Agenda

- 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

 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 market share in non-captive engine market around 18%
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

#### Engines for Tier 4 emissions standards

<table>
<thead>
<tr>
<th>Engine Code</th>
<th>Power Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>(TC)D 2.9</td>
<td>25 – 56 kW</td>
</tr>
<tr>
<td>(TC)D 3.6</td>
<td>50 – 90 kW</td>
</tr>
<tr>
<td>TCD 4.1 / 6.1</td>
<td>70 – 180 kW</td>
</tr>
<tr>
<td>TCD 7.8</td>
<td>160 – 270 kW</td>
</tr>
<tr>
<td>TCD 12.0 / 16.0</td>
<td>300 – 520 kW</td>
</tr>
</tbody>
</table>

- Award winning new engine
- Very compact engine minimizes installation efforts
- Simple EAT (catalyst only)
- New engine focusing on industrial and agricultural applications
- Highest output and torque in its class with best power-to-space ratio
- Simple EAT
- Better power density and improved life-cycle costs compared to its predecessor
- Optimized EAT concepts for industrial and agricultural applications (DEVERT)
- Better power density and improved life-cycle costs compared to its predecessor
- Optimized EAT concepts for industrial and agricultural engines (DEVERT)
- 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Mobile Machinery</th>
<th>Agricultural Machinery</th>
<th>Stationary Equipment</th>
<th>Automotive</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>22 – 77 kW</td>
<td>22 – 77 kW</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>60 – 155 kW</td>
<td>60 – 155 kW</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>118 – 243 kW</td>
<td>118 – 243 kW</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>72 – 200 kW</td>
<td>72 – 200 kW</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>24 – 176 kW</td>
<td>24 – 176 kW</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>77 – 441 kW</td>
<td>77 – 441 kW</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>195 – 520 kW</td>
<td>195 – 520 kW</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Stage IIIA / Tier 3 and below
- Euro 5 and below
- Stage IIIIB / IV
- Tier 4 interim / final
# DEUTZ market share by application

<table>
<thead>
<tr>
<th>Segment</th>
<th>Typical Application</th>
<th>Markets will benefit from macro trends</th>
<th>DEUTZ Market Share</th>
<th>DEUTZ Market Pos.</th>
<th>Main Competitor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile Machinery</td>
<td>Construction Equipment, Ground Support Equipment, Material Handling Equipment, Mining Equipment</td>
<td><img src="image" alt="Construction" /> <img src="image" alt="Road" /></td>
<td>21%</td>
<td>1</td>
<td>Cummins, Kubota, Perkins, Yanmar</td>
</tr>
<tr>
<td>Agricultural Machinery</td>
<td>Tractors, Agricultural Equipment</td>
<td><img src="image" alt="Agricultural" /> <img src="image" alt="Crops" /></td>
<td>16%</td>
<td>2</td>
<td>Kubota, Lombardini, Perkins, Yanmar</td>
</tr>
<tr>
<td>Stationary Equipment</td>
<td>Gensets, Pumps, Compressors</td>
<td><img src="image" alt="Stationary" /> <img src="image" alt="City" /></td>
<td>15%</td>
<td>2</td>
<td>Deere, Kubota, Perkins, Yanmar</td>
</tr>
<tr>
<td>Automotive</td>
<td>Trucks, Buses, Rail, Vehicles</td>
<td><img src="image" alt="Automotive" /> <img src="image" alt="City" /></td>
<td>25%</td>
<td>2</td>
<td>Caterpillar, Cummins, Fiat Powertrain, Mercedes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>18%</td>
<td>1</td>
<td>Cummins, Kubota, Perkins, Yanmar</td>
</tr>
</tbody>
</table>

Source: Power Systems Research, OE-Link 01/2011; non-captive market, 19-590 kW, 1.500-3.000 m³, Euro 3 / Tier 2 and above, without automotive USA
**Revenue split**

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### Revenue split by application, 2011(1)
(2010)

- **Mobile Machinery 35%**
  - €529.4 million (€369.6 million)
- **Agricultural Machinery 16%**
  - €240.5 million (€185.0 million)
- **Stationary Equipment 15%**
  - €227.9 million (€175.8 million)
- **Automotive 14%**
  - €213.6 million (€192.6 million)
- **Service 16%**
  - €241.6 million (€215.8 million)
- **Other 5%**
  - €76.0 million (€50.3 million)

**Total Revenue:** €1,529.0 million (€1,189.1 million)

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### Revenue split by region, 2011(2)
(2010)

- **Europe (excl. Germany) 56%**
  - €860.6 million (€682.1 million)
- **Africa/Middle East 6%**
  - €87.8 million (€73.0 million)
- **Americas 12%**
  - €126.8 million (€89.1 million)
- **Asia-Pacific 8%**
  - €177.2 million (€116.1 million)
- **Germany 18%**
  - €276.6 million (€228.8 million)
- **Other 5%**
  - €76.0 million (€50.3 million)

**Total Revenue:** €1,529.0 million (€1,189.1 million)

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- 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%)

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(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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- Outlook
Milestones
DEUTZ Investment Attractions

- MOVE (cost cutting program)
- MOVE Fast (top line program)
- Tier 4 engines development
- JV DEUTZ Engine (Shandong)
- Extension Volvo cooperation

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)

- 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)

- 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)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>Shandong Changlin Machinery Group</td>
<td>AB Volvo</td>
<td>FAW Group</td>
<td>Weichai Power</td>
</tr>
<tr>
<td>DEUTZ – participation</td>
<td>70%</td>
<td>&gt;50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Engine size</td>
<td>&lt; 4 L.</td>
<td>4 - 8 L.</td>
<td>3 – 8 L.</td>
<td>4 – 8 L.</td>
</tr>
<tr>
<td>Founded</td>
<td>2012</td>
<td>n/a</td>
<td>2006</td>
<td>1997</td>
</tr>
<tr>
<td>Revenue 2011 (€ million)</td>
<td>n/a</td>
<td>n/a</td>
<td>274</td>
<td>103</td>
</tr>
</tbody>
</table>

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.
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)

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

**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

<table>
<thead>
<tr>
<th></th>
<th>Order Intake</th>
<th>Unit Sales</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ million</td>
<td>Units</td>
<td>€ million</td>
</tr>
<tr>
<td></td>
<td>-12.1%</td>
<td>-12.4%</td>
<td>-6.0%</td>
</tr>
<tr>
<td>H1 2011</td>
<td>797.1</td>
<td>107,198</td>
<td>724.1</td>
</tr>
<tr>
<td></td>
<td>637.7</td>
<td>94,951</td>
<td>564.6</td>
</tr>
<tr>
<td>H1 2012</td>
<td>701.0</td>
<td>93,853</td>
<td>681.0</td>
</tr>
<tr>
<td></td>
<td>548.8</td>
<td>84,611</td>
<td>534.8</td>
</tr>
</tbody>
</table>

- 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)
Revenue development

€ million

- 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 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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## Financial outlook

### Outlook for 2012

<table>
<thead>
<tr>
<th>Category</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€1.3 billion – €1.4 billion</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>3.0 % - 4.0 %</td>
</tr>
<tr>
<td>Research and Development (R&amp;D)</td>
<td>Decline by about 25 % vs. 2011</td>
</tr>
<tr>
<td>Capex (excl. R&amp;D)</td>
<td>Approx. €60 million</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>Positive territory</td>
</tr>
<tr>
<td>Working capital ratio</td>
<td>Below 13 %</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>Above 40 %</td>
</tr>
</tbody>
</table>

➡️ **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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