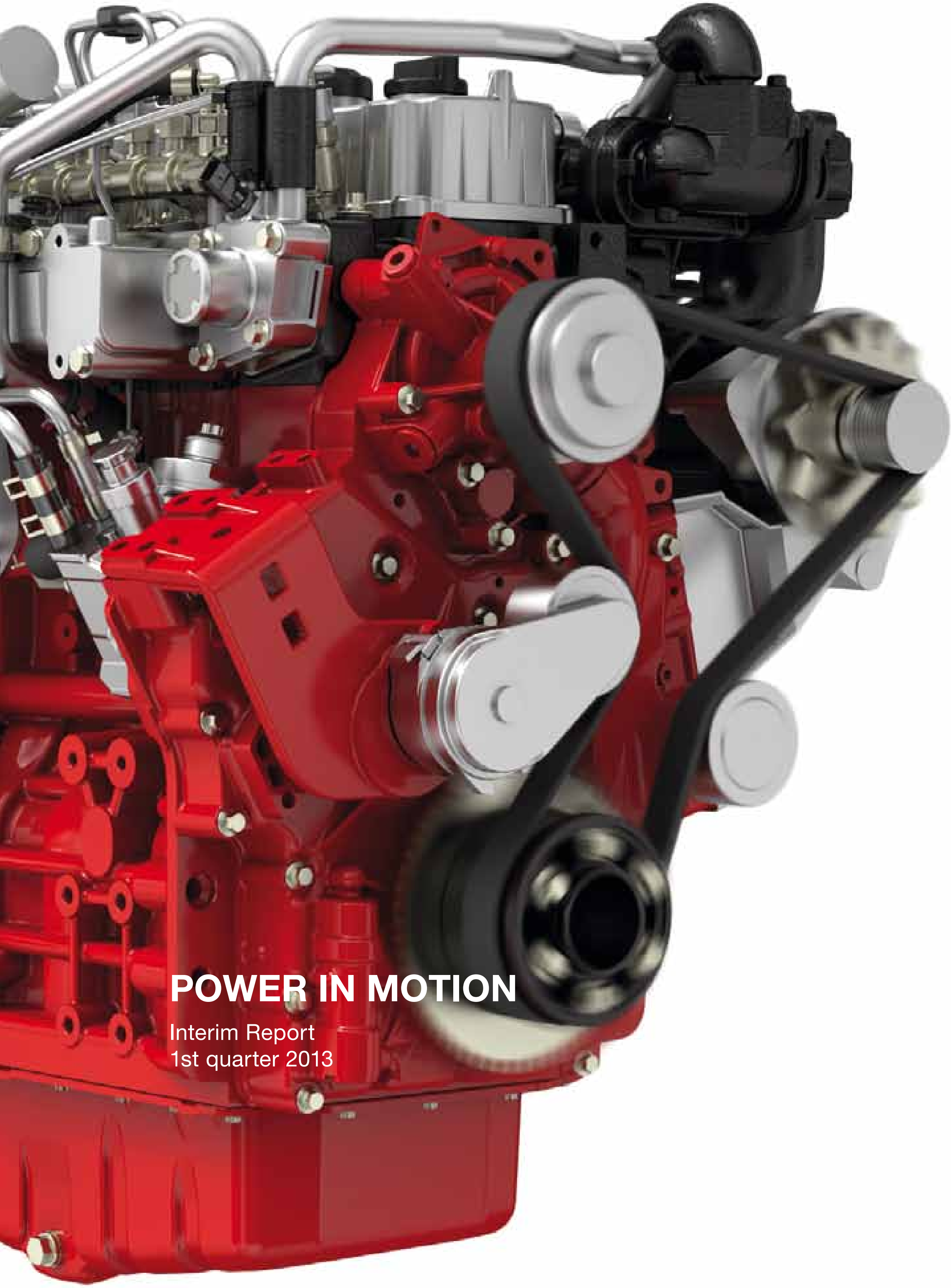


POWER IN MOTION

Interim Report
1st quarter 2013

DEUTZ

FIRST QUARTER AT A GLANCE

DEUTZ Group: Key figures

	1–3/2013	1–3/2012
€ million		
New orders	388.5	390.0
Unit sales (units)	36,238	46,461
Revenue	289.9	336.9
thereof excluding Germany (%)	83.4	85.5
EBITDA[1]	15.5	27.4
EBIT[1]	–6.4	10.0
EBIT margin[1] (%)	–2.2	3.0
Net income	–6.9	6.3
Earnings per share (€)	–0.06	0.05
Total assets[2]	1,043.2	1,104.9
Non-current assets	615.4	630.8
Equity[2]	446.9	453.3
Equity ratio[2] (%)	42.8	41.0
Cash flow from operating activities	0.9	–16.5
Free cash flow[3]	–20.9	–55.3
Net financial position[4]	–69.3	–124.5
Working capital[5]	168.8	197.1
Working capital as percentage of revenue (%)	13.6	12.9
Capital expenditure (excluding capitalisation of R&D, after deducting grants)	7.0	14.4
Depreciation and amortisation	21.9	17.4
Research and development (after deducting grants)[6]	11.6	21.7
Employees (Number at 31/3)	3,935	4,104

[1] Since 2013, the income statement has been structured according to the cost-of-sales method. Other taxes are no longer reported separately after operating profit/loss and are instead allocated to functional costs within operating profit/loss. In the first three months of 2013, other taxes amounted to €0.3 million (Q1 2012: €0.3 million). The comparative prior-year figures have been restated accordingly to improve comparability.
[2] Because of a change in the accounting treatment of provisions for pensions, the prior-year figure was restated (see page 14 et seq.).
[3] Free cash flow: cash flow from operating and investing activities minus interest expense
[4] Net financial position: cash and cash equivalents minus current and non-current interest-bearing financial liabilities
[5] Working capital: inventories plus trade receivables minus trade payables
[6] The key figures “expenditure for research and development” are presented after deducting grants. Last year’s data have been adjusted to this form of presentation to facilitate comparability.

DEUTZ Group: Segments

	1–3/2013	1–3/2012
€ million		
New orders		
DEUTZ Compact Engines	328.3	296.5
DEUTZ Customised Solutions	60.2	93.5
Total	**388.5**	**390.0**
Unit sales (units)		
DEUTZ Compact Engines	33,720	41,579
DEUTZ Customised Solutions	2,518	4,882
Total	**36,238**	**46,461**
Revenue		
DEUTZ Compact Engines	239.7	263.0
DEUTZ Customised Solutions	50.2	73.9
Total	**289.9**	**336.9**
EBIT[1]		
DEUTZ Compact Engines	–11.2	–1.0
DEUTZ Customised Solutions	5.1	11.9
Other	–0.3	–0.9
Total	**–6.4**	**10.0**

FOREWORD

Dear Shareholders and Business Associates,

The global economic recovery continues at a faltering pace. As expected, the start to the new year was subdued but we believe the global market will increasingly pick up.

Our confidence is based on the fact that we won orders worth €388.5 million in the first quarter of 2013. This was 40 per cent up on the previous quarter and represented a continuation of the rebound in new orders, which were around 34 per cent higher than the revenue generated in the quarter under review. The latter amounted to €289.9 million and was therefore 14.0 per cent below the revenue for the same period in 2012. The Group incurred an operating loss (EBIT) of €6.4 million, largely due to the fall in business volume resulting from the economic situation and seasonal factors. We expect revenue and earnings to improve significantly over the coming quarters. Encouragingly, cash flow continued to rise, as evidenced by the net financial position, which had improved by €55.2 million year on year and amounted to minus €69.3 million as at 31 March 2013. This also reflected lower spending on research and development, which was scaled back because new products had been launched on the market and work for the new exhaust emissions standards had reached an advanced stage.

Starting this year, we no longer use the cost-of-production method to prepare our income statement. We have replaced it with the cost-of-sales method, which is more commonly used internationally and improves comparability with other companies.

Our product offensive is increasingly bearing fruit, which is also reflected in our large number of new customer projects as well as new applications with existing customers, particularly for our new TCD 2.9 and 3.6 engines.

To further boost our sales, Mr Michael Wellenzohn was appointed as an additional member of the Board of Management with effect from 1 March 2013. In a newly created position, he is in charge of sales and marketing.

We are also focussing on our growth projects in China within the scope of our strategy. Our talks with AB Volvo concerning the establishment of a joint production company for medium-duty engines in China are at an advanced stage. This new company is to be majority owned by DEUTZ and will meet the engine needs of the AB Volvo Group and other key construction machinery customers in Asia.

The performance of our share price in the first quarter was also encouraging, with DEUTZ shares ending the quarter at €4.10, a rise of 15.8 per cent. This meant that our shares had outperformed their benchmark indices and maintained their recovery.

We are adhering to our forecast for 2013, in which we expect revenue of at least €1.4 billion and an EBIT margin of over 3.0 per cent. We also believe there will be a welcome rise in revenue in subsequent years. The growth projects that have been initiated and the rising number of higher value engines that comply with the new emissions standards will also contribute to total sales.

Kind regards from Cologne,

Dr Helmut Leube

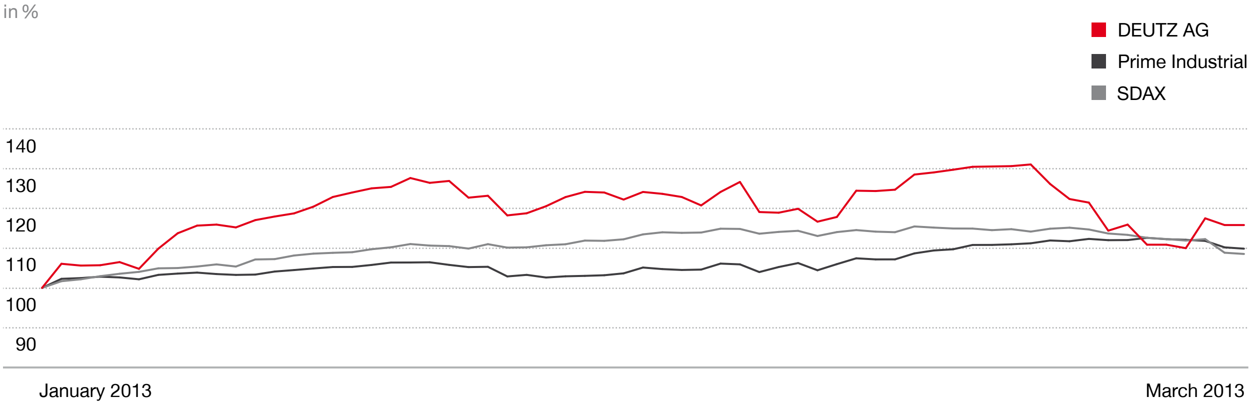
Dr Margarete Haase

Michael Wellenzohn

DEUTZ SHARES

DEUTZ share price performance

in %



DEUTZ shares outperform their benchmarks The capital markets were in excellent shape in the first quarter of 2013. In the year to date, there have been rises in both the SDAX and the Prime Industrial indices – the benchmarks relevant to DEUTZ. At the end of March, the SDAX stood at 5,697.88 points, which was 8.5 per cent up on its 2012 close, and at times it had even topped the 6,000 points mark. The Prime Industrial Index, which includes major German industrial companies, finished the first quarter of 2013 at 3,599.86 points and was therefore 9.9 per cent higher than at the end of 2012.

DEUTZ shares actually outperformed their benchmark indices, the SDAX and Prime Industrial, thus maintaining their recovery. After falling to its low for the year so far of €3.71 on 8 January 2013, the share price recovered in the weeks that followed and reached its high for the year to date of €4.64 on 13 March 2013. At the end of March, DEUTZ shares closed at €4.10, which meant that they had risen in value by 15.8 per cent in the first quarter compared with their 2012 year-end closing price of €3.54.

The number of DEUTZ shares remains unchanged at 120.9 million. Market capitalisation was €495.5 million at the end of March (31 December 2012: €427.9 million).

Swedish truck and construction equipment manufacturer AB Volvo is the largest individual shareholder in DEUTZ AG with a stake of just over 25 per cent. SAME DEUTZ-FAHR holds around 8.4 per cent of our Company. The proportion of free float shares is currently 66.6 per cent, which is held by a broadly diversified range of private and institutional shareholders both in Germany and abroad.

The following twelve banks and securities houses currently analyse DEUTZ shares: Bankhaus Lampe, Berenberg Bank, Commerzbank, Deutsche Bank, DZ Bank, Goldman Sachs, HSBC Trinkaus & Burkhardt, Kepler Capital Markets, Metzler, National-Bank, Solventis Wertpapierhandelsbank and UBS.

Further information on all these topics can be found on our website at www.deutz.com under Investor Relations.

Key figures for DEUTZ shares

	1–3/2013	1–3/2012
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 (€)	4.10	5.00
Share price high (€)	4.64	5.72
Share price low (€)	3.71	4.19
Market capitalisation as at 31 March (€ million)	495.5	604.3
Earnings per share (€)	–0.06	0.05

Based on Xetra closing prices

INTERIM MANAGEMENT REPORT OF THE DEUTZ GROUP FOR THE 1ST QUARTER OF 2013

BUSINESS PERFORMANCE IN THE DEUTZ GROUP

ECONOMIC ENVIRONMENT

Global recovery very patchy[1] The economic recovery continues at a faltering pace in the industrialised countries, particularly the euro zone, but an upturn is expected as the year progresses. Global economic activity remains subject to great uncertainty. In the first quarter, most stock markets boomed and consequently boosted general sentiment. Despite the Cyprus crisis, concerns about the collapse of the euro zone have diminished significantly. The debate about the ‚fiscal cliff' in the US also calmed down once tax increases and budget cuts actually came into effect. The economic recovery in the US remains robust.

Based on the current situation, the IMF forecasts global economic growth of 3.3 per cent for 2013 and a contraction of 0.3 per cent in the euro-zone economy. The German economy is expected to grow by 0.6 per cent – and therefore to remain the growth driver for the major euro-zone countries. However, the business climate index published by the ifo Institute of Economic Research, an index that covers trade and industry in Germany, recorded a fall in March and April 2013 following a sharp rise in February. Its latest level was 104.4 points, which was 5.3 points lower than a year ago.[2]

Despite the fiscal consolidation measures introduced, economic growth of 1.9 per cent is forecast for the United States, while growth of 8.0 per cent is predicted for China.

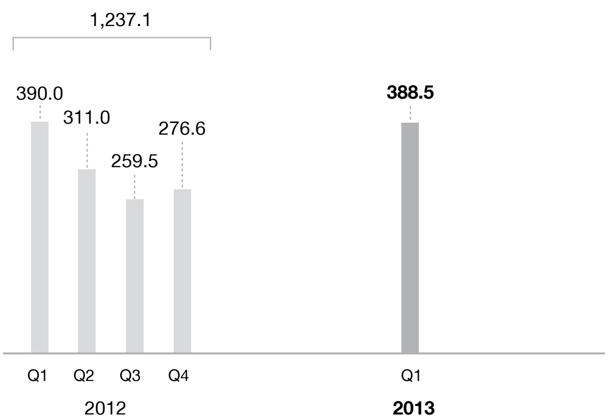
Engineering orders in Germany at prior-year level[3] In January and February this year, new orders received in the German engineering sector remained at roughly the level seen in the same period last year. In real terms, there was a year-on-year fall in orders of 1 per cent. Overall, new orders appear to have levelled off.

NEW ORDERS

New orders at high prior-year level In the first quarter of 2013, DEUTZ received orders worth €388.5 million. Compared with the value recorded for the previous quarter (€276.6 million), this was a sharp rise of 40 per cent and represented a continuation of the rebound in new orders. As a result, new orders matched the healthy level reported for the first quarter of 2012 (€390.0 million). In terms of individual application segments, there was a sharp recovery in the level of new orders received by Agricultural Machinery. Stationary Equipment and the service business also reported a higher volume of new orders, while Mobile Machinery and Automotive received fewer orders. In the first quarter, new orders were around 34 per cent higher than revenue.

Orders on hand totalled €272.1 million as at 31 March 2013, more than half as much again as the total of €173.0 million at the end of 2012.

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 Update, April 2013
2) Source: ifo Business Survey, April 2013
3) Source: Konjunkturbulletin of the German Engineering Federation (VDMA), April 2013

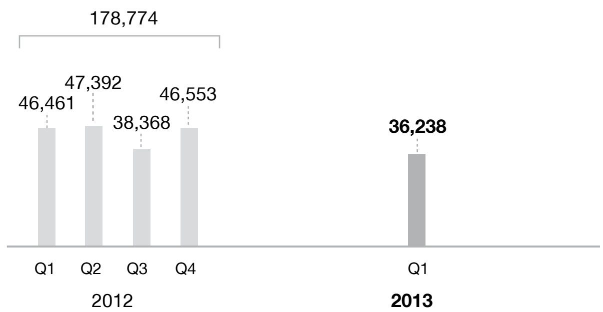
UNIT SALES

Year-on-year downturn in engine sales DEUTZ sold 36,238 engines in the first three months of the current year, which was 22.0 per cent fewer than in the first quarter of 2012 (Q1 2012: 46,461 engines). Unit sales were also down by 22.2 per cent when compared with the total of 46,553 engines sold in the fourth quarter of 2012.

All regions reported lower unit sales, with a year-on-year fall of 20.4 per cent in EMEA (Europe, Middle East and Africa), our largest market, where 26,519 engines were sold. In the Americas, unit sales fell by 23.7 per cent to 8,008 engines and in the Asia-Pacific region 1,711 engines were sold, representing a fall of 35.0 per cent compared with the same period in 2012.

DEUTZ Group: Unit sales by quarter

units

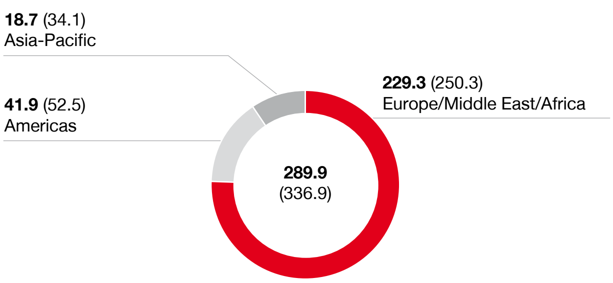


RESULTS OF OPERATIONS

REVENUE

DEUTZ Group: Revenue by regions

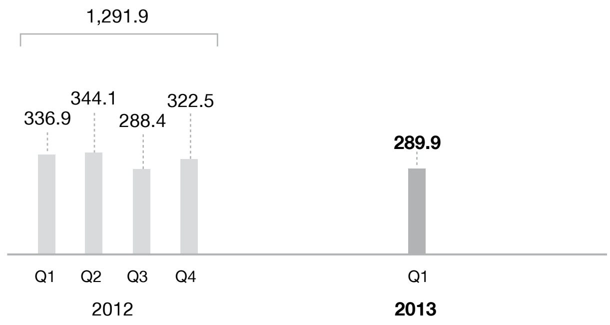
€ million (2012 figures)



Revenue decline low relative to fall in unit sales In the first quarter of 2013, our revenue fell by 14.0 per cent to €289.9 million (Q1 2012: €336.9 million). This represented a decrease of 10.1 per cent compared with the previous quarter, when revenue amounted to €322.5 million. However, the decline in revenue was low in relation to the fall in unit sales because higher-value engines that meet the new emissions standards are increasingly being sold in Europe and the US, and because of other effects of the business mix. In geographic terms, revenue was down in every region. From an application segment perspective, only Agricultural Machinery saw a sharp rise of 40.7 per cent in its revenue, while all the other segments generated lower revenue.

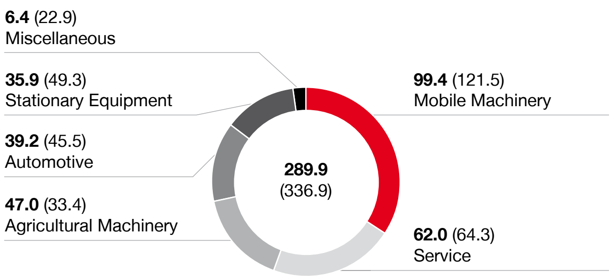
DEUTZ Group: Revenue by quarters

€ million



DEUTZ Group: Revenue by application segment

€ million (2012 figures)



EBIT

As a result of the sharp fall in revenue due to seasonal factors and to the economic situation, DEUTZ made an operating loss (EBIT) in the first three months of the year. The operating loss of €6.4 million for the period January to March 2013 contrasts with an operating profit of €10.0 million in the same quarter of 2012.[1] This trend was largely attributable to the lower volume of business, but earnings were also depressed by higher amortisation on development projects that had already been completed.

The cost of sales for the first quarter of 2013 amounted to €257.6 million (Q1 2012: €289.4 million). This year-on-year fall of 11.0 per cent was largely due to the figure for cost of materials falling because of the lower business volume (Q1 2013: €176.7 million; Q1 2012: €209.0 million). By contrast, staff costs and depreciation on property, plant and equipment remained virtually the same as the previous year. Consequently, the ratio of cost of sales to revenue rose from 85.9 per cent in the first quarter of 2012 to 88.9 per cent in the first quarter of 2013.

Research and development expenditure largely comprised staff costs, cost of materials and amortisation on completed development projects from which investment grants received and capitalised development expenditure were deducted. In the first quarter of 2013, research and development expenditure amounted to €14.3 million, a rise of €4.9 million on the same quarter last year (Q1 2012: €9.4 million). Higher amortisation on completed development projects due to several product launches during 2012 was the main reason for this increase.

Selling and administrative expenses, which together totalled €23.0 million, were down slightly year on year (Q1 2012: €23.3 million).

Other operating income was down by €2.0 million compared with the first quarter of 2012. Other operating expenses fell by €3.4 million over the same period. Both of these falls were largely due to smaller gains and losses on foreign exchange and commodity transactions, and currency translation differences.

The loss on equity-accounted investments contracted by €2.0 million to €1.1 million compared with the first quarter of last year (Q1 2012: €3.1 million). This positive trend was largely attributable to the higher earnings generated by our Chinese joint venture DEUTZ (Dalian) Engine Co., Ltd. on the back of larger business volumes and increased efficiency.

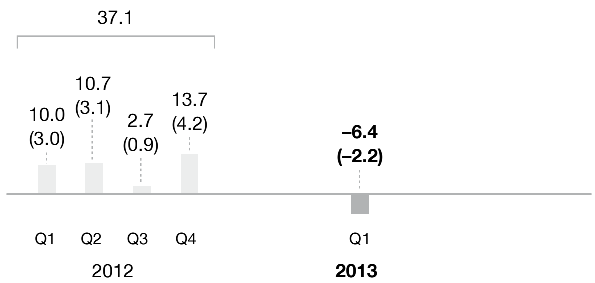
Net interest expense was down by €1.7 million compared with the same quarter in 2012 and amounted to €1.3 million (Q1 2012: €3.0 million). Although interest income was slightly higher, this improvement was mainly the result of the reduction in finance costs due to lower utilisation of the new funding facility that had been in place since mid-2012 and its more favourable interest rates.

In terms of income taxes, tax income of €0.8 million arose in the first quarter of 2013 (Q1 2012: tax expense of €0.7 million). This year-on-year change was due to a rise in deferred tax income relating to loss carryforwards. By contrast, the current tax expense of €0.9 million remained close to its prior-year level (Q1 2012: €1.0 million).

The net loss incurred in the first three months of the year amounted to €6.9 million (Q1 2012: net profit of €6.3 million), which was equivalent to a loss per share of €0.06 (Q1 2012: earnings per share of €0.05).

DEUTZ Group: Operating profit/EBIT margin by quarter[1]

€ million (EBIT margin in %)



[1] Starting in 2013, the income statement is structured according to the cost-of-sales method. Other taxes are no longer reported separately after operating profit/loss, they are allocated to the functional costs within operating profit/loss. The comparative prior-year figures have been restated accordingly to improve comparability.

BUSINESS PERFORMANCE IN THE SEGMENTS

BUSINESS PERFORMANCE IN THE DEUTZ COMPACT ENGINES (DCE) SEGMENT

DCE new orders up The DEUTZ Compact Engines (DCE) segment took orders worth €328.3 million in the first three months of 2013. This was 10.7 per cent more than in the prior-year quarter (Q1 2012: €296.5 million) and 53.4 per cent more than in the fourth quarter of 2012 (€214.0 million). As a result, the new orders received were 37 per cent higher than the revenue for the first quarter. Orders on hand at the end of the quarter amounted to €196.9 million, which was an increase of 5.6 per cent on 31 March 2012 when orders on hand amounted to €186.4 million and a substantial rise of 81.0 per cent compared with the end of 2012 (31 December 2012: €108.8 million).

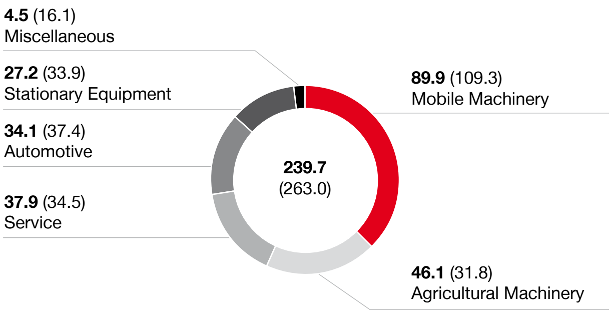
Unit sales down DEUTZ's DCE segment sold 33,720 engines in the first three months of this year, 18.9 per cent fewer than in the same period last year (Q1 2012: 41,579 engines; Q4 2012: 42,882). Unit sales were down in all regions, but in the Agricultural Machinery application segment they were up by almost 50 per cent year on year, and totalled 6,399 engines.

Revenue decline low relative to fall in unit sales Although unit sales were down by 18.9 per cent, revenue in the DCE segment only fell by 8.9 per cent to €239.7 million (Q1 2012: €263.0 million). This represented a decline of 5.1 per cent compared with the revenue of €252.5 million generated in the previous quarter, reflecting normal seasonal fluctuations. There was a year-on-year fall in revenue in all regions, although EMEA (Europe, Middle East and Africa), which is the biggest region, only experienced a slight decline of 3.1 per cent. The Agricultural Machinery segment posted a strong increase of 45.0 per cent in its revenue, and service business revenue was up by 9.9 per cent. In contrast, revenue in the Mobile Machinery, Stationary Equipment and Automotive application segments fell by 17.7 per cent, 19.8 per cent and 8.8 per cent respectively.

DCE makes operating loss EBIT contracted by €10.1 million compared with the first quarter of 2012, largely as the result of the lower volume of business and higher amortisation on completed development projects. Consequently, the loss incurred in the first quarter of the current year amounted to €11.2 million (Q1 2012: loss of €–1.1 million).[1)]

DEUTZ Compact Engines: Revenue by application segment

€ million (2012 figures)



BUSINESS PERFORMANCE IN THE DEUTZ CUSTOMISED SOLUTIONS (DCS) SEGMENT

Decline in new orders In the first quarter of 2013, the DEUTZ Customised Solutions (DCS) segment received new orders for engines worth €60.2 million. This was more than a third lower than in the prior-year period (Q1 2012: €93.5 million) and 3.8 per cent lower than in the preceding quarter (Q4 2012: €62.6 million). As a result, the level of new orders also exceeded revenue in this segment. As at 31 March 2012, orders on hand stood at €75.2 million, down by 20.1 per cent on the figure reported a year earlier, but 17.1 per cent higher than at the end of 2012.

Sharp fall in unit sales The DCS segment sold 2,518 engines in the first three months of this year, which was 48.4 per cent fewer than in the same quarter of last year (Q1 2012: 4,882 engines; Q4 2012: 3,671). All regions and application segments reported lower unit sales.

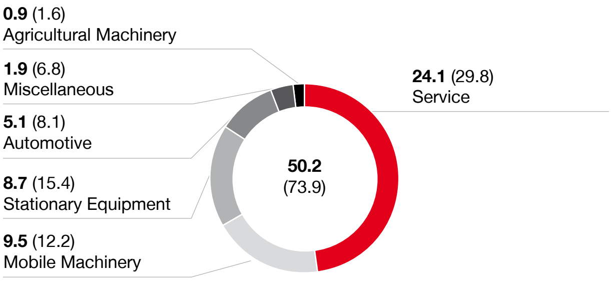
Decline in revenue low relative to fall in unit sales The revenue generated by the DCS segment in the first quarter of 2013 amounted to €50.2 million, which was 32.1 per cent below the figure achieved a year ago (Q1 2012: €73.9 million). Compared with revenue in the fourth quarter of 2012 (€70.0 million), it had fallen by 28.3 per cent. In this segment too, all regions and application segments were down year on year, which was also connected with an extended holiday shutdown at the Ulm site at the beginning of the year. Nevertheless, the subdued start to the current year prompted us to launch a sales initiative in this segment.

Business volume cuts DCS earnings Operating profit was also down sharply in the Customised Solutions segment, largely as a result of the lower volume of business. In the first three months of 2013, operating profit stood at €5.1 million, which was €6.9 million lower than in the same period last year (Q1 2012: €12.0 million).[1)]

1) Starting in 2013, the income statement is structured according to the cost-of-sales method. Other taxes are no longer reported separately after operating profit/loss, they are allocated to the functional costs within operating profit/loss. The comparative prior-year figures have been restated accordingly to improve comparability.

DEUTZ Customised Solutions: Revenue by application segment

€ million (2012 figures)



FINANCIAL POSITION

FUNDING

Since mid-2012, a syndicate of five German banks has provided us with a €160 million working capital facility. It is a floating-rate, unsecured line and, as a revolving facility, it can be drawn down as and when we need it until June 2017. DEUTZ can elect whether to utilise the cash line as a bilateral overdraft facility (up to €60 million) or to draw down amounts under the syndicated line with interest periods of three to six months. In mid-2012, the European Investment Bank also granted us a €90 million loan. This loan, which is also unsecured, is repayable over a period of eight years, although no repayments are due in the first two years. DEUTZ has hedged the interest-rate risk arising from this loan.

As part of the contractual agreements for both loans, DEUTZ is obliged to comply with certain financial covenants. The working capital facility and the loan from the European Investment Bank have enabled us to secure funding for our projects and for further growth over the medium to long term.

CASH FLOW

Cash flow from operating activities in the period under review amounted to €0.9 million. Following a net outflow of €16.5 million in the first three months of 2012, cash flows from operating activities had improved by €17.4 million, despite the fall in operating profit. The main reason for this positive trend was that growth in working capital was much lower in the first three months of 2013 than in the same quarter last year.

Cash flow from investing activities amounted to €20.7 million over the first quarter, a year-on-year fall of €15.3 million (Q1 2012: net outflow of €36.0 million), largely due to a significant reduction in investment in development projects and in property, plant and equipment. Furthermore, outstanding investments were still being made in the Bosch Emission Systems GmbH & Co. KG (BESG) joint venture in the first quarter of 2012. Our 25 per cent stake in BESG was sold to the main shareholder, Robert Bosch GmbH, in the fourth quarter of 2012.

Financing activities in the first quarter of 2013 resulted in a small net cash outflow of €1.3 million (Q1 2012: net cash inflow of €16.8 million).

Investments in intangible assets and property, plant and equipment were generally financed from our own resources, which resulted in a decline of €20.6 million in cash and cash equivalents compared with the end of 2012. The net financial position[1] as at 31 March 2013 came to minus €69.3 million (31 December 2012: minus €48.6 million). Encouragingly, there had been a significant improvement of €55.2 million in the net financial position compared with 31 March 2012 (minus €124.5 million).

As a result of the smaller increase in working capital and the decline in investing activities, free cash flow[2] rose sharply in the first quarter of the current year compared to the same quarter last year, increasing by €34.4 million to minus €20.9 million (Q1 2012: minus €55.3 million). Free cash flow is normally negative in the first quarter due to seasonal factors.

NET ASSETS

Non-current assets Non-current assets totalled €645.4 million as at 31 March 2013 (31 December 2012: €648.7 million).[3] The decline of €3.3 million compared with 31 December 2012 is mainly attributable to changes in property, plant and equipment.

Current assets Current assets stood at €396.0 million as at 31 March 2013 (31 December 2012: €385.4 million). This equated to an increase of €10.6 million compared with 31 December 2012 which was due to higher inventories resulting from the order situation and from seasonal factors. It was partially offset by the fall in cash.

Working capital Working capital (inventories plus trade receivables minus trade payables) had risen by €27.2 million to €168.8 million as at 31 March 2013 (31 December 2012: €141.6 million). While trade receivables and trade payables had remained virtually the same, the increase was largely attributable to the higher level of inventories due to seasonal factors. The ratio as at 31 March 2013 had risen by 0.7 percentage points year on year to 13.6 per cent (31 March 2012: 12.9 per cent). The average working capital ratio as at 31 March 2013 was 14.7 per cent (31 March 2012: 11.2 per cent).

[1] Net financial position: cash and cash equivalents less current and non-current interest-bearing financial liabilities
[2] Free cash flow: cash flow from operating and investing activities minus interest expense
[3] Because of a change in the accounting treatment of provisions for pensions, the prior-year figure was restated (see page 14 et seq.).

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 long-standing valuable relationships with customers; it has entered into long-term cooperation agreements, particularly with its key customers.

Equity As at 31 March 2013, equity stood at €446.9 million (31 December 2012: €452.6 million)[1]. The decrease of €5.7 million was largely the result of the net loss in the first three months of this year, although the effects of translating financial statements prepared in foreign currencies resulted in an increase in other comprehensive income, and changes in the discount rates used in the measurement of pension liabilities produced a reduction in other comprehensive income. The equity ratio fell to 42.8 per cent (31 December 2012: 43.7 per cent)[1].

Current and non-current liabilities Whereas current liabilities had risen by €14.0 million to €285.5 million as at the reporting date compared with 31 December 2012 (€271.5 million), non-current liabilities remained virtually the same, falling by just €1.0 million to €310.8 million (31 December 2012: €311.8 million)[1]. The rise in current liabilities was mainly attributable to a rise in other provisions caused by accrued expenses – such as staff costs.

Total assets amounted to €1,043.2 million as at 31 March 2013, which was in line with total assets at the end of last year (31 December 2012: €1,035.9 million)[1].

EVENTS AFTER THE REPORTING PERIOD

No events occurred after the reporting date that had a material impact on the financial position or financial performance of the DEUTZ Group.

RESEARCH AND DEVELOPMENT

Further reduction in R&D spending Excluding grants, spending on research and development in the first quarter of 2013 amounted to €15.2 million (Q1 2012: €25.9 million). Factoring in reimbursements from key customers and development partners, spending on research and development came to €11.6 million compared with €21.7 million in the first quarter of 2012. The R&D ratio (excluding grants) – the ratio of net research and development spending to consolidated revenue – fell year on year from 6.4 per cent to 4.0 per cent. As had been announced, we therefore further scaled back spending on research and development because the market launch of new products and work on the new exhaust emissions standards were at an advanced stage.

The development of new engines and the refinement of existing ones accounted for the bulk of R&D spending including grants (Q1 2013: around 82.8 per cent; Q1 2012: 90.3 per cent). Spending on ongoing support for existing engine series accounted for 10.3 per cent (Q1 2012: 8.3 per cent) and spending on research and preliminary development work accounted for 6.9 per cent (Q1 2012: 1.4 per cent).

The DEUTZ Compact Engines segment‘s spending on research and development (including grants) came to €10.4 million (Q1 2012: €19.4 million), and that of the DEUTZ Customised Solutions segment came to €1.2 million compared with €2.3 million in the same quarter of 2012.

EMPLOYEES

Slight reduction in headcount As at 31 March 2013, the DEUTZ Group had 3,935 employees, 169 people – or 4.1 per cent – fewer than it employed a year earlier (30 March 2012: 4,104). The number of employees was slightly lower than at the end of 2012 (3,991 employees). In the reporting period, we again adjusted the number of contract workers in line with the production volume. At the end of the first quarter of 2013, we employed 196 contract staff, compared with 381 at the end of March 2012. There was a slight increase in the number of contract staff employed compared with the end of 2012 (152). Hiring temporary workers and contract staff enables DEUTZ to respond flexibly to possible fluctuations in demand in a fast-moving market environment while continuing to grow profitably. Just under 10 per cent of all staff at DEUTZ had fixed-term or temporary contracts as at 31 March 2013.

We employed 3,110 people in Germany at the end of the first quarter, 136 people – or 4.2 per cent – fewer than a year earlier (31 March 2012: 3,246). The number of employees in Germany had fallen by 79 – or 2.5 per cent – compared with the 3,189 people employed as at 31 December 2012. At the end of March, 2,434 people were employed at our plants in Cologne, which was 92 fewer than a year ago and in Ulm, the workforce had decreased by 7.9 per cent to 394.

DEUTZ employed 825 people outside Germany as at the reporting date, 33 people – or 3.8 per cent – fewer than a year earlier (31 March 2012: 858). There was a small increase of 2.9 per cent compared with 31 December 2012. The year-on-year headcount reduction mainly affected our Spanish production company DEUTZ Spain, where the workforce had decreased for reasons of capacity utilisation to 480 employees as at March 2013. This was 67 people – or 12.2 per cent – fewer than a year earlier (31 March 2012: 547). The number of employees at our new Asian sales office in Beijing went up to 28 people, a year-on-year increase of 21.7 per cent. There are now also 16 DEUTZ employees at the DEUTZ Engine Shandong production company, which is also in China.

[1] Because of a change in the accounting treatment of provisions for pensions, the prior-year figure was restated (see page 14 et seq.).

As at the reporting date, 79.0 per cent of all DEUTZ staff were employed in Germany, with 21.0 per cent employed outside Germany, which means that the proportion remained virtually unchanged on the previous year.

In order to boost our sales operations, the Supervisory Board of DEUTZ AG appointed Mr Michael Wellenzohn as an additional member of the Board of Management with effect from 1 March 2013. He is in charge of sales and marketing.

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. Pages 41 to 45 of our 2012 annual report describe certain material risks for our financial position and financial performance and explain the structure of our risk management system. We did not identify any further material risks in the first quarter of 2013. 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.
- AB Volvo (publ), Gothenburg, Sweden (group) and
- SAME DEUTZ-FAHR Group S.p.A., Treviglio, Italy (group).

Further information on related-party disclosures is given on page 19 of the notes to the interim consolidated financial statements.

OUTLOOK

Global economic forecast remains uncertain[1] According to the IMF, the general prospects for the global economy have improved recently, although it believes the road to recovery in the industrialised nations will remain rocky, particularly in the euro zone. An upturn is not expected until the second half of the year. The global economy is now forecast to grow by 3.3 per cent in 2013 and 4.0 per cent in 2014. The euro-zone economy is expected to contract by 0.3 per cent this year, but to expand again by 1.1 per cent next year. Growth rates of 0.6 per cent for 2013 and 1.5 per cent for 2014 are predicted for Germany while the prospective growth rates for the US are 1.9 per cent and 3.0 per cent respectively. Growth rates in China are expected to remain the strongest, with the 8.0 per cent rate predicted for this year possibly being outstripped by growth of 8.2 per cent next year.

DEUTZ predicts upward trend Building on the structural growth created by growth projects and on the increasing proportion of higher value engines sold to meet the new emissions standards, we expect to generate an encouraging rise in revenue in 2013 and subsequent years. At the same time, we anticipate that higher depreciation, the growth projects and production ramp-up of new engines will still depress earnings in 2013. The priorities this year will be measures to cut costs and boost efficiency across the Company (including improving the profitability of our DEUTZ Dalian joint venture), the smooth production start-up for our new engines and improvements to their profitability, plus the successful implementation of various new customer projects. We will also focus on growth projects in China within the scope of our strategy. In addition, we are reviewing the extent of our vertical integration in mechanical fabrication.

For 2013, we continue to forecast a slight increase in unit sales and we expect revenue to reach at least €1.4 billion. Revenue will be supported by a higher proportion of engines meeting new emissions standards, the sale prices of which are higher owing to their significantly greater value. The EBIT margin is expected to improve on 2012 and to exceed 3.0 per cent.

Disclaimer
This publication 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 forward-looking statements made in this interim management report.

[1] Source: IMF World Economic Outlook, April 2013

INTERIM FINANCIAL STATEMENTS OF THE DEUTZ GROUP 1ST QUARTER OF 2013

INCOME STATEMENT FOR THE DEUTZ GROUP

	Note	1–3/2013	adjusted[1] 1–3/2012
€ million			
Revenue		**289.9**	**336.9**
Cost of goods sold		–257.6	–289.4
Research and development costs		–14.3	–9.4
Selling expenses		–15.6	–16.0
Administrative expenses		–7.4	–7.3
Other operating income		4.1	6.1
Other operating expenses		–4.4	–7.8
Income from investments accounted for using the equity method		–1.1	–3.1
EBIT[2]		**–6.4**	**10.0**
Interest expenses, net		–1.3	–3.0
thereof finance costs		–1.7	–3.1
Net income before taxes on continuing operations		**–7.7**	**7.0**
Income taxes	1	0.8	–0.7
Net income		**–6.9**	**6.3**
thereof attributable to owners of DEUTZ AG		–6.9	6.3
thereof attributable to non-controlling interests		–[3]	–
Earnings per share (€)		**–0.06**	**0.05**

STATEMENT OF COMPREHENSIVE INCOME FOR THE DEUTZ GROUP

	Note	1–3/2013	adjusted[1] 1–3/2012
€ million			
Net income		**–6.9**	**6.3**
Amounts not to be reclassified subsequently to profit or loss		**1.5**	**–8.2**
Actuarial gains / losses		–1.2	–5.3
Currency translation differences		2.7	–2.9
Amounts to be reclassified subsequently to profit or loss		**–0.3**	**1.7**
Effective portion of change in fair value from cash flow hedges		–0.4	1.6
Change in fair value of available-for-sale financial assets		0.1	0.1
Other comprehensive income, net of tax	2	**1.2**	**–6.5**
Comprehensive income		**–5.7**	**–0.2**
thereof attributable to owners of the parent		–5.8	–0.2
thereof attributable to non-controlling interests		0.1	–

[1] Some of the amounts shown vary from the amounts shown in the interim 2012 consolidated financial statements owing to changes made as a result of initial application of the revised provisions of IAS 19 ‚Employee Benefits' (for details, see the notes on page 14 et seq.).
[2] Since 2013, the income statement has been structured according to the cost-of-sales method. Other taxes are no longer reported separately after operating profit/loss and are instead allocated to functional costs within operating profit/loss. In the first three months of 2013, other taxes amounted to €0.3 million (Q1 2012: €0.3 million). The comparative prior-year figures have been restated accordingly to improve comparability.
[3] The rounded amount is less than €0.1 million

BALANCE SHEET FOR THE DEUTZ GROUP

Assets	Notes	31/3/2013	adjusted[1] 31/12/2012	adjusted[1] 1/1/2012
€ million				
Property, plant and equipment	3	312.9	318.9	311.5
Intangible assets	3	244.4	244.3	227.8
Equity-accounted investments		47.4	47.1	71.8
Other financial assets		10.7	11.0	12.0
Non-current assets (before deferred tax assets)		615.4	621.3	623.1
Deferred tax assets		30.0	27.4	19.4
Non-current assets		**645.4**	**648.7**	**642.5**
Inventories	4	211.4	184.4	187.6
Trade receivables		118.9	116.1	163.6
Other receivables and assets		34.2	32.8	55.5
Cash and cash equivalents		31.5	52.1	51.6
Current assets		**396.0**	**385.4**	**458.3**
Non-current assets held for sale		1.8	1.8	0.4
Total assets		**1,043.2**	**1,035.9**	**1,101.2**

Equity and liabilities	Note	31/3/2013	31/12/2012	1/1/2012
Issued capital		309.0	309.0	309.0
Additional paid-in capital		28.8	28.8	28.8
Other reserves		10.5	8.2	9.1
Retained earnings and accumulated income		92.0	100.1	95.8
Equity attributable to owners of the parent		**440.3**	**446.1**	**442.7**
Non-controlling interests		6.6	6.5	–
Equity		**446.9**	**452.6**	**442.7**
Provisions for pensions and other post-retirement benefits		181.3	181.8	164.3
Other provisions	5	25.2	25.4	29.3
Financial liabilities	6	99.7	99.6	119.3
Other liabilities		4.6	5.0	4.4
Non-current liabilities		**310.8**	**311.8**	**317.3**
Provisions for pensions and other post-retirement benefits		15.4	15.4	15.6
Provision for current income taxes		2.3	2.2	0.2
Other provisions	5	55.1	41.6	43.0
Financial liabilities	6	1.1	1.1	1.9
Trade payables		161.5	158.9	209.1
Other liabilities		50.1	52.3	71.4
Current liabilities		**285.5**	**271.5**	**341.2**
Total equity and liabilities		**1,043.2**	**1,035.9**	**1,101.2**

[1] Some of the amounts shown vary from the amounts shown in the interim 2012 consolidated financial statements owing to changes made as a result of initial application of the revised provisions of IAS 19 ‚Employee Benefits' (for details, see the notes on page 14 et seq.).

STATEMENT OF CHANGES IN EQUITY FOR THE DEUTZ GROUP

	Issued capital	Additional paid-in capital	Retained earnings / accu-mulated income	Fair value reserve[1), 2)]	Currency translation reserve[1)]	Equity attribu-table to share-holders of DEUTZ AG	Non-con-trolling interests	Total
€ million								
Balance at 1 Jan. 2012	**309.0**	**28.8**	**106.6**	**–1.4**	**10.5**	**453.5**	**–**	**453.5**
Changes in accounting policies[3)]			–10.8			–10.8	–	–10.8
Balance at 1 Jan. 2012 (adjusted)	**309.0**	**28.8**	**95.8**	**–1.4**	**10.5**	**442.7**	**–**	**442.7**
Net income			6.3			6.3	–	6.3
Other comprehensive income			–5.3	1.7	–2.9	–6.5	–	**–6.5**
Comprehensive income			1.0	1.7	–2.9	–0.2	–	–0.2
Balance at 31 March 2012	**309.0**	**28.8**	**96.8**	**0.3**	**7.6**	**442.5**	**–**	**442.5**
Balance at 1 Jan. 2013	**309.0**	**28.8**	**100.1**	**–0.1**	**8.3**	**446.1**	**6.5**	**452.6**
Net income			–6.9			–6.9	0.0	–6.9
Other comprehensive income			–1.2	–0.3	2.6	1.1	0.1	1.2
Comprehensive income			–8.1	–0.3	2.6	–5.8	0.1	–5.7
Balance at 31 March 2013	**309.0**	**28.8**	**92.0**	**–0.4**	**10.9**	**440.3**	**6.6**	**446.9**

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
3) The restatement relates to the revised accounting treatment of pension liabilities (see page 14 et seq. of the notes to the financial statements).

CASH FLOW STATEMENT FOR THE DEUTZ GROUP

	Note	1–3/2013	1–3/2012
€ million			
EBIT[1]		**–6.4**	**10.0**
Income taxes paid		–0.5	–0.5
Depreciation and amortisation		21.9	17.4
Gain/loss on disposals of fixed assets		0.0	0.0
Net result from equity-accounted investments		1.1	3.1
Other non-cash expenses/income		0.3	–0.3
Change in working capital		–21.2	–54.8
Change in inventories		–25.6	–30.5
Change in trade receivables		–2.1	2.0
Change in trade payables		6.5	–26.3
Change in other receivables and other current assets		–1.2	–6.8
Change in provisions and other liabilities (excluding financial liabilities)		6.9	15.4
Cash flow from operating activities		**0.9**	**–16.5**
Capital expenditure on intangible assets, property, plant and equipment		–20.8	–30.6
Capital expenditure on investments		0.0	–5.5
Proceeds from the sale of non-current assets		0.1	0.1
Cash flow from investing activities - total		**–20.7**	**–36.0**
Interest income		0.4	0.1
Interest expenses		–1.5	–2.9
Cash receipts from borrowings		0.0	20.0
Repayments of loans		–0.2	–0.4
Cash flow from financing activities		**–1.3**	**16.8**
Cash flow from operating activities		0.9	–16.5
Cash flow from investing activities		–20.7	–36.0
Cash flow from financing activities		–1.3	16.8
Change in cash and cash equivalents		**–21.1**	**–35.7**
Change in cash and cash equivalents at 1 January		**52.1**	**51.6**
Change in cash and cash equivalents		–21.1	–35.7
Change in cash and cash equivalents related to exchange rates		0.5	–0.1
Change in cash and cash equivalents at 31 March		**31.5**	**15.8**

[1] Since 2013, the income statement has been structured according to the cost-of-sales method. Other taxes are no longer reported separately after operating profit/loss and are instead allocated to functional costs within operating profit/loss. In the first three months of 2013, other taxes amounted to €0.3 million (Q1 2012: €0.3 million). The comparative prior-year figures have been restated accordingly to improve comparability.

NOTES TO THE INTERIM FINANCIAL STATEMENTS OF THE DEUTZ GROUP 1ST QUARTER OF 2013

BASIC PRINCIPLES

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These interim consolidated financial statements for the period ended 31 March 2013 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 2012 financial year.

The condensed interim consolidated financial statements for the period ended 31 March 2013 – 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 2013 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 2012. Further information on the accounting policies used can be found in the notes to the consolidated financial statements for 2012. If they are material, revenue-related and cyclical items are deferred during the year on the basis of annual business plans.

IAS 1 (revised) ‘Presentation of Financial Statements’ The revisions to IAS 1 affect the grouping of the line items shown in other comprehensive income. Items that will be reclassified to the income statement in a later period (known as ‘recycling’) must now be shown separately from items that will continue to be recognised in other comprehensive income in future. As this amendment relates exclusively to presentation of the financial statements, it has had no impact on the DEUTZ Group’s financial position or financial performance.

IAS 12 (revised) ‘Income Taxes’ Measurement of deferred taxes depends on whether the carrying amount of an asset is recovered through use or sale. The amendment introduces a rebuttable presumption that the carrying amount is normally recovered through sale. Initial application of these amendments has not affected these interim consolidated financial statements for the period ended 31 March 2013.

IAS 19 (revised) ‘Employee Benefits’ One of the material changes to IAS 19 is the abolition of the option to defer recognition of actuarial gains and losses (known as the ‘corridor method’). Such changes in the fair value of a defined benefit obligation must now be recognised in full in other comprehensive income when they occur. Furthermore, the expected return on the plan asset and the interest costs on the defined benefit obligation have been replaced with a single net interest component. Any resulting net interest cost is then recognised in the income statement, whereas expected net interest income has to be recognised in other comprehensive income. Finally, the IASB has amended the rules on termination benefits and introduced additional disclosure requirements in the revised IAS 19.

In accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' the amendments to IAS 19 apply retrospectively. The DEUTZ Group previously recognised actuarial gains and losses using the corridor method. As a result, a substantial proportion of actuarial gains and losses were not shown on the face of the balance sheet. Initial application of the new provisions of IAS 19 has therefore led to financial information being restated as follows:

As at 1 January 2012:
- Increase of €15.8 million in provisions for pensions and other post-retirement benefits
- Rise of €5.0 million in deferred tax assets
- Net decrease of €10.8 million in retained earnings

For the period 1 January to 31 March 2012:
- Increase of €7.7 million in provisions for pensions and other post-retirement benefits
- Rise of €2.4 million in deferred tax assets
- Decrease of €5.3 million in other comprehensive income

For the period 1 January to 31 December 2012:
- Increase of €24.4 million in provisions for pensions and other post-retirement benefits
- Rise of €7.7 million in deferred tax assets
- Decrease of €16.7 million in other comprehensive income

For the period 1 January to 31 March 2013:
- Increase of €0.7 million in provisions for pensions and other post-retirement benefits
- Decline of €1.1 million in staff costs
- Rise of €0.2 million in deferred tax assets
- Increase of €0.4 million in income taxes
- Decrease of €1.2 million in other comprehensive income
- Rise of €0.7 million in net income

IFRS 7 (revised) 'Financial Instruments: Disclosures' This amendment to IFRS 7 was published in December 2011 and relates to the offsetting of financial assets and financial liabilities. The new disclosures are designed to enable reconciliation of the gross risk position to the net risk position. The amendment applies to financial years beginning on or after 1 January 2013. The revision of IFRS 7 relates exclusively to the notes to the consolidated financial statements and therefore does not impact on the DEUTZ Group's financial position or financial performance.

IFRS 13 'Fair Value Measurement' This standard, which was published in May 2011, relates to the procedure for measuring fair value. The assets and liabilities to be measured at fair value continue to be defined by the relevant item-specific standards. IFRS 13 applies to financial years beginning on or after 1 January 2013. Initial application of this standard has not affected these interim consolidated financial statements for the period ended 31 March 2013.

Collective standard amending various IFRSs (2009-2011) The changes were published in May 2012 and are primarily intended to clarify certain ambiguous provisions in the standards. The amendments come into force for financial years commencing on or after 1 January 2013. Application of these amendments has not had any impact on the consolidated financial statements.

Amended presentation of the income statement In 2013, the DEUTZ Group began to use the cost-of-sales method to present its income statement. By contrast with the cost-of-production method used previously, the expense for the period is now broken down into the different functional areas of the DEUTZ Group rather than into the different types of expense. The individual functional areas specify how the types of expense are allocated to the different functions in the Company on the basis of a defined cost centre structure. Expenses incurred in connection with cross-functional projects are allocated to the relevant functional costs using an appropriate formula. This new presentation structure is closer to common practice in the sector. As the amendment relates only to presentation of the income statement, it has no impact on the DEUTZ Group's financial position or financial performance. However, the transition to the cost-of-sales method requires other taxes to be disclosed differently. Instead of being reported separately after operating profit/loss (EBIT), other taxes are now allocated to functional costs within operating profit/loss. In the first three months of 2013, other taxes amounted to €0.3 million (Q1 2012: €0.3 million). There are also changes to the composition of other operating income and other operating expenses. The comparative 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.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. INCOME TAXES

	1–3/2013	1–3/2012
€ million		
Current tax expense	0.9	1.0
Deferred tax expense	–1.7	–0.3
Total	–0.8	0.7

Whereas current tax expense in the first three months of 2013 was unchanged on the corresponding period of the previous year, there was a change in income taxes owing to higher deferred tax income, above all in connection with future tax assets arising from loss carryforwards.

2. 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:

	1–3/2013		
	before taxes	taxes	after taxes
€ million			
Actuarial gains and losses	–1.8	0.6	–1.2
Currency translation differences	2.7	–	2.7
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	**0.4**	**0.8**	**1.2**

	1–3/2012		
	before taxes	taxes	after taxes
€ million			
Actuarial gains and losses	–7.7	2.4	–5.3
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	**–8.2**	**1.7**	**–6.5**

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

3. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In the first three months of the year, capital expenditure on property, plant and equipment and intangible assets totalled €15.7 million including grants (Q1 2012: €30.5 million). These additions were offset by depreciation and amortisation of €21.9 million (Q1 2012: €17.1 million). The bulk of investing activities (€8.7 million) was linked to the development and refinement of our products. Spending on property, plant and equipment came to €6.0 million and related primarily to capital investment in connection with production start-ups of new engines.

Commitments to purchase property, plant and equipment and intangible assets amounted to €33.2 million as at 31 March 2013 (31 December 2012: €37.6 million).

4. INVENTORIES

Compared with 31 December 2012, inventories had grown by €27.0 million to €211.4 million as at 31 March 2013. This increase primarily related to raw materials, consumables and finished goods. The rise in the level of orders on hand was the main factor in this trend.

Commitments to purchase inventories as at 31 March 2013 came to €128.0 million (31 December 2012: €88.3 million).

5. OTHER PROVISIONS

	31/3/2013	31/12/2012
€ million		
Non-current	25.2	25.4
Current	55.1	41.6
Total	**80.3**	**67.0**

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

6. FINANCIAL LIABILITIES

	31/3/2013	31/12/2012
€ million		
Non-current	99.7	99.6
Current	1.1	1.1
Total	**100.8**	**100.7**

ADDITIONAL DISCLOSURES

STAFF COSTS

	1–3/2013	1–3/2012
€ million		
Salaries	29.0	30.0
Wages	29.2	29.0
Social security contributions	9.4	9.6
Interest cost for pension provisions	1.6	2.1
Cost of severance payments/ personnel restructuring	0.1	0.2
Total	**69.3**	**70.9**

SEGMENT REPORTING

Information about the segments of the DEUTZ Group for the first quarter of 2013 and of 2012 is shown in the following table:

1–3/2013	DEUTZ Compact Engines	DEUTZ Customised Solutions	Other	**Total segments**	Recon-ciliation	**DEUTZ Group**
€ million						
External revenue	239.7	50.2	–	289.9	–	289.9
Intersegment revenue	–	–	–	–	–	–
Total revenue	**239.7**	**50.2**	**–**	**289.9**	**–**	**289.9**
Operating profit (EBIT)[1]	–11.2	5.1	–0.3	–6.4	–	–6.4

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)[1]	–1.1	12.0	–0.9	10.0	–	10.0

Reconciliation from overall profit of the segments to net income

	1–3/2013	1–3/2012
€ million		
Overall profit of the segments[1]	**–6.4**	**10.0**
Reconciliation	–	–
Operating profit (EBIT)[1]	**–6.4**	**10.0**
Interest expenses, net	–1.3	–3.0
Net income before income taxes	**–7.7**	**7.0**
Income taxes	0.8	–0.7
Net income	**–6.9**	**6.3**

[1] Since 2013, the income statement has been structured according to the cost-of-sales method. Other taxes are no longer reported separately after operating profit/loss and are instead allocated to functional costs within operating profit/loss. In the first three months of 2013, other taxes amounted to €0.3 million (Q1 2012: €0.3 million). The comparative prior-year figures have been restated accordingly to improve comparability.

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. These are:
- AB Volvo (publ), Gothenburg, Sweden (group) and
- SAME DEUTZ-FAHR Group S.p.A., Treviglio, Italy (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 **entities in which the DEUTZ Group holds significant investments:**

	Goods and services		Other expenses incurred in connection with goods and services		Receivables		Liabilities	
	1–3/2013	1–3/2012	**1–3/2013**	1–3/2012	**31/3/2013**	31/12/2012	**31/3/2013**	31/12/2012
€ million								
Associates	–	–	–	–	–	0.8	–	–
Joint ventures	0.9	10.9	–	4.1	3.7	3.7	–	–
Other investments	0.1	0.1	1.0	1.0	0.7	0.4	5.9	5.0
Total	**1.0**	**11.0**	**1.0**	**5.1**	**4.4**	**4.9**	**5.9**	**5.0**

The decrease in goods supplied and services rendered to joint ventures compared with the corresponding period of 2012 is attributable to the reduction in goods supplied to our joint venture DEUTZ (Dalian) Engine Co., Ltd.

The decline in other expenses incurred in connection with services received from joint ventures was caused by the disposal of the 25 per cent shareholding in Bosch Emission Systems GmbH & Co. KG (BESG). Following the disposal, BESG ceased to be a related party.

Impairment losses of €25.2 million (31 December 2012: €25.2 million) had been recognised on €28.4 million of the Company's total receivables as at 31 March 2013 (31 December 2012: €29.3 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:

	Volvo Group		SAME DEUTZ-FAHR Group	
	2013	2012	**2013**	2012
€ million				
Engines and spare parts supplied in the first quarter	82.1	97.9	18.0	7.5
Services in the first quarter	3.3	4.5	–	0.4
Receivables as at 31/3 and 31/12	34.5	31.6	9.4	6.0

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 2013

No material events occurred after 31 March 2013.

Cologne, 29 April 2013

DEUTZ Aktiengesellschaft
The Board of Management

Dr Helmut Leube | Dr Margarete Haase | Michael Wellenzohn

FINANCIAL CALENDAR

Date	Event
8 August 2013	Interim Report 1st Half of 2013 Conference call with analysts and investors
7 November 2013	Interim Report 1st to 3rd quarter of 2013 Conference call with analysts and investors

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IMPRINT

Published by
DEUTZ AG
D-51057 Cologne

Concept and layout
Kirchhoff Consult AG, Hamburg

This is a complete translation of the original German version of the Interim Report.
This Interim Report is only available as a PDF.
This Interim Report was published on 8. Mai 2013.

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