

PRESS RELEASE

DEUTZ AG

Ottostrasse 1
51149 Cologne (Porz-Eil)
Germany

Tel: +49 (0)221 8220
Fax: +49 (0)221 822 3525
Email: presse@deutz.com

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DEUTZ presents its results for 2015

- Reluctance to invest on the part of end customers
- Year-on-year fall in unit sales and revenue
- Profit margins and free cash flow in positive territory

DEUTZ AG has today announced its financial results for 2015. New orders amounted to €1,225.9 million, down by 11.1 per cent on the prior-year figure of €1,379.0 million. In the service business, new orders were up by 7.2 per cent, whereas all other application segments reported a decrease in new orders compared with 2014.

The number of engines sold fell by 29.8 per cent, from 196,403 engines in 2014 to 137,781 engines in 2015. The year-on-year decline in unit sales was particularly pronounced in the Agricultural Machinery and Mobile Machinery application segments. Revenue dropped by 18.5 per cent to €1,247.4 million (2014: €1,530.2 million). This trend is attributable firstly to the effect of the advance production of engines that European customers had purchased in 2014 before a new emissions standard for engines under 130kW came into force. Secondly, DEUTZ has been affected by a distinct reluctance to invest on the part of end customers since the second half of 2015.

Despite the lower level of capacity utilisation, DEUTZ generated an operating profit (EBIT before one-off items) of €4.9 million (2014: €31.7 million). The EBITDA margin (before one-off items) remained on a par with 2014 at 9.0 per cent. Net income came to €3.5 million (2014: €19.5 million). "This is consistent with our strategic objective of operating profitably even during downturns in the business cycle and underlines the effectiveness of the efficiency measures that we have initiated," said DEUTZ's Chief Financial Officer, Dr Margarete Haase.

DEUTZ continues to maintain a very sound balance sheet. The equity ratio went up slightly, reaching 45.5 per cent as at 31 December 2015 compared with 44.5 per cent at the end of 2014. There was a further improvement to the net financial position, which rose by €25.3 million to €39.0 million (31 December 2014: €13.7 million).

Moreover, free cash flow was well into positive territory at €35.0 million (2014: €52.0 million). The Board of Management and Supervisory Board will propose to the Annual General Meeting that an unchanged dividend of €0.07 per share be paid.

"We will continue to focus on increasing efficiency and quality. The measures to optimise our network of sites in Germany are running to plan and we have forged ahead with the consolidation of our sites in China. Our engine portfolio is at the cutting edge of technology and we are adding a 2.2 litre diesel and gas engine," explained Dr Helmut Leube, Chairman of the DEUTZ Board of Management.

DEUTZ expects market conditions to remain challenging in 2016. Consequently, it forecasts that revenue will stagnate or, at best, rise slightly. Capacity utilisation is likely to change only insignificantly, and the EBIT margin is expected to increase moderately. This will be predominantly achieved through further cost-saving measures and the first positive effects from the optimisation of our site network.

Detailed information about the 2015 financial year can be found in the accompanying summary of key performance indicators.

For further information on this DEUTZ AG press release, please contact:

Investor & Public Relations

Christian Krupp

Tel: +49 (0)221 822 5400

Fax: +49 (0)221 822 155 401

Email: krupp.c@deutz.com