

Capital Markets Day 2020

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Dr. Jochen Weyrauch, Deputy CEO Dürr AG
Dietmar Heinrich, CFO Dürr AG
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Bietigheim-Bissingen
www.durr-group.com

DÜRR GROUP.



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cmd2020@durr.com



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Agenda

1. Introduction of speakers
2. Strategy & digitalization
3. Dürr Systems: PFS, APT and CTS
4. Measuring and Process Systems
5. HOMAG
6. Corporate Sustainability
7. Finance
8. Summary
9. Q&A



1

Introduction of speakers

1. Ralf W. Dieter

CEO Dürr AG



- Born in 1961
- Nationality: German
- Study: Economics
- Chairman since January 1, 2006; appointed until June 30, 2023
- Joined Dürr AG's Board of Management on January 1, 2005

Responsible for:

- Woodworking Machinery and Systems
- Public Relations
- Human Resources
- Internal Auditing
- Corporate Compliance
- digital@Dürr
- Global IT

1989-1995	DAT AG, Ratingen	Consultant, Regional Manager, Division Manager, Director
1995-1998	IBD Deutschland GmbH, Stuttgart	Director and Head of Sales Business Partner Germany Head of Sales Central Europe
1998-1999	IBM EMEA European Headquarters, Paris	Director of Channel Sales EMEA
1999-2003	Carl Zeiss Industrielle Messtechnik GmbH, Oberkochen	Business Unit Manager and Chairman of the Board of Management
2003-2005	Carl Schenck AG, Darmstadt	Chairman of the Board of Management
2005	Dürr AG, Stuttgart	Member of the Board of Management
Since 2006	Dürr AG, Stuttgart	Chairman of the Board of Management

1. Dr. Jochen Weyrauch

Deputy CEO Dürr AG



- Born in 1966
- Nationality: German
- Study: Industrial Engineering & Management
- Member of the Board of Management since January 1, 2017; appointed until December 31, 2024
- Deputy CEO since January 1, 2020

Responsible for:

- Paint and Final Assembly Systems
- Application Technology
- Clean Technology Systems
- Corporate Development
- Corporate Sustainability
- Global Sourcing

1990-1999	Continental Teves AG & Co. oHG, Frankfurt	Various management positions; Member of the Management Board
1999-2002		PhD (Dr.-Ing.)
1999-2003	Turbo Lufttechnik GmbH (TLT), Zweibrücken & Cleveland, Ohio	President & CEO
2003-2005	Carl Schenck AG, Darmstadt	Member of the Management Board / COO
2006-2014	Schenck Process Holding GmbH, Darmstadt	President & CEO
2014-2016	Endurance Capital AG, Munich	Senior Partner; Independent Consultant
Since 2017	Dürr AG, Stuttgart	Member of the Board of Management
Since 2020	Dürr AG, Stuttgart	Deputy CEO

1. Dietmar Heinrich

CFO Dürr AG



- Born in 1963
- Nationality: German
- Study: Industrial Engineering & Management
- Member of the Board of Management since August 01, 2020; appointed until July 31, 2023

Responsible for:

- Measuring and Process Systems
- Finance/Controlling/ICS
- Legal Affairs/Patents/Insurance
- Treasury
- Taxes
- Risk Management
- Investor Relations

1990-1995	Alfred Kärcher GmbH & Co. Reinigungssysteme, Winnenden	Specialist and Team Leader Controlling
1995-2001	FAG Kugelfischer Georg Schäfer AG, Schweinfurt (since 2001 part of the Schaeffler Group)	Controlling, Assistant to CEO / Head of Corporate Office
2001-2006	Schaeffler Group, Seoul / Korea	CFO Korea and member of the Board of Directors Schaeffler Korea Corp.
2006-2009	Schaeffler Group, Shanghai / China	CFO Asia/Pacific
2009-2011	Schaeffler Group, Homburg	Vice President business unit Linear Technology
2011-2014	Schaeffler Group, Herzogenaurach	CFO Europe
2014-2017	Schaeffler Group, Schweinfurt	CEO Europe
2017-2020	Schaeffler AG, Herzogenaurach	CFO
Since 2020	Dürr AG, Stuttgart	CFO

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Ralf W. Dieter
Strategy & digitalization

Agenda

1. Dürr in a nutshell
2. Recap strategy and mid-term targets
3. Digitalization @ Dürr



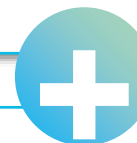
2.1 The Dürr Group – leading in production efficiency

German quality engineering with family roots since 1896 – 125th anniversary in 2021

- € 3.9 billion sales (2019)
- Diversified equipment portfolio focusing on:
 - Automotive production technology (mainly painting + assembly)
 - Woodworking technology
 - Environmental technology
- Core competencies: Automation and digitalization
- Strong market positions in Europa, Asia and the Americas
- High level of localization, strong emerging markets business
- Solid financial position and strong ROCE potential

Competitive advantages:

- Comprehensive shopfloor know-how
- Strong project execution
- Innovative technology



What we stand for:

- Leading in production efficiency
- High reliability and competence
- Top quality

Diversified equipment supplier with leading positions in global niche markets

2.2 Dürr mid-term strategy for profitable growth

FOUR STRATEGIC FIELDS

- Global Presence
- Innovation
- Efficiency
- Life Cycle Services

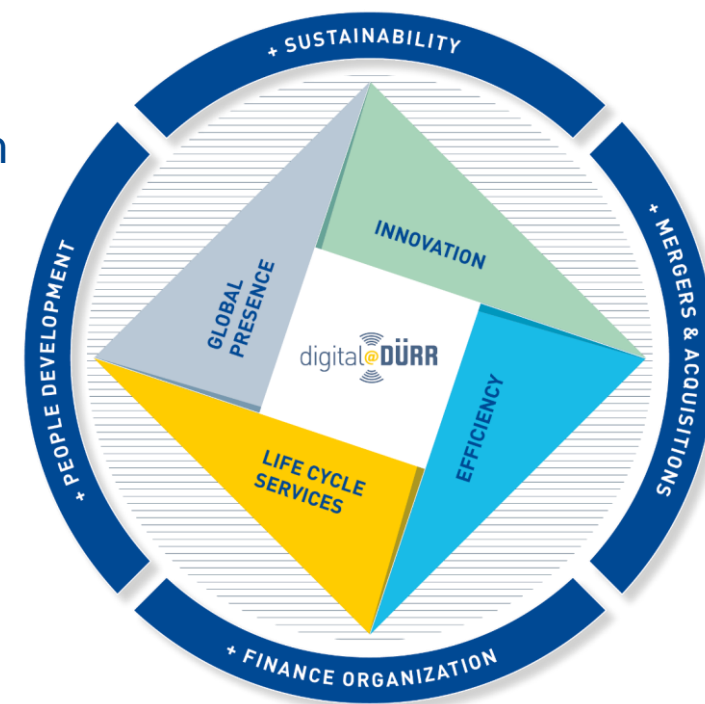
FOUR ENABLERS

- Sustainability
- M&A
- Finance Organization
- People Development

2-3%
Annual average
organic sales growth

≥ 8%
EBIT margin

≥ 25%
ROCE



digital@Dürr: Driving digitalization is at the core of our strategy

2.3 Our digitalization strategy - digital@DÜRR

Vision: Leader in digitalization in the Dürr Group's business areas

Mission: Data-driven software products, solutions & business models

Objectives: New revenue streams + differentiation + disruption protection

Strategy:

- Develop and expand software competencies
- Develop customer oriented software solutions with new digital technologies
- Introduce new business models to the customer
- Exchange for synergies, learning effects and support within Dürr subgroups
- Strengthen IoT networks (ADAMOS, tapio)
- Drive internal digital transformation

**Software
Competence**

+

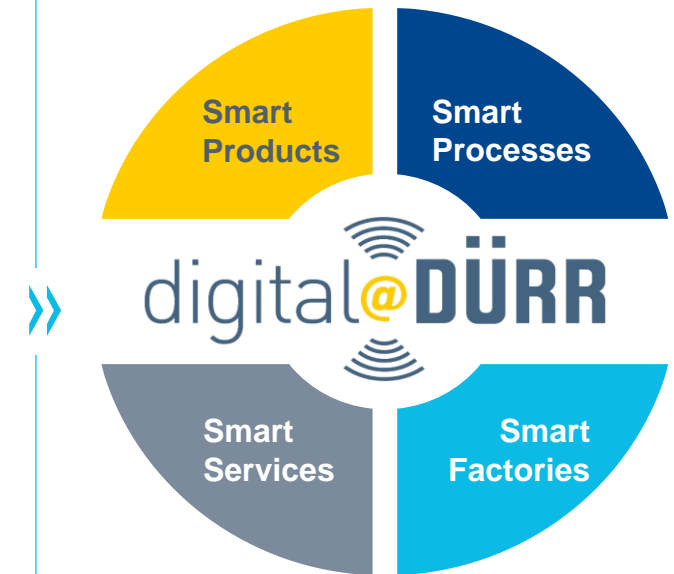
**New Business
Models**

+

**Partner
Network**

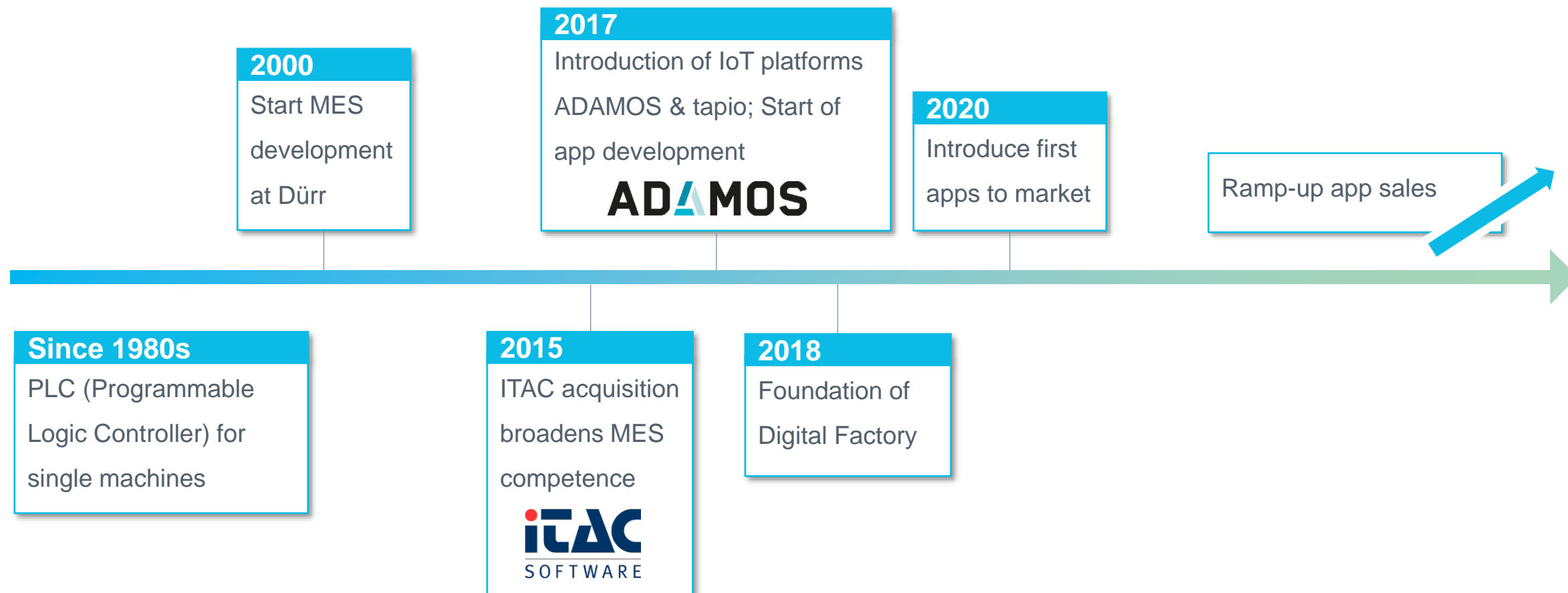
+

**Internal
Transformation**



Digitalization creates value for our customers and for us

2.3 From single machine programming to the cloud



Professional cloud and edge based software development: Digital Factory

2.3 Digital Factory: Professional software development

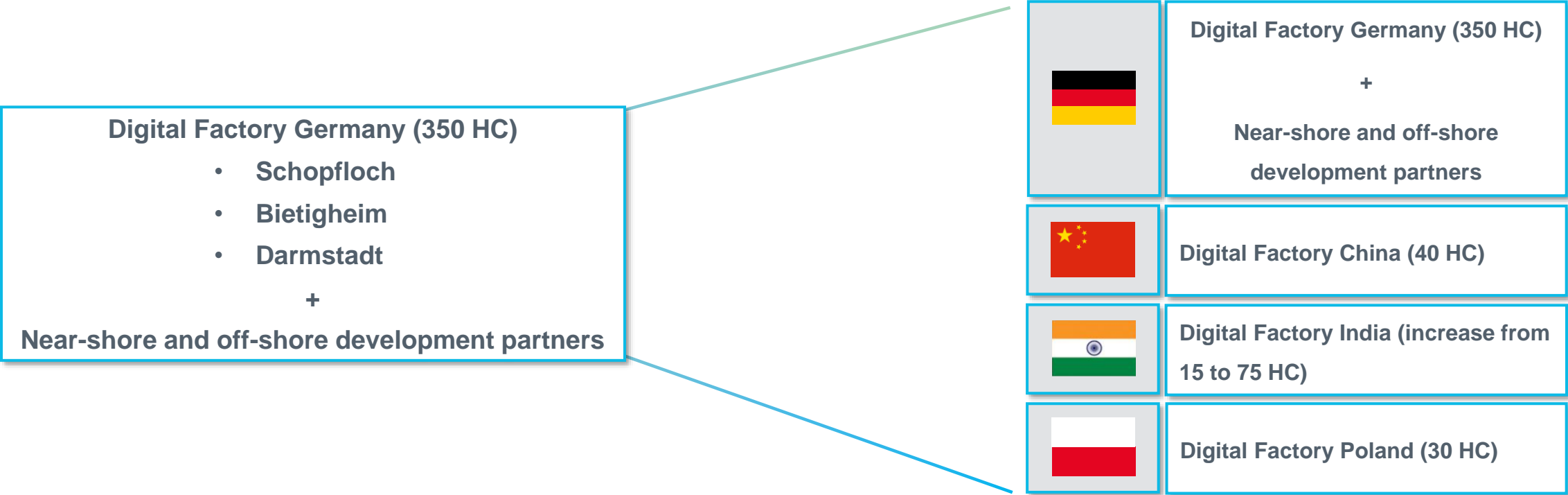
- Harmonizing software development activities of the divisions
- 20 agile teams working in modern IT company like environment
- Product development and project steering done at Digital Factory; programming done at near-shore partners in Europe and India
- Agile approach: Development from prototype to end-product together with pilot customers
- Pricing model based on value add at customer



Digital Factory: IT company within the Dürr Group

Digital factory evolution

Standardized solutions driven centrally, developed globally, adapted locally



2020

2023

Localization of software development competence

2.3 Building upon large MES installation base

Great reference and potential for cross and upselling of digital products



- Durr incl. ITAC with > 500 MES installations across different industries
 - > 250 automotive OEM and Tier-1/2 installations
 - ~ 75% software installations without hardware
- Even automotive OEMs with competitor hardware count on Durr for MES solutions
 - > 40 automotive OEMs using Durr digital products



An **MES** (Manufacturing Execution System) allows to digitally track, control and improve production processes based on real-time and historical production data = **Backbone of an Industry 4.0 factory.**

Leveraging today's widespread use for tomorrow's transformation

2.3 Next level manufacturing control software: MOM

Manufacturing Operations Management software to be launched in 2022

$$\text{MOM} = \text{MES} +$$

100% flexibility:


Modular app approach for all process steps in entire factory operations (“micro services”)
→ Buy what you need - pay what you use



Strongly reduced configuration and implementation work
→ Fast & smooth start

1:1

Consequent look-and-feel throughout all apps → easy to use

Made to support  customers' cloud strategy



User focus

User shaped information workflow

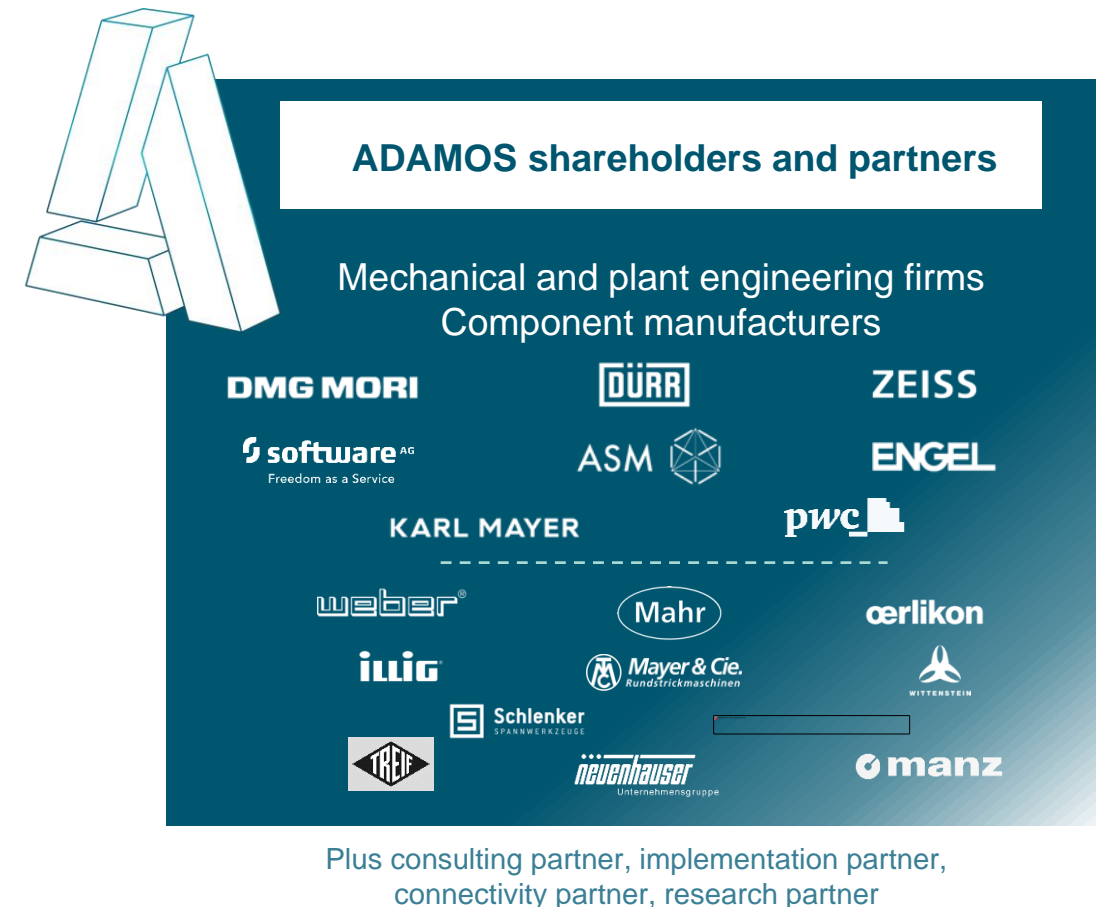


Key aspects of factory operations in production, maintenance, quality and intralogistics covered as “wizards”

MoM is the next generation: Further evolution of ITAC and Dürr MES softwares

2.3 ADAMOS cooperation platform for digitalization

- **ADAMOS IIoT:** Scalable technology to develop apps
 - Focus on mechanical and plant engineering industry, providing elementary infrastructure and basic functionalities
- **ADAMOS HUB:** Transparent management of data & apps
 - All together: Data from different machines and apps
 - Manufacturer-independent and simple management of data and apps in one single system
- **ADAMOS STORE:** The marketplace for the industry
 - ADAMOS partners offer their digital portfolio
 - Standardized sales processes and shop-in-shop options shorten time-to-market and ensure scalability



ADAMOS: Strategic alliance of mechanical engineering firms shaping digitalization

2.3 Internal digitalization at Dürr

Strategic platforms and robotic process automation

Microsoft 365 focusing on solutions for productivity, communication and collaboration:
Office tools, intranet, teamwork over MS Teams...



- Machine learning algorithm from Microsoft Azure
- Robotic process automation to automate internal processes

Salesforce Customer 360 focusing on solutions for customer oriented processes:
CRM, customer portals, marketing automation...



Driving internal digitalization fast, efficiently and close to standards

Internal digitalization – how bots can help us

Examples: Automatic digital filing of shipment documents + daily cash reporting

Automatic filling of shipment documents

- What does the robot do?
 - Open PDF document sent from printer
 - Use OCR* to read values and paste important values into DMS*
 - Store the document and information in DMS*
- Benefits for Dürr:
 - 17 hours time saving of per month
 - Repetitive work avoided
 - Employee satisfaction increased

*OCR: Optical Character Recognition; DMS: Document Management System



Daily cash reporting

- What does the robot do?
 - Start the software VWD and open the report from previous day to execute a macro
 - Collect data from ITS System, copy the data in an Excel file and update charts
 - Save the report in a folder
- Benefits for Dürr:
 - More time for evaluating the figures
 - Reduction of manual activities
 - Time saving of 20 min/day
 - Reporting can be done more often and/or including more data

Continuous efficiency improvement through digitalization



3

Dr. Jochen Weyrauch
Dürr Systems: PFS, APT, CTS

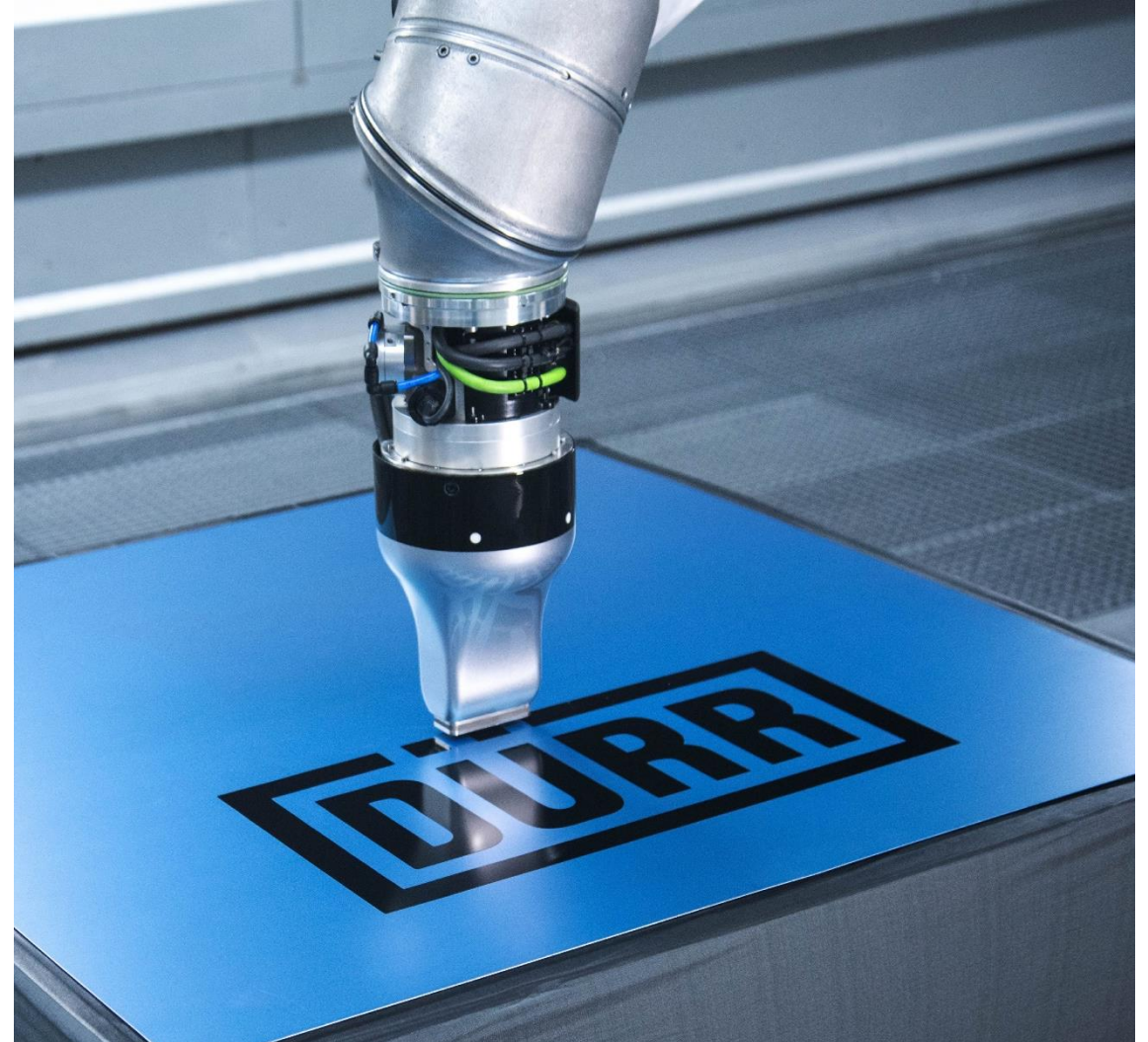
Agenda

1. Overview

2. Automotive

- Market
- Efficiency measures
- Digitalization
- EV

3. Environmental technology



3.1 Overview Dürr Systems

Dürr Systems encompasses the Group's automotive & environmental technology business

Paint and Final Assembly Systems

- Turnkey paint shops
- Final assembly equipment

- Mainly automotive industry



Application Technology

- Painting robots
- Sealing technology
- Gluing technology

- Mainly automotive industry



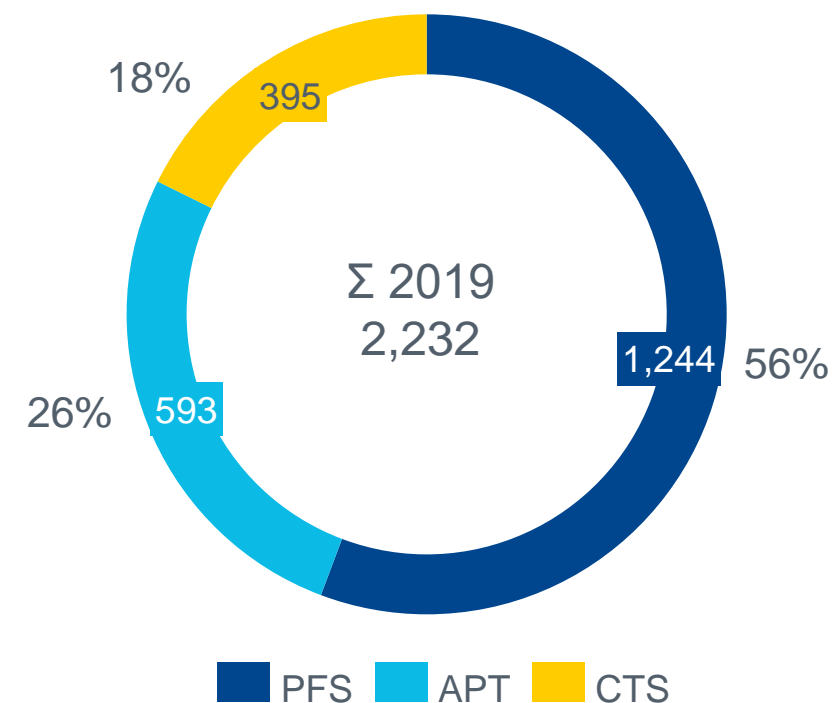
Clean Technology Systems

- Exhaust-air purification systems
- Coating systems for battery electrodes
- Sound insulation systems

- Various industries



2019 Sales in € m



World market leader in everything we do

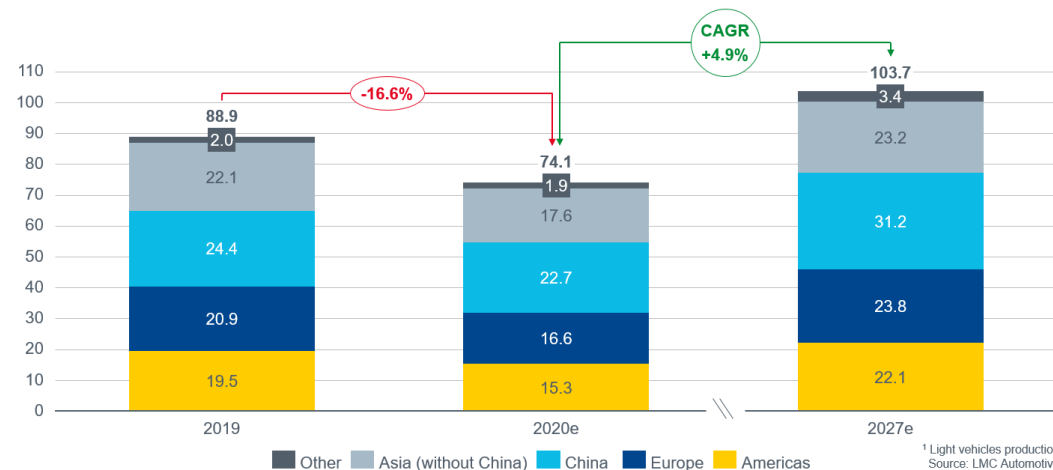
3.2 Automotive

Market/competition: Strong EV business, better overall sentiment since Q3

Overall market situation

- Global LV production 2020e: -17%, recent recovery
- Strong EV business, 9M order intake >90% above 9M 2019
- Order pipeline improved compared to subdued H1
- Market sentiment improving, OEM reassume capex projects, but still cautious
- Rebounding service business since Q3

in m units¹



Competitive environment


- Pricing: Budget pressure at customers due to transformation investments
- Competitors are trying to secure utilization
- Dürr has a clear technological edge, but order placement mainly cost-driven
- Successful implementation of FOCUS 2.0 positively impacting competitiveness and order execution
- Main German competitor out of the market, spin-offs entering the competitive landscape

Automotive market recovery on track

3.2 Automotive

Market/competition: Chinese automotive business expected to remain strong

Americas

- Automotive order intake 9M 
- Mainly mid-sized brownfield opportunities, no really large projects in the pipeline
- More projects needed in Q4
- US car sales: -19% Jan.-Sept. 2020
- LV production 2020-2027: +5.4% CAGR

Europe

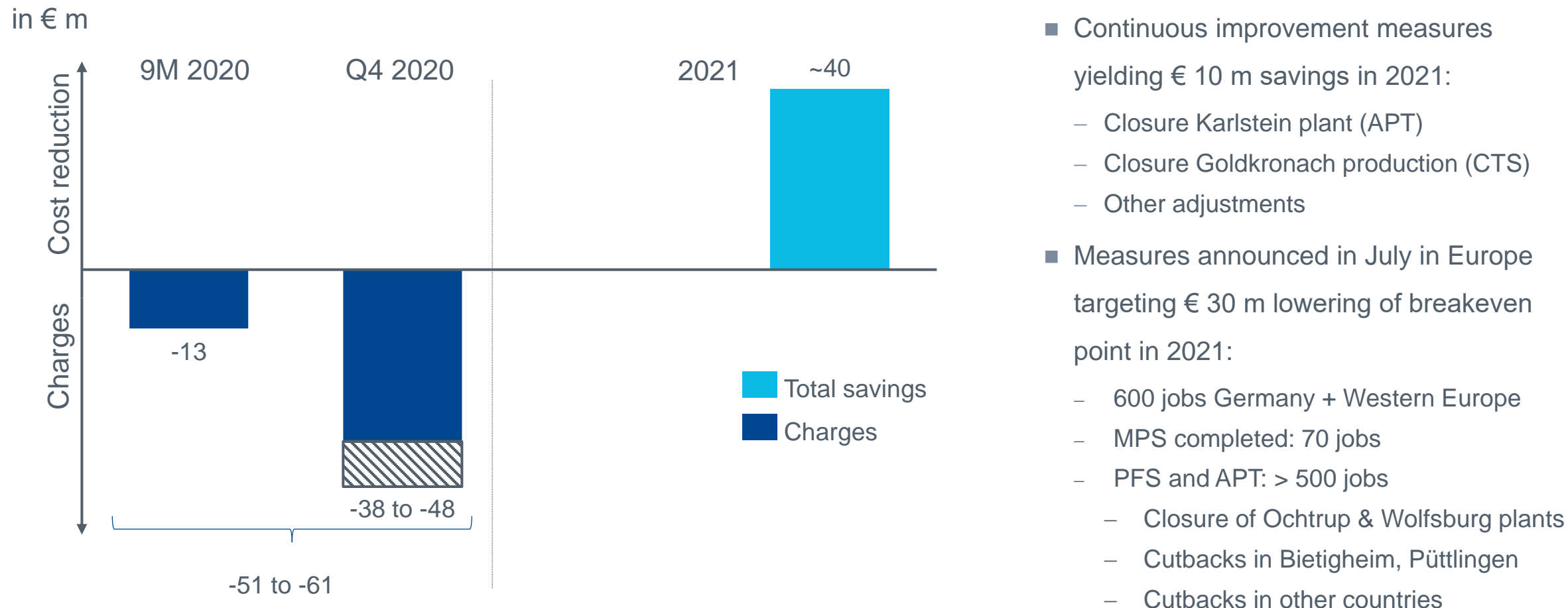
- Automotive order intake 9M 
- Brownfield opportunities, greenfield rare
- Large brownfield order in Sept. (Germany)
- Further opportunities in Q4, highly competitive
- Car sales: -29% Jan.-Sept. 2020
- LV production 2020-2027: +5.3% CAGR

China

- Automotive order intake 9M 
- EV expansion continues to drive our business
- Brownfield and greenfield
- Positive sentiment among OEMs
- Car sales: -7% Jan.-Sept. 2020
- LV production 2020-2027: + 4.7% CAGR

Q4 order intake will be crucial for utilization in Europe and the Americas in 2021

3.2 Status automotive efficiency measures



Total cost reduction of ~ € 40 m p.a. targeted from 2021

3.2 Automotive

Chances: Digitalization – DXQ software family for plant and OEE optimization

What are we targeting at with our digital solutions?

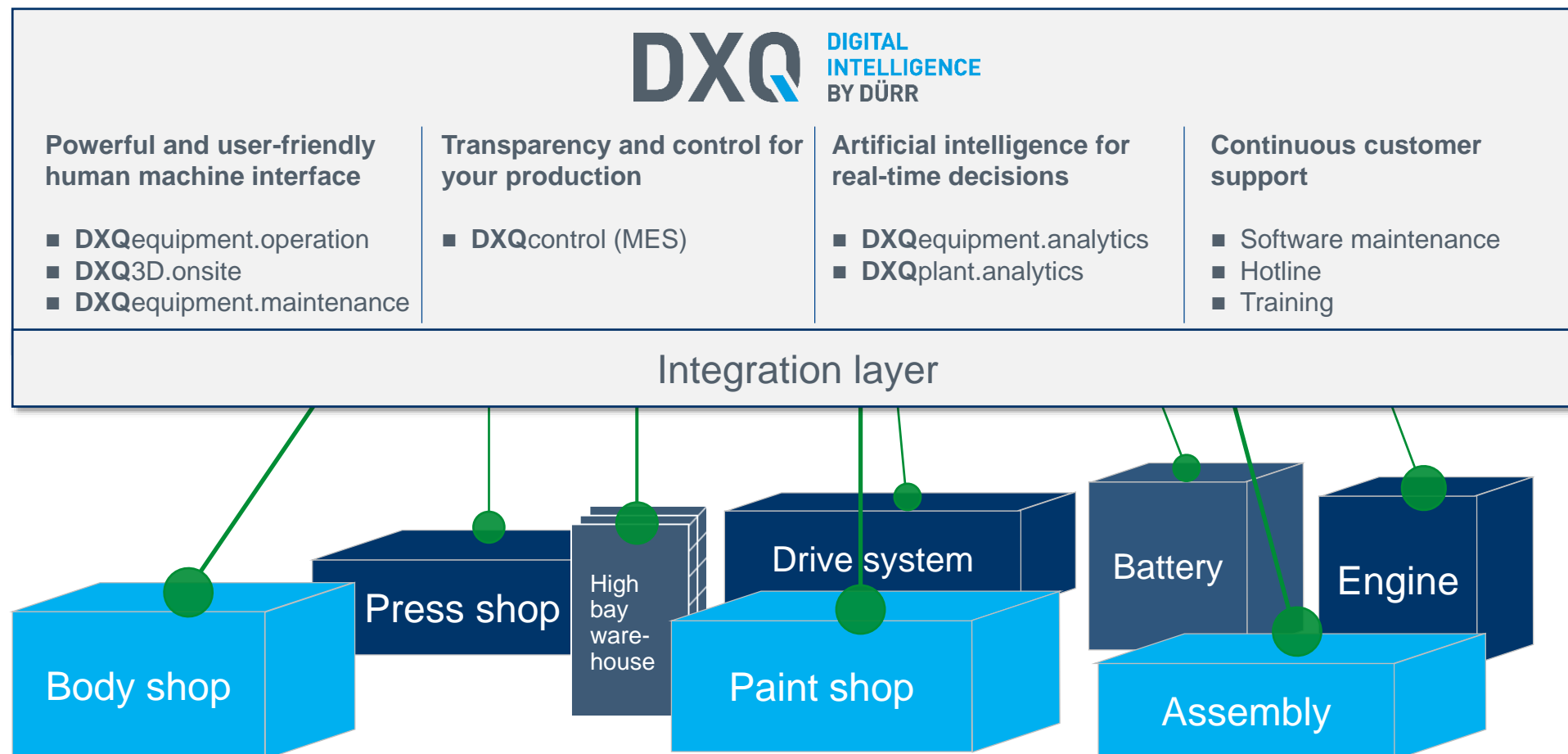
- **Increase product quality** → Anomaly detection
- **Increase productivity** → Analyze improvement potential
- **Higher availability** → Predictive maintenance
- **More flexibility** → Product customization
- **Reduce Time-to-market** → Digital twins, process simulation
- **Reduce capex/opex** → Brownfield improvements, lower production costs



DXQ optimizes our customers' operations

3.2 Automotive

Chances: Digitalization – DXQ software family: Integrated digital solutions



Complete range: human machine interface, supervisory control, shopfloor analytics, service

3.2 Automotive

Chances: Digitalization – DXQ software family: AI-based self-learning systems

Algorithm learns and controls correct tolerance range of an atomizer turbine

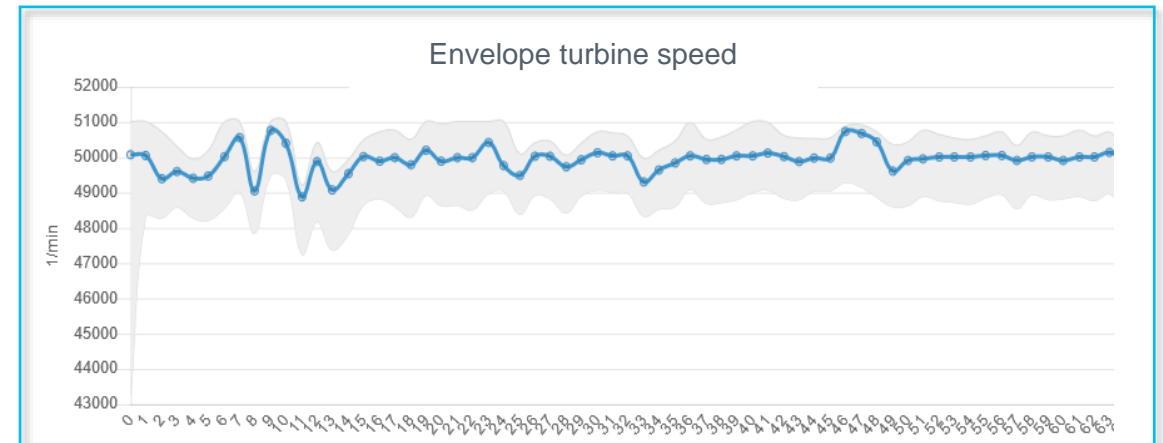
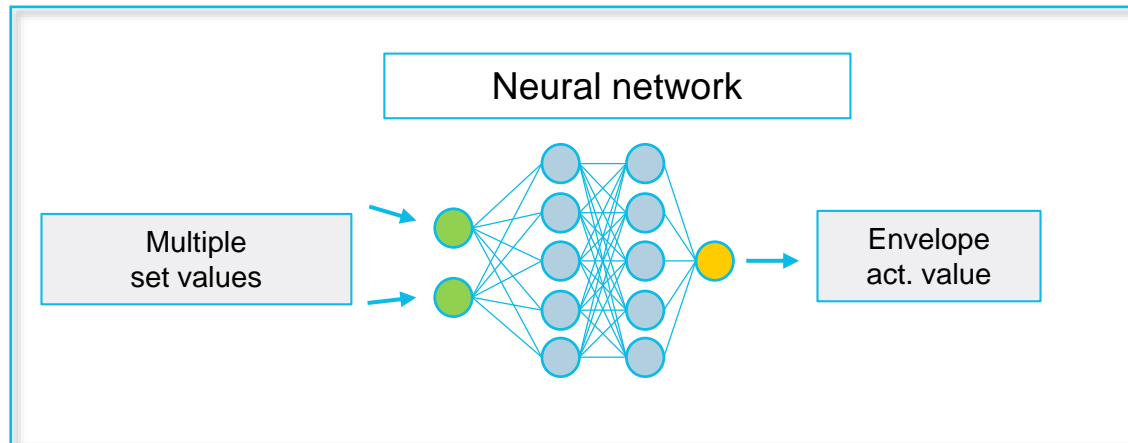
DXQ DIGITAL
INTELLIGENCE
BY DÜRR



Paint atomizer EcoBell3e



Turbine within the paint atomizer



Artificial intelligence for system self-regulation

3.2 Automotive

Chances: Digitalization – DXQ software family: Close to our customers' shopfloor needs

AI-software BMW Group Regensburg



- 17 algorithms in validation (robot lines)
- 7 test cases confirmed and transferred to series production
- Roll-out to other plants considered
- Pilot installations for further process sections in planning

Volkswagen Industrial Cloud + Anting plant



- Dürr is among the pioneering partners of the Volkswagen/AMS Industrial Cloud
- New Anting paint shop: **DXQ** flagship project
 - **DXQ**control: supervisory control (incl. **DXQ**mobile.app)
 - **DXQ**plant.analytics: AI determining error patterns
 - **DXQ**equipment.analytics: maintenance

DXQ is attractive because it incorporates Dürr's shopfloor know-how

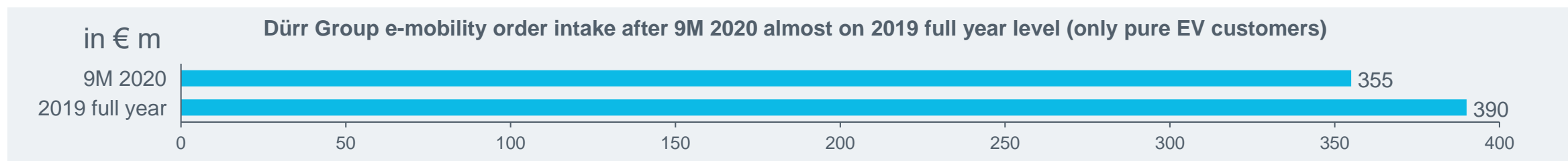
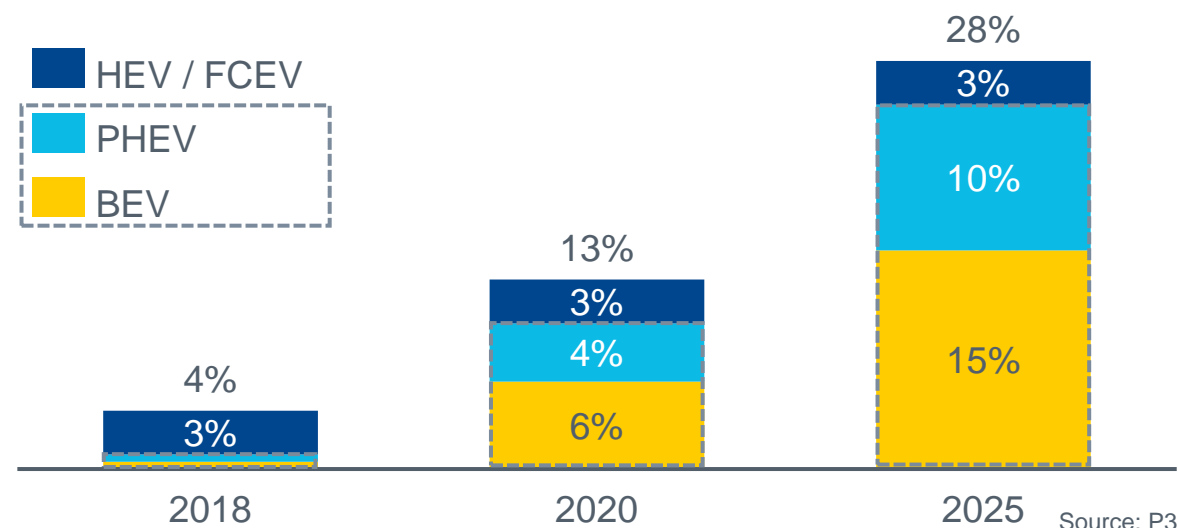
3.2 Automotive

Chances: EV newcomers – Additional customers, EV still at the beginning

- Dürr Group: approx. 30 new customers due to e-mobility
- New car plants needed
- Newcomers need experienced partners like Dürr
- Pragmatic cooperation, less complex project execution
- Opportunities ahead as EV large series production is still at the beginning
- ICE exposure reduced: sale of Dürr Ecoclean in 2017

Market development

%-share of global new vehicle registrations per year



E-mobility is an opportunity for Dürr

3.2 Automotive

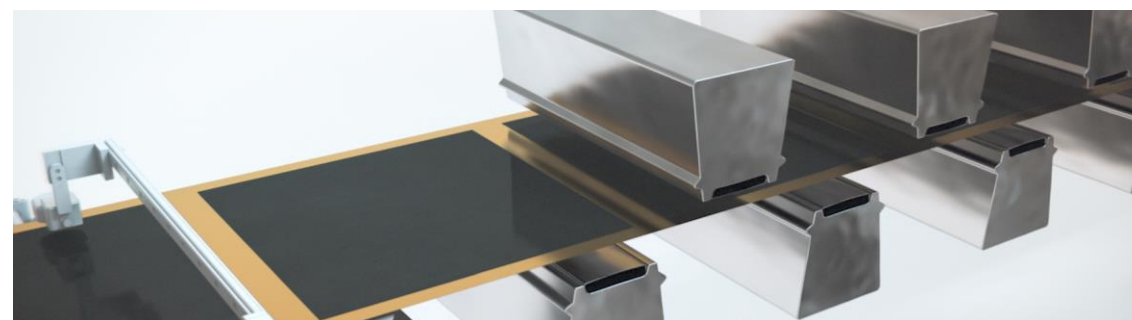
Chances: EV newcomers – new technologies require new equipment solutions

Dürr EV business benefiting from

- Less complex powertrain: more automation in final assembly
- Larger model variety: flexibilization of production plants
- EV car body geometry: more need for overspray-free painting (EcoPaint Jet) and new oven technology (EcoInCure)
- Battery cooling: filling of refrigerants
- Battery assembly: battery gluing, gap filling
- Battery cell coating
- Balancing and spin testing of e-drives

Dürr equipment input: Comparison ICE vs. e-mobility

	ICE	E-mobility
Painting	✓	neutral ✓
Final assembly	✓	More business ✓
Drive + battery manuf.	-	Add. business ✓
Balancing	✓	Less business ✓
Filling	✓	neutral ✓
Testing	✓	neutral ✓



Higher Dürr equipment input with e-mobility than with ICE

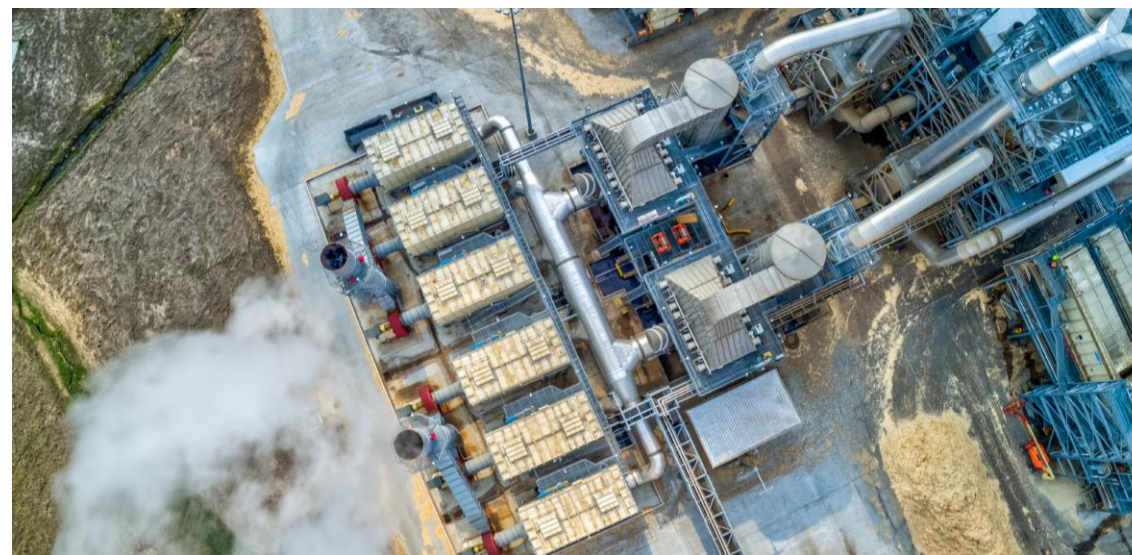
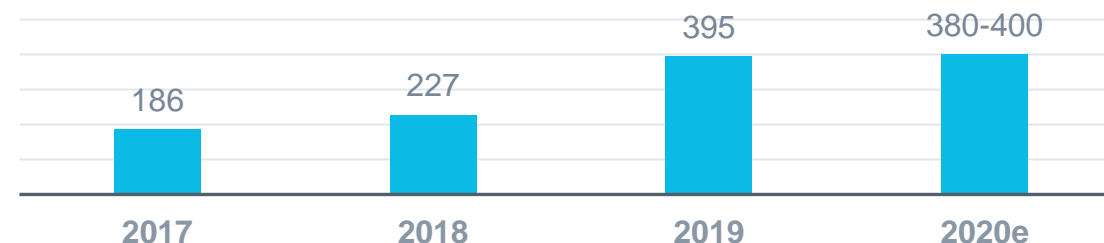
3.3 Environmental technology

Update market: Acquisition of Megtec/Universal has further strengthened our leading position

- Globally benefiting from environmental protection and green production
- By far the largest player in exhaust-air purification technology, >20% world market share in a fragmented market
- Making use of economies of scale and uniform processes
- Dürr is the only global equipment partner for multinational corporations
- Benefiting from high investments of the chemical industry in China (greenfield boom) and the US (cheap gas)
- Only moderate declines despite Covid-19 pandemic: no postponement of emission-critical projects
- Extra business in Li-Ion battery cell production

Clean Technology Systems: Sales (€ million)

Megtec/Universal consolidated since October 5, 2018



Leveraging economies of scale in high growth environmental business

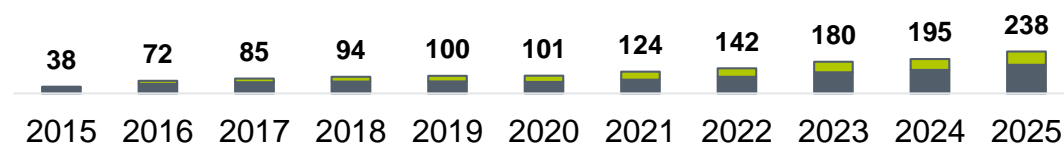
3.3 Environmental technology

Chances in Li-Ion business: top position in battery cell coating technology

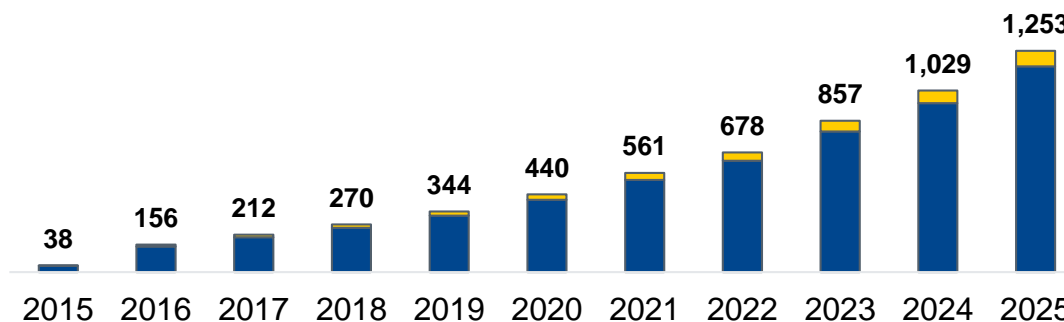
- Coating: NMC slurry (nickel, manganese, cobalt), expensive material: approx. 40 \$ per kilogram
- Unique technology: double-sided coating of electrodes
 - High precision coating, less waste
 - Faster, only one oven
- USP: only single source supplier for complete lines (coating, drying, solvent recovery)
- Automotive business: cooperation with Techno Smart (Japan)
- Drivers:
 - E-Mobility: growing need for battery cells => capacity expansion
 - Non-auto: micro Li-Ion batteries for cordless devices
- Main competitors: Hirano (Japan), CIS (South Korea)

Expected development of LI-Ion battery production capacity (GWh/a)

Small-scale applications



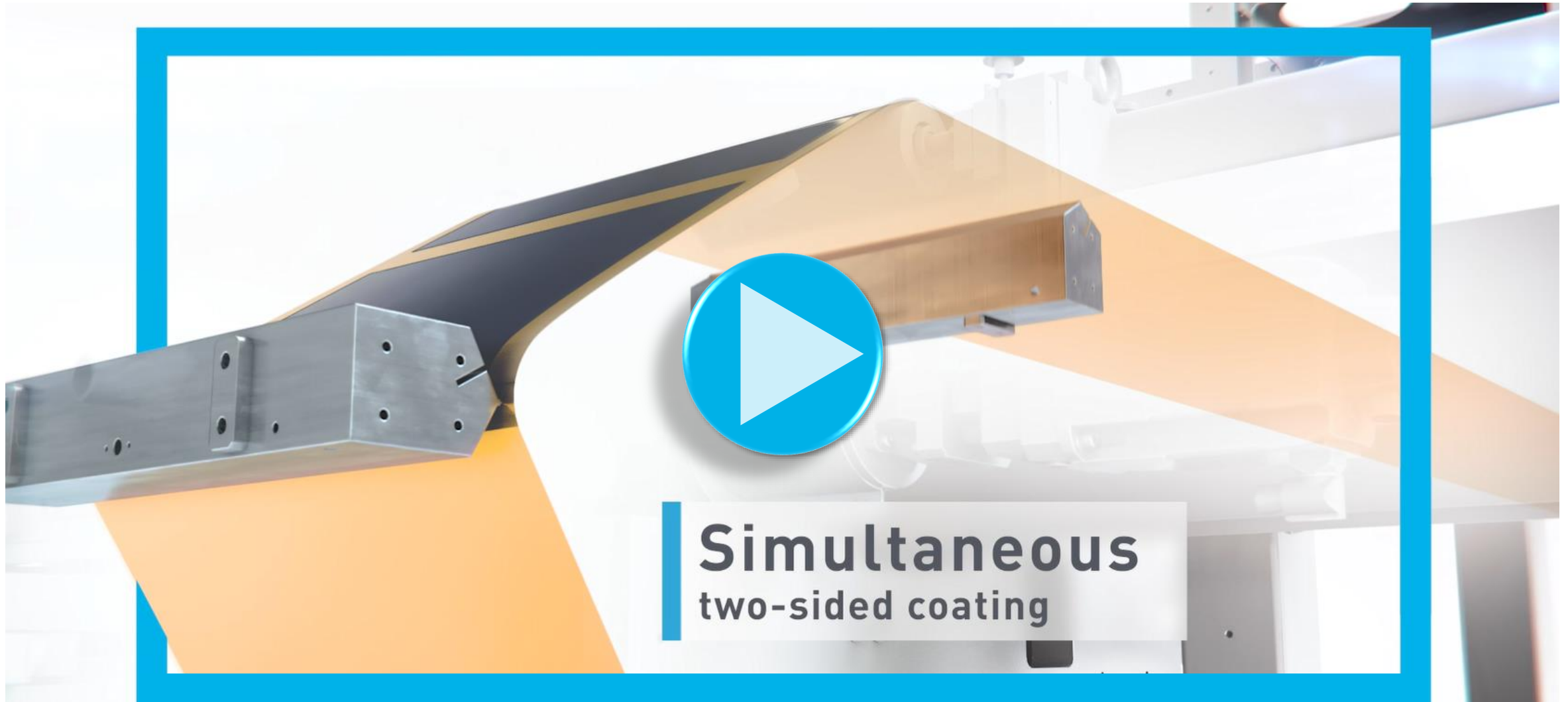
Large-scale applications



Source: Batterieforum 2019 and others

New growth segment within CTS benefiting from Li-Ion trend

Dual-sided coating of electrodes

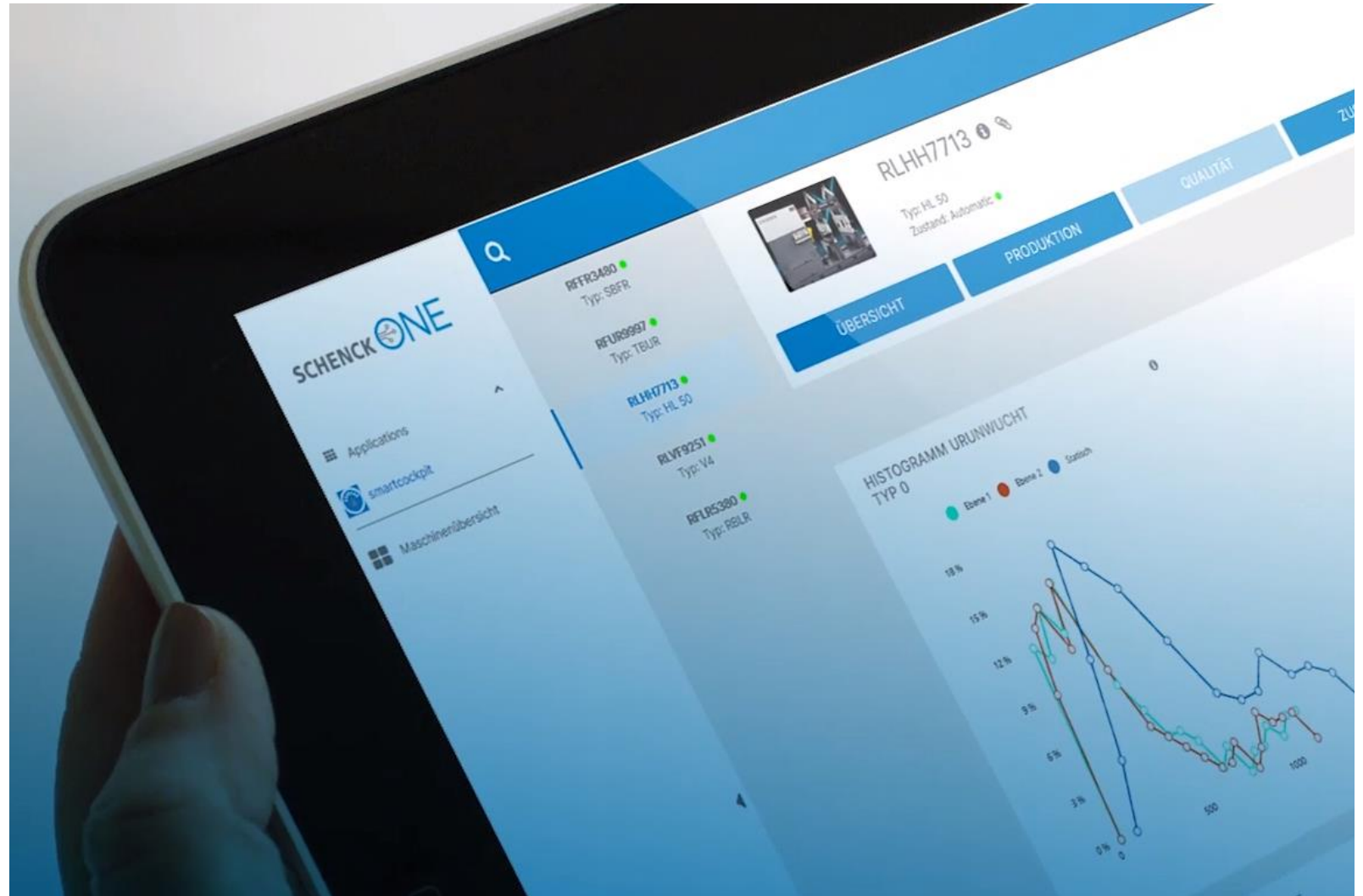


4

Dietmar Heinrich
Measuring and Process
Systems

Agenda

1. Market
2. Efficiency measures
3. Digitalization
4. Growth opportunities

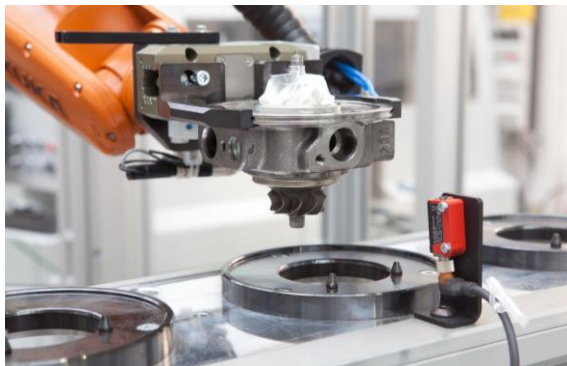


4.1 Market

Measuring and Process System with a diversified portfolio

Balancing Technology

- Balancing, correction and automated assembly technology for various rotors
- Automotive, capital goods, power engineering, aviation and electrical industries



 **SCHENCK**

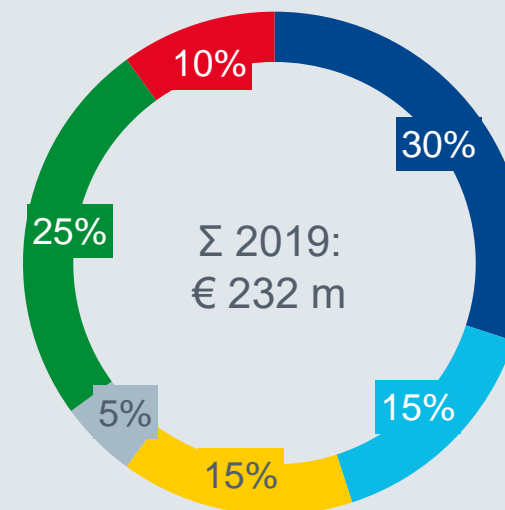
Filling Technology

- Filling, testing and data technology for appliances
- General industry (manufacturers of refrigerators / air-conditioning)



AGRAMKOW

2019 Sales in € m



Balancing technology



Automotive

Capital goods

Electrical

Service

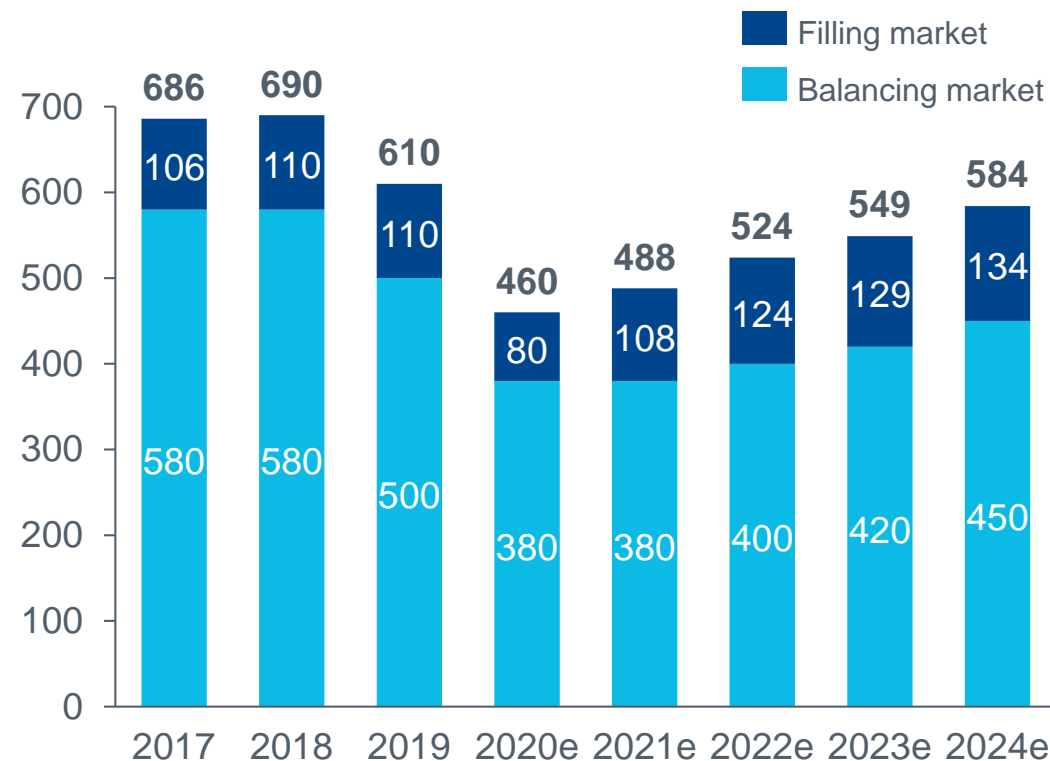
Aviation

World market leader with a high profitability

4.2 Efficiency measures

Market weakness answered with consequent efficiency program – solid basis for future growth

Market potential in € m



Efficiency measures include

- **Capacity reduction:** Chiefly in Germany, responding to market weakness and slow recovery
- **Process optimization:** Improved order execution through performance oriented plant layout and processes (e.g. focus on material flow, special machine project business)

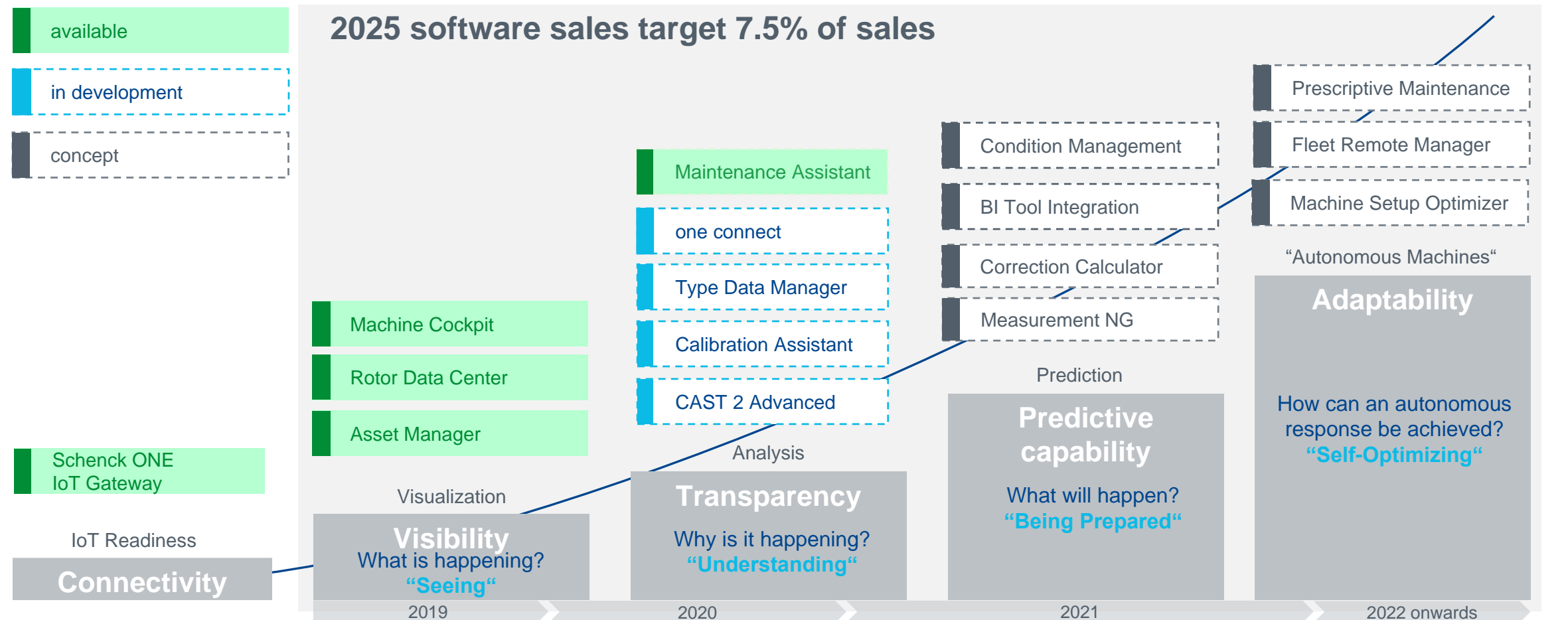
Production setup – move to most growing markets

- **China production hub:**
 - Build global production center for product lines e-mobility balancing and spin-testing for global market
- **India production hub:**
 - Establishing global production hub for selected product lines tire & wheel incl. balancing & assembly equipment for global market

Targeting an EBIT margin of >10% by 2023

4.3 Digitalization

Software product roadmap underlines development path



Framework by Schuh et al. (2017), acatech STUDY – Industrie 4.0 Maturity Index

Large app pipeline drives revenue potential

4.3 Digitalization

Schenck One: digital solutions for real value

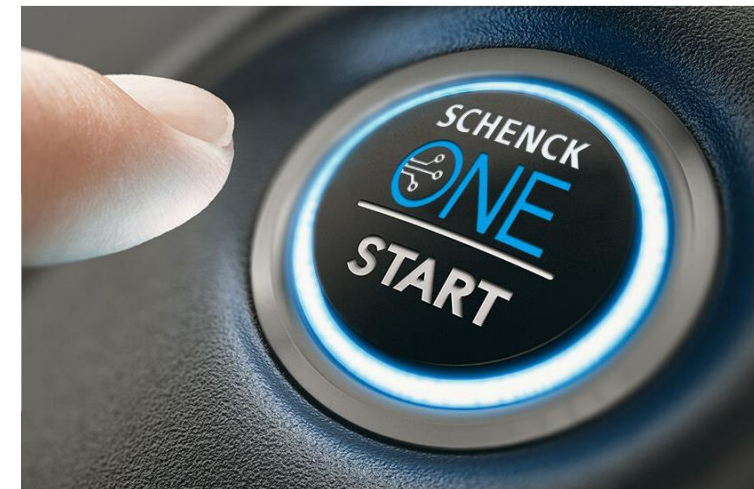
■ Example 1: Machine Cockpit dashboard application

- Obtain status of machine or even entire machinery at your fingertips
- Closely follow machine, production and quality performance indicators
- Customized dashboard view to see what is important
- Organizing and optimizing machinery while easy to use

■ Example 2: Maintenance Assistant

- Full transparency regarding maintenance status of machinery and tooling
- Intuitive planning, organizing, managing and processing of tasks
- Tracked maintenance history over entire lifecycle
- Any machine can be added, including third-party machines, as well as tooling

→ Efficient service management / reduction of downtime



Apps enable access to efficiency potential

4.4 Growth opportunities

Diversified portfolio enables participation in various applications



Aircraft

China & Russia starting engine production & establishing own maintenance centers

- Production and service equipment push already visible



Tire balance check as part of tire production

- Huge market potential (car tire production: 1.5bn p.a.)
- India production hub with CE proven product quality is unique and allows competitive pricing

Today

Tomorrow

Future



E-Mobility

New players, new technology

- Unique position in consulting, machining, spin testing & balancing
- E-mobility strongly growing although on a lower level than combustion engine



Fuel cell compressors

Evolving industry with high-end demand

- Unique position in consulting, machining, spin testing & balancing
- First machinery adapted to industry needs

Well positioned for tapping growth potential

5

Ralf W. Dieter
HOMAG

Agenda

1. Overview
2. Furniture market
3. Efficiency measures
4. Digitalization
5. HOMAG China Golden Field
6. Solid wood construction



© Structurlam Mass Timber Corporation

5.1 HOMAG - Machinery for furniture and more

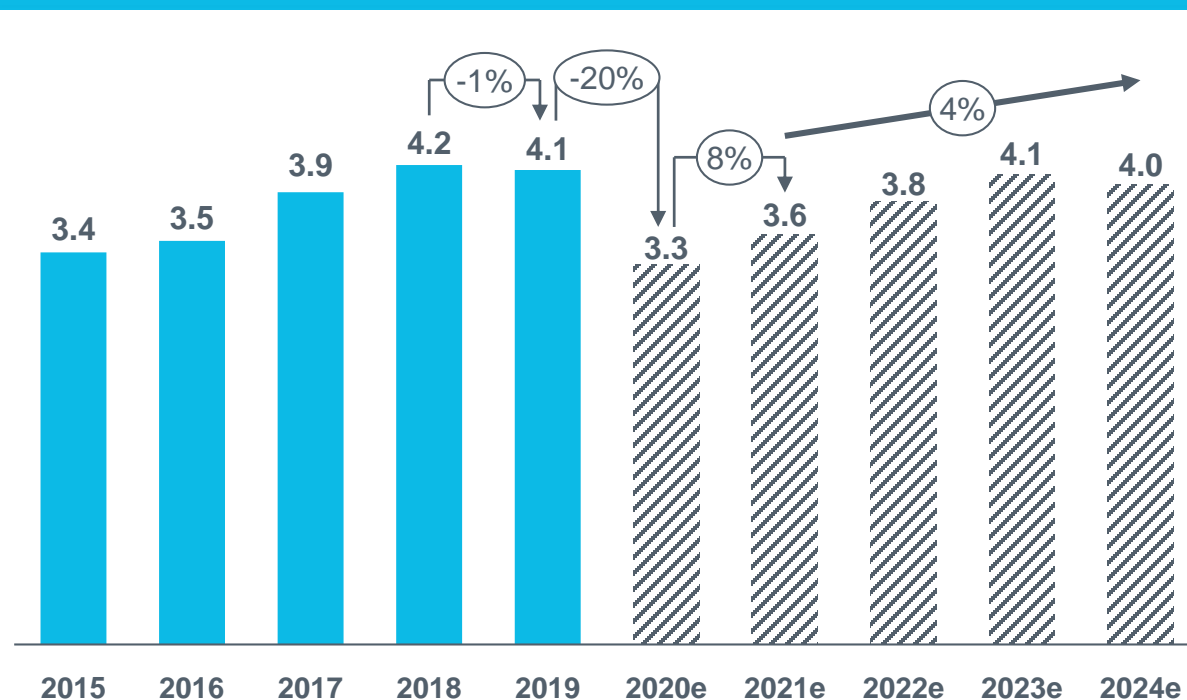


Market leader in machinery and systems for furniture production

5.2 Furniture

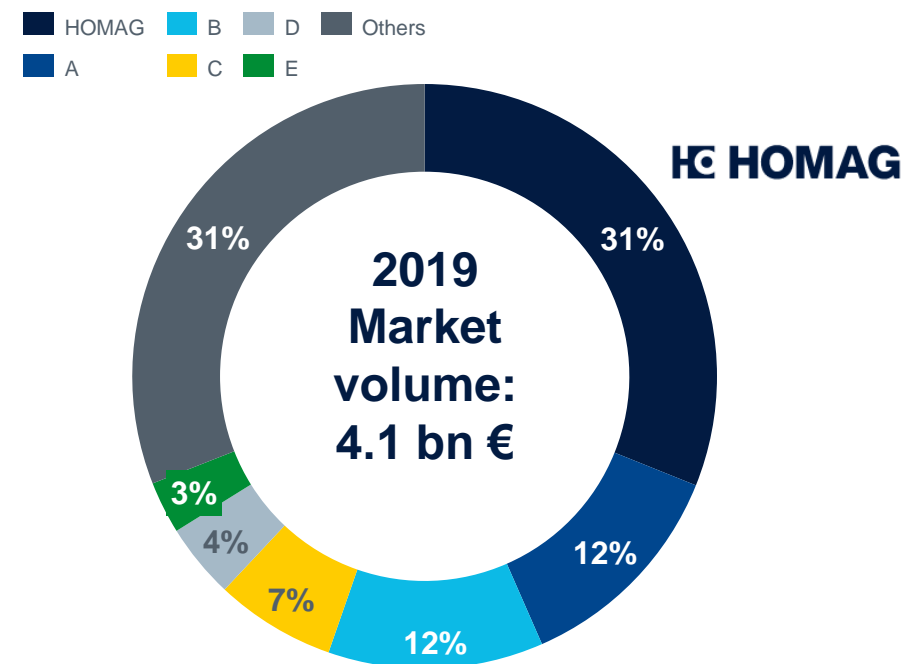
Market/competition: Where are we in the cycle?

Market volume [bn€]
Woodworking Machinery and Systems¹



¹w/o Construction Element Solutions (business of Weinmann/System TM)
Source: Innomis, CSIL, regional market expectation, competitor information | e = expected

Competition 2019²



² Based on relevant woodworking machinery revenues.
Competition includes e.g. Biesse, SCM, ISG, KDT, Nanxing
Source: HOMAG BU Cube, VDMA, ACIMALL, Innomis, CSIL, competitor information

First signs of a beginning new investment cycle become visible

5.3 Driving margins 1/2

Steering towards efficiency – enabling profitable growth

WMS / HOMAG

■ Measures:

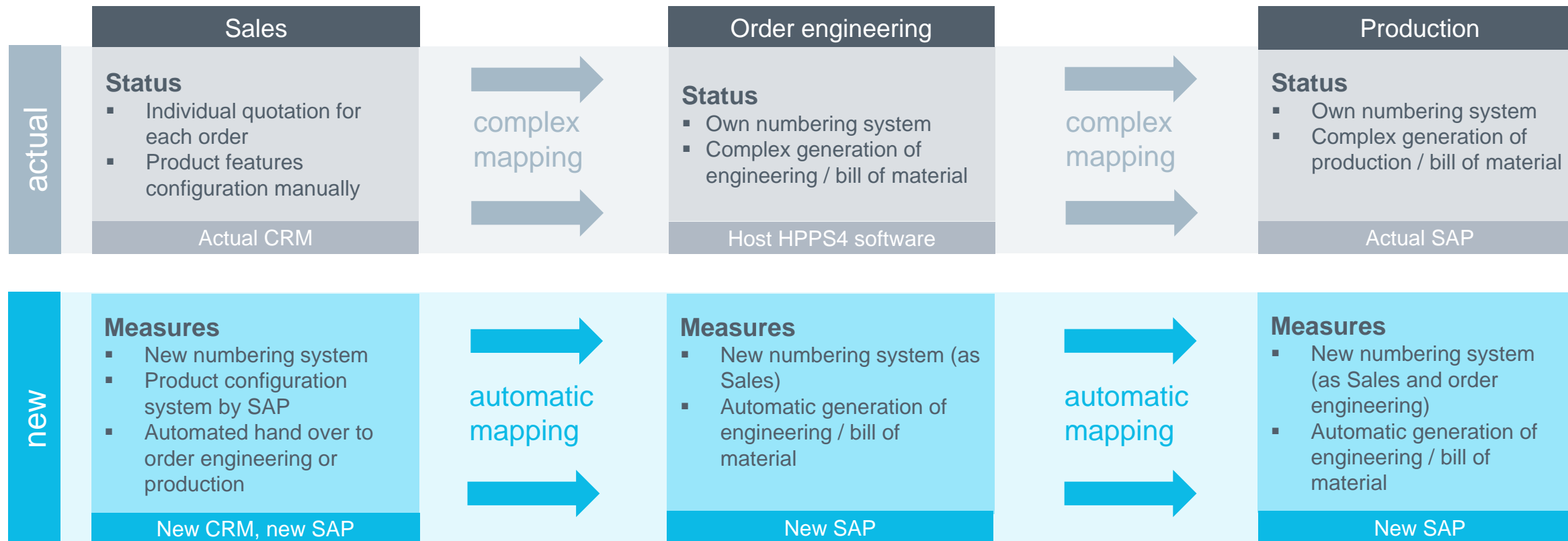
- Right size: Reduction of German overcapacity (350 employees)
- Streamline: Complete redesign order fulfillment process incl. ERP-IT systems
- Execute: New production system – reduction of assembly/lead times
- Standardize: Modular machine designs and complexity reduction
- Leverage: Volume advantage in purchasing
- Expand local value add in China and Poland
- HOMAG China Golden Field acquisition (local sales channel)
- Leading position in digital products
- Market share wins, strongly supported by improved cost position, shorter lead times and digital products



Pulling all levers to reach 9% EBIT-margin at HOMAG in 2023

5.3 Driving margins 2/2

Easing costly process complexity



Definition of all processes, parameters and customizing in new SAP

Go-live Poland plant January 2021

Go-live Schopfloch plant

Roll-out at all other production sites

2021

2022

2023

Simplification is a decisive driver to become faster and more efficient

5.4 HOMAG digitalization

We are the first to digitalize carpenter shops



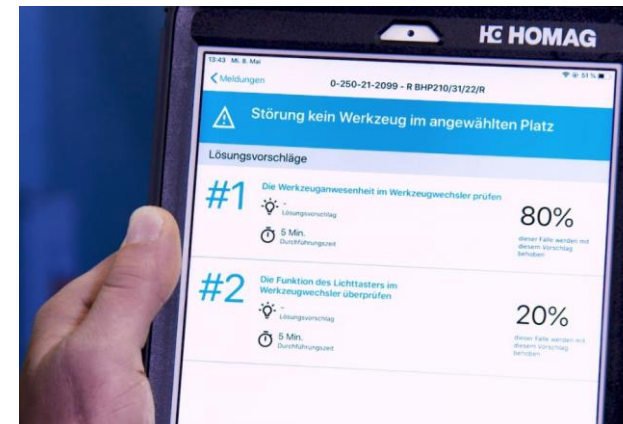
Low initial investment – applications on demand – fast pay-offs

5.4 HOMAG digitalization

Innovation examples serviceAssist and Edgeband Management Set

serviceAssist

- Push-news in case of production issue
- Suggested best-practice ideas: What to do now?
- Sophisticated documentation to allow quick fix of problem
- Integrated contact module to approach HOMAG service staff
- Increase in equipment availability and efficiency
- Service case database continuously growing



Edgeband Management Set

- Manual edge management with inefficiencies
 - hard/software combination for digital management
 - Efficient stock handling / order process
 - Easy pick-and-place process
 - edges labeling
 - visual LED guide where to find/store edge



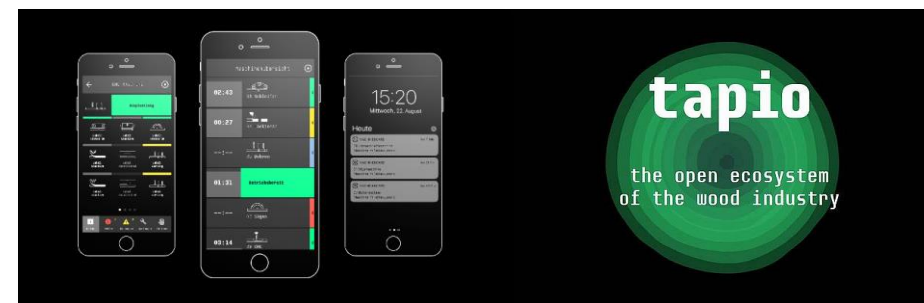
Increase throughput by better managing equipment and material stocks

5.4 tapio – the open wood industry ecosystem

The digital platform for the full value chain

The tapio ecosystem

- **Mission:** Drive digitalization of the wood industry
- **Offering:**
 - Common platform for machine, tool and material manufacturers
 - Central app store open to everybody
- **Customer benefit:** Enable fully digitalized production processes for all machinery – HOMAG and competitor's
- **HOMAG leverages its leading know-how in digitalization to accelerate the digitalization of woodworking machinery**
- **Who's in:** 41 business partners ensuring state of the art solutions along the production process, e.g. Festo and Henkel



tapio allows fully digitalized production processes across the value chain

5.5 HOMAG China Golden Field takeover

Realizing the chances of the world's biggest furniture market

- Founded 1979, HOMAG's main sales channel in China
- Additional topline impact of acquisition + margin on HOMAG products
- Acquisition of remaining 75% of shares to be closed in Q4 2020
- Direct access to Chinese customer base
- 450 employees to join HOMAG Group, incl. large software team
- Purchase price: low double-digit € m amount
- Merge HOMAG China and China Golden Field
- China biggest furniture market with potential to grow

HOMAG
金田豪迈®



Full value chain available in China after acquisition

5.6 Solid wood construction

Megatrend sustainable construction opens up chances

Up to **90%**

CO₂ reduction compared to traditional construction methods

80t

CO₂ are bound in a wooden house – would be emitted with traditional construction

Every **5 sec**

woods in Germany grow by one single-family housing

Up to **18 floors**

High buildings constructed with wood permitted in the US as of 2021



100-200y

lifespan of buildings with immense degree of recycling potential

1.1 million

cubic feet of CLT will be used for the new Walmart headquarter.

Source: Youtube video Cre LCT-System DE, Urbaner Holzbau, Schriftenreihe Forst BW, Bd. 86

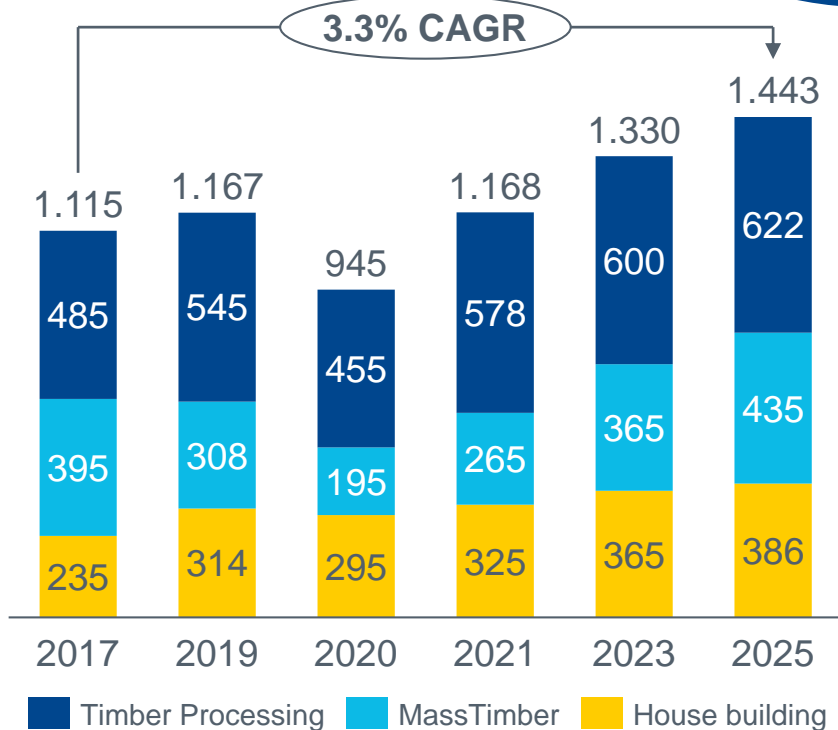
Wood plays an important role in reducing the carbon footprint of construction

5.6 Solid wood construction market growth

On the way to become a leading full solution provider

Machinery market development

~ 70%
addressable
market



Source: Innomis; competitor reporting, Androschin&Partner, Holzkurier & own estimations

Process chain construction elements

Timber Processing



HC HOMAG



System TM acquisition

Annual consolidated
sales
~ € 30 m

Mass Timber



HC Solutions



strategic
partnerships &
acquisitions

House Building



HC WEINMANN



strategic partnership

Annual consolidated
sales
~ € 45 m

HOMAG Group to be the turn-key systems partner from the sawmill to housebuilding

Expanding coverage of value chain in a fast growing market

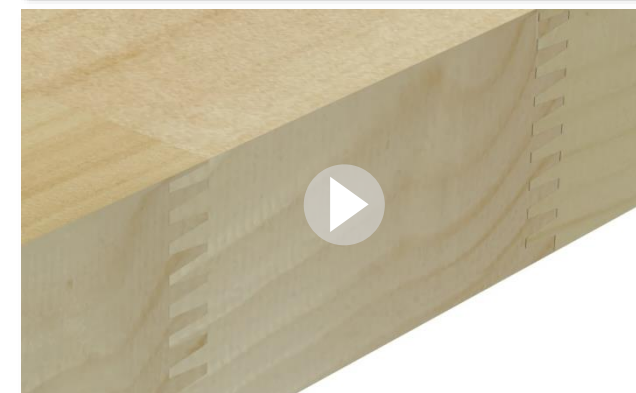
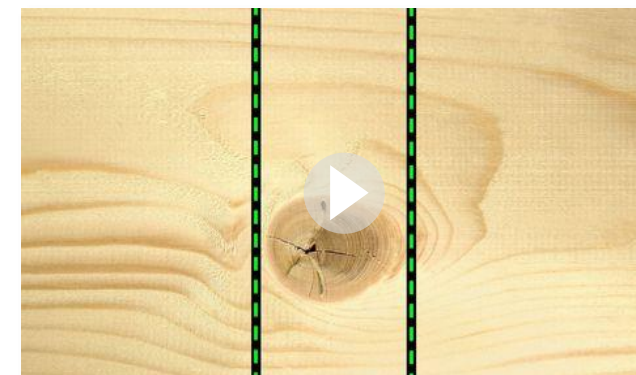
5.6 Solid wood construction chance: System TM

On the way to become the leading system supplier for the solid wood sector

- Danish solid wood processing specialist, founded 1977, ~130 employees
- Optimize timber yield: Detect and remove weak spots with increased resource efficiency – and join to even stronger beams
→ source for massive wood construction elements & furniture
- 95% of sales exported globally, > 30% in North America / USA (LFY)
- 80% acquired, remainder at management, options agreed on
- Purchase price: low double-digit € m amount
- Annual sales volume ~ € 30 m
- 2019 EBIT-margin above HOMAG 2023 target
- Strategic cooperations to ensure full system business coverage



„Optimization of staff
and wood resources“
System TM claim



System TM acquisition: Integrating upstream business in solid wood construction

5.6 Solid wood construction

Weinmann: Equipment for prefabrication of wooden houses

- Prefabricated house building equipment supplier
- HOMAG stake in Weinmann already since 1998
- Acquisition of remaining 24% in June 2020, cash-out € 4.6 m
- Annual sales volume ~ € 45 m / EBIT-margin above group average
- 160 employees

HC WEINMANN



Prefabricated houses allow „over-night“ construction on-site

Ready to move in

Minimum time for planning, construction & building on-site

Prefabricated wooden houses boosting affordable living

Addressing the growing demand for prefabricated wooden houses

WEINMANN – fully automated pre-fabrication of walls

DÜRR GROUP.



Short break

We continue in
[Countdown ACS]

DÜRR GROUP.

Capital Markets Day 2020



6

Dr. Jochen Weyrauch
Corporate Sustainability

Agenda

1. Overview
2. Improving resource efficiency
3. Driving transformation to a sustainable society
4. Sustainable financing
5. Next steps



Corporate Sustainability in the Dürr Group



6.1 Dürr Group Corporate Sustainability

Holistic sustainability framework across five fields of action



DÜRR GROUP
SUSTAINABILITY



Products &
Services

Global innovation and technology leader supporting our customers with sustainable production solutions & services



Value Creation &
Supply Chain

Reduction of environmental impact during our own value creation while assuring a transparent supply chain



Employees &
Qualification

Attractive, fair and responsible employer with various career opportunities and offers for people development



Management &
Governance

Corporate strategy geared towards profitable growth, sustainable businesses and responsible management



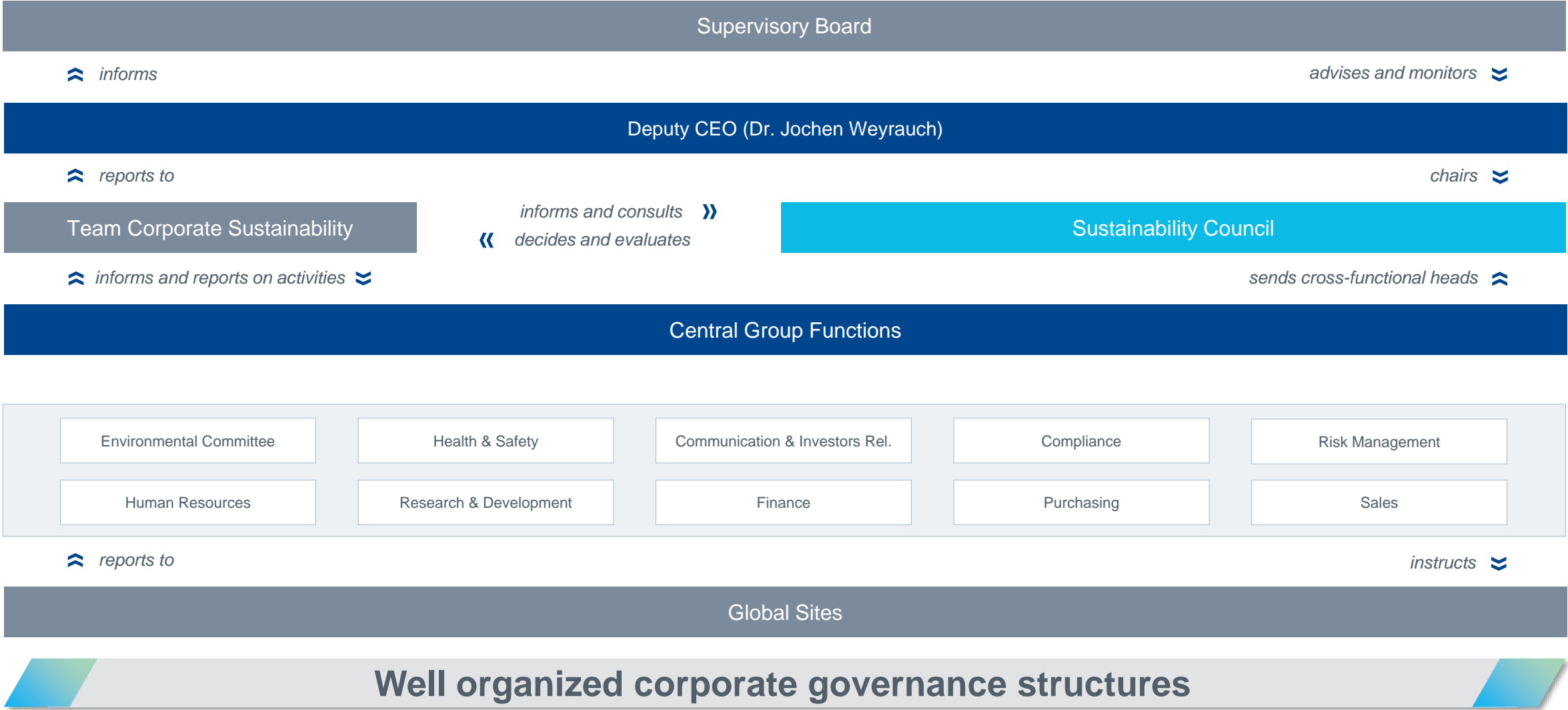
Engagement &
Society

Socio-economic contribution through social engagement, partnerships and participation in global initiatives

Addressing all stakeholder groups

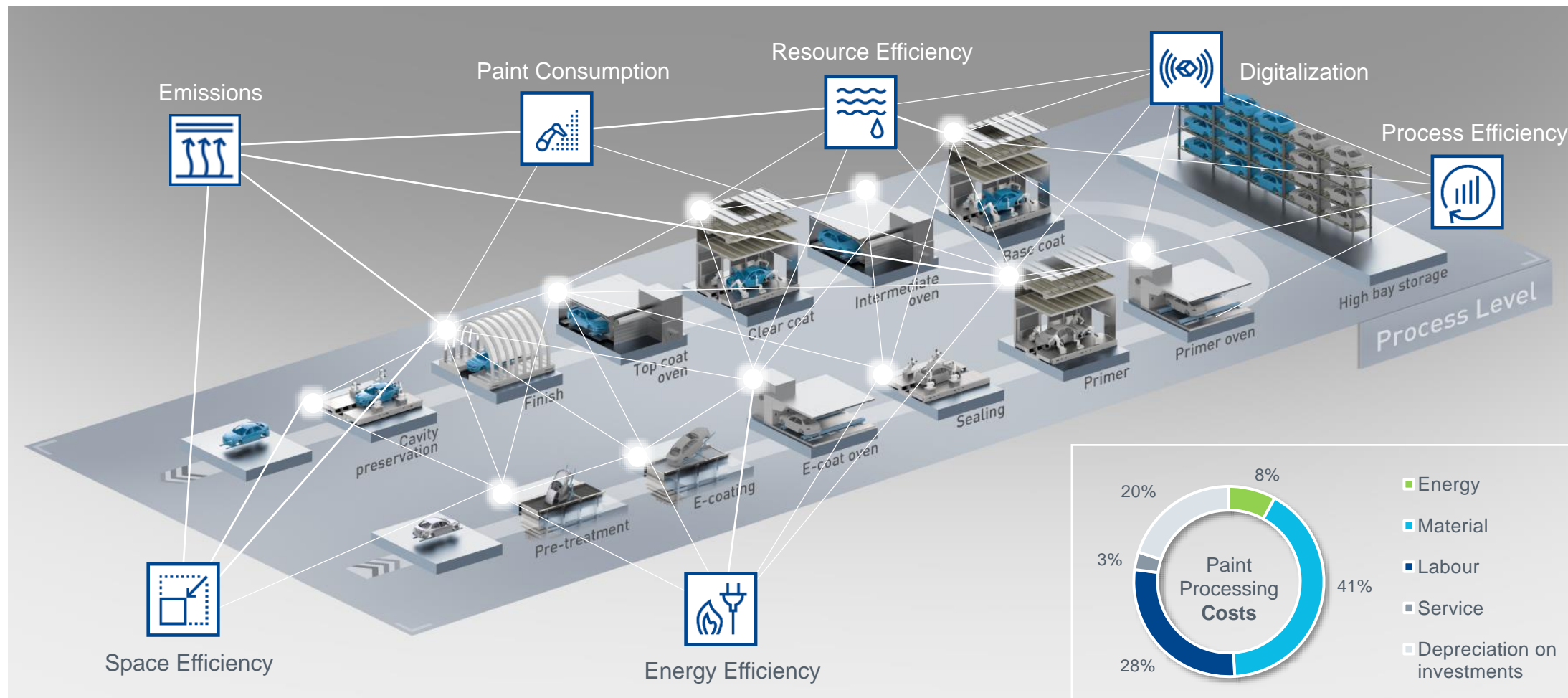
6.1 Dürr Group Corporate Sustainability

Organizational set-up and responsibilities within the Dürr Group



6.2 Dürr Group Corporate Sustainability

25% reduction of costs per painted body within 15 years

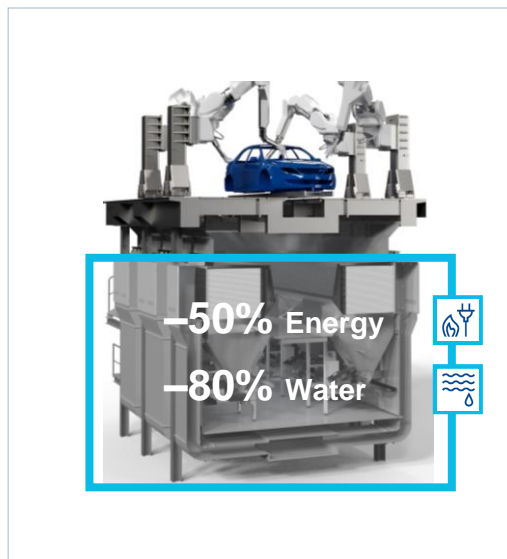


Resource efficiency helps the environment and saves costs

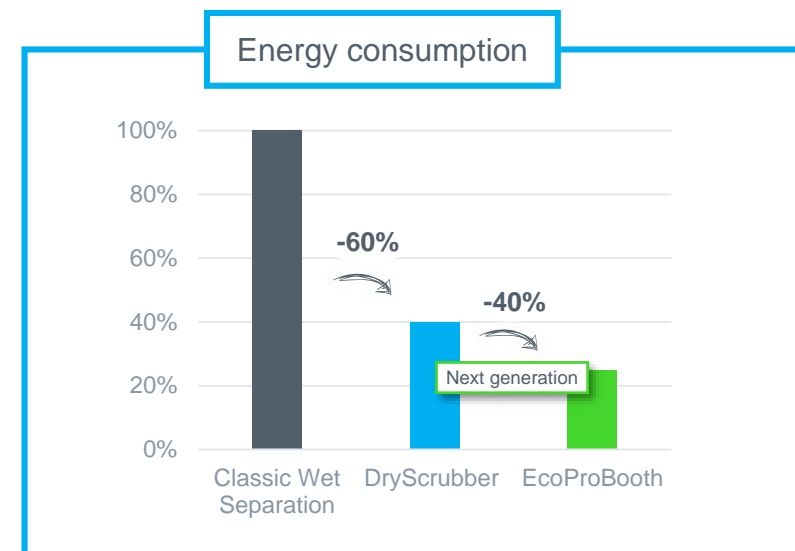
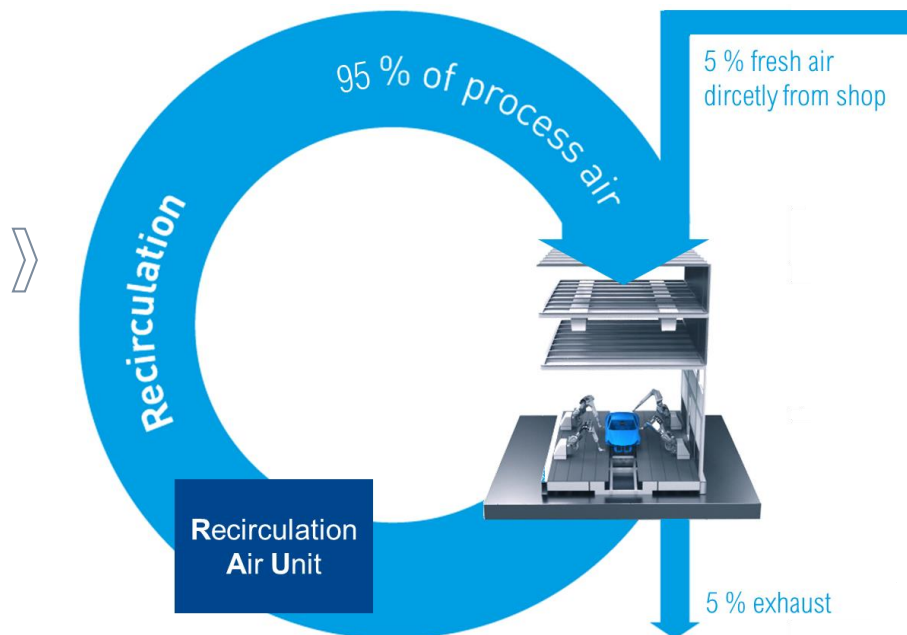
6.2 Dürr Group Corporate Sustainability

Continuous improvement and extension of our sustainable product portfolio

EcoDryScrubber



Dürr's dry separation system for paint overspray does not require water or coagulation chemicals, thus eliminating the need for wastewater treatment



German federal funding program for measures to optimize the energy efficiency of commercial plants and processes. Potential for replacement of **over 30 classic wet separation plants** in Germany through dry separation technology.



Example EcoDryScrubber: Significant energy and water savings

6.2 Dürr Group Corporate Sustainability

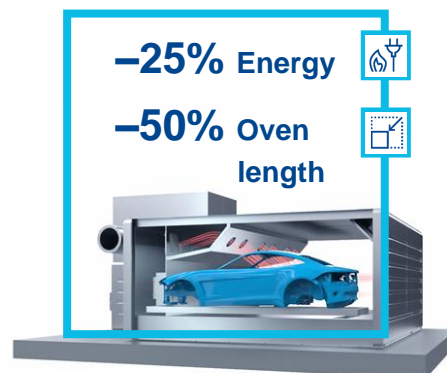
Continuous improvement and extension of our sustainable product portfolio

EcoDryScrubber



Dürr's dry separation system for paint overspray does not require water or coagulation chemicals, thus eliminating the need for wastewater treatment

EcoInCure



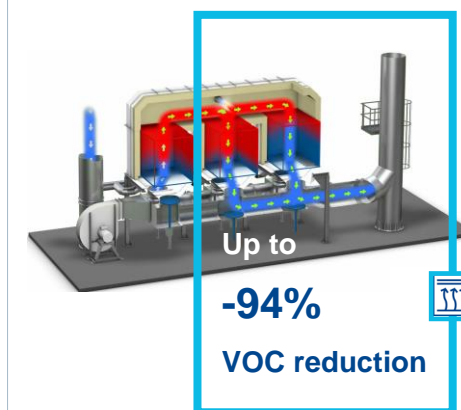
Dürr's EcoInCure heats up car bodies from the inside thus enabling optimum heat transfer, while reducing the required process time for heating

EcoPaintJet



Dürr's overspray free paint application achieves a 100% paint transfer efficiency thus eliminating paint losses as well as additional masking effort

Exhaust air purification



Dürr's exhaust-air purification systems remove waste gases, fumes and contaminants from exhaust air, releasing cleaned air back into the atmosphere

Modern equipment drives resource efficiency

6.2 Dürr Group Corporate Sustainability

HOMAG's intelliDivide generates optimized cutting patterns thus reducing waste

- Software „intelliDivide“ calculates optimized cutting patterns for wood panels:
 - Reduces offcuts
 - Less waste
 - Lowers material and resource consumption
- intelliDivide reduces not only offcuts but also costs:
 - Scrap savings: > 10%
 - Savings of € 4,700 / month (based on 100 panels cut per day, mid-tier carpenter shop, > € 1 m annual sales)

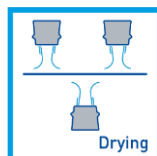
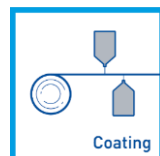


Intelligent wood cutting saves natural resources and costs

6.3 Dürr Group Corporate Sustainability

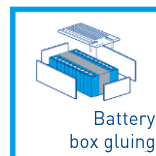
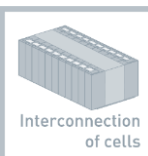
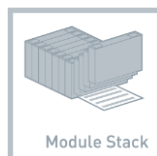
Battery manufacturing technology as key enabler for global e-mobility growth

Electrode
Manufacturing

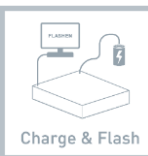
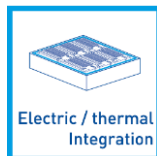
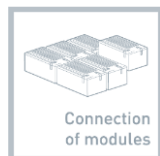


Techno Smart
Changing Life with Coating Technology

Module
Assembly



Battery Pack
Assembly



Battery
Integration



Consulting



Dürr is a strong partner along the entire value chain of battery production as well as paint technology for electric vehicles.

Dürr Group supports transformation towards e-mobility

6.3 Dürr Group Corporate Sustainability

HOMAG actively supporting the megatrend towards sustainable building

Forestry



Primary Processing



Beam Processing



Timber House Production



WEINMANN

Timber House Construction



“Our buildings generate 40% of our emissions. They need to become less wasteful, less expensive and more sustainable. And we know that the construction sector can even be turned from a carbon source into a carbon sink, if organic building materials like wood and smart technologies like AI are applied.”



50%

of all public buildings in France
to be constructed using wood from 2022.

Dürr Group supports transformation to more sustainable construction

6.4 Dürr Group Corporate Sustainability

Pioneering in sustainable finance

1st sustainability linked Schuldschein world wide

- € 200 m Schuldschein issued in 2019
- **Margin step-down and step-up mechanism** based on **ESG rating** (EcoVadis) implemented stimulating investors.
- Mechanism **created** today's quasi **market standard**.

ESG linked syndicated facility

- € 750 m syndicated **facility agreement** entered into in 2019 **with 13 banks**
- Dürr being one of the pioneers in Germany to implement **ESG link** analog to Schuldschein in **cash and guarantee facility**.

Bolt on sustainability linked Schuldschein

- € 115 m Schuldschein issued in 2020
- Bolt-on transaction mirroring the mechanism implemented in 2019
- Despite extremely challenging market conditions, investors confirmed mechanism.

1st ESG linked convertible bond

- € 150 m convertible bond issued in 2020
- **1st company world wide** to create an **ESG linked convertible bond**.
- Dürr utilized an interest rate swap, being the **1st company in Germany** to implement an **ESG linked derivate**.

With our financing strategy we are committing ourselves to sustainability

6.5 Dürr Group Corporate Sustainability

Commitment to the 10 principles of the UN Global Compact

Extract of the Dürr Group Governance Framework

Code of Conduct

Code of Conduct of the Dürr Group

It is part of our corporate culture at Dürr to act ethically in our day-to-day business life and to comply with prevailing laws. Rules of conduct have been defined in individual Group provisions and manuals for years. We have concentrated these corporate principles and grouped by theme in this Dürr Code of Conduct. All the principles stated here are of equal importance and apply worldwide.

Dürr's Code of Conduct offers you guidance for your daily activities as employees. Examples are given to illustrate the essence and implications of the corporate principles.

We are confident that you will support the further successful development of the Dürr Group also by observing the principles of this Code of Conduct on your own initiative. Managerial staff at all levels and in all countries have a responsibility to ensure that the rules of the Code are complied with.

If you have any suggestions or questions regarding the Dürr Code of Conduct, please contact the Compliance helpline.

Berlin/Heidelberg, August 2019


RALF W. DÜRR CARLO CROSETTO PETER PRADIGARA

JÜRGEN BARTHEL

Policy on Human Rights and Labour Relations

Human rights and fair working conditions policy statement

www.durr-group.com

DÜRR GROUP.



Environmental Policy

Our Environmental Policy

www.durr-group.com

DÜRR GROUP.

Anti-Corruption Manual

ORGANIZATIONAL INSTRUCTION



LEADING IN PRODUCTION EFFICIENCY

ANTI-CORRUPTION

Applicable to: Dürr Group

Functional approval:  Date: 29.8.19

Quality approval:  Date: 29.8.19

Overall approval:  Date: 29.8.19

UN Global Compact: 10 universal sustainability principles



Human Rights

Labor

Environment

Anti-Corruption

6.5 Dürr Group Corporate Sustainability

Overview of selected sustainability measures and objectives



Fields of Action	Strategic Objectives
 Products & Services	Extension of share of sustainable product portfolio
	Targeted sustainability modifications in old plants
	Digital solutions to improve overall plant efficiency
 Value Creation & Supply Chain	Definition of Dürr Group Climate Strategy 2025
	Consideration of sustainability in sourcing decisions
	Global rollout of H&S ISO 45001 certification
 Employees & Qualification	Revision of the internal idea management process
	Expansion of employee and management trainings

Fields of Action	Strategic Objectives
 Management & Governance	Sustainability as part of board remunerations
	Rollout of TISAX information security certification
	Set-up of global emergency and crisis management
 Engagement & Society	Participation in United Nations Global Compact
	Stakeholder engagement and association work

Publication of a comprehensive sustainability report in accordance with the latest GRI standard in summer 2021

7

Dietmar Heinrich
Finance

Agenda

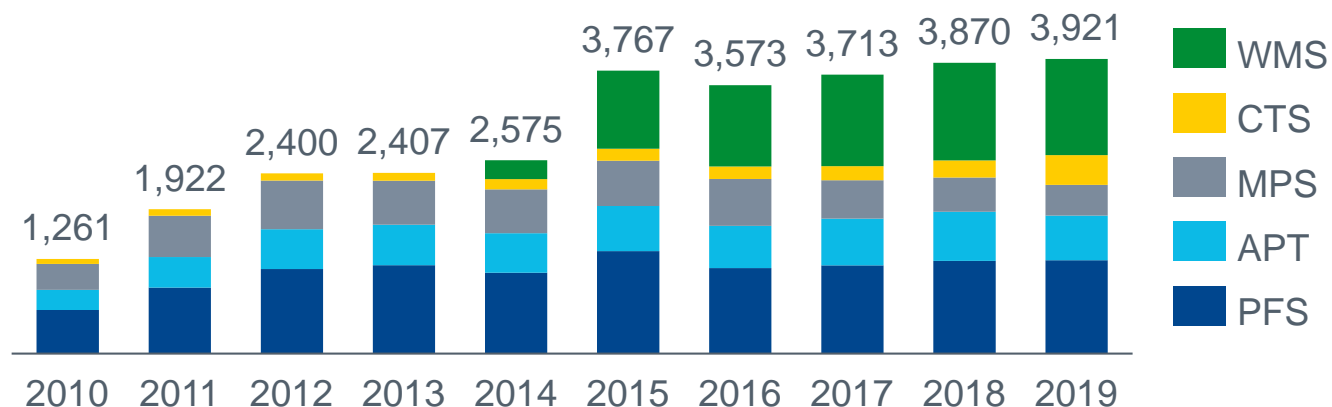
1. Where we come from
2. Targets and guardrails
3. Margin and cash management
4. Digital Finance transformation
Dürr Group
5. Future guidance methodology



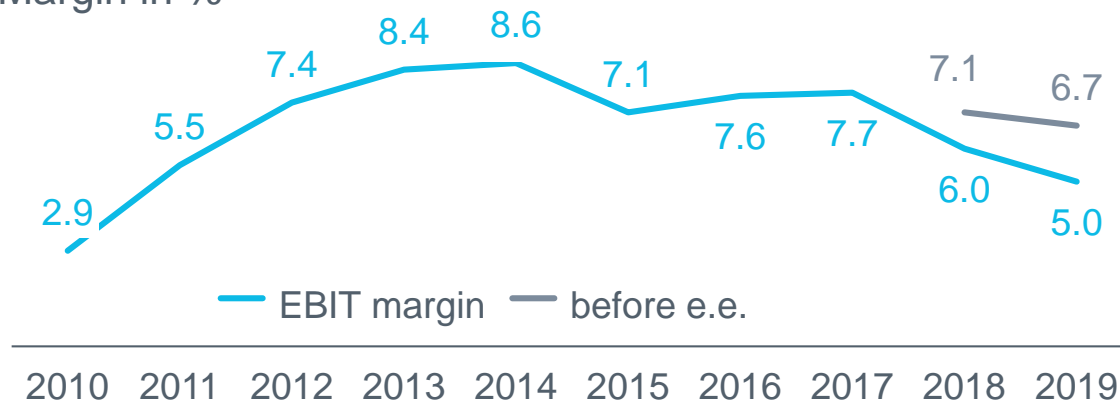
7.1 Where we come from – Sales and EBIT margin

Margin decline despite continuous growth

Sales revenues in € m



Margin in %



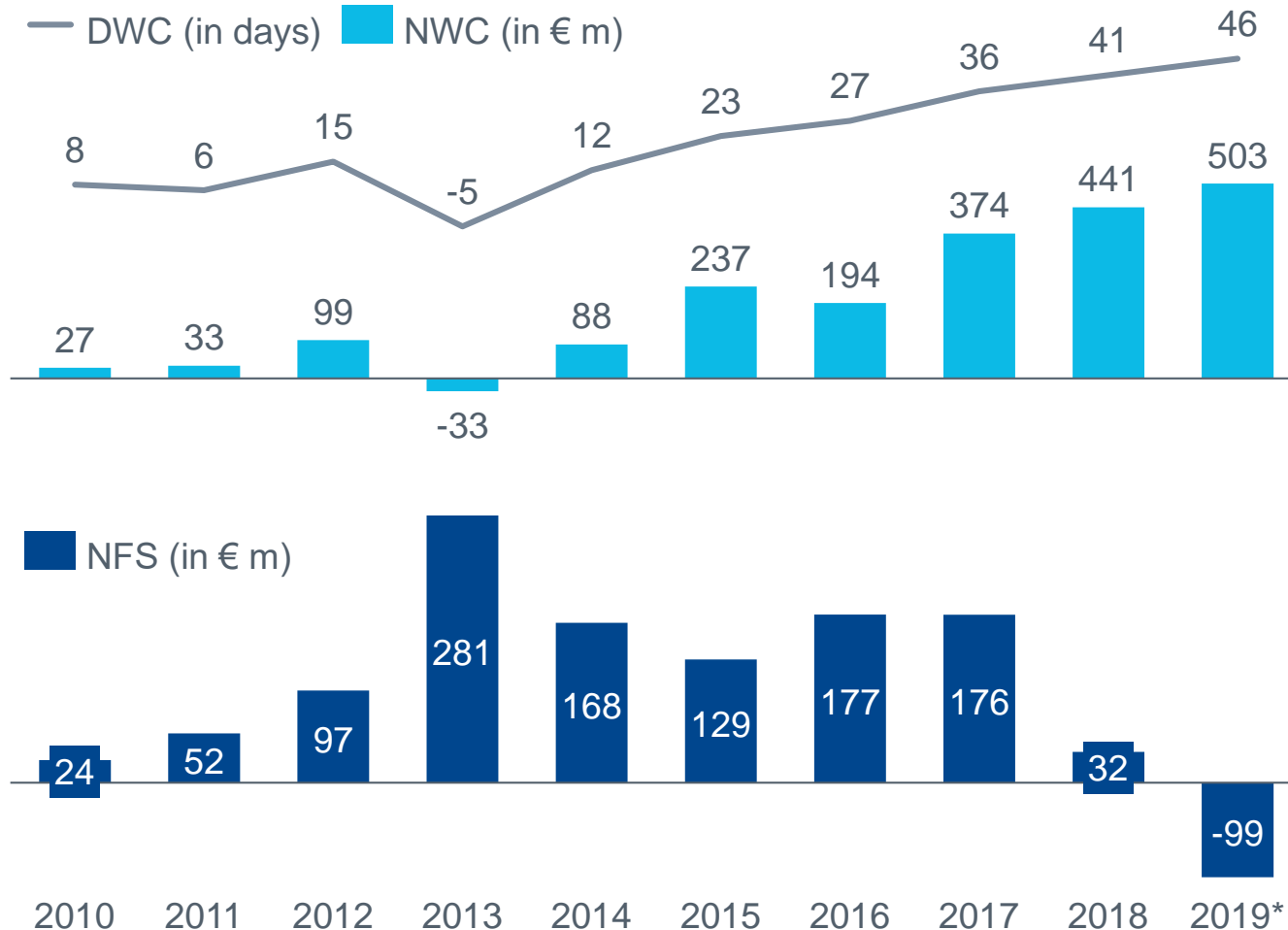
Key aspects

- Recovery from financial crisis in 2010 & 2011
- Increasing diversification since 2014 by acquisitions (HOMAG 2014, Megtec/Universal 2018) and disposals (Ecoclean 2016)
- Dilution of EBIT margin in 2015 due to HOMAG acquisition (3% to 4% margin in 2015 - 2016)
- Impact of price competition in 2018 and 2019
- Extraordinary effects in 2018 and 2019 due to Megtec/Universal acquisition and HOMAG restructuring

Successful diversification – margin improvement potential to be realized

7.1 Where we come from – NWC and Net Financial Status **DÜRR** GROUP.

NWC characteristic changed due to market environment and acquisitions



Key aspects

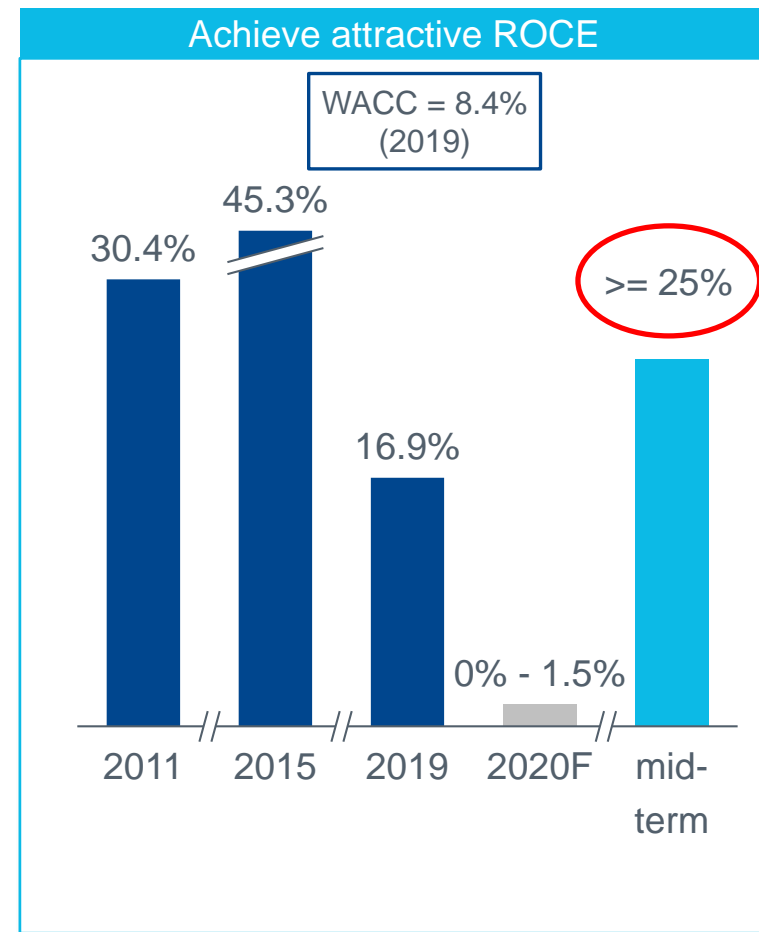
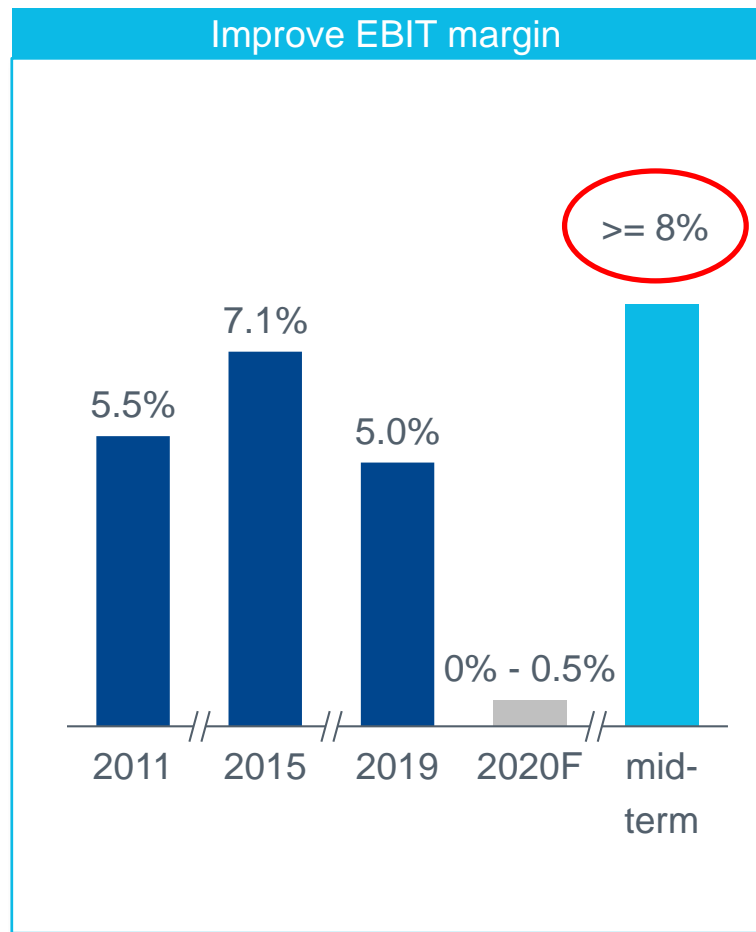
- High pre-payments (40% to 50%) from automotive industry result in negative NWC & strong net cash position in 2013
- Since 2014: Diversification to mechanical engineering increases NWC demand
- Since 2017: Normalization of pre-payments from automotive industry to a level of around 20%
- Megtec/Universal acquisition in 2018 paid with available cash
- First time application IFRS 16 in 2019

* Increase of lease liabilities due to first time application of IFRS 16 by about € 100m

2019 NWC development reflects normalized situation

7.2 Targets and guardrails: Growth, margins, returns

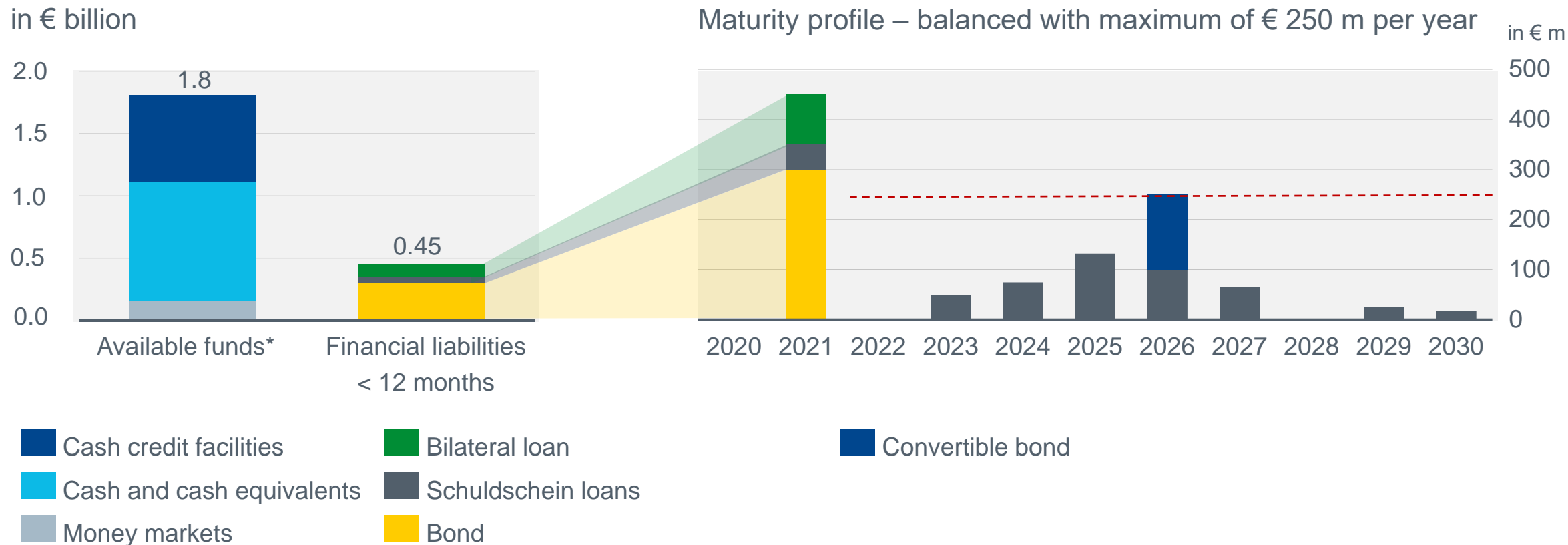
Target benchmark position in international mechanical and plant engineering sector



Continued growth at improved margins and returns

7.2 Targets and guardrails: Liquidity and maturities

Conservative approach: Maturities well covered with cash and free credit lines



Without leasing liabilities or accrued interest

* Status 30.9.2020, including proceeds of Convertible Bond issuance and credit facility reduction in the same amount

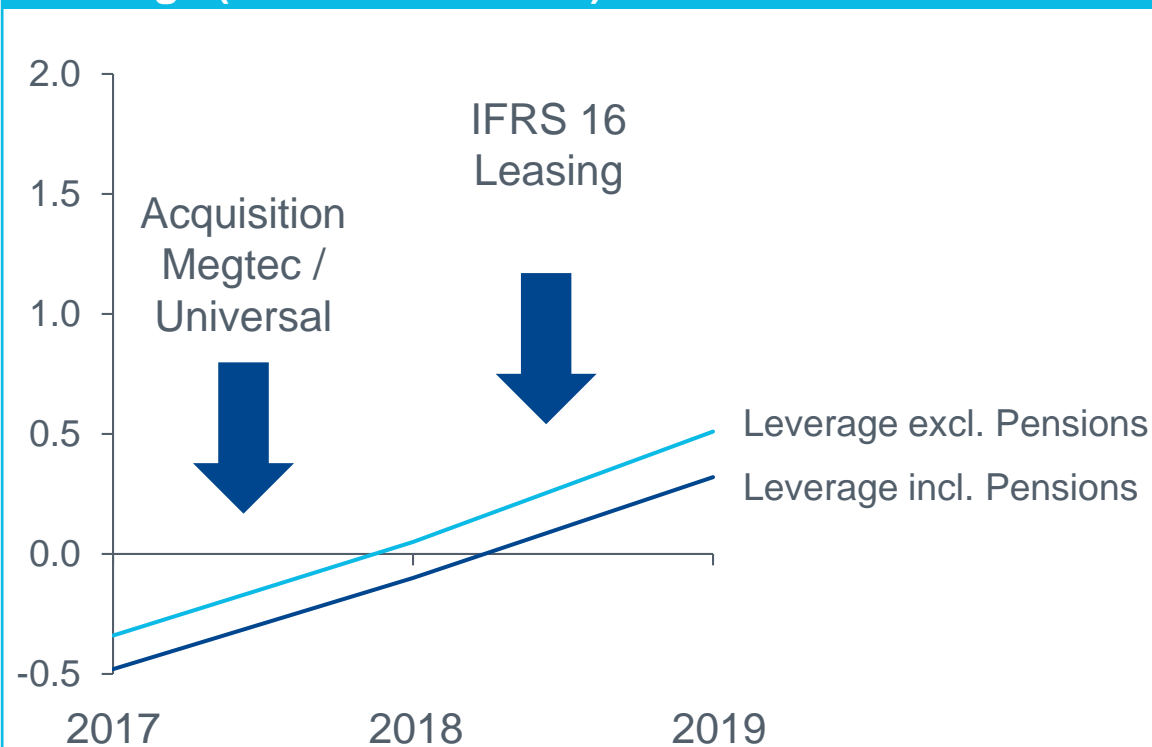
Credit facilities unused: € 201.5 m maturing in 2021 (extension option 1 year) and € 500 m maturing in 2024. Other financial liabilities not included

Comfortable liquidity headroom and balanced maturity profile

7.2 Targets and guardrails: Leverage

Conservative approach: Keep solid financial position

Leverage (net debt / EBITDA)



History of operating at net cash or low net debt levels

in € m ¹	2017	2018	2019
EBITDA	367.7	326.9	308.5
Leasing liabilities*	5.8	7.2	107.1
Pension liabilities	49.8	50.1	59.0
Net debt excl. leasing & pensions	-182.1	-39.5	-7.8
<i>Ratio to EBITDA</i>	-0.50	-0.12	-0.03
Net debt reported (incl. leasing*)	-176.3	-32.3	99.3
<i>Ratio to EBITDA</i>	-0.48	-0.1	0.32
Net debt incl. leasing* & pensions	-126.5	17.8	159.3
<i>Ratio to EBITDA</i>	-0.34	0.05	0.51

- Solid financial position with low leverage ratios
- Low pension liabilities
- Ample financial flexibility to pursue M&A opportunities

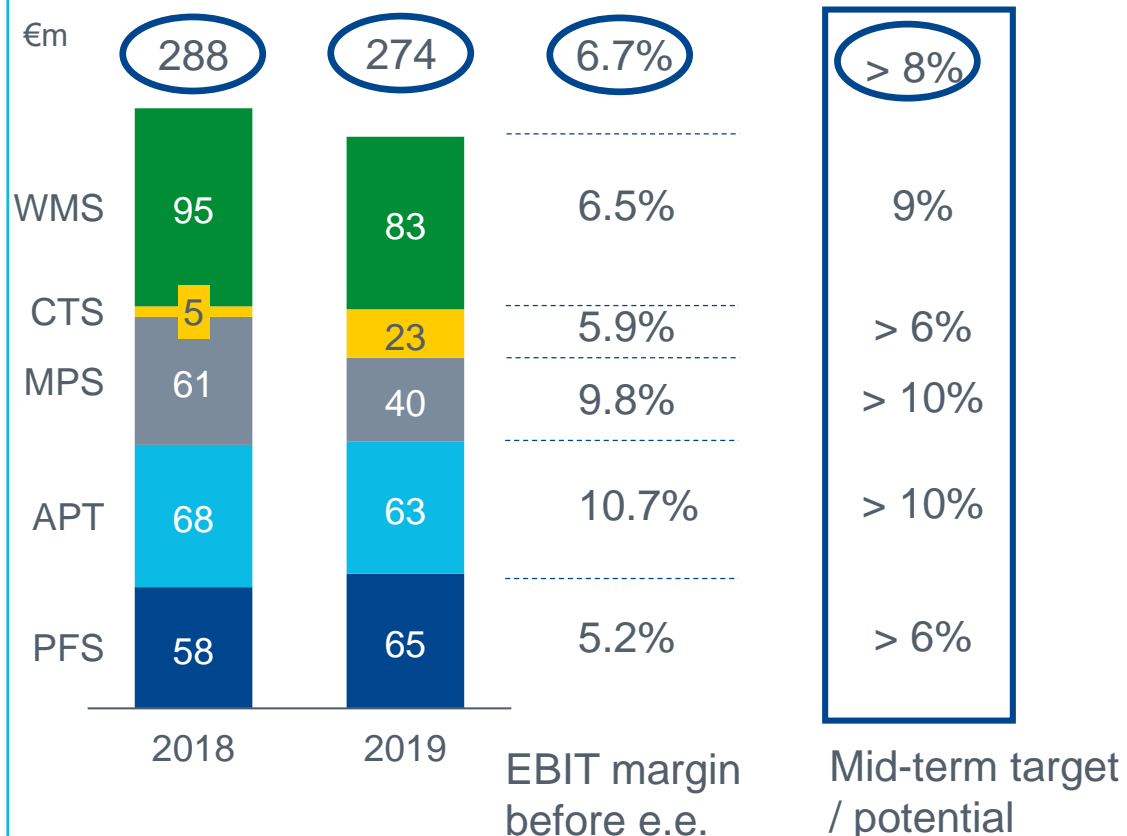
* Increase of leasing liabilities due to first time application of IFRS 16 in 2019

Committed to stay at low leverage levels in the long run

7.3 Margin and cash management: Margin improvement

Strengthening our competitiveness and actively addressing growth opportunities

EBIT before extraordinary effects by division



We improve margins by

- Strengthening our competitiveness
 - Capacity adjustments, lowering break-even point
 - Localization of production processes
 - Global supply chains
 - Standardization of product portfolio
 - Lean and digitalized internal processes
 - Lean organization and management structure
- Actively managing our portfolio
- Increasing the service share to 30%
- Offering significant value add to customers through innovation and digitalization

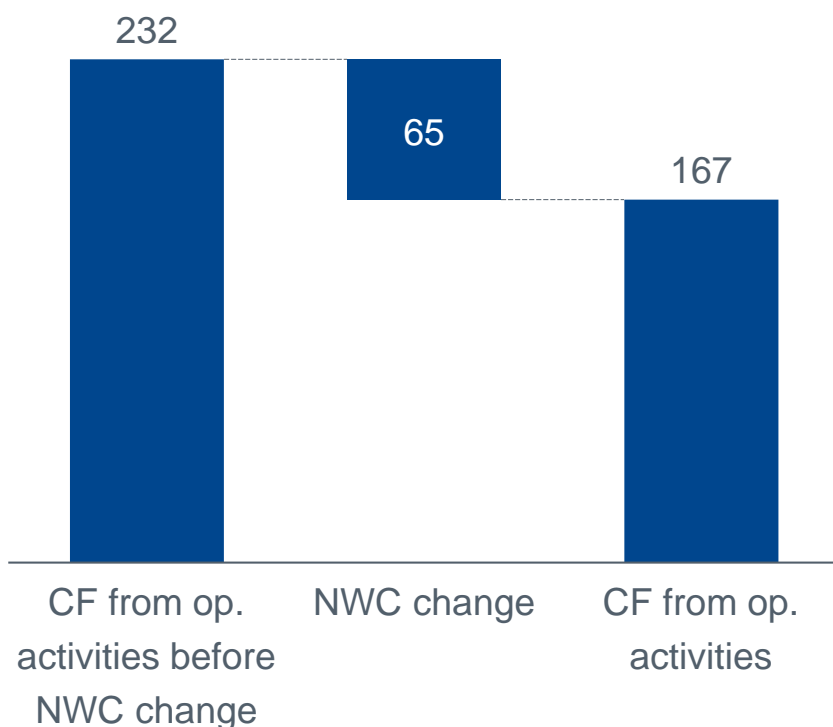
Pulling various levers to reach margin targets

7.3 Margin and cash management: NWC

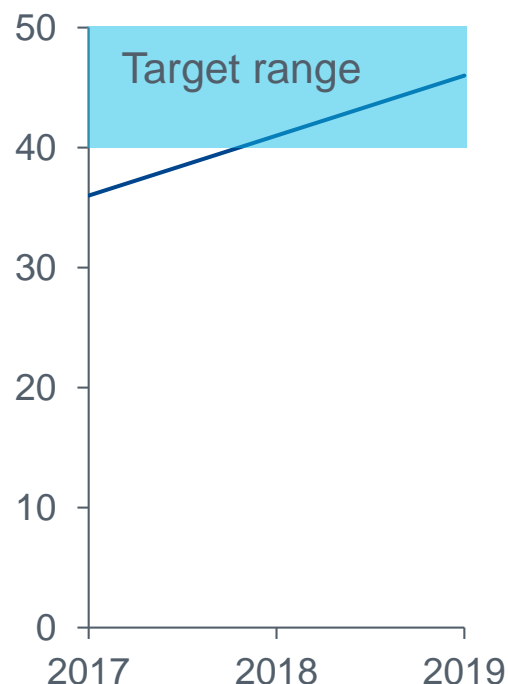
Target range defined – measures ongoing to stay in target range

Average CF from op. activities in 2018/2019

in € m



Days WC



Key aspects

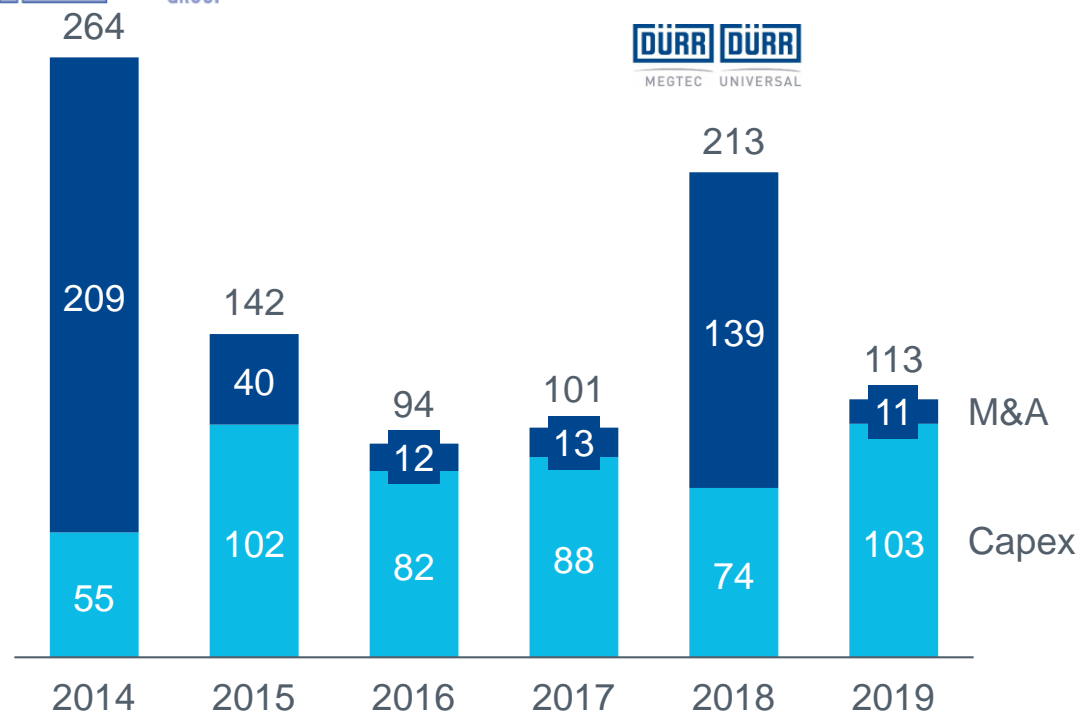
- NWC build-up consumed € 65m cash on average during 2018 and 2019
- Days WC within target range in 2019
- Goal: stay between 40 and 50 days WC going forward
- Measures include:
 - Balancing of receivables & payables
 - Inventory optimization
 - Balancing WIP, contract assets and contract liabilities

Strong cash flow potential from strict NWC management

7.3 Margin and cash management: Investments

Well structured approach to increase company value

in € m



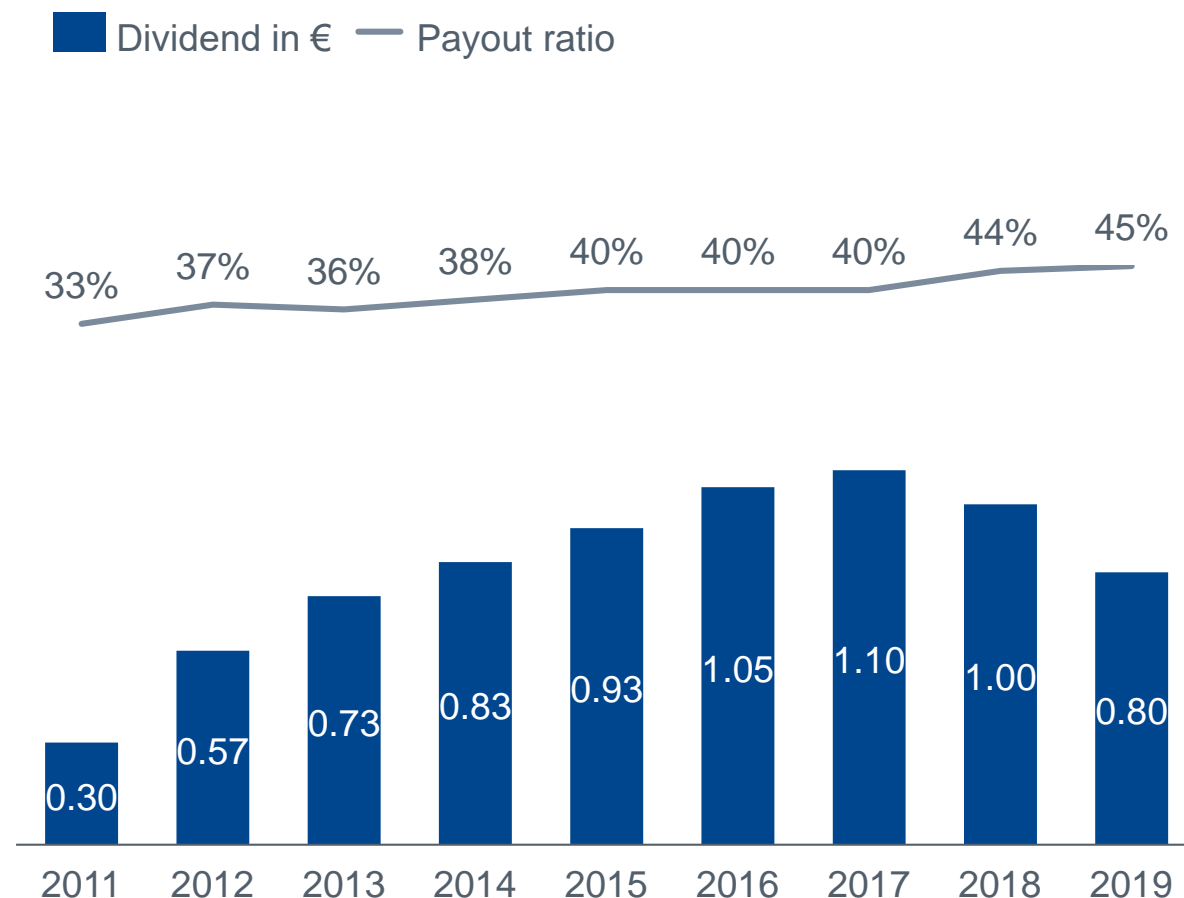
Disciplined M&A process

- **Constantly exploring market for opportunities:**
 - Dedicated small M&A team runs comprehensive selection process
 - Evaluating market size and growth potential, entry barriers, cyclicalities and competition
- **M&A types**
 - Cross-divisional: Technology and skills (e.g. software know-how)
 - Bolt-on: Expand know-how, market access or size
 - Complementary: Reinforce business or establish new division
- **Typically 2 -3 deals per year (Maximum 5)**

Focus on synergies, know-how, market reach and diversification

7.3 Margin and cash management: Dividend policy

Continuous returns to shareholders over the last decade



Key aspects:

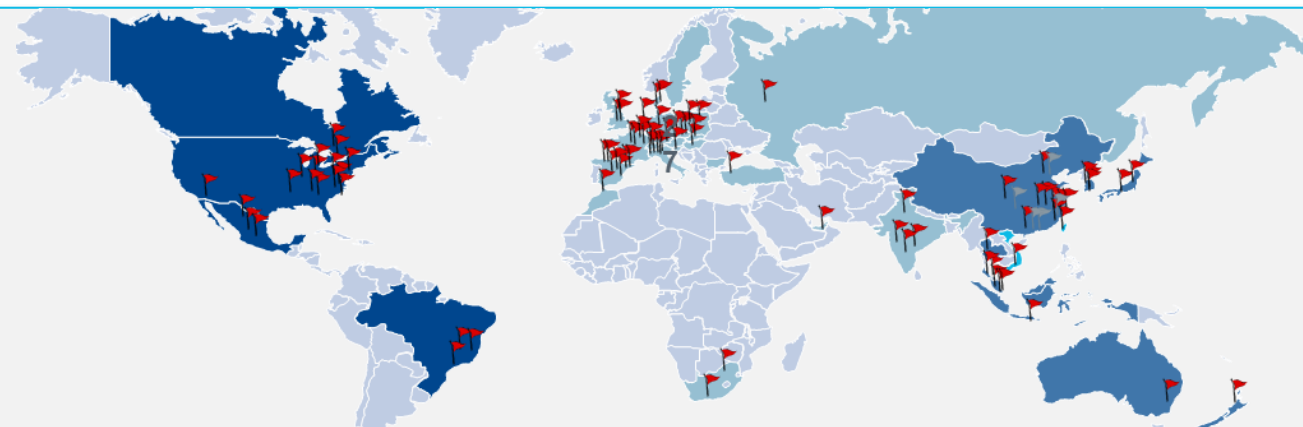
- Target payout ratio between 30% and 40% of net income
- Consistent payout at upper end of target range or even above
- Taking into account profitability and affordability

Consistent high dividend payout ratio

7.4 Digital Finance Transformation Dürr Group

OneFinance is the key group-wide initiative for the digital finance transformation

OneFinance



Better decision support

- Integrated steering concept
- Ensuring comparability of KPIs
- Increase speed and flexibility of reporting
- Self-service / ad hoc reporting

Drive efficiency

- Reducing complexity
- Harmonization & standardization
- Automation
- Standardized SAP S/4 HANA template
- Lower IT costs

Improve effectiveness

- Improve compliance and reduce audit risks
- Optimization of legal structure
- Centralization of processes
- Central governance
- Leveraging digital opportunities

Harmonize as much as possible, differentiate where necessary

7.5 Future guidance methodology

Review of existing framework to anticipate business dynamics

Financial performance indicators	Background
Incoming orders in € m	Indicator of future level of business activity – implication for sales revenue and EBIT margin
Sales revenue in € m	Realization of orders and projects – progress on growth targets
EBIT margin before extraordinary effects in %	Performance indicator – reference to communicated targets
ROCE in %	Indicator for value creation – reference to communicated target
Free cash flow before M&A in € m	Indicator for available funds for dividends, M&A and debt service
Net financial status in € m (12/31)	Indicator of net debt level and leverage

Focus guidance on financial key performance indicators

8

Ralf W. Dieter
Summary

8. Where we focus on

1. Achieving our mid-term targets for sales revenue growth, EBIT and ROCE
2. Closely managing our net working capital and free cash flow
3. Driving sustainability: Governance, targets, transparency



Digitalization is a driver for profitable growth and sustainability

8. Board of Management remuneration system

Effective from 01 January 2021

Base Salary	Base salary consists of all fixed salary components including also pension contribution, car allowance and insurance
Short-Term-Incentive (STI)	The annual STI considers EBIT and Free Cash Flow targets but also an ESG target (ESG = Environment, Social, Governance)
Long-Term-Incentive (LTI)	The LTI considers a period of three financial years and is based on EBIT margin , share price of the Dürr AG and individual Performance Share Units . Board of Management is obliged to hold a certain amount of Dürr AG shares
Others	Total remuneration is highly performance- and success-oriented but also sustainable driven with target values for variable pay components (STI plus LTI) exceeding the fixed base salary and target LTI higher than the STI target amount Overall compensation cap and a claw-back clause are considered; no additional payments in case of change in control; no discretionary bonus can be granted

New compensation package reflects new guidelines and focus topics

8. Key take-aways

- 
- A 3D digital simulation of a factory floor. In the foreground, a man and a woman are seen from behind, looking at a large, complex 3D model of a factory layout. The model consists of numerous white rectangular blocks representing buildings or storage units, arranged in a grid-like fashion. Various blue lines and markers are overlaid on the model, indicating flow paths or data points. Several small, stylized vehicles, including cars and trucks, are positioned within the simulation. The background is a light blue gradient, suggesting a bright, open environment.
1. The Dürr Group is a leader in digitalization – opening up further efficiency and business opportunities
 2. The Dürr Group operates in attractive markets and actively addresses upcoming chances
 3. Capacity reduction and optimization is on track – detailed measures defined per division
 4. Sustainability is part of the Dürr Group's DNA – products drive transformation towards a more sustainable society
 5. The Dürr Group closely manages margins and cash flow – clear commitment to mid-term goals

The Dürr Group – leading in production efficiency

How to ask questions:

1. Phone

Dial in now: **+49 30 232531366**

You will be greeted by an operator and put through to the conference after giving your name and company.

2. E-Mail

Write an e-mail to:
cmd2020@durr.com



You can also find the dial in data on our website: www.durr-group.com/en/capital-markets-day-2020

Dürr's paint shop of the future



**We will start
shortly with the
Q&A session!**



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Q&A
All topics

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Capital Markets Day 2020

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November 16, 2020
Bietigheim-Bissingen