

PRESS RELEASE

DEUTZ drives further consolidation in the market, taking over sales and service operations for selected off-highway engines from Rolls-Royce Power Systems

- DEUTZ is taking over sales and service operations for Daimler Truck off-highway engines with up to 480 kW power presumably from mid-2024
- Expected additional revenue of €300 million per year

Cologne, December 13, 2023 – DEUTZ and Rolls-Royce’s Power Systems Business Unit reached a general agreement today on the takeover of sales and service operations for various industrial engines in the 5 to 16-liter range with a maximum power output of up to 480kW. Subject to final agreement, DEUTZ is taking over the distribution of the mtu Classic series and the mtu engine series 1000-1500, which are based on three Daimler Truck engine platforms. The engines are used in various off-highway applications, mainly construction equipment and agricultural machinery. In addition, DEUTZ is taking over the service operations for engines that are already in service.

Earlier this year, DEUTZ entered into a cooperation with Daimler Truck to develop and market medium- and heavy-duty engines (MDEG and HDEP platforms) in the off-highway segment, which is scheduled to begin in 2028. With the agreed takeover of the sales and service operations from Rolls-Royce Power Systems, DEUTZ is now taking over the marketing of the off-highway variants of these engines from 2024. In addition, the agreement includes the distribution of the older mtu Classic series (Daimler Truck engine series OM900 & OM460).

“With the takeover of the sales and service operations from Rolls-Royce Power Systems, we are taking the next major step towards growth in our business with modern internal combustion engines”, says DEUTZ CEO Dr. Sebastian C. Schulte. “This is an important element that will help us play an active role in the consolidation of the market.”

The engine company.



The takeover provides further evidence of success in implementing DEUTZ's Dual+ strategy, which aims to boost the development of a green product portfolio and at the same time optimize and further develop conventional engines. When the strategy was presented in January 2023, the Company announced that it intends to firmly establish DEUTZ among the top three independent drive manufacturers – including through acquisitions and cooperations.

DEUTZ CTO & CSO Dr. Ing. Markus Müller explains: "With the earlier access to the engine platforms, we can offer existing and potential customers a much better approach for the transition. Customers gain planning security and we benefit from faster market access."

After the conclusion of the agreement, DEUTZ expects additional revenue of around €300 million per year with an EBIT margin exceeding the current group margin. The expected purchase price for the engine portfolio is a high double-digit million Euro amount.

Following a final agreement, the closing – subject to regulatory approvals – is expected from mid-2024.

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About DEUTZ AG

DEUTZ AG, a publicly traded company headquartered in Cologne, Germany, is one of the world's leading manufacturers of innovative drive systems. Its core competencies are the development, production, distribution, and servicing of drive solutions in the power range up to 620 kW for off-highway applications. The current portfolio extends from diesel, gas, and hydrogen engines to hybrid and all-electric drives. DEUTZ drives are used in a wide range of applications including construction equipment, agricultural machinery, material handling equipment such as forklift trucks and lifting platforms, commercial vehicles, rail vehicles, and boats used for private or commercial purposes. DEUTZ has around 5,000 employees worldwide and almost 900 sales and service partners in more than 130 countries. It generated revenue of more than €1.9 billion in 2022. Further information is available at www.deutz.com.