

# DEUTZ AG

CONFERENCE CALL Q1 2007

10 May 2007

The engine company.





## Overview Q1 2007

- A good start to 2007
  - New orders up 30%
  - Unit sales up 23%
  - Revenue boosted by commercial vehicle production, rising by 26%
  - Operating profit €13 million
  
- Net income up almost 50% to €5.8 million
  
- Increased capital expenditure to expand capacity
  
- Number of employees up approx. 10% on previous quarter
  
- Outlook remains positive



## Key Performance Indicators Q1 2007

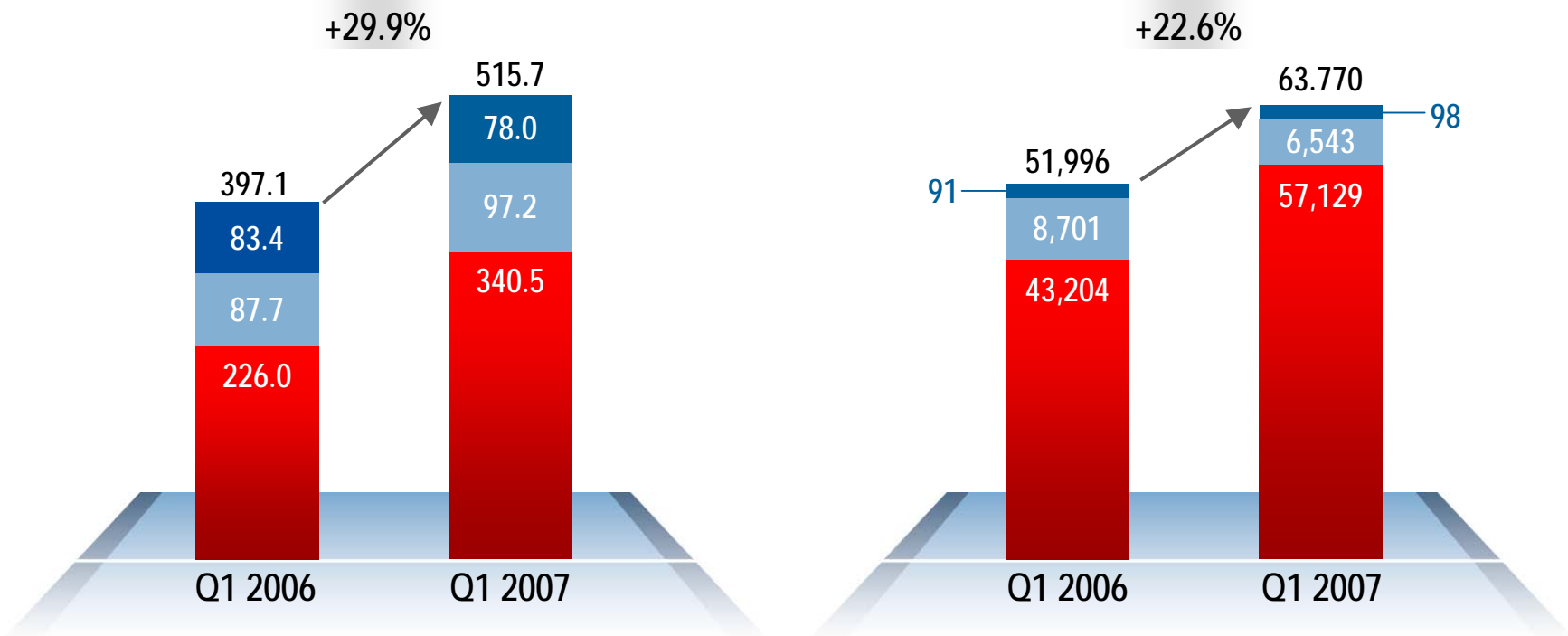
€ million	Q1 2007	Q1 2006	Change (%)
Revenue	390.9	309.5	26.3
EBITDA	31.2	28.6	9.1
Operating profit (EBIT before one-off items)	13.1	13.0	0.8
EBIT margin before one-off items (%)	3.4	4.2	-
EBIT	13.1	13.0	0.8
Net income	5.8	3.9	48.7
Earnings per share, basic (€)	0.05	0.04	25.0
Number of employees (31 March)	5,633	5,125	9.9



# New orders and unit sales grow by significantly more than 20%

### New orders (€ million)

### Unit sales



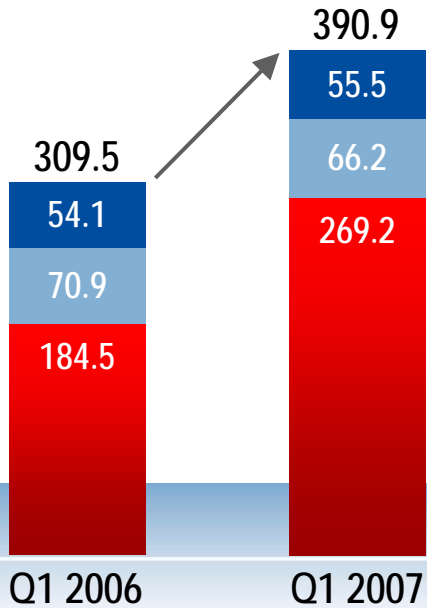
■ Compact Engines ■ DEUTZ Customised Solutions ■ DEUTZ Power Systems



# Revenue boosted by strong growth in unit sales of commercial vehicle engines

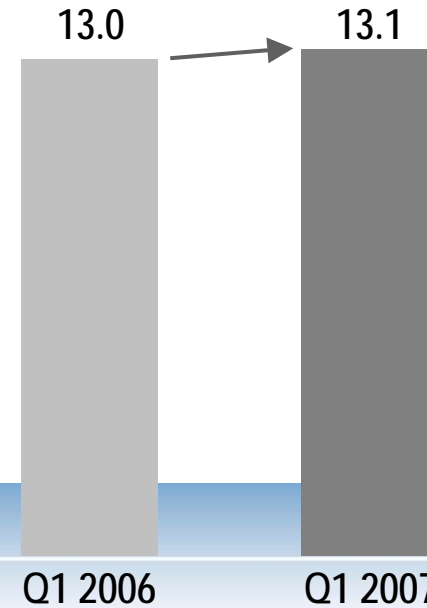
Revenue (€ million)

+26.3%



Operating profit (€ million)

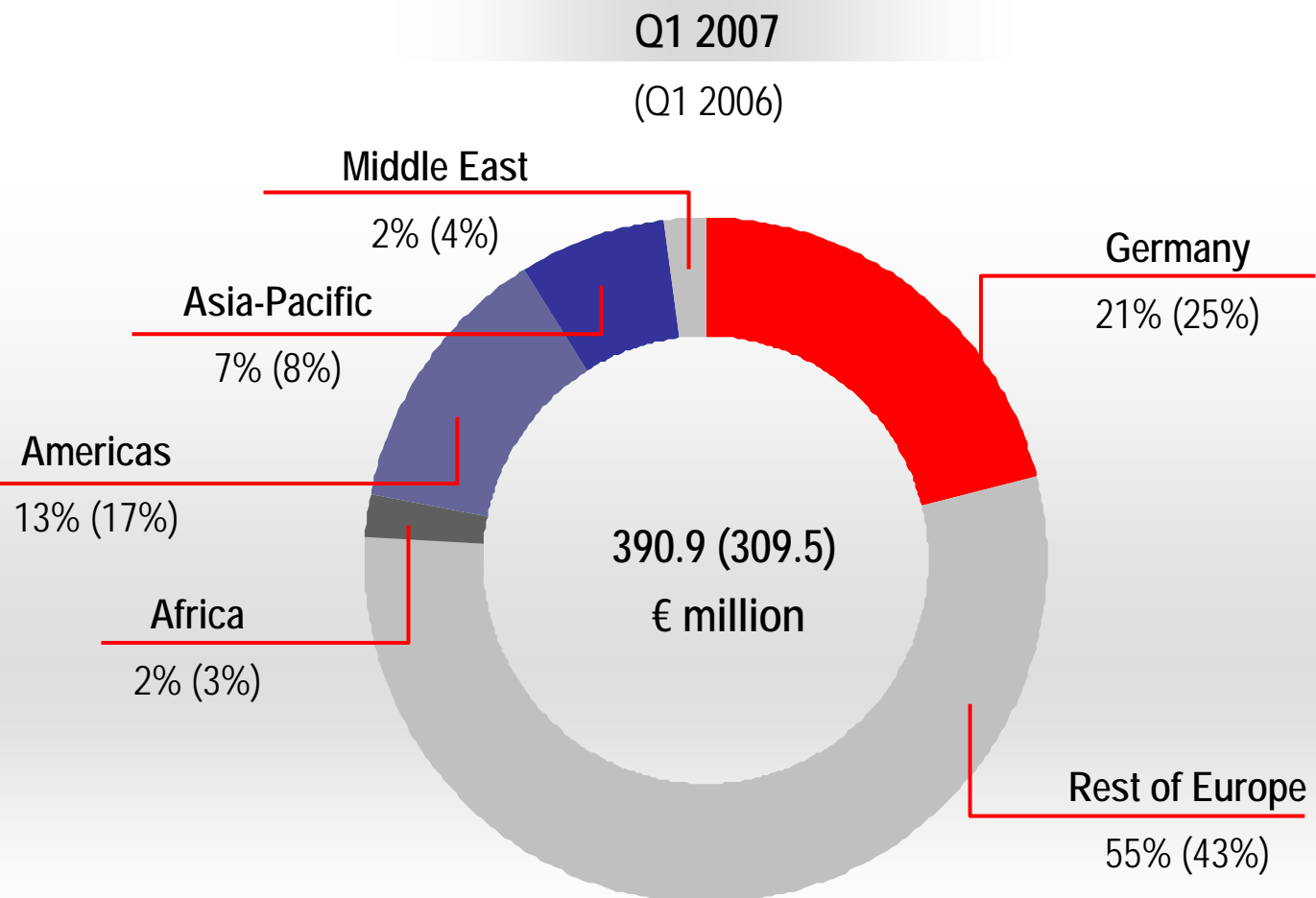
+0.8%



■ Compact Engines     ■ DEUTZ Customised Solutions  
■ DEUTZ Power Systems     ■ Other



# Revenue by regions





## Q1 2007: Segments

Unit sales	Q1 2007	Q1 2006	Change (%)
Compact Engines	57,129	43,204	32.2
DEUTZ Customised Solutions	6,543	8,701	-24.8
DEUTZ Power Systems	98	91	7.7
<b>Total</b>	<b>63,770</b>	<b>51,996</b>	<b>22.6</b>

Revenue (€ million)	Q1 2007	Q1 2006	Change (%)
Compact Engines	269.2	184.5	45.9
DEUTZ Customised Solutions	66.2	70.9	-6.6
DEUTZ Power Systems	55.5	54.1	2.6
<b>Total</b>	<b>390.9</b>	<b>309.5</b>	<b>26.3</b>
Germany	20.8	25.3	
Export	79.2	74.7	

New orders (€ million)	Q1 2007	Q1 2006	Change (%)
Compact Engines	340.5	226.0	50.7
DEUTZ Customised Solutions	97.2	87.7	10.8
DEUTZ Power Systems	78.0	83.4	-6.5
<b>Total</b>	<b>515.7</b>	<b>397.1</b>	<b>29.9</b>

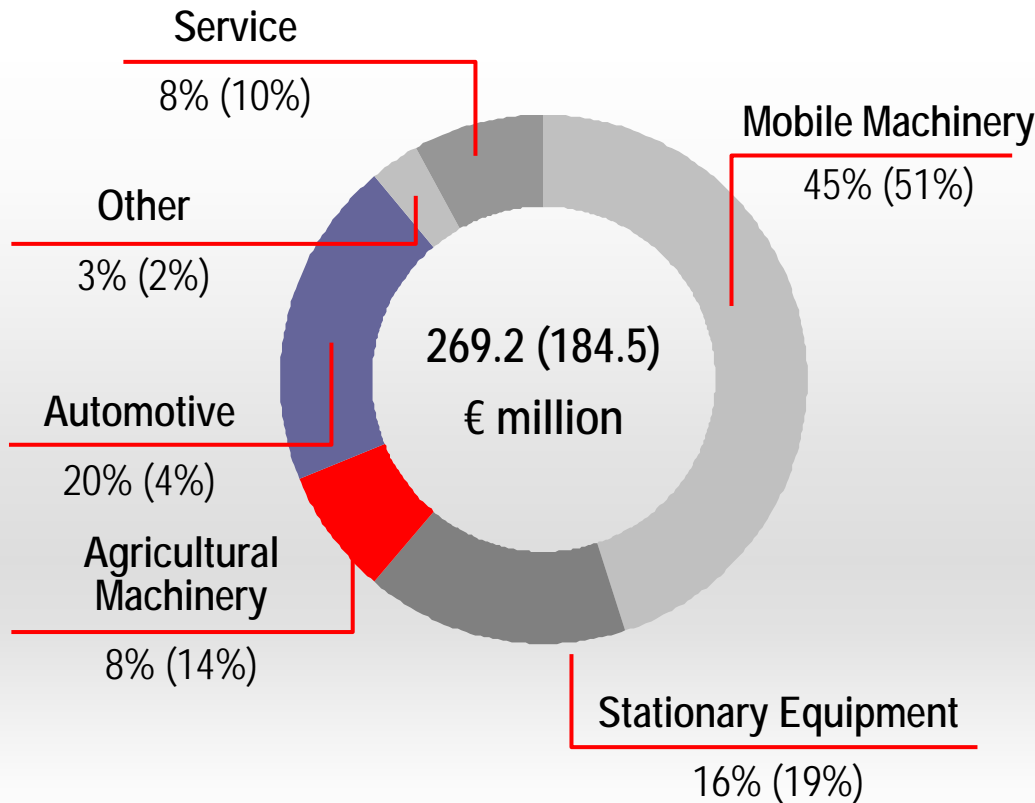
Operating profit (€ million)	Q1 2007	Q1 2006	Change (%)
Compact Engines	9.0	8.5	5.9
DEUTZ Customised Solutions	5.2	5.2	-
DEUTZ Power Systems	-1.3	-2.2	40.9
Other	0.2	1.5	-86.7
<b>Total</b>	<b>13.1</b>	<b>13.0</b>	<b>0.8</b>



# Compact Engines: highlights

## Revenue by applications

Q1 2007 (Q1 2006)



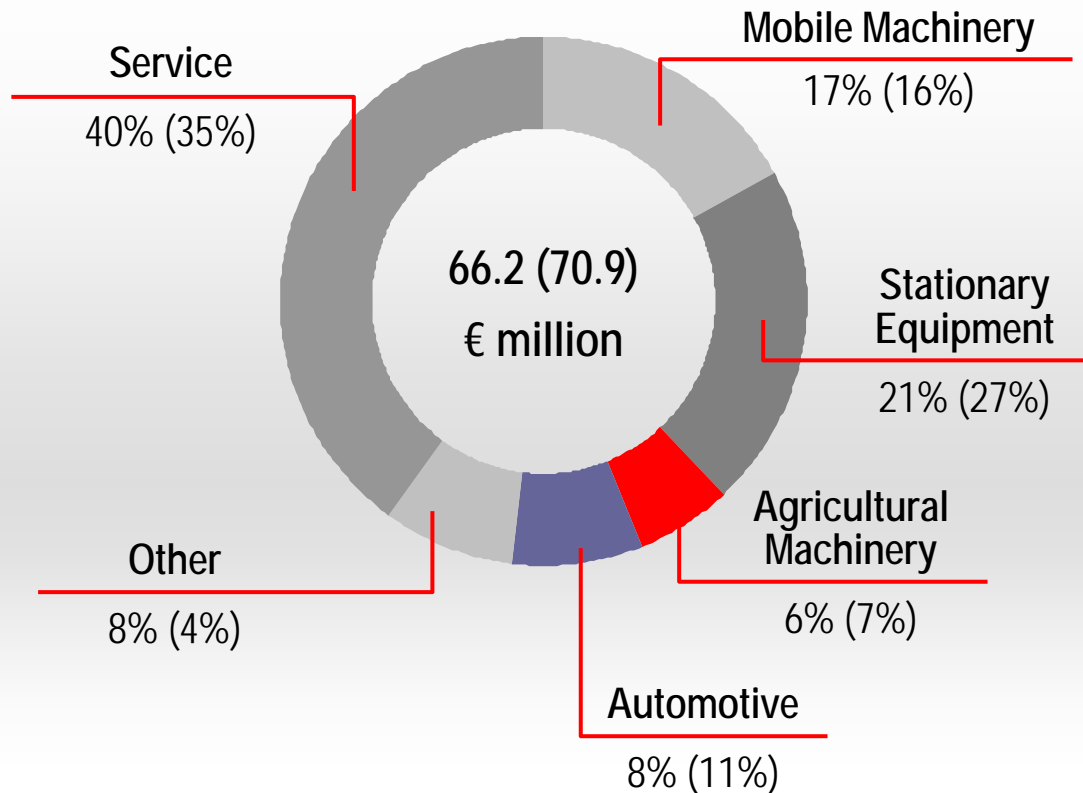
- New orders up 51%
- Revenue up 46%
- Unit sales of engines up 32% year-on-year
- Unit sales of 4-litre to 8-litre engines up 50%, due in large part to increased output of commercial vehicle engines
- Higher logistics costs and higher expenses for parts supply



# DEUTZ Customised Solutions: highlights

## Revenue by applications

Q1 2007 (Q1 2006)



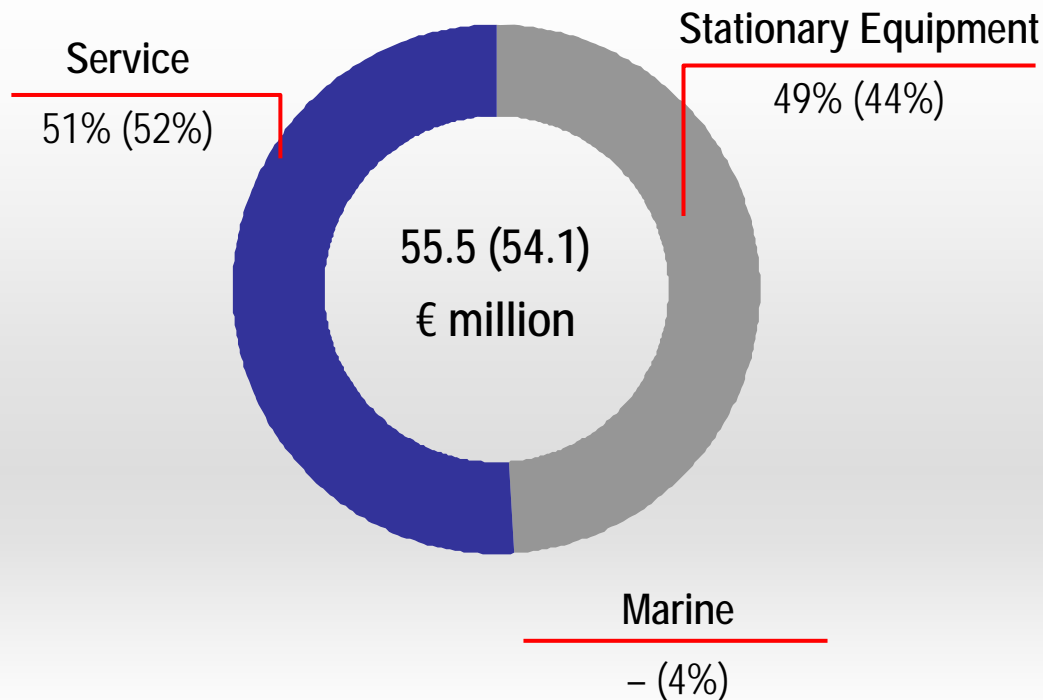
- Production of air-cooled engines in Ulm started on schedule
- New orders up 11%
- Service revenue up 8%



## DEUTZ Power Systems: highlights

### Revenue by applications

Q1 2007 (Q1 2006)

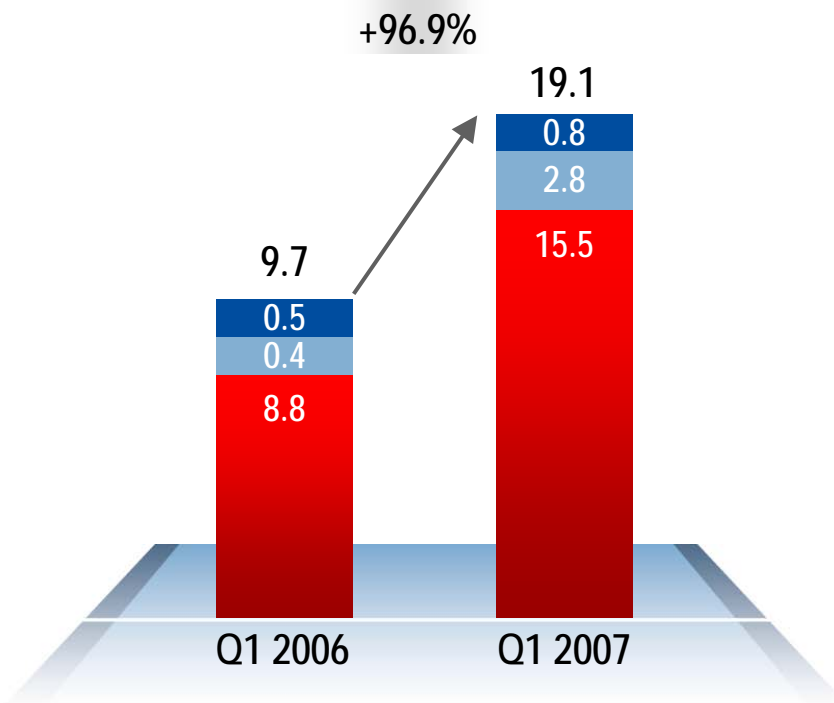


- Usual seasonal peak at start of year
- Gas engine revenue up more than 24%
- Revenue boosted by applications for commercial greenhouses in Benelux countries and biogas applications in Germany

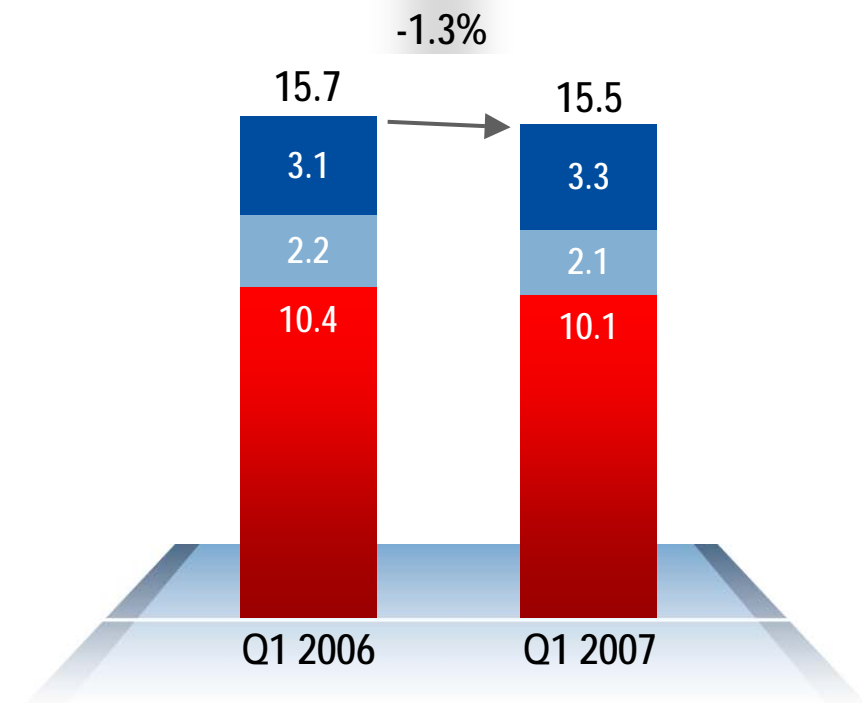


# Substantial increase in capital expenditure for capacity expansion, R&D expenditure in line with planning

Capital expenditure\* (€ million)



R&D (€ million)



\* excl. capitalised development costs

■ Compact Engines 
 ■ DEUTZ Customised Solutions 
 ■ DEUTZ Power Systems



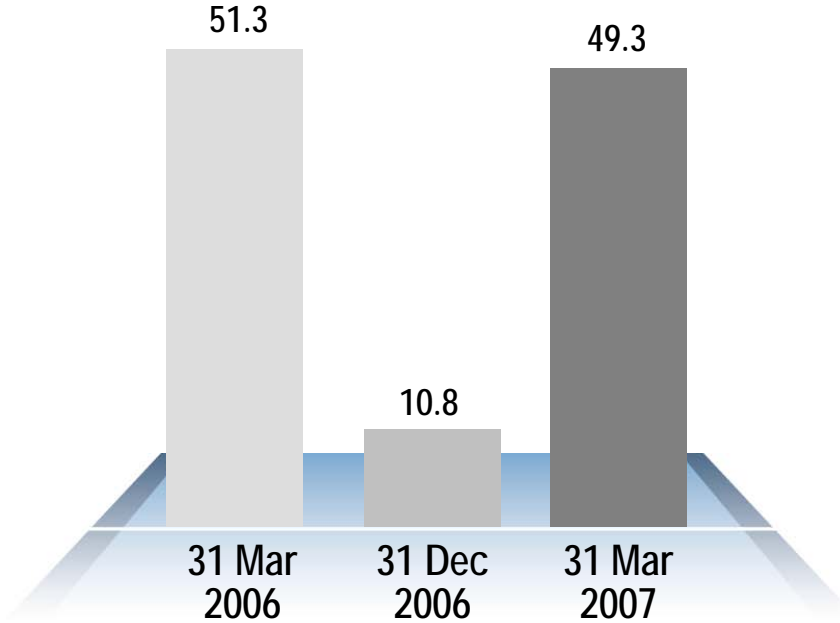
## Key balance sheet statistics

€ million	31 Mar 2007	31 Dec 2006	Change (%)
Total assets	1,177.1	1,162.9	1.2
Equity	364.9	358.5	1.8
Equity ratio (%)	31.0	30.8	-
Cash flow from operating activities	-10.7	110.2	-
Net financial debt	49.3	10.8	-
Working capital	293.8	235.1	25.0

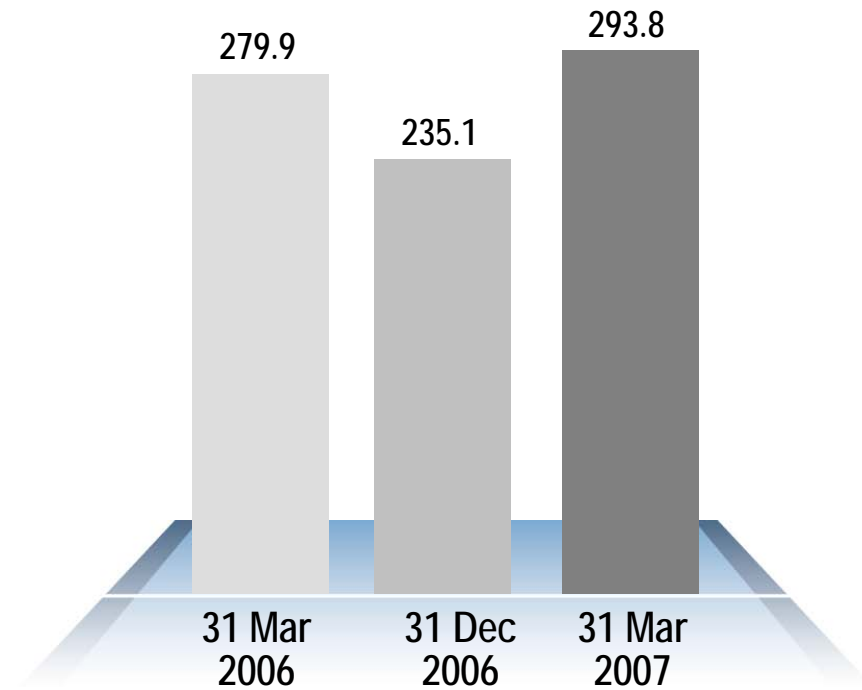


# Working capital up 5% on previous quarter, with a sharp increase in business volume

Net financial debt (€ million)



Working capital (€ million)





## Outlook for 2007

- Unit sales target: 260,000 engines (excl. Chinese joint venture)
- Revenue growth of between 6% and 10%
- Further growth in operating profit, EBIT margin of around 7%
- Expenses relating to joint venture in China will impact net income in second half of the year
- Net income to be raised by a double-digit million euro amount



## Financial calendar for 2007

- Q1 2007 interim report  
Conference call with analysts and investors 10 May 2007
  
- Annual General Meeting Cologne 24 May 2007
  
- H1 2007 interim report  
Press conference Cologne 1 August 2007  
Conference call with analysts and investors
  
- Q1-Q3 2007 interim report 8 November 2007  
Conference call with analysts and investors



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