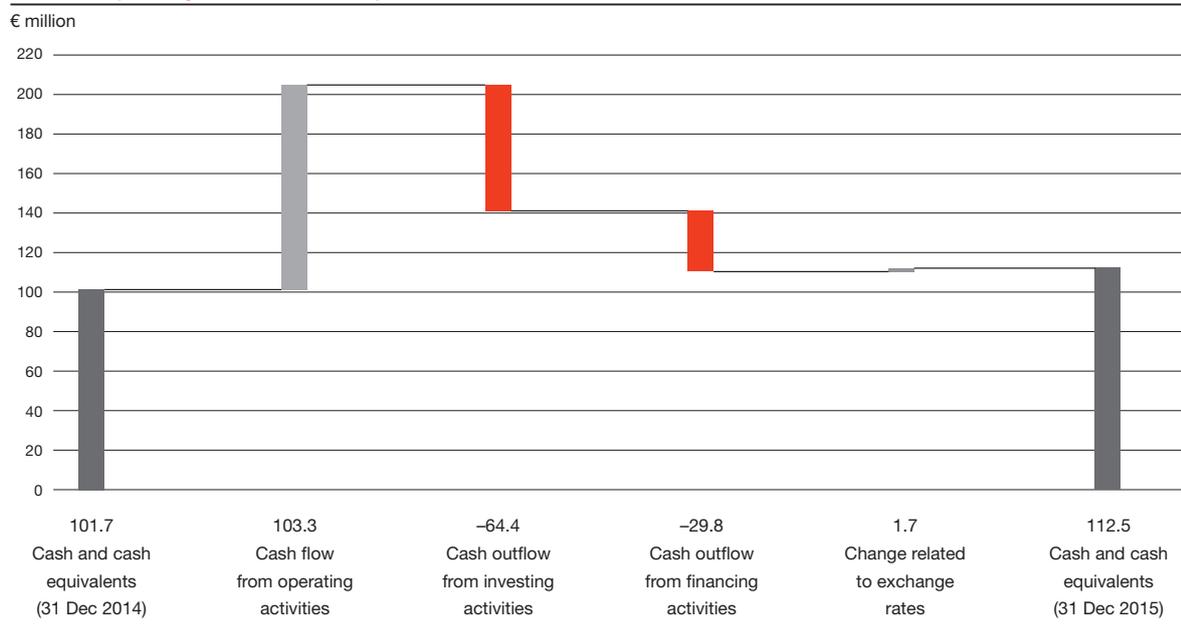


DEUTZ Group: Change in cash and cash equivalents

contribution to the issued capital of DEUTZ Engine (China) Co, Ltd. in Linyi, China. The decision to wind up the company cancelled this obligation in the third quarter of 2015, thereby eliminating the unrealised negative currency effect that had applied in 2014.

FINANCIAL POSITION**BASIC PRINCIPLES AND OBJECTIVES OF FINANCIAL MANAGEMENT****Overview of the DEUTZ Group's financial position**

€ million	2015	2014
Cash flow from operating activities	103.3	114.1
Cash flow from investing activities	-64.4	-55.9
Cash flow from financing activities	-29.8	-17.5
Change in cash and cash equivalents	9.1	40.7
Free cash flow from continuing operations	35.0	52.0
Cash and cash equivalents at 31 Dec	112.5	101.7
Current and non-current interest-bearing financial debt at 31 Dec	73.5	88.0
Net financial position at 31 Dec	39.0	13.7

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

Net financial position: cash and cash equivalents less current and non-current interest-bearing financial debt.

Central responsibility for treasury Responsibility for financial management in the DEUTZ Group lies with DEUTZ AG as the parent company of the Group. Financial management primarily consists of obtaining the necessary funds, managing their use within the Group, pooling cash resources and hedging interest-rate risk, currency risk and commodities risk throughout the Group.

FUNDING

Syndicated credit line and loan from the European Investment Bank ensure sufficient liquidity In order to ensure sufficient liquidity, DEUTZ has at its disposal a syndicated, revolving working capital facility of €160 million provided by a consortium of banks. It is a floating-rate, unsecured line. In 2015, the term of the facility was extended to May 2020. DEUTZ can elect whether to utilise the cash line as a bilateral overdraft facility (up to €60 million) or to draw down amounts with interest periods of three to six months.

In addition, we have an amortising loan from the European Investment Bank with a remaining balance of €68.4 million at 31 December 2015. This loan, which is also unsecured, is repayable in instalments until July 2020. We have hedged the interest-rate risk arising from this loan.

As part of the contractual agreements for both loans, DEUTZ is obliged to comply with certain financial covenants. They do not limit our leeway for growth projects, however. The working capital facility and the loan from the European Investment Bank have enabled us to secure funding for our projects and for further growth over the medium to long term.