

# DÜRR GROUP.

## ANALYST MEETING 2023

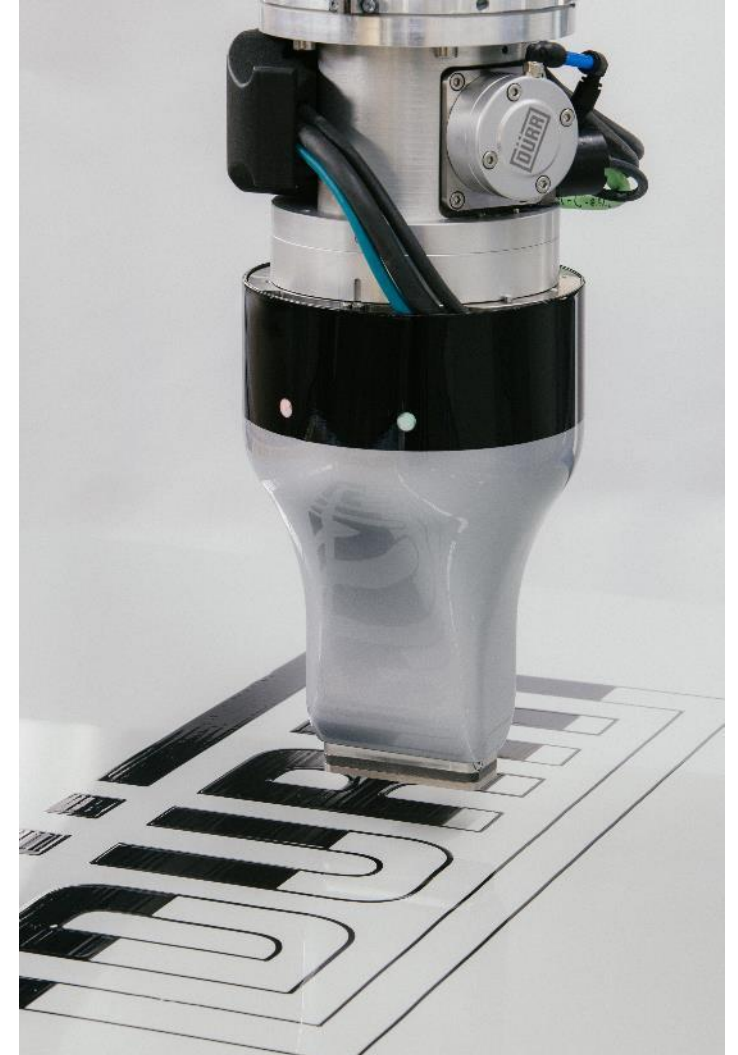
Dr. Jochen Weyrauch, CEO Dürr AG  
Dietmar Heinrich, CFO Dürr AG

November 21, 2023  
Frankfurt, Hilton Frankfurt City Center



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# How to ask questions

- Questions can be asked directly in Zoom.
- Online: If you want to ask a question, please raise your virtual hand and wait until your name is called. Then you can unmute yourself and ask your question.
- Via telephone: If you want to ask a question, please press \*9 and wait until you are unmuted. Please mention your name before asking your question.



# AGENDA

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- 1** The Dürr Group today

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- 2** Progress in established business

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- 3** Progress in growth business

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- 4** Resilience: risks and opportunities

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- 5** Recap of growth and margin targets

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- 6** Cash flow and utilization

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- 7** Summary



# 1

## THE DÜRR GROUP TODAY

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# 1

## THE DÜRR GROUP TODAY

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## AGENDA



**1** End markets and division structure

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**2** Demand drivers in our end markets

# Dürr Group: a leader in attractive niche markets

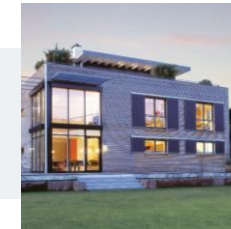
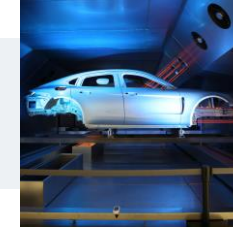
Enabling efficient manufacturing of products that billions of people use every day

Major markets	Paint shops, final assembly lines, test systems		Environmental technology, battery production technology	Production automation	Balancing technology	Woodworking technology
	 <small>Source: Tesla</small>		 	 		
Divisions	Paint and Final Assembly Systems	Application Technology	Clean Technology Systems	Industrial Automation Systems		Woodworking Machinery and Systems
Sales (2022)	€1.3 bn	€0.6 bn	€0.5 bn	€0.7 bn (pro-forma incl. BBS)		€1.6 bn
Market share Peers	40 – 50% (#1) AE Corp., Geico	50% (#1) ABB, FANUC	20 – 30% (#1) John Zink Hamworthy, CECO	4% (#2) ATS	40 – 50% (#1) CEMB, Burke Porter	25 – 35% (#1) Biesse, SCM Group, IMA Schelling



# Fundamental demand drivers intact

Our solutions help our customers achieve efficient and sustainable production



Demand for Dürr Group products driven by resilient long-term trends



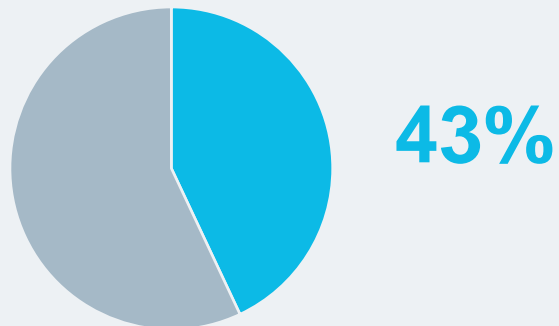
# Sustainable production: leading in resource efficiency

## Demand for carbon neutral production of EVs drives refurbishment business

### Around 60% of paint shops older than 15 to 20 years

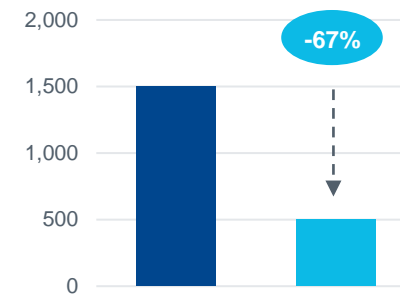
- **High energy consumption**  
1,000 kWh – 1,500 kWh per car body painted
- **Significant fossil fuel usage**  
30% – 50% of energy consumption driven by gas fueled processes

### Paint shop share of overall vehicle production energy consumption

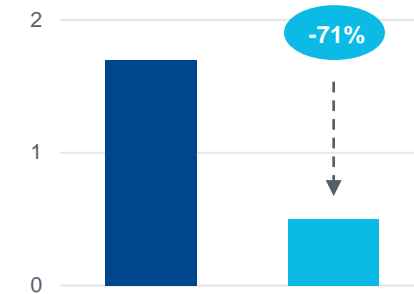


### Significant savings achieved in last 15 to 20 years

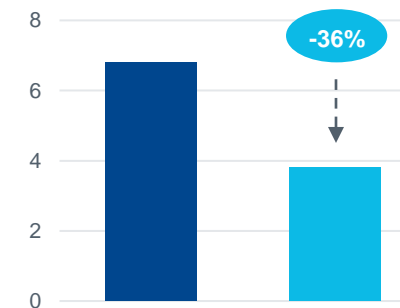
Energy [in kWh/car body painted]



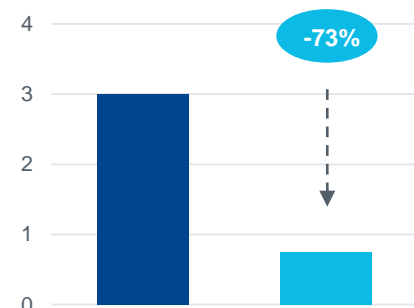
Water [in m³/car body painted]



Paint [in liters/car body painted]



VOC [in kg/car body painted]



Today's state of the art technology way more efficient than most of installed base

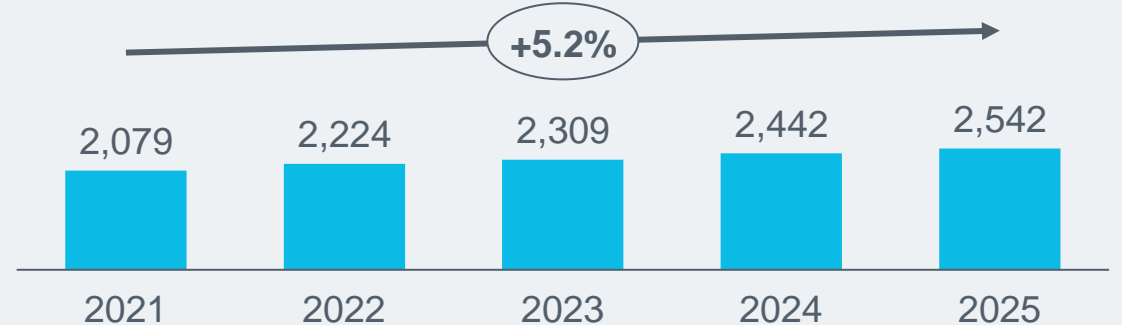
# Sustainable production: environmental technology

## Continued strong demand

- By far the largest player in exhaust-air purification technology with > 20% world market share in a fragmented market
- The only global equipment partner for multinational corporations
- Strong and sustainable demand drivers: environmental protection and green production
- Benefiting from high investments in the US (oil and gas) and healthy demand from pharma; new focus topic: greenhouse gas treatment (Global Methan Pledge)
- Innovative and sustainable products, e.g. electric RTO
- Leveraging economies of scale and uniform processes
- Extra business around Li-Ion battery supply chain: materials, electrolyte filling, recycling

### Market for air pollution control and acoustic solutions

In €m



**Leveraging economies of scale in growing environmental business**

# Enabling sustainable products: e-mobility

BEVs drive automotive industry dynamics – new plants and upgrades

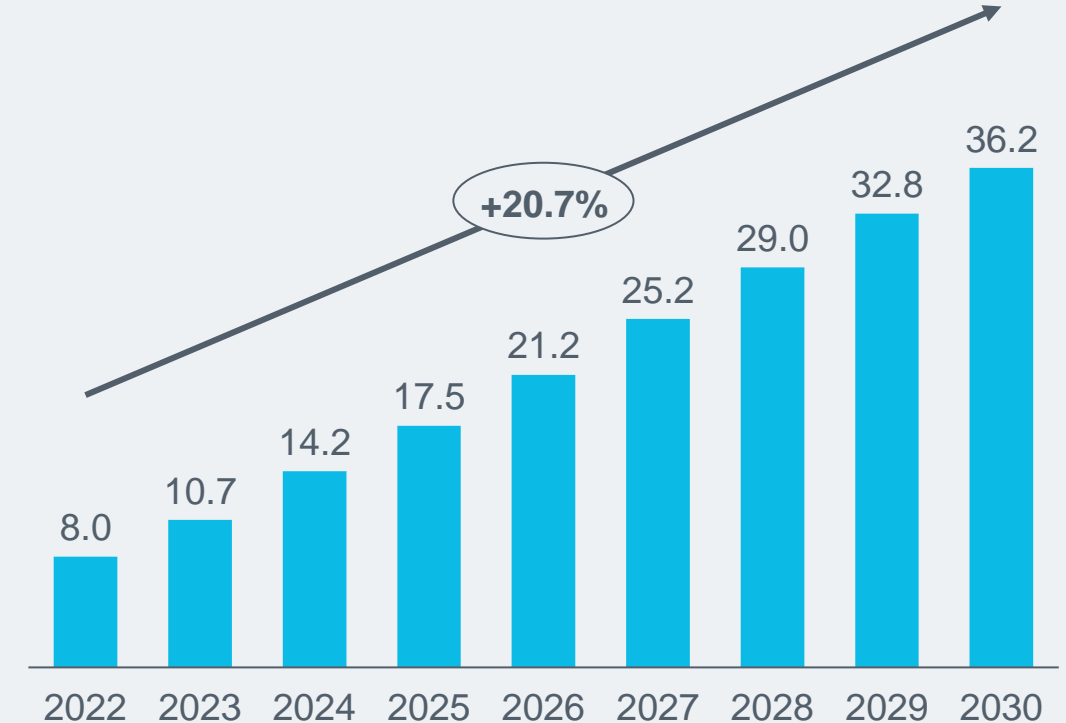
## Pure EV entrants to the automotive market



Source: Dürr research

## Worldwide production volume of BEVs

In million vehicles



Source: GlobalData, Global Light Vehicle Powertrain Forecast - Quarter 3 2023

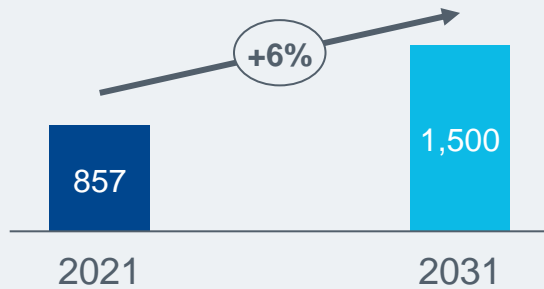
Transformation towards BEVs is a growth opportunity for the Dürr Group

# Enabling sustainable products: wooden houses

Sustainability and affordable housing drive serial fabrication of building parts

## Mass timber construction market<sup>1</sup>

Market volume in \$m



- Cheaper and faster compared to steel and concrete
- Storing CO<sub>2</sub>

<sup>1</sup> Allied Market Research, April 2023

## Serial construction<sup>2</sup>

- 9 to 16 months faster
- Less skilled labor necessary due to high automation
- Significant savings potential per m<sup>2</sup>
- High interest at public residential building companies
- First start-ups invested in Giga-factories

<sup>2</sup> Munich Strategy Studie: Serielles Bauen 2023; October 2023



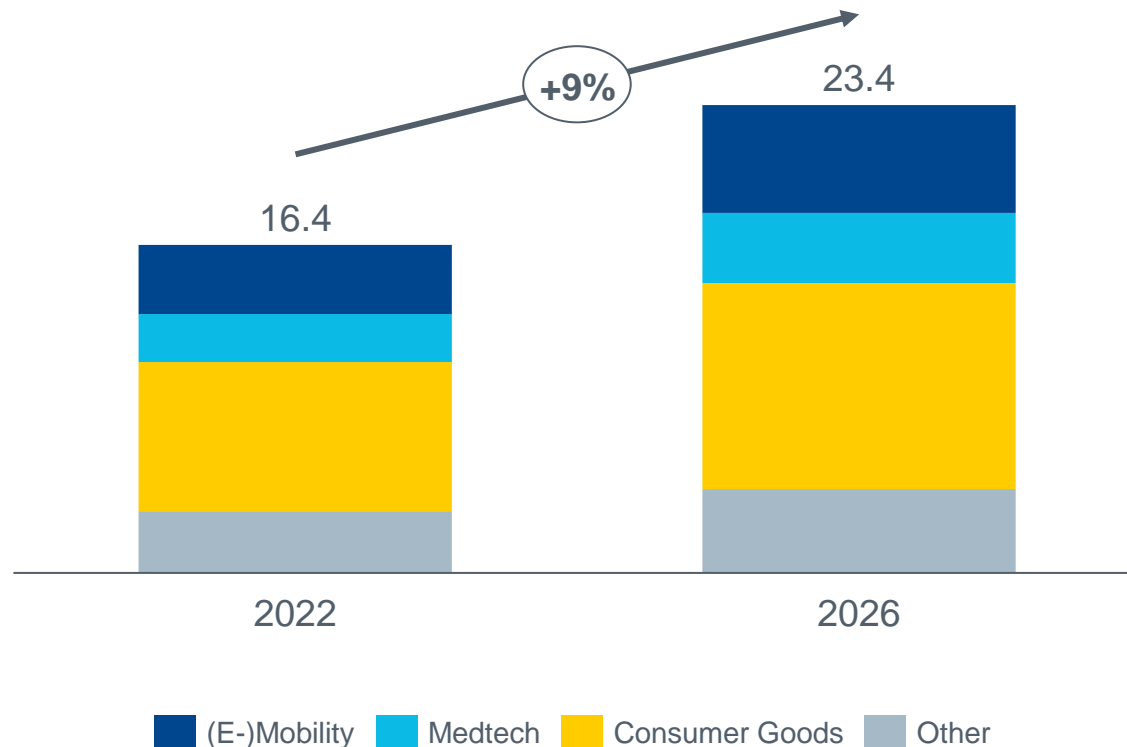
Wooden construction elements are the future for residential and commercial construction



# Production automation

Accessible market for automation technology to grow by 9% CAGR over the next years

Market potential (in €bn)



Source: Boston Consulting Group

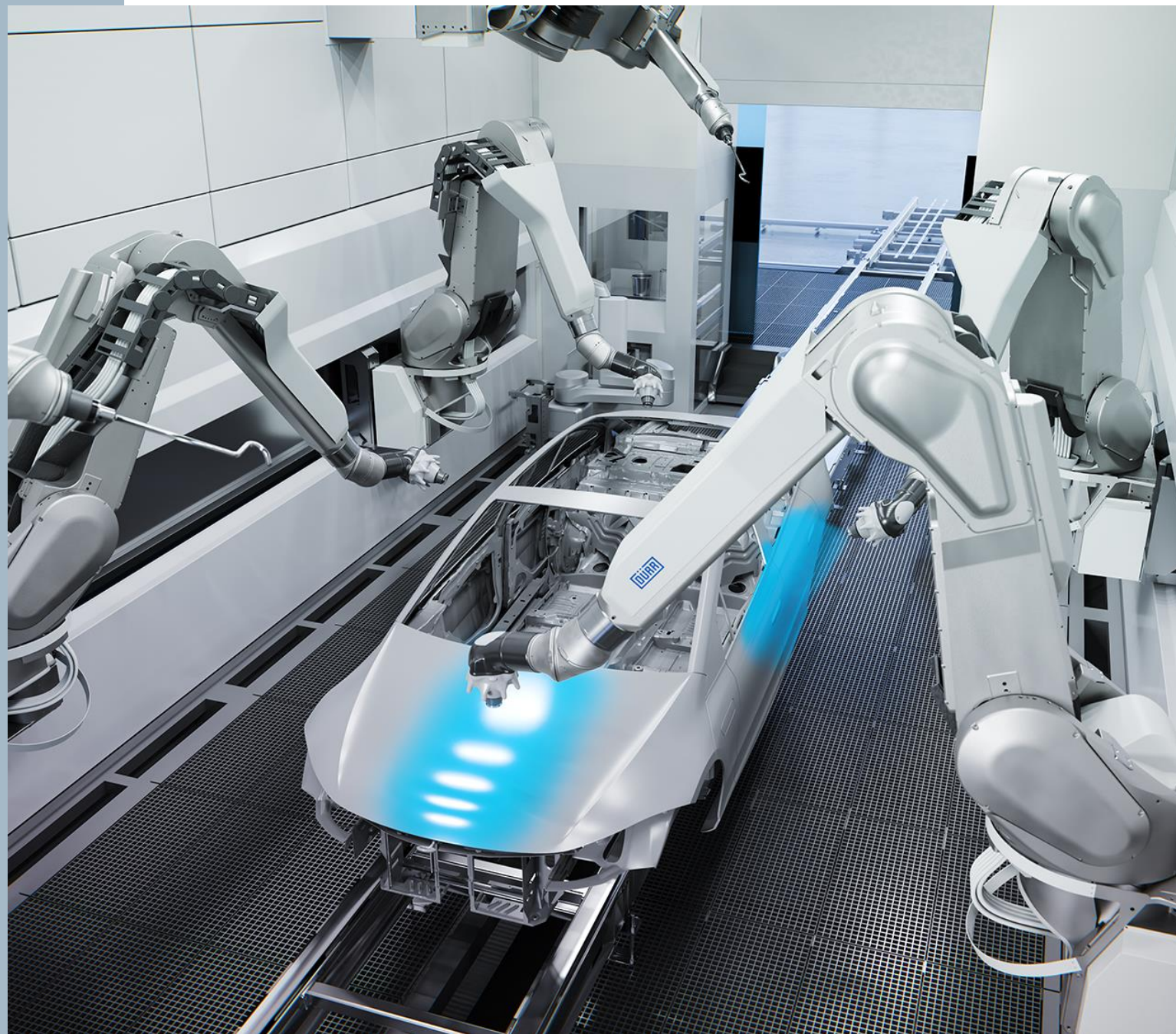
## Market drivers

- **Automation becomes even more important** due to increasing labor shortage and near-/onshoring to developed countries
- **E-mobility:**
  - Massive tailwinds driven by government regulation and ambitious EV targets
  - New assembly lines required to move from internal combustion engine (ICE) to EV powertrains
- **Medtech:**
  - Growth and aging of world population
  - Increasing regulation requirements (incl. sterilization and tracking)
- **Increasing demand for customized end products:** more flexible manufacturing needed

# 2

## PROGRESS IN ESTABLISHED BUSINESS

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# 2

## PROGRESS IN ESTABLISHED BUSINESS

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## AGENDA

**1** Woodworking Machinery and Systems

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**2** Paint and Final Assembly Systems

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**3** Application Technology

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**4** Clean Technology Systems

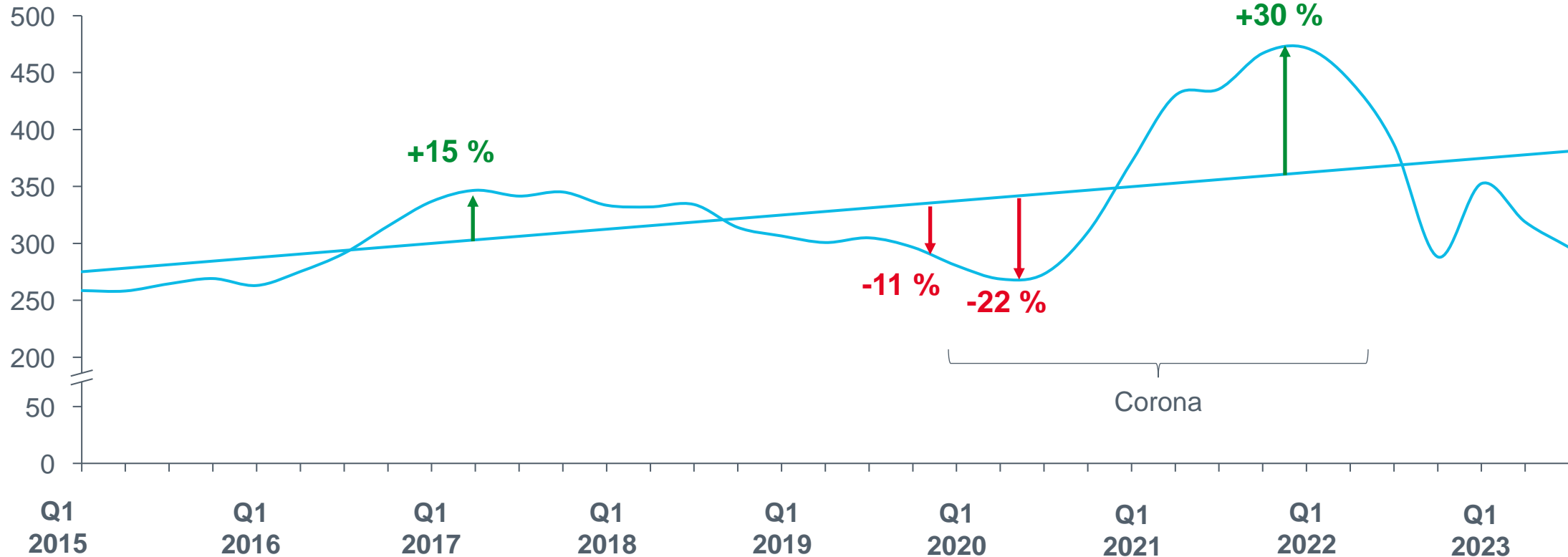
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**5** Industrial Automation Systems

# Long-term order intake trend at HOMAG

## Corona cycle with stronger deviation from trend line

Order intake<sup>1</sup> [€m]



<sup>1</sup> Average over 4 quarters until Q2 2022

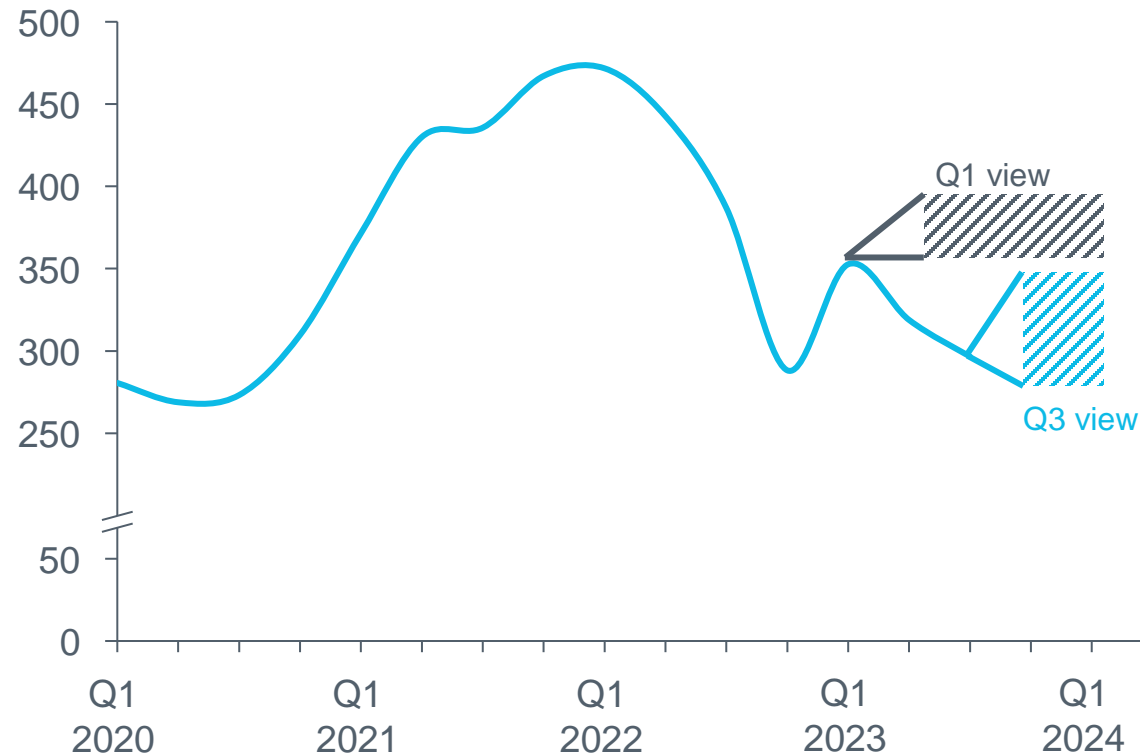
**Corona has created a super-cycle in both directions – upwards and downwards**



# Order intake expectation changed after weak Q3

## Project delays and weak demand from construction business – trough reached

Order intake [€m]



### Market drivers

- **Expectation Q1**  
Weaker order intake in furniture to be partly compensated by demand for housing and service
  - **Expectation Q2**  
Trade fair Ligna with good interest; typical slow-down of demand before trade fair; pick-up expected thereafter; larger projects in China visible; solid service
  - **Expectation Q3**  
Order intake weaker than expected; projects delayed; construction stays down due to high interest rates
- Backlog declines faster than expected, leading to lower utilization in 2024

**Market view has changed to a more cautious stance at the end of Q3**

# Cost saving measures at HOMAG

## Background

- Cyclical downturn in demand for woodworking machines after peaks in 2021 and 2022 – in addition, high interest rates impact residential construction activity
- Current capacities at HOMAG cannot be fully utilized

## Measures

- Global capacity reduction program (~600 employees)
- Restructuring charges of €35 – €50 m expected (Q4 2023)
- Cost savings of ~ €50 m by 2025 (50% in 2024)
- Use flexible labor measures and operating cost savings

## Target

- EBIT margin before ext. effects of 2% – 4% in 2024
- Sustainable improvement of cost structure



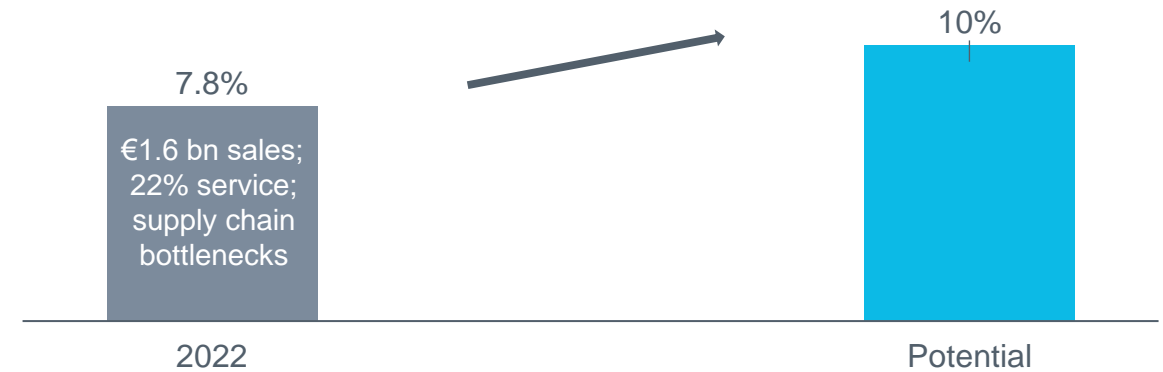
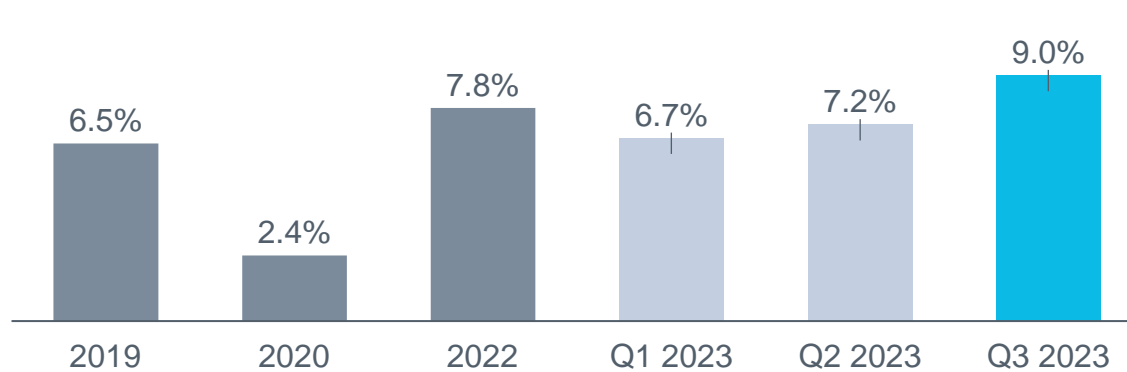
# How to get to 10% EBIT margin at HOMAG

## Achievements since 2019

- Closed production at Hemmoor (D)
- Streamlined product portfolio
- Improved processes and new ERP system introduced
- Hired > 100 service employees
- Expanded construction element business
- Invested €45 m in new logistics centers and production area
- 7.8% EBIT margin in 2022 despite supply chain bottlenecks
- New quarterly record margin of 9% reached in Q3 2023

## Further potentials

- Service share up by 1%-point adds 25 – 30 bps to EBIT margin
- New logistics center starts operating in 2024
- Build capacities in best cost countries – local for local (L4L)
- Grow share of Construction Elements Solution business
- Further efficiency improvements, e.g., in project execution
- Defined cost saving measures



**Defined measures of 2019 executed – basis laid for further margin improvements**



# Value before volume strategy starts to pay off

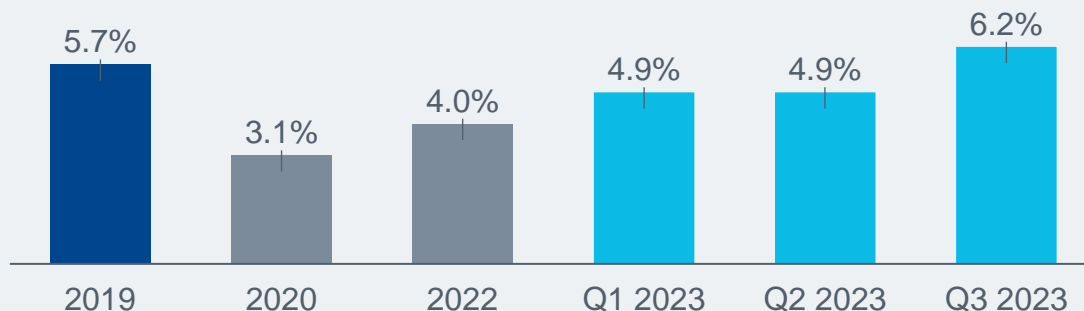
## Paint and Final Assembly Systems close to mid-term target

### Measures taken

- **Break-even point lowered**  
Site closures and capacity reduction in Europe in 2020
- **Value before volume strategy**  
Focus on projects in line with target margin – technology, service & revamps leading to win-win situation for customer and Dürr



### Improvement of EBIT margin before e.e. in 2023



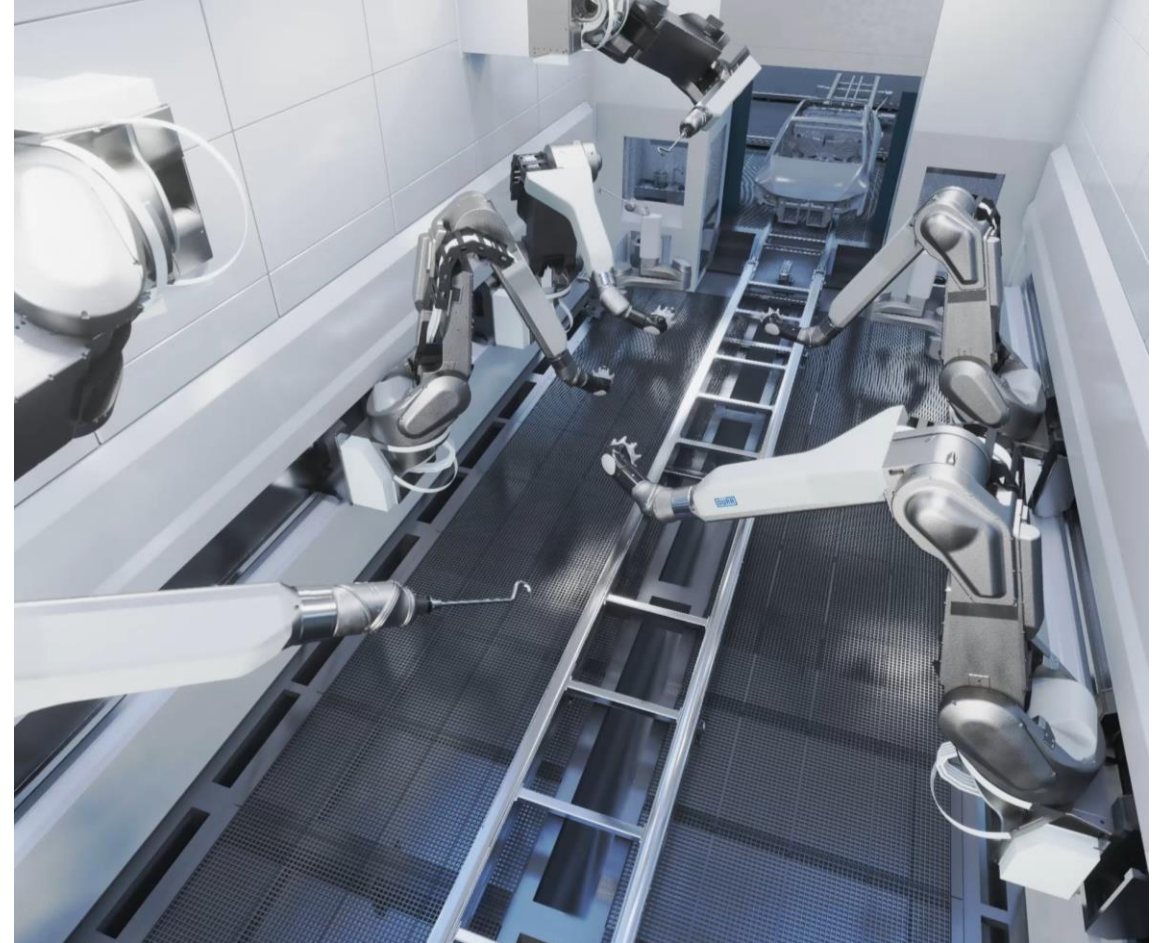
Selecting projects where the value add we offer to customers generates attractive returns



# Co-operation with customers leads to win-win

## Strategic partnership with Mercedes-Benz for sustainable painting technology

- Goal: make **vehicle painting CO<sub>2</sub>-free**, set **new standards in sustainability: < 400 kWh per car**
- Declaration of intent to jointly plan and implement the **renewal of painting technology** in the German plants of Mercedes-Benz
- Dürr software applications for energy management and exceptionally energy-efficient technologies are to contribute to the **reduction of energy consumption**
- Fully electrified paint shop and important step toward **decarbonizing automotive production**
- Customer **saves building construction and running costs** due to optimized layout



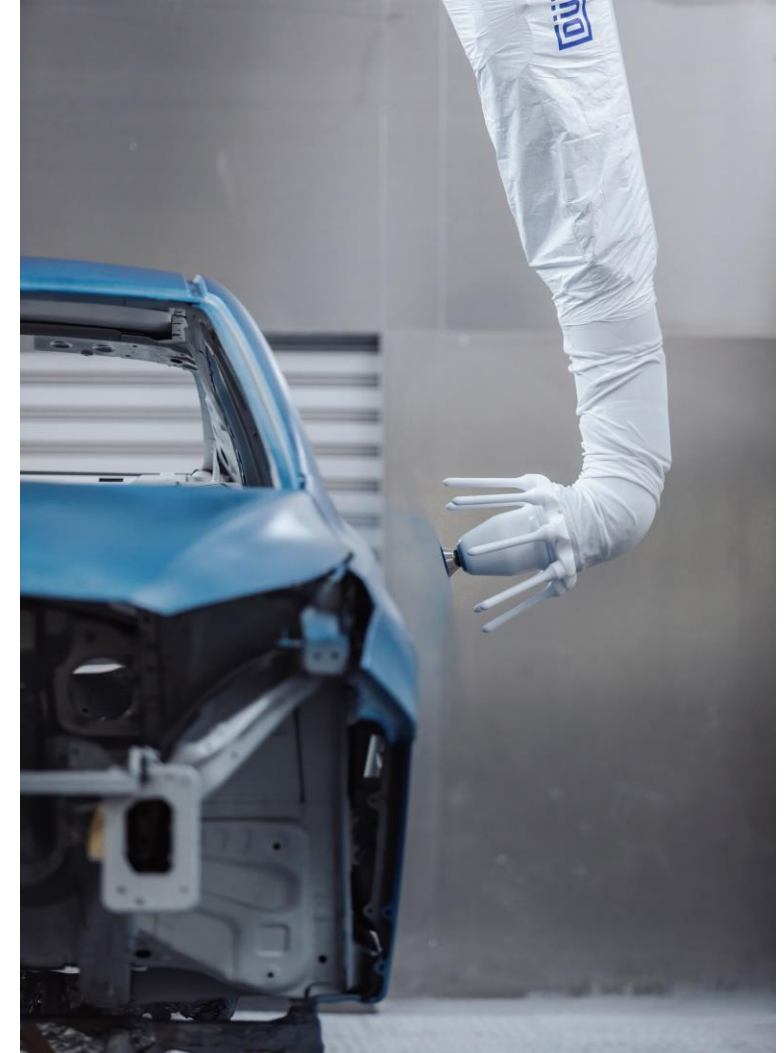
Technology leadership and focus on sustainability a clear differentiator

# Taking paint application to the next level

Application Technology: EcoBell4 atomizer – more efficiency, less consumption

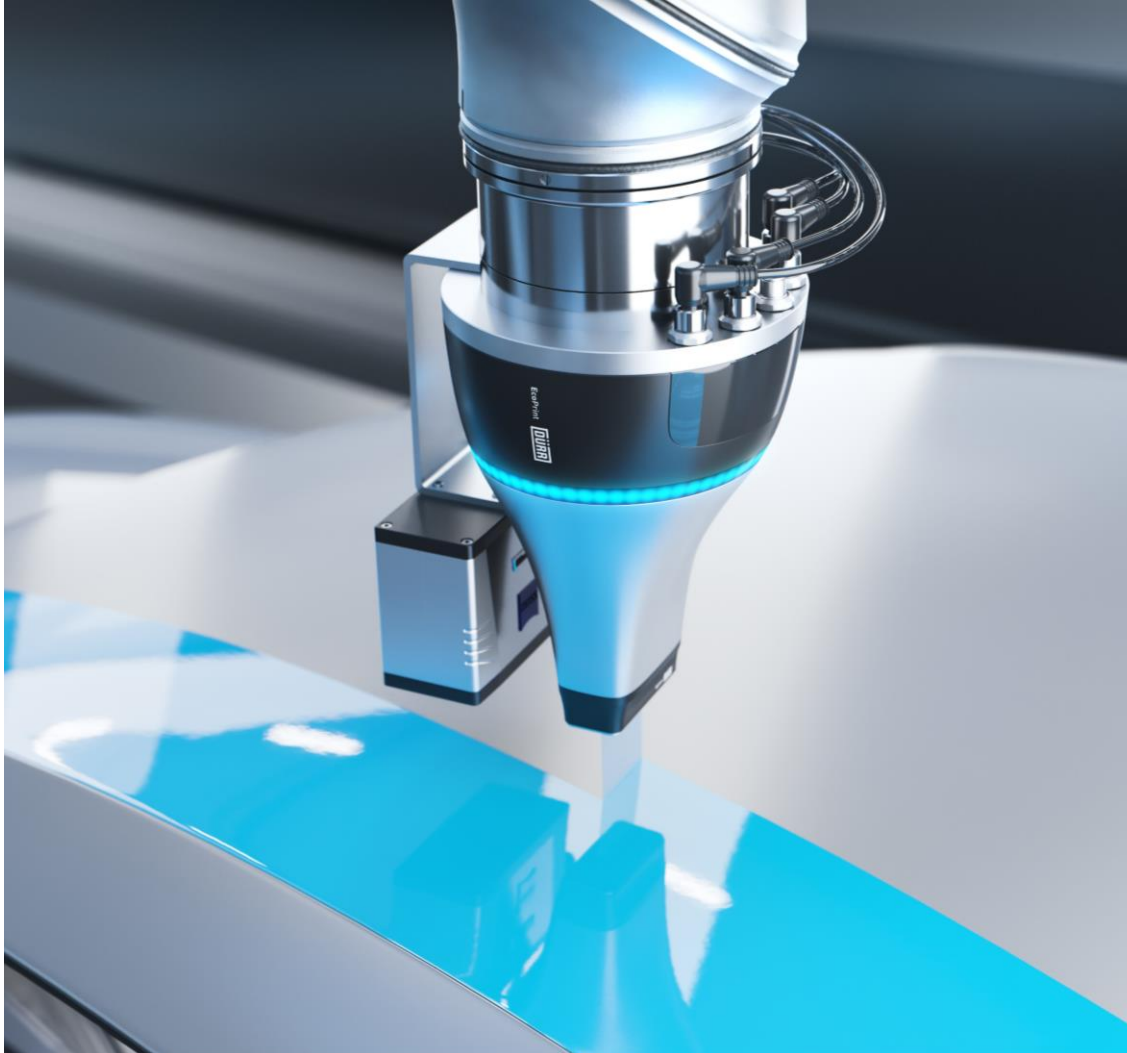
## Leading efficiency

- Color change losses and rinsing medium consumption reduced by up to 90%
- 4 needle system for 3 most used colors and all others
- Proprietary design of robot and atomizer
- Spare parts protected by RFID tags in order to ensure constant high quality of paint finishing
- Lowest paint loss in the industry



# Solid margin recovery after the Corona pandemic

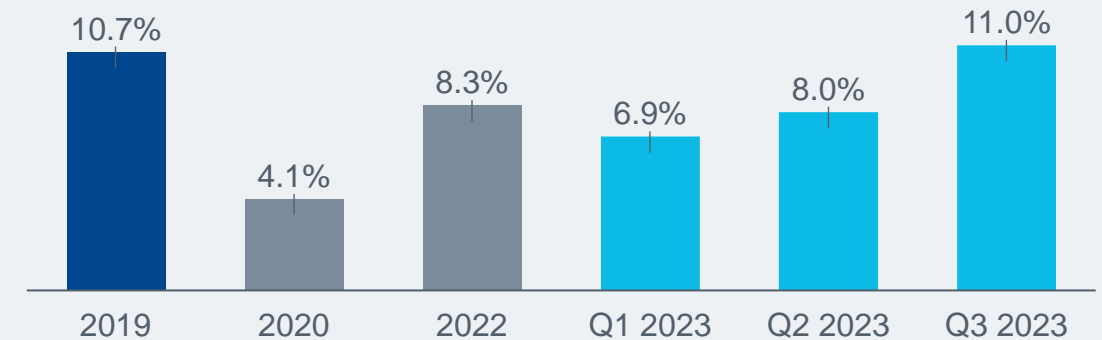
## Application Technology: innovation and margin improvement



### EcoPaintJet Pro: 100% color on the car body

- Dürr sole supplier of technology to “print” color on roofs of car bodies
- Market entry in 2019, since 2022 in high volume
- Several orders currently in installation phase

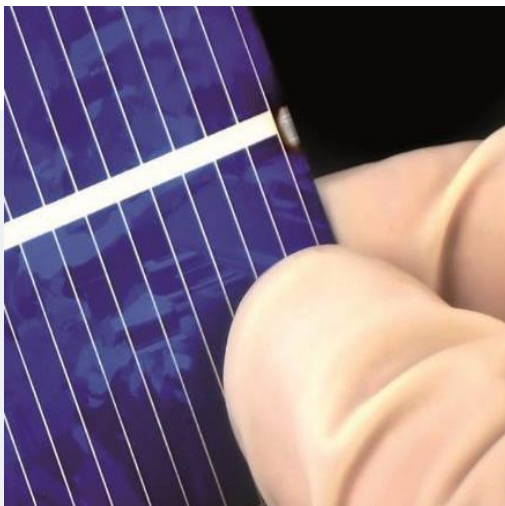
### Improvement of EBIT margin before e.e. in 2023





# Environmental protection: integral part of the industry

## Clean Technology Systems: demand driven by various markets



### Semiconductor plants – air pollution control

- Silicon wafer fabrication
- LCD fabrication



### Oil and gas pipelines

- Silencers for compressor stations

### Chemical industry – air pollution control

- Production of battery materials
- Recycling of batteries



### Odor control

- Cocoa processing and roasting
- Coffee roasting
- Cereal roasting
- Smokehouses for sausage and ham
- Flavor production





# Market and efficiency improvements drive margin

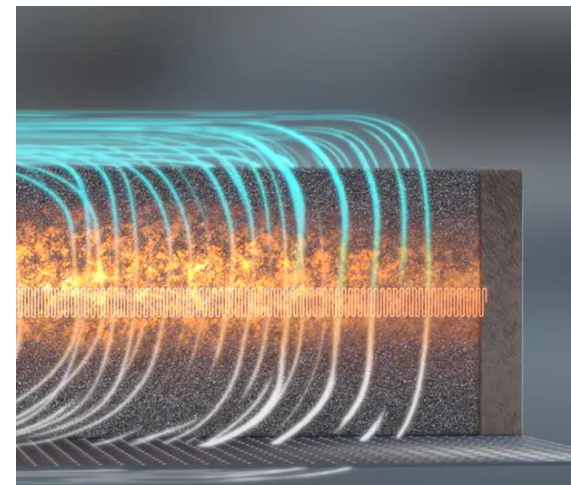
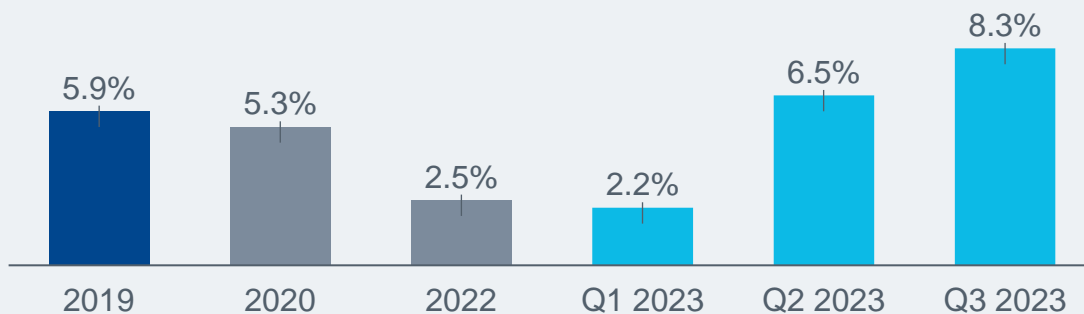
## Clean Technology Systems: very solid performance in 2023

### Performance drivers

- Solid execution of projects in all regions
- Strong demand from industrial projects in North America
- Optimization of manufacturing capacities in Mexico
- Good demand for fully electrified air pollution control Oxi.X RV (presented during last CMD)



### Improvement of EBIT margin before e.e. in 2023

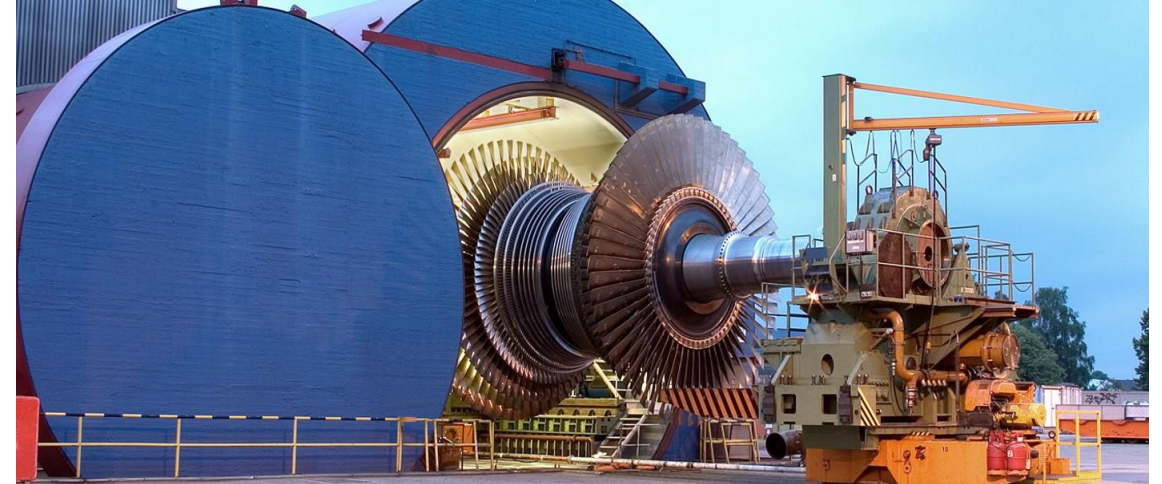


**Air pollution control  
with clean energy  
Oxi.X RV**

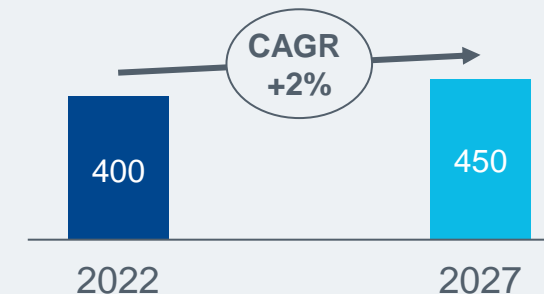
# Balancing: demand driven by energy and green mobility DÜRR GROUP.

## Order intake CAGR (2024-2027) from core markets

- **Aviation & Aerospace:** **+5%**
  - Strong demand for jet turbines
  - Active in e-propulsion market
- **Tire & Wheel:** **+5%**
  - Main differentiators are automation and digitalization
- **Mechanical Engineering:** **+7%**
  - Energy sector is booming: trend towards more efficient turbines and generators for existing power plants
- **Green Mobility:** **+17%**
  - OEMs identified e-drive as technological differentiator: new materials, less weight, higher (peak) performance
    - New rotor developments
    - Investments in balancing equipment



## Market growth



**Our target:**  
Grow by 7% CAGR and  
increase market share  
from 45% to 55%

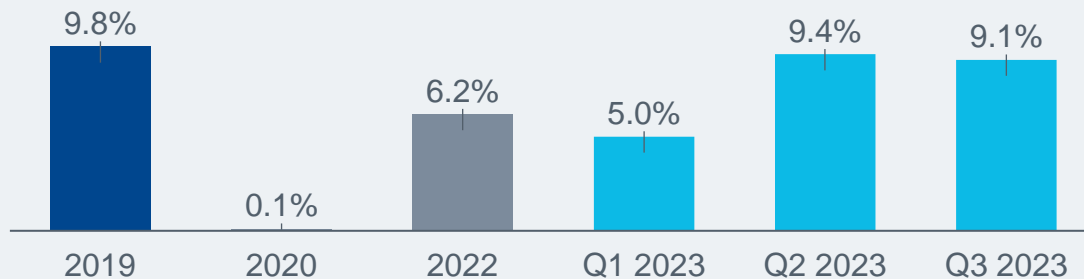
**Transformation from ICE to energy and green mobility with very good progress**

# Balancing: strategy for profitable growth

## New Balancing 25: Make greater use of economies of scale potential

- **Sales volume increase**
  - One global product: Standardization from five different machine family types to only one
- **Profitability increase**
  - Use of scale effects in purchasing (one solution for all locations)
  - Drive down manufacturing costs by efficiency increases
- **Reduced lead times**
  - Target delivery time to be reduced by 33%

## Improvement of EBIT margin before e.e.



## Innovation leader

- The **software** brand Schenck ONE positions Schenck as the digital market leader in the balancing business
  - The SAAS business model supports regular revenue generation with software products

SCHENCK  ONE



Well positioned for profitable growth

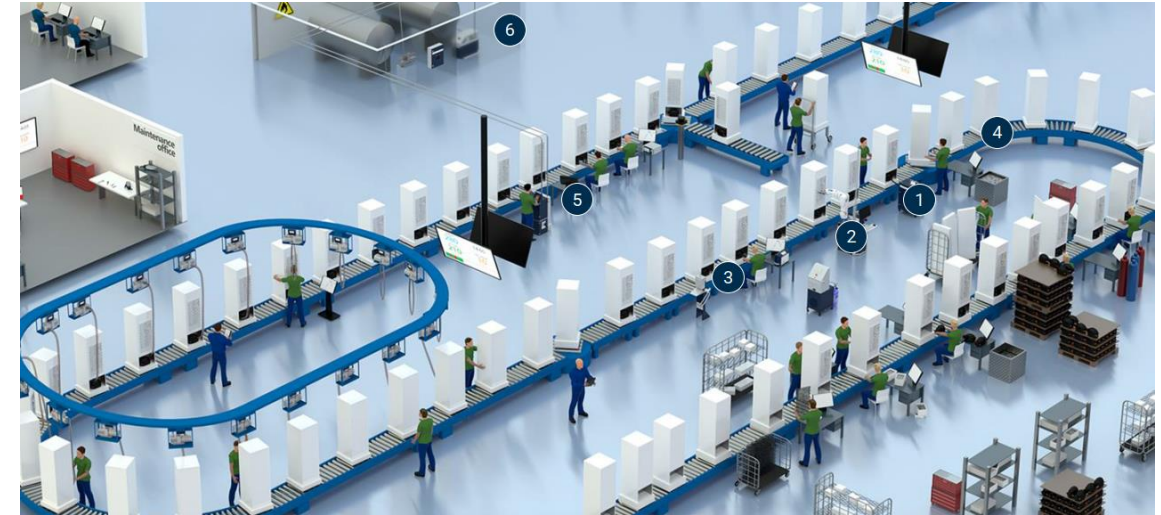


# Filling technology: heat pump opportunity

## Rising demand for filling technology for heat pumps and A/C from Agramkow

### Environmental, regulatory and economic drivers

- Decarbonizing residential heating drives demand for heat pumps: almost 40% sales growth in Europe in 2022
- Global warming is creating an ever greater demand for cool air
- Increasing regulation enforces a gradual phase-out of HFC refrigerants. New generation of equipment utilizes flammable refrigerants, requiring a more robust production process
- Digital transformation to drive quality control and improve efficiencies in production



- 1 Refrigerant charging
- 2 Leak Detection
- 3 Safety Systems
- 4 Performance Testing
- 5 Evacuation & repair
- 6 Refrigerant supply



Smart Suite connects to all the processes on the production line

Delivering multiple benefits to OEMs



Improves process  
and product quality



Lowers total cost  
of production



Reduces  
warranty claims



Increases  
automation

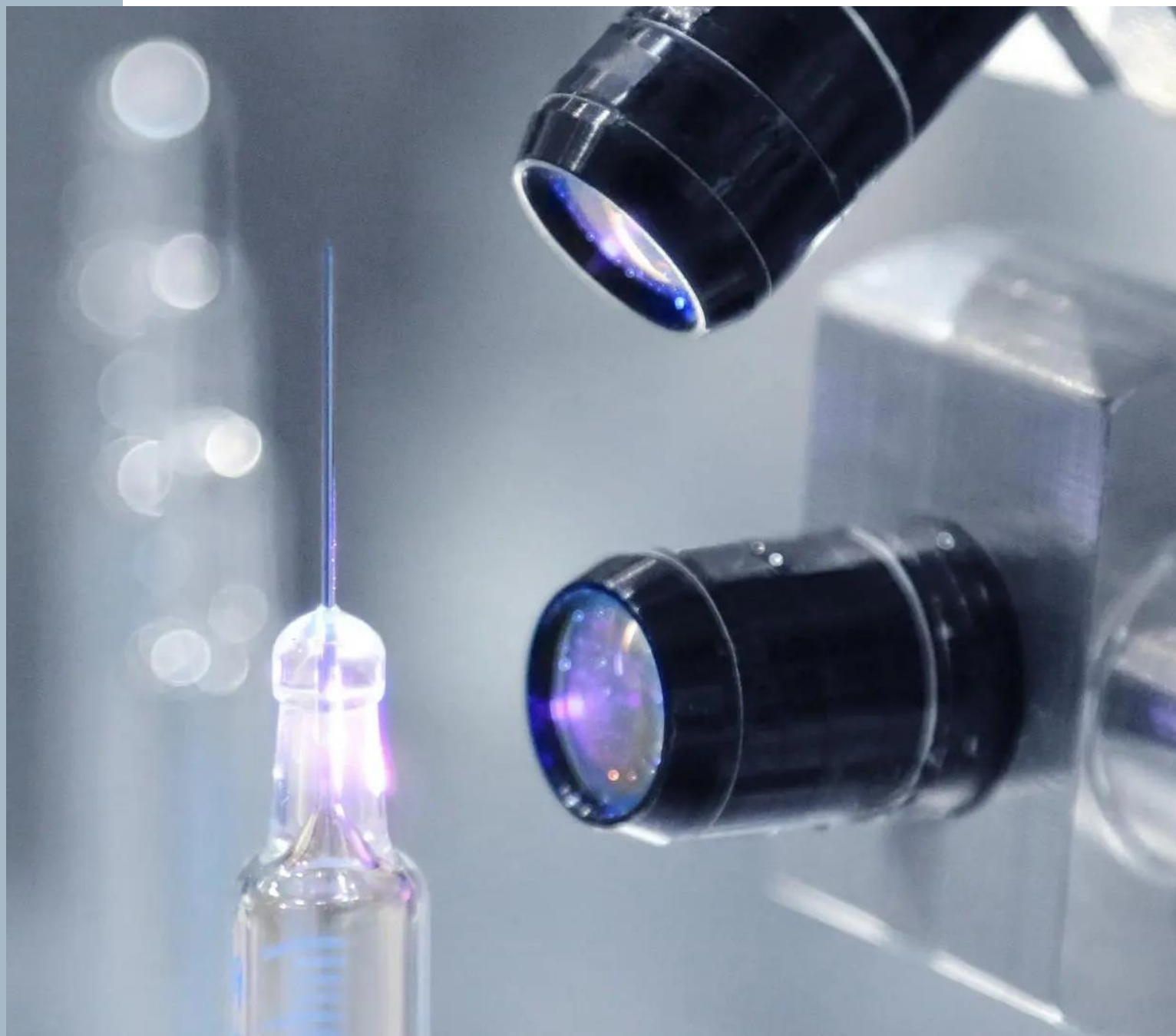
**Filling business supports margin improvement at Industrial Automation Systems**



# 3

## PROGRESS IN GROWTH BUSINESS

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# 3

## PROGRESS IN GROWTH BUSINESS

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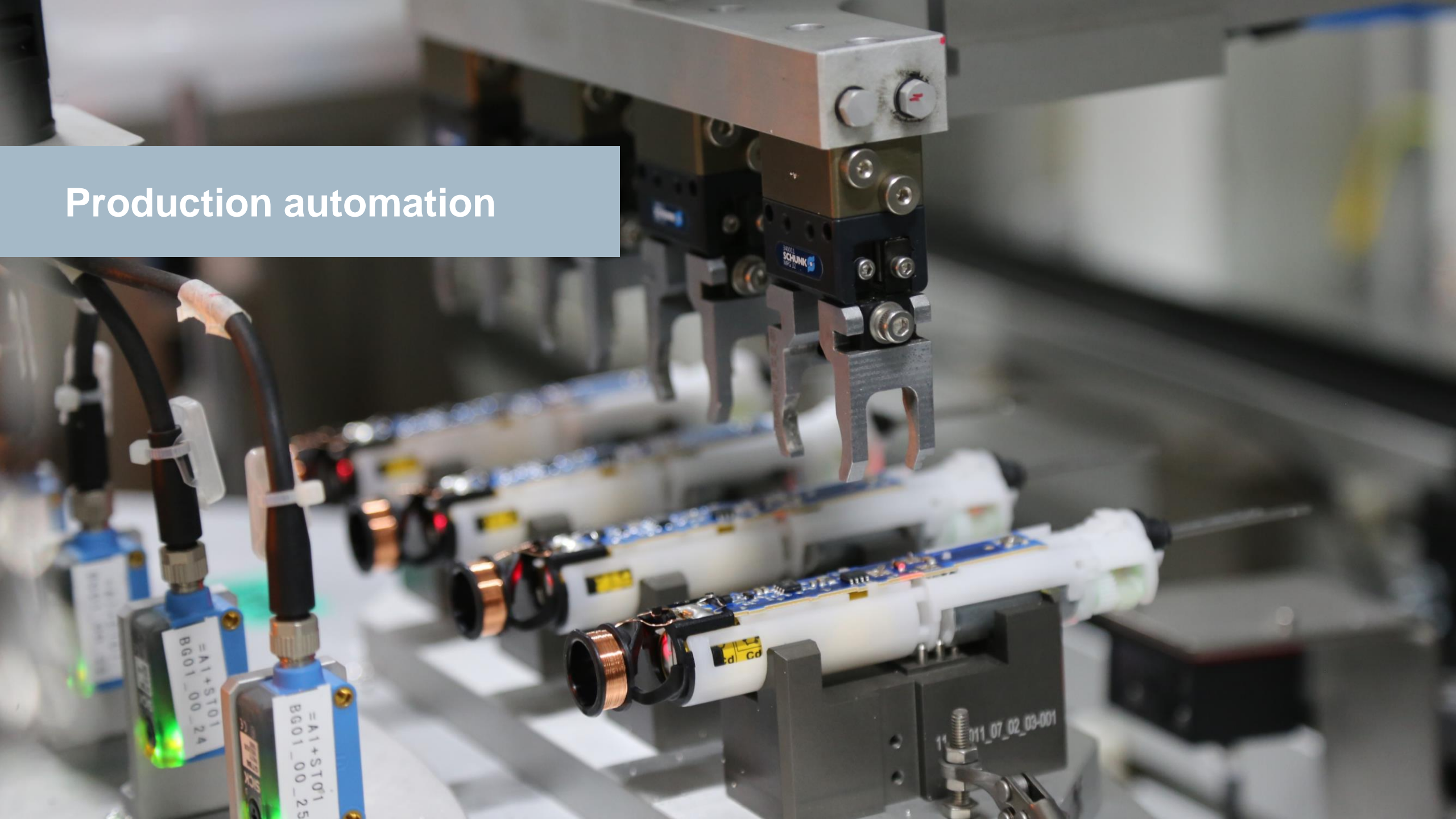
## AGENDA

- 1 Production automation

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- 2 Battery production

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- 3 Sustainable construction with wood

# Production automation



# Building a new powerhouse for automation

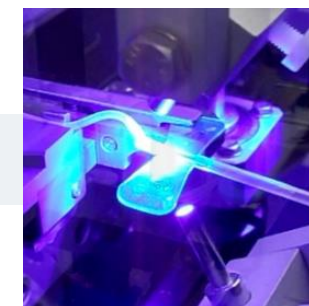
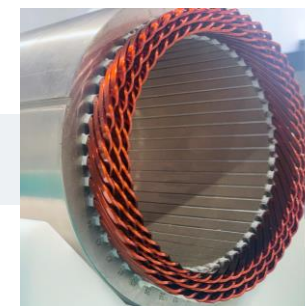
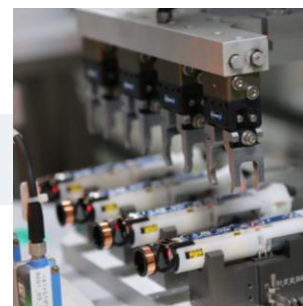
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2021



2023





# Production automation: focus on growth and margins

## Establishing a top 3 automation player through acquisitions

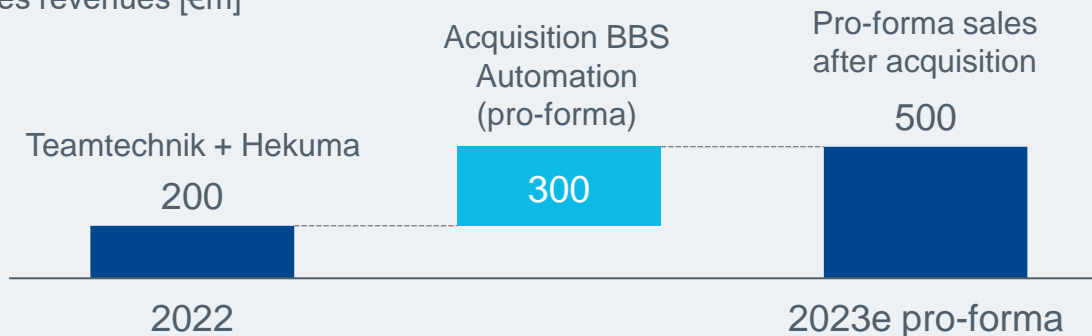
### Significant top- and bottom-line synergies

- Complementary portfolio of solutions
- Utilizing geographic footprint of partners
- One stop shop for the whole production chain
- Joint execution of large orders
- Leveraging strong financial background of the Dürr Group



### BBS Automation acquisition significantly accelerates growth

Sales revenues [€m]



**BBS Automation + Teamtechnik + HEKUMA = new powerhouse for automation**

# Automation business: efficient production facilities

At complementary locations in APAC, Europe and North America



## Largest plants of BBS Automation

Kunshan New plant



Suzhou



Sonthofen



Caravaggio (Kahle)



Chicago



Poggibonsi

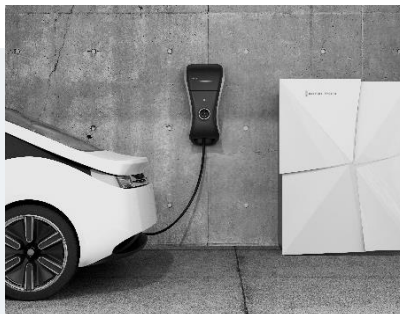


# Automation business: customer industries

## Automation solutions for important industries

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Mobility &  
E-mobility



Medtech /  
Life sciences



Consumer  
goods



Others,  
e.g., energy



# Automation business: customer products

## Mobility - Automotive

### Powertrain system

- Engine
- Pumps
- Gearbox
- EGR<sup>1</sup>
- Clutch
- Thermostat
- Throttle valve
- Turbocharger
- Differential



### Electronics

- Camera
- ADAS<sup>2</sup>
- Sensor
- Domain controller
- Air conditioning system
- ECU<sup>3</sup>
- Motor
- Key
- Display



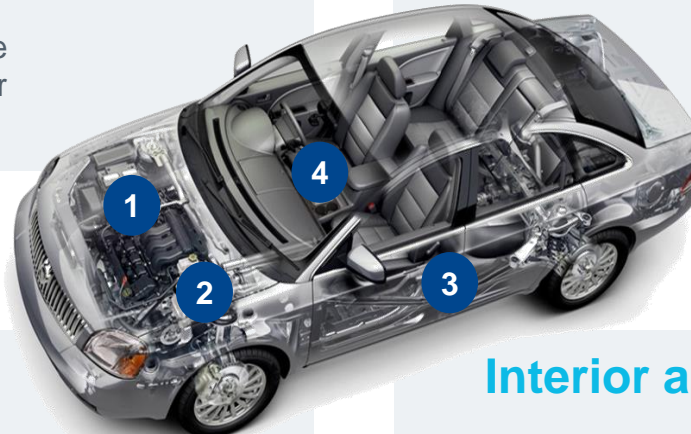
### Chassis system

- Braking system
- Steering system
- Suspension system
- Transaxle/axle



### Interior and exterior

- Seats and accessories
- Wiper
- Car mirror
- Lights
- Doors and accessories
- Airbags and accessories



<sup>1</sup> EGR: Exhaust gas recirculation

<sup>2</sup> ADAS: Advanced driver assistant service; <sup>3</sup> ECU: Electronic control unit





# Automation business: customer products

## Mobility - E-Mobility

### Electric drive system

1

- EDS/E-Axle
- E-transmission
- Motor/stator/rotor



### Electronic controllers<sup>1</sup>

2

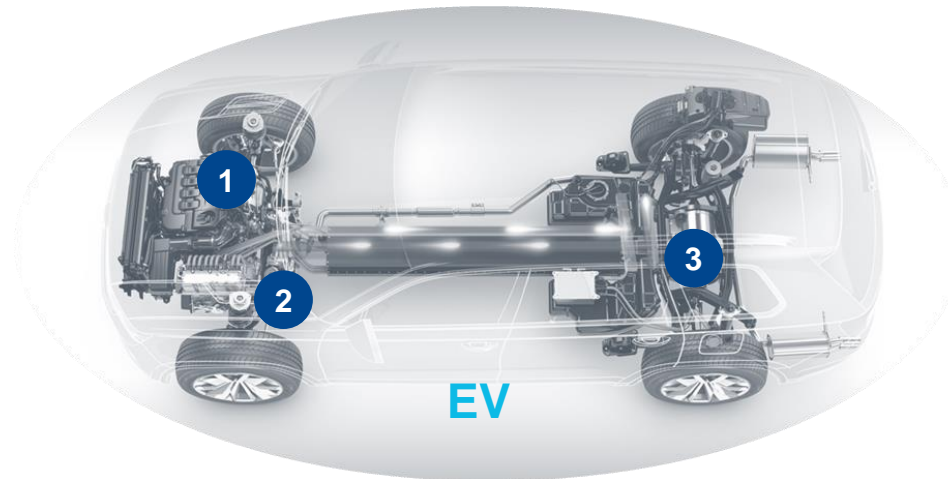
- BMS
- MCU
- VCU
- DC/DC
- PDU
- OBC
- Inverter



### Battery system

3

- Thermal management system
- Battery/module/pack



<sup>1</sup> BMS: Battery management system; MCU: Micro controller Unit; VCU: Vehicle Control Unit; DC/DC: DC-DC converter; PDU: Power Distribution Unit; OBC: On Board Charger

# Automation business: customer products

## Life Sciences - Medtech



- Prefilled glass syringes

- Injection systems, needles



- Antigen test

- Inhalers



- Blood collection devices

- IV sets<sup>1</sup>



- Diagnostic devices
- Micro seeds
- Contact lenses
- Micro components
- Disposables
- Pharmaceutical devices
- Power tools
- Diagnostics
- Syringes
- Trocar
- IV components<sup>1</sup>
- Tubes
- Tubing sets
- Dialysis filters
- Cautery pen



<sup>1</sup> IV: Intravascular

# Automation business: customer products

## Consumer products and others

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Consumer



Household



Consumer goods



Power tools

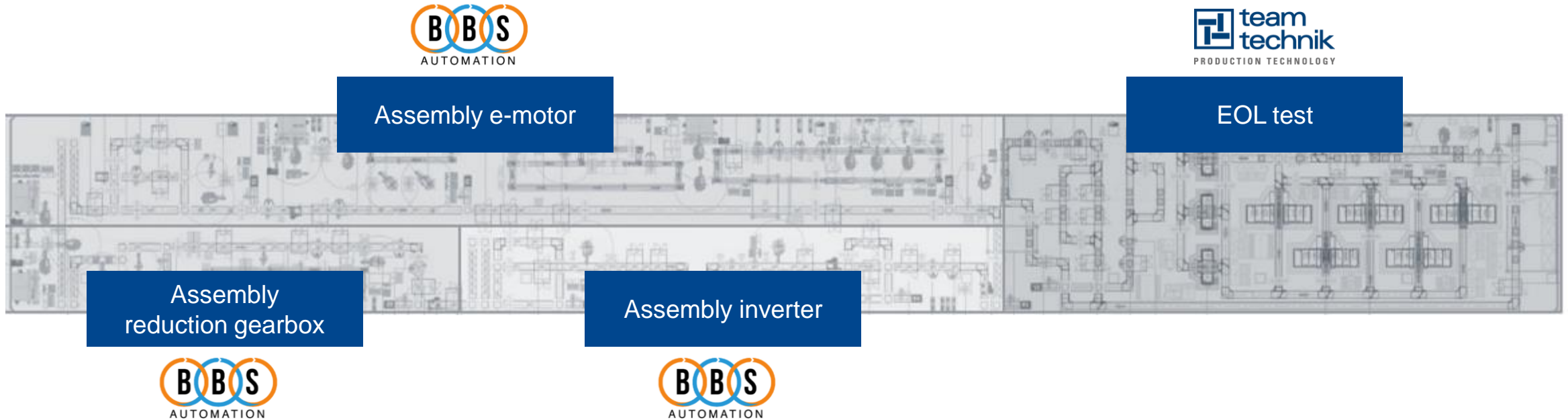


Others, e.g.,  
energy



# BBS / Teamtechnik turnkey lines for e-mobility

Assembly e-motor, gearbox, inverter including final end-of-line testing



One-stop-shop for e-drive assembly and testing equipment



# Battery production



# Further expanding capabilities in battery production

Acquisition of Ingecal and cooperation with LiCAP broaden offering to customers

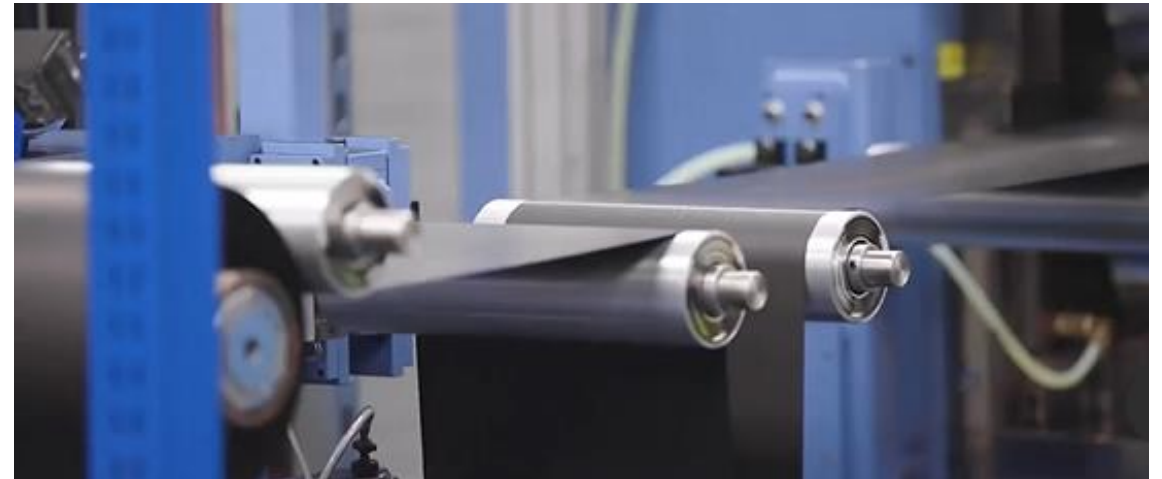
## Acquisition of Ingecal adds calendering technology

- Important process step in wet and dry coating of electrode material
- Ideal extension of Dürr's wet coating offering
- Enables Dürr to develop dry coating applications



## Cooperation with LiCAP on dry electrode coating

- Partnership to develop dry coating technology for giga battery factories
- Building on Activated Dry Electrode technology from LiCAP

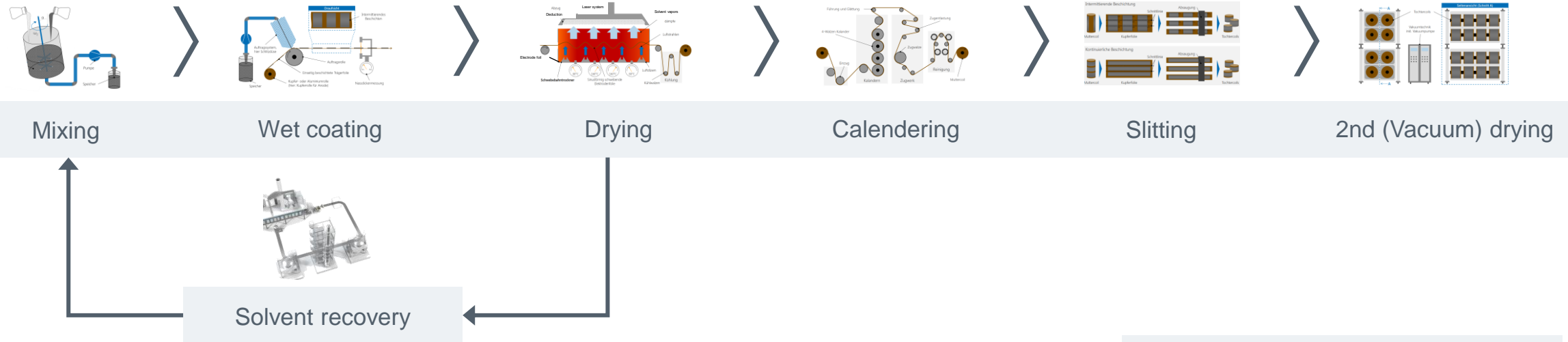


Adding dry coating to our portfolio, also with a view to future solid-state batteries

# The future of electrode production

## Development of disruptive technologies

### Wet coating



### Dry coating



### Benefits

- No hazardous solvents
- - 40% energy costs
- Higher efficiency
- Less process steps
- Improved electrode performance

Image sources: 2018, PEM of RWTH Aachen University & VDMA, Lithium-Ion Battery Cell Production Process, ISBN: 978-3-947920-03-7  
2023, PEM of RWTH Aachen University & VDMA, Production Process of a Lithium-Ion Battery Cell, ISBN: 978-3-947920-27-3

# Ready to industrialize dry coating

## Acquisition of Ingecal and cooperation agreement with LiCAP

### Material science / process

Know-how in material science, formulation, binder is key



LiCAP provides “one” recipe



- Is already selling ultracapacitors with dry-coated electrodes produced with their technology
- Different advantages on the process/machinery side in comparison to other competitors

### Technology - calender

Calendering technology is an important basis to enter into dry coating. Ingecal closes gap in calendering technology.



Technology competence of Ingecal for calendering and laminating



- Deep knowledge in calendering and especially in the field of dry coating since 2008
- Very good network of partners and long relationships in the field of dry coating



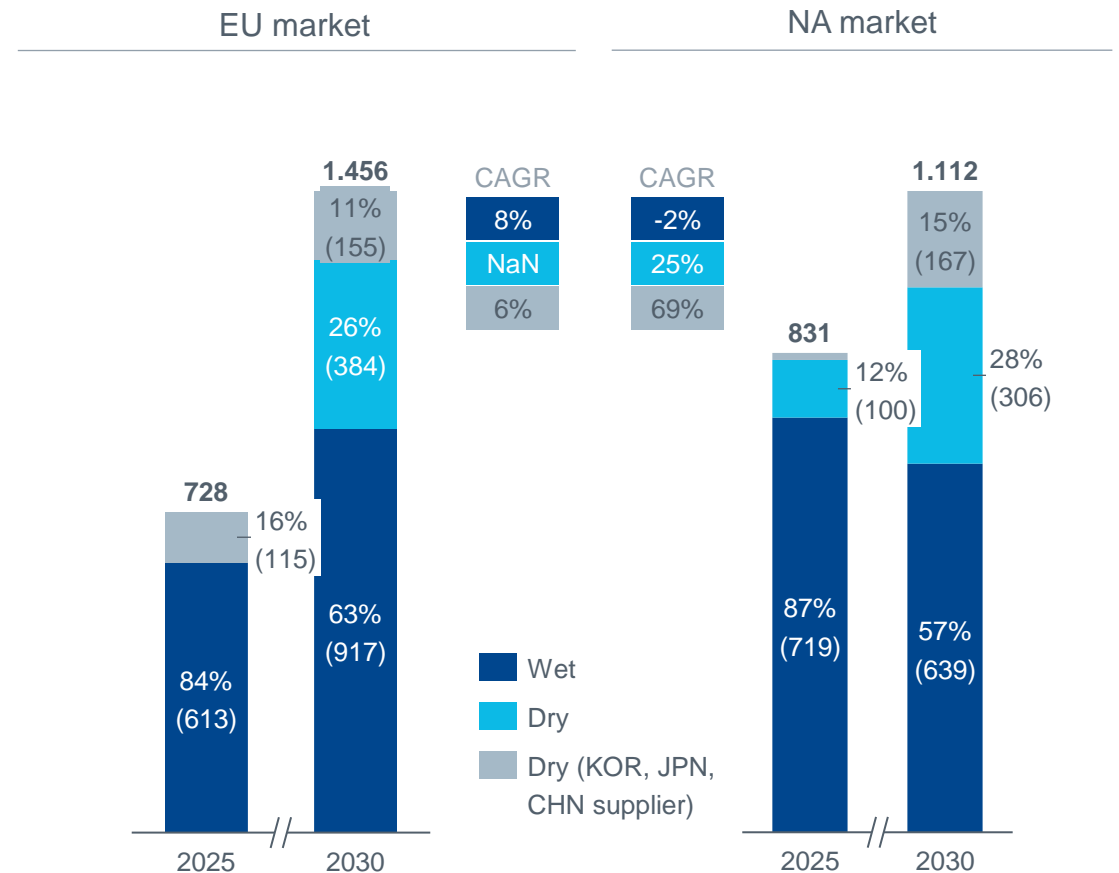
# Significant impact of dry coating expected

Dry coating expected to reach a share of 30% to 40% by 2030

## Full-line supplier for wet and dry coating

- Dry and wet coating will be demanded from the market simultaneously
- Dry coating
  - Lower energy consumption in production
  - Future potential: suitable for solid-state batteries
- Wet coating
  - Remains relevant technology with large volumes until 2030
  - Solvent recovery remains core technology independent from solvents used
- Dürr is one of the few full-line suppliers for wet and dry coating

## Forecast wet/dry coating market, based on (planned) capacity [GWh]<sup>2</sup>



# Addressing pain points in battery manufacturing

Digitalization important part of the solution

## Pain points in battery cell manufacturing

Under-utilization of  
OEE potential

Low yield and  
throughput despite  
complex production  
process

High scrap rates

Complex processes  
lead to difficult scaling  
conditions and ramp-  
up times

High energy costs  
in Europe

## Software solutions to address pain points



Production  
Management



Manufacturing  
Analytics & AI



Active  
Traceability  

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Quality Management  
and Control



Simulation



Energy  
Management



Adding value by offering intelligent solutions

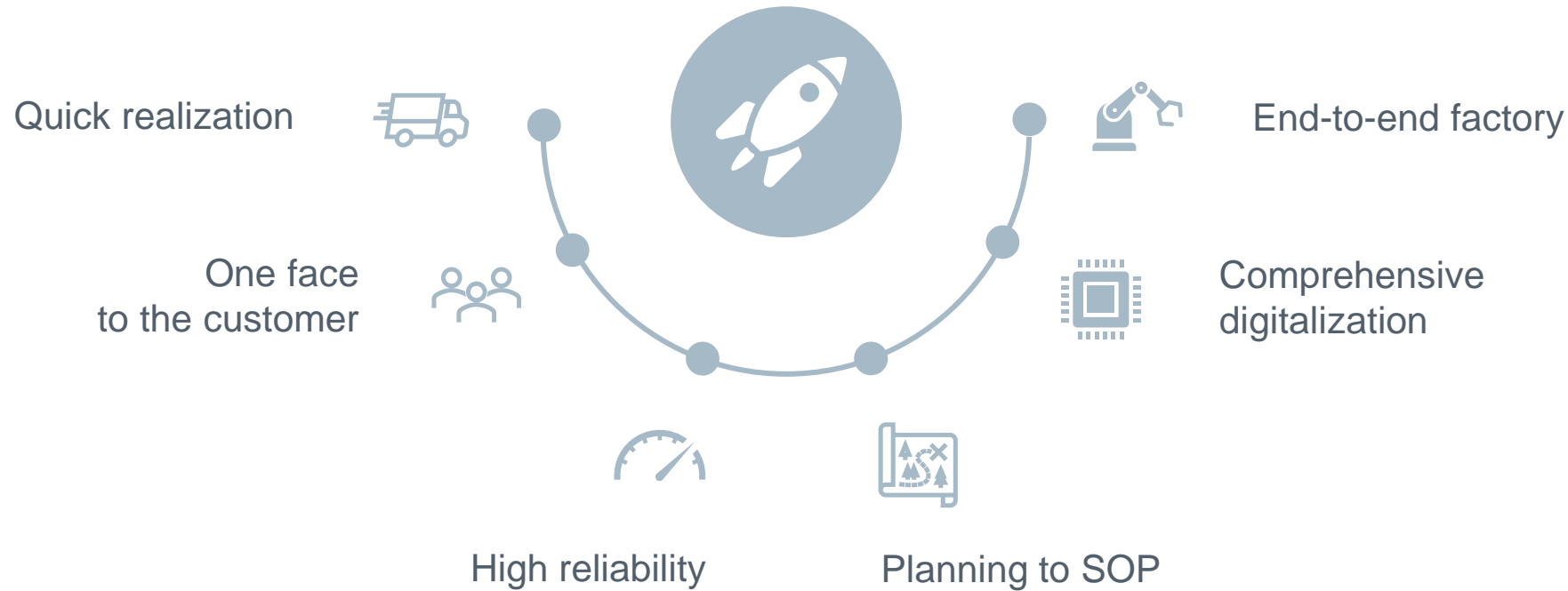
# Unique partnership for battery production



Providing turnkey solutions to the customers

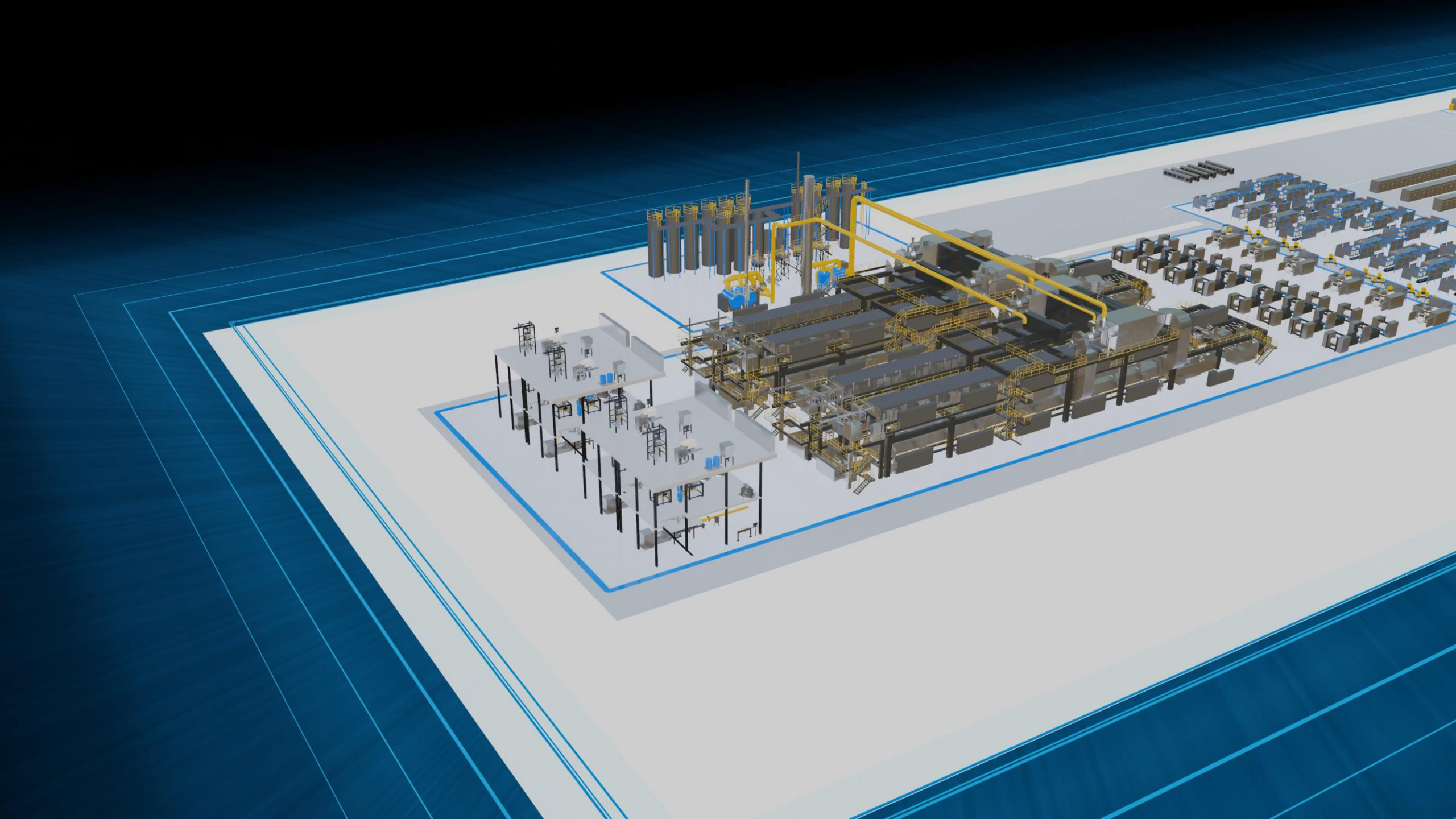
# Unique selling points

## Customer benefits



Unique European partnership – reference plant ready







# Sustainable construction with wood





# Using wood takes construction to the next level

Addressing demand for affordable living, sustainability and lack of skilled workforce

## Wooden construction is the key to

- Create affordable living space
- Introduce serial construction
- Make building sector sustainable
- Automate house building
- Evade labor shortage



## Requirements for the market to pick up

- Normalization of interest rates and inflation
- Softening regulations for residential construction
- General permission of serial construction elements
- Normalization of material prices
- Reliable supply chains

**Strong drivers for a 10% growth business in the mid- to long-term**



# Clear trend toward wood as construction material

## Serial construction using prefabricated wooden construction elements



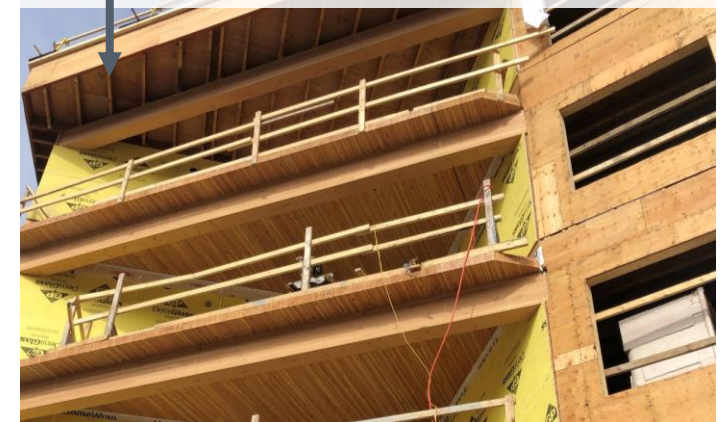
Replacing concrete



Shift to pre-fabricated building elements



New: wood in high-rise construction



Wood is the material of choice for sustainable construction



# Product innovations from craft to industry

## Smart prefabrication

### New markets

#### Carpenter

##### WALLTEQ M-300

- Our solution for increasing process flexibility of craft customers; opening new market segments



### Automation

#### Robotics

##### FEEDBOT W-500

- For highly automated production lines and cells
- Relieve employees of lifting heavy wooden panels manually by use of robots

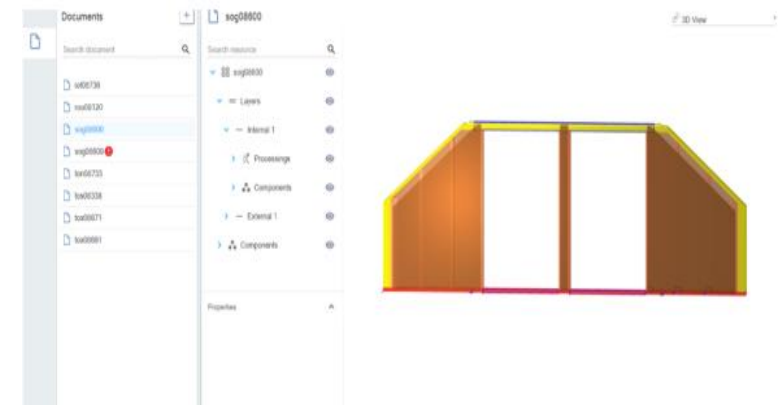


### Digitization

#### Digital Factory

##### Digital Products

- Acquisition of minority share in **granIT**
- Automation of data process via Web-based data check
- Unique production simulation for on-demand production flow optimization



Driving innovation based on years of experience

# Strengthening international footprint

## Implementation of local-for-local (L4L) strategy

### Local R&D, engineering and production ●

- Production at Dürr Mexico
  - Focus on North American market
- Production at HOMAG Poland
  - Focus on EU market

### Introducing cycle production ●

- Reorganizing production at Weinmann St. Johann
  - Assembly line for multi-function CNC
  - Expansion of R&D area, focus on automation and robotics

### Set up of local know-how hubs by Weinmann Academy ●

- North America: Stiles University
- Poland – skill campus for NEE countries



Preparing for global demand growth – Local4Local and scaling of production

# Leader in production plants for timber construction

## Production line at Nokera

DÜRR GROUP.

nokera



Future has started – industrial prefabrication of building sections



# 4

## RESILIENCE: RISKS AND OPPORTUNITIES

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# 4

## RESILIENCE: RISKS AND OPPORTUNITIES

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### AGENDA

- 1 Cost inflation

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- 2 China: More opportunities than risks

---
- 3 De-risking the supply chain

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- 4 Inflation Reduction Act

# Cost inflation

## Price escalation clauses at Paint and Final Assembly Systems

### Protection against inflation for long-term projects

- Link price to material and personnel cost indices
- Formula proposed by VDMA (association of mechanical and plant engineering industry)
- All indexes are publicly available and are published monthly
- Applied in all new contracts since 2022

### Price escalation clauses formular

$$\begin{aligned} \text{Price} = & P_0 \times (\text{Share of labor cost} \times L_1/L_0 + \\ & \text{Share of purchased parts} \times M_1/M_0 + \\ & \text{Share of raw material1} \times Sa_1/Sa_0 + \\ & \text{Share of raw material2} \times Sb_1/Sb_0 + \dots) \end{aligned}$$

P<sub>0</sub>: Price at time of order negotiations;

L<sub>0</sub>, L<sub>1</sub>, M<sub>0</sub>, M<sub>1</sub>, S<sub>a0</sub>, S<sub>a1</sub>, ...: Index at time of order negotiation and cost incurrence



**Large contracts at Paint and Final Assembly Systems include price escalation clauses**

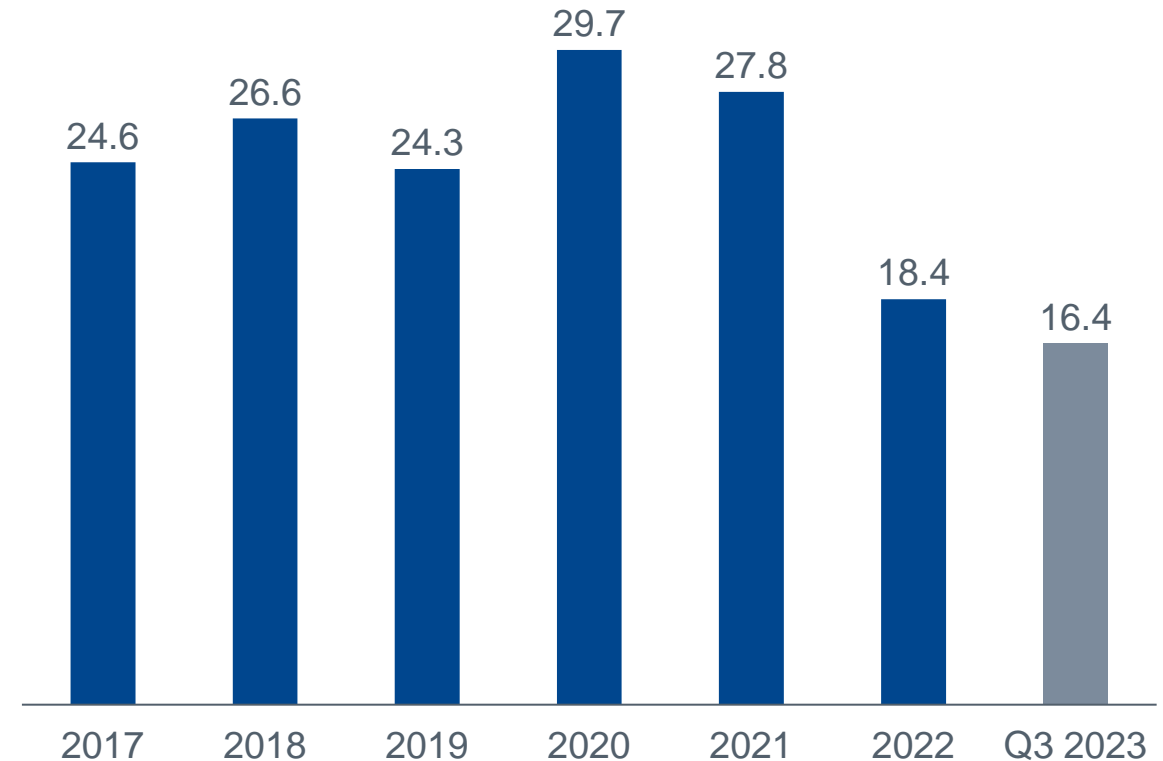
# China: More opportunities than risks 1/2

China continues to be a major market, but global business mix has become more balanced

## Limited China risk exposure in case of sanctions

- 14% of Group assets (June 30, 2023)
- 3% of Group cash (June 30, 2023)
- Local4local procurement
  - Unbundling: purchasing volume of non-Chinese subsidiaries with Chinese suppliers reduced to < €50 million
  - Substitution: alternative suppliers for Chinese direct suppliers
  - 60%-80% of components needed in China can be sourced locally

## China share of Group backlog (%)



Chinese market provided stability during the pandemic (2020/21), since then lower business share

# China: More opportunities than risks 2/2

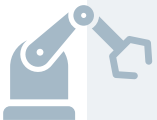


Excellent position in China's huge domestic market, e.g.:

- Automation (BBS)
- Balancing technology
- Automotive / E-mobility
- Considered as a Chinese player with German roots
- Strong local footprint ensures competitiveness



Long-term trends intact: growing middle class, still a large gap compared to Western standard of living



The Dürr Group operates in niches that are not of strategic interest for China



New international business opportunities with Chinese E-mobility OEMs:

- Global expansion, European/NAFTA transplants
- Chinese equipment suppliers have no comprehensive footprint in Europe, difficult to catch up: labor shortage and lack of integration services



Limited utilization pressure: China operations can be used to efficiently support global project execution network



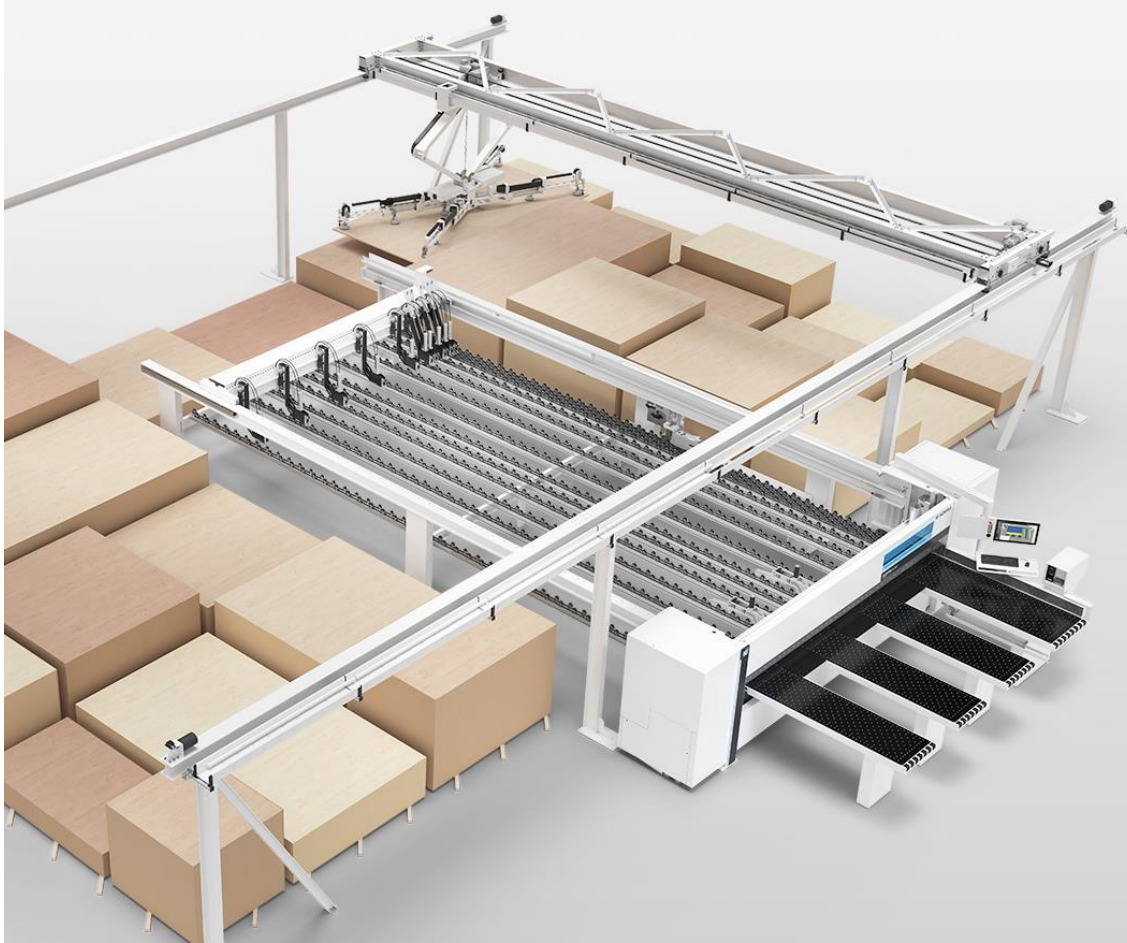
High entry barriers for new Chinese competitors

**Technology leadership is an important competitive factor**



# De-risking the supply chain

## Actions taken to improve availability of critical parts



### Measures taken

- Dual or multiple sourcing wherever commercially reasonable and technically feasible
- Established second sources in Europe for critical parts
- Standardization of components to reduce variety
- Improved demand forecasting to optimize inventory turnover
- Build-up of global sourcing team in India
- Increase number of subcontractors for assembly and installation

**Secure sourcing and optimize inventories**

# Inflation Reduction Act

## Opportunities

- Increased economic growth in North America drives investments in industries that Dürr supplies: energy, battery, e-mobility, chemical
- Local setup of Dürr allows to supply projects from inside USA

## Risks

- Reconsiderations of investment decisions with respect to shifting them to the USA lead to project delays and temporary slow-down in demand



**Dürr can capture IRA driven investments due to global setup – however, decisions might be delayed**

# 5

## RECAP OF GROWTH AND MARGIN TARGETS

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# 5

## RECAP OF GROWTH AND MARGIN TARGETS

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## AGENDA

- 1** Growth 2030

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- 2** Margins

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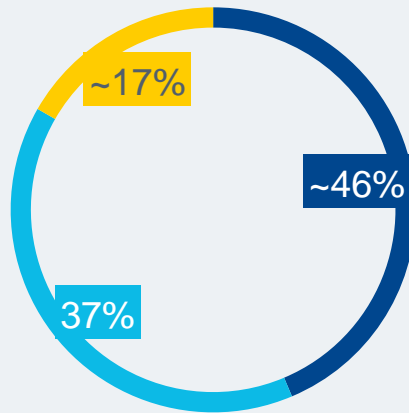
- 3** Financing and project costs



# Mid- to long-term growth potential

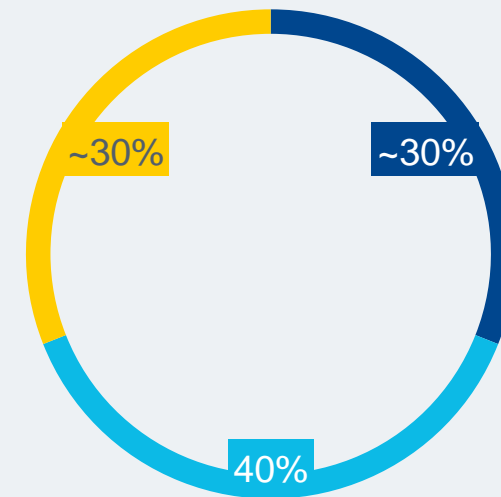
Above GDP growth on average until the end of the decade

Revenue 2022  
€4.3 bn



~ 5%-6%  
CAGR

Revenue 2030  
> €6 bn



Size and product portfolio to drive  
additional margin potential beyond 8%

■ Automotive

■ Furniture, house building

■ Industrial, medical devices, batteries

Well on track due to organic growth and acquisition of BBS Automation

# Mid- to long-term growth potential

## Where we focus on growth

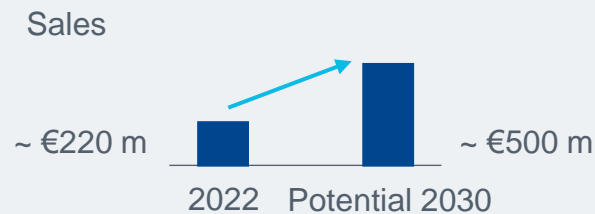
Business area	Growth drivers	Strategy	Growth
Paint shops and final assembly	<ul style="list-style-type: none"> <li>Transformation toward e-mobility (start-ups, OEM greenfields)</li> <li>Sustainability: decarbonization of production drives refurbishment of old lines (energy efficiency, ...)</li> <li>New, flexible approaches in production</li> </ul>	<ul style="list-style-type: none"> <li>Value before volume</li> <li>Grow service</li> </ul>	Low (0%-2%)
Furniture & house building	<ul style="list-style-type: none"> <li>Growing middle class</li> <li>Lack of skilled workforce drives automation</li> <li>Sustainable construction (double digit growth rates)</li> <li>Digitalization increases service potential</li> </ul>	<ul style="list-style-type: none"> <li>Grow service</li> <li>Invest into growth in construction elements</li> </ul>	Mid (3%-9%) High (>10%)
Battery	<ul style="list-style-type: none"> <li>E-mobility</li> <li>Stationary energy storage</li> <li>Europe: huge battery capacity build-up (up to 1.5 TWh by 2030)</li> </ul>	<ul style="list-style-type: none"> <li>Invest into innovation and growth</li> </ul>	High (>10%)
Automation / Medtech	<ul style="list-style-type: none"> <li>Aging world population (CAGR 10% market growth)</li> <li>Localization of production</li> <li>Lack of labor</li> <li>High quality requirements</li> </ul>	<ul style="list-style-type: none"> <li>Invest into growth (capex and M&amp;A)</li> </ul>	High (>10%)
Environmental	<ul style="list-style-type: none"> <li>Tightening emission standards</li> </ul>	<ul style="list-style-type: none"> <li>Invest into growth</li> </ul>	Mid (3%-9%)
Balancing / tools	<ul style="list-style-type: none"> <li>E-mobility, aviation, new technologies (e.g., hydrogen)</li> </ul>	<ul style="list-style-type: none"> <li>Invest into growth</li> </ul>	Mid (3%-9%)

# Mid- to long-term growth potential

## Growth in automation accelerated by acquisition of BBS Automation

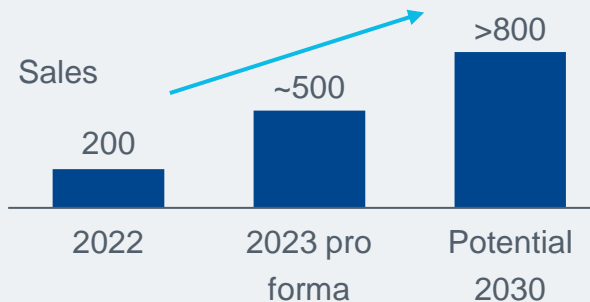
### Prefabrication of wooden construction elements

- Expansion and industrialization of capacities
- Potential M&A to improve reach



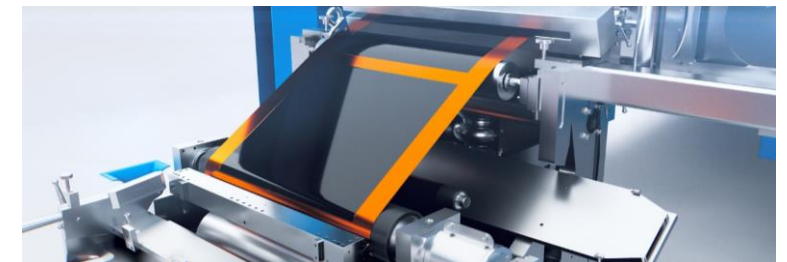
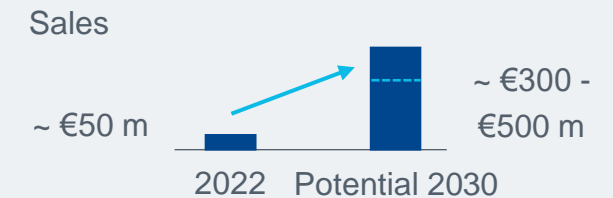
### Industrial automation

- Expanding customer portfolio by leveraging Dürr Group scale, project capabilities and reliability
- M&A accelerates growth: BBS Automation



### Electrode coating, drying and solvent recovery

- Offering turnkey solutions together with Grob and Manz
- Solvent recovery already proven and ordered for giga factories
- Coating strengthened: Ingecal, LiCAP

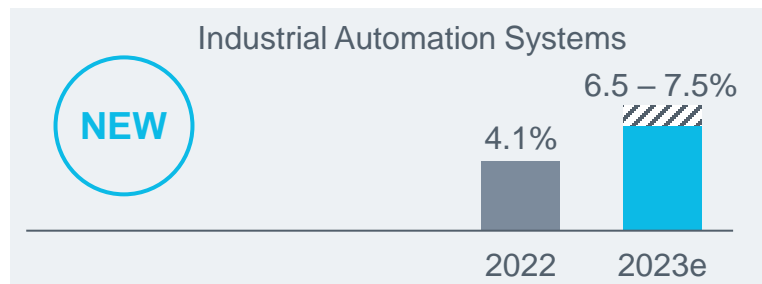
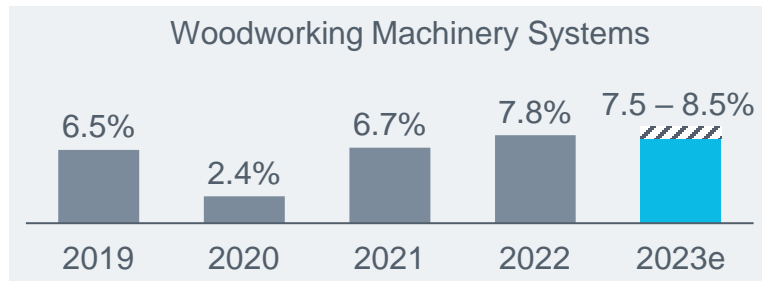
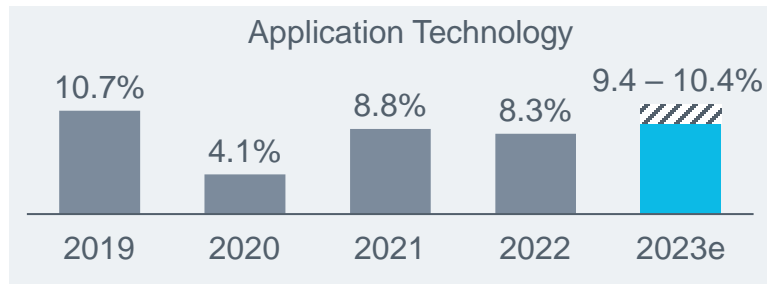


**Sustainability and automation are key demand drivers**

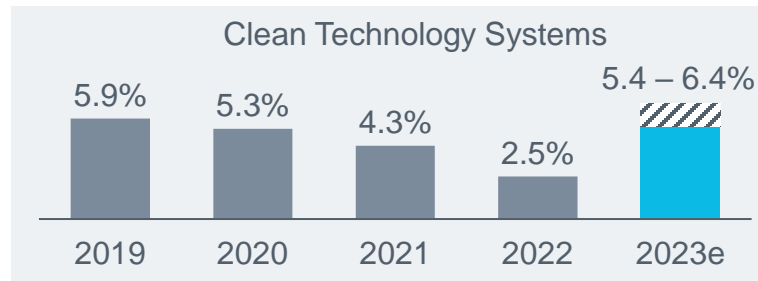
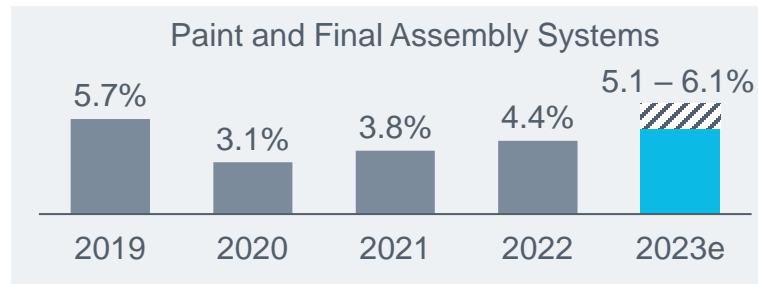
# Margin targets for machinery and system business

## Mid-cycle target KPI: EBIT before extraordinary effects

### Machinery business: Target $\geq 10\%$



### System business: Target $> 6\%$



EBIT margins before extraordinary effects

### Reaching $\geq 8\%$ on Dürr Group level

- Execute improvement and capacity programs
- Invest in higher margin businesses
- Grow service share
- Increase operational efficiency
- Further localize business activities

**Most businesses moving towards mid-cycle margin targets – HOMAG with cyclical downturn in 2024**



# Financing cost development

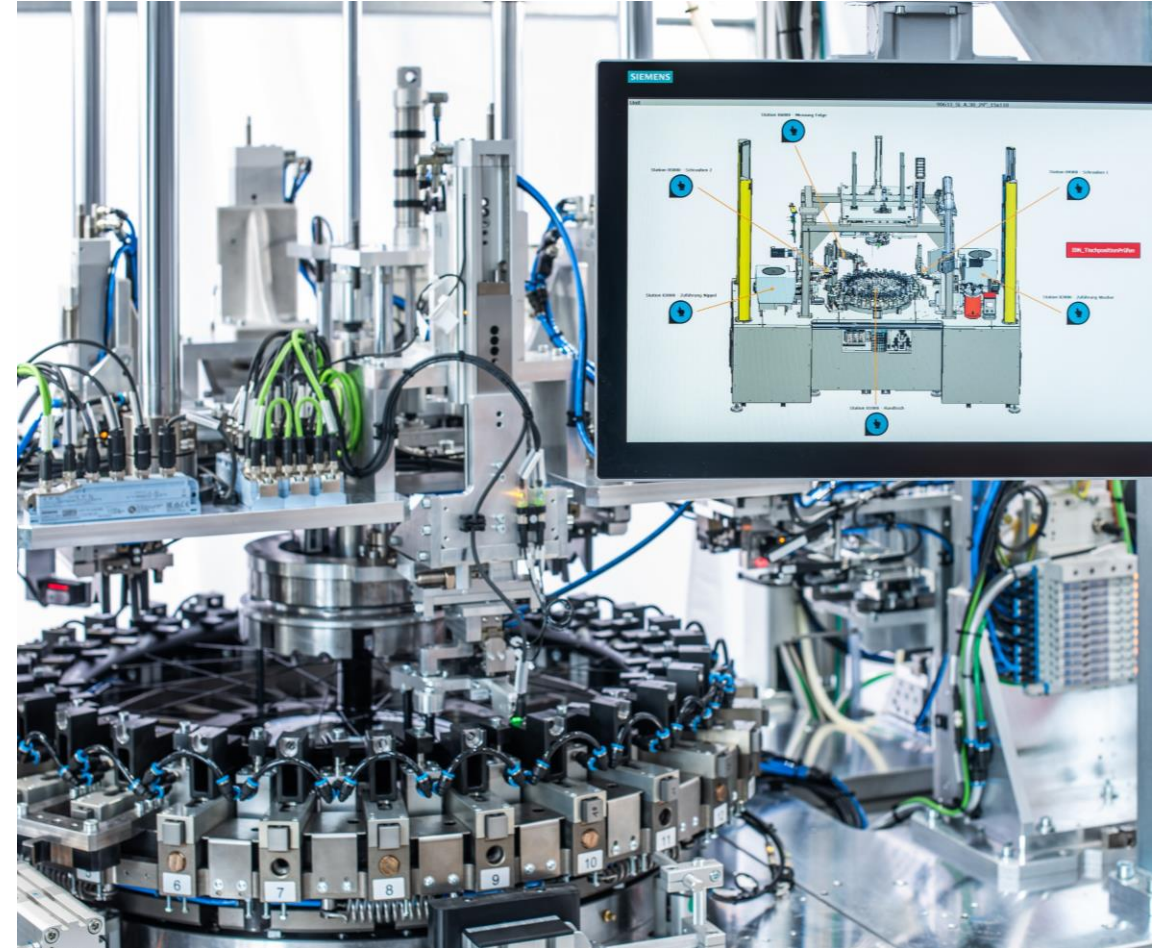
## Financing costs to increase after acquisition of BBS Automation

Financial result (in €m)



### Key aspects

- Interest income from high cash on hands with positive impact on 2023 financial result
- Financing of BBS Automation acquisition to result in a burdening of financial results of € 8m in 2023 and € 20m in 2024

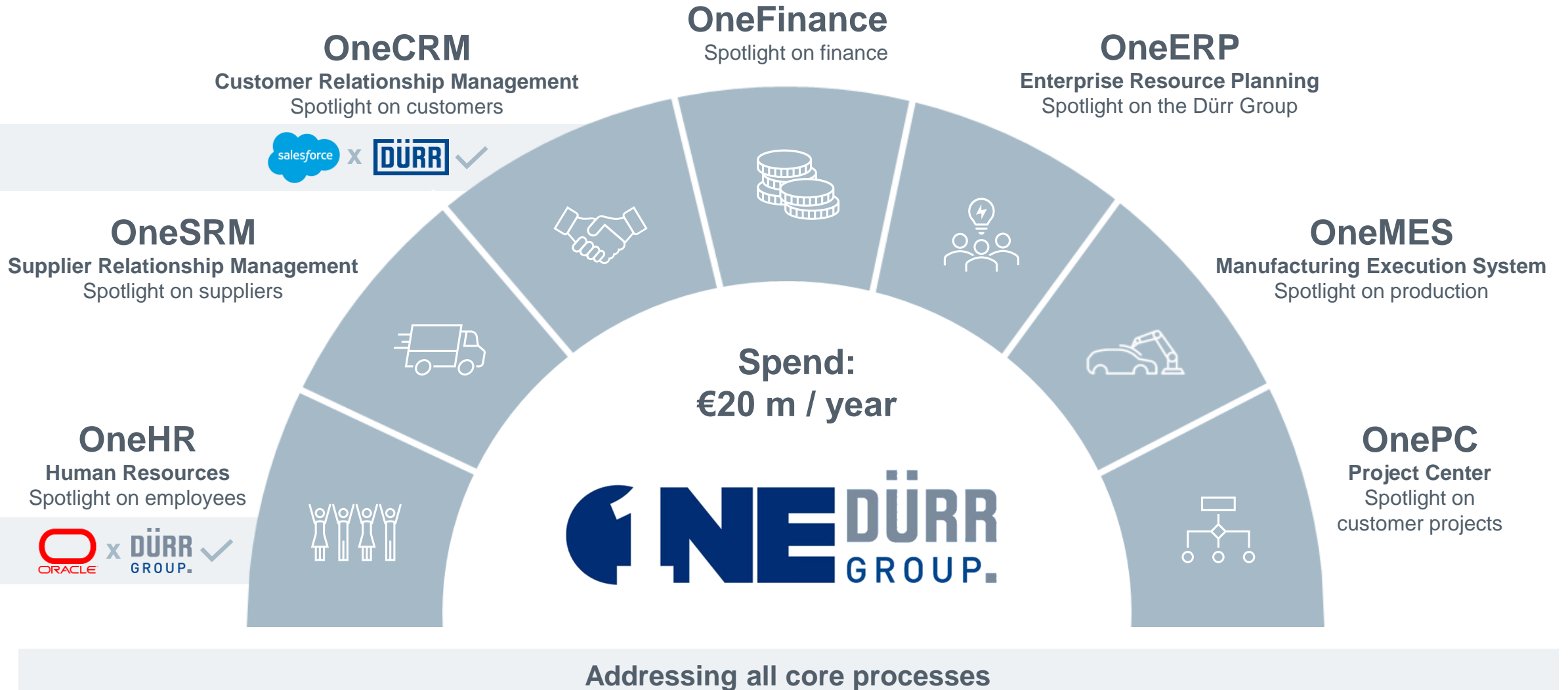


Focus on deleveraging and long-term refinancing of bridge loan

# OneDürrGroup program

## Tapping various synergy potentials

DÜRR GROUP.



# 6

## CASH FLOW AND USAGE OF FUNDS

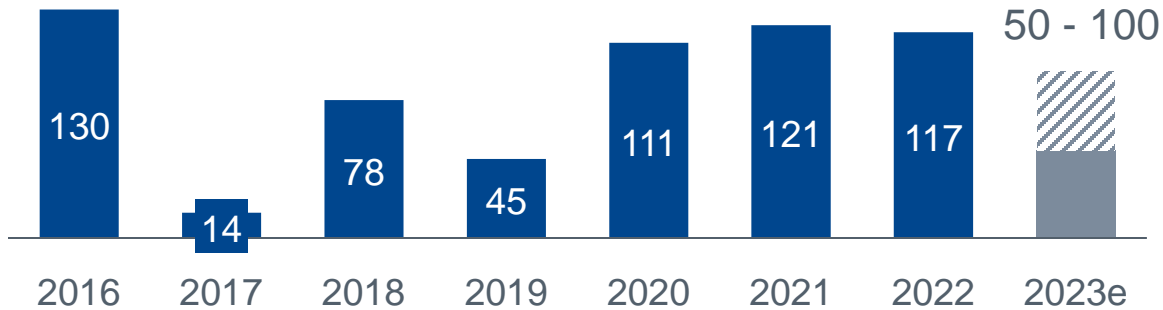
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# Cash conversion gains importance

Cash conversion to reflect disciplined cash management going forward

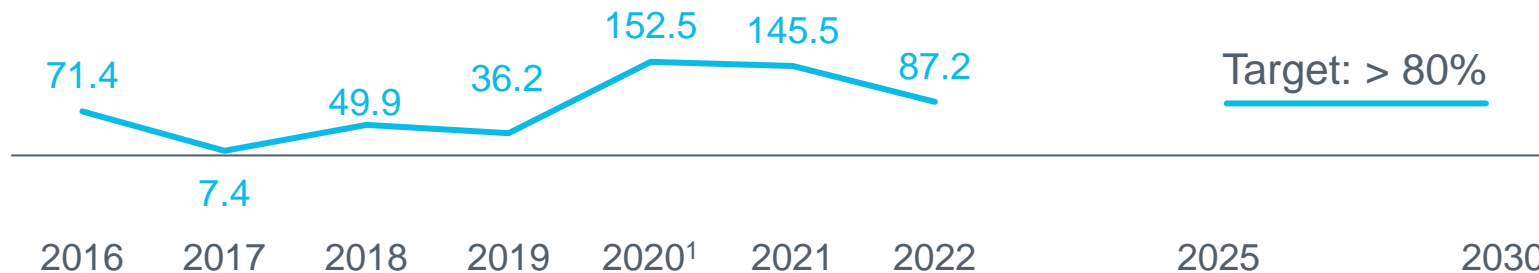
■ FCF (in €m)



## Key aspects

- Improve earnings quality
- Stabilization and improvement of NWC
- HOMAG capex program temporarily drives higher cash outflow in 2023/24

— Cash conversion (FCF/net income in %)



<sup>1</sup> Net income adjusted by €88.4 m (extraordinary effects in 2020)

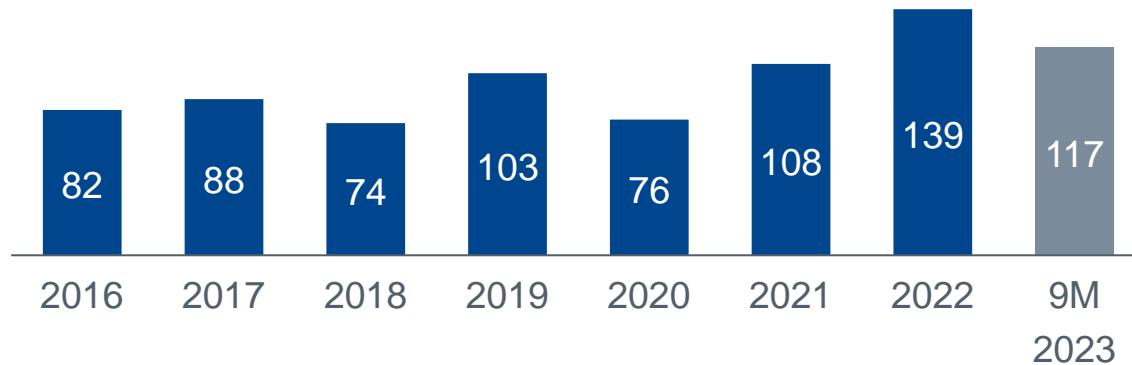
**Target > 80% cash conversion beyond 2025**



# The Dürr Group is a low capex company

## Temporary increase due to HOMAG capex program

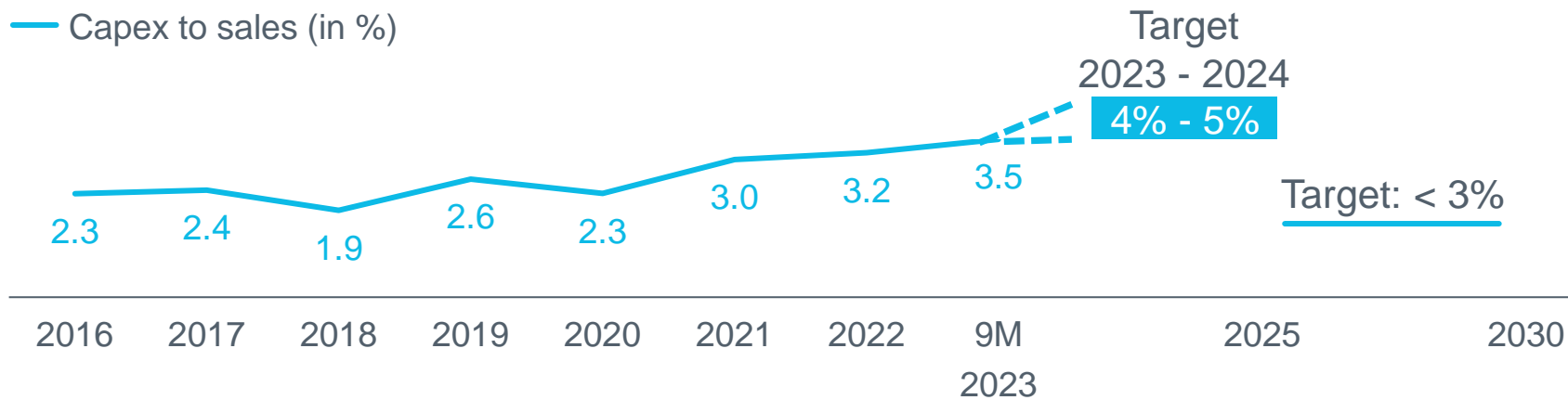
■ Capex (in €m)



### Key aspects

- €200 m HOMAG capex program started in 2022 and lasting until 2024
- Restrict capex to less than 3% of sales after 2025

— Capex to sales (in %)

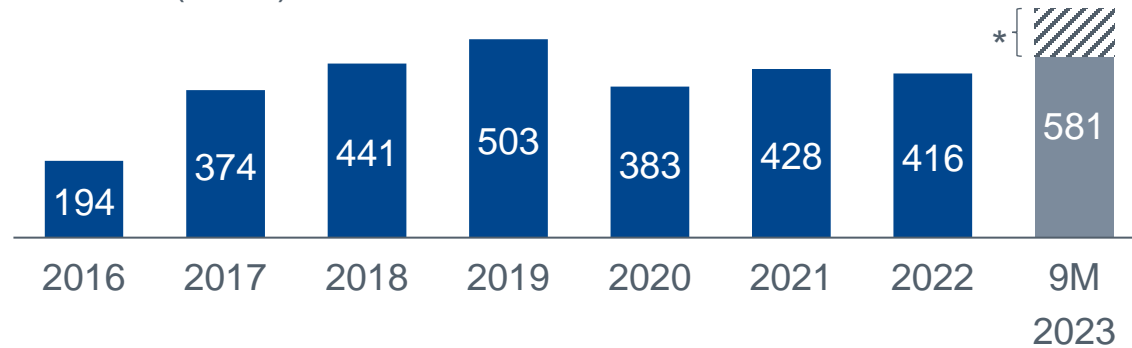


Limited capex to drive solid cash conversion

# Net Working Capital management

## BBS Automation acquisition adds to NWC – operational improvements visible

■ NWC (in €m)

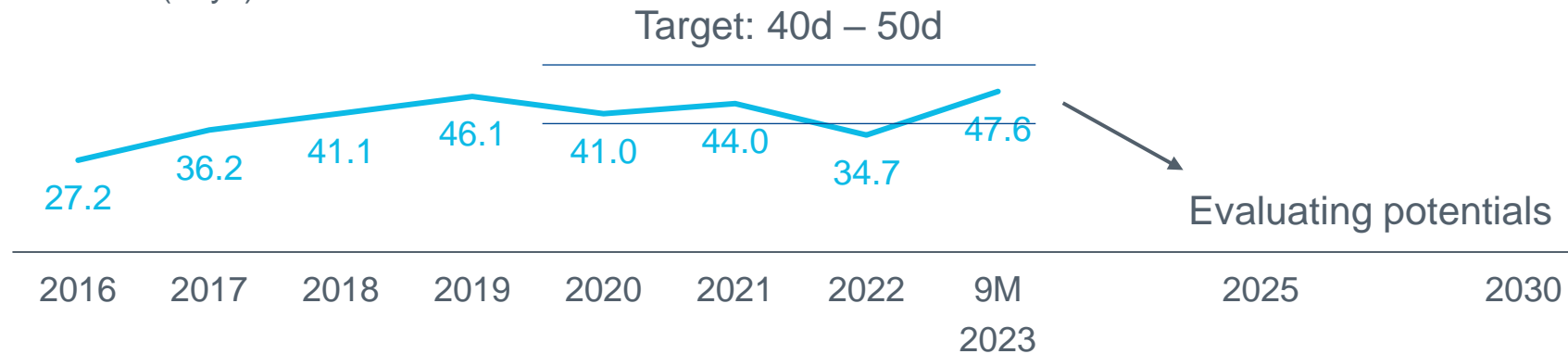


\* Effects from the initial consolidation of BBS Automation amount to ~ €100 m

### Key aspects

- Balancing of DSO & DPO
- Inventory optimization
- Balancing WIP, contract assets and contract liabilities

— DWC (days)



**Focus on further inventory reduction and disciplined NWC management**

# Financial policy

## Resilient business – strong focus on solid balance sheet and cash flow

### Resilient business

- Long-term growth drivers: Sustainability, e-mobility, automation
- Market leader in core markets with high service share
- Leader in product innovation and resource efficiency of products
- Strategy to grow profitably (> €6 bn by 2030) and further diversify end markets: automotive, furniture, house building, industrial automation
- Global footprint with local value chains close to the customers

### Solid balance sheet and cash flow

- Close management of NWC: Target 40 to 50 DWC
- Target leverage (net debt / EBITDA) of < 2, in-line with investment-grade metrics
- In case of a larger M&A transaction, commitment to return quickly to target leverage

### ESG

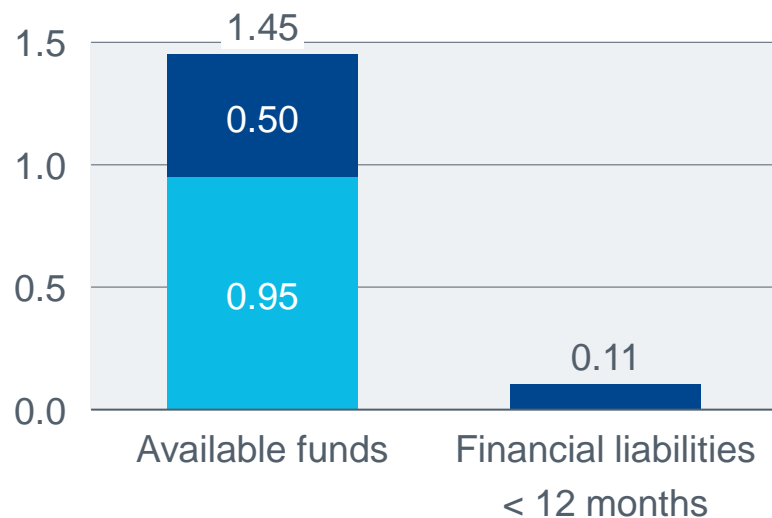
- Climate strategy in-line with 1.5°C goal, verified by SBTi<sup>1</sup>
- Comprehensive risk management based on TCFD<sup>2</sup> recommendations
- Close monitoring of cyber risks – continuous protective actions
- Focus on employee development and protection (Health & Safety)
- Well defined governance framework

<sup>1</sup> Science Based Target initiative; <sup>2</sup> Taskforce for Climate related Financial Disclosure

**We are committed to maintain investment grade credit metrics**

# Comfortable liquidity and maturity profile

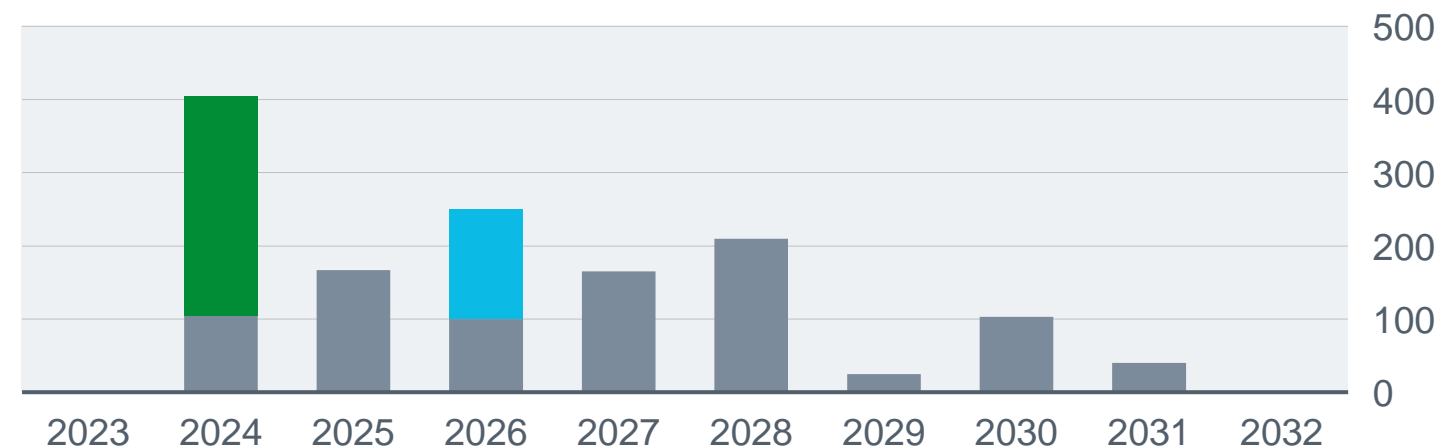
in €bn



■ Cash credit facilities  
■ Cash and cash equivalents

in €m

Maturity profile (financial instruments only)



■ Bridge loan<sup>1</sup> ■ Schuldschein loans  
■ Convertible

<sup>1</sup> €300 m syndicated loan to finance acquisition of BBS Automation; maturity of 12 months, can be prolonged by another 12 months  
Credit facilities unutilized: €500 m maturing in 2026  
Other financial liabilities (incl. real estate linked financing Teamtechnik, BBS debt) not included

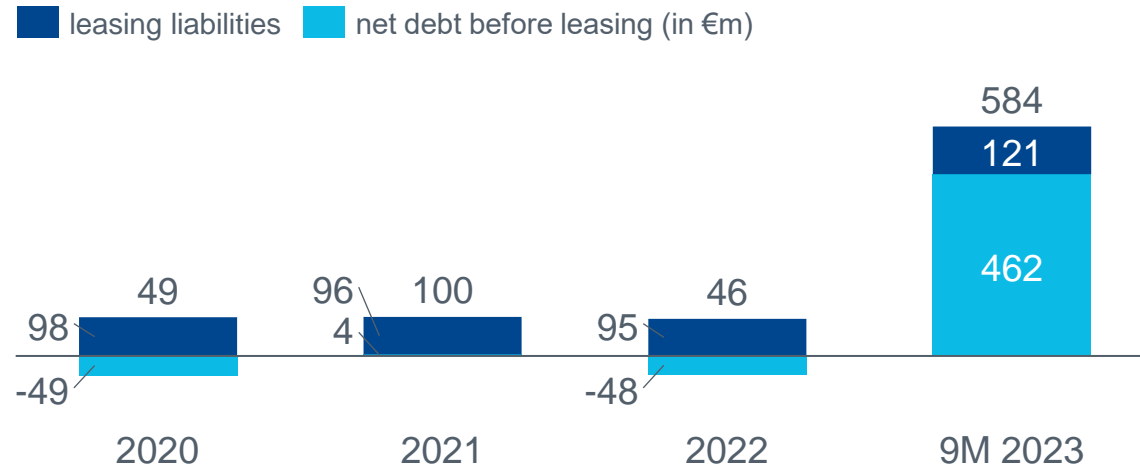
Without leasing liabilities or accrued interest

## Next financial instruments maturing in January 2024



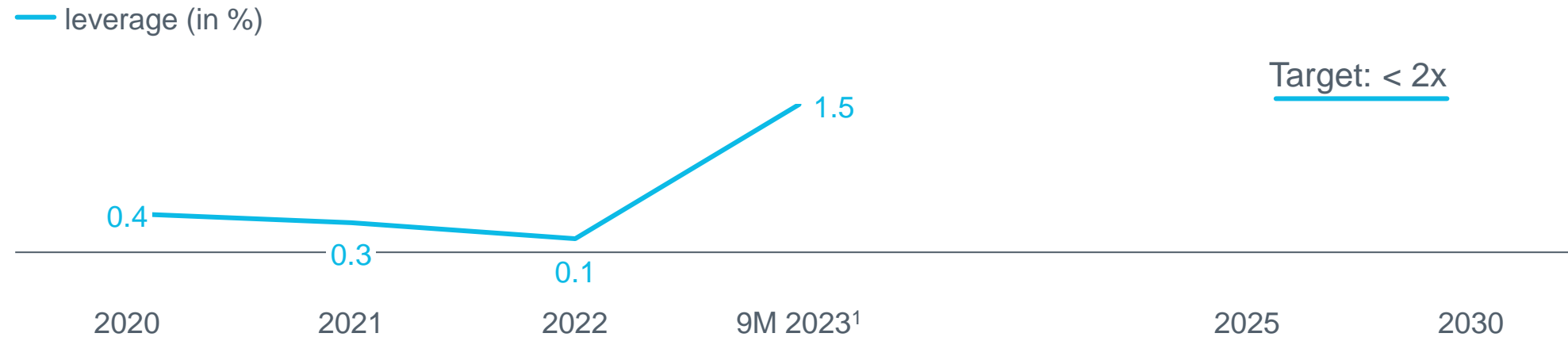
# Indebtedness and leverage

## Net debt increase due to acquisition of BBS Automation – Leverage in target range



### Key aspects

- Focus on deleveraging going forward
- Review of business portfolio
- Very small pension liabilities (€ 34m)

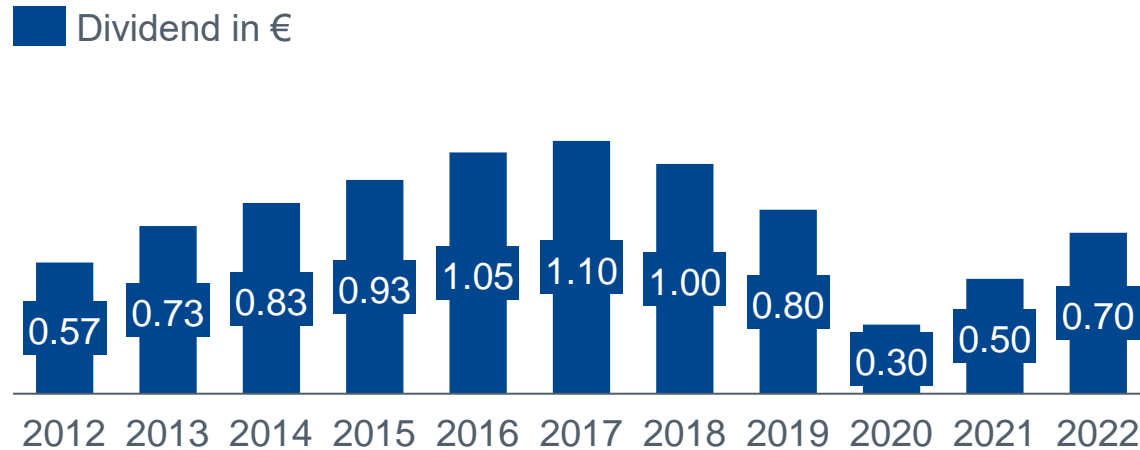


<sup>1</sup> pro-forma incl. BBS Automation

**Conservative approach to leverage**

# Return to shareholders

Consistently within or at upper end of dividend payout range



## Key aspects

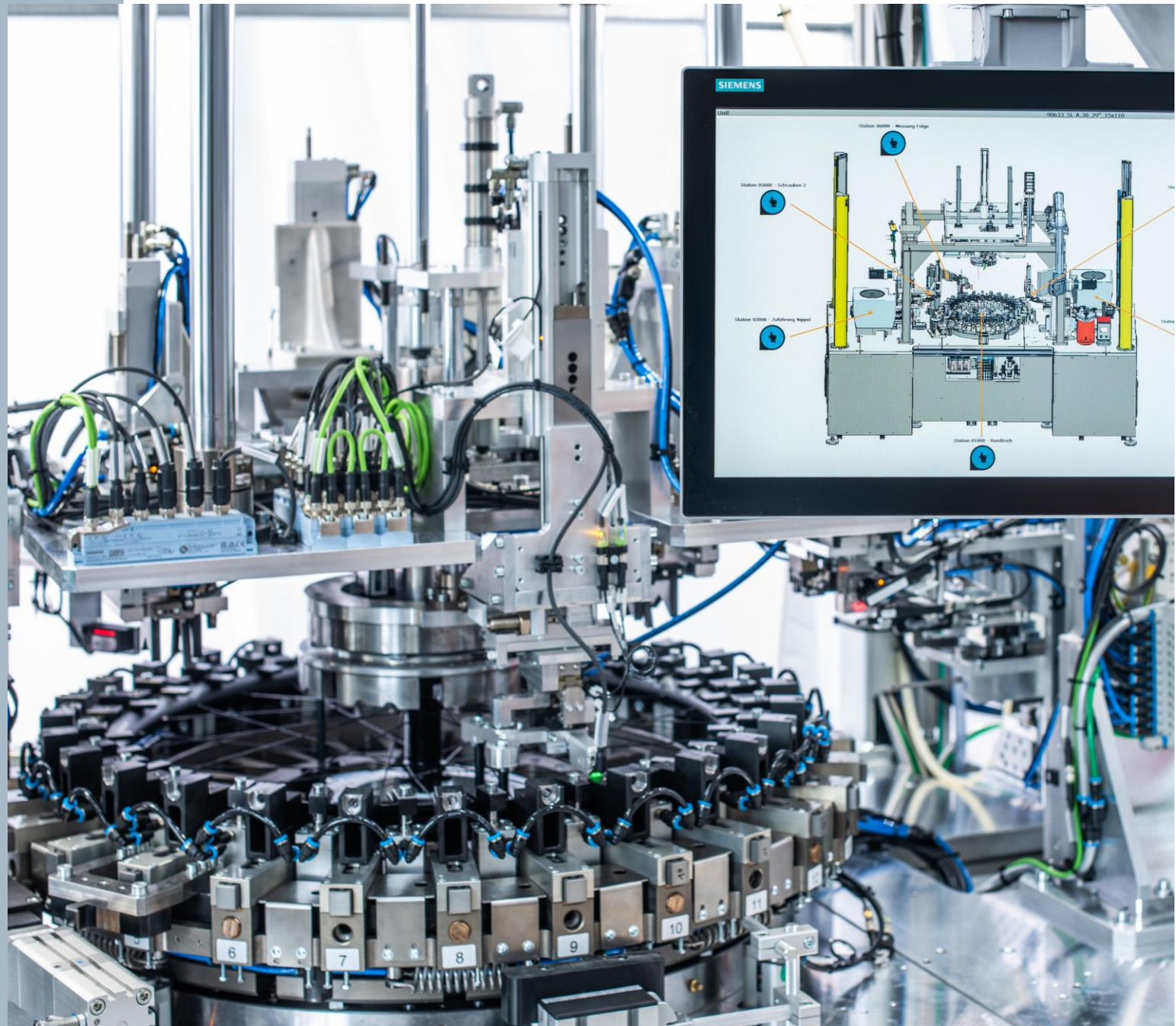
- Dividend to remain a key contributor
- Growth investments favored over share buy-back – nevertheless Dürr AG was granted authorization for share buy-backs at last shareholder meeting to be able to act opportunistically



Consistently high dividend payout ratio

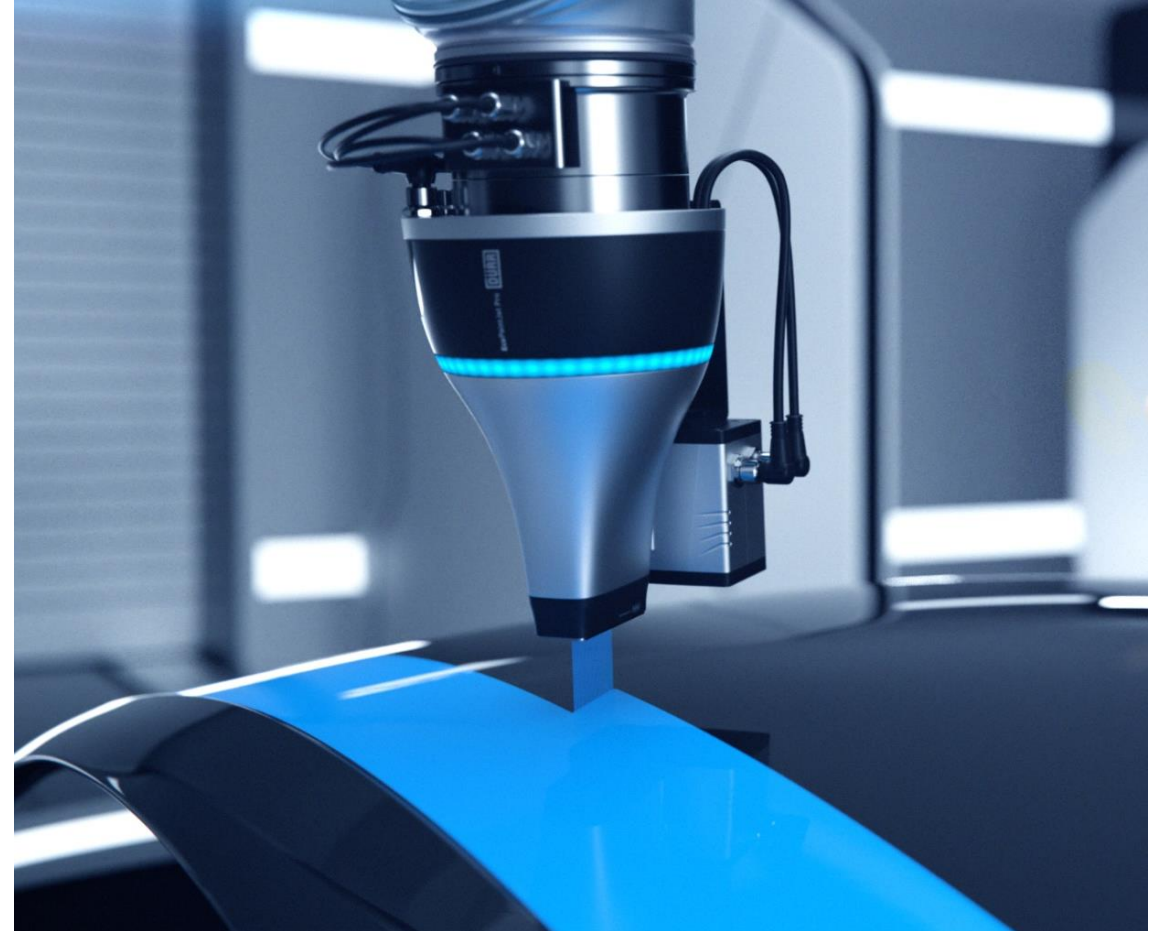
# 7

## SUMMARY



# Key take-aways

- Progress in aligning the portfolio with profitable growth
- Established businesses show solid margin improvement, getting close to mid-cycle target levels
- HOMAG enters cyclical downturn: restructuring measures defined incl. sustainable cost savings
- Growth business with very good prospects, further strengthened by acquisitions
- Strengthening resilience remains in focus
- Disciplined cash management and sustainable dividend policy



**On track with 2030 strategy for profitable growth**



# Q&A session

## How to ask questions

- Questions can be asked directly in Zoom.
- Online: If you want to ask a question, please raise your virtual hand and wait until your name is called. Then you can unmute yourself and ask your question.
- Via telephone: If you want to ask a question, please press \*9 and wait until you are unmuted. Please mention your name before asking your question.



# ANALYST MEETING 2023

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Dr. Jochen Weyrauch, CEO Dürr AG  
Dietmar Heinrich, CFO Dürr AG

November 21, 2023  
Frankfurt, Hilton Frankfurt City Center

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