



DEUTZ | FY 2022

– Presentation for seat11a –

—

Christian Ludwig | March 16, 2022

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.

Strong performance in a volatile environment



New orders



+1.0% to

€2.03 billion

Book-to-bill ratio: 1.04

Unit sales



DEUTZ Classic engines

+12.7% to

181,249 units

Revenue



+20.8% to

€1.95 billion

Adjusted EBIT¹



+€52.2 million to

€89.4 million

EBIT margin¹ 4.6% (+2.3pp)

Classic segment 6.8% (+3.0pp)

Proposed dividend



€0.15 per share

Dividend ratio of 24%

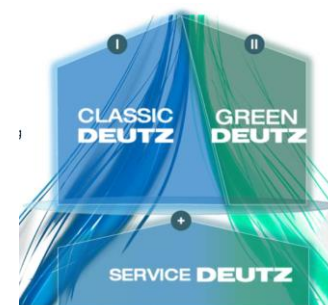
New medium-term targets for 2025



Revenue: > €2.5 billion

EBIT margin¹: 6.0–7.0%

New Dual+ strategy unveiled²

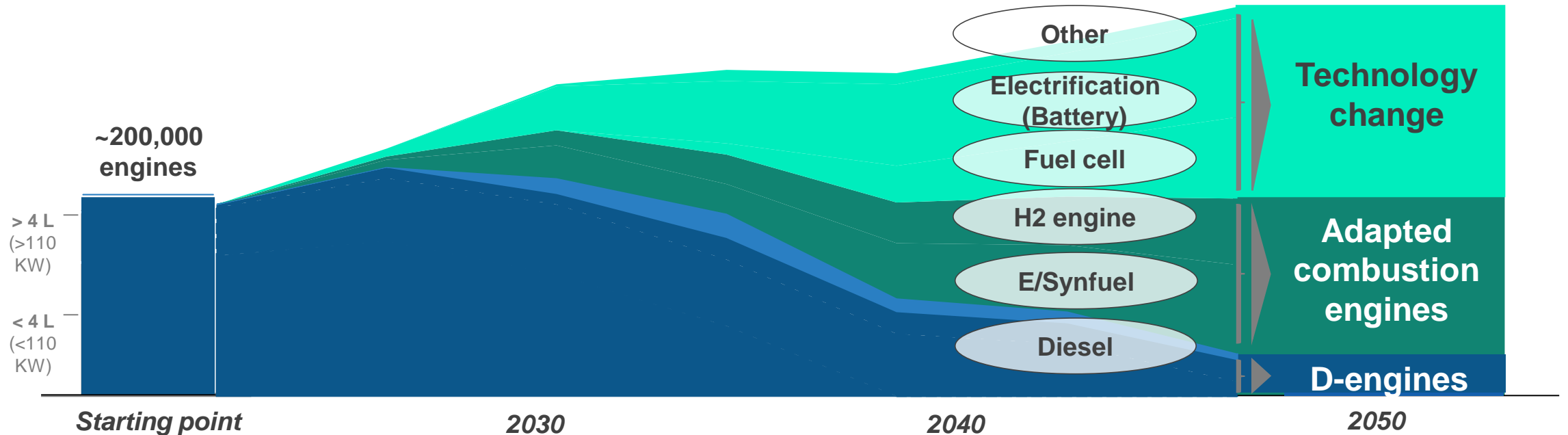


Alliance with Daimler Truck²



**Two engine platforms
5.1–15.6l engines**

Basis for our way forward: Market & technology perspective

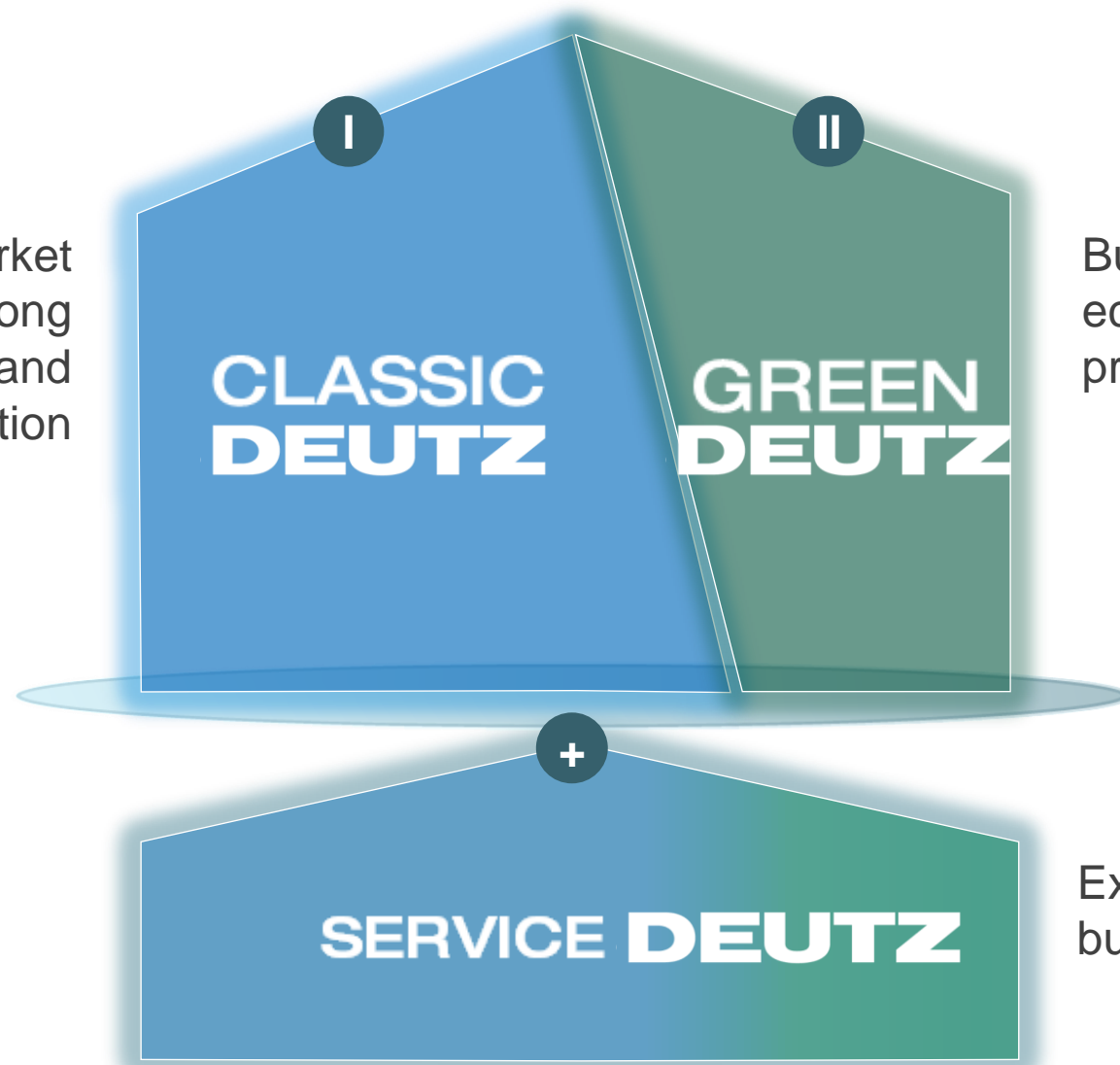


Technology distribution DEUTZ engines until 2050 (illustrative)

Combustion engine technology will remain relevant for the next 20+ years – at least

Our way forward: the “Dual+” strategy

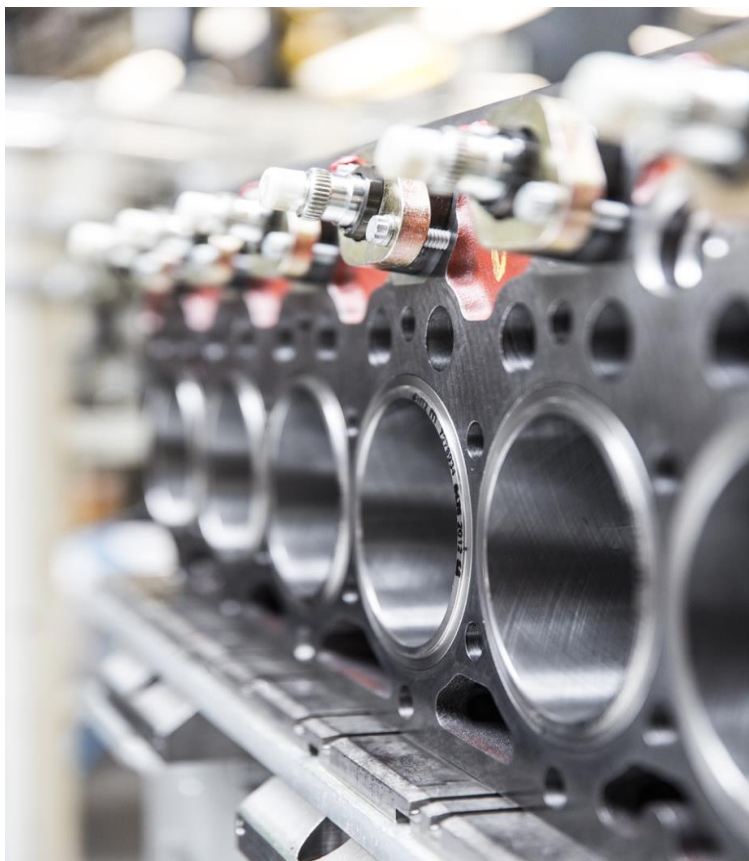
Grow **CLASSIC** market based on strong performance and consolidation



Build a **GREEN** ecosystem with relevant products and technologies

Expand profitable **SERVICE** business around the world

The goal of CLASSIC DEUTZ: performance and growth



Improve performance

Boost our performance significantly, by making more efficient use of existing capacities, simplifying our internal processes and optimizing our portfolio – thereby improving delivery performance and becoming an even more “trusted partner” for our customers.

Consolidate & grow

Actively exploit the opportunities presented by a consolidating market: as some players leave the market, we will focus on targeted acquisitions and takeovers in order to continue our growth

Our objective: Become a Top 3 producer of non-captive combustion engines by 2030

Performance: 2022 profitability hike based on market-oriented pricing



Environment 2022



Energy prices



Raw material prices



Logistics costs



Production costs



- **Early reaction** by management in February 2022 to systematically tackle this challenge
- **Target of 8-12%** price increase achieved by end of 2022
- Outlook: for engines <4l, “**fixed volume approach**” for **2023** implemented with fixation >70%

Stringent and structured approach in several waves to secure DEUTZ Classic profitability

Consolidation: Cooperation with Daimler Truck



Off-Highway



On-Highway



- DEUTZ takes over IP/licenses of medium-duty (MDEG) and heavy-duty (HDEP) engines for development & production
- Cooperation allows DEUTZ to tap into new customer groups: on-highway and off-highway customers
- Future-proof architecture and design: DEUTZ gets a proven, modern platform that can also be used for developments e.g., for H2 fuels
- Daimler to become shareholder with 4.19% stake

DEUTZ expects annual revenues in a mid-triple-digit million euro range after production ramp-up in 2028

The goal of GREEN DEUTZ: guarantee the future of DEUTZ



Build on existing capabilities

We build on our existing capabilities (e.g., Torqeedo, Futavis, E-DEUTZ, H2 engine) and explore how we can improve and scale to grow profitably.

Explore market opportunities

We will develop market-oriented by systematic market screening as well as pursuing M&A and partnerships where necessary

Create right structure & ecosystem

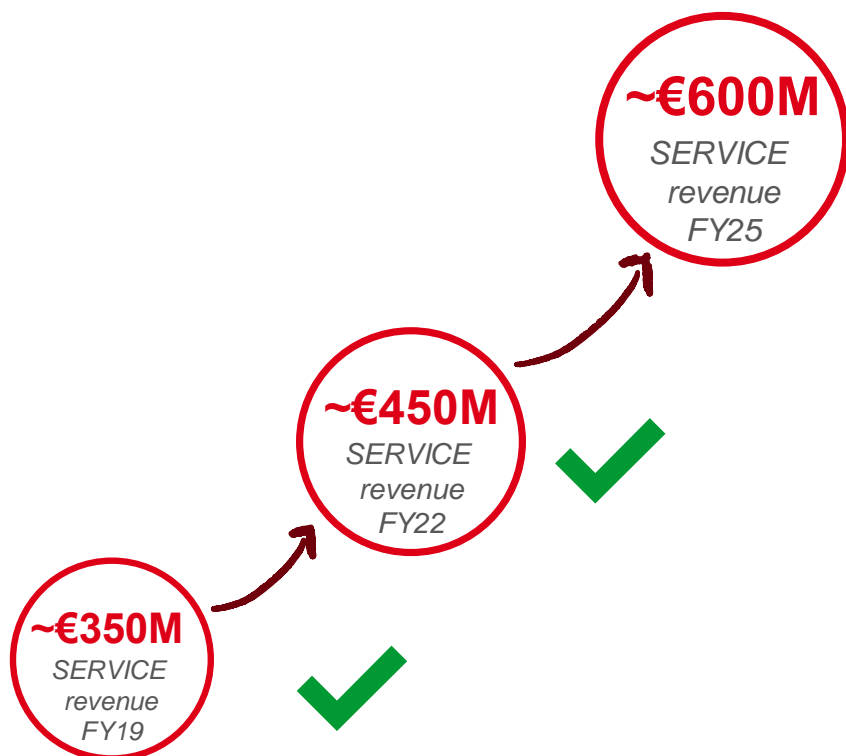
We will adjust our structures to make sure we have the right setup for a GREEN ecosystem

DEUTZ will invest more than €100 million into GREEN until 2025

How we will reach our ambitious service growth targets



Service growth targets



DEUTZ Service approach

Further push inorganic expansion



- Continue to expand via acquisitions and alliances
- Take over maintenance activities
- Acquisitions FY2022: Ireland (South Coast Diesel) and in the Netherlands (Ausma)

Continue organic expansion



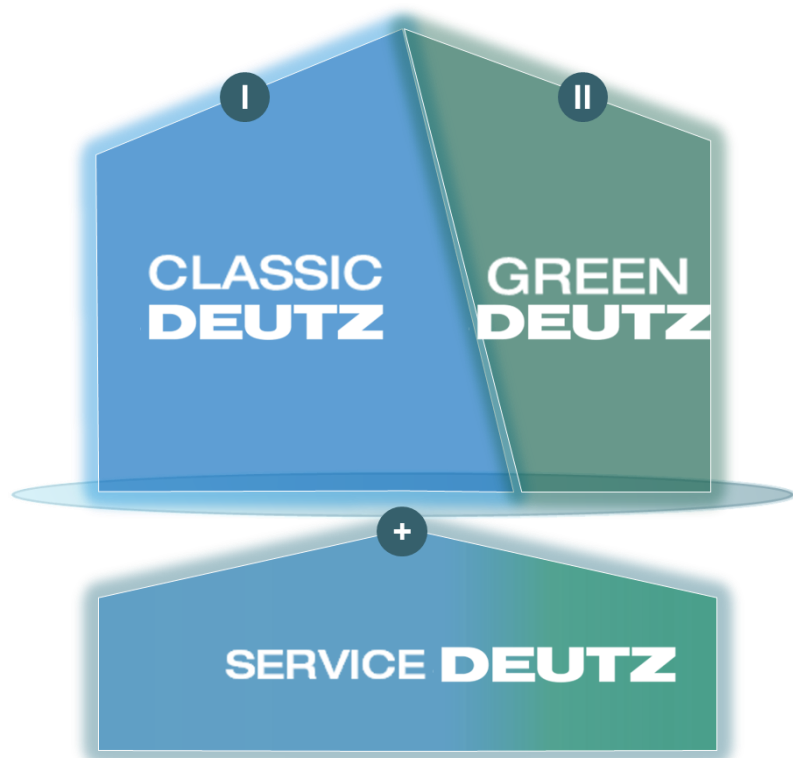
- FY 2022: launch of DEUTZ Deutschland GmbH
- Opening of new DPCs in the USA
- Ramp-up proprietary service network
- Build up one-stop shop service capabilities across regions

Address new areas for growth



- Identify demand for Service in Green
- Expand into new sales channels and solutions

New mid-term guidance based on our Dual+ Strategy



Guidance for FY2025

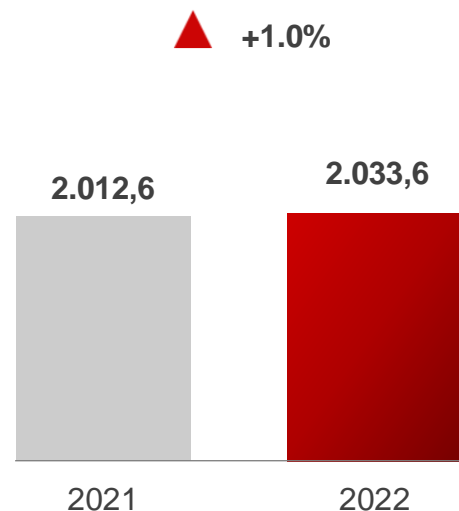
Revenue		> €2.5 billion
Service revenue		~ €600 million
Adjusted EBIT margin ¹		6.0% to 7.0%

Results for 2022



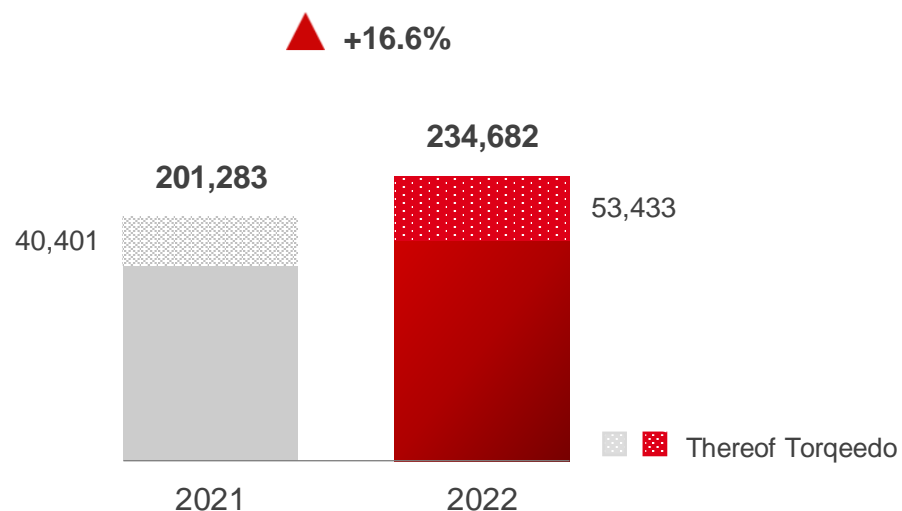
New orders

€ million



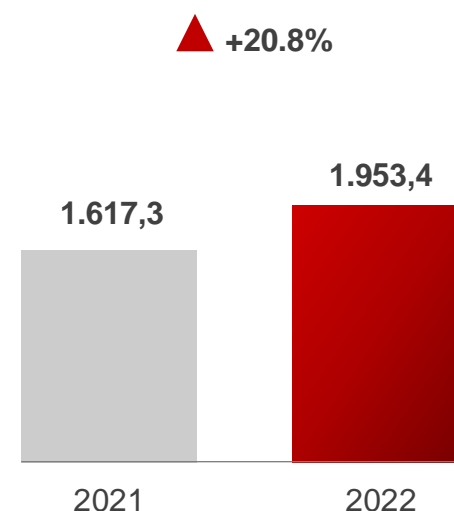
Unit sales

Units



Revenue

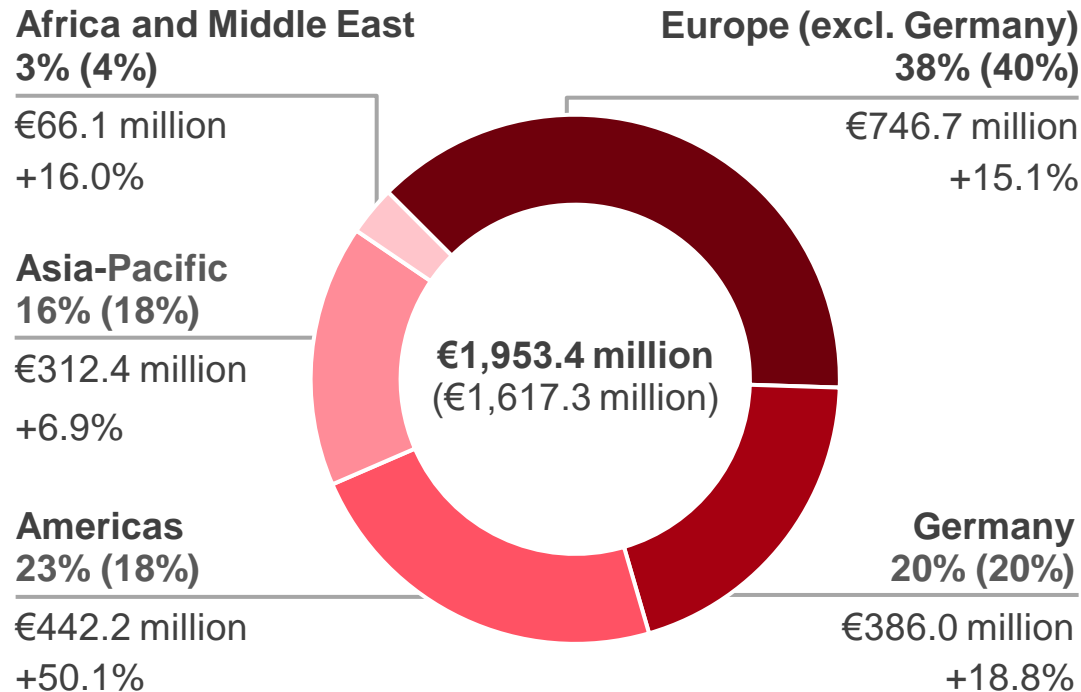
€ million



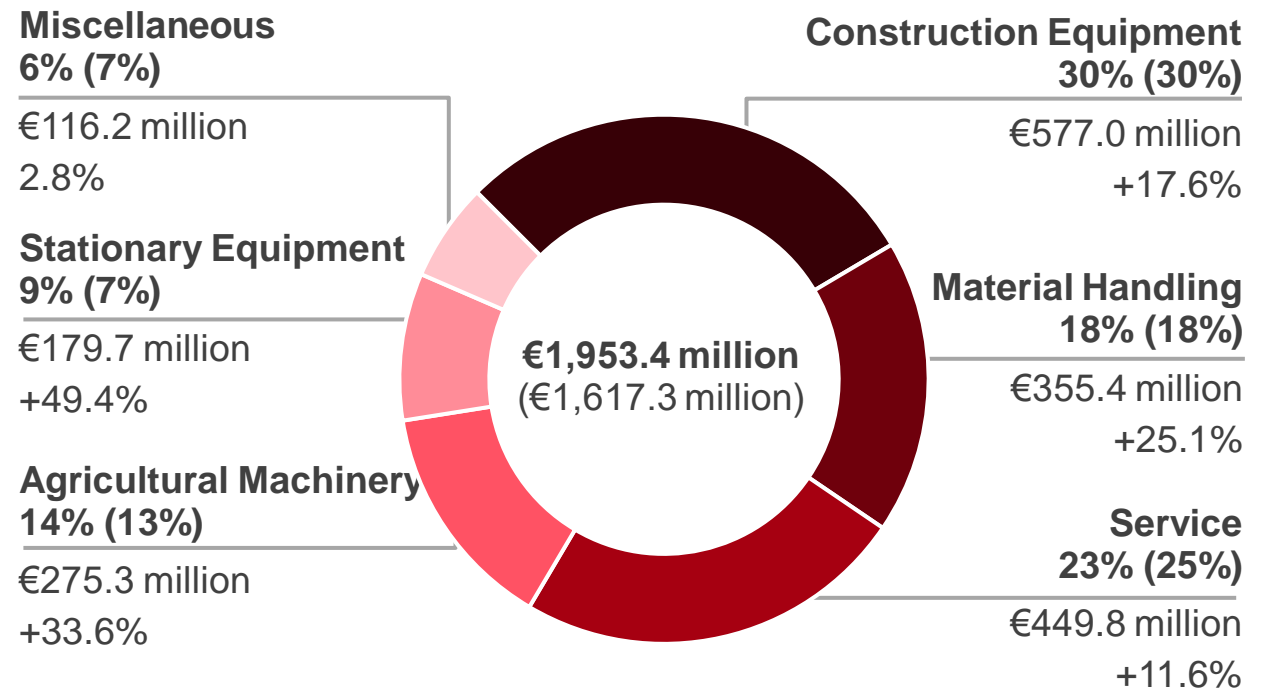
- New orders close to the high prior-year level – book-to-bill ratio of 1.04 (2021: 1.24)
- Increase in unit sales and revenue generated across all application segments and regions
- Orders on hand rise to €773.5 million as at December 31, 2022 (December 31, 2021: €676.7 million)

Revenue for 2022 in detail

Revenue breakdown by region 2022 (2021)



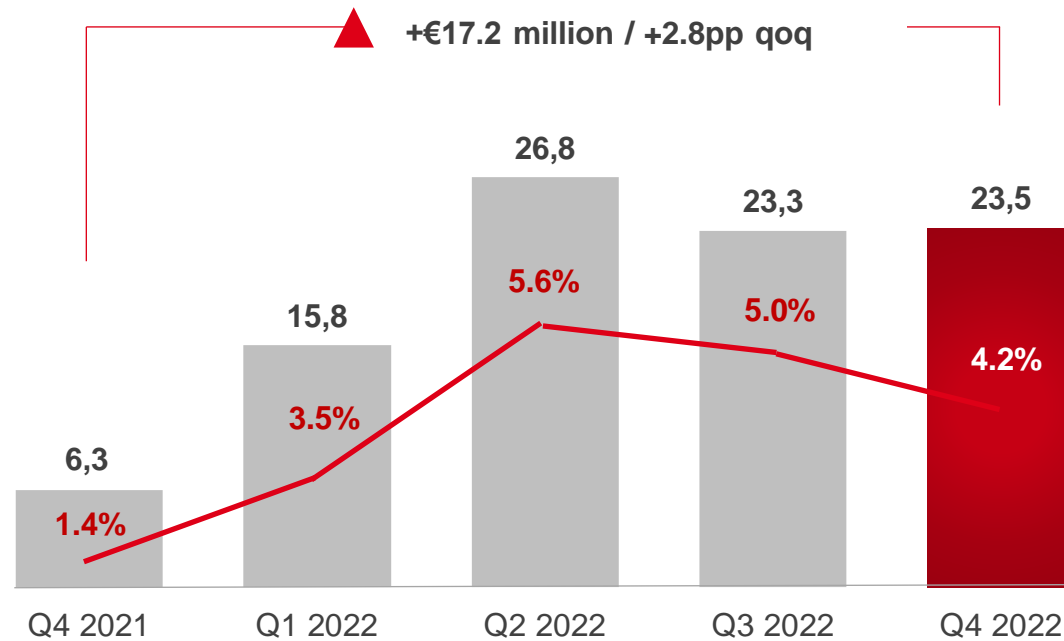
Revenue breakdown by application segment 2022 (2021)



All regions and application segments recorded increases in revenue

Strong improvement in profitability

Adjusted EBIT (€ million)
EBIT margin before exceptional items





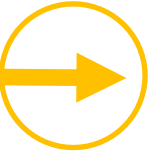

- Adjusted EBIT¹ improved to €89.4 million in 2022 (2021: €37.2 million) due to:
 - Economies of scale
 - Market-oriented pricing policy
 - Cost-saving measures
- EBIT margin before exceptional items increased to 4.6% (2021: 2.3%)
- Net income before exceptional items amounted to €86.1 million² (2021: €41.3 million)
- Earnings per share before exceptional items came to €0.71 (2021: €0.34)

Performance initiatives increasingly bearing fruit

Moderate growth expected



Guidance for 2023

Unit sales		175,000 to 195,000 DEUTZ engines ¹
Revenue		€1.9 billion to €2.1 billion
Adjusted EBIT margin ²		4.0% to 5.0%
Free cash flow		Mid-double-digit million € amount ³

- Solid order backlog provides visibility for first 7-8 months
- Price increases in FY2022 should have a positive roll-over effect
- But cost increases in FY2022 will have a negative roll-over effect
- Energy prices and new wage agreements will burden cost base with a double-digit million € figure

Financial calendar and contact details



Financial calendar

2022 Annual General Meeting (virtual)	April 27, 2023
Q1 2023 quarterly statement	May 4, 2023
H1 2023 interim report	August 10, 2023
Q3 2023 quarterly statement	November 9, 2023

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