

# WELCOME

## DEUTZ AG

ANNUAL GENERAL MEETING

Cologne, 21 May 2008

The engine company.



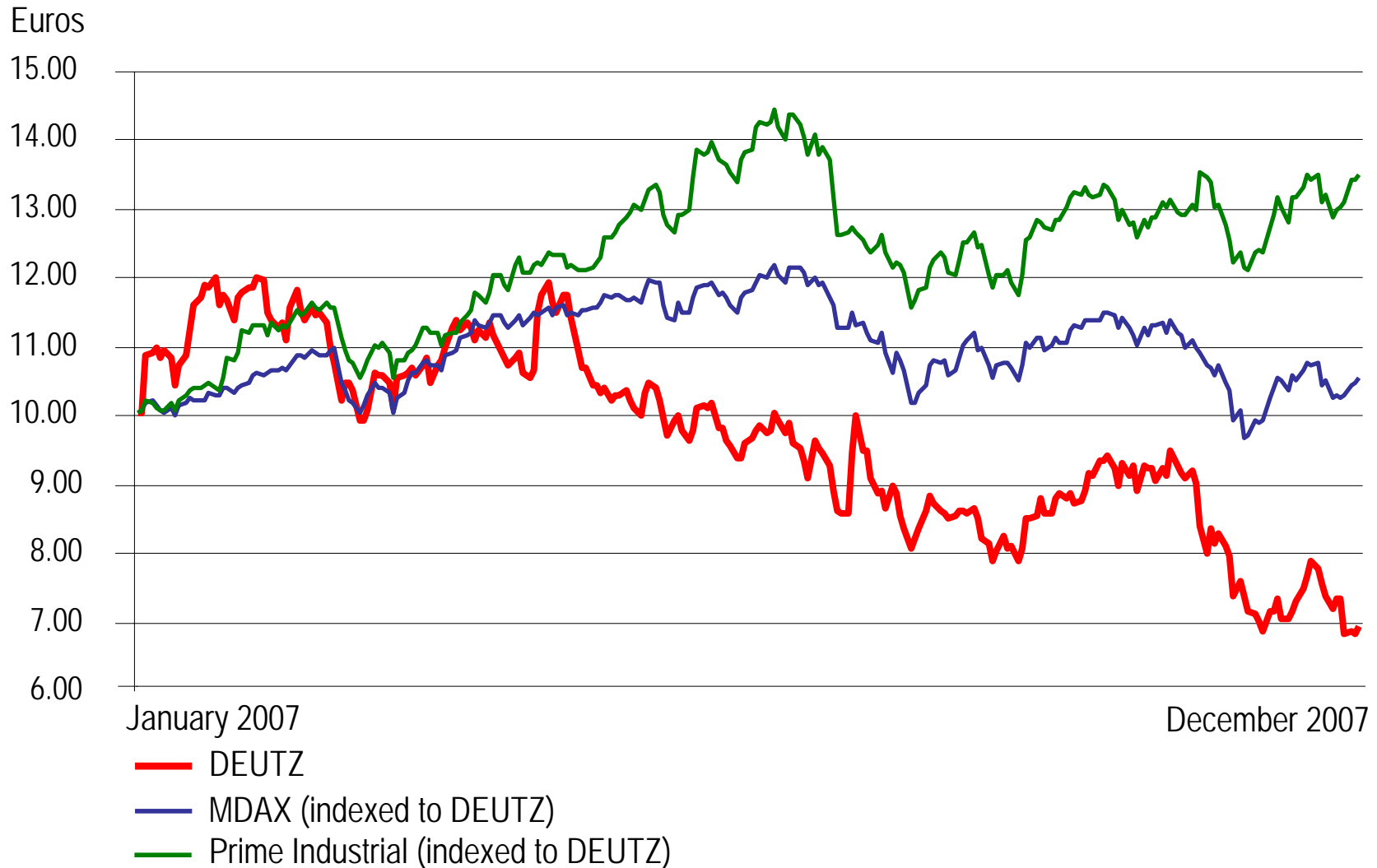


## Business highlights of 2007

- Sustained high growth with full capacity utilisation
  - New orders up 22.2% to €1,584.5 million
  - 286,000 engines sold (up 20.8%)
  - Revenue up 28.8% to €1,524.2 million
  - EBIT up 43.4% to €95.5 million
- DEUTZ Power Systems sold for €360 million, gain on disposal (after taxes) of €118 million
- DEUTZ Dalian joint venture started as scheduled on 1 August
- First full year of production of the new TCD 2013 4V commercial-vehicle engine
- First dividend proposal in more than 20 years: €0.40 per share (of which €0.20 is a special dividend from the proceeds of the sale of DEUTZ Power Systems)



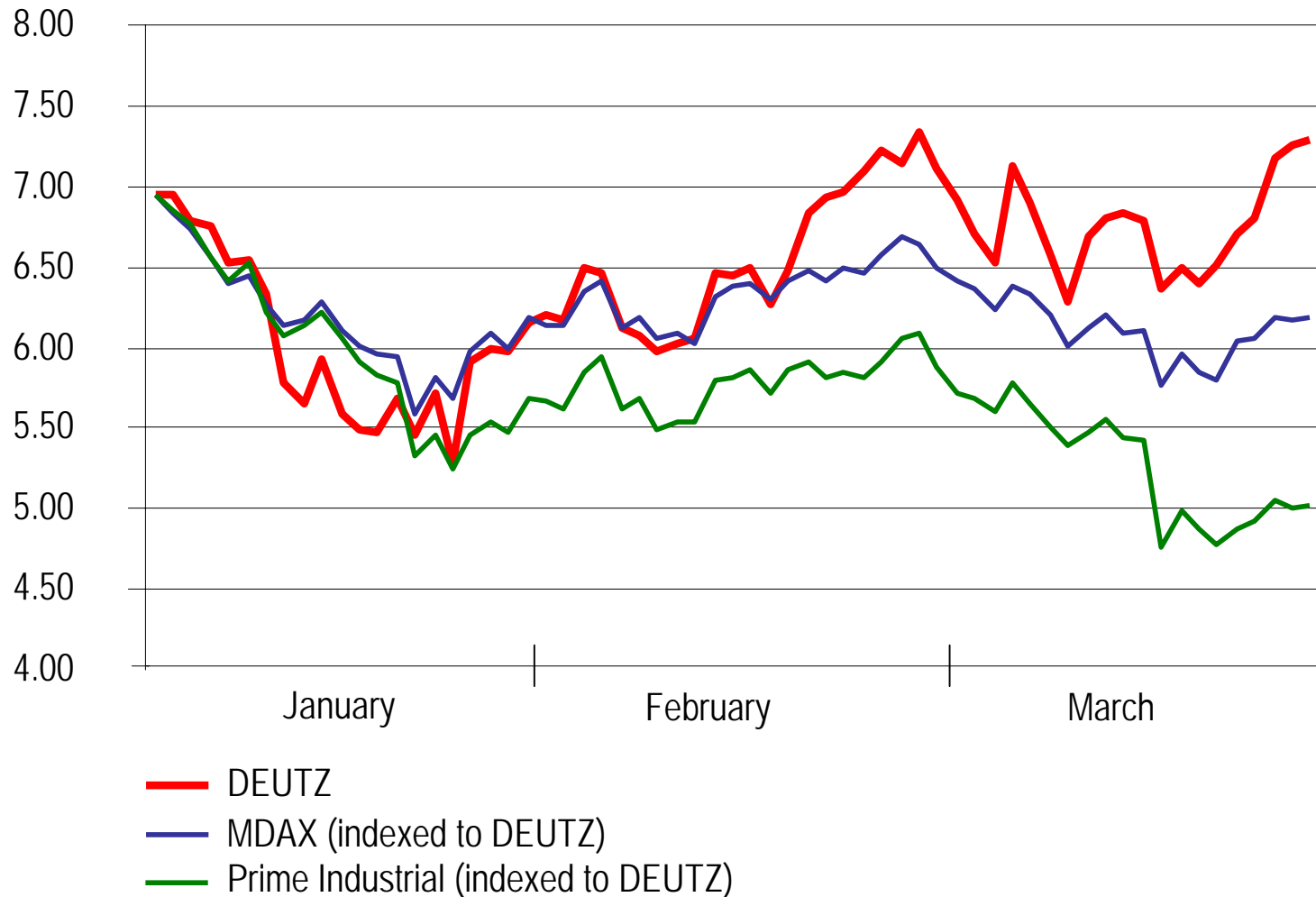
## Share performance in 2007



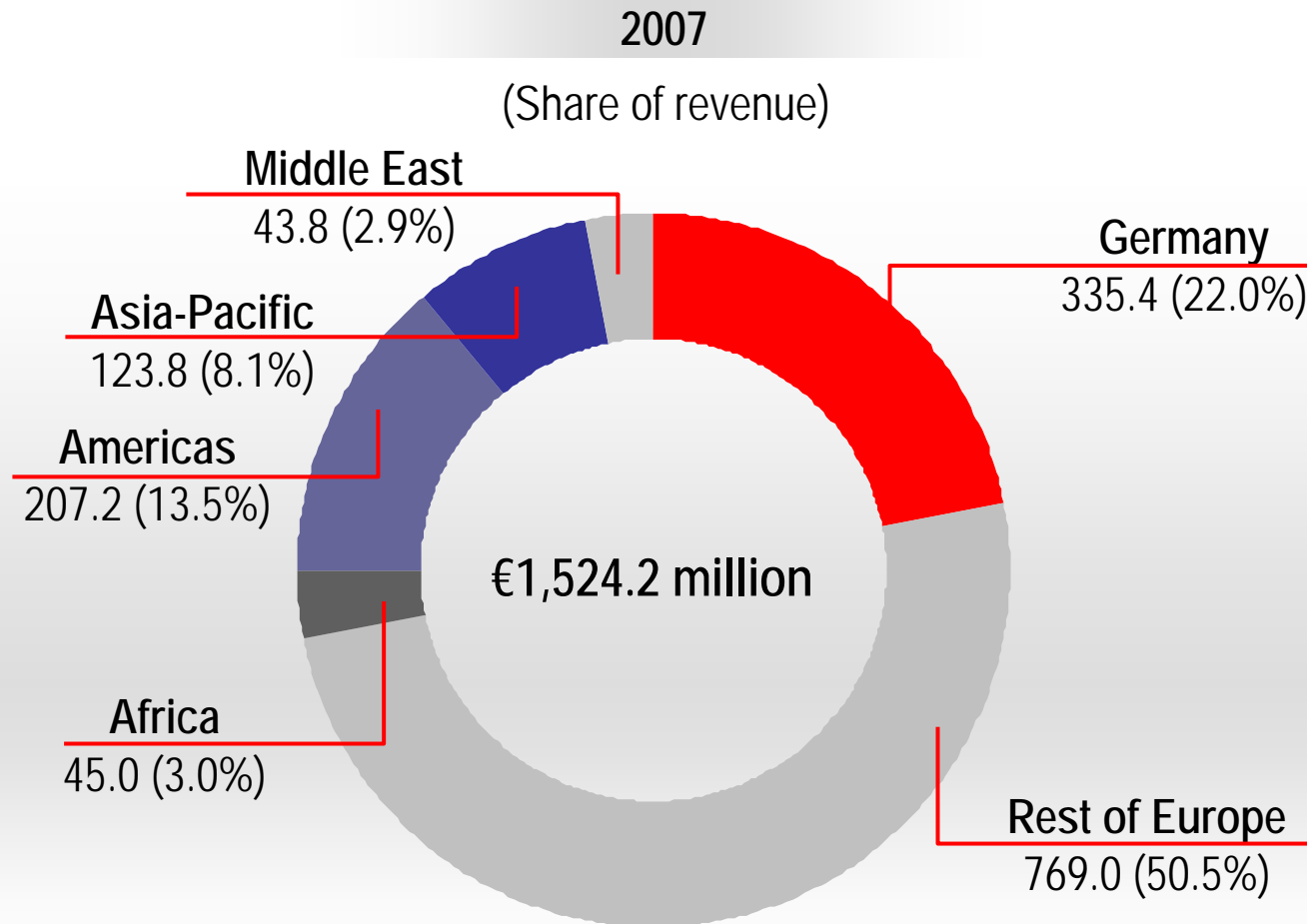


## Share performance in Q1 2008

Euros



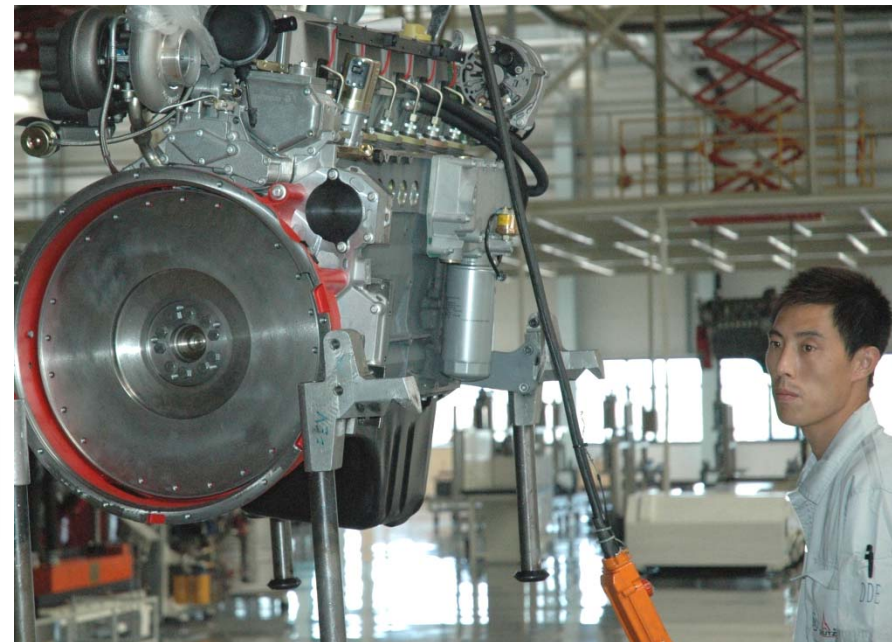
## Revenue by region



## DEUTZ Dalian joint venture off to a good start

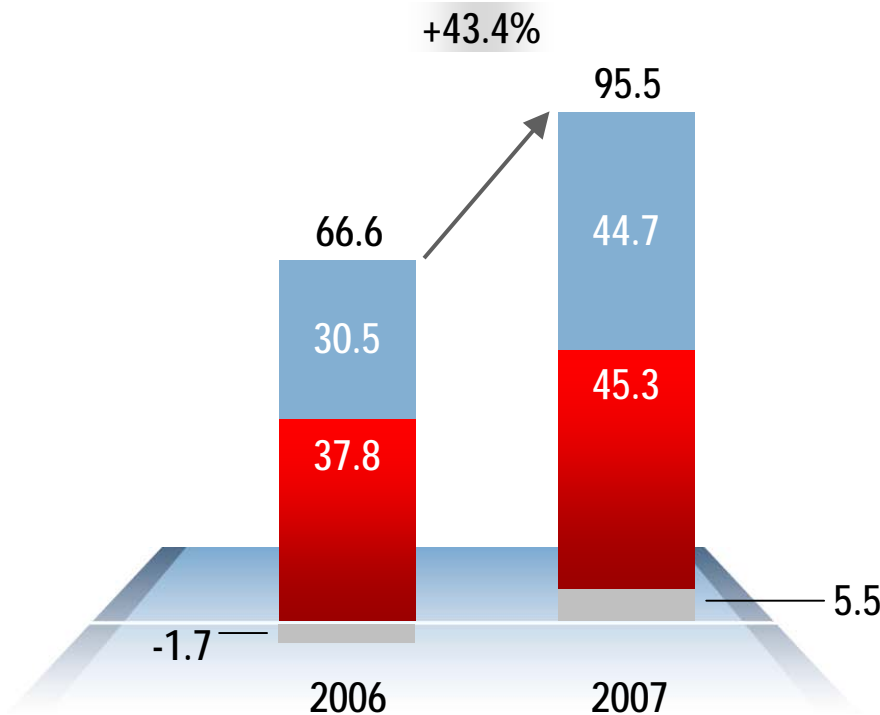
- Start of operations: 1 August 2007
- Capital expenditure of €58 million, around 2,000 employees
- 42,000 engines produced in the first five months after its start, 3,000 of which with DEUTZ technology
- Revenue reaches €80 million
- First supply agreements signed with DEUTZ customers
- Expansion of 4-litre to 8-litre crankcase production from 50,000 to 60,000 decided

➔ Increased presence in Asian growth region

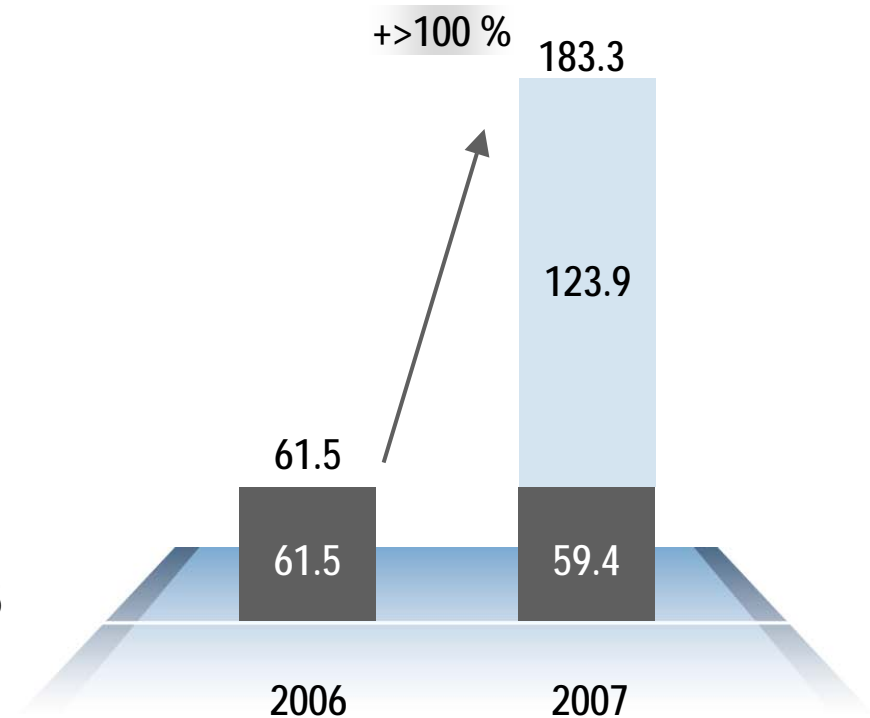


## Enhanced profitability of DEUTZ

EBIT (€ million)



Net income (€ million)



■ Compact Engines  
■ DEUTZ Customised Solutions

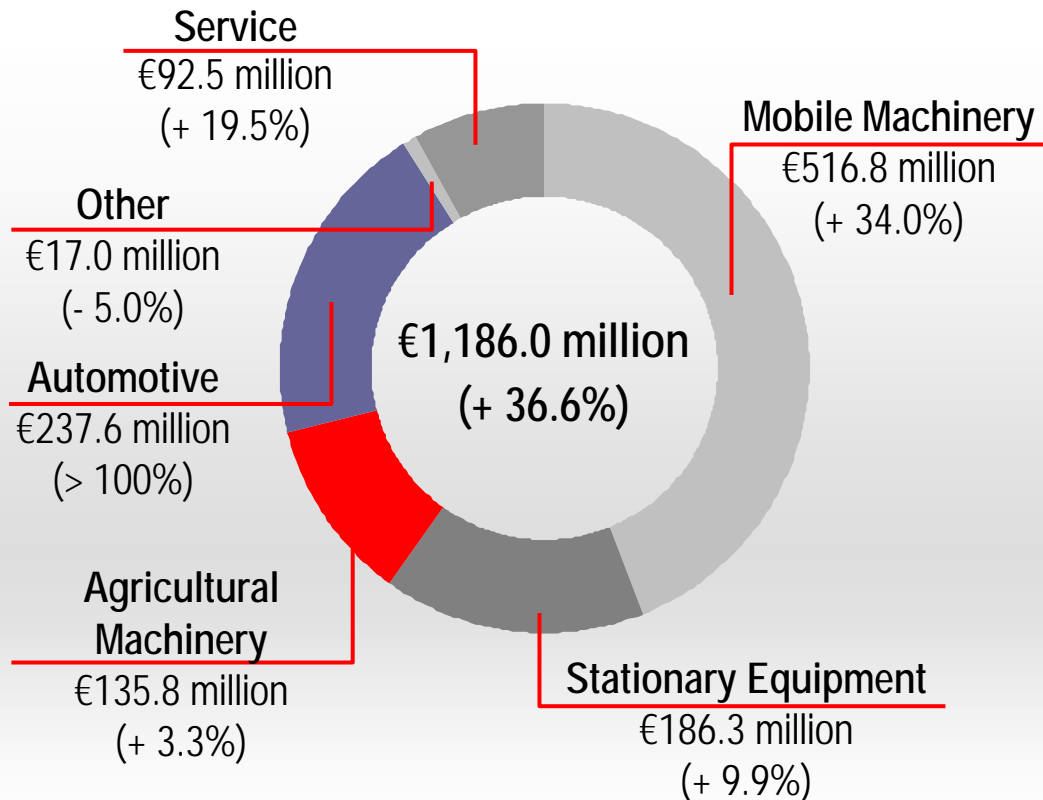
■ Other

■ Sale of DEUTZ Power Systems

## Compact Engines segment

### Revenue by application segment

2007 (change on 2006)



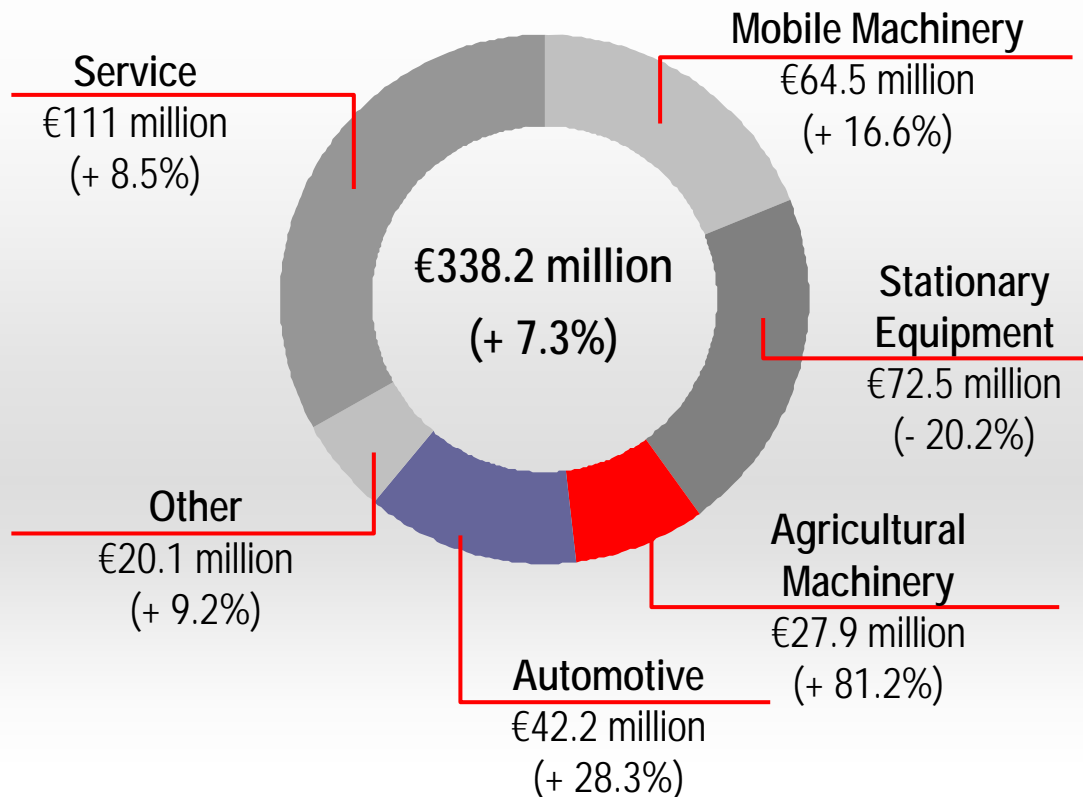
- Strong growth in commercial-vehicle engines
- New orders up 26.7% to €1.2 billion
- Unit sales up 25.0% to 248,971; particularly high increase of 38.2% for four- to eight-litre engines
- EBIT up 19.8% to €45.3 million



## DEUTZ Customised Solutions segment

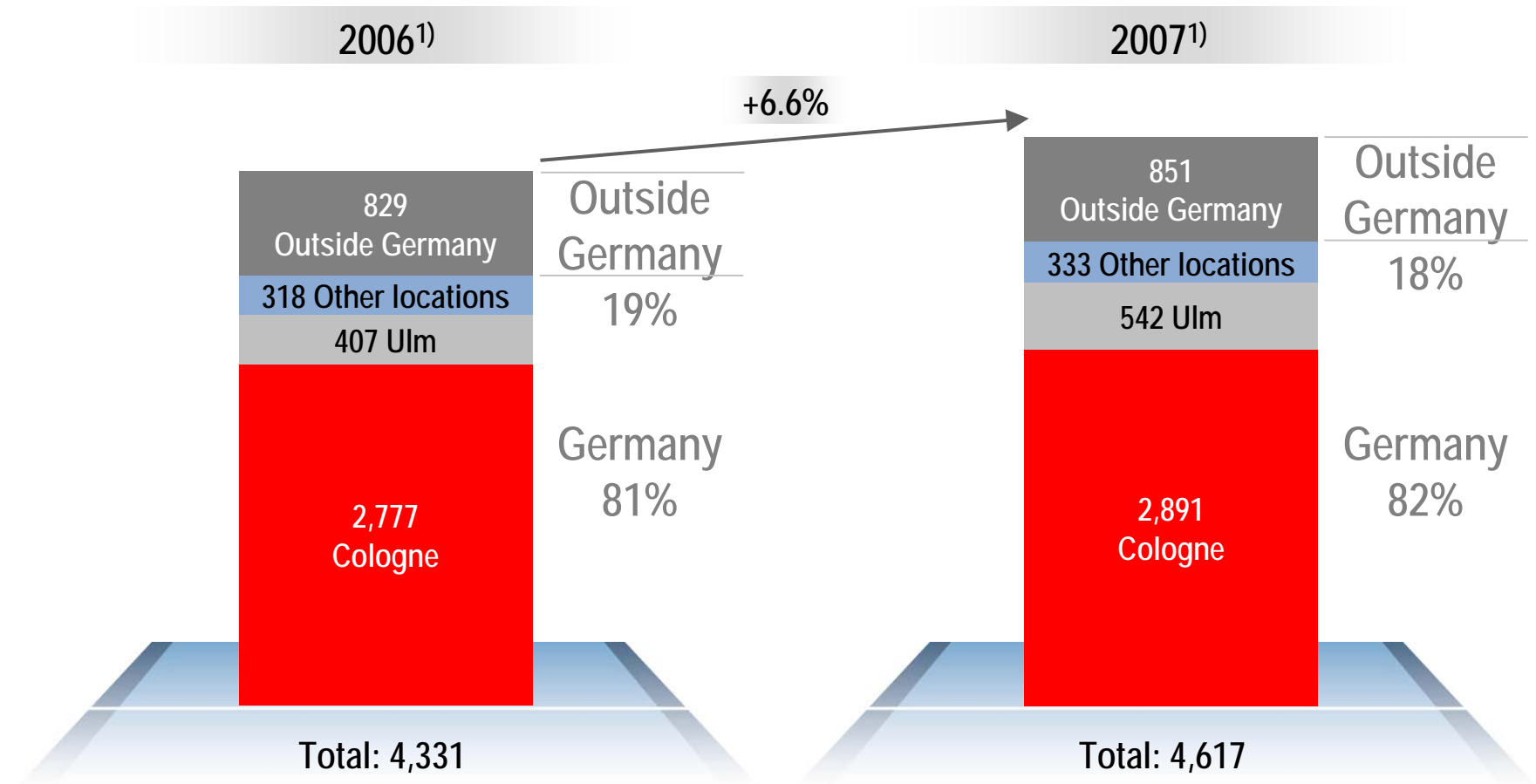
### Revenue by application segment

2007 (change on 2006)



- New orders up 9.8% to €380.6 million
- Unit sales of 36,890 engines slightly down compared to prior year (37,477)
- Revenue up 7.3% to €338.2 million

## Increased workforce reflects growth course



1) As of 31 December

# DEUTZ HYBRID DRIVE



## Features

- Start / stop function
- Enhanced power output
- Regaining energy on braking
- Electric drive where there is an appropriate system configuration
- Lower fuel consumption, emissions and noise
- Enhanced system dynamics
- Lower costs from reduced size of combustion engine

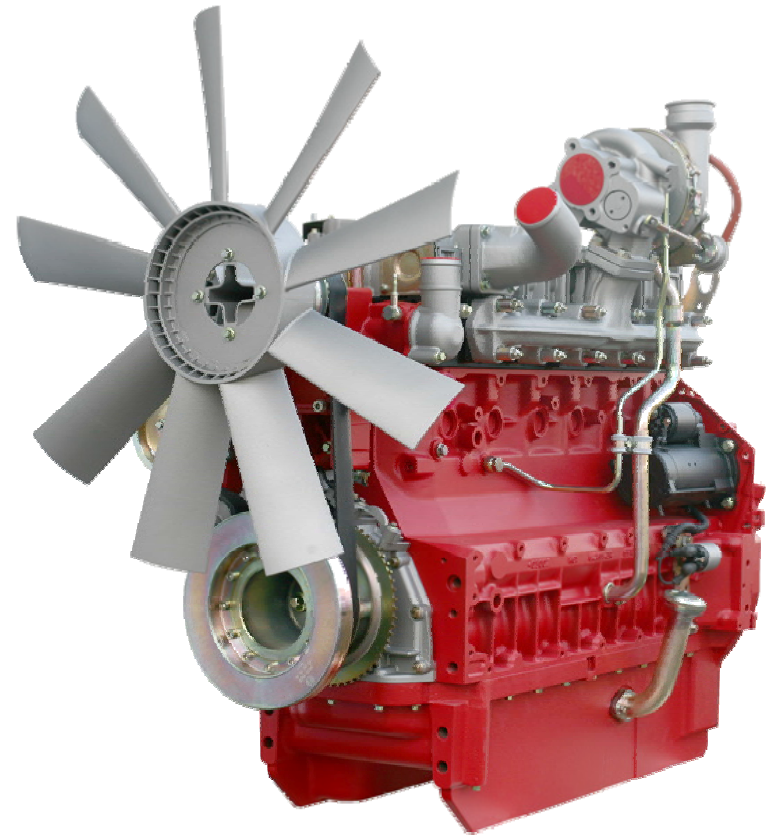


# DEUTZ

## NATURAL FUEL ENGINE®

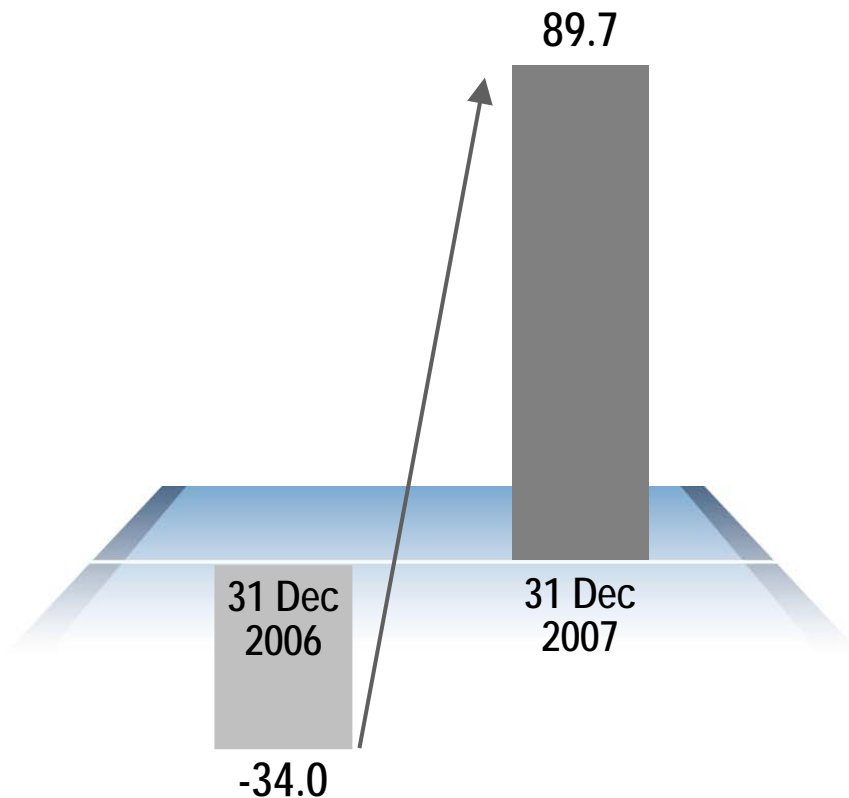


- For the use of 100% rapeseed oil fuel in accordance with DIN V 51605
- High-quality DEUTZ product with same warranty as diesel engines
- Actively combating climate change by lowering CO<sub>2</sub> emissions

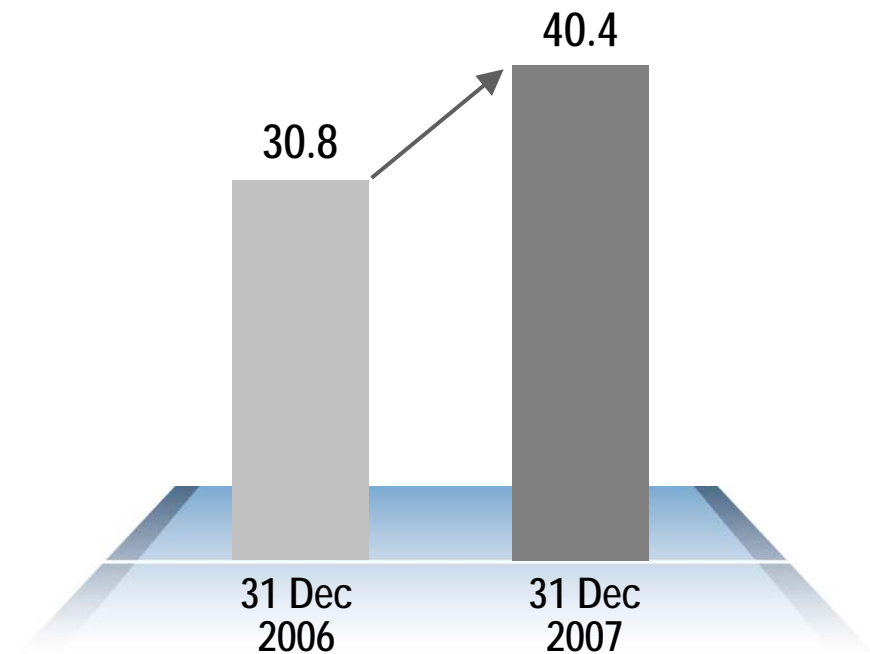


## Net financial position<sup>1)</sup> positive, sound equity ratio of 40%

Net financial position<sup>1)</sup> (€ million)



Equity ratio (%)



<sup>1)</sup> Cash and cash equivalents less current and non-current interest-bearing financial liabilities



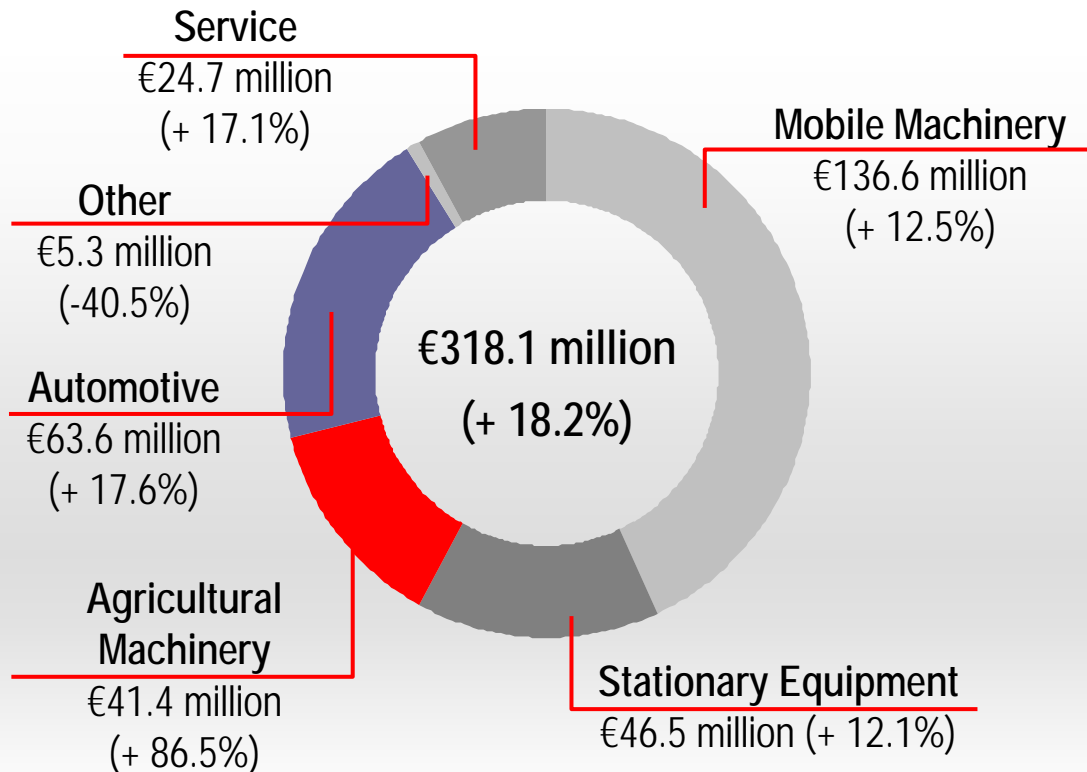
## Successful start to 2008

- Unit sales up 14.3% to 72,786 engines
- Revenue up 18.4% to €397.0 million
- New orders at high level of €433.3 million
- EBIT up 36.8% to €19.7 million; EBIT margin up 0.7 percentage points to 5.0%
- Net income up by 68.8% to €13.5 million

## Compact Engines segment: Q1 2008 highlights

### Revenue by application segment

Q1 2008 (year-on-year change)

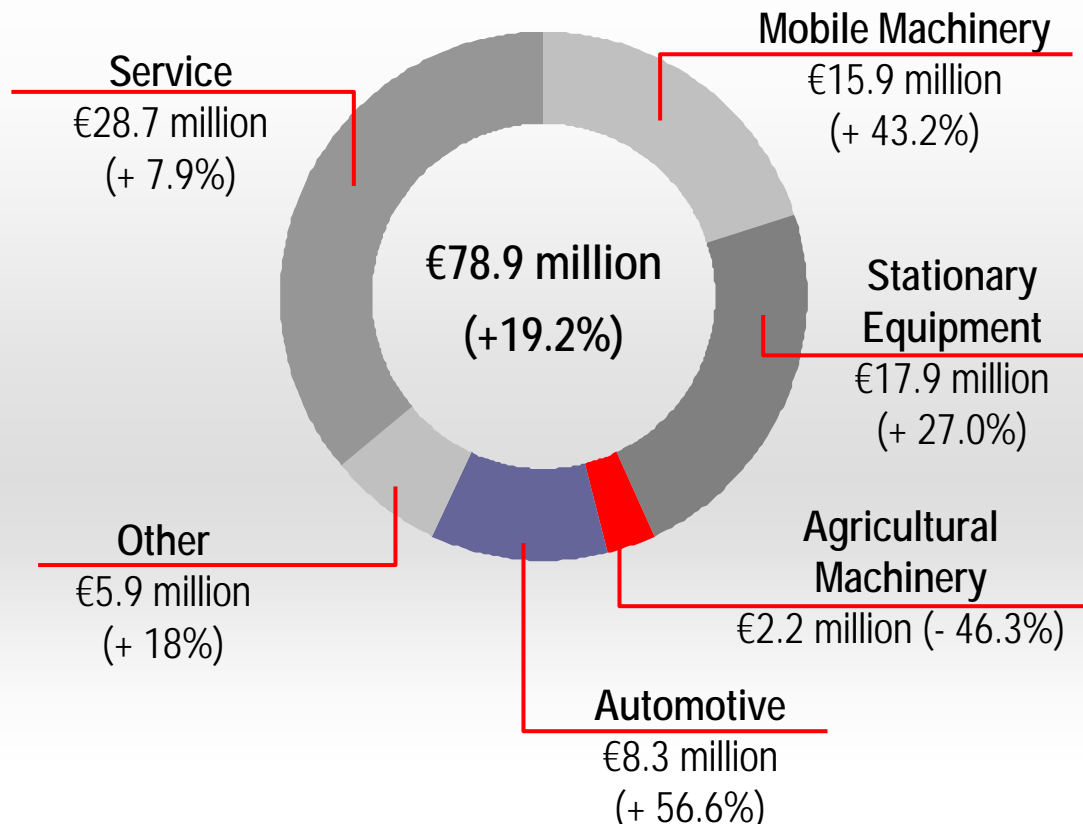


- Unit sales up 13.4% to 64,777 engines
- Revenue benefits from new commercial-vehicle engine and strong demand in service business
- EBIT up 12.2% to €10.1 million (incl. €3.2 million share of loss for DEUTZ Dalian)

## DEUTZ Customised Solutions segment: Q1 2008 highlights

### Revenue by application segment

Q1 2008 (year-on-year change)



- Revenue improves by 19.2% to €78.9 million following relocation of production from Cologne to Ulm
- EBIT up 76.9% to €9.2 million





## Positive outlook for 2008 confirmed

	2008
Unit sales (DEUTZ Group)	>300,000 (+10%)
Unit sales (DEUTZ Dalian)	100,000 - 120,000
Revenue (€ million)	+10% to 15%
Revenue DEUTZ Dalian (€ million)	>300
EBIT margin (%)	~ 7
Research and development (€ million)	80
Capital expenditure <sup>1)</sup> (€ million)	>100

1) Property, plant and equipment and intangible assets excluding capitalised development costs

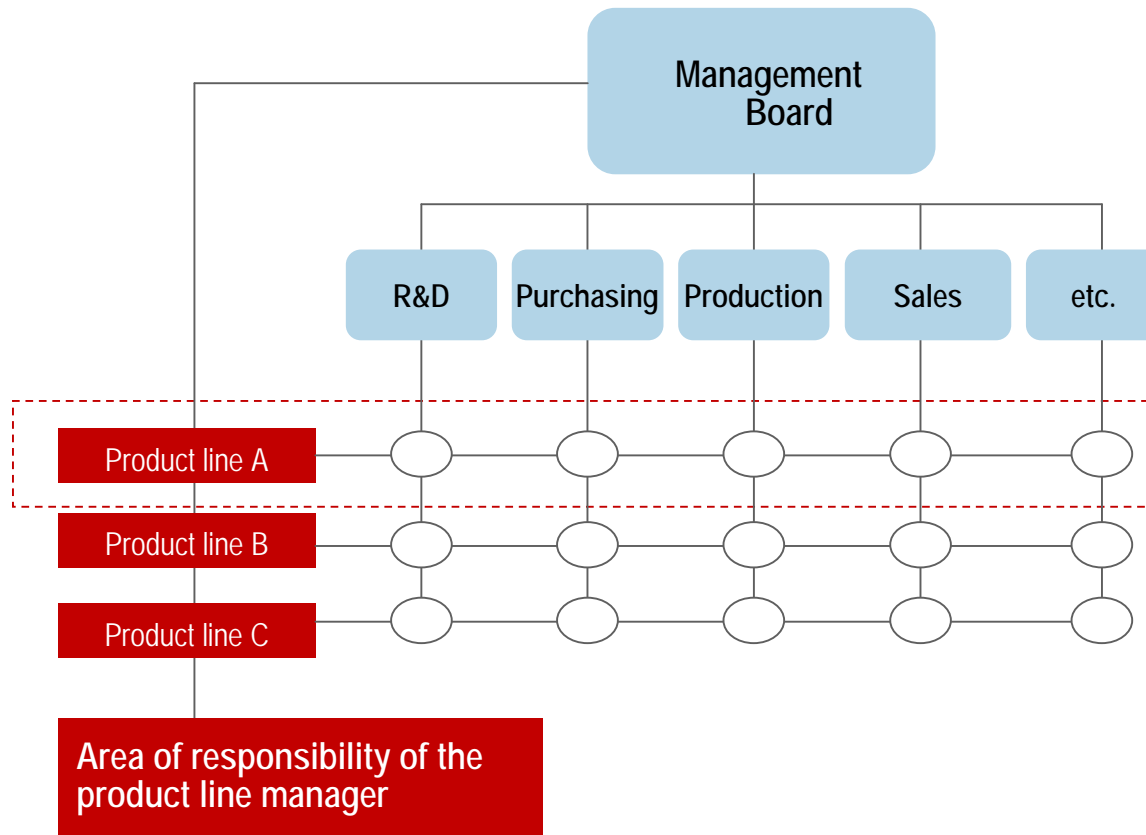


## DEUTZ strategy

- ➔ Internationalisation
- ➔ Optimisation of internal processes
- ➔ Systems expertise in the field of exhaust-gas aftertreatment

# New organisational structure

## Product line responsibility



- Creation of a new structure in the form of three product lines
- End-to-end responsibility for the entire product lifecycle in each product line
- Planned implementation date for new matrix organisation: Q3 2008
- ➔ Implementation of clear product responsibility
- ➔ Optimisation of internal processes and procedures



**The engine company.**