

Ralf W. Dieter

CEO

Dürr AG

**30th annual general meeting
of Dürr Aktiengesellschaft**

Bietigheim-Bissingen, May 10, 2019

Subject to change – please check against delivery.

Chart 3: Welcome

My dear shareholders, shareholder representatives, journalists, colleagues and guests,

Together with my colleagues on the Board of Management, I would like to welcome you to the 30th annual general meeting of Dürr AG. We are delighted to see so many of you here again this year. I would like to extend a special welcome to the Dürr family: Heide, Nicole and Mr. Dürr; welcome and thank you for maintaining your close ties with the company as the anchor shareholder.

Ladies and gentlemen,

This is now my 15th annual general meeting as a member of the Dürr AG Board of Management. My colleagues have found – after some research – that this makes me one of the ten longest-serving CEOs in the MDAX. But since I am not old and I don't feel old either, I am pleased that the Supervisory Board has re-appointed me as CEO, thus allowing me to continue to be involved in shaping the Group's development over the coming years.

Chart 4: 125 years / digitization

Dürr celebrates its 125th anniversary next year. Since its foundation as a craftsman's business in 1895, it has undergone many development stages to become a global mechanical and plant engineering firm. The drivers behind this have always been the company's openness for new technologies and challenges, the management's entrepreneurial spirit and the dedication of Dürr's employees.

Ladies and gentlemen,

The Hanover trade fair at the beginning of April clearly showed where the German mechanical and plant engineering industry was heading: toward digitization, artificial intelligence and the smart factory. Our industry is facing major changes or – and I prefer this word – opportunities, because this is how we see the digital transformation at Dürr. And I am pleased to be involved in shaping this transformation over the next few years. Through the digital@DÜRR strategy, which I will talk about later on, we are committed to promoting digitization at Dürr.

Chart 5: Incoming orders / sales

First, let's take a look at last year. In 2018 we reached all-time highs for incoming orders and sales. We managed to nudge both figures toward the € 4 billion mark, even though the general economic environment was anything but favorable, given the growing trade conflicts and political instabilities.

Chart 6: Growth in automotive business

One important factor for our growth was business with the automotive industry. Despite the major changes our customers are facing – think of electromobility or autonomous driving – incoming orders from this industry have risen again. There are three key reasons for this:

- First, the automotive industry is investing in existing plants to increase productivity and thus generate the funds they need for trends such as e-mobility and autonomous driving.
- Second, the localization of automotive production is progressing further. It is particularly in view of the trade conflicts and new customs duties that our customers are increasingly building new factories in markets where they actually want to sell their cars, be it in China, Southeast Asia or – in the long term – in Africa.
- The third factor of growth in the automotive business is electromobility. This is an opportunity for us, since the construction of electric cars requires plants to be modified and investments to be made in new production technology. In addition, e-mobility is further broadening our customer base. In China, in particular, new producers – start-ups, basically – are emerging, setting up production sites and appreciate us as a partner for paint and final assembly systems.

Chart 7: EBIT

Now let's have a look at our earnings. This chart shows our EBIT twice: once in blue, including all extraordinary effects, and once in green as operating EBIT before extraordinary effects. This highlights an important aspect: although EBIT declined by 19 % to € 234 million in 2018, this was not caused by a slump in earnings from operating business, but mainly by the high extraordinary expenses of € 41.4 million.

The majority of these extraordinary expenses was attributable to measures taken to improve our competitiveness, for instance the FOCUS 2.0 optimization program in paint systems business, the discontinuation of the loss-making micro gas turbine activities and the acquisition of Megtec/Universal in the environmental technology segment. These measures had a non-recurring impact on our 2018 earnings, which is why we announced in October that our profit forecasts for 2018 would be adjusted. However, the optimization measures will pay off, as they are strengthening our future profitability; this is why we see them as a long-term investment in our future.

Chart 8: Service

Let's move on to service, where sales in 2018 grew at a faster rate than total sales, exceeding the € 1 billion mark for the first time. This is very encouraging, because service is not only profitable, but it also plays an important role in our customers' satisfaction.

Chart 9: Balance sheet

We were able to increase our equity to € 1 billion. At 27.4 %, the equity ratio is now approaching our 30 % target. Cash flow also developed very well; in the operating business, we generated a surplus of € 162 million, which is 36 % more than in the previous year. Our ability to generate cash is crucial, since it gives us the funds we need to invest heavily in innovations and digitization.

I would like to end the section on figures by mentioning the net financial status, which is the balance of financial liabilities versus cash and cash equivalents. At the end of 2018, the net financial status was in positive territory again, at € 32 million, despite the fact that we had spent a total of € 138 million on increasing our stake in HOMAG and purchasing the US environmental technology company Megtec/Universal.

Chart 10: Megtec/Universal

Ladies and gentlemen,

The purchase of Megtec/Universal is part of our acquisition strategy. The opportunity to purchase the company already arose a few years ago. However, at the time we considered the purchase price to be too high. This time, we were able to purchase Megtec/Universal at the considerably lower price of around € 100 million.

Megtec/Universal currently generates the majority of its sales of around € 200 million from exhaust-air purification systems. The company complements our existing environmental technology business well; our Clean Technology Systems division is now the clear world market leader with business worth over € 400 million. Nowhere else are customers offered such a broad range of solutions for removing pollutants from production processes.

Environmental technology is our fastest growing area, with incoming orders increasing by 29 % in 2018 – and this is without Megtec/Universal; if we include Megtec/Universal, the increase was 57 %. We still have good opportunities for expansion. Demand for exhaust-air purification systems in emerging countries like China is growing, as increasingly strict emission levels are being introduced to protect the environment. Furthermore, Megtec/Universal brings to the table technologies for coating lithium-ion batteries, another new and interesting growth market. In 2021, Clean Technology Systems is set to achieve sales of as much as € 500 million and an EBIT margin of 6 to 7 %.

Chart 11: Employees

We gained 865 employees through Megtec/Universal. A good 16,300 people across the world form the backbone of our Group. Thanks to them, we lead the market with the Dürr, Schenck and HOMAG brands. For this and for their great dedication I would like to thank all employees – and I am sure you, our valued shareholders, will join me in a round of applause.

My colleagues on the Board of Management and the divisions heads will gladly pass on our thanks. They are Carlo Crosetto, Dr. Jochen Weyrauch, Pekka Paasivaara,

Dr. Lars Friedrich, Dr. Daniel Schmitt and Bruno Welsch. Many thanks also to you for the prudent management of your business and functions.

Chart 12: Stock

Ladies and gentlemen,

We will now jump to the stock and the dividend. After that we will take a brief look at the subsequent votes, before moving on to our markets and our strategy.

There is no question: with a decline of 42 %, the development of the share price in 2018 was unsatisfactory. But we must take into account the context of the escalating trade conflicts, which caused automotive and mechanical engineering figures to fall sharply across the board. The Dürr stock was therefore no isolated case. Adjusting our targets in October only led to a temporary drop in the share price. In view of the strong fourth quarter and the positive outlook for 2019, the share price is on the up again and has increased by around 20 % since the beginning of the year.

Chart 13: Dividend

We are proposing a dividend of € 1 per share for 2018. This is to do justice to both: your right to an attractive share of the profit on the one hand and the earnings, burdened as they are by extraordinary expenses, on the other. I would like to mention at this point that we are paying out a higher share of the profit than usual. The proposal of € 1 corresponds to a payout ratio of 42 % of consolidated net profit, which puts it above the usual range of 30 to 40 %.

I would like to mention another point: Last year the proposed dividend was € 2.20, while in the chart you can see the prior-year dividend it is shown as € 1.10. This is correct, since Dürr AG issued bonus shares in a ratio of 1:1 in June 2018. This is why the number of shares has doubled and the prior-year dividend is shown as € 1.10 per share as opposed to € 2.20.

Chart 14: Agenda

The dividend will be put to the vote later on under the second agenda item. As always, items 3 to 5 refer to the formal approvals and to the election of the auditor. Under items 6 and 7, we propose to create new contingent capital and new authorized capital, as both of these expired on April 29, 2019. When formulating motions, we take into account market customs and the requirements of institutional investors and proxy advisors. This is why the possibilities of excluding subscription rights for both types of capital have been limited to a total of 10 %. There are no specific plans for the utilization of either capital; these are merely anticipatory resolutions. I will skip the last agenda item – number 8 – as Mr. Streibich has already talked about it.

Chart 15: Automotive market

This brings us to our markets. As explained at the beginning, business with the automotive industry grew further in 2018, although the environment became more difficult – just think about the trade conflicts, the introduction of new WLTP emission tests and the bewilderment surrounding Brexit. All this led to worldwide automotive production stagnating at 93 million units in 2018. Given the continuing uncertainties we are facing, 2019 will not be an easy year either, even though experts predict further growth in automotive production, provided the economic headwind does not increase.

Chart 16: Furniture market

In 2018 HOMAG also achieved a high level of orders through business with the furniture industry. More recently, we have noticed that customers are becoming increasingly cautious when placing orders, especially in the important Chinese market. The slower economic growth is also noticeable here, even though industry experts believe that some slight growth in the furniture industry is still on the cards for 2019.

Chart 17: The Dürr Group in China

Ladies and gentlemen,

We are responding to the economic slowdown by pursuing a strict cost management policy, while keeping a cool head. The high level of incoming orders in 2018 shows that automakers think long-term. What is important for them is not whether vehicle sales slow down for a few months, but whether they believe in the future potential of a market. And if they do, planned investments will be implemented.

We can see this in China. In 2018 orders in the automotive industry rose significantly there, despite vehicle sales slowing down. Our customers essentially believe that the number of cars bought in China will rise as the country's prosperity grows. This potential can be quantified: in 2017, there were a good 550 cars per 1,000 inhabitants in Germany, while in China the number was substantially below 200. This gap is closing the more their buying power increases. In 2017 per-capita income in China stood at 9,000 US dollars, compared to 60,000 dollars in the United States. The long-term logic is simple: despite cyclical fluctuations, China will do everything it can to continue to increase its per-capita income. This means more people will be able to afford cars, which in turn will require production plants – ideally made by Dürr.

The same goes for the furniture industry: demand for its products is constantly growing in China as well as in other emerging countries where prosperity is increasing. At the moment, this mechanism is hindered by the trade conflict with the United States and problems on the real estate market – this is also affecting HOMAG in China. But in the long term, we believe in the potential of emerging countries in the woodworking machinery business, too.

Chart 18: Future trends

Ladies and gentlemen,

We cannot influence trade policies or the economy, but we can position ourselves strategically in a way that enables us to make the most of our opportunities. We are doing this by preparing ourselves for the key future trends that affect our customers: for example by developing production technology for electric cars, or application technology for two-tone painting without resorting to the usual, time-consuming

masking tape. We are also supporting the trend toward autonomous driving by offering the test stands required for this. And producers wishing to manufacture customized furniture in batch size 1 can find the best solution at HOMAG.

Chart 19: Strategy/digital@DÜRR

The most important future trend for our customers is digitization, meaning the digital networking of production and the communication between machines via the Internet. This picture shows that our digital@DÜRR strategy is at the center of our Group strategy, Dürr 2020.

Chart 20: Digital production optimization

Through digital@DÜRR we are reinforcing our market leadership in the digitization age. For this purpose, we need to fulfill a central requirement: Dürr, Schenck and HOMAG must offer their customers the best solution for the digital optimization of their production. This is, after all, what digitization is about: we help our customers to improve processes. Together with them, we measure production data on, say, quality and material consumption, analyze this data and draw the right conclusions.

The digital optimization of factories is an opportunity for us. The German mechanical and plant engineering industry has a deep understanding of industrial processes and is the world champion when it comes to increasing production efficiency. Since we are highly familiar with the processes in the plants we equip, we are in an ideal position to develop software applications for optimizing these processes for our customers. This is exactly the expertise our customers expect from us in Europe, the Americas and, of course, in the huge Chinese market. The Chinese love the Internet, prefer to pay using their smart phones and are at the forefront of artificial intelligence. In this environment a partner like Dürr, who combines digital and production expertise, is appreciated.

Chart 21: ADAMOS

ADAMOS, our platform for the Industrial Internet of Things, gives us the infrastructure we need to process big data. Together with our partners – among them Software AG, which Mr. Streibich headed up for a long time – we are establishing ADAMOS in the mechanical engineering sector. Twelve companies are already involved in ADAMOS,

with more joining soon. As the Chairman of the ADAMOS Board, I can assure you that ADAMOS-related activities are steadily gaining momentum.

Chart 22: HOMAG application

As part of digital@Dürr we are pulling out all the stops to develop smart applications which will offer our customers measurable added value. Let me give you some current examples:

- HOMAG is opening the door to the digital workshop for carpenters and joiners. Intelligent assistant apps calculate, for instance, how to save material during sawing or how best to stack panels. A digital job folder maps all relevant data, from the dimensions of a cabinet through to the required tools.

Chart 23: DXQequipment.analytics

- One of the ADAMOS-based applications for paint shops is **DXQequipment.analytics**. It analyzes production data in real time and identifies errors within seconds. This enables the operator to intervene before many cars are painted incorrectly. Based on historical data, the software automatically creates future recommendations – this is artificial intelligence made by Dürr.

Chart 24: DXQequipment.maintenance

- Another digital innovation supports our customers in the maintenance of thousands of components in the paint shop. **DXQequipment.maintenance** flags up maintenance dates, provides instructions and calculates remaining lifetimes. This increases the system's availability for the customer.

Chart 25: R&D spending

Ladies and gentlemen,

We ensure that our digital innovation pipeline remains strong. As a result, we increased our innovation spending to an all-time high of € 121 million in 2018. We are also making organizational adjustments: we have created Digital Factories, where we combine our employees' software expertise across the departments. Coupled with this, we rely on agile teams with flat hierarchies in order to develop software faster.

But enough about digitization. We are accepting this challenge and are in a good position, because – unlike companies strictly dedicated to IT – we not only have software skills but also understand our customers' production. We would be delighted if you could join us on a small tour with software demonstrations later on. If you are interested, please make your way to the information desk after the annual general meeting.

Chart 26: Outlook

Finally, I would like to outline our goals for the current year.

I can't say much about the first quarter yet as it will be another week before the quarterly report is published. What I can say is that we had a solid start to the new year and a good level of incoming orders.

As mentioned earlier, we expect the general conditions for the rest of the year to remain challenging. But our optimism prevails. We expect investments in the automotive and furniture industries to be roughly on a par with 2018. We are targeting the € 4 billion mark for incoming orders and sales for the first time in 2019.

Earnings are also set to increase, which is suggested not least by the positive effects of the optimization measures mentioned earlier. More specifically, we want to increase our EBIT margin from 6.0 % in 2018 to between 6.5 and 7.0 %. Consolidated net profit is set to rise to between € 175 and 190 million.

With regard to the net financial status, it must be noted that we have to include leases in the balance sheet for the first time to comply with new accounting rules. This is why the net financial status is expected to be in negative territory, despite the fact that cash

and cash equivalents are set to increase. Cash flow is also expected to improve, especially since we want to reduce the capital tied up in inventory.

Ladies and gentlemen,

Our healthy cash flow situation allows us to seek out further acquisition opportunities after the purchase of Megtec/Universal. But we will only make an acquisition if the business is a good match for Dürr and if the price is right.

Digital transformation will remain at the center of our strategy. The Dürr Group is one of the pioneers of digitization in the mechanical engineering industry. We have the funds, the technological skills and the production expertise to support our customers on their journey into the digital future. And we have highly motivated employees, who see the digitization of mechanical and plant engineering as a fascinating challenge. I said it at the outset: next year Dürr celebrates its 125th anniversary – despite all challenges, we can face this milestone and the years to come with confidence!

Thank you very much.