

Tognum

HOME OF POWER BRANDS

mtu Engines

Tognum Onsite Energy Systems

Tognum Components

Reliable success through diversity

Tognum Investor Presentation – May 2008

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This presentation includes certain forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes", "estimates", "anticipates", "expects", "assumes", "predicts", "intends", "may", "will" or "should", and similar expressions. Such forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements do not represent any guarantees of future performance. Tognum's actual results of operations, including its financial condition and profitability as well as the development of the general economic conditions in which it operates, may differ materially from (and be more negative than) those made in or suggested by the forward-looking statements contained in this presentation.

This presentation also includes certain market and market share data. To our knowledge, there is no single, comprehensive source that reliably describes the overall market and its sub-markets or the competitive situation in the market breakdown presented herein. Unless indicated otherwise, all the statements herein concerning the market and competition are therefore based on our own estimates, some of which have in turn been derived from a variety of sources. It is possible that the actual market conditions and competition may differ from the situation described herein, or that other market participants may come up with different estimates of the market and competitive conditions.

Key developments and strategy

Tognum group today

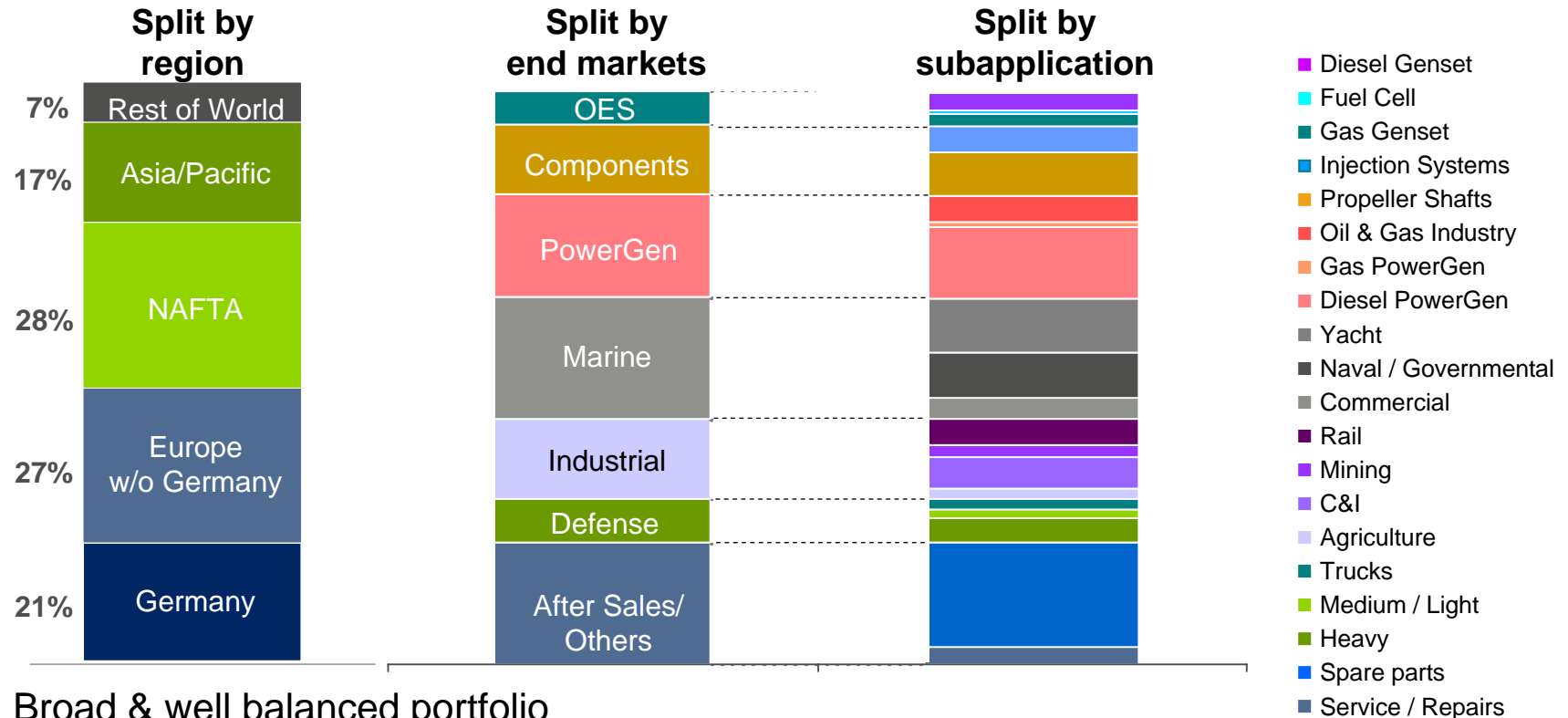
Undisputed technological leadership

 HOME OF POWER BRANDS						
Engines					Onsite Energy Systems & Components	
Marine	Industrial	PowerGen Oil&Gas Engines	Defense	After Sales/ Others	Onsite Energy Systems	Components

- Only “Pure Play“ in high-speed and high-performance diesel and gas engines for off-highway applications
- Leading global specialist for customised drives solutions
incl. complete propulsion systems and decentralised energy systems

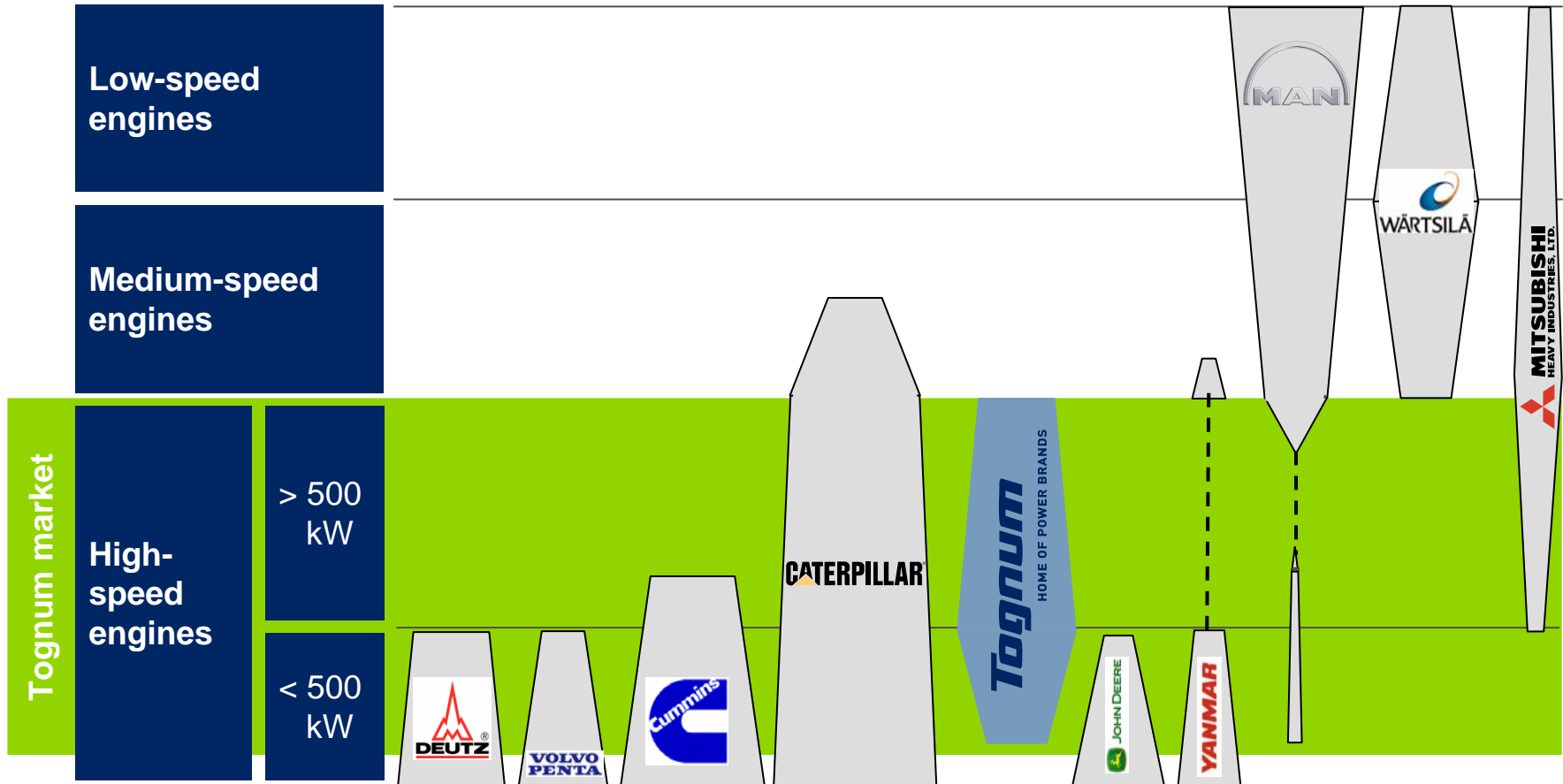
Uniquely balanced portfolio mitigates cyclical sensitivity

45-50% of sales are non-cyclical



- Broad & well balanced portfolio
- Financially highly attractive end markets
- Excellent growth perspectives

Only pure-play in high-speed off-highway engines

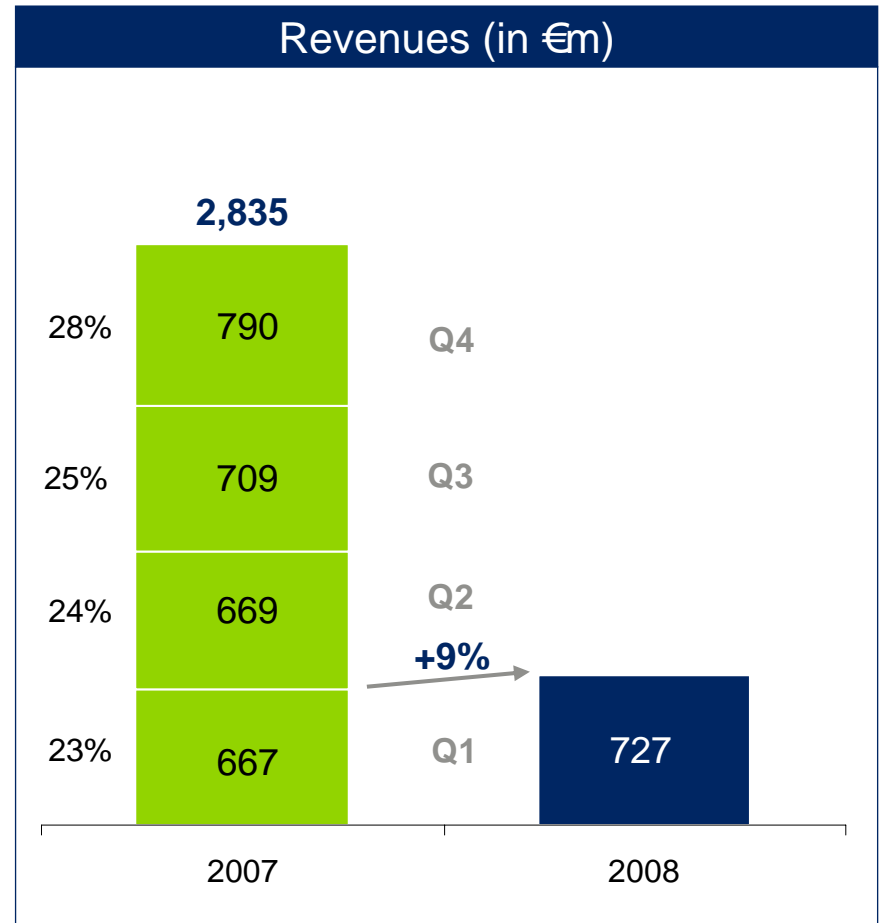
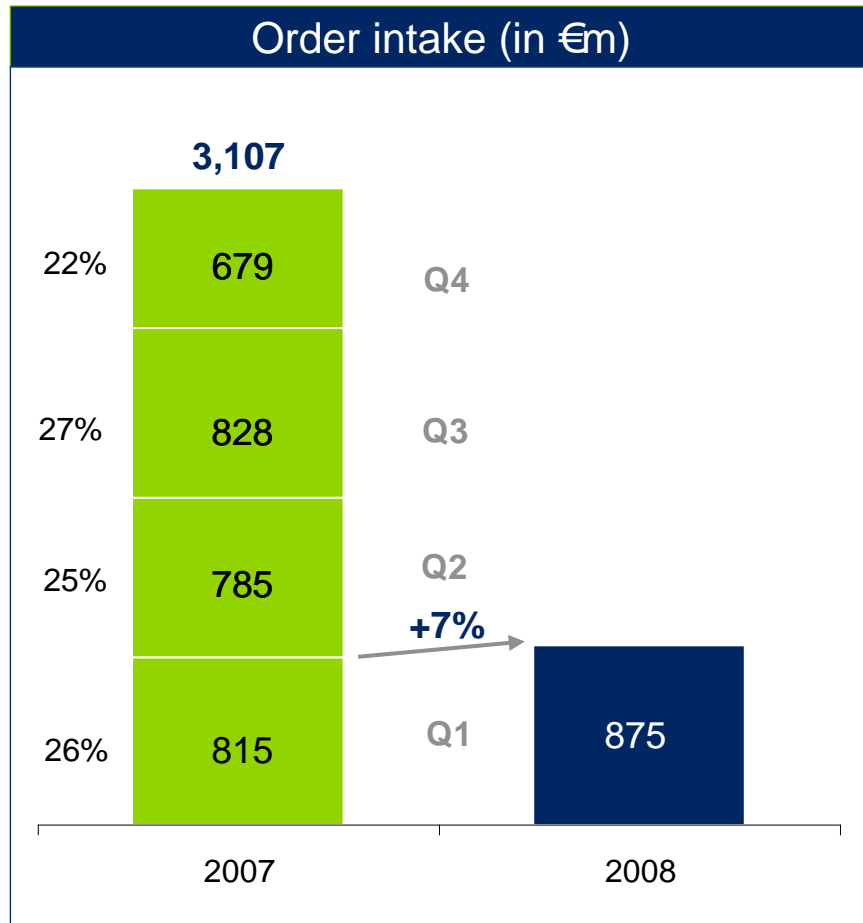


Note: Shapes represent approx engine volumes
 Source: Secondary research

Group & segmental financial performance

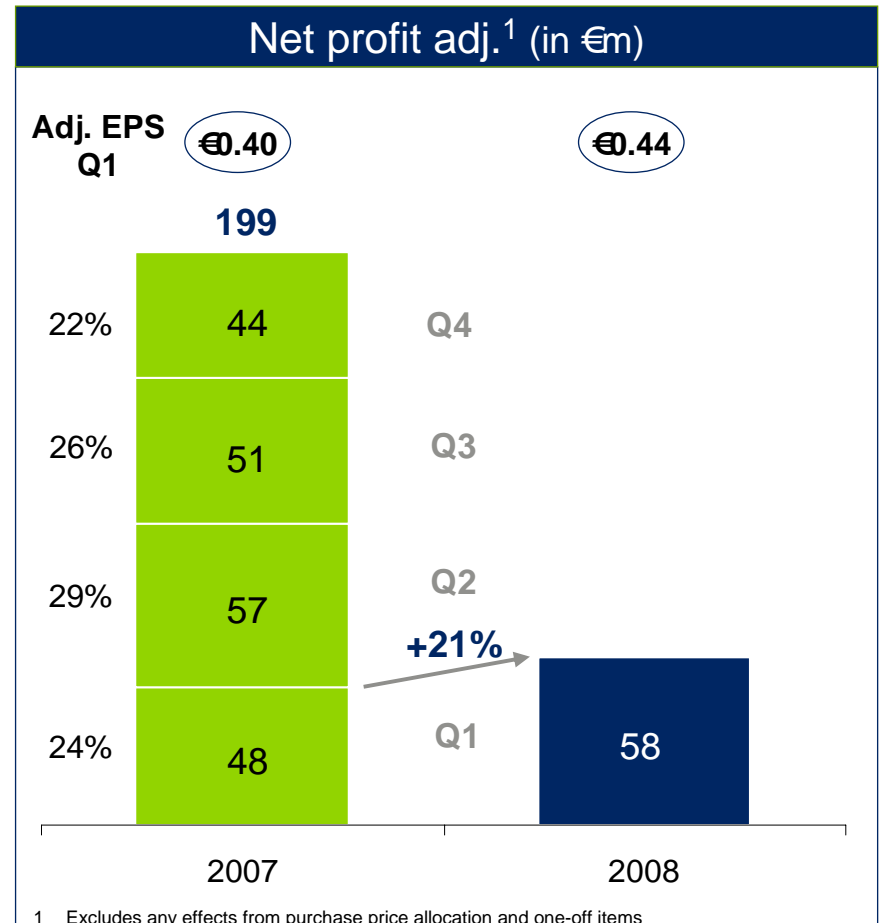
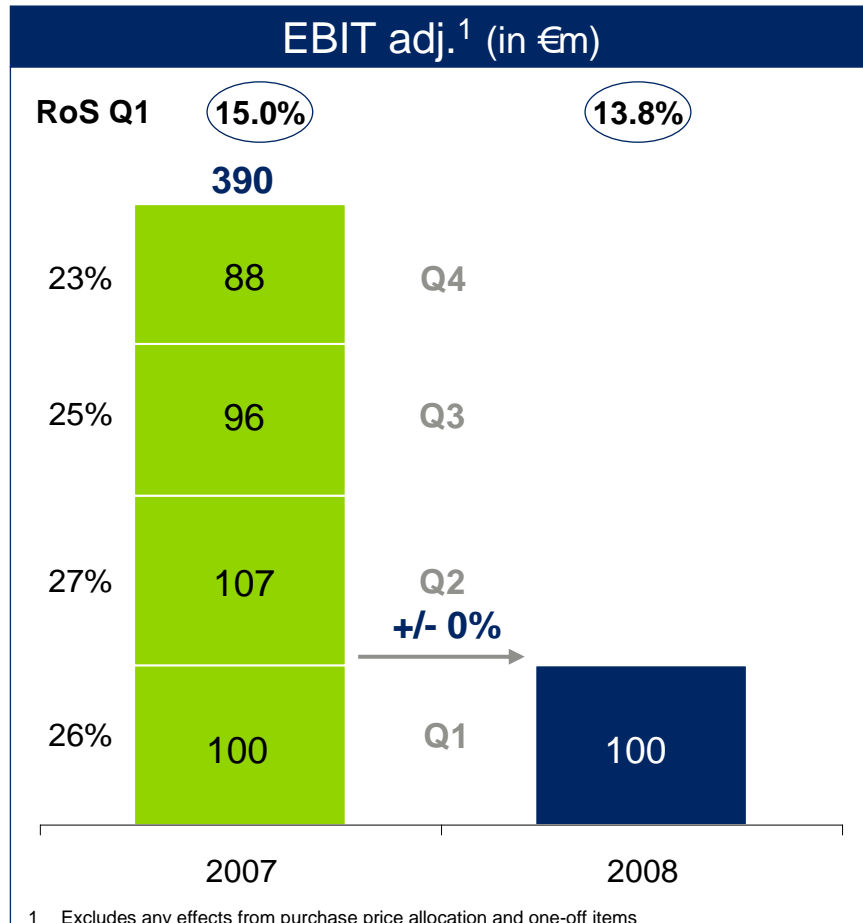
Stable order intake and revenues growth

Book-to-bill rate again at 1.2



Continued momentum of strong performance in Q1/08

Despite USD/EUR rate at 1.50 vs. 1.31 in Q1/07



Segmental performance

Engines

in €m	Q1/2007	% of revenue	Q1/2008	% of revenue	Change
Order intake	729		751		+3%
External revenues	582		601		+3%
Segment revenues	588		617		+5%
Marine	138	23%	123	20%	-11%
PowerGeneration	111	19%	130	21%	+17%
Industrial	113	19%	104	17%	-8%
Defense	54	9%	65	11%	+20%
After Sales/Other	172	29%	195	32%	+13%
Adj. EBIT	94	16.0%	96	15.6%	+2%

Segmental performance

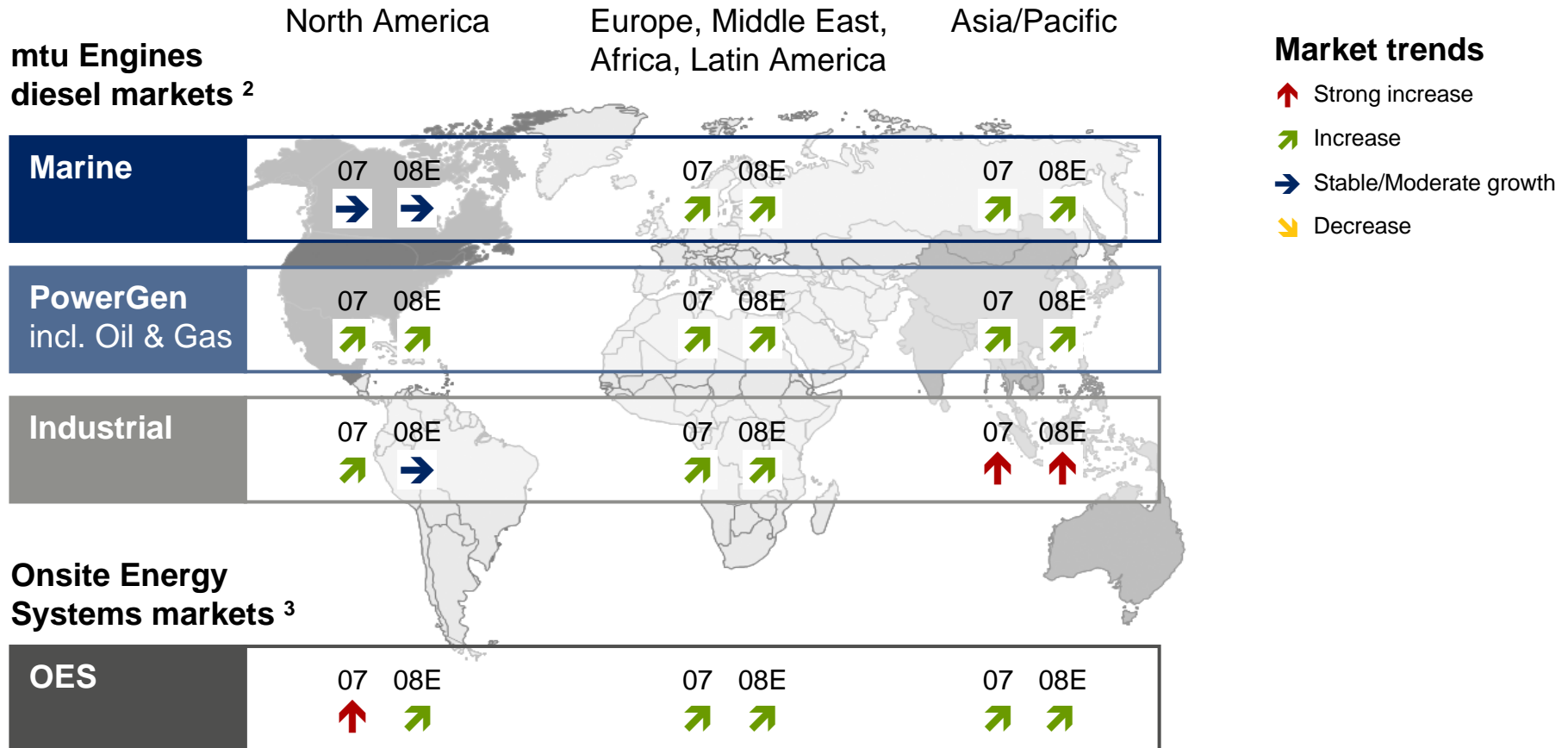
Onsite Energy Systems & Components

in €m	Q1/2007	% of revenue	Q1/2008	% of revenue	Change	Q1/2008 w/o Katolight
Order intake	106		156		+47%	117
External revenues	85		126		+49%	
Segment revenues	101		144		+43%	108
Onsite Energy	16	16%	47	33%	+194%	11
Injection Systems	34	34%	40	28%	+18%	40
Propeller Shafts	51	50%	57	40%	+12%	57
Adj. EBIT	7	7.0%	10	6.9%	+43%	8

Market trends and Group outlook

Excellent growth perspectives

Market trends 2007, 2008E¹



¹ Update by mid-April 2008

² High-speed from 150-10,000 kW, off-highway excl. defense, nominal value, Marine market without Naval/Governmental (project business)

³ High-speed from 150-10,000 kW, markets for diesel & gas systems, nominal value

Confirming strong outlook for 2008

Expecting stable business environment

	2007 Actual	2008 Outlook
Avg. USD/EUR fx rate**	1.37\$/€	1.45 \$/€
Market growth diesel engines	~8%	6.5-7.0%
Market growth OES business	~9.5%	8.0-9.0%

Revenues	€2.835m / +11.8%	+12% (+/-1)
Return on sales (adj.)	€390m / 13.8%	14% (+/-1)
Earnings per share (adj.)	€1.58	>€ 2.00

* Source: Global Insight, worldwide consensus estimates

** Tognum estimates based on banks consensus

Tognum – Home of Power Brands

Execution of strategy for profitable growth

Diversified product portfolio

Geographical split

Product mix

~22 applications

Business applications in high-growth areas

Decentralised power generation

Raw materials/transportation

Emerging markets

Tognum

HOME OF POWER BRANDS

Four strategic initiatives

Turning established positioning
into strong growth momentum

Thank you very much!

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Financial calendar 2008*

Jun 10 Annual General Meeting in FN

Aug 12 Q2/08 final report & conf. call

Nov 11 Q3/08 final report & conf. call

* All dates are preliminary and subject to change

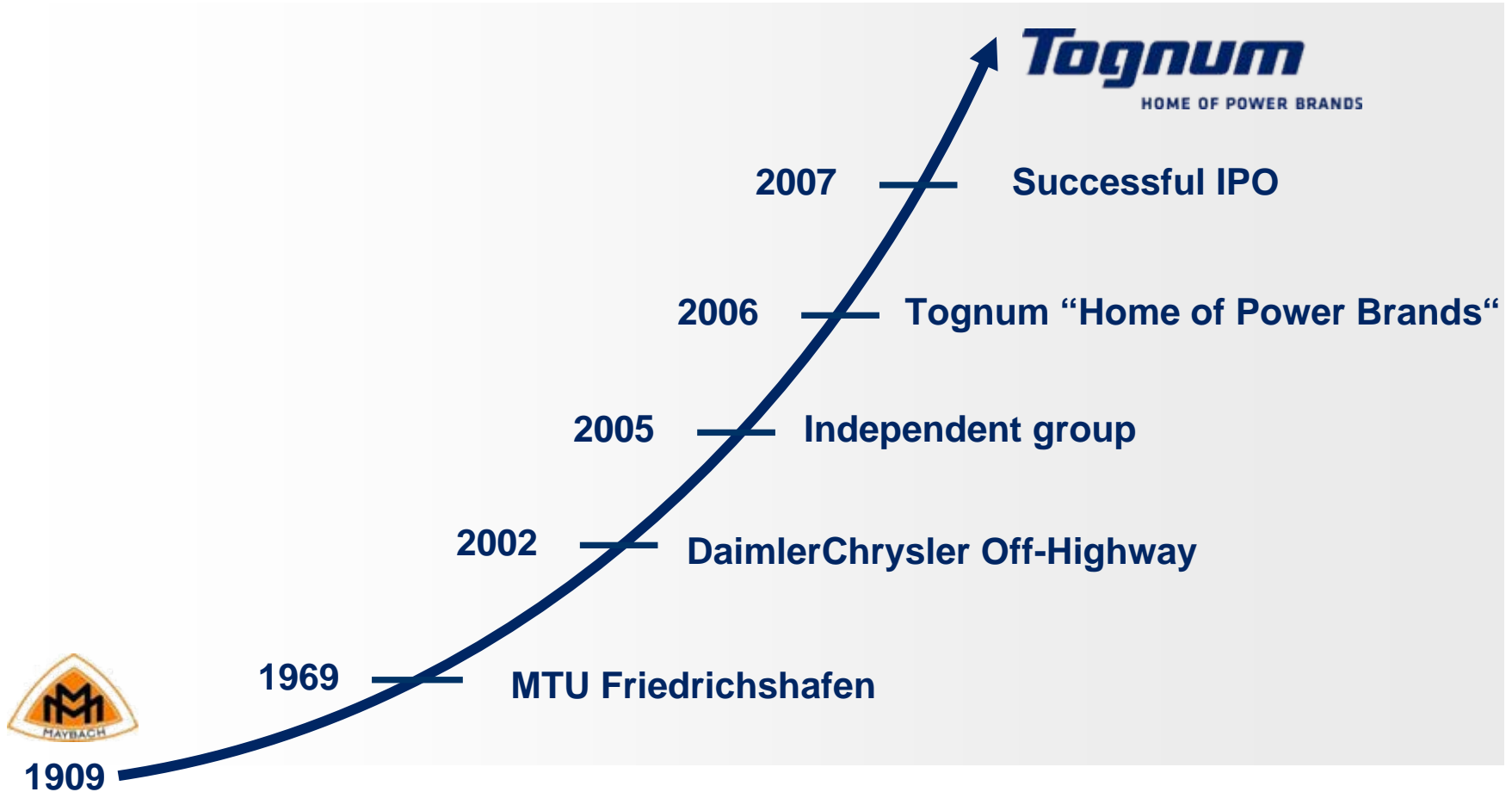
Back-up

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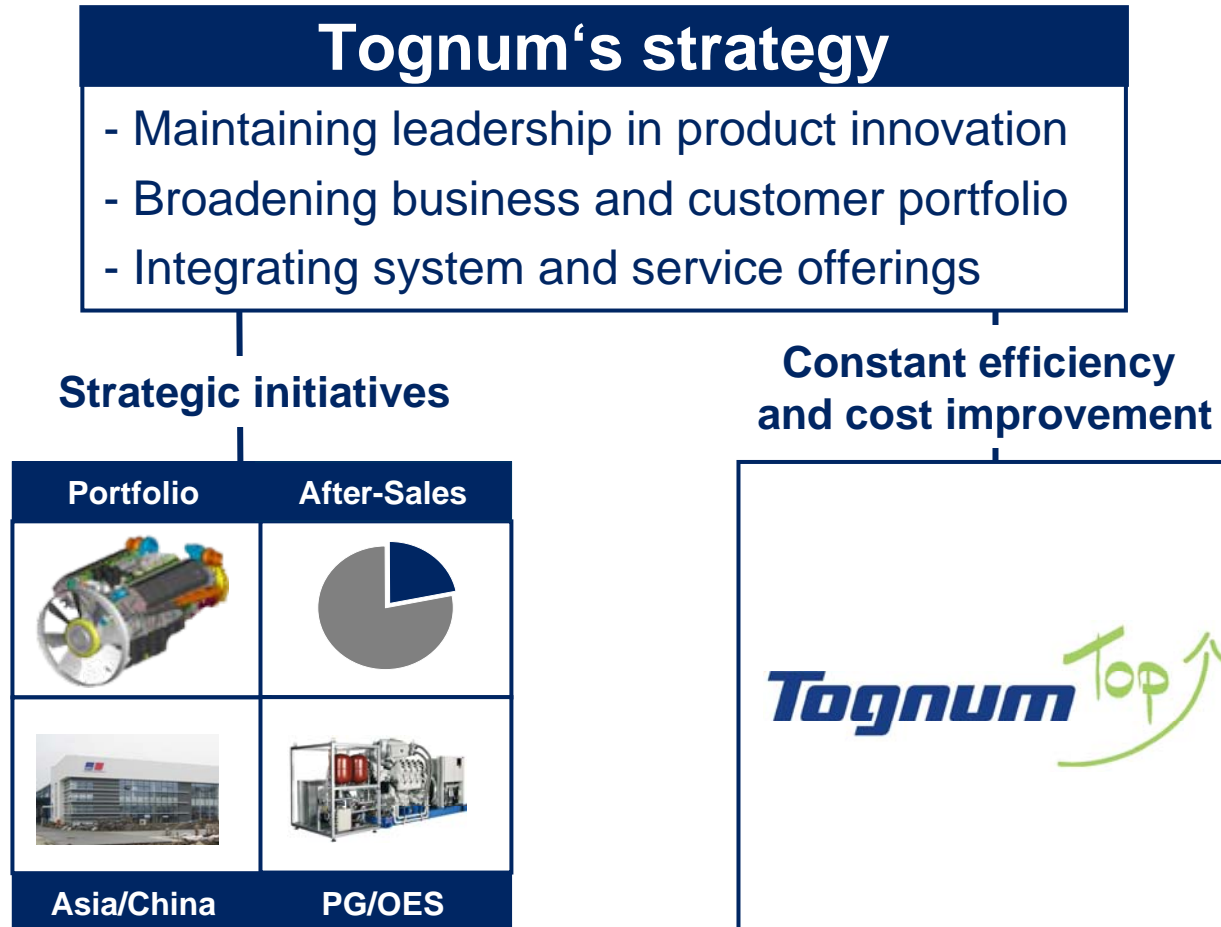
Strategy, Innovation, Production

Building on Tognum's heart and history

The evolution continues



Strategy for profitable growth The execution continues



2007 Highlights

Strategic initiatives are bearing fruit

More Products and applications

- Added applications to S2000 & launched new S4000, e.g. “Iron Man” for workboats
- Extended technological leadership, e.g. new injection systems for S4000

More After-Sales

- Agreed 10-year maintenance contract for UK high-speed trains (HST)
- Started execution of remanufacturing strategy, e.g. SKL acquisition

More Onsite Energy Systems

- Established new business unit; acquired Katolight to round-up portfolio
- Extended product portfolio for gas gensets

More Asia and China

- Concluded major JV with strategic partner
- Increased localization in China e.g. capacity in Suzhou and sourcing

More TOP results

- Again over €30m of savings p.a. at group level (improvements in production, purchasing, sales, development and administration)

Daimler to acquire blocking minority in Tognum¹

Background

- EQT wanted to sell remaining shares as full block to further support strategy
- On 30 April, Daimler AG agreed to acquire 22.3% stake indirectly held by EQT
- Daimler is targeting a blocking minority in Tognum AG (25% plus one share)

Rationale

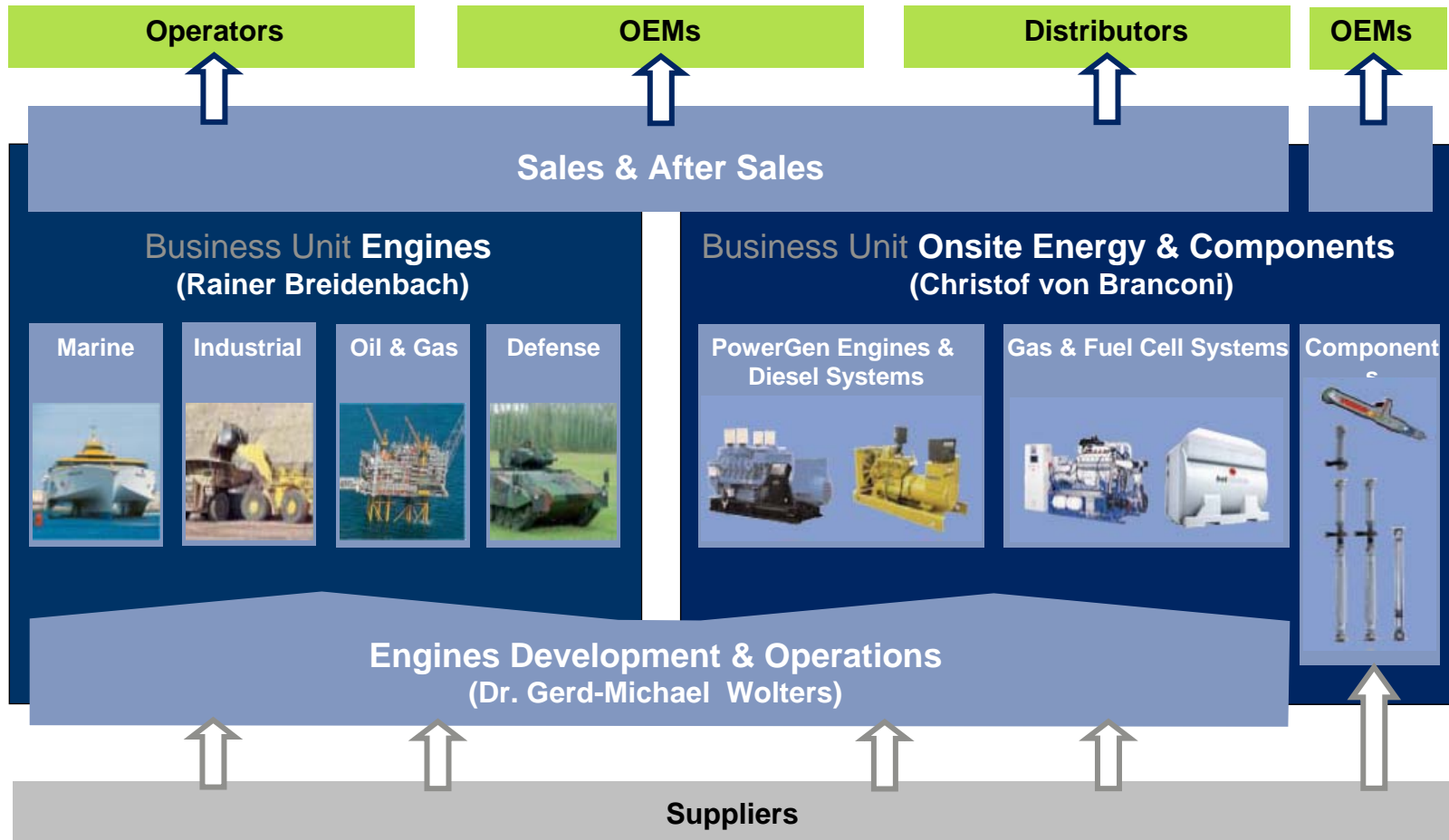
- EQT has fostered growth and expansion at Tognum since end of 2005
- Daimler and Tognum still with strong two-way customer-supplier relationship:
 - >€300m in revenues generated with ca. 22,000 Daimler engines in 2007
 - €160m in revenues from sales of propeller shafts to Daimler in 2007
- Daimler interested in long-term access to Off-Highway markets, e.g. for medium-duty engine concept

Consequences

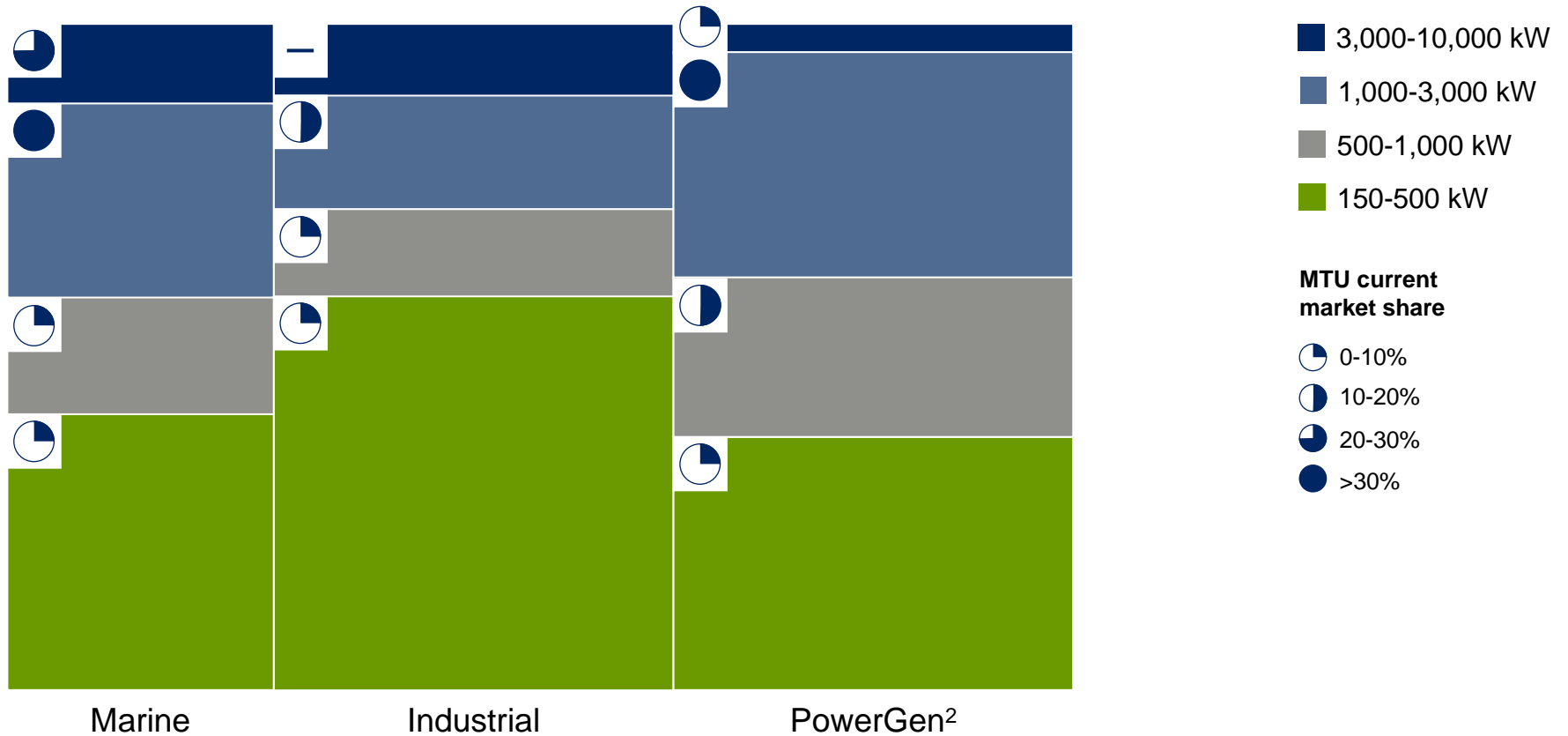
- With entry of Daimler as strategic investor, concerns of share overhang solved
- Launch of S1600 on schedule starting in 2009
- Support for corporate strategy of profitable growth and independence
- Exploring further synergy potential regarding technology

¹ The entire transaction is subject to the approval of antitrust and other authorities

Tognum's future business model

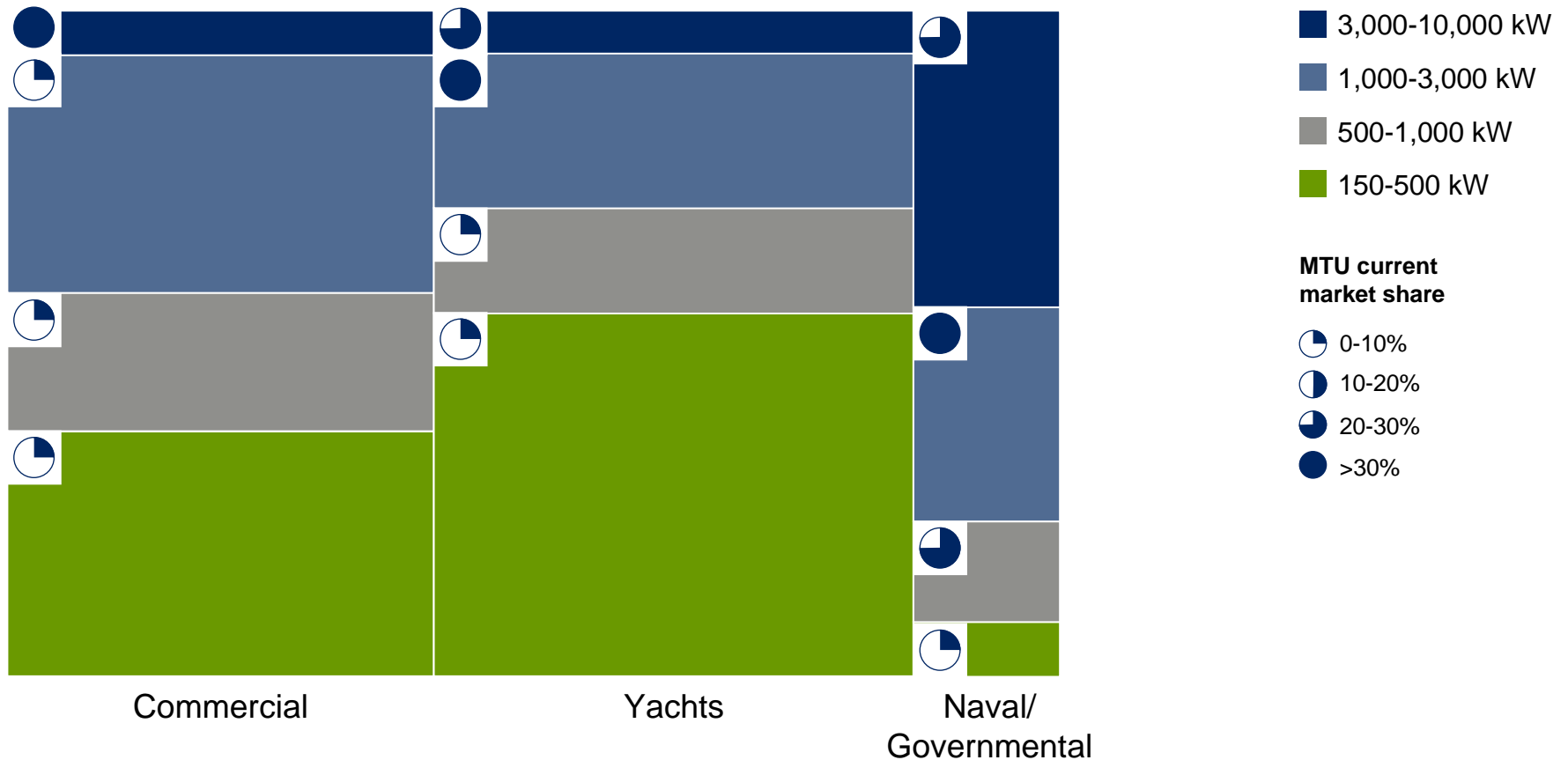


Relevant diesel engine markets¹ by power range for Marine, Industrial and PowerGen (2006)



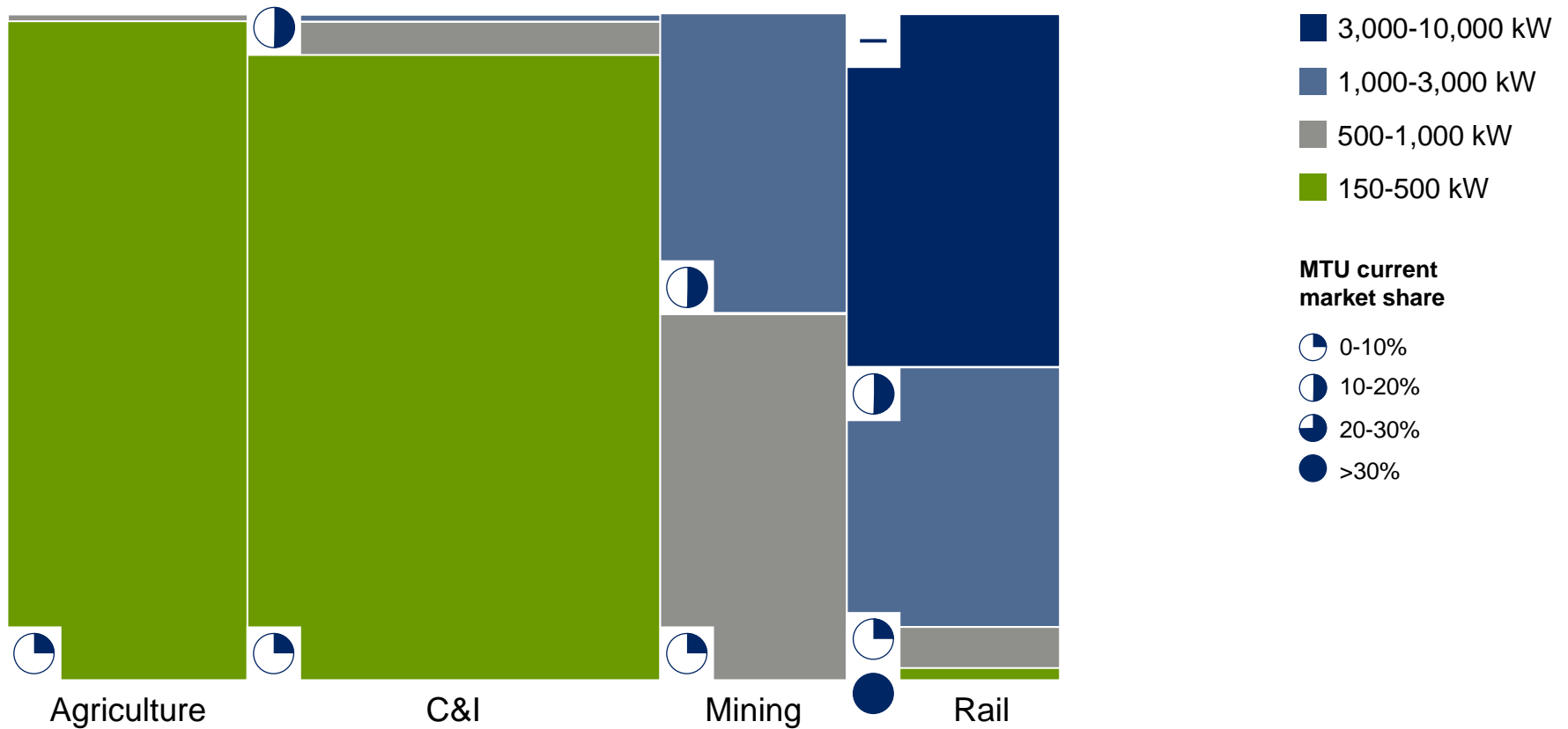
¹ High-speed off-highway from 150-10,000 kW, non-captive, nominal value
² Oil & Gas included

Relevant Marine diesel engine markets¹ for Commercial, Yacht and Naval/Governmental (2006)



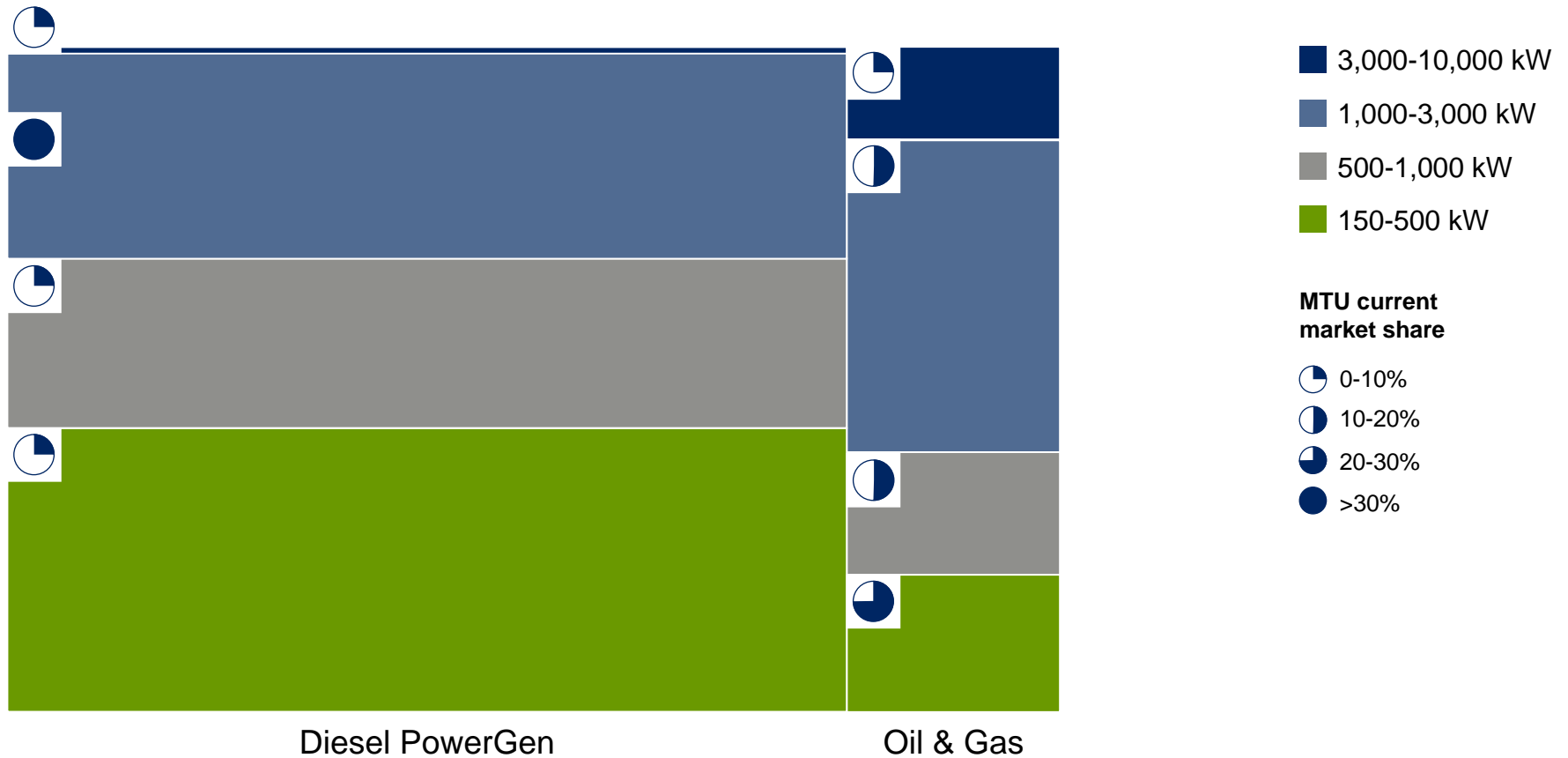
¹ High-speed off-highway from 150-10,000 kW

Relevant Industrial diesel engine markets¹ for Agriculture, C&I, Mining and Rail (2006)



¹ High-speed off-highway from 150-10,000 kW

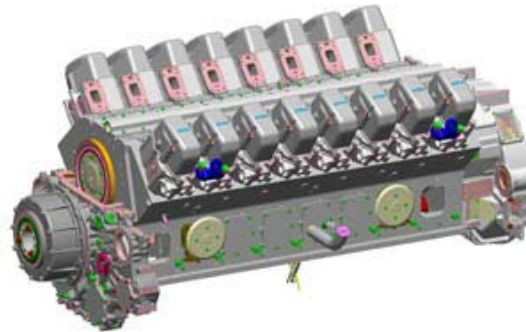
Relevant PowerGen diesel engine markets¹ for Diesel PowerGen and Oil & Gas (2006)



¹ High-speed off-highway from 150-10,000 kW

Engine concept

Series 4000



Core engine



Gas



Marine



Mining



Rail



Genset



Key technologies

EXISTING: Combustion process

Fuel injection



Turbo charging



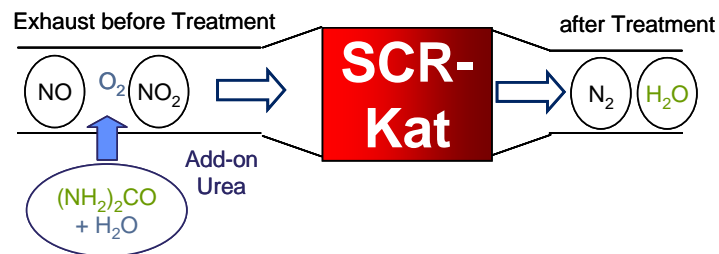
Electronics



Build-up of R&D capacity and know-how in exhaust after treatment



IN PROGRESS: Exhaust after treatment



Meeting emission regulations by

- Developing engine and exhaust after treatment as one system
- System optimization

Benefits

- Fuel consumption
 - Cost
 - Maintenance
 - Size and weight
- Reducing LCC (life cycle cost)

Innovation projects in emission reduction

Undisputed innovation leadership to meet future requirements

NOx reduction

(EGR: exhaust gas recirculation)

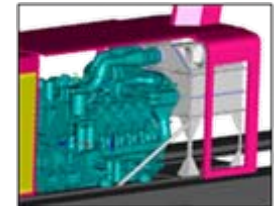
- Project start: **2004**
- Prototype since: **Jun 2005**
- Prototype operating time in hours: **5000**
- Reduction of NOx: **40%**



Combined NOx and PM reduction

(exhaust after treatment)

- Project start: **Jan 2006**
- Engine running on test bed: **Dec 2007**
- Reduction of NOx: **up to 80%**
- Reduction of PM: **>90%**



PM reduction

(DPF: diesel particulate filter)

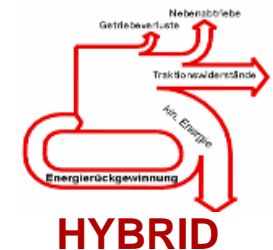
- Project start: **Nov 2005**
- Railcar in service since: **Dec 2006**
- Reduction of PM: **>90%**



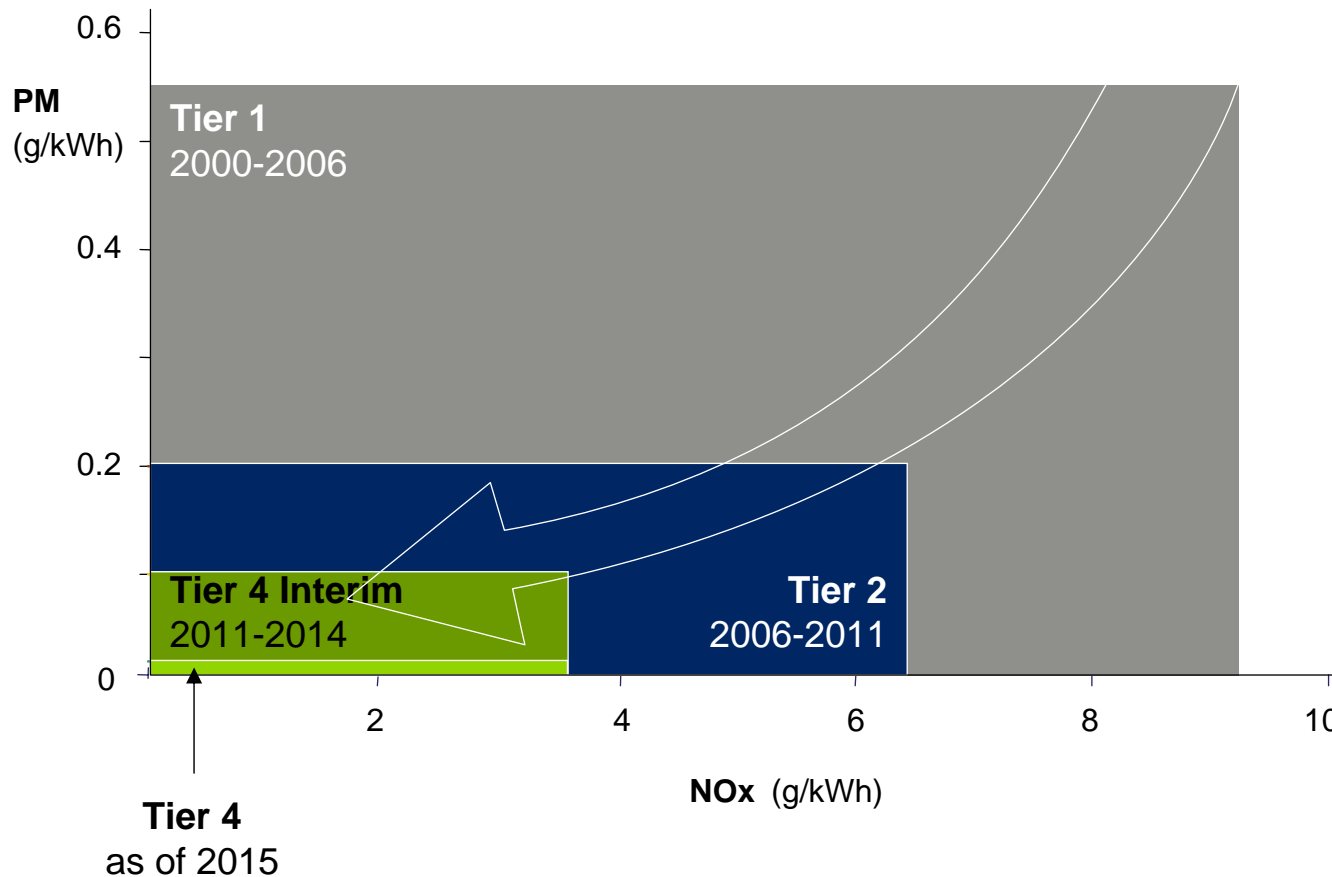
CO₂ reduction

(breaking energy recuperation)

- R&D project started: **2006**
- (prototype in 2008/2009)
- Reduction of CO₂: **up to 20%**



Future challenge: Emission regulations for off-highway diesel engines >560kW

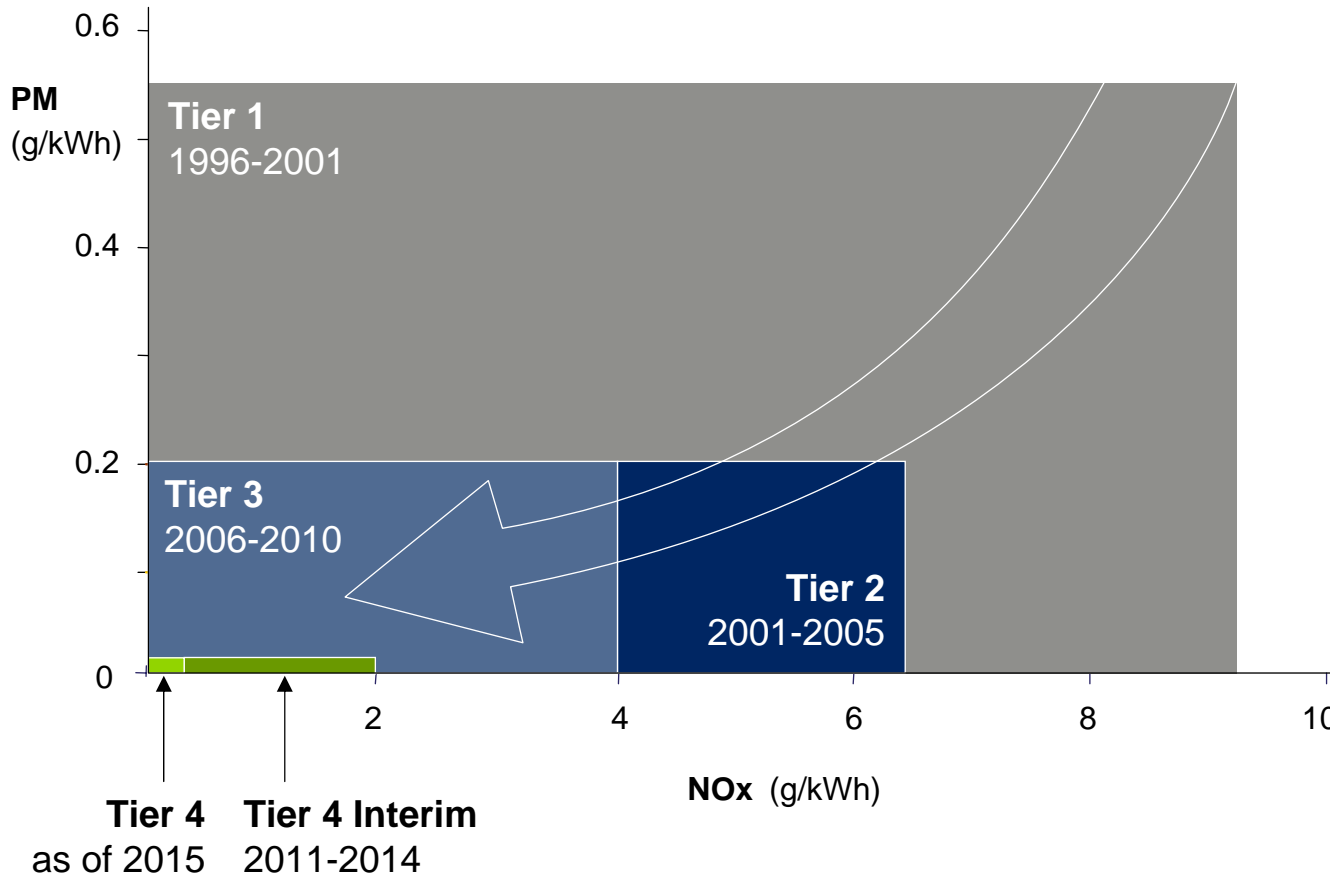


Customer requirements

- Low fuel consumption
- Low manufacturing costs
- Little space & low weight
- Long lifetime
- Low maintenance

Source: Tognum

Future challenge: Emission regulations for off-highway diesel engines <560kW



Customer requirements

- Low fuel consumption
- Low manufacturing costs
- Little space & low weight
- Long lifetime
- Low maintenance

Source: Tognum

Onsite Energy Systems

Drivers for growth

Diesel	Gas	Fuel cell
KATOLIGHT		CFC Solutions
Emergency power	Peak power	Continuous power

Drivers

- Globally increasing energy demand
- Resources (oil, gas, renewables) are less readily available
- Climate discussion will be impacting markets

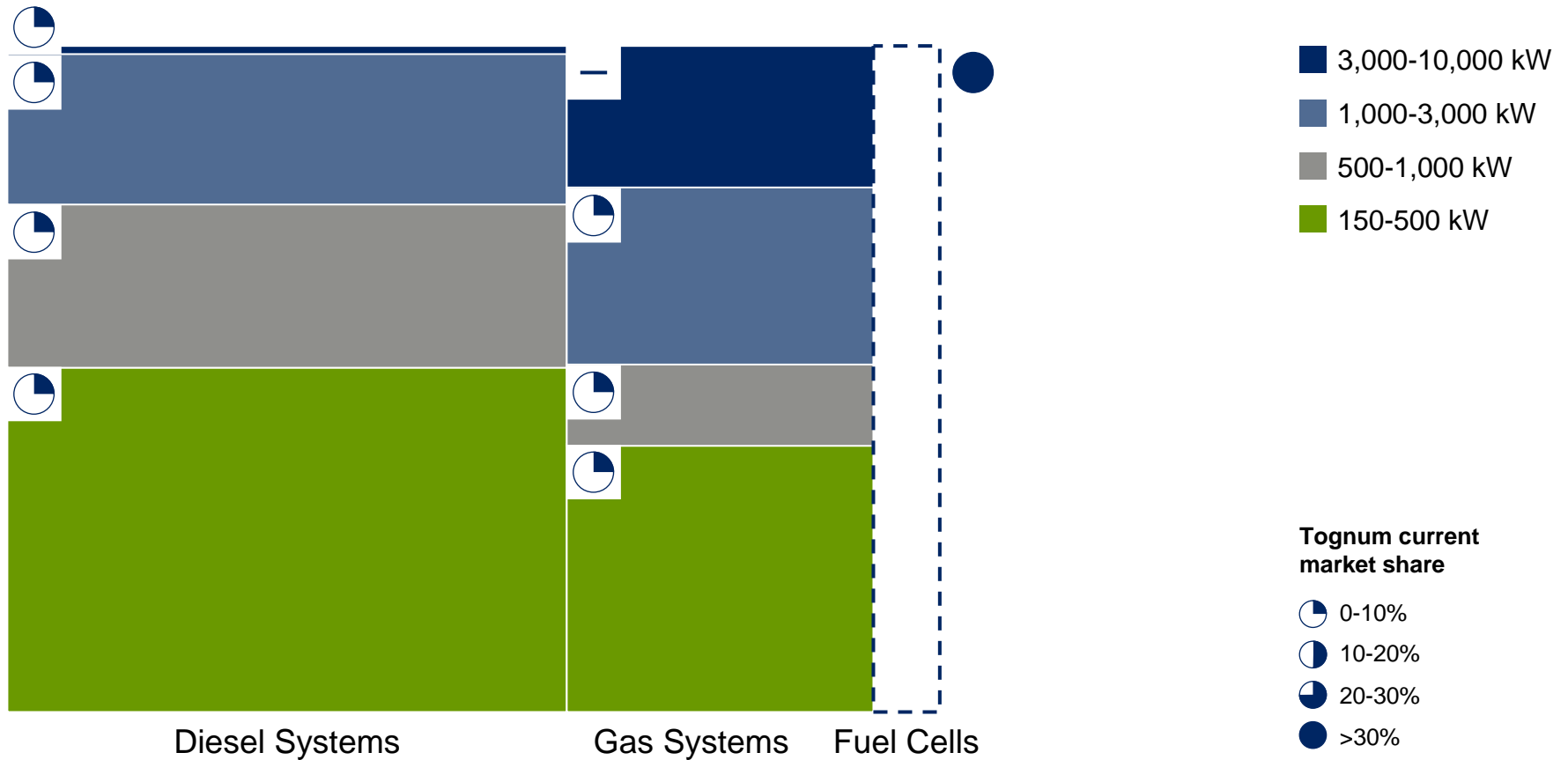
Consequence:
energy price for consumers will rise

Tognum focus

- Efficient technologies
- Growing demand for decentralized energy

Strong upside potential for Tognum as focused growing technology player

Relevant Onsite Energy Systems market¹ for Diesel Systems, Gas Systems and Fuel Cells



¹ High-speed off-highway from 150-10,000 kW, nominal value

Tognum Group Financials

USD impact

Manageable USD exposure in 2008

	Volume (in USD bn)	Translation	Pricing	Sourcing	
Sales	1.3 - 1.4	7 €mn/\$cts	+ surcharge - discount		- Moderate translation impact on sales and EBIT
Cost	1.0 - 1.1			1.5 - 2.0 €mn/\$cts	- Pricing impact varies by application and region due to competition/capacity situation
EBIT	< 0.1	0.4 €mn/\$cts	+ surcharge - discount		- Sourcing mismatch has significant impact, but partly compensated by cash flow hedging
Cash flow	0.3	Cash flow hedged by 70% at 1.38 €/\$			
Net assets	0.4	Net assets hedged by 0.4 USD bn loan			- Net assets hedged by USD loan

Order backlog

High visibility of sales expectation not fully captured in order backlog

Drivers	Most applicable for application	Level of visibility		
		Duration	Delivery point	Order size
Order backlog	<ul style="list-style-type: none"> – C&I – PowerGen 	✓	✓	✓
+ Long-term Memorandum of understanding	<ul style="list-style-type: none"> – Yacht 	✓		
+ Long-term contracts	<ul style="list-style-type: none"> – Defense – Navy 	✓		✓
+ Long delivery periods	<ul style="list-style-type: none"> – Marine – High-power range engines 	✓		
+ Close connection and interdependence with OEMs	<ul style="list-style-type: none"> – Industrial – Propeller Shafts 	✓	✓	✓
+ System business	<ul style="list-style-type: none"> – All applications 	(✓)	(✓)	(✓)

Strongly dependent on specific client

= Business set-up allows for high visibility of sales
 Backlog not representative because not all elements of sales visibility included

Capex and net working capital targets

Moderate capex and NWC requirements will lead to overall improved net asset efficiency

In % of sales	2007	2008 E	Mid-term
Capex PPE	~4.5%	~4.5-5.5%	~5%
Capex R&D	~1%	~1%	0.5%
Invest M&A	~1%	1% announced	tbd
Total Capex	~6.5% (incl. M&A)	> 6.5-7.5%	> 5.5%

- PPE capex mainly driven by facility and machining investment to support organic growth
- R&D capitalisation for new products in range of 0.5-1.0% sales
- M&A investment in 2007 for Katolight and in 2008 for After Sales (SKL) and Asia (Norinco JV)
- New spare parts/ production logistics will improve NWC efficiency

In % of sales	2007	2008 E	Mid-term
NWC¹	~27%	~26% (+/-1)	24% (+/-1)

¹ NWC = Inventories + Receivables ./ Received Payments ./ Accounts Payable

Consolidated group performance

	in €m	Engines	Tognum OES & C	Holding/ Consolidation	Tognum Group
Q1/2007					
Order intake		729	106	-20	815
Revenue		588	101	-21	667
Adj. EBIT		94	7	-1	100
Q1/2008					
Order intake		751	156	-32	875
Revenue		617	144	-34	727
Adj. EBIT		96	10	-6	100

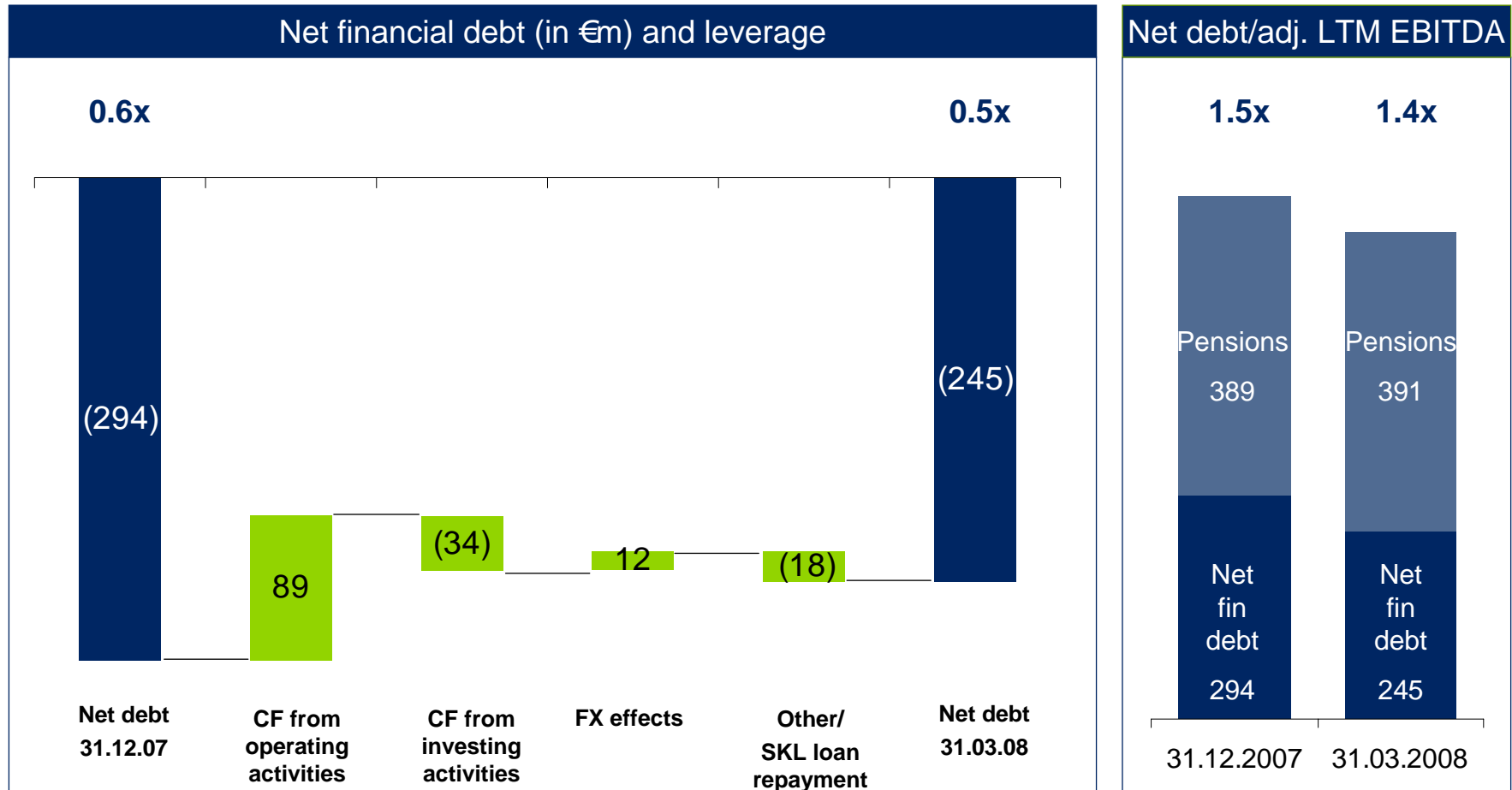
Q1 adjustment bridge

in €m	Reported Q1/2008	Adjustments	Adjusted Q1/2008
Revenues	726.8		726.8
Cost of sales	(548.2)	7.4 (1)	(540.8)
Gross profit	178.6	7.4	186.0
SG&A	(59.7)		(59.7)
Research and development costs	(24.1)		(24.1)
Other operating expenses	(0.8)		(0.8)
Results from operating activities	94.0	7.4	101.4
Share of profit from investments (equity method)	0.4		0.4
Other financial income	19.8	(13.8) (2)	6.0
Other financial expenses	(7.9)		(7.9)
Earnings before interest and taxes	106.3	(6.4)	99.9
Interest income	1.5		1.5
Interest expenses	(18.1)		(18.1)
Earnings before taxes	89.7	(6.4)	83.3
Income taxes	(26.9)	1.9 (3)	(25.0)
Net profit / loss	62.8	(4.5)	58.3
Depreciation and Amortization	(28.5)	11.1 (4)	(17.4)
EBITDA	134.8	(17.5)	117.3

- (1) PPA depreciation & amortisation (€ 11.1m)
- Adjusted for hedges for FX cashflows (-€ 3.7m)
- (2) Valuation of FX loans (-€ 13.8m)
- (3) Lower income taxes resulting from lower EBIT at 30% tax rate (€ 1.9m)
- (4) PPA depreciation & amortisation (€ 11.1m)

Net debt improvement

Further reduction of net debt and leverage



Tognum Group balance sheet

December 31, 2007/March 31, 2008

Assets		
€m	31.12.2007	31.03.2008
Intangible assets	478	479
PP&E	407	420
Other long-term assets	91	98
Total long-term assets	976	997
Other short-term assets	116	117
Inventories	743	784
Accounts receivables	465	444
Cash & cash equivalents	61	53
Total short-term assets	1,385	1,398
Total assets	2,361	2,395

Liabilities		
€m	31.12.2007	31.03.2008
Shareholders' equity	535	576
Pension provisions	389	391
Other provisions	185	190
Long-term financial liabilities	345	297
Other long-term liabilities	125	148
Total long-term liabilities	1,044	1,026
Short-term financial and other liabilities	81	82
Accounts payables	241	229
Short-term provisions and received payments	449	469
Other short-term liabilities	12	13
Total short-term liabilities	782	793
Total liabilities	2,361	2,395