



160
YEARS



DEUTZ FY 2023

Presentation for seat11a

—

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March, 2023

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.

AGENDA



- **Overview of FY 2023 & Strategy Update**
- FY 2023 in numbers
- Guidance for 2024

Again, 2023 was a year of profitable growth for DEUTZ!



Solid growth – Top line

3.0%

Growth in number of engines sold
186,718 engines
(Classic segment)

7.6%

Service revenue growth
to
€484 million

7.8%

Group revenue growth¹
to
€2.1 billion

Significant increase – Bottom line

5.7%

EBIT margin²
(Group):
€120 million;
+35% vs. 2022

7.0%

EBIT margin³
continued operations
€144 million

8.8%

Classic EBIT margin³ :
€180 million;
+40% vs. 2022

DEUTZ with a track record of delivering our promises

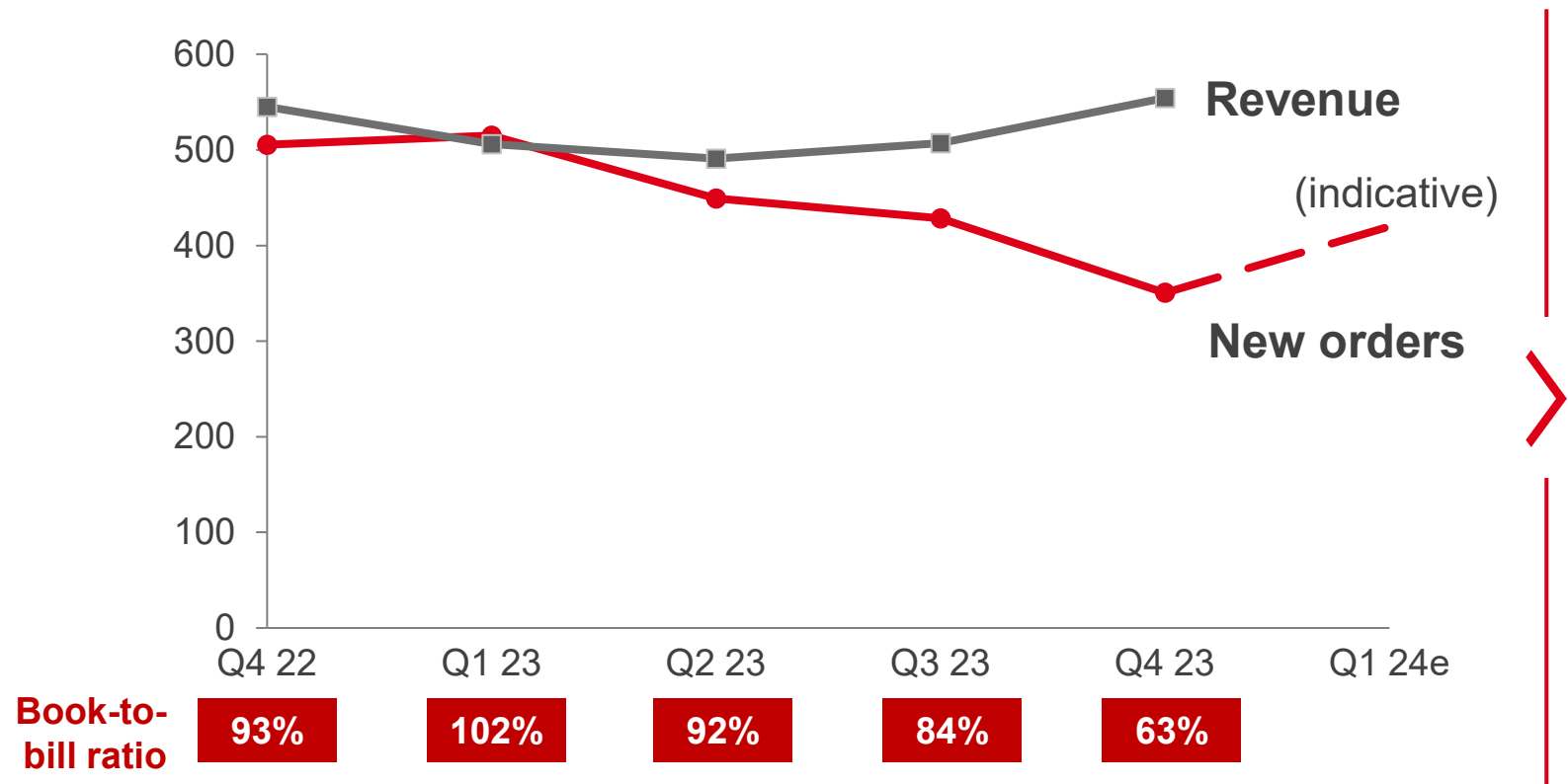


	Guidance vs. actual		Guidance		2023 actual	
	2021	2022	2023			
Unit sales Units ¹	✓	✓	185,000-190,000	>	186,718	✓
Revenue	✓	✓	~€2.1 billion	>	€2.1 billion	✓
EBIT margin²	✓	✓	5.3-5.8%	>	5.7%	✓
Free cash flow³	✓	✓	Mid double-digit-million-euro amount	>	€55.9 million	✓

Order intake with positive trend

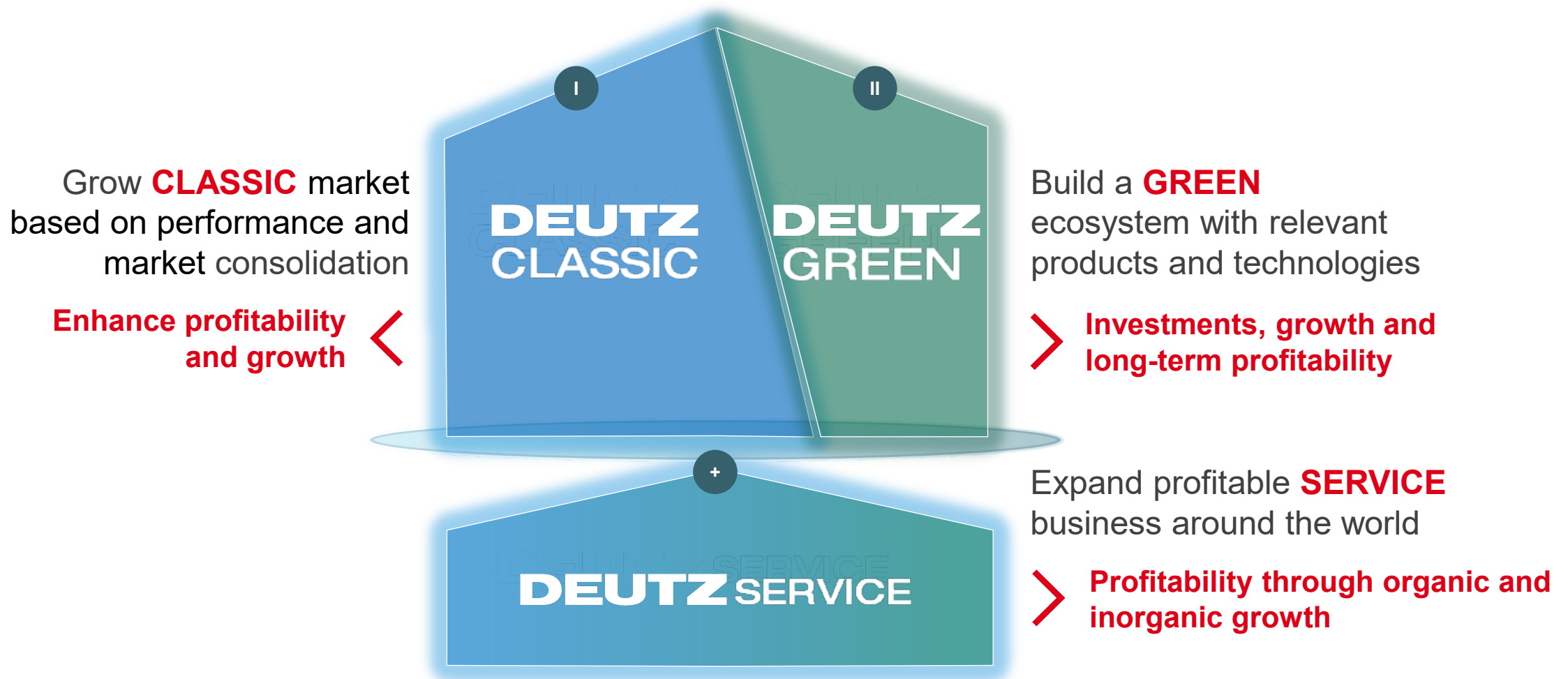
Book-to-bill trend (DEUTZ Classic)

Revenue and new orders in € million



- Normalization after end of fixed-volume program and stabilization of supply chain
- Orders on hand of 3-4 months
- USA remains most dynamic region
- Positive trend in new orders foreseeable for Q1 2024

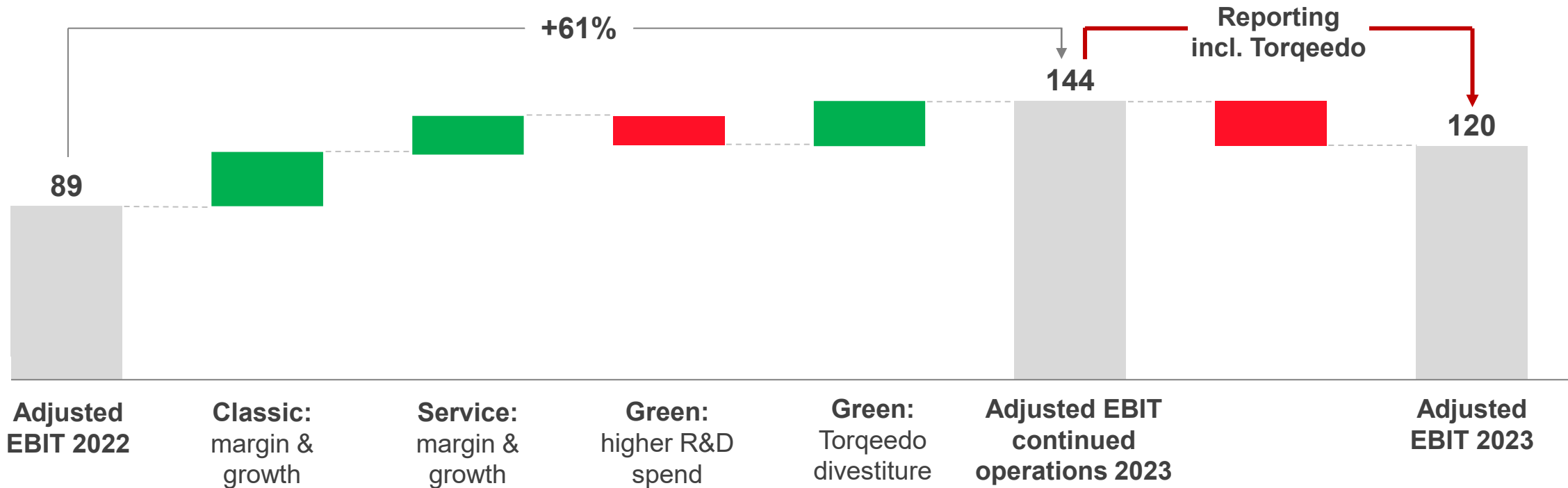
DUAL+ strategy



Implementation of strategy with positive impact on 2023 result

All pillars of our strategy contribute to sustainable performance improvement

€ million



Classic segment highlights

Strategic partnerships and focus on performance



Strategic partnerships

- **Active market consolidation initiated** – an important step closer to our goal of becoming one of the top 3 independent engine producers by 2030
- Partnership with **Daimler Truck** for HDEP and MDEG engines: implementation by 2028
- Partnership with **Rolls-Royce Power Systems**: earlier takeover of sales activities for HDEP and MDEG off-highway engines, start in 2024

DAIMLER
TRUCK



Performance improvements

- Continuation of our **successful pricing campaign**
- Efficiency enhancement in production, including **automation**
- **Flexible capacity management**: third shift established in summer 2023, reduction in February 2024
- **Successful management of suppliers' price increase requests**; focus on reducing material costs in 2024



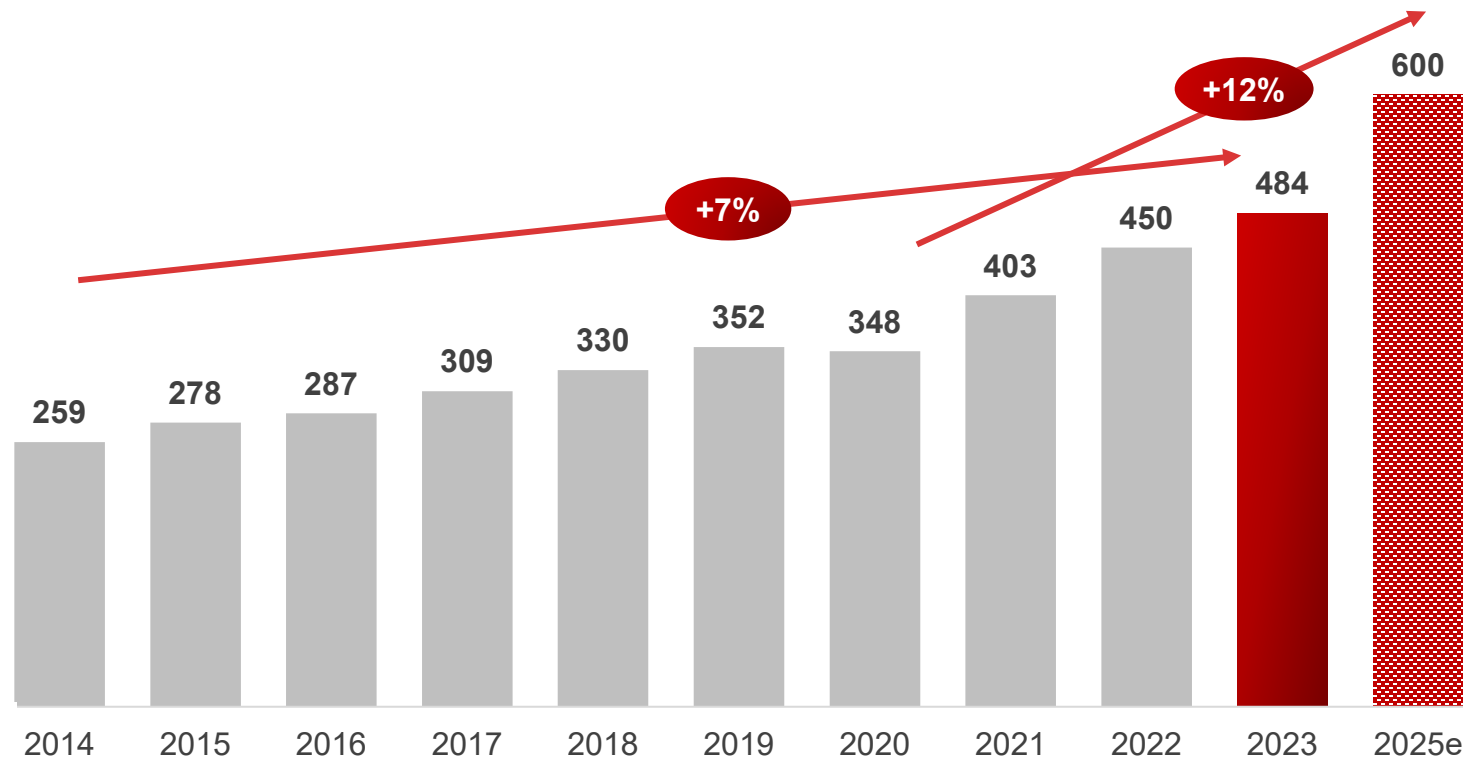
Service highlights | Implementation of growth strategy

10-year growth of >7% p.a., increased growth since 2021



Service revenue growth

€ million



- Consistent implementation of Service strategy (target: €600 million top line in 2025)
- Further development of existing business as key driver
 - Expansion of service center network (e.g. USA), innovative approaches (e.g. “Technician in a Van”)
- Growth contribution from acquisitions: FY contribution of South Coast and Ausma as well as first revenue from DEUTZ Nordic and Hochschild



Green highlights

Divestiture of Torqeedo

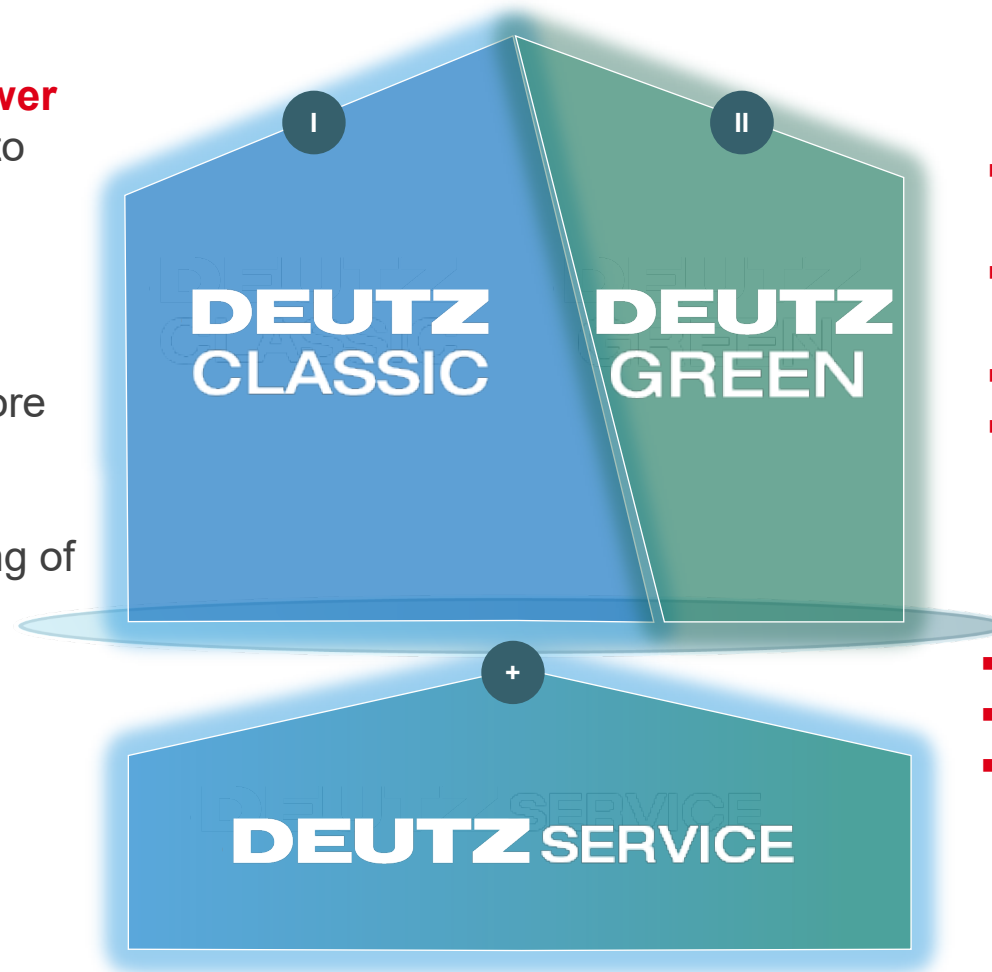


- Sale of Torqeedo to Yamaha Motors – as “best owner”
- Important step in ongoing process of repositioning and focusing Green segment
- Basis to focus on more customer-oriented approach towards green drivetrains
- Key aspects of the transaction:
 - Torqeedo EBIT loss in 2023 approx. -€23 million
 - Signing in January 2024, closing expected after Easter
 - Cash-in expected in high double-digit-million-euro range
 - Book gain expected in low double-digit-million-euro range

Divestiture of Torqeedo: important step in refocusing Green segment

Strategy implementation: focus for 2024

- **Integration of Rolls-Royce Power Systems business** – expected to boost earnings from mid-2024 onwards
- **Performance focus** (e.g. material cost reduction, capacity optimization through more flexible shift operation models in Cologne)
- **Market consolidation**: Screening of further **acquisition targets**
- Winning **new customers** for engines >4l



- Implementation of **China hydrogen GenSet order**
- Further **expansion** of new orders and customer projects
- Closing **Torqueedo** deal (M&A)
- **Focussing** on Green activities
- Continuing **organic growth**
- Further **M&A** in preparation
- Expand into new business models (e.g. telematics)

AGENDA



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- **FY 2023 in numbers**
- Guidance for 2024

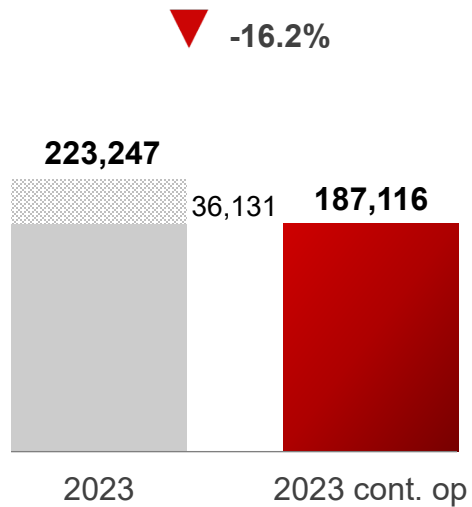
FY 2023 results

Comparison overall group / continued operations



Unit sales

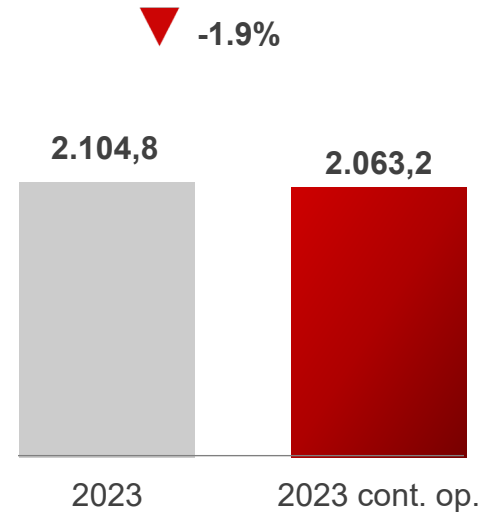
Units



thereof Torqeedo

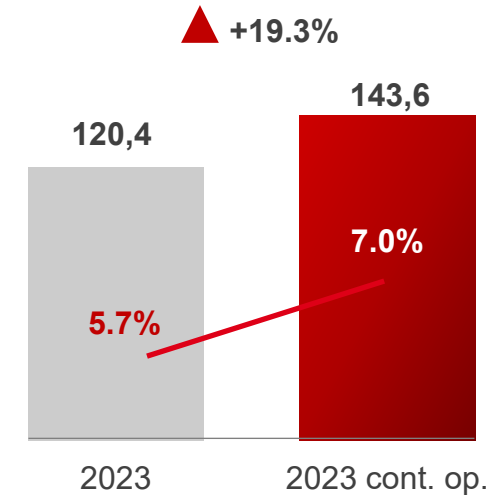
Revenue

€ million



Adjusted EBIT/margin

€ million

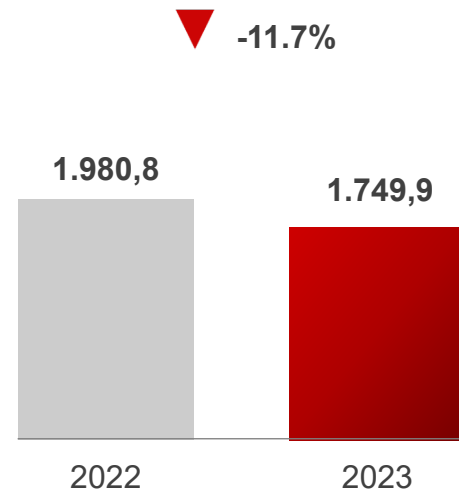


- Elimination of Torqeedo engine sales only with marginal impact on revenue
- Sustainable improvement of the adjusted EBIT due to discontinuation of Torqeedo business

FY 2023 results¹ compared with previous year

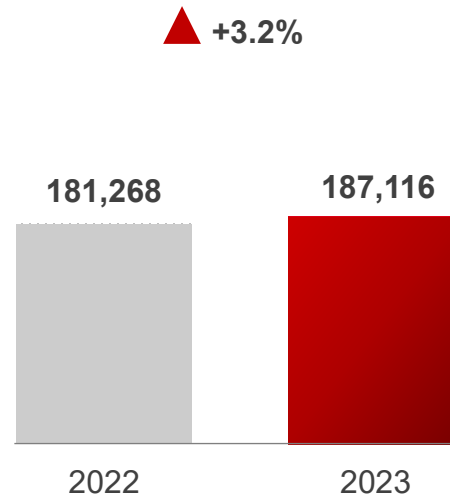
New orders

€ million



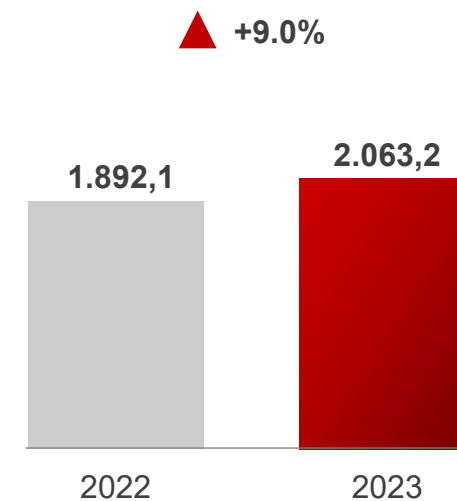
Unit sales

Units



Revenue

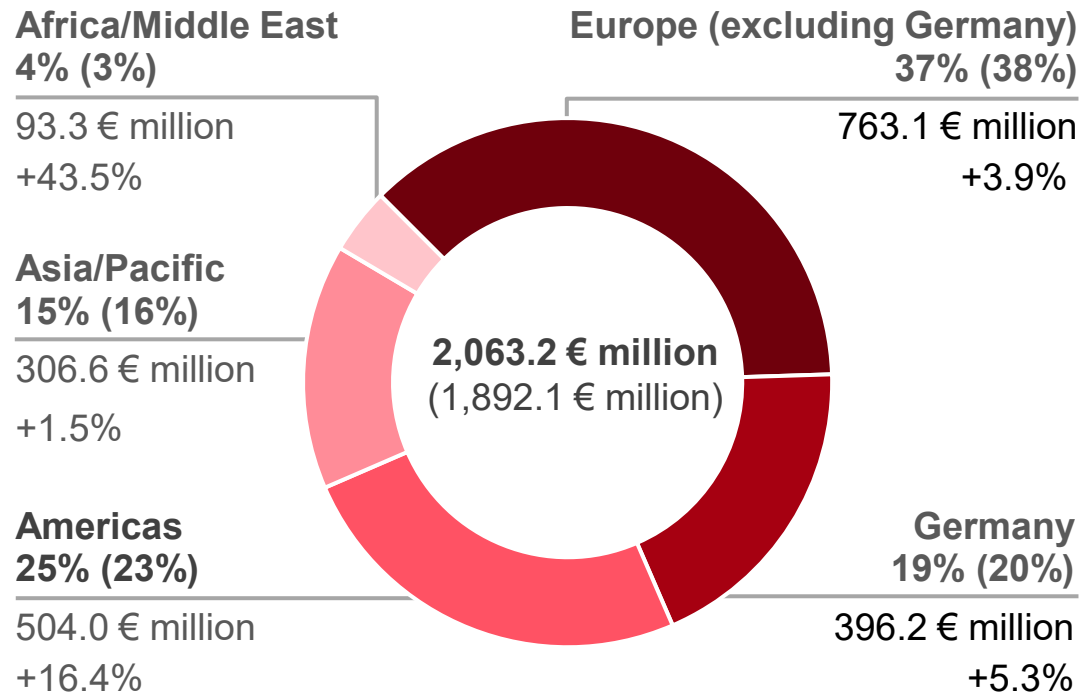
€ million



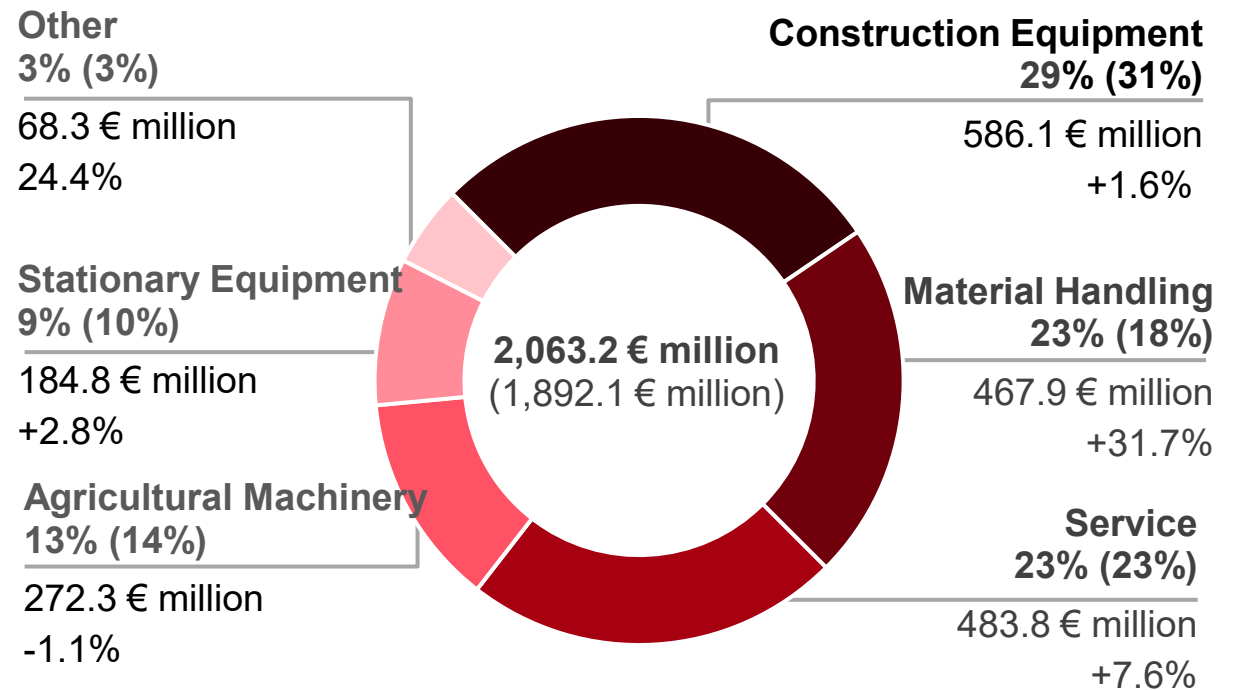
- New orders below previous year's high level – book-to-bill ratio 0.85 (2022: 1.05)
- Unit sales growth of 3.2% driven by growth of DEUTZ engines to 186.7k units
- Orders on hand normalized to a level of €450.4 million as of December 31, 2023 (December 31, 2022: €766.5 million)

FY 2023 revenue growth in detail¹

Revenue breakdown by region 2023 (2022)



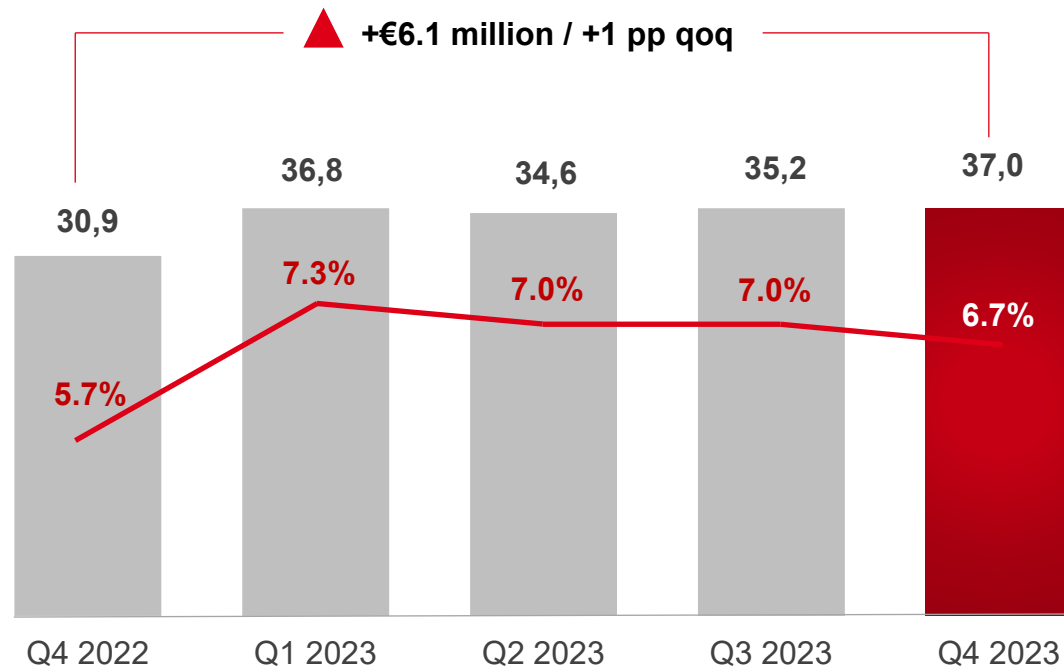
Revenue breakdown by application segment 2023 (2022)



Positive revenue trend across all regions; US continues to be growth driver for DEUTZ

Significant profitability improvement¹ in continued operations

Adjusted earnings in € million EBIT margin before exceptional items

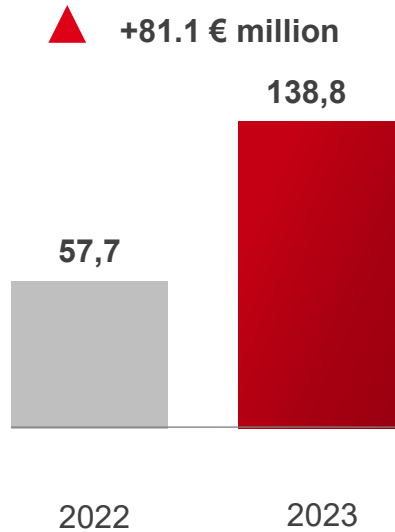


- Improvement in 2023 EBIT before exceptional items to €143.6 million (2022: €103.5 million) due to:
 - Expansion of profitable service business
 - Market-oriented pricing
 - Cost-saving measures
- EBIT margin before exceptional items increased to 7.0% (2022: 5.5%)
- Extraordinary items of -€20.1 million mainly due to impairments on capitalized R&D
- Consolidated net income of €81.9 million (2022: €80.2 million)
- Earnings per share of €0.66 (2022: €0.66)

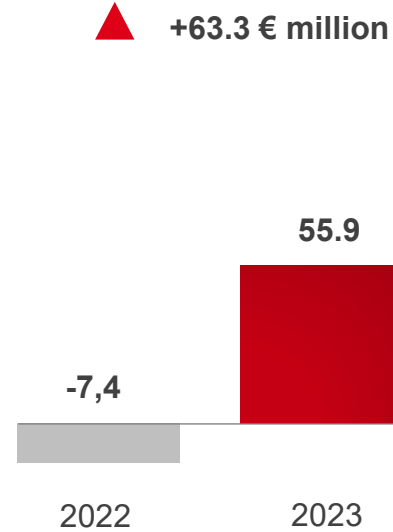
Performance initiatives continuing to pay off

Cash flow and net financial position¹

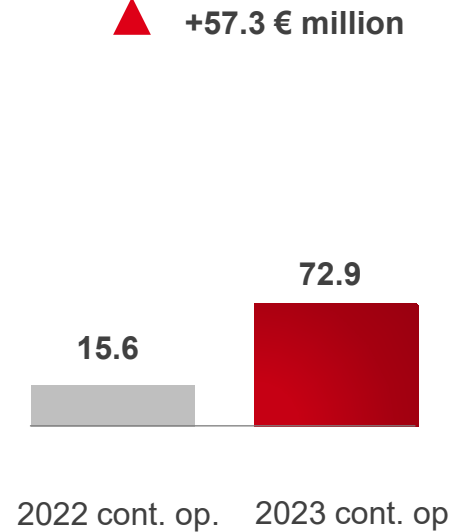
Cash flow from operating activities
€ million



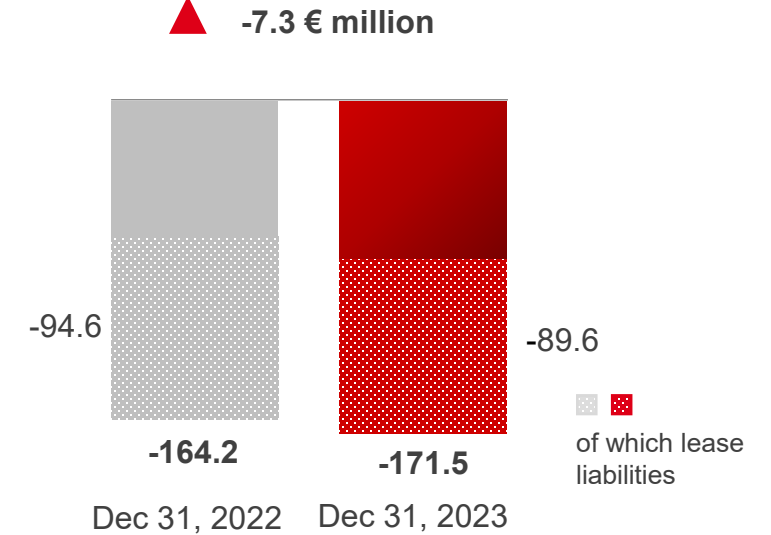
Free cash flow before M&A²
€ million



Free cash flow before M&A² Continued operations
€ million



Net debt
€ million



- Increase of operating cash flow due to improved earnings and lower increase in working capital
- Free cash flow before M&A in line with guidance
- Divestiture of Torquedo positive for cash situation
- Slight increase of net debt due to M&A activities

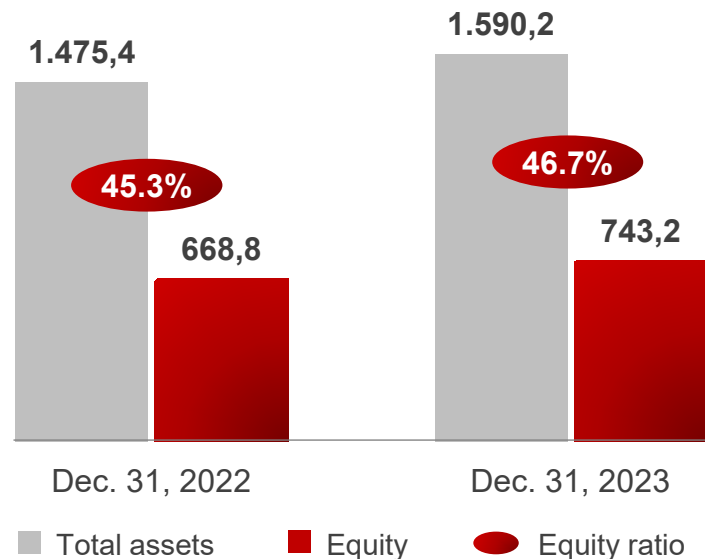
Solid balance sheet

Proposed increase of dividend to €0.17

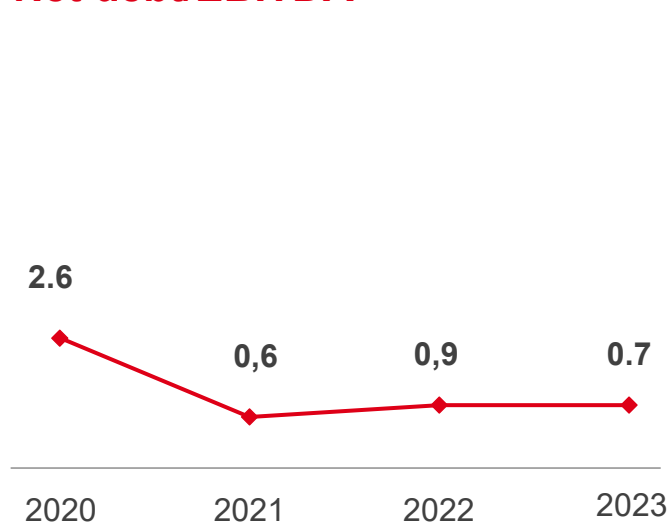


Equity and equity ratio

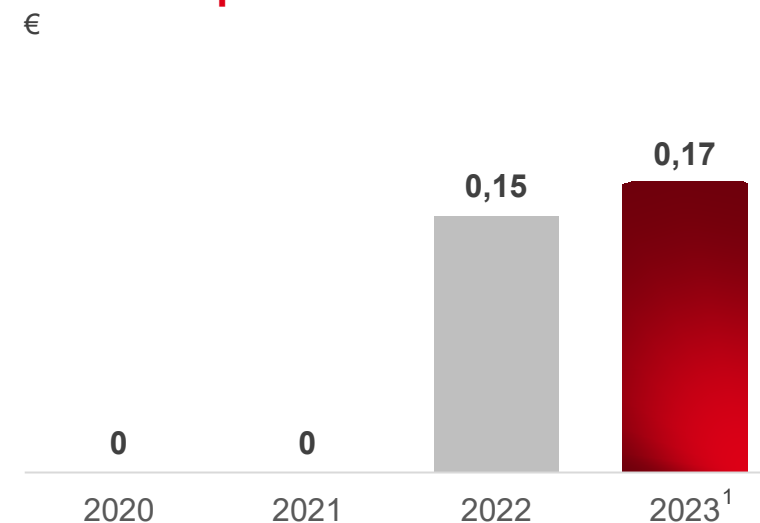
€ million



Net debt/EBITDA¹



Dividend per share²



- Improvement in equity ratio thanks to higher equity
- Solid net debt/EBITDA
- Dividend proposal provides for a further increase in line with the distribution policy to €0.17

Sufficient financial firepower for further inorganic growth

AGENDA



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- **Guidance for 2024**

Global market forecasts for 2024



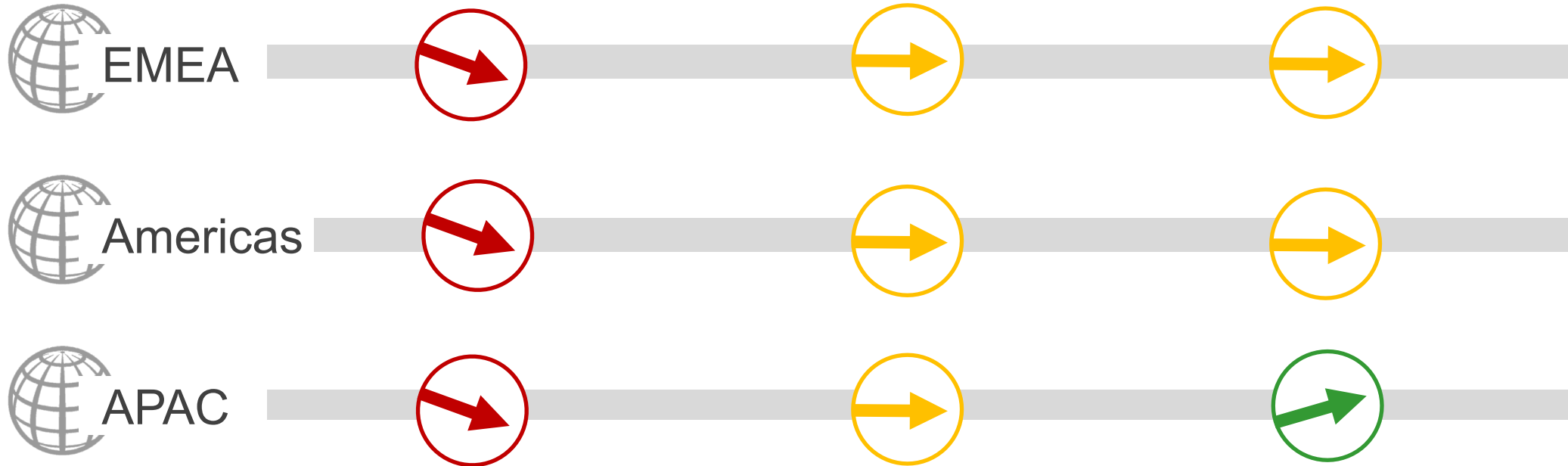
Agricultural Equipment



Construction Equipment



Material Handling



End markets expected slightly weaker or stable in 2024

Stable operating performance expected in FY 2024



Guidance 2024

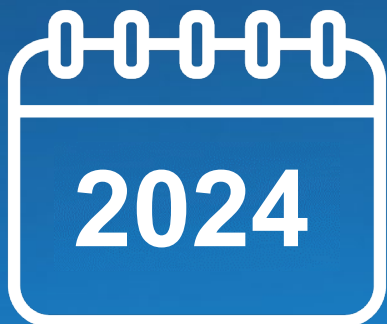
Unit sales		160,000 to 180,000 DEUTZ engines
Revenue		€1.9 to €2.1 billion
Adjusted EBIT margin¹		5.0 to 6.5%
Free cash flow²		Mid double-digit-million-euro level

- Lower demand reflected in expectation for unit sales
- RRPS agreement expected to add positive revenue effect from mid-2024 onwards
- Significantly more robust pricing and cost structure offsets lower unit sales volumes
- Rolls-Royce Power Systems agreement and Torqeedo divestiture will lead to positive EBIT effect

Financial calendar and contact details



160
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Financial calendar

Q1 2024 quarterly statement	April 30, 2024
2024 Annual General Meeting (virtual)	May 8, 2024
UBS Pan European Small and Mid-Cap Conference, London	May 15, 2024
Warburg Highlight Conference	June 6, 2024
H1 2024 interim report, Hamburg	August 8, 2024
Q3 2024 quarterly statement	November 7, 2024

Kontakt

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