

PRESS RELEASE

Business figures for the 1st half of 2018

Dürr targeting record sales and confirming guidance for 2018

- Like-for-like sales up 6%
- Positive cash flow in the second quarter
- Increasing sales and earnings dynamics expected in the second half of the year
- Project pipeline well filled

Bietigheim-Bissingen, August 9, 2018 – Dürr is aiming for a new sales record this year. In like-for-like terms, i.e. adjusted for the sale of Dürr Ecoclean (industrial cleaning technology) and negative currency translation effects, sales were up 6% in the first half of 2018, rising to € 1,749.6 million. Up 8.3% over the first quarter, revenue recognition accelerated substantially in the second quarter. Like-for-like order intake came very close to the previous year's high figure in the first half of the year (down 1.4%), standing at € 1,955.0 million in absolute terms (down 5.9%) and thus a good € 200 million higher than sales. Operating EBIT (adjusted for extraordinary effects) fell by 16.4% to € 110.4 million. The main reasons for this were the expected decline in earnings in the paint shop business and temporary output problems at Group subsidiary HOMAG, which was operating at high levels of capacity utilization. Ralf W. Dieter, CEO of Dürr AG, expects the second half of the year to be stronger: "Looking ahead over the next few months, sales and earnings will gain momentum thanks to our high order backlog. Despite the heavy spending on digitization and the unexpectedly high pay-scale settlement in Germany, we are confident of achieving our full-year targets."

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Dürr registered strong order growth in Germany in the first half of the year, with order intake rising by 56% to € 373 million. New orders rose by 19% in the United States and by 4% in China. In the United States, a Japanese OEM placed the largest order for painting technology that Dürr has ever received from the Japanese automotive industry. Service business, which plays an important role, expanded by 1.6% in the first half of the year and by 10.3% in the second quarter.

At € 101.4 million, EBIT after extraordinary effects was down on the previous year (€ 147.1 million). However, it should be borne in mind that extraordinary income of € 14.9 million had arisen in the first half of 2017 due, among other things, to the book gain from the sale of Dürr Ecoclean. By contrast, earnings in the first half of 2018 were burdened by extraordinary expenses of € 9.0 million. Moreover, the high pay-scale settlement in the German metal and electrical engineering industry left traces in the second quarter, leading to additional expense of around € 3 million. Against this backdrop and in view of a higher tax rate of 27.8%, earnings after tax for the first half of the year dropped to € 68.1 million (H1 2017: 25.8% and € 101.9 million, respectively).

Painting robot business rose by 6% in the first half of the year. Order intake at HOMAG exceeded the € 700 million mark, although sales and earnings were muted. This was due to a protracted interruption to production caused by a software roll-out at the main plant in Schopfloch at the beginning of the year. Moreover, delivery and production problems placed a damper on output at the world market leader for woodworking machinery. As HOMAG is working intensively on a solution to these problems, sales and earnings should be up appreciably in the second half of the year.

The Clean Technology Systems division (environmental technology) posted a small loss for capacity utilization reasons and ongoing losses in energy efficiency business. However, order intake rose sharply, indicating rising sales and a positive EBIT for the full year. Business proceeded according to plan in Paint and Final Assembly Systems. As expected, earnings were down due to low margins on order intake in 2017. However, the FOCUS 2.0 optimization program will help to ensure

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an improvement next year, with paint shop business to return to a target EBIT margin of 6 to 7% in 2020.

Under the digital@DÜRR digitization strategy, research and development expenses were increased by 9.3% to € 61.3 million in the first half of the year. One important project was the further development of Dürr's supervisory production control software for further steps along the automotive value chain. Consequently, it is now possible to control and monitor body-in-white and pressing plants in addition to paint shops and final assembly lines.

Cash flow from operating activities came to € -59.7 million in the first half of the year. However, it returned to positive territory (€ +16.6 million) already in the second quarter and should continue to increase substantially throughout the rest of the year. CFO Carlo Crosetto: "We expect to achieve a higher cash flow in 2018 as a whole compared with 2017. The foundations for this were laid in the second quarter. Looking ahead over the next few months, we anticipate a high cash inflow from projects in the automotive industry as well as rising revenues in the divisions."

The head count rose moderately by 1.7% over the end of 2017, standing at 15,236 at the middle of the year. Germany accounted for 8,020 employees, equivalent to 52.6% of the Group's workforce.

Outlook

The number of investment projects in the pipeline on the verge of being awarded by the automotive industry has risen over the previous year. Demand in the furniture industry also remains strong. As things currently stand, Dürr expects sales of € 3,700 to 3,900 million in 2018. This means that they will probably be higher than in 2017 (€ 3,713.2 million) even though the Ecoclean Group, which was sold last year, contributed € 45.8 million in the first quarter of 2017. The Group had reached its previous sales record in 2015 (€ 3,767.1 million). Order intake should come to € 3,600 to 3,900 million this year. Order volumes in the Paint and Final Assembly Systems division could drop somewhat due to the decision to focus on more profitable orders.

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Adjusted for extraordinary effects, the Group EBIT margin should come to 7.4 to 7.8% in 2018, thus remaining on a par with the previous year. The EBIT margin after extraordinary effects is expected to reach 7.0 to 7.5%. As things currently stand, the EBIT margin will tend to come in at the lower end of the target corridor. It should be noted that EBIT included positive extraordinary effects of € 7.8 million in 2017. From today's perspective, Dürr projects extraordinary expense of € 15 to 20 million in 2018, of which FOCUS 2.0 should account for € 5 to 10 million.

The guidance does not yet include the acquisition of Babcock & Wilcox's environmental technology business as the transaction has not yet been closed. Dürr expects to receive the necessary approvals for the acquisition in August/September.

N.B. The comparative figures for the first half of 2017 and the second quarter of 2017 have been adjusted following the first-time application of IFRS 15 and therefore differ from the figures originally reported.

The Dürr Group is one of the world's leading mechanical and plant engineering firms with outstanding 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 not only the automotive industry but also other sectors such as the mechanical engineering, chemical and pharmaceutical industries, and the woodworking industry. Dürr has 92 business locations in 31 countries. In 2017 the Group generated sales revenues of € 3.71 billion. The Group has around 15,000 employees and operates in the market via five divisions:

- **Paint and Final Assembly Systems:** *Paintshops and final assembly systems for the automotive industry*
- **Application Technology:** *Robot technology for the automated application of paint, sealants and adhesives*
- **Clean Technology Systems:** *Exhaust-air purification systems and energy efficiency technology*

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- **Measuring and Process Systems:** *Balancing as well as assembly, testing and filling technology*
- **Woodworking Machinery and Systems:** *Machinery and equipment for the woodworking industry*

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KEY FIGURES for the Dürr Group (IFRS)						
€ m	H1 2018	H1 2017 adjusted ¹	Δ	Q2 2018	Q2 2017 adjusted ¹	Δ
Order intake	1,955.0	2,078.3	-5.9%	935.9	1,033.9	-9.5%
Orders on hand (June 30)	2,750.3	2,744.2	0.2%	2,750.3	2,744.2	0.2%
Sales revenues	1,749.6	1,753.5	-0.2%	909.5	863.2	5.4%
Gross profit	404.1	424.2	-4.7%	205.5	206.8	-0.7%
Research and development costs	61.3	56.1	9.3%	30.4	27.6	10.1%
EBITDA (earnings before financial result, taxes, depreciation and amortization)	140.9	187.6	-24.9%	69.8	82.6	-15.6%
EBIT (earnings before financial result and taxes)	101.4	147.1	-31.1%	50.3	60.9	-17.4%
EBIT before extraordinary effects ²	110.4	132.2	-16.4%	54.9	66.5	-17.5%
Earnings after tax	68.1	101.9	-33.1%	33.6	40.5	-16.9%
Gross margin (%)	23.1	24.2	-1.1 pp	22.6	24.0	-1.4 pp
EBIT margin (%)	5.8	8.4	-2.6 pp	5.5	7.1	-1.5 pp
EBIT margin (%) before extraordinary effects ²	6.3	7.5	-1.2 pp	6.0	7.7	-1.7 pp
Cash flow from operating activities	-59.7	-40.8	-46.2%	16.6	-36.7	145.3%
Free cash flow	-106.7	-85.7	-24.5%	-9.6	-55.1	82.6%
Capital spending (net of acquisitions)	34.3	33.6	2.3%	21.4	15.2	41.1%
Total assets (June 30)	3,466.5	3,339.3	3.8%	3,466.5	3,339.3	3.8%
Equity (incl. non-controlling interests) (June 30)	882.1	834.0	5.8%	882.1	834.0	5.8%
Equity ratio (June 30) (%)	25.4	25.0	0.5 pp	25.4	25.0	0.5 pp
ROCE (return on capital employed annualized, %)	22.0	37.1	-15.1 pp	21.8	33.3	-11.5 pp
Net financial status (June 30)	-29.9	96.2	-	-29.9	96.2	-
Net working capital (June 30)	452.9	337.9	34.0%	452.9	337.9	34.0%
Employees (June 30)	15,236	14,545	4.8%	15,236	14,545	4.8%

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Paint and Final Assembly Systems						
€ m	H1 2018	H1 2017 adjusted ¹	Δ	Q2 2018	Q2 2017 adjusted ¹	Δ
Order intake	577.5	645.5	-10.5%	303.3	377.3	-19.6%
Sales revenues	567.3	531.7	6.7%	297.1	256.4	15.9%
EBIT	24.9	30.9	-19.3%	12.5	13.9	-10.4%
Employees (June 30)	3,405	3,384	0.6%	3,405	3,384	0.6%

Application Technology						
€ m	H1 2018	H1 2017 adjusted ¹	Δ	Q2 2018	Q2 2017 adjusted ¹	Δ
Order intake	345.1	325.3	6.1%	176.6	168.3	4.9%
Sales revenues	298.0	286.9	3.9%	152.5	152.7	-0.2%
EBIT	30.7	29.4	4.2%	15.5	15.5	0.2%
Employees (June 30)	2,154	1,985	8.5%	2,154	1,985	8.5%

Clean Technology Systems						
€ m	H1 2018	H1 2017 adjusted ¹	Δ	Q2 2018	Q2 2017 adjusted ¹	Δ
Order intake	116.5	95.1	22.4%	58.8	38.6	52.5%
Sales revenues	65.0	86.3	-24.7%	34.7	47.7	-27.2%
EBIT	-2.5	1.6	-	-1.6	1.2	-
Employees (June 30)	600	586	2.4%	600	586	2.4%

Measuring and Process Systems						
€ m	H1 2018	H1 2017 adjusted ¹	Δ	Q2 2018	Q2 2017 adjusted ¹	Δ
Order intake	214.6	278.7	-23.0%	111.1	117.1	-5.1%
Sales revenues	213.5	250.6	-14.8%	114.2	105.2	8.5%
EBIT	23.9	30.0	-20.5%	13.5	15.7	-14.0%
Employees (June 30)	2,303	2,244	2.6%	2,303	2,244	2.6%

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Woodworking Machinery and Systems						
€ m	H1 2018	H1 2017 adjusted ¹	Δ	Q2 2018	Q2 2017 adjusted ¹	Δ
Order intake	701.3	733.5	-4.4%	286.1	332.6	-14.0%
Sales revenues	605.7	598.0	1.3%	311.1	301.2	3.3%
EBIT	37.2	43.7	-15.0%	17.4	23.4	-25.5%
Employees (June 30)	6,567	6,149	6.8%	6,567	6,149	6.8%

¹ The figures for the first half of 2017 and the second quarter of 2017 have been adjusted following the first-time application of IFRS 15.

² Extraordinary effects in H1 2018: € -9.0 million (including purchase price allocation for HOMAG Group: € -4.3 million; FOCUS 2.0 optimization program in Paint and Final Assembly Systems: € -3.5 million; transaction costs for MEGTEC/Universal: € -1.5 million), H1 2017: € +14.9 million

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