PRESS RELEASE

Earnings target for 2024 postponed, targets for 2023 confirmed following strong third quarter

- **8% EBIT margin before extraordinary effects in 2026 at the earliest**
- **Continued weakness in orders at HOMAG**
- **Third quarter sees significant margin increases**

Bietigheim-Bissingen, October 19, 2023 — The Dürr Group sets itself a new earnings target for 2024. Instead of the previously targeted 8% EBIT margin before extraordinary effects, the level expected for the coming year is now between 4.5 and 6.0%, with sales growth of 5 to 10%. The reason for this is the continued downturn in the markets of the Group's subsidiary HOMAG. Between January and September 2023, the specialist for woodworking machinery saw its order intake decline by more than 30% year-on-year. HOMAG's management is thus planning capacity adjustments to cut costs. The Dürr Group confirms its targets for 2023. While order intake at HOMAG has declined, business with the automotive industry has grown this year, and the Group's EBIT margin before extra-ordinary effects increased to around 7% in the third quarter. The acquired automation specialist, BBS Automation, will also make a positive contribution to earnings.

Despite the retraction for 2024, the Dürr Group continues to target an EBIT margin before extraordinary effects of 8%. From today's perspective, it is likely to be achieved in 2026 at the earliest if business at HOMAG recovers accordingly.

HOMAG benefited from an exceptional boom until mid-2022. During the pandemic, more furniture was sold than usual, leading to sharply increased investment in new machinery for production. In addition, business in production equipment for climate-friendly timber houses picked up considerably. Since summer 2022, however, the market for woodworking machinery has been in a cyclical downturn. In the last four quarters, order intake at HOMAG has reached an average of less than €320 million, while in the previous quarters it averaged

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over €450 million. This decline has occurred against the backdrop of high inflation, rising interest rates, and the weak economy.

So far, the low order intake has had little effect on HOMAG's sales since the high order backlog from the boom phase is still being processed. For 2024, however, there is a risk of capacity underutilization and sales losses of around 15%. Without any countermeasures, this would lead to a sharp drop in earnings. To cut costs, management is therefore planning to reduce capacity. In addition, talks with employee representatives are set to take place over the next few weeks. The company will provide information on the results as soon as possible.

Dr. Jochen Weyrauch, CEO of Dürr AG, stated: "For a year now, HOMAG has been receiving considerably fewer orders than needed given the existing capacity and cost structure. We must respond to this in order to limit the decline in earnings in 2024 and position HOMAG efficiently for the future." The planned measures are intended to ensure that HOMAG's EBIT margin before extra-ordinary effects does not fall below 2% in 2024. HOMAG is also saving in other areas. Aside from cutting non-personnel and travel expenses, a far-reaching hiring freeze is in place and working time accounts are being reduced.

Dr. Daniel Schmitt, CEO of HOMAG Group AG, said: "We deliberately increased the workforce only moderately during the boom, as it was clear that a slowdown would follow. However, the decline in orders goes far beyond the expected level. That's why capacity reductions are unavoidable if we are to keep HOMAG in safe waters." It is possible that the end of 2024 could see an initial market recovery. "We are confident that the need for woodworking machinery will grow in the mid and long term. But demand will not return to the previous years' peak in the short term. That's why we must now align HOMAG in such a way that we can get through 2024 on an even keel and then return to profitable growth with a competitive cost structure."

Dürr Group records earnings growth in third quarter

The Dürr Group confirms its targets for 2023 after three out of four quarters. This applies, among other things, to the targeted EBIT margin of 6.0 to 7.0% (before extraordinary effects), sales (€4.5 to 4.8 billion), and free cash flow (€50 to 100 million). In terms of order intake, the company is aiming for the top end of the target corridor (€4.4 to 4.8 billion).

"We saw another big leap in earnings in the third quarter and are on target to achieve the full-year forecast," said CEO Dr. Jochen Weyrauch. Based on preliminary figures, the EBIT margin reached around 7% in the third quarter,

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with sales of approx. €1.15 billion. Dr. Jochen Weyrauch stated: “At HOMAG, we must take action in view of the massive decline in orders. In all other segments of the Group, we want to continue our profitable growth in 2024. In the automotive business, we are once again executing significantly higher-margin orders following the setbacks caused by COVID. This is having an increasingly positive impact on earnings. In addition, the pipeline is healthy thanks to new projects in the automotive industry, since e-mobility and the shift toward sustainable production processes are prompting high levels of investment. In environmental technology and balancing technology, we are also seeing strong earnings improvements.”

The MDAX-listed mechanical and plant engineering firm expects further sales and earnings growth sparked by the strategic expansion of its automation business. Following the acquisition of automation specialist BBS Automation, completed at the end of August, the Dürr Group is reaching sales of €500 million in this segment. For 2024 and the subsequent years, the automation business is expected to see growing earnings contributions with an EBIT margin above the Group average.

The Dürr Group will publish the full figures for the third quarter and the first nine months of 2023 on November 9, 2023.

Images 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, digitalization and energy efficiency. Its products, systems and services enable highly efficient and sustainable manufacturing processes in different industries. The Dürr Group primarily supplies the automotive industry, producers of furniture and timber houses as well as the chemical, pharmaceutical, medical devices and electrical engineering sectors. It generated sales of €4.3 billion in 2022. The company has over 20,000 employees and 140 business locations in 32 countries. The Dürr Group operates in the market with the brands Dürr, Schenck and HOMAG and with five divisions:

- **Paint and Final Assembly Systems:** paint shops as well as final assembly, testing and filling technology for the automotive industry, assembly and test systems for medical devices
- **Application Technology:** robot technologies for the automated application of paint, sealants and adhesives
- **Clean Technology Systems:** air pollution control, coating systems for battery electrodes and noise abatement systems
- **Measuring and Process Systems:** balancing equipment and diagnostic technology
- **Woodworking Machinery and Systems:** machinery and equipment for the woodworking industry

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