

PRESS RELEASE

Dürr forms a leading supplier of industrial environmental technology

- **Acquisition of MEGTEC and Universal segments of Babcock & Wilcox**
- **Complete technology and service range will significantly better serve customers' needs**
- **Good growth prospects in emerging markets**

Bietigheim-Bissingen, June 6, 2018 – Dürr is forming a leading supplier of environmental technology systems for industrial exhaust-air purification, following a corporate acquisition in the United States. The Group is acquiring the industrial environmental technology business of Babcock & Wilcox Enterprises, Inc. (B&W). "Through this acquisition, we are establishing a leading company with sales of around € 400 million and the broadest technology and service range in the market. The global setup of the new unit provides an excellent basis for growth in the coming years", says Dr. Jochen Weyrauch, responsible for paint shop and environmental technology business as well as M&A on the Dürr AG Board of Management.

The purchase agreement, which was signed today, comprises the acquisition of the three B&W subsidiaries, Babcock & Wilcox MEGTEC LLC, Babcock & Wilcox MEGTEC Holdings Inc. and Babcock & Wilcox Universal Inc. The purchase price will be calculated based on the enterprise value of the three companies, which amounts to around € 110 million. Closing is expected in the third quarter of 2018. It is subject to the satisfaction of usual antitrust closing conditions and regulatory approvals.

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Business in exhaust-air purification technology for industrial processes has good growth prospects. Demand in emerging markets like China is growing, as increasingly strict emission levels are being introduced to protect the environment. In 2017, as much as 53 % of Dürr's incoming orders in environmental technology were generated in the emerging markets, with China accounting for 34 %. In the established markets, in particular, service business is becoming increasingly important.

B&W's industrial environmental technology business consists of the MEGTEC and Universal segments, headquartered in De Pere and Stoughton in the US state of Wisconsin. Dürr expects the two segments, which have a workforce of almost 900 employees, to achieve combined sales of around € 200 million in 2018. MEGTEC, the larger segment, offers mainly exhaust-air purification systems e.g. for volatile organic compounds (VOC), particles and other airborne emissions from industrial processes. Its technology portfolio includes oxidation systems, electrostatic filters and systems for solvent recovery and distillation. MEGTEC also offers industrial dryers and coating systems for lithium-ion-battery electrodes. Universal is a leading supplier of acoustic solutions, specializing in sound insulation systems and air filters, e.g. for gas turbines.

Complementary technologies

MEGTEC and Universal complement Dürr's exhaust-air purification technology business perfectly. While Dürr supplies mainly to the chemical, pharmaceutical and automotive industries, MEGTEC is a leading supplier to the packaging, printing, energy-generation and timber industries. Furthermore, MEGTEC adds interesting, complementary technologies to Dürr's existing range. These include wet electrostatic precipitators, which are used in the mining and timber sectors, among others.

The merger will create a group with sales of around € 400 million, 1,500 employees and three well-established brands. Through the acquisition Dürr will acquire sites in major market regions and be able to provide comprehensive customer support in established and emerging markets.

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Service business potential

"The new group will benefit from economies of scales, have global reach and be well positioned to offer its customers all exhaust-air purification technologies from a single source", says Dr. Daniel Schmitt, who will be in charge of the joint environmental technology business of Dürr, MEGTEC and Universal, summarizing the benefits. In addition, synergy effects are expected to create cost savings, not only in procurement, but also through product standardization.

There is also great potential in the attractive service business. "MEGTEC, in particular, has an extensive service network. We plan to use this to provide optimal customer support through tailored service concepts", adds Dr. Daniel Schmitt.

Dürr wants to increase sales in environmental technology business to up to € 500 million by 2021, targeting an EBIT margin of 6 to 7 %. As a result, the smallest Dürr segment to date is catching up with the other Dürr divisions in terms of business volume and earnings. In 2017, Dürr's environmental technology division, Clean Technology Systems, had 600 employees and achieved sales of € 185 million.

Pictures for this press release can be found [here](#).

The Dürr Group is one of the world's leading mechanical and plant engineering firms with extensive expertise in automation and digitization/Industry 4.0. Products, systems and services offered by the Group enable highly efficient manufacturing processes in different industries. Dürr supplies sectors like the automotive industry, the mechanical engineering, chemical and pharmaceutical industries, and the woodworking industry. The company has 92 business locations in 31 countries. The Group generated sales of € 3.71 billion in 2017. Dürr has around 15,000 employees and operates in the market with five divisions:

- **Paint and Final Assembly Systems:** paint shops and final assembly systems for the automotive industry
- **Application Technology:** robot technologies for the automated application of paint, sealants and adhesives

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- **Clean Technology Systems:** exhaust-air purification systems and energy efficiency technology
- **Measuring and Process Systems:** balancing equipment as well as assembly, testing and filling technology
- **Woodworking Machinery and Systems:** machinery and equipment for the woodworking industry

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terminology. Further information regarding the alternative financial metrics used at Dürr can be found in our financial glossary on the Dürr web page (<http://www.durr.com/investor/service-faqs-glossar-contact/glossary/financial-glossary/>).

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