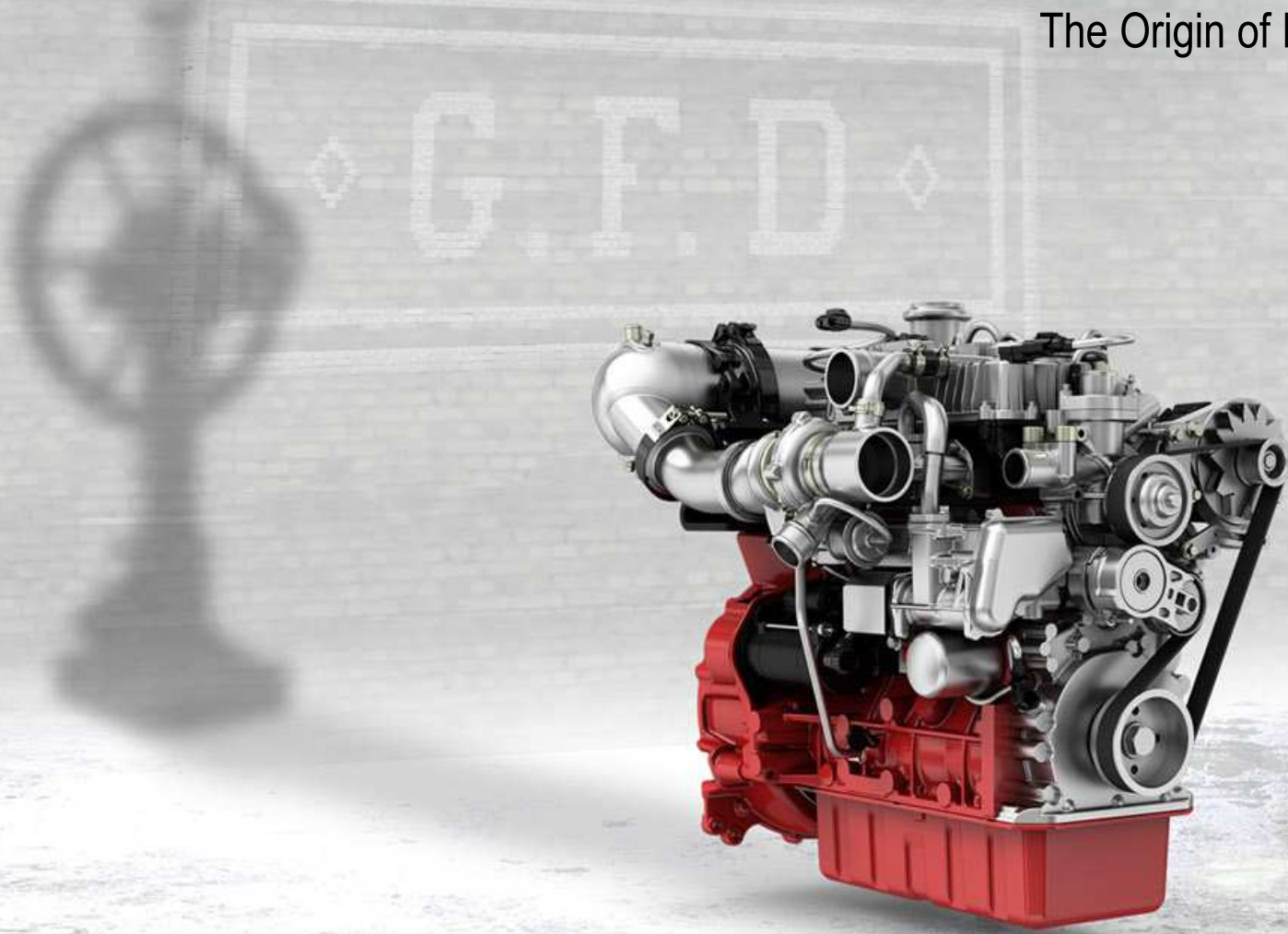


The Origin of HighTech.



Q1 2014 results

5 May 2014

Dr Helmut Leube, CEO

Dr Margarete Haase, CFO

The engine company.



Key figures

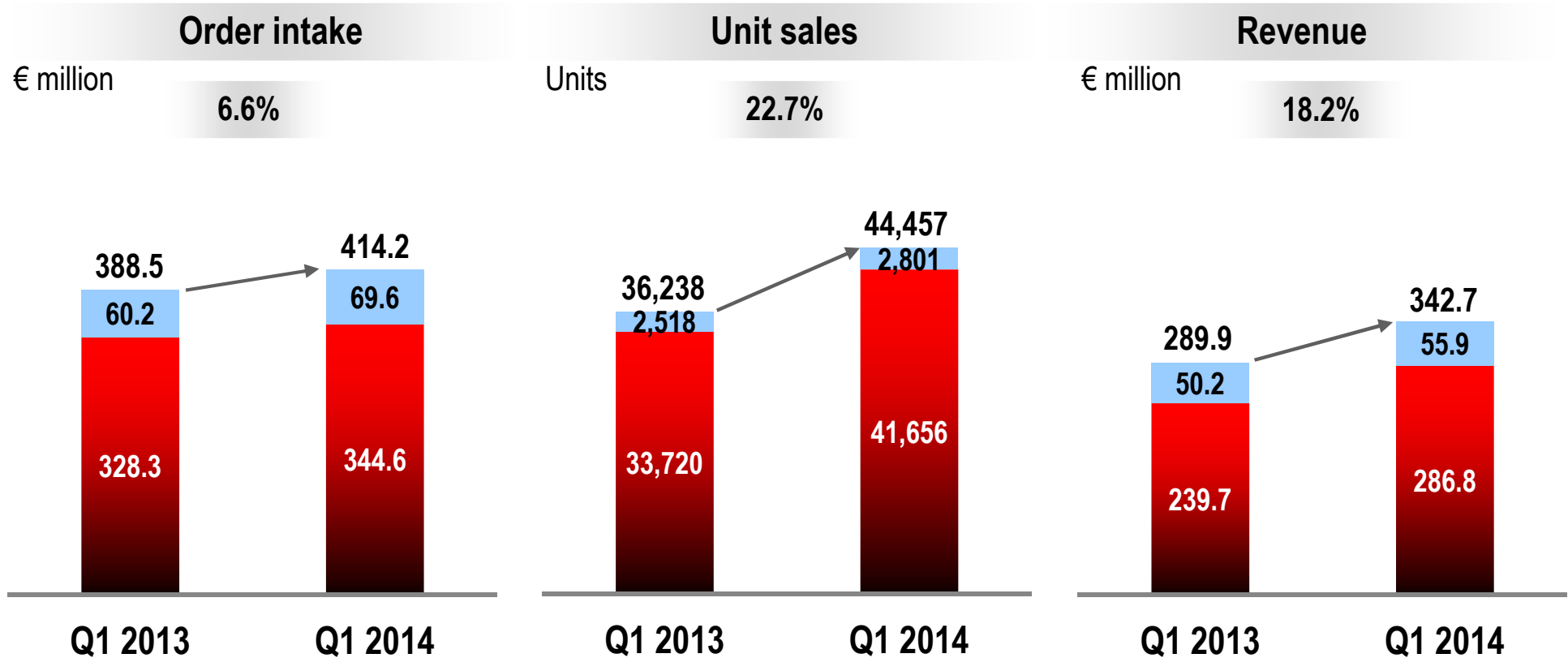
€ million	Q1 2014	yoy
Order intake	414.2	+6.6%
Revenue	342.7	+18.2%
EBITDA	25.4	+63.9%
EBIT	1.9	+€8.3 million
Net financial debt	35.5	-48.8%

→ All key figures improved

Highlights

- Strong order situation
- Excellent reception of new engine series
- Good workload for the coming quarters
- Profitability expected to accelerate with higher business volume
- Planned facility optimisation to improve efficiency

Sales figures



- Substantial revenue and unit sales growth in both segments
- Order intake exceeds revenue

■ DEUTZ Compact Engines ■ DEUTZ Customised Solutions

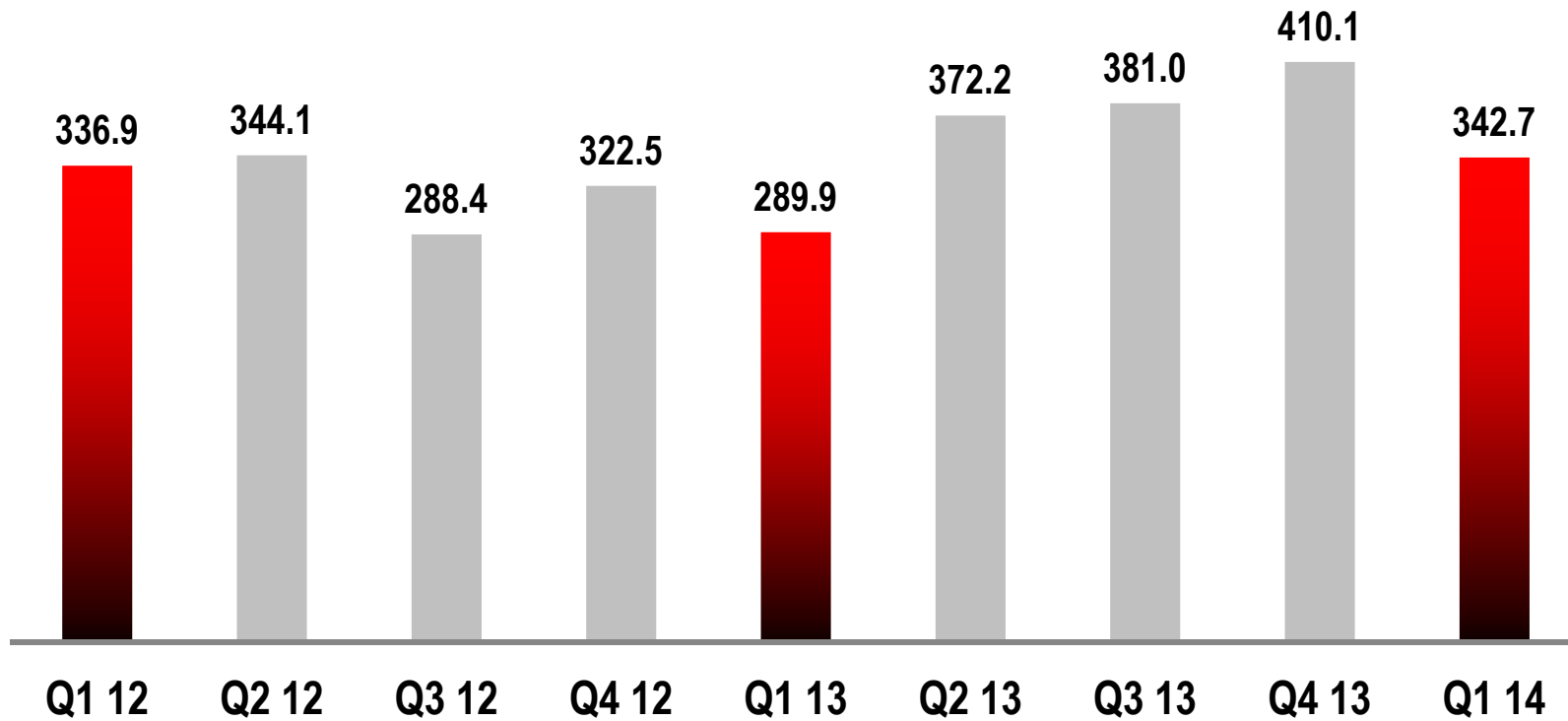
Book-to-bill ratio

€ million	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Order intake	414.2	446.1	360.1	455.0	388.5
Revenue	342.7	410.1	381.0	372.2	289.9
Book-to-bill ratio	1.21x	1.09x	0.95x	1.22x	1.34x
Orders on hand	424.9	366.1	329.5	352.9	272.1

- Book-to-bill ratio at 1.21x
- High order backlog ensures good workload

Revenue development

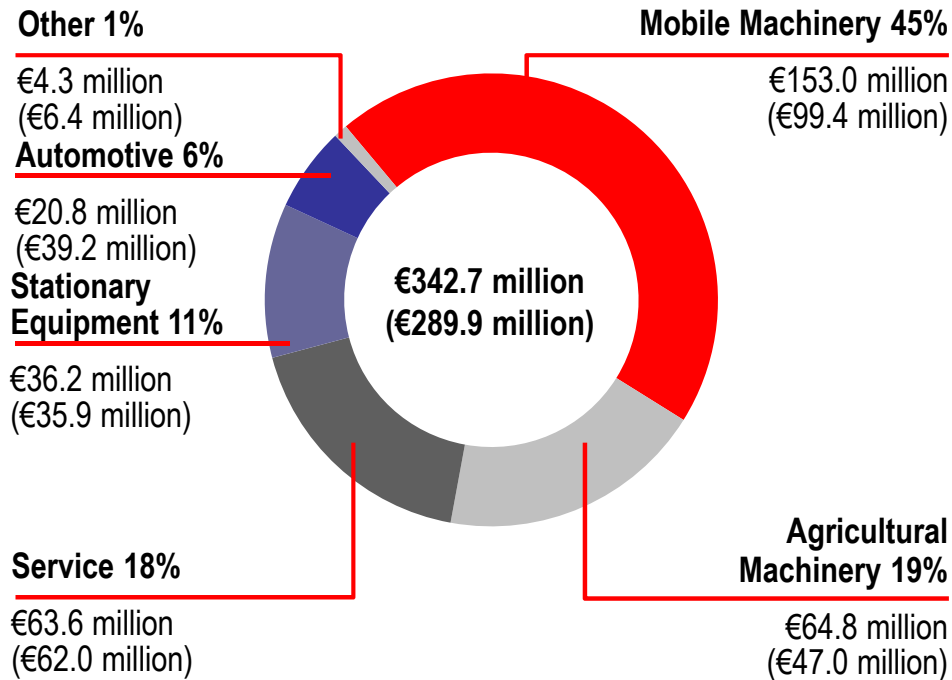
€ million



→ Q1 revenue significantly above previous year

Revenue split by application, Q1 2014

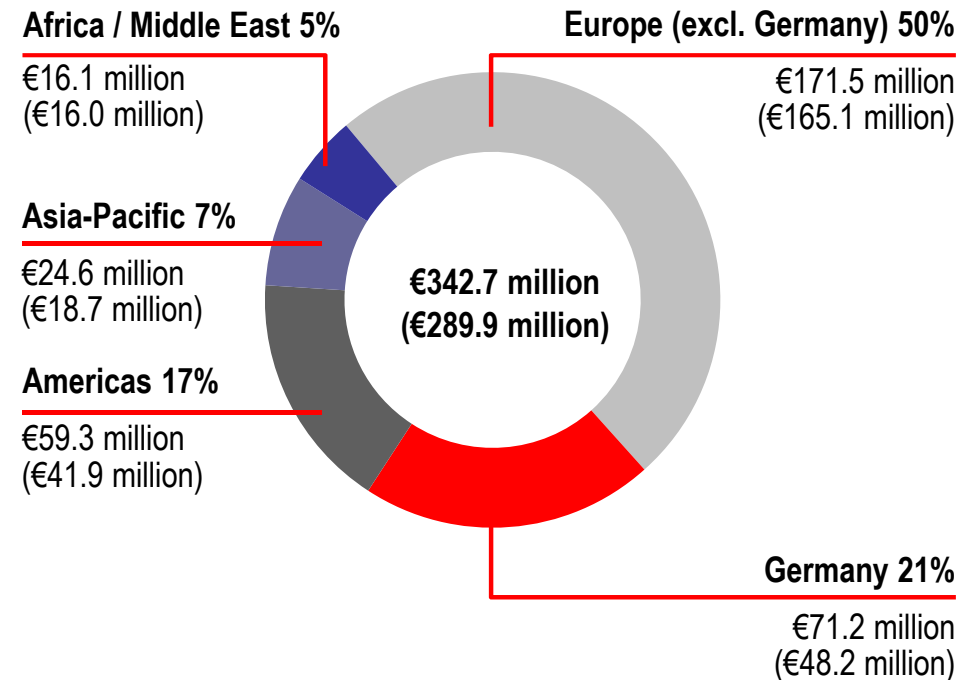
(Q1 2013)



- Strong revenue growth in Mobile Machinery (+53.9%) and Agricultural Machinery (+37.9%)

Revenue split by region, Q1 2014⁽¹⁾

(Q1 2013)

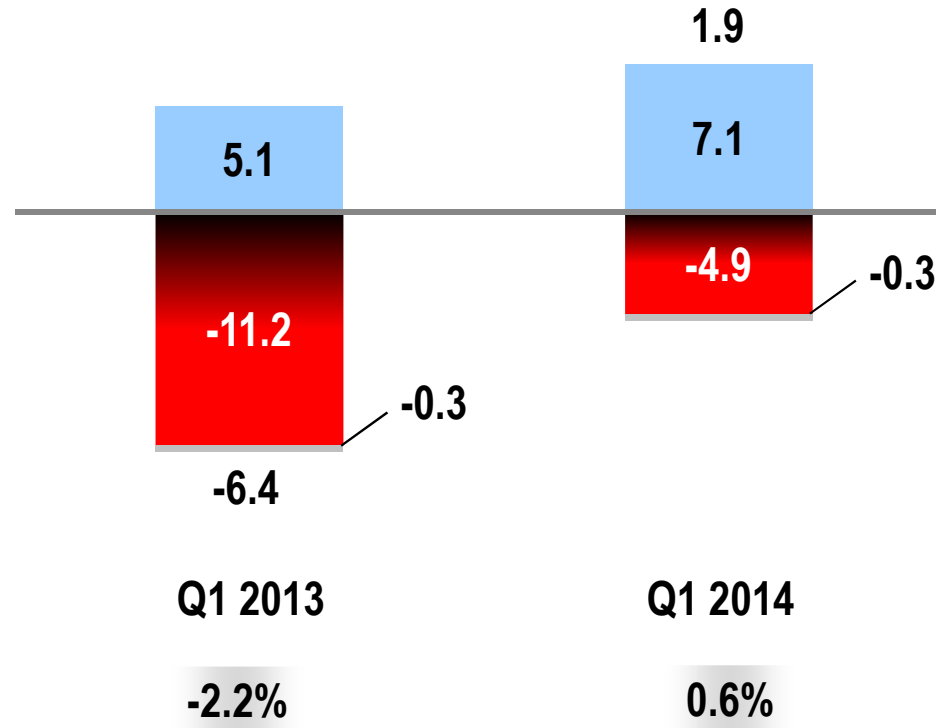


- Revenue increased in all regions
- Significant growth in Germany (+47.7%), Americas (+41.5) and Asia-Pacific (+31.6%)

(1) Revenue split by region does not include JVs that are not fully consolidated. Regions assigned by place of business of our customer.

EBIT

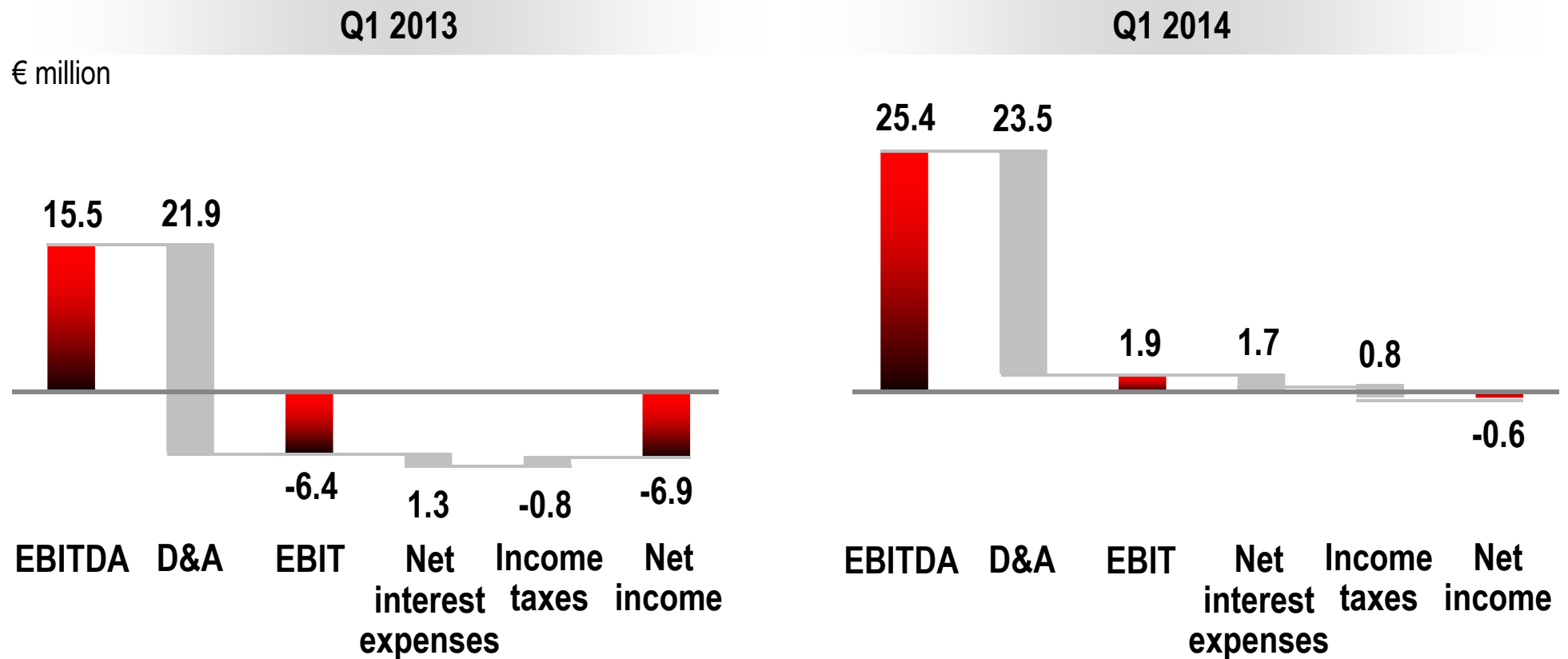
€ million



- EBIT improved by €8.3 million yoy due to higher production level
- Margin still impacted by ramp-up phase of new engine series in DEUTZ Compact Engines segment
- Result from equity-accounted investments improved to +€0.5 million

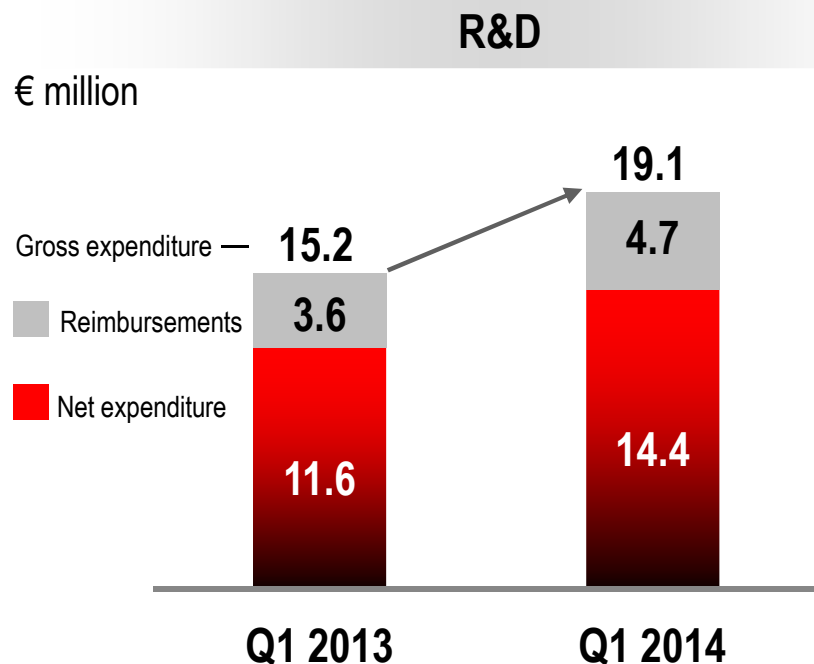
■ DEUTZ Compact Engines ■ DEUTZ Customised Solutions ■ Other

Operating profit & net income



- EBITDA increased by €9.9 million (+63.9% yoy)
- Net income improved by €6.3 million due to higher operating profit

R&D & capital expenditure

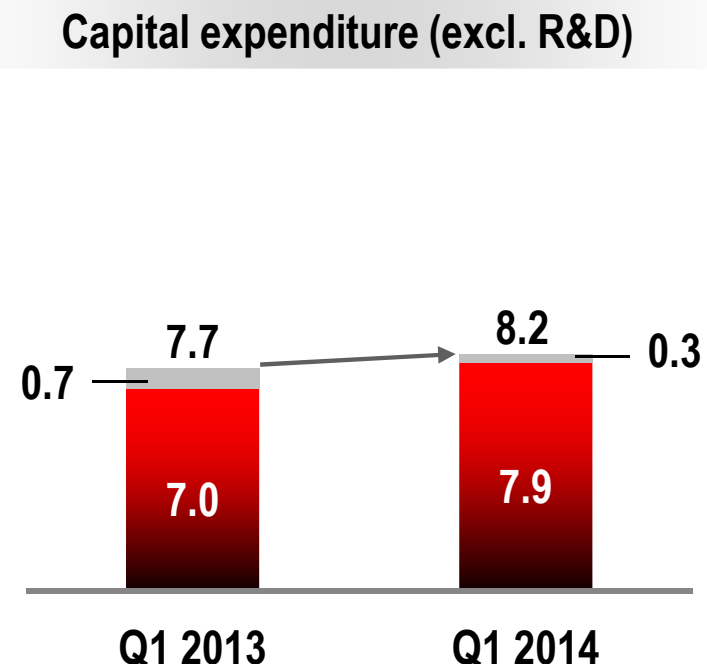


Net R&D expenditure ratio⁽¹⁾

4.0%

4.2%

- R&D expenditure increased in Q1. As before, we expect the R&D ratio to fall slightly over the course of the year
- Proportion of capitalised net R&D expenditure: €9.0 million (Q1 2013: €8.7 million)



- Capital expenditure was on budget and is expected to increase in FY 2014

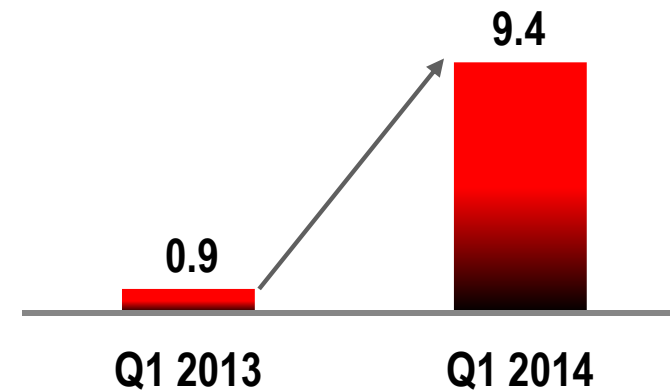
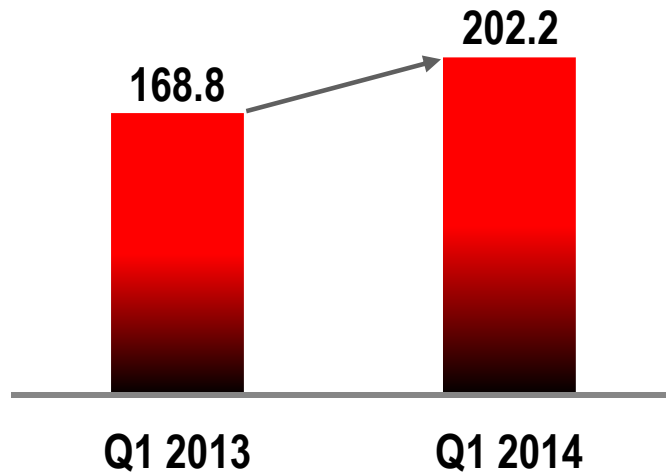
(1) Ratio of net R&D expenditure to consolidated revenue

Working capital & operating cash flow

Working capital

Operating cash flow

€ million



Working capital ratio (31 March)

13.6%

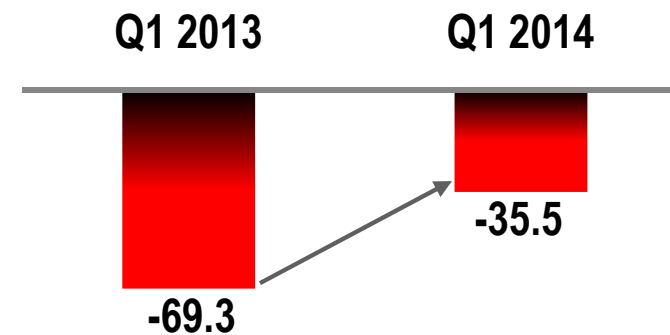
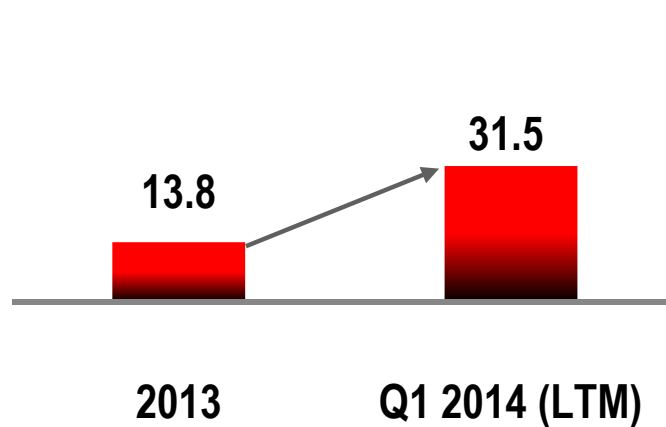
13.4%

- Working capital increased due to higher business volume
- Slight improvement of working capital ratio
- Operating cash flow increased by €8.5 million

Free cash flow

Net financial position

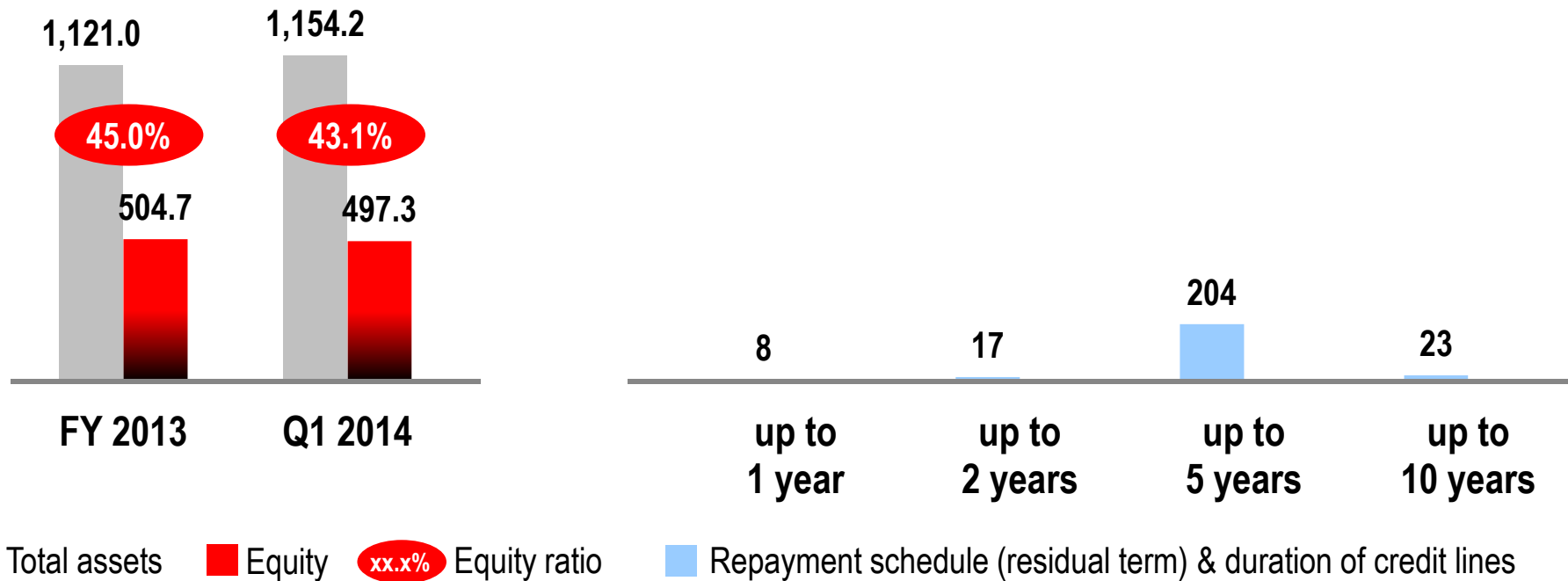
€ million



- Free cash flow of last twelve months improved compared to the last quarter

- Net financial position improved by €33.8 million
- Free cash flow used to reduce net financial position

€ million



- Sound balance sheet with strong equity ratio
- Medium- to long-term financing with undrawn facilities available:
 - Credit line of bank syndicate in the amount of €160 million runs until June 2017
 - Loan from European Investment Bank of €90 million repayable until July 2020

Segments: DEUTZ Compact Engines

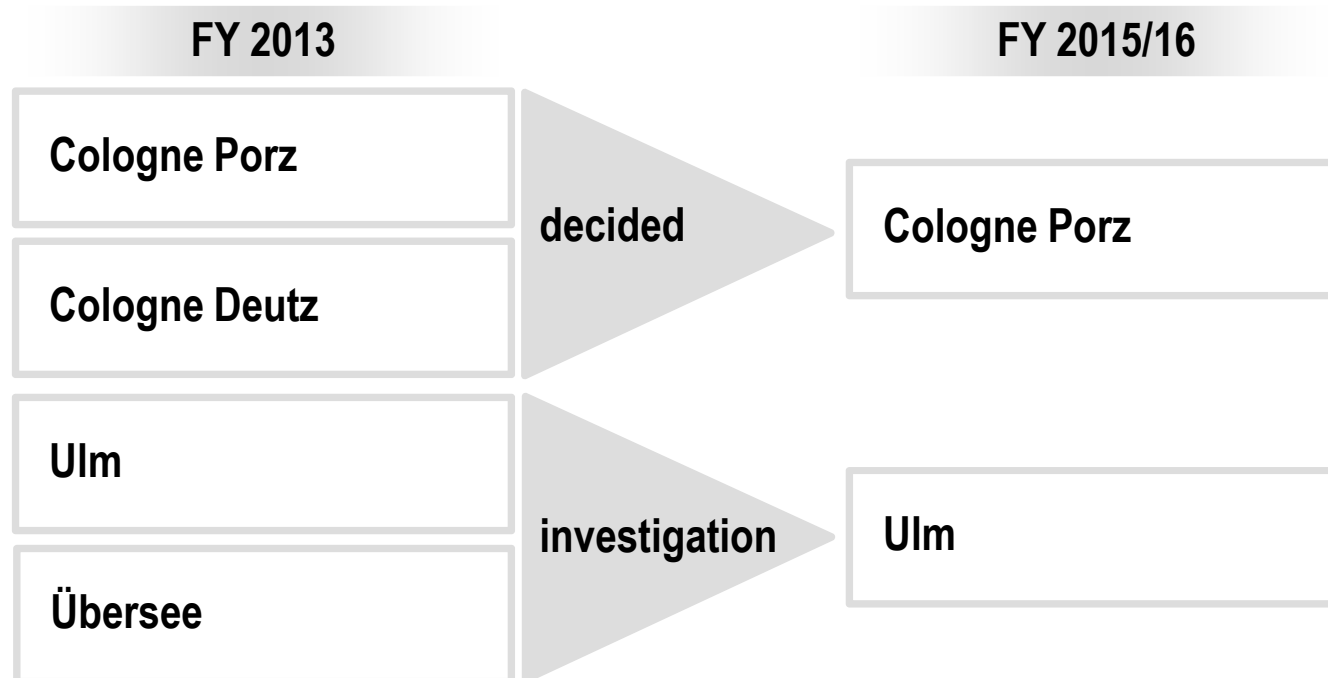
€ million	Q1 2014	Q1 2013	Change in %
New orders	344.6	328.3	5.0
Unit sales	41,656	33,720	23.5
Revenue	286.8	239.7	19.6
EBIT	-4.9	-11.2	56.3

- Strong revenue growth in Mobile Machinery (+58.0%) and Agricultural Machinery (+38.6%)
- EBIT still burdened by ramp-up phase of new engines
- Operating profit expected to improve in the coming quarters due to higher business volume
- Order backlog at €347.9 million

Segments: DEUTZ Customised Solutions

€ million	Q1 2014	Q1 2013	Change in %
New orders	69.6	60.2	15.6
Unit sales	2,801	2,518	11.2
Revenue	55.9	50.2	11.4
EBIT	7.1	5.1	39.2

- Positive development of new orders
- Order backlog at €77.0 million
- Continued focus on DEUTZ Customised Solutions sales initiative
- EBIT improvement attributable to higher business volume



- Restructuring costs of €15-20 million in FY 2014, total capex ~€20 million in 2014 – 2016
- Capex overcompensated by proceeds from sale of property in subsequent years
- Annual cost savings >€10 million (considerable effects already in 2016; full effects from 2017)
- EBIT margin guidance 2014 >4,0% before restructuring and >3,0% after restructuring

→ Sustainable efficiency improvement by merging facilities

€ million	FY 2013 reported	Guidance FY 2014
Revenue	1,453.2	low double digit %-growth
EBIT margin (before one-offs)	3.3 %	> 4.0 %
EBIT margin (after one-offs)	3.3 %	> 3.0 %
Net R&D spending ratio⁽¹⁾	3.6 %	slight decline
Net capex (excl. R&D)⁽¹⁾	42.5	60 - 70

(1) Net of reimbursements

Summary: key financial development

Solid start to the new financial year

High order backlog ensures good workload

Successful new business development

Profitability expected to accelerate in the next quarters

Sound balance sheet and low net debt

Sustainable efficiency improvement by site optimisation



The engine company.

■ Annex

Summary of key financials (I)

€ million	Q1 2014	Q1 2013	Change (%)
Revenue	342.7	289.9	18.2
EBITDA	25.4	15.5	63.9
EBIT	1.9	-6.4	--
EBIT margin (%)	0.6	-2.2	--
Net income	-0.6	-6.9	91.3
Basic earnings per share (€)	0.00	-0.06	--
Number of employees (31 March)	4,042	3,935	2.7

Summary of key financials (II)

€ million	Q1 2014	Q1 2013	Change (%)
Total assets	1,154.2	1,043.2	10.6
Equity	497.3	446.9	11.3
Equity ratio (%)	43.1	42.8	--
Cash flow from operating activities	9.4	0.9	>100
Free cash flow	-3.2	-20.9	84.7
Net financial position	-35.5	-69.3	48.8
Working capital	202.2	168.8	19.8

Income statement

€ million	Q1 2014	Q1 2013	Change (%)
Revenue	342.7	289.9	18.2
Cost of goods sold	-300.1	-257.6	16.5
Research and development costs	-16.3	-14.3	14.0
Selling expenses	-16.6	-15.6	6.4
Administrative expenses	-8.4	-7.4	13.5
Other operating income	3.2	4.1	-22.0
Other operating expenses	-3.1	-4.4	-29.5
Income from investments accounted for using the equity method	0.5	-1.1	--
Other investment income	0.0	0.0	--
EBIT	1.9	-6.4	--
Net interest expense	-1.7	-1.3	30.8
Net income before taxes	0.2	-7.7	--
Income taxes	-0.8	0.8	--
Net income on continuing operations	-0.6	-6.9	-91.3

Balance sheet: assets

€ million	31 March 2014	31 Dec 2013	Change (%)
Non-current assets (excluding deferred tax assets)	588.5	596.6	-1.4
Deferred tax assets	33.2	30.8	7.8
Inventories	271.5	224.6	20.9
Trade receivables	138.4	149.1	-7.2
Other receivables and assets	52.0	60.6	-14.2
Cash and cash equivalents	70.2	58.9	19.2
Non-current assets classified as held for sale	0.4	0.4	0.0
Total assets	1,154.2	1,121.0	3.0

Balance sheet: equity and liabilities

€ million	31 March 2014	31 Dec 2013	Change (%)
Equity	497.3	504.7	-1.5
Provisions for pensions and other post-retirement benefits	171.3	168.6	1.6
Other provisions	34.9	37.2	-6.2
Financial liabilities	98.0	83.0	18.1
Other liabilities	14.0	3.7	>100
Non-current liabilities	318.2	292.5	8.8
Provisions for pensions and other post-retirement benefits	14.9	14.9	0.0
Other provisions / Provisions for income taxes	58.3	49.5	17.8
Financial liabilities	7.7	7.6	1.3
Trade payables	207.7	201.4	3.1
Other liabilities	50.1	50.4	-0.6
Current liabilities	338.7	323.8	4.6
Total equity and liabilities	1,154.2	1,121.0	3.0

Cash flow statement (condensed)

€ million	Q1 2014	Q1 2013
EBIT	1.9	-6.4
Cash flow from operating activities (total)	9.4	0.9
Capital expenditure on intangible assets, property, plant and equipment and investments	-16.2	-20.8
Proceeds from the sale of non-current assets	5.1	0.1
Cash flow from investing activities (total)	-11.1	-20.7
Cash flow from financing activities	13.5	-1.3
Change in cash and cash equivalents	11.8	-21.1

Overview of segments, Q1 2014

	Q1 2014	Q1 2013	Change (%)
New orders (€ million)			
DEUTZ Compact Engines	344.6	328.3	5.0
DEUTZ Customised Solutions	69.6	60.2	15.6
Total for operating activities	414.2	388.5	6.6

	Q1 2014	Q1 2013	Change (%)
Revenue (€ million)			
DEUTZ Compact Engines	286.8	239.7	19.6
DEUTZ Customised Solutions	55.9	50.2	11.4
Total for operating activities	342.7	289.9	18.2
Germany	20.8%	16.6%	--
Export	79.2%	83.4%	--

	Q1 2014	Q1 2013	Change (%)
Unit sales			
DEUTZ Compact Engines	41,656	33,720	23.5
DEUTZ Customised Solutions	2,801	2,518	11.2
Total for operating activities	44,457	36,238	22.7

	Q1 2014	Q1 2013	Change (%)
EBIT (€ million)			
DEUTZ Compact Engines	-4.9	-11.2	56.3
DEUTZ Customised Solutions	7.1	5.1	39.2
Other	-0.3	-0.3	0.0
Total for operating activities	1.9	-6.4	--

Employees

	31 March 2014	31 March 2013	Change (%)
Cologne	2,426	2,434	-0.3
Ulm	393	394	-0.3
Other German operations	281	282	-0.4
Germany	3,100	3,110	-0.3
Foreign operations	942	825	14.2
DEUTZ Group	4,042	3,935	2.7

Financial calendar & contact details

- Annual general meeting 7 May 2014
- Interim report 1st half 2014 7 August 2014
- Interim report 1st to 3rd quarter 2014 6 November 2014

➤ Contact details

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