

PRESS RELEASE

‘POWERING PROGRESS’ strategy program: DEUTZ engines will continue to keep the world moving

- Planned investment of more than €100 million in technologies of the future
- Ambition to play an active role in market consolidation
- DEUTZ to be carbon-neutral by 2050

Cologne, January 19, 2023 – DEUTZ continues to pursue its growth strategy with a clear framework for further business expansion. Through its Powering Progress strategy program, DEUTZ is actively engaging with the challenges of the shift to greener transportation and responding to the key market requirements of taking the internal combustion engine forward and developing new drive technologies. To achieve additional growth and greater profitability, DEUTZ has adopted the Dual+ strategy, which includes a new zero-emission product ecosystem alongside its core business in optimized internal combustion engines. Both segments will be supported through the global expansion of the high-margin service business.

The long-term goal of the restructured management team led by CEO Dr. Sebastian C. Schulte is to permanently establish DEUTZ among the top three independent drive manufacturers and to offer a fully carbon-neutral product and technology portfolio by no later than 2050.

Dr. Sebastian C. Schulte: “We want our engines to keep the world moving in the future, too. The industry sectors that make up our customer base are in the middle of a fundamental shift toward greater carbon neutrality. Transforming transportation is a huge task, but also a business opportunity for us. Through our Powering Progress strategy program, we aim to make the most of such opportunities, continue to grow profitably, and ensure that our business is carbon-neutral along the entire process chain by 2050.”

DEUTZ CLASSIC: Optimized, highly efficient combustion engine technology provides a strong foundation

DEUTZ firmly believes that the heavy-duty sector and agriculture will continue to need clean and efficient internal combustion engines to ensure a seamless transition to the technologies of the future. That is why the Classic segment will continue to underpin corporate growth at DEUTZ. The expectation is that a significant uptick in performance, for example through better utilization of existing capacities and an optimized product portfolio, will enable an increase in engine production to over 200,000 units a year and a marked rise in profitability. To this end DEUTZ is also actively looking for M&A opportunities in a consolidating market.

DEUTZ GREEN: A carbon-neutral product ecosystem based on innovative strength, investment, and a technology-neutral approach

DEUTZ engines power machines that are, at present, responsible for high levels of carbon emissions. There is potential for improvement, which the Company aims to unlock as it creates a carbon-neutral product portfolio. DEUTZ is channeling its innovative strength and almost 160 years of engine development experience into its Green segment, based on an approach that is fundamentally technology-neutral. This means improving the carbon footprint of internal combustion technology, for example through the use of hydrogen or synthetic fuels and developing alternative drive systems such as electric drives. To reflect the changing demands on the infrastructure that is required to keep an engine running, DEUTZ intends to extend its service offering across the entire product ecosystem. The aim is to harness new value chains, for example, when it comes to charging electric machines or supplying the fuel for hydrogen engines. Over the next three years, DEUTZ plans to invest well over €100 million in the Green segment.

Expansion of the service business – The benefits of the Dual+ strategy

Around the world, DEUTZ engines are in operation for around ten years on average in some of the most unforgiving conditions. The aim is to make more of the inherent potential in service and aftersales going forward, and DEUTZ is supporting the Classic and Green segments through the global expansion of its profitable service business. This includes the enlargement of regional sites, the repair and maintenance of third-party engines, and the expansion of the service

The engine company.



business through acquisitions and strategic partnerships. The commercial goal of the campaign is to grow the service business's share of revenue to over €500 million in the coming years while maintaining profitability.

Beyond optimizing internal combustion engine technology and establishing a future-proof product and technology portfolio, CEO Dr. Sebastian C. Schulte believes the strategy program also offers opportunities for growth and change within DEUTZ: "Our strategy program is aimed at opening up new growth opportunities and gaining market share. We have to change as an organization if we want to achieve this. Adopting an entrepreneurial mindset will need to come as naturally as ensuring that our engines are as close to perfection as they can possibly be."

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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 4,750 employees worldwide and over 800 sales and service partners in more than 130 countries. It generated revenue of around €1.6 billion in 2021. Further information is available at www.deutz.com.