



# DEUTZ

## – Results for Q1–Q3 2021 –

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November 10, 2021

# Disclaimer

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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 Q1–Q3 2021



Dr. Frank Hiller | CEO

# Operational and strategic highlights

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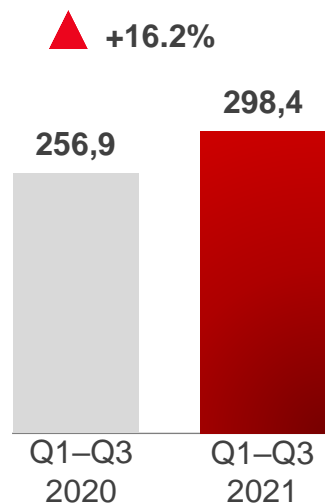
- Willingness to invest remains high in relevant customer industries: double-digit percentage increases in new orders, unit sales, and revenue
- Orders on hand more than double to over €0.6 billion
- Sharp rise in the EBIT margin before exceptional items; restructuring is paying off
- Free cash flow in positive territory
- Confirmation of raised full-year guidance for 2021 despite the supply situation remaining difficult
- Further milestones reached for green off-highway drive solutions

# Expansion of the profitable service business remains on course



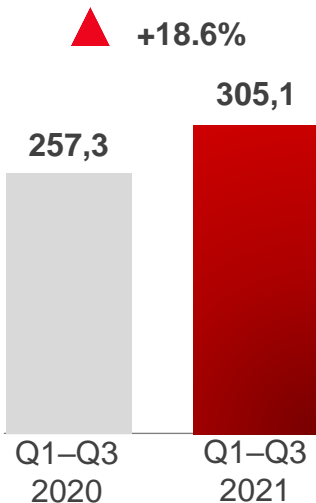
## Revenue

€ million



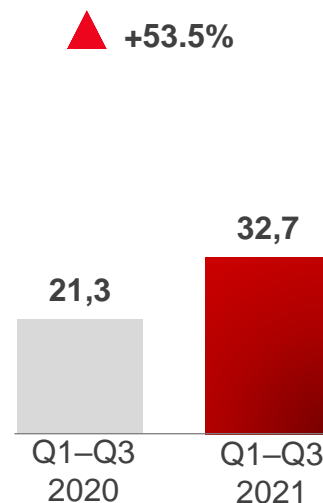
## New orders

€ million



## Orders on hand

€ million



Our service target:

**approx.**  
**€400 million**  
revenue in 2021

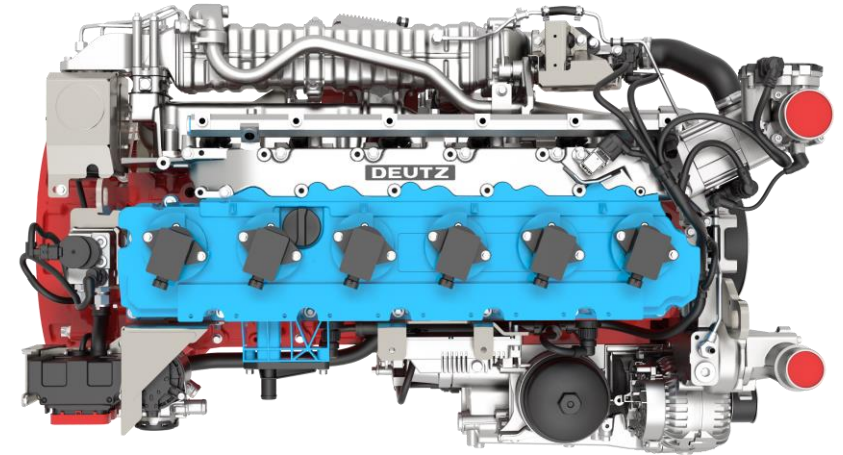
- Service business performs well overall compared with Q1–Q3 2020
- Substantial growth of business from parts sales
- Revenue target of around €400 million for the service business in 2021 is in reach

# Progress with hydrogen strategy



## Pilot project for TCG 7.8 H2 with regional utility company

- Stationary equipment for power generation planned with RheinEnergie as the first pilot application for the TCG 7.8 H2
- Hydrogen engine complies with the CO<sub>2</sub> threshold set by the EU for zero emissions
- Full production scheduled for 2024



## Cooperation agreement with German Aerospace Center (DLR)

- Joint project focused on making construction sites more environmentally friendly
- Collaborative development of solutions for running construction-site vehicles and agricultural machinery on hydrogen

**DEUTZ is providing drive solutions to help create green off-highway applications**

## Strategic partnership with Blue World Technologies



- Developer and manufacturer of fuel cell components and systems, including for stationary applications (gensets) and the automotive sector (cars and commercial vehicles)
- Fuel cells primarily run on methanol, which is a renewable, liquid fuel
- Key aspects of the alliance:
  - Exclusive distribution and service agreement for stationary fuel cell generators
  - 10% stake in Blue World – deal likely to be completed in Q4 2021 after due diligence has taken place
- Fuel cell technology also expected to be used for off-highway mobile applications in the future



**DEUTZ expands its activities involving alternative drive systems**



# China business faced with short-term market weakness

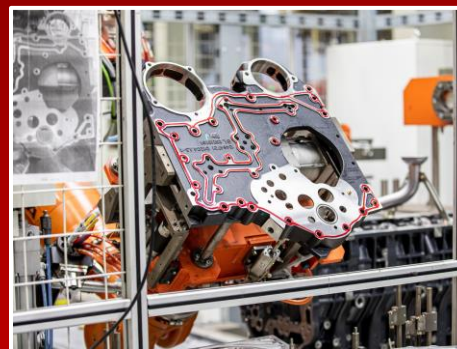


## Business performance of SANY JV Q1–Q3 2021:

- Unit sales of approx. 18,300 engines
- Revenue of approx. €158 million
- Contribution to earnings of approx. €1.5 million<sup>1</sup>
- Planned increase in unit sales to around 22,000 engines in 2021

## Demand adversely affected by:

- Temporary power outages
- Strict restrictions to contain the spread of coronavirus, including local lockdowns
- Slowdown in the growth of the property market
- Collapse of the truck market: production planning reduced by 50% since October 2021





# Agenda



## Q1–Q3 2021 in numbers



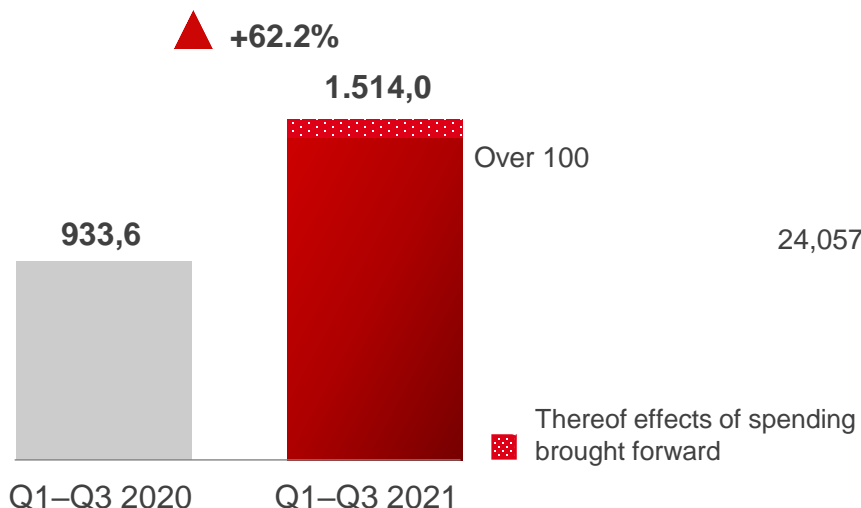
Dr. Sebastian C. Schulte | CFO

# Results for Q1–Q3 2021



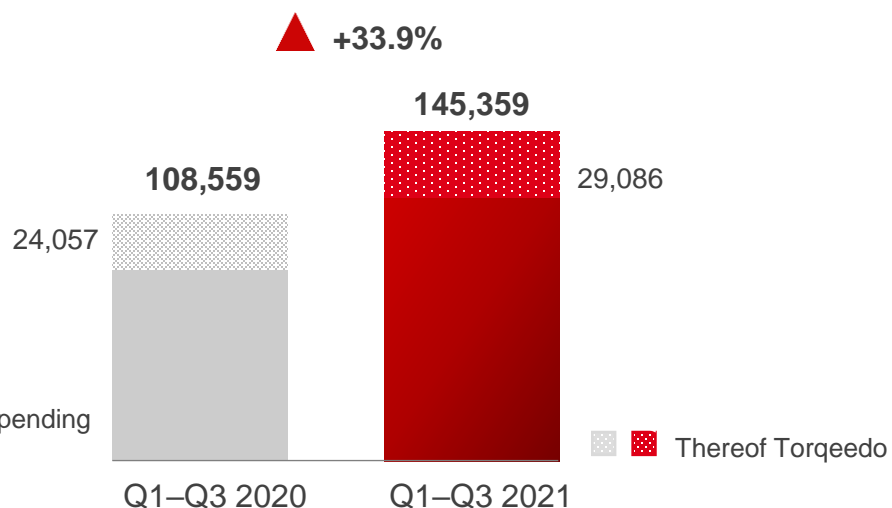
## New orders

€ million



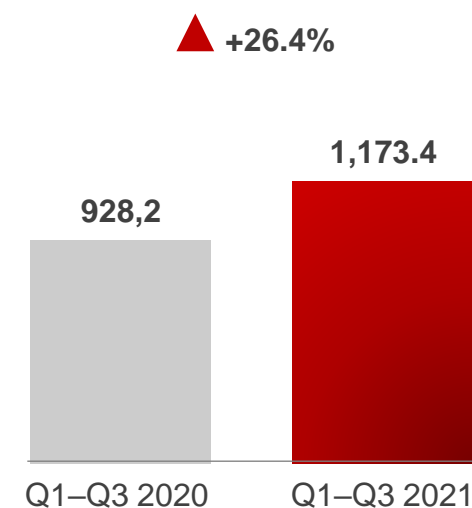
## Unit sales

Units



## Revenue

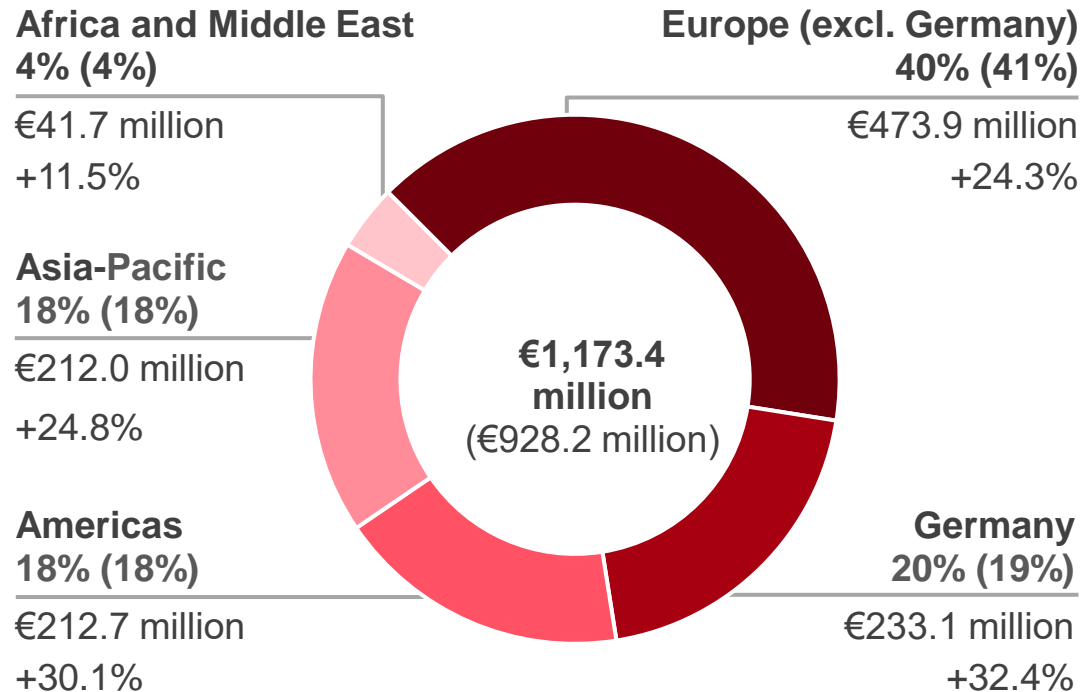
€ million



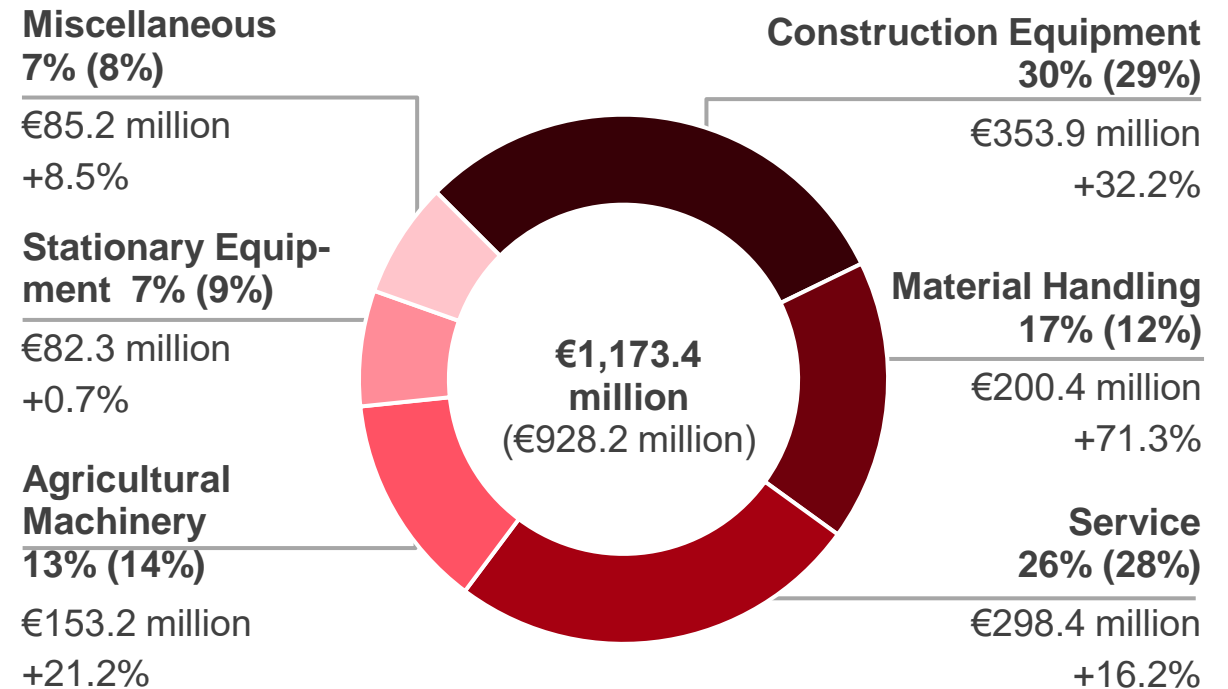
- Significant increase in new orders – positive effects in September and June 2021 amounting to more than €100 million, mainly as a result of customer orders being brought forward in response to longer lead times and price adjustments
- Book-to-bill ratio of 1.29 (Q1–Q3 2020: 1.01)
- Higher rise in unit sales than in revenue due to shift in the product mix toward engines with a capacity of less than 4 liters
- Orders on hand more than doubled to €616.4 million as at September 30, 2021 (September 30, 2020: €250.4 million)

# Revenue in detail

## Revenue breakdown by region Q1–Q3 2021 (Q1–Q3 2020)



## Revenue breakdown by application segment Q1–Q3 2021 (Q1–Q3 2020)

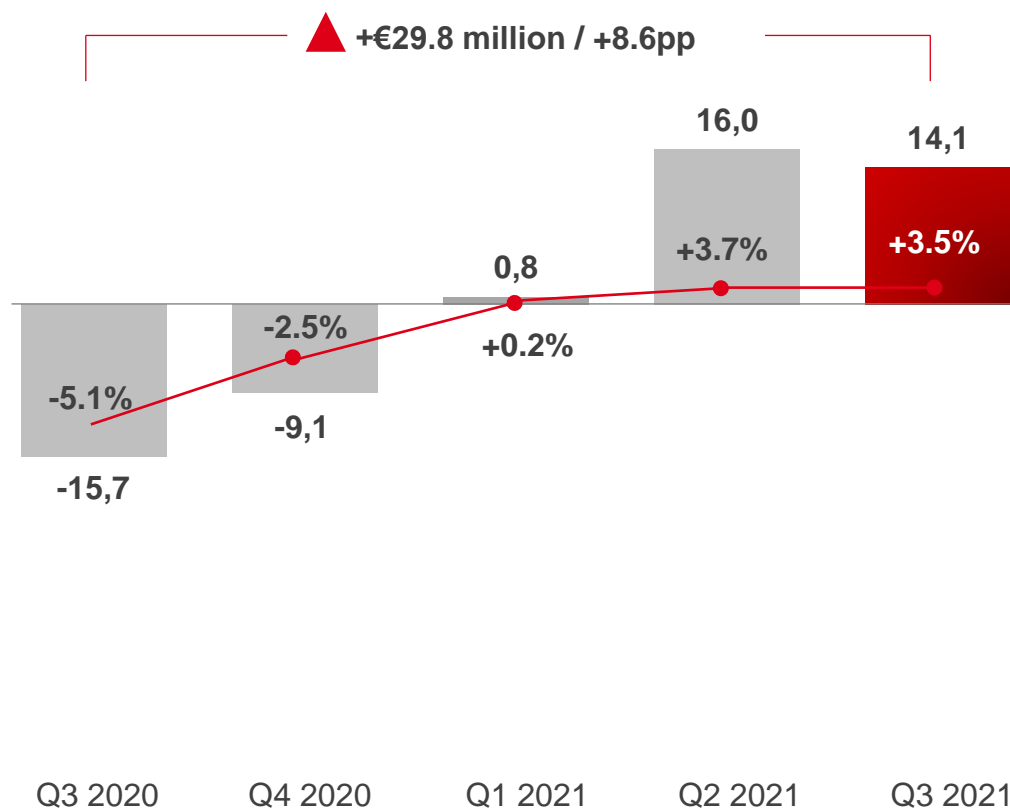


All regions and the main application segments recorded double-digit percentage increases in revenue

# Continued improvement in earnings



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

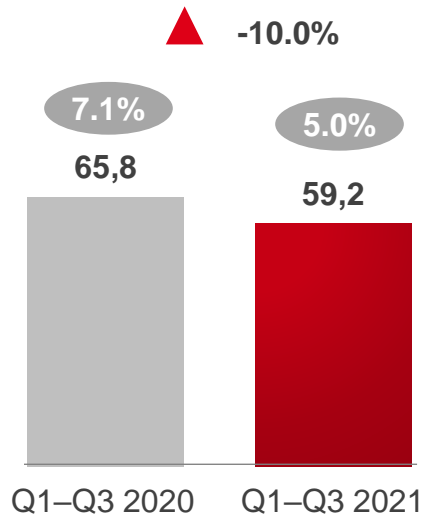


- Operating profit improves to €30.9 million in Q1–Q3 2021<sup>1</sup> (Q1–Q3 2020: operating loss of €65.6 million) due to:
  - absence of payments to suppliers going through insolvency proceedings
  - increased volume of business, bringing economies of scale
  - cost savings as a result of implementation of the efficiency program
- EBIT margin before exceptional items<sup>1</sup> increases to 2.6% in Q1–Q3 2021 (Q1–Q3 2020: minus 7.1%)
- Net income before exceptional items<sup>1</sup> amounts to €26.8 million (Q1–Q3 2020: net loss of €68.3 million)
- Earnings per share before exceptional items<sup>1</sup> came to €0.22 (Q1–Q3 2020: minus €0.57)

# R&D spending, capital expenditure, and working capital

## Net R&D spending<sup>1</sup>

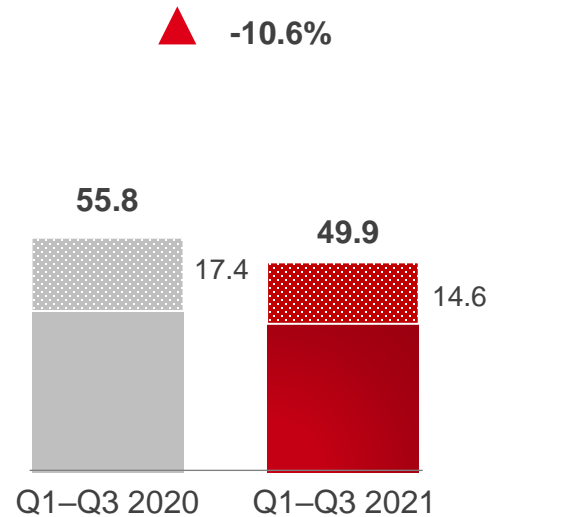
€ million



● R&D ratio<sup>1</sup>

## Capital expenditure<sup>1,2</sup>

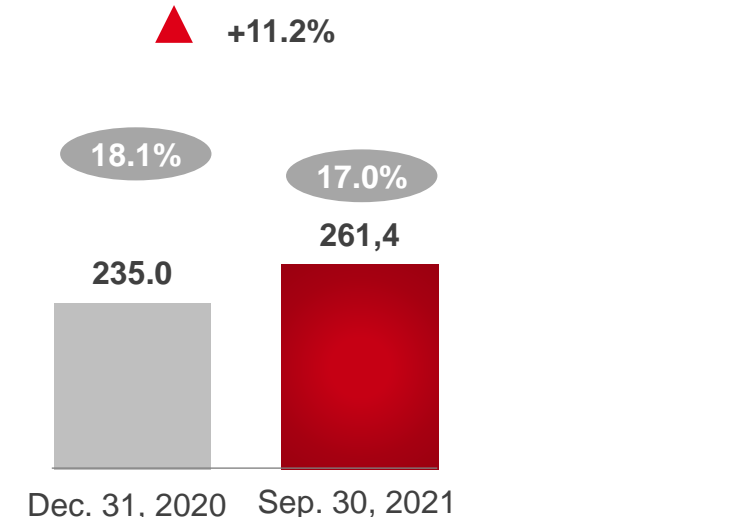
€ million



● Thereof additions as a result of leases<sup>3</sup>

## Working capital

€ million



● Working capital ratio (as at the balance sheet date)<sup>4</sup>

- Year-on-year fall in R&D expenditure
- Reduction in investing activities compared with the high level in Q1–Q3 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

13 <sup>1</sup> After deducting grants. <sup>2</sup> Capital expenditure on property, plant, and equipment (including right-of-use assets for leases) and intangible assets, excluding capitalization of R&D.

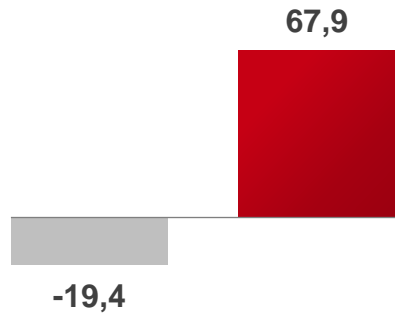
<sup>3</sup> Right-of-use assets for leases under IFRS 16. <sup>4</sup> Working capital as at the balance sheet date divided by revenue for the previous twelve months.

# Cash flow and net financial position

## Cash flow from operating activities

€ million

▲ +€87.3 million

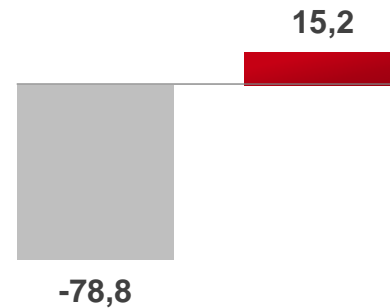


Q1–Q3 2020 Q1–Q3 2021

## Free cash flow<sup>1</sup>

€ million

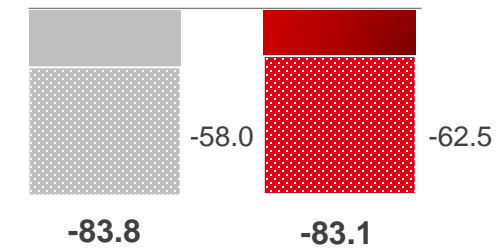
▲ +€94.0 million



Q1–Q3 2020 Q1–Q3 2021

## Net financial position

€ million



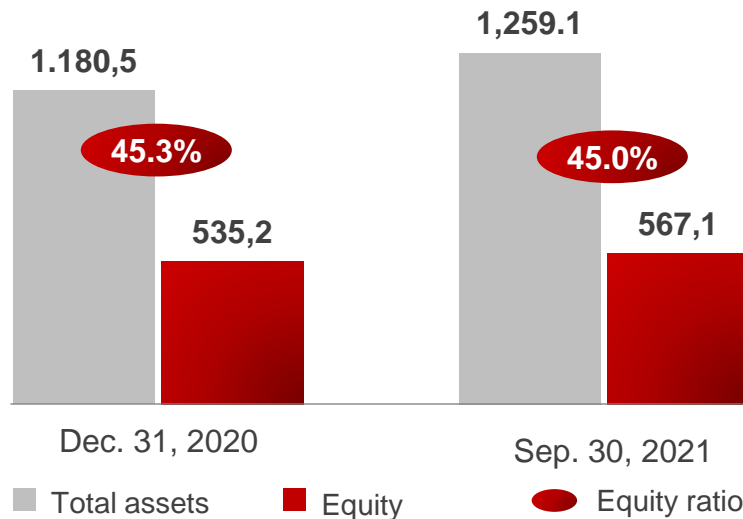
Dec. 31, 2020 Sep. 30, 2021  Thereof lease liabilities

- Sharp rise in cash flow from operating activities compared with Q1–Q3 2020, mainly thanks to improved earnings performance and rigorous management of working capital across the Group
- Substantial year-on-year increase in free cash flow owing to improvement in cash flow from operating activities and reduction in investing activities
- Small decrease in net debt as at September 30, 2021 compared with the end of 2020

# Sufficient medium- and long-term funding options

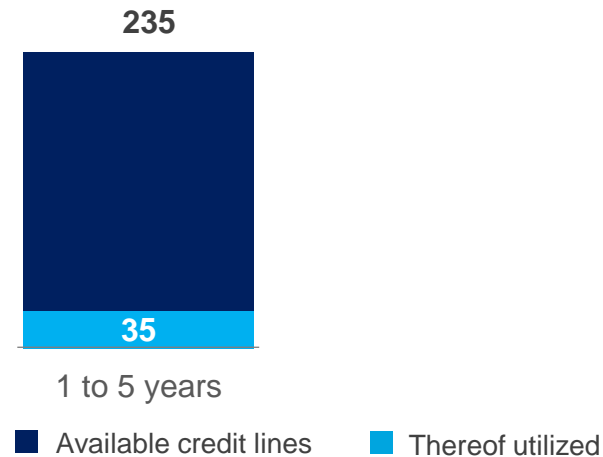
## Equity and equity ratio

€ million



## Syndicated credit lines

€ million / term



## Long-term bank loans

€ million / repayment profile



- Equity ratio remains at a comfortable level and well above the target figure of 40%
- KfW credit line of €150 million ended ahead of schedule; bilateral credit lines secured in an amount of €75 million
- Unused credit lines totaling €200 million are available
  - €75 million with a term ending in February 2023
  - €160 million with a term ending in June 2024, of which €35 million has been utilized



# Agenda

## Guidance



Dr. Frank Hiller | CEO

# Group guidance for 2021 and medium-term targets for 2023/2024



## Guidance for 2021

Unit sales	155,000 to 170,000 DEUTZ engines <sup>1</sup> (previously 140,000 to 155,000)
Revenue	€1.6 billion to €1.7 billion (previously €1.5 billion to €1.6 billion)
EBIT margin before exceptional items	2.0–3.0% (previously 1.0–2.0%)
Free cash flow	Break even (previously negative low-double-digit million euro amount)

- Difficulties with the supply of some components will persist
- Confirmation of raised full-year guidance for 2021<sup>2</sup> despite the supply situation remaining difficult
- Unchanged medium-term targets for 2023/2024: revenue of more than €2 billion; EBIT margin before exceptional items of 7–8%



# Annex

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# Segment overview for Q1–Q3 2021



<b>New orders</b> € million	<b>Q1–Q3 2021</b>	<b>Q1–Q3 2020</b>	<b>YoY change (%)</b>
DEUTZ Compact Engines	1,192.1	660.4	+80.5
DEUTZ Customized Solutions	270.1	241.3	+11.9
Other	54.2	34.0	+59.4
Consolidation	-2.4	-2.1	-14.3
<b>Total</b>	<b>1,514.0</b>	933.6	+62.2

<b>Unit sales</b> Units	<b>Q1–Q3 2021</b>	<b>Q1–Q3 2020</b>	<b>YoY change (%)</b>
DEUTZ Compact Engines	103,593	70,826	+46.3
DEUTZ Customized Solutions	12,680	13,676	-7.3
Other	29,086	24,057	+20.9
Consolidation	0	0	-
<b>Total</b>	<b>145,359</b>	108,559	+33.9

<b>Revenue</b> € million	<b>Q1–Q3 2021</b>	<b>Q1–Q3 2020</b>	<b>YoY change (%)</b>
DEUTZ Compact Engines	896.7	668.6	+34.1
DEUTZ Customized Solutions	236.2	225.8	+4.6
Other	42.9	35.9	+19.5
Consolidation	-2.4	-2.1	-14.3
<b>Total</b>	<b>1,173.4</b>	928.2	+26.4

<b>EBIT before exceptional items</b> € million	<b>Q1–Q3 2021</b>	<b>Q1–Q3 2020</b>	<b>YoY change (%)</b>
DEUTZ Compact Engines	6.4	-67.6	+109.5
DEUTZ Customized Solutions	27.8	10.9	+155.0
Other	-3.3	-8.9	+62.9
Consolidation	0	0	-
<b>Total</b>	<b>30.9</b>	-65.6	+147.1

# Segment overview for Q3 2021



<b>New orders</b> € million	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>YoY change (%)</b>
DEUTZ Compact Engines	383.9	220.5	+74.1
DEUTZ Customized Solutions	87.8	75.9	+15.7
Other	14.4	14.5	-0.7
Consolidation	-0.9	-0.9	0.0
<b>Total</b>	<b>485.2</b>	<b>310.0</b>	<b>+56.5</b>

<b>Unit sales</b> Units	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>YoY change (%)</b>
DEUTZ Compact Engines	36,194	22,653	+59.8
DEUTZ Customized Solutions	4,648	4,234	+9.8
Other	10,890	7,813	+39.4
Consolidation	0	0	-
<b>Total</b>	<b>51,732</b>	<b>34,700</b>	<b>+49.1</b>

<b>Revenue</b> € million	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>YoY change (%)</b>
DEUTZ Compact Engines	307.2	214.9	+43.0
DEUTZ Customized Solutions	82.5	80.8	+2.1
Other	14.4	13.4	+7.5
Consolidation	-0.9	-0.9	0.0
<b>Total</b>	<b>403.2</b>	<b>308.2</b>	<b>+30.8</b>

<b>EBIT before exceptional items</b> € million	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>YoY change (%)</b>
DEUTZ Compact Engines	6.1	-17.8	+134.3
DEUTZ Customized Solutions	10.3	4.3	+139.5
Other	-2.3	-2.2	-4.5
Consolidation	0	0	-
<b>Total</b>	<b>14.1</b>	<b>-15.7</b>	<b>+189.8</b>

# Income statement



€ million	Q3 2021	Q3 2020	Q1–Q3 2021	Q1–Q3 2020
<b>Revenue</b>	403.2	308.2	1,173.4	928.2
Cost of sales	-330.7	-263.3	-961.7	-798.1
Research and development costs	-22.9	-23.7	-68.8	-73.3
Selling expenses	-24.3	-22.8	-73.8	-74.1
General and administrative expenses	-15.2	-12.0	-45.4	-36.3
Other operating income	4.7	3.2	16.7	9.4
Other operating expenses	-2.4	-44.0	-13.3	-59.8
Impairment of financial assets and reversals thereof	0.0	0.0	-1.1	-1.4
Profit/loss on equity-accounted investments	-0.7	0.9	1.8	2.0
<b>EBIT</b>	<b>11.7</b>	<b>-53.5</b>	<b>27.8</b>	<b>-103.4</b>
thereof exceptional items	-2.4	-37.8	-3.1	-37.8
thereof operating profit/loss (EBIT before exceptional items)	14.1	-15.7	30.9	-65.6
Interest income	0.0	0.1	0.1	0.4
Interest expense	-1.3	-1.2	-4.2	-3.0
Other financial income/finance costs	0.0	-0.1	0.0	-0.3
<b>Financial income, net</b>	<b>-1.3</b>	<b>-1.2</b>	<b>-4.1</b>	<b>-2.9</b>
<b>Net income before income taxes</b>	<b>10.4</b>	<b>-54.7</b>	<b>23.7</b>	<b>-106.3</b>
Income taxes	0.0	2.5	0.0	1.8
<b>Net income</b>	<b>10.4</b>	<b>-52.2</b>	<b>23.7</b>	<b>-104.5</b>
thereof attributable to shareholders of DEUTZ AG	10.4	-52.2	23.7	-104.5
thereof attributable to non-controlling interests	0.0	0.0	0.0	0.0
<b>Earnings per share (basic/diluted, €)</b>	<b>0.09</b>	<b>-0.43</b>	<b>0.20</b>	<b>-0.86</b>

## Balance sheet: assets



€ million	Sep. 30, 2021	Dec. 31, 2020
Property, plant and equipment	362.3	361.7
Intangible assets	184.9	197.2
Equity-accounted investments	55.5	50.3
Other financial assets	4.7	4.4
<b>Non-current assets (before deferred tax assets)</b>	<b>607.4</b>	<b>613.6</b>
Deferred tax assets	79.8	74.2
<b>Non-current assets</b>	<b>687.2</b>	<b>687.8</b>
Inventories	356.9	274.2
Trade receivables	137.1	113.8
Other receivables and assets	36.8	32.8
Receivables in respect of tax refunds	7.6	7.2
Cash and cash equivalents	33.5	64.7
<b>Current assets</b>	<b>571.9</b>	<b>492.7</b>
<b>Total assets</b>	<b>1,259.1</b>	<b>1,180.5</b>



# Balance sheet: equity and liabilities



€ million	Sep. 30, 2021	Dec. 31, 2020
<b>Issued capital</b>	<b>309.0</b>	<b>309.0</b>
Additional paid-in capital	28.8	28.8
Other reserves	1.0	-3.9
Retained earnings and accumulated income	228.3	201.1
<b>Equity attributable to shareholders of DEUTZ AG</b>	<b>567.1</b>	<b>535.0</b>
Non-controlling interests	0.0	0.2
<b>Equity</b>	<b>567.1</b>	<b>535.2</b>
Provisions for pensions and other post-retirement benefits	134.7	148.5
Deferred tax liabilities	0.4	0.6
Other provisions	35.4	37.5
Financial debt	54.9	58.3
Other liabilities	5.0	5.9
<b>Non-current liabilities</b>	<b>230.4</b>	<b>250.8</b>
Provisions for pensions and other post-retirement benefits	11.8	11.9
Other provisions	83.4	83.3
Financial debt	61.7	90.2
Trade payables	232.6	153.0
Liabilities arising from income taxes	2.6	2.0
Other liabilities	69.5	54.1
<b>Current liabilities</b>	<b>461.6</b>	<b>394.5</b>
<b>Total equity and liabilities</b>	<b>1,259.1</b>	<b>1,180.5</b>

# Cash flow statement (condensed)



€ million	Q1–Q3 2021	Q1–Q3 2020
<b>EBIT</b>	<b>27.8</b>	-103.4
<b>Cash flow from operating activities</b>	<b>67.9</b>	-19.4
Capital expenditure on intangible assets, property, plant and equipment and investments	-49.3	-56.2
Proceeds from the sale of non-current assets	0.2	0.2
<b>Cash flow from investing activities</b>	<b>-49.1</b>	-56.0
<b>Cash flow from financing activities</b>	<b>-51.0</b>	48.8
<b>Change in cash and cash equivalents</b>	<b>-32.2</b>	-26.6

# Questions & answers

Thank you for  
your attention!

# Financial calendar and contact details



## Financial calendar

Capital markets day	November 17, 2021
2021 annual report	March 17, 2022
2022 Annual General Meeting	April 28, 2022
Q1 2022 quarterly statement	May 5, 2022
H1 2022 interim report	August 11, 2022

## Contact

Christian Ludwig, CFA  
SVP Communications & Investor Relations  
+49 (0)221 822 3600  
christian.ludwig@deutz.com

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