

9M/2014

Wacker Neuson Group Nine-month report



Wacker Neuson
Group

Figures at a Glance

July 1 through September 30 and January 1 through September 30

in € million	July 1–Sept. 30, 2014	July 1–Sept. 30, 2013	Change	Jan. 1–Sept. 30, 2014	Jan. 1–Sept. 30, 2013	Change
Key figures						
Revenue	316.2	276.3	14.4% ¹	936.2	862.4	8.6% ²
by region						
Europe	230.1	202.1	13.9%	689.3	618.3	11.5%
Americas	76.8	66.3	15.9%	220.2	217.5	1.2%
Asia-Pacific	9.3	8.0	16.2%	26.6	26.5	0.4%
by business segment ³						
Light equipment	105.9	94.4	12.2%	309.3	308.7	0.2%
Compact equipment	144.2	115.4	25.0%	441.4	377.7	16.9%
Services	70.7	70.7	-0.0%	198.5	187.3	6.0%
EBITDA	55.1	41.2	33.7%	148.1	110.9	33.5%
Depreciation and amortization	15.0	14.7	2.0%	44.6	44.1	1.1%
EBIT	40.1	26.5	51.3%	103.5	66.9	54.8%
EBT	38.7	24.6	57.3%	99.0	61.4	61.3%
Profit for the period	26.5	16.9	56.8%	69.0	41.8	65.0%
Number of employees	4,271	4,180	2.2%	4,271	4,180	2.2%
Share						
Earnings per share in €	0.38	0.24	56.8%	0.98	0.60	65.0%
Dividends per share in € ⁴	0.40	0.30	33.3%	0.40	0.30	33.3%
Key profit figures						
Gross profit as a %	30.3	31.4	-1.1 PP	30.2	30.3	-0.1 PP
EBITDA margin as a %	17.4	14.9	2.5 PP	15.8	12.9	2.9 PP
EBIT margin as a %	12.7	9.6	3.1 PP	11.1	7.8	3.3 PP
Key figures from the balance sheet						
			Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2013	Changes Dec. 31, 2013
Non-current assets			816.3	792.0	800.0	3.1%
Current assets			651.7	530.4	566.2	22.9%
Equity before minority interests			990.1	935.5	923.8	5.8%
Net financial debt			198.8	177.2	214.1	12.2%
Liabilities			473.7	383.1	438.6	23.6%
Equity ratio before minority interests as a %			67.5	70.7	67.6	-3.2 PP
Working capital			523.0	453.1	466.5	15.4%
Cash flow						
	July 1–Sept. 30, 2014	July 1–Sept. 30, 2013	Change	Jan. 1–Sept. 30, 2014	Jan. 1–Sept. 30, 2013	Change
Cash flow from operating activities	22.6	55.8	-59.5%	76.0	87.4	-13.0%
Cash flow from investing activities	-20.5	-16.1	27.3%	-72.4	-65.7	10.2%
Capital expenditure (property, plant and equipment and intangible assets)	21.0	16.2	29.6%	73.6	67.6	8.9%
Cash flow from financing activities	2.2	-38.8	–	-1.4	-24.4	-94.3%
Free cash flow	2.1	39.7	-94.7%	3.6	21.7	-83.4%

¹ Adjusted to discount currency fluctuations: 14.1%.

² Adjusted to discount currency fluctuations: 10.6%.

³ Consolidated sales before discounts.

⁴ Dividend payment in May for the previous fiscal year.

To improve readability, the figures in this report have been rounded to the nearest EUR million. Percentage changes refer to these rounded amounts.

Latest Developments from the First Nine Months of 2014

At a glance

Overall, business developed positively in the first nine months of 2014. The Group reported record revenue and profit figures and revised its profit forecast upwards for 2014 as a whole.

9M 2014 compared with 9M 2013

- Group revenue increased 9 percent relative to the previous year to reach EUR 936.2 million. When adjusted to discount currency fluctuations, this corresponds to a rise of 11 percent.
- The core European market experienced the strongest revenue growth, reporting a 12-percent increase.
- The compact equipment and services segments posted significant revenue gains of 17 percent and 6 percent respectively. Revenue in the light equipment segment rose by 0.2 percent (4.2 percent when adjusted to discount currency fluctuations).
- Profitability for the first nine months of the year was also significantly higher than in the prior-year period. The EBIT margin increased to 11.1 percent (9M 2013: 7.8 percent) and the EBITDA margin rose to 15.8 percent (9M 2013: 12.9 percent).

Forecast

At the start of November 2014, the Group revised its profit forecast for the year upwards. The Executive Board now expects an EBITDA margin of between 14.5 and 15.5 percent (previously 13 to 14 percent; 2013: 13.2 percent) and an EBIT margin of between 10 and 11 percent (previously 8 to 9 percent; 2013: 8.2 percent). The Executive Board confirmed its revenue forecast, estimated at between EUR 1.25 and 1.30 billion (2013: EUR 1.16 billion). The Group will continue to strengthen its position in core markets and pursue further expansion in line with the Group strategy.

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Cem Peksaglam
CEO

Dear Ladies and Gentlemen,

First, the good news: The third quarter of 2014 was a success for our company. There are many highlights in our interim balance sheet, not least our double-digit gains in revenue and profit as well as new record figures for the nine-month and third-quarter periods. We also saw sales rise significantly in our core markets of Europe and North America.

Revenue for the third quarter increased 14 percent to EUR 316 million while profit before interest and tax (EBIT) grew by over 50 percent to EUR 40 million. This resulted in an EBIT margin of 12.7 percent. Our revenue for the first nine months of the year rose by 9 percent to EUR 936 million. This corresponds to an 11-percent growth rate when adjusted to discount currency fluctuations. At EUR 103 million, EBIT for the first nine months was 55 percent higher than the prior-year period, giving us an EBIT margin of 11.1 percent.

If we compare this to four years ago in 2010, when our revenue for the same period was around EUR 552 million and our EBIT around EUR 25 million, we can see just how far our Group has come since then. The fact that we have been able to deliver such strong results in this uncertain and volatile climate is down to our unwavering commitment to our growth strategy. Here we focus not only on diversifying our target markets but also on extending our international reach. The many new products that we launched in 2014 enabled us to further strengthen our position as innovation leader in many of our target markets. Our new battery-powered rammers and compact electric wheel loader are just two highlights here. These products are zero emissions powerhouses driven by state-of-the-art rechargeable batteries on demand. We will be seeing more and more battery drives in Wacker Neuson product innovations as we move forward. Group profit was also bolstered by our strict cost control policies and ongoing efforts to improve and streamline processes across all lines of business. For the first time in our company's history, we have passed the EUR 100 million profit barrier (EBIT) mark after just nine months of the year.

Our preliminary figures for October show that these positive trends are due to continue into the fourth quarter. On the basis of these initial results, we revised our profit forecast for 2014 as a whole upwards at the start of November. We now expect an EBIT margin of between 10 and 11 percent – two percent higher than our previous forecast of between 8 and 9 percent. This revised forecast takes into consideration the dip in profitability typically associated with the fourth quarter. Our revenue forecast for the Group remains unchanged at between EUR 1.25 and 1.30 billion.

Unfortunately, there are increased signs that the construction industry in key European countries could be stagnating or even contracting. The situation is further compounded by the conflict in Ukraine as well as sanctions against Russia and the ongoing crisis in Syria, all of which are creating uncertainties in Europe and beyond. In some

cases, these factors are having a negative impact directly on our business. They are also dampening the mood in the markets in which we operate, especially in the agricultural and construction sectors. The agricultural sector in particular is heading for a period of weak demand after years of sustained high investments in agricultural machinery.

China, the largest of our promising markets in Asia, is also experiencing a slowdown in growth. The Chinese construction equipment market has contracted by more than 40 percent since 2011 and is currently struggling with excess capacities. In India, the positive mood following elections in early 2014 did not translate into an upswing in the economy. In South America, unfortunately, the political climate is continuing to dampen investments in important markets for the Group, including Chile and Brazil.

But of course, it is not all bad news. Since fall of last year, the euro increased in value immensely relative to all key global currencies. In recent months, however, the euro has weakened, bolstering our business somewhat in several markets outside of Europe. In the US, this positive trend coincides with a number of developments that are particularly beneficial for us. The US housing market is stabilizing, the situation in the residential construction sector is good and rental companies and dealers are reporting a tangible increase in business. During the third quarter, revenue in North America rose by 20 percent.

We are continuing to expand our international network of production sites. At the start of next year, we will be relocating the production of our skid steer loaders from our facility in the Austrian town of Hörsching to our US site in Menomonee Falls, near Milwaukee (WI). This will be the first time that we manufacture compact equipment outside of Europe. The move aligns perfectly with our strategic principle of producing products 'in the region for the region'. It also means that we will be manufacturing skid steer loaders in what is by far the largest single market for this product segment worldwide.

In the first nine months of 2014, the compact equipment segment once again proved to be a growth driver, reporting a 17-percent increase in revenue for the period. Q3 revenue rose by around 25 percent. Our light equipment segment, which has a very broad global footprint, reported a rise in revenue of just 0.2 percent (4.2 when adjusted to discount currency fluctuations). Our business here was primarily impacted by a strong euro although falling demand in key markets also dampened our performance here.

In recent months, we have made targeted efforts to increase inventory to ensure we have the flexibility we need to manufacture and deliver products in time for our customers, who are increasingly placing orders at short notice. At the same time, equipment manufacturers are having to stock multiple variants of products in order to meet more stringent emissions regulations, which unfortunately are not harmonized across the largest target markets for construction equipment. Although these measures increase our working capital, they are crucial for our market success.

As you can see, our business will not be getting any easier in the foreseeable future. Competition is certainly increasing. However, the changes underway in the industry right now make it difficult to discern any uniform trends. New competitors – in particular companies from the Far East – are entering European and North American markets. Others are pulling out. Many players are joining forces in alliances and collaborations.

Against this backdrop, we are committed to building more effectively on our strengths and working even harder to tackle our weaknesses. We also plan to launch more new, innovative products in 2015. We believe the future is bright for Wacker Neuson and that we are ideally positioned for further growth – even under difficult market conditions.

We would like to thank our shareholders and employees for the trust and loyalty they show to the Group.

Best regards,



Cem Peksaglam
CEO Wacker Neuson SE

Group Management Report

Economic and business trends

Slowdown in global economic growth

In 2014, the global economy grew at a modest pace. China and the US proved to be the main growth drivers. In contrast, economic performance in many developing and emerging markets fell throughout the year. Europe also performed below par, with austerity measures in a number of European countries hampering growth. The economic situation in Spain, France and Italy remains tense. Geopolitical unrest in regions such as the Middle East also dampened economic performance. European engineering companies were particularly hard hit by the ongoing conflict in Ukraine and sanctions against Russia. The spread of the Ebola virus in West Africa was a further cause for concern.

According to the Committee for European Construction Equipment (CECE), sales of construction equipment in Europe in the first half of 2014 were over 10 percent higher than in the previous year. This increase comes on the back of years of decline in the region. The United Kingdom led the way here although countries in southern Europe such as Spain, Italy and Portugal also reported an upturn in business. Since the middle of the year, however, overall demand for construction equipment has slowed.

In recent weeks, euro depreciation has bolstered the competitive position of manufacturers in the euro zone. Developments in the wider global economy will determine whether this translates into higher export volumes.

According to the Deutsche Bundesbank, growth in the German economy stagnated during the third quarter of 2014 and remained at the same level as Q2. As a result, the German government lowered its growth forecast for the

year as whole during its fall report. Market dynamics in the German construction industry also slowed markedly over recent months.

In contrast, the US construction sector is increasingly stabilizing. Following a slow start to the year caused by unfavorable weather conditions, demand for construction equipment clearly gained momentum during the course of 2014. Private residential construction developed particularly well and the energy sector also reported gains. However, in South America, a number of key markets remain in crisis.

In the third quarter of the year, the Chinese economy grew by 7.3 percent relative to the previous year. However, the construction equipment market here has contracted by over 40 percent since 2011. This is partly due to the high inventories of relatively new equipment accrued as a result of rapid expansion across China in recent years. Difficulties in financing construction projects and new equipment purchases have also slowed growth in the region. In response, the Chinese government initiated a number of selected stimulus programs this year, focusing primarily on rail infrastructure and social housing projects.

Trends in the agricultural sector

The mood among European agricultural equipment manufacturers was positive during the first half of the year but dampened during the third quarter. Many companies reported a drop in revenue as a result of sanctions on exports to Russia. This also squeezed milk and dairy prices, which in turn impacted earnings for dairy farmers. Investments continued to focus on equipment enabling greater productivity on holdings, the majority of which have limited labor resources.

Business trends and latest developments in the first nine months of the year

Nine-month revenue and earnings at record high

The Group again significantly increased its volume of business relative to the previous year in a highly competitive market environment.

The Group is leveraging sales synergies to support international distribution of its products and increasingly diversifying into different target markets. Its products are now distributed across a range of industries that are not as cyclical as the construction sector. These include the agriculture, gardening and landscaping sectors, municipal services and companies in industries such as energy and logistics.

In the first nine months of 2014, Group revenue rose 8.6 percent to EUR 936.2 million (9M 2013: EUR 862.4 million).

Despite weaker market dynamics in Europe in recent months, the Group recorded double-digit growth for the third quarter of the year, with revenue increasing 14.4 percent to EUR 316.2 million (Q3 2013: EUR 276.3 million).

These figures represent record Q3 and 9M revenue for the Group.

Central Europe and the US are core markets for the Wacker Neuson Group. From a regional perspective, revenue growth for the first nine months of 2014 was strongest in Europe (+11.5 percent). Revenue growth in the Americas (+1.2 percent) and Asia-Pacific (+0.4 percent) was negatively impacted by currency fluctuations. These did not have a major impact on Q3 revenue, however.

During the first nine months of the year, all three business fields (light equipment, compact equipment and services) reported a rise in revenue relative to the prior-year period. The compact equipment segment was the main growth driver, reporting a 16.9-percent rise in revenue. Sales of compact equipment for the agricultural sector developed particularly well here. The services segment also reported

a healthy 6-percent rise in revenue. Revenue from the light equipment segment grew by 0.2 percent. This corresponds to a rise of 4.2 percent when adjusted to discount currency fluctuations (all figures are before cash discounts).

The above-average rise in revenue in the compact equipment segment resulted in higher manufacturing costs, which, in turn, reduced the gross profit margin. However, Group profitability was boosted by a favorable product and regional mix, continued progress in execution of the Group's strategy and the success of ongoing cost and process optimization measures across all lines of business.

The EBITDA margin¹ amounted to 15.8 percent in the first nine months of 2014 (9M 2013: 12.9 percent). The EBIT margin² came to 11.1 percent (9M 2013: 7.8 percent).

In the third quarter of 2014, the Group reported an EBITDA margin of 17.4 percent (Q3 2013: 14.9 percent). The EBIT margin rose to 12.7 percent (Q3 2013: 9.6 percent).

At September 30, 2014, gearing³ was posted at around 20 percent – approximately the same level as the half-year figure. With an equity ratio before minority interests of around 67 percent at the closing date, assets remain strong. For further details, refer to the “Financials and assets” section.

Production of skid steer loaders in the US

The Group has been active in the US with its own affiliate since 1957. The headquarters of the Wacker Neuson Corporation is located in Menomonee Falls near Milwaukee, Wisconsin. The company carries out research and development activities at the site and also produces trowels for the concrete technology business field; rammers, rollers and trench rollers for the compaction business field; and generators, light towers and pumps for the worksite technology field. The Group is now building a competence center for skid steer loaders at the site. This will be Wacker Neuson's first compact equipment production facility outside of Europe. The facility will go on stream in Q1 2015, initially developing and manufacturing two high-quality, high-performance skid steer loader models and two compact track loader models. The US is the world's largest market for the loader product group.

¹ EBITDA margin = EBITDA/revenue.

² EBIT margin = EBIT/revenue.

³ Gearing = net financial debt/equity before minority interests.



In September, Wacker Neuson and Kramer attended GaLaBau 2014 in Nuremberg, Germany. Under the motto "Gelbe Vielfalt – Grüne Zukunft" ("Going yellow for a green future"), the two companies impressed many visitors from the gardening, landscaping and municipal services sectors.

Capital market communication and share trends

During the period under review, the Executive Board regularly kept capital market players updated on the company's progress and strategy. They accomplished this through a variety of channels, including national and international conferences and roadshows.

The Wacker Neuson share appreciated markedly in the first nine months of 2014. Starting the year at EUR 11.73, the share price reached a high for the reporting period of EUR 18.00 on July 3, 2014. At the end of the period (September 30, 2014),

it closed at EUR 15.15. This corresponds to an increase of around 29 percent since the start of the year and a market capitalization of EUR 1,062.6 million (70,140,000 shares). The Wacker Neuson share thus outperformed the DAX (+0.8 percent) and the SDAX (+0.3 percent) during the period under review.

Profit, financials and assets

Revenue and earnings

Revenue higher than previous year

In the first nine months of 2014, Group revenue rose 8.6 percent to EUR 936.2 million (9M 2013: EUR 862.4 million) – a record result for the period. Adjusted to discount currency fluctuations, this corresponds to a rise in revenue of 10.6 percent for the first nine months of 2014.

This increase was fueled primarily by positive trends in the compact equipment segment and by the dynamic pace of growth in the services segment.

Demand for the Group's light and compact equipment offering gained strong momentum right at the start of the year and remained at a high level throughout the summer months.

Share price trends

January through October 2014



ECOlogy +
ECOonomy =



Zero emissions workhorses: In September, the Group presented its battery-powered WL20e wheel loader, battery-powered rammer and 803 dual-power excavator at GaLaBau in Nuremberg.

Revenue in the third quarter thus rose to EUR 316.2 million (Q3 2013: EUR 276.3 million), which corresponds to an increase of 14.4 percent relative to the prior-year quarter. Adjusted for currency effects, this corresponds to an increase of 14.1 percent. Strong currency fluctuations negatively impacted revenue in the first half of the year. This translation effect was eliminated in the third quarter, however, when the euro weakened against key currencies.

Manufacturing costs rose 8.8 percent to EUR 653.7 million in the first nine months of 2014 (9M 2013: EUR 601.0 million) due to the upturn in sales.

Gross profit for the period under review rose to EUR 282.4 million (9M 2013: EUR 261.4 million). This corresponds to an increase of 8.0 percent. The gross profit margin amounted to 30.2 percent (9M 2013: 30.3 percent).

Markets were highly competitive during the period under review. In addition, the sharp rise in revenue from compact equipment resulted in higher variable manufacturing costs. However, this segment also generates lower sales expenses than light equipment.

Revenue

Q3/9M 2014 and 2013

in € million

Q3/2014		316.2
Q3/2013		276.3
9M/2014		936.2
9M/2013		862.4

The gross profit margin amounted to 30.3 percent in the third quarter (Q3 2013: 31.4 percent).

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

Despite the rise in the volume of business in the first nine months of 2014, total SG&A and R&D expenses dropped during this period, accounted for 20.6 percent of revenue (9M 2013: 22.7 percent).

At EUR 125.1 million, sales expenses remained at roughly the same level as the previous year (9M 2013: EUR 126.0 million).

At EUR 21.1 million, the research and development expenses item recognized on the income statement remained at the same level as the previous year (9M 2013: EUR 20.6 million). The research and development ratio, including capitalized R&D expenditure, remained unchanged at 3.2 percent in the first nine months of 2014 (9M 2013: 3.2 percent).

General administrative expenses decreased to EUR 46.6 million (9M 2013: EUR 48.8 million). Expressed as a percentage of revenue, administrative expenses fell to 5.0 percent (9M: 5.7 percent).

Key profit figures

The Group increasingly benefited from its ongoing efforts to reduce costs and optimize work processes across all lines of business. In combination with the rise in revenue, this resulted in increased profitability.

Profit before interest, tax, depreciation and amortization (EBITDA) rose 33.5 percent to EUR 148.1 million in the first nine months of the year (9M 2013: EUR 110.9 million). The EBITDA margin was 15.8 percent (9M 2013: 12.9 percent).

The rise in profit was even more pronounced in the third quarter with EBITDA increasing 33.7 percent to EUR 55.1 million. This corresponds to an EBITDA margin of 17.4 percent (Q3 2013: EUR 41.2 million; 14.9 percent).

Depreciation and amortization for the first nine months of 2014 amounted to EUR 44.6 million (9M 2013: EUR 44.1 million) and EUR 15.0 million for the third quarter (Q3 2013: EUR 14.7 million).

Profit before interest and tax (EBIT) increased by 54.8 percent to EUR 103.5 million in the first nine months of the year (9M 2013: EUR 66.9 million). The EBIT margin thus rose markedly to 11.1 percent (9M 2013: 7.8 percent). In the previous year, purchase price allocation (PPA) reduced EBIT by EUR 2.6 million. This effect will be so small from 2014 onwards that the Group will no longer report it separately in future.

EBIT

Q3/9M 2014 and 2013

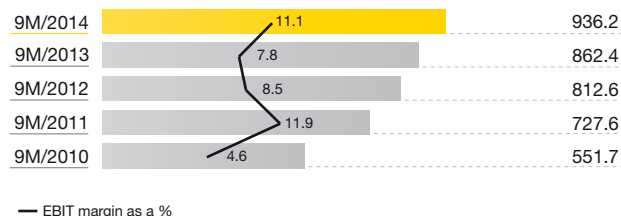
in € million

Q3/2014	40.1
Q3/2013	26.5
9M/2014	103.5
9M/2013	66.9

Development 9M revenue and

EBIT margin 2010 – 2014

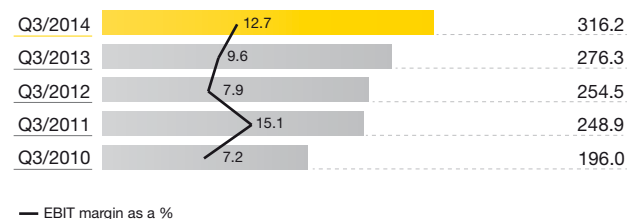
Revenue in € million



Development Q3 revenue and

EBIT margin 2010 – 2014

Revenue in € million



In the third quarter of 2014, Group EBIT rose 51.4 percent to EUR 40.1 million, resulting in an EBIT margin of 12.7 percent (Q3 2013: EUR 26.5 million; 9.6 percent).

In the first nine months of 2014, the average euro/dollar exchange rate was EUR 1 to USD 1.35 (9M 2013: EUR 1 to USD 1.32). Exchange rate fluctuations arising from the international flow of goods only have minimal impact on

Key figures

in € million	Q3/2014	Q3/2013	Change as a %	9M/2014	9M/2013	Change as a %
Revenue	316.2	276.3	14.4	936.2	862.4	8.6
Gross profit margin as a %	30.3	31.4	-1.1 PP	30.2	30.3	-0.1 PP
EBITDA	55.1	41.2	33.7	148.1	110.9	33.5
EBITDA margin as a %	17.4	14.9	2.5 PP	15.8	12.9	2.9 PP
EBIT	40.1	26.5	51.3	103.5	66.9	54.8
EBIT margin as a %	12.7	9.6	3.1 PP	11.1	7.8	3.3 PP
EBT	38.7	24.6	57.3	99.0	61.4	61.3
Profit for the period	26.5	16.9	56.8	69.0	41.8	65.0

Group profit due to natural currency hedging. The Group uses derivative financial instruments selectively to hedge other currencies.

At EUR -4.4 million, the financial result for the first nine months of the year was higher than in the previous year (9M 2013: EUR -5.5 million).

Profit before tax (EBT) rose 61.3 percent to EUR 99.0 million in the first nine months of 2014 (9M 2013: EUR 61.4 million). Tax expenditure was posted at EUR 29.8 million (9M 2013: EUR 19.3 million). The tax rate was thus 30.1 percent (9M 2013: 31.5 percent).

At EUR 69.0 million, profit for the first nine months of 2014 was 65.0 percent higher than the prior-year figure of EUR 41.8 million. Earnings per share for the first nine months of 2014 increased by 38 cents to EUR 0.98 (9M 2013: EUR 0.60) based on 70.14 million ordinary shares.

Profit for Q3 2014 was 56.8 percent higher than in the previous year at EUR 26.5 million (Q3 2013: EUR 16.9 million). This corresponds to quarterly earnings per share of EUR 0.38 (Q3 2013: EUR 0.24).

Financial position

Positive cash flow development

Cash flow from operating activities was posted at EUR 76.0 million at September 30, 2014 (9M 2013: EUR 87.4 million) and was thus below the previous year's figure. This was primarily due to the scheduled increase in inventories. Before investments in working capital¹, cash flow from operating activities amounted to EUR 128.8 million (9M 2013: EUR 106.6 million). The Group generated operating cash flow of EUR 22.6 million in the third quarter (Q3 2013: EUR 55.8 million).

Cash flow from investment activities came to EUR -72.4 million in the first nine months of 2014 (9M 2013: EUR -65.7 million) and EUR -20.5 million in the third quarter (Q3 2013: EUR -16.1 million). As planned, the Group made investments in the amount of EUR 73.6 million, of which EUR 62.0 million was channeled into property, plant and equipment. This included investments in the expansion of the international sales network and the Group's own rental fleet. Overall, investments during the first nine months of the year increased 8.9 percent on the prior-year period and remained higher than write-downs.

Positive free cash flow

As expected, cash flow from operating activities was higher than cash flow from investing activities at the close of September 2014. This resulted in positive free cash flow of EUR 3.6 million (9M 2013: EUR 21.7 million). The Group generated free cash flow of EUR 2.1 million in the third quarter of 2014 (Q3 2013: EUR 39.7 million).

Cash flow from financing activities amounted to EUR -1.4 million in the first nine months of 2014 (9M 2013: EUR -24.4 million). In May 2014, Wacker Neuson SE paid a dividend to its shareholders in the amount of EUR 28.1 million (previous year: EUR 21.0 million).

Financial position

in € K	Q3/2014	Q3/2013	9M/2014	9M/2013
Cash flow from operating activities	22,609	55,778	75,985	87,412
Cash flow from investing activities	-20,487	-16,119	-72,403	-65,697
Free cash flow	2,122	39,659	3,582	21,715
Cash flow from financing activities	2,214	-38,807	-1,436	-24,414
Effect of exchange rates on cash and cash equivalents	552	-395	309	135
Change in cash and cash equivalents	4,888	457	2,455	-2,564
Cash and cash equivalents at beginning of period	13,100	15,846	15,533	18,867
Cash and cash equivalents at end of period	17,988	16,303	17,988	16,303

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

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

Comfortable liquidity situation

The Group posted a healthy and stable liquidity balance of EUR 18.0 million at September 30, 2014 (December 31, 2013: EUR 15.5 million). 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 company had not drawn on around 50 percent of funds available through credit lines, providing it with sufficient financial headroom. This healthy position is regularly acknowledged through confirmation from the Deutsche Bundesbank that Wacker Neuson SE is eligible for credit.

Assets

Assets in stable position and high equity ratio

The equivalent figures from the previous closing date (September 30, 2013) are included to make comparing assets easier.

After the first nine months of the year, the balance sheet again shows that Group assets remain strong. The balance sheet total rose to EUR 1,468.0 million at September 30, 2014 (December 31, 2013: EUR 1,322.4 million; September 30, 2013: EUR 1,366.1 million).

Assets increased to EUR 769.1 million (December 31, 2013: EUR 749.6 million; September 30, 2013: EUR 754.9 million).

The value of finished products rose 17.5 percent to EUR 282.5 million (December 31, 2013: EUR 240.4 million). This figure is also higher than the prior-year figure for the same period (September 30, 2013: EUR 241.8 million).

Inventory increased by 23.2 percent to EUR 411.2 million (December 31, 2013: EUR 333.8 million; September 30, 2013: EUR 349.4 million) in line with the working capital strategy. As planned, the production sites increased inventory levels to ensure sufficient flexibility and respond rapidly to orders placed at short notice. Part of the increase is due to a reevaluation in response to currency fluctuations.

Trade receivables grew by 22.2 percent to EUR 200.4 million since the start of the year (December 31, 2013: EUR 164.0 million). They were also higher than the prior-year figure for the same period (September 30, 2013: EUR 180.8 million). This rise is linked, on the one hand, to the increase in revenue and, on the other, to the increase in financing services that the Group offers to its customers. In certain cases, the Group provides customers with longer payment terms in line with standard industry practices.

Sales financing is becoming an increasingly important area of business. The Group will therefore be expanding its activities here and collaborating with global financing partners in 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 651.7 million (December 31, 2013: EUR 530.4 million; September 30, 2013: EUR 566.2 million).

Assets, equity and liabilities

in € K	Sept. 30, 2014	Dec. 31, 2013	Change as a %	Sept. 30, 2013	Change as a %
Total non-current assets	816,337	792,047	3.1	799,997	2.0
Total current assets	651,688	530,360	22.9	566,152	15.1
Total assets	1,468,025	1,322,407	11.0	1,366,149	7.5
Equity before minority interests	990,127	935,481	5.8	923,750	7.2
Total non-current liabilities	203,865	203,216	0.3	203,636	0.1
Total current liabilities	269,862	179,845	50.1	234,992	14.8
Minority interests	4,171	3,865	7.9	3,771	10.6
Total liabilities	1,468,025	1,322,407	11.0	1,366,149	7.5

Group equity before minority interests amounted to EUR 990.1 million at the close of September 2014 (December 31, 2013: EUR 935.5 million; September 30, 2013: EUR 923.8 million). At 67.5 percent, the equity ratio before minority interests remained at a high level for the industry (December 31, 2013: 70.7 percent; September 30, 2013: 67.6 percent). The Group's share capital remained unchanged at EUR 70.14 million.

Long-term borrowings remained almost unchanged at EUR 203.9 million (December 31, 2013: EUR 203.2 million; September 30, 2013: EUR 203.6 million).

Due to an increase in production volumes, trade payables rose to EUR 88.6 million and were thus higher than the prior-year figure (December 31, 2013: EUR 44.7 million; September 30, 2013: EUR 63.6 million). Short-term borrowings increased since the start of the year. This was primarily due to the rise in working capital. As such, total current liabilities amounted to EUR 269.9 million (December 31, 2013: EUR 179.8 million; September 30, 2013: EUR 235.0 million).

Improved working capital to revenue ratio

Working capital rose 15.4 percent to EUR 523.0 million (December 31, 2013: EUR 453.1 million). This is due to the scheduled increase in inventories and the rise in receivables. Working capital increased by 12.1 percent relative to the previous year (September 30, 2013: EUR 466.5 million). The Group secures its delivery capabilities by implementing an efficient and, above all, forward-looking component and product procurement strategy.

The 14.4-percent rise in revenue for Q3 2014 relative to the previous year also caused the working capital to revenue ratio based on annualized Q3 2014 revenue to improve to 41.4¹ percent and was thus below the equivalent ratio for the previous year (Q3 2013: 42.2² percent).

¹ Note on calculation: $523.0 / (316.2 \times 4) = 41.4$ percent.

² Note on calculation: $466.5 / (276.3 \times 4) = 42.2$ percent.

Solid financing structure

At September 30, 2014, net financial debt³ amounted to EUR 198.8 million and was thus higher than the figure at the start of the year (December 31, 2013: EUR 177.2 million; September 30, 2013: EUR 214.1 million).

Gearing was reported at 20.1 percent at the closing date (December 31, 2013: 18.9 percent; September 30, 2013: 23.2 percent). The Group's financing structure thus remains strong for the industry.

Net financial position

in € K	Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2013
Long-term borrowings	-128,360	-130,594	-132,577
Short-term borrowings	-87,999	-61,698	-97,423
Current portion of long-term borrowings	-463	-428	-424
Cash and cash equivalents	17,988	15,533	16,303
Total	-198,834	-177,187	-214,121
Gearing as a %	20.1	18.9	23.2

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.

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.

Segment reporting

The Wacker Neuson Group supports 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.

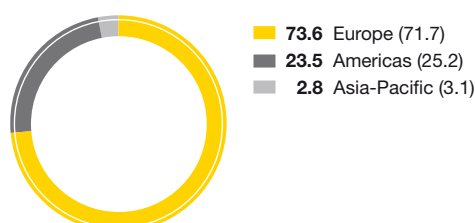
Segment reporting provides an overview of business developments according to region (Europe, Americas and Asia-Pacific). The Group also breaks revenue down according to business segment (light equipment, compact equipment and services).

In the first nine months of 2014, all regions and business areas developed positively. In the third quarter of the year, all three regions managed to report double-digit growth in revenue.

On the product side, revenue from the compact equipment segment grew faster than that of light equipment. The services segment also reported strong growth.

Results for Europe, the Americas and Asia-Pacific

Revenue by region
9M 2014¹
as a % (previous year)



¹ Differences attributable to rounding.

Revenue growth in core market Europe

Europe accounted for the lion's share of Group revenue at 73.6 percent (9M 2013: 71.7 percent of total revenue). The Group reported above-average growth of 11.5 percent for this region, with revenue for the first nine months of the year coming to EUR 689.3 million (9M 2013: EUR 618.3 million). Profit before interest and tax (EBIT) amounted to EUR 88.4 million (9M 2013: EUR 46.4 million).

In Q3, revenue for Europe rose 13.9 percent relative to the previous year to EUR 230.1 million (Q3 2013: EUR 202.1 million). The compact equipment segment was the main growth driver here.

Europe

Nine month results 2014 and 2013

in € million

Revenue

9M/2014	689.3
9M/2013	618.3

EBIT

9M/2014	88.4
9M/2013	46.4

The Wacker Neuson Group reported revenue gains in most European countries for the first nine months of the year. Growth was strongest in Germany, Austria, Poland, Denmark, the Netherlands, Belgium and the United Kingdom. Norway and Turkey were the only countries that experienced a drop in construction equipment investments. However, this follows on from above-average growth in recent years. Economic sanctions against Russia have thus far primarily delayed deliveries. If this situation persists, however, it could have serious consequences for the group's business in Russia.

Growth in the Americas

Revenue in the Americas region in the first nine months of the year rose 1.2 percent relative to the previous year to reach EUR 220.2 million (9M 2013: EUR 217.5 million). Adjusted to discount currency fluctuations, this corresponds to a revenue plus of 6.1 percent. The region's share of total revenue decreased to 23.5 percent (9M 2013: 25.2 percent) due to stronger revenue growth in Europe.

Profit before interest and tax (EBIT) rose to EUR 19.4 million (9M 2013: EUR 16.9 million).

Revenue in the Americas region developed particularly well in the third quarter, rising 15.9 percent relative to the previous year to reach EUR 76.8 million (Q3 2013: EUR 66.3 million). This corresponds to a rise of 14.9 percent when adjusted to discount currency fluctuations. EBIT increased to EUR 10.6 million (Q3 2013: EUR 3.4 million).

Demand for the Group's products was particularly high in the US and Mexico. Chile was the only country in which customers adopted a more cautious approach to new investments.

Americas

Nine month results 2014 and 2013

in € million

Revenue

9M/2014	220.2
9M/2013	217.5

EBIT

9M/2014	19.4
9M/2013	16.9

Asia-Pacific above previous year's level

Revenue in the Asia-Pacific region for the first nine months of the year amounted to EUR 26.6 million; this is 0.4 percent higher than the previous year (9M 2013: EUR 26.5 million). Adjusted to discount currency fluctuations, this corresponds to a rise of 6.7 percent. Profit before interest and tax (EBIT) amounted to EUR 1.0 million (9M 2013: EUR 0.3 million). The region's share of total revenue decreased to 2.8 percent due to stronger revenue growth in Europe (9M 2013: 3.1 percent).

Asia-Pacific

Nine month results 2014 and 2013

in € million

Revenue

9M/2014	26.6
9M/2013	26.5

EBIT

9M/2014	1.0
9M/2013	0.3

Asia-Pacific is an important growth market for the Wacker Neuson Group. Demand for high-quality products is steadily rising here. China and India, in particular, are key future markets for the Group. 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.

The Group established its first sales and service stations in Australia almost fifty years ago. The ongoing mining crisis impacted performance here in the first nine months of the year. However, our business has returned to the growth path since the third quarter.

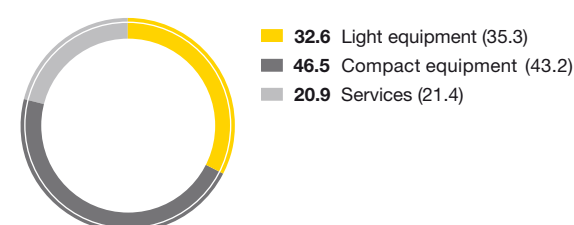
Emerging markets¹ accounted for 12.0 percent of total revenue in the first nine months of the year, almost unchanged from the previous year (9M 2013: 12.1 percent).

Results for the light equipment, compact equipment and services segments

Revenue by business segment

9M 2014¹

as a % (previous year)



¹ Differences attributable to rounding.

Growing demand for light equipment

The light equipment business segment covers the 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 € million	Q3/2014	Q3/2013	9M/2014	9M/2013
Segment revenue				
Light equipment	105.9	94.4	309.3	308.7
Compact equipment	144.2	115.4	441.4	377.7
Services	70.7	70.7	198.5	187.3
	320.7	280.5	949.2	873.7
Less cash discounts	-4.6	-4.2	-13.0	-11.3
Total	316.2	276.3	936.2	862.4

Demand for light equipment grew in the first nine months of 2014. Revenue, however, was impacted by currency effects, rising 0.2 percent to EUR 309.3 million before cash discounts (9M 2013: EUR 308.7 million). This corresponds to a rise of 4.2 percent when adjusted to discount currency fluctuations. The segment's share of total sales was 32.6 percent (9M 2013: 35.3 percent).

Strong demand in the Americas had a particularly marked impact on this segment in Q3 2014, pushing revenue from light equipment up 12.2 percent relative to the previous year's quarter to reach EUR 105.9 million (Q3 2013: EUR 94.4 million). Adjusted to discount currency fluctuations, this corresponds to a rise of 11.8 percent.

Strongest 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 from the compact equipment segment rose 16.9 percent in the first nine months of the year from EUR 377.7 million in 2013 to EUR 441.4 million. Adjusted to discount currency fluctuations, this corresponds to an increase of 17.7 percent. The compact equipment segment's share of overall revenue for the period under review rose to 46.5 percent (previous year: 43.2 percent).

The compact equipment segment was also the largest growth driver in the third quarter. Segment revenue was 24.9 percent higher than the previous year at EUR 144.2 million (Q3 2013: EUR 115.4 million). This corresponds to a plus of 24.6 percent when adjusted to discount currency fluctuations.

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.

For the nine-month period under review, accumulated order intake for compact equipment in the construction and agricultural sectors experienced double-digit growth relative to the previous year. Order intake for the third quarter was also higher than the prior-year figure.

Revenue generated by agricultural equipment across the Group increased by 20.0 percent to EUR 139.2 million in the first nine months of the year (9M 2013: EUR 116.0 million).

Compact equipment for the agricultural sector accounted for 14.7 percent of total Group revenue at the closing date (9M 2013: 13.3 percent). Demand for innovative Weidemann- and Kramer-branded machines, which are primarily used on agricultural holdings, is rising.

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

Revenue growth in services segment

Wacker Neuson complements new equipment sales with an extensive range of services. These include the global repair and spare parts business, the used equipment business and equipment rental in Central Europe.

Segment revenue before cash discounts rose 6.0 percent to EUR 198.5 million in the first nine months of 2014 (9M 2013: EUR 187.3 million). The services segment thus accounted for 20.9 percent of total revenue (9M 2013: 21.4 percent).

Revenue from this segment totaled EUR 70.7 million in the third quarter, and thus remained level with the previous year (Q3 2013: EUR 70.7 million).

Other factors that impacted on results

Development of headcount

At the interim closing date, Group headcount came to 4,271, and was thus 2.2 percent higher than in the previous year (December 31, 2013: 4,157; September 30, 2013: 4,180)¹.

Research and development activities secure leading position

The Group is a global technology leader in the manufacture of construction equipment. Over half of revenue generated by the Wacker Neuson Group stems from light and compact equipment launched within the past five years.

Much of Wacker Neuson's 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. The aim here is to keep operating costs as low as possible over the entire product lifecycle. Wacker Neuson products are also designed to deliver the highest productivity levels for customers by providing optimum power in vibratory plates, for example, or through innovations such as the Vertical Digging System for excavators. In addition, the company's development activities aim to extend its 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 the Smart Handling System for telescopic handlers are just some examples of operator safety innovations here.

Innovations are also becoming increasingly important in the bid to achieve climate protection goals. Wacker Neuson has a long tradition of innovation and prioritizes activities geared towards maintaining high standards in the delivery of environmentally sound, safe products moving forward. The company will therefore continue to focus its R&D efforts on compliance with more stringent environmental regulations governing combustion engine emissions.

The company benefits here from its decision to invest steadily in R&D activities. The research and development ratio, including capitalized R&D expenditure, amounted to 3.2 percent in the first nine months of the year (9M 2013: 3.2 percent).

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

Changes to the opportunity and risk situation

In the first nine 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 Wacker Neuson Group is dependent on the general economic climate as well as international construction and European agriculture trends. The current slowdown in growth in Europe – and Central Europe in particular – could negatively impact sales of Group products. This, in turn, could squeeze profitability. The continuation of economic sanctions against Russia is a major risk that could affect sales of equipment in the construction and agricultural sectors and thus exert a bigger impact on business with Russia than that experienced thus far.

There is an increased risk of a downturn in equipment investments among agricultural landholders in Europe. After several years of strong growth, demand could now be set to stagnate in this sector. This could impact Group revenue from sales of agricultural equipment.

In contrast, the healthy market situation and positive outlook in our core market of North America offers a number of opportunities.

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 quarterly reports for 2014.

Company management is not currently aware of any other significant risks to the 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 a 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

On November 4, 2014, the Wacker Neuson Group revised its profit forecast for the current fiscal year upwards as a result of preliminary figures for October 2014. The Group's revenue forecast remains unchanged. For further information, refer to page 17 in the "Forecast for 2014" section.

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

Outlook

Global economic trends, US key driver

In mid-October, the International Monetary Fund (IMF) revised its growth forecast for the world economy for 2014 downwards from 3.6 percent in April 2014 to 3.3 percent¹. This is largely due to weaker-than-expected growth prospects.

The IMF also lowered its projection for 2015 from 3.9 to 3.8 percent. According to the IMF, the global economic recovery will vary from region to region. While the US and UK are showing clear signs of recovery, growth in Europe as a whole is stagnating. The main reasons for this are ongoing geopolitical crises and less-than-dynamic economic performance in the eurozone. Risks to growth include uncertainties regarding the outcome of the conflict in Ukraine and the threat of further sanctions against Russia. The outlook for France, Spain and Italy remains modest.

The German government also revised its economic growth forecast downwards and now expects GDP for Germany – Europe's biggest economy – to grow by just 1.2 percent in 2014. This is 0.6 percentage points below its previous projection. The ifo Institute reports that the mood has dampened considerably and the outlook for the last quarter of the year is tending towards negative.

China's economy is set to grow at a slower rate in 2014 than in previous years. The Chinese government is aiming for more sustainable growth and is currently restructuring its economy. To achieve this, the government is willing to accept lower growth rates than in the past, provided a sufficient number of jobs can be created.

¹ Annual meeting of the International Monetary Fund and the World Bank in Washington D.C. (October 2014).

Construction industry remains important pillar in global economy

Despite current sluggish trends, emerging markets in particular will be investing in infrastructure projects over the coming years, notably roads, airports, 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 remains buoyant. The number of new residential construction projects grew more rapidly than expected in September. Business developed particularly well for construction equipment rental firms. In September, they were able to push through price increases on the back of rising demand from the construction and industrial sectors. Infrastructure and industrial construction is also set to pick up in the coming years. According to the VDMA¹, ongoing problems in South America will result in difficult market conditions for the construction sector.

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 BRICS geographies. The VDMA expects demand for construction and building materials to fall further in China in 2014.

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 construction investments should continue to rise, fueled by low interest rates.

Dampened prospects for European agricultural sector

According to CEMA², a dampened outlook for the European economy as a whole is also impacting the order situation for manufacturers of agricultural equipment, in particular the German and Italian sales markets.

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. After several years of strong performance, however, the sector could now be facing a period of flat growth. The underlying need for modern equipment capable of boosting efficiency in the agricultural sector will continue to rise in future, however, fueling 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 international market penetration across its entire portfolio, expanding market share and strengthening its position as an innovation leader. By concentrating more on user processes and market requirements, the Group aims to align its sales and distribution activities for the Wacker Neuson, Kramer and Weidemann brands 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. The Group also intends to increase its presence in regions in which it has identified concrete sales potential, for example, in emerging markets such as South America, Eastern Europe and Asia.

The Group aims to continue harnessing its strong market position and capitalize on opportunities in Central Europe and the positive mood in the US. As the services segment continues to grow, we expect its share of group revenue to remain at more or less the same level.

Forecast for 2014

Initial preliminary figures show that the positive trends in the first nine months of the year continued into October. Against this backdrop, the Executive Board increased its profit forecast for 2014 as a whole based on initial preliminary figures for October. The Group now expects an EBITDA margin of between 14.5 and 15.5 percent (previously 13 to 14 percent; 2013: 13.2 percent) and an EBIT margin of between 10 and 11 percent (previously 8 to 9 percent; 2013: 8.2 percent). The new forecast factors in the dip in profitability typically associated with the fourth quarter. The Executive Board confirmed its previous Group revenue forecast for fiscal 2014, estimated at between EUR 1.25 and 1.30 billion (2013: EUR 1.16 billion).

¹ German engineering federation.

² European association representing the agricultural machinery sector.

The Group predicts further growth through 2014 for all three business segments (light equipment, compact equipment and services).

For the current fiscal year, we have earmarked around EUR 90 million in total for investments (2013: EUR 87 million). As in 2013, we are again expecting a positive free cash flow at the close of 2014, with cash flow from operating activities covering investment needs over the year.

The Wacker Neuson Group aims to maintain its sound balance sheet structure with a comparatively high equity ratio. Equity ratio currently amounts to around 68 percent. Net financial debt is relatively low. The Group's financial situation remains comfortable. The company aims to leverage its healthy financials and assets over the coming years to further drive growth.

With a view to enhancing its product portfolio and expanding its international footprint, the Group does not rule out the possibility of further partnerships and acquisitions.

Munich, November 4, 2014
Wacker Neuson SE

The Executive Board

Gem Peksaglam
CEO

Martin Lehner
CTO
(Deputy CEO)

Günther C. Binder
CFO

Consolidated Income Statement

July 1 through September 30 and January 1 through September 30

in € K	Jul. 1– Sept. 30, 2014	Jul. 1– Sept. 30, 2013	Jan. 1– Sept. 30, 2014	Jan. 1– Sept. 30, 2013
Revenue	316,164	276,318	936,157	862,383
Cost of sales	-220,410	-189,621	-653,719	-600,968
Gross profit	95,754	86,697	282,438	261,415
Sales and service expenses	-41,787	-38,395	-125,075	-126,016
Research and development expenses	-7,301	-6,610	-21,108	-20,602
General administrative expenses	-15,901	-14,338	-46,574	-48,831
Other income	10,523	2,845	18,324	10,603
Other expenses	-1,220	-3,725	-4,522	-9,719
Profit before interest and tax (EBIT)	40,068	26,474	103,483	66,850
Financial income	725	442	2,058	1,170
Financial expenses	-2,143	-2,358	-6,493	-6,630
Profit before tax (EBT)	38,650	24,558	99,048	61,390
Taxes on income	-12,174	-7,608	-29,769	-19,319
Total profit/loss for the period	26,476	16,950	69,279	42,071
Of which are attributable to:				
Shareholders in the parent company	26,462	16,878	68,973	41,800
Minority interests	14	72	306	271
	26,476	16,950	69,279	42,071
Earnings per share in EUR (diluted and undiluted)	0.38	0.24	0.98	0.60

Consolidated Statement of Comprehensive Income

July 1 through September 30 and January 1 through September 30

in € K	Jul. 1– Sept. 30, 2014	Jul. 1– Sept. 30, 2013	Jan. 1– Sept. 30, 2014	Jan. 1– Sept. 30, 2013
Total profit/loss for the period	26,476	16,950	69,279	42,071
Other income				
Profit/loss to be recognized in the income statement for subsequent periods:				
Exchange differences	13,659	-6,152	16,589	-11,707
Profit/loss to be recognized in the income statement for subsequent periods	13,659	-6,152	16,589	-11,707
Profit/loss not to be recognized in the income statement for subsequent periods:				
Actuarial gains/losses from pension obligations	-2,641	-18	-3,984	41
Effect of taxes on income	745	0	1,124	0
Profit/loss not to be recognized in the income statement for subsequent periods	-1,896	-18	-2,860	41
Other comprehensive income after tax	11,763	-6,170	13,729	-11,666
Total comprehensive income after tax	38,239	10,780	83,008	30,405
Of which are attributable to:				
Shareholders in the parent company	38,225	10,708	82,702	30,134
Minority interests	14	72	306	271
	38,239	10,780	83,008	30,405

Consolidated Balance Sheet

As at September 30

in € K	Sept. 30, 2014	Dec. 31, 2013	Sept. 30, 2013
Assets			
Property, plant and equipment	398,781	386,384	393,750
Investment properties	18,233	18,476	18,708
Goodwill	236,987	236,259	236,420
Intangible assets	115,070	108,505	106,044
Deferred tax assets	36,179	30,285	32,535
Other non-current financial assets	9,528	10,457	10,831
Other non-current non-financial assets	1,559	1,681	1,709
Total non-current assets	816,337	792,047	799,997
Inventories	411,178	333,812	349,374
Trade receivables	200,436	163,953	180,798
Tax offsets	4,189	4,673	5,061
Other current financial assets	3,153	2,091	2,828
Other current non-financial assets	14,744	10,298	11,788
Cash and cash equivalents	17,988	15,533	16,303
Total current assets	651,688	530,360	566,152
Total assets	1,468,025	1,322,407	1,366,149
Equity and liabilities			
Subscribed capital	70,140	70,140	70,140
Other reserves	590,325	576,596	584,232
Net profit/loss	329,662	288,745	269,378
Equity attributable to shareholders in the parent company	990,127	935,481	923,750
Minority interests	4,171	3,865	3,771
Total equity	994,298	939,346	927,521
Long-term borrowings	128,360	130,594	132,577
Deferred tax liabilities	32,502	33,124	33,473
Long-term provisions	43,003	39,498	37,586
Total non-current liabilities	203,865	203,216	203,636
Trade payables	88,591	44,702	63,635
Short-term borrowings from banks	87,999	61,698	97,423
Current portion of long-term borrowings	463	428	424
Short-term provisions	12,850	12,948	11,767
Tax liabilities	1,414	310	476
Other short-term financial liabilities	26,056	22,241	22,776
Other short-term non-financial liabilities	52,489	37,518	38,491
Total current liabilities	269,862	179,845	234,992
Total liabilities	1,468,025	1,322,407	1,366,149

Consolidated Statement of Changes in Equity

As at September 30

in € K	Sub- scribed capital	Capital reserves	Exchange differ- ences	Other neutral changes	Net profit/ loss	Equity attribut- able to share- holders 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	41,800	41,800	271	42,071
Other income	0	0	-11,707	41	0	-11,666	0	-11,666
Total comprehensive income	0	0	-11,707	41	41,800	30,134	271	30,405
Dividends	0	0	0	0	-21,042	-21,042	0	-21,042
Balance at September 30, 2013	70,140	618,661	-26,987	-7,442	269,378	923,750	3,771	927,521
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	68,973	68,973	306	69,279
Other income	0	0	16,589	-2,860	0	13,729	0	13,729
Total comprehensive income	0	0	16,589	-2,860	68,973	82,702	306	83,008
Dividends	0	0	0	0	-28,056	-28,056	0	-28,056
Balance at September 30, 2014	70,140	618,661	-17,299	-11,037	329,662	990,127	4,171	994,298

Consolidated Cash Flow Statement

July 1 through September 30 and January 1 through September 30

in € K	Jul. 1– Sept. 30, 2014	Jul. 1– Sept. 30, 2013	Jan. 1– Sept. 30, 2014	Jan. 1– Sept. 30, 2013
Profit before tax (EBT)	38,650	24,558	99,048	61,390
Adjustments to reconcile profit before tax to gross cash flow:				
Depreciation and amortization expense	15,018	14,734	44,573	44,078
Foreign exchange result	-13,832	11,283	-8,519	2,262
Gains/losses from sale of intangible assets and property, plant and equipment	970	306	1,408	552
Book value from the disposal of rental equipment	4,697	2,956	14,590	8,059
Gains/losses from derivatives (cash flow hedging)	0	14	0	0
Actuarial gains/losses from pension obligations	-1,896	-32	-2,860	41
Financial result	1,405	1,904	4,439	5,448
Change in misc. assets	-1,491	2,336	-6,980	8,162
Change in provisions	2,333	-636	3,407	-2,307
Change in misc. liabilities	3,592	-1,632	10,527	7,766
Interest paid	-1,114	-1,313	-7,393	-7,403
Income tax paid	-11,525	-4,314	-25,529	-22,812
Interest received	741	421	2,050	1,393
Gross cash flow	37,548	50,585	128,761	106,629
Change in inventories	-40,469	-18,863	-64,464	5,308
Change in trade receivables	10,721	22,175	-30,613	-37,619
Change in trade payables	14,809	1,881	42,301	13,094
Change in working capital	-14,939	5,193	-52,776	-19,217
Cash flow from operating activities	22,609	55,778	75,985	87,412
Purchase of property, plant and equipment	-16,963	-12,494	-61,951	-57,376
Purchase of intangible assets	-4,063	-3,754	-11,684	-10,232
Proceeds from the sale of property, plant and equipment, intangible assets and non-current assets held for sale	539	129	1,232	1,911
Cash flow from investing activities	-20,487	-16,119	-72,403	-65,697
Free cash flow*	2,122	39,659	3,582	21,715
Dividends	0	0	-28,056	-21,042
Cash receipts from short-term/long-term borrowings	4,010	0	28,854	1,156
Repayments from short-term/long-term borrowings	-1,796	-38,807	-2,234	-4,528
Cash flow from financing activities	2,214	-38,807	-1,436	-24,414
Increase/decrease in cash and cash equivalents	4,336	852	2,146	-2,699
Effect of exchange rates on cash and cash equivalents	552	-395	309	135
Change in cash and cash equivalents	4,888	457	2,455	-2,564
Cash and cash equivalents at beginning of period	13,100	15,846	15,533	18,867
Cash and cash equivalents at end of period	17,988	16,303	17,988	16,303

* Free cash flow = cash flow from operating activities + cash flow from investing

Consolidated Segmentation

January 1 through September 30

Segmentation (geographical segments)

in € K	Europe	Americas	Asia-Pacific	Consolidation	Group
9M 2014					
Segment revenue	757,714	255,485	38,436		
Intersegment sales	-68,399	-35,279	-11,800		
Total	689,315	220,206	26,636	0	936,157
EBIT	88,435	19,392	963	-5,307	103,483
EBITDA	126,975	24,818	1,570	-5,307	148,056
Net financial debt	139,501	48,684	10,650	0	198,835
Working capital	365,018	149,667	28,489	-20,151	523,023
Non-current assets	694,157	65,806	10,667	0	770,630
Average number of employees	3,279	727	265	0	4,271
in € K	Europe	Americas	Asia-Pacific	Consolidation	Group
9M 2013					
Segment revenue	667,538	252,548	36,934		
Intersegment sales	-49,197	-35,047	-10,393		
Total	618,341	217,501	26,541	0	862,383
EBIT	46,362	16,919	300	3,269	66,850
EBITDA	85,036	21,695	928	3,269	110,928
Net financial debt¹	136,758	72,480	4,882	0	214,120
Working capital	304,351	156,175	23,878	-17,867	466,537
Non-current assets	684,938	61,210	10,483	0	756,631
Average number of employees	3,248	689	243	0	4,180

¹ Adjusted.

Revenue with non-Group companies generated by affiliates headquartered in Germany amounted to EUR K 370,476 (previous year: EUR K 327,384).

Segmentation (business segments)

in € K	Jan. 1– Sept. 30, 2014	Jan. 1– Sept. 30, 2013
Segment revenue from external customers		
Light equipment	309,276	308,721
Compact equipment	441,383	377,669
Services	198,532	187,266
	949,191	873,656
Less cash discounts	-13,034	-11,273
Total	936,157	862,383

Selected Explanatory Notes to the Interim Financial Statements for Q3 2014

Accounting rules

The Wacker Neuson SE consolidated interim financial statements to September 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 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.

The new projection for pension provisions calculated on June 30, 2014 has been adjusted and disclosed on the balance sheet, primarily covering changes in interest rates reported during the first nine months 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 September 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 September 30, 2013 has been adjusted to enable

a comparison with the value reported September 30, 2014. This adjustment reduced net financial debt for the Europe segment by EUR K 63,038 at September 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 September 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
Q3		
Quarterly earnings attributable to shareholders in € K	26,462	16,878
Weighted average number of ordinary shares in circulation during the period in thousands	70,140	70,140
Earnings per share in € (diluted and undiluted)	0.38	0.24
9M		
Quarterly earnings attributable to shareholders in € K	68,973	41,800
Weighted average number of ordinary shares in circulation during the period in thousands	70,140	70,140
Earnings per share in € (diluted and undiluted)	0.98	0.60

Information on financial instruments

Additional information on financial instruments must be provided in this interim 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	Sept. 30, 2014 Fair value	Sept. 30, 2014 Book value
Assets		
Other non-current assets	11,087	11,087
Trade receivables	200,436	200,436
Other current assets	17,897	17,897
Cash and cash equivalents	17,988	17,988

in € K	Sept. 30, 2014 Fair value	Sept. 30, 2014 Book value
Liabilities		
Long-term borrowings	134,688	128,360
Trade payables	88,591	88,591
Short-term borrowings from banks	87,999	87,999
Current portion of long-term borrowings	463	463
Other current liabilities	78,545	78,545

At September 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.

Munich, November 4, 2014
Wacker Neuson SE

The Executive Board

Cem Peksaglam
CEO

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.

Martin Lehner
CTO
(Deputy CEO)

Günther C. Binder
CFO

Events since the interim statements

On November 4, 2014, the Wacker Neuson Group revised its profit forecast for the current fiscal year upwards as a result of preliminary figures for October 2014. The Group's revenue forecast remains unchanged. For further information, refer to page 17 in the "Forecast for 2014" section.

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

Financial Calendar

Financial Calendar 2014/2015

November 11, 2014	Publication of nine-month report 2014
March 16, 2015	Publication of financial results 2014, press conference, Munich
May 12, 2015	Publication of first-quarter report 2015
May 27, 2015	AGM, Munich
August 4, 2015	Publication of half-year report 2015
November 12, 2015	Publication of nine-month report 2015

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