



DEUTZ

– Results for Q1 2023 –

—

May 4, 2023



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 2023



Dr. Sebastian C. Schulte | CEO

Key operational and strategic developments



New orders



+3.2% to

€526.1 million

Book-to-bill ratio: 1.02

Unit sales



DEUTZ engines

+5.9% to

46,110 units

Revenue



+15.5% to

€517.2 million

Adjusted EBIT¹



+€16.3 million to

€32.1 million

EBIT margin¹ 6.2% (+2.7 pp)

Classic segment 8.8% (+3.0 pp)

Free cash flow



+€15.7 million to

+€10.8 million

Guidance refined



Revenue:
approx. **€2.1 billion**

EBIT margin¹:
approx. **5.0%**

DEUTZ enters into alliance with Daimler Truck



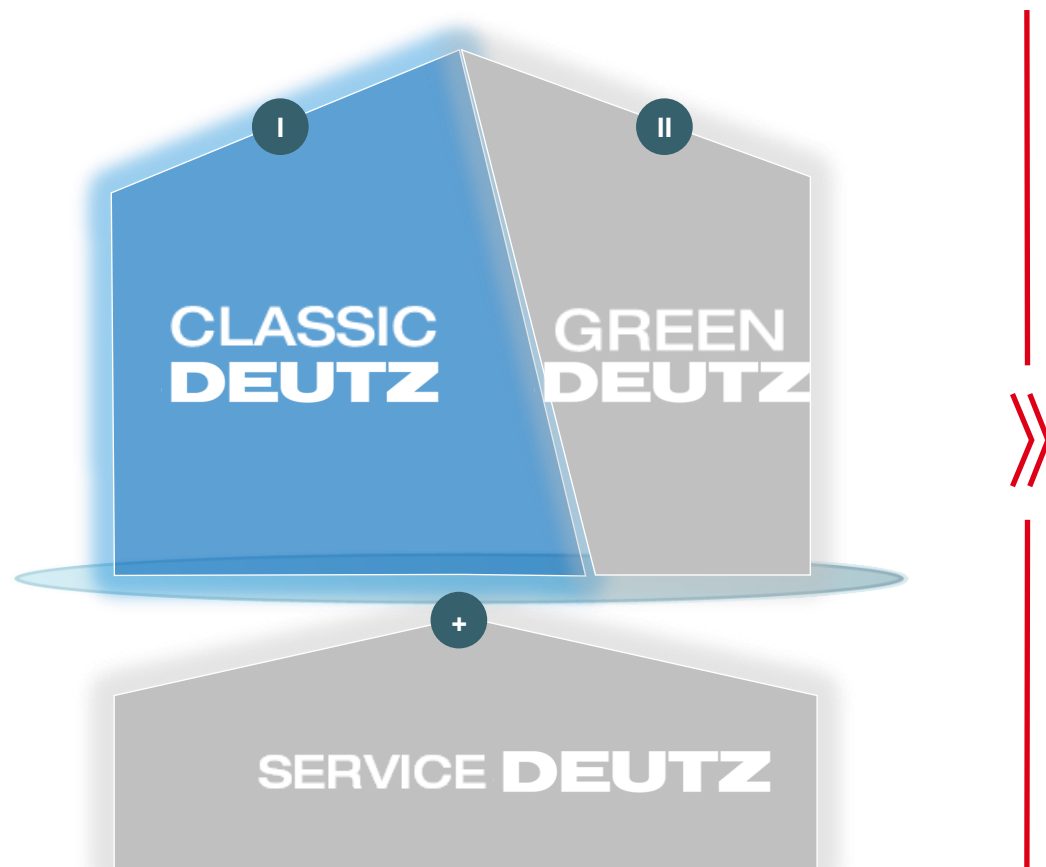
Daimler Truck takes a
4.19% stake in DEUTZ

Expansion of the service network



Opening of the 9th DEUTZ Service Center in the USA

Strategy progress report: Classic



- Daimler Truck deal completed
 - Integration roadmap defined and implementation started
- Continuous improvement of the supply chain and production processes
- Preparations started to add a third shift from H2/2023 for the production of sub-4 liter compact engines
- Further roll-out of fixed-volume program – 75% of increased sub-4 liter capacity booked

Classic business provides strong foundation for the implementation of the Green strategy

DEUTZ enters into alliance with Daimler Truck



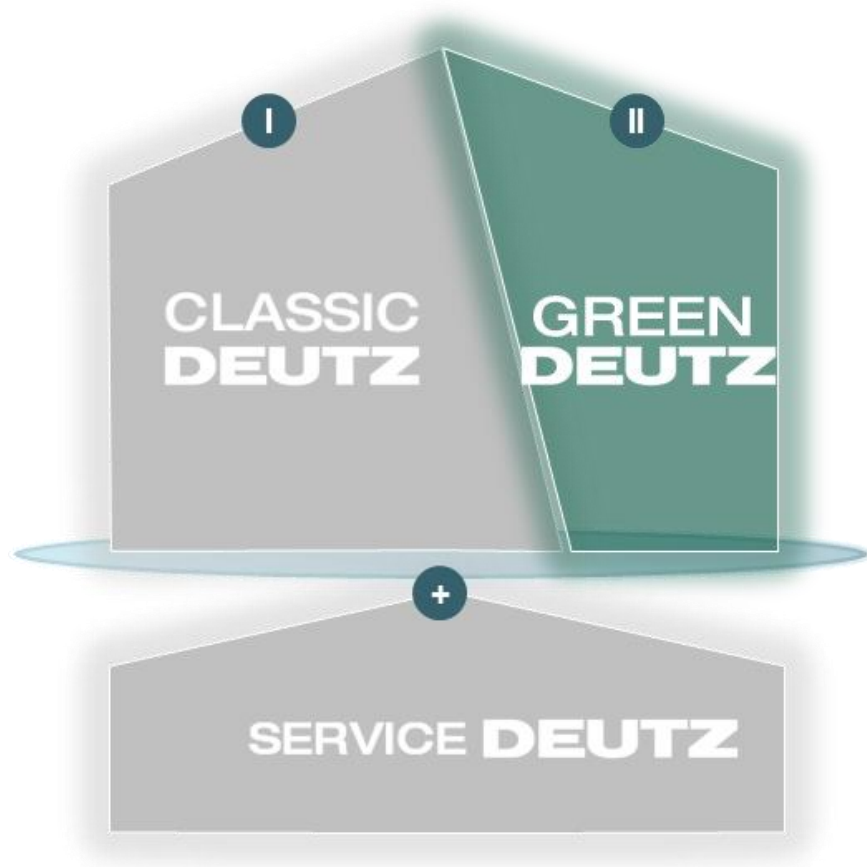
- DEUTZ acquires IP and licenses for the development and production of MDEG and HDEP engines
- Transaction completed at end of March
- Daimler Truck takes a 4.19% stake in DEUTZ
- Initial talks held with prospective customers
- Cross-functional kick-off meetings took place



DAIMLER
TRUCK

DEUTZ takes active role in the consolidation of the engine market

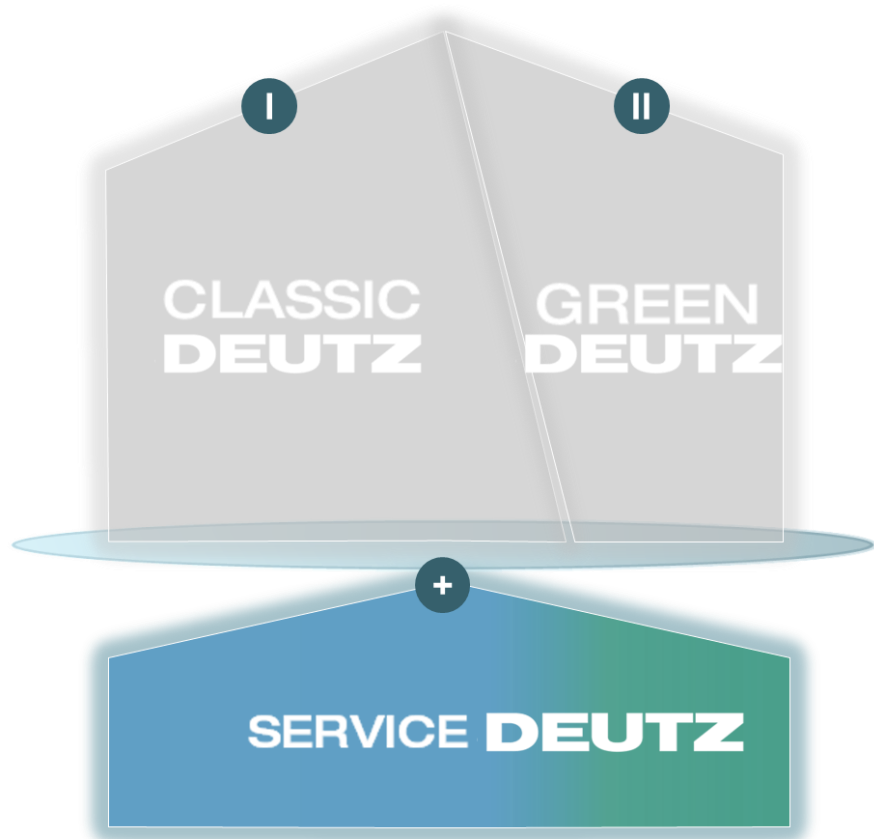
Strategy progress report: Green



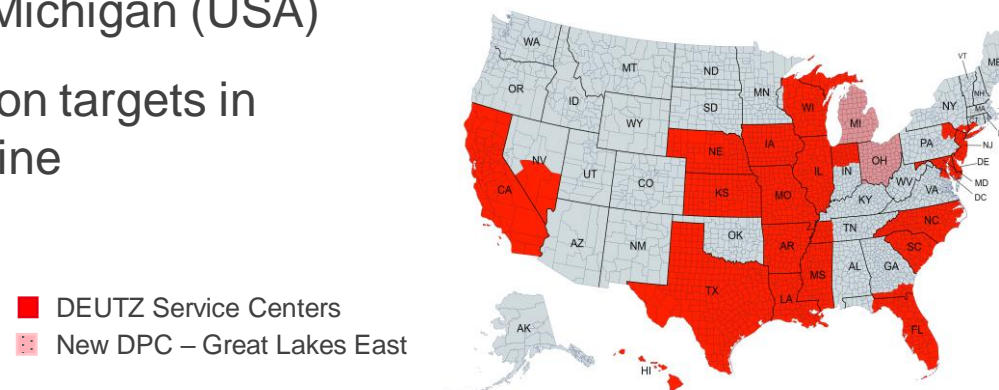
- Project pipeline growing:
 - Ten battery-electric system projects ongoing with OEM partners
 - Five hydrogen projects ongoing
- Ongoing process established to evaluate new business models and potential partnerships
- Planned investment of more than €100 million in DEUTZ Green by 2025

DEUTZ to be emission-free across the entire process chain by no later than 2050

Strategy progress report: Service



- Strong first quarter:
 - Revenue rises to €121.3 million (+10.5%)
 - New orders up to €127.6 million (+9.8%)
- Sharp rise in volume of business, particularly for parts sales and DEUTZ Xchange
- Ongoing expansion of inhouse service structure – opening of the 9th DEUTZ Service Center in April in Howell, Michigan (USA)
- Acquisition targets in the pipeline



Further advances made in achieving the service business's €600 million annual revenue target by 2025

Agenda



Q1 2023 in numbers



Timo Krutoff | CFO

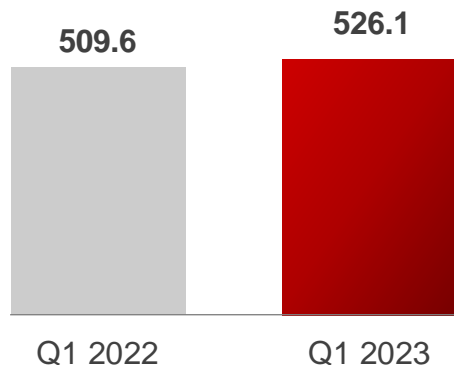
Results for Q1 2023



New orders

€ million

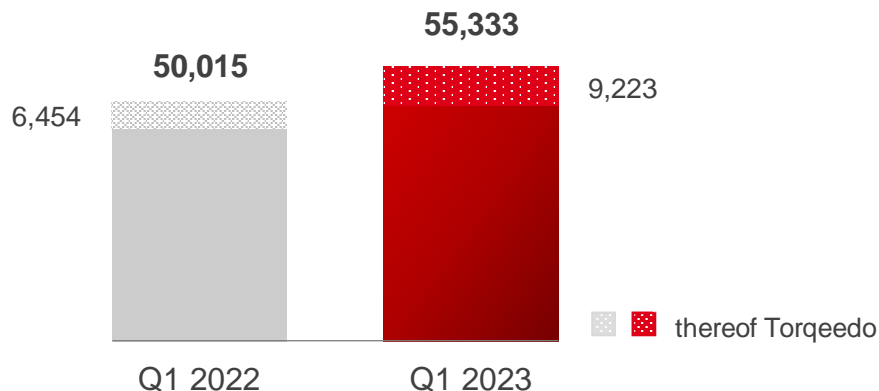
▲ +3.2%



Unit sales¹

Units

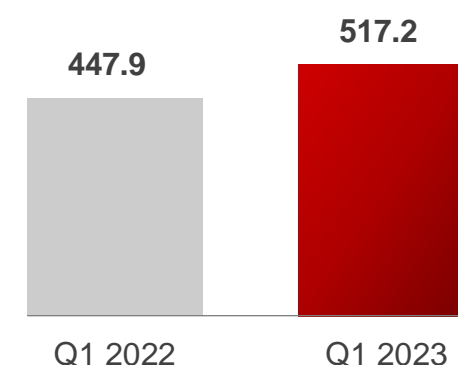
▲ +10.6%



Revenue

€ million

▲ +15.5%

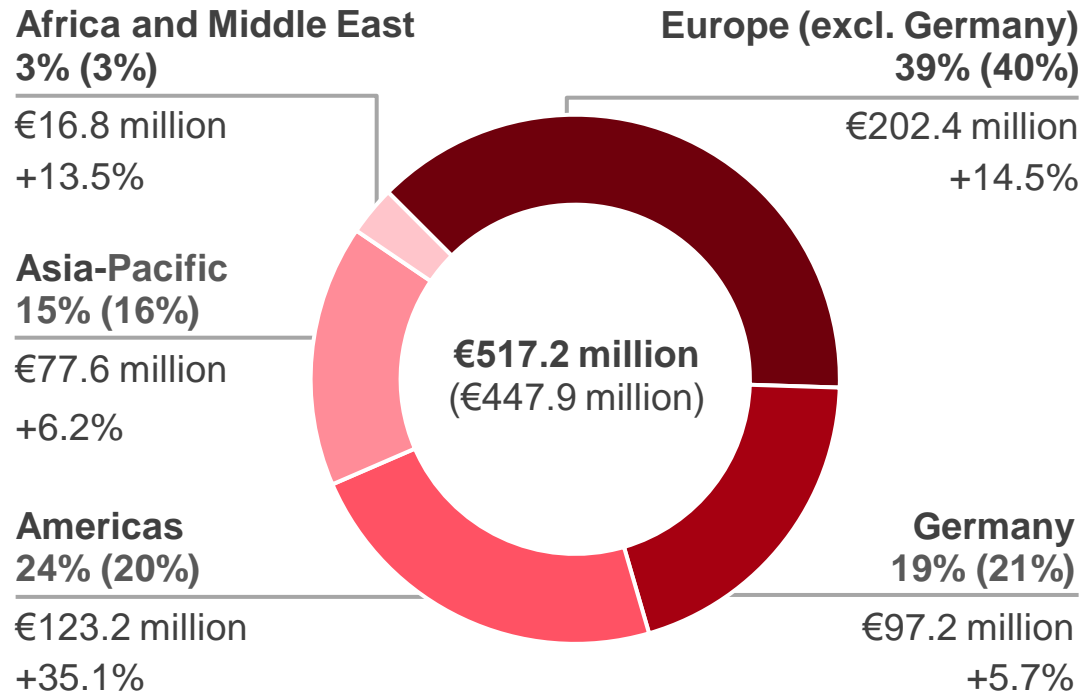


- New orders well above the level achieved in the prior-year period due to sharp rise in demand in the Americas – book-to-bill ratio of 1.02 (Q1 2022: 1.14)
- All regions contributing to the increase in unit sales and revenue
- Orders on hand climb to €779.6 million as at March 31, 2023 (March 31, 2022: €746.7 million)

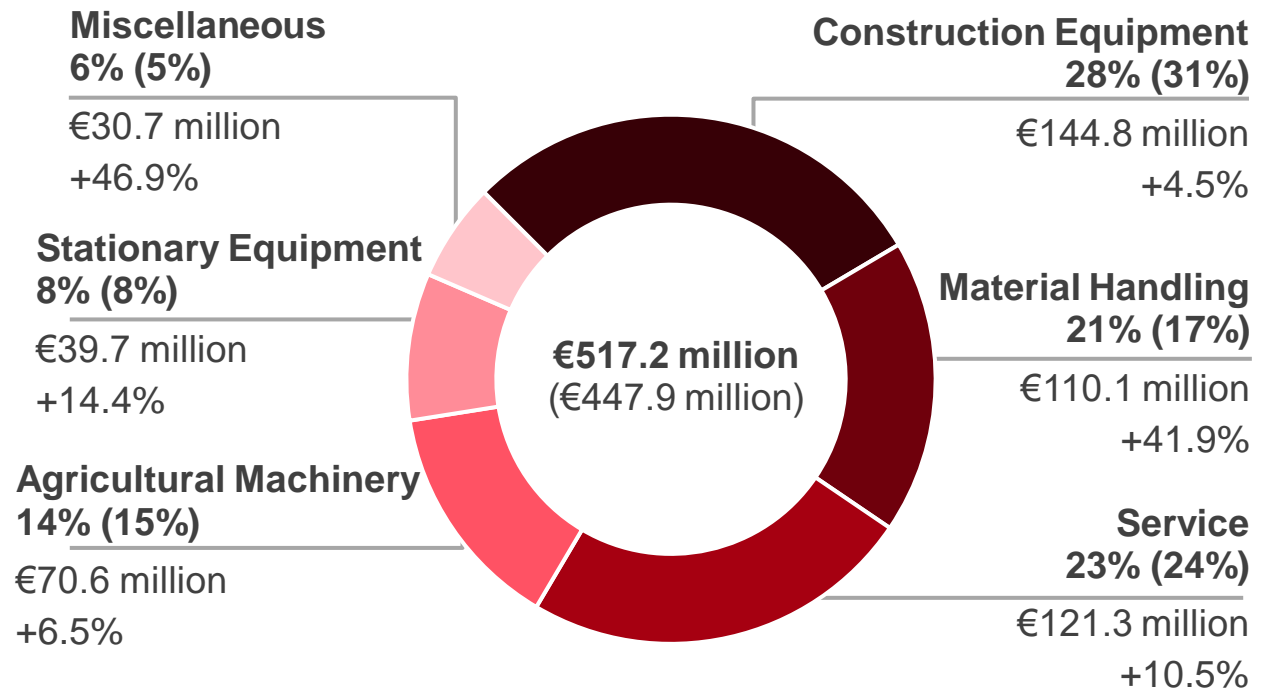
10 ¹ Since 2023, unit sales of DEUTZ subsidiary Torqueedo include battery systems in addition to electric boat drives (Q1 2023: approx. 1,800 units). A retrospective adjustment of the prior-year figure has not been made.

Revenue for Q1 2023 in detail

Revenue breakdown by region Q1 2023 (Q1 2022)



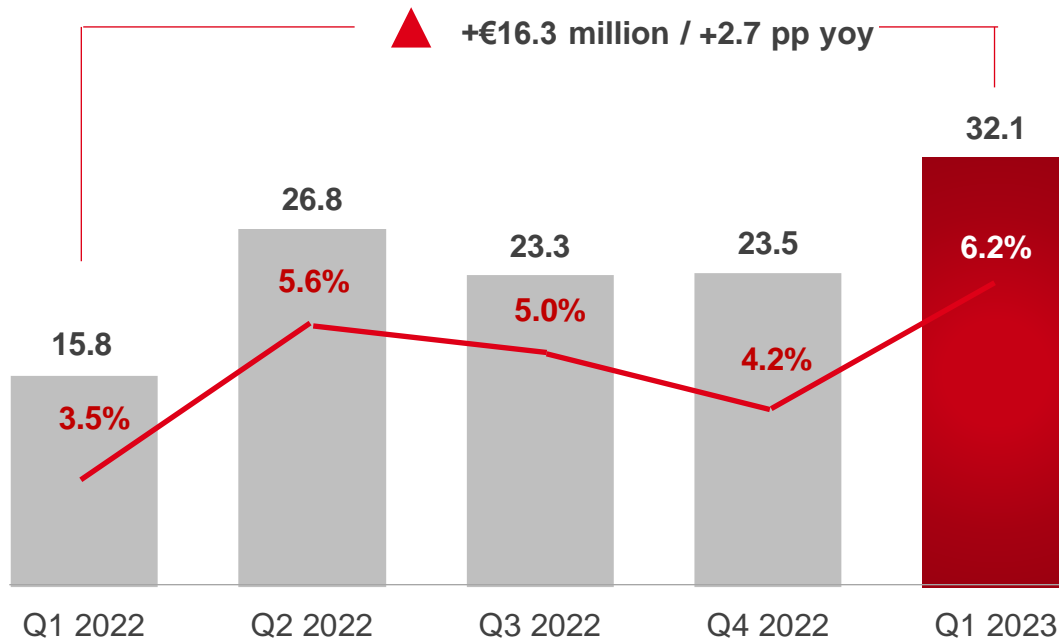
Revenue breakdown by application segment Q1 2023 (Q1 2022)



All regions and application segments record increases in revenue

Strong improvement in profitability

Adjusted EBIT (€ million) EBIT margin before exceptional items



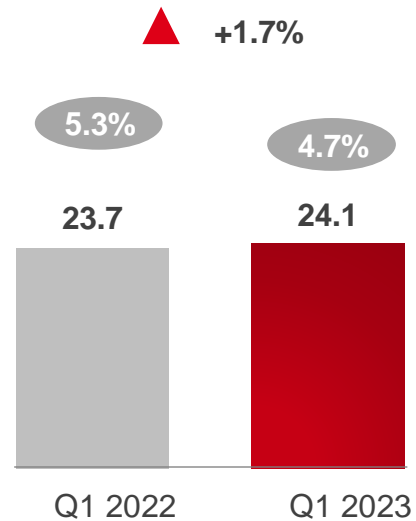
- Adjusted EBIT^{1,2} improves to €32.1 million (Q1 2022: €15.8 million) due to:
 - economies of scale thanks to increased business volume
 - positive product mix effects
 - market-oriented pricing policy
 - expansion of the service business
- EBIT margin before exceptional items² rises to 6.2% (Q1 2022: 3.5%)
- Net income before exceptional items² amounts to €23.8 million (Q1 2022: €12.5 million)
- Earnings per share before exceptional items² comes to €0.20 (Q1 2022: €0.10)

Performance initiatives increasingly bearing fruit

R&D spending, capital expenditure, and working capital

Net R&D spending¹

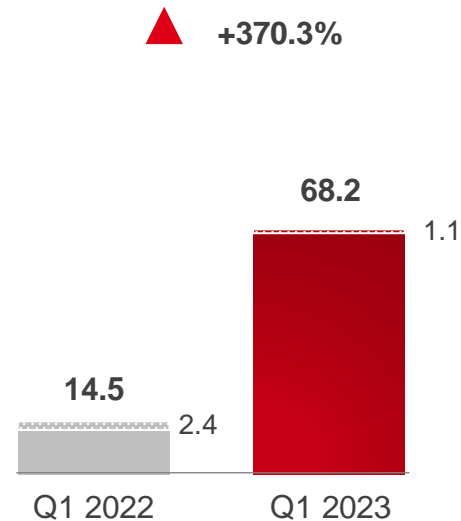
€ million



● R&D ratio¹

Capital expenditure^{1,2}

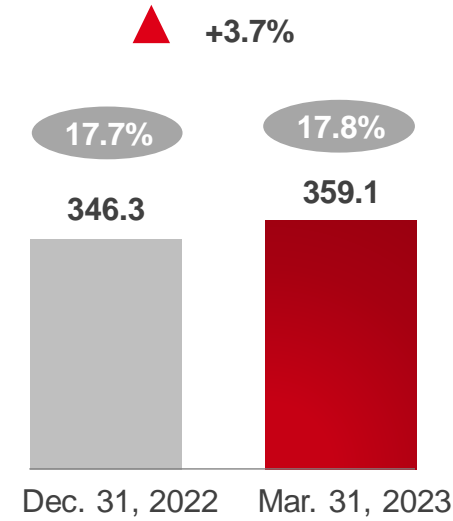
€ million



■ thereof additions as a result of leases³

Working capital

€ million



● Working capital ratio (as at the balance sheet date)⁴

- Net R&D expenditure close to the prior-year level
- Increase in capital expenditure mainly related to licenses purchased as part of the alliance with Daimler Truck (approx. €52 million)
- Slight increase in working capital due to seasonality and a rise in inventories resulting from higher capacity utilization

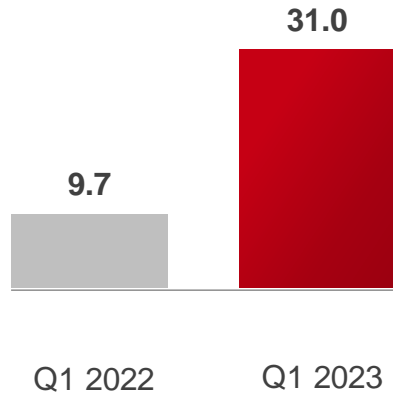
13 ¹ After deducting grants. ² Capital expenditure on property, plant, and equipment (incl. right-of-use assets for leases) and intangible assets, excl. capitalization of R&D. ³ Right-of-use assets for leases under IFRS 16. ⁴ WC as at the balance sheet date divided by revenue for the previous twelve months.

Cash flow and net financial position

Cash flow from operating activities

€ million

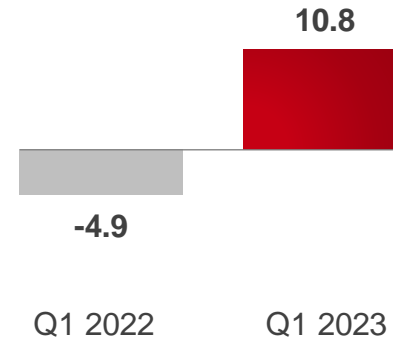
▲ +€21.3 million



Free cash flow¹

€ million

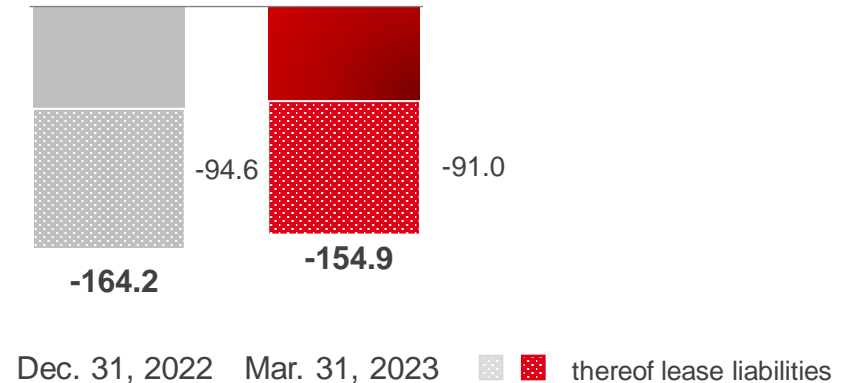
▲ +€15.7 million



Net debt

€ million

▲ +€9.3 million

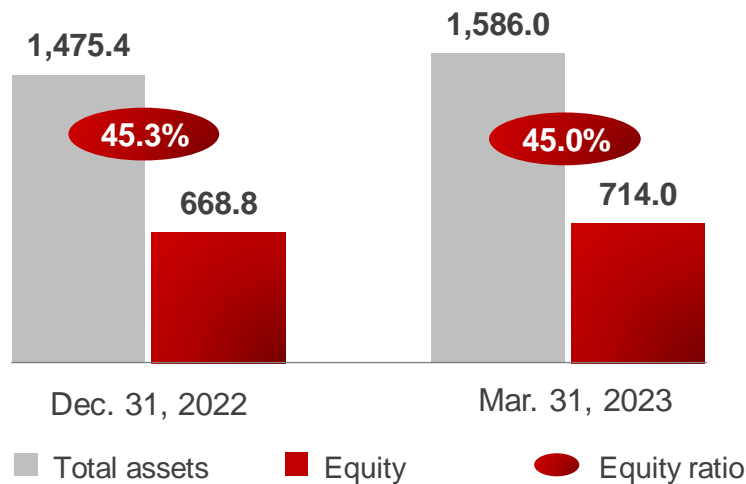


- Significant improvement in cash flow from operating activities compared with Q1 2022 due to increase in earnings
- Slight decline in net financial debt due to positive free cash flow

Balance sheet remains solid

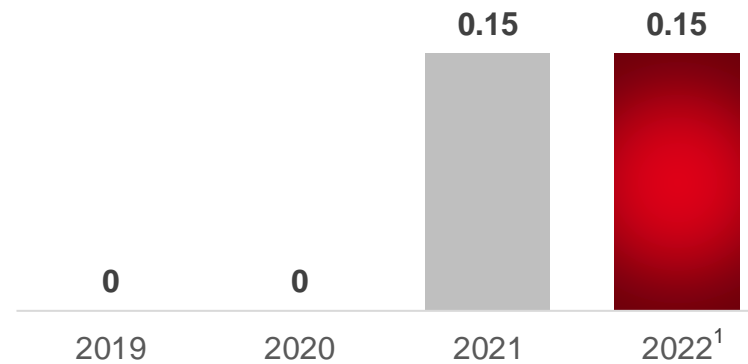
Equity and equity ratio

€ million



Dividend per share

€



- 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
- Unused lines of credit totaling €195 million available

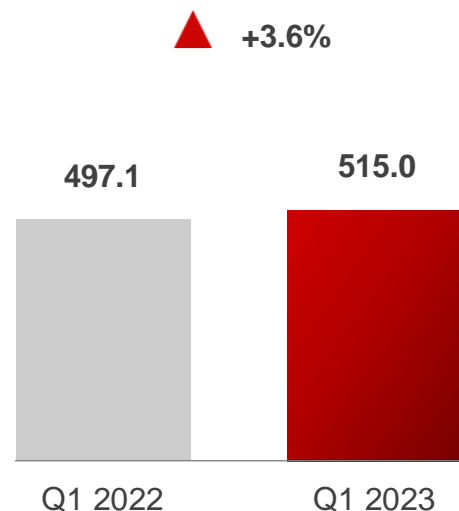
Sufficient financial headroom, including for growth by acquisition

Results for Q1 2023 | Classic segment



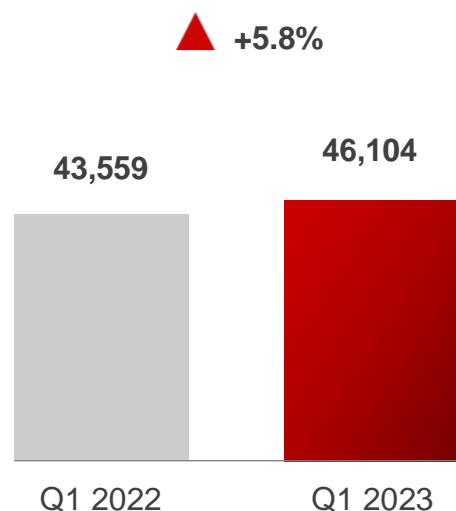
New orders

€ million



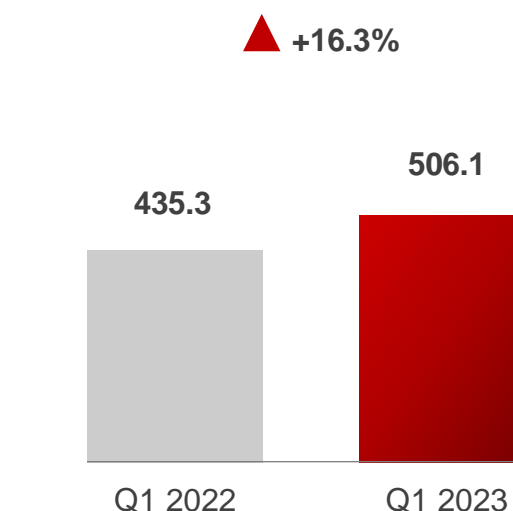
Unit sales

Units



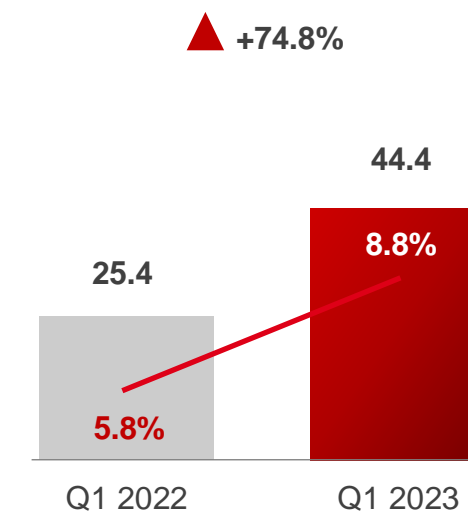
Revenue

€ million



Adjusted EBIT/margin

€ million



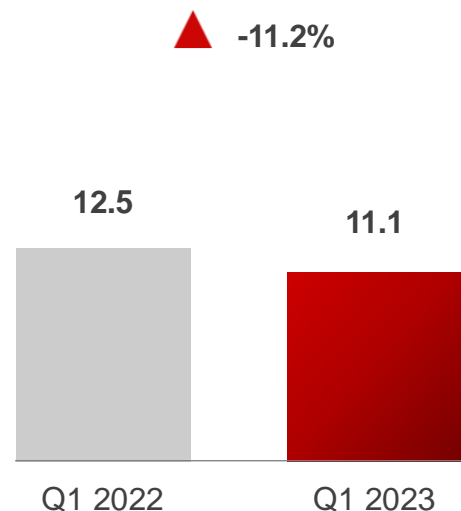
- Small year-on-year increase in new orders; sharp rises in unit sales and revenue
- Significant improvement in adjusted EBIT due to higher volume of business, structural improvements, and positive product mix effects

Results for Q1 2023 | Green segment



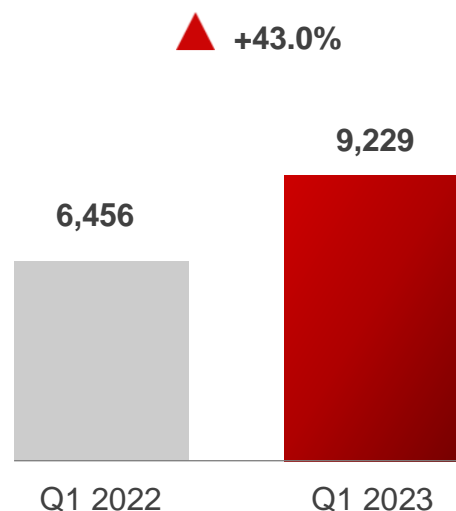
New orders

€ million



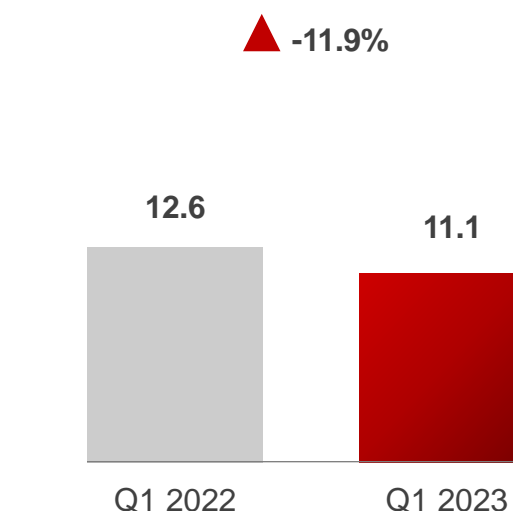
Unit sales¹

Units



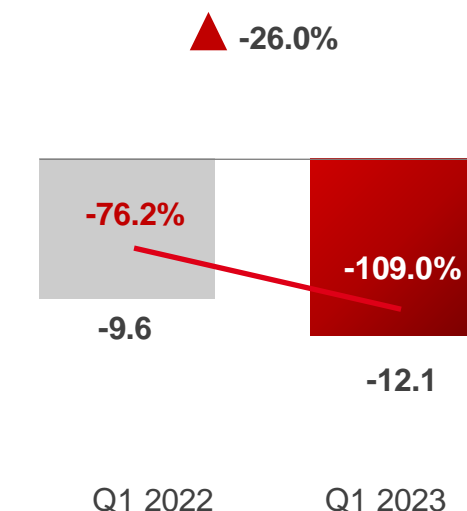
Revenue

€ million



Adjusted EBIT/margin

€ million



- Fall in new orders owing to lower demand for electric boat drives
- Decline in revenue, despite rise in unit sales, due to, amongst others, negative mix effects
- Reduction in adjusted EBIT because of higher development expenditure for new drive technologies and the loss generated by Torqeedo

17 ¹ Torqeedo drives and other electric drives, hybrid-electric drives, hydrogen drives, battery systems with a motor, DEUTZ PowerTree. In addition, since 2023 unit sales of Torqeedo include battery systems (Q1 2023: approx. 1,800 units). A retrospective adjustment of the prior-year figure has not been made.

Agenda

Outlook



Dr. Sebastian C. Schulte | CEO

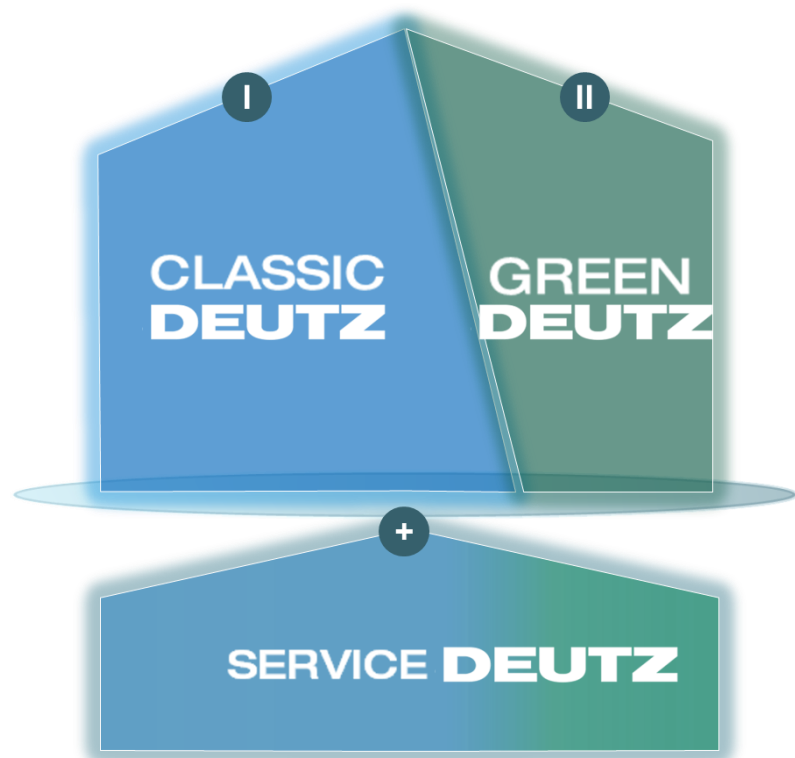
Full-year guidance for 2023 refined



	2022		2023e
Unit sales	181,268 DEUTZ engines ¹		Upper end of 175,000 to 195,000 DEUTZ engines ¹
Revenue	€1.95 billion		Upper end of €1.9 billion to €2.1 billion
Adjusted EBIT margin ²	4.6%		Upper end of 4.0% to 5.0%
Free cash flow	€16.6 million		Mid double-digit million euro amount ³

After strong start to 2023, DEUTZ now expects most results to be at upper end of the forecasted full-year ranges

Medium-term targets based on the Dual+ strategy



Outlook for 2025

Revenue



> €2.5 billion

Service business's share of revenue



approx. €600 million

Adjusted EBIT margin¹



6.0% to 7.0%

DEUTZ confirms its medium-term targets for 2025

Financial calendar and contact details

Upcoming financial dates

Roadshow Frankfurt	May 9, 2023
Roadshow Munich	May 17, 2023
Quirin Champions Conference Frankfurt	June 1, 2023
Warburg Highlights Conference Hamburg	June 16, 2023
H1 2023 interim report	August 10, 2023
Roadshow virtual	August 28, 2023
DEUTZ Capital Markets Day	September 2023

Contact

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**Thank you for
your attention!**

Any questions?

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