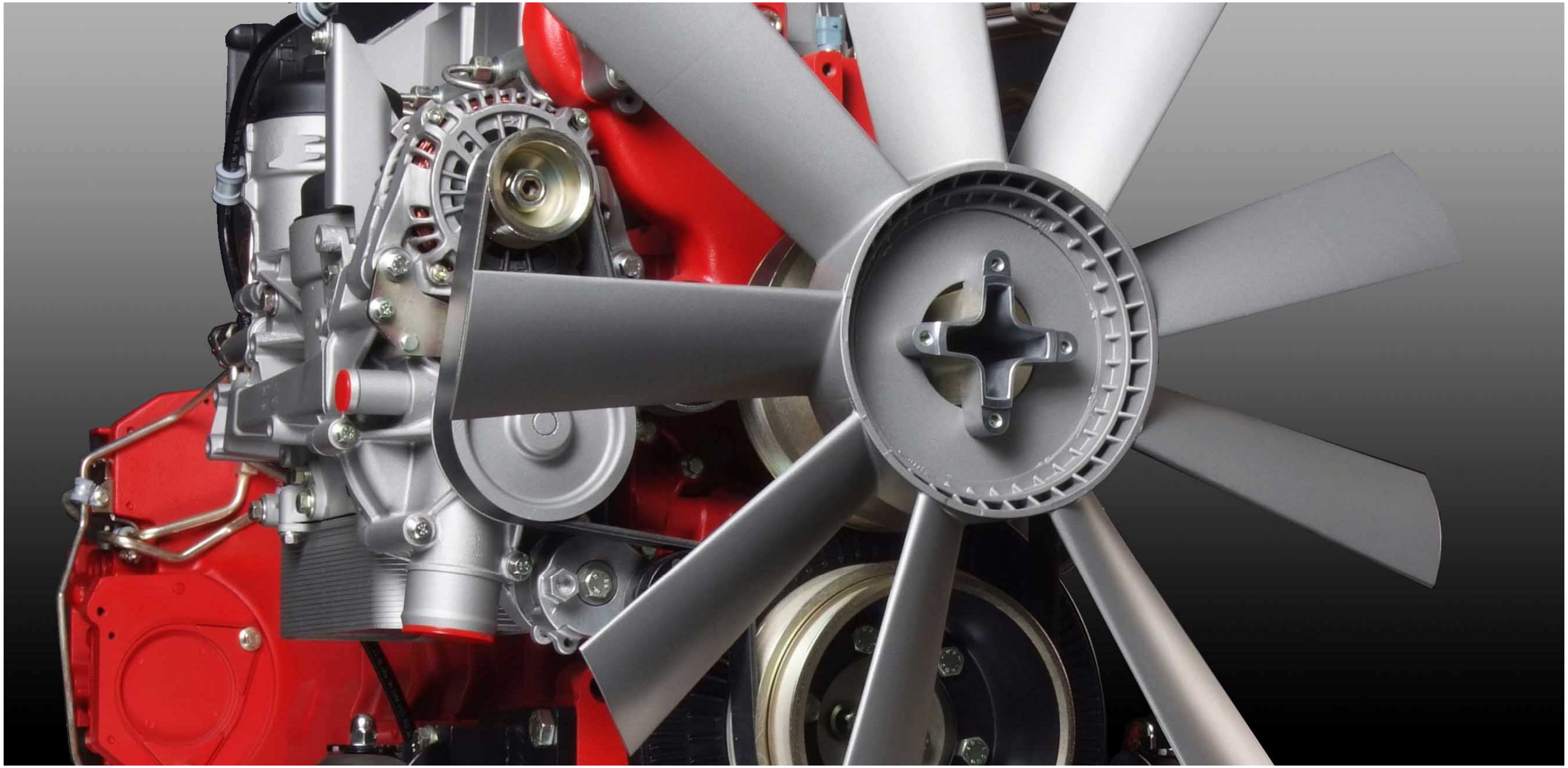


DEUTZ AG

Investor presentation – power in motion

November 2013

Agenda

The engine company. DEUTZ

- **DEUTZ at a glance**
- Strategy & investment rationale
- Financials
- Outlook

DEUTZ at a glance

Profile

- Founded in 1864 by Nicolaus August Otto - the inventor of the four-stroke engine
- Independent manufacturer of diesel engines with product range from 25 to 520 kw
- Production capacity of 300,000 engines p.a. (additional capacity of Joint Ventures 250,000 engines p.a.)
- Engineering and manufacturing company with strong expertise as system integrator
- Worldwide sales channels and service network
- Strong brand - synonymous with leading technology and high-quality products

Financials 2012

- Revenue €1.3 billion
- Net income €21.0 million
- Free Cash Flow €12.6 million
- Equity ratio >40%

Board

- Dr. Helmut Leube (CEO)
- Dr. Margarete Haase (CFO)
- Michael Wellenzohn (CSO)

Blue chip customer base

VOLVO, AGCO, SAME DEUTZ FAHR, JLG, FENDT, TEREX CORPORATION, WACKER NEUSON, BOMAG FAYAT GROUP, KION GROUP, Atlas Copco, Wirtgen

→ **Global player with almost 150 years of experience**

Corporate structure

The engine company. DEUTZ

DEUTZ Group

Revenue 2012 €1.3bn

DEUTZ Compact Engines	DEUTZ Customised Solutions
Revenue 2012 €1.0bn	Revenue 2012 €0.3bn

- Liquid-cooled engines of up to 8 litres cubic capacity for on- and off-road applications
- Large number of modular approaches
- Major Chinese Joint Ventures

- Air-cooled engines for on-road, off-road and marine applications
- Liquid-cooled engines over 8 litres for all applications
- Remanufactured (Xchange) engines for all DEUTZ engine series

DEUTZ Services (common to both segments)

- Substantial service business based on existing population of approx. 1.6m engines in the market
- Product portfolio mainly comprises genuine DEUTZ spare parts, Xchange engines and parts as well as oils and lubricants
- In addition, DEUTZ provides after-sales services such as commissioning, maintenance and other on-site services as well as documentation and training

Product portfolio: ready for the next emission levels

The engine company. DEUTZ

Engines for Tier 4 emissions standards

(TC)D 2.9
25 – 56 kW

- Award winning new engine
- Very compact engine minimizes installation effort
- Simple EAT (catalyst only)

(TC)D 3.6
50 – 90 kW

- New engine focussing on industrial and agricultural applications
- Highest output and torque in its class with best power-to-space ratio
- Simple EAT

TCD 4.1 / 6.1
70 – 180 kW

- Better power density and improved life-cycle costs compared to its predecessor
- Optimized EAT concepts for industrial and agricultural applications (DVERT)

TCD 7.8
160 – 270 kW

- Better power density and improved life-cycle costs compared to its predecessor
- Optimized EAT concepts for industrial and agricultural engines (DVERT)

TCD 12.0 / 16.0
300 – 520 kW

- Most compact power source in its class
- Improved life-cycle costs
- No DPF - no regeneration nor main-tenance compared to competition

Focus on Mobile Machinery and Agriculture

		Mobile Machinery	Agricultural Machinery	Stationary Equipment	Auto-motive	
2011	22 – 77 kW	■		■		
2012 2V	60 – 155 kW	■	■	■		
1013 / 2013 2V	72 – 200 kW	■	■	■	■	
2013 4V	118 – 243 kW	■	■	■	■	Stage IIIA / Tier 3 and below Euro 5 and below
912 / 914	24 – 176 kW	■	■	■		
413 / 513	77 – 441 kW	■				
1015 / 2015	195 – 520 kW	■	■	■	■	
(TC)D 2.9	25 – 56 kW	■	■	■		
(TC)D 3.6	50 – 90 kW	■	■	■		
TCD 4.1 / TCD 6.1	70 – 180 kW	■	■			Stage IIIB / IV Tier 4 interim / final
TCD 7.8	160 – 270 kW	■	■			
TCD 12.0 / TCD 16.0	300 – 520 kW	■	■			

Key applications

The engine company. DEUTZ

	Typical application	Markets benefit from macro trends	Competitors[1]
Mobile Machinery	Construction Material handling Ground support Mining equipment	 	Cummins Kubota Perkins Yanmar
Agricultural Machinery	Tractors Agricultural equipment	 	Deere Kubota Perkins Yanmar
Stationary Equipment	Gensets Pumps Compressors	 	Deere Kubota Perkins Yanmar
Automotive	Trucks Buses Rail vehicles	 	Cummins Fiat Powertrain MAN Mercedes

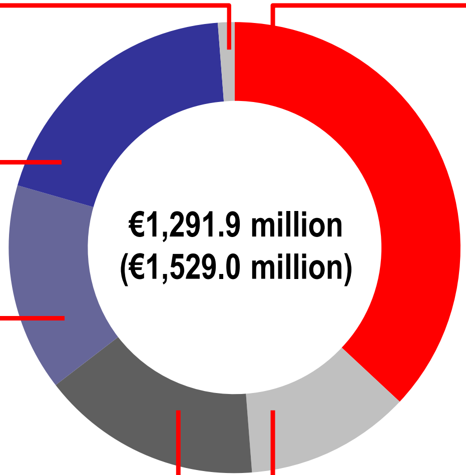
(1) In alphabetical order

→ **Wide application range for DEUTZ engines**

Revenue split

Revenue split by application, 2012

(2011)



Other 1%
€15.3 million
(€76.0 million)

Mobile Machinery 37%
€477.5 million
(€529.4 million)

Service 19%
€250.3 million
(€241.6 million)

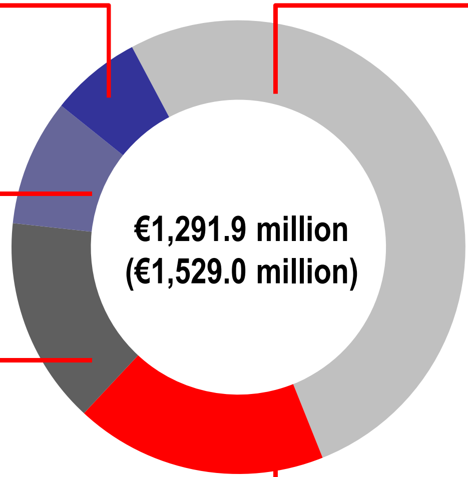
Automotive 15%
€192.1 million
(€213.6 million)

Stationary Equipment 16%
€204.2 million
(€227.9 million)

Agricultural Machinery 12%
€152.5 million
(€240.5 million)

Revenue split by region, 2012(1)

(2011)



Africa/Middle East 6%
€83.9 million
(€87.8 million)

Europe (excl. Germany) 52%
€668.3 million
(€860.6 million)

Asia-Pacific 9%
€116.8 million
(€126.8 million)

Americas 15%
€190.9 million
(€177.2 million)

Germany 18%
€232.0 million
(€276.6 million)

- In Q1-Q3 2013, Agricultural Machinery achieved a revenue of €217.1 million (+97.2% yoy); the corresponding revenue share increased to 21%

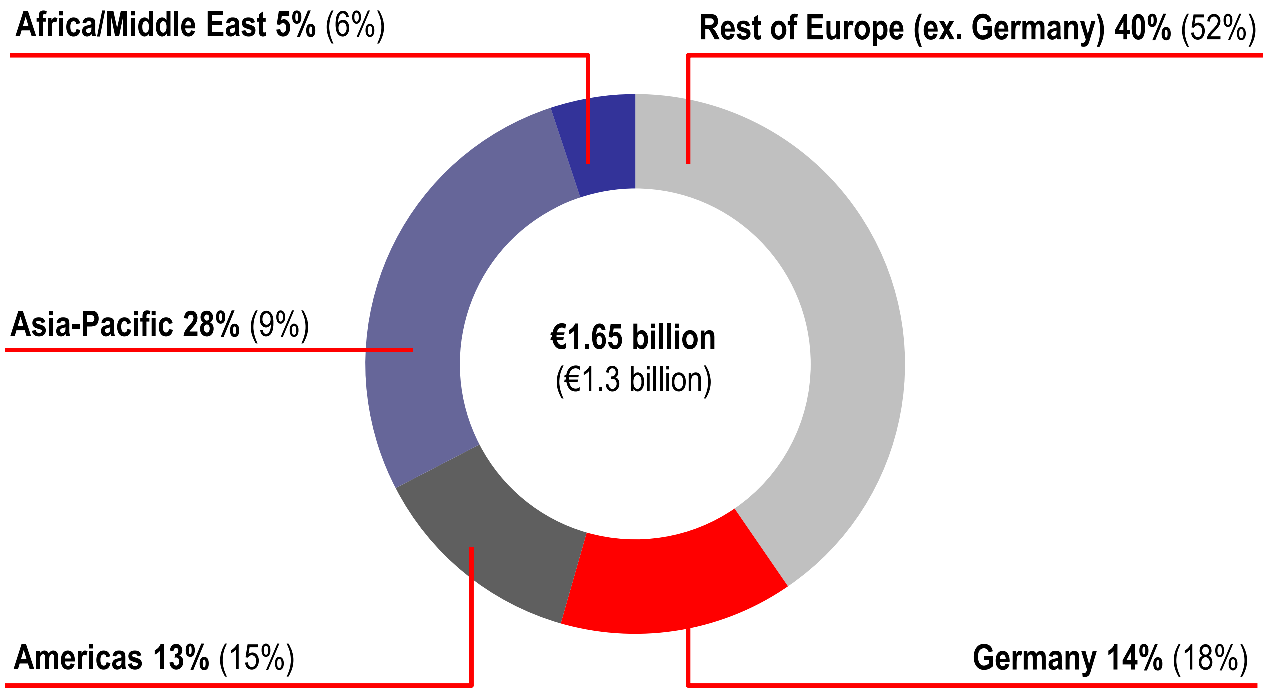
(1) Revenue split by region does not include JVs that are not fully consolidated. Regions assigned by place of business of our OEM customer

Pro-forma revenue split

The engine company. DEUTZ

Revenue split by region (incl. Joint Ventures), 2012[1]

(figures in brackets: reported IFRS revenue)



- Approx. €350 million revenue generated by 50-50 Joint Ventures, mainly in China (at equity consolidated; revenue not reflected in reported IFRS numbers)
- Continued emphasis on growth in Asia where we expect above average growth in the next few years

(1) Pro-forma revenue split including revenue of at equity consolidated JVs

➔ **Pro-forma split reveals significant exposure to Asia-Pacific**

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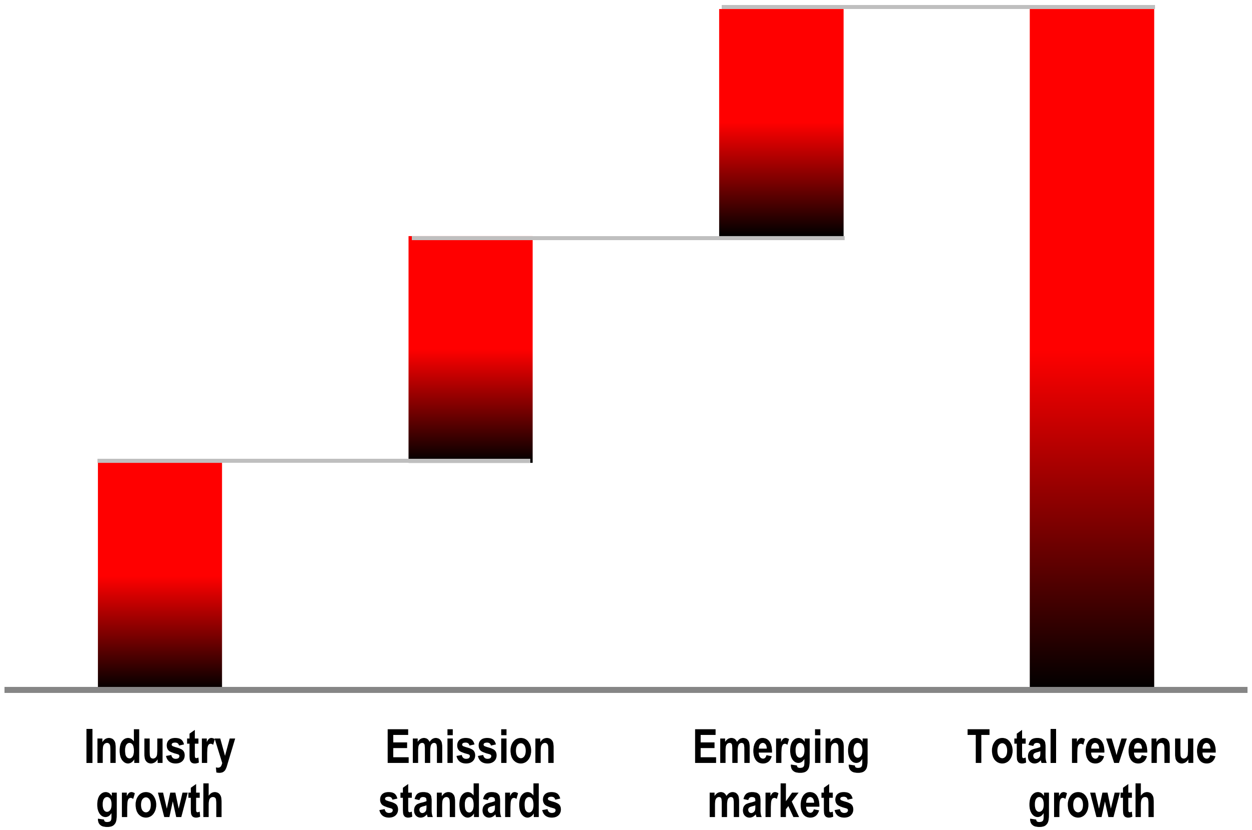
Structural growth drivers

The engine company. DEUTZ



- Product and new business development generating business opportunities
- New emission standards require more complex engines with a higher value
- New production facilities in China will lead to significant growth in Asia in the coming years
- Trend growth of revenue >10% p.a. in the mid-term

➔ **Structural growth drivers enable high revenue growth in the mid-term**

Successful new business development projects

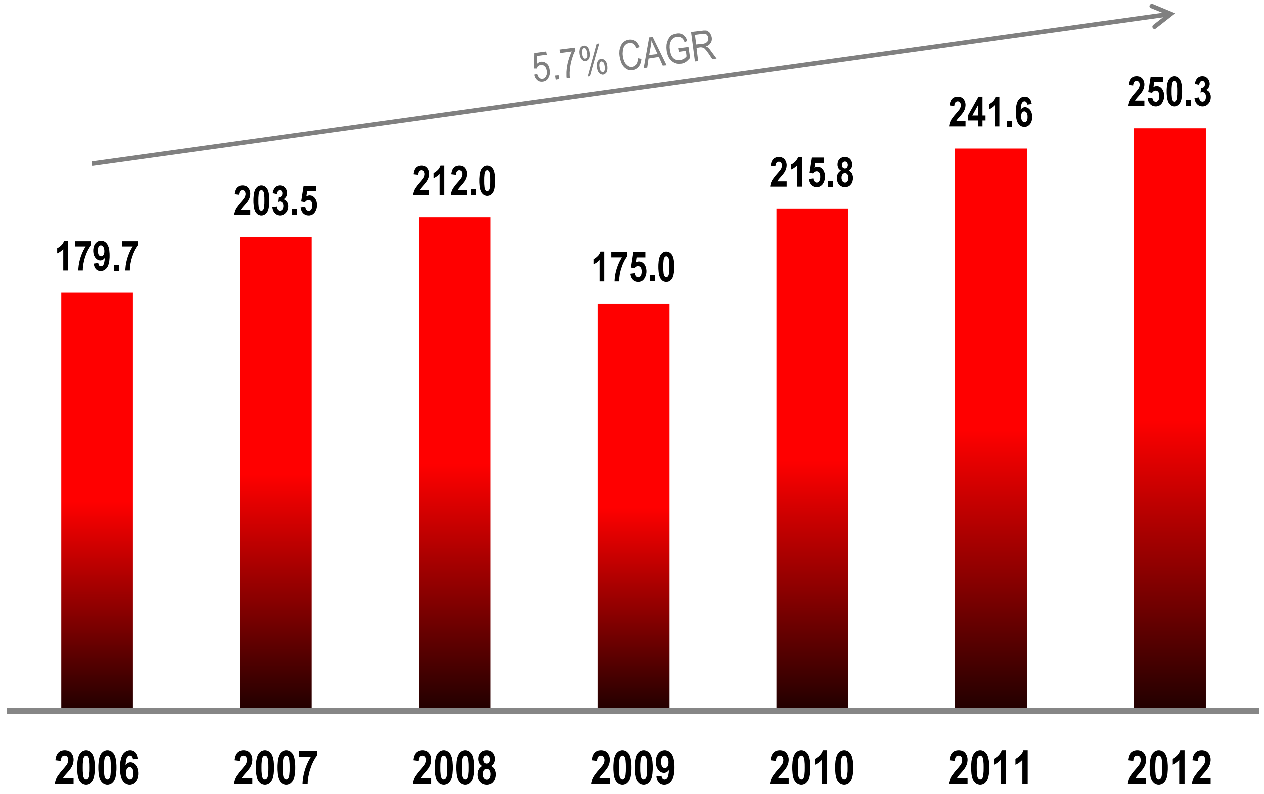
Examples of new applications

- New customers gained in all regions, in particular with new engines 2.9 and 3.6
- Greater share of wallet at existing clients
- New business related to different applications, e.g. tractors, fork lifts, telehandlers, dumpers, rollers, wheel loaders, trenchers, drills and special vehicles
- More business development projects in the pipeline

➔ **Product offensive is paying off**

Service business

€ million



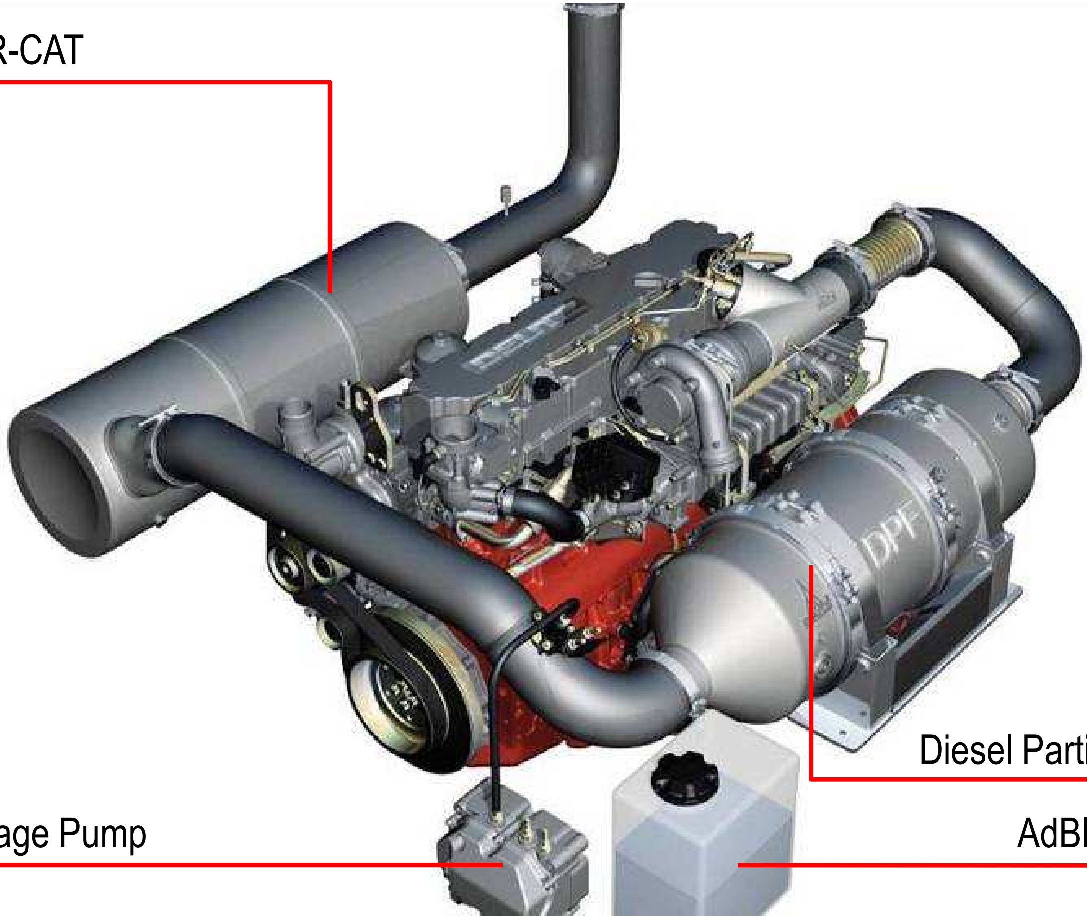
- Growth of service revenue supported by ongoing projects and network extension (e.g. Madrid and Moscow)
- Active management of service network with improved training and tools
- Increased engine complexity beneficial for service business
- Profitable service business less exposed to economic cycles

→ **Better exploiting the potential of our service business**

Emissions standards

The engine company. DEUTZ

Tier 4 systems require exhaust aftertreatment devices



- DEUTZ product portfolio ready for emission level Tier 4 final
- Higher value of new emission engines
- DEUTZ owns the certification for the whole system (i.e. electronically governed diesel engine with exhaust aftertreatment devices)
- Significant NOx (-95.7%) and particle emissions (-96.5%) reduction from 1999 to 2014

➔ **Stricter emission regulations are structural growth driver for our business**

Growth activities in China

The engine company. DEUTZ

	Planned JV with AB Volvo	DEUTZ Engine Shandong (DES)	DEUTZ Dalian Engine (DDE)	WEIFANG WEICHAI-DEUTZ Engine
City (Province)	Linyi (Shandong)	Linyi (Shandong)	Dalian (Liaoning)	Weifang (Shandong)
JV Partner	AB Volvo	Shandong Changlin	FAW Group	Weichai Holding
DEUTZ shareholding	> 50%	70%	50%	50%
Consolidation	Full consolidation	Full consolidation	At equity	At equity
Engine size	4 - 8 litres	< 4 litres	3 – 8 litres	4 – 8 litres
Main applications	Mobile machinery	Mobile machinery	Automotive	Broad range
Revenue in 2012	n/a	n/a	€246 million	€93 million

- Negotiations with AB Volvo are well advanced
- Implementation of Euro 4 / Tier 3 emissions standard in China will increase demand for high-quality engines
- Chinese construction and automotive markets are expected to gain momentum during the course of 2013

➔ **Well positioned to benefit from emerging market growth**

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The engine company. DEUTZ

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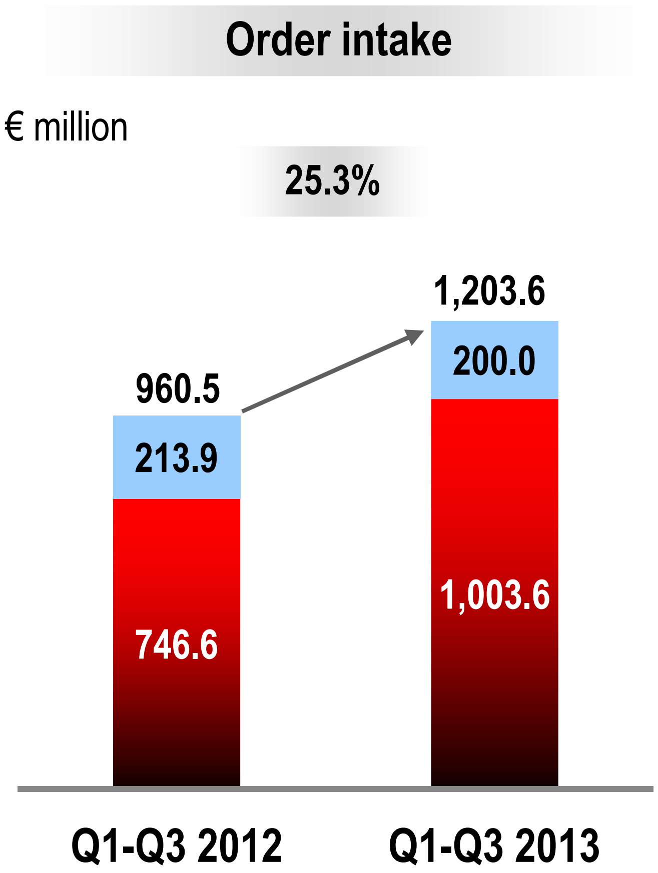
Key figures

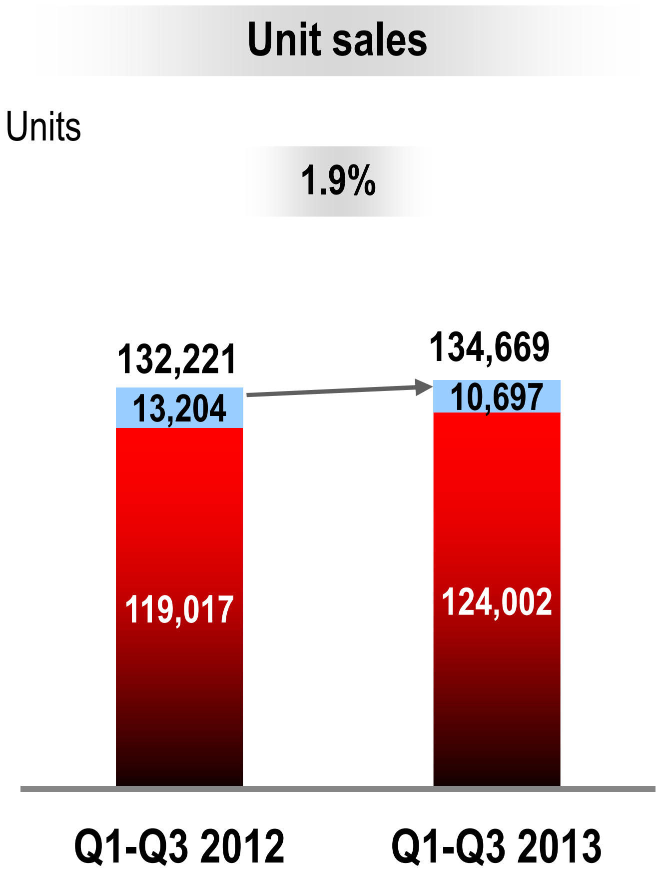
The engine company. DEUTZ

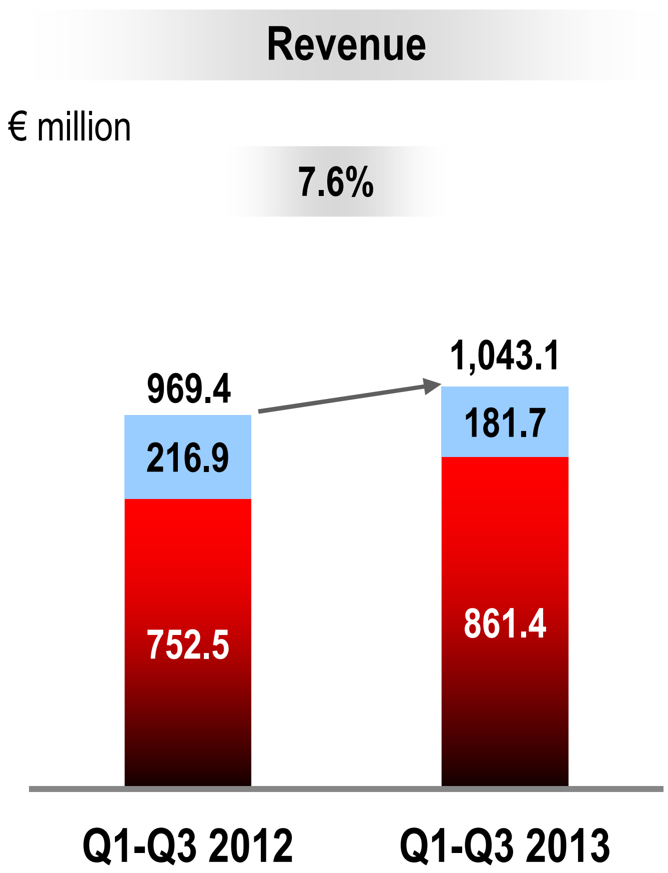
€ million	Q1-Q3 2013	yoy	Q3 2013	qoq
Order intake	1,203.6	+25.3%	360.1	-20.9%
Revenue	1,043.1	+7.6%	381.0	+2.4%
EBITDA	96.8	+20.5%	41.0	+1.7%
EBIT	27.2	+16.2%	17.1	+3.6%
Net financial debt	-53.2	-56.1%	-53.2	+18.5%

→ **All key figures improved compared to the previous year**

Sales figures







- Q1-Q3 record order intake(1)
- Revenue continues to develop better than unit sales due to increasing proportion of new emission engine series

(1) Refers to DEUTZ Group in the current business structure

DEUTZ Compact Engines DEUTZ Customised Solutions

Book to bill ratio

The engine company. DEUTZ

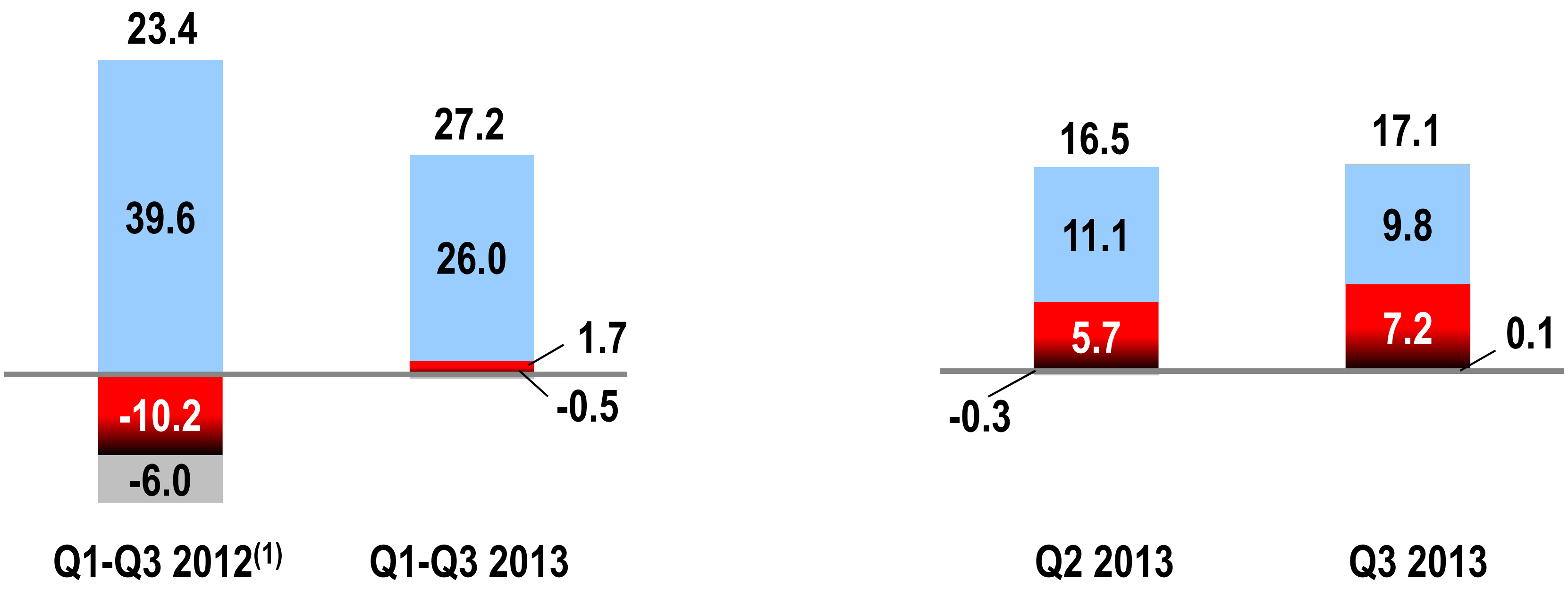
€ million	**Q3 2013**	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Order intake	**360.1**	455.0	388.5	276.6	259.5
Revenue	**381.0**	372.2	289.9	322.5	288.4
Book-to-bill ratio	**0.95x**	1.22x	1.34x	0.86x	0.90x
Orders on hand	**329.5**	352.9	272.1	173.0	219.6

- Q3 book-to-bill ratio at 0.95x after two quarters with exceptionally high ratios: Seasonally somewhat lower order intake after Q2 record levels while high orders on hand led to sales increase
- Compared to last year, Q3 order intake increased by 38.8%
- Continued strong project pipeline
- Order backlog of €329.5 million (+50.0% yoy) ensures good workload

EBIT

The engine company. DEUTZ

€ million



	Q1-Q3 2012[1]	Q1-Q3 2013	Q2 2013	Q3 2013
EBIT margin	2.4%	2.6%	4.4%	4.5%

- Q1-Q3 operating profit (EBIT) of €27.2 million increased by €3.8 million (+16.2%) yoy
- EBIT burdened by higher scheduled amortisation of €12.7 million and ramp-up costs for new engine series
- YTD result from equity-accounted investments increased by €10.7 million

(1) Restated

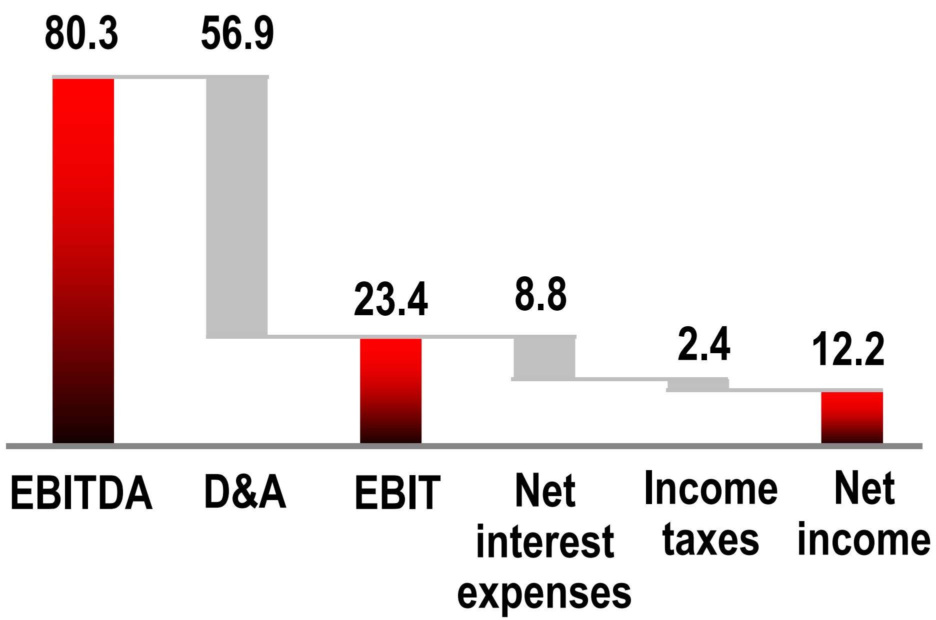
DEUTZ Compact Engines | DEUTZ Customised Solutions | Other

Operating profit and net income

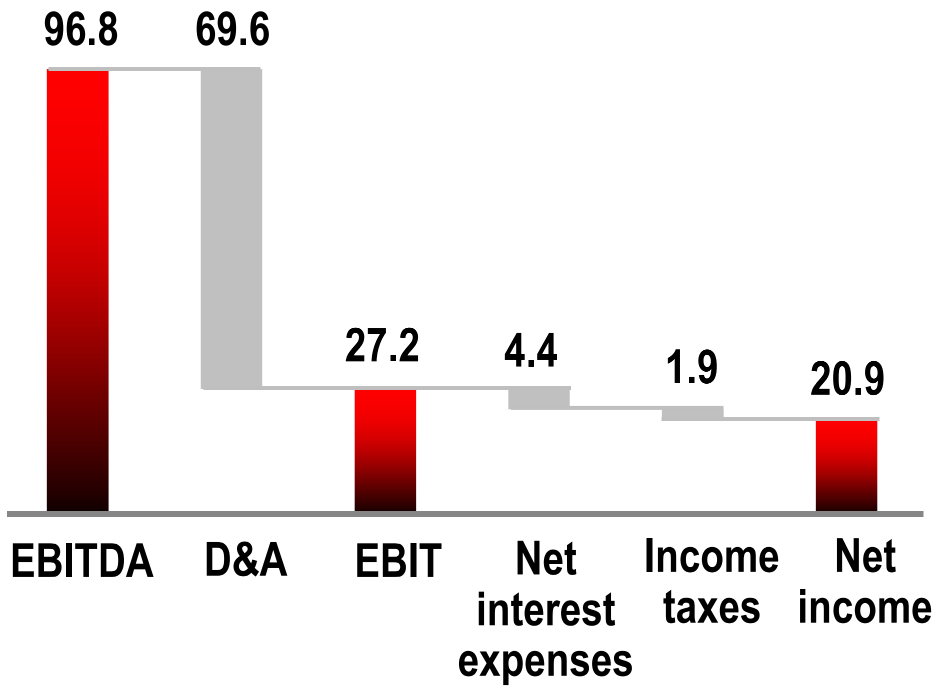
The engine company. DEUTZ

€ million

Q1-Q3 2012[1]



Q1-Q3 2013

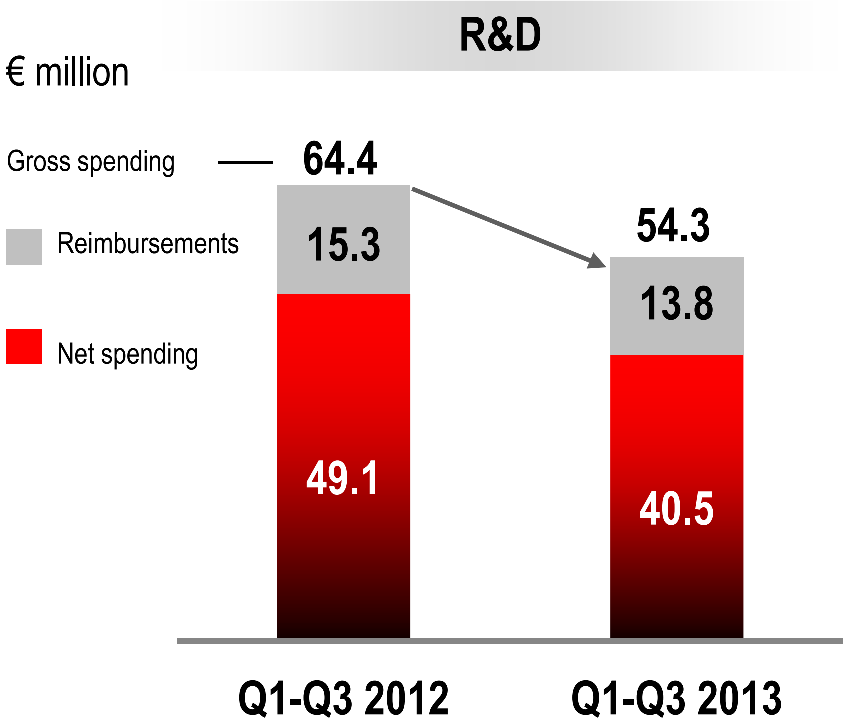


- EBITDA of €96.8 million increased by €16.5 million (+20.5%) yoy
- Net income of €20.9 million improved by +71.3% yoy due to higher operating profit and lower financing costs
- Given tax loss carry forwards effective tax rate remains on low level

(1) Restated

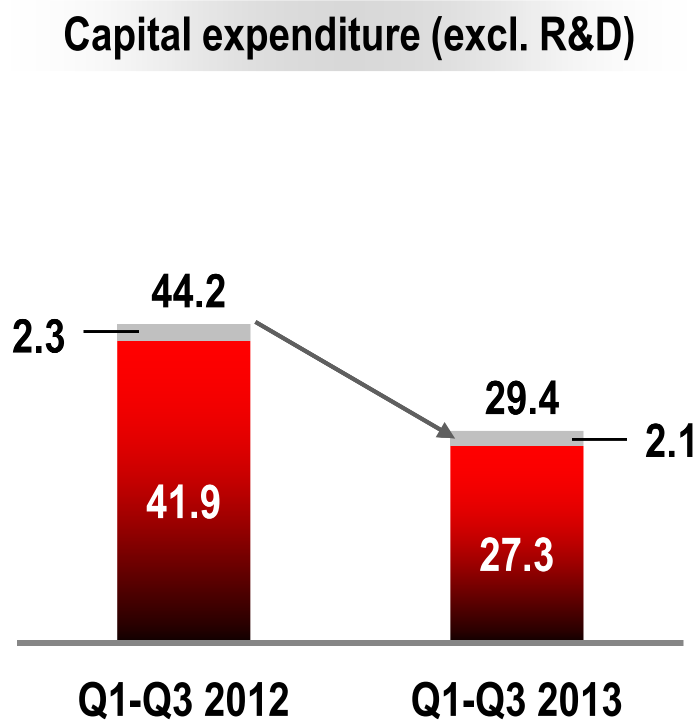
R&D spending and capital expenditure

The engine company. DEUTZ



Net R&D spending ratio[1]

	Q1-Q3 2012	Q1-Q3 2013
Net R&D spending ratio[1]	5.1%	3.9%



- R&D spending decreased in line with our guidance due to successful start of engines for new emission standard
- Proportion of capitalised net R&D spending: €25.5 million (Q1-Q3 2012: €37.0 million)
- Capital expenditure (after reimbursements) decreased by €14.6 million

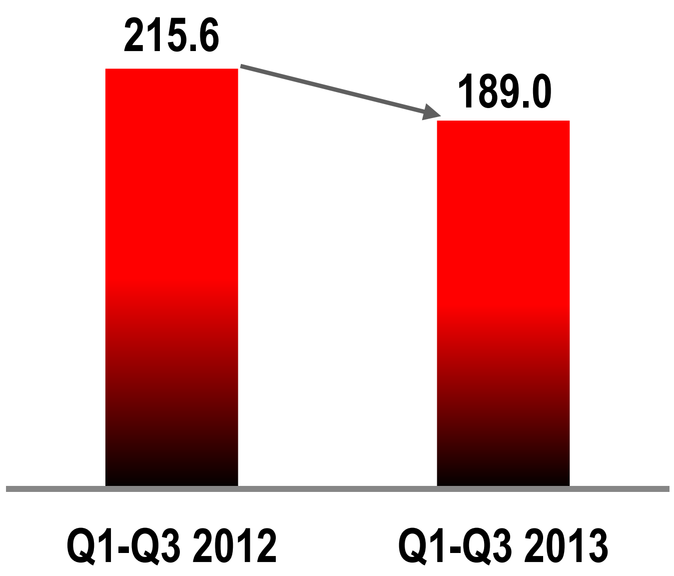
(1) Ratio of net R&D spending to consolidated revenue

Working capital and operating cash flow

The engine company. DEUTZ

€ million

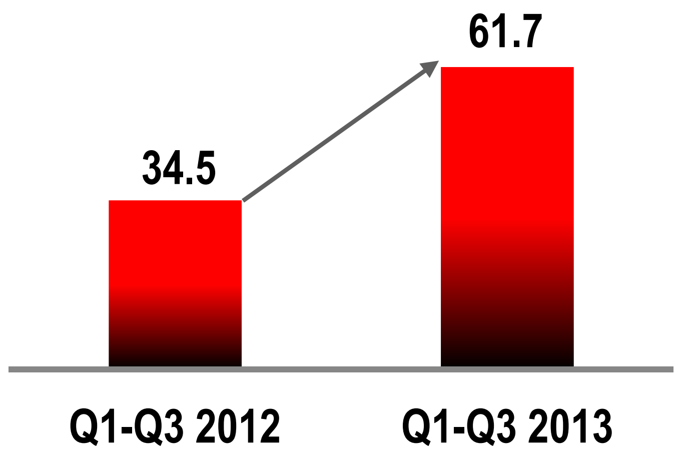
Working capital



Working capital ratio (30 Sep)	15.7%	13.8%

- Working capital decreased by €26.6 million
- Effective working capital control mechanism in place

Operating cash flow

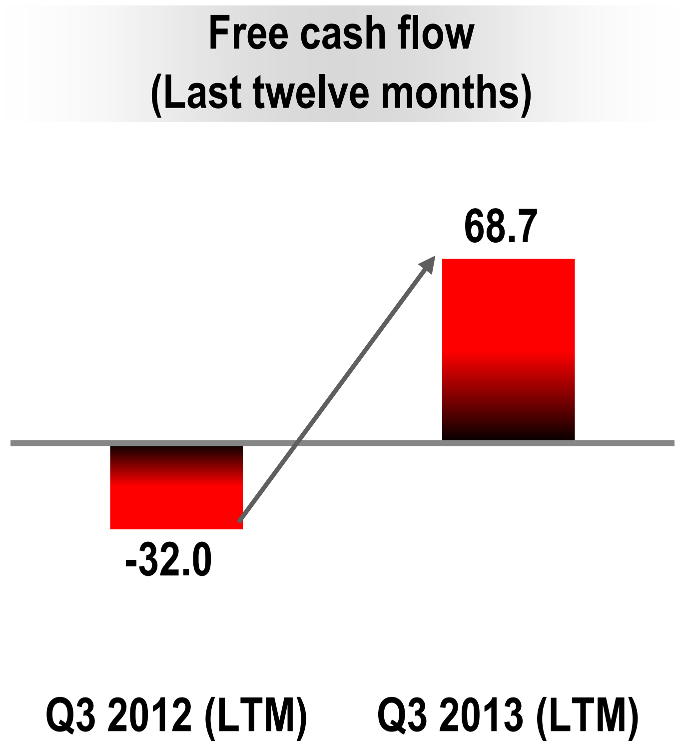


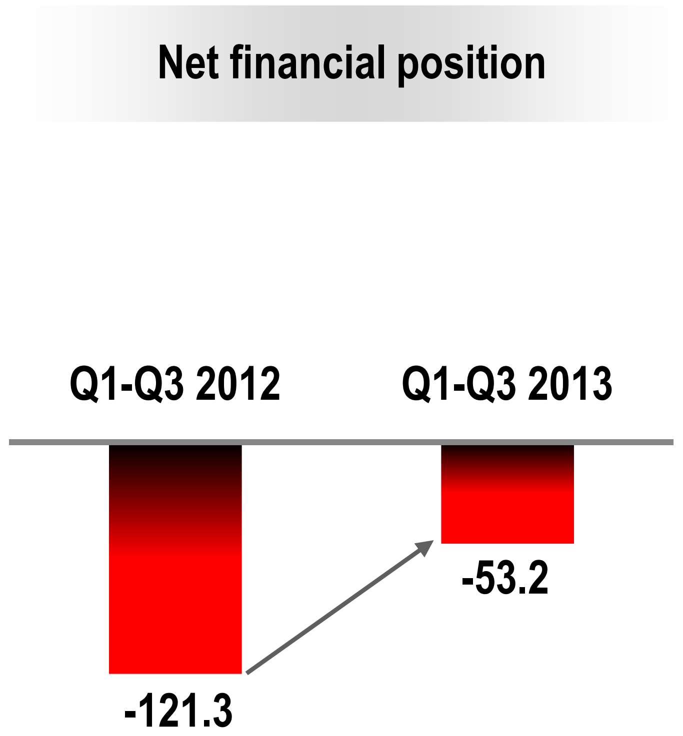
- Operating cash flow increased by €27.2 million due to improved operating performance and good working capital management

Free cash flow generation and net financial position

The engine company. DEUTZ

€ million

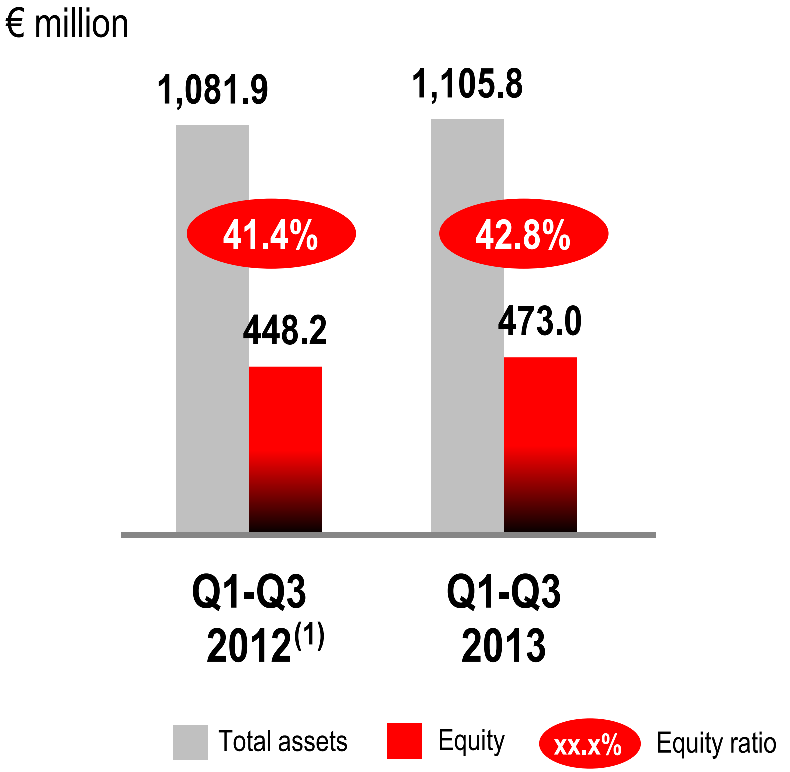


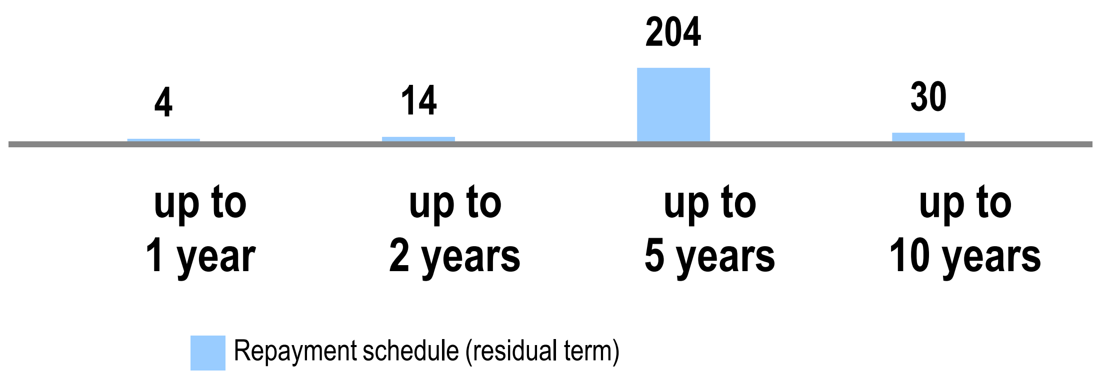


- Free cash flow of €68.7 million generated in last twelve months
- Free cash flow used to reduce net financial position

Equity ratio and funding

The engine company. DEUTZ





- Sound balance sheet with strong equity ratio of 42.8%
- 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

(1) Restated

Summary: key financial development

The engine company. DEUTZ

All key figures improved

Strong order intake and demand for new engines

Lower R&D spending; scheduled amortisation increased

Significant improvement of net income and free cash flow

Sound balance sheet and lower net debt

DEUTZ

The engine company.

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Financial outlook

The engine company. DEUTZ

€ million	FY 2012 reported	Guidance FY 2013
Revenue	1,291.9	> 1,400
EBIT margin (%)	2.9[2]	> 3.0
Net R&D spending[1]	62.1	~ 55
Net capex (excl. R&D)[1]	66.4	< 50

(1) Net of reimbursements
(2) Restated

- For FY 2014 we expect low double digit revenue growth and moderate EBIT margin improvement

→ **Well on track to achieve FY 2013 guidance**

Financial calendar & contact details

The engine company. DEUTZ

Annual report 2013	20 March 2014
Interim Report 1st quarter 2014	5 May 2014
Annual general meeting	7 May 2014
Interim Report 1st half 2014	7 August 2014
Interim Report 1st to 3rd quarter 2014	6 November 2014

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