



LEADING IN PRODUCTION EFFICIENCY

# INTERIM STATEMENT

JANUARY 1 TO SEPTEMBER 30, 2018



# Contents

3	Key figures
4	Highlights
5	Group management report
23	Consolidated statement of income
24	Consolidated statement of comprehensive income
25	Consolidated statement of financial position
27	Consolidated statement of cash flows
29	Consolidated statement of changes in equity
30	Financial calendar
30	Contact

## COVER:

At the beginning of October we completed the acquisition of the US environmental technology companies MEGTEC and Universal. The acquisition will double Clean Technology Systems' sales to around € 400 million. The revamped division is the clear world leader in exhaust-air purification technology and faces good prospects for profitable growth.

## Key figures for the Dürr Group (IFRS)

		9M 2018	9M 2017 <sup>1</sup>	Q3 2018	Q3 2017 <sup>1</sup>
Order intake	€ m	2,753.2	2,906.7	798.2	828.3
Order backlog (September 30)	€ m	2,465.4	2,618.3	2,465.4	2,618.3
Sales revenues	€ m	2,734.1	2,680.7	984.5	927.1
Gross profit	€ m	602.4	636.8	198.3	212.7
EBITDA	€ m	223.0	274.5	82.1	86.8
EBIT	€ m	153.3	214.8	51.9	67.7
EBIT before extraordinary effects <sup>2</sup>	€ m	178.5	203.0	68.0	70.8
Earnings after tax	€ m	103.5	150.3	35.3	48.4
Gross margin	%	22.0	23.8	20.1	22.9
EBIT margin	%	5.6	8.0	5.3	7.3
EBIT margin before extraordinary effects <sup>2</sup>	%	6.5	7.6	6.9	7.6
Cash flow from operating activities	€ m	-31.9	-22.2	27.8	18.6
Cash flow from investing activities	€ m	92.2	15.4	89.7	7.8
Cash flow from financing activities	€ m	-132.2	-153.5	-1.7	-41.7
Free cash flow	€ m	-95.8	-82.9	10.9	2.8
Capital expenditure	€ m	51.8	49.3	17.5	15.7
Total assets (September 30)	€ m	3,562.3	3,416.0	3,562.3	3,416.0
Equity (with non-controlling interests) (September 30)	€ m	915.8	868.3	915.8	868.3
Equity ratio (September 30)	%	25.7	25.4	25.7	25.4
ROCE <sup>3</sup>	%	21.6	36.0	22.0	34.9
Net financial status (September 30)	€ m	-18.3	86.6	-18.3	86.6
Net working capital (September 30)	€ m	502.1	419.1	502.1	419.1
Employees (September 30)		15,461	14,876	15,461	14,876
<b>Dürr share<sup>4</sup></b>					
ISIN: DE0005565204					
High (Xetra)	€	57.18	56.75	43.11	56.75
Low (Xetra)	€	35.45	37.00	35.45	48.54
Closing (Xetra)	€	38.77	56.58	38.77	56.58
Average daily trading volumes (Xetra)	Units	290,808	281,424	291,463	235,766
Number of shares (weighted average)	Thous.	69,202	69,202	69,202	69,202
Earnings per share	€	1.44	2.11	0.49	0.66

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

<sup>1</sup> The 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.

<sup>2</sup> Extraordinary effects in 9M 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), 9M 2017: € +11.8 million

<sup>3</sup> Annualized

<sup>4</sup> The number of shares increased to 69,202,080 following the issue of bonus shares on a one-for-one basis on June 22, 2018. The number of shares, earnings per share, share prices and daily trading volumes have been adjusted accordingly.

## Highlights 9M/Q3 2018: Free cash flow positive in Q3

- Acquisition of MEGTEC/Universal completed, consolidated since October 5
- Comparison with the previous year influenced by the sale of Ecoclean (Q1 2017), discontinuation expense for micro gas turbine business and exchange-rate changes
  - ▶ Ecoclean Q1 2017: Extraordinary income of € 22.7 million from sale and operating EBIT of € 3.5 million.
  - ▶ Discontinuation expense for micro gas turbine business: € 13.5 million in Q3 2018
- Like-for-like 9M order intake\* almost on the previous year's level (down 2%)
- Orders on hand: € 2.5 billion, 1% up on end of 2017
- Like-for-like 9M sales revenues\*: up 6%
- 9M book to bill: 1.0
- 9M EBIT: down 29% to € 153.3 million
- 9M operating EBIT (before extraordinary effects): down 12.1% to € 178.5 million
- Expected margin contraction in Paint and Final Assembly Systems
  - ▶ FOCUS 2.0 optimization program being implemented
  - ▶ Improved margins on order intake in 9M 2018
- HOMAG with temporarily lower earnings due to production bottlenecks
  - ▶ Production activities in Schopfloch undergoing comprehensive reorganization to accommodate increased system business
  - ▶ Q4: Substantial improvement in EBIT expected
- Positive trend in cash flow since Q2
  - ▶ 9M: Cash flow from operating activities still negative due to the accumulation of NWC (€ -31.9 million)
  - ▶ Q3: Cash flow from operating activities and free cash flow positive and up on the previous year
- Outlook for 2018: EBIT guidance adjusted on October 17, effects from the acquisition of MEGTEC/Universal included
  - ▶ Order intake: € 3.65 - 3.95 billion (previously € 3.6 - 3.9 billion)
  - ▶ Sales revenues: € 3.75 - 3.95 billion (previously € 3.7 - 3.9 billion)
  - ▶ EBIT margin: 5.8 - 6.3% (previously 7.0 - 7.5%)
  - ▶ EBIT margin before extraordinary effects: 6.8 - 7.2% (previously 7.4 - 7.8%)

\* Adjusted for Ecoclean effect and exchange-rate changes



# GROUP MANAGEMENT REPORT

## Acquisition of MEGTEC/Universal

On October 5, 2018, we completed the acquisition that we had announced in June of the environmental technology business of US company Babcock & Wilcox Enterprises, Inc. (B&W). This will result in the world's leading provider of environmental technology systems for industrial exhaust-air purification. All of the shares in each of the B&W subsidiaries Babcock & Wilcox MEGTEC LLC, Babcock & Wilcox MEGTEC Holdings Inc. and Babcock & Wilcox Universal Inc. were acquired via our US subsidiary Dürr Inc. The purchase price is based on the companies' enterprise value of around € 110 million. The acquired activities are being integrated in the Clean Technology Systems division.

We expect MEGTEC and Universal to report sales of a total of around € 200 million in 2018. As they were consolidated on October 5 for the first time, around one quarter of this amount will accrue to Dürr. We assume that MEGTEC/Universal will generate an EBIT margin of around 5% before purchase price allocation effects in the fourth quarter of 2018. At the Group level, however, we expect a negative earnings contribution in the fourth quarter due to purchase price allocation effects.

The Clean Technology Systems division projects sales before MEGTEC/Universal of around € 200 million for 2018. On an annualized basis including MEGTEC/Universal, aggregate sales should thus reach around € 400 million. Looking ahead over the next few years, we are seeking to generate substantial growth with environmental technology. The goal is for the revamped Clean Technology Systems division to achieve sales of up to € 500 million and an EBIT margin of 6 to 7% in 2021.

## Discontinuation of micro gas turbine business

In connection with the realignment of Clean Technology Systems, we have decided to discontinue our loss-making micro gas turbine business and thus to remove a source of losses for the division once and for all. Given the muted demand, high development expenses and uncertain market outlook, we no longer saw any basis for a profitable continuation of this business. Exceptional expense of € 13.5 million arose for the discontinuation of these activities in the third quarter of 2018 and will be joined by further expense of around € 3.5 million in the fourth quarter. With the discontinuation of the micro gas turbine activities, Clean Technology Systems can now concentrate on profitable growth in its core business in exhaust-air purification technology.

## First-time application of IFRS 15 and IFRS 9

### IFRS 15

We have been applying the new International Financial Reporting Standard, IFRS 15 "Revenue from Contracts with Customers", since January 1, 2018. First-time application of the new standard did not have any material impact on the Dürr Group's net assets, financial condition and results of operations. The following tables provide an indication of the changes in the main performance indicators in the consolidated financial statements for 2017 as a whole, the third quarter of 2017 and the first nine months of 2017. The figures presented in this interim statement for 2017 as a whole, the third quarter of 2017 and the first nine months of 2017 have been calculated in accordance with IFRS 15 and may therefore differ from the figures that were originally published.

## FY 2017

€ m	2017 reported	IFRS 15 adjustments	2017 adjusted
Order intake	3,876.0	12.7	3,803.0 <sup>1</sup>
Sales revenues	3,715.4	- 2.2	3,713.2
Orders on hand	2,516.3	18.7	2,449.4 <sup>1</sup>
EBIT	289.6	- 2.6	287.0
EBIT before extraordinary effects	281.8	- 2.6	279.2
Earnings after tax	201.5	- 1.8	199.6
Share of earnings attributable to Dürr shareholders	194.4	- 1.8	192.6
Equity	903.7	- 3.2	900.5
Total assets	3,411.8	99.8	3,511.6
Net working capital	362.1	11.6	373.7

<sup>1</sup> Orders worth € 85.7 million received from business in Iran have been removed from order intake for 2017 and orders on hand as of December 31, 2017. This reflects a decision made by the Board of Management to discontinue business in Iran, which necessitated a retroactive adjustment to order intake and orders on hand in the fourth quarter of 2017.

## Q3 2017

€ m	Q3 2017 reported	IFRS 15 adjustments	Q3 2017 adjusted
Order intake	815.2	13.1	828.3
Sales revenues	925.7	1.5	927.1
Orders on hand	2,605.3	12.9	2,618.3
EBIT	69.8	- 2.1	67.7
EBIT before extraordinary effects	73.0	- 2.1	70.8
Earnings after tax	50.0	- 1.6	48.4
Share of earnings attributable to Dürr shareholders	47.4	- 1.6	45.9
Equity	869.1	- 0.8	868.3
Total assets	3,358.9	57.1	3,416.0
Net working capital	407.6	11.5	419.1

## 9M 2017

€ m	9M 2017 reported	IFRS 15 adjustments	9M 2017 adjusted
Order intake	2,894.0	12.7	2,906.7
Sales revenues	2,677.0	3.7	2,680.7
Orders on hand	2,605.3	12.9	2,618.3
EBIT	214.1	0.7	214.8
EBIT before extraordinary effects	202.3	0.7	203.0
Earnings after tax	149.7	0.6	150.3
Share of earnings attributable to Dürr shareholders	145.4	0.6	146.0
Equity	869.1	- 0.8	868.3
Total assets	3,358.9	57.1	3,416.0
Net working capital	407.6	11.5	419.1

## IFRS 9

IFRS 9 "Financial instruments" has also been applied for the first time from January 1, 2018. It contains revised guidance on recognition, measurement, derecognition and hedge-accounting of financial assets and liabilities. On the date of first-time application (January 1, 2018) equity was reduced by € 3.6 million. This change was recognized in equity. We assume that the application of IFRS 9 will have only a minor effect on earnings in 2018 and future years.

## Operating environment

As a whole, the economy has continued to grow in the year to date. However, the outlook is deteriorating due to the escalating trade conflicts. The US economy benefited from tax cuts and higher government spending. In China, gross domestic product expanded substantially in the third quarter (up 6.5%), although experts had been forecasting slightly stronger growth. The European economy is painting a mixed picture.

In many countries, interest rates continued to climb, although the Eurozone remains an exception. Attractive yields in the United States caused the US dollar to rise in the third quarter.

Global automotive sales are heading for a full-year increase, although the pace of growth has recently slowed. There are also signs of temporary deceleration in China, the world's largest automotive market. The upward trend in the market for woodworking machinery is continuing at a more moderate rate.

## Business performance<sup>1</sup>

### LIKE-FOR-LIKE ORDER INTAKE ALMOST ON THE PREVIOUS YEAR'S LEVEL

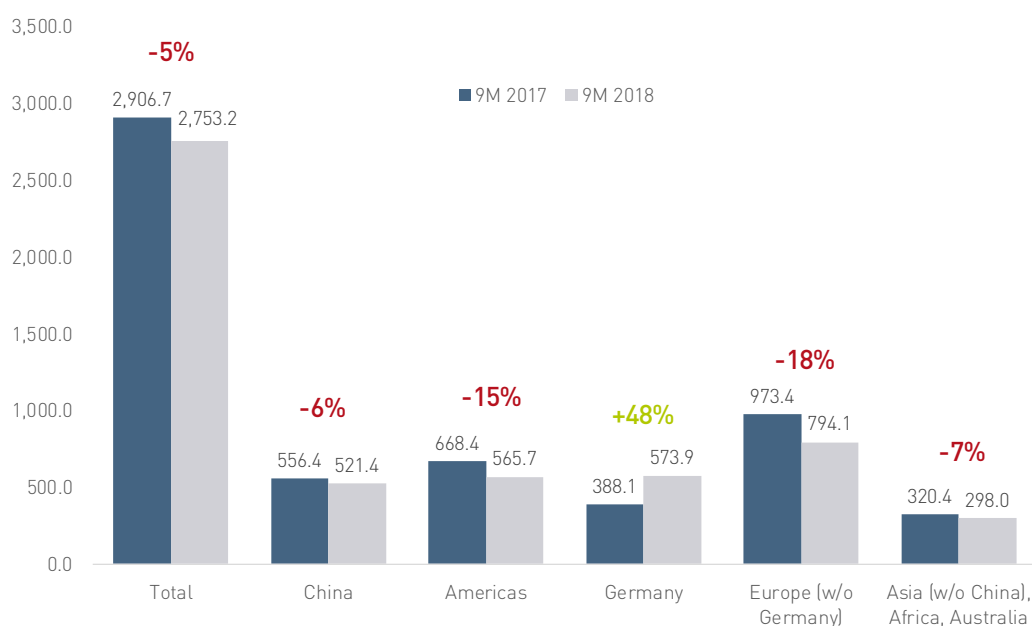
Order intake came to € 2,753.2 million in the first nine months of 2018, thus falling short by 5.3% of the previous year's record figure of € 2,906.7 million. However, it should be borne in mind that the figure for the first quarter of 2017 still included the Dürr Ecoclean Group, which has since been sold. In like-for-like terms, i.e. adjusted for currency-translation effects and the sale of the Dürr Ecoclean Group as of March 31, 2017, order intake fell short of the previous year's figure by only 2.0%. New orders were valued at € 798.2 million in the third quarter of 2018, equivalent to a small 3.6% decline over the previous year (€ 828.3 million).

Order intake in the Clean Technology Systems division rose by a substantial 24.3% in the first nine months of 2018. The Application Technology division continued on its growth trajectory, with new orders rising by 5.7%. New orders in the Paint and Final Assembly Systems division fell short of the previous year's high figure by 7.4% in the third quarter, although the division anticipates strong order intake in the fourth quarter. Woodworking Machinery and Systems (HOMAG Group) registered a slight decline in new orders over the previous year (down 3.5%). However, in the third quarter order intake was up sharply on the second quarter of 2018. Measuring and Process Systems recorded a decline of 26.4%, although this in part reflects the impact of the sale of the Dürr Ecoclean Group (industrial cleaning technology).

Order intake in the emerging markets (Asia excluding Japan, South and Central America, Africa, Eastern Europe) fell by 26% in the first nine months of 2018 to € 1,133.2 million, contributing 41% to total order receipts. Orders from China, which are included in this figure, contracted slightly to € 521.4 million. However, Chinese business should increase substantially in the fourth quarter. New orders in the United States rose by 4.3% to € 420.4 million in the period from January to September, with the HOMAG Group accounting for roughly half of this. In Europe, strong business in Germany ensured that order intake reached the previous year's high level.

Exchange-rate changes had negative effects of 2 to 3 percentage points on order intake, sales and EBIT in the first nine months of 2018.

<sup>1</sup>This interim statement has been prepared in accordance with the International Financial Reporting Standards (IFRS).

ORDER INTAKE (€ M) JANUARY-SEPTEMBER 2018<sup>1</sup>

<sup>1</sup>The figures for the first nine months of 2017 have been adjusted following the first-time application of IFRS 15.

€ m	9M 2018	9M 2017 <sup>1</sup>	Q3 2018	Q3 2017 <sup>1</sup>
Order intake	2,753.2	2,906.7	798.2	828.3
Sales revenues	2,734.1	2,680.7	984.5	927.1
Order backlog (September 30)	2,465.4	2,618.3	2,465.4	2,618.3

<sup>1</sup> The 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.

## SWIFTER INCREASE IN SALES IN THE THIRD QUARTER

Sales in the first nine months of 2018 rose by 2.0% to € 2,734.1 million. Adjusted for currency-translation effects and the sale of the Ecoclean Group, this was an increase of 6.2%. In the third quarter, growth in sales gained substantial momentum with an increase of 6.4% over the previous year.

Paint and Final Assembly Systems posted the greatest gains (up 7.6%), followed by Application Technology (up 5.5%) and Woodworking Machinery and Systems (up 3.7%) in the first nine months of 2018. The sale of the Dürr Ecoclean Group caused sales to decline in Measuring and Process Systems. Clean Technology Systems registered a sharp 21.3% increase in sales in the third quarter, thus turning the corner after its muted performance in the first half of the year. The division's sales were down 8.8% in the first nine months.

The regional distribution of sales was balanced in the first nine months of 2018, with Germany accounting for 16%, the rest of Europe for 30%, North and South America for 24%, and Asia, Africa and Australia for 30%.

As order intake and sales were roughly in sync in the first nine months, the book-to-bill ratio came to 1.0. Orders on hand climbed by 1% over the end of 2017 to € 2,465.4 million as of September 30. However, it should be borne in mind that orders on hand as of December 31, 2017 are € 85.7 million lower than the figure originally reported as we retroactively derecognized orders received from Iran in the fourth quarter of 2017.



Service revenues climbed by 4.5% to € 727.4 million in the first nine months of 2018 and now account for 26.6% of Group sales (9M 2017: 26.0%). Adjusted for the sale of the Dürr Ecoclean Group, service revenues expanded by 6.1%.

#### INCOME STATEMENT AND PROFITABILITY RATIOS

		9M 2018	9M 2017 <sup>1</sup>	Q3 2018	Q3 2017 <sup>1</sup>
Sales revenues	€ m	2,734.1	2,680.7	984.5	927.1
Gross profit	€ m	602.4	636.8	198.3	212.7
Selling and administrative expenses	€ m	354.1	361.0	116.8	116.8
R&D costs	€ m	88.6	85.1	27.3	29.0
EBITDA	€ m	223.0	274.5	82.1	86.8
EBIT	€ m	153.3	214.8	51.9	67.7
EBIT before extraordinary effects <sup>2</sup>	€ m	178.5	203.0	68.0	70.8
Financial result	€ m	- 11.9	- 13.6	- 4.8	- 3.8
EBT	€ m	141.4	201.2	47.1	63.9
Income taxes	€ m	- 37.9	- 51.0	- 11.8	- 15.5
Earnings after tax	€ m	103.5	150.3	35.3	48.4
Earnings per share	€	1.44	2.11	0.49	0.66
Gross margin	%	22.0	23.8	20.1	22.9
EBITDA margin	%	8.2	10.2	8.3	9.4
EBIT margin	%	5.6	8.0	5.3	7.3
EBIT margin before extraordinary effects <sup>2</sup>	%	6.5	7.6	6.9	7.6
EBT margin	%	5.2	7.5	4.8	6.9
Return on sales after taxes	%	3.8	5.6	3.6	5.2
Interest coverage		10.3	14.2	11.4	13.5
Tax rate	%	26.8	25.3	25.0	24.3

<sup>1</sup> The 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.

<sup>2</sup> Extraordinary effects in 9M 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), 9M 2017: € +11.8 million.

#### GROSS MARGIN DOWN

Gross profit contracted by 5.4% to € 602.4 million in the first nine months of 2018. This includes the extraordinary expense of € 13.5 million recognized in the third quarter in connection with the discontinuation of micro gas turbine business. At 22.0%, the gross margin fell short of the previous year's figure of 23.8%. In addition to the extraordinary expenses this also reflects the effects from production bottlenecks at HOMAG, the small margins on orders gained by Paint and Final Assembly Systems in 2017 and a temporary shortfall in capacity utilization at Clean Technology Systems in the first half of the year. The Measuring and Process Systems division was able to widen its gross margin in the first nine months of 2018.

#### EARNINGS BEFORE EXTRAORDINARY EFFECTS VIRTUALLY UNCHANGED IN Q3

Research and development expenses climbed by 4.1% to € 88.6 million in the first nine months of 2018. Digitization remains the main target of our innovation efforts. Other overheads dropped by 1.9% despite the higher sales revenues. Net other operating expenses came to € 6.4 million. In the previous year, the high extraordinary income of € 22.7 million from the sale of Ecoclean had resulted in net other operating income of € 24.0 million.

In the first nine months of 2018, EBIT dropped by 28.6% to € 153.3 million (9M 2017: € 214.8 million) chiefly as a result of the lower gross profit and the absence of the extraordinary income from the sale of Ecoclean. Moreover, Dürr Ecoclean had contributed operating EBIT of € 3.5 million in the first quarter of 2017.

The high pay-scale settlement in the German metal and electrical industry exerted pressure on EBIT in the second and third quarter, exceeding the budgeted expense by € 6 million. In the third quarter, EBIT dropped by 23.4% over the previous year to € 51.9 million largely as a result of the extraordinary expense arising in connection with the discontinuation of micro gas turbine business.

All in all, EBIT included net extraordinary expense of € 25.2 million in the first nine months of 2018, compared with net extraordinary income of € 11.8 million in the previous year. Adjusted for extraordinary effects, operating EBIT dropped by 12.1% to € 178.5 million in the period under review (9M 2017: operating EBIT of € 203.0 million). The largest single item within extraordinary expenses was the sum of € 13.5 million for the discontinuation of micro gas turbine business, followed by € 6.5 million for purchase price allocation at HOMAG, € 3.5 million for the FOCUS 2.0 optimization program and € 1.9 million of transaction costs in connection with the acquisition of MEGTEC/Universal. The operating EBIT margin came to 6.5% in the first nine months of 2018, down from 7.6% in the same period of the previous year, amounting to 6.9% in the third quarter and thus exceeding the previous two quarters (Q1 2018: 6.6%, Q2 2018: 6.0%). Operating EBIT reached € 68.0 million in the third quarter of 2018 and came close to the previous year's figure (€ 70.8 million). With depreciation and amortization expense coming to € 69.7 million, EBITDA for the first nine months of 2018 stood at € 223.0 million (9M 2017: € 274.5 million).

Financial result improved from € -13.6 million to € -11.9 million in the first nine months of 2018. It includes investment income of € 3.1 million contributed by the Chinese HOMAG sales company mainly in the second quarter of 2018. At 26.8%, the tax rate is still low despite a small increase after dropping to 25.3% in the same period of the previous year as the extraordinary income from the sale of Ecoclean was largely tax free. Earnings after tax fell by 31.1% to € 103.5 million due to the higher tax rate and lower EBIT. With regard to earnings per share, it should be borne in mind that we issued bonus shares on a one-for-one basis on June 22, 2018. As a result, the number of shares doubled to 69,202,080. Consequently, we have duly adjusted all the per-share metrics. Earnings per share came to € 1.44 in the first nine months of 2018 (9M 2017: € 2.11).

#### **SIGNIFICANT EVENTS**

The acquisition of MEGTEC/Universal and the discontinuation of micro gas turbine business are two events which have materially impacted the Dürr Group's results of operations, financial condition and net assets in the year to date. Both events are described on page 5. In addition, we acquired a further 8.0% of the shares in HOMAG Group AG for € 34.8 million effective April 30. The seller was the Schuler-Klessmann shareholder group. Most of the additional shares were acquired by exercising a call option of 7.05% of the shares of HOMAG Group AG. Following this transaction, we now hold 63.9% of the shares of HOMAG Group AG.

## Financial position

### CASH FLOW<sup>1</sup>

€ m	9M 2018	9M 2017 <sup>2</sup>	Q3 2018	Q3 2017 <sup>2</sup>
Earnings before taxes	141.4	201.2	47.1	63.9
Depreciation and amortization	69.7	59.6	30.2	19.1
Net interest expense	15.2	15.2	4.5	5.1
Income tax payments	-63.2	-45.4	-14.2	-18.5
Change in provisions	-12.9	37.5	2.0	8.7
Change in net working capital	-133.5	-218.6	-51.1	-82.4
Other items	-48.7	-71.8	9.2	22.7
<b>Cash flow from operating activities</b>	<b>-31.9</b>	<b>-22.2</b>	<b>27.8</b>	<b>18.6</b>
Interest payments (net)	-12.4	-11.8	0.6	-0.1
Capital expenditure	-51.5	-48.9	-17.5	-15.7
<b>Free cash flow</b>	<b>-95.8</b>	<b>-82.9</b>	<b>10.9</b>	<b>2.8</b>
Other cash flows (incl. dividend)	-114.0	-7.1	0.6	-12.4
<b>Change in net financial status</b>	<b>-209.8</b>	<b>-90.0</b>	<b>+11.5</b>	<b>-9.6</b>

<sup>1</sup> Currency translation effects have been eliminated from the cash flow statement. Accordingly, it does not fully reflect all changes in balance sheet positions as shown in the statement of financial position.

<sup>2</sup> The 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.

### FREE CASH FLOW POSITIVE IN THE THIRD QUARTER

At € -31.9 million, **cash flow from operating activities** in the first nine months of 2018 fell only slightly short of the previous year (9M 2017: € -22.2 million). It is influenced by the accumulation of net working capital (NWC) of € 133.5 million since the beginning of the year and by changes in provisions. One reason for the increased net working capital was the postponement of project payments by automotive OEMs. At the same time, we stock-piled inventories to avoid the risk of short-term delivery shortfalls due to suppliers operating at high capacity utilization levels. In the third quarter, the cash flow from operating activities rose to € 27.8 million (Q3 2017: € 18.6 million) and thus improved substantially over the first half of the year. In the fourth quarter, we expect all divisions to report substantially higher sales. Depending on our progress in projects and the receipt of customer payments, we are confident that full-year cash flow will be higher in 2018 compared with the previous year.

The **cash flow from investing activities** came to € 92.2 million in the first nine months of 2018. Capital expenditure on property, plant and equipment and on intangible assets came to € 51.5 million (9M 2017: € 48.9 million), while inflows of € 137.9 million were received from the cancellation of term deposits.

**Cash flow from financing activities** came to € -132.2 million (9M 2017: € -153.5 million). Key determinants were the dividend distribution (€ 76.1 million) and the increase of our share in HOMAG Group AG to 63.9% (€ 34.8 million).

**Free cash flow** came to € -95.8 million in the first nine months of 2018 (9M 2017: € -82.9 million) due to the negative cash flow from operating activities. At € 10.9 million, however, the free cash flow was in positive territory in the third quarter. The net financial status fell by € 209.8 million over the end of 2017 to € -18.3 million.

CAPITAL EXPENDITURE<sup>1</sup>

€ m	9M 2018	9M 2017	Q3 2018	Q3 2017
Paint and Final Assembly Systems	6.3	12.3	1.6	2.0
Application Technology	8.0	8.9	2.8	2.6
Clean Technology Systems	2.5	2.9	0.7	0.6
Measuring and Process Systems	4.1	3.8	1.4	0.9
Woodworking Machinery and Systems	28.9	18.3	10.5	8.9
Corporate Center	2.1	3.0	0.5	0.7
<b>Total</b>	<b>51.8</b>	<b>49.3</b>	<b>17.5</b>	<b>15.7</b>

<sup>1</sup> On property, plant and equipment and on intangible assets

## SLIGHT INCREASE IN TOTAL ASSETS COMPARED WITH THE END OF 2017

## CURRENT AND NON-CURRENT ASSETS

€ m	September 30, 2018	Percentage of total assets	December 31, 2017 <sup>1</sup>	September 30, 2017 <sup>1</sup>
Intangible assets	575.0	16.1	592.7	596.4
Property, plant and equipment	407.0	11.4	408.4	384.9
Other non-current assets	112.2	3.1	109.0	124.7
<b>Non-current assets</b>	<b>1,094.1</b>	<b>30.7</b>	<b>1,110.1</b>	<b>1,106.0</b>
Inventories	591.9	16.6	457.6	491.4
Contract assets	546.5	15.3	488.4	488.5
Trade receivables	587.3	16.5	522.4	499.1
Cash and cash equivalents	588.2	16.5	659.9	551.4
Other current assets	154.3	4.3	273.1	279.6
<b>Current assets</b>	<b>2,468.2</b>	<b>69.3</b>	<b>2,401.4</b>	<b>2,310.0</b>
<b>Total assets</b>	<b>3,562.3</b>	<b>100.0</b>	<b>3,511.6</b>	<b>3,416.0</b>

<sup>1</sup>The figures for December 31, 2017 and September 30, 2017 have been adjusted following the first-time application of IFRS 15.

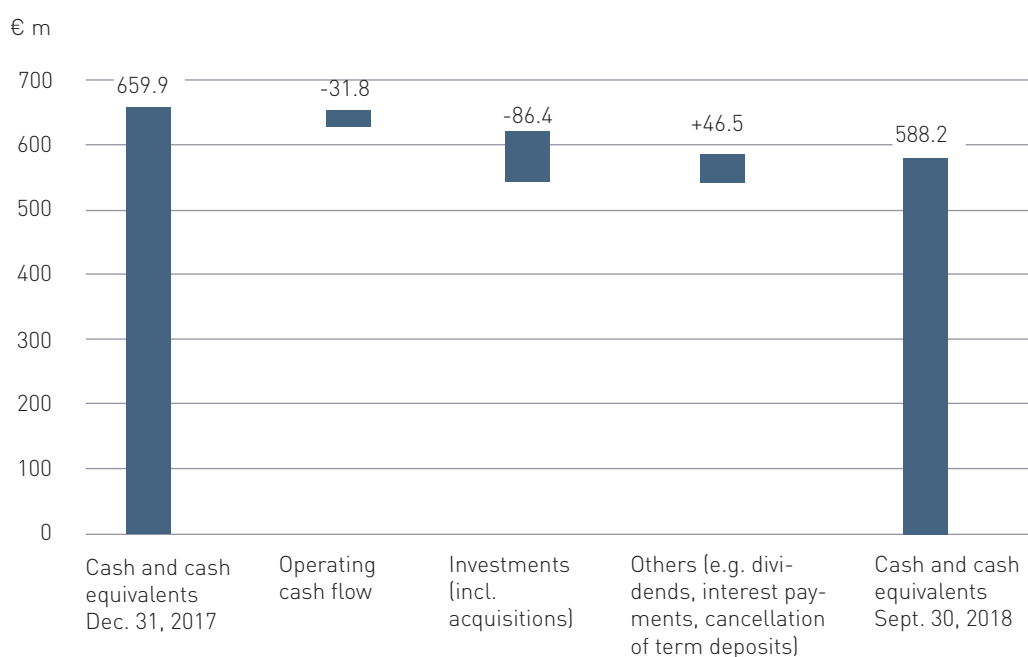
The first-time application of IFRS 15 "Revenue from Contracts with Customers" resulted in changes in the presentation of the balance sheet. The most important change entails the recognition of contract assets and contract liabilities as separate line items. The figures for September 30, 2017 and December 31, 2017 reported in this interim statement have been calculated in accordance with IFRS 15 and duly restated.

Total assets increased by 1.4% compared with the end of 2017 to € 3,562.3 million. With cash and cash equivalents lower, we recorded significant increases in inventories, trade receivables and contract assets. Overall, there were only minor changes in the liabilities. Trade payables were up substantially, while other liabilities declined. Net working capital increased from € 373.7 million at the end of 2017 to € 502.1 million on September 30, 2018 and should drop again as of December 31, 2018.

## NET FINANCIAL STATUS

€ m	
September 30, 2018	-18.3
December 31, 2017	191.5
September 30, 2017	86.6

## LIQUIDITY DEVELOPMENT



## INCREASE OF € 47 MILLION IN EQUITY OVER THE PREVIOUS YEAR

## EQUITY

€ m	September 30, 2018	Percentage of total assets	December 31, 2017 <sup>1</sup>	September 30, 2017 <sup>1</sup>
Subscribed capital	177.2	5.0	88.6	88.6
Other equity	724.2	20.3	797.3	767.8
Equity attributable to shareholders	901.3	25.3	885.9	856.4
Non-controlling interests	14.5	0.4	14.6	11.9
<b>Total equity</b>	<b>915.8</b>	<b>25.7</b>	<b>900.5</b>	<b>868.3</b>

<sup>1</sup>The figures for December 31, 2017 and September 30, 2017 have been adjusted following the first-time application of IFRS 15.

Equity stood at € 915.8 million effective September 30, 2018 and was thus 5.5% up on the same day of the previous year. However, it was only slightly higher compared with the end of 2017 as the positive effects from earnings after tax were accompanied by the dividend payment and currency translation losses. The equity ratio widened to 25.7% on September 30, 2018, up from 25.4% one year earlier.



## CURRENT AND NON-CURRENT LIABILITIES

€ m	September 30, 2018	Percentage of total assets	December 31, 2017 <sup>1</sup>	September 30, 2017 <sup>1</sup>
Financial liabilities (incl. bond and bonded loan)	612.8	17.2	613.2	613.5
Provisions (incl. pensions)	206.9	5.8	219.1	210.2
Contract liabilities	738.2	20.7	715.2	675.2
Trade payables	490.6	13.8	390.1	394.5
Income tax liabilities	36.9	1.0	50.4	40.6
Other liabilities (incl. deferred taxes, deferred income)	561.3	15.8	623.1	613.7
<b>Total</b>	<b>2,646.5</b>	<b>74.3</b>	<b>2,611.0</b>	<b>2,547.7</b>

<sup>1</sup>The figures for December 31, 2017 and September 30, 2017 have been adjusted following the first-time application of IFRS 15.

Current and non-current liabilities climbed slightly over December 31, 2017. The largest item on the equity and liabilities side is formed by contract liabilities, which contain the prepayments received from customers and increased slightly over the end of 2017.

## Employees

## EMPLOYEES BY DIVISION

	September 30, 2018	December 31, 2017	September 30, 2017
Paint and Final Assembly Systems	3,447	3,457	3,463
Application Technology	2,230	2,063	2,024
Clean Technology Systems	612	603	596
Measuring and Process Systems	2,325	2,279	2,280
Woodworking Machinery and Systems	6,605	6,371	6,316
Corporate Center	242	201	197
<b>Total</b>	<b>15,461</b>	<b>14,974</b>	<b>14,876</b>

**3% INCREASE IN HEADCOUNT**

On September 30, 2018, the Group had 15,461 employees, up 3.3% compared with the end of 2017. In addition to the large volume of business, the 8.1% increase in Application Technology is primarily due to the fact that external staff were transferred to fixed contracts due to changes to legal requirements in Germany. Employee numbers in the emerging markets rose by 1.5% compared with the end of 2017 to 4,853, while the headcount in Germany increased by 4.2% to 8,156.

## EMPLOYEES BY REGION

	September 30, 2018	December 31, 2017	September 30, 2017
Germany	8,156	7,830	7,853
Other European countries	2,491	2,361	2,318
North / Central America	1,392	1,394	1,346
South America	333	313	316
Asia, Africa, Australia	3,089	3,076	3,043
<b>Total</b>	<b>15,461</b>	<b>14,974</b>	<b>14,876</b>

## Segment report

### SALES BY DIVISION

€ m	9M 2018	9M 2017 <sup>1</sup>	Q3 2018	Q3 2017 <sup>1</sup>
Paint and Final Assembly Systems	878.5	816.2	311.2	284.5
Application Technology	472.1	447.3	174.1	160.4
Clean Technology Systems	119.9	131.6	54.9	45.3
Measuring and Process Systems	326.1	381.7	112.6	131.1
Woodworking Machinery and Systems	937.3	903.8	331.6	305.8
Corporate Center / consolidation	0.0	0.1	0.0	0.0
<b>Total</b>	<b>2,734.1</b>	<b>2,680.7</b>	<b>984.5</b>	<b>927.1</b>

<sup>1</sup>The 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.

### EBIT BY DIVISION

€ m	9M 2018	9M 2017 <sup>1</sup>	Q3 2018	Q3 2017 <sup>1</sup>
Paint and Final Assembly Systems	38.9	47.0	14.0	16.0
Application Technology	-48.0	46.6	17.4	17.2
Clean Technology Systems	-14.2	1.9	-11.7	0.3
Measuring and Process Systems	37.9	47.6	14.1	17.6
Woodworking Machinery and Systems	58.7	65.8	21.5	22.1
Corporate Center / consolidation	-16.0	5.9	-3.3	-5.5
<b>Total</b>	<b>153.3</b>	<b>214.8</b>	<b>51.9</b>	<b>67.7</b>

<sup>1</sup>The 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.

### PAINT AND FINAL ASSEMBLY SYSTEMS

		9M 2018	9M 2017 <sup>1</sup>	Q3 2018	Q3 2017 <sup>1</sup>
Order intake	€ m	765.4	826.5	187.9	181.0
Sales revenues	€ m	878.5	816.2	311.2	284.5
EBITDA	€ m	49.5	57.0	17.4	19.3
EBIT	€ m	38.9	47.0	14.0	16.0
EBIT margin	%	4.4	5.8	4.5	5.6
ROCE <sup>2</sup>	%	79.5	90.2	85.7	92.5
Employees (September 30)		3,447	3,463	3,447	3,463

<sup>1</sup> The 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.

<sup>2</sup> Annualized

Order intake in the Paint and Final Assembly Systems division dropped by 7.4% to € 765.4 million in the first nine months of 2018. One reason for this is that under the FOCUS 2.0 efficiency boosting program we have become more selective in the acceptance of orders and are paying even greater attention to project margins. The margin quality of the orders received improved over the same period of the previous year. In the United States, a Japanese OEM placed the largest order for paint shop systems that Dürr had ever received from the Japanese automotive industry. Business with new automotive OEMs is also progressing well, with orders received from VinFast in Vietnam and e-mobility producer Future Mobility Corporation in China, for example. The number and value of customer projects to be awarded in the near future (i.e. projects in the pipeline) increased noticeably over the previous year.

Driven by high orders on hand, sales increased by 7.6% in the first nine months of 2018. At 4.4%, the EBIT margin came within the forecast range of 4 to 5%. The decline compared with the same period of the previous year (9M 2017: 5.8%) is due to the more intense competition in 2017 and, following on from this, the smaller margins on the orders accepted during that period. To address this, we have been implementing the FOCUS 2.0 optimization program since the beginning of 2018. The purpose of FOCUS 2.0 is to help Paint and Final Assembly Systems reach the EBIT margin target of 6 to 7% again in 2020. In the first nine months of 2018, consulting costs of € 3.5 million were allocated to the Corporate Center in connection with FOCUS 2.0. In addition, we have budgeted extraordinary expense, which will show up in the EBIT attributable to Paint and Final Assembly Systems in connection with FOCUS 2.0. As things currently stand, this extraordinary expense will not reach the figure of € 5 to 10 million originally expected for 2018.

## APPLICATION TECHNOLOGY

		9M 2018	9M 2017 <sup>1</sup>	Q3 2018	Q3 2017 <sup>1</sup>
Order intake	€ m	486.4	460.1	141.2	134.8
Sales revenues	€ m	472.1	447.3	174.1	160.4
EBITDA	€ m	56.6	54.3	20.2	19.8
EBIT	€ m	48.0	46.6	17.4	17.2
EBIT margin	%	10.2	10.4	10.0	10.7
ROCE <sup>2</sup>	%	24.2	25.7	26.3	28.4
Employees (September 30)		2,230	2,024	2,230	2,024

<sup>1</sup> The 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.

<sup>2</sup> Annualized

In the Application Technology division, order intake and sales increased more or less in sync in the first nine months of 2018, rising by 5.7% and 5.5% respectively. As with Paint and Final Assembly Systems, there was a slight improvement in the margin quality of the orders placed compared with 2017. EBIT rose by 3.0 % to € 48.0 million, while the EBIT margin contracted slightly over the previous year. One reason for this was a temporary small decline in service business, which, however, still remained at a high level. Order intake in Industrial Products continued to climb, although earnings still came under pressure from start-up costs.

## CLEAN TECHNOLOGY SYSTEMS

		9M 2018	9M 2017 <sup>1</sup>	Q3 2018	Q3 2017 <sup>1</sup>
Order intake	€ m	152.8	123.0	36.3	27.8
Sales revenues	€ m	119.9	131.6	54.9	45.3
EBITDA	€ m	-1.4	3.9	-0.3	0.9
EBIT	€ m	-14.2	1.9	-11.7	0.3
EBIT margin	%	-11.9	1.4	-21.3	0.6
ROCE <sup>2</sup>	%	-33.0	4.2	-81.4	1.7
Employees (September 30)		612	596	612	596

<sup>1</sup> The 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.

<sup>2</sup> Annualized

Clean Technology Systems registered a sharp 24.3% increase in new orders in the first nine months of 2018, underpinned in particular by business in China as well as the United States. Sales and earnings were not satisfactory in the first half of 2018, with the division feeling the effects of a temporary shortfall in capacity utilization due to muted demand in the second half of 2017. However, this situation was reversed in the third quarter, with sales revenues rising by 21.3% over the same period in the previous year. At € 1.8 million, EBIT before extraordinary expenses returned to positive territory, substantially exceeding the previous year's figure. After extraordinary expense of € 13.5 million for the discontinuation of micro gas turbine business, EBIT came to € -11.7 million.

Acquired at the beginning of October, the two companies MEGTEC and Universal are expected to contribute around € 50 million to Clean Technology Systems sales and order intake in the fourth quarter of 2018, with this figure set to amount to roughly € 200 million in 2019. The new companies should contribute just under € 3 million to operating EBIT in the fourth quarter 2018. However, the EBIT contribution after purchase price allocation effects is likely to be negative. As things currently stand, the acquisition will have a distinctly positive effect on division earnings in future years.

#### MEASURING AND PROCESS SYSTEMS

		9M 2018	9M 2017 <sup>1</sup>	Q3 2018	Q3 2017 <sup>1</sup>
Order intake	€ m	307.7	418.1	93.2	139.4
Sales revenues	€ m	326.1	381.7	112.6	131.1
EBITDA	€ m	44.1	53.3	16.1	19.5
EBIT	€ m	37.9	47.6	14.1	17.6
EBIT margin	%	11.6	12.5	12.5	13.4
ROCE <sup>2</sup>	%	18.5	24.5	20.5	29.4
Employees (September 30)		2,325	2,280	2,325	2,280

<sup>1</sup> The 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.

<sup>2</sup> Annualized

The figures for the Measuring and Process Systems division for the first nine months of 2018 show declines in order intake (down 26.4%), sales (down 14.6%) and EBIT (down 20.4%). However, this must be seen in the light of the sale of the Dürr Ecoclean Group, which contributed sales of € 45.8 million and operating EBIT of € 3.5 million in the first quarter of 2017. In the third quarter of 2018, order intake dropped by 33.1% over the same period of the previous year, in which big-ticket orders had been placed, accompanied by a 14.1% decline in sales revenues. We expect to see an appreciable increase in both figures in the fourth quarter of 2018. Despite the low sales, the EBIT margin widened again in the third quarter. At 12.5%, it reached the highest figure in the year to date (Q1 2018: 10.5%, Q2 2018: 11.8%). The fourth quarter is customarily the period with the largest margins for Measuring and Process Systems.

#### WOODWORKING MACHINERY AND SYSTEMS

		9M 2018	9M 2017 <sup>1</sup>	Q3 2018	Q3 2017 <sup>1</sup>
Order intake	€ m	1,040.9	1,078.9	339.6	345.4
Sales revenues	€ m	937.3	903.8	331.6	305.8
EBITDA	€ m	87.8	94.0	31.2	31.8
EBIT	€ m	58.7	65.8	21.5	22.1
EBIT margin	%	6.3	7.3	6.5	7.2
ROCE <sup>2</sup>	%	17.3	23.2	19.1	23.4
Employees (September 30)		6,605	6,316	6,605	6,316

<sup>1</sup> The 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.

<sup>2</sup> Annualized

The order intake registered by Woodworking Machinery and Systems in the first nine months of 2018 declined slightly by 3.5%. However, at significantly over € 1 billion, new orders remained strong. In addition, it should be borne in mind that there had been extremely sharp increases (up 26%) in the same period of the previous year.

Although sales rose by 8.4% in the third quarter, they fell short of expectations in the first nine months, rising by only 3.7%. This was due to a protracted interruption to operations at the beginning of the year in connection with the roll-out of an ERP system. Moreover, production problems arose as operations at the Schopfloch plant have not yet been sufficiently modified to accommodate the sharp growth in system

business with end-to-end furniture production lines. Against this backdrop, the EBIT margin contracted from 7.3% to 6.3% in the first nine months of 2018. In operating terms, i.e. before purchase price allocation effects, the EBIT margin came to 7.0 %, down from 8.0 % in the previous year.

HOMAG is responding to these declines by stepping up cost controls and has initiated an extensive reorganization of the production processes in Schopfloch. This will allow it to handle large system orders even more quickly and efficiently. We expect to see swifter growth in sales and earnings in the fourth quarter.

#### **CORPORATE CENTER**

The Corporate Center (mainly Dürr AG and Dürr IT Service GmbH) recorded a loss of € 16.0 million at the EBIT level in the first nine months of 2018. This figure was affected by higher consulting costs compared with the previous year: € 3.5 million arose for the FOCUS 2.0 optimization program and € 1.9 million for the acquisition of MEGTEC/Universal, while further consulting expenses were incurred for the reorientation of the IT area, for example. In the previous year, the Corporate Center had posted EBIT of € 5.9 million due to the book gain earned on the sale of the Dürr Ecoclean Group. The aggregate consolidation effects within EBIT came to € 1.2 million in the period from January to September 2018.

## Opportunities and risks

The customary opportunities and risks of our business as well as the opportunity and risk management systems are discussed on page 82 of our annual report for 2017.

#### **RISKS**

There are currently no discernible risks which either individually or in conjunction with other risks are liable to pose any threat to the Group's going-concern status. There has been a slight deterioration in our overall risk situation since the publication of the annual report on March 22, 2018. Although the total volume of investment projects in the automotive industry of relevance for us – the project pipeline – is currently very high, exceeding the previous year substantially, the macroeconomic and sector risks have risen due to the mounting trade conflicts. Although we are not directly affected by the punitive tariffs that have recently been imposed, they do pose a substantial burden for some of our customers. Various automotive OEMs and components suppliers have recently corrected their earnings expectations against this backdrop and in view of other problems. Consequently, it is not possible to rule out a situation in which planned capital expenditure projects are reviewed and postponed in the industry.

#### **OPPORTUNITIES**

There have been no material changes in opportunities since the publication of the 2017 annual report. In painting technology business, we have recently noted a slight improvement of margins on new orders. The Clean Technology Systems division has good opportunities for profitable growth through the acquisition of MEGTEC/Universal. HOMAG (Woodworking Machinery and Systems) should also benefit in 2019 from the production optimization efforts initiated as they will enable market opportunities arising in expansionary system business to be utilized more efficiently. The digital transformation offers significant opportunities across the entire Group.

## Personnel changes

On September 25, 2018, the Supervisory Board of Dürr AG appointed Pekka Paasivaara to the Board of Management effective January 1, 2019. Mr. Paasivaara is Chief Executive Officer of HOMAG Group AG and will continue to hold this position in addition to his new duties.



## Outlook

### OPERATING ENVIRONMENT

Experts assume that the global economy will grow by 3.7% in 2019 and hence at only a slightly more muted pace than in 2018 (3.8%). However, in the face of mounting risks, growth is expected to slow in 2020. In the United States, the tax reform will ease the strain in 2019 but will not yield any further positive effects in 2020. The Chinese economy should expand by 6.6% in 2018. However, in the medium term, growth in China is expected to weaken slightly. In the Eurozone, uncertainty in connection with Brexit and the Italian budget could leave traces on the macroeconomic situation in 2019.

The current trade conflicts could exert considerable pressure on the automotive industry with its global production network. This scenario is not included in the latest automotive production outlook which was published by PricewaterhouseCoopers (PwC) at the end of October. However, PwC is now more guarded in its outlook for the automotive industry than before and expects production to grow more slowly than the global economy over the next few years. The main reason for this is the somewhat weaker consumer demand in China. However, the Chinese government announced at the end of October that it would be cutting by half the value added tax imposed on cars with an engine capacity of less than 1.6 liters. Past experience with similar measures suggests that this should spur demand substantially in China. PwC has recently scaled back its forecast for 2018 to some degree and is now looking for global production growth of 2% to 96 million units, down from its previous forecast of 3%. It calculates a compound average growth rate of 3.1% for global automotive production in the period from 2017 to 2022. Growth of 4.1% is projected for China, the world's largest automotive market, in the same period.

#### PRODUCTION OF PASSENGER AND LIGHT COMMERCIAL VEHICLES

million units	2017	2022e	CAGR 2017 - 2022e
North America	17.1	18.4	1.3%
Mercosur	3.2	3.9	4.7%
Western Europe	15.2	17.1	2.5%
Eastern Europe	7.1	8.0	2.6%
Asia	49.0	58.4	3.6%
Of which China	27.3	33.5	4.1%
Others	2.4	3.7	7.3%
<b>Total</b>	<b>94.0</b>	<b>109.3</b>	<b>3.1%</b>

Source: PwC Autofacts 10/2018  
e = expected

The outlook for growth in the furniture sector and general industry has not changed since the beginning of the year. Experts forecast growth of 2.7% in global furniture production in 2018. A similar growth rate is also projected for the coming years.

### SALES, ORDER INTAKE AND EARNINGS

We consider the Group's business performance in 2018 to date to be largely favorable. However, on October 17, we adjusted our full-year earnings forecast for 2018. The reason was the decision to discontinue micro gas turbine business as part of the strategic realignment of the Clean Technology Systems division. This measure will result in extraordinary expense of around € 17 million in 2018. A further factor for the guidance adjustment was the earnings development at Woodworking Machinery and Systems. Although the division will increase its EBIT in 2018, it is currently expected to fall short of the original target by more than € 10 million. This is due to the aforementioned output problems at the Schopfloch facility, where production is being extensively reorganized to accommodate the increased volume of system business. For 2018, we are now looking for an EBIT margin of 5.8 to 6.3% in the Dürr Group, down from our previous target corridor of 6.8 to 7.3% (including the US environmental technology companies MEGTEC and Universal, which were consolidated at the beginning of October for the first time). The EBIT margin before extraordinary effects should now be in a range of 6.8 to 7.2% in 2018 (previously 7.4 to 7.8%).

The acquisition of MEGTEC/Universal has prompted us to increase our guidance for sales and order intake slightly. We now project order intake of € 3,650 to 3,950 million and sales of € 3,750 to 3,950 million in 2018.

Financial result should improve slightly in 2018. As things currently stand, the tax rate will be between 27% and 28%. Earnings after tax should decrease. In accordance with our long-term dividend policy, the distribution for 2018 should be between 30 and 40% of consolidated net profit. The following table summarizes our targets.

## GROUP OUTLOOK

		Actual 2017 <sup>1</sup>	Original forecast for 2018 (excluding MEGTEC / Universal)	Current forecast for 2018 (in- cluding MEGTEC / Universal)
Order intake	€ m	3,803.0 <sup>2</sup>	3,600 - 3,900	3,650 - 3,950
Orders on hand (December 31)	€ m	2,449.4 <sup>2</sup>	2,200 - 2,700	2,400 - 2,600
Sales revenues	€ m	3,713.2	3,700 - 3,900	3,750 - 3,950
EBIT margin	%	7.7	7.0 - 7.5	5.8 - 6.3
EBIT margin before extraordinary effects	%	7.5	7.4 - 7.8	6.8 - 7.2
ROCE	%	39.4	30 - 40	20 - 25
Financial result	€ m	-19.8	Slightly better	Slightly better
Tax rate	%	25.3	27 - 28	27 - 28
Earnings after tax	€ m	199.6	180 - 200	145 - 165
Cash flow from operating activities	€ m	118.9	Substantially up on the previous year	Up on the previous year <sup>3</sup>
Free cash flow	€ m	13.4	Substantially up on the previous year	Up on the previous year <sup>3</sup>
Net financial status (December 31)	€ m	191.5	200 - 240	30 - 80 <sup>3</sup>
Liquidity (December 31)	€ m	659.9	650 - 690	480 - 530 <sup>3</sup>
Capital expenditure <sup>4</sup>	€ m	88.0	75 - 85	75 - 85

<sup>1</sup> The figures for 2017 have been adjusted following the first-time application of IFRS 15.

<sup>2</sup> Orders worth € 85.7 million received from business in Iran have been removed from order intake for 2017 and orders on hand as of December 31, 2017. This reflects a decision made by the Board of Management to discontinue business in Iran, which necessitated a retroactive adjustment to order intake and orders on hand in the fourth quarter of 2017.

<sup>3</sup> Depending on progress in projects and the receipt of customer payments in the fourth quarter

<sup>4</sup> On property, plant and equipment and on intangible assets (excluding acquisitions)

## DIVISIONS

We have revised the outlook for sales, order intake and earnings for Woodworking Machinery and Systems and Clean Technology Systems. There are no changes in the guidance for the other divisions.

### OUTLOOK DIVISIONS

	Order intake (€ million)			Sales revenues (€ million)			EBIT margin (%)		
		Original forecast for 2018 (excluding MEGTEC/ Universal)	Current forecast for 2018 (including MEGTEC/ Universal)		Original forecast for 2018 (excluding MEGTEC/ Universal)	Current forecast for 2018 (including MEGTEC/ Universal)		Original forecast for 2018 (excluding MEGTEC/ Universal)	Current forecast for 2018 (including MEGTEC/ Universal)
	Actual 2017 <sup>1</sup>			Actual 2017 <sup>1</sup>			Actual 2017 <sup>1</sup>		
Paint and Final Assembly Systems	1,142.3 <sup>2</sup>	1,000	1,000	1,175.2	1,100	1,100	6.0	4.0 - 5.0	4.0 - 5.0
Application Technology	586.5 <sup>2</sup>	600 - 650	600 - 650	622.4	600 - 650	600 - 650	10.4	10.0 - 11.0	10.0 - 11.0
Clean Technology Systems	164.9 <sup>2</sup>	190 - 220	240 - 270	185.6	180 - 200	230 - 250	1.8	1.5 - 2.5	Negative
Measuring and Process Systems	543.0 <sup>2</sup>	430 - 460	430 - 460	511.1	440 - 480	440 - 480	12.6	12.5 - 13.5	12.5 - 13.5
Woodworking Machinery and Systems	1,366.3	1,350	1,350	1,218.8	1,300	1,250	6.8	7.5 - 8.0	6.5 - 7.0

<sup>1</sup> The figures for 2017 have been adjusted following the first-time application of IFRS 15.

<sup>2</sup> Orders worth € 85.7 million received from business in Iran have been removed from order intake for 2017 and orders on hand as of December 31, 2017. This reflects a decision made by the Board of Management to discontinue business in Iran, which necessitated a retroactive adjustment to order intake and orders on hand in the fourth quarter of 2017.

## Treasury stock and capital changes

Dürr AG does not hold any treasury stock. During the period under review, the share capital was increased from € 88.6 million to € 177.2 million through the issue of bonus shares from the company's own funds. It is divided into 69.2 million shares.

## Events after the reporting period

On October 5, 2018, we completed the acquisition of the environmental technology business of US company Babcock & Wilcox Enterprises, Inc. (B&W). On October 17, 2018, we announced our decision to discontinue our micro gas turbine business, stating that this would cause exceptional expense of around € 17 million in 2018. Further information on these two matters can be found on page 5 of this interim statement. No other exceptional events occurred between the end of the reporting period and the date on which this interim statement was published.

Bietigheim-Bissingen, November 8, 2018

Dürr Aktiengesellschaft

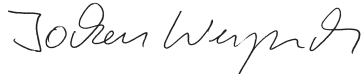
The Board of Management



Ralf W. Dieter  
CEO



Carlo Crosetto  
CFO



Dr. Jochen Weyrauch  
Member of the Board of Management

# Consolidated statement of income

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2018

€ k	9M 2018	9M 2017 adjusted <sup>1</sup>	Q3 2018	Q3 2017 adjusted <sup>1</sup>
Sales revenues	2,734,066	2,680,668	984,476	927,136
Cost of sales	- 2,131,662	- 2,043,841	- 786,165	- 714,479
<b>Gross profit on sales</b>	<b>602,404</b>	<b>636,827</b>	<b>198,311</b>	<b>212,657</b>
Selling expenses	- 222,776	- 228,702	- 75,581	- 73,598
General administrative expenses	- 131,324	- 132,271	- 41,255	- 43,241
Research and development costs	- 88,600	- 85,075	- 27,321	- 29,025
Other operating income	21,272	58,135	3,947	12,079
Other operating expenses	- 27,677	- 34,086	- 6,221	- 11,148
<b>Earnings before investment result, interest and income taxes</b>	<b>153,299</b>	<b>214,828</b>	<b>51,880</b>	<b>67,724</b>
Investment result	3,313	1,625	- 295	1,281
Interest and similar income	4,646	4,041	1,333	1,477
Interest and similar expenses	- 19,856	- 19,250	- 5,844	- 6,607
<b>Earnings before income taxes</b>	<b>141,402</b>	<b>201,244</b>	<b>47,074</b>	<b>63,875</b>
Income taxes	- 37,949	- 50,987	- 11,766	- 15,491
<b>Profit of the Dürr Group</b>	<b>103,453</b>	<b>150,257</b>	<b>35,308</b>	<b>48,384</b>
<b>Attributable to:</b>				
Non-controlling interests	3,572	4,304	1,141	2,507
<b>Shareholders of Dürr Aktiengesellschaft</b>	<b>99,881</b>	<b>145,953</b>	<b>34,167</b>	<b>45,877</b>
Number of shares issued in thousands	69,202.08	69,202.08	69,202.08	69,202.08
Earnings per share in € (basic and diluted) <sup>2</sup>	1.44	2.11	0.49	0.66

<sup>1</sup> The figures for the first nine months and the third quarter of 2017 were adjusted due to the first-time application of IFRS 15.

<sup>2</sup> The earnings per share figure refers to the status quo after the issue of bonus shares in a ratio of 1:1 on June 22, 2018, and was calculated on the basis of 69,208,080 shares.



# Consolidated statement of comprehensive income

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2018

€ k	9M 2018	9M 2017 adjusted <sup>1</sup>	Q3 2018	Q3 2017 adjusted <sup>1</sup>
<b>Profit of the Dürr Group</b>	<b>103,453</b>	<b>150,257</b>	<b>35,308</b>	<b>48,384</b>
<b>Items of other comprehensive income that are not reclassified to profit or loss</b>				
Remeasurement of defined benefit plans and similar obligations	-	3,124	-	- 391
Associated deferred taxes	-	- 766	-	96
<b>Items of other comprehensive income that may be reclassified subsequently to profit or loss</b>				
Changes in fair value of financial instruments used for hedging purposes recognized in equity	- 5,510	12,309	2,693	- 992
Associated deferred taxes	1,334	- 3,796	- 675	260
Reclassifications from currency translation reserve through profit or loss	-	- 2,951	-	-
Currency translation effects	403	- 32,616	- 3,584	- 13,863
<b>Other comprehensive income, net of tax</b>	<b>- 3,773</b>	<b>- 24,696</b>	<b>- 1,566</b>	<b>- 14,890</b>
<b>Total comprehensive income, net of tax</b>	<b>99,680</b>	<b>125,561</b>	<b>33,742</b>	<b>33,494</b>
<b>Attributable to:</b>				
Non-controlling interests	3,438	4,008	1,006	2,456
<b>Shareholders of Dürr Aktiengesellschaft</b>	<b>96,242</b>	<b>121,553</b>	<b>32,736</b>	<b>31,038</b>

<sup>1</sup> The figures for the first nine months and the third quarter of 2017 were adjusted due to the first-time application of IFRS 15.

# Consolidated statement of financial position

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, AS OF SEPTEMBER 30, 2018

€ k	September 30, 2018	December 31, 2017 adjusted <sup>1</sup>	September 30, 2017 adjusted <sup>1</sup>
<b>ASSETS</b>			
Goodwill	397,354	396,551	397,367
Other intangible assets	177,631	196,155	199,077
Property, plant and equipment	406,962	408,443	384,898
Investment property	19,518	20,180	20,287
Investments in entities accounted for using the equity method	35,347	30,772	32,161
Other financial assets	4,262	4,393	25,946
Trade receivables	5,312	10,970	10,410
Income tax receivables	-	-	90
Sundry financial assets	4,159	4,853	3,647
Other assets	1,590	702	792
Deferred taxes	40,342	35,343	28,764
Prepaid expenses	1,668	1,753	2,572
<b>Non-current assets</b>	<b>1,094,145</b>	<b>1,110,115</b>	<b>1,106,011</b>
Inventories and prepayments	591,900	457,635	491,414
Contract assets	546,525	488,418	488,499
Trade receivables	587,274	522,374	499,113
Income tax receivables	22,752	20,035	23,069
Sundry financial assets	52,664	190,653	178,123
Other assets	65,402	54,281	66,398
Cash and cash equivalents	588,162	659,911	551,377
Prepaid expenses	13,515	7,160	11,071
Assets held for sale	-	978	911
<b>Current assets</b>	<b>2,468,194</b>	<b>2,401,445</b>	<b>2,309,975</b>
<b>Total assets of the Dürr Group</b>	<b>3,562,339</b>	<b>3,511,560</b>	<b>3,415,986</b>

€ k	September 30, 2018	December 31, 2017 adjusted <sup>1</sup>	September 30, 2017 adjusted <sup>1</sup>
<b>EQUITY AND LIABILITIES</b>			
Subscribed capital	177,157	88,579	88,579
Capital reserves	67,318	155,896	155,896
Revenue reserves	708,988	690,411	655,579
Other comprehensive income	- 52,139	- 49,001	- 43,610
<b>Total equity attributable to the shareholders of Dürr Aktiengesellschaft</b>	<b>901,324</b>	<b>885,885</b>	<b>856,444</b>
Non-controlling interests	14,476	14,637	11,880
<b>Total equity</b>	<b>915,800</b>	<b>900,522</b>	<b>868,324</b>
Provisions for post-employment benefit obligations	50,127	49,830	49,337
Other provisions	19,175	17,552	17,287
Contract liabilities	3,828	3,828	3,828
Trade payables	1,494	496	707
Bond and bonded loan	597,760	597,285	597,092
Other financial liabilities	11,401	12,564	13,023
Sundry financial liabilities	1,517	2,801	11,525
Income tax liabilities	5,174	6,711	6,711
Other liabilities	5,402	4,916	9,580
Deferred taxes	85,573	91,165	111,653
Deferred income	92	110	83
<b>Non-current liabilities</b>	<b>781,543</b>	<b>787,258</b>	<b>820,826</b>
Other provisions	137,573	151,684	143,612
Contract liabilities	734,329	711,337	671,396
Trade payables	489,062	389,581	393,769
Financial liabilities	3,601	3,383	3,374
Sundry financial liabilities	262,710	298,488	270,225
Income tax liabilities	31,721	43,694	33,842
Other liabilities	201,974	221,572	206,742
Deferred income	4,026	3,417	3,544
Liabilities held for sale	-	624	332
<b>Current liabilities</b>	<b>1,864,996</b>	<b>1,823,780</b>	<b>1,726,836</b>
<b>Total equity and liabilities Dürr Group</b>	<b>3,562,339</b>	<b>3,511,560</b>	<b>3,415,986</b>

<sup>1</sup> The figures for December 31 and September 30, 2017 were adjusted due to the first-time application of IFRS 15.

# Consolidated statement of cash flows

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2018

€ k	9M 2018	9M 2017 adjusted <sup>1</sup>	Q3 2018	Q3 2017 adjusted <sup>1</sup>
Earnings before income taxes	141,402	201,244	47,074	63,875
Income taxes paid	- 63,161	- 45,433	- 14,152	- 18,465
Net interest	15,210	15,209	4,511	5,130
Profit from entities accounted for using the equity method	- 3,682	- 2,837	- 320	- 1,217
Dividends from entities accounted for using the equity method	-	1,054	-	-
Amortization and depreciation of non-current assets	69,686	59,632	30,227	19,096
Net gain/loss on the disposal of non-current assets	- 18	- 611	9	- 28
Net gain from the disposal of investments and assets and liabilities classified as held for sale	- 63	- 22,673	-	-
Non-cash impairment on cash and cash equivalents	- 812	-	- 204	-
Other non-cash income and expenses	2,335	- 68	- 847	- 259
<b>Changes in operating assets and liabilities</b>				
Inventories	- 135,289	- 109,682	- 23,063	- 27,367
Contract assets	- 60,665	- 197,406	- 43,132	- 85,779
Trade receivables	- 59,376	- 33,281	- 52,116	- 30,015
Other receivables and assets	- 12,353	- 47,713	1,127	- 7,470
Provisions	- 12,859	37,482	1,970	8,671
Contract liabilities	20,172	62,449	9,882	39,902
Trade payables	101,904	60,273	57,436	21,901
Other liabilities (other than bank)	- 28,733	4,911	3,389	27,097
Other assets and liabilities	- 5,589	- 4,764	5,981	3,525
<b>Cash flow from operating activities</b>	<b>- 31,891</b>	<b>- 22,214</b>	<b>27,772</b>	<b>18,597</b>
Purchase of intangible assets	- 16,892	- 17,165	- 7,352	- 5,868
Purchase of property, plant and equipment	- 34,646	- 31,765	- 10,130	- 9,849
Purchase of other financial assets	- 1	- 104	-	- 101
Proceeds from the sale of non-current assets	2,191	9,492	753	1,050
Acquisitions, net of cash acquired	- 50	- 4,842	-	- 3,889
Investments in time deposits	137,877	- 50,352	105,509	25,918
Proceeds from the sale of assets and liabilities classified as held for sale	634	106,653	-	- 337
Interest received	3,133	3,466	962	925
<b>Cash flow from investing activities</b>	<b>92,246</b>	<b>15,383</b>	<b>89,742</b>	<b>7,849</b>

€ k	9M 2018	9M 2017 adjusted <sup>1</sup>	Q3 2018	Q3 2017 adjusted <sup>1</sup>
Change in current bank liabilities and other financing activities	162	- 9,095	57	- 66
Repayment of non-current financial liabilities	- 283	- 40,673	- 60	- 39,505
Payments of finance lease liabilities	- 955	- 2,903	- 275	- 232
Cash paid for transactions with non-controlling interests	- 34,802	- 8,355	-	- 860
Dividends paid to the shareholders of Dürr Aktiengesellschaft	- 76,122	- 72,662	-	-
Dividends paid to non-controlling interests	- 4,689	- 4,629	- 1,095	-
Interest paid	- 15,527	- 15,220	- 344	- 1,052
<b>Cash flow from financing activities</b>	<b>- 132,216</b>	<b>- 153,537</b>	<b>- 1,717</b>	<b>- 41,715</b>
Effects of exchange rate changes	- 355	- 12,434	169	- 4,928
Change in cash and cash equivalents related to changes in the consolidated group	467	0	0	0
Change in cash and cash equivalents	- 71,749	- 172,802	115,966	- 20,197
<b>Cash and cash equivalents</b>				
At the beginning of the period	659,911	724,179	472,196	571,574
At the end of the period	588,162	551,377	588,162	551,377

<sup>1</sup> The figures for the first nine months and the third quarter of 2017 were adjusted due to the first-time application of IFRS 15.



# Consolidated statement of changes in equity

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2018

€ k	Other comprehensive income										Total equity attributable to the shareholders of Dürr Aktiengesellschaft
	Items that may be reclassified subsequently to profit or loss										
	Items that are not reclassified to profit or loss										
	Subscribed capital	Capital reserve	Revenue reserves	Remeasurement of defined benefit plans	Unrealized gains/losses from cash flow hedges	Unrealized gains/losses from financial assets available for sale	Changes related to the consolidated group/reclassifications	Currency translation	Other comprehensive income	Non-controlling interests	Total equity
<b>December 31, 2016</b>	88,579	155,896	588,705	-40,698	-8,055	652	24,452	-23,649	809,531	21,429	830,960
Adjustment IFRS 15	-	-	-1,315	-	-	-	-	-	-1,315	-	-1,315
<b>January 1, 2017</b>	88,579	155,896	587,390	-40,698	-8,055	652	24,452	-23,649	808,216	21,429	829,645
Profit for the period	-	-	145,953	-	-	-	-	-	145,953	4,304	150,257
Other comprehensive income	-	-	-	2,358	8,513	-	-35,271	-24,400	-24,400	-296	-24,696
<b>Total comprehensive income, net of tax</b>	-	-	145,953	2,358	8,513	-	-35,271	-24,400	121,553	4,008	125,561
Dividends	-	-	-72,662	-	-	-	-	-	-72,662	-4,629	-77,291
Options of non-controlling interests	-	-	8,233	-	-	-	-	-	8,233	-493	7,740
Other changes	-	-	-13,335	4,419	-	-16	36	4,439	-8,896	-8,435	-17,331
<b>September 30, 2017</b>	88,579	155,896	655,579	-33,921	458	636	-10,783	-43,610	856,444	11,880	868,324
<b>December 31, 2017</b>	88,579	155,896	690,411	-35,924	-228	449	-13,928	-49,001	885,885	14,637	900,522
Adjustment IFRS 9	-	-	-3,557	-	-	-	-	-	-3,557	-73	-3,630
<b>January 1, 2018</b>	88,579	155,896	686,854	-35,924	-228	449	-13,928	-49,001	882,328	14,564	896,892
Profit for the period	-	-	99,881	-	-	-	-	-	99,881	3,572	103,453
Other comprehensive income	-	-	-	-	-4,176	-	537	-3,639	-3,639	-134	-3,773
<b>Total comprehensive income, net of tax</b>	-	-	99,881	-	-4,176	-	537	-3,639	96,242	3,438	99,680
Capital increase Dürr Aktiengesellschaft from company funds	88,578	-88,578	-	-	-	-	-	-	-	-	-
Dividends	-	-	-76,122	-	-	-	-	-	-76,122	-4,689	-80,811
Options of non-controlling interests	-	-	-1,124	-	-	-	-	-	-1,124	1,124	-
Other changes	-	-	-501	518	-	-17	-	501	-	39	39
<b>September 30, 2018</b>	177,157	67,318	708,988	-35,406	-4,404	449	-13,391	-52,139	901,324	14,476	915,800

## Financial calendar

November 14, 2018	UBS European Conference, London
November 15, 2018	LBBW German Company Day 2018, London
November 20, 2018	DZ BANK Equity Conference, Frankfurt
November 28, 2018	German Equity Forum, Frankfurt
November 28, 2018	Goldman Sachs European Industrials Conference, London
December 5, 2018	Quirin European Mid Cap Event, Geneva
December 5, 2018	Berenberg European Corporate Conference, Pennyhill
February 28, 2019	Preliminary figures for fiscal 2018: Press conference and conference call
March 22, 2019	Annual report 2018
May 10, 2019	Annual general meeting, Bietigheim-Bissingen
May 17, 2019	Interim statement for the first quarter of 2019: Analyst day and conference call
August 7, 2019	Interim financial report 2019: Conference call
November 7, 2019	Interim statement for the first nine months of 2019: Conference call

## Contact

Please contact us for further information:

Dürr AG  
 Günter Dielmann  
 Mathias Christen  
 Stefan Tobias Burkhardt  
 Corporate Communications & Investor Relations  
 Carl-Benz-Strasse 34  
 74321 Bietigheim-Bissingen  
 Germany

Phone: +49 7142 78-1785 / -1381 / -3558

Fax: +49 7142 78-1716

corpcom@durr.com

investor.relations@durr.com

www.durr-group.com

This interim statement is the English translation  
 of the German original. The German version shall prevail.

This publication has been prepared independently by Dürr AG/Dürr Group ("Dürr"). It may contain statements which address such key issues as strategy, future financial results, events, competitive positions and product developments. Such forward-looking statements are subject to a number of risks, uncertainties and other factors, including, but not limited to those described in Dürr's disclosures, in particular in the chapter "Risks" in Dürr's annual report. Should one or more of these risks, uncertainties and other factors materialize, or should underlying expectations not 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/>).