DEUTZ's engine business shows first signs of recovery in the third quarter

- Significant improvement in operating profit in the third quarter of 2020 compared with the previous quarter
- Successful introduction of Transform for Growth with expected cost savings of around €100 million from 2022 – restructuring costs of nearly €38 million recognized as an exceptional item in the third quarter
- Further quarter-on-quarter improvement in business performance expected in the fourth quarter of 2020 – signs of an upward trend in the market
- Vision of Success 2020: DEUTZ forges ahead with growth initiatives in spite of coronavirus
- China strategy proving successful: joint venture with SANY already profitable; production volume expected to increase significantly in 2020 compared with the prior year

DEUTZ Group: overview of key figures

€ million	1-9/2020	Change %	Q3/2020	Change %
New orders	**933.6**	-29.0	**310.0**	-14.3
Unit sales (units)	**108,559**	-30.3	**34,700**	-36.0
Revenue	**928.2**	-32.7	**308.2**	-31.5
EBIT	**-103.4**	<-100	**-53.5**	<-100
thereof operating profit/loss (EBIT before exceptional items)	**-65.6**	<-100	**-15.7**	<-100
thereof exceptional items[1]	**-37.8**	<-100	**-37.8**	-
EBIT margin (%)	**-11.1**	-	**-17.4**	-
EBIT margin before exceptional items (%)	**-7.1**	-	**-5.1**	-
Net income	**-104.5**	<-100	**-52.2**	<-100
Net income before exceptional items	**-68.3**	<-100	**-16.0**	<-100
Earnings per share (€)	**-0.86**	<-100	**-0.43**	<-100
Earnings per share before exceptional items (€)	**-0.57**	<-100	**-0.14**	<-100
Equity	**541.8**	-16.7	**541.8**	-16.7
Equity ratio (%)	**45.7**	-	**45.7**	-
Cash flow from operating activities	**-19.4**	<-100	**24.3**	-53.1
Free cash flow	**-78.8**	<-100	**6.9**	-48.1
Net financial position (Sep. 30)	**-111.6**	<-100	**-111.6**	<-100
Employees[2] (as of Sep. 30)	**4,575**	-5.5	**4,575**	-5.5

DEUTZ registered a sharp overall decline in business performance in the first nine months of 2020, which was in line with its expectations. This was due not only to the macroeconomic effects of the coronavirus crisis, which in an already challenging market environment made customers in various industries much less willing to invest and thus triggered a collapse in demand, but also, in particular, to the fact that customers were continuing to run down the

[1] Restructuring costs in connection with the global efficiency program.
[2] Excluding temporary workers.

inventories of engines they had built up before new emissions standards came into force. Furthermore, business operations were disrupted during the period under review as a result of a temporary production shutdown in April 2020 because of coronavirus.

In contrast to the sharp decline in DEUTZ's engine business in the first nine months of 2020, the sales figures for the third quarter of 2020 were higher overall than those for the second quarter of the year. As a result, operating profit (EBIT before exceptional items) improved significantly compared with the previous quarter.

In line with the Vision of Success 2020 program set out at the beginning of the year, DEUTZ remains focused on pursuing its strategic growth initiatives despite the coronavirus pandemic and its economic implications.

With regard to the China strategy, the joint venture with China's largest construction equipment manufacturer SANY notched up its first successes: Not only is the joint venture already profitable, but it is set to increase its production volume from around 7,000 engines in 2019 to roughly 20,000 engines for 2020 as a whole. At the end of the second quarter of 2020, DEUTZ increased its revenue target for China for 2022 from approximately €500 million to around €800 million on the grounds that market demand is already on a par with the production volume planned for the joint venture and in light of the expected gains in market share[3]. Moreover, the new factory at which diesel engine maker BEINEI is contracted to manufacture DEUTZ engines for the local market was completed at the Tianjin site, which serves as the production hub for the Asian market. Production of the 2.9 and 6.1 engine series will commence there at the beginning of 2021 as planned.

Significant progress has also been made in the global expansion of the high-margin service business, which is a key pillar of the overarching growth strategy. For example, DEUTZ acquired the companies DEUTZ Austria GmbH, Motorcenter Austria GmbH, and Pro Motor Servis CZ s.r.o. at the beginning of the fourth quarter of 2020. These former subsidiaries of the Austrian company PRO MOTOR Beteiligungsgesellschaft mbH sell and service diesel

[3] The revenue target of approximately €800 million includes the revenue generated by the joint venture with SANY. Under the equity method, this revenue is not recognized in the consolidated financial statements.

engines in Austria, the Czech Republic, Hungary, Slovakia and Slovenia, and provide DEUTZ with direct access to the markets in these regions.

BUSINESS PERFORMANCE IN THE DEUTZ GROUP

NEW ORDERS

DEUTZ Group: new orders by application segment

€ million	**1-9/2020**	Change %	**Q3/2020**	Change %
Construction Equipment	260.6	-22.0	82.0	-2.1
Service	257.3	-0.9	86.0	-4.0
Agricultural Machinery	128.0	-42.7	43.0	-22.9
Material Handling	116.4	-62.1	44.2	-36.9
Miscellaneous	91.0	5.4	32.7	-9.7
Stationary Equipment	82.4	-23.4	23.0	-15.4
Consolidation	-2.1	25.0	-0.9	-12.5
Total	**933.6**	**-29.0**	**310.0**	**-14.3**

In the first three quarters of 2020, new orders received by DEUTZ fell by 29.0 percent year on year to €933.6 million. New orders were down significantly in all the main application segments, not only because of the collapse in demand related to the coronavirus crisis but also due to the high level of new orders in the prior-year period as a result of customers building up their inventories of engines before new emissions standards came into force. Only the Miscellaneous segment recorded an increase in new orders, by 5.4 percent to €91.0 million, which was attributable to the exceptionally strong growth in orders for rail vehicle drive systems.

The volume of orders for the third quarter of 2020 was up by a significant 16.1 percent on the previous quarter. All application segments contributed to this improvement, with the exception of Stationary Equipment.

As of September 30, 2020, orders on hand stood at €250.4 million (September 30, 2019: €375.2 million).

UNIT SALES

DEUTZ Group: unit sales by application segment

Units	**1-9/2020**	Change %	**Q3/2020**	Change %
Construction Equipment	37,095	-29.5	11,270	-33.7
Miscellaneous	26,508	67.6	8,690	16.9
Material Handling	19,376	-57.5	6,467	-58.3
Stationary Equipment	13,887	-31.8	4,163	-37.2
Agricultural Machinery	11,693	-45.4	4,110	-46.2
Consolidation	0	-	0	-
Total	**108,559**	**-30.3**	**34,700**	**-36.0**

The DEUTZ Group sold a total of 108,559 engines in the reporting period, which was 30.3 percent fewer than in the first three quarters of 2019. Among the application segments, the only one with a significant increase in unit sales was Miscellaneous with a rise of 67.6 percent. This improvement was partly due to the ramp-up of trolling motors made by DEUTZ subsidiary Torqeedo, whose unit sales nearly doubled year on year after selling a total of 24,057 electric motors. The driving factors behind the drop in unit sales in the other application segments were generally weaker market demand and, in particular, adverse effects resulting from customers running down inventories of engines that had been purchased ahead of new emissions standards coming into force.

DEUTZ's unit sales were up by 2.7 percent compared with the second quarter of 2020, mainly due to double-digit percentage increases in the Material Handling and Agricultural Machinery application segments. In terms of regions, this increase in unit sales was attributable to the Americas and the EMEA region.

REVENUE

DEUTZ Group: revenue by application segment

€ million	1-9/2020	Change %	Q3/2020	Change %
Construction Equipment	267.7	-34.1	82.8	-37.0
Service	256.9	-3.3	86.2	-1.0
Material Handling	117.0	-60.5	37.6	-63.3
Agricultural Machinery	126.4	-38.7	44.9	-30.4
Stationary Equipment	81.7	-33.3	26.0	-40.2
Miscellaneous	80.6	-5.8	31.6	44.3
Consolidation	-2.1	25.0	-0.9	-12.5
Total	**928.2**	-32.7	**308.2**	-31.5

DEUTZ Group: revenue by region

€ million	1-9/2020	Change %	Q3/2020	Change %
Europe/Middle East/ Africa	**596.9**	-28.7	**196.1**	-28.5
Americas	**163.5**	-49.3	**51.0**	-53.3
Asia-Pacific	**169.9**	-23.7	**62.0**	-7.9
Consolidation	**-2.1**	25.0	**-0.9**	-12.5

As a result of the decline in unit sales, consolidated revenue was down by 32.7 percent to €928.2 million in the period under review, with all application segments and regions recording sharp falls in revenue.

Compared with the previous quarter, DEUTZ's revenue advanced by 10.0 percent, with all regions contributing to this positive result. The performance of the individual application segments varied, however. Whereas revenue in Construction Equipment and Stationary Equipment failed to reach the level of the second quarter, the other application segments recorded double-digit increases in revenue.

EARNINGS

DEUTZ Group: overview of results of operations

€ million	**1-9/2020**	Change %	**Q3/2020**	Change %
Revenue	928.2	-32.7	308.2	-31.5
Cost of sales	-798.1	29.1	-263.3	28.7
Research and development costs	-73.3	-7.5	-23.7	2.1
Selling and administrative expenses	-110.4	3.9	-34.8	4.4
Other operating income	9.4	-63.6	3.2	-57.9
Other operating expenses	-59.8	<-100	-44.0	<-100
Write-downs of financial assets	-1.4	<-100	0.0	-100.0
Profit/loss on equity-accounted investments	2.0	>100	0.9	-
EBIT	-103.4	<-100	-53.5	<-100
thereof operating profit/loss (EBIT before exceptional items)	-65.6	<-100	-15.7	<-100
thereof exceptional items	-37.8	<-100	-37.8	-
Interest income	0.4	-42.9	0.1	-66.7
Interest expense	-3.0	-25.0	-1.2	-50.0
Other financial income/finance costs	-0.3	96.8	-0.1	98.9
Financial income, net	-2.9	73.9	-1.2	87.9
Income taxes	1.8	>100	2.5	>100
Net income	-104.5	<-100	-52.2	<-100

The economic impact of the coronavirus crisis on the business activities of the DEUTZ Group and its customers meant that DEUTZ reported an operating loss (EBIT before exceptional items) of €65.6 million in the first nine months of 2020. This significant decline compared with the prior-year period was attributable, in particular, to the fall in revenue and the resulting diseconomies of scale. There was also a heavy drag on operating profit from payments of nearly €10 million made under continuation agreements with suppliers that are going through insolvency proceedings and demand-related impairment losses of around €5 million recognized on capitalized development projects. However, there were some positive influences on earnings performance in addition to the general cost reductions and the use of short-time working: The Board of Management waived its one-year variable remuneration for 2020 and senior managers waived a substantial part of their variable remuneration for 2020. The EBIT margin before exceptional items stood at minus 7.1 percent in the reporting period, compared with 5.0 percent in the prior-year period. The operating loss for the third quarter of 2020 was significantly lower than for the previous quarter.

At the start of the year, DEUTZ launched a Company-wide efficiency program, Transform for Growth, in order to secure its earnings performance in a challenging market environment. In the third quarter of 2020, restructuring costs totaling €37.8 million were recognized as an exceptional item after some of the individual measures were set out in greater detail. These costs, which mainly relate to restructuring-related provisions, are within the anticipated range of €35 million to €40 million.

After taking exceptional items into account, EBIT for the period under review stood at minus €103.4 million. The decline in EBIT caused net income to deteriorate to a net loss of €104.5 million. The positive change to the income tax situation was predominantly attributable to deferred tax income. Earnings per share amounted to minus €0.86 compared with €0.45 in the prior-year period. Net income before exceptional items stood at minus €68.3 million (Q1–Q3 2019: €46.8 million). Earnings per share before exceptional items came to minus €0.57 compared with €0.39 in the prior-year period.

BUSINESS PERFORMANCE IN THE SEGMENTS

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

€ million	1-9/2020	Change %	Q3/2020	Change %
New orders	**660.4**	-35.2	**220.5**	-16.3
Unit sales (units)	**70,826**	-42.2	**22,653**	-44.4
Revenue	**668.6**	-38.1	**214.9**	-38.6
Construction Equipment	249.5	-35.3	76.3	-38.8
Service	133.3	0.3	43.9	3.1
Agricultural Machinery	123.5	-38.5	43.9	-29.8
Material Handling	101.6	-61.6	32.6	-64.5
Stationary Equipment	47.3	-40.0	13.7	-49.4
Miscellaneous	13.4	-22.1	4.5	>100
EBIT before exceptional items	**-67.6**	<-100	**-17.8**	<-100
EBIT margin before exceptional items (%)	**-10.1**	-	**-8.3**	-

New orders in the DCE segment for the first nine months of 2020 fell by 35.2 percent year on year to €660.4 million. In the same period, unit sales declined by 42.2 percent to 70,826 engines and revenue contracted by 38.1 percent to €668.6 million. Among the application segments, only the service business recorded a year-on-year increase in revenue with a modest rise of 0.3 percent.

Due to the collapse in demand, mainly as a result of the coronavirus crisis, the operating loss for the segment amounted to €67.6 million, a significant deterioration of €113.4 million compared with the operating profit recorded in the prior-year period. As well as a sharp fall in revenue, the segment's earnings performance was weighed down by payments to suppliers going through insolvency proceedings and by impairment losses on a development project. The payments to suppliers were intended to enable them to continue supplying DEUTZ, while the impairment losses were recognized due to the anticipated decrease in demand for the affected engine series. The EBIT margin before exceptional items stood at minus 10.1 percent in the reporting period, compared with 4.2 percent in the prior-year period.

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

€ million	1-9/2020	Change %	Q3/2020	Change %
New orders	**241.3**	-9.7	**75.9**	-12.5
Unit sales (units)	**13,676**	-32.1	**4,234**	-36.3
Revenue	**225.8**	-18.3	**80.8**	-11.7
Service	123.6	-7.0	42.3	-4.9
Stationary Equipment	34.4	-21.1	12.3	-25.0
Miscellaneous	31.3	-25.3	13.7	22.3
Construction Equipment	18.2	-12.5	6.5	-5.8
Material Handling	15.4	-51.7	5.0	-52.4
Agricultural Machinery	2.9	-46.3	1.0	-50.0
EBIT before exceptional items	**10.9**	-71.0	**4.3**	-69.3
EBIT margin before exceptional items (%)	**4.8**	-	**5.3**	-

The DCS segment's sales figures also deteriorated in the period under review: New orders in the segment were down by 9.7 percent to €241.3 million. Unit sales decreased by 32.1 percent to 13,676 engines, while revenue fell by 18.3 percent to €225.8 million as a result of a downward trend in all application segments. The much smaller decline in revenue, relative to the decline in unit sales, was mainly the result of the service business accounting for a higher proportion of segment revenue.

As a result of the decline in revenue, the operating profit for the segment dropped by a significant €26.7 million year on year to €10.9 million. The segment's earning performance was also weighed down by impairment losses on two development projects that were recognized due to the expected decrease in demand for the affected engine series. The EBIT margin reached 4.8 percent, compared with 13.6 percent in the prior-year period.

Other: key figures for the segment

€ million	1-9/2020	Change %	Q3/2020	Change %
New orders	**34.0**	8.6	**14.5**	14.2
Unit sales (units)	**24,057**	85.2	**7,813**	14.4
Revenue	**35.9**	35.5	**13.4**	41.1
EBIT before exceptional items	**-8.9**	37.3	**-2.2**	24.1
EBIT margin before exceptional items (%)	**-24.8**	-	**-16.4**	-

The Other segment includes not only Torqeedo's business with electric motors for boats but also the battery specialist Futavis GmbH, which was acquired in October 2019. Overall, the segment's business performance was positive in the first three quarters of 2020: New orders rose by 8.6 percent compared with the prior-year period to reach €34.0 million. Unit sales surged by 85.2 percent in the period under review, partly because of the ramp-up of smaller trolling motors at Torqeedo. Segment revenue grew by 35.5 percent to €35.9 million. The lower increase in revenue, relative to the increase in unit sales, was mainly the result of negative product mix effects in connection with the aforementioned ramp-up at Torqeedo.

The operating loss for the segment improved by €5.3 million year on year to minus €8.9 million. This was partly attributable to the deconsolidation of the joint venture DEUTZ AGCO Motores S.A., Haedo, Argentina, in the first half of 2019. As part of the deconsolidation, which was carried out for reasons of materiality, cumulative negative exchange differences were reclassified from equity to the income statement, which had a significant adverse impact on the segment's earnings in the prior-year period. The EBIT margin thus improved from minus 53.6 percent in the first three quarters of 2019 to minus 24.8 percent in the equivalent period of 2020.

FINANCIAL POSITION

DEUTZ Group: overview of financial position

€ million	1-9/2020	Change %	Q3/2020	Change %
Cash flow from operating activities	-19.4	<-100	24.3	-53.1
Cash flow from investing activities	-56.0	32.9	-16.4	56.6
Cash flow from financing activities	48.8	>100	-9.5	4.0
Change in cash and cash equivalents	-26.6	63.0	-1.6	<-100
Free cash flow[1]	-78.8	<-100	6.9	-48.1
Cash and cash equivalents as of Sep. 30/Dec. 12	28.2	-49.0	28.2	-49.0
Current and non-current interest-bearing financial debt as of Sep. 30/Dec. 12	139.8	98.3	139.8	98.3
Net financial position[2] at Sep. 30/Dec. 31	-111.6	<-100	-111.6	<-100
Net financial position[2] excl. lease liabilities (IFRS 16) as of Sep. 30/Dec. 31	-64.7	<-100	-64.7	<-100

1) Cash flow from operating and investing activities less interest expense.
2) Cash and cash equivalents less current and non-current interest-bearing financial debt.

The substantial decline in operating profit as a result of coronavirus and the repayment of current liabilities to factoring companies led to a significantly reduced level of cash flow from operating activities compared with the prior-year period. The measures taken at an early stage to safeguard liquidity, such as careful monitoring of working capital, meant that this negative cash flow effect was largely offset by a €16.5 million reduction in working capital (Q1–Q3 2019: rise of €39.6 million).

Because of the decrease in cash payments for capital spending on property, plant and equipment and intangible assets, net cash used for investing activities was lower than in the prior-year period, the figure for which included the payment into a trust account of the first installment for the purchase of shares in the joint venture with SANY.

The main factors affecting cash flow from financing activities were the drawdown of short-term lines of credit and the taking out of medium-term loans totaling €23 million. Moreover, to safeguard liquidity, DEUTZ increased its credit lines from €160 million to €310 million. As of September 30, 2020, the Company had drawn down €65 million from all the available credit lines. In the period under review, cash flow from financing activities included payments of interest and principal in connection with leases amounting to €0.8 million and €11.9 million respectively (Q1–Q3 2019: €0.6 million and €9.5 million respectively).

As a result of the significant decrease in cash flow from operating activities, free cash flow amounted to minus €78.8 million and was therefore down by €45.9 million compared with the first three quarters of 2019. In view of the economic impact of the coronavirus crisis, the Board of Management and Supervisory Board proposed to the Annual General Meeting on June 25, 2020 that the dividend payment be suspended in order to further protect the Group's liquidity. This proposal was accepted by a majority of votes. The dividend paid in 2019 had amounted to €18.1 million.

The changes in cash flow described above resulted in a significant reduction in cash and cash equivalents to €28.2 million (Dec. 31, 2019: €55.3 million). Because of this and as a result of the sharp increase in current and non-current interest-bearing financial liabilities, the Company's net financial position deteriorated from minus €15.2 million as of December 31, 2019 to minus €111.6 million as of September 30, 2020. Excluding the lease liabilities in accordance with IFRS 16, the net financial position deteriorated from €26.7 million to minus €64.7 million.

NET ASSETS

DEUTZ Group: overview of net assets

€ million	**Sep. 30, 2020**	**Dec. 31, 2019**	Change %
Non-current assets	689.1	688.1	0.1
Current assets	496.9	613.1	-19.0
Total assets	**1,186.0**	**1,301.2**	**-8.9**
Equity	541.8	652.4	-17.0
Non-current liabilities	241.1	225.2	7.1
Current liabilities	403.1	423.6	-4.8
Total equity and liabilities	**1,186.0**	**1,301.2**	**-8.9**
Working capital[1]	279.7	293.2	-4.6
Working capital ratio (Sep. 30, %)	20.1	15.9	-
Working capital ratio (average, %)	21.4	17.4	-
Equity ratio[2] (%)	45.7	50.1	-

1) Inventories plus trade receivables less trade payables.
3) Equity / total equity and liabilities.

As of September 30, 2020, non-current assets included right-of-use assets of €46.3 million in connection with leases (December 31, 2019: €41.4 million), most of which related to leased property. This increase compared with the end of 2019 was mainly due to lease extensions. The contraction of current assets was attributable to the demand-related decrease in trade receivables, the lower level of cash and cash equivalents and, in particular, the contractually agreed payment of the purchase consideration into Hunan DEUTZ Power Co., Ltd., the joint venture with SANY. This payment was transferred from the escrow account that had been opened for this purpose in 2019 and that is categorized as other current assets.

Working capital as at the end of the third quarter of the year was €13.5 million lower than at the end of 2019. This was mainly due to the early adjustment of production and procurement activities and a further intensification of working capital management in response to the fall in demand resulting from coronavirus. By contrast, working capital rose by €52.3 million over the first nine months of 2019 year due to seasonal factors.

The net loss reported for the period meant that equity decreased to €541.8 million (December 31, 2019: €652.4 million). The equity ratio fell to 45.7 percent as a result, but remains at a comfortable level.

Non-current and current financial debt included lease liabilities of €46.9 million as of September 30, 2020 (December 31, 2019: €41.9 million). As was the case for the growth of the right-of-use assets mentioned previously, the increase in lease liabilities was mainly due to lease extensions. The decrease in current liabilities was primarily the result of the aforementioned payment of the purchase consideration into the joint venture Hunan DEUTZ Power Co., Ltd. and the decline in trade payables. By contrast, provisions were recognized for measures in connection with the Transform for Growth global efficiency program, which mainly encompass severance payment expenses and other costs that are directly related to the restructuring.

OUTLOOK

Because of the ongoing uncertainty as to how the coronavirus crisis will progress, it remains difficult to predict how this will affect the global economy in the final part of 2020. It is therefore still not possible to present quantitative guidance for the year as a whole.

Nevertheless, it can be assumed that the performance of the business in the fourth quarter of 2020 will continue to be adversely affected by the coronavirus crisis, although to a lesser extent than in the third quarter. In the final quarter of 2020, DEUTZ therefore expects both its sales figures and its operating profit (EBIT before exceptional items) to see a further quarter-on-quarter improvement.

The Company expects to see a recovery in its main sales markets over the coming months. From a current perspective, however, it appears likely that these markets will need a long time to return to their pre-crisis levels.

With regard to the positive exceptional item of around €60 million that DEUTZ had been expecting to register once it received the final installment of the purchase price for the sale of the Cologne-Deutz site, the assumption remains that the payment will be made in 2021. However, both the exact amount and the date of payment are dependent on the development plan for the site being formally adopted and, as such, cannot be determined with any degree of precision.

Efficiency program

At the start of the year, DEUTZ launched a Company-wide efficiency program, Transform for Growth, in order to further secure its earnings performance in a challenging market environment and maintain its long-term competitiveness. An extensive and detailed action plan was drawn up in the second quarter. The main areas of action in addition to the optimization of the global production network and the automation and digitalization of operational and administrative processes are the streamlining of the groupwide organizational structure and the reduction of complexity coupled with an optimized use of global structures, for example shared services.

By taking these measures, DEUTZ hopes to generate total annual cost savings of around €100 million, with the full effect expected to be achieved from 2022 onward. As well as adjusting operating costs, a large part of the savings are to be achieved by reducing staff costs. This will involve a reduction of up to 1,000 positions across the Group. In the third quarter of 2020, as part of this initiative, DEUTZ reached agreement with the employee representatives on a key issues paper, which includes a voluntary program running from September 1, 2020 to March 31, 2021, that will facilitate a reduction in the number of employees at the German sites by up to 350 while minimizing the social impact.

As of September 30, 2020, 4,575[4] people were employed by the DEUTZ Group worldwide, which was 331 fewer than at the end of 2019. The overall headcount reduction came to 492 after factoring in the volume-driven reduction in the number of temporary workers by a total of 161.

In the third quarter of 2020, the Company recognized expenses of €37.8 million that were predominantly related to personnel measures in connection with the restructuring planned as part of the efficiency program. The recognition of provisions accounted for €37.1 million of this.

[4] Excluding temporary workers.

FINANCIAL INFORMATION Q1-Q3/2020

DEUTZ GROUP: INCOME STATEMENT

€ million	**7-9/2020**	7-9/2019	**1-9/2020**	1-9/2019
Revenue	**308.2**	**450.1**	**928.2**	**1,379.9**
Cost of sales	-263.3	-369.3	-798.1	-1,126.3
Research and development costs	-23.7	-24.2	-73.3	-68.2
Selling expenses	-22.8	-26.3	-74.1	-78.1
General and administrative expenses	-12.0	-10.1	-36.3	-36.8
Other operating income	3.2	7.6	9.4	25.8
Other operating expenses	-44.0	-5.5	-59.8	-17.7
Write-downs of financial assets	0.0	-0.3	-1.4	-0.5
Profit/loss on equity-accounted investments	0.9	0.0	2.0	0.4
EBIT	**-53.5**	**22.0**	**-103.4**	**78.5**
thereof operating profit/loss (EBIT before exceptional items)	**-15.7**	**22.0**	**-65.6**	**69.2**
thereof exceptional items	-37.8	0.0	-37.8	9.3
Interest income	0.1	0.3	0.4	0.7
Interest expense	-1.2	-0.8	-3.0	-2.4
Other financial income/finance costs	-0.1	-9.4	-0.3	-9.4
Financial income, net	**-1.2**	**-9.9**	**-2.9**	**-11.1**
Net income before income taxes	**-54.7**	**12.1**	**-106.3**	**67.4**
Income taxes	2.5	-2.7	1.8	-12.7
Net income	**-52.2**	**9.4**	**-104.5**	**54.7**
thereof attributable to shareholders of DEUTZ AG	-52.2	9.4	-104.5	54.7
thereof attributable to non-controlling interests	0.0	0.0	0.0	0.0
Earnings per share (basic/diluted, €)	**-0.43**	**0.08**	**-0.86**	**0.45**

DEUTZ GROUP: STATEMENT OF COMPREHENSIVE INCOME

€ million	**7-9/2020**	7-9/2019	**1-9/2020**	1-9/2019
Net income	**-52.2**	**9.4**	**-104.5**	**54.7**
Amounts that will not be reclassified to the income statement in the future	**-1.0**	**-3.2**	**-4.0**	**-10.1**
Remeasurements of defined benefit plans	-1.0	-3.2	-4.0	-10.1
Amounts that will be reclassified to the income statement in the future if specific conditions are met	**-1.4**	**0.5**	**-2.8**	**4.8**
Currency translation differences	-2.4	1.7	-4.0	5.4
thereof profit/loss on equity-accounted investments	-0.3	0.0	-1.5	2.9
Effective portion of change in fair value from cash flow hedges	0.9	-1.3	1.1	-1.0
Fair value of financial instruments	0.1	0.1	0.1	0.4
Other comprehensive income, net of tax	**-2.4**	**-2.7**	**-6.8**	**-5.3**
Comprehensive income	**-54.6**	**6.7**	**-111.3**	**49.4**
thereof attributable to shareholders of DEUTZ AG	-54.6	6.7	-111.3	49.4
thereof attributable to non-controlling interests	0.0	0.0	0.0	0.0

DEUTZ GROUP: BALANCE SHEET

Assets, € million	**Sep. 30, 2020**	Dec. 31, 2019
Property, plant and equipment	353.3	347.2
Intangible assets	205.6	216.2
Equity-accounted investments	51.5	51.1
Other financial assets	4.7	5.0
Non-current assets (before deferred tax assets)	**615.1**	**619.5**
Deferred tax assets	74.0	68.6
Non-current assets	**689.1**	**688.1**
Inventories	325.7	321.7
Trade receivables	98.7	152.1
Other receivables and assets	44.3	84.0
Cash and cash equivalents	28.2	55.3
Current assets	**496.9**	**613.1**
Total assets	**1,186.0**	**1,301.2**

Equity and liabilities, € million	**Sep. 30, 2020**	Dec. 31, 2019
Issued capital	**309.0**	**309.0**
Additional paid-in capital	28.8	28.8
Other reserves	-2.7	0.1
Retained earnings and accumulated income	206.5	314.3
Equity attributable to shareholders of DEUTZ AG	**541.6**	**652.2**
Non-controlling interests	0.2	0.2
Equity	**541.8**	**652.4**
Provisions for pensions and other post-retirement benefits	148.1	151.2
Deferred tax liabilities	0.6	0.8
Other provisions	36.1	33.4
Financial debt	50.9	34.1
Other liabilities	5.4	5.7
Non-current liabilities	**241.1**	**225.2**
Provisions for pensions and other post-retirement benefits	12.3	12.4
Current income tax liabilities	1.2	1.3
Other provisions	95.0	66.6
Financial debt	88.9	36.4
Trade payables	144.7	180.6
Other liabilities	61.0	126.3
Current liabilities	**403.1**	**423.6**
Total equity and liabilities	**1,186.0**	**1,301.2**

CASH FLOW STATEMENT FOR THE DEUTZ GROUP

€ million	**1-9/2020**	1-9/2019
EBIT	**-103.4**	**78.5**
Income taxes paid	-4.3	-28.1
Depreciation, amortization and impairment of non-current assets	70.2	59.6
Gains/losses on the sale of non-current assets	0.0	-8.7
Profit/loss and impairment on equity-accounted investments	-1.9	-0.4
Other non-cash income and expenses	0.5	2.9
Change in working capital	16.5	-39.6
Change in inventories	-6.9	-49.2
Change in trade receivables	52.4	7.8
Change in trade payables	-29.0	1.8
Change in other receivables and other current assets	42.6	4.1
Change in provisions and other liabilities (excluding financial liabilities)	-39.6	-15.6
Cash flow from operating activities	**-19.4**	**52.7**
Capital expenditure on intangible assets, property, plant and equipment	-56.3	-72.1
Expenditure on investments	0.1	-15.4
Proceeds from the sale of non-current assets	0.2	4.1
Cash flow from investing activities	**-56.0**	**-83.4**
Dividend payments to shareholders	0.0	-18.1
Interest income	0.1	0.2
Interest expense	-3.5	-2.4
Cash receipts from borrowings	88.0	4.3
Repayments of loans	-23.9	-15.7
Principal elements of lease payments	-11.9	-9.5
Cash flow from financing activities	**48.8**	**-41.2**
Cash flow from operating activities	-19.4	52.7
Cash flow from investing activities	-56.0	-83.4
Cash flow from financing activities	48.8	-41.2
Change in cash and cash equivalents	**-26.6**	**-71.9**
Cash and cash equivalents at Jan. 1	**55.3**	**132.8**
Change in cash and cash equivalents	-26.6	-71.9
Change in cash and cash equivalents related to exchange rates	-0.8	0.6
Change in cash and cash equivalents related to the basis of consolidation	0.3	-
Cash and cash equivalents at Sep. 30	**28.2**	**61.5**

Upcoming financial dates

March 18, 2021: 2020 annual report

April 29, 2021: Annual General Meeting

May 6, 2021: quarterly statement for the first quarter of 2021

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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. 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 4,900 employees worldwide and over 800 sales and service partners in more than 130 countries. It generated revenue of €1,840.8 million in 2019.

Further information is available at www.deutz.com.