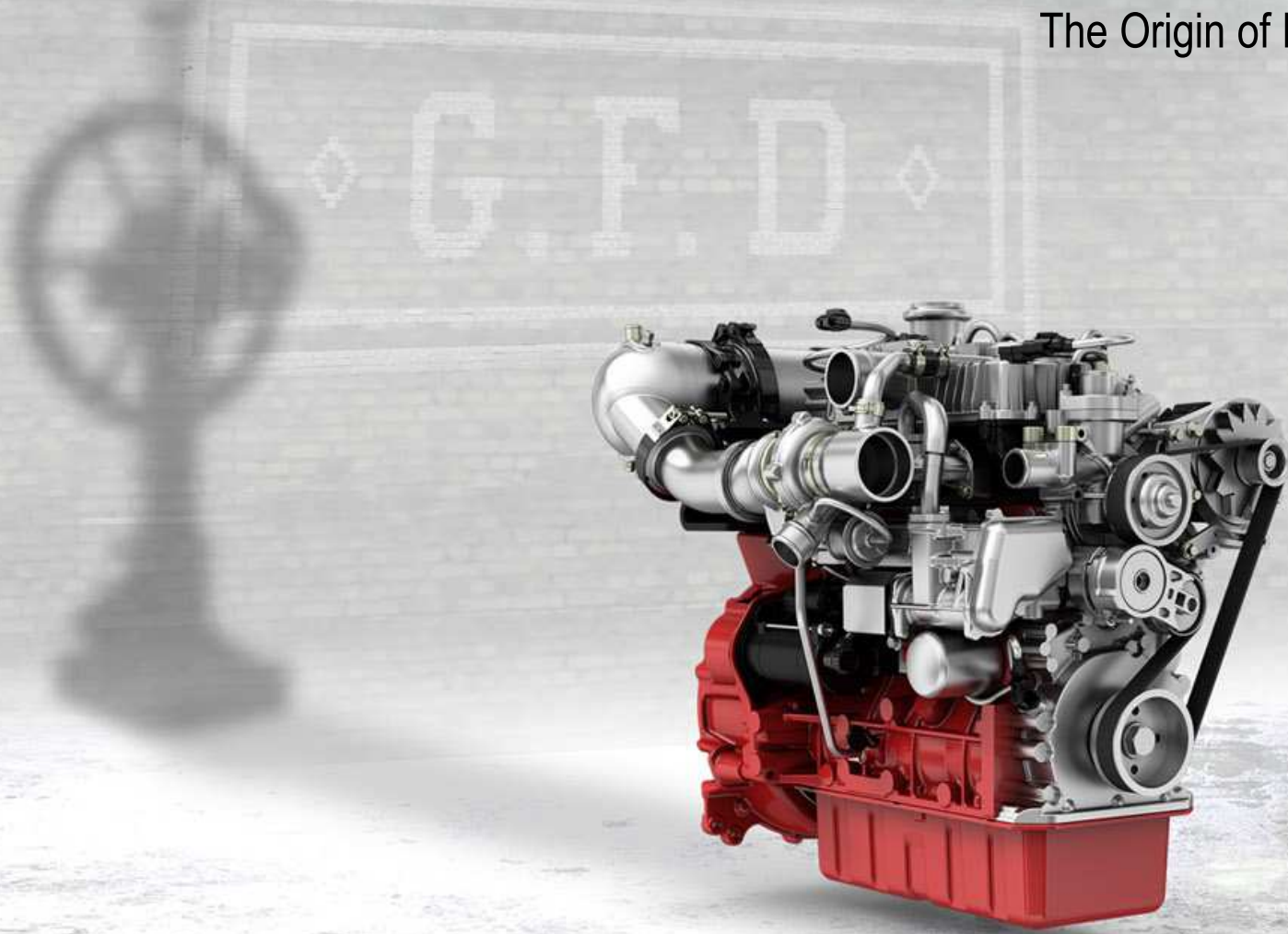


The Origin of HighTech.



Financial year 2013

20 March 2014

Dr Helmut Leube, CEO

Dr Margarete Haase, CFO

The engine company.



■ Review FY 2013

■ Outlook

■ Annex

Key figures

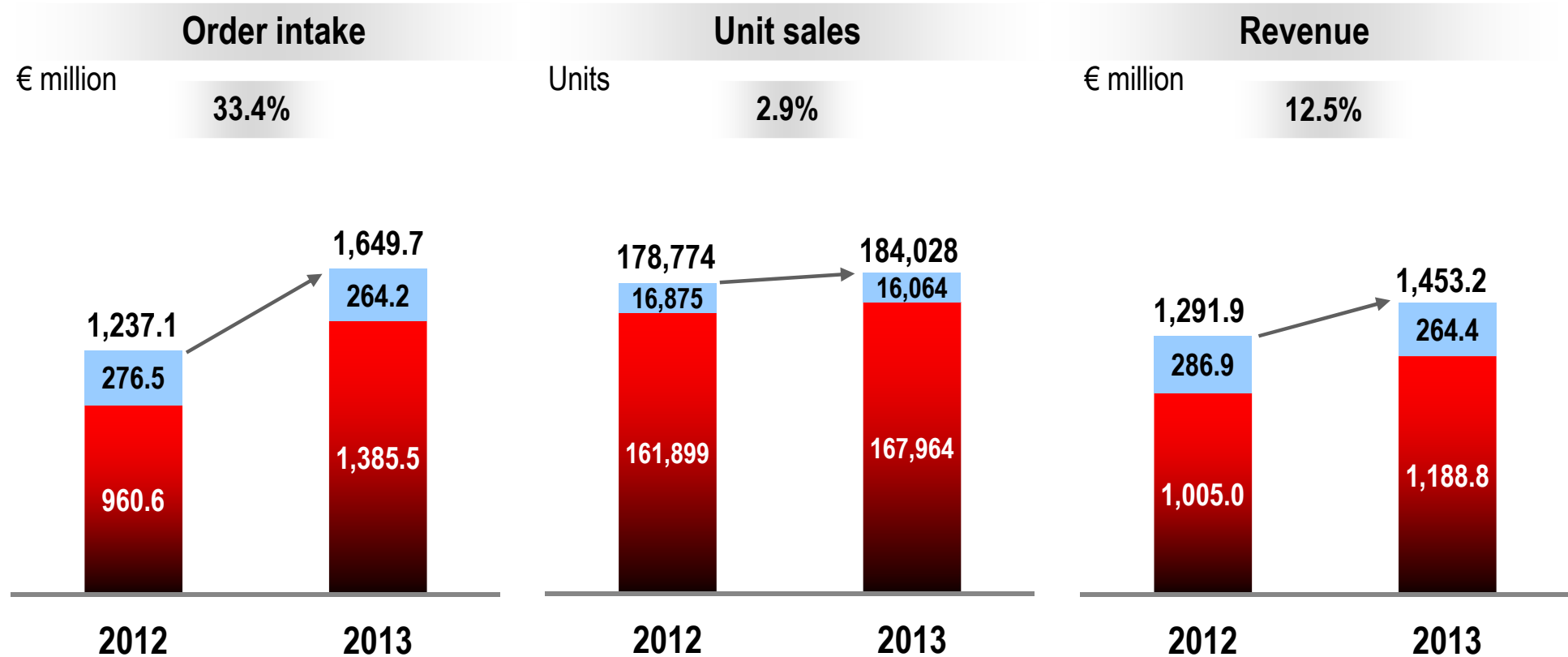
€ million	FY 2013	yoy
Order intake	1,649.7	+33.4%
Revenue	1,453.2	+12.5%
EBITDA	142.0	+16.7%
EBIT	47.5	+28.0%
Net financial debt	31.7	-34.8%

→ DEUTZ delivered on all financial targets

Highlights

- 150 years DEUTZ – a tradition of achievement
- Record order intake
- Soaring agricultural machinery business
- Tier 4 engines TCD 2.9 and TCD 3.6 attract new customers
- Chinese production Joint Venture with AB Volvo founded in 2013
- Dividend of 0.07 € per share (subject to AGM approval)

Sales figures



- Strong increase in order intake
- Higher proportion of new engine series and other mix effects leading to higher revenue than unit sales growth

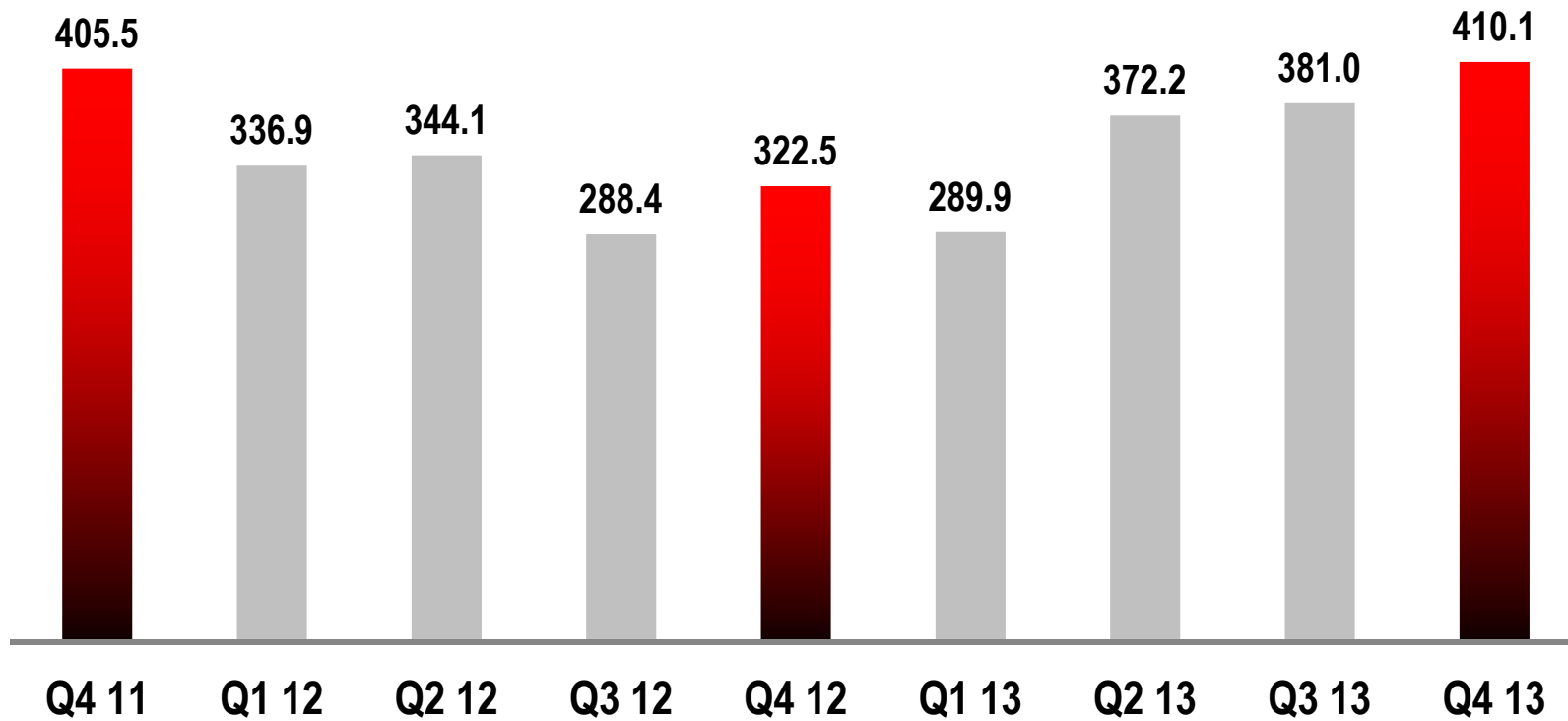
■ DEUTZ Compact Engines ■ DEUTZ Customised Solutions

Book-to-bill ratio

€ million	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012
Order intake	446.1	360.1	455.0	388.5	276.6
Revenue	410.1	381.0	372.2	289.9	322.5
Book-to-bill ratio	1.09x	0.95x	1.22x	1.34x	0.86x
Orders on hand	366.1	329.5	352.9	272.1	173.0

- Q4 book-to-bill ratio at 1.09x
- Orders up 61.2% yoy and 23.9% sequentially
- High order backlog of €366.1 million is a good basis for growth in FY 2014

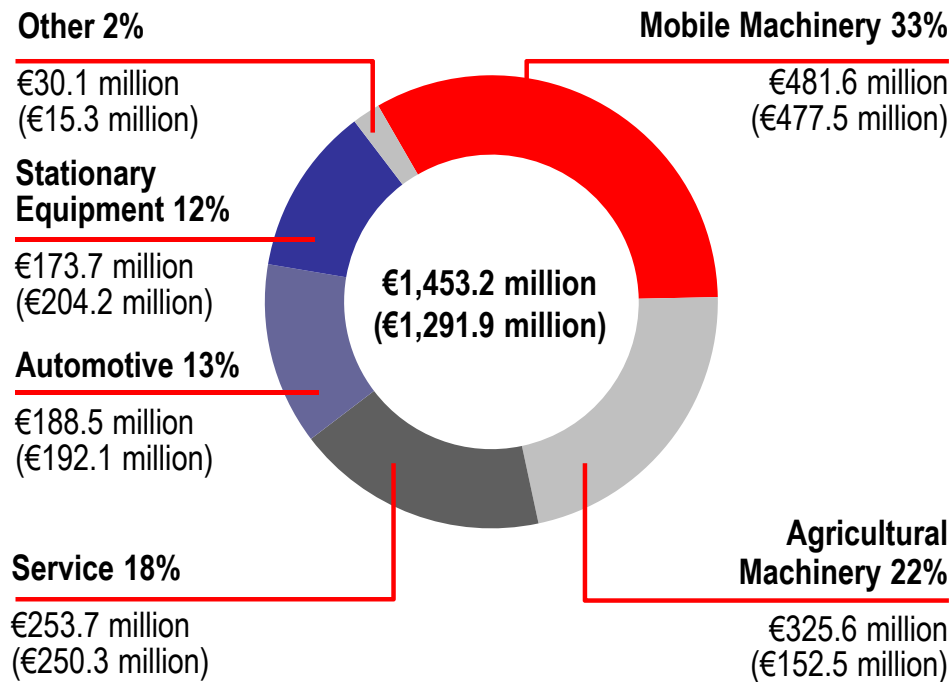
€ million



→ Positive trend in the course of FY 2013

Revenue split by application, 2013

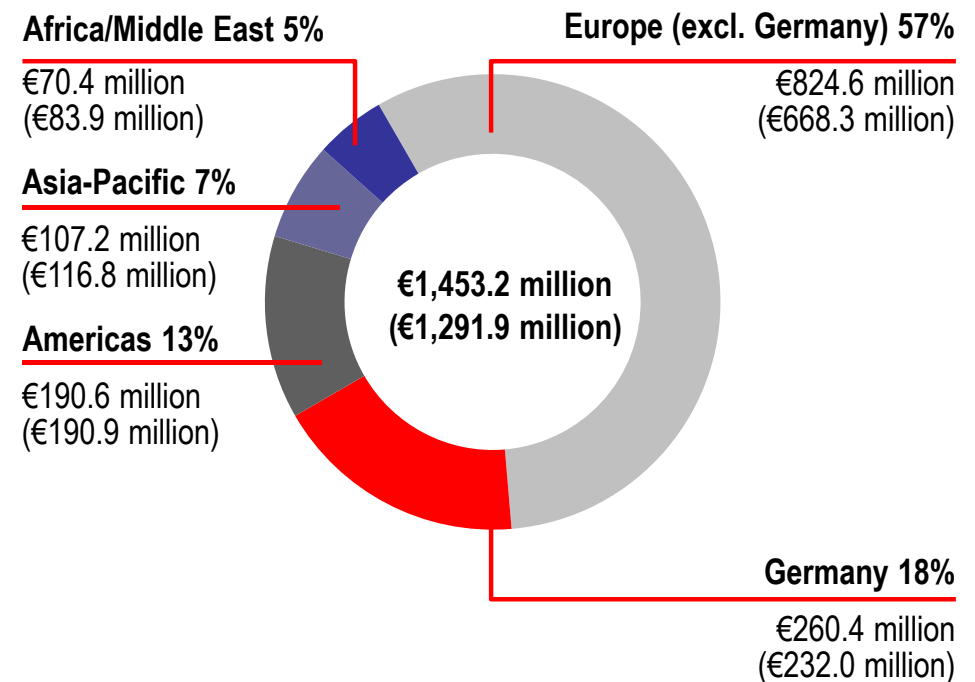
(2012)



- Revenue growth mainly driven by Agricultural Machinery applications (+€173.1 million)

Revenue split by region, 2013⁽¹⁾

(2012)

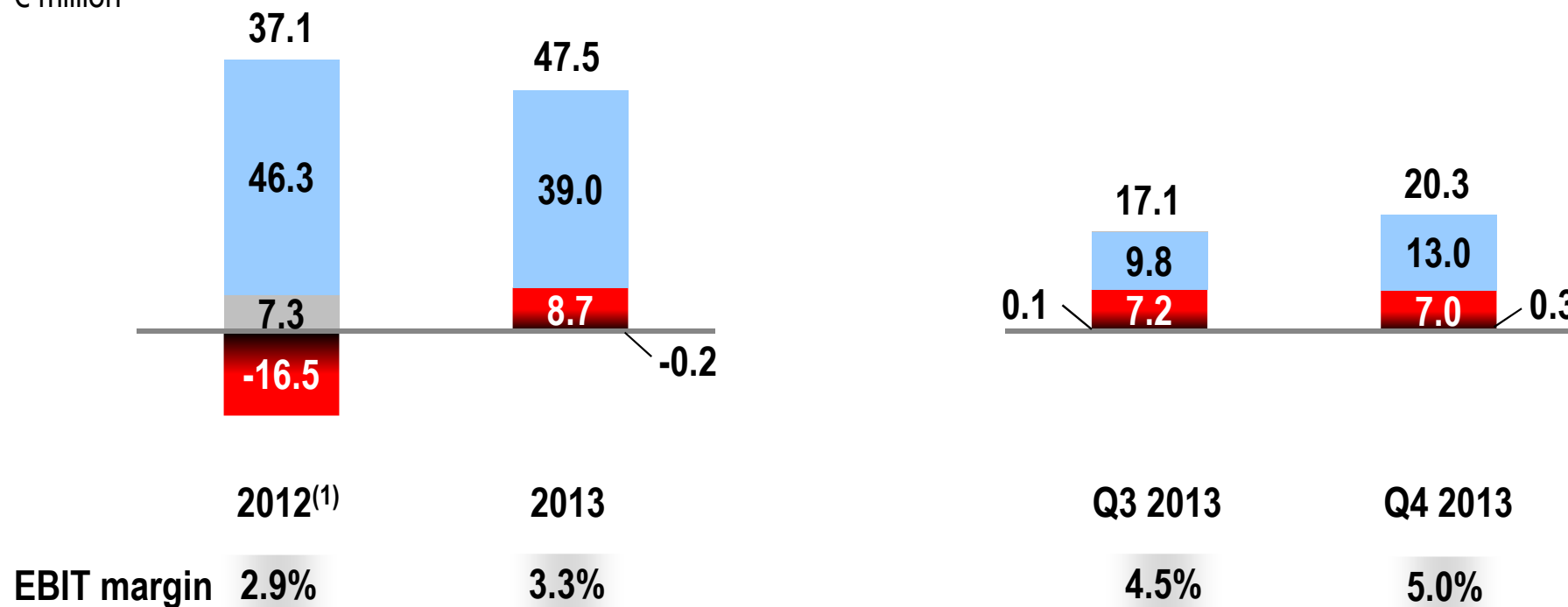


- Pro-forma revenue including at-equity consolidated Joint Ventures: €1,894.2 million (+14.7%); corresponding revenue share of Asia-Pacific increased to 28% (2012: 27%)

(1) Revenue split by region does not include JVs that are not fully consolidated. Regions assigned by place of business of our OEM customer.

EBIT

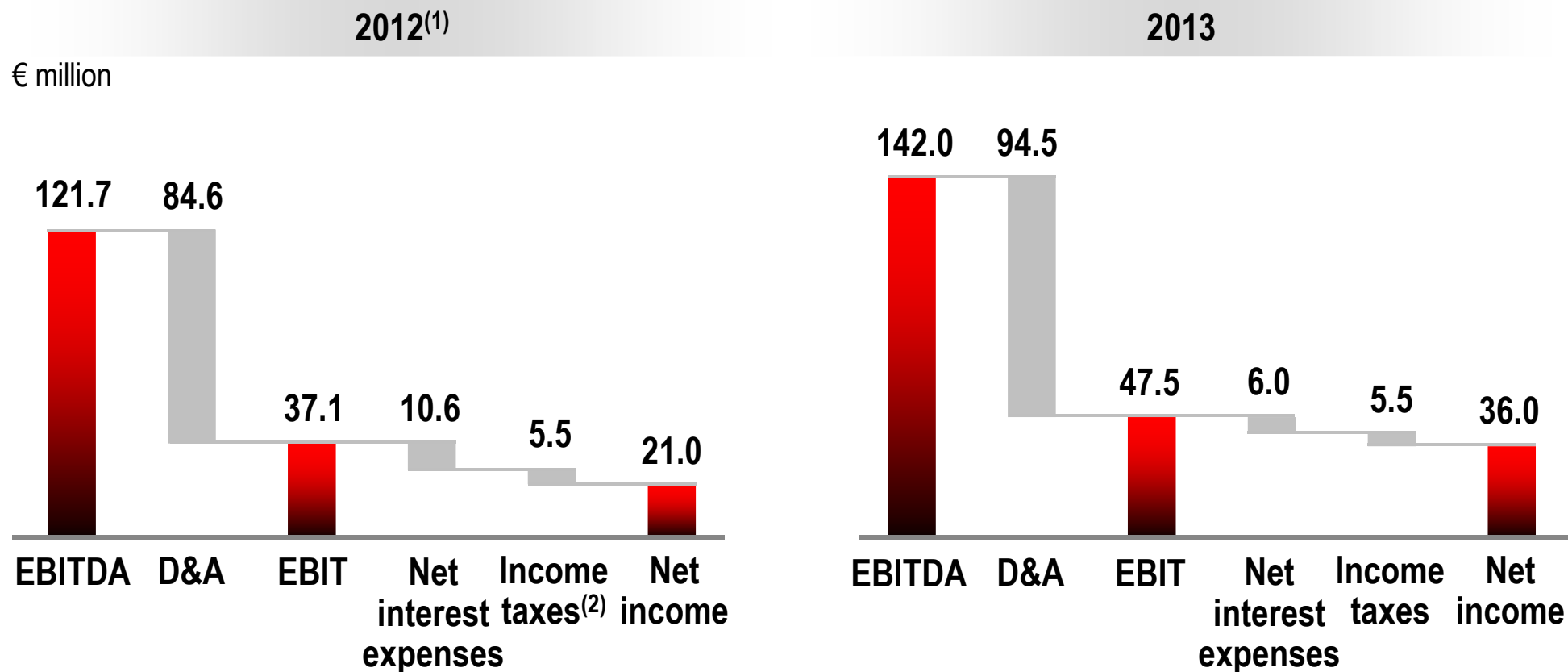
€ million



- EBIT increased by €10.4 million (+28.0%) yoy
- Business accelerated in FY 2013: three consecutive quarters of improved profitability
- Margin burdened by higher depreciation & amortisation (€9.9 million) and ramp-up phase of new engines
- Result from equity-accounted investments improved to +€1.6 million

(1) Restated
 Financial year 2013

Operating profit & net income

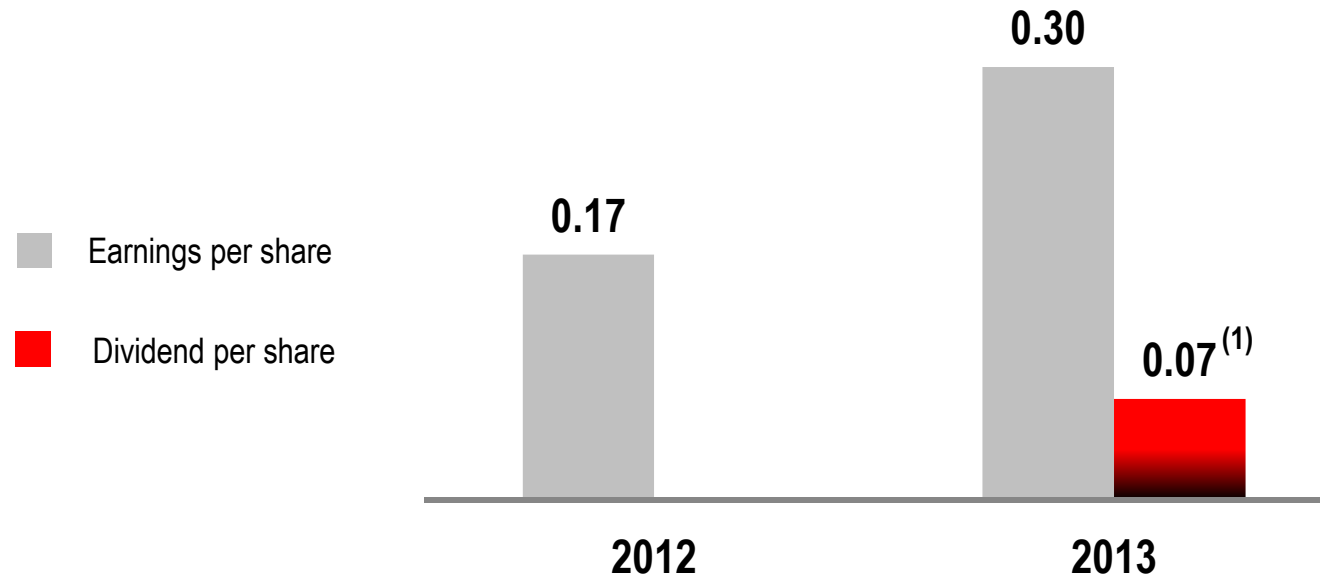


- EBITDA improved by €20.3 million (+16.7% yoy)
- Net income increased strongly by €15.0 million (+71.4% yoy) due to higher operating profit and lower financing costs
- Given tax loss carry forwards effective tax rate remains on low level

(1) Restated (2) Including €1.1 million income tax expense on discontinued operations

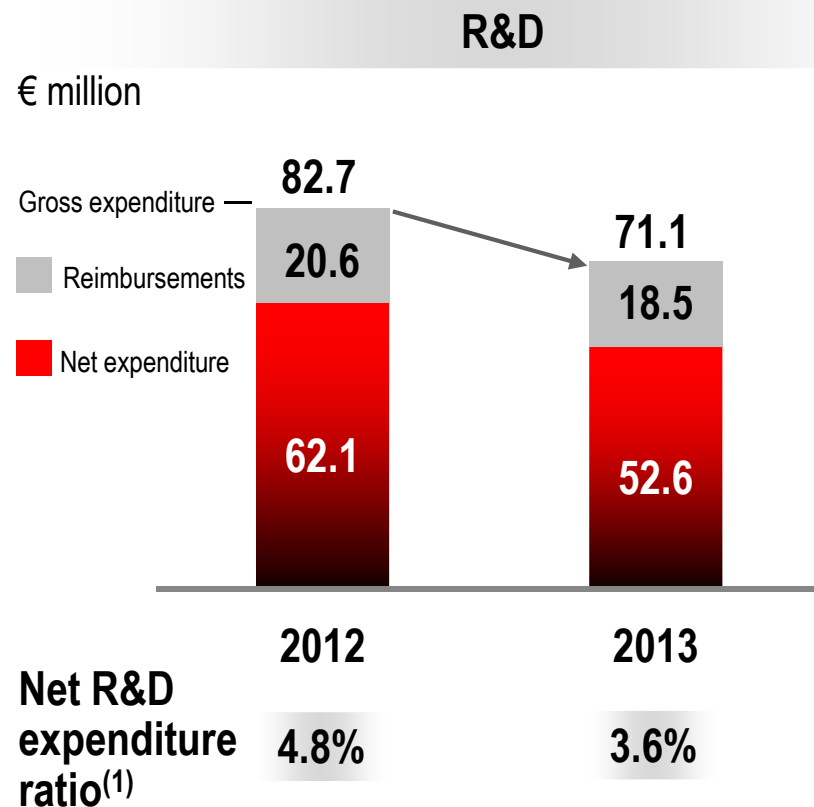
Earnings & dividend per share

€ per share

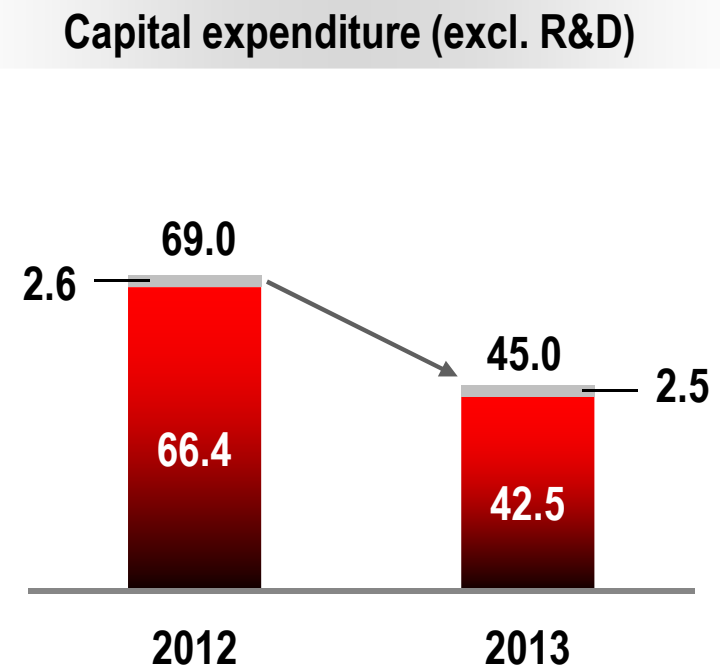


- Proposed dividend €0.07 per share
- Dividend tax exempt for domestic investors

(1) Board proposal to be submitted to the AGM



- Net R&D expenditure decreased in line with our guidance due to successful start of new emission engines
- Proportion of capitalised net R&D expenditure: €32.2 million (FY 2012: €44.2 million)



- Capital expenditure (after reimbursements) decreased by €23.9 million

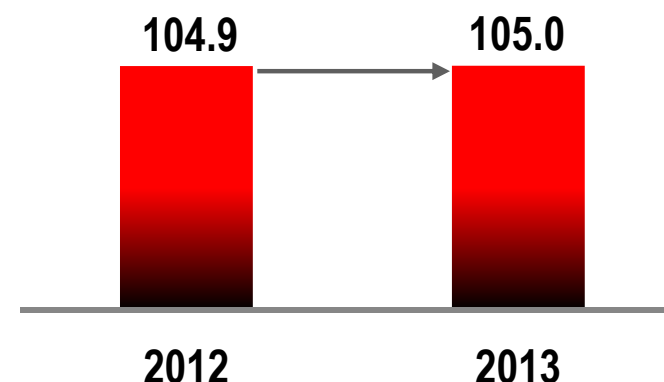
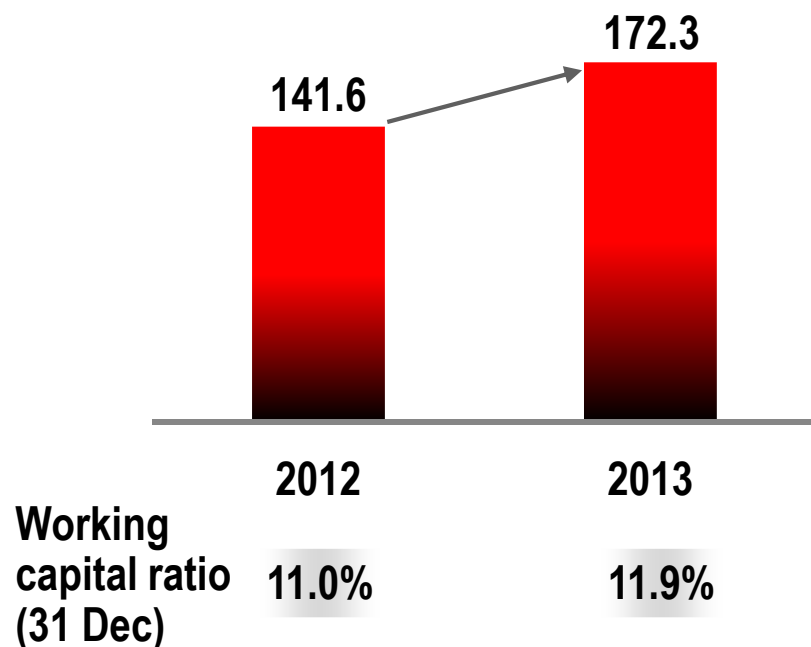
(1) Ratio of net R&D expenditure to consolidated revenue

Working capital & operating cash flow

Working capital

Operating cash flow

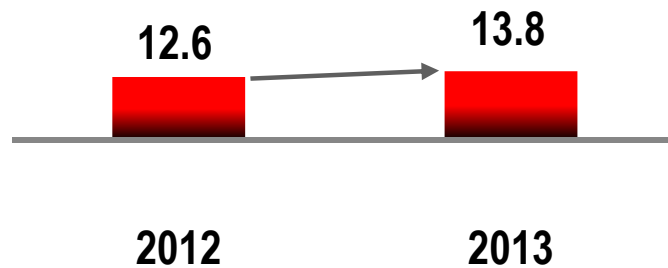
€ million



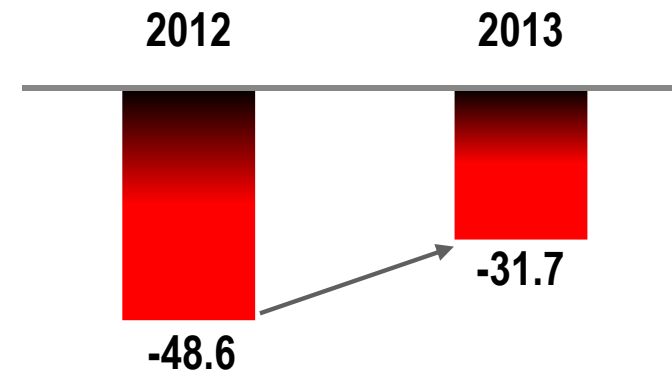
- Working capital increased due to higher business volume
- Working Capital ratio remained at an excellent level
- Operating cash flow stable
- Higher operating profit was compensated by higher working capital

Free cash flow

€ million



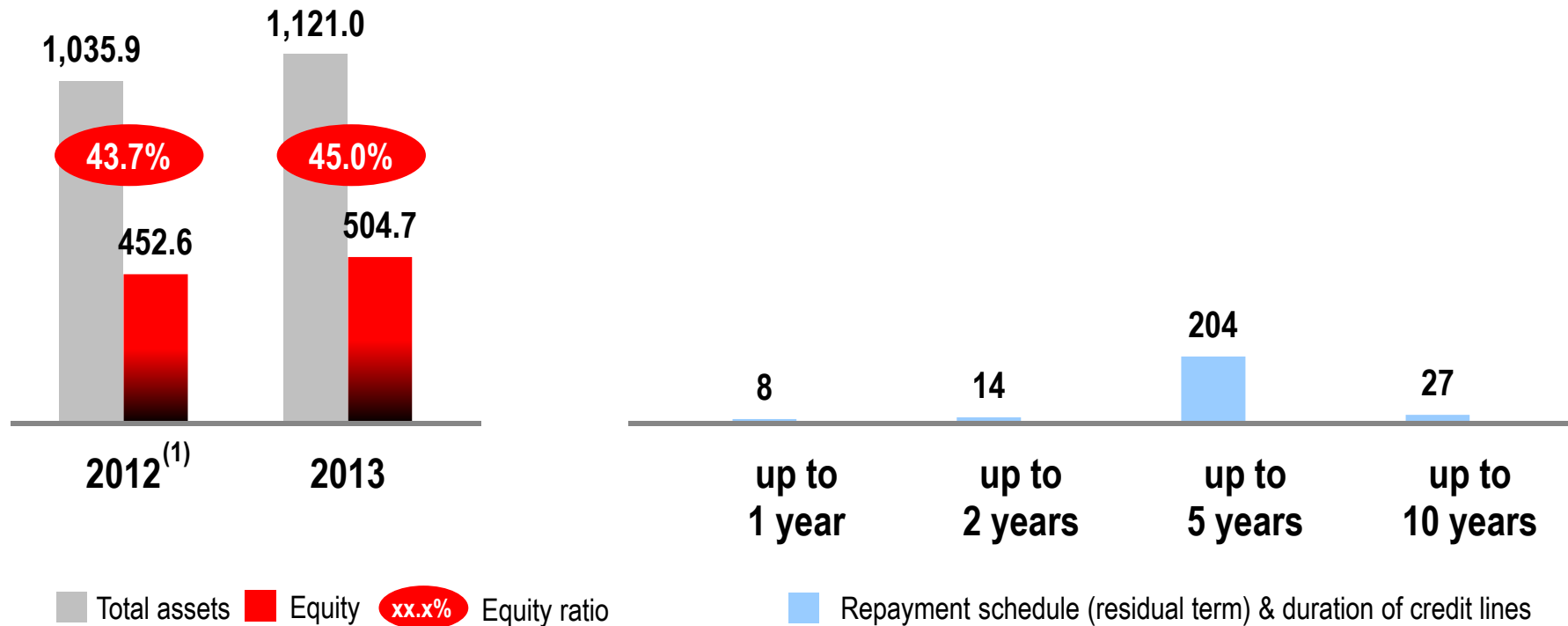
Net financial position



- Third consecutive year with positive free cash flow
- Net financial position improved by €16.9 million
- Free cash flow used to reduce net financial position

Equity ratio & funding

€ million



- Sound balance sheet with strong equity ratio
- Medium- to long-term financing with undrawn facilities available:
 - Credit line of bank syndicate in the amount of €160 million runs until June 2017
 - Loan from European Investment Bank of €90 million repayable until July 2020

(1) Restated

Segments: DEUTZ Compact Engines

€ million	2013	2012	Change in %
New orders	1,385.5	960.6	44.2
Unit sales	167,964	161,899	3.7
Revenue	1,188.8	1,005.0	18.3
EBIT	8.7	-16.5 ⁽¹⁾	--

€ million	Q4 2013	Q3 2013	Change in %
New orders	381.9	303.1	26.0
Unit sales	43,962	44,870	-2.0
Revenue	327.4	315.1	3.9
EBIT	7.0	7.2	-2.8

- Order intake increased by 44.2% yoy. Main drivers were Agricultural and Mobile Machinery due to new business development, higher value of engines, and pre-buy effects
- Revenue in Agricultural Machinery more than doubled. Service business and Mobile Machinery increased by 8.8% and 4.6%, respectively. Stationary Equipment and Automotive were below last years' level by -13.2% and -5.1%, respectively
- Operating profit improved significantly by +€25.2 million yoy
- Strong order backlog at €302.5 million (+178.0% yoy)

(1) Restated

Segments: DEUTZ Customised Solutions

€ million	2013	2012	Change in %
New orders	264.2	276.5	-4.4
Unit sales	16,064	16,875	-4.8
Revenue	264.4	286.9	-7.8
EBIT	39.0	46.3 ⁽¹⁾	-15.8

€ million	Q4 2013	Q3 2013	Change in %
New orders	64.2	57.0	12.6
Unit sales	5,367	3,922	36.8
Revenue	82.7	65.9	25.5
EBIT	13.0	9.8	32.7

- DEUTZ Customised Solutions sales initiative ongoing
- EBIT decline of -15.8% yoy attributable to lower business volume
- Good business momentum in the course of 2013 with sound Q4 result
- Order backlog at €63.6 million on previous year's level

(1) Restated

Summary: key financial development

All key figures improved & FY 2013 targets achieved

Record order intake and strong backlog

Lower R&D spending; scheduled amortisation increased

Significant improvement of net income

Dividend payment proposed to the AGM

Sound balance sheet and low net debt



The engine company.

- **Review FY 2013**

- **Outlook**

- **Annex**

€ million	FY 2013 reported	Guidance FY 2014
Revenue	1,453.2	low double digit %-growth
EBIT margin before one-offs	3.3 %	> 4.0 %
Net R&D spending ratio⁽¹⁾	3.6 %	slight decline
Net capex (excl. R&D)⁽¹⁾	42.5	60 - 70

(1) Net of reimbursements

- Revenue growth supported by new customers, positive mix effects, and pre-buys
- Capex expected to increase mainly due to growth projects in China <€20 million

- **Review FY 2013**

- **Outlook**

- **Annex**

Summary of key financials (I)

€ million	2013	2012 ⁽¹⁾	Change (%)
Revenue	1,453.2	1,291.9	12.5
EBITDA	142.0	121.7	16.7
EBIT	47.5	37.1	28.0
EBIT margin (%)	3.3	2.9	--
Net income	36.0	21.0	71.4
Basic earnings per share (€)	0.30	0.17	76.5
Dividend per share (€)	0.07	--	--
Number of employees (31 December)	3,952	3,991	-1.0

(1) Restated

Summary of key financials (II)

€ million	2013	2012 ⁽¹⁾	Change (%)
Total assets	1,121.0	1,035.9	8.2
Equity	504.7	452.6	11.5
Equity ratio (%)	45.0	43.7	--
Cash flow from operating activities	105.0	104.9	0.1
Free cash flow	13.8	12.6	9.5
Net financial position	-31.7	-48.6	34.8
Working capital	172.3	141.6	21.7

(1) Restated

Income statement

€ million	2013	2012 ⁽¹⁾	Change (%)
Revenue	1,453.2	1,291.9	12.5
Cost of goods sold	-1,257.4	-1,117.7	12.5
Research and development costs	-58.7	-44.1	33.1
Selling expenses	-62.6	-60.2	4.0
Administrative expenses	-33.5	-30.8	8.8
Other operating income	17.0	37.0	-54.0
Other operating expenses	-13.9	-25.1	-44.6
Income from investments accounted for using the equity method	1.6	-15.9	-110.1
Other investment income	1.8	2.0	-10.0
EBIT	47.5	37.1	28.0
Net interest expense	-6.0	-10.6	-43.4
Net income before taxes	41.5	26.5	56.6
Income taxes	-5.5	-4.4	-36.4
Net income on continuing operations	36.0	22.1	75.1

(1) Restated

Balance sheet: assets

€ million	31 Dec 2013	31 Dec 2012 ⁽¹⁾	Change (%)
Non-current assets (excluding deferred tax assets)	596.6	621.3	-4.0
Deferred tax assets	30.8	27.4	12.4
Inventories	224.6	184.4	21.8
Trade receivables	149.1	116.1	28.4
Other receivables and assets	60.6	32.8	84.8
Cash and cash equivalents	58.9	52.1	13.1
Non-current assets classified as held for sale	0.4	1.8	-77.8
Total assets	1,121.0	1,035.9	8.2

(1) Restated

Balance sheet: equity and liabilities

€ million	31 Dec 2013	31 Dec 2012 ⁽¹⁾	Change (%)
Equity	504.7	452.6	11.5
Provisions for pensions and other post-retirement benefits	168.6	181.8	-7.3
Other provisions	37.2	25.4	46.5
Financial liabilities	83.0	99.6	-16.7
Other liabilities	3.7	5.0	-26.0
Non-current liabilities	292.5	311.8	-6.2
Provisions for pensions and other post-retirement benefits	14.9	15.4	-3.2
Other provisions / Provisions for income taxes	49.5	43.8	13.0
Financial liabilities	7.6	1.1	--
Trade payables	201.4	158.9	26.7
Other liabilities	50.4	52.3	-3.6
Current liabilities	323.8	271.5	19.3
Total equity and liabilities	1,121.0	1,035.9	8.2

(1) Restated

Cash flow statement (condensed)

€ million	2013	2012 ⁽¹⁾
EBIT	47.5	37.1
Cash flow from operating activities (total)	105.0	104.9
Capital expenditure on intangible assets, property, plant and equipment and investments	-85.2	-104.0
Proceeds from the sale of non-current assets	0.6	22.6
Cash flow from investing activities (total)	-84.6	-81.4
Cash flow from financing activities	-13.2	-22.2
Change in cash and cash equivalents	7.2	1.3

(1) Restated

Overview of segments, 2013

	2013	2012	Change (%)
New orders (€ million)			
DEUTZ Compact Engines	1,385.5	960.6	44.2
DEUTZ Customised Solutions	264.2	276.5	-4.4
Total for operating activities	1,649.7	1,237.1	33.4

	2013	2012	Change (%)
Revenue (€ million)			
DEUTZ Compact Engines	1,188.8	1,005.0	18.3
DEUTZ Customised Solutions	264.4	286.9	-7.8
Total for operating activities	1,453.2	1,291.9	12.5
Germany	17.9%	18.1%	--
Export	82.1%	81.9%	--

	2013	2012	Change (%)
Unit sales			
DEUTZ Compact Engines	167,964	161,899	3.7
DEUTZ Customised Solutions	16,064	16,875	-4.8
Total for operating activities	184,028	178,774	2.9

	2013	2012 ⁽¹⁾	Change (%)
EBIT (€ million)			
DEUTZ Compact Engines	8.7	-16.5	--
DEUTZ Customised Solutions	39.0	46.3	-15.8
Other	-0.2	7.3	--
Total for operating activities	47.5	37.1	28.0

(1) Restated

Overview of segments, Q4 2013

	Q4 2013	Q4 2012	Change (%)
New orders (€ million)			
DEUTZ Compact Engines	381.9	214.0	78.5
DEUTZ Customised Solutions	64.2	62.6	2.6
Total for operating activities	446.1	276.6	61.3

	Q4 2013	Q4 2012	Change (%)
Unit sales			
DEUTZ Compact Engines	43,962	42,882	2.5
DEUTZ Customised Solutions	5,367	3,671	46.2
Total for operating activities	49,329	46,553	6.0

	Q4 2013	Q4 2012	Change (%)
Revenue (€ million)			
DEUTZ Compact Engines	327.4	252.5	29.7
DEUTZ Customised Solutions	82.7	70.0	18.1
Total for operating activities	410.1	322.5	27.2
Germany	19.2%	19.4%	--
Export	80.8%	80.6%	--

	Q4 2013	Q4 2012 ⁽¹⁾	Change (%)
EBIT (€ million)			
DEUTZ Compact Engines	7.0	-6.3	--
DEUTZ Customised Solutions	13.0	6.7	-15.8
Other	0.3	13.3	--
Total for operating activities	20.3	13.7	28.0

(1) Restated

Employees

	31 Dec 2013	31 Dec 2012	Change (%)
Cologne	2,403	2,489	-3.5
Ulm	408	413	-1.2
Other German operations	284	287	-1.0
Germany	3,095	3,189	-2.9
Foreign operations	857	802	6.9
DEUTZ Group	3,952	3,991	-1.0

Financial calendar & contact details

- Interim report 1st quarter 2014 5 May 2014
- Annual general meeting 7 May 2014
- Interim report 1st half 2014 7 August 2014
- Interim report 1st to 3rd quarter 2014 6 November 2014

➤ Contact details

Christian Krupp
Ottostrasse 1
51149 Cologne (Porz-Eil)
Germany

Tel:+49 (0) 221 822 5400
Fax:+49 (0) 221 822 15 5400
Email: krupp.c@deutz.com
www.deutz.com

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