

Press Release

Expert organization grows for 15 years in a row:

New Basic Setup for Global Growth

- A total of 8 service divisions and 8 regions worldwide from January 2019
- Digital security upgraded for international test network
- DEKRA Digital GmbH powering digitalization of services and processes
- Revenue up 5.5% in 2018 and staff headcount rises to over 46,000

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The global expert organization DEKRA will refocus its business at the beginning of 2019, integrating its extensive range of services into eight service divisions and eight regions. The current setup of three Business Units (Automotive, Industrial, Personnel) will be removed, in order to supply customers worldwide with more comprehensive solutions and to focus the capacities for innovation. “This next stage of development allows us to make the most of the DEKRA Group’s strengths. We are combining our expertise on a global scale with a view to the new opportunities offered by digitalization, strengthening our customer focus,” said DEKRA CEO Stefan Kölbl to journalists in Stuttgart. “After 15 years of uninterrupted growth, this new basic setup allows us to maintain our commitment to safety across the world in the future, and to continue to achieve sustainable growth.” DEKRA’s CEO was very pleased with 2018, which marked the 15th year of growth in a row: Consolidated revenue is expected to rise by around 5.5% to over EUR 3.3 billion, with some 40% generated outside Germany. The staff headcount will increase by over 2,000 to exceed 46,000. Over half of the company’s permanent staff are based outside Germany. Thanks to its success in 2018, DEKRA has cemented its standing as the world’s fourth largest company in the TIC industry (testing, inspection, certification) and a leading unlisted expert organization.

Some of the financial year’s highlights include an array of Group initiatives aimed at boosting the digitalization of services and process in the area of safety. For example, DEKRA Digital GmbH is working on a “safety app” which analyses driving behavior, thus improving road safety. DEKRA Automobil GmbH is also developing a simpler damage management 4.0 with a different start-up. Cooperation with Deutsche Telekom and Telefonica is also helping further expand the international test area in Europe and Asia for connected and automated driving.

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In the future, DEKRA and Telekom will be able to offer automotive manufacturers and suppliers a test area on the Lausitzring race track, Europe's largest non-manufacturer-affiliated test track for automated and connected driving, based on 5G technology. At the site, various scenarios involving networked communication between vehicles and with their surroundings can be tested. In addition, the laboratory at the DEKRA Technology Center at the Lausitzring in Klettwitz is currently undergoing an eight-digit figure expansion. Additional state-of-the-art emissions roller dynamometers will then be available from autumn 2019 onwards, doubling capacity – which is already fully booked.

Reinforced collaboration with partners in China represented a further highlight of 2018, with DEKRA working with the Chinese think tank EV100. The country is looking to ensure a safe transition to connected and automated driving with the help of DEKRA's expertise. This collaboration builds on the strategic partnership signed with the Chinese Automobile Association CAAM in 2017. DEKRA have also committed to using their know-how to support the creation of a commercial vehicle test facility for automated and connected driving in Tianning. Following extensive preparation in 2018, plans to enter the Chinese vehicle inspections market early next year with a station in Shenzhen are very concrete. Another station will then be opened in Beijing in the course of 2019.

“Our Vision 2025 of becoming a global provider for a safe world is making excellent progress,” said Stefan Kölbl, commenting on the success in China. “DEKRA is well on track to becoming the preferred partner for technical and organizational safety, including in growth markets in Asia, in the three areas of life: on the road, at work, and at home.”

DEKRA Automotive: Broad International Activities

Automotive services are key to DEKRA's success. In 2018, DEKRA Automotive's revenue is expected to rise by around 5% to more than EUR 1.6 billion. In addition to this, industrial and building inspections services performed by DEKRA Automobil GmbH in Germany look set for double-digit percentage increases to around EUR 187 million in 2018, driven in part by strong demand for elevator inspections.

DEKRA Automotive pressed ahead with international expansion in 2018. As well as gaining a foothold in China, DEKRA is also now represented in vehicle testing in Denmark thanks to the acquisition of a regional provider. 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 bolstered the company's position in North America. DEKRA is currently represented in six US states.

Business in other automotive services also enjoyed success. For example, Gain Solutions, a specialist in end-of-term vehicle inspections and fleet management, was acquired in the UK. DEKRA also opened five inspection sites in Sao Paulo to promote fleet management services in South America. The ongoing development of business relations with the PSA Group (Peugeot-Citroen) also proved a major success. Following the takeover of Opel by PSA, DEKRA now supports the automotive manufacturer in 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 the market leader, carrying out over 26 million vehicle inspections a year across the world. DEKRA is also the market leader in this field in Germany with around 11 million inspections and a market share of over 33%.

As part of its goal to digitize vehicle inspection processes, DEKRA developed the digital inspection platform INSPEKT in New Zealand and launched it in around 200 locations across the country. "The increasingly international nature of our business and our digital expertise strengthen our position as the "thought leader" of the sector," said DEKRA CEO Kölbl. "In this role, we are committed to further developing testing regulation to ensure it is state-of-the-art."

DEKRA Industrial: Strong Market Acceptance

Thanks to ongoing business globalization and a good position in up-and-coming sectors, DEKRA Industrial saw its revenue improve by an estimated almost 6% to around EUR 950 million in 2018. "We used the year to continue improving foundations for future business," reported Stefan Kölbl.

International expansion was marked by strategic acquisitions and a targeted expansion of expertise. DEKRA's position as a safety consultant to oil and gas, chemical and pharmaceutical companies made strides thanks to the acquisition of 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 also recognized as a certification body for testing products used in areas at risk of explosion.

DEKRA also built on its digital safety expertise by developing its range of behavioral safety solutions. For example, exposure-based safety technology boosts organizational and process safety at industrial companies. Human behavior also plays a key role in the field of cyber security and DEKRA's newly developed "360 degree CyberSafe" range of solutions takes this into account.

DEKRA also continued to improve its expertise and acceptance in the product inspections and certifications 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) organization standard. This certification is crucial for entering important markets in Australia, Japan, Brazil, Canada, and the US. A new laboratory specially designed for testing WiFi connections was also opened in China. "We attracted more new customers in 2018 thanks to our global orientation," said Stefan Kölbl. "We now operate in all key markets, from medical technology to energy infrastructure and systems, as well as e-mobility and network technology."

DEKRA Personnel: Successful Expansion

DEKRA Personnel took advantage of the ongoing good economic climate in Germany and many other European countries to support further expansion. Revenue is estimated to rise by almost 8% to around EUR 700 million in 2018. DEKRA Akademie and DEKRA Arbeit both strengthened their market position.

As one of the largest private training providers in Germany, DEKRA Akademie significantly expanded the number of users on the digital work safety teaching platform DEKRA Safety Web. Initial content has now also been adapted for international use. The new "DEKRA Tag.it" software also makes it possible for every user to view location-specific information on hazardous situations and safety measures on their smartphone or tablet.

Since 2016, DEKRA Akademie has also supported the integration of refugees across Germany by providing language and integration courses. Many migrants have since acquired a good knowledge of German, enabling them to obtain voca-

tional qualifications. These people receive qualifications and direct teaching in collaboration with the German Federal Employment Agency, job centers and a wide variety of companies. DEKRA Akademie GmbH has developed partial qualifications for this purpose, which can lead to a vocational qualification.

DEKRA Akademie currently qualifies employees for around 75 customers in south east Europe in order to ease the shortage of skilled workers in Germany, for example in the care sector and in IT security. These employees receive technical and language training so that they can then come to Germany with an offer of permanent employment. There are currently over 3,000 people participating in the Expert Migration program. Around 1,300 nursing specialists were placed in German hospitals and care homes in 2018.

DEKRA Arbeit 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 onto French and Austrian markets in 2018, DEKRA is now represented with temporary work services in 17 countries. There are plans to launch further international operations both in Europe and in South America in 2019. At its peak, DEKRA had around 19,500 temporary employees in 2018, up 16% on the previous year. In particular, business with major customers reached record highs. At the same time, DEKRA Arbeit is increasingly moving towards operating as a full-service provider for fleet operation in the car and ride-sharing sector. Its new role as a mobility service provider currently includes recruiting and providing drivers, fleet management, and maintenance. In the future, DEKRA could supplement these existing responsibilities with further services such as the training and safety monitoring of drivers.

Positive outlook for 2019

In 2018, DEKRA has created the conditions required to ensure that growth continues in 2019 for a 16th straight year. Services will be further developed in the eight service divisions. The eight regions will structure DEKRA's setup in around 60 countries across the world, in order to enable focused market cultivation and global supply. DEKRA CEO Kölbl: "Improved internal integration and positioning towards customers means that DEKRA can continue to benefit from the megatrend of safety and achieve stable growth." The company anticipates positive business development in 2019 in keeping with the previous year: "DEKRA is making the most of its strong position and so next year we will grow as an innovative global solution provider, both in traditional and in digital safety markets."

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 estimated sales totaling more than 3.3 billion euros. The company currently employs more than 46,000 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.