

PRESS RELEASE

DEUTZ earnings soar in the first quarter of 2023

- Adjusted EBIT more than doubles to €32.1 million year on year
- Free cash flow increases by €15.7 million to €10.8 million
- DEUTZ expects to reach the upper end of the guidance ranges for 2023

Cologne, May 4, 2023 – DEUTZ stayed the course for growth in the first quarter of 2023: With an increase in unit sales of 10.6 percent¹ year on year, the manufacturer of drive systems was able to grow revenues by 15.5 percent to €517.2 million. At the same time, with an increase in the adjusted EBIT margin of 3.5 percent to 6.2 percent, profitability also improved significantly. In light of the successful start to the year, the Company already expects to achieve the upper end of the full-year 2023 guidance ranges issued in March.

“Our initiatives launched last year are increasingly paying off. Their systematic implementation helped to improve the adjusted EBIT margin in the Classic segment from 5.8 percent to 8.8 percent year on year. This is not only a great success, it is also tremendously important to us. Because we can only finance our green transformation through a profitable core business and the expansion of our global service business. This is the basic idea behind our 'Dual+' strategy, with which we are positioning ourselves for the future,” says DEUTZ CEO Dr Sebastian C. Schulte.

“We are also particularly pleased with our cash flow performance: The operating cash flow grew by more than 200 percent to €31 million in the first quarter, which means that we can report positive free cash flow of €10.8 million. This underlines the Company’s comfortable financial position,” adds DEUTZ CFO Timo Krutoff.

¹ Since 2023, unit sales of Torqeedo include battery systems in addition to electric boat drives (Q1 2023: approx. 1,800 units). A retrospective adjustment of the prior-year figure has not been made.

Aside from operational successes, DEUTZ also made further strategic progress: DEUTZ closed the deal with Daimler Truck on March 29. As a result, with a 4.19 percent stake, Daimler Truck is now one of the Company's largest shareholders. Moreover, DEUTZ has also further expanded its service network in the USA, opening its ninth service center in Howell, Michigan.

Detailed first quarter 2023 key figures for the Group

New orders for the DEUTZ group amounted to €526.1 million in the first quarter of 2023, an increase of 3.2 percent compared with the same period last year. In regional terms, this trend was due to a significant increase in new orders in the Americas, whereas new orders in the EMEA and Asia-Pacific regions slightly declined. The application segments also presented a disparate picture: While new orders increased significantly in Material Handling, the Miscellaneous segment and the service business, the level of new orders in the remaining application segments was lower year on year.

Orders on hand rose from €746.7 million in the prior-year period to €779.6 million as at March 31, 2023, indicating a stable order situation in the coming months. Of that total, orders on hand attributable to the service business amounted to €50.3 million (March 31, 2022: €43.8 million).

With a total of 55,333 units sold², DEUTZ group registered an increase in unit sales of 10.6 percent in the first quarter of 2023. Within this total, the number of DEUTZ engines³ sold rose by 5.9 percent to 46,110. The DEUTZ subsidiary Torqeedo sold 9,223² units, which was 42.9 percent more than in the prior-year period.

The uptrend in unit sales was driven by all regions. With an increase of 22.3 percent, the Asia-Pacific region showed the strongest growth, mainly due to higher unit sales of electric boat drives. This is also reflected by the trend in unit sales in the application segments. Aside from the Material Handling segment, the increase in unit sales is exclusively attributable to the other engines business, primarily the boat engines by Torqeedo.

² Since 2023, unit sales of DEUTZ subsidiary Torqeedo include battery systems in addition to electric boat drives (Q1 2023: approx. 1,800 units). A retrospective adjustment of the prior-year figure has not been made.

³ Excluding electric boat drives of DEUTZ subsidiary Torqeedo.

Reflecting the growth in unit sales, DEUTZ revenues rose by 15.5 percent to €517.2 million, driven by all regions and all application segments. The stronger increase in revenue relative to unit sales resulted mainly from market-oriented pricing in the Classic segment as well as from positive mix effects.

Strong improvement in profitability

The **EBIT before exceptional items** (adjusted EBIT) improved significantly to €32.1 million in the first quarter of 2023, after €15.8 million in the prior-year period. Aside from the growth in the volume of business and the associated economies of scale, this improvement was primarily attributable to positive product mix effects and market-oriented pricing in the engine and service business. However, the Group's adjusted EBIT was once again squeezed by the loss reported by DEUTZ subsidiary Torqeedo, which has not yet managed to break even. The **EBIT margin before exceptional items** also made a strong year-on-year improvement, rising from 3.5 percent to 6.2 percent.

The **EBIT** for the period under review stood at €32.1 million (Q1 2022: €9.0 million). No exceptional items were reported in the first quarter of 2023, whereas in the prior-year period, due to the recognition of provisions following several changes at senior management level, exceptional items amounted to €-6.8 million. The **EBIT margin** came to 6.2 percent, versus 2.0 percent in the same period last year.

The increase in adjusted EBIT meant that **net income** improved to €23.8 million from €6.8 million in the prior-year period. Accordingly, **earnings per share** rose from €0.06 to €0.20 year on year.

Financial position remains comfortable

Cash flow from operating activities amounted to €31.0 million in the first quarter of 2023, compared with €9.7 million in the prior-year period. This increase was largely due to the positive earnings performance. As a result, **free cash flow** amounted to €10.8 million, which is €15.7 million higher than in the first quarter of 2022.

With an **equity ratio** of 45.0 percent at the end of March, the DEUTZ Group still has a comfortable financial position.

Full-year guidance for 2023 specified

In line with the guidance published in mid-March, DEUTZ is forecasting unit sales of between 175,000 and 195,000 DEUTZ engines for the full year 2023⁴, with a corresponding revenue increase to between €1.9 billion and €2.1 billion and an adjusted EBIT margin of 4.0 percent to 5.0 percent. In light of the successful business performance in the first quarter, DEUTZ now expects to achieve the upper end of these guidance ranges. The free cash flow before M&A is still expected to be an amount in the mid-double-digit millions of euros.

⁴ Excluding electric boat drives of DEUTZ subsidiary Torqeedo.

DEUTZ Group: Overview of key figures

€ million	Q1 2023	Q1 2022	Change
New orders	526.1	509.6	3.2%
Group unit sales (units) ⁵	55,333	50,015	10.6%
thereof DEUTZ engines ⁶	46,110	43,561	5.9%
thereof Torqeedo ⁵	9,223	6,454	42.9%
Revenue	517.2	447.9	15.5%
EBIT	32.1	9.0	256.7%
thereof exceptional items	0.0	-6.8	-
Adjusted EBIT (EBIT before exceptional items)	32.1	15.8	103.2%
EBIT margin (%)	6.2	2.0	+4.2pp
EBIT margin before exceptional items (%)	6.2	3.5	+2.7pp
Net income	23.8	6.8	250.0%
Net income before exceptional items	23.8	12.5	90.4%
Earnings per share (€)	0.20	0.06	233.3%
Earnings per share before exceptional items (€)	0.20	0.10	100.0%
Equity (Mar. 31/Dec. 31)	714.0	668.8	6.8%
Equity ratio (%)	45.0	45.3	-0.3pp
Cash flows from operating activities	31.0	9.7	219.6%
Free cash flow	10.8	-4.9	-
Net financial position (Mar 31/Dec. 31)	-154.9	-164.2	5.7%
Employees ⁷ (Mar. 31)	5,029	4,805	4.7%

⁵ Since 2023, unit sales of DEUTZ subsidiary Torqeedo include battery systems in addition to electric boat drives (Q1 2023: approx. 1,800 units). A retrospective adjustment of the prior-year figure has not been made.

⁶ Excluding electric boat drives of Torqeedo.

⁷ Number of employees expressed in FTEs (full-time equivalents); excluding temporary workers.

DEUTZ Classic segment: Overview of key figures

€ million	Q1 2023	Q1 2022	Change
New orders	515.0	497.1	3.6%
Unit sales (units)	46,104	43,559	5.8%
Revenue	506.1	435.3	16.3%
Adjusted EBIT	44.4	25.4	74.8%
Adjusted EBIT margin	8.8	5.8	+3.0pp

DEUTZ Green segment: Overview of key figures

€ million	Q1 2023	Q1 2022	Change
New orders	11.1	12.5	-11.2%
Unit sales ⁸ (units)	9,229	6,456	43.0%
Revenue	11.1	12.6	-11.9%
Adjusted EBIT	-12.1	-9.6	-26.0%
Adjusted EBIT margin	-109.0	-76.2	-32.8pp

The quarterly report is available at www.deutz.com/investor-relations.

⁸ Torqeedo drives and other electric drives, hybrid-electric drives, hydrogen drives, battery systems with a motor, DEUTZ PowerTree. In addition, since 2023 unit sales of Torqeedo include battery systems (Q1 2023: approx. 1,800 units). A retrospective adjustment of the prior-year figure has not been made.

The engine company.



Upcoming financial dates

August 10, 2023: Interim report for the first half of 2023

November 9, 2023: Quarterly statement for the first to third quarter of 2023

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Forward-looking statements

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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 hybrid and 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, commercial vehicles, rail vehicles, and boats used for private or commercial purposes. DEUTZ has around 5,000 employees worldwide and almost 900 sales and service partners in more than 130 countries. It generated revenue of more than €1.9 billion in 2022. Further information is available at www.deutz.com.