

WELCOME TO THE DÜRR INVESTORS' DAY 2017

Ralf W. Dieter, CEO Dürr AG

Carlo Crosetto, CFO Dürr AG

Dr. Jochen Weyrauch, Member of the Board of Management Dürr AG

Darmstadt, October 18, 2017

www.durr.com



FINANCIAL UPDATE / OUTLOOK

Carlo Crosetto, CFO Dürr AG

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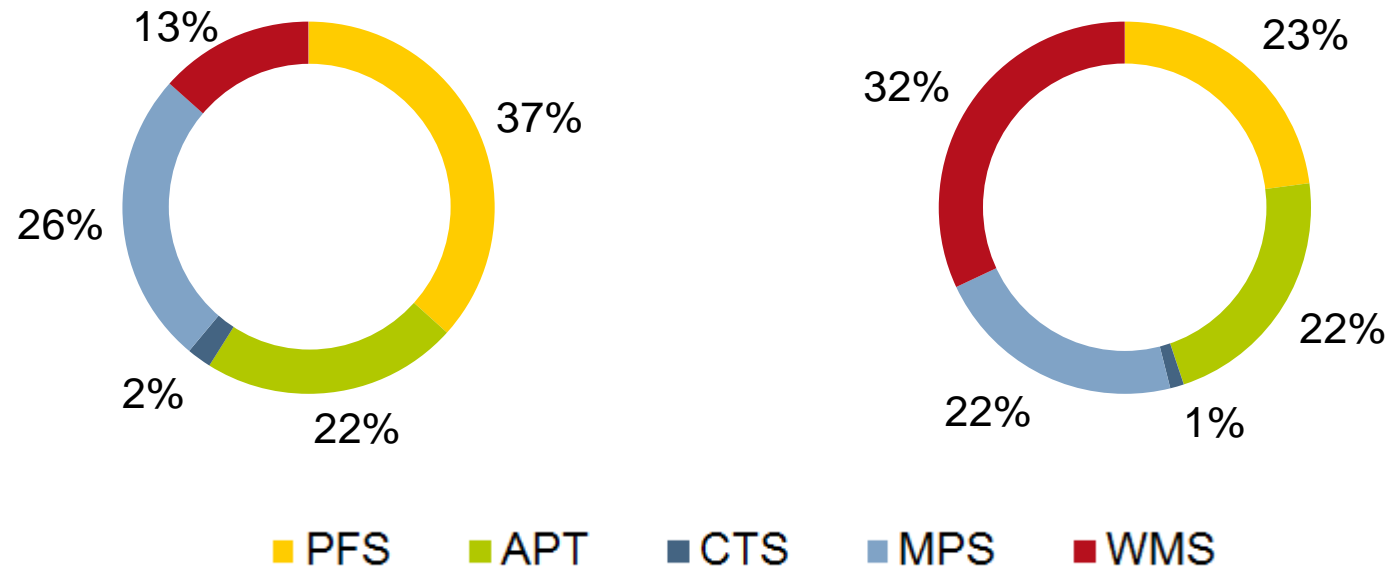
FINANCIAL UPDATE



Solid performance in 2017

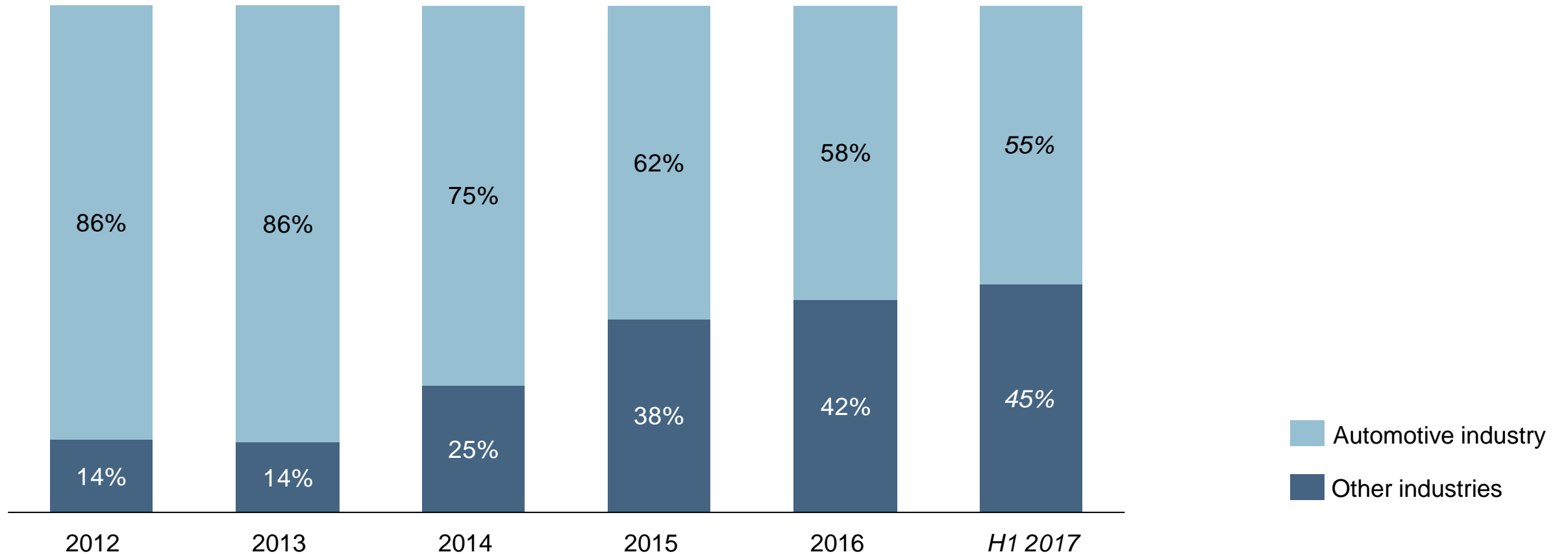
- » Order intake better than expected in H1, book-to-bill at 1.2, order backlog above €2.7 bn
- » Operating EBIT increased by 8% in H1, net earnings up by 28%
- » Cash flow from operating activities above previous year's level
- » PFS margin under pressure, competitive situation remains challenging, margins of other divisions as planned or better
- » HOMAG now the largest earnings contributor in the Group, with further potential; HOMAG outlook looks conservative

EBIT contribution by division FY 2015 vs H1 2017¹



¹ without Corporate Center/consolidation

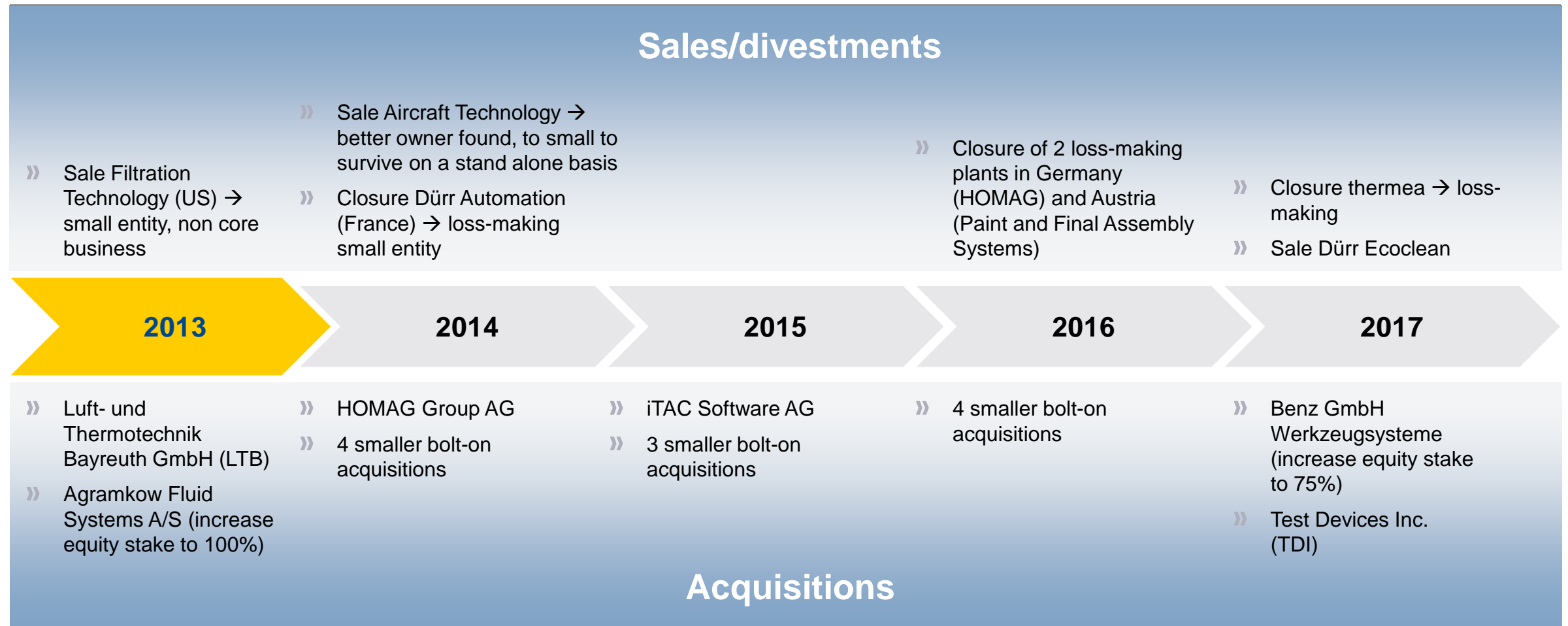
SALES SPLIT: DEPENDENCY ON AUTOMOTIVE INDUSTRY REDUCED



CONTINUOUS PORTFOLIO OPTIMIZATION



Energy Efficiency will be the last portfolio streamlining measure for the time being



OUTLOOK 2017



Order intake: guidance raised

	Actual 2016	Previous target 2017	Current target 2017
Order intake	€ 3,702 m	€ 3,300 – 3,700 m	€ 3,600 – 3,800 m
Orders on hand (Dec. 31)	€ 2,568 m	€ 2,400 – 2,900 m	€ 2,550 – 2,750 m
Sales revenues	€ 3,574 m	€ 3,400 – 3,600 m	€ 3,500 – 3,600 m
EBIT margin	7.6%	7.5 – 8.25% ¹	7.5 – 8.25% ¹
ROCE	41%	30 – 40%	30 – 40%
Net finance expense	€ -13 m	slightly higher	slightly higher
Tax rate	27.2%	roughly unchanged against the previous year	slightly lower
Earnings after tax	€ 187.8 m	slightly higher ¹	slightly higher ¹

¹ including the effects from the sale of Ecoclean

» Order intake

- » Project pipeline at Paint and Final Assembly Systems starts growing again
- » HOMAG orders likely to be above € 300 m in the next quarters
- » Group should exceed last year's level despite Ecoclean sale

» Sales

- » Group likely to exceed the 2016 level despite Ecoclean sale

» Earnings

- » Some additional streamlining costs expected in H2 2017
- » ~ 6% EBIT margin expected at Paint and Final Assembly Systems
- » ~ 7% EBIT margin (stated) expected at HOMAG

OUTLOOK 2017



Cash flow: changed prepayment pattern

	Actual 2016	Previous target 2017	Current target 2017
Cash flow from operating activities	€ 227 m	roughly unchanged against the previous year	€ 140 – 190 m
Free cash flow	€ 130 m	roughly unchanged against the previous year	€ 50 – 100 m
Net financial status (December 31)	€ 177 m	€ 300 – 380 m ¹	€ 230 – 280 m ¹
Liquidity (December 31)	€ 724 m	€ 850 – 925 m ¹	€ 735 – 785 m ¹
Capital expenditure	€ 82 m	€ 75 – 85 m ²	€ 85 – 95 m ²

- » Cash flow likely to be below last year's level depending on Q4 order intake and customer prepayments
- » Prepayment pattern is changing as OEMs need to finance investments in new technologies (EVs, autonomous driving)
- » Changed payment pattern is only a timing issue
- » Operating cash flow generally expected at the same level as EBT, 2017 lower due to changed prepayment pattern

¹ including the effects from the sale of Ecoclean

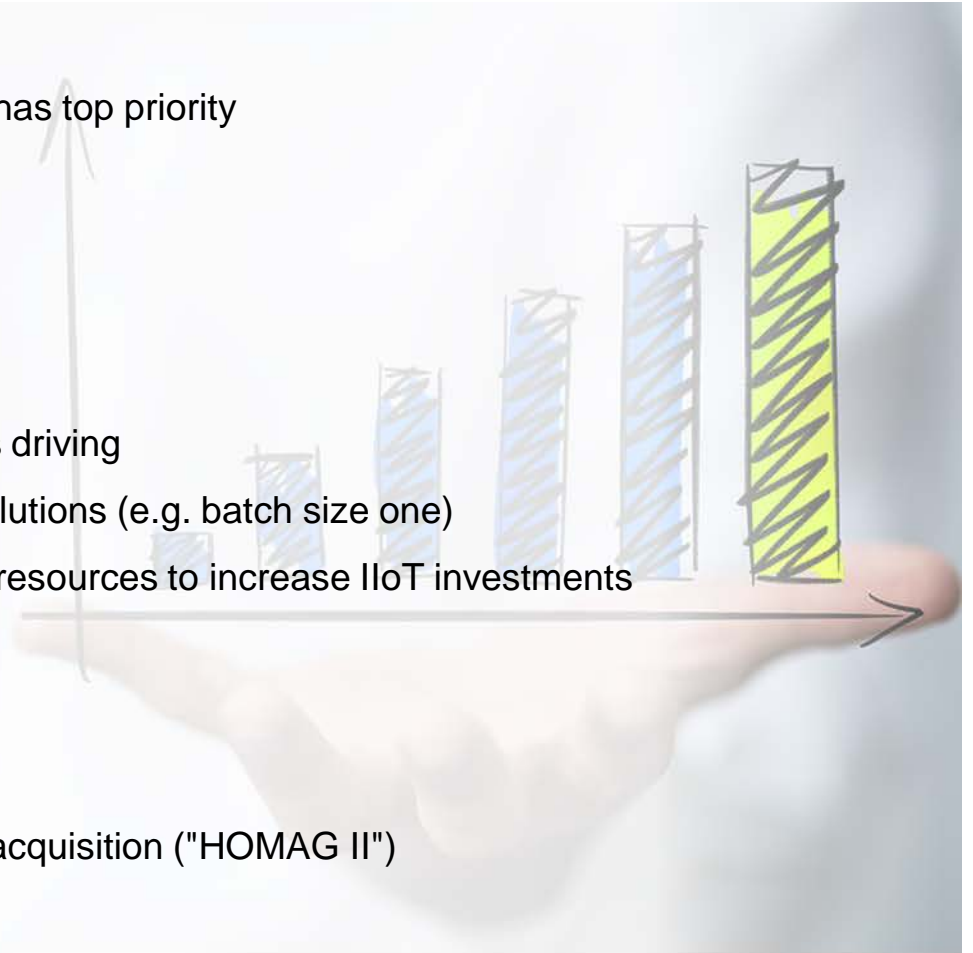
² On property, plant and equipment and on intangible assets (excluding acquisitions)

FINANCIAL STRATEGY



Efficiency improvement and growth

- » Keep ROCE at current favorable level
- » No further customer payment deferrals, focus on NWC management → cash flow has top priority
- » Paint and Final Assembly Systems: address efficiency improvements
 - » Reduce material and labor costs, maximize localization (esp. China)
 - » Process optimization
 - » Offer value added services and digital solutions
- » Generate additional growth in the automotive sector: EV, connectivity, autonomous driving
- » HOMAG: Take advantage of customers' increased demand for more automated solutions (e.g. batch size one)
- » digital@DÜRR: Push ahead with IIoT strategy (ADAMOS, LOXEO, tapio), free up resources to increase IIoT investments
- » Energy Efficiency will be the last portfolio streamlining measure for the time being
- » Purchase of an additional 7% of HOMAG shares (call option Q1 2018)
- » Redeem Campus real estate loans (early redemption option since 09/2017)
- » Continue M&A strategy: Extension of existing business (bolt-on) or another major acquisition ("HOMAG II")
- » Alternative option: share buy-back



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DIGITAL@DÜRR: STRATEGIC OVERVIEW

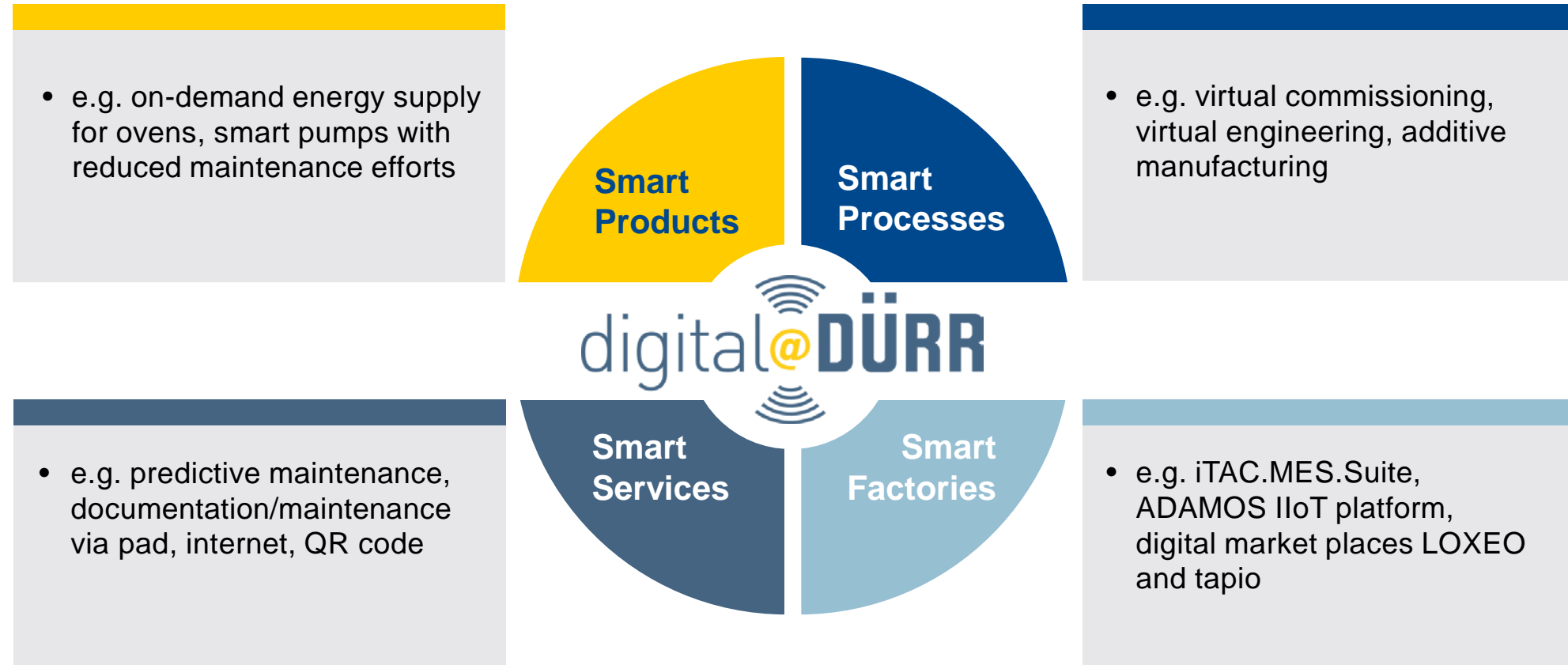
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DIGITAL@DÜRR: 4 SMART DIMENSIONS



DIGITAL@DÜRR OFFERS GREATER CUSTOMER BENEFIT



Productivity ↑

Time-to-market ↓

CAPEX / OPEX ↓

digital@DÜRR

Product quality ↑

Availability ↑

Flexibility ↑

ADAMOS: FIRST IIOT PLATFORM FOR THE MACHINERY SECTOR

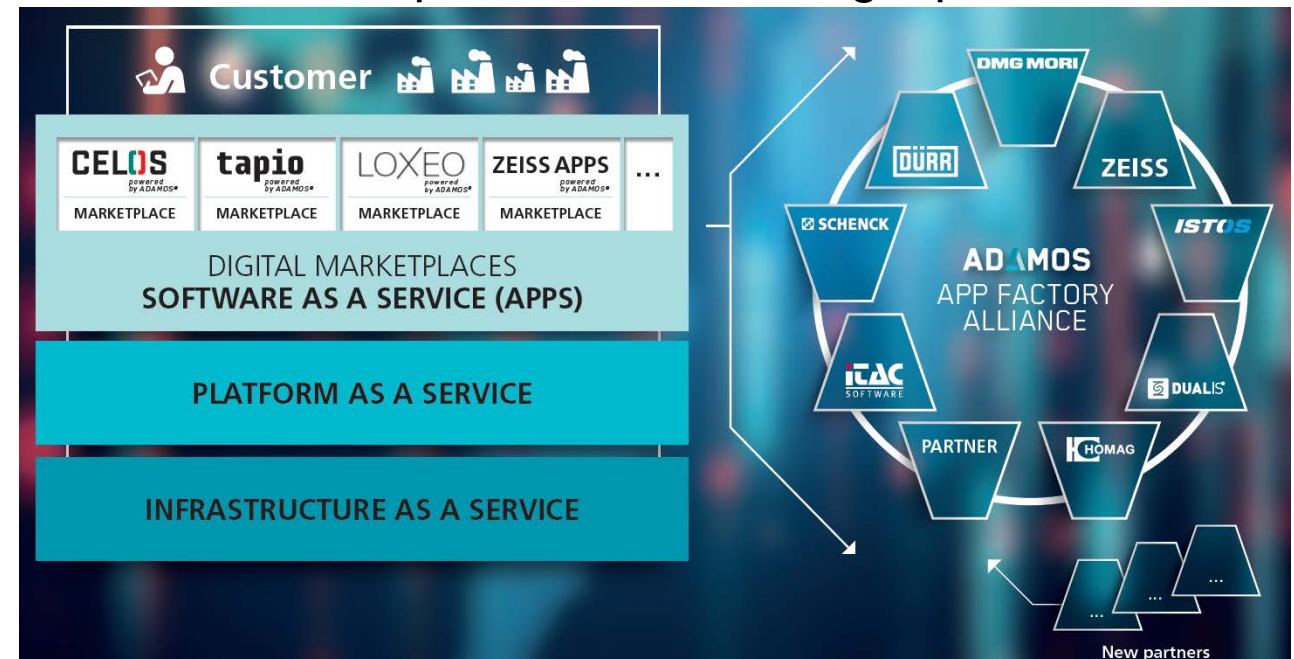


Full line IIoT offering reinforces our leading market position against pure software providers

ADAMOS

ADAMOS: **Ad**aptive **M**anufacturing **O**pen **S**olutions

- » Founding partners ADAMOS GmbH: DMG Mori, Dürr, Software AG, Carl Zeiss, ASM
- » Establish ADAMOS as industry standard
- » On edge, on premise and in the cloud
- » Leading edge technologies
- » Large combined installed base
- » "White label" solution allows for company-individual IIoT market places
- » ADAMOS App Factory develops new apps



➡ **Next step: Scaling up ADAMOS by integrating additional partners from the machinery industry**

DÜRR: 2 DIGITAL MARKET PLACES SUPPORTED BY ADAMOS



Customers experience Dürr, Schenck and HOMAG as enablers for digital manufacturing



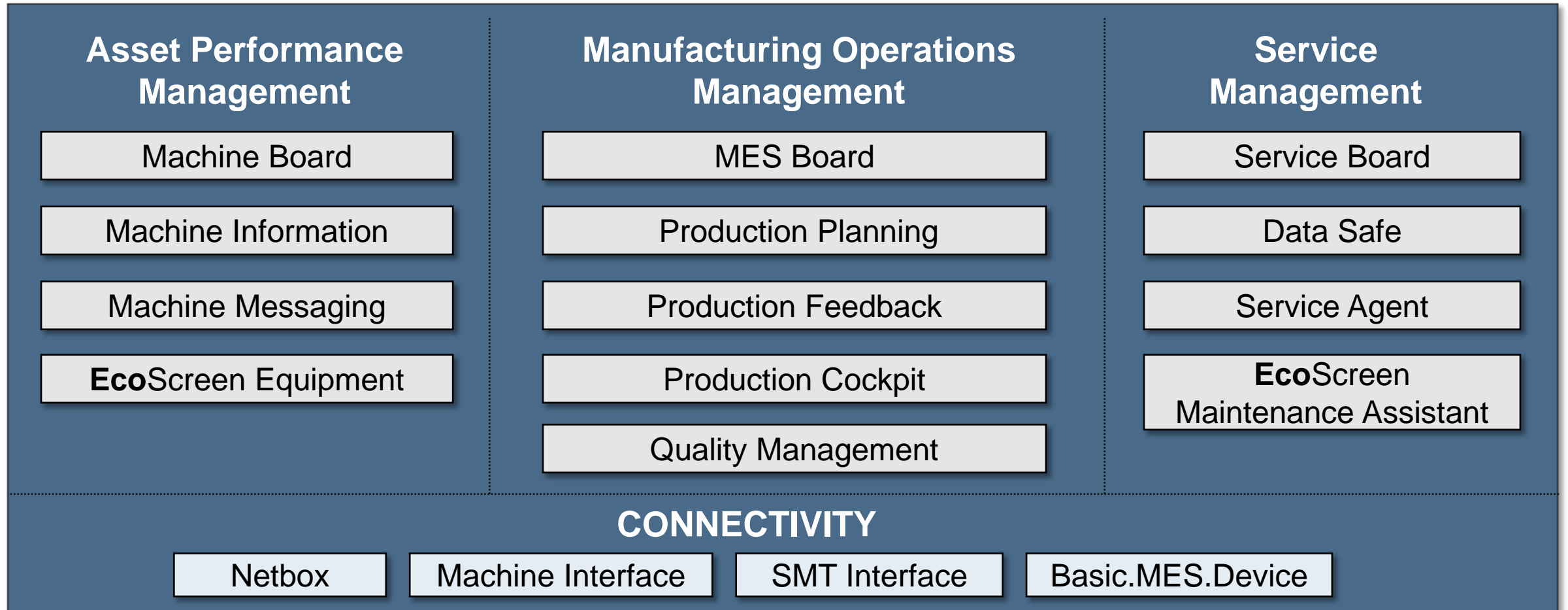
Starting 01/2018



Since 10/2017



- » Market places for IIoT apps / digital services
 - » Suppliers' and competitors' machines can also be connected
 - » LOXEO and tapio use Dürr's/Schenck's/HOMAG's design → customer loyalty
 - » No software vendor lock-in
 - » ADAMOS App Factory: full app pipeline → high attractiveness
-
- ➡ **Digital services are crucial to increase customers' Overall Equipment Efficiency (OEE)**
 - ➡ **ADAMOS allows Dürr to operate this attractive business (and not to leave it to Siemens & Co.)**



NEW ITAC.MES.SUITE IS A CORE COMPONENT OF ADAMOS



Smart factory: good market response for iTAC.MES.Suite



Pilots / First installations

Skoda
Mlada Boleslav (CZ)



Magna
Maribor (SVN)



BMW
Regensburg (D)



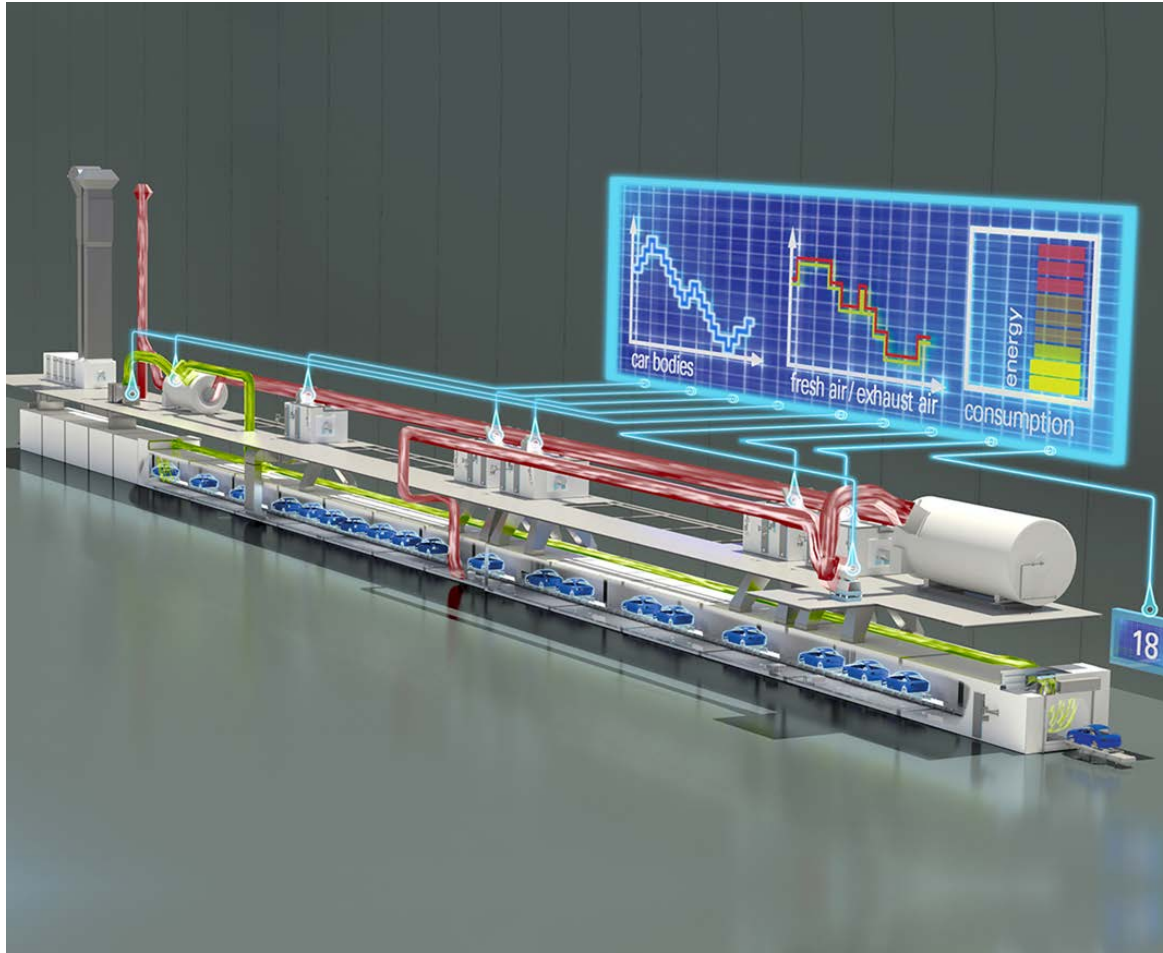
VW, Wrzesnia (PL)
Incl. **ECOPRO**
Smart Diagnostic



IIOT INFRASTRUCTURE ACCELERATES OUR DIGITAL BUSINESS



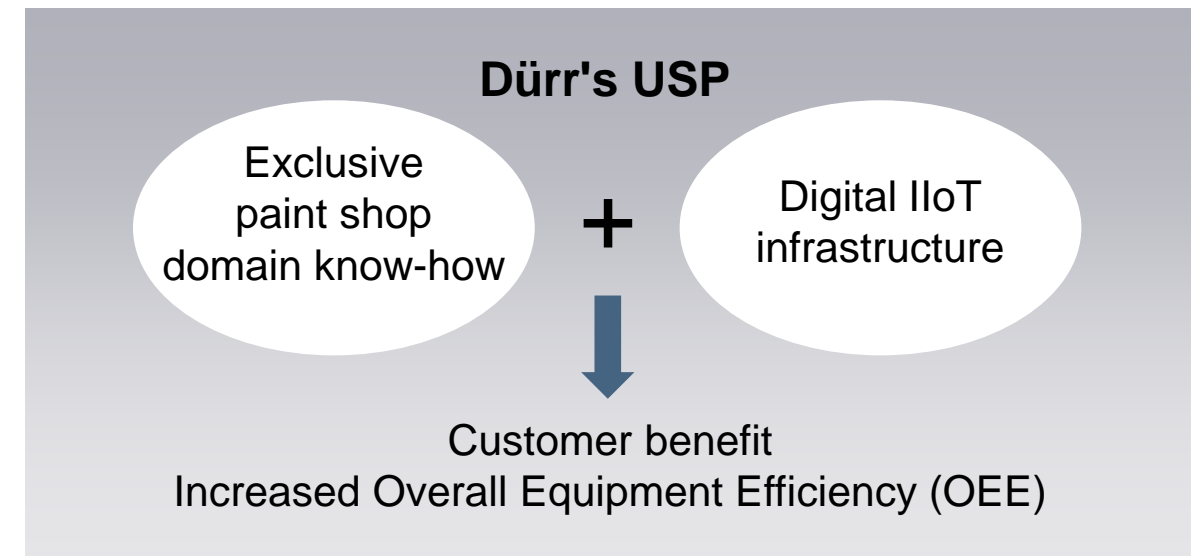
Powerful framework for systematically marketing smart products



Example: EcoSmart VEC

- » Smart oven control for car body drying
- » Capacity-oriented temperature and air control

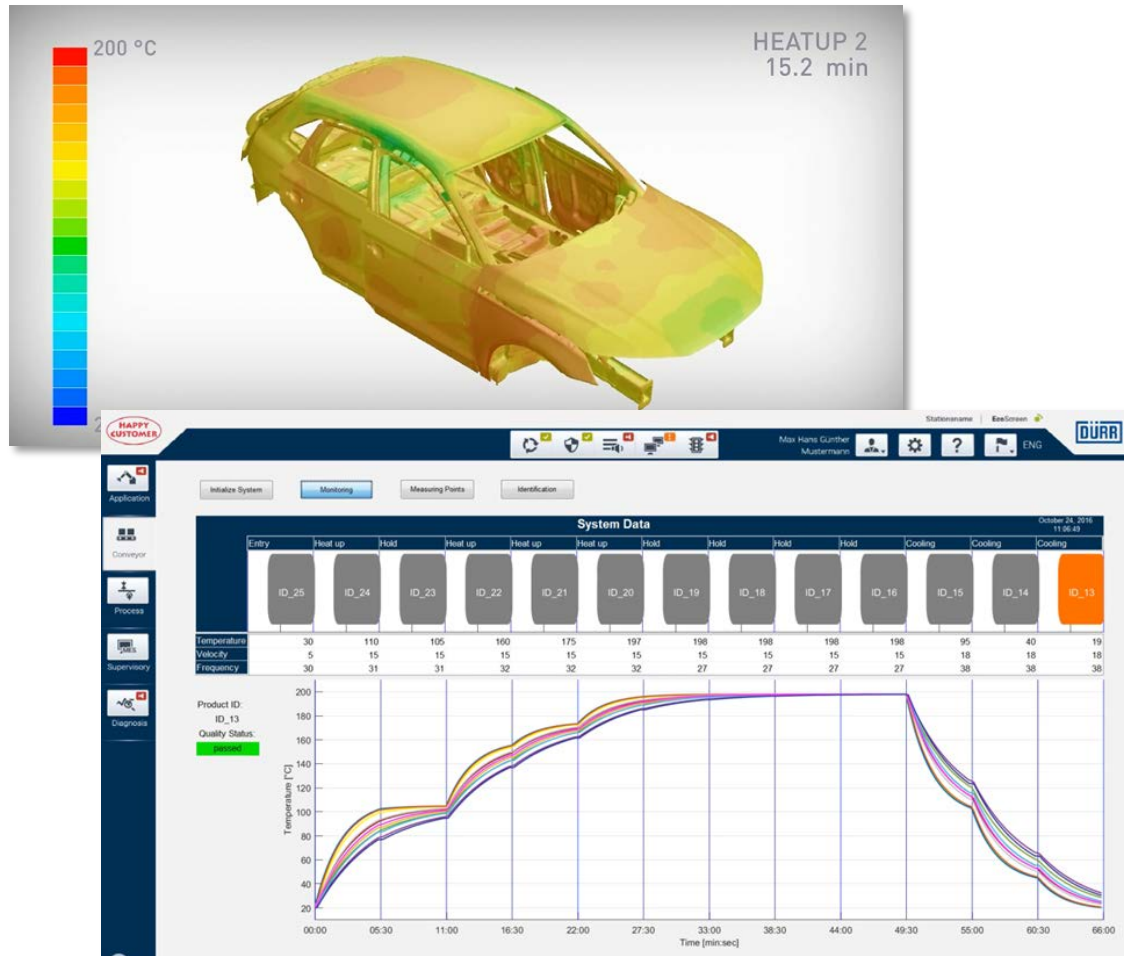
New IIoT infrastructure allows to integrate smart functions in a comprehensive digital network (no stand-alone installation)



CREATE NEW DIGITAL BUSINESS MODELS + SMART SERVICES



Smart service for quality assurance in car body drying



Customer requirement

- » Understand how different condition parameters affect drying quality



Dürr's solution: Digital Quality Card

- » Digital quality certificate for every car body
- » Algorithm-based software tool
- » Real time tracking/visualization of oven temperature pattern + other parameters



Customer benefit

- » Immediately detect + stop deviations from ideal process

➔ **Digital service enabler: only Dürr can combine domain know-how + digital technology**

ACCELERATE AND IMPROVE PLANT ENGINEERING



Smart process: plant configuration and fully integrated software scenario simulation



Two-step digital paint shop engineering

- 1 Plant design with hardware + software configurator (choosing/combining standard modules)
- ↓
- 2 Software scenario simulator tests complete software chain in a paint shop, from single PLCs to MES level. Simulates effects of each decentral PLC command on complete system
- ↓

Customer benefit

- » High quality engineering
- » Comprehensive virtual pre-testing of complete paint shop
- » 90% ready to install software package before on site phase

IIOT INFRASTRUCTURE ACCELERATES OUR DIGITAL BUSINESS



Summary

- » Digitization is a game changer in our sector
- » ADAMOS is highly attractive for the industry, further partners expected to sign up
- » ADAMOS secures customer relations and Dürr's leading market position
- » LOXEO and tapio:
 - » Dürr occupies the market for digital services/apps
 - » Dürr is perceived as digital enabler and leader in "Industry 4.0"
- » Dürr's competitive advantage is the combination of shop-floor/domain know-how and IT capability
- » Our IIoT infrastructure allows for a broader, more systematic marketing of existing smart functions
- » Creating business models and value pricing for digital services is key
- » Our organization is faced with new demands:
 - » Sales/Service/Product management: listen to customers, understand shop floor needs, deliver smart solutions
 - ➡ Even in the digital age, our business is a people business and a domain know-how business
 - » Engineering: Java programmers increasingly acting as "technical draftsmen"

DIGITAL@DÜRR: STRATEGIC OVERVIEW

Ralf W. Dieter, CEO Dürr AG

Darmstadt, October 18, 2017

www.durr.com



NEW TRENDS AND SOLUTIONS IN FINAL VEHICLE ASSEMBLY

A glowing, wireframe-style image of a car chassis, showing the front end, wheels, and main body structure. The lines are bright blue and white, giving it a futuristic, high-tech appearance. It is positioned in the background, partially obscured by the title text.

Dr. Jochen Weyrauch,
Member of the Board of Management Dürr AG

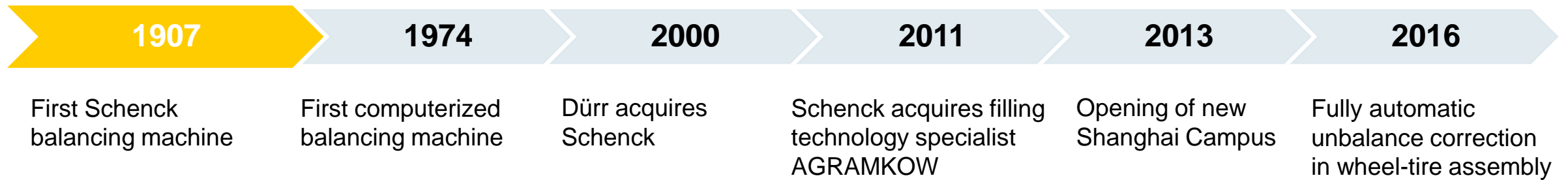
Darmstadt, October 18, 2017

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WELCOME TO SCHENCK IN DARMSTADT



Schenck in figures	Product range	Location Darmstadt at a glance
<ul style="list-style-type: none">» 1,260 employees worldwide (2016)» Incoming orders ~ €220 million» ~ 195 service employees» 50 representations and service support points throughout the world» 7 manufacturing facilities in the world» Broad customer base: from repair workshop to mass production	<p>Balancing and diagnosis technology for rotating and oscillating components:</p> <ul style="list-style-type: none">» All weight classes: 1 g to 400 t» All sizes: 1 to 10,000 mm rotor diameter» Large speed range: 10 to 400,000 min⁻¹» Solutions from wheel assembly to diagnosis technology	<ul style="list-style-type: none">» 60,000 m² office space» 60,000 m² space for storage and production» ~ 45 tenants; 2,000 people at this location» ~ 50% of space rented to external companies



NEW TRENDS AND SOLUTIONS IN FINAL VEHICLE ASSEMBLY



Existing vs. future concepts: from standardized processes to flexibility

Today's typical assembly

Aligned flow & rigid chain



- » Aligned, straight assembly lines
- » Defined product range, limited extras
- » Highly specialized & standardized process

Tomorrow's assembly

Flexibility & changeability



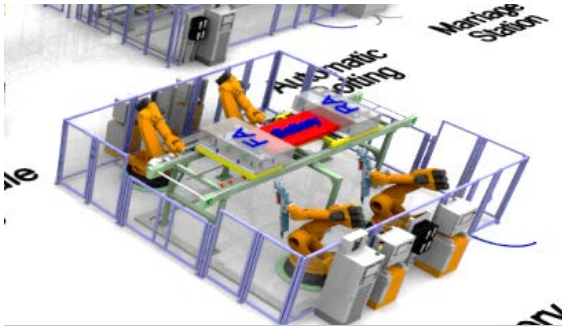
- » Modular & autonomous process
- » Scalable product range & process variances
- » Transparency by network communication & digitization
- » Reduce number of cycles by 50%

NEW TRENDS AND SOLUTIONS IN FINAL VEHICLE ASSEMBLY



E-mobility / mixed operation: PHEV & BEV integration in existing assembly line for ICE cars

Fields of major changes



Decking



Filling



Conveying



Bolting

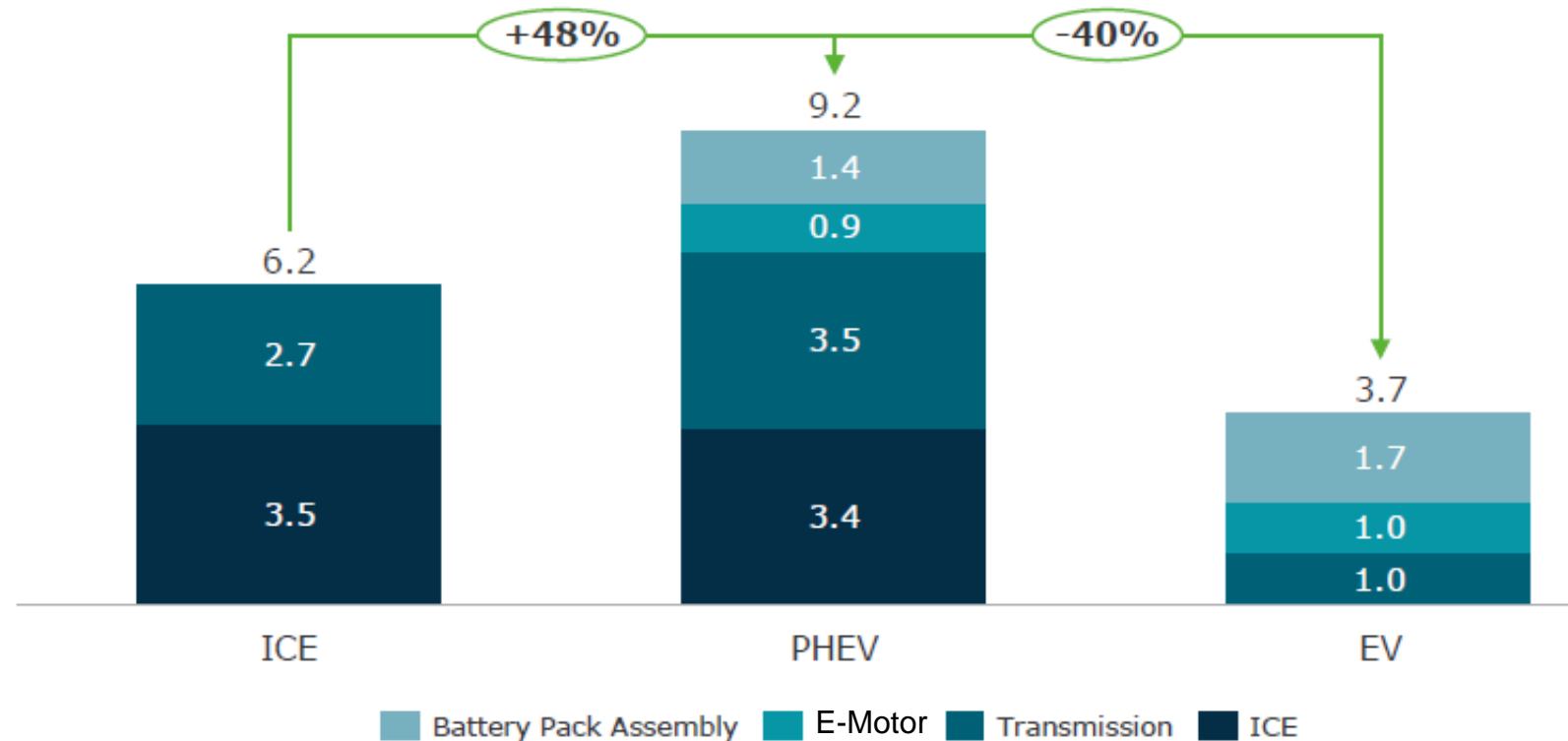
- » More complexity and stations, e.g. battery bolting (from approx. 150 to approx. 180 stations)
- » Model mix in one line, larger number of derivatives, different powertrain concepts in one line
- » Increasing potential for modernization and revamps at conventional OEMs during transition period

EVs: LESS COMPLEX POWERTRAIN ALLOWS FOR A HIGHER DEGREE OF AUTOMATION IN ASSEMBLY



Hybrids require 50% more assembly time compared to ICEs, while EVs require 40% less

Average assembly working hours



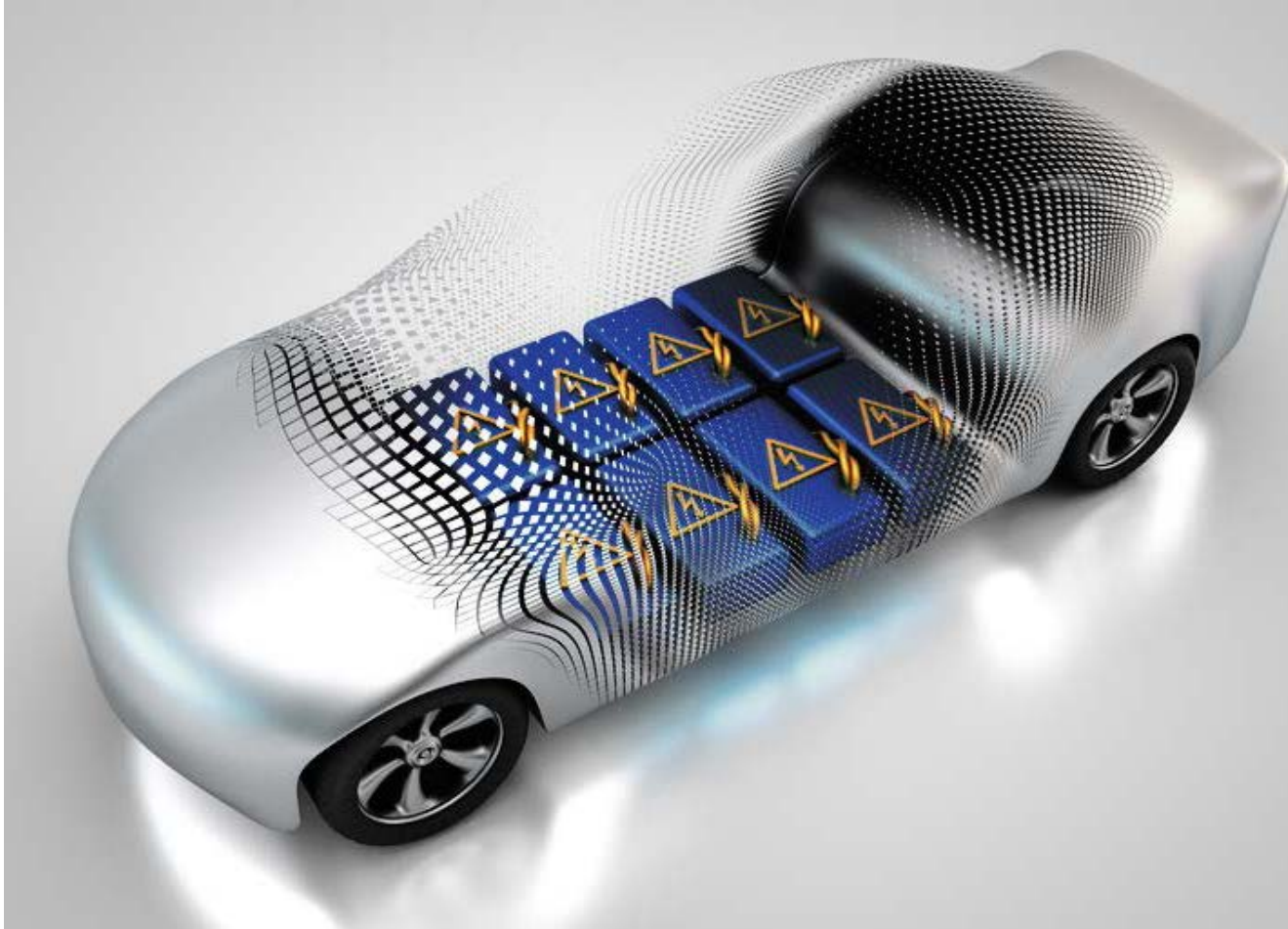
- » 6 assembly hours for ICE powertrain (engine + transmission)
- » 9 assembly hours for PHEV due to more complex transmission plus e-motor and battery
- » EV replaces ICE with e-motor, sizeable battery and basic transmission

Source: AlixPartners benchmarks and analysis, transmission and ICE based on averages across European plants

HIGHLY AUTOMATED FINAL ASSEMBLY LINE FOR EVs



Major increase in productivity



- » Modular assembly concept
- » Extraordinary high level of automation
- » Workstations reduced by more than 50%
- » Feasible because of
 - » Low complexity of electric powertrain
 - » High product standardization
- » Many features are added to the car in advance and can be activated at any time
- » Reference project implemented: technological edge for Dürr in the growth market of automated final e-car assembly

MODULAR ASSEMBLY REQUIRES FLEXIBLE CONVEYING



Dürr's mobile conveying solutions (AGVs) meet flexible production requirements



Flexible material supply to assembly line



Connecting different work stations



Flexible joining of chassis and car body

FILLING: EQUIPMENT MUST MEET NEW REQUIREMENTS



E-mobility entails new circuits to be filled

Battery coolant

» Electric powertrains require additional cooling systems to be filled:

- » Battery pack
- » Power electronics
- » More complex than conventional cars

» Compatibility

- » One joint filling adapter for mixed operation (EV and ICE cars)
- » **G³Blue** filling adapter with height-adjustable nozzle for flexible fill levels



A/C refrigerant R744 (CO₂)

» World-leading filling technology

- » R744: the real environment-friendly A/C refrigerant
- » R744 systems are used for cooling and heating of the car → **range extension of electric vehicles**
- » Efficient: Dürk "multi-phase filling" process

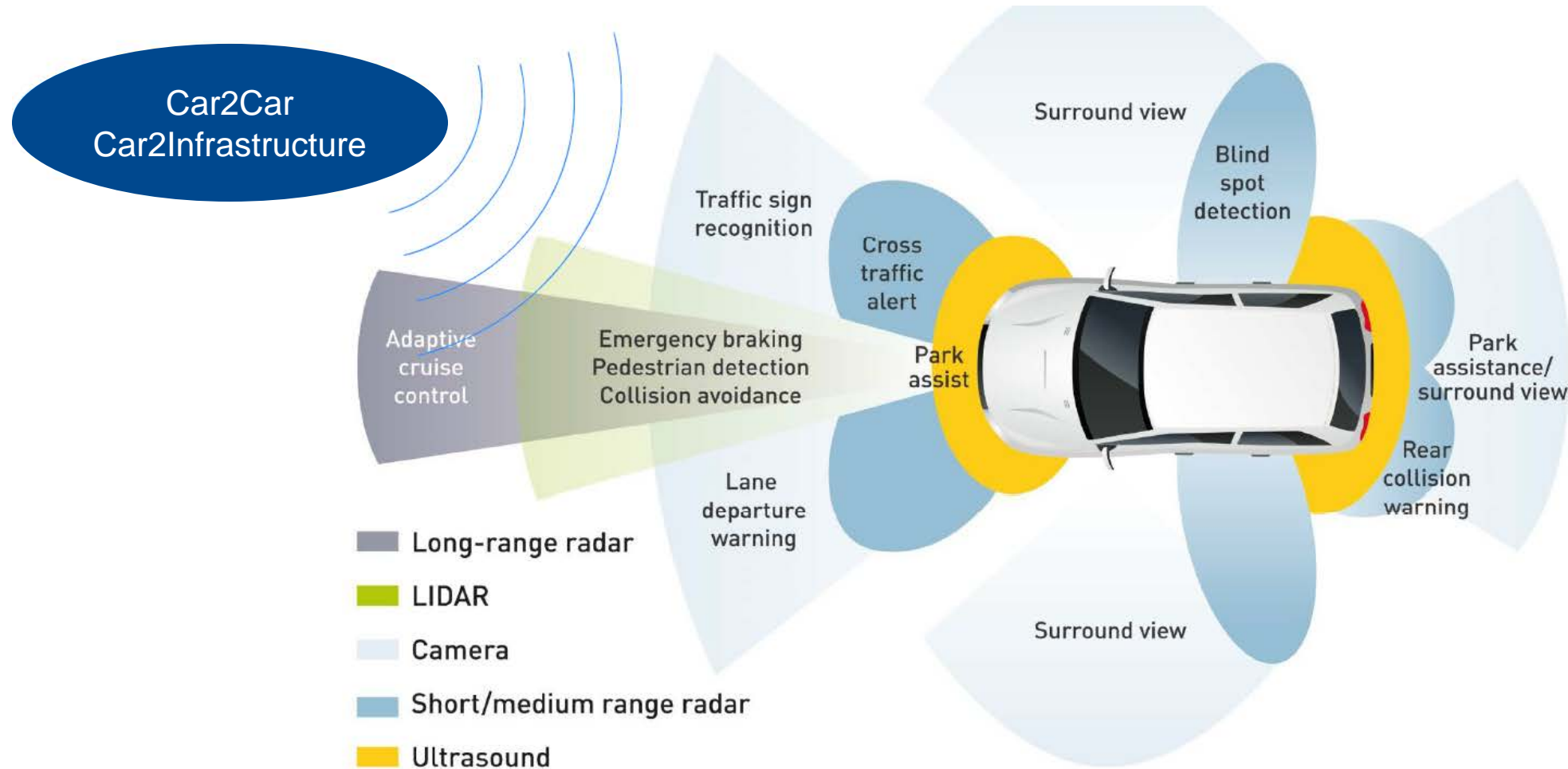


Streetscooter – Deutsche Post AG



AUTONOMOUS DRIVING: MORE SENSORS REQUIRED

Additional opportunities for Dürr's End of Line (EoL) testing equipment business



AUTONOMOUS DRIVING: BUSINESS OPPORTUNITY FOR DÜRR



Our expertise in EoL testing equipment

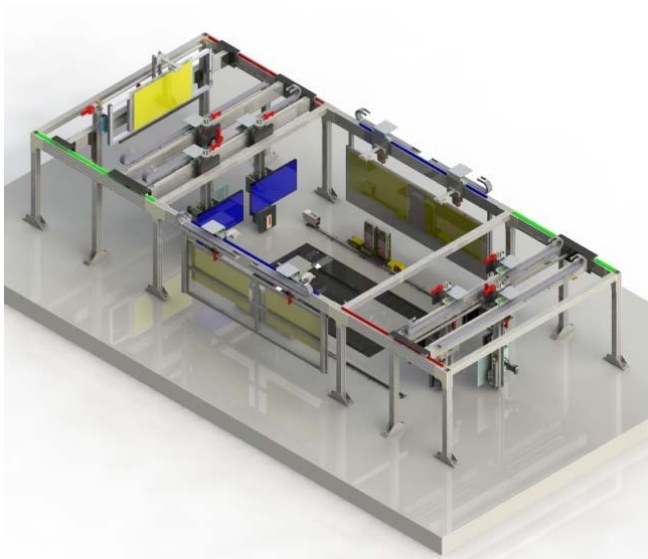


NEW TEST STANDS FOR AUTONOMOUS DRIVING + CONNECTIVITY



» Validation of autonomous vehicles and their connectivity in special simulation and test environments

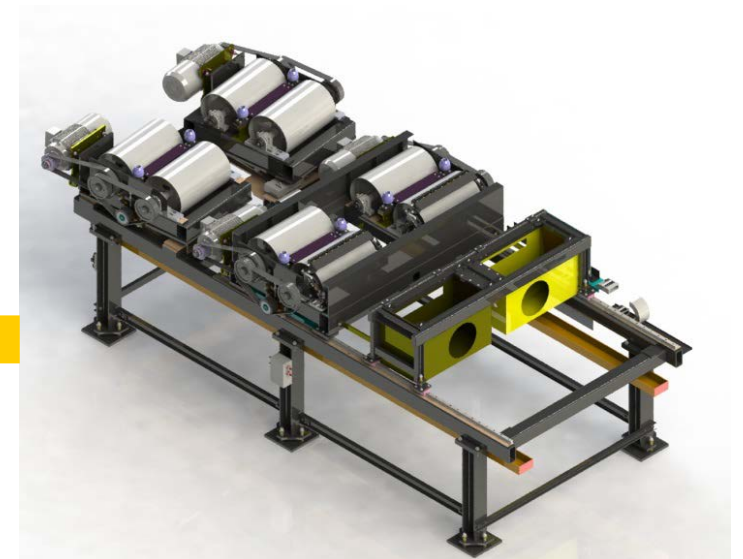
- » Automatic, scalable test unit for dynamic sensor calibration via virtual driving in simulated road condition
- » High precision function tester for fully integrated steering test of self-driving vehicles with feedback to simulation environment



New product: Multi sensor calibration unit



Complete simulation and test of autonomous driving conditions

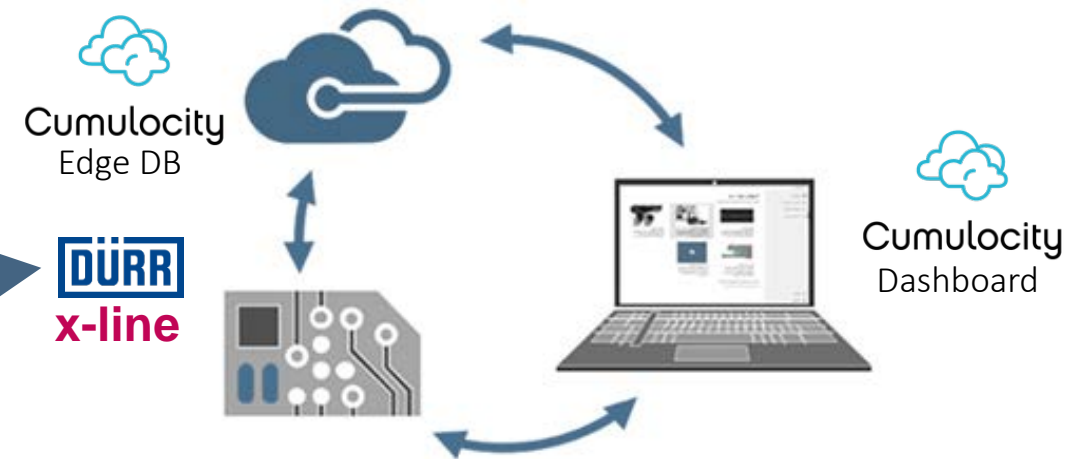


New product: Steerable function tester

DIGITAL@DÜRR: TEST DATA ANALYSIS



Cumulocity-based data analysis improves assembly process and product quality



Data analysis of the customer product before entering the EoL test and adjustment process

HUMAN-ROBOT COLLABORATION (HRC)

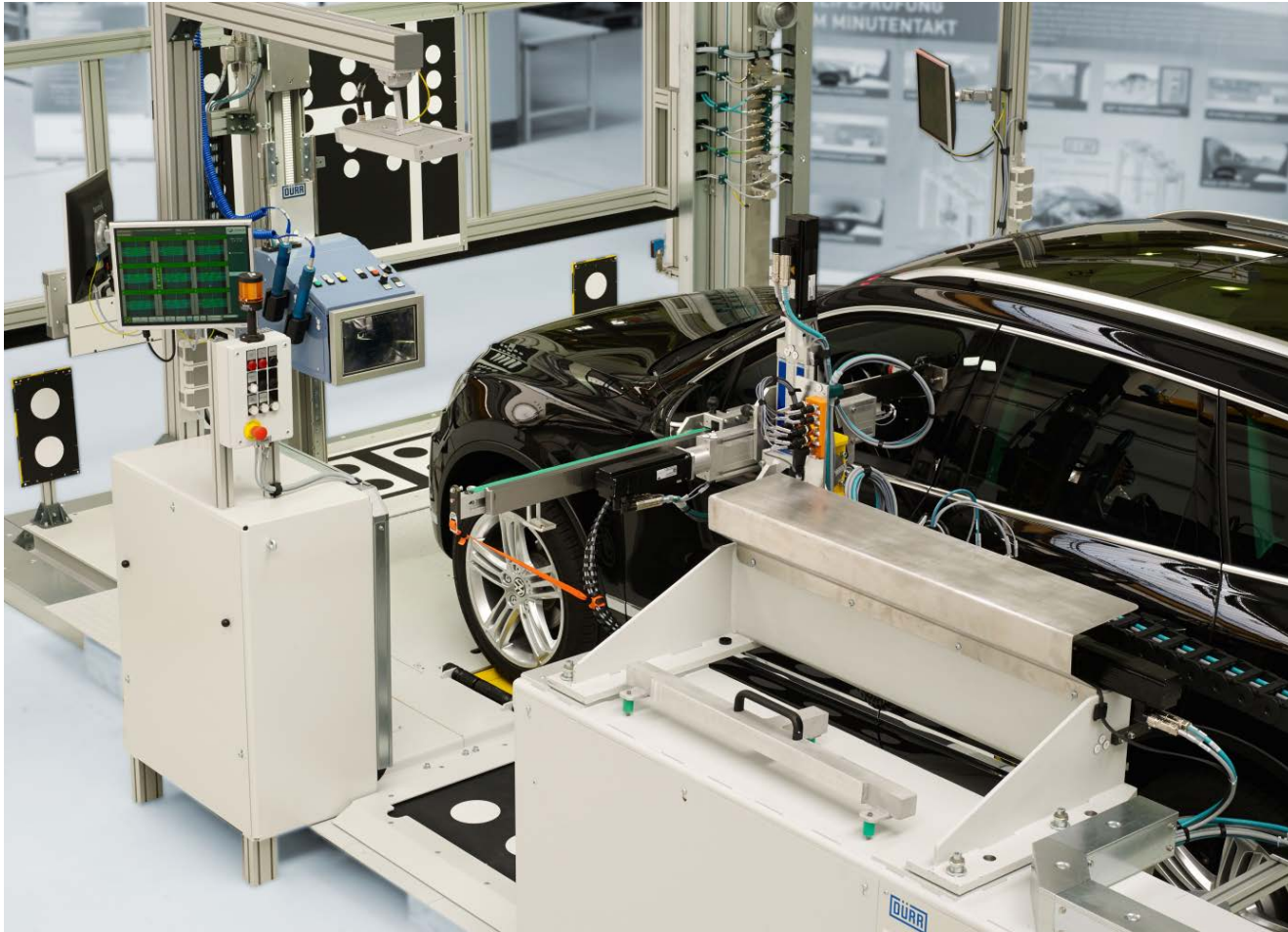


Saving time and unit costs



- » Solution for automating even complex processes in final assembly
- » Example: tank fitting
- » HRC contains know-how in robot, application, sensor and control technology
- » Security: standstill within milliseconds, no fences needed
- » Experts: 50% of all industry robots might be collaborative 10 years from now

SUMMARY



- » Trend towards e-mobility and autonomous driving opens up new opportunities for Dürr
- » Transition phase: established OEMs will produce different powertrains in one line ➡ increased need for modernization and revamps
- » New EV manufacturers demand for plants with higher automation level
- » High investments in dedicated EV assembly lines expected when EV mass production starts

Appendix

DÜRR PRODUCT OFFERING: FINAL ASSEMBLY



Turnkey assembly lines:

- » Complete final assembly systems: planning, implementation, modernization



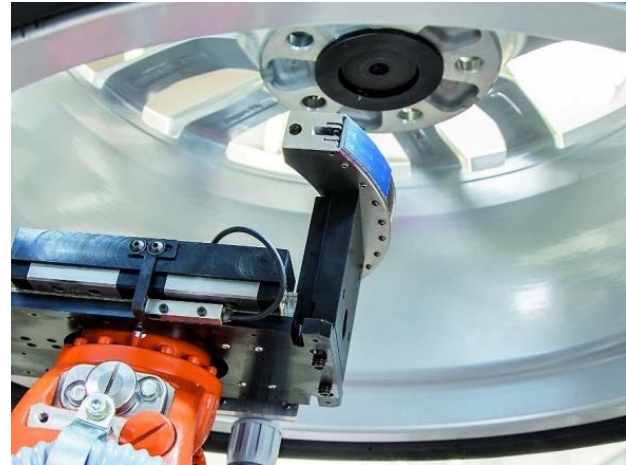
Conveyor technology:

- » Modular conveyor technology concepts and slat conveyors



Glueing solutions:

- » Automated glueing systems in final assembly, e.g. window glazing



Balancing and diagnostic technology:

- » Balancing and diagnostic technology for wheels, tires and components



DÜRR PRODUCT OFFERING FINAL ASSEMBLY



Final assembly:

- » Module assembly, "marriage", bolting systems and axle setting



Filling technology:

- » Filling systems for final vehicle assembly, filling adapters, measuring and testing technology



Test systems for passenger cars and commercial vehicles:

- » Systems for testing of chassis, headlamp aiming, driver assistance systems, roll-testing, brake-testing and ABS-testing at the end-of-line (passenger cars and commercial vehicles)



OVERVIEW: MEASURING AND PROCESS SYSTEMS DIVISION



Sales* € 434 m

EBIT* € 66 m

Employees* 2,170

Balancing



SCHENCK RoTec

Sales: €195 m

Employees: approx. 1,260

Automotive: OEMs / Tier 1,2,3
Aerospace
Turbo Engines
Engineering
Maintenance

Testing



Dürr Assembly Products

Sales: €99 m

Employees: approx. 410

Automotive: OEMs / Tier 1

Filling Automotive



Dürr Somac

Sales: €102 m

Employees: approx. 320

Automotive: OEMs

Filling Appliance



Agramkow Fluid Systems

Sales: €28 m

Employees: approx. 130

Appliance

Rental



Technologie & Industrie Park

Sales: €10 m

Employees: approx. 50

Logistics, Packaging, Shipping,
Customs Clearance, Facility
Management, Factory Security,
Energy Supply, Canteen,
Conference Center, Medical
Service, Mail, Car Service

* FY 2016, without Ecoclean

NEW TRENDS AND SOLUTIONS IN FINAL VEHICLE ASSEMBLY

A glowing, wireframe-style image of a car chassis, primarily in shades of blue and white, set against a dark blue background. The car is shown from a side profile, facing right. The lights create a sense of motion and modern technology.

Dr. Jochen Weyrauch,
Member of the Board of Management Dürr AG

Darmstadt, October 18, 2017

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LEADING IN PRODUCTION EFFICIENCY

HOMAG STRATEGY UPDATE 2018-2021

Ralf W. Dieter, CEO Dürr AG

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FOCUS PROGRAM: IMPORTANT MILESTONES ALREADY REACHED



Transformation for substantial value creation

"Fix the house"	Innovation push Internationalization Standardization	Sustainable profitable growth
2016/2017	2017/2018	2018/2019
Optimize portfolio Standardization Efficiency improvement in functions and processes Develop project business ONE HOMAG	Expansion China & USA Innovation & product modularization Localization of engineering & development ERP rollout	Profitable project business Digitization (e.g. tapio) Expansion of product range (e.g. surface technology) Service excellence

NEW SALES CONCEPT FOCUSED ON THREE ASPECTS



MARKET

One face to the customer
Higher consulting competence at the POS
ROI-oriented solutions instead of technical focus only
Focused partner management

HOMAG

Upskill regional sales people
Simplify sales approach
Alignment of incentives
Global sales structure and responsibilities
Alignment of global pricing
KPI-oriented sales force

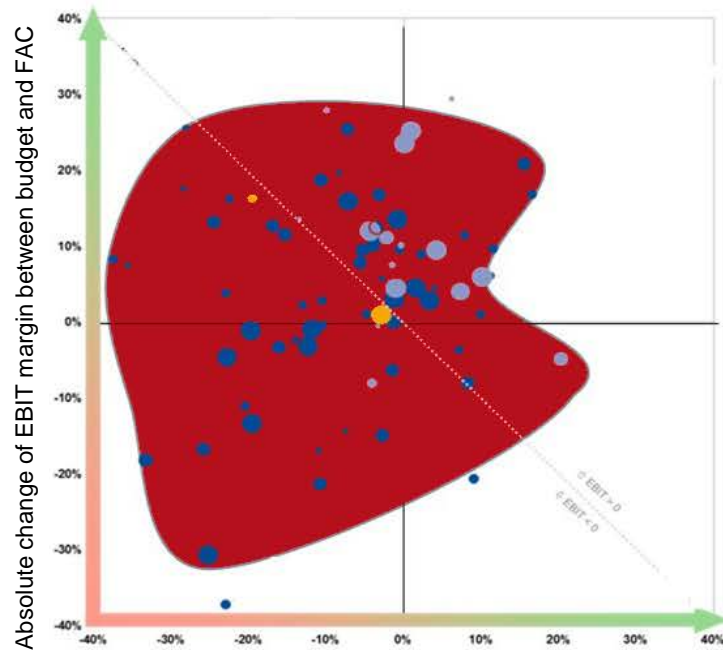
COMPETITORS

Good enough solutions to meet competitor prices
Aggressive, agile sales force
Clear strategy on where and how to beat competitor

Goal: World class sales force as a real competitive advantage

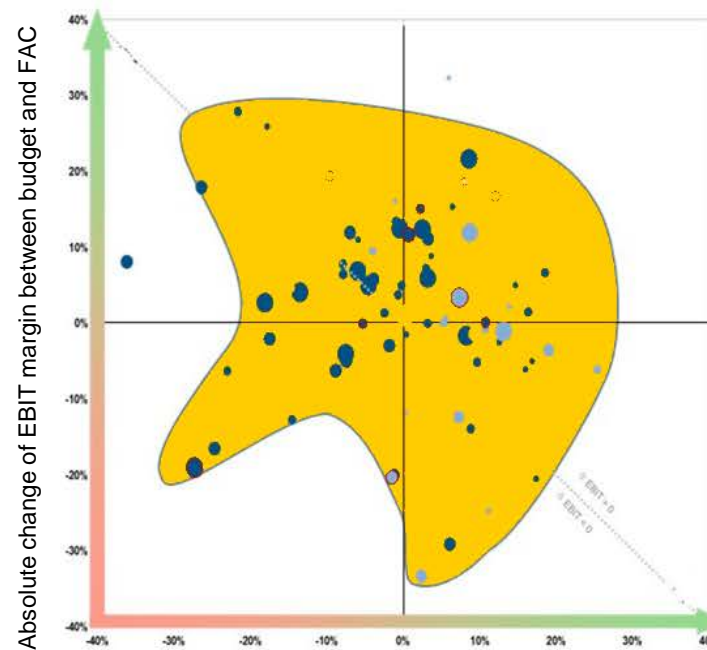
PROJECT BUSINESS: CLEAR MARGIN IMPROVEMENT SINCE 2014

Final acceptance
02/2014 - 01/2015



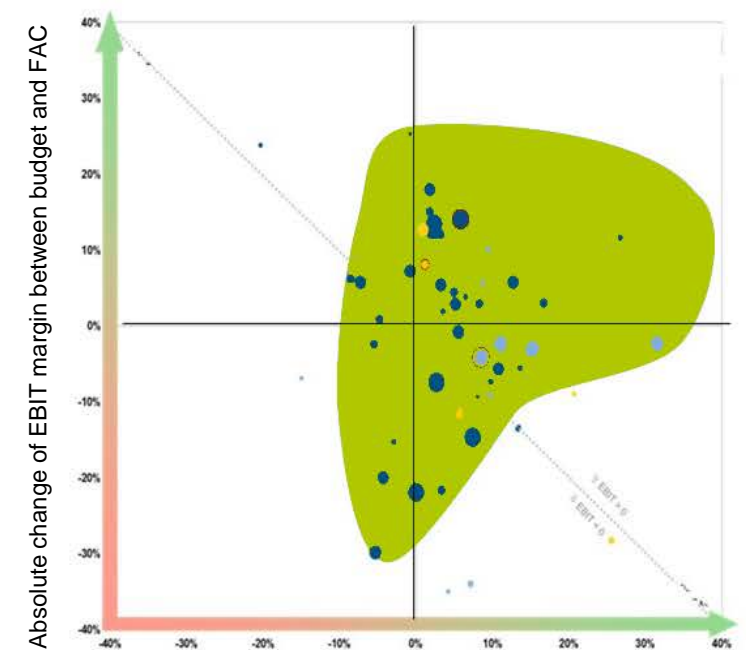
EBIT margin according to budget

Final acceptance
09/2015 - 08/2016



EBIT margin according to budget

Final acceptance
09/2016 - 08/2017

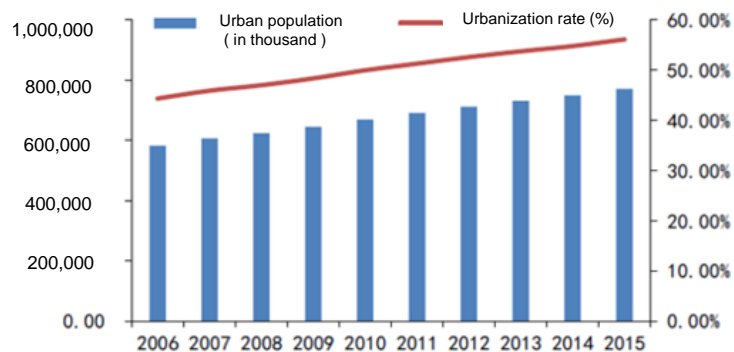


EBIT margin according to budget

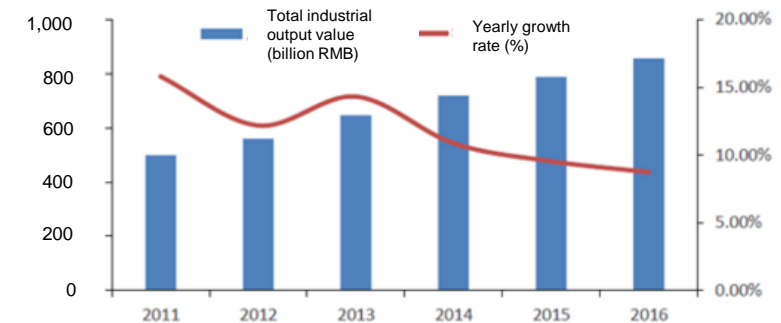
FAVORABLE MARKET TRENDS IN CHINA

- » Furniture consumption per capita: increasing wealth and urbanization strongly supporting demand for furniture
- » Market concentration towards big furniture producers with high-end machinery parks
- » Customized production: product individualization driving batch size one production
- » Demand for automation as a result of rising wages and need for individualized products

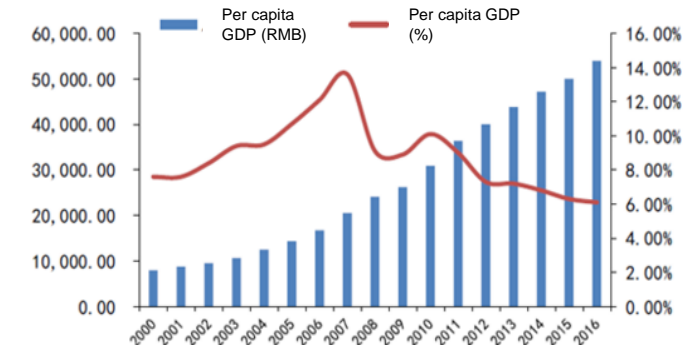
Urbanization



Furniture industry growth



GDP per capita



CHINA STRATEGY – BUILD UP CHINA 2.0



New HOMAG Campus planned in Shanghai



The Dürr Group in China

- » ~ 2,500 employees
- » New Campus sites for Dürr and Schenck (2017 + 2013)
- » High degree of localization



New HOMAG Campus planned

CHINA TO GROW STRONGLY – SET-UP FOR HOMAG TO ADOPT

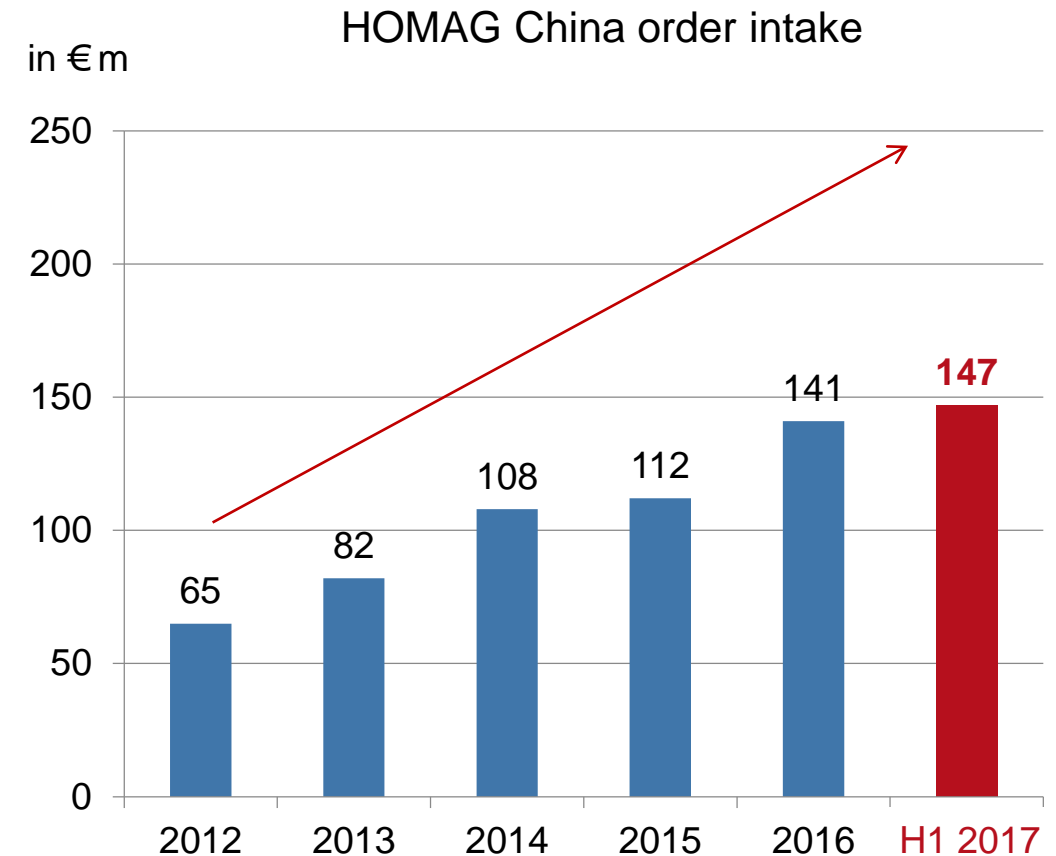


Enabling HOMAG to tap market potential in China

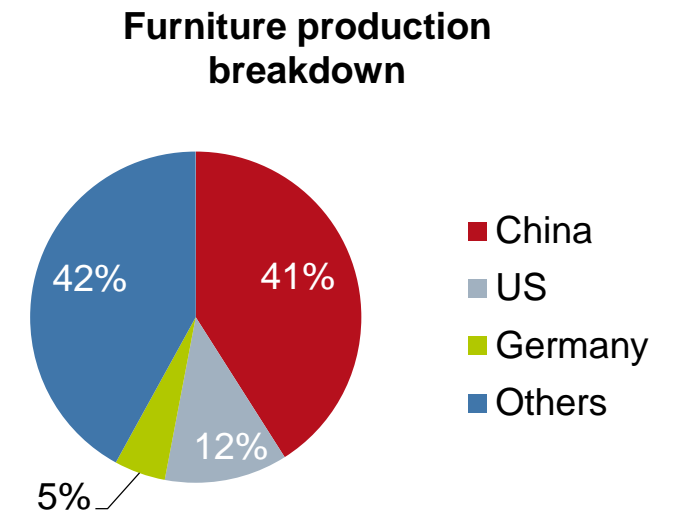
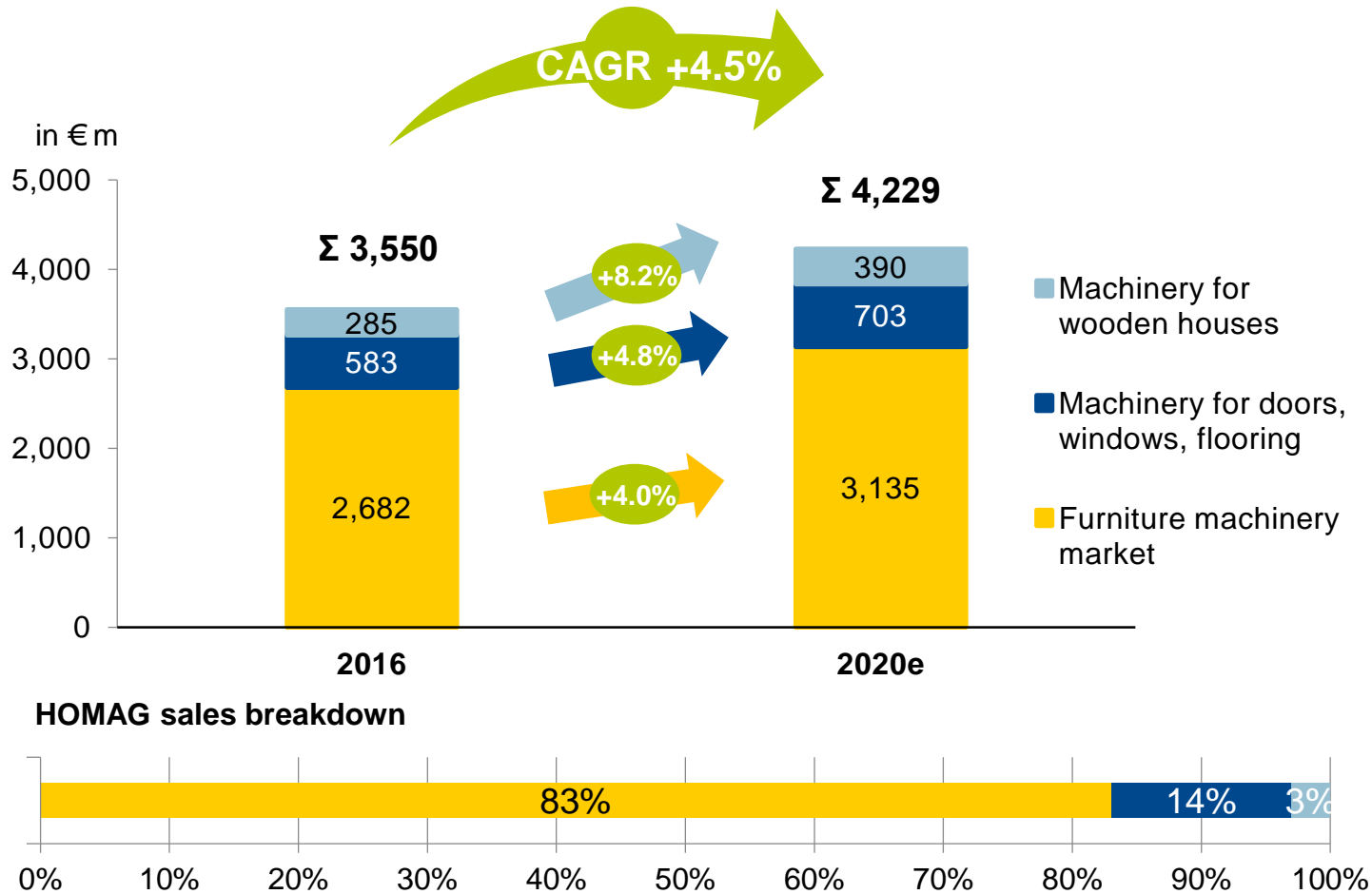
- » China accounts for >40% of world furniture production
- » HOMAG: China order share increased from 9% in 2014 to ~15% in 2017e
- » Tier-1 and tier-2 sales split will turn from dominant tier 1 contribution towards higher tier-2 share

Measures

- » Expansion of product range towards simpler and cheaper solutions & standardization of machines
- » Expansion of manufacturing capacity to a production volume of € ~150 m within the next years
- » Rollout of new sales concept with strong key account management, also in China
- » Service capacity increase due to machinery sales growth
- » Increase local engineering & development capacity



WOODWORKING MACHINERY MARKET WITH STEADY GROWTH



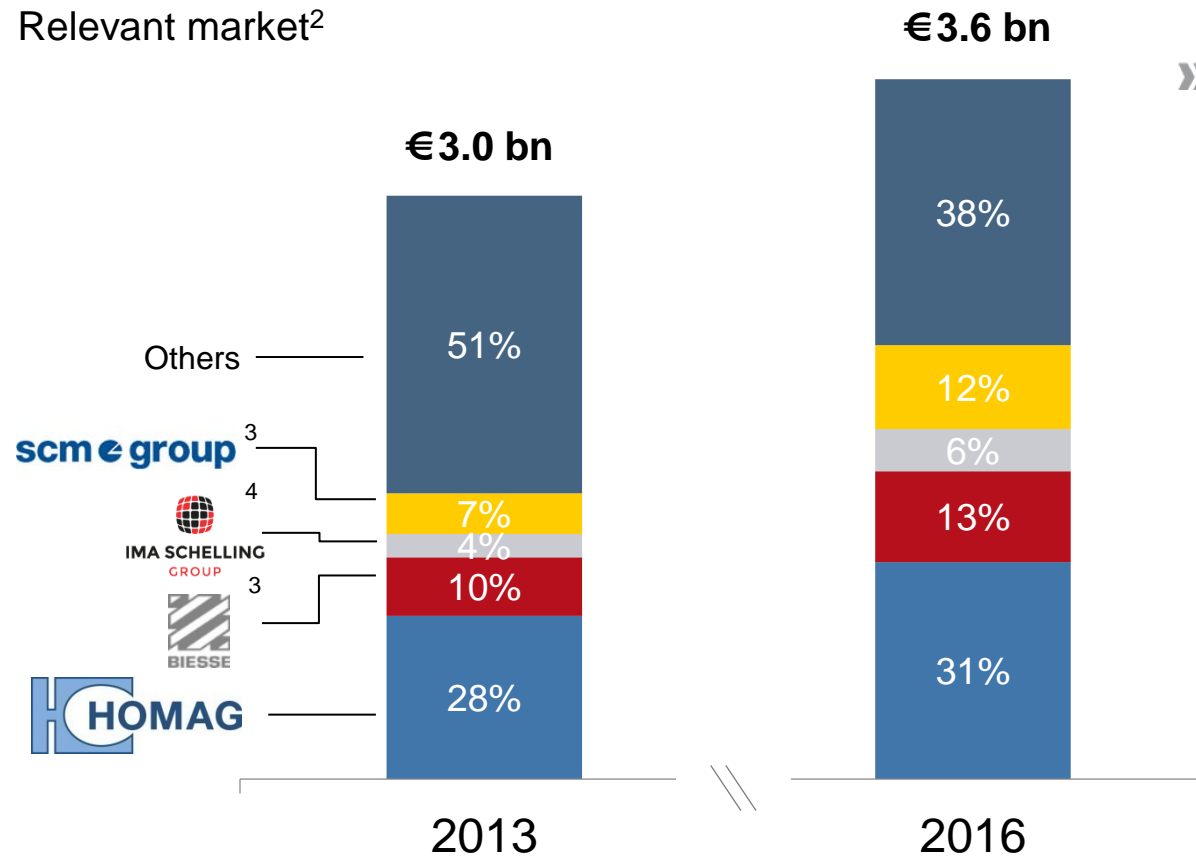
Sources: CSIL, Euroconstruct, Holzbauverband, competitor data, regional expert evaluation

HOMAG MARKET POSITION FURTHER IMPROVED



HOMAG 2021 market share target: >35%

Relevant market²



» Market consolidation of competitors expected to continue

¹ Own estimates

² Source: CSIL, VDMA, own calculations

³ Wood processing only

⁴ Schelling has acquired IMA in 2015.
Before 2015 only IMA market share is shown

SUMMARY



HOMAG: Further top-line and bottom-line growth expected

LEADING IN PRODUCTION EFFICIENCY



A background image of a large industrial machine, likely a HOMAG CNC router, with a large circular worktable and a complex tool head assembly. The image is partially obscured by a dark blue overlay on the left side where the text is located.

HOMAG STRATEGY UPDATE 2018-2021

Ralf W. Dieter, CEO Dürr AG

Darmstadt, October 18, 2017

www.durr.com

**MANY THANKS FOR YOUR ATTENTION.
PLEASE JOIN OUR GUIDED TOUR.**