

**Current liabilities** There was also a decline in current liabilities from €311.7 million as at 31 December 2015 to €303.6 million as at 31 December 2016. This drop of €8.1 million was mainly attributable to the lower level of trade payables.

Total assets fell to €1,059.7 million as at 31 December 2016 (31 December 2015: €1,088.1 million).

## OVERALL ASSESSMENT FOR 2016

Last year, DEUTZ was able to offer new and existing customers a comprehensive and compelling product portfolio. DEUTZ diesel engines equipped with particulate filters already comply with the limits defined in the EU Stage V emissions standard, which comes into force in 2019. At bauma 2016, we presented new developments that are further expanding our product range, such as the TCD 2.2 diesel and gas engines, a gas variant of the tried-and-trusted TCD 2.9 and the TCD 5.0. As part of a collaborative partnership with Liebherr, we are also planning to expand our product portfolio in the upper power range by adding four new diesel engines. We are thus always quick to offer our customers the solutions of tomorrow.

Overall, our business performance in the year under review was in line with our expectations. Despite market conditions continuing to be difficult and our customers remaining reluctant to invest, we were able to meet or exceed our forecasts for revenue and earnings. Although unit sales were down by 3.8 per cent, revenue advanced by 1.0 per cent year on year to €1,260.2 million. In the 2015 annual report, we had predicted that revenue would stagnate or, at best, rise slightly. At €1,261.4 million, new orders were up by 2.9 per cent on the previous year. It is encouraging that our profitability improved significantly despite an only moderate increase in the volume of business. Operating profit (EBIT) rose from €4.9 million in 2015 to €23.4 million in 2016. The EBIT margin reached 1.9 per cent, compared with 0.4 per cent the year before. We had forecast a moderate increase in the EBIT margin. Net income grew from €3.5 million to €16.0 million. This led to a significant improvement in earnings per share, which came to €0.14 (2015: €0.04). Free cash flow dropped from €35.0 million to €4.7 million, largely because of the sharp rise in working capital. In operational terms, we implemented the measures to optimise the network of sites in Germany and consolidate our activities in China as planned and, in most cases, completed them. We achieved the first positive

effects from the optimisation of our site network in the reporting year. Going forward, we will continue to focus on increasing efficiency and flexibility and lowering the break-even point still further. On that basis, we will be able to benefit significantly from a recovery in the market.

## EMPLOYEES

### Overview of the DEUTZ Group's workforce

Headcount	31 Dec 2016	31 Dec 2015
<b>DEUTZ Group</b>	<b>3,665</b>	<b>3,730</b>
Thereof		
In Germany	2,827	2,910
Outside Germany	838	820
Thereof		
Non-salaried employees	2,177	2,221
Salaried employees	1,403	1,401
Trainees	85	108
Thereof		
DEUTZ Compact Engines	2,989	3,050
DEUTZ Customised Solutions	676	680

**Number of employees adjusted** At the end of 2016, the DEUTZ Group employed a total of 3,665 people, 65 fewer than at the end of 2015 (a fall of 1.7 per cent). As at 31 December 2016, we also had a further 182 people on temporary employment contracts, compared with 151 a year earlier. By offering fixed-term contracts and employing temporary workers, DEUTZ can respond flexibly to any fluctuations in demand. Around 6 per cent of all staff at DEUTZ had fixed-term or temporary contracts as at 31 December 2016.