

Press release

Impact of coronavirus pandemic largely overcome

DEKRA back on growth track

- Expert organization surpasses pre-pandemic record sales revenue
- High speed of digital transformation ensures significant sales boost
- Designated as approved “technical service for automotive cyber security” by German government
- Global market leadership consolidated in car testing sector
- Sustainability services becoming increasingly important

DEKRA is returning to its long-standing growth trajectory in 2021. The global expert organization is expected to have increased its revenue by around 9% over the previous year to almost €3.5 billion. Notably, this puts its revenue above that achieved in the pre-coronavirus record year of 2019 (€3.4 billion). DEKRA’s permanent staff grew by approximately 900 to about 30,800. When temp work is taken into account, the workforce will have increased by around 2,500 to a total of approximately 46,500 by the end of 2021. “We’re back on track thanks to the agility and dedication of our workforce around the world, our strong market positioning, and consistent implementation of our digital agenda,” says DEKRA CEO Stefan Kölbl. For instance, the organization has been able to further improve its standing as an authorized testing, inspection, and certification partner for smart and connected products. In addition, DEKRA has moved to become an important partner on sustainability matters and has forged ahead with internationalizing its business, e.g., by adding more testing laboratories in Asia. “Looking back, it’s clear that we’ve navigated the worst of the pandemic effectively. By our company’s 100th birthday in 2025, we will have taken off as the global partner for a safe, secure, and sustainable world,” Kölbl adds.

DEKRA has displayed resilience in year two of the coronavirus pandemic. “There wasn’t a single day we weren’t doing testing, inspection or certification work,” Kölbl explains. DEKRA mobilized its entire organization in an extremely tight timeframe, which made it possible to conduct vaccination drives in every important market. In Germany, for instance, a total of 30,000 people employed by DEKRA and family members as well as its customers have now been vaccinated. And DEKRA has shown its agility across a wide range of services. For instance, the expert

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organization developed FFP mask tests and took on a leading position in this market in record time. Greater use was also made of remote system tests and audits, and the majority of training courses were carried out in a virtual classroom setting where legally possible.

In addition, DEKRA has used the time during the coronavirus pandemic to push ahead with a future-facing approach. According to Kölbl, the digital connectivity of products and systems has made it necessary to broaden the scope. People will continue to be front and center. But as well as the physical safety side, there is also the need to maintain the security of personal data and connected systems against external attacks. In addition, DEKRA has made sustainability an integral part of its identity. “Our goal is not only to be the global partner for a safe world – but a secure, and sustainable one, too,” Kölbl explains. “And ensuring we ourselves at DEKRA become carbon neutral by 2025 is now an official strategic goal of ours.” Having achieved a platinum rating, the highest available from EcoVadis, DEKRA is already among the top 1% of sustainable companies in its rankings.

Determined about digitalization

The new Strategy 2025 and DEKRA's digital agenda involved setting a strategic course in 2021. This includes focusing the world's largest unlisted expert organization on a series of five priorities both with regard to improving existing services and to developing new digital services. These focus areas are future vehicle and mobility services, IT security and cyber security services, remote services, data-driven, AI-supported services, and sustainability services. Between now and 2025, DEKRA will be investing heavily in further digital transformation, earmarking a large portion of its planned €500 million investment drive for this purpose. “By 2025, we will have taken our entire service portfolio digital,” adds DEKRA boss Kölbl.

Among the successful achievements in the automotive cyber security segment is DEKRA's reapproval as a “technical service” recognized by the German Federal Motor Transport Authority. This gives DEKRA type testing institution status for verifying compliance with the new international regulations on cyber security and software updates. In accordance with the UNECE R155 and R156 regulations, manufacturers must document appropriate management systems throughout the life of a vehicle and have them audited every three years. “In the future, we will not only be periodically scrutinizing the end product – we will be involved throughout the entire life of the vehicle from development to decommissioning,” Kölbl says. Several vehicle manufacturers are already using cyber security services from

DEKRA. DEKRA expects strong growth in this sector in the next few years, with revenue expected to be in the high double-digit million euros range by 2025.

Cyber security for the Internet of Things

DEKRA has expanded its selection of testing and certification services in the cyber security market for consumer products in line with European standards organization ETSI's EN 303 645 standard. This governs the security of Internet-connected consumer goods around the world. These products, known as Internet of Things (IoT) devices, are rapidly growing in number. DEKRA tests these devices and issues cyber security certificates to confirm that they meet the requirements set out in the standard. The first certificate this year was awarded to a major household appliance manufacturer from China.

In China, an important growth market, DEKRA also gained approval for compliance with the IEC 62443 cyber security standard, which governs the security of industrial IT networks and systems.

Safety issues constantly arise in industrial companies – e.g., around cranes and elevators, pipe wall thickness, and air quality. Online monitoring services, remote-assisted inspections, and inspections with remote-controlled robots and drones are used in these contexts. The latter, for example, comes into play in dangerous or hard-to-reach places during the production process. In 2021, for example, DEKRA received an order worth millions of euros for remote inspections with robots from one of the world's largest chemical companies.

Digital claims management on the rise

The digital revolution is also sweeping into areas previously run using analog processes, such as claims management. To ensure it is well placed for this future, DEKRA invested in Swiss company Spearhead AG in 2021. Spearhead helps insurance companies and fleet operators to handle vehicle claims digitally. "By taking a stake in Spearhead, we are continuing our intensive work aimed at simplifying and speeding up our customers' business processes through digital solutions," Kölbl says. "This will open up growth markets for us in the future world of claims management." DEKRA expects digital solutions to be used for around 30% of claims assessments as early as 2025.

Growth in traditional core business

In DEKRA's traditional core business of periodical vehicle inspections, DEKRA was able to move into three additional markets (Finland, Chile, and Mexico) for the first time in one calendar year in 2021. Following the acquisition of a local Finnish provider with six stations, DEKRA is now active in 23 countries and inspects more than 27 million vehicles each year. "By entering markets in three countries this year and expanding our business in other markets, we've further consolidated our global market leader position," Kölbl states. Revenue from vehicle inspections, which continues to be DEKRA's largest business segment, increased preliminary by 6.6% to €1.2 billion in 2021.

Strong potential for green services

As part of its sustainability strategy, DEKRA strengthened its commitment to advancing renewable energy and a circular economy in 2021. Specifically, for instance, the organization expanded its expertise in testing and inspecting charging infrastructure for electric vehicles. This includes innovative plug-and-charge technology that makes the charging process easier and faster. DEKRA has responded to the growing demand in China with a new testing laboratory specifically for photovoltaic (PV) modules and components. Currently, seven of the ten largest PV module manufacturers are already DEKRA customers.

Plus, DEKRA is backing sustainable waste management by issuing the new Zero Waste certification stamp. This is awarded based on a new DIN SPEC standard, developed by a committee that includes DEKRA. In addition, DEKRA favors safe and commercially viable use of climate-neutral hydrogen technologies. The organization has been a member of the Hydrogen Europe association since this year and will bring its expertise in testing, inspection, and certification to the table.

DEKRA sees significant potential in green services aimed at reducing businesses' carbon footprints. To take one example, DEKRA has validated the world's largest PC manufacturer Lenovo's global CO₂ Offset Service for customers. "As the first audit of this kind for an electronics manufacturer anywhere in the world, this relationship with Lenovo sets a positive precedent," says Kölbl. The DEKRA head expects strong demand with double-digit annual growth rates in sustainability services such as carbon footprint calculation, greenhouse gas offsets for products and businesses, sustainability audits, sustainability management systems, as well as product testing in line with the latest environmental standards, and specialized consulting services.

Outlook

DEKRA expects the business environment to be challenging in 2022. Supply chain issues are expected to persist into the new year, and restrictions on business are also expected to continue through the coronavirus pandemic. Nevertheless, the testing and inspection organization is looking ahead to the new year with confidence. “We’ll harness the momentum from 2021 to grow organically between four and six percent in revenue in 2022,” the DEKRA CEO notes. He already sees the foundations for this in place – DEKRA is well positioned in its markets internationally. In addition, the safety, security, and sustainability megatrends continue to grow in currency and importance: “We need to act today to lay the groundwork for a secure digital future,” Kölbl says.

About DEKRA

DEKRA has been active in the field of safety for almost 100 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 2021, DEKRA generated preliminary sales totaling almost EUR 3.5 billion. The company currently employs around 46,500 people in approximately 60 countries on all 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, secure, and sustainable world. With a platinum rating from EcoVadis, DEKRA is now in the top one percent of sustainable businesses ranked.