

PRESS RELEASE

DEUTZ becomes major provider of decentralized energy supply and acquires manufacturer of generator sets

- DEUTZ acquires 100 percent of the shares in US manufacturer of generator sets Blue Star Power Systems
- Important step towards becoming a solutions provider: DEUTZ taps into the fast-growing energy market in the USA and focuses on new business models
- Additional profitable revenue of more than US\$ 100 million per year expected

Cologne, June 27, 2024 – DEUTZ today signed an agreement to acquire 100 percent of the shares in Blue Star Power Systems, Inc. The company, based in North Mankato, Minnesota (USA), develops, produces and sells generator sets (gensets) and is one of the leading manufacturers in the US market.

For DEUTZ, the acquisition is an important step from a component manufacturer to a solutions provider. DEUTZ engines have long been used in generator sets, and now the company is laying the foundations for offering complete solutions for local power generation.

"We are excited that this acquisition will position us in a high-growth market that is less cyclical and in which we have a strong grip on technology and service. We are also gaining access to new, complementary business models," explains DEUTZ CEO Dr. Sebastian C. Schulte. "With the acquisition of Blue Star Power Systems, we are accelerating the expansion of our activities in the field of decentralized energy supply, which we entered as part of our Dual+ strategy and are broadening the DEUTZ business model." The DEUTZ Board of Management looks forward to welcoming the Blue Star Power Systems team once the transaction closes.

Today, DEUTZ generates revenue of almost €30 million with products and services for decentralized energy supply. Diesel-powered generator sets are the main contributors to this, as is the first serial order for generator sets with hydrogen combustion engines, which the company recently received from China.

The engine company.



DEUTZ expects the acquisition of Blue Star Power Systems to generate additional profitable revenue of more than US\$ 100 million to more than US\$ 150 million per year in the medium term. Building on this, revenue in the DEUTZ energy segment is expected to grow globally to around €500 million by 2030 through organic and inorganic growth.

By doing so, DEUTZ is focusing on the growing importance of decentralized energy supply, in which generator sets play a key role. The main growth drivers are the increase in severe weather events, rising global demand for electricity that is being met by outdated infrastructure and a rapidly growing share of renewable energies that are subject to fluctuations. The increasing importance of data centers and microgrids is also driving the global market for generator sets, which is expected to grow to US\$ 34.5 billion by 2030. This translates into an annual growth rate of 5.9 percent.

In addition, the acquisition of Blue Star Power Systems offers a wide range of development and growth opportunities for DEUTZ. "The acquisition will help us to advance decentralized energy supply globally with generator sets in rural and less developed areas," explains Dr. Ing. Markus Müller, CTO and CSO of DEUTZ AG. The DEUTZ energy segment with Blue Star Power Systems at its core has full access to all products and expertise in the range from Diesel engines, eFuels and HVO, through to hydrogen powered engines.

Doug Fahrforth, founder of Blue Star Power Systems, also welcomes the step: "We are proud of the business we have built together at Blue Star Power Systems. We look forward to partnering with DEUTZ to take our business to the next level. Building on our vast product offerings and strong industry relationships will provide global expansion and further development of a sustainable product portfolio." Fahrforth will stay on to help lead the business through 2026.

The parties have agreed not to disclose the purchase price. The valuation is in line with standard market parameters. Completion of the transaction is subject to the usual conditions, in particular the granting of the necessary regulatory approvals, and is expected to take place during the second half of 2024.

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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 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 as well as commercial and rail vehicles. With over 5,000 employees worldwide and around 1,000 sales and service partners in more than 120 countries, DEUTZ generated revenue of over €2.1 billion in the 2023 financial year. Further information is available at www.deutz.com.