



DEUTZ

9M/2021 Update



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November 2021

Disclaimer



Unless stated otherwise, all the figures given in this presentation refer to continuing operations.

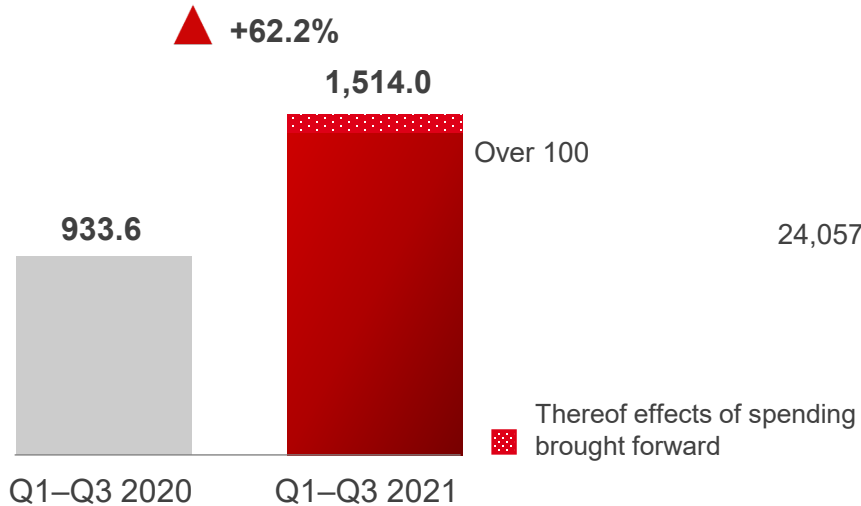
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The forward-looking statements made in this document will not be updated.

Double-digit increases in new orders, unit sales and revenue

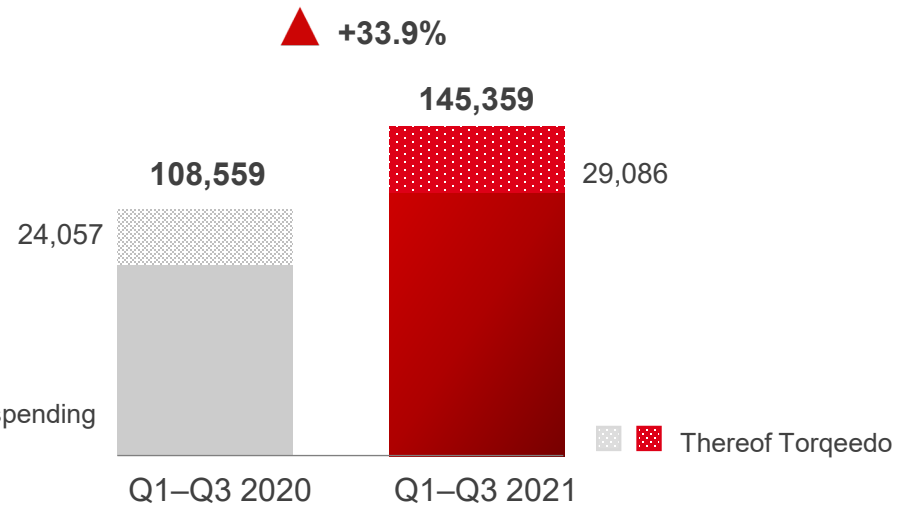
New orders

€ million



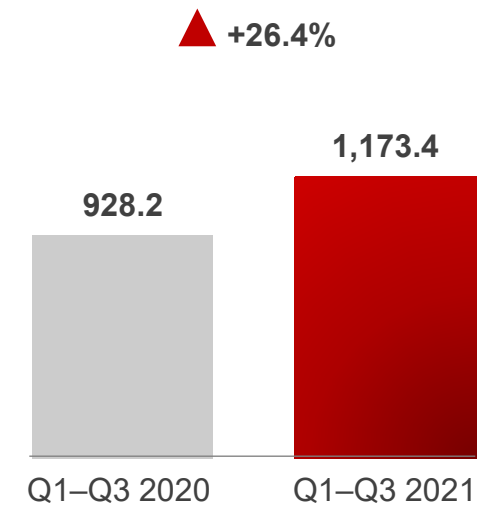
Unit sales

Units



Revenue

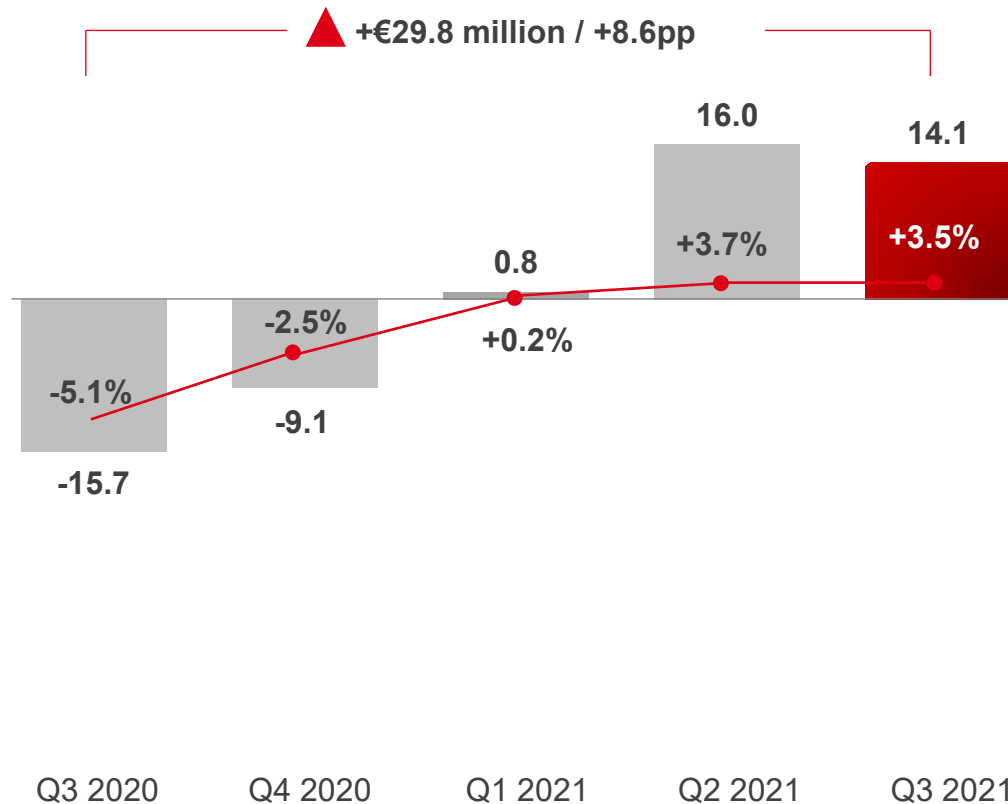
€ million



- Significant increase in new orders – positive effects in September and June 2021 amounting to more than €100 million, mainly as a result of customer orders being brought forward in response to longer lead times and price adjustments
- Book-to-bill ratio of 1.29 (Q1–Q3 2020: 1.01)
- Higher rise in unit sales than in revenue due to shift in the product mix toward engines with a capacity of less than 4 liters
- Orders on hand more than doubled to €616.4 million as at September 30, 2021 (September 30, 2020: €250.4 million)

Continued improvement in earnings

Operating profit (EBIT before exceptional items) (€ million) EBIT margin before exceptional items



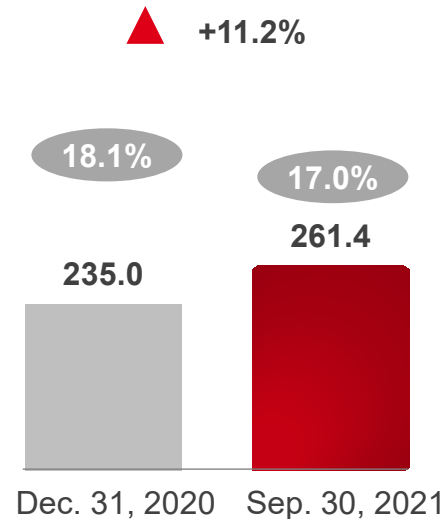
- Operating profit improves to €30.9 million in Q1–Q3 2021¹ (Q1–Q3 2020: operating loss of €65.6 million) due to:
 - absence of payments to suppliers going through insolvency proceedings
 - increased volume of business, bringing economies of scale
 - cost savings as a result of implementation of the efficiency program
- EBIT margin before exceptional items¹ increases to 2.6% in Q1–Q3 2021 (Q1–Q3 2020: minus 7.1%)
- Net income before exceptional items¹ amounts to €26.8 million (Q1–Q3 2020: net loss of €68.3 million)
- Earnings per share before exceptional items¹ came to €0.22 (Q1–Q3 2020: minus €0.57)

¹ Exceptional items amounting to an expense of €3.1 million recognized in relation to the efficiency program initiated at the beginning of 2020.

Working capital and cash flow development

Working capital

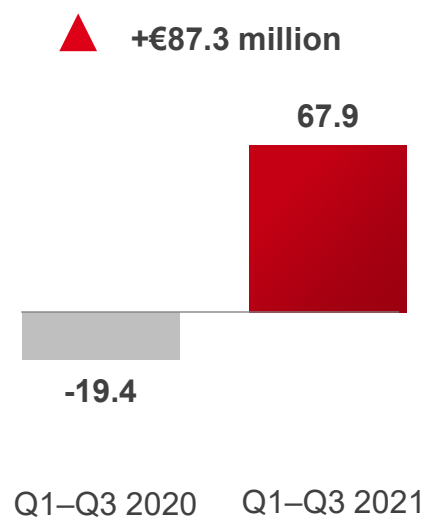
€ million



● Working capital ratio (as at the balance sheet date)⁴

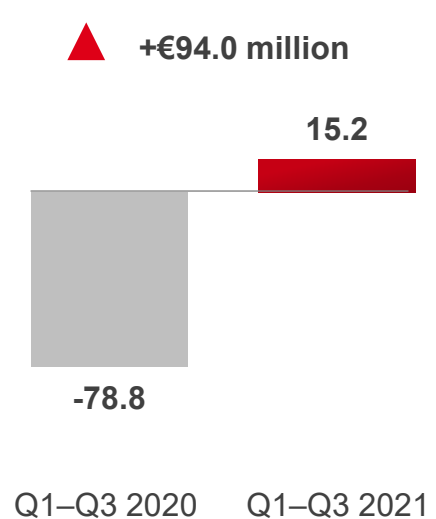
Cash flow from operating activities

€ million



Free cash flow²

€ million



- Decrease in working capital ratio due to rigorous management of working capital across the Group
- Sharp rise in cash flow from operating activities compared with Q1–Q3 2020, mainly thanks to improved earnings performance and rigorous management of working capital across the Group
- Substantial year-on-year increase in free cash flow owing to improvement in cash flow from operating activities and reduction in investing activities

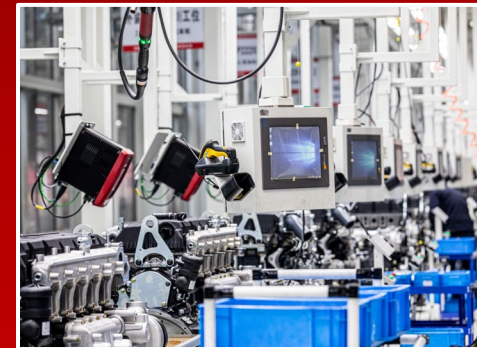
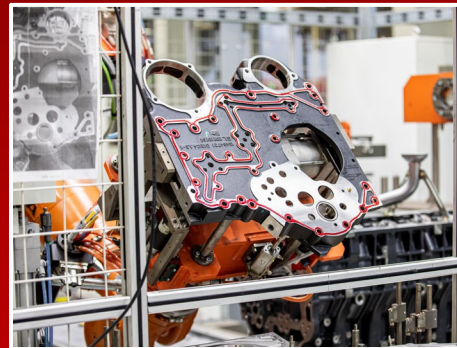
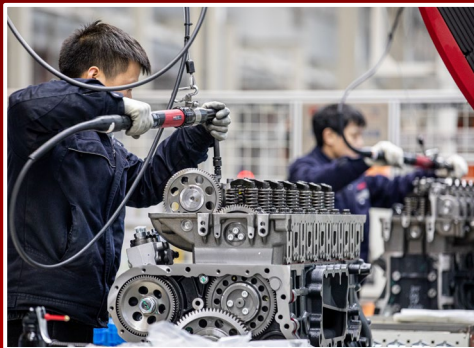
China business faced with short-term market weakness

Business performance of SANY JV Q1–Q3 2021:

- Unit sales of approx. 18,300 engines
- Revenue of approx. €158 million
- Contribution to earnings of approx. €1.5 million¹
- Planned increase in unit sales to around 22,000 engines in 2021

Demand adversely affected by:

- Temporary power outages
- Strict restrictions to contain the spread of coronavirus, including local lockdowns
- Slowdown in the growth of the property market
- Collapse of the truck market: production planning reduced by 50% since October 2021

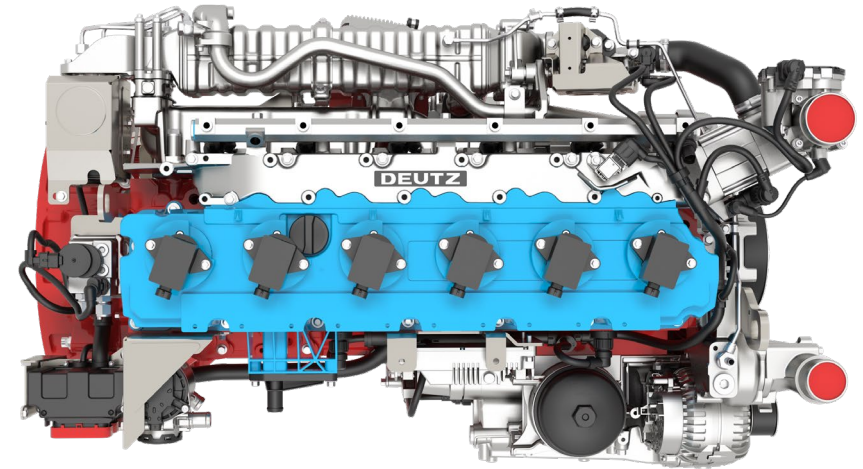


Progress with hydrogen strategy



Pilot project for TCG 7.8 H2 with regional utility company

- Stationary equipment for power generation planned with RheinEnergie as the first pilot application for the TCG 7.8 H2
- Hydrogen engine complies with the CO₂ threshold set by the EU for zero emissions
- Full production scheduled for 2024



Cooperation agreement with German Aerospace Center (DLR)

- Joint project focused on making construction sites more environmentally friendly
- Collaborative development of solutions for running construction-site vehicles and agricultural machinery on hydrogen

DEUTZ is providing drive solutions to help create green off-highway applications

New strategic partnership with Blue World Technologies

- Developer and manufacturer of fuel cell components and systems, including for stationary applications (gensets) and the automotive sector (cars and commercial vehicles)
- Fuel cells primarily run on methanol, which is a renewable, liquid fuel
- Key aspects of the alliance:
 - Exclusive distribution and service agreement for stationary fuel cell generators
 - 10% stake in Blue World – deal likely to be completed in Q4 2021 after due diligence has taken place
- Fuel cell technology also expected to be used for off-highway mobile applications in the future



DEUTZ expands its activities involving alternative drive systems

Group guidance for 2021 and medium-term targets for 2023/2024



Guidance for 2021

Unit sales	155,000 to 170,000 DEUTZ engines ¹ (previously 140,000 to 155,000)
Revenue	€1.6 billion to €1.7 billion (previously €1.5 billion to €1.6 billion)
EBIT margin before exceptional items	2.0–3.0% (previously 1.0–2.0%)
Free cash flow	Break even (previously negative low-double-digit million euro amount)

- Difficulties with the supply of some components will persist
- Confirmation of raised full-year guidance for 2021² despite the supply situation remaining difficult
- Unchanged medium-term targets for 2023/2024: revenue of more than €2 billion; EBIT margin before exceptional items of 7–8%

Financial calendar and contact details



Financial calendar

2021 annual report	March 14, 2022
2022 Annual General Meeting	April 28, 2022
Q1 2022 quarterly statement	May 5, 2022
H1 2022 interim report	August 11, 2022

Contact

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