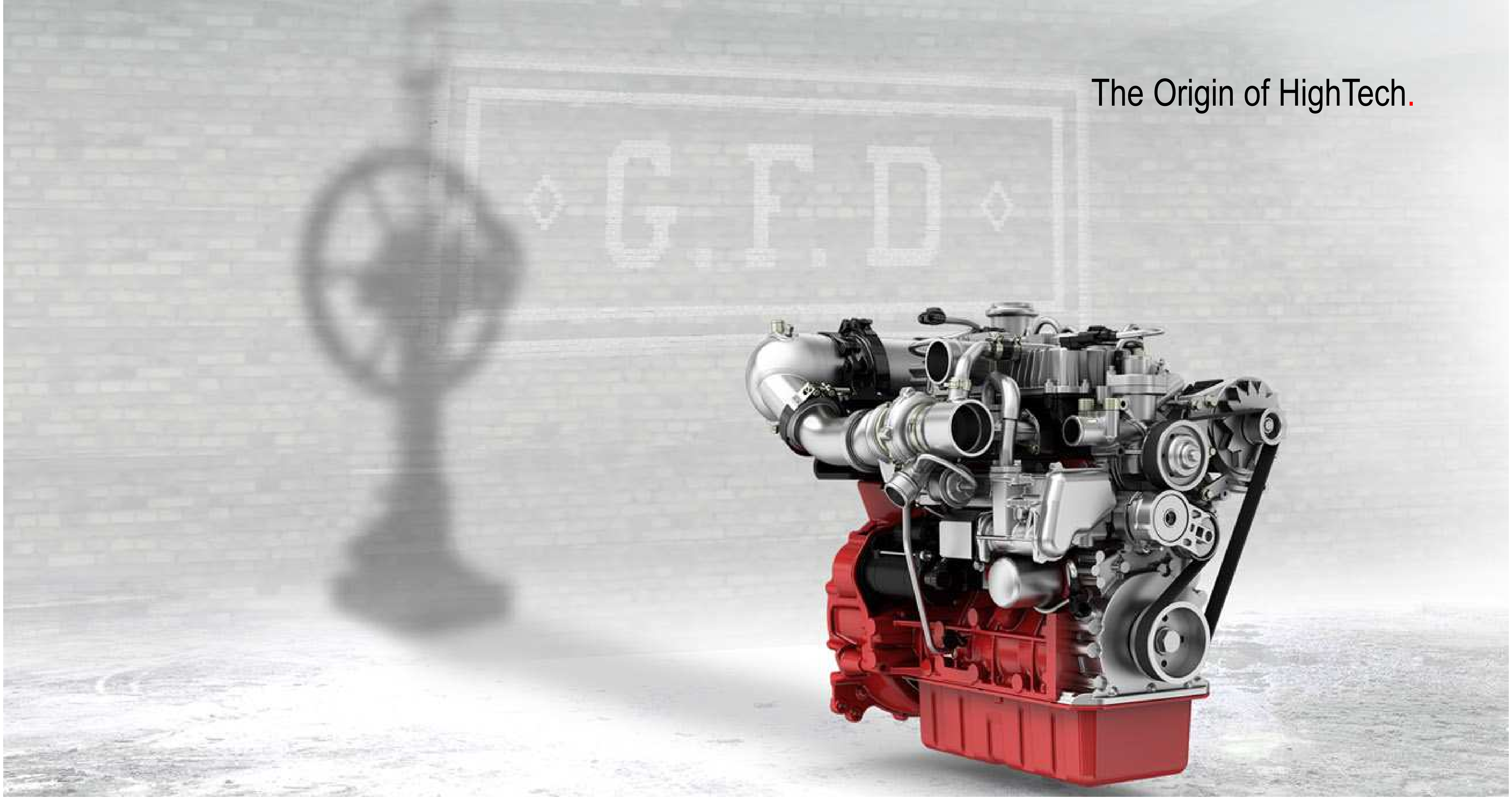


Investor presentation

March 2014

DEUTZ

Agenda

- **DEUTZ strategy & positioning**
- Financials
- Outlook

DEUTZ at a glance

Profile

- 150 years DEUTZ – a tradition of achievement
- Independent manufacturer of diesel engines with product range from 25 to 520 kw
- Engineering and manufacturing company with strong expertise as system integrator
- Worldwide sales channels and service network
- Strong brand – synonym for leading technology and high-quality products

Financials 2013

- Revenue €1.45 billion
- Net income €36.0 million
- Free Cash Flow €13.8 million

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, KION GROUP, Wirtgen, WACKER NEUSON, Atlas Copco, BOMAG FAYAT GROUP, Bobcat, ARGO TRACTORS Landini McCORMICK, MANITOU

Corporate structure

The engine company. DEUTZ

The Origin of HighTech. 150 years DEUTZ

DEUTZ Group

Revenue 2013 €1.45 billion

DEUTZ Compact Engines

Revenue 2013 €1.19 billion

- 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

DEUTZ Customised Solutions

Revenue 2013 €0.26 billion

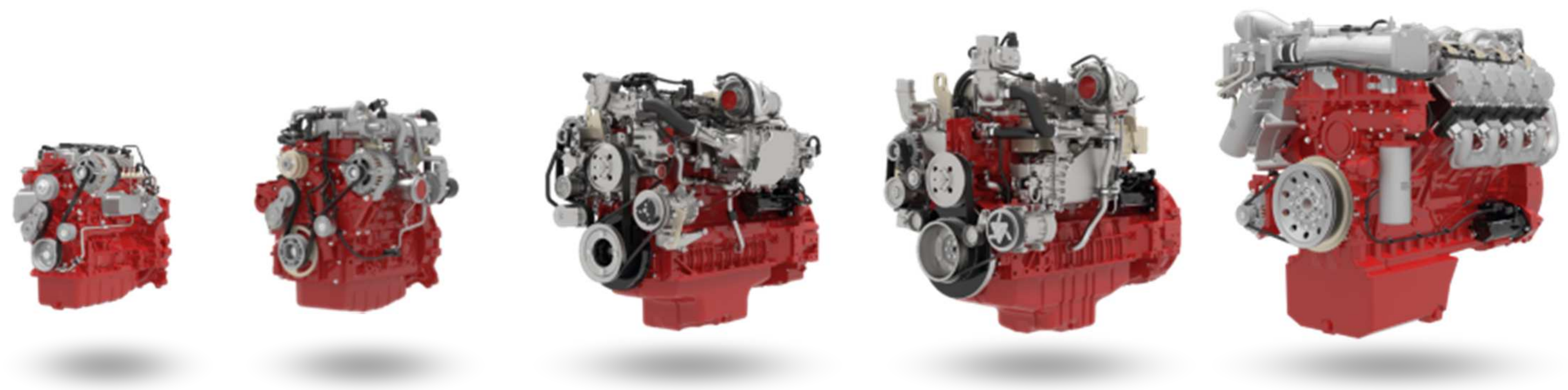
- Air-cooled engines for on-road, off-road and marine applications
- Liquid-cooled engines over 8 litres for all applications
- Remanufactured (Xchange) engines for all DEUTZ engine series

DEUTZ Services (common to both segments)

- Substantial service business based on existing population of approx. 1.6 million engines in the market
- Product portfolio mainly comprises genuine DEUTZ spare parts, remanufactured engines & parts as well as oils and lubricants

DEUTZ engines for Tier 4 emission standard

TCD 2.9 | TCD 3.6 | TCD 4.1 / TCD 6.1 | TCD 7.8 | TCD 12.0 / TCD 16.0



- Competitive product features: compact size, low fuel consumption, smart exhaust after-treatment
- Successful combination of platform strategy with DEUTZ application expertise
- Full range offering with focus on engines for Mobile Machinery and Agricultural Machinery

➔ **New customers gained**

Successful business development

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, telehandler, dumpers, rollers, wheel loaders, trencher, drills and special vehicles
- More business development projects in the pipeline

➔ **Product offensive is paying off**

Key applications

	Typical application	Markets benefit from macro trends		Competitors
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

➔ **Wide application range for DEUTZ engines**

Revenue split by application

FY 2013

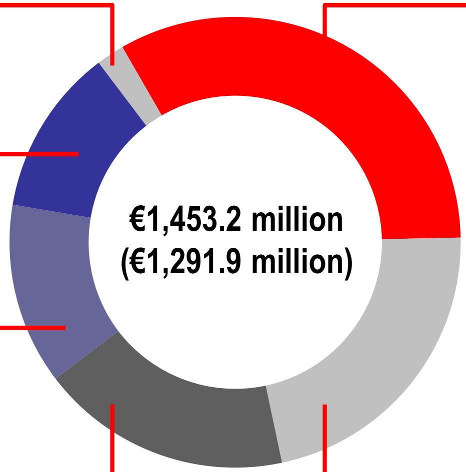
(FY 2012)

Other 2%
€30.1 million
(€15.3 million)

Stationary Equipment 12%
€173.7 million
(€204.2 million)

Automotive 13%[(1)]
€188.5 million
(€192.1 million)

Service 18%
€253.7 million
(€250.3 million)



Mobile Machinery 33%
€481.6 million
(€477.5 million)

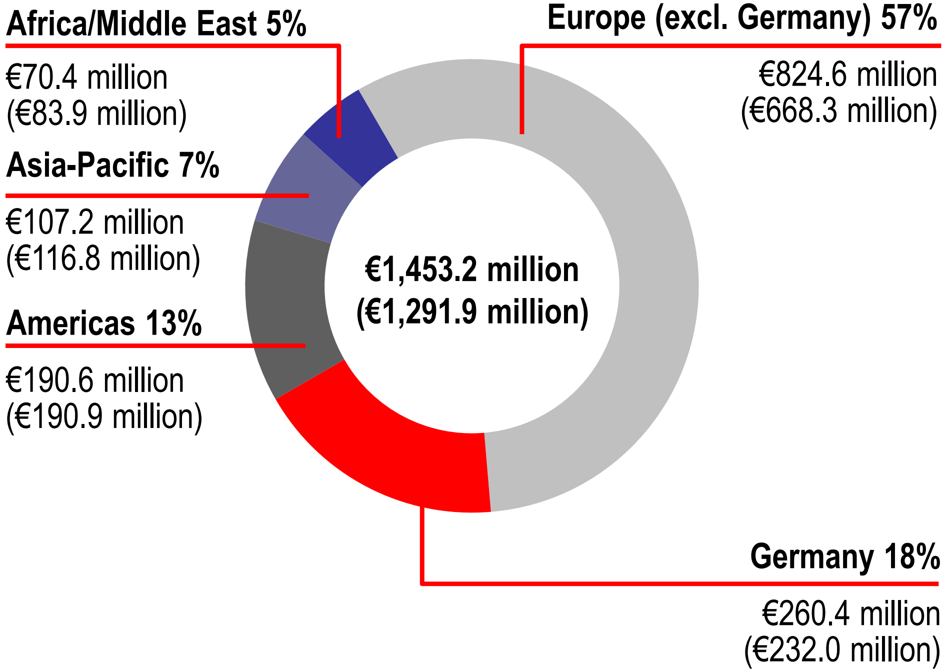
Agricultural Machinery 22%
€325.6 million
(€152.5 million)

(1) In 2013, the pro-forma revenue share of the Automotive business incl. at equity consolidated Joint Ventures was 23%, i.e. 10%-points higher than in the consolidated financial statements (IFRS).

Revenue split by region

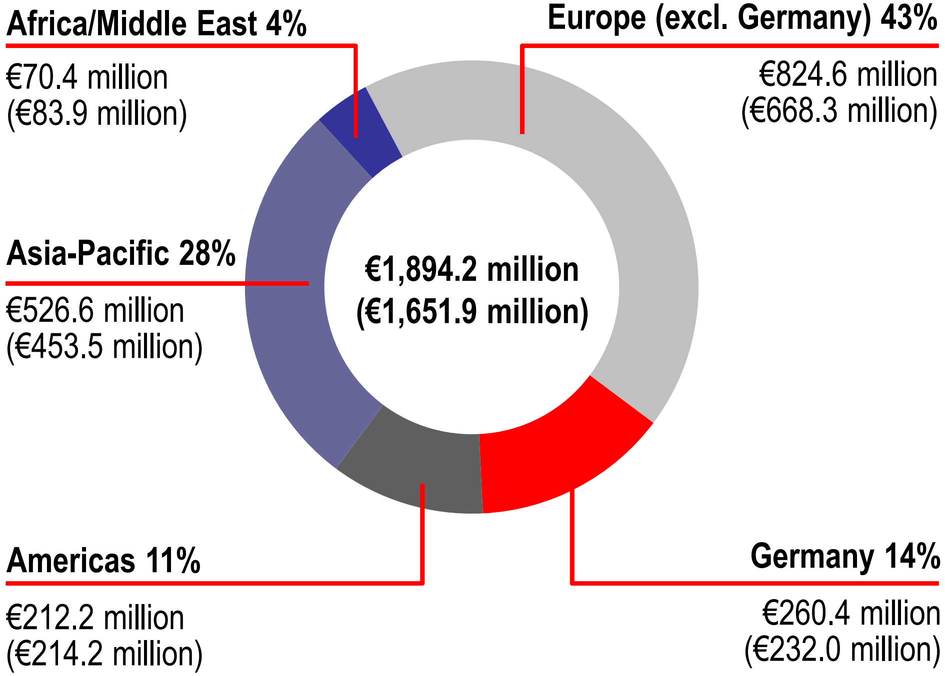
FY 2013(1)

(FY 2012)



Pro-forma incl. Joint Ventures, FY 2013(2)

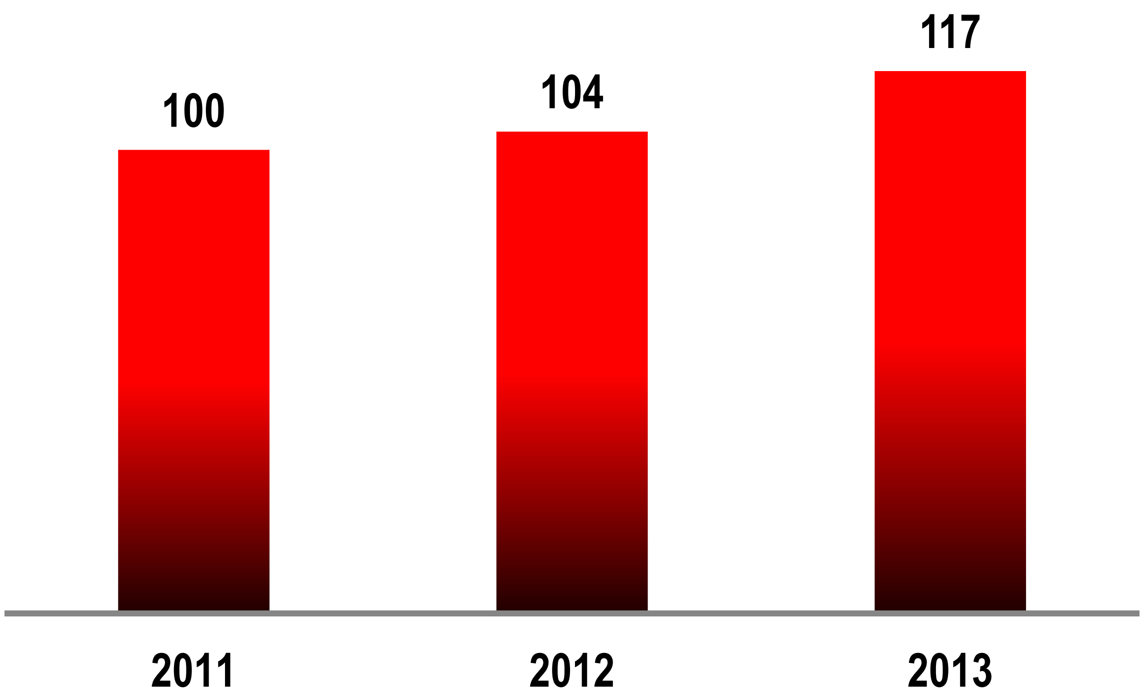
(FY 2012)



(1) Consolidated financial statements (IFRS); regions assigned by place of business of our customer
(2) Pro-forma revenue split including revenue of at-equity consolidated JVs

Emission standards drive DEUTZ revenue growth

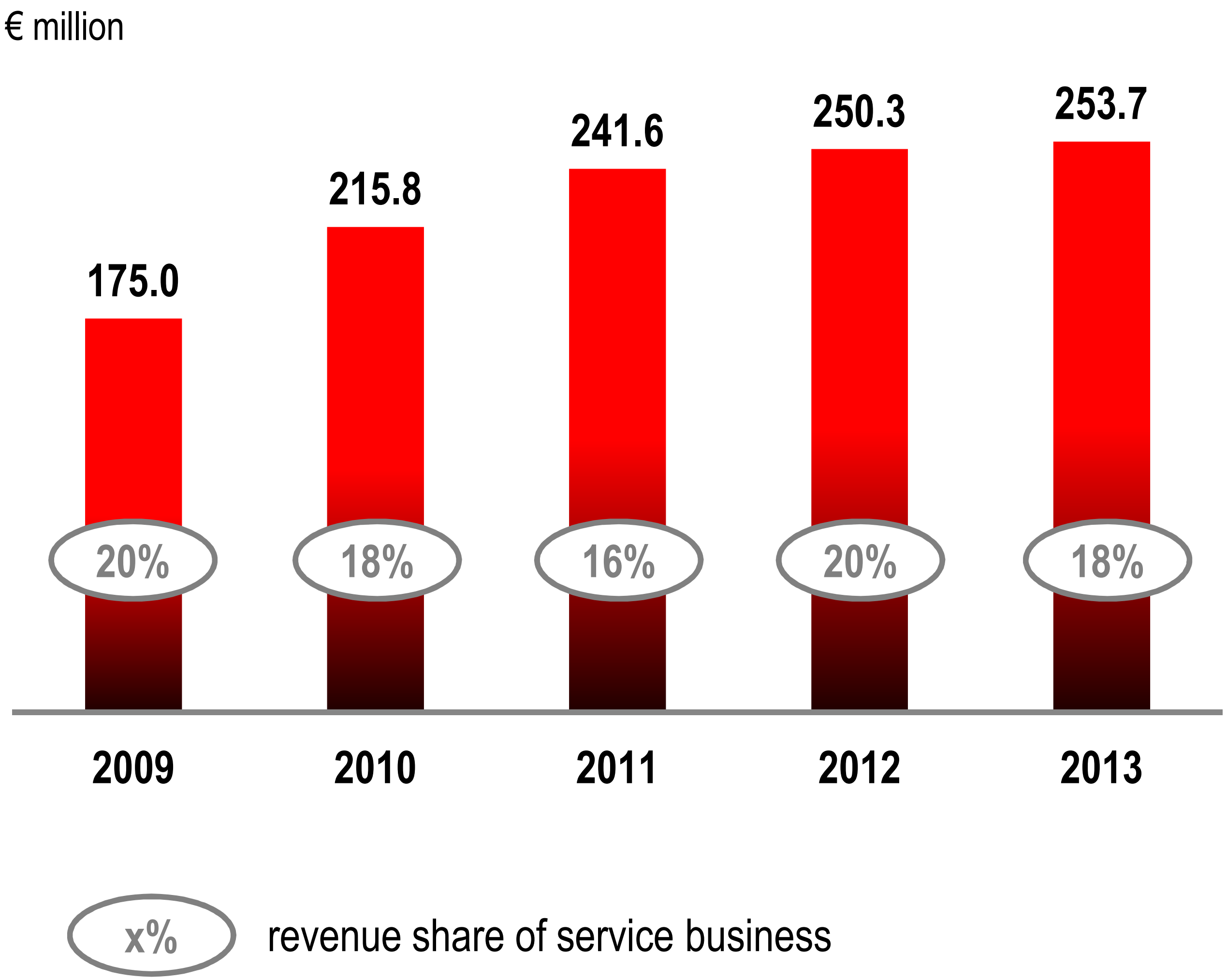
Average sales price per engine
(indexed; FY 2011 = 100)



- Tier 4 systems require exhaust aftertreatment devices
- Growing share of new emission engines drives revenue growth
- Positive price mix effects are expected to continue

→ **Structural growth due to tighter emission standards**

Service business



- Strong resilience of profitable service business through different economic cycles
- Higher complexity of new emission engines provides opportunity to increase penetration of service business
- Active management of service network with improved training and tools

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

Major joint venture activities in China[1]

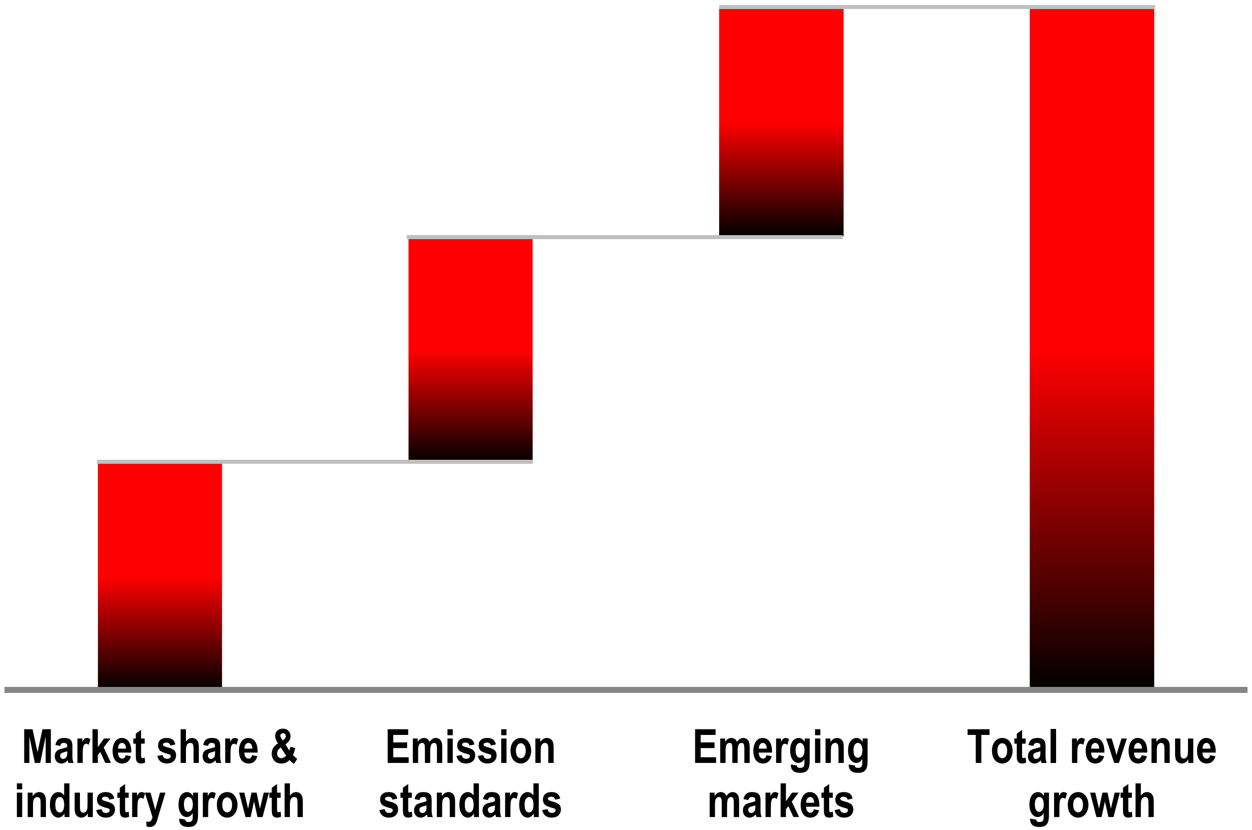
DEUTZ Dalian (DDE)	■ Joint venture with FAW Group ■ 50-50 JV (at-equity consolidation) ■ Revenue FY 2013: €319m (+30% yoy) ■ Production of 3-8 litres diesel engines ■ Automotive and other applications
DEUTZ Engine (China)	■ Joint venture with AB Volvo ■ DEUTZ stake 65% (full consolidation) ■ Production of 4-8 litre diesel engines ■ Focus on Mobile Machinery applications ■ Planned production start at the end of 2015

- DEUTZ organic growth strategy: regional expansion and partnering with key customers
- Implementation of Euro 4 / Tier 3 emissions standard in China will increase demand for high-quality engines

➔ DEUTZ partnered with market leaders to benefit from growth in China

(1) Additional Chinese joint ventures: Weifang Weichai-Deutz Diesel Engine and DEUTZ Engine (Shandong)

Summary: structural growth drivers



- Product and business development leading to growth
- 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**

Agenda

- DEUTZ strategy & positioning
- **Financials**
- Outlook

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150 years DEUTZ

Key figures FY 2013

The engine company. DEUTZ

€ million	FY 2013	yoy
Order intake	1,649.7	+33.4%
Revenue	1,453.2	+12.5%
EBITDA	142.0	+16.7%
EBIT	47.5	+28.0%
Net financial debt	31.7	-34.8%

➔ **DEUTZ delivered on all financial targets**

Sales figures

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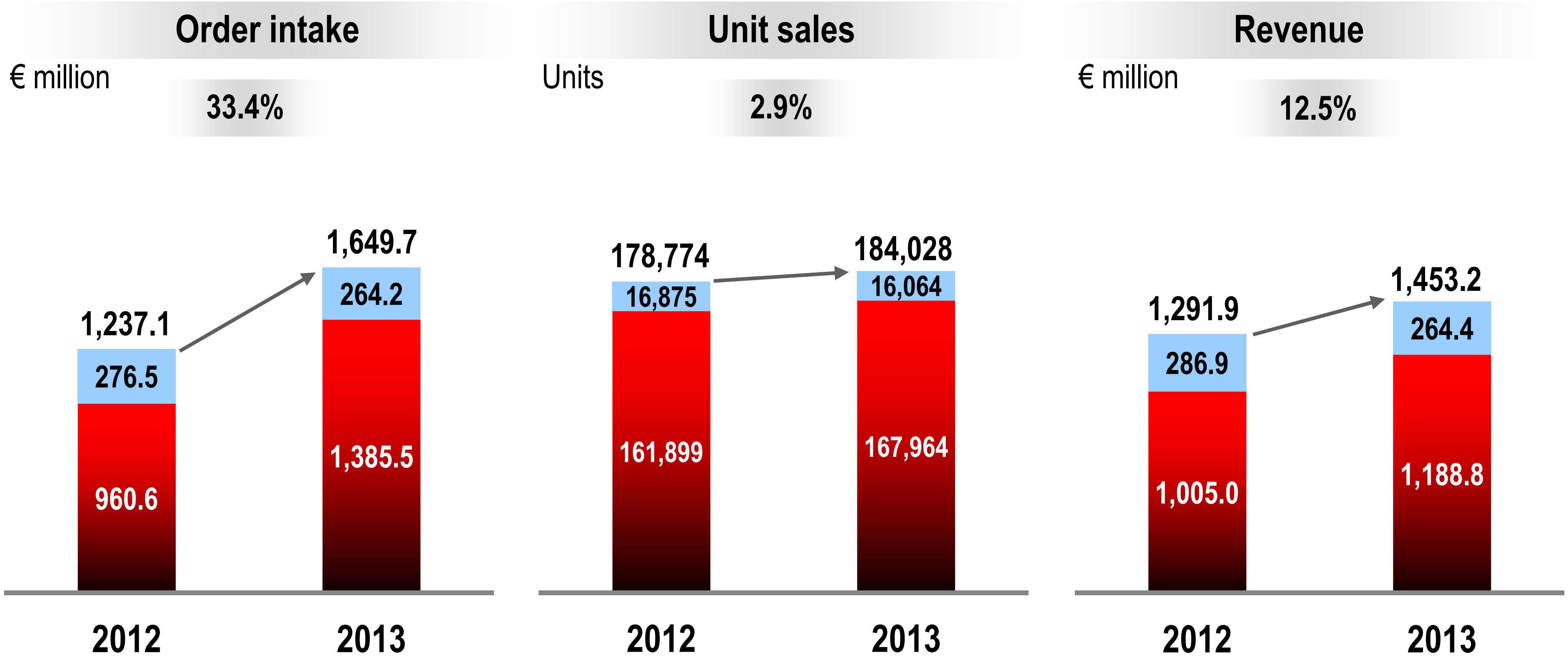


- Strong increase in order intake
- Higher proportion of new engine series and other mix effects leading to higher revenue than unit sales growth

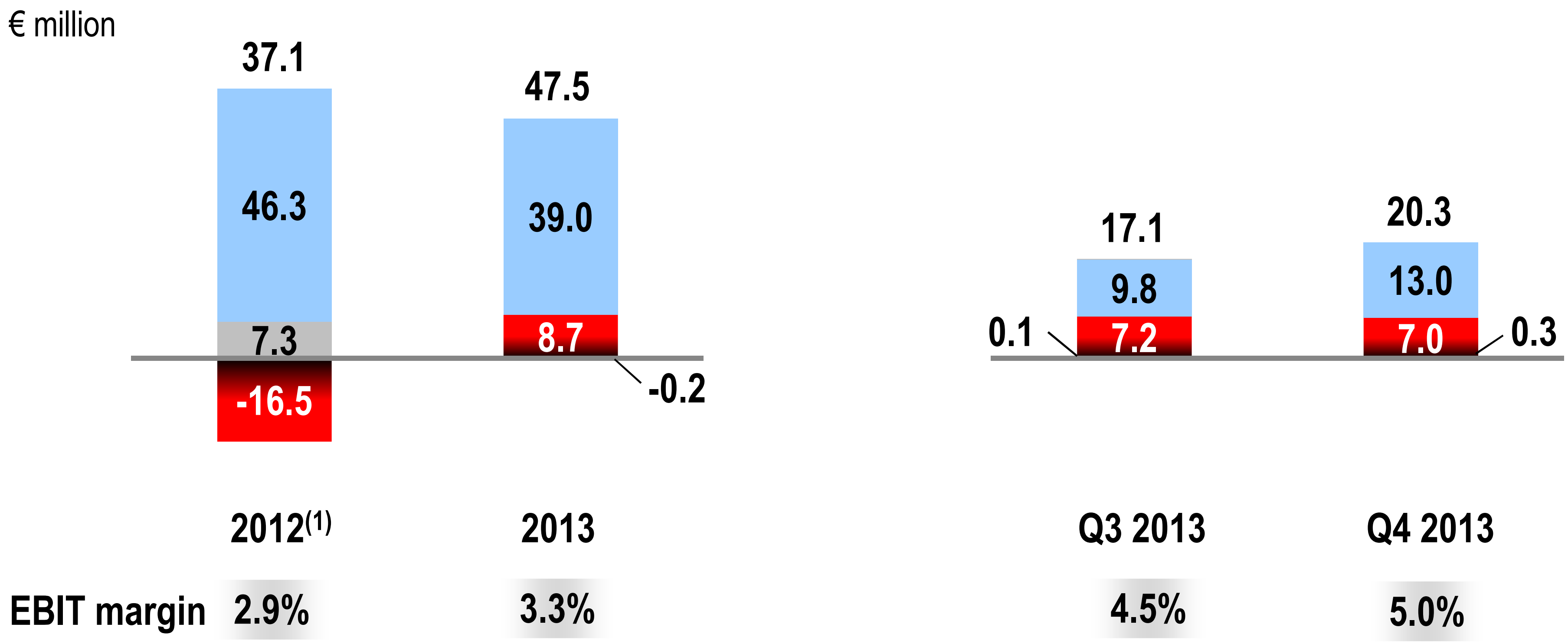
DEUTZ Compact Engines DEUTZ Customised Solutions

Book-to-bill-ratio

€ million	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Order intake	**446.1**	360.1	455.0	388.5	276.6
Revenue	**410.1**	381.0	372.2	289.9	322.5
Book-to-bill ratio	**1.09x**	0.95x	1.22x	1.34x	0.86x
Orders on hand	**366.1**	329.5	352.9	272.1	173.0

- Q4 book-to-bill ratio at 1.09x
- Orders up 61.2% yoy and 23.9% sequentially
- High order backlog of €366.1 million is a good basis for growth in FY 2014

EBIT



- EBIT increased by €10.4 million (+28.0%) yoy
- Business accelerated in FY 2013: three consecutive quarters of improved profitability
- Margin burdened by higher depreciation & amortisation (€9.9 million) and ramp-up phase of new engines
- Result from equity-accounted investments improved to +€1.6 million

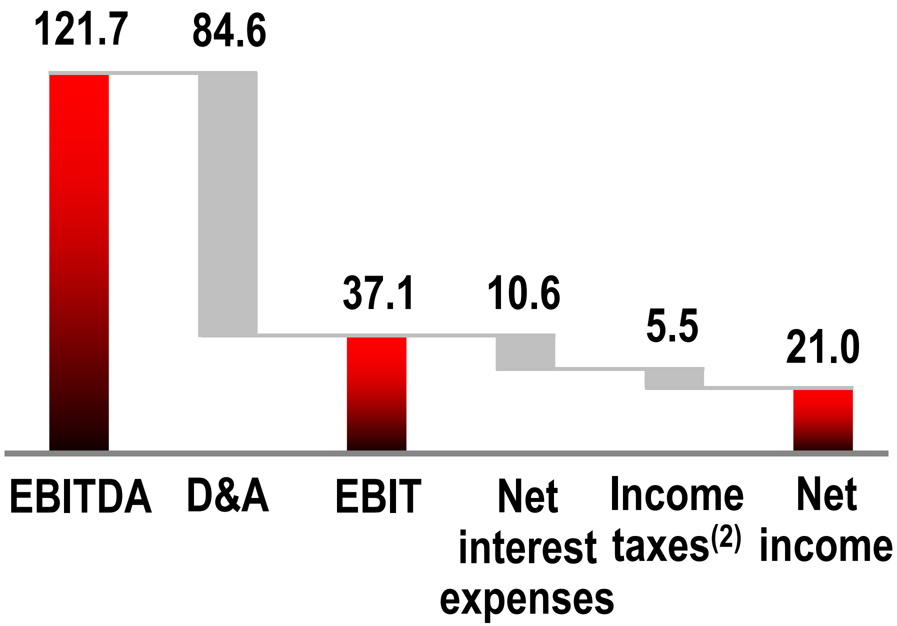
(1) Restated

DEUTZ Compact Engines | DEUTZ Customised Solutions | Other

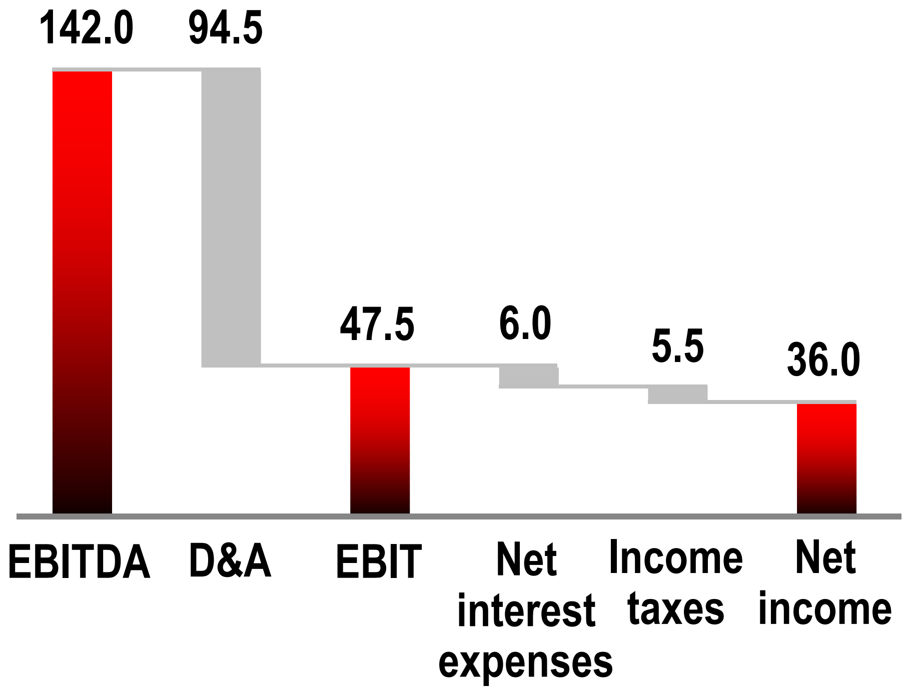
Operating profit & net income

€ million

2012[1]



2013

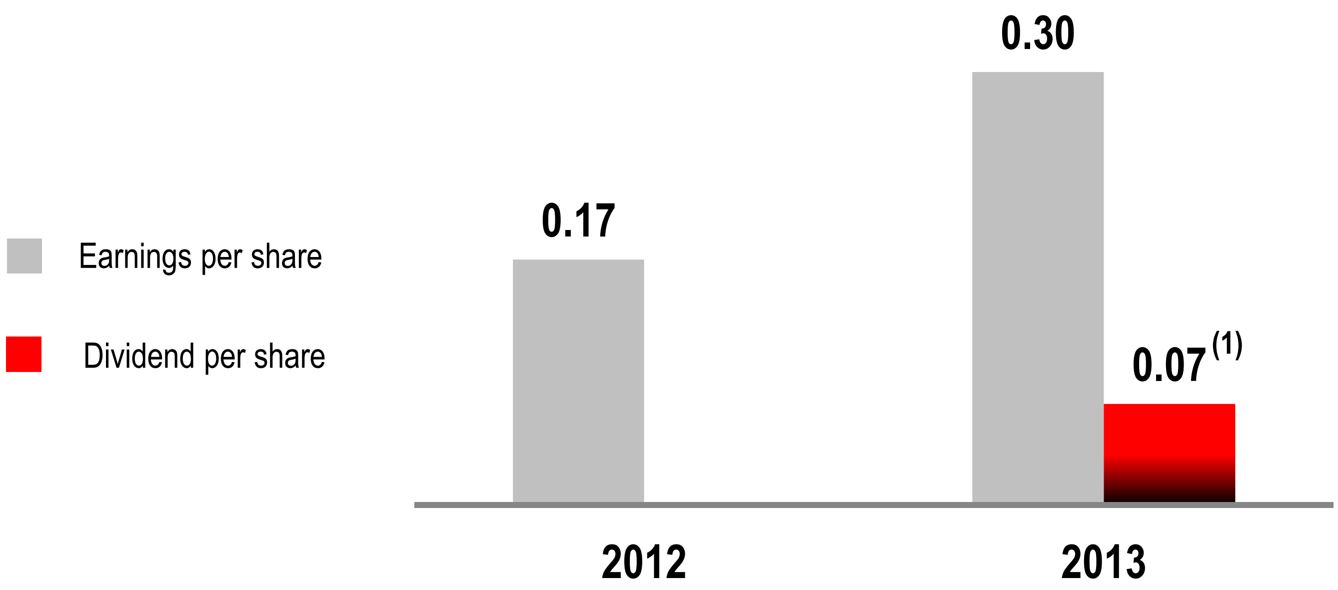


- EBITDA improved by €20.3 million (+16.7% yoy)
- Net income increased strongly by €15.0 million (+71.4% yoy) due to higher operating profit and lower financing costs
- Given tax loss carry forwards effective tax rate remains on low level

(1) Restated
(2) Including €1.1 million income tax expense on discontinued operations

Earnings & dividend per share

€ per share



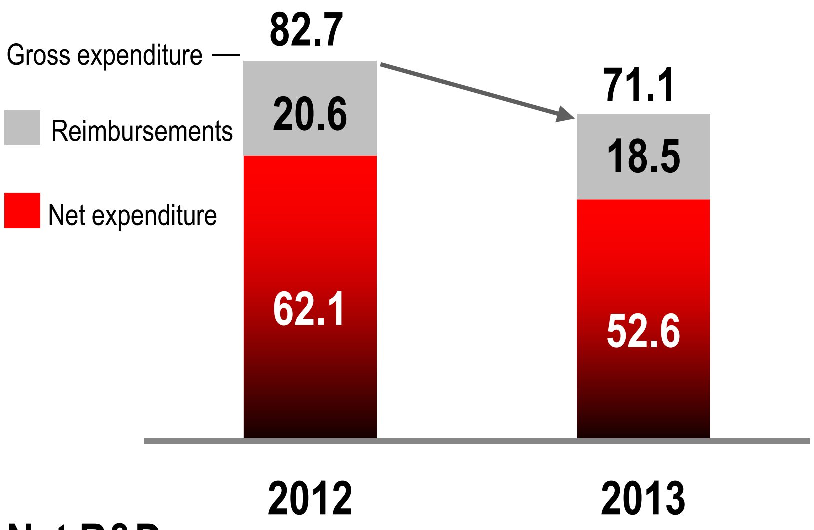
- Proposed dividend €0.07 per share
- Dividend tax exempt for domestic investors

(1) Board proposal to be submitted to the AGM

R&D spending & capital expenditure

R&D

€ million

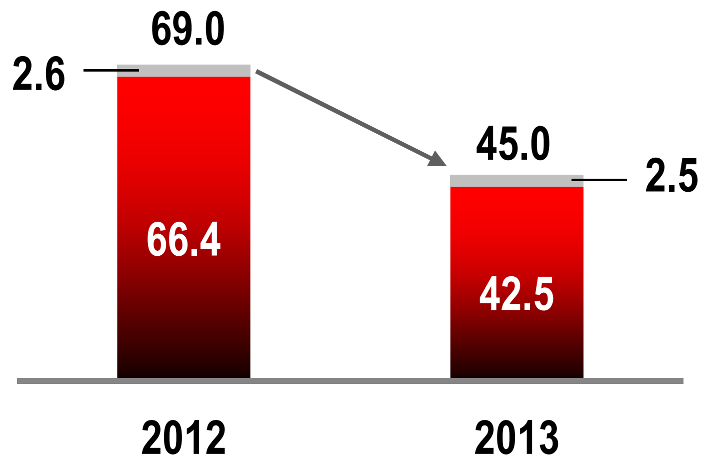


Net R&D expenditure ratio(1)

	2012	2013
Net R&D expenditure ratio(1)	4.8%	3.6%

- Net R&D expenditure decreased in line with our guidance due to successful start of new emission engines
- Proportion of capitalised net R&D expenditure: €32.2 million (FY 2012: €44.2 million)

Capital expenditure (excl. R&D)



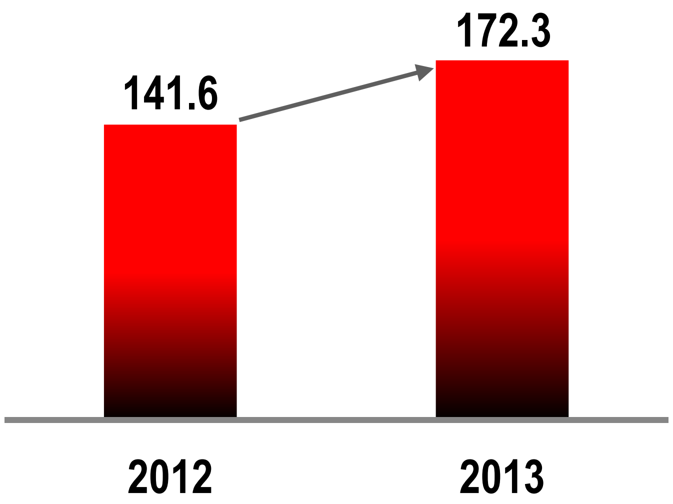
- Capital expenditure (after reimbursements) decreased by €23.9 million

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

Working capital & operating cash flow

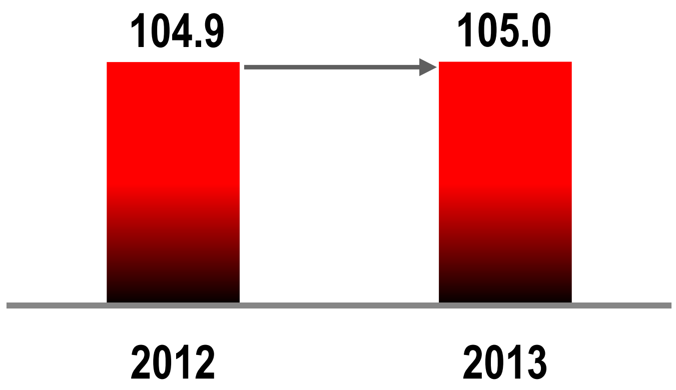
Working capital

€ million



Working capital ratio (31 Dec)	11.0%	11.9%

Operating cash flow



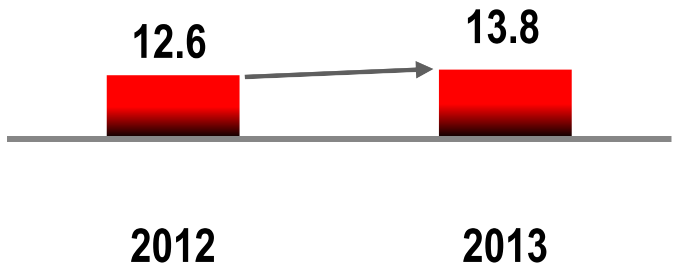
- Working capital increased due to higher business volume
- Working Capital ratio remained at an excellent level

- Operating cash flow stable
- Higher operating profit was compensated by higher working capital

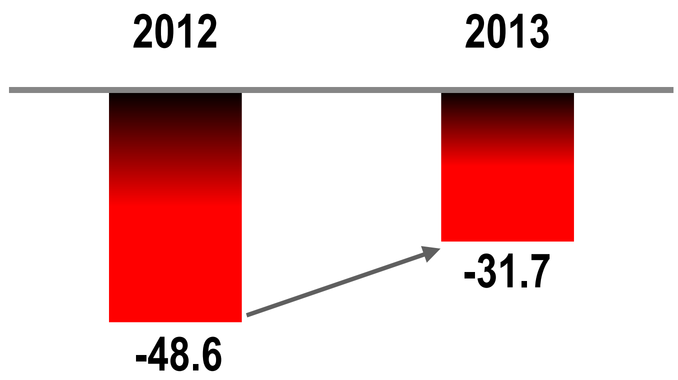
Free cash flow generation & net financial position

Free cash flow

€ million



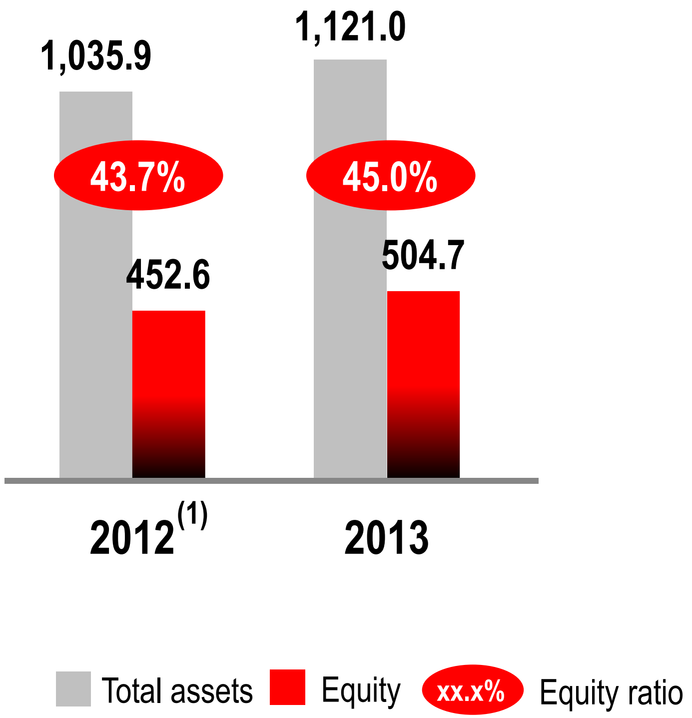
Net financial position

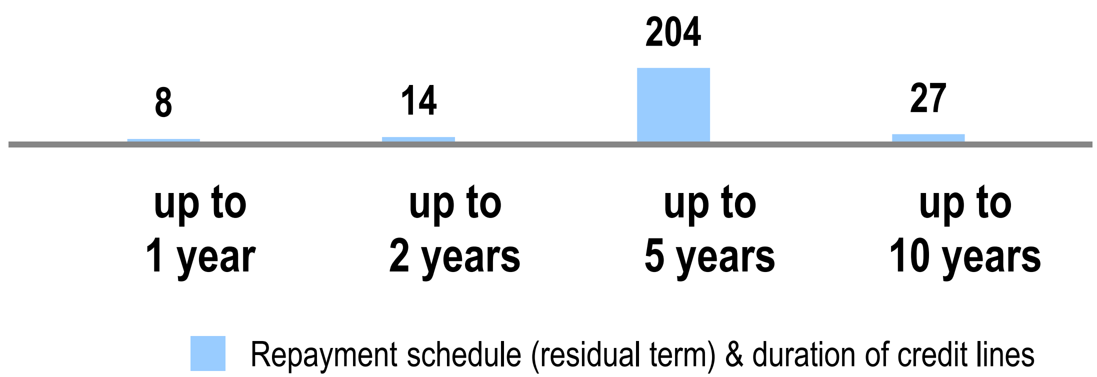


- Third consecutive year with positive free cash flow
- Net financial position improved by €16.9 million
- Free cash flow used to reduce net financial position

Equity ratio & funding

€ 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

(1) Restated

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Summary: key financial development

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- All key figures improved & FY 2013 targets achieved
- Record order intake and strong backlog
- Lower R&D spending; scheduled amortisation increased
- Significant improvement of net income
- Dividend payment proposed to the AGM
- Sound balance sheet and low net debt

DEUTZ
The engine company.

Agenda

- DEUTZ strategy & positioning
- Financials
- **Outlook**

Financial outlook

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

(1) Net of reimbursements

- Revenue growth supported by new customers, positive mix effects, and pre-buys
- Capex expected to increase mainly due to growth projects in China <€20 million
- Mid-term guidance:
  - 2015: Revenue moving sideways
  - 2016 and thereafter: Returning to trend growth of > 10% p.a.; jump in earnings

Financial calendar & contact details

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

- Contact details

Christian Krupp
Ottostrasse 1
51149 Cologne (Porz-Eil)
Germany

Tel:+49 (0) 221 822 5400
Fax:+49 (0) 221 822 15 5400
Email: krupp.c@deutz.com
www.deutz.com

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