FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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GEHL CO

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended July 2, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from............. to ....

Commission file number 0-18110

GEHL COMPANY

(Exact name of registrant as specified in its charter)

Wisconsin	39-0300430
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
143 Water Street, West Bend, WI	53095
(Address of principal executive office)	(zip code)

(414) 334-9461
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 2, 1994
Common Stock, $.10 Par Value	6,142,691

GEHL COMPANY

FORM 10-Q

July 2, 1994

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PART I - FINANCIAL INFORMATION

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

<CAPTION>

	Three Months Ended		Six Months Ended	
	July 2, 1994	July 3, 1993	July 2, 1994	July 3, 1993
<S>	<C>	<C>	<C>	<C>
NET SALES	$ 41,916	$ 37,569	$ 76,158	$ 67,286
Cost of goods sold	29,062	26,908	53,611	48,691
	--------	--------	--------	---------
GROSS PROFIT	12,854	10,661	22,547	18,595
Selling, general and administrative expenses	9,143	7,601	17,077	15,033
	--------	-------	-------	-------
INCOME FROM OPERATIONS	3,711	3,060	5,470	3,562
Interest expense	(1,890)	(2,254)	(3,643)	(4,572)
Interest income	529	420	857	833
Other (expense) income, net	(557)	(263)	(1,116)	(345)
	-------	-------	-------	-------
INCOME (LOSS) BEFORE INCOME TAXES	1,793	963	1,568	(522)
Income tax provision	38	13	75	25
	------	-------	------	-------
NET INCOME (LOSS)	$ 1,755	$ 950	$ 1,493	$ (547)
	=======	=======	=======	========
EARNINGS (LOSS) PER SHARE	$ .28	$ .16	$ .24	$ (.09)

</TABLE>

The accompanying notes are an integral part of the financial statements

<TABLE>

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

	July 2, 1994 (Unaudited)	December 31, 1993	July 3, 1993 (Unaudited)
ASSETS			
<S>	<C>	<C>	<C>
Cash	$ 4,566	$ 1,458	$ 3,759
Accounts receivable-net	81,885	84,969	93,310
Finance contracts receivable-net	5,707	4,223	4,997
Refundable income taxes	-	-	40
Inventories	21,239	21,633	25,981
Prepaid expenses and other assets	1,609	2,072	1,141
	--------	-------	--------
Total Current Assets	115,006	114,355	129,228
	--------	-------	--------
Property, plant and equipment-net	20,843	20,088	20,859

Finance contracts receivable-net, non-current	3,259	2,624	2,891
Other assets	6,398	7,213	6,656
TOTAL ASSETS	$ 145,506	$ 144,280	$ 159,634
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of long-term debt obligations	$ 1,114	$ 549	$ 88,350
Accounts payable	14,589	15,784	16,089
Accrued liabilities	15,869	13,995	14,600
Total Current Liabilities	31,572	30,328	119,039
Line of credit facility	52,300	53,979	-
Long-term debt obligations	18,016	18,280	263
Other long-term liabilities	1,107	798	259
Common stock, $.10 par value 25,000,000 shares authorized, 6,142,691 6,132,443 and 6,098,355 shares outstanding, respectively	614	613	610
Preferred stock, $.10 par value, 2,000,000 shares authorized, no shares issued	-	-	-
Capital in excess of par	25,942	25,820	25,610
Retained earnings	15,955	14,462	13,853
Total Shareholders' Equity	42,511	40,895	40,073
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 145,506	$ 144,280	$ 159,634

</TABLE>

The accompanying notes are an integral part of the financial statements.

<TABLE>

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

<CAPTION>

	Six Months Ended July 2, 1994	July 3, 1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net Income (Loss)	$ 1,493	$ (547)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,898	2,171
Increase in finance contracts receivable	(16,785)	(17,718)
Cost of sales of finance contracts	389	150
Proceeds from sales of finance contracts	13,727	19,473
Net changes in remaining working capital items	4,620	8,594
Other	183	215
Net cash provided by operating activities	5,525	12,338
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property, plant and equipment additions, net	(1,525)	(187)
Other assets	177	(964)
Net cash used for investing activities	(1,348)	(1,151)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in long-term debt obligations	301	(6,344)
Increase (decrease) in long-term liabilities	309	-
Repayments of credit facility	(1,679)	(2,719)

Net cash used for financing activities	(1,069)	(9,063)
Net increase in cash	3,108	2,124
Cash, beginning of period	1,458	1,635
Cash, end of period	$ 4,566	$ 3,759
Supplemental disclosure of cash flow information:		
Cash paid (received) for the following:		
Interest	$ 2,903	$ 3,796
Income Taxes	$ 33	$ (2,596)

</TABLE>

The accompanying notes are an integral part of the financial statements.

GEHL COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
July 2, 1994
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The condensed consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading.

In the opinion of management, the information furnished for the three and six month periods ended July 2, 1994 and July 3, 1993 includes all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of the results of operations and financial position of the Company. The results of operations for the six months ended July 2, 1994 are not necessarily indicative of the results to be expected for the entire year.

It is suggested that these interim financial statements be read in conjunction with the financial statements and notes thereto, included in the Company's Annual Report on Form 10-K for the year ended December 31, 1993 as filed with the Securities and Exchange Commission.

NOTE 2 - EARNINGS PER SHARE

Earnings per share is computed by dividing net income (loss) by the weighted average number of common stock and, if applicable, common stock equivalents which would arise from the exercise of stock options and warrants. The weighted average number of shares used in the computations was 6,170,707 and 6,104,175 for the three months ended July 2, 1994 and July 3, 1993, respectively, and 6,170,346 and 6,038,823 for the six months ended July 2, 1994 and July 3, 1993, respectively.

NOTE 3 - INCOME TAXES

The income tax provision is determined by applying an estimated annual effective income tax rate to income (loss) before income taxes. The estimated annual effective income tax rate is based on the most recent annualized forecast of pretax income (loss), permanent book/tax differences, tax credits and utilization of net operating losses.

NOTE 4 - INVENTORIES

If all of the Company's inventories had been valued on a current cost basis, which approximated FIFO value, estimated inventories by major classification would have been as follows (in thousands):

	July 2, 1994	December 31, 1993

Raw materials and supplies	$ 3,488	$ 3,598
Work-in-process	9,268	10,091
Finished machines and parts	24,474	23,935
Total current cost value	37,230	37,624
Adjustment to LIFO basis	(15,991)	(15,991)
	$ 21,239	$ 21,633

NOTE 5 - CONTINGENCIES

The Company has received informal notification from the City of West Bend, Wisconsin that it may have some financial responsibility with respect to the closure of a landfill site used by the City of West Bend from the mid-1960's through 1984. The amount of the Company's potential financial obligation, if any, is not presently determinable. The City of West Bend is currently taking remedial action with respect to the landfill site.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

Three Months Ended July 2, 1994 Compared to Three Months Ended July 3, 1993

Net sales for the second quarter of 1994 of $41.9 million were $4.3 million, or 12%, higher than the $37.6 million in the comparable period of 1993. Gehl Agriculture sales increased to $27.4 million in the second quarter of 1994 from $23.4 million in the second quarter of 1993, or 17%. In general, sales of agricultural equipment in North America benefitted from improved demand due to a variety of factors, including a reduced stock of good used equipment available in the marketplace and more appropriate dealer inventory levels than a year ago which enabled the Company to ship more product to its dealers. A substantial portion of the increase in Gehl Agriculture's sales in the second quarter of 1994 as compared with the 1993 second quarter related to increased shipments of skid loaders, forage equipment and haytools. Gehl Construction's net sales increased to $14.5 million in the second quarter of 1994 from $14.2 million in the second quarter of 1993, or 2%.

Gross profit increased $2.2 million, or 21%, during the second quarter of 1994 versus the comparable period of 1993, primarily due to increased sales volume, a change in the product mix of shipments, and a reduction in the Company's overall cost structure. Gross profit as a percent of net sales increased to 30.7% for the second quarter of 1994 from 28.4% in the comparable period of 1993. Gross profit as a percent of net sales for Gehl Agriculture increased to 31.2% in the second quarter of 1994 from 30.2% in the second quarter of 1993. The primary reason for the percentage improvement was the impact of a change in the mix of products shipped in the second quarter of 1994 versus products shipped in comparable 1993. Gross profit as a percent of net sales for Gehl Construction increased to 29.7% in the second quarter of 1994 from 25.5% in the second quarter of 1993. The primary reasons for Gehl Construction's percentage increase include export sales, typically made at a lower gross margin than domestic sales, constituting a smaller portion of second quarter sales in 1994 than in 1993, service parts sales, typically made at higher gross margin than wholegood sales, constituting a higher portion of second quarter sales in 1994 than in 1993, and the impact of lowering the overall cost structure of Gehl Construction as a result of transferring production of paving products to the Yankton, South Dakota plant from the Lithonia, Georgia plant, which was closed in January 1994.

Selling, general and administrative expenses increased $1,542,000, or 20%, during the second quarter of 1994 versus the comparable period of 1993. This increase was due primarily to charges in excess of historic levels associated with two accruals which totaled $1.1 million. These charges were for specific product liability exposures identified during the period and for increased allowances for doubtful accounts relating to a European distributor. As a percent of net sales, selling, general and administrative expenses increased to 21.8% during the second quarter of 1994 versus 20.2% in the comparable period of 1993.

Income from operations in the second quarter of 1994 was $3.7 million versus $3.1 million in the second quarter of 1993. The improvement was due primarily to increased sales volume and the improvement in gross margin from 1993 levels.

Interest expense decreased $364,000, or 16%, to $1.9 million in the second quarter of 1994 from $2.3 million in the second quarter of 1993. The decrease was a result of reductions in average debt outstanding to $76.7 million in the second quarter of 1994 versus $94.8 million in the second quarter of 1993 offset, in part, by an increase in the average rate of interest paid by the Company to 9.6% in the second quarter of 1994 from 9.4% in the comparable period of 1993. The decrease in the average debt outstanding was primarily the result of reduced accounts receivable and inventory levels. The increased average interest rate is a reflection of the higher bank prime rate, which increased several times during the first half of 1994.

Other (expense) income, net was $557,000 of expense in the second quarter of 1994 versus $263,000 of expense in the comparable period of 1993. The increase in expense was due to increased costs of selling finance contracts resulting from increases in U.S. Treasury bill rates, which are used to determine the yield to the purchaser, and due to quarterly revaluations required on previous sales of finance contracts made under variable interest rate arrangements. Partly offsetting these increased costs was Canadian foreign exchange income of $7,000 recorded in the second quarter of 1994 versus Canadian foreign exchange losses of $92,000 occurring during the second quarter of 1993.

Under generally accepted accounting principles, the Company was not required to record a federal income tax provision related to either its 1994 or 1993 second quarter net operating income due to the existence of net operating loss carryforwards.

Six Months Ended July 2, 1994 Compared to Six Months Ended July 3, 1993

Net sales for the first six months of 1994 of $76.2 million were $8.9 million, or 13%, higher than the $67.3 million in the comparable period of 1993. Gehl Agriculture's net sales increased to $51.1 million in the first six months of 1994 from $45.0 million in the first six months of 1993, or 14%. In general, sales of agricultural equipment in North America benefitted from improved demand due to a variety of factors, including a reduced stock of good used equipment available in the marketplace, more appropriate dealer inventory levels than a year ago which enabled the Company to ship more product to its dealers, generally attractive interest rates, and relatively stable farm income. Specifically, a substantial portion of the increase in Gehl Agriculture's sales related to increased shipments of skid loaders from the 1993 levels. In addition, net sales for the first six months of 1994 were positively impacted by an increase in sales of service parts. Gehl Construction's net sales increased to $25.1 million in the first six months of 1994 from $22.3 million in the first six months of 1993, or 12%. Accounting for the sales increase were increased shipments of rough terrain telescopic handlers and domestic shipments of skid loaders which were offset, in part, by lower shipments of earth moving equipment and paving products. In addition, Gehl Construction's net sales for the first six months of 1994 were positively impacted by an increase in service parts sales.

Gross profit increased $4.0 million, or 21%, during the first six months of 1994 versus the comparable period of 1993, primarily due to the increased sales volume, changes in the product mix of shipments, and a reduction in the Company's overall cost structure. Gross profit as a percent of net sales increased to 29.6% for the first six months of 1994 from 27.6% in the comparable period of 1993. Gross profit as a percent of net sales for Gehl Agriculture increased to 30.1% in the first six months of 1994 from 29.1% in the comparable period of 1993. The primary reason for the percentage improvement was the impact of a change in the mix of products shipped in the first six months of 1994 versus products shipped in comparable 1993. Gross profit as a percent of net sales for Gehl Construction increased to 28.6% in the first six months of 1994 from 24.6% in the first six months of 1993. The primary reasons for Gehl Construction's percentage increase include export sales, typically made at a lower gross margin than domestic sales, constituting a smaller portion of sales in the first six months of 1994 than in the comparable period of 1993, service parts sales, typically made at higher gross margin than wholegood sales, constituting a higher portion of sales in the first six months of 1994 than in the comparable period of 1993, and the impact of lowering the overall cost structure of Gehl Construction as a result of transferring production of paving products to the Yankton, South Dakota plant from the Lithonia, Georgia plant, which was closed in January 1994.

Selling, general and administrative expenses increased $2,044,000, or 14%, during the first six months of 1994 versus the comparable period of 1993. This increase was due primarily to charges in excess of historic levels associated with two accruals which totaled $1.7 million. These charges were for specific product liability exposures identified during the period and for increased allowances for doubtful accounts relating to a European distributor. A partial offset to the increases was a reduction in sales promotional expense required to stimulate retail sales. As a result of improved market conditions and reduction of older units in dealers' inventories from 1993 levels, lower promotional expenses were incurred in support of retail sales activity. As a percent of net sales, selling, general and administrative expenses approximated 22.4% for the first six month periods of both 1994 and 1993.

Income from operations was $5.5 million in the first six months of 1994 versus $3.6 million in the comparable period of 1993. The improvement was due primarily to increased sales volume and the improvement in gross margin from 1993 levels.

Interest expense decreased $929,000, or 20%, to $3.6 million in the first six months of 1994 from $4.6 million in the first six months of 1993. The decrease was a result of a reduction in average debt outstanding to $75.7 million in the first six months of 1994 versus $95.5 million in the comparable period of 1993 combined with a decrease in the average rate of interest paid by the Company to 9.4% in the first six months of 1994 from 9.5% in the comparable period of 1993. The decrease in average debt outstanding is primarily the result of reduced accounts receivable and inventory levels.

Other (expense) income, net was $1,116,000 of expense in the first six months of 1994 versus $345,000 of expense in the comparable period of 1993. The increase in expense was due to increased costs of selling finance contracts resulting from increases in U.S. Treasury bill rates, which are used to determine the yield to the purchaser, and due to quarterly revaluations required in previous sales of finance contracts made under variable interest rate arrangements. The remainder of the increase in other expense, net was the result of Canadian foreign exchange losses of $143,000 occurring in the first six months of 1994 versus Canadian foreign exchange losses of $56,000 occurring in the comparable period of 1993.

Under generally accepted accounting principles, the Company was not required to record a federal income tax provision related to the net operating income recorded for the first six months of 1994 nor was the Company permitted to record a deferred tax benefit related to the net operating loss generated in the comparable period of 1993.

Financial Condition

The Company's working capital was $83.4 million at July 2, 1994, as compared to $84.0 million at December 31, 1993, and $10.2 million at July 3, 1993. At July 3, 1993 the Company was required to classify certain debt as current due to uncertainties at that date associated with the Company's ability to comply with restrictive covenants during 1993; if this debt had been classified in accordance with its scheduled payment terms, working capital at July 3, 1993 would have been $88.3 million. Since these uncertainties no longer exist, the Company's debt at July 2, 1994 and December 31, 1993, has been classified according to its scheduled repayment terms.

The Company's second quarter 1994 cash flow provided by operating activities was $11.6 million versus $12.2 million provided by operating activities in comparable 1993. Due to dealer inventories being at a more appropriate lower level in 1994 than in 1993, the decrease in accounts receivable in 1994's second quarter was slightly less than in the comparable 1993 period, accounting for the reduction in cash flow provided by operating activities. For the first six months of 1994, cash flow provided by operations was $5.5 million versus $12.3 million in comparable 1993. The reduction in positive cash flow was due primarily to less cash provided in 1994 by accounts receivable reductions and the decision to delay the sale of $4.8 million of finance contracts until July 1994 whereas in 1993 all available finance contracts were sold at the end of June.

Capital expenditures for property, plant and equipment during the first six months of 1994 were approximately $1.5 million, including $900,000 spent in June 1994 to exercise the Company's option to purchase its previously leased Yankton, South Dakota manufacturing facility. Outstanding capital commitments as of July 2, 1994 totaled approximately $92,000. The Company plans to make a total of approximately $2.9 million in capital expenditures in 1994.

As of July 2, 1994, the weighted average interest rate paid by the Company on outstanding borrowings under its line of credit facility was 9.1%. The Company had available unused borrowing capacity of $18.1 million, $14.5 million, and $5.6 million under the line of credit facility at July 2, 1994, December 31, 1993, and July 3, 1993, respectively. At July 2, 1994, December 31, 1993, and July 3, 1993, the borrowings outstanding under the line of credit facility were $52.3 million, $54.0 million and $55.2 million, respectively.

The sale of finance contracts is an important component of the Company's overall liquidity. Gehl has arrangements with several financial institutions and financial service companies to sell, with recourse, its finance contracts receivable. The Company continues to service all contracts whether or not sold. At July 2, 1994, Gehl serviced $58.4 million of such contracts, of which $49.1 million were owned by other parties. The Company believes that it has sufficient capacity to sell its finance contracts through 1995.

Shareholders' equity at July 2, 1994 was $42.5 million or $2.4 million higher than the $40.1 million of shareholders' equity at July 3, 1993. This increase was primarily the result of income earned from July 4, 1993 through July 2, 1994.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

At the Company's annual meeting of shareholders held on April 28, 1994, John W. Findley, John W. Gehl and Arthur W. Nesbitt were elected as directors of the Company for terms expiring in 1997. The following table sets forth certain information with respect to the election of directors at the annual meeting:

Name of Nominee	Shares Voted For	Shares Withholding Authority
John W. Findley	5,091,266	230,668
John W. Gehl	5,099,681	222,253
Arthur W. Nesbitt	5,102,765	219,169

The following table sets forth the other directors of the Company whose terms of office continued after the 1994 annual meeting:

Name of Director	Year in Which Term Expires
Peter A. Fischer	1995
William D. Gehl	1995
Roger E. Secrist	1996
Richard G. Sim	1996

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits - None

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the quarter ended July 2, 1994.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GEHL COMPANY

Date: August 1, 1994

By: /s/ William D. Gehl
William D. Gehl
President and Chief
Executive Officer

Date: August 1, 1994

By: /s/ Kenneth F. Kaplan
Kenneth F. Kaplan
Vice President of Finance and
Treasurer (Chief Financial
and Accounting Officer)