

PRESS RELEASE

DEUTZ enters into cooperation with Daimler Truck to develop and market medium- and heavy-duty engines

- DEUTZ takes an important step in further expanding its modern internal combustion engine business.
- Daimler Truck will take a 4.19 percent stake in DEUTZ AG, becoming a large shareholder.

Cologne/Stuttgart, January 30, 2023 – Today, DEUTZ AG (DEUTZ) and Daimler Truck AG (Daimler Truck) signed agreements giving DEUTZ access to Daimler engines by end of the decade. These include both medium-duty engines (Daimler Truck MDEG series), which are suitable for use in applications such as construction equipment, and heavy-duty engines (Daimler Truck HDEP series), which can be used to power heavy agricultural machinery, for example. As a result, DEUTZ will be able to attract new customer groups, save on development costs, expand its range of modern internal combustion engines, and thereby lay the foundations for further growth in this business.

The cooperation between the two companies, which is supported by the stake Daimler Truck takes in DEUTZ, is focused on two areas:

1. DEUTZ will acquire the on-highway IP to Daimler Truck's medium-duty MDEG engines so that it can further develop them itself, including for use in off-highway applications such as agricultural machinery and construction equipment.
2. DEUTZ will acquire license rights from Daimler Truck so that it can further develop the heavy-duty Daimler Truck HDEP series for use in off-highway applications. It will also distribute these engines independently.

The cooperation provides for various production arrangements. The heavy-duty engines will continue to be built by Daimler Truck at the Mercedes-Benz plant in Mannheim and shipped to DEUTZ for final assembly, whereas the medium-duty engines will be completely produced at DEUTZ. The engine variants that will be marketed by DEUTZ are scheduled to go into production in 2028.

The cooperation between the two companies is a first sign of DEUTZ's recently announced Dual+ strategy, under which it will not only step up the development of a climate-neutral product portfolio but also optimize and further develop its classic engines. "The cooperation with Daimler Truck will significantly improve our starting position in a consolidating market as we will gain access to technologically advanced engines and will be able to attract new customer groups at the same time. Heavy-duty applications and agriculture still require conventional powertrain systems based on internal combustion engines, and these can be made more environmentally friendly by running them on synthetic fuels. In the next few years, we will therefore not only enhance our climate-neutral product portfolio but also further expand our classic engine business," says DEUTZ CEO Dr. Sebastian C. Schulte.

Under its new strategy, DEUTZ announced in mid-January that, as well as investing in a green product portfolio, it also intends to establish itself permanently among the top three independent engine manufacturers, including through acquisitions and cooperations. The Company is therefore intending to play an active part in the consolidation of the engine market.

Dr. Andreas Gorbach, member of the Board of Management of Daimler Truck AG and responsible for Truck Technology: "We are delighted to be forming a partnership with the established and independent drive specialist DEUTZ. In line with our strategic focus on transportation that is carbon-neutral at local level, we announced last year that Daimler Truck would not be investing any more of its own money in the further development of its medium-duty engines for the Euro VII emissions standard."

The engine company.



Payment for the two transactions is in the mid-double-digit millions of euros. DEUTZ will pay a cash sum in installments for the acquisition of the license rights for the heavy-duty engines. To acquire the on-highway IP for the medium-duty engines, DEUTZ will use the existing authorized capital to issue approx. 5.285 million new no-par-value bearer shares by way of a capital increase in kind. Daimler Truck will hold 4.19 percent of the issued capital of DEUTZ AG. The new DEUTZ shares will be admitted for trading after entry in the commercial register.

Final completion of the transactions is subject to an audit of the non-cash contributions and to the usual approvals from the authorities.



Caption: DEUTZ enters into cooperation with Daimler Truck to develop and market medium- and heavy-duty engines. (left: Dr. Andreas Gorbach, member of the Board of Management of Daimler Truck AG; right: Dr. Sebastian C. Schulte, CEO of DEUTZ AG)



Caption: DEUTZ takes an important step in further expanding its modern internal combustion engine business.

Credit: DEUTZ AG

The engine company.



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About DEUTZ AG

DEUTZ AG, a publicly traded company headquartered in Cologne, Germany, is one of the world's leading manufacturers of innovative drive systems. Its core competencies are the development, production, distribution, and servicing of drive solutions in the power range up to 620 kW for off-highway applications. The current portfolio extends from diesel, gas, and hydrogen engines to hybrid and all-electric drives. DEUTZ drives are used in a wide range of applications including construction equipment, agricultural machinery, material handling equipment such as forklift trucks and lifting platforms, commercial vehicles, rail vehicles, and boats used for private or commercial purposes. DEUTZ has around 4,750 employees worldwide and over 800 sales and service partners in more than 130 countries. It generated revenue of around €1.6 billion in 2021. Further information is available at www.deutz.com.