Wacker Neuson SE
Hans Neunteufel, Chairman
Cem Peksaglam, CEO
Günther Binder, CFO
Preussenstrasse 41

80809 München
Germany

London, 20th October 2015

Dear Sirs,

Following an unparalleled destruction of shareholder value in just a few weeks, we feel obliged to take action and would like to present to you our suggestions for creating transparency and value.

Petrus Advisers is a European entrepreneurial investment firm with a constructive approach. We cooperate with our portfolio companies as well as with the most important international market participants. We have made substantial investments in Wacker Neuson SE (Wacker Neuson) as you had convinced us of the high quality of Wacker Neuson's products and the substantial growth opportunities in your end markets.

Wacker Neuson has been pursuing a high-revenue-growth strategy that - supported by a strong increase in sales related fixed costs - has had the objective of reaching the declared revenue target of €2 billion in the shortest possible time. Cost or margin improvement potentials and solid cash flow generation have apparently been de-prioritized. Rapid growth combined with increasingly high working capital requirements have become the reality for the company. In the medium term, the management team hopes to sustainably strengthen the market position of Wacker Neuson with this strategy.

Since the first quarter of 2015, significant problems have started to emerge: In particular, the substantially reduced profitability as well as the above stated poor cash flow generation. Despite a year-on-year revenue increase by 16.3% in Q2 2015, the EBIT margin has fallen to 8.9% compared to 12.6% in Q2 2014 and 9.8% in Q1 2015, respectively. Inventories increased very rapidly from €365 million in Q2 2014 to €495 million at the end of June 2015. You have repeatedly emphasised and confirmed that Wacker Neuson's margin weakness is not due to any price pressure. However, the explanations communicated to us and the market have not been clear. In conversations with Mr. Peksaglam in July and Mr. Binder in August and September as well as with your IR department, explanations like the slump in the Canadian business, the US oil and gas business, macro risks in Russia, weakness in Brazil and France as well as in part the slow-down in the agricultural sector and last but not least the failed recovery in Australia were bit by bit introduced into the discussion. At the same time, you have until today continuously emphasized that Wacker Neuson's primary markets including Germany, Switzerland, the UK and the US, were developing very strongly and this was expected to continue in the future. Despite the string of previous warnings, management's profit outlook for 2015 was maintained until last week.

As investors, we relied on and trusted management's communication and assumed you would convert Wacker Neuson's strong fundamentals into profitable growth and value creation.

Yet, the hastily published profit warning of 14 October 2015 has fundamentally shaken this trust. On 6 October 2015, we spoke to your IR team, and the tenor of the conversation did not in any way indicate a strong revision of the 2015 guidance, although the company must already have had September flash reporting by then. It was, for instance, explicitly stated that inventories in Q3 2015 would be reduced in comparison to Q2 2015, which would be accompanied by the realisation of a certain EBIT contribution. It is just as disappointing that Wacker Neuson cannot yet properly explain the significant change to its 2015 guidance given that consolidated numbers are supposedly not yet available. The implicit H2 estimates that derive from your new guidance range are shocking, namely an EBIT margin decline to between 4.2% and 7.2%, which compares to 11.0% in H2 2014.

The resulting picture in the capital markets is disastrous: Following a succession of factors dampening global economic growth despite which you refrained from modifying your guidance, the company appears to be flying blind and without strong and reliable management. Investors feel insecure and lack support and guidance in their assessment of the company. Equity analysts are shocked and can only give a view on the value of Wacker Neuson to a very limited extent. We are even more astonished by your IR department's statement that Wacker Neuson sees no reason at this time for immediate cost and working capital measures since management is, in principle, satisfied with the medium-term outlook of the end markets. Your share price has declined by approximately 50%.

Against this background, we would like to make the following suggestions:

(1) Communication: Timely and clear communication. It is unacceptable that the market has to wait until 10 November 2015 for a substantiation of the drastic profit warning of this week.

(2) Transparency: Under the pretext of possible commercial damage, Wacker Neuson has so far failed to explain the material drivers of its business. As a result, investors are only partially able to estimate the risks and opportunities of the business in a fair way.

(3) Cost: The build-up of fixed costs, particularly in Sales, has increased the operating leverage of Wacker Neuson. In what is a highly cyclical industry, the effects of this strategy are now becoming apparent. Strict and continuous focus on cost efficiency and flexibility seem to exist only to a limited extent. Even the drastically changed market outlook does not yet seem to have led to a more cost centred approach. We therefore suggest the immediate consideration of a comprehensive cost reduction programme, with a particular focus on sales and procurement related costs. Given the suddenness and extent of the market deterioration, we suggest that action be taken using external support so as to increase speed and implementation capacity. We are convinced that a speedy and convincing communication of cost-saving objectives and measures can contribute to regain the trust of Wacker Neuson's investors.

(4) Cash Generation/Working Capital: We furthermore suggest a comprehensive improvement programme for working capital, with the objective of a sustainable increase in cash generation throughout the cycle. Takeuchi should not serve as the only benchmark. Instead, internally developed and higher benchmarks should be aimed for. Decreased working capital intensity will ultimately strengthen Wacker Neuson's growth capability, even if Sales tasks may become more demanding. As with costs, we also suggest involving external experts in order to achieve fast and comprehensive progress. Clear communication of concrete goals and their respective timelines is important. The hitherto vaguely indicated medium-term goal of 35% working capital/sales is not specific enough. The situation is unsatisfactory.

In summary, we would like to state that we continue to believe in the potential of your work at Wacker Neuson which we consider a gem amongst German mechanical engineering companies. Our suggestions for operational improvement therefore aim at increasing your focus on profitable growth, combined with pro-active and transparent capital markets communication in order to address the massive loss of investor trust.

As concerned shareholders, we take the liberty to contact your office within the next days in order to arrange a personal meeting to discuss possible solutions.

Klaus Umek
Managing Partner
Petrus Advisers

Till Hufnagel
Partner
Petrus Advisers

PS: In the interest of transparency, we allow ourselves to publish this letter on our website.