

PRESS RELEASE

DEUTZ AG

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DEUTZ announces results for first nine months of 2016

- New orders and revenue on a level with the prior-year period
- Significant improvement in operating profit
- Forecast for 2016 as a whole confirmed

DEUTZ AG has today published its consolidated financial results for the first three quarters of 2016. At €935.3 million, new orders were on a level with the first nine months of last year (Q1–Q3 2015: €932.9 million). In the third quarter, DEUTZ received orders amounting to €258.1 million, which was down by 1.6 per cent on the prior-year figure of €262.2 million.

The number of engines sold fell to 100,439, a decrease of 6.3 per cent compared with the first nine months of 2015 (Q1–Q3 2015: 107,236 engines). Third-quarter unit sales totalled 30,733 engines, which was 5.6 per cent more than in the prior-year period (Q3 2015: 29,116 engines).

Revenue rose by 0.7 per cent to €945.5 million in the nine-month period (Q1–Q3 2015: €938.8 million). Broken down by region, revenue was up by 5.0 per cent in the EMEA (Europe, Middle East and Africa) region and by 19.7 per cent in the Asia-Pacific region, but down by 19.1 per cent in the Americas. Revenue generated in the third quarter of 2016 amounted to €301.1 million, a year-on-year rise of 12.1 per cent (Q3 2015: €268.6 million).

There was a very encouraging increase in operating profit (EBIT) during the reporting period: at €19.7 million, it was significantly higher than the figure for the prior-year period of €10.6 million due, in particular, to a decrease in depreciation and amortisation. Consequently, the EBIT margin almost doubled to reach 2.1 per cent. Net income for the first nine months of 2016 came to €18.8 million, compared with €7.3 million in the same period of last year. This resulted in earnings per share of €0.16 (Q1–Q3 2015: €0.07). "The published financial results are in line with our expectations. If our unit sales increase, we will be able to further

improve our EBIT margin because of the steps that we have taken to boost efficiency," said DEUTZ's Chief Financial Officer, Dr Margarete Haase.

"DEUTZ is well positioned for the future. In recent years, we have laid essential foundations for DEUTZ's future success by updating the product portfolio, optimising our network of sites and winning new customer projects," stated the Chairman of the DEUTZ Board of Management, Dr Helmut Leube.

DEUTZ has confirmed its forecast for 2016 as a whole and, in a tough market environment, continues to expect revenue to stagnate or, at best, rise slightly and the EBIT margin to increase moderately.

Detailed information about the first three quarters of 2016 can be found in the accompanying summary of key performance indicators.

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FIRST TO THIRD QUARTER AT A GLANCE

DEUTZ Group: Overview

€ million	7-9/2016	7-9/2015	1-9/2016	1-9/2015
New orders	258.1	262.2	935.3	932.9
Unit sales (units)	30,733	29,116	100,439	107,236
Revenue	301.1	268.6	945.5	938.8
EBITDA	21.0	15.2	87.9	85.6
EBIT	-1.0	-9.7	19.7	10.6
EBIT margin (%)	-0.3	-3.6	2.1	1.1
Net income	-1.2	-9.4	18.8	7.3
Earnings per share (€)	-0.01	-0.07	0.16	0.07
Total assets	1,063.8	1,087.2	1,063.8	1,087.2
Non-current assets (before deferred tax assets)	490.0	537.2	490.0	537.2
Equity	491.5	500.9	491.5	500.9
Equity ratio (%)	46.2	46.1	46.2	46.1
Cash flow from oper- ating activities	6.9	-10.3	22.3	43.6
Free cash flow ¹⁾	-10.8	-35.7	-28.0	-9.5
Net financial position ²⁾	2.1	-3.1	2.1	-3.1
Working capital ³⁾	239.4	231.1	239.4	231.1
Working capital ratio (30 Sep, %) ⁴⁾	19.1	17.9	19.1	17.9
Capital expenditure (excl. capitalisation of R&D, after deducting grants)	10.4	15.9	40.4	41.2
Depreciation and amortisation	22.0	24.9	68.2	75.0
R&D expenditure (after deducting grants)	13.8	10.0	36.5	29.8
thereof capitalised	2.8	4.4	5.3	9.4
Employees (number at 30 Sep)	3,695	3,755	3,695	3,755

¹⁾ Free cash flow: cash flow from operating and investing activities less interest expense.

²⁾ Net financial position: cash and cash equivalents less current and non-current interest-bearing financial debt.

³⁾ Working capital: inventories plus trade receivables minus trade payables.

⁴⁾ Working capital ratio (30 Sep, %): working capital as at the balance sheet date divided by revenue for the previous twelve months.

DEUTZ Group: Segments

€ million	7-9/2016	7-9/2015	1-9/2016	1-9/2015
New orders				
DEUTZ Compact Engines	199.2	194.0	743.7	724.0
DEUTZ Customised Solutions	58.9	68.2	191.6	208.9
Total	258.1	262.2	935.3	932.9
Unit sales (units)				
DEUTZ Compact Engines	28,503	26,243	93,310	97,596
DEUTZ Customised Solutions	2,230	2,873	7,129	9,640
Total	30,733	29,116	100,439	107,236
Revenue				
DEUTZ Compact Engines	237.2	201.8	749.7	730.1
DEUTZ Customised Solutions	63.9	66.8	195.8	208.7
Total	301.1	268.6	945.5	938.8
EBIT before one-off items				
DEUTZ Compact Engines	-7.8	-23.4	-5.9	-16.9
DEUTZ Customised Solutions	6.2	8.7	27.6	26.0
Other	0.6	5.0	-2.0	1.5
Total	-1.0	-9.7	19.7	10.6