavators

Compact excavators

Zero-tail excavators

Mobile excavators

Dumpers

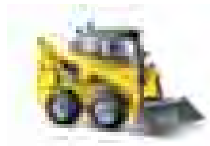
Track dumpers

Four-wheel dumpers

Four-wheel dumpers with cabs

Skid steer loaders

Skid steer loaders (< 700 kg)


Skid steer loaders (> 700 kg)

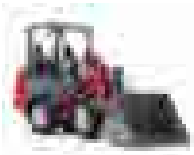
Track skid steer loaders

Wheel loaders

All-wheel-drive wheel loaders

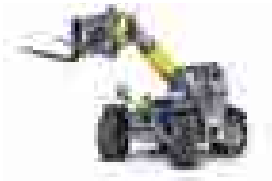
All-wheel-drive tele wheel loaders

Articulated wheel loaders


Hoftrac® models and wheel loaders for the agricultural industry

Telescopic handlers

Compact telescopic handlers


Telescopic handlers

Telescopic handlers for the agricultural sector

Services

Parts repair

Parts exchange

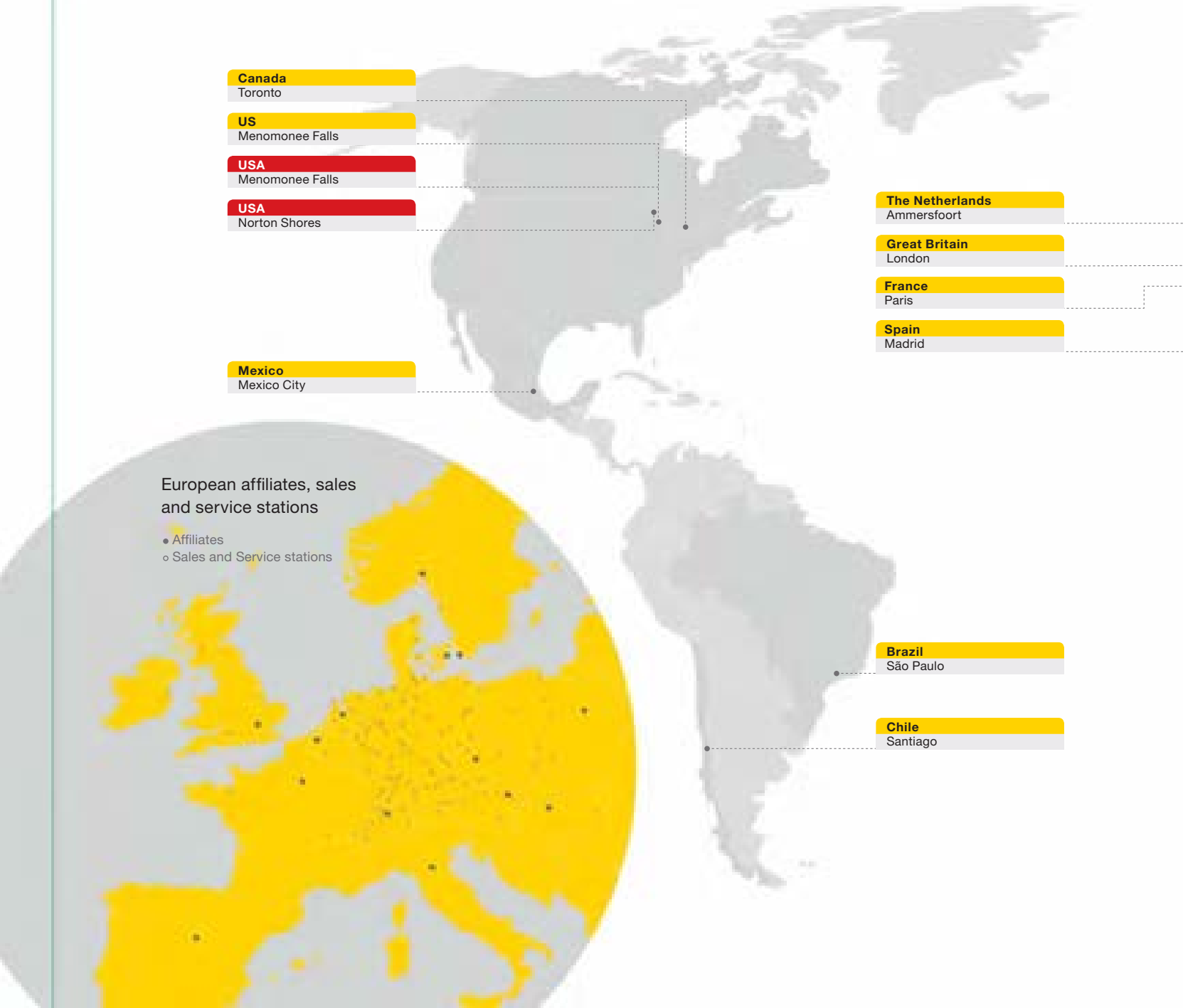
Rental service

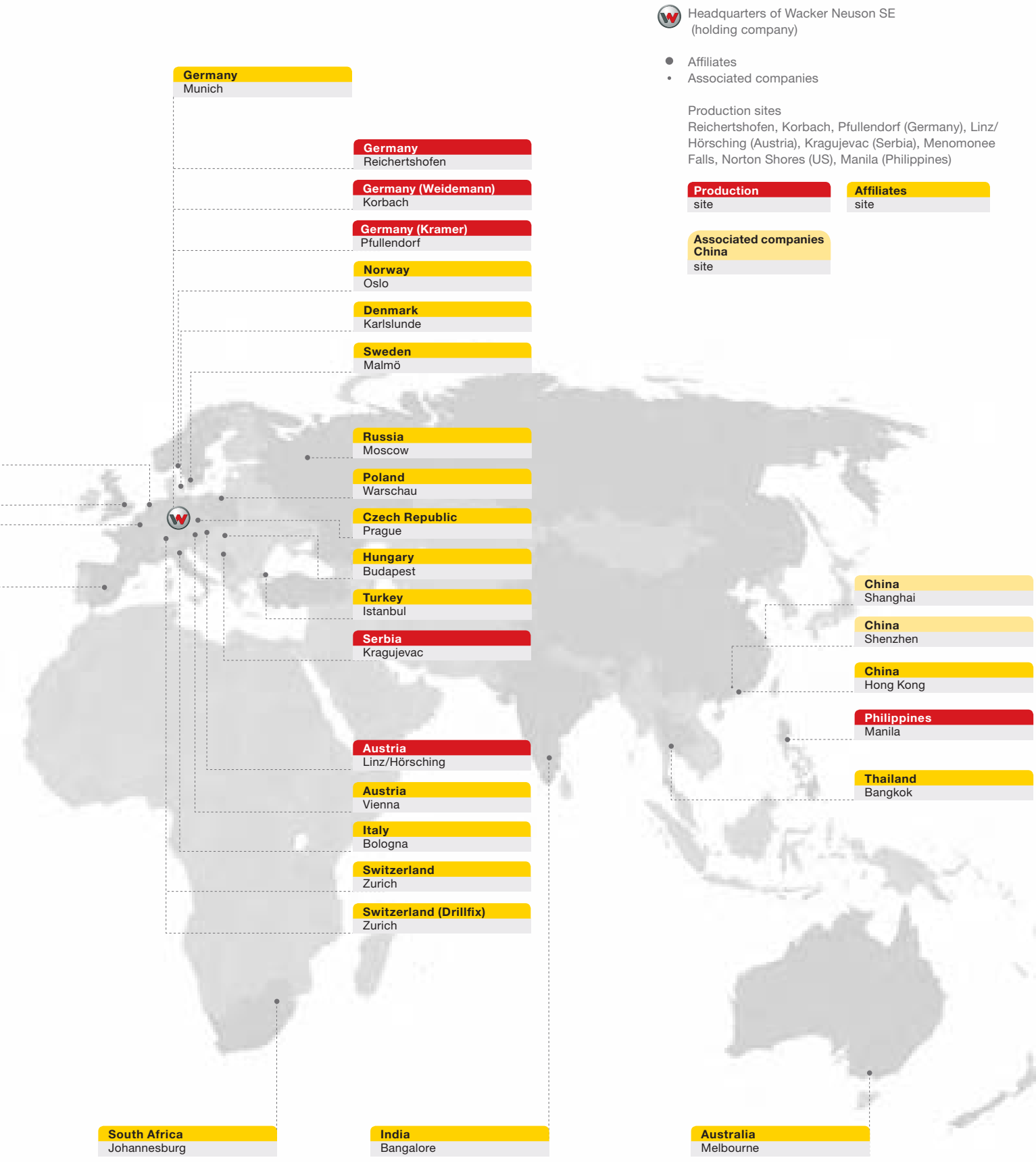
Maintenance

Financing

Wacker Neuson around the world

Global distribution via affiliates plus Wacker Neuson sales and service stations.




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

Eight-ton Wacker Neuson excavator

8003
DIVERSIFICATION
+
SYNERGIES
=
STABILITY

Renovation/redevelopment

Property development

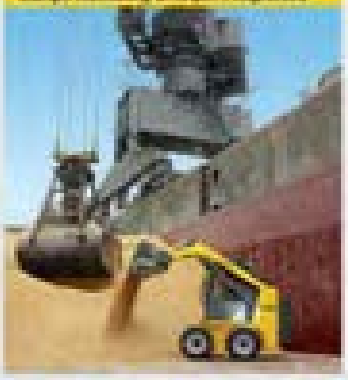
Infrastructure
(road and bridge construction)

Agriculture

Gardening and landscaping

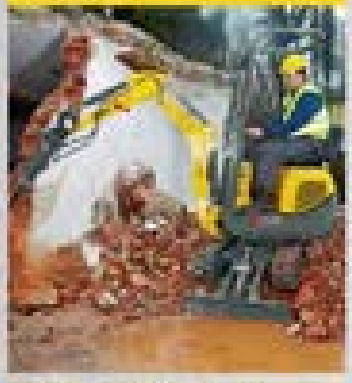
Light equipment weighing up to 3 tons and compact equipment weighing up to 14 tons: Our diverse portfolio and customer base enable us to maximize synergies across industries and product segments.

Cargo handling and port logistics



Residential construction

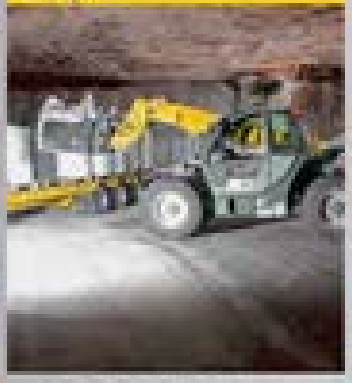
Demolition



Maintenance/repairs

Industry, e.g. recycling

Mining



Oil and gas (energy sector)

Events

Municipal services

Eight-ton Wacker Neuson excavator

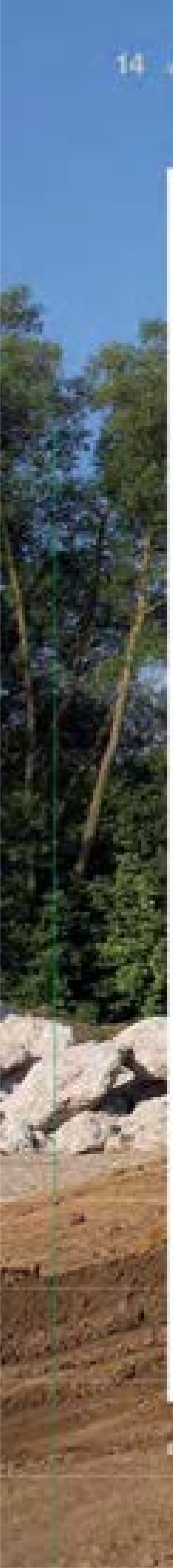
Every week brings new headlines on the debt crisis, the troubled euro or falling growth rates – accompanied by expert predictions on how these developments will impact the real economy. In times of uncertainty, stability is more important than ever. Companies need to focus on their core business instead of wasting valuable energy second-guessing future scenarios. Wacker Neuson has always been built on a strong foundation, where stability and safety are number one priorities.

In times of uncertainty, stability is more important than ever

Wacker Neuson has an exceptionally broad product portfolio. We are the only company in the world to offer light and compact equipment backed by a global service network. In 2011, we achieved double-digit growth rates across all business segments. We capitalized even further on synergies, successfully harnessing our existing light equipment sales network to distribute our compact offering in Central Europe and beyond.

The construction industry is subject to various cycles, which in turn are dependent on factors such as public spending. Stability hinges on diversification and the ability to spread risks across industries beyond construction. Today, a significant share of our revenue stems from industries other than construction – such as landscaping, gardening and agriculture.

In a highly volatile landscape, our targeted diversification strategy and use of synergies across business segments are having an increasingly stabilizing effect on the Wacker Neuson Group.



We will continue to tailor our products to the needs of specific industries in order to spread risks over an even broader base and become more resistant to economic fluctuations in individual sectors. To fuel steady growth, we have identified further potential for synergies in our sales organization. Here our focus lies on increasing our presence in core markets, using our international sales channels more intensively for the compact equipment business and proactively leveraging cross-selling opportunities across our product segments.

We are ideally positioned to achieve these goals.

Healthy revenue structure
as a %

37.0 Light equipment
41.5 Compact equipment
21.5 Services

62.5 Construction and other industries
16.0 Agriculture
21.5 Services

Our balanced revenue mix gives the company a high degree of stability. At 37.0 percent and 41.5 percent respectively, our light and compact equipment segments account for an almost equal share of revenue. Our services segment is also a steady source of revenue (21.5 percent).

The agricultural sector already accounts for 16 percent of Group revenue. The lion's share of revenue (over 62 percent) no longer stems exclusively from the construction industry but is diversified across various sectors including gardening, landscaping, energy and recycling.

WEIDEMANN

Above-average growth in the agricultural sector

1 Agricultural industrialization is gaining pace. This is primarily due to rising global demand for foodstuffs, animal feed, biofuels and regenerative raw materials. Landholders need equipment to get work done more efficiently: a trend that is fuelling demand for Weidemann-branded products.

2|3 Compact, maneuverable Hoftrac® models, wheel loaders, tele wheel loaders and telescopic handlers are safe, efficient farmyard hands, making light work of mucking out, loading and stacking as well as handling animal feed and bedding.

Growing share of Group revenue from the agricultural sector

Business in the agricultural sector is developing strongly. Approximately one year ago, the agricultural sector accounted for 12 percent of overall revenue (including our partnership with Claas). In 2011, this figure rose to 16 percent. To keep pace with this trend moving forwards, we will continue to expand our range of Weidemann products for farmyard and stable work.

Utility products in action (pump and generator together with compact excavator, trench rammer and skid steer loader)

BRAND + SERVICE
=
RELIABILITY

Wacker Neuson: Partner of choice for customers the world over

"We also use light equipment from Wacker Neuson in our country, in particular vibratory plates and rammers. It's the quality that sets them apart from other brands."

Joseph Gigi, Sri Lanka

"We work with Wacker Neuson products every day. The outstanding innovations in user safety enable my colleagues and I to get the job done quickly and reliably."

Baranyt Tibor, Hungary

"I've been using Wacker Neuson products for many years now. I'm really impressed with their long lifespans. For me, there's simply no other choice."

Anton Schwarzbauer, Germany

"Temperatures fluctuate greatly in our country. But this doesn't affect Wacker Neuson machines. They are extremely durable and make our work a lot easier."

Wolfgang Buettner, Windhoek/Namibia

"The outstanding reliability and quality of Wacker Neuson products are important for me. They make even the hardest of jobs fun."

Jan Rzekęć, Poland

"We've been using light equipment from Wacker Neuson in highway construction every day for five years now. They enable us to deliver high-quality results every time. Rapid customer service rounds the package off perfectly – we'll be staying with Wacker Neuson."

Li Jian Dong, China

Revenue trends in the services segment
in € million (as a % of total revenue)

Our services segment perfectly rounds off our extensive product portfolio. We continually expand the scope of our offering and the services we provide at regional level. The services segment is a relatively stable business with steady growth rates, accounting for around one fifth of our total revenue. All of our activities and measures are geared toward gaining and retaining the no. 1 ranking among our customers.

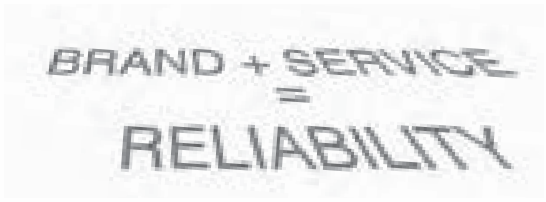
If equipment on a construction site breaks down, it brings work to a halt. This costs time, raises stress levels and – if it leads to delays – can also be very expensive. Today, customers are looking for more than just reliable product quality. Rapid, easily accessible repair and maintenance service is becoming an increasingly important criteria in the purchase decision. Our proven brands and the customer loyalty they inspire are key success factors for Wacker Neuson. We keep a close eye on changing customer expectations in order to identify and meet evolving demands for speed, precision, continuity of operations and efficiency.

Proven brands and customer loyalty are key success factors

Our name has been a by-word for outstanding product and service quality for generations. It is this uncompromising approach to quality that makes Wacker Neuson, Weidemann and Kramer Allrad such world-renowned, highly valued brands.

Our brands promise consistently high standards of quality. Wacker Neuson customers find the premium solutions they need at all 140 stations in our own global sales and service network, as well as at the 12,000 stations run by our sales and service partners. Our efficient logistics concept enables us to deliver spare parts rapidly, for example within 24 hours inside of Europe. Our extensive portfolio of repair and maintenance services plus our wide-ranging training program guarantee optimum customer support. Smart financing options, a large rental fleet in Central Europe and our new used equipment center in Germany round out our service offering.

We see every sale of a new machine as the start of a long-term business relationship. To provide the best possible service experience, we optimize every interface between Wacker Neuson and our customers. We continually improve the order process, user training, maintenance agreements, the repair workflow and the return of used equipment. Everything we do is aimed at securing our status as the partner of choice among our customers – long term. Which is why, in 2012, we are upping our investments in international expansion and our global sales and service network.



1 High-quality products combine technology with an all-round service offering. A product can only deliver long-term value if these two factors dovetail to perfection.
2 Fast, reliable performance: Wacker Neuson breakers were in action following a serious earthquake in Turkey in 2011. Source: REUTERS/Umit Bektas
3 The largest rental chain in the US, United Rentals, presented Wacker Neuson with the “Supplier of the Year Award 2011” in recognition of its excellent product quality, all-round service and inspiring reliability.

Global presence

Our global sales organization guarantees professional, all-round support for our customers at local level.

68
sales and service stations in Germany

Norton Shores, US

Pfullendorf, Germany

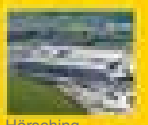
Korbach, Germany

Munich, Germany

Menomonee Falls, US

Reichertshofen, Germany

Kragujevac, Serbia



Hörsching, Austria

Manila, Philippines

Group headquarters
• 140 sales and service stations
• Production sites

Wacker Neuson's sophisticated logistics concept for new equipment and spare parts means customers get what they need – when they need it.

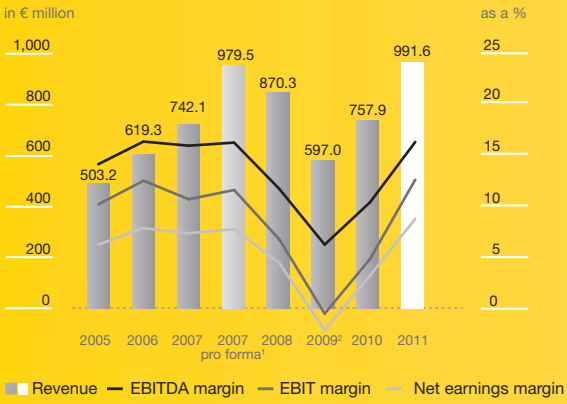
Wacker Neuson employees, US

WACKER
NEUSON
Created This
CONTINUITY + VALUES
=
STRENGTH

2011 – Most successful year in the company's history

Sustainable recovery

Development of revenue and margins from 2005 to 2011

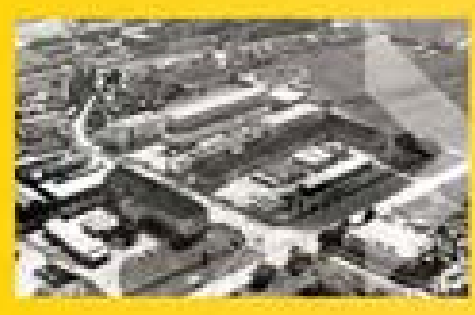


In 2011, Wacker Neuson reported revenue of EUR 991.6 million, 30.8 percent up on the previous year. At 16.4 percent, the high EBITDA margin reflects a healthy rise in profitability. In fact, 2011 was the most successful year in the company's history, with revenue exceeding the 2007 pre-crisis figure of EUR 979.5 million (pro-forma revenue following the merger). Wacker Neuson intends to continue this growth in 2012.

Our aim: Further growth for Wacker Neuson in 2012

[1] Pro-forma figures as if Neuson Kramer subgroup had been consolidated in full in fiscal 2007 (consolidation as of October 1, 2007). Revenue as reported for 2007: EUR 742.1 million.
[2] 2009 profit margins discounting goodwill impairment and restructuring costs.

New Group headquarters - An investment in the future at a site steeped in tradition



Wacker Neuson opened its new headquarters in Munich in October 2011. The modern building complex is home to the holding organization, its operational companies and the state-of-the-art European research and development center for light equipment. Around 300 employees currently work at the site. The headquarters integrates the latest technological and energy-efficiency innovations. Yet the site also has long-standing ties with the company – it was here that the company moved into its administration offices in 1955.

Facts and figures on the Group headquarters in Munich

€ 43 million
investment

Three-year
construction period
(2008–2011)

18,500 m²
of total floor space
(office buildings)

5,500 m²
of total floor space
(R&D center)

300
employees

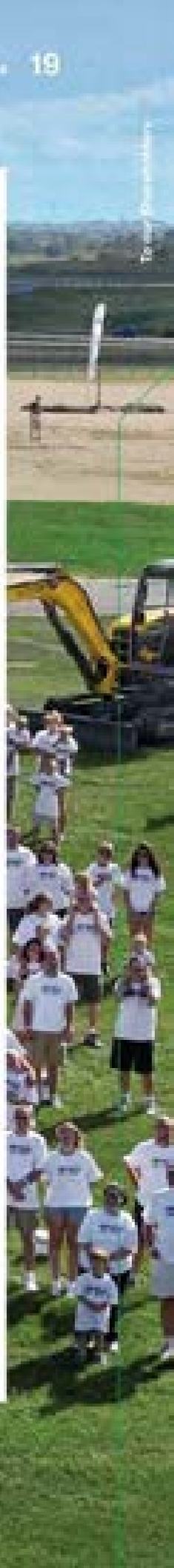
Wacker Neuson employees, US

The aftermath of the financial and economic crisis forced many companies to act fast, agreeing to higher interest rates in order to secure liquidity, reducing expenditure on tangible assets and rationalizing staff. In addition, investments were postponed and R&D projects were cut back. Finding the right balance proved critical. Companies that cut back too drastically during the crisis were unable to capitalize fully on opportunities during the subsequent upturn in business. Healthy financials and assets coupled with a strong track record enabled us to master challenges more effectively.

Our values are at the heart of everything we do and every decision we make.

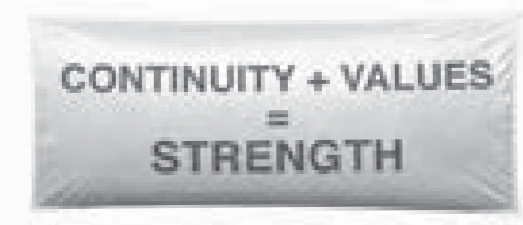
Our company is geared toward sustainable growth and continuity. Rising demand coupled with our reorganization measures put us in pole position to capitalize on the global economic recovery over the past two years. The sharp 66-percent rise in revenue over this period exceeded even our own expectations. In light of the healthy order situation at the start of 2012, we are confident that this trend is set to continue. Strong customer demand in the first weeks of the year confirmed our optimistic outlook.

Enduring values are at the heart of everything we do and every decision we make, with strong roots stretching back to a mid-19th century blacksmith's workshop. The customer is placed at the heart of our value wheel. Quality and innovation are an integral part of our corporate identity. Customers experience these values directly through our products and services, in their dealings with us and through our corporate identity. Our corporate philosophy is built on our performance and character – in other words the very essence of our employees and organization as a whole.



Wacker Neuson employees, US

We are in a strong position and will continue to follow our growth strategy and the principles that have shaped the way we do business thus far. In all of our future undertakings, we will maintain our streamlined structures and efficient processes. These include direct customer contact, flat hierarchical structures and low administrative overhead. The real secret of our success, however, is our employees. Their commitment and ideas drive our growth. And they will enable us to make the most of our strengths in the future. Our company is therefore firmly positioned on the path to success, powered by robust financials and assets.



We leverage our healthy finances to invest in further growth.

Facts and figures for the Hörsching production site

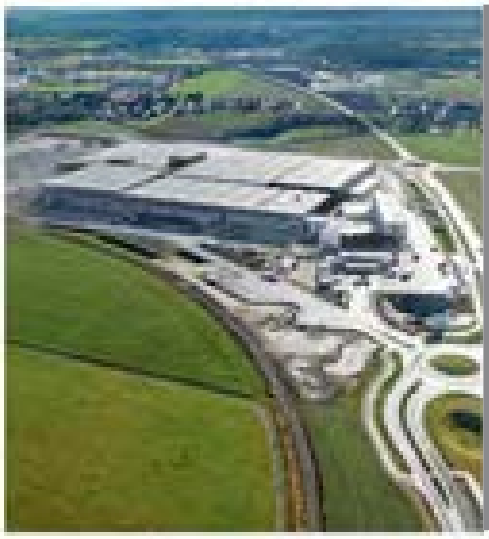
170,000 m²
Size

48,300 m²
Production

6,800 m²
Administration

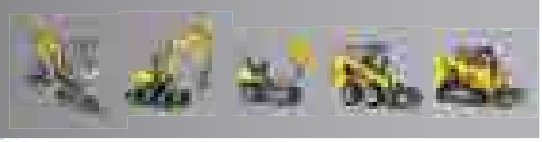
May 2012
Start of production

500
Employees



As scheduled, we will be starting production of excavators, dumpers and skid steer loaders in just a few weeks at our new site in the Austrian town of Hörsching, near Linz. This now means that all of our production facilities for compact equipment have been constructed in the last six years and are equipped with the latest innovations for efficient process flows.

€ 65 million
investment



Corporate culture of a family-owned company

Corporate values

+12%

In light of the healthy order situation, we increased core headcount by 12 percent in 2011.

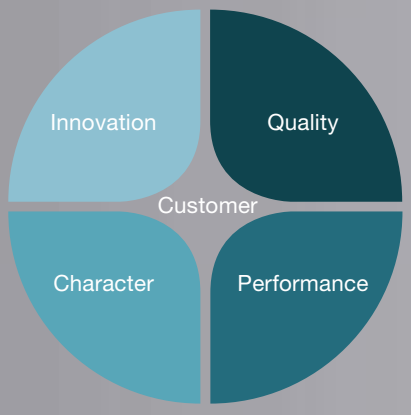
Johannes Schulze Vohren, Sales, US

Marina Loncar, Marketing, Munich

Franz Hörtenhuber, Project Manager, Austria

Wacker Neuson can trace its roots back 164 years to the mid-19th century, where our story began with a blacksmith's shop. The customer is at the heart of our value wheel. Quality and innovation are an integral part of our corporate identity. Our customers experience these values directly through our products and services.

"What we want to achieve"



"How we will achieve it"

Wacker Neuson vision and values Wheel

Looking within company walls, performance and character are defining values for both our employees and our organization as a whole. These values are part of our company DNA, uniting employees and management alike. They steer our success and shape the way we do business both within and beyond the company.

Wacker Neuson GmbH production facility for compact equipment, Kumhof.

GLOBAL FOOTPRINT
+
INNOVATION
=
THE FUTURE

Megatrends fuel demand for light and compact equipment

2050:

Over two-thirds of the world's population live in cities

The global population is expected to exceed 9.3 billion in 40 years, a rise of over 33 percent compared with today's figure. It is a trend that will fuel demand for living space.

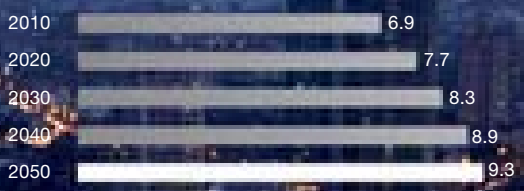
Ongoing urbanization will see two out of three people living in cities, or even megacities with populations in excess of several million in the future. This will result in infrastructure investments in roads, airports and rail, the expansion of energy, waste and water utilities, the construction of public buildings such as schools, universities and hospitals and new telecommunications networks. This trend is undoubtedly linked to rising wealth in emerging markets and the need to draw level with more established economies.

The agricultural sector is developing along similar lines: Global demand for foodstuffs and animal feed is on the increase and agricultural holdings are becoming larger. The need for cost-efficiency is rising, as is the level of mechanization and automation.

We believe that demand for compact, versatile products in the construction and agricultural industries is set to rise at a faster rate than the general market and are aligning our business segments with this expected trend.

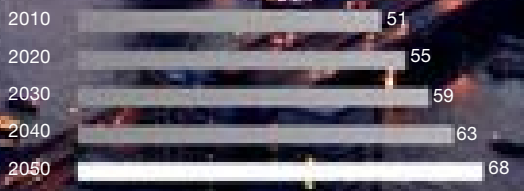
Global population
expected to exceed 9 billion by 2050[1]

in billion



Urbanization
two-thirds of the world's population will be living in cities[2]

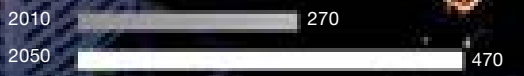
as a %



Food and animal feed production

Grain production
in billion tons

Meat production
in million tons



[1] United Nations, World Population Prospects: The 2010 Revision.
[2] United Nations, World Urbanization Prospects: The 2009 Revision.
[3] FOA, Food and Agriculture Organization of the United Nations: Agriculture World Census 2010.

Wackersdorf, Germany: production facility for compact equipment, Kuhbach

Megatrends are extremely important for long-term corporate planning. High-growth countries are playing a key role here. China, in particular, is leading the way and is currently the largest construction equipment market in the world. Emerging markets are expected to be the most dynamic growth drivers. However, there is also plenty of scope for sustainable growth in more established markets, especially for technology leaders.

China is currently the largest construction equipment market in the world. Emerging markets are expected to be the most dynamic growth drivers.

Wacker Neuson is a global player. Yet the share of total revenue from emerging markets is still relatively low at 13 percent. The Asia-Pacific region currently only accounts for around 4 percent of revenue. And so part of our strategy includes expanding our global footprint. To do this, we have to offer products tailored to specific market requirements. In China, for example, we are currently expanding our portfolio and launching competitive equipment targeted at the mid-price segment.

Innovative drive is one of Wacker Neuson's key strengths. Over 50 percent of our products are less than five years old. Over 620 registered patents and numerous acclaimed international prizes for innovation underscore our strong position here.

Wacker Neuson in India, Brazil and South Africa
Emerging markets in particular are expected to present above-average growth opportunities and strong demand for construction equipment. We already have a foothold in these regions with affiliates, for example, Bangalore (India), in Jundiai near São Paulo (Brazil) and in Florida near Johannesburg (South Africa). We have also had affiliates in China for over 15 years – for example, in Hong Kong and Shenzhen.

Over the coming years, the Wacker Neuson Group's strategy will focus on establishing and expanding sales and service structures in Europe and North America, as well as in emerging geographies such as South America and Asia. Proactively cross-selling our products across business segments will enable us to leverage global sales synergies. This growth strategy is based on a strong foundation comprising our healthy financial position, innovative leadership and strong market position with a high level of brand awareness in our core markets.

The future is bright for Wacker Neuson. We are ideally positioned for global expansion in emerging markets.

We will continue to expand our light and compact equipment business in Russia, concentrating above all on distribution of our products in cities.

In South Africa, we have experienced significant success with light equipment and, since 2009, with compact equipment. We adapted our products to the country's climate and have seen demand rise steadily.

We have been present in the South American market for more than thirty years, with affiliates in Chile and Brazil. We intend to achieve above-average growth here.

We have been active in India since 2008. Although the market is currently dominated by demand for heavy equipment, interest in our products, which are tailored to infrastructure repair and maintenance work, is growing.

In China, we are currently assessing the viability of launching compact equipment. The Group will have a stand at bauma China 2012 in Shanghai.

Wackersdorf production facility for compact equipment, Kurbisch

"Even today, over half of Group product revenue stems from products that are less than five years old. We will be increasing this share over the coming years."

Cem Peksaglam

Wacker Neuson lives and breathes innovation. The following acclaimed innovation awards we receive underscore our commitment to innovation and spur us on to reach new heights.

In February 2012, Wacker Neuson received the German Industry Innovation Award for the DPU 130, the world's most powerful vibratory plate. The machine is based on an entirely new concept comprising a split base plate with separate hydraulic controls. This gives the DPU 130 a unique degree of maneuverability that allows it to compact effectively from any position without impacting its exceptional responsiveness.

At the 2011 Agritechnica trade fair, the Smart Handling/Vertical Lift driver assistance system for telescopic handlers, which was jointly developed by Weidemann, Kramer and the company's strategic partner Claas, was awarded a silver medal by the German Agricultural Society (DLG). The new system is fitted in the telescopic handler T4512 and enables the telescopic arm to be lowered almost vertically, thus keeping the compact handler extremely stable.

vds

The Vertical Digging System (VDS) is the first intelligent solution that enables excavator operators to work efficiently on uneven terrain. It allows the superstructure of an excavator to be continuously tilted by up to 15°, compensating for slopes of up to 27 percent at the touch of a button. VDS enables operators to work more accurately by allowing trenches to be cut vertically. The system has already received a number of awards.

What does innovation mean at Wacker Neuson?

Our R&D activities are geared toward finding innovative solutions that address our customers' needs. We deliver real added value by increasing operational and cost efficiencies. We do this by ensuring:

- Optimum power delivery
- Reduced noise and vibration levels
- Highest safety levels
- Reduced emissions
- Long service life
- Outstanding reliability
- Ease of repair
- Low operating costs
- High resale value

The Share: Adding Value

Wacker Neuson had many occasions to announce good news in 2011: the positive quarterly figures which consistently exceeded analysts' expectations, the creation of a holding structure to make the company more efficient and transparent, the appointment of a new CEO and, not least, the fact that the European debt crisis did not have a significant impact on business performance. Although these developments were reassuring, they could not shield Wacker Neuson's shares from the turbulence that dominated the capital markets. The share price started to recover in early 2012, however, and by the end of February it had gained around 40 percent.

Share and index information

Wacker Neuson SE shares are listed on the regulated Prime Standard segment of the Frankfurt Stock Exchange and the SDAX. Wacker Neuson has been included in the "DAXplus Family" Index since January 4, 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 a five-percent share of the voting rights. Weighting is based on market capitalization of the free float.

2011: A turbulent year for the markets

International stock market trends in 2011, particularly at the start of the year, were largely shaped by global recovery from the economic and financial crisis. From around the mid-point of the year, however, the financial markets started to undergo serious upheaval. This was brought on by uncertainty surrounding the sustainability of economic recovery, the European debt crisis and the resulting euro crisis. Other factors came into play too, including general concern about the banking sector's stability and the high level of sovereign debt in the US.

The German stock market indexes were on the path to recovery by the end of 2011, but they still remained below their start-of-year levels. During the period under review, the DAX fell by 17.5 percent, the MDAX – the index for medium-sized companies – fell by 13.8 percent and the small-cap SDAX index fell by 15.7 percent. → p. 23 fig.1.

The share's performance

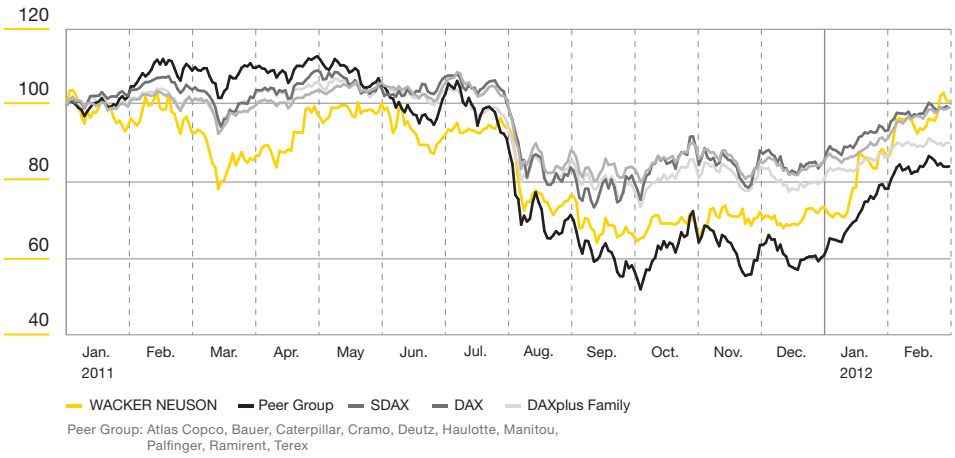
Stock market trading was volatile in 2011 and this was reflected in Wacker Neuson share price trends. At the start of the year, the share was listed at EUR 13.48 – almost the same as its high for the year of EUR 13.49. The share price declined during the year, however, and reached a low of EUR 8.35 in mid-September. It closed the year at EUR 9.55 – down 29.1 percent on the start of the year. The good news for 2012 is that the Wacker Neuson share has been outperforming the SDAX and DAX. By the end of February, it had climbed around 40 percent to reach EUR 13.10, which corresponds to a market capitalization of EUR 918.8 million. → p. 23 fig. 1.+2.

Key indicators for the Wacker Neuson share

in €	2011	2010
High	13.49	13.20
Low	8.35	7.63
Average	10.99	10.28
Year-end	9.55	13.00
Average daily trading volume in shares	39,021	38,790
Earnings per share[1]	1.22	0.34
Book value per share[1]	12.94	11.88
Dividend payment proposed[1]	0.50[2]	0.17
Payout ratio as a %	40.9	49.8
Market capitalization at year-end in € million	669.8	911.8

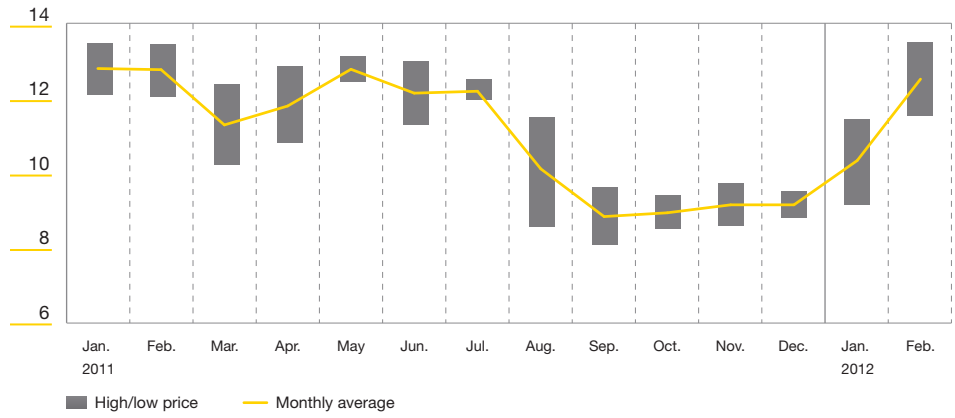
[1] 70,140,000 shares.
[2] Dividend payment to be proposed at the AGM on May 22, 2012.

1. Share price trends
Jan. 1, 2011 – Feb. 29, 2012
as a %



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

2. Monthly highs, lows and averages for Wacker Neuson share
Jan. 1, 2011 – Feb. 29, 2012
in Euro



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

Executive Board and Supervisory Board at the AGM on May 26, 2011 in Munich.

Performance of construction and construction supplier shares

Other well-established listed companies in our industry were equally affected by capital market volatility throughout 2011. The above chart → p. 23 fig. 1. shows how the Wacker Neuson share performed, also in relation to our peers. The index includes French companies Manitou, a telehandler manufacturer, and Haulotte, lifting equipment specialist, Austrian crane and hydraulic lifting systems manufacturer Palfinger, the American construction equipment manufacturers Caterpillar and Terex, Swedish rental company Ramirent, Swedish industrial company Atlas Copco and engine manufacturer Deutz. At the start of the new year, Wacker Neuson's share price outperformed these peer companies.

General meeting

The Annual General Meeting is an important shareholder communication event for Wacker Neuson. It took place in Munich on May 26, 2011, and around 220 shareholders with 59,922,024 voting rights were represented. Based on a share capital of 70,140,000 shares, 85.4 percent of shareholders were present. The vast majority of shareholders approved the proposal from the Executive Board and the Supervisory Board to restructure Wacker Neuson SE as a holding company through the drop-down of its operating activities.

In view of the company's strong earnings position and the benefits of lasting improvements to cost structures, shareholders also accepted the proposal to pay out a dividend of EUR 0.17 per share for 2010 – which represents a total payout of EUR 11.9 million. The payout ratio thus panned out at around 50 percent based on Group profit for the year of EUR 23.9 million.

The Executive Board and the Supervisory Board will propose a dividend of EUR 0.50 for fiscal 2011 at the AGM on May 22, 2012, which corresponds to a payout ratio of around 41 percent based on Group profit for 2011.

This payout ratio aligns with the long-term dividend policy pursued by the Supervisory Board and Executive Board, which defines a minimum payout of 30 percent.

Ownership structure

As of March 1, 2012, 63.1 percent of the share capital is held by a consortium made up of the Wacker and Neunteufel families (for information regarding the consortium and pool agreement, see p. 84). The Executive Board holds a further 1.1 percent of shares. The remaining shares are held by private and institutional investors. To the best of our knowledge, around 68 percent of these shares are held by German investors.

Strong relationships – proactive communication

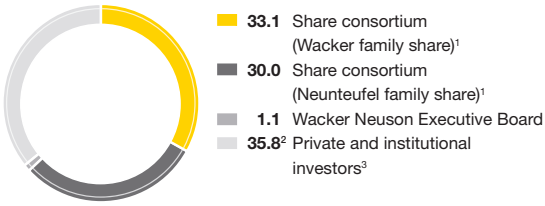
Maintaining good relationships and regular contact with shareholders is important to us; this is the only way to ensure that financial market players can realistically assess and evaluate our share. In 2011, we actively briefed capital market players at a number of events, including the AGM, investor conferences, roadshows in Germany and abroad as well as in personal meetings. The objective here is to keep analysts and investors up to speed on trends in our markets and business areas as well as on our responses to market challenges and our strategies.

A wealth of up-to-date information is available on our website www.wackerneuson.com under The Company, Investor Relations. This includes annual and quarterly reports, press releases and ad-hoc announcements, plus presentations.

Our active investor relations work and transparent reporting were recognized again in 2011 by manager magazin. The magazine awarded us seventh place among SDAX-listed companies in its “Best Annual Reports 2010” competition. Meanwhile in the Vision Awards “Annual Report Competition”, organized by the League of American Communications Professionals, our 2010 Annual Report came first (Platinum) in the “Equipment, Machinery and Instruments” category and was ranked in the Top 100 overall out of a 5,000-plus field of entrants. Finally, Wacker Neuson featured in the 14th edition of the “German Exemplary Annual Reports” study. From a selection of over 1,000 annual reports, it was included in the top 100 for its success in the compelling visual presentation of financial information.

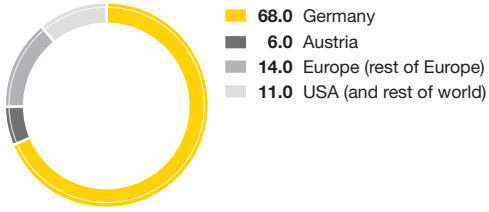
Shareholder structure

as a % of total



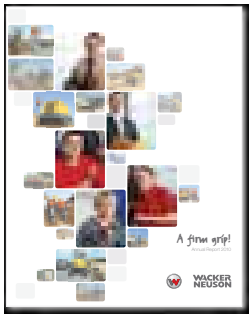
Geographic distribution of private and institutional investors

as a regional % of total



March 1, 2012.
Share capital/number of shares: 70.14 million
[1] See information on consortium and pool agreement (p. 84).
[2] According to the definition in “Guide to the equity indices of Deutsche Börse”, 31.17% of shares are in free float.
[3] Includes shares held by the Wacker and Neunteufel families outside of the consortium.

Awards received for our 2010 Annual Report



On October 5, 2011, Wacker Neuson SE officially opened its new Group headquarters in the north of Munich. The new building complex is home to the holding organization and its operational companies as well as the new European Research and Development Competence Center for Wacker Neuson light equipment.

Our "Capital Market Day"

In a bid to demonstrate Wacker Neuson's innovative drive, strong performance and competitiveness to the financial market, the Executive Board and Investor Relations team invited a large group of analysts, investors and business journalists to a "Capital Market Day" in Munich on October 5, 2011. This event was part of the opening ceremony for the Group's new headquarters. A similar information day had been organized for American investors on April 6, 2011 at our US site in Milwaukee. Both events provided our guests with insights into the latest product innovations – and an opportunity to gauge the competitiveness of Wacker Neuson. Any issues and questions raised by investors were fully addressed in presentations and discussions.

Analysts watching our share with interest

The Wacker Neuson share has attracted the interest of numerous analysts. In January 2012, HSBC Trinkaus & Burkhardt AG issued a "buy" recommendation for our share. 10 financial institutions now regularly study the movements of our share price, and most of them are recommending "buy". At the beginning of March 2012, the mean target price was EUR 13.42 per share. The highest recommendation was EUR 17.00 and the lowest EUR 10.00.
→ p. 27

The analysts' positive evaluations are based on the following opportunities in particular:

- Innovation and market leader
- Sales synergies in compact equipment
- Strategic alliances with Caterpillar and Claas
- Diversification of product portfolio into various sectors, for example agricultural machinery

These opportunities must, however, be weighed up against risks which have the potential to affect the entire industry. These include general economic risks, currency risks and raw materials risks.

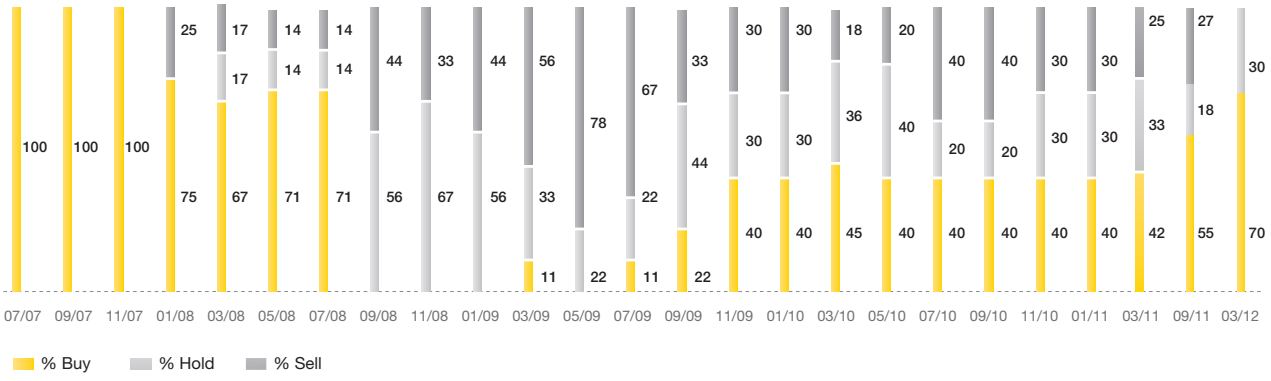
Current analyst recommendations on Wacker Neuson share

Name of bank	Target price in €	Buy	Hold	Sell	Date
Berenberg Bank	14.50	■			Feb. 3, 2012
BHF Bank	14.70	■ [1]			Feb. 3, 2012
Commerzbank	17.00	■			Mar. 6, 2012
Deutsche Bank	14.00	■			Feb. 3, 2012
DZ Bank	14.00	■			Feb. 3, 2012
HSBC Trinkaus & Burkhardt	14.00	■ [1]			Feb. 6, 2012
M.M.Warburg	14.00	■			Feb. 3, 2012
Cheuvreux	12.00		■		Feb. 6, 2012
Goldman Sachs	10.00		■		Nov. 18, 2011
UBS Investment Bank	10.00		■		Nov. 7, 2011
Mean target price	**13.42**				

[1] Recommendation: Overweight.

as of March 6, 2012.

Historic overview of analyst recommendations on Wacker Neuson share



Wacker Neuson places a Schuldschein loan with a volume of EUR 120 million

In February 2012, Wacker Neuson successfully placed a Schuldschein loan with a fixed coupon and terms of five and seven years to secure liquidity and hedge interest rates. The transaction was subscribed at the lower end of the marketing range with a coupon rate of 3.00 percent p.a. for the five-year term and 3.66 percent p.a. for the seven-year term. The original amount issued by Wacker Neuson was oversubscribed by more than twice the initial offering. This, combined with the attractive conditions, prompted the company to increase the value of the Schuldschein loan from EUR 75 million to EUR 120 million. The Schuldschein loan will help to finance our growth strategy and redeem short-term operating lines of credit. The loan was placed among cooperative and savings banks, private banks and institutional investors.

Report by the Supervisory Board

Hans Neunteufel

Chairman of the Supervisory Board

Dear Ladies and Gentlemen,

2011 saw us again successfully leverage market opportunities to significantly increase revenue and earnings for the second year in a row. As a result, fiscal 2011 was a record year in our company's history. We would like to thank our employees in particular for this achievement. Their dedication and active willingness to assume responsibility was a great support to company management over the year.

Cooperation between Supervisory and Executive Boards

In the period under review, the Supervisory Board performed the tasks assigned to it by law and the Articles of Incorporation and verified that the Group was governed soundly by the Executive Board. Furthermore, the Supervisory Board regularly advised the Executive Board on the management of the Group 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/liabilities, profit and finances, 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 its committees also convened without the Executive Board. Once again, all Supervisory Board members attended more than half of the Supervisory Board Meetings in fiscal 2011.

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 by means of written circular resolutions.

In addition, the Executive Board submitted 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 and committee meetings in fiscal 2011

Seven plenary meetings of the Supervisory Board were held in fiscal 2011. One of these sessions was held as a telephone conference. The Presiding Committee met twice and the Audit Committee met four times. In three cases, the Supervisory Board adopted circular resolutions.

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 global economic trends and their 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 14, 2011, the Supervisory Board focused on the preliminary figures for the previous fiscal year as well as changes in the Group structure (holding organization) and the results of the efficiency audit of the Supervisory Board. HR issues and the Group's financial strategy were also discussed.

Following appropriate preparations by the Audit Committee, the Supervisory Board focused on the Annual Financial Statements, the Consolidated Financial Statements, the Combined Management Report of Wacker Neuson SE and the Group, as well as related party disclosures for fiscal 2010 in the Supervisory Board meeting to approve the financial statements on March 21, 2011. 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, the Supervisory Board report and the updated declaration of compliance with the German Corporate Governance Code at this meeting. Matters relating to human resources as well as changes to the Group structure (holding organization) and the subsequent impact on Group strategy were also discussed, as was the construction and expansion of new and existing production facilities in Austria and the US, in particular the new building project in Hörsching.

The meeting on May 9, 2011 primarily focused on the interim report for Q1 and HR matters.

At the meeting on July 28, 2011, discussions focused on the appointment of a new CEO and the resulting changes to the rules of procedure for the Executive Board as well as real estate matters, in particular with regard to the new production facility under construction in Hörsching, and changes to the members of the Supervisory Board. Production activities in Serbia were also considered.

The meeting of August 5, 2011 was conducted by phone and concentrated above all on the pending publication of the half-year report.

The meeting on November 7, 2011 covered in particular the pending publication of the Q3 report and the placement of a Schuldschein loan. The Supervisory Board also discussed the latest developments regarding the alliance with Caterpillar and – in connection with the alliance – construction progress on the new production facility in Hörsching, as well as other real estate business within the Group. In addition, the Supervisory Board agreed to exercise certain balance sheet exemption options for various affiliates and thus undertake to carry the associated losses.

During its meeting on December 16, 2011, the Supervisory Board examined the Executive Board's business plan for fiscal 2012. 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 largely unpredictable economic climate. The Supervisory Board also discussed Group financing options, in particular with regard to the Schuldschein loan.

The Supervisory Board examined each of the Executive Board's monthly reports on an ongoing basis. 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 2011

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 chairmen of the committees reported on the work performed by the committees during the Supervisory Board's plenary meetings.

During its March 21, 2011 meeting, the 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, 2010. The Committee also contemplated a suitable auditor and submitted a recommendation in that regard at 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 May 9, 2011, July 28, 2011 and November 7, 2011 meetings, the Audit Committee primarily dealt with the publication of the forthcoming interim financial reports. The Presiding Committee focused on matters relating to the Executive Board and human resources during its two meetings on February 14, 2011 and March 9, 2011.

Changes in the composition of the executive bodies

On September 1, 2011, Mr. Cem Peksaglam took on the position of CEO of Wacker Neuson SE. Mr. Richard Mayer stepped down from his temporary position as Spokesperson for the Executive Board. He remains responsible for light equipment at Executive Board level.

At the Supervisory Board meeting on July 28, 2011, Dr. Ulrich Wacker stepped down from his position on the Supervisory Board and as Deputy Chairman of the Supervisory Board for health reasons. The Supervisory Board would like to thank Dr. Wacker for his dedicated collaboration and many years of service to the company. On August 11, 2011, Dr. Matthias Bruse, attorney-at-law and founding partner of the P+P Pöllath+Partners law firm based in Munich, was judicially appointed to the Supervisory Board following a joint proposal from the Executive Board and the Supervisory Board. He will hold the position until the AGM in spring 2012. Also pending the AGM, Dr. Kollmar has assumed the role of Deputy Chairman of the Supervisory Board. Dr. Bruse was appointed stand-in deputy.

Risk assessment and compliance

The Supervisory Board is satisfied that the company's risk management policy meets the requirements set down in the German law on control and transparency in business (KonTraG), insurable risks are sufficiently insured and operational, financial and contractual risks are sufficiently controlled by approval procedures and organizational processes. A detailed risk reporting system is in place throughout the Group and it is continuously maintained and further developed. The risk management system was also examined by the duly appointed auditing company, which confirmed that the Executive Board had met the requirements outlined under Section 91 (2) of the German Stock Corporation Law (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 and Executive Boards are aware that good 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 and Supervisory Boards issued an updated declaration of compliance with the German Corporate Governance Code pursuant to Section 161 AktG during the period under review on March 21, 2011 and again after the close of the period on February 15, 2012. The entire declaration is permanently available on the company's website and is also included in the declaration on corporate governance online and in the Annual Report pursuant to Section 289a of the German Commercial Code (HGB).

Supervisory Board members Mr. Neunteufel and Mr. Helletzgruber are also indirect shareholders and members of executive bodies in the real estate company Euroreal, which has been renting the production facility in Linz to the Wacker Neuson Group affiliate based at this location since 1997. The resulting business transactions are reported in the Executive Board's annual related party disclosures report and assessed by the Supervisory Board and the auditor. In light of the forthcoming relocation of the Wacker Neuson production company to the new factory in Hörsching, Euroreal and the Wacker Neuson Group still have to reach agreements regarding the termination of the contract and the handover of real estate. To prevent possible conflicts of interest, Mr. Neunteufel and Mr. Helletzgruber will take the precautionary measure of not participating in Supervisory Board discussions relating to this issue. Further specific measures relating to these potential and temporary conflicts of interest are not required.

Annual and Consolidated Financial Statements for 2011

At the AGM on May 26, 2011, the auditing company Rölfs RP AG Wirtschaftsprüfungsgesellschaft, based in Munich, Germany, was appointed auditor for the company and Group for fiscal 2011. The Chairman of the Audit Committee commissioned 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, 2011 were prepared by the Executive Board in accordance with the provisions of HGB. The Consolidated Financial Statements for the year ending December 31, 2011 were prepared by the Executive Board in line with IFRS as adopted in the EU and in supplementary compliance with Section 315a HGB. The auditing company Rölfs RP AG Wirtschaftsprüfungsgesellschaft has 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 in a timely manner. 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 (Group) Management Report and the related party disclosures in conjunction with the audit reports. At the Audit Committee meeting on March 16, 2012 and the Supervisory Board plenary meeting of the same date, the documents were discussed in detail with the Executive Board and in the presence of the auditors, 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 (Group) Management Report prepared by the Executive Board for the year ending December 31, 2011 on March 16, 2012. The 2011 Annual Financial Statements have thus been duly approved.

The Supervisory Board also examined the Executive Board's suggested appropriation of profit for fiscal 2011. It did not raise any objections and thus gives 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 2011. 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 Rölfs RP AG Wirtschaftsprüfungsgesellschaft 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. Their commitment and performance – both on a day-to-day basis and under exceptional circumstances – were crucial factors behind the company's continued positive development during the period under review. The Supervisory Board would like to thank all employees and the Executive Board for their efforts here.

Munich, March 16, 2012

Supervisory Board

Hans Neunteufel
Chairman of the Supervisory Board

Declaration on Corporate Governance and Corporate Governance Report

Corporate Governance takes high priority at Wacker Neuson. Our Executive and Supervisory Boards see it as their responsibility to comply with principles ensuring responsible, professional and transparent company management, as stipulated in the German Corporate Governance Code. Our activities are geared towards securing our company's long-term success and increasing its value. The mission statement is embedded in the group and its 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 of the German Stock Corporation Act (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 aimed at responsible, professional and transparent company management. They have therefore thoroughly examined the recommendations of the German Corporate Governance Code and issued the following declaration of compliance on February 15, 2012.

Declaration of compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG)
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 declare each year which recommendations of the German Corporate Governance Code have not been followed or are not being followed, and why this is the case.

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 declare that the company complied with and continues to comply 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 electronic Federal Gazette as amended on May 26, 2010, with the exceptions listed and explained in more detail below:

1. **Section 3.8, para. 2:** 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 introducing a deductible on Supervisory Board members until further notice.

2. **Section 4.2.3, para. 6:** 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.

3. **Section 4.2.4, 4.2.5, 5.4.6, para. 3 and 7.1.3:** The AGM 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 corporate governance report does not include an individualized remuneration report. Nor does it contain specific information about share-based incentive systems for the Executive Board (which the company does not have in any case).

Similarly, the income of individual Supervisory Board members shall not be 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.

4. **Section 5.3.3:** The Supervisory Board has not formed a nomination committee. The size of the Supervisory Board (four shareholder representatives) does not warrant a dedicated committee for proposing Supervisory Board candidates.

5. **Section 5.4.1, para. 2:** The rules of procedure of the Supervisory Board stipulate that members of the Supervisory Board should not generally be older than 75. To ensure the greatest possible transparency in advance, the company draws attention to the fact that one of the Supervisory Board members, who is a shareholder representative, will turn 75 during his term of office.

6. **Section 5.4.3, sent. 3:** So that the Supervisory Board can continue to vote impartially for its chairperson, the proposed candidates will not be announced in advance.

7. **Section 5.4.4:** Should the AGM elect a (previous) member of the Executive Board to the Supervisory Board, taking the regulations of the German Stock Corporation Act into consideration, the Supervisory Board intends to comply with the recommendation that this new member should not chair the Supervisory Board.

8. **Section 6.6:** 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 Board is of the view that protecting personal and family privacy takes priority here.

Munich, February 15, 2012

Wacker Neuson SE
Executive and Supervisory Boards

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

2. Corporate governance report

The 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 Act, comprising two executive bodies, the Executive Board 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 five 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 ensures that a suitable risk management and control system are in place and that regular, prompt and extensive reports are made to the Supervisory Board regarding all issues relating to strategy, company planning, business developments, the risk

situation and risk management activities that are relevant to the company and the Group.

Cooperation and areas of responsibilities within the 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 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. In the event of a tie, the CEO 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 the Wacker Neuson Group. Mr. Martin Lehner is Deputy CEO. Further details on individual members of the Executive Board, in particular their areas of responsibility, are disclosed in the Notes to the Consolidated Financial Statements in section 31 “Executive bodies”. → p. 141

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 prevailing business dynamics into consideration, the composition of the Supervisory Board reflects the company’s international footprint, the need to avoid conflicts of interest, the age limit applicable to Supervisory Board members and the benefits of diversity. The Supervisory Board also plans to propose female members where appropriate in order to ensure that women are adequately represented at Supervisory Board level. With the exception of Dr. Matthias Bruse, 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 Wacker Neuson SE in fiscal 2014. Their terms may be no longer than six years. Dr. Bruse was appointed to the Supervisory Board in the fiscal year under review by resolution of the Munich Magistrate´s Court. Pursuant to German Corporate Governance Code regulations, he will be nominated for election at the forthcoming AGM. Further details on individual members of the Supervisory Board are disclosed in the Notes to the Consolidated Financial Statements in section 31, “Executive bodies”. → p. 141

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, proposals for terminating and extending Executive Board mandates, proposals for Executive Board remuneration and proposals for the

remuneration system, as well as preparing measures for concluding, amending and terminating contracts with Executive Board members. The Presiding Committee members are Mr. Hans Neunteufel, Dr. Matthias Bruse and Dr. Eberhard Kollmar. 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 report. Furthermore, the Audit Committee negotiates the fee, assesses the auditor's independence 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 party disclosures. It supports and monitors the Executive Board regarding accounting issues especially in relation to quarterly reports, risk management, the internal control system, internal auditing system and compliance. The Audit Committee members are Dr. Eberhard Kollmar, Mr. Hans Neunteufel, Mag. Kurt Helletzgruber and Mr. Elvis Schwarzmair. Mr. Kurt Helletzgruber is the Chairman.

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.

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 represents 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.

Our AGM this year will take place in Munich on May 22, 2012. 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 also be included in the invitation to the AGM meeting. These named proxies are also available at the AGM to shareholders present at the AGM. In addition, shareholders can 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 and internal control systems along with the accompanying reporting mechanisms.

Specific details on risk management within the Wacker Neuson Group are disclosed in the risk report of the Combined Management Report. This also includes a report on the control and risk management system within accounting. → p. 77

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 or the Audit Committee discusses these reports with the Executive Board prior to their publication. The Executive Board also answers shareholders' questions at the AGM. We also use our Internet platform 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 are permanently available at www.wackerneuson.com under the Wacker Neuson Group, 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 and 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.wackerneuson.com under the Wacker Neuson Group, Investor Relations, Corporate Governance. Pursuant to Section 21 WpHG, we also immediately publish reports regarding the purchase or sale of significant voting rights, and the holding of corresponding financial instruments in line with Section 25 WpHG on our website under Investor Relations, IR News.

Annual Document in line with Section 10 of the German Securities Prospectus Act (WpPG)
The Annual Document pursuant to Section 10 (1) WpPG is available at www.wackerneuson.com under the Wacker Neuson Group, Investor Relations, Corporate Governance.

Remuneration report in the Corporate Governance Report
We report on the remuneration system of the Executive Board in our Combined Management Report under section XII. "Remuneration framework". → p. 87 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 32 "Related party disclosures". → p. 141

3. Corporate governance best practices

Compliance – key business driver
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 shapes the conduct of each and every individual in the Group – from the Executive Board through management to all Group employees. This mission frames the way we do business for shareholders, customers, the general public and employees alike.

Our approach is anchored in the values you would expect from a mid-sized family-owned company, geared towards profitable sustainability. Shared values and sustainable leadership principles underlie everything we do. Values such as integrity, openness, honesty, and respect for other people and our surroundings inspire us to succeed and serve the interests of our shareholders, business partners, employees and society at large with dedication. They also inspire sustainable business practices. This mission statement captures our commitment to all our stakeholders and can be seen on our website at: www.wackerneuson.com/mission-statement.

To ensure our values remain firmly embedded in every aspect of our corporate structure, we regularly inform our employees of the rules and requirements of responsible conduct. In the interests of our company and the entire workforce, we ensure we trace any infringements back to their causes, which we promptly eliminate. This also includes thorough investigation of any violations of applicable national regulations.

Moving forward, we are committed to sustaining this value-driven approach, which we see as a solid foundation for our future success and credibility as a company.

Munich, March 9, 2012

Wacker Neuson SE

The Executive Board

Cem Peksaglam
(CEO)

Martin Lehner
(Deputy CEO)

Günther C. Binder

Richard Mayer

Werner Schwind

This declaration on corporate governance is permanently available to shareholders on the Wacker Neuson SE website at www.wackerneuson.com under The Company, Investor Relations, Corporate Governance. The declaration on compliance will be revised annually. Wacker Neuson SE will make outdated declarations on compliance available on its website for a period of at least five years.

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The graphics and tables 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.

Combined Management Report of Wacker Neuson SE and its Group for fiscal year 2011

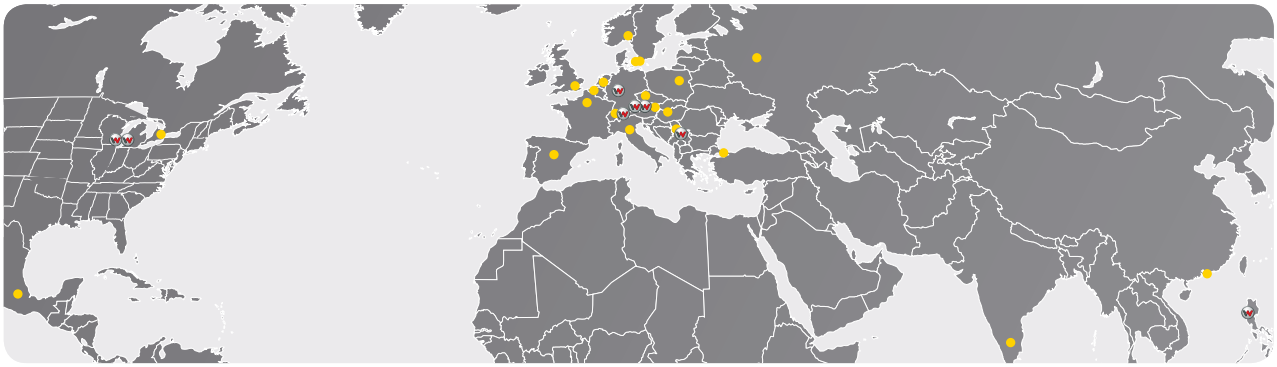
Unless otherwise stated, the information contained in this Management Report refers to the Wacker Neuson Group. We have prepared the Consolidated Financial Statements in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU in addition to the provisions of the 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 as of the period under review) have been prepared in accordance with the provisions of 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) HGB; further details are disclosed in section "V. Earnings, finances and assets of Wacker Neuson SE (condensed version according to HGB)". → p. 60 The risks and opportunities facing Wacker Neuson SE cannot be differentiated from those facing the Group.

I. The Wacker Neuson Group

- A global leader in light and compact equipment
- International sales and service network backed by outstanding logistics know-how
- Management focus on sustainable increase in company value

The Wacker Neuson Group is a leading manufacturer of light and compact equipment with 49 Group members and more than 140 sales and service stations across the globe. Manufacturing activities are distributed across three sites in Germany, one in Austria, a components manufacturing plant in Serbia, two sites in the US and one in the Philippines. Almost all products manufactured by the company are branded Wacker Neuson. However, the company also manufactures compact equipment under the Weidemann brand for the agricultural sector, and under the Kramer Allrad brand. These products are destined primarily for European markets. With its broad and deep portfolio spanning over 300 product categories, various services – financing packages included – and an efficient, global spare parts service, Wacker Neuson is the partner of choice among professional users across a wide range of industries including the construction, gardening, landscaping and agriculture sectors, as well as among municipal bodies and companies in the industrial, recycling and energy sectors.



Production ● Affiliates (selection)

Our segment reporting is divided into three regions – Europe, Americas and Asia-Pacific.

We also report revenue according to the following three strategic business segments:

- Light equipment up to 3 tons with the following business fields
  - Concrete technology
  - Soil and asphalt compaction
  - Demolition
  - Utility
- Compact equipment up to 14 tons
- Services with two business fields
  - After-market (repair and maintenance)
  - Rental (only offered in Central Europe)

Organizational and legal structure

Wacker Neuson SE is a European company 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). 49 companies, including the holding company, are fully consolidated in these statements. Furthermore, we have direct or indirect majority holdings in two smaller companies which do not have a significant impact on Wacker Neuson's business either individually or collectively and are therefore not included in the consolidation structure.

Wacker Neuson SE has been operating as a management holding company with a central management structure since the beginning of the period under review. It directly or indirectly holds shares in its affiliates – mainly sales affiliates outside of Germany. Further details on the restructuring activities undertaken in 2011 are described in section "III. Business trends in 2011". → p. 48

The holding company's Executive Board is responsible for managing the Group. As a rule, the executive bodies of the affiliates report directly to the Group's Executive Board.

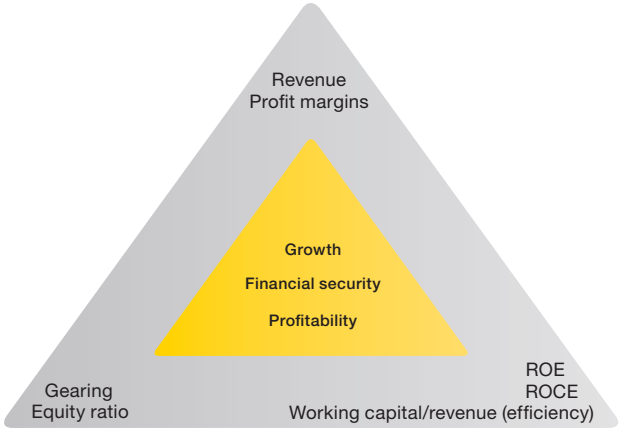
With the exception of Kramer-Werke GmbH and Weidemann GmbH, which have retained their original names (and brands), all significant operating affiliates now trade under the common name of "Wacker Neuson".

Please refer to the section entitled "General information on accounting standards" in the Notes for detailed information on the legal structure. → p. 102

Corporate governance and value-based company 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 'to be' and 'as is' figures, primarily based on the development of revenue and EBIT margins (ratio between revenue and profit before interest and tax) reported by affiliates. It also tracks the progress of operative measures and prepares Group-wide key performance indicators (KPIs) for the Executive Board. The controlling instruments are adapted in the process to reflect developments both within and beyond company walls.

Performance indicators at a glance



Performance indicators

as a %	2011	2010	2009	2008	2007 pro forma
Revenue in € million	991.6	757.9	597.0	870.3	979.5
Gross profit margin	32.6[1]	31.6[1]	30.8	33.7	35.4
EBITDA margin	16.4	10.3	4.6	11.6	16.1
EBIT margin	12.5 (11.4)[2]	4.8	-18.9 (-0.5)[3]	6.7	11.5
Working capital/revenue	37.4	35.5	36.5	34.9	–
ROCE I	17.5[2]	6.9	-2.4[4]	10.8	23.1
ROCE II	12.5[2]	5.2	-1.9[4]	7.4	15.8
ROE	9.0[2]	3.0	-1.4[4]	4.2	8.3
Equity ratio (before minority interests)	74.6	80.6	81.2	77.1	–
Gearing	10.0	1.7	-3.1	6.5	–

[1] Since 2011, expenses for service technicians are reported in the income statement under cost of sales instead of sales and service expenses. The gross profit margin for 2010 has been adjusted accordingly.
[2] Adjusted for reversal of brand impairment in 2011 (for more information, see the "Earnings" section p. 51).
[3] Adjusted for write-downs on intangible assets and restructuring costs in 2009.
[4] Adjusted for write-downs on intangible assets in 2009.

Important decisions on projects initiated by the company in response to changing market and customer requirements are generally made by management committees. The committees include members of the Executive Board, affiliate managers, business developers plus senior employees from research and development, product management, quality management, sales and service, marketing, controlling, treasury and strategic procurement.

Our management strategy is geared toward creating a lasting increase in company value. We have invested heavily over the past few years to achieve and maintain long-term growth. Revenue, profit before interest, tax, depreciation and amortization (EBITDA) and the corresponding EBITDA margin (EBITDA as a percentage of revenue) are the company's key performance indicators.

Other key performance benchmarks and targets are gross profit margin, the EBIT margin (ratio of profit before interest and tax to revenue), and the working capital to revenue ratio (return on capital employed to generate revenue).

We also steer our dividend payment policy, financing structure and return on capital employed. Our key indicators here are capital employed (average invested capital) and return on capital employed (ROCE I and II, return on capital before and after tax).

ROCE indicates the efficiency and profit-generating ability of Wacker Neuson's capital expenditure. We also use ROE (return on equity) to measure how well equity is used. The balance sheet performance indicators for the Group also generally include equity ratio. These indicators are described in more detail in the sections "Earnings" and "Assets". → p. 50 To effectively manage financing, the Group monitors net financial debt and its relation to equity (gearing).

Further information on the expected development of selected performance indicators can be found in the "Opportunities and outlook" section. → p. 93

In addition to these financial performance indicators, the Wacker Neuson Group also monitors key leading indicators for operational business trends. Important indicators for the construction business, for instance, include future investment plans in the construction equipment and construction materials industries, the number of building permits as well as the development of residential real estate prices, especially in the US. Operative leading indicators for the European agricultural industry include the development of milk, food and animal feed prices. We use these indicators to respond early to global economic developments and dynamically adapt our course accordingly.

The indicators are described in more detail in the financial glossary on p. 148.

II. General background

Overall economic trends

- Global economy continues to grow
- Export-heavy countries benefit in particular
- German economy experiences strong growth for second consecutive year

Positive economic momentum in 2011 caused the global economy to expand by 3.8 percent. The pace of growth in 2011 was thus slightly slower than in 2010. However, 2010 was characterized by particularly dynamic growth (2010: 5.2 percent). The economic climate in Europe and the rest of the world cooled somewhat during the second half of 2011. However, fast-growing countries such as India, China and the US continued to bolster the global economy, fuelling a 6.9 percent rise in world trade volume in 2011, according to International Monetary Fund (IMF) figures (2010: 12.7 percent).

The US economy also developed positively in 2011. Government spending and corporate investment clearly picked up. Similarly, national economies in Latin America and Canada experienced strong growth. Many emerging markets[1] grew at relatively strong rates, with China in particular proving a strong growth driver.

The European economy (eurozone) also expanded in 2011, at a rate of 1.6 percent. Development in a number of EU countries was hampered by financing problems, thus slowing growth across the European Union as a whole. EU rescue packages stabilized some of these countries, although current budgetary deficits still pose a number of risks. Many countries in Europe have started to introduce cost-cutting measures, some of which are quite severe.

Overall, Germany again enjoyed a unique position in the eurozone. Despite the difficult international backdrop, the German economy performed well, expanding by 3.0 percent (previous year: 3.6 percent). This was primarily due to its high share of exports and high degree of specialization. Low interest rates also stimulated growth by ensuring a favorable climate for investments. At the same time, low unemployment also bolstered consumer spending. Although economic activity fell slightly in the fourth quarter, German companies rated their business situation as primarily positive, according to a survey carried out by the ifo Institute.

Compared with the annual averages of key currencies, the euro rose 1.6 percent against the British pound (GBP) and 6.0 percent against the US dollar. In contrast, it fell 3.4 percent against the Japanese yen (JPY) and 10.0 percent against the Swiss franc (CHF).

Real GDP

Change from previous year as a %	2011	2010
World	3.8	5.2
Eurozone	1.6	1.9
Germany	3.0	3.6
USA	1.8	3.0
Latin America	4.6	6.1
China	9.2	10.4
Russia	4.1	4.0
Middle East and North Africa	3.1	4.3
South Africa	3.1	2.9

Source: IMF – International Monetary Fund, January 2012.

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

Performance of key currencies against the euro

(Annual average rates)

1 euro equals	2011	2010	Change as a %
US dollar (USD)	1.4000	1.3213	6.0
British pound (GBP)	0.8713	0.8575	1.6
Swiss franc (CHF)	1.2318	1.3693	-10.0
Japanese yen (JPY)	111.3208	115.2189	-3.4

Source: Notes to the Consolidated Financial Statements, p. 106.

Overview of construction and agricultural industries

- Construction activity continues to rise
- Emerging markets drive growth
- Boom in European agricultural technology sector

In 2011, the construction industry worldwide benefitted from the ongoing economic upswing although the pace of revival varied from one region to another. After falling 0.7 percent in 2010, global construction investments experienced a slight increase of around 2 percent in the period under review. Asia and South America revealed particularly strong growth here. Last year, the construction industry in these markets expanded by around 6 percent, despite signs of a slowdown in the dynamic pace of recovery that had characterized the two years prior to 2011 in China.

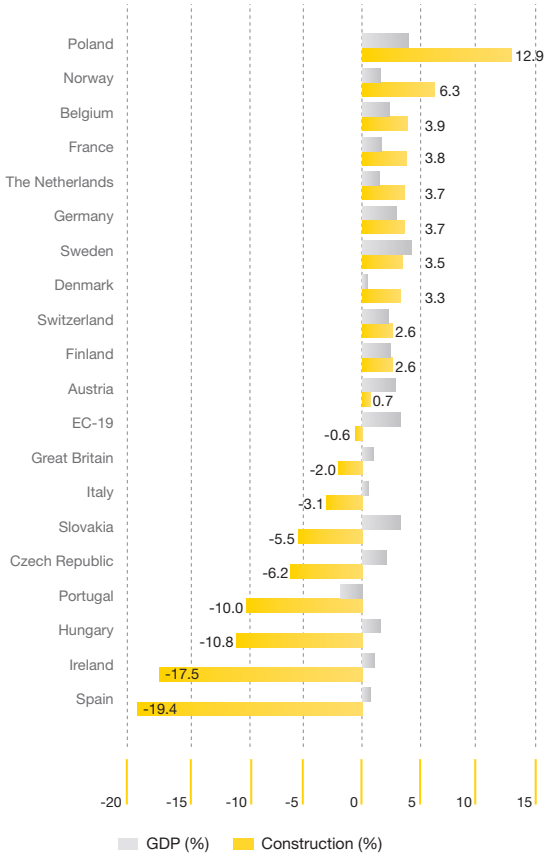
In the US, the construction industry showed some signs of recovery, although the real estate sector remained weak, revealing persistently low demand for residential property. Nevertheless, investments from professional construction equipment rental companies continued to increase during the period under review. This was due on the one hand to the growing importance of the rental market in the US and, on the other, to a backlog in demand for equipment – for rental equipment also – resulting from the drop in investment evident over the last three years.

Construction industry trends differed greatly throughout Europe with Poland, Germany, Sweden, France and Switzerland experiencing strong growth while countries such as Spain, Italy and Hungary saw a downturn. According to Euroconstruct (European research institute for the construction industry) experts, overall the European construction industry (EC-19) contracted slightly by 0.6 percent compared with the previous year.

The German construction industry is the largest in Europe. According to Euroconstruct, investments here rose 3.7 percent in 2011 (previous year: 2.3 percent). Order intake and building permits remained at a consistently high level. Residential construction was the main growth driver here. A relatively low interest rate and renewed interest in property ownership among private individuals fuelled a boom in new residential developments. According to the German Engineering Federation (VDMA), revenue from earth-moving equipment and highway construction equipment was up 25 and 19 percent respectively, although the pace of growth slowed during the fourth quarter. The overall positive economic climate plus favorable weather conditions throughout 2011 contributed to growth in the construction sector. An additional 42,000 jobs were created on German construction sites during the past year.

The mechanical engineering sector as whole also performed well. Despite the debt crisis in Europe, a large number of investment plans were executed. Germany's export-driven mechanical engineering industry benefited from the fact that only a small share of German machines are exported to countries such as Greece and Portugal – namely 0.2 and 0.4 percent respectively.

Construction and economic growth (Europe) 2011



Source: 2011e, Euroconstruct, November 2011.

Global boom for European agricultural technology sector

Rising demand for modern agricultural machinery is the biggest growth driver in the European agricultural technology sector. Although harvests in some parts of Europe were below average in 2011, agricultural landholders and contractors showed – for the most part – a willingness to invest. Strong agricultural prices for crop farmers and fair milk prices had a positive impact here, with customers focusing on intelligent agricultural technology offering efficiency gains in field and yard work.

General legal framework

- Protection for users and the environment
- Ongoing integration of new requirements in internal process flows
- Compliance with new emission standards in compact equipment segment

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

At Wacker Neuson, we therefore continuously review and adapt our product portfolio to ensure compliance with new requirements and various harmonized standards and norms. We integrate new regulations as promptly as possible in our processes.

Emission standards for light and compact equipment

Statutory exhaust emission regulations have a major impact on the sale of compact equipment. In 2011, attention focused on preparations for compliance with the new TIER IV interim and TIER IV final emission regulations in the US (issued by the Environmental Protection Agency, EPA), and stages 3b and 4 of Directive 97/98 EC in Europe. 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 the engine power and individual market requirements. The Wacker Neuson Group has already equipped the first wave of its compact equipment models with compliant diesel engines. Further models will be adapted by 2015 to comply with the new regulations. Components such as engines, cooling and exhaust after-treatment systems – all of which the Group sources exclusively from suppliers for products in its compact equipment portfolio – have to be modified.

Wacker Neuson also had to adapt a range of light equipment products to comply with new emission regulations in the US. Large and small vibratory plates, in particular, had to be certified for compliance with forthcoming EPA4 regulations. We also adapted mobile generators in line with the new TIER IV exhaust emission standard. We will be carrying out further compliance-related modifications in 2012.

Beyond that, there were no legislative changes that had a significant impact on the company's business activities.

Competitive position

- One of the world's broadest portfolios of light and compact equipment from a single source
- Leading global manufacturer with strong service offering
- Synergies and high degree of diversification through additional target markets

The global construction equipment market, which is our competitive landscape, is very heterogeneous. The majority of our competitors exclusively offer either light equipment or heavy equipment, or a combination of compact and heavy equipment (machines weighing over 15 tons).

Competitive edge: Broad product portfolio backed by a global sales and distribution network

The Wacker Neuson Group delivers an exceptionally broad range of products and premium services to customers the world over.

The combination of light and compact equipment is one of the main factors differentiating Wacker Neuson from the competition. The company's products and services are geared towards professional users, differentiating Wacker Neuson clearly from DIY suppliers. The compact equipment segment, which comprises versatile, efficient machines weighing up to 14 tons, grew significantly following the merger with Neuson Kramer in 2007.

In the light equipment segment, the company faces a variety of competitors specialized in specific segments, including Bomag, Weber, Ammann, Multiquip, Mikasa and Atlas Copco/ Dynapac. In certain compact product groups, we also compete with specialist manufacturers and global companies such as Takeuchi, Kubota, Bobcat (Doosan) and Yanmar. Some international heavy equipment manufacturers such as Terex or Volvo offer compact equipment and are therefore part of our competitive landscape. Wacker Neuson distributes its broad product portfolio across the globe via its international, highly efficient sales and distribution network; this gives the company a particular competitive advantage.

Since acquiring the Weidemann Group in fiscal 2005, the Wacker Neuson Group has also been active in the agricultural machinery market. Weidemann GmbH enjoys a leading position for articulated wheel loaders and telescopic handlers in the Central European agricultural market. In this sector, the Group competes with companies such as Schaeffer, Thaler and JCB.

Leading global manufacturer

Wacker Neuson's strong market position is built on outstanding product and service quality, backed by in-depth product development and manufacturing know-how and an efficient sales network. Many of our products have established excellent market positions across the globe. However, there are few official statistics on market segmentation, thus making it difficult for us to provide an 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 attractive overall package consisting of innovative products, a strong brand, simple and efficient logistics and all-in service. Customers prefer a bundled package that gives them a single point of contact to the manufacturer as this greatly simplifies processes such as the purchase of spare parts. Wacker Neuson is one of the world's leading manufacturers with an exceptionally broad product portfolio of light and compact equipment.

Changes in the competitive landscape

A number of mergers and acquisitions took place in the construction equipment industry in 2011. US construction equipment manufacturer Terex, for example, acquired German crane manufacturer Demag. In the US construction equipment rental sector, American company RSC Holdings was acquired by United Rentals, while French companies Loxam and Locarest merged. Japanese excavator manufacturer Yanmar entered a strategic partnership with US company Gehl, an affiliate of French telescopic handler producer Manitou. There were also mergers in the European rental sector. In 2011, German construction equipment rental company Theisen was acquired by the Finland-based Cramo Group, which specializes in construction machine and equipment rental. Furthermore, Dutch rental company Boels acquired German firm Baurent Baumaschinen Miet-Service GmbH at the start of 2012. In the majority of cases, market players aim to harness the sales channels of their respective partners to expand internationally. The above mergers have not had a significant impact on Wacker Neuson's position. With its various product segments and continued sales synergies resulting from the merger, the Group continues to operate in growth markets.

Strategic alliances

Group member Kramer-Werke GmbH develops and manufactures powerful, versatile telescopic handlers for the agricultural industry. These are distributed by Claas Global Sales GmbH, a leading German agricultural machinery supplier, under the Claas brand. We have been collaborating with Claas since 2005.

Wacker Neuson and Caterpillar Inc., Peoria/USA, concluded a strategic alliance on June 24, 2010. The long-term collaboration is set to run for 20 years. As part of the agreement, Wacker Neuson develops mini excavators with a total weight of up to three tons exclusively for Caterpillar. Caterpillar distributes these machines under its own brand via its sales network, with the exception of Japan. Caterpillar intends to cover global demand for smaller machines through the collaboration. For Wacker Neuson, the alliance increases the company's production volumes, enabling it to benefit from economies of scale. Both partners aim to strengthen their individual competitive positions in this highly fragmented market more quickly.

Increasing market penetration, synergies and diversification

During the previous fiscal year, Wacker Neuson continued to consolidate its market position – at German and international level. The Group leveraged its core strengths to increase market penetration; capitalizing on its strong innovative drive, excellent product quality, high rental and service standards, reliable spare parts business, streamlined business processes, strong financial position and independence.

In addition, the company's sales and distribution network in North and South America, Europe and Asia offers further

synergy potential in the distribution of compact equipment. A growing cross-industry footprint is a further strategic growth driver – the company has diversified its business base across a variety of industries including agriculture, gardening, landscaping, recycling and logistics.

By continually improving its processes in recent years, Wacker Neuson has gained a high degree of flexibility that enables the company to react rapidly to fluctuations in demand and changing customer requirements. This has significantly strengthened the company's competitive standing.

III. Business trends in 2011

- Record year for revenue and earnings
- Forecasts exceeded
- Order situation remains strong

General statement on business performance

Business performance in 2011 confirmed Wacker Neuson's corporate strategy. At EUR 991.6 million, Group revenue was up by around 30.8 percent, making 2011 the best fiscal year in the company's history. It also means that we have achieved our goal of returning to 2007 pre-crisis figures earlier than expected.

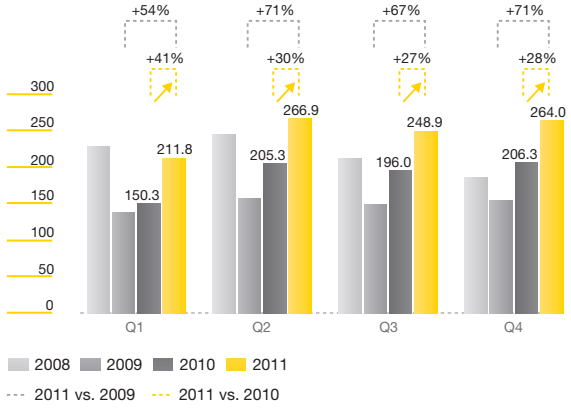
In line with its growth strategy, Wacker Neuson focused on increasing market penetration for its light and compact equipment offering in its core markets of Europe and the US in 2011. The sharp upturn in business in 2010 resulted in supplier bottlenecks and longer lead times across the entire industry. In 2011, however, Wacker Neuson managed to speed up deliveries considerably thanks to its efficient and, above all, forward-looking procurement strategy. Order intake and the order backlog for compact equipment developed strongly throughout the year. At December 31, 2011, accumulated orders were around 15 percent up on the strong figure already reported for the same period last year.

Our light and compact equipment product segments generate similar revenue streams. These segments, combined with steadily rising revenue from our services segment, give us a balanced revenue mix, with double-digit growth rates across all segments.

Our commitment to retaining a core workforce and keeping crucial expertise in the company during the economic crisis paid off during the past fiscal year. Today, we are in the position to seize market opportunities relatively quickly and achieve above-average growth in revenue and earnings.

Reflecting revenue growth, Wacker Neuson earnings achieved record levels during the year under review. At EUR 162.6 million, profit before interest, tax, depreciation and amortization (EBITDA) more than doubled, resulting in an EBITDA margin of 16.4 percent (previous year: 10.3 percent). These figures revealed a strong increase in Group profitability in 2011.

Quarterly comparison: Revenues for 2011 developed positively
in € million



Comparison between actual trends and projected performance

Following on from the sharp upturn in business in 2010, the industry anticipated further growth at the start of 2011 but did not expect it to continue at such a strong pace. The situation was further complicated by the nuclear crisis in Japan in March and uncertainty over quite some time as to the impact this would have. Demand for light and compact equipment in the US and Europe remained high throughout the year. At the start of November, the Group still expected revenue to total around EUR 945 million and the EBITDA margin to reach at least 15 percent. Generally favorable weather conditions in the fourth quarter, however, boosted figures further and helped Wacker Neuson exceed its own forecast for the year.

Healthy financials and assets

The Group's financials and assets remain strong with a high equity ratio (before minority interests) of around 75 percent and low net financial debt of around EUR 90 million. This corresponds to a gearing of around 10 percent.

Key resolutions at the 2011 AGM

At the AGM held in Munich on May 26, 2011, the Executive Board informed around 220 Wacker Neuson SE shareholders of business developments. Based on a share capital of 70,140,000 shares, 85.4 percent of shareholders were present.

In light of the company's stronger earnings situation, shareholders approved a dividend of EUR 0.17 per share for fiscal 2010. With 70.14 million eligible shares, this amounts to a total payout of EUR 11.9 million. The payout ratio panned out at around 50 percent based on Group profit for 2010 in the amount of EUR 23.9 million.

Shareholders at the AGM also agreed with the Executive Board and Supervisory Board's proposal to transition Wacker Neuson SE to a pure holding company. The vast majority of shareholders approved the requisite dropdown and transfer agreement. The reorganization did not have any impact for Wacker Neuson SE shareholders. From a financial standpoint, the new structure did not affect the asset or earnings position of Wacker Neuson SE.

The drop-down is described in more detail in the following section entitled "Changes to company organization and structure".

Active capital market communication and share trends

In 2011, the Executive Board continued to make regular and active efforts to keep stakeholders up to date on current developments within the company and on the company strategy. They achieved this through various channels including the AGM, investor conferences, national and international roadshows, the Capital Market Day and numerous personal conversations.

During the period under review, uncertainties resulting from the European debt crisis and fears about the stability of the banking sector resulted in volatility on the financial markets. This also had an impact on the Wacker Neuson share. After starting the year off at EUR 13.48, it initially dropped to EUR 12.31 at the end of the first six months. On September 13, 2011, the share reached its low point for the year at EUR 8.35. It went on to recover, closing at EUR 9.55 on December 31, 2011. During the second half of the year, the Wacker Neuson share developed in line with the SDAX and outperformed its peers. During the current fiscal year, both the financial markets and the Wacker Neuson share are showing signs of recovery. At the end of February 2012, it was listed at over EUR 13.00, a rise of around 40 percent on the start of the year.

Changes to company organization and structure

Operational activities in Germany (sales, production and logistics) were dropped down from the parent company Wacker Neuson SE to three separate companies. This change took effect on July 28, 2011, when it was entered in the Register of Companies. The three new German affiliates are each structured as GmbH & Co. KG companies with headquarters in Munich. They are wholly owned by Wacker Neuson SE. The new structure has created a management holding structure in which central Group and corporate functions remain with Wacker Neuson SE.

This segment was reorganized for the following business reasons. The 2007 merger between the former Wacker Construction Equipment AG and the former Neuson Kramer Baumaschinen AG involved the Neuson-Kramer subgroup, which was already structured as a holding, joining the Wacker Group. Since the merger, therefore, significant parts of the company were already being managed under a holding structure, while the former Wacker Group retained the traditional parent company structure. This meant that production, logistics and sales operations were all managed under the umbrella of a single legal entity – Wacker Neuson SE. The change in structure aligned both subgroups in 2011. The wholly owned American subsidiary, Wacker Neuson Corporation, also transitioned from a parent company to a holding structure on January 1, 2011 and now manages production, logistics and sales within the framework of separate legal entities in the US.

The primary objective of the new holding structure is to increase transparency over processes, costs, product diversity and areas of responsibility. It provides a clearer overview of the Group, creating a transparent matrix across regions and product segments, unified under a central management body, standardized IT platform and common sales network. The new holding structure will further raise transparency and efficiency levels across the Group. In addition, the formation of smaller, more specialized organizational units will foster entrepreneurial spirit.

On January 1, 2011, we migrated the enterprise resource planning system at Wacker Neuson SE and the US affiliate Wacker Neuson Corporation to an SAP system. The switch has already enabled us to streamline processes.

Please refer to the Notes to the Consolidated Financial Statements for information on further changes to the Group's participating interests that have had an impact on the consolidation structure. → p. 103

Changes to the Supervisory Board

Dr. Matthias Bruse was appointed to the Supervisory Board on August 11, 2011. He succeeds Dr. Ulrich Wacker, who stepped down from his position in July 2011 for health reasons. Dr. Bruse was appointed to the Supervisory Board for the period until the next AGM (May 22, 2012) by resolution of the Munich Magistrate's Court. He will be proposed for election at the forthcoming AGM, pursuant to German Corporate Governance Code regulations. An overview of all Supervisory Board members is detailed in section 31 of the Notes. → p. 141

New CEO Cem Peksaglam

On September 1, 2011, Mr. Cem Peksaglam assumed the position of CEO of Wacker Neuson SE. He succeeded Dr. Georg Sick, who stepped down from the Executive Board on September 15, 2010. Mr. Richard Mayer relinquished his interim role as Spokesperson of the Executive Board and remains responsible for light equipment at Executive Board level.

In addition to the role of CEO, Mr. Peksaglam is responsible for investor relations, legal issues, HR, Group auditing, real estate and quality management. Mr. Günther Binder (finance and IT), Mr. Martin Lehner (Deputy CEO, compact equipment), Mr. Richard Mayer (light equipment) and Mr. Werner Schwind (sales, rental, logistics, service, marketing and training) retain their former areas of responsibility.

New Group headquarters opened

In October 2011, Wacker Neuson SE opened its new Group headquarters in the north of Munich. The new complex is home to holding and operating companies and serves as a hub from which the Group manages its affiliates worldwide, including 68 sales and service stations in Germany. The company invested a total of around EUR 43 million in the new building. Around 300 employees currently work at the new headquarters.

The site is also home to the Group's new European research and development center for light equipment. The center is an attractive location for employees and will enable us to consolidate and expand our position as an innovation leader by focusing heavily on research and development over the coming years.

The new building is also an architectural highlight with its modern, exposed concrete façade that reflects Wacker Neuson's ties to concrete technology. The Group has long-standing ties with this site. It was here that the company moved into its administration offices in 1955. The headquarters is located close to the European logistics center in Karlsfeld and the Reichertshofen production facility.

Expansion of production capacity in Austria

In 2010, Wacker Neuson resolved to build a new plant that would serve as a competence center for excavators, dumpers and skid-steer loaders. Construction of the new facility in the Upper Austrian town of Hörsching officially got underway with a silver-spade ceremony on June 8, 2011. The company is investing a total of EUR 65 million in this modern compact equipment production facility. This figure includes the cost of developing the site plus the EUR 10 million paid in 2010 for the plot of land. The 17-hectare site next to Linz airport will be home to a high-tech production facility and test ground as well as an administrative building with around 50,000 m^2 of space. The first compact machines are set to roll off the production line in May 2012.

The investment triples the Group's production capacity for compact equipment and will enable it to meet rising demand. In contrast to the previous facility, which the company had leased, the new plant will be owned by the company. On completion of this construction project, all production facilities will thus be in Group ownership. It will also mean that all of the Group's compact equipment production sites will have been rebuilt in the past six years.

Alliance with Caterpillar on track

The first mini excavator models made by Wacker Neuson on behalf of Caterpillar and to Caterpillar's specifications were unveiled by Caterpillar in March 2011 at the Samoter trade fair in Italy. The machines were very well received. This positive response confirms that the mini excavator product segment is a rapidly growing market that offers great potential to both companies. 2012 will be the first year to reflect the alliance's full impact on revenue.

IV. Earnings, finances and assets

The report on earnings, finances and assets covers a total of 48 Group companies (previous year: 40) plus the holding company, Wacker Neuson SE. The number of companies has increased as a result of the new holding structure and drop down of operations into new companies.

The following figures include the effects of purchase price allocation (PPA) resulting from the merger between the former Wacker Construction Equipment AG and Neuson Kramer Baumaschinen AG in fall 2007. These will continue to have an – albeit diminishing – impact on earnings into 2013.

Earnings

- Revenue and profit develop positively
- Optimized cost structure yields positive results
- Reversal of impairment results in non-recurring income

Rising demand and the reorganization measures implemented under the umbrella of our growth strategy enabled us to exceed our own expectations and achieve record revenue and earnings in 2011. In 2008 and 2009, the Group implemented a range of cost-cutting measures, the long-term effects of which are still being felt today. The Group's revenue growth is therefore flanked by optimized cost, process and organizational structures.

Group revenue rose 30.8 percent to EUR 991.6 million (previous year: EUR 757.9 million). Adjusted to discount currency fluctuations, this corresponds to an increase of 31.4 percent. Our original forecast was EUR 945 million. This means that in just two years, Wacker Neuson has increased revenue by an impressive 66 percent. The Group is particularly pleased to report that revenue for 2011 exceeded the 2007 pre-crisis figure of EUR 979.5 million (pro-forma revenue following the merger) and thus sets a new record for the company. → 1

Manufacturing costs rose 28.9 percent to EUR 668.4 million (previous year: EUR 518.5 million) due to a rise in production volumes. This figure reflects the light/compact revenue mix, with the faster growing compact equipment segment accounting for a higher share than the light equipment segment. As already noted, this effect is offset in sales and service expenses as this item is lower for compact equipment.

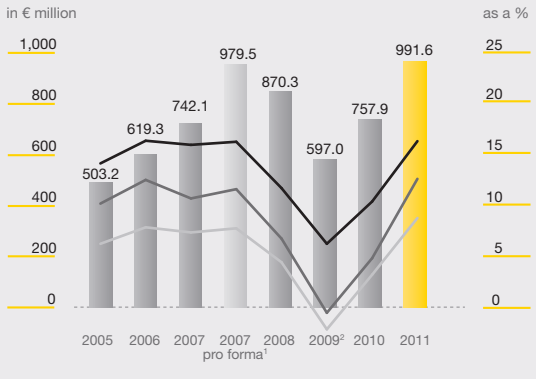
Gross profit for 2011 amounted to EUR 323.2 million (previous year: EUR 239.5 million), with the gross profit margin rising to 32.6 percent (previous year: 31.6 percent).

Costs grew at a slower pace than revenue

We continued to keep strict control over costs. Total sales, general and administrative (SG&A) expenses and research and development (R&D) expenses therefore increased by just 7.4 percent to EUR 222.0 million (previous year: EUR 206.8 million). Although flexible structures within the Group helped here, this achievement was primarily due to the high levels of qualification among our employees and increased efficiency. We were therefore able to keep these

1 Record revenue and earnings

Revenue and margins from 2005 to 2011



In 2011, Wacker Neuson reported revenue of EUR 991.6 million, 30.8 percent up on the previous year. At 16.4 percent, the high EBITDA margin reflects a healthy rise in profitability. In fact, 2011 was the most successful year in the company's history, with revenue exceeding the 2007 pre-crisis figure of EUR 979.5 million (pro-forma revenue following the merger). Wacker Neuson intends to continue this growth in 2012.

¹ Pro-forma figure: Situation if Neuson Kramer subgroup had been consolidated in full in fiscal 2007 (consolidation as of October 1, 2007). Revenue reported in 2007: EUR 742.1 million.

² 2009 profit margins adjusted for goodwill impairment and restructuring costs.

Quarter-on-quarter comparison of revenue and earnings for 2010 and 2011

	Q1	Q1 vs. Q4 prev. year	Q2	Q2 vs. Q1	Q3	Q3 vs. Q2	Q4	Q4 vs. Q3	Total year
2010 revenue in € million	150.3	-2.5%	205.3	36.6%	196.0	-4.5%	206.3	5.2%	757.9
EBITDA margin as a %	2.4		13.2		12.7		10.7		10.3
2011 revenue in € million	211.8	2.7%	266.9	26.0%	248.9	-6.7%	264.0	6.1%	991.6
EBITDA margin as a %	12.2		17.1		19.9		15.7		16.4
Revenue increase compared with prior-year period as a %	41		30		27		28		31

costs in check relative to the strong rise in revenue. Expressed as a percentage of revenue, total SG&A and R&D expenses were down to 22.4 percent (previous year: 27.3 percent). It is a considerable achievement that the Group's SG&A and R&D expenses – both in absolute terms and as a percentage of revenue – are below the pre-crisis levels of 2007.

The following provides a breakdown of individual SG&A and R&D cost factors:

Selling expenses were up 5.5 percent on the previous year to EUR 139.5 million (previous year: EUR 132.3 million) as a result of ongoing market penetration measures.

At EUR 21.9 million (previous year: EUR 22.3 million), R&D costs remained at a comparable level to the previous year. A total of EUR 7.0 million (previous year: EUR 4.4 million) in development costs was capitalized by all manufacturing companies in 2011. Due to the increase in revenue, the R&D-to-revenue ratio dropped to 2.2 percent (previous year: 2.9 percent).

General administrative costs amounted to EUR 60.6 million (previous year: EUR 52.2 million). The administrative cost ratio fell to 6.1 percent (previous year: 6.9 percent).

Other operating income rose to EUR 29.6 million (previous year: EUR 7.5 million). This includes the following one-off item. The annual impairment test carried out in December 2011 in line with IFRS regulations resulted in the full reversal of brand impairment affecting net income which was necessary in 2009 as a result of the financial crisis. This corresponded to non-recurring income in the amount of EUR 10.8 million.

Other operating expenses amounted to EUR 7.0 million (previous year: EUR 3.4 million).

Profitability at record high

Profit before interest, tax, depreciation and amortization (EBITDA) rose from EUR 77.8 million to EUR 162.6 million. We have thus more than doubled our earnings compared with the previous year. At 16.4 percent (previous year: 10.3 percent), the EBITDA margin was up on the Group's previous forecast of 15 percent. This was attributable not only to the rise in revenue, but also to increased efficiency levels and optimized cost structures across the Group.

The above table shows the strong growth rates on a quarter-on-quarter basis. Traditionally, revenue and profit are strongest in the second and third quarters. 2010 and 2011 bucked this trend, however, with the fourth quarter outperforming the respective third quarters in both fiscal years. In 2011, overall mild weather conditions in Europe and the US further bolstered Q4 results. At EUR 264.0 million, revenue in Q4 2011 was up 28.0 percent on the previous year's quarter, which was itself characterized by strong growth (Q4 2010: EUR 206.3 million).

Write-downs in 2011 totaled EUR 38.8 million. This figure appears lower than usual as a result of the impairment reversal (2011, adjusted to discount the write-up on brand value: EUR 49.6 million; previous year: EUR 41.1 million).

Profit before interest and taxes (EBIT) tripled at EUR 123.8 million. This corresponds to an EBIT margin of 12.5 percent (previous year: EUR 36.7 million; 4.8 percent). The above-mentioned reversal of impairment added an extra EUR 10.8 million to EBIT. Adjusted to discount this amount, the EBIT margin would still have come to 11.4 percent. Purchase price allocation (PPA) had the effect of reducing EBIT by EUR 3.5 million. The effects of PPA will continue to have an impact – albeit a diminishing one – until the end of 2013.

Natural hedging protects the Group against fluctuations in exchange rates. During the period under review, the euro gained slightly against the dollar (EUR 1 = USD 1.4000; previous year: EUR 1 = USD 1.3213).

Earnings: One-off expenses in 2011

in € million	2011 adjusted Group income statement	2011	2011
EBITDA	162.6	162.6	77.8
EBITDA margin as a %	16.4	16.4	10.3
EBIT[1]	112.9	123.8	36.7
EBIT margin as a %[1]	11.4	12.5	4.8
EBT[1]	109.5	120.3	32.7
Profit for the period[2]	77.7	85.8	23.9

[1] 2011 figure adjusted to discount non-recurring income: EUR 10.8 million (reversal of brand impairment).
[2] 2011 figure adjusted to discount non-recurring income: EUR 10.8 million (reversal of brand impairment) plus deferred taxes in the amount of EUR 2.7 million.

The financial result amounted to EUR -3.4 million (previous year: EUR -4.0 million). Further information on this is available in section 5 of the Notes. → p. 112

Profit before tax (EBT) increased to EUR 120.3 million (2011 adjusted: EUR 109.5 million; previous year: EUR 32.7 million). Tax expenditure amounted to EUR 33.9 million (previous year: EUR 8.1 million). The impairment reversal resulted in deferred tax liabilities in the amount of EUR 2.7 million. The tax ratio rose from 24.7 in the previous year to 28.2 percent.

At EUR 85.8 million, net profit for the period was 3.5 times higher than the prior-year result (2011 adjusted: EUR 77.7 million; previous year: EUR 23.9 million). The return on revenue here was 8.7 percent (2011 adjusted: 7.9 percent; previous year: 3.2 percent).

70.14 million ordinary shares were in circulation on average during the period. This resulted in earnings per share of EUR 1.22 (2011 adjusted: EUR 1.07; previous year: EUR 0.34).

Good return on capital employed

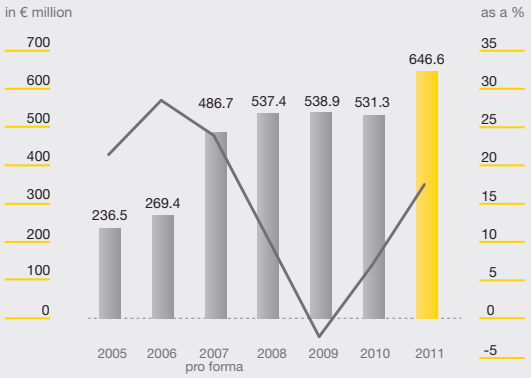
At EUR 646.6 million, average capital employed – in other words, all assets used for operational purposes – was 21.7 percent up on the previous year as a result of the rise in revenue (previous year: EUR 531.3 million).

Return on capital employed (ROCE I) increased from 6.9 percent the previous year to 17.5 percent. ROCE II rose to 12.5 percent (previous year: 5.2 percent). The significant improvement in the Group's earnings situation had an impact here. In 2011, the Group thus succeeded in realizing an increased return on assets employed for operating activities. → ②

The indicators presented here are also described in more detail in the "Performance indicators" section (Section I. The Wacker Neuson Group → p. 41). They are calculated as follows on the basis of the figures reported in the Consolidated Financial Statements and the Notes.

② Increased Return on Capital Employed (ROCE)

Capital employed and ROCE I 2005 to 2011



The Return on Capital Employed (ROCE) compares EBIT with capital invested in a company during a fiscal year. This indicates whether a company is generating value from its total capital. In 2011, Wacker Neuson achieved a return of 17.5 percent (ROCE I) or 12.5 percent after tax (ROCE II). This shows that the company is generating healthy profits and using its assets efficiently. The ROCE II figure was significantly higher than the weighted average cost of capital (WACC), which came to 7.48 percent, highlighting the fact that – overall – the Group produced value in 2011.

Calculating ROCE I and II

in € K	2011	2010	2009	2008	2007 pro forma
EBIT	123,750	36,700	-113,134	57,989	112,632
EBIT[1]	112,951	36,700	-12,796	57,989	112,632
Tax ratio acc. to income statement[1] as a %	28.48	24.74	18.68	31.57	31.62
NOPLAT[1]= EBIT – (EBIT x tax rate)	**80,786**	**27,619**	**-10,406**	**39,684**	**77,015**
Non-current assets	**742,132**	**673,903**	**632,696**	**750,008**	**697,036**
Goodwill	-237,509	-236,550	-236,016	-326,059	-325,676
Brands	-64,838	-54,040	-54,040	-64,838	-64,838
Other investments	-2,000	-5,478	-4,144	-3,420	-1,649
Loans	-310	-99	-99	-139	-83
Investment securities	-3,626	-3,540	-3,094	-2,870	-1,656
Currency hedges	-466	0	0	0	0
Interest rate swap	-6	-56	0	0	-832
Present value (finance lease obligations) of non-current assets	0	-4,381	-9,680	-14,659	-17,362
Non-current liabilities					
Deferred taxes	-30,713	-23,957	-25,530	-31,989	-33,724
Non-current assets used in business	**402,664**	**345,802**	**300,093**	**306,034**	**251,216**
Current assets	**471,207**	**356,314**	**339,042**	**428,603**	**517,474**
Marketable securities	0	0	0	-1,894	-88,656
Cash and cash equivalents	-16,890	-36,559	-85,024	-65,600	-76,816
Trade payables	-62,362	-36,207	-21,251	-32,290	-63,084
Short-term provisions	-15,151	-12,317	-13,583	-11,112	-9,324
Current tax payable	-1,967	-470	-413	-466	-1,366
Other current liabilities	-57,102	-43,776	-29,102	-35,184	-42,698
Net working capital	**317,735**	**226,985**	**189,669**	**282,057**	**235,530**
Capital employed	**720,399**	**572,787**	**489,762**	**588,091**	**486,746**
Average capital employed	**646,593**	**531,275**	**538,927**	**537,419**	**486,746**
ROCE I (return on capital employed before tax) as a % (EBIT/average capital employed)	**17.47**	**6.91**	**-2.37**	**10.79**	**23.14**
ROCE II (return on capital employed after tax) as a % (NOPLAT/average capital employed)	**12.49**	**5.20**	**-1.93**	**7.38**	**15.82**

[1] 2009 EBIT was reported before one-off write-downs on intangible assets in the amount of EUR 100.3 million. The tax ratio in 2009 does not contain the deferred taxes in the amount of EUR 2.7 million that were payable on these write-downs.
2011 EBIT is recognized before one-off write-ups on intangible assets in the amount of EUR 10.8 million. The tax ratio in 2011 does not contain the deferred taxes in the amount of EUR 2.7 million that are payable on these write-ups.

Finances

- Investments secure long-term growth prospects
- Cash flow mirrors high level of investments
- Working capital increases in line with revenue

Principles and targets of financial management at Wacker Neuson

Financial management at the Wacker Neuson Group aims to strike a healthy balance between financial security, return on equity and earnings. To achieve this, we draw on set balance sheet ratios and key indicators to manage our financing needs. The most important indicators here are the net financial debt – resulting from short-term net borrowings and long-term borrowings – and the equity ratio.

Our aim is to fund day-to-day operations with cash flow from operating activities. Surplus funds are invested in liquid, safe instruments where they earn the prevailing interest rates and are available to finance sustainable growth.

The Wacker Neuson Group uses standard derivative financial instruments such as foreign exchange forward contracts and interest rate swaps or caps exclusively for hedging purposes and to minimize risks. Financial instruments without a corresponding underlying transaction are not carried out.

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 almost all its companies are incorporated. The participants can draw on the positive cash pool balances provided by Wacker Neuson SE up to an individually fixed limit. Deposits made by participants receive interest equivalent to market conditions for the respective currency.

Cash flow mirrors high level of investment

As planned, Wacker Neuson was able to finance day-to-day operations in the current fiscal year with operating cash flow. This did not, however, exceed the previous year's level due to our concerted efforts to build up inventory. At the close of the year, cash flow amounted to EUR 43.6 million (previous year: EUR 44.9 million).

Cash flow from investment activities, which only covers investments that have been paid, amounted to EUR -105.5 million within the framework of planned investments realized (previous year: EUR -85.2 million).

Cash flow from financing activities came to EUR 42.6 million (previous year: EUR -10.3 million). Cash flow from short-term borrowings amounted to EUR 61.6 million.

Free cash flow corresponds to cash flow from operating activities plus investment activities (if applicable, excluding changes to the consolidation structure and plus amounts

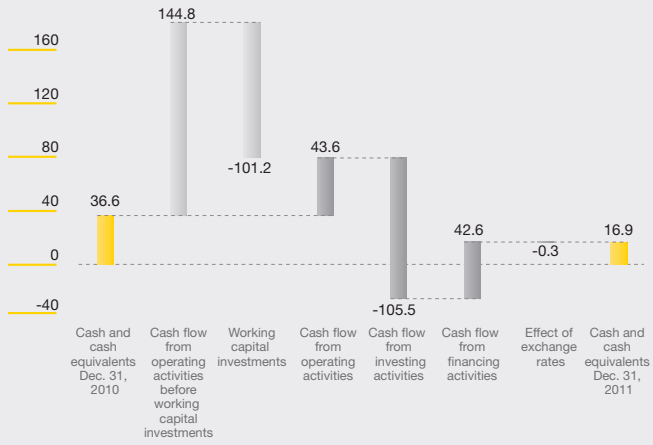
Statement of free cash flow changes

in € K	2011	2010	2009	2008[1]	2007[1]
Cash flow from operating activities	**43,581**	**44,918**	**138,255**	**38,109**	**60,890**
Purchase of property, plant and equipment	-104,494	-75,618	-36,281	-93,134	-81,571
Purchase of intangible assets	-9,511	-9,344	-7,120	-8,654	-2,469
Purchase of marketable securities	0	0	0	0	-122,078
Proceeds from the sale of marketable securities	0	0	1,996	85,674	46,987
Proceeds from the sale of property, plant and equipment and intangible assets	8,526	1,205	3,753	1,440	895
Change in consolidation structure	0	-1,467	-460	-1,771	10,572
Cash flow from investment activities	**-105,479**	**-85,224**	**-38,112**	**-16,445**	**-147,664**
Change in consolidation structure	0	+1,467	+460	+1,771	-10,572
Cost of procuring capital	0	0	0	-69	-5,582
Issue of new shares	0	0	0	0	165,000
Free cash flow	**-61,898**	**-38,839**	**100,603**	**23,366**	**62,072**

[1] The position "Interest received" has been shifted from cash flow from investing activities to cash flow from operating activities.

③ Comfortable liquidity situation despite increase in investments

Change in cash and cash equivalents in 2011
in € million



Wacker Neuson was able to finance its operating activities as planned in 2011 using its liquid balance at the start of the year in the amount of EUR 36.6 million and its operative cash flow. Despite necessary investments in working capital totaling EUR 101.2 million, operative cash flow at year-end was still positive at EUR 43.6 million. The Group used short-term credit lines to finance its investments. The liquidity situation remains comfortable at EUR 16.9 million.

accruing from the issue of new shares including the costs of raising capital). Investments in 2011 exceeded write-downs, which again resulted in a negative free cash flow of EUR -61.9 million (previous year: EUR -38.8 million). We partially drew on available short-term credit lines to cover the current year's financing deficit.

In 2011, we drew on short-term external credit lines only and carefully increased the number of our financing partners to distribute risk more evenly. In the same vein, Wacker Neuson considered placing a Schuldschein loan on the capital market. As described in the "Supplementary report" section, the Schuldschein loan was actually subscribed at the end of February 2012.

Comfortable liquidity situation

Wacker Neuson was able to meet liquidity needs in 2011 through its own liquid funds. Credit line commitments to the value of EUR 258.9 million in total provided additional backing. At the closing date, less than 45 percent of these had been drawn. For further details on the terms and interest conditions of the credit lines, please refer to item 20 in the Notes to the Consolidated Financial Statements. → p. 126

The Group had liquid funds to the value of EUR 16.9 million (previous year: EUR 36.6 million) at year-end. → ③

Refinancing developments

We continue to regard the banking sector as a volatile option for refinancing. As refinancing rates rise for banks, these are passed on to us. However, our strong credit rating, which is also acknowledged by the banks, does work in our favor here.

Our aim remains to organize our own direct refinancing facilities irrespective of external market forces. The "Supplementary report" section contains further information on this, including the successful placing of a Schuldschein loan in the amount of EUR 120 million.

Increase in working capital to secure delivery capabilities

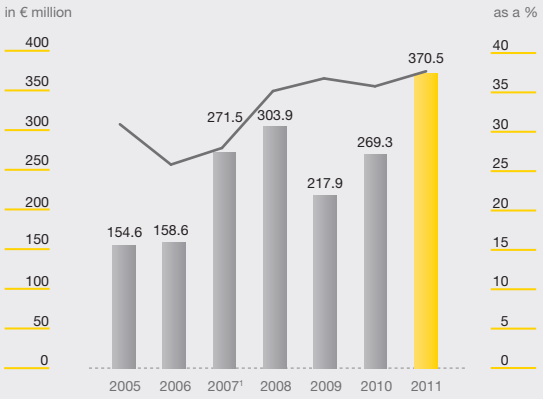
Strong revenue growth in 2011 pushed working capital up 37.6 percent on the prior-year figure to EUR 370.5 million (previous year: EUR 269.3 million). The working capital to revenue ratio developed as expected at 37.4 percent (previous year: 35.5 percent). Inventory was up 49.2 percent to EUR 274.5 million (previous year: EUR 184.0 million). We made concerted efforts to increase inventory to secure our ability to deliver. Trade payables rose to EUR 62.4 million (previous year: EUR 36.2 million). Trade receivables rose 30.3 percent to EUR 158.4 million (previous year: EUR 121.5 million). → ④

Substantial investments for stronger growth

In 2011, we continued to make major investments to secure future growth at Wacker Neuson. These included EUR 104.5 million in property, plant and equipment during the period under review (previous year: EUR 75.6 million), which is in line with our plans.

4 Efficient working capital management

Working capital 2005–2011



Working capital rose in synch with the rapid rise in revenue in 2011. The revenue to working capital ratio was 37.4 percent. Even though the Group makes every effort to keep inventories as low as possible, a strong financial position meant the Group was nonetheless in a position to rapidly increase inventories as the need arose and ensure delivery capabilities.

Working capital — Working capital/Revenue

¹ 2007 revenue on a pro-forma basis.

Investments 2011¹
as a % of total investment

29.8% Renewal/maintenance and other investments
18.4% Rental Central Europe
31.6% Production facilities Austria
11.4% Expansion of sales
8.8% Intangible assets

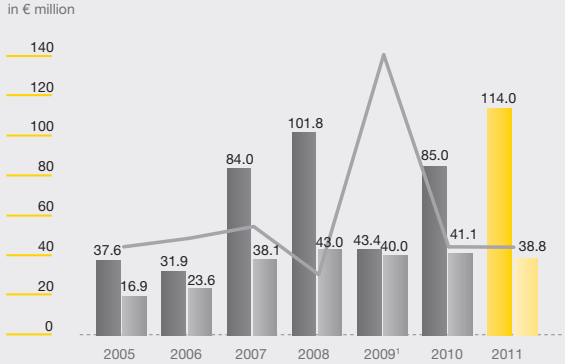
¹ Total investments for 2011: EUR 114.0 million (property, plant and equipment and intangible assets).

We have thus far invested around EUR 36 million in the new production facility in the Austrian town of Hörsching. The additional capacity provided by the new factory will enable us to meet rising demand for compact equipment.

As planned, we invested around EUR 21 million in our rental pool for Central Europe. Our customers view renting as a supplement to purchasing that gives them a high degree of flexibility without having to tie up capital funds. Even though we, as the manufacturer, service and maintain the machines in our rental pool, we still invest regularly in this segment to ensure that our products remain below a certain average age.

5 Cash flow and investments

Investments and cash flow from operating activities 2005 –2011



In 2011, Wacker Neuson invested heavily in expanding its capacity and in its international sales structure. The Group invested EUR 114 million over the course of the year, including EUR 104.5 million in property, plant and equipment. Investments exceeded write-downs by a factor of 2.9, resulting in a negative free cash flow for 2011. Wacker Neuson's new Austrian production facility for excavators, dumpers and skid steer loaders will continue to require significant investment capital in 2012. The Group sees this investment as a foundation for future growth.

Capital expenditure — Depreciation and amortization — Operating cash flow

¹ Depreciation 2009: adjusted to discount write-downs on intangible assets.

Basis for calculating WACC[1]

	2011	2010	2009	2008	2007
Risk-free return (r_f) as a %	2.75	3.00	4.25	4.25	4.75
Market risk premium (MRP) as a %	5.50	5.00	5.00	5.00	4.50
Leverage beta ($ß_L$)	1.001	1.050	1.028	1.032	1.542
Interest-bearing liabilities due beginning of period (D_{BOP}), € K	75,143	83,997	150,649	146,057	91,271
Interest-bearing liabilities due end of period (D_{EOP}), € K	133,961	75,143	83,997	150,649	146,057
Average interest-bearing liabilities, € K	104,552	79,570	117,323	148,353	118,664
Interest expense (D x r_D), € K	5,270	4,212	5,480	8,215	8,151
Cost of debt (r_D) as a %	**5.04**	**5.29**	**4.67**	**5.54**	**6.87**
Group tax rate (s) as a %	28.16	24.74	36.52	31.57	30.85
Share price at closing date (k) €	9.55	13.00	8.20	6.19	14.62
Number of shares (n) in thousands	70,140	70,140	70,140	70,140	70,140
Market capitalization (E), € K	669,837	911,820	575,148	434,167	1,025,447
Cost of equity (r_E) as a %	**8.26**	**8.25**	**9.39**	**9.41**	**11.69**
Percentage of financing that is equity [E/(E+D)] as a %	83.33	92.39	87.26	74.24	87.53
Percentage of financing that is debt [D/(E+D)] as a %	16.67	7.61	12.74	25.76	12.47
Weighted average cost of capital (WACC) as a %	**7.48**	**7.93**	**8.57**	**7.96**	**10.82**

[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 = $(r_f+MRP*ß_L)*E/(E+D)+r_D*(1-s)*D/(E+D)$.
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.

Within the framework of our growth strategy, we invested around EUR 13 million in the expansion of our global sales organization in 2011.

The remaining investments were channeled into renewal/maintenance activities and concluding work on our new European R&D center and Group headquarters in Munich.

EUR 10 million was channeled into intangible assets – primarily into licenses and the capitalization of research and development activities.

The investment (property, plant and equipment plus intangible assets) to write-downs ratio increased to 2.9 (previous year: 2.1). → ⑤

Cost of capital: Producing value

Since fiscal 2010, we have also included the key indicator weighted average cost of capital (WACC) in our financial reports. This figure indicates the weighted average cost of capital within the Group. 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 type of return it needs to generate on prospective investments.

The company produced value in 2011. At 12.5 percent, ROCE II (return on capital employed after tax) was significantly higher than the WACC, which totaled 7.48 percent (previous year: 7.93 percent).

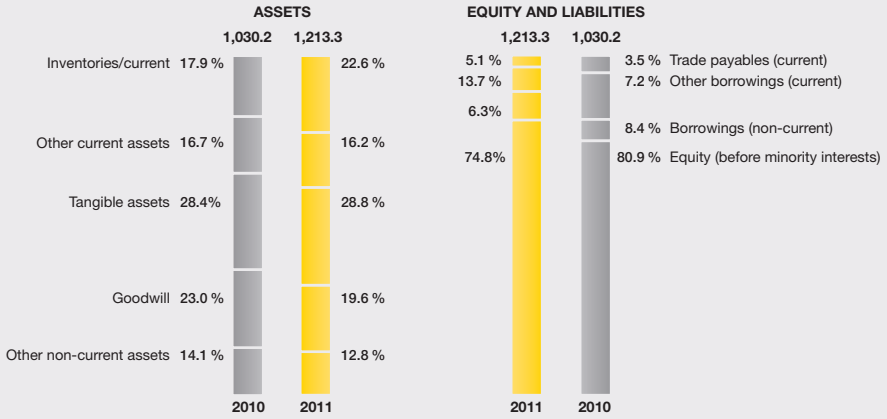
Assets

- Solid balance sheet structure underpins further growth
- High equity ratio compared with industry peers
- Low net financial debt despite increased investments

The balance sheet total rose during the fiscal year to EUR 1,213.3 million (previous year: EUR 1,030.2 million).

The Group's return on assets (ROA) after tax and before minority interests rose to 7.0 percent (previous year: 2.5 percent). Return on assets expresses the ratio between profit/loss for the

Balance sheet structure
in € million



Differences attributable to rounding.

period before minority interests and the average balance sheet total. For fiscal 2011, profit/loss for the period before minority interests was adjusted to discount special effects resulting from the one-off reversal of brand impairment plus associated deferred taxes in the amount of EUR 2.7 million.

Assets rose to EUR 712.5 million (previous year: EUR 642.4 million). As described in the "Earnings" → p. 50 section, an impairment test carried out on the basis of projected figures revealed that a write-up in the amount of EUR 10.8 million was required on the brand value following a comparison of the net book value of the Group's goodwill and brands with the fair market value in 2011. This write-up did not affect liquidity. In 2009, the impairment test led to a one-off write-down on intangible assets, mainly goodwill from the Neuson Kramer subgroup, in the amount of EUR 100.3 million. Of this amount, brand impairment accounted for EUR 10.8 million.

Goodwill amounted to EUR 237.5 million at December 31, 2011 (previous year: EUR 236.6 million). Intangible assets rose to EUR 102.8 million (previous year: EUR 90.6 million). This figure includes the impairment reversal mentioned above.

In order to further improve its delivery capabilities, the Group made concerted efforts to increase inventory. Due to an increase in production volumes, the value of finished products rose from EUR 123.5 million to EUR 184.2 million. Current assets totaled EUR 471.2 million (previous year: EUR 356.3 million). This was also due to an increase in trade receivables resulting from the upturn in business activities.

Increased return on equity plus higher equity ratio

Net profit for the period brought equity before minority interests up to EUR 905.0 million during the period under review (previous year: EUR 830.6 million). At 74.6 percent, the equity ratio before minority interests remained high for the industry (previous year: 80.6 percent). The company's share capital remained unchanged at EUR 70.14 million.

Calculating ROE

in € K	2011	2010	2009	2008	2007 pro forma
Profit/loss before minority interests	78,325[1]	24,628	-12,307[2]	38,105	75,526
Equity before minority interests	904,996	830,618	789,049	909,088	910,439
Average equity before minority interests	867,807	809,834	849,069	909,764	910,439
ROE as a % (profit/loss before minority interests/average equity) before minority interests	**9.03**	**3.04**	**-1.45**	**4.19**	**8.30**

[1] 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.

[2] 2009 figures are reported before one-off write-downs on intangible assets in the amount of EUR 100.3 million including the associated deferred taxes in the amount of EUR 2.7 million.

Bolstered by the strong profit figures before minority interests, return on equity (ROE) also rose to an all-time high of 9.0 percent in 2011 (previous year: 3.0 percent).

Total non-current liabilities dropped 11.2 percent to EUR 76.8 million (previous year: EUR 86.4 million), while long-term borrowings halved, falling to EUR 15.3 million (previous year: EUR 32.2 million). At EUR 30.8 million, long-term provisions remained at the previous year's level (previous year: EUR 30.2 million). Deferred tax liabilities amounted to EUR 30.7 million (previous year: EUR 24.0 million).

Total current liabilities doubled to EUR 228.7 million (previous year: EUR 110.8 million). This is primarily due to the increase in trade payables resulting from the rise in revenue. These increased to EUR 62.4 million (previous year: EUR 36.2 million). Short-term borrowings also rose to EUR 91.7 million as the company sought to finance increased investments (previous year: EUR 6.0 million).

Net financial debt at December 31, 2011 amounted to EUR 90.4 million (previous year: EUR 13.7 million). We reduced our cash and cash equivalents as planned with the aim of optimizing interest rates. For information on the calculation of net financial debt, please refer to the "Risk management/capital management" → p. 138 section (item 30) in the Notes to the Consolidated Financial Statements. At the closing date, gearing was reported at 10.0 percent (previous year: 1.7 percent).

Net financial position

in € K	2011	2010	2009	2008	2007
Long-term borrowings	-15,261	-32,218	-33,583	-38,845	-44,219
Short-term borrowings	-91,654	-5,958	-14,889	-81,742	-72,103
Current portion of long-term borrowings	-421	-12,109	-11,698	-5,876	-6,073
Marketable securities	0	0	0	1,894	88,656
Cash and cash equivalents	16,890	36,559	85,024	65,600	76,816
Total	**-90,446**	**-13,726**	**24,854**	**-58,969**	**43,077**

Financing structure

Please refer to the "Financial liabilities" section (item 20) in the Notes to the Consolidated Financial Statements for information on the financing structure, financial covenants and the terms of covenants. → p. 126

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" → p. 131 section (item 25) in the Notes to the Consolidated Financial Statements for detailed information.

The 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 interest-subsidized financing models, which can also be reported as factoring in the wider context. However, these schemes are only used to finance sales and are not a major source of funding for the 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, financial position and earnings of the Group.

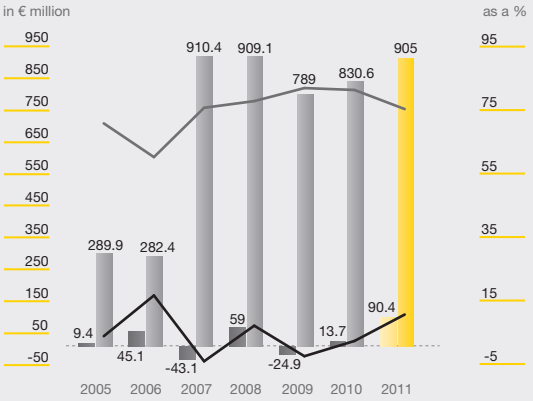
Information about the use of estimates, assumptions and judgments made, especially in connection with the valuation of tangible and intangible assets, goodwill, doubtful debts, pension liabilities, provisions, contingencies and information about tax expenses is presented in the Notes to the Consolidated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

General overview of economic situation

The Group achieved record revenue and earnings. With an equity ratio before minority interests of around 75 percent and gearing of just 10 percent, the Group's financials and assets remain strong, also for the industry. At the close of 2011, the Group was in a healthy financial position. In light of existing liquid funds and the fact that the company still has not drawn on over 50 percent of its assured credit lines, Wacker Neuson 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. → 6

6 Strong financial and assets position

Key figures from the balance sheet 2005 to 2011



Wacker Neuson has a high equity ratio of around 75 percent and with low gearing of just 10 percent, the Group is in a strong financial position. In 2011, Wacker Neuson increased its net financial debt as planned to ensure that available funds are efficiently channeled into growth opportunities. The Group continued to draw on less than half of its credit lines and thus has plenty of headroom. The company's first-class credit rating was underscored once again by the capital market when it placed a Schuldschein loan in February 2012.

Equity before minority interests in € million
Net financial debt in € million
Gearing as a %
Equity ratio before minority interests as a %

V. Earnings, finances 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 2011 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 2011. Here it should be noted that the company has been operating as a holding company as of the period under review.

Operational activities in Germany (sales, production and logistics) were dropped down from the parent company Wacker Neuson SE to form separate business entities. The change has been applied retroactively from January 1, 2011. The three new German affiliates are each structured as GmbH & Co. KG entities with headquarters in Munich. They are wholly owned by Wacker Neuson SE.

All operational business segments have now been dropped down from Wacker Neuson SE. As a result, the company now only performs global, Group-wide management and holding activities and no longer generates operating revenue. The restructuring has also been applied retroactively to Group reporting from January 1, 2011, thus making comparison between the 2011 and 2010 annual financial statements difficult.

In light of the new structure and function of the company, the corporate purpose of the company has been changed in Article 2 of the Articles of Incorporation:

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, including leasing. 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.

Only 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 all strategic aspects of Group management. The Group Executive Board plus all central Group-wide departments remain with the holding company. These include Group controlling, Group accounting, legal (including patent management), internal auditing, real estate, treasury and investor relations. In addition to the above-mentioned departments, the holding company also has dedicated employees for IT, HR and marketing to steer these corporate functions at Group level. The company employs a total of around 30 people. Wacker Neuson SE and its affiliates trade Group-internal services as required within the framework of service agreements based on the terms and conditions customary in the market.

The drop-down did not have an impact on the financial position of Wacker Neuson SE shareholders. Although they now have an indirect shareholding in the assets that have been dropped down through the affiliates, the increase in fair value of the participating interest in the affiliates corresponds to the fair value of the assets transferred to the affiliates by Wacker Neuson SE. Dropping down operational activities therefore did not have any impact on the stock market listing of Wacker Neuson SE shares.

The assets and liabilities of the respective operational business segments were transferred in line with the requirements of German commercial law at the book values reported at December 31, 2010 in the Annual Financial Statements of Wacker Neuson SE. For Wacker Neuson SE, the drop-down resulted in the disposal of the assets and liabilities at their book values. At the same time, its balance sheet showed an increase in shareholdings in affiliated companies. The closing book values of the assets and liabilities were then added to the balance sheets of the new operational companies that sit under the holding.

Income statement for Wacker Neuson SE (condensed version)

in € K	2011	2010
Revenue	0	251,815
Cost of sales	0	-168,688
Gross profit	**0**	**83,127**
Sales expenses	0	-67,511
General and administrative expenses	-20,734	-25,740
Other income	38,515	13,829
Other expenses	-3,035	-8,618
EBIT	**14,746**	**-4,913**
Income from shareholdings in companies	18,732	10,113
Income from other securities and long-term loans	0	14
Interest and similar income	1,777	515
Write-downs on financial assets	0	-214
Interest and similar expenses	-1,838	-1,130
Profit before tax (EBT)	**33,417**	**4,385**
Extraordinary profit	0	-2,180
Taxes on income and earnings	-2,332	-274
Net profit/loss	**31,085**	**1,931**
Profit/loss carried forward	1,138	3,631
Withdrawal from/allocation to other revenue reserves	7,800	7,500
Retained earnings	**40,023**	**13,062**

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

Following the drop-down of operational activities during the period under review, Wacker Neuson SE no longer generates revenue.

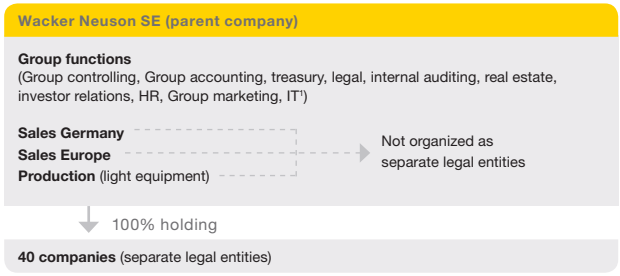
General administrative costs amounted to EUR 20.7 million in fiscal 2011. Other income totaled EUR 38.5 million. This includes an accounting profit on the disposal of land at the Munich-Milbertshofen site, which was sold to Wacker Neuson Produktion GmbH & Co. KG. Remuneration for services rendered within the Group is also disclosed under other income.

Wacker Neuson SE realized profit before interest and tax (EBIT) of EUR 14.7 million.

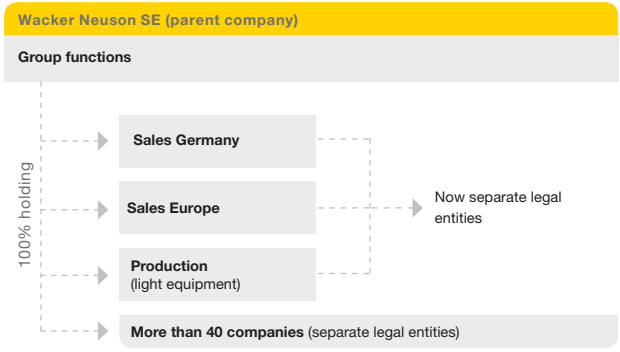
Participating interests in affiliates yielded further income. Income from shareholdings in companies amounted to EUR 18.7 million. Profit before tax (EBT) came to EUR 33.4 million. After tax, this results in profit for the period of EUR 31.1 million.

Group organization

Previous structure



New structure (applies retroactively from Jan. 1, 2011)



[1] The holding also has dedicated employees for IT, HR and marketing to steer these corporate functions at Group level.

Balance sheet of Wacker Neuson SE (condensed version)

in € K	Dec. 31, 2011	Dec. 31, 2010
Intangible assets	5,645	6,034
of which: licenses for industrial property rights and similar	5,645	6,034
Property, plant and equipment	41,841	138,873
of which: land, land titles and buildings on third-party land	37,887	60,093
of which: machinery and equipment	3	48,322
of which: office and other equipment	2,189	13,478
of which: payments on account/ assets under construction	1,762	16,980
Financial assets	738,220	581,216
of which: shareholdings in affiliated companies	737,467	581,099
of which: loans to affiliated companies	750	0
of which: investment securities	0	0
of which: other loans	3	117
Assets	**785,706**	**726,123**
Inventories	0	36,733
Trade receivables	65	11,669
Receivables from affiliated companies	91,934	5,871
Other assets	245	2,433
Liquid funds	16,839	18,515
Current assets	**109,083**	**75,221**
Deferred items	**2,927**	**668**
Balance sheet total (assets)	**897,716**	**802,012**
Equity	**776,940**	**757,779**
of which: subscribed capital	70,140	70,140
of which: capital reserves	583,999	583,999
of which: revenue reserves	82,778	90,578
of which: retained earnings	40,023	13,062
Special tax-free reserves	**71**	**80**
Other provisions	**14,310**	**17,147**
Borrowings from banks	74,370	7,800
Trade payables	250	1,780
Payables to affiliated companies	30,702	15,066
Other liabilities	955	2,260
Liabilities	**106,277**	**26,906**
Deferred items	**118**	**100**
Balance sheet total (liabilities)	**897,716**	**802,012**

Assets and financials

Wacker Neuson SE has retained Group software licenses, primarily for the ERP system as well as for the operating systems and office applications deployed across the Group. It provides Group members with these licenses in return for a fee. At December 31, 2011, Wacker Neuson SE reported intangible assets of EUR 5.6 million for licenses and similar rights.

Plots of land and buildings not retained by Wacker Neuson SE were transferred to the three operational companies in line with the provisions specified in the drop-down agreement. The Reichertshofen site was the main tract of land transferred to Wacker Neuson Produktion GmbH & Co. KG. The Karlsfeld site was transferred to Wacker Neuson Vertrieb Europa GmbH & Co. KG while the sales and service stations owned by the company in Germany plus the Gotha site were transferred to Wacker Neuson Vertrieb Deutschland GmbH & Co. KG. The Munich-Milbertshofen site, which is home to the new Group headquarters, remains under the ownership of Wacker Neuson SE.

Other tangible assets not retained by Wacker Neuson SE such as machinery and equipment, office and other equipment plus assets under construction, including all claims resulting from down-payments, were transferred almost exclusively to the above-mentioned companies in line with the provisions specified in the drop-down agreement. As a result, Wacker Neuson SE reported property, plant and equipment in the amount of EUR 41.8 million at December 31, 2011.

The financial assets retained overall by Wacker Neuson SE refer to its holdings in all Group members within and beyond Germany. Financial assets grew to EUR 738.2 million at December 31, 2011. This is due to the additional book values resulting from its shareholdings in the three new operational companies that sit under the holding.

Total assets attributable to Wacker Neuson SE amounted to EUR 785.7 million at the closing date.

Wacker SE no longer retains any inventory.

Trade receivables and trade payables due from and to customers and sales partners within Germany and beyond were also almost completely transferred to the operational companies. In contrast, receivables from associated companies rose to EUR 91.9 million. These receivables were largely retained by Wacker Neuson SE by virtue of its shareholdings in Group members, resulting in particular from shareholder loans.

Wacker Neuson SE reported liquid funds of EUR 16.8 million at December 31, 2011.

Total current assets amounted to EUR 109.1 million at the closing date. The balance sheet total came to EUR 897.7 million.

The drop-down did not affect Wacker Neuson SE's equity. It did not reduce the total value of Wacker Neuson SE assets. Instead of reporting the assets that have now been dropped down, the company's balance sheet now shows the corresponding book values of its shareholdings in the three new operational companies that sit under the holding (asset swap).

At December 31, 2011, the company's equity totaled EUR 776.9 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 totaled EUR 14.3 million.

Borrowings from banks have largely remained on Wacker Neuson SE's books through cash pools. 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 rose to EUR 74.4 million. Loans raised by the holding company are passed on at the prevailing market conditions internally to associated companies in the form of shareholder loans in order to meet the affiliates' financing needs. Payables to associated companies primarily refer to loans and cash pools. At the closing date, these amounted to EUR 30.7 million.

In summary, Group management feels that Wacker Neuson SE's financial position remains strong. Wacker Neuson SE's balance sheet for the period under review is typical for a holding company.

Dividend proposal

The Executive Board and Supervisory Board of Wacker Neuson SE will propose a dividend of EUR 0.50 per eligible share at the AGM on May 22, 2012 (based on a total of 70.14 million eligible shares). In total, therefore, the company will be paying out EUR 35.07 million. The payout ratio pans out at around 41 percent based on Group profit for the year in the amount of EUR 85.8 million. This aligns with the dividend payout made in the pre-crisis year of 2007.

The auditing company Rölfs RP AG Wirtschaftsprüfungs-gesellschaft, 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.wackerneuson.com/financialreports (in German).

Statement from the Executive Board pursuant to Section 312 AktG

The following declaration hereby 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."

Dividend trends (the figures shown relate to the fiscal year in which the dividend was realized)

	2011[2]	2010	2009	2008	2007
Total payout (€ m)	35.07	11.9	–	13.33	35.07
Payout ratio (as a %)	40.9	49.8	–	32.0[1]	40.0[1]
Eligible shares (in m)	70.14	70.14	70.14	70.14	70.14
Dividend per share (in €)	0.50	0.17	0.00	0.19	0.50

[1] Based on net consolidated profit for the period before purchase price allocation in 2007 and 2008. Due to the diminishing effect of purchase price allocation over time, the payout ratio refers to the net consolidated profit after purchase price allocation as of 2010.
[2] Dividend proposal for the AGM on May 22, 2012.

VI. Segment reporting by region

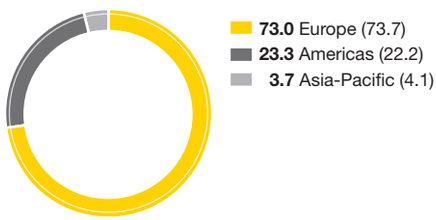
- Europe strongest revenue driver
- Core markets of Europe and North America reveal strongest growth
- New product strategy for Asia-Pacific region

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, Americas and Asia-Pacific). We also break revenue down according to business segment (light equipment, compact equipment and services).

We are happy to report that Wacker Neuson increased revenue in the double-digit percentage range across all regions and business segments in 2011.

Sales by region
as a % (previous year)



Europe

Strong revenue growth in core market Europe

As expected, the region accounted for the lion's share of Group revenue at 73.0 percent (previous year: 73.7 percent). Revenue for the period was up 29.6 percent at EUR 723.9 million (previous year: EUR 558.6 million). Profit before interest and tax (EBIT) rose to EUR 88.1 million (previous year: EUR 26.6 million). This figure was also bolstered by the impairment reversal Germany was again the strongest revenue driver in Europe, reporting above-average growth rates. Revenue with non-Group companies generated by affiliates headquartered in Germany came to EUR 423.1 million (previous year: EUR 318.5 million) in fiscal 2011. This corresponds to a 32.8-percent rise in revenue and a 42.7 percent share of total revenue (previous year: 42.0 percent). Business on the German market in 2011 benefitted from ongoing construction and infrastructure maintenance projects on the one hand and, on the other, from the revival in both residential and non-residential construction. New product launches and an enhanced service offering also strengthened our position in the German market.

Wacker Neuson performed well across almost the entire European region. Besides Germany, business proved particularly strong in Austria, Switzerland, France, Scandinavia and Poland as well as in South Africa and Russia, both of which we also include in the segment Europe although geographically they are located outside the region. Italy and Spain were the only countries where development remained below the previous year's level, due to slow recovery in the construction sector.

This positive trend clearly shows that our product portfolio is targeted at growth segments and that our European sales strategies have yielded positive results, despite the ongoing debt crisis.

Lively construction activity in Europe prompted local rental chains, dealers and end customers to up investments in light and compact equipment. However, revenue growth was also fuelled by rising demand across various other industries including the gardening, landscaping and agriculture sectors. Bolstered by increased tax income, municipal bodies in Germany invested in construction and infrastructure projects as well as in their equipment fleets.

Americas

Revenue growth at an all-time high

Revenue in the Americas region in 2011 was up 37.4 percent on the previous year to EUR 231.0 million (previous year: EUR 168.1 million). Adjusted to reflect exchange rate fluctuations, this corresponds to a plus of 43.5 percent. Profit before interest and tax (EBIT) rose from EUR 14.4 million to EUR 29.3 million. This was the Group's highest ever annual revenue figure in the region. At 23.3 percent, the region's share of overall revenue increased slightly (previous year: 22.2 percent).

As in previous years, our US affiliate Wacker Neuson Corporation and its associated operational companies generated the majority of revenue. Expressed in local currency (US dollars), its revenue was around 41.5 percent up on the previous year. However, increased product exports to Europe and Asia-Pacific helped boost this figure. Revenue growth in Canada was even stronger.

As anticipated, rental firms in the US invested in new equipment and machines (depending on the age of their existing fleets). Our own dealers also reported increased product sales. We are gradually expanding our dealer network in North and South America to ensure we have the reach to distribute both our light and compact equipment offerings over as wide an area as possible here. We have thus far not experienced any drop in demand due to government investment programs coming to an end or companies having caught up with the investment backlog for light and compact equipment.

The expansion of our sales network in the Americas had a positive impact on revenue. Demand for our compact offering was also high in Chile and Brazil.

Asia-Pacific

Positive development of revenue

Compared with fiscal 2010, revenue in Asia-Pacific rose 17.6 percent from EUR 31.2 million to EUR 36.7 million. Segment profit before interest and tax (EBIT) amounted to EUR 4.7 million (previous year: EUR -0.3 million). In light of the strong growth in other regions, this region's relative share of total revenue dropped to 3.7 percent (previous year: 4.1 percent).

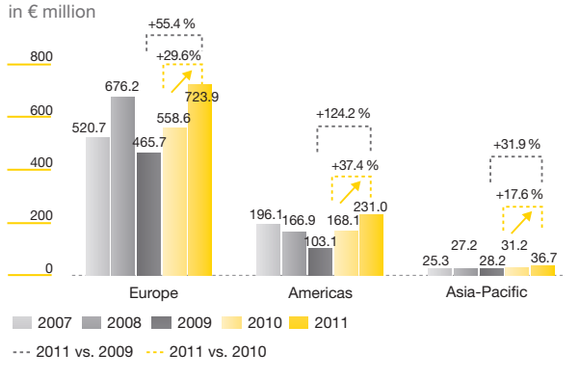
Overall, construction activity in Asia-Pacific was lively. Business in this region benefited from numerous infrastructure measures aimed at expanding road and rail networks – especially in Australia, where we added new product groups to our existing sales offering.

Growing strategic importance of emerging markets

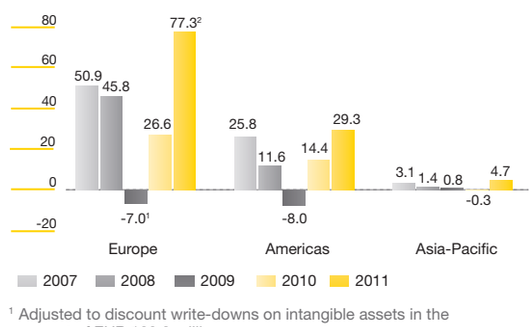
Emerging economies such as China and India are still at the early stage of infrastructure and industrial development, which primarily requires heavy equipment, for example, to build road and rail networks as well as tunnels, power plants and pipelines. As a result, these markets are dominated by demand for heavy equipment. Our products, however, are geared toward repair and maintenance work. Although demand for our offering is rising here, it remains at a low level.

Asia-Pacific is an important growth market for Wacker Neuson. Demand for high-quality products is steadily rising here. We will therefore be developing tailored measures for this region in the future. Wacker Neuson intends to introduce selected light equipment products tailored to market dynamics in Asia and secure a strong competitive position by expanding its product portfolio. China and India, in particular, are key future markets for us. We established our first affiliates there some years ago. We have been playing an active role in the Indian market, for example, since 2008 from our affiliate Wacker Neuson Equipment Private Ltd based in Bangalore. We are also assessing the viability of launching compact equipment in Asia in the mid-term, particularly in China.

Sales by region
in € million



EBIT by region
in € million



[1] Adjusted to discount write-downs on intangible assets in the amount of EUR 100.3 million.
[2] Adjusted for reversal of brand impairment in the amount of EUR 10.8 million.

In 2011, Wacker Neuson's revenue from emerging markets was up by around 15 percent on the previous year (for a definition of emerging markets, please refer to section "II. General background" → p. 43). Against the backdrop of stronger growth in the core markets of Europe and the US, this region's share of total revenue dropped to 13 percent in 2011 (previous year: 15 percent).

VII. Segment reporting by business segment

- Demand for light equipment remains high
- Growth strongest in the compact equipment segment
- Increased construction activity boosts revenue from services segment

Revenue by business segments

in € K	2011	2010
Light equipment	371,834	296,606
Compact equipment	416,924	274,824
Services	215,705	192,386
Less cash discounts	-12,902	-5,890
= Total revenue	**991,561**	**757,926**

Light equipment

Rising demand for high-quality products

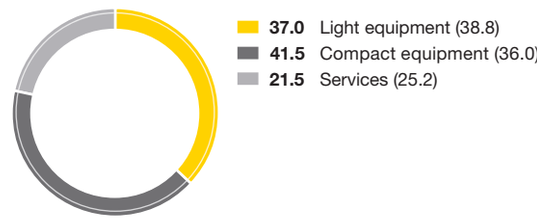
The light equipment business segment covers the Wacker Neuson Group's activities within the strategic business fields of concrete technology, soil and asphalt compaction, demolition, and utility. Production is synchronized with demand and delivery times are short. Orders are usually delivered within a few days. The Group therefore does not report an order backlog for this segment.

Demand remained consistently high over the last four quarters. We see this as a positive sign of a long-term trend as the light equipment segment is traditionally an early mover in economic cycles. Light equipment revenue before discounts for the period under review rose 25 percent to EUR 371.8 million (previous year: EUR 296.6 million). This segment's share of total revenue was 37.0 percent (previous year: 38.8 percent).

Construction site processes often call for different light equipment models. Our products complement each other perfectly, excelling under what are usually harsh conditions, so they can be deployed simultaneously by our customers. Our outstanding product quality and leading market position have enabled us to capitalize particularly effectively on rising demand, especially in Europe and the US.

Product innovations and new models again played a key role in the light equipment segment's positive performance last year. We launched a range of products, including gasoline cut-off saws, frequency converters, wet screeds, generators, pumps and light towers. In 2011, we added a total of 34 new products or product versions to our portfolio.

Revenue by business segment[1]
as a % (previous year)



[1] Consolidated revenue before discounts.

Compact equipment

Strong revenue growth in compact equipment segment

The compact equipment business segment covers the manufacture and sale of compact machinery for the construction and agricultural industries, as well as for gardening, landscaping and industrial firms and municipal bodies. The portfolio includes excavators, wheel loaders, skid steer loaders, telescopic handlers and dumpers weighing up to approximately 14 tons as well as attachments.

Economic trends prompted new infrastructure construction projects. At the same time, our measures to expand market share and distribute our offering via the existing sales network drove demand in almost all countries where we distribute compact equipment. Demand for compact equipment developed particularly well in France, Sweden, South America, Canada, South Africa and Australia. This resulted in very high utilization of production capacities and a sharp rise in revenue.

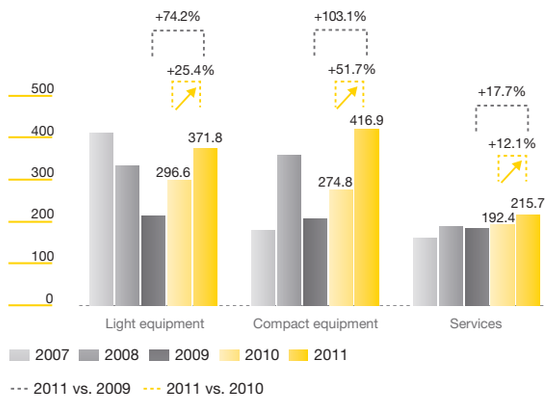
Compact equipment revenue before discounts increased to EUR 416.9 million, an impressive 51.7 percent rise on the previous year's figure of EUR 274.8 million. This segment's share of total revenue thus expanded to 41.5 percent (previous year: 36.0 percent).

The Group continued to successfully deliver special financing options for customers in the compact equipment business.

Monthly order intake is a reliable indicator of demand for our compact equipment. It also enables us to accurately forecast capacity utilization at our production sites for the coming months. At December 31, 2011, the accumulated order intake for compact equipment for the construction and agricultural industries was around 15 percent higher than the prior-year figure. The situation in our supply chains has eased somewhat. Our customers are therefore again placing orders at shorter notice.

We continually develop technical innovations in order to expand and improve our extensive compact portfolio of around 40 models. During the period under review, Wacker Neuson launched new compact machines bringing market firsts to many of our customers. In 2011, we added a total of 12 new products or product versions to our portfolio. At the beginning of October, for example, the Group unveiled a new range of track dumpers in Munich at the opening ceremony for the new Wacker Neuson Group headquarters. This includes both new models and technically optimized versions of existing models.

Development by business segment
in € million



High demand from the agricultural sector

Demand for agricultural machines again rose sharply in 2011. Customers in the agricultural sector upped their investments in our innovative Weidemann-branded machines, which are primarily used for yard work and in agricultural buildings such as barns. This was fueled on the one hand by increased willingness among agricultural landholders to invest throughout the year and, on the other, by the need to increase productivity and efficiency in the agricultural sector. In 2011, agricultural compact equipment's share of total Group revenue thus rose to 16 percent (previous year: 12.4 percent).

Although order intake in the previous year was high, accumulated order intake for the agricultural industry was still 22 percent higher at December 31.

Services

Double-digit growth in this segment

Wacker Neuson complements new equipment sales with an extensive range of services, thus enabling the Group to build sustainable, long-term and mutually beneficial relationships with customers. We therefore place great importance on customer proximity as well as intensive, individual support.

The services segment covers the business fields of rental in Central Europe and global after-market (repair and spare parts). During the period under review, the Group was again able to increase sales before discounts here. Revenue for the segment was up 12 percent to EUR 215.7 million (previous year: EUR 192.4 million) due to favorable weather conditions and increased construction activity. This segment's relative share of total revenue dropped to 21.5 percent in light of even stronger revenue growth in the other business segments (previous year: 25.2 percent).

Service offering resounds well with customers

The Group achieved an increase in revenue in the traditional repair and spare parts business and in the rental business. Our customer-centric strategy in the traditional repair and spare parts business again yielded results in 2011. In countries with direct sales channels, we implemented measures aimed at reducing lead times for repairs, improved our equipment pickup and delivery service from and to construction sites and intensified training for our service staff.

We rounded off our service offering in April 2011 with the opening of our European used equipment center in Gotha (Germany). The new sales center for used light and compact equipment enables us to bundle maintenance work and

increase logistics flexibility in the delivery of used equipment, providing a central location where we can repair and maintain older machinery and equipment from our customers. Our online sales platform (www.used.wackerneuson.com) has been well received by our customers.

Our rental offering gives our customers a high degree of flexibility. Rented machines also provide a reliable basis for calculating costs, making rental a useful supplement to purchasing. In our rental business, the number of daily rentals continued to outweigh the numbers of monthly or longer-term rentals. Our sales and service stations responded with great flexibility to customer requirements, making rental equipment available at short notice wherever it was needed. Our rental business also benefited from the relatively mild winter in the fourth quarter.

VIII. Other factors that impacted on results

Research and development

- New R&D center in Munich
- Numerous new products and product versions launched
- Awards from renowned innovation competitions

Our research and development (R&D) activities are geared towards the needs of the market and our customers, also taking regional dynamics into account. New product developments are inspired by customer needs. We always implement existing and new legal regulations, particularly those measures aimed at protecting users and the environment.

The Group's R&D departments are responsible for the development of new products and the ongoing evolution of existing models. We develop products at the following locations: light equipment products are developed in Munich (Germany), Milwaukee (USA), Norton Shores (USA) and Manila (Philippines); compact equipment under the Weidemann brand is developed in Diemelsee-Flechtdorf (Germany), while compact products under the Kramer Allrad and Wacker Neuson brands are developed at the production plants in Pfullendorf (Germany) and Linz (Austria). Development and research work is coordinated at Group level in order to synchronize activities at local level.

New R&D center in Munich opens for business

Wacker Neuson's new European R&D center for light equipment in the north of Munich features an extensive test zone for light equipment innovations – for example, breakers and vibratory plates – all destined for global distribution. To ensure that new products are tailored to the needs of different customer groups and market regions, the research center collaborates closely with Wacker Neuson development sites in the US and Asia as well as with international sales teams. The new R&D facilities stretch over 5,500 m^2 and enable tests to be carried out 24 hours a day, 7 days a week. These facilities play a key role in securing the innovative drive and outstanding quality of our light equipment offering for years to come.

Research and development activities secure leading position

Wacker Neuson is a global technology leader in the construction equipment industry. In 2011, our development was aimed in particular at extending our pioneering position in product safety, operator safety and environmental protection. Research, development and innovation are playing an increasingly central role, for example, in ensuring compliance with climate protection targets. Our activities here have a particularly high priority as we intend to maintain our high standards in the delivery of environmentally sound, safe products as we move forward. Which is why, in addition to developing new products, we will continue to focus our R&D efforts on compliance with more stringent environmental regulations governing combustion engine emissions. For further information on new exhaust emissions regulations, please refer to the "General legal framework" section. → p. 45

The R&D payroll mainly consists of mechanical and electronics engineers, technical engineers, technical drawers and other skilled workers. We ensured these employees obtained the qualifications they need for their challenging roles through seminars on subjects such as project management and engineering design and through external courses.

2011 was another year of new developments and numerous product launches. We developed various basic models for the global market that could then be adapted to meet country-specific requirements thanks to numerous modular variants. Our new innovations enabled us to further consolidate our position as a technology leader in the R&D-intensive light equipment area. We launched 34 new products and product variants in the light equipment segment worldwide. In the compact equipment segment, we unveiled 12 new products and product variants. Designed to the same high standards of quality, our new and enhanced products are more cost efficient to use.

New peak performance from light equipment

Much of our light equipment is subject to particularly high stresses. R&D activities for these products focus on ensuring high-quality, robust design, shorter downtimes and longer maintenance intervals. Our aim here is to keep lifecycle costs as low as possible while ensuring highest productivity levels for our customers.

This was also the inspiration behind the DPU 100-70Les. Developed by Wacker Neuson in 2011, it is one of the largest and most powerful walk-behind vibratory plates on the market. The forward and reverse speed of this new version of the DPU 100-70 can be continually adjusted at the touch of a button, enabling operators to compact surfaces right to the edge of borderline areas and carefully work on critical areas such as curb edges and areas bordering building walls or bridge supports.

We also optimized our RT 56 SC-2 and RT 82 SC-2 rollers to increase time between maintenance intervals. The new permanent lubrication system enables the machines to be used for longer periods of time, making them more economically efficient. We have also added a more robust exciter motor to further improve the rollers' long-term performance. These models are equipped with remote control so they can be used without exposing the operator to hazardous vibrations, exhaust emissions and dust. A low center of gravity plus a twist-proof articulated joint prevent these extremely maneuverable machines from tipping over, even on very steep inclines, enabling particularly fast, seamless compaction results.

New launches and innovations in the compact equipment segment

In October 2011, Wacker Neuson unveiled a new range of track dumpers, the new DT series. With bucket capacities ranging from 0.5 to 2.5 tons, the new models take the portfolio up to five payload classes. The machines are available in diesel or gasoline variants and can be ordered with a wide range of attachments. The track dumper series is designed for loading and unloading and for use in difficult terrain (with gradients of up to 62 percent). They are also ideal for sensitive surfaces, in particular for the construction of golf courses and sports grounds as well as for gardens and landscaping work. The outstanding maneuverability and compact footprint of DT series track dumpers also makes them ideal for work in very cramped conditions, for example interior reconstruction or demolition work in buildings.

Wacker Neuson's compact equipment innovations set standards worldwide.

The company was the first to develop an intelligent solution that enables excavator operators to work efficiently on uneven terrain. The Vertical Digging System (VDS) allows the superstructure of an excavator to be continuously tilted by up to 15°, compensating for slopes of up to 27 percent at the touch of a button. It enables operators to work more accurately by allowing trenches to be cut vertically. The system speeds up excavation, transport and loading processes. It also makes them more cost efficient, ultimately raising efficiency levels by as much as 25 percent or so.

The first hydraulic quick-hitch system for excavators also came from Wacker Neuson. The Easy Lock system can be used to change attachments fast, without the operator having to leave the cab. This saves time for the operator and makes the excavator more versatile. We integrated this concept into a number of excavator models in various weight classes.

The ecospeed gearbox is another innovation that has made a name for itself on the market. Kramer Werke-GmbH was the first company to offer wheel loaders and telescopic handlers with this progressive high-speed gearbox. Developed in collaboration with Kramer, ecospeed enables operators to continuously accelerate from 0 to 40 km/h. It optimizes traction, minimizes fuel consumption and allows machines to be controlled with a great degree of accuracy.

Agricultural holdings of all sizes require particularly compact, maneuverable and powerful machines for a wide range of day-to-day tasks in stables and barns, and often in old, narrow structures. We developed our compact, Weidemann-branded T4512 telescopic handler specifically for these jobs. At Agritechnica 2011, we unveiled a new model in this market-proven compact telescopic handler family, the T4512 CC40. The new 40 hp (29.6 kW) handler's high-torque engine delivers even more maneuverability for all jobs in yards and stables.

Many larger agricultural holdings have secured a second source of income through biogas plants. Weidemann has launched a tele wheel loader tailored to this sector. The 4270 CX100 T is the perfect powerhouse for loading and filling jobs at biogas facilities.

Numerous awards underscore innovation leadership

In November 2011, Weidemann showcased its innovative strengths at Agritechnica in Hanover – the world's leading exhibition of agricultural machinery. One of the products on show was the Smart Handling/Vertical Lift driver assistance system for telescopic handlers, which was jointly developed by Weidemann, Kramer and the company's strategic partner Claas. This system saw off competition from over 300 other technologies to receive a silver medal from the panel of experts at the exhibition's renowned innovation competition. The new system is fitted in the telescopic handler T4512. Its key benefit is that it enables the telescopic arm to be lowered almost vertically, thus keeping the compact handler extremely stable.

The German Industry Innovation Award was held in Frankfurt in February 2012. The DPU 130 vibratory plate from Wacker Neuson upstaged competition from around 280 other innovations to win first place in the medium-sized company category. The award has been presented every year since 1980 by the Rhein-Main e. V. business club and is regarded as the most prestigious innovation award in the world. Wacker Neuson first unveiled the DPU 130 – a new addition to its soil and asphalt compaction portfolio – at the world's largest construction equipment trade fair, bauma 2010, in Munich. The machine is based on an entirely new concept comprising a split base plate with separate hydraulic controls. This gives the plate a unique degree of maneuverability, allowing it compact effectively from any position – whether stationary or cornering. It also enables operators to continuously adjust speed without impacting the machine's exceptional responsiveness. The vibratory plate thus delivers 30 percent more compaction performance than conventional plates on the market and, with an operating weight of just 1.2 tons, can easily do the job of a seven-ton roller. The innovative machine has thus resulted in qualifiable and quantifiable safety, performance and cost efficiency gains in the construction industry.

Shortly before receiving this accolade, the DPU 130 was also recognized in Austria. In January 2012, the Austrian construction magazine Baublatt Österreich named the DPU 130 winner in the Innovation of the Year 2012 category at its annual meeting for Austrian construction and construction equipment companies.

Half of product portfolio less than 5 years old

Innovation is the key to expanding our market shares worldwide. Wacker Neuson regards research and development (R&D) as crucial growth drivers and core elements of the Group's overall success. During the period under review, over 50 percent of revenue in the light equipment segment was generated by products that were launched within the last five years (previous year: 49 percent). "Newcomers" to the compact equipment offering accounted for around 50 percent of segment revenue (previous year: 60 percent). The company's decision to maintain R&D activities even during periods of fluctuating demand paid dividends here.

Over the last fiscal year, we filed a total of 44 new patents and utility models (previous year: 47). 39 patents and utility models were granted (previous year: 45). In total, Wacker Neuson owns 623 patents and utility models worldwide.

At EUR 21.9 million, R&D expenses for 2011 remained on par with the prior-year figure (previous year: EUR 22.3 million). Against the backdrop of strong revenue growth, the relative R&D ratio (R&D share of total revenue) came to 2.2 percent, a drop on the previous year's figure of 2.9 percent. During the period under review, we also capitalized expenses in the amount of EUR 7.0 million (previous year: EUR 4.4 million).

To successfully utilize third-party know-how during product development, we rely on the strengths of individual OEM (original equipment manufacturer) partnerships or develop forward-looking solutions in specific areas with our system suppliers. We only procure third-party services in exceptional cases. However, we do work closely with national and international universities and research institutes. This gives us access to the latest scientific insights in our areas of research.

Production and logistics

- Rising demand improves capacity utilization
- Innovative work model ensures flexibility
- New compact equipment factory triples production capacity

The Group currently has eight production facilities across the globe. We manufacture light equipment at Reichertshofen (Germany), Milwaukee, Norton Shores (both US) and Manila (Philippines). Cross-deliveries between the regional logistics centers provide a certain degree of natural currency hedging.

Compact equipment factories are located in Pfullendorf and Korbach (both Germany) and Linz (Austria). We also manufacture components in Kragujevac (Serbia). We have expanded and upgraded production capacity in Pfullendorf (Kramer Allrad) and Korbach (Weidemann) in recent years, equipping our facilities here with cutting-edge technologies.

We are currently building one of Europe's most modern, efficient production facilities for compact equipment in the Austrian town of Hörsching. The new plant will triple Wacker Neuson's production capacity for compact equipment. We will be relocating to this new site in the first half of 2012. The entire production facility from the neighboring plant in Linz will be moved to Hörsching once the new plant is complete. The new facility reflects our commitment to Austria's position as a manufacturing hub. Our plant in Serbia supplies our compact equipment production sites with premanufactured steel components, thus optimizing production processes and reducing our dependence on suppliers.

Most of our sites also have sufficient additional space for easy, cost-effective expansion. The Group has therefore laid the foundations for further growth.

Closer collaboration with suppliers reduces delivery times

Early in 2011, all of our production facilities increased inventory and advance orders with suppliers, while at the same time optimizing production processes. The Group benefited greatly from these measures. Similar to the automotive industry, we rely on premanufactured parts that involve their own complex supply chains before they get to us. This especially applies to the manufacture of compact equipment. To further improve our ability to deliver in future, we jointly developed forward-looking solutions with our business partners and suppliers. The upswing in demand during the period under review improved capacity utilization at our production facilities.

The delivery timeframe for almost all of our product groups in our light equipment offering – which is less dependent on supplier markets thanks to a high degree of vertical integration – remained between 24 and 48 hours in 2011. Due to strong demand, delivery times for compact equipment are currently between one and three months, in line with our industry peers.

Improved capacity utilization at all plants

The upswing in demand improved capacity utilization at our production facilities in 2011. During the course of the year, we aligned manpower capacity with the rising order intake. We also utilized existing flexitime options. Our forward-looking increase in capacity puts us in a prime position to capitalize on further growth opportunities in coming years.

Production of mid-price light equipment products for Asia

Wacker Neuson has been present in the Asian market for many years and has a number of affiliates there. As part of our strategy for this region, we intend to launch products targeted at the mid-price segment to flank our premium-price offerings. This particularly applies to the Chinese market. We have developed competitive light equipment products, the majority of which are manufactured at our site in Manila (Philippines). Here we have adopted a two-shift production model, which will enable us to manufacture larger volumes. We increasingly source premanufactured parts locally for the equipment manufactured here. We will be presenting the new products to a wide audience in Shanghai at the bauma China 2012 construction trade fair, in November.

Ongoing improvements to production and logistics processes

We have also implemented a variety of measures to streamline production processes and make them more customer-centric. In addition to investing in a powerful machinery pool, we reorganized production structures, material flows and intralogistics across the Group. Our optimization efforts here included the expansion of light equipment production in Milwaukee (US). In the future, we plan to manufacture additional roller models and other products at this site.

Smooth logistics

Compact equipment is usually delivered straight from the respective production sites. For light equipment, spare parts and attachment deliveries, however, the Wacker Neuson Group uses a number of logistics centers located in Karlsfeld (Germany), Germantown (Milwaukee, US) and Hong Kong (China). The Group has an efficient planning system in place within the logistics centers – complemented by the high flexibility of our production facilities. In 2011, attention again focused on improving parts and product availability.

Sustainability and quality

- Increased awareness surrounding sustainability
- Focus on ergonomics and safety
- Certified quality management system

As a global player, Wacker Neuson takes its responsibility to society and the environment very seriously. Our main focus is on sustainable growth rather than short-term gains. Environmental protection is a key issue with every new product we develop and facility we invest in. Our designers and production planners face the challenge of creating the optimum balance between product quality, fast, cost-effective production, energy efficiency, environmental protection and health and safety. Over the past year, we implemented various measures to raise environmental protection levels and to protect the health of our employees.

Committed to the environment

In recent years, Wacker Neuson has progressively raised awareness in the company surrounding the importance of sustainability in our business dealings. Sustainability is a particularly important issue in product development. Which is why we choose environmentally friendly materials wherever possible and factor end-of-life recycling options into our product design.

As a manufacturer of light and compact equipment, we are subject to a wide range of national and international regulations aimed at protecting users and the environment. We therefore comply with water and soil laws just as meticulously as we comply with emissions regulations.

User safety is always a top priority at Wacker Neuson. Product ergonomics and the reduction of noise and vibration-induced impact for users are just some of the areas we focus on here. Our ultimate objective is to deliver products that go above and beyond legal regulations.

Our products are designed for durability and low maintenance – despite being typically deployed under harsh conditions. We strive to reduce environmental impact by using appropriate materials and ensuring low exhaust emissions. This reflects our commitment to both customers and the environment.

Energy balance: Improved climate protection and greater conservation of resources

We regularly arrange audits to identify areas within our company offering scope for energy efficiency gains. This includes improving energy management features on our light and compact equipment – which means users release less carbon dioxide (CO_2). We are also committed to managing energy more efficiently in our own buildings and fleet in order to permanently reduce CO_2 emissions. In the coming years, we will be raising our game here by improving compact equipment environmental performance as we implement new exhaust emissions regulations.

Implementing the latest sustainable production techniques

In the production of our equipment, we use lighter, higher-grade steel wherever possible and appropriate in order to reduce machine weight. This can help to reduce fuel consumption and CO_2 emissions.

The new plants we constructed in the past five years in Korbach, Pfullendorf (both Germany), Manila (Philippines) and Norton Shores (US) have all been designed with optimized building management systems. Pfullendorf takes the lead here, with highlights including solar panels to heat running water, wastewater treatment, rainwater recycling, heat recovery and structural HVAC. Furthermore, an intelligent light management system automatically adapts indoor hall lighting. The new plant in Hörsching is also being built in line with the latest architectural developments and will feature high-quality, energy-saving insulation technology, biological water treatment, solar energy to heat running water and heat recovery.

We use a special coating on our machines to protect them against the elements and rust. Our Korbach and Reichertshofen production facilities use a special, high-quality powder coating. Eco-friendly, water-based coatings ensure a high-quality finish on certain machine parts from Reichertshofen and Pfullendorf.

Since January 2009, we have been sourcing environmentally friendly electricity for three of our sites, including Munich.

New Group headquarters raises the bar in environmental protection

The Group's headquarters also integrates the latest technological and energy-efficiency innovations. The highly efficient, insulated building uses district heating, which reduces primary energy consumption by up to 70 percent compared with conventional gas heating. Thanks to high-quality building insulation, the heat loss ratings of our buildings are around 40 percent below the permitted thresholds. An extensive green roof development provides further insulation. The majority of offices are naturally ventilated. Where ventilation systems are unavoidable, the heat from the outlet air is captured and reused. On hot days, employees do not need to use air conditioning. Rooms are cooled via ceiling panels without the need for mechanical circulation. Groundwater from the company's own spring is used for cooling. Heating and cooling can be set individually in every room. We estimate that this will generate energy savings of 90 percent compared with conventional air conditioning systems. The ecological, economic and technological footprint of our Group headquarters thus ensures a healthy, pleasant working environment for employees.

Careful handling of environmentally hazardous waste

Our employees across the globe are trained to handle hazardous waste carefully and are highly sensitive to the associated dangers. Regulations on this key area are embedded in Group guidelines and the quality management handbook.

Recycling and reuse have priority over disposal at all times. We use Europe-wide standardized waste codes to categorize hazardous waste. Paint, grinding and oil sludge are collected separately from production processes to be filtered and reused, where possible, or appropriately disposed of. For some time now, we have been using an electronic management system at our German sites to ensure standardized documentation of all hazardous waste at these facilities. The information on waste treatment can then be processed and evaluated efficiently. In this way, we are gradually raising sustainability levels across the entire company.

Injury and accident prevention

In 2011, we again held regular safety briefings and occupational safety training courses for employees to minimize the risk of accidents and injury. These included seminars on correct loading and securing procedures, training sessions for safety officers and special courses for specific machines. Where necessary, we also carry out regular supplementary audits for specific processes to assess whether the workplace is safe, tidy and clean. During the period under review, we equipped additional workplaces according to ergonomic criteria.

Responsibility beyond company walls

In 2011, we remained engaged in a variety of voluntary initiatives to the benefit of our employees. Wacker Neuson is a family business in the truest sense of the word. For us, responsibility doesn't stop at company walls. During the period under review, we remained committed to looking after our employees. The Curt Wacker Memorial Foundation, for example, helps individual employees in hardship. Our Hermann Wacker Innovation Award is presented each year in acknowledgement of excellent creative employee achievements and ideas that deliver lasting benefit to the company. Please refer to the "Human resources" section for further information. → p. 74

Quality management system confirmed by audit

Long service life and high reliability, ease of operation and repair, low operating costs and compliance with the highest safety standards are key benchmarks of our product quality. To ensure we always meet our own high standards, our commitment to quality is hardwired throughout the entire organization and we are continuously on the lookout for areas offering scope for improvement. In 2011, we further optimized our Group-wide quality management system. A significant share of our 2011 investment funds, for example, was used to purchase state of-the-art, dedicated measurement technology to enable us to meet the exacting quality demands we place on our existing portfolio and new products.

The processes and indicators covered by our quality management system are documented and certified to ISO 9001. Our quality management system covers our Group headquarters in Munich, the production plants in Reichertshofen, Pfullendorf, Korbach (all Germany), Linz (Austria), Norton Shores and Milwaukee (both US) as well as our logistics center in Karlsfeld (Germany) and all sales regions in Germany. In 2011, external audits reconfirmed that our quality management system is comprehensive and effective. At the start of this year, the production and logistics company under the umbrella of US Group member Wacker Neuson Corporation was successfully certified to ISO 9001. Under the umbrella of quality management, for example, quality indicators are reported on a monthly basis for the products from all locations. These are used to strengthen quality by identifying scope for improvement. Quality management officers continuously monitor the implementation of improvements in operational processes.

Purchasing

- Forward-looking planning reduces the impact of price fluctuations
- Closer ties with suppliers
- Lead buyer concept successfully established

Reacting to price fluctuations in procurement markets

Under the cost of sales, the cost of materials and third-party services constitute the largest cost factors for the Group. To manufacture its products, Wacker Neuson requires various components and raw materials – particularly steel, aluminum and copper. We also require structural steel components and precast parts as well as hydraulic and chassis components. To meet projected future demands, Wacker Neuson concluded flexible agreements for raw materials with its main suppliers in recent years.

In the first half of 2011, the healthy economic climate raised prices for raw materials, especially for steel. This trend slackened in the second half of the year. Currency fluctuations between the euro and yen were felt in the compact equipment segment as prices for diesel engines and hydraulic components from Japan rose. Additional costs incurred since the start of the year were passed on to the market via an average 3-percent increase in the price of light equipment, compact equipment and spare parts. The company was able to do this as it had not raised the price of any of its products for over two years.

Earthquake and nuclear crisis in Japan

On March 11, 2011, Japan was hit by a powerful earthquake. This triggered a tsunami, which devastated the country's eastern coast. It also caused major disruptions at Japanese nuclear power plants. Our suppliers' facilities were not directly affected due to their location. This natural and environmental tragedy therefore did not have a negative impact on our delivery capabilities.

Lead buyer concept optimizes procurement prices

For some time now, we have been operating a lead buyer concept at our production locations in Linz (Austria), Pfullendorf and Korbach (both Germany). Consolidating the procurement of identical or similar parts in this way has enabled us to negotiate more attractive purchasing terms.

Globalization is still the predominant trend in procurement. Choosing the right procurement markets is becoming an increasingly important factor to secure Wacker Neuson's competitive position. We have therefore established procurement offices across the globe, for example in Shanghai. Our aim here is to focus on promising key suppliers and incorporate them at an early stage in our development and production processes.

We will continue to align our procurement, production and logistics processes more closely in the future in order to optimize the entire supply chain and minimize dependency on individual suppliers.

Human resources

- New hires due to rising demand
- Emphasis on training for young people
- Employee campaign promotes corporate values

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

Positive business development fuels increase in manpower capacity

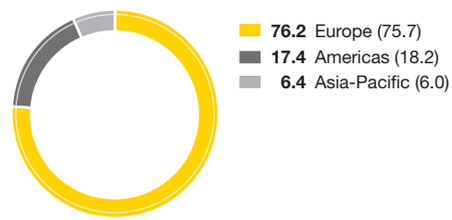
The company's commitment to retaining manpower capacity during the recent economic crisis, particularly in sales and R&D, paid dividends in the growth years 2010 and 2011. As the economy recovered, the global know-how of our employees enabled us to pursue our growth strategy and quickly return to pre-crisis revenue levels.

Continued strong company performance meant that we only needed to increase headcount by 12 percent in 2011 to manage a 31-percent rise in revenue. New hires were made in all regions. These were particularly concentrated in manufacturing due to the positive order situation.

At December 31, 2011, the Group employed a total of 3,514 people (previous year: 3,142). These figures are calculated by converting the number of people working for the Group into full-time jobs. They do not include temporary staff.

Within the Wacker Neuson Group, 2,676 (76.2 percent) of all employees were based in Europe at the balance sheet date (previous year: 2,379). 612 were employed in the Americas region (previous year: 573) and 226 in the Asia-Pacific region (previous year: 190). In Germany, headcount came to 1,612 at the close of 2011 (previous year: 1,505), and the number employed in the US was 534 at the end of the year (previous year: 496). Personnel costs totaled EUR 203.2 million (previous year: EUR 183.1 million).

Headcount by region
as a % (previous year)

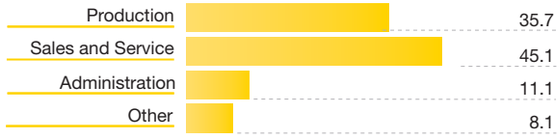


HR marketing and talent development intensified

Qualified professional training gives young people a good and motivating start to their professional lives. In 2011, we provided training for 119 young people in industrial, technical or business posts at our production sites and German sales and service stations (previous year: 118). We also offered opportunities

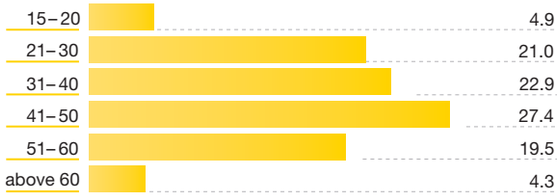
Employees by sector

as a %



Age structure

number of employees as a %



Human resources figures[1]

	Dec. 31, 2011	Dec. 31, 2010
Part-time employees as a %	3.3	3.5
Number of trainees	119	118
Quota of trainees as a %	4.2	4.7
Expenses for personnel development in €	approx. 520,000	approx. 660,000
Average age in years	40.4	41.1
Number of men (proportion as a %)	2,359 (83.7)	2,084 (83.4)
Number of women (proportion as a %)	459 (16.3)	414 (16.6)
Number of years with the company	11.3	12.1
Fluctuation as a %	6.8	8.6
Sickness rate as a %	2.9	2.7

[1] Figures only based on 77 percent of total workforce (previous year: 72 percent).

within the framework of practical training programs flanked by studies at technical or vocational colleges. Our training philosophy centers on providing experience in a wide range of disciplines, assigning individual areas of responsibility and ensuring intensive, one-to-one trainee support. The student training quota for the Wacker Neuson Group over the last fiscal year was 4.2 percent worldwide (previous year: 4.7 percent). In 2011, 43 trainees completed their training (previous year: 45), with 38 of these offered positions in the company (previous year: 31), a take-up rate of 88.4 percent (previous year: 68.9 percent). In Manila, we trained seven young people along the same lines as the German dual training system.

We were able to attract qualified graduates to our company by attending renowned career fairs. In order to bring this talent to the Group, we intend to focus more on recruiting networks and further strengthen links with technical colleges and universities.

We also gave young people interesting insights into Wacker Neuson by increasing the number of internships across the entire Group. Furthermore, we assigned challenging diploma thesis topics in 2011 and implemented trainee programs aimed at systematically supporting qualified graduates.

Training and voluntary benefits

The Wacker Neuson Group has always placed great importance on ongoing employee development and continues to do so. In 2011, technology, languages and IT systems such as SAP applications were core subjects of our internal training curriculum. The number of courses held at the Wacker Neuson Academy in Reichertshofen rose to 345 (previous year: 273). 4,374 employees from our company and increasingly from our customers completed these courses (previous year: 3,341). Wacker Neuson also plans to make its sales organization more customer-centric by aligning it more closely with user processes and market requirements in the future. In 2012, we will therefore continue to train and develop our employees in specific areas, particularly in sales.

Total staff development expenditure in our most important Group members (around 77 percent of all employees) came to around EUR 0.52 million in 2011 (previous year: EUR 0.66 million).

We again offered our employees in Germany numerous voluntary benefits in 2011. At the start of 2012, we extended our employer-funded company pension plan to the entire German workforce. The Group is committed to ensuring a healthy work/life balance for employees and continues to develop suitable work models to this end.

Number of employees (Group)[1] as of December 31

2011	2010	2009	2008	2007[2]	2006	2005[3]
3,514	3,142	3,059	3,665	3,659	2,837	2,630

[1] By number of full-time jobs.
[2] Through the merger with Neuson Kramer.
[3] Through Weidemann acquisition.

General collective wage negotiations did not take place in Germany in 2011.

Values based on individual responsibility

Our corporate values helped guide us in the realignment of the Group's goals and strategies. Quality, innovation, character and performance – the typical values of a family-run business – have always steered the way Wacker Neuson does business, placing the customer at the heart of everything we do. These values epitomize our approach to business and shape our employees' actions each and every day. They embody our responsibility towards the environment and society. Within the framework of a global values campaign, our employees had the opportunity to focus on our corporate values and consider their significance in their daily working lives. The campaign was translated into twelve languages and was well received across the board. Many employees took an active role in the campaign, providing us with feedback and quotes.

Process optimization

Continuous process optimization and structural evaluation are an integral part of our organizational development process. At Wacker Neuson, all employees – management included – see change as an opportunity. As part of our global SAP roll-out, for example, we also migrated the HR departments of our largest European affiliates as well as all European production sites to a uniform SAP platform at the beginning of 2012. The move will enable the Wacker Neuson Group to continually optimize its processes in this area as well.

Sales, customers and marketing

- Successful marketing of compact equipment via existing sales network
- Prominent appearances at industry trade fairs
- Sales structures adapted to country-specific market structures

For many years now, Wacker Neuson has been successfully harnessing the synergies of its existing sales network for light equipment to also distribute compact equipment. In 2011, this resulted in a significant rise in demand for compact machines.

Prominent appearances at industry trade fairs

During the period under review, the Group again presented its portfolio at numerous trade fairs within and beyond Germany. Our high-quality, innovative product offerings from the Wacker Neuson, Kramer Allrad and Weidemann brands were very well received at all of these events. At exhibitions and fairs, we adopted a hands-on approach and invited visitors to experience the benefits of our products. In 2011, this again brought large numbers of visitors to our stands. In March 2011 we appeared at ConExpo in Las Vegas (US) – just one of the larger exhibitions we attended during the year.

We were also present at smaller, equally successful trade fairs and presentations, in Switzerland, Germany, Poland, Sweden, Spain, Italy, Turkey and India. Events of this kind – with on-site product demonstrations – are crucial for the Group as they enable visitors to discover the quality of our products first-hand. All of our trade fairs were a resounding success, drawing a steady stream of visitors and fuelling very successful discussions with our customers.

Weidemann GmbH exhibited its products at numerous agricultural trade fairs in Europe, including the world's largest agricultural technology trade fair in Hanover, Agritechnica 2011.

2011 saw us launch the "Wacker Neuson Trailer", a mobile stand designed to ensure a uniform look and feel for different Group members when they attend small to medium-size trade fairs and exhibitions. The Wacker Neuson Trailer was featured at a number of events last year, including the opening ceremony and customer event at the new Group headquarters in Munich in October.

Award for stand at leading construction industry exhibition bauma

In 2011, Wacker Neuson received Austria's premier award in event marketing, the "Austrian Event Award 2011", for its stand and activities at bauma 2010. The jury rated a number of criteria, including the Group's strategic creative concept, marketing integration and execution, the goals that the Group defined, success in meeting these goals and the overall impression. Wacker Neuson secured the sought-after prize thanks to its impressive stand, which covered an area of 5,800 m^2 and included a stationary exhibition area plus a demo site, a temporary, glass-fronted exhibition hall, office and meeting space, information points, a restaurant area and visitor reception. Our merchandising shop, which sold scale models of our construction equipment, proved a particular hit with visitors, allowing many of them to take a Wacker Neuson memento home with them from bauma 2010.

Expansion of global sales network

Our corporate culture enables us to create a decentralized organization that reacts with greater speed and less bureaucracy to customer needs. We align our sales structures

with local market dynamics and use three models to distribute our products: firstly, a direct sales channel to end customers; secondly, a global dealer network; and thirdly, a combination of the two. We also deliver products to major accounts and rental chains directly from our production sites. In January 2012, United Rentals, the largest rental chain in the US, recognized our efforts here, presenting Wacker Neuson with the "Supplier of the Year Award 2011". The prize recognizes outstanding quality, logistics and service – attributes that United Rentals employees rated highly for Wacker Neuson in a survey for North America.

Diverse customer base

Diversification is becoming an increasingly important aspect of sales. Today, the Group's customer base comprises companies of varying sizes across a wide range of industries. Our customer base in 2011 again included construction companies (public and private enterprises), gardening and landscaping firms, municipal bodies, companies from the industrial and agricultural sectors, professional rental firms and specialist dealers. We generated around 14 percent of worldwide revenue during the past fiscal year with our ten largest accounts (previous year: 11 percent). This does not include sales made within the framework of our strategic partnerships. We are therefore not dependent on individual customers to any significant degree.

Individualized solutions and customer-centric strategy

During the period under review, our sales and service teams focused on customer acquisition, promotional measures and attractive financing models via external service providers. We also offered our customers individualized sales and service solutions tailored to their needs and held various specialist seminars in our Reichertshofen (Germany) and Menomonee Falls (US) training centers. These were targeted at the company's sales and service teams as well as at customers and other interested parties looking for information on how to put our products and services to the best possible use and maximize process efficiencies. The company also held a number of training courses in Spain, France, Italy, Poland and Australia as part of its sales support concept for compact equipment.

IX. Risk report

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 also 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) 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 – as a precautionary measure pursuant to Section 175 (2) of the German Stock Corporation Act (AktG) in the version outlining modernization of German accounting rules (Bilanzrechtsmodernisierungsgesetz).

General

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 2011, the Wacker Neuson Group continued to implement its risk management system as a key steering tool for business decisions and processes. 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.

The risk management handbook outlines the Group's goals, its 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 us 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. As such, the control processes deployed in our

company 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 more

[1] Risk exposure = (probability/100) x impact.

Our risk reporting system lists and describes each individual risk identified in our business segments. We examine the situation every quarter and add newly identified risks if necessary. The Group controlling department consults the departments at Group headquarters and the affiliates to do so. Following completeness and plausibility checks, the data gathered is aggregated.

The Group's comprehensive risk management system includes systematic financial risk management. We have defined Group guidelines and policies 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. We then assess the risks using both quantitative and qualitative methods that are uniform throughout the Group, allowing comparison across the various business segments. The risks are evaluated according to probability of occurrence and potential damages.

Risk probability

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

Key features of our 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 internal control system, the risk management 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 company's risk hedging positions (hedging relationships).

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

- The individuals/units responsible for accounting processes are clearly defined at company and Group level. Responsibility has been vested in the accounting, controlling, auditing and treasury departments. Ultimate responsibility lies with the Executive Board. Within accounting, we clearly differentiate between booking and auditing financial data.
- Employees involved in accounting are qualified to the highest standards.
- We have suitable systems and processes in place for planning, reporting, controlling and risk management, and implement 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.
- Procedural guidelines, such as the Group-wide accounting manual, rating guide and list of processes subject to second sign-off, are documented in writing and accessible at all times to all Group employees. These guidelines guarantee uniform handling of specific scenarios throughout the entire Group. We update them as required and align them with new circumstances and requirements.
- Proven standard software supports accounting functions, and all systems deployed are secured against unauthorized access from third parties.

- Line managers double-check sample bookings. Similarly, regular built-in electronic checks and plausibility checks help ensure data integrity. Effective controls (including second sign-off, analytical checks) are in place for all accounting-related processes (payment runs, for example).
- Accounting-related processes are also regularly checked by internal auditing.
- Various internal bodies, such as the auditing department or the auditing 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 our internal control and risk management systems in relation to accounting is to ensure that all company 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 our 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 company guidelines, and that these figures are rapidly and correctly recognized in the accounts. Our risk management strategy enables us 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 our stakeholders with reliable, meaningful and timely information.

Risks

As of December 31, 2011, the company identified the following significant risks to the Wacker Neuson Group that could have a negative impact on business development:

Environment and industry risks (risks related to the overall economic situation, the industry, locations and countries as well as other sales risks)

At 51 percent, environment and industry risks account for the largest share of overall risks (previous year: 49 percent).

The Wacker Neuson Group is dependent on the general economic climate and international construction industry trends. The affiliates Weidemann GmbH, Kramer-Werke GmbH and Wacker Neuson Linz GmbH are dependent on developments in the agricultural industry.

There is an underlying risk that an economic downturn could again negatively impact our core US and European markets. A slowdown in the construction industry could depress light and compact equipment sales and this drop in demand could squeeze Wacker Neuson Group profitability. The debt situation in a number of European countries could lead to the delay or cancellation of government-financed construction and infrastructure projects. We are countering these risks by diversifying sales across industries and regions. From an organizational perspective, we are also implementing flexible work and production models that enable us to absorb capacity fluctuations. Wacker Neuson is countering the risk of a market slowdown by continuously monitoring key leading indicators that will enable it to implement appropriate countermeasures in good time. The Group's commitment to increasing its presence in established markets, expanding into targeted new markets and launching new products should offset fluctuations in demand at country level.

The German, Austrian and Swiss markets account for a sizeable chunk of consolidated earnings. Unfavorable market dynamics in these three countries could have a disproportionately high impact on consolidated earnings in 2011. We are countering this risk with proactive, flexible go-to-market strategies executed through a variety of clearly differentiated sales channels in Germany, Austria and Switzerland.

The Wacker Neuson Group is also affected by seasonal fluctuations. Sales may therefore fluctuate during the year.

The international nature of our business means our Group is exposed to a variety of national political and economic risks.

We face tough international competition. However, we are maintaining the price strategy accepted by our customers. We are countering the potential risk of losing market share as a result of this pricing policy by offering our customers attractive financing solutions and further strengthening our spare parts and service offerings.

The Group has also identified a risk resulting from variations in customer and supplier structures from one country to another. Within an individual country, the loss of a major customer (due to insolvency or market consolidation, for instance) can have a serious impact on demand for products and services from the affiliate concerned. We are countering this risk by proactively maintaining strong customer relationships and by demonstrating flexibility in working with our customers and partners.

Demand on the international market is becoming increasingly concentrated due to mergers among our customer base. Customer takeovers by financial investors are also possible here. This type of development can have a positive or negative impact on our unit sales and revenue, neither of which can be predicted at this stage. The Wacker Neuson Group is countering this risk through transparent yet flexible terms and conditions geared towards bolstering the market position of its customers, strong brands and comprehensive service offerings.

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

At around 25 percent, performance-related risks account for the second largest share of overall risks (previous year: 29 percent).

The Group requires raw materials to manufacture its products – particularly steel, aluminum, copper and crude oil. To produce machine components, we use structural steel elements, precast parts, as well as hydraulic and chassis components containing varying amounts of crude steel. The Wacker Neuson Group relies on on-time delivery of defect-free, premanufactured parts. As demand increases, there is a continued risk of supply or quality problems developing, which – in turn – could lead to delays in production and sales losses. Bottlenecks at suppliers could also increase the prices of premanufactured parts. The Group is countering this risk by maintaining close ties with key suppliers and ensuring they are always involved in the planning process. To secure the Group's ability to deliver, we are increasing inventory in specific areas and enhancing flexibility by converting some of the compact business to made-to-stock manufacturing in future.

Loss of a supplier (due to insolvency, for instance) can also impact our ability to deliver and therefore threaten individual sales targets. We are minimizing these risks through proactive go-to-market strategies, supplier communication and special standard agreements that secure our partners' delivery capabilities.

Increases in the price of raw materials, in particular for steel but also for other components, caused by the current increase in demand and exchange rate fluctuations can push up manufacturing costs for the Wacker Neuson Group. The Group is countering this risk through longer-term contracts and more flexible procurement strategies. We are maintaining regular contact with our business partners and suppliers to jointly develop forward-looking solutions.

In addition, we rely on delivered components and raw materials being free of defects and meeting the relevant specifications and quality standards. Defects in premanufactured parts can impact quality and slow production, which may ultimately delay product deliveries, possibly damaging our corporate and brand image. We are addressing this risk through close communication with our suppliers and extensive testing before and during integration of these items into our production flows. Our quality management system also incorporates our suppliers.

The Wacker Neuson Group depends on developing new products and bringing these to market in good time. It is essential that we comply with national and international laws and directives and factor these into product development. If this does not continue to happen, our competitive position and growth opportunities may be impaired. The Group's R&D department therefore continuously works to develop new products and enhance our existing portfolio, always aligning its activities with market demands and observing applicable regulations, laws and directives.

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

The financial risks are explained in the Notes to the Consolidated Financial Statements (items 23 and 30). → p. 129/138 Financial risks account for around 19 percent of overall risks (previous year: 12 percent).

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. We are reducing this risk through focused patent and intellectual property management. Our market-leading products are being copied – in particular by Chinese manufacturers – and this can distort sales. We are minimizing this risk by systematically enforcing our intellectual property rights, while also expanding our international sales and service network.

Warranties and product liability claims can result in claims for damages and injunctions. We are minimizing this risk by taking the greatest of care in the development and manufacture of our products on the one hand and, on the other, by drafting contracts carefully and ensuring they are properly enforced. The Group minimizes the risk of disputes with third parties over intellectual property rights through extensive prior investigations and research.

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

Strategic business risks (risks arising from business decisions, investments, entering new markets, launching new products and, acquiring and integrating new companies).

Although the impact of the following risks cannot be quantified, they are an important element in risk reporting.

We continue to expand our business segments as well as our sales and service network in line with our long-term strategy. This involves investments, which may not necessarily be recouped. Unforeseeable risks can also arise within individual projects and delay execution. We are countering these risks by adapting our execution strategy to current market dynamics, carefully examining all planned investments and possible imminent 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. We are establishing our compact equipment offering in Europe and the Americas. We have identified customer demand here. However, if our medium- to long-term expansion plans do not pan out as anticipated, or if we are unable to harmonize national sales channels due, for example, to lower than anticipated demand for our products in certain countries, there is still a risk that we might have to change or downscale our long-term growth strategies. We are countering this risk by regularly evaluating the success of our measures and by establishing a business development system.

We also consider and carefully assess alliances and acquisitions as a means of gaining market share and expanding our product portfolio. However, 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.

We have secured our strategic alliances with Claas (Harsewinkel, Germany) and Caterpillar (Peoria, USA) with long-term contracts. The Group is countering the risk of these OEM alliances being terminated through close collaboration, regular contact, the ongoing improvement of processes and product quality and appropriate contractual agreements.

Other risks (risks associated with human resources, IT and the environment)

The Group uses IT in numerous areas. Failure of these systems could negatively impact on our production and goods flow, for example, and lead to loss of revenue. The Group is countering this risk through IT backup strategies. We are pursuing a strict project management policy to counter risks that can occur during the implementation of global IT systems and to prevent additional costs.

Increasingly strict regulations governing noise, environmental and user protection can entail additional costs for the Wacker Neuson Group. The Group is countering this risk through active involvement in associations that may have an influence on new developments as well as through intensive research and development.

In light of current market developments, the Wacker Neuson Group is currently looking to recruit qualified mechanical engineers. The labor market may not meet our need for qualified staff. The Group is countering this risk with dedicated recruitment efforts, both at home and abroad. It also offers attractive remuneration schemes and interesting work opportunities promising a high degree of personal responsibility.

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

Compared with the previous fiscal year, the Group's risk exposure has dropped overall.

Viewed as a percentage of overall risks, our main risks lie in the environment and industry, performance-related and financial categories. Together, these three categories represent around 95 percent of total risks (previous year: 90 percent).

We are not currently aware of any other significant risks to the Group. Furthermore, we have not identified any individual or collective risks to our 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 currently analyzed and evaluated by an external body such as a rating agency.

Distribution of risk
as a %

Risk category	Percentage share of total risk
Environment and industry risks	51
Performance-related risks	25
Financial risks[1]	19
Legal risks	1
Other risks	4

[1] The financial risks (risks associated with financial instruments, exchange rate and interest fluctuations, and financing) are explained in the Notes to the Consolidated Financial Statements (items 23 and 30).

Business opportunities

Opportunities relate to internal and external developments that can have a positive impact on the Group. The responsibility for identifying and managing opportunities in a timely manner is vested in committees rather than specific individuals. These committees 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, business developers plus senior employees from research and development, product management, quality management, sales and service, marketing, controlling, treasury and strategic procurement. Our decision-making process focuses on opportunities while at the same time taking the associated risks into account. In future, we intend to develop this committee system into a Group-wide, standardized opportunity management system. Selected potential opportunities for the Wacker Neuson Group are described in detail in the section "Opportunities and outlook".
→ p. 92

X. 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 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) of the HGB as well as the corresponding explanatory comments pursuant to Section 176 (1) Sentence 1 of the AktG.

Composition of subscribed capital

At December 31, 2011, the company's share capital amounted to EUR 70,140,000 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 Article 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. Unless otherwise specified in the SE Regulation, the provisions of the AktG apply to Wacker Neuson SE in accordance with Section 9 (1) letter c) ii), Section 10 of Council Regulation (EC) No 2157/2001 of October 8, 2001 on the Statute for a European company (SE) (referred to as SE statute in the following).

Restrictions affecting voting rights or the transfer of shares

Information on the pool agreement

There is a pool agreement between some shareholders and companies of the Wacker family on the one hand, and companies and shareholders of Neuson on the other. 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 retained earnings, 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. The Neuson shareholders appoint two members to the Supervisory Board, and the Wacker shareholders appoint two further members to the Supervisory Board.

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 family 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 family 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 family 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 family 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 family members who are party to the pool agreement. In the case of a sale by a family member 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 family 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 family shareholder does not receive compensation in cash but in the form of the shares to which they are financially entitled. After May 14, 2012, each exiting family member can demand to receive their compensation in the form of the shares to which they are financially entitled.

Pool agreement between Lehner and Neuson shareholders

The Lehner shareholders have issued a Neuson shareholder with power of attorney with regard to the shares they acquired prior to the merger and during the merger between the company and Neuson Kramer Baumaschinen AG (now Wacker Neuson Beteiligungs GmbH). The Neuson shareholder is independently responsible for exercising these voting rights. He is not bound by any instructions, and will always exercise these in the same way as for the shares that he himself holds. These shares are thus subject to the provisions of the pool agreement mentioned above.

The Neuson shareholder has a preferential purchase right to buy these shares in the event of a transfer to entities other than the Neuson shareholder or to Lehner shareholders.

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
Christian Wacker, Germany	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
Adolf Lehner, Austria	Indirect
Herta Lehner, Austria	Indirect

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 reciprocal pool agreement (see "Restrictions affecting voting rights or the transfer of shares" → p. 83). 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 disclosed in detail in the Notes to the Annual Financial Statements of Wacker Neuson SE under section "IV. 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.

Control mechanisms over voting rights if employees hold participating interests and 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 of the AktG. The Executive Board of Wacker Neuson SE must have at least two board members according to Article 6 (1) of the Articles of Incorporation of Wacker Neuson SE. The Supervisory Board otherwise determines the number of Executive Board members (Article 6 (2) Sentence 1 of the Articles of Incorporation). The Supervisory Board is 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 statute, Sections 84 and 85 of the AktG, Article 6 (2) Sentence 1 of the Articles of Incorporation). The Supervisory Board can appoint a CEO, a Deputy CEO and a Spokesperson for the Executive Board (Article 6 (2) Sentence 2 of the Articles of Incorporation). A CEO and Deputy CEO have been appointed.

Sections 179 ff of the AktG must be observed in the event of changes to the Articles of Incorporation. The AGM resolves on changes to the Articles of Incorporation (Sections 119 (1) No. 5 and 179 (1) of the 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 statute). 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 statute). German legislation has instituted this option in Section 51 (1) of the law governing implementation of the SE in Germany. This does not apply to changes relating to the object/purpose of the company or relocation of the company seat. 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 law governing implementation of the SE in Germany). Accordingly, Article 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 of the AktG, Article 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 share

By a resolution passed at the AGM on May 26, 2011, the Executive Board is authorized, with the prior approval of the Supervisory Board, to acquire 7,014,000 treasury shares via the stock exchange by November 25, 2012. This acquisition may also be performed by one of the Group members 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 10 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) must 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 trading 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) of the AktG (Section 237 (3) No. 3 of the AktG). The Executive Board is authorized to change the number of shares in the Articles of Incorporation accordingly.

The Executive Board is authorized, with 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 as part of mergers or to acquire companies, participa-

ting interests in companies or parts of companies. The acquired treasury shares may also be sold to Executive Board members and members of executive bodies of associated companies within the framework of an executive profit-share model to be approved by the Supervisory Board. 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, with 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 5 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 of the AktG, and together with treasury shares already sold, must not exceed 10 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 I

According to Article 3 (3) of the Articles of Incorporation, the Executive Board is authorized to increase the company's share capital by April 12, 2012, with 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 1,000,000 (Authorized Capital I).

The statutory subscription rights of the shareholders shall be excluded:

- if employees of the company and its affiliates and executive bodies of affiliates (to the extent that these are not simultaneously members of the company's Executive Board) are offered shares at an issue price that is 15 percent lower than the issue price;
- in the case of fractional amounts;
- in other cases if the issue price of the new shares is not significantly below the listed price of company shares and the new shares issued subject to the exclusion of subscription rights do not exceed a total of 10 percent of the share capital, neither at the time the authorization takes effect, nor at the time of exercising. Shares must be added to the above 10 percent threshold if they were issued or are to be issued to service options or convertible bonds to the extent that the bonds are issued in corresponding application of Section 186 (3) Sentence 4 of the AktG subject to the exclusion of subscription rights; in addition, the sale of treasury shares is to be added if the sale was made as a result of a valid authorization to sell treasury shares that applied on the date that Authorized Capital I came into effect in corresponding application of Section 186 (3) Sentence 4 of the AktG subject to the exclusion of subscription rights

Subject to the approval of the Supervisory Board, the Executive Board also decides on the content of the respective share rights and the other conditions of the share issue including the issuing amount.

Authorized Capital II

According to Article 3 (4) of the Articles of Incorporation, the Executive Board is also authorized to increase the company's share capital by April 12, 2012, with the approval of the Supervisory Board, by issuing new, registered shares against contributions in kind, in full or in partial amounts, on one or several occasions, however at the most by a maximum of EUR 5,360,000 (Authorized Capital II).

The shareholders' statutory subscription rights are excluded in relation to granting shares against the contribution of companies and participating interests in companies or parts of companies to the company.

Subject to the approval of the Supervisory Board, the Executive Board also decides on the content of the respective share rights and the other conditions of the share issue including the issuing amount.

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. At the AGM in May 2012, the Executive Board intends to propose a new authorized capital option to replace Authorized Capitals I and II described above as these are set to expire in April 2012.

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.

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

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.

XI. Declaration on corporate governance according to Section 289a HGB

On March 9, 2012, 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 on the Wacker Neuson SE website at www.wackerneuson.com/declaration-on-corporategovernance.

XII. Remuneration framework

Information on the Executive Board

According to the Vorstandsvergütungs-Offenlegungsgesetz (German Executive Board Remuneration Disclosure Act), 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 again 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.

From fiscal 2011 onwards, the variable salary has been 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 year, as well as 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.

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.

The members of the Executive Board receive an old-age pension for life as part of the pension commitment upon reaching the age of 60 unless the employment relationship with the company was terminated for good cause attributable to the Executive Board member in question. 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 again these amounts payable.

Total remuneration for the Executive Board

Total remuneration for the Executive Board in the period under review amounted to EUR 3.6 million (previous year: EUR 6.2 million). The difference here is largely attributable to the departure of an Executive Board member (profit shares and bonuses) in 2010. Total remuneration for the Supervisory Board for the same period amounted to EUR 0.5 million (previous year: EUR 0.3 million). At the AGM on May 26, 2011, a resolution was again passed to refrain from itemizing this information in accordance with Section 285 (1) No. 9 a Sentences 5 to 9 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 Article 14 of the Articles of Incorporation. In line with this provision, the fixed remuneration for each individual member of the Supervisory Board amounts to EUR 20,000. The Chairman of the Supervisory Board receives twice this amount, and his/her Deputy receives 1½ times the fixed remuneration. Members of committees receive an additional remuneration, with the Chairman of each committee receiving twice the regular committee remuneration. In addition, the members of the Supervisory Board receive a meeting fee for each Supervisory Board meeting in which they participate.

The variable remuneration for the individual members of the Supervisory Board is based on the consolidated earnings after taxes. It is capped at 1½ 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. Meeting fees are added to the variable remuneration. 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. A proposal to adapt Supervisory Board remuneration will be made at the forthcoming AGM in May 2012. In the proposed new structure, fixed and function-related remuneration will be more heavily weighted than performance-related components. The Executive Board and Supervisory Board believe that this will better reflect the Supervisory Board's role and status as an independent monitoring body.

XIII. Supplementary report

On February 27, 2012, Wacker Neuson SE successfully placed a Schuldschein loan in the amount of EUR 120 million to secure liquidity and hedge interest rates. The loan is based on a fixed coupon and terms of five and seven years. The original amount of EUR 75 million issued by Wacker Neuson was oversubscribed by more than twice the initial offering during the subscription phase. This, combined with the fact that the transaction was subscribed at the lower end of the marketing range, prompted the company to increase the amount to EUR 120 million. The loan was placed with cooperative and savings banks, private banks and institutional investors. The funds from the Schuldschein loan are intended to redeem short-term operating lines of credit in the mid to long term. They also create headroom for further growth. High demand enabled the transaction to be subscribed at the lower end of the marketing range, with a coupon rate of 3.00 percent p.a. for the fixed five-year term and 3.66 percent p.a. for the seven-year term.

The resulting interest payments will only have a minor impact on earnings, financials and assets as the income generated was and will be used to redeem short-term lines as well as long-term borrowings due in 2012.

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

XIV. Opportunities and outlook

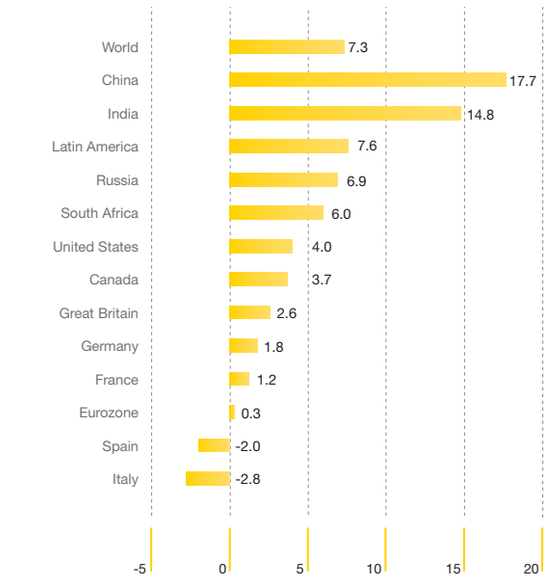
Overall economic outlook

- Global economy is growing
- Financial problems in certain eurozone members curb growth
- Germany remains driving force of European economy

Growth of global economy is powered by emerging markets

According to the IMF, the global economy is set to grow by 3.3 percent in 2012. China, India and other emerging countries in Asia are expected to continue expanding at a healthy rate. Those European economies that are well-positioned for exports to Asian markets will continue to profit from the dynamic growth in this region. Growth prospects in South America, too, remain promising. As for the United States, economic development remains on a solid footing.

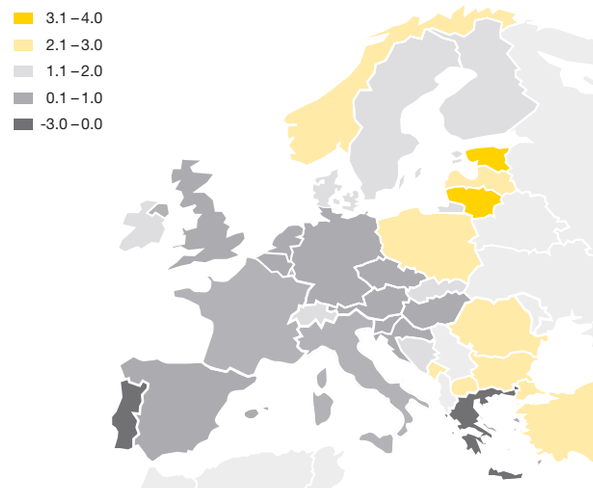
Cumulated world GDP growth 2012e–2013e



Source: IMF, WEO January 2012.

Economic experts agree that the debt crises in certain eurozone members represent the biggest threat to growth. A reluctance to invest because of the financial crisis would have a negative impact on the real economy. Indeed, the IMF believes that the eurozone economy will contract slightly this year by 0.5 percent – so precarious is the financial situation in several EU Member States. In Portugal, Spain, Italy, Greece, Hungary, the United Kingdom and Ireland in particular, restrictive fiscal policies are expected to put a damper on investments.

EU 27 gross domestic product in 2011
Rate of change in GDP (as a %)



Source: Eurostat, February 2012.

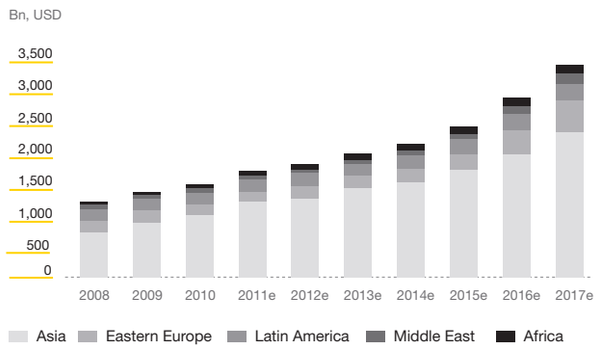
The German government forecasts domestic growth of around 1 percent this year, i.e. a significant slow-down compared with 2011, when a strong upturn of 3 percent was recorded. All the same, Germany should remain the driving force behind the European economy. Even this cautious growth prediction ultimately depends on stability being restored to the eurozone. The IMF forecast for Germany in 2012 is much lower, at just 0.3 percent. Accumulated over two years, Germany's economy is set to grow by 1.8 percent until 2013.

Outlook for construction and agricultural industries

- High demand for construction investments in emerging markets
- Regional differences across the European construction industry
- Bright prospects for European agricultural sector

Global demand for construction equipment is expected to rise. The emerging markets in particular will be investing heavily in their infrastructure in the coming years. China, India and Brazil will be leading the field here, but countries like Mexico, Argentina, South Africa and South Korea will also be pouring billions into a range of infrastructure projects, notably roads, airports and rail networks, utility services (energy, waste and water), public buildings like schools, universities and hospitals, telecommunication networks, etc. One upshot of this intense activity will be rising demand for construction equipment. This sector is set to grow worldwide by more than 4 percent every year from now until 2015 and this should keep demand for machinery and equipment at a high level.

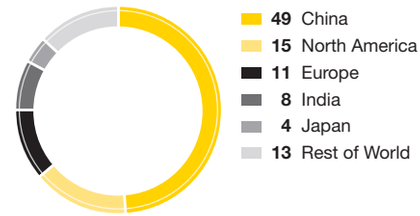
Spending on infrastructure in emerging markets 2008–2017e



Source: Morgan Stanley Research, World Bank, Global Insights e-Morgan Stanley Research incl. Real Estate.

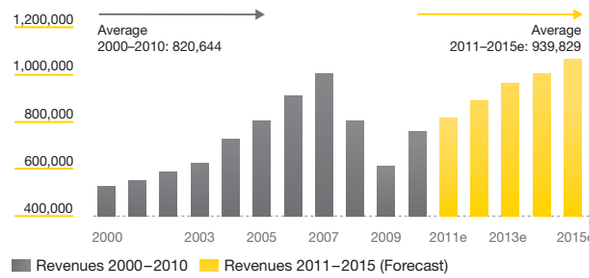
Looking at global sales figures for construction equipment, industry experts Off-Highway Research project that the peak figures from 2007 will not be matched until 2015. This time, however, rising demand for equipment will be accompanied by a clear shift towards emerging economies: China in particular – already the world's largest construction equipment market – will account for an above-average share of construction equipment sales in the medium to long term. Given the current relatively low levels of activity in India and Brazil, these countries are also expected to take a big leap forward. As for North America and Europe, the experts predict that further growth will be achieved, but it could take much longer to reach the peaks recorded in past years.

Regional breakdown of light equipment revenue
as a %



Source: Off-Highway Research, October 2011.

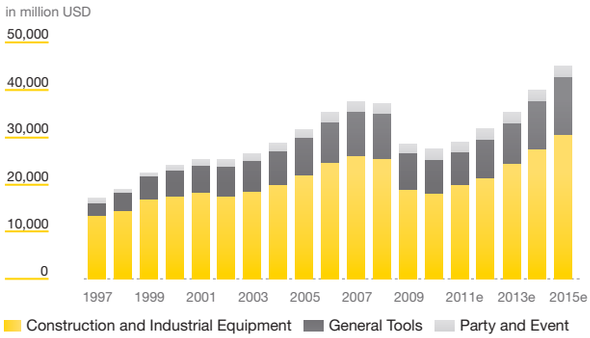
Global sales of construction equipment 2000-2015e
in units



Source: Off-Highway Research, October 2011.

Key leading indicators from the US real-estate market show early signs of recovery in the construction business. The American Rental Association (ARA) expects continued growth in the US rental market in 2012, reflecting the growing popularity of rentals. American construction equipment manufacturers are forecasting 11 percent growth in the US and 9 percent in Canada.

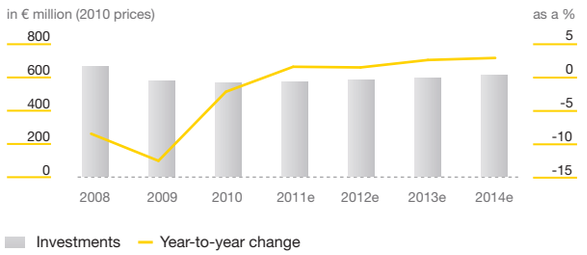
Total US equipment rental revenue



Source: Off-Highway Research, October 2011.

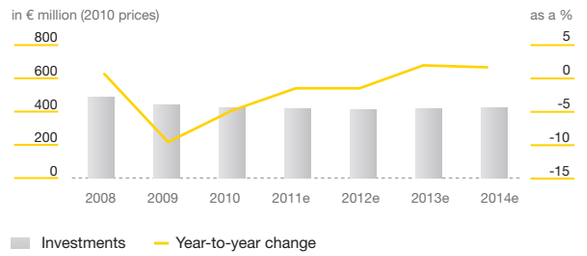
In Europe, future construction investment will be focused on road, rail and transport networks and on telecommunications. Other priorities include general renovation and modernization projects and measures to protect climate and environment. Somber economic outlooks could, however, dampen willingness to invest in construction equipment. Cuts in government spending are compounding this situation. The experts say that countries like Portugal, Spain and Ireland will continue to see a decline in construction activity. In Eastern Europe on the other hand, Euroconstruct predicts growth of 1.5 percent in this sector for 2012.

Residential construction output 2008–2014e (Euroconstruct countries)



Source: Euroconstruct, November 2011.

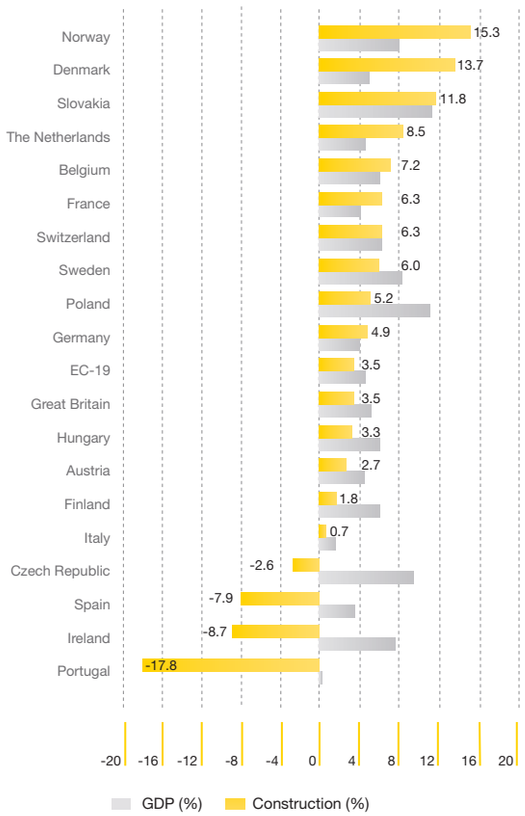
Non-residential construction output 2008–2014e (Euroconstruct countries)



Source: Euroconstruct, November 2011.

Meanwhile, according to the German Engineering Federation (VDMA), German construction materials and equipment manufacturers are optimistic for 2012. The Federation predicts that construction equipment manufacturers will achieve revenue growth of 5 percent this year on the back of an improved business climate in January.

Cumulated construction and economic growth (Europe) 2012e–2014e (3 years)



Source: Euroconstruct, November 2011.

Bright prospects for European agricultural sector

Experts remain optimistic about future prospects for agricultural technology and the European agricultural industry in general. The positive development of the global economy in 2011 is benefitting the agricultural sector. In addition, universal trends – such as the world's growing population and resulting increase in demand for foodstuffs – continue to have a positive effect on demand for agricultural equipment. The basic need for modern machines, particularly to work agricultural holdings efficiently, will continue to increase. Rising agricultural prices will bolster landholders' income – a factor which, in turn, should further fuel demand for Weidemann-branded equipment.

According to the VDMA, the latest CEMA business barometer (the umbrella organization for the European agricultural machinery industry) also gives rise to optimism. The index is published every month based on a representative survey of the industry and currently indicates a sharp upward trend. The appraisals made by participants are now similar to those made during the last boom phase in 2007 and 2008. Around 58 percent of respondents expect their total revenue for the coming six months to be up on the prior-year period.

Overarching opportunities fueling sales of compact equipment:

Global opportunities for the construction industry

- Infrastructure projects in Eastern Europe, the Americas and Asia-Pacific
- Effects of climate change and greater focus on environmental protection
- Expansion of telecom networks (including the broadband network)
- Expansion and modernization of road and rail networks
- Reconstruction projects (renovation, modernization)
- Increased need for housing – due to rising urbanization, for example
- Numerous economic action plans for infrastructure projects worldwide
- Recovery in the non-residential construction sector

Global opportunities for the agricultural industry

- Increasing global demand for foodstuffs and animal feed
- Trend towards biofuels and other renewable raw materials
- Structural shift towards fewer larger holdings (especially in Europe) with greater need for automation
- Increasing industrialization of the agricultural industry, also in developing countries

Overarching opportunities fueling sales of compact equipment

- Forward-looking strategies to capitalize on trends
- Internationalization, diversification, synergies
- Positive business development expected to continue

Wacker Neuson's strategy is geared towards lasting, profitable growth. As part of its 2011 strategic business planning process, management set out its targets for the next four years. This involved elaborating basic strategies and concrete measures for defined focus areas.

Over the next few years, the Wacker Neuson Group will be setting its main strategic focus on building and expanding its sales and service networks in markets like North America, but also in the emerging markets of South America and Asia. The company is aiming for greater penetration in its core markets (US and Europe) and above-average growth outside of Europe. Greater internationalization makes the Group more resilient to regional fluctuations. Our strong financial position and innovation leadership form a solid base for this growth strategy, as does the strong footing we have established in our core markets.

Our plans include maintaining our current customer and sales structure. In our core market of Europe, we will concentrate on expanding our market reach and building on our innovative strengths. By focusing more on user processes and market requirements, we aim to align European sales and distribution even more closely with customer needs and priorities.

Our diversification strategy has already shielded us to some extent against fluctuations in individual sectors. It also presents further opportunities for our sales affiliates as our varied range means that affiliates can offer an improved portfolio that is even more closely aligned with the specific needs of their customers as they move forward. We are diversifying specifically into areas in which Wacker Neuson is already active so we can capitalize on cross-selling potential within the Group.

These measures are designed to ensure that all our business segments achieve further growth.

- We aim to further expand our strong global position as a supplier of light equipment. The variety of our product portfolio will allow us to also gain a foothold in less developed markets. Requirements placed on light equipment can differ significantly from one country to another, and we see the greatest opportunities in emerging markets such as China, South America and India. In China, we are in the process of introducing selected light equipment models in the mid-market segment to strengthen our position in Asia.
- We continue to see growth opportunities for our compact equipment in Europe, the US and South America. To capitalize on this window, we will be focusing on expanding our dealer network. In South America, the degree of construction site mechanization remains low in many areas. The economic upturn will therefore lead to a greater demand for machinery in this region. We are also currently assessing the possibility of launching compact equipment in Asia.
- Also on the compact front, we have formed strategic alliances with Caterpillar and Claas to drive further growth potential in this segment.
- Agricultural machinery is another area we are targeting for international expansion.

Regional action items for Wacker Neuson

Americas

- Market penetration for light equipment
- Expansion of compact equipment segment
- Sales synergies (Cross selling)
- Above-average growth in South America

Europe

- Defend and expand market leadership
- Increase market share beyond Central Europe
- Expand agricultural offering for farmyards, stalls and pastures with the Weidemann brand
- Expand service offering

Asia-Pacific

- China: Strengthen premium segment position and enter middle market for light equipment
- Evaluate market entry for compact equipment

- Our strategy is based on strengthening our innovation and quality leadership. We will therefore continue to invest in research and development with the aim of further expanding our portfolio and reinforcing our position as a technology leader.
- We plan to expand our service portfolio in particular in the spare parts and repairs business in line with evolving customer requirements.

Group forecast

Double-digit revenue growth expected again in 2012

We remain optimistic for 2012 on the back of strong revenue growth in 2010 and 2011.

The new year got off to a very good start with a healthy order book for compact equipment in the first few weeks alone.

Assuming market trends remain positive, the Executive Board predicts overall revenue for fiscal 2012 of around EUR 1.1 billion and an EBITDA margin of at least 15 percent.

Future investment plans and cost trends

We intend to remain on our proven path, continuing to invest in profitable projects and building the business systematically across all regions and business segments.

For the current fiscal year, we have earmarked around EUR 100 million in total (2011: EUR 106 million) for investments. Our main priorities for 2012 will be construction of the new compact equipment manufacturing facilities in Hörsching and the expansion of our sales and service stations. We will also invest in renewal/maintenance measures in the coming year.

Since investments for 2012 will again exceed write-offs, we are expecting a negative free cash flow. Net financial debt will increase further in 2012. However, as things stand, we do not expect gearing to rise above 20 percent. The medium-term plan foresees lower annual investment.

We will continue to keep a careful eye on costs throughout 2012. We will adjust headcount, probably slightly upwards, to accommodate increases in demand during the year. We were able to reduce our break-even point (at EBIT level) from around EUR 750 million (2007) to EUR 600 million (2009). For 2012, the break-even point is around EUR 700 million, as we were able to make some long-term cost savings.

We can win new market shares and improve the reach of our products and brands by expanding our global sales network. These efforts will probably push our margins slightly down in the medium term. However, we view this as an investment in our future growth.

Overview

	2012e	2013e
Revenue	approx. € 1.1 billion	2-digit growth
EBITDA margin	at least 15%	at least 15%
Investments in property, plant and equipment	approx. € 100 million	approx. € 80 million

Future partnerships and acquisitions

With a view to enhancing our product portfolio and expanding our international footprint, we are planning further partnerships and acquisitions in the medium to long term. We aim to maintain our sound balance sheet structure with a high equity ratio.

Outlook to 2013

In 2013, we are also aiming for double-digit revenue growth and sustained high levels of profitability.

Summary forecast

We expect continued strong performance in fiscal 2012 and fiscal 2013.

The global trend towards infrastructure expansion and improvement offers great opportunities for our business model. Global investments in road, rail and telecommunication networks as well as the modernization of buildings is set to rise, fuelling demand for compact and light equipment.

An accelerated economic slowdown could squeeze Wacker Neuson's growth, but company management does not think this likely at present. The year has got off to a good start. Nonetheless, it must be borne in mind that the European construction industry is increasingly weak due to economic uncertainty and increased fiscal austerity in several countries. We are still optimistic, however, that our company is sufficiently diversified to weather these economic challenges.

Our financial position is already healthy with an equity ratio of around 75 percent and a low level of debt. Strong financials and assets will help to drive our company's growth over the next two years.

We want our shareholders to continue to share in the success of the Group. We therefore aim to maintain our sound dividend policy and plan to make yearly dividend payments to our shareholders provided our projections are accurate

Munich, March 9, 2012

Wacker Neuson SE, Munich

Executive Board

Cem Peksaglam
(CEO)

Martin Lehner
(Deputy CEO)

Günther C. Binder

Richard Mayer

Werner Schwind

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Consolidated Income Statement

For the period from January 1 through December 31

in € K	Notes	Jan. 1 – Dec. 31, 2011	Jan. 1 – Dec. 31, 2010
Revenue	(1)	991,561	757,926
Cost of sales[1]		-668,405	-518,475
Gross profit		**323,156**	**239,451**
Sales and service expenses		-139,501	-132,284
Research and development expenses		-21,944	-22,322
General administrative expenses		-60,559	-52,225
Other income[2]	(2)	29,615	7,496
Other expenses	(4)	-7,017	-3,416
Profit before interest and tax (EBIT)		**123,750**	**36,700**
Financial result	(5)	-3,441	-3,974
Profit before tax (EBT)		**120,309**	**32,726**
Taxes on income	(6)	-33,884	-8,098
Profit for the period before minority interests		**86,425**	**24,628**
Minority interests		**-595**	**-694**
Profit for the period		**85,830**	**23,934**
Earnings per share (in euros) (diluted and undiluted)	(7)	**1.22**	**0.34**

[1] Since 2011, expenses for service technicians are reported in the income statement under cost of sales. Previously, this cost factor was reported under sales and service expenses. This adjustment was made to report business activities more clearly under earnings. Expenses for service technicians incurred in 2011 amounted to EUR K 12,370. The equivalent figure from the previous year was adjusted by an amount of EUR K 11,594.

[2] In 2011: of which EUR K 10,798 for reversal of brand impairment.

Consolidated Total Profit/Loss for the Period

For the period from January 1 through December 31

in € K	Notes	Jan. 1 – Dec. 31, 2011	Jan. 1 – Dec. 31, 2010
Profit before minority interests		**86,425**	**24,628**
Items not recognized in profit/ loss for the period			
Exchange differences		1,038	17,777
Deconsolidation result		-1,108	-133
Securing cash flows:			
Profit/loss incurred in the current period	(23)	396	-32
Tax effects from items in total profit/loss for the period	(23)	-140	23
Items not recognized in profit/loss for the period after tax		**186**	**17,635**
Total profit/loss for the period before minority interests and after tax		**86,611**	**42,263**
Of which are attributable to:			
Shareholders in the parent company		86,016	41,569
Minority interests		595	694
Total profit/loss for the period after tax		**86,611**	**42,263**

Consolidated Balance Sheet

Balance at 31 December

in € K	Notes	Dec. 31, 2011	Dec. 31, 2010
Assets			
Property, plant and equipment	(8)	348,930	292,577
Investment property	(9)	21,277	17,191
Goodwill	(10)	237,509	236,550
Intangible assets	(10)	102,793	90,605
Other investments	(11)	2,000	5,478
Deferred taxes	(6)	20,706	17,220
Other non-current assets	(11)	8,917	14,282
Total non-current assets		**742,132**	**673,903**
Inventories	(12)	274,492	183,980
Trade receivables	(13)	158,358	121,487
Current tax receivables		2,488	1,133
Other current assets	(14)	18,281	12,457
Cash and cash equivalents	(15)	16,890	36,559
Non-current assets held for sale	(16)	698	698
Total current assets		**471,207**	**356,314**
Total assets		**1,213,339**	**1,030,217**

Equity and liabilities			
Subscribed capital	(17)	70,140	70,140
Other reserves	(17)	604,970	603,676
Net profit/loss	(17)	229,886	156,802
Equity before minority interests		**904,996**	**830,618**
Minority interests		**2,928**	**2,341**
Total equity		**907,924**	**832,959**
Long-term borrowings	(20)	15,261	32,218
Deferred taxes	(6)	30,713	23,957
Long-term provisions	(18) (19)	30,784	30,246
Total non-current liabilities		**76,758**	**86,421**
Trade payables	(21)	62,362	36,207
Short-term borrowings from banks	(20)	91,654	5,958
Current portion of long-term borrowings	(20)	421	12,109
Short-term provisions	(19)	15,151	12,317
Current tax payable		1,967	470
Other current liabilities	(22)	57,102	43,776
Total current liabilities		**228,657**	**110,837**
Total liabilities		**1,213,339**	**1,030,217**

Consolidated Statement of Change in Equity

Balance at December 31

in € K	Sub-scribed capital	Capital reserves	Exchange differences	Other neutral changes	Net profit/ loss	Equity before minority interests	Minority interests	Total equity
Balance at January 1, 2010	**70,140**	**618,661**	**-32,495**	**-258**	**133,001**	**789,049**	**2,473**	**791,522**
Total profit/loss for the period	0	0	17,777	-9	23,801	41,569	694	42,263
Change in consolidation structure	0	0	0	0	0	0	-540	-540
Dividends	0	0	0	0	0	0	-286	-286
Balance at December 31, 2010	**70,140**	**618,661**	**-14,718**	**-267**	**156,802**	**830,618**	**2,341**	**832,959**
Total profit/loss for the period	0	0	1,038	256	84,722	86,016	595	86,611
Change in consolidation structure	0	0	0	0	286	286	-8	278
Dividends	0	0	0	0	-11,924	-11,924	0	-11,924
Balance at December 31, 2011	**70,140**	**618,661**	**-13,680**	**-11**	**229,886**	**904,996**	**2,928**	**907,924**

Consolidated Cash Flow Statement

For the period from January 1 through December 31

in € K	Notes	Jan. 1. – Dec. 31, 2011	Jan. 1. – Dec. 31, 2010
EBT		120,309	32,726
Depreciation and amortization		38,812	41,144
Foreign exchange result		1,216	9,215
Gains/losses from sale of intangible assets and property, plant and equipment		-6,286	1,108
Book value from the disposal of rental equipment		4,683	4,858
Gains/losses from derivatives (cash flow hedging)		256	-9
Financial result		3,441	3,974
Changes in inventories		-90,460	-35,679
Changes in trade receivables and other assets		-34,191	-29,892
Changes in provisions		3,372	-1,187
Changes in trade payables and other liabilities		30,604	24,048
Interest paid		-5,087	-4,172
Income tax received/paid		-24,650	-3,428
Interest received		1,562	2,212
Cash flow from operating activities		**43,581**	**44,918**
Purchase of property, plant and equipment		-104,494	-75,618
Purchase of intangible assets		-9,511	-9,344
Proceeds from the sale of property, plant and equipment and intangible assets		8,526	1,205
Change in consolidation structure		0	-1,467
Cash flow from investing activities (tangible assets)		**-105,479**	**-85,224**
Dividends		-11,924	-286
Proceeds/income from short-term borrowings		61,561	-8,623
Proceeds/income from long-term borrowings		-6,957	-1,365
Payment of finance lease liabilities		-128	-58
Cash flow from financing activities		**42,552**	**-10,332**
Decrease in cash and cash equivalents		**-19,346**	**-50,638**
Effect of exchange rates on cash and cash equivalents		-323	2,173
Change in cash and cash equivalents		**-19,669**	**-48,465**
Cash and cash equivalents at beginning of period		**36,559**	**85,024**
Cash and cash equivalents at end of period	(29)	**16,890**	**36,559**

Consolidated Segmentation

For the period from January 1 through December 31

Segmentation (geographical segments)

in € K	Europe	Americas	Asia-Pacific	Consolidation	Group
2011					
Segment revenue					
Total external sales	1,177,921	325,396	52,181		
Less intrasegment sales	-398,122	-51,509	-2,787		
	779,799	273,887	49,394		
Intersegment sales	-55,909	-42,908	-12,702		
Total	**723,890**	**230,979**	**36,692**	**0**	**991,561**
EBIT	**88,135**	**29,301**	**4,688**	**1,626**	**123,750**
EBITDA	**121,514**	**34,154**	**5,293**	**1,601**	**162,562**
Net financial debt	**86,359**	**6,346**	**-2,259**	**0**	**90,446**
Working capital	**232,801**	**130,876**	**21,374**	**-14,563**	**370,488**

in € K	Europe	Americas	Asia-Pacific	Consolidation	Group
2010					
Segment revenue					
Total external sales	779,171	245,573	43,526		
Less intrasegment sales	-180,259	-38,664	-2,164		
	598,912	206,909	41,362		
Intersegment sales	-40,290	-38,800	-10,167		
Total	**558,622**	**168,109**	**31,195**	**0**	**757,926**
EBIT	**26,566**	**14,383**	**-302**	**-3,947**	**36,700**
EBITDA	**62,613**	**18,891**	**321**	**-3,981**	**77,844**
Net financial debt	**-3,754**	**20,062**	**-2,243**	**-339**	**13,726**
Working capital	**176,996**	**88,930**	**17,650**	**-14,316**	**269,260**

Revenue with non-Group companies generated by affiliates headquartered in Germany amounted to EUR K 423,126 (previous year: EUR K 318,510).

Segmentation (business segments)

in € K	2011	2010
Segment revenue from external customers		
Light equipment	371,834	296,606
Compact equipment	416,924	274,824
Services	215,705	192,386
	1,004,463	763,816
Less cash discounts	-12,902	-5,890
Total	**991,561**	**757,926**

Notes to the Consolidated Financial Statements

General information on the Group

Wacker Neuson SE (referred to as the Group in the following) is a listed European company (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 2011 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 Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU, and in supplementary compliance with the provisions of the German Commercial Code (HGB) set forth in Section 315a (1). All valid and binding standards for fiscal 2011 have been applied and give a true and fair view of the assets, financials and earnings of the Group.

The Consolidated Financial Statements comprise the consolidated income statement, the statement of comprehensive Group income, the consolidated balance sheet, the Notes to the Consolidated Financial Statements, the consolidated cash flow statement, as well as the consolidated statement of changes in equity. In addition, a Group Management Report, which was combined with the Management Report of Wacker Neuson SE was prepared in accordance with Section 315a HGB. 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 (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 2011 (which include prior-year figures) were approved for publication by the Executive Board on March 9, 2012.

Changes in accounting under IFRS

Standards and interpretations applied for the first time in the Consolidated Financial Statements.
The following standards, amendments to standards and interpretations are mandatory from January 1, 2011.

Name	Description	Mandatory as of[1]	Date of endorsement
IFRS 1	Limited exemption from comparative IFRS 7 disclosures for first-time adopters	July 1, 2010	June 30, 2010
IFRS 7	Financial instruments: Disclosure requirements (derecognizing financial assets)	July 1, 2011	Nov. 22, 2011
IAS 24	Related party disclosures (amended version)	Jan. 1, 2011	July 19, 2010
IAS 32	Financial instruments: Presentation requirements (classification of rights issues)	Feb. 1, 2010	Dec. 23,2009
IFRIC 14	The limit on a defined benefit asset, minimum funding requirements and their interaction	Jan. 1, 2011	July 19, 2009
IFRIC 19	Extinguishing financial liabilities with equity instruments	July 1, 2010	July 23, 2010
	Improvements to IFRS (2008–2010)	Jan. 1, 2011[2]	Feb. 18, 2011

[1] For fiscal years that start on or after this date.
[2] Varies, in some cases as of July 1, 2011 (IFRS 3 and IAS 27).

The standards and interpretations to be applied for the first time in this fiscal year do 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.

Name	Description	Mandatory as of[1]	Date of endorsement
IFRS 1	First-time adoption of International Financial Reporting Standard (amended version)	July 1, 2011	tbd Q2/2012
IFRS 7	Offsetting assets and liabilities	Jan. 1, 2013	tbd Q3/2012
IFRS 9	Financial instruments	Jan. 1, 2015	delayed
IFRS 10	Consolidated financial statements	Jan. 1, 2013	tbd Q3/2012
IFRS 11	Joint arrangements	Jan. 1, 2013	tbd Q3/2012
IFRS 12	Disclosure of interests in other entities	Jan. 1, 2013	tbd Q3/2012
IFRS 13	Fair value measurement	Jan. 1, 2013	tbd Q3/2012
IAS 1	Presentation of financial statements (amended version)	July 1, 2012	tbd Q1/2012
IAS 12	Income taxes (amended version)	Jan. 1, 2012	tbd Q2/2012
IAS 19	Employee benefits (amended version)	Jan. 1, 2013	tbd Q1/2012
IAS 27	Consolidated financial statements (amended version)	Jan. 1, 2013	tbd Q3/2012
IAS 28	Investments in associates (amended version)	Jan. 1, 2013	tbd Q3/2012
IAS 32	Offsetting assets and liabilities	Jan. 1, 2014	tbd Q3/2012
IFRIC 20	Stripping costs in the production phase of a surface mine	Jan. 1, 2013	tbd Q2/2012

[1] For fiscal years that start on or after this date.

First-time application of the above-mentioned standards and interpretations is unlikely to substantially change the current accounting and valuation methods of the company, with the exception of the following amendments:

- Standard IFRS 9 (Financial Instruments), which deals with the classification and measurement of financial assets, was published on November 12, 2010. This standard must be applied for fiscal years beginning on or after January 1, 2015. This is the first phase of the project to replace IAS 39. Entities can only apply this standard in Europe once it has been adopted in Europe. This is not yet the case.
- Provisions for pensions are calculated using the corridor method, which is no longer permitted in the amended version of IAS 19.

Line of business

With its roots dating back to 1848, Wacker Neuson SE is a leading global manufacturer of high-quality light equipment, weighing up to approximately 3 tons, and compact equipment, weighing up to approximately 14 tons. Wacker Neuson provides a comprehensive one-stop offering, extending from development and production through sales and rentals to repairs and maintenance for light and compact equipment. The entire product portfolio comprises over 300 product groups. Products manufactured by the Group are branded Wacker Neuson. The Group also distributes compact equipment under the brand names Kramer Allrad and Weidemann (agricultural machinery) primarily in Europe. Furthermore, the company Claas Global Sales GmbH, which has a direct 5.1 percent stake in Kramer-Werke GmbH, distributes telescopic loaders developed and manufactured by Kramer to the agricultural industry under the brand “Claas”.

Closing date

The closing date for all affiliates included in the Consolidated Financial Statements is December 31 of the respective year. The current accounting period is January 1, 2011 through December 31, 2011.

Consolidation structure

In addition to the parent company, Wacker Neuson SE, the Consolidated Financial Statements as at December 31, 2011 include the following affiliates in which the company has the following direct or indirect shareholdings:

Company Name	City	Country	Wacker Neuson SE shareholding as a % direct	Wacker Neuson SE shareholding as a % indirect	Segment
Wacker Neuson Produktion GmbH & Co. KG	Munich	Germany	100		Europe
Wacker Neuson PGM Verwaltungs GmbH	Munich	Germany		100	Europe
Wacker Neuson Vertrieb Deutschland GmbH & Co. KG	Munich	Germany	100		Europe
Wacker Neuson SGM Verwaltungs GmbH	Munich	Germany		100	Europe
Wacker Neuson Vertrieb Europa GmbH & Co. KG	Munich	Germany	100		Europe
Wacker Neuson SEM Verwaltungs GmbH	Munich	Germany		100	Europe
Weidemann GmbH	Diemelsee-Flechtdorf	Germany	100		Europe
Wacker Neuson Pty Ltd	Springvale (near Melbourne)	Australia	100		Asia-Pacific
Wacker Neuson Máquinas Ltda.	Jundiaí (near Sao Paolo)	Brazil	100		Americas
Wacker Neuson Ltda.	Huechuraba (near Santiago)	Chile	100		Americas
Wacker Neuson Limited	Hong Kong	China	100		Asia-Pacific
Wacker Neuson Machinery Trading (Shenzhen) Ltd. Co.	Shenzhen	China		100	Asia-Pacific
Wacker Neuson A/S	Karlslunde	Denmark	100		Europe
Wacker Neuson S.A.S.	Brie Comte Robert (near Paris)	France	100		Europe
Wacker Neuson Ltd.	Waltham Cross (near London)	Great Britain	100		Europe
Wacker Neuson Equipment Private Ltd.	Bangalore	India	100		Asia-Pacific
Wacker Neuson srl con socio unico	San Giorgio di Piano (near Bologna)	Italy	100		Europe
Wacker Neuson Ltd.	Mississauga (near Toronto)	Canada	100		Americas
Wacker Neuson S.A. de C.V.	Mexico City	Mexico	100		Americas
Wacker Neuson Limited	Auckland	New Zealand	100		Asia-Pacific
Wacker Neuson B.V.	Amersfoort	Netherlands	100		Europe
Wacker Neuson AS	Hagan (near Oslo)	Norway	100		Europe
Wacker Neuson Beteiligungs GmbH	Leonding (near Linz)	Austria	100		Europe
Wacker Neuson Linz GmbH	Leonding (near Linz)	Austria		100	Europe
Wacker Neuson Rhymney Ltd.	Tredegar	Great Britain		100	Europe
Kramer-Werke GmbH	Pfullendorf	Germany		95	Europe
PADEM Grundstücks-Vermietungs-gesellschaft mbH & Co. Objekt Gutmadingen KG	Düsseldorf	Germany		90	Europe
STG Stahl- und Maschinenbautechnik Gutmadingen GmbH	Geisingen	Germany		95	Europe
Wacker Neuson Grundbesitz GmbH & Co. KG	Pfullendorf	Germany		95	Europe
Wacker Neuson Grundbesitz Verwaltungs GmbH	Pfullendorf	Germany		95	Europe
Wacker Neuson Immobilien GmbH	Überlingen	Germany		95	Europe
Wacker Neuson GmbH	Vienna	Austria	100		Europe
Wacker Neuson Manila, Inc.	Dasmariñas (near Manila)	Philippines	100		Asia-Pacific
Wacker Neuson Sp. z.o.o.	Jawczyce (near Warsaw)	Poland	100		Europe
Wacker Neuson GmbH	Moscow	Russia	100		Europe
Wacker Neuson AB	Södra Sandby (near Malmö)	Sweden	100		Europe
Drillfix AG	Volketswil (near Zurich)	Switzerland	100		Europe
Wacker Neuson AG	Volketswil (near Zurich)	Switzerland	100		Europe
Wacker Neuson, S.A.	Torrejón de Ardoz (near Madrid)	Spain	100		Europe
Wacker Neuson (Pty) Ltd	Florida (near Johannesburg)	South Africa	100		Europe
Wacker Neuson Limited	Samutprakarn (near Bangkok)	Thailand	100		Asia-Pacific
Wacker Neuson s.r.o.	Prague	Czech Republic	100		Europe
Wacker Neuson Makina Limited Şirketi	Küçükbakkalköy (near Istanbul)	Turkey	100		Europe
Wacker Neuson Kft.	Törökbálint (near Budapest)	Hungary	100		Europe
Wacker Neuson Corporation	Menomonee Falls (near Milwaukee)	USA	100		Americas
Wacker Neuson Logistics Americas LLC	Menomonee Falls (near Milwaukee)	USA		100	Americas
Wacker Neuson Production Americas LLC	Menomonee Falls (near Milwaukee)	USA		100	Americas
Wacker Neuson Sales Americas LLC	Menomonee Falls (near Milwaukee)	USA		100	Americas

In fiscal 2011, the consolidation structure changed as described below; however these changes do not have any significant impact on the Group's assets, financials and earnings:

- Following the approval of Wacker Neuson SE shareholders on May 26, 2011, Wacker Neuson SE was restructured as a holding company. Operational activities were dropped down to three new GmbH & Co. KG companies, headquartered in Munich. The new companies are responsible for sales, production and logistics respectively. Central Group and corporate functions will remain at Wacker Neuson SE. The three new companies are wholly owned affiliates of Wacker Neuson SE. The new structure was recorded in the Register of Companies on July 28, 2011. The restructuring has been applied retroactively to Group finances from January 1, 2011. The new structure makes Wacker Neuson SE a management holding company with a central management structure. The reorganization does not have any consequences for Wacker Neuson SE shareholders. The US affiliate Wacker Neuson Corporation has been operating under a similar structure (with separate legal entities for production, logistics and sales) since January 2011.
- Wacker Neuson Limited in Auckland, New Zealand, discontinued business and was deconsolidated on December 31, 2011. It is currently in liquidation.
- In December 2011, Wacker Neuson Immobilien GmbH was included in the consolidation structure with retroactive effect from January 1, 2011.
- During the third quarter of 2011, the affiliate Wacker Neuson Finance Immorent GmbH based in Leonding, Austria, was merged into Wacker Neuson Beteiligungs GmbH, also based in Leonding, Austria, with retroactive effect from December 31, 2010.

The following companies have not been included in the consolidation structure in view of their limited significance:

Fiscal 2011 saw the following changes to the structure of non-consolidated companies:

- The Group merged BAUMA Baumaschinen Handels- und Vermietungs GmbH based in Schwechat, Austria, a wholly owned company of Wacker Neuson GmbH based in Vienna, Austria, with Wacker Neuson GmbH in May 2011. It was not previously consolidated within the Group due to its minor impact on the Group's assets, financials and earnings.
- Wacker Neuson Wohnungsbau GmbH was merged with Wacker Neuson Immobilien GmbH with retroactive effect from January 1, 2011. In December 2011, Wacker Neuson Immobilien GmbH was included in the consolidation structure, with retroactive effect from January 1, 2011.

No other significant acquisitions or disposals were made in fiscal 2011.

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. 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 acquired after January 1, 2003, all identifiable assets, liabilities and contingent liabilities of the acquired companies are recognized at fair values.

During initial consolidation, positive balances remain after reevaluation of all hidden assets and liabilities. After January 1, 2003, these are capitalized as goodwill resulting from equity consolidation and are subject to an annual impairment test.

Company Name	Country	Direct as a %	Indirect as a %	Segment	Equity in € K	Net profit for the period in € K
Wacker Neuson Kragujevac d.o.o.	Serbia	100		Europe	-287	-1,307
Wacker Neuson Lapovo d.o.o.	Serbia	100		Europe	1,575	-15

Receivables and payables as well as purchases and sales between consolidated Group affiliates have been eliminated. Group inventories and fixed assets have been adjusted for intra-Group profits and losses.

Consolidation transactions affecting income are subject to deferred tax, whereby deferred tax assets and deferred tax liabilities are offset provided that the term of payment and the creditors are the same.

Expenses for service technicians have been reported in the income statement under manufacturing costs since Q1 2011. Previously, this cost factor was reported under selling expenses. This adjustment was made to report business activities more clearly under earnings. Expenses for service technicians incurred during the period under review amounted to EUR K 12,390. The equivalent figures from the previous year were adjusted by an amount of EUR K 11,594.

Since the first half of 2011, interim profit on rental assets has been valued using an average margin. This only had a minor impact on the Group's assets, financials and earnings.

Interim profit on inventories was valued using an average margin for the first time during the third quarter of 2011. This only had a minor impact on the Group's assets, financials and earnings.

Exchange differences

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). 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.

Exchange differences arising from the application of different exchange rates for balance sheets and income statements are recorded directly as a separate item of equity and thus have no impact on the financial result.

With respect to exchange differences without effects on profits, please refer to the statement of changes in equity.

The exchange rates of the main currencies relevant to the Group are as follows:

1 Euro equals		2011	2010	2011	2010
		Annual average rates		Rates at balance sheet date[1]	
Australia	AUD	1.3435	1.4383	1.2723	1.3121
Brazil	BRL	2.3379	2.3237	2.4133	2.2102
Chile	CLP	677.9169	673.6688	672.9434	621.5312
Denmark	DKK	7.4496	7.4486	7.4342	7.4555
Great Britain	GBP	0.8713	0.8575	0.8353	0.8630
Hong Kong	HKD	10.8960	10.2664	10.0510	10.3382
India	INR	65.4150	60.4041	68.6396	59.6528
Japan	JPY	111.3208	115.2189	100.2000	108.5936
Canada	CAD	1.3805	1.3684	1.3215	1.3277
Mexico	MXN	17.4275	16.6861	18.0985	16.4480
Norway	NOK	7.7809	8.0062	7.7540	7.8231
New Zealand	NZD	1.7545	1.8348	1.6737	1.7292
Philippines	USD	1.4000	1.3213	1.2939	1.3282
Poland	PLN	4.1380	3.9922	4.4580	3.9675
Russia	RUB	41.0387	40.2052	41.7650	40.5280
Sweden	SEK	9.0070	9.4936	8.9120	8.9814
Switzerland	CHF	1.2318	1.3693	1.2156	1.2442
South Africa	ZAR	10.1436	9.6328	10.4830	8.8512
Thailand	THB	42.7719	41.8465	40.9910	40.1316
Czech Republic	CZK	24.5996	25.2987	25.7870	25.1760
Turkey	TRY	2.3554	1.9975	2.4432	2.0625
Hungary	HUF	280.6692	276.3604	314.5800	279.5330
USA	USD	1.4000	1.3213	1.2939	1.3282

[1] Rates at the balance sheet date: rates on the last working day of the year.

Accounting and valuation methods

Recognition of profits and revenue

In the case of contracts for the sales 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. Operating expenses are recognized 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 rates.

Property, plant and equipment

In accordance with IAS 16, tangible assets are recognized at acquisition costs less scheduled straight-line depreciation.

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.

Goodwill/acquisitions

Acquisitions are reported according to the acquisition method. Consequently, income of the acquired company is included in the Consolidated Financial Statements as of the date of acquisition. For foreign companies that are acquired or founded, related acquisition costs are converted to euros at the spot rate effective at the date of purchase.

Reported goodwill is subject to an impairment test at the end of each fiscal year to verify its value. Goodwill is not subject to scheduled straight-line amortization.

Intangible assets

Intangible assets with a limited useful life are capitalized at acquisition cost 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 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 on the income statement, dependent upon the useful life of the leased object and the related interest expense.

All other leasing contracts are classified as operating leases. In such cases, the leasing installments or the rental payments are shown as an expense in the income statement.

When the Group is the lessor

Leasing contracts are classified as finance leases if the lease agreement transfers all material risks and rewards associated with the leased object to the lessee. All other leasing contracts are classified as operating leases.

Amounts to be paid by lessees resulting from finance leases are entered as receivables in the amount of the net investment value ensuing from the leasing contract. Income from finance leases is distributed across accounting periods in such a way that regular periodic interest is recognized on the outstanding net investment value resulting from the leasing contract.

Rental income from operating leases is distributed and reflected in the income statement on a straight-line basis over the duration of the relevant leasing contract. Initial direct costs attributable to the negotiation and conclusion of a leasing contract are to be allocated to the book value of the leased asset and distributed on a straight-line basis over the duration of the leasing contract.

Inventories

Inventories of work in process and finished products, as well as raw materials and supplies, are valued at their acquisition and manufacturing costs respectively, in accordance with IAS 2. To the extent that acquisition and manufacturing costs of inventories are above fair value, they are written down to 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 to purchase prices are deducted. Manufacturing costs include all expenses which 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. Production orders are not included.

Financial instruments and hedging transactions

Non-derivative financial instruments

Non-derivative financial instruments as disclosed on the assets side of the balance sheet comprise investments, marketable securities and receivables. These items are recognized at amortized cost. Assets are recognized in the balance sheet for the first time when a Group member 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.

Trade receivables and other receivables are recognized at their nominal values less allowance for doubtful accounts based on the probable default risk. Non-current receivables are discounted at standard interest rates.

Credit balances with financial institutions are recognized at their nominal values. Liabilities are valued at their nominal values or at their higher repayment amounts effective at the closing date. Financial liabilities are recognized in the balance sheet for the first time when a Group member becomes party to a contract. Financial liabilities are derecognized when paid.

Derivative financial instruments

The Wacker Neuson Group utilizes standard financial instruments such as interest rate swaps/caps and foreign exchange forward contracts exclusively for hedging purposes and to minimize risks. These kinds of financial instruments are organized centrally in the US and Europe and always have a corresponding underlying transaction.

Derivative financial instruments are utilized to hedge against interest rate risks and exchange rate risks. The goal of hedging activities is to reduce risks arising from variable interest rate borrowing and future transactions in foreign currencies. Their maturities are termed to match the terms of the corresponding underlying transactions and range from several months to several years.

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.

Recognition of gains and losses from derivative financial instruments is subject to the requirements for hedge accounting as set forth in IAS 39. To this end, upon initiation of such a transaction, both the hedging instrument and the underlying transaction are compared and the goals for risk management and the underlying strategy are documented. The Group verifies initially and continually whether or not the derivatives in a hedging relationship will effectively compensate for the changes in cash flow of the underlying transactions. Derivative financial instruments that do not satisfy hedge accounting requirements 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.

The interest rate swap employed by the Group is treated as a cash flow hedge in the balance sheet and changes in fair value are recorded directly in equity. None of the interest rate swaps currently fulfill the formal requirements of hedge accounting. They are therefore all recognized in the balance sheet as

assets held for trading. In addition, the forward exchange contracts currently used do not formally qualify as effective hedging relationships as set forth in IAS 39 and are therefore also recognized as assets/liabilities held for trading. The hedge relationship with the underlying transaction is established via the contractual partner. In 2011, derivatives terminated prematurely under hedge accounting (interest rate swap, forward exchange transactions, both booked under cash flow hedges) were derecognized by releasing the equity reserve to the income statement.

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 onwards are fulfilled.

Development costs capitalized from 2008 onwards are written down over a period of six years. Development costs capitalized prior to 2008 are written down over a period of four to five years. Amortization is taken using the straight-line method.

Trade receivables and other assets

Both trade receivables and other assets are principally valued at amortized cost. They are, as a rule, valued at nominal value prior to allowances for uncollectable accounts. Provided they are financial instruments, they are classified in the category “loans and receivables”. Allowances are recognized for the full amount for those receivables and other current assets for which there is a high probability of default. Furthermore, general credit, interest and cash discount risks are recognized.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. They belong to the category “loans and receivables” and have maturities of three months or less. Cash and cash equivalents are recognized at current value, which, for liquid funds, is equivalent to the nominal value in euro.

Non-current assets held for sale

Non-current assets or groups of assets and liabilities are treated in the balance sheet as being held for sale as defined by IFRS 5 if their carrying value is principally realized through a sale transaction rather than through continued use. Assets classified according to IFRS 5 are valued at the lower of carrying amount or fair value less costs to sell.

Government subsidies

Government subsidies are only recognized if there is reasonable assurance that the relevant criteria are fulfilled and the funding will be approved. Expense-related 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 from 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 the regulations as set forth in IAS 19.

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.

Provisions for pensions as disclosed in the balance sheet are calculated from the value of the actual pension obligations less the fair value of plan assets as of the balance sheet date. Actuarial gains and losses are recognized according to the 10-percent corridor rule.

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 if 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 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.

Other provisions are recognized for all identifiable risks as well as for all contingent liabilities in the amount of the probable occurrence.

Financial liabilities

Financial liabilities are recognized at amortized cost by applying the effective interest method and are disclosed under "financial liabilities recognized at amortized cost".

Deferred taxes

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 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 valid or approved at the balance sheet date of the company likely to be affected by the reversal effects.

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, assets with an unlimited useful life, development costs (at least one impairment test per year)

The company carries out an impairment test on goodwill, 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. The annual impairment test carried out in December 2011 resulted in a write-up on brand value in the amount of EUR K 10,798 recognized in the income statement. This represents a full reversal of the brand impairment recognized in 2009 as a result of the financial crisis. For more information on 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 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 2011, no grounds were identified that would indicate tangible or intangible asset impairment.

Useful lives of tangible assets and other intangible assets

At the end of each fiscal year, the Group assesses the estimated useful lives of tangible assets and other intangible assets. Company management assumes that the assessments of the relevant expected useful lives are appropriate. Estimations did not need to be adjusted in 2011.

Taxes on income and earnings

At each closing date, the Group determines whether the probability of future tax benefits is sufficient to justify deferred tax assets. The recognized deferred tax assets may be lower if the estimates regarding scheduled taxable income and the tax benefits realizable through available tax strategies are 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 return on plan assets, 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, please refer to item 18 “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. Group management regularly analyzes the current information available about these cases and recognizes provisions to cover probable obligations. Assessments are performed by internal and external lawyers. When reaching a decision on the need to recognize provisions, Group management takes sufficient account of the probability of an unfavorable outcome and takes due care to estimate the amount of the obligation sufficiently reliably.

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

in € K	2011	2010
Reversal of Neuson brand impairment	10,798	0
Proceeds from sale of property, plant and equipment	5,336	378
Foreign exchange gains	5,423	1,548
Rental income on investment properties	1,864	1,665
Gains on foreign-exchange forward contracts	1,461	0
Income passed on	681	897
Recovery of receivables written off	131	344
Insurance reimbursements	103	214
Reimbursements for personnel	54	212
Other income	3,764	2,238
Total	**29,615**	**7,496**

During the period under review, a write-up on the Neuson brand in the amount of EUR K 10,798 was recognized in the income statement. This represents a full reversal of the brand impairment made in 2009 as a result of the financial crisis. Proceeds from the sale of property, plant and equipment include EUR K 4,204 resulting from the sale of real estate in Turkey.

3 Personnel expenses

Personnel expenses are composed as follows:

in € K	2011	2010
Wages and salaries	155,707	143,449
Social security contributions	34,056	29,481
Other personnel costs	10,813	7,405
Expenses for pensions	2,673	2,758
Total	**203,249**	**183,093**

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.

Other personnel costs include redundancy payments to the following extent:

in € K	2011	2010
Redundancy payments	1,764	1,102

The average number of employees broken down according to fields of activity is as follows for the period under review:

in € K	2011	2010
Management	32	33
Administration	278	275
Sales	741	682
Service	568	573
Logistics	205	219
Production and technology	1,382	1,170
Other (cleaning staff, trainees)	142	146
Total	**3,348**	**3,098**

4 Other operating expenses

in € K	2011	2010
Realized exchange losses	6,304	1,323
Losses on foreign-exchange forward contracts	0	793
Losses on the disposal of property, plant and equipment	220	759
Other expenses	493	541
Total	**7,017**	**3,416**

5 Financial result

in € K	2011	2010
Interest and similar income	2,956	2,094
Income on disposals of financial assets	-47	58
Unrealized gains and losses	-1,079	-1,914
Interest and similar expenses	-5,271	-4,212
Total	**-3,441**	**-3,974**

Interest expenses include expenses for interest resulting from finance lease contracts in the amount of EUR K 33 (previous year: EUR K 28). Interest income from finance lease contracts in the amount of EUR K 0 (previous year: EUR K 337) is included in interest and similar income.

Profit/loss arising from changes in the fair value of derivative financial instruments as part of cash flow hedging was recognized under equity during the fiscal year with no effect on income.

6 Taxes on income

Expense for taxes on income is composed as follows:

in € K	2011	2010
Current tax expense	31,461	13,817
Deferred tax expense	2,423	-5,719
Total	**33,884**	**8,098**

Reconciliation of calculated tax to actual tax expense:

in € K	2011	2010
EBT	120,309	32,726
Tax at the applicable rate: 30.25% (previous year: 29.46%)	36,393	9,641
Variance in tax rates	-4,676	-1,381
Tax effects of non-deductible expenses and tax-exempt income	2,315	724
Other	-148	-886
Total	**33,884**	**8,098**

Taxes on income are calculated by applying the Group's uniform tax rate of 30.25 percent (previous year: 29.46 percent) to the profit before tax.

Our tax assessment for the current year is based on a corporate income tax rate of 15.83 percent (previous year: 15.00 percent) and a solidarity surcharge of 5.5 percent. Trade tax on income is no longer deductible for the assessment concerning corporate income tax. Trade tax is set at a uniform 3.5 percent.

Actual netted income tax receivables on the closing date amounted to EUR K 521 (previous year: EUR K 663).

Deferred tax assets and liabilities are allocated to the following balance sheet items:

in € K	2011	2010
Deferred tax assets		
Provisions for pensions	1,204	1,160
Assets	5,432	3,685
Loss carry-forwards	2,154	3,710
Inventories	10,955	6,853
Other	118	443
Liabilities	470	1,026
Receivables	373	343
Total	**20,706**	**17,220**
Deferred tax liabilities		
Intangible assets	-23,857	-18,906
Tangible assets	-11,282	-7,523
Inventories	617	844
Provisions for pensions	1,418	1,187
Loss carry-forwards	763	836
Other	1,628	-395
Total	**-30,713**	**-23,957**

Deferred tax recognized in the consolidated balance sheet arises from deferred tax as booked by the individual companies. Deferred tax assets and liabilities were netted at the level of the individual company as appropriate. This netting is accounted for in the above table by the positive amounts under the heading deferred tax liabilities.

The tax loss carry-forwards for which no deferred tax entitlement was recognized in the balance sheet amount to EUR K 7,783 (previous year: EUR K 6,648).

With respect to deferred tax assets, EUR K 1,362 (previous year: EUR K 1,203) 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.

Deferred taxes from derivative financial instruments in the amount of EUR K 5 (previous year: EUR K 144) were recognized directly in equity.

7 Earnings per share

in € K	2011	2010
Earnings of the current period attributable to shareholders in € K	85,830	23,934
Weighted average number of shares outstanding during current period	70,140	70,140
Undiluted earnings per share in €	**1.22**	**0.34**
Diluted earnings per share in €	**1.22**	**0.34**

According to IAS 33, earnings per share are calculated by dividing the total profit/loss for the period attributable to Wacker Neuson SE shareholders by the weighted average number of shares issued.

There was no share dilution effect in the reporting period shown.

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, 2011	221,836	193,469	68,325	22,685	506,315
Exchange rate differences	544	819	-167	-277	919
Additions	16,653	37,186	9,929	43,023	106,791
Disposals	-2,264	-13,373	-4,836	-1,169	-21,642
Transfers	14,874	1,379	340	-18,891	-2,298
Balance at December 31, 2011	**251,643**	**219,480**	**73,591**	**45,371**	**590,085**
Accumulated depreciation					
Balance at January 1, 2011	56,423	112,998	44,317	0	213,738
Exchange rate differences	324	799	-36	0	1,087
Additions	6,453	26,566	7,674	0	40,693
Disposals	-912	-8,652	-4,404	0	-13,968
Transfers	-395	-77	77	0	-395
Balance at December 31, 2011	**61,893**	**131,634**	**47,628**	**0**	**241,155**
Book value at December 31, 2010	**165,413**	**80,471**	**24,008**	**22,685**	**292,577**
Book value at December 31, 2011	**189,750**	**87,846**	**25,963**	**45,371**	**348,930**
Useful life in years	1–50	1–20	1–27		

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, 2010	203,283	176,542	63,585	19,573	462,983
Exchange rate differences	3,897	5,441	1,543	6	10,887
Additions	22,998	28,532	9,495	14,593	75,618
Disposals	-2,012	-17,073	-6,717	0	-25,802
Transfers	-6,330	27	419	-11,487	-17,371
Balance at December 31, 2010	**221,836**	**193,469**	**68,325**	**22,685**	**506,315**
Accumulated depreciation					
Balance at January 1, 2010	52,972	99,538	43,065	0	195,575
Exchange rate differences	990	3,481	1,118	0	5,589
Additions	5,900	22,118	6,243	0	34,261
Disposals	-716	-11,913	-6,332	0	-18,961
Transfers	-2,723	-226	223	0	-2,726
Balance at December 31, 2010	**56,423**	**112,998**	**44,317**	**0**	**213,738**
Book value at December 31, 2009	**150,311**	**77,004**	**20,520**	**19,573**	**267,408**
Book value at December 31, 2010	**165,413**	**80,471**	**24,008**	**22,685**	**292,577**
Useful life in years	3–50	2–10	1–20		

Amounts recognized for land and buildings as well as office and other equipment include the book values of finance lease contracts. Machinery and equipment includes rental equipment.

Capitalized borrowing costs only had a minor impact in 2011.

9 Investment properties

The table below shows the development of investment properties held during the years 2010 and 2011:

in € K	2011	2010
Acquisition costs		
Balance at January 1	24,945	7,381
Exchange rate differences	-6	6
Additions from changes to the consolidation structure	3,294	0
Additions	0	223
Disposals	0	0
Transfers	2,269	17,335
Balance at December 31	**30,502**	**24,945**
Accumulated depreciation		
Balance at January 1	7,754	4,763
Exchange rate differences	35	0
Additions	1,041	255
Disposals	0	0
Transfers	395	2,736
Balance at December 31	**9,225**	**7,754**
Book value on January 1	**17,191**	**2,618**
Book value on December 31	**21,277**	**17,191**

The item “Additions from changes to the consolidation structure” refers to Wacker Neuson Immobilien GmbH in Pfullendorf. The real estate in question is rented to third parties for residential and commercial purposes.

The profit derived from investment property is shown in the table below:

in € K	2011	2010
Rental income	1,864	1,665
Depreciation and amortization	-1,041	-255
Other expenses	-169	-19
Total	**654**	**1,391**

Depreciation includes a one-off write-down on the building in Rhymney, Great Britain, in the amount of EUR K 813.

Investment properties include the land and buildings listed below, which have all been rented to third parties or are intended to be rented to third parties.

The reported depreciation methods and useful lives only affect the buildings listed.

Property	Book value in € K	Fair value in € K	Calculation method	Depreciation method	Useful life
Germany	16,939	21,418			
Dortmund	142	188	Discounted cash flow	linear	3 years
Gutmadingen	1,389	3,250	Survey/German income approach	linear	17 years
Überlingen	15,408	17,980	Survey/German income approach	linear	50 years
Great Britain	4,089	4,089	Official market prices	–	–
Spain	215	222	Survey/German income approach	linear	50 years
South Africa	34	343	Official market prices	–	–

10 Intangible assets

a) Goodwill

Goodwill developed as follows:

in € K	2011	2010
As at January 1	236,550	236,016
BAUMA Baumaschinen Handels- und Vermietungs GmbH	750	0
Post-purchase reduction in purchase price for Weidemann GmbH	0	-28
Foreign currency fluctuations	209	562
Goodwill as at December 31	**237,509**	**236,550**

Goodwill resulting from the merger of BAUMA Baumaschinen Handels- und Vermietungs GmbH and Vienna-based Wacker Neuson GmbH in the amount of EUR K 750 is recognized for the first time in the current fiscal year.

b) Other intangible assets

→ see p. 117

The expected residual useful lives and residual book values of other intangible assets are as follows:

in € K	Book value on Dec. 31, 2011	Book value on Dec. 31, 2010	Useful life
Brands	64,838	54,040	indefinite
Technologies	6,094	9,688	max. 2 years
Customer base	2,401	2,698	6 years
Total	**73,333**	**66,426**	

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 Chairman of the Supervisory Board, Hans Neunteufel. Subject to certain assumptions, however, the company has an exclusive, irrevocable and unlimited license to use this brand in conjunction with the name “Wacker”. The annual impairment test carried out in December 2011 resulted in the full reversal of brand impairment recognized in the income statement which was necessary in 2009 as a result of the financial crisis. This corresponded to non-recurring income in the amount of EUR K 10,798.

Intangible assets created internally refer to capitalized development costs.

The down-payments effected relate primarily to development costs for projects not yet completed at the closing date.

Capitalized borrowing costs only had a minor impact in 2011.

c) Impairment of goodwill and intangible assets with an unlimited useful life

The goodwill and indefinite-lived “Weidemann” and “Neuson” brands obtained through mergers were allocated for impairment testing to the following cash-generating units within the Americas or European segments:

- Wacker Neuson GmbH (Austria)
- Weidemann GmbH (Germany)
- Wacker Neuson Production Americas LLC (USA)
- Wacker Neuson Beteiligungs GmbH (subgroup/Austria)

The pro-rata book values break down as follows:

in € K	Dec. 31, 2011	Dec 31, 2010
Wacker Neuson GmbH		
Book value of goodwill	750	0
Wacker Neuson Production Americas LLC		
Book value of goodwill	8,079	7,870
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		
Book value of goodwill	204,448	204,448
Book value of the indefinite-lived brand	42,838	32,040
Book value of goodwill	**237,509**	**236,550**
Book value of the indefinite-lived brand	**64,838**	**54,040**

b) Other intangible assets

in € K	Licenses and similar rights	Other intangible assets	Internally produced intangible assets	Payments on account	Total
Acquisition costs					
Balance at January 1, 2011	25,302	101,783	10,100	4,781	141,966
Exchange rate differences	177	132	46	58	413
Additions	3,413	76	5,859	1,449	10,797
Disposals	-3,904	0	-1,578	-2	-5,484
Transfers	168	0	3,226	-3,364	30
Balance at December 31, 2011	**25,156**	**101,991**	**17,653**	**2,922**	**147,722**
Accumulated depreciation					
Balance at January 1, 2011	12,567	35,357	3,437	0	51,361
Exchange rate differences	134	95	40	0	269
Additions	1,952	4,004	1,921	0	7,877
Disposals	-2,205	0	-1,575	0	-3,780
Transfers	0	0	0	0	0
Reversal of impairment	0	-10,798	0	0	-10,798
Balance at December 31, 2011	**12,448**	**28,658**	**3,823**	**0**	**44,929**
Book value at December 31, 2010	**12,735**	**66,426**	**6,663**	**4,781**	**90,605**
Book value at December 31, 2011	**12,708**	**73,333**	**13,830**	**2,922**	**102,793**
Useful life in years	3–8	1–7	6	–	

in € K	Licenses and similar rights	Other intangible assets	Internally produced intangible assets	Payments on account	Total
Acquisition costs					
Balance at January 1, 2010	20,077	101,422	7,901	4,411	133,811
Exchange rate differences	464	361	98	155	1,078
Additions	4,906	0	1,508	2,930	9,344
Disposals	-1,227	0	-869	-207	-2,303
Transfers	1,082	0	1,462	-2,508	36
Balance at December 31, 2010	**25,302**	**101,783**	**10,100**	**4,781**	**141,966**
Accumulated depreciation					
Balance at January 1, 2010	12,434	31,134	2,619	0	46,187
Exchange rate differences	398	135	11	0	544
Additions	916	4,088	1,624	0	6,628
Disposals	-1,184	0	-817	0	-2,001
Transfers	3	0	0	0	3
Reversal of impairment	0	0	0	0	0
Balance at December 31, 2010	**12,567**	**35,357**	**3,437**	**0**	**51,361**
Book value at December 31, 2009	**7,643**	**70,288**	**5,282**	**4,411**	**87,624**
Book value at December 31, 2010	**12,735**	**66,426**	**6,663**	**4,781**	**90,605**
Useful life in years	3–8	1–7	6	–	

The carrying amounts of goodwill and indefinite-lived brands are verified during the annual impairment test, with the exception of the year when they were first recognized in the balance sheet. 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. 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. As in the previous year, no impairments were recognized in fiscal 2011. Impairment on the Neuson brand in the amount of EUR K 10,798 was reversed. This was allocated to the Europe segment.

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 2012 to 2021. Growth rates are determined for the first three budget years (up to 2014) based on market conditions. Adjustments were made based on payout 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 shields and increases and reductions in borrowings. Care is taken to ensure that the cash flow distribution does not reduce the share capital. After 2015, management anticipates results and growth rates that more strongly align with past values. Various scenarios with revenue growth of between 5 and 10 percent per year from 2015 to 2021 were created for the three cash-generating units Weidemann GmbH, Wacker Neuson Production Americas LLC and Wacker Neuson Beteiligungs GmbH (subgroup/Austria). A negative scenario with revenue growth of just 2 percent from 2015 on was also calculated for the three cash-generating units. In addition to revenue growth, upper EBIT limits were also defined as restricting criteria for the cash-generating units. None of the scenarios resulted in write-downs.

Discount rates: These reflect the management’s assessment of the risks associated with cash-generating units. This includes a risk-free and risk-weighted rate. A weighted average cost of capital (WACC) after tax at a uniform rate of 7.74 percent (previous year: 8.38 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. As in the previous year, a growth rate of 1 percent was projected for perpetual annuity.

Sensitivity of assumptions: Even if no growth rate had been applied in perpetual annuity or if WACC had been set 1 percent higher there would have been no need to recognize impairment for any of the cash-generating units.

11 Other investments and other non-current assets

At December 31, 2011, the book value of other investments totaled EUR K 2,000 (previous year: EUR K 5,478). The companies in question are not consolidated. For further details, please see the information on the consolidation structure in the general information on accounting standards.

Other non-current assets are composed of the following components:

in € K	Dec. 31, 2011	Dec. 31, 2010
Non-current trade receivables	2,041	6,728
Investment securities	3,626	3,540
Loans	310	99
Other non-current assets	2,940	3,915
Total	**8,917**	**14,282**

The non-current trade receivables mainly result from hire-purchase agreements.

12 Inventories

in € K	Dec. 31, 2011	Dec. 31, 2010
Raw materials and supplies	77,326	48,441
Works in progress	12,917	12,079
Finished goods	184,249	123,460
Total	**274,492**	**183,980**

An expense of EUR K 629,027 (previous year: EUR K 484,591) was recorded under acquisition and manufacturing costs for inventories. This item also includes expenses for service technicians in the amount of EUR K 12,390 (previous year: EUR K 11,594).

Of the reported inventories, EUR K 55,702 (previous year: EUR K 47,397) are recognized at net realizable value. Write-downs on inventories recognized in the income statement amount to EUR K 4,819 in the reporting period (previous year: EUR K 2,734). Write-ups on inventories recognized in the income statement amount to EUR K 0 in the reporting period (previous year: EUR K 0).

Similar to 2010, 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, 2011	Dec. 31, 2010
Trade receivables at nominal value	166,025	128,323
Less allowance for doubtful accounts	-7,667	-6,836
Total	**158,358**	**121,487**

As of December 31, 2011, trade receivables (at nominal value) were broken down as follows:

in € K	2011	2010
Trade receivables	166,025	128,323
Nominal value of trade receivables written down or not due	157,948	118,497
Overdue at nominal value but not written down < 30 days	3,178	5,808
Overdue at nominal value but not written down 30–90 days	3,237	2,352
Overdue at nominal value but not written down > 90 days	1,662	1,666

Allowance for doubtful accounts developed as follows:

in € K	2011	2010
Balance at January 1	**6,836**	**6,672**
Exchange rate differences	-194	172
Additions	3,151	2,046
Additions from changes to the consolidation structure	60	0
Bad debt write-offs	-1,223	-1,203
Reversals	-963	-851
Balance at December 31	**7,667**	**6,836**

Trade receivables are derived from trading with a large number of companies from different industries and regions. Regular credit checks verify the financial stability of receivables. 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, 2011	Dec. 31, 2010
Advance payments	6,841	4,380
Sales tax	5,810	2,760
Receivables from balance on Wirtschaftsring Genossenschaft settlement account	1,167	0
Funding receivables from public authorities	1,145	0
Derivatives	472	56
Receivables from employees	369	810
Travel advances	170	172
Receivables from associated companies	0	2,479
Other	2,307	1,800
Total	**18,281**	**12,457**

The fair value 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, 2011	Dec. 31, 2010
Petty cash	11,756	32,063
Bank balances	4,974	4,317
Cash deposits	160	179
Total	**16,890**	**36,559**

Cash on hand and bank balances in foreign currencies are converted at the spot rates.

Interest accrues at variable rates on the daily cash bank balances. Depending on the company's liquidity requirements, short-term, term accounts running from one day to three months were set up. The term money yielded interest at the agreed prevailing rates.

Bank balances in the amount of EUR K 27,573 (including cash pool current account balances) were netted against liabilities from cash pool current bank balances amounting to EUR K 15,817, as a net balance (offset option) was agreed with the cash pool bank. Current account balances at December 31, 2011, after netting, amounted to EUR K 11,756 (previous year: EUR K 32,063).

16 Non-current assets held for sale

in € K	Dec. 31, 2011	Dec. 31, 2010
Non-current assets held for sale	698	698

The item refers to real estate in Tokyo, Japan, which was sold in January 2012.

17 Equity

Subscribed capital amounting to EUR K 70,140 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.

In addition to subscribed capital, the components of equity are as follows:

in € K	Dec. 31, 2011	Dec. 31, 2010
Capital reserves	618,661	618,661
Other neutral assets	-11	-267
Exchange rate differences	-13,680	-14,718
Total	**604,970**	**603,676**

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 company did not hold any treasury shares at December 31, 2011 or at any point during the 2011 fiscal year.

Retained earnings developed as follows:

in € K	Dec. 31, 2011	Dec. 31, 2010
Balance at January 1	156,802	133,001
Dividends for respective fiscal year	-11,924	0
Change in consolidation structure	286	0
Consolidated earnings	84,722	23,801
Balance at December 31	**229,886**	**156,802**

The dividend payout for 2011 amounted to EUR K 11,924 (EUR 0.17 per share). No dividends were paid in 2010. Refer to the statement of changes in equity for further details on equity.

Authorized Capital I

According to Article 3 (3) of the Articles of Incorporation, the Executive Board is authorized to increase the company's share capital by April 12, 2012, with 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 1,000,000 (Authorized Capital I).

Authorized Capital II

According to Article 3 (4) of the Articles of Incorporation, the Executive Board is still authorized to increase the company's share capital by April 12, 2012, with the approval of the Supervisory Board, by issuing new, registered shares against contributions in kind, in full or in partial amounts, on one or several occasions, however at the most by a maximum of EUR 5,360,000 (Authorized Capital II).

At the AGM in May 2012, the Executive Board and the Supervisory Board will propose the creation of a new authorized capital to replace the above-mentioned Authorized Capitals I and II, which are set to expire in April 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 Neuson on the other, which essentially regulate the exercise of voting and petition rights at the AGM and restrict the transfer of shares. The Lehner shareholders have issued a Neuson shareholder with a voting proxy for the shares they acquired. Two members of the Executive Board have received shares in the company as part of their remuneration. The company has an unrestricted, preferential purchase or acquisition right over some of these shares in the event that they are transferred. For detailed information, please refer to the Management Report "Restrictions affecting voting rights or the transfer of shares", page 83.

18 Provisions for pensions and similar obligations

in € K	Dec. 31, 2011	Dec. 31, 2010
Provisions for pension obligations	24,471	22,557
Provisions for other obligations to employees	2,154	2,301
Total	**26,625**	**24,858**

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 her/his 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 the earnings for employees who fulfill the time-of-service requirements, which differ from country to country.

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 Group 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 based on the following assumptions:

in € K	in	2011	2010
Benefit plans for parent company			
Discount rate	%	4.30	4.00
Future pension increases expected	%	2.00	2.00
Expected return on plan assets	%	4.30	4.00
Retirement age	years	60	60
Other benefit plans[1]			
Discount rate	%	4.51	4.16
Future pension increases expected	%	2.65	1.55
Expected return on plan assets	%	5.05	5.44
Retirement age	years	63	63

[1] Weighted average of the individual benefit schemes.

Pension obligations are distributed as follows:

in € K	Dec. 31, 2011	Dec. 31, 2010
Provisions for pension plans, not funded	21,804	22,456
Provisions for pension plans, fully or partly funded	14,749	14,370
Total	**36,553**	**36,826**

The changes in the present value of pension obligations and of plan assets are as follows:

in € K	2011	2010
Changes in the present value of pension obligations		
Balance at January 1	36,826	30,158
Current service costs	735	889
Interest expense	1,452	1,541
Actuarial gains/losses	-417	4,962
Changes in exchange rates	48	171
Paid benefits	-2,077	-1,481
Past service cost	-14	643
Curtailments and settlements	0	-57
Present value of obligations at December 31	**36,553**	**36,826**

in € K	2011	2010
Changes in fair value of plan assets		
Balance at January 1	5,301	4,847
Expected return on plan assets	222	203
Actuarial gains/losses	-154	-183
Changes in exchange rate	3	17
Employer's contributions	806	458
Curtailments and settlements	-26	-41
Internal transfer	-1,752	0
Plan assets at December 31	**4,400**	**5,301**

in € K	2011	2010
Financing status	32,153	31,525
Actuarial gains/losses not yet recognized	-5,564	-6,726
Plan surplus	36	59
Accruals for pensions at December 31	**26,625**	**24,858**

The losses above and beyond the 10-percent corridor are amortized over the average remaining years until retirement – some 14 years in Germany's case. Amortization of the related amounts in 2011 and 2010 is part of total pension expense.

Plan assets primarily comprise pension liability insurance where future payments are pledged in favor of the entitled recipient.

Pension expenses are as follows:

in € K	2011	2010
Current service costs	735	889
Interest expense	1,452	1,541
Expected return on plan assets	-222	-203
Actuarial gains/losses	879	-37
Past service cost	-14	643
Effect of plan curtailments and settlements	-9	-14
Pension expense from defined benefit plans	**2,821**	**2,819**
Pension expense from defined contribution plans	**633**	**659**
Total pension expense	**3,454**	**3,478**

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 interest accruing on pension obligations is the present value of obligations as per 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 2012 amount to EUR K 2,875.

The following overview shows the projected pension pay-outs for the next five years:

in € K	
Due in 2012	1,593
Due in 2013	1,707
Due in 2014	1,634
Due in 2015	1,822
Due in 2016	2,653

The following actual return on plan assets was recognized for fiscal years 2011 and 2010:

in € K	2011	2010
Actual return on plan assets	68	22

Only the Wacker Neuson Corporation (USA) benefits plan requires the payment of healthcare contributions. The following table shows the effects of a one percentage point increase or reduction in healthcare costs:

in € K	Additions	Reversals
2011		
Effect on service cost and interest expense	24	-20
Effect on the present value of pension obligations	130	-107
2010		
Effect on service cost and interest expense	20	-16
Effect on the present value of pension obligations	89	-74

The following information applies to the period 2007 through 2011:

in € K	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
Present value of performance-oriented obligations	36,553	36,826	30,158	25,951	27,606
Fair value of the plan assets	4,400	5,301	4,847	4,138	3,496
Plan surplus/deficit	32,153	31,525	25,311	21,813	24,110
Experience adjustments					
of plan liabilities	644	276	194	129	80
of plan assets	-157	-188	-62	83	110

19 Other provisions

Other provisions are as follows:

in € K	Balance Jan. 1, 2011	Currency	Utilization	Additions	Reversals	Balance Dec. 31, 2011
Provisions						
Warranties	8,640	21	3,306	7,458	988	11,825
Obligations towards employees	6,525	2	2,431	1,888	99	5,885
Professional fees	504	0	504	313	0	313
Litigation costs	455	6	8	233	95	591
Other provisions	1,581	12	1,176	547	268	696
Total	**17,705**	**41**	**7,425**	**10,439**	**1,450**	**19,310**

in € K	Balance Jan. 1, 2010	Currency	Utilization	Additions	Reversals	Balance Dec. 31, 2010
Provisions						
Warranties	5,979	111	1,957	4,794	287	8,640
Obligations towards employees	10,062	60	5,177	2,134	554	6,525
Professional fees	368	3	318	504	53	504
Litigation costs	934	37	365	234	385	455
Other provisions	2,580	77	1,404	796	468	1,581
Total	**19,923**	**288**	**9,221**	**8,462**	**1,747**	**17,705**

The due dates of the above provisions are distributed as follows:

in € K	Short-term (< 1 year)	Long-term (> 1 year)	Balance Dec. 31, 2011
Provisions			
Warranties	10,946	879	11,825
Obligations towards employees	3,222	2,663	5,885
Professional fees	313	0	313
Litigation costs	100	491	591
Other provisions	570	126	696
Total	**15,151**	**4,159**	**19,310**

in € K	Short-term (< 1 year)	Long-term (> 1 year)	Balance Dec. 31, 2010
Provisions			
Warranties	7,507	1,133	8,640
Obligations towards employees	3,000	3,525	6,525
Professional fees	502	2	504
Litigation costs	41	414	455
Other provisions	1,267	314	1,581
Total	**12,317**	**5,388**	**17,705**

The increase in discounts for non-current provisions from December 31, 2010 through December 31, 2011 amounted to EUR K 9 (previous year: EUR K 20) for obligations towards employees based on the applicable assessment basis.

Under other provisions, obligations towards employees includes provisions for employees nearing pension age who are working part-time and for whom claims for reimbursement against the German tax office amounted to EUR K 143 in 2011 and EUR K 335 in 2010.

Group 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 1,330 (previous year: EUR K 669). The cost of acquiring the securities amounted to EUR K 1,288 (previous year: EUR K 659) and the fair value at December 31, 2011 was EUR K 1,330 (previous year: EUR K 669), of which EUR K 1,330 is offset (previous year: EUR K 669).

20 Financial liabilities

Financial liabilities comprise the amounts recognized under the balance sheet items long-term borrowings (EUR K 15,261); short-term borrowings from banks (EUR K 91,654); and current portion of long-term borrowings (EUR K 421):

in € K	Dec. 31, 2011	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	96,996	82,055	12,101	2,840
Bonds	9,889	9,889	0	0
Liabilities from finance leases	451	131	320	0
Other non-current liabilities	0	0	0	0
Total	**107,336**	**92,075**	**12,421**	**2,840**

in € K	Dec. 31, 2010	Up to 1 year	1 to 5 years	Over 5 years
Borrowings from banks	39,998	17,956	18,833	3,209
Bonds	9,741	0	9,741	0
Liabilities from finance leases	546	111	435	0
Other non-current liabilities	0	0	0	0
Total	**50,285**	**18,067**	**29,009**	**3,209**

Borrowings from banks

Borrowings from banks include the following items:

Borrowings from banks	Dec. 31, 2011 in € K	Interest rate as a percentage	Interest rate type	Due dates
Long-term loan	4,482	6.00	fixed	> 1 year
Financing of Weidemann GmbH	2,400	Either 1, 3, 6 or 12 mo. EUR Libor + 0.65	fixed[1]	June 30, 2012
Subtotal on fixed interest rate loans	**6,882**			
Money market loans in USD	15,457	3 mo.USD Libor + 1.125 or 1	variable + Cap[1]	< 1 year
Loan to purchase a tract of land	10,000	6 mo. Euribor + 1.85	variable + Cap[1]	January 1, 2016
Subtotal on variable interest rate loans + Cap	**25,457**			
Money market loans in EUR	41,056	Euribor + 0.85	variable	< 1 year
Money market loans in USD	15,457	3 mo. USD Libor + 1.125	variable	< 1 year
Loans in Brazilian reals	5,945	10.90	variable	€ K 5,196 < 1 year or € K 749 > 1 year
Loan in Chilean pesos	2,099	9.36	variable	< 1 year
Export incentive credit line	100	2.00	variable	Can be terminated each year on March 31
Subtotal on variable interest rate loans	**64,657**			
Total	**96,996**			

[1] Loan converted from variable to fixed rate through a hedge. For more information, see section 23 on "derivative financial instruments" in these notes.

Borrowings from banks	Dec. 31, 2010 in € K	Interest rate as a percentage	Interest rate type	Due dates
Amortization loans in USD	10,917	1 mo. USD Libor + 3.75	fixed[1]	May 31, 2012
Loan to purchase a tract of land	10,000	6 mo. Euribor + 1.85	fixed[1]	January 1, 2016
Financing of Weidemann GmbH	7,800	Either 1, 3, 6 or 12 mo. EUR Libor + 0.65	fixed[1]	June 30, 2012
Long-term loan	4,756	6.00	fixed	> 1 year
Subtotal on fixed interest rate loans	**33,473**			
Loans in Brazilian reals	5,910	11.88	variable	€ K 5,343 < 1 year or € K 567 > 1 year
Loan in Chilean pesos	242	7.32	variable	< 1 year
Export incentive credit line	100	1.45	variable	Can be terminated each year on March 31
Other borrowings from banks	273	< 0.19	variable	< 1 year
Subtotal on variable interest rate loans	**6,525**			
Total	**39,998**			

[1] Loan converted from variable to fixed rate through a hedge.
For more information, see section 23 on "derivative financial instruments" in these notes.

Refer to item 30 "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 in writing but were not utilized by Wacker Neuson SE:

in € K	2011
First credit line EUR (Euribor + 0.85 percent)	30,000
Second credit line EUR/USD (3 mo. Euribor + 0.85 percent / USD Libor + 1 percent)	13,488
Third credit line USD (1 mo. Libor + 2 percent)	30,914
Fourth credit line EUR	5,000
Fifth credit line EUR (2 percent)	4,900
Sixth credit line BRL	1,504
Seventh credit line CLP	576
Eighth credit line ZAR	48
Ninth credit line TRY	164
Tenth credit line EUR	25
Eleventh credit line EUR	300
Total	**86,919**

in € K	2010
First credit line (3 mo. Euribor + 0.5 percent)	20,000
Second credit line in USD (1 mo. Libor + 2.0 percent)	15,058
Third credit line (Eonia + 1.25 percent)	5,000
Fourth credit line (Eonia or Euribor if fixed-interest credit + 1.0 percent)	2,000
Fifth credit line (T4M + 0.9 percent)	300
Sixth credit line (14.5 percent)	194
Seventh credit line (11.0 percent)	56
Eighth credit line (7.5 percent)	25
Total	**42,633**

The book values of borrowings from banks with variable and fixed interest rates were reported in the following currencies (equivalent in EUR):

in € K	2011	2010
Euro	58,038	22,929
USD (USA)	30,914	10,917
BRL (Brazil)	5,945	5,910
CLP (Chile)	2,099	242
Total	**96,996**	**39,998**

The fair values of financial liabilities are reasonable approximations of the book values.

Bonds

Wacker Neuson Linz GmbH (legal successor to Neuson Finance GmbH) issued a bond with a nominal value of EUR 10 million (book value: EUR K 9,889; previous year: EUR K 9,741). This is listed on the Third Market multilateral trading facility (MTF) of the Vienna Stock Exchange.

in € K	Dec. 31, 2011 Total nominal value	Dec. 31, 2011 Interest rate as a %	Due date
Bundled bond	10,000	4	September 30, 2012

Financial covenants

Financial covenants exist for the following financial instruments of Wacker Neuson SE:

Loan contract to finance the purchase of Weidemann GmbH

The loan contract contains a clause under which the company is bound to pledge its shares held in Weidemann GmbH to the bank as security should circumstances arise or become public that would justify the issuing of a higher risk assessment by the bank. With respect to the borrower's share of the business in Weidemann GmbH, there is an obligation not to execute power of disposal (sale) and to refrain from making any binding declarations. Furthermore, Wacker Neuson SE is bound by contract to use the proceeds received from the sale of assets outside of ordinary business operations which exceed the threshold value of EUR K 10,000 per annum to make a special redemption payment.

Bundled bond

Bondholders may recall their bonds as part of loans in the event of certain breaches of contract (if the issuer or guarantor defaults on payment or becomes insolvent, for example). Furthermore, bondholders may terminate their bonds as part of loans in the event of a significant change to the ownership structure or controlling interests – also vis-à-vis a key affiliate (for example through the sale of a majority shareholding) – and this change has a negative impact on the ability of the bond issuer to meet liabilities. The change as described may also be a gradual process.

Export incentive credit line (KRR credit line)

This credit is used exclusively to finance receivables from export trade. Amounts accruing to the bank under this loan agreement are secured by a global debt assignment provision and a bill of surety.

21 Trade payables

As of December 31, 2011, trade payables (at book value) were broken down as follows:

in € K	2011	2010
Trade payables	62,362	36,207
Book value due < 30 days	50,824	34,571
Book value due 30–90 days	11,385	1,497
Book value due > 90 days	153	139

Interest does not accrue on trade payables.

22 Other current liabilities

in € K	Dec. 31, 2011	Dec. 31, 2010
Personnel provisions (wages/salaries, vacation, etc.)	14,228	12,525
Other accruals	15,187	10,091
Deferred taxes	14,442	8,073
Sales tax	6,309	4,623
Advance payments received	821	1,240
Other	6,115	7,224
Total	**57,102**	**43,776**

The other accruals and other current liabilities in 2011 mainly consist of costs for preparing the Annual Financial Statements, outstanding invoices, liabilities to customers and income tax liabilities.

The fair values of the short-term borrowings are reasonable approximations of the book values.

23 Derivative financial instruments

Derivative financial instruments treated according to the hedge accounting criteria

The nominal amounts and market values of derivative financial instruments that satisfy hedge accounting criteria are recognized as follows as per December 31, 2011 and December 31, 2010:

in € K	Dec. 31, 2011		Dec. 31, 2010	
	Nominal Value	Market Value	Nominal Value	Market Value
Currency hedges	0	0	5,950	50
Interest hedges	2,400	16	18,717	361
Commodity hedges	0	0	0	0
Total	**2,400**	**16**	**24,667**	**411**

The market values recognized under the results for the period not included in the income statement and those recognized under the results for the period that were included in the income statement, together with deferred tax accruing on those amounts developed as follows during the fiscal year and were netted in the statement of comprehensive income:

in € K	Market values	Deferred taxes	Carried under equity
Balance at Jan. 1, 2011	**411**	**-144**	**267**
+/- not reflected in income	-109	32	-77
+/- reflected in income	-286	107	-179
Balance at Dec. 31, 2011	**16**	**-5**	**11**

The maturities of derivative financial instruments are as follows:

in € K	Up to 1 year	1 to 5 years	Over 5 years
		Nominal Value	
Currency hedges	0	0	0
Interest hedges	2,400	0	0
Commodity hedges	0	0	0
Total	**2,400**	**0**	**0**

Derivative financial instruments not treated according to the hedge accounting criteria

The derivatives concluded to hedge future foreign-exchange transactions (underlying transaction) do not satisfy formal hedge accounting criteria and are therefore classified as "held for trading" and recognized at fair value through profit or loss. The nominal and current values developed as follows at December 31, 2011 and December 31, 2010:

in € K	Dec. 31, 2011		Dec. 31, 2010	
	Nominal Value	Market Value	Nominal Value	Market Value
Assets				
Currency hedges	3,125	466	0	0
Interest hedges	25,457	6	10,000	56
Total	**28,582**	**472**	**10,000**	**56**
Liabilities				
Currency hedges	0	0	12,986	1,076
Total	**0**	**0**	**12,986**	**1,076**

The following table provides an overview of maturities of derivative financial instruments that do not satisfy hedge accounting criteria:

in € K	Up to 1 year	1 to 5 years	Over 5 years
		Nominal Value	
Assets			
Currency hedges	3,125	0	0
Interest hedges	0	25,457	0
Total	**3,125**	**25,457**	**0**

Changes in the values of the underlying transactions that offset each other are not included when calculating the fair value of the derivative financial instruments. Thus, they do not represent the value that the companies would jointly realize from the hedged item and hedge instrument. The book values of derivatives correspond to the fair values and there is no significant exposure to credit risks since all derivative contracts were entered into with banks that have a top credit rating.

Refer to item 26 "Additional information on financial instruments" in these Notes for information regarding net profits and losses from these financial instruments.

Other Information

24 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 Group. 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, 2011	Dec. 31, 2010
Guarantees	3,060	1,075

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. In addition to the above-mentioned contingent liabilities, the Group undersigns various financial guarantees (sureties). It is highly unlikely, however, that these will be exercised. Therefore no value was booked.

25 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, 2011	Dec. 31, 2010
Obligations due within 1 year	12,061	11,948
Obligations due in 1 to 5 years	17,787	16,204
Obligations due in more than 5 years	8,788	8,221
Total	**38,636**	**36,373**

b) Lease obligations

Finance lease obligations

When the Group is the lessee

Finance lease contracts mainly concern the purchase of office and other equipment and the purchase of real estate.

The following table lists the net book values of the relevant assets at the closing date:

in € K	Dec. 31, 2011	Dec. 31, 2010
Office and other equipment	98	64
Buildings	648	747
Total	**746**	**811**

Lease contracts for office and other equipment contain, for the most part, a purchase option at the end of the basic term of the lease which is also to be exercised. The finance lease contract concerns the purchase of a self-occupied administration building by the Hungarian affiliate, Wacker Neuson Kft., which will terminate by 2015.

Future minimum lease payments and their present values are presented in the following table:

in € K 2011	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	141	338	0	479
Less discount	-10	-18	0	-28
Present value	**131**	**320**	**0**	**451**

Discount rate	2–8 %

in € K 2010	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	116	458	0	574
Less discount	-5	-23	0	-28
Present value	**111**	**435**	**0**	**546**

Discount rate	3–6 %

When the Group is the lessor (finance lease)

To the extent that the company is the lessor and has sold equipment by way of finance lease, the receivables are capitalized to the amount of the net investment value ensuing from the lease contract. The sales proceeds are recognized in accordance with IAS 17.

Leasing transactions were sold to a third-party company in 2011. There were therefore no present values in the Group at December 31, 2011.

The present values for the previous year are as follows:

in € K 2010	Up to 1 year	1 to 5 years	Over 5 years	Total
Outstanding min. lease payments	518	2,007	0	2,525
+ Non-guaranteed residual value (nominal)	1,175	930	0	2,105
= Gross investment	**1,693**	**2,937**	**0**	**4,630**
- Unrealized investment income	-48	-201	0	-249
= Net investment (present value)	**1,645**	**2,736**	**0**	**4,381**
- Present value of non-guaranteed residual values	-1,138	-846	0	-1,984
= Present value of minimum lease payments	**507**	**1,890**	**0**	**2,397**

Operating leases

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:

in € K 2011	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	3,208	5,351	4,570	13,129

in € K 2010	Up to 1 year	1 to 5 years	Over 5 years	Total
Future minimum lease payments (nominal)	3,387	7,572	6,358	17,317

In 2011, a total of EUR K 4,921 (previous year: EUR K 4,929) for operating lease agreements was expensed.

c) Obligations resulting from investment decisions/ takeback obligations

Financial obligations ensuing from construction and investment projects amounting to EUR K 34,822 (previous year: EUR K 14,002) and from takeback obligations amounting to EUR K 2,985 (previous year: EUR K 2,622) exist. In addition, unconditional purchase commitments amounting to EUR K 135,969 also exist (previous year: EUR 92,137).

26 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	2011 Fair value	2011 Book value	Initial disclosure	Held for trading	Held for sale	Hedges	Loans and receivables	Held to maturity	Leases and others (book value)	Non-financial assets (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 investments	2,000	2,000	0	0	2,000	0	0	0	0	0
Other non-current assets	8,917	8,917	0	0	0	0	6,084	0	0	2,833
Trade receivables	158,358	158,358	0	0	0	0	158,358	0	0	0
Other current assets	18,281	18,281	0	472	0	0	3,811	0	0	13,998
Cash and cash equivalents	16,890	16,890	0	0	0	0	16,730	0	160	0

in € K	2011 Fair value	2011 Book value	Initial disclosure	Held for trading	At residual book value	Hedges	Leases and others (book value)	Non-financial assets (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		
Liabilities								
Long-term borrowings	15,261	15,261	0	0	14,941	0	320	0
Trade payables	62,362	62,362	0	0	62,362	0	0	0
Short-term borrowings from banks	88,015	91,654	0	0	91,654	0	0	0
Current portion of long-term borrowings	421	421	0	0	290	0	131	0
Other current liabilities	57,102	57,102	0	0	2,697	16	0	54,389

in € K	2010 Fair value	2010 Book value	Initial disclo-sure	Held for trading	Held for sale	Hedges	Loans and receiv-ables	Held to maturity	Leases and others (book value)	Non-financial assets (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 investments	5,478	5,478	0	0	5,478	0	0	0	0	0
Other non-current assets	14,282	14,282	0	0	0	0	9,132	0	2,736	2,414
Trade receivables	121,487	121,487	0	0	0	0	119,842	0	1,645	0
Other current assets	12,457	12,457	0	56	0	0	4,279	0	0	8,122
Cash and cash equivalents	36,559	36,559	0	0	0	0	36,380	0	179	0

in € K	2010 Fair value	2010 Book value	Initial disclo-sure	Held for trading	At residual book value	Hedges	Leases and others (book value)	Non-financial assets (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		
Liabilities								
Long-term borrowings	32,076	32,218	0	0	31,783	0	435	0
Trade payables	36,207	36,207	0	0	36,207	0	0	0
Short-term borrowings from banks	5,958	5,958	0	0	5,958	0	0	0
Current portion of long-term borrowings	12,109	12,109	0	0	11,998	0	111	0
Other current liabilities	43,776	43,776	0	1,076	2,670	411	0	39,619

Investments in equity instruments amounting to EUR K 2,000 (previous year: EUR K 5,478) that do not have a quoted market price in an active market are included in other investments. These equity instruments were valued at acquisition cost as the fair value cannot be reliably determined. In the current fiscal year, an impairment loss on an equity interest in the amount of EUR K 1,004 (previous year: EUR K 1,978) is realized in the income statement.

The bundled bond issued by Wacker Neuson Linz is included in the short-term borrowings from banks for 2011. The fair value of the bond amounts to EUR K 6,250, whereas its book value is recognized at EUR K 9,889. The discrepancy in these values stems from financial difficulties experienced by one of the issuers. The Group's repayment obligation remains at EUR K 10,000.

The following table shows the net profits and losses from financial instruments based on valuation categories. It does not include the effects on income of finance leases or of derivatives that qualify for hedge accounting as these are not allocated to any valuation categories set down in IAS 39. Similarly, interest and dividends have not been recognized on the net profits and losses from financial instruments.

in € K	2011	2010
Loans and receivables	-1,025	8
Financial instruments measured at fair value through profit or loss – initial disclosure	0	0
Financial instruments held for trading	1,492	-652
Financial liabilities measured at amortized cost	0	0

Net gain/loss from 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".

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 amounting to EUR K 869 (previous year: expense of EUR K 213), which are reported in the cost of sales. Refer to items 2 and 4 "Other income" and "Other operating expenses" in these Notes for information on exchange rate fluctuations and adjustments to monetary holdings.

The table below shows the financial instruments subsequently valued at fair value. These are split into levels 1 to 3, depending on the extent to which fair value can be observed:

- Level 1 fair value determination resulting from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value determination based on factors other than quoted prices for assets and liabilities as defined under level 1 (data) that are derived either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value determination resulting from models that use inputs for the asset or liability that are not based on observable market data (unobservable inputs).

in € K 2011	Level 1	Level 2	Level 3	Dec. 31, 2011
Financial assets categorized "at fair value through profit or loss"				
Non-hedged derivatives	0	472	0	472
Total	**0**	**472**	**0**	**472**

in € K 2011	Level 1	Level 2	Level 3	Dec. 31, 2011
Financial liabilities categorized "at fair value through profit or loss"				
Non-hedged derivatives	0	0	0	0
Total	**0**	**0**	**0**	**0**

in € K 2010	Level 1	Level 2	Level 3	Dec. 31, 2010
Financial assets categorized "at fair value through profit or loss"				
Non-hedged derivatives	0	56	0	56
Total	**0**	**56**	**0**	**56**

in € K 2010	Level 1	Level 2	Level 3	Dec. 31, 2010
Financial liabilities categorized "at fair value through profit or loss"				
Non-hedged derivatives	0	1,076	0	1,076
Total	**0**	**1,076**	**0**	**1,076**

27 Events after the balance sheet date

On February 27, 2012, Wacker Neuson SE successfully placed a Schuldschein loan in the amount of EUR 120 million to secure liquidity and hedge interest rates. The loan is based on a fixed coupon and terms of five and seven years. The transaction was subscribed at the lower end of the marketing range. The coupon rate is 3.00 percent p.a. for the fixed five-year term and 3.66 percent p.a. for the seven-year term.

The resulting interest payments will only have a minor impact on earnings, fi nancials and assets as the income generated was and will be used to redeem short-term lines as well as long-term borrowings due in 2012.

28 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 geographic 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). Reporting is also carried out internally according to business segments. This exclusively deals with revenue. Corporate governance will therefore continue to focus on geographical segments.

Products and services of operating segments

The products and services offered by the geographic operating segments can be divided into light equipment, compact equipment and services.

The light equipment business segment covers the manufacture and sale of light of equipment weighing up to approximately three tons in the following four business fields: concrete technology, soil and asphalt compaction, demolition and utility.

The compact equipment business segment covers the manufacture and sale of compact machinery weighing up to approximately 14 tons.

The services business segment houses the company's activities in the business fields after-market (repair and maintenance) and rental (light and compact equipment).

Segment valuation methods

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 covered in a separate Note.

Internal reporting reveals segment revenue and segment earnings, expressed as EBIT. EBITDA is also disclosed as a profit indicator.

The figures for working capital and net financial debt are also derived from internal reporting and included in external segment reporting for operating segments as segment assets and segment liabilities.

The operating segments are reported after elimination of transactions that have taken place within segments. The consolidation column thus contains only the eliminated transactions that took place between operating segments.

Revenue from external customers, categorized according to products and services, are recognized at Group level.

29 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 investment activities as well as from financing activities. Insofar as changes in liquid funds 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.

in € K	Dec. 31, 2011	Dec. 31, 2010
Cash deposits	160	179
Petty cash	27,573	51,032
Bank balances	4,974	4,317
Liabilities from group cash pool	-15,817	-18,969
Total	**16,890**	**36,559**

Non-cash operating expenses and income as well as the gain or loss on the sale of property, plant and equipment have been eliminated in 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.

30 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 company's business and investment activities in the long term. To maintain a suitable capital structure, the Group can change dividend payments to shareholders or issue new shares. As of December 31, 2011, and December 31, 2010, 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 not subject to any further external minimum capital requirements.

Financial risk factors

in € K	Dec. 31, 2011	Dec. 31, 2010
Current financial liabilities	92,075	18,067
Short-term financial liabilities	91,654	5,958
Current portion of long-term financial liabilities	421	12,109
Non-current financial liabilities (without provisions)	15,261	32,218
Total equity before minority interests	904,996	830,618
Total capitalization	**1,012,332**	**880,903**

in € K	Dec. 31, 2011	Dec. 31, 2010
Current net financial liabilities	75,185	-18,492
Short-term liabilities	92,075	18,067
less liquid funds	-16,890	-36,559
Net financial debt	90,446	13,726
Current net financial liabilities	75,185	-18,492
plus non-current financial liabilities	15,261	32,218

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 (EUR). Exchange risks are naturally hedged by offsetting receivables against payables in a given currency.

Two major manufacturing affiliates prepare their balance sheets in US dollars. From the Group's perspective, the US dollar is therefore a foreign currency that represents a significant potential currency risk for financial instruments. 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:

	2011	2010
USD currency trends as a %	+5.00/-5.00	+5.00/-5.00
Impact on profit before tax (EBT) in € K	575/-635	65/-72
Impact on equity in € K	575/-635	65/-72

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 quality 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 less impairment represents the maximum default risk. For further information on the book value of financial assets, please refer to item 26 “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. We are counteracting the risk of changes in individual customers’ payment patterns through our 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 company is liable. On the other hand, they influence the market value of financial instruments.

The Group hedges 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.

Of the total financial liabilities listed in item 20 “Financial liabilities” in these Notes (EUR K 107,336; previous year: EUR K 50,285), EUR K 42,679 (previous year: EUR K 43,760) is attributable to fixed interest rate liabilities, which are not subject to changes in interest rate, and EUR K 64,657 (previous year: EUR K 6,525) to variable interest rate liabilities.

The following table shows how the Group’s earnings before tax would respond to changes in interest rates that could be reasonably expected to occur based on the impact this would have on variable interest rate loans (EUR K 64,657; previous year: EUR K 6,525) and bank balances (EUR K 92; previous year: EUR K 1,551) resulting from a Group-wide cash pool system.

The effects on Group earnings before tax also reflect the impact on equity.

in € K	Book value at Dec. 31, 2011	Interest 2011	Impact on profit before tax (increase of 0.20%)	Impact on profit before tax (decrease of 0.20%)
Financial assets with variable interest rates				
Bank balances cash pool	92	0.188%	0	0
Financial liabilities with variable interest rates				
Other borrowings from banks	64,657	2.96%	-129	129
Total			**-129**	**129**

in € K	Book value at Dec. 31, 2010	Interest 2010	Impact on profit before tax (increase of 0.20%)	Impact on profit before tax (decrease of 0.20%)
Financial assets with variable interest rates				
Bank balances cash pool	1,551	0.188%	3	-3
Financial liabilities with variable interest rates				
Other borrowings from banks	6,525	11.07%	-13	13
Total			**-10**	**10**

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 not currently used by the company. Liquidity is managed by the Group's treasury department via a Group-wide cash pool system. Refer to item 20 "Financial liabilities" in these Notes for further information on existing credit lines and financial covenants.

31 Executive bodies

Executive Board

In the year under review, the Executive Board comprised four members up to and including August 31, 2011 and five members at the reporting date:

- Cem Peksaglam (as of September 1, 2011), CEO, responsible for investor relations, legal matters, HR, real estate, Group auditing, quality management
- Martin Lehner, Deputy CEO, responsible for the compact equipment business segment
- Günther Binder, responsible for finance, controlling and IT. Until August 31, 2011, also responsible for investor relations and Group auditing
- Richard Mayer, Spokesperson for the Executive Board (until August 31, 2011), responsible for the light equipment business segment. Until August 31, 2011, also responsible for quality management, legal matters and HR
- Werner Schwind, responsible for sales, rentals, logistics, service, marketing and training. Until August 31, 2011, also responsible for real estate

Cem Peksaglam joined the Executive Board as CEO on September 1, 2011.

The members of the company's Executive Board do not have any additional Supervisory Board positions or seats on comparable supervisory committees outside of the Wacker Neuson Group in Germany or abroad.

Supervisory Board

The following members are appointed to the Supervisory Board of Wacker Neuson SE as of the closing date:

- Hans Neunteufel, engineer, Chairman of the PIN Private Trust (PIN Privatstiftung), in Linz, Austria, Chairman of the Supervisory Board
- Dr. Ulrich Wacker (until July 28, 2011), lawyer, Chairman of the EQUA association (EQUA-Stiftung), Herrsching, Germany, Deputy Chairman of the Supervisory Board
- Dr. Matthias Bruse (as of August 11, 2011), attorney-at-law and partner at the P+P Pöllath+Partners law firm, Munich, Germany, Deputy Chairman of the Supervisory Board (as of December 16, 2011)
- Dr. Eberhard Kollmar, attorney-at-law and partner at the Kollmar, Deby & Sinz Rechtsanwaltsgesellschaft mbH law firm, Munich, Germany, Deputy Chairman of the Supervisory Board (as of December 16, 2011)
- Kurt Helletzgruber, businessman, member of the board of the PIN Private Trust (PIN Privatstiftung), Linz, Austria
- Elvis Schwarzmair, Chairman of the Reichertshofen Works Council and Chairman of the Central Works Council, the Group Works Council, and the SE Works Council, Rohrbach, Germany
- 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

The following members of the Group's Supervisory Board have additional supervisory board positions or seats on comparable supervisory committees in Germany and abroad outside of the Wacker Neuson Group:

- Hans Neunteufel
  1) Chairman of the Supervisory Board of Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft, Austria
  2) Chairman of the Supervisory Board of Allgemeine Sparkasse Oberösterreich Bankaktiengesellschaft, Austria
- Dr. Matthias Bruse
  1) Member of the Supervisory Board of Klöpfer & Königer GmbH & Co. KG, Garching, Germany
  2) Member of the Supervisory Board of SURTECO SE, Buttenwiesen, Germany
  3) Member of the Supervisory Board of MAN SE, Munich, Germany (since June 2011)

For information on the remuneration of the Executive and Supervisory Boards, as well as remuneration of former Board members, please refer to item 32 "Related party disclosures" in these Notes.

32 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, 2011	Current payables Dec. 31, 2011	Expenses for business transactions 2011	Income for business transactions 2011
Relations with shareholders	310	102	545	992
Relations with sister companies	142	268	4,851	843
Relations with non-consolidated companies	356	714	7,075	340
Pension fund	0	199	0	0
Total	**808**	**1,283**	**12,471**	**2,175**

in € K	Current receivables Dec. 31, 2010	Current payables Dec. 31, 2010	Expenses for business transactions 2010	Income for business transactions 2010
Relations with shareholders	0	0	575	740
Relations with sister companies	85	209	3,914	766
Relations with non-consolidated companies	4,406	490	3,983	933
Pension fund	0	191	0	0
Total	**4,491**	**890**	**8,472**	**2,439**

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 992 (previous year: EUR K 740). These were counterbalanced with goods and services received from the shareholder to the value of EUR K 545 (previous year: EUR K 575). 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 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 affiliates and Neuson Kramer subgroup companies that were not consolidated but where a shareholding exists (see general information on accounting standards/consolidation structure). In the year under review, value impairments on receivables and shareholdings were realized in the amount of EUR K 1,004 (previous year: EUR K 1,978).

The pension fund is matched solely with a provision for voluntary support and pension benefits for employees both during the year under review and the prior fiscal year.

Total remuneration for the Executive Board in the period under review amounted to EUR K 3,584 (previous year: EUR K 6,210). Total remuneration for the Supervisory Board for the same period amounted to EUR K 456 (previous year: EUR K 260). At the AGM on May 26, 2011, a resolution was again passed to refrain from itemizing this information in accordance with Section 285 (1), no. 9a, sentences 5 to 8 of the German Commercial Code (HGB) in conjunction with Section 314 (2), sentence 2 of the HGB in conjunction with Section 315a, (1) of the HGB. At the closing date, short-term payables to the Executive Board in the amount of EUR K 2,100 were outstanding (previous year: EUR K 1,935).

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 4,504 (previous year: EUR K 4,207). The increase in value (addition to provisions) amounted to EUR K 297 (previous year: EUR K 1,658). 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 18 “Provisions for pensions and similar obligations” in these Notes.

Due to respective agreements, pension agreements have also been closed with former members of the Executive Board. The value of these pension obligations at the end of the accounting period totaled EUR K 15,756 (previous year: EUR K 16,097). In fiscal 2011, EUR K 1,662 (previous year: EUR K 517) was paid to former Executive Board members.

33 Auditor's fees

The auditor's fee is disclosed as an expense in fiscal 2011 and is broken down as follows:

in € K	2011	2010
Auditing services	306	340
Other approval and assessment services	211	154
Tax consultation services	412	396
Other services	43	70

34 Declaration regarding the German Corporate Governance Codex

The Executive and Supervisory Boards have issued a declaration stating which recommendations of the Government Commission on the German Corporate Governance Code have been and will be adopted. The declaration can be downloaded at any time from the Group website at www.wackerneuson.com.

35 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 2011:

Company Name	City
Kramer-Werke GmbH	Pfullendorf
STG Stahl- und Maschinenbautechnik Gutmadingen GmbH	Geisingen
Wacker Neuson Grundbesitz GmbH & Co. KG	Pfullendorf
Wacker Neuson Grundbesitz Verwaltungs GmbH	Pfullendorf
Wacker Neuson Produktion GmbH & Co. KG	Munich
Wacker Neuson Vertrieb Deutschland GmbH & Co. KG	Munich
Wacker Neuson SGM Verwaltungs GmbH	Munich
Wacker Neuson Vertrieb Europa GmbH & Co. KG	Munich
Wacker Neuson SEM Verwaltungs GmbH	Munich
Weidemann GmbH	Diemelsee-Flechtdorf

Munich, March 9, 2012

Wacker Neuson SE

The Executive Board

Cem Peksaglam
(CEO)

Martin Lehner
(Deputy CEO)

Günther C. Binder

Richard Mayer

Werner Schwind

Responsibility Statement

"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, liabilities and profit or loss of the Wacker Neuson Group, and that 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 9, 2012

Wacker Neuson SE, Munich

Executive Board

Cem Peksaglam
(CEO)

Martin Lehner
(Deputy CEO)

Günther C. Binder

Richard Mayer

Werner Schwind

Unqualified Auditors' Opinion

We have audited the consolidated financial statements prepared by Wacker Neuson SE, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the 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, 2011.

The preparation of the consolidated financial statements and the combined management report in accordance with those IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a paragraph 1 HGB are the responsibility of company management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We have conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted 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 so that misstatements materially affecting the presentation of the assets, financials and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined 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 combined management report are examined primarily on a 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 the evaluation of the overall presentation of the consolidated financial statements and the combined 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 § 315a paragraph 1 HGB and give a true and fair view of the net assets, financials and results of operations of the Group in accordance with these requirements. The combined 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 9, 2012

Rölfs RP AG
Wirtschaftsprüfungsgesellschaft

Reinke	Jagosch
Wirtschaftsprüfer	Wirtschaftsprüfer
(Public Auditor)	(Public Auditor)

Technical Glossary

Breaker	Hammer which runs on a combustion engine or electrical motor and is used to break up or demolish concrete and asphalt.
Compact equipment	Group's strategic business segment covering equipment of up to around fourteen tons, particularly wheel loaders, skid steer loaders, four-wheel and track dumpers, telescopic handlers, track and mobile excavators and compact excavators.
Concrete technology	The equipment is mainly used for laying concrete walls, ceilings and floors and includes internal and external vibrators, as well as trowels.
Demolition	The equipment is used to break or cut asphalt and concrete and includes cut-off saws, floor saws, rotary drills and breakers.
Dumper	Compact construction vehicle primarily used for transporting backfill material.
Floor saws	Hand-guided saws equipped with a diamond blade like the cut-off saw mainly used for cutting concrete and asphalt floors.
Heavy equipment	Large construction machinery defined by the company as having a total weight of over fifteen tons, typically transported to construction sites for specific projects and operated by specially trained employees.
Hydronic heating equipment	Mobile heating equipment to thaw frozen ground or heat buildings, making construction work less dependent on weather conditions.
Internal vibrator	Used for concrete compaction, mainly on construction sites. They consist of eccentric weights driven by an electrical motor, arranged in a waterproof steel tube for submersion in fresh concrete.
Light equipment	Group's strategic business segment. Covers predominantly hand-held and hand-guided devices as well as remote-controlled or ride-on equipment of up to around three tons.

Rebar cutter	Metal rods for reinforced concrete can be cut to measure with rebar cutters.
Rebar tiers	Rebar tiers are used to knot together the steel bars that reinforce concrete. The devices can tie up to 1,000 knots per hour.
Skid steer loader	Small wheel loader either with four-wheel drive steering or rubber tracks which offers excellent maneuverability in small areas and easy handling even across the roughest terrain. Multi-purpose attachments are available.
Soil and asphalt compaction	The equipment is mainly used for compacting soil and asphalt in the construction processes involved in trenches, roads, paths, foundations and industrial buildings. Examples of this equipment include rammers, vibratory plates and rollers.
Telescopic handlers	Like wheel loaders, these compact machines may be used in construction and agriculture. The main difference is the detached cabin and enormous lifting heights.
Utility	Group's business field in the light equipment segment. Equipment such as generators, light towers, submersible pumps and mobile hydronic heating systems support construction site activities.
Vibratory plate	Soil and asphalt compaction device, mainly used to compact pipeline trenches and paving stones. Also used to precompact foundation soil.
Vibratory rammer (also rammer)	First developed in the 1930s by the Wacker Neuson, this pioneering product is used in soil and asphalt compaction, particularly in small spaces and narrow trenches.
Wet screed	Concrete technology equipment mainly used to manufacture large concrete floors, in industrial buildings for example, simultaneously leveling and compacting fresh concrete.
Wheel loader	Several types of wheel loader are available featuring different technology and attachments. The variety of applications include landscape, utility, pallet fork operation and lifting.
Zero tail excavator	When these excavators swing to the side (at a 90° angle to the direction of travel), the tail does not protrude over the tracks.

Financial Glossary

Break-even point	The point at which costs or expenses and revenue are equal at EBIT level. If a company fails to generate enough sales to reach this point, it will make a loss. A break-even analysis is an important tool for corporate planning. It helps assess the impact of changes to the cost structure and determine the amount of sales (level of revenue generated) required to exceed the break-even point.
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 the 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 and intangible assets and the disposal of financial, tangible and 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.
Deferred taxes	Differences between the tax base and the carrying amounts in the IFRS accounts in order to disclose tax expense (actual and deferred) according to IFRS.
Derivatives	Derivatives are 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.
Earnings per share (EPS)	EPS is defined as net 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)	The earnings before interest, taxes, depreciation and amortization (EBITDA) margin is a measure of a company's operational profitability. It is calculated as the ratio of EBITDA to revenue.
EBT	Earnings before taxes (EBT).
Equity ratio	Ratio of equity before minority interests to total capital; indicates the financial stability of a company.
Free cash flow	Free cash flow refers to the amount of cash readily available to a company.
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	Gross profit margin is a measure of operational efficiency, expressing the relationship between gross profit and sales revenue or the percentage by which sales exceed cost of sales.
Hedge	Provides protection against risks arising from unfavorable exchange rate fluctuations and changes to raw material and other prices.
Impairment test	Intangible assets are subject to an annual impairment test. This involves comparing the carrying amount with the fair value less costs to sell. Fair value 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 carrying value.
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.
Key performance indicators (KPI)	KPIs are used to define company targets and measure the extent to which a company is achieving its goals.
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 corporate tax rate)*

Peer group	Companies active in the same or a similar branch or industry.
Purchase price allocation (PPA)	This refers to a process whereby the purchase price paid for a company is allocated at fair value to the assets, liabilities and contingent liabilities acquired. The difference in value is disclosed as goodwill (see entry above).
Return on assets (after tax and before minority interests)	Return on assets is the ratio between profit for the period before minority interests and the average balance sheet total.
Return on sales (ROS)	Return on sales is the ratio between profit before minority interests and sales or revenue.
ROCE I (return on capital employed)	ROCE I indicates the efficiency and profit-generating ability of capital expenditure 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 %*
ROE (return on equity)	This indicator measures the return a company is getting on its equity. It shows the relation between earnings (after tax) and equity employed before minority interests. ROE = Earnings after tax in relation to average equity before minority interests as a %
Schuldschein loan agreements	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 loans 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	A swap is 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.
Tax shield	The reduction in income taxes that results from availing of tax deductions applicable to interest on borrowings. It increases a company’s equity value.

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 to be 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 current assets and current liabilities excluding liquid funds. Also known as net current assets, this is a key indicator of the liquidity of a company.
Working capital = Total inventory plus trade receivables minus trade payables

Working capital to revenue

Return on capital employed to generate revenue.
Working capital to revenue = relationship between working capital and revenue

Write-downs

Scheduled or one-off write-downs indicating impairment in the value of an asset. The → impairment test in 2009 resulted in the write-down of goodwill attributable to the Neuson Kramer subgroup in the amount of EUR K 89,540 and write-down of the value attributable to the Neuson brand – a constituent part of the Wacker Neuson name – in the amount of EUR K 10,798 (total impairment losses of EUR 100.3 million). This one-off non-cash write-down was reflected in the income statement. The portion of the write-down attributable to brand impairment was reversed in fiscal 2011 (→ write-ups).

Write-ups

This involves making an upward adjustment to the carrying value of an asset. If the -> impairment test reveals that the reasons for → writing down 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. The reversal of goodwill impairment is not permitted.

Publishing Details / Financial Calendar

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Financial Calendar 2012

March 22, 2012	Publication of financial results 2011, press conference, Munich
May 10, 2012	Publication of first-quarter report 2012
May 15, 2012	German & Austrian Corporate Conference 2012, Frankfurt
May 22, 2012	AGM, Munich
August 09, 2012	Publication of half-year report 2012
November 13, 2012	Publication of nine-month report 2012

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Disclaimer

This Annual Report contains forward-looking statements which are based on the current estimates and assumptions by the corporate management of Wacker Neuson SE. Forward-looking statements are characterized by the use of words such as expect, intend, plan, predict, assume, believe, estimate, anticipate and similar formulations. Such statements are not to be understood as in anyway guaranteeing that those expectations will turn out to be accurate. Future performance and the results actually achieved by Wacker Neuson SE and its affiliated companies depend on a number of risks and uncertainties and may therefore differ materially from the forward-looking statements. Many of these factors are outside the Company´s control and cannot be accurately estimated in advance, such as the future economic environment and the actions of competitors and others involved in the marketplace. The Company neither plans nor undertakes to update any forward-looking statements.

7-Year Comparison[1]

in € million	2011	2010	2009	2008	2007	2006	2005
Revenue	991.6	757.9	597.0	870.3	742.1[2]	619.3	503.2
Revenue Europe	723.9	558.6	465.7	676.2	520.7	391.1	301.1
Revenue Americas	231.0	168.1	103.1	166.9	196.1	205	182.7
Revenue Asia-Pacific	36.7	31.2	28.2	27.2	25.3	23.2	19.4
Gross profit[3]	323.2	239.5	184.1	293.4	282.5	255.7	212.6
EBITDA	162.6	77.8	27.2 (36.7)[4]	100.9	117.0	100.2	70.3
Depreciation and amortization	38.8 (49.6)[10]	41.1	140.3 (40.0)[5]	43.0	38.1	23.6	19.6
EBIT	123.8[6]	36.7	-113.1 (-3.2)[5]	58.0	78.9	76.7	50.7
EBT	120.3[6]	32.7	-115.5 (-5.6)[5]	55.7	78.2	76.2	50.4
Profit for the period	85.8[6]	23.9	-110.1 (-2.9)[5,7]	37.4	54.1	48.5	31.3
Number of employees	3,514	3,142	3,059	3,665	3,659	2,837	2,630
R&D percentage of revenue	2.2	2.9	3.4	2.9	2.8	2.5	2.7
Share							
Earnings per share in €	1.22	0.34	-1.57	0.53	1.1	1.19	0.77
Dividends per share in €	0.50[8]	0.17	0	0.19	0.50	0.38	0.27
Key profit figures							
Gross profit margin as a %	32.6	31.6	30.8	33.7	38.1	41.3	42.3
EBITDA margin as a %	16.4	10.3	4.6 (6.2)[4]	11.6	15.8	16.2	14.0
EBIT margin as a %	12.5	4.8	-18.9 (-0.5)[5]	6.7	10.6	12.4	10.1
Net return on sales (ROS) as a %	8.7	3.2	-18.4 (-2.1)[7,9]	4.4	7.3	7.8	6.2
Key figures from the balance sheet							
Non-current assets	742.1	673.9	632.7	750.0	697.0	229.2	202.5
Current assets	471.2	356.3	339.0	428.6	517.5	245.8	240.6
of which inventory	274.5	184.0	148.3	217.0	175.1	100.2	99.0
of which liquid funds	16.9	36.6	85.0	65.6	76.8	36.4	47.6
Equity before minority interests	905.0	830.6	789.0	909.1	910.4	282.4	289.9
Net financial debt	90.4	13.7	-24.9	59.0	-43.1	45.1	9.4
Gearing as a %	10.0	1.7	-3.2	6.5	-4.7	16	3.3
Total liabilities	305.4	197.3	180.2	266.8	301.8	192.6	153.2
Balance sheet total	1,213.3	1,030.2	971.7	1,178.6	1,214.5	475.0	443.1
Return on assets (ROA) as a %	7.7	2.5	-1.1[7,9]	3.2	7.5	10.9	8.5
Equity ratio before minority interests as a %	74.6	80.6	81.2	77.1	75.0	59.5	70.1
Working capital	370.5	269.3	217.9	303.9	271.5	158.6	154.6
ROCE I as a %	17.5[10]	6.9	-2.4[9]	10.8	23.1[11]	28.5	21.4
ROCE II as a %	12.5[10]	5.2	-1.9[9]	7.4	15.8[11]	18.1	13.3
Weighted average cost of capital (WACC)	7.5	7.9	8.6	8.0	10.8	–	–
Capital employed (average)	646.6	531.3	538.9	537.4	486.7	269.4	236.5
Return on equity (ROE) as a %	9.0[10]	3.0	-1.4[7,9]	4.2	12.3	17	11.7
Cash flow							
Cash flow from operating activities	43.6	44.9	138.3	38.1[12]	55	49.1	44.9
Cash flow from investing activities	-105.5	-85.2	-38.1	-16.4[12]	-141.8	-41.6	-89.8
Investments	114.0	85.0	43.4	101.8	84.0	31.9	37.6
Cash flow from financing activities	42.6	-10.3	-53.0	-21.9	96.4	-23.0	40.6
Free cash flow	-61.9	-38.8	100.6	23.4	62.1	22.6	10.3

[1] All figures prepared according to IFRS.

[2] The Austrian merger partner (formerly Neuson Kramer Baumaschinen AG) was consolidated for the first time on October 1, 2007. The revenue figures for 2007, therefore, only include Q4 revenue for this entity. Pro-forma Group revenue amounted to EUR 979.5 million.

[3] Since 2011, expenses for service technicians are reported in the income statement under cost of sales (instead of sales and service expenses). Gross profit for 2010 has been adjusted accordingly.

[4] Adjusted to discount restructuring costs (EUR 9.6 million).

[5] Adjusted to discount restructuring costs in the amount of EUR 9.6 million and write-downs on intangible assets in the amount of EUR 100.3 million.

[6] Includes reversal of brand impairment in 2011 (for more information, see "Earnings").

[7] Including deferred taxes in the amount of EUR -2.7 million (in conjunction with write-downs on brand value – intangible assets).

[8] Dividend proposal for the AGM on May 22, 2012.

[9] Adjusted for write-down on intangible assets in the amount of EUR 100.3 million.

[10] 2011 figure adjusted for reversal of impairment in the amount of EUR 10.8 million.

[11] On a pro-forma basis.

[12] The item "Interest received" has been transferred from cash flow from investment activities to cash flow from operating activities.

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