

Business figures for the third quarter and the first nine months of 2023

Dürr Group with a substantial improvement in earnings in the third quarter

- EBIT margin of 7.1% before extraordinary effects
- Full-year target (6.0 – 7.0%) reaffirmed
- Extraordinary expenses of € 35 – 50 million at HOMAG in the fourth quarter
- Savings of €50 million per year planned for HOMAG from 2025
- Automotive business benefiting from e-mobility and sustainability

Bietigheim-Bissingen, November 7, 2023 – As previously announced, the Dürr Group additionally improved its earnings in the third quarter and, at 7.1%, generated the highest EBIT margin before extraordinary effects since the fourth quarter of 2019. As the margin should continue to widen in the final quarter of the year, the full-year forecast of 6.0 – 7.0% is reaffirmed. The mechanical and plant engineering company is also on track to meeting its full-year targets for order intake, sales and cash flow. On the other hand, adjustments have been made to the target ranges for the EBIT margin after extraordinary effects (4.5 – 5.5%) and for earnings after tax (€110 – 160 million) for 2023. This is to factor in the additional extraordinary expenses of €35 – 50 million, which will be placed on the books in the fourth quarter for the planned capacity adjustments at HOMAG. HOMAG intends to cut just under 600 jobs worldwide and expects this to produce savings of around €25 million in 2024 and roughly €50 million per year from 2025. In this way, HOMAG is responding to the decline in sales expected in 2024 and improving its basis for future profitable growth. Says Dr. Jochen Weyrauch, CEO of Dürr AG: “We have swiftly drawn up the roadmap for scaling back capacity at HOMAG and discussed it with the employee representatives. This ensures transparency with regard to the planned measures, expenses and savings at an early stage. As a result of these adjustments, HOMAG will gain resilience on a lasting basis and be able to leverage its potential to full effect.”

The rationale for the job cuts at HOMAG is the persistently muted demand for woodworking machinery. In the first nine months of 2023, order intake fell by

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31.7% compared to the strong previous year. As a result, sales are expected to decline by up to 15% in 2024. In order to limit the impact on earnings, HOMAG plans to make use of other flexibilization instruments such as the reduction of working-hour accounts and short-time work in addition to cutting jobs; as well as this, new recruitment has been frozen on a broad basis. The goal is to achieve an EBIT margin of 2.0 – 4.0% before extraordinary effects in 2024 despite the lower sales. Roughly 350 of the just under 600 jobs concerned are to be eliminated at HOMAG's German facilities. In Germany, this is to be done by means of voluntary programs and phased-retirement models to reduce social hardship. Layoffs for operational reasons are currently not planned but cannot be ruled out. HOMAG has 7,482 employees worldwide, including 3,955 in Germany.

In the first nine months, the muted demand left virtually no traces on HOMAG's sales. As the large order backlog was still being run off, sales rose slightly to €1,222.2 million (up 2.3%). Says Dr. Daniel Schmitt, CEO of HOMAG Group AG: "The consequences of the muted order intake will hit us with delayed effect in 2024. This makes it important to now boost HOMAG's resilience. At the same time, we will be improving our cost structure on a sustained basis to grow profitably again once the next upswing emerges."

Substantial improvement in earnings across the entire Group

The other divisions of the Dürr Group performed well for the most part in the first nine months. Orders in business with the automotive industry and in environmental and balancing technology increased. This capped the decline in Group order intake at 10.7% (€3,509.0 million) despite the slump in demand recorded by HOMAG. Sales rose by 7.2% to €3,299.2 million, underpinned by the improved supply chain situation and the absence of pandemic-related restrictions. At 3.6%, sales growth was temporarily slower in the third quarter as delays caused by customers in the completion of buildings for a number of big-ticket painting system projects impeded execution.

In high-margin service business, sales climbed by 6.8% to €934.8 million in the first nine months. Consequently, they made a practically stable contribution to total sales of 28.3% (9M 2022: 28.4%). Sales from service business were very gratifying in the third quarter, climbing by 9.9% and accounting for 29.8% of total sales. Strong service business is also expected in the fourth quarter.

New Industrial Automation Systems division

Following its expansion in the promising automation technology segment, the Dürr Group revised its division structure in the third quarter, establishing a new division called Industrial Automation Systems. It consists of the former

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Measuring and Process Systems division plus the automation business of BBS Automation, Teamtechnik and Hekuma. Industrial Automation Systems is expected to achieve an EBIT margin of 6.5 – 7.5% before extraordinary effects, i.e. above the Group average, in 2023.

Group EBIT before extraordinary effects improved successively over the course of the year, rising by 29.7% in the third quarter, and hence more quickly than sales, to €82.3 million. This translated into growth of 25.9% to €186.8 million in the first nine months. The main reasons were the good earnings quality in service business and the heightened execution of high-margin projects. Earnings after tax additionally benefited from improved financial result, rising by 34.9% to €105.3 million. The increase in earnings was underpinned by growth across all five divisions. HOMAG was also able to post higher EBIT before extraordinary effects as the muted order situation had not yet fed through to sales.

Capital expenditure was increased in all five divisions in the first nine months of 2023, rising to a total of €117.0 million (up 19.8%). The main focus was on the efficiency-boosting programs at HOMAG and the construction of a new facility for subsidiary Benz Tooling. Reflecting this, free cash flow came to €8.2 million and was thus lower than in the previous year (€69.2 million). However, it is expected to widen in the fourth quarter. The acquisition of automation specialist BBS Automation effective August 31 caused net financial debt to climb to €583.3 million, up from the mid-year amount of €119.5 million. Explains CFO Dietmar Heinrich: “We have acquired in BBS Automation a highly profitable company that will assure us of a market-leading position in the promising sector of automation technology.” According to industry experts, the relevant market for automation solutions is set to grow by an annual average of 9% over the next few years.

The Dürr Group’s workforce increased in number to 20,664, up 11.6% on the end of 2022. The main reason for this was the acquisition of BBS Automation, which has roughly 1,600 employees.

Outlook

Order intake is expected to reach €4,400 – 4,800 million in 2023. Says Dr. Jochen Weyrauch: “We are aiming for the upper end of the target corridor despite the fact that the slump in demand at HOMAG has been more pronounced than originally assumed. This is supported by heavy capital spending in the automotive industry, which is being particularly underpinned by e-mobility and the transition to sustainable production

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technologies. Automotive order intake should reach a high level again in the final quarter as well as next year. In this connection, we will continue to pursue our value-before-volume strategy and concentrate on orders offering high margins.”

Sales are expected to be strong in the fourth quarter, climbing to €4,500 – 4,800 million in the year as a whole. As things currently stand, they should reach the lower half of this target range. After a strong third quarter, the EBIT margin before extraordinary effects should continue widening in the final quarter and reach the full-year target corridor of 6.0 – 7.0%. In view of the additional extraordinary expenses of €35 – 50 million arising in the fourth quarter for the capacity adjustments at HOMAG, the EBIT margin after extraordinary expenses will reach 4.5 – 5.5% in 2023 on the basis of current estimates. The previous target had been a range of 5.6 – 6.6%. For the same reason, the forecast for earnings after tax has been scaled back from €160 – 210 million to €110 – 160 million. Free cash flow should reach €50 – 100 million.

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

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KEY FIGURES for the Dürr Group (IFRS)						
€m	9M 2023	9M 2022	Δ	Q3 2023	Q3 2022	Δ
Order intake	3,509.0	3,928.8	-10.7%	921.9	1,319.4	-30.1%
Orders on hand (September 30)	4,459.4	4,355.2	2.4%	4,459.4	4,355.2	2.4%
Sales	3,299.2	3,078.1	7.2%	1,164.3	1,123.5	3.6%
Gross profit	758.5	679.0	11.7%	262.7	243.7	7.8%
Research and development costs	109.5	101.1	8.3%	33.1	33.5	-1.3%
EBITDA (earnings before financial result, taxes, depreciation and amortization)	254.8	228.3	11.6%	105.0	88.1	19.3%
EBIT (earnings before financial result and taxes)	163.1	132.1	23.5%	71.4	55.4	28.9%
EBIT before extraordinary effects ¹	186.8	148.4	25.9%	82.3	63.4	29.7%
Earnings after tax	105.3	78.1	34.9%	46.9	35.6	31.6%
Gross margin (%)	23.0	22.1	+0.9 pp	22.6	21.7	+0.9 pp
EBIT margin (%)	4.9	4.3	+0.7 pp	6.1	4.9	+1.2 pp
EBIT margin (%) before extraordinary effects ¹	5.7	4.8	+0.8 pp	7.1	5.6	+1.4 pp
Cash flow from operating activities	119.8	179.0	-33.1%	49.8	100.5	-50.4%
Free cash flow	8.2	69.2	-88.1%	14.7	61.3	-76.1%
Capital spending (net of acquisitions)	117.0	97.6	19.8%	45.2	36.7	23.1%
Total assets (September 30)	5,355.8	4,678.5	14.5%	5,355.8	4,678.5	14.5%
Equity (incl. non-controlling interests) (September 30)	1,185.4	1,104.4	7.3%	1,185.4	1,104.4	7.3%
Equity ratio (September 30) (%)	22.1	23.6	-1.5 pp	22.1	23.6	-1.5 pp
ROCE (return on capital employed, annualized) (%)	12.2	15.2	-3.0 pp	16.0	19.1	-3.1 pp
Net financial status (September 30)	-583.3	-55.4	-952.8%	-583.3	-55.4	-952.8%
Net working capital (September 30)	581.4	420.7	38.2%	581.4	420.7	38.2%
Employees (September 30)	20,664	18,387	12.4%	20,664	18,387	12.4%

¹Extraordinary effects in 9M 2023: €-23.7 million (including purchase price allocation effects of €-14.5 million), 9M 2022: €-16.4 million

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Paint and Final Assembly Systems¹, €m	9M 2023	9M 2022	Δ	Q3 2023	Q3 2022	Δ
Order intake	1,266.2	1,226.3	3.2%	258.7	481.9	-46.3%
Sales	935.6	852.9	9.7%	351.0	331.9	5.8%
EBIT	50.5	21.8	132.0%	21.7	12.7	71.1%
EBIT before extraordinary effects	50.2	23.6	112.8%	21.8	13.2	65.0%
Employees (September 30)	4,799	4,469	7.4%	4,799	4,469	7.4%
Application Technology, €m	9M 2023	9M 2022	Δ	Q3 2023	Q3 2022	Δ
Order intake	551.3	516.4	6.8%	148.6	197.8	-24.9%
Sales	449.3	419.4	7.1%	151.4	155.2	-2.4%
EBIT	38.4	31.4	22.3%	16.5	12.5	32.2%
EBIT before extraordinary effects	38.9	31.3	24.4%	16.6	12.6	32.4%
Employees (September 30)	2,096	2,026	3.5%	2,096	2,026	3.5%
Clean Technology Systems, €m	9M 2023	9M 2022	Δ	Q3 2023	Q3 2022	Δ
Order intake	366.1	354.9	3.2%	93.0	116.6	-20.2%
Sales	348.8	329.9	5.7%	124.3	117.6	5.7%
EBIT	17.6	2.5	610.5%	9.3	1.6	483.9%
EBIT before extraordinary effects	20.6	6.8	204.2%	10.3	3.0	239.3%
Employees (September 30)	1,439	1,414	1.8%	1,439	1,414	1.8%
Industrial Automation Systems², €m	9M 2023	9M 2022	Δ	Q3 2023	Q3 2022	Δ
Order intake	386.3	452.2	-14.6%	131.3	145.8	-10.0%
Sales	377.8	314.0	20.3%	142.7	114.8	24.3%
EBIT	8.7	13.6	-35.8%	5.4	5.7	-5.5%
EBIT before extraordinary effects	14.5	11.2	29.1%	9.4	7.4	27.7%
Employees (September 30)	4,254	2,597	63.8%	4,254	2,597	63.8%
Woodworking Machinery and Systems, €m	9M 2023	9M 2022	Δ	Q3 2023	Q3 2022	Δ
Order intake	968.1	1,417.6	-31.7%	296.6	386.8	-23.3%
Sales	1,222.2	1,194.9	2.3%	405.5	413.4	-1.9%
EBIT	84.5	80.2	5.4%	31.5	29.6	6.3%
EBIT before extraordinary effects	93.2	92.4	0.8%	36.4	33.8	7.6%
Employees (September 30)	7,482	7,462	0.3%	7,482	7,462	0.3%

¹ As of the third quarter of 2023, the figures for Teamtechnik and Hekuma are no longer included in Paint and Final Assembly Systems but in the new Industrial Automation Systems division. The contributions made by Teamtechnik and Hekuma have also been eliminated from the figures for the first nine months and for the previous-year periods in the interests of comparability.

² The Industrial Automation Systems division was formed in the third quarter of 2023. It consists of the former Measuring and Process Systems division plus the automation business of BBS Automation, Teamtechnik and Hekuma (both formerly assigned to Paint and Final Assembly Systems). In the interests of comparability, Teamtechnik and Hekuma were also included in the figures for Industrial Automation Systems in the first nine months of 2023 in addition to the third quarter of 2023 as well as the respective periods of the previous year; the figures for Paint and Final Assembly Systems have been adjusted accordingly.

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The Dürr Group is one of the world's leading mechanical and plant engineering firms with particular expertise in the technology fields of automation, digitalization, and energy efficiency. Its products, systems, and services enable highly efficient and sustainable manufacturing processes – mainly in the automotive industry and for producers of furniture and timber houses, but also in sectors such as the chemical and pharmaceutical industries, medical devices, electrical engineering, and battery production. In 2022, the company generated sales of €4.3 billion. The Dürr Group has over 20,500 employees and 140 business locations in 32 countries, and it operates in the market with five divisions:

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

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