Wacker Neuson Group

H1/2018

Half-year report

Figures at a glance

APRIL 1 THROUGH JUNE 30 AND JANUARY 1 THROUGH JUNE 30

IN € MILLION

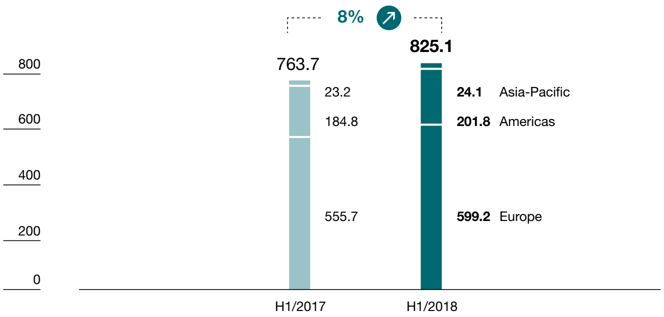
	Apr. 1 – Jun. 30, 2018	Apr. 1 – Jun. 30, 2017	Change	Jan. 1 – Jun. 30, 2018	Jan. 1 – Jun. 30, 2017	Change
Key figures						
Revenue	454.6	425.2	7%	825.1	763.7	8%
by region						
Europe	331.4	307.5	8%	599.2	555.7	8%
Americas	110.1	104.0	6%	201.8	184.8	9%
Asia-Pacific	13.1	13.7	-4%	24.1	23.2	4%
by business segment[1]						
Light equipment	126.9	125.1	1%	230.1	223.5	3%
Compact equipment	250.6	228.2	10%	450.0	404.6	11%
Services	86.4	78.9	10%	159.6	147.6	8%
EBITDA	73.8	64.6	14%	114.6	96.3	19%
Depreciation and amortization	-18.6	-17.9	4%	-36.4	-35.3	3%
EBIT	55.2	46.7	18%	78.2	61.0	28%
EBT[2]	107.1	44.4	141%	127.7	57.5	122%
Profit for the period	79.5	33.4	138%	94.1	42.7	120%
Number of employees[3]	5,821	5,337	9%	5,821	5,337	9%
R&D ratio (incl. capitalized expenses) as a %	3.1	2.9	0.2PP	3.2	3.2	0PP
Share						
Earnings per share in €	1.13	0.47	140%	1.34	0.60	123%
Dividends per share in €	0.60	0.50	20%	0.60	0.50	20%
Key profit figures						
Gross profit margin as a %	29.2	28.8	0.4PP	28.3	28.1	0.2PP
EBITDA margin as a %	16.2	15.2	1PP	13.9	12.6	1.3PP
EBIT margin as a %	12.1	11.0	1.1PP	9.5	8.0	1.5PP
Cash flow						
Cash flow from operating activities	6.1	33.3	-82%	-35.3	14.2	-
Cash flow from investment activities[4]	50.5	-5.6	-	46.8	-12.5	-
Free cash flow[4]	56.6	27.7	104%	11.5	1.7	576%
Cash flow from financing activities	-45.2	-14.9	203%	20.4	7.5	172%

	Jun. 30, 2018	Dec. 31, 2017	Change	Jun. 30, 2018	Jun. 30, 2017	Change
Key figures from the balance sheet						
Equity	1,171.1	1,114.8	5%	1,171.1	1,083.3	8%
Equity ratio as a %	65.3	69.0	-3.7PP	65.3	65.5	-0.2PP
Net financial debt	187.9	148.0	27%	187.9	244.7	-23%
Gearing as a %	16.0	13.3	2.7PP	16.0	22.6	-6.6PP
Net working capital	621.8	538.5	15%	621.8	585.7	6%
Net working capital as a % of annualized revenue for the quarter	34.2	34.4	-0.2PP	34.2	34.4	-0.2PP

[1] Consolidated revenue before cash discounts.
[2] Includes a profit of EUR 54.8 million from the sale of a real estate company belonging to the Group.
[3] Including temporary workers.
[4] Includes cash inflow of EUR 60.0 million from the sale of a real estate company belonging to the Group.
All consolidated figures prepared according to IFRS. To improve readability, the figures in this report have been rounded to the nearest EUR million. Percentage changes refer to these rounded amounts.

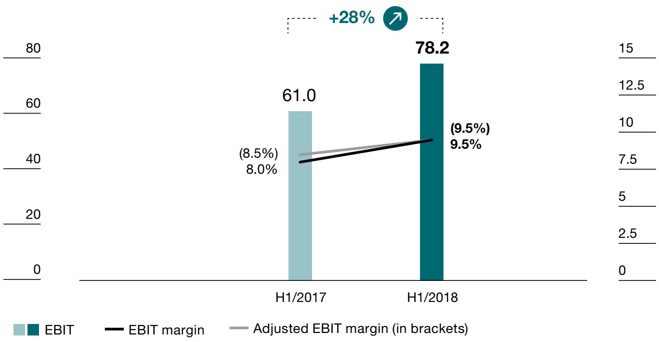
REVENUE DEVELOPMENT BY REGION

IN € MILLION



EBIT

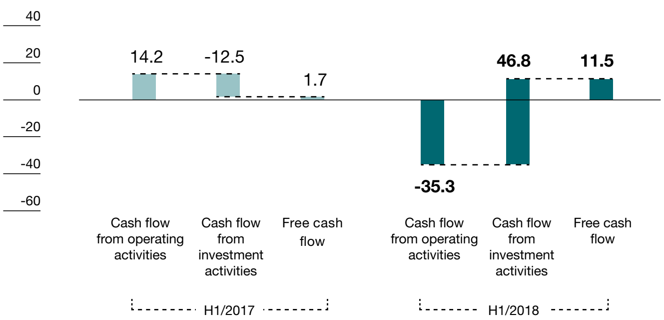
IN € MILLION IN %



In the previous year, EBIT was adjusted to reflect negative one-off effects resulting from impairment losses on old inventory and reorganizations in the amount of EUR 4.0 million.

CASH FLOW

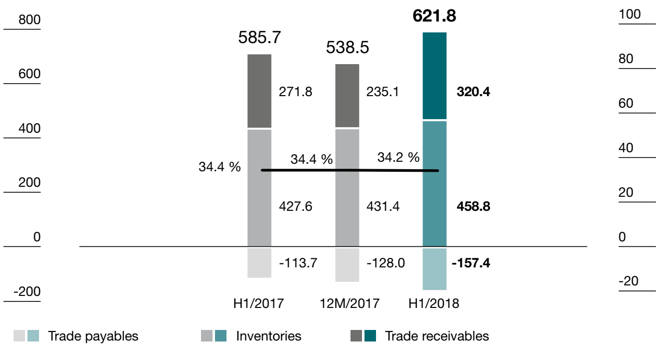
IN € MILLION



Cash flow from investment activities for H1/2018 includes the proceeds from the sale of a real-estate company held by the Group. See interim group management report, page 3.

NET WORKING CAPITAL

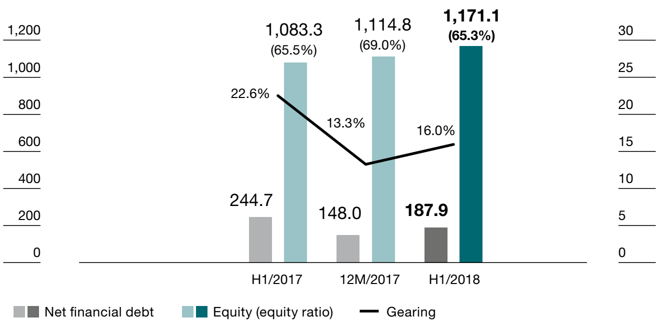
IN € MILLION IN %



Net working capital relative to annualized quarterly revenue for the quarter ending on the closing date.

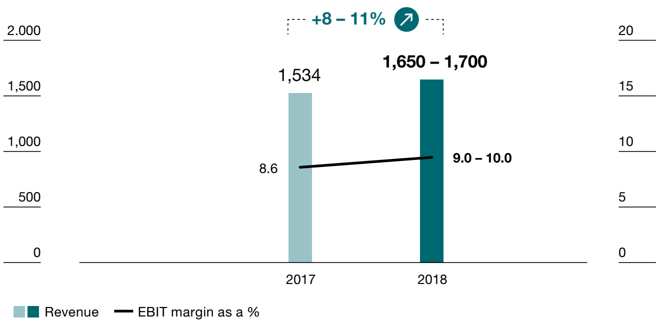
BALANCE SHEET RATIOS

IN € MILLION IN %



GUIDANCE FOR FISCAL 2018

IN € MILLION IN %



Contents

Wilfried Trepels
CFO
Responsible for finance, auditing, IT, supply chain and real estate.

Martin Lehner
CEO
Responsible for procurement, production, technology, quality, strategy, investor relations, corporate communication, sustainability, legal, compliance and HR.

Alexander Greschner
CSO
Responsible for sales, service and marketing.

Dear Ladies and Gentlemen,

The first six months of 2018 were a success for the Wacker Neuson Group despite a number of uncertainties. Revenue rose by 8 percent to reach a historic high for a half-year period. Profitability also improved markedly, with EBIT for the first half of the year increasing 28 percent. The EBIT margin amounted to 9.5 percent, compared with 8.0 percent in the previous year.

We would like to take a closer look at the different factors that impacted our business during the first six months of 2018. Group revenue benefited from continued high levels of demand in the European and North American construction markets. The strong performance of our Kramer and Weidemann brands in the agricultural sector also fueled growth here. Difficulties among some suppliers, however, did have a dampening effect on revenue and profit. Limited material availability meant that machines could not be completed for customer orders, and this was reflected in net working capital and cash flow from operating activities. Furthermore, unfavorable currency developments, in particular the US dollar's weakness against the euro, resulted in negative translation effects. The rise in profitability was attributable to the upward revenue trend as well as our strict cost control measures and ongoing improvements to internal processes.

We presented our “Strategy 2022” in March 2018. This initiative is designed to make our Group faster, more efficient and even more customer-centric. During the first half of 2018, we worked on many different projects under this framework. As part of our efforts to streamline our internal supply chain, for example, we transferred the functions responsible for coordinating sales activities in Europe from a former Group-internal logistics company to our European production company for light equipment. The move eliminates a link from the Group's supply chain in Europe by enabling the production company to work directly with all sales affiliates worldwide from now on. This accelerates sales and planning processes, anchoring the customer even more firmly at the heart of everything we do.

We would like to take this opportunity to warmly thank our employees, who contribute to the success of our Group through their daily actions. We would also like to thank our shareholders and business partners for the trust they have shown in us.

Best regards,

The Executive Board team of Wacker Neuson SE

Interim Group Management Report for H1 2018

Market and environment

Trends in the global economy
According to the International Monetary Fund (IMF), the global economy is expected to achieve solid growth of 3.9 percent in 2018. However, the uncertainties surrounding this outlook have increased during the course of the year thus far. This is primarily due to current trade tensions between the US and key economic areas such as the EU and China, which have resulted in all parties imposing or increasing tariffs. The widening differences in the monetary policies implemented by key economies together with their impact on currency relationships worldwide are further risk factors.

The latest economic trends across individual economic areas reveal growing disparities. In the US, for example, the economy was buoyed by fiscal stimulus measures and robust consumer spending. This contrasts with trends in the eurozone, the UK and Japan, where economies developed below expectations during the first months of the year. Among emerging economies, oil-exporting countries benefited from a sharp rise in oil prices. Other nations, however, struggled with the devaluation of their local currencies and the resulting inflation pressure. Meanwhile, the pace of growth slowed slightly in China. This was caused by a more stringent lending policy supported by the government and by falling demand for exports.

Trends in the construction equipment sector
According to the latest figures from the German Mechanical Engineering Industry Association (VDMA), the global construction equipment market lived up to the positive expectations expressed for the first half of 2018. Sales for the first six months of the year increased in almost all regions of the world, with the exception of Africa. The Group's key markets of North America and Europe as well as the Middle East reported strong growth rates. The pace of growth in order intake has slowed slightly recently, although it remains at a high level.

Strong business performance among rental companies for light and compact equipment is a key factor behind positive market trends in North America and Europe as these companies bolstered their growth through investments in rental fleets. In the first half of 2018, the largest rental company in North America, United Rentals, for example, significantly increased investments in this area relative to the prior-year period.

Trends in the agricultural technology sector
According to the business climate index published by the European umbrella association for the agricultural machinery industry, CEMA, this sector developed positively overall during the first half of 2018. In the first quarter, the mood across the industry was at its most upbeat level since 2012. During the second quarter, European customers in general ensured that manufacturers' order books remained full, although demand in the Italian, UK and Scandinavian markets, as well as the majority of Eastern European countries did cool off slightly. As a result, the industry has now taken a more cautious view of further market developments. Nevertheless, the medium-term outlook for the industry remains at an above-average high level.

Latest developments from the first half of the year

Long-term financial basis
On February 27, 2018, the Group affiliate Wacker Neuson Corporation, USA (a wholly owned affiliate of Wacker Neuson SE), successfully placed a promissory note (Schuldschein) in the amount of USD 100 million. Wacker Neuson SE also replaced its previous short-term bank credit lines with three medium-term bank credit lines. These measures have secured the Group's long-term financing needs, providing it with a strong foundation for implementing its 2022 growth strategy.

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

Many new products and innovations at Intermat 2018
The Group presented a host of new products to customers and business partners at Intermat in Paris, which is one of the most important construction equipment exhibitions in Europe this year. Highlights included the new AP1850e battery-powered vibratory plate and the first fully electric, zero-tail excavator, the EZ17e. Visitors to the exhibition were able to experience these and all other zero emission products in action. The Wacker Neuson Group stand drew large numbers of visitors on all days of the exhibition and the team held valuable talks with prospects, existing customers, dealers and key accounts.

Forward-looking technical equipment and digital worlds at the Wacker Neuson Universe 2018
For one week in June 2018, Wacker Neuson gave visitors a glimpse into the future of construction equipment technology at its Austrian production site in Hörsching, near Linz. The Group invited customers, dealers and experts to its Wacker Neuson Universe event, giving them the opportunity to experience the latest machines first hand and try out products and digital solutions for themselves. Highlights included the Group's portfolio of digital maintenance and repair services; for example, a new telematics solution with a dedicated app, which was very well received by industry experts. In addition to testing the broad portfolio of zero emission machines, visitors were able to try out the new dual view wheel dumper, which the Group will be launching in the six- to ten-ton categories. Dual view is an innovative concept with a rotating seat that allows operators to turn the entire operating and seat console by 180 degrees. This ground-breaking solution significantly improves safety on construction sites and once again highlights the Group's commitment to innovation.

2018 Annual General Meeting

The Annual General Meeting of Wacker Neuson SE took place on May 30, 2018 in Munich.

Based on a share capital of 70,140,000 shares, 85.1 percent of voting rights were represented. Shareholders approved a proposal by the Executive Board and the Supervisory Board to increase the dividend for 2017 to EUR 0.60 per share (previous year: EUR 0.50 per share). This corresponds to a dividend payout of EUR 42.1 million (previous year: EUR 35.1 million).

The actions of the Executive Board and the Supervisory Board were formally approved for fiscal 2017. Ernst & Young GmbH in Stuttgart was again appointed as the official auditor to review the Annual Financial Statements.

Furthermore, shareholders approved the conclusion of a profit transfer agreement between Wacker Neuson SE and the affiliate Wacker Neuson Aftermarket & Services GmbH (formerly: Wacker Neuson Vertrieb Europa GmbH & Co. KG). Through this company, the Group has been strengthening its focus on further expanding the strategically important spare parts line of business since the start of fiscal 2018.

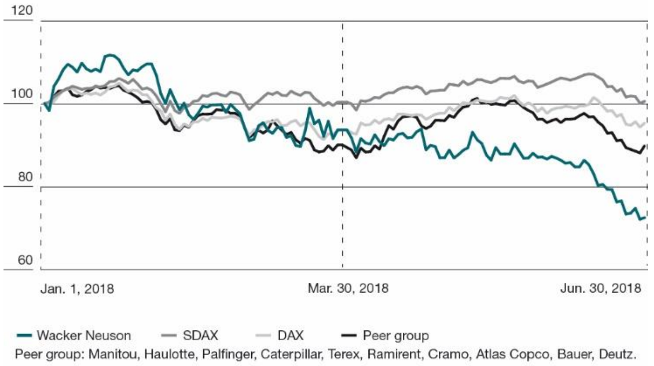
Capital market communication and share trends

After achieving gains of more than 90 percent in the previous year and making an equally strong start to the 2018 stock market year, the Wacker Neuson share clearly consolidated from February onwards. Positive reports from the company were increasingly sidelined by more cautious forecasts regarding the future development of target markets, concerns about growing trade tensions and the trend among investors to move away from cyclical stock to more defensive investments. The Wacker Neuson share reached its high point for the period on January 19, 2018, when it was listed at EUR 33.60. The share closed at EUR 21.76 on the last trading day of the first half of the year (June 29). This is around 28 percent lower than at the close of 2017 (EUR 30.08). The share's peer group reported a drop in value of 10 percent over the same period, while the DAX (-4.7 percent) and SDAX (+0.5 percent) indices followed a more stable trajectory. At the close of the six-month period, market capitalization amounted to EUR 1.526 billion (with 70.14 million shares).

The Executive Board and the Investor Relations team briefed capital market players at the AGM and, above all, at various investor conferences and roadshows in Germany and abroad. Communications focused on giving analysts and investors detailed insights into the Group's markets, business, strategic aims and developments in these areas.

SHARE PRICE TRENDS JAN. 1, 2018 – JUNE 30, 2018

AS A %



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

Profit, financials and assets

Revenue trends and cost of sales
During the first half of 2018, Group business developed positively, benefiting from continued strong demand in the construction and agricultural sectors. The weak US dollar had a dampening effect as did bottlenecks among some suppliers, which meant that machines could not be completed for customer orders.

In the first six months of 2018, revenue rose 8.0 percent to a new record high of EUR 825.1 million (H1/2017: EUR 763.7 million). Adjusted for currency effects, this corresponds to a rise of 11.9 percent. In the first half of 2018, the average EUR/USD exchange rate was EUR 1 to USD 1.21 (previous year: EUR 1 to USD 1.08).

Revenue in the second quarter grew by 6.9 percent as a result of bottlenecks among suppliers. Adjusted for currency effects, revenue growth was posted at 10.0 percent. Revenue amounted to EUR 454.6 million (Q2/2017: EUR 425.2 million). This makes the second quarter of 2018 the strongest in the company's history despite the negative impact of certain unfavorable conditions.

The cost of sales rose 7.8 percent to EUR 591.9 million in the first half of 2018 mainly due to the growth in revenue (H1/2017: EUR 549.3 million). Gross profit rose 8.8 percent to EUR 233.2 million (H1/2017: EUR 214.4 million). The gross profit margin amounted to 28.3 percent and was thus slightly higher than the prior-year figure (H1/2017: 28.1 percent). In the second quarter, the gross profit margin was posted at 29.2 percent (Q2/2017: 28.8 percent).

The rise in revenue together with positive developments in the Group's business with flexible rental solutions had a positive impact on gross profit during the first half of the year. Increased material prices, however, had a dampening effect together with material bottlenecks among suppliers, which disrupted processes at production facilities. Productivity was also impacted by the integration of the US plant in Norton Shores, Michigan, into the Menomonee Falls site in Wisconsin. Furthermore, sales of machines produced in Europe to the US were affected by the weak US dollar.

Development of operating costs
Operating costs (expressed as the sum total of all SG&A and R&D expenses) increased only slightly by 3.2 percent to EUR 162.6 million due to strict cost control measures (H1/2017: EUR 157.6 million). Their share of revenue improved to 19.7 percent (H1/2017: 20.6 percent).

In the first six months of the year, selling expenses rose 5.8 percent compared with the previous year to EUR 106.2 million (H1/2017: EUR 100.4 million). This increase is primarily attributable to the higher volume of business and increased sales activities in Europe and North America.

Research and development costs amounted to EUR 18.7 million (H1/2017: EUR 18.8 million). As a percentage of revenue, research and development costs (including capitalized R&D expenses) remained unchanged at 3.2 percent (H1/2017: 3.2 percent).

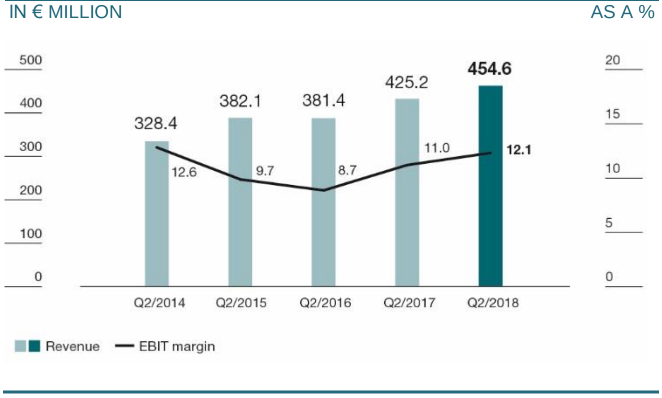
General administrative costs decreased slightly by 1.8 percent to EUR 37.7 million (H1/2017: EUR 38.4 million). As such, administrative costs' relative share of revenue came to 4.6 percent (H1/2017: 5.0 percent).

The balance from the items "Other income" and "Other expenses" amounted to EUR 7.6 million in the first half of the year and was thus higher than in the previous year (H1/2017: EUR 4.2 million). This was attributable to increased income from the sale of property.

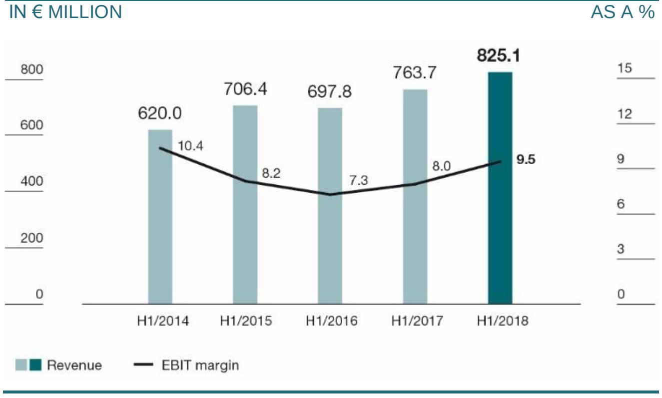
Improved operational profitability
Profit before interest and tax (EBIT) for the first half year rose 28.2 percent to EUR 78.2 million (H1/2017: EUR 61.0 million). The EBIT margin improved to 9.5 percent (H1/2017: 8.0 percent). Strict cost control measures and ongoing improvements to internal processes had a positive impact here. In the previous year, one-off effects from impairment losses on old inventory and reorganization initiatives negatively impacted EBIT by a total of EUR 4.0 million.

EBIT for the second quarter of 2018 rose 18.2 percent relative to the previous year to EUR 55.2 million (Q2/2017: EUR 46.7 million). The EBIT margin amounted to 12.1 percent (Q2/2017: 11.0 percent).

QUARTERLY DEVELOPMENT OF REVENUE AND EBIT MARGIN Q2 2014-2018



DEVELOPMENT OF REVENUE AND EBIT MARGIN H1 2014-2018



Depreciation and amortization amounted to EUR 36.4 million for the first six months of the year and EUR 18.6 million for the second quarter, and was thus slightly higher than in the previous year (H1/2017: EUR 35.3 million; Q2/2017: EUR 17.9 million). This includes depreciation of the Group's own rental equipment. Write-downs on property, plant and equipment and intangible assets remained almost unchanged at EUR 19.7 million in the first half of the year and EUR 10.0 million in the second quarter (H1/2017: EUR 19.7 million; Q2/2017: EUR 9.8 million).

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

In June 2018, Wacker Neuson SE sold a real-estate company held by the Group (see page 3). The sale generated profit before tax of EUR 54.8 million.

Financial result and profit for the period

The financial result for the period under review amounted to EUR -5.3 million (H1/2017: EUR -3.5 million). This figure was negatively impacted by currency effects in connection with evaluations to the value of EUR 0.6 million. Interest expenses rose by EUR 1.2 million.

Profit before tax (EBT) for the first six months of 2018 was EUR 127.7 million (H1/2017: EUR 57.5 million). Tax expenditure amounted to EUR 33.6 million (H1/2017: EUR 14.8 million). The tax rate was 26.3 percent (H1/2017: 25.7 percent).

Profit for the first six months of 2018 increased to EUR 94.1 million (H1/2017: EUR 42.7 million). Based on 70.14 million ordinary shares, profit per share amounted to EUR 1.34 (H1/2017: EUR 0.60).

Profit for Q2/2018 rose to EUR 79.5 million (Q2/2017: EUR 33.4 million). This corresponds to quarterly earnings per share of EUR 1.13 (Q2/2017: EUR 0.47).

Financial position

Cash flow negatively impacted by bottlenecks among some suppliers

At EUR -35.3 million for the first half of 2018 and EUR 6.1 million for Q2, cash flow from operating activities was significantly lower than the previous year (H1/2017: EUR 14.2 million; Q2/2017: EUR 33.3 million). This was in part due to bottlenecks among some suppliers, which prevented the Group from completing machines for customer orders, and a revenue-driven increase in trade receivables (see page 7).

Discounting investments in net working capital[1], cash flow from operating activities for the first half of the year amounted to EUR 62.3 million and was thus slightly lower than the previous year (H1/2017: EUR 64.5 million).

Cash flow from investment activities amounted to EUR 46.8 million in the first six months of 2018 (H1/2017: EUR -12.5 million) and EUR 50.5 million in the second quarter (Q2/2017: EUR -5.6 million). This includes proceeds from the sale of a real estate company held by the Group.

As planned, the Group made investments in the total amount of EUR 27.3 million in the first six months of 2018 (H1/2017: EUR 17.9 million), of which EUR 15.2 million was channeled into property, plant and equipment (H1/2017: EUR 10.7 million). This mainly includes investments to replace existing equipment and investments in production facilities. Investments in intangible assets increased to EUR 12.1 million (H1/2017: EUR 7.2 million). This rise was largely due to an increase in capitalizations from IT and development projects.

At the close of the first six months of 2018, free cash flow amounted to EUR 11.5 million and was thus positive (H1/2017: EUR 1.7 million). Free cash flow in the second quarter was EUR 56.6 million (Q2/2017: EUR 27.7 million).

During the first six months of the year, cash flow from financing activities came to EUR 20.4 million (H1/2017: EUR 7.5 million). The total amount paid out for the dividend of EUR 0.60 per share came to EUR 42.1 million (H1/2017: EUR 35.1 million, EUR 0.50 per share). In February 2018, the Group issued a promissory note (Schuldschein) in the amount of approximately EUR 80 million and replaced short-term money market loans.

Details of companies acquired or sold during the reporting period and information about changes to the consolidation structure (if applicable) can be found in the Explanatory Notes.

FINANCIAL POSITION
IN € MILLION

	Q2/2018	Q2/2017	H1/2018	H1/2017
Cash flow from operating activities	6.1	33.3	-35.3	14.2
Cash flow from investment activities	50.5	-5.6	46.8	-12.5
Free cash flow	**56.6**	**27.7**	**11.5**	**1.7**
Cash flow from financial activities	-45.2	-14.9	20.4	7.5
Effect of exchange rates on cash and cash equivalents	–	-0.8	-0.3	-0.8
Change in cash and cash equivalents	**11.4**	**12.0**	**31.6**	**8.4**
Cash and cash equivalents at beginning of period	47.5	14.0	27.3	17.6
Cash and cash equivalents at end of period	**58.9**	**26.0**	**58.9**	**26.0**

[1] Net working capital = inventories + trade receivables - trade payables.

Assets

Net working capital developments
Compared with the start of the year, net working capital[1] rose 15.5 percent to EUR 621.8 million (December 31, 2017: EUR 538.5 million). Compared with the previous year, net working capital rose 6.2 percent (June 30, 2017: EUR 585.7 million). The ratio of net working capital to annualized revenue based on Q2/2018 thus amounted to 34.2 percent. This is only slightly lower than the prior-year figure and was in part due to the difficulties experienced by some suppliers (Q2/2017: 34.4 percent).

Inventories rose 6.4 percent to EUR 458.8 million in the first six months of the year (December 31, 2017: EUR 431.4 million). This development was affected by delivery bottlenecks among suppliers, which, in turn, meant that machines could not be completed and shipped to customers. Inventories rose 7.3 percent relative to the prior-year period (June 30, 2017: EUR 427.6 million). Days inventory outstanding (DIO) amounted to 130 days (June 30, 2017: 129 days).

Trade receivables grew 17.9 percent to EUR 320.4 million relative to the previous year (June 30, 2017: EUR 271.8 million; December 31, 2017: EUR 235.1 million). The terms for receivables increased from 58 days in the previous year to 64 days. This was connected with the high volume of invoiced orders, in particular during the last month of the second quarter.

Trade payables also rose during the course of business to EUR 157.4 million (June 30, 2017: EUR 113.7 million; December 31, 2017: EUR 128.0 million). Here, the terms increased from 34 days in the previous year to 45 days.

Stable assets position and high equity ratio
The balance sheet total increased to EUR 1,793.5 million since the start of the year (December 31, 2017: EUR 1,615.9 million; June 30, 2017: EUR 1,654.5 million).

Total non-current assets increased slightly to EUR 769.3 million (December 31, 2017: EUR 757.1 million; June 30, 2017: EUR 769.5 million). This was mainly due to the expansion of dealer financing in North America.

Total current assets grew to EUR 1,024.2 million (December 31, 2017: EUR 858.8 million; June 30, 2017: EUR 885.0 million). This was mainly attributable to the developments in inventories described above and to trade receivables.

As part of its refinancing measures, Group affiliate Wacker Neuson Corporation, USA (a wholly owned affiliate of Wacker Neuson SE), successfully issued a new promissory note (Schuldschein) in the amount of USD 100 million in February 2018. Non-current liabilities rose to EUR 293.4 million (December 31, 2017: EUR 241.3 million; June 30, 2017: EUR 236.1 million).

Current liabilities increased to EUR 329.0 million since the start of the year due to the rise in business volume (December 31, 2017: EUR 259.8 million; June 30, 2017: EUR 335.1 million). This was primarily fueled by increased trade payables. Short-term borrowings from banks increased since the end of the year due to the reclassification of a EUR 30.0 million tranche of the promissory note (Schuldschein) issued in 2012, which is due in 2019.

Group equity amounted to EUR 1,171.1 million at the end of June 2018 (December 31, 2017: EUR 1,114.8 million; June 30, 2017: EUR 1,083.3 million). Equity ratio was posted at 65.3 percent (December 31, 2017: 69.0 percent; June 30, 2017: 65.5 percent) and thus remained at a high level for the industry. The Group's share capital remained unchanged at EUR 70.14 million.

Solid financing structure
Net financial debt[2] amounted to EUR 187.9 million at June 30, 2018. This is a slight increase relative to the start of the year (December 31, 2017: EUR 148.0 million). Compared with the prior-year period, however, debt fell 23.2 percent (June 30, 2017: EUR 244.7 million). Gearing[3] rose from 13.3 percent at the start of the year to 16.0 percent at the interim closing date. This is still substantially lower than the prior-year figure (June 30, 2017: 22.6 percent) and thus demonstrates the Group's strong financing structure.

This strong position was confirmed by the German Bundesbank, which again approved Wacker Neuson SE's eligibility for credit.

NET FINANCIAL DEBT
IN € MILLION

	Jun. 30, 2018	Dec. 31, 2017	Jun. 30, 2017
Long-term financial borrowings	210.9	155.0	154.9
Short-term borrowings from banks	35.9	20.3	115.8
Current portion of long-term borrowings	–	–	–
Cash and cash equivalents	-58.9	-27.3	-26.0
Total net financial position	**187.9**	**148.0**	**244.7**
Gearing as a %	**16.0**	**13.3**	**22.6**

NET WORKING CAPITAL
IN € MILLION

	Jun. 30, 2018	Dec. 31, 2017	Changes	Jun. 30, 2017	Changes
Inventory	458.8	431.4	6%	427.6	7%
+ Trade receivables	320.4	235.1	36%	271.8	18%
- Trade payables	157.4	128.0	23%	113.7	38%
Net Working capital	621.8	538.5	15%	585.7	6%
Net working capital / annualized quarterly revenue	**34.2%**	**34.4%**	**-0.2PP**	**34.4%**	**-0.2PP**

[1] Net working capital = inventories + trade receivables - trade payables.
[2] Net financial debt = long- and short-term borrowings + current portion of long-term borrowings - marketable securities (if available and freely disposable) - cash and cash equivalents.
[3] Gearing = net financial debt/equity.

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). The Group utilizes off-balance-sheet financial instruments, such as the sale of receivables, to a limited extent only.

Judgments and estimates

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

Segment reporting

The Wacker Neuson Group supports customers across the globe with its broad product and service portfolio.

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

Results for Europe, the Americas and Asia-Pacific

Revenue growth in core market Europe

At 72.6 percent, Europe again accounted for the lion's share of Wacker Neuson Group revenue in the first half of 2018 (H1/2017: 72.8 percent of total revenue). The Group was able to build on its positive performance in the previous year and push revenue up 7.8 percent to EUR 599.2 million in the first six months of the year (H1/2017: EUR 555.7 million). This corresponds to a rise of 8.9 percent when adjusted for currency effects.

Group revenue for Europe amounted to EUR 331.4 million in the second quarter of 2018 (Q2/2017: EUR 307.5 million), which is a 7.8-percent increase on the previous year. Adjusted for currency effects, this corresponds to an increase of 9.0 percent.

Profit before interest and tax (EBIT)[2] for the first half of 2018 is posted at EUR 86.7 million and is thus 22.1 percent higher than in the previous year (H1/2017: EUR 71.0 million).

Business here was fueled by continued strong demand from the construction sector in most European countries, in particular in France, England, Poland, Austria and Benelux countries, as well as by recovery momentum in southern Europe and a buoyant mood in the European agricultural sector. Strong demand from major customers and positive trends in the services segment, which includes the maintenance, repair and spare parts business, as well as the Group's flexible rental solutions, also had a positive impact on business in this region.

Revenue trends in the Americas

Revenue for the Americas rose markedly in the first half of the year, increasing 9.2 percent to EUR 201.8 million (H1/2017: EUR 184.8 million). The region's share of total revenue increased slightly to 24.5 percent (H1/2017: 24.2 percent). Adjusted for currency effects, this corresponds to an increase of 20.9 percent, which is largely attributable to the weak US dollar.

REVENUE BY REGION H1/2018

AS A % (H1/2017)

72.6	Europe (72.8)
24.5	Americas (24.2)
2.9	Asia-Pacific (3.0)

Revenue for the second quarter of 2018 increased 5.9 percent to EUR 110.1 million (Q2/2017: EUR 104.0 million). Adjusted for currency effects, this corresponds to a rise of 14.2 percent.

This growth was fueled by a sharp rise in revenue in the worksite technology business field generated by products such as light towers. Revenue was further bolstered by sales of skid steer loaders manufactured in the US, which, in turn, drove demand for other compact machines imported from Europe. Demand from rental chains remained strong in the second quarter. The Group also made progress in expanding its dealer network. The business volume in South America remained at the same level as the previous year.

Profit before interest and tax (EBIT)[2] for the Americas improved slightly in the first half of the year to EUR 2.0 million (H1/2017: EUR 1.6 million). However, this was significantly below the company's medium-term goal of an EBIT margin in the middle single-digit range. Profit was negatively impacted by reduced productivity resulting from ongoing restructuring measures in production and logistics, as well as limited material availability among suppliers. This situation will continue to have a dampening effect in the second half of the year.

REGIONAL DEVELOPMENTS IN REVENUE AND EBIT

IN € MILLION

	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Europe		Americas		Asia-Pacific		Consolidation		Group	
H1										
Revenue	599.2	555.7	201.8	184.8	24.1	23.2			825.1	763.7
EBIT	86.7	71.0	2.0	1.6	-2.2	-2.9	-8.3	-8.7	78.2	61.0
EBIT margin (%)	14.5	12.8	1.0	0.9	-9.1	-12.5			9.5	8.0
Q2										
Revenue	331.4	307.5	110.1	104.0	13.1	13.7			454.6	425.2
EBIT	50.5	39.3	0.6	-0.3	-1.5	-1.1	5.6	8.8	55.2	46.7
EBIT margin (%)	15.2	12.8	0.5	-0.3	-11.5	-8.0			12.1	11.0

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

Revenue trends in Asia-Pacific
Revenue for the first half of 2018 in Asia-Pacific grew 3.9 percent to EUR 24.1 million (H1/2017: EUR 23.2 million). This corresponds to a rise of 10.8 percent when adjusted for currency effects. The development of the Australian dollar and Chinese Renminbi played a particularly important role here. The region's share of total revenue was 2.9 percent (H1/2017: 3.0 percent).

In the second quarter, revenue for the region decreased 4.4 percent to EUR 13.1 million (Q2/2017: EUR 13.7 million). Adjusted for currency effects, revenue grew slightly by 0.7 percent.

Group revenue fell in particular in Southeast Asia. China and Australia developed positively, whereby the baseline for comparisons in Australia was higher due to sales of old stock in the previous year.

Profit before interest and tax (EBIT)[1] for Asia-Pacific amounted to EUR -2.2 million (H1/2017: EUR -2.9 million). The Group's performance here was negatively impacted by the ramp up of production in the new plant for compact equipment in Pinghu, near Shanghai (China), and efforts to start relocating products from the plant in Manila (Philippines), among other things.

Asia-Pacific remains an important growth market for the Group. Demand for high-quality products is steadily rising in that region and more and more selected products tailored to local market requirements are being distributed there.

[1] Before consolidation.

Results for the light equipment, compact equipment and services segments

REVENUE BY BUSINESS SEGMENT[1] H1/2018
AS A % (H1/2017)

27.4	Light equipment (28.8)
53.6	Compact equipment (52.2)
19.0	Services (19.0)

[1] Consolidated revenue before cash discounts.

Light equipment revenue trends
The light equipment business segment covers the Wacker Neuson Group's activities within the strategic business fields of concrete technology, compaction and worksite technology.

Fueled by strong performance in the core markets of Europe and the US and the healthy state of key markets for light equipment such as Canada, revenue[2] in the first half of the year rose to EUR 230.1 million. This corresponds to a rise of 3.0 percent, or 10.2 percent when adjusted for currency effects, (H1/2017: EUR 223.5 million). Currency effects play a bigger role here than in the two other business segments as the light equipment segment has wider international reach. This segment's share of total revenue[2] dropped marginally to 27.4 percent due to strong growth in the compact equipment segment (H1/2017: 28.8 percent).

Revenue[2] for the second quarter increased 1.4 percent to EUR 126.9 million (Q2/2017: EUR 125.1 million). Adjusted for currency effects, revenue rose by 7.2 percent.

Compact equipment revenue trends
The compact equipment business segment covers compact machinery weighing up to 15 tons targeted at the construction and agricultural industries, gardening, landscaping and industrial firms as well as recycling companies and municipal bodies. The portfolio includes excavators, wheel loaders, tele wheel loaders, skid steer loaders and telescopic handlers, as well as wheel and track dumpers and backhoe loaders.

Fueled by strong demand in the construction and agricultural industries, revenue[2] for the compact equipment segment rose 11.2 percent to EUR 450.0 million in the first half of the year (H1/2017: EUR 404.6 million). Adjusted for currency effects, this corresponds to a rise of 13.5 percent. The compact equipment segment's share of total revenue[2] for the period under review rose slightly to 53.6 percent (H1/2017: 52.2 percent).

[2] Before cash discounts.

REVENUE BY BUSINESS SEGMENT

IN € MILLION

	Q2/2018	Q2/2017	Change	H1/2018	H1/2017	Change
Light equipment	126.9	125.1	1%	230.1	223.5	3%
Compact equipment	250.6	228.2	10%	450.0	404.6	11%
Services	86.4	78.9	10%	159.6	147.6	8%
	463.9	432.2	7%	839.7	775.7	8%
Less cash discounts	-9.3	-7.0	33%	-14.6	-12.0	22%
Total	**454.6**	**425.2**	**7%**	**825.1**	**763.7**	**8%**

Segment revenue[1] for the second quarter of 2018 rose 9.8 percent relative to the previous year to reach EUR 250.6 million (Q2/2017: EUR 228.2 million). Adjusted for currency effects, this is a rise of 11.7 percent.

Revenue[1] generated by agricultural equipment increased 11.5 percent to EUR 115.3 million in the first half of 2018 (H1/2017: EUR 103.4 million). Agricultural compact equipment's share of total Group revenue thus amounted to 13.7 percent (H1/2017: 13.3 percent). Revenue for the second quarter rose 10.9 percent to EUR 63.3 million (Q2/2017: EUR 57.1 million).

Financing options are becoming increasingly important for customers in the compact equipment segment. The Wacker Neuson Group is extending its offering here to include more international markets and collaborating with strong, independent financing partners.

Revenue trends in the services segment

Wacker Neuson places great importance on customer proximity as well as on intensive, individual support. The Group complements new equipment sales with an extensive range of services. These comprise the business fields of repair and spare parts, used equipment, financing, telematics and flexible rental solutions in Central Europe. Revenue[1] from the services segment in the first half of 2018 rose by a total of 8.1 percent to EUR 159.6 million (H1/2017: EUR 147.6 million). Adjusted for currency effects, this corresponds to an increase of 11.1 percent. The services segment's share of total revenue[1] remained unchanged at 19.0 percent (H1/2017: 19.0 percent).

Segment revenue[1] in the second quarter rose 9.5 percent relative to the previous year to reach EUR 86.4 million (Q2/2017: EUR 78.9 million). Adjusted for currency effects, this is a rise of 12.2 percent.

Other factors that impacted results

Headcount trends

During the first half of 2018, headcount increased slightly relative to the year-end figure. This increase is primarily attributable to new hires at the Group's production sites, particularly at the Serbian factory in Kragujevac, which supplies the company internally with steel construction components. At the interim closing date, the Group employed a total of 5,821 people. This is a 5.0-percent increase on the figure at the close of 2017 (December 31, 2017: 5,546; June 30, 2017: 5,337)[2].

Changes to production plants

As part of its efforts to optimize production capacities and logistics processes, the Group will be integrating two of the ten factories it operates in total into existing production sites during the current fiscal year. The US production plant in Norton Shores, Michigan, is being integrated into the Menomonee Falls facility in Wisconsin. This transition will be completed in Q3 2018. The Group is also currently transferring production activities based in the Philippines to its plant in Pinghu, near Shanghai, China. It expects to have completed this transition by the end of 2018.

Optimizing the supply chain

Supply chain challenges have intensified significantly due to the increase in the number of product variants, stricter emissions legislation, the introduction of new systems and components and the internationalization of procurement, production and spare parts processes. The new corporate function Supply Chain Management was created at the end of 2017 to support Group-wide optimization of the planning process across customers, sales, logistics, procurement, production and inventory management. The objective of this function is to analyze and then optimize processes using existing planning tools and tools to be newly developed. This includes optimizing inventory at logistics centers, and at sales and service stations. As such, this function's role extends beyond the traditional sphere of logistics to include optimization of the entire supply chain process from initial customer request to the receipt of payment.

As part of its efforts to streamline the internal supply chain, the Group transferred the functions responsible for coordinating sales activities in Europe from the former logistics company to the European production company for light equipment during the second quarter of 2018. This production company will now work directly with all sales affiliates worldwide. In the second half of 2018, the Group plans to dissolve its North American logistics company and transfer all functions to the US sales affiliate.

[1] Before cash discounts.

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

Emission standards for light and compact equipment

Statutory exhaust emission regulations have a major impact on the sale of light and compact equipment. These apply to diesel engines in non-road mobile machinery – in other words, construction equipment, forklifts and agricultural machines. The Tier 4 final emissions regulations in the US (mandated by the Environmental Protection Agency, EPA) and Stages III A, B and IV of Directive 97/68/EC in Europe are currently the strictest standards worldwide. Older, and generally less stringent, emissions regulations are in force in other markets.

In 2016, the European Parliament approved the next stage of emissions regulations for non-road mobile machinery. Emissions Stage V also covers power categories under 19 kW and over 560 kW for the first time. The new count and weight limits for particulate matter are even lower than the already strict US standards. These new limits apply to machinery introduced to the market from January 1, 2019 (power class < 56 kW and ≥ 130 kW) and January 1, 2020 (power class ≥ 56 kW and < 130 kW). In response to pressure from numerous stakeholder groups, the transition period initially set at just 18 months in the final draft was extended to 24 months in the approved version.

Despite this concession, EU Stage V remains a major challenge for all manufacturers and their suppliers, especially as it will most likely necessitate the widespread use of closed diesel particulate filter systems in machines with power classes > 19 kW and the use of urea in machines with power classes > 56 kW. The Wacker Neuson Group is particularly affected by EU Stage V as the different technological solutions will require new developments for many machines.

Changes to the opportunity and risk situation

At the start of fiscal 2018, the Wacker Neuson Group realigned its risk management system in order to use it even more effectively as a steering tool. In addition to creating an efficient process organization with clearly defined responsibilities, the Group has outlined new risk categories with specific core risks. The Wacker Neuson Group has redefined the basic principles of the risk policy for every risk category. These principles serve as guidelines for the different risk owners across the Group. Risks are now defined in more detail and the new risk groups are used for evaluating risks. At the start of 2018, the risks identified at the close of fiscal 2017 were transferred to the new risk management system and evaluated by risk owners in accordance with the Group's new guidelines. Comparing the current risk landscape to the situation at the end of fiscal 2017 has certain limitations due to the changes described above.

Compared with the opportunities and risks outlined in the 2017 Annual Report, the following risks have become more acute in the current reporting period:

If the euro continues to rise, in particular against the US dollar, this could have a negative impact on the export of products manufactured in the eurozone. The Group is countering this risk by monitoring the currencies on an ongoing basis and agreeing production currency prices when concluding deals with certain customers. International production sites also enable the Group to counter currency effects to a certain extent (natural hedging).

If exchange rates develop unfavorably for the company in relation to payables expressed in foreign currency, this could have a negative impact on the value of liabilities (expressed in euros). The Group is monitoring the corresponding currencies on an ongoing basis. The Group makes use of targeted hedging instruments to counteract the risk of devaluation.

In order to manufacture its products, the Group relies on parts being delivered on time by suppliers. Generally strong demand at the moment could exasperate existing bottlenecks among suppliers. This could extend delivery times even further and also disrupt production processes and cause delays in delivering machines and spare parts to customers. In some cases, this could prevent the Group from serving customers who need products at short notice.

A natural disaster in Japan has caused further uncertainties. Widespread flooding at the start of July affected members of the Wacker Neuson supply chain and caused them to interrupt some of their production activities. Furthermore, a strike at a sub-supplier of the Wacker Neuson Group has been ongoing since mid-June. This poses a threat to the on-time delivery of engines in the volumes required by the Group. If the already tense situation with suppliers deteriorates any further, this could impact production at Wacker Neuson.

Increases in the prices of raw materials, in particular for steel but also for other components, caused by a rise in demand as well as speculation on the raw materials markets, currency effects and international trade policy, could push up the cost of materials. Raw material prices increased in 2017 and the first half of 2018. This has particularly affected prices for steel and plastic components, as well as energy costs. For the remainder of the year, there is a risk that suppliers will raise their prices as a result of the increase in raw material prices. These price increases in the procurement market could lead to higher manufacturing costs. The Group is countering this risk by developing a more flexible and diverse global procurement strategy and concluding longer-term contracts in some cases (fixed prices). The Group maintains regular contact with business partners and suppliers to jointly develop forward-looking solutions. Furthermore, the Group aims to offset rising costs by introducing price increases that take effect with a time lag of four to six months.

New regulatory measures and changing customs regulations could have a negative impact on sales of Group products and also manufacturing costs. In turn, this could increase legal risks to the Group. The Group is countering this risk by implementing measures in good time to ensure compliance with regulatory requirements and safeguard sales of its products.

In the period under review, there were no changes to the other risks described in the 2017 Annual Report on pages 61 to 67. Company management is not currently aware of any other significant risks to the Group. The company has also not identified any single or collective risks to its continued existence as a going concern that might negatively affect the Group in the foreseeable future.

Business opportunities are described in detail on page 76 of the 2017 Annual Report and in the Outlook section of this interim management report.

Supplementary report

Please refer to the Selected Explanatory Notes if applicable for further information on events that took place after June 30, 2018.

Outlook

Positive outlook for the global construction equipment market
Following the extremely strong first quarter of 2018, the pace of growth in the global construction equipment market is set to slow somewhat over the remainder of the year. According to the business barometer published by the Committee for European Construction Equipment (CECE), future sales expectations have cooled slightly in recent months but remain at a high level. The VDMA, however, expects substantial growth for the year as a whole in light of positive developments in many target industries and continued favorable financing conditions. The industry is facing a number of risks, including political and macroeconomic uncertainties worldwide and – in particular at present – long delivery times resulting from high demand plus recruitment challenges for manufacturers who are struggling to hire qualified staff in some regions.

European agricultural technology sector expects solid growth
Although the upturn in the market, which started back in 2016, may well have temporarily peaked in the first quarter of 2018, European agricultural equipment manufacturers in the CEMA umbrella organization still expect to see revenue grow by an average of 5 percent over the year as a whole. According to the July edition of the business barometer issued by the German farmers' association (DBV), willingness to invest among agricultural landholders in Germany was below the previous year's level, however, due to crop failure caused by drought.

Guidance for the year as a whole
Due to the current healthy situation on international construction and agricultural markets, Wacker Neuson's most important target markets are intact and its order books are well filled.

The Executive Board still expects revenue for fiscal 2018 to amount to between EUR 1,650 and 1,700 million (2017: EUR 1,534 million). This corresponds to a rise of 8 to 11 percent. The EBIT margin is expected to lie between 9.0 and 10.0 percent (2017: 8.6 percent). The Group has thus confirmed its previous guidance and expects to achieve these results provided that no external factors have a substantial negative impact on the most important economies. Uncertainties are described under "Changes to the opportunity and risk situation" on page 12.

The Group expects net working capital expressed as a percentage of revenue for 2018 to remain at roughly the same level as the previous year (2017: 35.1 percent). This includes targeted efforts to increase inventory in conjunction with the transition to the new EU Stage V emissions regulation (2020).

For the current fiscal year, the Group has earmarked around EUR 60 million in total for investments[1] (2017: EUR 47.4 million). As in the previous year, the Wacker Neuson Group aims to fund annual investments with cash flow from operating activities and expects positive free cash flow at the close of the year.

The core markets of Europe and North America are a top priority in the "Strategy 2022" initiative. The Group aims to intensively develop these regions in order to expand its market share with core products. Profitable business fields will be expanded further. In addition, the Group expects China to have become an important target market by 2022.

The Group's healthy financial standing and strong market position provide an ideal basis for winning market shares and ensuring profitable growth. The Group anticipates that it will maintain its equity ratio, which is high relative to industry peers. At the moment, this amounts to around 65 percent. Net financial debt is relatively low, and the Group's financial situation is correspondingly healthy. The Group plans to continue leveraging its strong financial and asset situation to drive further healthy growth over the coming years.

It also aims to enter into further partnerships in the medium and long term, and is not ruling out the possibility of further acquisitions.

Munich, August 3, 2018

Wacker Neuson SE, Munich

The Executive Board

Martin Lehner
CEO

Alexander Greschner
CSO

Wilfried Trepels
CFO

[1] Refers to property, plant and equipment and intangible assets (this figure does not include investments in the Group's rental equipment).

Consolidated Income Statement

APRIL 1 THROUGH JUNE 30 AND JANUARY 1 THROUGH JUNE 30

IN € MILLION	Apr. 1 – Jun. 30, 2018	Apr. 1 – Jun. 30, 2017	Jan. 1 – Jun. 30, 2018	Jan. 1 – Jun. 30, 2017
Revenue	454.6	425.2	825.1	763.7
Cost of sales	-322.0	-302.7	-591.9	-549.3
Gross profit	**132.6**	**122.5**	**233.2**	**214.4**
Sales and service expenses	-54.3	-50.6	-106.2	-100.4
Research and development expenses	-10.0	-9.6	-18.7	-18.8
General administrative expenses	-18.4	-17.8	-37.7	-38.4
Other income	5.6	2.8	8.0	5.0
Other expenses	-0.3	-0.6	-0.4	-0.8
Profit before interest and tax (EBIT)	**55.2**	**46.7**	**78.2**	**61.0**
Income from the sale of a real estate company	54.8	–	54.8	–
Financial income	3.4	0.4	5.5	1.2
Financial expenses	-6.3	-2.7	-10.8	-4.7
Profit before tax (EBT)	**107.1**	**44.4**	**127.7**	**57.5**
Taxes on income	-27.6	-11.0	-33.6	-14.8
Profit for the period	**79.5**	**33.4**	**94.1**	**42.7**
Of which are attributable to:				
Shareholders in the parent company	79.5	33.1	94.1	42.2
Minority interests	–	0.3	–	0.5
	79.5	**33.4**	**94.1**	**42.7**
Earnings per share in € (diluted and undiluted)	**1.13**	**0.47**	**1.34**	**0.60**

Contrary to the defined accounting methods, currency effects resulting from the evaluation of a net investment in a foreign affiliate are recognized under "Financial expense" and not under "Other income" in the income statement as at H1/2017. This mistake was corrected in the prior-year statement (see explanatory notes).

Consolidated Statement of Comprehensive Income

APRIL 1 THROUGH JUNE 30 AND JANUARY 1 THROUGH JUNE 30

IN € MILLION	Apr. 1 – Jun. 30, 2018	Apr. 1 – Jun. 30, 2017	Jan. 1 – Jun. 30, 2018	Jan. 1 – Jun. 30, 2017
Profit for the period	**79.5**	**33.4**	**94.1**	**42.7**
Other income				
Income to be recognized in the income statement for subsequent periods				
Exchange differences	10.0	-17.4	4.1	-18.2
Cash flow hedges	-0.7	–	-0.6	–
Effect of taxes on income	–	–	-0.1	–
Income to be recognized in the income statement for subsequent periods	**9.3**	**-17.4**	**3.4**	**-18.2**
Income not to be recognized in the income statement for subsequent periods				
Actuarial gains/losses from pension obligations	0.8	0.8	0.9	1.4
Effect of taxes on income	–	0.1	–	-0.1
Income not to be recognized in the income statement for subsequent periods	**0.8**	**0.9**	**0.9**	**1.3**
Other comprehensive income after tax	**10.1**	**-16.5**	**4.3**	**-16.9**
Total comprehensive income after tax	**89.6**	**16.9**	**98.4**	**25.8**
Of which are attributable to:				
Shareholders in the parent company	89.6	16.6	98.4	25.3
Minority interests	–	0.3	–	0.5
	89.6	16.9	98.4	25.8

The prior-year figure under “Exchange differences” has been adjusted accordingly in line with the correction of an error related to a net investment (for more information, refer to the explanatory notes).

Consolidated Balance Sheet

AS AT JUNE 30

IN € MILLION	Jun. 30, 2018	Dec. 31, 2017	Jun. 30, 2017
Assets			
Property, plant and equipment	290.5	292.0	306.2
Property held as financial investment	26.2	26.8	26.3
Goodwill	237.6	237.4	237.8
Intangible assets	131.0	125.6	124.2
Deferred tax assets	33.7	40.5	42.7
Other non-current financial assets	38.1	29.9	28.1
Other non-current non-financial assets	12.2	4.9	4.2
Total non-current assets	**769.3**	**757.1**	**769.5**
Rental equipment	143.6	119.5	127.7
Inventories	458.8	431.4	427.6
Trade receivables	320.4	235.1	271.8
Tax offsets	5.8	6.5	8.0
Other current financial assets	7.0	8.3	4.6
Other current non-financial assets	24.0	16.6	17.9
Cash and cash equivalents	58.9	27.3	26.0
Non-current assets held for sale	5.7	14.1	1.4
Total current assets	**1,024.2**	**858.8**	**885.0**
Total assets	**1,793.5**	**1,615.9**	**1,654.5**
Equity and liabilities			
Subscribed capital	70.1	70.1	70.1
Other reserves	586.6	582.3	595.5
Net profit/loss	514.4	462.4	416.4
Equity attributable to shareholders in the parent company	**1,171.1**	**1,114.8**	**1,082.0**
Minority interests	**–**	**–**	**1.3**
Total equity	**1,171.1**	**1,114.8**	**1,083.3**
Long-term financial borrowings	210.9	155.0	154.9
Deferred tax liabilities	29.6	31.6	28.3
Long-term provisions	52.9	54.7	52.9
Total non-current liabilities	**293.4**	**241.3**	**236.1**
Trade payables	157.4	128.0	113.7
Short-term borrowings from banks	35.9	20.3	115.8
Short-term provisions	16.7	16.9	17.1
Tax liabilities	2.6	1.0	1.2
Other short-term financial liabilities	36.6	32.7	26.5
Other short-term non-financial liabilities	79.8	60.9	60.8
Total current liabilities	**329.0**	**259.8**	**335.1**
Total liabilities	**1,793.5**	**1,615.9**	**1,654.5**

As of the 2017 annual financial statements, rental equipment is reported under “Current assets” (previously reported under “Property, plant and equipment”). Prior-year values have been adjusted accordingly. For more information, refer to the explanatory notes. The prior-year values for H1/2017 posted under the items “Other reserves” and “Net profit/loss” have been adjusted accordingly in line with the correction of an error related to a net investment (for more information, refer to the explanatory notes).

Consolidated Statement of Changes in Equity

AS AT JUNE 30

IN € MILLION

	Subscri-bed capital	Capital re-serves	Exchange diffe-rences	Other neutral changes	Net pro-fit/loss	Equity at-tributable to shareholders in the parent company	Minority interests	Total equity
Notes								
Balance at January 1, 2017	**70.1**	**618.7**	**12.2**	**-18.5**	**404.7**	**1,087.2**	**5.4**	**1,092.6**
Profit for the period	–	–	–	–	42.2	42.2	0.5	42.7
Other income	–	–	-18.2	1.3	–	-16.9	–	-16.9
Total comprehensive income	**–**	**–**	**-18.2**	**1.3**	**42.2**	**25.3**	**0.5**	**25.8**
Change in consolidation structure	–	–	–	–	–	–	–	–
Dividends	–	–	–	–	-35.1	-35.1	–	-35.1
Reallocation of minority interests	–	–	–	–	4.6	4.6	-4.6	–
Balance at June 30, 2017	**70.1**	**618.7**	**-6.0**	**-17.2**	**416.4**	**1,082.0**	**1.3**	**1,083.3**
Balance at January 1, 2018	**70.1**	**618.7**	**-18.3**	**-18.1**	**462.4**	**1,114.8**	**–**	**1,114.8**
Profit for the period	–	–	–	–	94.1	94.1	–	94.1
Other income	–	–	4.1	0.2	–	4.3	–	4.3
Total comprehensive income	**–**	**–**	**4.1**	**0.2**	**94.1**	**98.4**	**–**	**98.4**
Dividends	–	–	–	–	-42.1	-42.1	–	-42.1
Balance at June 30, 2018	**70.1**	**618.7**	**-14.2**	**-17.9**	**514.4**	**1,171.1**	**–**	**1,171.1**

The prior-year values for H1/2017 posted under the items “Total profit/loss for the period” and “Other comprehensive income” have been adjusted accordingly in line with the correction of an error related to a net investment (for more information, refer to the explanatory notes).

Consolidated Cash Flow Statement

APRIL 1 THROUGH JUNE 30 AND JANUARY 1 THROUGH JUNE 30

IN € MILLION	Apr. 1 – Jun. 30, 2018	Apr. 1 – Jun. 30, 2017	Jan. 1 – Jun. 30, 2018	Jan. 1 – Jun. 30, 2017
EBT	**107.1**	**44.4**	**127.7**	**57.5**
Adjustments to reconcile profit before tax with gross cash flows:				
Depreciation and amortization of non-current assets	10.0	9.8	19.7	19.7
Unrealized foreign exchange gains/losses	-0.2	9.4	1.7	9.6
Financial result	2.9	2.3	5.3	3.5
Gains from the sale of intangible assets and property, plant and equipment	-3.4	-1.1	-3.4	-1.4
Income from the sale of a real estate company	-54.8	–	-54.8	–
Changes in rental equipment, net	-17.8	-9.0	-24.3	-21.5
Changes in misc. assets	-7.4	-8.4	-20.5	-14.6
Changes in provisions	-0.7	1.8	-1.3	2.0
Changes in misc. liabilities	7.9	6.8	12.2	9.7
Gross cash flow	**43.6**	**56.0**	**62.3**	**64.5**
Changes in inventories	2.0	20.1	-26.7	1.0
Changes in trade receivables	-43.5	-38.2	-83.8	-65.6
Changes in trade payables	12.1	2.5	28.7	27.6
Changes in net working capital	**-29.4**	**-15.6**	**-81.8**	**-37.0**
Cash flow from operating activities before income tax paid	14.2	40.4	-19.5	27.5
Income tax paid	-8.1	-7.1	-15.8	-13.3
Cash flow from operating activities	**6.1**	**33.3**	**-35.3**	**14.2**
Purchase of property, plant and equipment	-8.0	-4.5	-15.2	-10.7
Purchase of intangible assets	-8.1	-3.7	-12.1	-7.2
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	6.6	2.6	14.1	5.4
Proceeds from the sale of a real estate company	60.0	–	60.0	–
Cash flow from investment activities	**50.5**	**-5.6**	**46.8**	**-12.5**
Free cash flow	**56.6**	**27.7**	**11.5**	**1.7**
Dividends	-42.1	-35.1	-42.1	-35.1
Cash receipts from short-term borrowings	–	21.0	–	65.2
Repayments from short-term borrowings	-0.7	-0.3	-15.1	-141.9
Cash receipts from long-term borrowings	–	–	81.4	124.9
Repayments from long-term borrowings	–	–	–	–
Interest paid	-2.9	-1.2	-5.1	-6.8
Interest received	0.5	0.7	1.3	1.2
Cash flow from financial activities	**-45.2**	**-14.9**	**20.4**	**7.5**
Change in cash and cash equivalents	**11.4**	**12.8**	**31.9**	**9.2**
Effect of exchange rates on cash and cash equivalents	–	-0.8	-0.3	-0.8
Change in cash and cash equivalents	**11.4**	**12.0**	**31.6**	**8.4**
Cash and cash equivalents at the beginning of the period	**47.5**	**14.0**	**27.3**	**17.6**
Cash and cash equivalents at the end of period	**58.9**	**26.0**	**58.9**	**26.0**

A number of items in the consolidated cash flow statement have been adapted relative to previous years: Actuarial gains and losses from pension obligations have been allocated to "Changes in provisions" to improve readability. Currency effects resulting from the valuation of receivables and payables in foreign currencies and from the valuation of cash and cash equivalents in the financial result are recognized in the "Financial result" correction line. "Cash flow from operating activities" now includes "Changes in rental equipment, net" as a separate item. As was the case with the change to the balance sheet, this modification was made to ensure that the cash flow provides a more transparent overview of the Group's operating activities. Write-downs on rental equipment were a component of the overall write-down total in the previous year's report. "Cash flow from investment activities" comprises the cash outlay for tangible and intangible assets less divestments. In the prior year, investments in rental equipment were recognized under "Property, plant and equipment" and are now, for the reasons outlined above, listed under the item "Changes in rental equipment, net". Prior-year figures have been adjusted accordingly. The items "Interest paid" and "Interest received" have been shifted from "Cash flow from operating activities" to "Cash flow from financial activities". For more information, refer to the explanatory notes.
The prior-year values for H1/2017 posted under the items "Unrealized foreign exchange gains/losses" and "Financial result" have been adjusted accordingly in line with the correction of an error related to a net investment (for more information, refer to the explanatory notes).

Consolidated Segmentation

JANUARY 1 THROUGH JUNE 30

SEGMENTATION (GEOGRAPHICAL SEGMENTS)

IN € MILLION

	Europe	Americas	Asia-Pa-cifiic	Consolida-tion	Group
H1/2018					
Segment revenue					
Total revenue	1,105.5	447.4	45.8		1,598.7
Less intrasegment sales	-428.8	-227.7	-17.3		-673.8
	676.7	219.7	28.5		924.9
Intersegment sales	-77.5	-17.9	-4.4		-99.8
Revenue from external customers	**599.2**	**201.8**	**24.1**		**825.1**
EBIT	**86.7**	**2.0**	**-2.2**	**-8.3**	**78.2**

	Europe	Americas	Asia-Pa-cifiic	Consolida-tion	Group
H1/2017					
Segment revenue					
Total revenue	991.7	442.9	28.2		1,462.8
Less intrasegment sales	-381.4	-237.6	-1.6		-620.6
	610.3	205.3	26.6		842.2
Intersegment sales	-54.6	-20.5	-3.4		-78.5
Revenue from external customers	**555.7**	**184.8**	**23.2**		**763.7**
EBIT	**71.0**	**1.6**	**-2.9**	**-8.7**	**61.0**

SEGMENTATION (BUSINESS SEGMENTS)

IN € MILLION

	H1/2018	H1/2017
Segment revenue from external customers		
Light equipment	230.1	223.5
Compact equipment	450.0	404.6
Services	159.6	147.6
	839.7	775.7
Less cash discounts	-14.6	-12.0
Total	**825.1**	**763.7**

Revenue in the Services segment includes period-specific revenue from flexible rental solutions for equipment and accessories. The rental period is typically short term, averaging approximately 14 days.

Geographical areas

REVENUE ACCORDING TO COMPANY LOCATION

IN € MILLION

	H1/2018	H1/2017
Germany	308.2	302.0
USA	145.2	139.0
Austria	84.6	67.8
Other	287.1	254.9
Wacker Neuson overall	**825.1**	**763.7**

NON-CURRENT ASSETS ACCORDING TO COMPANY LOCATION

IN € MILLION

	H1/2018	H1/2017
Germany	248.4	237.6
Austria	341.5	338.4
USA	63.3	65.5
Other	44.3	57.2
Wacker Neuson overall	**697.5**	**698.7**

As of fiscal 2017, rental equipment is reported under “Current assets” (previously reported under “Property, plant and equipment”). Prior-year values have been adjusted accordingly. For more information, refer to the explanatory notes. The non-current assets reported here include property, plant and equipment, investment properties, goodwill, other intangible assets and other non-current assets that are not classified as financial instruments.

Selected Explanatory Notes to the Interim Financial Statements for H1 2018

Accounting principles

The Wacker Neuson SE consolidated interim financial statements to June 30, 2018 were prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations as valid on January 1, 2018 and adopted in the EU. These condensed statements adhere to International Accounting Standard (IAS) 34.

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, 2017. The comments there also apply to the quarterly and half-year statements for fiscal 2018, unless explicitly stated otherwise.

The general accounting principles, valuation methods and estimates used for the fiscal 2017 consolidated statements have also been applied to these interim financial statements, with the exception of the standards IFRS 9 and IFRS 15, which came into force on January 1, 2018, as well as adjustments to prior-year values as a result of the accounting principles and valuation methods used for fiscal 2017, and the correction of an error related to a net investment in a foreign business.

Standards to be applied for the first time in the fiscal year

IFRS 15

IFRS 15 was issued in May 2014 and amended in April 2016. The standard introduced a five-step model framework for recognizing revenue from contracts with customers and replaced all previous regulations on revenue recognition as per IAS 11 and IAS 18. Under IFRS 15, revenue is recognized in the amount of the consideration to which an entity can expect to be entitled in exchange for transferring promised goods or services to a customer (the transaction price as defined in IFRS 15).

Wacker Neuson applied IFRS 15 for the first time to the fiscal year starting on January 1, 2018. The Group has opted for the modified retrospective application upon adoption of the new standard and has thus availed of the more expedient option to only apply the standard retroactively to contracts that were not yet complete at the time of initial application. A contract was deemed to be not complete at January 1, 2018 if the Group had not transferred all goods or services identified as such under previously existing regulations on revenue recognition at the closing date.

With the exception of the amendments to the accounting and valuation methods to be applied, the initial application of IFRS 15 did not result in any significant changes to current practice at Wacker Neuson nor did it have any material impact on Group profit. The recognition and disclosure requirements of IFRS 15 go much further than the provisions set down in previous standards. A detailed breakdown and categorization of revenue from contracts with customers can be found under Segment reporting.

Only a very limited number of extended warranties (contractual obligations) exist in the Group. As in previous years, these are recognized under the balance sheet item “Other short-term non-financial liabilities”. The Group has a business unit that offers flexible rental solutions to customers in selected European markets. The average rental period is approximately 14 days. For reasons of substantiality and due to the very short periods of time involved, this revenue is not recognized separately in the notes as revenue generated over time or at a certain point in time. Prepaid bonuses made to selected US dealers as part of the Group’s sales support measures are recognized separately as contract assets under the item “Other non-current non-financial assets”. At June 30, 2018, EUR 11.9 million were recognized as contract assets (December 31, 2017: EUR 4.6 million) to be amortized over future revenue streams.

IFRS 9

In July 2014, the IASB published the final version of IFRS 9 “Financial instruments”, which replaces IAS 39 “Financial instruments: Recognition and measurement” as well as all previous versions of IFRS 9. IFRS 9 consolidates the three project phases for the accounting of financial instruments: “Classification and measurement”, “Impairment” and “Hedge accounting”. IFRS 9 is effective for the first time for fiscal years beginning on or after January 1, 2018. With the exception of hedge accounting, the standard must be retrospectively applied. However, comparative information does not have to be disclosed. The provisions for hedge accounting must, in general, be applied prospectively with only a few exceptions.

Wacker Neuson applied IFRS 9 for the first time for the fiscal year starting January 1, 2018. Overall, the new standard has not had any material impact on the balance sheet or equity for the interim financial statements as at June 30, 2018.

(a) Classification and measurement

Application of the classification and measurement requirements of IFRS 9 has not had a material impact on the Group’s balance sheet or Group equity. All financial assets held at fair value continue to be measured at fair value. In general, the information currently available indicates that there are no material financial assets or liabilities that are held at fair value. However, listed shares that were originally recognized as available for sale and whose profit or loss were disclosed in other income are recognized at fair value in profit or loss. This recognition increases the volatility of profit or loss disclosures. The Group holds investments in pension funds in the amount of EUR 1.6 million (H1/2017: EUR 1.6 million) which are not subject to material fluctuations.

Loans and trade receivables are held to collect contractual cash flows, which are solely principal and interest payments on the principal amount outstanding. As such, the financial instruments listed here will continue to be recognized at amortized cost under IFRS 9.

(b) Impairment

Under IFRS 9, the Group's expected credit losses (ECLs) from all of its debt instruments, loans and trade receivables must be measured at an amount equal to either the 12-month expected credit losses or the full lifetime expected credit losses. The Group uses the simplified approach to recognize the full lifetime expected credit losses that result from all trade receivables. The methodology used for the simplified approach under IFRS 9 is the same as the existing method for determining impairment. As such, this provision will not have any significant impact on the Group. According to historical and current data, only minimal defaults have occurred or are to be expected.

(c) Hedge accounting

The initial application of IFRS 9 did not result in any significant changes to the way the Group recognizes transactions with derivative or non-derivative financial instruments for hedging purposes.

Changes to accounting and valuation methods

During the period under review (H1/2018), the Group realized gains in the amount of EUR 54.8 million from the sale of a real estate company (see also page 3 in the interim Group management report of June 30, 2018). Due to the materiality of this transaction, the Group recognized this figure in a separate line in the income statement. The separate line is disclosed under EBIT to enable a clearer comparison of the Group's operating results.

In 2017, after analyzing its business model, in particular with regard to operational handling, the Group decided to recognize rental equipment as a separate item under current assets in the 2017 Annual Report. This was done to improve transparency and aid understanding of this item. Prior-year figures for H1/2017 have been adjusted accordingly.

In the 2017 Annual Report, the Group adapted a number of items in the consolidated cash flow statement to improve transparency and aid understanding. These changes have also been made in the 2018 half-year report. To improve readability, actuarial gains and losses from pension obligations (H1/2017: gains of EUR 1.4 million; Q2/2017: gains of EUR 0.8 million) are recognized under changes in provisions. Previously, changes in provisions primarily comprised non-cash changes in the actuarial evaluation of pensions. Currency effects resulting from the valuation of receivables and payables in foreign currencies and from the valuation of cash and cash equivalents in the financial result are recognized in the "Financial result" correction line in the consolidated cash flow statement. Prior-year figures have been adjusted accordingly.

Cash flow from operating activities includes the separate item "Changes in rental equipment, net". As was the case with the change to the balance sheet, this modification was made to ensure that the cash flow provides a more transparent overview of the Group's operating activities. Compared with H1/2017, the new item contains the following information:

- The item "Book value from the disposal of rental equipment" in the amount of EUR 11.9 million (Q2/2017: EUR 6.0 million),
- Depreciation of rental equipment in the amount of EUR 15.6 million (Q2/2017: EUR 8.1 million), and
- Investments in rental equipment in the amount of EUR 48.9 million (Q2/2017: EUR 23.1 million).

In the previous year, depreciation of rental equipment was included in the overall figure for depreciation and amortization.

"Cash flow from investment activities" comprises the cash outlay for intangible assets and property, plant and equipment less divestments plus the proceeds from the sale of the property in Munich. In H1/2017, investment in rental equipment was recognized under purchase of property, plant and equipment. Now, this figure is disclosed under the item "Changes in rental equipment, net" for the reasons stated above. Prior-year figures for H1/2017 have been adjusted accordingly.

Cash flow from financing activities contains payments received from and made to shareholders. It also contains payments resulting from borrowing and repayment of debt. For the 2017 Annual Report, the Group decided to move interest received (H1/2017: EUR 1.2 million, Q2/2017: EUR 0.7 million), primarily attributable to financing measures for the expansion of sales support activities, from cash flow from operating activities to cash flow from financing activities. This was done to improve general presentation and transparency. Furthermore, as in the 2017 Annual Report, interest paid for H1/2017 in the amount of EUR 6.8 million (Q2/2017: EUR 1.2 million), primarily attributable to borrowings, was moved from cash flow from operating activities to cash flow from financing activities. This was also done to improve general presentation and transparency. Prior-year figures for H1/2017 were adjusted accordingly in both cases.

Correction of an error in H1/2017 related to a net investment in a foreign business

The accounting method that was also used for fiscal 2017 stipulates that an outstanding receivable vis-à-vis a foreign business, the discontinuation of which is neither planned nor likely in the foreseeable future, corresponds largely to part of the net investment in this foreign business. Translation differences from this outstanding receivable that corresponds to part of a net investment in a foreign business are recognized under other income. In H1/2017, the translation effects from the valuation of the net investment in a foreign business were not recognized under other income but as financial expenses in the amount of EUR 3.6 million in the income statement. This error was corrected for the comparative H1/2017 period; this correction has reduced financial expenses for H1/2017 to EUR 4.7 million. At the same time, exchange rate effects in other income have increased to EUR -18.2 million. Following the adjustment, earnings per share in euros (diluted and undiluted) changed from the original EUR 0.55 (Q2/2017: EUR 0.42) at H1/2017 to EUR 0.60 (Q2/2017: EUR 0.47). Furthermore, this adjustment resulted in changes in recognition between other reserves and retained earnings within the equity item.

IFRS 16

IFRS 16 "Leases" replaces the previous standard for recognizing leases, IAS 17 "Leases", and its accompanying interpretations. Wacker Neuson SE is currently implementing the accounting standard IFRS 16 "Leases" approved by the IASB. The standard is mandatory as of January 1, 2019.

IFRS 16 provides lessees with a uniform accounting model for leases that requires them to recognize all leases on the balance sheet as assets to which they have acquired a right of use, along with the associated liability for payments. Practical expedients are applied for leased objects that have a low value or a short lease term (less than twelve months).

The Group will apply IFRS 16 in line with the modified retrospective approach. The equivalent figures from prior-year periods will not be adjusted. The accounting principles for lessors, however, remain largely unchanged, especially with regard to the continued obligation to classify leasing contracts.

An analysis carried out as part of a Group-wide project on the initial application of this standard revealed that right-of-use assets and lease liabilities in the upper double-digit million euro range will likely be recognized in the balance sheet at January 1, 2019. The Group's equity ratio will decrease as a result of this addition to the balance sheet.

With regard to future impacts on the income statement, Wacker Neuson SE expects profit before interest and tax (EBIT) to improve due to the fact that – unlike the previous recognition of expenses for operating leases – the new standard will allow depreciation on right-of-use assets and interest expenses from the interest accrued on lease liabilities to be recognized. At the current point in time, this change is expected to have an impact in the low single-digit million euro range. The Group is currently finalizing its assessment of the results from the analysis of existing leasing contracts. The change in the way expenses for operating leases are recognized would subsequently lead to an improvement in cash flow from operating activities and a reduction in cash flow from financing activities.

The consolidated interim financial statements have not been audited. The first half of fiscal 2018 has been reviewed.

Legal changes to company structure

The following changes were made to the consolidation structure in the first half of 2018:

In March 2018, the company Wacker Neuson Vertrieb Europa GmbH & Co. KG changed its legal form and name to become Wacker Neuson Aftermarket & Services GmbH. This transition was retroactively applied back to January 1, 2018.

In June 2018, the companies Wacker Neuson ImmoWest 3 GmbH, Wacker Neuson ImmoWest 4 GmbH and Wacker Neuson SEM Verwaltungs GmbH were merged and incorporated into Wacker Neuson Aftermarket & Services GmbH.

Also in June 2018, the company Wacker Neuson ImmoWest 1 GmbH was sold to ISARIA Wohnbau AG as part of a deal to sell a former industrial property. This generated earnings before tax of EUR 54.8 million (see also page 3 of the interim management report for H1/2018).

Seasonal fluctuations

Revenue in the construction and agricultural industries is dependent on many seasonal factors. 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 2015 through 2017 was as follows:

AS A %

	2017	2016	2015
Q1	22	23	23
Q2	28	28	28
Q3	25	23	23
Q4	25	26	26

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.

IN € MILLION

	2018	2017
Q2		
Quarterly earnings attributable to shareholders in € million	79.5	33.1
Weighted average number of ordinary shares in circulation during the period in thousands	70,140	70,140
Earnings per share in €	1.13	0.47
H1		
Quarterly earnings attributable to shareholders in € million	94.1	42.2
Weighted average number of ordinary shares in circulation during the period in thousands	70,140	70,140
Earnings per share in €	1.34	0.60

Information on financial instruments

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

IN € MILLION

	Jun. 30, 2018 Fair value	Jun. 30, 2018 Book value
Assets		
Other non-current financial assets	38.1	38.1
Trade receivables	320.4	320.4
Other current financial assets	7.0	7.0
Cash and cash equivalents	58.9	58.9
Liabilities		
Long-term financial borrowings	210.3	210.9
Trade payables	157.4	157.4
Short-term borrowings from banks	35.9	35.9
Other short-term financial liabilities	36.6	36.6

At June 30, 2018, only financial assets in the amount of EUR 1.6 million existed (previous year: EUR 1.6 million), which are measured at fair value. The fair value is calculated using prices listed on active markets for identical financial assets (level 1 evaluation).

Related party disclosures

For the Group, related party disclosures within the meaning of IAS 24 generally refer to 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 a pension fund. The type and scope of transactions conducted with related parties are comparable to the previous year. Please refer to the 2017 Annual Report for more information.

Important events

In addition to the legal changes, the following important events occurred during the period under review:

- The Annual General Meeting of Wacker Neuson SE took place on May 30, 2018 in Munich.
- Shareholders approved a proposal by the Executive Board and Supervisory Board to pay out a dividend of EUR 0.60 per share for fiscal 2017.
- Furthermore, shareholders approved the conclusion of a profit transfer agreement between Wacker Neuson SE and the affiliate Wacker Neuson Aftermarket & Services GmbH (formerly: Wacker Neuson Vertrieb Europa GmbH & Co. KG).
- On March 14, 2018, the Group successfully issued a promissory note (Schuldschein) in the amount of USD 100 million.

Please refer to page 3 ff. in the interim Group management report of June 30, 2018, for further information and explanatory comments on events that could have a substantial impact on assets, financials and earnings.

Events since the interim statements

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

Munich, August 3, 2018

Wacker Neuson SE

The Executive Board

Martin Lehner
CEO

Alexander Greschner
CSO

Wilfried Trepels
CFO

Responsibility statement by the 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, financial position and profit or loss of the Group, and the interim management review of the Group gives a true and fair view 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 fiscal year.

Munich, August 3, 2018 Wacker Neuson SE

The Executive Board

Martin Lehner
CEO

Alexander Greschner
CSO

Wilfried Trepels
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, 2018, to June 30, 2018, which are part of the six-monthly financial report pursuant to Section 115 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 have not been 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 has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. Our review is limited primarily to making inquiries of company personnel and applying analytical evaluations and thus does not provide the assurance that we would obtain from an audit of financial statements. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been 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 has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, August 3, 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Keller	von Wachter
Wirtschaftsprüfer (Public Auditor)	Wirtschaftsprüfer (Public Auditor)

Publishing Details/Financial Calendar

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Financial calendar 2018

August 7	**Publication of half-year report 2018**
September 24	Baader Investment Conference 2018, Munich
September 25	German Corporate Conference 2018 (Berenberg / Goldman Sachs), Munich
November 8	**Publication of nine-month report 2018**
November 12	Roadshow Frankfurt/Main
November 15	HSBC Luxembourg Day, Luxembourg
November 16	Roadshow, Cologne / Dusseldorf
December 4	Berenberg European Corporate Conference, London
December 6	Family Office Capital Day, Vienna

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 any way 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 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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