DEUTZ

– Results for Q1–Q3 2022 –

November 9, 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, a decrease 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–Q3 2022

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

Key operational and strategic developments

New orders

+0.4% to

€1.52 billion

Book-to-bill ratio for Q1–Q3 2022 of 1.09

Unit sales

DEUTZ engines

+13% to

130,875 units

Revenue

+19% to

€1.39 billion

Adjusted EBIT[1]

+€35.0 million to

€65.9 million

EBIT margin[1] 4.7% (+2.1pp)

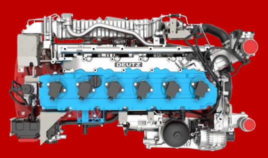
Classic segment 6.9% (+2.9pp)

Guidance for 2022 published

Revenue: €1.75–1.85 billion

EBIT margin[1]: 4.5–5.0%

Progress with hydrogen strategy



DEUTZ joins HyCET research project

Leadership

Supervisory Board completes restructuring of the Board of Management

DEUTZ DAYS 2022

DEUTZ presents innovative products at the Coreum in Stockstadt[2]

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

Powering Progress: four priority areas of action

PRIORITIES

Addressing key overarching strategic topics

PERFORMANCE

Improving commercial performance overall and in individual areas

POWERING PROGRESS

POTENTIAL

Improving technological capabilities and developing alternative drive systems

PASSION

Putting our values into practice, improving our culture and the way we work and collaborate across all parts of the business, and developing management staff and specialists

Multi-phase strategy process: first steps implemented

Performance initiative: gradually passing on price increases

Energy prices

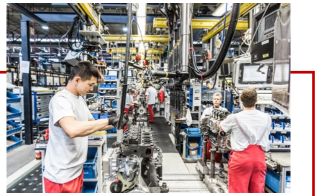
+

Raw material prices

+

Logistics costs

+



Product costs

=

8–12%

increase in prices in the new engine business in 2022

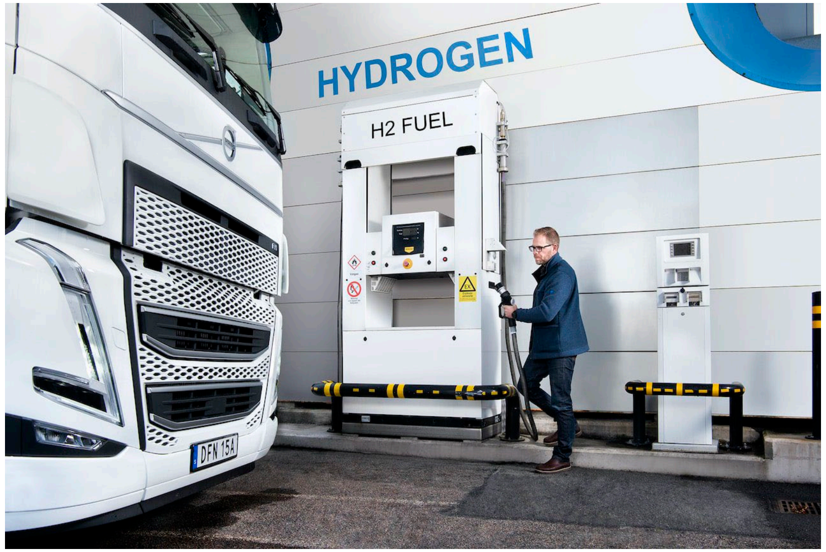
- Process established to spread the burden of rising costs for raw materials, energy, and logistics in the short term
- Ongoing monitoring of cost trends – dynamic process established for the restructuring of pricing

This will help to gradually ease the pressure on profits arising from higher procurement costs

Progress with hydrogen strategy

DEUTZ joins HyCET research project consortium

- **HyCET partners:** BMW Group (lead partner), DEUTZ AG, DHL Freight GmbH, KEYOU GmbH, TotalEnergies Marketing Deutschland GmbH, and Volvo Group
- **Aim of the research project:** Development of trucks fitted with hydrogen internal combustion engines, to be trialed in transportation logistics
  - Development to include two 18-tonne trucks fitted with a DEUTZ TCG 7.8 H2 hydrogen engine
  - Trucks to be put through their paces by using them in the regular logistics operations of the BMW Group and DEUTZ
- **Investment volume:** €19.5 million
- **Project term:** four years



HyCET
Hydrogen Combustion Engine Truck

DEUTZ contributes to sustainability in transportation logistics

Reorganization of the Board of Management completed

Dr. Sebastian C. Schulte

Chief Executive Officer (CEO)

Timo Krutoff

Chief Financial Officer and Personnel Director (CFO)[1]

Dr. Ing. Petra Mayer

Chief Operating Officer (COO)

Dr. Ing. Markus Müller

Chief Technology and Sales Officer (CTO/CSO)

[1] Joining on December 1, 2022.

DEUTZ DAYS 2022


E-DEUTZ 360V system

JLG G5-18 A telehandler


DEUTZ TCD 3.9


H2 genset

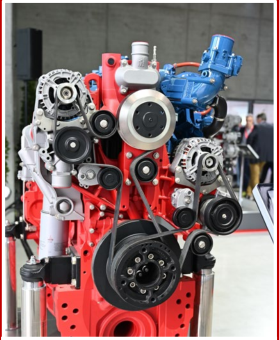
"We ensure the world keeps moving"


EloTrail 30

KTEG ZE25 mini-excavator


MULAG airport tow tractor


DEUTZ PowerTree


TCG 7.8 H2

DEUTZ presents innovative products, including conventional internal combustion engines and new drives

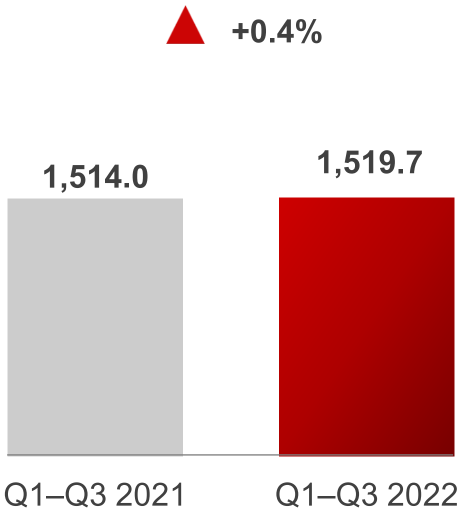
Agenda

Q1–Q3 2022 in numbers

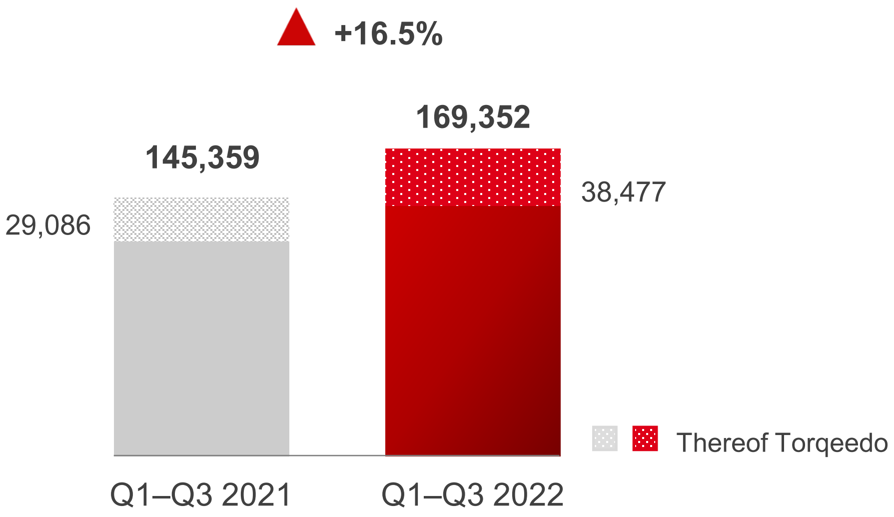
Christian Ludwig | SVP Communications & IR

Results for Q1–Q3 2022

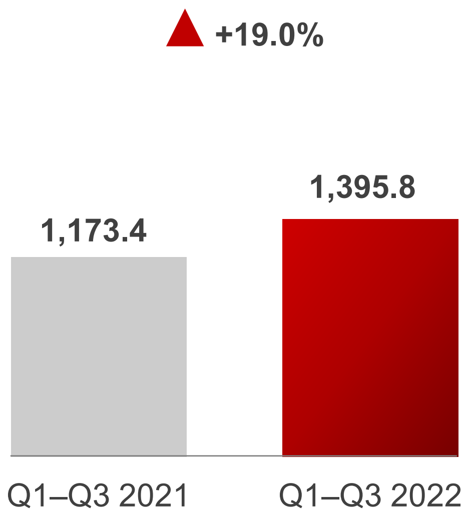
New orders
€ million



Unit sales
Units



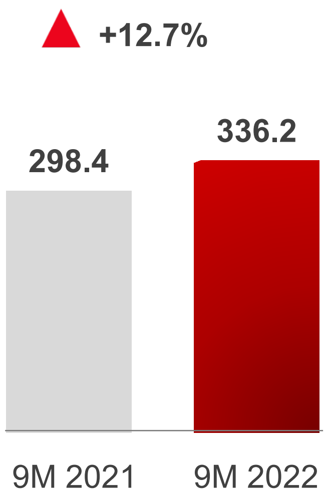
Revenue
€ million



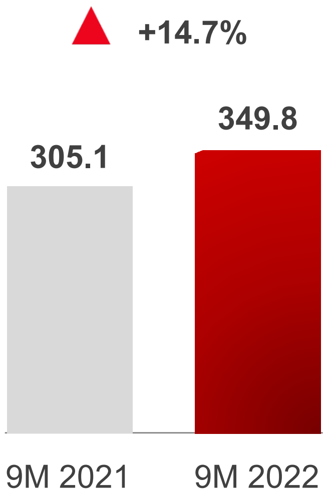
- New orders close to the prior-year level – book-to-bill ratio of 1.09 (Q1–Q3 2021: 1.29)
- Rise in unit sales and revenue driven by all major application segments and the two biggest regions, EMEA and the Americas
- Increase in orders on hand to €828.8 million as at September 30, 2022 (September 30, 2021: €616.4 million)

Further successful expansion of the service business

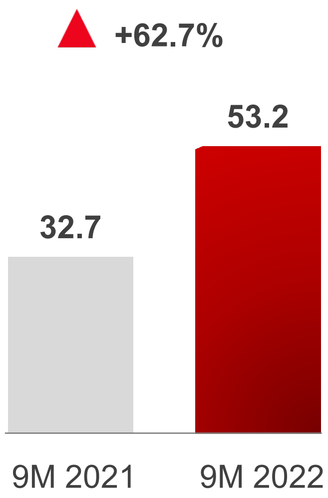
Revenue
€ million



New orders
€ million



Orders on hand
€ million



Our service target:

approx. €500 million

revenue in 2025

- Particularly strong growth of business, particularly parts sales and DEUTZ Xchange
- Progress with digitalization strategy

Further growth of > 5% p.a. planned – organic and through acquisitions

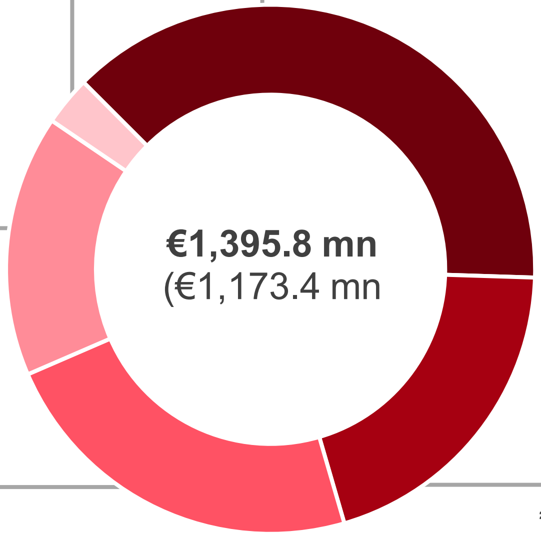
Revenue for Q1–Q3 2022 in detail

Revenue breakdown by region
Q1–Q3 2022 (Q1–Q3 2021)

Africa and Middle East
3% (4%)
€46.0 million
+10.3%

Asia-Pacific
16% (18%)
€217.4 million
+2.5%

Americas
23% (18%)
€323.4 million
+52.0%



Europe (excl. Germany)
38% (40%)
€533.4 million
+12.6%

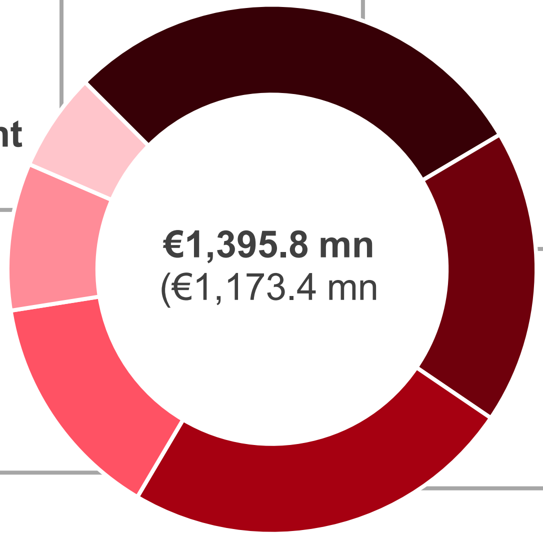
Germany
20% (20%)
€275.6 million
+18.2%

Revenue breakdown by application segment
Q1–Q3 2022 (Q1–Q3 2021)

Miscellaneous
6% (7%)
€82.6 million
-3.1%

Stationary Equipment
9% (7%)
€121.7 million
+47.9%

Agricultural Machinery
14% (13%)
€199.0 million
+29.9%



Construction Equipment
29% (30%)
€404.7 million
+14.4%

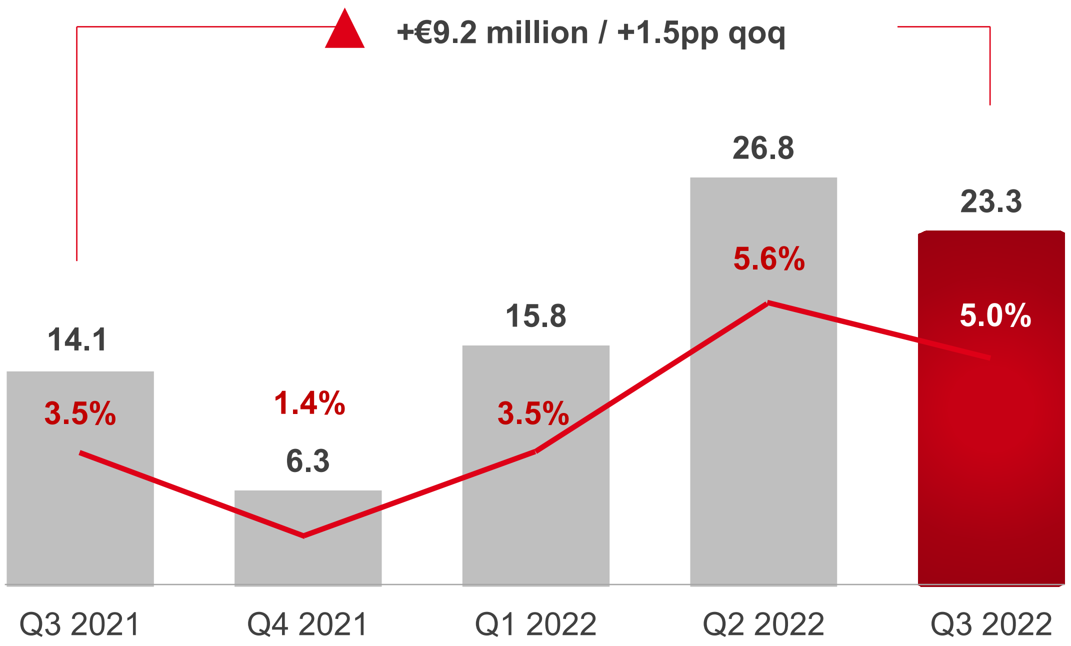
Material Handling
18% (17%)
€251.6 million
+25.5%

Service
24% (26%)
€336.2 million
+12.7%

All regions and main application segments recorded increases in revenue

Profitability continues to improve

Adjusted EBIT (€ million)
EBIT margin before exceptional items



- Adjusted EBIT[1] improved to €65.9 million in Q1–Q3 2022 (Q1–Q3 2021: €30.9 million) due to:
  - increased volume of business, bringing economies of scale
  - cost savings
  - positive currency effects
  - higher logistics and materials prices increasingly being passed on to customers
- EBIT margin before exceptional items[1] rose to 4.7% (Q1–Q3 2021: 2.6%)
- Net income before exceptional items[1] amounted to €52.2 million (Q1–Q3 2021: €26.8 million)
- Earnings per share before exceptional items[1] came to €0.43 (Q1–Q3 2021: €0.22)

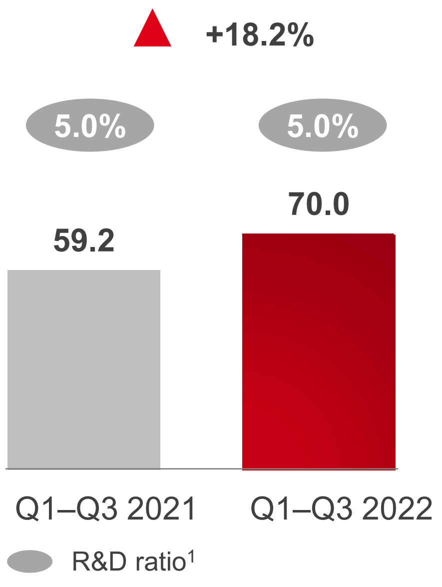
Performance initiatives increasingly bearing fruit

[1] Exceptional items amounting to an expense of €8.5 million recognized in Q1–Q3 2022 due to the recognition of provisions following several changes at senior management level (Q1–Q3 2021: expense of €3.1 million due to the Transform for Growth efficiency program launched at the start of 2020).

R&D spending, capital expenditure, and working capital

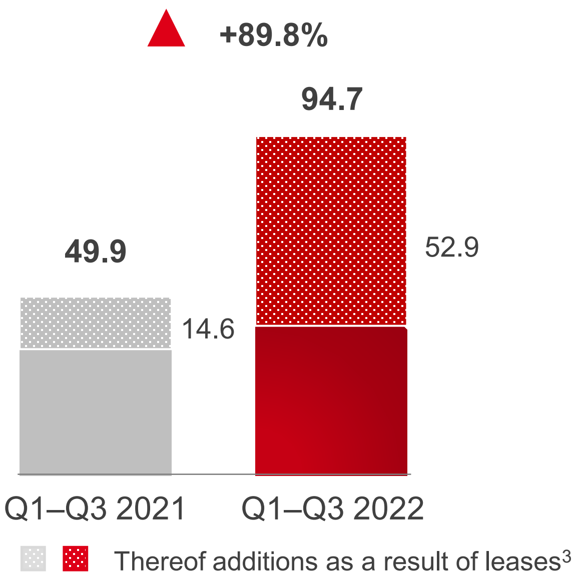
Net R&D spending[1]

€ million



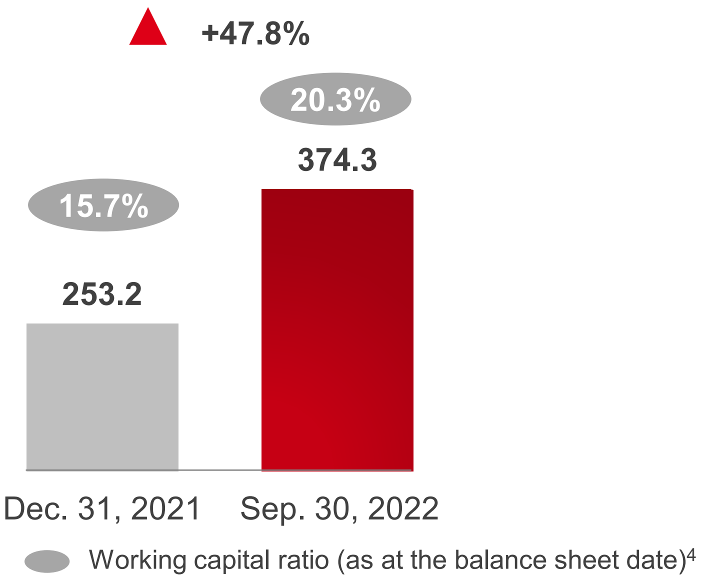
Capital expenditure[1,2]

€ million



Working capital

€ million



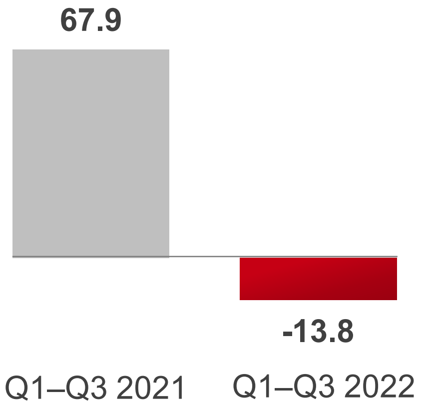
- Rise in R&D expenditure, primarily attributable to the Green segment
- Increase in investing activities, mainly as a result of a new lease taken out on a logistics center
- Growth of working capital owing to sharp rise in inventories due to higher capacity utilization and increased stockpiling, combined with higher procurement prices and supply chain delays

[1] After deducting grants. [2] Capital expenditure on property, plant, and equipment (including right-of-use assets for leases) and intangible assets, excluding 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 twelve months.

Cash flow and net financial position

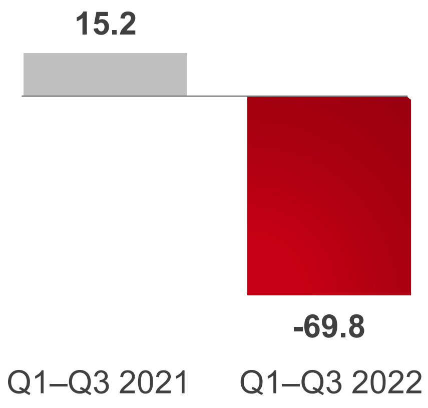
Cash flow from operating activities
€ million

▲ -€81.7 million



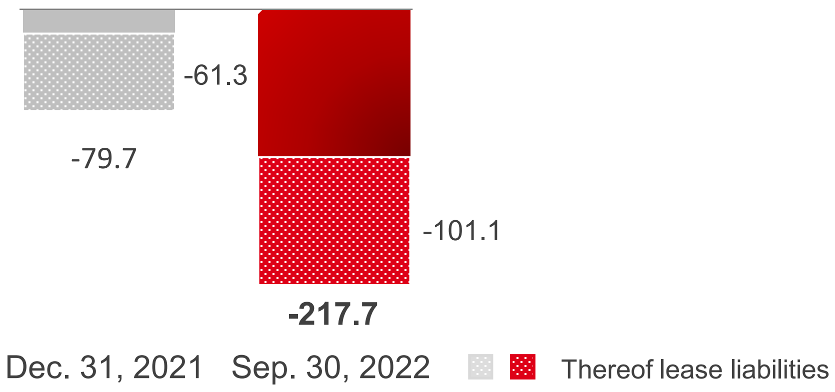
Free cash flow[1]
€ million

▲ -€85.0 million



Net debt
€ million

▲ -€138.0 million

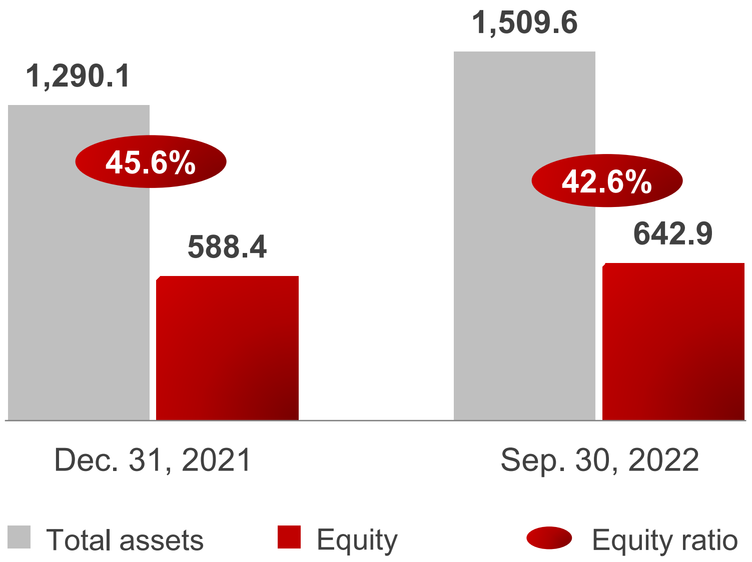


- Fall in cash flow from operating activities compared with Q1–Q3 2021 due to the rise in working capital
  - Increase in inventories due to significant growth in the volume of business, supply chain delays, and stockpiling aimed at securing production
- Increase in net financial debt as a result of drawing down an existing credit line in an amount of €115 million in the first nine months and due to a rise in lease liabilities (logistics center)

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

Solid balance sheet – equity ratio remains high

Equity and equity ratio
€ million

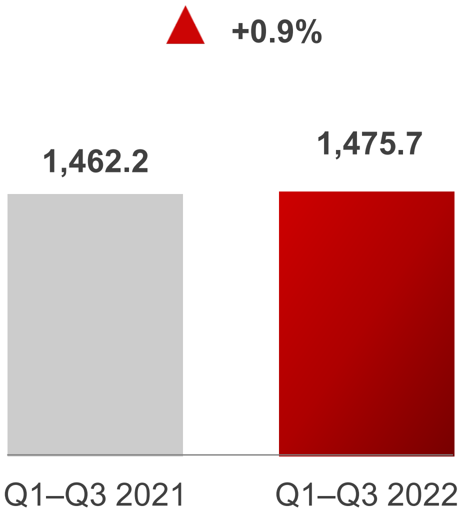


- Equity ratio down slightly despite the rise in equity, because the balance sheet grew at a faster rate than equity due to the increase in current assets and current liabilities
- An unused credit line totaling around €107 million is available; higher volume of cash tied up in current assets, which led to higher drawdowns from the credit line
- Sufficient financial headroom, including for growth by acquisition

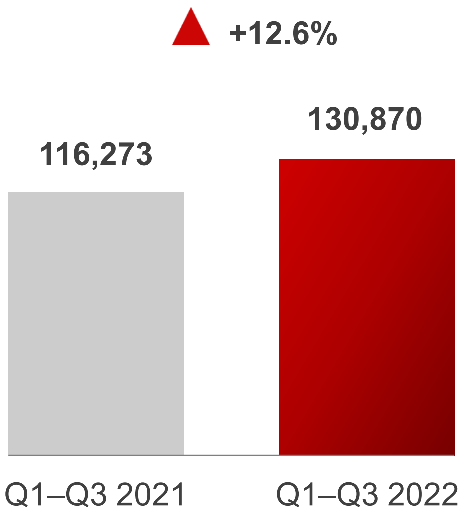
Equity ratio remains at a comfortable level and above the target figure of 40%

Results for Q1–Q3 2022 | Classic segment

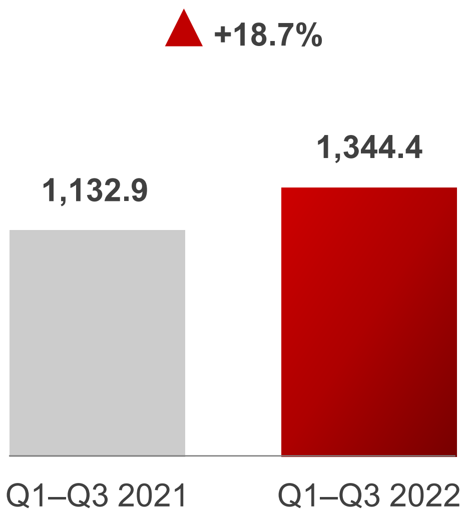
New orders
€ million



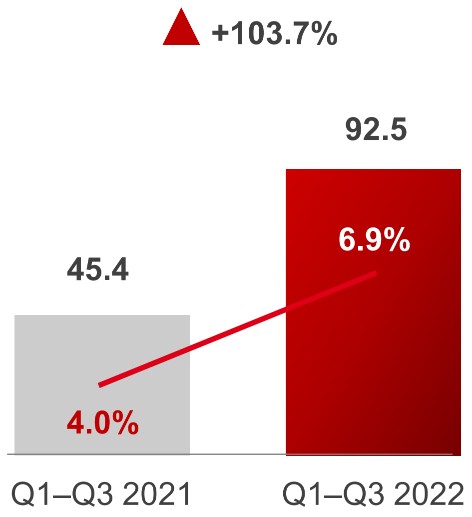
Unit sales
Units



Revenue
€ million



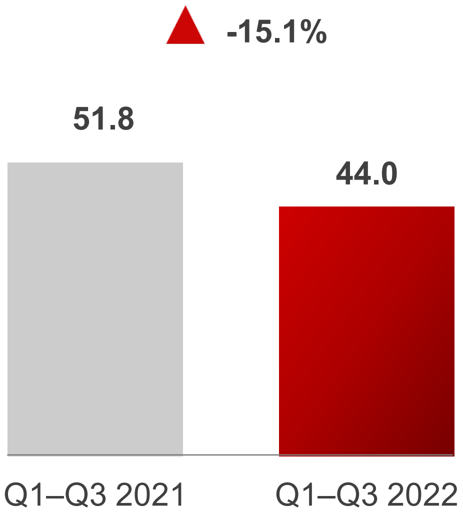
Adjusted EBIT/margin
€ million



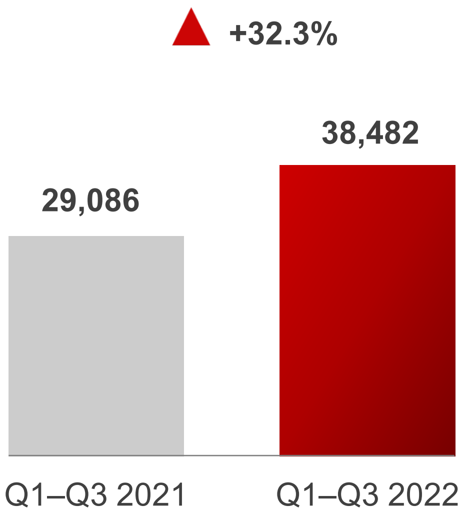
- Small year-on-year increase in new orders; sharp rises in unit sales and revenue
- Significant improvement in adjusted EBIT thanks to the larger volume of business, associated economies of scale, effects of cost savings, positive currency translation effects, and optimization of the existing portfolio

Results for Q1–Q3 2022 | Green segment

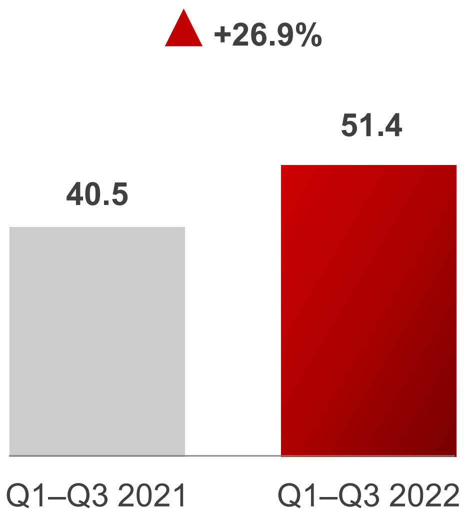
New orders
€ million



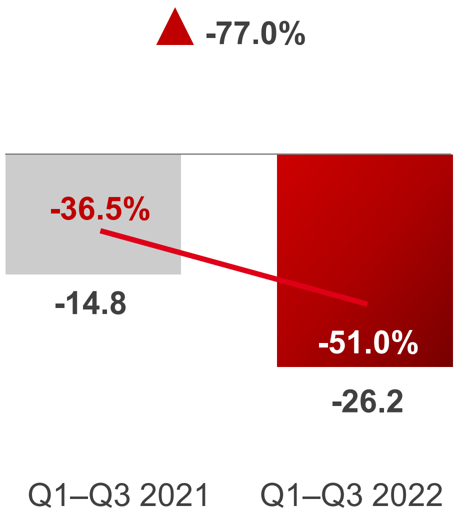
Unit sales[1]
Units



Revenue
€ million



Adjusted EBIT/margin
€ million



- Fall in new orders owing to lower demand for electric boat drives
- Reduction in adjusted EBIT, mainly because of higher development expenditure for new drive technologies and the loss generated by Torqeedo

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

Agenda

Outlook

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

Energy supply

Preparations for potential gas rationing

- **Cologne-Porz site:**
  Preparations complete for switching the heating supply from gas to heating oil in the short term
- **Ulm site:**
  Alternative concept implemented for switching to liquefied petroleum gas (LPG) by the end of 2022
- Large suppliers are being monitored closely – limited visibility of sub-suppliers

Stepping up the use of renewable energy

- Green electricity used at all DEUTZ AG sites since 2021
- **Cologne-Porz site:** First photovoltaic system installed; further installations to follow
- **Zafra site:** Two photovoltaic systems installed
- **Sapino site:** Photovoltaic systems installed

Our CO_2 target:

-61%

by 2023[1]

[1] Reduction of carbon emissions (tonnes CO^2e) from production sites compared with 2017, excluding joint ventures.

Guidance for 2022

Guidance for 2022

Unit sales	175,000 to 185,000 DEUTZ engines[1]
Revenue	€1.75 billion to €1.85 billion
Adjusted EBIT margin	4.5% to 5.0%
Free cash flow	Negative low- to mid-double-digit million euro amount

- Free cash flow particularly affected by significant build-up of inventories and delays in the supply chain

Guidance for 2022 essentially in line with original forecast that was under review

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

Thank you for your attention!

Any questions?

–

Financial calendar and contact details

Financial calendar

2022 annual report	March 16, 2023
Annual General Meeting	April 27, 2023

Contact

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