2020 HALF-YEAR REPORT

EXTRACT

MANITOU GROUP

EXTRACT OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2020

1.1 CONSOLIDATED INCOME STATEMENT

in thousands of euros	2019	H1 2019	H1 2020
Net Sales	2 093 577	1 163 487	761 626
Cost of goods & services sold	-1 747 509	-971 099	-651 357
Research and development costs	-27 732	-14 576	-12 579
Selling, Marketing & Service expenses	-113 504	-58 339	-45 790
Administrative expenses	-61 170	-29 505	-24 239
Other operating income and expenses	4 946	103	2 416
Recurring operating profit	**148 609**	**90 071**	**30 077**
Non-recurring operating income and expenses	-2 534	-945	-3 225
Operating Income	**146 074**	**89 125**	**26 852**
Share of profits of associates	2 192	957	1 011
Operating Income including Net Income from associates	**148 267**	**90 082**	**27 863**
Financial income	37 617	24 094	35 348
Financial expenses	-45 144	-26 736	-40 874
Financial Result	**-7 527**	**-2 641**	**-5 526**
Income before tax	**140 740**	**87 441**	**22 337**
Income Taxes	-44 982	-27 359	-8 791
Net Income	**95 757**	**60 081**	**13 545**
Attributable to equity holders of the parent	95 625	59 742	13 459
Attributable to non-controlling interests	132	337	86

Earnings per share (in euros)	2019	H1 2019	H1 2020
Net income attributable to the equity holders of the parent	2,50	1,56	0,35
Diluted earnings per share	2,50	1,56	0,35

1.2 OTHER COMPONENTS OF COMPREHENSIVE INCOME AND EXPENSE & COMPREHENSIVE INCOME

in thousands of euros	2019	H1 2019	H1 2020
Income (loss) for the year	**95 757**	**60 079**	**13 545**
Adjustments to fair value of the financial assets	131	143	20
Translation differences arising on foreign activities	6 861	2 228	-4 691
Interest rate hedging and exchange instruments	-2 715	433	2 701
Items that will be reclassified to profit or loss in subsequent periods	**4 277**	**2 803**	**-1 969**
Actuarial gains (losses) on defined benefits plans	-2 282	-3 605	4 999
Items that will not be reclassified to profit or loss in subsequent periods	**-2 282**	**-3 605**	**4 999**
Total gains and losses recognized directly in other components of comprehensive income	**1 995**	**-802**	**3 029**
Comprehensive income	**97 752**	**59 278**	**16 575**
Attributable to equity holders of the parent	97 417	58 879	17 258
Attributable to non-controlling interests	335	399	-683

1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

in thousands of euros	December 31, 2019	Net amount as of June 30, 2020
Goodwill	288	288
Intangible assets	54 705	58 314
Tangible assets	211 593	212 187
Right-of-use of leased assets	16 461	13 522
Investments in associates	16 986	17 499
Sales financing receivables	7 738	6 146
Other non-current assets	11 346	14 474
Deferred tax assets	17 581	15 102
Non-current assets	336 698	337 531
Inventories & work in progress	589 745	540 540
Net trade receivables	380 438	324 215
Current income tax	7 990	8 880
Other curent assets	47 536	51 477
Cash and cash equivalents	22 333	107 728
Current assets	1 048 043	1 032 841
Non-current assets held for sale	0	0
Total assets	1 384 740	1 370 371

LIABILITIES

in thousands of euros	December 31, 2019	Net amount as of June 30, 2020
Share capital	39 668	39 668
Share premiums	46 098	46 098
Treasury shares	-23 714	-23 713
Reserves and profit for the year - equity holder of the parent	596 779	614 414
Equity attributable to owners of parent	658 831	676 468
Non-controlling interests	5 815	5 831
Total Equity	664 646	682 298
Non-current provisions	48 862	46 053
Non-current financial liabilities	149 726	146 416
Non-current lease debts	12 269	9 864
Other non-current liabilities	3 088	2 590
Deferred tax liabilities	1 751	2 380
Non-current liabilities	215 696	207 304
Current provisions	18 964	19 202
Current financial liabilities	64 722	128 765
Current lease debts	5 602	4 873
Trade payables	253 446	178 243
Current income tax	4 087	2 769
Other current liabilities	157 579	146 917
Current liabilities	504 399	480 769
Total equity & liabilities	1 384 740	1 370 371

1.4 CONSOLIDATED SHAREHOLDERS' EQUITY AS AT JUNE 30, 2020

in thousands of euros	Share capital	Share premium account	Cumulative translation adjustment	Treasury shares	Consolidated reserves	Total equity		
						Attributable to equity holders of the parent company	Non-controlling interests	Total
As of december 31, 2018	39 668	46 098	1 723	-24 018	533 503	592 389	4 585	596 974
Impact of new standards					-1 193	-1 190	-3	-1 193
As of january 1, 2019	39 668	46 098	1 723	-24 018	532 311	591 199	4 582	595 781
Gains and losses recognized in equity			2 228		-3 030	-863	62	-802
Net income					60 079	59 742	337	60 079
Comprehensive income			2 228		57 049	58 879	399	59 277
Stock option plan-related expenses								
Dividends paid					-29 867	-29 763	-104	-29 867
Treasury shares				60	-60			
Capital increase								
Changes in control of consolidated entities					437	437		437
Acquisition and disposal of minority interests' shares					-5	-117	112	-5
Purchase commitments for minority interests' shares								
Change in translation reserves			-437			-437		-437
Other					182	182		182
As of june 30, 2019	39 668	46 098	3 514	-23 958	560 047	620 381	4 989	625 370
Impact of new standards					190	191	-1	190
As of july 1, 2019	39 668	46 098	3 514	-23 958	560 237	620 572	4 988	625 560
Gains and losses recognized in equity			4 633		-1 837	2 656	141	2 797
Net income					35 676	35 881	-205	35 676
Comprehensive income			4 633		33 839	38 536	-64	38 472
Stock option plan-related expenses								
Dividends paid					-295	-276	-19	-295
Treasury shares				244	-244			
Capital increase								
Changes in control of consolidated entities					172	-15	187	172
Acquisition and disposal of minority interests' shares					-3	-2	-1	-3
Purchase commitments for minority interests' shares					723		723	723
Change in translation reserves								
Other					17	17		17
As of december 31, 2019	39 668	46 098	8 148	-23 714	594 446	658 831	5 815	664 646
Impact of new standards								
As of january 1, 2020	39 668	46 098	8 148	-23 714	594 446	658 831	5 815	664 646
Gains and losses recognized in equity			-4 692		7 720	3 799	-769	3 029
Net income					13 545	13 459	86	13 545
Comprehensive income			-4 692		21 265	17 258	-683	16 575
Stock option plan-related expenses								
Dividends paid								
Treasury shares				1		1		1
Capital increase								
Changes in control of consolidated entities								
Acquisition and disposal of minority interests' shares								
Purchase commitments for minority interests' shares					690		690	690
Change in translation reserves								
Other					386	378	8	386
As of june 30, 2020	39 668	46 098	3 456	-23 713	616 789	676 468	5 831	682 298

1.5 CASH FLOW STATEMENT AS AT JUNE 30, 2020

in thousands of euros	2019	H1 2019	H1 2020
Net Income	95 757	60 079	13 545
Income from equity affiliates net of dividends	1 375	1 497	-1 012
Amortizations and depreciations	46 022	21 511	24 934
Provisions and impairments	3 829	1 885	637
Income tax expense (current and deferred)	44 982	27 359	8 791
Other non-cash income and expenses	135	485	401
Cash flow operations	192 100	112 816	47 296
Taxes paid	-48 265	-12 751	-10 266
Change in working capital requirement	-56 134	-65 607	15 994
Change in capitalized lease machines	-21 060	-11 332	-4 418
Cash flow from operating activities	66 641	23 126	48 605
Proceeds from sales of intangible assets	-20 864	-9 647	-9 386
Proceeds from sales of tangible assets	-50 243	-19 502	-15 734
Change in fixed assets payables	2 761	474	-2 724
Disposals of property, plant and equipment and intangible assets	882	470	68
Acquisitions of investments in obtaining control	-2 668	-459	0
Disposals of investments with loss of control	0	0	0
Others	-25	-429	-461
Cash flow from investing activities	-70 157	-29 093	-28 238
Capital increase	171	0	0
Dividends paid	-30 162	-29 866	0
Purchase of treasury shares	0	-163	0
Repurchase of non-controlling interests	0	0	0
Change in others financials liabilities and assets	32 430	98 873	91 604
Payement of finance lease liabilities	-5 178	-2 661	-3 143
Others	1 098	-1 268	-3 230
Cash flow from financing activities	-1 641	64 915	85 231
Net increase (decrease) in cash, cash equivalents, and bank overdrafts	-5 157	58 948	105 598
Cash, cash equivalents and bank overdrafts at beginning of the year	-609	-609	-4 997
Exchange gains (losses) on cash and bank overdrafts	769	467	966
Cash, cash equivalents and bank overdrafts at end of year	-4 997	58 806	101 567

1.6 EXTRACT FROM THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2020

1.6.1 HALF YEAR FINANCIAL STATEMENTS AND COVID-19 IMPACT

The half-year financial statements, which do not make it possible to prejudge the full year, take into account all the accounting entries at the end of the period considered necessary by the Group's management to give a true and fair view of the information presented.

Income and expenses related to the Covid-19 epidemic are recognized in recurring operating income and expenses, with the exception of income and expenses that are usually recognized in non-current income in accordance with previously applied accounting principles.

Impairment tests of R&D-related intangible assets are carried out in the second half of the year as part of budget preparation. Impairment tests are carried out at the half-yearly close only in the event of an unfavorable trend in certain indicators.

With the Covid-19 crisis, value tests were undertaken on the main capitalized R&D costs on the basis of revised budgets and discount rates. These tests did not reveal any impairment at June 30, 2020. An additional 10% decrease in revenue would not result in the recognition of an impairment loss.

The Group has not carried out any tests on tangible assets, consisting mainly of land, buildings and industrial equipment. To date, the value of these assets is not called into question by the current epidemic.

Other asset items (inventories, trade receivables, etc.) have been valued in accordance with the Group rules. The current epidemic did not have a significant impact on the value of these items at June 30, 2020.

Actuarial valuation assumptions were refreshed at the end of June in order to update the amount of provisions for pensions and employee benefits.

1.6.2 HIGHLIGHTS

COVID-19 CRISIS

The worldwide spread of Covid-19 during the first half of 2020 had and still has an impact over the Group's sales, down to 35% in the first half of 2020, and on our production capacities.

PRODUCTION SHUTDOWN

As early as March, the Group put in place emergency health measures and decided to close production sites in France, Italy and India. In the United States, production activities were maintained throughout the period.

Spare parts and service activities were maintained and distribution activities continued at a slower rate.

These production shutdowns were followed, as soon as possible, by the setting up of partial activity, particularly in France and Italy. The Group has also generalized home office.

Since mid-April, after reorganizing processes in line with health constraints, production has gradually restarted in France and Italy.

Since May, all sites have resumed production. For support functions, partial activity was maintained in France to adapt to the market downturn.

Despite productivity problems linked to health measures, current production capacities are in line with the Group's order book and, given seasonality, respond to a particularly strong demand from the agricultural market.

IMPLEMENTATION OF THE "RESILIENCE" PROGRAM

To deal with this crisis and the downturn in business, the Group has set up the "Resilience" plan. This plan is based on 4 pillars:

- Operator safety and the restarting of operations, with the deployment of new safety standards and the adaptation of our processes to deliver the Group's customers,
- Activity, with the adaptation of deliveries and the order book, the objective of satisfying urgent requests and the agricultural and industrial markets, and the search for additional markets and orders,
- Cash flow with the securing of financing and the reduction of investments and projects,
- Reducing costs to adapt to sales and production volumes, with a plan to reduce overheads and personnel costs. Thus, the Group has implemented partial activity measures and employee departure plans in the United States, India and South Africa.

FINANCIAL ACTIVITIES

To accompany the downturn in business, the Group implemented partial activity measures in France and similar measures in other countries as soon as possible. Over the period, the total value of recorded aid amounts to € 7.7 million. Manitou BF is the main beneficiary of those aids with € 6.0 million, of which € 1.5 million is awaiting payment at June 30, 2020.

As part of the "Resilience" plan, the employee departure measures generated non-current restructuring costs amounting to € 2.5 million.

At June 30, 2020, the main current costs incurred in connection with the Covid-19 epidemic amounted to € 0.8 million. They correspond to costs relating to the implementation of health measures and donations to support medical teams.

In order to secure its financing and liquidity risks in the current context, the Group drew down an additional credit line of € 110 million in March 2020 expiring in September 2020.

The Group has also obtained payment deferrals for social security charges and taxes for a total amount of € 6.9 million.

The Annual General Meeting of 18 June 2020, on the proposal of the Board of Directors, decided to waive the proposed dividend payment of €0.78 per share that was initially announced at the time of publication of the 2019 annual results.

1.6.3 OPERATIONAL DATA

INFORMATION ON OPERATING SEGMENTS

The Group is organized around three divisions, two product divisions and a service division:

- The **MHA - Material Handling and Access product division** optimizes the development and production of telehandlers, rough-terrain and industrial forklifts, truck-mounted forklifts and aerial working platforms branded Manitou
- The **CEP - Compact Equipment Products division** optimizes the development and production of skidsteer loaders, track loaders, articulated loaders, backhoe loaders and telehandlers branded Gehl and Mustang
- The **S&S - Services & Solutions**, **Service division** includes service activities to support sales (financing approaches, warranty contracts, maintenance contracts, full service, fleet management, etc.), after-sales (parts, technical training, warranty management, fleet management, etc.) and services to end users (geo-location, user training, advice, etc.). The mission of the division is to develop service offers to meet the needs of each of our customers in our value chain and to increase resilient sales revenue for the Group

These three divisions design and assemble the products and services which are distributed by the sales and marketing organisation to dealers and the Group's major accounts in 140 countries.

In accordance with IFRS 8, the information by operating segment is prepared on the basis of operating reports submitted to the Group management. This information is prepared in accordance with the IFRS applicable to consolidated financial statements.

CONSOLIDATED INCOME STATEMENT BY DIVISION

	MHA Material Handling and Access		CEP Compact Equipment Products		S&S Services & Solutions		TOTAL	
in thousands of euros	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020	30.06.2019	30.06.2020
Net Sales	829 883	496 461	178 382	123 230	155 222	141 936	1 163 487	761 626
Cost of goods & services sold	-705 816	-435 602	-153 975	-115 880	-111 309	-99 875	-971 099	-651 357
Gross margin	124 068	60 859	24 407	7 350	43 913	42 060	192 388	110 269
As a %	15,0%	12,3%	13,7%	6,0%	28,3%	29,6%	16,5%	14,5%
R&D expenses	-11 155	-9 308	-3 429	-3 271	8	0	-14 576	-12 579
Selling, Marketing & Service expenses	-24 475	-18 899	-9 247	-6 039	-24 617	-20 852	-58 339	-45 790
Administrative expenses	-17 235	-13 521	-7 741	-6 222	-4 530	-4 496	-29 505	-24 239
Other operating income and expenses	431	1 436	-128	621	-200	359	103	2 416
Recurring operating profit	71 634	20 566	3 862	-7 560	14 575	17 071	90 071	30 077
As a %	8,6%	4,1%	2,2%	-6,1%	9,4%	12,0%	7,7%	3,9%
Non-recurring operating income and expenses	-603	-912	-194	-2 168	-149	-145	-945	-3 225
Operating Income	71 031	19 654	3 668	-9 729	14 427	16 926	89 125	26 852
As a %	8,6%	4,0%	2,1%	-7,9%	9,3%	11,9%	7,7%	3,5%
Share of profits of associates	-2	-1	0	0	958	1 012	957	1 011
Operating Income including Net Income from associates	71 029	19 653	3 668	-9 729	15 385	17 939	90 082	27 863

CONSOLIDATED SALES BY DIVISION AND GEOGRAPHIC REGION

Net sales H1 2019					in millions of euros *and % of total*	Net sales H1 2020				
Southern Europe	Northern Europe	Americas	APAM	TOTAL		Southern Europe	Northern Europe	Americas	APAM	TOTAL
328,4	383,0	57,9	60,5	829,9	MHA	215,6	202,0	41,2	37,7	496,5
28%	*33%*	*5%*	*5%*	*71%*		*28%*	*27%*	*5%*	*5%*	*65%*
10,9	21,7	124,6	21,1	178,4	CEP	8,0	20,4	80,1	14,7	123,2
1%	*2%*	*11%*	*2%*	*15%*		*1%*	*3%*	*11%*	*2%*	*16%*
58,6	49,3	26,3	21,0	155,2	S&S	50,3	50,0	26,2	15,3	141,9
5%	*4%*	*2%*	*2%*	*13%*		*7%*	*7%*	*3%*	*2%*	*19%*
398,0	454,0	208,8	102,7	1163,5	TOTAL	273,9	272,5	147,6	67,7	761,6
34%	*39%*	*18%*	*9%*	*100%*		*36%*	*36%*	*19%*	*9%*	*100%*

1.6.4 CONTINGENT LIABILITIES

MONITORING OF LITIGATION FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

In May 2017, Manitou Group was sued by JC Bamford Excavators Limited (JCB) in France, the United Kingdom and then Italy for alleged infringement of two European patents relating to certain features concerning the overload cut-off control system of certain telescopic forklift trucks manufactured and/or marketed in these three countries.

In May 2017, the plaintiff filed a claim in the French court for a provision of 20 million euros, to be increased to 50 million euros in June 2018. The financial claims before the English court were not quantified and are still not quantified at the date of publication of this report, but the summons indicates that for procedural purposes the commercial value of the claim is estimated to be in excess off 10 million. For Italy, the summons does not specify any quantified claim.

In December 2018, JCB served Manitou Group with a new patent infringement suit in France and the United Kingdom relating to a third European patent, also relating to certain features concerning the overload cut-off control system of certain telescopic forklift trucks. This summons takes up the request for a provision in the amount of 50 million euros, subsequently increased to 100 million euros in its last conclusions communicated in May 2020. The summons for this third patent has been the subject of joint proceedings in the United Kingdom but remains separate in France.

In 2018, JCB had produced an expert opinion estimating its damages of 160 million euros for the first two patents. At the end of 2019, in the first main proceedings, JCB increased its damage assessment to 190 million euros in its final conclusions. This increase is due to an update of the injury in its duration, which according to JCB is until March 2019. This assessment also includes the estimated injury under the third patent.

1. In France, legal proceedings on the litigation relating to the first two patents continued during the first half of 2020, but have not yet been resolved.

In the context of a procedural incident in 2018, JCB applied for preliminary injunctions against Manitou BF. A decision was issued by the Pre-Trial Judge on 31 January 2019, which dismissed the applicant's request for preliminary injunction on the first patent on which JCB based its allegations and, regarding the second patent, prohibited Manitou BF from manufacturing, offering for sale, renting and owning an old configuration of certain telescopic forklift trucks. This decision has no impact on Manitou BF's business as it relates to the ordering system for certain models produced and sold before August 2017 which are therefore no longer manufactured by Manitou BF, as underlined in the order. Manitou BF immediately appealed this decision in order to challenge the prohibition order in so far as it related only to a configuration that Manitou had ceased to produce for 18 months. This immediate appeal on the grounds of abuse of authority was held to be inadmissible, reserving the possibility of appeal with judgment on the merits.

On the occasion of the same incident, Manitou BF had proposed in the alternative, if the judge considered the request for prohibition to be well-founded, the establishment of a bank guarantee of 470,000 euros for the two patents as a replacement for the prohibitions. This proposal became irrelevant for the first patent, for which the judge did not pronounce a prohibition. JCB requested that this guarantee, if ordered, be 30 million euros (also for the two patents) on the basis of the expert opinion it had produced estimating its damages at 160 million euros (for the two patents). This proposal was not accepted by the judge, nor was JCB's request for a penalty payment of 100 000 euros per day of delay, the penalty payment ordered by the judge being EUR 1 000 per infringement, the decision having emphasized that the damage alleged by the plaintiff relates to the overload cut-off control system alone and not to the machine as a whole.

2. In the United Kingdom, no progress was made in the course of 2018 as JCB did not carry out any due diligence in this respect. A case management conference was held in January 2019 after JCB finally performed its due diligence. The litigation schedule has been established. However, the hearing originally scheduled for October 2020 has been postponed due to the lengthening of the trial, resulting from the addition of the third patent in the proceedings, the first available date being November 2021.

3. In Italy, the proceedings on the merits relating to these first two patents remain in a preliminary phase, the appointment of a court expert was pronounced at the end of 2019 and the court expertise measures are still underway in the first half of 2020.

In Italy, JCB had also requested interim injunctions against Manitou's Italian subsidiary on the second and third patents. This request was rejected by the Italian courts by decision of 30 January 2020. JCB has not appealed against this decision.

Manitou Group remains in complete disagreement with JCB's allegations and continues to defend itself with the utmost vigor.

The financial risk that may be incurred is difficult to estimate reliably at this stage of the procedures. Moreover, a significant outflow of resources in respect of these claims seems unlikely in view of the elements put forward by Manitou Group to defend itself. Consequently, no provision for these claims has been recognized in the group's financial statements.

1.6.5 Post-closing events

Taking advantage of the 2019 launch of new telescopic product lines in India, the MHA division will stop its assembly activity in Brazil at the end of August, while continuing its commercial development in that country.

To the best of the company's knowledge, there are no other significant events subsequent to the closing date of the condensed consolidated financial statements for the six months ended June 30, 2020 by the Board of Directors on July 30, 2020.

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