




Interim report

1st quarter 2004

Technologies · Systems · Solutions





Dürr with profit in the first quarter of 2004

- § Earnings before taxes of €4.3 million
- §  earnings enhancement program showing effects
- § Sales significantly increased

With earnings before taxes of €4.3 million, the Dürr Group returned to the profit zone in the first quarter of 2004 (previous year: €-14.5 million), after finishing fiscal 2003 with earnings before taxes of €-6.9 million due to restructuring.

The Dürr Group's gross margin improved in the first quarter of 2004 to 17.3 %, while having amounted to 16.1 % in 2003. Earnings before interest expense, taxes, depreciation, and amortization (EBITDA) increased to €16.3 million from €-0.1 million in the previous year's period. Dürr managed to improve net financial expense from €-5.5 million to €-4.6 million. With consolidated net income of €2.2 million (previous year: net loss of €8.4 million), earnings per share amounted to €0.16 (previous year: €-0.59).

The earnings improvement is primarily attributable to the  earnings enhancement program. After adopting  last year, Dürr is now focusing on implementing the program's more than 200 individual measures, with the aim of substantially improving profitability.

Dürr was able to raise consolidated sales by 21 % to €486.7 million (previous year: €403.8 million). The increase is primarily the result of completing a large contract in North America.

Incoming orders return to normal level

Consolidated incoming orders in the first three months of 2004 amounted to €415.1 million and thus returned to a normal level, as planned, after the extraordinarily high previous year's figure of €1,123.8 million (large order from General Motors). Orders on hand also accordingly went down to a normal level. As of March 31, 2004, they stood at €1,345.6 million, having amounted to €2,097.6 million on the previous year's date.

The consolidated financial statements of Dürr AG and its affiliates have been prepared according to United States Generally Accepted Accounting Principles (US-GAAP). In the process, Dürr has applied the same accounting regulations as it did in the case of its 2003 annual financial statements. Regarding the accounting and valuation methods, we refer to the financial statements in the 2003 annual report. All amounts are given in euros. Unless indicated otherwise, the expressions "previous year", "previous year's amount", "previous year's figure", and "previous year's period" refer to the first quarter of 2003. During an internal review Dürr established that order-specific receivables had been overvalued whereas provisions and accruals had been undervalued in the financial statements for the first quarter of 2003. To correct that and facilitate comparability, the appropriate items in the statements of income, the balance sheet, and the statements of cash flow for the first quarter of 2003 have been adjusted in this report. This has the following effects on results for the first quarter of 2003. At €-14.5 million, earnings before taxes are lower compared with the originally released figure (€-5.4 million). The adjustment raises the first quarter's net loss from €2.8 million to €8.4 million, and lowers earnings per share from €-0.20 to €-0.59. Within the group, the adjustment affects the figures for the Final Assembly Systems business unit and the Corporate Center. It has no effects on the consolidated financial statements of December 31, 2003 as the effects listed were reversed in subsequent quarters.

Number of employees adjusted

In the framework of the *sprint*² program, Dürr reduced personnel capacities in Paint Systems, Final Assembly Systems, Ecoclean, and Measuring Systems, its engineering business units. In America and Europe, it eliminated 515 jobs in those units in the 12 months from March 31, 2003. In contrast, it added 111 jobs in Asia during the same period. The net number of employees in the engineering business units decreased from March 31, 2003 by 424 employees, or 4.9 %, to 8,165. On the other hand, the Services business unit expanded personnel capacity because of new orders to 4,432 employees (previous year: 4,289). Altogether, the Dürr Group had 12,597 employees on March 31, 2004. That is 281, or 2.2 %, fewer employees than on March 31, 2003. From the end of 2003, the number of employees in the Group was reduced by 150, or 1.2 %.

Dürr limited capital expenditures to € 2.7 million (previous year: € 2.8 million). The direct expenditures for research and development (R&D) contained in the statements of income amounted to € 8.0 million (previous year: € 10.6 million). Added to that were expenditures for development work in the framework of customer contracts. Altogether, the ratio of R&D spending to sales came to approximately 6 %. Among the most important projects in the first quarter were the development of modular factory concepts and expansion of virtual reality applications. An increase of R&D spending compared with fiscal 2003 is planned for the full year 2004.

Own stock / subscription rights

Dürr AG does not own any of its stock. No subscription rights have been granted to members of Dürr AG's corporate bodies or its employees in the framework of the Dürr International Stock Option Plan (DISOP).

Personnel changes

Kay Bönisch, a regular member of Dürr AG's Board of Management since November 1, 2003, assumed responsibility for the areas of finance and controlling, taxes, legal affairs, personnel, and risk management on February 1, 2004. Mr. Bönisch was furthermore appointed Employee Affairs Director of Dürr AG by the Supervisory Board on February 19, 2004. In all the above-mentioned functions, he succeeds Dr. Wolfgang Baur, who left the company as of January 31, 2004, to take up a new position.

Squeeze-out at Schenck for € 157 per share in cash

At its meeting on April 28, 2004, the Supervisory Board of Dürr AG approved the proposal by that company's Board of Management to fix the cash settlement in the squeeze-out of Carl Schenck AG's minority shareholders at € 157 per unit share. Dürr AG already holds 98.7 % of Carl Schenck AG's capital stock.

Outlook

Dürr expects at best a moderate economic recovery for 2004. Against that background, the company assumes that the automotive industry will continue to exercise capital spending restraint. After last year's loss under the influence of special factors, the Board of Management expects earnings before taxes for 2004 to exceed the figure before restructuring expense (€ 18.7 million) reached in fiscal 2003.

Information on the business units

Paint Systems

At € 212.4 million, total incoming orders in the Paint Systems business unit were, as expected, lower than the previous year's amount (€ 877.1 million), which was far above normal due to a large order from General Motors (GM). The business unit received relatively large orders for painting systems in China and Germany. On the whole, however, a slowing of capital spending by automobile manufacturers and their suppliers was observed. Because of the high orders on hand at the beginning of the year, total sales amounted to € 272.9 million and thus significantly surpassed the previous year's figure (€ 208.0 million). Together with positive effects from the *sprint*² program, the higher sales led to significantly improved earnings before taxes of € 8.3 million (previous year: € -2.9 million). The number of employees was further adjusted to market conditions and stood at 2,745 on March 31, 2004 (previous year: 2,853).

Final Assembly Systems

At € 58.1 million, total incoming orders in the Final Assembly Systems business unit likewise registered a decline. However, the previous year's figure of € 170.2 million was also above average, because it includes conveyor technology orders within the Group for the large GM contract. Total sales rose in the first quarter to € 81.5 million (previous year: € 70.6 million). That is primarily due to progress on the large contract for GM. Earnings before taxes improved more than proportionately relative to total sales, to € 2.3 million (previous year: € -0.5 million). The number of employees decreased slightly to 1,588 as of March 31, 2004 (previous year: 1,596).

Services

In the Services business unit, Dürr continued its positive business trend in the first quarter of 2004. The business unit, which is very strongly represented on the US market, managed to increase total incoming orders to € 35.8 million (previous year: € 35.1 million), and total sales to € 35.9 million (previous year: € 35.6 million), despite the weakness of the US dollar. Adjusted for exchange rate effects, total incoming orders would have grown 11.7 %, and total sales by 9.8 %, compared with the previous year's figures. The increases are mainly due to new orders acquired in 2003 by Services in China and from Japanese manufacturers in the United States. Earnings before taxes fell from € 1.7 million

to € 1.4 million. Expenditures for expanding the business area of transportation equipment management were the main reason for that. Adjusted for exchange rate effects, earnings before taxes would have amounted to € 1.5 million. In line with sales growth, the Services business unit increased its personnel capacity to 4,432 employees as of March 31, 2004 (previous year: 4,289).

Ecoclean

Because of continuing postponements of capital investments by the automotive industry in Europe and the United States, total incoming orders in the Ecoclean business unit decreased to € 31.5 million (previous year: € 47.4 million). Total sales rose slightly to € 41.8 million (previous year: € 40.5 million), while earnings before taxes fell to € 0.5 million (previous year: € 0.9 million) due to utilization problems in North America. To adjust its capacities and cost structure to the difficult market environment, Ecoclean reduced personnel under the *sprint*² program by 139 employees as of March 31, 2004 compared with the previous year's level (1,074).

Measuring Systems

Despite partly continued difficult market conditions, the Measuring Systems business unit increased total incoming orders by 12.3 % to € 93.1 million (previous year: € 82.9 million). Total sales improved by 11.0 % to € 80.0 million (previous year: € 72.1 million). Business development was positive particularly in Asia, but a slight market upturn was also discernible in North America. Earnings before taxes reflect the first positive effects of restructuring carried out under the *sprint*² program. The amount still fell below positive territory at € -2.9 million, but improved by € 7.0 million versus the previous year's figure (€ -9.9 million). In comparison with March 31, 2003, Measuring Systems reduced its number of employees by 168 to 2,839. That is mainly attributable to capacity adjustments in the Development Test Systems product line and gradual personnel reduction in the course of closing the pre-manufacturing operation in Darmstadt, Germany. On the other hand, Measuring Systems continued to increase personnel in the growth market of Asia.

Earnings before taxes in the Corporate Center business unit amounted to € -5.3 million in the first quarter of 2004 (previous year: € -3.8 million). That figure includes headquarters costs, special projects, and especially interest expenses incurred for strategic acquisitions.

Stuttgart, May 14, 2004
Dürr Aktiengesellschaft
Board of Management

Key figures for the Dürr Group

		1st quarter 2004	1st quarter 2003
Consolidated sales	in € millions	486.7	403.8
Consolidated incoming orders	in € millions	415.1	1,123.8
Consolidated orders on hand (as of March 31)	in € millions	1,345.6	2,097.6
Employees (as of March 31)		12,597	12,878
Employees excluding Services		8,165	8,589
EBITDA (Earnings before interest expense, taxes, depreciation and amortization)	in € millions	16.3	-0.1
EBIT (Earnings before interest expense and taxes)	in € millions	9.6	-7.7
EBT (Earnings before taxes)	in € millions	4.3	-14.5
Net income (loss)	in € millions	2.2	-8.4
Earnings (loss) per share	in €	0.16	-0.59
Net debt (as of March 31)	in € millions	195.7	173.1
Market price of Dürr shares (XETRA)			
High	in €	20.71	16.20
Low	in €	17.50	13.15
Close	in €	18.60	14.50
No. of shares (as of March 31)	in thousands	14,298	14,298

Consolidated statements of income

for Dürr Aktiengesellschaft, Stuttgart, for the periods January 1 to March 31, 2004

Amounts in € thousands	1st quarter 2004	1st quarter 2003
Net sales	486,670	403,796
Cost of sales	-402,286	-337,373
Gross margin	84,384	66,423
Selling, administrative and other operating expenses	-71,503	-72,547
Research and development expenses	-7,958	-10,648
Other operating income	3,996	7,752
Income before financial income, income taxes and minority interests	8,919	-9,020
Financial income (expenses), net	-4,592	-5,497
Income before income taxes and minority interests	4,327	-14,517
Income taxes	-1,852	5,821
Income before minority interests	2,475	-8,696
Minority interests	-254	273
Net income (loss)	2,221	-8,423
Basic and diluted earnings (loss) per share in €	0.16	-0.59

Due to subsequent adjustments to the report for the quarter to March 31, 2003 some of the figures shown in the consolidated statements of income vary from those published in the interim report for the period ended on March 31, 2003 (see also page 1 of this report).

Consolidated balance sheets

for Dürr Aktiengesellschaft, Stuttgart, as of March 31, 2004, 2003 and December 31, 2003

Amounts in € thousands	March 31, 2004	March 31, 2003	Dec. 31, 2003
Assets			
Fixed assets			
Goodwill	348,552	350,712	346,091
Other intangible assets, net	33,705	34,285	33,042
Property, plant and equipment, net	168,357	184,643	169,234
Investments	22,233	22,791	20,743
	572,847	592,431	569,110
Non-fixed assets			
Inventory, net	78,691	113,171	65,135
Receivables and other assets, net	695,959	823,199	772,351
Short-term investments	1	4	-
Cash and cash equivalents	99,481	140,909	199,859
	874,132	1,077,283	1,037,345
Deferred taxes	54,805	73,343	53,670
Prepaid expenses	8,010	9,111	5,696
Total assets	1,509,794	1,752,168	1,665,821
Liabilities and shareholders' equity			
Capital stock	36,603	36,603	36,603
Additional paid-in capital	159,000	159,000	159,000
Retained earnings	15,098	47,163	12,877
Accumulated other comprehensive income	11,085	7,301	6,731
	221,786	250,067	215,211
Minority interests	5,797	7,739	5,163
Accruals	297,633	295,018	325,633
Liabilities	917,122	1,125,667	1,055,657
Deferred taxes	58,797	56,597	57,810
Deferred income	8,659	17,080	6,347
Total liabilities and shareholders' equity	1,509,794	1,752,168	1,665,821

Due to subsequent adjustments to the report for the quarter to March 31, 2003 some of the figures shown in the consolidated balance sheets vary from those published in the interim report for the period ended on March 31, 2003 (see also page 1 of this report).

The book value of buildings no longer in use, as a result of combining US subsidiaries at joint locations, and now proposed for sale amounting to 5,262 thousand euros (March 31, 2003: 5,916 thousand euros) are disclosed in non-fixed assets, within the category other assets. The amount to March 31, 2003 was reclassified accordingly from fixed assets / property, plant and equipment to other assets.

Consolidated statements of equity

for Dürr Aktiengesellschaft, Stuttgart, for the periods January 1 to March 31, 2004 and 2003

Amounts in € thousands	Capital stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total
Balance at January 1, 2003	36,603	159,000	55,586	11,107	262,296
Net loss for the period January 1 to March 31, 2003	-	-	-8,423	-	-8,423
Other comprehensive income	-	-	-	-3,806	-3,806
Dividends	-	-	-	-	-
Balance at March 31, 2003	36,603	159,000	47,163	7,301	250,067
Balance at January 1, 2004	36,603	159,000	12,877	6,731	215,211
Net income for the period January 1 to March 31, 2004	-	-	2,221	-	2,221
Other comprehensive income	-	-	-	4,354	4,354
Dividends	-	-	-	-	-
Balance at March 31, 2004	36,603	159,000	15,098	11,085	221,786

Consolidated statements of cash flows

for Dürr Aktiengesellschaft, Stuttgart, for the periods January 1 to March 31, 2004 and 2003

Amounts in €thousands	1st quarter 2004	1st quarter 2003
Net income (loss)	2,221	-8,423
Minority interests	254	-273
Depreciation and amortization	6,678	7,686
Net gain on disposal of property, plant and equipment	9	10
Deferred income taxes	1,277	-2,372
Non-cash loss from associated companies	-175	-143
Changes in operating assets and liabilities:		
Inventory	-13,745	-7,864
Receivables	83,765	-57,350
Short-term investments	-1	-1
Accruals	-26,704	-8,485
Liabilities (other than bank)	-146,277	23,927
Other assets and liabilities	96	6,569
Net cash used in operating activities	-92,602	-46,719
Acquisitions of intangible assets	-1,292	-1,138
Purchases of property, plant and equipment	-2,712	-2,841
Acquisitions, net of cash acquired	-186	-
Proceeds from disposals of fixed assets	37	1,115
Net cash used in investing activities	-4,153	-2,864
Net change in debt	-4,025	-33,970
Dividends paid	-	-
Net cash provided by (used in) financing activities	-4,025	-33,970
Effect of exchange rates on cash and cash equivalents	402	-6,245
Decrease in cash and cash equivalents	-100,378	-89,798
Cash and cash equivalents		
At the beginning of the period	199,859	230,707
At the end of the period	99,481	140,909

Due to subsequent adjustments to the report for the quarter to March 31, 2003 some of the figures shown in the consolidated statements of cash flows vary from those published in the interim report for the period ended on March 31, 2003 (see also page 1 of this report).

Segment information

of Dürr Aktiengesellschaft, Stuttgart, as for March 31, 2004, 2003 and January 1 to March 31, 2004, 2003

Amounts in € thousands	Paint Systems	Final Assembly Systems	Services	Ecoclean	Measuring Systems	Corporate Center	Dürr Group
March 31, 2004							
Revenues with external customers	269,732	61,088	35,882	41,145	78,823	-	486,670
Revenues with other business units*	3,156	20,434	26	685	1,199	-	25,500
Total revenues	272,888	81,522	35,908	41,830	80,022	-	512,170
Income before income taxes	8,345	2,270	1,391	494	-2,912	-5,261	4,327
Business unit assets	589,536	283,601	98,661	142,978	344,062	50,956	1,509,794
Capital expenditures	999	493	358	156	706	-	2,712
Depreciation and amortization	2,427	937	610	613	1,795	296	6,678
Employees	2,745	1,588	4,432	935	2,839	58	12,597

* These sales were eliminated in the Group.

Amounts in € thousands	Paint Systems	Final Assembly Systems	Services	Ecoclean	Measuring Systems	Corporate Center	Dürr Group
March 31, 2003							
Revenues with external customers	207,370	50,853	35,574	39,363	70,636	-	403,796
Revenues with other business units*	667	19,763	37	1,098	1,481	-	23,046
Total revenues	208,037	70,616	35,611	40,461	72,117	-	426,842
Income before income taxes	-2,917	-554	1,732	928	-9,902	-3,804	-14,517
Business unit assets	728,535	313,410	104,272	141,254	373,182	91,515	1,752,168
Capital expenditures	467	643	1,107	241	383	-	2,841
Depreciation and amortization	2,788	951	681	765	2,281	220	7,686
Employees	2,853	1,596	4,289	1,074	3,007	59	12,878

* These sales were eliminated in the Group.

Financial calendar for 2004

- Annual shareholders' meeting
June 9, 2004, Stuttgart
- Interim report on the first half of 2004 and conference call
August 25, 2004
- Road show in Germany
September 2004
- Third Dürr Capital Markets Day
October 13, 2004
- Road show in Great Britain
October 2004
- Interim report on the first nine months of 2004 and conference call
November 12, 2004
- Road show in the USA
November 2004
- German Equity Forum and road show in France
November 2004
- Analysts' conference
End of November or beginning of December 2004

Contact

Dürr AG

Susanne E. Langer

Public & Investor Relations

Phone: +49 711 136-0

Fax: +49 711 136-1034

corpcom@durr.com

investor.relations@durr.com

Otto-Dürr-Strasse 8

D-70435 Stuttgart

www.durr.com

This interim report is the English translation of the German original.

This interim report includes forward-looking statements about future developments. As is the case for any business activity conducted in a global environment, such forward-looking statements are always subject to uncertainty. Our information is based on the conviction and assumptions of the Board of Management of Dürr AG, as developed from the information currently available. However, the following factors may affect the success of our strategic and operating measures: geopolitical risks, changes in general economic conditions (especially a prolonged recession in Europe or North America), exchange rate fluctuations and changes in interest rates, new products launched by competitors, and a lack of customer acceptance for new Dürr products or services, including growing competitive pressure. Should any of these factors or other imponderable circumstances arise, or should the assumptions underlying the forward-looking statements prove incorrect, actual results may differ from those projected. Dürr AG undertakes no obligation to provide continuous updates of forward-looking statements and information. Such statements and information are based upon the circumstances as of the date of their publication.