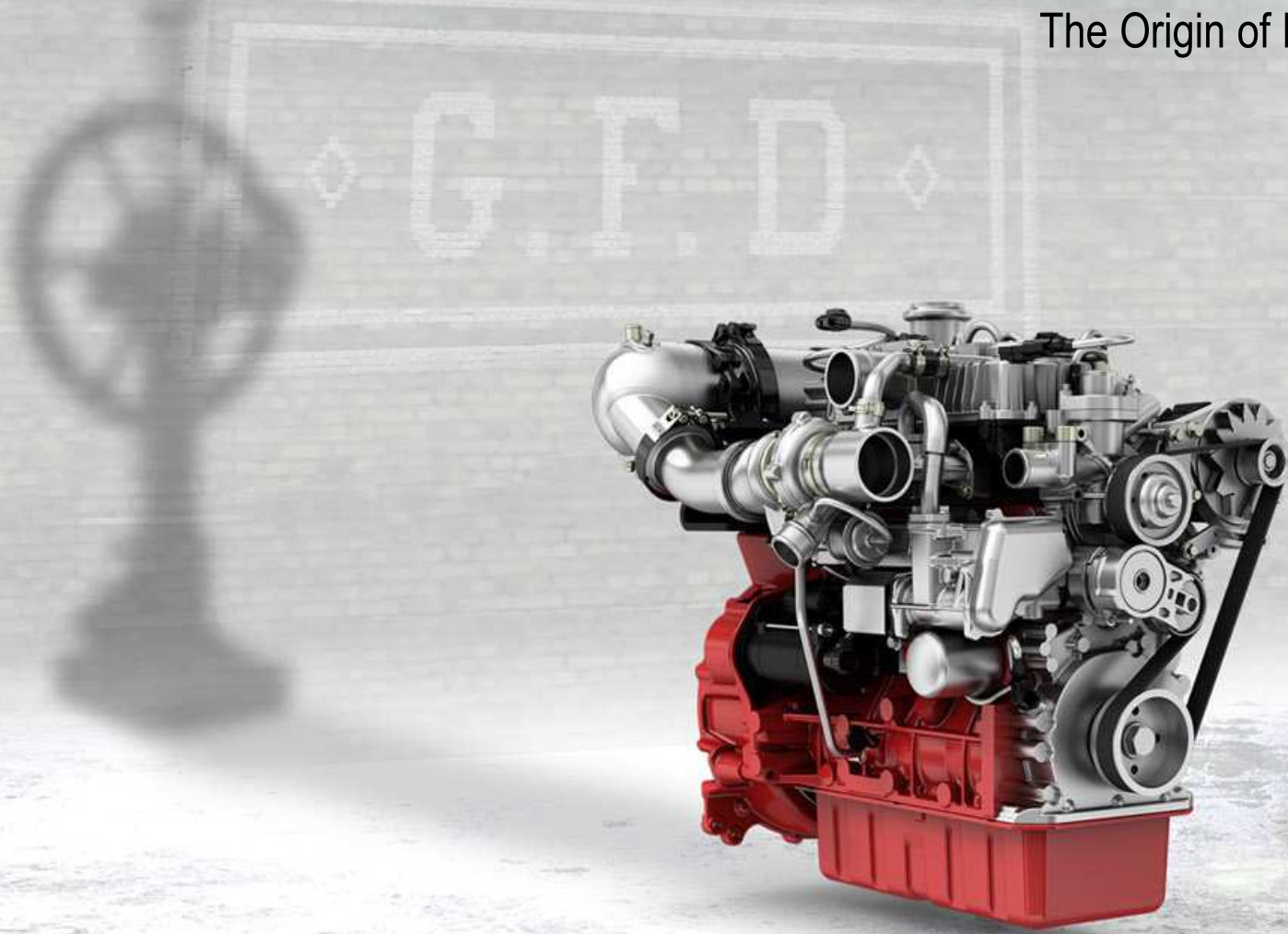


The Origin of HighTech.



H1 2014 results

7 August 2014

Dr Helmut Leube, CEO

Dr Margarete Haase, CFO

The engine company.



■ Review H1 2014

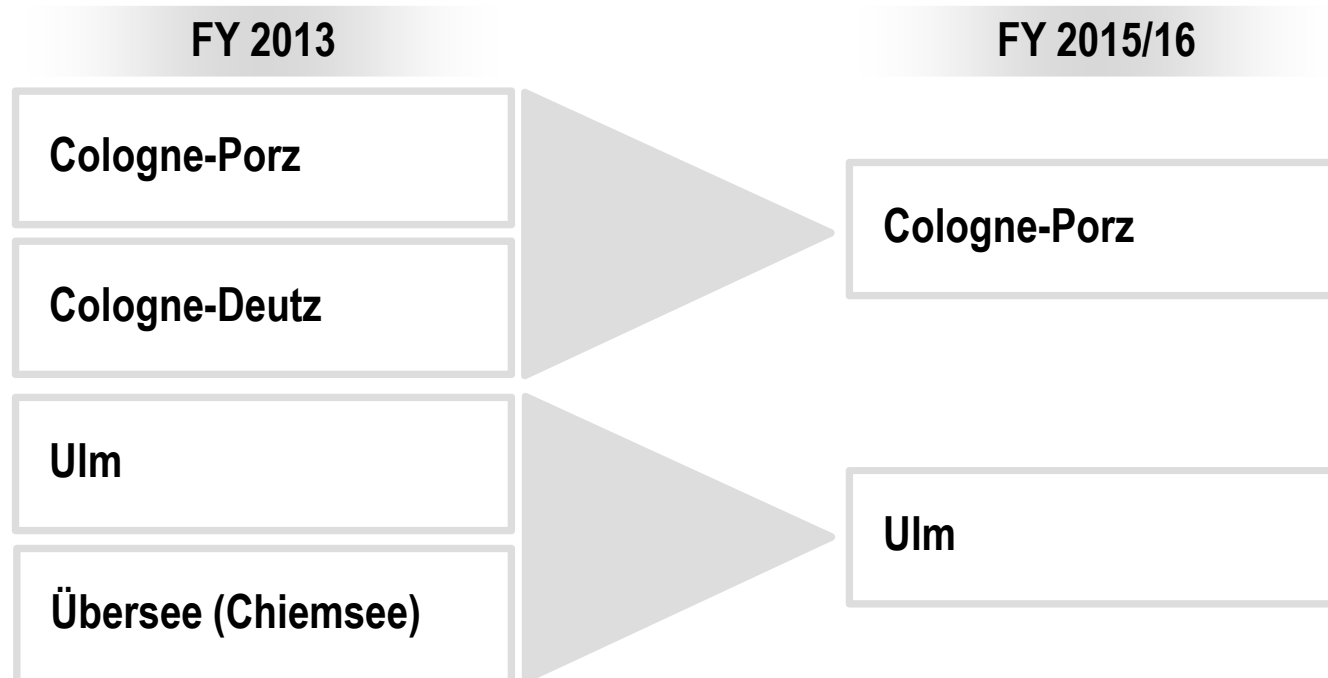
■ Outlook

■ Annex

| € million | H1 2014 | yoy | Q2 2014 | qoq |
|---------------------------------|--------------|---------------|--------------|-----------------|
| Order intake | 746.8 | -11.5% | 332.6 | -19.7% |
| Revenue | 753.4 | +13.8% | 410.7 | +19.8% |
| EBITDA (before one-offs) | 67.5 | +21.0% | 42.1 | +65.7% |
| EBIT (before one-offs) | 20.1 | +99.0% | 18.2 | >100% |
| Net financial debt | 31.8 | -29.2% | 31.8 | -10.4% |

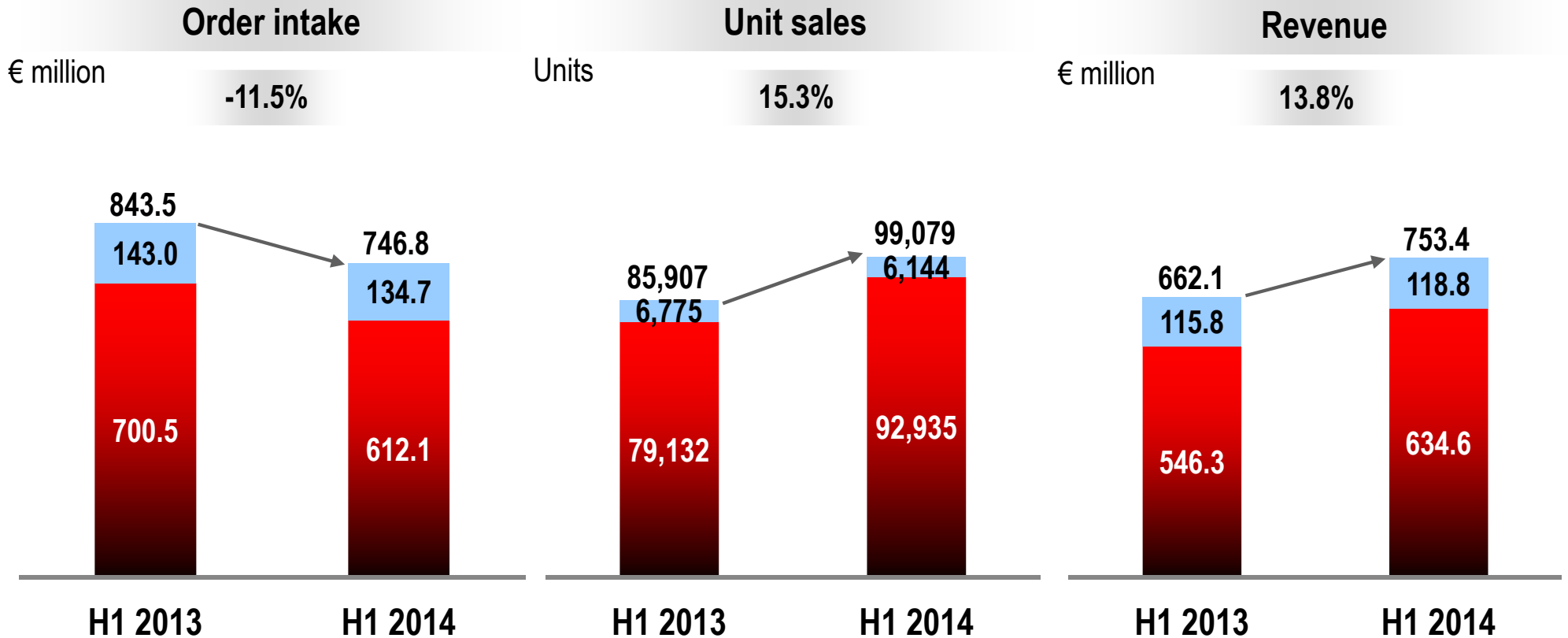
→ Strong revenue growth and improvement of operating profit

- Successful new business development - superior product features of Tier 4 engines TCD 2.9 & 3.6 continue to attract new customers, e.g. Hitachi (Japan) and TYM (Korea)
- Sales expanded significantly in Q2 due to strong demand for smaller engines (< 130 kW) before the upcoming emission level change
- Substantial improvement of profitability at DEUTZ Compact Engines
- Sound development of Deutz Dalian (China) despite challenging market environment
- Site optimisation on track – decisions taken and communicated



- Restructuring costs up to €20 million in FY 2014 (thereof €13.9 million booked in Q2)
- Capex (total amount ~€20 million in FY 2014 -16) overcompensated by proceeds from property sales in subsequent years
- Annual cost savings >€10 million (considerable effects already in 2016; full effects from 2017 onwards)

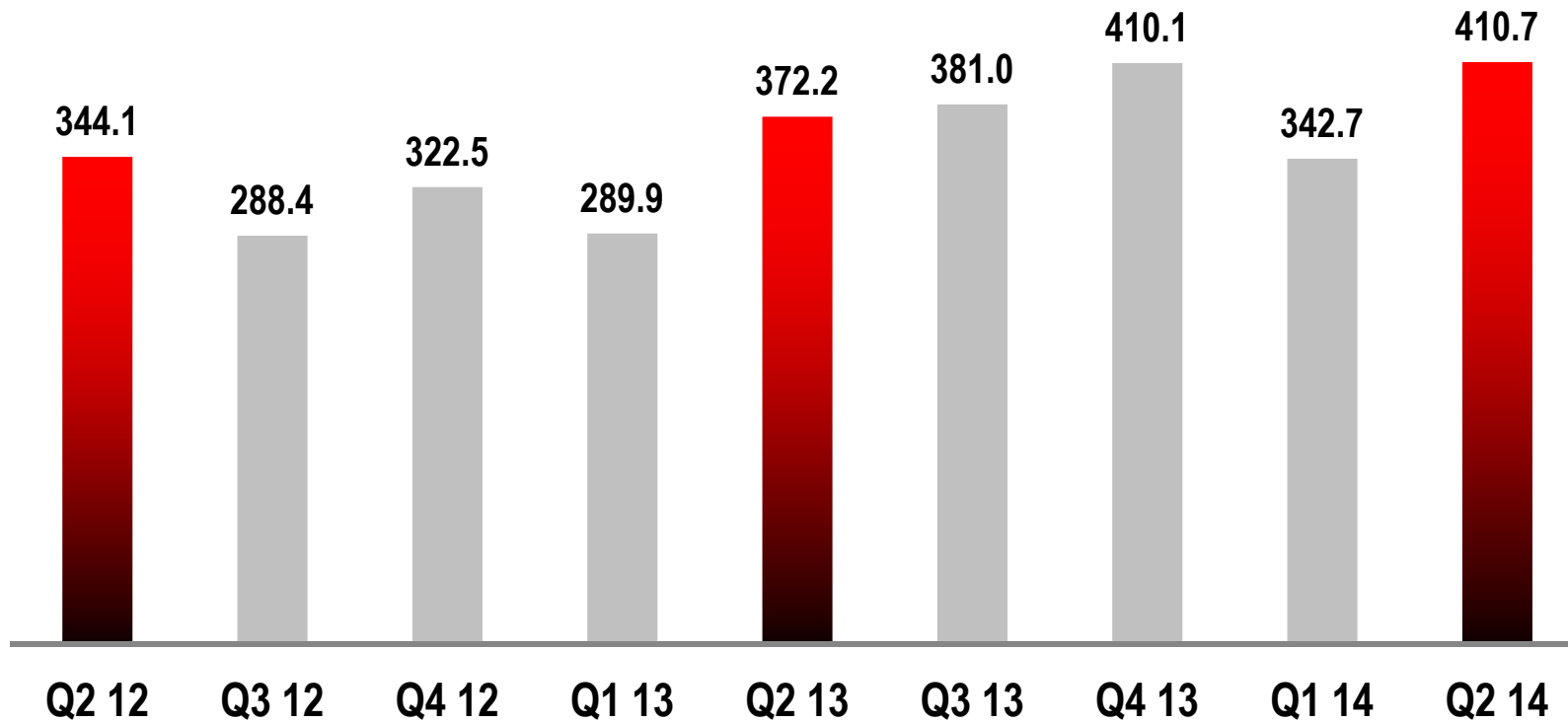
→ Sustainable efficiency improvement by merging facilities



- Double-digit growth in unit sales and revenue
- Order intake below H1 2013 record level - markets have weakened in Q2
- Upcoming emission change in the EU being the main reason for differing order intake and sales development
- Book-to-bill ratio at 0.99x

■ DEUTZ Compact Engines ■ DEUTZ Customised Solutions

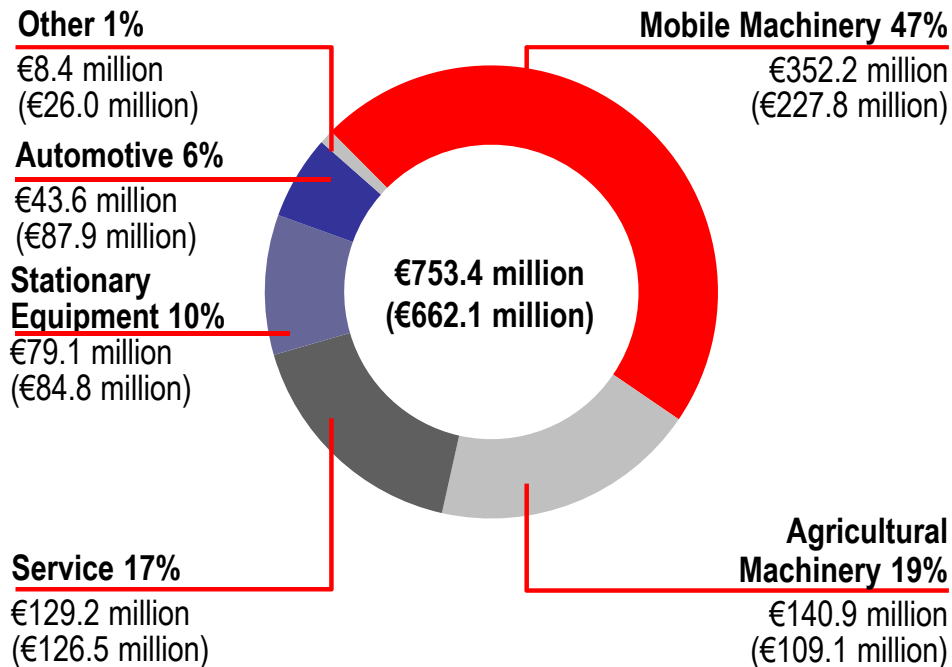
€ million



→ Q2 revenue significantly above previous years

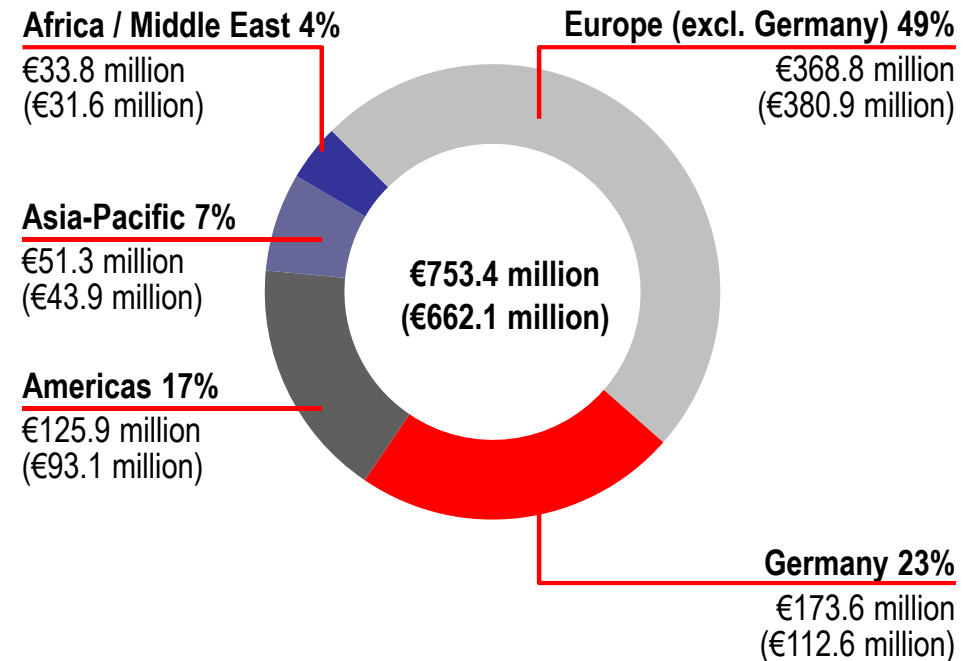
Revenue split by application, H1 2014

(H1 2013)



Revenue split by region, H1 2014⁽¹⁾

(H1 2013)



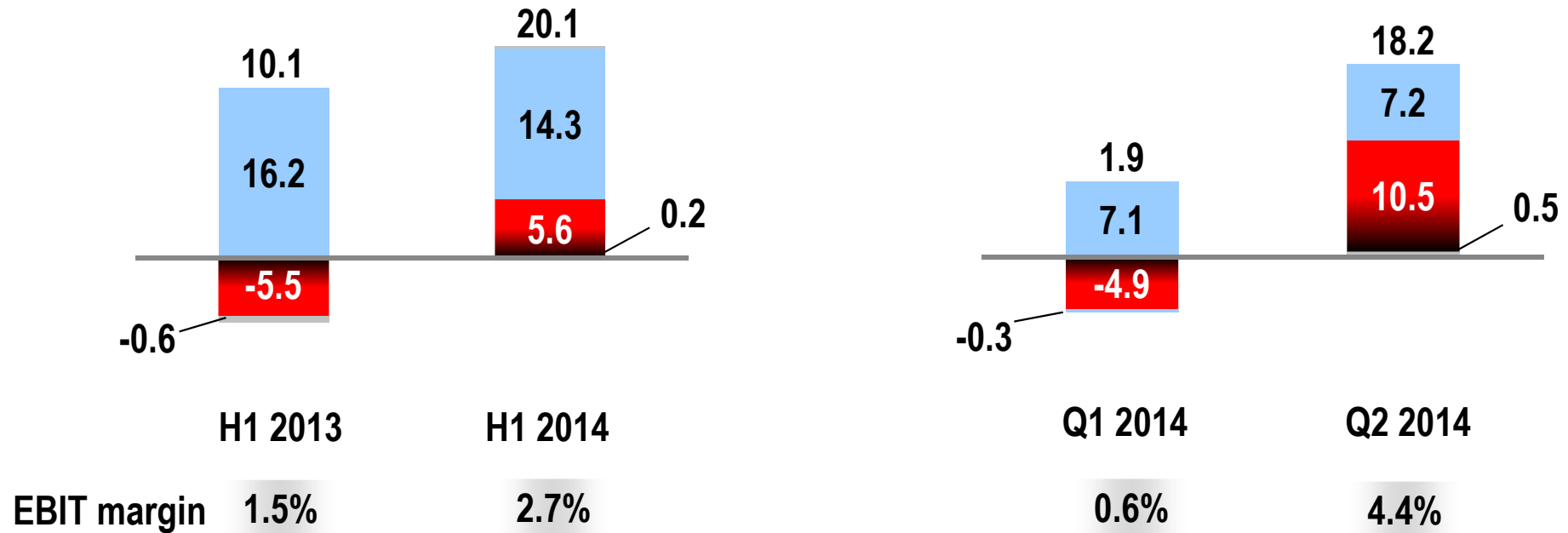
- The largest application segment Mobile Machinery posted a strong increase >50% in revenue
- As expected, sales in Automotive halved due to decision not to offer Euro 6 (on-highway emission)

- Revenue increased in all regions (EMEA, Americas and APAC)
- Strongest growth in Germany (+54.2%) and in the Americas (+35.2%)

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

EBIT (before one-offs)

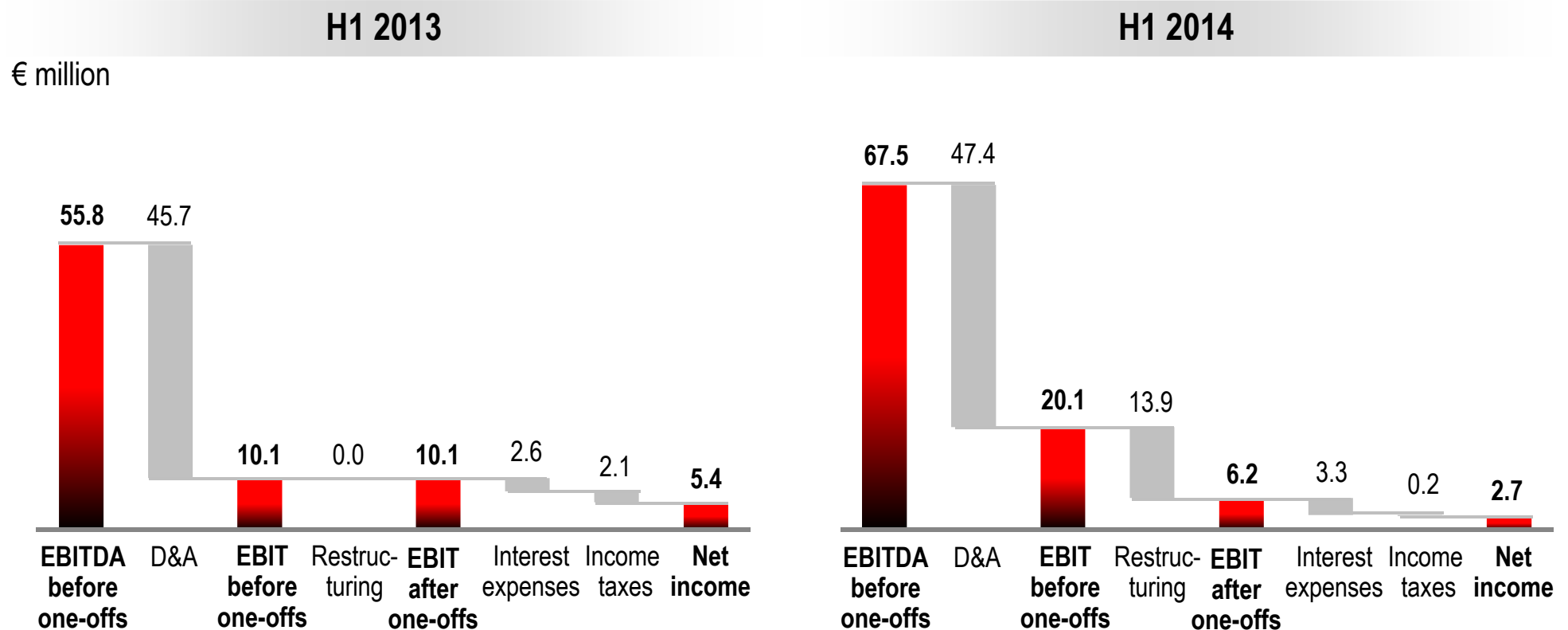
€ million



- Operating profit nearly doubled due to higher production level
- Substantial improvement of profitability at DEUTZ Compact Engines

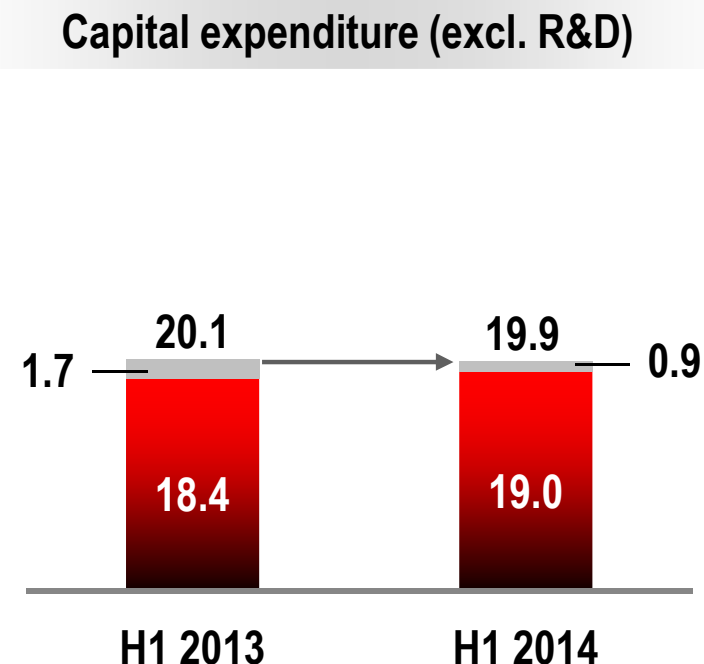
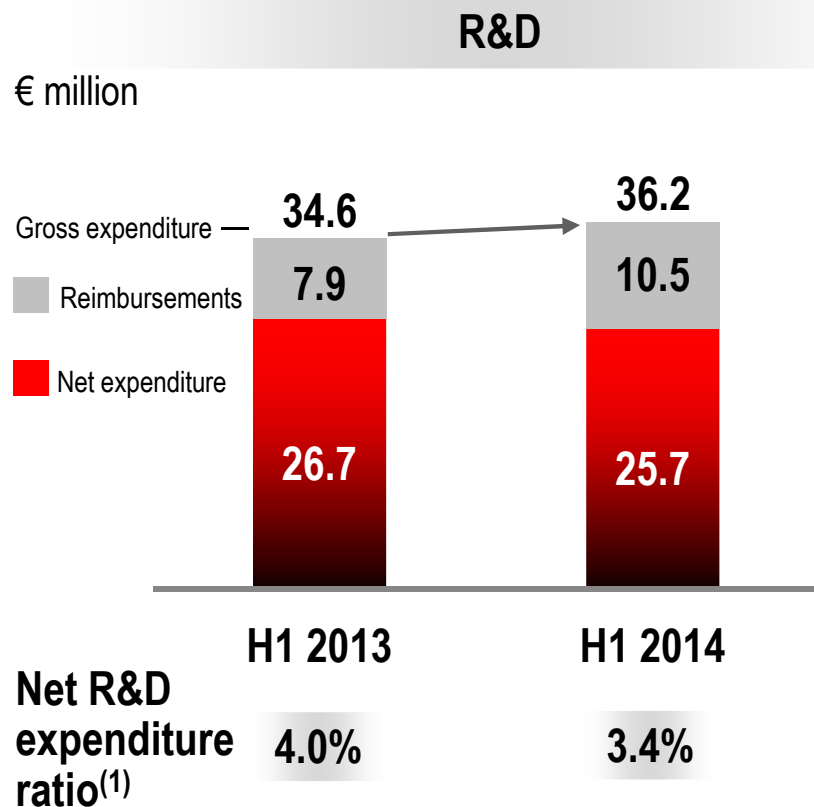
■ DEUTZ Compact Engines ■ DEUTZ Customised Solutions ■ Other

Operating profit & net income



- EBITDA before one-offs increased by €11.7 million (+21.0%)
- Restructuring charges for site optimisation of €13.9 million booked in Q2 2014
- Interest expenses and tax ratio remain at low level
- Net income decreased by €2.7 million due to restructuring costs

R&D & capital expenditure



- Improvement of R&D ratio in line with budget
- Proportion of capitalised net R&D expenditure: €15.8 million (H1 2013: €16.8 million)

- Capital expenditure well under control

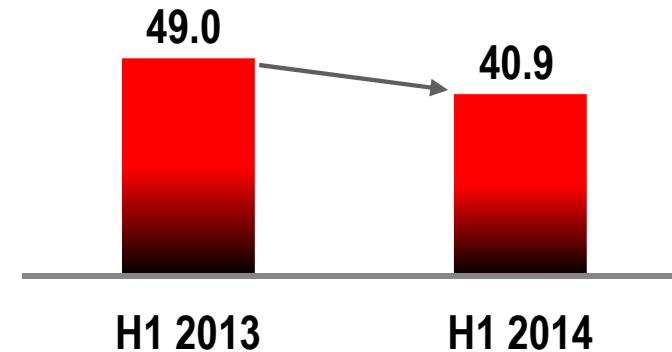
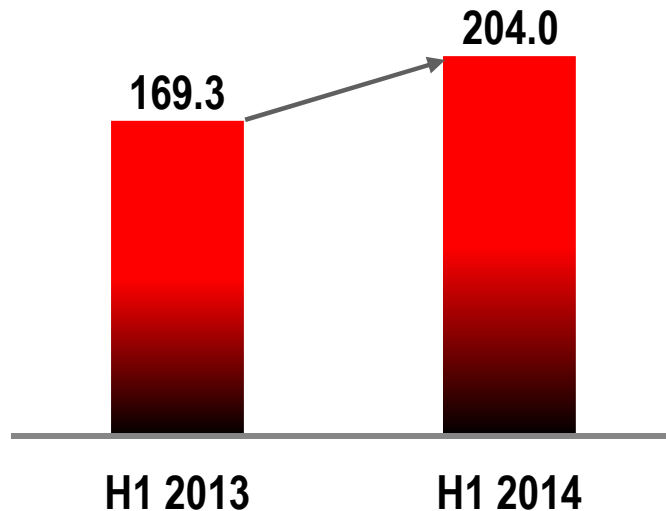
(1) Ratio of net R&D expenditure to consolidated revenue

Working capital & operating cash flow

Working capital

Operating cash flow

€ million



Working capital ratio (30 June)

13.3%

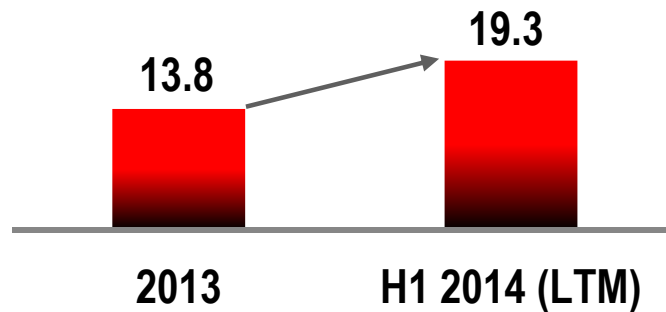
13.2%

- Working capital increase driven by higher business volume
- Working capital ratio remains at very good level

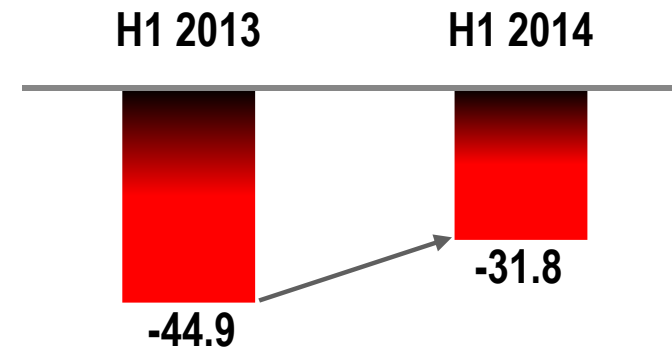
- Operating cash flow decreased by €8.1 million due to higher working capital

Free cash flow

€ million



Net financial position

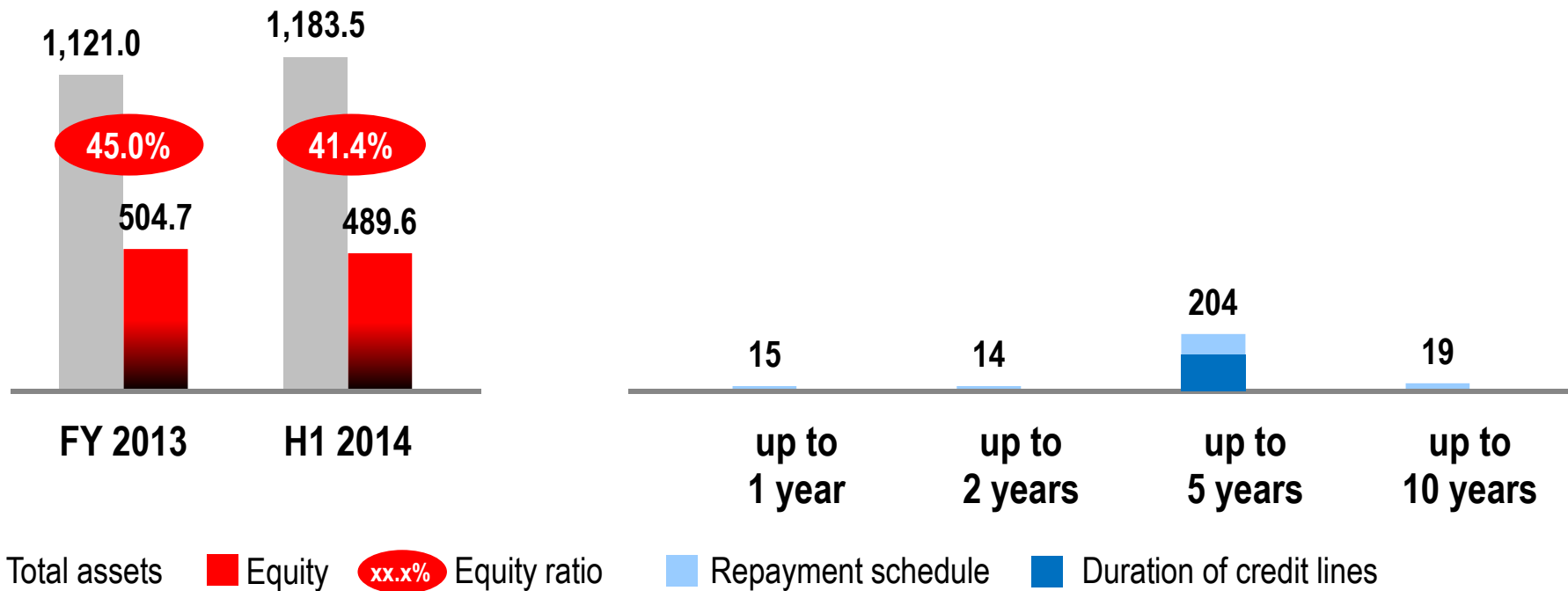


- Free cash flow improved despite higher working capital

- Cash flow used to pay dividend of €8.5 million and to reduce net debt by €13.1 million yoy

Equity ratio & funding

€ million



- Sound balance sheet with strong equity ratio
- Medium- to long-term financing with undrawn facilities available:
 - Duration of €160 million credit line extended from 2017 to 2019 at more attractive terms
 - €90 million loan from European Investment Bank repayable until July 2020

Segments: DEUTZ Compact Engines

| € million | H1 2014 | H1 2013 | Change in % |
|------------------------|--------------------|------------|----------------|
| New orders | 612.1 | 700.5 | -12.6 |
| Unit sales | 92,935 | 79,132 | 17.4 |
| Revenue | 634.6 | 546.3 | 16.2 |
| EBIT (before one-offs) | 5.6 | -5.5 | -- |

| € million | Q2 2014 | Q1 2014 | Change in % |
|------------------------|--------------------|------------|----------------|
| New orders | 267.5 | 344.6 | -22.4 |
| Unit sales | 51,279 | 41,656 | 23.1 |
| Revenue | 347.8 | 286.8 | 21.3 |
| EBIT (before one-offs) | 10.5 | -4.9 | -- |

- Substantial operating profit improvement achieved
- Highest revenue growth in Mobile Machinery (+59.7% yoy) and Agricultural Machinery (+28.5% yoy)
- Strong demand for smaller engines TCD 2.9 & 3.6 diluting positive price mix effects of new emission engines
- Notwithstanding the revenue growth, markets have weakened in Q2. Divergence of order intake and sales development is mainly caused by pre-buy effects from the upcoming emission change in the EU
- Sound development of DEUTZ Dalian (China) with 20% revenue growth and improved profitability despite challenging market environment

Segments: DEUTZ Customised Solutions

| € million | H1 2014 | H1 2013 | Change in % |
|------------------------|--------------------|------------|----------------|
| New orders | 134.7 | 143.0 | -5.8 |
| Unit sales | 6,144 | 6,775 | -9.3 |
| Revenue | 118.8 | 115.8 | 2.6 |
| EBIT (before one-offs) | 14.3 | 16.2 | -11.7 |

| € million | Q2 2014 | Q1 2014 | Change in % |
|------------------------|--------------------|------------|----------------|
| New orders | 65.1 | 69.6 | -6.5 |
| Unit sales | 3,343 | 2,801 | 19.4 |
| Revenue | 62.9 | 55.9 | 12.5 |
| EBIT (before one-offs) | 7.2 | 7.1 | 1.4 |

- Markets have somewhat weakened
- Stronger Automotive but weaker Stationary business in H1
- Small revenue growth in H1 based on positive price-mix-effects

Successful new business development

Double digit growth in revenue and unit sales

Significant operating profit improvement at DCE

Sound development of DEUTZ Dalian

R&D and Capex well under control

Sustainable efficiency improvement by site optimisation



The engine company.

- Review H1 2014

- 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 % |
| EBIT margin (after one-offs) | 3.3 % | > 3.0 % |
| Net R&D spending ratio⁽¹⁾ | 3.6 % | slight decline |
| Net capex (excl. R&D)⁽¹⁾ | 42.5 | 50 - 60 |

(1) Net of reimbursements

→ Guidance confirmed

- **Review H1 2014**

- **Outlook**

- **Annex**

Summary of key financials (I)

| € million | H1 2014 | H1 2013 | Change (%) |
|-----------------------------------|---------|---------|------------|
| Revenue | 753.4 | 662.1 | 13.8 |
| EBITDA (before one-offs) | 67.5 | 55.8 | 21.0 |
| EBIT (before one-offs) | 20.1 | 10.1 | 99.0 |
| EBIT margin (before one-offs) (%) | 2.7 | 1.5 | -- |
| Net income | 2.7 | 5.4 | -50.0 |
| Basic earnings per share (€) | 0.02 | 0.04 | -50.0 |
| Number of employees (30 June) | 4,014 | 4,030 | -0.4 |

Summary of key financials (II)

| € million | H1 2014 | H1 2013 | Change (%) |
|-------------------------------------|---------|---------|------------|
| Total assets | 1,183.5 | 1,070.7 | 10.5 |
| Equity | 583.4 | 610.6 | -4.5 |
| Equity ratio (%) | 41.4 | 43.1 | -- |
| Cash flow from operating activities | 40.9 | 49.0 | -16.5 |
| Free cash flow | 8.9 | 3.4 | >100 |
| Net financial position | -31.8 | -44.9 | 29.2 |
| Working capital | 204.0 | 169.3 | 20.5 |

Income statement

| € million | H1 2014 | H1 2013 | Change (%) |
|---------------------------------------------------------------|--------------|--------------|--------------|
| Revenue | 753.4 | 662.1 | 13.8 |
| Cost of goods sold | -652.2 | -570.0 | 14.4 |
| Research and development costs | -31.0 | -29.8 | 4.0 |
| Selling expenses | -33.2 | -31.4 | 5.7 |
| Administrative expenses | -17.6 | -17.5 | 0.6 |
| Other operating income | 6.9 | 6.8 | 1.5 |
| Other operating expenses | -20.5 | -9.7 | >100 |
| Income from investments accounted for using the equity method | 0.4 | -0.4 | -- |
| EBIT | 6.2 | 10.1 | -38.6 |
| Thereof restructuring costs | -13.9 | 0.0 | -- |
| EBIT (before one-offs) | 20.1 | 10.1 | 99.0 |
| Net interest expense | -3.3 | -2.6 | 26.9 |
| Net income before taxes | 2.9 | 7.5 | -61.3 |
| Income taxes | -0.2 | -2.1 | -90.5 |
| Net income on continuing operations | 2.7 | 5.4 | -50.0 |

Balance sheet: assets

| € million | 30 June 2014 | 31 Dec 2013 | Change (%) |
|----------------------------------------------------|-----------------|----------------|---------------|
| Non-current assets (excluding deferred tax assets) | 583.4 | 596.6 | -2.2 |
| Deferred tax assets | 38.3 | 30.8 | 24.4 |
| Inventories | 278.8 | 224.6 | 24.1 |
| Trade receivables | 150.4 | 149.1 | 0.9 |
| Other receivables and assets | 58.2 | 60.6 | -4.0 |
| Cash and cash equivalents | 74.0 | 58.9 | 25.6 |
| Non-current assets classified as held for sale | 0.4 | 0.4 | 0.0 |
| Total assets | 1,183.5 | 1,121.0 | 5.6 |

Balance sheet: equity and liabilities

| € million | 30 June 2014 | 31 Dec 2013 | Change (%) |
|------------------------------------------------------------|-----------------|----------------|---------------|
| Equity | 489.6 | 504.7 | -3.0 |
| Provisions for pensions and other post-retirement benefits | 175.0 | 168.6 | 3.8 |
| Other provisions | 46.8 | 37.2 | 25.8 |
| Financial liabilities | 90.9 | 83.0 | 9.5 |
| Other liabilities | 14.2 | 3.7 | >100 |
| Non-current liabilities | 326.9 | 292.5 | 11.8 |
| Provisions for pensions and other post-retirement benefits | 14.9 | 14.9 | 0.0 |
| Other provisions / Provisions for income taxes | 60.1 | 49.5 | 21.4 |
| Financial liabilities | 14.9 | 7.6 | 96.1 |
| Trade payables | 225.2 | 201.4 | 11.8 |
| Other liabilities | 51.9 | 50.4 | 3.0 |
| Current liabilities | 367.0 | 323.8 | 13.3 |
| Total equity and liabilities | 1,183.5 | 1,121.0 | 5.6 |

Cash flow statement (condensed)

| € million | H1 2014 | H1 2013 |
|-----------------------------------------------------------------------------------------|--------------|--------------|
| EBIT | 6.2 | 10.1 |
| Cash flow from operating activities (total) | 40.9 | 49.0 |
| Capital expenditure on intangible assets, property, plant and equipment and investments | -33.7 | -43.1 |
| Proceeds from the sale of non-current assets | 5.1 | 0.3 |
| Cash flow from investing activities (total) | -28.6 | -42.8 |
| Cash flow from financing activities | 3.1 | -13.1 |
| Change in cash and cash equivalents | 15.4 | -6.9 |

Overview of segments, H1 2014

| | H1 2014 | H1 2013 | Change (%) |
|---------------------------------------|--------------|--------------|---------------|
| New orders (€ million) | | | |
| DEUTZ Compact Engines | 612.1 | 700.5 | -12.6 |
| DEUTZ Customised Solutions | 134.7 | 143.0 | -5.8 |
| Total for operating activities | 746.8 | 843.5 | -11.5 |

| | H1 2014 | H1 2013 | Change (%) |
|---------------------------------------|--------------|--------------|---------------|
| Revenue (€ million) | | | |
| DEUTZ Compact Engines | 634.6 | 546.3 | 16.2 |
| DEUTZ Customised Solutions | 118.8 | 115.8 | 2.6 |
| Total for operating activities | 753.4 | 662.1 | 13.8 |
| Germany | 23.0% | 17.0% | -- |
| Export | 77.0% | 83.0% | -- |

| | H1 2014 | H1 2013 | Change (%) |
|---------------------------------------|---------------|---------------|---------------|
| Unit sales | | | |
| DEUTZ Compact Engines | 92,935 | 79,132 | 17.4 |
| DEUTZ Customised Solutions | 6,144 | 6,775 | -9.3 |
| Total for operating activities | 99,079 | 85,907 | 15.3 |

| | H1 2014 | H1 2013 | Change (%) |
|---------------------------------------------|-------------|-------------|---------------|
| EBIT before one-offs (€ million) | | | |
| DEUTZ Compact Engines | 5.6 | -5.5 | -- |
| DEUTZ Customised Solutions | 14.3 | 16.2 | -11.7 |
| Other | 0.2 | -0.6 | -- |
| Total for operating activities | 20.1 | 10.1 | 99.0 |

Overview of segments, Q2 2014

| | Q2 2014 | Q2 2013 | Change (%) |
|---------------------------------------|--------------------|--------------------|-----------------------|
| New orders (€ million) | | | |
| DEUTZ Compact Engines | 267.5 | 372.2 | -28.1 |
| DEUTZ Customised Solutions | 65.1 | 82.8 | -21.4 |
| Total for operating activities | 332.6 | 455.0 | -26.9 |

| | Q2 2014 | Q2 2013 | Change (%) |
|---------------------------------------|--------------------|--------------------|-----------------------|
| Revenue (€ million) | | | |
| DEUTZ Compact Engines | 347.8 | 306.6 | 13.4 |
| DEUTZ Customised Solutions | 62.9 | 65.6 | -4.1 |
| Total for operating activities | 410.7 | 372.2 | 10.3 |
| Germany | 24.9% | 17.3% | -- |
| Export | 75.1% | 82.7% | -- |

| | Q2 2014 | Q2 2013 | Change (%) |
|---------------------------------------|--------------------|--------------------|-----------------------|
| Unit sales | | | |
| DEUTZ Compact Engines | 51,279 | 45,412 | 12.9 |
| DEUTZ Customised Solutions | 3,343 | 4,257 | -21.5 |
| Total for operating activities | 54,622 | 49,669 | 10.0 |

| | Q2 2014 | Q2 2013 | Change (%) |
|---------------------------------------------|--------------------|--------------------|-----------------------|
| EBIT before one-offs (€ million) | | | |
| DEUTZ Compact Engines | 10.5 | 5.7 | 84.2 |
| DEUTZ Customised Solutions | 7.2 | 11.1 | -35.1 |
| Other | 0.5 | -0.3 | -- |
| Total for operating activities | 18.2 | 16.5 | 10.3 |

Employees

| | 30 June 2014 | 30 June 2013 | Change (%) |
|-------------------------|-----------------|-----------------|---------------|
| Cologne | 2,417 | 2,430 | -0.5 |
| Ulm | 394 | 395 | -0.3 |
| Other German operations | 285 | 283 | 0.7 |
| Germany | 3,096 | 3,108 | -0.4 |
| Foreign operations | 918 | 922 | -0.4 |
| DEUTZ Group | 4,014 | 4,030 | -0.4 |

Financial calendar & contact details

- Interim report 1st to 3rd quarter 2014 6 November 2014

- Annual report 2014 19 March 2015

- Annual general meeting 29 April 2015

➤ Contact details

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