DEUTZ
Results for H1 2024

August 8, 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 H1 2024 & update on strategic initiatives

Dr. Sebastian C. Schulte

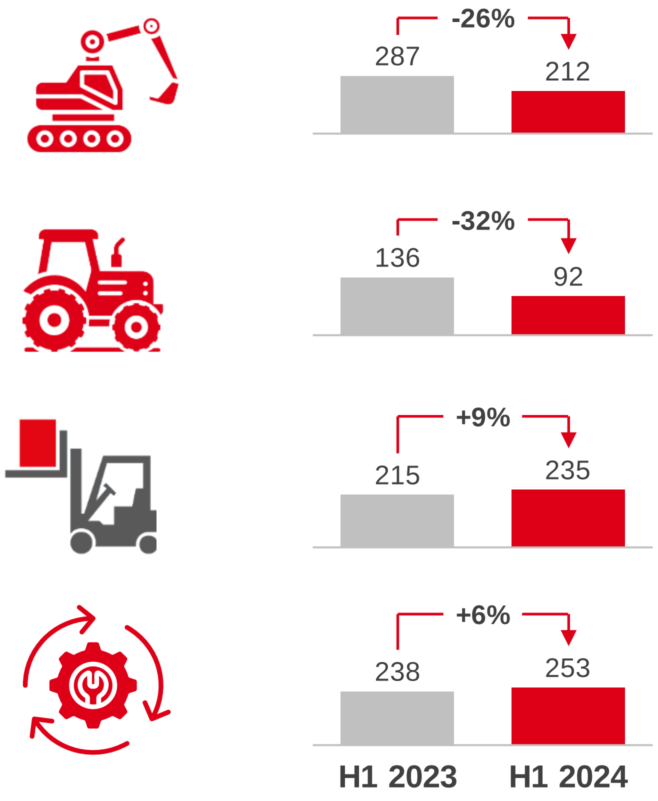
DEUTZ shows resilience in H1 2024 in a downturn environment characterized by weak demand from core customer industries

New orders	Revenue	EBIT margin[1]
€791 million	€876 million	5.7%
Overall -18.1% on prior-year period due to weak orders particularly from construction and agriculture – mitigated by **increased service orders** (+6.5%)	-12.6% on prior-year period, hence significant less than decline in unit sales (-18.9%); revenue **share of service business** up 5.2 pp to **around 29%**	Business shows **improved resilience** against tough economic environment; **margin well in line with guidance**

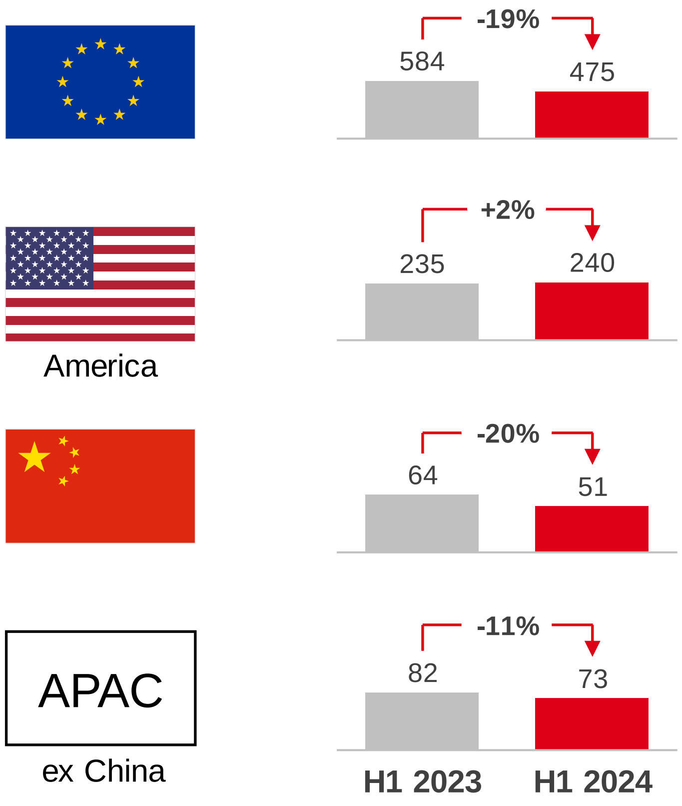
Note: Relates to continuing operations only. [1] Before exceptional items.

Our core markets currently still a mixed bag – caught in the cycle with continuing US strenghts

Segment view (revenues in € million)

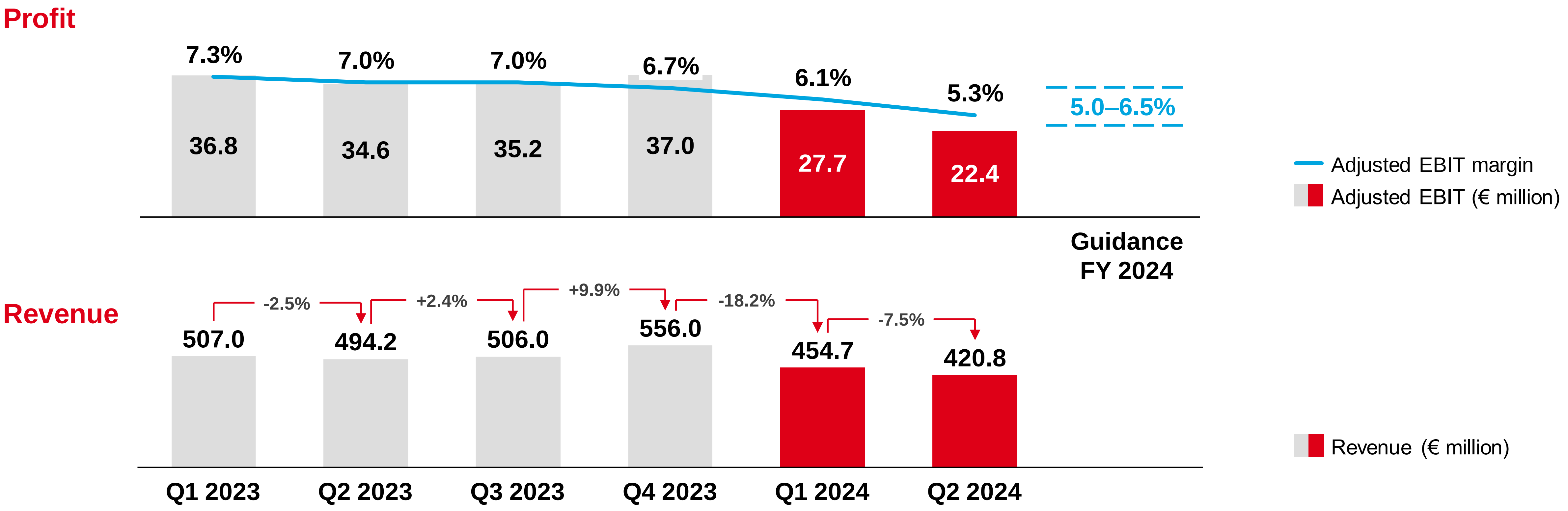


Regional view (revenues in € million)



Europe and Agriculture/Construction still on cyclical low – US and Material Handling growing

Profitability still robust despite cyclical decline in revenue



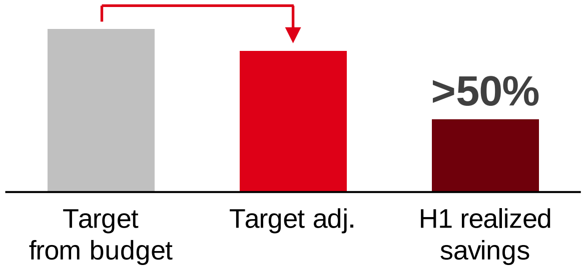
Performance initiatives and expansion of service business stabilize profitability

Note: Relates to continuing operations only.

Strategic cost reduction & avoidance program in procurement on track: 450 measures under realization

Direct spend savings

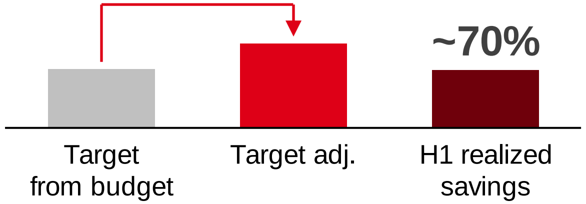
- **Realized savings** in H1 2024 of a **low double-digit million-euro** amount
- **Savings target** only slightly lowered from initial budget due to **volume dependency**



- **Cost avoidance:** Claims of ~€30 million rejected in H1 2024, resulting in a **pushback ratio of ~90%**
- Example of core engine component: **95% reduction** of initially claimed costs due to pushback and savings

Indirect spend savings

- **Realized savings** in H1 2024 of **higher single-digit million-euro** amount
- **Savings target** slightly increased from initial budget due to **additional identified measures** – almost compensating for the volume related reduction in direct materials



- Example packaging: Aimed cost **reduction of 25%** based on **detailed benchmark analysis**

Great flexibility in terms of volume and engine variants: New assembly system at DEUTZ’ Cologne site

- Successful start of **scalable and flexible production system ‘Band 6’** in April – allowing to respond to changing market requirements **more efficiently**
- Equipped for full production of 4–8 liter **both diesel and hydrogen** engines
- Start of **serial production of TCG 7.8 H2 hydrogen engine** in September 2024, prototypes already built and shipped
- Investments totaling €15 million

Recent strategic moves along Dual+ strategy strengthen growth and resilience

June 27, 2024
Acquisition of Blue Star Power Systems
(closed beginning of August)

July 1, 2024
Strategic Cooperation with TAFE Motors

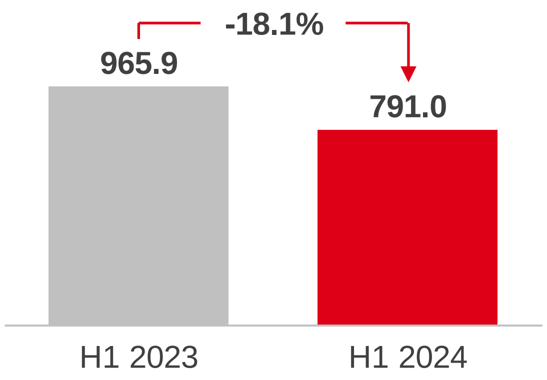
August 1, 2024
Transaction with Rolls-Royce Power Systems closed

H1 2024 in figures

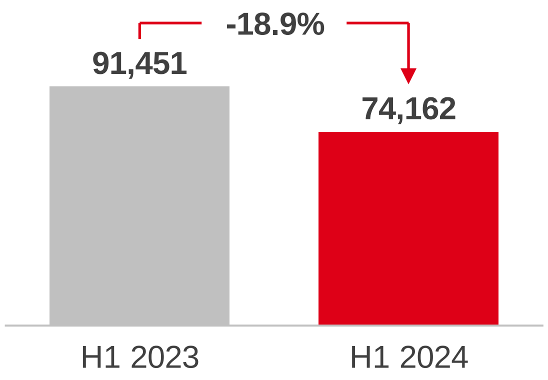
Timo Krutoff

Results for H1 2024[1]

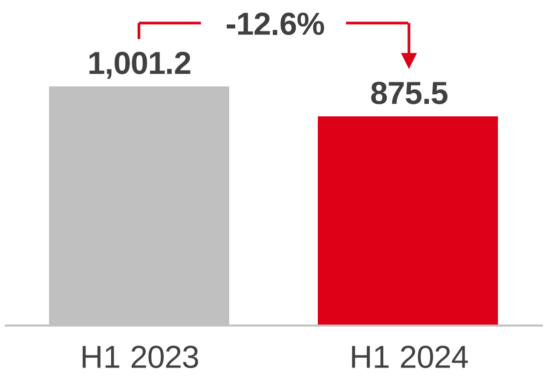
New orders
€ million



Unit sales
Units



Revenue
€ million

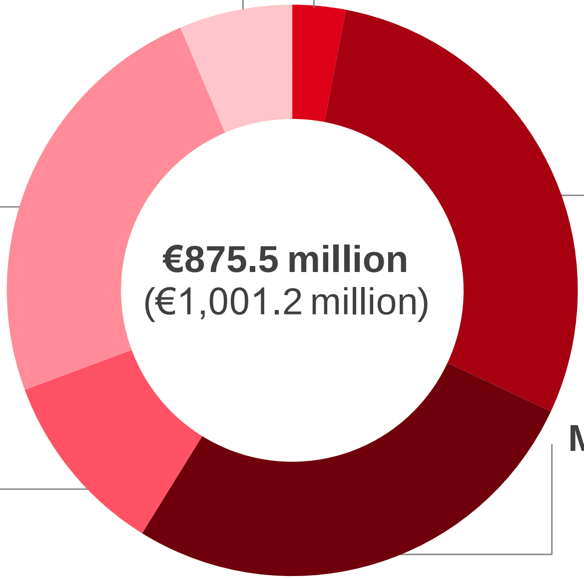


- Book-to-bill ratio at 0.90 (H1 2023: 0.96) and orders on hand at €365.9 million (December 31, 2023: €450.4 million)
- Decrease in unit sales partially compensated for by growing service business revenues and market oriented pricing, leading to less pronounced decline in revenue

[1] Relates to continuing operations only.

Revenue in detail[1]

Revenue breakdown by application segment H1 2024 (H1 2023)



Stationary Equipment 6% (9%)
€56.2 million
-37.5%

Construction Equipment 24% (29%)
€211.6 million
-26.2%

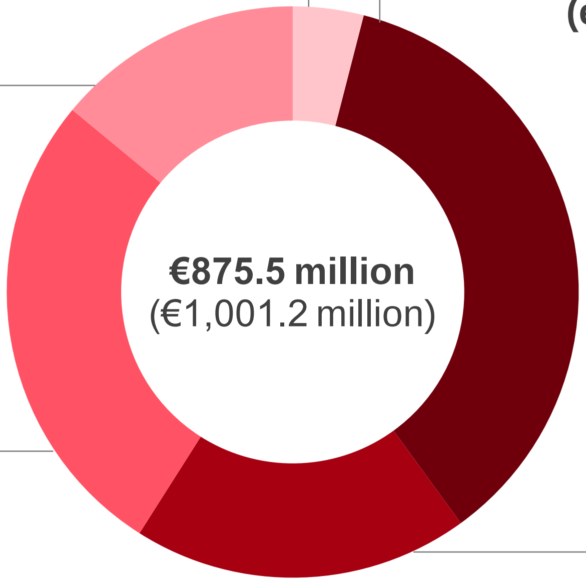
Agricultural Machinery 11% (13%)
€92.0 million
-32.3%

Miscellaneous 3% (4%)
€27.9 million
-22.9%

Service 29% (24%)
€252.9 million
+6.5%

Material Handling 27% (21%)
€234.9 million
+9.2%

Revenue breakdown by region H1 2024 (H1 2023)



Africa/Middle East 4% (4%)
€35.6 million
-0.6%

Asia-Pacific 14% (15%)
€124.6 million
-14.5%

Americas 27% (23%)
€239.9 million
+2.0%

Europe (excl. Germany) 36% (38%)
€312.2 million
-19.7%

Germany 19% (20%)
€163.2 million
-16.5%

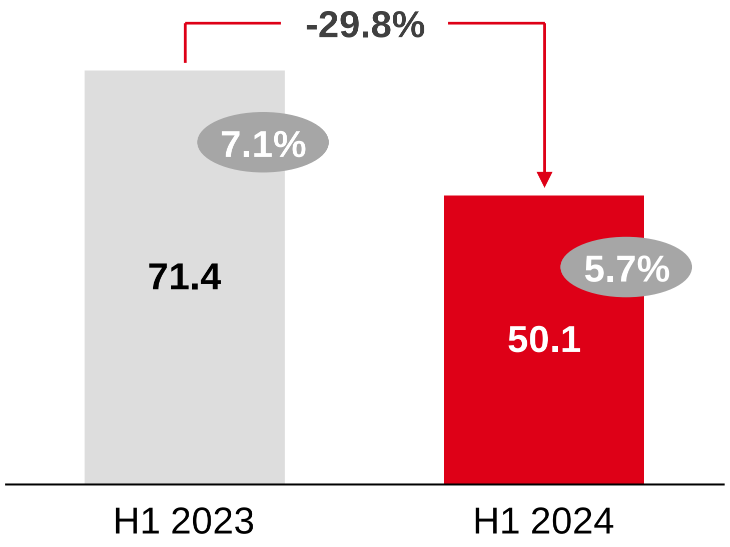
Service takes over as biggest source of revenue, followed by growing Material Handling segment

[1] Relates to continuing operations only.

Profitability remains within guidance range

EBIT before exceptional items[1] (€ million)

% **Adjusted EBIT margin**



- EBIT margin before exceptional items[1] came in at 5.7% in H1 2024, still well within the guidance range for FY 2024 due to:
  - Expansion of profitable service business
  - Successful cost-cutting measures
  - Market-oriented pricing policy
- Net income[1] amounted to €25.6 million (H1 2023: €53.8 million)
- Earnings per share[1] came to €0.20 (H1 2023: €0.44)

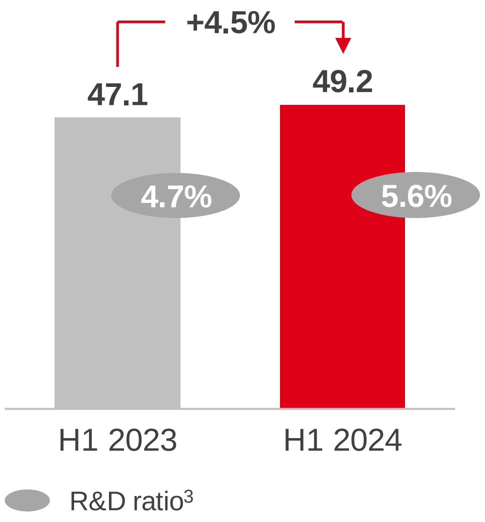
DEUTZ proofs ability to generate positive net income in phase of cyclical downturn

[1] Relates to continuing operations only.

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

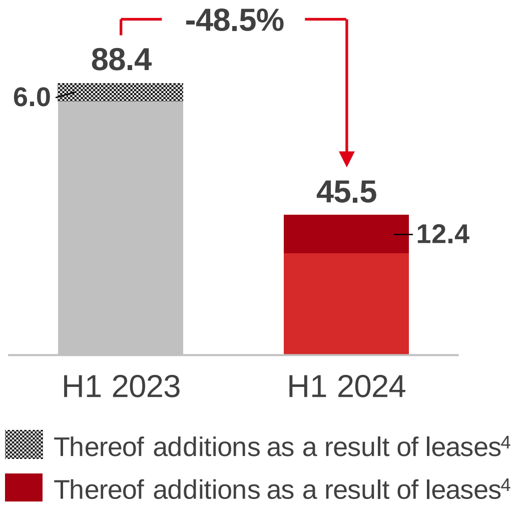
Net R&D spending[2]

€ million



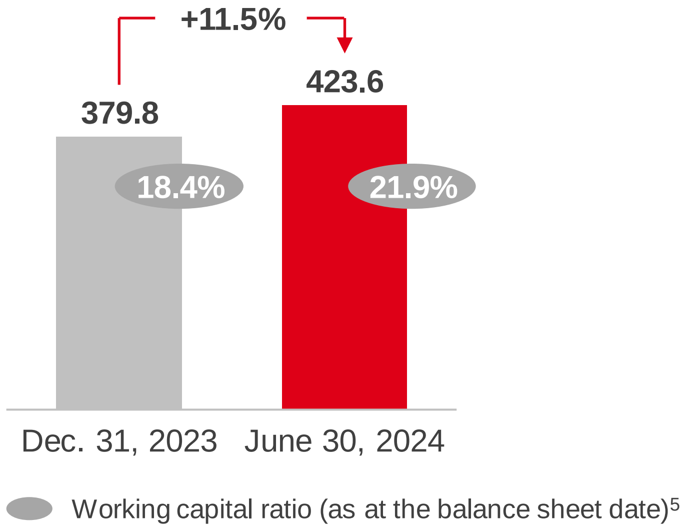
Capital expenditure[2,3]

€ million



Working capital

€ million

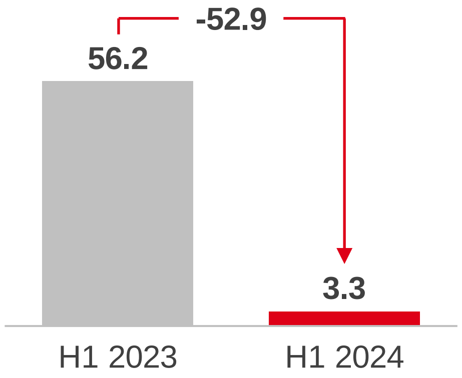


- DEUTZ continues R&D spending in a market-orientated product range in both the Classic and Green segment
- Capital expenditures normalized after H1 2023 determined by the acquisition of license and IP rights in connection with the alliance with Daimler Truck
- Rise in working capital against year-end 2023 mainly due to increased inventories

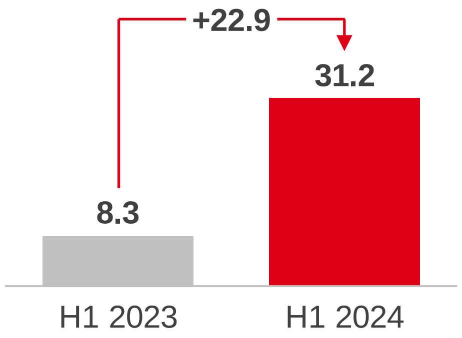
[1] Relates to continuing operations only. [2] After deducting grants. [3] Capital expenditure on property, plant and equipment (including right-of-use assets in connection with leases) and intangible assets, incl. capitalization of R&D. [4] Right-of-use assets for leases under IFRS 16. [5] Working capital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

Changes in cash flow and net financial position

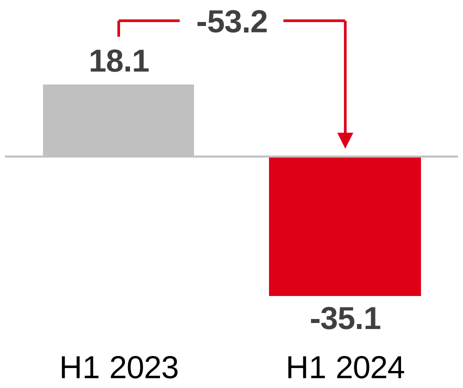
Cash flow from operating activities[1]
€ million



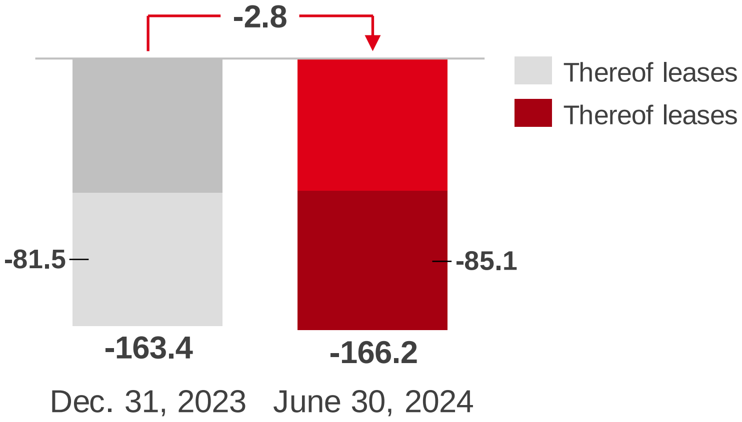
Free cash flow[2, 3]
€ million



Free cash flow before M&A[1, 3]
€ million



Net financial position[1, 4]
€ million



- Cash flow from operating activities significantly decreased in H1 2024 mainly due to lower earnings, development in other provisions and liabilities and build-up of inventories
- FCF incl. M&A reflects payment for Torqeedo sale, FCF from continuing operations before M&A determined by operating cash flow
- Net financial debt slightly increased, equity ratio at very solid 49.8% as of June 30, 2024

[1] Relates to continuing operations only. [2] Relates to the entire Group including discontinued operations. [3] Cash flow from operating activities and from investing activities less interest expense. [4] Cash and cash equivalents less current and non-current interest-bearing financial liabilities.

Results for H1 2024

Classic and Green segments

	Classic		Green[1]	
	H1 2023	**H1 2024**	**H1 2023**	**H1 2024**
New orders € million	964.2	788.0	1.7	3.0
Unit sales Units	91,424	73,806	27	356
Revenue € million	997.0	873.0	4.2	2.5
R&D expenditure € million	39.6	41.8	7.5	7.4
Adjusted EBIT € million	86.8	67.7	-15.6	-17.8

- Classic segment dominates the Group's financial results
- Due to start-up nature of the Green segment's activities, incoming orders remain at a very low level, but were up significantly year-on-year
- Adjusted EBIT of the Green segment determined by R&D spending
- Since FY 2023 reporting, Torqeedo Group's business is no longer part of the Green segment; it is reported as discontinued operations in the Group figures for the time until closing of sale of Torqeedo on April 3, 2024

[1] Relates to continuing operations only.

Additional funds for growth: Successful capital increase carried out beginning of Q3

- **10% capital increase** against cash contributions from authorized capital with the exclusion of pre-emption rights carried out early July[1] via **accelerated bookbuilding**
  - Approx. 12.6 million new shares were placed at **€5.71** each
  - Gross proceeds of **€72 million** gained by placement in a difficult market environment
- **Purchase prices** for the acquisition of Blue Star Power Systems and the transaction with Rolls-Royce Power Systems have been **paid with respective closings**
- DEUTZ keeps **financial leeway** and flexibility to continue its growth including **buy-and-build approach** particularly in the Service business while maintaining a **very sound financial position**

Strong demand from investors underlines trust in further success of the Dual+ strategy

[1] Capital increase not booked in H1 balance sheet as of June 30, 2024

Strategic milestones for future growth & outlook

Dr. Sebastian C. Schulte

DEUTZ becomes a solution provider: Entering the market of decentralized energy supply by acquisition of Blue Star Power Systems

- **Blue Star Power Systems** is one of the **top 10 genset producers** in the North American market
- Production and sales of **diesel and gas powered gensets** from 20 to 2,000 kWe
- **110 employees;** expected revenues 2024: >**120 USD million**

Transaction

- Purchase agreement signed on June 27, transaction **closed beginning of August**
- **Valuation** within the **usual market parameters** in the PowerGen business
- **Founder Doug Fahrforth** will continue to run the company as CEO until 2026
- Expected **revenue contribution** in 2024 after consolidation from August onwards of **~€50 million** with profit margin above DEUTZ' current Group level

Building up decentralized energy supply activities puts DEUTZ on a broader and more resilient footing

Blue Star Power Systems is the new centerpiece of our "Energy" business which we will build and buy

Why "Energy" for DEUTZ

- Tapping into the attractive and less cyclical energy market and establishment of an "Energy" business unit based on the existing business with gensets (e.g. MagiDEUTZ)
- Clear "right to win" for DEUTZ, as we have technology and service know-how
- Access to the market and customers as well as new, complementary business models through the acquisition of Blue Star Power Systems

Strengthening all areas of "Dual+"

- **CLASSIC:** Further strengthening of the DEUTZ brand by leveraging existing competencies and expanding DEUTZ Energy business in the next step
- **GREEN:** Sales potential of gensets with hydrogen engines (pilot project in China); development of hybrid systems e.g. in combination with solar PV
- **SERVICE:** Takeover of service for gensets or integration into the existing service network

DEUTZ gains in size and relevance in "Energy" through the acquisition of Blue Star Power Systems

Benefits for DEUTZ

✓ **Profitability**	Creates business, which is more profitable and has sustainably stronger growth – also additional opportunity for DEUTZ engines
✓ **Portfolio**	Broadens business to be a solution provider and offers opportunities to scale hydrogen business faster and to develop other hybrid solutions more quickly
✓ **Resilience**	Provides access to a market, which is less cyclical (gensets/energy) and strengthens geographical diversification

Access to strongly growing markets with long-term prospects: Strategic cooperation with TAFE Motors

- DEUTZ signed **long-term cooperation** with **TAFE Motors** for licensed production of DEUTZ engines starting 2027
- Objective: Production of **up to 30,000 DEUTZ-engines** per year until 2030 in 2.2 liter (50-75 hp) and 2.9 liter (75-100 hp) class, to be marketed in India and neighboring regions (e.g. Asia-Pacific)
- Engines will be produced in TAFE Motors' **modern manufacturing facility at Alwar** in India
- Cooperation gives DEUTZ **opportunity to expand its supplier base** to ensure a more efficient and more resilient production for the **benefit of the German production** sites
- Both parties are exploring opportunities to expand the cooperation to **climate-friendly solutions**

DEUTZ expands its business in India, tapping into one of the fastest growing markets worldwide

TAFE Motors is a subsidiary of TAFE,
the third largest producer of tractors worldwide,
founded 1960 in Chennai

Benefits for DEUTZ

✓ **Profitability**	Creates profitable business in growth markets with new customers; DEUTZ receives license fees
✓ **Portfolio**	Enables additional marketing of proven technologies
✓ **Resilience**	Provides access to new suppliers and broadens regional footprint

Defense: a growth opportunity for DEUTZ

Our approach

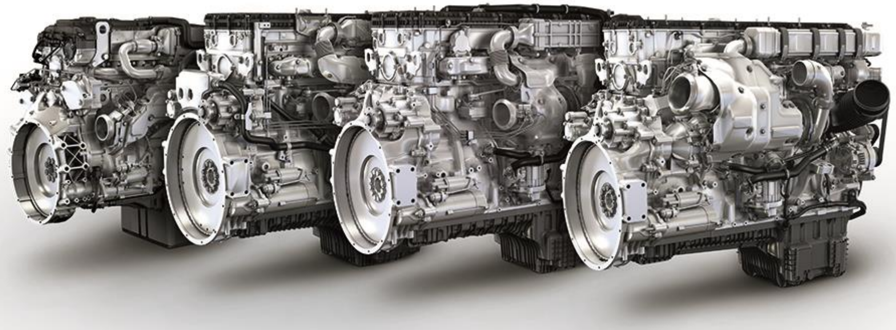
- Systematically exploiting growth opportunities in defense given changed geopolitical outlook globally
- Leveraging our strong engine expertise and brand – we are already in the market on a small scale
- Partnering where required to gain scale and specific know-how quickly

Benefits for DEUTZ

✓ **Profitability**	Increasing demand with high quality requirements and lower competition
✓ **Portfolio**	Strengthens business with diesel engines and offers opportunities for aftermarket service as well as alternative drive systems
✓ **Resilience**	Reduces cyclicality

Consolidating the non-captive engine market: Agreement with Rolls-Royce Power Systems closed on August 1, 2024

- **Transaction** with Rolls-Royce Power Systems (RRPS)
  - DEUTZ took over a portfolio of approx. **€300 million revenue** p.a. for engines and service with adjusted EBIT margin **above current DEUTZ Group margin**
  - Purchase price a higher double-digit million-euro amount; expected revenue contribution in 2024 of **>€100 million**
- **Recap**: Move complements the **alliance with Daimler Truck** entered into in 2023
  - DEUTZ takes over sales and service activities for Daimler truck engines for **off-highway applications** with immediate effect
  - Early access to these engine platforms is a **strong signal to the market** and allows to tap into **new attractive customer groups** sooner



RRPS transaction is a further proof point that DEUTZ is playing an active part in the consolidation

Daimler Truck partnership opens up new markets and customers

BELL
Mining & Construction

CLAAS

PONSSE

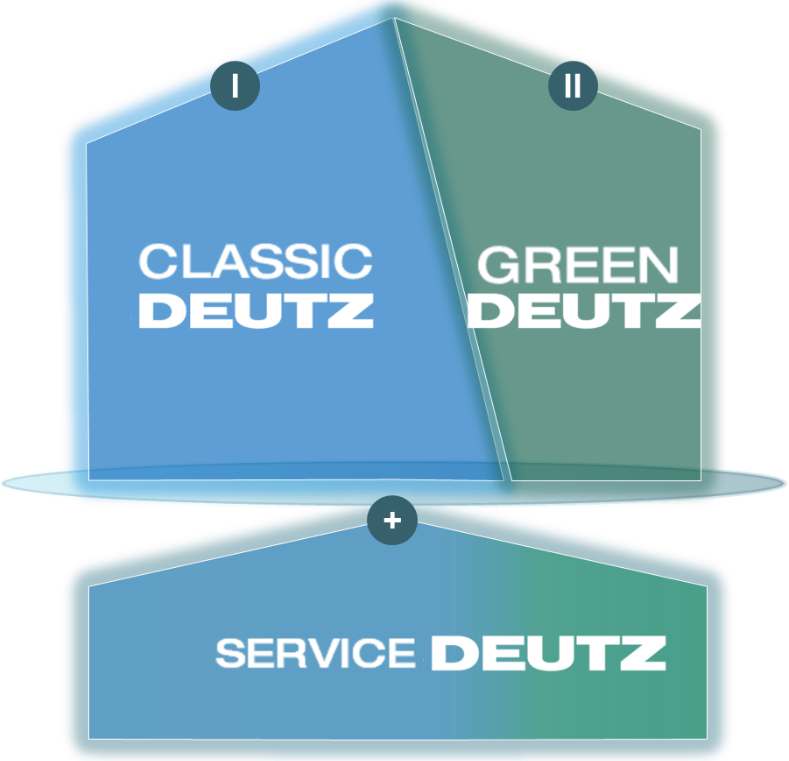
Guidance for 2024

	2023	2024e
Unit sales	186,718 engines	Max. of 160,000 engines *(previously: 160,000 to 180,000)*
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

- Guidance confirmed for revenue, adj. EBIT and FCF; in terms of unit sales now lower end of previous range expected at the best
- Closing of agreement with Rolls-Royce Power Systems and closing of acquisition of Blue Star Power Systems have positive impact on revenue and profit from Q3
- Growing service business, robust pricing and cost cutting strengthen resilience in downturn cycle with lower unit sales
- Sharp recovery of Free cash flow expected towards year end driven by lower working capital

[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.

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DEUTZ CAPITAL MARKETS DAY 2024

SAVE THE DATE

October 8, 2024

DEUTZ AG
Headquarters Cologne

Thank you for your time.

Any questions?

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Financial calendar and contact details

2024

Financial calendar

Capital Markets Day	October 8, 2024
Q3 2024 quarterly statement	November 7, 2024
Annual report 2024	March 20, 2025

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