

DEUTZ AG

CONFERENCE CALL, Q1-Q3 2007

8 November 2007

The engine company.





Highlights for the DEUTZ Group, Q1–Q3 2007

- Sale of DEUTZ Power Systems completed with effect from 30 September 2007, generating pre-tax gain of €132 million in third quarter
- Chinese joint venture launched on 1 August; €58 million invested
- Revenue from continuing operations (excl. DEUTZ Power Systems) up 35 per cent; operating profit up 48 per cent
- Net income of €143.2 million (including gain on disposal of DEUTZ Power Systems)
- In-house production bottlenecks rectified
- Payment of compensation for vested company pension rights reduces pension provisions



Key performance indicators, Q1–Q3 2007

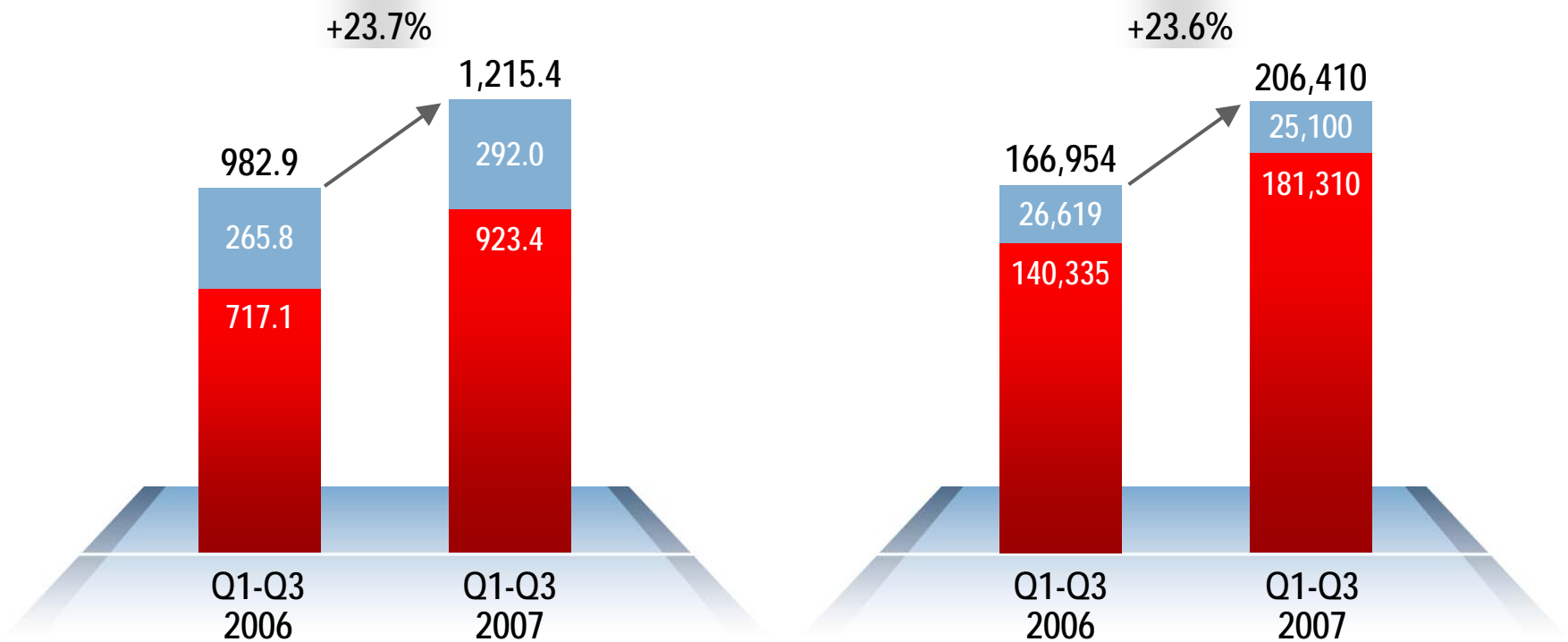
€ million	Q1-Q3 2007	Q1-Q3 2006	Change (%)
New orders	1,460.4	1,235.7	18.2
of which from continuing operations	1,215.4	982.9	23.7
of which from discontinued operations	245.0	252.8	-3.1
Revenue	1,300.7	997.1	30.4
of which from continuing operations	1,100.7	817.5	34.6
of which from discontinued operations	199.8	179.6	11.2
EBITDA	264.9	98.6	-
of which from continuing operations	119.6	92.3	29.6
of which from discontinued operations	145.3	6.3	-
Operating profit (EBIT before one-off items)	80.1	50.2	59.6
of which from continuing operations	71.0	48.0	47.9
of which from discontinued operations	9.1	2.2	-
Net income	143.2	26.0	-
of which from continuing operations	35.6	26.1	36.4
of which from discontinued operations	107.6	-0.1	-
Basic earnings per share (€)	1.23	0.25	-
of which from continuing operations	0.31	0.25	24.0
of which from discontinued operations	0.92	-	-

Continuing operations: new orders and unit sales grow by 24 per cent



New orders (€ million)

Unit sales



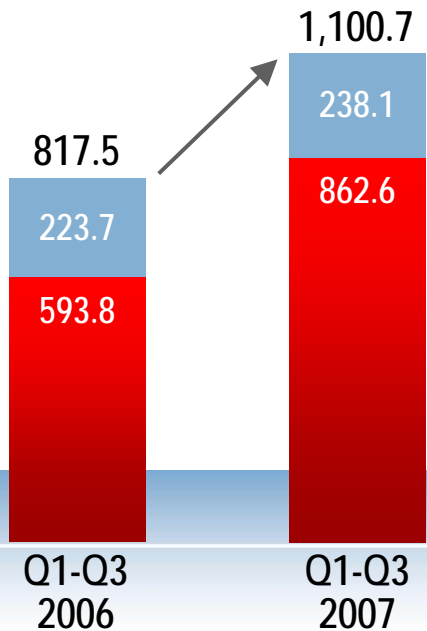
■ Compact Engines ■ DEUTZ Customised Solutions



Continuing operations: operating profit up 48 per cent

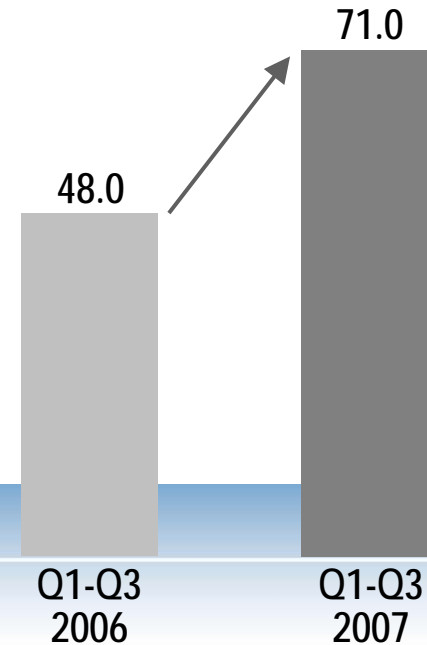
Revenue (€ million)

+34.6%



Operating profit (€ million)

+47.9%



■ Compact Engines

■ DEUTZ Customised Solutions

■ Other



Q1-Q3 2007: segments

Unit sales	Q1-Q3 2007	Q1-Q3 2006	Change (%)
Compact Engines	181,310	140,335	29.2
DEUTZ Customised Solutions	25,100	26,619	-5.7
Total continuing operations	206,410	166,954	23.6
Discontinued operations	366	405	-9.6
Total	206,776	167,359	23.6

Revenue (€ million)	Q1-Q3 2007	Q1-Q3 2006	Change (%)
Compact Engines	862.6	593.8	45.3
DEUTZ Customised Solutions	238.1	223.7	6.4
Total continuing operations	1,100.7	817.5	34.6
Discontinued operations	199.8	179.6	11.2
Total	1,300.5	997.1	30.4
Germany*	22.1	26.6	
Exports*	77.9	73.4	

* based on total revenue

New orders (€ million)	Q1-Q3 2007	Q1-Q3 2006	Change (%)
Compact Engines	923.4	717.1	28.8
DEUTZ Customised Solutions	292.0	265.8	9.9
Total continuing operations	1,215.4	982.9	23.7
Discontinued operations	245.0	252.8	-3.1
Total	1,460.4	1,235.7	18.2

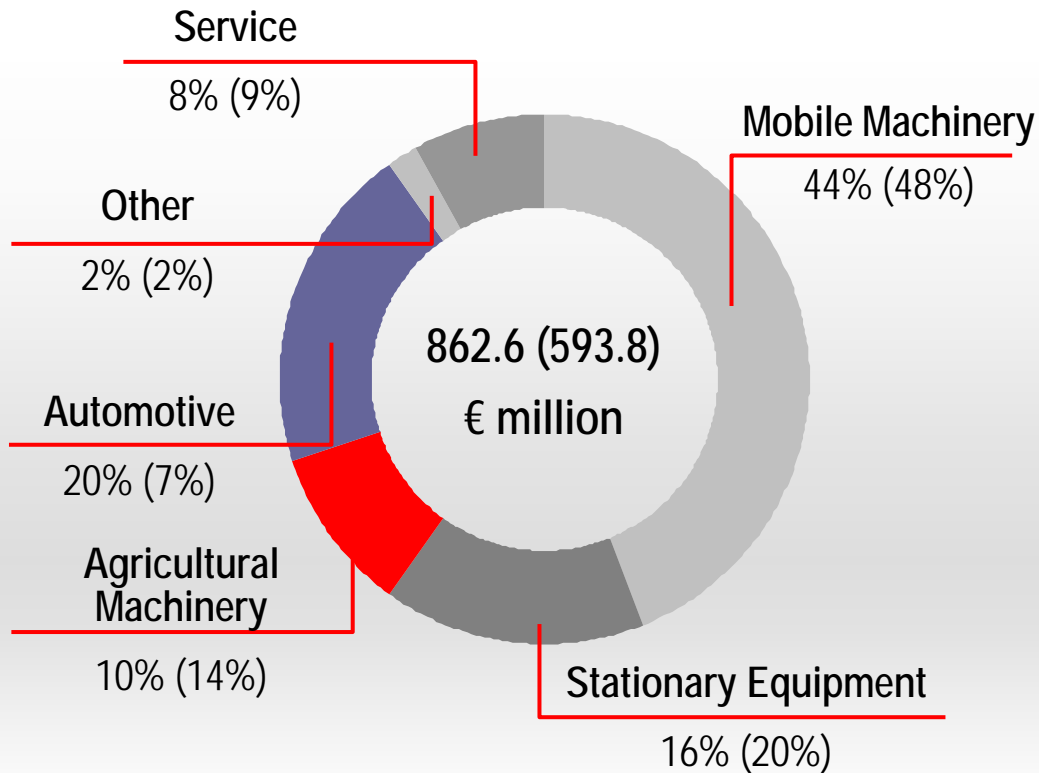
Operating profit (€ million)	Q1-Q3 2007	Q1-Q3 2006	Change (%)
Compact Engines	34.1	25.7	32.7
DEUTZ Customised Solutions	31.3	22.7	37.9
Other	5.6	-0.4	-
Total continuing operations	71.0	48.0	47.9
Discontinued operations	9.1	2.2	-
Total	80.1	50.2	59.6



Compact Engines: highlights

Revenue by application segment

Q1-Q3 2007 (Q1-Q3 2006)

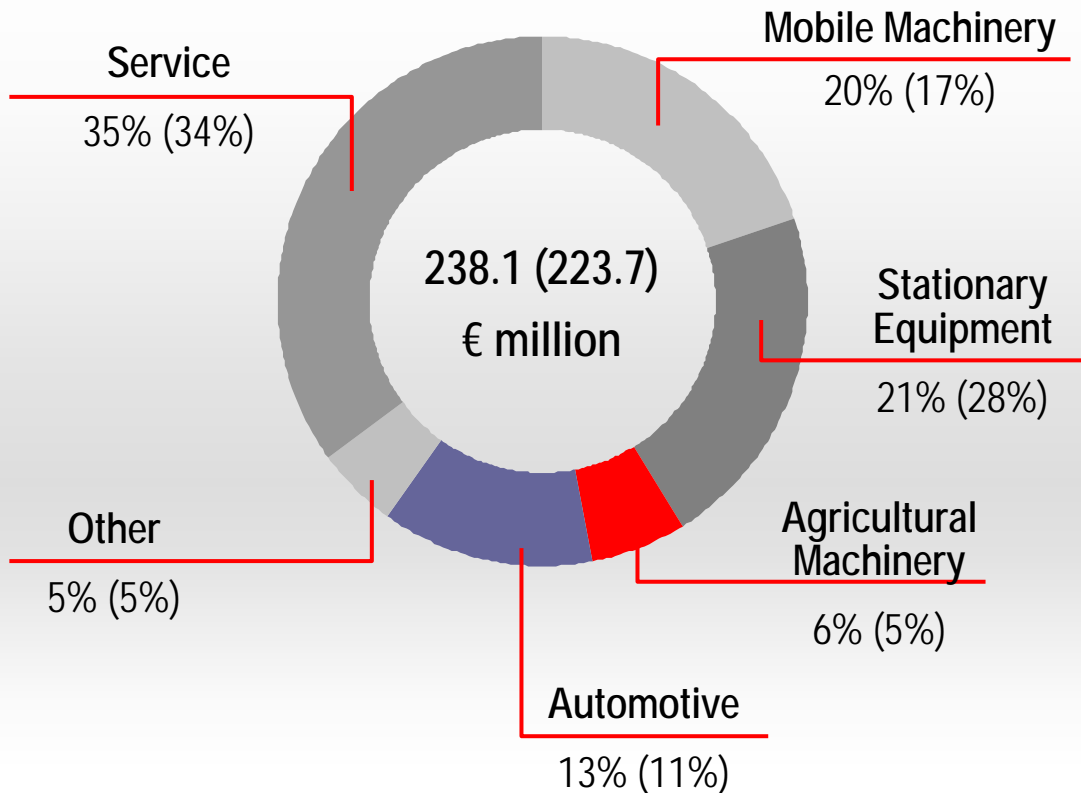


- Commercial vehicle engines boost new orders, revenue and unit sales of engines
- Operating profit up 33 per cent year on year
- Expenses of €2.2 million recognised for DEUTZ Dalian joint venture
- Service revenue up 18 per cent
- In-house production bottlenecks rectified



DEUTZ Customised Solutions: highlights

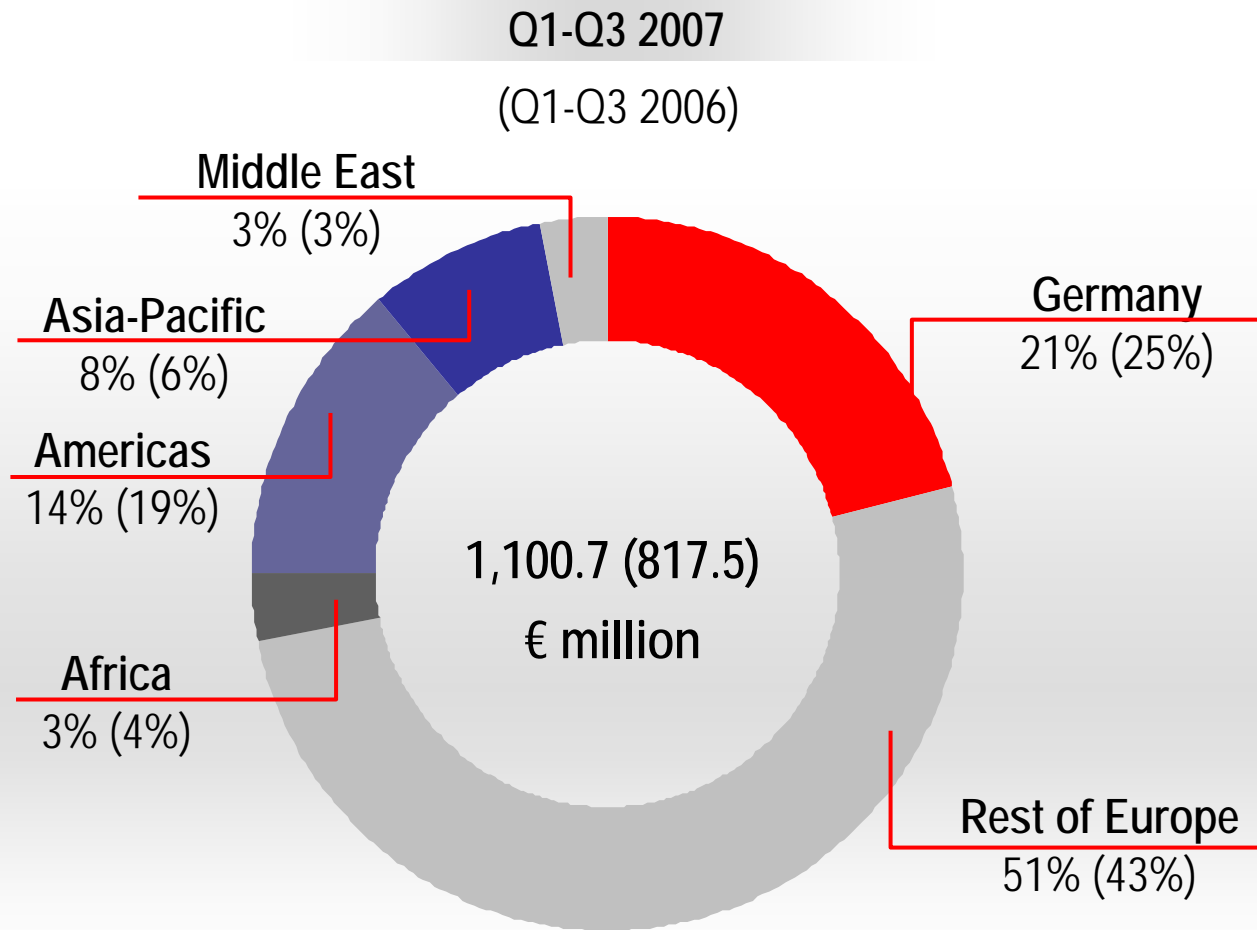
Revenue by application segment
Q1-Q3 2007 (Q1-Q3 2006)



- Operating profit boosted by consistent Xchange business (services in reconditioned exchange parts and engines)
- New orders up 10%
- Strongest growth in revenue from engines used in mobile machinery and automotive and agricultural machinery applications



Continuing operations: revenue by region





Income Statement

DEUTZ Group	€ million	Q1-Q3 2007	Q1-Q3 2006	Change (%)
Revenue		1,100.7	817.5	34.6
Changes in inventories and other own work capitalised		42.9	21.4	-
Other operating income		52.4	44.7	17.2
Cost of materials		-763.0	-518.3	47.2
Staff costs		-205.7	-180.9	13.7
Depreciation and amortisation		-48.6	-44.3	9.7
Other operating expenses		-108.5	-92.1	17.8
Profit from financial assets measured at equity		0.6	-	-
Reversal of impairment losses on non-current financial assets		0.2	-	-
EBIT / operating profit		71.0	48.0	47.9
Net interest expense		-16.3	-14.5	12.4
of which finance costs		-19.8	-15.2	30.3
Other taxes		-1.1	-0.9	22.2
Net income before income taxes on continuing operations		53.6	32.6	64.4
Income taxes		-18.0	-6.5	-
Net income after income taxes on continuing operations		35.6	26.1	36.4
Net income/loss after income taxes on discontinued operations		107.6	-0.1	-
Net income		143.2	26.6	-



Cash flow statement (condensed)

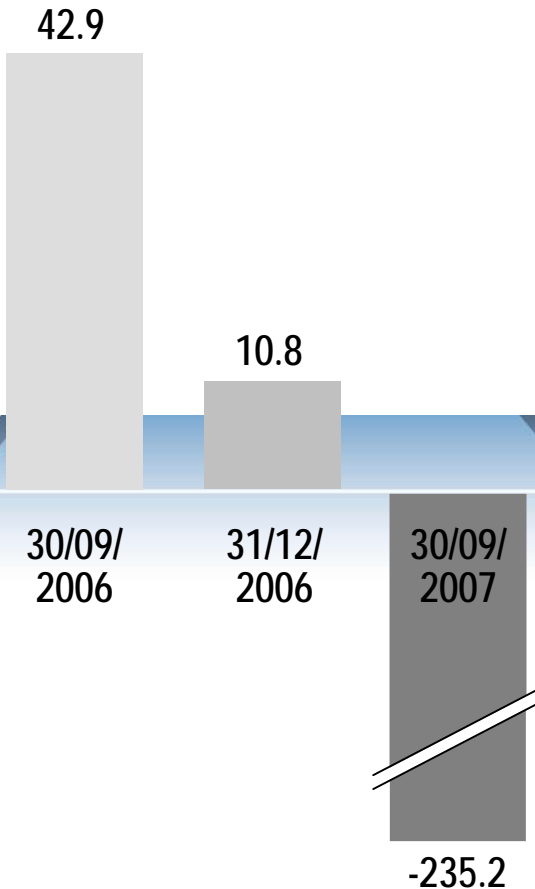
DEUTZ Group	€ million	Q1-Q3 2007	Q1-Q3 2006
EBIT		71.0	48.0
Cash flow from operating activities before payment of compensation for vested company pension rights (continuing operations)		-32.4	27.1
Cash flow from operating activities (continuing operations)		-111.2*	27.1
Cash flow from operating activities (discontinued operations)		-9.1	-4.1
Cash flow from operating activities (total)		-120.3	23.0
Capex on intangible assets, property, plant & equipment and financial assets		-123.7	-43.5
Cash receipts from the sale of businesses / proceeds from the sale of non-current assets		15.3	0.2
Cash flow from investing activities (continuing operations)		-108.4	-43.3
Cash flow from investing activities (discontinued operations)		283.0	-0.7
Cash flow from investing activities (total)		174.6	-44.0
Cash flow from financing activities		165.6	-14.9
Change in cash and cash equivalents		219.9	-35.9

* incl. compensation of €78.8 million paid for vested company pension rights (continuing operations)

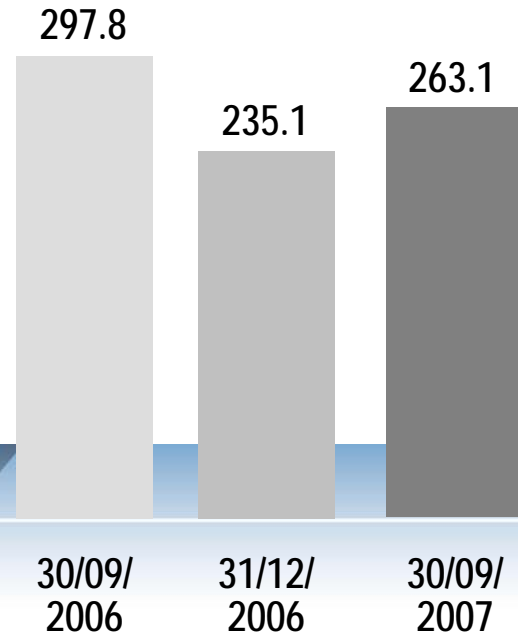


Net financial debt turns into net cash position

Net financial debt (€ million)



Working capital (€ million)



Of which from continuing operations

169.5

133.1

263.1

€ million

WC ratio* average

14

13

13

(%)

* for continuing operations



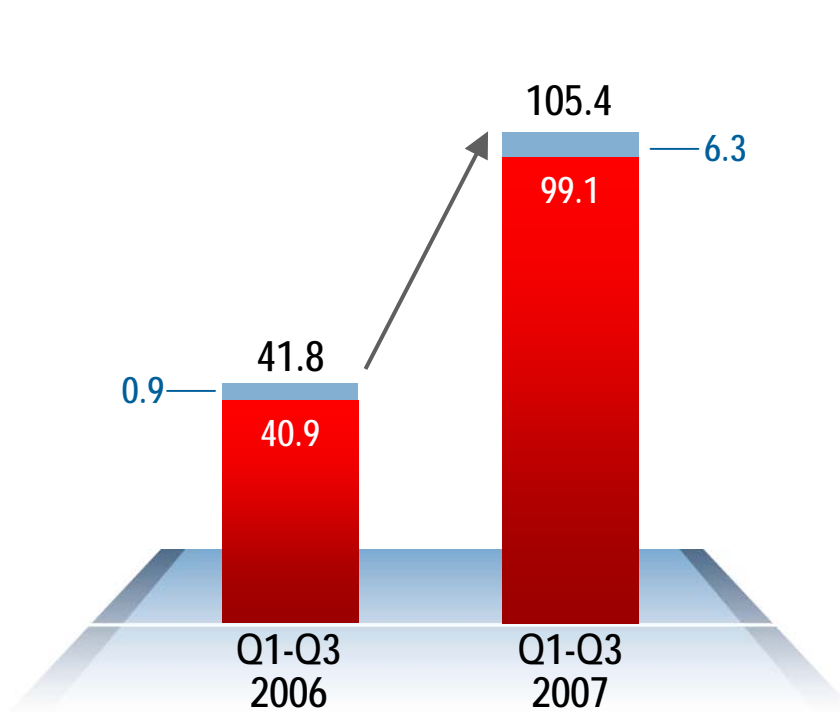
Key balance sheet statistics

€ million	30/09/2007	31/12/2006	Change (%)
Total assets	1,351.8	1,162.9	16.2
Equity	516.2	358.5	44.0
Equity ratio (%)	38.2	30.8	-
Net financial debt	-235.2	10.8	-
Working capital	263.1	235.1	11.9

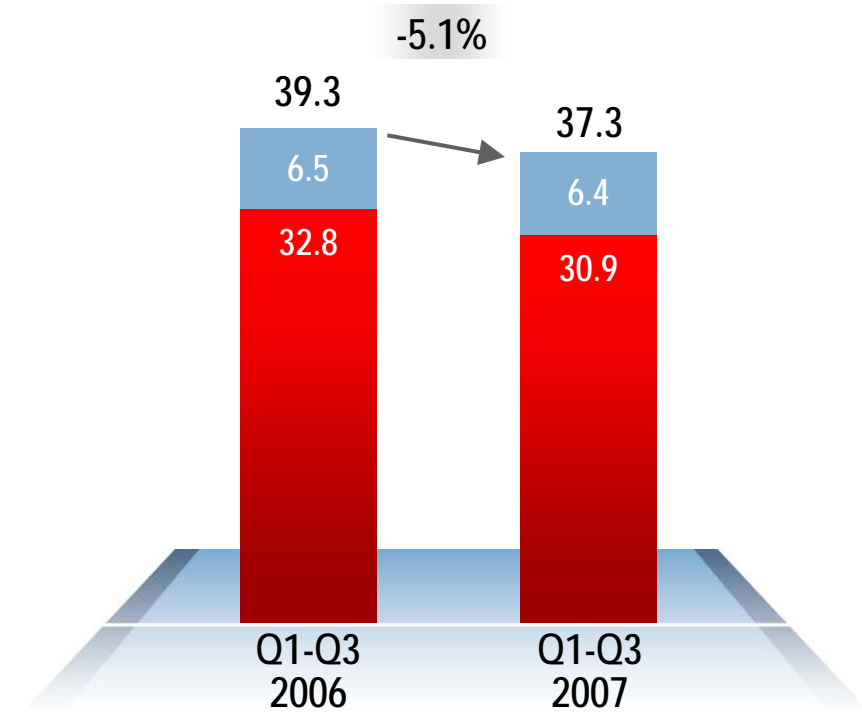


Capital expenditure includes €58 million for Chinese joint venture; R&D spending in line with forecasts

Capital expenditure* (€ million)



R&D (€ million)



* excl. capitalised development costs

■ Compact Engines ■ DEUTZ Customised Solutions



Disposal of DEUTZ Power Systems completed on 30 September 2007

- Gas-engines and diesel-engines business for decentralised power generation sold to 3i

	€ million
Selling price	360.0
- assets and liabilities	-138.2
- one-off expenses / purchase price adjustments	-66.1
- purchase price of assets yet to be transferred	-23.8
Gain on disposal before income taxes	131.9
Income taxes	-29.7
Gain on disposal after income taxes	102.2
DEUTZ Power Systems' current net income (after taxes)	5.4
Total	107.6



Outlook for the DEUTZ Group's continuing operations in 2007

- Sales of engines to reach between 280,000 and 290,000 units
- Revenue to grow by between 25 per cent and 30 per cent compared to €1.2 billion in 2006
- Operating profit to improve significantly on the €67 million generated in 2006, reaching the high double-digit millions
- Net income to increase by over €100 million owing to improvements in core operations and, in particular, due to one-off gain on disposal of DEUTZ Power Systems

DEUTZ AG

CONFERENCE CALL, Q1-Q3 2007

APPENDIX

8 November 2007

The engine company.





Q3 2007: segments

Unit sales	Q3 2007	Q3 2006	Change (%)
Compact Engines	61,785	49,155	25.7
DEUTZ Customised Solutions	10,006	9,114	9.8
Total continuing operations	71,791	58,269	23.2
Discontinued operations	150	158	-5.1
Total	71,941	58,427	23.1

Revenue (€ million)	Q3 2007	Q3 2006	Change (%)
Compact Engines	294.4	211.4	39.3
DEUTZ Customised Solutions	88.6	80.8	9.7
Total continuing operations	383.0	292.2	31.1
Discontinued operations	78.0	59.9	30.2
Total	461.0	352.1	30.9
Germany*	23.3	27.4	
Exports*	76.7	72.6	

* based on total revenue

New orders (€ million)	Q3 2007	Q3 2006	Change (%)
Compact Engines	281.8	252.2	11.7
DEUTZ Customised Solutions	99.2	89.9	10.3
Total continuing operations	381.0	342.1	11.4
Discontinued operations	83.5	75.2	11.0
Total	464.5	417.3	11.3

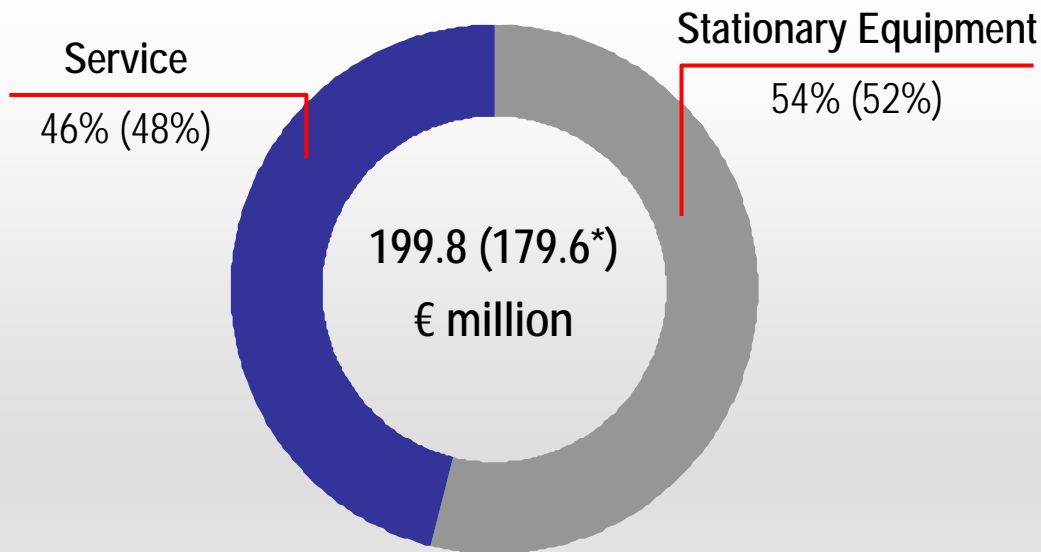
Operating profit (€ million)	Q3 2007	Q3 2006	Change (%)
Compact Engines	14.6	7.0	-
DEUTZ Customised Solutions	13.5	9.4	43.6
Other	2.5	-2.1	-
Total continuing operations	30.6	14.3	-
Discontinued operations	6.7	1.8	-
Total	37.3	16.1	-



DEUTZ Power Systems (discontinued operation): highlights

Revenue by application segment

Q1-Q3 2007 (Q1-Q3 2006*)



- Operating profit jumps to €9.1 million
- Revenue up 11 per cent year on year
- Gas engines revenue up 27%

* of which Marine 1%



Financial calendar for 2008

- | | | |
|---|----------------|-----------------|
| ■ Annual Results Press Conference
Publication Annual Report 2007 | Cologne | 27 March 2008 |
| ■ Analysts' meeting | Frankfurt/Main | 28 March 2008 |
| ■ Q1 2008 interim report
Conference call with analysts and investors | | 30 April 2008 |
| ■ Annual General Meeting | Cologne | 21 May 2008 |
| ■ H1 2008 interim report
Press conference
Conference call with analysts and investors | Cologne | 13 August 2008 |
| ■ Q1-Q3 2008 interim report
Conference call with analysts and investors | | 7 November 2008 |



Contact

DEUTZ AG

Investor & Public Relations

Ottostrasse 1

51149 Köln (Porz-Eil)

Tel.: +49 (0)221 822 2492

Fax: +49 (0)221 822 2498

www.deutz.com



Disclaimer

The details given in this document are based on the information available at the time it was prepared. This presents the risk that actual figures may differ from forward-looking statements. Such discrepancies may be caused by changes in political, economic or business conditions, a decrease in the technological lead of DEUTZ's products, changes in competition, the effects of movements in interest rates or exchange rates, the pricing of parts supplied and other risks and uncertainties not identified at the time this document was prepared.

The forward-looking statements made in this document are not corrected.