

NET ASSETS

Overview of DEUTZ AG's net assets

€ million	31 Dec 2015	31 Dec 2014
Non-current assets	493.4	502.0
Current assets	408.0	404.5
Prepaid expenses	1.8	2.0
Deferred tax assets	86.3	85.3
Total assets	989.5	993.8
Equity	472.2	453.9
Provisions	269.4	284.0
Liabilities	247.5	255.3
Deferred income	0.4	0.6
Total equity and liabilities	989.5	993.8
Working capital (€ million)	67.7	80.6
Working capital ratio (31 Dec, %)	6.1	5.6
Equity ratio (%)	47.7	45.7

Working capital: inventories plus trade receivables less trade payables.

Equity ratio: equity / total equity and liabilities.

Non-current assets Non-current assets at 31 December 2015 amounted to €493.4 million (31 December 2014: €502.0 million). The year-on-year decrease of €8.6 million was mainly due to the lower figure for investments. Following the winding-up of DEUTZ Engine (China) Co., Ltd. in Linyi, China, an amount of approximately €5.0 million was withdrawn from the additional paid-in capital of the holding company, DEUTZ Engine China GmbH, and repaid to DEUTZ AG. There was a corresponding decrease in the carrying amount of the equity investment in DEUTZ Engine China GmbH.

Current assets As at 31 December 2015, current assets amounted to €408.0 million. This increase of €3.5 million compared with twelve months earlier (31 December 2014: €404.5 million) mostly resulted from the higher volume of cash and cash equivalents and inventories held on 31 December 2015. However, it was largely offset by a decline in trade receivables and other assets.

Working capital Working capital as at 31 December 2015 was €67.7 million (31 December 2014: €80.6 million), a year-on-year decrease of €12.9 million. The main reason for this was the reduction in trade receivables caused by lower demand. The drop in demand also resulted in higher inventories, as there is a time delay between a fall in demand and the scaling back of inventory orders. Trade payables, however, changed only

insignificantly. There was an increase in the working capital ratio, i.e. the ratio of working capital (inventories plus trade receivables less trade payables) to revenue despite the drop in working capital. This was due to the reduced volume of business. As at the balance sheet date¹⁾, this ratio was 6.1 per cent compared with 5.6 per cent as at 31 December 2014.

Deferred tax assets The €1.0 million rise in deferred tax assets arose, in particular, from temporary differences between carrying amounts in the tax accounts and in the financial statements under HGB. The carrying amounts in question included those for inventories and those for provisions for pensions and other post-retirement benefits.

Equity ratio Owing to the positive level of net income, equity advanced by €18.3 million to €472.2 million (31 December 2014: €453.9 million). The equity ratio increased slightly to reach 47.7 per cent (31 December 2014: 45.7 per cent).

Provisions At 31 December 2015, provisions stood at €269.4 million (31 December 2014: €284.0 million). This year-on-year decrease of €14.6 million was primarily attributable to the reduction in provisions for potential warranty claims in the future.

Liabilities As at 31 December 2015, liabilities had fallen by €7.8 million to €247.5 million (31 December 2014: €255.3 million). The main factor here was the decline in liabilities to banks, which were scaled back as planned.

EVENTS AFTER THE REPORTING PERIOD

No events occurred after 31 December 2015 that had a material impact on the net assets, financial position or results of operations of DEUTZ AG.

EMPLOYEES

As at 31 December 2015, a total of 2,943 people²⁾ were employed by DEUTZ AG. This meant that the number of employees had fallen by 182 year on year (31 December 2014: 3,125 employees). We also had a further 124 people on temporary employment contracts as at 31 December 2015, compared with 252 a year earlier. Employing temporary workers enables us to respond flexibly to any fluctuations in demand.

Looking at it by segment, DEUTZ Compact Engines employed 2,454 people as at 31 December 2015, 153 fewer than it had employed a year earlier. The number of employees at DEUTZ Customised Solutions was 489, down by 29 year on year.

¹⁾ Working capital ratio as at the balance sheet date: ratio of working capital (inventories plus trade receivables less trade payables) at the end of the reporting period to revenue for the preceding twelve months.

²⁾ Number of employees incl. apprentices and trainees.