160 YEARS | DEUTZ

QUARTERLY STATEMENT Q1–Q3/2024

DEUTZ GROUP: OVERVIEW (continuing operations)[1]

€ million

	9M 2024	9M 2023[2]	Change	**Q3 2024**	Q3 2023	Change
New orders	1,346.2	1,398.9	-3.8%	555.2	433.0	28.2%
Unit sales (units)	107,350	137,559	-22.0%	33,188	46,108	-28.0%
Revenue	1,305.9	1,507.2	-13.4%	430.4	506.0	-14.9%
EBITDA	108.3	172.7	-37.3%	24.9	57.4	-56.6%
EBITDA (before exceptional items)	125.6	173.4	-27.6%	31.3	57.4	-45.5%
EBIT	40.0	105.9	-62.2%	0.8	35.2	-97.7%
thereof exceptional items	-17.3	-0.7	-2,371.4%	-6.4	0.0	–
EBIT margin	3.1%	7.0%	-3,9pp	0.2%	7.0%	-6,8pp
Adjusted EBIT (before exceptional items)	57.3	106.6	-46.2%	7.2	35.2	-79.5%
EBIT margin (before exceptional items)	4.4%	7.1%	-2,7pp	1.7%	7.0%	-5,3pp
Net income	23.6	80.9	-70.8%	-2.0	27.1	–
Earnings per share (€)	0.18	0.65	-72.3%	-0.02	0.21	–
Earnings per share (before exceptional items, €)	0.30	0.65	-53.8%	0.02	0.21	-90.5%
Free cash flow[3]	-204.5	1.6	–	-169.4	-16.5	-926.7%
Free cash flow (before mergers and acquisitions)	-28.6	9.4	–	6.5	-8.7	–
Net financial position at Jun. 30/Dec. 31[4]	-268.9	-163.4	-64.6%			
Working capital[5]	415.4	396.2	4.8%			
Working capital ratio (average)[6]	21.6%	16.9%	+4,7pp			
Capital expenditure (after deducting grants)[7]	224.9	105.3	113.6%	179.4	17.0	955.3%
Employees (number as at Sep. 30)[8]	5,239	5,086	3.0%			

DEUTZ GROUP: OVERVIEW (entire Group)

Revenue	1,313.5	1,540.0	-14.7%	430.4	516.5	-16.7%
EBIT	49.7	92.0	-46.0%	0.8	30.1	-97.3%
thereof exceptional items	-7.6	-0.7	-985.7%	-6.4	0.0	–
Adjusted EBIT (before exceptional items)	57.3	92.7	-38.2%	7.2	30.1	-76.1%
EBIT margin (before exceptional items)	4.4%	6.0%	-1,6pp	1.7%	5.8%	-4,1pp
Net income	33.8	65.9	-48.7%	-2.0	21.6	–
Earnings per share (€)	0.26	0.53	-50.9%	-0.02	0.17	–
Equity at Jun. 30/Dec. 31	823.3	743.2	10.8%			
Equity ratio	47.5%	46.7%	+0,8 PP			
Free cash flow	-138.2	-13.4	-931.3%	-169.4	-21.7	-680.6%
Free cash flow (before mergers and acquisitions)	-37.4	-3.2	-1068.8%	6.5	-13.0	–
Working capital	415.4	426.7	-2.6%			
Working capital ratio (average)	22.1%	18.1%	+4.0pp			
Employees (number as at Sep. 30)	5,239	5,275	-0.7%			

DEUTZ Classic (continuing operations)

	9M 2024	9M 2023	Change
New orders (€ million)	1,340.1	1,392.6	-3.8%
Unit sales (units)	106,829	137,531	-22.3%
Revenue (€ million)	1,300.7	1,504.0	-13.5%
Adjusted EBIT (€ million)	82.4	132.0	-37.6%
Adjusted EBIT margin	6.3%	8.8%	-2,5pp

DEUTZ Green (continuing operations)

	9M 2024	9M 2023	Change
New orders (€ million)	6.1	6.3	-3.2%
Unit sales (units)	521	28	1,760.7%
Revenue (€ million)	5.2	3.2	62.5%
Adjusted EBIT (€ million)	-25.5	-25.6	0.4%
Adjusted EBIT margin	-490.4%	-800.0%	+309,6pp

[1] In accordance with IFRS 5, continuing operations do not include the Torqeedo Group.
[2] The figures for the prior-year period have been restated in accordance with the provisions of IFRS 5. In addition, balance sheet-related key figures as at December 31, 2023 have been restated for comparability.
[3] Cash flow from operating activities and from investing activities less interest expense.
[4] Cash and cash equivalents less current and non-current interest-bearing financial debt.
[5] Inventories plus trade receivables less trade payables.
[6] Average working capital at the four quarterly reporting dates dividend by revenue for the previous twelve months.
[7] Capital expenditure on property, plant and equipment (including right-of-use assets in connection with leases) and intangible assets, excluding the Group's capitalized development expenditure.
[8] Full-time equivalents (FTEs).

Business model

DEUTZ is one of the world's leading manufacturers of drive systems for off-highway applications. The Company was founded in 1864 and employed 5,239 people worldwide as at September 30, 2024. Its core competencies are the development, production, and distribution of drive solutions in the power range up to 620 kW for off-highway applications. The current portfolio extends from diesel and gas engines to electric and hydrogen drives. DEUTZ drives are used in a wide range of applications, including construction equipment and agricultural machinery, forklift trucks, lifting platforms, and other material handling equipment, stationary equipment such as generator sets (gensets), and commercial and rail vehicles. In addition, DEUTZ operates in the field of decentralized energy supply following its acquisition of solution provider Blue Star Power Systems, Inc. (»Blue Star Power Systems«) at the start of August. DEUTZ also offers a comprehensive range of digital and analog services through around 1,000 sales and service partners in over 120 countries.

Strategy and objectives

The DEUTZ Group's primary objectives are to achieve profitable and sustainable growth in order to create added value for its shareholders, to establish itself among the top three independent drive manufacturers by 2030, and to offer a fully climate-neutral product and technology portfolio by no later than 2050.

Dual+ strategy for sustainable, profitable growth The industry sectors that make up DEUTZ's customer base are in the middle of a fundamental shift toward greater climate neutrality. DEUTZ too is striving to empower its customers to carry out this transition successfully and capitalize on the resulting opportunities for growth.

DEUTZ is pursuing a Dual+ strategy in response to the global challenges of the transition to more sustainable drive systems and in order to achieve its overarching objectives. The strategy has had three main pillars until now: continued growth of the DEUTZ Classic business through optimized internal combustion engines, the creation – under the name DEUTZ Green – of a zero-emission product ecosystem that is aligned to the needs of the market, and the worldwide expansion of the high-margin service business.

During its Capital Markets Day at the beginning of October, DEUTZ presented an update of its Dual+ strategy. The main changes to the strategy are increased diversification of the portfolio, a demand-driven approach in alternative drives with an even greater focus on the market and on customers' needs, and a stronger positioning for the Company as a solution provider throughout its usual value chains. To this end, DEUTZ will also adjust its segment structure. Whereas its operations are currently divided into the DEUTZ Classic and DEUTZ Green segments, segment reporting will be based on the DEUTZ Engines & Services and the DEUTZ Solutions segments from January 1, 2025.

The DEUTZ Engines & Services segment will encompass the service business and the current DEUTZ Classic business. The DEUTZ Solutions segment will include not only alternative drives – i.e. e-products and hydrogen combustion engines – but also those business activities that go beyond engine manufacturing and service and are located in markets in which DEUTZ is already familiar with the technology and associated service business. The DEUTZ Solutions segment will comprise two divisions: DEUTZ New Technology (formerly DEUTZ Green) and DEUTZ Energy.[9]

At the core of the Energy division, which will focus on decentralized energy supply, will be the business of genset manufacturer Blue Star Power Systems, which was acquired at the start of August. Previously privately run, the company develops, manufactures, and sells gensets – predominantly diesel and gaseous at present – in the USA and Canada. It is one of the leading manufacturers in the US market. The acquisition of Blue Star Power Systems will help to significantly accelerate expansion into the rapidly growing and less cyclical energy market, while also increasing DEUTZ's presence in North America. At the same time, it will facilitate DEUTZ's transition from component manufacturer to system provider: DEUTZ engines have long been used in gensets, and the Company has now laid the foundations needed to be able to offer all-in-one solutions for local electricity generation.

When it announced the updated Dual+ strategy, DEUTZ stated a clear ambition for revenue of around €4 billion in 2030, along with specific expectations regarding the revenue to be generated by its segments and divisions, as set out below. The Company intends to achieve this through both organic growth and growth by acquisition.

DEUTZ Engines & Services: approximately €3.2 billion
- thereof Classic: approximately €2.2 billion
- thereof Service: approximately €1 billion

DEUTZ Solutions: more than €800 million
- DEUTZ Energy: more than €500 million
- DEUTZ New Technology: more than €300 million

In addition, DEUTZ has set itself clear medium-term targets for 2028: revenue of between €3.2 billion and €3.4 billion, plus an adjusted EBIT margin of between 8% and 9%.

As well as updating the Dual+ strategy, DEUTZ has initiated a cost-cutting program in response to the persistently difficult economic situation. It is aiming to permanently lower costs by €50 million by the end of 2026 in order to counteract the fall in demand caused by the economic headwinds. This cost-cutting program supplements the short-term measures already introduced, which are expected to generate savings of between €10 million and €15 million as early as the fourth quarter. These measures include making production more flexible, introducing short-time working, and implementing other structural changes.

[9] The new segment structure will be used for the first time in the reporting cycle for the first quarter of 2025.

Business performance in the DEUTZ Group

DEUTZ is continually analyzing its existing portfolio of products and services in order to remain focused on its fast-growing core business and ensure it is properly prepared for the future. In January 2024, as part of this process, DEUTZ signed an agreement regarding the sale of its subsidiary Torqeedo, which specializes in electric drives for boats.[10] The transaction was completed on April 3.[11] The effect of the disposal and deconsolidation of Torqeedo amounts to a figure in the low-double-digit millions of euros and was recognized in the second quarter of 2024.

In accordance with IFRS 5, the activities of the Torqeedo Group continue to be reported as discontinued operations in this report up to the point of deconsolidation at the beginning of April. Unless otherwise indicated, the figures for the Group and for the DEUTZ Classic and DEUTZ Green segments are for continuing operations only. To ensure comparability, the figures for the prior-year period have been adjusted in accordance with the provisions of IFRS 5. Where figures for the entire Group are disclosed, they include the figures for the Torqeedo Group, which was still a DEUTZ subsidiary until April 3, 2024.

As part of its endeavor to develop the portfolio, DEUTZ also completed its purchase of all the shares in Blue Star Power Systems, Inc. at the start of August.[12] The US company develops, manufactures, and sells electricity generators (gensets) and is one of the leading manufacturers in the USA. Blue Star Power Systems' business, which forms the core of the new Energy division, has been provisionally assigned to the Classic segment, specifically the Stationary Equipment and Service application segments. The Energy division will be part of the DEUTZ Solutions segment from the start of 2025. See also 'Strategy and objectives', p. 3. Also at the start of August, DEUTZ took over the sales and service activities for various Daimler Truck industrial engines from Rolls-Royce's Power Systems division.[13] These activities have, regardless of the service business, primarily been assigned to the Construction Equipment and Agricultural Machinery application segments in the Classic segment.

Following a challenging first half of the year, increasingly weak economic conditions continued to beset the majority of DEUTZ's end customer markets across all regions in the third quarter. This led to decreases in new orders, unit sales, and revenue. Nevertheless, the DEUTZ Group made a profit in the first three quarters of 2024. The Company is therefore proving to be increasingly resilient in times of economic weakness when unit sales decline accordingly. Its robust earnings performance is a result of forging ahead with the established Dual+ strategy. The positive impact of measures under this strategy to reduce costs and raise efficiency is becoming increasingly evident. A market-oriented pricing policy and successful development of the portfolio are bearing fruit too.

New orders

DEUTZ Group: New orders

€ million

New orders received by the DEUTZ Group edged down by(3.8%) to stand at €1,346.2 million in the first three quarters of 2024 (Q1–Q3 2023: €1,398.9 million).

DEUTZ Group: New orders by application segment

€ million

	9M 2024	9M 2023	Change
Service	383.3	360.5	6.3%
Material Handling	317.7	318.3	-0.2%
Construction Equipment	260.9	364.2	-28.4%
Stationary Equipment	181.1	98.3	84.2%
Agricultural Machinery	143.9	204.9	-29.8%
Miscellaneous	59.3	52.7	12.5%
Total	**1,346.2**	**1,398.9**	**-3.8%**

The fall in demand caused by the economic headwinds was only partly reflected in the level of new orders at Group level, firstly because Blue Star Power Systems was included in the basis of consolidation for the first time in the period under review. The genset business of Blue Star Power Systems, which was acquired at the start of August, registered new orders of around €100 million and thereby contributed to the uptrend in the Stationary Equipment application segment. As a result, the new orders of this application segment almost doubled year on year. Secondly, DEUTZ received new orders with a total volume in the high-double-digit millions of euros as a result of it taking over the sales and service activities for various Daimler Truck industrial engines, as mentioned above. The service business and the Miscellaneous application segment also performed very well. New orders in the

[10] See the press release dated January 19, 2024.
[11] See the press release dated April 3, 2024.
[12] See the press release dated August 8, 2024.
[13] See the press release dated August 1, 2024.

service business rose by 6.3% compared with the first nine months of 2023 to reach €383.3 million, while new orders in the Miscellaneous application segment went up by 12.5% to €59.3 million. By contrast, new orders in the Construction Equipment and Agricultural Machinery application segments fell sharply year on year. In the Material Handling application segment, new orders were more or less unchanged compared with the prior-year period owing to increased demand in the Americas region.

The positive trend in the service business affirms the Company's strategic focus on these activities and, at the same time, is proof of the success of the service-related growth initiatives that DEUTZ is pursuing under its Dual+ strategy.

DEUTZ Group: New orders by region

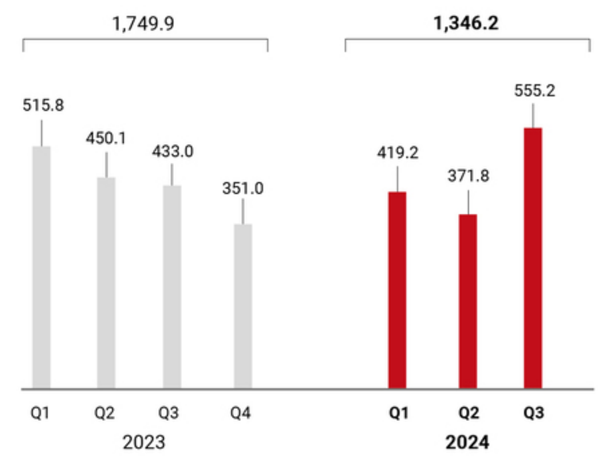
€ million

	9M 2024	9M 2023	Change
EMEA	781.6	875.4	-10.7%
Americas	422.2	339.1	24.5%
Asia-Pacific	142.4	184.4	-22.8%
Total	**1,346.2**	**1,398.9**	**-3.8%**

The regional breakdown shows that new orders in the Americas jumped by 24.5% thanks to the aforementioned first-time consolidation of Blue Star Power Systems. However, this was not enough to fully offset the decline in new orders caused by the economic headwinds that primarily affected EMEA – currently DEUTZ's largest sales market – or the slump in demand in the Asia-Pacific region, which was particularly pronounced in China.

DEUTZ-Konzern: Auftragseingang nach Quartalen

in Mio. €



DEUTZ Group: New orders by application segment

€ million

	Q3 2024	Q3 2023	Change
Stationary Equipment	129.8	28.2	360.3%
Service	126.1	119.0	6.0%
Material Handling	105.7	101.7	3.9%
Construction Equipment	89.5	104.0	-13.9%
Agricultural Machinery	71.3	60.7	17.5%
Miscellaneous	32.8	19.4	69.1%
Total	**555.2**	**433.0**	**28.2%**

DEUTZ Group: New orders by region

€ million

	Q3 2024	Q3 2023	Change
EMEA	280.6	281.4	-0.3%
Americas	220.7	94.7	133.1%
Asia-Pacific	53.9	56.9	-5.3%
Total	**555.2**	**433.0**	**28.2%**

In the third quarter of 2024, new orders surged by 28.2% compared with the corresponding quarter of 2023 to stand at €555.2 million. Nearly all the application segments generated increases, but especially Stationary Equipment, where new orders more than quadrupled owing to the aforementioned acquisition, resulting in the strong momentum seen in the Americas region. Only the Construction Equipment application segment recorded a significant drop in new orders compared with the third quarter of 2023.

Orders on hand totaled €490.7 million as at September 30, 2024 (September 30, 2023: €655.4 million). The share of orders on hand accounted for by the service business amounted to €44.2 million, which was slightly higher than the figure of €43.9 million recorded a year earlier.

Unit sales

DEUTZ Group: Unit sales

Units

9M 2024	**107,350**	
9M 2023	137,559	

DEUTZ saw a considerable decrease in unit sales in the reporting period as a result of falling new orders in previous quarters caused by the economic headwinds. It sold 107,350 units in the period January to September 2024, a drop of (22.0%) compared with the 137,559 units sold in the prior-year period.

DEUTZ Group: Unit sales by application segment

Units

	9M 2024	9M 2023	Change
Material Handling	51,476	48,306	6.6%
Construction Equipment	32,323	50,620	-36.1%
Agricultural Machinery	11,940	18,564	-35.7%
Stationary Equipment	9,558	17,102	-44.1%
Miscellaneous	2,053	2,967	-30.8%
Total	**107,350**	**137,559**	**-22.0%**

Among the DEUTZ application segments, Material Handling notched up significant unit sales growth of 6.6% compared with the first three quarters of 2023.

DEUTZ Group: Unit sales by region

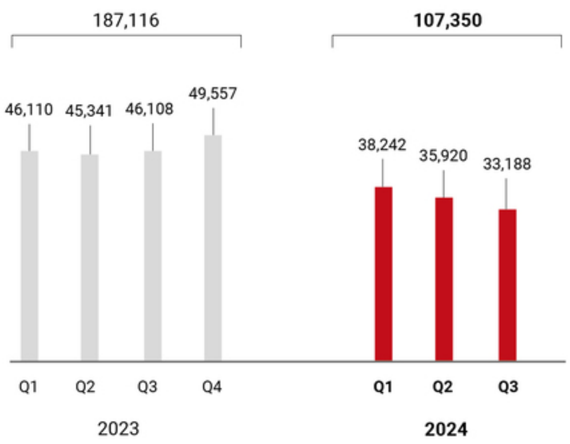
Units

	9M 2024	9M 2023	Change
EMEA	56,228	80,560	-30.2%
Americas	32,579	34,575	-5.8%
Asia-Pacific	18,543	22,424	-17.3%
Total	**107,350**	**137,559**	**-22.0%**

The decline in unit sales was attributable to all regions, with the EMEA region recording by far the biggest decreases.

DEUTZ Group: Unit sales by quarter

Units



DEUTZ Group: Unit sales by application segment

Units

	Q3 2024	Q3 2023	Change
Material Handling	16,354	17,537	-6.7%
Construction Equipment	9,896	16,487	-40.0%
Agricultural Machinery	3,367	5,791	-41.9%
Stationary Equipment	2,845	5,710	-50.2%
Miscellaneous	726	583	24.5%
Total	**33,188**	**46,108**	**-28.0%**

DEUTZ Group: Unit sales by region

Units

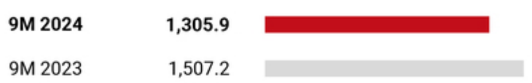
	Q3 2024	Q3 2023	Change
EMEA	16,541	25,861	-36.0%
Americas	10,700	12,892	-17.0%
Asia-Pacific	5,947	7,355	-19.1%
Total	**33,188**	**46,108**	**-28.0%**

DEUTZ sold 33,188 units in the third quarter of 2024, which equates to a reduction of (28.0%) compared with the same quarter of 2023. Unit sales fell sharply year on year in all of the main application segments, partly due to production being suspended for three weeks.

Revenue

DEUTZ Group: Revenue

€ million



The level of consolidated revenue reflected the decline in unit sales, with consolidated revenue decreasing by (13.4%) year on year to €1,305.9 million (Q1–Q3 2023: €1,507.2 million). As well as the decline in unit sales, revenue was also adversely affected by the aforementioned temporary suspension of production. However, the fall in revenue was significantly less pronounced than the fall in unit sales thanks to market-oriented pricing, active portfolio management, and a jump in service revenue.

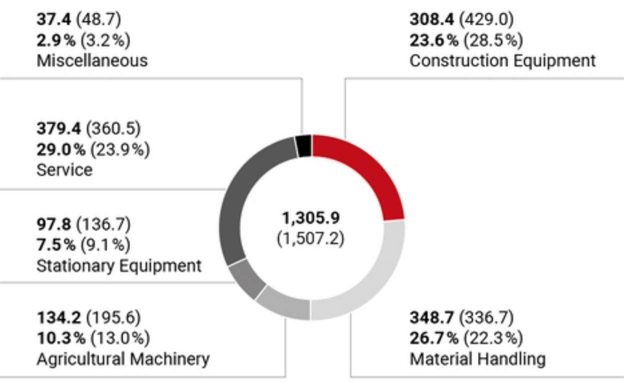
DEUTZ Group: Revenue by application segment

€ million

	9M 2024	9M 2023	Change
Service	379.4	360.5	5.2%
Material Handling	348.7	336.7	3.6%
Construction Equipment	308.4	429.0	-28.1%
Agricultural Machinery	134.2	195.6	-31.4%
Stationary Equipment	97.8	136.7	-28.5%
Miscellaneous	37.4	48.7	-23.2%
Total	**1,305.9**	**1,507.2**	**-13.4%**

DEUTZ Group: Revenue and proportion of revenue by application segment

€ million (Q1–Q3 2023 figures)



Reflecting the pattern in unit sales, all of the main application segments with the exception of Material Handling and the service business, which does not have any unit sales with which to make a comparison, recorded a reduction in revenue during the first nine months of 2024. The growth of the high-margin service business, where revenue rose by 5.2% to €379.4 million in the reporting period, was largely due to acquisitions and to the stepping up of parts sales and expansion of the on-site customer service business.

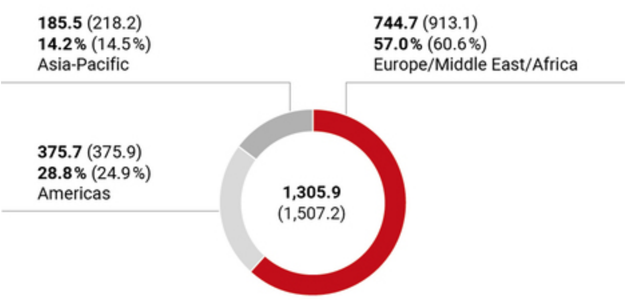
DEUTZ Group: Revenue by region

€ million

	9M 2024	9M 2023	Change
EMEA	744.7	913.1	-18.4%
Americas	375.7	375.9	-0.1%
Asia-Pacific	185.5	218.2	-15.0%
Total	**1,305.9**	**1,507.2**	**-13.4%**

DEUTZ Group: Revenue and proportion of revenue by region

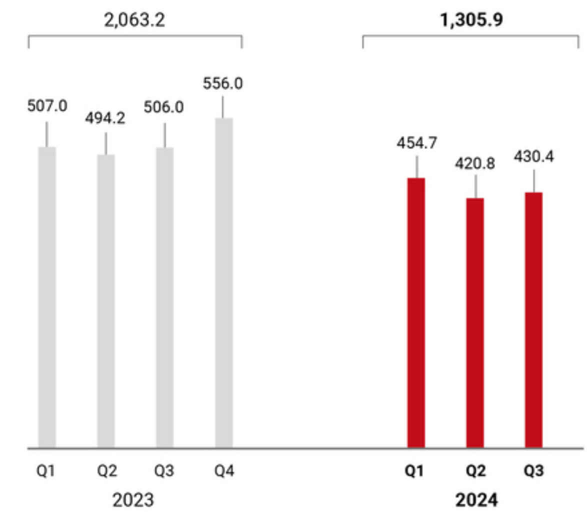
€ million (Q1–Q3 2023 figures)



From a regional perspective, the decline in revenue was predominantly attributable to the EMEA region, within which the biggest decreases were recorded in Europe. However, the expansion of the service business meant that the reductions in revenue there were far less pronounced than the reductions in unit sales. Revenue in the Americas region was at the level of the prior-year period despite the fall in unit sales. This was also due to the growth of the service business and the first-time consolidation of Blue Star Power Systems.

DEUTZ Group: Consolidated revenue by quarter

€ million



DEUTZ Group: Revenue by application segment

€ million

	Q3 2024	Q3 2023	Change
Service	126.5	123.0	2.8%
Material Handling	113.8	121.5	-6.3%
Construction Equipment	96.8	142.4	-32.0%
Agricultural Machinery	42.2	59.8	-29.4%
Stationary Equipment	41.6	46.8	-11.1%
Miscellaneous	9.5	12.5	-24.0%
Total	**430.4**	**506.0**	**-14.9%**

DEUTZ Group: Revenue by region

€ million

	Q3 2024	Q3 2023	Change
EMEA	233.7	292.9	-20.2%
Americas	135.8	140.6	-3.4%
Asia-Pacific	60.9	72.5	-16.0%
Total	**430.4**	**506.0**	**-14.9%**

In the third quarter of 2024, consolidated revenue amounted to €430.4 million, which was down by (14.9%) compared with the third quarter of the previous year. Among the application segments, only the service business registered revenue growth. As was also the case for unit sales, the regional breakdown for revenue shows that the decline in the third quarter was largely attributable to the EMEA region.

Earnings

DEUTZ Group: Overview of results of operations[14]

€ million	9M 2024	9M 2023	Veränderung
Revenue	**1,305.9**	**1,507.2**	**-13.4%**
Cost of sales	-1,009.8	-1,180.9	-14.5%
Research and development costs	-70.1	-66.4	5.6%
Selling and administrative expenses	-184.9	-149.9	23.3%
Other operating income	15.1	16.7	-9.6%
Other operating expenses	-17.2	-20.2	-14.9%
Impairment of financial assets and reversals thereof	0.4	1.8	-77.8%
Profit/loss on equity-accounted investments	0.6	-2.4	–
EBIT	**40.0**	**105.9**	**-62.2%**
Interest income	1.4	1.0	40.0%
Interest expense	-14.2	-10.9	30.3%
Other financial income/ finance cost	0.0	-0.3	–
Financial income, net	**-12.8**	**-10.2**	**-25.5%**
Income taxes	-3.6	-14.8	-75.7%
Net income continuing operations	**23.6**	**80.9**	**-70.8%**
Net income discontinued operations	**10.2**	**-15.0**	**–**
Net income	**33.8**	**65.9**	**-48.7%**
Adjusted EBIT – Green (EBIT before exceptional items)	-25.5	-25.6	0.4%
Adjusted EBIT – Classic (EBIT before exceptional items)	82.4	132.0	-37.6%
Consolidation/ Other[15]	0.4	0.2	100.0%
Adjusted EBIT (EBIT before exceptional items)	**57.3**	**106.6**	**-46.2%**
Exceptional items	-17.3	-0.7	2,371.4%
EBIT	**40.0**	**105.9**	**-62.2%**

DEUTZ Group: Key figures for the entire Group[16]

€ million	9M 2024	9M 2023	Change
Revenue	1,313.5	1,540.0	-14.7%
EBIT	**49.7**	**92.0**	**-46.0%**
Net income	**33.8**	**65.9**	**-48.7%**
Adjusted EBIT – Green (EBIT before exceptional items)	-25.5	-39.5	35.4%
Adjusted EBIT – Classic (EBIT before exceptional items)	82.4	132.0	-37.6%
Consolidation/ Other	0.4	0.2	100.0%
Adjusted EBIT (EBIT before exceptional items)	**57.3**	**92.7**	**-38.2%**
Exceptional items[17]	-7.6	-0.7	985.7%
EBIT	**49.7**	**92.0**	**-46.0%**

Adjusted EBIT Adjusted EBIT (EBIT before exceptional items) fell to €57.3 million in the first three quarters of 2024 (Q1–Q3 2023: €106.6 million), mainly due to the decline in revenue. Other factors affecting earnings performance were higher research and development costs, particularly for new drive technologies, and a rise in selling and administrative expenses that was partly due to headcount growth. The workforce increased in connection with the implementation of regional growth initiatives, especially in the Americas region, and as a result of employees being taken on as part of the acquisition of Mauricio Hochschild and DEUTZ Nordic (formerly: Diesel Motor Nordic). Conversely, earnings performance received a boost not only from acquisitions in previous years but also from the acquisition of Blue Star Power Systems, continued measures to reduce costs and raise efficiency, the flexible adjustment of operations to reflect declining demand, and an encouraging earnings performance at the equity-accounted Hunan DEUTZ Power Co., Ltd.

The adjusted EBIT margin stood at 4.4% in the nine-month period, compared with 7.1% in the prior-year period. This shows that the steps taken by DEUTZ under its Dual+ strategy are paying off and that DEUTZ can do business profitably even when economic conditions are challenging.

Despite lower earnings than in the prior-year period, DEUTZ improved its gross margin to 22.7% in the first nine months of this year (Q1–Q3 2023: 21.6%). This was due to the positive impact of the product mix and pricing, the expansion of the higher-margin service business, and the acquisition of Blue Star Power Systems.

In the first three quarters of 2024, exceptional items amounted to an expense of €(17.3) million (Q1–Q3 2023: expense of €(0.7) million). These were attributable to costs of €(13.5) million for strategic projects, additions of €(2.4) million to provisions for management severance payments, additions of €(1.1) million to provisions for restructuring, and additions of €(0.3) million to provisions for former Board of Management members' share options. After taking these exceptional items into account, EBIT for the first nine months of 2024 stood at €40.0 million (Q1–Q3 2023: €105.9 million). The corresponding EBIT margin was 3.1%, compared with 7.0% in the prior-year period.

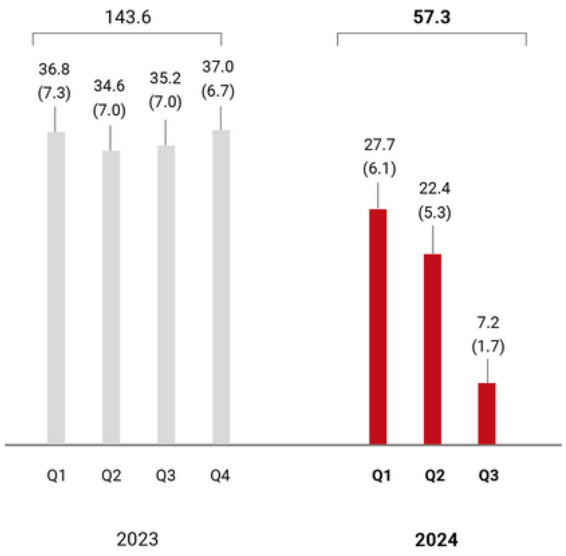
As a result of the decrease in operating profit (EBIT), net income from continuing operations fell year on year from €80.9 million to €23.6 million.

[14] Since 2023, amortization of capitalized development expenditure has been recognized under »cost of sales« rather than under »research and development costs«, where it had been recognized previously. The figures for the first nine months of 2023 in the results of operations have been adjusted by €11.3 million to ensure comparability.
[15] Consolidation/Other predominantly consists o non-operating centralized activities as well as effects on earnings resulting from the elimination of intragroup transactions between the segments.
[16] The key figures for the entire Group include the continuing and discontinued operations (including the Torqeedo Group).
[17] Exceptional items for the entire Group (including discontinued operations) in the first half of 2024 also include the Torqeedo Group's EBIT for the first quarter of 2024, the effect of deconsolidation and costs in connection with the disposal of the Torqeedo Group.

In addition, the Torqeedo Group's discontinued operations generated net income of €10.2 million (Q1–Q3 2023: net loss of €(15.0) million). This figure comprised the earnings of the Torqeedo Group up to the point of deconsolidation, the effect of deconsolidation, and costs in connection with the sale of the Torqeedo Group. The net income for the entire Group, i.e. from continuing and discontinued operations, therefore amounted to €33.8 million, compared with €65.9 million in the prior-year period. This brought earnings per share down year on year from €0.53 to €0.26, or from €0.65 to €0.18 for continuing operations only.

DEUTZ Group: Adjusted EBIT (EBIT before exceptional items) by quarter

€ million (EBIT margin, %)



In the third quarter of 2024, adjusted EBIT decreased year on year to €7.2 million (Q3 2023: €35.2 million) owing, in particular, to the reduction in the volume of business and the resulting diseconomies of sale. Higher selling and administrative expenses – partly in connection with acquisitions – also took their toll on earnings, as did negative currency effects. However, earnings performance received a boost from the acquisition of Blue Star Power Systems and from the earnings performance of the equity-accounted investments. Nevertheless, this did not offset the negative effects on earnings resulting from low capacity utilization, which was attributable to the small volume of business.

Business performance in the segments

DEUTZ's reporting structure is currently based on two segments: Classic and Green. See also 'Strategy and objectives', p. 3 onward. The Classic segment encompasses all activities related to the development, production, distribution, and servicing of diesel and gas engines and of gensets, the equity-accounted joint venture with Chinese construction equipment manufacturer SANY, and other joint ventures. The Green segment consists of all activities related to new drives. This includes hydrogen engines, the business of battery management specialist Futavis, electric drives, and the related service business. Given that DEUTZ is currently only at the start of its transformation, the earnings-related key figures for the Green segment also reflect a substantial level of research and development in the field of hydrogen-powered and electric drive systems.

At the start of April 2024, DEUTZ completed the sale of Torqeedo, its subsidiary specializing in electric boat drives.[18] In accordance with IFRS 5, the activities of the Torqeedo Group, which were included in the consolidated accounts within the Green segment, are reported as discontinued operations up to the point of deconsolidation. Unless otherwise indicated, the figures presented below for the DEUTZ Green segment are for continuing operations only. The figures for the prior-year period have been adjusted in accordance with the provisions of IFRS 5. The sale has no impact on the key figures for the DEUTZ Classic segment.

As previously mentioned, the business activities of the US-based genset manufacturer Blue Star Power Systems, which was acquired at the start of August 2024, have been provisionally assigned to the Classic segment, specifically the Stationary Equipment application segment. The sales and service activities for various Daimler Truck industrial engines have, regardless of the service business, primarily been assigned to the Construction Equipment and Agricultural Machinery application segments in the Classic segment. See also 'Business performance in the DEUTZ Group', p. 4 onward.

[18] See the press release dated April 3, 2024.

DEUTZ Group: Segments

€ million

	9M 2024	9M 2023
New orders		
Classic	1,340.1	1,392.6
Green	6.1	6.3
Total	**1,346.2**	**1,398.9**
Unit sales (units)		
Classic	106,829	137,531
Green	521	28
Total	**107,350**	**137,559**
Revenue		
Classic	1,300.7	1,504.0
Green	5.2	3.2
Total	**1,305.9**	**1,507.2**
Adjusted EBIT (EBIT before exceptional items)		
Classic	82.4	132.0
Green	-25.5	-25.6
Consolidation/ Other	0.4	0.2
Total	**57.3**	**106.6**

DEUTZ Classic

As described above in the section »Business performance in the DEUTZ Group«, the figures that follow for the DEUTZ Classic and DEUTZ Green segments are reported solely for continuing operations unless otherwise indicated. The Classic segment currently accounts for almost 100% of consolidated revenue. Consequently, the disclosures regarding new orders, unit sales, and revenue at Group level can essentially be applied to the Classic segment too.

DEUTZ Classic: Overview

€ million

	9M 2024	9M 2023	Change
New orders	**1,340.1**	**1,392.6**	**-3.8%**
Unit sales (units)	**106,829**	**137,531**	**-22.3%**
Revenue	**1,300.7**	**1,504.0**	**-13.5%**
EBIT before exceptional items	**82.4**	**132.0**	**-37.6%**
EBIT margin before exceptional items	**+6.3%**	**+8.8%**	**-2,5pp**

DEUTZ Classic: New orders by application segment

€ million

	9M 2024	9M 2023	Change
Service	382.4	360.2	6.2%
Material Handling	317.7	318.3	-0.2%
Construction Equipment	260.6	363.6	-28.3%
Stationary Equipment	180.3	98.3	83.4%
Agricultural Machinery	143.9	204.9	-29.8%
Miscellaneous	55.2	47.3	16.7%
Total	**1,340.1**	**1,392.6**	**-3.8%**

DEUTZ Classic: New orders by region

€ million

	9M 2024	9M 2023	Change
EMEA	778.1	869.1	-10.5%
Americas	420.1	339.1	23.9%
Asia-Pacific	141.9	184.4	-23.0%
Total	**1,340.1**	**1,392.6**	**-3.8%**

New orders received in the Classic segment contracted by (3.8%) to €1,340.1 million in the period January to September 2024. This relatively positive trend, given the challenging economic conditions, was largely due to the acquisition of Blue Star Power Systems and its genset business. The consolidation of this business led to a sharp rise in new orders of 23.9% in the Americas region and of 83.4% in the Stationary Equipment application segment. By contrast, the other regions recorded significant decreases owing to a slump in demand in the Construction Equipment and Agricultural Machinery application segments. Demand for engines for material handling applications was on a level with the prior-year period, whereas the service business saw new orders advance by 6.2% to €382.4 million. Within this business, on-site customer service business and parts sales proved particularly encouraging.

Orders on hand totaled €485.2 million as at September 30, 2024 (September 30, 2023: €649.3 million).

DEUTZ Classic: Unit sales by application segment

Units

	9M 2024	9M 2023	Change
Material Handling	51,476	48,306	6.6%
Construction Equipment	32,320	50,614	-36.1%
Agricultural Machinery	11,940	18,564	-35.7%
Stationary Equipment	9,554	17,101	-44.1%
Miscellaneous	1,539	2,946	-47.8%
Total	**106,829**	**137,531**	**-22.3%**

DEUTZ Classic: Unit sales by region

Units

	9M 2024	9M 2023	Change
EMEA	56,083	80,532	-30.4%
Americas	32,208	34,575	-6.8%
Asia-Pacific	18,538	22,424	-17.3%
Total	**106,829**	**137,531**	**-22.3%**

The segment's unit sales decreased by (22.3%), with 106,829 units sold. This reduction was predominantly attributable to the EMEA region, which registered a particularly pronounced decline in Europe. Overall, unit sales in the EMEA region contracted by (30.4%) in the nine-month period. Among the application segments, Material Handling's unit sales jumped by 6.6%, whereas the other application segments saw double-digit percentage decreases in unit sales.

DEUTZ Classic: Revenue by application segment

€ million

	9M 2024	9M 2023	Change
Service	378.5	360.2	5.1%
Material Handling	348.7	336.7	3.6%
Construction Equipment	308.1	428.8	-28.1%
Agricultural Machinery	134.2	195.6	-31.4%
Stationary Equipment	97.2	136.6	-28.8%
Miscellaneous	34.0	46.1	-26.2%
Total	**1,300.7**	**1,504.0**	**-13.5%**

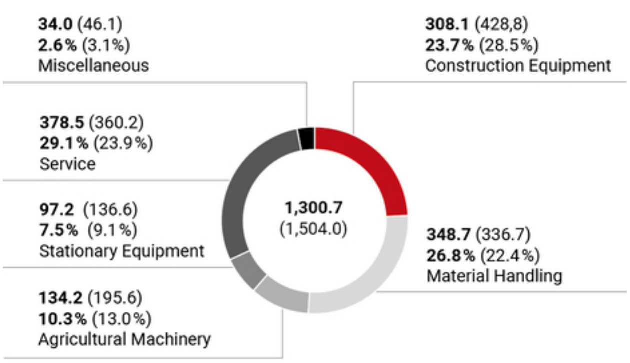
DEUTZ Classic: Revenue by region

€ million

	9M 2024	9M 2023	Change
EMEA	741.9	909.9	-18.5%
Americas	374.1	375.9	-0.5%
Asia-Pacific	184.7	218.2	-15.4%
Total	**1,300.7**	**1,504.0**	**-13.5%**

DEUTZ Classic: Revenue and proportion of revenue by region

€ million (Q1–Q3 2023 figures)



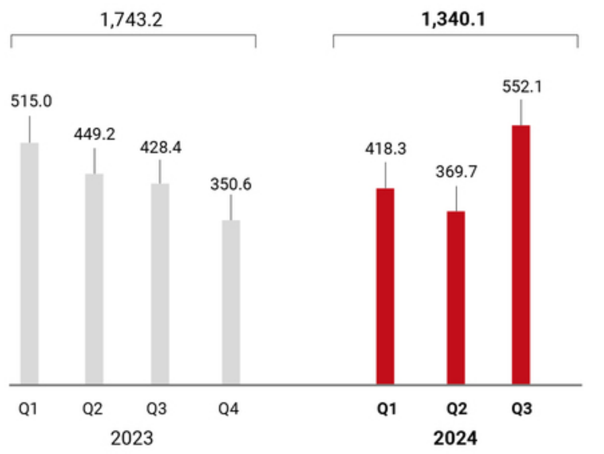
Segment revenue went down by (13.5%) year on year to 1,300.7 million. Revenue fell far less significantly than unit sales, mainly because of market-oriented pricing, the resulting positive price effects, and the increase in service revenue.

Adjusted EBIT for the Classic segment (EBIT before exceptional items) deteriorated by €(49.6) million compared with the first three quarters of 2023 to €82.4 million in the period under review. The reduction was essentially due to the smaller volume of business. Higher selling and administrative expenses also took their toll on earnings, as did negative currency effects. The increase in selling and administrative expenses was primarily the result of the acquisitions of Mauricio Hochschild Ingeniería y Servicios S.A. (»Mauricio Hochschild«) and DEUTZ Nordic. This negative trend was mitigated by the contribution to EBIT from Blue Star Power Systems, an improvement in equity-accounted investments, and cost savings.

As a result, the Classic segment's adjusted EBIT margin declined from 8.8% to 6.3%. The Classic segment therefore remained profitable despite the substantial fall in revenue.

DEUTZ Classic: New orders by quarter

€ million



DEUTZ Classic: New orders by region

€ million

	Q3 2024	Q3 2023	Change
EMEA	278.8	276.8	0.7%
Americas	220.0	94.7	132.3%
Asia-Pacific	53.3	56.9	-6.3%
Total	**552.1**	**428.4**	**28.9%**

DEUTZ Classic: New orders by application segment

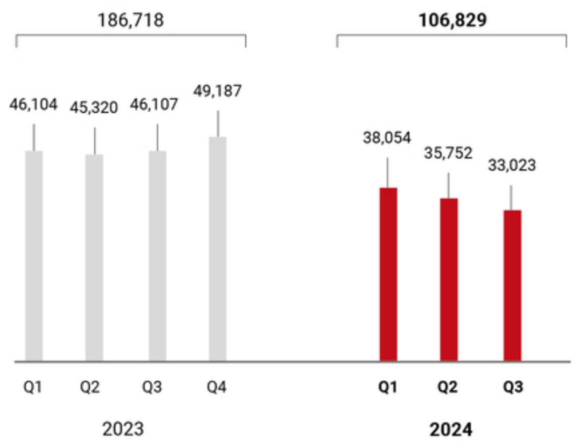
€ million

	Q3 2024	Q3 2023	Change
Stationary Equipment	129.1	28.2	357.8%
Service	125.7	118.7	5.9%
Material Handling	105.7	101.7	3.9%
Construction Equipment	89.2	103.5	-13.8%
Agricultural Machinery	71.3	60.7	17.5%
Miscellaneous	31.1	15.6	99.4%
Total	**552.1**	**428.4**	**28.9%**

In the third quarter of 2024, new orders in the Classic segment advanced by a considerable 28.9%% year on year to €552.1 million (Q3 2023: €428.4 million). This increase was essentially due to significant growth by acquisition in the Americas region, where the acquisition of Blue Star Power Systems caused new orders to more than double compared with the prior-year period. Furthermore, unit sales went up sharply in nearly all of the application segments, which included a more than quadrupling of unit sales in the Material Handling application segment. Only the Construction Equipment application segment registered a decrease, with unit sales dropping by (13.8%) year on year.

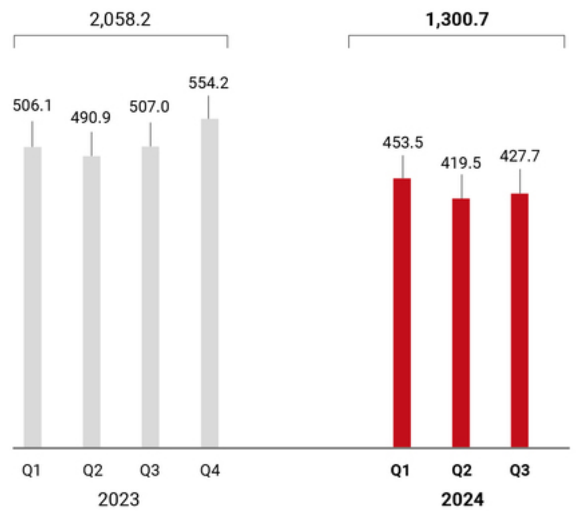
DEUTZ Classic: Unit sales by quarter

€ million



DEUTZ Classic: Consolidated revenue by quarter

€ million



DEUTZ Classic: Unit sales by region

Units

	Q3 2024	Q3 2023	Change
EMEA	16,480	25,860	-36.3%
Americas	10,600	12,892	-17.8%
Asia-Pacific	5,943	7,355	-19.2%
Total	**33,023**	**46,107**	**-28.4%**

DEUTZ Classic: Unit sales by application segment

Units

	Q3 2024	Q3 2023	Change
Material Handling	16,354	17,537	-6.7%
Construction Equipment	9,896	16,483	-40.0%
Agricultural Machinery	3,367	5,791	-41.9%
Stationary Equipment	2,841	5,710	-50.2%
Miscellaneous	565	586	-3.6%
Total	**33,023**	**46,107**	**-28.4%**

The segment's unit sales contracted by (28.4%) to 33,023 units in the third quarter of 2024 (Q3 2023: 46,107 units). This decline was attributable to all regions and application segments.

DEUTZ Classic: Revenue by region

€ million

	Q3 2024	Q3 2023	Change
EMEA	232.3	292.6	-20.6%
Americas	135.1	140.6	-3.9%
Asia-Pacific	60.3	72.5	-16.8%
Total	**427.7**	**505.7**	**-15.4%**

DEUTZ Classic: Revenue by application segment

€ million

	Q3 2024	Q3 2023	Change
Service	126.1	122.7	2.8%
Material Handling	113.8	121.5	-6.3%
Construction Equipment	96.8	142.3	-32.0%
Agricultural Machinery	42.2	59.8	-29.4%
Stationary Equipment	41.0	46.8	-12.4%
Miscellaneous	7.8	12.6	-38.1%
Total	**427.7**	**505.7**	**-15.4%**

The fall in unit sales resulted in a year-on-year reduction in revenue of (15.4)% to €427.7 million in the third quarter of 2024. Among the application segments, only the service business recorded growth, with a rise in revenue of 2.8%.

In the third quarter of 2024, adjusted EBIT for the segment amounted to €14.7 million (Q3 2023: €45.2 million). This year-on-year decrease of €(30.5) million was largely due to a decline in the volume of business caused by the economic headwinds and also to the resulting diseconomies of scale.

DEUTZ Green

DEUTZ Green: Overview

€ million

	9M 2024	9M 2023	Veränderung
New orders	**6.1**	**6.3**	**-3.2%**
Unit sales (units)	**521**	**28**	**1,760.7%**
Revenue	**5.2**	**3.2**	**62.5%**
EMEA	2.8	3.2	-12.5%
Americas	1.6	0.0	–
Asia-Pacific	0.8	0.0	–
EBIT before exceptional items	**-25.5**	**-25.6**	**0.4%**
EBIT margin before exceptional items	**-490.4%**	**-800.0%**	**+309,6pp**

New orders from continuing operations amounted to €6.1 million in the first three quarters of 2024, which was roughly the same as in the prior-year period. The level of new orders remains low owing to the start-up character of the segment's activities. Orders on hand stood at €5.5 million as at September 30, 2024 (September 30, 2023: €6.1 million).

There was a jump in the segment's unit sales from 28 to 521 units sold. This figure relates almost entirely to electric drives of Mauricio Hochschild, which was acquired in the second half of 2023.

Reflecting the uptrend in unit sales, segment revenue surged by 62.5% to €5.2 million (Q1–Q3 2023: €3.2 million). The main reason for the more pronounced increase in unit sales than in revenue was the relatively low revenue from the aforementioned electric drives.

Despite the year-on-year improvement in the contribution to revenue, the Green segment's adjusted EBIT was unchanged compared with the prior-year period at a loss of €(25.5) million. This was a result of higher R&D expenditure in the first nine months of 2024.

DEUTZ Green: Overview

€ million

	Q3 2024	Q3 2023	Change
New orders	**3.1**	**4.6**	**-32.6%**
Unit sales (units)	**165**	**1**	**16400.0%**
Revenue	**2.7**	**0.3**	**800.0%**
EMEA	1.4	0.3	366.7%
Americas	0.7	0.0	–
Asia-Pacific	0.6	0.0	–
EBIT before exceptional items	**-7.7**	**-10.0**	**23.0%**
EBIT margin before exceptional items	**-285.2%**	**-3,333.3%**	**+3,048.1pp**

New orders received in the Green segment declined by (32.6%) year on year to €3.1 million in the third quarter (Q3 2023: €4.6 million). In the same period, the segment's unit sales rose from 1 to 165 units. Segment revenue came to €2.7 million, compared with €0.3 million in the third quarter of 2023.

In the third quarter of 2024, the Green segment's adjusted EBIT amounted to a loss of €(7.7) million (Q3 2023: loss of €(10.0) million), representing a year-on-year improvement of €2.3 million that was largely attributable to retrospective research funding for R&D expenditure in previous years.

Financial position

Cash flow

DEUTZ Group: Overview of financial position

€ million

	9M 2024	9M 2023	Change
Cash flow from operating activities	31.4	69.3	-54.7%
Cash flow from investing activities	-223.7	-59.0	-279.2%
Cash flow from financing activities	110.2	8.1	1,260.5%
Free cash flow from continuing operations[19]	**-204.5**	**1.6**	**–**
Free cash flow for entire Group[20]	**-138.2**	**-13.4**	**-931.3%**
Key figures for continuing operations			
Cash and cash equivalents at Sep.30/ Dec. 31	73.7	90.1	-18.2%
Current and non-current interest-bearing financial debt at Sep. 30/Dec. 31	342.6	253.5	35.1%
thereof lease liabilities	84.2	81.5	3.3%
Net financial position at Sep. 30/Dec. 31[21]	**-268.9**	**-163.4**	**-64.6%**

Cash flow from operating activities amounted to €31.4 million in the first nine months of 2024, which was €(37.9) million lower than in the prior-year period. This decrease was chiefly due to the reduction in earnings on the back of the fall in revenue. Changes in provisions and other assets also squeezed cash flow from operating activities, although they were partly offset by the change in working capital. A relatively small rise in inventories was the main reason for the change in working capital. The increase in inventories in the first three quarters of 2023 had been mainly due to strong demand, the resulting high level of orders on hand, and the expansion of business in Chile.

[19] Cash flow from operating activities and from investing activities less interest expense.
[20] The key figures for the entire Group include the continuing and discontinued operations (including the Torqeedo Group).
[21] Cash and cash equivalents less current and non-current interest-bearing financial debt.

The implementation of strategic growth projects, such as the acquisition of Blue Star Power Systems, and DEUTZ taking over sales and service activities from Rolls-Royce's Power Systems business unit meant that the net cash used by investing activities of €(223.7) million was significantly higher than the net cash used in the prior-year period of €(59.0) million.

Cash flow from financing activities amounted to €110.2 million in the first three quarters of 2024 (Q1–Q3 2023: €8.1 million). The reasons for this increase were a capital increase of around €71 million, which was carried out by placing new shares in the capital markets, and borrowing. See the interim report for the first half of 2024, p. 8, for further information on the capital increase.

Owing to the rise in the net cash used by investing activities, free cash flow from continuing operations was minus €(204.5) million in the first nine months of 2024 (Q1–Q3 2023: €1.6 million). Free cash flow before mergers and acquisitions was minus €(28.6) million, compared with €9.4 million in the prior-year period. This deterioration was driven by the reduction in cash flow from operating activities.

The changes in cash flow described above caused cash and cash equivalents to fall by a total of €(16.4) million to €73.7 million. Net debt was up by €(105.5) million compared with the end of 2023 and amounted to €(268.9) million as at September 30, 2024, primarily as a result of borrowing in the first nine months of this year.

Capital expenditure

DEUTZ Group: Capital expenditure (after deducting investment grants)

€ million

	9M 2024	9M 2023	Veränderung
Property, plant and equipment	58.2	50.4	7.8
thereof right-of-use assets for leases under IFRS 16	16.2	8.1	8.1
thereof property, plant and equipment (excluding right-of-use assets for leases under IFRS 16)	42.0	42.3	-0.3
Intangible assets	89.4	57.0	32.4
	147.6	**107.4**	**40.2**

Total capital expenditure on property, plant and equipment and on intangible assets after deducting investment grants, and including capitalization of research and development expenditure, was up by 37.4% on the prior-year period at €147.6 million (Q1–Q3 2023: €107.4 million). This was chiefly due to DEUTZ taking over Rolls-Royce Power Systems' sales and service activities.

Additions to property, plant and equipment primarily related to new test rigs for the DEUTZ Green segment, procurement for the new flexible production line at the Cologne-Porz site for engines with capacities of between 4 and 8 liters, and the expansion of service centers and logistics centers.

The rise in investing activities in connection with right-of-use assets was predominantly attributable to leased forklift trucks.

Net assets

DEUTZ Group: Overview of net assets

€ million

	Sep. 30, 2024	Dec. 31, 2023	Change
Non-current assets	913.1	734.7	24.3%
thereof right-of-use assets in connection with leases	72.5	70.8	2.4%
Current assets	819.4	779.8	5.1%
Assets classified as held for sale of discontinued operations	0.0	75.7	–
Total assets	**1,732.5**	**1,590.2**	**8.9%**
Equity	823.3	743.2	10.8%
Non-current liabilities	275.1	202.9	35.6%
thereof lease liabilities	66.6	65.6	1.5%
Current liabilities	634.1	625.1	1.4%
thereof lease liabilities	17.6	15.9	10.7%
Liabilities associated with assets of discontinued operations	0.0	19.0	–
Total equity and liabilities	**1,732.5**	**1,590.2**	**8.9%**
Key figures for continuing operations			
Working capital (€ million)	415.4	379.8	9.4%
Working capital ratio (Jun.30)	22.3%	18.4%	+3,9pp
Working capital ratio (average)	21.6%	17.7%	+3,9pp
Key figures for the entire Group[22]			
Working capital (€ million)[23]	415.4	405.7	2.4%
Working capital ratio (Jun. 30)[24]	22.1%	19.3%	+2,8pp
Working capital ratio (average)[25]	22.1%	18.7%	+3,4pp
Equity ratio[26]	**47.5**	**46.7**	**+0,8pp**

As at September 30, 2024, non-current assets were higher than they had been at the end of 2023, mainly as a result of capital expenditure on intangible assets. This rise was predominantly due to DEUTZ taking over sales and service activities from Rolls-Royce's Power Systems business unit and to the acquisition of Blue Star Power Systems.

[22] The key figures for the entire Group include the continuing and discontinued operations (including the Torqeedo Group)
[23] Inventories plus trade receivables less trade payables.
[24] Working capital (inventories plus trade receivables less trade payables) as at the balance sheet date divided by revenue for the previous twelve months.
[25] Average working capital at the four quarterly reporting dates divided by revenue for the previous twelve months.
[26] Equity/total equity and liabilities.

As was the case for non-current assets, the growth in inventories as at September 30, 2024 compared with December 31, 2023 was predominantly due to DEUTZ taking over sales and service activities from Rolls-Royce's Power Systems business unit and to the acquisition of Blue Star Power Systems.

Although trade receivables went down, the simultaneous fall in trade payables meant that working capital increased by €4.2 million compared with the end of 2023 to stand at €251.8 million. Because of this change and despite the decline in revenue, the working capital ratio rose to 22.3% as at September 30, 2024 (December 31, 2023: 18.4%). The increase in average working capital in the first three quarters of 2024 meant that the average working capital ratio was also higher than at the end of 2023.

The Torqeedo Group was sold to Yamaha Motor Co., Ltd. and deconsolidated with effect from April 3, 2024. In accordance with IFRS 5, the activities of the Torqeedo Group were reported as discontinued operations until the time of the sale. One of the main effects of disposing of the Torqeedo Group's assets and liabilities was that the DEUTZ Group's total assets rose sharply by €142.3 million to €1,732.5 million as at September 30. A detailed explanation can be found under »Net income from discontinued operations« in the notes to the condensed interim consolidated financial statements for the first half of 2024.

The increase in equity meant that the equity ratio edged up from 46.7% as at December 31, 2023 to 47.5% as at September 30, 2024. This can be explained by the positive earnings situation and the rise in equity on the back of a capital increase of around €71.0 million resulting from the issue of new shares. See the interim report for the first half of 2024, p. 8, for further information on the capital increase.

In view of the continuing strength of the equity ratio, which remains well above the target figure of more than 40%, the DEUTZ Group's financial position remains comfortable.

Non-current liabilities went up significantly compared with the end of 2023. This was primarily because of the drawdown of a loan agreement for the specific purpose of financing the takeover of sales and service activities from Rolls-Royce Power Systems.

Research and development

Research and development expenditure (after deducting grants)

€ million (R&D ratio, %)

R&D expenditure amounted to €75.8 million in the first three quarters of 2024, compared with €73.5 million in the prior-year period. After the deduction of subsidies and grants received from development partners, expenditure rose from €66.8 million in the first nine months of last year to €70.1 million in the period under review. Capitalized development expenditure after deducting grants stood at €2.2 million (Q1–Q3 2023: €2.1 million). The combination of the rise in R&D expenditure and the decline in revenue meant that the R&D ratio after deducting grants increased year on year from 4.4% to 5.4%. R&D spending after deducting grants came to €46.7 million in the DEUTZ Classic segment (Q1–Q3 2023: €45.6 million), the bulk of which related to support for existing engine series, the development of the TCD 3.9 engine, and the Daimler Truck HDEP and MDEG engine series. In the Green segment, R&D expenditure after deducting grants amounted to €23.4 million in the period under review (Q1–Q3 2023: €21.2 million). This was mainly channeled into R&D activities relating to the DEUTZ hydrogen engine and the E-DEUTZ battery toolbox.

Employees[27]

DEUTZ employed 5,239 people worldwide as at September 30, 2024, which was 153 people (i.e. 3.0%) more than a year earlier. The slight increase was mainly due to the purchase of Blue Star Power Systems and the acquisition of the Diesel Motor Nordic Group (DEUTZ Nordic since January 2024). DEUTZ also increased its workforce in connection with regional growth initiatives in the service business, most notably in the USA. By contrast, the number of jobs was reduced at various locations, including the site in Spain, as a result of declining demand and the resulting decrease in production volumes. However, this reduction was outweighed by the aforementioned growth in the number of consolidated entities.

The number of temporary workers fell sharply year on year, from 384 to 80 people, representing a proportion of 1.5% of the workforce as a whole as at September 30, 2024. One of the main reasons for this significant reduction was the termination of three-shift operation, which had been introduced in certain areas in 2023 due to an exceptional level of orders on hand. Once order levels had normalized again and it became apparent that the macroeconomic situation was making customers increasingly reluctant to place new orders, DEUTZ adjusted the shift systems in the first quarter of 2024 to reflect the return to normal levels of customer demand.

[27] Figures for the number of employees and temporary workers in this section are expressed as FTEs (full-time equivalents).

Guidance for 2024

Unit sales and new orders were below expectations in the third quarter. Moreover, the Board of Management is no longer anticipating that customer demand in the engine business will recover over the remainder of the year, thereby making up for the shortfall. Consequently, DEUTZ adjusted its previous full-year guidance for 2024 at the start of October. As a result of the fall in demand caused by the economic headwinds, the Company now expects unit sales of fewer than 150,000 engines (previously: maximum of 160,000 engines) and revenue of around €1.8 billion (previously: between €1.9 billion and €2.1 billion). This should give an EBIT margin before exceptional items of between 4.0% and 5.0% (previously: between 5.0% and 6.5%). Free cash flow before mergers and acquisitions is predicted to be at least neutral (previously: mid-double-digit millions of euros).[28]

Outlook for 2028

DEUTZ has set itself a medium-term target of raising its revenue to between €3.2 billion and €3.4 billion by 2028 and, at the same time, achieving an EBIT margin before exceptional items of between 8% and 9%.

The targeted growth is to be generated by all segments and divisions. Revenue in the high-margin service business, for example, is to be increased to between €700 million and €800 million by 2028 by pursuing strategic acquisitions in regions offering further untapped potential and by developing new business models.

To facilitate the continued growth of the Classic segment, DEUTZ intends to carry on taking an active role in the consolidation of the market, to reduce its costs and thereby increase its competitiveness, e.g. by making production more flexible, and to break into new growth markets.

Meanwhile, the ongoing implementation of measures aimed at optimizing prices while raising efficiency will continue to underpin the Company's earnings performance going forward. In addition, DEUTZ has initiated a cost-cutting program in response to the current softening of demand caused by the economic headwinds. The program is also aimed at permanently lowering costs by €50 million by the end of 2026.

Disclaimer This quarterly statement includes certain statements about future events and developments, together with disclosures and estimates provided by the Company. Such forward-looking statements include known and unknown risks, uncertainties, and other factors that may mean that the actual performances, developments, and results in the Company or those in sectors important to the Company are significantly different (especially from a negative point of view) from those expressly or implicitly assumed in these statements. The Board of Management cannot therefore make any guarantees with regard to the forward-looking statements made in this quarterly statement.

[28] See the ad hoc disclosure dated October 3, 2024.

Group financial information for the 1st to 3rd quarter 2024

INCOME STATEMENT FOR THE DEUTZ GROUP[29]

€ million

	9M 2024	9M 2023
Revenue	**1,305.9**	**1,507.2**
Cost of sales	-1,009.8	-1,169.6
Research and development costs	-70.1	-77.7
Selling expenses	-103.3	-95.7
General and administrative expenses	-81.6	-54.2
Other operating income	15.1	16.7
Other operating expenses	-17.2	-20.2
Impairment of financial assets and reversals thereof	0.4	1.8
Profit/loss on equity-accounted investments	0.6	-2.4
EBIT	**40.0**	**105.9**
Interest income	1.4	1.0
Interest expense	-14.2	-10.9
Other financial income	0.0	-0.3
Financial income, net	**-12.8**	**-10.2**
Net income before income taxes	**27.2**	**95.7**
Income taxes	-3.6	-14.8
Net income from continuing operations	**23.6**	**80.9**
Net income from discontinued operations	**10.2**	**-15.0**
Net income	**33.8**	**65.9**
thereof attributable to shareholders of DEUTZ AG	33.8	65.9
Earnings per share (basic/diluted, €)	**0.26**	**0.53**
thereof from continuing operations	**0.18**	**0.65**
thereof from discontinued operations	**0.08**	**-0.12**

STATEMENT OF COMPREHENSIVE INCOME FOR THE DEUTZ GROUP

€ million

	9M 2024	9M 2023
Net income	**33.8**	**65.9**
Amounts that will not be reclassified to the income statement in the future	**-0.3**	**0.9**
Remeasurement of defined benefit plans	-0.3	0.9
Amounts that will be reclassified to the income statement in the future if specific conditions are met	**-2.8**	**-3.9**
Currency translation differences	-1.5	-3.8
thereof profit/loss on equity-accounted investments	0.2	-2.6
Effective portion of change in fair value from cash flow hedges	-0.1	-0.7
Fair value of financial instruments	-1.2	0.6
Other comprehensive income, net of tax	**-3.1**	**-3.0**
Comprehensive income	**30.7**	**62.9**
thereof attributable to shareholders of DEUTZ AG	30.7	62.9

[29] Figures for the prior-year period have been restarted in accordance with the provisions of IFRS 5.

BALANCE SHEET FOR THE DEUTZ GROUP

€ million

Assets	Sep. 30, 2024	Dec. 31, 2023
Property, plant and equipment	397.4	379.3
Intangible assets	314.7	159.9
Equity-accounted investments	42.8	41.4
Other financial assets	25.8	26.7
Non-current assets (before deferred tax assets)	**780.7**	**607.3**
Deferred tax assets	132.4	127.4
Non-current assets	**913.1**	**734.7**
Inventories	475.2	433.9
Trade receivables	192.0	201.9
Other receivables and assets	70.5	49.8
Receivables in respect of tax refunds	8.0	4.1
Cash and cash equivalents	73.7	90.1
Assets of discontinued operations classified as held for sale	0.0	75.7
Current Assets	**819.4**	**855.5**
Total assets	**1,732.5**	**1,590.2**

Equity and liabilities	Sep. 30, 2024	Dec. 31, 2023
Issued capital	**354.7**	**322.5**
Additional paid-in capital	78.9	40.3
Other reserves	-9.5	-6.7
Retained earnings and accumulated income	399.2	387.1
Equity attributable to shareholders of DEUTZ AG	**823.3**	**743.2**
Equity	**823.3**	**743.2**
Provisions for pensions and other post-retirement benefits	83.4	87.7
Deferred tax liabilities	5.2	5.8
Other provisions	29.5	23.9
Financial debt	139.1	65.9
Other liabilities	17.9	19.6
Non-current liabilities	**275.1**	**202.9**
Provisions for pensions and other post-retirement benefits	10.7	10.7
Other provisions	80.0	73.8
Financial debt	203.5	187.6
Trade payables	251.8	256.0
Liabilities arising from income taxes	1.7	6.4
Other liabilities	86.4	90.6
Liabilities directly associated with assets of discontinued operations	0.0	19.0
Current liabilities	**634.1**	**644.1**
Total equity and liabilities	**1,732.5**	**1,590.2**

STATEMENT OF CHANGES IN EQUITY FOR THE DEUTZ GROUP

€ million

	Issued capital	Additional paid-in capital	Retained earnings & accumulated income	Fair value reserve[30,31]	Currency translation reserve[32]	Equity attributable to shareholders of DEUTZ AG	Total
Balance at Jan. 1, 2023	**309.0**	**28.8**	**330.4**	**-4.4**	**5.0**	**668.8**	**668.8**
Dividend payments to shareholders			-18.9			-18.9	-18.9
Capital increase	13.5	11.5				25.0	25.0
Net income			65.9			65.9	65.9
Other comprehensive income			0.9	-0.1	-3.8	-3.0	-3.0
Comprehensive income			66.8	-0.1	-3.8	62.9	62.9
Balance at Sep. 30, 2023	**322.5**	**40.3**	**378.3**	**-4.5**	**1.2**	**737.8**	**737.8**
Balance at Jan. 1, 2024	**322.5**	**40.3**	**387.1**	**-6.3**	**-0.4**	**743.2**	**743.2**
Dividend payments to shareholders			-21.4			-21.4	-21.4
Capital increase	32.2	38.6				70.8	70.8
Net income			33.8			33.8	33.8
Other comprehensive income			-0.3	-1.3	-1.5	-3.1	-3.1
Comprehensive income			33.5	-1.3	-1.5	30.7	30.7
Balance at Sep. 30, 2024	**354.7**	**78.9**	**399.2**	**-7.6**	**-1.9**	**823.3**	**823.3**

[30] On the balance sheet, these items are aggregated under »Other reserves«.
[31] Reserves from the measurement of cash flow hedges and reserves from the measurement of financial instruments.
[32] On the balance sheet, these items are aggregated under »Other reserves«.

CASH FLOW STATEMENT FOR THE DEUTZ GROUP[33]

€ million

	9M 2024	9M 2023
EBIT	**40.0**	**105.9**
Income taxes paid	-11.9	-17.1
Depreciation, amortization and impairment of non-current assets	68.3	66.8
Profit/loss and impairment on equity-accounted investments	0.0	2.4
Other non-cash income and expenses	-4.2	-0.5
Change in working capital	-26.7	-78.5
Change in inventories	-28.3	-90.3
Change in trade receivables	20.9	6.4
Change in trade payables	-19.3	5.4
Change in other receivables and other current assets	-22.4	-10.7
Change in provisions and other liabilities (excluding financial liabilities)	-11.7	1.0
Cash flow from operating activities – continuing operations	**31.4**	**69.3**
Cash flow from operating activities – discontinued operations	-8.3	-11.0
Cash flow from operating activities – total	**23.1**	**58.3**
Capital expenditure on intangible assets, property, plant and equipment	-46.2	-51.5
Expenditure on investments	-1.6	0.0
Acquisition of subsidiaries / business operations	-175.9	-7.8
Proceeds from the sale of non-current assets	0.0	0.3
Cash flow from investing activities – continuing operations	**-223.7**	**-59.0**
Cash flow from investing activities – discontinued operations	75.1	-2.4
Cash flow from investing activities – total	**-148.6**	**-61.4**
Dividend payments to shareholders	-21.4	-18.9
Interest income	1.4	0.9
Interest expense	-13.6	-9.6
Capital contributions from capital increase	70.8	0.0
Cash receipts from borrowings	173.1	52.7
Repayment of loans	-87.1	-3.9
Principal elements of lease payments	-13.0	-13.1
Cash flow from financial activities – continuing operations	**110.2**	**8.1**
Cash flow from financial activities – discontinued operations	-0.8	-2.2
Cash flow from financial activities – total	**109.4**	**5.9**
Cash flow from operating activities – total	23.1	58.3
Cash flow from investing activities – total	-148.6	-61.4
Cash flow from financing activities – total	109.4	5.9
Change in cash and cash equivalents	**-16.1**	**2.8**
Cash and cash equivalents at Jan. 1	**90.1**	**54.9**
Change in cash and cash equivalents	-16.1	2.8
Change in cash and cash equivalents related to exchange rates	-0.3	-1.1
Cash and cash equivalents at Sep. 30	**73.7**	**56.6**

[33] Figures for the prior-year period have been restarted in accordance with the provisions of IFRS 5.

FINANCIAL CALENDAR

2024

November 27	Eigenkapitalforum, Frankfurt

2025

March 20	2024 annual report Annual results press conference with analysts and investors
April 30	Quarterly statement for the first quarter of 2025 Conference call with analysts and investors
May 8	Annual General Meeting

« FURTHER INFORMATION AT
www.deutz.com/en/investor-relations/financial-calendar

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