INTERIM STATEMENT

JANUARY 1 TO
SEPTEMBER 30, 2020

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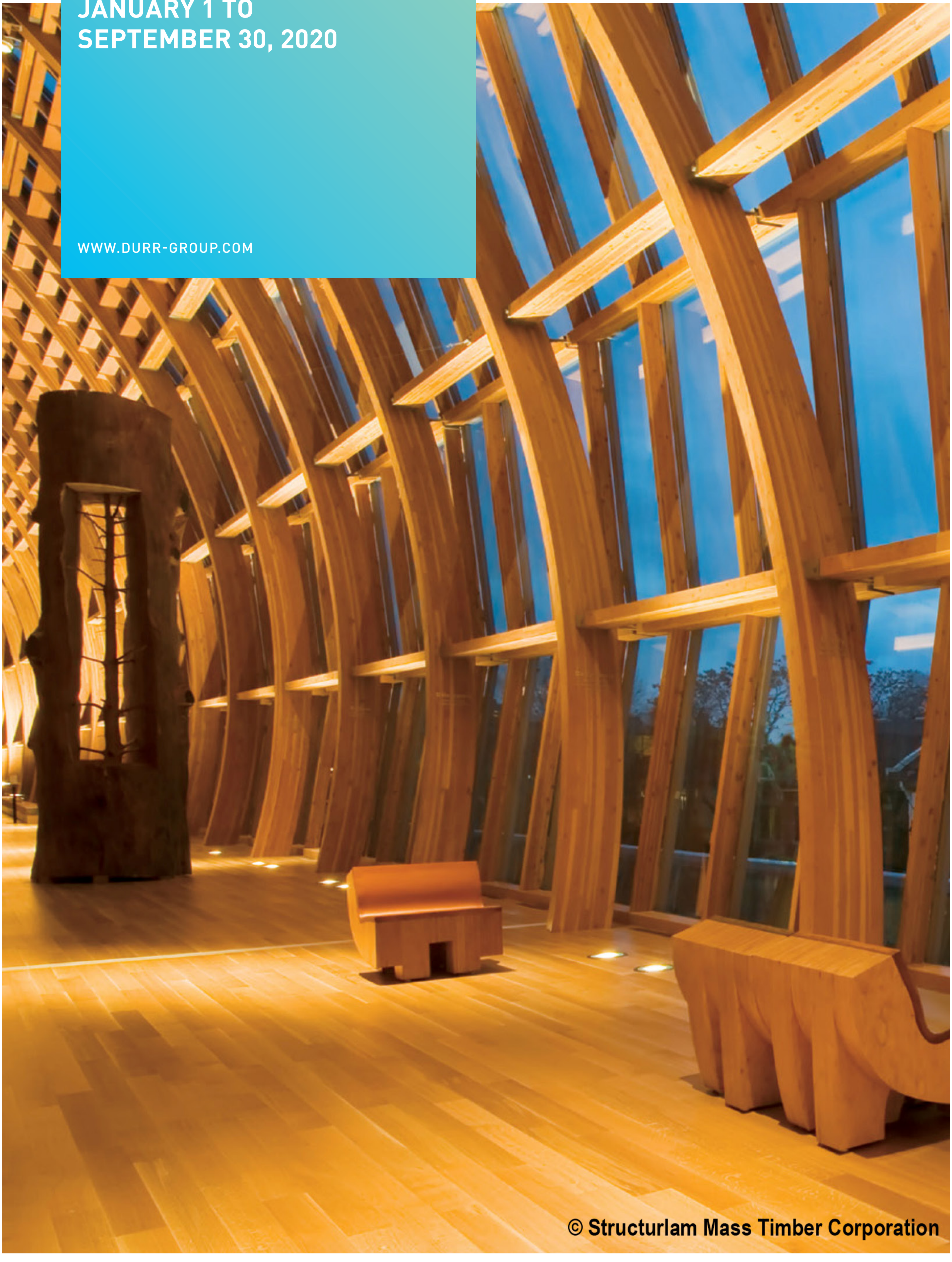
DÜRR GROUP



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CONTENTS

Cover photo:
Building with wood is both sustainable and economical. This is why more and more buildings around the world are being constructed from timber. This trend is opening up new potential for growth for us: Via its subsidiary Weinmann, the HOMAG Group is already one of the leading suppliers of technology for processing solid wood components. With the acquisition of Danish mechanical engineering specialist System TM in October, the HOMAG Group has additionally strengthened its competence as a system supplier in the solid wood sector.

KEY FIGURES FOR THE DÜRR GROUP

		9M 2020	9M 2019	Q3 2020	Q3 2019
Order intake	€ m	2,309.4	2,859.5	826.3	938.6
Orders on hand (September 30)	€ m	2,449.8	2,590.3	2,449.8	2,590.3
Sales	€ m	2,430.5	2,874.1	815.3	993.7
Gross profit	€ m	459.7	626.0	156.7	211.9
EBITDA	€ m	115.8	237.6	52.4	87.2
EBIT	€ m	31.6	154.1	25.0	58.9
EBIT before extraordinary effects[1]	€ m	63.6	171.5	39.9	64.6
Earnings after tax	€ m	12.8	102.1	15.8	38.4
Gross margin	%	18.9	21.8	19.2	21.3
EBIT margin	%	1.3	5.4	3.1	5.9
EBIT margin before extraordinary effects[1]	%	2.6	6.0	4.9	6.5
Cash flow from operating activities	€ m	187.7	-61.3	81.8	51.6
Free cash flow	€ m	105.3	-158.1	61.0	23.4
Capital expenditure	€ m	54.1	76.8	16.8	29.3
Total assets (September 30)	€ m	3,795.2	3,827.6	3,795.2	3,827.6
Equity (with non-controlling interests) (September 30)	€ m	953.6	1,028.7	953.6	1,028.7
Equity ratio (September 30)	%	25.1	26.9	25.1	26.9
ROCE[2]	%	4.1	15.3	9.7	17.5
Net financial status (September 30)	€ m	-64.3	-301.5	-64.3	-301.5
Net working capital (September 30)	€ m	425.6	648.8	425.6	648.8
Employees (September 30)		16,181	16,534	16,181	16,534
Dürr share ISIN: DE0005565204					
High	€	32.90	42.26	28.50	31.16
Low	€	15.72	21.34	21.30	21.34
Close	€	26.26	23.81	26.26	23.81
Average daily trading volumes	Units	285,606	231,630	245,806	274,971
Number of shares	Thous.	69,202	69,202	69,202	69,202
Earnings per share	€	0.16	1.42	0.22	0.54

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

[1] Extraordinary effects in 9M 2020: € -32.0 million (including purchase price allocation effects of € -13.6 million), 9M 2019: € -17.4 million
[2] Annualized

OVERVIEW 9M 2020

CASH FLOW AND LIQUIDITY AT A HIGH LEVEL
SUBSTANTIAL OPERATING IMPROVEMENTS IN THE THIRD QUARTER

- Nascent recovery in Q3 after corona-induced low in Q2
- Order intake
  - 9M: down 19.2% vs. 9M 2019
  - Q3: up 28.2% vs. Q2 2020
- Sales
  - 9M: down 15.4% vs. 9M 2019
  - Q3: up 5.5% vs. Q2 2020
- Chinese business still strong, demand also picking up in other markets
- Service business: Sequential recovery in Q3
- Robust EBIT performance, good figures in Q3
  - 9M operating EBIT: € 63.6 million / 2.6% margin
  - Q3 operating EBIT: € 39.9 million / 4.9% margin
- Extraordinary effects: € -32.0 million in 9M, greater extraordinary expenses expected in Q4 due to restructuring of automotive business in Europe
- High cash flow, positive trend continued in Q3
  - Sharp reduction in NWC
  - Cash flow from operating activities: € 188 million in 9M, € 82 million in Q3
  - Free cash flow over € 100 million in 9M
- High liquidity
  - Record total liquidity of € 960 million
  - Convertible bond of € 150 million successfully placed in September
- Acquisitions and partnerships in growth areas
  - EV battery coating: Partnership with Techno Smart
  - Solid-wood house construction: System TM acquired
  - HOMAG China: Full takeover of HOMAG China Golden Field expected to be completed in Q4
- Full-year guidance confirmed
  - Order intake: € 3,100 to 3,400 million
  - Sales: € 3,200 to 3,400 million
  - EBIT margin before extraordinary effects: 2.5 to 2.8%
  - EBIT margin after extraordinary effects: 0.0 to 0.5%

GROUP MANAGEMENT REPORT

OPERATING ENVIRONMENT

The corona crisis triggered a sharp economic slump worldwide. Following China's strong economic recovery in the second quarter, the economic situation also improved in Europe and America in the third quarter. The IMF now expects global economic output to contract by 4.4% in 2020, suggesting that the recession will be less severe than feared in June. Many countries as well as the European Union adopted extensive economic stimulus packages that will mitigate the economic fallout from the pandemic but will lead to enormous budgetary burdens and widening national debt.

Automotive sales have recently started to recover, with vehicles sales picking up again in China in particular. In the first half of the year, the automotive industry sustained a sharp corona-related decline in sales volumes; Western Europe was hit the hardest, with sales plummeting by 40%. The situation in the German mechanical engineering sector has also recently improved to some degree.

BUSINESS PERFORMANCE

EXPLANATORY NOTES ON THE FIGURES

– AUTOMOTIVE FINAL ASSEMBLY TECHNOLOGY INTEGRATED IN PAINT AND FINAL ASSEMBLY SYSTEMS

Effective January 1, 2020, we reorganized our business in automotive final assembly technology. Testing technology, assembly products and automotive filling technology were transferred from Measuring and Process Systems to Paint and Final Assembly Systems. In this way, we are well positioned to harness additional opportunities in final assembly technology and to exploit the potential for growth offered by the electromobility transformation in this business in particular. The transferred activities generated sales of € 171.8 million and EBIT of € 16.8 million in 2019. In the following tables for Paint and Final Assembly Systems and Measuring and Process Systems, we have retroactively adjusted the figures for the first nine months and the third quarter of 2019 to reflect this new structure in the interests of full comparability.

– ADJUSTMENT TO 2019 STATEMENT OF FINANCIAL POSITION (IFRS 16)

In the course of 2019, we had to make minor adjustments to the opening statement of financial position as of January 1, 2019. This was due to the results of a review of the term of a lease held by a foreign company in connection with the initial application of IFRS 16. This led to minor deviations over the original figures reported in the course of 2019. For example, net financial status as of September 30, 2019 was adjusted from € -293.5 million to € -301.5 million.

CORONA: OVERVIEW

– IMPACT ON BUSINESS

From January to May 2020, the economic effects of the corona pandemic initially had a massive impact on our business in China and later on our global activities. Meanwhile, the Chinese economy has been recovering rapidly, with order intake rising by 29.4% in the first nine months. This allowed us to partially recoup the declines that arose in the other regions particularly in the second quarter. Since the lifting of the lockdown measures from spring, we have been observing a slow market recovery in several countries. Customers who were extremely cautious at the peak of the first corona wave are again pushing ahead with investment projects. This led to a sequential increase in order intake in the third quarter, although it has not yet returned to normal. Service business, which had plummeted in the second quarter due to lower production output and temporary plant closures by customers, also strengthened again in the third quarter. The extent to which the second corona wave will adversely affect the economic recovery remains to be seen.

– LOCATIONS

After we were forced to temporarily close some plants in China, the United States, Brazil and India during the lockdown phase in spring, all facilities are currently operating again. Whereas we are operating at full capacity in China, the low order intake in the second quarter in North America and Europe has particularly caused capacity shortfalls in some areas. Aside from minor restrictions, the supply chains have remained largely stable during the course of the corona crisis. To reduce the risk of infection, we are continuing to apply working-from-home models, albeit to a lesser extent than during the lockdown phases from March to May.

– COUNTERMEASURES

In the first nine months, sales dropped by 15.4% as a result of the corona crisis. In response to this, we took comprehensive cost-cutting measures. These included reductions in the number of external employees (down 40.7% compared with September 2019), the increased use of short-time working, moderate adjustments to the core workforce and reductions in working hour accounts. Further savings were achieved from the waiver of increases in collectively agreed salaries in Germany as well as lower bonus and profit-sharing payments. Capital expenditure was scaled back by around 30% in the first nine months of 2020, while overhead costs were lowered by roughly 10%. This also included reduced travel expenses and sourcing of external services.

Despite the difficult underlying conditions, our total liquidity has increased significantly since the end of 2019, reaching a new record amount of € 959.9 million as of September 30, 2020. We are conserving our liquidity through strict cash management and have also shored up our cash position by raising additional external finance; information on this can be found in the section entitled "External finance and funding structure" on page 15. The risk report on page 21 provides information on our risk situation in the light of the corona crisis.

EFFICIENCY-BOOSTING MEASURES: COST BASE TO BE REDUCDED BY € 60 MILLION FROM 2021

Even beyond the corona crisis, we expect business with the automotive industry in Europe to remain muted. As the Western European market in particular is largely saturated, hardly any new automotive plants are being built. At the same time, modernization and service business is not sufficient to achieve full capacity utilization at our Western European plants.

This prompted us to start an efficiency program at the end of July. Among other things, it provides for the cutback of around 600 jobs at our European automotive locations and should result in annual savings of around € 30 million from 2021. This will entail extraordinary expenses of € 35 to 45 million, which will be placed on the books mainly in the fourth quarter of 2020. A smaller part of these extraordinary expenses was recognized in the third quarter. It was, among others, related to the Measuring and Process Systems division, where the cutback of around 70 positions at Schenck in Germany has already been negotiated and decided. The other job cuts will be made in the Paint and Final Assembly Systems and Application Technology divisions.

We had already implemented further efficiency-boosting measures at the beginning of 2020. Among other things, the loss-making Karlstein plant (Application Technology) was closed and production in Goldkronach (Clean Technology Systems) discontinued, leading to extraordinary expenses of € 6.1 million in the first half of the year. These additional measures should yield savings of around € 10 million, which will likewise take effect from 2021.

We implemented extensive efficiency-boosting measures at HOMAG (Woodworking Machinery and Systems) in the fourth quarter of 2019, including the cutback of 350 positions in Germany in a process that will be completed in the fourth quarter of the current year. These efficiency-boosting measures will generate savings of around € 20 million from 2021.

Overall, the ongoing efficiency programs in the Group will reduce the cost base by around € 60 million from 2021, thereby significantly lowering the break-even threshold. Around € 10 million of the planned savings will take effect in the current year. Restructuring expenses of around € 19 million were recorded in the first nine months of 2020, of which around € 10 million were attributable to the third quarter.

ORDER INTAKE, SALES, ORDERS ON HAND

€ m	9M 2020	9M 2019	Q3 2020	Q3 2019
Order intake	2,309.4	2,859.5	826.3	938.6
Sales	2,430.5	2,874.1	815.3	993.7
Orders on hand (September 30)	2,449.8	2,590.3	2,449.8	2,590.3

ORDER INTAKE: NASCENT RECOVERY IN THE THIRD QUARTER

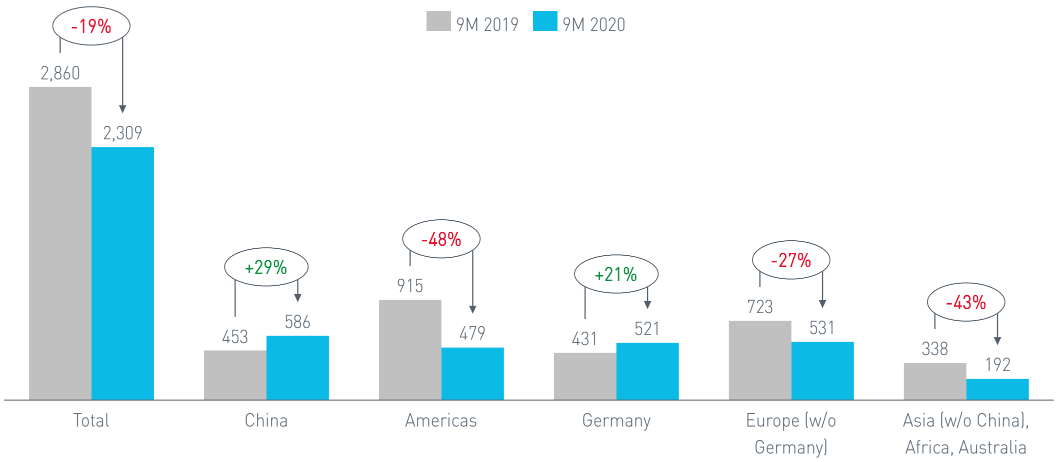
In the first nine months of 2020, order intake fell by 19.2% to € 2,309.4 million, as the corona crisis triggered capital spending restraint in many markets in the second quarter in particular. However, the third quarter saw the emergence of a recovery: At € 826.3 million, new orders were up 28.2% on the second quarter, almost returning to the level recorded in the first quarter (€ 838.3 million). The shortfall over the previous year shrank to 12.0% in the third quarter.

By far the strongest demand was registered in the Chinese market, which recovered swiftly from the consequences of the corona pandemic and, with order growth of 29.4%, proved to be a stabilizing factor in the first nine months. We were awarded several big-ticket orders in the e-mobility sector in China and recorded significant growth in environmental technology business. Customer activity intensified in other markets as well in the third quarter. In Europe, we have recently received a major order in the painting technology sector. We expect the positive trend in order intake to continue in the fourth quarter in the absence of any new total lockdowns. The gross margin on order intake in the first nine months was somewhat lower than in the same period in the previous year due to intensified competition.

The sequential improvement in order intake in the third quarter was underpinned by all divisions with the exception of Clean Technology Systems. Growth over the second quarter was substantially double-digit in each case and was the highest in Application Technology (up 54.8%) and Woodworking Machinery and Systems (up 40.8%). After the two previous strong quarters, order intake in the Clean Technology Systems division declined. That said, we do not anticipate any protracted market weakness in this segment. New orders were down year on year in all divisions in the period from January to September 2020. This was primarily due to the muted second quarter.

The emerging markets accounted for 42.2% of order intake in the first nine months of 2020 (9M 2019: 43.3%). China was the largest single market, contributing 25.4% (9M 2019: 15.8%).

ORDER INTAKE (€ M), JANUARY - SEPTEMBER 2020



SEQUENTIAL IMPROVEMENT IN SALES IN THE THIRD QUARTER

In the first nine months of 2020, sales fell by 15.4% to € 2,430.5 million, dropping in the third quarter by 18.0% from a high baseline level to € 815.3 million. However, the third quarter saw a sequential increase of 5.5% again after sales had dropped to € 772.6 million in the second quarter due to the closure of many plants and construction sites by customers in response to the pandemic. All five divisions contributed to the sequential growth in the third quarter. At the same time, the previously weak service and spare-parts business in the automotive segment also picked up again appreciably.

Europe contributed 39.4% of sales in the first nine months. This includes the share of 17.4% attributable to Germany. The proportion accounted for by North, Central and South America widened slightly over the same period of the previous year, coming to 27.9%. The share attributable to China also climbed to 20.6%, with the other Asian countries, Africa and Australia accounting for 12.0%. The share contributed by emerging markets to sales stood at 39.2%.

Service business was valued at € 672.7 million in the first nine months, thus contracting by 17.4% over the same period in the previous year and, hence, more quickly than total sales. This reflected the fact that many customers had scaled back or closed their production in the second quarter in particular, thus requiring fewer spare parts and services at their plants. This changed with the post-lockdown resumption of production activities. Service business expanded substantially in the third quarter and, at € 231.7 million, approached closer to its normal level again. This particularly spurred earnings in the Application Technology and Measuring and Process Systems divisions. Service business contributed 27.7% to Group sales (9M 2019: 28.3%).

The book-to-bill ratio came to 0.95 in the first nine months, rising to 1.01 in the third quarter, however. Orders on hand as of September 30, 2020 were valued at € 2,449.8 million, thus dropping only minimally by 1.2% compared to the middle of the year (€ 2,478.8 million). They were down 5.4% on the previous year (€ 2,590.3 million). At 10.7%, the reduction over the end of 2019 (€ 2,742.8 million) was higher, although it should be borne in mind that we derecognized orders worth € 83.4 million in the current year due to cancellations. This primarily entails the cancellation of a big-ticket contract by a new automotive OEM which opted to acquire an existing factory rather than building a new plant.

INCOME STATEMENT AND PROFITABILITY RATIOS

		9M 2020	9M 2019	Q3 2020	Q3 2019
Sales	€ m	2,430.5	2,874.1	815.3	993.7
Gross profit	€ m	459.7	626.0	156.7	211.9
Overhead costs[1]	€ m	427.6	473.6	131.6	153.6
EBITDA	€ m	115.8	237.6	52.4	87.2
EBIT	€ m	31.6	154.1	25.0	58.9
EBIT before extraordinary effects[2]	€ m	63.6	171.5	39.9	64.6
Financial result	€ m	-13.7	-11.7	-3.0	-5.1
EBT	€ m	17.9	142.4	22.1	53.8
Income taxes	€ m	-5.1	-40.3	-6.2	-15.4
Earnings after tax	€ m	12.8	102.1	15.8	38.4
Earnings per share	€	0.16	1.42	0.22	0.54
Gross margin	%	18.9	21.8	19.2	21.3
EBITDA margin	%	4.8	8.3	6.4	8.8
EBIT margin	%	1.3	5.4	3.1	5.9
EBIT margin before extraordinary effects[2]	%	2.6	6.0	4.9	6.5
EBT margin	%	0.7	5.0	2.7	5.4
Return on sales after taxes	%	0.5	3.6	1.9	3.9
Tax rate	%	28.5	28.3	28.3	28.6

[1] Sales and marketing, administration and R&D expenses
[2] Extraordinary effects in 9M 2020: € -32.0 million (including purchase price allocation effects of € -13.6 million), 9M 2019: € -17.4 million

IMPROVED GROSS MARGIN AFTER Q2 LOW

In the first nine months of 2020, we lowered the cost of sales by 12.3% but were unable to fully offset the 15.4% decline in sales. Against the backdrop of capacity shortfalls, the gross margin narrowed to 18.9%, down from 21.8% in the same period in the previous year. However, it improved again in the third quarter, widening to 19.2% after hitting a low of 16.3% in the second quarter. One key reason for this was the recovery in service business at steady margins compared with the previous year.

In the course of the year, we increasingly brought our overhead costs (including R&D expenses) into line with the substantially lower sales. Costs were cut by 9.7% in the first nine months and by 14.3% in the third quarter. We achieved the greatest savings with selling expenses (down 12.1% in the first nine months and down 19.2% in the third quarter). The 8.0% cut in R&D expenses in the first nine months is only temporary and did not affect strategically important innovations such as digitalization. Net other operating expense came to a small € 0.5 million and was largely influenced by currency-translation gains and losses.

THIRD QUARTER: HIGHEST EBIT IN THE YEAR TO DATE

Measured in the light of the macroeconomic dislocations, we consider our earnings performance to be relatively robust in the year to date. At € 31.6 million, EBIT was distinctly in positive territory in the first nine months, although it temporarily dipped into the negative zone in the second quarter due to the sharp decline in sales and the corresponding cost and capacity utilization pressure. A substantial recovery emerged in the third quarter: Cost-cutting effects, the emergence of a recovery in high-margin service business and solid order execution caused EBIT to reach a high for the year of € 25.0 million. This translates into an EBIT margin of 3.1% for the third quarter and of 1.3% for the first nine months.

EBIT for the first nine months includes a charge of just under € 2 million from allowances for receivables and contract assets recognized as a precautionary measure in accordance with IFRS 9. This figure had temporarily risen to around € 5 million in the second quarter. This was joined by extraordinary effects of € -32.0 million, including an amount of € -14.8 million recognized in the third quarter. The extraordinary expenses arising in the year to date primarily comprise purchase price allocation effects, the discontinuation of loss-making activities in Karlstein and Goldkronach, various capacity adjustments and transaction costs for acquisitions (see page 15). Most of the extraordinary expenses in connection with the reduction of around 600 jobs in European automotive business, which was announced in July, will be recognized in the fourth quarter. Minor extraordinary gains arose in connection with a legal dispute in the first nine months.

EBIT before extraordinary effects came to € 63.6 million in the first nine months, equivalent to an operating EBIT margin of 2.6%. In the third quarter, operating EBIT came to € 39.9 million, yielding an operating EBIT margin of 4.9%, which was thus well in excess of the full-year target corridor. This means that we are well on the way towards achieving our full-year forecast.

Financial result weakened to € -13.7 million (9M 2019: € -11.7 million). Although net investment income increased due to a higher proportionate result of HOMAG China Golden Field Ltd., which is accounted for using the equity method, this effect was counteracted by lower interest income in tandem with higher interest expense. The latter was chiefly due to the Schuldschein loan that had been issued in March 2020 as well as higher funding transaction costs.

As a result of the improved operating earnings performance in the third quarter, earnings after tax came to € 12.8 million in the first nine months, reversing the small loss of € 3.0 million that had been sustained in the first half of the year. The tax rate came to 28.5%, with earnings per share standing at € 0.16 in the first nine months and € 0.22 in the third quarter.

SIGNIFICANT EVENTS

Our business performance in the first nine months was heavily influenced by the economic fallout from the corona pandemic. It became evident as early as in March that we would fail to meet our full-year targets. For this reason, we withdrew our guidance for 2020 on March 30 and replaced it with a new forecast when we released our first-half figures, reflecting the stabilization of our business (see page 23).

EXCHANGE RATE EFFECTS

Assuming constant exchange rates, order intake and sales would have been 1.8% higher in the first nine months. Exchange rate changes had a greater impact on earnings: On a like-for-like basis, EBIT would have been 14.2% higher, coming to € 36.1 million instead of € 31.6 million.

FINANCIAL POSITION

CASH FLOW: STRONG GROWTH

CASH FLOW[1]

€ m	9M 2020	9M 2019	Q3 2020	Q3 2019
Earnings before taxes	17.9	142.4	22.1	53.8
Depreciation and amortization	84.1	83.5	27.3	28.3
Interest result	18.7	15.9	6.1	6.5
Income tax payments	-11.3	-44.0	-1.8	-11.4
Change in provisions	15.8	-16.0	16.9	-5.9
Change in net working capital	67.6	-205.9	-18.3	-43.9
Other items	-5.2	-37.3	29.5	24.2
Cash flow from operating activities	**187.7**	**-61.3**	**81.8**	**51.6**
Interest payments (net)	-21.0	-18.8	-2.1	-0.4
Repayment of leasing liabilities	-22.6	-20.4	-6.5	-7.0
Capital expenditure	-38.9	-57.6	-12.3	-20.8
Free cash flow	**105.3**	**-158.1**	**61.0**	**23.4**
Other cash flows	-70.4	-68.9	-4.4	-6.5
Change in net financial status	**34.9**	**-227.0**	**56.6**	**16.9**

[1] Currency translation effects have been eliminated from the cash flow statement. Accordingly, it does not fully reflect all changes in the line items shown in the statement of financial position.

Cash flow from operating activities rose to a high € 187.7 million in the first nine months of 2020 despite the low earnings before tax. This is equivalent to an improvement of € 249.0 million over the same period of the previous year. The third quarter made the greatest contribution with a cash flow from operating activities of € 81.8 million. The good cash flow reflects a substantial reduction in net working capital (NWC): Compared to September 30, 2019, NWC dropped by more than a third to € 425.6 million, declining by 15.3% since the end of 2019. Accordingly, days working capital came to 47.3 days, reaching the target corridor of 40 to 50 days despite the low sales. A key factor in the low NWC was the fact that we received adequate prepayments in project business, collected progress and final payments on schedule and were able to reduce receivables. At the same time, there was hardly any increase in inventories especially as inventories of finished goods have recently declined again on account of deliveries. A further positive effect on cash flow from operating activities came from the smaller volume of work commenced on new projects, which reduced working capital requirements.

Cash flow from investing activities improved by € 54.9 million to € -107.0 million in the first nine months of 2020. There were two main reasons for this: For one thing, we scaled back spending on property, plant and equipment and intangible assets by € 18.8 million due to the corona crisis. For another, investments of € 70.0 million in time deposits were down on the same period in the previous year (€ 109.4 million). In addition, the cash flow from investing activities includes the payment made for the acquisition of a majority stake in Techno-Step GmbH (page 15).

At € 2.7 million, the positive **cash flow from financing activities** reflects the proceeds from the issue of a sustainability Schuldschein loan in March (€ 115 million) and a loan raised in May (€ 100 million). Substantial outflows arose from the partial repayment of a Schuldschein loan issued in 2016 and the distribution of the dividend. The cash flow from financing activities also includes the payment made to acquire the remaining shares in Weinmann and an outflow of € 4.3 million in connection with the tender of additional shares in HOMAG Group AG.

CAPITAL EXPENDITURE[1]

€ m	9M 2020	9M 2019	Q3 2020	Q3 2019
Paint and Final Assembly Systems	12.9	19.3[2]	3.2	7.6[2]
Application Technology	6.3	8.8	2.3	2.9
Clean Technology Systems	1.7	2.5	0.8	1.4
Measuring and Process Systems	5.8	6.3[2]	1.8	3.0[2]
Woodworking Machinery and Systems	26.1	35.1	8.4	11.0
Corporate Center	1.4	4.8	0.4	3.4
Total	**54.1**	**76.8**	**16.8**	**29.3**

[1] Net of acquisitions
[2] Testing technology, assembly products and automotive filling technology were transferred from Measuring and Process Systems to Paint and Final Assembly Systems effective January 1, 2020. The figures for 2019 have been adjusted accordingly and therefore differ from those originally reported.

Capital expenditure on property, plant and equipment as well as intangible assets was pared back by 29.6% to € 54.1 million in the first nine months of 2020. This figure also includes additions of right-of-use assets in connection with leases in accordance with IFRS 16.

NET FINANCIAL STATUS

€ m	
September 30, 2020	-64.3
December 31, 2019	-99.3
September 30, 2019	-301.5

Driven by the high cash flow from operating activities and lower capital expenditure, free cash flow improved by € 263.4 million to € 105.3 million in the first nine months of 2020. Against this backdrop, net financial status reached a good figure of € -64.3 million as of September 30; adjusted for lease liabilities, it would have been distinctly in positive territory. Compared with the middle of the year, when it came under pressure from the dividend payment (€ 55.4 million), net financial status improved again by € 56.6 million as of September 30. Compared with the end of 2019 we recorded an improvement of € 34.9 million.

STATEMENT OF FINANCIAL POSITION: HIGH LIQUIDITY

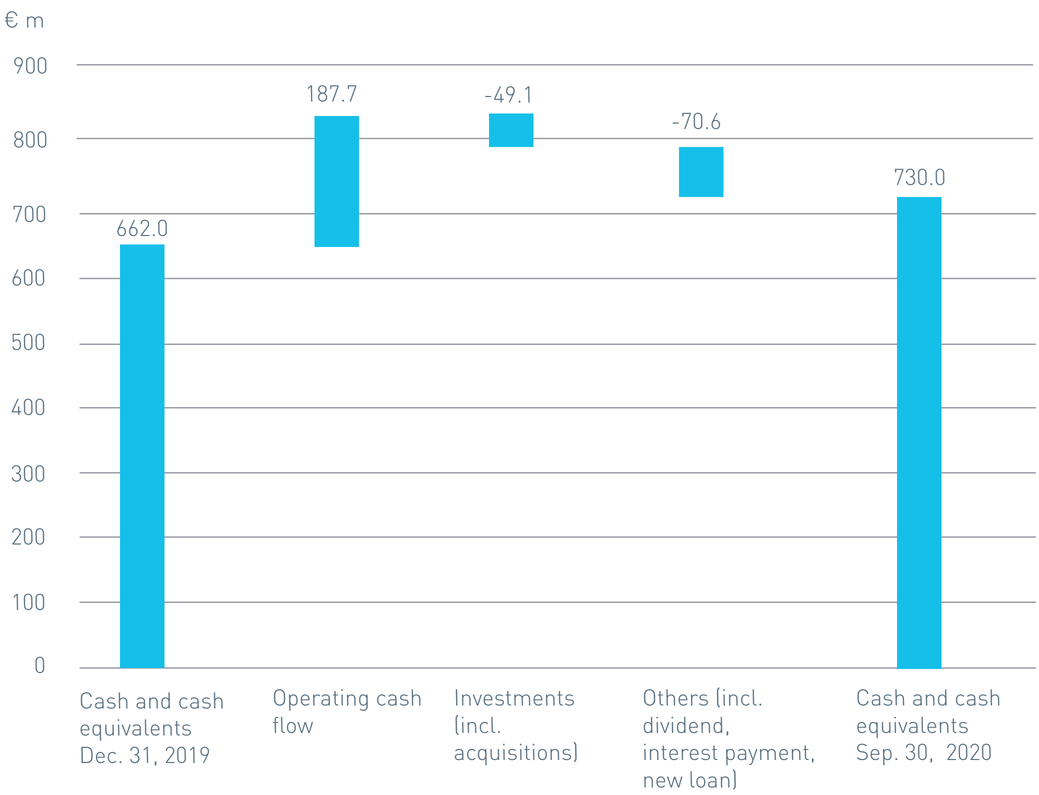
CURRENT AND NON-CURRENT ASSETS

€ m	September 30. 2020	Percentage of total assets	December 31, 2019	September 30, 2019
Intangible assets	631.4	16.6	644.0	650.2
Property, plant and equipment	486.0	12.8	525.4	524.2
Other non-current assets	152.3	4.0	153.0	144.0
Non-current assets	**1,269.6**	**33.5**	**1,322.4**	**1,318.4**
Inventories	523.7	13.8	509.2	562.3
Contract assets	388.8	10.2	519.1	560.7
Trade receivables	520.0	13.7	570.3	607.4
Cash and cash equivalents	730.0	19.2	662.0	513.8
Other current assets	363.1	9.6	299.4	265.0
Current assets	**2,525.6**	**66.5**	**2,560.0**	**2,509.2**
Total assets	**3,795.2**	**100.0**	**3,882.3**	**3,827.6**

Total assets dropped by 2.2% over the end of 2019 to € 3,795.2 million. On the assets side, the decline in contract assets and receivables reflects the low funds tied up in operating business. This together with the loan of € 100 million raised in May and the Schuldschein loan of € 115 million contributed to the 10.3% increase in liquidity to € 730.0 million. In fact, cash and cash equivalents rose by 42.1% over September 30, 2019. Total liquidity including time deposits reached a high of € 959.9 million and is a key source of stability in the corona crisis.

We performed several impairment tests at the middle of the year in response to the corona crisis. Neither goodwill nor the tax positions exhibited any evidence of impairment, while the other assets were impaired to only a minor extent.

CHANGES IN LIQUIDITY



EQUITY LOWER

EQUITY

€ m	September 30. 2020	Percentage of total assets	December 31, 2019	September 30, 2019
Subscribed capital	177.2	4.7	177.2	177.2
Other equity	766.4	20.2	853.5	836.8
Equity attributable to shareholders	**943.6**	**24.9**	**1,030.6**	**1,014.0**
Non-controlling interests	10.0	0.3	12.7	14.7
Total equity	**953.6**	**25.1**	**1,043.4**	**1,028.7**

Equity contracted by 8.6% over the end of 2019 due to low earnings after tax accompanied by the payment of the dividend and currency-translation effects. The equity ratio temporarily dipped to 25.1%, down from 26.9% on December 31, 2019.

CURRENT AND NON-CURRENT LIABILITIES

€ m	September 30. 2020	Percentage of total assets	December 31, 2019	September 30, 2019
Financial liabilities (incl. bond and Schuldschein loans)	1,024.2	27.0	923.1	925.1
Provisions (incl. pensions)	241.7	6.4	229.4	188.5
Contract liabilities	589.2	15.5	632.7	558.0
Trade payables	430.5	11.3	479.0	534.9
Income tax liabilities and deferred taxes	113.0	3.0	129.6	137.3
Other liabilities	443.0	11.7	445.2	455.0
Total	**2,841.6**	**74.9**	**2,838.9**	**2,798.9**

There has been virtually no change in current and non-current liabilities since the end of 2019. The loan raised in May (€ 100 million) caused financial liabilities to climb by 11.0%. On the other hand, contract liabilities and trade payables dropped.

EXTERNAL FINANCE AND FUNDING STRUCTURE

On September 24, we successfully placed a convertible bond for € 150 million, collecting the net proceeds (€ 148.5 million) at the beginning of October. In this way, we were able to refinance part of the financial liabilities of € 450 million maturing next year at an early stage and optimize the maturity profile of the funding structure. This enhances our long-term forward planning visibility and widens the scope for further acquisitions in high-growth business areas.

Our funding structure is composed of the following instruments:

- **Convertible bond** of € 150 million with a sustainability component, coupon of 0.75%, term of around 5.3 years, initial conversion price of € 34.22 (40% premium)
- **Syndicated loan** of € 750 million with a sustainability component, including € 500 million as a credit facility and € 250 million as a guarantee facility (expiring July 2024, renewable by two years)
- **Three Schuldschein loans** of a combined total of € 515 million, partially with a sustainability component (different terms, the last one expiring in 2030)
- **Corporate bond** of € 300 million (maturing in April 2021)
- **Syndicated loan** of € 201.5 million (originally € 350 million) as bridge finance (expiring in May 2021, renewable by one year)
- **Loan** of € 100 million (expiring in May 2021)
- **Lease liabilities** of € 95.6 million (as of September 30, 2020)
- **Bilateral credit facilities** of € 6.7 million (as of September 30, 2020)

ACQUISITIONS AND PARTNERSHIPS

APPLICATION TECHNOLOGY

Under the digital@DÜRR strategy program, Application Technology acquired the German software company **Techno-Step GmbH** in March 2020. With revenues of around € 3.5 million, Techno-Step specializes in process data analysis for painting robots. This acquisition allows us to network third-party systems and legacy robots digitally more effectively.

CLEAN TECHNOLOGY SYSTEMS

Clean Technology Systems has been cooperating with Japanese mechanical engineering specialist Techno Smart since September 2020 to improve its access to the market for battery cell production technology. **Techno Smart** is an established producer of systems for coating the electrodes used in lithium-ion batteries. Clean Technology Systems also holds skills in this area. This partnership makes us one of the largest suppliers of coating lines for producers of battery cells for electric vehicles. Our customers receive all the technology from a single source – from the electrode coating system to the drier as well as solvent processing. Coating technology is a growth market as factories for automotive batteries are being built worldwide. In the medium term, we are aiming for sales in the high double-digit millions in this business.

WOODWORKING MACHINERY AND SYSTEMS

In October, the HOMAG Group acquired 80% of the shares in the Danish mechanical engineering company **System TM**, thus strengthening its position as a technology partner for sustainable construction with wood. System TM specializes in systems for solid wood processing and generates sales of around € 30 million. In this way, HOMAG is supplementing the product range of its subsidiary Weinmann, which is a leader in the solid wood sector. The solid wood segment is a growth market: solid wood offers future potential as a sustainable material for use in housing construction. HOMAG is pooling its solid wood activities in the new Construction Elements Solutions business segment. The sales generated in this segment are to reach a level in the low three-digit million euros in the medium term. The HOMAG Group had already increased its share in Weinmann from 76% to 100% in June 2020.

Announced in May 2020, the acquisition of the entire operating business of **HOMAG China Golden Field Ltd.** (HCGF) is expected to be closed at the beginning of December. The HOMAG Group currently holds 25% of the shares in the Chinese sales joint venture. With this acquisition, HOMAG will improve its sales presence and performance in the world's largest furniture market.

EMPLOYEES

In the year to date, we have trimmed our workforce by 312 employees or 1.9% in response to surplus capacities as well as the substantial decline in business in the wake of the corona pandemic.

EMPLOYEES BY DIVISION

	September 30, 2020	December 31, 2019	September 30, 2019
Paint and Final Assembly Systems	4,423	4,412[1]	4,370[1]
Application Technology	2,212	2,306	2,306
Clean Technology Systems	1,336	1,418	1,425
Measuring and Process Systems	1,450	1,515[1]	1,550[1]
Woodworking Machinery and Systems	6,482	6,569	6,615
Corporate Center	278	273	268
Total	**16,181**	**16,493**	**16,534**

[1] Testing technology, assembly products and automotive filling technology were transferred from Measuring and Process Systems to Paint and Final Assembly Systems effective January 1, 2020. The figures for 2019 have been adjusted accordingly and therefore differ from those originally reported.

EMPLOYEES BY REGION

	September 30, 2020	December 31, 2019	September 30, 2019
Germany	8,093	8,181	8,273
Other European countries	2,567	2,617	2,596
North / Central America	1,921	2,028	2,019
South America	307	354	334
Asia, Africa, Australia	3,293	3,313	3,312
Total	**16,181**	**16,493**	**16,534**

SEGMENT REPORT

SALES BY DIVISION

€ m	9M 2020	9M 2019	Q3 2020	Q3 2019
Paint and Final Assembly Systems	854.2	1,050.0[1]	279.7	366.3[1]
Application Technology	325.9	427.2	107.3	155.5
Clean Technology Systems	277.7	271.9	99.6	91.6
Measuring and Process Systems	139.2	168.2[1]	46.7	60.2[1]
Woodworking Machinery and Systems	833.4	956.8	281.9	320.1
Corporate Center	0.0	0.0	0.0	0.0
Group	**2,430.5**	**2,874.1**	**815.3**	**993.7**

[1] Testing technology, assembly products and automotive filling technology were transferred from Measuring and Process Systems to Paint and Final Assembly Systems effective January 1, 2020. The figures for 2019 have been adjusted accordingly and therefore differ from those originally reported.

EBIT BY DIVISION

€ m	9M 2020	9M 2019	Q3 2020	Q3 2019
Paint and Final Assembly Systems	24.7	50.5[1]	10.5	19.9[1]
Application Technology	5.9	44.0	6.9	16.3
Clean Technology Systems	5.5	4.4	6.6	3.7
Measuring and Process Systems	-5.4	13.5[1]	-0.7	6.7[1]
Woodworking Machinery and Systems	8.4	52.0	4.9	17.0
Corporate Center / consolidation	-7.4	-10.4	-3.1	-4.7
Group	**31.6**	**154.1**	**25.0**	**58.9**

[1] Testing technology, assembly products and automotive filling technology were transferred from Measuring and Process Systems to Paint and Final Assembly Systems effective January 1, 2020. The figures for 2019 have been adjusted accordingly and therefore differ from those originally reported.

PAINT AND FINAL ASSEMBLY SYSTEMS

		9M 2020	9M 2019[1]	Q3 2020	Q3 2019[1]
Order intake	€ m	797.0	966.5	306.8	281.2
Sales	€ m	854.2	1,050.0	279.7	366.3
EBITDA	€ m	43.2	69.3	16.5	26.5
EBIT	€ m	24.7	50.5	10.5	19.9
EBIT before extraordinary effects	€ m	28.0	52.6	12.3	20.5
EBIT margin	%	2.9	4.8	3.7	5.4
EBIT margin before extraordinary effects	%	3.3	5.0	4.4	5.6
ROCE[2]	%	15.1	32.1	19.2	38.0
Employees (September 30)		4,423	4,370	4,423	4,370.0

[1] Testing technology, assembly products and automotive filling technology were transferred from Measuring and Process Systems to Paint and Final Assembly Systems effective January 1, 2020. The figures for 2019 have been adjusted accordingly and therefore differ from those originally reported.
[2] Annualized

Paint and Final Assembly Systems achieved significant order growth in China in the first nine months, spurred in particular by business with electric-vehicle OEMs. In the other markets, the corona crisis placed a damper on demand, resulting in a 17.5% decline in order intake. However, a reversal emerged in the third quarter: At € 306.8 million, order intake was up on the previous two quarters as well as the same period in the previous year. Among other things, this was materially due to a big-ticket contract awarded for a painting system in Europe. Further major contract awards are in the pipeline in the final quarter of the year and will play an important role in ensuring capacity utilization next year.

Sales contracted by 18.6% in the first nine months, thus dropping somewhat more quickly than order intake. They came to just under € 280 million in the third quarter, thus remaining on a par with the previous quarter but falling 23.6% short of the strong year-ago quarter. Cost-cutting measures, solid order execution as well as positive effects of the FOCUS 2.0 optimization program helped the operating EBIT margin reach 4.4% in the third quarter despite the lower sales. The extraordinary expenses recognized in the first nine months (€ 3.4 million) primarily comprised purchase price allocation effects and preliminary measures to implement the capacity adjustments in Europe announced in July. However, most of the extraordinary expenses in connection with the capacity adjustments will not be recognized until the fourth quarter.

APPLICATION TECHNOLOGY

		9M 2020	9M 2019	Q3 2020	Q3 2019
Order intake	€ m	312.8	456.1	119.1	151.1
Sales	€ m	325.9	427.2	107.3	155.5
EBITDA	€ m	15.7	54.0	10.1	19.6
EBIT	€ m	5.9	44.0	6.9	16.3
EBIT before extraordinary effects	€ m	10.1	44.2	8.2	16.3
EBIT margin	%	1.8	10.3	6.5	10.5
EBIT margin before extraordinary effects	%	3.1	10.4	7.6	10.5
ROCE[1]	%	3.1	18.8	11.1	20.8
Employees (September 30)		2,212	2,306	2,212	2,306

[1] Annualized

Application Technology also saw a starting recovery in order intake in the third quarter. At € 119.1 million, new orders were up on the weak second quarter (€ 77.0 million), also slightly exceeding the figure recorded in the first quarter. Order intake was down 31.4% in the first nine months and down 21.2% in the third quarter. Among other things, a Chinese e-vehicle OEM placed a large robot order; moreover, Application Technology is involved in the major European order that Paint and Final Assembly Systems received in September.

Sales dropped by 23.7% in the first nine months but were higher in the third quarter than in the second. One reason for this was the continuing recovery of service and spare-parts business, which had previously suffered from the low production figures in the automotive industry. The revival in service business, together with cost reductions and higher sales, meant that Application Technology achieved a significantly improved operating EBIT margin of 7.6% in the third quarter, following the loss sustained in the second quarter. Reported EBIT for the first nine months includes extraordinary effects of € -4.3 million, which mainly relate to the closure of the Karlstein plant in the first half of the year. Of the extraordinary expense related to the capacity adjustments in European automotive business, a small part was recognized in the third quarter, with the bulk to be placed on the books in the third quarter.

CLEAN TECHNOLOGY SYSTEMS

		9M 2020	9M 2019	Q3 2020	Q3 2019
Order intake	€ m	309.0	334.1	93.1	126.0
Sales	€ m	277.7	271.9	99.6	91.6
EBITDA	€ m	13.8	14.1	9.2	7.0
EBIT	€ m	5.5	4.4	6.6	3.7
EBIT before extraordinary effects	€ m	12.2	11.9	8.1	6.6
EBIT margin	%	2.0	1.6	6.6	4.1
EBIT margin before extraordinary effects	%	4.4	4.4	8.1	7.3
ROCE[1]	%	6.0	3.5	21.6	9.0
Employees (September 30)		1,336	1,425	1,336	1,425

[1] Annualisiert

Clean Technology Systems reported solid performance in the first nine months. Despite the macroeconomic turmoil, order intake was down only 7.5% on the previous year. The division benefited from the fact that investments in exhaust air purification technology cannot easily be postponed, as they are essential for compliance with emission regulations. In addition, demand for coating lines for battery production also increased. Order intake in the third quarter was lower than in the previous two quarters, but this does not indicate any fundamental softening of the market. In the fourth quarter, several projects are due to be awarded, especially in business with the chemical industry.

After a subdued start to the year, sales rose in the first nine months of the year, exceeding the same period in the previous year by 2.1%. EBIT also improved step by step; in the third quarter, the EBIT margin widened to 6.6 %, thus reaching the highest figure since the acquisition of Megtec/Universal (October 2018). Before extraordinary expenses, Clean Technology Systems' EBIT margin of 8.1% was the highest in the Group, too. The extraordinary expenses of € 6.7 million in the first nine months primarily relate to purchase price allocation effects and the discontinuation of production in Goldkronach.

MEASURING AND PROCESS SYSTEMS

		9M 2020	9M 2019[1]	Q3 2020	Q3 2019[1]
Order intake	€ m	127.6	195.6	37.6	63.8
Sales	€ m	139.2	168.2	46.7	60.2
EBITDA	€ m	1.8	20.2	1.6	8.6
EBIT	€ m	-5.4	13.5	-0.7	6.7
EBIT before extraordinary effects	€ m	-1.2	14.3	3.2	6.8
EBIT margin	%	-3.9	8.1	-1.6	11.2
EBIT margin before extraordinary effects	%	-0.8	8.5	6.9	11.4
ROCE[1]	%	-4.1	6.0	-1.7	9.0
Employees (September 30)		1,450	1,550	1,450	1,550

[1] Testing technology, assembly products and automotive filling technology were transferred from Measuring and Process Systems to Paint and Final Assembly Systems effective January 1, 2020. The figures for 2019 have been adjusted accordingly and therefore differ from those originally reported.
[2] Annualized

Measuring and Process Systems sustained a 34.8% decline in order intake in the first nine months. Following the trough in the second quarter (€ 28.9 million), the third quarter saw an improvement at a muted level as business in China and other parts of Asia picked up to some degree. Demand in the automotive industry for standard balancing machines remained low. The industry is scaling back investments in production equipment for combustion engine components and this decline cannot yet be offset by new business in balancing technology for e-mobility drivetrains. There are opportunities in aircraft business in Russia and China, where new aircraft programs are generating increased demand for balancing equipment.

Sales in the first nine months fell short of the previous year by 17.2%. The third quarter brought an improvement over the second quarter (€ 40.4 million), easing the pressure on capacity utilization to some degree. This was joined by cost reductions and an incipient recovery in services, causing the operating EBIT margin to widen again to 6.9% after losses in the two previous quarters. Reported EBIT included extraordinary expenses in the third quarter for the capacity adjustment in automotive business announced at the end of July. This entails around 70 jobs at Schenck in Darmstadt.

WOODWORKING MACHINERY AND SYSTEMS

		9M 2020	9M 2019	Q3 2020	Q3 2019
Order intake	€ m	762.9	907.3	269.7	316.5
Sales	€ m	833.4	956.8	281.9	320.1
EBITDA	€ m	46.6	88.0	17.3	29.4
EBIT	€ m	8.4	52.0	4.9	17.0
EBIT before extraordinary effects	€ m	20.8	58.5	10.1	19.2
EBIT margin	%	1.0	5.4	1.7	5.3
EBIT margin before extraordinary effects	%	2.5	6.1	3.6	6.0
ROCE[1]	%	2.7	14.0	4.8	13.7
Employees (September 30)		6,482	6,615	6,482	6,615

[1] Annualized

Woodworking Machinery and Systems registered an increase in demand from the woodworking industry in the third quarter, with orders rising by 40.8% over the second quarter (€ 191.5 million). As a result, the shortfall in new orders contracted to 15.9% in the first nine months. Whereas standalone machine business and service proved to be relatively resilient during the corona crisis, there are now also signs of a recovery in systems business.

Sales fell by 12.9% in the first nine months and, hence, more moderately than in automotive business. Thereby, the division benefited from a high order backlog. However, we expect to see greater declines in sales and capacity utilization in the fourth quarter and early 2021 as the effects of the muted order intake in the second quarter will become visible before the higher orders of the last few weeks begin to feed through. EBIT improved sequentially in the third quarter but is likely to come under pressure in the fourth quarter from the expected decline in sales, after which the upward trend will resume.

Looking ahead over the next few years, the ongoing efficiency-boosting and optimization measures at Woodworking Machinery and Systems should lead to successive improvements in earnings. The capacity adjustments in Germany will yield savings of around € 20 million from 2021. We expect further impetus from the optimization process, which is progressing according to plan and is focused on the following main aspects: Harmonization of the IT infrastructure and processes, improvement of internal interfaces, implementation of the new production system and product standardization. On this basis, HOMAG is aiming for an EBIT margin of at least 9% from 2023.

CORPORATE CENTER

EBIT in the Corporate Center (primarily Dürr AG and Dürr IT Service GmbH) improved by € 3.0 million over the first nine months of 2019 to € -7.4 million. Among other things, this was due to lower consulting costs. The consolidation effects included in EBIT amounted to € -1.2 million.

RISKS AND OPPORTUNITIES

A detailed description of our opportunities and risks and the related management systems can be found on page 81 onwards in the Annual Report for 2019.

RISKS

Following the enormous negative impact of the corona pandemic in the first half of 2020, the economy has recently shown signs of recovery. Accordingly, the scale of the recession is now expected to be somewhat smaller. Despite the brighter outlook and our good financial position, the Dürr Group's overall risk exposure is higher than at the beginning of the year. Most recently, the risk of a further comprehensive lockdown has also risen with the emergence of the second corona wave. Nevertheless, we still do not see any danger to the Group's going-concern status as a result of corona-related factors or other risks or their interaction.

OPPORTUNITIES

There has been a general deterioration in opportunities since the publication of the annual report in March of this year. Despite this, new opportunities are also arising, for example through the acquisition of System TM for the Woodworking Machinery and Systems division's solid wood business (page 16). The partnership with Techno Smart assures Clean Technology Systems of substantially improved market opportunities in battery cell production technology.

PERSONNEL CHANGES

Pekka Paasivaara will be leaving Dürr AG's Board of Management by mutual agreement at the end of the day on December 31, 2020. Ralf W. Dieter will take over responsibility for the Woodworking Machinery and Systems division from him. Mr. Paasivaara informed Dürr AG's Supervisory Board on September 21 that he was not seeking a renewal of his contract, which expires at the end of 2021.

Dietmar Heinrich joined Dürr AG on August 1, 2020 as Chief Financial Officer. His predecessor Carlo Crosetto had left Dürr AG on February 29, 2020 at his own request. During this interim period, Chief Executive Officer Ralf W. Dieter temporarily also held the position of Chief Financial Officer. Mr. Heinrich has taken over responsibility for the Measuring and Process Systems division from Mr. Dieter.

Gerhard Federer became the new Chairman of Dürr AG's Supervisory Board on May 28, 2020, succeeding Karl-Heinz Streibich, who resigned from the Supervisory Board, as he was running for election to Software AG's Supervisory Board in June and was elected Chairman. If he had remained on Dürr AG's Supervisory Board, he would have held more than the maximum number of supervisory board mandates recommended by the German Corporate Governance Code. The shareholders elected Arndt Zinnhardt as a new member of the Supervisory Board. A former CFO of Software AG, he took over from Mr. Federer as Chairman of the Audit Committee.

OUTLOOK

ECONOMY

Following an economic upturn in the third quarter marked by catch-up effects, the IMF now expects global economic output for 2020 as a whole to contract by 4.4%, meaning that the recession should be less severe than feared in June. At the same time, the corona risks remain high; after months of decline, infection rates are now rising sharply again in Europe, reaching new records. The IMF forecasts global economic growth of 5.2% for 2021.

In view of the corona pandemic, the analysts at LMC Automotive have lowered their forecast for global light vehicle production several times in the course of the year. Recently, however, they have become somewhat more optimistic again and now expect 74.1 million units to be produced in 2020, equivalent to a decline of 17% over the previous year. Production of over 90 million vehicles was still being expected at the beginning of the year. After picking up in the next two years, production should return to 2019 levels in 2022. LMC Automotive projects an annual growth rate of 5% for the period from 2020 until 2027.

PRODUCTION OF PASSENGER AND LIGHT COMMERCIAL VEHICLES

million units	2019	2020P	2027P
North America	16.2	13.0	18.0
Mercosur	3.3	2.2	4.0
Western Europe	13.4	10.5	14.5
Eastern Europe	7.5	6.1	9.3
Asia	46.5	40.3	54.4
Thereof China	24.4	22.7	31.2
Others	2.0	1.9	3.4
Total	**89.0**	**74.1**	**103.7**

Source: LMC Automotive 10/2020
P = projection

The VDMA is forecasting a decline of around 15% in sales of secondary woodworking machines for the current year but expects growth of around 4% in 2021.

SALES, ORDER INTAKE AND EBIT

Our outlook is based on the assumption that the corona pandemic will not impact the economy more heavily than recently in the coming weeks. Subject to this condition, we confirm our full-year forecast published with the half-year figures and assume that we will achieve our targets.

GROUP OUTLOOK

		2019 act.	Forecast February 27, 2020[1]	Forecast July 29, 2020
Order intake	€ m	4,076.5	3,800 to 4,100	3,100 to 3,400
Sales	€ m	3,921.5	3,900 to 4,100	3,200 to 3,400
EBIT margin	%	5.0	5.2 to 5.7	0 to 0.5
EBIT margin before extraordinary effects	%	6.7	6.2 to 6.7	2.5 to 2.8
ROCE	%	16.9	17 to 22	0 to 1.5
Earnings after tax	€ m	129.8	135 to 150	-40 to -10
Cash flow from operating activities	€ m	171.9	180 to 230	70 to 120
Free cash flow	€ m	44.9	70 to 120	-40 to 10
Net financial status (December 31)	€ m	-99.3	-80 to -30	-230 to -180
Capital expenditure[2]	€ m	102.6	95 to 105	75 to 85

[1] Withdrawn on March 30, 2020
[2] Net of acquisitions

We expect order intake to reach the target corridor of € 3.1 to 3.4 billion defined for 2020 provided that the positive trend recently emerging in new orders continues in the fourth quarter. Strong order intake in the final quarter is also necessary to ensure utilization of our capacities in the coming year.

Sales are expected to reach € 3.2 to 3.4 billion in 2020. This assumes that four of the five divisions are able to increase their sales in the final quarter over the third quarter. At Woodworking Machinery and Systems, on the other hand, we expect the muted order intake in the second quarter to trigger a sequential decline in sales in the fourth quarter.

The target defined for the operating EBIT margin in 2020 is 2.5 to 2.8% and, as things currently stand, should be easily achievable. We project extraordinary expenses of € 75 to 85 million for 2020 as a whole primarily as a result of efficiency-boosting and capacity-adjustment measures as well as purchase price allocation effects. The bulk of the extraordinary expenses – between € 43 million and € 53 million – will be recognized in the fourth quarter. This is due to the fact that most of the costs of the capacity reductions in European automotive business announced in July will arise at the end of the year. Even after extraordinary expenses, Group EBIT should be slightly positive for 2020 as a whole. Specifically, we anticipate an EBIT margin of 0 to 0.5%.

Further information on ongoing efficiency-boosting and capacity-adjustment measures can be found on page 6. We expect the resultant savings to reduce the cost base by around € 60 million from 2021, thus lowering the Group's breakeven threshold substantially. We assume that we will be able to issue a detailed forecast for 2021 on February 25, 2021, when we publish the provisional figures for 2020.

CASH FLOW AND NET FINANCIAL STATUS

Cash flow has been good in the year to date. Even so, we are retaining our cautious approach in view of the current volatile situation and continue to budget a cash flow of € 70 to 120 million from operating activities for the year as a whole. This implies that cash flow will be weaker in the fourth quarter than in the year to date, reflecting the fact that the ongoing recovery of our business will probably cause net working capital to increase by the end of the year. Against this backdrop, we have defined a target range of € -40 to +10 million for free cash flow.

Capital expenditure (net of acquisitions) should drop to € 75 to 85 million, although we anticipate a higher outflow for acquisitions than in the previous year. Among other things, this is due to the acquisition of System TM and the purchase of HOMAG China Golden Field (HCGF), which is expected to be completed in December. Net financial status should come to between € -230 million and € -180 million at the end of the year due to the increase in net working capital that we expect to see in the final quarter.

EMPLOYEES

Employee numbers in the current activities will probably decline again at the end of the year, dropping to less than 16,000 employees. However, the acquisition of HCGF and System TM in the fourth quarter will add around 600 employees to the Group headcount.

OUTLOOK DIVISIONS

	Order intake (€ m)		Sales (€ m)		EBIT margin (%)			
	2019 act.	Forecast 2020	2019 act.	Forecast 2020	2019 act. reported	Forecast 2020 reported	2019 act. before extra-ordinaries	Forecast 2020 before extra-ordinaries
Paint and Final Assembly Systems	1,515.0	1,100 to 1,200	1,415.5	1,100 to 1,200	5.6	0.3 to 1.3	5.7	3.0 to 4.0
Application Technology	640.8	480 to 530	592.8	470 to 510	9.6	-1.7 to -0.7	10.7	3.1 to 4.1
Clean Technology Systems	449.1	380 to 420	395.3	380 to 420	3.1	2.2 to 3.8	5.9	4.7 to 6.3
Measuring and Process Systems	251.9	170 to 190	238.6	190 to 210	9.1	-2.5 to -1.5	9.8	-0.4 to +0.6
Woodworking Machinery and Systems	1,219.6	950 to 1,050	1,279.1	1,050 to 1,150	2.9	-0.1 to +0.9	6.5	1.3 to 2.3

MATERIAL EVENTS AFTER THE REPORTING DATE

In October, we received the proceeds from the € 150 million convertible bond issued in September. No further events occurred between the end of the period under review and the publication of this interim statement that are liable to exert a material impact on the Group's net assets, financial position and results of operations.

Bietigheim-Bissingen, November 5, 2020
Dürr Aktiengesellschaft

Ralf W. Dieter
CEO

Dr. Jochen Weyrauch
Deputy CEO

Dietmar Heinrich
CFO

Pekka Paasivaara
Member of the Board of Management

CONSOLIDATED STATEMENT OF INCOME

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2020

€ k	9M 2020	9M 2019	Q3 2020	Q3 2019
Sales revenues	2,430,491	2,874,121	815,275	993,731
Cost of sales	-1,970,805	-2,248,072	-658,594	-781,799
Gross profit on sales	**459,686**	**626,049**	**156,681**	**211,932**
Selling expenses	-219,133	-249,334	-64,811	-80,240
General administrative expenses	-130,490	-139,556	-43,614	-46,999
Research and development costs	-77,941	-84,684	-23,204	-26,402
Other operating income	41,489	17,428	18,772	5,403
Other operating expenses	-41,985	-15,784	-18,782	-4,779
Earnings before investment result, interest and income taxes	**31,626**	**154,119**	**25,042**	**58,915**
Investment result	4,997	4,178	3,160	1,333
Interest and similar income	3,511	4,017	924	789
Interest and similar expenses	-22,233	-19,928	-7,064	-7,244
Earnings before income taxes	**17,901**	**142,386**	**22,062**	**53,793**
Income taxes	-5,098	-40,329	-6,234	-15,361
Result of the Dürr Group	**12,803**	**102,057**	**15,828**	**38,432**
Attributable to				
Non-controlling interests	1,806	3,904	795	950
Shareholders of Dürr Aktiengesellschaft	**10,997**	**98,153**	**15,033**	**37,482**
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)	0.16	1.42	0.22	0.54

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2020

€ k	9M 2020	9M 2019	Q3 2020	Q3 2019
Result of the Dürr Group	12,803	**102,057**	**15,828**	**38,432**
Items of other comprehensive income that are not reclassified to profit or loss				
Remeasurement of defined benefit plans and similar obligations	-	-3,875	-2,367	-2,126
Associated deferred taxes	-	1,560	649	793
Items of other comprehensive income that may be reclassified subsequently to profit or loss				
Changes in fair value of financial instruments used for hedging purposes recognized in equity	-1,096	-1,786	1,539	-3,267
Associated deferred taxes	418	333	-460	719
Currency translation effects	-36,570	17,979	-18,026	12,268
Currency translation effects from entities accounted for using the equity method	11	-325	-97	25
Other comprehensive income, net of tax	**-37,237**	**13,886**	**-18,762**	**8,412**
Total comprehensive income, net of tax	**-24,434**	**115,943**	**-2,934**	**46,844**
Attributable to				
Non-controlling interests	1,449	3,961	740	952
Shareholders of Dürr Aktiengesellschaft	**-25,883**	**111,982**	**-3,674**	**45,892**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, AS OF SEPTEMBER 30, 2020

€ k	September 30, 2020	December 31, 2019	September 30, 2019
ASSETS			
Goodwill	446,460	449,160	449,762
Other intangible assets	184,900	194,840	200,424
Property, plant and equipment	485,950	525,395	524,240
Investment property	19,389	20,215	20,593
Investments in entities accounted for using the equity method	38,122	37,663	39,054
Other financial assets	12,653	12,653	10,186
Trade receivables	12,792	15,816	11,221
Sundry financial assets	5,534	6,746	4,328
Deferred tax assets	61,758	57,887	56,236
Other assets	2,068	1,978	2,380
Non-current assets	**1,269,626**	**1,322,353**	**1,318,424**
Inventories and prepayments	523,690	509,206	562,313
Contract assets	388,807	519,075	560,730
Trade receivables	519,973	570,261	607,391
Sundry financial assets	273,058	206,401	158,798
Cash and cash equivalents	729,990	662,024	513,754
Income tax receivables	30,119	46,634	40,765
Other assets	57,478	46,379	65,402
Assets held for sale	2,445	-	-
Current assets	**2,525,560**	**2,559,980**	**2,509,153**
Total assets Dürr Group	**3,795,186**	**3,882,333**	**3,827,577**

€ k	September 30, 2020	December 31, 2019	September 30, 2019
EQUITY AND LIABILITIES			
Subscribed capital	177,157	177,157	177,157
Capital reserves	67,318	67,318	67,318
Revenue reserves	770,648	820,820	794,405
Other comprehensive income	-71,551	-34,654	-24,880
Total equity attributable to the shareholders of Dürr Aktiengesellschaft	**943,572**	**1,030,641**	**1,014,000**
Non-controlling interests	9,979	12,745	14,694
Total equity	**953,551**	**1,043,386**	**1,028,694**
Provisions for post-employment benefit obligations	58,137	58,962	54,280
Other provisions	24,195	22,339	20,041
Contract liabilities	2,113	2,113	2,113
Trade payables	546	240	499
Bond and Schuldschein loans	464,223	798,242	798,027
Other financial liabilities	78,865	86,780	89,467
Sundry financial liabilities	10,470	6,290	6,615
Income tax liabilities	-	-	4,154
Deferred tax liabilities	53,205	81,151	96,465
Other liabilities	125	254	577
Non-current liabilities	**691,879**	**1,056,371**	**1,072,238**
Other provisions	159,390	148,058	114,207
Contract liabilities	587,059	630,570	555,872
Trade payables	429,932	478,771	534,421
Bond and Schuldschein loans	349,560	-	-
Other financial liabilities	131,569	38,045	37,648
Sundry financial liabilities	302,492	319,890	325,081
Income tax liabilities	59,809	48,467	36,707
Other liabilities	129,945	118,775	122,709
Current liabilities	**2,149,756**	**1,782,576**	**1,726,645**
Total equity and liabilities Dürr Group	**3,795,186**	**3,882,333**	**3,827,577**

CONSOLIDATED STATEMENT OF CASH FLOWS

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2020

€ k	9M 2020	9M 2019	Q3 2020	Q3 2019
Earnings before income taxes	17,901	142,386	22,062	53,793
Income taxes paid	-11,283	-43,978	-1,815	-11,365
Net interest	18,722	15,911	6,140	6,455
Profit from entities accounted for using the equity method	-5,162	-4,194	-2,864	-1,176
Dividends from entities accounted for using the equity method	5,987	2,585	4,121	2,585
Amortization, depreciation and impairment of non-current assets	84,137	83,506	27,336	28,297
Net gain/loss on the disposal of non-current assets	528	214	484	123
Non-cash allowance on cash and cash equivalents	-221	-442	-799	33
Other non-cash income and expenses	1,211	-72	-1,038	-859
Changes in operating assets and liabilities				
Inventories	-29,059	-19,844	587	7,293
Contract assets	115,113	-80,701	40,333	-55,838
Trade receivables	30,260	-4,958	-31,610	-33,176
Other receivables and assets	-3,498	349	5,994	3,657
Provisions	15,834	-16,037	16,906	-5,867
Contract liabilities	-15,552	-128,444	-24,608	17,151
Trade payables	-33,113	28,088	-3,042	20,632
Other liabilities (other than financing activities)	4,629	-26,604	16,172	14,960
Other assets and liabilities	-8,690	-9,098	7,425	4,891
Cash flow from operating activities	**187,744**	**-61,333**	**81,784**	**51,589**
Purchase of intangible assets	-17,495	-20,500	-5,954	-6,667
Purchase of property, plant and equipment [1]	-21,363	-37,135	-6,300	-14,111
Purchase of other financial assets	-1,000	-	-	-
Proceeds from the sale of non-current assets	2,669	2,381	644	-1,259
Acquisitions, net of cash acquired	-2,022	-	-	-
Investments in time deposits	-69,970	-109,370	-70,080	-109,914
Interest received	2,161	2,687	420	746
Cash flow from investing activities	**-107,020**	**-161,937**	**-81,270**	**-131,205**

[1] The item „Purchase of property, plant and equipment" does not include cash outflows from additions to right-of-use assets from leases as there are no cash outflows at the acquisition date (exception: incidental acquisition cost and prepayments).

€ k	9M 2020	9M 2019	Q3 2020	Q3 2019
Change in current bank liabilities and other financing activities	98,687	-960	157	-6,178
Repayment of non-current financial liabilities	-100,139	-475	-15	-110
Schuldschein loan issue	114,795	199,565	-	199,565
Payments of lease liabilities	-22,644	-20,362	-6,499	-7,034
Cash paid and received for transactions with non-controlling interests	-4,096	-8,750	525	-
Dividends paid to the shareholders of Dürr Aktiengesellschaft	-55,362	-69,202	-	-
Dividends paid to non-controlling interests	-1,092	-5,102	-510	-4,519
Tendering of shares as part of the settlement offer to the shareholders of HOMAG Group AG	-4,320	-682	-	-682
Interest paid	-23,117	-20,757	-2,489	-475
Cash flow from financing activities	**2,712**	**73,275**	**-8,831**	**180,567**
Effects of exchange rate changes	-15,716	8,281	-6,484	3,812
Change in cash and cash equivalents	67,720	-141,714	-14,801	104,763
Cash and cash equivalents				
At the beginning of the period	663,044	656,695	745,565	410,218
At the end of the period	730,764	514,981	730,764	514,981
Less allowance according to IFRS 9	-774	-1,227	-774	-1,227
Cash and cash equivalents at the end of the reporting period (consolidated statement of financial position)	**729,990**	**513,754**	**729,990**	**513,754**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF DÜRR AKTIENGESELLSCHAFT, STUTTGART, FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2020

				Other comprehensive income							
				Items that are not reclassified to profit or loss	Items that may be reclassified subsequently to profit or loss						
€ k	Subscribed capital	Capital reserves	Revenue reserves	Remeasurement of defined benefit plans	Unrealized gains/losses from cash flow hedges	Changes in the consolidated group/ reclassifications	Currency translation	Other comprehensive income	Total equity attributable to the shareholders of Dürr Aktiengesellschaft	Non-controlling interests	Total equity
December 31, 2018	**177,157**	**67,318**	**771,468**	**-30,542**	**-2,776**	**608**	**-5,940**	**-38,650**	**977,293**	**14,858**	**992,151**
Adjustments IFRS 16	-	-	-9,415	-	-	-	-43	-43	-9,458	-53	-9,511
January 1, 2019	**177,157**	**67,318**	**762,053**	**-30,542**	**-2,776**	**608**	**-5,983**	**-38,693**	**967,835**	**14,805**	**982,640**
Result of the period	-	-	98,153	-	-	-	-	-	98,153	3,904	102,057
Other comprehensive income	-	-	-	-2,315	-1,453	-	17,597	13,829	13,829	57	13,886
Total comprehensive income, net of tax	**-**	**-**	**98,153**	**-2,315**	**-1,453**	**-**	**17,597**	**13,829**	**111,982**	**3,961**	**115,943**
Dividends	-	-	-69,202	-	-	-	-	-	-69,202	-5,102	-74,304
Options of non-controlling interests	-	-	3,385	-	-	-	-	-	3,385	1,030	4,415
Other changes	-	-	16	-	-	-16	-	-16	-	-	-
September 30, 2019	**177,157**	**67,318**	**794,405**	**-32,857**	**-4,229**	**592**	**11,614**	**-24,880**	**1,014,000**	**14,694**	**1,028,694**
January 1, 2020	**177,157**	**67,318**	**820,820**	**-38,023**	**-470**	**586**	**3,253**	**-34,654**	**1,030,641**	**12,745**	**1,043,386**
Result of the period	-	-	10,997	-	-	-	-	-	10,997	1,806	12,803
Other comprehensive income	-	-	-	-	-678	-	-36,202	-36,880	-36,880	-357	-37,237
Total comprehensive income, net of tax	**-**	**-**	**10,997**	**-**	**-678**	**-**	**-36,202**	**-36,880**	**-25,883**	**1,449**	**-24,434**
Dividends	-	-	-55,362	-	-	-	-	-	-55,362	-1,092	-56,454
Options of non-controlling interests	-	-	-4,187	-	-	-	-	-	-4,187	-1,336	-5,523
Other changes	-	-	-1,620	-	-	-17	-	-17	-1,637	-1,787	-3,424
September 30, 2020	**177,157**	**67,318**	**770,648**	**-38,023**	**-1,148**	**569**	**-32,949**	**-71,551**	**943,572**	**9,979**	**953,551**

FINANCIAL CALENDAR

November 16, 2020	Capital Markets Day 2020
November 17, 2020	German Equity Forum (virtual)
November 19, 2020	LBBW German Company Day (virtual)
November 24, 2020	DZ Equity Conference, Frankfurt
December 1, 2020	Quirin Conference, Geneva
December 1, 2020	GS Industrials Conference, London
December 2, 2020	Berenberg European Conference, Pennyhill Park
February 25, 2021	Preliminary figures for fiscal 2020: Press conference and conference call

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

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OUR FIVE DIVISIONS:

- **PAINT AND FINAL ASSEMBLY SYSTEMS:** paint shops as well as final assembly, testing and filling technology for the automotive industry
- **APPLICATION TECHNOLOGY:** robot technologies for the automated application of paint, sealants and adhesives
- **CLEAN TECHNOLOGY SYSTEMS:** air pollution control, noise abatement systems and coating systems for battery electrodes
- **MEASURING AND PROCESS SYSTEMS:** balancing equipment and diagnostic technology
- **WOODWORKING MACHINERY AND SYSTEMS:** machinery and equipment for the woodworking industry