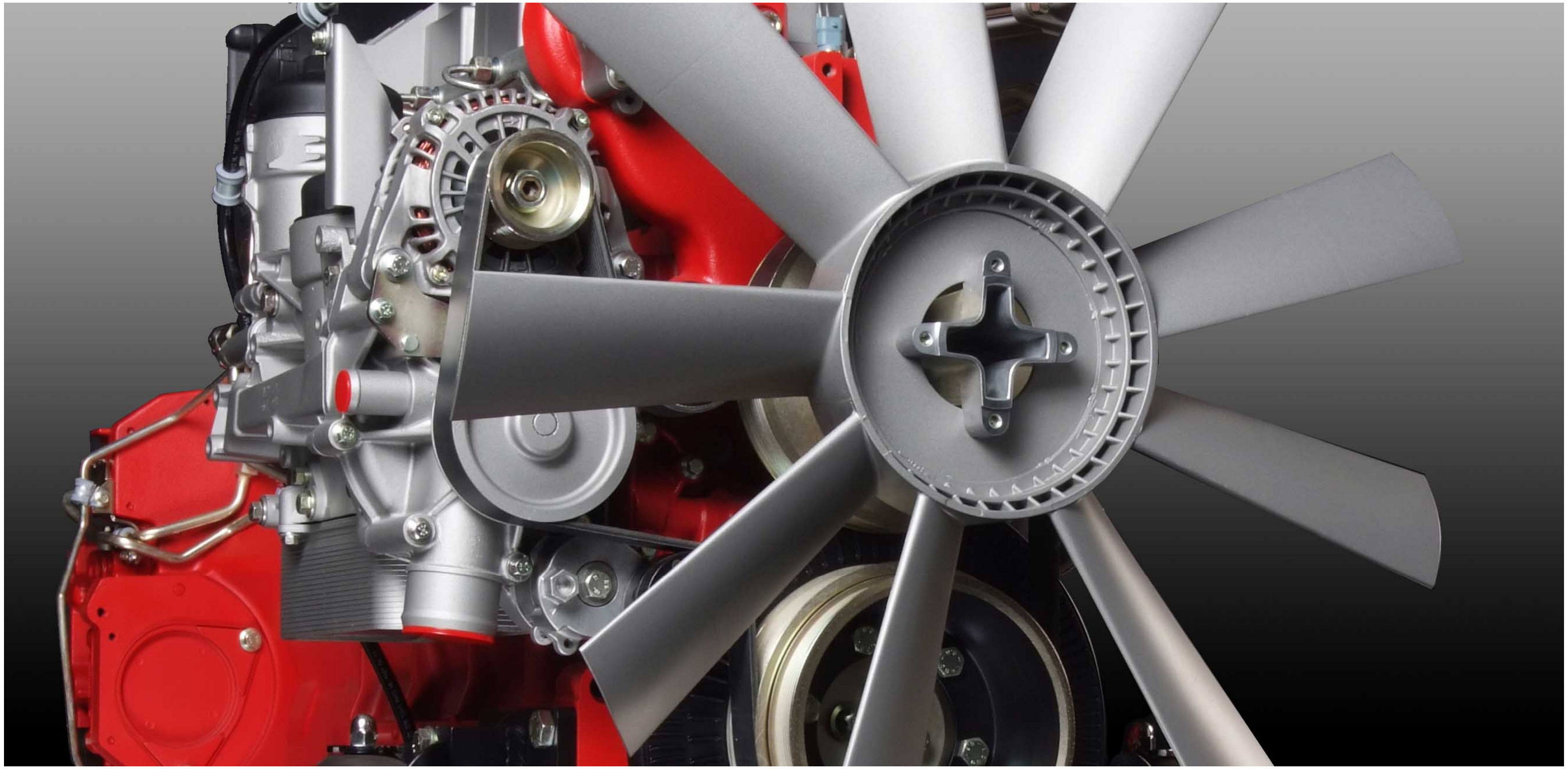

DEUTZ AG

Investor Presentation – powering success

August 2012

Agenda

The engine company. DEUTZ

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

DEUTZ – at a glance

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 4 Engine Joint Ventures, thereof 3 in China
- €1.5 billion sales in 2011
- About 4,100 employees as of 31 Dec 2011

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:
  - 10 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

VOLVO
SAME DEUTZ FAHR
Atlas Copco
AGCO
BOMAG FAYAT GROUP
LIEBHERR
FENDT
TEREX CORPORATION
ATLAS WEYHAUSEN
Wirtgen
HAMM

➔ **DEUTZ market share in non-captive engine market around 18%**

Experienced Management Team

Dr. Helmut Leube, CEO (59)

- 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 (59)

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

DEUTZ Group

The engine company. DEUTZ

DEUTZ Group

DEUTZ Compact Engines

- Liquid-cooled engines of up to 8 litre cubic capacity for on- and off-road applications
- Large number of modular approaches to design

DEUTZ Customised Solutions

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

DEUTZ Services

- Part of both Compact Engines and DEUTZ Customised Solutions
- 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: ready for the next emissions level

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Engines 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

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
2011	22 – 77 kW	■		■	
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	■			
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	■	■		
TCD 12.0 / TCD 16.0	300 – 520 kW	■	■		

Stage IIIA / Tier 3 and below

Euro 5 and below

Stage IIIB / IV

Tier 4 interim / final

DEUTZ market share by application

The engine company.

Segment	Typical Application	Markets will benefit from macro trends	DEUTZ Market Share	DEUTZ Market Pos.	Main Competitor
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	Kubota, Lombardini, Perkins, Yanmar
Stationary Equipment	Gensets, Pumps, Compressors	 	15%	2	Deere, Kubota, Perkins, Yanmar
Automotive	Trucks, Buses, Rail, Vehicles	 	25%	2	Caterpillar, Cummins, Fiat Powertrain, Mercedes
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 m^{-1}, Euro 3 / Tier 2 and above, without automotive USA

Revenue split

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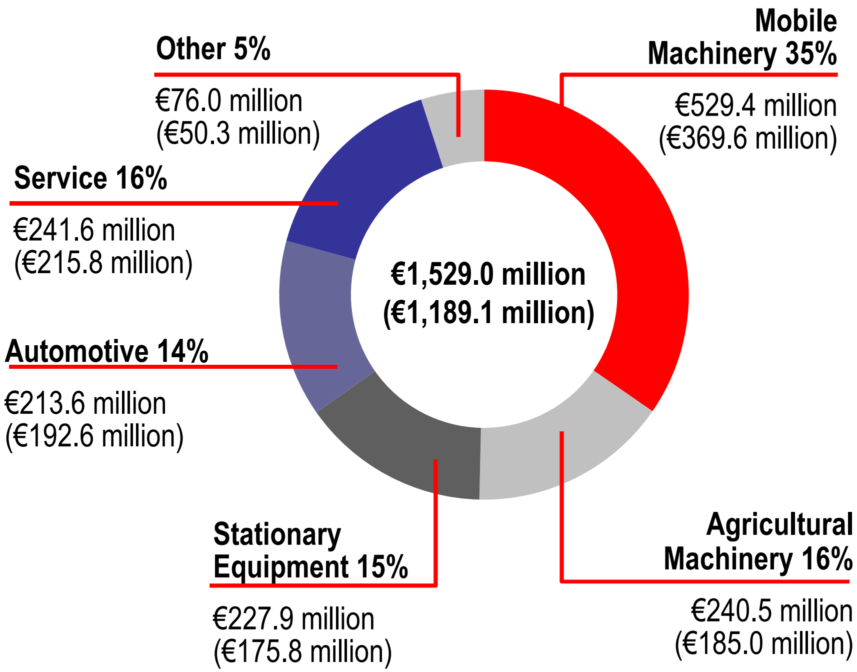
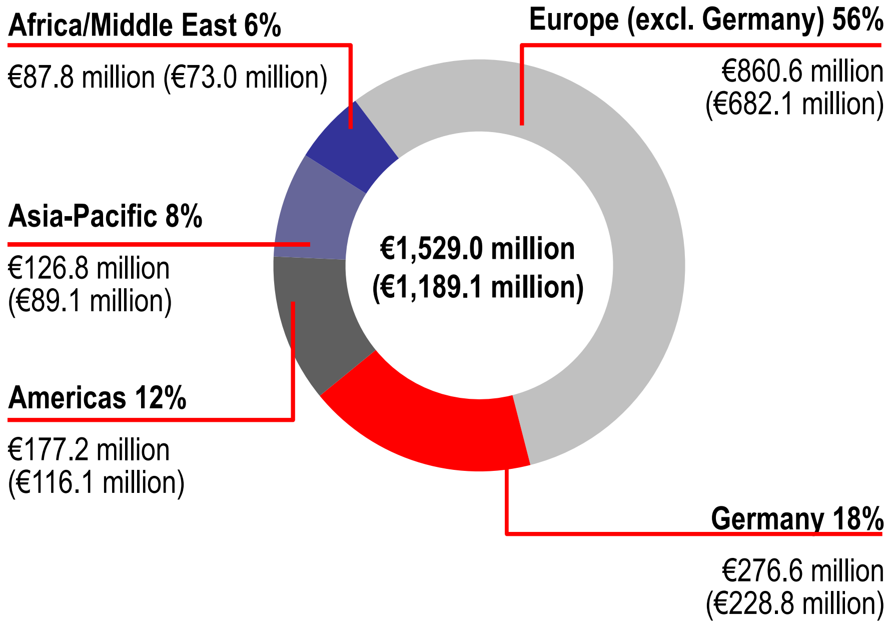
Revenue split by application, 2011(1)

(2010)



Revenue split by region, 2011(2)

(2010)



- Double digit revenue increase in all application segments
- Highest growth rates in Mobile Machinery (+43%), followed by Agricultural Machinery (+30%) and Stationary Equipment (+30%)
- Service business with continued growth (+12%)

- High growth rates across all regions: EMEA (+25%), Americas (+52%) and Asia-Pacific (+42%)

(1) Figures may not add up due to rounding differences

(2) Revenue split by region does not include JVs that are not fully consolidated. Regions assigned by place of business of our OEM customer, which may differ from location of end-customer

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- **Strategy & investment rationale**
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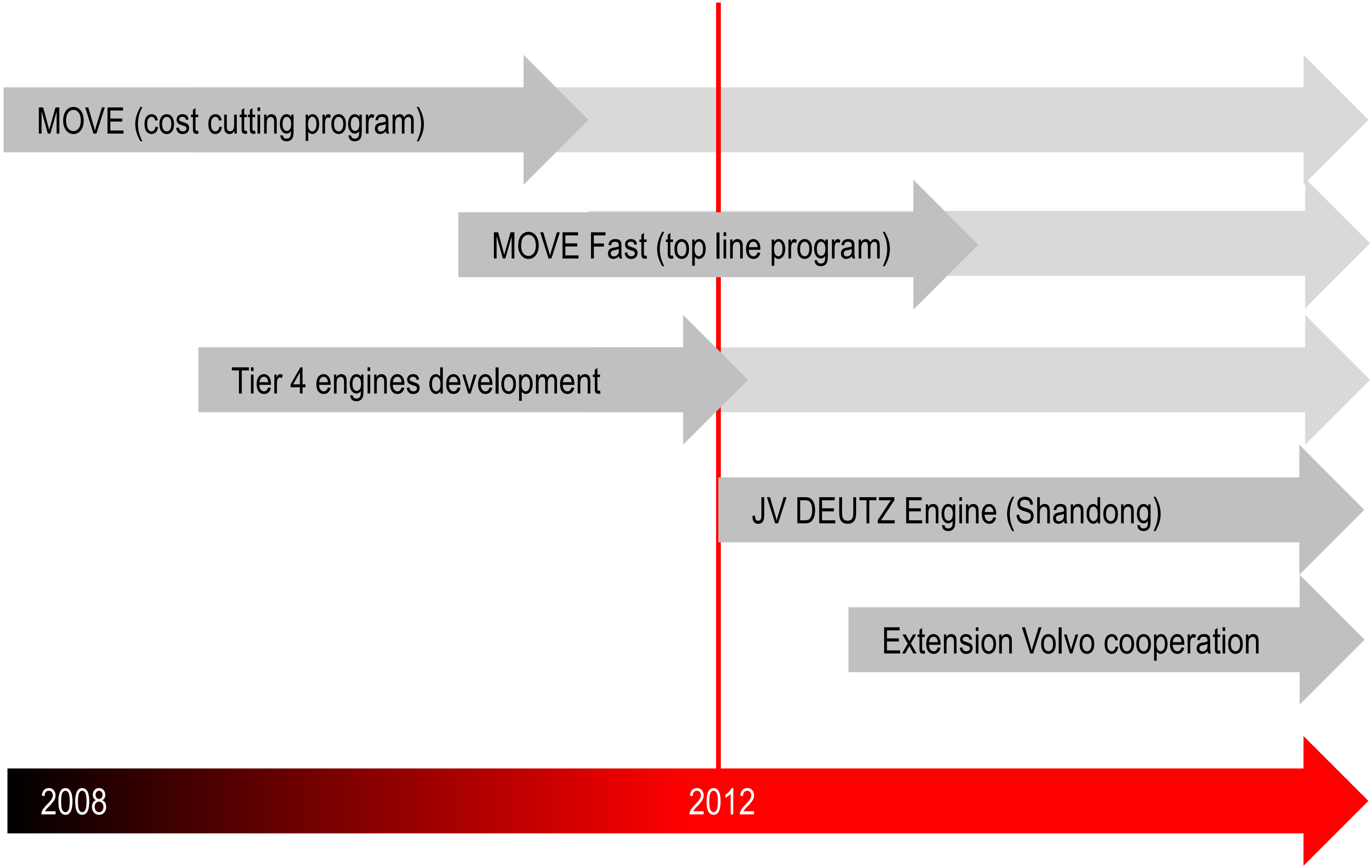
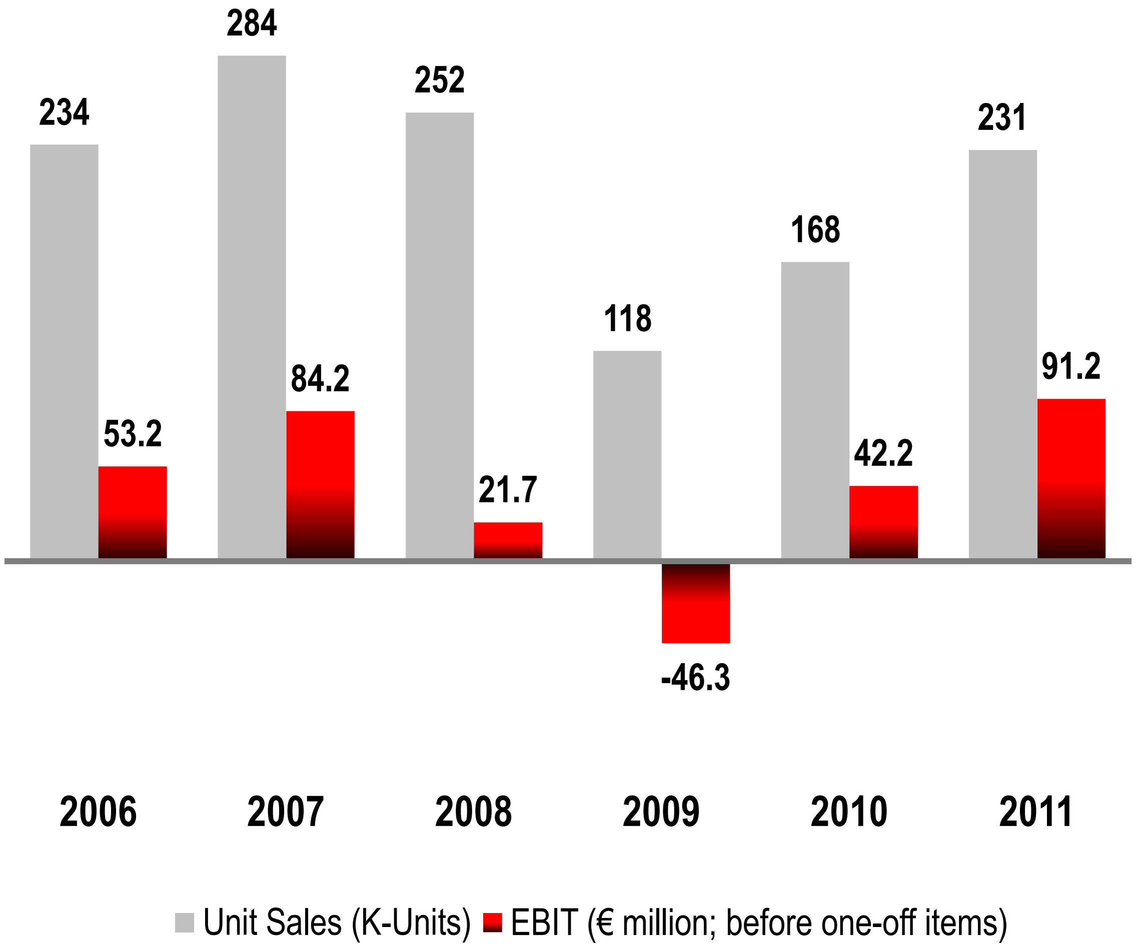
Milestones
DEUTZ Investment Attractions

The engine company.



➔ **Profitable growth strategy implemented**

Cost reduction & margin increase
DEUTZ Investment Attractions (cont'd)



- Permanent cost reduction of €85 million realized (MOVE)
- Breakeven volume reduced significantly
- Complete restructuring of business processes towards smart SMEs
- Top line project will lead to additional €35 million profit increase (MOVE Fast)
- Mid-term profit target remains at 10% EBIT margin

➔ **Higher EBIT achieved at lower production levels**

Multiple growth opportunities – leading to economies of scale

DEUTZ Investment Attractions (cont'd)

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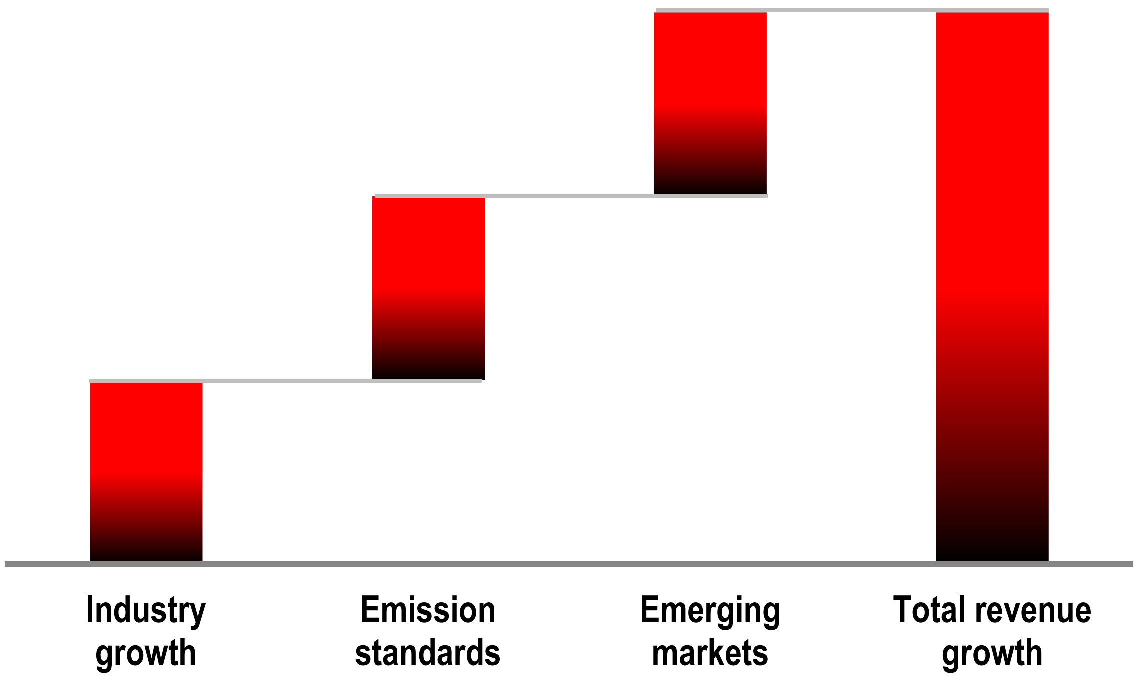
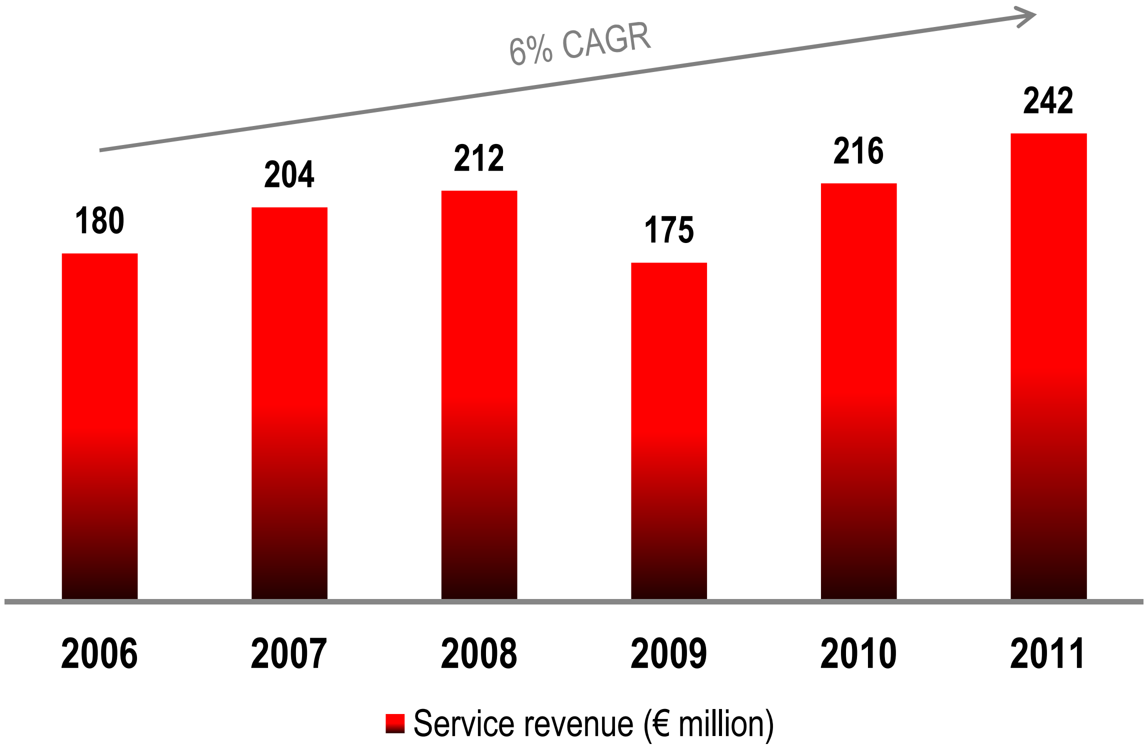


- New emission standards require more complex engines with more inherent value
- New production facilities in China will lead to significant growth in Asia in upcoming years
- Outsourcing opportunities as additional potential
- Trend growth of revenue >10% p.a. in the mid-term

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

Continued focus on the service business
DEUTZ Investment Attractions (cont'd)

The engine company. DEUTZ



- Installed base of about 1.6 million engines
- Service growth supported by MOVE FAST project
- More active management of service network with improved training and tools
- Increased complexity of new emission levels' engines leading to higher barriers of entry for competitors in after-sales

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

Growth activities in China
DEUTZ Investment Attractions (cont'd)

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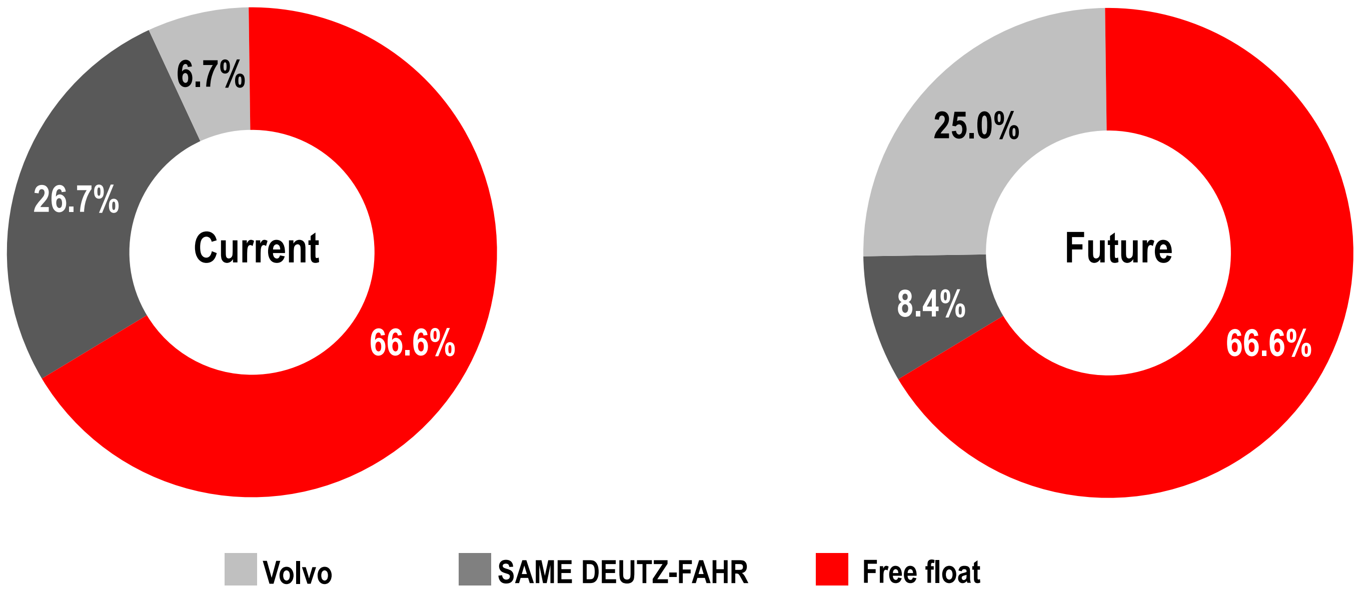
	DEUTZ Engine (Shandong) Co., Ltd. (in foundation)[1]	Chinese JV with AB Volvo (MoU-status)[1]	DEUTZ (Dalian) Engine Co., Ltd.[2]	Weifang Weichai DEUTZ Diesel Engine Co., Ltd.[2]
Province	Shandong	To be discussed	Liaoning	Shandong
Partner	Shandong Changlin Machinery Group	AB Volvo	FAW Group	Weichai Power
DEUTZ – participation	70%	>50%	50%	50%
Engine size	< 4 L.	4 - 8 L.	3 – 8 L.	4 – 8 L.
Founded	2012	n/a	2006	1997
Revenue 2011 (€ million)	n/a	n/a	274	103

→ **Asia is our focus area where we continue to expect above-average growth in the mid-term**

(1) Fully consolidated
(2) At-equity consolidated JVs. Proportional share of JV`s net income reported in DEUTZ financial income, which is part of the EBIT.

Extended long-term cooperation with Volvo
DEUTZ Investment Attractions (cont'd)

Breakdown of shareholders



- Volvo announced to purchase more than 22 million DEUTZ shares from SAME DEUTZ-FAHR subject to antitrust clearance. Thus, Volvo will hold 25% + 1 share going forward
- Increase of shareholding underlines Volvo interest to deepen its long-standing cooperation with us
- Intended Chinese production JV shall focus on non-road engines and support Volvo's anticipated growth in the Asian market
- In addition, the joint development of non-road medium-duty engines for emission level Tier 5 is under study

➔ Plan to expand the cooperation with Volvo backed by higher shareholding

Sound financial position & funding
DEUTZ Investment Attractions (cont'd)

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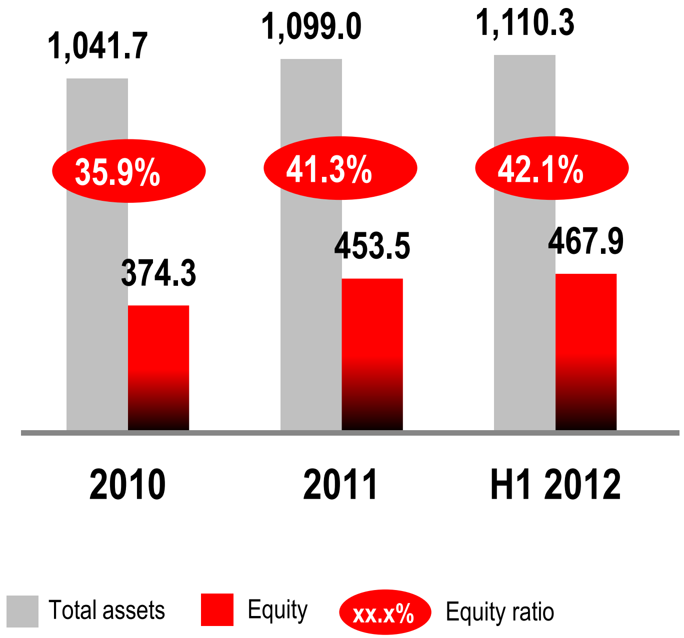
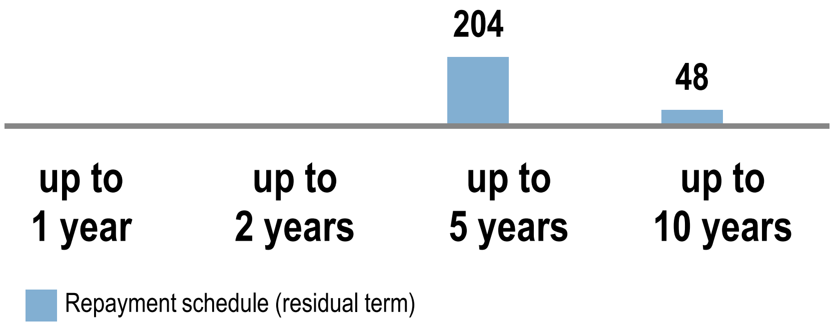
€ million





- New unsecured credit line (€160 million) provided by a syndicate of German banks runs until June 2017
- Unsecured low-interest loan from European Investment Bank (€90 million) repayable over a period of eight years with a grace period of two years
- Former funding arrangements were replaced early July 2012
- Interest expenses will decrease further due to the new funding

➔ **Long-term funding of growth projects secured**

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Key developments H1 2012

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Positive	Negative

Positive

- Signing of founding documents for Chinese JV DEUTZ Engine Shandong
- Exploring the extension of our long-term cooperation with Volvo
- Successful series start of Tier 4 interim engines
- New funding arrangement secures funding of growth projects and reduces future interest expenses
- Progress of our service business

Negative

- Renewed economic downturn – European sovereign debt crisis and current market weakness in China
- Lower profit contribution of JVs
- Share price performance not satisfactory

Sales figures

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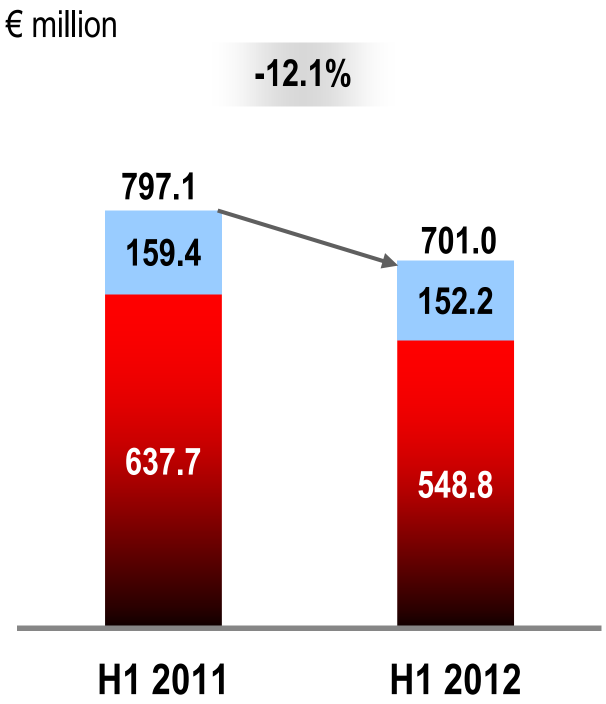
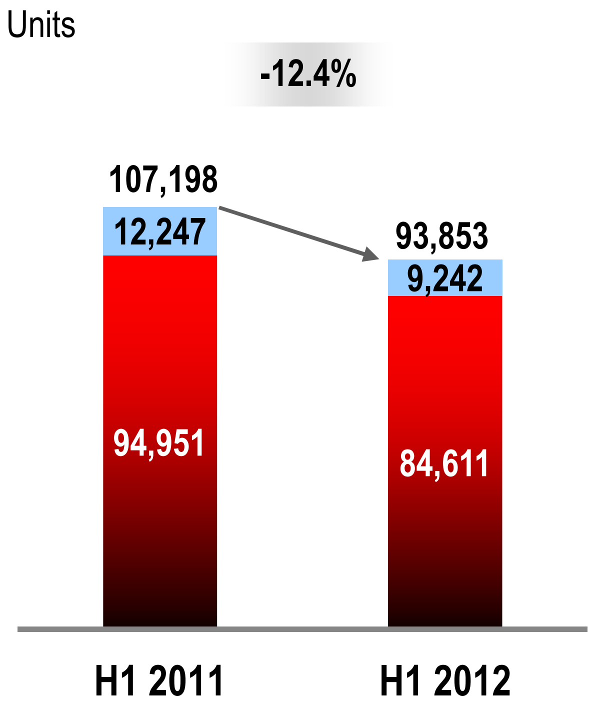
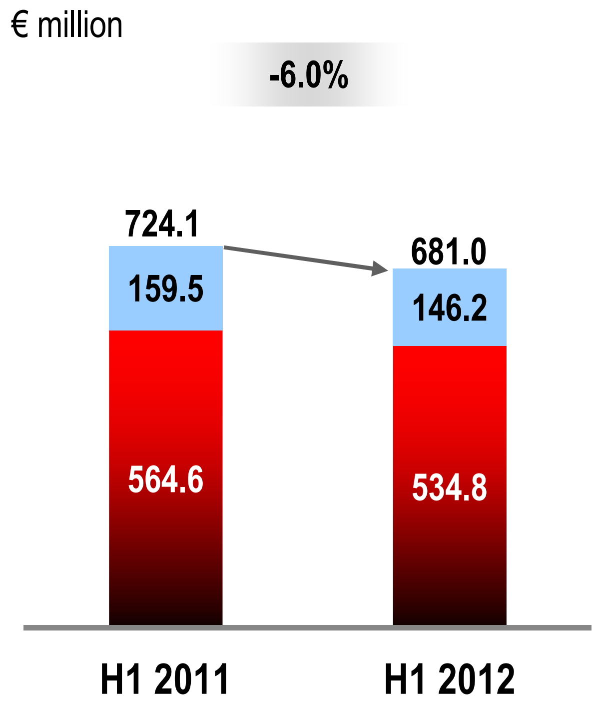
Order Intake



Unit Sales



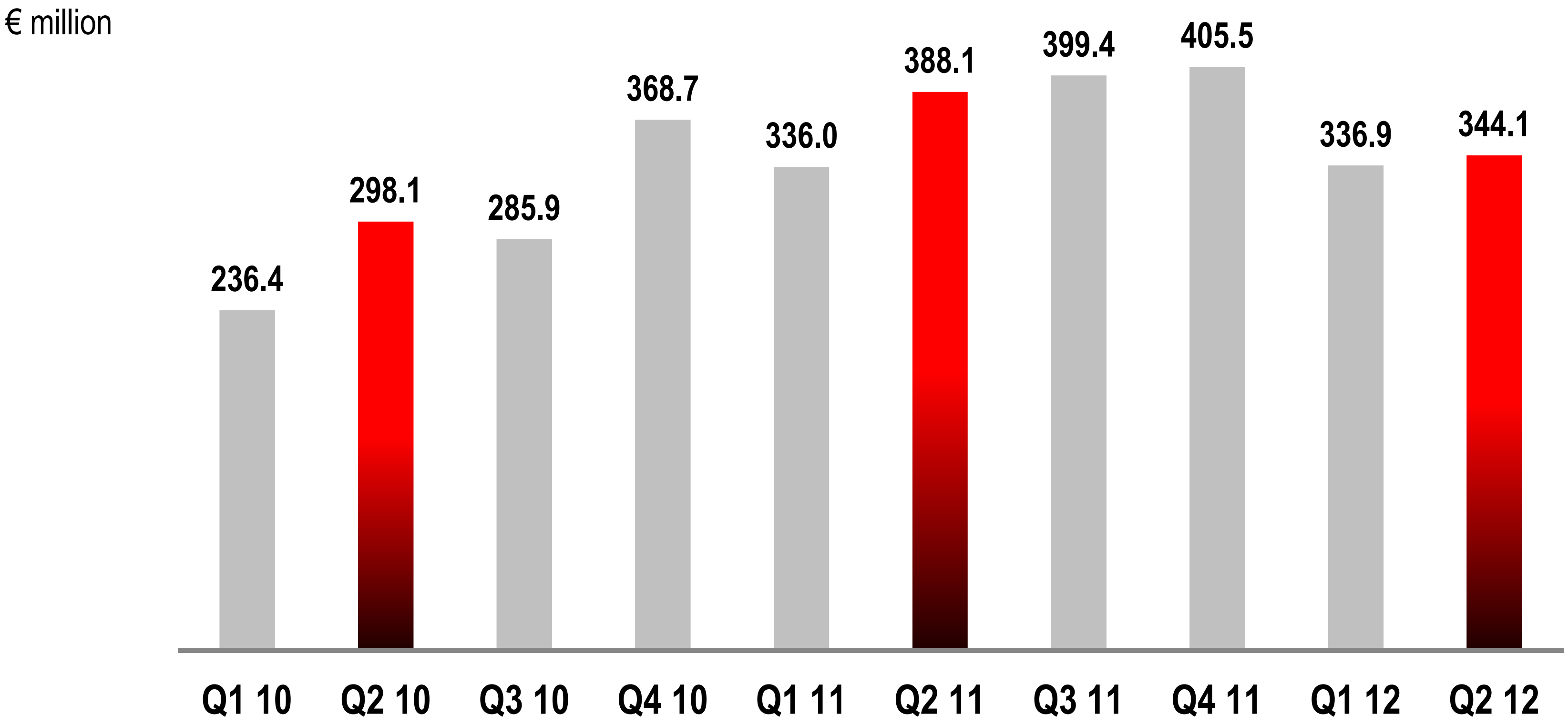
Revenue



- Revenue decreased less than unit sales due to higher inherent value of new Tier 4 interim compliant engines
- Orders on hand €249.6 million (+8.0% vs. year end 2011)

Compact Engines DEUTZ Customised Solutions

Revenue development



- Very strong revenue growth in 2011
- Uncertainty of customers about European growth prospects had an impact on revenues in Q2 2012

→ **2011 revenue record level not achievable in 2012 due to weaker end market conditions**

EBIT

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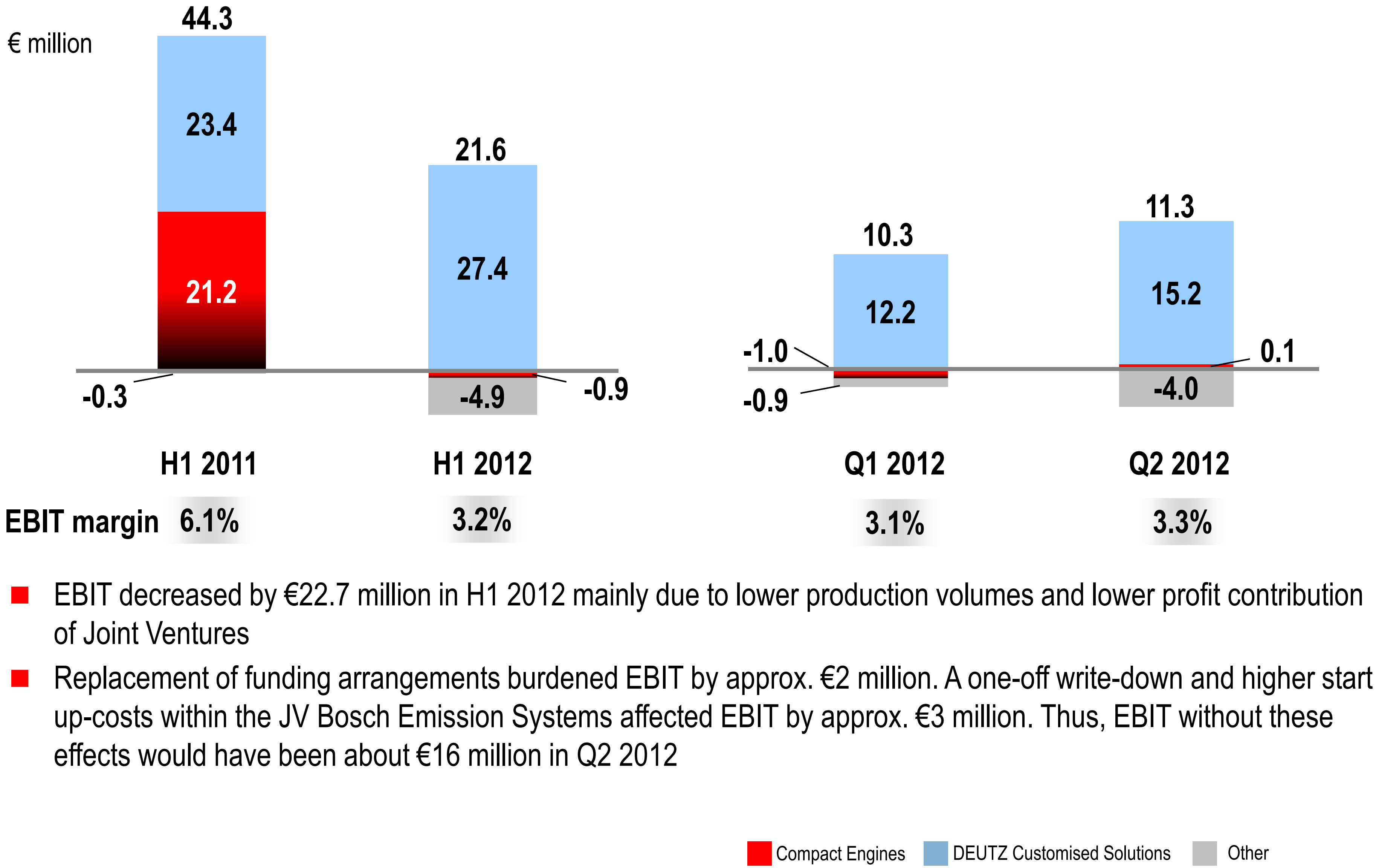

- EBIT decreased by €22.7 million in H1 2012 mainly due to lower production volumes and lower profit contribution of Joint Ventures
- Replacement of funding arrangements burdened EBIT by approx. €2 million. A one-off write-down and higher start up-costs within the JV Bosch Emission Systems affected EBIT by approx. €3 million. Thus, EBIT without these effects would have been about €16 million in Q2 2012

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- **Outlook**

Financial outlook

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	Outlook for 2012
Revenue	€1.3 billion – €1.4 billion
EBIT margin	3.0 % - 4.0 %
Research and Development (R&D)	Decline by about 25 % vs. 2011
Capex (excl. R&D)	Approx. €60 million
Free cash flow	Positive territory
Working capital ratio	Below 13 %
Equity ratio	Above 40 %

➔ **New outlook reflects change in market conditions**

Financial calendar

8 Nov 2012	Q3 results
19 Mar 2013	FY 2012 results
30 Apr 2013	AGM

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