

## PRESS RELEASE

DEUTZ AG

Ottostrasse 1  
51149 Cologne (Porz-Eil)  
Germany

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

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### DEUTZ publishes results for the first quarter of 2016

- Year-to-date business performance in line with expectations
- Revenue slightly down on Q4 2015
- Significant improvement in operating profit compared with previous quarter

Having announced preliminary results on 21 April 2016, DEUTZ AG published its interim management statement for the first quarter of 2016 today. The new orders received by the DEUTZ Group during the reporting period totalled €327.3 million, which was up by 2.0 per cent on the first quarter of last year (Q1 2015: €321.0 million) and up by 11.7 per cent on the previous quarter (Q4 2015: €293.0 million). At 32,112 engines, unit sales were 13.0 per cent lower than they had been a year earlier (Q1 2015: 36,907 engines) but rose by 5.1 per cent compared with the previous quarter (Q4 2015: 30,545 engines). Revenue for the first quarter of 2016 was €300.2 million, which was down by 5.6 per cent year on year (Q1 2015: €318.1 million) and down by 2.7 per cent on the fourth quarter of 2015 (Q4 2015: €308.6 million). This slight weakening is due to the ongoing reluctance to invest on the part of end customers since the autumn of 2015. The strongest decline relative to Q1 2015 was in the Americas region, while the Asia-Pacific region was able to increase revenue. The largest region, EMEA (Europe, Middle East, Africa), saw a slight year-on-year drop in revenue. In terms of application segments, Agricultural Machinery was in positive territory but all other application segments recorded a decline in revenue and the service business was unchanged on the corresponding period of the previous year.

Operating profit (EBIT) improved by €13.0 million compared with the previous quarter, reaching €7.3 million. This amount includes a contribution to profits of €5.5 million from a licensing transaction in the DEUTZ Customised Solutions segment. Compared with the first quarter of

2015, operating profit fell by €2.8 million. The EBIT margin was 2.4 per cent in the quarter under review. Net income was €8.7 million, representing an improvement of €1.0 million on the corresponding prior-year period (Q1 2015: €7.7 million) and an improvement of €12.5 million on the previous quarter (Q4 2015: net loss of €3.8 million) thanks to positive tax effects. This produced earnings per share of €0.08 (Q1 2015: €0.07; Q4 2015: minus €0.03). "Our year-to-date business performance has been in line with our expectations," noted Chairman of the Board of Management Dr Helmut Leube. "DEUTZ is very well positioned to increase its revenue and earnings significantly when market conditions improve."

The Company is nevertheless preparing itself for difficult market conditions in 2016. DEUTZ is reiterating its forecast that revenue will stagnate or, at best, rise slightly and that the EBIT margin will increase moderately compared with 2015. Our focus during the current year will be on improving efficiency, lowering the break-even threshold and increasing our flexibility, commented Chief Financial Officer Dr Margarete Haase. "We are already well on track with this, as demonstrated by the results that have been announced for the first quarter of 2016."

Detailed information on the first quarter of 2016 can be found in the enclosed summary of key performance indicators.

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

#### **Investor & Public Relations**

Christian Krupp

Tel: +49 (0)221 822 5400

Fax: +49 (0)221 822 155 401

Email: [krupp.c@deutz.com](mailto:krupp.c@deutz.com)

# FIRST QUARTER AT A GLANCE

## DEUTZ Group: Overview

€ million	1-3/2016	1-3/2015
New orders	327.3	321.0
Unit sales (units)	32,112	36,907
Revenue	300.2	318.1
EBITDA	31.3	33.9
EBIT	7.3	10.1
EBIT margin (%)	2.4	3.2
Net income	8.7	7.7
Earnings per share (€)	0.08	0.07
Total assets	1,099.6	1,195.6
Non-current assets (before deferred tax assets)	510.0	556.1
Equity	495.4	526.5
Equity ratio (%)	45.1	44.0
Cash flow from operating activities	-8.0	12.4
Free cash flow <sup>1)</sup>	-28.9	-1.1
Net financial position <sup>2)</sup>	9.7	15.5
Working capital <sup>3)</sup>	229.4	245.4
Working capital ratio (31 Mar, %) <sup>4)</sup>	18.7	16.3
Capital expenditure (excl. capitalisation of R&D, after deducting grants)	16.0	8.4
Depreciation and amortisation	24.0	23.8
Research and development expenditure (after deducting grants)	10.1	10.9
thereof capitalised	0.9	1.8
Employees (number at 31 Mar)	3,699	3,850

<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 minus trade payables.

<sup>4)</sup> Working capital ratio (31 Mar, %): working capital as at the balance sheet date divided by revenue for the previous twelve months.

## DEUTZ Group: Segments

€ million	1-3/2016	1-3/2015
<b>New orders</b>		
DEUTZ Compact Engines	259.4	248.9
DEUTZ Customised Solutions	67.9	72.1
<b>Total</b>	<b>327.3</b>	<b>321.0</b>
<b>Unit sales (units)</b>		
DEUTZ Compact Engines	29,770	33,595
DEUTZ Customised Solutions	2,342	3,312
<b>Total</b>	<b>32,112</b>	<b>36,907</b>
<b>Revenue</b>		
DEUTZ Compact Engines	235.5	251.0
DEUTZ Customised Solutions	64.7	67.1
<b>Total</b>	<b>300.2</b>	<b>318.1</b>
<b>EBIT before one-off items</b>		
DEUTZ Compact Engines	-2.3	4.0
DEUTZ Customised Solutions	10.2	11.0
Other	-0.6	-4.9
<b>Total</b>	<b>7.3</b>	<b>10.1</b>