Agenda

- DEUTZ strategy & positioning
- Financials
- Outlook
DEUTZ at a glance

Profile

- 150 years DEUTZ – a tradition of achievement
- Independent manufacturer of diesel engines with product range from 25 to 520 kw
- Engineering and manufacturing company with strong expertise as system integrator
- Worldwide sales channels and service network
- Strong brand – synonym for leading technology and high-quality products

Financials 2013

- Revenue €1.45 billion
- Net income €36.0 million
- Free Cash Flow €13.8 million

Board

- Dr. Helmut Leube (CEO)
- Dr. Margarete Haase (CFO)
- Michael Wellenzohn (CSO)

Blue chip customer base
## Corporate structure

### DEUTZ Group

Revenue 2013 €1.45 billion

<table>
<thead>
<tr>
<th>DEUTZ Compact Engines</th>
<th>DEUTZ Customised Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue 2013 €1.19 billion</td>
<td></td>
</tr>
<tr>
<td>- Liquid-cooled engines of up to 8 litres cubic capacity for on- and off-road applications</td>
<td></td>
</tr>
<tr>
<td>- Large number of modular approaches</td>
<td></td>
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<tr>
<td>- Major Chinese Joint Ventures</td>
<td></td>
</tr>
<tr>
<td>Revenue 2013 €0.26 billion</td>
<td></td>
</tr>
<tr>
<td>- Air-cooled engines for on-road, off-road and marine applications</td>
<td></td>
</tr>
<tr>
<td>- Liquid-cooled engines over 8 litres for all applications</td>
<td></td>
</tr>
<tr>
<td>- Remanufactured (Xchange) engines for all DEUTZ engine series</td>
<td></td>
</tr>
</tbody>
</table>

### DEUTZ Services (common to both segments)

- Substantial service business based on existing population of approx. 1.6 million engines in the market
- Product portfolio mainly comprises genuine DEUTZ spare parts, remanufactured engines & parts as well as oils and lubricants
DEUTZ engines for Tier 4 emission standard

- Competitive product features: compact size, low fuel consumption, smart exhaust after-treatment
- Successful combination of platform strategy with DEUTZ application expertise
- Full range offering with focus on engines for Mobile Machinery and Agricultural Machinery

⇒ New customers gained
Successful business development

Examples of new applications

- New customers gained in all regions, in particular with new engines 2.9 and 3.6
- Greater share of wallet at existing clients
- New business related to different applications, e.g. tractors, fork lifts, telehandler, dumpers, rollers, wheel loaders, trencher, drills and special vehicles
- More business development projects in the pipeline

Product offensive is paying off
## Key applications

<table>
<thead>
<tr>
<th>Mobile Machinery</th>
<th>Typical application</th>
<th>Markets benefit from macro trends</th>
<th>Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Construction</td>
<td></td>
<td>Cummins</td>
</tr>
<tr>
<td></td>
<td>Material handling</td>
<td></td>
<td>Kubota</td>
</tr>
<tr>
<td></td>
<td>Ground support</td>
<td></td>
<td>Perkins</td>
</tr>
<tr>
<td></td>
<td>Mining equipment</td>
<td></td>
<td>Yanmar</td>
</tr>
<tr>
<td>Agricultural Machinery</td>
<td>Tractors</td>
<td></td>
<td>Deere</td>
</tr>
<tr>
<td></td>
<td>Agricultural equipment</td>
<td></td>
<td>Kubota</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Perkins</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Yanmar</td>
</tr>
<tr>
<td>Stationary Equipment</td>
<td>Gensets</td>
<td></td>
<td>Deere</td>
</tr>
<tr>
<td></td>
<td>Pumps</td>
<td></td>
<td>Kubota</td>
</tr>
<tr>
<td></td>
<td>Compressors</td>
<td></td>
<td>Perkins</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Yanmar</td>
</tr>
<tr>
<td>Automotive</td>
<td>Trucks</td>
<td></td>
<td>Cummins</td>
</tr>
<tr>
<td></td>
<td>Buses</td>
<td></td>
<td>Fiat Powertrain</td>
</tr>
<tr>
<td></td>
<td>Rail vehicles</td>
<td></td>
<td>MAN</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mercedes</td>
</tr>
</tbody>
</table>

→ **Wide application range for DEUTZ engines**
Revenue split by application

FY 2013
(FY 2012)

Other 2%
€30.1 million
(€15.3 million)

Stationary Equipment 12%
€173.7 million
(€204.2 million)

Automotive 13%
€188.5 million
(€192.1 million)

Service 18%
€253.7 million
(€250.3 million)

Mobile Machinery 33%
€481.6 million
(€477.5 million)

Agricultural Machinery 22%
€325.6 million
(€152.5 million)

(1) In 2013, the pro-forma revenue share of the Automotive business incl. at equity consolidated Joint Ventures was 23%, i.e. 10%-points higher than in the consolidated financial statements (IFRS).
Revenue split by region

**FY 2013**

- **Africa/Middle East**: 5% (€70.4 million (€83.9 million))
- **Asia-Pacific**: 7% (€107.2 million (€116.8 million))
- **Americas**: 13% (€190.6 million (€190.9 million))
- **Europe (excl. Germany)**: 57% (€824.6 million (€668.3 million))
- **Germany**: 18% (€260.4 million (€232.0 million))

**Pro-forma incl. Joint Ventures, FY 2013**

- **Africa/Middle East**: 4% (€70.4 million (€83.9 million))
- **Asia-Pacific**: 28% (€526.6 million (€453.5 million))
- **Americas**: 11% (€190.6 million (€190.9 million))
- **Europe (excl. Germany)**: 43% (€824.6 million (€668.3 million))
- **Germany**: 14% (€260.4 million (€232.0 million))

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(1) Consolidated financial statements (IFRS); regions assigned by place of business of our customer
(2) Pro-forma revenue split including revenue of at-equity consolidated JVs
Emission standards drive DEUTZ revenue growth

Average sales price per engine
(indexed; FY 2011 = 100)

- Tier 4 systems require exhaust aftertreatment devices
- Growing share of new emission engines drives revenue growth
- Positive price mix effects are expected to continue

Structural growth due to tighter emission standards
Strong resilience of profitable service business through different economic cycles

Higher complexity of new emission engines provides opportunity to increase penetration of service business

Active management of service network with improved training and tools

Better exploiting the potential of our service business
Major joint venture activities in China

DEUTZ Dalian (DDE)
- Joint venture with FAW Group
- 50-50 JV (at-equity consolidation)
- Revenue FY 2013: €319m (+30% yoy)
- Production of 3-8 litres diesel engines
- Automotive and other applications

DEUTZ Engine (China)
- Joint venture with AB Volvo
- DEUTZ stake 65% (full consolidation)
- Production of 4-8 litre diesel engines
- Focus on Mobile Machinery applications
- Planned production start at the end of 2015

DEUTZ organic growth strategy: regional expansion and partnering with key customers
- Implementation of Euro 4 / Tier 3 emissions standard in China will increase demand for high-quality engines

DEUTZ partnered with market leaders to benefit from growth in China

(1) Additional Chinese joint ventures: Weifang Weichai-Deutz Diesel Engine and DEUTZ Engine (Shandong)
Summary: structural growth drivers

- Product and business development leading to growth
- New emission standards require more complex engines with a higher value
- New production facilities in China will lead to significant growth in Asia in the coming years
- Trend growth of revenue >10% p.a. in the mid-term

Structural growth drivers enable high revenue growth in the mid-term
Agenda

- DEUTZ strategy & positioning
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## Key figures FY 2013

<table>
<thead>
<tr>
<th>€ million</th>
<th>FY 2013</th>
<th>yoy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>1,649.7</td>
<td>+33.4%</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,453.2</td>
<td>+12.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>142.0</td>
<td>+16.7%</td>
</tr>
<tr>
<td>EBIT</td>
<td>47.5</td>
<td>+28.0%</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>31.7</td>
<td>-34.8%</td>
</tr>
</tbody>
</table>

→ DEUTZ delivered on all financial targets
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>2012</td>
<td>960.6</td>
<td>161,899</td>
<td>1,005.0</td>
</tr>
<tr>
<td>2013</td>
<td>1,385.5</td>
<td>167,964</td>
<td>1,188.8</td>
</tr>
<tr>
<td></td>
<td>33.4%</td>
<td>2.9%</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

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

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

- 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
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
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
R&D spending & capital expenditure

### R&D

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Expenditure</th>
<th>Reimbursements</th>
<th>Net Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>82.7</td>
<td>20.6</td>
<td>62.1</td>
</tr>
<tr>
<td>2013</td>
<td>71.1</td>
<td>18.5</td>
<td>52.6</td>
</tr>
</tbody>
</table>

**Net R&D expenditure ratio**: 4.8% (2012) vs. 3.6% (2013)

- 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 (excl. R&D)

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Expenditure</th>
<th>Reimbursements</th>
<th>Net Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>69.0</td>
<td>2.6</td>
<td>66.4</td>
</tr>
<tr>
<td>2013</td>
<td>45.0</td>
<td>2.5</td>
<td>42.5</td>
</tr>
</tbody>
</table>

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 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 generation & net financial position

<table>
<thead>
<tr>
<th>Free cash flow</th>
<th>Net financial position</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
<td></td>
</tr>
</tbody>
</table>

- 2012: 12.6 € million
- 2013: 13.8 € million

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

- 2012: -48.6 € million
- 2013: -31.7 € 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
### Summary: key financial development

<table>
<thead>
<tr>
<th>Point</th>
</tr>
</thead>
<tbody>
<tr>
<td>All key figures improved &amp; FY 2013 targets achieved</td>
</tr>
<tr>
<td>Record order intake and strong backlog</td>
</tr>
<tr>
<td>Lower R&amp;D spending; scheduled amortisation increased</td>
</tr>
<tr>
<td>Significant improvement of net income</td>
</tr>
<tr>
<td>Dividend payment proposed to the AGM</td>
</tr>
<tr>
<td>Sound balance sheet and low net debt</td>
</tr>
</tbody>
</table>
Agenda

- DEUTZ strategy & positioning
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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

Mid-term guidance:
- 2015: Revenue moving sideways
- 2016 and thereafter: Returning to trend growth of > 10% p.a.; jump in earnings

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 reported</th>
<th>Guidance FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,453.2</td>
<td>low double digit %-growth</td>
</tr>
<tr>
<td>EBIT margin before one-offs</td>
<td>3.3 %</td>
<td>&gt; 4.0 %</td>
</tr>
<tr>
<td>Net R&amp;D spending ratio(^{(1)})</td>
<td>3.6 %</td>
<td>slight decline</td>
</tr>
<tr>
<td>Net capex (excl. R&amp;D)(^{(1)})</td>
<td>42.5</td>
<td>60 - 70</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Net of reimbursements
Financial calendar & contact details

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

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