DEUTZ

– Results for FY 2021 –

March 14, 2022

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 2021

Dr. Sebastian C. Schulte | CEO & interim CFO

Key operational and strategic developments

Order intake

+52% to

€2,013 million

Book-to-bill ratio of 1.24

Unit sales

DEUTZ engines +33% to

160,882 units

Revenue

Sales +25% to

€1,617 million

EBIT before exceptional items

+€111.9 million to

€37.2 million

EBIT margin of 2.3% (+8.1pp)

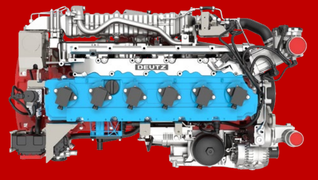
Proposed dividend

FCF €21.6 m

€0.15 per share

Dividend ratio of 47%

Product Innovation



Hydrogen engine unveiled

Sustainability exposure increased

THE GLOBAL COMPACT

WE SUPPORT

Member of the UN Global Compact

Leadership

New Board of Management and Supervisory Board chairmen

Positiv and negativ Input factors

Broad economic recovery (+)	Cost measures show results (+)	Service target achieved (+)	Customer base broadend (+)
All relevant end markets with double digit sales growth	Break-even lowered to 130.000 units	Sales +16% to €403 million	New long-term contracts with SDF, AGCO and ASKO

Semiconductor shortage (−)	COVID 19 (−)	Raw Material prices (−)	Catastrophic events (−)
Shortage of ECU‘s lead to significant sales loss	COVID-19 waves lead to inefficent manufacturing operations	~ €25 Million additional cost demands due to rising prices	Blockade of the Suez canal and flooding of Ahr valley

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
- Demonstration model in operation on a trial basis since end of December 2021
- Full production scheduled for 2024

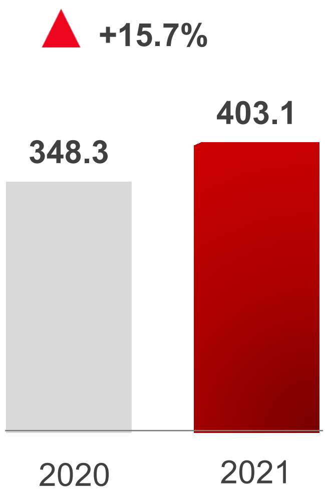
Cooperation agreement with German Aerospace Center (DLR)

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

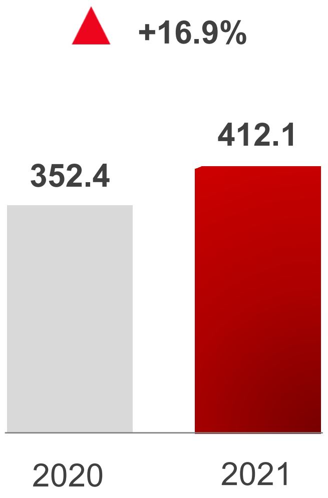
DEUTZ is providing drive solutions to help create green off-highway applications

Expansion of the profitable service business as planned

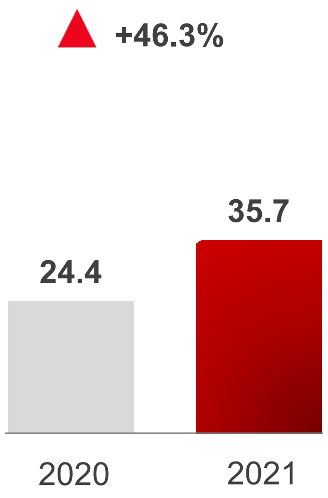
Revenue
€ million



Order intake
€ million



Order backlog
€ million



Our service target:

approx. €400 million

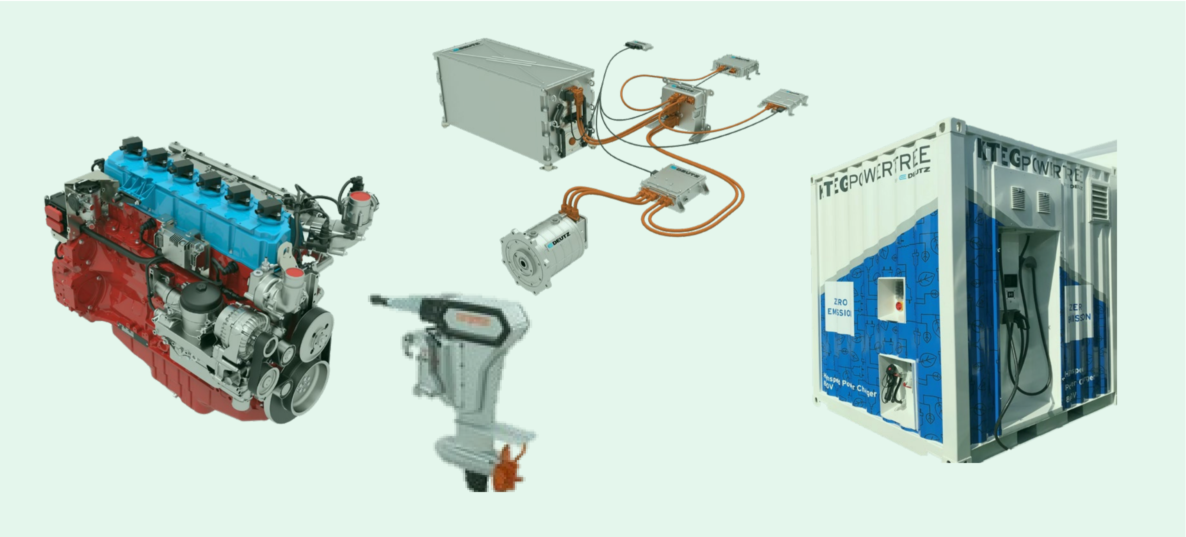
revenue in 2021

- 5-year CAGR of 7.0%
- Substantial growth of business from parts sales

Further growth of ≥ 5% p.a. planned – organic and through acquisitions

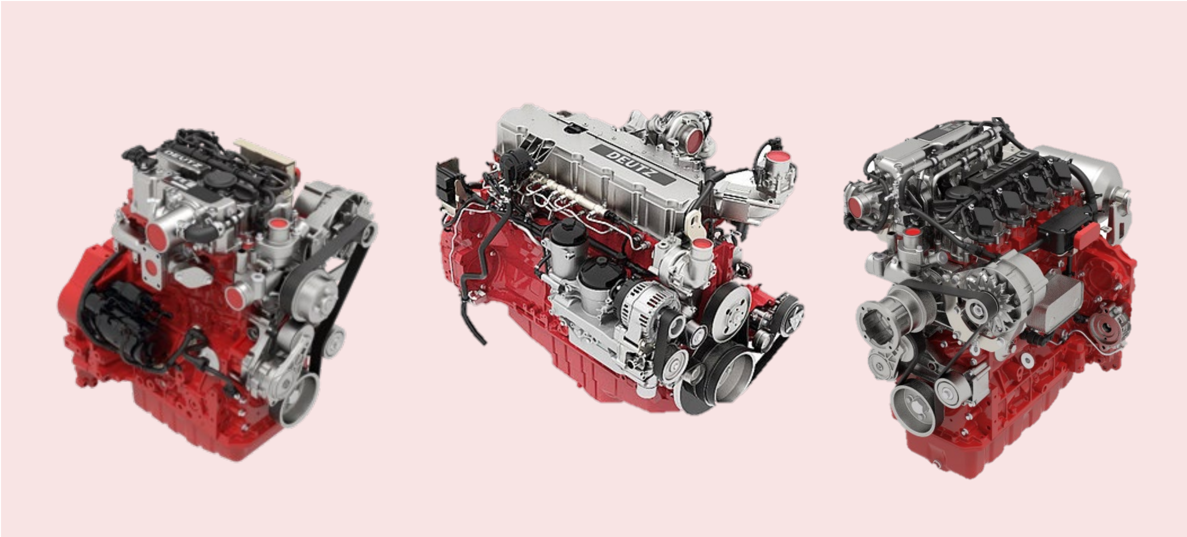
New segment structure from January 2022

GREEN



- Electric drives, Torqeedo and Futavis, hydrogen engine, Blue World Technologies
- Related service business

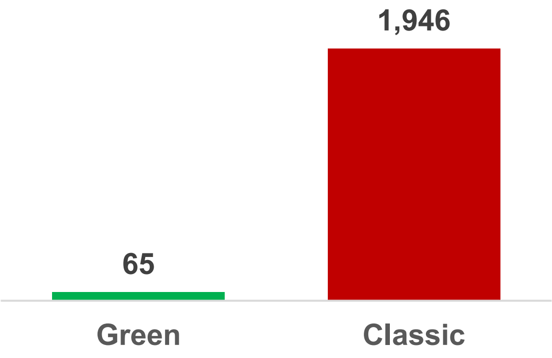
CLASSIC



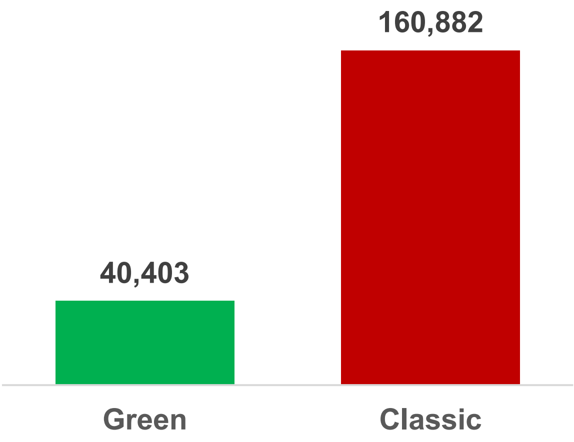
- Diesel, gas (LPG and CNG), and bi-fuel engines
- Related service business

New segment structure – pro forma view of 2021

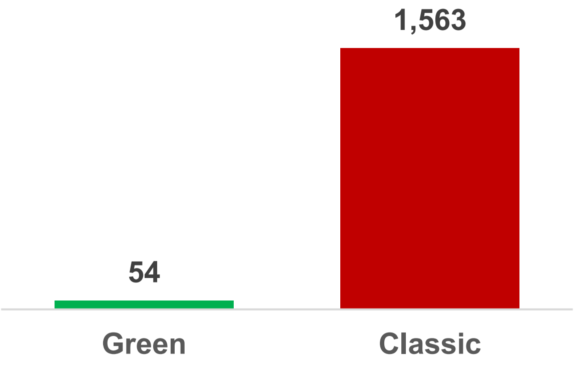
Order intake
€ million



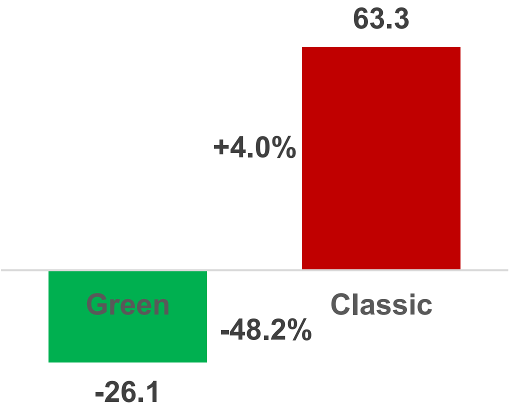
Unit sales
Units



Revenue
€ million



EBIT[1] / EBIT margin[1]
€ million



- GREEN still with considerable start-up investments
- CLASSIC with robust growth rates

[1] Before exceptional items.

Sustainability strategy – highlights of 2021

-55%[1]

CO_2 emissions from production sites

100%

Green electricity at DEUTZ AG sites

99%

Proportion of workforce to have completed compliance training

75%[2]

Proportion of production sites with ISO-45001 certification

-22%[1]

Waste for disposal

3.3%

Share of consolidated revenue attributable to GREEN segment

55%

Share of top 150 suppliers ESG-rated by Ecovadis

Environmental responsibility

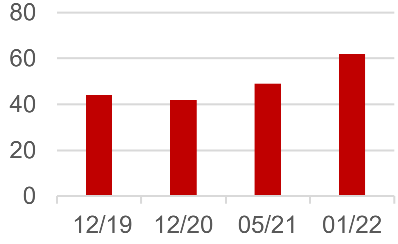
Social responsibility

Corporate responsibility

[1] Base year 2019, in relation to DEUTZ production sites. [2] Based on proportion of workforce at the production sites.

Reflected in improved ESG ratings

62 (Jan. 2022)



BRONZE 2021 ecovadis Sustainability Rating

Corporate ESG Performance Prime
RATED BY ISS ESG

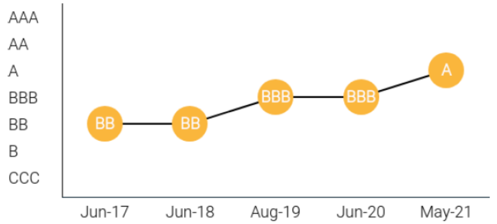
C+
(Jun. 2021)

SUSTAINALYTICS

27.9 (Jul. 2021)

MSCI

A
(May 2021)



vigeoeiris

39 (Feb. 2021)

Sustainability efforts paying off

Strategic Roadmap under development

Beyond 2030

2026 – 2029

2022 – 2025

Project H1 2022: ‚Strategic Agenda‘

Strategic Analysis → *Conception of Strategy* → *Review & Launch*

Strategic Program 2022-2025

Strategic Program Management (PMO+) → *Strategy Review Process (agile + annual)* → *Adaptation & Expansion*

2025

Outlook & definition of next horizon level

Three different time horizons for strategic development of DEUTZ

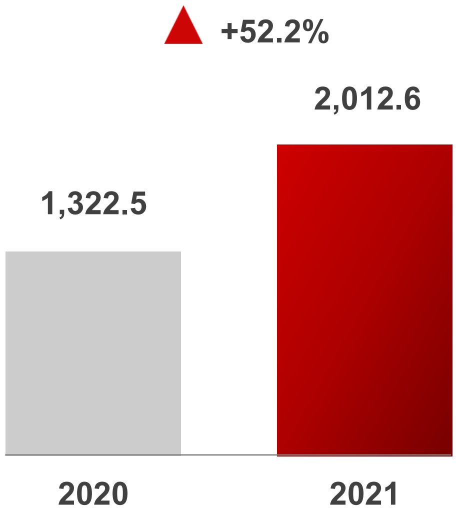
Agenda

2021 in numbers

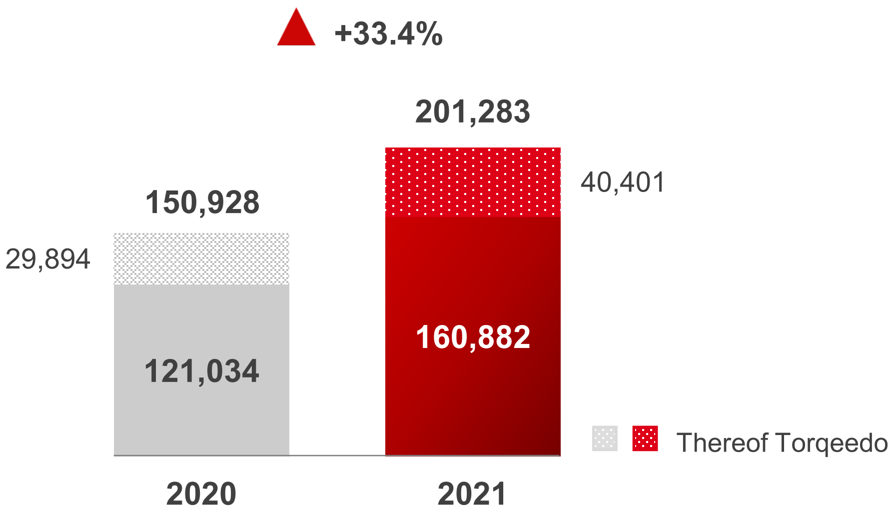
Christian Ludwig | SVP Communications & IR

Results for 2021

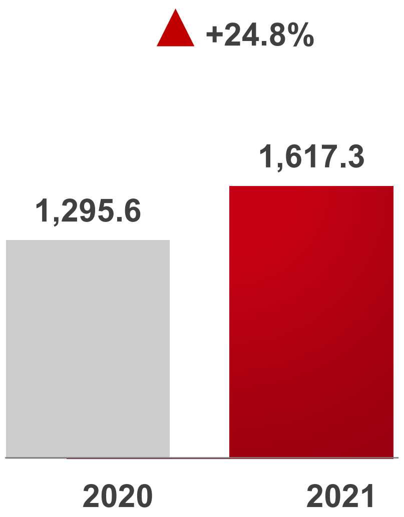
Order intake
€ million



Unit sales
Units



Revenue
€ million



- Continued market recovery resulting in significant increase in new orders – positive effects in 9/2021 and 6/2021 of more than €100 million due to customer orders being brought forward in response to longer lead times and price adjustments
- Book-to-bill ratio of 1.24 (2020: 1.02)
- Higher rise in unit sales than in revenue due to shift in the product mix towards engines with a capacity of less than 4 liters
- Order backlog more than doubled to €676.7 million as at December 31, 2021 (December 31, 2020: €269.0 million)

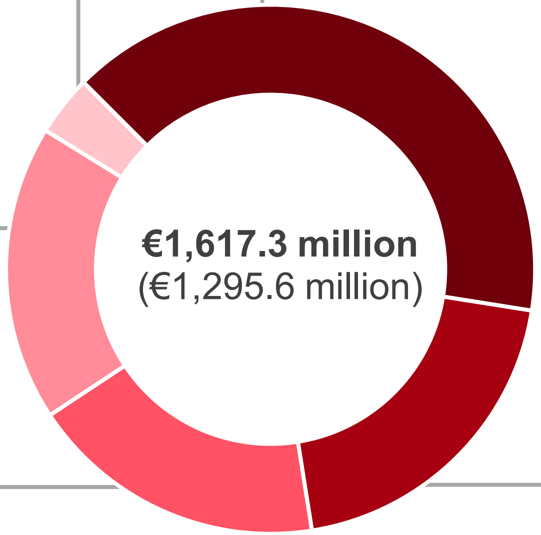
Revenue for 2021 in detail

Revenue breakdown by region
2021 (2020)

Africa and Middle East
4% (4%)
€57 million
+4.0%

Asia-Pacific
18% (19%)
€292 million
+19.8%

Americas
18% (17%)
€295 million
+32.4%



Europe (excl. Germany)
40% (41%)
€649 million
+21.8%

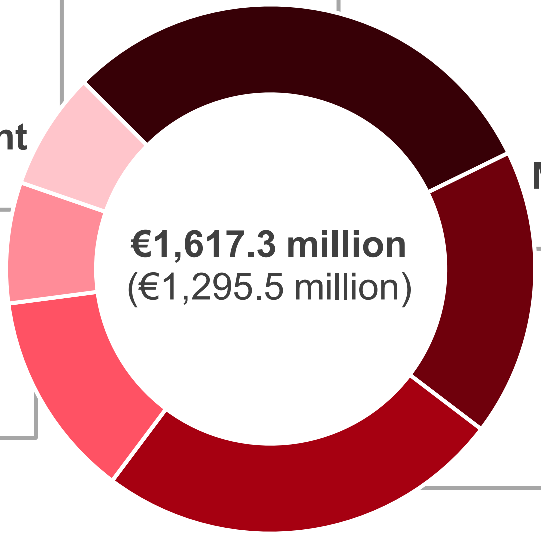
Germany
20% (19%)
€325 million
+34.4%

Revenue breakdown by application segment
2021 (2020)

Miscellaneous
7% (8%)
€113 million
+9.4%

Stationary Equipment
7% (9%)
€120 million
+5.2%

Agricultural Machinery
13% (14%)
€206 million
+15.3%



Construction Equipment
30% (29%)
€491 million
+29.6%

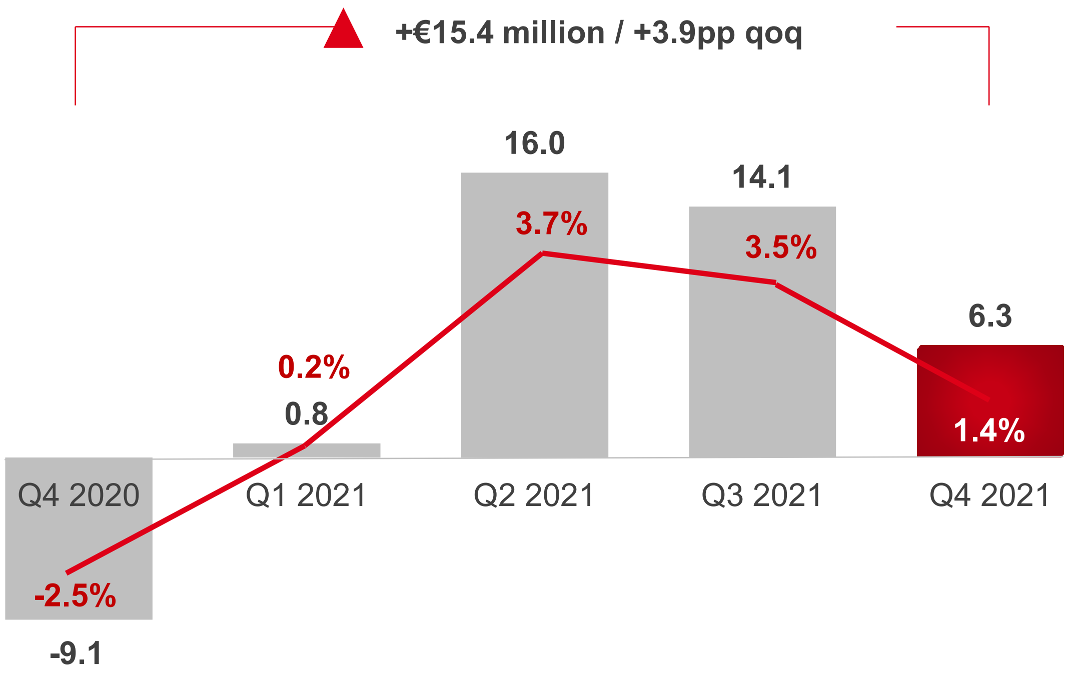
Material Handling
18% (13%)
€284 million
+64.7%

Service
25% (27%)
€403 million
+15.7%

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

Continued improvement in earnings

Operating profit (€ million)
EBIT margin before exceptional items



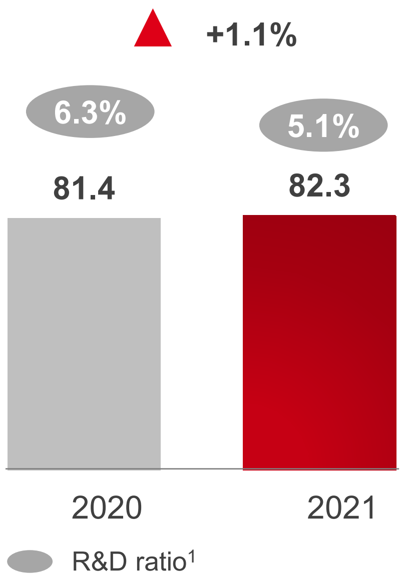
- Operating profit improved to €37.2 million in 2021[1] (2020: operating loss of €74.7 million) due to:
  - increased volume of business, bringing economies of scale
  - cost savings as a result of implementation of the efficiency program
  - absence of payments to suppliers going through insolvency proceedings
- EBIT margin before exceptional items[1] increased to 2.3% in 2021 (2020: minus 5.8%)
- Operating profit adversely affected by rising cost of materials in Q4 2021; not all such increases could be passed on towards customers without delay due to high order backlog
- Net income before exceptional items[1] amounted to €41.3 million (2020: net loss of €75.7 million)
- Earnings per share before exceptional items[1] came to €0.34 (2020: minus €0.63)

[1] Exceptional items amounting to an expense of €3.1 million recognized in 2021 (2020: expense of €31.9 million) in relation to the efficiency program initiated at the beginning of 2020.

R&D spending, capital expenditure, and working capital

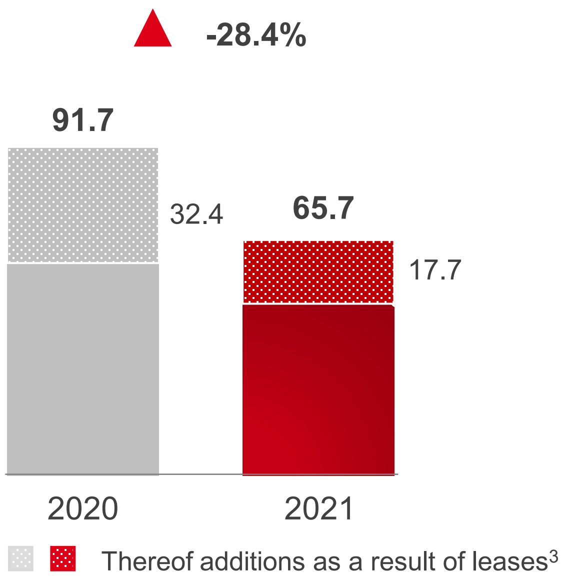
Net R&D spending[1]

€ million



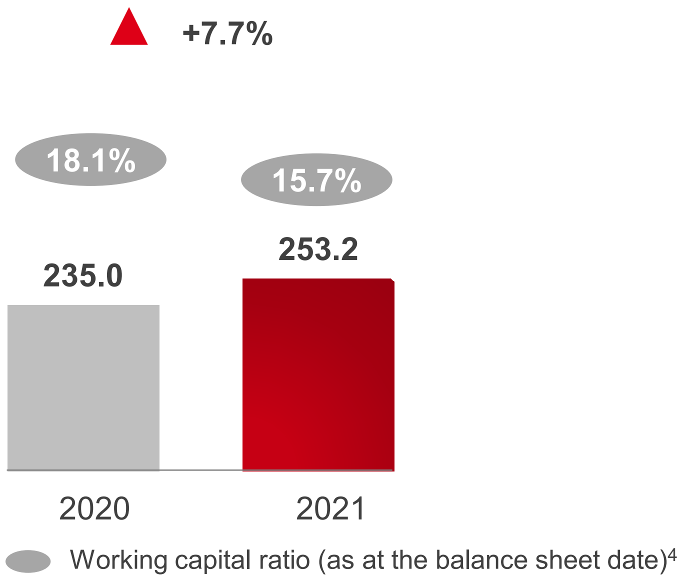
Capital expenditure[1,2]

€ million



Working capital

€ million

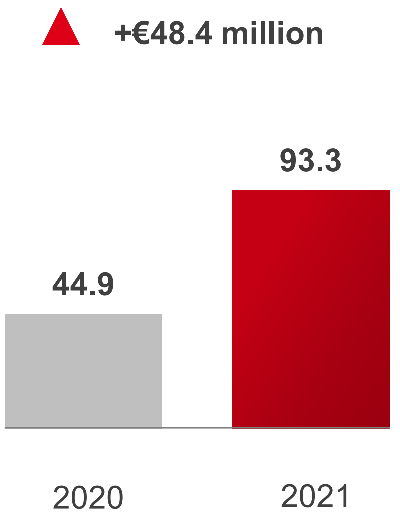


- R&D ratio far lower than in the prior year despite small rise in R&D spending
- Significant reduction in investing activities compared with the high level in 2020, which had been influenced by the extension of leases and the signing of a contract manufacturing agreement with BEINEI
- Decrease in working capital ratio due to rigorous management of working capital across the Group

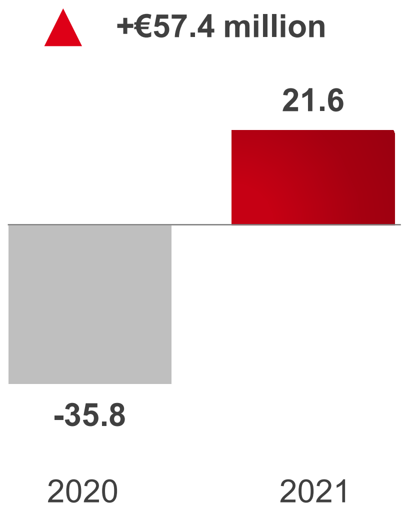
[1] After deducting grants. [2] Capital expenditure on property, plant, and equipment (including right-of-use assets for leases) and intangible assets, excluding capitalization of R&D. [3] Right-of-use assets for leases under IFRS 16.
[4] Working capital as at the balance sheet date divided by revenue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

Cash flow and net financial position

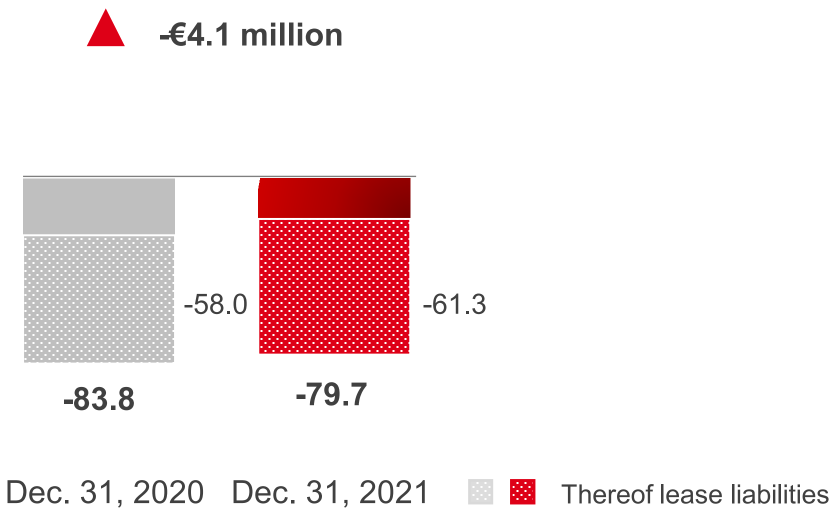
Cash flow from operating activities
€ million



Free cash flow[1]
€ million



Net debt
€ million



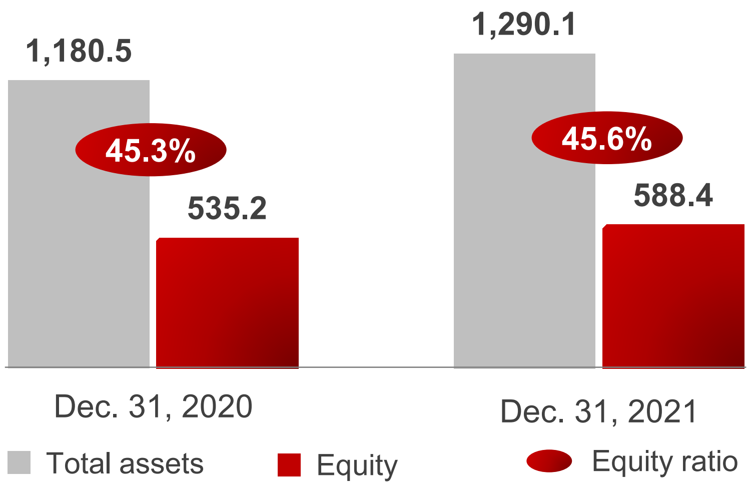
- Sharp rise in cash flow from operating activities compared with 2020, mainly thanks to improved earnings performance and rigorous management of working capital across the Group
- Significant year-on-year improvement in free cash flow owing to increase in cash flow from operating activities
- Small decrease in net debt as of December 31, 2021 compared with the end of 2020

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

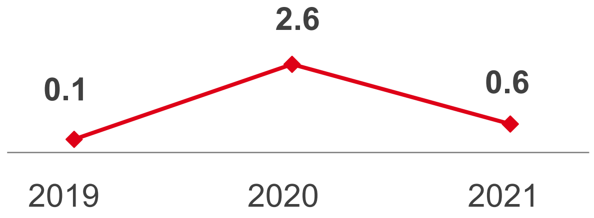
Rock-solid balance sheet – proposed dividend of €0.15

Equity and equity ratio

€ million

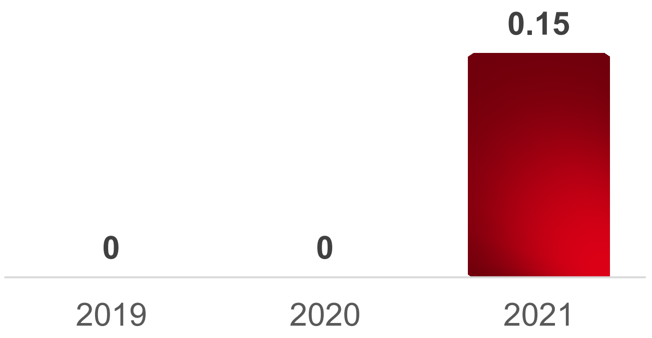


Net debt/EBITDA



Proposed dividend[1]

€



- 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 around €200 million are available
  - €75 million with a term ending in February 2023 and €160 million with a term ending in June 2024, of which €35 million has been utilized

Sufficient financial headroom, including for potential future anorganic growth

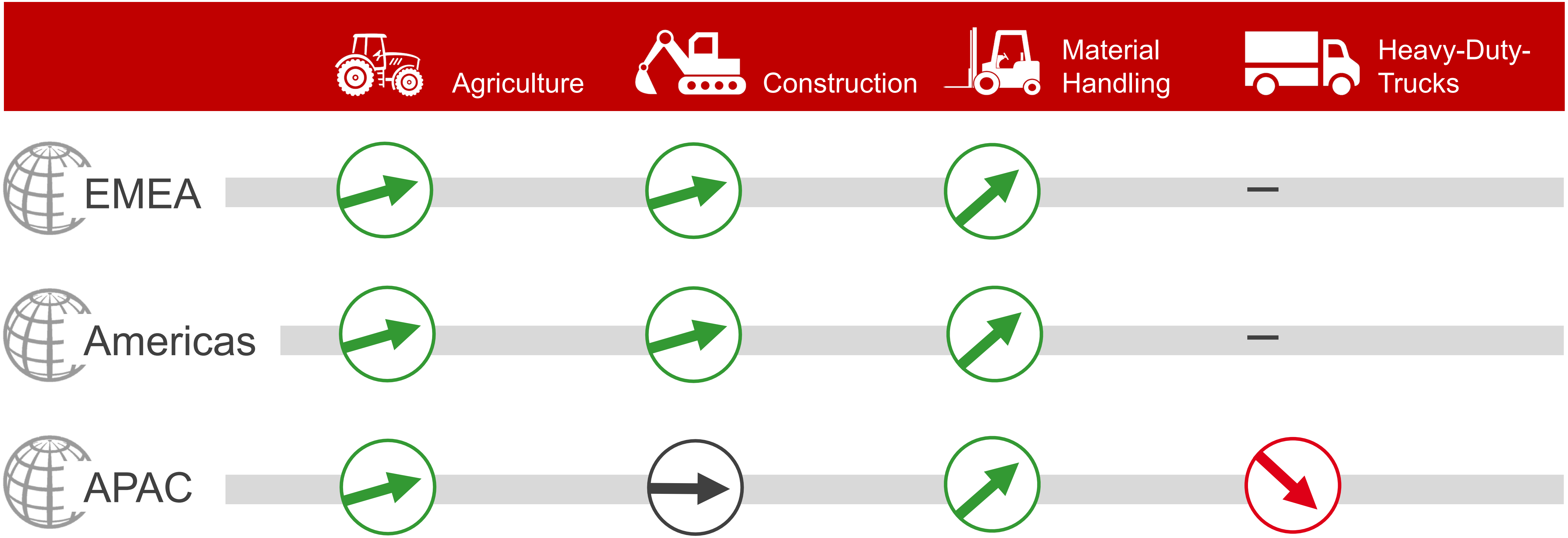
[1] Proposal by the Supervisory Board and Board of Management to the Annual General Meeting of DEUTZ AG on April 28, 2022.

Agenda

Guidance

Dr. Sebastian C. Schulte | CEO & interim CFO

Global market developments 2022 (View February 2022)

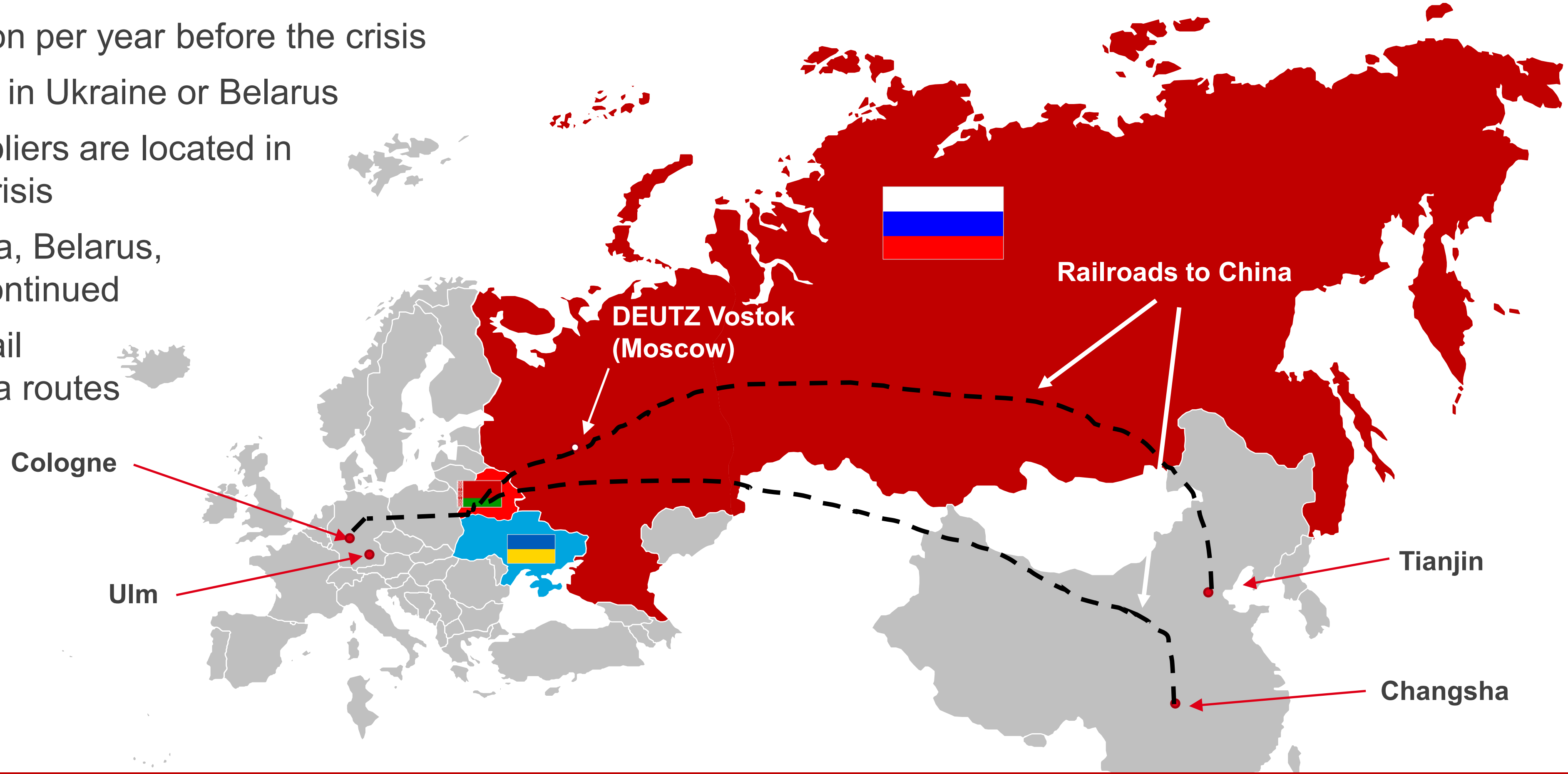


End market view supports positive outlook

Source: VDMA „Geschäftsklima und Marktentwicklung“, January 2022, Power Systems Research, January 2022.

Impact of the war between Russia and Ukraine on DEUTZ

- Revenue of around €20 million per year before the crisis
- DEUTZ without own footprint in Ukraine or Belarus
- None of DEUTZ's direct suppliers are located in the regions affected by the crisis
- All sales activities with Russia, Belarus, and Ukraine have been discontinued
- Transportation of goods by rail from/to China switched to sea routes



Direct consequences for DEUTZ are manageable, but indirect consequences are difficult to predict

Guidance 2022 under review

DEUTZ

Guidance 2022 (February 2022)

Unit sales	165,000 to 180,000 DEUTZ-engines[1]
Sales	€1.7 to 1.85 billion (Classic: €1.6 to 1.75 billion / Green: €75 to 100 million)
EBIT-margin adjusted	3.5 to 5.5% (Classic: 4.5 to 6.5% / Green: –30 to –20%)
Free Cashflow	Amount in the low to mid-double-digit millions of euros

- Due to the war in the Ukraine an already challenging economical enviornment has become even more difficult. Visibiliy is low with respect to the:
  - Supply Chain
  - Price increases for freight rates, raw material and energy
  - Investment decisions in our core end markets

DEUTZ guidance does not include potential effects related to the current geopolitical crisis

[1] Without electric boat drives of the DEUTZ subsidiary Torqeedo.

Thank you for your attention!

Any questions?

Financial calendar and contact details

Financial calendar

2022 Annual General Meeting (virtual)	April 28, 2022
Q1 2022 quarterly statement	May 5, 2022
H1 2022 interim report	August 11, 2022
Q3 2022 quarterly statement	November 10, 2022

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