



Annual General Meeting 2010

Speech delivered by Dr.-Ing. Georg Sick
CEO and President

Check against delivery



**WACKER
NEUSON**

Dear Shareholders and Guests,

On behalf on Wacker Neuson SE, I would like to welcome you to the company AGM.

I will be taking this opportunity to look back at the key developments of fiscal 2009 and outline current business trends. Furthermore, I would like to provide you with an overview of our Group strategy and present our forecasts for the current financial year and beyond.

However, I would like to start with a few words about bauma, the world's largest construction industry trade fair held in April 2010. Our success here underlines the strengths and innovative drive of our company.

bauma 2010 saw the Group present its unique, combined portfolio of high-quality Wacker Neuson and Kramer Allrad products for the first time. We used a wide range of exhibits, shows and practical demos to show customers the real-life value of our extensive product portfolio, which was significantly expanded through the merger. Customers saw first-hand how to combine products from Wacker Neuson's light and compact equipment range to further optimize construction processes and make their construction teams even more flexible.

Over an approximately 5,800 m² site, we presented over 40 new products, world firsts and unique innovations, including the DPU 130, the world's most powerful remote-controlled vibratory plate that delivers the same power as a roller. Other highlights included a new trowel, a new electric breaker, a new generation of gasoline breakers and a new series of submersible pumps. The demonstrations of the DF 16 rebar tier – an innovative device that won this year's EuroTest award for outstanding contribution to health and safety – were a particular favorite among visitors. New launches from the Kramer Allrad brand included a new series of all-wheel drive wheel loaders and two new telescopic handlers. The new compact 14504 track excavator is the Group's first offering in the 14-ton weight class. Customers were also impressed by the numerous Wacker Neuson compact excavators featuring the company's unique Vertical Digging System (VDS). We also presented several dumpers equipped with cabins, which can be ordered as optional features ex-works. Our concept was very well received by customers and sales were up by more than 25 percent on 2007, which was a boom year.

The positive feedback from our customers confirms that our decision to maintain almost all of our R&D activities in 2009 was the right move. The unique breadth of our product portfolio now puts us in an outstanding position for the future.

Our innovations have set new standards and created new markets worldwide and include products ranging from our rammer, which celebrates its 80th anniversary in 2010, through Kramer Allrad wheel loaders, to our brand new

DPU 130, the most powerful vibratory plate in the world. We have changed the way people build, compact and transport materials. Our innovations are always geared to construction processes. And it is these developments that have secured our competitive edge and strong reputation among customers across the globe for over 160 years. Our customers continue to benefit from the high standards we set for our products. And we will remain true to our strategy. Again and again, we rise to the challenges of international competition and ever-shorter development cycles – with drive and enthusiasm, passion and expertise.

Ladies and gentlemen,

2009 was a challenging year for the company. Following on from 2007, the year of our merger and IPO, the economic crisis caused our sales to drop for the second year in a row to a level that overshadowed everything we had thus far experienced. Based on pro-forma figures, we had already achieved revenue of EUR 979.5 million in 2007. We had set ourselves the goal of exceeding the billion-euro revenue mark in 2008. However, the US subprime crisis dampened growth prospects for the company. The crisis spread from US real estate to the global economy, forcing us to take appropriate measures. These included initiating proactive, go-to-market strategies and cost-cutting measures that were implemented across the entire Wacker Neuson Group and took effect throughout the course of the year. However, I can tell you today, after what has surely been the worst crisis in Germany's post-war history, that at the height of this crisis, the Wacker Neuson Group succeeded in significantly improving what was already a healthy asset and financial position. We are on solid ground.

In the previous year, we were able to draw on our extensive experience in dealing with crises in the construction industry, which is well known for its peaks and troughs. As a family-run business, it has always been our policy to meet these challenges head on by acting instead of reacting, retaining our focus on our core success factors.

These include:

- 1) Best-in-class product and service quality
- 2) Proximity to customers
- 3) Flexible production processes
- 4) Rapid alignment of costs
- 5) Maintaining research and development
- 6) Maintaining staff training and talent development
- 7) Ongoing improvement of our healthy asset and financial position
- 8) Global expansion

This enabled us to continue exploiting market opportunities and win new market share despite the economic crisis in 2009. The merger-enabled vast increase in the depth of our product portfolio was a key success factor here. Integrated customer care via our decentralized sales and service network plus our

dedication to best-in-class quality were further factors that enabled us to consolidate our position as a market leader.

We continued to implement as appropriate our cost-cutting program introduced back in 2008. This included the introduction of short-time work in countries where such schemes were permitted. Where this was not possible, staff rationalization was unavoidable. We also cut back on investments and projects, and reduced inventory levels. Within a short space of time, we were able to reduce the company's break-even point by a fifth to the current level of around EUR 600 million. In total, HR, property, plant and equipment costs were cut by around EUR 58 million. Approximately EUR 35 million of these savings are of an enduring nature.

A fair, people-focused HR policy is one of the core values of our company. Nevertheless, market dynamics over the previous year made significant cut-backs and modifications to organizational structures unavoidable across the entire Group. Although we refrained from reducing headcount wherever possible and implemented short-time work at all European plants, we were not able to avoid making the announced cuts in manpower capacity in 2009, resulting in a drop of around 20 percent. This corresponds to reduction of over 600 employees, including temporary staff. A key criteria here, however, was that none of the changes should endanger our pool of expertise or ability to deliver after the crisis.

In fiscal 2009, we benefited from the increased number of own-brand products in our rental fleet, a move we initiated the previous year. Despite the crisis, our rental business in Central and Eastern Europe generated record revenue levels. The expansion of our sales and service activities saw revenue levels rise in the Asia region and stable business development in German-speaking countries. Overall, however, revenue fell considerably in our core regions of Europe and the US, with Group revenue for 2009 dropping to EUR 597.0 million, an overall slump of 31.4 percent.

Despite this sizeable dent, we were able to confine our operating losses to the first quarter. All subsequent quarters of last fiscal year returned positive – albeit low – operating results, confirming the effectiveness of our cost-cutting measures. Nevertheless, as announced during 2009, we now find ourselves reporting the first annual loss of our 161-year history, amounting to EUR 110.1 million. This comprises an operating loss of EUR 9.8 million and a one-off non-cash impairment on goodwill, primarily attributable to the Neuson Kramer subgroup, amounting to EUR 100.3 million. The non-cash goodwill impairment was due to changes in the general market climate and interest rates.

Here, I would like to point out that the 2007 merger was executed by means of share transfer. At that time, our share price was around EUR 18. The book value of the company was calculated at that time by multiplying this share price by the number of agreed shares. The difference between this value and the

book values of assets corresponds to the goodwill, which was partially written down in 2009 following the annual impairment test. This did not have an impact on our business plan. The merger itself has been a resounding success and our customers have reacted very positively to our enhanced product offering. The capital market is also convinced of the long-term benefits of this move.

There is certainly no lack of further positive developments to report. At the peak of the crisis, for example, we managed to improve our company's financial position, further strengthening the stable foundations already in place. By running down stocks, in particular, we reduced working capital by EUR 86.0 million in fiscal 2009, which boosted liquidity. In comparison with the prior year, we more than halved our investments to the benefit of our free cash flow. We financed our day-to-day operations with cash flow from operating activities. In addition, we converted a net financial debt recognized at EUR 59.0 million at the end of 2008 into a net positive balance, to the current value of EUR 24.9 million. Despite the aforementioned write-down, we increased our equity ratio to 81.5 percent. Overall, we met our goals for stabilizing our financial situation and were able to report a significant improvement here in 2009.

Naturally, the overall climate on US and European construction markets changed significantly in 2009. Despite performing strongly up until the middle of 2008, the compact equipment segment in particular deteriorated noticeably worldwide. Demand for this segment did not bottom out until towards the end of the fourth quarter. High levels of inventory across the industry and a reluctance to invest among customers intensified competition in 2009. Sales of agricultural machinery also dwindled as of the second quarter in response to general economic and industry-specific pressures, despite the fact that the long-term trend remains one of consolidation, which is accompanied by rationalization investments.

Light equipment sales again remained below the previous year's level. However, demand started to build from the third quarter on, despite starting from a low level. In German-speaking countries, demand remained relatively stable.

The drop in revenue together with the two one-off effects mentioned previously also impacted earnings, with profit before interest, tax, depreciation and amortization (EBITDA) falling to EUR 27.2 million (previous year: EUR 100.9 million). Adjusted to discount restructuring costs, EBITDA sank to EUR 36.7 million. The EBITDA margin dropped to 4.6 percent (previous year: 11.6 percent), or 6.2 percent when adjusted to discount restructuring costs. Net loss for the year totaled EUR 110.1 million (compared with an annual profit of EUR 37.4 million for the previous year); adjusted to discount the aforementioned write-down on intangible assets and restructuring costs, net loss for the year amounted to just EUR 2.9 million.

Due to the uncertain, largely unpredictable economic environment, we did not publish any concrete targets in 2009 for revenue and EBITDA margin. Company management anticipated a downward trend in revenue and earnings, and this in effect materialized over the course of the year. In the nine-month report, management projected an operating loss in the region of EUR 10 to 15 million, and this proved an accurate forecast with an actual figure of EUR 9.8 million adjusted for write-downs on intangible assets.

Dear shareholders,

We are confident that the first annual loss in the history of the company will remain a one-off occurrence, and that 2010 will see us back on track for a successful year. Moving ahead, we know we can rely on the dedication and motivation of our employees, who made numerous sacrifices for the good of our company during 2009. On behalf of the whole Executive Board, I would like to thank all our employees for their valuable contributions and willingness to pull together during what was by far the most difficult year in many decades.

Due to the ongoing instability of the global economy and financial markets, the Executive Board and Supervisory Board will propose to today's AGM that no dividend be paid for fiscal 2009 and net profit for the Wacker Neuson SE parent company be carried forward. I would like to request your approval of these measures.

In addition to today's resolution on the appropriation of net profit for the year (item 2 on the agenda), items 1, 3, 4 and 11 are tabled every year on our agenda and therefore do not need to be explained in further detail. They deal with the presentation of the approved Annual Financial Statements, approval of the actions of the Executive Board and Supervisory Board members, and appointment of an auditor for the current fiscal year.

Agenda item 5 covers new appointments to the Supervisory Board. This item has been tabled as the terms of all Supervisory Board members are set to expire at the end of today's AGM. This is due to the company changing its legal form to an SE. I would like to state at this juncture that the differences in opinion that arose last year in the Supervisory Board were permanently settled at the end of March by mutual consent.

Items 6 and 8 on the agenda are also linked to the first, incumbent Supervisory Board of our SE and are mere legal formalities.

Item 7 deals with our proposal to incorporate remuneration accruing to Supervisory Board members in the Articles of Incorporation in the future. This is due to reasons of transparency.

Under item 9, we are asking for your approval today of a now standard amendment to the Articles of Incorporation that will facilitate the technical handling of our AGM in the coming year.

Item 10 involves proposals to change our Articles of Incorporation with the effect of modifying and clarifying the procedural guidelines governing resolutions passed by executive bodies.

Under item 12, we ask again this year that you to authorize the procurement of treasury shares, as is standard in the capital market. We did not avail of the authorization to procure treasury shares that you approved last year. At present, we do not have concrete plans to procure treasury shares. Viewed from our current standpoint, this resolution is therefore purely a contingency measure. Our report on this agenda item is part of the invitation to the AGM.

In line with legal requirements, we have disclosed information relevant to take-overs. You can find this information on page 85 of the Annual Report.

We can certainly be satisfied with the development of the Wacker Neuson share in 2009. Its 32.5-percent increase during the course of the year saw it outperform the SDAX. Measured against its lowest level in spring 2009, the share price as it is now listed has increased by over 100%. During the course of last year, we again actively and regularly kept the capital market up to date with current company performance at a number of different venues including the AGM, investor conferences, international and national roadshows and a Capital Market Days event.

The number of analysts has increased to 12 (previous year: 10), with renowned institutions Berenberg Bank and Bank of America / Merrill Lynch now also covering our share. Another pleasing development is that Wacker Neuson SE was added to the new DAXplus Family index at the start of 2010. We view this listing as confirmation of our success in maintaining the culture of a family-run company committed to sustainable, stable business practices built on traditional values.

Ladies and gentlemen,

The Wacker Neuson Group is on solid ground. We are well placed to exploit market opportunities in 2010 and beyond. Although Group performance varied in Q1, we were able to significantly increase revenue and profits compared with the same period last year. Performance above all in Europe, a key region for the Group, accounting for around 75 percent of total revenue, was affected by the harsh winter in January and February. Light equipment sales and results from our rental business in Central and Eastern Europe had a particularly dampening affect on revenue during this period, which was reflected in earnings for the entire quarter. Revenue in the first quarter was up by 9.5 percent and EBITDA by 130 percent on the same period last year. It is, however, important

to note that in the previous year, a large proportion of costs had to be posted to combat the economic crisis. As expected, earnings for the period remain negative at EUR -5.7 million.

Orders for compact equipment for the construction and agricultural industries developed positively during the first quarter of 2010, with an increase of around 60 percent on the fourth quarter of 2009. However, our prediction that individual suppliers would run into difficulties in the event of an upturn in business also proved accurate. Delayed parts and component deliveries had a knock-on effect on the production and delivery timeframe for compact equipment, resulting in additional costs for the company. We are maintaining regular contact with our business partners and suppliers in order to jointly develop forward-looking solutions that reflect the current rise in demand.

Part of our strategy here may well include providing financial support for key suppliers should this be necessary in order to guarantee on-time delivery of products. Our extremely healthy financial and asset position plus our continued high equity ratio gives us the freedom to consider this option. The rise in orders has led us to increase inventory. Working capital is therefore up relative to the end of 2009. As expected, our net cash position was turned into a slight net financial debt.

The overall increase in orders reflects the positive feedback from customers with regard to our unique, high-quality portfolio plus the underlying sense of optimism in the industry. This trend enabled us to end short-time working schemes in all plants in Germany and Austria in May and to increase headcount at our US facilities during the first quarter. The ongoing upward trend in the US and in the light equipment segment confirms the capital market's forecast that the construction industry would be one of the earlier segments to show signs of recovery. It remains to be seen, however, how recent uncertainties regarding debt in some European countries will impact the overall situation.

Ladies and gentlemen,

Despite the economic downturn, we steadily continued to launch our compact equipment on various markets worldwide through our global sales and service network. In 2009, we doubled the number of dealers now distributing both light and compact equipment from Wacker Neuson in the US. We will continue with this key strategic measure in order to achieve our long-term goals for growth and are currently expanding our strategy here to South America and the Middle East.

Under the umbrella of our Farm Mobility concept, we will be launching machines modified from our compact equipment range in the agricultural sector under the Weidemann brand from 2010 onward. This move will open up new growth opportunities for the Group. At relatively low development and production

outlay, this will significantly expand our portfolio for customers in the agricultural segment and give us the opportunity of increasing market share here.

In addition, we turned our attention to promising Asian markets – above all to China, where we increased sales by a third during 2009. We also see attractive prospects for future growth in these regions. In Japan, we entrusted distribution of our products to a well-established partner with an extensive sales and service network that enjoys a strong reputation among Japanese customers. We are also considering medium-term acquisitions and partnerships to strengthen the existing product offering to the benefit of customers. The attachments segment is of particular interest here.

Ladies and gentlemen,

At present, it would seem that the upbeat market signals are ringing true – there is a need for replacement investments and many national economic recovery programs, a large part of which are being channeled into infrastructure projects, are starting to take effect. Demand for compact equipment has been rising since mid-2009, especially in the US, and order intake in our compact equipment segment is on the rise. These trends have also continued into April and May. We are actively reducing the backlog of orders for compact equipment and expect this to last into the third quarter. Despite first quarter losses, we remain optimistic about business development for the remainder of 2010 and do not currently intend to change our forecast for the current fiscal year. We expect revenue to grow by at least five percent, flanked by a rise in profit before interest, tax, depreciation and amortization (EBITDA) and positive Group earnings.

This also aligns with our prediction that the pace of recovery in the construction and agricultural markets will pick up during the second half of 2010 as investment backlogs clear – a trend that will also have a stronger impact on our business performance. We also expect positive impetus from Government economic recovery packages, primarily in the US.

We are looking to leverage market opportunities across the entire Group in order to drive long-term growth. The long-term outlook for the international construction industry remains positive. The requirement for infrastructure expansion and modernization continues worldwide, including road, rail, transport and telecommunications projects. Taking a long-term view, opportunities will arise from a greater focus on environmental policies as well as from climate change, for instance through construction measures to prevent weather-related damage. This will be flanked by the redevelopment of residential property with a view to increasing energy efficiency. The agricultural industry also offers promising prospects, with an ongoing shift in structure continuing to result in a steady decrease in number and increase in size of holdings. The global requirement for increased production of foodstuffs and animal feed and rising demand for renewable resources strengthen the

economic role of the agricultural industry, while necessarily resulting in a greater need for equipment for production, land cultivation and indoor work in barns.

We have earmarked around EUR 70 million for investments in 2010. This amount covers a number of measures that we were forced to put on hold in 2009. We plan to invest in new facilities and in the expansion of our rental fleet for Central and Eastern Europe, without coming into conflict with our own rental customers here. The first stage in the construction of our new development center in Munich has recently been completed. The overall complex will comprise a development center and the Group headquarters and is scheduled for completion in 2011. Should the order situation in the compact equipment business segment continue to develop positively as predicted, we will also start construction of the new production plant at Linz in Austria. We purchased the land for this project in January 2010.

We will continue to steer our company with a great degree of flexibility, while keeping a firm control of costs and consolidating the Group's outstanding financial and asset position. We will also remain true to our traditional strengths that have always given us our competitive edge. These include our proximity to customers the world over, the high quality of our products and services, our expertise as well as our ability to quickly identify and harness market potential.

Thank you for your time and attention.