DEUTZ

– Results for H1 2021 –

August 12, 2021

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, decreases 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 H1 2021

Dr. Frank Hiller | CEO

Operational and strategic highlights

- Significant new order growth, due in part to spending being brought forward; orders on hand up by around 110% year on year
- Double-digit percentage increases in unit sales and revenue; all application segments saw rises, with the exception of Stationary Equipment
- Significant improvement in operating profit; cost-saving effects from the successful implementation of Transform for Growth becoming increasingly tangible
- Confirmation of raised full-year guidance for 2021 despite the supply situation remaining difficult; guidance for free cash flow raised

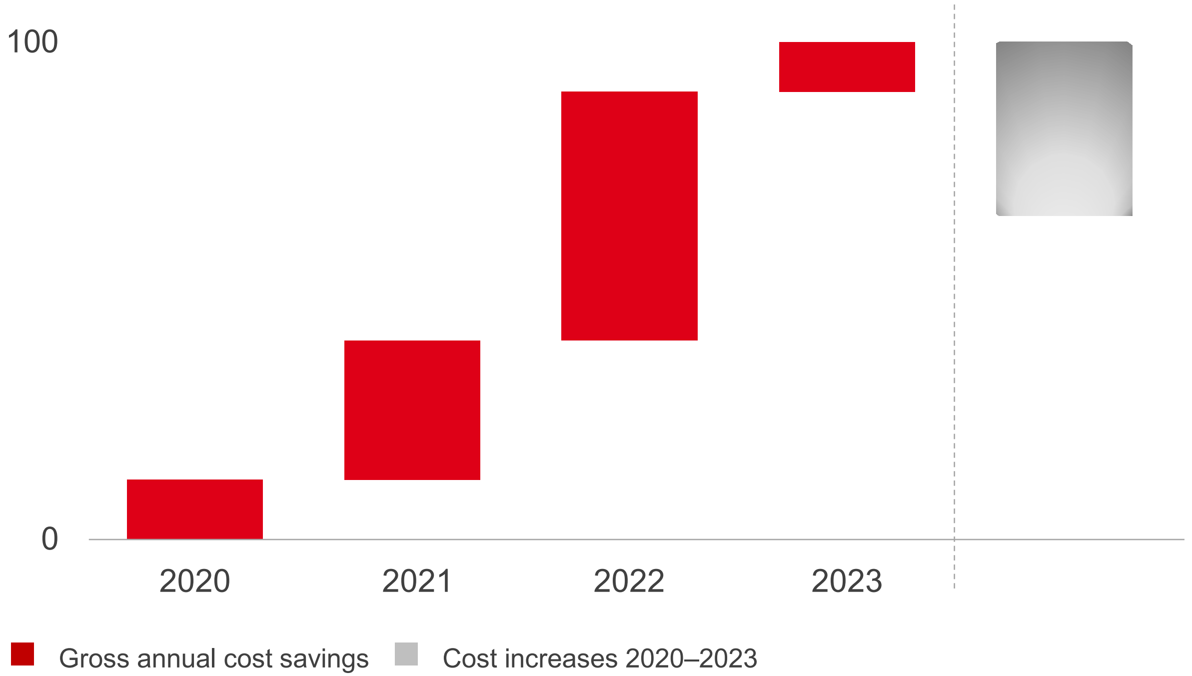
Strategic highlights after the reporting period

- New strategic partnerships agreed with AGCO and ASKO
- Hydrogen engine ready for the market

Global Transform for Growth efficiency program on track

Timeline for achieving cost savings[1]

€ million



- Targeted cost savings to be achieved through reduction in staff costs and reduction in operating and warranty costs
- Voluntary redundancy program taken up by 361 employees
  - 109 employees had already left the Company by the end of H1 2021 having taken voluntary redundancy
  - Total of 171 will have left the Company by the end of 2021
- Total reduction of workforce[2] by 275 compared with the end of 2019 as a result of Transform for Growth, fixed-term contracts coming to an end, and natural attrition

Efficiency program provides DEUTZ with basis for securing its long-term competitiveness

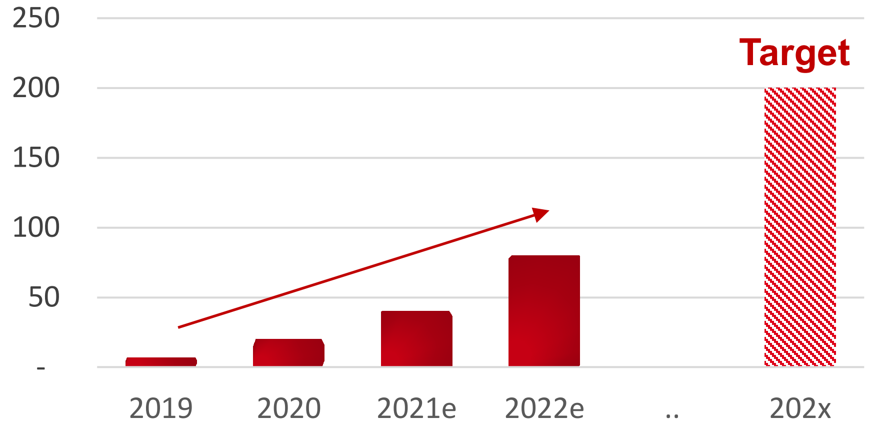
[1] Staff costs and operating and warranty costs. [2] FTEs, excluding temporary workers.

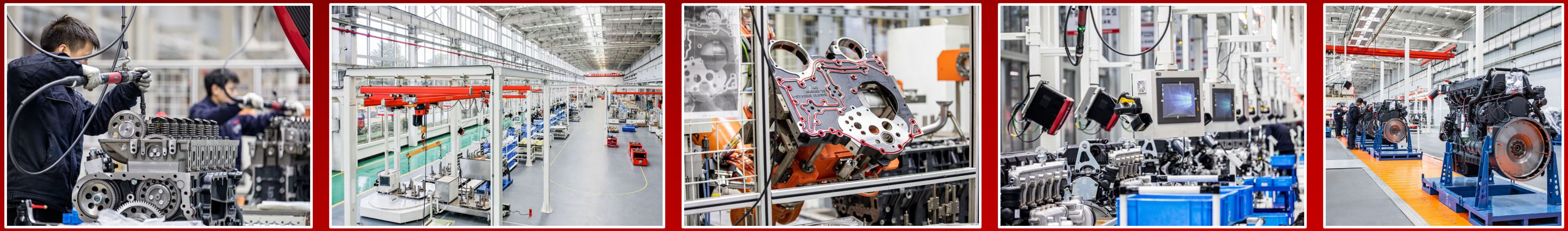
Continued successful implementation of China strategy

- Further success for joint venture with SANY in H1 2021:
  - Unit sales of approx. 15,000 engines
  - Revenue of approx. €125 million
  - EBIT contribution of approx. €3 million
- Planned increase in unit sales to between 35,000 and 40,000 engines in 2021

DEUTZ Hunan (SANY JV) production planning

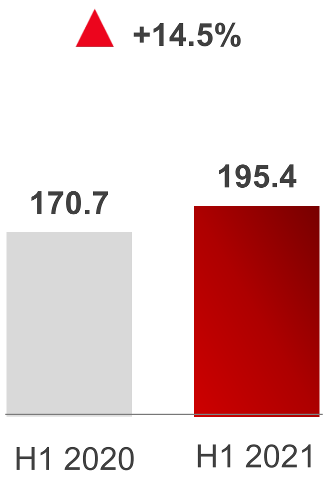
Units (thousands)



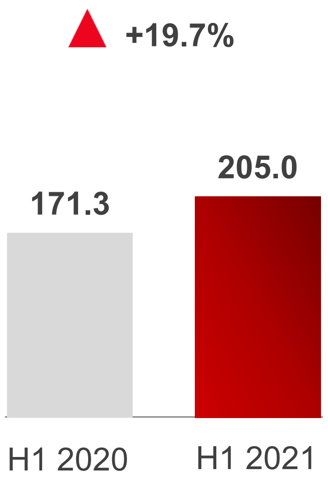


Expansion of the profitable service business is on course

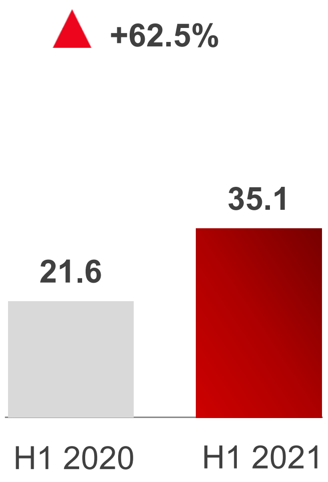
Revenue
€ million



New orders
€ million



Orders on hand
€ million



Our service target:

approx. €400 million

revenue in 2021

- Stronger business performance in H1 2021 than in the prior-year period.
- Lifetime Parts Warranty and Lifecycle Solutions added to full-service portfolio; DEUTZ's positioning as a full-service provider strengthened
- Service components marketed independently under S-DEUTZ label since Q3 2021

Long-term partnership with AGCO agreed

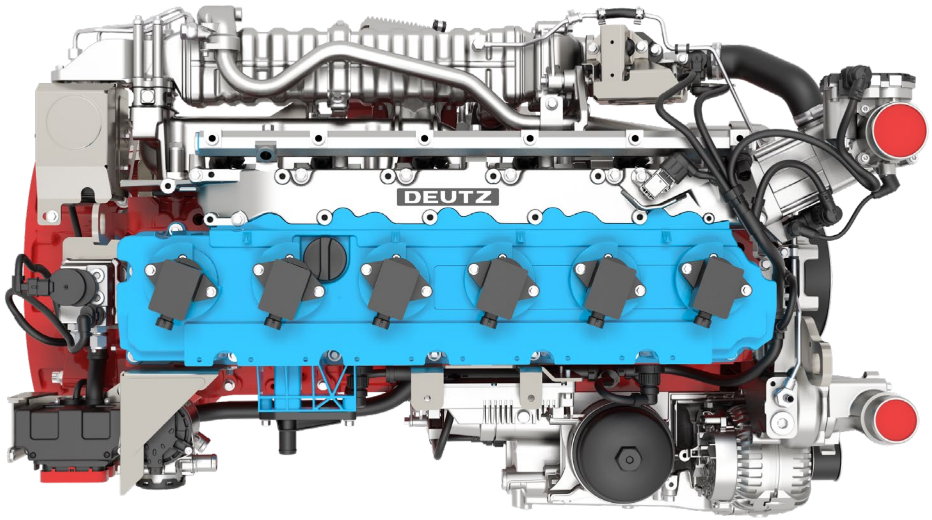
- Supply of updated 6.1 liter and 4.1 liter engines for use in selected Fendt tractors
- Collaboration on development of future technologies
- Possibility of closer collaboration on sub-150 hp engines and their components being explored

Supply agreement with ASKO

- New customer in Turkey, whose existing engine suppliers are to be phased out and replaced by DEUTZ
- Long-term supply agreement covering the four brands MST, Basak Traktör, Starken and ELS Lift
- Medium-term expectation is for annual unit sales in the low tens of thousands
- Expansion of service business in Turkey through ASKO's local service network
- Joint venture for local engine manufacturing planned

Hydrogen engine ready for the market

- TCG 7.8 H2 engine meets eligibility criteria set by the EU for zero CO_2 emission
- Designed for use in stationary equipment, generators, and rolling stock
- Pilot application (stationary equipment for power generation) with a regional utility partner – scheduled to commence at beginning of 2022
- The engine is scheduled to go into full production in 2024



DEUTZ is taking the next steps toward a future of climate-neutral off-highway drive solutions

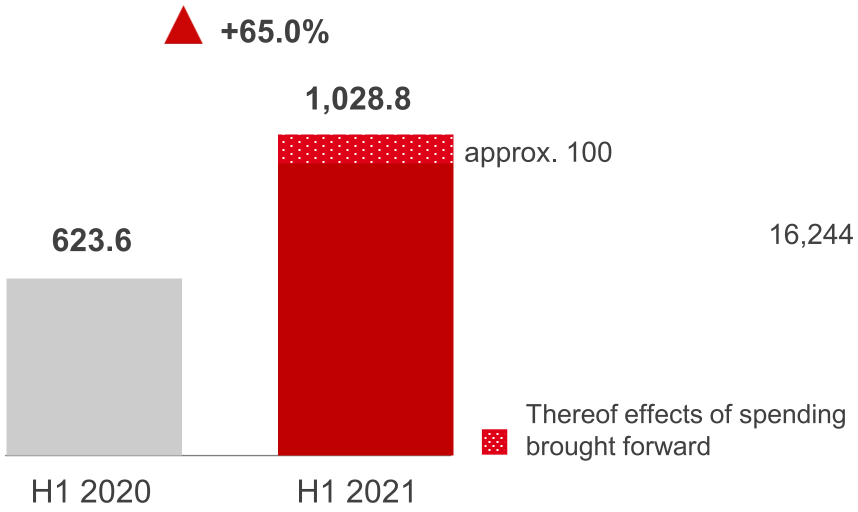
Agenda

H1 2021 in numbers

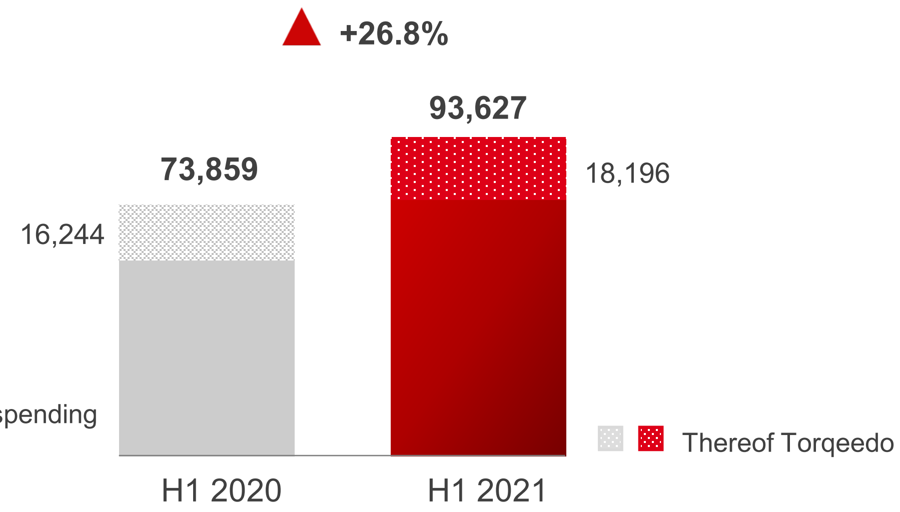
Dr. Sebastian C. Schulte | CFO

Results for H1 2021

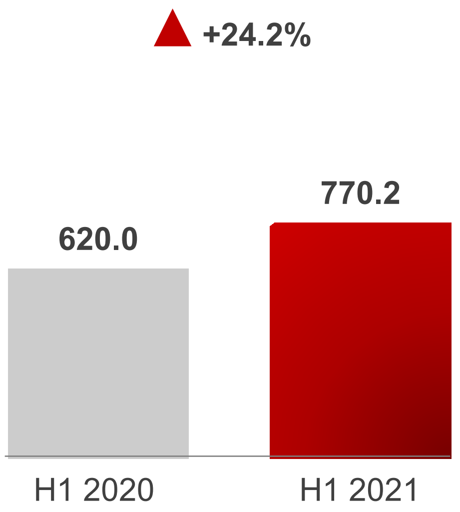
New orders
€ million



Unit sales
Units



Revenue
€ million



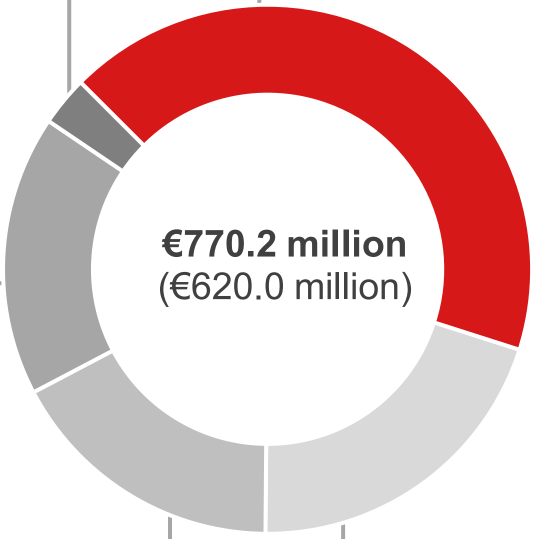
- Significant increase in new orders – positive effects amounting to around €100 million in June 2021 as a result of customer orders being brought forward in response to price adjustments, longer lead times, and the discontinuation of an engine series
- Book-to-bill ratio of 1.34 (H1 2020: 1.01)
- Orders on hand of €531.3 million as at June 30, 2021 (June 30, 2020: €253.5 million)

Revenue in detail

Revenue breakdown by region
H1 2021 (H1 2020)

Africa and Middle East
3% (4%)
€25.6 million
+4.1%

Europe (excl. Germany)
41% (41%)
€318.6 million
+24.7%



Asia-Pacific
18% (18%)
€138.1 million
+28.0%

Americas
17% (18%)
€130.8 million
+16.3%

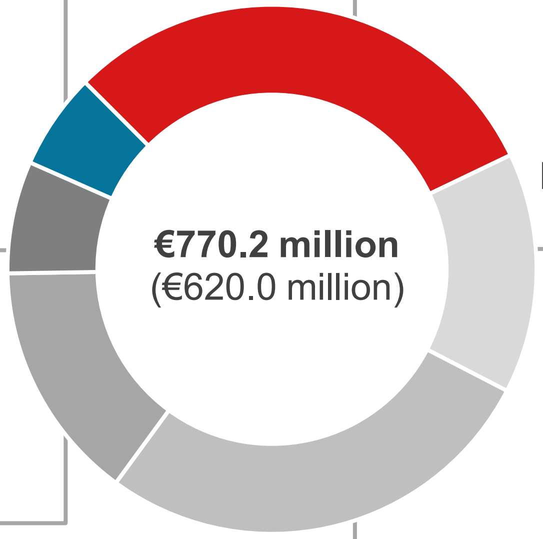
Germany
21% (19%)
€157.1 million
+31.5%

Revenue breakdown by application segment
H1 2021 (H1 2020)

Miscellaneous
7% (8%)
€58.5 million
+19.4%

Construction Equipment
31% (30%)
€238.5 million
+29.0%

Stationary Equipment
7% (9%)
€52.9 million
-5.0%



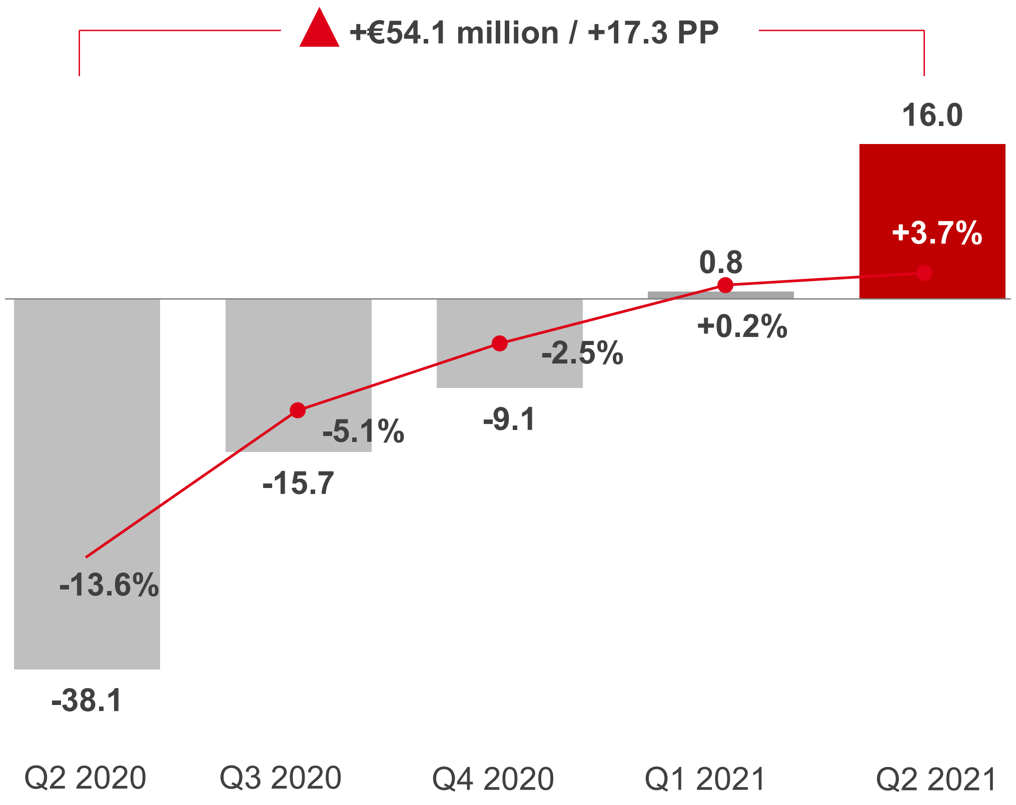
Material Handling
16% (13%)
€120.2 million
+51.4%

Agricultural Machinery
14% (13%)
€106.2 million
+30.3%

Service
25% (27%)
€195.4 million
+14.5%

Continued improvement in earnings

Operating profit (EBIT before exceptional items) (€ million)
EBIT margin before exceptional items

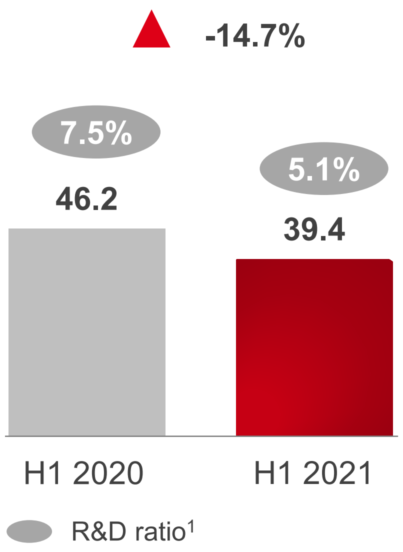


- Operating profit in H1 2021[1] improves to €16.8 million (H1 2020: operating loss of €49.9 million) due to
  - absence of payments to suppliers going through insolvency proceedings
  - growth in the volume of business and the associated economies of scale
  - cost savings achieved through implementation of the efficiency program
- EBIT margin before exceptional items[1] increases to 2.2% in H1 2021 (H1 2020: minus 8.0%)
- Net income before exceptional items[1] amounts to €14.0 million (H1 2020: net loss of €52.3 million)
- Earnings per share before exceptional items[1] came to €0.12 (H1 2020: minus €0.43)

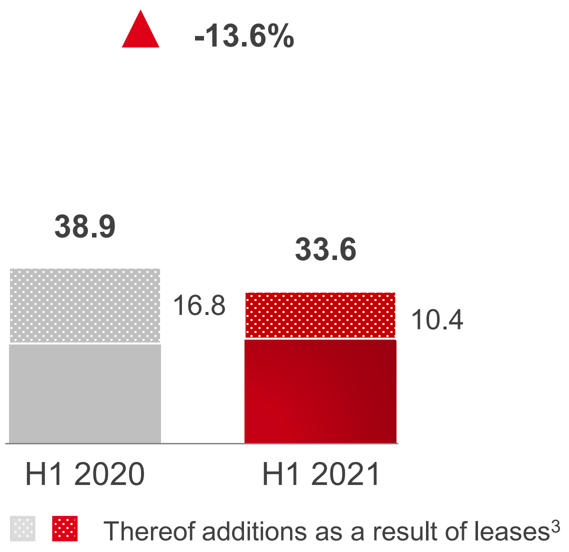
[1] Exceptional items amounting to an expense of €0.7 million recognized in relation to the efficiency program initiated at the beginning of 2020.

R&D spending, capital expenditure, and working capital

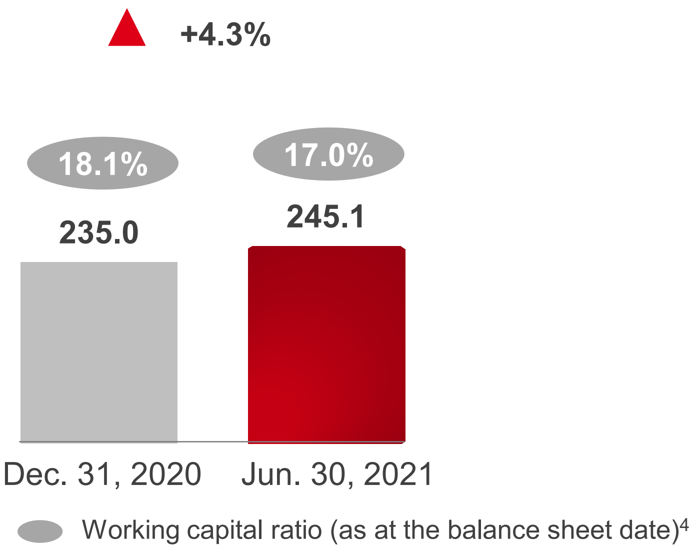
Net R&D spending[1]
€ million



Capital expenditure[1,2]
€ million



Working capital
€ million

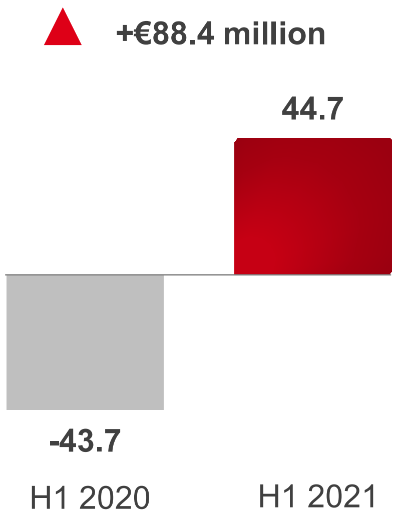


- R&D expenditure lower overall than in prior-year period
- Significantly less capital expenditure compared with the high level in H1 2020, which had been influenced by the extension of leases and the replacement of expired leases
- Decrease in working capital ratio due to rigorous management of working capital across the Group

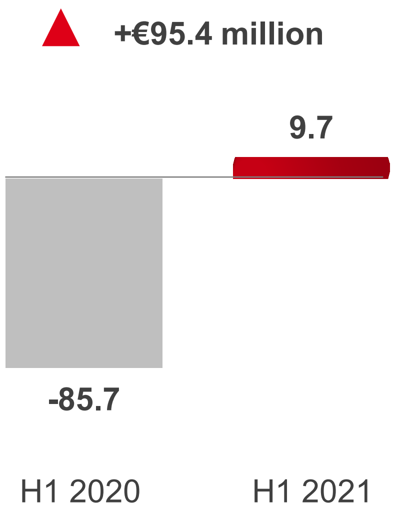
[1] After deducting grants. [2] Capital expenditure on property, plant, and equipment (including right-of-use assets for leases) and intangible assets, excluding capitalization of R&D.
[3] Right-of-use assets for leases under IFRS 16. [4] Working capital as at the balance sheet date divided by revenue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

Cash flow and net financial position

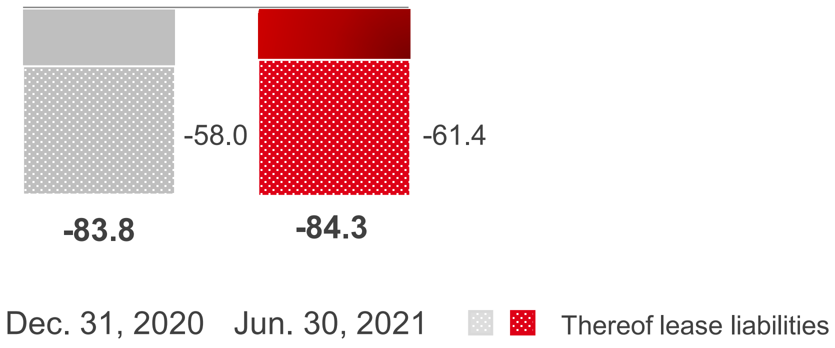
Cash flow from operating activities
€ million



Free cash flow[1]
€ million



Net financial position
€ million

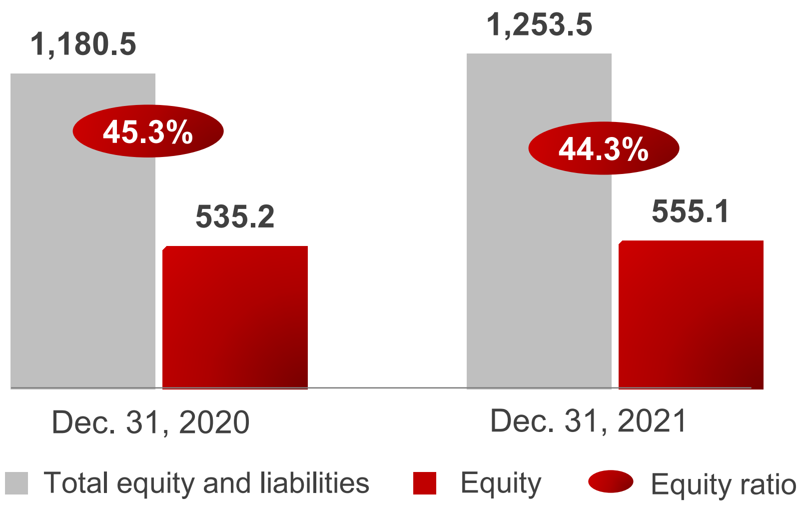


- Sharp rise in cash flow from operating activities compared with H1 2020, mainly thanks to improved earnings performance and more favorable level of working capital
- Substantial year-on-year increase in free cash flow owing to improvement in cash flow from operating activities and reduction in investing activities
- Small rise in net debt as at June 30, 2021 compared with the end of 2020

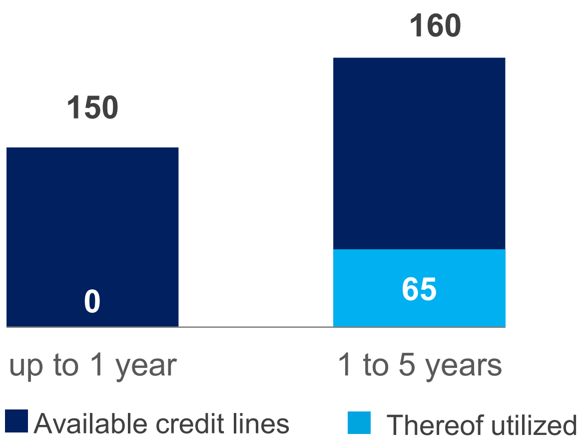
[1] Cash flow from operating activities and from investing activities less interest expense.

Sufficient medium- and long-term funding options

Equity and equity ratio
€ million



Syndicated credit lines
€ million / term



Long-term bank loans
€ million / repayment profile

- Growth in balance sheet due to the increase in current assets and current liabilities
- Equity ratio remains at a comfortable level and above the target figure of 40%
- Unused credit lines totaling €245 million are available
  - €150 million with a term ending in November 2021, with an extension option
  - €160 million with a term ending in June 2024, of which €65 million has been utilized

Agenda

Guidance

Dr. Frank Hiller | CEO

Group guidance for 2021

	Guidance for 2021
Unit sales	140,000 to 155,000 DEUTZ engines[1]
Revenue	€1.5 billion to €1.6 billion
EBIT margin before exceptional items	1.0–2.0 %
Free cash flow	Negative low double-digit million euro amount (previously: negative low- to mid-double-digit million euro amount)

- Difficulties with the supply of some components will persist for the time being
- Confirmation of raised full-year guidance for 2021[2] despite the supply situation remaining difficult
- Final instalment of the purchase price for the sale of the Cologne-Deutz site[3] now expected in 2022
- Free cash flow guidance for 2021 raised despite postponed payment of the final instalment

[1] Excluding electric boat drives from DEUTZ subsidiary Torqeedo. [2] See the ad hoc disclosure dated April 19, 2021.
[3] The amount and the date of the payment depend on when the development plan for the site is formally approved by the City of Cologne and so cannot be precisely determined yet.

Medium-term targets for 2023/2024

- Technology-neutral approach to development of the product portfolio and expansion of the high-margin service business
- Implementation of regional growth initiatives
- Systematic implementation of the Transform for Growth efficiency program, with targeted gross annual cost savings of around €100 million in total from the end of 2022
  - Adjustment of staff costs and operating costs
  - Optimization of the global production network
  - Reduction of complexity
- Share of consolidated revenue attributable to E-DEUTZ of 5–10%

Our targets for 2023/2024:

> €2 billion

revenue

7–8%

EBIT margin
before exceptional items

DEUTZ has taken the steps that are needed for sustained profitable growth

SAVE THE DATE

Capital Markets Day 2021

Wednesday, November 17, 2021

at the Coreum | Stockstadt am Rhein

Annex

Segment overview

New orders € million	**H1 2021**	**H1 2020**	YoY change (%)
DEUTZ Compact Engines	808.2	439.9	83.7
DEUTZ Customized Solutions	182.3	165.4	10.2
Other	39.8	19.5	104.1
Consolidation	-1.5	-1.2	-25.0
Total	**1,028.8**	623.6	65.0

Revenue € million	**H1 2021**	**H1 2020**	YoY change (%)
DEUTZ Compact Engines	589.5	453.7	29.9
DEUTZ Customized Solutions	153.7	145.0	6.0
Other	28.5	22.5	26.7
Consolidation	-1.5	-1.2	-25.0
Total	**770.2**	620.0	24.2

Unit sales Units	**H1 2021**	**H1 2020**	YoY change (%)
DEUTZ Compact Engines	67,399	48,173	39.9
DEUTZ Customized Solutions	8,032	9,442	-14.9
Other	18,196	16,244	12.0
Consolidation	0	0	-
Total	**93,627**	73,859	26.8

EBIT before except. items € million	**H1 2021**	**H1 2020**	YoY change (%)
DEUTZ Compact Engines	0.3	-49.8	-
DEUTZ Customized Solutions	17.5	6.6	165.2
Other	-1.0	-6.7	85.1
Consolidation	0.0	0.0	-
Total	**16.8**	-49.9	-

Income statement

€ million	H1 2021	H1 2020
Revenue	**770.2**	**620.0**
Cost of sales	-631.0	-534.8
Research and development costs	-45.9	-49.6
Selling and administrative expenses	-79.7	-75.6
Other operating income	12.0	6.2
Other operating expenses	-10.9	-15.8
Impairment of financial assets and reversals thereof	-1.1	-1.4
Profit/loss on equity-accounted investments	2.5	1.1
EBIT	**16.1**	**-49.9**
thereof exceptional items	-0.7	0.0
thereof operating profit/loss (EBIT before exceptional items)	16.8	-49.9
Financial income, net	**-2.8**	**-1.7**
Income taxes	0.0	-0.7
Net income	**13.3**	**-52.3**
thereof attributable to shareholders of DEUTZ AG	13.3	-52.3
thereof attributable to non-controlling interests	0.0	0.0
Earnings per share (basic/diluted, €)	**0.11**	**-0.43**

Balance sheet: assets

€ million	Jun. 30, 2021	Dec. 31, 2020
Property, plant and equipment	362.5	361.7
Intangible assets	188.7	197.2
Equity-accounted investments	54.8	50.3
Other financial assets	4.7	4.4
Non-current assets (before deferred tax assets)	**610.7**	**613.6**
Deferred tax assets	76.7	74.2
Non-current assets	**687.4**	**687.8**
Inventories	324.7	274.2
Trade receivables	136.6	113.8
Other receivables and assets	34.8	32.8
Receivables in respect of tax refunds	8.0	7.2
Cash and cash equivalents	62.0	64.7
Current assets	**566.1**	**492.7**
Total assets	**1,253.5**	**1,180.5**

Balance sheet: equity and liabilities

€ million	Jun. 30, 2021	Dec. 31, 2020
Issued capital	**309.0**	**309.0**
Additional paid-in capital	28.8	28.8
Other reserves	-0.9	-3.9
Retained earnings and accumulated income	218.0	201.1
Equity attributable to shareholders of DEUTZ AG	**554.9**	**535.0**
Non-controlling interests	0.2	0.2
Equity	**555.1**	**535.2**
Provisions for pensions and other post-retirement benefits	137.4	148.5
Deferred tax liabilities	0.5	0.6
Other provisions	33.4	37.5
Financial debt	57.1	58.3
Other liabilities	5.7	5.9
Non-current liabilities	**234.1**	**250.8**
Provisions for pensions and other post-retirement benefits	11.8	11.9
Other provisions	82.0	83.3
Financial debt	89.2	90.2
Trade payables	216.2	153.0
Liabilities arising from income taxes	2.2	2.0
Other liabilities	62.9	54.1
Current liabilities	**464.3**	**394.5**
Total equity and liabilities	**1,253.5**	**1,180.5**

Cash flow statement (condensed)

€ million	H1 2021	H1 2020
EBIT	**16.1**	**-49.9**
Cash flow from operating activities	**44.7**	**-43.7**
Capital expenditure on intangible assets, property, plant and equipment and investments	-32.6	-39.8
Proceeds from the sale of non-current assets	0.1	0.2
Cash flow from investing activities	**-32.5**	**-39.6**
Cash flow from financing activities	**-15.6**	**58.3**
Change in cash and cash equivalents	**-3.4**	**-25.0**

Questions & answers

Thank you for your attention!

Financial calendar and contact details

Financial calendar

Q3 2021 quarterly statement	November 10, 2021
2021 annual report	March 17, 2022
2022 Annual General Meeting	April 28, 2022
Q1 2022 quarterly statement	May 5, 2022

Contact

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