DEUTZ

Results for Q1 2024

April 30, 2024

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.

Overview of Q1 2024 & strategy update

Dr. Sebastian C. Schulte

Solid performance in Q1 2024 against a weak economic backdrop

New orders

€419 million

-18.7% year on year due to weak economic conditions and comparison with the strong prior-year quarter – **new orders up sharply** on Q4 2023 (+19.4%)

Revenue

€455 million

-10.3% on prior-year period; product mix and price effects have a positive impact; **share of revenue attributable to service business rises to 28%**

EBIT margin[1]

6.1%

Business increasingly **robust** even in a tough economic climate thanks to **implementation of Dual+ strategy**

Note: Relates to continuing operations only. [1] Before exceptional items.

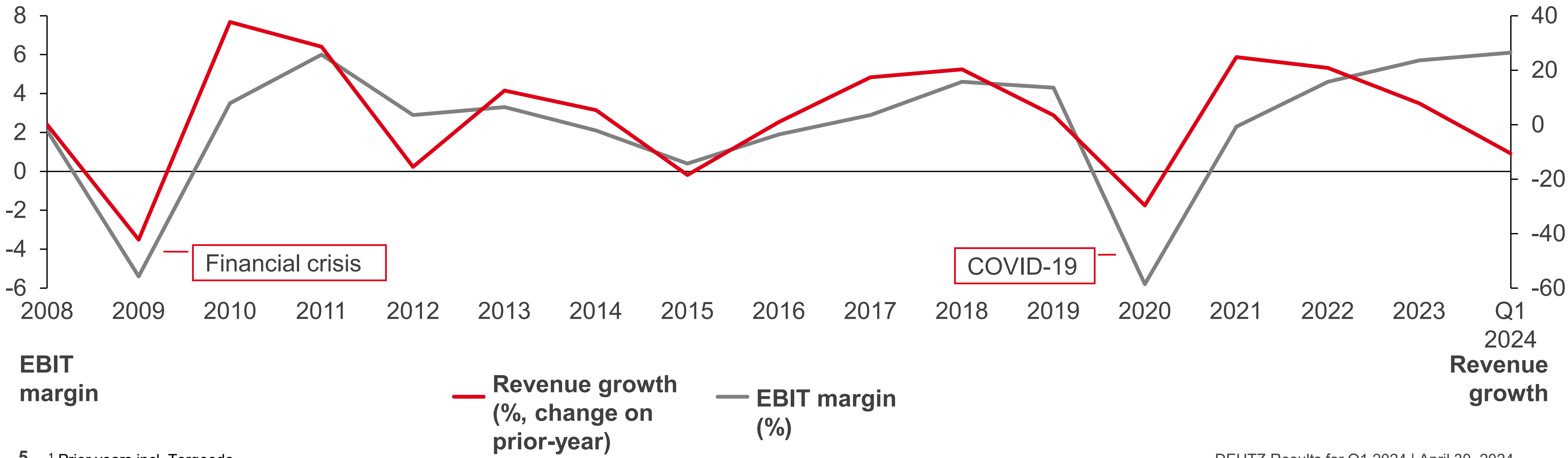
Dual+ strategy making DEUTZ Group more resilient

Revenue growth and EBIT margin before exceptional items[1]

(Both are percentage figures; revenue growth is the increase on the prior-year period)

In the past:
Revenue and EBIT margin follow same trajectory

Dual+ strategy:
Greater resilience

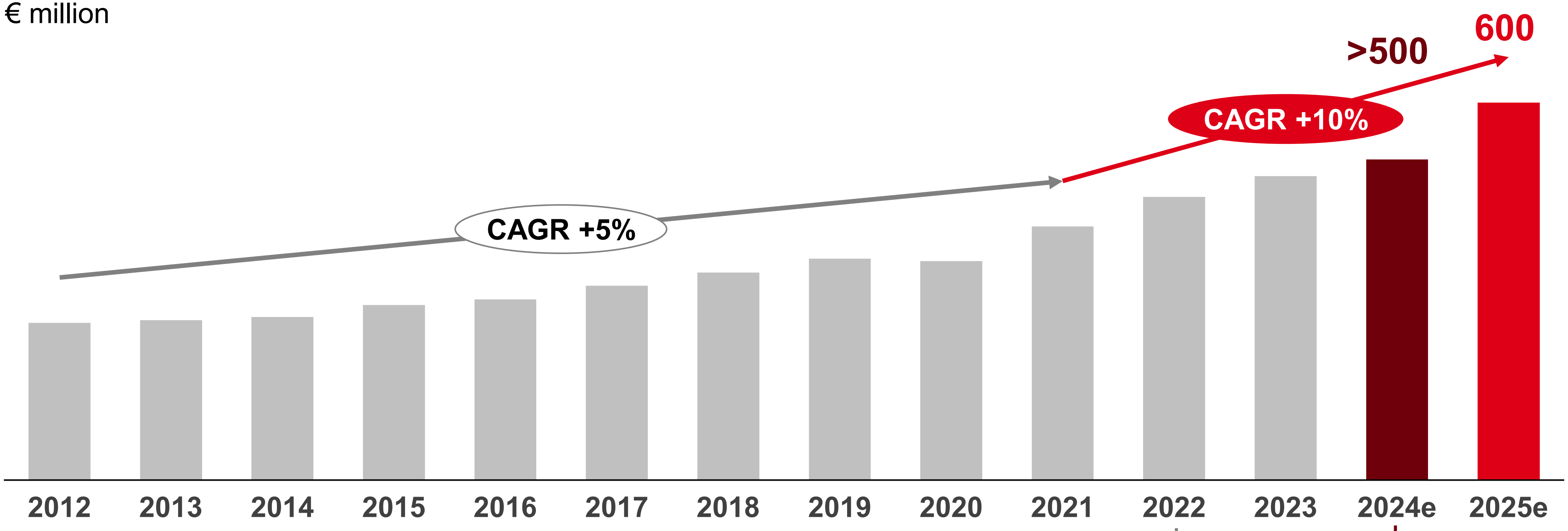


[1] Prior years incl. Torqeedo.

Growth of service activities makes business model less cyclical

Service business revenue

€ million



24% of revenue

28% of revenue in Q1 2024
€125.9 million – increase both absolute and relative

Focus switches from pricing in sales to cutting costs in purchasing

Already boosting earnings:
Pricing & production

- Portfolio optimization
- Expansion of the DEUTZ Power Centers
- Successful **pricing initiative** has a lasting effect
- **Flexible management of capacities:** Third shift added in summer 2023, dropped in February 2024

+

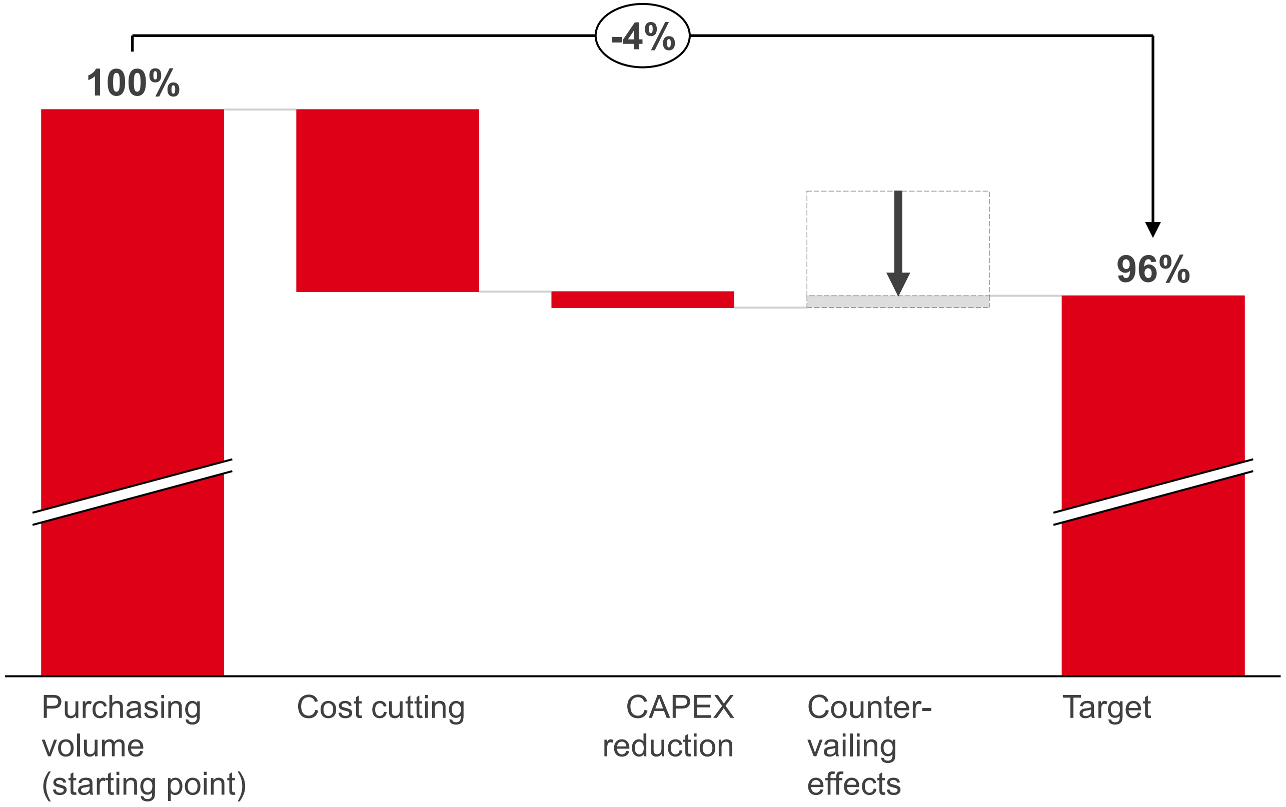
Greater focus:
Material cost reduction and capital allocation

- **Strategic focus** on reducing material costs (direct and indirect)
- Rigorous management of **capital allocation**, primarily in R&D
  - Greater focus on hydrogen in the Green segment
  - Leveraging synergies in the Classic segment through alliances (Daimler Truck and Rolls-Royce Power Systems)

Comprehensive program initiated in purchasing

Purchasing volume and targets for 2024

Simplified representation



- **Holistic cost reduction program:** direct material, indirect materia CAPEX
- **Cost reduction through internal and external initiatives**, e.g. demand management, target cost analysis
- Further expansion of **best cost country procurement**: 2023: -4%; 2024: -6%
- **Material cost savings** in the double-digit million euro range expected for 2024

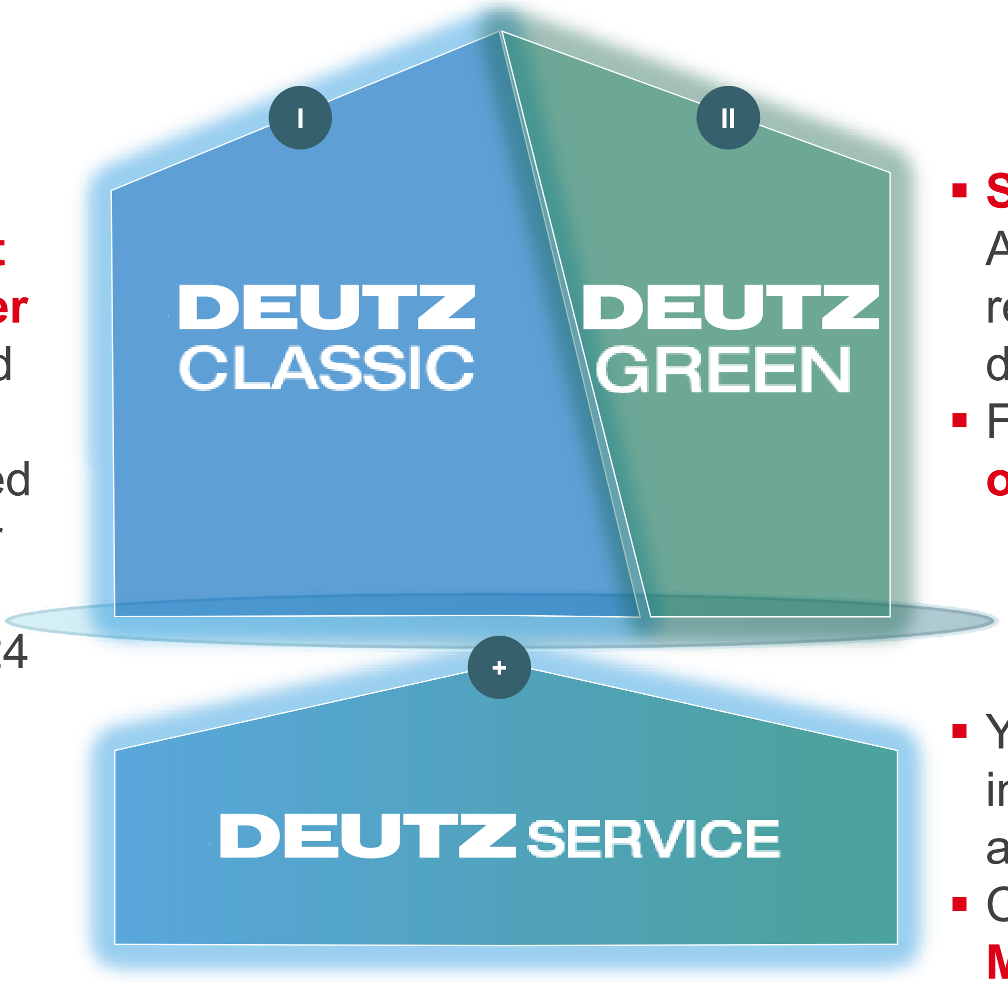
Sale of Torqeedo completed

- Torqeedo sold to Yamaha Motors – its true ‘best owner’
- Torqeedo’s EBIT in 2023 a net loss of around €23 million
- Important step in the ongoing reorganization and refocusing of the Green segment
- Greater focus on development of drive solutions that meet the market’s needs and the needs of our customers
- The deal’s key facts and figures:
  - ✓ Agreement signed in January 2024
  - ✓ Transaction completed on April 3, 2024
  - ⌛ Recognition in Q2 2024: Proceeds expected to be in the high double-digit millions of euros, book gain in the low double-digit millions

Sale of Torqeedo: Important step in ongoing reorganization

Dual+ strategy: We are making progress in all areas

- Focus on **performance**
- **Partnership agreement with Rolls-Royce Power Systems** (RRPS) signed on March 28, 2024; deal expected to be completed in the middle of this year and to have a positive impact on income in 2024



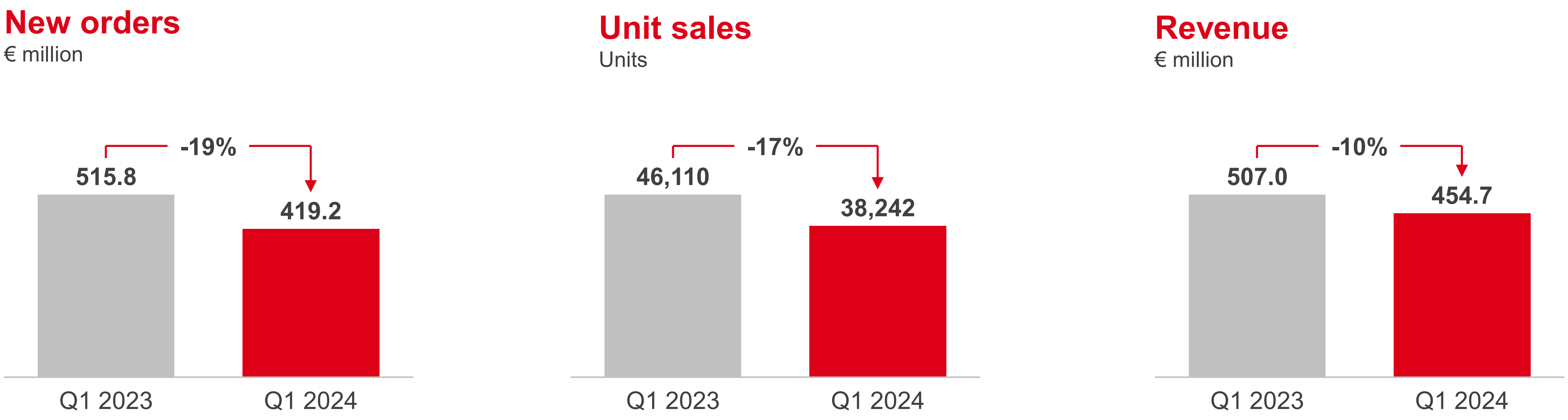
- **Sale of Torqeedo** completed on April 3, 2024, book gain to be recognized in Q2 2024 (low double-digit millions of euros)
- Fulfillment of hydrogen **genset order from China**

- Year-on-year **growth** of 3.8%, in part due to integration of acquisitions from 2023
- Continuation of **targeted M&A activities**

2023 in figures

Timo Krutoff

Results for Q1 2024[1]

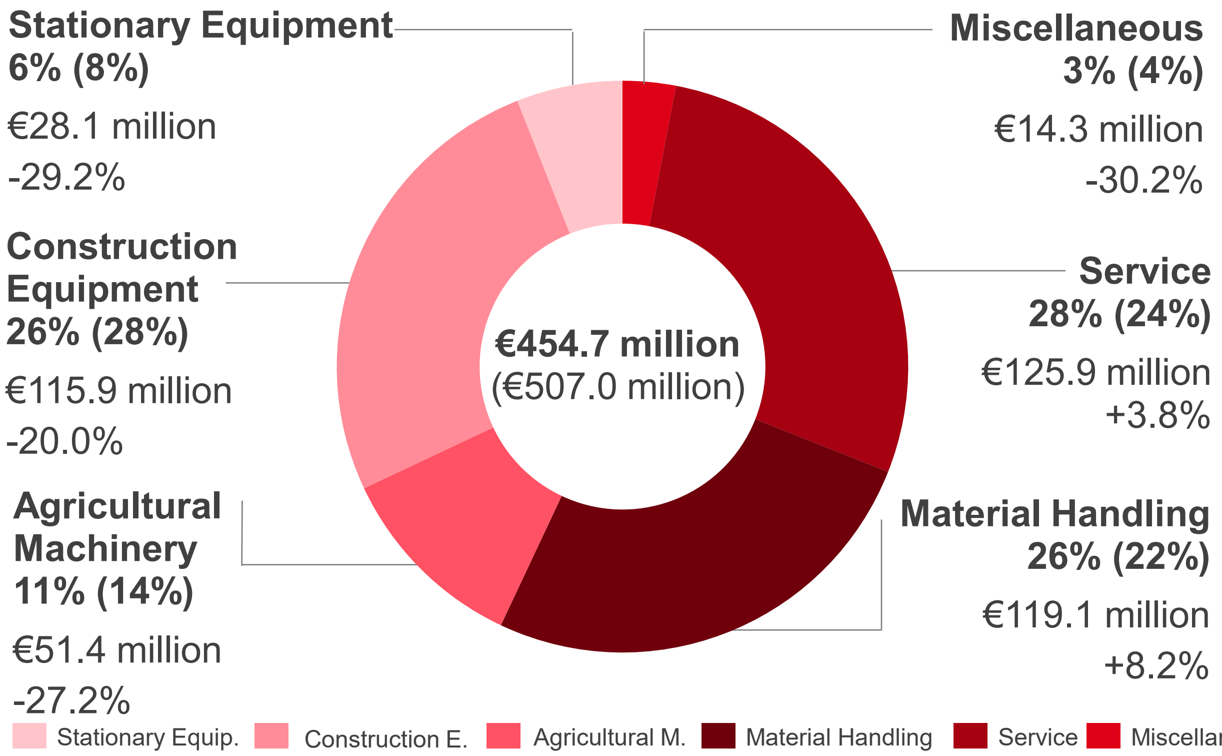


- Book-to-bill ratio at 0.92 (Q1 2023: 1.02) and orders on hand[2] at €414.9 million (March 31, 2023: €772.5 million; December 31, 2023: €450.4 million)
- Decrease in revenue relative to Q1 2023 much less pronounced than the equivalent decrease in new orders and unit sales due to the successful implementation of the Dual+ strategy (revenue share for service business increasing, pricing and performance initiatives)

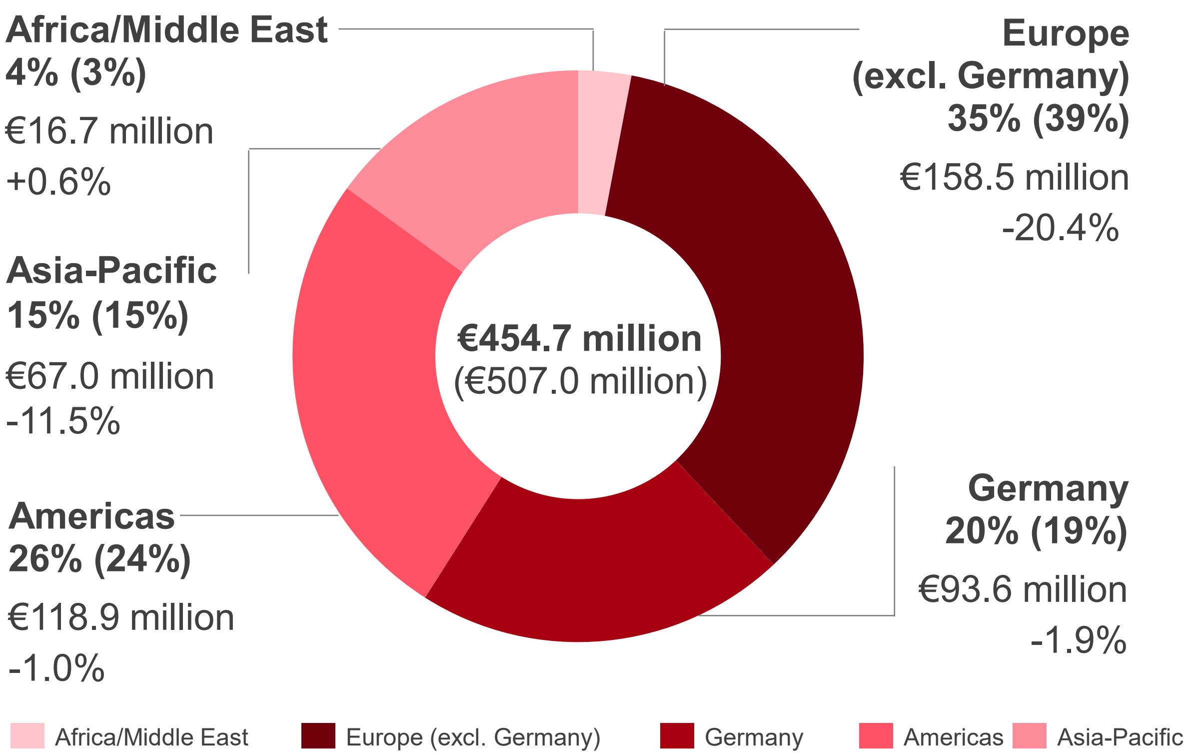
[1] Relates to continuing operations only. [2] Reporting Date March 31, 2024.

Revenue in detail[1]

Revenue breakdown by application segment Q1 2024 (Q1 2023)



Revenue breakdown by region Q1 2024 (Q1 2023)

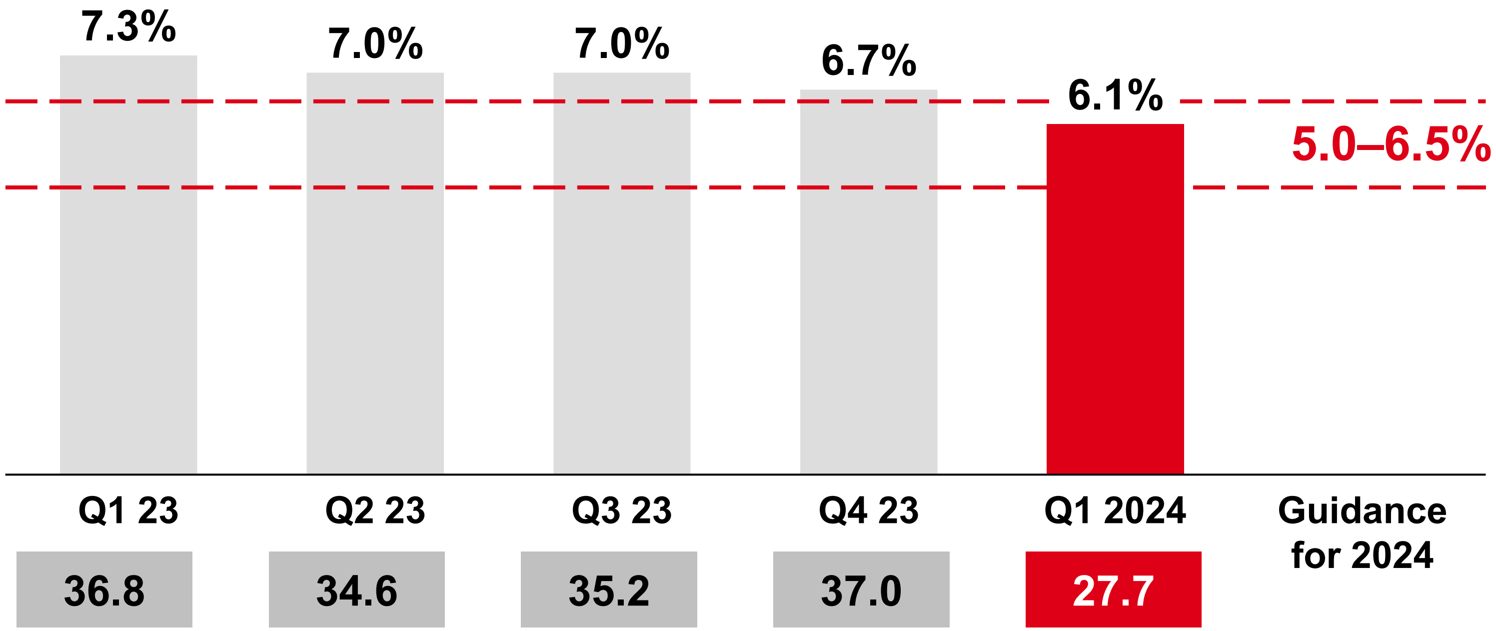


Revenue increases for Service and Material Handling – Service the biggest source of revenue in Q1 2024

[1] Relates to continuing operations only.

Profitability still robust despite decline in revenue[1]

EBIT margin before exceptional items (%)
Adjusted EBIT (€ million)



- Profitability within the guidance range
- Robust profitability despite fall in revenue:
  - Expansion of the profitable service business
  - Market-oriented pricing policy
  - Cost-cutting measures

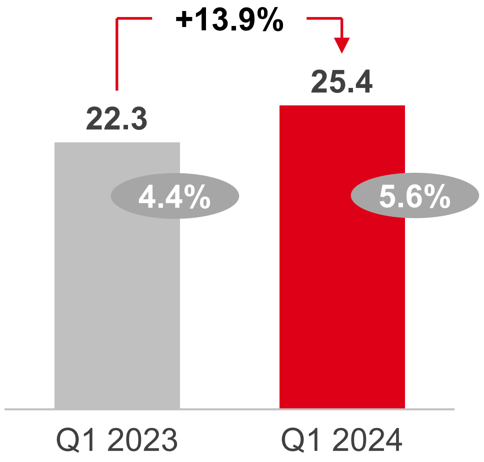
Performance initiatives and service business stabilize profitability

[1] Relates to continuing operations only.

R&D spending, capital expenditure, and working capital[1]

Net R&D spending[2]

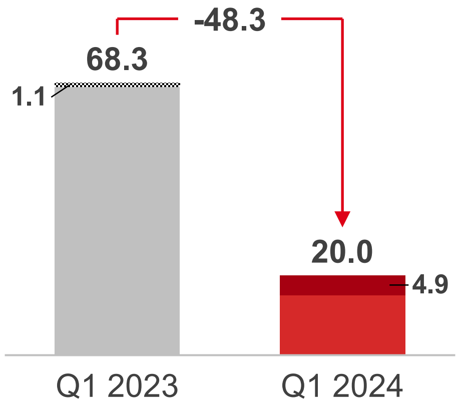
€ million



R&D ratio[3]

Capital expenditure[2,3]

€ million



Thereof additions as a result of leases[4]

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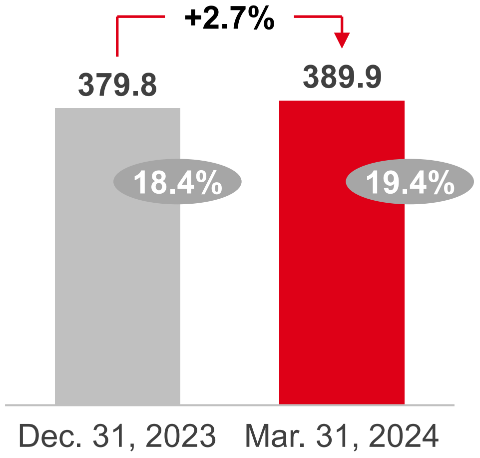
Working capital

€ million



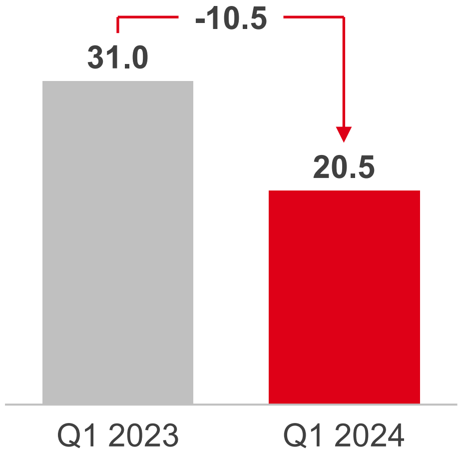
Working capital ratio (as at the balance sheet date)[5]

- Rise in R&D spending – activities to expand the Green portfolio remain the focus
- Fall in capital expenditure primarily the result of the acquisition, in the prior-year quarter, of license and IP rights in connection with the alliance with Daimler Truck
- Working capital up slightly compared with December 31, 2023, mainly due to the increase in inventories

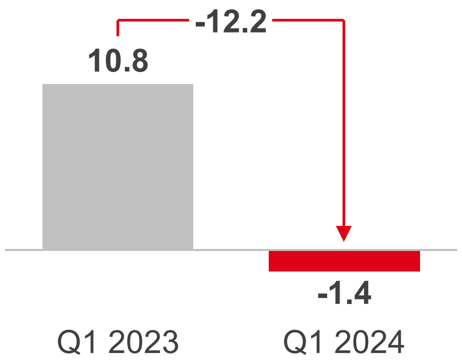
[1] Relates to continuing operations only. [2] After deducting grants. [3] Capital expenditure on property, plant and equipment (including right-of-use assets in connection with leases) and intangible assets, incl. capitalization of R&D. [4] Right-of-use assets for leases under IFRS 16. [5] Working capital as at the balance sheet date divided by revenue for the previous twelve months.

Entire Group: Changes in cash flow and net financial position[1]

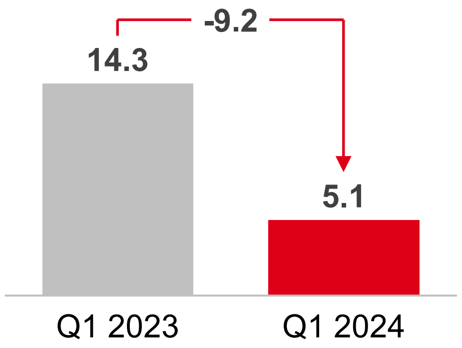
Cash flow from operating activities
€ million



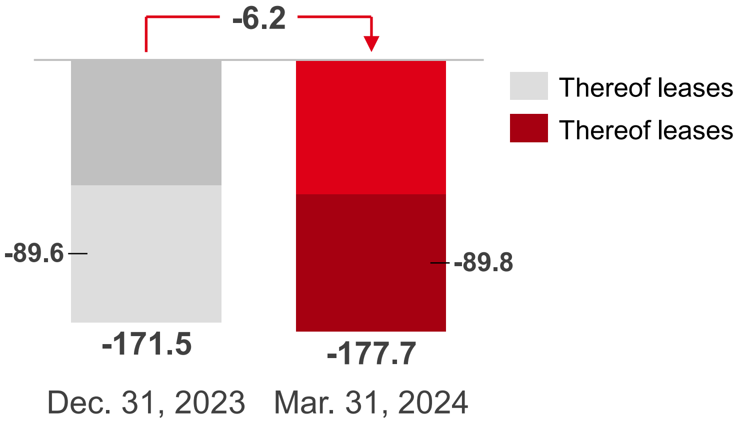
Free cash flow before M&A[2]
€ million



Free cash flow from continuing operations before M&A[2]
€ million



Net debt
€ million



- Cash flow from operating activities lower than in Q1 2023 due to decrease in earnings and in non-financial liabilities
- Free cash flow in Q1 2024 adversely affected by build-up of inventories
- Net financial debt including Torqeedo activities (entire Group) rises only slightly

[1] Relates to the entire Group including discontinued operations. [2] Cash flow from operating activities and from investing activities less interest expense.

Results for Q1 2024

Classic and Green segments

	Classic		Green	
	Q1 2023	Q1 2024	Q1 2023	Q1 2024
New orders € million	515.0	418.3	0.8	0.9
Unit sales[1] Units	46,104	38,054	6	188
Revenue € million	506.1	453.5	0.9	1.2
R&D expenditure € million	16.1	16.6	6.2	8.8
Adjusted EBIT € million	44.4	37.2	-7.4	-9.6

- Classic segment currently dominates the Group’s financial results
- Green segment registers increases in new orders, unit sales, and revenue – albeit still at a low level
- Adjusted EBIT of the Green segment continues to be squeezed by rise in development spending
- Since Q4 2024, the Torqeedo Group’s business has no longer been part of the Green segment, but is instead reported as discontinued operations in the Group figures

[1] Relates to continuing operations only.

Outlook for 2024

Dr. Sebastian C. Schulte

Q1 2024: Key operational and strategic developments[1]

New orders

-18.7%

€419.2 million

Book-to-bill ratio: 0.92

Unit sales

DEUTZ Classic engines

-17.5% to

38,054 units

Revenue

-10.3% to

€454.7 million

EBIT margin[2]

-1.2 pp to

6.1%

Adjusted EBIT:
€27.7 million (-€9.1 million)

Free cash flow before M&A

-€9.2 million to

€5.1 million

Partnership with Rolls-Royce Power Systems

Deal signed on March 28, 2024

Sale of Torqeedo

Completed on April 3, 2024

Service business a stabilizing factor

approx. **28% of total revenue in Q1 2024**

[1] Relates to continuing operations only. [2] Before exceptional items.

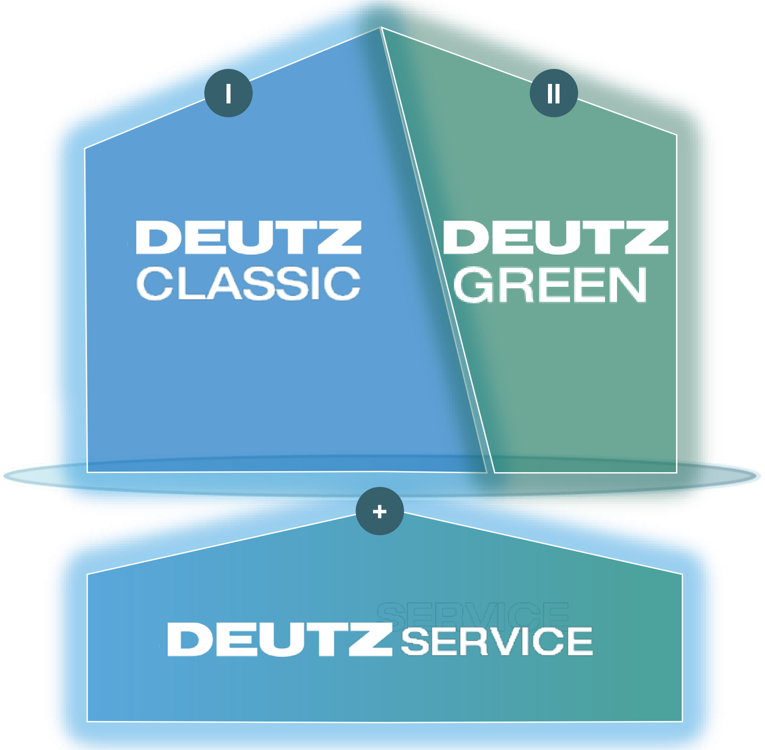
Guidance for 2024 remains the same

	2023	2024e
Unit sales	186,718 DEUTZ engines	160,000 to 180,000 DEUTZ engines
Revenue	€2.1 billion	€1.9 billion to €2.1 billion
Adjusted EBIT margin[1]	5.7%	5.0% to 6.5%
Free cash flow[2]	€55.9 million	Mid-double-digit million euro amount

- Fall in demand reflected in expected unit sales
- Agreement with Rolls-Royce Power Systems should begin to have a positive impact on revenue from the middle of the year
- Expanded service business and much more robust pricing and cost structure mean greater resilience to falls in unit sales
- Strong boost to EBIT expected from RRPS agreement and sale of Torqeedo

[1] Before exceptional items. [2] Before M&A.

Medium-term targets based on the Dual+ strategy



Outlook for 2025

Revenue	> €2.5 billion
Service business share of revenue	approx. €600 million
Adjusted EBIT margin[1]	6.0% to 7.0%

DEUTZ confirms its medium-term targets for 2025

[1] Before exceptional items.

Thank you for your time.

Any questions?

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Financial calendar and contact details

2024

Financial calendar

2024 Annual General Meeting (virtual)	May 8, 2024
H1 2024 interim report	August 8, 2024
Q3 2024 quarterly statement	November 7, 2024

Contact

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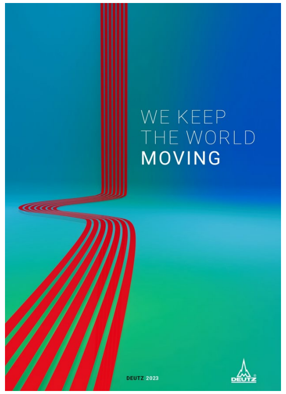

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