



# **DEUTZ joins forces with FFG – A premier European land defense systems integrator**

Accelerating DEUTZ's strategic growth in the defense sector

Analyst & Investor Presentation – 9 July 2026

**DEUTZ**

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# Agenda

1 Overview

2 Strategic Rationale

3 Proposed Transaction

4 Next Steps



**Dr. Sebastian C. Schulte**  
*CEO of DEUTZ AG*



**Oliver Neu**  
*CFO of DEUTZ AG*

# DEUTZ to acquire FFG – creating a leading European land defense champion

## DEUTZ

- Proven engine design and engineering
- Manufacturing at industrial scale
- Ready to deliver the “Zeitenwende”



+

## FFG

- Established defense prime and MRO champion
- Strong customer relations across NATO
- Integration expertise across multiple platforms



# A transformational transaction – the story in six highlights

## Next DEUTZ momentum accelerating

FY2025 group revenue reached **€2.04bn** (+12.7%), with underlying Q1 2026 order intake up **+15% YoY**

1

## Historic defense opportunity

**NATO budgets** are heading toward **€700bn+**, with Germany's „Sondervermögen“ **ring-fenced** from electoral risk

2

## FFG: Rare asset, best-in-class financials

FFG delivered **~€760m revenue** at **best-in-class margins** in FY2025; **order book at €1.9b** with growing pipeline

3

## Complementary businesses create European land platform champion

The **combined group** uniquely spans **propulsion, platform integration, MRO, and modernization** across NATO land vehicle lifecycle

4

## ~€1.6b in cash and stock, targeted deleveraging

The **~€1.6bn deal** is funded via **~€1bn secured debt** and **~€0.6bn in newly issued shares**; return to current leverage within three to four years

5

## Owner families becoming new strategic anchors

Selling families to **hold 29.9% of DEUTZ**, strategic alignment through investment agreement and adequate 2-seat **Supervisory Board representation**

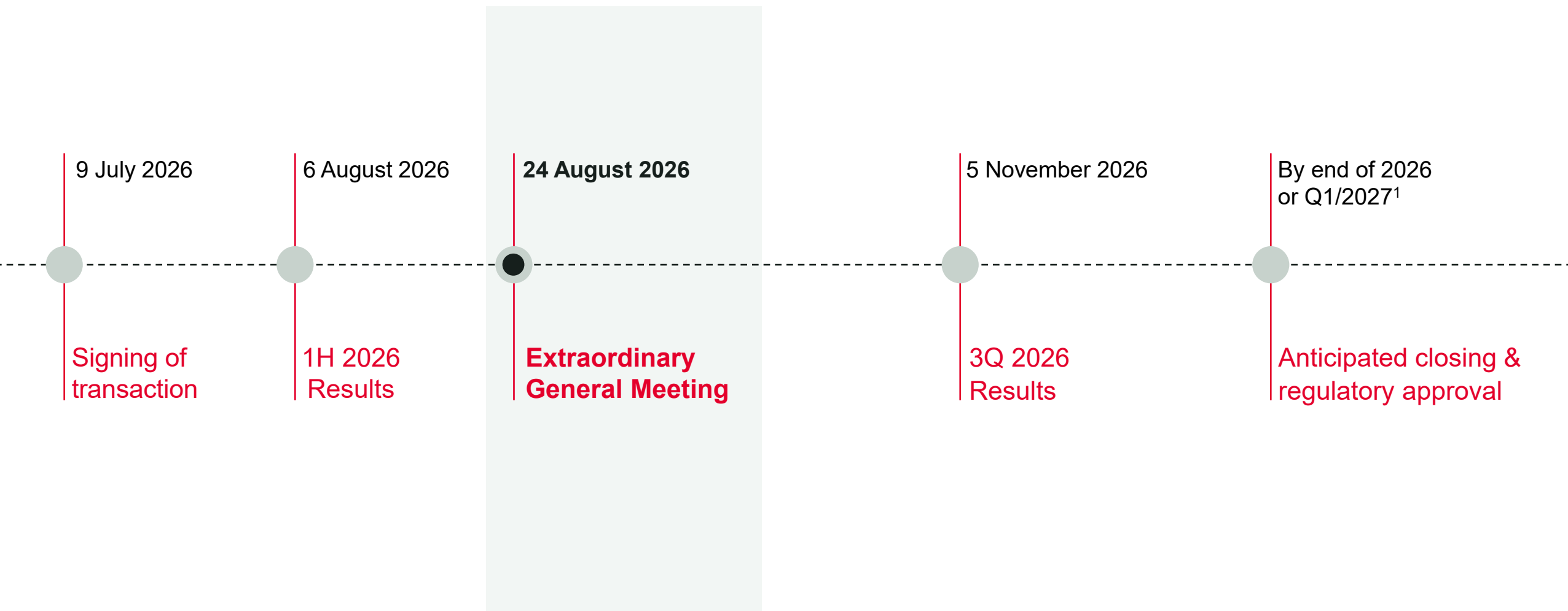
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**The combination accelerates DEUTZ's defense relevance – delivering immediate prime OE land-system scale precisely when European spending hits a structural inflection point.**



# Shareholders invited to vote on 24 August 2026 to issue to new shares



1) Completion of the transaction is subject to customary conditions, in particular receipt of regulatory clearances and approval of the capital increase by the EGM.



# The transformation of DEUTZ from a single-product engine manufacturer into a diversified five-unit industrial platform is already reflected in the numbers

## Diversified technology platform beyond engines

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>160 years of engineering heritage evolving from engine manufacturer to diversified system provider

Broad technology portfolio ranging from conventional engines to energy and defense solutions

Global production and service footprint with ~6,000 employees worldwide

## Strong traction underpinned by guidance

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~€2.4 billion

Revenue (midpoint) 2026<sup>1</sup>

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6.5-8.0%

Adjusted EBIT margin 2026<sup>1</sup>

## Organization aligned for growth

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**DEUTZ**  
DEFENSE

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**DEUTZ**  
ENERGY

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**DEUTZ**  
ENGINES

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**DEUTZ**  
NEWTECH

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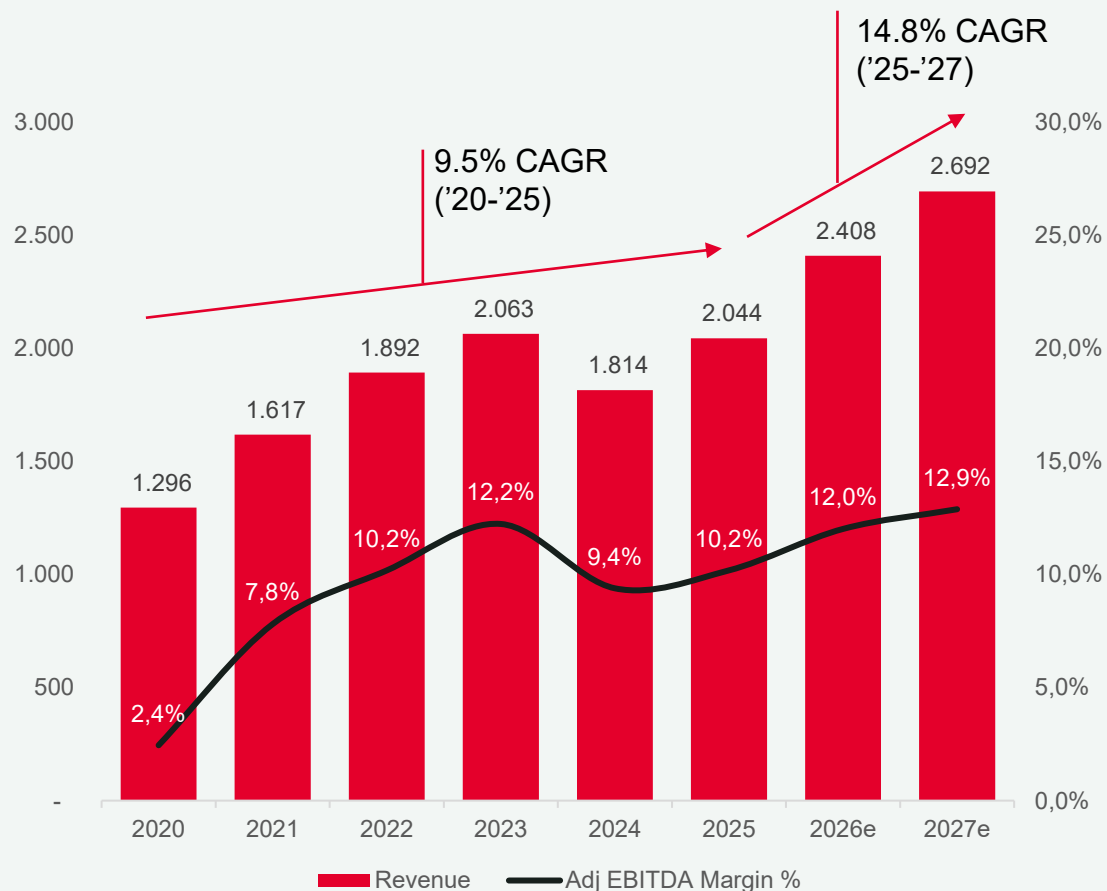
**DEUTZ**  
SERVICE

1. Guidance DEUTZ AG, Q1 2026 results | May 7, 2026



# Growing recognition of DEUTZ's industrial platform's earnings quality – a strong foundation to build on

## Continued revenue expansion at rising margins (Actuals, Consensus Forecast)



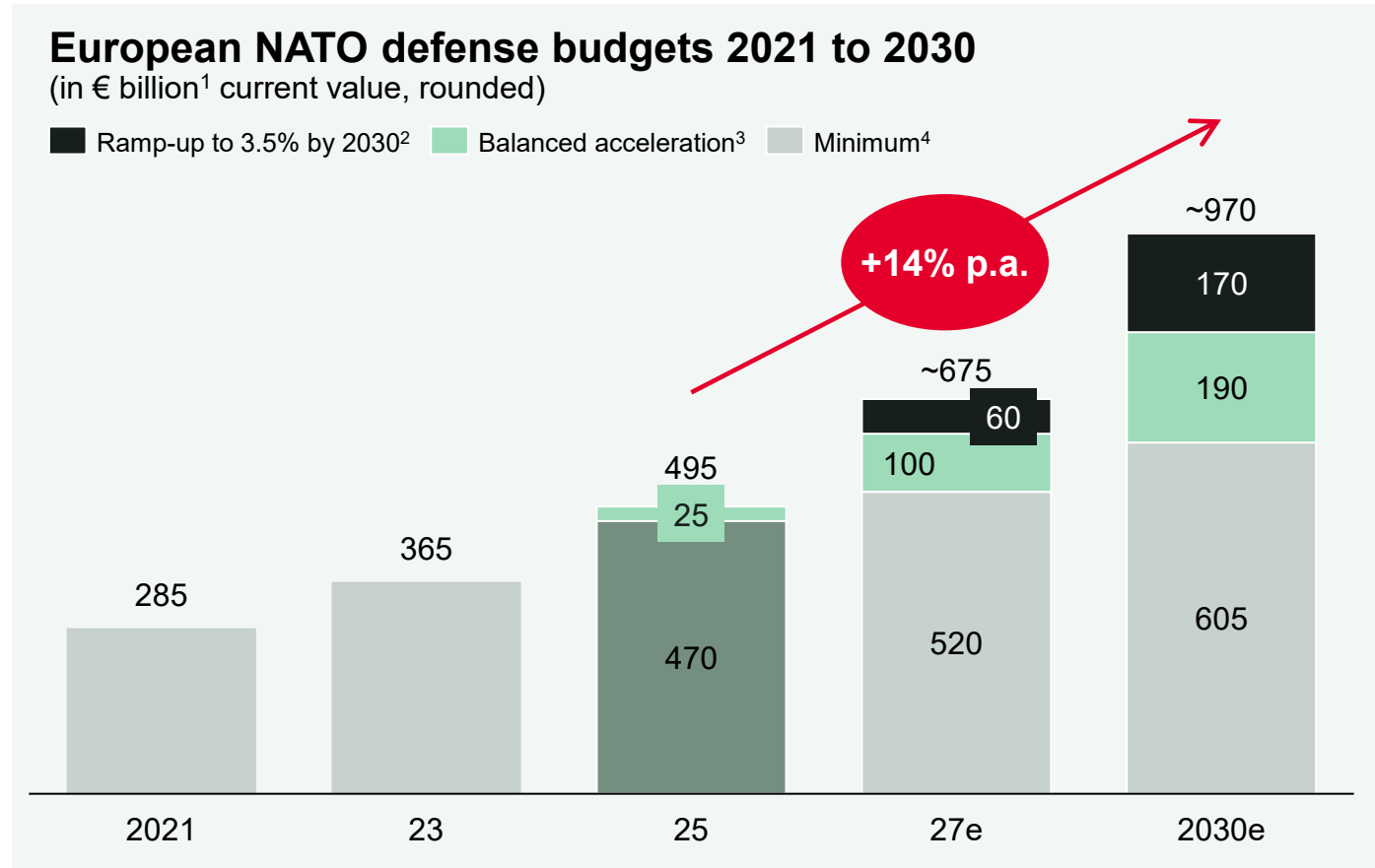
## Strong Share Price Performance (Share Price Return, Rebased to 100)



Source: Actuals and consensus forecast, Visible Alpha as of July 3, 2026; share price from July 1, 2022 to July 7, 2026, S&P;



# European defense spending has entered a structural, multi-decade expansion

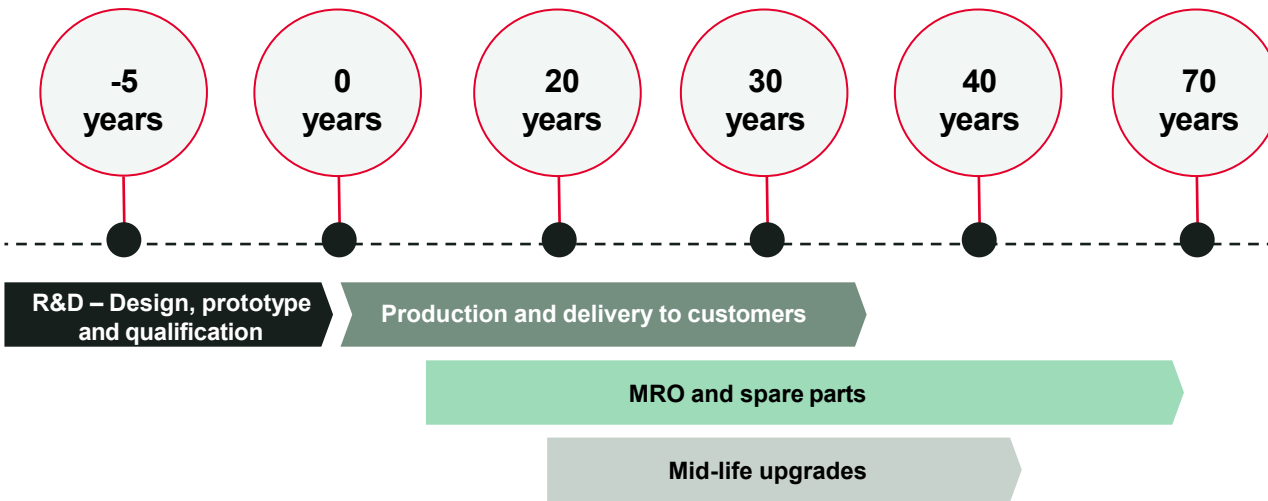


- Focus on defense sovereignty leading to need for local production and partners
- Need to build trust quickly to partake in growth potential
- Continued focus on military land equipment and services
  - **Germany:** OEMs in top 5 priority
  - **UK:** 20 % of investment in heavy manned machinery (e.g. tanks)









1. Employing fixed exchange rates as of 09th July 2025. For Türkiye, exchange rate depreciation due to high inflation is incorporated; 2. Assuming European NATO members close gap to new NATO-target of 3.5% of GDP in a linear fashion until 2030 (while NATO timeframe allows until 2035) for those countries currently below the target value; 3. Ramp-up to country-individual defense targets based on individual ambition level and fiscal space; 4. Based on budgets, laws, and (backed) government announcements up to February 2025 when European Council stressed that Europe “must become more responsible for its own defense”.  
Source: McKinsey (2025), Mission: Verteidigungsfähigkeit



# A clear market need and an emerging procurement pipeline for land-systems and sustainment contracts provides a significant growth opportunity



## Year of introduction for selected Bundeswehr platforms

			
<b>M113</b> Introduced 1960	<b>Leopard 2</b> Introduced 1979	<b>Fuchs</b> Introduced 1979	<b>Wolf</b> Introduced 1982
			
<b>Dingo</b> Introduced 2000	<b>Fennek</b> Introduced 2003	<b>Boxer</b> Introduced 2009	<b>Puma</b> Introduced 2015

### Main aftersales market drivers:



Increased **system capability**



Higher need for **availability**



Growth in **installed base**



Short-term focus on **upgrades**



Higher usage from **training**


**~28 years**

**Median vehicle age in NATO fleets, i.e., at the center of midlife update cycle**




# FFG is a rare asset, with strong growth, best-in-class margins, strongly positioned to seize the opportunity ahead


## Financials



**~€760m**  
~50% CAGR 2023-25A  
Revenue 2025A




**Best-in-Class Margins<sup>1</sup>**




**>€1.9bn**  
Order Backlog


## Operations



**9**  
Locations<sup>2</sup>




**>1.100**  
Employees



**>30**  
Supported Platforms


## Portfolio Revenue mix



**~90 %**  
MRO+  
[Higher platform share]



**>90 %**  
NATO Customers<sup>2</sup>



**<20 %**  
Bundeswehr

1) Compared to publicly traded European defense peers; 2) Including Ukraine.



# Across Bundeswehr and NATO land programs FFG is an established prime and MRO provider

**15+** NATO nations served<sup>1</sup>

**30+** NATO platform types

**>90%** Revenue from NATO and Ukraine contractors

Selected examples include



Established prime in high-barrier market

Deeply embedded across Bundeswehr and NATO land programs

Warded contract backlog a multiple of current annual revenue

Full land systems lifecycle: OE production, MRO, modernization

1) Including Ukraine.

## Original equipment solutions



Proprietary vehicle platforms such as WiSENT 2 (Armored Recovery/ Engineer Vehicle) and ACSV (Armored Combat Support Vehicle) as well as partnership models (e.g. TAHR, CAVS)





## Maintenance, repair & service (MRO+)



Full-vehicle repair, powerpack maintenance, modernization, and capability upgrades across tracked and wheeled NATO fleets



# FFG also develops and delivers proprietary OE platforms: WiSENT 2 and ACSV with CAVS and ACSV expansion as the next program waves

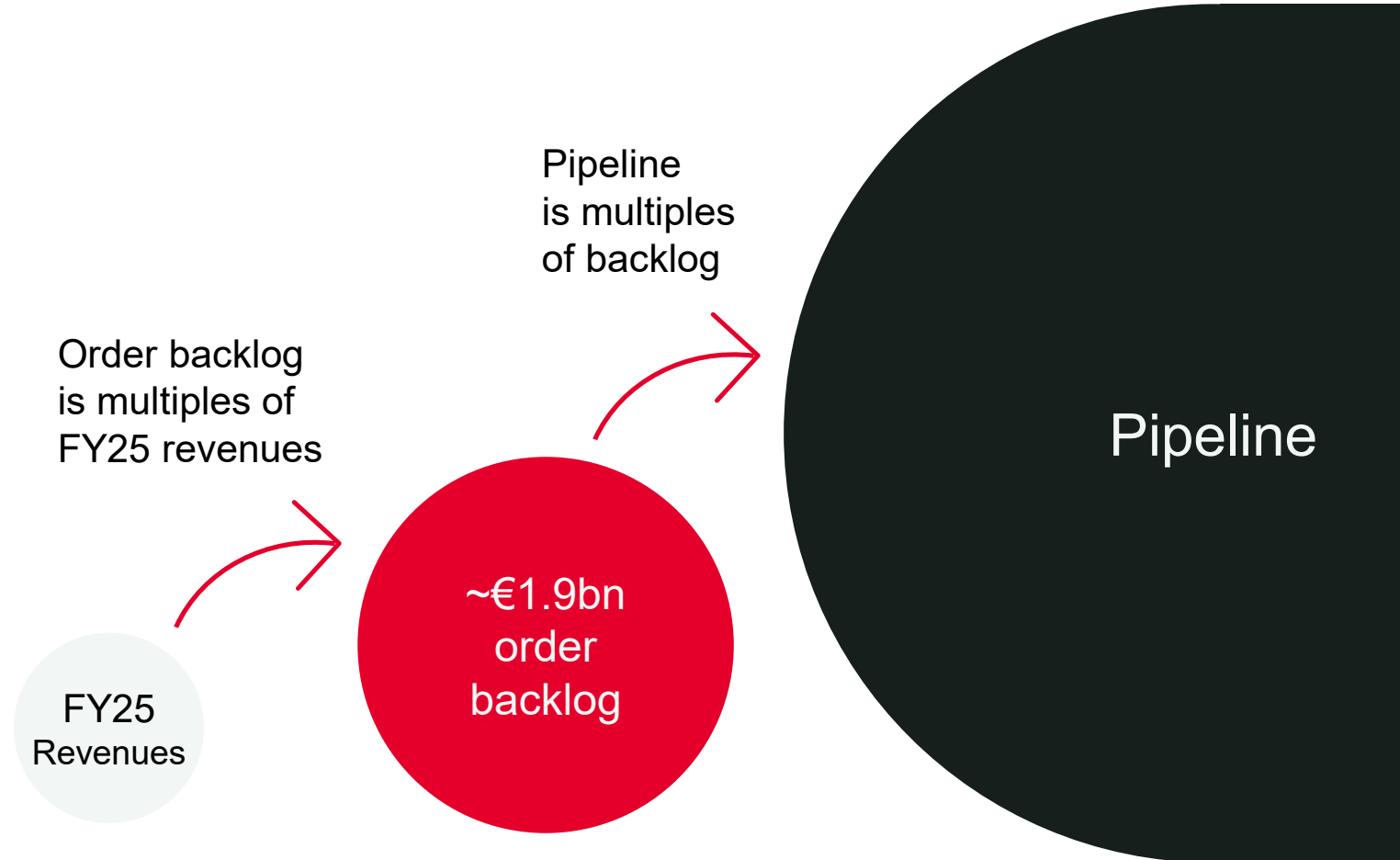
	Proprietary Development		Next program waves <sup>1</sup>	
Platform	 <b>WiSENT 2</b>	 <b>ACSV</b>	 <b>TAHR</b>	 <b>CAVS</b>
Description	Multifunctional Leopard 2 platform for recovery, engineering and mine-clearing operations	Modular armored support vehicle for diverse missions (cargo, air defense, etc.)	Tactical reconnaissance and attack vehicles; assemblies for armored combat vehicles	Modular vehicle platform for protected troop transport
Introduced	2010	2014	2025	2024
Delivered	67	32	-	-
Expected	~100	>350	>1.000	>4.000
Nations	6	3	3	3

1) Developed under partnership programs.

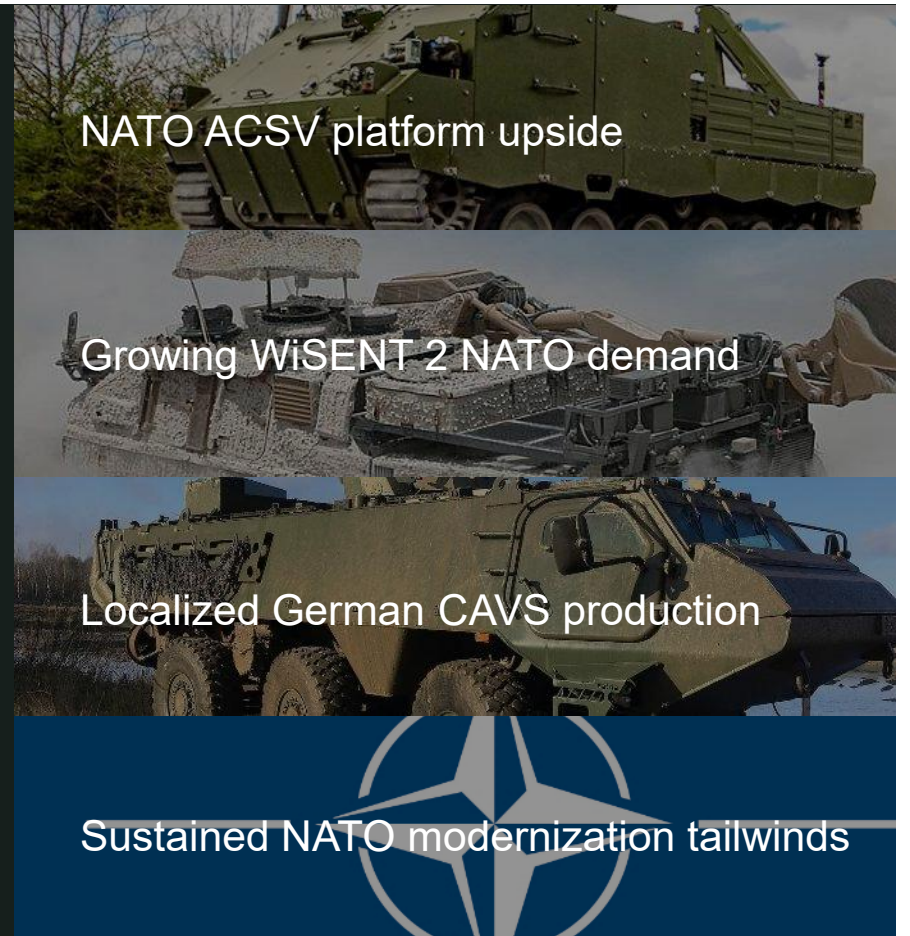


# FFG's awarded contracts are a multiple of its current annual revenue base; the total pipeline provides additional visibility beyond the contracted backlog

## FFG order backlog and pipeline



## Project outlook



Note: Circles not to scale.



# The DEUTZ and FFG combination elevates the defense business to a European land champion

## DEUTZ

Certified military powerpack technology across V6 to V12 configurations with direct integration potential across FFG's platform portfolio

Global industrial manufacturing scale and engineering competence across Cologne and Ulm

NATO-wide service network and REMAN capability for military drivetrains

Hybrid, hydrogen, emergency power generators and electric propulsion technology, as well as power generation

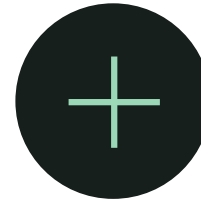
## FFG

Platform integration and serial production capacity across 30+ NATO platform types in 15+ nations

Established prime and MRO provider for Bundeswehr and NATO land programs — Leopard 2, Boxer, Puma, Marder, Fuchs, Fennek, M113

~90% MRO+ revenue base with deep customer relationships and long-term program access

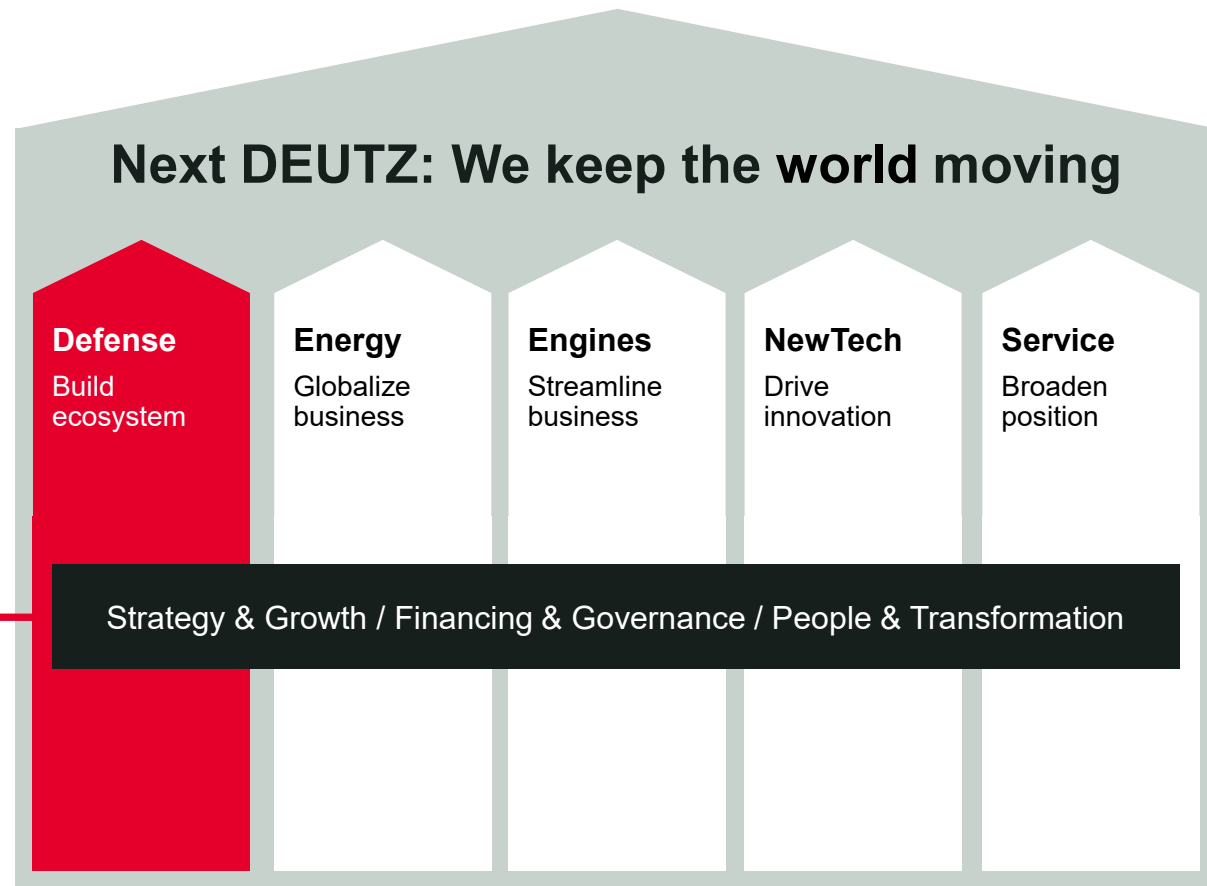
Proprietary OE platforms in serial production: WiSENT 2 and ACSV, with CAVS and ACSV expansion as the next program waves




**A single industrial partner spanning Armored power units, platform integration, MRO, and modernization across the full land vehicle lifecycle. No NATO customer currently procures all four from a single European-domiciled group, providing a unique competitive advantage to the combined business.**



# FFG slots directly into the Next DEUTZ structure as the defense unit's new anchor



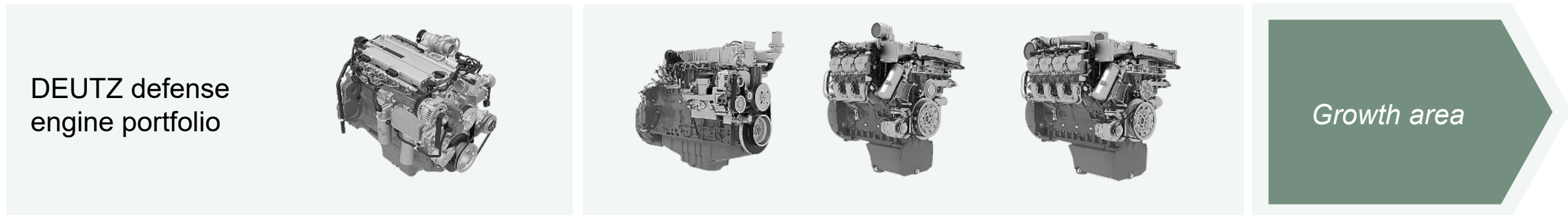
# The combination is expected to deliver revenue synergies – particularly across DEUTZ’s Engines and Services – as well as material costs and SG&A savings

	(A)	<b>Engines</b>	<ul style="list-style-type: none"> <li>• Revenue and margin uplift from integration of existing and new DEUTZ powerpacks into FFG platforms</li> <li>• Higher internal value creation through in-house manufacturing of selected defense components</li> <li>• Higher utilization of the engineering and production site in Cologne/Ulm</li> </ul>
	(B)	<b>Services</b>	<ul style="list-style-type: none"> <li>• Expansion of the defense aftermarket and spare parts business through NATO-wide service coverage</li> <li>• Additional REMAN revenue from overhaul of military drivetrains</li> <li>• Utilizing state of the art DEUTZ spare part logistics for defense customers</li> </ul>
	(C)	<b>Energy</b>	<ul style="list-style-type: none"> <li>• Additional defense energy revenue through FFG customer access</li> </ul>
		<b>NewTech</b>	<ul style="list-style-type: none"> <li>• Additional revenue from integration of hybrid, hydrogen-based, and electric propulsion solutions</li> </ul>
		<b>Defense</b>	<ul style="list-style-type: none"> <li>• Cross-selling potential for unmanned and electrified defense solutions</li> <li>• Utilize and expand existing DEUTZ Defense partnerships in unmanned and electrified defense solutions with the potential of quicker ramp-up and additional cross-selling</li> </ul>
	(D)	<b>Cost Synergies</b>	<ul style="list-style-type: none"> <li>• Direct material savings through bundled procurement and site optimization</li> <li>• Accelerated serial production ramp-up of Plant 3 through industrial capabilities</li> <li>• G&amp;A savings on insurance, fleet and other overhead</li> </ul>



# A DEUTZ engines as the fitting match for FFG's vehicle and modernization portfolio

Indicative and selected examples



● ————— <200kW ————— ●● ————— 200-800kW ————— ●● ————— >800kW ————— ●

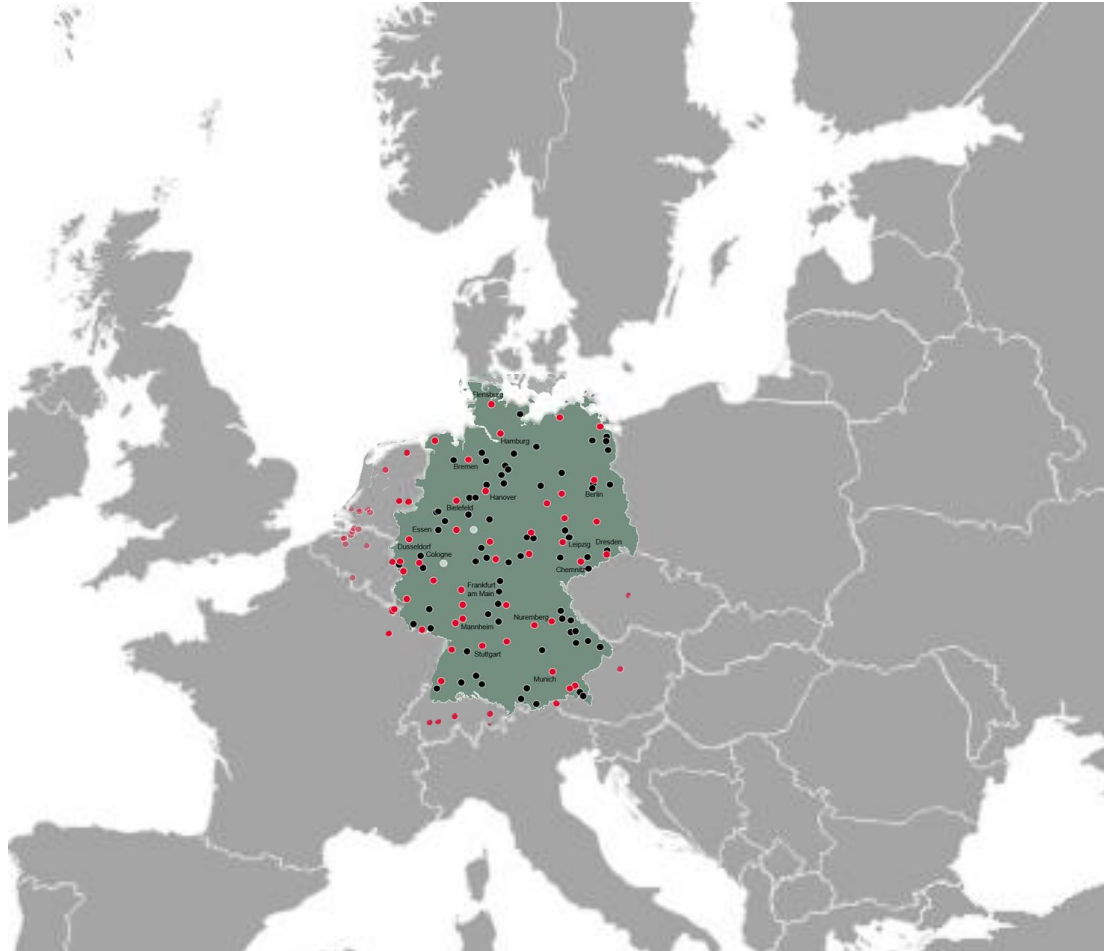
Selected FFG OE and modernization portfolio



# B Leveraging DEUTZ' extensive service footprint with FFG's established service capabilities

Germany showcased as selected example

● DEUTZ service centers ● Selected Germany army locations ● FFG locations



**1** One-of-a-kind, dense service footprint close to the customer

**2** High proximity to installed base

**3** Faster response and parts availability through integrated logistics



© **Building on DEUTZ' strong offering in energy generation and storage in the field**



Joint offering combining energy solutions with FFG portfolio

Common customers and end-users across the combined portfolio

Growing demand for hybrid military energy ecosystems



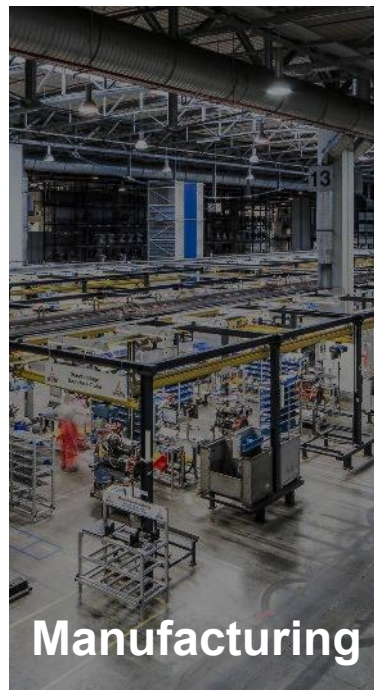
# ④ Combined capabilities across production, procurement, assembly and manufacturing excellence ensuring successful ramp-up



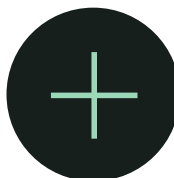
Procurement



Quality



Manufacturing



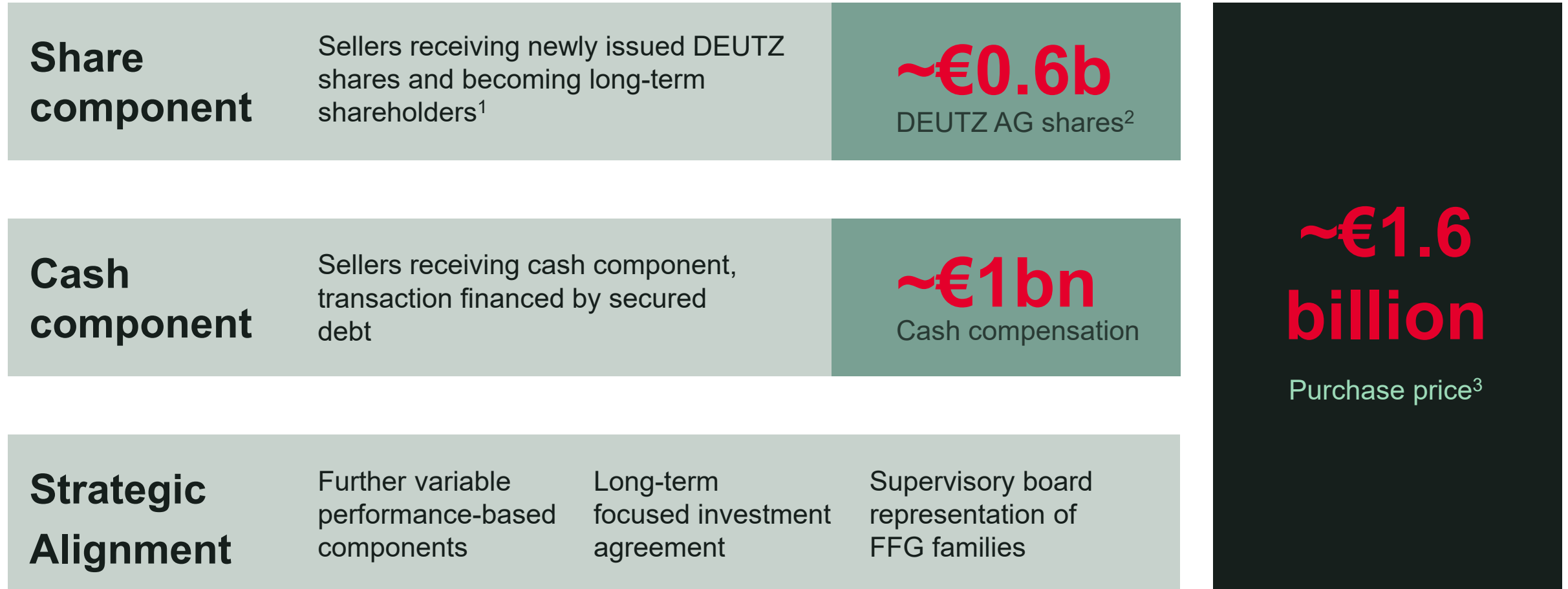
**DEUTZ**  
Core capabilities for serial production

**FFG**  
Significant ramp-up



# Deal value of ~€1.6bn funded through secured debt and a newly issued shares

## Deal structure



1) Share issuance structured as a contribution in kind, subject to EGM approval; 2) Based on current share price; 3) Total consideration includes further deferred, variable components.



# A fully financed acquisition structured to preserve DEUTZ's balance sheet through disciplined deleveraging

## Transaction Financing

- €1.6bn funded through ~€1bn secured debt and ~€0.6bn in newly issued DEUTZ shares to seller families (contribution in kind)
- Loan secured via bank consortium underwriting across three tranches
- Independent fairness opinion confirms deal is financially appropriate for DEUTZ shareholders

## Cash Generation

- FFG balance sheet position net cash as of FY25 with strong cash generation
- Locked-box structure captures additional FFG cash generation between 31 Dec 25 and closing, reducing effective day-one leverage

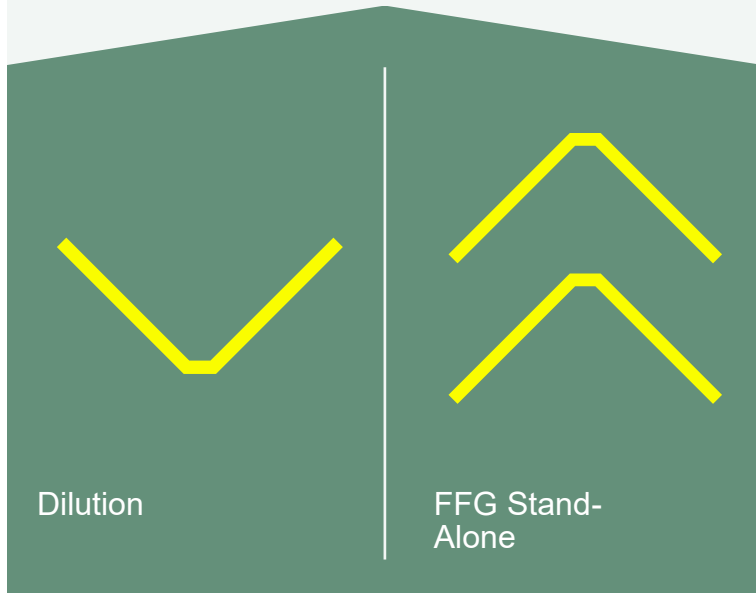
## De-leveraging

- Deleveraging is organic and self-funded supported by strong operating cash flow
- Pro-forma leverage to be reduced below today's range within the next three to four years
- Evaluating additional funding options, including potential 10% capital increase

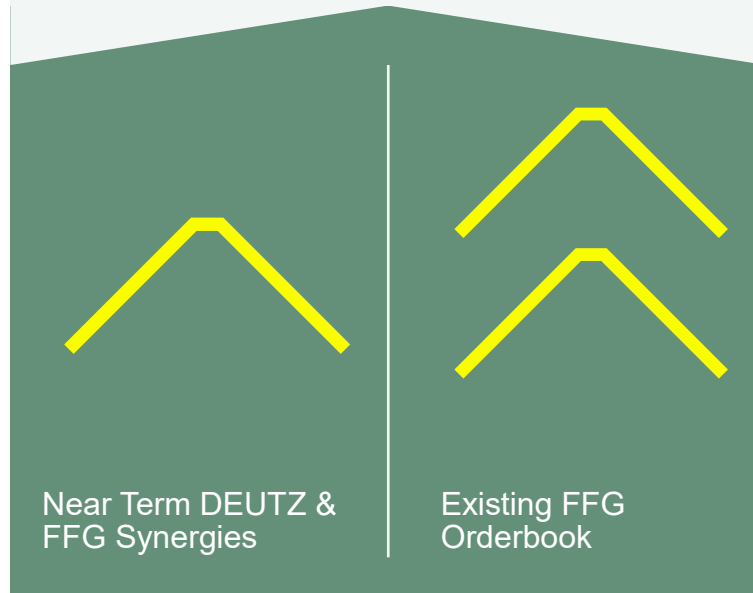


# The transaction is expected to be EPS accretive on pro-forma basis, with further upside opportunities driven by synergies, FFG orderbook, and pipeline

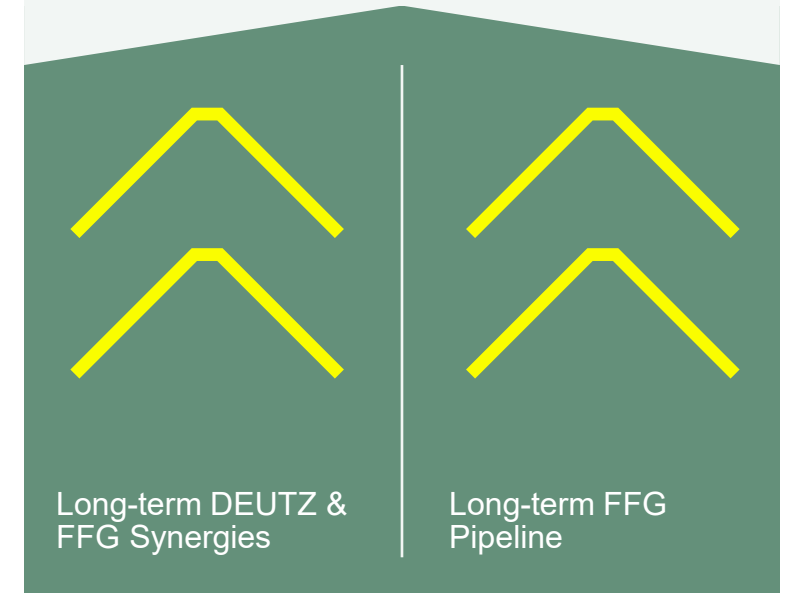
Transaction EPS accretive on pro-forma basis<sup>1</sup>



Short-term opportunities from existing FFG order book and early synergies



Long-term upside from Strategic synergies and FFG pipeline



1) Based on pro-forma combination and dilution; Arrows only indicative.



# A transformational transaction – DEUTZ to acquire FFG

Next DEUTZ momentum accelerating

Historical defense opportunity

FFG: Rare asset, best-in-class financials

Complementary businesses create European land platform champion

~€1.6b in cash and stock, targeted deleveraging

Owner families becoming new strategic anchors (<30%)

Fair value independently confirmed

Transaction accretive on pro-forma basis<sup>1</sup>

Implied transaction multiple below defense peers

~€1.6 billion

Total purchase price

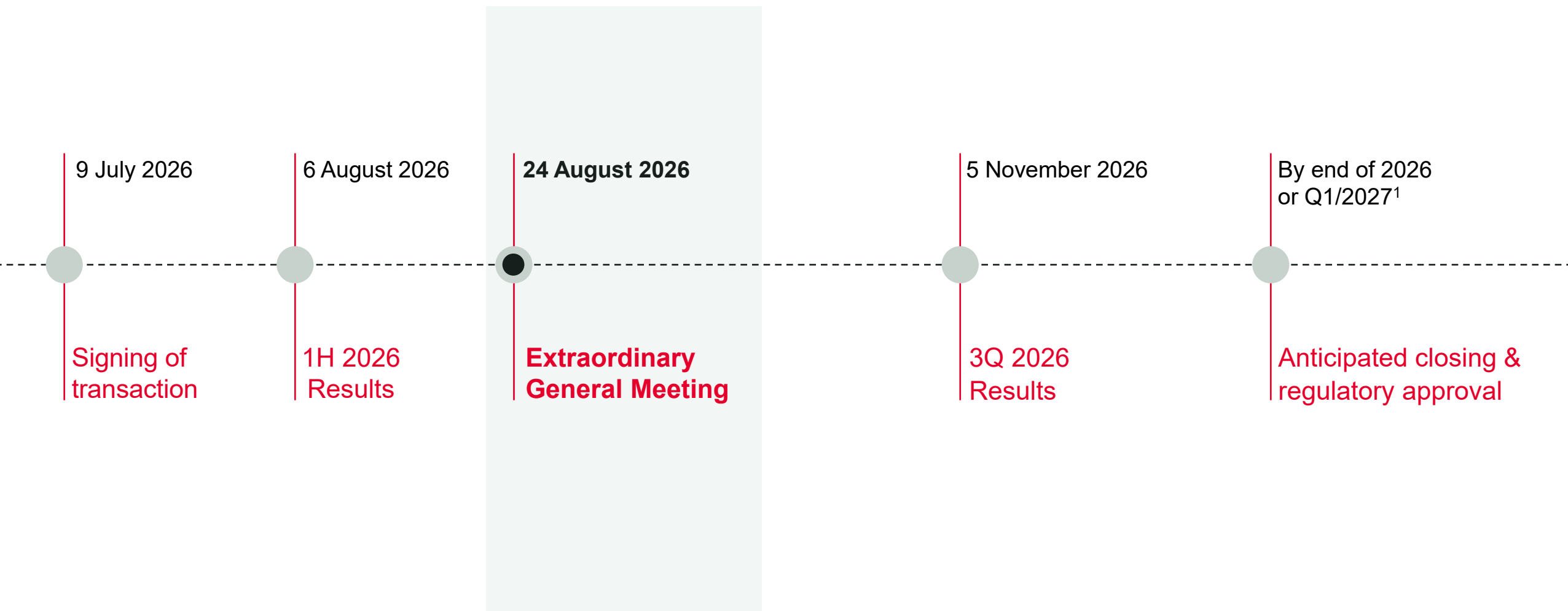


The combination accelerates DEUTZ's defense relevance – delivering immediate prime OE land-system scale precisely when European spending hits a structural inflection point.

1) Based on EPS pro-forma combination and dilution.



# Shareholders invited to vote on 24 August 2026 to issue new shares



1) Completion of the transaction is subject to customary conditions, in particular receipt of regulatory clearances and approval of the capital increase by the EGM.





# Thank you.

**We look forward to your questions.**

**DEUTZ**



**DEUTZ AG**

Ottostraße 1

51149 Köln

Telefon: +49 (0) 221 822 0

Fax: +49 (0) 221 822 5850

E-Mail: [info@deutz.com](mailto:info@deutz.com)

[www.deutz.com](http://www.deutz.com)

**DEUTZ**