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Dürr discontinues micro gas turbine business as part of its reorientation in environmental technology and adjusts earnings forecast

Dürr AG – WKN 556520 / ISIN DE0005565204

Bietigheim-Bissingen, October 17, 2018 – Dürr will discontinue its loss-making micro gas turbine business and thus permanently eliminate this source of loss in its environmental technology division, Clean Technology Systems. This measure will incur extraordinary expenses of € 17 million in 2018 and is part of the strategic reorientation of the environmental technology business, following the recently completed acquisition of MEGTEC/Universal. In addition, the Woodworking Machinery and Systems division (HOMAG) will increase its EBIT in 2018; however, current estimates show that the division's EBIT will fall short of target by more than € 10 million. This is due to expenditures at HOMAG's Schopfloch site, where production is being fundamentally reorganized. HOMAG is thus responding to the increased business volume in systems business and will enhance its efficiency in the medium term. Furthermore, the Dürr Group's EBIT will be affected by additional consulting costs linked to, among other things, the FOCUS 2.0 optimization program and the reorientation of the IT area.

Based on this earnings burden of roughly € 35 million in total for the second half of 2018, Dürr is adjusting its earnings forecast and now expects an EBIT margin of 5.8 to 6.3 % in 2018. Dürr's previous target range for 2018 was between 6.8 and 7.3 % (including US environmental technology companies MEGTEC and Universal, which have been consolidated since the beginning of October). Dürr now forecasts an EBIT margin before extraordinary effects of between 6.8 and 7.2 % for 2018

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(previously 7.4 to 7.8 %). The full-year targets for incoming orders (€ 3,650 to 3.950 million) and sales (€ 3,750 to 3,950 million) remain unchanged and also take into account the effects from the acquisition of MEGTEC/Universal. In terms of cash flow, Dürr still aims to improve on the previous year's figure.

The extraordinary expense of € 17 million for discontinuing the micro gas turbine business is linked to an estimated cash outflow of € 5 million. The business is part of the Clean Technology Systems division's energy-efficiency unit, where Dürr will now focus exclusively on ORC technology for generating electricity from waste heat. In industrial exhaust-air purification technology, the substantially larger core business of Clean Technology Systems, Dürr has repositioned itself as a world market leader and doubled its sales volume to around € 400 million following the acquisition of MEGTEC/Universal. By taking advantage of worldwide market opportunities, economies of scale and synergy potential, Dürr plans to increase the division's sales to up to € 500 million and the EBIT margin to between 6 and 7 % by 2021.

The Woodworking Machinery and Systems division (HOMAG) now aims to achieve an EBIT margin of 6.5 to 7.0 % in 2018. The required efficiency enhancements in Schopfloch have been initiated. At the other HOMAG sites, sales and earnings are developing as expected.

Another large company acquisition is currently not envisaged at Dürr, due to the very high company valuations. Dürr has therefore adjusted its long-term Group targets for 2020, based on today's perspective. The sales target for 2020 is now between € 4,000 and 4,200 million, while the target range for the EBIT margin is 7.0 to 8.0 %. The previous targets of up to € 5,000 million (sales) and 8 to 10 % (EBIT margin) had implied another large company acquisition.

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