DEUTZ

– Results for Q1–Q3 2023 –

November 9, 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 & highlights of Q1–Q3 2023

Dr. Sebastian C. Schulte | CEO

Key operational and strategic developments

DEUTZ

New orders

-5.5% to

€1,435.8 million

Book-to-bill ratio: 0.93

Unit sales of DEUTZ engines

+5.1% to

137,559 units

Revenue

+10.3% to

€1.54 billion

Adjusted EBIT[1]

+€26.8 million to

€92.7 million

EBIT margin[1] 6.0% (+1.3pp)

Classic segment 8.8% (+1.9pp)

Free cash flow

+€56.4 million to

-€13.4 million

Earnings guidance for 2023 raised

Revenue: approx. €2.1 billion

EBIT margin[1]: 5.3–5.8%

(previously approx. 5%)

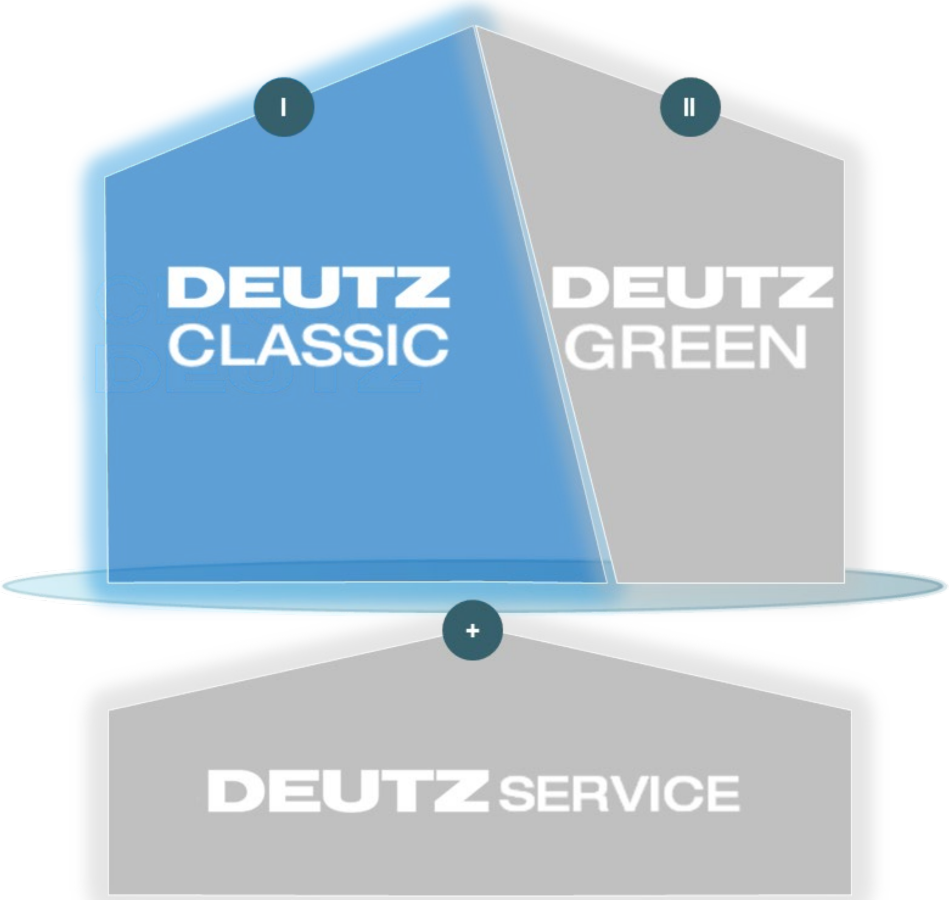
H2 genset order received from China[2]

First small-scale production run (100 units)

Dual+ strategy presented at DEUTZ event week

[1] Before exceptional items. [2] Beginning of November.

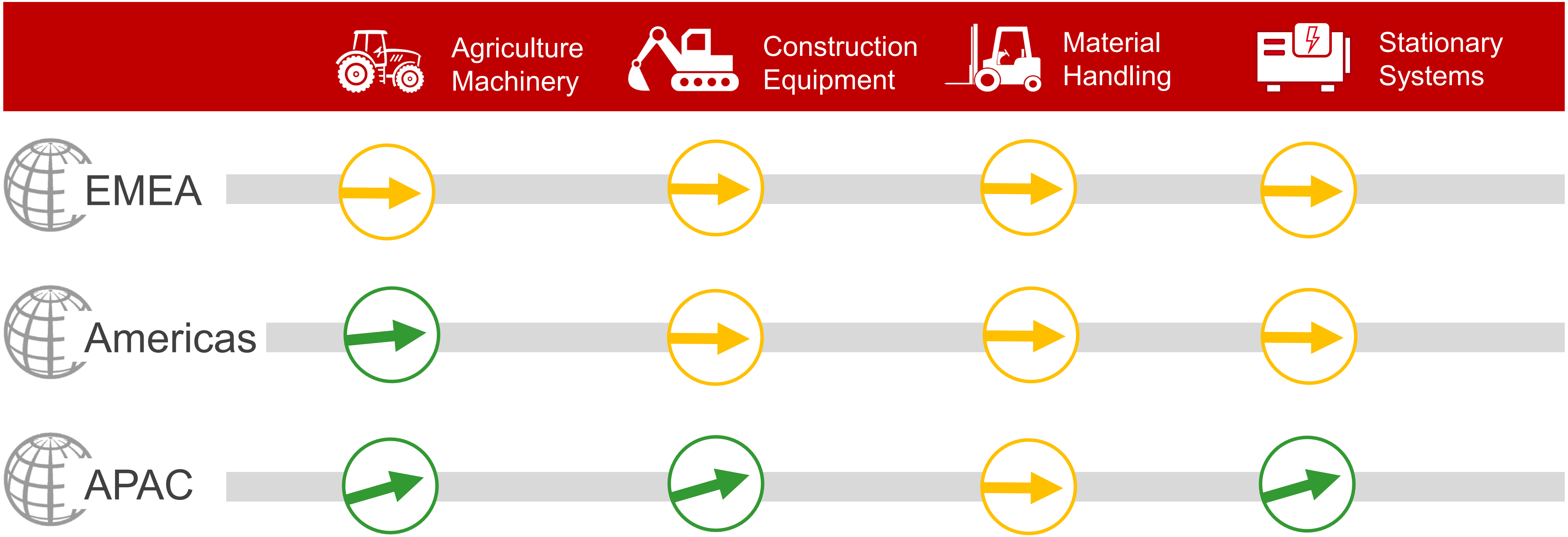
Strategy progress report: Classic



- Margin remains high thanks to success of performance initiatives
- New logistics concept established at headquarters in Cologne
  - Progress with warehouse consolidation
- Supply chain and production processes in Cologne have stabilized significantly
- Third shift for the production of sub-4 liter compact engines successfully ramped up

Classic business provides strong foundation for the implementation of the Green strategy

Market outlook for 2024



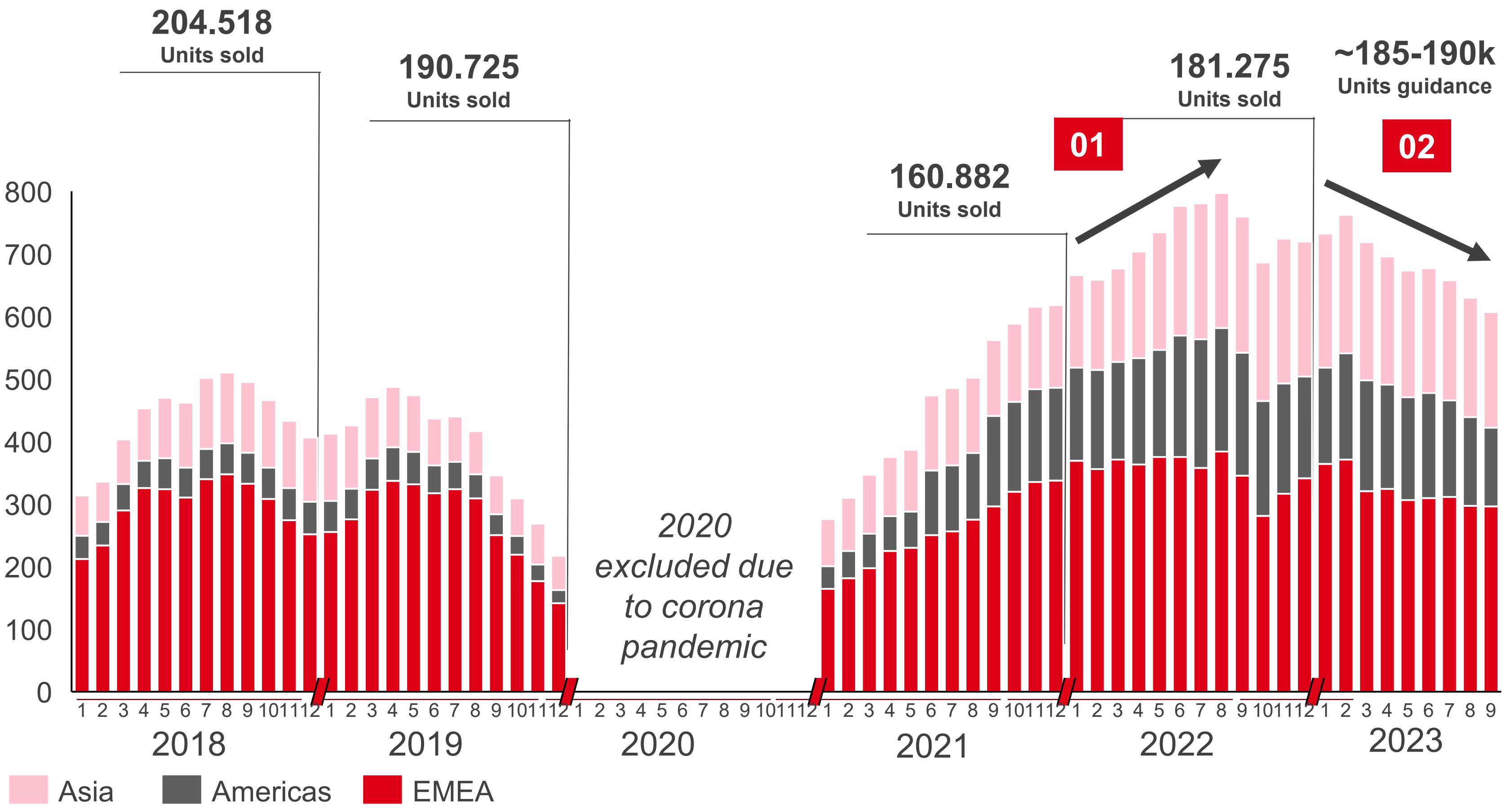
Stable outlook for our application areas

Sources: Power Systems Research, October 2023; International Rental News, October 2023.

Order backlog on healthy level

Development of order backlog – pre and post corona pandemic

€ million



01

- Customer-side increase in orders to secure limited capacities

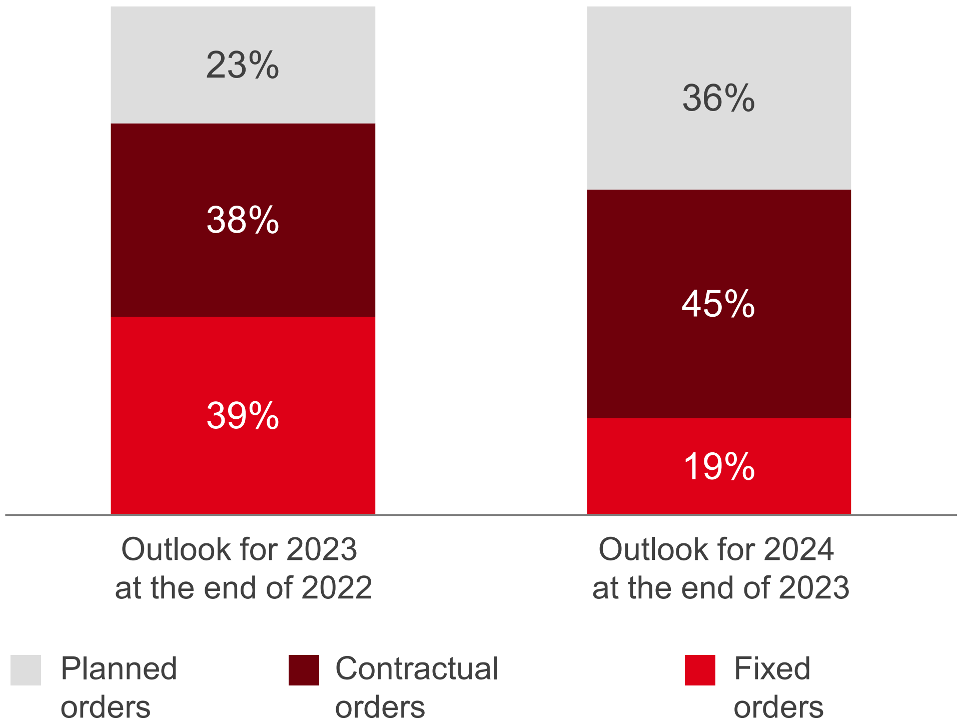
02

- Stable backlog despite Asia headwinds driven by EMEA and Americas

Orders on hand and new orders normalizing

Engine unit sales planning

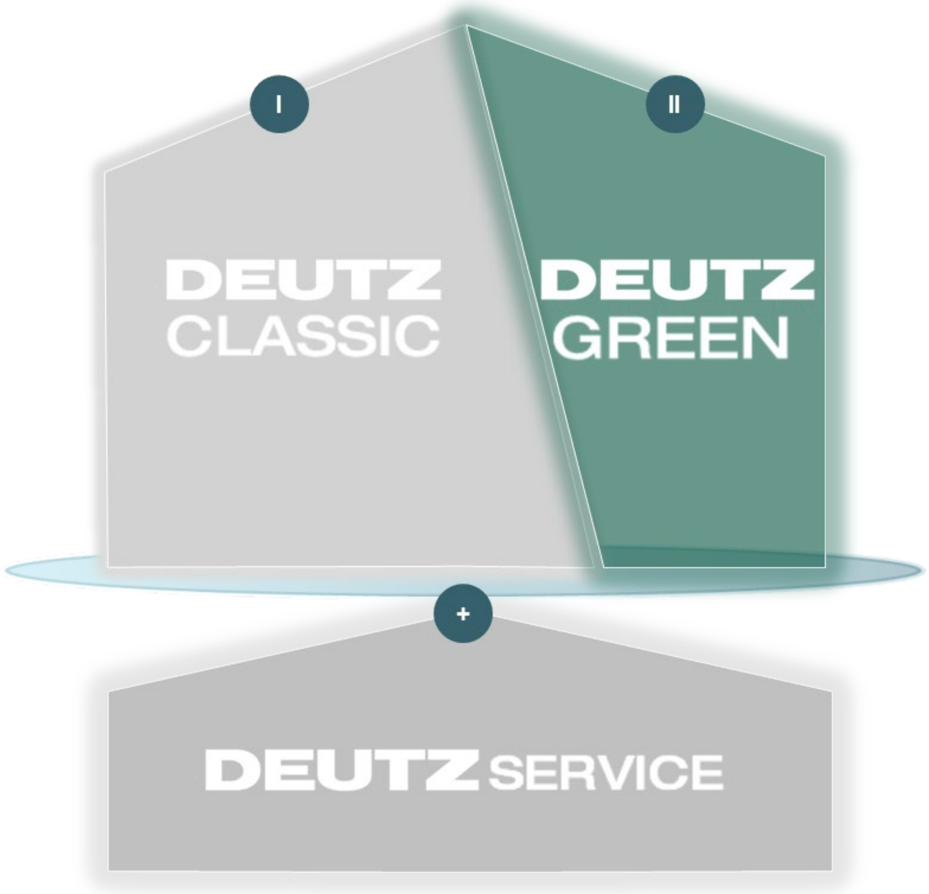
Percentage of planned volume



- Before the pandemic, orders on hand were at a maximum of around €500 million
- Increase in orders on hand to €676 million in 2021 due to supply chain bottlenecks
- Further rise to €773 million at the end of 2022 owing to the fixed-volume program
- Levels of new orders and of orders on hand returning to normal in 2023 as the supply chain situation eases and the fixed-volume program expires

Stable outlook for 2024 after normalization of ordering behavior of key customers

Strategy progress report: Green



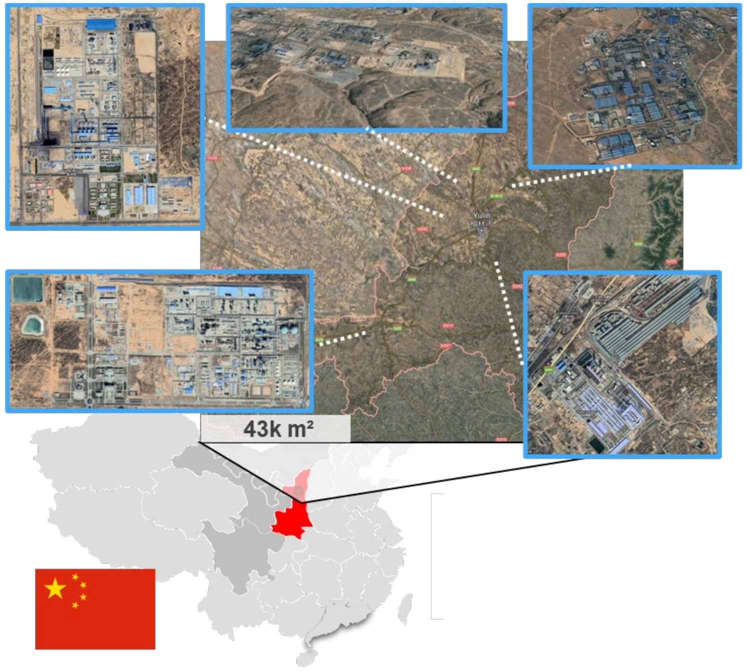
- Project pipeline being added to all the time
  - 10 battery-electric system projects ongoing with OEM partners
  - First volume production project for battery systems with Kärcher
  - 5 H2 projects ongoing
  - Order for gensets received from China
- Ongoing process established to evaluate new business models and potential partnerships
- Establishment of separate organization initiated
- Process to sell Torqeedo is progressing well
- Capital expenditure of over €100 million planned between now and 2025

We will be emission-free across the entire process chain by 2050 at the latest

DEUTZ receives first order for H2 gensets from China

DEUTZ
Green

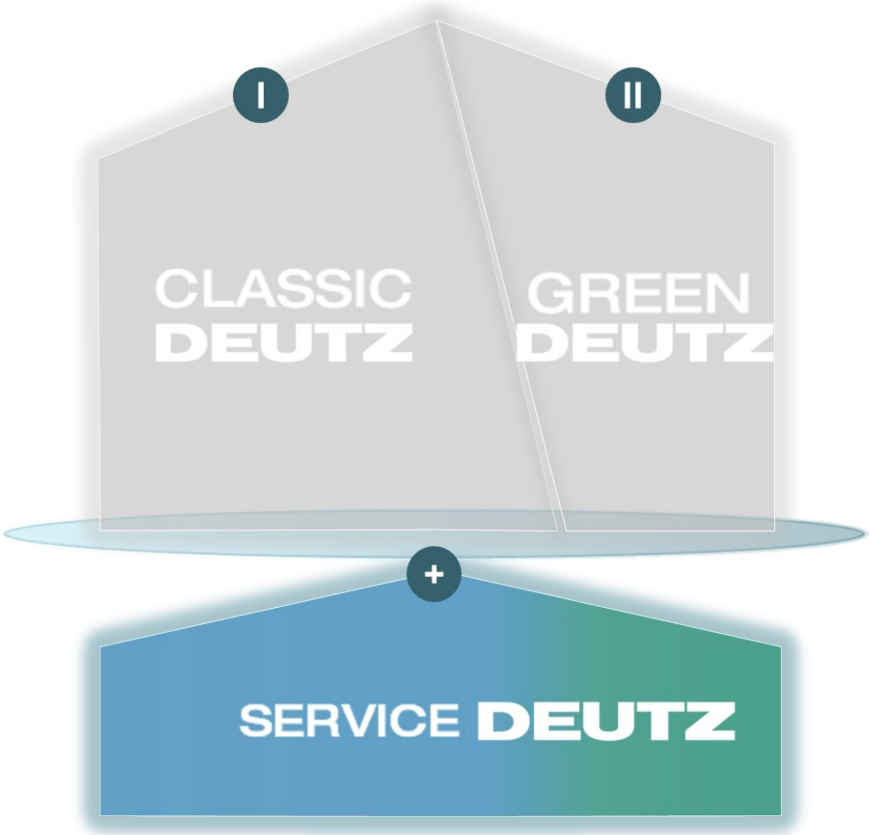
- First order for a small-scale production run of 100 hydrogen-powered gensets agreed with Zhongguancun Summit Enviro-Protection Co., Ltd (ZGC) at the beginning of November
  - Gray hydrogen obtained as a by-product from coking plant gases will initially be used to power the H2 gensets – savings of up to 800 tons of CO_2 p.a. per genset
  - Starting point for the subsequent development of a climate-neutral infrastructure for hydrogen technology
- Chinese government objectives offer further potential for growth
- Scheduled start of series production of hydrogen engines for stationary use in 2024



We also offer suitable solutions beyond our classic drive portfolio

[1] H2 with >98% purity, other by-products are e.g. CH_4, CO, N_2 are separated during the purification process

Strategy progress report: Service



- Strong nine-month period:
  - Revenue increases to €360.5 million (+7.2%)
  - New orders climb to €360.5 million (+3.1%)
- Sharp rise in volume of business, particularly for parts sales and DEUTZ Xchange
- Ongoing expansion of the inhouse service network
- Acquisition of MHIS in South America and Diesel Motor Nordic in Europe in order to expand presence in these regions
- Further acquisition targets in the pipeline

We are on track to achieve our target for the service business of €600 million in annual revenue by 2025

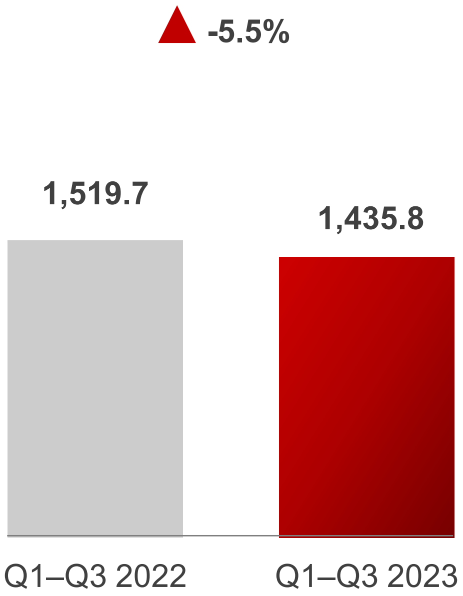
Agenda

Q1–Q3 2023 in numbers

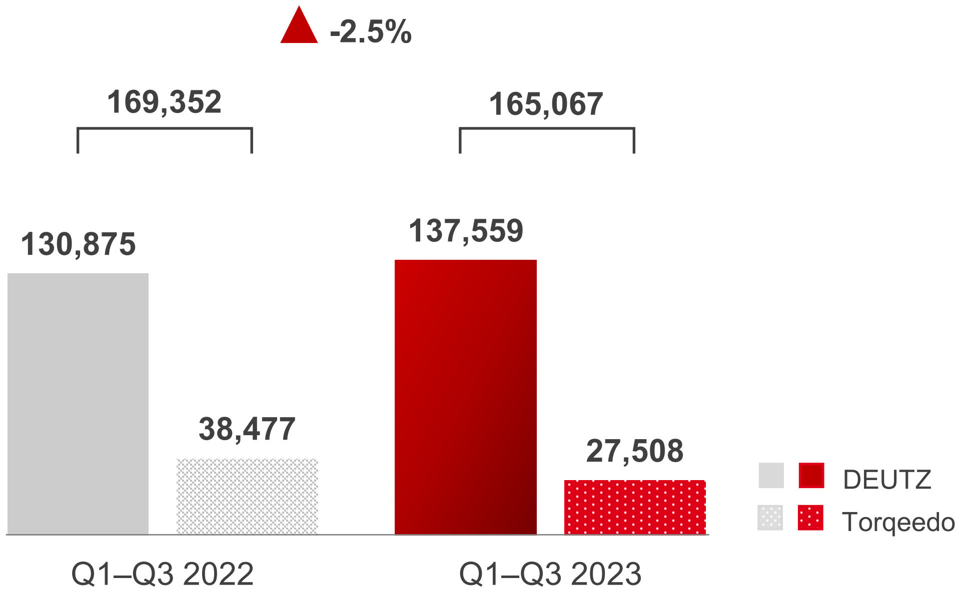
Timo Krutoff | CFO

Results for Q1–Q3 2023

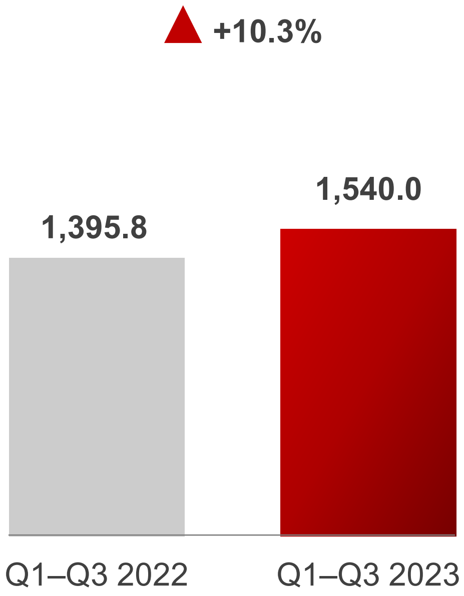
New orders
€ million



Unit sales[1]
Units



Revenue
€ million

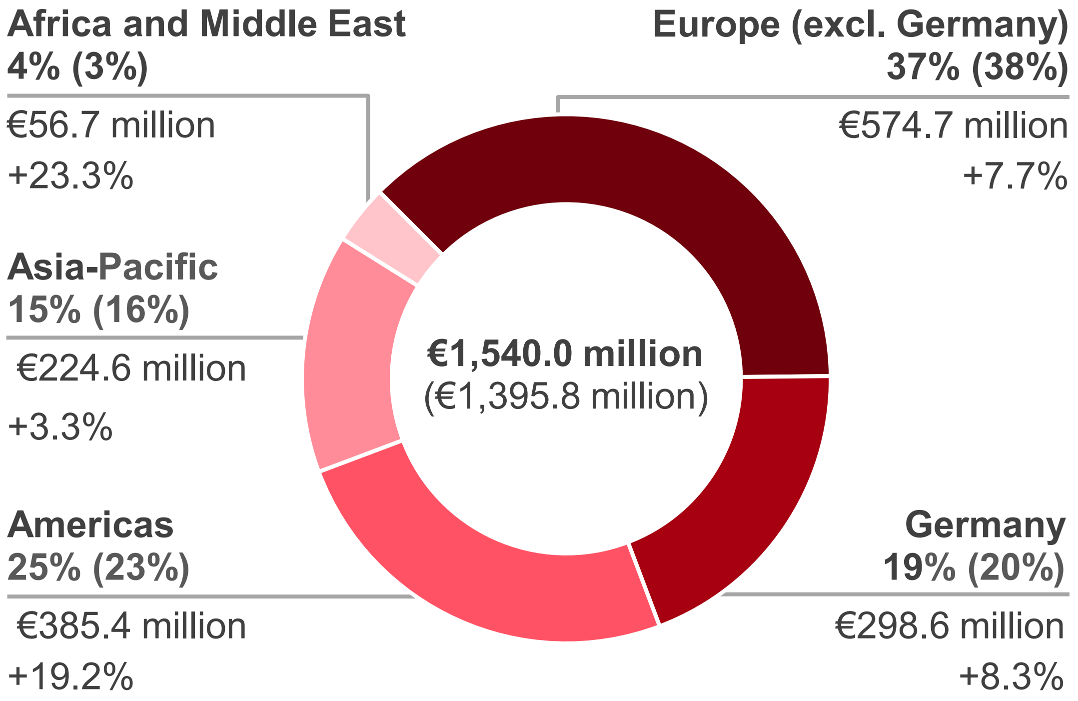


- Year-on-year reduction in new orders, mainly due to the fixed-volume program for compact engines implemented in Q4 2022; book-to-bill-ratio at 0.93 (Q1–Q3 2022: 1.09)
- Orders on hand remain at high level of €666.5 million as at September 30, 2023 (September 30, 2022: €828.8 million)
- Group's unit sales lower than in prior-year period due to fall in demand at Torqeedo (unit sales of DEUTZ engines up by 5.1%)

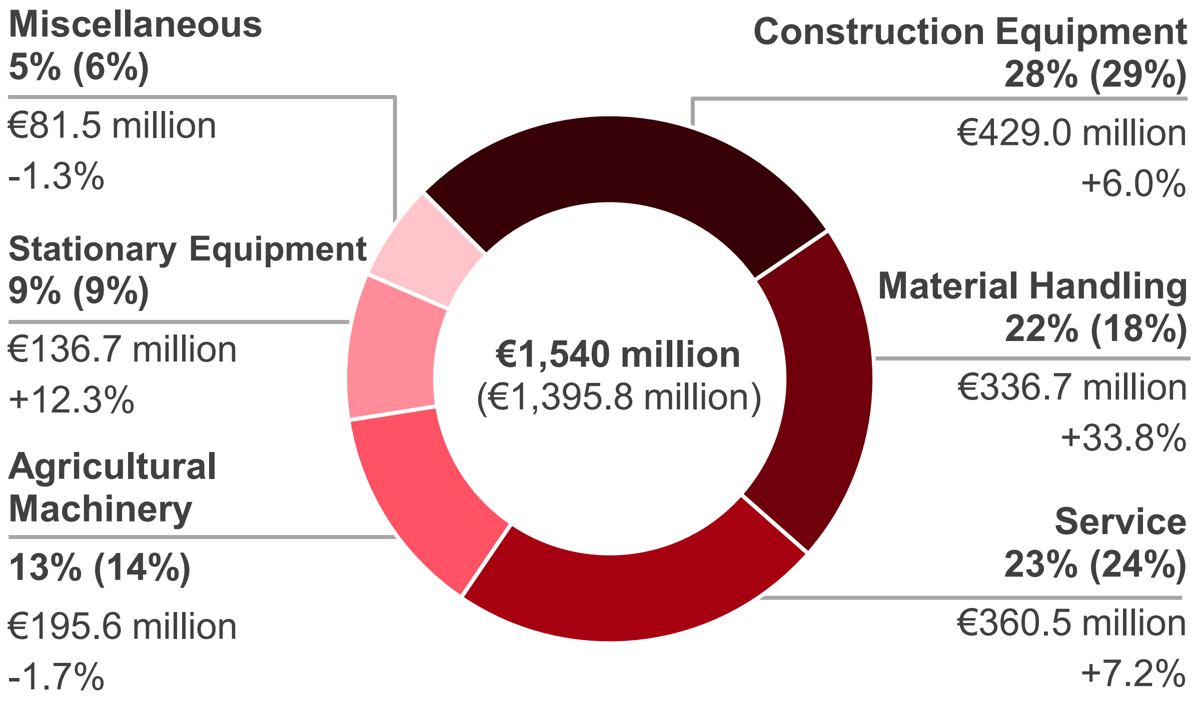
[1] From 2023, the unit sales of DEUTZ subsidiary Torqeedo consist not only of electric boat drives but also battery systems (Q1–Q3 2023: 3,624 units). The figure for the prior-year period has not been retrospectively adjusted.

Revenue for Q1–Q3 2023 in detail

Revenue breakdown by region Q1–Q3 2023 (Q1–Q3 2022)



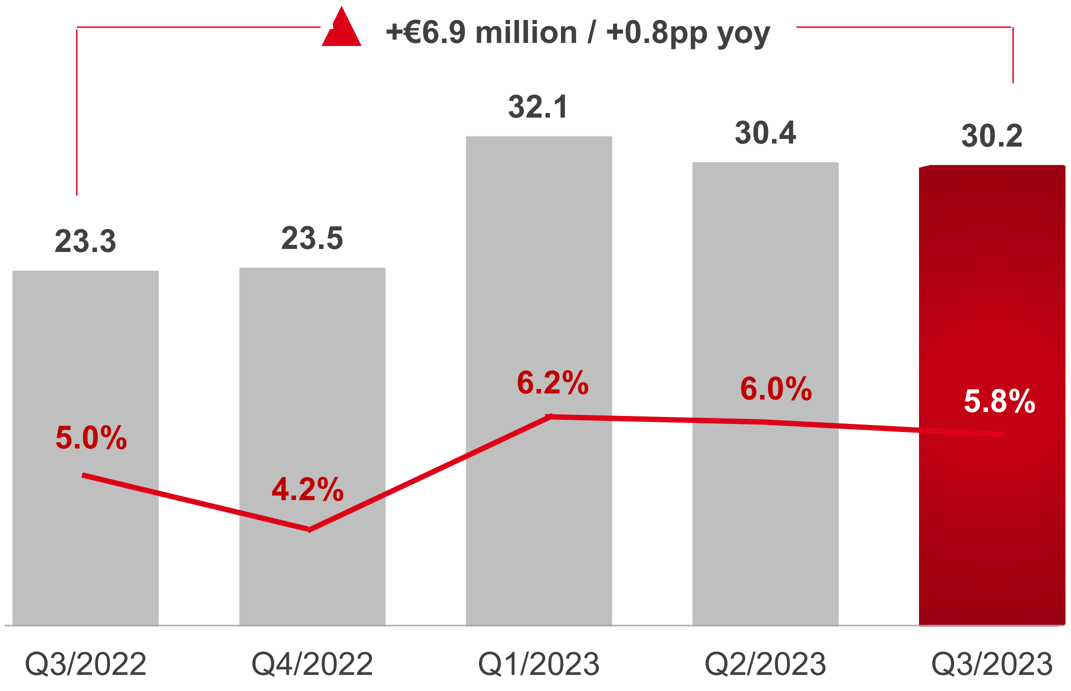
Revenue breakdown by application segment Q1–Q3 2023 (Q1–Q3 2022)



All regions record increases in revenue

Strong improvement in profitability

Adjusted EBIT (€ million)
EBIT margin before exceptional items



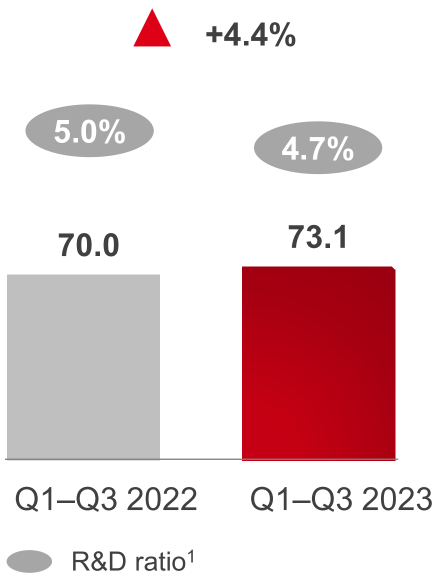
- Adjusted EBIT[1,2] improved to €92.7 million (Q1–Q3 2022: €65.9 million) due to:
  - Higher revenue in the Classic segment
  - Positive product mix effects
  - Market-oriented pricing policy
  - Expansion of the service business
- EBIT margin before exceptional items[2] rose to 6.0% (Q1–Q3 2022: 4.7%)
- Net income before exceptional items[2] amounted to €66.5 million (Q1–Q3 2022: €52.2 million)
- Earnings per share before exceptional items[2] came to €0.53 (Q1–Q3 2022: €0.43)

Market-oriented pricing policy and performance initiatives continuing to bear fruit

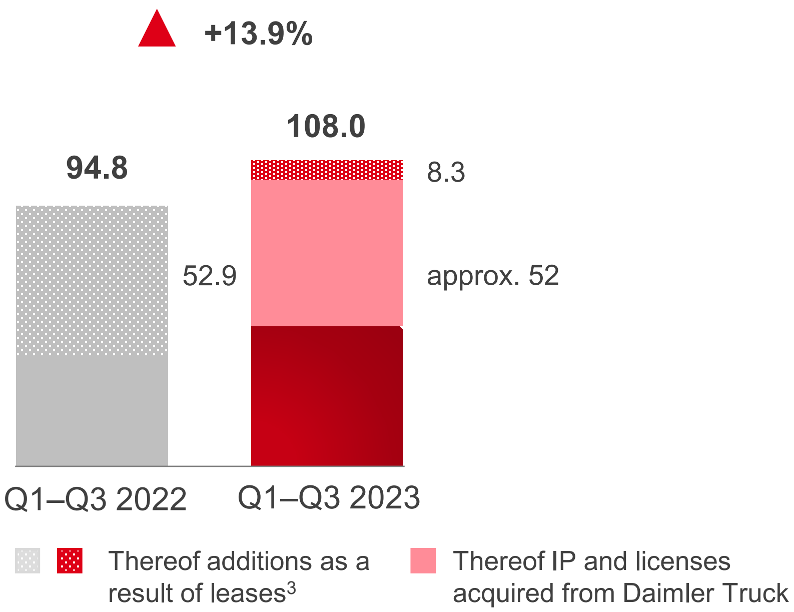
[1] Before exceptional items. [2] Exceptional items in Q1–Q3 2023: expense of €0.7 million; Q1–Q3 2022: expense of €8.5 million.

R&D spending, capital expenditure, and working capital

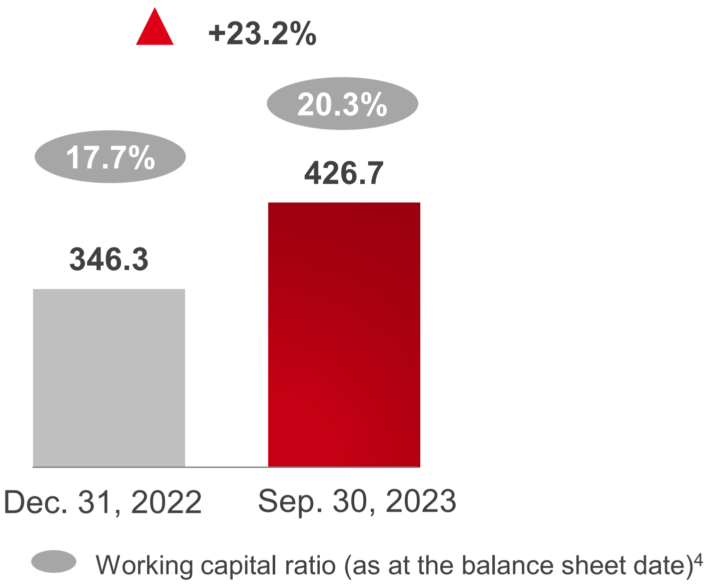
Net R&D spending[1]
€ million



Capital expenditure[1,2]
€ million



Working capital
€ million



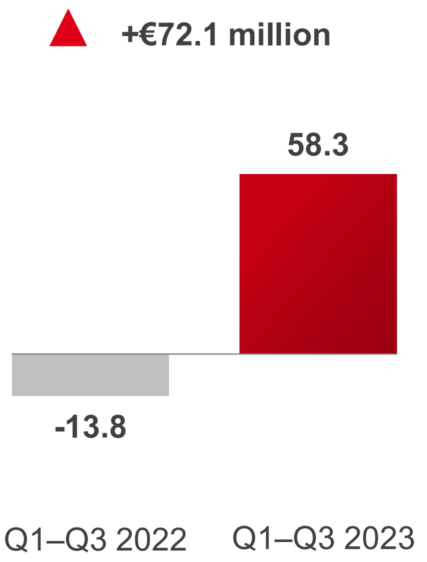
- Small rise in net R&D expenditure – year-on-year drop in the R&D ratio owing to disproportionately strong revenue growth
- Higher capital expenditure, primarily as a result of the acquisition of IP and license rights in connection with the alliance with Daimler Truck; procurement of new test rigs for DEUTZ Green and capital expenditure on a new assembly line
- Increase in WC, mainly due to the build-up of inventories resulting from measures to safeguard production and for the 3rd shift

[1] After deducting grants. [2] Capital expenditure on property, plant, and equipment (incl. right-of-use assets for leases) and intangible assets, excl. capitalization of R&D. [3] Right-of-use assets for leases under IFRS 16. [4] WC as at the balance sheet date divided by revenue for the previous 12 months.

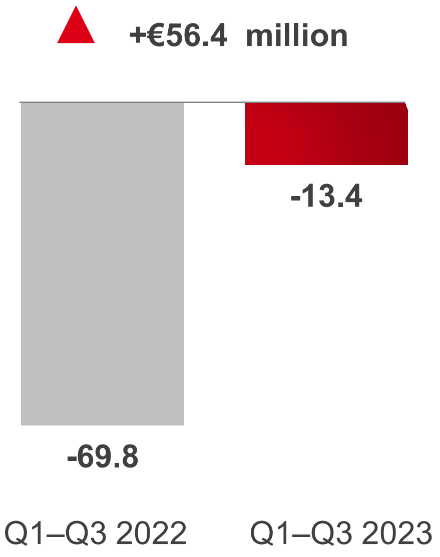
Cash flow and net financial position

DEUTZ

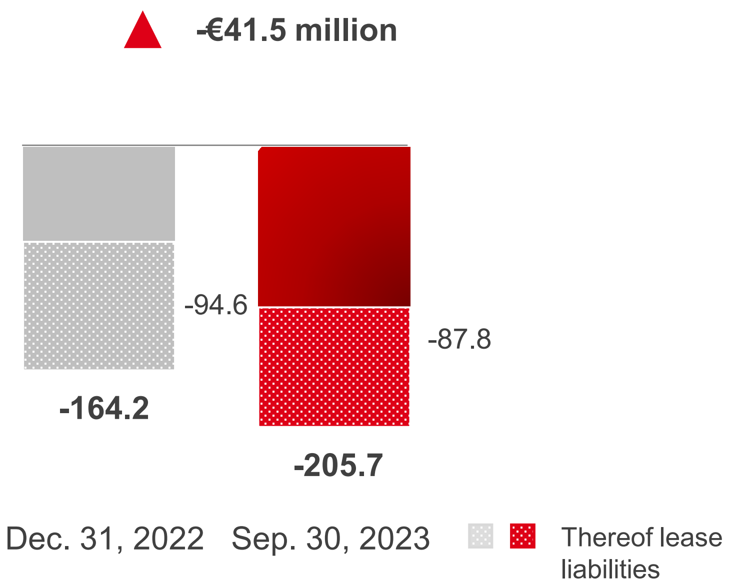
Cash flow from operating activities
€ million



Free cash flow[1]
€ million



Net financial position
€ million



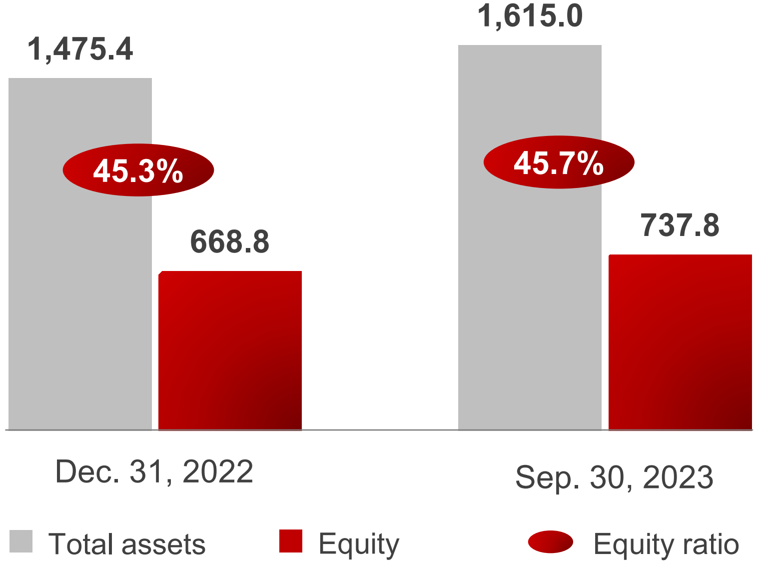
- Significant improvement in cash flow from operating activities compared with Q1–Q3 2022, mainly due to increase in earnings
- Higher net financial debt due to dividend payment and negative free cash flow

[1] Cash flow from operating activities and from investing activities less interest expense.

Equity ratio remains well above the target of 40 percent

Equity and equity ratio

€ million



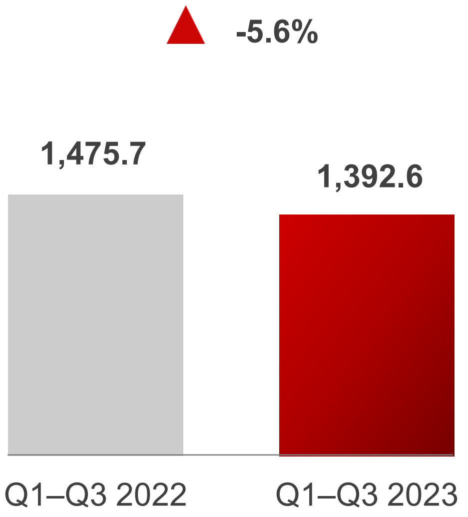
Slight rise in the equity ratio due to the growth of total assets on the back of capital expenditure on non-current assets as well as the increase in inventories

- Two bilateral credit lines each increased by €10 million at the end of Q3 2023; term extended to June 2025 at the same time
- Unused credit lines totaling around €185 million are available
  - €250 million with a term ending in May 2028, of which €160 million has been utilized
  - €70 million with a term ending in June 2025
  - €25 million with a term ending in March 2024

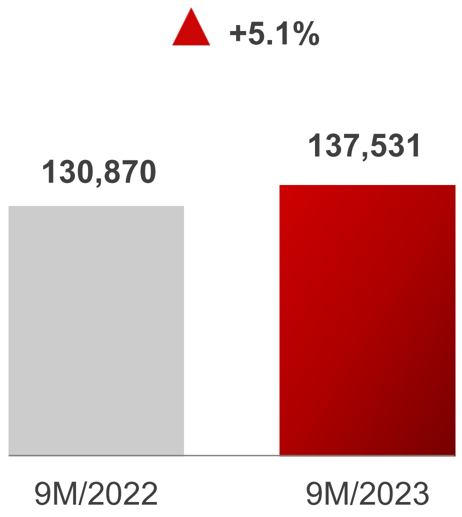
Sufficient funding available to finance our transformation

Results for Q1–Q3 2023 | Classic segment

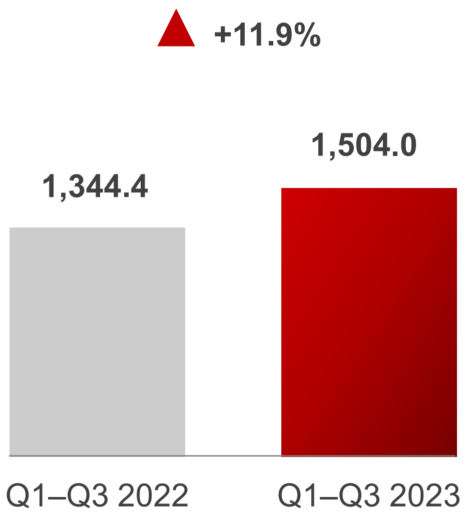
New orders
€ million



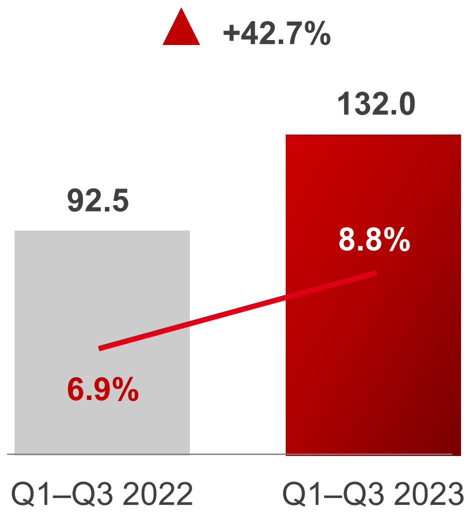
Unit sales
Units



Revenue
€ million



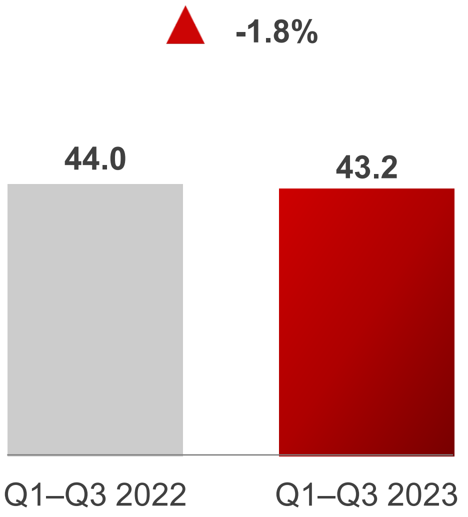
Adjusted EBIT/margin
€ million



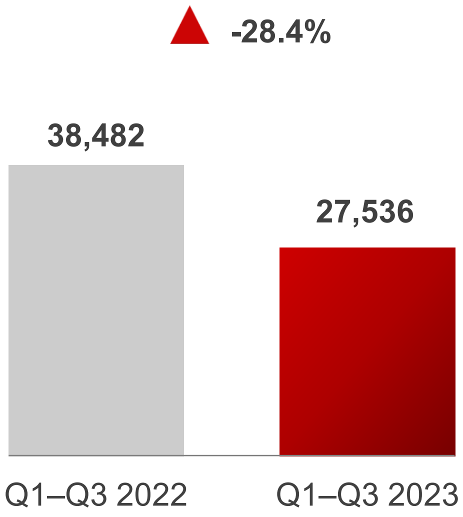
- New orders down compared with the robust level in the prior-year period owing to the pre-order effects in FY 2022; orders on hand remain healthy at €649.3 million
- Disproportionately strong revenue growth owing to favorable pricing and product mix effects
- Significant improvement in adjusted EBIT due to higher volume of business and favorable pricing and product mix effects

Results for Q1–Q3 2023 | Green segment

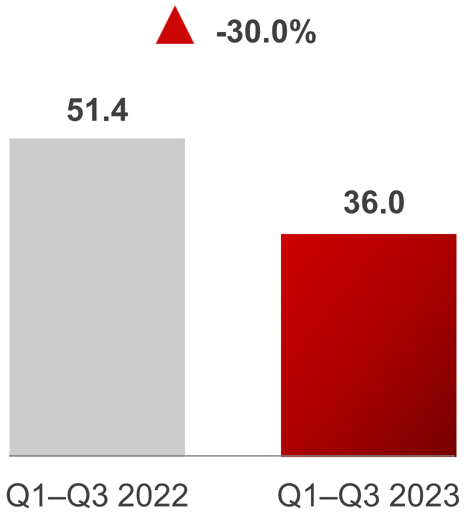
New orders
€ million



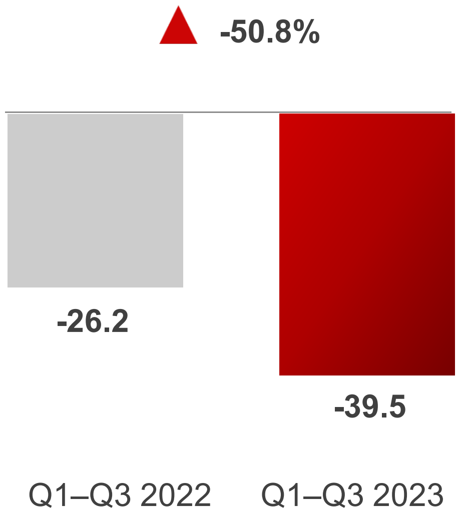
Unit sales[1]
Units



Revenue
€ million



Adjusted EBIT
€ million



- Stable new orders
- Fall in unit sales reflected in declining revenue
- Reduction in adjusted EBIT, mainly because of the larger negative contribution to earnings from Torqeedo

[1] Torqeedo boat drives and other electric drives, hybrid-electric drives, hydrogen drives, battery systems with a motor, DEUTZ PowerTree. From 2023, Torqeedo's unit sales also include battery systems (Q1–Q3 2023: 3,624 units). The figure for the prior-year period has not been retrospectively adjusted.

Agenda

Outlook

Dr. Sebastian C. Schulte | CEO

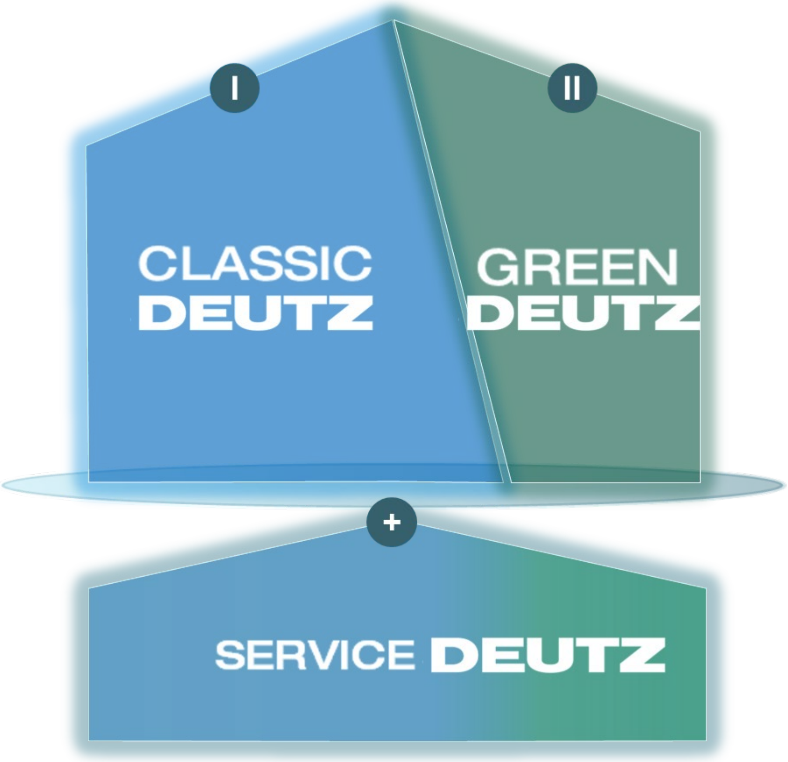
Full-year guidance for 2023

	2022		2023e
Unit sales	181,268 DEUTZ engines[1]		185,000 to 190,000 DEUTZ engines[1]
Revenue	€1.95 billion		approx. €2.1 billion
Adjusted EBIT margin[2]	4.6%		5.3% to 5.8%
Free cash flow	minus €16.6 million		Mid-double-digit million euro amount[3]

Full-year earnings guidance for 2023 raised

[1] Excluding electric boat drives from DEUTZ subsidiary Torqeedo. [2] Before exceptional items. [3] Excluding M&A.

Medium-term targets based on the Dual+ strategy



Outlook for 2025

Revenue	↗	> €2.5 billion
Service business's share of revenue	↗	approx. €600 million
Adjusted EBIT margin[1]	↗	6.0% to 7.0%

Medium-term targets for 2025 confirmed

[1] Before exceptional items.

Financial calendar and contact details

Upcoming financial dates

HSBC Luxembourg Day	November 16
Roadshow | London	November 20
Eigenkapitalforum | Frankfurt	November 28
ODDO BHF conference | virtual	January 15, 2024
Kepler conference | Frankfurt	January 17, 2024
HIT | Hamburg	February 8, 2024
2023 annual report	**March 19, 2024**

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Any questions?