DEUTZ

H1 2024 – Seat11 presentation

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.

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

New orders

€791 million

Overall -18.1% on prior-year period due to weak orders particularly from construction and agriculture – mitigated by **increased service orders** (+6.5%)

Revenue

€876 million

-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%**

EBIT margin[1]

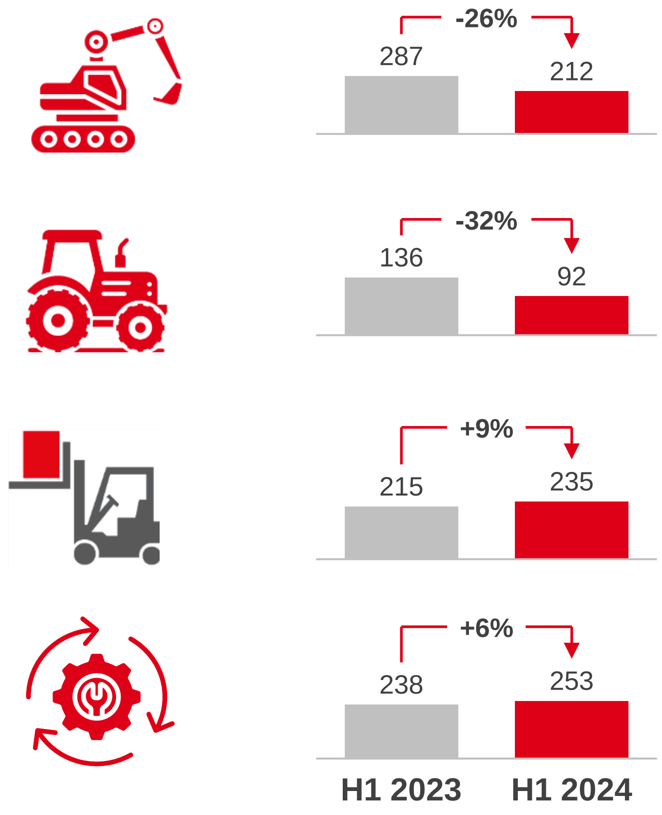
5.7%

Business shows **improved resilience** against tough economic environment; **margin well in line with guidance**

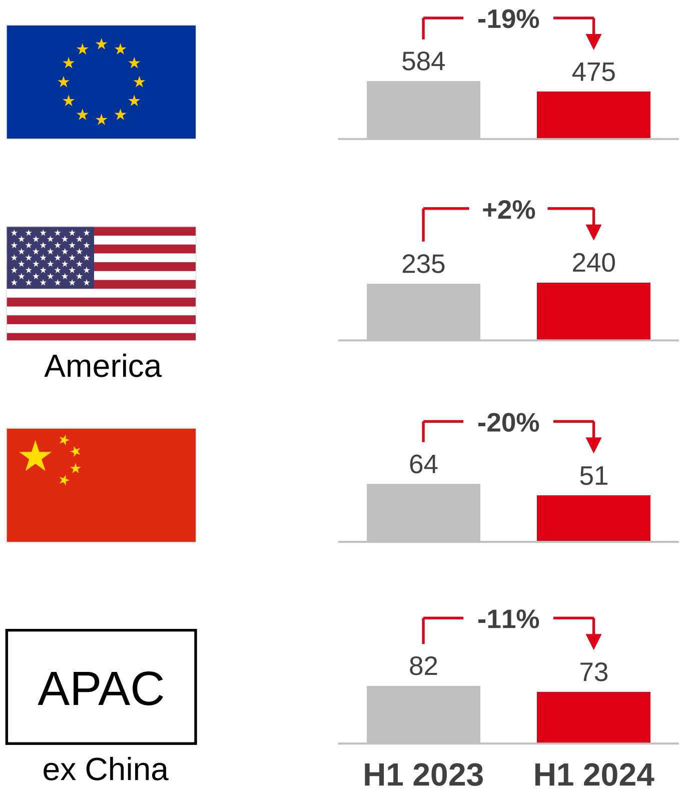
Note: Relates to continuing operations only. [1] Before exceptional items.

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

Segment view (revenues in € million)

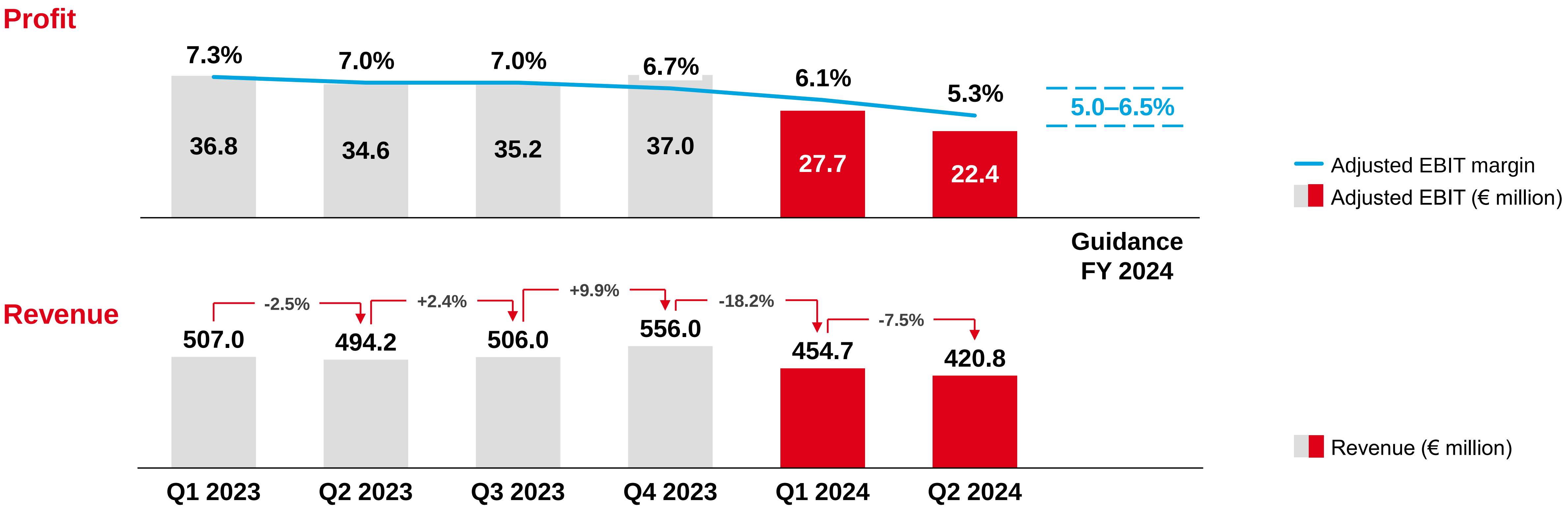


Regional view (revenues in € million)



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

Profitability still robust despite cyclical decline in revenue



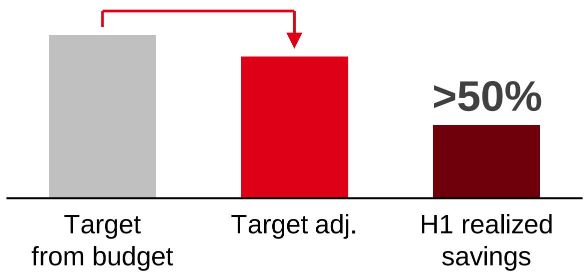
Performance initiatives and expansion of service business stabilize profitability

Note: Relates to continuing operations only.

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

Direct spend savings

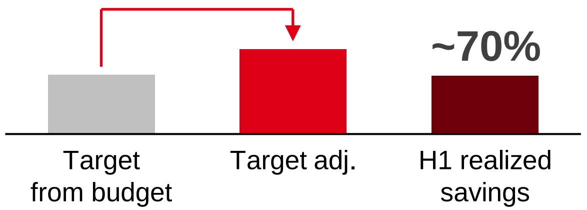
- **Realized savings** in H1 2024 of a **low double-digit million-euro** amount
- **Savings target** only slightly lowered from initial budget due to **volume dependency**



- **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

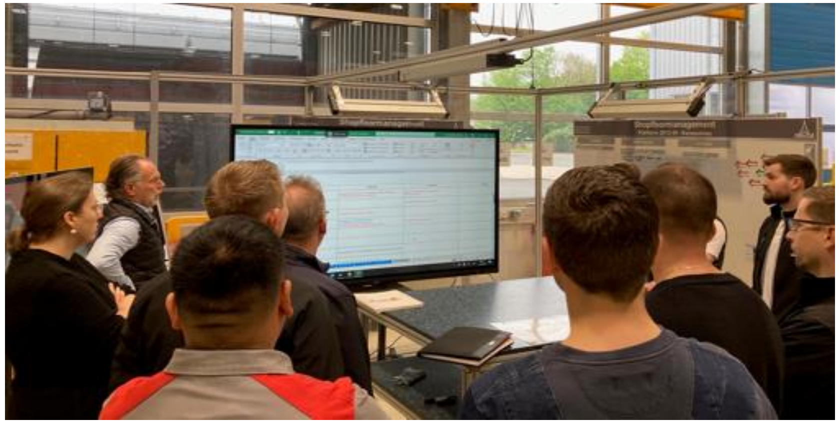
Indirect spend savings

- **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



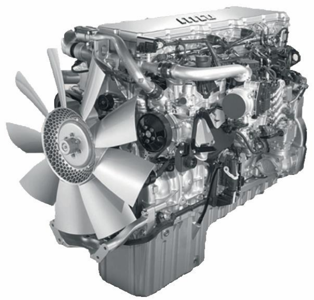
- Successful start of **scalable and flexible production system 'Band 6'** in April – allowing to respond to changing market requirements **more efficiently**
- Equipped for full production of 4–8 liter **both diesel and hydrogen** engines
- Start of **serial production of TCG 7.8 H2 hydrogen engine** 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



Daimler Truck partnership opens up new markets and customers

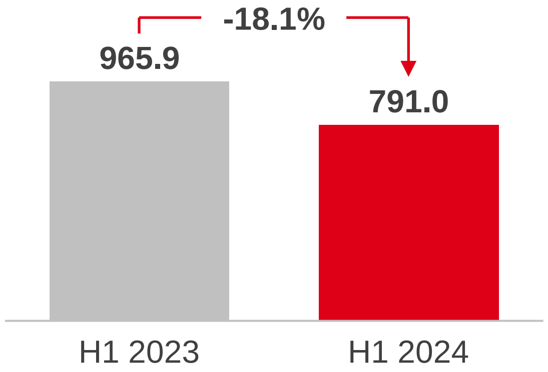
BELL
Mining & Construction

CLAAS

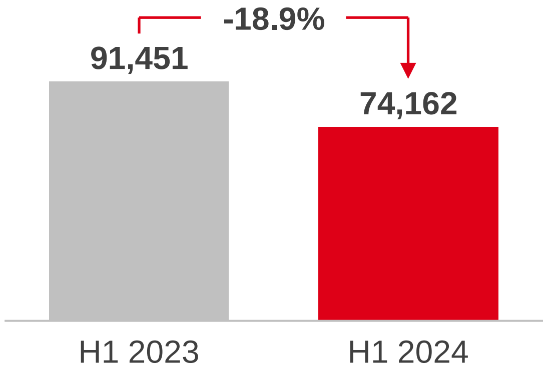
PONSSE

Results for H1 2024[1]

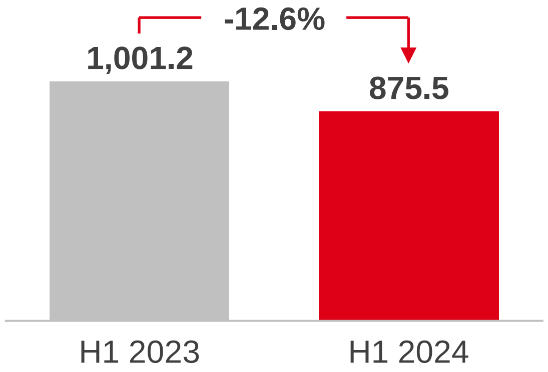
New orders
€ million



Unit sales
Units



Revenue
€ million



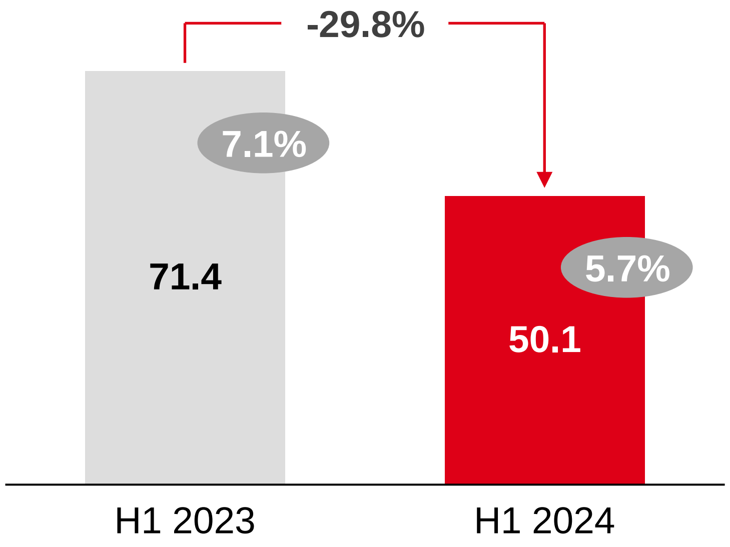
- Book-to-bill ratio at 0.90 (H1 2023: 0.96) and orders on hand at €365.9 million (December 31, 2023: €450.4 million)
- Decrease in unit sales partially compensated for by growing service business revenues and market oriented pricing, leading to less pronounced decline in revenue

[1] Relates to continuing operations only.

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.

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

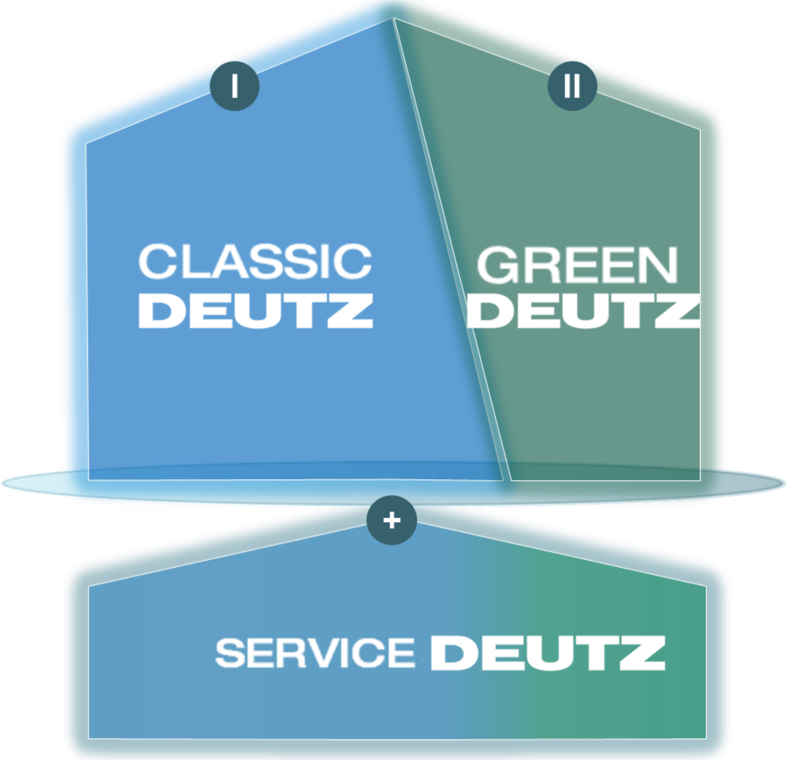
Guidance for 2024

	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.

DEUTZ CAPITAL MARKETS DAY 2024

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October 8, 2024

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160
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