

AD-HOC DISCLOSURE

DEUTZ AG

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Unexpected charges in third quarter of 2014

DEUTZ AG will not meet its previous forecast for the current financial year (2014). According to new information and analysis, significant costs will be incurred over the coming years in connection with warranties and goodwill for engines from the DEUTZ Compact Engines segment, primarily relating to engines manufactured in 2011. In the third quarter of 2014, there was an unexpected charge against earnings of EUR20.4 million resulting from the recognition of provisions for warranty costs, net of limited insurance claims. We are currently examining whether we have any further insurance claims.

Preliminary results indicate that new orders in the third quarter of 2014 stood at EUR330.0 million (Q3 2013: EUR360.1 million) while revenue amounted to EUR424.6 million (Q3 2013: EUR381.0 million, a year-on-year increase of 11.4 per cent). Excluding the unexpected charge against earnings, operating profit (EBIT) amounted to EUR23.1 million (Q3 2013: EUR17.1 million, a year-on-year increase of 35.1 per cent) and the EBIT margin was 5.4 per cent (Q3 2013: 4.5 per cent). After taking the recognition of provisions into account, there was an operating profit (EBIT) of EUR2.7 million and the EBIT margin was 0.6 per cent.

In the DEUTZ Compact Engines segment, new orders in the third quarter of 2014 totalled EUR270.4 million (Q3 2013: EUR303.1 million) and revenue stood at EUR368.3 million (Q3 2013: EUR315.1 million). The EBIT margin, excluding the unexpected charges (that affect exclusively this segment), was 5.3 per cent (Q3 2013: 2.3 per cent). After taking the recognition of provisions into account, the EBIT margin came to -0.2 per cent. In the DEUTZ Cus-

tomised Solutions segment, new orders stood at EUR59.6 million (Q3 2013: EUR57.0 million) while revenue totalled EUR56.3 million (Q3 2013: EUR65.9 million) and the EBIT margin was 7.5 per cent (Q3 2013: 14.9 per cent).

As a result of the general economic slowdown, new orders for the third quarter of 2014 fell below our expectations. Against this background, we expect to generate revenue of around EUR1.5 billion in the current financial year. This represents an increase of around 3 per cent compared with 2013. We will not be able to achieve our previous forecast for operating profit (EBIT), primarily as a result of the unexpected charges. A

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