

## Press Release

Expert organization calls for more regulation and independent testing

### **DEKRA Invests in Safe Digitalization**

- Fatalities caused by autonomous driving a cause for concern
- Cyber risks require a new way of thinking
- DEKRA establishes global test network for safe mobility
- Record EUR 150 million investment focusing on digitalization
- Revenues increase by 8% in 2017 to more than EUR 3.1 billion
- Number of employees rises by 4,700 to more than 44,000

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**DEKRA views cybersecurity and sophisticated safety technology as critical factors in the success of interconnected and automated driving in particular. "Thanks to the numerous benefits, people are prepared to yield more and more control and responsibility to technology," said DEKRA CEO Stefan Kölbl to journalists in Stuttgart. "However, this does require that our health and our data are safe and secure – which is not always the case right now." In light of this, the global expert organization has expanded its position as a digital safety expert. The company made investments of EUR 150 million in 2017, with most of that money going towards reinforcing its expertise in digital testing. This helped it to grow for the 14<sup>th</sup> year in succession. Consolidated revenues showed a marked increase of 8.0% to more than EUR 3.1 billion, while adjusted operating earnings (EBIT) rose by EUR 15.5 million to EUR 236.1 million. The employee headcount passed the 40,000 mark for the first time, going up by as much as 4,700 to 44,057. All of this means that as the largest unlisted company in the TIC sector, DEKRA has more than doubled both its revenues (by almost EUR 1.7 billion) and its workforce (by more than 25,000) in the space of ten years.**

From automated mobility and smart homes to Industry 4.0 and modern working environments, the benefits accompanying digital transformation are undeniable. However, levels of safety and security are not keeping up with the rapid pace of development. Data theft and leaks, fatalities involving autonomous vehicles, scandals surrounding eavesdropping in children's rooms, and out-of-control robots – the negative headlines relating to digitalization are piling up. "We need clear regulations and sophisticated, fully tested technology at a global level. Anything else would be playing not only with people's privacy, but also with their lives," explained DEKRA CEO Stefan Kölbl.

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To protect human life, DEKRA is calling for new security standards for every Internet-enabled product that meet the challenges of increasing interconnectivity and ever-growing cyber risks. Consequently, the expert organization welcomes the European Commission's proposed cybersecurity regulation. DEKRA believes that authorized access to data, such as that occurring in connected and increasingly automated vehicles, is just as important. "Only then can expert organizations such as DEKRA dependably continue to meet their commitments to safety and security as independent third parties in the digital age," warned Kölbl. "That is why we welcome the future EU Regulation on type approval requiring companies such as car manufacturers to supply vehicle data relating to safety, security, and the environment so that it can undergo periodic review. Regular spot checks on new cars that have already been approved will also ensure more protection for consumers. Both of these measures constitute significant steps in the right direction."

#### **International test network for a safe and secure future for mobility**

Safe mobility was one of the missions that DEKRA's founders set out in its articles of association in the early days of motorization almost 100 years ago. Last year, the company therefore gave top priority to setting up an international test network focusing on the future of mobility, with centers in Klettwitz (Germany), Málaga (Spain), and Hsinchu (Taiwan). The acquisition of the Lausitzring race-track near the DEKRA Technology Center in Klettwitz was a perfect fit for this. "In the Lausitzring, we have Europe's largest non-manufacturer-affiliated test track for automated and connected driving," commented Kölbl regarding the purchase. "Automation and connectivity are becoming increasingly important for the safety of mobility. That is why we offer our customers in the automotive industry comprehensive testing and development expertise for the autonomous and connected future of mobility in Klettwitz and Málaga." One example of the company's ability to act as a one-stop shop for testing, inspection, and certification services is the automatic eCall emergency call system. Functional testing and type approval take place in Klettwitz as part of crash tests, for example. Málaga handles tests on secure and reliable communication and on zero-interference electromagnetic compatibility (EMC).

The new test area in Málaga, opened in November 2017, focuses on product testing in the early stages of development and the testing of vehicle-to-everything (V2X) technologies, as well as the associated standardization requirements. DEKRA's largest laboratory for autonomous and electric mobility

services has been located in Hsinchu since early 2017. It plays a key role in expanding the automotive test market in Asia.

### **Further expansion in digital testing services**

In view of the rapid rise in the importance of connectivity and cybersecurity worldwide, DEKRA has strengthened its position through acquisitions and partnerships, such as the purchase of Spanish company Epoche & Espri. The company reviews and tests products according to internationally accepted IT security standards. Its customers include developers, manufacturers, and service providers. DEKRA has expanded its range in sectors such as consumer goods and medical and automotive technology with the services provided by Epoche & Espri. Cybersecurity is already a key component in the testing of smart products. With the aid of Epoche & Espri, DEKRA can now meet the extended testing and inspection requirements applicable to functional safety.

DEKRA's digital strategy also includes investing in innovative companies and start-ups such as Magility, a consulting firm. Based near Stuttgart, the company helps its customers to develop digital products, processes, and business models. Meanwhile, DEKRA itself established DEKRA Digital GmbH at the start of this year, with the aim of lending extra momentum to the process of digital transformation.

### **DEKRA Automotive: Market leadership consolidated**

DEKRA Automotive again made a significant contribution to the success of the DEKRA Group in 2017. Revenues climbed by 3.8% to almost EUR 1.6 billion. In addition to this, there are recurring industrial testing services performed by DEKRA Automobil GmbH in Germany. Thanks to persistent demand, including for elevator and pressure vessel testing in an intensive competitive environment, these grew considerably by roughly 13% to EUR 169 million in 2017. These revenues have increased by EUR 49 million within three years – an upturn of more than 40%. Overall business at DEKRA Automobil GmbH improved in 2017, with revenues rising by 5.5% to a total of EUR 1.2 billion. DEKRA has strengthened its position in its core business with vehicle inspections and expert analyses by expanding its inspection stations' network and making improvements to its processes. With around 11 million inspections per year and a market share of approximately 34% in general inspections, DEKRA remains Germany's number one for vehicle testing.

DEKRA is also by far the world's market leader with around 26 million vehicle inspections per year. Leveraging this position of strength, the company used 2017 for further international expansion. After entering the market in 2016, for instance, the network in Portugal grew significantly as a result of the acquisition of MasterTest. DEKRA operates 14 stations in Portugal, which means that it is already one of the three largest providers there. Business with testing and other automotive services developed positively in markets such as France, Sweden, South Africa, New Zealand, the Czech Republic, and Slovakia. The company entered the vehicle inspection market in Luxembourg at the end of 2017. DEKRA is continuing to expand in the USA as well; in April of this year, it acquired Jiffy Smog, an emissions testing company in the state of Nevada that has 24 stations in Las Vegas and the surrounding area.

#### **DEKRA Industrial: Successes on established and new markets**

DEKRA Industrial has strengthened its position in future fields 2017, and its strategic decisions and investments have proved right. Its revenues climbed by 5.3% to almost EUR 900 million. This figure includes EUR 169 million in revenues from industrial services provided by DEKRA Automobil GmbH in Germany. "The year was marked by good organic growth alongside strategic acquisitions in established and new markets," said Stefan Kölbl.

DEKRA acquired the VEIKI-VNL high-voltage test laboratory in Budapest, Hungary, in the power and energy sector. The company tests and certifies equipment for power transmission and distribution. Its customers include renowned manufacturers from 40 countries all over the world. "VEIKI-VNL's expertise and services are a perfect fit for DEKRA. This substantially enhances our position in the power and energy segment," commented the DEKRA CEO. 2017 also saw the company enter the power plant testing business in the USA by acquiring Core Visual Inspection Services of Charlotte, North Carolina. "This acquisition is a consistent step in our strategy of maintaining a presence as a global partner with our core services on the North America and Asia-Pacific growth markets," reported DEKRA CEO Stefan Kölbl.

In its role as a thought leader, DEKRA furthered its innovation partnership with the IAO and IPA Fraunhofer Institutes in 2017. The aim of this is to develop innovative occupational health and safety concepts in the age of Industry 4.0 to prevent work accidents when people operate machinery. A band saw with intelligent sensor technology has already been used as an example to show how ac-

idents can be avoided. "We want to use digitalization to achieve sustainable improvement in active prevention at the human/machine interface," said the DEKRA CEO.

With innovative methods that draw upon the results of the latest research in neuroscience, the DEKRA Insight consulting division is working to improve safety for its customers. One example is the Brain-Centric Reliability System. With this approach, all activities and training courses systematically make use of the way in which the human brain works to encourage employees to behave safely and stay alert in order to prevent industrial accidents.

### **DEKRA Personnel: Strong and dynamic growth**

DEKRA Personnel is clearly demonstrating its strong market position and the stable financial situation in Germany and many European countries. Revenues rose significantly by 24.8% to EUR 650 million in 2017. DEKRA Arbeit in particular exhibited strong growth, consolidating its position as the seventh largest temporary employment company in Germany and achieving considerable success internationally as well. Roughly EUR 12 million of revenue growth was attributed to DEKRA Akademie, one of the largest private training providers in Germany with more than 150,000 students per year.

The digital DEKRA Safety Web learning portal is also on course for growth on account of high demand for services such as driving instruction for company vehicles of various categories.

Given the shortage of skilled workers, DEKRA Akademie's Expert Migration program is still very popular. This course provides professional and language training in eastern European countries for care workers in particular and now the IT sector as well. Once they have completed their training, they can come to Germany with an offer of permanent employment. Expert Migration currently has more than 2,500 participants in training. More than 1,000 trained care workers started work in Germany in 2017. The aim is for the number of care workers to rise to 1,500 every year from 2018 onward. "DEKRA is the only training provider that gives people a complete package of professional and language training leading to a qualification that is officially recognized in Germany," said Stefan Kölbl.

Beyond the borders of its domestic market in Germany, DEKRA Arbeit is enjoying success in 14 more European countries. Bulgaria was added as a new loca-

tion in 2017. Expansion abroad continues in 2018 as well, with Austria already under way and France soon to follow. At its peak, quality provider DEKRA Arbeit had more than 17,000 temporary employees in 2017.

**Positive outlook for 2018: DEKRA helping to shape digital transformation**

DEKRA worked intensively to expand its strong competitive position in fiscal 2017. The expert organization will continue its dynamic growth trajectory. DEKRA is anticipating positive business development and a 15<sup>th</sup> consecutive year of growth in 2018. DEKRA's CEO Stefan Kölbl commented: "DEKRA is helping to shape the digital transformation of the economy and society at the crucial point of interaction with safety. We are assisting in the development of the necessary testing standards and ensuring safety in the digital world through an innovative range of testing and certification services."

**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 2017, DEKRA generated sales totalling more than 3.1 billion Euros. The company currently employs more than 44,000 people in more than 50 countries on all five 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.*