

Press Release

DEKRA launches Trust Center initiative

Offensive for More Digital Safety

- Revenue up by 6.6% in 2018 with a staff headcount of over 45,000
- Vehicle inspection achieves revenue of more than €1 billion for the first time
- Entry into car inspection in China with first inspection station in Shenzhen
- DEKRA with new corporate structure since the turn of the year

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The global expert organization DEKRA has made a successful start to 2019. In the first quarter, revenue increased by almost 5% to more than EUR 800 million. The company considers itself on course for growth for the 16th year running, and is expecting annual growth of between 4 and 6%. Highlights of the first few months of the financial year include the opening of the first inspection station in China and the Trust Center initiative that DEKRA has launched in Germany together with other testing organizations for the entire industry, to enable it to effectively perform its official inspection tasks in the data-driven and connected world of the future. That applies to safe mobility in particular. “The data belongs to the users. The safety- and environmentally relevant data that vehicles generate must be made available to the inspection organizations in an unfiltered state, otherwise the proper condition and the safety of the vehicles cannot be guaranteed,” DEKRA Chief Executive Officer Stefan Kölbl told journalists in Stuttgart. When it came to reviewing past developments, the DEKRA CEO was very pleased: Consolidated revenue increased by 6.6% to EUR 3.3 billion in 2018. The staff headcount increased by over 1,000 to nearly 45,200. The international business has continued its positive development and has now reached EUR 1.3 billion. Over half of the company’s employees are based outside Germany. DEKRA further strengthened its position as the largest unlisted expert organization in the TIC industry (testing, inspection, certification) in 2018.

Following intensive preparation, DEKRA opened the first inspection station for passenger cars in China a few weeks ago in Shenzhen. A second one in Beijing is under construction and is scheduled to start operations in the second half of the year. Already the global market leader in vehicle inspections, this also makes the expert organization a pioneer in the world’s largest automotive market. “We are pursuing ambitious goals in China,” said Stefan Kölbl. “Entering the market is a milestone for us. If our expectations come true, we will keep investing significantly

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over the coming years.” The vehicle inspection process in China is organized largely by the division of labor and are partially data-driven and automated. As a result, around 20 vehicles can be inspected per hour in Shenzhen. This means that Shenzhen has a capacity of 50,000 vehicles per year. In Beijing, this figure will be around 180,000 because trucks and buses will also be inspected there and the station will be even bigger. Kölbl: “This is where we are building the largest DEKRA station in the world.”

From the point of view of DEKRA, China offers a glimpse into the future of vehicle inspections. “The vehicle inspection of the future will be data-driven,” explained the DEKRA CEO. “This provides a once-in-a-century opportunity to enhance road safety. But this requires that inspection organizations such as DEKRA have unfiltered access to the data that is generated in vehicles in the dawning age of automated and connected driving.” So far, however, this data has only even been transmitted to the manufacturers. This is why, together with other inspection organizations, DEKRA has launched the Trust Center initiative. Using a non-manufacturer-affiliated platform, the idea is for vehicle data to be saved on trust and passed on to inspection organizations in accordance with clearly defined criteria. “We must be in a position to independently check all systems relevant to safety and the environment for damage, malfunctions and manipulation throughout the entire life cycle of the vehicle,” said Kölbl, outlining the motivation behind the initiative. “Especially after road accidents and traffic violations, it will become increasingly important in the future to clarify causes and responsibilities. Unfiltered access to data is absolutely essential for this.”

Digitalization of services and processes

In the 2018 financial year, the continued digitalization of its own services and processes was also on the global agenda at DEKRA. In New Zealand, the digital inspection platform INSPEKT was developed and launched in around 200 locations across the country. In Germany, DEKRA Digital GmbH is working on the DEKRA S@fety Index, an app that analyzes driving behavior and is designed to enhance road safety.

The international test network aims to create a comprehensive range of services for automated and connected driving. At the Lausitzring racetrack, Europe’s largest independent test track for automated and connected driving, DEKRA and Deutsche Telekom will be offering the automotive industry a test area based on 5G technology; 5G tests with Telefónica are taking place at the test site in Málaga. A range of scenarios involving networked communication among vehicles and with their surroundings can be tested at the Lausitz race track. In addition, in response to the high demand, the laboratory at the DEKRA Technology Center close to the Lausitzring is currently undergoing expansion for millions of euros. The additional

state-of-the-art emissions roller dynamometers will be available from the fall, doubling capacity – which is already fully booked.

Position as global market leader in vehicle inspection strengthened

It was not only in China that DEKRA advanced its international expansion in vehicle inspections last year. After acquiring a regional provider, the expert organization is now active in the field in Denmark, too. Furthermore, the number of testing stations in countries including Sweden, Bulgaria, Austria, Slovakia and the Czech Republic also increased. In the US, the acquisition of Jiffy Smog and its 24 emissions testing centers in Nevada also bolstered the company's position in North America, where DEKRA now inspects vehicles in six different states.

Gain Solutions, a specialist in vehicle inspections and fleet management, was acquired in the UK. In South America, DEKRA opened five of its own inspection locations in São Paulo, Brazil, with services covering all aspects of fleet management. Business relations with the PSA Group (Peugeot-Citroën) were further strengthened: Following the takeover of Opel by PSA, DEKRA is supporting the entire process of returning over 200,000 fleet vehicles a year of all group brands in ten European countries.

All in all, DEKRA has continued to consolidate its standing as market leader, conducting 26 million vehicle inspections across the world. DEKRA is a leader in testing in Germany, too, with around 11 million inspections and a market share of 33%.

Industrial services on track for expansion

Thanks to ongoing globalization and a good position in up-and-coming sectors, DEKRA also successfully expanded its business in industrial services. Kölbl: "The international expansion was marked by strategic acquisitions and a targeted expansion of expertise." The company's position as a safety consultant to oil and gas, chemical, and pharmaceutical companies made strides thanks to the acquisition of the Industrial Safety Group in the Netherlands. Around 100 specialists in occupational and fire safety as well as health and prevention support multinational industrial companies in areas such as construction and assembly projects, change processes, and inspection downtime. In response to market requirements, a laboratory was opened in Shanghai dedicated specifically to testing risks of chemical processes, known as chemical reaction hazard (CRH). This new laboratory means that DEKRA's expertise in this area is now represented on three continents. In Japan, DEKRA was recognized as a certification body for testing products used in areas at risk of explosion.

DEKRA also continued to improve its expertise and acceptance in the product testing and certification market. Support is now also given to medical technology

companies to help certify their products in line with the Medical Device Single Audit Program (MSDAP) standard. This certification is crucial for access to important markets in Australia, Japan, Brazil, Canada, and the US. In addition, a new laboratory specially designed for testing WiFi connections was opened in China. “We attracted more new customers in 2018 thanks to our global position,” said Stefan Kölbl. “We now operate in all key markets, from medical technology to energy infrastructure and systems, e-mobility to network technology.”

Impetus for training, personnel services in demand

The good economic climate thus far in Germany and many other European countries has also supported the business of the two business segments training and temporary work, both of which achieved growth and strengthened their market position. As one of the largest private training providers in Germany, the training business unit significantly expanded the number of users on the digital work safety teaching platform DEKRA Safety Web. Initial content has also been adapted for international use. In addition, the new “DEKRA Tag.it” software allows every employee to view location-specific information on hazardous situations and safety measures on their smartphone or tablet. Since 2016, DEKRA has supported the integration of refugees across Germany by providing language and integration courses. These people receive vocational training in collaboration with the German Federal Employment Agency, job centers and companies. DEKRA is currently providing training in south-east Europe for employees of more than 70 customers in order to ease the shortage of skilled workers in Germany, especially in the care sector but also in IT. These employees receive professional and language training so that they can then come to Germany with an offer of permanent employment. More than 3,000 people are currently participating in the expert migration program. Around 1,300 qualified nurses were placed in hospitals and care facilities throughout Germany in 2018.

The temporary work business unit has reinforced its standing as one of the largest personnel service providers in Germany and now holds 6th place (previously 7th). Alongside the German market, the focus still lies on international expansion. Following the move into the French and Austrian markets in 2018, DEKRA is now represented with temporary personnel services in 17 countries. Further operations abroad are planned for this year.

Positive outlook for 2019

In 2018, DEKRA laid the foundations for ensuring that its successful growth continues for a 16th year in 2019 despite the now more challenging underlying global economic conditions. “The global safety megatrend remains essentially intact. As an innovative international solution provider, DEKRA will benefit from this and do everything in its power to enhance safety in traditional and digital markets,” said DEKRA CEO Stefan Kölbl. “The new corporate structure that we

introduced at the beginning of the year with eight service divisions and eight regions strengthens our customer focus, offers more comprehensive solutions worldwide and leverages our digitalization expertise even more effectively.”

About DEKRA

DEKRA has been active in the field of safety for more than 90 years. Founded in 1925 in Berlin as Deutscher Kraftfahrzeug-Überwachungs-Verein e.V., it is today one of the world's leading expert organizations. DEKRA SE is a subsidiary of DEKRA e.V. and manages the Group's operating business. In 2018, DEKRA generated sales totaling more than 3.3 billion euros. The company currently employs more than 45,000 people in approximately 60 countries on all six continents. With qualified and independent expert services, they work for safety on the road, at work and at home. These services range from vehicle inspection and expert appraisals to claims services, industrial and building inspections, safety consultancy, testing and certification of products and systems, as well as training courses and temporary work. The vision for the company's 100th birthday in 2025 is that DEKRA will be the global partner for a safe world.