

PRESS RELEASE

DEUTZ makes a successful start to the new financial year and raises its guidance for 2021

- Significant growth of new orders
- Strong improvement in profitability
- Outlook for 2021 raised
- Supply situation remains difficult

Preliminary results (€ million)	Q1/2021	Q1/2020	Change (%)
New orders	464.8	356.7	30.3
Unit sales of DEUTZ engines (units)	32,249	31,546	2.2
Unit sales of Torqeedo motors (units)	6,135	8,523	-28.0
Group's total unit sales (units)	38,384	40,069	-4.2
Revenue	343.4	339.8	1.1
Operating profit/loss (EBIT before exceptional items)	0.8	-11.8	++
EBIT margin before exceptional items (%)	0.2	-3.5	++

Cologne, April 19, 2021 – Preliminary results show that DEUTZ, one of the world's leading manufacturers of innovative drive systems, has made a successful start to 2021.

“There has been a notable increase in customers’ propensity to proceed with capital expenditure in all of the main application segments and this has enabled us to make a better start to the current year than originally anticipated. New orders are up by around a third compared with the first quarter of 2020. This growth, combined with a book-to-bill ratio of 1.35, gives us cause for optimism about the months ahead,” said CEO Dr. Frank Hiller. “At the same time, we have significantly improved our profitability. This is in no small part due to the effects of cost savings that we have already achieved thanks to the rigorous implementation of our efficiency program.”

Significant order growth; year-on-year rise in revenue

On the back of better than expected market demand, new orders received by DEUTZ in the first three months of this year jumped by 30.3 percent compared with the first quarter of 2020 to reach €464.8 million. All of the main application segments recorded double-digit percentage increases. Unit sales of DEUTZ engines rose from 31,546 to 32,249 engines. Including Torqeedo's electric drives for boats, the Group sold a total of 38,384 engines and motors, compared with 40,069 in the first quarter of 2020. Consolidated revenue went up by 1.1 percent to €343.4 million due to a favorable product mix compared with that in the prior-year period.

Significant improvement in operating profit

EBIT before exceptional items (operating profit) improved significantly to a profit of €0.8 million in the first three months of this year (Q1/2020: loss of €11.8 million), partly due to the increasingly noticeable effect of cost savings resulting from the restructuring that was initiated in 2020. Furthermore, the figure for the prior-year period had been squeezed by payments to suppliers going through insolvency proceedings. The EBIT margin before exceptional items improved to 0.2 percent, compared with minus 3.5 percent in the first quarter of 2020.

Group guidance for 2021 raised

Having made a better start to the new year than expected, DEUTZ is raising its full-year guidance for 2021. Based on current information, the Company anticipates unit sales of 140,000 to 155,000 DEUTZ engines¹ (previously: at least 130,000), resulting in an increase in revenue to between €1.5 billion and €1.6 billion (previously: at least €1.4 billion). In view of the continued successful expansion of the service business, we still anticipate that service revenue will increase to around €400 million.

¹ Excluding electric boat drives from DEUTZ subsidiary Torqeedo.

The Company had originally expected to at least break even in terms of EBIT margin before exceptional items in 2021 but now predicts that this margin will be in the range of 1.0 percent to 2.0 percent.

Supply situation remains difficult

The above guidance has been issued on the basis of current business performance and the current supply situation. The ongoing coronavirus pandemic and problems with the global supply of semiconductors are continuing to create uncertainties, making it impossible to accurately predict the potential impact on business performance, for example as a result of supply shortages. Difficulties with the supply of some components are expected to continue until at least the third quarter.

Quarterly statement for Q1 2021 | conference call

The full quarterly statement for the first quarter of 2021, including the final results, will be published as scheduled on May 6, 2021. CEO Dr. Frank Hiller and CFO Dr. Sebastian C. Schulte will explain the results to analysts and investors at a conference call on May 6, 2021, 10 a.m. (CET). The link to the live webcast is available on our website at <https://www.deutz.com/investor-relations/>.

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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.

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.