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Unless stated all images & data from Dürr Group

Paint robots



- Small–midcap, concentrated shareholding
- German est. 1895
- Essential for industry despite vast changes in automotive sector

Investment Summary

- Leading mechanical and plant engineering firms – paint/assembly/ woodworking
- Customers include BMW, Ikea
- Constituent of German MDAX (60 companies below the DAX 30)
- Three main brands Dürr, Schenck, and HOMAG
- Market cap ~ Euro 1.7 billion
- Automotive sector only half revenues
- Share price down 60% since Nov 2017 peak

CUSTOMERS

Automotive industry: 55% sales	Woodworking industry: 30% sales General industry: 15% sales

Intro

Worldwide leading supplier of efficient production technologies with outstanding digital expertise.

Main drivers for growth are automation, digitization and networked production

Dürr: global leader with a strong competitive position in all businesses it operates 40-50% of business volume generated from emerging markets.

Well positioned against competition Major customer groups: automotive (55% of orders), furniture (35% of orders) and general industry (10% of orders)

EVs with growing importance, Group exposure already more than 10% of sales

MACRO VIEW

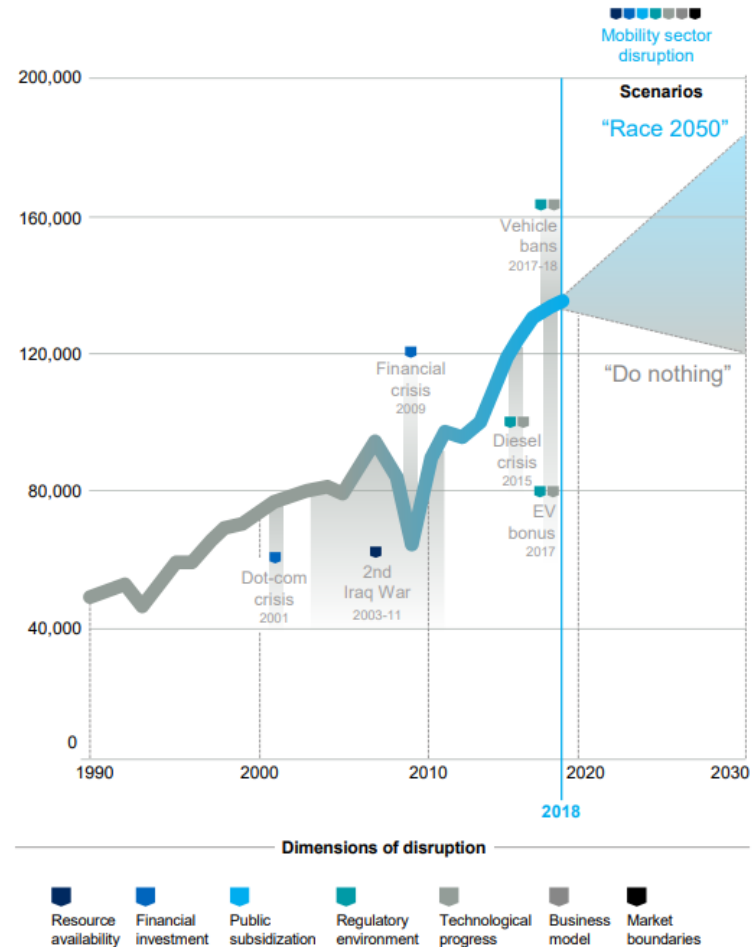
Source: McKinsey & Company: Race 2050 – A Vision for the European Automotive Industry

The global automotive industry is now facing a new multidimensional disruption

Example Europe

GDP contribution of the European¹ automotive industry

EUR millions

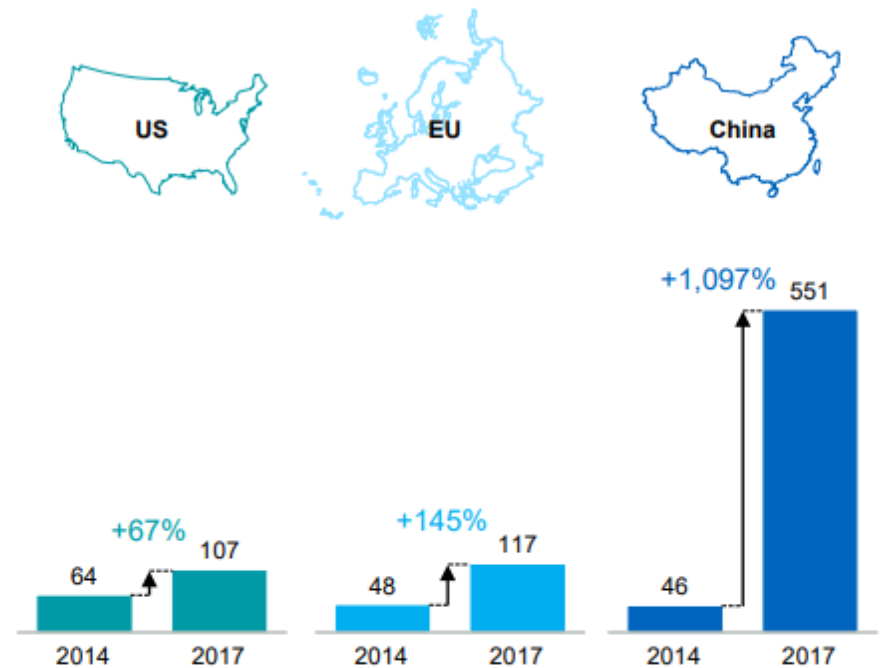


MACRO VIEW

Source: McKinsey &
Company: Race 2050 –
A Vision for the
European Automotive
Industry

China expanded its market-leading position in BEV sales over the last years while the EU and the US are lagging behind

New BEV registrations by region/country, thousands

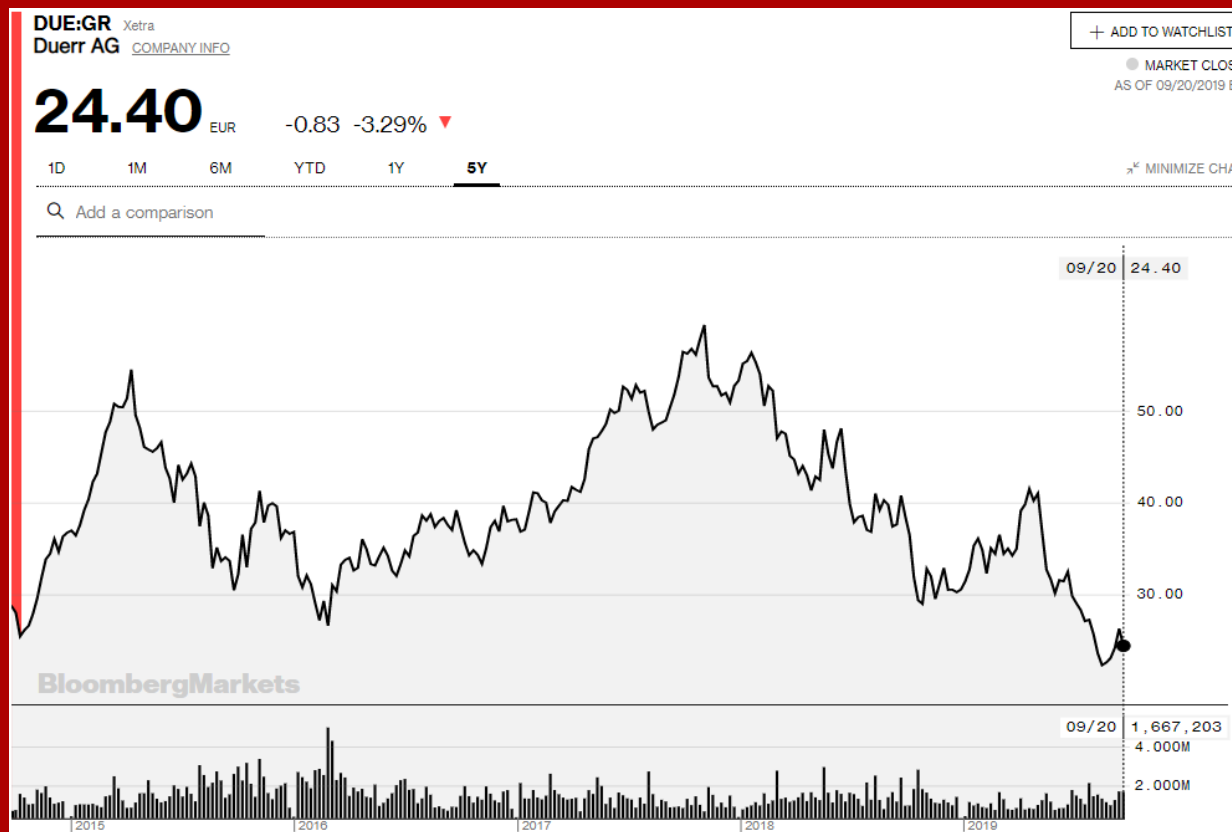


SOURCE: EV Volumes; McKinsey Center for Future Mobility

Share Price

Dividend around 1 EURO = compare against current share price – 4%

Dürr intends to distribute 30 to 40% of net income



Orders

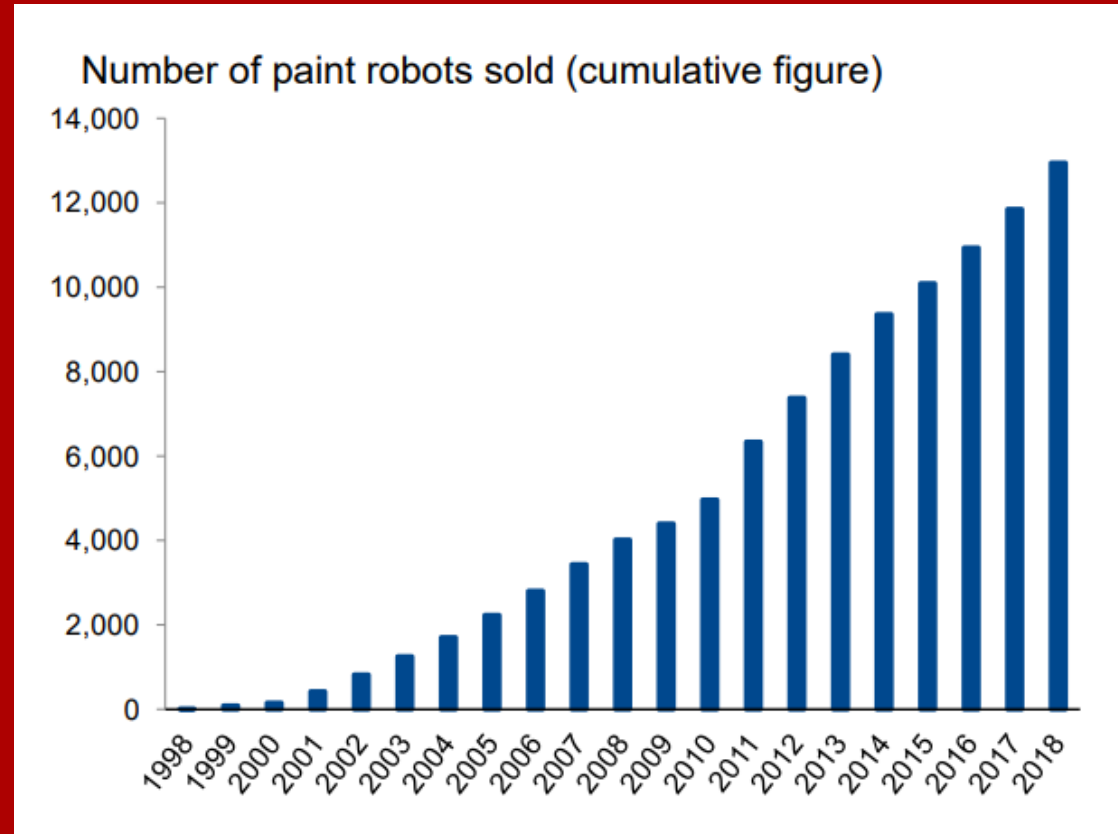
in € m	2016	2017	2018	H1 2018	H1 2019
Incoming orders	3,701.7	3,803.0	3,930.9	1,955.0	1,921.0
Orders on hand (end of period)	2,568.4	2,449.4	2,577.2	2,750.3	2,622.0
Sales	3,573.5	3,713.2	3,869.8	1,749.6	1,880.4
Gross profit on sales	858.3	857.2	855.5	404.1	414.1
Gross margin (%)	24.0	23.1	22.1	23.1	22.0
EBIT	271.4	287.0	233.5	101.4	95.2
EBIT before extraordinary effects	286.4	283.7	274.9	112.8	106.9
EBIT margin (%)	7.6	7.7	6.0	5.8	5.1
EBIT margin (%) before extraordinary effects	8.0	7.6	7.1	6.4	5.7
Net income	187.8	199.6	163.5	68.1	63.6

Long standing resilience

Owner/ operator

Founded 1895

2008 resilience



PAINT AND FINAL ASSEMBLY SYSTEMS

Turn-key paint shops for the automotive industry (OEMs, suppliers)

Final assembly systems (e.g. conveyor equipment, control systems as well as automated solutions) Service and modernization of existing sites

Significant footprint in China and Emerging Markets

Benefitting from EV trend

in € m	2017	2018	2019e	H1 2018	H1 2019
Incoming orders	1,142	1,300	1,100-1,300	577.5	588.5
Sales revenues	1,175	1,236	1,200-1,300	567.3	604.7
EBIT	70	56	-	24.9	24.6
EBIT margin	6.0%	4.5%	4.6-5.5%	4.4	4.1
ROCE	>100%	>100%	-	83.7	28.1

APPLICATION TECHNOLOGY

Paint application, glueing and sealing technology

High-tech systems, robots and software for automated paint application, glueing processes and seam sealing

Economic lifetime of paint robots: 12-15 years ☐ replacement cycle just beginning

Strong service potential (e.g. spare parts) due to increased installed base

H1 2019: Service business affected by temporarily weak utilization of automotive factories

in € m	2017	2018	2019e	H1 2018	H1 2019
Incoming orders	587	632	620-670	345.1	305.0
Sales revenues	622	653	630-680	298.0	271.7
EBIT	65	68	-	30.7	27.8
EBIT margin	10.4%	10.4%	10.0-11.0%	10.3	10.2
ROCE	29.2%	24.7%	-	24.3	17.2

CLEAN TECHNOLOGY SYSTEMS

Air pollution control, noise abatement and battery coating lines

Drivers: regulation (clean air), environmental issues air & noise pollution

Customer split: ~20% automotive, ~80% general industry

Negative 2018 EBIT caused by discontinuation of loss-making micro gas turbine business (€ -17 m)

Megtec/Universal acquisition in 10/2018 enhances leadership and scale, especially in air pollution.

Complementary products: e.g. noise abatement systems and battery coating lines

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MEASURING AND PROCESS SYSTEMS

Highly profitable machinery niches with global presence

High market shares in all businesses: balancing, assembly & testing, filling

Positioned globally with a high degree of localization

Strong footprint in China with local production, R&D etc.

Earnings affected in H1 2019 by sales decline and higher R&D costs; improvement in H2 2019 as incoming orders rose in H1 2019

in € m	2017	2018	2019e	H1 2018	H1 2019
Incoming orders	543 ¹	403 ¹	400-450	214.6	228.6
Sales revenues	511 ¹	457 ¹	400-450	213.5	186.9
EBIT	64 ¹	60 ¹	-	23.9	12.8
EBIT margin	12.6%	13.1%	10.0-11.0%	11.2	6.9
ROCE	24.5%	21.1%	-	18.0	8.9

WOODWORKING MACHINERY AND SYSTEMS

Impressive growth since acquisition in 2014: annual order intake +13.6% (CAGR)

Product range from stand-alone machines through to complete, automated production lines for efficient woodworking

Major customers: furniture industry, construction supplies and timber home construction

Strong need for automation: batch one production, fully digitized process from order to delivery

Major trends: individualization, consolidation at customers' side

Lower demand in the woodworking machinery market causes earnings decline in 2019. Cost saving measures intensified

in € m	2017	2018	2019e	H1 2018	H1 2019
Incoming orders	1,366	1,337	1,100-1,300	701.3	590.8
Sales revenues	1,219	1,298	1,200-1,300	605.7	636.8
EBIT	83	86	-	37.2	35.0
EBIT margin	6.8%	6.6%	5.5-6.3%	6.1	5.5
ROCE	21.8%	19.5%	-	16.3	14.0

DIGITISATION

Innovation: two digital market places as enablers for digital manufacturing, powered by ADAMOS¹



- » LOXEO and tapio: market places for IIoT apps and digital services
- » Suppliers' and competitors' machines can also take part and contribute information/data
- » No software vendor lock-in
- » Digital Factories: 100 specialists develop new apps

➔ **Customer benefit of LOXEO and tapio: optimizing production, increasing system availability**

App examples:



DXQequipment.maintenance

- « Maintenance prediction based on wear and tear data

MESBoard

- « Production overview on mobile devices

DXQsupport

- « Video failure detection & correction
- « Preventive maintenance to avoid production problems

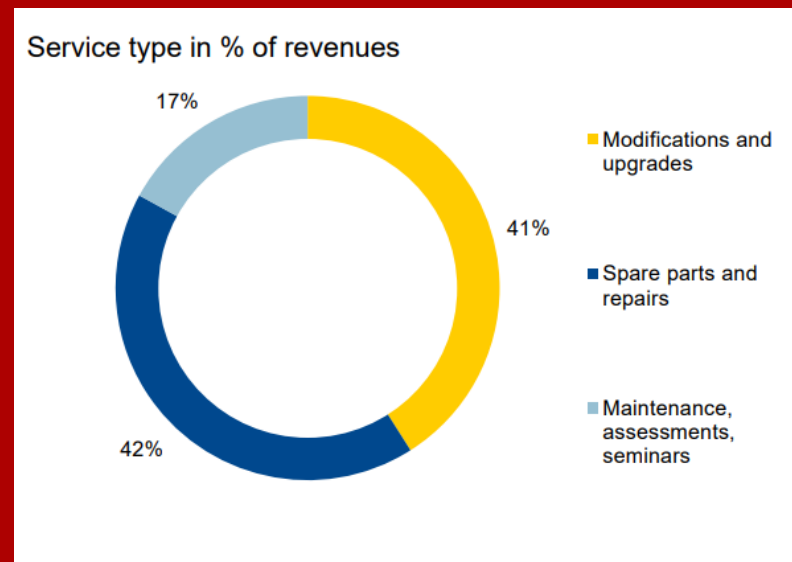
O&M (Service) – aim for 1/3 revenues

Strengthening service business and capacities in emerging markets (e.g. China, India, Mexico) with disproportionately high potential

Service pricing, dedicated offerings, complaint management system, decentralized ware-housing, delivery speed

2018 service sales: +10%, exceeding € 1 bn mark for the first time

H1 2019: All divisions showing growth



TRADITIONAL OEMS WITH HIGHER INVESTMENTS¹ IN 2019 AND 2020

in € bn	2012	2013	2014	2015	2016	2017	2018	2019e	2020e
BMW	5.0	6.6	6.0	5.8	5.7	6.9	7.5	6.8	6.5
Daimler	6.4	6.7	6.1	6.8	8.4	10.0	10.0	9.5	9.5
FCA	5.4	5.5	5.9	6.7	6.3	6.1	6.0	8.6	9.7
Ford	4.2	5.1	5.7	6.2	7.0	7.0	7.7	7.4	7.0
GM	6.2	6.2	5.4	7.8	9.4	8.4	8.7	8.5	8.5
Renault	1.9	2.5	2.4	2.7	2.0	3.4	4.3	4.0	4.1
PSA	1.9	2.2	2.2	2.8	3.3	3.8	4.0	5.0	5.3
VW	12.9	15.1	16.1	17.8	18.5	17.9	18.4	18.0	18.2
Total	43.9	49.9	49.8	56.6	62.9	61.7	66.6	67.8	68.8

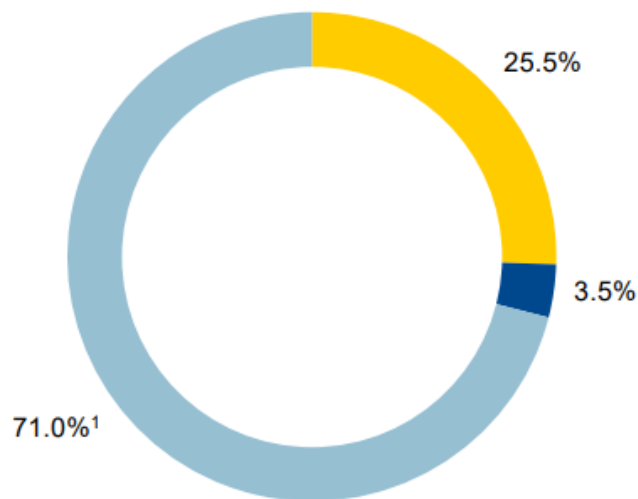
¹ Capex spending incl. capitalized R&D, Source: Deutsche Bank, Commerzbank

New OEMs enlarge customer base



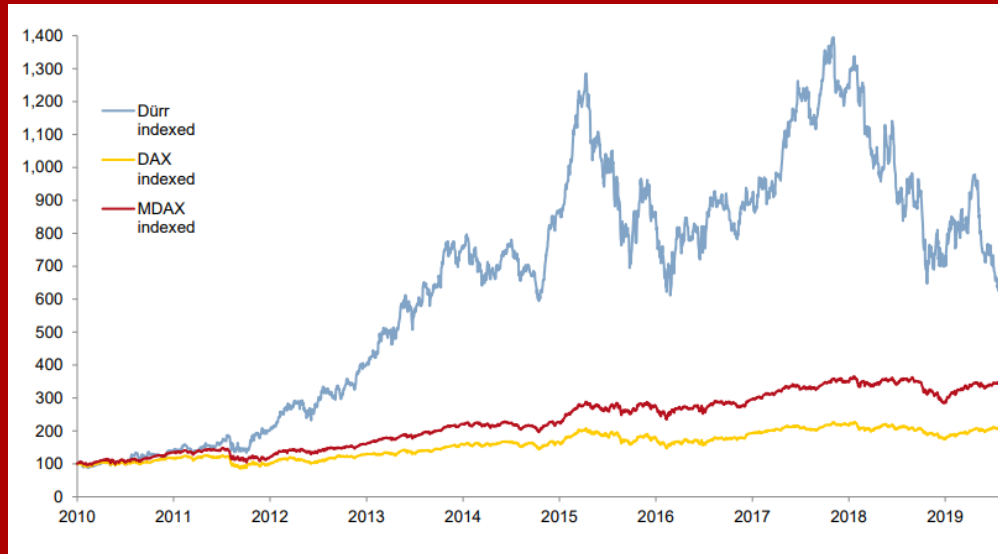
OWNERSHIP

Free float at 71.0%¹



- Heinz Dürr GmbH
- Heinz u. Heide Dürr Stiftung
- Institutional and private investors²
 - Thereof MainFirst: 4.7%
 - Thereof Alecta Pensionsförsäkring: 3.2%
 - Thereof Credit Suisse: 3.1%
 - Thereof Harris Associates: 3.0%
 - Thereof New York Life Insurance: 3.0%
 - Thereof members of the Dürr Board of Management: 0.3%
 - Thereof members of the Dürr Supervisory Board: 0.1%

SHARE PRICE



Remarkable 2011-2014 outperformance compared to DAX & MDAX

Dürr highly benefited from China boom due to its strong emerging markets presence

HOMAG takeover in 2014 was not well received by investors, but then levered the Dürr share.

In 2015, China fears impacted the stock markets and Dürr, too.

Value driver: digitization and HOMAG boosted outperformance of Dürr share until end of 2017

2018-2019: rising risks for international frictions, operating

HEADWINDS

Global Economy/ emerging markets slowdown

Automotive electronic race

Automotive EV/ internal combustion/ carbon

Self-drive/Uber

All need paint!!