

DEUTZ Enters the Field of Electrification and Acquires Electric Drive Specialist Torqeedo

Cologne, 27 September 2017

- E-DEUTZ strategy complements the existing technology portfolio
- Torqeedo will accelerate the market launch of electric and hybrid drive systems in DEUTZ's core segments
- DEUTZ is aiming to be the market leader for innovative drive systems in the off-highway sector

DEUTZ AG has today acquired Torqeedo GmbH, based near Munich. Torqeedo was founded 12 years ago and now operates in more than 50 countries on five continents. It has significant expertise in components, software and system integration for electric drives. It is the global market leader and a system solution specialist for integrated electric and hybrid drives for boats.

Dr Frank Hiller, Chairman of the Board of Management of DEUTZ AG: "Acquiring Torqeedo will enable us to gain electrical expertise far more quickly than with a stand-alone solution and to electrify our product range where it makes sense from a technical and financial perspective. This will give us a significant advantage in a very fast-moving competitive environment. It also marks the start of our E-DEUTZ strategy, for which Torqeedo will be the catalyst."

Alternative drives will also play an important role in DEUTZ's core segments in future. DEUTZ is seizing the opportunities arising from the changing conditions by introducing the E-DEUTZ strategy to complement its innovative drive systems, which focuses on the development and manufacture of hybrid and electrified drive systems for off-highway applications. Torqeedo's technological expertise will become the nucleus of the E-DEUTZ strategy, supplementing the Company's system of modular technologies for reducing emissions and CO₂. Some of the areas with potential are the downsizing of internal combustion engines and the related lowering of fuel consumption and operating costs. DEUTZ plans to bring the first products to market under the E-DEUTZ strategy in around two years' time – far earlier than if it had gone down this route alone. DEUTZ will initially invest around €100 million, which includes the acquisition of Torqeedo, in order to speed up implementation of the new strategy.

"We are on our way to positioning ourselves as the market leader for innovative drive systems and will offer our customers not only our established solutions but also hybrid and all-electric solutions," says Dr Frank Hiller. "The acquisition of Torqeedo enables us to launch technically sophisticated, financially viable electrification solutions on the market more quickly. We are establishing our competitive position early on and believe that there will be very good market opportunities for us." At the same time, efficient and clean DEUTZ TCD diesel engines, which were the first engines worldwide to be certified for the Stage V emissions standard (which comes into force in 2019) in the off-highway sector, remain the instrument of choice when the requirement is for high power.

By acquiring Torqeedo, DEUTZ is gaining an experienced team of electrification specialists with an excellent track record, led by the company's founder and CEO Dr Christoph Ballin. The team will continue to operate its rapidly growing business under its established brand. "Torqeedo has extensive know-how in respect of electric motors, battery management, power electronics and system integration. We look forward to working with DEUTZ's development teams in order to play a key part in driving forward electrification in the off-highway sector. Being part of the DEUTZ Group will create additional opportunities for Torqeedo in the areas of industrialisation, purchasing, sales and service. We aim to make use of these opportunities and further accelerate our growth," says Dr Christoph Ballin.

Alongside their role as managing directors of Torqeedo, Dr Christoph Ballin and Dr Ralf Plieninger will also take on senior management positions at DEUTZ AG: Dr Christoph Ballin has been appointed Head of Strategy while Torqeedo COO Dr Ralf Plieninger has been appointed Head of Electrification.

DEUTZ will consolidate Torqeedo from 1 October 2017 and is financing the acquisition from available cash. DEUTZ AG confirms its forecast for 2017: it expects a marked rise in revenue and a moderate increase in the EBIT margin – before positive exceptional items – compared with the previous year.

About the DEUTZ Group:

DEUTZ is one of the world's leading manufacturers of innovative drive systems. Its core competences are the development, production, distribution and servicing of drive systems for professional applications. The engine specialist offers a broad spectrum of liquid-cooled and air-cooled engines with capacities ranging from 19 kW to 620 kW that are used in construction equipment, agricultural machinery, material handling equipment, stationary equipment, commercial vehicles, rail vehicles and other applications.

About Torqeedo GmbH:

Torqeedo is the leading provider of electric drive systems for watercraft. Founded in 2005 in Starnberg, Bavaria, the company develops and manufactures electric and hybrid drives from 0.5 kW to 100 kW for leisure and commercial applications. Torqeedo's products are characterised by an uncompromising focus on high-tech, maximum efficiency and complete system integration.