

INTERIM FINANCIAL REPORT

JANUARY 1 TO JUNE 30, 2019



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COVER PHOTO

The HOMAG Group offers networked processing cells, e.g. for cutting, drilling and packaging furniture panels. The new TRANSBOT driverless transport system carries the workpieces from one cell to the next.

Key figures for the Dürr Group (IFRS)

		H1 2019	H1 2018	Q2 2019	Q2 2018
Order intake	€ m	1,921.0	1,955.0	815.1	935.9
Orders on hand (June 30)	€ m	2,622.2	2,750.3	2,622.2	2,750.3
Sales	€ m	1,880.4	1,749.6	930.5	909.5
Gross profit	€ m	414.1	404.1	207.7	205.5
EBITDA	€ m	150.4	140.9	74.7	69.8
EBIT	€ m	95.2	101.4	46.6	50.3
EBIT before extraordinary effects ¹	€ m	106.9	112.8	52.3	56.0
Earnings after tax	€ m	63.6	68.1	30.6	33.6
Gross margin	%	22.0	23.1	22.3	22.6
EBIT margin	%	5.1	5.8	5.0	5.5
EBIT margin before extraordinary effects ¹	%	5.7	6.4	5.6	6.2
Cash flow from operating activities	€ m	- 112.9	- 59.1	- 69.9	16.6
Free cash flow	€ m	- 181.4	- 106.8	- 115.4	- 10.4
Capital expenditure	€ m	47.5	34.3	25.4	21.4
Total assets (June 30)	€ m	3,504.4	3,472.9	3,504.4	3,472.9
Equity (with non-controlling interests)					
(June 30)	€ m	987.8	886.8	987.8	886.8
Equity ratio (June 30)	%	28.2	25.5	28.2	25.5
ROCE ²	%	14.5	21.6	14.2	21.5
Net financial status (June 30)	€ m	- 310.4	- 38.7	- 310.4	- 38.7
Net working capital (June 30)	€ m	603.4	452.9	603.4	452.9
Employees (June 30)		16,384	15,236	16,384	15,236
Dürr share³					
ISIN: DE0005565204					
High	€	42.26	57.18	42.26	49.85
Low	€	29.18	39.16	29.29	39.61
Close	€	29.84	39.79	29.84	39.79
Average daily trading volumes	Units	209,280	291,300	223,164	323,300
Number of shares (weighted average)	Thous.	69,202	69,202	69,202	69,202
Earnings per share	€	0.88	0.95	0.43	0.46

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

¹ Extraordinary effects in H1 2019: € -11.7 million (including purchase price allocation effects: € -10.0 million), H1 2018: € -11.4 million

² Annualized

³ The number of shares doubled to 69,202,080 following the issue of bonus shares on a one-for-one basis on June 22, 2018.

Earnings per share and the share prices have been adjusted accordingly.

Highlights H1 2019: Order intake almost at previous year's level despite deterioration in underlying conditions

- 8% increase in sales, up 6% adjusted for currency effects
- Order intake close to previous year: down 2%, down 3% adjusted for currency effects
- Book-to-bill ratio of 1.0; order backlog of € 2.6 billion unchanged over December 31, 2018
- Service revenues: disproportionately strong increase of 15%, underpinned by growth in all divisions
- EBIT
 - ▶ € 95 million, down 6%, extraordinary effects at the previous year's level
 - ▶ EBIT margin before extraordinary effects: 5.7%, down from 6.4%
- Expected margin contraction in Paint and Final Assembly Systems due to completion of older projects with narrower margins
 - ▶ Improvement expected in the second half of the year (FOCUS 2.0 optimization program)
 - ▶ Further improvement in margins on order intake in H1 2019
- Application Technology and Clean Technology Systems in line with expectations
- Measuring and Process Systems with temporarily lower sales and earnings
- HOMAG earnings burdened
 - ▶ Heightened price pressure
 - ▶ Shortfalls in capacity utilization in some cases
 - ▶ Higher production costs
 - ▶ Sales from higher-margin Chinese business continuing to decline
 - ▶ Cost-cutting programs implemented, earnings improvement expected in the second half of the year
- Cash flow from operating activities down € 54 million to € -113 million
 - ▶ Strain from the accumulation of net working capital (particularly due to payment delays and low prepayments in automotive business)
 - ▶ Substantial improvement expected in the next few quarters
- Net financial status (€ -310 million) influenced by cash flow performance and IFRS 16 (€ -99 million)
- Earnings guidance for 2019 adjusted on July 22 to reflect more challenging underlying conditions
 - ▶ Order intake: € 3.8 to 4.1 billion (unchanged)
 - ▶ Sales: € 3.9 to 4.1 billion (unchanged)
 - ▶ EBIT margin: 5.5 to 6.0% (previously 6.5 to 7.0%)
 - ▶ EBIT margin before extraordinary effects: 6.0 to 6.5% (previously 7.0 to 7.5%)

GROUP MANAGEMENT REPORT

Strategy

The "Dürr 2020" Group strategy and our business model are described from page 23 of our 2018 annual report. Sales of € 4.0 to 4.2 billion are targeted for 2020. The other two Group targets defined for 2020 – an EBIT margin of 7 to 8% and a ROCE of 20 to 30% – have been suspended due to the more challenging macro-economic environment and will be specified in February 2020 at the latest.

First-time application of IFRS 16

We have been applying the new International Financial Reporting Standard, IFRS 16 "Leases", since January 1, 2019. The most important change is that lessees must now recognize all main leases as assets. The application of the new standard does not have any material impact on the Dürr Group's results of operations, although it has led to shifts within the income statement. Aggregate earnings before tax are unchanged across all periods. IFRS 16 caused a charge of € 1.4 million within financial result in the first half of 2019, whereas EBIT improved by a similar amount. There was a positive effect of around € 14 million on EBITDA. On balance, the application of IFRS 16 did not have any impact on free cash flow, although the cash flow from operating activities rose by around € 14 million in the first half of 2019, whereas the cash flow from financing activities was correspondingly lower. In the opening balance sheet as of January 1, 2019, property, plant and equipment as well as investment properties increased by a total of € 88 million. Equity dropped by € 7 million, while there were declines of € 2 million in other items on the equity and liabilities side of the balance sheet. Financial liabilities rose by € 99 million, resulting in a corresponding drop in the net financial status.

Operating environment

ECONOMY

Against the backdrop of the trade conflicts, the unresolved Brexit question and mounting political tension (Iran, to mention only one example), the economic outlook is deteriorating. The central banks and markets have already reacted to this, with interest rates declining again substantially in the last six months. German ten-year Bunds, for example, are currently yielding -0.4%. Commodity prices (Bloomberg Commodity Index) have been surprisingly stable, while exchange rates were also largely unchanged in the first half of 2019.

ECONOMIC FORECAST

	2018	2019F	2020F
GDP growth, %			
United States	2.9	2.4	1.8
Japan	0.8	0.5	-0.1
Eurozone	1.9	1.1	1.0
Germany	1.4	0.7	1.2
China	6.6	6.2	5.8
Global	3.8	3.2	3.3

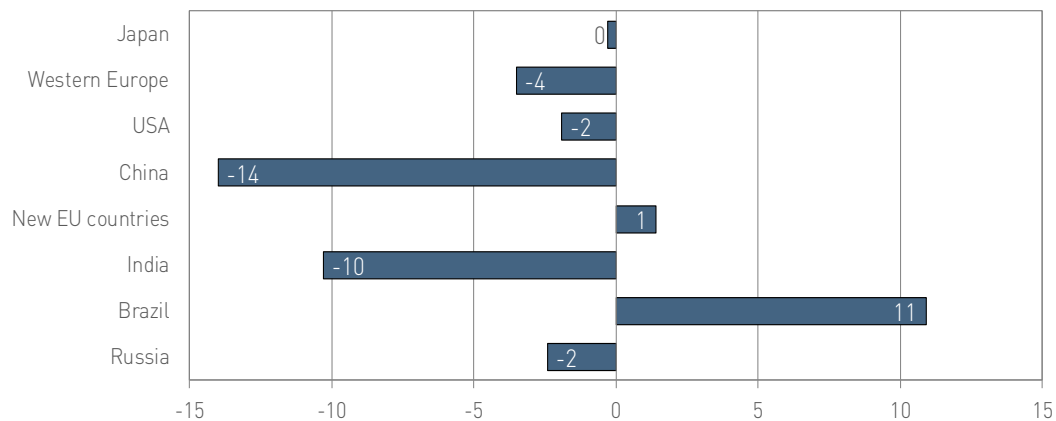
Source: Deutsche Bank, July 2019
F = forecast

AUTOMOTIVE INDUSTRY

Global passenger vehicle sales were substantially weaker than expected in the first half of 2019, with most of the major markets shrinking. In China, the world's largest automotive market, sales contracted by as much as 14%. Consumer uncertainty has increased significantly due to the trade conflicts on the one hand and the technological change towards e-mobility on the other.

CAR SALES JANUARY TO JUNE 2019

% year-on-year change



Source: Verband der Automobilindustrie (VDA), 07/2019

GENERAL MECHANICAL ENGINEERING

The German Mechanical and Plant Engineering Association (VDMA) now expects production output to decline by 2% in 2019. Order intake also continued to nose-dive in May, dropping by 7%. In the period from March to May 2019 orders fell by an average of 9%, with foreign demand in particular softening.

The VDMA association for secondary wood processing (the sub-market of relevance for HOMAG) registered a price-adjusted drop of 19% in new orders from January to May 2019. The forecast issued in November 2018 providing for steady sales in 2019 has not yet been revised but will probably be difficult to achieve given the low order intake.

Business performance*

CURRENCY-TRANSLATION AND CONSOLIDATION EFFECTS

Exchange-rate changes had a slightly positive effect on the Dürr Group's order intake and sales in the first half of 2019. On the basis of like-for-like exchange rates, order intake would have dropped by an additional 1.4 percentage points while revenue growth would have been 1.5 percentage points lower. Consolidated on October 5, 2018 for the first time, the Megtec/Universal Group contributed € 108 million to order intake and € 91 million to sales in the first half of 2019. Currency-translation and consolidation effects had only a negligible effect on EBIT.

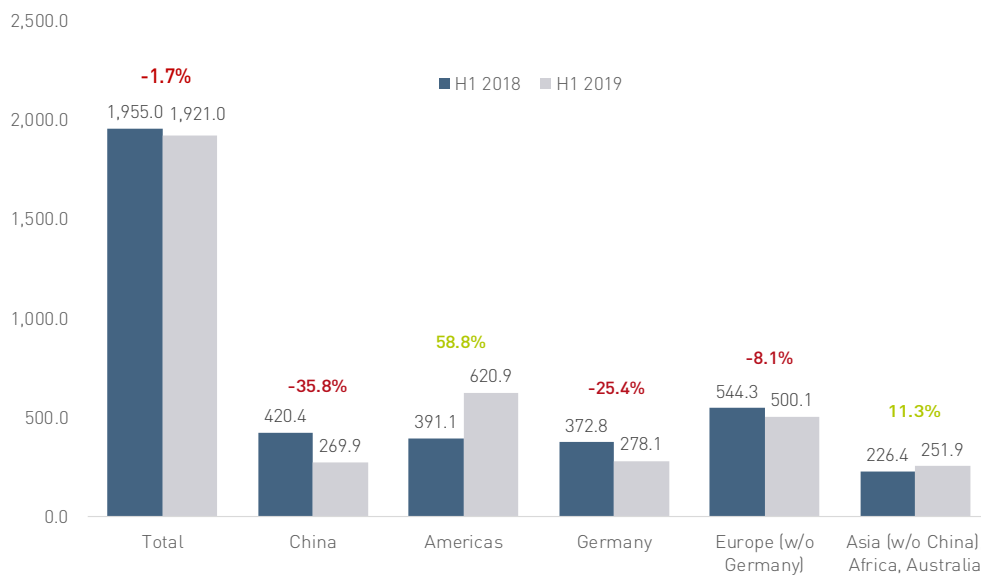
* This interim report has been prepared in accordance with the International Financial Reporting Standards (IFRS).

ORDER INTAKE NEARLY UNCHANGED

Despite the more challenging macroeconomic conditions, the Dürr Group's order intake was nearly unchanged in the first half of 2019, coming to € 1,921.0 million (down 1.7%). Three of the five divisions posted an increase in orders, with only Application Technology and Woodworking Machinery and Systems falling short of the previous year's high figures. With order intake down 12.9% over the same period in the previous year, the second quarter was weaker than the first. Paint and Final Assembly Systems reported temporarily low orders but expects to achieve substantially higher order intake again in the second half of the year due, among other things, to the continued expansion of production capacities for electric vehicles. Woodworking Machinery and Systems also registered lower order intake in the second quarter in the wake of a soft economy and a market decline in business with the furniture industry.

Order intake in the emerging markets (Asia excluding Japan, South and Central America, Africa, Eastern Europe) widened by 4.5% in the first half of the year to € 901.3 million, accounting for 46.9% of Group order receipts. In China, orders temporarily declined to € 269.9 million (H1 2018: € 420.4 million). This is chiefly due to the customary fluctuation in the award of big-ticket contracts. Woodworking Machinery and Systems (HOMAG Group) felt the effects of the sustained uncertainty afflicting the furniture industry in China. In Mexico, we received a large-scale contract for the construction of a paintshop. Whereas order intake dropped in Europe, we gained sizeable projects from automotive OEMs in Africa (Algeria) and Asia (India).

ORDER INTAKE (€ M) IN THE FIRST HALF OF 2019



€ m	H1 2019	H1 2018	Q2 2019	Q2 2018
Order intake	1,921.0	1,955.0	815.1	935.9
Sales	1,880.4	1,749.6	930.5	909.5
Orders on hand (June 30)	2,622.2	2,750.3	2,622.2	2,750.3

SALES UP 7.5%

Sales climbed by 7.5% to € 1,880.4 million in the first half of 2019. With the exception of Application Technology and Measuring and Process Systems, all divisions posted what in some cases was substantial top-line growth. At 2.3%, sales growth in the second quarter slowed compared with the first quarter (13.1%). At € 930.5 million, however, sales in absolute terms in the second quarter were only marginally down on the first quarter (€ 949.9 million). We expect sales to rise in the second half of 2019.

Germany accounted for 17% of Group sales in the first half of the year, other European countries for 30%, North and South America for 26% and Asia, Africa and Australia for 27%. The emerging markets contributed 44% of sales (H1 2018: 50%).

Service revenues rose more quickly than total sales in the first half of 2019, climbing sharply by 15%. The service revenues of € 527.2 million accounted for 28.0% of Group sales. The growth in service business was underpinned by all five divisions, with the consolidation of Megtec/Universal yielding a positive effect in Clean Technology Systems. We expect service business to continue growing as the year progresses, albeit less swiftly.

The book-to-bill ratio came to 1.02 despite the increase in sales. Order backlog rose by € 45 million over the end of 2018 to € 2,622.2 million but dropped by € 128.1 million compared with June 30, 2018.

INCOME STATEMENT AND PROFITABILITY RATIOS

		H1 2019	H1 2018	Q2 2019	Q2 2018
Sales	€ m	1,880.4	1,749.6	930.5	909.5
Gross profit	€ m	414.1	404.1	207.7	205.5
Overheads ¹	€ m	319.9	298.5	161.4	152.9
EBITDA	€ m	150.4	140.9	74.7	69.8
EBIT	€ m	95.2	101.4	46.6	50.3
EBIT before extraordinary effects ²	€ m	106.9	112.8	52.3	56.0
Financial result	€ m	-6.6	-7.1	-3.9	-3.8
EBT	€ m	88.6	94.3	42.7	46.5
Income taxes	€ m	-25.0	-26.2	-12.1	-12.9
Earnings after tax	€ m	63.6	68.1	30.6	33.6
Earnings per share	€	0.88	0.95	0.43	0.46
Gross margin	%	22.0	23.1	22.3	22.6
EBITDA margin	%	8.0	8.1	8.0	7.7
EBIT margin	%	5.1	5.8	5.0	5.5
EBIT margin before extraordinary effects ²	%	5.7	6.4	5.6	6.2
EBT margin	%	4.7	5.4	4.6	5.1
Return on sales after taxes	%	3.4	3.9	3.3	3.7
Tax rate	%	28.2	27.8	28.2	27.8

¹ Sales and marketing, administration and R&D expenses

² Extraordinary effects in H1 2019: € -11.7 million (including purchase price allocation: € -10.0 million), H1 2018: € -11.4 million

GROSS PROFIT UP ON THE PREVIOUS YEAR

Gross profit rose by 2.5% to € 414.1 million in the first half of 2019. However, the gross margin shrank by 1.1 percentage points to 22.0%. One factor at play here was the heightened competitive pressure to which the Measuring and Process Systems and Woodworking Machinery and Systems divisions were exposed. A further factor was the completion of older contracts with narrower margins in the Paint and Final Assembly Systems division. The gross margin widened in Application Technology and Clean Technology Systems.

EBIT DOWN SLIGHTLY

Overheads (including research and development costs) rose by 7.2% in the first half of 2019, thus mirroring the growth in sales. The substantial increase in selling expenses (up 14.9%) was chiefly due to the acquisition of Megtec/Universal. Another factor was higher expenditure on trade shows and marketing. We expect selling expenses to rise more slowly in the second half of the year. Other operating income and other operating expense more or less balanced each other out, producing net other operating income of € 1.0 million (H1 2018: net other operating expense of € 4.1 million).

EBIT contracted by 6.1% to € 95.2 million in the first half of 2019 (H1 2018: € 101.4 million). One factor here was the overheads, which grew more quickly than gross profit in absolute terms, too. Adjusted for extraordinary expenses of € 11.7 million, operating EBIT came to € 106.9 million, down from € 112.8 million in the same period of the previous year (down 5.2%). The operating EBIT margin contracted from 6.4% to 5.7%. At € 10.0 million, purchase price allocation effects accounted for the bulk of the extraordinary expenses. Extraordinary effects also include the purchase price allocation effects for smaller entities acquired in earlier years (e.g. iTAC, Agramkow, Dualis). We have duly adjusted the figures reported for the previous year. In the second quarter, EBIT fell by 7.4% to € 46.6 million.

With depreciation and amortization coming to € 55.2 million, EBITDA climbed to € 150.4 million in the first half of the year (H1 2018: € 140.9 million). Financial result improved slightly from € -7.1 million to € -6.6 million. While investment income decreased by € 0.8 million, interest income and interest expense improved by € 1.2 million.

Despite a small increase to 28.2%, the tax rate remained at a low level (H1 2018: 27.8%). Earnings after tax dropped by 6.6% to € 63.6 million due to the lower EBIT, earnings per share came to € 0.88 (H1 2018: € 0.95).

Financial position

CASH FLOW UNDER PRESSURE FROM LOWER CUSTOMER PAYMENTS

As in previous years, **cash flow from operating activities** was negative (€ -112.9 million) in the first half of 2019, dropping by € 53.9 million over the same period of the previous year due to the fact that net working capital (NWC) rose by € 161.9 million compared with the end of 2018. It is not unusual for NWC at the Dürr Group to rise in the first half of the year. In the first half of 2019, the increase was primarily due to delayed payments in automotive business as well as low prepayments as Paint and Final Assembly Systems temporarily did not receive any big-ticket orders in the second quarter. Moreover, several plant engineering projects were still in an early phase of completion and inventories of finished and unfinished goods were slightly elevated at the Group level. The unsatisfactory NWC performance also caused cash flow from operating activities to dip into negative territory in the second quarter after being slightly positive in the same period of the previous year. As progress billings and prepayments fell short of our expectations, we scaled back our cash flow guidance for 2019 on July 22 and are now projecting a decline in cash flow instead of an increase.

CASHFLOW¹

€ m	H1 2019	H1 2018	Q2 2019	Q2 2018
Earnings before taxes	88.6	94.3	42.7	46.5
Depreciation and amortization	55.2	39.5	28.1	19.5
Interest result	9.5	10.7	4.8	6.8
Income tax payments	-32.6	-49.0	-22.9	-26.6
Change in provisions	-10.2	-14.8	-5.7	-5.7
Change in net working capital	-161.9	-82.3	-74.6	17.3
Other items	-61.5	-57.4	-42.3	-41.3
Cash flow from operating activities	-112.9	-59.1	-69.9	16.6
Interest payments (net)	-18.3	-13.0	-18.6	-5.0
Repayment of lease liabilities	-13.3	-0.7	-7.4	-0.7
Capital expenditure	-36.9	-34.1	-19.5	-21.2
Free cash flow	-181.4	-106.8	-115.4	-10.4
Other cash flows (incl. dividend)	-62.4	-108.2	-59.3	-112.9
Change in net financial status	-243.9	-215.0	-174.7	-123.2

¹ Currency translation effects have been eliminated from the cash flow statement. Accordingly, it does not fully reflect all changes in balance sheet positions as shown in the statement of financial position.

Cash flow from investing activities came to € -30.7 million in the first half of 2019. The main factor here was capital expenditure on property, plant and equipment as well as intangible assets, which rose from € 34.1 million to € 36.9 million. There were no cash outflows in the first half of 2019 for acquisitions, equity investments or investments in other financial assets.

The **cash flow from financing activities** came to € -107.3 million, compared with € -130.5 million in the first half of 2018. The largest single outgoing item was the distribution of the dividend of € 69.2 million. In addition, it includes an outflow of € 8.8 million in connection with the increase from 75% to 100% in our interest in BENZ Werkzeugsysteme GmbH.

Reflecting the negative cash flow from operating activities, **free cash flow** fell to € -181.4 million in the first half of 2019 (H1 2018: € -106.8 million). Net financial status stood at € -310.4 million mid-year. Compared with the end of 2018, this was a decline of € 342.7 million, of which € 98.8 million was due to the application of IFRS 16 (see page 5).

NET FINANCIAL STATUS

€ m	
June 30, 2019	-310.4
December 31, 2018	32.3
June 30, 2018	-38.7

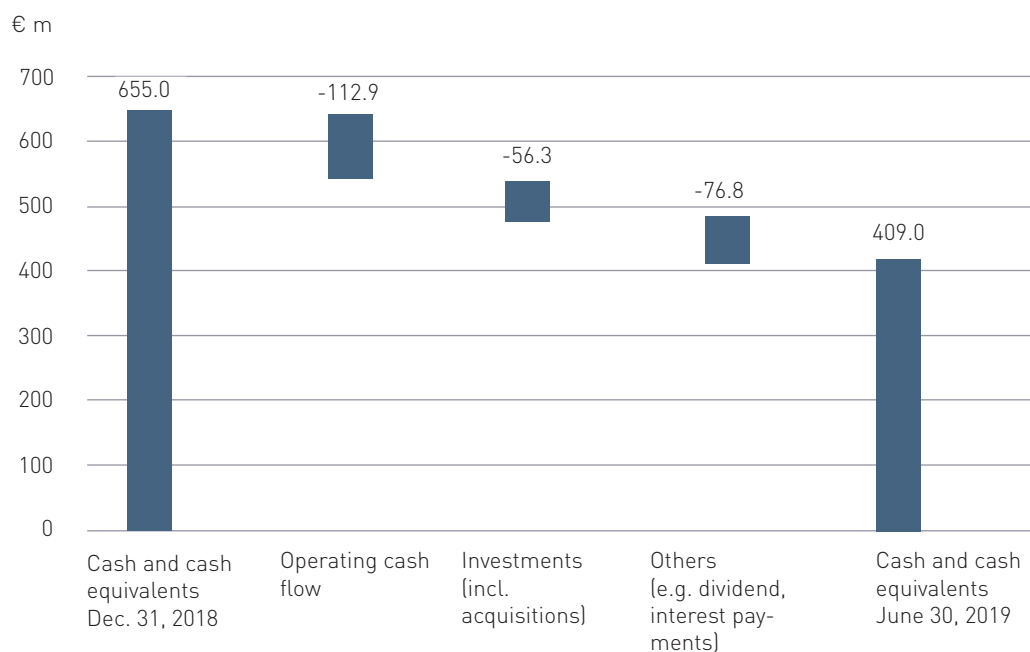
TOTAL ASSETS DOWN SLIGHTLY

CURRENT AND NON-CURRENT ASSETS

€ m	June 30, 2019	Percentage of total assets	December 31, 2018	June 30, 2018
Intangible assets	645.2	18.4	651.3	586.2
Property, plant and equipment	516.6	14.7	433.8	410.2
Other non-current assets	141.3	4.0	159.1	116.0
Non-current assets	1,303.0	37.2	1,244.3	1,112.3
Inventories	565.1	16.1	535.4	571.3
Contract assets	504.3	14.4	478.3	505.9
Trade receivables	564.9	16.1	566.7	540.9
Cash and cash equivalents	409.0	11.7	655.0	472.2
Other current assets	158.0	4.5	134.6	270.2
Current assets	2,201.3	62.8	2,370.1	2,360.5
Total assets	3,504.4	100.0	3,614.4	3,472.9

On the assets side, the first-time application of IFRS 16 (see page 5) caused property, plant and equipment and investment properties to increase by a total of € 88 million. The increase in inventories, contract assets and other current assets was accompanied by a decline in cash and cash equivalents. Total assets dropped by 3.0% to € 3,504.4 million compared with the end of 2018.

LIQUIDITY DEVELOPMENT



11% INCREASE IN EQUITY SINCE MID-2018

EQUITY

€ m	June 30, 2019	Percentage of total assets	December 31, 2018	June 30, 2018
Subscribed capital	177.2	5.1	177.2	177.2
Other equity	796.4	22.7	800.1	695.8
Equity attributable to shareholders	973.6	27.8	977.3	872.9
Non-controlling interests	14.2	0.4	14.9	13.9
Total equity	987.8	28.2	992.2	886.8

The lower total assets and the increase of € 101.0 million in equity (compared with June 30, 2018) caused the equity ratio to widen to 28.2% mid-year (June 30, 2018: 25.5%). This puts us close to our target of 30%.

Current and non-current liabilities declined by € 105.7 million over the end of 2018. Whereas the first-time application of IFRS 16 caused financial liabilities to climb by € 98.8 million, contract liabilities and other liabilities dropped substantially.

CURRENT AND NON-CURRENT LIABILITIES

€ m	June 30, 2019	Percentage of total assets	December 31, 2018	June 30, 2018
Financial liabilities (incl. bond)	719.4	20.5	623.3	617.4
Provisions (incl. pensions)	190.7	5.4	199.8	205.1
Contract liabilities	534.2	15.2	673.0	731.8
Trade payables	510.1	14.6	502.4	436.9
Income tax liabilities	125.0	3.6	126.9	124.3
Other liabilities (incl. deferred taxes, deferred income)	437.2	12.5	496.9	470.6
Total	2,516.6	71.8	2,622.2	2,586.1

DEBT CAPITAL AND FUNDING STRUCTURE

On June 16, 2019, we issued a sustainability bonded loan for € 200 million, the world's first company to do so. What makes this issue so special is that interest is linked to the Dürr Group's sustainability rating calculated by EcoVadis. The proceeds from the total issue of € 200 million, which is divided into various tranches with maturities of five, six, eight and ten years, accrued to us in July. The average interest rate is 0.84%, which is lower than the average interest rate of 1.6% on the bonded loan of € 300 million placed in 2016. The new bonded loan is being used as follow-up funding for the € 300 million corporate bond with a coupon of 2.875% that expires in 2021.

Our funding structure is currently composed of the following instruments:

- Corporate bond issued by Dürr AG of € 300 million
- Two bonded loans issued by Dürr AG of a combined total of € 500 million
- Syndicated loan held by Dürr AG for € 465 million
- Lease liabilities of € 103 million
- Bilateral credit facilities of a minor amount

OFF-BALANCE-SHEET FINANCING INSTRUMENTS AND OBLIGATIONS

There has been a sharp decline in the volume of off-balance-sheet financing instruments and obligations since the end of 2018 due to the first-time application of IFRS 16 (see page 5). Operating leases previously constituted the most important form of off-balance-sheet funding for Dürr. At € 17.9 million, factoring operations (forfaiting, factoring, negotiation) were low as of June 30, 2019.

Our credit and guarantee facilities were valued at € 1,088.3 million as of June 30, 2019 (June 30, 2018: € 966.5 million), with drawdowns coming to € 319.9 million. The guarantees chiefly take the form of credit guarantees and sureties and do not constitute off-balance-sheet finance instruments.

ACTUAL PERFORMANCE VS. FORECAST: BUSINESS PERFORMANCE AND FINANCIAL CONDITION FALLING SHORT OF EXPECTATIONS

Business performance in the first half of 2019 was influenced by the substantial economic slowdown and failed to fully live up to our expectations. The Measuring and Process Systems and Woodworking Machinery and Systems divisions did not meet the forecasts on account of more difficult market conditions. The other three divisions performed in line with expectations. Although we had targeted an increase in Group earnings for the first half of the previous year, the period under review effectively fell short of the previous year. We expect stronger earnings and cash flow in the second half of the year. Even so, the more challenging market conditions prompted us to scale back our full-year earnings and cash flow targets on July 22. Information on our full-year forecasts can be found in the Outlook section on page 19.

R&D and capital expenditure

In connection with our cost-cutting efforts, we lowered direct R&D expenses by 4.9% to € 58.3 million in the first half of 2019. However, no cuts were made to strategically important innovation projects such as digitization. The R&D ratio came to 3.1%, down from 3.5% in the same period of the previous year. In the second quarter of 2019, R&D expenses came to € 29.2 million, translating into an R&D ratio of 3.1% (Q2 2018: € 30.4 million / 3.3%). In addition to direct R&D spending, there are also other development costs arising in connection with customer orders, which are reported within the cost of sales. In the first half of 2019, development expenses of € 9.9 million were capitalized (H1 2018: € 6.6 million). This includes € 5.1 million in the second quarter (Q2 2018: € 4.4 million). As of June 30, 2019, the Group's R&D departments had a total of 788 employees, an increase of 6.3% over the same date in the previous year.

We were able to unveil several promising innovations in the first half of 2019:

- Our DXQ software family for smart automotive production was a highlight of Dürr's Open House held in May. One new application, for example, is **DXQ**plant.analytics for quality assurance in paintshops. The digital tool uses artificial intelligence to detect any systematic quality deviations, to identify the causes in the painting process and to suggest optimization measures on this basis.
- Paint and Final Assembly Systems used the Dürr Open House to present the world's first driverless transport system for paintshops to the industry visitors. The freely controllable **EcoProFleet** system transports car bodies flexibly to the individual processing stations and is therefore an important component for future paint shops.
- During the Open House, Application Technology also unveiled a groundbreaking innovation for the increasingly popular two-tone coating of cars. The robot-based **EcoPaintJet** system applies contrasting paints fully automatically, with high precision and free of any overspray, thus producing considerable efficiency gains.
- Clean Technology Systems is continuing to improve the emissions performance of its exhaust air purification systems. The newly designed TARcom VII generation of burners will further reduce nitrogen oxide emissions and thus make it possible to comply with more ambitious limits.

- Measuring and Process Systems expanded its range of products and services in the field of electro mobility. The Centrio 100 spin test system measures how rotors for vehicle motors behave as speeds increase and determines the speeds at which deformations occur. These measurements are important to ensure the durability of the rotors throughout their life cycles. Customers can ask Schenck RoTec to perform the measurements as a service or purchase their own spin testing system with these options.
- Woodworking Machinery and Systems (HOMAG Group) underscored its innovative prowess at LIGNA, the leading trade fair for woodworking in Hanover in May. One important highlight was the easily implementable digitization systems for crafts enterprises and small and medium-sized furniture manufacturers. Among other things, the HOMAG Group is focusing on intuitive assistance apps and – for small and medium-sized enterprises – on the driverless TRANSBOT transport system.

CAPITAL EXPENDITURE ELEVATED

Capital expenditure on property, plant and equipment as well as intangible assets rose to € 47.5 million (+38.4%). This figure includes additions to right-of-use assets from leases for the first time (IFRS 16). At € 24.1 million, capex remained at a high level for Woodworking Machinery and Systems. IT and digitization formed a key aspect of Group-wide capital expenditure. Investments in intangible assets came to € 13.8 million (H1 2018: € 9.5 million). There were no acquisitions in the first half of the year.

CAPITAL EXPENDITURE¹

€ m	H1 2019	H1 2018	Q2 2019	Q2 2018
Paint and Final Assembly Systems	10.7	4.7	5.4	2.6
Application Technology	5.8	5.2	3.4	2.8
Clean Technology Systems	1.2	1.7	0.8	0.9
Measuring and Process Systems	4.2	2.8	2.7	1.8
Woodworking Machinery and Systems	24.1	18.4	12.5	12.1
Corporate Center	1.4	1.6	0.6	1.2
Total	47.5	34.3	25.4	21.4

¹ on property, plant and equipment and on intangible assets

Employees

EMPLOYEE NUMBERS VIRTUALLY UNCHANGED

The Dürr Group had 16,384 employees at the middle of 2019, i.e. only marginally more than on December 31, 2018 (up 0.4%). Employee numbers in the emerging markets were unchanged over the end of 2018, standing at 5,143. In Germany, the headcount rose by 64 to 8,216. We expect to see a slight decline in employee numbers at the end of 2019 compared with December 31, 2018.

EMPLOYEES BY DIVISION

	June 30, 2019	December 31, 2018	June 30, 2018
Paint and Final Assembly Systems	3,542	3,472	3,405
Application Technology	2,251	2,246	2,154
Clean Technology Systems	1,427	1,472	600
Measuring and Process Systems	2,309	2,279	2,303
Woodworking Machinery and Systems	6,592	6,593	6,567
Corporate Center	263	250	207
Total	16,384	16,312	15,236

EMPLOYEES BY REGION

	June 30, 2019	December 31, 2018	June 30, 2018
Germany	8,216	8,152	8,020
Other European countries	2,602	2,567	2,449
North / Central America	2,007	2,027	1,398
South America	334	341	321
Asia, Africa, Australia	3,225	3,225	3,048
Total	16,384	16,312	15,236

Segment report

SALES BY DIVISION

€ m	H1 2019	H1 2018	Q2 2019	Q2 2018
Paint and Final Assembly Systems	604.7	567.3	293.6	297.1
Application Technology	271.7	298.0	132.3	152.5
Clean Technology Systems	180.3	65.0	92.1	34.7
Measuring and Process Systems	186.9	213.5	95.1	114.2
Woodworking Machinery and Systems	636.8	605.7	317.5	311.1
Corporate Center / consolidation	0.0	0.0	0.0	0.0
Group	1,880.4	1,749.6	930.5	909.5

EBIT BY DIVISION

€ m	H1 2019	H1 2018	Q2 2019	Q2 2018
Paint and Final Assembly Systems	24.6	24.9	11.9	12.5
Application Technology	27.8	30.7	13.2	15.5
Clean Technology Systems	0.7	- 2.5	1.4	- 1.6
Measuring and Process Systems	12.8	23.9	6.0	13.5
Woodworking Machinery and Systems	35.0	37.2	16.7	17.4
Corporate Center / consolidation	- 5.6	- 12.7	- 2.5	- 7.0
Group	95.2	101.4	46.6	50.3

PAINT AND FINAL ASSEMBLY SYSTEMS

		H1 2019	H1 2018	Q2 2019	Q2 2018
Order intake	€ m	588.5	577.5	194.4	303.3
Sales	€ m	604.7	567.3	293.6	297.1
EBITDA	€ m	35.5	32.1	17.5	16.1
EBIT	€ m	24.6	24.9	11.9	12.5
EBIT margin	%	4.1	4.4	4.1	4.2
ROCE ¹	%	28.1	83.7	27.3	83.8
Employees (June 30)		3,542	3,405	3,542	3,405

¹ Annualized

Order intake in the Paint and Final Assembly Systems division climbed by 1.9% in the first half of 2019 despite a moderate development in the second quarter. An important contribution was made by a big-ticket contract placed by a US automotive OEM for a plant in Mexico. We also gained a major project in India. The global project pipeline, i.e. the total of volume of projects close to being awarded by our customers, is stable despite the substantial deterioration in the underlying conditions. Sales in the Paint and Final Assembly Systems division climbed by 6.6% in the first half of 2019. EBIT did not develop in line with sales due to the invoicing of low-margin orders. Consequently, the EBIT margin shrank to 4.1%, down from 4.4% in the same period of the previous year. However, the recovery in the gross margin on order intake continued in the first half of the year. We expect stronger earnings in the second half of 2019 thanks to the invoicing of projects with better margins and the positive effects of the FOCUS 2.0 optimization program. On this basis, we confirm our goal of widening the EBIT margin of the Paint and Final Assembly Systems division to 4.6 to 5.5% in 2019.

APPLICATION TECHNOLOGY

		H1 2019	H1 2018	Q2 2019	Q2 2018
Order intake	€ m	305.0	345.1	145.5	176.6
Sales	€ m	271.7	298.0	132.3	152.5
EBITDA	€ m	34.4	36.4	16.6	18.3
EBIT	€ m	27.8	30.7	13.2	15.5
EBIT margin	%	10.2	10.3	10.0	10.2
ROCE ¹	%	17.2	24.3	16.3	24.6
Employees (June 30)		2,251	2,154	2,251	2,154

¹ Annualized

Order intake and sales in the Application Technology division contracted in the first half of 2019 (by 11.6% and 8.8%, respectively). Service business was also down, reflecting the low capacity utilization of many automotive factories, for which fewer replacement parts were required as a result. The book-to-bill ratio came to 1.12. EBIT contracted at roughly the same rate as sales, with the EBIT margin coming to 10.2% (H1 2018: 10.3%). As with Paint and Final Assembly Systems, the project pipeline is well filled, prompting us to expect higher order intake in the second half of the year. The 4.5% increase in headcount compared with June 30, 2018 is primarily due to the fact that external staff were placed on fixed contracts in accordance with changed legal requirements in Germany.

CLEAN TECHNOLOGY SYSTEMS

		H1 2019	H1 2018	Q2 2019	Q2 2018
Order intake	€ m	208.0	116.5	95.5	58.8
Sales	€ m	180.3	65.0	92.1	34.7
EBITDA	€ m	7.1	-1.1	4.6	-0.9
EBIT	€ m	0.7	-2.5	1.4	-1.6
EBIT margin	%	0.4	-3.9	1.5	-4.5
ROCE ¹	%	0.8	-7.1	3.3	-8.8
Employees (June 30)		1,427	600	1,427	600

¹ Annualized

The figures for Clean Technology Systems for the first half of 2019 were heavily influenced by the acquisition of Megtec/Universal in the fourth quarter of 2018. The division's order intake almost doubled, although the previous year's high level was not reached in like-for-like terms. The book-to-bill ratio came to a high 1.15. Sales improved both as a result of the consolidation of Megtec/Universal and on a like-for-like basis. Sales picked up in the second quarter after a muted first three months. This also had a positive effect on EBIT, thus more than making up for the slight loss sustained in the first quarter. Looking ahead over the next few quarters, we expect to see a continuation of the positive trend in earnings.

MEASURING AND PROCESS SYSTEMS

		H1 2019	H1 2018	Q2 2019	Q2 2018
Order intake	€ m	228.6	214.6	123.5	111.1
Sales	€ m	186.9	213.5	95.1	114.2
EBITDA	€ m	18.9	28.0	8.9	15.5
EBIT	€ m	12.8	23.9	6.0	13.5
EBIT margin	%	6.9	11.2	6.3	11.8
ROCE ¹	%	8.9	18.0	8.3	20.3
Employees (June 30)		2,309	2,303	2,309	2,303

¹ Annualized

Order intake in the Measuring and Process Systems division rose by 6.5% in the first half of 2019. In the stronger second quarter, it climbed by 11.1% over the same period of the previous year. The 12.5% decline in sales was caused by the moderate order intake in the fourth quarter of 2018, during which high sales had simultaneously been recognized. Moreover, the division sustained a sizeable decline in its business in balancing systems for turbochargers and crankshafts. In addition to the lower sales, EBIT also came under pressure from heavy R&D spending in connection with digitization. Against this backdrop, the EBIT margin temporarily dipped to 6.9%. However, we expect the EBIT margin to rise again in the second half of the year, driven by higher sales.

WOODWORKING MACHINERY AND SYSTEMS

		H1 2019	H1 2018	Q2 2019	Q2 2018
Order intake	€ m	590.8	701.3	256.2	286.1
Sales	€ m	636.8	605.7	317.5	311.1
EBITDA	€ m	58.6	56.6	28.8	26.9
EBIT	€ m	35.0	37.2	16.7	17.4
EBIT margin	%	5.5	6.1	5.2	5.6
ROCE ¹	%	14.0	16.3	13.3	15.3
Employees (June 30)		6,592	6,567	6,592	6,567

¹ Annualized

Woodworking Machinery and Systems felt the effects of a market decline in business with the furniture industry in the first half of 2019. As a result, order intake fell by 15.8% compared with the exceptionally strong first half of 2018. Demand in China, where the division customarily generates sales producing wider margins, sagged again substantially. Sales climbed by 5.1% thanks to the still high order backlog. EBIT dropped by 6.9% to € 35.0 million, translating into an EBIT margin of 5.5%, down from 6.1% in the same period in the previous year. This was due to narrower margins caused by market contraction, the low sales in China, shortfalls in capacity utilization and rising material and personnel costs. We have scaled back the EBIT forecast for Woodworking Machinery and Systems due to the softer demand and heightened competition (see Outlook on page 19). At the same time, we have implemented cost-cutting programs in response to the more challenging market environment.

CORPORATE CENTER

EBIT in the Corporate Center (Dürr AG and Dürr IT Service GmbH) improved to € -5.6 million in the first half of 2019 (H1 2018: € -12.7 million). In the same period in the previous year it had come under pressure from non-recurring costs in connection with the FOCUS 2.0 optimization program (€ 3.5 million) and the acquisition of Megtec/Universal (€ 1.5 million). Consolidation effects remained at a low level.

Opportunities and risks

The customary opportunities and risks of our business as well as the opportunity and risk management systems are discussed from page 81 of our annual report for 2018.

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 an appreciable increase in macroeconomic and sector risks since the publication of the annual report on March 22, 2019. This is primarily due to the more muted outlook for mechanical and plant engineering and the unsatisfactory production and sales figures in the automotive industry. The background to this is the escalating trade conflicts, the risk of a disorderly Brexit and the tense political situation in the Middle East. The economic slowdown could have a more adverse effect on demand especially in the Dürr Group's more early-cycle mechanical engineering business, the Woodworking Machinery and Systems division has recently noted greater spending reticence on the part of customers. In service business, lower capacity utilization at many automotive plants could lead to a decline in orders for spare parts.

OPPORTUNITIES

Despite the more challenging macroeconomic environment, our business offers several opportunities. In the automotive segment, emerging electromobility is generating additional demand for production technology. For one thing, new producers of e-vehicles are entering the market while, for another, the incumbents are increasingly spending on new machinery and equipment to produce e-vehicles. Digitization is an opportunity for us as we are able to leverage our specific knowledge of our customers' production processes in the form of shopfloor know-how to develop our software solutions. Further opportunities include economies of scale in environmental technology through the integration of Megtec/Universal and the European Union's new VOC limits, which are supporting business in exhaust purification systems. Paint and Final Assembly Systems should increasingly benefit from efficiency enhancements as the year progresses as a result of the FOCUS 2.0 optimization program.

Personnel changes

There were no changes in the composition of Dürr AG's Board of Management or the Supervisory Board during the period under review.

In March 2019, the Supervisory Board renewed Dr. Jochen Weyrauch's contract for a further five years until December 31, 2024. A member of Dürr AG's Board of Management since the beginning of 2017, Dr. Weyrauch is responsible for the Paint and Final Assembly Systems, Application Technology and Clean Technology Systems divisions as well as corporate development and information technology.

Transactions with related parties

This information can be found on page 42 of this report.

Outlook

OPERATING ENVIRONMENT

The economic outlook has deteriorated considerably since the beginning of the year. As things currently stand, the global economy is expected to grow by 3.2% in 2019 and hence more slowly than in the previous year (3.8%). Economists expect a similar growth rate for 2020. In Europe, gross domestic product is expected to increase by only 1% in the current year, while growth of around 6% is expected for China.

In their latest study (July 2019), the automotive analysts at PwC now project a 1.5% decline in global light vehicle production to 91.7 million units in 2019. This would mark the second year in a row in which production has shrunk. In January, PwC had still been projecting growth of 4.1% to 97.9 million units. The downswing is more pronounced than expected in China in particular. Looking ahead over the next few years, however, PwC expects the global automotive market to improve. In particular, this should be driven by strong demand in the emerging markets.

LIGHT VEHICLE PRODUCTION

Million units	2018	2023F	CAGR 2018-2023F
North America	16.9	18.3	1.6%
Mercosur	3.4	4.0	3.3%
Western Europe	15.0	16.5	1.9%
Eastern Europe	7.3	8.0	1.8%
Asia	47.8	55.2	2.9%
Of which China	25.7	29.7	2.9%
Others	2.7	3.5	5.3%
Total	93.1	105.5	2.5%

Source: PwC Autofacts 07/2019
F = forecast

Growth prospects in the furniture industry and general industry have also deteriorated since the beginning of the year. In view of the decline of just under 20% in orders reported by the VDMA Association for Woodworking Machinery for the first five months of 2019, the industry is also expected to register lower sales and order intake for the year as a whole in 2019.

SALES, ORDER INTAKE AND EBIT

After the first half of 2019, order intake and sales are on track towards achieving our full-year targets. However, earnings and cash flow fell short of expectations. The more challenging environment prompted us to scale back our full-year guidance for these two indicators on July 22, 2019. The EBIT margin is now expected to be in a range of 5.5 to 6.0% in 2019 instead of the previously projected figure of 6.5 to 7.0%. The new target range for EBIT before extraordinary effects is 6.0 to 6.5% (previously 7.0 to 7.5%). We expect sales and earnings to pick up in the second half of the year. This is necessary if we are to achieve our full-year earnings forecast for 2019. The Group's full-year targets for order intake (€ 3.8 to 4.1 billion) and sales (€ 3.9 to 4.1 billion) are unchanged due to still stable automotive business.

Whereas Woodworking Machinery and Systems had originally expected demand in the furniture industry to remain stable in 2019, the market contracted in the second quarter in particular. Consequently, we have scaled back the division's full-year targets for order intake, sales and EBIT. In the year to date, Measuring and Process Systems experienced stronger competition accompanied by a decline in business with balancing systems for combustion engine components. Against this backdrop, the EBIT margin target for this division was adjusted to 10.0 to 11.0% for 2019. As things currently stand, Paint and Final Assembly Systems and Application Technology, the two divisions addressing the automotive industry, should achieve the targets defined for order intake, sales and EBIT in 2019. Paint and Final Assembly Systems will benefit from the scheduled implementation of the FOCUS 2.0 optimization program. Despite the more difficult underlying

conditions, there is a constant pipeline with capital spending projects in the automotive industry. The environmental technology division Clean Technology Systems should likewise post increases in order intake, sales and earnings in 2019.

GROUP OUTLOOK

		2018 act.	Outlook 2019 old	Outlook 2019 new
Order intake	€ m	3,930.9	3,800 - 4,100	3,800 - 4,100
Orders on hand (December 31)	€ m	2,577.2	2,400 - 2,900	2,400 - 2,900
Sales	€ m	3,869.8	3,900 - 4,100	3,900 - 4,100
EBIT margin	%	6.0	6.5 - 7.0	5.5 - 6.0
EBIT margin before extraordinary effects	%	7.1	7.0 - 7.5	6.0 - 6.5
ROCE	%	24.0	20 - 30	15 - 20
Financial result	€ m	- 13.8	Deterioration	Deterioration
Tax rate	%	25.6	27 - 28	27 - 28
Earnings after tax	€ m	163.5	175 - 190	145 - 160
Cash flow from operating activities	€ m	162.3	Up on the previous year	Down on the previous year
Free cash flow	€ m	78.4	Up on the previous year	Down on the previous year
Net financial status (December 31)	€ m	32.3	- 60 - - 20	- 180 - - 130
Liquidity (December 31)	€ m	655.0	660 - 700	740 - 790
Capital expenditure ¹	€ m	74.4	80 - 90	80 - 90

¹ on property, plant and equipment and on intangible assets (excluding acquisitions)

OUTLOOK BY DIVISION

	Order intake [€ million]			Sales [€ million]			EBIT margin [%]		
	2018	Outlook 2019 old	Outlook 2019 new	2018	Outlook 2019 old	Outlook 2019 new	2018	Outlook 2019 old	Outlook 2019 new
Paint and Final Assembly Systems	1,300.4	1,100 - 1,300	1,100 - 1,300	1,235.7	1,200 - 1,300	1,200 - 1,300	4.5	4.6 - 5.5	4.6 - 5.5
Application Technology	632.4	620 - 670	620 - 670	652.6	630 - 680	630 - 680	10.4	10.0 - 11.0	10.0 - 11.0
Clean Technology Systems	258.2	400 - 450 ¹	400 - 450 ¹	226.7	400 - 450 ¹	400 - 450 ¹	- 6.6	2.0 - 3.0 ¹	2.0 - 3.0 ¹
Measuring and Process Systems	403.3	400 - 450	400 - 450	456.5	400 - 450	400 - 450	13.1	11.5 - 12.5	10.0 - 11.0
Woodworking Machinery and Systems	1,336.8	1,250 - 1,450	1,100 - 1,300	1,298.3	1,280 - 1,380	1,200 - 1,300	6.6	6.7 - 7.5	5.5 - 6.3

¹ Full-year consolidation of Megtec/Universat

EARNINGS AFTER TAX

There should be a slight deterioration in financial result in 2019. The tax rate should be between 27 and 28%. As things currently stand, we project earnings after tax in a range of € 145 to 160 million, i.e. down roughly 10% on the previous year.

CASH FLOW, FREE CASH FLOW AND NET FINANCIAL STATUS

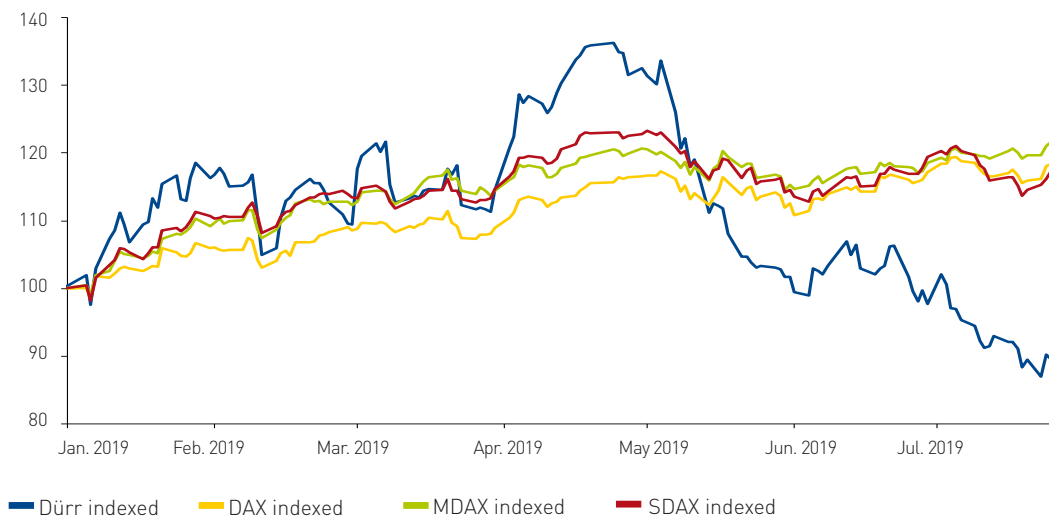
The cash flow from operating activities and free cash flow should improve in the second half of the year. However, this will not be sufficient to fully make up for the unsatisfactory performance in the first half of the year. For this reason, we now expect to see declines in cash flow from operating activities and free cash flow in 2019 as a whole, after originally projecting increases over 2018. Given the muted cash flow, we expect net financial status to weaken to between € -130 million and € -180 million at the end of 2019. However, it should be borne in mind that the application of IFRS 16 accounts for roughly € 100 million of this deterioration. The new bonded loan (€ 200 million, proceeds received in July 2019) should boost liquidity to over € 740 million at the end of 2019.

EMPLOYEES

We expect to see a slight decline in employee numbers at the end of 2019 compared with December 31, 2018.

Dürr on the capital market

DEVELOPMENT OF DÜRR SHARE IN XETRA 2019 COMPARED WITH DAX, MDAX AND SDAX

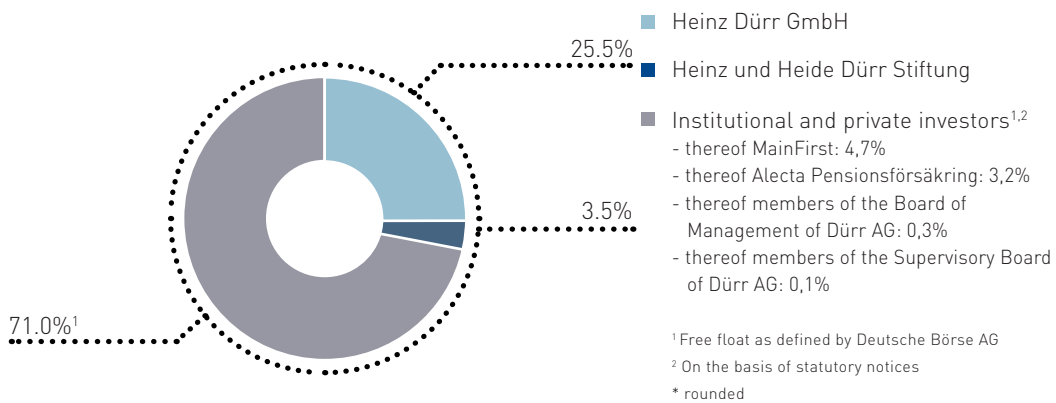


The DAX indices recovered sharply over the previous year in the first half of the year, gaining by around 20% in the year to June 30, 2019. This performance was driven, among other things, by the fact that several central banks announced to ease their monetary policy again with even lower interest rates in response to the weaker macroeconomic indicators. However, corporate earnings frequently fell short of expectations. At the same time, the trade dispute between the United States and China as well as Europe worsened in the first half of 2019.

The Dürr share (ISIN: DE0005565204) outperformed the market up until the beginning of April, underpinned by the company's strong final quarter of 2018 and our upbeat outlook for 2019. The muted performance in the first quarter and the increasingly negative news flow from the mechanical engineering and automotive industries triggered a sharp correction in the share, causing it to close the first half of the year with a slightly negative performance at € 29.84.

Average trading volumes on the XETRA platform contracted to 209,280 Dürr shares per day in the first half of 2019 (H1 2018: 291,300).

DÜRR AG'S SHAREHOLDER STRUCTURE AS OF JUNE 30, 2019*



DÜRR FAMILY AS ANCHOR SHAREHOLDER

The founding Dürr family continues to hold 29.0% of our company's shares and is committed to maintaining a quota of over 25%. Together, the members of the Board of Management hold 0.3% of Dürr AG's share capital.

RETURN OF 0.7% ON THE BOND

The price of our bond of € 300 million (ISIN XS1048589458) with a coupon of 2.875% stood at 103.7% at the end of the first half of 2019. The bond matures in 2021. It yielded 0.7% as of the end of the first half.

Events after the reporting period

We adjusted our full-year earnings and cash flow targets on July 22, 2019.

On July 30, 2019, CFO Carlo Crosetto informed the Supervisory Board that he would not be renewing his contract when it expires at the end of February 2020. The Supervisory Board noted this decision with regret and expressed its appreciation for Mr. Crosetto's successful activities. The search for a successor was initiated immediately.

Other than this, 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 7, 2019

Dürr Aktiengesellschaft

Ralf W. Dieter
CEO

Carlo Crosetto
CFO

Pekka Paasivaara
Member of the Board
of Management

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, 2019

€ k	H1 2019	H1 2018	Q2 2019	Q2 2018
Sales revenues	1,880,390	1,749,590	930,531	909,520
Cost of sales	- 1,466,273	- 1,345,497	- 722,821	- 704,062
Gross profit on sales	414,117	404,093	207,710	205,458
Selling expenses	- 169,094	- 147,195	- 86,637	- 76,244
General administrative expenses	- 92,557	- 90,069	- 45,628	- 46,275
Research and development costs	- 58,282	- 61,279	- 29,158	- 30,397
Other operating income	12,025	17,325	4,314	7,453
Other operating expenses	- 11,005	- 21,456	- 4,029	- 9,686
Earnings before investment result, interest and income taxes	95,204	101,419	46,572	50,309
Investment result	2,845	3,608	878	3,032
Interest and similar income	3,228	3,313	1,594	744
Interest and similar expenses	- 12,684	- 14,012	- 6,346	- 7,536
Earnings before income taxes	88,593	94,328	42,698	46,549
Income taxes	- 24,968	- 26,183	- 12,058	- 12,921
Profit of the Dürr Group	63,625	68,145	30,640	33,628
Attributable to				
Non-controlling interests	2,954	2,431	1,102	1,450
Shareholders of Dürr Aktiengesellschaft	60,671	65,714	29,538	32,178
Number of shares issued in thousands	69,202.08	69,202.08	69,202.08	69,202.08
Earnings per share in € (basic and diluted)	0.88	0.95	0.43	0.46

Consolidated statement of comprehensive income

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2019

€ k	H1 2019	H1 2018	Q2 2019	Q2 2018
Profit of the Dürr Group	63,625	68,145	30,640	33,628
Items of other comprehensive income that are not reclassified to profit or loss				
Remeasurement of defined benefit plans and similar obligations	- 1,749	-	- 859	-
Associated deferred taxes	767	-	376	-
Items of other comprehensive income that may be reclassified subsequently to profit or loss				
Changes in fair value of financial instruments used for hedging purposes recognized in equity	1,481	- 8,203	2,479	- 8,211
Associated deferred taxes	- 386	2,009	- 274	2,132
Currency translation effects	5,722	3,987	- 8,134	8,527
Currency translation effects from entities accounted for using the equity method	- 350	-	-	-
Other comprehensive income, net of tax	5,485	- 2,207	- 6,412	2,448
Total comprehensive income, net of tax	69,110	65,938	24,228	36,076
Attributable to				
Non-controlling interests	3,009	2,432	977	1,402
Shareholders of Dürr Aktiengesellschaft	66,101	63,506	23,251	34,674

Consolidated statement of financial position

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, AS OF JUNE 30, 2019

€ k	June 30, 2019	December 31, 2018	June 30, 2018
ASSETS			
Goodwill	445,442	446,817	397,206
Other intangible assets	199,721	204,525	188,967
Property, plant and equipment	516,628	433,828	410,194
Investment property	20,853	19,203	19,728
Investments in entities accounted for using the equity method	39,080	35,718	35,448
Other financial assets	10,186	10,186	10,664
Trade receivables	13,389	36,276	3,415
Sundry financial assets	4,399	4,291	4,377
Deferred tax assets	50,852	49,893	39,325
Other assets	2,499	3,568	3,009
Non-current assets	1,303,049	1,244,305	1,112,333
Inventories and prepayments	565,133	535,371	571,346
Contract assets	504,278	478,336	505,915
Trade receivables	564,870	566,748	540,882
Sundry financial assets	52,359	52,443	159,665
Cash and cash equivalents	409,025	655,042	472,196
Income tax receivables	35,507	28,151	24,317
Other assets	70,151	54,003	86,205
Current assets	2,201,323	2,370,094	2,360,526
Total assets Dürr Group	3,504,372	3,614,399	3,472,859

€ k	June 30, 2019	December 31, 2018	June 30, 2018
EQUITY AND LIABILITIES			
Subscribed capital	177,157	177,157	177,157
Capital reserve	67,318	67,318	67,318
Revenue reserves	762,363	771,468	679,143
Other comprehensive income	- 33,287	- 38,650	- 50,708
Total equity attributable to the shareholders of Dürr Aktiengesellschaft	973,551	977,293	872,910
Non-controlling interests	14,242	14,858	13,851
Total equity	987,793	992,151	886,761
Provisions for post-employment benefit obligations	52,636	50,084	50,433
Other provisions	19,823	19,058	19,107
Contract liabilities	2,113	2,197	3,828
Trade payables	650	967	1,155
Bond and bonded loan	598,264	597,958	597,581
Other financial liabilities	80,601	12,827	11,792
Sundry financial liabilities	6,011	6,266	7,657
Income tax liabilities	4,164	4,164	5,175
Deferred tax liabilities	90,382	91,949	86,806
Other liabilities	593	611	575
Non-current liabilities	855,237	786,081	784,109
Other provisions	118,270	130,676	135,594
Contract liabilities	532,082	670,795	727,927
Trade payables	509,438	501,403	435,708
Financial liabilities	40,515	12,496	8,060
Sundry financial liabilities	294,621	347,698	321,690
Income tax liabilities	30,475	30,806	32,365
Other liabilities	135,941	142,293	140,645
Current liabilities	1,661,342	1,836,167	1,801,989
Total equity and liabilities Dürr Group	3,504,372	3,614,399	3,472,859

Consolidated statement of cash flows

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2019

€ k	H1 2019	H1 2018	Q2 2019	Q2 2018
Earnings before income taxes	88,593	94,328	42,698	46,549
Income taxes paid	- 32,613	- 49,009	- 22,880	- 26,553
Net interest	9,456	10,699	4,752	6,792
Profit from entities accounted for using the equity method	- 3,018	- 3,362	- 1,118	- 2,524
Amortization, depreciation and impairment of non-current assets	55,209	39,459	28,094	19,451
Net gain/loss on the disposal of non-current assets	91	- 27	102	42
Non-cash allowance on cash and cash equivalents	- 475	- 202	- 400	- 86
Net gain from the disposal of assets and liabilities classified as held for sale	-	- 63	-	-
Other non-cash income and expenses	787	3,380	1,021	4,355
Changes in operating assets and liabilities				
Inventories	- 27,137	- 112,226	- 12,615	- 36,997
Contract assets	- 24,863	- 17,533	19,902	- 31,469
Trade receivables	28,218	- 7,260	18,992	- 31,029
Other receivables and assets	- 3,308	- 13,480	8,081	4,884
Provisions	- 10,170	- 14,829	- 5,735	- 5,667
Contract liabilities	- 145,595	10,290	- 72,123	69,573
Trade payables	7,456	44,468	- 28,743	47,229
Other liabilities (other than financing activities)	- 41,564	- 32,122	- 46,253	- 40,305
Other assets and liabilities	- 13,989	- 11,570	- 3,693	- 7,683
Cash flow from operating activities	- 112,922	- 59,059	- 69,918	16,562
Purchase of intangible assets	- 13,833	- 9,540	- 7,646	- 6,433
Purchase of property, plant and equipment ¹	- 23,024	- 24,516	- 11,863	- 14,813
Purchase of other financial assets	-	- 1	-	- 1
Proceeds from the sale of non-current assets	3,640	1,438	3,143	476
Acquisitions, net of cash acquired	-	- 50	-	- 50
Investments in time deposits	544	32,368	-	34,602
Proceeds from the sale of assets and liabilities classified as held for sale	-	634	-	634
Interest received	1,941	2,171	782	1,061
Cash flow from investing activities	- 30,732	2,504	- 15,584	15,476

¹ The item „Purchase of property, plant and equipment“ does not include cash outflows from additions to right-of-use assets from leases as there are no cash outflows at the acquisition date (exception: incidental acquisition cost).

€ k	H1 2019	H1 2018	Q2 2019	Q2 2018
Change in current bank liabilities and other financing activities	5,218	105	6,243	2,084
Repayment of non-current financial liabilities	- 365	- 223	- 167	- 223
Payments of lease liabilities	- 13,328	- 680	- 7,401	- 349
Cash paid for transactions with non-controlling interests	- 8,750	- 34,802	-	- 34,802
Dividends paid to the shareholders of Dürr Aktiengesellschaft	- 69,202	- 76,122	- 69,202	- 76,122
Dividends paid to non-controlling interests	- 583	- 3,594	- 583	- 3,594
Interest paid	- 20,282	- 15,183	- 19,359	- 6,052
Cash flow from financing activities	- 107,292	- 130,499	- 90,469	- 119,058
Effects of exchange rate changes	4,469	- 524	- 4,600	554
Change in cash and cash equivalents related to changes in the consolidated group	-	467	-	-
Change in cash and cash equivalents	- 246,477	- 187,111	- 180,571	- 86,466
Cash and cash equivalents				
At the beginning of the period	656,695	659,911	590,789	559,266
At the end of the period	410,218	472,800	410,218	472,800
Less allowance according to IFRS 9	- 1,193	- 604	- 1,193	- 604
Cash and cash equivalents at the end of the reporting period (consolidated statement of financial position)	409,025	472,196	409,025	472,196

Consolidated statement of changes in equity

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2019

€ k	Other comprehensive income										
	Subscribed capital	Capital reserve	Revenue reserves	Remeasurement of defined benefit plans	Unrealized gains/losses from cash flow hedges	Changes in the consolidated group/reclassifications	Currency translation	Other comprehensive income	Dürr Aktiengesellschaft	Non-controlling interests	Total equity
December 31, 2017	88,579	155,896	690,417	-35,924	-228	630	-13,485	-49,007	885,885	14,637	900,522
Adjustment IFRS 9	-	-	1,146	-	-	-	-	-	1,146	-73	1,073
January 1, 2018	88,579	155,896	691,563	-35,924	-228	630	-13,485	-49,007	887,031	14,564	901,595
Profit for the period	-	-	65,714	-	-	-	-	-	65,714	2,431	68,145
Other comprehensive income	-	-	-	-	-6,194	-	3,986	-2,208	-2,208	1	-2,207
Total comprehensive income, net of tax	-	-	65,714	-	-6,194	-	3,986	-2,208	63,506	2,432	65,938
Capital increase Dürr Aktiengesellschaft from company funds	88,578	-88,578	-	-	-	-	-	-	-	-	-
Dividends	-	-	-76,122	-	-	-	-	-	-76,122	-4,689	-80,811
Options of non-controlling interests	-	-	-1,505	-	-	-	-	-	-1,505	1,505	-
Other changes	-	-	-507	518	-	-11	-	507	-	39	39
June 30, 2018	177,157	67,318	679,143	-35,406	-6,422	619	-9,499	-50,708	872,910	13,851	886,761
December 31, 2018	177,157	67,318	771,468	-30,542	-2,776	608	-5,940	-38,650	977,293	14,858	992,151
Adjustment IFRS 16	-	-	-6,997	-	-	-	-56	-56	-7,053	-53	-7,106
January 1, 2019	177,157	67,318	764,471	-30,542	-2,776	608	-5,996	-38,706	970,240	14,805	985,045
Profit for the period	-	-	60,671	-	-	-	-	-	60,671	2,954	63,625
Other comprehensive income	-	-	-	-982	1,095	-	5,317	5,430	5,430	55	5,485
Total comprehensive income, net of tax	-	-	60,671	-982	1,095	-	5,317	5,430	66,101	3,009	69,110
Dividends	-	-	-69,202	-	-	-	-	-	-69,202	-1,575	-70,777
Options of non-controlling interests	-	-	6,412	-	-	-	-	-	6,412	-1,997	4,415
Other changes	-	-	11	-	-	-11	-	-11	-	-	-
June 30, 2019	177,157	67,318	762,363	-31,524	-1,681	597	-679	-33,287	973,551	14,242	987,793

Notes to the consolidated financial statements

January 1 to June 30, 2019

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, which consists of Dürr AG and its subsidiaries, is a mechanical and plant engineering company with distinct automation competency. The Group 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. Clean Technology Systems primarily manufactures plant and equipment for purifying exhaust gases. 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. Woodworking Machinery and Systems develops and manufactures such machinery and systems.

ACCOUNTING POLICIES

The interim consolidated financial statements for the period between January 1 and June 30, 2019, 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, 2018, 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. 315e (1) HGB [„Handelsgesetzbuch“: German Commercial Code]. The interim consolidated financial statements as of June 30, 2019 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, 2018; please refer to the Group's 2018 annual report. In the 2019 reporting period, IFRS 16 "Leases" was applied for the first time. An explanation of the effects and a reconciliation of the affected positions in the statement of financial position can be found in note 3 "Initial application IFRS 16". Further changes to the IFRS standards and interpretations that became mandatory for the first time starting January 1, 2019 are without any material effects on the consolidated financial statements of the Dürr Group.

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, 2018. Expenses that incurred irregularly during the reporting period have been deferred in those cases where they would also be deferred at year-end. The Dürr Group'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. No unusual events occurred in the reporting period that had a material effect on the interim report as of June 30, 2019.

The interim 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 interim consolidated financial statements as of June 30, 2019 contain all German and foreign entities which Dürr AG can control directly or indirectly. The entities are included in the consolidated financial statements of the Group from the date on which the possibility of control was obtained. Control can exist due to voting rights or prevailing circumstances as a result of contractual arrangements, among other things. For most of the Group companies, control is based on holding the majority of voting rights. On account of the contractual arrangements, the Dürr Group has the power to exercise control over four entities. Furthermore, the Group includes a structured entity in the consolidated financial statements. Consolidation of an entity included in the consolidated financial statements ceases when the Dürr Group loses control over the entity. Entities over which the Dürr Group exercises significant influence pursuant to IAS 28 "Investments in Associates and Joint Ventures" (associates) 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 ENTITIES

	June 30, 2019	December 31, 2018
Fully consolidated subsidiaries		
Germany	29	30
Other countries	103	104
	132	134
Entities accounted for using the equity method		
Germany	-	-
Other countries	2	2
	2	2
Other investments		
Germany	3	3
Other countries	2	2
	5	5

The interim consolidated financial statements contain 13 entities (Dec. 31, 2018: 15) which have non-controlling interests. There are four entities that are included in the consolidated financial statement at cost on grounds of immateriality.

CHANGES IN THE CONSOLIDATED GROUP

MERGERS

Entity	Effective as of	Note
Dürr Systems Wolfsburg GmbH, Wolfsburg / Germany	January 1, 2019	Merged into Dürr Systems AG, Stuttgart / Germany
Schenck RoTec Corporation, Southfield, Michigan / USA	February 1, 2019	Merged into Schenck Trebel Corporation, Deer Park, New York / USA with renaming in SCHENCK USA CORP.

3. INITIAL APPLICATION IFRS 16

IFRS 16 "Leases" provides guidance on the recognition, measurement and presentation of leases. The new standard no longer makes any distinction between operating and finance leases for lessees. Instead, most leases are recognized as right-of-use assets and the corresponding obligations as lease liabilities. On the other hand, the distinction between operating and finance leases continues to apply to lease accounting by lessors.

The initial application of IFRS 16 as of January 1, 2019 resulted in adjustments to the opening balance sheet. Transition to the new standard is based on the transitional provisions in IFRS 16 using the modified retrospective method. The cumulative effects arising from the adjustments made as of the date of initial application have been recorded within equity without impact on profit or loss. As the previous year's figures have not been adjusted, a comparison with prior periods is possible only to a limited extent. In initially applying the new standard, the Dürr Group made use of the practical expedient and did not re-assess whether a given agreement constitutes a lease under IFRS 16. Instead, the standard was applied to contracts which had previously included a lease in accordance with IAS 17 "Leases" and IFRIC 4 "Determining Whether an Arrangement Contains a Lease". Moreover, the Group utilized the practical expedient to adjust the right-of-use assets by the amount of any provision for onerous leases which had been recognized at the date of initial application. The Dürr Group made use of the recognition exemption and did not apply IFRS 16 to leases which terminate within twelve months of the date of initial application. These are accounted for as short-term leases and included in profit or loss. Leases that were previously classified as finance leases are continued as before.

The transition as of January 1, 2019 caused equity to decline by € 7,106 thousand. Total assets rose by € 88,716 thousand or 2.5%.

RECONCILIATION OF BALANCE SHEET ITEMS AS OF JANUARY 1, 2019

€ k	Dec. 31, 2018 reported	Adjustments IFRS 16	Jan. 1, 2019 adjusted
ASSETS			
Non-current assets	1,244,305	88,759	1,333,064
Balance sheet items affected			
Property, plant and equipment	433,828	85,754	519,582
Investment property	19,203	1,971	21,174
Deferred tax assets	49,893	1,034	50,927
Current assets	2,370,094	- 43	2,370,051
Balance sheet item affected			
Other assets	54,003	- 43	53,960
Total assets Dürr Group	3,614,399	88,716	3,703,115

€ k	Dec. 31, 2018 reported	Adjustments IFRS 16	Jan. 1, 2019 adjusted
EQUITY AND LIABILITIES			
Total equity	992,151	- 7,106	985,045
Non-current liabilities	786,081	72,689	858,770
Balance sheet items affected			
Other provisions	19,058	- 1,204	17,854
Financial liabilities	12,827	75,040	87,867
Sundry financial liabilities	6,266	- 143	6,123
Deferred tax liabilities	91,949	- 1,004	90,945
Current liabilities	1,836,167	23,133	1,859,300
Balance sheet items affected			
Other provisions	130,676	- 554	130,122
Financial liabilities	12,496	23,731	36,227
Sundry financial liabilities	347,698	- 44	347,654
Total equity and liabilities Dürr Group	3,614,399	88,716	3,703,115

The minimum payments for operating leases as of December 31, 2018 are reconciled with the lease liabilities as of January 1, 2019 as follows:

€ k	Jan. 1, 2019
Minimum payments for operating leases as of December 31, 2018	103,355
Recognition exemption for short-term leases	- 5,226
Recognition exemption for low value asset leases	- 4,041
Service components	957
Reasonably certain extension or termination options	13,281
Other	1,886
Gross lease liability for operating leases as of December 31, 2018	110,212
Discounting	- 11,441
Additional lease liabilities due to initial application of IFRS 16 as of January 1, 2019	98,771
Present value of finance lease liabilities as of December 31, 2018	7,182
Lease liabilities as of January 1, 2019	105,953

Lease liabilities were discounted using the incremental borrowing rate as of January 1, 2019. The weighted average interest rate was 2.6%.

Compared with the consolidated financial statements as of December 31, 2018, changes to the accounting and measurement methods had the following main effects:

LEASES

A lease is a contract that transfers the right to use an asset (the leased asset) for a certain period in exchange for consideration. As of January 1, 2019, the Dürr Group generally recognizes right-of-use assets and the corresponding payment obligations as lease liabilities for the term of the lease. The right-of-use assets are reported within property, plant and equipment or investment properties as the case may be, while the lease liabilities form part of financial liabilities. The lease liabilities correspond to the present value of the lease payments made over the term of the lease. These include fixed payments, variable payments that depend on an index or interest rate and the exercise price of a purchase option provided that the exercise of such option is considered reasonably certain. In order to ensure flexibility in terms of lease durations, some leases for land and buildings in particular provide for extension and termination options. If it is reasonably certain that

these options will be exercised or not exercised, the option periods are included in the lease term. Leases are discounted using the interest rate implicit in the lease provided that this can be determined. Otherwise, the incremental borrowing rate is applied. Right-of-use assets are measured at historical cost, which includes the lease liability, any restoration obligations and advance lease payments.

Lease liabilities and right-of-use assets are subsequently measured at amortized cost. The liability is measured using the effective interest method, i.e. the lease payments are split into finance expenses and the repayment component. This is done in such a way as to ensure a constant interest rate for the remaining lease liability. The right-of-use assets are depreciated on a straight-line basis over the shorter of the expected useful life of the asset in question or the term of the lease and adjusted for any remeasurement of the lease liability.

The Dürr Group utilizes the following practical expedients and recognition exemptions:

- In the case of short-term leases and leases for which the underlying asset is of a low value, the lease payment is recognized through profit and loss.
- IFRS 16 is not applied to intangible assets.
- Lessees do not separate lease and non-lease payments.

In addition, intercompany leases are recognized through profit and loss in the segment report in accordance with IFRS 8 and are not placed on the balance sheet.

4. SALES REVENUES

SALES REVENUES

€ k	H1 2019	H1 2018
Sales revenues recognized over time from contracts with customers	1,151,491	1,039,402
Sales revenues recognized at a point in time from contracts with customers	726,684	707,990
Sales revenues from lease agreements	2,215	2,198
Total sales revenues	1,880,390	1,749,590
Thereof		
Sales revenues from services	527,161	460,493
Sales revenues with the automotive industry	965,376	982,407

5. OTHER OPERATING INCOME AND EXPENSES

As in the prior period, other operating income and expenses mainly comprise currency exchange rate gains and losses.

6. NET INTEREST

NET INTEREST

€ k	H1 2019	H1 2018
Interest and similar income	3,228	3,313
Interest and similar expenses	- 12,684	- 14,012
Thereof		
Nominal interest expenses on the corporate bond	- 4,313	- 4,313
Interest expenses on the bonded loan	- 2,242	- 2,198
Interest expenses arising from subsequent accounting of the domination and profit and loss transfer agreement concluded with HOMAG Group AG	- 2,694	- 3,005
Interest expenses from leasing	- 1,350	- 119
Other interest expenses	- 2,085	- 4,377
Net interest	- 9,456	- 10,699

7. FINANCING OF THE GROUP

On June 19, 2019, Dürr AG issued a Sustainability Schuldschein (bonded loan) in the amount of € 200,000 thousand. The coupon is linked to the Dürr Group's sustainability rating. The average coupon of the bonded loan, which was oversubscribed several times, stands at 0.84%.

The cash inflow of the bonded loan was on July 4, 2019. The total amount of € 200,000 thousand is divided into various tranches with maturities of five, six, eight and ten years. In this way, the Group will be able to reinforce its liquidity and fund its operations on a long-term basis. In addition, the Sustainability Schuldschein will be used as early follow-up funding for the € 300,000 thousand corporate bond with a coupon of 2.88% that expires in 2021.

8. OTHER NOTES ON FINANCIAL INSTRUMENTS

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

ALLOCATION TO THE FAIR VALUE HIERARCHY LEVELS

€ k	June 30, 2019	Fair value hierarchy		
		Level 1	Level 2	Level 3
Assets at fair value – not through profit or loss				
Other financial assets	2,306	-	-	2,306
Derivatives used for hedging	2,022	-	2,022	-
Assets at fair value – through profit or loss				
Other financial assets	7,880	-	-	7,880
Sundry financial assets	19,507	-	-	19,507
Derivatives not used for hedging	972	-	972	-
Derivatives used for hedging	999	-	999	-
Liabilities at fair value – not through profit or loss				
Obligations from options	32,824	-	-	32,824
Derivatives used for hedging	3,272	-	3,272	-
Liabilities at fair value – through profit or loss				
Obligations from options	570	-	-	570
Liabilities from contingent purchase price installments	602	-	-	602
Derivatives not used for hedging	1,435	-	1,435	-
Derivatives used for hedging	573	-	573	-

€ k	Dec. 31, 2018	Fair value hierarchy		
		Level 1	Level 2	Level 3
Assets at fair value – not through profit or loss				
Other financial assets	2,306	-	-	2,306
Derivatives used for hedging	2,163	-	2,163	-
Assets at fair value – through profit or loss				
Other financial assets	7,880	-	-	7,880
Sundry financial assets	19,512	5	-	19,507
Derivatives not used for hedging	623	-	623	-
Derivatives used for hedging	905	-	905	-
Liabilities at fair value – not through profit or loss				
Obligations from options	37,239	-	-	37,239
Derivatives used for hedging	4,775	-	4,775	-
Liabilities at fair value – through profit or loss				
Obligations from options	570	-	-	570
Liabilities from contingent purchase price installments	9,532	-	-	9,532
Derivatives not used for hedging	1,124	-	1,124	-
Derivatives used for hedging	1,674	-	1,674	-

No reclassifications were made between the fair value hierarchy levels in the first six months of 2019.

SENSITIVITY LEVEL 3

The fair value of ADAMOS GmbH is primarily based on the assumed future free cash flows. Assuming that the planning of ADAMOS GmbH's free cash flows had been 10% higher (lower), the fair value would have been € 2,154 thousand (€ 1,914 thousand) (prior period: € 2,287 thousand (€ 1,735 thousand)).

Calculating the fair value of the 15% investment in SBS Ecoclean GmbH, the Dürr Group does not currently expect performance-related contractual clauses, which may have a positive impact on the value, to apply. No changes in the fair value are expected for an increase or decrease in the contractually arranged performance-related parameters by 10% (prior period: no change).

The calculation of the fair value of Parker Engineering Co., Ltd. is largely based on estimates by management on the development of the future free cash flows of the company. The value of the related put option is based on the company's pro rata equity and would fluctuate by 10% upward or downward on € 8,445 thousand or € 7,315 thousand respectively (prior period: no sensitivities).

The measurement of the option for the acquisition of further shares of HOMAG eSolution GmbH is based on the distributable capital of future years until 2021. Assuming that the distributable capital of future years had been 10% higher (lower) the fair value would have been € 1,243 thousand (€ 1,148 thousand) (prior period: no sensitivities).

FAIR VALUES OF FINANCIAL INSTRUMENTS CARRIED AT AMORTIZED COST

€ k	June 30, 2019	
	Fair value	Carrying amount
Assets		
Cash and cash equivalents	409,025	409,025
Trade receivables due from third parties	569,104	569,104
Trade receivables due from entities accounted for using the equity method	9,155	9,155
Sundry financial assets	33,258	33,258
Liabilities		
Trade payables	510,088	510,088
Bond	311,130	298,852
Bonded loan	306,614	299,412
Liabilities to banks	6,241	6,241
Other financial liabilities	11,865	11,865
Obligations from options	176,446	173,917
Sundry financial liabilities	87,439	87,439

THEREOF COMBINED BY MEASUREMENT CATEGORY IN ACCORDANCE WITH IFRS 9

Financial assets measured at amortized cost	1,020,542	1,020,542
Financial liabilities measured at amortized cost	1,409,823	1,387,814

€ k	December 31, 2018	
	Fair value	Carrying amount
Assets		
Cash and cash equivalents	655,042	655,042
Trade receivables due from third parties	593,644	593,644
Trade receivables due from entities accounted for using the equity method	9,380	9,380
Sundry financial assets	33,531	33,531
Liabilities		
Trade payables	502,370	502,370
Bond	314,250	298,597
Bonded loan	298,445	299,361
Liabilities to banks	1,002	1,002
Finance lease liabilities (IAS 17) ¹	7,619	7,182
Other financial liabilities	17,139	17,139
Obligations from options	180,857	176,958
Sundry financial liabilities	122,092	122,092

THEREOF COMBINED BY MEASUREMENT CATEGORY IN ACCORDANCE WITH IFRS 9

Financial assets measured at amortized cost	1,291,597	1,291,597
Financial liabilities measured at amortized cost	1,436,155	1,417,519

¹ The finance lease liabilities were stated in accordance with IAS 17. Therefore, they did not fall within the measurement categories in accordance with IFRS 9.

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.

9. 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

€ k	H1 2019							
	Paint and Final Assembly Systems	Application Technology	Clean Technology Systems	Measuring and Process Systems	Wood-working Machinery and Systems	Total segments	Reconciliation	Dürr Group
Sales revenues recognized over time from contracts with customers	572,589	196,943	145,562	119,944	116,453	1,151,491	-	1,151,491
Sales revenues recognized at a point in time from contracts with customers	32,080	74,718	34,773	64,785	520,312	726,668	16	726,684
Sales revenues from lease agreements	-	-	-	2,215	-	2,215	-	2,215
Sales revenues with other divisions	795	2,807	750	1,634	185	6,171	- 6,171	-
Total sales revenues	605,464	274,468	181,085	188,578	636,950	1,886,545	- 6,155	1,880,390
Thereof service sales	154,988	108,493	61,799	63,871	141,300	530,451	- 3,290	527,161
EBIT	24,587	27,764	652	12,809	35,027	100,839	- 5,635	95,204
Assets (as of June 30)	674,250	541,301	322,255	430,606	974,997	2,943,409	6,992	2,950,401
Liabilities (as of June 30)	515,823	230,420	163,137	166,178	437,674	1,513,232	158,946	1,672,178
Employees (as of June 30)	3,542	2,251	1,427	2,309	6,592	16,121	263	16,384

€ k	H1 2018							
	Paint and Final Assembly Systems	Application Technology	Clean Technology Systems ¹	Measuring and Process Systems	Wood-working Machinery and Systems	Total segments	Reconciliation	Dürr Group
Sales revenues recognized over time from contracts with customers	510,410	215,690	56,241	137,501	119,560	1,039,402	-	1,039,402
Sales revenues recognized at a point in time from contracts with customers	56,915	82,307	8,770	73,839	486,145	707,976	14	707,990
Sales revenues from lease agreements	-	-	-	2,198	-	2,198	-	2,198
Sales revenues with other divisions	667	2,673	940	3,002	49	7,331	- 7,331	-
Total sales revenues	567,992	300,670	65,951	216,540	605,754	1,756,907	- 7,317	1,749,590
Thereof service sales	142,237	105,520	19,167	64,266	133,822	465,012	- 4,519	460,493
EBIT	24,932	30,684	- 2,543	23,873	37,169	114,115	- 12,696	101,419
Assets (as of December 31)	600,956	547,771	319,075	438,085	919,974	2,825,861	- 317	2,825,544
Liabilities (as of December 31)	613,316	283,758	171,773	178,940	446,165	1,693,952	178,096	1,872,048
Employees (as of June 30)	3,405	2,154	600	2,303	6,567	15,029	207	15,236

¹ The figures for the first half of 2018 do not include the contribution of the Megtec/Universal-Group acquired on October 5th, 2018.

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 2019	H1 2018
EBIT of the segments	100,839	114,115
EBIT of the Corporate Center	- 6,828	- 13,417
Elimination of consolidation entries	1,193	721
EBIT of the Dürr Group	95,204	101,419
Investment result	2,845	3,608
Interest and similar income	3,228	3,313
Interest and similar expenses	- 12,684	- 14,012
Earnings before income taxes	88,593	94,328
Income taxes	- 24,968	- 26,183
Profit of the Dürr Group	63,625	68,145

€ k	June 30, 2019	December 31, 2018
Segment assets	2,943,409	2,825,861
Assets of the Corporate Center	1,081,285	982,100
Elimination of consolidation entries	- 1,074,293	- 982,417
Cash and cash equivalents	409,025	655,042
Time deposits and other short-term securities	-	544
Sundry financial assets	19,507	19,507
Investments in entities accounted for using the equity method	39,080	35,718
Income tax receivables	35,507	28,151
Deferred tax assets	50,852	49,893
Total assets of the Dürr Group	3,504,372	3,614,399

€ k	June 30, 2019	December 31, 2018
Segment liabilities	1,513,232	1,693,952
Liabilities of the Corporate Center	207,334	208,053
Elimination of consolidation entries	- 48,388	- 29,957
Bond and bonded loan	598,264	597,958
Lease liabilities (IFRS 16) / Liabilities from finance leases (IAS 17)	103,010	7,182
Liabilities to banks and sundry financial liabilities	18,106	18,141
Income tax liabilities	34,639	34,970
Deferred tax liabilities	90,382	91,949
Total liabilities of the Dürr Group*	2,516,579	2,622,248

* Consolidated total assets less total equity

10. 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 the Dürr Group 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 the 2018 annual report.

Related parties include entities accounted for using the equity method and non-consolidated subsidiaries of the Dürr Group as well as entities for which Dürr AG represents an associate.

In the first six months of 2019, there were intercompany transactions between the Group and its related parties of € 57,371 thousand (prior period: € 103,491 thousand). The decrease mainly results from lower sales volumes with Homag China Golden Field Limited. As of June 30, 2019, outstanding receivables from related parties totaled € 9,167 thousand (Dec. 31, 2018: € 6,211 thousand), while payables to related parties amounted to € 2,207 thousand (Dec. 31, 2018: € 4,559 thousand). Both the receivables and liabilities are current. In addition prepayments received from related parties of € 16,892 thousand (Dec. 31, 2018: € 30,102 thousand) were included in the consolidated statement of financial position.

11. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

€ k	June 30, 2019	December 31, 2018
Obligations from warranties and guarantees	10,036	9,225
Collateral pledged for third-party liabilities	72	72
Other	917	702
	11,025	9,999

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

Lease contracts are accounted for in accordance with the provisions of IFRS 16 as of January 1, 2019. As of December 31, 2018 the future minimum payments for operating leases amounted to € 103,355 thousand, for finance leases € 7,654 thousand. The purchase obligation for property, plant and equipment totaled € 11,144 thousand (Dec. 31, 2018: € 11,221 thousand). In addition, there are purchase commitments stemming from procurement agreements on a customary scale.

12. SUBSEQUENT EVENTS

The Dürr Group adjusted the full-year earnings and cash flow targets on July 22, 2019.

On July 30, 2019, CFO Carlo Crosetto informed the Supervisory Board that he will not renew his contract terminating at the end of February 2020.

No further 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 7, 2019

Dürr Aktiengesellschaft

The Board of Management



Ralf W. Dieter
CEO



Carlo Crosetto
CFO



Pekka Paasivaara
Member of the Board of Management



Dr. Jochen Weyrauch
Member of the Board of Management

Multi-year overview 2016 - 2019

€ m	H1				Q2			
	2019	2018	2017	2016	2019	2018	2017	2016
Order intake	1,921.0	1,955.0	2,078.3	1,989.3	815.1	935.9	1,033.9	940.7
Orders on hand (June 30)	2,622.2	2,750.3	2,744.2	2,698.9	2,622.2	2,750.3	2,744.2	2,698.9
Sales	1,880.4	1,749.6	1,753.5	1,706.9	930.5	909.5	863.2	881.7
Gross profit	414.1	404.1	424.2	408.0	207.7	205.5	206.8	212.9
EBITDA	150.4	140.9	187.6	157.3	74.7	69.8	82.6	79.3
EBIT	95.2	101.4	147.1	119.0	46.6	50.3	60.9	60.3
Earnings after tax	63.6	68.1	101.9	77.8	30.6	33.6	40.5	39.2
Gross margin (%)	22.0	23.1	24.2	23.9	22.3	22.6	24.0	24.1
EBIT margin (%)	5.1	5.8	8.4	7.0	5.0	5.5	7.1	6.8
Cash flow from operating activities	- 112.9	- 59.1	- 40.8	- 84.6	- 69.9	16.6	- 36.7	- 82.0
Free cash flow	- 181.4	- 106.8	- 85.7	- 138.4	- 115.4	- 10.4	- 55.1	- 116.3
Capital expenditure	47.5	34.3	33.6	38.6	25.4	21.4	15.2	18.9
Total assets (June 30)	3,504.4	3,472.9	3,339.3	3,107.0	3,504.4	3,472.9	3,339.3	3,107.0
Equity (with non-controlling interests) (June 30)	987.8	886.8	834.0	711.5	987.8	886.8	834.0	711.5
Equity ratio (June 30) (%)	28.2	25.5	25.0	22.9	28.2	25.5	25.0	22.9
ROCE ¹ (%)	14.5	21.6	37.1	29.2	14.2	21.5	33.3	29.6
Net financial status (June 30)	- 310.4	- 38.7	96.2	- 90.2	- 310.4	- 38.7	96.2	- 90.2
Net working capital (June 30)	603.4	452.9	337.9	372.1	603.4	452.9	337.9	372.1
Employees (June 30)	16,384	15,236	14,545	15,051	16,384	15,236	14,545	15,051
Dürr share²								
ISIN: DE0005565204								
High (€)	42.26	57.18	53.85	36.33	42.26	49.85	53.85	36.30
Low (€)	29.18	39.16	35.78	24.76	29.29	39.61	40.63	30.15
Close (€)	29.84	39.79	52.33	34.00	29.84	39.79	52.33	34.00
Average daily trading volume (number of shares)	209,280	291,300	304,254	440,400	223,164	323,300	299,380	281,600
Number of shares (weighted average, thous.)	69,202	69,202	69,202	69,202	69,202	69,202	69,202	69,202
Earnings per share €	0.88	0.95	1.45	1.10	0.43	0.46	0.57	0.56

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

¹ Annualized

² The number of shares doubled to 69,202,080 following the issue of bonus shares on a one-for-one basis on June 22, 2018. Earnings per share and the share prices have been adjusted accordingly.

Financial calendar

August 07, 2019	Interim financial report 2019
August 22, 2019	Montega Investors' Day, Hamburg
August 28, 2019	Commerzbank Sector Conference, Frankfurt
September 06, 2019	Morgan Stanley Industrial CEOs Unplugged, London
September 24, 2019	Berenberg and Goldman Sachs German Corporate Conference, Munich
September 25, 2019	Baader Investment Conference, Munich
November 07, 2019	Interim statement for the first nine months of 2019 Analyst / investors call
November 19, 2019	DZ Equity Conference, Frankfurt
December 02, 2019	Berenberg European Conference, Pennyhill

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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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