

## Press Release

DEKRA sets course for growth

### Record investment in digital safety

- Total of EUR 150 million primarily for digitization
- Expert organization opens new test sites in Brandenburg and Andalusia
- Growth drivers in automated mobility, connectivity and cybersecurity
- For first time revenue of more than EUR 3 billion and more than 43,000 employees

**DEKRA has invested a record amount this year of more than EUR 150 million, predominantly focusing on digital growth. This figure is equal to almost 5% of revenue in 2017. The global expert organization established an international test network for digital security services at the Lausitzring track near Klettwitz, Málaga and Hsinchu, Taiwan. This has boosted DEKRA's position in the hugely important fields of connectivity, driver assistance systems and automated mobility. The company also expanded its cybersecurity expertise with acquisitions and partnerships. The consolidated revenue of the global expert organization is expected to rise by almost 7% to around EUR 3.1 billion. Thanks to the recruitment of more than 4,000 experts, DEKRA is set to employ more than 43,000 people by the end of the year – more than half of whom outside Germany.**

As the company reported to journalists in Stuttgart on December 11, further growth is also expected for 2018. "Our role is that of a thought leader in the field of safety in the digital age," said DEKRA CEO Stefan Kölbl. "We have bolstered this claim – achieving more safety in the digital world – with our record level of investment." DEKRA is the world's fourth-largest company in the TIC industry (testing, inspection, certification). The leading non-listed expert organization has more than doubled its revenue and its headcount within the last ten years.

After a successful business performance in 2017, its 14th growth year in a row, DEKRA is well on its way to becoming the world's preferred partner for technical safety. "Our Vision 2025 to become the global partner for a safe world is taking on shape," explained DEKRA's CEO. "In the three areas of life – on the road, at work

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and at home – we are working around the world to achieve more safety for people, for both analog and digital products and solutions.”

The highlight of 2017 was the launch of the international testing network for future mobility and digital products. Following the acquisition of the Lausitzring race track in July, DEKRA is creating Europe's biggest independent test center for automated and connected driving. DEKRA CEO Stefan Kölbl commented: “Automation and connectivity are becoming increasingly important for the safety of mobility, which is why we offer our customers in the automotive industry comprehensive testing and development expertise for the autonomous and connected mobility of the future.”

In Málaga, Spain, the company is currently focusing on the safe connectivity and electromagnetic compatibility of cell phones, smart home products, Industry 4.0 applications and a test site for connected driving. One of the main areas there is product testing in the early development stage and the testing of vehicle-to-everything (V2X) technologies.

DEKRA opened the largest laboratory for autonomous and electric mobility services in Hsinchu, Taiwan, at the beginning of 2017: “Hsinchu plays a key role in expanding our leading position on the automotive testing market in Asia,” said Stefan Kölbl of its strategic significance. “In China we have pushed the door to this giant electromobility market wide open.” A strategic partnership was agreed with the Chinese Automobile Association (CAAM) with the aim of advancing standardization and certification on the world's largest automotive market.

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

DEKRA Automotive has again made a significant contribution to the success of the DEKRA Group in 2017. Revenue is expected to rise by more than 3% to around EUR 1.6 billion. In addition to this, there are recurring industrial testing services performed by DEKRA Automobil GmbH in Germany. Thanks to dynamic demand, including for elevator and pressure vessel testing in an intensive competitive environment, these will grow by more than 7% to around EUR 166 million in 2017. DEKRA Automobil GmbH's business is also growing overall: Revenue is forecast to rise by almost 4% to EUR 1.2 billion in total. DEKRA has thereby consolidated its position in its core business of vehicle inspections and appraisals by expanding its test center network and improving its processes: With provisionally around 11 million inspections and a market share of approximately 34% in general inspections, DEKRA is still Germany's number one for testing.

Furthermore, DEKRA is also by far the world's market leader with around 26 million vehicle inspections. Leveraging this position of strength, the company used 2017 for further international expansion. After entering the market in 2016, for instance, the test center network in Portugal was grown significantly by the acquisition of the eleven MasterTest centers. DEKRA therefore has 14 centers in Portugal, and has come one step closer to its goal of becoming one of the country's three biggest providers by 2020. Business with testing and other automotive services developed positively on newer markets such as Sweden, South Africa, New Zealand, Czechia and Slovakia. Furthermore, DEKRA made preparations to enter new markets like Luxembourg and the Asia-Pacific region in 2017.

In view of the advances made towards automated and connected mobility, DEKRA highlighted the safety challenges this entails in 2017: "The more automated functions there are in a vehicle, the more important it is that they are 100% safe," said Stefan Kölbl. "To build and secure trust in this new form of driving, test organizations like DEKRA need access to all data relevant to safety. As a neutral and independent third party, we are the ideal data trustee for whom the safety of all road users is the top priority."

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

DEKRA Industrial has strengthened its position in future fields in 2017 – past strategic decisions and investments have proved correct. Revenue is expected to rise by 5% to around EUR 900 million. "The year was defined by good organic growth, and also strategic acquisitions on established and new markets," said Stefan Kölbl of the division's development.

DEKRA acquired the large test laboratory VEIKI-VNL 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 ideally complement those of DEKRA, which substantially enhances our position in the power and energy segment," said DEKRA's CEO Stefan Kölbl. Core Visual Inspection Services in Charlotte, North Carolina, was also acquired in 2017. DEKRA thus tapped into power plant testing business in the US for the first time. "The acquisition is a further 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 the head of DEKRA.

DEKRA further improved its prospects for expansion in the future field of cybersecurity with the acquisition of Epoche & Espri in Spain. 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 a key component in the testing of smart products. We are increasingly combining this with functional safety testing. Epoche & Espri is helping us here," said Stefan Kölbl.

In its role as a thought leader, DEKRA furthered its innovation partnership with the ILO 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 accidents can be avoided. "We want to use the possibilities afforded by digitization to sustainably improve active prevention at the human/machine interface," said the head of DEKRA.

### **DEKRA Personnel: Strong momentum**

DEKRA Personnel is benefiting from the economic momentum in Germany and many countries of Europe. As a result, its revenue is expected to grow by more than 15% to over EUR 600 million in 2017. This strong growth was achieved by DEKRA Arbeit – which consolidated its position as the seventh-largest temporary work provider in Germany and is also experiencing international success – and DEKRA Akademie – one of the largest private training providers in Germany with more than 150,000 course participants per year.

DEKRA Akademie has established itself in the growth market of online training and expanded the courses it offers. This includes, for example, blended learning, which combines virtual lessons and face-to-face training. The digital DEKRA Safety Web learning portal is also on course for growth. DEKRA is a recognized partner of many large companies for all work safety training. DEKRA Akademie's Expert Migration program is still highly popular: This course provides future care workers in Eastern European countries with the professional and language training necessary to be able to come to Germany with a promise of a job after successfully graduating. The program will also be adapted for IT professions moving ahead. Expert Migration currently has more than 2,500 participants in training.

Beyond the borders of its domestic market in Germany, DEKRA Arbeit is now enjoying success in 14 more European countries. Bulgaria was added as a new location in 2017. There are also plans to launch further international operations in France and Austria, for example, in 2018. At its peak, the quality provider DEKRA Arbeit had more than 17,000 temporary employees in 2017.

### **Positive outlook for 2018**

DEKRA worked intensively to expand its strong competitive position in 2017. The expert organization will therefore continue its stable growth trajectory. DEKRA is assuming a positive business development in 2018. DEKRA's CEO Stefan Kölbl commented: "DEKRA is prepared for the digital transformation of the economy and society. We are assisting in the development of the necessary testing standards and ensuring safety in the digital world through a corresponding 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 estimates to have generated sales totalling approximately 3.1 billion Euros. The company currently employs more than 43,000 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.*