

PRESS RELEASE

Preliminary figures for fiscal 2018

Dürr achieves new records for incoming orders and sales

- Incoming orders and sales increase by 5.2 % and 6.1 %, respectively, adjusted for currency fluctuations
- Service sales exceed € 1 billion for the first time
- Operating EBIT margin of 7.1 % within target range
- Operating cash flow 35.5 % above previous year's level
- E-mobility and environmental technology as growth drivers
- Strong fourth quarter: highest levels of incoming orders and sales in company history, operating EBIT 20.2 % above Q4 2017

Bietigheim-Bissingen, February 28, 2019 – The Dürr Group closed 2018 with new records for incoming orders and sales. While preliminary figures show a 3.4 % increase in incoming orders to € 3,930.9 million, sales rose by 4.2 % to € 3,869.8 million. Adjusted for currency fluctuations, the increases amounted to 5.2 % (incoming orders) and 6.1 % (sales). The operating EBIT margin stood at 7.1 % (2017: 7.6 %) and was thus at the top end of the target range (6.8 to 7.2 %), which had been adjusted in October. Ralf W. Dieter, CEO of Dürr AG: “Despite considerable political and economic uncertainty, we continued our growth trajectory in 2018. This was due, in large measure, to our excellent performance over the last few months of the year.” In the fourth quarter, incoming orders (€ 1,177.7 million) and sales (€ 1,135.8 million) achieved the highest levels of the last few years, while operating EBIT (€ 93.0 million) rose by 20.2 % over the fourth quarter of 2017. Following a strong fourth quarter, cash flow from operating activities increased by € 42.5 million in 2018 as a whole and stood at € 162.3 million.

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Thanks to an organic increase in new orders of 28.6 %, the environmental technology division, Clean Technology Systems, posted the largest gains in 2018. Including the US companies MEGTEC and Universal, which were acquired in October, the division's level of incoming orders rose by as much as 56.6 %. This resulted from the strong demand for exhaust-air purification systems to lower emissions from production processes. Business is growing particularly in emerging markets such as China, with an increasing demand for environmentally friendly production processes.

Incoming orders from the automotive industry also continued to increase. Business in paint shops and final assembly systems (Paint and Final Assembly Systems) rose by 13.8 %. Orders received by the painting robot division, Application Technology, were up 7.8 %, reaching an all-time high of € 632.4 million. The high level of incoming orders was helped by the brisk Chinese business (up 12.1 %) and the electromobility trend. Ralf W. Dieter: "We are benefiting from growing investments in production technology for electric cars. Furthermore, the market entry of new producers of electric cars is expanding our customer base." Larger orders in 2018 came from Chinese e-car producers such as Sokon and Future Mobility Corporation. The HOMAG Group's business with the woodworking industry reached a high level of orders (€ 1,336.8 million), despite a slight decline of 2.2 % after the extremely strong growth in the previous year (+17.2 %). Service sales generated by the Dürr Group increased by 9.7 % and, at € 1,039.0 million, exceeded the € 1 billion mark for the first time.

The Group's operating EBIT (before extraordinary expenses) stood at € 274.9 million and was thus only slightly below the previous year's level (€ 283.7 million / -3.1 %). The reason for this was a decrease in earnings of around 21 % in paint systems business, resulting from the difficult competitive environment in 2017 and the low margins on incoming orders at the time. By contrast, in 2018 order margins in paint systems business increased again slightly. In addition, the FOCUS 2.0 optimization program made an impact, with EBIT growth expected again for 2019 and 2020. The HOMAG Group contributed the largest proportion to earnings. Despite production and supplier bottlenecks, its EBIT reached an all-time high of € 86.2 million. In the

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fourth quarter, optimizations in manufacturing and other areas enabled HOMAG to increase its EBIT by 60.6 % to € 27.6 million compared to the previous year's period.

EBIT after extraordinary effects decreased by 18.6 % to € 233.5 million. After the previous year's extraordinary income (€ 3.3 million), 2018 was marked by high extraordinary expenses of € 41.4 million. A large proportion of this was attributable to optimization measures aimed at increasing earnings and tapping new growth potential in subsequent years. These include the FOCUS 2.0 optimization program, the discontinuation of the micro gas turbine business, and the acquisition of MEGTEC/Universal. Earnings after taxes developed roughly in line with EBIT and stood at € 163.5 million (2017: € 199.6 million).

Expenditure on research and development reached a new all-time high of € 121.0 million. The most important area of innovation was the digitization of production processes. Dürr introduced, among other things, the **EcoScreen** Maintenance Assistant and the **EcoScreen** Equipment Analytics software programs for smart painting processes. HOMAG developed an app family with digital production assistants for machine operators.

The Dürr Group significantly improved its cash flow as planned, which was up 35.5 %. CFO Carlo Crosetto: "2018 once again showed that our business model enables us to generate a high level of cash. The strong cash flow is all the more remarkable given that we had to stockpile inventories to avoid the risk of short-term delivery shortfalls due to suppliers operating at high capacity utilization." The net financial status was positive, at € 32.3 million, despite the acquisition of MEGTEC/Universal at a purchase price of € 103.9 million. An additional outflow of € 34.8 million was linked to Dürr increasing its equity investment in HOMAG Group AG from 56 to 64 %. The equity ratio improved, rising from 25.6 % to 27.4 %. Investments decreased by 15.5 % to € 74.4 million, after several sites had been built or expanded in previous years.

The acquisition of MEGTEC/Universal saw 865 new employees joining the Group. The workforce grew by 8.9 % to 16,312 employees, half of whom are based in Germany.

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Outlook

The outlook is based on assumptions that the economy does not slow down more than expected, no macroeconomic distortions occur, and the political environment does not become increasingly volatile. For 2019, the Dürr Group expects the level of investment in the automotive industry to remain more or less constant. Steady demand is also expected in the woodworking industry.

Sales are set to increase to between € 3,900 and 4,100 million in 2019, and could thus reach the € 4 billion mark for the first time. MEGTEC/Universal will be consolidated for the full year for the first time, and is set to contribute around € 150 million more to sales than in 2018. In terms of incoming orders, the Dürr Group is targeting a range of € 3,800 to 4,100 million. The EBIT margin is set to widen to between 6.5 and 7.0 %. The extraordinary expenses contained in EBIT are anticipated to decrease to around € 25 million and mainly consist of purchase price allocation effects. Adjusted for extraordinary effects, the operating EBIT margin is set to reach between 7.0 and 7.5 % in 2019. As things stand today, the Dürr Group wants to further increase cash flow from operating activities. The number of employees is expected to increase slightly by the end of 2019.

The figures in this press release are preliminary and have not been audited. They have not yet been approved by the Supervisory Board. The 2018 annual report with the final figures will be published on March 22, 2019.

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

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KEY FIGURES for the Dürr Group (IFRS) fiscal 2018, in € million			
	2018	2017	Δ %
Incoming orders	3,930.9	3,803.0	3.4
Orders on hand (Dec. 31)	2,577.2	2,449.4	5.2
Sales	3,869.8	3,713.2	4.2
Gross profit	855.5	857.2	-0.2
Research and development costs	121.0	116.7	3.6
EBITDA (earnings before financial result, taxes, depreciation and amortization)	326.9	367.7	-11.1
EBIT (earnings before financial result and taxes)	233.5	287.0	-18.6
EBIT before extraordinary effects ¹	274.9	283.7	-3.1
Earnings after tax	163.5	199.6	-18.1
Cash flow from operating activities	162.3	119.8	35.5
Free cash flow	78.4	14.3	448.4
Capital spending (excl. acquisitions)	74.4	88.0	-15.5
Total assets (Dec. 31)	3,614.4	3,511.6	2.9
Equity (incl. non-controlling interests) (Dec. 31)	992.2	900.5	10.2
Equity ratio (Dec. 31) in %	27.4	25.6	1.8 pp
Net financial status (Dec. 31)	32.3	176.3	-81.7
Net working capital (Dec. 31)	441.4	373.7	18.1
EBIT margin in %	6.0	7.7	-1.7 pp
EBIT margin before extraordinary effects ¹ in %	7.1	7.6	-0.5 pp
ROCE (return on capital employed) in %	24.0	38.6	-14.6 pp
Employees (Dec. 31)	16,312	14,974	8.9
Earnings per share in €	2.27	2.78	-18.3

KEY FIGURES for the Dürr Group (IFRS) 4th quarter of 2018, in € million			
	Q4 2018	Q4 2017	Δ %
Incoming orders	1,177.7	896.4	31.4
Sales	1,135.8	1,032.5	10.0
EBIT	80.2	72.2	11.1
EBIT before extraordinary effects	93.0	77.3	20.2
Earnings after tax	60.1	49.4	21.7
Cash flow from operating activities	194.2	142.0	36.7
Free cash flow	174.2	97.2	79.3

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Paint and Final Assembly Systems fiscal 2018, in € million			
	2018	2017	Δ %
Incoming orders	1,300.4	1,142.3	13.8
Sales	1,235.7	1,175.2	5.1
EBIT	56.0	70.4	-20.5
EBIT before extraordinary effects	58.1	72.6	-19.9
Employees (Dec. 31)	3,472	3,457	0.4
Application Technology fiscal 2018, in € million			
	2018	2017	Δ %
Incoming orders	632.4	586.5	7.8
Sales	652.6	622.4	4.8
EBIT	68.0	64.8	4.9
EBIT before extraordinary effects	68.2	65.3	4.5
Employees (Dec. 31)	2,246	2,063	8.9
Clean Technology Systems fiscal 2018, in € million			
	2018	2017	Δ %
Incoming orders	258.2	164.9	56.6
Sales	226.7	185.6	22.1
EBIT	-15.0	3.3	-
EBIT before extraordinary effects	5.1	4.0	28.7
Employees (Dec. 31)	1,472	603	144.1
Measuring and Process Systems fiscal 2018, in € million			
	2018	2017	Δ %
Incoming orders	403.3	543.0	-25.7
Sales	456.5	511.1	-10.7
EBIT	59.7	64.3	-7.1
EBIT before extraordinary effects	61.3	66.6	-8.1
Employees (Dec. 31)	2,279	2,279	0.0
Woodworking Machinery and Systems fiscal 2018, in € million			
	2018	2017	Δ %
Incoming orders	1,336.8	1,366.3	-2.2
Sales	1,298.3	1,218.8	6.5
EBIT	86.2	83.0	3.9
EBIT before extraordinary effects	94.9	91.7	3.5
Employees (Dec. 31)	6,593	6,371	3.5

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

¹ Extraordinary effects 2018: € -41.4 million (including discontinuation of micro gas turbine business: € -17.3 million; purchase price allocation for the HOMAG Group: € -8.7 million; transaction costs for the acquisition of MEGTEC/Universal and FOCUS 2.0 optimization program: € -8.7 million); extraordinary effects 2017: € 3.3 million

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Notes on year-on-year comparison

- First-time application of IFRS 15: Due to the first-time application of the new accounting standard IFRS 15 (Revenue from Contracts with Customers), many figures have changed slightly for fiscal 2017, compared to the initial publication. Further information can be found at <https://www.durr-group.com/en/investor-relations/key-figures/>
- Iran business: For incoming orders in 2017 and orders on hand as at December 31, 2017, orders worth € 85.7 million were derecognized from Iranian business. The derecognition resulted from the discontinuation of Iranian business and required the retrospective adjustment of incoming orders and orders on hand in the fourth quarter of 2017.
- MEGTEC/Universal: Following its initial consolidation on October 5, 2018, the acquired MEGTEC/Universal Group contributed € 46.1 million in incoming orders, € 47.6 million in sales and € 2.7 million in EBIT (before purchase price allocation). MEGTEC/Universal's contribution to incoming orders and sales was around the same as the respective amount contributed by the Dürr Ecoclean Group, sold on March 31, 2017, in the previous year. In a year-on-year comparison, the effects of the two transactions largely cancel each other out.
- Earnings per share: The number of Dürr AG shares doubled to 69,202,080 following the issue of bonus shares on June 22, 2018. The earnings per share figure refers to the new number of shares (69,202,080) and was adjusted retrospectively for 2017.
- Net financial status: The calculation of the net financial status was adjusted slightly for the purpose of a more accurate presentation. As a result, the net financial status as at December 31, 2017, amounts to € 176.3 million; the original figure was € 191.5 million.
- Extraordinary effects: For the first time, the extraordinary expenses for 2018 and 2017 also contain the purchase price allocation effects in connection with smaller company acquisitions made over the past years (for example iTAC, Agramkow, Dualis). In previous years, they only contained the expenses from the purchase price allocation for the HOMAG Group. The 2018 purchase price allocation effects in connection with MEGTEC/Universal are also included in the extraordinary expenses for 2018.

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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. Its products, systems and services enable highly efficient manufacturing processes in different industries. The Dürr Group supplies sectors like the automotive industry, mechanical engineering, chemical, pharmaceutical and woodworking industries. It generated sales of € 3.87 billion in 2018. In October 2018, the Dürr Group acquired the industrial environmental technology business of US-based company Babcock & Wilcox, comprising the MEGTEC and Universal brands. Since then, it has over 16,300 employees and 108 business locations in 32 countries. The Group 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*
- **Clean Technology Systems:** *air pollution control, noise abatement systems and battery coating lines*
- **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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occur or assumptions prove incorrect, actual results, performances or achievements of Dürr may vary materially from those described in the relevant forward-looking statements. These statements may be identified by words such as “expect,” “want,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. Dürr neither intends, nor assumes any obligation, to update or revise its forward-looking statements regularly in light of developments which differ from those anticipated. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies.

Our financial reports, presentations, press releases and ad-hoc releases may include alternative financial metrics. These metrics are not defined in the IFRS (International Financial Reporting Standards). Dürr's net assets, financial position and results of operations should not be assessed solely on the basis of these alternative financial metrics. Under no circumstances do they replace the performance indicators presented in the consolidated financial statements and calculated in accordance with the IFRS. The calculation of alternative financial metrics may vary from company to company despite the use of the same terminology. Further information regarding the alternative financial metrics used at Dürr can be found in our financial glossary on the Dürr web page (<https://www.durr-group.com/en/investor-relations/glossary/>).

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