

## PRESS RELEASE

Cologne, March 2, 2020

### **DEUTZ achieves targets for revenue and EBIT margin for 2019 – medium-term targets for 2022 confirmed**

- Medium-term revenue target for the service business of around €400 million brought forward to 2021
- Economic climate and coronavirus make 2020 a year of transition
- ‘Transform for Growth’ efficiency program launched

DEUTZ, one of the world’s leading manufacturers of innovative drive systems, today published its provisional figures for revenue and the EBIT margin before exceptional items for 2019. With an increase in revenue to €1,840.8 million and an EBIT margin before exceptional items of 4.3 percent, the updated forecast for 2019 has been achieved.

Dr. Frank Hiller, Chairman of the Board of Management of DEUTZ AG, commented, “We have successfully pressed ahead with the implementation of our growth initiatives and are thus still on track to achieve our medium-term targets for 2022.” Revenue is expected to rise to more than €2 billion by then, and the EBIT margin before exceptional items to at least 7 to 8 percent. “The expansion of the high-margin service business is a mainstay of our growth strategy. We now aim to achieve our 2022 revenue target of approximately €400 million a year earlier, in 2021,” said Dr. Hiller.

DEUTZ expects a decline in business in 2020. The main reason for this is the downturn in key customer industries as a result of economic conditions. This led to a low level of orders on hand at the end of 2019, a situation that is continuing this year. Growth is expected to drop off particularly noticeably in the first half of 2020 following a weak start. The

establishment of second source suppliers will also have an impact on earnings. Furthermore, the DEUTZ engine business will be affected this year by customers selling the inventories of engines they had built up before new emissions standards came into force.

The outbreak of coronavirus is taking a significant toll on international transport, travel, industrial logistics chains, and production capacity, both in China and globally. As things stand, DEUTZ is not aware of any specific issues at its suppliers. Due to the globalized nature of its logistics routes, however, DEUTZ can no longer exclude the possibility of its business and its supply chain being affected.

Consequently, DEUTZ expects the year-on-year fall in revenue in 2020 to be in the low double-digit percentage range. For the EBIT margin before exceptional items, the Company expects a decline relative to the prior year figure in the mid double-digit percentage range.

Dr. Frank Hiller added, "In order to counter the forecast impact on earnings, we have launched an efficiency program, 'Transform for Growth'." This is a global program to strengthen competitiveness by reducing complexity and increasing efficiency along the whole value chain.

The complete financial results for 2019 will be published on March 18, 2020.

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### **Forward-looking statements**

These press releases may contain certain forward-looking statements based on current assumptions and forecasts made by the DEUTZ management team. Various known and unknown risks, uncertainties, and other factors may lead to material differences between the actual results, the financial position, or the performance of the DEUTZ Group and the estimates and assessments set out here. These factors include those that DEUTZ has described in published reports, which are available at [www.deutz.com](http://www.deutz.com). The Company does not undertake to update these forward-looking statements or to change them to reflect future events or developments.

### **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 diesel, gas, and electric drive systems for professional applications. It offers a broad range of engines delivering up to 620 kW that are used in construction equipment, agricultural machinery, material handling equipment, stationary equipment, commercial vehicles, rail vehicles, and other applications. DEUTZ has around 4,900 employees worldwide and over 800 sales and service partners in more than 130 countries. According to provisional figures, it generated revenue of €1,840.8 million in 2019.*

Further information is available at [www.deutz.com](http://www.deutz.com).