

## Press Release

Cologne, 2 May 2018

### DEUTZ benefits from strong level of orders on hand

- DEUTZ announces final results for the first quarter of 2018
- Very successful start to 2018
- Sharp rise in revenue and operating profit

Having announced preliminary results on 13 April 2018, DEUTZ AG published its interim management statement for the first quarter of 2018 today. The volume of new orders rose by 42.6 per cent year on year to €574.9 million. The figure for the corresponding period in 2017 was €403.2 million, while in the fourth quarter of 2017 it was €382.7 million. This was attributable not only to the favourable business environment but also, in particular, to a change in customers' ordering patterns. In light of strong demand and the introduction of emissions standard EU Stage V in the coming year, customers have been placing their orders early to be sure of securing delivery.

The unit sales figure for the first quarter of 2018 was 48,458 engines, including 2,133 electric motors sold under the Torquedo brand. This was 30.4 per cent higher than in the first quarter of the previous year (37,153 engines) and 11.7 per cent up on the previous quarter (43,367 engines). Revenue came to €414.5 million, a 17.6 per cent increase on the first three months of last year (Q1 2017: €352.5 million) and 7.4 per cent more than in the previous quarter (Q4 2017: €385.9 million). All regions contributed to this positive result. The service business and most of the application segments also recorded increases. Only in the Automotive application segment did revenue decline by a significant amount; there was a minor decrease in revenue for Stationary Equipment.

Operating profit (EBIT before exceptional items) increased year on year by €14.1 million to €21.7 million in the first quarter of 2018. Compared with the fourth quarter of 2017, EBIT before exceptional items went up by €7.1 million. The EBIT margin (before exceptional items) improved from 2.2 per cent in the first three months of 2017 to 5.2 per cent in the reporting period. In the first quarter of 2017, the disposal of a building lease resulted in an exceptional item that added €10.0 million to income, whereas no exceptional items were recorded in the quarter just ended. Net income increased by €2.8 million on the prior-year period (Q1 2017: €15.4 million) to reach €18.2 million. This resulted in earnings per share of €0.15 (Q1 2017: €0.13). "2018 has got off to a very good start from an operational perspective," says Dr Frank Hiller, Chairman of the DEUTZ

Board of Management. "And DEUTZ has made successful progress from a strategic standpoint too. The recent presentation of our first off-highway hybrid concept at the Intermat trade fair in Paris was a milestone in this regard. Our E-DEUTZ strategy launched in 2017 is really beginning to take off now."

Carrying amounts for DEUTZ (Dalian) Engine Co., Ltd. are currently being reviewed as part of an overall review initiated by the DEUTZ AG Board of Management into strategic options for the joint venture based in Dalian (China). This could lead to write-downs in DEUTZ's consolidated financial statements in the order of €16 million to €32 million. We expect to include the findings of the review in the interim report for the first half of 2018 in consultation with the auditors of our consolidated financial statements.

Subject to the final outcome of the review into our DEUTZ Dalian joint venture, we are forecasting a marked increase in revenue and a moderate rise in the EBIT margin before exceptional items for 2018 as a whole.

Detailed information on the first quarter of 2018 can be found in the enclosed summary of key performance indicators.

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# DEUTZ AT A GLANCE

## DEUTZ Group: Overview

€ million

	1–3/2018	1–3/2017
New orders	574.9	403.2
Unit sales (units)	48,458	37,153
Revenue	414.5	352.5
EBITDA	40.9	38.7
EBITDA before exceptional items	40.9	28.7
EBIT	21.7	17.6
EBIT before exceptional items	21.7	7.6
EBIT margin (%)	5.2	5.0
EBIT margin before exceptional items (%)	5.2	2.2
Net income	18.2	15.4
Earnings per share (€)	0.15	0.13
Total assets	1,258.0	1,101.0
Non-current assets	533.6	469.5
Equity	616.4	507.2
Equity ratio (%)	49.0	46.1
Cash flow from operating activities	10.1	56.2
Free cash flow <sup>1)</sup>	–9.1	39.7
Net financial position <sup>2)</sup>	88.9	70.0
Working capital <sup>3)</sup>	260.0	197.1
Working capital ratio (average, %) <sup>4)</sup>	13.9	16.5
Capital expenditure (excl. capitalisation of R&D, after deducting grants)	13.7	8.6
Depreciation and amortisation	19.2	21.1
Research and development expenditure (after deducting grants)	18.7	16.5
thereof capitalised	4.3	3.6
Employees (number at 31 Mar)	4,245	3,675

<sup>1)</sup> Free cash flow: cash flow from operating and investing activities less interest expense.

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

<sup>3)</sup> Working capital: inventories plus trade receivables less trade payables.

<sup>4)</sup> Working capital ratio (average, %): average working capital at the four quarterly reporting dates divided by revenue for the previous twelve months.

## DEUTZ Group: Segments

€ million

	1–3/2018	1–3/2017
<b>New orders</b>		
DEUTZ Compact Engines	492.9	326.3
DEUTZ Customised Solutions	76.7	76.9
Other	5.3	–
<b>Total</b>	<b>574.9</b>	<b>403.2</b>
<b>Unit sales (units)</b>		
DEUTZ Compact Engines	44,563	35,321
DEUTZ Customised Solutions	1,762	1,832
Other	2,133	–
<b>Total</b>	<b>48,458</b>	<b>37,153</b>
<b>Revenue</b>		
DEUTZ Compact Engines	352.0	294.1
DEUTZ Customised Solutions	57.7	58.4
Other	4.8	–
<b>Total</b>	<b>414.5</b>	<b>352.5</b>
<b>EBIT before exceptional items</b>		
DEUTZ Compact Engines	17.0	1.5
DEUTZ Customised Solutions	7.7	6.4
Other	–3.0	–0.3
<b>Total</b>	<b>21.7</b>	<b>7.6</b>