

DEUTZ GROUP: KEY FIGURES

	2014	2013	Change (%)
€ million			
New orders	1,379.0	1,649.7	-16.4
Unit sales (units)	196,403	184,028	6.7
Revenue	1,530.2	1,453.2	5.3
EBITDA	120.3	142.0	-15.3
EBITDA before one-off items	137.4	142.0	-3.2
EBIT	12.8	47.5	-73.1
EBIT before one-off items	31.7	47.5	-33.3
EBIT margin (%)	0.8	3.3	-
EBIT margin before one-off items (%)	2.1	3.3	-
Net income	19.5	36.0	-45.8
Earnings per share (€)	0.18	0.30	-40.0
Total assets	1,149.2	1,121.0	2.5
Non-current assets	563.6	596.6	-5.5
Equity	511.0	504.7	1.2
Equity ratio (%)	44.5	45.0	-
Cash flow from operating activities	114.1	105.0	8.7
Free cash flow ¹⁾	52.0	13.8	-
Net financial position ²⁾	13.7	-31.7	-
Working capital ³⁾	196.2	172.3	13.9
Working capital as a percentage of revenue (%) ⁴⁾	12.8	11.9	-
Capital expenditure (excl. capitalisation of R&D, after deducting grants)	40.3	42.5	-5.2
Depreciation and amortisation	107.5	94.5	13.8
Research and development (after deducting grants)	53.1	52.6	1.0
thereof capitalised	26.3	33.8	-22.2
Employees (31 Dec)	3,916	3,952	-0.9

¹⁾ Free cash flow: cash flow from operating and investing activities less interest expense.

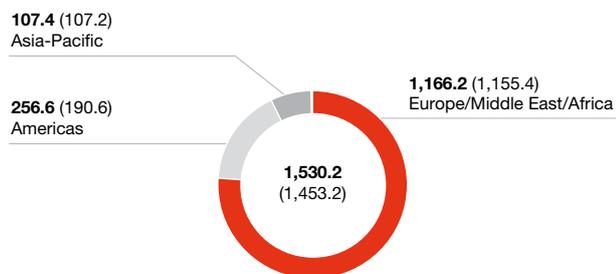
²⁾ Net financial position: cash and cash equivalents less current and non-current interest-bearing financial liabilities.

³⁾ Working capital: inventories plus trade receivables minus trade payables.

⁴⁾ Working capital ratio (percentage as at balance sheet date): working capital as at balance sheet date divided by revenue for the previous twelve months.

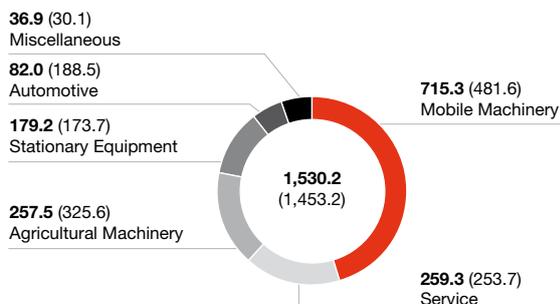
DEUTZ Group: Revenue by regions

€ million (2013 figures)



DEUTZ Group: Revenue by application segment

€ million (2013 figures)



DEUTZ AG

DEUTZ AG is an independent manufacturer of diesel engines with a power output of 25 to 520 kW and is headquartered in Cologne, Germany. For more than 150 years, the name DEUTZ has been synonymous with cutting-edge technology and high-quality products. We currently employ around 4,000 people and have a presence in over 130 countries.

DEUTZ AROUND THE WORLD



Key

- Production/assembly/components plant
- ▲ Sales company
- Sales office

In addition: over 800 independent DEUTZ sales and service partners in more than 130 countries

Americas

- | | |
|------------------|---------------|
| Argentina | USA |
| ● ▲ Buenos Aires | ● ▲ Atlanta |
| | ● Pendergrass |
| Brazil | |
| ▲ São Paulo | |

Europe

- | | |
|----------------|---------------------------|
| Germany | France |
| ● Herschbach | ▲ Gennevilliers/
Paris |
| ● Cologne | |
| ● Übersee | UK |
| ● Ulm | ■ Cannock |

- | | |
|---------------|--------------|
| Russia | Spain |
| ▲ ■ Moscow | ▲ Madrid |
| | ● Zafra |

Africa

- | |
|---------------------|
| Algeria |
| ■ Algiers |
| Morocco |
| ▲ Casablanca |
| South Africa |
| ▲ Johannesburg |

Asia

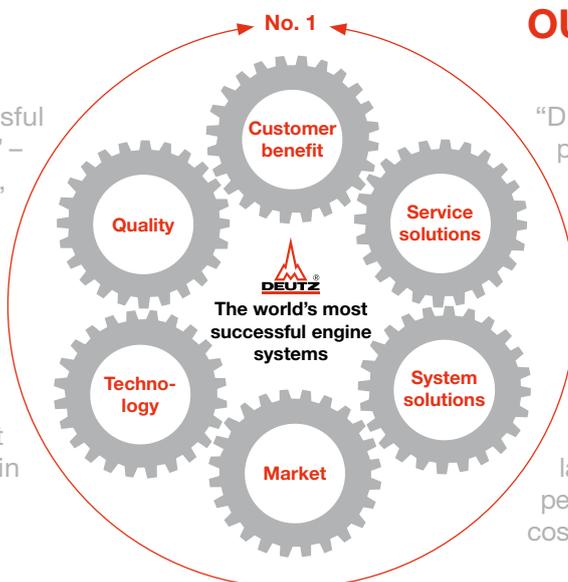
- | | |
|--------------|------------------|
| China | Singapore |
| ● ▲ Dalian | ▲ Singapore |
| ▲ Beijing | UAE |
| ● Weifang | ■ Abu Dhabi |
| India | |
| ▲ Pune | |

Australia

- | |
|--------------------------|
| ▲ Braeside/
Melbourne |
|--------------------------|

OUR VISION

“To offer the most successful engine systems in the world” – this is our vision. In 1864, DEUTZ became the world’s first engine manufacturer ever. We intend to remain ‘No. 1’ when it comes to customer benefit, quality, technology and everything to do with engine system and service solutions; not least, we intend to remain No. 1 in the market.



OUR MISSION

“DEUTZ has been a byword for pioneering spirit, passion and innovation since its foundation in 1864. We invented the internal combustion engine and have improved it every day since then. We are leading the way in developing environmentally-friendly and efficient drive technologies. Our customer-specific solutions offer long-lasting high quality and reliable performance at an affordable total cost of ownership.”

DEUTZ SEGMENTS

DEUTZ Compact Engines



- Liquid-cooled engines of up to 8 litres cubic capacity for on-road and off-road applications
- Large number of modular approaches to design
- Major joint ventures in China

DEUTZ Customised Solutions



- Air-cooled engines for on-road, off-road and marine applications
- Liquid-cooled engines of over 8 litres for on-road, off-road and marine applications
- Reconditioned (Xchange) engines for all DEUTZ engine series

DEUTZ Compact Engines	2014	2013	Change (%)
€ million			
New orders	1,115.0	1,385.5	-19.5
Unit sales (units)	183,125	167,964	9.0
Revenue	1,279.9	1,188.8	7.7
EBIT (before one-off items)	15.2	8.7	74.7

DEUTZ Customised Solutions	2014	2013	Change (%)
€ million			
New orders	264.0	264.2	-0.1
Unit sales (units)	13,278	16,064	-17.3
Revenue	250.3	264.4	-5.3
EBIT (before one-off items)	18.8	39.0	-51.8

FOREWORD

*Dear shareholders,
friends and partners of our Company,*

DEUTZ AG celebrated its 150th anniversary in 2014, a good reason for various celebrations and a special book to mark the Company's long history, which has been eventful as well as successful. We are proud of what we have achieved and will do our utmost to develop the Company on a sustainable basis.

Last year, one of our successes was the introduction of our new products. All engines that comply with the latest EU Stage IV/ US Tier 4 emissions standards have been approved for series production, if they had not already received their approval. This was the reason for overhauling our entire engine range in recent years. The extremely compact dimensions of the new engines is what really sets them apart from their competitors. DEUTZ engines also feature low fuel consumption, low lifecycle costs and exhaust aftertreatment designs that are tailored to customer needs, further proof of our role as technology leader. Customers also showed their appreciation. As well as receiving numerous orders from existing customers, we are delighted to have won a range of new customers across all regions and applications.

We are even going one step further by ensuring that our TCD engines in the 2.9 to 7.8 litre cubic capacity range with a diesel particulate filter already meet EU Stage V, the next EU emissions standard announced for 2019. We are therefore able to cover two cycles of emissions standards with the same product version, which is providing our customers with long-term planning certainty, flexibility and a stable technology platform. Because they do not have to invest in adapting their equipment, customers make huge savings that they can use to win market share. We benefit in terms of higher sales.

In 2014, we added the 'operational excellence' efficiency and quality programme to the three pillars of our growth strategy – to form the basis for achieving profitable growth. Its main focal points include continuously improving quality, managing the supply chain and reducing complexity. We also reviewed our sites around the world in this context. As already announced, this resulted in our decision to carry out a comprehensive optimisation of our network of sites in Germany, which is under way as planned. It involves consolidating our sites in Cologne and integrating our exchange engine plant in Übersee on Lake Chiemsee into the plant in Ulm. We expect these measures to bring about a sustainable increase in our efficiency.

We are scrutinising our activities in China in light of changes in the market situation. Although we continue to have every faith in the potential of the Chinese market – and have stepped up our sales activities there – we have also decided to focus our production operations in China on our established and successful DEUTZ Dalian joint venture, which has sufficient capacity.

It is clear how a variety of internal and external factors – including the economic downturn at the year end and signs of weakness in some sales markets – affected our business last year. The volume of new orders received in 2014 amounted to €1,379.0 million, which was 16.4 per cent lower than the high volume received in 2013. Nonetheless, we sold 196,403 engines and revenue was up by 5.3 per cent to €1,530.2 million, which was in line with our adjusted forecast. We also benefited from the change to the EU emissions standard for engines under 130 kW in the EU and the associated effects of the advance production of engines. In the first nine months of 2014, European customers purchased more engines than they needed, which will reduce demand in subsequent quarters.

Our operating profit (EBIT before one-off items) fell to €31.7 million from €47.5 million in 2013. The EBIT margin (before one-off items) was 2.1 per cent. This was also in line with our adjusted forecast, which was revised down due to a €20.4 million charge against earnings recognised in the third quarter of 2014. After a rise in the number of warranty claims on engines from the DEUTZ Compact Engines segment, primarily relating to engines manufactured in 2011, we made a substantial increase to the provisions for warranty costs. We immediately ensured that no faulty parts are used in production by changing our processes and implementing quality-assurance measures. Based on the information currently available, the increase in the provisions recognised on the balance sheet covers all future charges that can be anticipated to arise from this matter. Without this charge and other exceptional effects, the EBIT margin (before one-off items) would have stood at 3.4 per cent.

The increase in our free cash flow, which virtually quadrupled compared with 2013 and stood at €52.0 million, was very welcome. Now that all of our new products have been launched on the market, the associated capital expenditure is being depreciated, while the high development costs and capital expenditure of recent years have been scaled back again.



**From left to right:
Michael Wellenzohn**

Board of Management member
Sales, service and marketing

Dr Margarete Haase

Board of Management member
Finance, human resources,
investor and public relations

Dr Ing Helmut Leube

Chairman of the Board of
Management
Technical and
head-office functions

Last year, the price of DEUTZ shares fell by around 38 per cent and ended the year at €4.00. This trend was undoubtedly connected with our results, some of which were lower than initially forecast. However, we also firmly believe that our share price and our business are increasingly subject to cyclical fluctuations with both positive and negative effects. Consequently, we expect share prices to recover sharply when there is a general upturn in business. We also aim to continue paying a dividend even when business conditions are challenging. Together with the Supervisory Board, we propose that the dividend for 2014 should remain unchanged at €0.07 per share.

Our Company could not succeed without the considerable dedication and high level of commitment of our employees around the world. We would like to take this opportunity to express our thanks to them – particularly at a time when we are focusing so closely on efficiency enhancement. We would also like to extend our sincere thanks to our customers, suppliers and other partners of the Company – both old and new – for putting their trust in us and working with us.

We believe the current year will be a period of transition characterised by a significant reduction in demand resulting from the advance production of engines in 2014 mentioned above. As a result, we believe that the decline in revenue will be in the region of 10 per cent in 2015 but that there will be modest improvement in the EBIT margin before one-off items to around 3 per cent. We are confident that the measures we have initiated will enable DEUTZ to grow profitably in the long term and that earnings will improve significantly.

Kind regards from Cologne,

Dr Ing Helmut Leube

Dr Margarete Haase

Michael Wellenzohn

DEUTZ SHARES

Stock markets revealed a very mixed picture in 2014. After a good start to the year, sentiment deteriorated once more in the autumn as the result of various geopolitical crises, but bounced back towards the year end. On 5 December 2014, the DAX climbed above the 10,000 mark to reach 10,087.12 points, its highest point of the year. It ended the year at 9,805.55 points, 2.7 per cent above its 2013 closing price.

DEUTZ SHARE PRICE DECLINES

The SDAX, in which DEUTZ shares are listed, rose in value by 5.9 per cent in the year under review and closed at 7,186.21 points at the end of 2014 (31 December 2013: 6,788.79 points). By contrast, the Prime Industrial Index, which includes major German industrial companies, lost 5.6 per cent of its value in 2014 to close the year at 4,244.82 points (31 December 2013: 4,495.21 points).

In this environment, DEUTZ shares also fell significantly, closing at €4.00 at the end of 2014, 38.4 per cent down on their closing price of €6.49 at the end of 2013. After reaching its peak for the year of €7.94 on 25 February 2014, the share price then fell steadily, with some investors evidently disappointed by the drop in new orders. The downturn in the market and an unexpected charge against earnings for a transfer to provisions resulted in the earnings forecast being cut on 21 October 2014, the same day on which the share price fell to €3.35, its lowest of the year. Thereafter, however, the shares made a marked recovery up to the year end.

Market capitalisation stood at €483.4 million as at 31 December 2014, compared with €784.4 million at the end of 2013.

Key figures for DEUTZ shares

	2014	2013
Number of shares (31 December)	120,861,783	120,861,783
Average number of shares	120,861,783	120,861,783
Share price as at 31 December (€)	4.00	6.49
Share price high (€)	7.94	7.45
Share price low (€)	3.35	3.71
Market capitalisation as at 31 December (€ million)	483.4	784.4
Earnings per share (€)	0.18	0.30

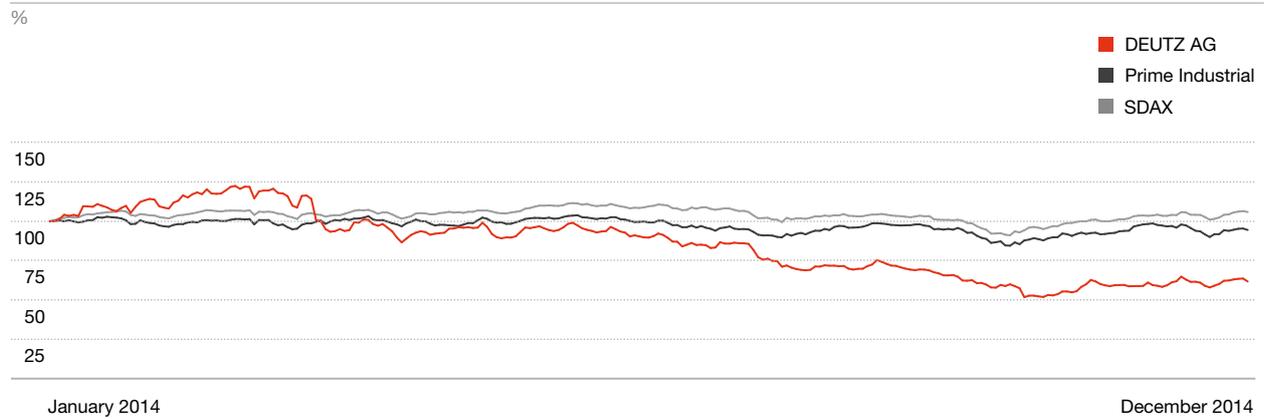
EARNINGS PER SHARE

Earnings per share is calculated by dividing the net income for the year by the weighted average number of shares in issue. In the year under review, the number of DEUTZ shares in issue was 120.9 million. Basic earnings per share was therefore €0.18, compared with €0.30 in 2013.

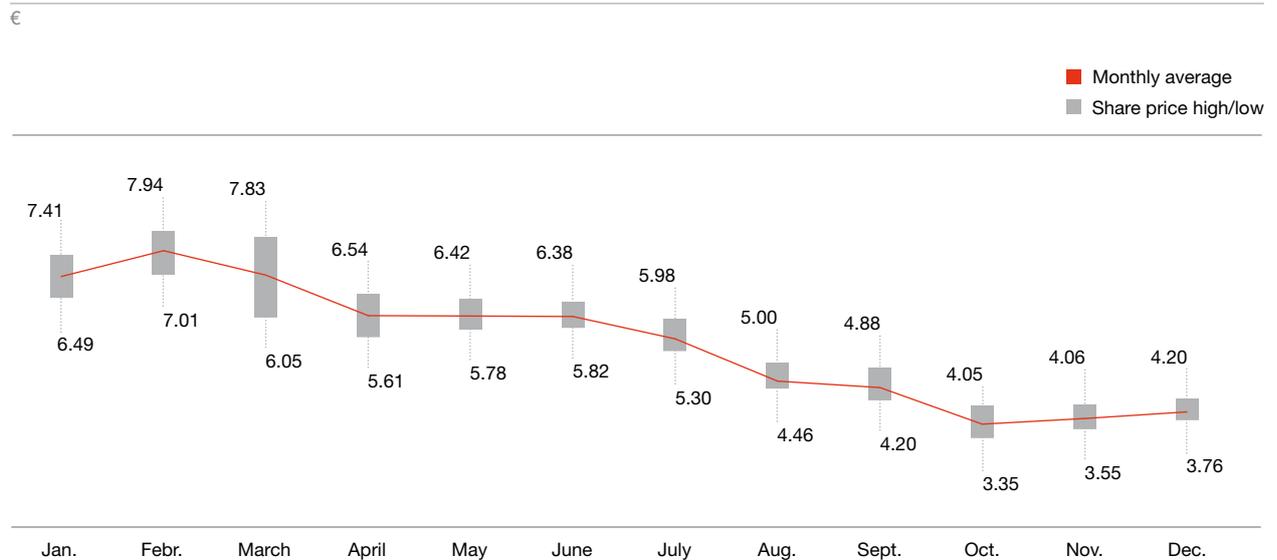
Key data on stock market listing

ISIN	DE0006305006
WKN	630500
Reuters	DEZG.F
Bloomberg	DEZ:GR
Market segment	Regulated Market/Prime Standard
Trading platforms	Xetra, Frankfurt/Main, Düsseldorf

DEUTZ share price performance in 2014



DEUTZ share price high and low for 2014



DIVIDEND GIVES SHAREHOLDERS A SHARE IN PROFITS

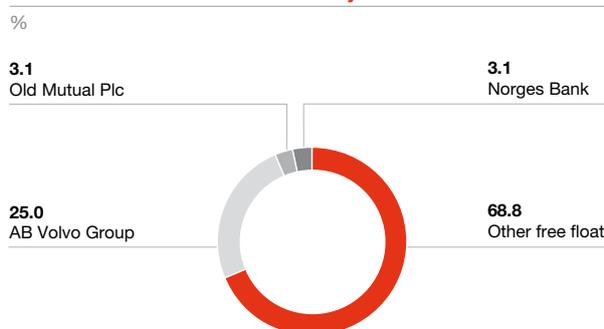
DEUTZ AG distributed a dividend of €0.07 per share for 2013. The Board of Management and Supervisory Board propose that the dividend paid for 2014 should remain unchanged at €0.07 per share. We want our shareholders to share in the success of our Company by receiving a regular dividend. At the same time, we plan to continue to fund a significant proportion of our growth ourselves, that is to say from our own capital.

THREE-QUARTERS OF ALL DEUTZ SHARES ARE IN FREE FLOAT

Swedish truck and construction equipment manufacturer AB Volvo is the largest individual shareholder in DEUTZ AG with a stake of just over 25.0 per cent. The proportion of free float shares is almost 75.0 per cent, and it is held by a broadly diversified range of private and institutional shareholders both in Germany and abroad. Most of the private investors are in Germany, but fund management companies based in North America held the largest proportion among the institutional investors. At the end of 2014, FIL Ltd. (Fidelity UK) held 4.7 per cent of our Company, while Old Mutual Plc and Norges Bank held 3.1 per cent each. All three of these are considered non-controlling shareholdings.

After the balance sheet date, FIL Ltd. (Fidelity UK) notified us that it had fallen below the 3 per cent threshold on 2 February 2015.

Shareholder structure as at 2 February 2015



INTENSIVE INVESTOR-RELATIONS WORK MAINTAINED

Our aim is for all shareholders to receive prompt, transparent and comprehensive information about all significant events in our Group with the objective of gaining the acceptance and long-term trust of our shareholders. Consequently, we worked as closely with shareholders, analysts and all other interested parties in the capital markets in 2014 as we did in previous years. The latest corporate information, such as presentations, financial reports, press releases and ad-hoc announcements, are always available on our website.

At our annual results press conference and analysts' meeting on 20 March 2014, we presented the DEUTZ consolidated financial statements and our future strategic direction. We also held conference calls when the quarterly results were published.

In 2014, we were involved in a total of 15 roadshows and investor conferences in Germany, the United Kingdom, France, Switzerland and the United States. We also met personally with analysts, institutional investors and private investors on various other occasions throughout the year.

NEW AUDITOR ELECTED AT ANNUAL GENERAL MEETING

The Annual General Meeting of DEUTZ AG was held on 7 May 2014 in the Congress-Centrum Ost at Koelnmesse exhibition centre in Cologne-Deutz. All the items on the agenda were adopted with a large majority. They included the election of Mr Herbert Kauffmann to the Supervisory Board to succeed Dr Lodovico Bussolati, who had stepped down from the Supervisory Board with effect from 31 December 2013. PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft was appointed as the new auditor of the single-entity and consolidated annual financial statements for 2014.

TEN ANALYSTS MONITOR DEUTZ SHARES

At the end of 2014, the following ten banks and securities houses were monitoring the performance of DEUTZ shares: Bankhaus Lampe, Berenberg Bank, Commerzbank, Deutsche Bank, DZ Bank, Equinet, HSBC Trinkaus & Burkhardt, Kepler Cheuvreux, Quirin Bank and UBS.

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

If you need more information, visit our website or give us a call:

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REPORT OF THE SUPERVISORY BOARD

CLOSE COOPERATION BETWEEN SUPERVISORY BOARD AND BOARD OF MANAGEMENT

In 2014, the Supervisory Board of DEUTZ AG continued its ongoing monitoring of the management of the business in accordance with the requirements of the German Stock Corporation Act (AktG) and the German Corporate Governance Code and provided advice to the Board of Management on key decisions. The Supervisory Board was directly involved in all material decisions taken by the Board of Management. In particular, the Board of Management coordinated closely with the Supervisory Board on the Company's corporate strategy.

Five meetings of the Supervisory Board took place in 2014. Only one member of the Supervisory Board was absent at each of the meetings on 13 March and 12 June, but apologies were sent, and the other meetings in 2014 were attended in person by all the Supervisory Board members.

At each of the meetings of the Supervisory Board, the Board of Management reported on the general economic, market and competitive environment for the DEUTZ Group, presented a business update and sales report that included detailed information on the actual performance of the business over the immediately preceding period, submitted an up-to-date risk report, provided information on key operational issues and offered an overview of the results forecast for the year as a whole. These reports were made on the basis of the key performance indicators that were already familiar to the Supervisory Board members from the Company's written monthly reports. These key performance indicators included new orders, orders on hand, revenue, unit sales, EBIT, research and development expenditure, capital expenditure, working capital and headcount data, in each case compared against the prior-year figures and budget. Reports from the Human Resources and Audit Committees presented by their chairperson were also a regular item on the agenda of the Supervisory Board meetings.

FOCUS OF SUPERVISORY BOARD DELIBERATIONS

The deliberations and discussions of the Supervisory Board in the year under review focused mainly on the current business position and risk situation of the DEUTZ Group as well as on the operational and strategic development of the business. Particular attention was paid to the existing joint ventures, especially those in China, with regular reports on their performance provided by the Board of Management. During the strategy discussion, the Supervisory Board discussed the details of an action plan for achieving the Company's medium and long-term growth targets (profitable growth) and the optimisation of all operational processes ('operational excellence').

Other key decisions concerned the 2015 budget, the medium-term planning up to 2019 and the approval of capital expenditure. As is the case every year, the Supervisory Board also adopted resolutions concerning the achievement of targets by the Board

of Management – and consequently its variable remuneration for the previous year – as well as the setting of its targets for the current year. Besides defining the Board of Management's targets for the current financial year, it also set medium-term targets for the Board of Management.

The Board of Management ensured that it provided the Supervisory Board with comprehensive, regular and timely information at all times. Between meetings, the Board of Management informed the members of the Supervisory Board in writing about all important events. In addition, the chairman of the Supervisory Board and the chairman of the Board of Management remained in close and regular contact to discuss all important transactions, imminent decisions and optimisation measures. All the decisions that the Supervisory Board was required to take in accordance with the law and Statutes were taken on the basis of the reports and draft resolutions submitted by the Board of Management and, where necessary, following preparation by the relevant committees of the Supervisory Board.

COMPOSITION OF THE BOARD OF MANAGEMENT

There were no changes to the Board of Management of DEUTZ AG in 2014.

CORPORATE GOVERNANCE: DECLARATION OF COMPLIANCE WITH TWO EXCEPTIONS/ EFFICIENCY AUDIT

At its meeting on 11 December 2014, the Supervisory Board held an in-depth discussion of the German Corporate Governance Code as amended on 13 May 2013 and 24 June 2014 and, together with the Board of Management, issued a declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG). This declaration includes just two variances from the Code and since 12 December 2014 it has been available in the Investor Relations/Corporate Governance section of the Company's website at www.deutz.com, where it can be downloaded.

As it had in previous years, the Supervisory Board examined the efficiency of its work in 2014 by carrying out a survey. The results of this survey, which all of the Supervisory Board members completed, were presented at its meeting on 25 September 2014 where they were discussed at length. The Supervisory Board's finding was that it fulfilled its legal obligations and operated efficiently; more specifically, it found that all parameters had improved in comparison with the 2013 survey.

MATTERS HANDLED EFFICIENTLY BY FOUR COMMITTEES

The Supervisory Board has created four committees to enable it to perform its duties effectively. These committees prepare various topics and resolutions for the full Supervisory Board. Details of all members of the Supervisory Board and its committees, as well as other directorships held by its members, are shown separately on pages 118 and 119 of this annual report.



Lars-Göran Moberg
Chairman of the Supervisory Board

The Human Resources Committee makes preparations for all Supervisory Board decisions concerning the appointment of members of the Board of Management and their contracts of employment, including the remuneration specified therein, and all issues arising in this connection. The committee met once in 2014 when it discussed the resolutions to be adopted by the full Supervisory Board on the achievement of the Board of Management's targets for 2013 and the setting of Board of Management targets, including medium-term targets, for 2014.

The work of the Audit Committee in the year under review focused on the assessment of the single-entity and consolidated financial statements for 2013 and the corresponding auditors' reports, the condensed consolidated financial statements for the six months to 30 June 2014 and their review by the auditors, the interim reports for the periods ended 31 March and 30 September 2014 and the discussion of the audit engagement for the year ended 31 December 2014. At the beginning of the reporting year, the Audit Committee again dealt with the invitation to tender for the audit of the consolidated annual financial statements and the review of the interim financial statements. Other important topics discussed by the Audit Committee included risk management, compliance, the internal control system, strategic planning, key performance indicators, the adjustment of the provision for warranties in the third quarter and the performance of the DEUTZ AG plants in Germany in terms of productivity and costs. The Audit Committee met six times in 2014, with the auditors in attendance on three occasions.

The Arbitration Committee set up pursuant to section 27 (3) of the German Codetermination Act (MitbestG) is responsible for the activities described in section 31 (3) of the Act. It did not need to be convened during the year under review.

Following a further amendment to the relevant section of the rules of procedure for the Supervisory Board, the Nominations Committee once more consists of three (previously four) Supervisory Board members elected by the Annual General Meeting. It is tasked with proposing to the Supervisory Board suitable candidates as shareholder representatives on the Supervisory Board. The Nominations Committee met on four occasions in 2014 when it dealt with the search for potential successors for appointment to the Supervisory Board.

The entire Supervisory Board was informed of the outcome of all discussions in the committees and gave its approval to the recommendations for board resolutions submitted by the committees.

SINGLE-ENTITY AND CONSOLIDATED FINANCIAL STATEMENTS AUDITED IN DETAIL AND APPROVED

The single-entity annual financial statements of DEUTZ AG prepared by the Board of Management in accordance with the German Commercial Code (HGB), the consolidated annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and the combined management report for DEUTZ AG and the DEUTZ Group (all for the 2014 financial year) were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Cologne, Germany, the auditors appointed by the Annual General Meeting on 7 May 2014. The auditors issued unqualified opinions.

The single-entity annual financial statements of DEUTZ AG, the consolidated annual financial statements, the combined management report, the Board of Management's proposal for the appropriation of profit and the auditors' reports were made available to all members of the Supervisory Board and were examined by the Supervisory Board. The auditors explained their audit findings in detail to the Audit Committee meeting held on 3 March 2015 and to the Supervisory Board meeting held on 12 March 2015 and answered any supplementary questions raised.

The Supervisory Board approved the findings of the auditors' reports on DEUTZ AG and the DEUTZ Group. The conclusive findings of the Supervisory Board's own audit have not led to any reservations about either the single-entity annual financial statements or the consolidated annual financial statements, and the Supervisory Board has therefore approved them. The annual financial statements have thus been adopted.

The Supervisory Board also approved the Board of Management's proposal to use the accumulated income reported for the 2014 financial year to pay a dividend of €0.07 per dividend-bearing share.

COMPOSITION OF THE SUPERVISORY BOARD AND ITS COMMITTEES

As already reported, there was only one new appointment in 2014 following the election of all twelve members of the Supervisory Board in 2013. On 7 January 2014, at the request of the Board of Management and as recommended by the Nominations Committee, the local court in Cologne appointed Mr Herbert Kauffmann to succeed Dr Lodovico Bussolati as a shareholder representative on the Supervisory Board of DEUTZ AG following Dr Bussolati's resignation from his seat at the end of 2013. The Annual General Meeting of DEUTZ AG held on 7 May 2014 confirmed the appointment of Mr Kauffmann and elected him to the Supervisory Board for the remaining term of appointment of the other members of the Supervisory Board, i.e. until the 2018 Annual General Meeting.

After the end of the reporting year, at the request of the Board of Management and as proposed by the General Works Council, the local court in Cologne appointed Mr Hans-Peter Finken as an employee representative on the Supervisory Board with effect from 1 February 2015. The appointment became necessary when Mr Egbert Zieher stepped down from his post with effect from 31 January 2015.

The Supervisory Board would like to thank Mr Zieher for his outstanding work and valuable contribution over the years.

The membership of the Supervisory Board committees changed as follows in the year under review: at its meeting on 11 December 2014, the Supervisory Board elected Mr Kauffmann to succeed Mr Michael Haupt as a member of the Audit Committee and its chairman. Mr Haupt had resigned from both positions with effect from the end of that meeting.

CONFLICTS OF INTEREST/INDEPENDENCE OF SUPERVISORY BOARD MEMBERS/PROPORTION OF WOMEN ON THE SUPERVISORY BOARD

No conflicts of interest between members of the Supervisory Board and DEUTZ AG arose in the year under review.

The current members of the Supervisory Board of DEUTZ AG are all considered independent within the meaning of item 5.4.2 sentence 2 of the German Corporate Governance Code.

The Supervisory Board has had to defer its target of at least two female members (see page 128 of the 2013 annual report) in connection with the forthcoming appointment of a member to replace Ms Persson at the Annual General Meeting on 29 April 2015 because it had to give priority to experts in the areas of agricultural machinery, service and sales.

The Supervisory Board would like to express its thanks and appreciation to all employees of DEUTZ AG in Germany and abroad, to the elected workforce representatives and to the Board of Management for their valuable efforts and the considerable dedication they showed in 2014.

Cologne, March 2015
The Supervisory Board



Lars-Göran Moberg
Chairman

EVENT AFTER THE BALANCE SHEET DATE

At the end of its meeting on 12 March 2015, the Supervisory Board appointed Mr Hans-Georg Härter as new chairman after the previous chairman, Mr Lars-Göran Moberg, had stepped down from his post; accordingly Mr Härter also becomes chairman of the Arbitration Committee, the Human Resources Committee and the Nominations Committee. As Mr Härter was previously an ordinary member of the Human Resources Committee and the Nominations Committee, the Supervisory Board appointed Mr Moberg as his successor. At the same time, Mr Paust was appointed successor of Mr Zieher as a new member of the Arbitration Committee.

FINANCIAL CALENDAR

2015

29 April 2015	Annual General Meeting
5 May 2015	Interim report 1st quarter 2015 Conference call with Analysts and Investors
6 August 2015	Interim report 1st half-year 2015 Conference call with Analysts and Investors
5 November 2015	Interim report 1st to 3rd quarter 2015 Conference call with Analysts and Investors

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of the Annual Report.**

DEUTZ GROUP: MULTI-YEAR OVERVIEW

	Continuing operations 2010	Continuing operations 2011	Continuing operations 2012	Continuing operations 2013	Continuing operations 2014
€ million					
New orders	1,315.0	1,479.3	1,237.1	1,649.7	1,379.0
Unit sales (units)	167,680	230,598	178,774	184,028	196,403
Compact Engines	150,179	204,161	161,899	167,964	183,125
DEUTZ Customised Solutions	17,501	26,437	16,875	16,064	13,278
Revenue	1,189.1	1,529.0	1,291.9	1,453.2	1,530.2
Compact Engines	919.0	1,199.1	1,005.0	1,188.8	1,279.9
DEUTZ Customised Solutions	270.1	329.9	286.9	264.4	250.3
EBITDA ¹⁾	91.3	159.0	121.7	142.0	120.3
EBITDA before one-off items ¹⁾	111.2	159.0	121.7	142.0	137.4
EBIT ¹⁾	20.9	89.9	37.1	47.5	12.8
EBIT before one-off items ¹⁾	40.8	89.9	37.1	47.5	31.7
EBIT margin (%) ¹⁾	1.8	5.9	2.9	3.3	0.8
EBIT margin before one-off items (%) ¹⁾	3.4	5.9	2.9	3.3	2.1
Net income	-15.9	75.5	21.0	36.0	19.5
Continuing operations	-15.9	68.7	22.1	36.0	19.5
Discontinued operations	-	6.8	-1.1	-	-
Basic earnings per share (€)	-0.13	0.62	0.17	0.30	0.18
Continuing operations	-0.13	0.57	0.18	0.30	0.18
Discontinued operations	-	0.05	-0.01	-	-
Total assets ²⁾	1,041.7	1,099.0	1,035.9	1,121.0	1,149.2
Non-current assets	591.5	623.1	621.3	596.6	563.6
Equity ²⁾	374.3	453.5	452.6	504.7	511.0
Equity ratio (%) ²⁾	35.9	41.3	43.7	45.0	44.5
Cash flow from operating activities ³⁾	78.2	120.5	104.9	105.0	114.1
Free cash flow	-55.9	4.8	12.6	13.8	52.0
Net financial position ⁴⁾	-73.6	-69.6	-48.6	-31.7	13.7
Working capital ⁵⁾	112.5	142.1	141.6	172.3	196.2
Working capital as a percentage of revenue (31 Dec)	9.5	9.3	11.0	11.9	12.8
Capital expenditure (excl. capitalisation of R&D, after deducting grants) ⁶⁾	56.9	41.1	66.4	42.5	40.3
Depreciation and amortisation	70.4	69.1	84.6	94.5	107.5
Research and development (after deducting grants) ⁶⁾	71.8	84.6	62.1	52.6	53.1
thereof capitalised	58.9	61.5	44.2	33.8	26.3
Employees (31 Dec)	3,839	4,060	3,991	3,952	3,916

¹⁾ Since 2013, the income statement has been structured according to the function-of-expense method. Other taxes are no longer reported separately after operating profit/loss and are instead allocated to functional costs within operating profit/loss. The comparative prior-year figures have been restated accordingly to improve comparability.

²⁾ Since 2013, the accounting of pension provisions has changed (IAS 19R). For comparison, the entry for the financial year 2012 has been changed. The years 2009–2011 have not been adjusted for reasons of practicability.

³⁾ Since 2012 interest income has been reported as cash flow from financing activities rather than as cash flow from operating activities. The comparative figures of previous years have been restated accordingly to improve comparability.

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⁾ Since 2012 the key figures "capital expenditure" and "expenditure for research and development" have been reported after deducting grants. The comparative figures of previous years have been restated accordingly to improve comparability.

	Continuing operations 2010	Continuing operations 2011	Continuing operations 2012	Continuing operations 2013	Continuing operations 2014
Revenue by region					
€ million	1,189.1	1,529.0	1,291.9	1,453.2	1,530.2
Europe/Middle East/Africa	983.9	1,225.0	984.2	1,155.4	1,166.2
Americas	116.1	177.2	190.9	190.6	256.6
Asia-Pacific	89.1	126.8	116.8	107.2	107.4
Revenue by application segment					
€ million	1,189.1	1,529.0	1,291.9	1,453.2	1,530.2
Mobile Machinery	369.6	529.4	477.5	481.6	715.3
Stationary Equipment	215.8	241.6	250.3	253.7	259.3
Agricultural Machinery	185.0	240.5	152.5	325.6	257.5
Automotive	175.8	227.9	204.2	173.7	179.2
Service	192.6	213.6	192.1	188.5	82.0
Miscellaneous	50.3	76.0	15.3	30.1	36.9
Key figures DEUTZ shares					
Number of shares (31 Dec)	120,861,783	120,861,783	120,861,783	120,861,783	120,861,783
Number of shares (average)	120,861,783	120,861,783	120,861,783	120,861,783	120,861,783
Share price (31 Dec, €)	6.25	4.11	3.54	6.49	4.00
Share price high (€)	6.38	7.22	5.72	7.45	7.94
Share price low (€)	3.15	3.23	2.96	3.71	3.35
Market capitalisation (31 Dec, € million)	755.4	496.7	427.9	784.4	483.4
Basic earnings per share (€)	-0.13	0.62	0.17	0.30	0.18
Continuing operations	-0.13	0.57	0.18	0.30	0.18
Discontinued operations	-	0.05	-0.01	-	-