

PRESS RELEASE

Business figures for the first nine months of 2018

Dürr on course for record order intake and sales

- **Project pipeline and order books amply filled: Order intake and sales could reach new full-year records in 2018**
- **At 6.9%, Q3 operating EBIT margin within the target corridor**
- **Cash flow positive in Q3**
- **Digital Factory developing Smart Apps for optimizing production**

Bietigheim-Bissingen, November 8, 2018 – Dürr is striving for new records in order intake and sales this year. After the first nine months of 2018, order intake stood at € 2,753.2 million and could rise to around € 3,900 million by the end of the year for the first time. Sales should come to more than € 3,800 million for the year as a whole, after reaching € 2,734.1 million in the first nine months. Ralf W. Dieter, CEO of Dürr AG: “We look set to achieve a very good fourth quarter, to which all five divisions should be able to contribute. In automotive business, there are many capital spending projects in the pipeline. This particularly applies to China where we are increasingly supplying new producers of electric vehicles alongside the established OEMs.” Operating earnings and cash flow in the third quarter exceeded the previous two quarters. The operating EBIT margin reached 6.9% in the third quarter, thus coming within the target that had been announced in October for the entire year (6.8 to 7.2%). Operating cash flow and free cash flow were in positive territory in the third quarter.

In like-for-like terms, i.e. adjusted for the sale of Dürr Ecoclean (industrial cleaning technology) in 2017 and negative currency translation effects, sales were up 6.4% in the first nine months of 2018, rising by 2.0% in non-adjusted terms. The greatest

top-line growth was reported by the Paint and Final Assembly Systems division in its business for the automotive industry. Service revenues were also up, climbing by 4.5% or, adjusted for the sale of Dürr Ecoclean, by 6.1%.

Like-for-like order intake almost reached the previous year's figure (down 2.0%). The Clean Technology Systems division reported the greatest growth (up 24.3%) even though the US environmental technology companies MEGTEC and Universal, which were acquired at the beginning of October, are not yet included in the nine-month figures. In Europe, the Dürr Group's order intake repeated the previous year's high figure of just under € 1.4 billion thanks to strong expansion in Germany (up 48%). New orders in China fell slightly short of the previous year (down 6%), however, Dürr expects sharp growth in the fourth quarter.

At € 153.3 million, EBIT was down on the previous year in the first nine months primarily as a result of extraordinary effects: whereas EBIT in the previous year had included extraordinary income of € 11.8 million, which mainly resulted from the sale of Ecoclean, the first nine months of 2018 came under pressure from extraordinary expense of € 25.2 million, including € 13.5 million for the discontinuation of the loss-making micro gas turbine business announced in October. Operating EBIT before extraordinary effects came to € 178.5 million in the first nine months of 2018, accompanied by an operating EBIT margin of 6.5%. At € 68.0 million, operating EBIT in the third quarter fell only slightly short of the previous year (€ 70.8 million), with all five divisions reporting the highest quarterly operating earnings in the year to date. The Group's operating EBIT margin came to 6.9% in the third quarter, thus exceeding the previous two quarters (Q1 2018: 6.6%, Q2 2018: 6.0%).

Innovation spending was increased by a further 4.1% to € 88.6 million in the first nine months of 2018. Digitization remains the most important focus of innovation. The Dürr Digital Factory, which is responsible for digital innovations, is currently working on various apps that work in sync with each other to systematically document, analyze and optimize customers' production processes, maintenance and painting quality. These Smart Apps evaluate big data volumes from paint shops, using the ADAMOS IIoT platform operated jointly with Software AG and other partners.

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The cash flow from operating activities amounted to € -31.9 million in the first nine months of 2018, returning to positive territory in the third quarter at € 27.8 million and exceeding the previous year's figure. At € 10.9 million, the free cash flow was also positive in the third quarter. CFO Carlo Crosetto: "We expect the positive cash flow trend to strengthen in the fourth quarter. Assuming that we are able to additionally increase incoming payments, cash flow could exceed the previous year in 2018." Net financial status was slightly negative at € -18.3 million as of September 30, 2018. Dürr expects to be able to report a positive net financial status at the end of the year despite the outgoing payment for the acquisition of the environmental technology companies MEGTEC and Universal. This assumes that the positive cash flow development continues in the fourth quarter.

The Group head count rose by 3.3% over the end of 2017, standing at 15,461 on September 30. Of these, 53% (8,156 people) were employed in Germany. The acquisition of MEGTEC and Universal led to the addition of a further more than 800 employees at the beginning of October.

Outlook

Sales guidance for 2018 is in a range of € 3,750 to 3,950 million. The target corridor for order intake is € 3,650 to 3,950 million. Both forecasts include approximately € 50 million expected to be contributed by MEGTEC and Universal in the fourth quarter. The Dürr Group's previous records were sales of € 3,767.1 million in 2015 and order intake of € 3,803.0 million in 2017. Dürr had originally reported order intake of € 3,888.7 million for 2017. However, orders worth € 86 million received from Iran were retroactively eliminated in the fourth quarter of 2017. Following the adjustment to its guidance announced on October 17, Dürr now projects an EBIT margin of 5.8 to 6.3% or, before extraordinary effects, 6.8 to 7.2% for 2018 (including MEGTEC and Universal in both cases).

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

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KEY FIGURES for the Dürr Group (IFRS)						
€ m	9M 2018	9M 2017 adjusted ¹	Δ	Q3 2018	Q3 2017 adjusted ¹	Δ
Order intake	2,753.2	2,906.7	-5.3%	798.2	828.3	-3.6%
Orders on hand (Sept. 30)	2,465.4	2,618.3	-5.8%	2,465.4	2,618.3	-5.8%
Sales	2,734.1	2,680.7	2.0%	984.5	927.1	6.2%
Gross profit	602.4	636.8	-5.4%	198.3	212.7	-6.7%
Research and development costs	88.6	85.1	4.1%	27.3	29.0	-5.9%
EBITDA (earnings before financial result, taxes, depreciation and amortization)	223.0	274.5	-18.8%	82.1	86.8	-5.4%
EBIT (earnings before financial result and taxes)	153.3	214.8	-28.6%	51.9	67.7	-23.4%
EBIT before extraordinary effects ²	178.5	203.0	-12.1%	68.0	70.8	-4.0%
Earnings after tax	103.5	150.3	-31.1%	35.3	48.4	-27.0%
Gross margin (%)	22.0	23.8	-1.7 pp	20.1	22.9	-2.8 pp
EBIT margin (%)	5.6	8.0	-2.4 pp	5.3	7.3	-2.0 pp
EBIT margin (%) before extraordinary effects ²	6.5	7.6	-1.0 pp	6.9	7.6	-0.7 pp
Cash flow from operating activities	-31.9	-22.2	-	27.8	18.6	49.5%
Free cash flow	-95.8	-82.9	-	10.9	2.8	288.5%
Capital spending (excl. acquisitions)	51.8	49.3	5.2%	17.5	15.7	11.3%
Total assets (Sept. 30)	3,562.3	3,416.0	4.3%	3,562.3	3,416.0	4.3%
Equity (incl. non-controlling interests) (Sept. 30)	915.8	868.3	5.5%	915.8	868.3	5.5%
Equity ratio (Sept. 30) (%)	25.7	25.4	0.3 pp	25.7	25.4	0.3 pp
ROCE (annualized) (%)	21.6	36.0	-14.3 pp	22.0	34.9	-12.9 pp
Net financial status (Sept. 30)	-18.3	86.6	-	-18.3	86.6	-
Net working capital (Sept. 30)	502.1	419.1	19.8%	502.1	419.1	19.8%
Employees (Sept. 30)	15,461	14,876	3.9%	15,461	14,876	3.9%

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Paint and Final Assembly Systems division						
€ m	9M 2018	9M 2017 adjusted ¹	Δ	Q3 2018	Q3 2017 adjusted ¹	Δ
Order intake	765.4	826.5	-7.4%	187.9	181.0	3.8%
Sales	878.5	816.2	7.6%	311.2	284.5	9.4%
EBIT	38.9	47.0	-17.1%	14.0	16.0	-12.8%
Employees (Sept. 30)	3,447	3,463	-0.5%	3,447	3,463	-0.5%

Application Technology division						
€ m	9M 2018	9M 2017 adjusted ¹	Δ	Q3 2018	Q3 2017 adjusted ¹	Δ
Order intake	486.4	460.1	5.7%	141.2	134.8	4.8%
Sales	472.1	447.3	5.5%	174.1	160.4	8.6%
EBIT	48.0	46.6	3.0%	17.4	17.2	1.0%
Employees (Sept. 30)	2,230	2,024	10.2%	2,230	2,024	10.2%

Clean Technology Systems division						
€ m	9M 2018	9M 2017 adjusted ¹	Δ	Q3 2018	Q3 2017 adjusted ¹	Δ
Order intake	152.8	123.0	24.3%	36.3	27.8	30.7%
Sales	119.9	131.6	-8.8%	54.9	45.3	21.3%
EBIT	-14.2	1.9	-	-11.7	0.3	-
Employees (Sept. 30)	612	596	2.7%	612	596	2.7%

Measuring and Process Systems division						
€ m	9M 2018	9M 2017 adjusted ¹	Δ	Q3 2018	Q3 2017 adjusted ¹	Δ
Order intake	307.7	418.1	-26.4%	93.2	139.4	-33.1%
Sales	326.1	381.7	-14.6%	112.6	131.1	-14.1%
EBIT	37.9	47.6	-20.4%	14.1	17.6	-20.2%
Employees (Sept. 30)	2,325	2,280	2.0%	2,325	2,280	2.0%

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Woodworking Machinery and Systems division						
€ m	9M 2018	9M 2017 adjusted ¹	Δ	Q3 2018	Q3 2017 adjusted ¹	Δ
Order intake	1,040.9	1,078.9	-3.5%	339.6	345.4	-1.7%
Sales	937.3	903.8	3.7%	331.6	305.8	8.4%
EBIT	58.7	65.8	-10.9%	21.5	22.1	-2.8%
Employees (Sept. 30)	6,605	6,316	4.6%	6,605	6,316	4.6%

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

¹ The figures for the first nine months of 2017 and the third quarter of 2017 have been adjusted following the first-time application of the new accounting standard IFRS 15.

² Extraordinary effects in the first nine months 2018: € -25.2 million (including discontinuation expense for micro gas turbine business: € -13.5 million; purchase price allocation for HOMAG Group: € -6.5 million; FOCUS 2.0 optimization program in Paint and Final Assembly Systems: € -3.5 million; transaction costs for MEGTEC/Universal: € -1.9 million), first nine months of 2017: € +11.8 million.

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 sectors such as the automotive, mechanical engineering, chemical, pharmaceutical and woodworking industries. The Group generated sales of € 3.71 billion in 2017. In October 2018, Dürr acquired US company Babcock & Wilcox's industrial environmental business under the brands MEGTEC and Universal. Since then, Dürr has been operating more than 108 business locations in 32 countries worldwide with over 16,000 employees. The Group operates in the market via five divisions:

- **Paint and 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 soundproofing systems
- **Measuring and Process Systems:** Balancing as well as assembly, testing and filling technology
- **Woodworking Machinery and Systems:** Machinery and equipment for the wood-processing industry

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