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Press Release

Staying power in difficult market conditions

16 December 2009

TÜV SÜD increases sales revenue and earnings

Internationalization continued – moving into the markets of the future

Munich. International service corporation TÜV SÜD has succeeded in holding its own in economically turbulent times. Its sales revenue for 2009 will rise as budgeted from EUR 1.36 billion to EUR 1.4 billion. Following the successful launch of TÜVTURK, TÜV SÜD is focusing on the further internationalization of its business, moving into innovative and profitable fields of growth and positioning itself as an "add value" partner around the globe.

"Our services provide global support for companies in fulfilling their responsibilities to make their installations and products safer, more reliable and more profitable", said Dr Axel Stepken, CEO and President of TÜV SÜD AG, at the corporation's annual financial results conference in Munich. "In innovative technologies in particular, our expertise and experience significantly enhance our clients' competitive edge." This applies, for example, to the soaring market of electric mobility, where the safety of lithium-ion batteries is critical for further development. "We recently performed the world's first dynamic crash tests to determine the safety level of installed lithium-ion batteries and gather reliable results about load limits", reported Stepken. TÜV SÜD also developed a standard for the final approval and periodic inspection of electric recharging stations, and offers training courses on the safe handling of the new high-voltage cars for the staff of car-repair shops.

Further growth in the Asia-Pacific region

In the current business year, TÜV SÜD succeeded in increasing its consolidated sales revenue from EUR 1.36 billion to EUR 1.4 billion as budgeted. "In a year characterized by extraordinary economic turbulence, our company stands for stability and certainty", explained Stepken. "In some areas we even managed to achieve growth against the general economic trend." One example is the Asia-Pacific region, where TÜV SÜD succeeded in improving its sales revenue by roughly three per cent from EUR 137 million to EUR 141 million amid an almost 30-per-cent decline in the overall economy. "To further strengthen our position in this important growth region, we are pursuing the strategy of diversifying our service portfolio along our core competencies", explains the President and CEO. In the

Asia-Pacific region, for example, a comprehensive infrastructure of expertise and testing facilities for softlines and food was established and the existing network of testing laboratories for non-food articles expanded. By taking over the Korean nuclear engineering service provider GNEC in October 2009, TÜV SÜD also significantly strengthened its position in the energy sector.

Approximately 48 per cent, or EUR 666 million, of consolidated sales revenue were generated by the strategic business segment INDUSTRY, roughly 35 per cent or EUR 491 million by MOBILITY and almost 17 per cent or EUR 233 million by PEOPLE. "This means all three strategic business segments have contributed to the positive development of TÜV SÜD", explained Chief Financial Officer Dr Peter Klein. TÜV SÜD generated roughly 30 per cent of its consolidated sales revenue abroad. According to Klein, the fact that TÜV SÜD has also continued to grow in Germany is particularly encouraging. Here, the service provider's sales revenue rose by 2.4 per cent to EUR 1.047 billion. "This development is all the more impressive in view of the fact that the German market is actually saturated", emphasized Dr Manfred Bayerlein, Chief Operating Officer (COO) TÜV SÜD. The corporation consistently uses the opportunities offered by the further deregulation and liberalization of markets in Germany. "One such example is the inspection of plants and installations subject to monitoring, which we now offer throughout Germany as a single-source provider", explains Bayerlein. "In 2009, we inspected more of these plants and installations than before the liberalization of the market and succeeded in further expanding our market leadership." Another example is the takeover of 100 per cent of FleetCompany and the associated strengthening of TÜV SÜD's core business in the automobile sector in Germany.

Successful projects in Turkey and Dubai

Exporting established core products into new markets and establishing global networks of expertise in innovative and profitable fields of business are key elements of TÜV SÜD's international growth strategy. "The introduction of German-style vehicle inspection throughout Turkey has been a real success story", said Axel Stepken. "This year, TÜVTURK staff will conduct around five million roadworthiness inspections, a figure that has even exceeded our expectations." In Dubai, TÜV SÜD is supporting the Roads and Transport Authority (RTA) in providing training to driving instructors and examiners and in modernizing roadworthiness testing. "After the TÜVTURK project, this strategic partnership marks another step in our internationalization strategy", notes Stepken.

Growing energy demand and climate protection as a driver of innovation

Against the backdrop of globally rising energy demand and increasingly strict climate-change regulations, the energy industry faces the challenge of enhancing efficient use of resources and promoting the strengthening and advancement of renewable energies. TÜV SÜD supports plant manufacturers and operators/owners in appropriate research and pilot projects. In Mannheim, the experts are involved in a landmark project aimed at increasing the efficiency of conventional coal-fired power stations to over 50 per cent by raising operating temperatures; in Spain, TÜV SÜD experts supported a solar-thermal demonstration power station with linear Fresnel collector technology from the planning, approval and construction phases to commissioning. "As a one-stop service provider, we can accelerate the time-to-market and reduce the design and development costs of such projects", emphasized Bayerlein. "This creates economic value-added for our clients." The same applies to the strengthening of renewable energy sources, a field in which TÜV SÜD, with its global networks of expertise and partner networks, supports power producers and suppliers – for example in the design and development of new wind-power stations or in the testing and certification of photovoltaic modules. "We will make targeted investments in the further extension and strengthening of our infrastructure to ensure that we continue to benefit from the dynamically growing market for renewable energy in the future", says Dr. Bayerlein

Innovative services combine sustainability and economic value-added

TÜV SÜD is also pursuing the goal of moving into the markets of the future by developing innovative services tailored to current market needs and customer requirements. At Expo Real 2009 in Munich, TÜV SÜD presented a landmark sustainability certificate for existing buildings. The special feature of TÜV SÜD SCoRE lies in its identification of economically feasible potential for sustainability which can be unlocked through retrofitting or optimization of technical equipment or through various refurbishment measures.

TÜV SÜD's Corporate Health Management aims at enhancing sustainability in companies. Its integrated approach enables staff absence rates, and the associated costs incurred by companies and national economies, to be reduced. To sensitize companies to this important subject of the future, TÜV SÜD joined forces this year with business magazine Handelsblatt and international market research organization EuPD-Research to launch the Corporate Health Award competition. In November 2009, the award was presented to twelve companies demonstrating exemplary commitment to the health and performance of their staff

In spite of critical economic framework conditions, TÜV SÜD plans to grow even faster next year. According to TÜV SÜD President Stepken, the group strives for stable organic growth and plans in particular to accelerate inorganic growth significantly by making further acquisitions.

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i TÜV SÜD is a leading international service organization catering to the strategic business segments INDUSTRY, MOBILITY and PEOPLE. Around 14,000 employees are represented at more than 600 locations throughout the world. Optimizing technology, systems and know-how, the interdisciplinary specialist teams act as process partners to strengthen their customers' competitiveness