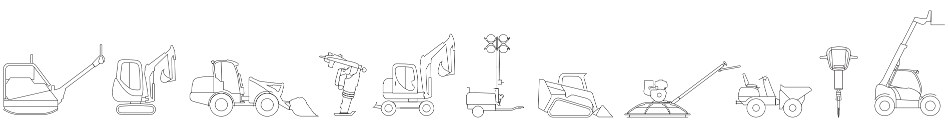
H1/2014

Wacker Neuson Half-year report



Wacker Neuson
Group

Figures at a Glance

April 1 through June 30 and January 1 through June 30

in € million	Apr. 1–Jun. 30, 2014	Apr. 1–Jun. 30, 2013	Change	Jan. 1– Jun. 30, 2014	Jan. 1– Jun. 30, 2013	Change
Key figures						
Revenue	328.4	329.0	-0.2%[1]	620.0	586.1	5.8%[2]
by region						
Europe	243.2	237.0	2.6%	459.2	416.3	10.3%
Americas	75.5	81.7	-7.6%	143.4	151.2	-5.2%
Asia-Pacific	9.7	10.3	-5.3%	17.4	18.6	-6.5%
by business segment[3]						
Light equipment	109.0	120.6	-9.6%	203.4	214.3	-5.1%
Compact equipment	156.1	145.7	7.1%	297.2	262.3	13.3%
Services	68.1	66.9	1.8%	127.9	116.6	9.7%
EBITDA	56.8	44.9	26.5%	93.0	69.7	33.4%
Depreciation and amortization	15.4	15.6	-1.3%	29.6	29.3	1.0%
EBIT	41.3	29.3	41.0%	63.4	40.4	56.9%
EBT	39.8	27.5	44.7%	60.4	36.8	64.1%
Profit for the period	28.2	18.5	52.4%	42.5	24.9	70.7%
Number of employees	4,217	4,093	3.0%	4,217	4,093	3.0%
Share						
Earnings per share in €	0.40	0.26	52.4%	0.61	0.36	70.7%
Dividends per share in €[4]	0.40	0.30	33.3%	0.40	0.30	33.3%
Key profit figures						
Gross profit as a %	30.7	30.3	0.4 PP	30.1	29.8	0.3 PP
EBITDA margin as a %	17.3	13.6	3.7 PP	15.0	11.9	3.1 PP
EBIT margin as a %	12.6	8.9	3.7 PP	10.2	6.9	3.3 PP

Key figures from the balance sheet	Jun. 30, 2014	Dec. 31, 2013	Jun. 30, 2013	Changes Jun. 30, 2013
Non-current assets	810.6	792.0	805.3	0.7%
Current assets	592.8	530.4	588.5	0.7%
Equity before minority interests	951.9	935.5	913.0	4.3%
Net financial debt	202.7	177.2	254.7	-20.4%
Liabilities	447.3	383.1	477.1	-6.2%
Equity ratio before minority interests as a %	67.8	70.7	65.5	2.3 PP
Working capital	487.6	453.1	486.7	0.2%

Cash flow	Apr. 1–Jun. 30, 2014	Apr. 1–Jun. 30, 2013	Change	Jan. 1– Jun. 30, 2014	Jan. 1– Jun. 30, 2013	Change
Cash flow from operating activities	34.5	51.9	-33.5%	53.4	31.6	69.0%
Cash flow from investing activities	-24.2	-30.6	-20.9%	-51.9	-49.6	4.6%
Capital expenditure (property, plant and equipment and intangible assets)	24.9	30.8	-19.1%	52.6	51.4	2.4%
Cash flow from financing activities	-19.8	-25.7	-23.0%	-3.7	14.4	–
Free cash flow	10.3	21.4	-51.9%	1.5	-17.9	–

[1] Adjusted to discount currency fluctuations: 2.4 %.
[2] Adjusted to discount currency fluctuations: 8.8 %.
[3] Consolidated sales before discounts.
[4] Dividend payment in May for the previous fiscal year.

Latest Developments from the First Six Months of 2014

At a glance

In Europe, the steady economic upturn made customers more willing to invest. Adjusted to discount currency fluctuations, the Americas and Asia-Pacific regions also recorded increases in revenue. On May 27, 2014, the AGM approved a dividend payout of EUR 0.40 per share for fiscal 2013.

H1 2014 compared to H1 2013

- Revenue rose 6 percent to EUR 620 million, or 9 percent when adjusted to discount currency fluctuations.
- In Europe, revenue showed a significant 10-percent increase. The compact equipment (+13%) and services (+10%) segments recorded particularly high increases in revenue. Adjusted to discount currency fluctuations, light equipment increased by 1 percent.
- Six-month profit was also significantly higher than the prior-year figure, with an EBIT margin of 10.2 percent (H1 2013: 6.9 percent) and an EBITDA margin of 15.0 percent (H1 2013: 11.9 percent).

Forecast

Wacker Neuson has confirmed its annual forecast for 2014. The Group expects revenue to increase to between EUR 1.25 and 1.30 billion (2013: EUR 1.16 billion). The EBITDA margin is expected to lie somewhere between 13.0 and 14.0 percent (2013: 13.2 percent), and the EBIT margin should amount to between 8.0 and 9.0 percent (2013: 8.2 percent). Wacker Neuson remains committed to its strategy and intends to increase its reach in core markets and continue as planned on its expansion path.

Cem Peksaglam
CEO

Dear Ladies and Gentlemen,

In 2013, the long, harsh winter delayed construction activity in the northern hemisphere until late spring. For us, this meant a weak first quarter followed by the strongest three months in our company's history, which saw us post revenue of EUR 329 million. The construction trade show bauma, which is held every three years in Munich, also proved a great success for us during this time. In 2014, this trend was reversed. This year, the construction season got off to an early start after a short, mild winter in Europe. Many construction companies made investments earlier in the year, bringing our revenue for the first quarter to EUR 292 million, 13 percent higher than the previous year. We were able to improve on this result in the second quarter. At EUR 328 million, Q2 revenue was 13 percent higher than Q1. When adjusted to discount exchange rate fluctuations, our performance here also saw us exceed the previous year's result, with revenue for Q2 2014 increasing 2 percent on Q2 2013.

Overall, revenue for the first half of 2014 rose 6 percent to EUR 620 million. This all-round positive picture was overshadowed by currency developments, primarily in markets outside of Europe. Without these negative currency effects, our revenue growth would have amounted to 9 percent. In Europe, Wacker Neuson revenue grew by 10 percent to EUR 459 million in the first six months of the year. In the Americas, however, revenue totaled EUR 143 million, a good 5 percent lower than the previous year. Without the effects of exchange rate fluctuations, we would have been able to report growth of almost 2 percent here. This discrepancy is even greater in Asia-Pacific, where we reported a nominal 6.4 percent drop in revenue. If we discount exchange rate fluctuations, our revenue here rose by 3.8 percent.

The light equipment segment in particular felt the effects of exchange rate fluctuations and weak demand in certain markets. At the close of June, revenue for this segment fell 5 percent to EUR 203 million. Discounting currency effects, this corresponds to a small increase of 1 percent. In light of positive developments in key markets for the Group, in particular the US, we expect to see tangible improvements in this segment as the year progresses. Once again, our compact equipment segment proved to be a key growth driver. Our success here is fueled by our strategy to leverage our existing sales network in a bid to expand into new markets and strengthen our position in existing markets. At the close of June, revenue from the compact equipment segment had risen 13 percent (15 percent when adjusted for currency effects). Order intake was also 30 percent higher than the prior-year figure. Our order books are therefore looking good for 2014.

Our Weidemann and Kramer branded equipment also developed well. Our success here arises from the fact that our innovative machines are meeting the need to increase efficiency and productivity in the agricultural sector. At EUR 91 million, revenue from agricultural equipment rose by 10 percent. This confirms our diversification strategy.

The services sector was bolstered by strong new equipment sales and increased construction activity in many markets. Revenue from this segment rose 10 percent to EUR 128 million (11 percent when adjusted to discount exchange rate fluctuations).

Our efforts to consistently reduce costs and optimize work processes are beginning to bear fruit. In the first six months of 2014, SG&A and R&D expenses accounted for 20.6 percent of revenue; this is down from 23.2 percent for the prior-year period. In the second quarter of the year, this ratio fell to below 20 percent of revenue for the first time.

As a result of our hard work here, we were able to increase profit before interest and tax (EBIT) for the first six months of 2014 by 57 percent relative to the previous year. The EBIT margin came to 10.2 percent. Profit before interest, tax, depreciation and amortization (EBITDA) rose by a third and the EBITDA margin came in at 15 percent. The EBIT margin for the second quarter increased from 8.9 percent in the previous year to 12.6 percent, although revenue for both periods remained more or less the same. The EBITDA margin rose from 13.6 percent to 17.3 percent.

The overall positive trends in our key markets give us every reason to be confident about the second half of 2014. Our global market strategies are yielding results and we are gradually expanding our market positions. Demand is also rising slowly in southern European countries. We remain confident that we will achieve the revenue and profit forecasts for the year that we announced in spring. We expect revenue to range between EUR 1.25 billion and EUR 1.30 billion and the EBITDA margin to move between 13 and 14 percent. We also expect an EBIT margin of between 8 and 9 percent.

There are, however, a few developments that we will need to follow closely. In Germany, residential construction is strong. However, growth in the construction industry as a whole has lost momentum following the early start to the year. There are also uncertainties as to how the situation in Ukraine and the Middle East will affect the European economy. The rate of recovery in the US construction industry is slow and in South America, several key markets are in crisis. In Asia-Pacific too, the renewed upswing in the construction sector is proving uncertain after years of strong performance and current high capacities. The mining industry in Australia is also recovering at a slow pace. Our broad portfolio of machines is subject to emissions standards that have been tightened significantly in recent years. Our engineers and technicians are busy to ensure that our equipment aligns with these regulations on time. However, the lack of harmonization between markets such as the EU and the US is making development, production, logistics and administration extremely complex, and hampering manufacturers' efforts to implement these changes.

There are certainly enough challenges ahead. We strongly believe though that we can master the majority of these and maintain our steady growth path. This is due in no small part to the commitment of our employees and managers. I would like to thank each and every one of them for their dedication and effort.

I would like to finish by saying a few words about our share. Up to the end of June, the Wacker Neuson share had been developing strongly, with the price rising around 66 percent over the previous 12 months. I am delighted for our shareholders with these results. Our market capitalization also reached approximately EUR 1.2 billion. This is certainly an appropriate reflection of the earnings power, financial strength and future potential of our company and I firmly believe that this figure can be improved upon. I would like to take this opportunity to thank our shareholders for their loyalty to the company throughout the good and the bad times.

Best regards,

Cem Peksaglam
CEO Wacker Neuson SE

Group Management Report

Economic and business trends

Stable growth in the global economy

The global industrial economy continued to grow in the first half of 2014. Geopolitical crises in Ukraine, Syria and Iraq together with currency devaluations in a number of emerging economies and severe winter weather in the US at the start of the year were a cause for concern. However, the global economy was kept buoyant by robust industrial output and above all consumer demand. The economy continued to stabilize in Europe while the US and large parts of Asia reported dynamic growth. As a result of the overall increase in demand, industries in the US, Japan, Germany and other parts of Europe and Asia increased capacity. Raw material prices fell again in June 2014.

According to the ifo institute, the eurozone economy grew at a slightly faster rate in the second quarter of 2014 than it did in the first. At 0.5 percent, inflation in the eurozone remains stable, albeit at a relatively low level. Tensions in the Middle East and Ukraine did dampen growth. According to Eurostat, the construction industry in some countries reported double-digit growth relative to the previous year. In May 2014, for example, the Spanish and Slovenian construction sectors grew by 42 percent compared to the same period in 2013, with Hungary reporting gains of 29 percent, Poland 7 percent, the UK 2.5 percent and Sweden 0.7 percent for that month. France, the Netherlands and Germany all reported losses however, as the comparatively mild winters in these countries meant that many construction projects were brought forward to March and April.

According to the Deutsche Bundesbank, growth in the German economy stagnated during the second quarter following rapid growth at the start of the year.

In the US, the long, harsh winter had a negative impact on the construction and agricultural sectors during the first quarter of 2014. These markets started to catch up in April, however, showing strong signs of growth and pushing US economic growth for the second quarter of 2014 up three percent on the figure reported for the first three months of the year. In June, however, the number of building permits issued was four percent lower than in the previous year.

During the second quarter of 2014, China's economy grew 7.5 percent compared to the same period last year. The Chinese government provided financial support for selected stimulus programs here, in particular in the rail sector and social housing projects. China's rapid growth in recent years has resulted in high levels of construction equipment inventory here.

Trends in the agricultural sector

The mood among European agricultural equipment manufacturers was positive in the first half of the year. Food prices rose – a factor which also had a positive impact on earnings for landholders and fueled demand for agricultural machinery, in particular in Germany, Great Britain, Poland and France. The aim of investments was to increase productivity on holdings with limited labor resources.

Business trends and highlights from the first half of 2014

H1 revenue and earnings at record levels

Overall, business developed positively for Wacker Neuson in the first half of 2014. The Group's targeted efforts to leverage sales synergies for the global distribution of products paid dividends. Wacker Neuson also profited from its strategy to diversify into different user segments.

At EUR 328.4 million, revenue for the second quarter of 2014 remained at the same record high level as the previous year (Q2 2013: EUR 329.0 million). This followed on from a 12.6-percent increase in revenue for the first quarter of the year (Q1 2014: EUR 291.6 million), which was caused by the mild winter. In the first six months of 2014, Group revenue rose 5.8 percent to EUR 620.0 million (H1 2013: EUR 586.1 million) – a new record high for Wacker Neuson H1 revenue.

Geographically speaking, Europe was the strongest revenue driver in the first six months of the year. Exchange rate fluctuations brought results for the Americas and Asia-Pacific below the previous year's figures.

The Group's business segments developed at different rates. Growth was strongest in the compact equipment segment, which reported a rise in revenue of 13.3 percent relative to the previous half-year. This was followed by a plus of 9.7 percent in the services segment. The light equipment segment saw revenue fall by 5.1 percent. Adjusted to discount exchange rate fluctuations, it was slightly higher than the prior-year figure.

Wacker Neuson reported a marked increase in earnings compared to the previous year. The EBITDA margin[1] for the first six months of 2014 totaled 15.0 percent (H1 2013: 11.9 percent). The EBIT margin[2] came to 10.2 percent (H1 2013: 6.9 percent).

The increase in profit was particularly pronounced in the second quarter, with the EBITDA margin rising to 17.3 percent (Q2 2013: 13.6 percent) and the EBIT margin climbing to 12.6 percent (Q2 2013: 8.9 percent).

At June 30, 2014, gearing[3] amounted to 21.3 percent. Assets remained strong at the closing date with equity ratio before minority interests totaling 67.8 percent. Further details on this are available in the "Financials and assets" section.

2014 AGM

At the AGM in Munich on May 27, 2014, the Executive Board informed around 250 Wacker Neuson SE shareholders of the developments in fiscal 2013 and provided information on the business situation in the first quarter of 2014.

Based on a share capital of 70,140,000 shares, this corresponds to 83.2 percent of voting rights. Shareholders approved a proposal by the Executive Board and the Supervisory Board to pay out around 46 percent of Group profit for fiscal 2013 as dividends. In total, the company therefore paid out EUR 28.1 million, which corresponds to a dividend per share of EUR 0.40 (previous year: EUR 0.30).

Changes to the Supervisory Board

At the AGM in 2014, Mr. Ralph Wacker and Dr. Matthias Schüppen were elected to the Supervisory Board until the next AGM, planned for May 2015. These appointments were a necessary step to replace the two shareholder representatives, Dr. Bruse and Dr. Kollmar, who had resigned from the Supervisory Board.

Capital market communication and share trends

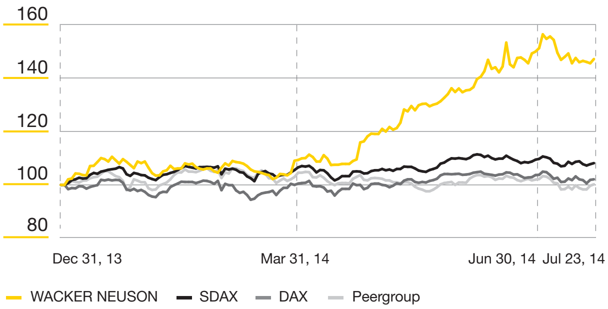
During the period under review, the Executive Board regularly reported on the Group's performance and strategy, in particular at national and international roadshows and conferences.

[1] EBITDA margin = EBITDA/revenue.
[2] EBIT margin = EBIT/revenue.
[3] Gearing = Net financial debt/equity ratio before minority interests.

In June 2014, Wacker Neuson presented selected products for rental companies from the fields of concrete technology, compaction, worksite technology and compact equipment at the International Rental Exhibition in Amsterdam. The 803 dual power compact excavator and the EH 100 electric breaker were just two of the innovative highlights on show.

The slight improvement in key economic indicators from the eurozone and above all the greater uptake of the eurozone bonds of peripheral and formerly crisis-hit countries like Portugal and Greece, which only recently made a successful return to the markets, ensured that the capital markets were once again in a healthy position.

Share price trends
January through July 2014



The Wacker Neuson share increased markedly in the first half of 2014. Starting the year at EUR 11.73, the share price reached a high for the period of EUR 17.65 on June 19, 2014. At the end of the reporting period (June 30, 2014), it closed at EUR 17.17. This corresponds to an increase of around 46 percent since the start of the year and market capitalization of EUR 1,204.3 million (70,140,000 shares). The Wacker Neuson share thus significantly outperformed the DAX (+4.6 percent) and the SDAX (+8.1 percent) during the period under review.

Profit, financials and assets

Revenue and earnings

Revenue higher than previous year

The first quarter of 2014 proved particularly strong for Wacker Neuson, with the Group reporting an increase in revenue of 13.4 percent relative to the previous year (Q1 2014: EUR 291.6 million; Q1 2013: EUR 257.1 million). At EUR 328.4 million, revenue for the second quarter remained at the same high level as the previous year (-0.2 percent), which was a record high for the Group (Q2 2013: EUR 329.0 million).

In 2013, the harsh winter delayed construction activity in the northern hemisphere during the first quarter. This in turn created a backlog of projects, which was partly

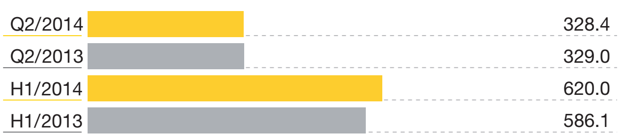
The Executive Board and the Supervisory Board at the AGM on May 27, 2014, in Munich.

CEO Cem Peksaglam.

responsible for the strong second quarter in 2013. The situation was further compounded by bauma 2013. Many customers planned to attend the world's largest construction trade show, which was held in Munich that year, which meant that orders and deliveries were delayed until the second quarter of 2013. In contrast, the mild winter in 2014 meant that the construction season got underway in the first quarter of this year, leading to an upswing in business in the construction sector.

In total, Group revenue rose 5.8 percent relative to the previous year to EUR 620.0 million (H1 2013: EUR 586.1 million); adjusted to discount currency fluctuations, this corresponds to an increase of 8.8 percent.

Revenue
Q2/H1 2014 and 2013
in € million



Manufacturing costs rose 5.3 percent to EUR 433.3 million in the first half of 2014 due to a rise in sales volumes (H1 2013: EUR 411.3 million).

Gross profit rose 6.9 percent during the period under review to EUR 186.7 million (H1 2013: EUR 174.7 million). The gross profit margin was 30.1 percent (H1 2013: 29.8 percent). In the second quarter, the gross profit margin rose to 30.7 percent (Q2 2013: 30.3 percent).

SG&A and R&D expenses as percentage of revenue

Despite the increase in the volume of business, Wacker Neuson was able to reduce total SG&A and R&D expenses in the first half of 2014, bringing their relative share of revenue down to 20.6 percent (H1 2013: 23.2 percent). Unlike 2013, there were no one-off costs associated with the bauma trade show in 2014. The significant drop in this cost block is primarily due to cost structure optimization initiatives. The Group expects that these measures will continue to bear dividends into the future.

Selling expenses fell by 4.9 percent to EUR 83.3 million in the first six months of the year (H1 2013: EUR 87.6 million).

At EUR 13.8 million, the research and development expenses item recognized on the income statement remained at the same level as the previous year (H1 2013: EUR 14.0 million). The research and development ratio, including capitalized R&D expenditure, rose to 3.3 percent (H1 2013: 3.2 percent).

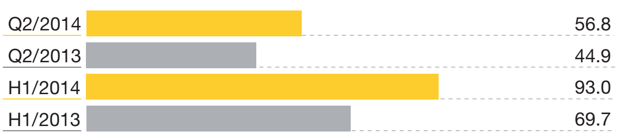
General administrative costs were reduced to EUR 30.7 million (H1 2013: EUR 34.5 million). As such, administrative costs accounted for 4.9 percent of revenue and were thus below the previous year's level (H1 2013: 5.9 percent).

Key profit figures

Profit before interest, tax, depreciation and amortization (EBITDA) grew 33.4 percent to EUR 93.0 million in the first half-year (H1 2013: EUR 69.7 million). The EBITDA margin increased to 15.0 percent (H1 2013: 11.9 percent).

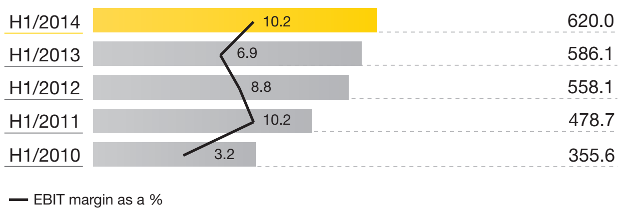
In the second quarter of 2014, Group EBITDA rose 26.5 percent to EUR 56.8 million (Q2 2013: EUR 44.9 million), pushing the EBITDA margin up to 17.3 percent (Q2 2013: 13.6 percent). The EBITDA margin for Q1 2014 was 12.4 percent.

EBITDA
Q2/H1 2014 and 2013
in € million

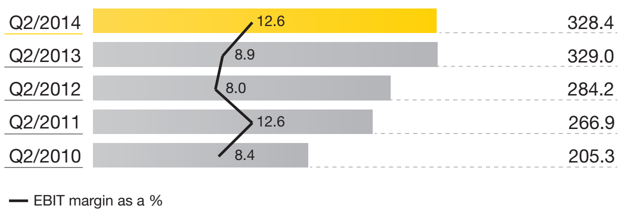


Depreciation and amortization amounted to EUR 29.6 million in the first six months of 2014 (H1 2013: EUR 29.3 million) and EUR 15.4 million in the second quarter (Q2 2013: EUR 15.6 million).

Development of revenue and EBIT margin
H1 2010–2014
Revenue in € million



Development of revenues and EBIT margin
Q2 2010–2014
Revenue in € million



Profit before interest and tax (EBIT) totaled EUR 63.4 million in the first half of 2014 (H1 2013: EUR 40.4 million). The EBIT margin was 10.2 percent (H1 2013: 6.9 percent). In the previous year, purchase price allocation (PPA) reduced EBIT by EUR 1.7 million. This effect will be so small from 2014 onwards that the Group will no longer report it separately in future. In the second quarter of 2014, Group EBIT amounted to EUR 41.3 million. This corresponds to a margin of 12.6 percent (Q2 2013: 8.9 percent). The EBIT margin for Q1 2014 was 7.6 percent.

Key figures

in € million	Q2/2014	Q2/2013	Change as a %	H1/2014	H1/2013	Change as a %
Revenue	328.4	329.0	-0.2	620.0	586.1	5.8
Gross profit margin as a %	30.7	30.3	0.4 PP	30.1	29.8	0.3 PP
EBITDA	56.8	44.9	26.5	93.0	69.7	33.4
EBITDA margin as a %	17.3	13.6	3.7 PP	15.0	11.9	3.1 PP
EBIT	41.3	29.3	41.0	63.4	40.4	56.9
EBIT margin as a %	12.6	8.9	3.7 PP	10.2	6.9	3.3 PP
EBT	39.8	27.5	44.7	60.4	36.8	64.1
Profit for the period	28.2	18.5	52.4	42.5	24.9	70.7

The financial result in the period under review amounted to EUR -3.0 million (H1 2013: EUR -3.5 million).

Profit before tax (EBT) for the first half of 2014 was EUR 60.4 million (H1 2013: EUR 36.8 million). Tax expenditure was posted at EUR 17.6 million (H1 2013: EUR 11.7 million). The tax rate was thus 29.1 percent (H1 2013: 31.8 percent).

At EUR 42.5 million, profit for the first six months of 2014 was 70.6 percent higher than the prior-year figure of EUR 24.9 million. Earnings per share for the first six months of 2014 amounted to EUR 0.61 based on 70.14 million ordinary shares (H1 2013: EUR 0.36).

At EUR 28.2 million, profit for the second quarter of 2014 was 52.4 percent higher than the previous year (Q2 2013: EUR 18.5 million). This increased profit per share for the quarter to EUR 0.40 (Q2 2013: EUR 0.26).

Financial position

Positive free cash flow

Cash flow from operating activities reached EUR 53.4 million at the end of June 2014 (H1 2013: EUR 31.6 million). Prior to investments in working capital[1] since the start of the year, cash flow from operating activities amounted to EUR 91.2 million. At EUR 34.5 million, Group cash flow from operating activities for the second quarter was below the figure for the previous quarter (Q2 2013: EUR 51.9 million). This was due to an increase in inventories.

Cash flow from investment activities came to EUR -51.9 million in the first six months of 2014 (H1 2013: EUR -49.6 million), and EUR -24.2 million in the second quarter of the year (Q2 2013: EUR -30.6 million). As planned, the Group made investments in the amount of EUR 52.6 million, of which EUR 45.0 million was channeled into property, plant and equipment. This included maintenance projects as well as investments in the expansion of the international sales network and the Group's own rental fleet.

Cash flow from operating activities exceeded cash flow from investment activities, resulting in positive free cash flow of EUR 1.5 million for the first six months of the year (H1 2013: EUR -17.9 million). In the second quarter, free cash flow totaled EUR 10.3 million (Q2 2013: EUR 21.4 million).

During the first six months of the year, cash flow from financing activities totaled EUR -3.7 million (H1 2013: EUR 14.4 million). This figure reflects the dividend payout in the amount of EUR 28.1 million (Q2 2013: EUR 21.0 million).

See the Explanatory Notes for details of companies acquired during the reporting period. There were no changes to the consolidation structure.

Comfortable liquidity

Liquidity fell slightly from EUR 15.5 million at the start of the year to EUR 13.1 million at June 30, 2014.

The Group is able to meet its liquidity needs for the current year through a combination of existing liquid assets and credit lines extended by credit institutes. At the closing date, the Group had not drawn on around half of funds

Financial position

in € K	Q2/2014	Q2/2013	H1/2014	H1/2013
Cash flow from operating activities	34,517	51,948	53,376	31,634
Cash flow from investing activities	-24,205	-30,560	-51,916	-49,578
Free cash flow	**10,312**	**21,388**	**1,460**	**-17,944**
Cash flow from financing activities	-19,836	-25,693	-3,650	14,393
Effect of exchange rates on cash and cash equivalents	-265	385	-243	530
Change in cash and cash equivalents	**-9,789**	**-3,920**	**-2,433**	**-3,021**
Cash and cash equivalents at beginning of period	22,889	19,766	15,533	18,867
Cash and cash equivalents at end of period	**13,100**	**15,846**	**13,100**	**15,846**

[1] Working capital = inventory + trade receivables – trade payables.

available through credit lines, providing it with sufficient financial headroom. The Group continues to demonstrate healthy, stable levels of liquidity. This healthy position was acknowledged by the Deutsche Bundesbank, which confirmed that the Group was eligible for credit.

Assets

Assets in stable position and high equity ratio

The equivalent figures from the previous closing date (June 30, 2013) are included for ease of comparison.

After the first six months of the year, the balance sheet shows that Group assets remain strong. The balance sheet total rose to EUR 1,403.4 million at June 30, 2014 (December 31, 2013: EUR 1,322.4 million; June 30, 2013: EUR 1,393.9 million).

Assets rose to EUR 762.8 million (December 31, 2013: EUR 749.6 million; June 30, 2013: EUR 758.8 million). The value of finished products increased to EUR 250.9 million (December 31, 2013: EUR 240.5 million), rising 6.0 percent on the prior-year period (June 30, 2013: EUR 236.8 million).

Inventory was increased by 6.5 percent to EUR 355.6 million in line with the working capital strategy and to further reduce delivery times for compact equipment (December 31, 2013: EUR 333.8 million). The sales affiliates made targeted efforts to reduce stock levels during the same period. In the second quarter of 2014, inventory increased 3.3 percent on the first quarter of 2014 (Q1 2014: EUR 344.1 million) and was thus 5.0 percent above the previous year's figure (June 30, 2013: EUR 338.8 million).

Trade receivables grew to EUR 204.1 million since the start of the year (December 31, 2013: EUR 164.0 million; June 30, 2013: EUR 210.3 million). This increase is due on the one hand to the increase in revenue and on the other to the financing conditions used by our customers. In certain cases, the Group provides customers with longer payment terms in line with standard industry practices. Receivables were below the same figure for the prior-year period. This development was caused by the fact that although revenue in the second quarter remained on a par with the previous year, Europe accounted for a greater share of revenue in 2014 and this region has comparatively shorter payment terms.

Sales financing is becoming an increasingly important area of business. Wacker Neuson will therefore be expanding its activities here and collaborating with global financing partners in the future to minimize any risks that the Group may be exposed to as the volume of financing transactions increases.

Total current assets rose to EUR 592.8 million (December 31, 2013: EUR 530.4 million; June 30, 2013: EUR 588.5 million).

Group equity before minority interests totaled EUR 951.9 million at the close of June 2014 (December 31, 2013: EUR 935.5 million; June 30, 2013: EUR 913.0 million). At 67.8 percent, equity ratio before minority interests remained high for the industry (December 31, 2013: 70.7 percent; June 30, 2013: 65.5 percent). The Group's share capital remained unchanged at EUR 70.14 million.

Non-current liabilities were posted at EUR 203.8 million (December 31, 2013: EUR 203.2 million; June 30, 2013: EUR 205.9 million). Due to an increase in production

Assets, equity and liabilities

in € K	Jun. 30, 2014	Dec. 31, 2013	Change as a %	Jun. 30, 2013	Change as a %
Total non-current assets	810,607	792,047	2.3	805,322	0.7
Total current assets	592,760	530,360	11.8	588,540	0.7
Total assets	**1,403,367**	**1,322,407**	**6.1**	**1,393,862**	**0.7**
Equity before minority interests	951,902	935,481	1.8	913,042	4.3
Total non-current liabilities	203,760	203,216	0.3	205,928	-1.1
Total current liabilities	243,548	179,845	35.4	271,193	-10.2
Minority interests	4,157	3,865	7.6	3,699	12.4
Total liabilities	**1,403,367**	**1,322,407**	**6.1**	**1,393,862**	**0.7**

volumes, trade payables rose to EUR 72.0 million (December 31, 2013: EUR 44.7 million; June 30, 2013: EUR 62.4 million). Short-term borrowings from banks increased since the start of the year. This was primarily due to the rise in receivables. As such, total liabilities amounted to EUR 243.5 million (December 31, 2013: EUR 179.8 million; June 30, 2013: EUR 271.2 million).

Working capital developments

The increase in receivables resulting from the rise in revenue caused working capital to grow by 7.6 percent to EUR 487.7 million during the first six months of the year (December 31, 2013: EUR 453.1 million). Working capital increased slightly by 0.2 percent relative to the previous year (June 30, 2013: EUR 486.7 million).

With revenue remaining consistent, the working capital to revenue ratio based on annualized Q2 2014 revenue also remained almost unchanged at 37.1[1] percent (Q2 2013: 37.0[2] percent). In the first quarter of 2014, this figure was 40.2 percent. Wacker Neuson aims to secure its delivery capabilities by implementing an efficient and above all forward-looking component and product procurement strategy.

Solid financing structure

At June 30, 2014, net financial debt[3] had increased to EUR 202.7 million since the start of the year (December 31, 2013: EUR 177.2 million; June 30, 2013: EUR 254.7 million). It was also higher than the figure at the close of the first quarter of 2014 (EUR 184.8 million). This rise is in line with the Group's plans.

Gearing[4] totaled 21.3 percent at the closing date. The Group's financing structure thus remains strong for the industry.

Net financial position

in € K	Jun. 30, 2014	Dec. 31, 2013	Jun. 30, 2013
Long-term borrowings	-130,156	-130,594	-134,377
Short-term borrowings	-85,203	-61,698	-135,731
Current portion of long-term borrowings	-485	-428	-431
Cash and cash equivalents	13,100	15,533	15,846
Total	**-202,744**	**-177,187**	**-254,693**
Gearing (%)	**21.3**	**18.9**	**27.9**

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).

We utilize off-balance-sheet financing instruments to a limited extent in the form of return obligations and guarantees vis-à-vis our financing partners.

Judgments and estimates

During the period under review, no voting rights were exercised and no balance-sheet disclosures made which, if exercised or disclosed differently, would have had a material effect on the net assets, financials and profits of the Group.

[1] Note on calculation: 487.7 / (328.4*4) = 37.1 percent.
[2] Note on calculation: 486.7 / (329.0*4) = 37.0 percent.
[3] Net financial debt = long- and short-term borrowings + current portion of long-term borrowings – marketable securities (provided these exist and are available for sale) – cash and cash equivalents.
[4] Gearing = net financial debt/equity ratio before minority interests.

Segment reporting

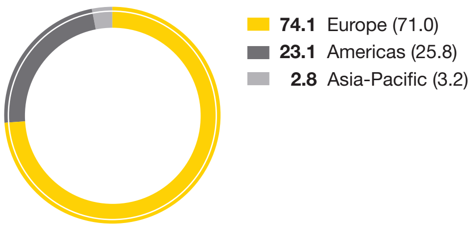
The Wacker Neuson Group supplies customers across the globe with its broad product and service portfolio. The company systematically leverages sales synergies through active cross-selling across different product groups.

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

Europe and the compact equipment business segment developed particularly well in the first six months of 2014 while revenue in the Americas and Asia-Pacific was, at times, significantly impacted by fluctuations in foreign exchange rates.

Results for Europe, the Americas and Asia-Pacific

Revenue by region
H1 2014
as a % (previous year)

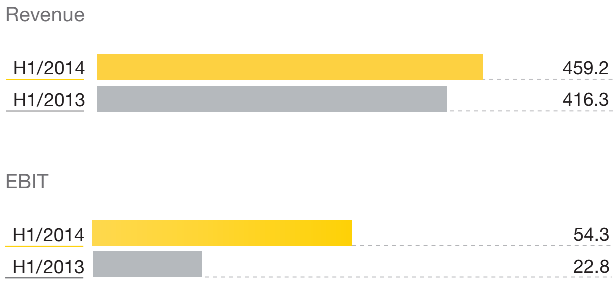


Revenue growth in core market Europe

At 74.1 percent, Europe accounted for the lion's share of Wacker Neuson revenue (H1 2013: 71.0 percent of total revenue). Group revenue in this region rose 10.3 percent to EUR 459.2 million in the first six months of 2014 (H1 2013: EUR 416.3 million). At EUR 54.3 million, profit before interest and tax (EBIT) was 138 percent higher than the previous year (H1 2013: EUR 22.8 million).

In the second quarter of the year, the Group reported revenue of EUR 243.2 million for Europe (Q2 2013: EUR 237.0 million). This represents an increase of 2.6 percent on the previous year's record quarter.

Europe
H1 2014 and 2013



The harsh winter in 2013 caused customers to delay construction activities until late spring. Wacker Neuson thus saw revenue shift from Q1 to Q2 of that year. Q2 was also affected by bauma, the world's largest construction equipment trade show, which was held in April 2013. This event is only held every three years in Munich and therefore further boosted orders and revenue in the second quarter of that year. These factors thus created a somewhat high baseline for Q2 comparisons. In contrast to 2013, the winter of 2014 was mild, which meant that the construction season got off to an early start. The first quarter of 2014 was therefore particularly strong, with Europe reporting a plus of 20.5 percent relative to the previous year. The Group is particularly pleased to report that despite the strong first quarter, revenue for the second quarter of 2014 was 12.5 percent higher than the first three months of the year (Q1 2014: EUR 216.1 million).

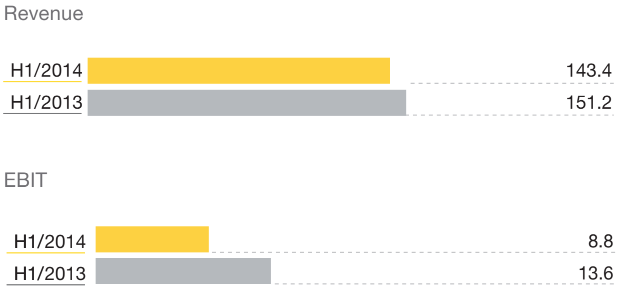
Wacker Neuson saw revenue rise in almost all European countries during the first six months of the year. Central but also southern European countries again contributed to growth. Finland and Norway were the only countries that experienced a slight drop in construction equipment investments – however this follows on from two years of above-average growth. Wacker Neuson does not have Group companies in Portugal, Greece or Ireland.

Revenue trends in the Americas

Revenue in the Americas fell 5.2 percent to EUR 143.4 million in the first half of 2014 (H1 2013: EUR 151.2 million). When adjusted to discount exchange rate fluctuations, however, this corresponds to a revenue increase of 1.9 percent. The region's share of revenue fell to 23.1 percent (H1 2013: 25.8 percent) due to stronger revenue growth in Europe.

Profit before interest and tax (EBIT) totaled EUR 8.8 million in the first half-year (H1 2013: EUR 13.6 million).

Americas
H1 2014 and 2013
in € million



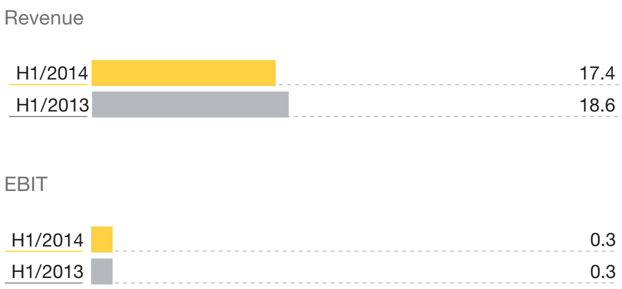
At EUR 75.5 million, revenue for the second quarter fell by 7.6 percent on the previous year (Q2 2013: EUR 81.7 million). While business in the US developed as planned, demand in South America developed below expectations. Unfavorable currency developments further compounded the situation here. When adjusted to discount exchange rate fluctuations, the drop in revenue only comes to 1.1 percent.

In the medium term, we expect demand for our products to rise as we continue to expand our sales network for compact equipment and leverage cross-selling opportunities across product groups in the Americas region.

Revenue trends in Asia-Pacific

At EUR 17.4 million, revenue for the first six months of the year in the Asia-Pacific region was 6.4 percent below the previous year (H1 2013: EUR 18.6 million). This is primarily due to exchange rate fluctuations. When adjusted to discount these fluctuations, revenue actually grew by 3.8 percent. Profit before interest and tax (EBIT) totaled EUR 0.3 million (H1 2013: EUR 0.3 million). The region's share of total revenue amounted to 2.8 percent (H1 2013: 3.2 percent).

Asia-Pacific
H1 2014 and 2013
in € million

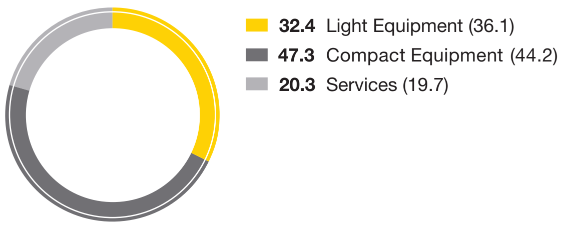


Asia-Pacific is an important growth market for Wacker Neuson. Demand for high-quality products is steadily rising here. China and India, in particular, are key future markets for us. Wacker Neuson established its first affiliate in China over sixteen years ago and its first one in India six years ago. We have launched a selected range of light equipment products tailored to the needs of Asian markets and also plan to launch compact equipment here in future.

Emerging markets[1] accounted for 11.3 percent of total revenue in the first six months of the year (H1 2013: 12.2 percent). This drop is in part due to exchange rate fluctuations.

Results for the light equipment, compact equipment and services segments

Revenue by business segment
H1 2014
as a % (previous year)



Revenue in the light equipment segment

The light equipment business segment covers the Wacker Neuson Group's activities within the strategic business fields of concrete technology, compaction and worksite technology. Production is synchronized with demand and delivery times are short. The Group therefore does not report an order backlog for this segment.

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

Revenue by business segment

in € K	Q2/2014	Q2/2013	H1/2014	H1/2013
Segment revenue				
Light equipment	108,986	120,638	203,376	214,307
Compact equipment	156,104	145,680	297,211	262,281
Services	68,148	66,857	127,870	116,559
	333,238	**333,174**	**628,457**	**593,147**
Less cash discounts	-4,829	-4,207	-8,464	-7,081
Total	**328,409**	**328,967**	**619,993**	**586,066**

In the first half of 2014, revenue in the light equipment segment was impacted by negative exchange rate fluctuations and weak demand in individual countries. The Group reported revenue (before cash discounts) of EUR 203.4 million for this segment, 5.1 percent less than in the previous year (H1 2013: EUR 214.3 million). When adjusted to discount currency fluctuations, revenue actually rose 0.6 percent. This segment's share of total revenue was 32.4 percent (H1 2013: 36.1 percent).

At EUR 109.0 million, revenue for the second quarter was 9.7 percent lower than the very strong prior-year quarter (Q2 2013: EUR 120.6 million). Adjusted to discount currency fluctuations, this corresponds to a drop of 4.9 percent. Revenue rose 15.5 percent on the first quarter of 2014 (Q1 2014: EUR 94.4 million).

The Group launched the following new product variants in the first half of 2014:

The Compatec compaction display system is now available with a wider range of vibratory plates. The display system tells operators when a surface is sufficiently compacted, thus preventing them from carrying out unnecessary work or over-compacting surfaces.

Wacker Neuson has expanded its modular system for light balloons. Users can now tailor models to their requirements, choosing between two different tripods, two lamps and a range of new accessories.

Wacker Neuson has been developing and continually improving vibratory rammers for over 80 years. Ergonomics and user comfort were the core focus of the latest upgrade. The new BS-2i models are equipped with larger oil tanks and easy-to-maintain filter systems which enable them to be used for longer periods of time and extend their overall service life. The comparatively low hand-arm vibration levels are a further plus for operators.

Strong revenue growth in compact equipment segment

The compact equipment business segment covers machines targeted at construction and agricultural companies, gardening, landscaping and industrial firms as well as recycling companies and municipal bodies. The portfolio includes excavators, wheel loaders, skid steer loaders, telescopic handlers as well as wheel and track dumpers weighing up to approximately 14 tons. The Group is targeting its compact equipment portfolio at more and more markets outside of Europe.

Revenue before cash discounts in the compact equipment segment rose 13.3 percent from EUR 262.3 million in the previous year to EUR 297.2 million in the first half of 2014. Adjusted to discount currency fluctuations, this corresponds to an increase of 14.6 percent.

In the second quarter, segment revenue increased 7.2 percent on the previous year, or 8.4 percent discounting currency fluctuations.

The compact equipment segment's share of revenue rose to 47.3 percent (previous year: 44.2 percent).

Our customers continue to place orders at short notice. As such, our forecasts are restricted to a period of three to four months. It is therefore crucial that these short-term orders are delivered as quickly as possible.

Accumulated order intake for compact equipment for the construction and agricultural sectors in the last six months was around 30 percent higher than in the previous year.

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

The Group launched a number of new compact machines in the first half of 2014:

The Group's 803 excavator now comes with an optional dual power feature that enables operators to bypass the standard diesel engine and connect to an external hydro-electric drive. This HPU8 power unit is entirely electric and turns the 803 into a zero emissions powerhouse capable of delivering the same performance and carrying out the same wide range of tasks. Wacker Neuson unveiled the 803 excavator and optional dual power unit at bauma 2013 in Munich and expanded distribution to further markets in the first half of 2014.

Wacker Neuson has expanded its portfolio of articulated wheel loaders, introducing a new range of loaders with bucket capacities between 0.60 and 0.95 cubic meters. The new WL34, WL44 and WL54 wheel loaders comprise eleven different models – giving Wacker Neuson a broad range of products that resonates strongly among customers in construction, gardening and landscaping firms as well as companies in the industrial sector.

Wacker Neuson also launched two new telescopic handlers in the first half of 2014. Measuring just 1.40 m wide and 1.90 m high, the new mini telescopic handler TH408 is the smallest model on the market and has a lifting height of over 4 meters. The Group's new TH522 telescopic handler is a very compact machine in the 2x2 meter segment. It can lift payloads of up to 2,200 kilograms to a maximum height of 5.5 meters.

Trends in the agricultural sector
In addition to expanding its sales and distribution network for the construction industry, the Group is also widening its sales and service networks for the agricultural sector. To complement the established Weidemann brand and its articulated wheel loaders (Hoftracs®) and telescopic handlers, the Group launched all-wheel drive wheel loaders and compact telescopic handlers under the Kramer brand for the growing agricultural market. Demand for our innovative Weidemann- and Kramer-branded machines, which are used for yard work and indoor work in barns, continues to be fueled by a growing need to raise efficiency and productivity levels across the agricultural sector.

These trends are reflected in Group revenue from agricultural machines, which rose 10.2 percent to EUR 90.7 million in the first half of 2014 (H1 2013: EUR 82.3 million). At the closing date, compact equipment for the agricultural sector accounted for 14.3 percent of total Group revenue (H1 2013: 13.9 percent). These figures include our alliance with the company Claas.

Revenue growth in the services segment
Wacker Neuson complements new equipment sales with an extensive range of services. The services segment covers the business fields of Group equipment rental in Central Europe, the global repair and spare parts business and the used equipment business.

Due to increased construction activity and the enhanced portfolio, segment revenue before cash discounts rose 9.7 percent to EUR 127.9 million in the first half of 2014 (H1 2013: EUR 116.6 million). Adjusted to discount currency fluctuations, this corresponds to an increase of 11.3 percent. This segment's share of total revenue thus rose to 20.3 percent (H1 2013: 19.7 percent).

Other factors that impacted on results

Development of headcount
At the interim closing date, Group headcount had risen 3.0 percent relative to the previous year to 4,217 (December 31, 2013: 4,157; June 30, 2013: 4,093)[1].

Research and development activities secure leading position
Wacker Neuson is a global technology leader in the manufacture of construction equipment. Over half of revenue generated by Wacker Neuson stems from light and compact equipment launched within the past five years.

Much of our light and compact equipment is subject to particularly high stresses. R&D activities for these products thus focus on ensuring robust design, shorter downtimes and longer maintenance intervals. Our aim here is to keep operating costs as low as possible over the entire product lifecycle. Our products are also designed to deliver the highest productivity levels for our customers by providing optimum power in vibratory plates, for example, or through innovations such as our Vertical Digging System for excavators. Our development activities also aim to extend our pioneering position in product safety, operator safety and environmental protection. Noise- and vibration reduction features such as hand-arm vibration systems in breakers as well as safety features such as infrared remote controls for trench rollers or our Smart Handling System for telescopic handlers are just some examples of operator safety innovations here.

Innovations are becoming increasingly important in the bid to achieve climate protection goals. We have a long tradition of innovation at Wacker Neuson and our activities here have a particularly high priority. We intend to maintain our high

[1] Headcount figures do not reflect the actual number of people employed. They are calculated by converting the number of jobs within the Group into full-time equivalents.

standards in the delivery of environmentally sound, safe products as we move forward, and will therefore continue to focus our R&D efforts on compliance with more stringent environmental regulations governing combustion engine emissions.

The company benefits here from its decision to continually invest in R&D activities. The research and development ratio, including capitalized R&D expenditure, rose to 3.3 percent in the first half of 2014 (H1 2013: 3.2 percent).

Changes to the opportunity and risk situation

In the first six months of 2014, the Wacker Neuson Group continued to implement its risk management system as a key steering tool for business decisions and processes. This internal control and risk management system is described in detail in the consolidated financial statements for 2013.

The remaining risks to the Group relevant to the period under review are listed in the 2013 Annual Report on pages 77 to 81 and in the first quarter report for 2014.

Company management is not currently aware of any other significant risks to the Wacker Neuson Group. It also has not identified any single or collective risks to its continued existence as a going concern that might negatively affect individual companies within the Group or the Group as whole in the foreseeable future.

Business opportunities are described in detail in the 2013 Annual Report on page 91 and in the Outlook section of this interim management report.

Supplementary report

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

Outlook

Solid growth in the global economy, recovery in Europe

The International Monetary Fund (IMF)[1] expects the global economy to grow by 3.6 percent in 2014 and by 3.9 percent in 2015.

The outlook for the US economy remains positive. The IMF expects the economy there to grow by 2.8 percent in 2014.

After contracting in recent years, the European economy is set to expand in 2014 and 2015, albeit at a slow pace. Countries such as Italy in Spain are expected to lag behind other growth drivers. Overall, the eurozone economy is expected to grow by 1.2 percent in 2014. The threat of sanctions against Russia is seen as a risk to industrial export companies. Russia has also threatened to lock out foreign firms.

The German economy is set to continue on its growth path with a comparatively low unemployment rate and a stable tax base. The IMF expects growth to top 1.7 percent in Germany in 2014 and 1.6 percent in 2015. The Business Climate Index of the Ifo Institute fell slightly in June. The companies surveyed were somewhat less optimistic about future business developments following the strong upswing, however, assessments of the current business situation remained positive. The German economy is concerned about the potential impacts of the crises in Ukraine and Iraq and the effects of the Israeli offensive in Gaza.

Overall, the IMF expects industrial countries to grow by 2.2 percent in 2014. It projects a growth rate of 4.9 percent for emerging economies for 2014, marking Asia out as the main growth driver here. The forecasts for Russia and South America were recently adjusted downwards slightly.

[1] International Monetary Fund, World Economic Outlook; April 2014.

China's economy is set to grow at a slower rate than in previous years. This weak growth in the world's second largest economy is being watched with concern by other countries. In particular, China's real estate market has slowed down of late. Following years of double-digit growth, the Chinese government is overseeing a restructuring of the economy and setting a course for more sustainable development. This will likely entail lower growth rates than in the past, provided a sufficient number of jobs can be created. The IMF expects the Chinese economy to grow by 7.5 percent in 2014 and therefore at a slightly slower rate than in recent years.

Construction industry remains important pillar in global economy

Emerging markets in particular will be investing heavily in infrastructure over the coming years. China, India and Brazil will be at the vanguard, but countries like Mexico, Argentina and South Africa 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 such as schools, universities and hospitals, and telecommunication networks.

The mood in the US housing market developed more positively than expected in July. Infrastructure and industrial construction is also set to pick up in the coming years. The outlook for the construction industry in South America continued to worsen due to ongoing problems in Brazil and Chile.

In July, the five major emerging economies of Brazil, Russia, India, China and South Africa (BRICS) founded a new development bank and monetary union separate from the World Bank and the IMF. The primary aim of the development bank over the coming years will be to finance infrastructure projects in the BRICS countries.

In Europe, 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 the environment and limit climate change. Residential investments are due to rise.

Bright prospects for European agricultural sector

Universal trends – such as the world's growing population and the 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 should bolster landholders' income – a factor which, in turn, should further fuel demand for Weidemann- and Kramer-branded equipment.

Strategies for further profitable growth

Wacker Neuson has set itself ambitious goals for the coming years. The Group's focus is firmly set on increasing market penetration across its entire portfolio, expanding market share and strengthening its position as an international innovation leader. By concentrating more on user processes and market requirements, Wacker Neuson aims to align its sales and distribution activities even more closely with customer needs and priorities.

On the compact equipment front, the Group's strategy to expand its sales and distribution network worldwide, flanked by strategic alliances, will deliver further growth potential in this segment. We also intend to increase our presence in regions in which we have identified concrete sales potential, for example, in emerging markets such as South America, Eastern Europe and Asia.

The Wacker Neuson Group aims to leverage its strong market position to continue benefiting from the overall positive economic climate in Central Europe and the US. As the services segment continues to grow, we expect its share of revenue to remain at more or less the same level.

Forecast for 2014 confirmed

The Executive Board is still predicting overall revenue for fiscal 2014 to come to between EUR 1.25 and EUR 1.30 billion (2013: EUR 1.16 billion) with an EBITDA margin of between 13.0 and 14.0 percent (2013: 13.2 percent). The EBIT margin is expected to lie somewhere between 8.0 and 9.0 percent (2013: 8.2 percent).

The Group predicts further growth through 2014 for all three business segments (light equipment, compact equipment and services), although exchange rate fluctuations may affect results here.

For the current fiscal year, we have earmarked around EUR 85 million in total for investments (2013: EUR 87 million). As in 2013, we are again expecting a positive free cash flow for 2014, with cash flow from operating activities exceeding cash flow from investment activities.

We aim to maintain our sound balance sheet structure with a comparatively high equity ratio. Our equity ratio currently stands at around 67.8 percent, net financial debt is relatively low – we do not intend to increase gearing by a significant margin – and our financial situation remains healthy. We aim to leverage these strong financials and assets to help drive our growth over the coming years.

With a view to enhancing our product portfolio and expanding our international footprint, we are not ruling out the possibility of further partnerships and acquisitions.

Munich, July 31, 2014
Wacker Neuson SE

The Executive Board

Cem Peksaglam
CEO

Martin Lehner
CTO
(deputy CEO)

Günther C. Binder
CFO

Consolidated Income Statement

April 1 through June 30 and January 1 through June 30 // Figures have been reviewed by Group auditor

in T€	Apr. 1–Jun. 30, 2014	Apr. 1–Jun. 30, 2013	Jan. 1–Jun. 30, 2014	Jan. 1–Jun. 30, 2013
Revenue	328,410	328,967	619,993	586,066
Cost of sales	-227,560	-229,287	-433,309	-411,348
Gross profit	**100,850**	**99,680**	**186,684**	**174,718**
Sales and service expenses	-41,309	-46,686	-83,288	-87,621
Research and development expenses	-6,868	-6,813	-13,807	-13,993
General administrative expenses	-14,861	-15,802	-30,673	-34,492
Other income	4,979	2,241	7,802	7,758
Other expenses	-1,469	-3,321	-3,303	-5,994
Profit before interest and tax (EBIT)	**41,322**	**29,299**	**63,415**	**40,376**
Financial income	699	386	1,333	749
Financial expenses	-2,264	-2,176	-4,350	-4,293
Profit before tax (EBT)	**39,757**	**27,509**	**60,398**	**36,832**
Taxes on income	-11,373	-8,923	-17,595	-11,711
Total profit/loss for the period	**28,384**	**18,586**	**42,803**	**25,121**
Of which are attributable to:				
Shareholders in the parent company	28,210	18,482	42,511	24,922
Minority interests	174	104	292	199
	28,384	**18,586**	**42,803**	**25,121**
Earnings per share in EUR (diluted and undiluted)	**0.40**	**0.26**	**0.61**	**0.36**

Consolidated Statement of Comprehensive Income

April 1 through June 30 and January 1 through June 30 // Figures have been reviewed by Group auditor

in € K	Apr. 1–Jun. 30, 2014	Apr. 1–Jun. 30, 2013	Jan. 1–Jun. 30, 2014	Jan. 1–Jun. 30, 2013
Total profit/loss for the period	**28,384**	**18,586**	**42,803**	**25,121**
Other income				
Profit/loss to be recognized in the income statement for subsequent periods:				
Exchange differences	3,014	-10,035	2,930	-5,555
Effect of taxes on income	0	0	0	0
Profit/loss to be recognized in the income statement for subsequent periods	**3,014**	**-10,035**	**2,930**	**-5,555**
Profit/loss not to be recognized in the income statement for subsequent periods:				
Actuarial gains/losses from pension obligations	-1,328	73	-1,343	59
Effect of taxes on income	375	0	379	0
Profit/loss not to be recognized in the income statement for subsequent periods	**-953**	**73**	**-964**	**59**
Other comprehensive income after tax	**2,061**	**-9,962**	**1,966**	**-5,496**
Total comprehensive income after tax	**30,445**	**8,624**	**44,769**	**19,625**
Of which are attributable to:				
Shareholders in the parent company	30,271	8,520	44,477	19,426
Minority interests	174	104	292	199
	30,445	**8,624**	**44,769**	**19,625**

Consolidated Balance Sheet

As at June 30 // Figures have been reviewed by Group auditor

in € K	Jun. 30, 2014	Dec. 31, 2013	Jun. 30, 2013
Assets			
Property, plant and equipment	395,765	386,384	398,435
Investment properties	18,269	18,476	18,692
Goodwill	236,333	236,259	236,672
Intangible assets	112,397	108,505	105,046
Deferred tax assets	33,797	30,285	32,967
Other non-current financial assets	12,426	10,457	11,409
Other non-current non-financial assets	1,620	1,681	2,101
Total non-current assets	**810,607**	**792,047**	**805,322**
Inventories	355,588	333,812	338,830
Trade receivables	204,104	163,953	210,310
Tax offsets	5,283	4,673	6,287
Other current financial assets	1,890	2,091	3,310
Other current non-financial assets	12,795	10,298	13,957
Cash and cash equivalents	13,100	15,533	15,846
Total current assets	**592,760**	**530,360**	**588,540**
Total assets	**1,403,367**	**1,322,407**	**1,393,862**

Equity and liabilities			
Subscribed capital	70,140	70,140	70,140
Other reserves	578,562	576,596	590,402
Net profit/loss	303,200	288,745	252,500
Equiy attributable to shareholders in the parent company	**951,902**	**935,481**	**913,042**
Minority interests	**4,157**	**3,865**	**3,699**
Total equity	**956,059**	**939,346**	**916,741**
Long-term borrowings	130,156	130,594	134,377
Deferred tax liabilities	33,211	33,124	33,282
Long-term provisions	40,393	39,498	38,269
Total non-current liabilities	**203,760**	**203,216**	**205,928**
Trade payables	72,042	44,702	62,416
Short-term borrowings from banks	85,203	61,698	135,731
Current portion of long-term borrowings	485	428	431
Short-term provisions	13,127	12,948	11,720
Tax liabilities	658	310	389
Other short-term financial liabilities	21,460	22,241	21,307
Other short-term non-financial liabilities	50,573	37,518	39,199
Total current liabilities	**243,548**	**179,845**	**271,193**
Total liabilities	**1,403,367**	**1,322,407**	**1,393,862**

Consolidated Statement of Changes in Equity

As at June 30 // Figures have been reviewed by Group auditor

in € K	Subscribed capital	Capital reserves	Exchange differences	Other neutral changes	Net profit/ loss	Equity attributable to shareholders in the parent company	Minority interests	Total equity
Balance at December 31, 2012	**70,140**	**618,661**	**-15,280**	**-7,483**	**248,620**	**914,658**	**3,500**	**918,158**
Total profit/loss for the period	0	0	0	0	24,922	24,922	199	25,121
Other income	0	0	-5,555	59	0	-5,496	0	-5,496
Total comprehensive income	**0**	**0**	**-5,555**	**59**	**24,922**	**19,426**	**199**	**19,625**
Dividends	0	0	0	0	-21,042	-21,042	0	-21,042
Balance at June 30, 2013	**70,140**	**618,661**	**-20,835**	**-7,424**	**252,500**	**913,042**	**3,699**	**916,741**
Balance at December 31, 2013	**70,140**	**618,661**	**-33,888**	**-8,177**	**288,745**	**935,481**	**3,865**	**939,346**
Total profit/loss for the period	0	0	0	0	42,511	42,511	292	42,803
Other income	0	0	2,930	-964	0	1,966	0	1,966
Total comprehensive income	**0**	**0**	**2,930**	**-964**	**42,511**	**44,477**	**292**	**44,769**
Dividends	0	0	0	0	-28,056	-28,056	0	-28,056
Balance at June 30, 2014	**70,140**	**618,661**	**-30,958**	**-9,141**	**303,200**	**951,902**	**4,157**	**956,059**

Consolidated Cash Flow Statement

April 1 through June 30 and January 1 through June 30 // Figures have been reviewed by Group auditor

in € K	Apr. 1–Jun. 30, 2014	Apr. 1–Jun. 30, 2013	Jan. 1–Jun. 30, 2014	Jan. 1–Jun. 30, 2013
Profit before tax (EBT)	**39,757**	**27,509**	**60,398**	**36,832**
Adjustments to reconcile profit before tax to gross cash flow:				
Depreciation and amortization expense	15,432	15,593	29,555	29,344
Foreign exchange result	6,290	-17,959	5,313	-9,021
Gains/losses from sale of intangible assets and property, plant and equipment	352	137	438	246
Book value from the disposal of rental equipment	5,733	2,862	9,893	5,103
Actuarial gains/losses from pension obligations	-953	73	-964	59
Financial result	1,582	1,790	3,034	3,544
Change in misc. assets	-1,539	4,969	-5,489	5,826
Change in provisions	1,745	-1,388	1,074	-1,671
Change in misc. liabilities	-2,505	2,785	6,935	9,398
Interest paid	-1,358	-1,149	-6,279	-6,090
Income tax paid	-7,891	-10,690	-14,004	-18,498
Interest received	675	381	1,309	972
	17,563	**-2,596**	**30,815**	**19,212**
Gross cash flow	**57,320**	**24,913**	**91,213**	**56,044**
Change in inventories	-13,854	36,717	-23,995	24,171
Change in trade receivables	-9,216	-14,324	-41,334	-59,794
Change in trade payables	267	4,642	27,492	11,213
Change in working capital	**-22,803**	**27,035**	**-37,837**	**-24,410**
Cash flow from operating activities	**34,517**	**51,948**	**53,376**	**31,634**
Purchase of property, plant and equipment	-21,112	-27,078	-44,988	-44,882
Purchase of intangible assets	-3,799	-3,740	-7,621	-6,478
Proceeds from the sale of property, plant and equipment, intangible assets and non-current assets held for sale	219	258	693	1,782
Change in consolidation structure	487	0	0	0
Cash flow from investing activities	**-24,205**	**-30,560**	**-51,916**	**-49,578**
Dividends	-28,056	-21,042	-28,056	-21,042
Cash receipts from short-term/long-term borrowings	8,364	862	24,844	38,378
Repayments from short-term/long-term borrowings	-144	-5,513	-438	-2,943
Cash flow from financing activities	**-19,836**	**-25,693**	**-3,650**	**14,393**
Increase/decrease in cash and cash equivalents	**-9,524**	**-4,305**	**-2,190**	**-3,551**
Effect of exchange rates on cash and cash equivalents	-265	385	-243	530
Change in cash and cash equivalents	**-9,789**	**-3,920**	**-2,433**	**-3,021**
Cash and cash equivalents at beginning of period	**22,889**	**19,766**	**15,533**	**18,867**
Cash and cash equivalents at end of period	**13,100**	**15,846**	**13,100**	**15,846**

Consolidated Segmentation

January 1 through June 30 // Figures have been reviewed by Group auditor

Segmentation (geographical segments)

in € K	Europe	Americas	Asia-Pacific	Consolidation	Group
H1 2014					
Segment revenue	498,006	165,906	26,042		
Intersegment sales	-38,775	-22,522	-8,664		
Total	**459,231**	**143,384**	**17,378**	**0**	**619,993**
EBIT	**54,338**	**8,818**	**268**	**-9**	**63,415**
EBITDA	**80,021**	**12,287**	**671**	**-9**	**92,970**
Net financial debt	**131,957**	**61,251**	**9,536**	**0**	**202,744**
Working capital	**330,344**	**146,876**	**27,531**	**-17,102**	**487,649**
Non-current assets	**692,901**	**61,222**	**10,261**	**0**	**764,384**
Average number of employees	**3,224**	**726**	**267**	**0**	**4,217**

in € K	Europe	Americas	Asia-Pacific	Consolidation	Group
H1 2013					
Segment revenue	450,687	173,884	26,100		
Intersegment sales	-34,417	-22,659	-7,529		
Total	**416,270**	**151,225**	**18,571**	**0**	**586,066**
EBIT	**22,813**	**13,565**	**298**	**3,700**	**40,376**
EBITDA	**48,534**	**16,767**	**720**	**3,700**	**69,721**
Net financial debt	**167,447**	**82,957**	**4,289**	**0**	**254,693**
Working capital	**314,996**	**165,794**	**23,811**	**-17,877**	**486,724**
Non-current assets	**686,121**	**63,938**	**10,887**	**0**	**760,946**
Average number of employees	**3,181**	**671**	**241**	**0**	**4,093**

[1] adjusted

Revenue with non-Group companies generated by affiliates headquartered in Germany amounted to EUR K 247,471 (previous year: EUR K 222,372).

Segmentation (business segments)

in € K	Jan. 1–Jun. 30, 2014	Jan. 1–Jun. 30, 2013
Segment revenue from external customers		
Light equipment	203,376	214,307
Compact equipment	297,211	262,281
Services	127,870	116,559
	628,457	**593,147**
Less cash discounts	-8,464	-7,081
Total	**619,993**	**586,066**

Selected Explanatory Notes to the Interim Financial Statements for H1 2014

Accounting rules

The Wacker Neuson SE consolidated interim financial statements to June 30, 2014 were prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretation as valid on the reporting date and adopted in the EU. The statements adhere to International Accounting Standard (IAS) 34 for condensed statements.

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

As an information instrument, this interim report builds on the Consolidated Financial Statements. We therefore refer to the notes to the consolidated statements of Tuesday, December 31, 2013. The comments there also apply to the quarterly and half-year statements for fiscal 2014, unless explicitly stated otherwise.

The general accounting principles, valuation methods and estimates used for the fiscal 2013 consolidated statements have also been applied to these interim financial statements.

A new projection for pension provisions has been calculated and disclosed on the balance sheet. This essentially covers the change in interest rates reported during the first half of the year.

On May 28, 2014, IASB published the new IFRS 15 standard “Revenue Recognition from Contracts with Customers”. It has not yet been adopted by the EU. Wacker Neuson is currently examining the effect it may have on its Consolidated Financial Statements.

In the segment report covering the period up to June 30, 2014, the net financial debt indicator for the Europe and Americas segments includes existing payables and receivables within the Group. Net financial debt reported June 30, 2013 has been adjusted to enable a comparison with the value reported June 30, 2014. This adjustment reduced net financial debt for the Europe segment by EUR K 71,316 at June 30, 2013, and increased the same indicator for the Americas segment by the same amount. This adjustment has no effect on the overall net financial debt in the consolidated interim financial statements.

The first application of IFRS standards valid as of January 1, 2014 in fiscal 2014 has had no effect on Wacker Neuson‘s assets, financials and earnings.

Legal changes to company structure

On February 14, 2014, the Swedish affiliate Wacker Neuson AB acquired the company Skanska Mark och Exploatering Bygg Invest AB. This is not an operational company; however, it owns real estate on which the Swedish affiliate intends to build its future headquarters. A contract for work and services to construct the new headquarters was signed on the same date. It was merged with the Swedish affiliate on May 9, 2014.

At June 30, 2014 there were no further legal changes to the company structure.

Seasonal fluctuations

The construction and agricultural industries are dependent on a number of factors including weather. Revenue is thus subject to seasonal fluctuations. The annual analysis of the seasonal distribution of consolidated revenue over the year clearly shows that seasonal fluctuations can have an impact on Group business.

The quarterly distribution of consolidated revenue from fiscal 2011 through 2013 was as follows:

as a %	2013	2012	2011
Q1	22	25	21
Q2	28	26	27
Q3	24	23	25
Q4	26	26	27

Earnings per share

In accordance with International Accounting Standard (IAS) 33, earnings per share are calculated by dividing the consolidated earnings by the average number of shares. There was no share dilution effect in the reporting period shown.

	2014	2013
Q2		
Quarterly earnings attributable to shareholders in € K	28,210	18,482
Weighted average number of ordinary shares in circulation during the period in thousands	70,140	70,140
Earnings per share in € (diluted and undiluted)	**0.40**	**0.26**
H1		
Quarterly earnings attributable to shareholders in € K	42,511	24,922
Weighted average number of ordinary shares in circulation during the period in thousands	70,140	70,140
Earnings per share in € (diluted and undiluted)	**0.61**	**0.36**

Information on financial instruments

Additional information on financial instruments must be provided in this half-year report due to the application of IFRS 13 in fiscal 2014.

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

in € K	June 30, 2014 Fair value	June 30, 2014 Book value
Assets		
Other non-current assets	14,046	14,046
Trade receivables	204,104	204,104
Other current assets	14,685	14,685
Cash and cash equivalents	13,100	13,100

in € K	June 30, 2014 Fair value	June 30, 2014 Book value
Liabilities		
Long-term borrowings	135,092	130,156
Trade payables	72,042	72,042
Short-term borrowings from banks	85,203	85,203
Current portion of long-term borrowings	485	485
Other current liabilities	72,033	72,033

At June 30, 2014, only financial assets in the amount of EUR K 1,554 existed whose fair value is calculated using prices listed on active markets for identical financial assets (level 1 evaluation).

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. We refer to the Annual Report 2013 for further information on the type and scope of related party disclosures.

Important events

Shareholders of Wacker Neuson SE approved a dividend payout in the amount of EUR 0.40 per share at the AGM on May 27, 2014. The actions of the Executive Board and Supervisory Board were approved for fiscal 2013.

Two new members were elected to the six-person Supervisory Board. These new appointments were required to replace two shareholder representatives, Dr. Matthias Bruse and Dr. Eberhard Kollmar, who retired from their positions. The Executive Board and Supervisory Board thanked them both for their dedication and hard work. Mr. Ralph Wacker and Dr. Matthias Schüppen have been elected to the Supervisory Board until the next AGM, planned for May 2015.

Events since the interim statements

There have been no significant events since the reporting date for these interim financial statements.

Responsibility Statement by Management

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financials and earnings of the Wacker Neuson Group, and the Interim Management Review of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Munich, July 31, 2014
Wacker Neuson SE

The Executive Board

Cem Peksaglam
CEO

Martin Lehner
CTO
(deputy CEO)

Günther C. Binder
CFO

Review Report

To Wacker Neuson SE, Munich, Germany

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and selected explanatory notes, and the interim group management report of Wacker Neuson SE, Munich for the period from January 1 to June 30, 2014 which are part of the six-monthly financial report pursuant to Section 37w WpHG ("Wertpapierhandelsgesetz"; German Securities Trading Act). The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, July 31, 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Keller	Berger
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial Calendar

Financial Calendar 2014

August 5, 2014	Publication of half-year report 2014
September 22, 2014	German Corporate Conference 2014, Munich
September 23, 2014	Baader Investment Conference 2014, Munich
November 11, 2014	Publication of nine-month report 2014

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Disclaimer

This 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.

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