



LEADING IN PRODUCTION EFFICIENCY

# INTERIM FINANCIAL REPORT

JANUARY 1 TO JUNE 30, 2017



[WWW.DÜRR.COM](http://WWW.DÜRR.COM)

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## COVER PHOTO

digital@DÜRR: Machine data can be displayed on the smartphone in realtime.

## Key figures for the Dürr Group (IFRS)

		H1 2017	H1 2016	Q2 2017	Q2 2016
Order intake	€ m	2,078.7	1,989.3	1,022.7	940.7
Orders on hand (June 30)	€ m	2,743.0	2,698.9	2,743.0	2,698.9
Sales revenues	€ m	1,751.3	1,706.9	859.9	881.7
Gross profit	€ m	421.0	408.0	203.8	212.9
EBITDA	€ m	184.8	157.3	78.2	79.3
EBIT	€ m	144.2	119.0	56.5	60.3
EBIT before extraordinary effects <sup>1</sup>	€ m	129.3	119.5	62.1	63.7
Earnings after tax	€ m	99.7	77.8	37.2	39.2
Gross margin	%	24.0	23.9	23.7	24.1
EBIT margin	%	8.2	7.0	6.6	6.8
EBIT margin before extraordinary effects <sup>1</sup>	%	7.4	7.0	7.2	7.2
Cash flow from operating activities	€ m	- 40.8	- 84.6	- 36.7	- 82.0
Cash flow from investing activities	€ m	7.5	- 139.2	- 41.2	- 142.6
Cash flow from financing activities	€ m	- 111.8	207.8	- 90.9	217.4
Free cash flow	€ m	- 85.7	- 138.4	- 55.1	- 116.3
Capital expenditure	€ m	33.6	38.6	15.2	18.9
Total assets (June 30)	€ m	3,272.5	3,107.0	3,272.5	3,107.0
Equity (with non-controlling interests) (June 30)	€ m	833.2	711.5	833.2	711.5
Equity ratio (June 30)	%	25.5	22.9	25.5	22.9
ROCE <sup>2</sup>	%	36.4	29.2	30.9	29.6
Net financial status (June 30)	€ m	96.2	- 90.2	96.2	- 90.2
Net working capital (June 30)	€ m	328.9	372.1	328.9	372.1
Employees (June 30)		14,545	15,051	14,545	15,051

### Dürr share

ISIN: DE0005565204

High <sup>3</sup>	€	107.70	72.65	107.70	72.60
Low <sup>3</sup>	€	71.56	49.52	81.25	60.30
Close <sup>3</sup>	€	104.65	67.99	104.65	67.99
Average daily trading volumes	Units	152,127	220,200	149,690	281,600
Number of shares (weighted average)	Thous.	34,601	34,601	34,601	34,601
Earnings per share	€	2.83	2.21	1.05	1.11

Minor variances may occur in the computation of sums and percentages in this statement due to rounding.

<sup>1</sup> Extraordinary effects in H1 2017: € 14.9 million (income from the sale of Dürr Ecoclean: € 22.7 million, purchase price allocation H0-MAG Group: € -4.4 million, costs for business discontinuation Dürr thermea GmbH: € -3.4 million), H1 2016: € -0.5 million<sup>2</sup> Annualized<sup>3</sup> Xetra

## Highlights H1 2017: Record order intake

- Incoming orders:
  - ▶ 4.5% up on the previous year
  - ▶ Adjusted for Ecoclean (sold): up 9.0%
  - ▶ Strong demand in Europe, improvement in China, North America returning to normal after earlier strong years
- Order backlog: € 2.7 billion, € 175 million up on the end of 2016
- Sales: up 2.6%, adjusted for Ecoclean (sold): up 4.9%
- Book-to-bill ratio: 1.2
- Positive earnings trend in H1:
  - ▶ EBIT up 21.2%, adjusted for extraordinary effects: up 8.2%
  - ▶ Earnings after tax: up 28.2%
  - ▶ High gross margin of 24%
- Operating EBIT (adjusted for extraordinary effects) in Q2 on par with the previous year despite slight sales decline (down 2.6%).
- Cash flow of € -40.8 million in H1 after expected NWC accumulation, improvement expected in H2
- Net financial status of € 96 million clearly in positive territory, includes inflow of proceeds from the sale of Ecoclean
- Outlook for 2017 unchanged:
  - ▶ Order intake: € 3.3 to 3.7 billion
  - ▶ Sales: € 3.4 to 3.6 billion
  - ▶ EBIT margin: 7.5 to 8.25% (including effects from the sale of Ecoclean)



# GROUP MANAGEMENT REPORT

## Strategy

The "Dürr 2020" strategy is our roadmap for the Group's development through 2020. It defines the following targets:

- **Sales:** increase to as much as € 5 billion by 2020 through organic growth and further acquisitions.
- **EBIT margin:** increase to 8 to 10% by 2020.
- **ROCE:** Planned level of more than 30% by 2020 on a sustained basis.

### PORTFOLIO STRATEGY: TAPPING NEW AREAS OF GROWTH

A key element of "Dürr 2020" entails tapping new areas of growth. Following the successful takeover of the HOMAG Group in 2014, we want to continue on our acquisition course. As was the case with the HOMAG Group, we are particularly seeking potential candidates outside our core automotive business. This is because our large share of the market is placing a cap on potential for business growth in the automotive industry. Looking ahead over the next few years, we expect our business in this segment to expand by an average of around 3% per year. Moreover, we are planning further smallish bolt-on acquisitions.

The acquisition criteria for potential targets are:

- Mechanical and plant engineering or related services and technologies (e.g. software)
- Leading market and technological position
- Not in need of restructuring but offering potential for improved earnings and synergies
- A corporate culture which is a good fit for Dürr

### FURTHER STRATEGIC AREAS

Our strategy for the existing portfolio has one main goal: to ensure that Dürr as a plant and mechanical engineering specialist retains its position at the market vanguard in the digital era. We are driving forward the digitization of our products, services and processes under digital@DÜRR. As the core element of our strategy, digital@DÜRR has ramifications for the four strategic fields that accompany it. We are implementing digitization initiatives in all four segments and simultaneously working on other aspects critical for success such as the optimization of our organizational structures and the development of technology.

## LEADING IN PRODUCTION EFFICIENCY



The main thrusts of the individual strategic fields are:

#### INNOVATION:

- Internet of Things (IoT)
- Smart factories, smart products, smart processes
- Automation

#### GLOBALIZATION:

- Further localization of manufacturing input in the emerging markets

#### SERVICE:

- Smart services (e.g. predictive maintenance)
- Customer relationship management
- Growth through optimized service for the installed base

#### EFFICIENCY:

- Digital transformation of the value creation processes
- Process optimization

## Operating environment

### ECONOMY

Economic data for the first half of 2017 shows that the global economy remains on a solid trajectory. North America and Europe achieved moderate growth of 2.4% and 1.8%, respectively. In China, GDP expanded by 6.7%, with India growing somewhat more quickly by 7.3%. Commodity and energy prices softened in the second quarter compared with the beginning of the year. Similarly, interest rates failed to continue on the upward path that they had adopted in the first quarter. Contrary to the original market expectations, the euro rose against the US dollar in the second quarter to 1.15.

#### ECONOMIC FORECAST

GDP growth, %	2015	2016	2017F	2018F
United States	2.6	1.6	2.4	2.6
Japan	1.3	1.0	1.4	0.8
Eurozone	1.9	1.7	1.8	1.6
Emerging Markets	4.2	4.1	4.7	4.8
China	6.9	6.7	6.7	6.3
India	7.4	7.5	7.3	7.8
Brazil	-0.3	-1.1	1.0	2.4
<b>Global</b>	<b>3.3</b>	<b>3.1</b>	<b>3.6</b>	<b>3.8</b>

Source: Deutsche Bank, June 2017

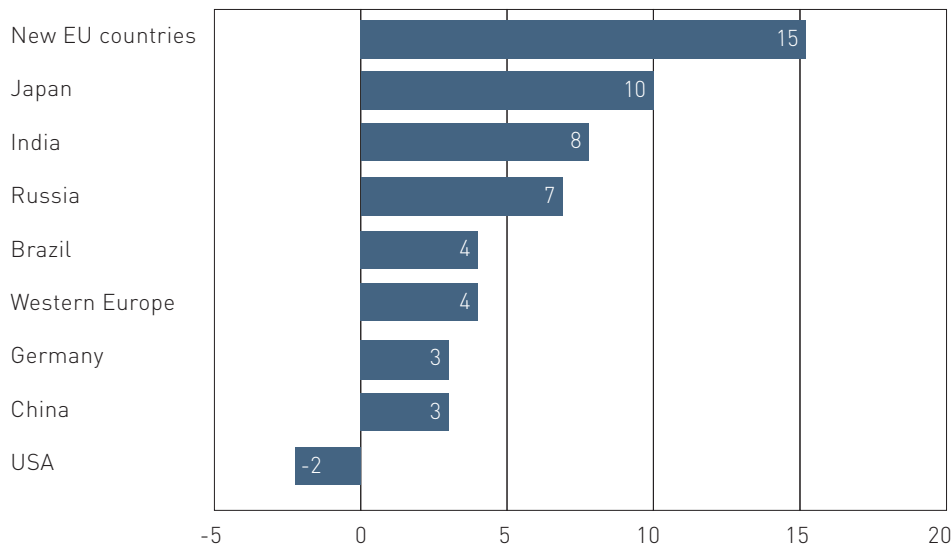
F = forecast

### AUTOMOTIVE INDUSTRY

Global automotive sales generally rose in the first half of 2017. Only the US market saw a decline of 2% in passenger vehicle sales. The other markets – including Russia – grew, in some cases substantially. The European market delivered further robust growth with gains of 4%. In China, passenger vehicle sales rose by 3% following the reduction by half of tax benefits on the purchase of small cars at the beginning of 2017.

### CAR SALES JANUARY TO JUNE 2017

% year-on-year change



Source: VDA, 07/2017

### GENERAL MECHANICAL ENGINEERING

The German Mechanical and Plant Engineering Association (VDMA) raised its full-year production forecast for 2017 substantially in June and is now looking for an increase of 3% instead of 1% as before. Order receipts are also pointing upwards. According to VDMA data, orders in May rose by 17% year-on-year. In the period from March to May 2017 they increased by an average of 4%, underpinned by brisk domestic and foreign demand.

The VDMA association for secondary wood processing (the sub-market of relevance for HOMAG) registered sharp growth in orders of 24% from January to May 2017 (excluding price adjustments). The woodworking machinery sector should be able to achieve mid single-digit sales growth in 2017.

## Business performance\*

### ORDER INTAKE EXCEEDING THE PREVIOUS YEAR'S RECORD LEVEL

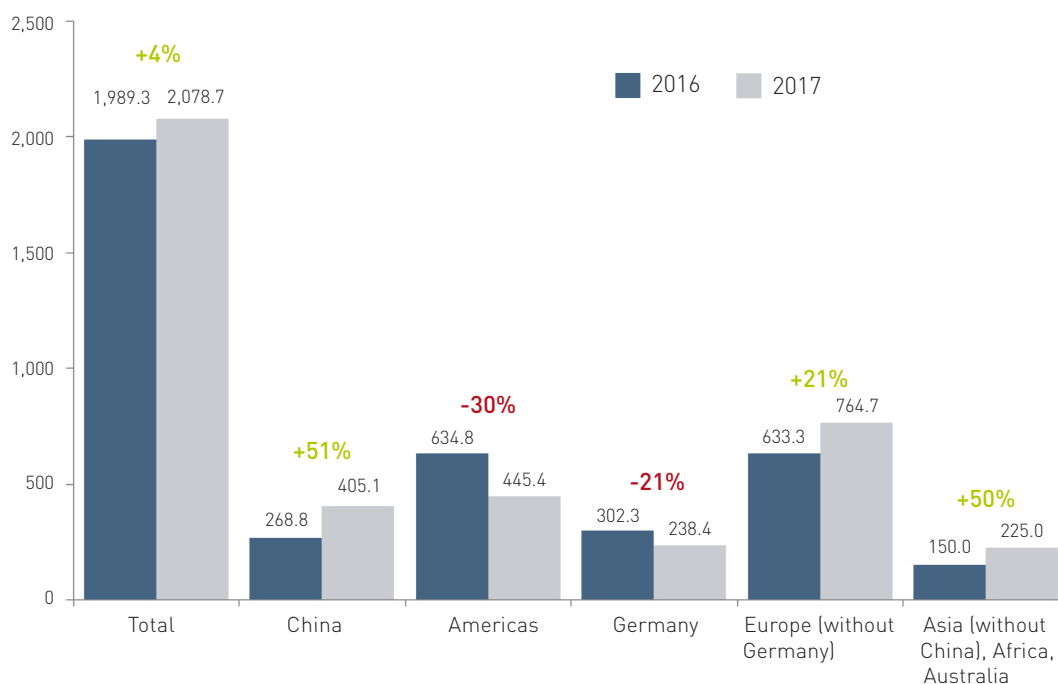
At € 2,078.7 million, order intake reached a new record in the first half of 2017. Compared with the previous year (€ 1,989.3 million), new orders were up by 4.5% and, adjusted for the sale of the Ecoclean Group, by as much as 9.0%. At € 1,022.7 million, order intake in the second quarter fell only slightly short of the very high figure recorded in the first quarter (€ 1,056.1 million) and rose by 8.7% over the second quarter of 2016.

The greatest growth in new orders in the first half of 2017 was reported by the Woodworking Machinery and Systems division, which achieved an increase of 33.0%. Clean Technology Systems and Application Technology posted growth of 5.6% and 5.2% respectively. Order intake in the Paint and Final Assembly Systems division fell short of the previous year by 4.5%, although new orders reached a very high level in the second quarter with growth of 10.9%. In the Measuring and Process Systems division, order intake declined by 23.0%, although this was primarily due to the sale of the Dürr Ecoclean Group (industrial cleaning technology) with effect from March 31, 2017.

Order intake in the emerging markets (Asia excluding Japan, South and Central America, Africa, Eastern Europe) climbed by 36% in the first half of 2017 to € 1,146.8 million, contributing 55% to total order receipts. The orders from China included in this gained substantial momentum, rising by 51% to € 405.1 million. Order intake was also up in Brazil, South Korea, Russia and Iran. The situation in North America returned to normal: after the extremely high figure recorded in the previous year, new orders dropped by 34% in the first half of 2017 to € 403.2 million.

Exchange-rate changes had virtually no impact on order intake, sales and EBIT in the first half of the year.

### ORDER INTAKE (€ MILLION), FIRST HALF OF 2017



\* This interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS).



€ m	H1 2017	H1 2016	Q2 2017	Q2 2016
Order intake	2,078.7	1,989.3	1,022.7	940.7
Sales revenues	1,751.3	1,706.9	859.9	881.7
Orders on hand (June 30)	2,743.0	2,698.9	2,743.0	2,698.9

#### MODERATE SALES INCREASE IN THE FIRST HALF OF THE YEAR

Sales rose by 2.6% to € 1,751.3 million in the first half of 2017. Adjusted for the sale of the Ecoclean Group, they were up 5%. We saw a slight decline of 2.5% in the second quarter. This was due to the Paint and Final Assembly Systems division, where the work commenced on many new projects caused a temporary drop in revenue recognition. Moreover, sales in the Measuring and Process Systems division were down, although this was due solely to the sale of Dürr Ecoclean. On a like-for-like basis, sales in this division were 5.7% higher. Woodworking Machinery and Systems and Clean Technology Systems both posted double-digit growth in sales in the first half of 2017, while sales from Application Technology were up 8.8%.

Services revenues contracted by 2.1% to € 452.2 million in the first half of 2017. This translates into a share of 25.8% in total sales (H1 2016: 27.1%). Adjusted for the sale of Dürr Ecoclean service sales grew by 1.0%. We expect service business to go on expanding across the Group in the second half of the year.

Consolidated sales were spread evenly across the individual regions in the first half of the year, with Germany accounting for 14%, the rest of Europe for 29%, North and South America for 26% and Asia, Africa and Australia for 31%. The emerging markets contributed 46% (H1 2016: 50%).

At 1.2, the book-to-bill ratio reached a high level. Order backlog rose by € 174.6 million over the end of 2016 to € 2,743.0 million. There was also a slight increase compared with June 30, 2016 (€ 2,698.9 million), although order books were down € 136 million due to the sale of Ecoclean.

#### HIGH GROSS MARGIN OF 24.0%

High capacity utilization and the growth in sales, which generated economies of scale in the machinery divisions in particular, caused gross profit to climb by 3.2% to € 421.0 million in the first half of 2017. The gross margin widened slightly from 23.9% to 24.0%. In the second quarter, it contracted slightly to 23.7% (Q2 2016: 24.1%) primarily as a result of somewhat heavier price pressure in plant engineering.

The increase in R&D expenses to € 56.1 million in the first half of 2017 (up 15.2%) is primarily attributable to our digital@DÜRR digitization strategy. Other overheads dropped by 0.2% despite the higher sales. Other operating income net of other operating expense came to € 23.1 million (H1 2016: € 3.9 million), one key factor in this being the extraordinary income of € 22.7 million from the sale of Ecoclean. In the second quarter, sales costs and overhead costs included € 3.4 million for the discontinuation of the business of Dürr thermea GmbH, which specializes in large heat pumps. This company forms part of the energy efficiency technology segment within the Clean Technology Systems division and persistently operated at a loss. Further information can be found in the segment report on Clean Technology Systems on page 19.

Driven by the high gross profit and the extraordinary income from the sale of Ecoclean, EBIT rose by 21.2% in the first half of 2017 to € 144.2 million (H1 2016: € 119.0 million). It declined by 6.3% to € 56.5 million in the second quarter primarily as a result of the discontinuation costs for Dürr thermea. In addition, Dürr Ecoclean no longer contributed any earnings in the second quarter. The EBIT margin widened from 7.0% to 8.2% in the first half of the year.

Operating EBIT climbed by 8.2% to € 129.3 million in the first half of the year (operating EBIT in H1 2016: € 119.5 million). This figure has been adjusted for the extraordinary income from the sale of Ecoclean (€ 22.7 million), the exceptional expenses in connection with Dürr thermea (€ 3.4 million) and purchase price allocation for HOMAG (€ 4.4 million). The operating EBIT margin improved from 7.0% to 7.4% and was unchanged at 7.2% over the previous year in the second quarter.

Before depreciation and amortization of € 40.6 million, EBITDA was up 17.5%, rising to € 184.8 million.

Net finance expense came to € 9.7 million in the first half of 2017 (H1 2016: € 7.1 million). This includes the interest expense on the bonded loan issued in March 2016, which was only partially included in the previous year's figure. At € 4.2 million in the second quarter of 2017, net finance expense was on a par with the previous year. The tax rate dropped to 25.8% (H1 2016: 30.4%) as only a small amount of tax was payable on the extraordinary income from the sale of Ecoclean. Consequently, earnings after tax climbed by 28.2% to € 99.7 million, translating into earnings per share of € 2.83 (H1 2016: € 2.21). In the second quarter, earnings after tax dropped by 5.2% to € 37.2 million, with earnings per share coming to € 1.05, down from € 1.11 in the same period of the previous year.

#### INCOME STATEMENT AND PROFITABILITY RATIOS

		H1 2017	H1 2016	Q2 2017	Q2 2016
Sales revenues	€ m	1,751.3	1,706.9	859.9	881.7
Gross profit	€ m	421.0	408.0	203.8	212.9
Selling and administrative expenses	€ m	243.8	244.3	119.2	125.7
R&D expenses	€ m	56.1	48.6	27.6	24.8
EBITDA	€ m	184.8	157.3	78.2	79.3
EBIT	€ m	144.2	119.0	56.5	60.3
EBIT before extraordinary effects <sup>1</sup>	€ m	129.3	119.5	62.1	63.7
Net finance expense	€ m	- 9.7	- 7.1	- 4.2	- 4.1
EBT	€ m	134.5	111.9	52.3	56.2
Income taxes	€ m	- 34.8	- 34.1	- 15.1	- 17.0
Earnings after tax	€ m	99.7	77.8	37.2	39.2
Earnings per share	€	2.83	2.21	1.05	1.11
Gross margin	%	24.0	23.9	23.7	24.1
EBITDA margin	%	10.6	9.2	9.1	9.0
EBIT margin	%	8.2	7.0	6.6	6.8
EBIT margin before extraordinary effects <sup>1</sup>	%	7.4	7.0	7.2	7.2
EBT margin	%	7.7	6.6	6.1	6.4
Return on sales after taxes	%	5.7	4.6	4.3	4.4
Interest coverage		14.3	13.8	11.5	12.3
Tax rate	%	25.8	30.4	28.9	30.2

<sup>1</sup> Extraordinary effects in H1 2017: € 14.9 million (income from the sale of Dürr Ecoclean: € 22.7 million, purchase price allocation for HOMAG Group: € -4.4 million, costs for business discontinuation Dürr thermea GmbH: € -3.4 million), H1 2016: € -0.5 million.

## SIGNIFICANT EVENTS

Effective March 31, 2017, we received an inflow of cash of € 107.7 million and extraordinary income of € 22.7 million from the sale of the Dürr Ecoclean Group. Other than this, there were no individual events in the first half of the year materially impacting the Dürr Group's results of operations, financial condition and net assets. The appreciable competitive pressure in the Paint and Final Assembly Systems division is being offset by demand in excess of expectations in the Woodworking Machinery and Systems division.

## Financial position

### CASH FLOW INFLUENCED BY RISING NET WORKING CAPITAL

**Cash flow from operating activities** improved by € 43.7 million to € -40.8 million in the first half of 2017. This was chiefly due to higher proceeds and revenues as well as changes in provisions. Net working capital (NWC) rose by € 131.6 million and, hence, at a similar rate as in the previous year. This reflected the fact that the above-average volume of prepayments received at the end of 2016 returned to normal levels again. We do not expect any further pronounced increase in NWC in the second half of the year and therefore anticipate a substantial improvement in cash flow.

#### CASHFLOW\*

€ m	H1 2017	H1 2016	Q2 2017	Q2 2016
Earnings before taxes	134.5	111.9	52.3	56.2
Depreciation and amortization	40.5	38.2	21.7	19.0
Interest result	10.1	8.7	5.0	5.0
Income tax payments	-27.0	-38.4	-9.5	-19.3
Change in provisions	27.1	-12.3	4.7	2.0
Change in net working capital	-131.6	-136.2	-43.9	-113.9
Other items	-94.4	-56.5	-67.1	-31.0
<b>Cash flow from operating activities</b>	<b>-40.8</b>	<b>-84.6</b>	<b>-36.7</b>	<b>-82.0</b>
Interest payments (net)	-11.6	-15.5	-3.4	-15.5
Capital expenditure	-33.2	-38.4	-14.9	-18.8
<b>Free cash flow</b>	<b>-85.7</b>	<b>-138.4</b>	<b>-55.1</b>	<b>-116.3</b>
Other cash flows (incl. dividend)	5.3	-81.2	-94.1	-63.0
<b>Change in net financial status</b>	<b>-80.3</b>	<b>-219.6</b>	<b>-149.2</b>	<b>-179.3</b>

\* Currency translation effects have been eliminated from the cash flow statement. Accordingly, the cash flow statement does not fully reflect all changes in balance sheet positions as shown in the statement of financial position.

At € 7.5 million, **cash flow from investing activities** was positive in the first half of 2017 (H1 2016: € -139.2 million). This was mainly due to the inflow of the proceeds from the sale of Ecoclean (€ 107.7 million), although part of this amount was immediately invested in fixed-term deposits.

**Cash flow from financing activities** came to € -111.8 million (H1 2016: € 207.8 million) and was primarily influenced by the dividend distribution as well as interest payments on the corporate bond and the bonded loan. In the previous year, the issue of the bonded loan had generated a cash inflow of € 300 million.

**Free cash flow** came to € -85.7 million (H1 2016: € -138.4 million) due to the negative cash flow from operating activities. Net financial status stood at € 96.2 million at the middle of 2017, benefiting from the cash inflow from the sale of Ecoclean, while the dividend outflow of € 72.7 million exerted the opposite effect. We expect the net financial status to develop clearly positive in the second half of the year.

#### NET FINANCIAL STATUS

€ m	
June 30, 2017	96.2
December 31, 2016	176.5
June 30, 2016	- 90.2

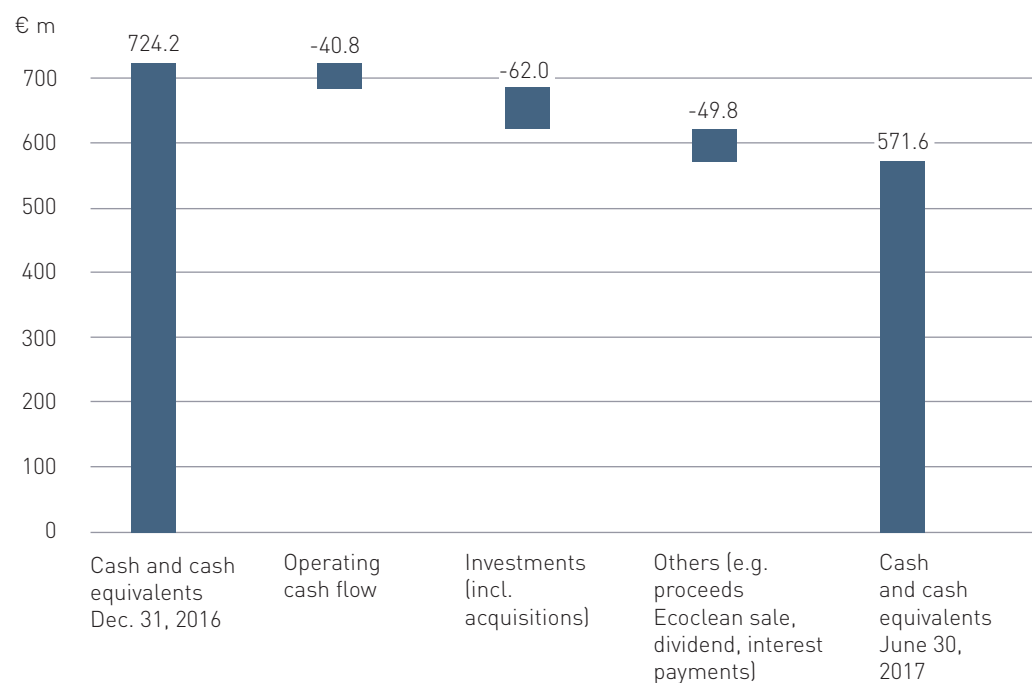
#### TOTAL ASSETS DOWN SLIGHTLY

#### CURRENT AND NON-CURRENT ASSETS

€ m	June 30, 2017	Percentage of total assets	December 31, 2016	June 30, 2016
Intangible assets	598.8	18.3	611.1	640.2
Property, plant and equipment	387.7	11.8	394.6	401.8
Other non-current assets	135.2	4.1	119.6	131.9
<b>Non-current assets</b>	<b>1,121.7</b>	<b>34.3</b>	<b>1,125.3</b>	<b>1,173.9</b>
Inventories	453.2	13.8	381.1	414.3
Trade receivables	828.3	25.3	779.4	880.7
Cash and cash equivalents	571.6	17.5	724.2	414.5
Other current assets	297.7	9.1	338.6	223.6
<b>Current assets</b>	<b>2,150.8</b>	<b>65.7</b>	<b>2,223.2</b>	<b>1,933.1</b>
<b>Total assets</b>	<b>3,272.5</b>	<b>100.0</b>	<b>3,348.5</b>	<b>3,107.0</b>

Total assets decreased by 2.3% compared with the end of 2016 to € 3,272.5 million. The deconsolidation of Ecoclean caused total assets to decline by around € 40 million. This includes the purchase price payment as well as the 15% share in the successor company SBS Ecoclean GmbH. Trade receivables and inventories rose by a total of € 121.0 million. On the liabilities side, trade payables fell slightly by € 10.9 million. Accordingly, net working capital adjusted for exchange-rate changes climbed by € 131.6 million to € 328.9 million. The decline of € 152.6 million in cash and cash equivalents is primarily due to the increase in NWC. At € 1,121.7 million, non-current assets remained largely unchanged.

## CHANGES IN LIQUIDITY



## 17% INCREASE IN EQUITY SINCE MID 2016

## EQUITY

€ m	June 30, 2017	Percentage of total assets	December 31, 2016	June 30, 2016
Subscribed capital	88.6	2.7	88.6	88.6
Other equity	733.5	22.4	720.9	605.4
<b>Equity attributable to shareholders</b>	<b>822.1</b>	<b>25.1</b>	<b>809.5</b>	<b>694.0</b>
Non-controlling interests	11.1	0.3	21.4	17.5
<b>Total equity</b>	<b>833.2</b>	<b>25.5</b>	<b>831.0</b>	<b>711.5</b>

Equity stood at € 833.2 million in mid 2017 and, hence, 17% higher than twelve months earlier. It was largely unchanged compared with the end of 2016 as the positive effects from the high earnings after tax were neutralized by the dividend payment and currency-translation losses. The equity ratio widened from 22.9% in mid 2016 to 25.5%. We expect a further increase by the end of the year and, looking further down the road, hope to achieve a figure of up to 30%.

## CURRENT AND NON-CURRENT LIABILITIES

€ m	June 30, 2017	Percentage of total assets	December 31, 2016	June 30, 2016
Financial liabilities (incl. bond, bonded loan)	650.1	19.9	654.5	665.3
Provisions (incl. pensions)	186.9	5.7	165.1	181.5
Trade payables	971.6	29.7	982.5	925.4
Of which prepayments received	620.8	19.0	648.1	551.8
Income tax liabilities	43.6	1.3	40.3	39.5
Other liabilities (incl. deferred taxes, deferred income)	587.1	17.9	675.2	583.8
<b>Total</b>	<b>2,439.3</b>	<b>74.5</b>	<b>2,517.6</b>	<b>2,395.5</b>

Current and non-current liabilities dropped by 3.1% compared with December 31, 2016. Trade payables remained the largest item on the liabilities side. The prepayments included in this item fell by € 27.3 million compared with the end of 2016 but were up € 69.0 million or 12.5% over June 30, 2016. The main reason for the decline in other liabilities was the derecognition of held-for-sale liabilities attributable to Dürr Ecoclean. Pension provisions were valued at € 49.4 million as of mid 2017, equivalent to only 1.5% of the balance sheet total.

## DEBT CAPITAL AND FUNDING STRUCTURE

We did not execute any funding transactions in the first half of 2017. As of June 30, 2017, our funding structure was composed of the following elements:

- Corporate bond of € 300 million
- Bonded loan of € 300 million
- Syndicated loan of € 465 million
- Real estate loan for the purchase of the Dürr Campus in Bietigheim-Bissingen (2011) with a carrying amount of € 34.3 million
- Bilateral credit facilities and liabilities from finance leases of a minor volume

## OFF-BALANCE-SHEET FINANCING INSTRUMENTS AND OBLIGATIONS

There has largely been no change in the volume of off-balance-sheet financing instruments and obligations since the end of 2016. Future minimum payments under operating leases amounted to € 101.9 million as of June 30, 2017 (December 31, 2016: € 104.6 million). Operating leases constitute the most important form of off-balance-sheet funding for Dürr. Sales of receivables (forfeiting, negotiation) dropped by € 2.0 million compared with the end of 2016, accounting for a small volume of € 3.2 million.

As of June 30, 2017, our loan and guarantee facilities had a combined value of € 1,009.9 million (December 31, 2016: € 1,026.5 million). Total drawdowns on all available loan and guarantee facilities stood at € 293.4 million (December 31, 2016: € 345.0 million). The guarantees do not constitute off-balance-sheet finance instruments.

## ACTUAL PERFORMANCE VS. FORECAST: BUSINESS DEVELOPMENT AND FINANCIAL POSITION IN LINE WITH EXPECTATIONS

Business in the first half of 2017 largely lived up to our expectations. Earnings increased substantially as a result of the extraordinary income from the sale of Ecoclean. However, EBIT adjusted for extraordinary effects also rose by 8%. Although sales fell somewhat short of expectations for project-status reasons, they should improve in the second half of the year. Order receipts were somewhat higher than budgeted in the first half of 2017. Cash flow and net financial status at the end of the first half matched expectations. Both indicators customarily improve in the second half of the year. Overall, we are confident of being able to achieve our full-year forecasts with ease. Further information on our full-year forecasts can be found in the Outlook section on page 21.



## R&D and capital expenditure

### RESEARCH AND DEVELOPMENT

In connection with digital@DÜRR, we increased our direct research and development (R&D) expenses by 15.2% to € 56.1 million in the first half of 2017. They rose by 11.4% to € 27.6 million in the second quarter. The R&D ratio stood at 3.2% in the first half of the year as well as in the second quarter, up from 2.8% in the comparable periods of the previous year. In addition to direct R&D spending, other development costs arising in connection with customer orders are reported within the cost of sales. In the first half of the year, development expenses of € 5.3 million were capitalized (H1 2016: € 6.6 million), including € 2.3 million in the second quarter (Q2 2016: € 3.3 million). The Group's R&D departments had 688 employees as of June 30, 2017 (June 30, 2016: 688).

All five divisions have been developing new technologies and services in the year to date. Here are some selected examples:

- **Paint and Final Assembly Systems** presented a new business intelligence solution for smart data analytics in paintshops in a pilot project. This system cyclically scans and stores all the data points of a certain part of the plant. The results can be selected, visualized and analyzed using a dashboard function.
- **Application Technology** presented a compact painting robot for general industry in conjunction with its partner Kuka. The "ready2spray" robot is fully automatic, does not entail any integration requirements on the customer's premises and is suitable for use in a wide range of different sectors (e.g. metal, wood, furniture, electronics).
- **Measuring and Process Systems** presented the second-generation of the Schenk Pasio 50 balancing machine. It is suitable for items with a weight of up to 50 kilograms such as electric armatures, spindles and turbochargers. The new generation is more ergonomic, easier to operate and has a self-diagnostics function.
- **Clean Technology Systems** additionally lowered emissions of nitrogen oxide (NOx) in exhaust air combustion. Testing of a flox (flameless oxidation) burner was successfully completed. The new process cuts NOx emissions to around one quarter of the previous level.
- **Woodworking Machinery and Systems (HOMAG)** presented the Tapio Internet of Things platform which is the first Industry 4.0 solution specifically designed for the woodworking industry. Tapio is an open IoT platform digitally networking woodworking companies, machinery providers and partner companies via a cloud solution.

### CAPITAL EXPENDITURE

Capital expenditure on property, plant, and equipment and intangible assets fell by 13.0% to € 33.6 million in the first half of 2017. This was primarily due to the fact that we had for the most part completed work on expanding our network of facilities. IT and digitization formed a key aspect of capital expenditure. At around € 11.3 million, intangible assets accounted for around one third of the capital expenditure budget (H1 2016: € 10.7 million). We spent € 8.2 million on acquiring equity investments (including additions to existing interests in consolidated companies) (H1 2016: € 0.0 million). There was no cash outflow for the share of 15% that we received in SBS Ecoclean GmbH, the successor of Ecoclean. Capital expenditure on property, plant and equipment dropped by 20.1% to € 22.3 million.

## CAPITAL EXPENDITURE\*

€ m	H1 2017	H1 2016	Q2 2017	Q2 2016
Paint and Final Assembly Systems	10.3	11.5	4.2	3.9
Application Technology	6.3	8.1	3.3	4.2
Measuring and Process Systems	2.9	4.2	1.1	2.9
Clean Technology Systems	2.3	2.6	1.0	0.8
Woodworking Machinery and Systems	9.4	10.8	4.8	6.2
Corporate Center	2.3	1.3	0.8	0.8
<b>Total</b>	<b>33.6</b>	<b>38.6</b>	<b>15.2</b>	<b>18.9</b>

\* on property, plant and equipment and on intangible assets

## Employees

### 2% LIKE-FOR-LIKE INCREASE IN EMPLOYEE NUMBERS

Dürr had 14,545 employees at the middle of 2017, 3.4% fewer than on June 30, 2016. The reason for the decline was the sale of the Dürr Ecoclean Group with 839 employees. In like-for-like terms, i.e. adjusted for the Ecoclean effect, employee numbers rose by 2.2% compared with mid 2016. At 4,482, the headcount in the emerging markets remained steady (June 30, 2016: 4,489). Employee numbers in Germany dropped by 4.6% to 7,737 due to the sale of Ecoclean.

## EMPLOYEES BY DIVISION

	June 30, 2017	December 31, 2016	June 30, 2016
Paint and Final Assembly Systems	3,384	3,384	3,385
Application Technology	1,985	1,956	1,930
Measuring and Process Systems	2,244	3,010	3,034
Clean Technology Systems	586	569	528
Woodworking Machinery and Systems	6,149	6,126	5,983
Corporate Center	197	190	191
<b>Total</b>	<b>14,545</b>	<b>15,235</b>	<b>15,051</b>

## EMPLOYEES BY REGION

	June 30, 2017	December 31, 2016	June 30, 2016
Germany	7,737	8,205	8,110
Other European countries	2,248	2,306	2,230
North / Central America	1,293	1,329	1,309
South America	314	323	352
Asia, Africa, Australia	2,953	3,072	3,050
<b>Total</b>	<b>14,545</b>	<b>15,235</b>	<b>15,051</b>

## Segment report

### SALES REVENUES BY DIVISION

€ m	H1 2017	H1 2016	Q2 2017	Q2 2016
Paint and Final Assembly Systems	531.3	567.2	255.3	276.8
Application Technology	286.0	263.0	152.9	143.8
Measuring and Process Systems	251.1	274.8	103.3	151.6
Clean Technology Systems	86.1	75.4	47.8	42.5
Woodworking Machinery and Systems	596.7	526.6	300.6	267.0
Corporate Center / consolidation	0.0	0.0	0.0	0.0
<b>Group</b>	<b>1,751.3</b>	<b>1,706.9</b>	<b>859.9</b>	<b>881.7</b>

### EBIT BY DIVISION

€ m	H1 2017	H1 2016	Q2 2017	Q2 2016
Paint and Final Assembly Systems	30.4	38.0	13.2	18.7
Application Technology	29.2	32.1	15.5	14.9
Measuring and Process Systems	29.1	27.3	13.9	17.7
Clean Technology Systems	1.6	2.4	1.1	2.1
Woodworking Machinery and Systems	42.5	27.5	21.5	13.2
Corporate Center / consolidation	11.4	-8.3	-8.8	-6.1
<b>Group</b>	<b>144.2</b>	<b>119.0</b>	<b>56.5</b>	<b>60.3</b>

### PAINT AND FINAL ASSEMBLY SYSTEMS

		H1 2017	H1 2016	Q2 2017	Q2 2016
Order intake	€ m	645.7	676.0	377.4	340.2
Sales revenues	€ m	531.3	567.2	255.3	276.8
EBITDA	€ m	37.1	44.6	16.6	22.0
EBIT	€ m	30.4	38.0	13.2	18.7
EBIT margin	%	5.7	6.7	5.2	6.7
ROCE <sup>1</sup>	%	>100	>100	>100	>100
Employees (June 30)		3,384	3,385	3,384	3,385

<sup>1</sup> annualized

Order intake in the Paint and Final Assembly Systems division dropped by 4.5% in the first half of 2017. However, the figure recorded in the same period of the previous year had been extraordinarily high. After muted conditions in the first quarter, orders picked up considerably. Thus, new orders in the division rose by 10.9% in the second quarter of 2017 to € 377.4 million. Whereas demand in North America softened as expected, it picked up in China and Europe (particularly Eastern Europe). The global project pipeline, i.e. the total volume of projects close to being awarded by our customers, remained at a similarly high level as in the previous year. Whereas sales in the Paint and Final Assembly Systems division were down 6% for billing-related reasons, the gross margin contracted only slightly in the first half of 2017. The EBIT margin narrowed from 6.7% to 5.7% due to the lower sales; however, the target range of 6.0 to 6.5% for the year as a whole should be achievable. Functional costs in the division remained virtually unchanged. We expect sales to increase in the second half of the year.

## APPLICATION TECHNOLOGY

		H1 2017	H1 2016	Q2 2017	Q2 2016
Order intake	€ m	324.9	308.7	168.5	138.4
Sales revenues	€ m	286.0	263.0	152.9	143.8
EBITDA	€ m	34.3	36.2	18.0	16.9
EBIT	€ m	29.2	32.1	15.5	14.9
EBIT margin	%	10.2	12.2	10.1	10.3
ROCE <sup>1</sup>	%	23.9	28.6	25.4	26.5
Employees (June 30)		1,985	1,930	1,985	1,930

<sup>1</sup> annualized

Order intake in the Application Technology division rose by an encouraging 5.2% in the first half of 2017, underpinned by a dynamic second quarter, in which new orders increased by 22%. Service business also remained persistently strong. Established in 2014, the Industrial Products segment (industrial painting) still made only a small contribution as planned, although order intake was up. Despite the 8.8% increase in sales, Application Technology achieved a book-to-bill ratio of 1.1. EBIT declined by 9.3%, reflecting the extraordinary income of € 5.0 million that had arisen in the first quarter of 2016 from the sale of a real estate asset in the United States. At 10.2%, the operating EBIT margin was up slightly.

## MEASURING AND PROCESS SYSTEMS

		H1 2017	H1 2016	Q2 2017	Q2 2016
Order intake	€ m	279.5	363.0	105.5	168.6
Sales revenues	€ m	251.1	274.8	103.3	151.6
EBITDA	€ m	32.8	31.8	15.8	19.9
EBIT	€ m	29.1	27.3	13.9	17.7
EBIT margin	%	11.6	9.9	13.5	11.7
ROCE <sup>1</sup>	%	21.0	18.0	22.9	23.3
Employees (June 30)		2,244	3,034	2,244	3,034

<sup>1</sup> annualized

Effective March 31, 2017, we sold the Dürr Ecoclean Group (industrial cleaning technology), which had formed part of the Measuring and Process Systems division, to Shenyang Blue Silver Industry Automation Equipment Co., Ltd. With around 850 employees, the Dürr Ecoclean Group had generated sales of just under € 200 million and EBIT of around € 14 million in 2016. Proceeds from the sale of 85% of the Dürr Ecoclean business came to € 107.7 million. In addition, we own a 15% share in the new holding company SBS Ecoclean GmbH. The largely tax-free book profit of € 22.7 million was assigned to the Corporate Center (Dürr AG).

The Dürr Ecoclean Group was included in the figures for the Measuring and Process Systems division in the first quarter of 2017 but not in the second quarter. For this reason, the figures in the table for this division are not fully comparable with those for the previous year. In addition to the sale of Ecoclean, the 23.1% decline in order receipts is due to weaker business in the remaining activities (balancing, filling and testing technology). However, order intake in the remaining activities exceeded sales. EBIT and sales of the remaining activities grew at single-digit rates. Excluding the Dürr Ecoclean Group with its relatively weak profitability, the Measuring and Process Systems division posted an EBIT margin of 13.5%.

## CLEAN TECHNOLOGY SYSTEMS

		H1 2017	H1 2016	Q2 2017	Q2 2016
Order intake	€ m	95.1	90.1	38.6	47.7
Sales revenues	€ m	86.1	75.4	47.8	42.5
EBITDA	€ m	3.0	3.5	1.9	2.6
EBIT	€ m	1.6	2.4	1.1	2.1
EBIT margin	%	1.9	3.2	2.4	4.8
ROCE <sup>1</sup>	%	5.4	9.0	7.7	15.6
Employees (June 30)		586	528	586	528

<sup>1</sup> annualized

Order intake in the Clean Technology Systems division rose by 5.6%, accompanied by a 14.2% increase in sales. The strong business performance was particularly underpinned by the markets of China and Asia. The unsatisfactory earnings situation is due to persistent losses in energy efficiency technology business. The main reason for this are the persistently low energy prices, which are exerting pressure on demand for some of our energy efficiency technologies. We responded to this in the second quarter by initiating steps to discontinue the business of Dürr thermea GmbH in large heat pumps. Dürr thermea had sustained a considerable loss in 2016 on sales of € 2.6 million. The business discontinuation costs stand at € 3.4 million until now and were assigned in full to the Corporate Center.

## WOODWORKING MACHINERY AND SYSTEMS

		H1 2017	H1 2016	Q2 2017	Q2 2016
Order intake	€ m	733.5	551.5	332.6	245.9
Sales revenues	€ m	596.7	526.6	300.6	267.0
EBITDA	€ m	61.1	47.7	30.7	23.2
EBIT	€ m	42.5	27.5	21.5	13.2
EBIT margin	%	7.1	5.2	7.2	4.9
ROCE <sup>1</sup>	%	22.9	12.3	23.1	11.8
Employees (June 30)		6,149	5,983	6,149	5,983

<sup>1</sup> annualized

Order intake in the Woodworking Machinery and Systems division (HOMAG Group) rose by one third in the first half of 2017. The strong demand was spread over all main regions, with business proving to be particularly strong in China. An important contribution to growth came from strong demand in the furniture industry for highly automated integrated production lines with batch size 1 capabilities. Despite the sharp 13.3% increase in sales, the book-to-bill ratio came to 1.2. EBIT grew by 54.8%, thus outpacing the growth in sales substantially. This figure is comparable to that of the previous year as the purchase price allocation expenses remained unchanged at € 4.4 million and no other extraordinary effects arose. The operating EBIT margin (before purchase price allocation effects) rose to 7.9% (H1 2016: 6.1%); after purchase price allocation effects, the EBIT margin came to 7.1% (H1 2016: 5.2%). Looking ahead over the next few quarters, the purchase price allocation charges will again come to around € 2 million per quarter.

#### CORPORATE CENTER/CONSOLIDATION

The Corporate Center/Consolidation (Dürr AG, Dürr IT Service GmbH, Dürr Technologies GmbH) reported EBIT of € 11.4 million in the first half of 2017 (H1 2016: loss of € 8.3 million at the EBIT level). The main determinants were the gain of € 22.7 million from the sale of the Ecoclean activities (Q1 2017) and the business discontinuation costs of € 3.4 million for Dürr thermea (Q2 2017). At € 1.1 million, consolidation effects were slightly in positive territory (H1 2016: € -1.8 million). The Corporate Center also includes the Group's IT spending.

## Opportunities and risks

The customary risks and opportunities arising from our activities are described in detail from page 78 onward of our annual report for 2016. A description of our risk and opportunity management systems can also be found there.

#### RISKS

We are currently aware of no risks which either individually or in conjunction with other risks are liable to pose any threat to the Group's going-concern status. There has been no material change in our overall risk situation since the publication of the annual report on March 17, 2017.

The risks arising from underlying political conditions have lessened since the beginning of the year. Euro-zone sentiment indicators have risen thanks to upbeat economic conditions and the pro-European vote in the French presidential elections. The United States' determination to adopt a more protectionist course appears to be less pronounced than originally feared.

As expected, US automotive sales weakened slightly compared with the previous year. Against this backdrop, we will not be able to repeat the previous year's extraordinarily large volume of new orders in North America. That said, we still anticipate solid order receipts there in 2017 especially as modernization business continues to offer good opportunities.

#### OPPORTUNITIES

The ongoing digitization of production processes and services is giving us the opportunity of setting ourselves apart from our peers. We have reinforced our software skills through acquisitions (iTAC, Dualis) and partnerships (Software AG) and have the necessary resources for further investments and R&D projects. With the IoT platform Tapio for the wood-processing industry, the iTAC IoT suite production management software and other digital solutions, we are able to offer our customers state-of-the-art products.

In business with the furniture industry, the trend towards highly automated batch-size 1 production is generating strong growth potential for the HOMAG Group.

## Personnel changes

Dr. Jochen Weyrauch joined Dürr AG's Board of Management effective January 1, 2017. In addition to the central Corporate Development and Information Technology functions, he is responsible for the Measuring and Process Systems and Clean Technology Systems divisions. Carlo Crosetto was also appointed to the Board of Management effective March 1, 2017. He took over as CFO from Ralph Heuwing, who left Dürr at his own request on May 14, 2017. With these new appointments, the Board of Management has been increased from two to three members. In this way, the Supervisory Board is responding to the Group's growth under the "Dürr 2020" strategy.



## Transactions with related parties

This information can be found in the notes to the consolidated financial statements on page 40.

## Outlook

### OPERATING ENVIRONMENT

The global economy should expand by 3.6% in 2017, although the limited forward visibility in the US government's policies is a source of uncertainty. Impetus is being generated by declining unemployment in key countries, inexpensive funding possibilities and expansionary fiscal policies which are being scaled back only slowly. Looking forward to 2018, experts forecast further acceleration in global GDP growth. Growth in Russia and Brazil should solidify, while China and India look set to remain on their steady growth trajectories.

The automotive industry should expand at roughly the same pace as the global economy over the next few years. In its July sector outlook, PricewaterhouseCoopers (PwC) projects growth of 2.7% in global automotive production to 94.7 million units in 2017. However, it has lowered its production forecast for North America slightly since its last study (April 2017). A compound average growth rate of 3.4% is projected for global automotive production in the period from 2016 to 2021. PwC raised its outlook for China somewhat in July and is now expecting a compound average growth rate of 4.8% through to 2021.

The outlook for growth in the furniture sector and general industry has not changed over the last few months. Experts continue to forecast growth of 2.7% in global furniture production this year.

### PASSENGER AND COMMERCIAL LIGHT VEHICLE PRODUCTION

Million units	2016	2021F	CAGR 2016-2021F
North America	17.6	19.1	1.6%
Mercosur	2.8	3.4	4.6%
Western Europe	15.0	16.6	2.0%
Eastern Europe	6.6	7.9	3.7%
Asia	47.9	58.7	4.2%
Of which China	26.6	33.6	4.8%
Others	2.3	3.2	6.8%
<b>Total</b>	<b>92.2</b>	<b>109.0</b>	<b>3.4%</b>

Source: PwC 07/2017  
F = forecast

## GROUP OUTLOOK

		Actual 2016	Target 2017
Order intake	€ m	3,701.7	3,300 – 3,700
Orders on hand (December 31)	€ m	2,568.4	2,400 – 2,900
Sales revenues	€ m	3,573.5	3,400 – 3,600
EBIT margin	%	7.6	7.5 – 8.25 <sup>1</sup>
ROCE	%	41.1	30 – 40
Net finance expense	€ m	- 13.3	slightly higher
			roughly unchanged over the
Tax rate	%	27.2	previous year
Earnings after tax	€ m	187.8	slightly higher <sup>1</sup>
			roughly unchanged over the
Cash flow from operating activities	€ m	227.4	previous year
			roughly unchanged over the
Free cash flow	€ m	129.9	previous year
Net financial status (December 31)	€ m	176.5	300 – 380 <sup>1</sup>
Liquidity (December 31)	€ m	724.2	850 – 925 <sup>1</sup>
Capital expenditure	€ m	81.9	75 – 85 <sup>2</sup>

<sup>1</sup> Including the effects from the sale of Ecoclean<sup>2</sup> On property, plant and equipment and on intangible assets (excluding acquisitions)

## SALES, INCOMING ORDERS AND EARNINGS

On the basis of the predominantly strong business performance in the first half of the year, we reaffirm our full-year forecast for 2017. We assume that we will have no trouble achieving our earnings targets for 2017. The target for order intake is € 3.3 to 3.7 billion. Given the high order intake in the first half of the year, it should be possible at this stage for the upper end of this range to be reached. Sales are expected to come to € 3.4 to 3.6 billion in 2017. In connection with the forecasts for order intake and sales, it should be borne in mind that business of around € 150 million compared with the previous year will be lost through the sale of Ecoclean. On a like-for-like basis, i.e. adjusted for the Ecoclean effect, sales should grow by 3 to 5 % in 2017. We are still seeking an EBIT margin in a target corridor of between 7.5 and 8.25% (including the income from the sale of Ecoclean).

The Group targets are summarized in the above table. The targets for the divisions are shown in the table below. In view of the strong first half, the forecast for Woodworking Machinery and Systems can now be assumed to be conservative.

## OUTLOOK BY DIVISION

	Sales revenues (€ million)		Order intake (€ million)		EBIT margin (%)		ROCE (%)	
	2016	2017 target	2016	2017 target	2016	2017 target	2016	2017 target
Paint and Final Assembly Systems	1,140.0	1,050 - 1,175	1,094.5	1,000 - 1,150	6.8	6.0 - 6.5	> 100 <sup>1</sup>	> 100 <sup>1</sup>
Application Technology	560.6	540 - 610	582.7	540 - 610	13.6	9.5 - 11.0	40.0	27 - 32
Measuring and Process Systems	623.8	450 - 525 <sup>2</sup>	682.5	400 - 500 <sup>2</sup>	12.8	11.5 - 14.0	24.9	20 - 25
Clean Technology Systems	167.0	175 - 195	176.6	180 - 200	3.7	4.0 - 4.5	13.6	15 - 20
Woodworking Machinery and Systems	1,082.0	1,100 - 1,150	1,165.3	1,125 - 1,225	4.1	6.0 - 7.0	11.3	13 - 18

<sup>1</sup> negative capital employed<sup>2</sup> around € 150 million less business volume due to the sale of Dürr Ecoclean

Net finance expense will increase slightly in 2017. Among other things, this is due to the fact that the interest expense on the bonded loan issued in March 2016 will be recognized for the full year for the first time. At this stage, a tax rate of around 27% is expected. Earnings after tax should rise due to the income from the sale of Dürr Ecoclean among other things despite the fact that Ecoclean has not made any contribution to operating profit since the second quarter. In accordance with our long-term dividend policy, the distribution for 2017 should be between 30 and 40% of consolidated net profit.

#### CASH FLOW, FUNDING AND CAPITAL SPENDING

Cash flow from operating activities should be more or less unchanged over the previous year in 2017. We again project cash flow from operating activities of € 250 to 300 million adjusted for changes in net working capital. Free cash flow should be in positive territory in 2017. Cash flow and cash and cash equivalents should be sufficient to cover operating funding requirements (capital expenditure, interest payments etc.) as well as the dividend distribution.

We currently project a net financial status of more than € 300 million for the end of 2017. This includes the proceeds from the sale of Ecoclean. Given the proceeds from the sale of Ecoclean and the cash flow generated from operating activities, liquidity should at this stage reach more than € 850 million.

Capital expenditure on property, plant and equipment and on intangible assets should reach a normal level of € 75 to 85 million in 2017. This amount will probably be divided evenly between plant expansion projects and replacement spending. The largest single item in 2017 will be the completion of the Shanghai Campus. Capital expenditure of around € 80 million is planned for 2018. Under the "Dürr 2020" strategy further company acquisitions and technology buy-ins are planned.

Retained earnings should result in a substantial increase in equity again at the end of 2017. We plan to discharge the loan of € 34.3 million for the Campus real estate following the expiry of the fixed-interest period in September 2017. We do not expect to draw on the syndicated cash facility. There are currently no plans to raise any fresh capital; a corporate action would only be necessary in an exceptional case in the event of a very large acquisition. Our funding is stable up until 2021.

#### EMPLOYEES

Employee numbers at the end of 2017 are likely to be slightly lower than at the end of the previous year due to the sale of Ecoclean. However, they will be more or less unchanged in adjusted terms.

## Treasury stock and capital changes

Dürr AG does not hold any treasury stock. There were no changes in our capital stock of € 88.6 million, which is divided into 34.6 million shares, in the reporting period.

## Dürr on the capital market

### PERFORMANCE OF DÜRR SHARE, DAX AND MDAX SINCE THE END OF 2016



#### DÜRR SHARE: ALL-TIME HIGH WITHIN STRIKING DISTANCE

The financial markets were upbeat in the first half of 2017. In particular, the outcome of the elections in the Netherlands and in France allayed fears for the European economy. The results of the general elections in the United Kingdom in June were interpreted as a signal against "hard" Brexit. Investors took the US Fed's rate hikes in March and June in their stride. The DAX hit a new all-time high of 12,952 points on June 20, advancing by 7.4% in the first half of the year.

The Dürr share (ISIN: DE0005565204) was more volatile than the market as a whole in the first few months of the year. The strong figures for the first quarter spurred the share substantially. To date, Dürr has primarily been viewed as a pure-play automotive supplier. However, especially the high order receipts reported by HOMAG are now prompting investors and analysts to increasingly see Dürr as a diversified mechanical and plant engineering company and as an automation specialist.

The Dürr share rose to € 107.70 in mid June, coming very close to its spring 2015 all-time high (€ 109.80). At the end of the first half, Dürr was trading at € 104.05, translating into market capitalization of € 3.6 billion, an increase of more than 36% over the beginning of the year.

#### 86% OF ANALYSTS RATE DÜRR A BUY

23 analysts are covering the Dürr share. As of mid 2017, 15 analysts rated it a buy and four a hold. Numerous analysts have raised their target prices substantially over the last few months. The average target price stood at € 96.59 at the end of the first half.

#### RETURN OF 0.7% ON THE BOND

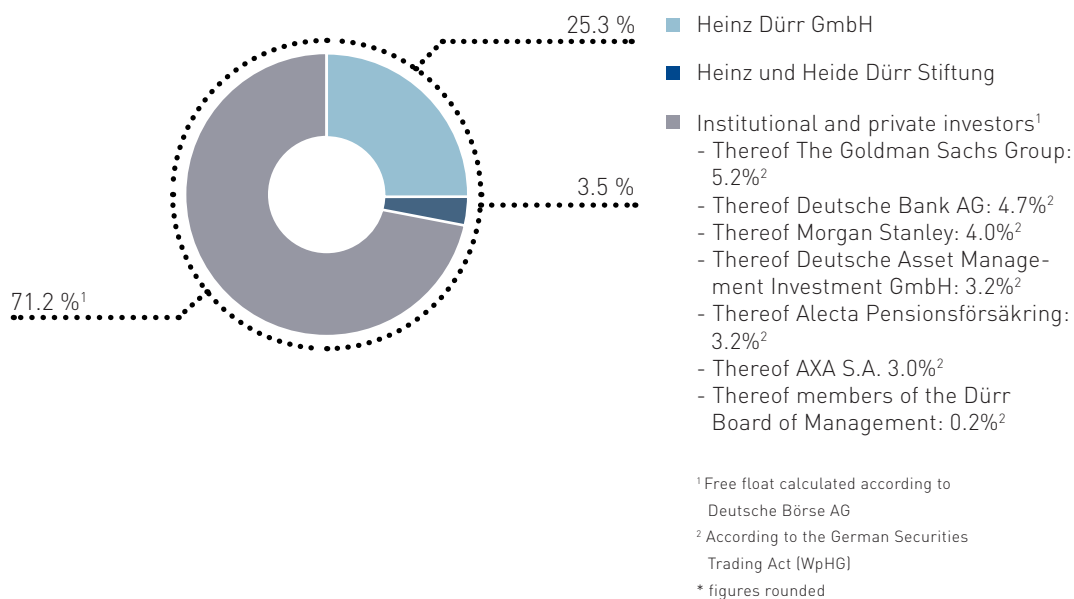
The price of our bond of € 300 million (ISIN: XS1048589458) with a coupon of 2.875% was virtually unchanged at 107.8% at the end of the first half of 2017. With a yield of 0.7%, the bond matures in 2021.

### STABLE SHAREHOLDER STRUCTURE

The Dürr family continues to hold 28.8% of our company's shares and is committed to maintaining a quota of over 25%. The new members joining the Board of Management in spring 2017 also acquired shares in Dürr. At the end of the first half, Ralf W. Dieter, Carlo Crosetto and Dr. Jochen Weyrauch jointly held around 0.2% of Dürr AG's capital. The free float in accordance with the Deutsche Börse definition was unchanged at 71.2%.

Average Xetra trading volumes came to around 152,000 shares a day in the first half of the year (H1 2016: 220,000).

### SHAREHOLDER STRUCTURE DÜRR AG\* (AS OF 06/27/2017)



## Events after the reporting period

No exceptional or reportable events occurred between the end of the reporting period and the date on which this report was published.

Bietigheim-Bissingen, August 3, 2017

Dürr Aktiengesellschaft

Ralf W. Dieter  
CEO

Carlo Crosetto  
CFO

Dr. Jochen Weyrauch  
Member of the Board of Management

# Consolidated statement of income

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2017

€ k	H1 2017	H1 2016	Q2 2017	Q2 2016
Sales revenues	1,751,266	1,706,901	859,885	881,669
Cost of sales	- 1,330,267	- 1,298,884	- 656,108	- 668,781
<b>Gross profit on sales</b>	<b>420,999</b>	<b>408,017</b>	<b>203,777</b>	<b>212,888</b>
Selling expenses	- 154,801	- 151,779	- 76,259	- 77,480
General administrative expenses	- 89,030	- 92,472	- 42,970	- 48,229
Research and development costs	- 56,050	- 48,645	- 27,600	- 24,770
Other operating income	46,056	41,213	15,463	14,363
Other operating expenses	- 22,942	- 37,318	- 15,922	- 16,468
<b>Earnings before investment result, interest and income taxes</b>	<b>144,232</b>	<b>119,016</b>	<b>56,489</b>	<b>60,304</b>
Investment result	344	1,597	820	830
Interest and similar income	2,564	3,013	1,383	1,457
Interest and similar expenses	- 12,643	- 11,734	- 6,387	- 6,429
<b>Earnings before income taxes</b>	<b>134,497</b>	<b>111,892</b>	<b>52,305</b>	<b>56,162</b>
Income taxes	- 34,752	- 34,060	- 15,131	- 16,960
<b>Profit of the Dürr Group</b>	<b>99,745</b>	<b>77,832</b>	<b>37,174</b>	<b>39,202</b>
<b>Attributable to:</b>				
Non-controlling interests	1,797	1,526	958	772
<b>Shareholders of Dürr Aktiengesellschaft</b>	<b>97,948</b>	<b>76,306</b>	<b>36,216</b>	<b>38,430</b>
Number of shares issued in thousands	34,601.04	34,601.04	34,601.04	34,601.04
Earnings per share in € (basic and diluted)	2.83	2.21	1.05	1.11



# Consolidated statement of comprehensive income

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2017

€ k	H1 2017	H1 2016	Q2 2017	Q2 2016
<b>Profit of the Dürr Group</b>	<b>99,745</b>	<b>77,832</b>	<b>37,174</b>	<b>39,202</b>
<b>Items of other comprehensive income that are not reclassified to profit or loss</b>				
Remeasurement of defined benefit plans and similar obligations	4,180	- 9,259	3,511	- 4,630
Associated deferred taxes	- 1,527	3,298	- 858	1,649
<b>Items of other comprehensive income that may be reclassified subsequently to profit or loss</b>				
Changes in fair value of financial instruments used for hedging purposes recognized in equity	13,301	3,002	5,317	- 4,537
Associated deferred taxes	- 4,056	- 460	- 1,536	1,429
Reclassifications from currency translation reserve through profit or loss	- 2,951	-	-	-
Currency translation effects of foreign subsidiaries	- 18,711	- 10,576	- 25,535	4,650
Currency translation effects of foreign entities accounted for using the equity method	- 85	2,341	- 883	2,169
<b>Other comprehensive income, net of tax</b>	<b>- 9,849</b>	<b>- 11,654</b>	<b>- 19,984</b>	<b>730</b>
<b>Total comprehensive income, net of tax</b>	<b>89,896</b>	<b>66,178</b>	<b>17,190</b>	<b>39,932</b>
<b>Attributable to:</b>				
Non-controlling interests	1,552	1,330	728	775
<b>Shareholders of Dürr Aktiengesellschaft</b>	<b>88,344</b>	<b>64,848</b>	<b>16,462</b>	<b>39,157</b>

# Consolidated statement of financial position

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, AS OF JUNE 30, 2017

€ k	June 30, 2017	December 31, 2016	June 30, 2016
<b>ASSETS</b>			
Goodwill	398,428	401,600	414,247
Other intangible assets	200,353	209,533	225,963
Property, plant and equipment	387,680	394,577	401,780
Investment property	20,423	20,664	20,892
Investments in entities accounted for using the equity method	33,207	32,726	31,824
Other financial assets	25,844	11,901	36,482
Trade receivables	19,631	16,878	2,758
Income tax receivables	90	90	589
Sundry financial assets	3,995	4,162	6,021
Other assets	384	527	680
Deferred taxes	29,009	29,891	30,504
Prepaid expenses	2,630	2,746	2,136
<b>Non-current assets</b>	<b>1,121,674</b>	<b>1,125,295</b>	<b>1,173,876</b>
Inventories and prepayments	453,197	381,056	414,324
Trade receivables	828,279	779,420	880,663
Income tax receivables	24,355	22,234	21,601
Sundry financial assets	203,497	117,264	149,120
Other assets	53,340	26,972	38,096
Cash and cash equivalents	571,574	724,179	414,524
Prepaid expenses	15,697	4,883	14,750
Assets held for sale	903	167,220	-
<b>Current assets</b>	<b>2,150,842</b>	<b>2,223,228</b>	<b>1,933,078</b>
<b>Total assets Dürr Group</b>	<b>3,272,516</b>	<b>3,348,523</b>	<b>3,106,954</b>

€ k	June 30, 2017	December 31, 2016	June 30, 2016
<b>EQUITY AND LIABILITIES</b>			
Subscribed capital	88,579	88,579	88,579
Capital reserves	155,896	155,896	155,896
Revenue reserves	606,388	588,705	482,047
Other comprehensive income	- 28,732	- 23,649	- 32,523
<b>Total equity attributable to the shareholders of Dürre Aktiengesellschaft</b>	<b>822,131</b>	<b>809,531</b>	<b>693,999</b>
Non-controlling interests	11,083	21,429	17,476
<b>Total equity</b>	<b>833,214</b>	<b>830,960</b>	<b>711,475</b>
Provisions for post-employment benefit obligations	49,408	51,817	59,312
Other provisions	16,650	17,564	16,720
Trade payables	4,290	4,136	4,537
Bond and bonded loan	596,917	596,630	596,271
Other financial liabilities	16,735	52,564	56,643
Sundry financial liabilities	11,465	6,944	34,497
Income tax liabilities	6,711	6,711	8,819
Other liabilities	7,281	4,603	7,627
Deferred taxes	112,143	102,316	109,228
Deferred income	83	38	40
<b>Non-current liabilities</b>	<b>821,683</b>	<b>843,323</b>	<b>893,694</b>
Other provisions	120,851	95,686	105,440
Trade payables	967,313	978,338	920,856
Financial liabilities	36,491	5,339	12,401
Sundry financial liabilities	267,370	283,215	248,100
Income tax liabilities	36,864	33,573	30,651
Other liabilities	183,438	216,253	180,899
Deferred income	4,633	1,928	3,438
Liabilities held for sale	659	59,908	-
<b>Current liabilities</b>	<b>1,617,619</b>	<b>1,674,240</b>	<b>1,501,785</b>
<b>Total equity and liabilities Dürre Group</b>	<b>3,272,516</b>	<b>3,348,523</b>	<b>3,106,954</b>

# Consolidated statement of cash flows

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2017

€ k	H1 2017	H1 2016	Q2 2017	Q2 2016
Earnings before income taxes	134,497	111,892	52,305	56,162
Income taxes paid	- 26,968	- 38,432	- 9,540	- 19,366
Net interest	10,079	8,721	5,004	4,972
Profit from entities accounted for using the equity method	- 1,620	- 1,266	- 623	- 499
Dividends from entities accounted for using the equity method	1,054	-	1,054	-
Amortization and depreciation of non-current assets	40,536	38,248	21,727	19,039
Net gain/loss on the disposal of non-current assets	- 583	- 447	- 249	- 380
Other non-cash income and expenses	- 22,482	- 5,726	61	- 519
Changes in operating assets and liabilities				
Inventories	- 84,784	- 34,702	- 37,635	- 12,992
Trade receivables	- 70,179	- 1,992	- 27,356	- 56,196
Other receivables and assets	- 40,697	- 10,005	- 14,091	3,826
Provisions	27,054	- 12,280	4,736	2,042
Trade payables	23,198	- 99,522	21,060	- 44,707
Other liabilities (other than bank)	- 21,627	- 31,450	- 50,618	- 27,804
Other assets and liabilities	- 8,289	- 7,591	- 2,546	- 5,614
<b>Cash flow from operating activities</b>	<b>- 40,811</b>	<b>- 84,552</b>	<b>- 36,711</b>	<b>- 82,036</b>
Purchase of intangible assets	- 11,297	- 10,704	- 5,128	- 6,044
Purchase of property, plant and equipment	- 21,916	- 27,686	- 9,756	- 12,762
Purchase of other financial assets	- 3	- 3	- 2	- 2
Proceeds from the sale of non-current assets	8,442	6,863	4,406	4,074
Acquisitions, net of cash acquired	- 953	-	- 53	-
Investments in time deposits	- 76,270	- 121,409	- 31,463	- 130,091
Proceeds from the sale of assets and liabilities classified as held for sale	106,990	11,505	- 666	997
Interest received	2,541	2,193	1,464	1,236
<b>Cash flow from investing activities</b>	<b>7,534</b>	<b>- 139,241</b>	<b>- 41,198</b>	<b>- 142,592</b>

€ k	H1 2017	H1 2016	Q2 2017	Q2 2016
Change in current bank liabilities and other financing activities	- 7,305	- 465	- 5,926	6,535
Repayment of non-current financial liabilities	- 2,892	- 6,089	- 2,310	- 4,903
Bonded loan issue	-	299,079	-	299,079
Payments of finance lease liabilities	- 2,671	- 910	- 459	- 470
Cash paid for transactions with non-controlling interests	- 7,495	-	-	-
Dividends paid to the shareholders of Dürr Aktiengesellschaft	- 72,662	- 64,012	- 72,662	- 64,012
Dividends paid to non-controlling interests	- 4,629	- 2,117	- 4,629	- 2,117
Interest paid	- 14,168	- 17,686	- 4,895	- 16,752
<b>Cash flow from financing activities</b>	<b>- 111,822</b>	<b>207,800</b>	<b>- 90,881</b>	<b>217,360</b>
Effects of exchange rate changes	- 7,506	- 5,411	- 9,673	1,131
Change in cash and cash equivalents related to changes in the consolidated group	-	295	-	295
Change in cash and cash equivalents	- 152,605	- 21,109	- 178,463	- 5,842
<b>Cash and cash equivalents</b>				
At the beginning of the period	724,179	435,633	750,037	420,366
At the end of the period	571,574	414,524	571,574	414,524

# Consolidated statement of changes in equity

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2017

Other comprehensive income												
Items that are not reclassified to profit or loss												
Items that may be reclassified subsequently to profit or loss												
€ k	Subscribed capital	Capital reserve	Revenue reserves	Remeasure- ment of defined benefit plans	Unrealized gains/losses from cash flow hedges	Unrealized gains/ losses from financial assets available for sale	Changes related to the conso- lidated group/ reclassifications	Currency translation	Other compre- hensive income	Total equity attributable to the sharehol- ders of Dürr Aktiengesell- schaft	Non- controlling interests	Total equity
January 1, 2016	88,579	155,896	473,662	- 35,433	- 6,231	47	673	19,890	- 21,054	697,083	17,335	714,418
Profit for the period	-	-	76,306	-	-	-	-	-	-	76,306	1,526	77,832
Other comprehensive income	-	-	-	- 5,961	2,542	-	-	- 8,039	- 11,458	- 11,458	- 196	- 11,654
Total comprehensive income, net of tax	-	-	76,306	- 5,961	2,542	-	-	- 8,039	- 11,458	64,848	1,330	66,178
Dividends	-	-	- 64,012	-	-	-	-	-	-	- 64,012	- 2,117	- 66,129
Options of non-controlling interests	-	-	- 3,920	-	-	-	-	-	-	- 3,920	928	- 2,992
Other changes	-	-	11	-	-	-	- 11	-	- 11	-	-	-
June 30, 2016	88,579	155,896	482,047	- 41,394	- 3,689	47	662	11,851	- 32,523	693,999	17,476	711,475
January 1, 2017	88,579	155,896	588,705	- 40,698	- 8,055	-	652	24,452	- 23,649	809,531	21,429	830,960
Profit for the period	-	-	97,948	-	-	-	-	-	-	97,948	1,797	99,745
Other comprehensive income	-	-	-	2,653	9,245	-	-	- 21,502	- 9,604	- 9,604	- 245	- 9,849
Total comprehensive income, net of tax	-	-	97,948	2,653	9,245	-	-	- 21,502	- 9,604	88,344	1,552	89,896
Dividends	-	-	- 72,662	-	-	-	-	-	-	- 72,662	- 4,629	- 77,291
Options of non-controlling interests	-	-	5,122	-	-	-	-	-	-	5,122	1,030	6,152
Other changes	-	-	- 12,725	4,496	-	-	- 11	36	4,521	- 8,204	- 8,299	- 16,503
June 30, 2017	88,579	155,896	606,388	- 33,549	1,190	-	641	2,986	- 28,732	822,131	11,083	833,214



# Notes to the consolidated financial statements

## January 1 to June 30, 2017

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### THE COMPANY

Dürr Aktiengesellschaft ("Dürr AG" or the "Company") has its registered offices in Stuttgart, Germany. Its headquarters for operations are located at Carl-Benz-Strasse 34 in 74321 Bietigheim-Bissingen, Germany. The Dürr Group ("Dürr" or the "Group"), which consists of Dürr AG and its subsidiaries, is a mechanical and plant engineering company with distinct automation competency. Dürr is one of the global market leaders in almost all of its fields of business. In addition to the automotive industry, it also acts as supplier of production technology for other industries including the mechanical engineering, energy, chemical and pharmaceutical industries as well as the woodworking industry. The Dürr Group serves the market with five global divisions: Paint and Final Assembly Systems offers assembly and paint finishing technology, mainly for the automotive industry. Application Technology manufactures products and systems for automated painting applications as well as sealing and glueing technology. The machines and systems produced by Measuring and Process Systems are used, among other things, in engine and drive construction as well as final vehicle assembly. Clean Technology Systems manufactures plant and equipment for purifying exhaust gases produced by industrial processes and develops technologies for improving the energy efficiency of production processes. Woodworking Machinery and Systems develops and manufactures machinery and systems related to woodworking.

#### ACCOUNTING POLICIES

The interim consolidated financial statements for the period between January 1 and June 30, 2017, are condensed and prepared in compliance with International Accounting Standard (IAS) 34 „Interim Financial Reporting“. The interim consolidated financial statements are based on the consolidated financial statements of December 31, 2016, and must be read in conjunction with them.

The interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) at the end of the reporting period, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [“Handelsgesetzbuch”: German Commercial Code]. The interim consolidated financial statements as of June 30, 2017, are not subject to any review or any audit pursuant to Sec. 317 HGB.

The accounting policies used generally correspond to the methods applied in the consolidated financial statements as of December 31, 2016; please refer to our 2016 annual report. The changes in accounting policies resulting from the adoption of new or revised standards in the 2017 reporting period are without any material effects on the consolidated financial statements of Dürr.

In the 2017 reporting period, Dürr decided to apply the rules of IFRS 15 “Revenue from Contracts with Customers” fully retrospectively. On the basis of information currently available, Dürr does not expect any significant effects on the consolidated financial statements as of January 1, 2017. On transition, the expected effects will have an impact of less than € 5 million on revenue reserves.

The preparation of the consolidated financial statements for interim reporting pursuant to IAS 34 requires management to make estimates and judgments that affect the application of accounting policies in the Group as well as the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual figures may diverge from these estimates. The methods of estimation used generally correspond to the methods applied in the consolidated financial statements as of December 31, 2016. Expenses that incurred irregularly during the reporting period have been deferred in those cases where they would also be deferred at year-end. Dürr’s operations are not subject to material seasonal influences. Income tax

expenditure in the interim financial statements is deferred on the basis of the expected income tax rate for the individual entities for the year as a whole. Apart from the sale of the Dürr Ecoclean Group, no further unusual events occurred in the reporting period that had a material effect on the interim report as of June 30, 2017.

The consolidated financial statements are prepared in euros; all amounts are presented in thousands of euro (€ thousand or € k), unless stated otherwise.

## 2. CONSOLIDATED GROUP

Besides Dürr AG, the consolidated financial statements as of June 30, 2017, contain all German and foreign entities which Dürr AG can control directly or indirectly. Control can exist due to voting rights or prevailing circumstances as a result of contractual arrangements, among other things. Pursuant to the contractual arrangements, Dürr has the power to exercise control over four entities. The entities are included in the consolidated financial statements from the date on which the possibility of control was obtained. Consolidation of an entity included in the consolidated financial statements ceases when Dürr loses control over the entity. Entities over which Dürr exercises significant influence pursuant to IAS 28 (associates) as well as joint ventures as defined by IFRS 11 "Joint Arrangements" are accounted for using the equity method. Significant influence is assumed with a share of voting rights ranging from 20 % to 50 %.

The table below shows the number of entities included in the consolidated group besides Dürr AG as the parent:

### NUMBER OF CONSOLIDATED ENTITIES

	June 30, 2017	December 31, 2016
<b>Fully consolidated entities</b>		
Germany	28	28
Other countries	79	84
	<b>107</b>	<b>112</b>
<b>Entities accounted for using the equity method</b>		
Germany	2	2
Other countries	2	2
	<b>4</b>	<b>4</b>
<b>Other investments</b>		
Germany	2	2
Other countries	2	2
	<b>4</b>	<b>4</b>

The consolidated financial statements contain 12 entities (Dec. 31, 2016: 14) which have non-controlling interests. There are five entities that are included in the consolidated financial statement at cost on grounds of immateriality.

## CHANGES IN THE CONSOLIDATED GROUP

## ADDITIONS OF FULLY CONSOLIDATED ENTITIES

Entity	Interest	Effective as of	Interest acquired by	Note
Blitz 17-38 GmbH, Munich, Germany	100.0%	May 4, 2017	Acquisition	Renamed Tapio GmbH

## DECONSOLIDATIONS

Entity	Effective as of	Note
Dürr Ecoclean GmbH, Filderstadt, Germany	March 31, 2017	Sale
Dürr Cleaning France S.A.S., Le Mans, France	March 31, 2017	Sale
Dürr Ecoclean spol. s r.o., Oslavany, Czech Republic	March 31, 2017	Sale
UCM AG, Rheineck, Switzerland	March 31, 2017	Sale
Dürr Ecoclean Inc., Southfield, Michigan, USA	March 31, 2017	Sale
Mhitraa Engineering Equipments Private Limited, Sriperumbudur, India	March 31, 2017	Sale

## 3. ACQUISITIONS

Effective March 15, 2017, Schenck México, S.A. de C.V., with registered offices in Mexico City, Mexico, assumed the activities of an entity by an asset deal to strengthen its presence in Mexico.

Dürr acquired 100 % of the shares in Blitz 17-38 GmbH with registered offices in Munich, Germany, by a shell purchase on May 4, 2017. Following the acquisition, the entity was renamed Tapio GmbH with registered offices in Munich, Germany. The purchase price of both acquisitions amounted to € 678 thousand.

## 4. OTHER OPERATING INCOME AND EXPENSES

As in the prior period, other operating income and expenses mainly comprise currency exchange rate gains and losses. Moreover, the other operating income and expenses include the preliminary income from the sale of the Cleaning and Surface Processing activity (Dürr Ecoclean Group) of € 22,673 thousand.

## 5. NET INTEREST

## NET INTEREST

€ k	H1 2017	H1 2016
Interest and similar income	2,564	3,013
Interest and similar expenses	- 12,643	- 11,734
thereof:		
Nominal interest expenses on the corporate bond	- 4,313	- 4,313
Interest expenses from the bonded loan	- 2,166	- 994
Interest expenses arising due to conclusion of the domination and profit and loss transfer agreement with HOMAG Group AG	- 3,479	- 3,128
Other interest expenses	- 2,685	- 3,299
<b>Net interest</b>	<b>- 10,079</b>	<b>- 8,721</b>

## 6. IMPAIRMENT

With the planned business discontinuation at Dürr thermea GmbH, with registered offices in Ottendorf-Okrilla, Germany, non-current assets were impaired by € 2,494 thousand to the fair value less costs to sell. In this context, the useful life of the brand name thermea was changed from indefinite to finite and written down in full by an amount of € 512 thousand.

## 7. NON-CURRENT ASSETS HELD FOR SALE AND RELATED LIABILITIES AND SALES

### ASSETS AND LIABILITIES SOLD IN THE 2017 REPORTING PERIOD

The entity Shenyang Blue Silver Industry Automation Equipment Co., Ltd., PR China (SBS), assumed the business of the Cleaning and Surface Processing activity (Dürr Ecoclean Group) effective as of March 31, 2017. The assets and associated liabilities allocated to the Cleaning and Surface Processing activity were classified as held for sale and recognized separately in the consolidated statement of financial position of Dürr AG as of December 31, 2016. These assets and liabilities were allocated to the Measuring and Process Systems division as of December 31, 2016. In addition to various assets and liabilities in the PR China, Mexico and several other countries, the transaction involves the following companies:

- Dürr Ecoclean GmbH, Filderstadt, Germany,
- Dürr Cleaning France S.A.S., Le Mans, France,
- Dürr Ecoclean spol. s r.o., Oslavany, Czech Republic,
- UCM AG, Rheineck, Switzerland,
- Dürr Ecoclean Inc., Southfield, Michigan, USA,
- Mhitraa Engineering Equipments Private Limited, Sriperumbudur, India.

Under the sale, Dürr received a cash settlement of € 107.7 million and a 15 % investment in the new holding company SBS Ecoclean GmbH, with registered offices in Stuttgart, Germany.

### ASSETS AND LIABILITIES HELD FOR SALE

In connection with the sale of the Cleaning and Surface Processing business activity, further assets and liabilities are subsequently classified as held for sale. They are allocated to the Measuring and Process Systems division.

#### ASSETS AND LIABILITIES HELD FOR SALE

€ k	June 30, 2017	December 31, 2016
Intangible assets	-	24,384
Property, plant and equipment	20	16,037
Deferred tax assets	-	1,297
Inventories and prepayments	577	20,225
Receivables and other assets	306	91,113
Cash and cash equivalents	-	14,164
Non-current liabilities	- 41	- 4,993
Deferred tax liabilities	-	- 7,419
Current liabilities	- 618	- 47,496
<b>Net assets</b>	<b>244</b>	<b>107,312</b>
Other comprehensive income	-	- 3,573

## 8. FINANCING OF THE GROUP

The loan to finance Dürr Campus properties of € 34,329 thousand was reclassified from non-current to current, as Dürr intends to redeem the loan when the interest lock-in period expires in September 2017.

## 9. OTHER NOTES ON FINANCIAL INSTRUMENTS

The financial instruments measured at fair value by Dürr break down as follows according to the fair value hierarchy levels:

### ALLOCATION TO THE FAIR VALUE HIERARCHY LEVELS

		Fair value hierarchy		
€ k	June 30, 2017	Level 1	Level 2	Level 3
<b>Assets at fair value – not through profit or loss</b>				
Available-for-sale financial assets	19,938	-	-	19,938
Derivatives used for hedging	7,118	-	7,118	-
<b>Assets at fair value – through profit or loss</b>				
Held-for-trading financial assets	6	6	-	-
Derivatives not used for hedging	1,208	-	1,208	-
Derivatives used for hedging	1,134	-	1,134	-
<b>Liabilities at fair value – not through profit or loss</b>				
Obligations from options	22,460	-	-	22,460
Derivatives used for hedging	4,499	-	4,499	-
<b>Liabilities at fair value – through profit or loss</b>				
Liabilities from contingent purchase price installments	10,146	-	-	10,146
Derivatives not used for hedging	651	-	651	-
Derivatives used for hedging	823	-	823	-

€ k	December 31, 2016	Fair value hierarchy		
		Level 1	Level 2	Level 3
<b>Assets at fair value – not through profit or loss</b>				
Available-for-sale financial assets	-	-	-	-
Derivatives used for hedging	2,382	-	2,382	-
<b>Assets at fair value – through profit or loss</b>				
Held-for-trading financial assets	6	6	-	-
Derivatives not used for hedging	562	-	562	-
Derivatives used for hedging	601	-	601	-
<b>Liabilities at fair value – not through profit or loss</b>				
Obligations from options	28,612	-	-	28,612
Derivatives used for hedging	14,095	-	14,095	-
<b>Liabilities at fair value – through profit or loss</b>				
Liabilities from contingent purchase price installments	1,619	-	-	1,619
Derivatives not used for hedging	1,552	-	1,552	-
Derivatives used for hedging	2,378	-	2,378	-

No reclassifications were made between the fair value hierarchy levels in the first six months of 2017.

## SENSITIVITY LEVEL 3

Assuming that the parameters (equity and accumulated earnings before income taxes) had been 10 % higher (lower) on the earliest possible exercise date, the value of the put options for CPM S.p.A. allocated to level 3 of the fair value hierarchy, would have been € 1,962 thousand higher (lower) (prior period: € 3,047 thousand).

## FAIR VALUES OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

## FAIR VALUES OF FINANCIAL INSTRUMENTS RECOGNIZED

€ k	June 30, 2017		December 31, 2016	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Assets</b>				
Cash and cash equivalents	571,574	571,574	724,179	724,179
Costs and estimated earnings in excess of billings	423,210	423,210	357,149	357,149
Trade receivables due from third parties	398,055	398,055	418,481	418,481
Trade receivables due from entities accounted for using the equity method	26,645	26,645	20,668	20,668
<b>Other non-derivative financial instruments</b>				
Sundry financial assets	198,026	198,026	117,875	117,875
Held-to-maturity investments	3,090	2,993	9,146	8,955
<b>Liabilities</b>				
Trade payables	350,067	350,067	333,853	333,853
Trade payables due to entities accounted for using the equity method	710	710	510	510
Other non-derivative financial liabilities	46,632	46,632	45,564	45,564
Bond	323,340	297,710	320,940	297,474
Bonded loan	296,255	299,207	306,036	299,156
Liabilities to banks	34,623	34,358	36,341	35,545
Finance lease liabilities	6,706	6,064	9,339	8,480
Obligations from options	218,070	206,428	225,040	210,217

## THEREOF COMBINED BY MEASUREMENT CATEGORY IN ACCORDANCE WITH IAS 39

Loans and receivables	1,194,300	1,194,300	1,281,203	1,281,203
Held-to-maturity investments	3,090	2,993	9,146	8,955
Financial liabilities measured at amortized cost	1,269,697	1,235,112	1,268,284	1,222,319

Cash and cash equivalents, trade receivables, other receivables, trade payables, other non-derivative financial liabilities and overdraft facilities mostly fall due within the short term. Consequently, their carrying amounts at the end of the reporting period approximate their fair value.

It was not possible to determine the fair values of equity interests measured at cost of € 2,913 thousand because market prices were not available as no active markets exist.

## 10. SEGMENT REPORTING

The presentation of segments is designed to provide details on the results of operations, net assets and financial position of individual activities. Based on the internal reporting and organizational structure of the Group, the data contained in the consolidated financial statements is presented by division. Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

## SEGMENT REPORTING

H1 2017								
€ k	Paint and Final Assembly Systems	Application Technology	Measuring and Process Systems*	Clean Technology Systems	Wood-working Machinery and Systems**	Total segments	Reconciliation	Dürr Group
External sales revenues	531,272	286,035	251,119	86,057	596,742	1,751,225	41	1,751,266
Sales revenues with other divisions	923	2,708	5,329	1,202	40	10,202	- 10,202	-
<b>Total sales revenues</b>	<b>532,195</b>	<b>288,743</b>	<b>256,448</b>	<b>87,259</b>	<b>596,782</b>	<b>1,761,427</b>	<b>- 10,161</b>	<b>1,751,266</b>
EBIT	30,408	29,152	29,102	1,616	42,539	132,817	11,415	144,232
Assets (as of June 30)	532,705	515,815	429,943	132,531	830,876	2,441,870	3,697	2,445,567
Liabilities (as of June 30)	508,851	279,344	171,127	69,435	405,130	1,433,887	199,554	1,633,441
Employees (as of June 30)	3,384	1,985	2,244	586	6,149	14,348	197	14,545

H1 2016								
€ k	Paint and Final Assembly Systems	Application Technology	Measuring and Process Systems	Clean Technology Systems	Wood-working Machinery and Systems**	Total segments	Reconciliation	Dürr Group
External sales revenues	567,218	262,966	274,762	75,365	526,575	1,706,886	15	1,706,901
Sales revenues with other divisions	4,345	1,862	5,606	339	4	12,156	- 12,156	-
<b>Total sales revenues</b>	<b>571,563</b>	<b>264,828</b>	<b>280,368</b>	<b>75,704</b>	<b>526,579</b>	<b>1,719,042</b>	<b>- 12,141</b>	<b>1,706,901</b>
EBIT	37,994	32,132	27,307	2,374	27,483	127,290	- 8,274	119,016
Assets (as of December 31)	550,491	458,947	554,751	121,085	772,431	2,457,705	- 16,708	2,440,997
Liabilities (as of December 31)	599,293	278,448	230,877	73,295	324,911	1,506,824	213,606	1,720,430
Employees (as of June 30)	3,385	1,930	3,034	528	5,983	14,860	191	15,051

\* Excluding assets, liabilities and employees of the Dürr Ecoclean Group. Sales revenues and EBIT of the Dürr Ecoclean Group for the first three months of 2017 are included.

\*\* Including effects from the subsequent measurement of the hidden reserves in the course of the purchase price allocation

The number of employees and external sales revenues reported in the reconciliation column relate to the Corporate Center.

## RECONCILIATION OF SEGMENT FIGURES TO THE FIGURES OF THE DÜRR GROUP

€ k	H1 2017	H1 2016
EBIT of the segments	132,817	127,290
EBIT of the Corporate Center	10,278	- 6,507
Elimination of consolidation entries	1,137	- 1,767
<b>EBIT of the Dürr Group</b>	<b>144,232</b>	<b>119,016</b>
Investment result	344	1,597
Interest and similar income	2,564	3,013
Interest and similar expenses	- 12,643	- 11,734
<b>Earnings before income taxes</b>	<b>134,497</b>	<b>111,892</b>
Income taxes	- 34,752	- 34,060
<b>Profit of the Dürr Group</b>	<b>99,745</b>	<b>77,832</b>

€ k	June 30, 2017	December 31, 2016
Segment assets	2,441,870	2,457,705
Assets of the Corporate Center	992,079	970,632
Elimination of consolidation entries	- 988,382	- 987,340
Cash and cash equivalents	571,574	724,179
Time deposits and other short-term securities	165,721	89,451
Held-to-maturity securities and other loans	2,993	8,955
Investments in entities accounted for using the equity method	33,207	32,726
Income tax receivables	24,445	22,324
Deferred tax assets	29,009	29,891
<b>Total assets of the Dürr Group</b>	<b>3,272,516</b>	<b>3,348,523</b>

€ k	June 30, 2017	December 31, 2016
Segment liabilities	1,433,887	1,506,824
Liabilities of the Corporate Center	247,299	258,431
Elimination of consolidation entries	- 47,745	- 44,825
Bond and bonded loan	596,917	596,630
Liabilities to banks and other financial liabilities	47,162	49,423
Finance lease liabilities	6,064	8,480
Income tax liabilities	43,575	40,284
Deferred tax liabilities	112,143	102,316
<b>Total liabilities of the Dürr Group*</b>	<b>2,439,302</b>	<b>2,517,563</b>

\* Consolidated total assets less total equity

## 11. RELATED PARTY TRANSACTIONS

Related parties comprise members of the Supervisory Board and the Board of Management.

Some members of the Supervisory Board of Dürr AG hold high-ranking positions in other entities. Transactions between these entities and Dürr are carried out at arm's length. For further information about the remuneration of the members of the Board of Management and the Supervisory Board of Dürr AG, please refer to our 2016 annual report.



Related parties also include associates, joint ventures and non-consolidated subsidiaries of the Dürr Group.

In the first six months of 2017, there were intercompany transactions between Dürr and its related parties of € 82,894 thousand (prior period: € 48,405 thousand). The increase mainly results from higher sales volumes with Homag China Golden Field Limited. As of June 30, 2017, outstanding receivables from related parties totaled € 27,658 thousand (Dec. 31, 2016: € 21,839 thousand), while payables to related parties amounted to € 1,398 thousand (Dec. 31, 2016: € 1,720 thousand). Both the receivables and liabilities are current. In addition prepayments received from related parties of € 45,137 thousand (Dec. 31, 2016: € 31,316 thousand) were included in the consolidated statement of financial position.

The Board of Management confirms that all the related party transactions described above were carried out at arm's length conditions.

## 12. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

### CONTINGENT LIABILITIES

€ k	June 30, 2017	December 31, 2016
Notes payable	16,186	14,735
Obligations from warranties and guarantees	12,233	12,175
Other	2,392	4,638
	<b>30,811</b>	<b>31,548</b>

Dürr assumes that these contingent liabilities will not lead to any liabilities or cash outflows.

### OTHER FINANCIAL OBLIGATIONS

€ k	June 30, 2017	December 31, 2016
Future minimum payments for operating leases	101,893	104,649
Future minimum payments for finance leases	6,766	9,380
Purchase obligation for property, plant and equipment	1,259	1,304
	<b>109,918</b>	<b>115,333</b>

In addition, there are purchase commitments stemming from procurement agreements on a customary scale.

## 13. SUBSEQUENT EVENTS

No extraordinary events occurred between the reporting date and the publication of the interim report.

## Responsibility statement by management

To the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, these interim consolidated financial statements give a true and fair view of the assets, liabilities, financial, and income position of the Group and the consolidated interim management report includes a fair review of the Group's business development, performance, and position together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bietigheim-Bissingen, August 3, 2017

Dürr Aktiengesellschaft

The Board of Management



Ralf W. Dieter  
CEO



Carlo Crosetto  
CFO



Dr. Jochen Weyrauch  
Member of the Board of Management

Multi-year overview 2014 - 2017<sup>1</sup>

€ m	H1				Q2			
	2017	2016	2015	2014	2017	2016	2015	2014
Order intake	2,078.7	1,989.3	1,795.5	1,271.5	1,022.7	940.7	900.0	707.1
Orders on hand (June 30)	2,743.0	2,698.9	2,828.0	2,351.6	2,743.0	2,698.9	2,828.0	2,351.6
Sales revenues	1,751.3	1,706.9	1,773.5	1,060.4	859.9	881.7	924.4	522.2
Gross profit	421.0	408.0	380.0	233.6	203.8	212.9	198.5	117.9
EBITDA	184.8	157.3	146.7	102.5	78.2	79.3	75.9	51.7
EBIT	144.2	119.0	108.0	89.2	56.5	60.3	60.5	45.0
Earnings after tax	99.7	77.8	53.5	57.9	37.2	39.2	36.5	28.7
Gross margin %	24.0	23.9	21.4	22.0	23.7	24.1	21.5	22.6
EBIT margin %	8.2	7.0	6.1	8.4	6.6	6.8	6.5	8.6
Cash flow from operating activities	- 40.8	- 84.6	10.9	24.2	- 36.7	- 82.0	- 28.6	- 18.4
Free cash flow	- 85.7	- 138.4	- 36.2	5.3	- 55.1	- 116.3	- 58.5	- 28.4
Capital expenditure	33.6	38.6	36.2	17.8	15.2	18.9	18.8	9.5
Total assets (June 30)	3,272.5	3,107.0	2,952.4	2,232.6	3,272.5	3,107.0	2,952.4	2,232.6
Equity (with non- controlling interests) (June 30)	833.2	711.5	604.2	513.7	833.2	711.5	604.2	513.7
Equity ratio (June 30) %	25.5	22.9	20.5	23.0	25.5	22.9	20.5	23.0
ROCE <sup>2</sup> %	36.4	29.2	40.9	58.0	30.9	29.6	45.8	58.6
Net financial status (June 30)	96.2	- 90.2	88.7	227.2	96.2	- 90.2	88.7	227.2
Net working capital (June 30)	328.9	372.1	176.1	- 4.6	328.9	372.1	176.1	- 4.6
Employees (June 30)	14,545	15,051	14,448	8,324	14,545	15,051	14,448	8,324

**Dürr share****ISIN: DE0005565204**

High <sup>3</sup>	107.70	72.65	109.80	68.13	107.70	72.60	109.80	65.98
Low <sup>3</sup>	71.56	49.52	71.35	54.50	81.25	60.30	78.66	55.25
Close <sup>3</sup>	104.65	67.99	83.65	64.80	104.65	67.99	83.65	64.80
Average daily trading volume (number of shares)	152,127	220,200	141,100	137,700	149,690	281,600	155,200	103,501
Number of shares (Thous.)	34,601	34,601	34,601	34,601	34,601	34,601	34,601	34,601
Earnings per share € (basic / undiluted)	2.83	2.21	1.49	1.64	1.05	1.11	1.01	0.81

Minor variances may occur in the computation of sums and percentages in this report due to rounding.

<sup>1</sup> HOMAG Group AG was consolidated for the first time on October 3, 2014.<sup>2</sup> annualized<sup>3</sup> Xetra

## Financial calendar

September 18, 2017	Berenberg and Goldman Sachs Sixth German Corporate Conference, Munich
October 04, 2017	Deutsche Bank Small & Mid Cap Conference, London
October 18, 2017	Investors Day, Darmstadt
November 08, 2017	Interim statement for the first nine months of 2017
November 14, 2017	UBS European Conference 2017, London
November 27, 2017	German Equity Forum, Frankfurt
November 27, 2017	Annual Goldman Sachs European Industrials Conference, London
December 06, 2017	Berenberg European Corporate Conference, Pennyhill Park, Surrey

## Contact

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This interim financial report is the English translation  
of the German original.  
The German version shall prevail.

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