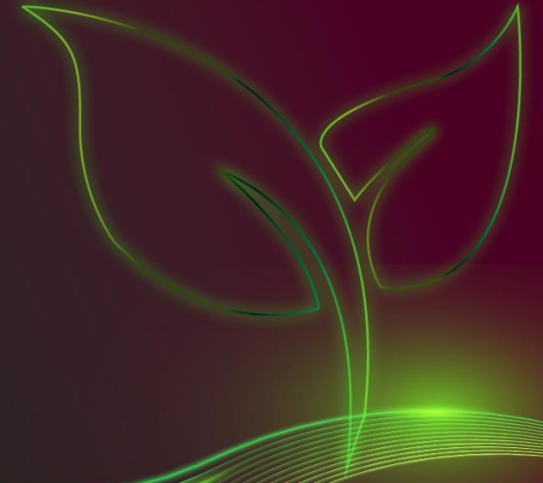


DEUTZ DAYS 21



Financials Update

  moving the world sustainably

Dr. Sebastian C. Schulte, CFO
November 17, 2021 | Coreum



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

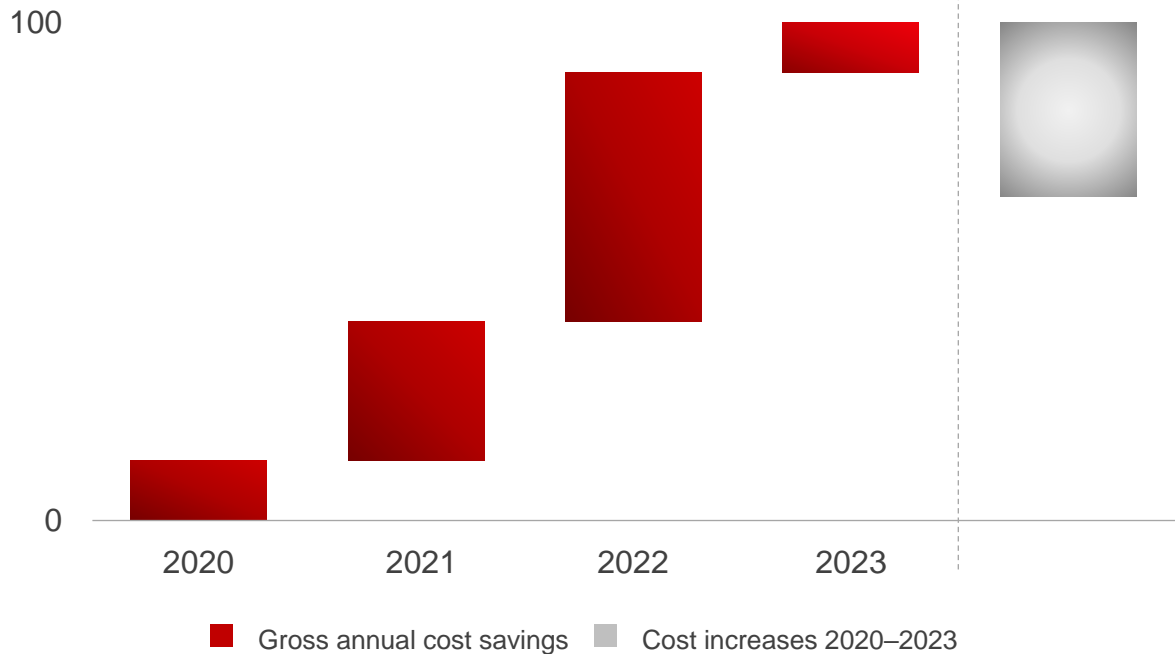


- Deep-dive on Current P&L Drivers
- Teach-In New Reporting Structure
- Cashflow & Guidance Outlook

Global Transform for Growth efficiency program on track

Timeline for achieving cost savings¹

€ million

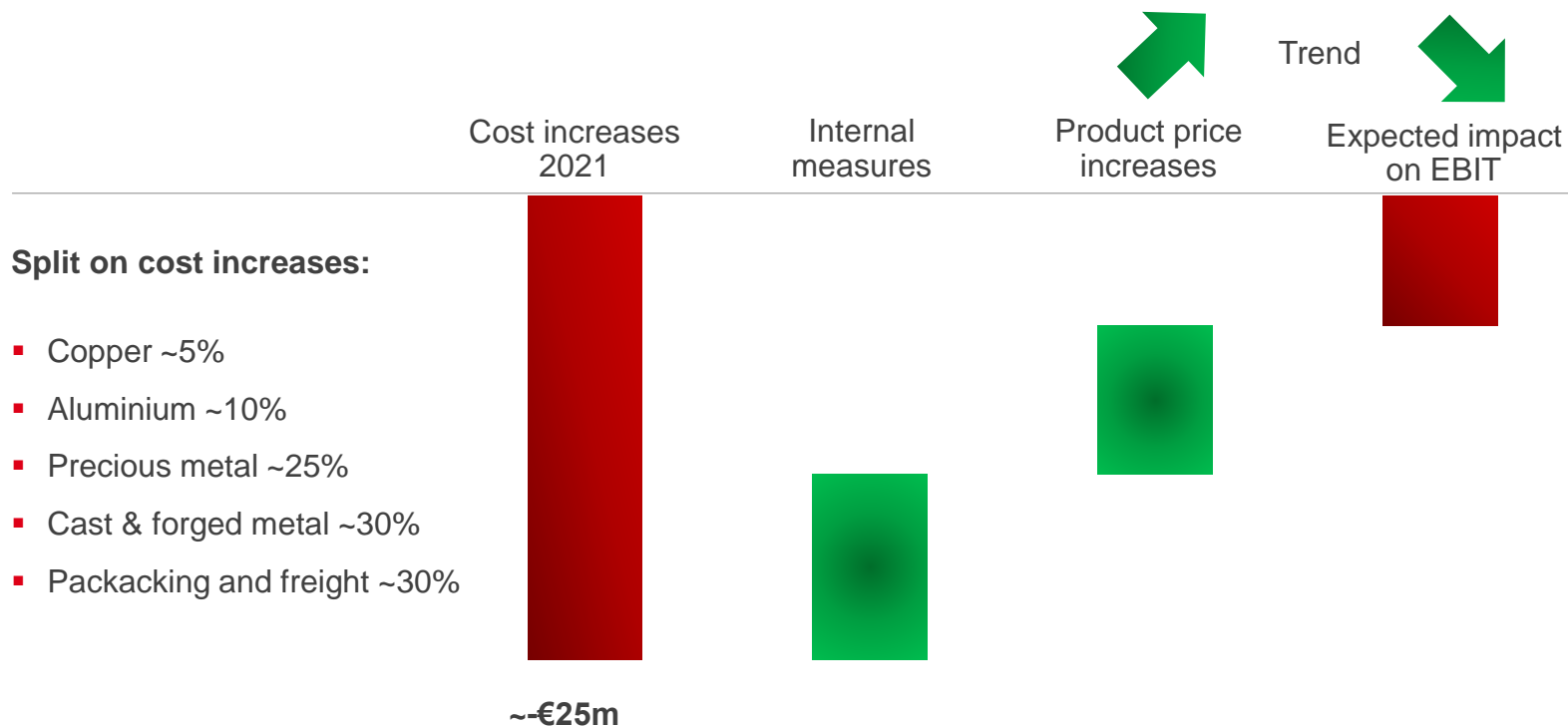


- Targeted cost savings to be achieved through reduction in staff costs and reduction in operating and warranty costs
- Voluntary redundancy program taken up by 361 employees
- Savings of approx. €13m achieved in 2020
- Savings of approx. €25m expected for FY 2021
- Total savings of approx. €38m end of 2021
 - ~75% staff cost
 - ~25% operating & warranty cost
- Net effect of savings expected between 60-65% of gross savings based on 190k engines produced annually

Efficiency program provides DEUTZ with basis for securing its long-term competitiveness

¹ Staff costs and operating and warranty costs.

Update material cost development



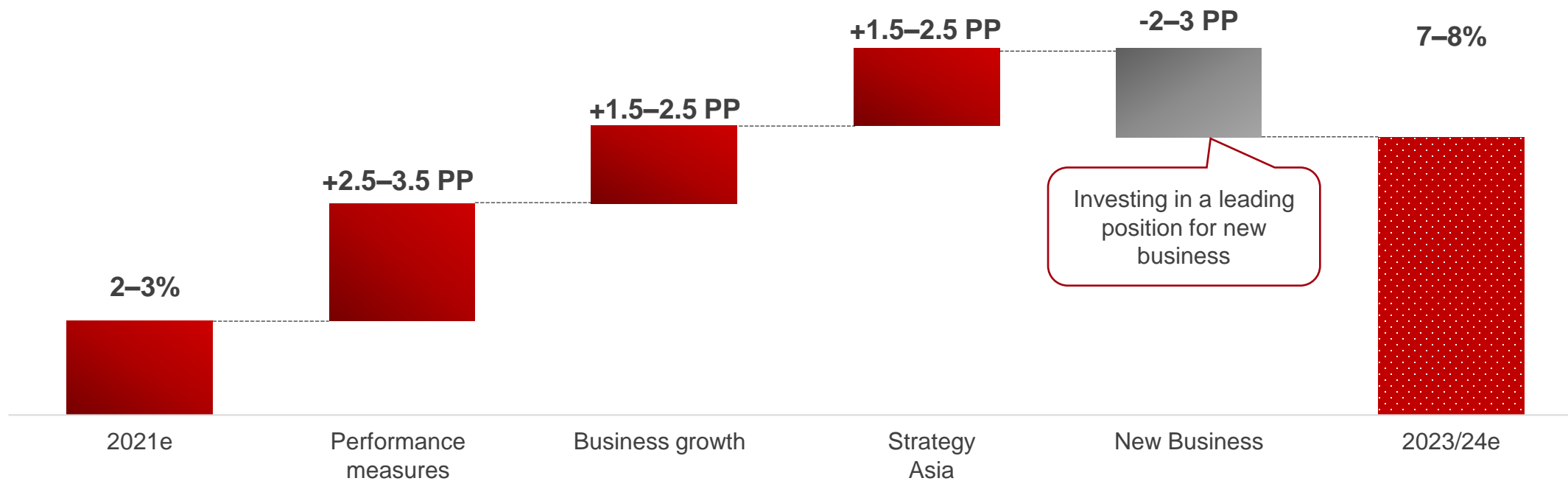
- Costs in the supply chain are significantly increasing by various cost drivers
- DEUTZ has a strong position in negotiating with suppliers and customers to catch up on a cost level close to 2020
- Outlook 2022: Gross cost increases at a similar level as in 2021 driven by:
 - Raw material prices
 - Energy prices (e. g. foundry suppliers)

Raw material cost increase impact is mitigated by various measures

Sustainable development of business model



EBIT-margin bridge to mid-term guidance



DEUTZ confirms 2023/2024 target for its EBIT margin of 7-8%¹ despite China weakness

6 ¹ Before exceptional items.



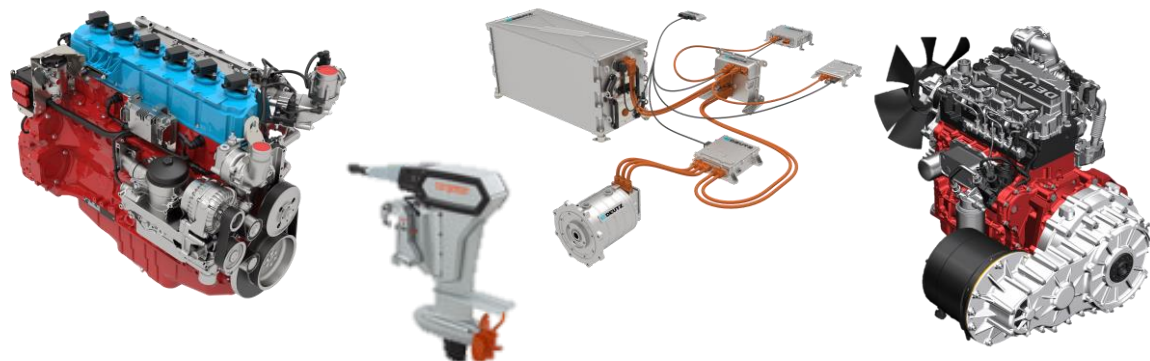
Teach-In New Reporting Structure



New segment structure from January 1, 2022



GREEN



- Electric drivetrains, Torqeedo and Futavis, hydrogen engines, Blue World Technologies¹
- Related services
- GREEN still comparatively small but strong growing
- Loss making due to high R&D expenditures and low economies of scales

CLASSIC



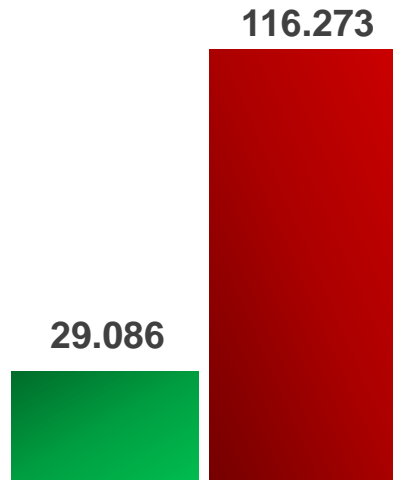
- Diesel, LPG and CNG, Bifuel
- Related services
- CLASSIC as “cashcow” but still with solid growth rates

New reporting structure – Pro-forma view 9M/2021

Order intake
€ million



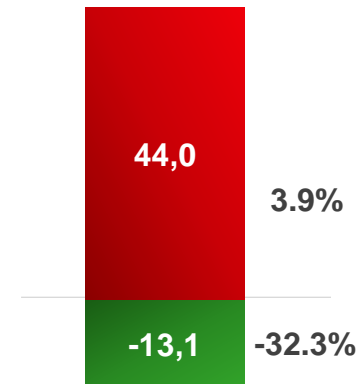
Unit sales



Revenue
€ million



EBIT¹ / EBIT-margin¹
€ million



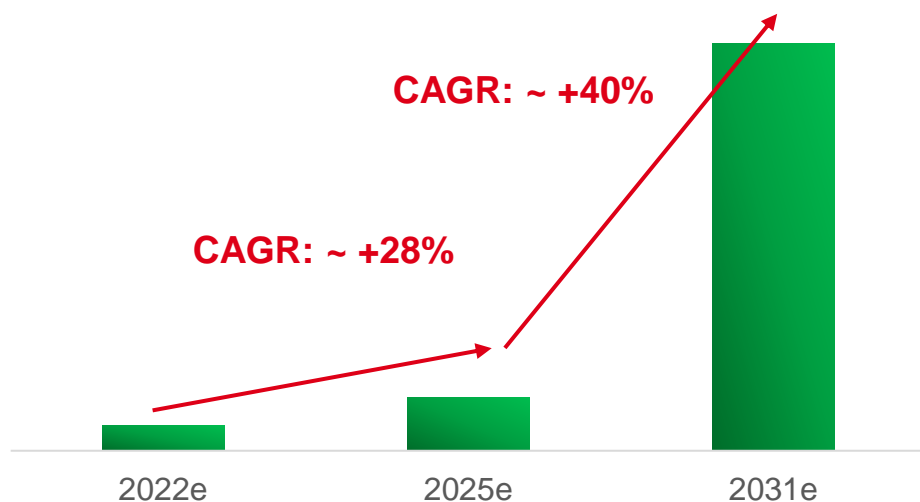
■ CLASSIC ■ GREEN

- GREEN still comparatively small and loss-making
- CLASSIC as “cashcow” and still with solid growth rates

Outlook GREEN

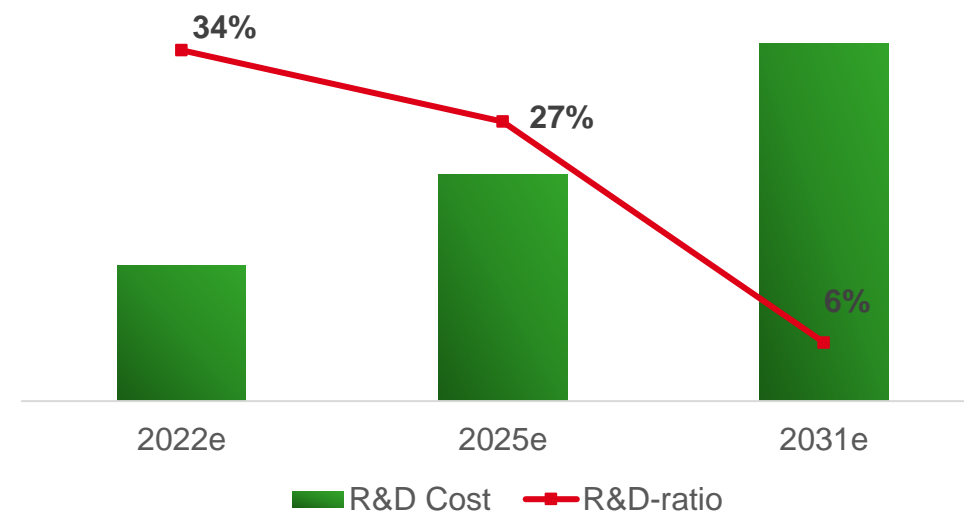


Sales development



- Strong double-digit growth rates until end of the decade
- Loss-making on EBIT level today
- Profitability targeted for second half of the decade

R&D development

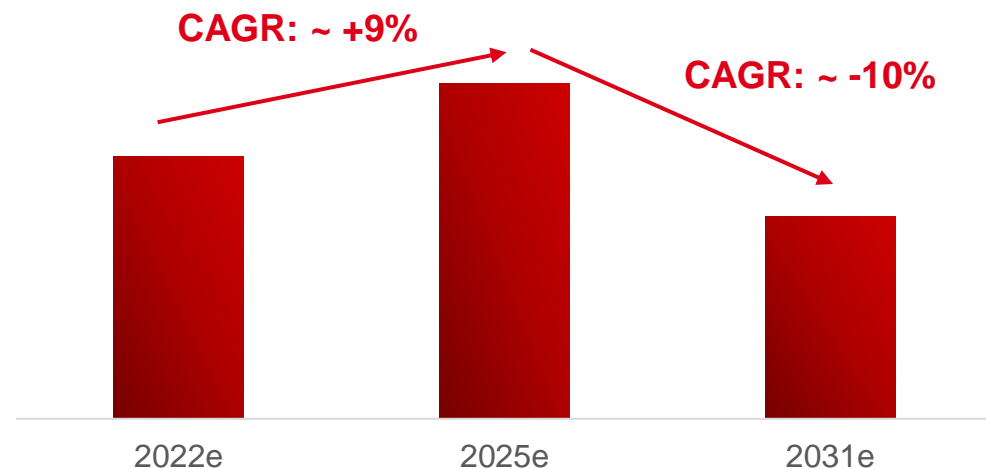


- High R&D burden in the beginning prohibits positive EBIT
- As business grows R&D cost impact declines
- Long-term R&D ratio ~6%

Outlook CLASSIC

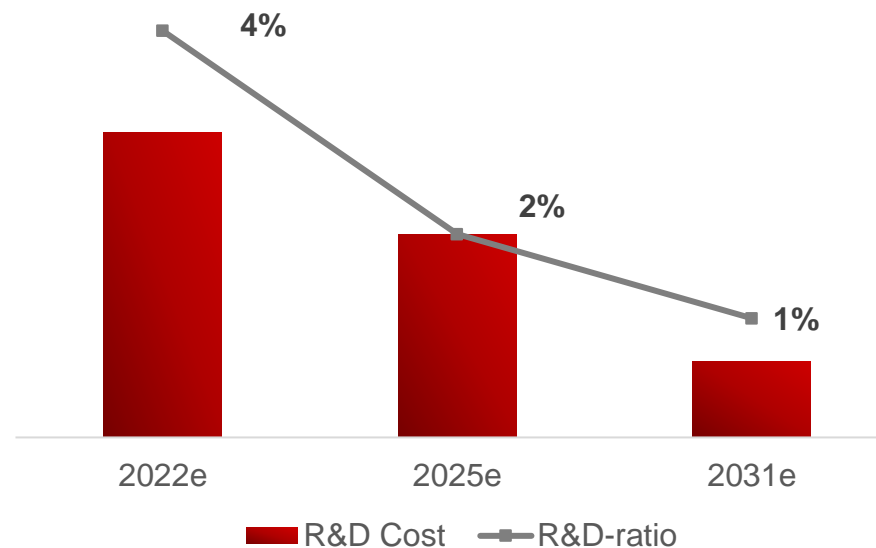


Sales development



- Solid growth rates until mid of the decade
- Plateau reached in approx. 2025
- EBIT-margin in the high single-digit to low double-digit range

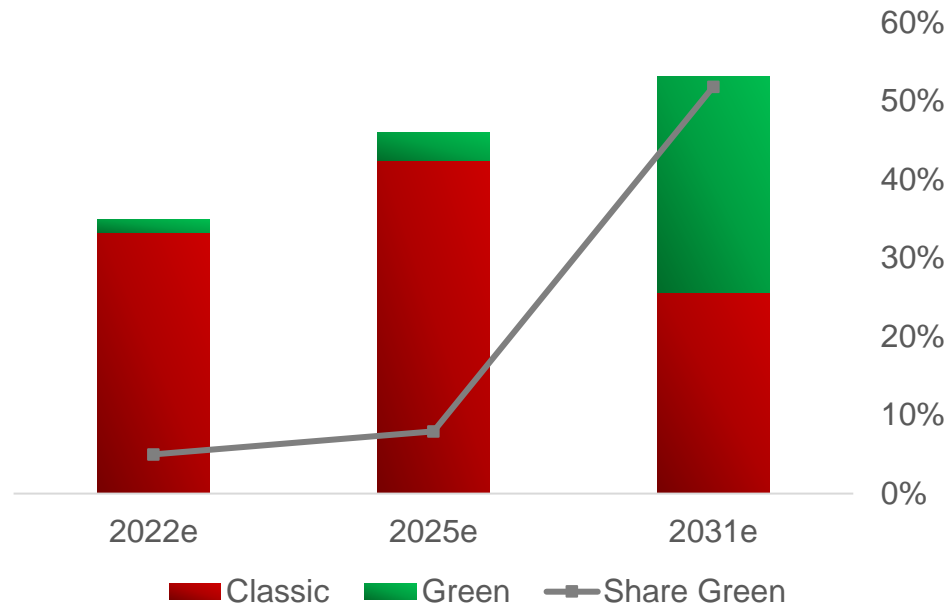
R&D development



- Continuous decline as R&D funds are transferred to GREEN

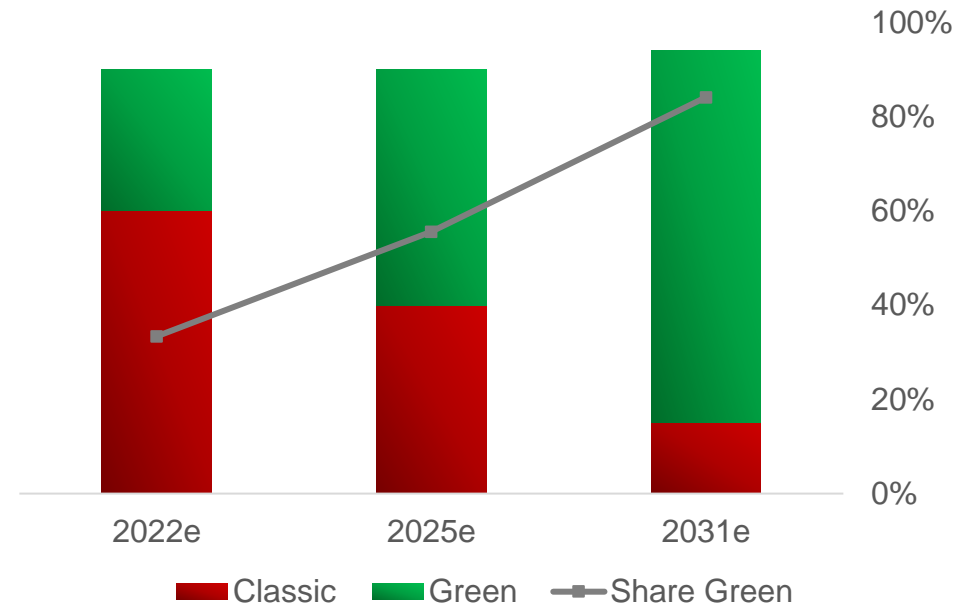
Group outlook sales and R&D

Sales split Group



- Share of GREEN growing strongly every year
- Target is more than 50% of sales by 2031

R&D split Group



- R&D costs of GREEN already bigger by 2025e
- Dominating by end of the decade



Cashflow & Guidance Outlook

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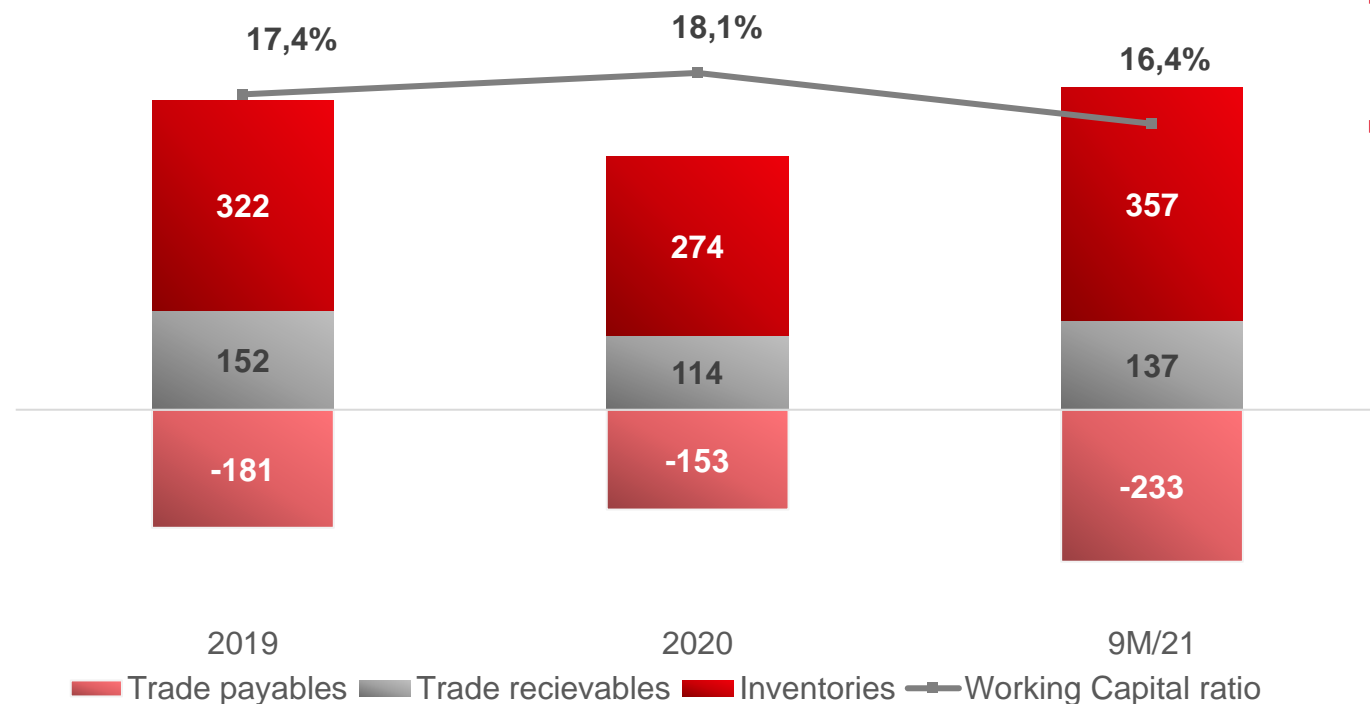


Sustainable working capital development



Working capital development

€ million



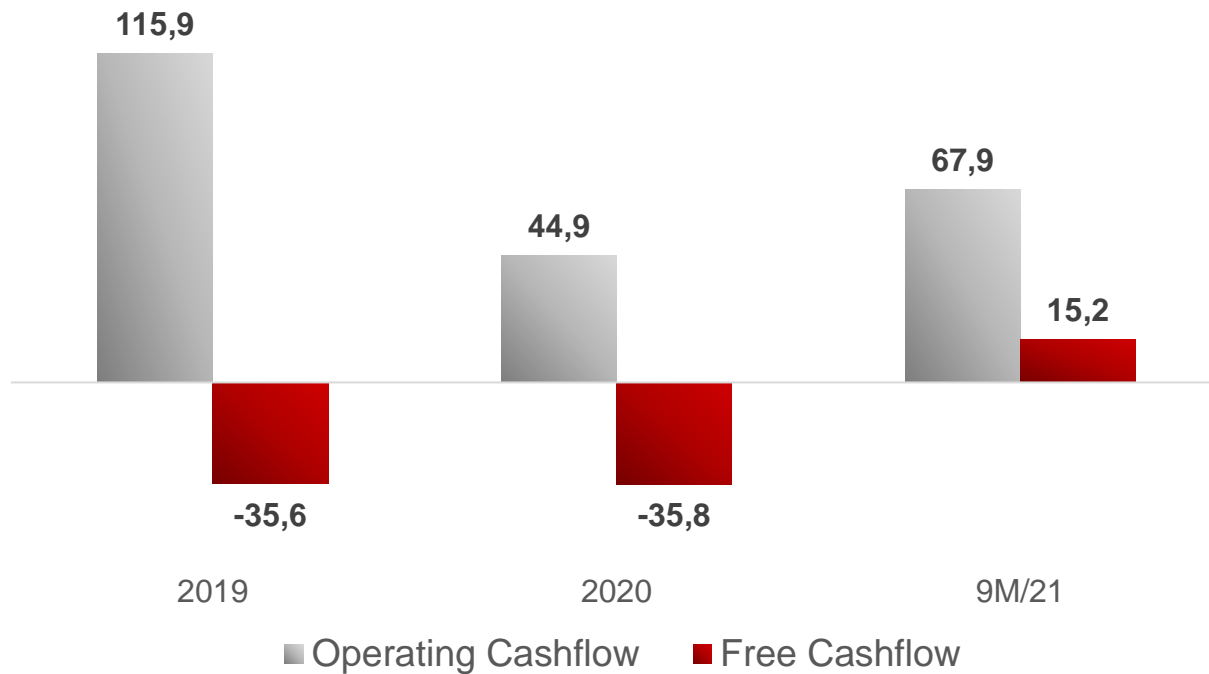
- Working capital ratio declining despite strong sales increase
- Cash conversion cycle (CCC) at 62 days after 9M
 - down from 73 one year ago and
 - down from 66 at YE 2020

Covid-19 as well as supply chain issues under control

Cashflow improvement clearly visible

Cashflow development

€ million



- Positive free cashflow supports return to dividend payments
- Payout ratio of 30% of EPS remains target

FY 2021 guidance for free cash-flow breakeven in reach

Medium-term targets for 2023/2024

- Establishing new reporting structure to reflect our focus on sustainable drivetrain activities
- Technology-open approach to development of the product portfolio and expansion of the high-margin service business
- Systematic implementation of the Transform for Growth efficiency program
- Driving regional growth initiatives
- Generating sustainable positive free cash-flows to pay dividends

Our targets for 2023/2024:

> €2 billion

revenue

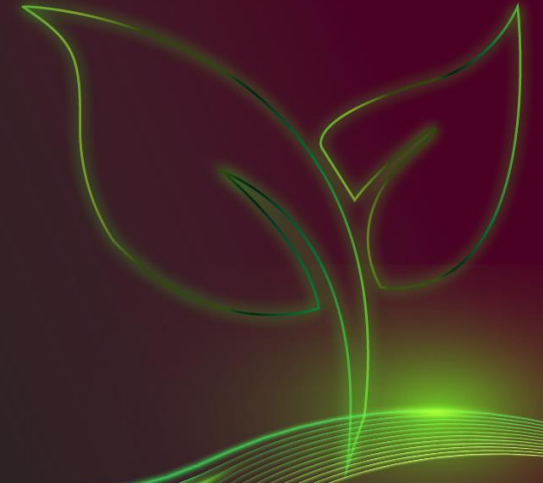
7–8%

EBIT margin
before exceptional items



DEUTZ has taken the steps needed for sustained profitable growth

DEUTZ DAYS 21



Thank you!

 moving the world sustainably

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