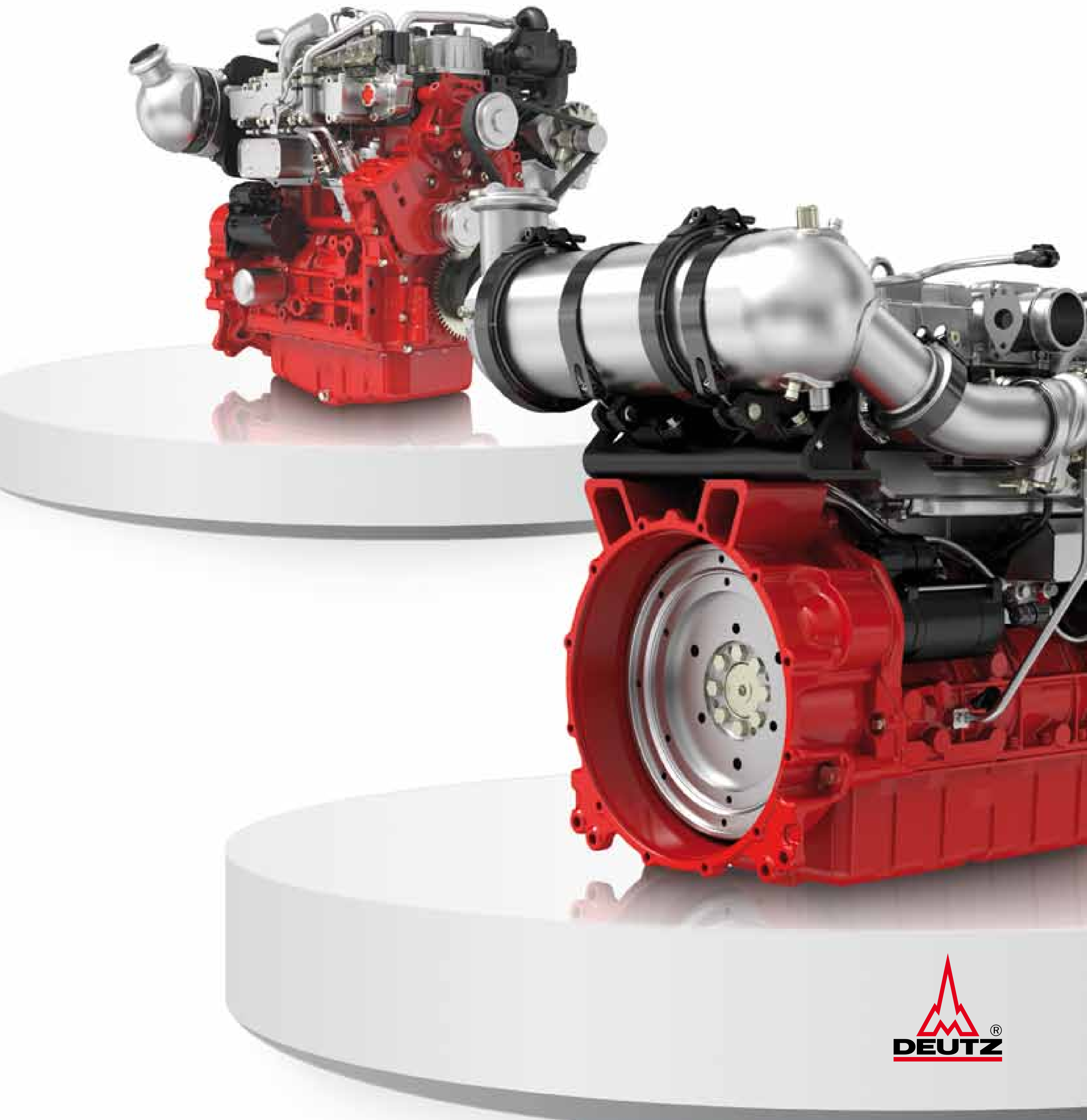
POWERING SUCCESS

Interim Report

First quarter 2012



FIRST QUARTER AT A GLANCE

DEUTZ Group: Key figures

	1–3/2012	1–3/2011
€ million		
New orders	390.0	408.5
Unit sales (units)	46,461	48,416
Revenue	336.9	336.0
thereof excluding Germany (%)	85.5	82.1
EBITDA	27.7	34.3
EBIT	10.3	18.2
EBIT margin (%)	3.1	5.4
Net income	6.3	13.7
Earnings per share (€)	0.05	0.11
Total assets	1,102.5	1,048.4
Non-current assets	630.8	613.8
Equity	458.6	384.5
Equity ratio (%)	41.6	36.7
Cash flow from operating activities	–16.5	–9.6
Free cash flow - continuing operations[1]	–55.3	–37.5
Net financial position[2]	–124.5	–110.8
Working capital[3]	197.1	168.9
Working capital as percentage of revenue (%)	12.9	13.1
Capital expenditure (excluding capitalisation of R&D)	14.4	10.0
Depreciation and amortisation	17.4	16.1
Research and development	25.9	25.2
Employees (31 March)	4,104	4,081

[1] Free cash flow: cash flow from operating and investing activities minus interest expense
[2] Net financial position: cash and cash equivalents minus current and non-current interest-bearing financial liabilities
[3] Working capital: inventories plus trade receivables minus trade payables

DEUTZ Group: Segments

	1–3/2012	1–3/2011
€ million		
New orders		
DEUTZ Compact Engines	296.5	325.1
DEUTZ Customised Solutions	93.5	83.4
Total	**390.0**	**408.5**
Unit sales (units)		
DEUTZ Compact Engines	41,579	42,672
DEUTZ Customised Solutions	4,882	5,744
Total	**46,461**	**48,416**
Revenue		
DEUTZ Compact Engines	263.0	260.0
DEUTZ Customised Solutions	73.9	76.0
Total	**336.9**	**336.0**
EBIT (before one-off items)		
DEUTZ Compact Engines	–1.0	6.7
DEUTZ Customised Solutions	12.2	11.9
Other	–0.9	–0.4
Total	**10.3**	**18.2**

FOREWORD

Dear Shareholders and Business Associates,

DEUTZ continued to perform well in the first quarter of 2012, building on its success in 2011.

Compared with previous months, the global economy was slightly more buoyant in the first few months of the year, although there continued to be significant regional differences.

Against this backdrop, DEUTZ's revenue in the first quarter of 2012 rose slightly, by 0.3 per cent year on year, to €336.9 million. At €10.3 million, operating profit (EBIT) was around 43 per cent lower than the impressive €18.2 million generated in the first quarter of 2011. The main reasons for this were extensive maintenance work carried out on a transfer line in production, the slow start-up of our two joint ventures in China, after the Chinese New Year in January, the cost of other projects in Asia and set-up costs linked to the launch of our new products. However, our first quarter – traditionally a difficult time of the year – are not representative of the year as a whole. There was encouraging growth in new orders, which rose to €390.0 million – up by more than a quarter compared with the final three months of 2011 and falling just short of the excellent volume of new orders taken in the first quarter of 2011 (Q1 2011: €408.5 million).

The milestones we have reached in recent months give us particularly good reason to feel positive. We announced in January that we would be taking a controlling interest in a company producing engines of up to four litres cubic capacity in the tried-and-tested 2011 series, together with Shandong Changlin Machinery Group, a Chinese manufacturer of construction and agricultural machinery, as the minority partner. This is the logical next step in our strategy for Asia. We believe that our products have the greatest potential for growth in this region, especially in China.

Our optimised logistics concept won the 2012 eLogistics Award in March. We received the prize jointly with our service provider Axit at the annual conference of the AKJ Automotive working group in Saarbrücken. The new logistics concept, which speeds up the supply chain considerably, benefits DEUTZ and its customers in equal measure.

After the end of the first quarter, we signed a memorandum of understanding with AB Volvo in which we agreed to jointly explore the options for extending our longstanding alliance. We are looking at establishing a company – in which DEUTZ would hold a majority stake – that would produce medium-duty engines in China and would support the Volvo Group's expected growth in Asia. In addition, we are considering the joint development of a new generation of medium-duty engines.

This good news was also reflected in the price of your DEUTZ shares, which rose by 21.7 per cent in the period under review and therefore outperformed all their benchmarks and the DAX.

We are adhering to the forecast for 2012 that we published in our 2011 annual report. On the basis of stronger service business, encouraging new orders and an increasing proportion of the fleet accounted for by new and significantly more durable engines, we predict that our revenue and EBIT margin will remain at the 2011 level. In the medium term, we see good prospects for further profitable growth, especially in the emerging markets. DEUTZ is optimally equipped to face the future!

Kind regards from Cologne

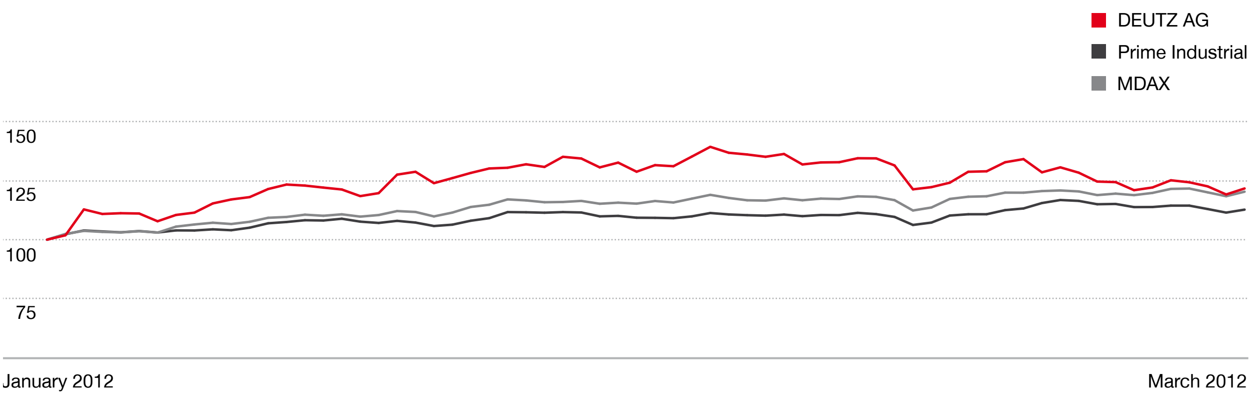
Dr Ing Helmut Leube

Dr Margarete Haase

DEUTZ SHARES

Price performance of DEUTZ share

in %



DEUTZ shares perform well in the first quarter The capital markets recovered at the start of 2012 following the price falls seen over the course of 2011. The DAX increased by 17.8 per cent to 6,946.83 points in the first three months of this year. Prices also rose in the MDAX and Prime Industrial – the benchmarks relevant to DEUTZ. The MDAX, which has included DEUTZ shares since 19 September 2011, went up by 20.3 per cent to 10,703.10 points. The Prime Industrial, which includes major German industrial companies, climbed by 12.7 per cent to 3,136.03 points.

DEUTZ shares also performed encouragingly in the first three months of 2012. Having ended 2011 at €4.11, the shares had reached €5.00 by the end of the first quarter of 2012 – representing a rise of 21.7 per cent. They therefore outperformed all the benchmarks. The share price went up steadily right from the start of the year, quickly rising from its low for the year so far of €4.19 on 2 January 2012. DEUTZ shares reached their highest point of the year on 20 February 2012, when they peaked at €5.72.

The number of shares remains unchanged at 120,861,783. Market capitalisation as at 31 March 2012 therefore amounted to €604.3 million (31 December 2011: €496.7 million). The largest individual shareholders are agricultural machinery manufacturer SAME DEUTZ-FAHR, which currently holds 26.74 per cent of shares, and AB Volvo Group, which holds 6.7 per cent. The proportion of free float shares is 66.56 per cent, which are held by a broadly diversified range of private and institutional shareholders both in Germany and abroad.

DEUTZ shares continue to be covered by twelve banks and securities houses: Bankhaus Lampe, Berenberg Bank, Commerzbank, Deutsche Bank, DZ Bank, Goldman Sachs, HSBC Trinkaus & Burkhardt, Kepler Capital Markets, Solventis Wertpapierhandelsbank, UBS, Viscardi Securities and WestLB. The majority of ratings for DEUTZ shares are 'buy' or 'hold'.

Further information on this subject and all other topics can be found on our website at www.deutz.com under Investor Relations.

Key figures for DEUTZ shares

	1–3/2012	1–3/2011
Number of shares (31 March)	120,861,783	120,861,783
Average number of shares	120,861,783	120,861,783
Share price as at 31 March (€)	5.00	5.95
Share price high (€)	5.72	6.60
Share price low (€)	4.19	5.28
Market capitalisation as at 31 March (€ million)	604.3	719.1
Earnings per share (€)	0.05	0.11

Based on Xetra closing prices

INTERIM MANAGEMENT REPORT OF THE DEUTZ GROUP FOR THE FIRST QUARTER OF 2012

BUSINESS PERFORMANCE IN THE DEUTZ GROUP

ECONOMIC ENVIRONMENT

Global economy picks up slightly[1] Compared with the end of 2011, the global economy was slightly more buoyant in the first few months of the year, although there continued to be significant regional differences. Emerging markets continue to provide economic impetus, whereas growth rates in the industrialised economies are generally low. The International Monetary Fund (IMF) has slightly raised its forecast for economic growth over the rest of 2012 although it warns that the risks remain in place. This particularly applies to Europe, which is still suffering from the ongoing sovereign debt crisis.

As far as the year as a whole is concerned, the IMF now expects global economic growth of 3.5 per cent. The recession in the euro zone is anticipated to be shorter and less severe than initially feared. Nevertheless, economic output is likely to shrink by 0.3 per cent, with a recovery expected in the second half of the year. Germany has withstood the euro-zone crisis relatively well so far, which is why the IMF predicts that Germany will enjoy the highest growth (0.6 per cent) among the euro-zone countries in 2012. The growth outlook for the United States is comparatively positive at 2.1 per cent for 2012. Growth is likely to be somewhat slower in China over the first few months, although it is anticipated to pick up again in the second half of the year, resulting in a rise of 8.2 per cent for 2012 as a whole.

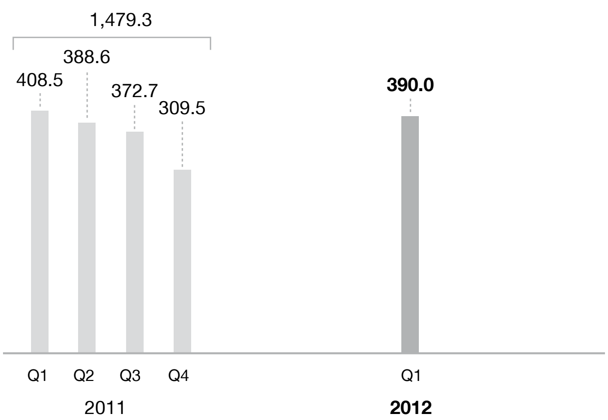
Engineering sector continues to stabilise[2] New orders in Germany's engineering sector fell by 9 per cent in the first two months of the new year, split evenly between domestic and foreign demand. However, this decline was primarily attributable to the very high level of new orders in the first quarter of 2011, which was the busiest period of the year for placing orders. Overall, new orders appear to have stabilised at the current level. Capacity utilisation in the German engineering sector was 86.4 per cent in January, which roughly corresponds to the long-term average.

NEW ORDERS

Orders at a high level DEUTZ took new orders worth €390.0 million in the first quarter of 2012. This figure was only slightly below the €408.5 million taken in the very strong first quarter of 2011 and was up by more than a quarter compared with the final three months of 2011 (Q4 2011: €309.5 million). In this context, it should be noted that, in the first half of 2011, customers had placed their orders early owing to the economic situation and our good capacity utilisation in production. This meant that the level of new orders was particularly high between January and June of last year. In the first quarter of 2012, there was a year-on-year increase in orders across all application segments except Stationary Equipment.

Orders on hand totalled €280.5 million as at 31 March 2012. This was down by 20.1 per cent compared with the figure reported a year earlier (31 March 2011: €350.9 million), but was up by 21.4 per cent compared with the end of 2011 (31 December 2011: €231.1 million).

DEUTZ Group: New orders by quarter[1)]
€ million



[1)] These and subsequent quarterly figures are based on published quarterly financial statements and have not been audited.

[1)] Source: IMF World Economic Outlook, April 2012
[2)] Source: Konjunkturbulletin of the German Engineering Federation (VDMA), April 2012

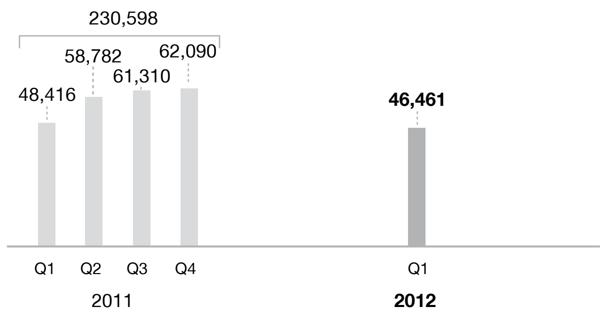
UNIT SALES

Engine sales slightly below 2011 level We sold 46,461 engines in the first three months of this year, which was approximately 4.0 per cent fewer than in the corresponding period last year (Q1 2011: 48,416 engines). However, we are tending towards selling significantly more durable engines, which was reflected in our revenue. Unit sales were down by a quarter compared with the final three months of last year (Q4 2011: 62,090 engines) owing to the normal seasonal variations at DEUTZ and the record unit sales achieved in the fourth quarter of 2011.

Among the regions, our Americas business performed particularly well. We sold 10,499 engines there, up by 36.0 per cent year on year. Unit sales in the Asia-Pacific region advanced by 5.7 per cent to 2,634 engines, whereas our largest market EMEA (Europe, Middle East and Africa) saw unit sales decline by 12.8 per cent to 33,328 engines.

DEUTZ Group: Unit sales by quarter

units

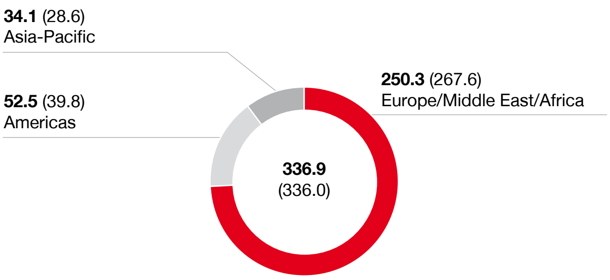


RESULTS OF OPERATIONS

REVENUE

DEUTZ Group: Revenue by regions

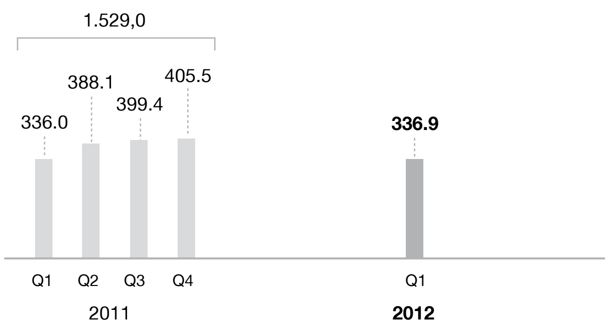
€ million (2011 figures)



Revenue increases slightly We generated revenue of €336.9 million in the first quarter of 2012, a small rise compared with the prior-year figure (Q1 2011: €336.0 million). However, this represents a decrease of 16.9 per cent compared with the strong previous quarter, when our revenue reached €405.5 million. It is encouraging that revenue increased year on year, even though we sold fewer engines. This was due to the increasing proportion of engines that meet the Tier 4 Interim emissions standard and are considerably more complex and durable. We expect this trend to continue over the coming quarters and years. Among the regions, the biggest increase in revenue came from the Americas at 31.9 per cent. Revenue generated by the largest application segment, Mobile Machinery, advanced by 6.2 per cent year on year, while service saw a rise of 8.4 per cent.

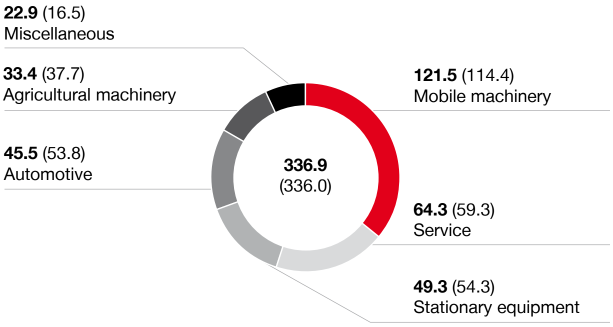
DEUTZ Group: Revenue by quarters

€ million



DEUTZ Group: Revenue by application segment

€ million (2011 figures)



EBIT

Cautious start to the year The operating profit (EBIT) for the first three months of 2012 totalled €10.3 million, equating to a decline of €7.9 million compared with the corresponding period of 2011 (Q1 2011: €18.2 million). Key factors influencing this figure were the extensive maintenance work carried out on a production line, the slow start-up of our two existing joint ventures in China during 2012 and the production start-up of our engines for the European Union's III B exhaust emissions standard and the corresponding US standard, EPA Tier 4 Interim. The decline was also the result of a reduced volume of business in Europe on the back of the economic downturn and, to a lesser extent, costs associated with strategic projects. However, our results for the first quarter – traditionally a difficult time of the year – are not representative of the year as a whole.

Although revenue remained at the same level as the previous year thanks to the sustained strength of orders on hand (Q1 2012: €336.9 million; Q1 2011: €336.0 million), total output in the first quarter of 2012 was lower than it had been in the first three months of 2011 (Q1 2012: €360.5 million; Q1 2011: €367.7 million).

As a percentage of total output, the cost of materials went up to 64.7 per cent, a rise of 1.2 percentage points compared with the first quarter of 2011. This increase was due above all due to the production start-up in the second half of 2011 of our engines for the European Union's III B exhaust emissions standard and the equivalent standard in the United States, EPA Tier 4 Interim. These engines are far more material-intensive.

As the number of employees rose slightly compared with the first quarter of 2011, there was a small increase in staff costs during the first three months of this year (Q1 2012: €70.9 million; Q1 2011: €70.7 million). The staff costs ratio (staff costs as a percentage of total output) was largely unchanged year on year, rising by just 0.5 percentage points to 19.7 per cent (Q1 2011: 19.2 per cent).

Other operating income declined by €1.7 million compared with the first quarter of 2011. This was primarily attributable to lower onward charging of development expenditure to key customers.

Other operating expenses fell by €6.1 million over the same period. This was essentially due to reduced accruals as well as lower expenses for temporary workers and declining consultancy costs. For a more detailed explanation of other operating expenses, please refer to the information on page 14 in the notes to the interim consolidated financial statements.

The loss on equity-accounted investments amounted to €3.1 million in the first three months of 2012. This equates to a decline of €3.9 million compared with the profit on equity-accounted investments of €0.8 million generated in the first quarter of 2011 and was largely a result of the general slowdown in China's economic growth and of the budgeted start-up losses of Bosch Emission Systems GmbH & Co. KG, which is our joint venture with Robert Bosch GmbH and Eberspächer GmbH & Co. KG in the area of diesel exhaust aftertreatment.

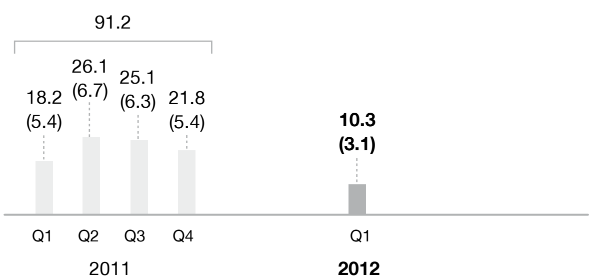
Despite higher net debt, net interest expense improved by €0.3 million year on year (Q1 2011: expense of €3.3 million). The main reason for this was that market interest rates were lower overall.

Income taxes amounted to €0.7 million in the first quarter of 2012 (Q1 2011: €0.9 million). This year-on-year decline of €0.2 million was attributable in particular to higher deferred income from income tax in connection with deferred tax assets arising from loss carryforwards. For a more detailed explanation, please refer to the information on page 14 in the notes to the interim consolidated financial statements.

Net income went down by €7.4 million to €6.3 million (Q1 2011: €13.7 million), resulting in earnings per share of €0.05 (Q1 2011: €0.11).

DEUTZ Group: Operating profit/EBIT margin before one-off items by quarter

€ million (EBIT margin in %)



BUSINESS PERFORMANCE IN THE SEGMENTS

BUSINESS PERFORMANCE IN THE DEUTZ COMPACT ENGINES (DCE) SEGMENT

New orders higher than revenue The DEUTZ Compact Engines (DCE) segment took orders worth €296.5 million in the first three months of 2012. This was 8.8 per cent less than in the excellent prior-year period (Q1 2011: €325.1 million) but 25.2 per cent more than in the fourth quarter of 2011 (Q4 2011: €236.9 million). The value of the segment's new orders was therefore 12.7 per cent higher than its revenue. Orders on hand amounted to €186.4 million as at 31 March 2012, down 23.5 per cent on the figure reported at 31 March 2011 of €243.6 million.

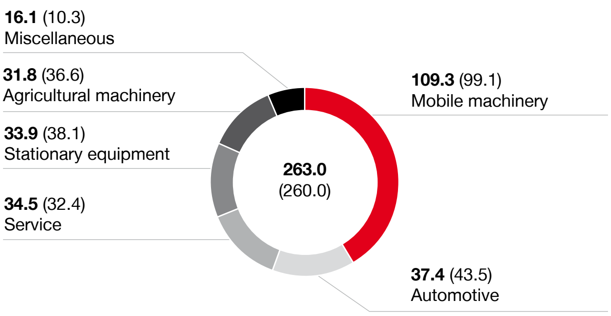
Unit sales at prior-year level The DCE segment sold 41,579 engines in the first three months of this year, which was 2.6 per cent fewer than in the corresponding quarter of last year (Q1 2011: 42,672 engines). Growth in unit sales in the Americas was again encouraging at 47.8 per cent. DCE sold 23,364 engines in the largest application segment, Mobile Machinery, which was 10.0 per cent more than in the first quarter of 2011.

Small rise in revenue Despite a slight decline in unit sales, the DCE segment boosted its revenue by 1.2 per cent to €263.0 million in the first quarter of 2012 (Q1 2011: €260.0 million). This represented a decline of 17.6 per cent compared with the revenue of €319.2 million generated in the fourth quarter of 2011, reflecting the normal seasonal pattern. Year on year, revenue rose by 41.0 per cent in the Americas region and by 23.9 per cent in the Asia-Pacific region. In the largest region, EMEA (Europe, Middle East and Africa), revenue amounted to €205.1 million, which was 5.5 per cent less than in the first quarter of 2011. Revenue from the Mobile Machinery application segment increased by 10.3 per cent to €109.3 million, while service revenue advanced by 6.5 per cent.

Decline in profitability at DCE Operating profit (EBIT) fell by €7.7 million year on year, due above all to the shutdown of a production line for maintenance, the market launch of our engines for the new exhaust emissions standards and the smaller contribution to profits made by DEUTZ (Dalian) Engine Co., Ltd. (China). As a result, the DCE segment made a small operating loss of €1.0 million in the first quarter of 2012 (Q1 2011: profit of €6.7 million).

DEUTZ Compact Engines: Revenue by application segment

€ million (2011 figures)



BUSINESS PERFORMANCE IN THE DEUTZ CUSTOMISED SOLUTIONS (DCS) SEGMENT

Year-on-year growth in new orders In the first quarter of 2012, the DEUTZ Customised Solutions (DCS) segment received new orders for engines worth €93.5 million. This represented a significant rise of 12.1 per cent on the corresponding quarter of last year (Q1 2011: €83.4 million) and of 28.8 per cent on the previous quarter (Q4 2011: €72.6 million). The increase was largely driven by the Automotive application segment. As at 31 March 2012, orders on hand stood at €94.1 million, down by 12.3 per cent on the figure reported a year earlier.

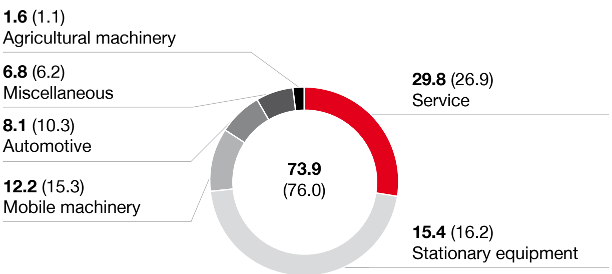
Decline in unit sales The DCS segment sold 4,882 engines in the first three months of this year, which was 15.0 per cent fewer than in the same quarter of last year (Q1 2011: 5,744 engines). Of the regions, only Asia-Pacific increased its unit sales while EMEA and the Americas both recorded a fall.

Revenue roughly at Q1 2011 level The DCS segment brought in revenue of €73.9 million, down by 2.8 per cent compared with the €76.0 million generated in the first quarter of 2011. Revenue in the fourth quarter of 2011 had amounted to €86.2 million, which was 14.3 per cent more than in the quarter under review. Whereas the Americas and Asia-Pacific regions increased their revenue, the EMEA region's revenue decreased. The high-margin service business achieved revenue growth of 10.8 per cent.

Further increase in profit The sustained high level of business and a further increase in the profitability of the DCS segment in the first quarter of 2012 enabled us to improve slightly on the very good operating profit we had reported a year earlier. The DCS segment's operating profit (EBIT) in the first three months of this year advanced by €0.3 million year on year to €12.2 million (Q1 2011: €11.9 million).

DEUTZ Customised Solutions: Revenue by application segment

€ million (2011 figures)



FINANCIAL POSITION

FUNDING

A syndicate comprising nine German banks is providing us with a working capital facility of €240 million as well as a guarantee facility and sufficient lines for derivatives transactions with which we can hedge interest-rate risk, currency risk and commodities risk – thereby securing the financial basis for our planned growth, including in the medium term. The loan is available to us in the form of a revolving facility, which enables us to draw it down to suit the Company's requirements. We carry out interest-rate hedging to avoid interest-rate risks. As part of the contractual agreements, DEUTZ is obliged to comply with certain financial covenants.

CASH FLOW

Despite rigorous management of working capital, the reduced operating profit caused cash flow to decline by €6.9 million compared with the first three months of 2011 to minus €16.5 million (Q1 2011: minus €9.6 million)[1].

Cash flow from investing activities amounted to minus €36.0 million in the first quarter of 2012. The net cash outflow was therefore €10.4 million higher than it had been in the first three months of last year (Q1 2011: €25.6 million) and was mainly used for development expenditure related to the upcoming exhaust emissions standards as well as for capital expenditure.

The cash outflows from operating and investing activities in the first three months of the year were largely offset by drawing down more of the revolving working capital facility. Net cash provided by financing activities in the first quarter of 2012 totalled €16.8 million, contrasting with a net cash outflow of €7.9 million in the corresponding period of 2011.

Cash and cash equivalents declined by €35.8 million owing to the net cash outflow from operating and investing activities in the first quarter of 2012. The net financial position[2] as at 31 March 2012 came to minus €124.5 million (31 December 2011: minus €69.6 million).

The free cash flow[3] from continuing operations as at 31 March 2012 was minus €55.3 million (31 March 2011: minus €37.5 million). This year-on-year change was predominantly due to the smaller operating profit and increased capital expenditure.

NET ASSETS

Non-current assets Non-current assets totalled €647.8 million as at 31 March 2012 (31 December 2011: €640.3 million). The small increase of €7.5 million compared with 31 December 2011 was largely the result of two countervailing effects. Whereas the high level of investing activities in the development of new engines and refinement of existing ones caused intangible assets to rise, equity-accounted investments declined as a result of losses.

Current assets Current assets stood at €454.3 million as at 31 March 2012 (31 December 2011: €458.3 million). This equated to a slight contraction of €4.0 million compared with 31 December 2011. The main reason for this was the decrease in cash and cash equivalents on the back of capital expenditure and the reduction in profit. However, most of this was offset by the growth in inventories resulting from the sustained high level of orders on hand and from seasonal effects.

Working capital Working capital (inventories plus trade receivables minus trade payables) had risen by €55.0 million to €197.1 million as at 31 March 2012 (31 December 2011: €142.1 million). As the volume of trade receivables was largely unchanged, this increase was due to growth in inventories as well as to a decrease in trade payables owing to seasonal factors. Thanks to rigorous working capital management, we were nevertheless able to reduce the working capital ratio slightly, by 0.2 percentage points, to 12.9 per cent as at 31 March 2012 (31 March 2011: 13.1 per cent). The improvement in the average working capital ratio was even better, declining by 1.0 percentage points to 11.2 per cent (31 March 2011: 12.2 per cent).

Unrecognised intangible DEUTZ assets In addition to the assets recognised on the balance sheet, DEUTZ has further assets that are not recognised. The DEUTZ brand is synonymous with highly sophisticated technology, quality and reliability and the Company has been a firmly established player in the equipment manufacturing and operating industry for almost 150 years. DEUTZ also enjoys valuable long-standing relationships with customers; it has entered into long-term cooperation agreements, particularly with its key customers.

Equity ratio continues to increase Owing to the encouraging net income reported in the first three months of 2012, equity had advanced by €5.1 million to €458.6 million as at 31 March 2012 (31 December 2011: €453.5 million). Consequently, the equity ratio improved to 41.6 per cent (31 December 2011: 41.3 per cent).

[1] Since the first quarter of 2012, interest income (Q1 2012: €0.1 million; Q1 2011: €0.1 million) has been reported under cash flow from financing activities. The comparative figure for 2011 has been restated accordingly.
[2] Net financial position: cash and cash equivalents less current and non-current interest-bearing financial liabilities
[3] Free cash flow: cash flow from operating and investing activities minus interest expense

Current and non-current liabilities Current liabilities had contracted by €20.0 million to €321.2 million as at 31 March 2012 (31 December 2011: €341.2 million). In contrast, non-current liabilities had gone up by €18.4 million to €322.7 million (31 December 2011: €304.3 million). Whereas the increase in current liabilities was a consequence of the decline in trade liabilities owing to seasonal factors, non-current liabilities rose because we had drawn down more of the revolving working capital facility.

As at 31 March 2012, total assets amounted to €1,102.5 million, which was similar to the figure reported at the end of last year (31 December 2011: €1,099.0 million).

EVENTS AFTER THE BALANCE SHEET DATE

DEUTZ AG and AB Volvo signed a non-binding memorandum of understanding on 5 April 2012. It is aimed at consolidating the existing longstanding alliance between the two companies through the joint development of a new generation of medium-duty engines for industrial applications. The companies are also considering the terms and conditions for establishing a joint venture in China in which DEUTZ would hold a majority stake. The production company would support the Volvo Group's expected growth in Asia and boost DEUTZ AG's plans for expansion in Asia. For these plans to be implemented, the two companies must sign a binding contract setting out the definitive terms and conditions.

The matter described here does not have a direct impact on our financial position or financial performance.

RESEARCH AND DEVELOPMENT

Moderate rise in R&D expenditure Expenditure on research and development increased by 2.8 per cent to €25.9 million (Q1 2011: €25.2 million) owing to our current product offensive. Factoring in reimbursement from key customers and development partners, spending on research and development came to €21.7 million (Q1 2011: €19.7 million). Our expenditure on research and development therefore remained at a high level in the first few months of the current year. This spending was mainly in connection with the market launch of our new products and with work for the upcoming exhaust emissions standards.

The bulk of expenditure – 90.3 per cent – was accounted for by the development of new engines and refinement of existing ones, in which we invested €23.4 million in the first quarter. Expenditure on support for existing engine series amounted to €2.2 million or approximately 8.5 per cent of the total budget, while fundamental research amounted to €0.3 million or 1.2 per cent.

The DEUTZ Compact Engines segment's spending on research and development came to €23.6 million, or €19.4 million after reimbursement (Q1 2011: €21.6 million, or €16.1 million after reimbursement). In contrast, R&D expenditure in the DEUTZ Customised Solutions segment fell by more than a third, from €3.6 million in the first quarter of 2011 to €2.3 million in the first quarter of 2012.

As a result, there was a slight increase in the R&D ratio to 7.7 per cent (Q1 2011: 7.5 per cent).

EMPLOYEES

Headcount largely unchanged As at 31 March 2012, the DEUTZ Group employed 4,104 people, 23 more (0.6 per cent) than it had a year earlier (31 March 2011: 4,081 employees) and 44 more (1.1 per cent) than it had at the end of the year (31 December 2011: 4,060 employees). We also reduced the number of contract staff. At the end of the quarter, 381 contract staff were working for our Company, 132 fewer than a year earlier and 157 fewer than as at 31 December 2011. Hiring temporary workers and contract staff enables us to respond flexibly to possible fluctuations in demand in a fast-moving market environment and to continue to grow profitably. Around 17 per cent of all staff at DEUTZ had fixed-term or temporary contracts as at 31 March 2012.

DEUTZ employed 3,246 people in Germany at the end of the quarter, 42 (1.3 per cent) more than it had a year earlier (31 March 2011: 3,204 employees) and 79 (2.4 per cent) fewer than it had at the end of the year (December 2011: 3,325 employees). At the end of the first quarter, there were 2,526 employees at our plants in Cologne, representing a year-on-year increase of 50 people. In contrast, Ulm's headcount at 31 March 2012 was 428 employees, a decrease of 22 people.

We employed 858 employees outside Germany as at 31 March 2012, only 19 (2.2 per cent) fewer than at 31 March 2011 but 123 (16.7 per cent) more than at the end of 2011. The reason for this was the usual seasonal variation in personnel capacities at our production site in Spain, DEUTZ Diter. As at the balance sheet date, our Spanish subsidiary employed 547 people (31 March 2011: 608; 31 December 2011: 436). Overall, 79.1 per cent of our employees were based in Germany as at 31 March 2012 (31 March 2011: 78.5 per cent) and 20.9 per cent in other countries (31 March 2011: 21.5 per cent).

RISK REPORT

The DEUTZ Group operates on a global basis in various market segments and application segments. Consequently, the Company is exposed to a variety of risks specific to its business and to the regions in which it operates. Our 2011 annual report describes individual material risks for our financial position and financial performance and explains the structure of our risk management system. We did not identify any further material risks in the first quarter of 2012. Additional information, including on the opportunities for our Company, is provided in the Outlook section of this interim group management report.

RELATED-PARTY DISCLOSURES

In addition to its consolidated subsidiaries, the DEUTZ Group maintains relationships with related parties. These include the business relationships between the DEUTZ Group and entities in which it holds significant investments as well as the following DEUTZ AG shareholders (including their subsidiaries) that are in a position to exert a significant influence over the DEUTZ Group.

- SAME DEUTZ-FAHR Group S.p.A., Treviglio, Italy (group)
- AB Volvo Power (publ), Gothenburg, Sweden (group).

Further information on related-party disclosures is given on page 18 of the notes to the interim consolidated financial statements.

OUTLOOK

Global economic forecasts raised slightly In its latest outlook[1], the International Monetary Fund (IMF) slightly raised its previous forecast for the global economy's growth prospects. The IMF now expects the world economy to grow by 3.5 per cent in 2012 and by as much as 4.1 per cent in 2013. In the short term, the IMF sees the euro-zone crisis and a possible conflict with Iran as the two biggest risks to the global economy. The euro zone's economic output is anticipated to decline by 0.3 per cent this year, primarily due to the problems in Spain and Italy. In 2013, the forecast is for moderate growth of 0.9 per cent. The forecast for Germany is once again encouraging: the IMF is predicting growth of 0.6 per cent for 2012 and 1.5 per cent for 2013. Growth of 2.1 per cent for this year and 2.4 per cent for next year is expected in the United States. China continues to drive worldwide economic growth, with forecasts of 8.2 per cent and 8.8 per cent for 2012 and 2013 respectively.

Consolidation at a high level In 2012, between the two preceding years of very high growth and the next few years of structural growth, we will be focusing on stabilising our business within the scope of our updated strategy. The priorities will be further productivity and efficiency gains, a smooth production start-up for our new engines, the establishment of our new production company in China (DEUTZ Engine (Shandong) Co., Ltd.) and its preparations for the start of production, and continuation of the strategic talks with AB Volvo, the aims of which include the creation of a new joint production company in China in which DEUTZ will hold a majority stake.

We confirm the forecast for the current year that we made in our 2011 annual report. As before, we anticipate that revenue will be around €1.5 billion and that the EBIT margin will be at the same level as last year, i.e. approximately 6 per cent. For 2013, we still expect significant double-digit revenue growth and an EBIT margin of between 6 and 7 per cent.

Disclaimer

This management report includes certain statements about future events and developments, together with disclosures and estimates provided by the Company. Such forward-looking statements include known and unknown risks, uncertainties and other factors that may mean that the actual performances, developments and results in the Company or those in sectors important to the Company are significantly different (especially from a negative point of view) from those expressly or implicitly assumed in these statements. The Board of Management cannot therefore make any warranty with regard to the statements made in this management report. The Company gives no undertaking that it will update forward-looking statements to bring them into line with future developments.

[1] Source: IMF World Economic Outlook, April 2012

INTERIM FINANCIAL STATEMENTS OF THE DEUTZ GROUP, FIRST QUARTER 2012

INCOME STATEMENT FOR THE DEUTZ GROUP

€ million	Note	1–3/2012	1–3/2011
Revenue		**336.9**	**336.0**
Changes in inventories and other own work capitalised		23.6	31.7
Other operating income		8.6	10.3
Cost of materials		–233.2	–233.5
Staff costs		–70.9	–70.7
Depreciation and amortisation		–17.4	–16.1
Other operating expenses	1	–34.2	–40.3
Net income from equity-accounted investments		–3.1	0.8
EBIT		**10.3**	**18.2**
thereof one-off items		**–**	**–**
thereof operating profit (EBIT before one-off items)		**10.3**	**18.2**
Interest expenses, net		–3.0	–3.3
thereof finance costs		–3.1	–3.4
Other taxes		–0.3	–0.3
Net income before taxes		**7.0**	**14.6**
Income taxes	2	–0.7	–0.9
Net income		**6.3**	**13.7**
thereof attributable to the shareholders of the parent		6.3	13.7
thereof attributable to non-controlling interests		–	–
Earnings per share (€)		**0.05**	**0.11**

STATEMENT OF COMPREHENSIVE INCOME FOR THE DEUTZ GROUP

€ million	Note	1–3/2012	1–3/2011
Net income		**6.3**	**13.7**
Currency translation differences		–2.9	–4.0
Effective portion of change in fair value from cash flow hedges		1.6	0.4
Change in fair value of available-for-sale financial instruments		0.1	0.1
Other comprehensive income, net of tax	3	**–1.2**	**–3.5**
Comprehensive income		**5.1**	**10.2**
thereof attributable to the shareholders of the parent		5.1	10.2
thereof attributable to non-controlling interests		–	–

BALANCE SHEET FOR THE DEUTZ GROUP

Assets	Note	31/3/2012	31/12/2011
€ million			
Property, plant and equipment	4	313.6	311.5
Intangible assets	4	238.7	227.8
Equity-accounted investments		66.8	71.8
Other financial assets		11.7	12.0
Non-current assets (before deferred tax assets)		630.8	623.1
Deferred tax assets		17.0	17.2
Non-current assets		**647.8**	**640.3**
Inventories	5	217.1	187.6
Trade receivables		161.0	163.6
Other receivables and assets		60.4	55.5
Cash and cash equivalents		15.8	51.6
Current assets		**454.3**	**458.3**
Non-current assets classified as held for sale		0.4	0.4
Total assets		**1,102.5**	**1,099.0**

Equity and liabilities	Note	31/3/2012	31/12/2011
Issued capital		309.0	309.0
Additional paid-in capital		28.8	28.8
Other reserves		7.9	9.1
Retained earnings		79.1	79.1
Accumulated income		33.8	27.5
Equity attributable to owners of the parent		458.6	453.5
Equity		**458.6**	**453.5**
Provisions for pensions and other post-retirement benefits		146.5	148.5
Deferred tax provisions		3.1	2.8
Other provisions	6	30.0	29.3
Financial liabilities	7	138.6	119.3
Other liabilities		4.5	4.4
Non-current liabilities		**322.7**	**304.3**
Provisions for pensions and other post-retirement benefits		15.6	15.6
Provision for current income taxes		0.7	0.2
Other provisions	6	57.3	43.0
Financial liabilities	7	1.7	1.9
Trade payables		181.0	209.1
Other liabilities		64.9	71.4
Current liabilities		**321.2**	**341.2**
Total equity and liabilities		**1,102.5**	**1,099.0**

STATEMENT OF CHANGES IN EQUITY FOR THE DEUTZ GROUP

€ million	Issued capital	Additional paid-in capital	Retained earnings	Fair value reserve[1), 2)]	Currency translation reserve[1)]	Accumulated income/loss	Total Group interest	Non-controlling interests	Total
Balance at 1 Jan 2011	**309.0**	**28.8**	**79.1**	**0.1**	**5.3**	**–48.0**	**374.3**	**–**	**374.3**
Comprehensive income				0.5	–4.0	13.7	10.2	–	10.2
Balance at 31 March 2011	**309.0**	**28.8**	**79.1**	**0.6**	**1.3**	**–34.3**	**384.5**	**–**	**384.5**
Balance at 1 Jan 2012	**309.0**	**28.8**	**79.1**	**–1.4**	**10.5**	**27.5**	**453.5**	**–**	**453.5**
Comprehensive income				1.7	–2.9	6.3	5.1	–	5.1
Balance at 31 March 2012	**309.0**	**28.8**	**79.1**	**0.3**	**7.6**	**33.8**	**458.6**	**–**	**458.6**

1) On the face of the balance sheet these items are aggregated under “Other reserves”
2) Reserves from the measurement of cash flow hedges and reserves from the measurement of available-for-sale financial assets

CASH FLOW STATEMENT FOR THE DEUTZ GROUP

€ million	Note	1–3/2012	1–3/2011
EBIT		**10.3**	**18.2**
Other taxes paid		–0.3	–0.3
Income taxes paid		–0.5	–0.1
Depreciation and amortisation		17.4	16.1
Gain/loss on disposals of fixed assets		–	–0.2
Net result from equity-accounted investments		3.1	–0.8
Other non-cash expenses/income		–0.3	–0.4
Change in working capital		–54.8	–57.9
Change in inventories		–30.5	–39.7
Change in trade receivables		2.0	–7.6
Change in trade payables		–26.3	–10.6
Change in other receivables and other current assets		–6.8	–3.0
Change in provisions and other liabilities (excluding financial liabilities)		15.4	18.7
Cash flow from operating activities before payment of compensation for vested company pension rights		**–16.5**	**–9.6**
Payment of compensation for vested company pension rights		–	–
Cash flow from operating activities – continuing operations		**–16.5**	**–9.6**
Cash flow from operating activities – discontinued operations		–	–
Cash flow from operating activities		**–16.5**	**–9.6**
Capital expenditure on intangible assets, property, plant and equipment		–30.6	–23.4
Capital expenditure on investments		–5.5	–2.5
Proceeds from sale of parts of business		–	–
Proceeds from the sale of non-current assets		0.1	0.3
Cash flow from investing activities – continuing operations		**–36.0**	**–25.6**
Cash flow from investing activities – discontinued operations		–	–
Cash flow from investing activities - total		**–36.0**	**–25.6**
Interest income[1]		0.1	0.1
Interest expenses		–2.9	–2.3
Cash receipts from borrowings	6	20.0	–
Repayments of loans		–0.4	–5.7
Cash flow from financing activities		**16.8**	**–8.0**
Cash flow from operating activities		–16.5	–9.6
Cash flow from investing activities		–36.0	–25.6
Cash flow from financing activities		16.8	–7.9
Change in cash and cash equivalents		**–35.7**	**–43.2**
Change in cash and cash equivalents at 1 January		**51.6**	**67.9**
Change in cash and cash equivalents		–35.7	–43.2
Change in cash and cash equivalents related to exchange rates		–0.1	–0.2
Change in cash and cash equivalents at 31 March		**15.8**	**24.5**

[1] Interest income, which amounted to €0.1 million (Q1 2011: €0.1 million), is now reported under cash flow from financing activities instead of cash flow from operating activities in order to show interest income and interest expense associated with financing activities. The prior-year figures have been restated accordingly to improve comparability.

NOTES TO THE INTERIM FINANCIAL STATEMENTS OF THE DEUTZ GROUP, FIRST QUARTER 2012

BASIC PRINCIPLES

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These interim consolidated financial statements for the period ended 31 March 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the relevant interpretations of the International Accounting Standards Board (IASB) regarding interim financial reporting (IAS 34) as adopted by the European Union. Consequently, these interim consolidated financial statements do not contain all the information and notes required by IFRS for consolidated financial statements for a full financial year, and should therefore be read in conjunction with the IFRS consolidated financial statements published for the 2011 financial year.

The condensed interim consolidated financial statements for the period ended 31 March 2012 – consisting of the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and selected notes to the interim consolidated financial statements – and the interim group management report for the period from 1 January to 31 March 2012 have not been reviewed by an auditor.

SIGNIFICANT ACCOUNTING POLICIES

With the exception of the amendments described below, the accounting policies used in the preparation of these interim consolidated financial statements are the same as those used in the most recent consolidated financial statements for the year ended 31 December 2011. Further information on the accounting policies used can be found in the notes to the consolidated financial statements for 2011. If they are material, revenue-related and cyclical items are deferred during the year on the basis of annual business plans.

IFRS 7 (amended) “Financial Instruments: Disclosures” These amendments specify enhanced disclosure requirements regarding the relationships between transferred financial assets and the corresponding financial liabilities. They are also intended to make it possible to assess the type and, in particular, the risks of a continuing involvement in the case of derecognised financial assets. The initial application of these amendments has not had a material impact on these interim consolidated financial statements.

Changes in presentation Interest income is now reported under cash flow from financing activities instead of under cash flow from operating activities so that both interest income and interest expense are now shown under financing activities. Interest income for the first quarter of 2012 amounted to €0.1 million (Q1 2011: €0.1 million). The prior-year figures have been restated accordingly to improve comparability.

Significant estimates and assumptions The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires estimates and assumptions to be made that have an impact on the recognition, measurement and reporting of assets and liabilities, the disclosure of contingent assets and liabilities as at the balance sheet date and on the reporting of income and expenses in the period under review.

Additional disclosures In addition to the information required by IFRS, the DEUTZ Group reports a figure for EBIT before one-off items, which it uses for internal purposes to gauge the profitability of its business. One-off items are defined as significant income generated or expenses incurred outside the scope of the Company’s ordinary business activities as defined by DEUTZ.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. OTHER OPERATING EXPENSES

Other operating expenses for the first three months of 2012 fell by €6.1 million compared with the corresponding period of last year to €34.2 million (Q1 2011: €40.3 million). This decrease was largely attributable to a volume-related reduction in expenses for temporary staff. Declining consultancy costs also had a positive impact.

2. INCOME TAXES

	1–3/2012	1–3/2011
€ million		
Current tax expense	1.0	0.2
Deferred tax expense	–0.3	0.7
Total	**0.7**	**0.9**

Compared with the first quarter of 2011, the income taxes incurred in the reporting period related primarily to current tax expense, which arose mainly from the excellent financial performance of our subsidiaries. Total tax expense fell slightly in the first three months of 2012. The increase in current tax expense was more than offset by higher deferred tax income in connection with future tax assets arising from loss carryforwards.

3. OTHER COMPREHENSIVE INCOME

Other comprehensive income comprises the elements of the statement of comprehensive income not reported in the income statement. The taxes resulting from other comprehensive income are also shown in the following table:

	1–3/2012		
	before taxes	taxes	after taxes
€ million			
Currency translation differences	–2.9	–	–2.9
Effective portion of change in fair value from cash flow hedges	2.3	–0.7	1.6
Change in fair value of available-for-sale financial instruments	0.1	–	0.1
Other comprehensive income	**–0.5**	**–0.7**	**–1.2**

	1–3/2011		
	before taxes	taxes	after taxes
€ million			
Currency translation differences	–4.0	–	–4.0
Effective portion of change in fair value from cash flow hedges	0.6	–0.2	0.4
Change in fair value of available-for-sale financial instruments	0.1	–	0.1
Other comprehensive income	**–3.3**	**–0.2**	**–3.5**

A pre-tax loss of €0.6 million relating to cash flow hedges was reclassified to the income statement in the first quarter of 2012 (Q1 2011: pre-tax gain of €0.4 million).

4. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Capital expenditure (including investment grants) on intangible assets and on property, plant and equipment in the first quarter of 2012 totalled €30.5 million, which was partly offset by depreciation and amortisation of €17.4 million. As in the corresponding period of 2011, the bulk of this capital investment (€17.1 million) was spent on the development of new and existing products to meet current and forthcoming exhaust emissions standards. The €13.4 million spent on property, plant and equipment essentially related to capital investment in new production facilities and tools in connection with production start-ups of new engines.

The carrying amounts of property, plant and equipment pledged as collateral for financial liabilities amounted to €253.1 million as at 31 March 2012 (31 December 2011: €249.9 million). The loan collateralisation comprises prior charges on DEUTZ AG's real estate and the pledging as collateral of property, plant and equipment of the Group.

Commitments to purchase property, plant and equipment and intangible assets amounted to €48.0 million as at 31 March 2012 (31 December 2011: €50.2 million).

5. INVENTORIES

Inventories grew by €29.5 million from €187.6 million at the end of 2011 to €217.1 million as at 31 March 2012 because the level of orders on hand remained high. This increase primarily related to raw materials, consumables, and work in progress.

The carrying amounts of inventories pledged as collateral for financial liabilities amounted to €186.4 million as at 31 March 2012 (31 December 2011: €159.5 million). The loan collateralisation comprises the pledging as collateral of inventories of the Group.

Commitments to purchase inventories amounted to €91.5 million as at 31 March 2012 (31 December 2011: €88.3 million).

6. OTHER PROVISIONS

	31/3/2012	31/12/2011
€ million		
Non-current	30.0	29.8
Current	57.3	43.0
Total	**87.3**	**72.3**

The increase in other provisions is especially attributable to accruals for staff costs during the financial year.

7. FINANCIAL LIABILITIES

	31/3/2012	31/12/2011
€ million		
Non-current	138.6	119.3
Current	1.7	1.9
Total	**140.3**	**121.2**

The rise in financial liabilities stemmed mainly from the larger drawdowns under the revolving working capital facility.

NOTES ON SEGMENT REPORTING

Information about the segments of the DEUTZ Group for the first quarter of 2012 and of 2011 is shown in the following table:

1–3/2012	DEUTZ Compact Engines	DEUTZ Customised Solutions	Other	**Total segments**	Recon-ciliation	**DEUTZ Group**
€ million						
External revenue	263.0	73.9	–	336.9	–	336.9
Intersegment revenue	–	–	–	–	–	–
Total revenue	**263.0**	**73.9**	**–**	**336.9**	**–**	**336.9**
Operating profit (EBIT before one-off items)	–1.0	12.2	–0.9	10.3	–	10.3

1–3/2011	DEUTZ Compact Engines	DEUTZ Customised Solutions	Other	**Total segments**	Recon-ciliation	**DEUTZ Group**
€ million						
External revenue	260.0	76.0	–	336.0	–	336.0
Intersegment revenue	–	–	–	–	–	–
Total revenue	**260.0**	**76.0**	**–**	**336.0**	**–**	**336.0**
Operating profit (EBIT before one-off items)	6.7	11.9	–0.4	18.2	–	18.2

31/3/2012	DEUTZ Compact Engines	DEUTZ Customised Solutions	Other	**Total segments**	Recon-ciliation	**DEUTZ Group**
€ million						
Segment assets (Inventories/trade receivables)	273.5	104.6	–	378.1	–	378.1
Segment liabilities (Trade payables)	160.0	21.0	–	181.0	–	181.0
Working capital	**113.5**	**83.6**	**–**	**197.1**	**–**	**197.1**

31/12/2011	DEUTZ Compact Engines	DEUTZ Customised Solutions	Other	**Total segments**	Recon-ciliation	**DEUTZ Group**
€ million						
Segment assets (Inventories/trade receivables)	253.9	97.3	–	351.2	–	351.2
Segment liabilities (Trade payables)	188.9	20.2	–	209.1	–	209.1
Working capital	**65.0**	**77.1**	**–**	**142.1**	**–**	**142.1**

Reconciliation from overall profit of the segments to net income

	1–3/2012	1–3/2011
€ million		
Overall profit of the segments	**10.3**	**18.2**
Reconciliation	–	–
Operating profit (EBIT before one-off items)	**10.3**	**18.2**
One-off items	–	–
EBIT	**10.3**	**18.2**
Interest expenses, net	–3.0	–3.3
Other taxes	–0.3	–0.3
Net income before income taxes	**7.0**	**14.6**
Income taxes	–0.7	–0.9
Net income	**6.3**	**13.7**

RELATED PARTY DISCLOSURES

In addition to its consolidated subsidiaries, the DEUTZ Group maintains relationships with related parties.

These include the business relationships between the DEUTZ Group and its **long-term equity investments** as well as the following DEUTZ AG **shareholders** (including their subsidiaries), which are in a position to exert a significant influence over the DEUTZ Group. These shareholders are

- SAME DEUTZ-FAHR Group S.p.A., Treviglio, Italy (group) and
- AB Volvo Power (publ), Gothenburg, Sweden (group).

Related parties also include the **Supervisory Board**, the **Board of Management** and **other members of the management team.**

The following table shows the volume of material goods and services either provided for or received from the DEUTZ Group's **long-term equity investments:**

	Goods and services provided		Other expenses incurred in connection with services received		Receivables		Liabilities	
	1–3/2012	1–3/2011	**1–3/2012**	1–3/2011	**31/3/2012**	31/12/2011	**31/3/2012**	31/12/2011
€ million								
Associates	–	–	–	–	–	0,9	–	–
Joint ventures	10.9	6.0	4.1	0.7	20.4	15.1	3.6	8.8
Other investments	0.1	0.1	1.0	1.0	0.3	–	5.7	4.9
Total	**11.0**	**6.1**	**5.1**	**1.7**	**20.7**	**16.0**	**9.3**	**13.7**

The increase in goods supplied and services rendered to joint ventures as well as in receivables due from joint ventures compared with the corresponding period of 2011 is especially attributable to the intensification of business relations with our joint venture DEUTZ (Dalian) Engine Co., Ltd.

The decrease in liabilities to joint ventures stemmed largely from the payment of capital contributions requested for our joint venture Bosch Emission Systems GmbH & Co. KG.

Impairment losses of €23.9 million (31 December 2011: €23.8 million) had been recognised on €28.1 million of the Company's total receivables as at 31 March 2012 (31 December 2011: €38.9 million). Some of these receivables and liabilities resulted from loans. Taken together, neither the interest and similar income nor the interest expense and similar charges arising from the interest paid on these loans are material.

The following table gives a breakdown of the significant business relationships between the DEUTZ Group and its shareholders, including their subsidiaries:

	SAME DEUTZ-FAHR Group		Volvo Group	
	2012	2011	**2012**	2011
€ million				
Engines and spare parts supplied in the first quarter	7.5	13.6	97.9	94.5
Services in the first quarter	0.4	0.5	4.5	5.9
Receivables as at 31 March/31 Dec	4.9	19.5	57.1	42.4

All transactions were concluded at arm's-length market rates. DEUTZ has an agreement with the Volvo Group that grants Volvo companies extended credit periods in return for payment of a fee.

EVENTS AFTER THE BALANCE SHEET DATE (31 MARCH 2012)

DEUTZ AG and AB Volvo signed a non-binding memorandum of understanding on 5 April 2012. It is aimed at consolidating the existing longstanding alliance between the two companies through the joint development of a new generation of medium-duty engines for industrial applications. The companies are also considering the terms and conditions for establishing a joint venture in China in which DEUTZ would hold a majority stake. The production company would support the Volvo Group's expected growth in Asia and boost DEUTZ AG's plans for expansion in Asia. For these plans to be implemented, the two companies must sign a binding contract setting out the definitive terms and conditions.

The matter described here does not have a direct impact on our financial position or financial performance.

Cologne, 4 May 2012

DEUTZ Aktiengesellschaft
The Board of Management

Dr Ing Helmut Leube

Dr Margarete Haase

FINANCIAL CALENDAR

Date	Event	Location
9 August 2012	Interim Report 1st half-year 2012 Conference call with analysts and investors	
8 November 2012	Interim Report 1st to 3rd quarter 2012 Conference call with analysts and investors	
19 March 2013	Annual Results press conference Publication Annual Report 2012	Cologne
20 March 2013	Analysts' meeting	Frankfurt/Main
30 April 2013	Annual General Meeting	Cologne

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