

DEUTZ AG

Investor Presentation

November 2011



1. DEUTZ at a glance
2. Strategy & Investment Rationale
3. Financials
4. Outlook

DEUTZ – the engine company

Innovations since over 145 years



- Independent manufacturer of diesel engines, product range from 25 to 520 kW
- Founded in 1864 and since then synonymous for leading technology and high-quality products
- Headquarters in Cologne, Germany, with 3 Engine Joint Ventures, thereof 2 in China
- €1.2 billion sales in 2010
- About 3,800 employees as of 31 Dec 2010

Global player in non-captive market



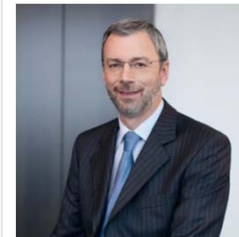
- Engineering and manufacturing company with strong expertise as system integrator
- Production capacity of 300,000 engines p.a. (JVs with additional capacity of 250,000 engines p.a.)
- Worldwide sales channel:
 - 18 sales companies, 9 sales offices, 16 service centres and 2 Xchange centres
 - 800 sales- and service partners in more than 130 countries

Blue Chip Customer Base



→ DEUTZ market share in non-captive engine market around 18%

Experienced Management Team



Dr. Helmut Leube, CEO (58)

- Joined DEUTZ as CEO in 2008
- Responsible for Market, Technical and Central Functions
- Former leading positions at BMW and Webasto AG



Dr. Margarete Haase, CFO (58)

- Joined DEUTZ as CFO in 2009
- Responsible for Finance, Human Resources and Investor Relations
- Former leading positions at Daimler AG

DEUTZ Group

DEUTZ Compact Engines



- Liquid-cooled engines with up to 8 litre cubic capacity for on- and off-road applications
- High number of units benefiting from modular construction approach
- Hybrid solutions and emission after-treatment systems

DEUTZ Customised Solutions



- Air-cooled engines for on-road, off-road and marine applications
- liquid-cooled engines > 8 litre for on-road-, non-road and marine applications
- Xchange engines for all DEUTZ engine series

DEUTZ Services

- Part of both Compact Engines and DEUTZ Customised Solutions
- Substantial service business based on existing population of approx. 1.6m diesel engines in the market, generating sales of €216m in 2010
- 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 onsite services as well as documentation and training



Product Portfolio for the next Emissions Level

Product portfolio for Tier 4 emissions standards

(TC)D 2.9
25 – 56 kW



- Award winning new engine
- Very compact engine minimizes installation efforts
- 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 up to 90 kW (catalyst only)!

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 (DEVERT)

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 (DEVERT)

TCD 12.0 / 16.0
300 – 520 kW











- Most compact power source in its class
- Improved life-cycle costs
- No DPF - no regeneration nor maintenance compared to its rivals

Focus on mobile machinery and agricultural segment

		Mobile Machinery	Agricultural Machinery	Stationary Equipment	Automotive	Marine	
2011	22 – 77 kW	■		■			Stage IIIA / Tier 3 and below
2012 2V	60 – 155 kW	■	■	■			
1013 / 2013 2V	72 – 200 kW	■	■	■	■	■	
2013 4V	118 – 243 kW	■	■	■	■		
912 / 914	24 – 176 kW	■	■	■		■	
413 / 513	77 – 441 kW	■					Euro 5 and below
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	■	■				
TCD 7.8	160 – 270 kW	■	■				Stage IIIB / IV
TCD 12.0 / TCD 16.0	300 – 520 kW	■	■				

Market Share by Application

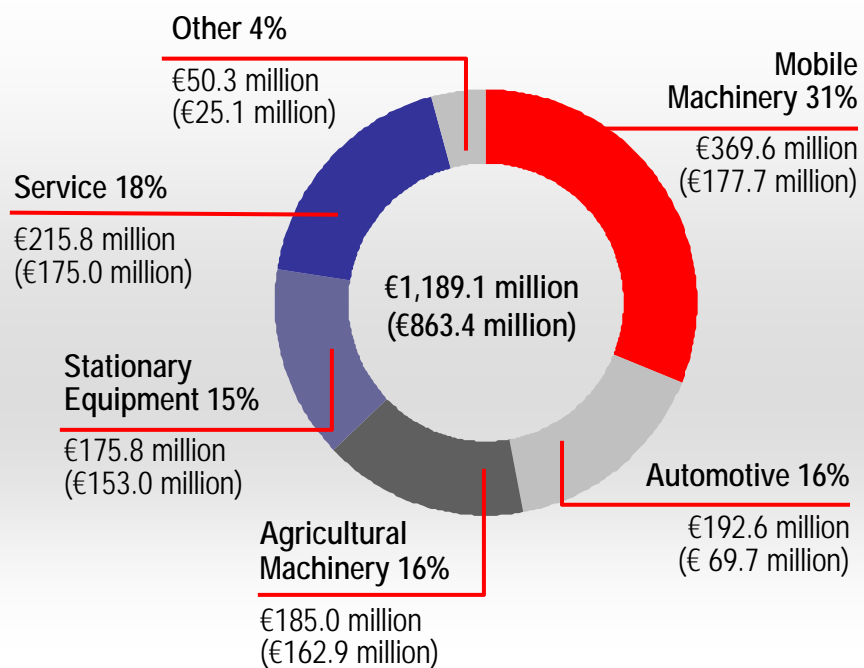
Segment	Typical Application	Markets will benefit from macro trends	DEUTZ Market Share	DEUTZ Market Pos.	Main Competitor (in alphabetical order)
Mobile Machinery	Construction Equipment, Ground Support Equipment, Material Handling Equipment, Mining Equipment	 → 	21%	1	Cummins, Kubota, Perkins, Yanmar
Agricultural Machinery	Tractors, Agricultural Equipment	 → 	16%	2	Cummins, Kubota, Perkins, Yanmar
Automotive	Trucks, Buses, Rail Vehicles	 → 	25%	2	Caterpillar, Cummins, Fiat Powertrain, PACCAR
Stationary Equipment	Gensets, Pumps, Compressors	 → 	15%	2	Deere, Kubota, Perkins, Yanmar
Total			18%	1	Cummins, Kubota, Perkins, Yanmar

Source: Power Systems Research, OE-Link 01/2011; non-captive market, 19-560 kW, 1.500-3.000 m³, Tier 2 and above, w/o Nfz USA

Revenue Split

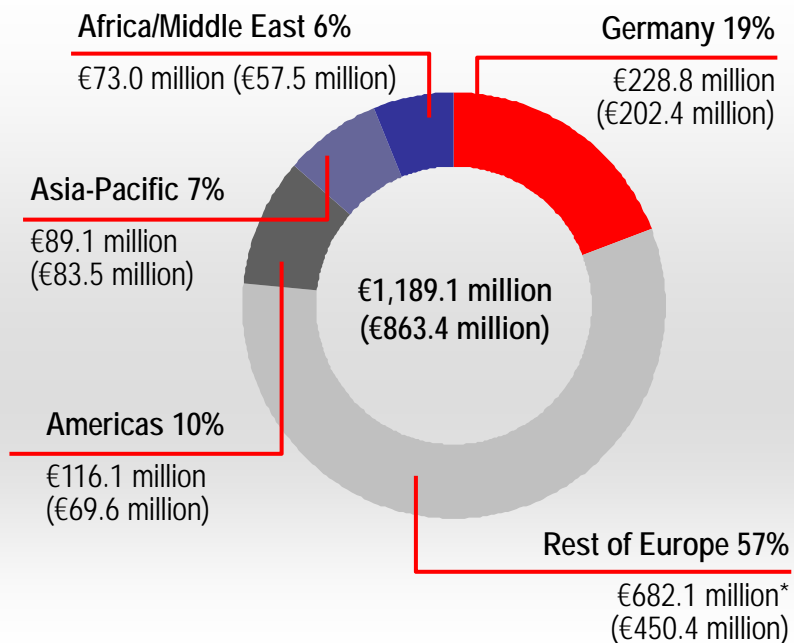
Revenue Split by Application, 2010

(2009)



Revenue Split by Region, 2010

(2009)



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Cost Reduction & Margin Increase

DEUTZ Investment Attractions

Significant Cost Reduction

- Permanent cost reduction of €85 million realized (MOVE)
- Breakeven volume reduced significantly
- Complete restructuring of business processes towards smart SME

Ongoing Top Line & Efficiency Projects

- Top line project will lead to additional €35 million profit increase (MOVE Fast)
- Kaizen techniques to achieve above average efficiency enhancements in production
- Corporate goals cascaded downwards through KPI and aligned incentive system

Platform Strategy

- Platform strategy will lead to significantly reduced parts variance in Tier 4
- R&D organization adjusted accordingly

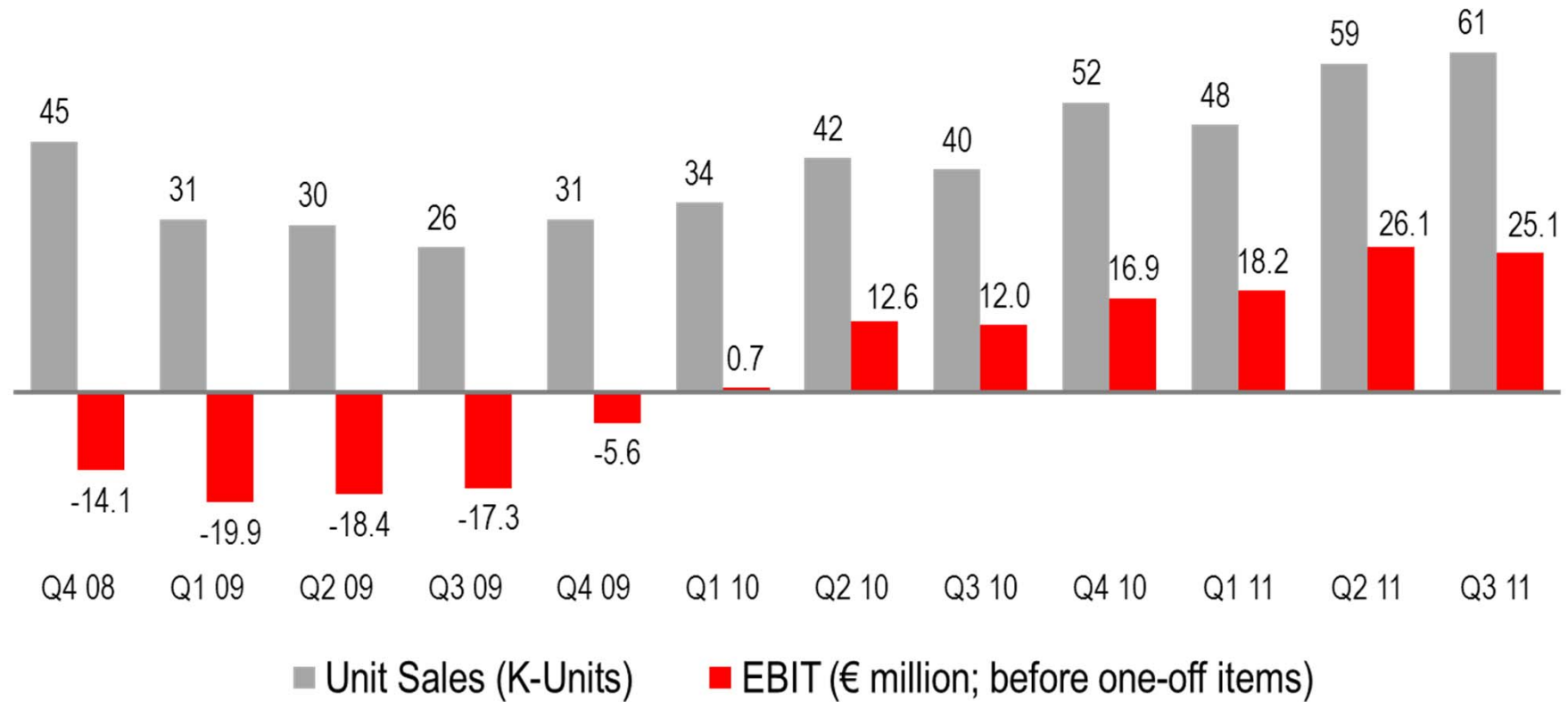
Finance

- Credit line of €265 million from banking syndicate leaving sufficient funding flexibility (net debt of about €100 million as of 30 June 2011)
- Ongoing tight working capital management (ratio of 12.5% on 30 June 2011)

On track to reach 10% EBIT-Target by 2014 / 2015

Profitability showing lasting upwards trend

DEUTZ Investment Attractions (cont'd)



- EBIT with an upward trend since Q1 2009
- Break-even level reduced significantly

Multiple Growth Opportunities – Leading to Economies of Scale

DEUTZ Investment Attractions (cont'd)



Macro Trend

- Urbanization driving infrastructure investments
- Growing world population and living standards requiring more efficient agriculture
- Globalization and mobility leading to more transportation and logistics

Emission Standards & EAT JV

- In order to meet emissions regulations, engines will be certified and sold as a system with EAT devices going forward, thus driving the price per engine significantly
- DEUTZ participating in the value chain through its EAT JV with Bosch and Eberspächer

New Products

- New product developments 2.9 and 3.6 with very good market response based on their USPs: Unbeaten power density, most compact size, simple EAT (catalyst only)
- New products fit to downsizing trend
- Extending the agriculture segment with < 4 litre engines

Outsourcing

- Outsourcing of OEM's engine production – breaking into former captive position and enlarging the available market (proven track record with Volvo and SDF)

Service

- Installed base of about 1.6 million engines
- More active management of the service network with improved training and tools
- In the next emissions level, the complexity of engines will require electronic diagnostic tools, thus allowing us to maintain a higher market share in after-sales

Chinese JVs

DEUTZ Investment Attractions (cont'd)

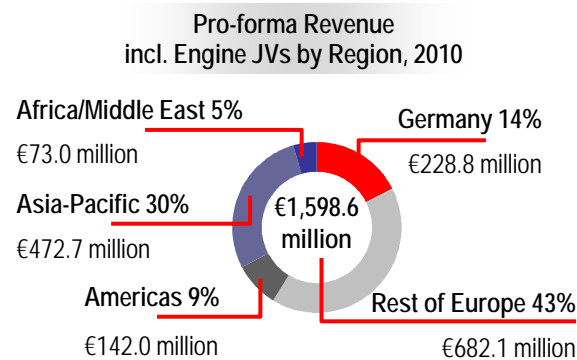
Growth Opportunities

- Huge growth opportunities in Asia due to catch-up demand
- Participation in growth predominantly through engine JVs

DEUTZ Dalian

- DEUTZ Dalian¹⁾ is the largest JV and well positioned to capture substantial volume
- Capacity of about 200,000 units

Pro-forma Revenue incl. Engine JVs²⁾



- Engine JVs generated more than €400 million revenue in 2010, mostly in China
- Due to ramp-up, marginal profit contribution so far
- At equity consolidation³⁾

Outlook Engine JVs

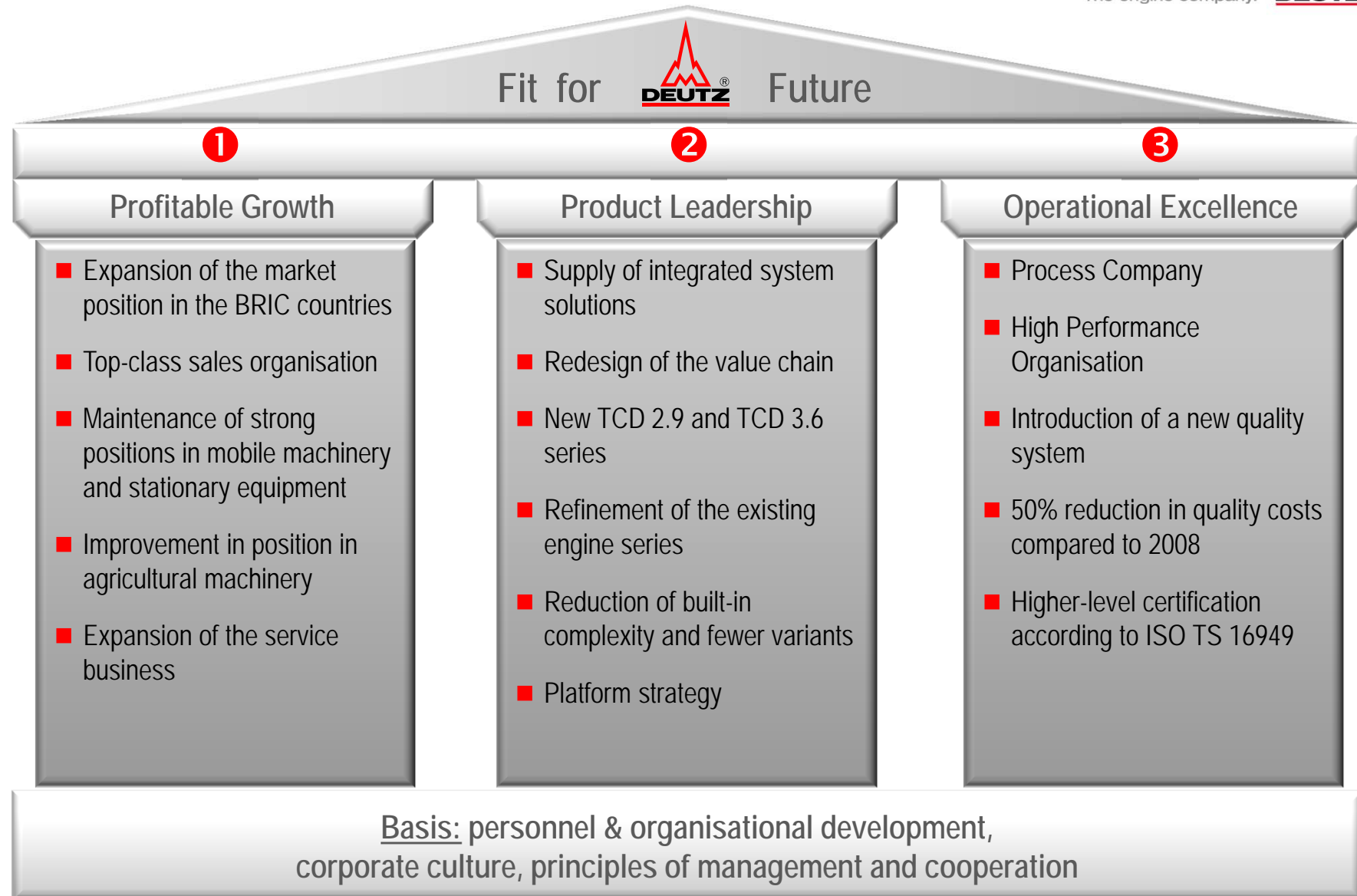
- Profit contribution to DEUTZ P&L > €10 million by 2013

1) DEUTZ Dalian is a joint venture with FAW Jiefang and located in Dalian in northeast China

2) Engine JVs: DEUTZ (Dalian) Engine Co., Ltd., Dalian (China); WEIFANG WEICHAI DEUTZ DIESEL ENGINE CO., LTD., Weifang (China); and DEUTZ AGCO MOTORES S.A., Haedo (Argentina)

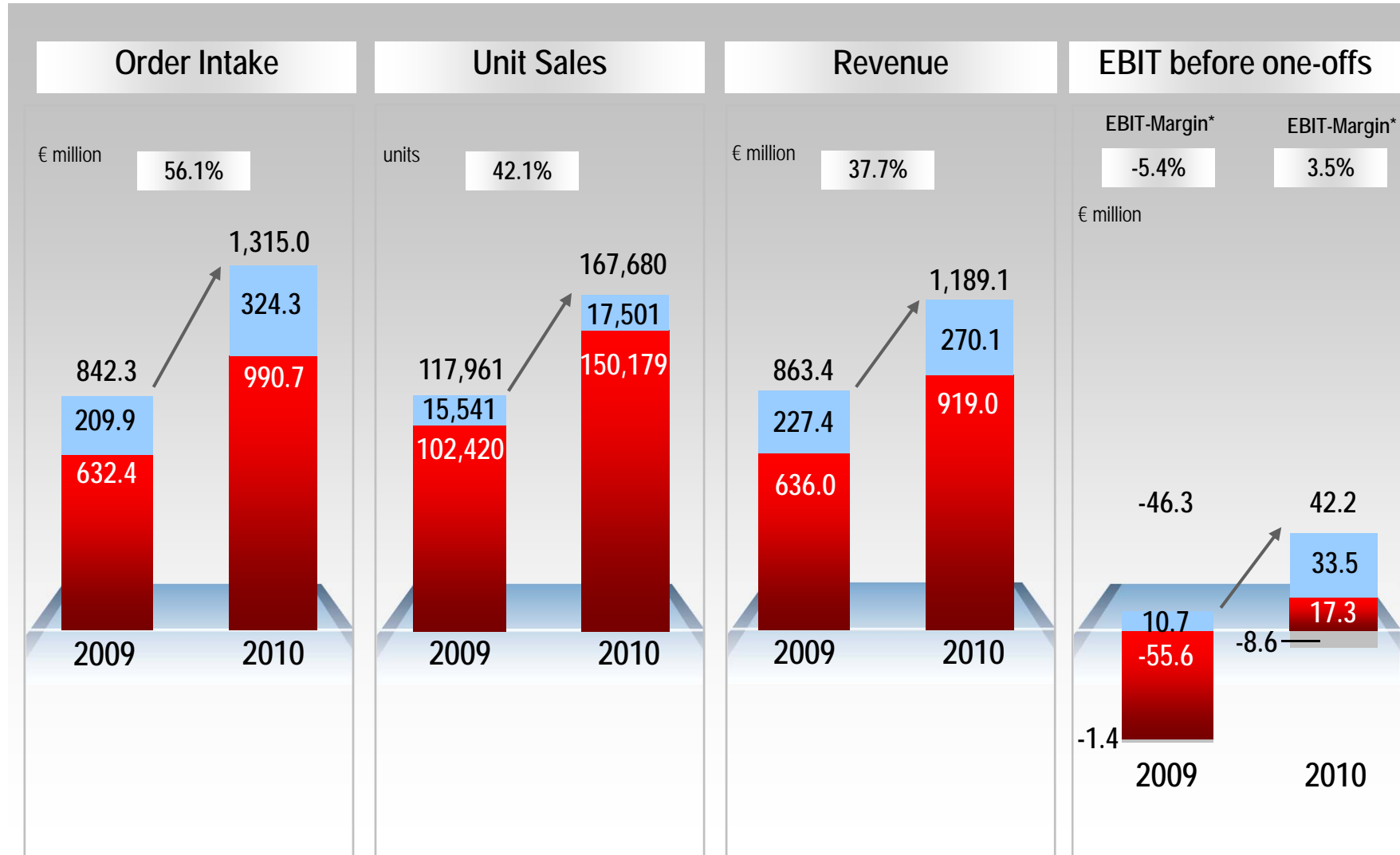
3) Proportional share of JV's net income reported in DEUTZ' financial income, which is ultimately flowing into the EBIT line

Strategic Programme for 2011–2020



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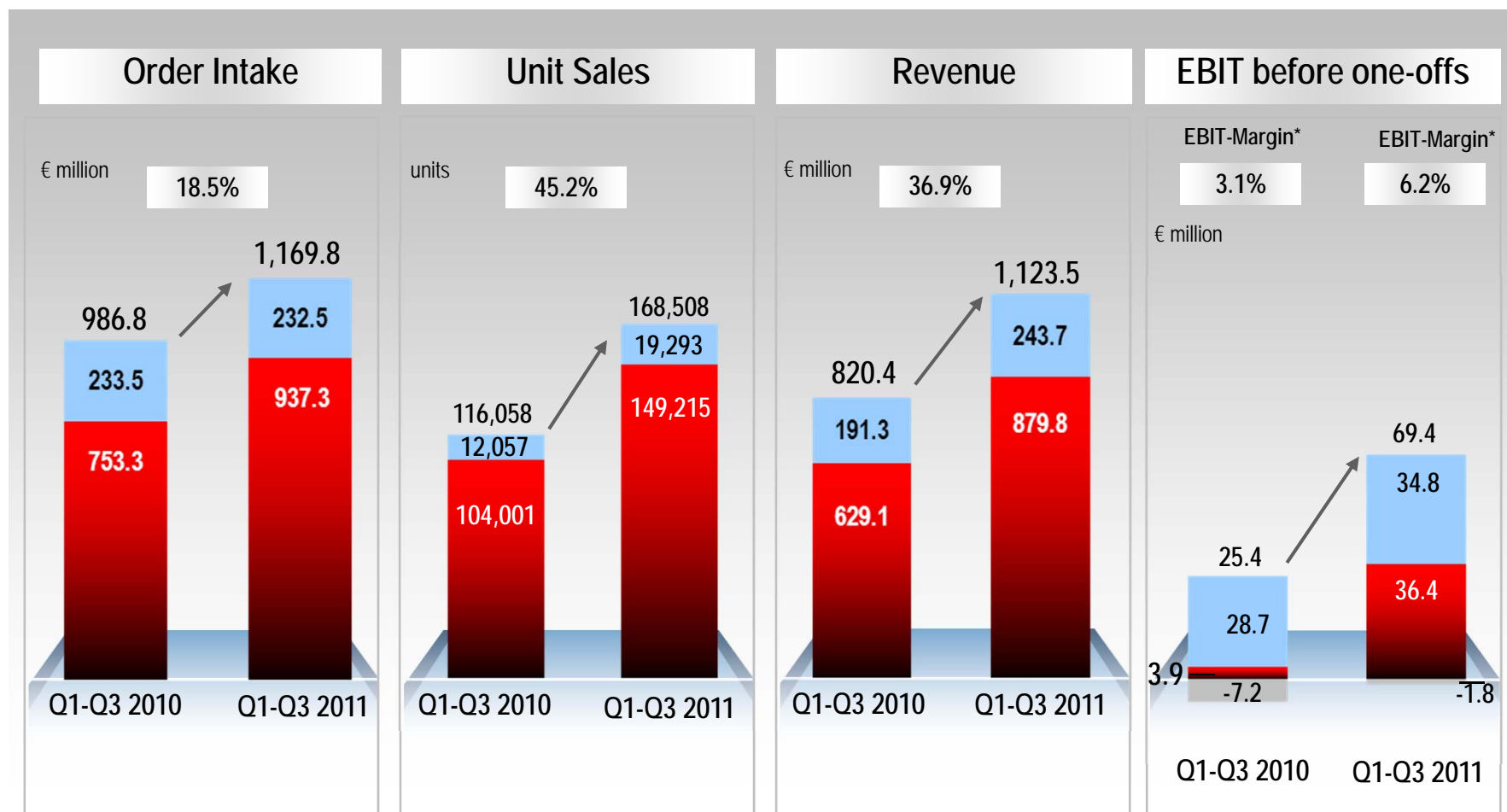
Sales Figures and EBIT of 2010



Overview Key Financials 2010

€ million	2010	2009	Change (%)
Revenue	1,189.1	863.4	37.7
EBITDA before one-off items	92.7	-8.8	--
EBIT before one-off items	42.2	-46.3	--
EBIT margin before one-off items (%)	3.5	-5.4	--
Net income before taxes	-5.3	-101.1	--
Total assets	1,041.7	1,071.1	-2.7
Equity	374.3	379.2	-1.3
Equity ratio (%)	35.9	35.4	--
Cash flow from operating activities	78.2	117.4	-33.4
Free cash flow	-55.9	12.6	--
Net financial position	-73.6	2.9	--

Sales Figures and EBIT of Q1-Q3 2011



- Benefiting from improved cost structure and strong revenue growth, EBIT amounted to €25.1 million in Q3 2011 after €44.3 million in H1 2011, totalling €69.4 million in Q1-Q3 2011 (Q1-Q3 2010: €25.4 million)*
- Previous year's net loss of €22.5 million in H1 2010 turned into a net income of €54.6 million in Q1-Q3 2011

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Financial Outlook

2011 outlook

Unit sales	More than 225,000 engines
Revenue	More than €1.5 billion
EBIT (before one-off items)	Approx. €90 million
Capex on property, plant and equipment (without R&D)	Slightly less than 2010 ^{*)}
Research and development	Slightly higher than in 2010 ^{*)}
Employees	Some hirings in the operating units due to strong volume increase, preferably on a flexible basis

2012 outlook

Sales markets	Difficult to predict in current environment. Cautious best guess: On 2011 level but no recession
EBIT margin	Approx. 7%

^{*)} 2010:
capital expenditure (excl. R&D): €60.8 million
R&D: €101.8 million

Financial calendar

- 10 Nov 2011 Interim report on first three quarters of 2011
- 15 Mar 2012 Annual Results Press Conference
- 16 Mar 2012 Analysts' meeting
- 26 Apr 2012 Annual General Meeting

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The forward-looking statements made in this document will not be updated.