

Ad hoc disclosure

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DEUTZ acquires genset manufacturer Blue Star Power Systems, Inc.

Cologne, June 27, 2024 DEUTZ AG (ISIN DE0006305006), based in Cologne (Germany), today signed an agreement through its wholly owned indirect subsidiary DEUTZ Corporation, based in Atlanta (USA), to acquire all of the shares in Blue Star Power Systems, Inc. ('Blue Star Power Systems') from Blue Star Power Systems Holdings, Inc. Currently privately run, the company is headquartered in North Mankato, Minnesota (USA), and develops, manufactures, and sells generator sets (gensets) – predominantly diesel and gaseous at present – in the 20 kWe to 2,000 kWe power range in the USA and Canada. Blue Star Power Systems recorded revenue in the high-double-digit millions of US dollars and an EBITDA margin in the low-double-digit percentage range in 2023.

Based on Blue Star Power Systems' current level of orders on hand and its own market analysis, the DEUTZ Group ('DEUTZ') anticipates that the deal will result in additional annual revenue ranging from more than US\$ 100 million to (in the medium term) more than US\$ 150 million, with an EBITDA margin above DEUTZ's current margin and a contribution to EBITDA that, on average, is likely to be in the low-double-digit millions of US dollars.

To finance the acquisition, DEUTZ is currently examining various funding structures. In the event that the transaction is fully financed from borrowing, the equity ratio is likely to decrease by a low-single-digit percentage amount, thus remaining well above the target figure of more than 40 percent.

Launched by the Company at the start of 2023, the aims of the Dual+ strategy include building up a portfolio that is fit for the future and increasing DEUTZ's resilience by expanding its product ecosystem. The acquisition of Blue Star Power Systems represents the first step in systematically establishing a new business unit focused on decentralized energy supply. The acquisition will help DEUTZ to significantly accelerate its expansion into the rapidly growing and less cyclical energy market, at the same time increasing the Company's presence in North America.

Completion of the transaction is subject to the usual conditions, particularly the necessary regulatory approvals, and is expected to take place in the second half of 2024.

Contact

DEUTZ AG / Mark Schneider / Head of Investor Relations, Communications & Marketing

Tel: +49 (0)221 822 3600 / Email: mark.schneider@deutz.com

DEUTZ AG / Svenja Deißler / Senior Manager Investor Relations & ESG

Tel: +49 (0)221 822 2491 / Email: svenja.deissler@deutz.com

Forward-looking statements This ad hoc disclosure may contain certain forward-looking statements based on current assumptions and forecasts made by the DEUTZ management team. Various known and unknown risks, uncertainties, and other factors may lead to material differences between the actual results, the financial position, or the performance of the DEUTZ Group and the estimates and assessments set out here. These factors include those that DEUTZ has described in published reports, which are available at www.deutz.com. The Company does not undertake to update these forward-looking statements or to change them to reflect future events or developments.