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## News Release

### **GEHL COMPANY REPORTS SECOND QUARTER EARNINGS OF \$.42 PER SHARE; REVISES 2003 FULL YEAR OUTLOOK**

WEST BEND, WI, July 24, 2003 – Gehl Company (NASDAQ NM: GEHL), a manufacturer of compact construction and agricultural equipment, today reported significantly higher net income for the second quarter ended June 28, 2003, of \$2.2 million, or \$.42 per diluted share, compared to net income of \$895,000, or \$.16 per diluted share, in the second quarter of 2002. Net income for the second quarters of 2003 and 2002 includes after-tax charges of \$81,000, or \$.02 per diluted share, and \$195,000, or \$.04 per diluted share, respectively, relating to previously announced restructuring costs. Net sales were \$68.6 million in the quarter ended June 28, 2003, compared to net sales of \$66.7 million for the second quarter of 2002.

For the first six months of 2003, Gehl reported net income of \$2.7 million, or \$.51 per diluted share, compared to net income of \$1.1 million, or \$.20 per diluted share, in the first half of 2002. Net income for the first six months of 2003 and 2002 includes after-tax charges of \$187,000, or \$.04 per diluted share, and \$255,000, or \$.05 per diluted share, respectively, relating to previously announced restructuring costs. Net sales were \$127.1 million in the first six months of 2003, compared to \$126.8 million in the first half of 2002.

William D. Gehl, Chairman & CEO, stated “We are pleased with our second quarter and first half results, especially in light of uneven U.S. economic performance and the challenging conditions we continue to face in our agricultural and construction segments.” Mr. Gehl said “The agricultural market has been slow due to depressed milk prices – a situation likely to continue for the rest of the year. However, sales from

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new product introductions, aggressive cost control throughout all areas of the Company, benefits resulting from the closure last year of two of our five manufacturing facilities and lower interest rates all contributed positively to our second quarter results.”

### **Construction Equipment Sales**

Gehl construction equipment segment sales in the second quarter of 2003 were \$44.1 million, a 7% increase from second quarter 2002 net sales of \$41.1 million. The increase of construction equipment segment sales in the second quarter of 2003 was primarily the result of shipments of compact track loaders, a new product line introduced in the second quarter of 2002. In addition, increased sales by the Company’s attachment business benefited the construction equipment segment sales.

### **Agricultural Equipment Sales**

Gehl agricultural equipment segment sales in the second quarter of 2003 were \$24.5 million, down from \$25.6 million in the year-ago period. Agricultural equipment net sales continue to be adversely impacted by lower milk prices. Milk prices in the second quarter of 2003 were approximately 10% lower than in the comparable period of 2002, and were at a lower average price than in the first quarter of 2003. Increased sales by the Company’s attachment business, as well as higher shipments of compact track loaders, introduced in the second quarter of 2002, and windrow mergers, introduced in the first quarter of 2003, partially offset reduced agricultural implement and skid loader shipments in the quarter.

### **Gross Margins and Expenses**

For the second quarter of 2003, Gehl’s gross margin was 21.1%, versus 21.3% during the same period in 2002. Gross margin for construction equipment was 23.2% for the second quarter, compared with 20.3% for the second quarter of 2002. The increase in the gross margin for the construction equipment segment was primarily the result of improved manufacturing efficiencies, the favorable effects of the two plant closures completed by the Company during the prior year and the levels of discounts and sales incentives associated with the mix of products shipped. Gross margin for the

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agricultural equipment segment was 17.4%, compared with the 23.1% realized for the comparable period in 2002. The decrease in agricultural equipment gross margin was due to continued significant competitive pressure resulting in higher sales discounts and sales incentives, reduced production levels, as well as a less favorable mix of product shipments.

As a result of tight cost controls, selling, general and administrative expense levels in the second quarter of 2003 were \$10.8 million, or 15.8% of net sales, a 4.6% decrease from \$11.3 million, or 17.0% of net sales, in the second quarter of 2002. Favorable foreign exchange transaction impacts and lower interest and interest-related costs, such as costs of selling retail finance contracts receivable, due to the overall lower interest rate environment, contributed to the improved earnings.

### **Full Year Outlook**

In light of the still unsettled outlook for the U.S. economic recovery, the Company now expects less improvement in the U.S. economy during the second half of the year. As a result, and combined with the first half actual results, the Company now expects its net sales to range between being flat to up approximately 2% in 2003. If the Company's sales levels meet projected forecasts, the Company expects to earn in the range of \$.70 to \$.85 per diluted share in 2003.

### **Forward Looking Statements**

Certain statements included in this press release are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding the Company's future financial position, business strategy, targets and projected sales and earnings, and the plans and objectives of management for future operations, are forward-looking statements. When used in this press release, words such as the Company "believes," "anticipates," "expects", "estimates" or "projects" or words of similar meaning are generally intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to certain risks, uncertainties, assumptions and other factors, some of which are beyond the Company's control, that could cause actual results to differ materially from those anticipated as of the date of

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this press release. Factors that could cause such a variance include, but are not limited to, a further delay in the expected general economic recovery, unanticipated changes in capital market conditions, the Company's ability to implement successfully its strategic initiatives, market acceptance of newly introduced products, the cyclical nature of the Company's business, the Company's and its customers' access to credit, competitive pricing, product initiatives and other actions taken by competitors, disruptions in production capacity, excess inventory levels, the effect of changes in laws and regulations (including government subsidies and international trade regulations), technological difficulties, changes in currency exchange rates or interest rates, the Company's ability to secure sources of liquidity necessary to fund its operations, changes in environmental laws, the impact of any acquisition effected by the Company, and employee and labor relations. Shareholders, potential investors, and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in this release are only made as of the date of this release, and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances. In addition, the Company's expectations for fiscal year 2003 are based in part on certain assumptions made by the Company, including those relating to commodities prices, which are strongly affected by weather and other factors and can fluctuate significantly, housing starts and other construction activities, which are sensitive to, among other things, interest rates and government spending, and the performance of the U.S. economy generally. The accuracy of these or other assumptions could have a material effect on the Company's ability to achieve its expectations.

### **About Gehl Company**

Gehl Company (Nasdaq NM: GEHL) is a manufacturer of compact equipment used worldwide in construction and agricultural markets. Founded in 1859, the Company is headquartered in West Bend, WI, with manufacturing facilities in West Bend, WI; and Madison and Yankton, SD. The Company markets its products under the Gehl ® and Mustang ® brand names. Mustang product information is available on the Mustang Manufacturing website ([www.mustangmfg.com](http://www.mustangmfg.com)). CE Attachments, Inc. information is available at ([www.ceattach.com](http://www.ceattach.com)). Gehl Company information is available at ([www.gehl.com](http://www.gehl.com)) or contact: Gehl Company, 143 Water Street, West Bend, WI 53095 (telephone: 262-334-9461).

( TABLES TO FOLLOW )

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GEHL COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(in thousands, except per share data)

	For the Second Quarter Ended (unaudited)		For the Six Months Ended (unaudited)	
	June 28, 2003	June 29, 2002	June 28, 2003	June 29, 2002
NET SALES	\$ 68,551	\$ 66,689	\$ 127,082	\$ 126,757
Cost of goods sold	54,085	52,462	100,353	99,171
GROSS PROFIT	14,466	14,227	26,729	27,586
Selling, general and administrative expenses	10,818	11,342	21,852	23,263
Restructuring and other charges	121	300	281	392
Total operating expenses	10,939	11,642	22,133	23,655
INCOME FROM OPERATIONS	3,527	2,585	4,596	3,931
Interest expense	(984)	(1,166)	(1,883)	(2,129)
Interest income	528	498	1,031	980
Other income (expense), net	275	(540)	384	(1,053)
INCOME BEFORE INCOME TAXES	3,346	1,377	4,128	1,729
Provision for income taxes	1,105	482	1,379	605
NET INCOME	\$ 2,241	\$ 895	\$ 2,749	\$ 1,124
 EARNINGS PER SHARE				
Diluted	\$ 0.42	\$ 0.16	\$ 0.51	\$ 0.20
Weighted average number of common shares and common stock equivalents	5,351	5,513	5,372	5,516
Basic	\$ 0.42	\$ 0.17	\$ 0.51	\$ 0.21
Weighted average number of common shares	5,346	5,399	5,360	5,387

GEHL COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands)

	June 28, 2003 <u>(unaudited)</u>	December 31, 2002 <u>(audited)</u>	June 29, 2002 <u>(unaudited)</u>
<b>ASSETS</b>			
Cash	\$ 4,742	\$ 2,243	\$ 2,855
Accounts receivable - net	118,098	97,627	110,571
Finance contracts receivable - net	6,426	4,701	1,804
Inventories	36,550	36,771	45,714
Deferred income taxes	8,469	8,469	10,171
Prepaid expenses and other current assets	1,877	3,203	1,900
Total current assets	<u>176,162</u>	<u>153,014</u>	<u>173,015</u>
Property, plant and equipment - net	45,056	46,697	47,091
Goodwill	11,748	11,696	12,556
Other assets	15,037	14,662	13,956
Total assets	<u>\$ 248,003</u>	<u>\$ 226,069</u>	<u>\$ 246,618</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Total current liabilities	\$ 60,716	\$ 49,634	\$ 56,560
Long-term debt obligations	64,426	56,135	71,530
Other long-term liabilities	22,538	22,518	14,650
Deferred income taxes	1,644	1,644	2,460
Total shareholders' equity	<u>98,679</u>	<u>96,138</u>	<u>101,418</u>
Total liabilities and shareholders' equity	<u>\$ 248,003</u>	<u>\$ 226,069</u>	<u>\$ 246,618</u>

GEHL COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)

	For the Six Months Ended (unaudited)	
	June 28, 2003	June 29, 2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 2,749	\$ 1,124
Adjustments to reconcile net income to net cash (used for) provided by operating activities:		
Depreciation	2,550	2,129
Amortization	13	118
Cost of sales of finance contracts	10	1,198
Proceeds from the sales of finance contracts	46,979	48,143
Increase in finance contracts receivable	(49,312)	(41,252)
Net change in remaining working capital items	(6,668)	(9,813)
Net cash (used for) provided by operating activities	(3,679)	1,647
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property, plant and equipment additions - net	(808)	(5,073)
Other	(112)	1,223
Net cash used for investing activities	(920)	(3,850)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from revolving credit loans	8,359	3,590
Repayments of other borrowings - net	(635)	(1,547)
Proceeds from issuance of common stock	102	532
Treasury stock purchases	(728)	(190)
Other	-	425
Net cash provided by financing activities	7,098	2,810
Net increase in cash	2,499	607
Cash, beginning of period	2,243	2,248
Cash, end of period	\$ 4,742	\$ 2,855