

We ensure
the world keeps moving



160
YEARS

DEUTZ Company Presentation

—
October 2024 | Cologne

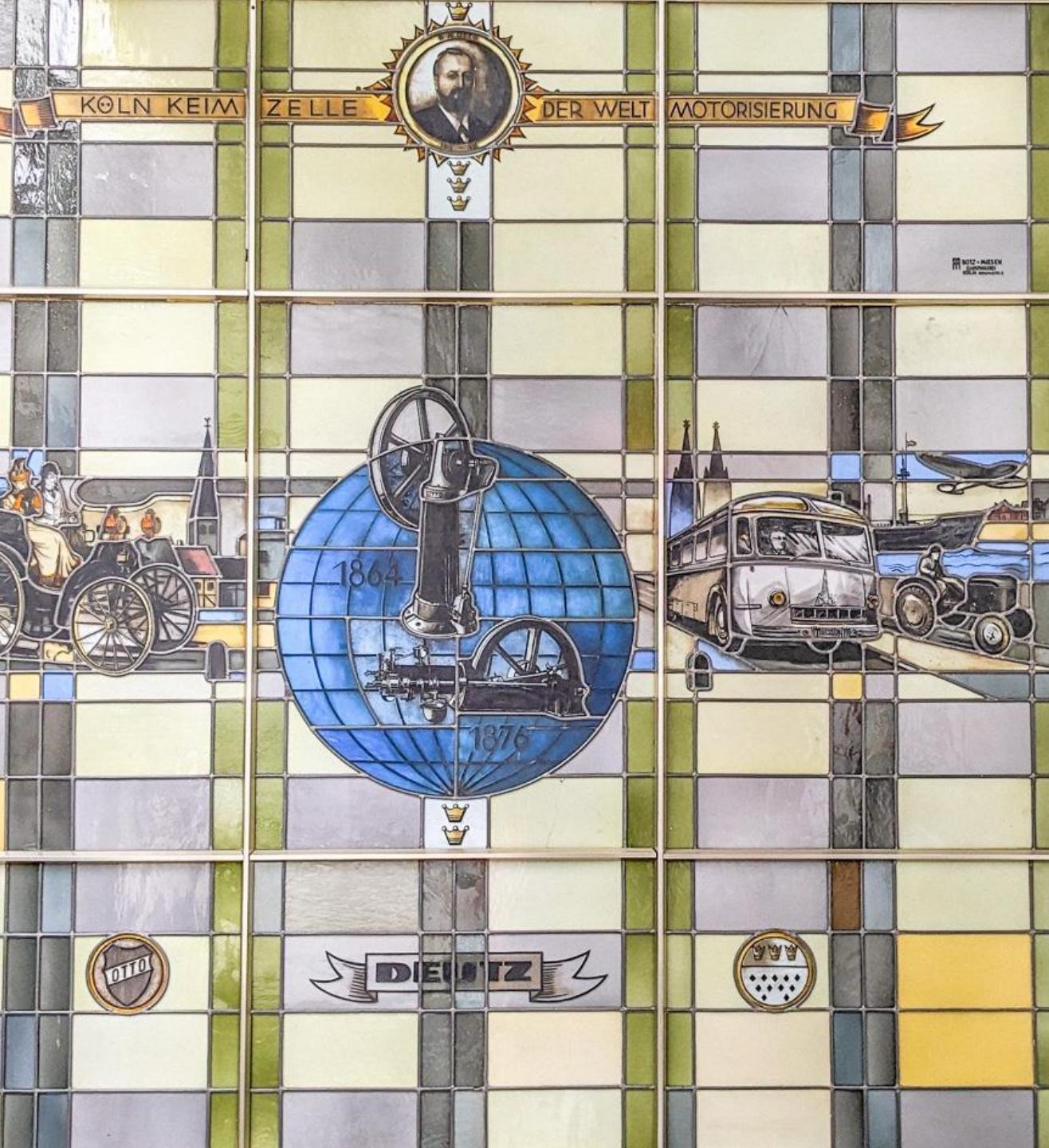
Disclaimer



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.



**Our mission:
We ensure the world
keeps moving**

About us

DEUTZ at a glance



Founded in 1864 – oldest **independent engine manufacturer** in the world headquartered in Cologne



Innovative product portfolio from diesel to gas to electric and hydrogen-powered drives for **off-highway applications**



Global production and service network



~€ 2.1 billion revenue in 2023



~€ 98 million invested in research and development in 2023



More than 5,000 employees worldwide



Our mission: We ensure the world keeps moving

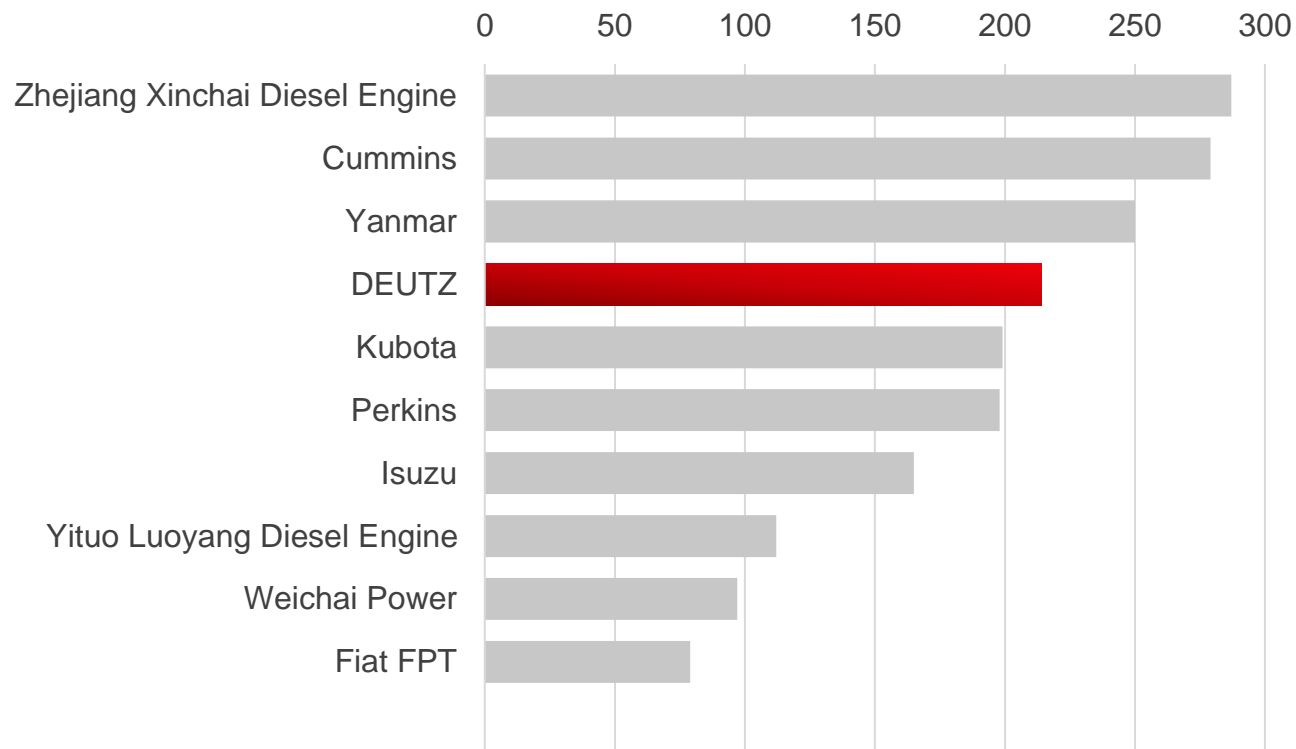
DEUTZ in the competitive environment

DEUTZ No. 4 in the non-captive off-highway segment



Top engine manufacturers, non-captive

Off-highway engine production 2022, share (in thousands)



Our goal: To establish DEUTZ among the top 3 independent drive manufacturers by 2030

DEUTZ Customers

Global OEM customers (examples)



Construction Equipment



Material Handling



Agricultural Equipment



Other



DEUTZ fields of application

Diverse drive systems for different performance requirements



Construction machinery Material handling Agricultural machinery Stationary systems Others



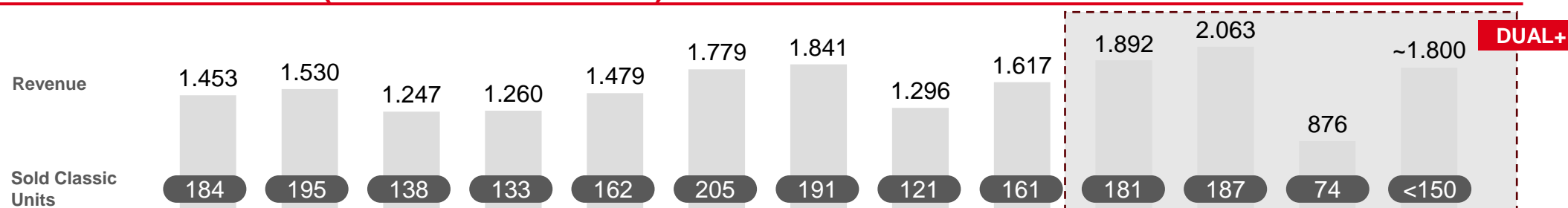
Diesel	eFuels/HVO	CNG/LPG	Electric	Hydrogen

7 ¹ Sales share based on Group revenue 2023, excl. service business (23%).

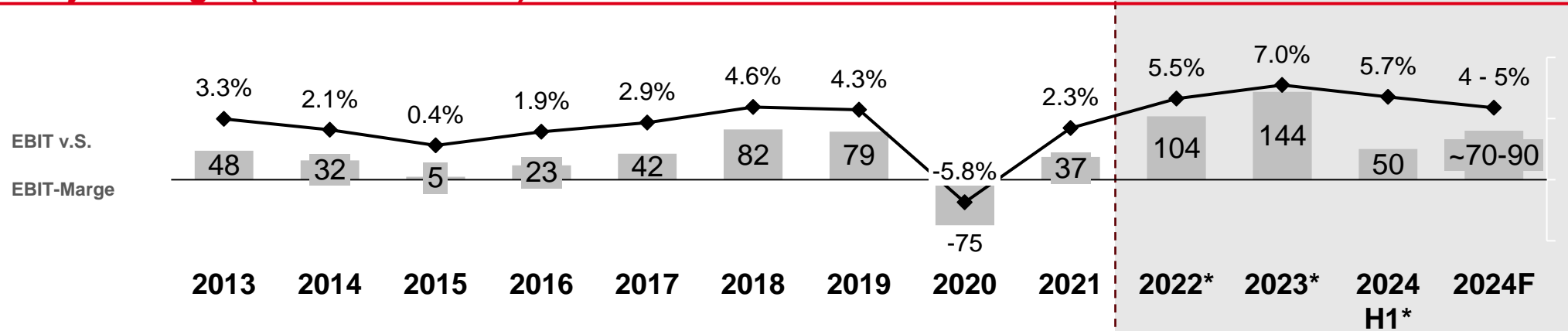
Our margin performance remains resilient and more robust than in the past



Revenue & Sales volume (in € million/ in k units)



EBIT Adj. & Margin (in € million/ in %)



DEUTZ still in cyclical business, but despite recent 2024 guidance adjustment with visibly higher resilience

We have clear strategic criteria which define our path forward



Profitable growth

Finding the areas in which we can grow successfully and profitably - always with a "right-to-win"!



Relevant portfolio

Further develop our portfolio based on our capabilities so that we continue to have competitive offerings (products as well as business models) in the future – or buy in where it makes sense



Resilient set-up

Continue to work on being less dependent on economic cycles, have long-term access to the right suppliers and operate our sites successfully

Future viability and value enhancement of DEUTZ

We are in an environment which is dynamic and offers opportunities for profitable growth



Urbanization & population growth



Climate protection & new energy mix



Digitalization & rising consumption



Growth opportunities primarily in efficient agriculture, infrastructure (e.g. in developing countries)



Innovation and shifting markets (e.g. decentralized energy supply, H2)

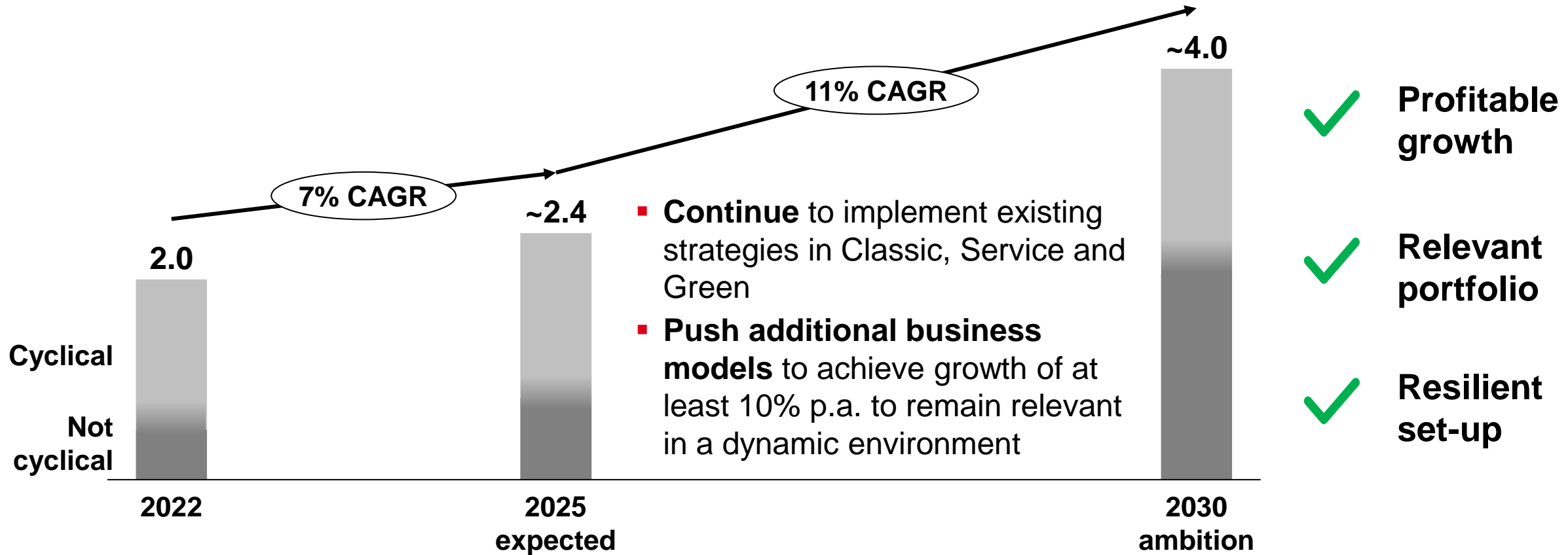


Growth in materials handling and localization of supply chains

Looking ahead we need to continue to grow – size matters



DEUTZ revenue development (in € billion)



Based on our structured “Strategic Dialogue” process, we know how to achieve the next level of growth



Our environment



- Technological developments and disruptions
- Economic and market growth
- (Geo-)political developments and framework
- Customer needs

Strategic Dialogue



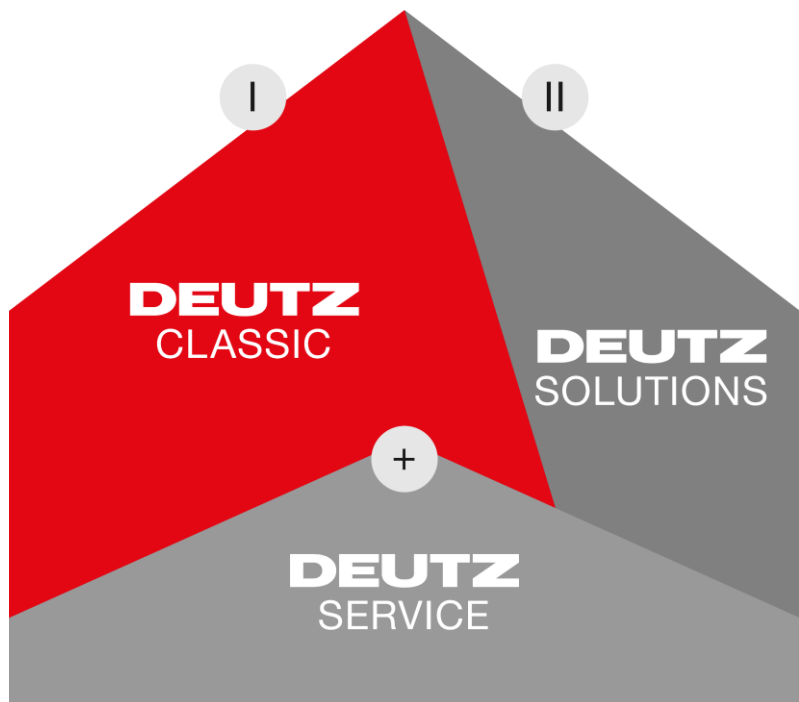
The Strategic Dialogue aims to drive sustainable revenue growth by aligning regional market insights with DEUTZ's strengths.

Our capabilities



- (Engineering) expertise and application know-how
- Customer focus and insight
- Brand recognition
- Footprint (production, sales & service network)
- Committed teams

Our DUAL+ strategy: Focus Classic

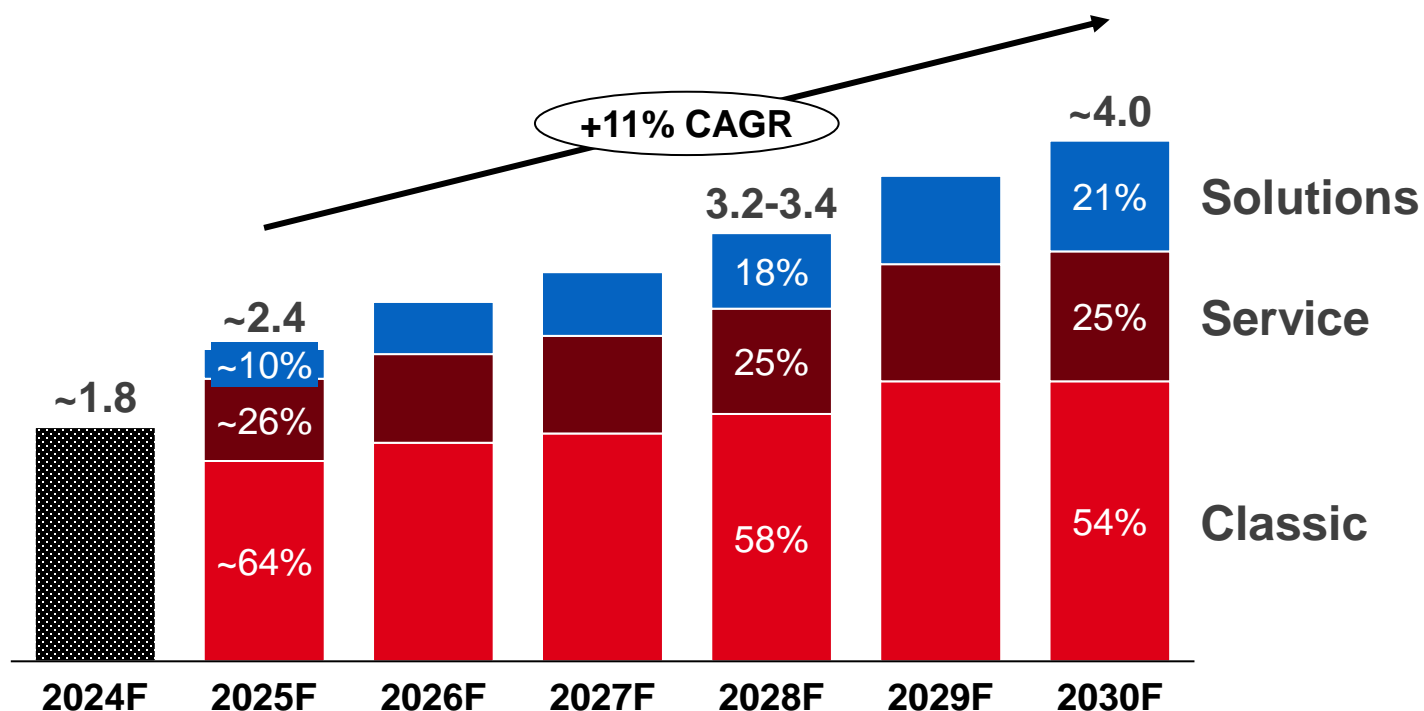


- **Continue consolidation** also in other application segments and power ranges, which will be dependent on combustion engines longer
- **Align engine portfolio** to become more cost-effective and to access high growth pockets (e.g. Defense)
- **Drive performance** e.g. via new business models (e.g. India/TAFE), flexible production set-up and resilient, efficient supply chain

Strong 2030 revenue ambition



DEUTZ mid-term revenue ambition (in € billion)



- **Solutions** expected to grow with 30% CAGR until 2030; more than €500 million revenue expected from Energy – growth driven both organically and via acquisitions and >€300 million from New Technology
- **Service** growing in line with DEUTZ overall and contributing 25% of the revenue – and even more to the EBIT
- **Classic** expected to grow in absolute terms, but overall contribution decreases

Revenue growth and changes to the business model to lead to a margin upside of 10% EBIT margin by 2030

DUAL+ continued: What this means going forward



Classic

- **Continue consolidation** also in other application segments and power ranges, which will be dependent on Diesel engines longer
- **Align engine portfolio** to become more cost-effective and to access high growth pockets (e.g. Defense)
- **Drive performance** e.g. via new business models (e.g. India/TAFE), flexible production set-up and resilient, efficient supply chain



Service

- Grow business to revenues of **€1 billion by 2030**
- Close **geographical white spots** and leverage acquired service offerings (e.g. former RRPS-business)
- Expand into **new business models** (e.g. 3rd party, industrial fleet)
- Invest in **digitalization** (e.g. FusionHUB)



Solutions

- **Capture value beyond engine and service** by entering businesses with right-to-win for DEUTZ, higher value chain coverage and long-term sustainability
- **Focus on tailored New Technology offering** (formerly “Green”) based on customer and market demands
- **Expand Energy** business to achieve >€500 million revenue by 2030

This will ensure profitable growth, relevant portfolio & resilient set-up

Execution of our strategic partnership with RRPS is a strong proof point



BELL
Mining & Construction



CLAAS



PONSSE



90% of customers transferred giving access to new applications with higher power ranges – strong partnerships developing



9 months from signing to execution – new set-up operational on Day 1 after closing (e.g. personnel, IT, logistics, order process)

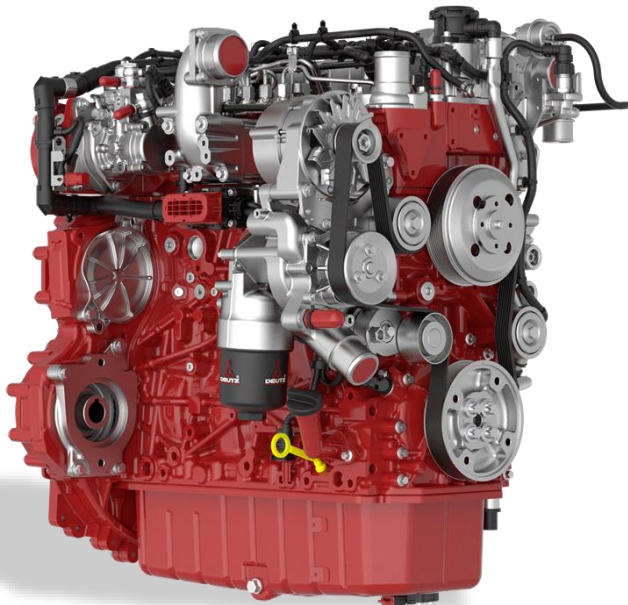


~€300 million revenue contribution in 2025 expected with attractive margin contribution

Mid 2025 we will be launching our new 3.9L engine – jointly developed with John Deere



JOHN DEERE



TCD 3.9/4.0

- Developed in cooperation with John Deere
- Production to start in 2025 – successor of highly successful 3.6L and 4.1L engine
- State of the art technical concept, e.g. one engine platform from 75kW up to 130kW, better peak performance
- Future-proofed design, e.g. due to easy scaling with other operating fluids (e.g. ReFuels, H2)



CULTIVATING
THE WORLD



*TAFE Motors is a subsidiary of TAFE,
the third largest producer of tractors worldwide,
founded 1960 in Chennai*

Long-term cooperation with TAFE Motors



- **Long-term cooperation** with **TAFE Motors** for licensed production of **DEUTZ engines starting 2027**
- **Objective:** Production of **up to 30,000 DEUTZ-engines** per year until 2030 in 2.2 liter (50-75 hp) and 2.9 liter (75-100 hp) class
- **Target markets:** Locally given increasing emission standards in India and globally

Long-term focus: Dual- and best-cost country sourcing



Introduction of **Best Cost Country (BCC) sourcing** in India (e.g., via cooperation with TAFE Motors)



Extension of **dual sourcing for engine components** to increase resilience with focus on BCC (e.g., casted and forged parts)

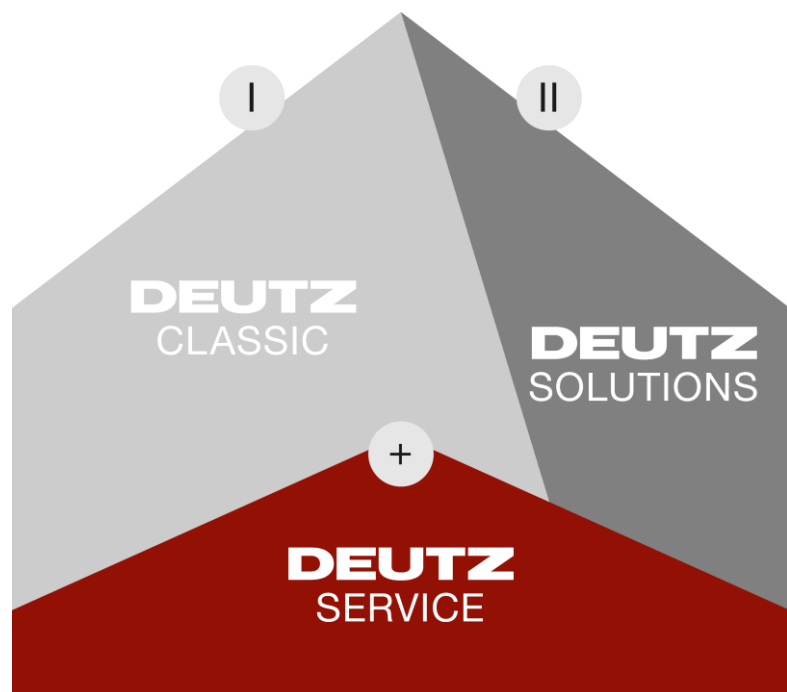


Utilization of **insourcing opportunities** to increase resilience and strengthen negotiation power with suppliers

RESILIENCE

Objective: Optimize cost-structure and ensure supply in consolidating ICE-supplier market

Our DUAL+ strategy: Focus Service



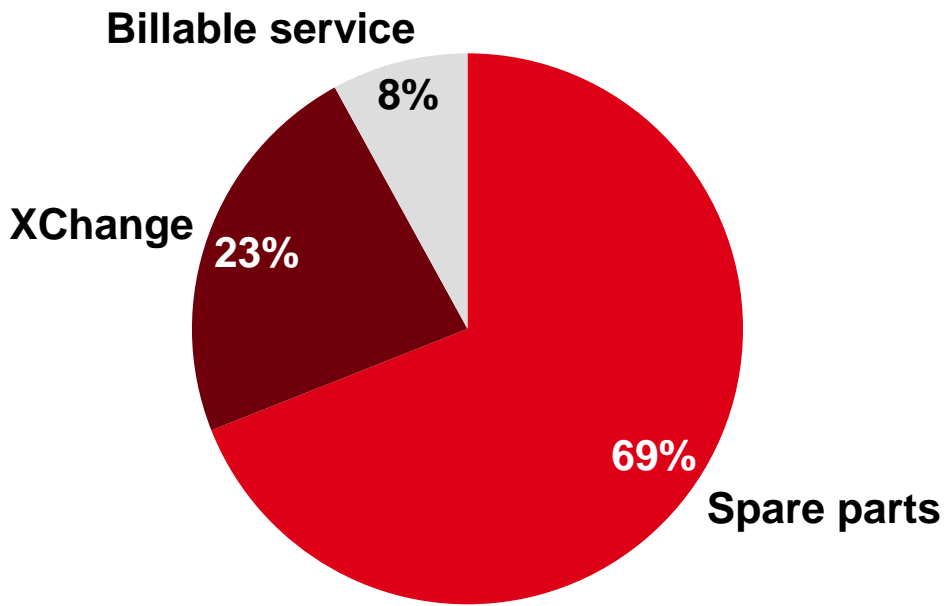
- Grow business to revenues of **€1 billion by 2030**
- Continue to invest in **network development** and establish new sales channels
- Expand into **new business models** (e.g. 3rd party, industrial fleet)
- Invest in **digital business models** (e.g. FusionHUB)
- Close **geographical white spots** and **leverage acquired service offerings** (e.g. MDEG/HDEP services from RRPS/Daimler Truck)



Our service business in a nutshell



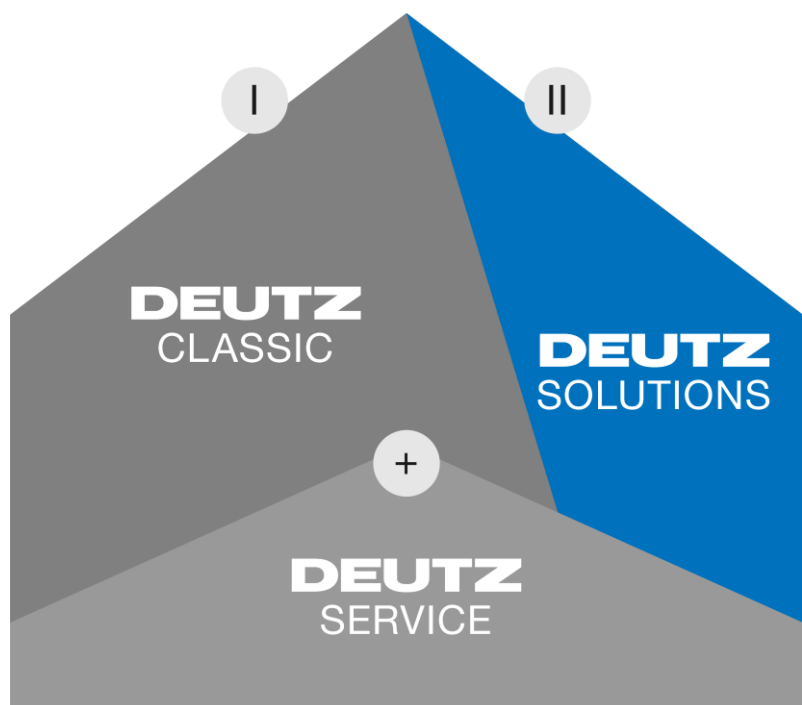
DEUTZ service sales 2023: €484 million



Global presence
>130
countries

1,025
DEUTZ service
dealers globally

Our DUAL+ strategy: Focus Solutions

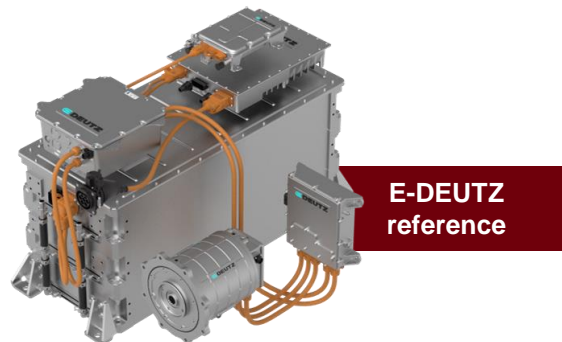


- **Capture value beyond engine and service** by entering businesses with right-to-win for DEUTZ, higher value chain coverage and long-term sustainability
- **Focus on tailored New Technology offering** (formerly “Green”) based on customer and market demands
- **Expand Energy** business to achieve >€500 million revenue by 2030

We have currently two offerings in New Technology

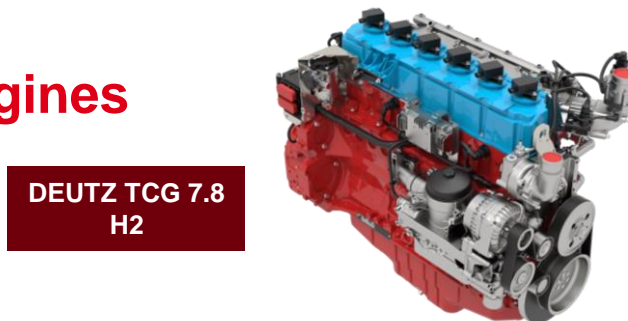


e-Products



E-DEUTZ
reference

H2 engines



DEUTZ TCG 7.8
H2

Status

- Comprehensive offering based on battery packaging, battery management systems and 360V-power systems
 - Customer-specific solutions and offerings
- H2 engine using 80% of basis technology of classic engine
 - Initial projects completed, ready for serial production

Focus application segments



Com-
pressors
& pumps



Ground
support
equipment



On road
applications



Battery



Gensets



Rail

Our H2 engine is certified for a next generation of regional trains



- RS Zero as successor of “Regio Shuttle” with first stage V certified H2 combustion engine TCG 7.8 H2 for railcars
- First train displayed at Innotrans 2024
 - 2 engines TCG 7.8 H2 (65° inclination with 200kw@2200rpm)
 - H2 tanks on the roof of railcar
 - Batteries below railcar
- First trial run of RS Zero in Thüringen starting in 2025; impact for DEUTZ expected around 2027, after start of series production

Our H2 project in Beijing was commissioned in September



- First firing of gensets with initial four H2 engines on September 11, 2024 in Beijing
- High political support with mayors of both Cologne (Henriette Reker) and Beijing (Jin Wie) present
- Potential to save 800 tons of CO₂ p.a. using grey hydrogen as a by-product of cokes plant

Energy – our genset business



Growth drivers for decentralized electricity supply in North America



Extreme weather events



More frequent occurrence of severe weather events leads to increasing power outages requiring independent energy solutions -- even for non-critical areas



Insufficient Infrastructure



Outdated power grids and increasing demand are leading to capacity overloads. Cybercrime and hybrid warfare are also threatening the stability of supply



Renewable energies



Increasing demand for renewable energies leads to volatility in the power grid and a higher demand for hybrid solutions and decentralized energy systems, such as microgrids as a connection of different technologies



Relocation of production



Relocation of production to the USA because of government subsidies; especially for high-tech sector (e.g., battery production, semiconductors); backup gensets for business-critical tasks




(Public) investments



Increasing investments in digital infrastructure (e.g. data centers) lead to higher demand for backup solutions; among other things as a result of the "Bipartisan Infrastructure Law" (airports, water infrastructure, transit)

Legend

 Impact on the market for decentralized energy supply

Blue Star Power Systems is one of the top 10 genset producers in the North American market

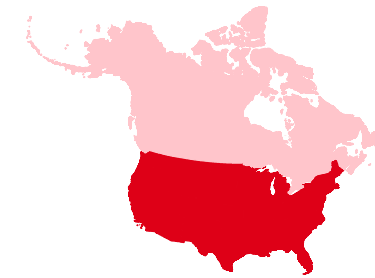


- **Acquisition** of Blue Star Power Systems closed in August 2024
- Production and sales of **diesel and gas-powered gensets** from 20 to 2,000 kW
- **120 employees**
- Expected order entry 2024: **>\$100 million**



Revenue distribution 2023

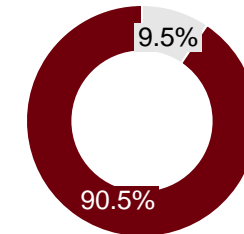
Region



Canada: 15 %

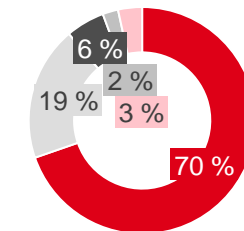
USA: 85 %

Customer type



Direct customers
Distributors

Product category

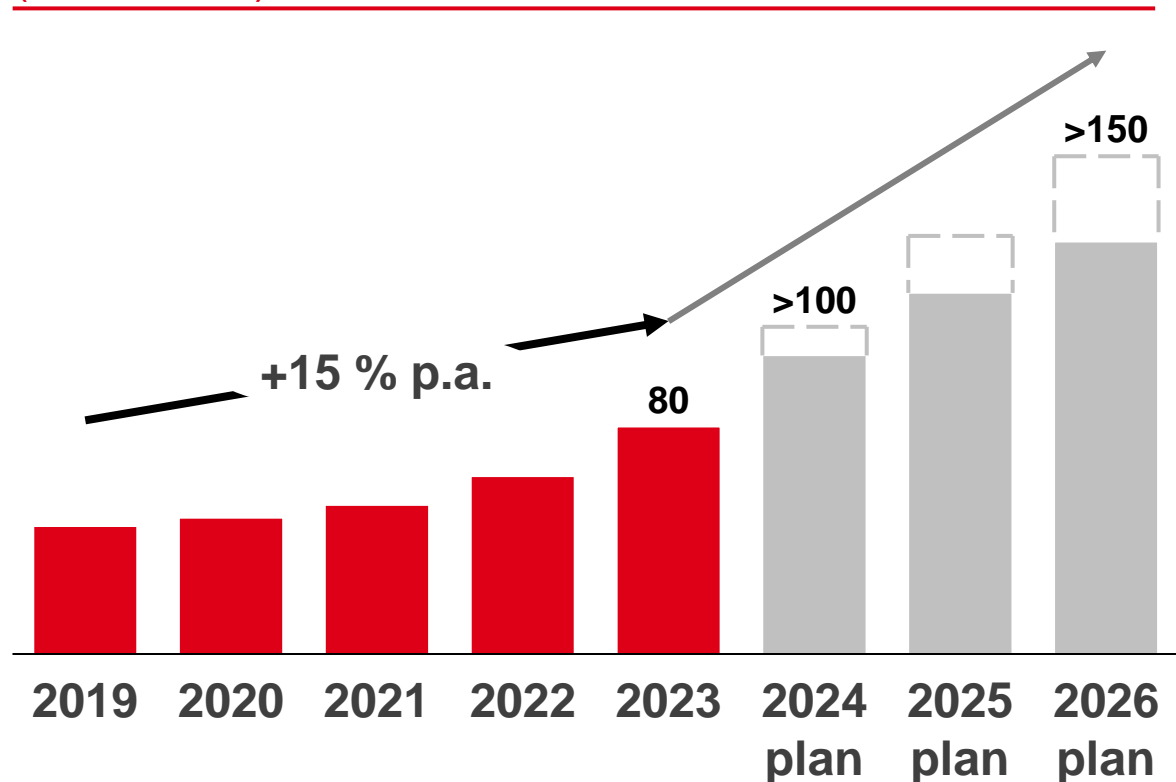


Gensets – Diesel
Gensets – Gas
Transfer switches
Transport
Components

Blue Star Power Systems has achieved a strong development in recent years and has clear growth prospects



Revenue development Blue Star Power Systems (in \$ million)



- **Growth** with 15% p.a. in recent years **above growth rate of the North American market**
- **Revenue almost doubled** since 2019, **EBITDA margin increased significantly more** in the double-digit range due to economies of scale
- Key drivers responsible for the **leap in growth** in recent years and the **positive outlook** in the coming years:
 - Entry into the distribution of gensets for microgrids with a strong customer as a partner
 - Growth in high power classes (>500 kW) with applications in airports, hospitals, production and large industrial plants

Strong current trading – revenue 2024 expected to be well above \$100 million

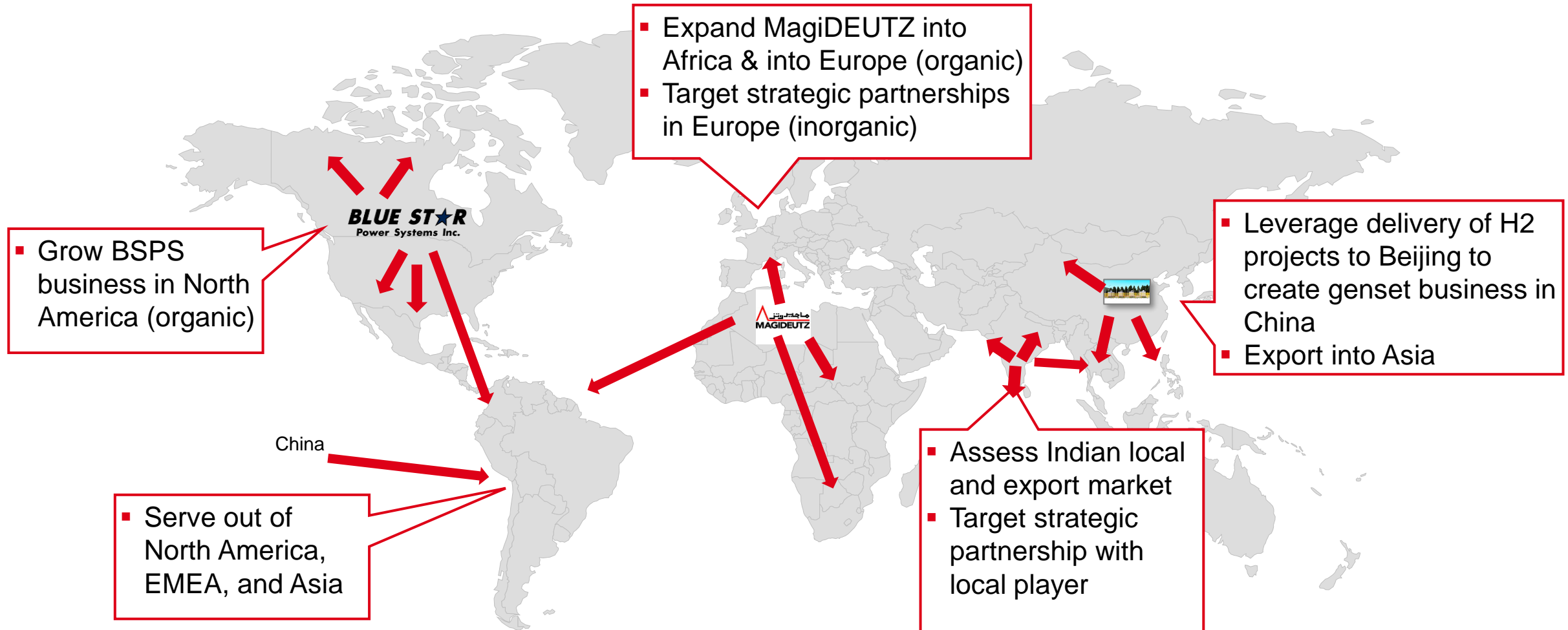


How we will lead Blue Star Power Systems



- **Part of future BU Energy** responsible for developing the Energy business overall
- **Managed on a stand-alone basis** to maintain entrepreneurial spirit
- **Selective integration focusing on**
 - Identifying commercial synergies (e.g., in Service)
 - Ensuring sufficient governance (e.g., Finance, IT, Compliance)
 - Realizing value chain potentials – long-term

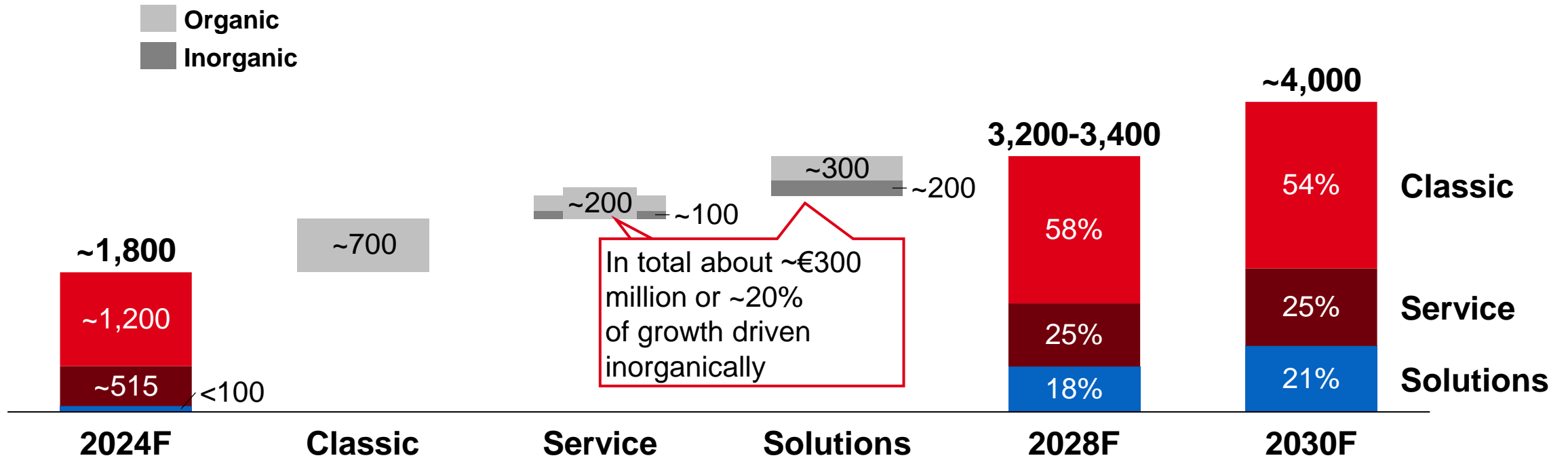
We will deploy region-specific strategies to grow the Energy business both organically and inorganically



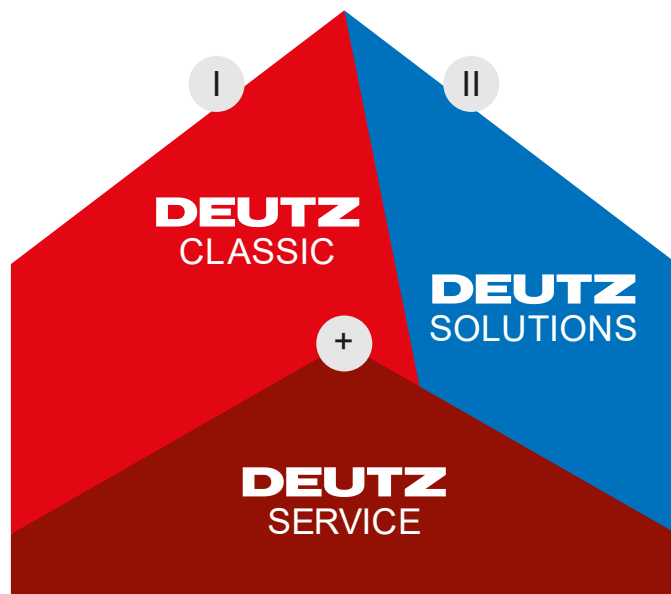
Growth in resilient Service and Solutions – Classic expected to recover



DEUTZ mid-term revenue target (in € million, indicative)



Our 2028 mid-term targets



Mid-term targets	2028	Outlook 2030
Sales	€3.2-3.4 billion	
Adjusted EBIT margin	8 to 9%	
Dividend per share	Upward trajectory: Stable or higher than previous year	



160
YEARS