Wacker Neuson Group

H1/2019

Half-year report

Figures at a glance

APRIL 1 THROUGH JUNE 30 AND JANUARY 1 THROUGH JUNE 30

IN € MILLION

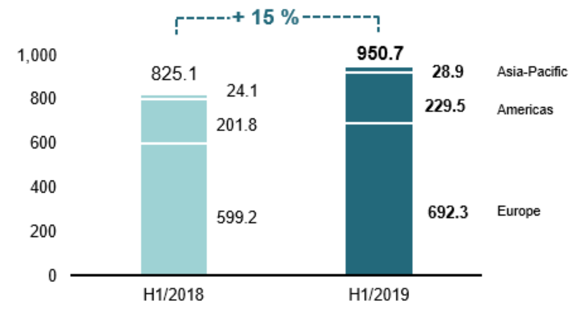
	Apr. 1 – Jun. 30, 2019	Apr. 1 – Jun. 30, 2018	Change	Jan. 1 – Jun. 30, 2019	Jan. 1 – Jun. 30, 2018	Change
Key figures						
Revenue	516.1	454.6	14%	950.7	825.1	15%
by region						
Europe	375.6	331.4	13%	692.3	599.2	16%
Americas	125.0	110.1	14%	229.5	201.8	14%
Asia-Pacific	15.5	13.1	18%	28.9	24.1	20%
by business segment[1]						
Light equipment	137.3	126.9	8%	247.1	230.1	7%
Compact equipment	292.1	247.0	18%	537.9	444.1	21%
Services	93.2	86.4	8%	175.5	159.6	10%
EBITDA	81.0	74.3	9%	135.6	115.1	18%
Depreciation and amortization	26.7	18.6	44%	51.1	36.4	40%
EBIT	54.3	55.7	-3%	84.5	78.7	7%
EBT	49.9	107.6	-54%	79.8	128.2	-38%
Adjusted EBT[2]	49.9	52.8	-5%	79.8	73.4	9%
Profit for the period	33.6	79.8	-58%	54.4	94.4	-42%
Adjusted profit for the period[3]	33.6	34.0	-1%	54.4	48.6	12%
Number of employees[4]	6,417	5,821	10%	6,417	5,821	10%
R&D ratio (incl. capitalized expenses) as a %	3.0	3.1	-0.1PP	3.2	3.2	0.0PP
Share						
Earnings per share in €	0.48	1.14	-58%	0.78	1.35	-42%
Adjusted Earnings per share in €[3]	0.48	0.48	0%	0.78	0.69	13%
Dividends[5] per share in € (in brackets: special dividend)	0.60 (0.50)	0.60	0%	0.60 (0.50)	0.60	0%
Key profit figures						
Gross profit margin as a %	26.4	28.4	-2.0PP	26.0	27.3	-1.3PP
EBITDA margin as a %	15.7	16.3	-0.6PP	14.3	13.9	0.4PP
EBIT margin as a %	10.5	12.3	-1.8PP	8.9	9.5	-0.6PP
Cash flow						
Cash flow from operating activities	-29.1	6.1	-577%	-144.7	-35.3	310%
Cash flow from investment activities[6]	-14.0	50.5	-128%	-41.5	46.8	-189%
Investments (property, plant and equipment, intangible assets)	14.9	16.1	-7%	42.5	27.3	56%
Free cash flow[6]	-43.1	56.6	-176%	-186.2	11.5	-1719%
Cash flow from financing activities	71.1	-45.2	-257%	193.2	20.4	847%

	Jun. 30, 2019	Dec. 31, 2018	Change	Jun. 30, 2019	Jun. 30, 2018	Change
Key figures from the balance sheet						
Equity	1,187.6	1,221.4	-3%	1,187.6	1,170.3	1%
Equity ratio as a %	52.5	63.8	-11,3PP	52.5	65.0	-12.5PP
Net financial debt	484.3	204.7	137%	484.3	187.8	158%
Gearing as a %	40.8	16.8	24.0PP	40.8	16.0	24.8PP
Net working capital	858.4	643.9	33%	858.4	619.9	38%
Net working capital as a % of annualized revenue for the quarter	41.6	34.6	7.0PP	41.6	34.1	7.5PP

[1] Consolidated revenue before cash discounts.
[2] Adjusted for the extraordinary earnings contribution of EUR 54.8 million before taxes from the sale of a real estate company belonging to the Group.
[3] Adjusted for the extraordinary earnings contribution of EUR 45.8 million after taxes from the sale of a real estate company belonging to the Group.
[4] Including temporary workers.
[5] In addition to the dividend of EUR 0.60 per share for the 2018 fiscal year, an additional special dividend of EUR 0.50 per share was paid in connection with the positive one-off effect from the sale of a Group real estate company.
[6] Includes cash inflow of EUR 60.0 million from the sale of a real estate company belonging to the Group in 2018.
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.

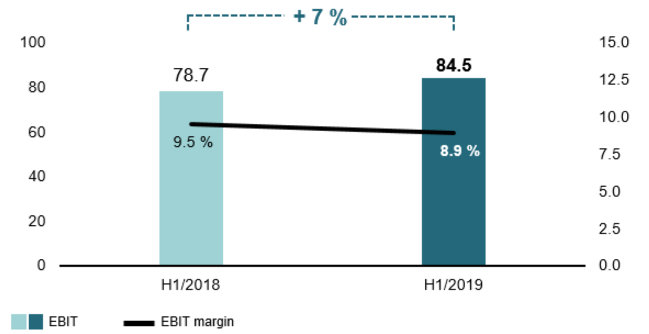
REVENUE DEVELOPMENT BY REGION

IN € MILLION



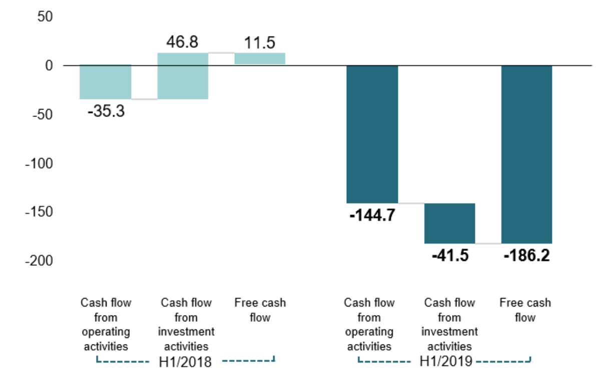
EBIT

IN € MILLION AS A %



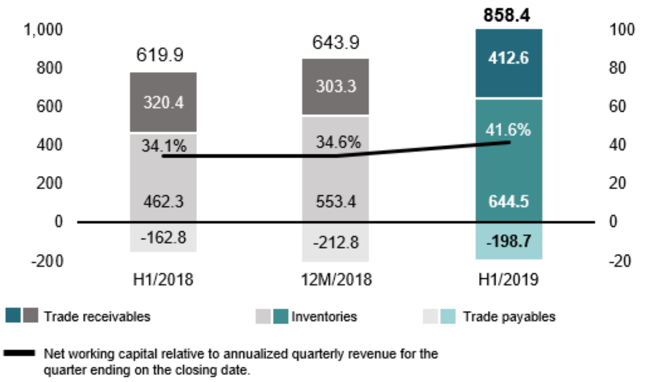
CASH FLOW

IN € MILLION



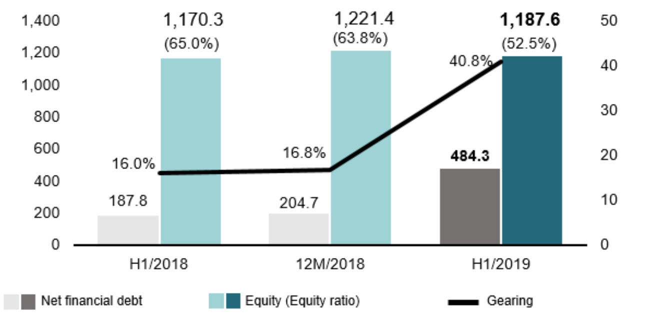
NET WORKING CAPITAL

IN € MILLION AS A %



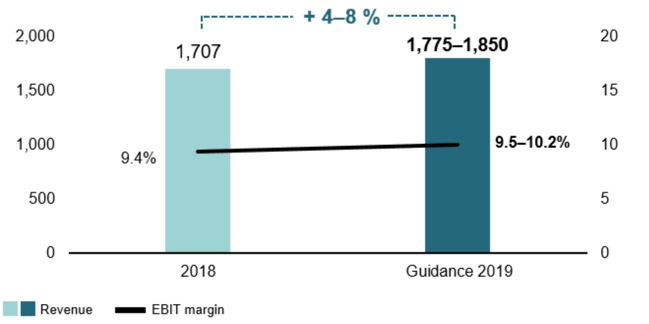
BALANCE SHEET RATIOS

IN € MILLION AS A %



GUIDANCE FOR FISCAL 2019

IN € MILLION AS A %



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Wilfried Trepels
CFO
Responsible for finance, audit, 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,

We continued on our growth path during the first six months of 2019. Revenue rose 15 percent relative to the prior-year period to reach another new record high of EUR 951 million. All three regions reported strong growth rates. This shows us that we are on the right track with our strategy of manufacturing “in the region, for the region”, and that our solutions meet the needs of our customers. We gained shares in numerous markets, frequently driven by our many product innovations that also resonated strongly with customers, business partners and prospects from all over the world at bauma, the leading international trade show, in April.

In 2018, we still had to contend with bottlenecks in the global supply chain. The situation eased considerably during the first half of 2019. However, reducing the number of unfinished machines that had built up as a result of these bottlenecks caused additional effort that had a temporary negative impact on productivity at our manufacturing plants. Profitability was further dampened by increased costs in production and logistics as well as ongoing restructuring measures at our production plant in the US. As a result, EBIT for the first half of the year rose 7 percent, but the EBIT margin was slightly below the prior-year figure of 9.5 percent at 8.9 percent. We expect profitability for the second half of the year to be above the previous year’s level. We anticipate positive impetus from the Americas region in particular as we are making good progress with our restructuring work there.

Despite growing signs of an economic slowdown, rising levels of uncertainty and an increasingly challenging market environment in recent times, the Wacker Neuson Group’s key target markets are in good shape. Order intake is at a high level thanks to strong demand from the construction industry in particular. As a result, we still expect revenue for 2019 as a whole to lie in the upper half of the projected range of EUR 1,775 to 1,850 million and the EBIT margin to amount to between 9.5 and 10.2 percent.

We would like to thank all of our colleagues for their enthusiasm and commitment in actively driving the success of our Group. 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 2019

Market and environment

Trends in the global economy
In 2019, the global economy has shown general signs of weakening. As a result, the International Monetary Fund (IMF) revised its global economic growth forecast downwards in April from 3.9 percent to 3.3 percent. The World Bank also adjusted its growth forecast down again in June to just 2.6 percent from the previous 2.9 percent. This downturn is being fueled by a range of political factors. The unresolved trade dispute between the US and China, persistent uncertainty surrounding Brexit and tensions in the Middle East are all key factors contributing to uncertainty. In contrast, the expansive monetary policies pursued by the Federal Reserve Bank and the European Central Bank (ECB) were a source of optimism on financial markets in the first half year.

The slowdown in growth is affecting emerging and developing countries just as much as industrial nations. According to the IMF, the stimulating effects of President Trump's tax reform in the US have already fizzled out. The eurozone has also slowed at a faster pace than expected. Concerns about a no-deal Brexit have had a major impact here. The IMF also expects growth in China to slow down to 6.3 percent in 2019, reflecting the trade dispute and tighter monetary policies. Although the German economy remained robust in the first quarter, largely driven by the booming construction industry and a rise in private consumption according to the Federal Statistical Office, a slowdown was evident in the second quarter. According to the business barometer published by the German Institute for Economic Research (DIW), gross domestic product (GDP) for the second quarter was only marginally higher than in the first three months of the year.

Trends in the construction equipment sector
Based on the latest available data from the German Engineering Federation (VDMA), the global construction equipment market was very heterogeneous in the first months of 2019. The key markets of North America, Europe and China reported a significant double-digit rise in sales in the first quarter, with China leading the way here with an increase of 23 percent. In contrast, South America, Africa, the Middle East and Oceania reported double-digit losses, which resulted in an overall rise of 11 percent (H1 2018: +25 percent).

According to the Committee for European Construction Equipment (CECE), revenue in the European construction equipment market continued to rise in the first quarter of 2019 following a very strong year in 2018. At 4 percent, however, the rise in revenue (compared with Q1 2018) was slightly lower than the increase in the previous year. The German construction equipment market reported a 9-percent rise in revenue for the same period and thus remained on its unbroken growth path since 2014.

Overall, the CECE expects revenue to grow by between 5 and 10 percent for the first half of the year in Europe. The second quarter benefited from an upswing in order intake triggered by bauma, the leading international trade fair. This was particularly evident among European customers. According to information from the association, the dynamic pace of growth in Europe caused by this short-term effect will reach its highpoint around the middle of 2019.

Trends in the agricultural technology sector
The mood in the agricultural equipment industry had cooled off significantly in the second half of 2018 according to the business climate index published by the European umbrella association for the agricultural machinery industry (CEMA), going on to show signs of consolidation at a strong level in Q1 2019.The upbeat mood among livestock farmers and optimistic expectations around market trends in France, Spain, Italy, Austria and Switzerland provided grounds for optimism across the industry. During the second quarter, however, trust in major markets such as Germany, the UK and Eastern European countries in particular eroded. At the same time, the outlook for livestock farming was now negative and could no longer compensate for the weak assessment of ongoing business in the tractor and harvesting equipment segments. Following a decline in order intake in June 2019, which initially meant that manufacturers could reduce the high order backlog that had built up over the preceding months, the business index deteriorated notably, falling to levels not seen since before the boom started at the beginning of 2017.

Latest developments from the first half of the year

Spotlight on zero emission and digital solutions at bauma 2019
At the start of the second quarter, the Group successfully exhibited at bauma – the leading international trade fair for the construction equipment industry, which is held every three years in Munich, presenting numerous new products and services to customers, business partners and prospects from around the world. Efficiency, digitalization and sustainability were highlight topics here. Reflecting its role as a pioneer in the field of electric mobility, the Group unveiled two new products in its zero emission range: the fully electric EZ26e mini excavator in the 2–3-ton class and the first battery-powered high-frequency internal vibrator for concrete compaction with a battery integrated in a backpack. Wacker Neuson is the only provider to offer customers a complete portfolio of electrically powered machines and equipment for work in environments that are highly sensitive to emissions.

Focusing on operator and construction site safety, the Group showcased the dual view wheel dumper that it launched in the fourth quarter of 2018. The operating and seat console can be rotated 180 degrees. Unlike conventional dumper models, this ensures that the operator can always drive straight ahead and has a clear view in the direction of travel.

Kramer presented its new 8145 T telescopic wheel loader in the 9–11-ton power class. The wheel loader's telescopic boom gives it greater overhead loading, lifting and dumping height and extra reach. The boom's compact design means that the operator always has a clear view of the attachment.

Wacker Neuson is raising the bar in digitalization in the construction equipment industry with innovations in its Smart Customer Solutions portfolio. The Group set up numerous digitalization stations at its bauma stand where visitors could find out more about its different digital solutions. The new digital services offering EquipCare uses telematics to optimize operating hours, consumption, the location of machines, maintenance intervals and operating costs for customers.

Visitors to the stand were able to try out a realistic driving simulator and experience how products are tested virtually before an initial prototype is even built. The OnSite Box was another smart solution on show at the Wacker Neuson stand. This innovation is designed to increase the short-term availability of machines on construction sites. The Group also showcased digital technology in its more conventional products: Wacker Neuson presented its autonomous DPU110r vibratory plate equipped with compaction control. This customer-centric solution is designed to increase efficiency on construction sites.

The Wacker Neuson Group stand drew large numbers of visitors on all days of the exhibition and the team held valuable talks with prospects, customers, dealers and key accounts.

Securing financing needs over the long term

On May 6, 2019, Wacker Neuson SE placed a promissory note (Schuldschein) in the amount of EUR 150 million. The promissory note was issued in two tranches of five and seven years, each with fixed interest rates and at attractive conditions. This has secured the long-term financing basis needed for the Group's growth plans set out in its Strategy 2022 initiative.

2019 Annual General Meeting

The Annual General Meeting of Wacker Neuson SE took place on May 29, 2019 in Munich.

Based on a share capital of 70,140,000 shares, 90.3 percent of voting rights were represented. The dividend payout proposed by the Executive Board and Supervisory Board amounting to EUR 0.60 per share for the previous fiscal year (previous year: EUR 0.60) was approved by shareholders. Shareholders also approved an additional special dividend payout in the amount of EUR 0.50 per share. This has given shareholders a stake in the one-off proceeds generated by the sale of a real-estate company held by the Group. The dividend payout thus amounted to EUR 77.2 million (previous year: EUR 42.1 million).

The actions of the Executive Board and the Supervisory Board were formally approved for fiscal 2018. Ernst & Young GmbH in Stuttgart was again appointed as the official auditor to review the Annual Financial Statements.

Capital market communication and share trends

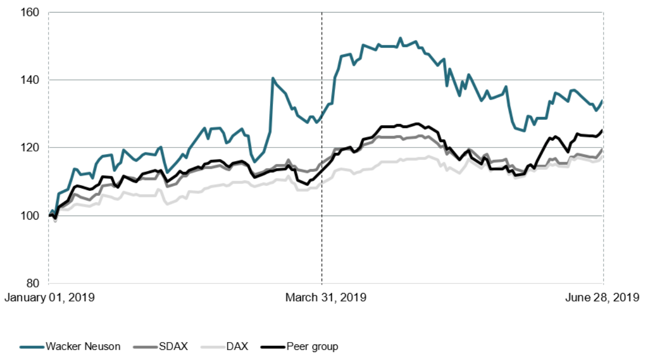
After falling in value by around 45 percent in the previous year, the Wacker Neuson share increased markedly from the start of the year onwards and, following publication of the results for fiscal 2018, reached an initial high point for the period of EUR 23.22 on March 14, 2019. The share was then further bolstered by positive industry news reporting a record-breaking bauma. Following temporary consolidation, the share reached its highest point for the period on April 24, when it was listed at EUR 25.18. Despite business developing positively in the first quarter, the share did not remain at this level. Uncertainties caused by the repeated failure of Brexit negotiations as well as growing trade tensions and fears of an accelerated downturn in the economy resulted in a marked consolidation.

The Wacker Neuson share closed at EUR 22.12 on the last trading day in the first half of the year (June 28). This is around 34 percent higher than at the close of 2018 (EUR 16.52). The share's peer group reported a rise in value of 25 percent over the same period, while the DAX (+17 percent) and SDAX (+20 percent) indices followed a less dynamic trajectory. At the close of the six-month period, market capitalization amounted to EUR 1.551 billion (with 70.14 million shares).

The Executive Board and the Investor Relations team informed 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 development of the Group's markets, business and strategic direction.

SHARE PRICE TRENDS JANUARY 1, 2019 THROUGH JUNE 30, 2019

AS A %



Peer group: Ashtead, Atlas Copco, Bauer, Caterpillar, Cramo, Deutz, DoosanBobcat, Haulotte, Husqvarna, John Deere, Komatsu, Manitou, Palfinger, Ramirent, Terex, United Rentals, Volvo

Profit, finances and assets

Revenue trends and cost of sales

In the first half of 2019, business developed positively for the Wacker Neuson Group, buoyed by strong demand in the construction and agricultural sectors. The Group won market shares in many regions with its innovative products distributed under the Wacker Neuson, Kramer and Weidemann brands. Bottlenecks in the global supply chain, which impacted the last three quarters of 2018 in particular, eased significantly.

In the first six months of 2019, revenue rose 15.2 percent to a new record high of EUR 950.7 million (H1/2018: EUR 825.1 million). Adjusted for currency effects, this corresponds to a rise of 13.7 percent. Development of the US dollar produced favorable tailwinds for the Group. The average exchange rate in the first six months of the year was EUR 1 to USD 1.13 (previous year: EUR 1 to USD 1.21).

During the first quarter of the year, the Group grew at a much faster rate than the previous year. It continued on this dynamic growth path in the second quarter, reporting a rise of 13.5 percent (12.1 percent when adjusted for currency effects). Revenue amounted to EUR 516.1 million (Q2/2018: EUR 454.6million).

The cost of sales rose 17.3 percent to EUR 703.8 million in the first half of 2019 mainly due to the growth in revenue (H1/2018: EUR 600.0 million). Gross profit rose 9.7 percent to EUR 246.9 million (H1/2018: EUR 225.1 million). The gross profit margin amounted to 26.0 percent and was thus lower than the figure for the previous year (H1/2018: 27.3 percent). In the second quarter, the gross profit margin was posted at 26.4 percent (Q2/2018: 28.4 percent).

Increased production and logistics costs had a negative impact here. These were caused, among other things, by a significant increase in production volumes and changes in the product mix. Ongoing restructuring measures at the US production plant in Menomonee Falls, Wisconsin, continued as planned in the first half of 2019 and also had a dampening effect on gross profit. However, the Group expects the progress that it has already made here to have a tangible positive impact on profitability in the second half of 2019. In the second half of the previous year, restructuring measures resulted in losses for the Group in the Americas. The Group also made good progress in reducing the unfinished inventory, which primarily built up as a result of material bottlenecks in 2018. However, re-handling of machines and the rework activities required resulted in additional effort that had a negative impact on productivity at the production plants.

Development of operating costs

Operating costs (expressed as the sum of all SG&A and R&D expenses) increased at a slower rate than revenue, rising 9.7 percent to EUR 169.0 million (H1/2018: EUR 154.0 million). Their share of revenue improved to 17.8 percent (H1/2018: 18.7 percent).

In the first six months of the year, sales and service expenses rose 13.5 percent compared with the previous year to EUR 110.8 million (H1/2018: EUR 97.6 million). This increase is primarily attributable to the increased volume of business and the leading international trade show bauma, which was held in Munich at the start of April. The rise in revenue, however, meant that sales and service expenses' share of revenue decreased slightly to 11.7 percent (H1/2018: 11.8 percent).

Research and development costs amounted to EUR 19.4 million (H1/2018: EUR 18.7 million). As a percentage of revenue, research and development costs (including capitalized R&D expenses) remained unchanged at 3.2 percent (H1/2018: 3.2 percent).

General administrative costs increased only slightly by 2.9 percent to EUR 38.8 million (H1/2018: EUR 37.7 million). Their relative share of revenue thus improved to 4.1 percent (H1/2018: 4.6 percent).

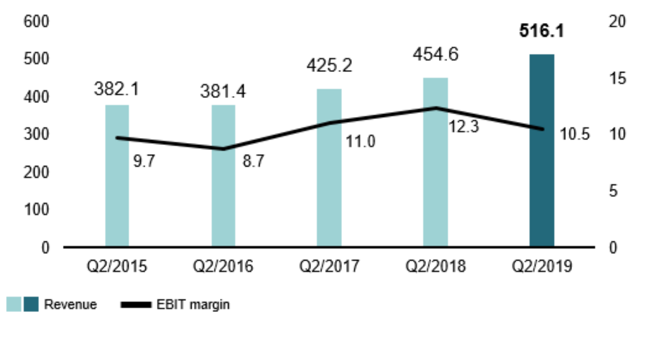
The balance from the items "Other income" and "Other expenses" amounted to EUR 6.6 million in the first half of the year and was thus lower than in the previous year (H1/2018: EUR 7.6 million). Profit for the previous year was bolstered in particular by income from the sale of property.

Profit before interest and tax (EBIT) for the first half year rose 7.4 percent to EUR 84.5 million (H1/2018: EUR 78.7 million). The EBIT margin was thus lower than the previous year (H1/2019: 8.9 percent; H1/2018: 9.5 percent). The lagging increase in SG&A and R&D expenses had a positive impact here but was not sufficient to compensate for the drop in the gross profit margin.

EBIT for the second quarter of 2019 fell slightly relative to the previous year to reach EUR 54.3 million (Q2/2018: EUR 55.7 million). The EBIT margin amounted to 10.5 percent (Q2/2018: 12.3 percent). In addition

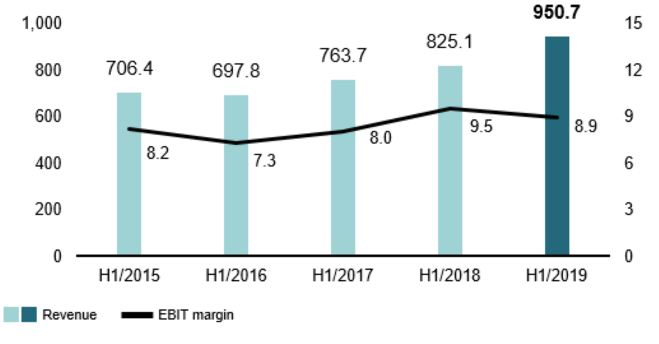
QUARTERLY DEVELOPMENT OF REVENUE AND EBIT MARGIN Q2 2015-2019

IN € MILLION AS A %



DEVELOPMENT OF REVENUE AND EBIT MARGIN H1 2015-2019

IN € MILLION AS A %



to the factors mentioned above that impacted gross profit, an unfavorable regional and product mix squeezed profitability further in the second quarter. Furthermore, profit for the same quarter in the previous year was positively impacted by the sale of property.

Depreciation and amortization amounted to EUR 51.1 million for the first six months of the year and EUR 26.7 million for the second quarter, and was thus significantly higher than in the previous year (H1/2018: EUR 36.4 million; Q2/2018: EUR 18.6 million). This rise was mainly due to the initial application of IFRS 16, which increased property, plant and equipment recognized by the Group by around EUR 75.5 million relative to June 30, 2018. Write-downs on property, plant and equipment and intangible assets thus amounted to EUR 31.0 million in the first half of the year and EUR 16.2 million in the second quarter of the year (H1/2018: EUR 19.7 million; Q2/2018: EUR 10.0 million). Write-downs on the Group's rental equipment totaled EUR 20.1 million in the first half of the year and EUR 10.5 million in the second quarter (H1/2018: EUR 16.7 million; Q2/2018: EUR 8.6 million).

Financial result and profit for the period
The financial result for the period under review amounted to EUR -4.7 million (H1/2018: EUR -5.3 million). This figure was positively impacted by currency effects in connection with evaluations relative to the previous year in the amount of EUR 2.2 million. In contrast, interest income was EUR 1.6 million lower than the previous year.

Profit before tax (EBT) for the first six months of the year was EUR 79.8 million (H1/2018: EUR 128.2 million). In the previous year, Wacker Neuson SE sold a real-estate company held by the Group. The sale generated one-off profit before tax of EUR 54.8 million in the second quarter. After tax, profit amounted to EUR 45.8 million. Adjusted for this effect, EBT rose 8.7 percent in the first six months of the year (adjusted EBT H1/2018: EUR 73.4 million).

Tax expenditure came to EUR 25.4 million in the first half of 2019 (H1/2018: EUR 33.8 million), which corresponds to a tax rate of 31.8 percent (H1/2018: 26.4 percent). The sale of the real-estate company described above had a positive impact on the tax rate in the previous year. Loss carry-forwards for individual Group affiliates for which no deferred taxes were capitalized also pushed this figure up slightly in the first half of 2019.

Profit for the first six months of the year amounted to EUR 54.4 million (H1/2018: EUR 94.4 million). This corresponds to earnings per share of EUR 0.78 based on 70.14 million ordinary shares (H1/2018: EUR 1.35). Profit for the second quarter of 2019 amounted to EUR 33.6 million (Q2/2018: EUR 79.8 million). Earnings per share was posted at EUR 0.48 (Q2/2018: EUR 1.14).

When profit for the prior-year period is adjusted for the sale of the real-estate company, profit for the first half of 2019 rose 11.9 percent relative to H1 2018 (adjusted profit for H1/2018: EUR 48.6 million). Profit for the second quarter decreased 1.2 percent (adjusted profit for Q2/2018: EUR 34.0 million). Based on adjusted figures, earnings per share in the first six months of the year rose 13.0 percent (adjusted earnings per share H1/2018: EUR 0.69). Earnings per share in the second quarter remained unchanged at EUR 0.48 (adjusted earnings per share Q2/2018: EUR 0.48).

Financial position

Cash flow developments
At EUR -144.7 million for the first half of 2019 and EUR -29.1 million for Q2, cash flow from operating activities was significantly lower than the previous year (H1/2018: EUR -35.3 million; Q2/2018: EUR 6.1 million). This was primarily attributable to increased inventory and a rise in trade receivables (refer to "Net working capital[1] developments", page 7).

In contrast, gross cash flow for the first half of the year was higher than the prior-year figure and amounted to EUR 91.3 million before investments in net working capital (H1/2018: EUR 63.1 million). Key effects here included the higher profit before interest and tax (when adjusted for the sale of the real-estate company) and a smaller rise in long-term dealer financing solutions in the US than the previous year.

Cash flow from investment activities amounted to EUR -41.5 million in the first six months of the year (H1/2018: EUR 46.8 million) and EUR -14.0 million in the second quarter (Q2/2018: EUR 50.5 million). The figure for the previous year includes cash inflow of EUR 60.0 million from the sale of a real-estate company belonging to the Group.

The Group made investments in the total amount of EUR 42.5 million in the first six months of 2019 (H1/2018: EUR 27.3 million), of which EUR 18.6 million was channeled into property, plant and equipment (H1/2018: EUR 15.2 million). In addition to investments to

FINANCIAL POSITION
IN € MILLION

	Q2/2019	Q2/2018	H1/2019	H1/2018
Cash flow from operating activities	-29.1	6.1	-144.7	-35.3
Cash flow from investment activities	-14.0	50.5	-41.5	46.8
Free cash flow	**-43.1**	**56.6**	**-186.2**	**11.5**
Cash flow from financial activities	71.1	-45.2	193.2	20.4
Effect of exchange rates on cash and cash equivalents	-0.3	–	0.1	-0.3
Change in cash and cash equivalents	**27.7**	**11.4**	**7.1**	**31.6**
Cash and cash equivalents at beginning of period	23.2	47.5	43.8	27.3
Cash and cash equivalents at end of period	**50.9**	**58.9**	**50.9**	**58.9**

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

replace existing equipment, this includes in particular investments to expand production and logistics facilities. Investments in intangible assets increased to EUR 15.1 million (H1/2018: EUR 12.1 million). This rise was largely due to an increase in capitalizations from IT and development projects. Additionally, the Group acquired a minority interest in the amount of EUR 8.8 million in order to strengthen its sales network in the US.

At the close of the first six months of 2019, free cash flow amounted to EUR -186.2 million (H1/2018: EUR 11.5 million). Free cash flow in the second quarter was EUR -43.1 million (Q2/2018: EUR 56.6 million).

Cash flow from financing activities amounted to EUR 193.2 million for the first six months of the year (H1/2018: EUR 20.4 million). This figure was impacted in particular by the placement of a promissory note (Schuldschein) in the amount of EUR 150 million and an increase in short-term liabilities to financial institutions.

The total amount paid out for the dividend of EUR 1.10 per share approved by the AGM came to EUR 77.2 million (H1/2018: EUR 42.1 million, EUR 0.60 per share). This figure includes an additional special dividend in the amount of EUR 0.50 per share, which gives shareholders a stake in the sale of a real-estate company held by the Group.

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.

Assets

Net working capital developments
Compared with the start of the year, net working capital rose 33.3 percent to EUR 858.4 million (December 31, 2018: EUR 643.9 million). Compared with the previous year, this item rose 38.5 percent (June 30, 2018: EUR 619.9 million). The ratio of net working capital to annualized revenue based on Q2/2019 rose to 41.6 percent (Q2/2018: 34.1 percent).

Inventory levels of machines and raw materials and supplies rose 16.5 percent in the first half of the year to EUR 644.5 million (December 31, 2018: EUR 553.4 million; June 30, 2018: EUR 462.3 million). Days inventory outstanding (DIO) amounted to 155 days (June 30, 2018: 130 days). In response to the positive market and order situation as well as the leading international trade show bauma, which was held in Munich in April, the Group built up more inventory than in previous years. The inventory also includes pre-buy engines which the Group has held in stock specifically for the transition to the EU Stage V emissions standard in Europe. The Group will install these in machines and bring these to market by the end of 2020. Furthermore, the Executive Board introduced measures aimed at significantly reducing inventory of finished machines over the coming months. These include reducing production output at several production plants. The Group is aiming for a DIO figure of 125 days, to be achieved in steps by the end of 2020.

Trade receivables increased to EUR 412.6 million (December 31, 2018: EUR 303.3 million; June 30, 2018: EUR 320.4 million). The days sales outstanding increased from 64 days in the previous year to 73 days. In addition to the increase in revenue, this figure was impacted in particular by the expansion of the dealer network in the US as well as the extension of some payment terms in Europe. Trade payables amounted to EUR 198.7 million at the closing date due to the increased purchasing volume and were thus higher than the previous year (June 30, 2018: EUR 162.8 million; December 31, 2018: EUR 212.8 million). Days payable outstanding increased from 46 days to 48 days.

Development of key balance sheet items
The balance sheet total increased to EUR 2,262.6 million at the close of the first six months of the year (December 31, 2018: EUR 1,914.2 million; June 30, 2018: EUR 1,800.9 million).

Non-current assets totaled EUR 933.2 million (December 31, 2018: EUR 822.4 million; June 30, 2018: EUR 772.4 million). This was primarily attributable to the initial application of IFRS 16 and the subsequent first-time recognition of right-of-use assets in the amount of EUR 75.5 million.

Current assets amounted to EUR 1,329.4 million at the end of the first half of the year (December 31, 2018: EUR 1,091.8 million; June 30, 2018: EUR 1,028.5 million). This rise mainly resulted from the above-mentioned developments in inventories and trade receivables as well as the expansion of the Group's rental fleet.

NET FINANCIAL DEBT
IN € MILLION

	Jun. 30, 2019	Dec. 31, 2018	Jun. 30, 2018 adjusted
Long-term financial borrowings	364.1	214.7	210.8
Short-term liabilities to financial institutions	168.3	33.8	35.9
Current portion of long-term borrowings	2.8	–	–
Cash and cash equivalents	-50.9	-43.8	-58.9
Total net financial position	**484.3**	**204.7**	**187.8**
Gearing as a %	**40.8**	**16.8**	**16.0**

NET WORKING CAPITAL
IN € MILLION

	Jun. 30, 2019	Dec. 31, 2018	Changes	Jun. 30, 2018 adjusted	Changes
Inventory	644.5	553.4	16%	462.3	39%
+ Trade receivables	412.6	303.3	36%	320.4	29%
- Trade payables	198.7	212.8	-7%	162.8	22%
Net Working capital	858.4	643.9	33%	619.9	38%
Net working capital / annualized quarterly revenue	**41.6%**	**34.6%**	**7.0PP**	**34.1%**	**7.5PP**

Non-current liabilities amounted to EUR 531.3 million at June 30, 2019 (December 31, 2018: EUR 310.1 million; June 30, 2018: EUR 300.8 million). The promissory note (Schuldschein) in the amount of EUR 150 million placed by the Group in May and the EUR 56.6 million in non-current lease liabilities to be accounted for as a result of the initial application of IFRS 16 played a key role here.

Current liabilities rose to EUR 543.7 million at the end of the period under review (December 31, 2018: EUR 382.7 million; June 30, 2018: EUR 329.8 million). This rise was mainly attributable to the increase in short-term liabilities to financial institutions and the recognition on the balance sheet of short-term lease liabilities in the amount of EUR 24.2 million in accordance with IFRS 16.

Group equity amounted to EUR 1,187.6 million at the end of the reporting period (December 31, 2018: EUR 1,221.4 million; June 30, 2018: EUR 1,170.3 million). The equity ratio was 52.5 percent (December 31, 2018: 63.8 percent; June 30, 2018: 65.0 percent), which is still high relative to industry peers. The drop in equity ratio was primarily due to the increased balance sheet total. In addition, the initial recognition of lease liabilities in line with IFRS 16 further reduced the equity ratio by around 2 percentage points. Furthermore, amendments to valuation assumptions related to provisions for pensions and the underlying interest rate also had an effect. This last factor is recognized in the statement of comprehensive income. The Group's share capital remained unchanged at EUR 70.14 million.

Net financial debt

Net financial debt[1] increased significantly since the start of the year to EUR 484.3 million as a result of the clearly negative free cash flow (December 31, 2018: EUR 204.7 million; June 30, 2018: EUR 187.8 million). Gearing[2] increased from 16.8 percent since the start of the year to 40.8 percent at the interim closing date (June 30, 2018: 16.0 percent). The definition of net financial debt as applied by Wacker Neuson SE does not include lease liabilities in accordance with IFRS 16.

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

Off-balance-sheet assets and financial instruments

In addition to the assets shown in the consolidated balance sheet, the Group also makes limited use of assets not recognized in the balance sheet. This generally refers to leased assets that are not capitalized in the balance sheet of the lessee due to the short-term nature of the lease or the low carrying amount as per IFRS 16. The Group partly utilizes off-balance-sheet financial instruments such as factoring.

[1] 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.
[2] Gearing = net financial debt/equity.

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

Europe
At 72.9 percent, Europe again accounted for the lion's share of Wacker Neuson Group revenue in the first half of 2019 (H1/2018: 72.6 percent of total revenue). The Group was able to build on its positive performance in the previous year and push revenue up 15.5 percent to EUR 692.3 million in the first six months of the year (H1/2018: EUR 599.2 million). This corresponds to a rise of 15.6 percent when adjusted for currency effects.

Group revenue for Europe amounted to EUR 375.6 million in the second quarter of 2019 (Q2/2018: EUR 331.4 million), which is a 13.3-percent increase on the previous year. Adjusted for currency effects, this corresponds to an increase of 13.4 percent.

Profit before interest and tax (EBIT)[2] for the first half of the year is posted at EUR 104.0 million and is thus 19.4 percent higher than in the previous year (H1/2018: EUR 87.1 million).

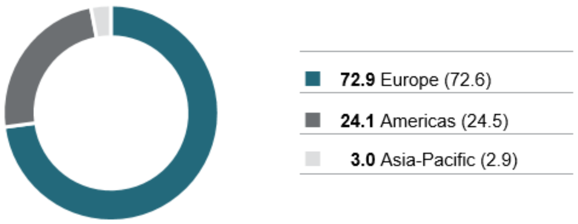
The Group benefited from strong demand in the construction industry in the majority of European countries, in particular in Germany, France, England, Poland, Austria, Italy and Spain. The Group was able to make significant gains in England in particular with its dual view dumper. The operating and seat console can be rotated 180 degrees, which – unlike conventional dumper models – ensures that the operator can always drive straight ahead and has a clear view in the direction of travel, which significantly improves safety on construction sites. The model is currently being launched in other markets.

The Group's business with major European customers developed positively and expanded significantly thanks to an increase in orders placed at the leading international trade fair bauma. As planned, the OEM business involving mini excavators for Caterpillar decreased markedly in comparison with the previous year. Wacker Neuson had been producing machines for Caterpillar since 2010 as part of a strategic alliance with the company. As reported, the alliance was terminated in May 2018, although the Group continues to supply selected models.

In its business with machines for the agricultural sector, the Group reported above-par revenue growth for its Weidemann and Kramer brands. This also contributed to the region's positive development. Refer to the compact equipment segment, page 11.

Americas
Revenue for the Americas rose markedly in the first half of the year, increasing 13.7 percent to EUR 229.5 million (H1/2018: EUR 201.8 million). At 24.1 percent, however, the region's share of total revenue decreased slightly due to strong gains in Europe (H1/2018: 24.5 percent). Adjusted for currency effects, revenue rose 7.2 percent.

REVENUE BY REGION H1/2019
AS A % (H1/2018)



Revenue for the second quarter of 2019 rose 13.5 percent to EUR 125.0 million (Q2/2018: EUR 110.1 million). Adjusted for currency effects, this corresponds to a rise of 7.7 percent.

This growth was fueled by continued strong demand in the North American rental industry and by the Group's ongoing progress in expanding the independent dealer network. In line with its strategy for the region, the Group is focusing on developing anchor dealers that operate multiple branch offices. This will reduce the overall number of dealers in the medium term while at the same time expanding the Group's reach in the region.

REGIONAL DEVELOPMENTS IN REVENUE AND EBIT
IN € MILLION

	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Europe		Americas		Asia-Pacific		Consolidation		Group	
H1										
Revenue	692.3	599.2	229.5	201.8	28.9	24.1			950.7	825.1
EBIT	104.0	87.1	5.8	2.0	-1.1	-2.2	-24.2	-8.2	84.5	78.7
EBIT margin (%)	15.0	14.5	2.5	1.0	-3.8	-9.1			8.9	9.5
Q2										
Revenue	375.6	331.4	125.0	110.1	15.5	13.1			516.1	454.6
EBIT	57.9	50.9	3.3	0.6	0.6	-1.5	-7.5	5.7	54.3	55.7
EBIT margin (%)	15.4	15.4	2.6	0.5	3.9	-11.5			10.5	12.3

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

Profit before interest and tax (EBIT)[1] for the Americas region improved to EUR 5.8 million in the first half year (H1/2018: EUR 2.0 million). This corresponds to an EBIT margin of 2.5 percent (H1/2018: 1.0 percent). This is still much lower than the Group's medium-term goal of a higher single-digit percentage. In the first six months of 2019, profit was impacted by ongoing restructuring measures for production and logistics. The Group has made good progress here, however, and expects to see a marked improvement in the second half of the year. In the second half of 2018, the Group still posted significant losses in this region.

Asia-Pacific

Revenue for the first half of 2019 in Asia-Pacific grew 19.9 percent to EUR 28.9 million (H1/2018: EUR 24.1 million). This corresponds to a rise of 19.5 percent when adjusted for currency effects. The region's share of total revenue remained almost unchanged at 3.0 percent (H1/2018: 2.9 percent).

Revenue for the second quarter in this region rose 18.3 percent to EUR 15.5 million (Q2/2018: EUR 13.1 million). When adjusted for currency effects, revenue rose 18.3 percent.

In China, the Group reported high double-digit revenue growth on both a quarterly and half-year basis, driven by production ramp-up at the Pinghu plant, which opened in January 2018. In contrast, business in Australia developed slightly below expectations.

Profit before interest and tax (EBIT)[1] for Asia-Pacific amounted to EUR -1.1 million (H1/2018: EUR -2.2 million). The improvement in profit was primarily attributable to the scheduled production ramp-up at the facility in Pinghu and a positive effect from the resolution of a legal dispute. During the second quarter, however, the Group faced a significant increase in price pressure in the Chinese mini excavator market.

Effects of consolidation

In the first half of the year, interim profit in the amount of EUR 24.2 million was eliminated (H1/2019: EUR 8.2 million). This was mainly due to the strong build-up of inventory.

Results for the light equipment, compact equipment and services segments

REVENUE BY BUSINESS SEGMENT[1] H1/2019
AS A % (H1/2018)

[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.

Strong performance in the core markets of Europe and North America pushed revenue[2] up to EUR 247.1 million in the first six months of the year. This corresponds to a rise of 7.4 percent, or 4.3 percent when adjusted for currency effects (H1/2018: EUR 230.1 million). Currency effects play a bigger role here than in the two other business segments as the light equipment segment has a wider international footprint. This segment's share of total revenue[2] dropped to 25.7 percent due to strong growth in the compact equipment segment (H1/2018: 27.6 percent).

During the second quarter, the pace of growth[2] accelerated to 8.2 percent, resulting in revenue of EUR 137.3 million (Q2/2018: EUR 126.9 million). Adjusted for currency effects, revenue increased 5.4 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, compact track loaders and telescopic handlers, as well as wheel dumpers and backhoe loaders.

REVENUE BY BUSINESS SEGMENT
IN € MILLION

	Q2/2019	Q2/2018	Change	H1/2019	H1/2018	Change
Light equipment	137.3	126.9	8.2%	247.1	230.1	7.4%
Compact equipment	292.1	247.0	18.3%	537.9	444.1	21.1%
Services	93.2	86.4	7.9%	175.5	159.6	10.0%
	522.6	460.3	13.5%	960.5	833.8	15.2%
Less cash discounts	-6.5	-5.7	14.0%	-9.8	-8.7	12.6%
Total	**516.1**	**454.6**	**13.5%**	**950.7**	**825.1**	**15.2%**

[1] Before consolidation.

[2] Before cash discounts.

Fueled by strong demand in the construction and agricultural industries, revenue[1] for the compact equipment segment rose 21.1 percent to EUR 537.9 million in the first half of the year (H1/2018: EUR 444.1 million). Adjusted for currency effects, this corresponds to a rise of 20.1 percent. The compact equipment segment's share of total revenue[1] for the period under review rose to 56.0 percent (H1/2018: 53.3 percent).

Segment revenue[1] for the second quarter of 2019 rose 18.3 percent relative to the previous year to reach EUR 292.1 million (Q2/2018: EUR 247.0 million). Adjusted for currency effects, this is a rise of 19.7 percent.

Revenue[1] generated by agricultural equipment increased above par at 31.8 percent to reach EUR 152.0 million in the first half of 2019 (H1/2018: EUR 115.3 million). Agricultural compact equipment's share of total Group revenue thus amounted to 16.0 percent (H1/2018: 13.8 percent). Revenue for the second quarter increased 23.2 percent to EUR 78.0 million (Q2/2018: EUR 63.3 million). The above-par increase was attributable to positive developments with the Weidemann and Kramer brands. Whereas Weidemann already has a dense network of dealers – particularly in Central Europe – Kramer's agricultural sales network is currently being expanded. In 2017, Kramer entered into a partnership with US-based John Deere to aid its expansion. The strategic alliance covers the distribution of wheel loaders, tele wheel loaders and telescopic handlers for the agricultural sector. Featuring the Kramer design and brand, the machines will initially be distributed in Europe via the John Deere dealer network. The collaboration started in 2017 and has developed very positively since then. Kramer succeeded in winning over yet more dealers in the first half of 2019.

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 to support its products. 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 2019 rose by a total of 10.0 percent to EUR 175.5 million (H1/2018: EUR 159.6 million). Adjusted for currency effects, revenue rose 8.8 percent. At 18.3 percent, the segment's share of total revenue[1] remained at a similar level (H1/2018: 19.1 percent).

Segment revenue1 for the second quarter rose 7.9 percent relative to the previous year to reach EUR 93.2 million (Q2/2018: EUR 86.4 million). Adjusted for currency effects, this is a rise of 6.6 percent.

Other factors that impacted on results

Headcount trends

During the first half of 2019, headcount increased slightly relative to the figure at the end of 2018. The rise in personnel was mainly due to new hires at the production plants. This was primarily a result of production ramp-up at the Chinese plant in Pinghu, which was opened in January 2018, and extra shifts at European factories required to reduce the number of unfinished machines and handle increased volumes caused by a rise in demand. At the interim closing date, the Group employed a total of 6,417 people. This is a 3.7-percent increase on the figure at the close of 2018 (December 31, 2018: 6,190; June 30, 2018: 5,821).[2]

Changes to production plants

In 2018, the Group integrated its plants at Norton Shores (USA) and Manila (Philippines) into the larger sites at Menomonee Falls (USA) and Pinghu (China) as part of its efforts to optimize production capacities and logistics processes. The Group continued to build on its efforts here and further rationalized its network of plants in the first half of 2019. The Group closed its plant in Itatiba (Brazil), which focused primarily on the assembly of mobile generators for the rental market in South America. Despite this closure, Wacker Neuson will continue to provide its customers in South America with mobile generators produced to the same high quality levels.

EU Stage V emissions standard comes into force

Statutory exhaust emissions regulations have a major impact on the sale of 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 V of Directive 97/68/EC in Europe are currently the strictest standards worldwide. Less stringent emissions regulations are generally in force in other markets.

On January 1, 2019, the EU Stage V emissions standard came into force in Europe. Stage V also covers power categories under 19 kW and over 56 kW for the first time. The 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, a transition period of 24 months has been agreed so that manufacturers can continue putting equipment with EU Stage IV engines on the market.

Despite this concession, EU Stage V remains a major challenge for all manufacturers and their suppliers, especially as it necessitates 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 also directly affected by EU Stage V as the different technological solutions require new developments for many machines. The Group has made thorough preparations for the transition to the new emissions stage in recent years and has built up an appropriate stock of pre-buy engines for the 24-month transition phase, due to be brought to market by the end of 2020.

[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.

Changes to the opportunity and risk situation

Compared with the opportunities and risks outlined in the 2018 Annual Report, risk exposure has decreased during the period under review. Significant changes have occurred in the following risk categories compared with the situation at the close of 2018:

- Financial risks
- Operational risks

Financial risks
The risks resulting from currency transactions and transactions in foreign currencies as well as the potential losses on bank deposits have decreased. This development was strongly influenced by the Wacker Neuson Group's systematic hedging strategy as well as a stable EUR/USD exchange rate in the first half of 2019.

Operational risks
The risks in the procurement market related to the on-time delivery of parts for production were estimated to be significantly higher at the close of 2018. The supply situation has eased markedly in recent months. This has caused a significant reduction in bottlenecks that could lead to longer delivery times for machines and spare parts.

In the period under review, there were no changes to the other risks described in the 2018 Annual Report on pages 77 to 83. 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 on page 91 of the 2018 Annual Report and in the Outlook section of this interim management report.

Outlook

Prospects for the global construction equipment market dampened
Following a strong first quarter in 2019 and high order intake linked to the leading international trade show bauma, the situation in the industry had returned to normal levels in June, according to information provided by the Committee for European Construction Equipment (CECE). Despite order intake continuing to rise slightly in Europe, the mood across the industry has deteriorated further due to more pessimistic future expectations according to the business barometer published by the CECE. Future business expectations remain cautiously positive but have reached the lowest level in two and a half years. With the construction sector expanding on a global scale, however, the German Engineering Federation (VDMA) believes that sales for the year as a whole could rise by 5 percent across international markets. The association expects the market in Europe to cool in the second half of 2019 and revenue to stagnate or fall slightly. This comes on the back of a prolonged upturn and also reflects the impact of political and macroeconomic uncertainties. For German manufacturers, the VDMA expects revenue to increase by between 0 and 5 percent.

Dampened prospects for the European agricultural equipment sector
According to the business barometer published by the European umbrella association for the agricultural machinery industry (CEMA), the mood in the European agricultural equipment sector has deteriorated significantly following the June downward turn in order intake. Nevertheless, the industry remains positive for 2019 as a whole and expects revenue to increase by an average of 3 percent. According to the June edition of the business barometer published by the German Farmers' Association, the investment spend earmarked by agricultural landholders in Germany for the second half of the year is in fact slightly higher than the prior-year figure. This is primarily due to upcoming investments in yard and stable equipment. Planned investments in machines and equipment was around the same level as the previous year.

Revenue and earnings guidance for 2019 confirmed
Geopolitical risks such as the unresolved trade dispute between the US and China, ongoing uncertainty about Brexit and tensions in the Middle East continue to have a negative impact on the global economic climate. Despite these risks and signs of a temporary economic slowdown, the underlying trend towards deployment of compact equipment in construction and agriculture remains intact. The Group benefits here from global megatrends such as population growth, urbanization and climate change. Each of these factors helps drive long-term demand for compact and environmentally sound machines.

Despite an increasingly challenging market environment in recent times, the Wacker Neuson Group's key target markets are in good shape in summer 2019. Order intake continues to be at a high level thanks to strong demand from the construction industry in particular. The Executive Board still expects revenue for 2019 as a whole to reach the upper half of the projected range of EUR 1,775 to EUR 1,850 million (2018: EUR 1,707 million). This corresponds to a rise of 6 to 8 percent.

The Group expects profitability for the second half of the year to be much stronger than in the previous year. It anticipates positive impetus from the Americas in particular as this region posted a markedly negative EBIT figure of EUR -10.7 million for the third and fourth quarters of 2018. This was due to extensive restructuring measures, which also dampened profit in the first half of 2019. These measures included a significant reduction in vertical integration at the US production plant and the consolidation of multiple logistics sites for raw and finished materials. In addition to this, the Group closed its Brazilian generator plant in the first half of 2019. This facility had recently being operating at a loss.

The Executive Board still expects the Group EBIT margin for 2019 as a whole to lie between 9.5 and 10.2 percent (2018: 9.4 percent).

The Group has thus confirmed its previous revenue and earnings guidance and expects to achieve these results provided that no external factors have a substantial negative impact on the global economy.

Despite targeted efforts to reduce inventory, net working capital expressed as a percentage of revenue was at a high level at the closing date of June 30, 2019. As such, the Group expects it to be slightly higher than the prior-year figure (2018: 37.7 percent). Previously, this ratio was expected to be slightly lower than the previous year.

For the current fiscal year, the Group has earmarked around EUR 100 million in total for investments[1] (2018: EUR 73.3 million).

Munich, August 2, 2019

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

JANUARY 1 THROUGH JUNE 30

IN € MILLION

	Apr. 1 – Jun. 30, 2019	Apr. 1 – Jun. 30, 2018 adjusted	Jan. 1 – Jun. 30, 2019	Jan. 1 – Jun. 30, 2018 adjusted
Revenue	516.1	454.6	950.7	825.1
Cost of sales	-380.1	-325.7	-703.8	-600.0
Gross profit	**136.0**	**128.9**	**246.9**	**225.1**
Sales and service expenses	-57.0	-50.1	-110.8	-97.6
Research and development expenses	-9.7	-10.0	-19.4	-18.7
General administrative expenses	-19.4	-18.4	-38.8	-37.7
Other income	4.9	5.6	7.3	8.0
Other expenses	-0.5	-0.3	-0.7	-0.4
Profit before interest and tax (EBIT)	**54.3**	**55.7**	**84.5**	**78.7**
Income from the sale of a real-estate company	–	54.8	–	54.8
Financial income	4.9	3.4	6.0	5.5
Financial expenses	-9.3	-6.3	-10.7	-10.8
Profit before tax (EBT)	**49.9**	**107.6**	**79.8**	**128.2**
Taxes on income	-16.3	-27.8	-25.4	-33.8
Profit for the period	**33.6**	**79.8**	**54.4**	**94.4**
Of which are attributable to:				
Shareholders in the parent company	33.6	79.8	54.4	94.4
Minority interests	–	–	–	–
	33.6	**79.8**	**54.4**	**94.4**
Earnings per share in € (diluted and undiluted)	**0.48**	**1.14**	**0.78**	**1.35**

In fiscal 2019, expenses for service technicians are reported under cost of sales (previously: personnel costs were reported under cost of sales while expenses for pro-rata property, plant and equipment costs were reported under sales expenses). There was also a change to the cost of sales line relating to incidental acquisition costs for inventories, based on the adjustments made on December 31, 2018 for the reference year. This had a positive effect on profitability. Refer to the note "Changes to accounting and valuation methods, adjustments to accounting estimates and correction of errors" in the Notes to the Consolidated Financial Statements for further information. Prior-year figures have been adjusted accordingly.

Consolidated Statement of Comprehensive Income

JANUARY 1 THROUGH JUNE 30

IN € MILLION	Apr. 1 – Jun. 30, 2019	Apr. 1 – Jun. 30, 2018 adjusted	Jan. 1 – Jun. 30, 2019	Jan. 1 – Jun. 30, 2018 adjusted
Profit for the period	**33.6**	**79.8**	**54.4**	**94.4**
Other comprehensive income				
Other comprehensive income to be recognized in the income statement for subsequent periods				
Exchange differences	-3.3	10.1	1.9	4.1
Cash flow hedges	-1.9	-0.7	-1.2	-0.6
Effect of taxes on income	0.3	–	0.3	-0.1
Other comprehensive income to be recognized in the income statement for subsequent periods	**-4.9**	**9.4**	**1.0**	**3.4**
Other comprehensive income not to be recognized in the income statement for subsequent periods				
Actuarial gains/losses from pension obligations	-7.6	0.8	-11.2	0.9
Effect of taxes on income	2.1	–	3.1	–
Financial assets measured at fair value through other comprehensive income	-0.5	–	-0.5	–
Other comprehensive income not to be recognized in the income statement for subsequent periods	**-5.5**	**0.8**	**-8.6**	**0.9**
Other comprehensive income after tax	**-10.4**	**10.2**	**-7.6**	**4.3**
Total comprehensive income after tax	**23.2**	**90.0**	**46.8**	**98.7**
Of which are attributable to:				
Shareholders in the parent company	23.2	90.0	46.8	98.7
Minority interests	–	–	–	–
	23.2	90.0	46.8	98.7

There was a change to the cost of sales line relating to incidental acquisition costs for inventories based on the adjustments made on December 31, 2018 for the reference year. This had a positive effect on profitability. Refer to the note “Changes to accounting and valuation methods, adjustments to accounting estimates and correction of errors” in the Notes to the Consolidated Financial Statements for further information. Prior-year figures have been adjusted accordingly. In fiscal 2019, the regular impairment test showed impairment losses in the amount of EUR 0.5 million. This was related to a minority shareholding in Austria and is reported under “Measured at fair value with changes recognized in equity”. Refer to “Additional information on financial instruments” for further information.

Consolidated Balance Sheet

AS AT JUNE 30

IN € MILLION

	Jun. 30, 2019	Dec. 31, 2018 adjusted	Jun. 30, 2018 adjusted
Assets			
Property, plant and equipment	375.6	294.6	290.5
Property held as financial investment	25.6	25.8	26.2
Goodwill	237.9	237.8	237.6
Intangible assets	150.3	143.5	131.0
Deferred tax assets	47.7	40.2	34.8
Other non-current financial assets	95.9	78.8	52.0
Other non-current non-financial assets	0.2	1.7	0.3
Total non-current assets	**933.2**	**822.4**	**772.4**
Rental equipment	174.7	149.4	143.6
Inventories	644.5	553.4	462.3
Trade receivables	412.6	303.3	320.4
Tax offsets	1.1	0.4	5.8
Other current financial assets	18.3	16.2	10.3
Other current non-financial assets	24.5	22.5	21.5
Cash and cash equivalents	50.9	43.8	58.9
Non-current assets held for sale	2.8	2.8	5.7
Total current assets	**1,329.4**	**1,091.8**	**1,028.5**
Total assets	**2,262.6**	**1,914.2**	**1,800.9**
Equity and liabilities			
Subscribed capital	70.1	70.1	70.1
Other reserves	579.9	587.5	586.6
Net profit/loss	537.6	563.8	513.6
Equity attributable to shareholders in the parent company	**1,187.6**	**1,221.4**	**1,170.3**
Minority interests	**–**	**–**	**–**
Total equity	**1,187.6**	**1,221.4**	**1,170.3**
Long-term financial borrowings	364.1	214.7	210.8
Long-term leasing liabilities	62.1	2.6	2.1
Deferred tax liabilities	35.3	34.6	30.6
Long-term provisions	69.8	58.2	57.3
Total non-current liabilities	**531.3**	**310.1**	**300.8**
Trade payables	198.7	212.8	162.8
Short-term liabilities to financial institutions	168.3	33.8	35.9
Current portion of long-term borrowings	2.8	–	–
Short-term leasing liabilities	26.3	1.4	0.8
Short-term provisions	17.2	15.7	16.7
Tax liabilities	1.7	1.0	2.6
Other short-term financial liabilities	38.4	35.6	31.2
Other short-term non-financial liabilities	90.3	82.4	79.8
Total current liabilities	**543.7**	**382.7**	**329.8**
Total liabilities	**2,262.6**	**1,914.2**	**1,800.9**

The Consolidated Financial Statements 2018 were revised to reflect changes to the accounting and valuation methods, changes to accounting-related estimates and corrections of errors related to incidental acquisition costs for raw materials and supplies, the statutory Swiss pension plans, accruals/deferrals for outstanding invoices, finance leases and pre-paid customer bonuses. In the current fiscal year of 2019, new lines have been added to the Consolidated Balance Sheet due to the first-time application of IFRS 16. Reference-year figures have been adjusted accordingly. Refer to the note "Changes to accounting and valuation methods, adjustments to accounting estimates and correction of errors" for further information.

Consolidated Statement of Changes in Equity

AS AT JUNE 30

IN € MILLION

	Sub-scribed capital	Capital reserves	Exchange differ-ences	Other neutral changes	Net profit/loss	Equity at-tributable to shareholders in the parent company	Minority interests	Total equity
Notes								
Balance at January 1, 2018	**70.1**	**618.7**	**-18.3**	**-18.1**	**461.3**	**1,113.7**	**–**	**1,113.7**
Profit for the period (adjusted)	–	–	–	–	94.4	94.4	–	94.4
Other comprehensive income	–	–	4.1	0.2	–	4.3	–	4.3
Total comprehensive income	**–**	**–**	**4.1**	**0.2**	**94.4**	**98.7**	**–**	**98.7**
Dividends	–	–	–	–	-42.1	-42.1	–	-42.1
Balance at June 30, 2018 (adjusted)	**70.1**	**618.7**	**-14.2**	**-17.9**	**513.6**	**1,170.3**	**–**	**1,170.3**
Balance at January 1, 2019	**70.1**	**618.7**	**-11.6**	**-19.6**	**563.8**	**1,221.4**	**–**	**1,221.4**
First adoption IFRS 16	–	–	–	–	-3.4	-3.4	–	-3.4
Profit for the period	–	–	–	–	54.4	54.4	–	54.4
Other comprehensive income	–	–	1.9	-9.5	–	-7.6	–	-7.6
Total comprehensive income	**–**	**–**	**1.9**	**-9.5**	**54.4**	**46.8**	**–**	**46.8**
Dividends	–	–	–	–	-77.2	-77.2	–	-77.2
Balance at June 30, 2019	**70.1**	**618.7**	**-9.7**	**-29.1**	**537.6**	**1,187.6**	**–**	**1,187.6**

The Consolidated Financial Statements 2018 were revised to reflect changes to the accounting and valuation methods, changes to accounting-related estimates and corrections of errors related to incidental acquisition costs for raw materials and supplies and the statutory Swiss pension plans. Reference-year figures to June 30, 2018 and profit for the period have been adjusted accordingly. Refer to the note “Changes to accounting and valuation methods, adjustments to accounting estimates and correction of errors” for further information.

Consolidated Cash Flow Statement

JANUARY 1 THROUGH JUNE 30

IN € MILLION

	Apr. 1 – Jun. 30, 2019	Apr. 1 – Jun. 30, 2018 adjusted	Jan. 1 – Jun. 30, 2019	Jan. 1 – Jun. 30, 2018 adjusted
EBT	**49.9**	**107.6**	**79.8**	**128.2**
Adjustments to reconcile profit before tax with gross cash flows:				
Depreciation and amortization of non-current assets	16.2	10.0	31.0	19.7
Unrealized foreign exchange gains/losses	0.5	-0.2	-4.9	1.7
Financial result	4.4	2.9	4.7	5.3
Gains from the sale of intangible assets and property, plant and equipment	-0.1	-3.4	-0.1	-3.4
Income from the sale of a real-estate company	–	-54.8	–	-54.8
Changes in rental equipment, net	-22.2	-17.8	-24.4	-24.3
Changes in misc. assets	2.6	-8.0	-7.9	-21.7
Changes in provisions	0.9	-0.7	1.7	-1.3
Changes in misc. liabilities	2.4	7.4	11.4	13.7
Gross cash flow	**54.6**	**43.0**	**91.3**	**63.1**
Changes in inventories	-15.0	1.5	-88.5	-27.2
Changes in trade receivables	-44.3	-43.5	-107.4	-83.8
Changes in trade payables	-8.8	13.2	-14.5	28.4
Changes in net working capital	**-68.1**	**-28.8**	**-210.4**	**-82.6**
Cash flow from operating activities before income tax paid	**-13.5**	**14.2**	**-119.1**	**-19.5**
Income tax paid	-15.6	-8.1	-25.6	-15.8
Cash flow from operating activities	**-29.1**	**6.1**	**-144.7**	**-35.3**
Purchase of property, plant and equipment	-7.3	-8.0	-18.6	-15.2
Purchase of intangible assets	-7.6	-8.1	-15.1	-12.1
Investments in participations	–	–	-8.8	–
Proceeds from the sale of property, plant and equipment, intangible assets and assets held for sale	0.9	6.6	1.0	14.1
Proceeds from the sale of a real-estate company	–	60.0	–	60.0
Cash flow from investment activities	**-14.0**	**50.5**	**-41.5**	**46.8**
Free cash flow	**-43.1**	**56.6**	**-186.2**	**11.5**
Dividends	-77.2	-42.1	-77.2	-42.1
Cash receipts from short-term borrowings	3.6	–	165.6	–
Repayments from short-term borrowings	0.4	-0.7	-31.2	-15.1
Cash receipts from long-term borrowings	150.0	–	150.0	81.4
Repayments from long-term borrowings	–	–	–	–
Repayments from leasing liabilities	-5.2	–	-10.3	–
Interest paid	-2.4	-2.9	-6.5	-5.1
Interest received	1.9	0.5	2.8	1.3
Cash flow from financial activities	**71.1**	**-45.2**	**193.2**	**20.4**
Change in cash and cash equivalents	**28.0**	**11.4**	**7.0**	**31.9**
Effect of exchange rates on cash and cash equivalents	-0.3	–	0.1	-0.3
Change in cash and cash equivalents	**27.7**	**11.4**	**7.1**	**31.6**
Cash and cash equivalents at the beginning of the period	**23.2**	**47.5**	**43.8**	**27.3**
Cash and cash equivalents at the end of period	**50.9**	**58.9**	**50.9**	**58.9**

The Consolidated Financial Statements 2018 were revised to reflect changes to the accounting and valuation methods, changes to accounting-related estimates and corrections of errors related to incidental acquisition costs for raw materials and supplies, the statutory Swiss pension plans, accruals/deferrals for outstanding invoices, finance leases and pre-paid customer bonuses. In the current fiscal year of 2019, new lines have been added to the Consolidated Balance Sheet due to the first-time application of IFRS 16. Reference-year figures have been adjusted accordingly. Refer to the note “Changes to accounting and valuation methods, adjustments to accounting estimates and correction of errors” for further information.

Consolidated Segmentation

JANUARY 1 THROUGH JUNE 30

Consolidated Segmentation is part of the Notes to the Consolidated Financial Statements.

SEGMENTATION (GEOGRAPHICAL SEGMENTS)

IN € MILLION

	Europe	Americas	Asia-Pacific	Consolida-tion	Group
H1/2019					
Segment revenue					
Total revenue	1,215.0	352.8	35.9		1,603.7
Less intrasegment sales	-439.8	-111.2	-3.3		-554.3
	775.2	241.6	32.6		1,049.4
Intersegment sales	-82.9	-12.1	-3.7		-98.7
Revenue from external customers	**692.3**	**229.5**	**28.9**		**950.7**
EBIT	**104.0**	**5.8**	**-1.1**	**-24.2**	**84.5**

	Europe	Americas	Asia-Pacific	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 (adjusted)	**87.1**	**2.0**	**-2.2**	**-8.2**	**78.7**

There was a change to the cost of sales line relating to incidental acquisition costs for inventories based on the adjustments made on December 31, 2018 for the reference year. This had a positive effect on profitability. Refer to the note "Changes to accounting and valuation methods, adjustments to accounting estimates and correction of errors" in the Notes to the Consolidated Financial Statements for further information. Prior-year figures have been adjusted accordingly.

The consolidation effect reported and not allocated to the segments largely concerns the elimination of interim profit on inventories, as well as rental equipment. The difference relative to the previous year is mainly a result of increased inventory levels and changes to intercompany margins.

SEGMENTATION (BUSINESS SEGMENTS)

IN € MILLION

	H1/2019	H1/2018 adjusted
Segment revenue from external customers		
Light equipment	247.1	230.1
Compact equipment	537.9	444.1
Services	175.5	159.6
	960.5	833.8
Less cash discounts	-9.8	-8.7
Total	**950.7**	**825.1**

In 2018, the cash discounts item included financing components in the amount of EUR 5.9 million. In H1/2019, this item was allocated to the compact equipment segment in the amount of EUR 10.4 million. Prior-year figures have been adjusted accordingly.

Geographical areas

REVENUE ACCORDING TO COMPANY LOCATION

IN € MILLION

	H1/2019	H1/2018
Germany	377.3	308.2
USA	173.8	145.2
Austria	66.8	84.6
Other	332.8	287.1
Wacker Neuson overall	**950.7**	**825.1**

NON-CURRENT ASSETS ACCORDING TO COMPANY LOCATION

IN € MILLION

	H1/2019	H1/2018 adjusted
Germany	291.4	248.4
Austria	350.7	341.5
USA	64.3	51.4
Other	83.2	44.3
Wacker Neuson overall	**789.6**	**685.6**

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. The 2018 Consolidated Financial Statements were revised to correct an error in relation to pre-paid bonuses to selected US dealers (refer to “Changes to accounting and valuation methods, adjustments to accounting estimates and correction of errors” for further information). Reference-year figures have been adjusted accordingly.

Selected Explanatory Notes to the Condensed Interim Financial Statements for H1 2019

Accounting principles

The condensed Wacker Neuson SE consolidated interim financial statements to June 30, 2019 were prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations as valid on January 1, 2019 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, 2018. The comments there also apply to the quarterly and half-year statements for fiscal 2019, unless explicitly stated otherwise.

The general accounting principles, valuation methods and estimates used for the fiscal 2018 consolidated statements have also been applied to these interim financial statements, with the exception of adjustments to prior-year values as a result of the accounting principles and valuation methods used as at June 30, 2018.

The condensed Consolidated Financial Statements were approved for publication by way of a resolution passed by the Executive Board on August 2, 2019.

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

The following standards, amendments to standards and interpretations are mandatory as of January 1, 2019.

Name	Description	Mandatory as of[1]
EU endorsement granted by date of approval for publication		
IFRS 9	Amendments to IFRS 9: Prepayment features with negative compensation	January 1, 2019
IFRS 16	Leases	January 1, 2019
IAS 19	Amendments to IAS 19: Plan amendments, curtailments or settlements	January 1, 2019
IAS 28	Amendments to IAS 28: Long-term interests in associates and joint ventures	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
	Annual amendments (2015-2017) to IFRS 3 “Business Combinations”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs”	January 1, 2019

[1] For fiscal years that start on or after this date. Initial application in line with EU law.

Amendments to IFRS 9 did not have a material impact on the accounting and valuation methods used by the Group.

IFRIC 23

IFRIC 23, “Uncertainty over Income Tax Treatments”, was published by the IASB in May 2017. The interpretation clarifies the requirements for the recognition and measurement of uncertain income tax items. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. As expected, the initial application has not had any impact on the Group.

IFRS 16

IFRS 16, “Leases”, replaces the previous standard for recognizing leases, IAS 17, “Leases”, and its accompanying interpretations.

Lessor accounting under IFRS 16 is substantially unchanged. IFRS 16 provides lessees with a uniform accounting model for the treatment of lease arrangements.

The new standard includes two recognition exemptions for lessees: Leases of low-value assets and short-term leases (i.e. leases with a lease term of twelve months or less).

At the commencement date of a lease, a lessee recognizes a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

(a) Impact of the initial application of IFRS 16

The Wacker Neuson Group applied IFRS 16 for the first time on January 1, 2019 using the modified retrospective approach. For the Wacker Neuson Group, the initial application primarily affected leasing contracts that were previously classified as operating leases.

Leasing contracts with a term of twelve months or less and whose term will expire within twelve months from the date of initial application plus leasing contracts where the underlying asset is of a low value have not been recognized on the balance sheet in accordance with the exemption option for all asset categories in IFRS 16.5. The Wacker Neuson Group has elected to apply the exemption option of IFRS

16.15 and recognizes lease and non-lease components collectively as a single lease component in accordance with IFRS 16. Furthermore, the Group has applied the practical expedient IFRS 16.C3(b) and does not examine contracts that were previously identified as not containing leases in accordance with IAS 17 “Leases” in combination with IFRIC 4, “Determining Whether an Arrangement Contains a Lease”, to assess whether they are leases in accordance with the IFRS 16 definition of a lease.

The carrying amount for all contracts is recognized as if the standard applied from the commencement date. The incremental borrowing rate applicable at the time of initial application was applied (IFRS 16.C8(b)(i)). The volume-weighted average interest rate was around 3.3 percent at January 1, 2019. In the individual contracts, the interest rate was determined based on the remaining term. When measuring right-of-use assets at the date of initial application, the initial direct costs were excluded in accordance with IFRS 16.C10(d). Comparative information for the closing dates of June 30, 2018 and December 31, 2018 was not modified in accordance with IFRS 16.C7. At the time of initial application of IFRS 16, there were no onerous leases. As such, there was no need to recognize impairment losses on right-of-use assets.

As a result of initial application of this standard, right-of-use assets in the amount of EUR 69.3 million and lease liabilities in the amount of EUR 74.0 million were recognized on the consolidated balance sheet at January 1, 2019. The difference of EUR 4.7 million between the two line items is due to the fact that the right-of-use assets were valued as if the standard applied from the commencement date in accordance with IFRS 16.C8(b)(i).

The reconciliation of off-balance-sheet lease obligations as at December 31, 2018 to the balance sheet lease liabilities as at January 1, 2019 is shown below:

RECONCILIATION OF LEASE LIABILITIES IN € MILLION

	Jan. 1, 2019
Off-balance-sheet lease obligations and obligations for equipment rental and service at Dec. 31, 2019	**82.3**
Obligations for equipment rental and service	69.3
Lease obligations (vehicles, hardware, other)	13.0
Expense from service contracts	-10.8
Short-term leases with a term of 12 months or less	-1.4
Leases of low-value assets	-0.8
Operating leases and obligations for equipment rental and service at Jan. 1, 2019 (gross amount without discounts)	**69.3**
Operating leases and obligations for equipment rental and service at January 1, 2019 (discounted)	**65.5**
Reasonably certain extension and termination options	4.5
Residual value guarantees	0
Non-lease components	3.9
Lease liabilities resulting from initial application of IFRS 16 at Jan. 1, 2019	**73.9**
Lease liabilities from finance leases at Jan. 1, 2019	0.1
Total lease liabilities at Jan. 1, 2019	**74.0**

(i) Effects on the balance sheet, income statement and cash flow statement

This change to the accounting method had the following impact on the balance sheet items listed below at January 1, 2019:

LEASES IN THE BALANCE SHEET

IN € MILLION

	Jan. 1, 2019
ASSETS	
Non-current assets	
Right-of-use assets – land and buildings	57.8
Right-of-use assets – machinery and equipment	0.1
Right-of-use assets – office and other equipment	11.4
Deferred tax assets	1.3
Total	**70.6**
LIABILITIES	
Net profit/loss	-3.4
Long-term lease liabilities	51.3
Short-term lease liabilities	22.7
Total	**70.6**

The initial application of IFRS 16 had the following impact on the consolidated income statement and the consolidated balance sheet in the first six months of 2019:

RIGHT-OF-USE ASSETS

IN € MILLION	Land and buildings	Machinery and equipment	Office and other equipment	Total	Deferred tax assets	Lease liabilities
at Jan. 1, 2019	**57.8**	**0.1**	**11.4**	**69.3**	**1.3**	**74.0**
Currency translation differences	0.4	0.0	0.0	**0.4**	0.0	0.4
Additions	12.0	0.0	3.4	**15.4**	**0.0**	**15.4**
Depreciation expense	-6.8	0.0	-2.8	**-9.6**	0.0	**-**
Interest expense	-	-	-	**-**	0.0	**1.3**
Payments	-	-	-	**-**	0.0	**-10.3**
at June 30, 2019	**63.4**	**0.1**	**12.0**	**75.5**	**1.3**	**80.8**

The ongoing change to deferred tax assets resulting from IFRS 16 was not significant in the first half of the year.

The Wacker Neuson Group recognized expenses for leases in the amount of EUR 1.1 million based on short-term leases. Expenses for leases of low-value assets amounted to EUR 0.2 million for the first half of 2019.

Furthermore, the introduction of IFRS 16 increased cash flow from operating activities by EUR 10.3 million while at the same time reducing cash flow from financing activities by the same amount. This shift is attributable to the change in the classification of lease payments. In accordance with IAS 17, payments made for “leases classified as operating leases” in previous years were recognized under cash flow from operating activities.

(ii) Effects on segment disclosures and earnings per share

Segment assets at June 30, 2019 increased as a result of the change to the accounting method. Lease assets are now reported under segment assets. The following segments are affected:

NON-CURRENT ASSETS ACCORDING TO COMPANY LOCATION

IN € MILLION

	H1/2019
Germany	28.0
Austria	3.9
USA	9.7
Other	33.9
Total for Wacker Neuson	**75.5**

The initial application of IFRS 16 did not have a material impact on other comprehensive income or earnings per share for the period of January 1 through June 30, 2019.

(iii) Application of practical expedients

The Group made use of the following practical expedients during the initial application of IFRS 16:

- Application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- Reliance on previous assessments of whether a lease is onerous
- Recognition of leases that have a remaining term of 12 months or less at January 1, 2019 as short-term leases
- Exclusion of initial direct costs in the measurement of right-of-use assets at the time of initial application
- Use of hindsight in determining the lease term for contracts that contain options to extend or terminate the lease

The Group decided not to re-assess lease contracts entered into before the transition date to determine whether an arrangement is (or contains) a lease at the time of initial application. Instead, it has chosen to continue to use the previous assessment made in accordance with IAS 17 and IFRIC 4.

(b) The Group's lease activities and their accounting treatment

The Group rents various buildings for branch offices and warehouses as well as office buildings, facilities and vehicles. Rental contracts are generally concluded for fixed terms of three to ten years. Some contracts, however, may contain extension options. These are outlined in the "Extension and termination options" section below. Rent conditions are negotiated on a case-by-case basis and include a wide range of different conditions. Leases do not contain any credit conditions. However, leased assets may not be used as security for taking out loans.

Until the end of 2018, the majority of leases were classified as operating leases. Operating lease payments (less any incentives received from the lessor) were recognized in profit or loss on a straight-line basis over the lease term.

From January 1, 2019 onwards, leases are recognized as right-of-use assets with a corresponding lease liability as at the point in time when the leased object is available for use by the Group. Lease payments are apportioned between reduction of the lease liability and finance charges. Finance charges are recognized in profit or loss over the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the liability. The right-of-use asset is subject to straight-line depreciation over the shorter period – either the useful life or the term of the lease.

Assets and liabilities from leases are recognized at present value on initial application.

Lease liabilities include the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments, less any lease incentives)
- Variable lease payments that depend on an index or (interest) rate
- Expected payments of residual value resulting from residual value guarantees provided by the lessee
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- Payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease

Lease payments are discounted using the interest rate implicit in the lease, provided this can be determined. Otherwise, the payments are discounted using the lessee's incremental borrowing rate, in other words, the rate of interest that the lessee would have to pay in order to borrow the funds necessary to acquire an asset of similar value with similar conditions in a similar economic environment.

Right-of-use assets are measured at amortized cost, which comprises the following:

- The amount of the initial measurement of the lease liability
- All lease payments made at or before the commencement date, less any lease incentives received
- All initial direct costs incurred by the lessee
- An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

Payments for short-term leases and leases of low-value assets are still recognized as an expense in profit or loss on a straight-line basis. Short-term leases are defined as leases with a lease term of 12 months or less. Low-value assets are defined as items such as IT equipment, bicycles and small items of office furniture with a value, when new, in the order of magnitude of EUR 5,000 or less.

(i) Extension and termination options

Many lease contracts, especially real-estate lease contracts, include extension and termination options. Extension options for real-estate leases are generally for periods of two to five years. These types of contractual conditions provide the Group with maximum operational flexibility with regard to its contract portfolio. The existing extension and termination options can only be exercised by the Group, not by the lessor.

When determining terms of leases, management takes into consideration all facts and circumstances that provide an economic incentive to exercise extension options or to not exercise termination options. Changes to terms resulting from the decision to exercise an extension or termination option are only included in the contractual term if the Group is reasonably certain that it will exercise an extension option or not exercise a termination option.

The assessment is reviewed if a major event or material change in circumstances occurs that could influence the previous assessment – provided this is within the control of the lessee.

The Group has included extension periods in the lease term for rented branch offices and warehouses because this kind of real estate is of major importance to its business activities. These rental contracts have relatively short, non-cancellable terms (one to three years), and if the Group were unable to use alternative options, this would have a significantly negative impact on its business activities. Existing extension options for contracts with longer terms were not exercised as these were classified as not yet sufficiently certain. Extension options for vehicle leases are not included in the leases as these are only very short term (up to three months) and are only exercised if the replacement vehicle has not yet been delivered.

Changes to accounting and valuation methods, adjustments to accounting estimates and correction of errors:

Incidental acquisition costs for inventories
(See also page 106 ff. in the 2018 Annual Report)
The decentralization of procurement activities completed in fiscal 2018 and resulting improvement in cost transparency together with more in-depth analysis enabled certain incidental acquisition costs to be allocated. Due to this, a valuation change was made in line with IAS 8 in the accounting for incidental acquisition costs for raw materials and supplies. This led to a retroactive increase in inventory for the first half of 2018 in the rounded amount of EUR 3.5 million. The associated deferred tax effect amounted to EUR 1.0 million.

CONSOLIDATED BALANCE SHEET – ADJUSTMENTS DUE TO CHANGES IN ACCOUNTING POLICY
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Inventories	462.3	3.5	458.8
Net profit/loss	516.9	2.5	514.4
Deferred tax liabilities	30.6	1.0	29.6

CONSOLIDATED INCOME STATEMENT – ADJUSTMENTS DUE TO CHANGES IN ACCOUNTING POLICY
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Cost of sales	-591.4	0.5	-591.9
Taxes on income	-33.7	-0.1	-33.6

CONSOLIDATED STATEMENT OF CASH FLOWS – ADJUSTMENTS DUE TO CHANGES IN ACCOUNTING POLICY
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Changes in inventories	-27.2	-0.5	-26.7

Outstanding invoices for inventories in transit
(See also page 106 ff. of the 2018 Annual Report)
Following a detailed analysis of the technical breakdown of accruals for outstanding invoices, individual items under "Other current financial liabilities" were reclassified as trade payables, since the latter are related to goods in transit. This refers to the restatement of an error within the meaning of IAS 8, so the figures for the previous year were adjusted accordingly. This constitutes a change in reporting and has no effect on income.

CONSOLIDATED BALANCE SHEET – AMOUNTS OF THE CORRECTION
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Trade payables	162.8	5.4	157.4
Other short-term financial liabilities	31.2	-5.4	36.6

CONSOLIDATED STATEMENT OF CASH FLOWS – AMOUNTS OF THE CORRECTION
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Changes in misc. liabilities	12.5	0.3	12.2
Changes in trade payables	28.4	-0.3	28.7

Swiss pension plans
(See also page 106 ff. in the 2018 Annual Report)
Additionally, the balance sheet items "Net profit/loss", "Deferred tax assets" and "Long-term provisions" were adjusted in connection with Swiss pension plans under IAS 8. Wacker Neuson endorses the assessment by the EXPERTsuisse Committee for True and Fair View Accounting in this regard, treating the statutory Swiss pension plans as defined benefit plans within the scope of IAS 19. This refers to the restatement of an error within the scope of IAS 8, so the figures and notes for the previous year were adjusted accordingly. These changes had no material impact on key profit figures. The historical values were estimated on the basis of the best possible information available when the consolidated interim financial statements for H1 2019 were prepared. There were no significant changes in pension provisions between the balance sheet dates, as development of the estimated parameters was essentially unchanged. The values shown here consist of the net present value of obligations and plan assets.

CONSOLIDATED BALANCE SHEET – AMOUNTS OF THE CORRECTION
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Deferred tax assets	34.8	1.1	33.7
Net profit/loss	511.1	-3.3	514.4
Long-term provisions	57.3	4.4	52.9

CONSOLIDATED STATEMENT OF CASH FLOWS – AMOUNTS OF THE CORRECTION
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Changes in provisions	-1.3	0.0	-1.3

Financing models in sales
Following a more in-depth analysis of the various forms of financing, the contractual conditions worldwide were categorized and reviewed in order to optimize existing financing structures within the Group. This resulted in the following individually described effects:

Leasing as sales support
(See also page 106 ff. in the 2018 Annual Report)
The Group concluded a sale-and-lease-back agreement with financial institutions under IAS 17, where the lease-back is classified as a finance lease due to the repurchase option. According to IFRS 16, the head lease should continue to be treated as a lease. The contractual conditions are passed on "as is" (also including the purchase option) to selected dealers. From the Group's perspective, this in turn leads to classification as a finance lease, so the asset is immediately derecognized from the head lease and a lease receivable is recognized at the same time. This sales-supporting measure gives the dealer access to favorable interest conditions. Until the end of 2017, this model was stated as a pure rental, as it was only used to a limited extent. In fiscal 2018, however, demand for this model increased, which required a change in the way it was disclosed. This refers to the restatement of an error within the scope of IAS 8, so the figures and notes for the previous year were adjusted accordingly. This constitutes a change in reporting and has no material effect on income. In fiscal 2019, new contracts have been concluded on the basis of the model described above. These are now accounted for in accordance with IFRS 16.

New balance sheet lines for IFRS 16 (2019)
Following the initial application of IFRS 16 "Leases", long- and short-term lease liabilities are recognized in separate lines in the balance sheet for comparative reporting periods. In fiscal 2019, long-term finance lease liabilities in the amount of EUR 2.6 million were reclassified from the "non-current financial liabilities" line to the "long-term lease liabilities" line (December 31, 2018: EUR 217.3 million before the adjustment; EUR 214.7 million after the adjustment). At the same time, short-term finance lease liabilities in the amount of EUR 1.4 million were reclassified from the "Current portion of long-term borrowings" line to the "Short-term lease liabilities" line (December 31, 2018: EUR 1.4 million before the adjustment; EUR 0.0 million after the adjustment).

CONSOLIDATED BALANCE SHEET – AMOUNTS OF THE CORRECTION
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Other non-current financial assets	40.2	2.1	38.1
Other current financial assets	7.8	0.8	7.0
Long-term lease liabilities	2.1	2.1	0.0
Short-term lease liabilities	0.8	0.8	0.0

CONSOLIDATED STATEMENT OF CASH FLOWS – AMOUNTS OF THE CORRECTION
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Changes in misc. assets	-21.7	-1.2	-20.5
Changes in misc. liabilities	13.4	1.2	12.2

Sales support for US dealers
(See also page 106 ff. in the 2018 Annual Report)
The Group pays a volume bonus in advance to various selected US dealers. This is offset against future receivables from the sale of goods. If the agreed sales targets are not met, there is a reimbursement claim for the portion of the bonus not offset. On closer analysis of the conditions, the Group has come to the conclusion that this sales support measure is a financial asset, which was previously reported under non-financial assets. Consequently, the disclosure was adjusted this year and for previous years accordingly. This refers to restatement of an error within the meaning of IAS 8, so the figures and notes for the previous year were adjusted accordingly. This constitutes a change in reporting and has no effect on income.

CONSOLIDATED BALANCE SHEET – AMOUNTS OF THE CORRECTION
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Other non-current financial assets	50.0	11.9	38.1
Other non-current non-financial assets	0.3	-11.9	12.2
Other current financial assets	9.6	2.6	7.0
Other current non-financial assets	21.4	-2.6	24.0

NON-CURRENT ASSETS ACCORDING TO COMPANY LOCATION – AMOUNTS OF THE CORRECTION
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
USA	51.4	-11.9	63.3

Reclassification of expense payments for service technicians
In fiscal 2019, expenses for service technicians are reported under cost of sales (previously: personnel costs were reported under cost of sales while expenses for pro-rata material costs were reported under sales expenses). This reclassification was carried out in order to disclose costs in a uniform way in line with full costing. Figures for 2018 have been adjusted accordingly.

CONSOLIDATED INCOME STATEMENT – ADJUSTMENTS DUE TO CHANGES IN ACCOUNTING POLICY
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Cost of sales	-600.5	-8.6	-591.9
Sales and service expenses	-97.6	8.6	-106.2

Cash discounts in segmentation
(See also page 106 ff. in the 2018 Annual Report)
Financing components from different financing options posted under the cash discounts item were directly allocated to the compact equipment business segment. This is a method change within the scope of IAS 8, so the figures and notes for the previous year were adjusted accordingly. This constitutes a change in reporting and has no effect on income.

CONSOLIDATED SEGMENTATION – AMOUNTS OF THE CORRECTION
IN € MILLION

	June 30, 2018 adjusted	Change	June 30, 2018
Compact equipment	444.1	-5.9	450.0
Less cash discounts	-8.7	5.9	-14.6

Discretionary judgements

In 2019, the Group acquired a minority shareholding in a company in the amount of EUR 8.8 million to strengthen its sales network. This corresponds to a 5.4-percent stake in the company in question. The remaining 94.6 percent is owned by the four founders, who make all the financial and business decisions required to run the associated company unanimously and independently of the Group. The Group has one of five seats on the supervisory committee. Through its position here, it is informed of current business developments in good time. However, the Group does not have veto or minority rights vis-à-vis the four founders that would enable it to exert any influence over important business transactions. Based on the current situation and a wider view of all circumstances, the Group does not have any significant influence. Similarly, the Group does not have any control in accordance with IFRS 10. This shareholding is recognized at fair value through other comprehensive income under the balance sheet line "Other non-current financial assets".

Legal changes to company structure

The following changes were made to the consolidation structure in the first half of 2019:

The company Wacker Neuson Machinery Trading (Pinghu) Co., Ltd was founded in January 2019. This is a wholly owned affiliate of Wacker Neuson Machinery (China) Co., Ltd. The company was included in the consolidation structure as of January 1, 2019.

The company Lightning Rod Investments LLC, USA, was founded in February 2019. It is a wholly owned affiliate of the Wacker Neuson Corporation. The company was included in the consolidation structure as of January 1, 2019.

In June 2019, the dormant company Wacker Neuson ImmoWest 2 GmbH was merged with Wacker Neuson Aftermarket & Services GmbH.

Wacker Neuson Belgium BVBA, Belgium, was founded on December 6, 2017 as a wholly owned affiliate of Wacker Neuson B.V., Netherlands. On January 1, 2019, the company in Belgium took over the operational business of the former affiliate in the Netherlands and has therefore been included in the consolidation structure as a separate company.

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 2016 through 2018 was as follows:

AS A %

	2018	2017	2016
Q1	22	22	23
Q2	27	28	28
Q3	24	25	23
Q4	27	25	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

	2019	2018
Q2		
Quarterly earnings attributable to shareholders in € million	33.6	79.8
Weighted average number of ordinary shares in circulation during the period in thousands	70,140	70,140
Earnings per share in €	0.48	1.14
H1		
Quarterly earnings attributable to shareholders in € million	54.4	94.4
Weighted average number of ordinary shares in circulation during the period in thousands	70,140	70,140
Earnings per share in €	0.78	1.35

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, 2019 Fair value	Jun. 30, 2019 Book value
Assets		
Other non-current financial assets	95.9	95.9
Long-term assets total	**95.9**	**95.9**
Trade receivables	412.6	412.6
Other current financial assets	18.3	18.3
Cash and cash equivalents	50.9	50.9
Short-term assets total	**481.8**	**481.8**
Assets total	**577.7**	**577.7**
Liabilities		
Long-term financial borrowings	376.5	364.1
Long-term leasing liabilities	62.1	62.1
Long-term liabilities total	**438.6**	**426.2**
Trade payables	198.7	198.7
Short-term liabilities to financial institutions	168.3	168.3
Short-term leasing liabilities	26.3	26.3
Other short-term financial liabilities	38.4	38.4
Short-term liabilities total	**434.5**	**434.5**
Liabilities total	**873.1**	**860.7**

The following key financial assets and liabilities exist in the Group and are recognized at fair value through profit or loss:

- Investments in pension funds: The Group holds investments in pension funds in the amount of EUR 1.6 million (December 31, 2018: EUR 1.6 million) to secure the pension entitlements of former Executive Board members. These are not defined as plan assets in accordance with IAS 19 and are not netted against provisions for pensions. Investments in pension funds are disclosed under the "Other non-current financial assets" line. The fair value is calculated using prices listed on active markets for identical financial assets (level 1 evaluation).
- Minority shareholding in Austria: The Group holds an equity investment in an unlisted company in the amount of EUR 2.5 million (December 31, 2018: EUR 3.0 million). The purpose of the company is to invest in innovative start-ups. The aim of this investment is to give the company access to new technologies. The non-listed equity investment is allocated to level 3 in the fair value hierarchy. The fair values have been estimated using the discounted cash flow (DCF) model. The valuation requires the external portfolio management team to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in the external portfolio management team's estimate of fair value for these non-listed equity investments. The regular evaluation revealed an impairment loss in the amount of EUR 0.5 million exists for the current fiscal year.
- Minority shareholding in North America: In 2019, the Group acquired an EUR 8.8 million minority shareholding in a company. The purpose of this was to strengthen its sales network in the US. This non-listed equity investment is allocated to level 3 in the fair value hierarchy. The fair values have been estimated using the DCF model. The valuation requires internal management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in internal management's estimate of fair value for these non-listed equity investments. This shareholding is recognized at fair value through other comprehensive income (equity instruments).

Information about revenue

The following table shows revenue generated by the company from contracts with customers and other revenue sources according to product group and site:

IN € MILLION

	2019	2018
Geographical segments		
Europe	692.3	599.2
Americas	229.5	201.8
Asia-Pacific	28.9	24.1
Total revenue	**950.7**	**825.1**
Business segments		
Light equipment	247.1	230.1
Compact equipment	537.9	444.1
Services	175.5	159.6
Less cash discounts	-9.8	-8.7
Total revenue	**950.7**	**825.1**
Source of revenue:		
Revenue from contracts with customers	872.6	759.0
Other revenue	78.1	66.1
Total revenue	**950.7**	**825.1**

Other revenue mainly includes revenue from flexible rental solutions for machines and accessories in accordance with IFRS 16 as well as revenue from dealer financing in accordance with IFRS 9. Revenue in the Services segment includes revenue from flexible rental solutions for equipment and accessories in the amount of EUR 77.3 million (previous year: EUR 65.6 million). The rental period is short term, averaging approximately 14 days. Approximately EUR 0.8 million from dealer financing was recognized for the first half of 2019 (H1/2018: EUR 0.5 million).

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 2018 Annual Report for more information.

Important events

In addition to the legal changes, the main important events that occurred during the period under review can be described as follows:

- The Annual General Meeting of Wacker Neuson SE took place on May 29, 2019 in Munich.
- The dividend payout proposed by the Executive Board and Supervisory Board amounting to EUR 0.60 per share for fiscal 2018 (previous year: EUR 0.60) was approved by shareholders. Shareholders also approved an additional special dividend payout in the amount of EUR 0.50 per share.
- On May 6, 2019, the Group successfully placed a promissory note (Schuldschein) in the amount of EUR 150 million.
- At June 30, 2019, the discount rate was 0.6 percent below the corresponding figure at the close of 2018. This mainly reflects the rise in provisions for pensions in the approximate amount of EUR 11.2 million, which is recognized under other comprehensive income.
- In the Asia-Pacific region, the resolution of a legal dispute resulted in a positive effect in the low single-digit million euro range.

Please refer to page 3 ff. in the interim Group management report of June 30, 2019, for further information and explanatory comments on events that could have a substantial impact on profit, finances and assets.

Events since the interim statements

In July 2019, Wacker Neuson SE was informed that individual members of the share pool made up of the Wacker and Neunteufel families have successfully placed around 3.8 million company shares with institutional investors. The price of the shares sold through a private placement amounted to EUR 20.00 per share. As a result of the sale, the portion of Wacker Neuson shares held in free float has risen to approximately 42 percent. Around 58 percent of shares are still held by the family pool.

The partial sale of shares by the pool was prompted by an asset diversification strategy and proactive inheritance plans executed by the family members in question. At the same time, Wacker and Neunteufel family shareholders remain committed in the long term to the company and intend to continue to hold the majority shareholding in the company through the existing family pool. Further information on the pool agreement is available on page 84 of the 2018 Annual Report.

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 2, 2019

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 2, 2019

Wacker Neuson SE, Munich

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, 2019, to June 30, 2019, 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. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS for interim reporting such as are to be applied in the EU nor that the interim management review has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reviews.

Munich, August 2, 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

von Wachter	Hohenegg
Wirtschaftsprüfer (Public Auditor)	Wirtschaftsprüfer (Public Auditor)

Publishing Details/Financial Calendar

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Financial Calendar 2019

August 6	**Publication of half-year report 2019**
August 28	Commerzbank Sector Conference, Frankfurt
September 24	German Corporate Conference (Berenberg / Goldman Sachs), Munich
November 7	**Publication of nine-month report 2019**

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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