

Looking at it by segment, DEUTZ Compact Engines employed 2,383 people as at 31 December 2016, 71 fewer than it had employed a year earlier. The number of employees at DEUTZ Customised Solutions was 481, which was eight fewer year on year.

## OPPORTUNITY AND RISK REPORT

DEUTZ AG is integrated into the risk management system of the DEUTZ Group. As a head-office function, risk management for the Group is performed by DEUTZ AG. Information about the structuring and mechanics of the risk management system and of risk management with regard to financial instruments can be found in our notes on pages 57 et seq.

Because DEUTZ AG is closely integrated with the other Group companies, its risk and opportunities situation is essentially the same as that of the Group. Risks arising from subsidiaries may have an effect on DEUTZ AG because of the carrying amount of an equity investment, reduced dividend payments and the internal business relations. The risks and opportunities associated with the DEUTZ Group are described on pages 57 to 61 of this combined management report.

Information about DEUTZ AG's internal accounting-related control system and about risk management with regard to the use of financial instruments at DEUTZ AG can be found on page 60 et seq. of this combined management report.

## OUTLOOK

DEUTZ AG performs the head-office functions of the DEUTZ Group and is the biggest production company within the Group by some margin. Because of DEUTZ AG's wide-ranging relationships with other Group companies and because of its size within the Group, the expectations presented in the Group outlook for 2017 are essentially the same as those for DEUTZ AG. We therefore anticipate that the revenue of DEUTZ AG will develop largely in line with the statements made for the DEUTZ Group. As the one-off effect resulting from the reversal of the impairment losses recognised on our receivables from Ad. Strüver KG in the reporting year will not be repeated, we expect net income in 2017 to be slightly lower than in 2016. Moreover DEUTZ AG's Board of Management decided in February 2017 to examine whether the Cologne-Deutz site can be sold quickly on attractive terms and has authorised the initiation of negotiations on selling the site. If the outcome of these negotiations is positive, DEUTZ AG may be able to generate a substantial one-off gain within a short period of time – and possibly recognise some of this gain in 2017 – depending on the specific contractual arrangements. Further information can be found in the outlook for the DEUTZ Group on pages 61 to 63.

## CORPORATE GOVERNANCE DECLARATION PURSUANT TO SECTION 289A HGB

The corporate governance declaration pursuant to section 289a HGB is an integral element of the combined management report. We refer here to our remarks on pages 129 to 134 of the annual report.

## DISCLOSURES PURSUANT TO SECTIONS 289 (4) AND 315 (4) HGB

**Composition of the issued capital** There were no changes to the issued capital (share capital) of DEUTZ AG in 2016. As at 31 December 2016, the issued capital amounted to €308,978,241.98 and was divided into 120,861,783 no-par-value bearer shares.

**Direct or indirect shareholdings representing more than 10 per cent of voting rights** Since 12 September 2012, AB Volvo of Gothenburg, Sweden, has held 30,246,582 shares in DEUTZ AG, giving it a voting share of 25.026 per cent.

**Restrictions affecting voting rights or the transfer of shares** According to the information available to us, the transferability of DEUTZ shares held by AB Volvo is restricted by a pre-emption right of the Same DEUTZ-FAHR Group S.p.A. of Treviglio, Italy.

**Legal provisions and Statute provisions regarding the appointment and removal of members of the Board of Management and regarding changes to the Statutes** According to articles 7 (1) and 7 (2) of the Statutes of DEUTZ AG:

- “(1) The Board of Management shall comprise at least two members.  
(2) The Supervisory Board shall determine the number of members of the Board of Management and the allocation of responsibilities. It may draw up and issue rules of procedure.”

As far as the appointment and removal of members of the Board of Management are concerned, sections 84 and 85 of the German Stock Corporation Act (AktG) and section 31 of the German Codetermination Act (MitbestG) also apply.

According to article 14 of the Statutes of DEUTZ AG:

“The Supervisory Board may change the wording but not the spirit of the Statutes.” Sections 179 and 133 AktG also apply in the case of changes to the Statutes.

**Authority of the Board of Management, in particular with regard to share issue or buyback** The authority of the Board of Management is derived from the legal provisions and from the rules of procedure laid down by the Supervisory Board.