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Dürr AG

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Welcome

My dear shareholders, shareholder representatives, journalists, and guests. Together with my colleague on the Board of Management, Dietmar Heinrich, I would like to welcome you to this year's annual general meeting of Dürr AG.

These days, we are all being kept on tenterhooks by tariff disputes, geopolitical tensions, and the US government's America First Policy. That makes me question if we are actually living in better times than during the pandemic. But what is definitely better is the fact that we can once again meet in person without any worries. We are absolutely delighted to have you here as our guests in Bietigheim today. We are also pleased to welcome everyone joining us virtually – a warm welcome to you as well!

The Dürr family

Before we move on to business, I would also like to take a moment, on behalf of all our employees, to welcome the members of the Dürr family who are with us today. On the podium is Professor Alexandra Dürr. A very warm welcome to you, Alexandra Dürr! I would also like to extend a warm welcome to Heide Dürr, who is sitting in the front row. Heide, it is wonderful that you have come to visit us from Berlin. Your last visit was only a few weeks ago – in March, you took the time to speak with young people from the company. And I can tell you that your visit was not only a great sign of connection for the younger generation, but also for everyone else here at the site. My heartfelt thanks to you, Heide, and to your family for sharing this bond with us.

Order intake

On April 2, the United States announced tariffs on imports from around the world, triggering massive uncertainty in the markets. While not everything we feared in terms of tariffs has come to pass, the uncertainty remains, and companies are proceeding with caution for the time being. In light of this disruption, the following review of our 2024 business figures feels almost like a look back at another era. Nevertheless, it is a valid perspective – because it shows that Dürr is a robust company, one that stays on course even in challenging conditions like those we already faced in 2024.

At €5.14 billion, we achieved a new record in order intake last year. This was primarily driven by our strong business with the automotive industry, which invested heavily in modernizing its paint shops to enable efficient and sustainable production.

Mercedes

Our flagship project was an order from Mercedes-Benz to build an energy-efficient paint shop in Sindelfingen. Other customers also placed orders for low-emission technologies to advance the decarbonization of their plants. Driven by strong automotive business, we slightly exceeded our order intake targets – despite the anticipated ongoing market weakness affecting HOMAG's woodworking technology and a temporary dip in automation investments in assembly and test systems for electric motors.

Sales

Sales rose less sharply than order intake but still reached €4.7 billion, just within the target range. It is important to note that, as expected, HOMAG contributed 13% less in sales, a result of the sharp decline in orders in 2023. The full-year consolidation of the BBS Automation Group, acquired in 2023, had a positive impact on sales. Encouragingly, all divisions grew their service-related sales, bringing the share of this high-margin business to just under 29%.

EBIT margin before extraordinary effects

Although the EBIT margin before extraordinary effects declined slightly, the 5.5% we achieved still reflects the robustness of our Group. While a number of companies in the mechanical and automotive engineering sectors around us were forced to issue profit warnings in 2024, we confidently reached the upper half of our forecast range of 4.5% to 6.0%. The reason last year's figure of 6.1% was out of reach was that HOMAG contributed nearly €80 million less to earnings than in 2023 due to the decline in sales. Notably, we were able to compensate for most of this shortfall thanks to the margins in environmental technology and the automotive business rising to strong levels above 8%.

Cash flow

At around €160 million, free cash flow was also very good, exceeding the €100 million mark for the fifth consecutive time. However, this was boosted by a pull-forward effect, as we received large customer prepayments at the end of 2024 that were not initially expected until 2025. The high cash inflow also improved our net financial position. The ample liquidity of over €800 million is a testament to the characteristically Swabian solidity of our balance sheet.

The high level of investment – just under €200 million – shows that we are determined to allocate funds to strengthen our core business. We are doing so in Germany as well, despite all the naysayers; among other things, we have recently announced the construction of a new technology center for robot painting here in Bietigheim. Dürr is investing and remains committed to Germany as a location – because here we have outstanding people who are known for their innovative strength and motivation. The same applies to the other 32 countries in which we operate. Our employees are the key to Dürr's success. Thanks to their dedication, we navigated the challenging year of 2024 with such resilience. I think that deserves a round of applause!

Environmental technology

Ladies and gentlemen,

As you know, we have announced our intention to sell our environmental technology business, which generates around €400 million in sales. Although we cannot report completion as of today, we are pushing this project forward with determination. The planned sale is part of our strategy to streamline the Group and focus on our core business: providing our customers with automated and sustainable production processes – that is the essence of our strategic guiding principle, "Sustainable Automation".

Focusing the Group also means consistent portfolio management. We acquire companies that align with our "Sustainable Automation" principle, such as the BBS Automation Group in 2023. At the same time, we are moving away from activities outside our core business. We began this portfolio adjustment in 2024 with the sale of the Danish filling technology subsidiary Agramkow, which generated proceeds of €36 million and a book profit of €18 million.

The intended divestment of the environmental technology business will be the second and larger step. We want to move away from this business because, although it is successful, it no longer holds a strategic focus for Dürr due to its low level of automation. We are confident that environmental technology can thrive even more in a different ownership structure and as an independent entity, thus enabling higher investments in expanding into new business fields. The improved growth prospects should also benefit the 1,300 employees in environmental technology. And of course, the planned sale will also open up new opportunities for Dürr – whether by improving our strategic positioning or through the significant cash inflow we expect to receive from the sale, which we intend to use to further strengthen the Group.

Continued operations

Strategically, the planned sale of the environmental technology business represents a deliberate move to sharpen our profile as a specialist in sustainable automation. From an accounting perspective, this transaction is already presenting us with a difficult task, since even in 2024, we had to classify environmental technology in the consolidated financial statements as a "discontinued operation" due to our intention to sell, while the remaining activities were reported as "continued operations". This means that, in addition to the figures I have just presented, we have also published a second set of figures that no longer include environmental technology. You can see the figures for the continued operations here. Excluding environmental technology, order intake and sales amounted to €4.75 billion and €4.30 billion respectively – i.e. each about €400 million less – and the number of employees was 18,600 instead of 19,900.

It's pretty straightforward up to this point! The situation becomes more complicated with EBIT before extraordinary effects, where a distorting factor needs to be taken into account. This is because accounting standards mandate that internal costs of €17 million, originally related to environmental technology earnings, be assigned to continued operations. These so-called allocation effects refer to expenses – such as rent, depreciation, and amortization – that relate to environmental technology but, unlike before, must no longer be assigned to it through intra-Group allocations. This means that the EBIT shown here for the continued operations is effectively €17 million too low, while the EBIT for environmental technology is €17 million too high – a confusing rule that we unfortunately have to apply.

Dividend

As shareholders, you are particularly interested in the after-tax earnings relevant for the dividend. It amounted to €102 million for the Group as a whole, representing a 7% decline due to the lower earnings contribution from HOMAG. Nevertheless, given the high level of free cash flow, we propose an unchanged dividend of 70 cents per share.

We believe this approach fairly balances both your entitlement to a reasonable dividend on the one hand, and the interest in maintaining financial solidity on the other. The dividend proposal will be put to the vote later under the second agenda item.

Share

Of course, you are also interested in the share price. Here, we were heading in the right direction up until mid-March: Following a slight 3.6% gain in the previous year, the share price climbed over 20% this spring to above €26, before concerns about US tariffs caused widespread stock market slumps. Since the 90-day postponement of many tariffs, we have seen a recovery; our share price has also risen again significantly and currently stands at around €23. However, uncertainty remains about how the economy will develop amid the trade conflicts. It is therefore encouraging that analysts on average forecast a rise in Dürr's share price to €28.68. However, at present, this potential is being overshadowed by concerns about the fragility of the global economy.

Tariffs

There is nothing we can do about such macroeconomic challenges. But what we can do is position ourselves to be as resilient as possible. We are doing this successfully, as I would like to demonstrate with a few examples.

When the threat of US tariffs emerged, the capital market promptly assessed which companies would be significantly impacted and which less so. We clearly see ourselves in the second category: More than 50% of our US sales are generated through local value creation, and we remain resilient even when it comes to products we import into the United States, such as painting robots. As competitors do not produce these products within the United States either, all suppliers are in the same boat and can pass on tariffs to customers. We are also protected in ongoing major projects, as new tariffs are contractually borne by the customers. Last but not least, the US tariff policy also presents opportunities. This is because, in the longer term, tariffs can lead customers in the levying country to build new production capacities to avoid these duties, and this trend toward localization increases demand for our products.

Organization

Apart from the tariff issue, we are boosting our resilience to future-proof the Dürr Group. I have brought two examples to share with you.

The first example relates to the organization of our activities. At the beginning of 2025, we merged the previously separate areas of paint shop construction and painting robots within the new Automotive division. We made this decision from a position of strength during the record year of 2024. It gives us even more leverage, for example through fully integrated product development and even more efficient order execution. Dürr is the clear global market leader in painting technology, and we are reinforcing this leading position by combining our expertise.

Similarly, at HOMAG, we are currently implementing a new, simplified organization by consolidating three business units in the furniture segment into one. This also makes us faster and more agile in serving our customers.

Cost reduction at HOMAG

Strengthening our resilience also involves necessary cost reductions – a point illustrated by my second example: At HOMAG, we reduced fixed costs by €50 million per year in 2024 by cutting around 600 jobs. This has not only given us additional stability amid the ongoing market weakness, but also strengthens our long-term competitiveness and enables more efficient international value creation. This puts HOMAG in a good position to benefit from the next upturn, which we hope will begin in the second half of 2025, and to return soon to its margin target of 8 to 10%.

Sustainable Automation

Ladies and gentlemen,

Dürr will celebrate its 130th anniversary in 2026. Companies only reach such an age if they continuously adapt and re-evaluate themselves. I hope I have been able to show you that we are not standing still, but are taking targeted steps to boost our resilience and competitiveness – be it through disciplined cost management, decisive portfolio management, or organizational optimizations.

Our goal is a streamlined Group guided by the principle of “Sustainable Automation”. We want to be seen by the market and investors as the first choice for highly automated and sustainable production processes. In doing so, we address two of the most important trends among our customers: firstly, the transformation toward energy-efficient and largely decarbonized production; secondly, optimal automation to enable top-quality large-scale production that is independent of labor shortages and location.

Lean Group organization

Here you see the Group structure we are aiming for following the sale of the environmental technology business, which we are currently preparing. Instead of five, we will have three clearly focused divisions representing our core business: Automotive (which includes painting and final assembly technology), Industrial Automation (which covers automation, balancing, and battery production technology), and Woodworking (which is about woodworking technology).

This portfolio represents a balanced mix of established businesses, in which we are the global market and technology leader, and new, fast-growing segments, our so-called growth businesses. I have already spoken at length about our established businesses, particularly our painting and furniture production technology. Therefore, I would now like to outline how our growth businesses are developing.

Automation

First, let’s take a look at automation technology. By acquiring BBS Automation, Teamtechnik, and Hekuma, we have built a competence center for automation with sales of around half a billion euros. Our primary focus is on two high-potential areas: assembly and test systems for EV drive components, and automation solutions for the production of medical devices, known as the medtech business.

Activities in the electric drive segment temporarily lagged behind targets in 2024, as e-mobility gained traction more slowly than widely anticipated. However, the first quarter of 2025 already showed encouraging growth in orders. In the medtech business, our strategic approach has paid off from the start. The market recognizes our positioning as a partner for ambitious projects, we have secured several major orders, and we are also in demand as a technology supplier for blockbuster products such as weight-loss injections. The next steps in automation can be outlined as follows: We will complete the integration of the acquired companies, strengthen our market position through reference projects, and aim for sales of €800 million and a margin of 10% in the medium term.

Electrode production

Another growth business is battery production technology. I don’t need to elaborate much on the potential of this business: Dürr supplies equipment for manufacturing battery electrodes, which are at the heart of many future products – from electric vehicles and energy storage solutions to electronic devices. At the end of 2024, we secured our first major order in Italy to equip a gigafactory with coating systems. Alongside this, we are working toward a major technological leap: While electrodes for lithium-ion batteries are currently mostly coated using wet processes, we are developing a solvent-free dry coating method that cuts energy use by 40%. If we succeed in making this technology ready for series production, it would be a game changer in battery production.

Timber house construction

The third growth business is production technology for timber houses. The benefits of timber construction are clear: Timber is climate-friendly, production can be automated without staffing issues, and standardized construction allows for the rapid creation of affordable housing. HOMAG stands for industrial timber construction and, as a pioneer, has already built large factories for the series production of timber house modules. After a difficult phase during the construction crisis, the market is picking up again, and customers are once again approaching us about large-scale projects. We are confident that timber house construction is back on a sustainable growth trajectory, and we aim to grow the business to as much as €500 million by 2030.

Agenda

That concludes the overview of our Sustainable Automation strategy, the streamlining of the Group, and our growth businesses. Please allow me to make a brief remark regarding the agenda. Under item 5, we propose appointing Deloitte as the auditor for the sustainability statement in accordance with the European Corporate Sustainability Reporting Directive – or CSRD for short. The fact that the annual general meeting is voting on this audit engagement is unprecedented, notably at a time before the CSRD directive has even been transposed into German law. Therefore, the appointment is being made as a precaution, assuming that the CSRD will become mandatory this year. Whether this will happen remains to be seen, as the EU Commission itself has recently backtracked due to the complexity of the regulations, and announced plans to simplify them. We actually think this is an excellent idea, because we voluntarily applied the CSRD in 2024 and had to dedicate significant resources to what I diplomatically call an over-systematized and hard-to-read report.

Climate targets

Although we consider the regulations for sustainability reporting in need of improvement, we firmly support the goal of sustainability itself. At the beginning of 2025, we adopted a new climate strategy with ambitious targets to reduce the greenhouse gas emissions attributable to our company. Having already reduced total emissions by 8% between 2019 and 2024, we want to cut them by a further 30% by 2035. This is an ambitious goal, as it is not primarily about the greenhouse gases emitted by Dürr itself, but those generated during the operation of our equipment at customer facilities. To have an impact on this, we will make our products even more climate-friendly and actively promote them to customers. This is a huge task, as we need to quickly provide the market with additional low-emission technologies. At the same time, it is a huge opportunity, as we can stand out from the competition by offering products with superior emissions performance and by providing effective support to our customers. As you can see, sustainability and economic success are not mutually exclusive at Dürr, but will become even more closely linked in the future.

Q1

Three days ago, we published our figures for the first quarter – all in all, it was a very solid start to the year. Order intake from continued operations – i.e. excluding the environmental technology business held for sale – came to €1.1 billion. Please keep the year-on-year comparison in perspective: The first quarter of 2024 included a major order from Mercedes-Benz in Sindelfingen, which explains the significantly higher volume. This year’s figure is well within our target range, and it is encouraging to see order intake increasing at Industrial Automation and HOMAG. Sales once again reached one billion euros, and we expect to see further growth over the course of the year – just as we do with the EBIT margin before extraordinary effects, which came in at 3.9%, matching the previous year's level. Please note that this figure is also impacted by the allocation effects mentioned earlier; without them, it would have exceeded 4%. Earnings after tax were particularly encouraging, rising by 41% due to lower extraordinary and interest expenses.

Outlook

This year's first-quarter figures are like yesterday's news: They are a bit out of sync with reality, as the capital markets have been primarily concerned with the tariff issue since early April. As discussed earlier, we are well positioned to handle the direct effects of tariffs. The bigger risk stems from the uncertainty the tariff dispute causes within the economy. That said, it is too early to asses how strongly this uncertainty will affect customers' investment behavior and what will happen after the 90-day partial suspension of US tariffs.

As a precaution following the tariff announcements, we introduced cost containment measures, for example restrictions on hiring and travel. Despite the increased macroeconomic uncertainties, we currently confirm our forecast for 2025 from today's perspective. At the same time, it is our responsibility as management to carefully monitor ongoing developments in order to take additional countermeasures if necessary.

We expect order intake from continued operations – i.e. excluding environmental technology – to reach between €4.3 and €4.7 billion. This is based on the expectation that, following the 2024 record year, the Automotive business will see a lower but still very respectable order volume, while Industrial Automation and HOMAG have potential for growth.

We anticipate sales to range from €4.2 to €4.6 billion in 2025, reflecting growth potential of up to 7%, even though the automotive industry is not currently processing orders at full speed.

The EBIT margin before extraordinary effects and after allocation effects is expected to reach between 4.5% and 5.5%. Here too, an increase is realistic, primarily driven by margin improvements at Industrial Automation and HOMAG. The Group's earnings after tax are also projected to improve, reaching between €120 and €170 million.

At €50 million, the upper end of the free cash flow forecast is below last year's actual figure of nearly €160 million. This takes into account the early customer payments made at the end of 2024, which were originally planned for 2025.

Closing remarks

Ladies and gentlemen,

We live in uncertain times. The Russian attack on Ukraine continues, as does the conflict in Gaza, and the risk of war between India and Pakistan is still present. In world politics, both the principle of cooperative, rules-based action and globalization are increasingly being called into question. The announcements made by the new German federal government offer some grounds for optimism – many steps are pointing in the right direction. However, given the backlog of reforms, Germany cannot afford to rest on its laurels; we need an even more determined agenda for growth, competitiveness, and the protection of our industrial core.

As a company, we should only make demands of policymakers if we ourselves are doing everything we can to remain resilient and competitive. This commitment is part of the medium-sized business ethos passed down to us by Heinz Dürr, and we take it seriously: We are optimizing our organizational structure, streamlining the Group, and focusing on our core business. At Dürr, we are creators rather than administrators – a principle also lived by Heinz Dürr. The transformation of our company into a highly focused specialist in automation and sustainable production processes is one of the most significant strategic shifts in recent decades.

We are driving this transformation forward at high speed to make your company ready for the future. But we are also advancing it with great confidence – because automation and sustainability are the right topics for the future, and because we have the right people on board: people with courage, curiosity, commitment, and a passion for innovation. Whether it’s artificial intelligence, fuel cells, energy storage, or autonomous driving: The technologies of tomorrow are already part of everyday life at the Dürr Group today – either because we use them ourselves or because we support our customers in doing so.

The spirit of innovation and the ambition to be the best company in everything we do are the driving force behind our continuous development. This characteristic Dürr spirit, combined with our robust finances and focus on “Sustainable Automation”, makes us strong and ready for the future. Our targets are a sustainable EBIT margin before extraordinary effects of at least 8% and sales exceeding €6 billion from 2030 onward. We are aligning the company accordingly, and I am confident that despite all external challenges, we will achieve these goals and thereby create additional value for you, our shareholders. Dürr has everything it takes: the right technologies, the right strategy, and people who know their business better than anyone else.

Thank you for your attention.