

Press Release

Expert organization has created around 5,000 jobs since 2015

1,000 New Jobs at DEKRA in 2021

- EUR 500 million investment volume, intensified in digitalization, by 2025
- Entire service portfolio to be digitalized by 2025
- Cyber security and artificial intelligence are key future fields
- Asian market promises above-average growth in 2021
- Turnover 2020 almost at previous year's level with higher operating cash flow
- EcoVadis recognizes expert organization with sustainability champion award

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www.dekra.com/en/news-room

As a respected partner for the testing, inspection and certification of intelligent and networked products, DEKRA has stood out as a reliable employer even during the coronavirus crisis year of 2020: The core workforce increased by 400 employees to almost 30,000. "Thanks to our broad professional positioning, our global presence, and a consistent optimization program, we were able to keep the effects of the pandemic to within narrow limits," said Stefan Kölbl, DEKRA Chairman of the Management Board, at the virtual press briefing on annual results in Stuttgart. DEKRA generated turnover of EUR 3.2 billion, almost on a par with the previous year - excluding the decline in turnover in the Temp Work division. The operating cash flow increased by EUR 70 million. The decline in earnings was lower than expected. Kölbl regards 2021 as a year of enthusiasm for new beginnings with new shores of growth, which is also reflected in the recent appointments to the Management Board: IT and digital transformation expert Ulrike Hetzel, who joined from Bosch, continues to drive the development of new digital competencies as CTO. Stan Zurkiewicz has led the important growth region of East & South Asia for five years and is now responsible for further global expansion as COO. In 2021, DEKRA is seeking to use the two megatrends of digitalization and sustainability to its advantage: The core workforce is to be increased by at least another 1,000 employees through the expansion of digital services. The total workforce, including temporary staffing, will then comprise more than 45,000 employees.

This increase in staffing follows on seamlessly from previous years: Since 2015, DEKRA has increased its permanent workforce by about one fifth, from around 25,000 to 30,000 at present. A large part of this growth was achieved outside of Germany, especially in Asia. According to Kölbl, this will also be the case in the

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future. "Even in the year of the coronavirus, our turnover in China saw double-digit growth, for example," the DEKRA CEO reported. "That's why we will create around another 400 new jobs in the current fiscal year in the Asia-Pacific growth region alone, on top of the existing 3,500."

For further growth, DEKRA will press on with the digitalization of existing services and the development of new digital services. By 2025 – by which time DEKRA will be able to look back on 100 years of commitment to greater technical safety – the expert organization will have digitalized its entire service portfolio. "The whole company is consistently aligned with the opportunities associated with digitalization: This includes new forms of work, enhanced digital interaction as well as innovation and data-driven services," remarks the DEKRA CEO.

"As we continue further down the path of transforming the economy and society, safety will have a pivotal role to play," said Kölbl. In line with its self-image as a thought leader, DEKRA has thus intensified its investment in the future fields of cyber security and artificial intelligence. The expert organization concentrates expertise and develops new services in two hubs dedicated to these fields. DEKRA has already demonstrated initial AI capabilities by testing voice assistants such as Amazon Alexa as well as a vehicle scanner that uses algorithms to identify damage. DEKRA aims to become a trustworthy, neutral third party for the regulation and certification of artificial intelligence.

"Without independently confirmed safety, consumers will not trust smart products that use AI," the DEKRA CEO explained. As vehicles become more digital, for example, verifiable standards and smart technologies are increasingly needed to check their compliance. DEKRA is therefore campaigning for a legal framework that defines AI standards and allows compliance to be tested. In addition, DEKRA is building on its AI testing and big data capabilities at its location in Málaga, Spain, as part of the international Asia-Europe-USA testing network. It is also stepping up its cooperation with partners and start-ups.

When it comes to data-driven products and services – as is the case with AI – the megatrends of cyber security and functional safety also come into play. For example, DEKRA is already developing solutions in the field of automotive cyber security that can be used, for example, to check the safety of software updates overthe-air (wirelessly) in vehicles. Kölbl: "We will continue to strengthen our position in the market for cyber security services. By 2025, we will be the global partner for automotive cyber security." DEKRA is already working closely with international



automotive OEMs and suppliers for automotive cyber security (UNECE R155/156 & ISO 21434). To this end, expert hubs for testing, certification, consulting, and training are being established on several continents.

Safeguarding future mobility

Closely linked to AI and cyber security is the future of mobility itself. "As an expert organization whose success has been closely linked to safe mobility for almost 100 years, we will be at our customers' side during this transformation process," says DEKRA CEO Stefan Kölbl. In all service divisions, DEKRA is developing new offerings related to growth markets, such as automated driving, electric and micromobility, as well as car sharing.

As a provider of end-to-end testing, DEKRA is already a pioneer when it comes to testing charging infrastructure for e-mobility. Thanks to a new specialist laboratory in Stuttgart and the acquisition of laboratories from the South Korean Movon Corporation, DEKRA was also able to further strengthen its market position in the measurement of electromagnetic compatibility (EMC) and radio frequency (RF) testing, especially for automotive manufacturers and suppliers. In China, the world's largest automotive market, DEKRA is currently setting up a state-of-the-art testing center with a domestic partner to test key vehicle technologies associated with wireless communication, connectivity, AI, geo-information systems, and cyber security. The first tests are due to begin this year.

Expansion in motor-vehicle inspection business

In its traditional core business, the periodic inspection of motor vehicles (Service Division Vehicle Inspection), DEKRA is preparing for the requisite monitoring of over-the-air updates for networked vehicles, for example. Further growth in the coming years is to come from the development of new markets. With regard to vehicle inspection, DEKRA increased turnover by roughly 6 per cent to EUR 1.1 billion in 2020 despite the coronavirus pandemic. Kölbl: "With the current market entry in Chile and Mexico, we have once again strengthened our position as a global market leader." DEKRA is currently active in 22 countries and will continue to participate in further tenders for the establishment of inspection stations in the future. At present, roughly 27 million vehicles are inspected every year.



Digital learning environments on the rise

Further growth opportunities are opening up for DEKRA thanks to the virtualization of services – for example in the Service Division Industrial Inspection in the form of online monitoring of systems, in the Service Division Audit through remote audits of quality management processes, and in the Service Division Training through digital learning environments. In particular, DEKRA significantly expanded its range of digital training and qualifications for private individuals, companies, and public-sector clients during the coronavirus pandemic. The High-Voltage Vehicles Training (HiVo) is one example of this: "The new digital offering comes at the right time, as working with and on high-voltage vehicles such as e-cars – for example in sales, towing services, and vehicle workshops – requires specialist knowledge to ensure that risks and accidents are avoided," said the DEKRA CEO.

Sustainability - the issue of the millennium

DEKRA further developed its own sustainability strategy in 2020 and will cut its carbon footprint in half by 2025. With a platinum rating from EcoVadis, DEKRA is now in the top one percent of sustainable businesses ranked. "DEKRA is a sustainable company in every sense of the word – on the one hand, we are consistently reducing our own ecological footprint, and, on the other hand, we are helping others to operate more sustainably with our services," explained DEKRA CFO Wolfgang Linsenmaier. For example, six professional soccer clubs have taken part in the sustainability certification "sustainClub" offered by DEKRA, and more professional clubs will join soon. In view of the huge demand for more climate neutrality, DEKRA will continue to expand its range of sustainability services in the years to come.

Outlook

DEKRA has made a good start to the current year. Turnover in the first quarter surpassed that of the previous year as well as the plan. "Thanks to our consistent focus on digitalization, innovation, and the markets of the future, we will take off and return to our growth path – provided that the coronavirus pandemic doesn't slow us down," said DEKRA CEO Stefan Kölbl. "From the way things look at present, a new growth cycle for DEKRA and the TIC sector will begin in 2022. When it comes down to it, safety is a key basic human need – especially in a digitalized world." DEKRA will therefore continue to focus strongly on organic growth and invest around EUR 500 million in this alone by 2025. "However, we are also ready for further sustainable acquisitions to additionally round off our digital service offering," says Stefan Kölbl.



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 2020, DEKRA generated turnover totaling almost EUR 3.2 billion. The company currently employs around 44,000 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 world. With a platinum rating from EcoVadis, DEKRA is now in the top one percent of sustainable businesses ranked.