

# DEUTZ

## Quarterly Statement Q1-Q3/2021



## Operational and strategic highlights of the first three quarters of 2021

- Willingness to invest remains high in relevant customer industries: new orders climb by 62.2 percent to more than €1.5 billion
- Revenue advances by 26.4 percent to €1,173.4 million
- EBIT before exceptional items increases to €30.9 million;  
EBIT margin before exceptional items stands at 2.6 percent
- Free cash flow in positive territory
- KfW credit line of €150 million ended ahead of schedule in September
- Confirmation of raised full-year guidance for 2021 despite ongoing supply bottlenecks
- Further milestones reached for green off-highway drive solutions

## DEUTZ Group: overview of key figures

€ million	Q1–Q3 2021	Q1–Q3 2020	Change	Q3 2021	Q3 2020	Change
New orders	1,514.0	933.6	62.2%	485.2	310.0	56.5%
Group unit sales (units)	145,359	108,559	33.9%	51,732	34,700	49.1%
thereof DEUTZ engines <sup>1</sup>	116,273	84,502	37.6%	40,842	26,887	51.9%
thereof Torqeedo	29,086	24,057	20.9%	10,890	7,813	39.4%
Revenue	1,173.4	928.2	26.4%	403.2	308.2	30.8%
EBIT	27.8	-103.4	-	11.7	-53.5	-
thereof exceptional items	-3.1	-37.8	91.8%	-2.4	-37.8	93.7%
Operating profit/loss (EBIT before exceptional items)	30.9	-65.6	-	14.1	-15.7	-
EBIT margin (%)	2.4	-11.1	+13.5pp	2.9	-17.4	+20.3pp
EBIT margin before exceptional items (%)	2.6	-7.1	+9.7pp	3.5	-5.1	+8.6pp
Net income	23.7	-104.5	-	10.4	-52.2	-
Net income before exceptional items	26.8	-68.3	-	12.8	-16.0	-
Earnings per share (€)	0.20	-0.86	-	0.09	-0.43	-
Earnings per share before exceptional items (€)	0.22	-0.57	-	0.10	-0.14	-
Equity (Sep. 30/Dec. 31)	567.1	535.2	4.7%	567.1	535.2	4.7%
Equity ratio (%)	45.0	45.3	-0.3pp	45.0	45.3	-0.3pp
Cash flow from operating activities	67.9	-19.4	-	23.2	24.3	-4.5%
Free cash flow	15.2	-78.8	-	5.5	6.9	-20.3%
Net financial position (Sep. 30/Dec. 31)	-83.1	-83.8	0.8%	-83.1	-83.8	0.8%
Employees <sup>2</sup> (Sep. 30)	4,701	4,575	2.8%	4,701	4,575	2.8%

<sup>1</sup> Excluding electric boat drives from DEUTZ subsidiary Torqeedo.

<sup>2</sup> FTEs, excluding temporary workers.

Following a successful first six months of the year, DEUTZ continued to benefit from the sustained market recovery in all major application segments in the third quarter of 2021. There was virtually no adverse impact on demand from the ongoing coronavirus pandemic, whereas the prior-year period had been hit extremely hard by a huge slump in demand as a result of coronavirus. In mid-September, DEUTZ again raised its full-year guidance as its business performance was better than expected overall.<sup>3</sup>

In addition to its positive operating performance, DEUTZ reached further strategic milestones, including the market launch of its first hydrogen engine in the third quarter. The TCG 7.8 H2 complies with the CO<sub>2</sub> threshold set by the EU for zero emissions. The first pilot application will be in stationary equipment for power generation in partnership with regional utility company RheinEnergie. Although this pilot project is relatively small in scale, it is delivering insights into the decentralized, sustainable, and greenhouse-gas-free supply of energy in urban centers. The TCG 7.8 H2 is scheduled to go into full production in 2024.

DEUTZ had already signed a cooperation agreement with the German Aerospace Center (DLR) regarding a joint project focused on making construction sites more environmentally friendly. The aim of the project is to develop solutions for running construction-site vehicles and agricultural machinery on hydrogen. DEUTZ is also improving the environmental footprint of its engines for the EU Stage V emissions standard. For example, it approved its entire TCD engine portfolio for use with paraffinic diesel fuels at the end of August.

Among the regional growth initiatives, the joint venture with Chinese construction equipment manufacturer SANY performed well over the nine-month period, selling around 18,300 engines and thereby contributing some €1.5 million to the DEUTZ Group's operating profit.

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<sup>3</sup> See the ad hoc disclosure dated September 13, 2021.

## BUSINESS PERFORMANCE IN THE DEUTZ GROUP

### NEW ORDERS

#### DEUTZ Group: new orders by application segment

€ million	Q1–Q3 2021	Q1–Q3 2020	Change	Q3 2021	Q3 2020	Change
Construction Equipment	498.5	260.6	91.3%	146.4	82.0	78.5%
Service	305.1	257.3	18.6%	100.1	86.0	16.4%
Material Handling	271.5	116.4	133.2%	110.5	44.2	150.0%
Agricultural Machinery	193.4	128.0	51.1%	59.1	43.0	37.4%
Stationary Equipment	145.4	82.4	76.5%	43.6	23.0	89.6%
Miscellaneous	102.5	91.0	12.6%	26.4	32.7	-19.3%
Consolidation	-2.4	-2.1	-14.3%	-0.9	-0.9	0.0%
<b>Total</b>	<b>1,514.0</b>	<b>933.6</b>	<b>62.2%</b>	<b>485.2</b>	<b>310.0</b>	<b>56.5%</b>

In the first three quarters of 2021, new orders received by DEUTZ increased by 62.2 percent year on year to €1,514.0 million. This growth can be explained by the fact that customers across all application segments and regions continued to be very willing to invest. The exceptionally strong rise was also attributable to one-off effects of spending brought forward in June and September, which amounted to more than €100 million. This situation came about mainly because of customer orders being brought forward in response to longer lead times resulting from global material shortages and logistics bottlenecks and also in view of price adjustments.

In the service business, which is a key pillar of DEUTZ's growth strategy, new orders rose by 18.6 percent year on year to reach €305.1 million. A key factor in this increase, in addition to parts sales, was the business with DEUTZ Xchange engines. Growth in new orders in the service business was much lower than in the other application segments because it had been less badly affected by the coronavirus pandemic in the prior-year period.

The volume of new orders in the third quarter of 2021 jumped by 56.5 percent year on year to €485.2 million. All the main application segments contributed to this growth by generating percentage increases that were well into double figures.

As at September 30, 2021, orders on hand totaled €616.4 million, which was up by 146.2 percent year on year. Orders on hand in the service business rose by 53.5 percent to €32.7 million.

## UNIT SALES

### DEUTZ Group: unit sales by application segment

€ million	<b>Q1–Q3 2021</b>	Q1–Q3 2020	Change	<b>Q3 2021</b>	Q3 2020	Change
Construction Equipment	50,574	37,095	36.3%	16,475	11,270	46.2%
Material Handling	35,326	19,376	82.3%	14,018	6,467	116.8%
Miscellaneous	31,283	26,508	18.0%	11,592	8,690	33.4%
Agricultural Machinery	15,159	11,693	29.6%	4,858	4,110	18.2%
Stationary Equipment	13,017	13,887	-6.3%	4,789	4,163	15.0%
<b>Total</b>	<b>145,359</b>	<b>108,559</b>	<b>33.9%</b>	<b>51,732</b>	<b>34,700</b>	<b>49.1%</b>
thereof DEUTZ engines <sup>4</sup>	116,273	84,502	37.6%	40,842	26,887	51.9%

With a total of 145,359 engines sold, the DEUTZ Group registered an increase in unit sales of 33.9 percent in the reporting period. The number of DEUTZ engines<sup>3</sup> sold rose by 37.6 percent to 116,273. The DEUTZ subsidiary Torqeedo sold 29,086 electric boat drives, which was 20.9 percent more than in the first three quarters of 2020. Almost all application segments saw big increases in unit sales. Only Stationary Equipment fell short of the level in the prior-year period due to a decrease in unit sales of gensets. The EMEA region, which is currently DEUTZ's largest sales market, saw the sharpest rise in absolute terms. Unit sales in this region climbed by 35.4 percent.

<sup>4</sup> Excluding electric boat drives from DEUTZ subsidiary Torqeedo.

In the third quarter of 2021, the Group's unit sales advanced by 49.1 percent compared with the equivalent quarter of the prior year, with all application segments and regions contributing to this increase. Unit sales of DEUTZ engines<sup>5</sup> were up by 51.9 percent to 40,842, while Torqeedo sold 10,890 electric drives, a rise of 39.4 percent.

## REVENUE

### DEUTZ Group: revenue by application segment

€ million	Q1–Q3 2021	Q1–Q3 2020	Change	Q3 2021	Q3 2020	Change
Construction Equipment	353.9	267.7	32.2%	115.4	82.8	39.4%
Service	298.4	256.9	16.2%	103.0	86.2	19.5%
Material Handling	200.4	117.0	71.3%	80.2	37.6	113.3%
Agricultural Machinery	153.2	126.4	21.2%	47.0	44.9	4.7%
Stationary Equipment	82.3	81.7	0.7%	29.4	26.0	13.1%
Miscellaneous	87.6	80.6	8.7%	29.1	31.6	-7.9%
Consolidation	-2.4	-2.1	-14.3%	-0.9	-0.9	0.0%
<b>Total</b>	<b>1,173.4</b>	<b>928.2</b>	<b>26.4%</b>	<b>403.2</b>	<b>308.2</b>	<b>30.8%</b>

Reflecting the growth in unit sales, DEUTZ generated consolidated revenue of €1,173.4 million in the period under review. All application segments contributed to this year-on-year growth of 26.4 percent. The lower rise in revenue, relative to the rise in unit sales, was mainly the result of the disproportionately sharp increase in demand for engines with a capacity of less than 4 liters.

Service revenue swelled by 16.2 percent to €298.4 million, primarily due to the substantial growth of business from parts sales. This means that the revenue target of around €400 million for the service business in 2021 is in reach.

<sup>5</sup> Excluding electric boat drives from DEUTZ subsidiary Torqeedo.

### DEUTZ Group: revenue by region

€ million	<b>Q1–Q3 2021</b>	Q1–Q3 2020	Change	<b>Q3 2021</b>	Q3 2020	Change
EMEA	751.1	596.9	25.8%	248.3	196.1	26.6%
Asia-Pacific	212.0	169.9	24.8%	73.9	62.0	19.2%
Americas	212.7	163.5	30.1%	81.9	51.0	60.6%
Consolidation	-2.4	-2.1	-14.3%	-0.9	-0.9	0.0%

All regions contributed to the increase in revenue with percentage growth rates that were well into double figures. The German sales market saw a particularly sharp rise of 32.4 percent. In terms of other notable trends in specific countries, China, the most important sales market for the regional growth strategy, advanced its revenue by 32.8 percent compared with the prior-year period to reach €116.9 million.

Consolidated revenue amounted to €403.2 million in the third quarter of 2021, which was 30.8 percent more than in the corresponding period of 2020. All regions and all of the main application segments saw an increase.



## EARNINGS

### DEUTZ Group: overview of results of operations

€ million	Q1–Q3 2021	Q1–Q3 2020	Change
<b>Revenue</b>	1,173.4	928.2	26.4%
Cost of sales	-961.7	-798.1	20.5%
Research and development costs	-68.8	-73.3	-6.1%
Selling and administrative expenses	-119.2	-110.4	8.0%
Other operating income	16.7	9.4	77.7%
Other operating expenses	-13.3	-59.8	-77.8%
Impairment of financial assets and reversals	-1.1	-1.4	21.4%
Profit/loss on equity-accounted investments	1.8	2.0	-10.0%
<b>EBIT</b>	27.8	-103.4	-
thereof exceptional items	-3.1	-37.8	91.8%
<b>Operating profit/loss (EBIT before exceptional items)</b>	30.9	-65.6	-
Interest income	0.1	0.4	-75.0%
Interest expense	-4.2	-3.0	40.0%
Other financial income/finance costs	0.0	-0.3	-
<b>Financial income, net</b>	-4.1	-2.9	-41.4%
Income taxes	0.0	1.8	-
<b>Net income</b>	23.7	-104.5	-

In the first nine months of 2021, EBIT before exceptional items (operating profit/loss) improved significantly to a profit of €30.9 million from the low level recorded for the prior-year period (Q1–Q3 2020: loss of €65.6 million), which had been very badly affected by the coronavirus pandemic, by payments made under continuation agreements with suppliers going through insolvency proceedings, and by impairment losses recognized on capitalized development projects. This improvement was mainly attributable to the growth in the volume of business and the associated economies of scale. Earnings were further boosted by the increasingly noticeable effect of cost savings resulting from the restructuring process. Similarly, the EBIT margin before exceptional items made a strong year-on-year improvement from minus 7.1 percent to plus 2.6 percent.

EBIT amounted to a profit of €27.8 million in the reporting period (Q1–Q3 2020: loss of €103.4 million). This figure takes account of exceptional items amounting to an expense of €3.1 million that related to the efficiency program initiated at the start of 2020. The EBIT margin came to 2.4 percent (Q1–Q3 2020: minus 11.1 percent). The increase in operating profit meant that the Company generated net income of €23.7 million in the first three quarters of 2021, compared with a net loss of €104.5 million in the prior-year period. As a result, earnings per share increased from minus €0.86 to plus €0.20. Net income before exceptional items stood at €26.8 million in the reporting period; earnings per share before exceptional items came to €0.22.

## BUSINESS PERFORMANCE IN THE SEGMENTS

### DEUTZ Compact Engines (DCE): key figures for the segment

€ million	Q1–Q3 2021	Q1–Q3 2020	Change	Q3 2021	Q3 2020	Change
<b>New orders</b>	1,192.1	660.4	80.5%	383.9	220.5	74.1%
<b>Unit sales</b> (units)	103,593	70,826	46.3%	36,194	22,653	59.8%
<b>Revenue</b>	896.7	668.6	34.1%	307.2	214.9	43.0%
Construction Equipment	332.3	249.5	33.2%	107.8	76.3	41.3%
Material Handling	183.1	101.6	80.2%	75.3	32.6	131.0%
Service	165.5	133.3	24.2%	56.3	43.9	28.2%
Agricultural Machinery	150.0	123.5	21.5%	46.1	43.9	5.0%
Stationary Equipment	53.6	47.3	13.3%	18.4	13.7	34.3%
Miscellaneous	12.2	13.4	-9.0%	3.3	4.5	-26.7%
<b>EBIT before exceptional items</b>	6.4	-67.6	-	6.1	-17.8	-
<b>EBIT margin before exceptional items</b>	0.7%	-10.1%	10.8pp	2.0%	-8.3%	10.3pp

In the first three quarters of 2021, new orders in the DEUTZ Compact Engines (DCE) segment went up by 80.5 percent to €1,192.1 million, with all application segments recording percentage growth that was into double or triple figures. New orders in the service business rose by 25.1 percent to €164.6 million, which was primarily attributable to increased demand in parts sales. At €484.2 million, orders on hand in the DCE segment had nearly trebled year on year (up by 191.9 percent). The segment's unit sales increased by 46.3 percent year on year to 103,593 engines, while its revenue advanced by 34.1 percent to €896.7 million. The lower percentage rise in revenue was due to the aforementioned shift in the product mix toward engines with a capacity of less than 4 liters.

The operating profit for the segment (EBIT before exceptional items) improved by €74.0 million year on year to €6.4 million. This was due not only to the much higher volume of business and the associated economies of scale but also to cost savings resulting from the restructuring measures. In addition, operating profit for the segment in the prior-year

period had been adversely affected by payments made under continuation agreements with suppliers and by demand-related impairment losses recognized on a development project.

### DEUTZ Customized Solutions (DCS): key figures for the segment

€ million	Q1–Q3 2021	Q1–Q3 2020	Change	Q3 2021	Q3 2020	Change
<b>New orders</b>	270.1	241.3	11.9%	87.8	75.9	15.7%
<b>Unit sales</b> (units)	12,680	13,676	-7.3%	4,648	4,234	9.8%
<b>Revenue</b>	236.2	225.8	4.6%	82.5	80.8	2.1%
Service	132.9	123.6	7.5%	46.7	42.3	10.4%
Miscellaneous	32.5	31.3	3.8%	11.4	13.7	-16.8%
Stationary Equipment	28.7	34.4	-16.6%	11.0	12.3	-10.6%
Construction Equipment	21.6	18.2	18.7%	7.6	6.5	16.9%
Material Handling	17.3	15.4	12.3%	4.9	5.0	-2.0%
Agricultural Machinery	3.2	2.9	10.3%	0.9	1.0	-10.0%
<b>EBIT before exceptional items</b>	27.8	10.9	155.0%	10.3	4.3	139.5%
<b>EBIT margin before exceptional items</b>	11.8%	4.8%	7.0pp	12.5%	5.3%	7.2pp

New orders received by the DEUTZ Customized Solutions (DCS) segment rose by 11.9 percent to €270.1 million in the reporting period. All the main application segments contributed to this growth. New orders in the service business increased by 11.8 percent to €140.5 million, primarily thanks to the exchange engine business and parts sales. Orders on hand totaled €110.9 million as at September 30, 2021, which was 43.7 percent higher than a year earlier. Unit sales in the DCS segment declined by 7.3 percent year on year to 12,680 engines, mainly because of a sharp decrease in the Stationary Equipment application segment. Despite the fall in unit sales, segment revenue advanced by 4.6 percent to €236.2 million as a result of the significant expansion of the CKD (completely knocked down) business. The engines in this business, which are shipped as a set of unassembled components, are not included in unit sales.

Operating profit for the segment improved by €16.9 million to €27.8 million compared with the first nine months of 2020, which had been adversely affected by impairment losses recognized on development projects as well as by other factors. This improvement was mainly attributable to cost savings resulting from the restructuring program and to the higher degree of vertical integration after crankcase processing had been insourced.

#### Other: key figures for the segment

€ million	Q1–Q3 2021	Q1–Q3 2020	Change	Q3 2021	Q3 2020	Change
<b>New orders</b>	54.2	34.0	59.4%	14.4	14.5	-0.7%
<b>Unit sales</b> (units)	29,086	24,057	20.9%	10,890	7,813	39.4%
<b>Revenue</b>	42.9	35.9	19.5%	14.4	13.4	7.5%
<b>EBIT before exceptional items</b>	-3.3	-8.9	62.9%	-2.3	-2.2	-4.5%
<b>EBIT margin before exceptional items</b>	-7.7%	-24.8%	+17.1pp	-16.0%	-16.4%	+0.4pp

The Other segment, which includes the business with electric boat drives operated by DEUTZ subsidiary Torqeedo and the battery specialist Futavis, saw its new orders jump by 59.4 percent to €54.2 million in the period under review. The segment's orders on hand as at September 30, 2021 totaled €21.3 million, which was 191.8 percent higher than a year earlier. The segment's unit sales advanced by 20.9 percent to 29,086 electric boat drives, while its revenue was up by 19.5 percent to €42.9 million.

The Other segment reported an operating loss of €3.3 million in the period under review. This year-on-year improvement of €5.6 million was mainly attributable to the growth in the volume of business at the Torqeedo companies and a compensation payment posted in the first quarter in connection with an out-of-court settlement.

## FINANCIAL POSITION

### DEUTZ Group: overview of financial position

€ million	Q1–Q3 2021	Q1–Q3 2020	Change
Cash flow from operating activities	67.9	-19.4	-
Cash flow from investing activities	-49.1	-56.0	12.3%
Cash flow from financing activities	-51.0	48.8	-
Change in cash and cash equivalents	-32.2	-26.6	-21.1%
Free cash flow <sup>1</sup>	15.2	-78.8	-
Cash and cash equivalents at Sep. 30/Dec. 31	33.5	64.7	-48.2%
Current and non-current interest-bearing financial debt at Sep. 30/Dec. 31	116.6	148.5	-21.5%
thereof lease liabilities (IFRS 16)	62.5	58.0	7.8%
Net financial position <sup>2</sup> at Sep. 30/Dec. 31	-83.1	-83.8	0.8%

1) Cash flow from operating activities and from investing activities less interest expense.

2) Cash and cash equivalents less current and non-current interest-bearing financial debt.

The increase in cash flow from operating activities compared with the prior-year period – when cash flow had been weakened by the pandemic – was predominantly due to the improvement in operating profit combined with more rigorous management of working capital across the Group, especially with regard to receivables and liabilities.

Net cash used for investing activities was below the figure reported in the first three quarters of 2020 because of the decrease in payments for property, plant and equipment and intangible assets.

The main factors affecting cash flow from financing activities were the repayment of lease liabilities and other scheduled repayments. Cash flow from financing activities included payments of interest and principal in connection with leases amounting to €1.1 million and €11.1 million respectively (Q1–Q3 2020: €0.8 million and €11.9 million respectively).

As a result of the improvement in cash flow from operating activities and the reduction in investing activities, free cash flow was up by €94.0 million year on year to €15.2 million.

Reflecting these changes in cash flow in the period under review, net financial debt was slightly lower than at the end of 2020, falling by €0.7 million to €83.1 million as at September 30, 2021.

## NET ASSETS

### DEUTZ Group: overview of net assets

€ million	Sep. 30, 2021	Dec. 31, 2020	Change
Non-current assets	687.2	687.8	-0.1%
thereof right-of-use assets in connection with leases	59.3	57.3	3.5%
Current assets	571.9	492.7	16.1%
<b>Total assets</b>	<b>1,259.1</b>	<b>1,180.5</b>	<b>6.7%</b>
Equity	567.1	535.2	6.0%
Non-current liabilities	230.4	250.8	-8.1%
thereof lease liabilities	48.4	44.0	10.0%
Current liabilities	461.6	394.5	17.0%
thereof lease liabilities	14.1	14.0	0.7%
<b>Total equity and liabilities</b>	<b>1,259.1</b>	<b>1,180.5</b>	<b>6.7%</b>
Working capital <sup>1</sup>	261.4	235.0	11.2%
Working capital ratio (Sep. 30, %) <sup>2</sup>	17.0	18.1	-1.1pp
Working capital ratio (average, %) <sup>3</sup>	16.0	21.8	-5.8pp
<b>Equity ratio<sup>4</sup> (%)</b>	<b>45.0</b>	<b>45.3</b>	<b>-0.3pp</b>

1) Inventories plus trade receivables less trade payables.

2) Working capital as at the balance sheet date divided by revenue for the previous twelve months.

3) Average working capital at the four quarterly reporting dates divided by revenue for the previous twelve months.

4) Equity / total equity and liabilities.

The growth in the volume of orders and business meant that inventories and trade receivables were significantly higher as at September 30, 2021, which led to a rise in current assets. But because the figure for trade payables was also much higher, working capital increased only slightly. The working capital ratio at the balance sheet date and the average working capital ratio both decreased thanks to the rigorous management of working capital across the Group.

Despite the rise in equity, the equity ratio edged down from 45.3 percent to 45.0 percent. This was because the balance sheet grew at a faster rate than equity due to the aforementioned increase in current assets and current liabilities.

The sound equity ratio means that the DEUTZ Group's financial position remains comfortable. At the beginning of September, in light of its improved business situation, the Company ended the €150 million credit line that had been granted to it with the assistance of Germany's KfW development bank. The term of this COVID-19 tranche had been due to finish in November 2021. In addition to the existing syndicated loan of €160 million with a term until June 2024, DEUTZ has also secured bilateral credit lines totaling €75 million from three banks for a duration of 18 months. The Company therefore has unutilized credit lines totaling around €200 million at its disposal.

## EMPLOYEES

As at September 30, 2021, the DEUTZ Group had 4,701<sup>6</sup> employees worldwide. This equates to an increase of 126 people compared with the same date a year earlier and of 115 people compared with the end of 2020. This growth was largely due to the significantly increased production volume and the implementation of regional growth initiatives. The voluntary redundancy program ran until March 31, 2021 and was taken up by a total of 361 employees, of whom 126 had left the Company by the end of the reporting period.

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<sup>6</sup> FTEs, excluding temporary workers.



## OUTLOOK

It can be assumed that global problems with the supply of input materials will continue to weigh on business performance and that supply issues for certain components will persist. Nevertheless, DEUTZ confirms its full-year guidance, which it raised in September, in view of its healthy business performance in the reporting period and the sustained upward trajectory of the global economy and of the industries in which the Company's customers operate.<sup>7</sup> It now expects unit sales of 155,000 to 170,000 DEUTZ engines<sup>8</sup> in 2021, which should result in an increase in revenue to between €1.6 billion and €1.7 billion. Service revenue is forecast to account for around €400 million of the total revenue figure. The anticipated increase in unit sales and revenue and the realization of further potential cost savings indicate that the EBIT margin before exceptional items is likely to be in a range of 2.0 percent to 3.0 percent. This is based on the assumption that the ongoing difficulties with the supply of components will not worsen significantly in the coming weeks. Reflecting the improved operating performance, DEUTZ is aiming for free cash flow to be neutral.

For 2023/2024, DEUTZ continues to envisage that annual revenue will rise to more than €2.0 billion. Ongoing internationalization and the expansion of the service business, together with the expected market growth, are expected to be key growth drivers. In view of customers' increasing willingness to invest in alternative drive solutions, the proportion of consolidated revenue attributable to electric and alternative drive systems is likely to increase to between 5 and 10 percent by 2023/2024.

With regard to profitability, DEUTZ predicts an EBIT margin before exceptional items in the range of 7 percent to 8 percent in 2023/2024. This will be driven by the expected revenue growth and, in particular, the restructuring and cost-cutting measures that have been initiated.

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<sup>7</sup> See the ad hoc disclosure dated September 13, 2021.

<sup>8</sup> Excluding electric boat drives from DEUTZ subsidiary Torqeedo.

# FINANCIAL INFORMATION FOR THE 1ST TO 3RD QUARTER OF 2021

## DEUTZ GROUP: INCOME STATEMENT

€ million	Q1–Q3 2021	Q1–Q3 2020	Q3 2021	Q3 2020
<b>Revenue</b>	1,173.4	928.2	403.2	308.2
Cost of sales	-961.7	-798.1	-330.7	-263.3
Research and development costs	-68.8	-73.3	-22.9	-23.7
Selling expenses	-73.8	-74.1	-24.3	-22.8
General and administrative expenses	-45.4	-36.3	-15.2	-12.0
Other operating income	16.7	9.4	4.7	3.2
Other operating expenses	-13.3	-59.8	-2.4	-44.0
Impairment of financial assets and reversals thereof	-1.1	-1.4	0.0	0.0
Profit/loss on equity-accounted investments	1.8	2.0	-0.7	0.9
<b>EBIT</b>	27.8	-103.4	11.7	-53.5
thereof exceptional items	-3.1	-37.8	-2.4	-37.8
thereof operating profit/loss (EBIT before exceptional items)	30.9	-65.6	14.1	-15.7
Interest income	0.1	0.4	0.0	0.1
Interest expense	-4.2	-3.0	-1.3	-1.2
Other financial income/finance costs	0.0	-0.3	0.0	-0.1
<b>Financial income, net</b>	-4.1	-2.9	-1.3	-1.2
<b>Net income before income taxes</b>	23.7	-106.3	10.4	-54.7
Income taxes	0.0	1.8	0.0	2.5
<b>Net income</b>	23.7	-104.5	10.4	-52.2
thereof attributable to shareholders of DEUTZ AG	23.7	-104.5	10.4	-52.2
thereof attributable to non-controlling interests	0.0	0.0	0.0	0.0
<b>Earnings per share (basic/diluted, €)</b>	0.20	-0.86	0.09	-0.43

## DEUTZ GROUP: STATEMENT OF COMPREHENSIVE INCOME

€ million	Q1–Q3 2021	Q1–Q3 2020	Q3 2021	Q3 2020
<b>Net income</b>	<b>23.7</b>	<b>-104.5</b>	<b>10.4</b>	<b>-52.2</b>
<b>Amounts that will not be reclassified to the income statement in the future</b>	<b>3.5</b>	<b>-4.0</b>	<b>-0.1</b>	<b>-1.0</b>
Remeasurements of defined benefit plans	3.5	-4.0	-0.1	-1.0
<b>Amounts that will be reclassified to the income statement in the future if specific conditions are met</b>	<b>4.9</b>	<b>-2.8</b>	<b>1.9</b>	<b>-1.4</b>
Currency translation differences	6.9	-4.0	2.4	-2.4
thereof profit/loss on equity-accounted investments	3.7	-1.5	1.6	-0.3
Effective portion of change in fair value from cash flow hedges	-1.9	1.1	-0.5	0.9
Fair value of financial instruments	-0.1	0.1	0.0	0.1
<b>Other comprehensive income, net of tax</b>	<b>8.4</b>	<b>-6.8</b>	<b>1.8</b>	<b>-2.4</b>
<b>Comprehensive income</b>	<b>32.1</b>	<b>-111.3</b>	<b>12.2</b>	<b>-54.6</b>
thereof attributable to shareholders of DEUTZ AG	32.1	-111.3	12.2	-54.6
thereof attributable to non-controlling interests	0.0	0.0	0.0	0.0

## DEUTZ GROUP: BALANCE SHEET / ASSETS

€ million	Sep. 30, 2021	Dec. 31, 2020
Property, plant and equipment	362.3	361.7
Intangible assets	184.9	197.2
Equity-accounted investments	55.5	50.3
Other financial assets	4.7	4.4
<b>Non-current assets (before deferred tax assets)</b>	<b>607.4</b>	<b>613.6</b>
Deferred tax assets	79.8	74.2
<b>Non-current assets</b>	<b>687.2</b>	<b>687.8</b>
Inventories	356.9	274.2
Trade receivables	137.1	113.8
Other receivables and assets	36.8	32.8
Receivables in respect of tax refunds	7.6	7.2
Cash and cash equivalents	33.5	64.7
<b>Current assets</b>	<b>571.9</b>	<b>492.7</b>
<b>Total assets</b>	<b>1,259.1</b>	<b>1,180.5</b>

## DEUTZ GROUP: BALANCE SHEET / EQUITY AND LIABILITIES

€ million	Sep. 30, 2021	Dec. 31, 2020
<b>Issued capital</b>	<b>309.0</b>	<b>309.0</b>
Additional paid-in capital	28.8	28.8
Other reserves	1.0	-3.9
Retained earnings and accumulated income	228.3	201.1
<b>Equity attributable to shareholders of DEUTZ AG</b>	<b>567.1</b>	<b>535.0</b>
Non-controlling interests	0.0	0.2
<b>Equity</b>	<b>567.1</b>	<b>535.2</b>
Provisions for pensions and other post-retirement benefits	134.7	148.5
Deferred tax liabilities	0.4	0.6
Other provisions	35.4	37.5
Financial debt	54.9	58.3
Other liabilities	5.0	5.9
<b>Non-current liabilities</b>	<b>230.4</b>	<b>250.8</b>
Provisions for pensions and other post-retirement benefits	11.8	11.9
Other provisions	83.4	83.3
Financial debt	61.7	90.2
Trade payables	232.6	153.0
Liabilities arising from income taxes	2.6	2.0
Other liabilities	69.5	54.1
<b>Current liabilities</b>	<b>461.6</b>	<b>394.5</b>
<b>Total equity and liabilities</b>	<b>1,259.1</b>	<b>1,180.5</b>

## DEUTZ GROUP: CASH FLOW STATEMENT

€ million	Q1–Q3 2021	Q1–Q3 2020
<b>EBIT</b>	<b>27.8</b>	<b>-103.4</b>
Income taxes paid	-6.7	-4.3
Depreciation, amortization and impairment of non-current assets	68.2	70.2
Profit/loss and impairment on equity-accounted investments	-1.5	-1.9
Other non-cash income and expenses	-0.9	0.5
Change in working capital	-10.9	16.5
Change in inventories	-78.1	-6.9
Change in trade receivables	-20.3	52.4
Change in trade payables	87.5	-29.0
Change in other receivables and other current assets	-5.1	42.6
Change in provisions and other liabilities (excluding financial liabilities)	-3.0	-39.6
<b>Cash flow from operating activities</b>	<b>67.9</b>	<b>-19.4</b>
Capital expenditure on intangible assets, property, plant and equipment	-49.3	-56.3
Expenditure on investments	0.0	0.1
Proceeds from the sale of non-current assets	0.2	0.2
<b>Cash flow from investing activities</b>	<b>-49.1</b>	<b>-56.0</b>
Interest income	0.1	0.1
Interest expense	-3.7	-3.5
Repayment of capital contributions to non-controlling interests	-0.2	0.0
Cash receipts from borrowings	2.0	88.0
Repayments of loans	-38.1	-23.9
Principal elements of lease payments	-11.1	-11.9
<b>Cash flow from financing activities</b>	<b>-51.0</b>	<b>48.8</b>
Cash flow from operating activities	67.9	-19.4
Cash flow from investing activities	-49.1	-56.0
Cash flow from financing activities	-51.0	48.8
<b>Change in cash and cash equivalents</b>	<b>-32.2</b>	<b>-26.6</b>
<b>Cash and cash equivalents at Jan. 1</b>	<b>64.7</b>	<b>55.3</b>
Change in cash and cash equivalents	-32.2	-26.6
Change in cash and cash equivalents related to exchange rates	1.0	-0.8
Change in cash and cash equivalents related to the basis of consolidation	0.0	0.3
<b>Cash and cash equivalents at Sep. 30</b>	<b>33.5</b>	<b>28.2</b>

## **Upcoming financial dates**

November 17, 2021: Capital Markets Day

March 14, 2022: 2021 annual report | annual results press conference

April 28, 2022: Annual General Meeting

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## **Forward-looking statements**

This quarterly statement 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 4,600 employees worldwide and over 800 sales and service partners in more than 130 countries. It generated revenue of almost €1.3 billion in 2020. Further information is available at [www.deutz.com](http://www.deutz.com).*