

# DEUTZ

## Quarterly Statement Q1-Q3/2022



## DEUTZ Group: Overview of key figures

€ million	Q1–Q3 2022	Q1–Q3 2021	Change	Q3 2022	Q3 2021	Change
New orders	1,519.7	1,514.0	0.4%	442.1	485.2	-8.9%
Group unit sales (units)	169,352	145,359	16.5%	60,611	51,732	17.2%
thereof DEUTZ engines <sup>1</sup>	130,875	116,273	12.6%	40,413	40,842	-1.1%
thereof Torqeedo	38,477	29,086	32.3%	20,198	10,890	85.5%
Revenue	1,395.8	1,173.4	19.0%	465.4	403.2	15.4%
EBIT	57.4	27.8	106.5%	21.9	11.7	87.2%
thereof exceptional items	-8.5	-3.1	174.2%	-1.4	-2.4	-41.7%
Adjusted EBIT (EBIT before exceptional items)	65.9	30.9	113.3%	23.3	14.1	65.2%
EBIT margin (%)	4.1	2.4	+1.7pp	4.7	2.9	+1.8pp
EBIT margin before exceptional items (%)	4.7	2.6	+2.1pp	5.0	3.5	+1.5pp
Net income	45.1	23.7	90.3%	17.1	10.4	64.4%
Net income before exceptional items	52.2	26.8	94.8%	18.2	12.8	42.2%
Earnings per share (€)	0.37	0.20	85.0%	0.14	0.09	55.6%
Earnings per share before exceptional items (€)	0.43	0.22	95.5%	0.15	0.10	50.0%
Equity (Sep. 30/Dec. 31)	642.9	588.4	9.3%			
Equity ratio (%)	42.6	45.6	-3.0pp			
Cash flow from operating activities	-13.8	67.9	-	-28.4	23.2	-
Free cash flow	-69.8	15.2	-	-45.1	5.5	-
Net financial position (Sep. 30/Dec. 31)	-217.7	-79.7	-173.1%			
Employees <sup>2</sup> (Sep. 30)	4,995	4,701	6.3%			

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

<sup>2</sup> Number of employees expressed in FTEs (full-time equivalents); excluding temporary workers.

## BUSINESS PERFORMANCE IN THE DEUTZ GROUP

Following a successful first six months of the year, DEUTZ benefited from continuing robust demand in relevant customer industries in the third quarter of 2022. The ongoing coronavirus pandemic and the war in Ukraine had no significant negative impact in the nine-month period. However, as for other companies, the geopolitical impact of the war on energy and raw material prices and on the global flow of goods around the world is very tangible for DEUTZ. Nevertheless, the resulting additional costs are increasingly being passed on to our customers through price increases. Cost savings attributable to implementation of the strategy program are also having a positive effect on earnings performance.

## NEW ORDERS

### DEUTZ Group: New orders by application segment

€ million	Q1–Q3 2022	Q1–Q3 2021	Change	Q3 2022	Q3 2021	Change
Construction Equipment	415.9	498.5	-16.6%	107.6	146.4	-26.5%
Service	349.8	305.1	14.7%	119.8	100.1	19.7%
Material Handling	287.9	271.5	6.0%	68.4	110.5	-38.1%
Stationary Equipment	150.8	145.4	3.7%	45.7	43.6	4.8%
Agricultural Machinery	243.3	193.4	25.8%	73.5	59.1	24.4%
Miscellaneous	72.0	100.1	-28.1%	27.1	25.5	6.3%
<b>Total</b>	<b>1,519.7</b>	<b>1,514.0</b>	<b>0.4%</b>	<b>442.1</b>	<b>485.2</b>	<b>-8.9%</b>

In the first three quarters of 2022, new orders received by the DEUTZ Group amounted to €1,519.7 million. This was around the same high level achieved in the prior-year period, which had been boosted by one-off effects of spending brought forward in an amount of more than €100 million.

The regional situation was mixed, with new orders rising markedly in the Americas and Asia-Pacific regions but declining slightly in the EMEA region during the reporting period. The application segments also presented a disparate picture. Whereas Material Handling, Agricultural Machinery, Stationary Equipment, and the service business generated increases in new orders (with some of them reporting double-digit percentage growth), there were significant year-on-year decreases for Construction Equipment and Miscellaneous.

In the third quarter of 2022, new orders were down by 8.9 percent compared with the same quarter of 2021. This was due to a drop in demand in the Construction Equipment and Material Handling application segments, especially in the EMEA region.

Orders on hand continued to climb, reaching a substantial €828.8 million as at September 30, 2022 (September 30, 2021: €616.4 million). This points to an initially stable order situation in the months ahead. Of that total, orders on hand attributable to the service business amounted to €53.2 million (September 30, 2021: €32.7 million).

## UNIT SALES

### DEUTZ Group: Unit sales by application segment

€ million	Q1–Q3 2022	Q1–Q3 2021	Change	Q3 2022	Q3 2021	Change
Construction Equipment	52,098	50,574	3.0%	15,577	16,475	-5.5%
Miscellaneous	40,398	31,283	29.1%	21,186	11,592	82.8%
Material Handling	39,817	35,326	12.7%	11,640	14,018	-17.0%
Agricultural Machinery	20,020	15,159	32.1%	6,186	4,858	27.3%
Stationary Equipment	17,019	13,017	30.7%	6,022	4,789	25.7%
<b>Total</b>	169,352	145,359	16.5%	60,611	51,732	17.2%
thereof DEUTZ engines <sup>3</sup>	130,875	116,273	12.6%	40,413	40,842	-1.1%

<sup>3</sup> Excluding electric boat drives from DEUTZ subsidiary Torqeedo.

### DEUTZ Group: Unit sales by region

€ million	Q1–Q3 2022	Q1–Q3 2021	Change	Q3 2022	Q3 2021	Change
EMEA	84,352	76,151	10.8%	25,114	25,433	-1.3%
Americas	48,279	32,512	48.5%	20,563	13,876	48.2%
Asia-Pacific	36,721	36,696	0.1%	14,934	12,423	20.2%

With a total of 169,352 units sold, the DEUTZ Group registered an increase in unit sales of 16.5 percent in the first three quarters of 2022. Within this total, the number of DEUTZ engines<sup>4</sup> sold rose by 12.6 percent to 130,875. The DEUTZ subsidiary Torqeedo sold 38,477 electric boat drives, which was 32.3 percent more than in the prior-year period.

The uptrend in unit sales was generated across all application segments. The region with the sharpest increase was the Americas, where the rise of 48.5 percent was primarily attributable to higher unit sales of electric boat drives. The EMEA region, which is DEUTZ's largest sales market, saw its unit sales climb by 10.8 percent.

In the third quarter of 2022, unit sales across the Group were up by 17.2 percent compared with the equivalent quarter of the prior year to stand at 60,611 units. Whereas the figure of 40,413 DEUTZ engines<sup>3</sup> sold was slightly lower than the number sold in the third quarter of 2021 due to production and logistics factors, Torqeedo virtually doubled its unit sales to 20,198 electric drives. The overall growth of unit sales was attributable to the Americas and Asia-Pacific regions. The EMEA region recorded a small year-on-year decrease.

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

## REVENUE

### DEUTZ Group: Revenue by application segment

€ million	Q1–Q3 2022	Q1–Q3 2021	Change	Q3 2022	Q3 2021	Change
Construction Equipment	404.7	353.9	14.4%	127.2	115.4	10.2%
Service	336.2	298.4	12.7%	113.0	103.0	9.7%
Material Handling	251.6	200.4	25.5%	81.7	80.2	1.9%
Agricultural Machinery	199.0	153.2	29.9%	63.8	47.0	35.7%
Stationary Equipment	121.7	82.3	47.9%	45.1	29.4	53.4%
Miscellaneous	82.6	85.2	-3.1%	34.6	28.2	22.7%
<b>Total</b>	<b>1,395.8</b>	<b>1,173.4</b>	<b>19.0%</b>	<b>465.4</b>	<b>403.2</b>	<b>15.4%</b>

### DEUTZ Group: Revenue by region

€ million	Q1–Q3 2022	Q1–Q3 2021	Change	Q3 2022	Q3 2021	Change
EMEA	855.0	748.7	14.2%	269.3	247.4	8.9%
Americas	323.4	212.7	52.0%	122.4	81.9	49.5%
Asia-Pacific	217.4	212.0	2.5%	73.7	73.9	-0.3%

Reflecting the growth in unit sales, DEUTZ's revenue swelled by 19.0 percent to €1,395.8 million in the period under review. All regions and all of the main application segments recorded increases in revenue. The revenue of the service business grew to €336.2 million, accounting for around 25 percent of consolidated revenue. Within this business, parts sales and DEUTZ Xchange performed particularly well.

In the third quarter of 2022, revenue rose across all application segments and in all the main regions, with an overall increase of 15.4 percent to €465.4 million. Although unit sales declined in the Construction Equipment and Material Handling application segments, their revenue still went up thanks to positive product mix effects and, above all, the effective implementation of price rises.

## EARNINGS

### DEUTZ Group: Overview of results of operations

€ million	Q1–Q3 2022	Q1–Q3 2021	Change
<b>Revenue</b>	<b>1,395.8</b>	<b>1,173.4</b>	<b>19.0%</b>
Cost of sales	-1,133.8	-961.7	17.9%
Research and development costs	-80.9	-68.8	17.6%
Selling and administrative expenses	-139.6	-119.2	17.1%
Other operating income	36.6	16.7	119.2%
Other operating expenses	-18.2	-13.3	36.8%
Impairment of financial assets and reversals thereof	-1.3	-1.1	-18.2%
Profit/loss on equity-accounted investments	-1.2	1.8	-
<b>EBIT</b>	<b>57.4</b>	<b>27.8</b>	<b>106.5%</b>
Interest income	0.9	0.1	800.0%
Interest expense	-3.8	-4.2	-9.5%
Other financial income/finance costs	-0.6	0.0	-
<b>Financial income, net</b>	<b>-3.5</b>	<b>-4.1</b>	<b>14.6%</b>
Income taxes	-8.8	0.0	-
<b>Net income</b>	<b>45.1</b>	<b>23.7</b>	<b>90.3%</b>
Adjusted EBIT (EBIT before exceptional items): Green	-26.2	-14.8	-77.0%
Adjusted EBIT (EBIT before exceptional items): Classic	92.5	45.4	103.7%
Consolidation/Other <sup>5</sup>	-0.4	0.3	-
<b>Adjusted EBIT (EBIT before exceptional items)</b>	<b>65.9</b>	<b>30.9</b>	<b>113.3%</b>
Exceptional items	-8.5 <sup>6</sup>	-3.1 <sup>7</sup>	174.2%
<b>EBIT</b>	<b>57.4</b>	<b>27.8</b>	<b>106.5%</b>

<sup>5</sup> Consolidation/Other predominantly consists of non-operating centralized activities as well as effects on earnings resulting from the elimination of intra-group transactions between the segments.

<sup>6</sup> Due to the recognition of provisions following several changes at senior management level.

<sup>7</sup> Due to the Transform for Growth efficiency program initiated at the start of 2020.

### ***Explanation of adjusted EBIT (EBIT before exceptional items)***

*DEUTZ calculates adjusted EBIT (EBIT before exceptional items) and the EBIT margin before exceptional items so that it is in a better position to assess its business operations and manage the profitability of its operations at Group level and segment level. The EBIT margin before exceptional items is the Company's main key performance indicator (KPI) used for management purposes. The two earnings KPIs are additionally calculated in accordance with the disclosures required by international financial reporting standards. The calculation is based on the Group's earnings before interest and tax (EBIT). After adjusting for exceptional items to give the figure for EBIT before exceptional items, this value is expressed as a percentage of revenue to give the EBIT margin before exceptional items. Exceptional items are defined as significant income generated or expenses incurred that, due to their timing and/or specific nature, are unlikely to recur and are outside the scope of the Company's ordinary business activities. Adjusting for exceptional items helps to provide a better comparison of the Company's operating performance over time. Examples of exceptional items include impairment losses, reversals of impairment losses, gains and losses on the disposal of non-current assets, certain costs for strategic projects or organizational changes, restructuring costs, and income from the reversal of related provisions.*

EBIT before exceptional items (adjusted EBIT) improved from €30.9 million to €65.9 million in the period under review and thereby more than doubled. This improvement was attributable to the growth in the volume of business, the associated economies of scale, cost-saving measures, and positive currency effects. Moreover, the impact of additional costs stemming from persistent supply bottlenecks and higher materials prices is being increasingly mitigated thanks to these costs being passed on to our customers through price increases. The growth of research and development expenditure, higher procurement costs, and the losses generated by the DEUTZ subsidiary Torqeedo were more than offset by the aforementioned earnings drivers. The adjusted EBIT margin also made a strong year-on-year improvement, rising from 2.6 percent to 4.7 percent.



The adjusted EBIT figure for the third quarter of €23.3 million was slightly lower than the figure for the second quarter of 2022 of €26.8 million for volume-related reasons. Compared with the third quarter of 2021, there was a small improvement of €9.2 million in adjusted EBIT. This increase was attributable not only to the higher production volume and the resulting good level of capacity utilization but also to the expansion of service activities and positive currency effects.

The increase in adjusted EBIT meant that net income before exceptional items improved by 94.8 percent to €52.2 million in the reporting period, resulting in earnings per share before exceptional items of €0.43 (Q1–Q3 2021: €0.22).

## **BUSINESS PERFORMANCE IN THE SEGMENTS**

With effect from January 1, 2022, DEUTZ put a new reporting structure in place and introduced the Classic and Green segments. The Classic segment encompasses all activities related to the development, production, distribution, and maintenance of diesel and gas engines as well as the related service business. The Green segment consists of all activities related to new drives. This includes hydrogen engines, the subsidiaries Torqeedo and battery management specialist Futavis, electric drives, mobile rapid charging stations, and the related service business.

DEUTZ hopes the new segmentation of its business activities will enable it to report more transparently on its work on off-highway technology for a carbon-neutral future and, at the same time, improve the way in which it manages its transformation into the leading provider of green drive solutions for off-highway applications.

Given that DEUTZ is currently only at the start of this transformation, the volume of business for the Green segment still largely reflects the performance of the DEUTZ subsidiaries Torqeedo and Futavis and, in terms of earnings, also the growth in research and development activities in the field of electric and hydrogen-powered drive systems.

The segment figures for the prior-year period shown below have been adjusted to reflect the new reporting structure.

### Key figures for the Classic segment

€ million	Q1–Q3 2022	Q1–Q3 2021	Change	Q3 2022	Q3 2021	Change
<b>New orders</b>	1,475.7	1,462.2	0.9%	425.1	471.7	-9.9%
<b>Unit sales (units)</b>	130,870	116,273	12.6%	40,411	40,842	-1.1%
<b>Revenue</b>	1,344.4	1,132.9	18.7%	444.3	389.7	14.0%
Construction Equipment	404.2	353.9	14.2%	127.0	115.4	10.1%
Service	336.2	298.4	12.7%	113.0	103.0	9.7%
Material Handling	251.6	200.4	25.5%	81.7	80.2	1.9%
Agricultural Machinery	199.0	153.2	29.9%	63.8	47.0	35.7%
Stationary Equipment	121.7	82.3	47.9%	45.1	29.4	53.4%
Miscellaneous	31.7	44.7	-29.1%	13.7	14.7	-6.8%
<b>Adjusted EBIT</b>	92.5	45.4	103.7%	31.2	20.6	51.5%
<b>Adjusted EBIT margin</b>	6.9%	4.0%	+2.9pp	7.0%	5.3%	+1.7pp

In the first three quarters of 2022, new orders in the Classic segment increased slightly year on year to €1,475.7 million. As at September 30, 2022, orders on hand stood at €813.0 million, which was 36.6 percent higher than a year earlier. The segment's unit sales increased by 12.6 percent year on year to 130,870 engines, while its revenue advanced by 18.7 percent to €1,344.4 million.

Adjusted EBIT for the segment (EBIT before exceptional items) improved by €47.1 million year on year to €92.5 million. As a result, the Classic segment's adjusted EBIT margin rose from 4.0 percent to 6.9 percent. In addition to the effects of cost savings, this increase was attributable to growth in the volume of business, associated economies of scale, positive currency effects, and optimization of the existing portfolio.

### Key figures for the Green segment

€ million	Q1–Q3 2022	Q1–Q3 2021	Change	Q3 2022	Q3 2021	Change
<b>New orders</b>	44.0	51.8	-15.1%	17.0	13.5	25.9%
<b>Unit sales<sup>8</sup> (units)</b>	38,482	29,086	32.3%	20,200	10,890	85.5%
<b>Revenue</b>	51.4	40.5	26.9%	21.1	13.5	56.3%
EMEA	25.5	25.4	0.4%	8.1	8.3	-2.4%
Americas	18.4	11.3	62.8%	8.1	4.2	92.9%
Asia-Pacific	7.5	3.8	97.4%	4.9	1.0	390.0%
<b>Adjusted EBIT</b>	-26.2	-14.8	-77.0%	-8.1	-6.5	-24.6%
<b>Adjusted EBIT margin</b>	-51.0%	-36.5%	-14.5pp	-38.4	-48.1	+9.7pp

As a result of lower demand for electric boat drives than in the prior-year period, new orders in the Green segment fell by 15.1 percent to €44.0 million in the first nine months of 2022. Orders on hand were down by 25.8 percent year on year and amounted to €15.8 million as at September 30, 2022. The segment's unit sales advanced by 32.3 percent to 38,482 units, while its revenue rose by 26.9 percent to €51.4 million.

Adjusted EBIT for the segment (EBIT before exceptional items) declined by €11.4 million compared with the prior-year period and amounted to a loss of €26.2 million. This deterioration was attributable to increased development expenditure on new drive technologies, primarily in connection with the TCG 7.8 H2 hydrogen engine and activities relating to electric drive systems, as well as the losses still being generated by the subsidiary Torqeedo. Moreover, the figure for the prior-year period had been boosted by a compensation payment. Reflecting the decline in the segment's adjusted EBIT, the adjusted EBIT margin also deteriorated year on year.

<sup>8</sup> Electric boat drives of the subsidiary Torqeedo, battery systems of the subsidiary Futavis, all-electric, hybrid-electric, and hydrogen-powered drives, mobile rapid charging stations.

## FINANCIAL POSITION

### DEUTZ Group: Overview of financial position

€ million	Q1–Q3 2022	Q1–Q3 2021	Change
Cash flow from operating activities	-13.8	67.9	-
Cash flow from investing activities	-51.8	-49.1	-5.5%
Cash flow from financing activities	68.1	-51.0	-
<b>Change in cash and cash equivalents</b>	<b>2.5</b>	<b>-32.2</b>	<b>-</b>
<b>Free cash flow<sup>9</sup></b>	<b>-69.8</b>	<b>15.2</b>	<b>-</b>
Cash and cash equivalents at Sep. 30/Dec. 31	41.7	36.1	15.5%
Current and non-current interest-bearing financial debt at Sep. 30/Dec. 31	259.4	115.8	124.0%
thereof lease liabilities (IFRS 16)	101.1	61.3	64.9%
<b>Net financial position<sup>10</sup> at Sep. 30/Dec. 31</b>	<b>-217.7</b>	<b>-79.7</b>	<b>-173.1%</b>

Cash flow from operating activities amounted to a net cash outflow of €13.8 million in the first nine months of 2022, compared with a net cash inflow of €67.9 million in the prior-year period. This decline was largely attributable to the rise in working capital. The growth in the volume of business and delays in the supply chain led to a rise in inventories, especially finished goods and work in progress. Moreover, the procurement of certain items in the market was extremely challenging, which resulted in a build-up of inventories of materials and components in order to safeguard production. The growth of inventories was only partly offset by the net cash inflow resulting from higher trade payables.

<sup>9</sup> Cash flow from operating activities and from investing activities less interest expense.

<sup>10</sup> Cash and cash equivalents less current and non-current interest-bearing financial debt.

Net cash used for investing activities was slightly higher than the figure reported in the prior-year period in spite of the decrease in payments for property, plant and equipment and for intangible assets. This was due to the payments for the final installment of the purchase consideration for the acquisition of the investment in Blue World Technologies Holding Aps, based in Aalborg, Denmark, and the acquisition of the former DEUTZ service partners AUSMA Motorenrevisie B.V., headquartered in Roden, Netherlands, and Kirkwell Ltd. (South Coast Diesels), based in Naas, Ireland.

The positive trend for cash flow from financing activities was primarily due to the net cash provided as a result of drawing down an existing credit line in an amount of around €115 million in the first nine months of 2022. This inflow was greater than the outflow resulting from the dividend payment, the repayment of lease liabilities, and other payments of principal.

As a result of the decrease in cash flow from operating activities, free cash flow amounted to minus €69.8 million. This equated to a deterioration of €85.0 million compared with the first three quarters of 2021.

Increased lease liabilities and, in particular, the aforementioned utilization of the credit line meant that net financial debt was higher than at the end of 2021, rising by €138.0 million to €217.7 million as at September 30, 2022.

## NET ASSETS

### DEUTZ Group: Overview of net assets

€ million	Sep. 30, 2022	Dec. 31, 2021	Change
Non-current assets	729.4	696.8	4.7%
thereof right-of-use assets in connection with leases	95.0	57.4	65.5%
Current assets	780.2	593.3	31.5%
<b>Total assets</b>	<b>1,509.6</b>	<b>1,290.1</b>	<b>17.0%</b>
Equity	642.9	588.4	9.3%
Non-current liabilities	213.1	214.7	-0.7%
thereof lease liabilities	82.5	45.4	81.7%
Current liabilities	653.6	487.0	34.2%
thereof lease liabilities	18.6	15.9	17.0%
<b>Total equity and liabilities</b>	<b>1,509.6</b>	<b>1,290.1</b>	<b>17.0%</b>
Working capital <sup>11</sup>	374.3	253.2	47.8%
Working capital ratio (Sep. 31, %) <sup>12</sup>	20.3	15.7	+4.6pp
Working capital ratio (average, %) <sup>13</sup>	16.5	15.5	+1.0pp
<b>Equity ratio<sup>14</sup> (%)</b>	<b>42.6</b>	<b>45.6</b>	<b>-3.0pp</b>

<sup>11</sup> Inventories plus trade receivables less trade payables.

<sup>12</sup> Working capital as at the balance sheet date divided by revenue for the previous twelve months.

<sup>13</sup> Average working capital at the last four quarterly reporting dates divided by revenue for the previous twelve months.

<sup>14</sup> Equity/total equity and liabilities.

The increase in capacity utilization and delays in the supply chain meant that inventories, in particular, were significantly higher as at September 30, 2022, which led to a rise in current assets. Inventories also went up as a result of higher purchase prices and increased stockpiling in view of the ongoing challenges in the macroeconomic environment. Accordingly, working capital rose sharply and the working capital ratio as at the reporting date was up by 4.6 percentage points to 20.3 percent. Thanks to the increase in revenue over the past twelve months, however, the average working capital ratio increased by only 1 percentage point. A higher volume of cash was tied up in current assets, which led to higher drawdowns from the credit line and thus higher current liabilities.

Despite the rise in equity, the equity ratio fell from 45.6 percent at the end of 2021 to 42.6 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.

In view of the still sound equity ratio, which continues to be above the target figure of more than 40 percent, the DEUTZ Group's financial position remains comfortable.

## **EMPLOYEES**

DEUTZ employed 4,995<sup>15</sup> people worldwide as at September 30, 2022, which was 294 more than a year earlier. This rise was mainly due to the recruitment of employees on a permanent or fixed-term basis in view of the sharp increase in the volume of business. Further reasons for the headcount growth were the expansion of the basis of consolidation to include the former DEUTZ service partners AUSMA Motorenrevisie B.V. and Kirkwell Ltd. (South Coast Diesels) in the first half of 2022 and the implementation of regional growth initiatives, for example in connection with the shared service center in Spain and the opening of the new DEUTZ Power Centers in the USA.

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<sup>15</sup> Number of employees expressed in FTEs (full-time equivalents); excluding temporary workers.

## **GUIDANCE FOR 2022**

Given the considerable geopolitical uncertainties, DEUTZ stated that the guidance for 2022 published in its 2021 annual report was under review.<sup>16</sup> Based on its business performance in the first to third quarter, DEUTZ is now forecasting unit sales of between 175,000 and 185,000 DEUTZ engines<sup>17</sup> for 2022. This should result in an increase in revenue to between €1.75 billion and €1.85 billion. The adjusted EBIT margin is likely to be in a range of 4.5 percent to 5.0 percent. Despite this encouraging earnings performance, free cash flow is expected to be a negative amount in the mid-double-digit millions of euros. The main reasons for this are the build-up of inventories in order to safeguard production and delays in the supply chain.

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<sup>16</sup> See the press release dated March 14, 2022.

<sup>17</sup> Excluding electric boat drives from DEUTZ subsidiary Torqeedo.



## FINANCIAL INFORMATION FOR THE 1ST TO 3RD QUARTER OF 2022

### DEUTZ GROUP: INCOME STATEMENT

€ million	Q1–Q3 2022	Q1–Q3 2021
<b>Revenue</b>	<b>1,395.8</b>	<b>1,173.4</b>
Cost of sales	-1,133.8	-961.7
Research and development costs	-80.9	-68.8
Selling expenses	-87.1	-73.8
General and administrative expenses	-52.5	-45.4
Other operating income	36.6	16.7
Other operating expenses	-18.2	-13.3
Impairment of financial assets and reversals thereof	-1.3	-1.1
Profit/loss on equity-accounted investments	-1.2	1.8
<b>EBIT</b>	<b>57.4</b>	<b>27.8</b>
Interest income	0.9	0.1
Interest expense	-3.8	-4.2
Other financial income/finance costs	-0.6	0.0
<b>Financial income, net</b>	<b>-3.5</b>	<b>-4.1</b>
<b>Net income before income taxes</b>	<b>53.9</b>	<b>23.7</b>
Income taxes	-8.8	0.0
<b>Net income</b>	<b>45.1</b>	<b>23.7</b>
thereof attributable to shareholders of DEUTZ AG	45.1	23.7
thereof attributable to non-controlling interests	0.0	0.0
<b>Earnings per share (basic/diluted, €)</b>	<b>0.37</b>	<b>0.20</b>

## DEUTZ GROUP: STATEMENT OF COMPREHENSIVE INCOME

€ million	Q1–Q3 2022	Q1–Q3 2021
<b>Net income</b>	<b>45.1</b>	<b>23.7</b>
<b>Amounts that will not be reclassified to the income statement in the future</b>	<b>19.6</b>	<b>3.5</b>
Remeasurements of defined benefit plans	19.6	3.5
<b>Amounts that will be reclassified to the income statement in the future if specific conditions are met</b>	<b>7.5</b>	<b>4.9</b>
Currency translation differences	8.1	6.9
thereof profit/loss on equity-accounted investments	2.0	3.7
Effective portion of change in fair value from cash flow hedges	-0.6	-1.9
Fair value of financial instruments	0.0	-0.1
<b>Other comprehensive income, net of tax</b>	<b>27.1</b>	<b>8.4</b>
<b>Comprehensive income</b>	<b>72.2</b>	<b>32.1</b>
thereof attributable to shareholders of DEUTZ AG	72.2	32.1
thereof attributable to non-controlling interests	0.0	0.0

## DEUTZ GROUP: BALANCE SHEET / ASSETS

€ million	Sep. 30, 2022	Dec 31, 2021
Property, plant and equipment	402.0	358.9
Intangible assets	172.6	181.8
Equity-accounted investments	56.8	56.4
Other financial assets	14.5	11.1
<b>Non-current assets (before deferred tax assets)</b>	<b>645.9</b>	<b>608.2</b>
Deferred tax assets	83.5	88.6
<b>Non-current assets</b>	<b>729.4</b>	<b>696.8</b>
Inventories	502.4	375.3
Trade receivables	182.1	135.7
Other receivables and assets	52.2	40.3
Receivables in respect of tax refunds	1.8	5.9
Cash and cash equivalents	41.7	36.1
<b>Current assets</b>	<b>780.2</b>	<b>593.3</b>
<b>Total assets</b>	<b>1,509.6</b>	<b>1,290.1</b>

## DEUTZ GROUP: BALANCE SHEET / EQUITY AND LIABILITIES

€ million	Sep. 30, 2022	Dec 31, 2021
<b>Issued capital</b>	<b>309.0</b>	<b>309.0</b>
Additional paid-in capital	28.8	28.8
Other reserves	11.2	3.7
Retained earnings and accumulated income	293.9	246.9
<b>Equity attributable to shareholders of DEUTZ AG</b>	<b>642.9</b>	<b>588.4</b>
Non-controlling interests	0.0	0.0
<b>Equity</b>	<b>642.9</b>	<b>588.4</b>
Provisions for pensions and other post-retirement benefits	91.1	126.7
Deferred tax liabilities	1.7	1.8
Other provisions	34.0	33.4
Financial debt	83.1	49.2
Other liabilities	3.2	3.6
<b>Non-current liabilities</b>	<b>213.1</b>	<b>214.7</b>
Provisions for pensions and other post-retirement benefits	11.2	11.1
Other provisions	82.8	85.6
Financial debt	176.3	66.6
Trade payables	310.2	257.8
Liabilities arising from income taxes	2.4	3.0
Other liabilities	70.7	62.9
<b>Current liabilities</b>	<b>653.6</b>	<b>487.0</b>
<b>Total equity and liabilities</b>	<b>1,509.6</b>	<b>1,290.1</b>

## DEUTZ GROUP: CASH FLOW STATEMENT

€ million	Q1–Q3 2022	Q1–Q3 2021
<b>EBIT</b>	<b>57.4</b>	<b>27.8</b>
Income taxes paid	-8.2	-6.7
Depreciation, amortization and impairment of non-current assets	69.5	68.2
Gains/losses on the sale of non-current assets	0.2	0.0
Profit/loss and impairment on equity-accounted investments	1.8	-1.5
Other non-cash income and expenses	1.4	-0.9
Change in working capital	-100.2	-10.9
Change in inventories	-109.3	-78.1
Change in trade receivables	-37.0	-20.3
Change in trade payables	46.1	87.5
Change in other receivables and other current assets	-9.4	-5.1
Change in provisions and other liabilities (excluding financial liabilities)	-26.3	-3.0
<b>Cash flow from operating activities</b>	<b>-13.8</b>	<b>67.9</b>
Capital expenditure on intangible assets, property, plant and equipment	-41.8	-49.3
Expenditure on investments	-4.6	0.0
Acquisition of subsidiaries	-5.4	0.0
Proceeds from the sale of non-current assets	0.0	0.2
<b>Cash flow from investing activities</b>	<b>-51.8</b>	<b>-49.1</b>
Dividend payments to shareholders	-18.1	0.0
Interest income	0.2	0.1
Interest expense	-4.4	-3.7
Repayment of capital contributions to non-controlling interests	0.0	-0.2
Cash receipts from borrowings	119.6	2.0
Repayments of loans	-16.0	-38.1
Principal elements of lease payments	-13.2	-11.1
<b>Cash flow from financing activities</b>	<b>68.1</b>	<b>-51.0</b>
Cash flow from operating activities	-13.8	67.9
Cash flow from investing activities	-51.8	-49.1
Cash flow from financing activities	68.1	-51.0
<b>Change in cash and cash equivalents</b>	<b>2.5</b>	<b>-32.2</b>
<b>Cash and cash equivalents at Jan. 1</b>	<b>36.1</b>	<b>64.7</b>
Change in cash and cash equivalents	2.5	-32.2
Change in cash and cash equivalents related to exchange rates	2.5	1.0
Change in cash and cash equivalents related to the basis of consolidation	0.6	0.0
<b>Cash and cash equivalents at Sep. 30</b>	<b>41.7</b>	<b>33.5</b>

## **Upcoming financial dates**

March 16, 2023: 2022 annual report

April 27, 2023: 2023 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 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](http://www.deutz.com).*