

PRESS RELEASE

Cologne, 7 May 2019

Strong increase in revenue and earnings for DEUTZ in the first quarter

- High level of new orders sustained
- Strong increase in revenue generated across all regions and application segments
- Double-digit increase in profitability
- Group forecast for 2019 as a whole confirmed

€ million	Q1 2019	Q1 2018	YoY change
New orders	514.5	574.9	-10.5%
Revenue	452.8	414.5	+9.2%
EBIT	25.1	21.7	+15.7%
EBIT margin (%)	5.5	5.2	+30 bps
Net income	20.9	18.2	+14.8%

Cologne, 7 May 2019 – DEUTZ, one of the world’s leading manufacturers of innovative drive systems, has today published its final results for the first quarter of 2019.

“DEUTZ has made an excellent start to the year, and all regions and segments have played their part,” says CEO Dr Frank Hiller, summing up the Company’s strong showing at the beginning of 2019. “We have surpassed the outstanding results for revenue and earnings achieved in the first quarter of last year. We are also reaffirming the forecast for 2019 as a whole on the basis of the high level of orders on hand. Our new strategy for China and our initiatives aimed at increasing profitability and embracing new technologies mean that DEUTZ is well positioned now and for the future. DEUTZ remains on a growth trajectory and we are well on the way to achieving our medium-term targets for 2022.”

High level of new orders sustained

DEUTZ is continuing to benefit from the sustained strength of customer demand, receiving orders worth €514.5 million in the first quarter of 2019. Although still at a high level, new orders were 10.5 per cent lower than the extremely robust volume reported for the prior-year period, which had been positively influenced by exceptional items. Compared with the fourth quarter of 2018, new orders were up by 27.4 per cent (Q4 2018: €403.9 million). Orders on hand as at 31 March 2019 totalled €497.6 million, which was 16.4 per cent higher than a year earlier.

Strong rise in revenue

The DEUTZ Group's revenue advanced by 9.2 per cent to €452.8 million in the first three months of 2019. All regions and application segments contributed to this growth. The Agricultural Machinery application segment registered a particularly strong revenue increase of 16.0 per cent. Revenue in the high-margin service business grew by 9.1 per cent. In the Americas and Asia-Pacific regions, DEUTZ reported revenue growth that was comfortably into double digits.

Substantial increase in operating profit

The DEUTZ Group's operating profit rose by 15.7 per cent to €25.1 million in the first quarter of 2019. This rise was largely due to the growth of revenue, a favourable shift in the product mix towards higher-value engines that meet the new exhaust emissions standards and positive currency effects. The EBIT margin improved from 5.2 per cent to 5.5 per cent during the reporting period.

Thanks to the rise in operating profit, net income went up by 14.8 per cent compared with the prior-year period to reach €20.9 million. As a result, earnings per share increased from €0.15 to €0.17.

Segment: DEUTZ Compact Engines

€ million	Q1 2019	Q1 2018	YoY change
New orders	409.3	492.9	-17.0%
Revenue	356.2	352.0	+1.2%
EBIT	18.5	17.0	+8.8%
EBIT margin (%)	5.2	4.8	+40 bps

- Increase in revenue despite reassignment of the 2011 engine series to the DEUTZ Customised Solutions segment
- Improvement in profitability due to higher revenue from new engine series as well as positive currency effects

DEUTZ Customised Solutions segment

€ million	Q1 2019	Q1 2018	YoY change
New orders	96.9	76.7	+26.3%
Revenue	91.2	57.7	+58.1%
EBIT	12.8	7.7	+66.2%
EBIT margin (%)	14.0	13.3	+70 bps

- Significant rise in new orders and revenue mainly attributable to the reassignment of the 2011 engine series to the DEUTZ Customised Solutions segment and to sales of higher-value engines
- Improvement in operating profit for the segment primarily due to the reassignment of the engine series

Group forecast for 2019 confirmed

The continued strong demand from customers and current high level of orders on hand should provide a good degree of security for the DEUTZ engine business, particularly in the first half of the year. The Board of Management therefore confirms its forecast for 2019 as a whole, despite a generally challenging macroeconomic and geopolitical environment: revenue is expected to rise to more than €1.8 billion and the EBIT margin before exceptional items to at least 5.0 per cent. The payment of the final instalment of the purchase consideration from the disposal of the Cologne-Deutz site could result in an exceptional item that would increase earnings by around €50 million this year.

Conference call

Dr Frank Hiller, CEO, and Dr Andreas Strecker, CFO, will explain the results to analysts and investors at a conference call on 7 May 2019, 10am CET. You can watch the live webcast on the internet: <https://www.deutz.com/en/investor-relations/>.

Upcoming financial dates

- 1 August 2019: Interim report for the first half of 2019
- 7 November 2019: Interim management statement for the first to third quarter of 2019
- 12 March 2020: 2019 annual report / annual results press conference

Forward-looking statements

This press release 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. The Company does not undertake to update these forward-looking statements or to change them to reflect future events or developments.

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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 competences are the development, production, distribution and servicing of diesel, gas and electric engines for professional applications. It offers a broad range of engines with capacities 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 4,700 employees worldwide and over 800 sales and service partners in more than 130 countries, and in 2018 generated revenue of €1,778.8 million.

Further information is available at www.deutz.com.

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