

Results of operations

Business performance in
the segments

income taxes relating to the tax audit conducted at DEUTZ AG for the years 2009 to 2011. The current tax expense was offset by deferred tax income of €8.3 million. This mainly resulted from the reversal of deferred tax liabilities arising in connection with the capitalisation of development expenditure under IFRS. The year-on-year decrease was €13.6 million (2014: €21.9 million). The deferred tax income reported in 2014 was largely influenced by effects from the tax audit carried out at DEUTZ AG for the years 2009 to 2011.

Earnings per share As a result of weaker operating profit and lower deferred tax income, net income dropped to €3.5 million in 2015, a year-on-year decrease of €16.0 million (2014: €19.5 million). This resulted in earnings per share of €0.04 (2014: €0.18).

BUSINESS PERFORMANCE IN THE SEGMENTS

DEUTZ Group: Segments

€ million

	2015	2014
New orders		
DEUTZ Compact Engines	958.4	1,115.0
DEUTZ Customised Solutions	267.5	264.0
Total	1,225.9	1,379.0
Unit sales (units)		
DEUTZ Compact Engines	125,214	183,125
DEUTZ Customised Solutions	12,567	13,278
Total	137,781	196,403
Revenue		
DEUTZ Compact Engines	967.2	1,279.9
DEUTZ Customised Solutions	280.2	250.3
Total	1,247.4	1,530.2
EBIT before one-off items		
DEUTZ Compact Engines	-31.9	15.2
DEUTZ Customised Solutions	31.3	18.8
Other	5.5	-2.3
Total	4.9	31.7

BUSINESS PERFORMANCE IN THE DEUTZ COMPACT ENGINES (DCE) SEGMENT

New orders down on prior year In 2015, the DEUTZ Compact Engines (DCE) segment received new orders worth €958.4 million, 14.0 per cent down on 2014 when orders worth €1,115.0 million were received. As was the case at Group level, only the service business grew, increasing by 3.5 per cent to €160.7 million. In the Mobile Machinery application segment, new orders were down by 21.9 per cent to €463.2 million. The Automotive, Agricultural Machinery and Stationary Equipment application segments also reported decreases of 10.8 per cent, 4.8 per cent and 3.6 per cent respectively. Orders on hand amounted to €137.2 million at the end of the year, down by 3.0 per cent compared with the end of 2014.

Fewer engines sold Unit sales in the DCE segment fell by almost a third to 125,214 engines. The number sold in the prior year was 183,125 engines. In EMEA, our largest market, 81,428 engines were sold, which was 40.7 per cent fewer than in 2014. Unit sales went down by 8.3 per cent in the Americas region but rose by 15.2 per cent in the Asia-Pacific region. There were decreases across all application segments, with particularly pronounced drops for Agricultural Machinery and Mobile Machinery of 53.9 per cent and 32.8 per cent respectively.

Revenue also down year on year At €967.2 million, revenue in the DCE segment declined by 24.4 per cent (2014: €1,279.9 million). The fall in revenue was therefore not as substantial as the drop in unit sales – as was also the case at Group level. The EMEA region's revenue decreased by 32.8 per cent to €683.7 million. By contrast, the Americas region rose by 7.6 per cent to €228.1 million and the Asia-Pacific region by 10.6 per cent to €55.4 million. Revenue decreased by 29.5 per cent in the Mobile Machinery application segment, by 39.2 per cent in the Agricultural Machinery application segment and by 12.8 per cent in the Automotive application segment. However, revenue in the service business was up by 5.6 per cent year on year and in the Stationary Equipment application segment it increased by 1.7 per cent.

Q4 better than Q3 in 2015 In the DCE segment, new orders reached €234.4 million in the fourth quarter of 2015, which was on a par with the prior-year figure of €232.5 million and represented a significant increase of 20.8 per cent on the third quarter of 2015. Unit sales fell by 24.5 per cent to 27,618 engines year on year but rose by 5.2 per cent compared with the previous quarter. Revenue in the final quarter of 2015 amounted to €237.1 million, which was 14.4 per cent less than the fourth quarter of 2014 but 17.5 per cent more than in the third quarter of 2015.