DEUTZ

– Results for Q1 2022 –

May 5, 2022

Disclaimer

Unless stated otherwise, all the figures given in this presentation refer to continuing operations.

The details given in this document are based on the information available at the time it was prepared. This presents the risk that actual figures may differ from forward-looking statements. Such discrepancies may be caused by changes in political, economic, or business conditions, decreases in the technological lead of DEUTZ's products, changes in competition, the effects of movements in interest rates or exchange rates, the pricing of parts supplied, and other risks and uncertainties not identified at the time this document was prepared.

The forward-looking statements made in this document will not be updated.

Agenda

Overview & highlights of Q1 2022

Dr. Sebastian C. Schulte | CEO & CFO (ad interim)

Key operational and strategic developments

New orders

+10% to

€509.6 million

Book-to-bill ratio of 1.14

Unit sales

DEUTZ Classic engines

+35% to

43,559 units

Revenue

+30% to

€447.9 million

Adjusted EBIT[1]

+€15.0 million to

€15.8 million

EBIT margin[1] of 3.5% (+3.3pp)

Classic segment: 5.8% (+4.4pp)

Multi-phase strategy process

First targets defined

Service acquisitions[2]

DEUTZ acquires service partners in Ireland and the Netherlands

Funding

Restructuring and strengthening of the Group's funding[2]

Supply chain

Supply chain management adapted to the geopolitical situation

[1] Before exceptional items. [2] May 2022.

Multi-phase strategy process: first targets defined

- Significant increase in the profitability of the Classic business by 2023
- Expansion of the profitable service business – organic and through acquisitions
  - Acquisition of AUSMA Motorenrevisie B.V. (Netherlands) and South Coast Diesels (Ireland) at the start of May (closing has taken place)

Our new service target:

~ €500 million

revenue in 2025

Strategy update to be presented in more detail in the second half of 2022

Price increases are starting to be passed on

Energy prices

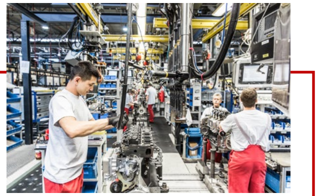
+

Raw material prices

+

Logistics costs

+



Product costs

=

8–12%

increase in prices in the new engine business in 2022

- Increased costs cannot be passed on to customers immediately due to the high level of orders on hand
- Ongoing monitoring of cost trends – process established for the restructuring of pricing
- First round of price rises in the new engine business implemented with effect from January 1, 2022
- Second round of price rises initiated; to be implemented by the end of Q2 2022

Increasingly possible to pass on higher costs for raw materials and logistics

Restructuring of funding

Situation before renegotiation

- €160 million syndicated loan with duration until June 2024
- 3 bilateral credit lines of €25 million each – terms ending in February 2023

Adjustment of the syndicated loan in May 2022

- Termination of the short-term bilateral credit lines – increase in the volume of the long-term syndicated loan raised from €160 million to €250 million
- Improved terms and conditions
- Integration of an ESG component
  - improvement in the RIR
  - reduction of carbon emissions per manufactured engine
- Term extended by 3 years to 2027, with extension option

Sufficient financial headroom, including for growth by acquisition

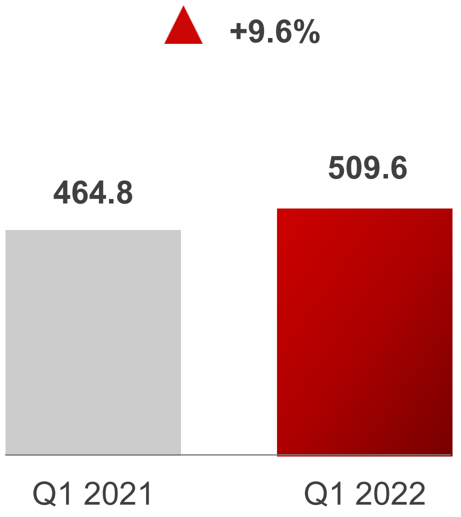
Agenda

Q1 2022 in numbers

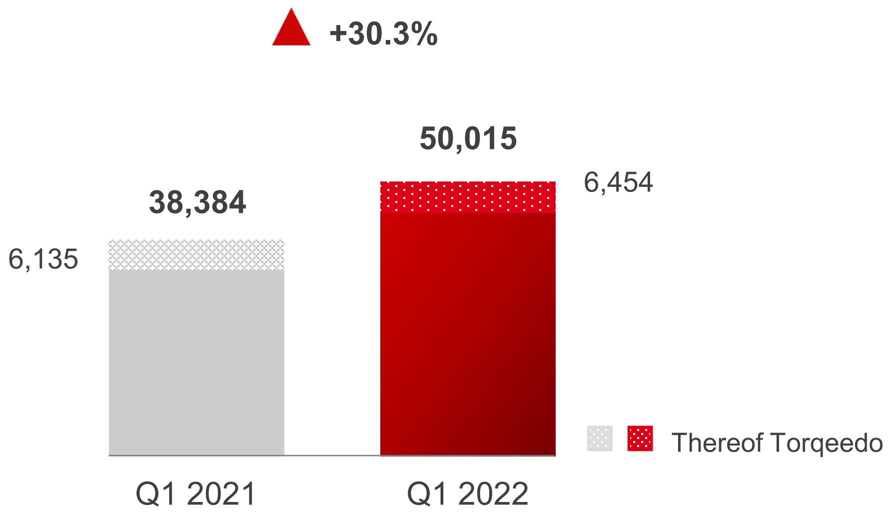
Christian Ludwig | SVP Communications & IR

Results for Q1 2022

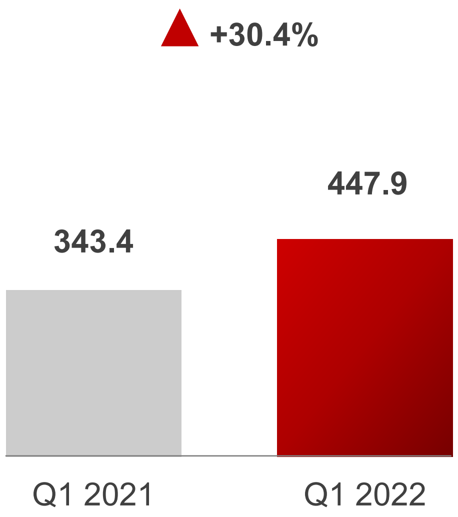
New orders
€ million



Unit sales
Units



Revenue
€ million



- Marked rise in new orders – book-to-bill ratio of 1.14 (Q1 2021: 1.35)
- Rise in unit sales driven by all application segments and the two biggest regions, EMEA and the Americas
- Orders on hand climb to €746.7 million as at March 31, 2022 (March 31, 2021: €394.3 million)

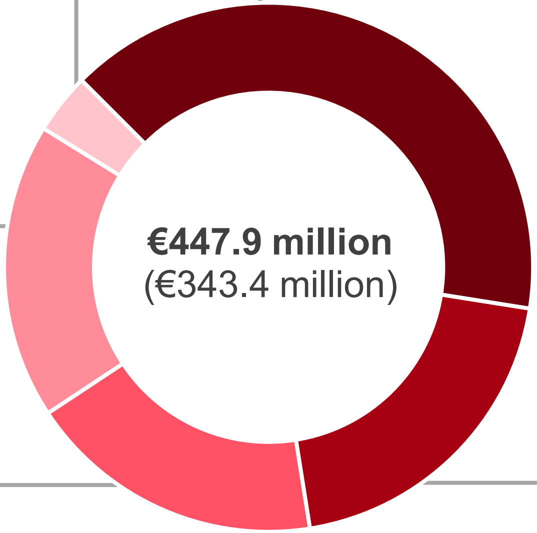
Revenue for Q1 2022 in detail

Revenue breakdown by region Q1 2022 (Q1 2021)

Africa and Middle East
3% (3%)
€14.8 million
+31.0%

Asia-Pacific
16% (18%)
€73.1 million
+22.2%

Americas
20% (17%)
€91.2 million
+59.7%



Europe (excl. Germany)
40% (43%)
€176.8 million
+21.4%

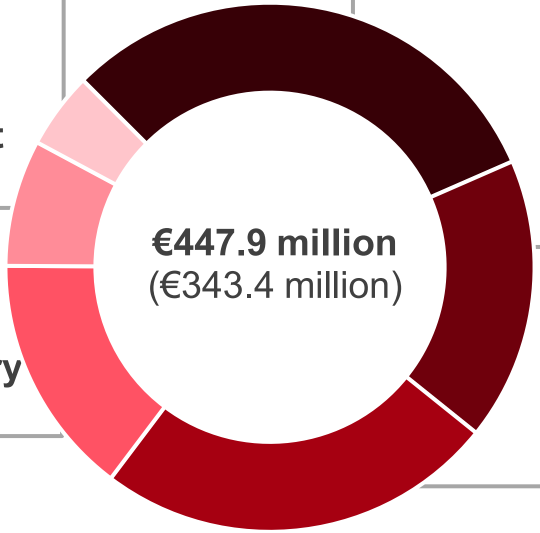
Germany
21% (20%)
€92.0 million
+32.2%

Revenue breakdown by application segment Q1 2022 (Q1 2021)

Miscellaneous
5% (6%)
€20.9 million
+6.1%

Stationary Equipment
8% (6%)
€34.7 million
+54.2%

Agricultural Machinery
15% (15%)
€66.3 million
+31.0%



Construction Equipment
31% (30%)
€138.6 million
+32.1%

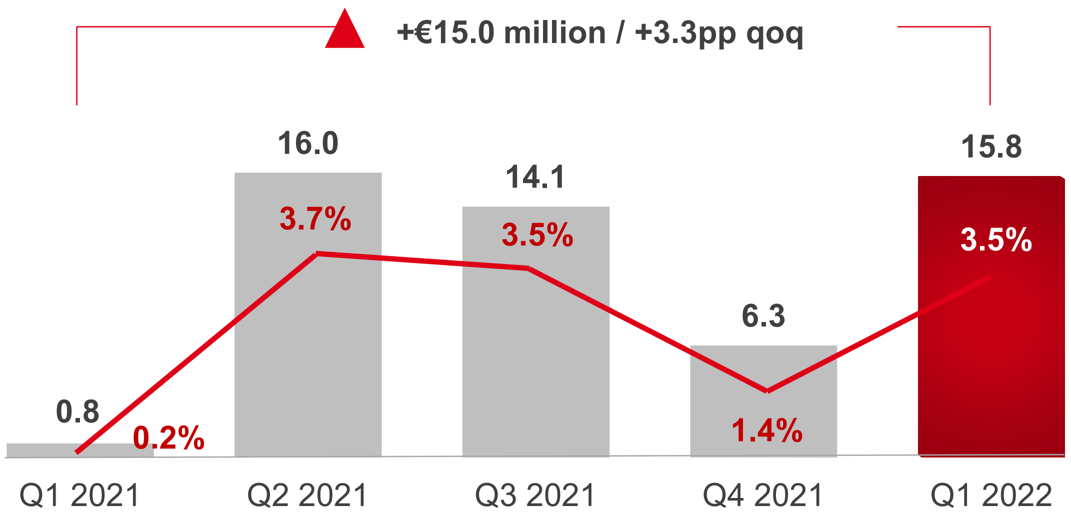
Material Handling
17% (15%)
€77.6 million
+54.3%

Service
24% (28%)
€109.8 million
+15.1%

All application segments and the main regions recorded increases in revenue

Continued improvement in earnings

Adjusted EBIT (€ million)
EBIT margin before exceptional items

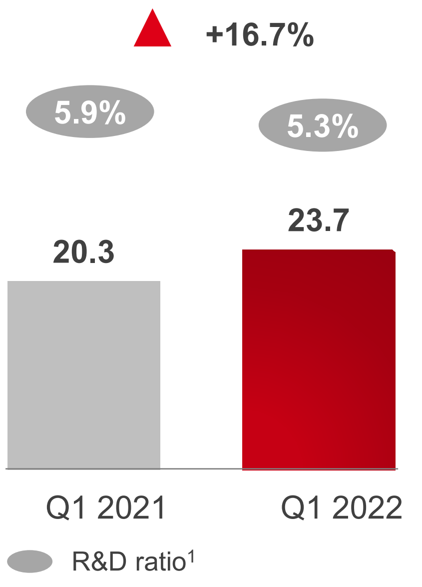


- Adjusted EBIT improved to €15.8 million in Q1 2022[1] (Q1 2021: €0.8 million) due to:
  - increased volume of business, bringing economies of scale
  - effects of cost savings
  - passing on of rising costs for raw materials and logistics to customers
- EBIT margin before exceptional items[1] increased to 3.5% (Q1 2021: 0.2%)
- Net income before exceptional items[1] amounted to €12.5 million (Q1 2021: net loss of €0.5 million)
- Earnings per share before exceptional items[1] came to €0.10 (Q1 2021: €0.00)

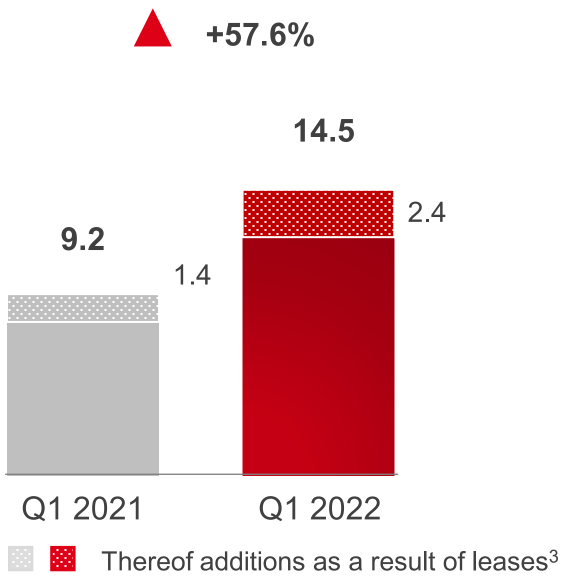
[1] Exceptional items amounting to an expense of €6.8 million recognized in Q1 2022 due to the recognition of provisions following several changes at senior management level (Q1 2021: expense of €0.4 million).

R&D spending, capital expenditure, and working capital

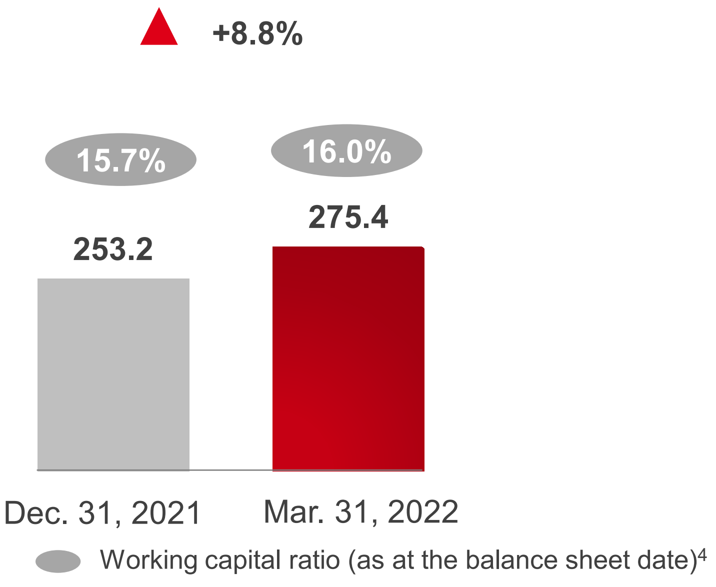
Net R&D spending[1]
€ million



Capital expenditure[1,2]
€ million



Working capital
€ million



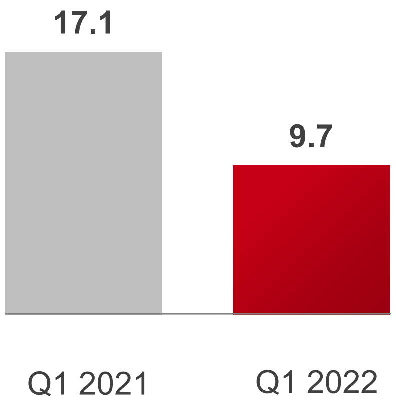
- R&D ratio lower than in the prior-year period despite small rise in R&D spending
- Increase in investing activities, partly due to new test rigs and establishment of assembly line 6
- Growth of working capital owing to sharp rise in inventories and trade receivables combined with an increase in trade payables due to higher capacity utilization

[1] After deducting grants. [2] Capex on property, plant, and equipment (including right-of-use assets for leases) and intangible assets, excl. capitalization of R&D.
[3] Right-of-use assets for leases under IFRS 16. [4] Working capital as at the balance sheet date divided by revenue for the previous 12 months.

Cash flow and net financial position

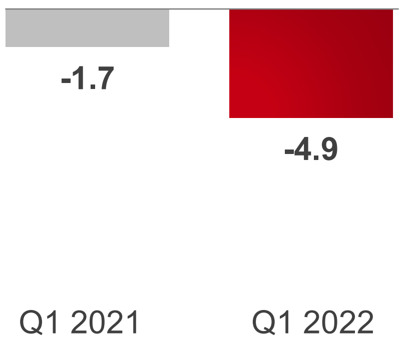
Cash flow from operating activities
€ million

-€7.4 million



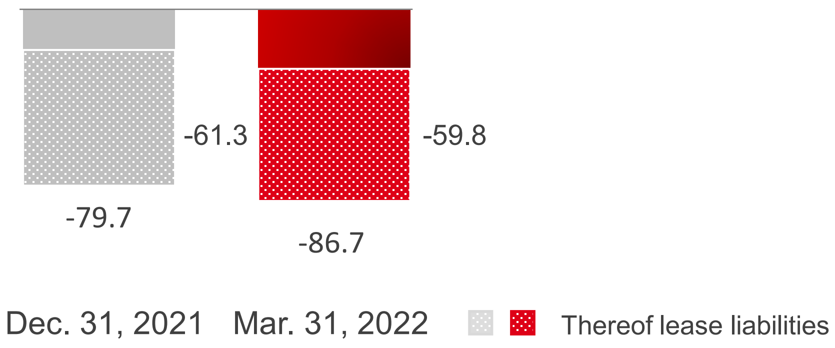
Free cash flow[1]
€ million

-€3.2 million



Net debt
€ million

-€7.0 million



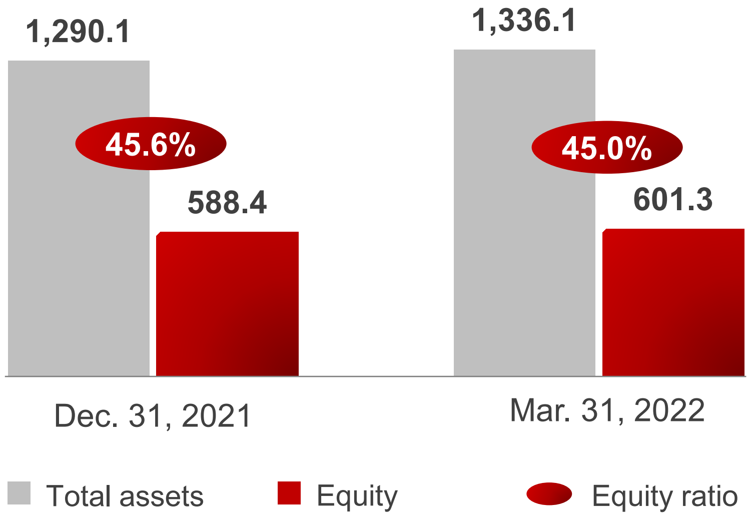
- Fall in cash flow from operating activities compared with Q1 2021 due to an increase in inventories resulting from significant expansion of the business volume
- Decline in free cash flow because of a fall in cash flow from operating activities
- Increase in net financial debt as a result of drawing down an existing credit line in an amount of €25 million

[1] Cash flow from operating activities and from investing activities less interest expense.

Healthy balance sheet with consistently high equity ratio

Equity and equity ratio

€ million

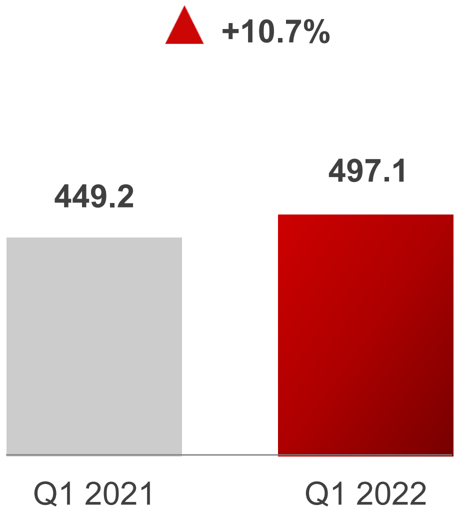


- Despite a rise in equity, the equity ratio held steady owing to stronger growth in total assets
- Unused credit lines totaling around €185 million are available
- Adjustment of the syndicated loan in May 2022

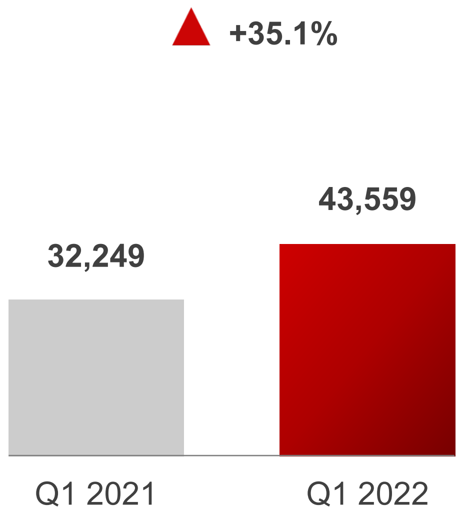
Equity ratio remains at a comfortable level and well above the target figure of 40%

Results for Q1 2022 | Classic segment

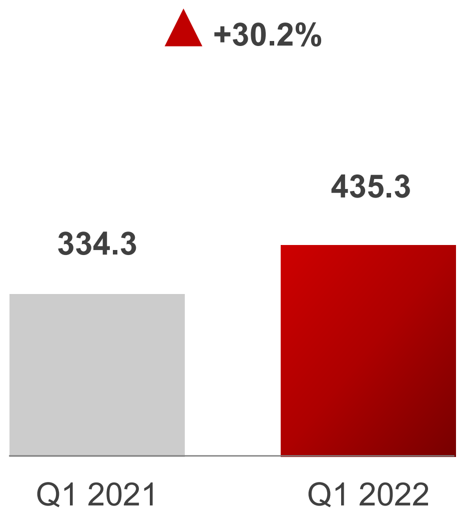
New orders
€ million



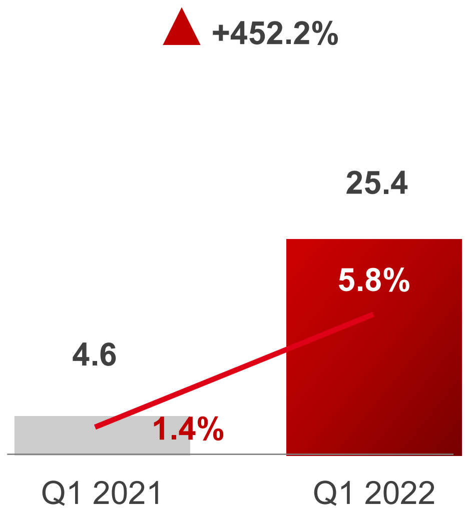
Unit sales
Units



Revenue
€ million



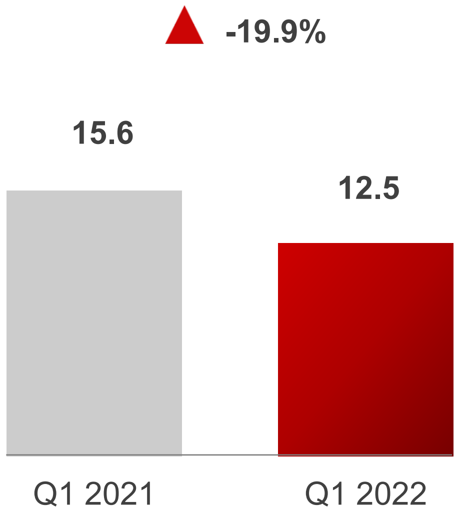
Adjusted EBIT/margin
€ million



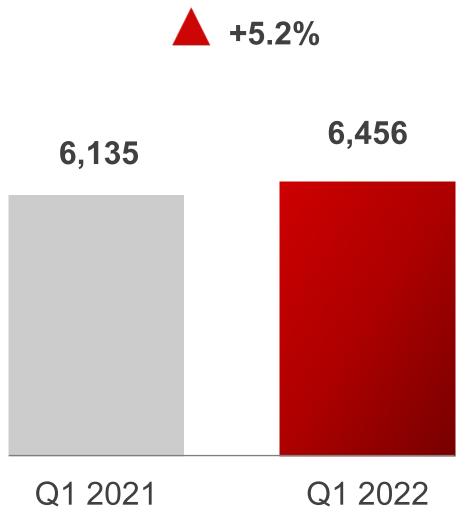
- Strong growth in new orders, unit sales, and revenue
- Significant improvement in adjusted EBIT thanks to the larger volume of business and associated economies of scale and to optimization of the existing portfolio

Results for Q1 2022 | Green segment

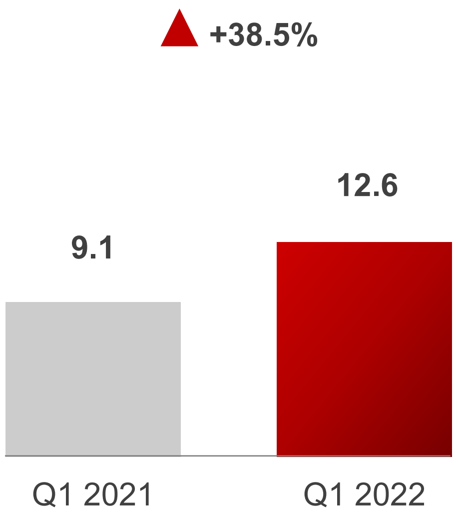
New orders
€ million



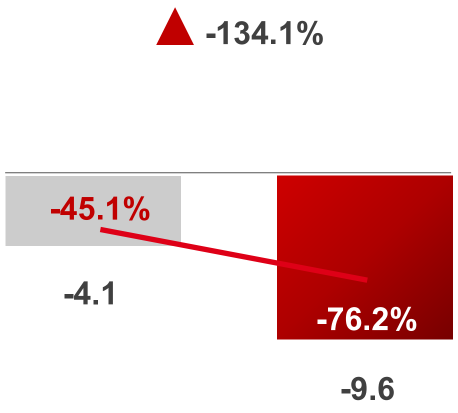
Unit sales[1]
Units



Revenue
€ million



Adjusted EBIT/margin
€ million



- Fall in new orders compared with the high volume in the prior-year period, owing to lower demand for electric boat drives
- Reduction in adjusted EBIT because of higher development expenditure for new drive technologies

[1] Torqeedo drives and other electric drives, hybrid-electric drives, hydrogen drives, battery systems with and without a motor, DEUTZ Powertree.

Agenda

Guidance

Dr. Sebastian C. Schulte | CEO & CFO (ad interim)

Ongoing challenges in the supply chain

- Allocation arrangements in the global market, particularly for electronics, plastics, and steel
- Power outages and widespread coronavirus lockdowns in China
- Substantial price rises beyond the standard inflation surcharges for metals
- Disruption in the international transportation sector
- War between Russia and Ukraine

War in Ukraine is creating additional problems in what was an already difficult procurement environment

Guidance for 2022 still subject to change

Guidance for 2022 (as at February 2022)

Unit sales	165,000 to 180,000 DEUTZ engines[1]
Revenue	€1.7 billion to €1.85 billion (Classic: €1.6 billion to €1.75 billion / Green: €75 million to €100 million)
EBIT margin before exceptional items	3.5% to 5.5% (Classic: 4.5% to 6.5% / Green: –30% to –20%)
Free cash flow	Low- to mid-double-digit million euro amount

- In an already challenging environment for procurement, the outbreak of war between Russia and Ukraine means it is very difficult to make predictions in respect of:
  - supply chain
  - increases in prices for transportation, energy, and raw materials
  - propensity to proceed with capital expenditure in the main sales markets

DEUTZ's guidance is still subject to change as a result of the potential effects of the geopolitical crisis

[1] Excluding electric boat drives from DEUTZ subsidiary Torqeedo.

Thank you for your attention!

Any questions?

Financial calendar and contact details

Financial calendar

H1 2022 interim report	August 11, 2022
Q3 2022 quarterly statement	November 10, 2022

Contact

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